

TECHNOLOGY



Making ads in a 'radically different' way

Saatchi man predicts how technology will change advertising

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Lee Daley says the nature of TV advertising will change, but new technology won't eliminate it altogether.

LONDON, England (CNN) -- Saatchi & Saatchi UK chairman and CEO Lee Daley spoke to Spark recently about the future of advertising and the part technology will play in shaping the industry.

Here is an edited version of the full interview from his recent appearance on Spark.

CNN: How has technology changed the advertising industry?

Daley: Technology has had an impact on the advertising industry in many, many dimensions: how we communicate with each other, within our agencies, the media options that are now available to us, the cost of production.

But what will happen is an exponential impact in the next five to 10 years as broadband Internet comes online, interactive television becomes a reality and as 3D networks come to dominate, basically, the mobile world. And I think we're then going to then have to look at the kind of content we produce, the nature of the people we employ and the length and form of commercial we put out there.

CNN: What sort of challenges do all these sort of new mediums present to an advertising firm?

Daley: I think there are significant challenges, in terms of technology adoption, and really understanding the potential of what we've always done. How can we create a brand relationship with consumers, on behalf of our clients, in this new digitally-enabled universe? How does that affect the kind of narrative structure we can build around brands, the nature of interactivity is going to impact on the richness and deepness of consumer relationships.

We're navigating towards understanding that space and also trying to be able to quantify it and measure consumer response and plan the media effectively.

CNN: Is advertising going to need to reinvent itself to keep up to speed with the new mediums available?

Daley: I don't think the basic principals of developing advertising are in need of reinvention. We are "consumer-centric," we're brand literate, we're in the business of helping clients move their business forward, we're in the business of achieving success for our clients. That means we have to be very, very data-rich in understanding those key axis: consumer, brand, market and client ambition.

What will change is, basically, how do we get to people to be able to effect successful change in a client's business? That will change because the

media infrastructure itself will change very dramatically.

CNN: What do you see, in the next few years, as the key areas that you'll look to explore?

Daley: I think really what we're going to look at is what kind of content do we produce in this digital media universe? We're going to have to look at the kind of creative skills we have in the agency. We're going to have to look at new ways of measuring consumer response, and we're going to have to look at different forms of strategic planning.

CNN: Is the role of advertising in television going to diminish, or has it already diminished?

Daley: There's a lot of doom and gloom around PVRs (personal video recorders) and I've been one of the exponents of wildly saying the wheels are going to come off of the commercial television business model. I think to a certain extent that is true. PVR technology offers consumers something they've never had before. It is the opt-out capability of watching advertising. What does that mean? I think that basically the commercial advertising model will have to change.

We're going to have to get the consumers to opt in to the advertising experience. Interactive television, in actual fact, will probably be the greatest opportunity to overcome the threat of the PVR, but I think that consumers may end up paying for the advertising because they will opt in to content for longer, they will opt in to a truly interactive relationship through the television medium.

So, I think the nature of television advertising will change, but I don't think it will actually die, I think it just has to develop in line with consumers in command and in line with fantastic capability of digital interactivity.

CNN: How hard is it -- or is it not hard -- to convince clients that they have to change what they want as well?

Daley: We don't need to convince the clients to do anything other than what they're asked to do, which is to grow their business. What's interesting is that we've lived with traditional analogue platforms for some time and even cable and satellite have led to fragmentation of television and there are ever more magazines assuming ever more media choices.

Most of those media choices are effectively measurable and so we are able to navigate a path for brands to express themselves in new media channels because we are able to plan effectively and measure effectively the impact of those media on the brand.

Some of those new media platforms, which are emerging, are not as easy to measure, so I think you're going to have a minority of clients who are going to say, "Do you know what, we're going to be the leading edge of this and we're going to experiment and some of these new media spaces because we want to be first, and we want to create a significant first move advantage with our audience in participating in these media." But there may be a greater risk in doing that than in traditional media spaces.

CNN: Can you give any examples of campaigns at Saatchi & Saatchi where you think you've successfully exploited these new media?

Daley: Well I think, in terms of the new media, the "U-Fix" product that we took to market for T-Mobile very successfully was a classic example of, an integrated approach to communication, where new media -- particularly interactive media -- were used very successfully to dramatize the proposition and to build a kind of richer, deeper relationship with the consumer.

Basically, the notion was that life is better if it's predictable and there was a platform that said, put a photograph in here and we'll age you 20 years so you know what you'll look like in 20 years. The consumer response was massive. It was a data-rich response, qualitatively it worked really really well to drive it home and that was a compliment to other media and we used interactive panels in the retail environment and the like, to do the same thing. So that was a fantastic way of using new media to embrace the consumer, deepen the relationship and have more fun with it, actually.

CNN: What difficulties are there with young people being so tech-savvy and older generations being not so savvy. How do you manage to target both?

Daley: I think what we have, interestingly, is a sociological revolution, in terms of young people adopting modern technology and interactive technologies at an astonishing rate and then constantly upgrading them. They are so used to the functionality that their media sociology is very different to older generations.

But if the youth adopt it, and it works, it will bleed out to a broader, older age group in society. Young people, I think, are the people who naturally, are going to get into the whole 3 G, wireless, mobile, Internet-on-the-move type of thing and they are going to play with different forms of content. They're going to have a much more inter-creative relationship with brands.

But, if these technologies enable people to live better, to have greater choice, to manage time more flexibly, to have a more enriched relationship with media content then it won't be a question of age demographics it will just be a question of these are good human technologies, they liberate us, give us choice and enrich our lives, and everybody will adopt them.

CNN: How will advertising be different in a decade?

Daley: I think the advertising industry as a whole will change very dramatically because of the change in the media universe. The advertising industry has grown up, essentially on the back on analogue technologies, and it's grown up around multi-domesticity.

We're going to be in a global media environment where basically we've got common platforms, we're going to have convergence of media platforms, content migration from pier to pier and across markets and I think that's going to change fundamentally the way global and local advertisers invest in content and communication.

That will mean a shift in the fundamental dynamics of the agency relationship, I think it is going to present great challenges to the economics of our industry, but potentially it will liberate our creative potential and agencies may well end up having assets under management creatively that they own and create and distribute themselves as well as having serviced based relationships. So, I think there are great challenges, but also massive opportunities for our industry to reinvent itself off the back of these technologies.

CNN: Do you see any contradiction in the advertising industry as a creative industry and technology being viewed as somewhat geeky and nerdy. Do you think that's a contradiction in terms of the two of them, if they are going to be reliant on one another?

Daley: No, what I think the technology does is essentially liberate advertising from being a creative service business that is at times slow and ponderous, into a highly dynamic creative

business where technology will allow us to create content in radically different ways.

Creative people will be able to express themselves in new ways and we'll look at an industry that will have a much more prosperous and dynamic relationship with its clients, where we don't have to wait the amount of time we have to wait now to have films produced.

We will be able to change our messages day to day, in line with the brand strategy, which will mean massive flexibility, massive adaptation and technology enablement will allow this to happen.

Find this article at
<http://www.cnn.com/2005/TECH/08/26/lee.daley.transcript/>

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I think the potential is there for the advertising agencies and their clients to prosper exponentially if we embrace these technologies and liberate our thinking from the cataract of the analogue media world, which was a push world, and truly embrace interactivity. To truly embrace the capability of these technologies to build fundamentally different communication and marketing models and understand that these are truly global technologies that will integrate audiences around the world with common behavioral characteristics and aspirations -- that is astonishingly exciting in terms of the future of our industry.