

M&C Saatchi strives for a cohesive global front

Under Moray MacLennan and Tom Dery, M&C Saatchi is now gunning for major global accounts, Arun Sudhaman writes

Last month, the M&C Saatchi client Mandarin Oriental left the agency for London Advertising, the first breakaway shop to emerge from the most famous breakaway of them all.

The shock decision offered a stark reminder of the problems that continue to plague M&C Saatchi's global offering.

That offering is set to expand further with the launch of a new digital agency, M&C Saatchi-I, from the network's existing office in Shanghai and its new one in Beijing. The venture aims to capitalise on a Chinese internet population that has reached 300 million.

To some, rather aptly, the issue for M&C Saatchi is brutally simple. "The truth is that since the British Airways loss in 2005, we've never had the big global business," a senior source at the agency says.

"If you look at the other smaller networks, Bartle Bogle Hegarty has and Wieden & Kennedy has, but we need to get the momentum of being seen as an attractive alternative to the big players."

While Mandarin Oriental may not have brought a lot of money into the agency's coffers, its highly effective "fan" campaign demonstrated how M&C Saatchi's "brutally simple" creative mantra could genuinely succeed across international boundaries.

By late 2008, however, the agency was confident that its key client RBS would provide the kind of elusive backbone spend that would unite the network. Today, with the bank selling off the bulk of its international units, those plans are in tatters.

Into this breach has stepped Moray MacLennan, who was promoted to worldwide chief executive at the end of last year. He took on global duties in tandem with the Australia-based veteran Tom Dery, who became the global chairman.

Notwithstanding the murmurings about the duo's relationship, it is a partnership that – one source



Clockwise from left... Mandarin Oriental, Qantas and Havana Club



says – "looks weird, but has potential". By combining MacLennan's über-suit with Dery's legendary new-business abilities, the UK's fifth-biggest agency is hoping that it can finally forge a successful international identity.

It will be a tough task. In contrast to the undoubted prowess of its UK and Australian operations, M&C Saatchi cuts a rather lonely figure in many overseas markets. The lack of a lucrative anchor client, coupled with London's preference for backing start-ups, mean that the network resembles a loose federation of offices that are highly reliant on local business.

"The good ones are fantastic but we could use more power offices," the Asia chief executive Chris Jaques, who was forced to close Singapore and Thailand last year because of dwindling returns, says.

MacLennan... 'The team is in place to go after global business'



"We have underperformed in terms of winning international business through a lack of focus," MacLennan admits, before pointing to Qantas, Havana Club and Yves Rocher as current multimarket spenders. "We've also been poor at driving awareness and marketing ourselves."

At its best, in Australia and the UK, the agency's culture of limitless self-confidence is intoxicating. "But exporting that unbridled arrogance is very hard," the agency source says. "The engagement of London has been an issue, particularly when you have small offices struggling to make their way."

MacLennan is willing to concede that London has "probably felt quite distant" at times to many of M&C Saatchi's 16 international offices, but points to Malaysia and France as examples of operations that have begun to thrive. "You don't always want a heavy hand from the centre," he adds. "What we haven't exploited

agencies old and new, points out. "If you are selling yourself as a conventional network, then it is hard to get global business."

MacLennan says he has his eyes on New York. Already, since he took on the role, M&C Saatchi has opened in Brazil, Switzerland and Japan, and is set to revamp its China operation. "In the 12 weeks since he took over, there has been a transformation," Jaques says.

M&C Saatchi's rather unique business model may also prove valuable. The agency generally attempts to take an 80 per cent stake in new start-ups – in a bid to attract the kind of senior entrepreneurs that have grown jaded with holding company bureaucracy. "In the next year or so, the only expansion is going to come from start-ups," Jaques says. "So right now, it is probably the best model you can possibly have."

And a relatively pragmatic one too. M&C Saatchi's 2008 results were positive, thanks to a turnaround in Asia and Australia, allied to the UK's continued success. But while its 2004 IPO has injected more funds, the agency still favours investments that, says an agency source, are "guaranteed break-even" in year one.

MacLennan does not lack drive. He is set to announce a global leadership structure that houses Simon Dicketts and Tom McFarlane on the creative side, Richard Storey for planning, and David Whittle and Jon Sharpe on digital. He is also considering new operations in the Middle East, South Africa and Russia. And he is investigating which of M&C Saatchi's many subsidiaries – such as sponsorship, brand consultancy and PR – could be successfully exported.

"The team is in place to go after global business and that's quite a big change," he says.

Listening to MacLennan, it all sounds rather simple. The reality, as he is no doubt aware, could be brutally complex.

INSIDER'S VIEW NETHERLANDS

It may be 20 or 30 years behind its UK counterpart, and has to get by on much smaller budgets, but Dutch advertising really knows how to entertain, Seyoan Vela says

Dutch advertising is much like Britain's about 20 or 30 years ago. And I mean that in a positive way. It's entertaining. It's product-based. It's respected enough that you can still go to a party here and say you work in advertising – and people won't head straight to the toilets.

Commercial breaks here are long. Really long. So there's a general acceptance that ads need to entertain to keep the consumer watching.

And the Dutch idea of entertainment is being funny. They do like the mildly amusing. And who says that's a bad thing? An acknowledgement that if we're interrupting we need to entertain or offer some kind of value exchange.

This expectation to be entertained trickles down through the rest of the media.

Budgets here are much smaller than in the UK. And that means that the agency can be the purveyor of all selling solutions. Be they digital, mobile, events or PR stunts. Call it integrated, 360-degree, or whatever buzzword takes your fancy, but it's what agencies here have always done.

OK, they may not get off on babbling on about the Twitterati – the Dutch are too Calvinist for that sort of distraction – but they don't think any less of doing an in-store promotion. They don't feel it's beneath them and still view it as an opportunity. We're still in the *Mad Men* era here with clients more open to taking suggestions for the name of their new product, or listening to thoughts about distribution. And, though the

digital battle for hearts and minds is being fought as strongly here as anywhere else, it seems more rooted in consumer insight and brand understanding than technology.

The Dutch have a very honest relationship with brands and with marketing in general. They get it. They are an intelligent audience surrounded by a history of great art, architecture and design. On top of this, they are internationalists, influenced by the best of what the rest of the world has to offer.

The challenge for agencies in such a creatively strong culture is to take global ideas that need mass understanding and to reinvent them to work at this local level. To not underestimate and, therefore, patron-

ise this sophisticated consumer by engaging them with Euro-twaddle. They may regularly be lumped together with the Belgians but interestingly there are no two countries in the world (that share a common border) which are more culturally dissimilar than the Dutch and their friends in Flanders. The Netherlands belongs more with Scandinavia. The Belgians more with Austria. Not appreciating this chasm is common. Developing work that works in both countries is a real challenge but is a simple test of being able to do truly international work.

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