



Book Powers of Persuasion

The Inside Story of British Advertising

Winston Fletcher
Oxford UP, 2008

Recommendation

During the second half of the 20th century, many experts saw British advertising as the world's best. That significant achievement raises the question: How did the British ad industry achieve world acclaim? Noted British adman Winston Fletcher presents a detailed history of British advertising starting with the Victorian period and moving to contemporary developments. This detailed book profiles the leading agencies, people, campaigns, and even the regulatory and communications developments that shaped the industry. Fletcher, a key industry figure, saw these events first-hand, so this history reads like a memoir. Non-Britons will be at a slight disadvantage reading certain sections because they may not be familiar with some of the award-winning ads he profiles. However, *BooksInShort* believes that if you are looking for a solid, focused, serious history of British advertising, this is it.

Take-Aways

- Britain's first TV commercial aired in September 1955. It advertised Gibbs SR toothpaste.
- When commercial TV became a reality, it shaped Britain's economy; it became "unquestionably the fastest-acting mass advertising medium."
- TV changed ad agencies by shifting power to art directors, creative departments and "visualizers" who converted writers' copy into images.
- Throughout the 1960s, advertisers developed more thoughtful philosophies about creativity and branding.
- In the 1970s, agencies introduced research and "account planning" into the creative process.
- In account planning, creative staff members adjust ads' text and appearance to respond to feedback from data analysis.
- The 1980s saw the emergence of advertising holding companies.
- The structure of these holdings firms now has become so complex that it creates tension with advertisers; this may render holding firms obsolete in the future.
- The dawn of satellite TV fragmented audiences and changed media buying patterns.
- A well-run ad agency should easily achieve a 12% gross profit.

Summary

The Birth of Commercial Advertising in Britain

Insiders in British advertising see 1951 as the field's "watershed year": The industry held its biggest national conference up to that time and London hosted the first international market research conference. The same year, the British Labour government formed a commission to study the commercialization of television. At that time, a majority of the committee leaned toward a ban on commercial television, and favored the commercial-free, public BBC [British Broadcasting Corporation]. This predilection could have postponed the growth of the advertising industry in the U.K. The idea of commercial TV was so unpopular that one Scottish Lord likened approving it to the introduction of bubonic plague into England. Later that year, Winston Churchill's Conservative government ousted the Labour Party from power.

"1951...marked the beginning of the transition from the trough of the Second World War, and the post-war restrictions and privations, to the sunny uplands of economic affluence."

The debate over the future of commercial TV continued until 1954, dictating the course of British culture. A coalition of advertising executives and government critics, the Popular Television Association, emerged to counter the Conservatives, who opposed commercial TV, and to create a counterbalance to the BBC. Commercial TV

became a reality when an ad for Gibbs SR toothpaste aired in September 1955, and it has since shaped Britain's economy. It is "unquestionably the fastest-acting mass advertising medium." Without commercial television, British advertising would never have progressed and gained world attention. However, early commercials only demonstrated products' features and were devoid of real communication, persuasion or humor, a British staple.

"The debate on the 1954 television bill...was 'to be one of the...most important debates since the war. On it depends the future thinking of our people and our standards of culture'." [– Herbert Morrison]

TV's commercialization affected agencies by shifting power to art directors, creative departments and "visualizers" who converted writers' copy into images. TV's use of motion, color and sound reshaped creative departments, media buying and the power structure inside ad agencies. Early ad agencies functioned as management consultants and business generalists, as well as advertising specialists, but with commercialization, agencies began to rely more on creative briefs and market research. As a result of this higher profile, by the late 1950s, some experts came to regard advertising as a major, often negative, social force. Between 1957 and 1963, industry insiders wrote four very influential books on advertising: *The Hidden Persuaders* (Vance Packard, 1957); *Madison Avenue USA* (Martin Mayer, 1958); *Reality in Advertising* (Rosser Reeves, 1961); and *Confessions of an Advertising Man* (David Ogilvy, 1963.)

"Commercial television was the high-octane fuel which powered the consumer society."

In the 1960s, agencies began developing their own philosophies about creativity and branding. The Ted Bates agency, which acquired the U.K.'s Hobson Bates in 1959, capitalized on its "unique sales proposition" philosophy – the concept of repeatedly promoting a product's key attribute. The 1960s also saw the growing popularity of color advertising and free color magazine supplements, led by Britain's biggest newspapers. Britain's first commercial network, ITV [Independent Television], launched color TV in 1969. To reach the teenage market, which the BBC often overlooked, Radio Luxembourg and, later, Radio Caroline, combined creative programming and guerilla operational tactics. For example, broadcasters aired Radio Caroline from a "pirate" ship anchored off the Essex Coast, outside of British legal jurisdiction.

"Television is...capable of building nigh on to 100% public awareness of a new product or campaign in a matter of days."

To avoid being acquired by American firms, more and more British ad agencies listed themselves on the London Stock Exchange (LSE). By the end of 1969, the LSE listed nine British agencies.

The Zenith of Advertising in Britain

By the 1970s, British agencies reached their creative height due to a confluence of talented people, inner-agency organizational changes, and political and economic pressures. The internal changes included the advent of research and "account planning" in campaign development. Boase Massimi Pollitt (BMP), an innovative firm, developed the process of account planning. It uses a variety of tools, including interviewing a sample group of viewers the day after a new ad airs to measure audience retention or recall rates. The account planner uses this data, as well as sales, competitive data and other research, to formulate campaign objectives with the client.

"For British advertising, the 1970s – and a few years either side – were golden years, when we forged ahead of the world."

Account planning is a process that changes continually as creative staffers use new research to reshape their ads. This process balances creative output with empirical research until the best public response matches the best creative effort. The research then becomes an effective sales tool, if the creative team is receptive to its findings. The invention of the account planning process revamped the way managers ran their agencies. It formalized the ad creation process, and changed the relationship between clients and their agencies.

"During the 1970s a starry galaxy of British campaigns twinkled and sparkled, were ubiquitously liked and admired, won countless international awards, and remain – several decades later – highly regarded and fondly remembered by everyone who saw them."

During the 1970s, British ads won many international awards. They were noteworthy because they were innovative, they respected the consumer's intelligence, and they used a soft-sell. At the time, British commercial TV was only 15 years old. Art directors were powerful and clients were also more open to agency ideas about ways to make their products distinctive. The end results included the decade's five best ad campaigns: Smirnoff vodka; Heineken beer; Benson & Hedges; Margaret Thatcher's 1979 election campaign; and "Clunk! Click," a seatbelt promotion.

"Television increased the authority and influence of art directors – no longer mere visualizers – which changed the style and tone of advertisements."

The 1980s brought the emergence of Britain's first advertising holding company, and the introduction of satellite and cable television, which catered to specialized audiences. In the print media, Rupert Murdoch confronted the stringent trade unions by replacing workers with computerized typesetting technology at his *News International* publications. Breaking the unions reduced costs for existing publications and made it economically possible for publishers to launch more publications, such as the *Independent* and the *Sunday Sport*.

"The 1980s are remembered as the 'me' decade, the selfish decade, the greed decade, the Thatcher decade."

Advertisers that played a crucial role in the privatization of British companies included such firms as Rolls Royce, British Airports and British Steel. Their ads educated individuals about the benefits of stock ownership, as well as the mechanics of subscribing to state-sponsored initial public offerings. These mass advertising campaigns helped transform the entire British economy.

Trailblazers of U.K. Advertising

The Saatchi brothers, Maurice and Charles, created Britain's largest, fastest growing agency through a combination of hard salesmanship, a knack for identifying trends, luck and publicity. The two self-made brothers launched their agency in 1970, charging a 22% commission versus the standard 15%. They justified higher prices by pledging better results. The brothers soon realized they would benefit if a larger firm acquired their agency, so when Garland-Compton – which had a U.S. parent and

large branded clients – made an offer, the brothers accepted.

“In the United States, humor in advertising has always been professionally distrusted.”

By 1979, the agency was Britain’s largest and going global. When the Tories won the 1979 election, the agency landed the very visible £25 million British Airways account. The agency was unique for not having any imposed “voice” or set tone. Each of its campaigns reflected the client and the product. While not particularly innovative, the agency produced excellent work which became recognized worldwide.

“Many of the successful British campaigns...have been gently humorous. But some highly effective campaigns – a few, not many – go further, and are downright funny.”

Another notable development occurred when advertising agency Bartle Bogle Hegarty (BBH) stopped making ads to use in pitches for new business. Their rationale was that the process wasted time and deflected creative energy from existing clients. While this was risky, BBH gained new business by letting its creative output speak for itself. It soon signed Levis Europe, Audi, British Telecom, Buxton Mineral Water, Speedo and Haagen Dazs. With its success, BBH sold a 49% interest to U.S. advertising powerhouse Leo Burnett, and opened offices in four cities outside Britain. BBH, which wanted to remain small, created a novel structure of developing strategy and campaigns from London, while letting Burnett’s local offices handle day-to-day client relationships.

“The Internet has proved its effectiveness in certain markets – especially travel and tourism, financial services, certain retail sectors and automotive – as a cross between classified advertising and direct marketing.”

In contrast to BBH’s compact operations, Martin Sorrell of the Wire and Plastic Product Group (WPP) managed the world’s largest agencies with a combined 100,000 employees. Sorrell had a business background and entered advertising by working for the Saatchi brothers. He then moved out on his own and, by 1987, he owned 16 companies. As Sorrell’s stock price appreciated, he added two large international ad agencies, J. Walter Thompson (JWT) and Ogilvy & Mather (O&M) to his holding company.

“Today, the media hardly knows which creative agency is working for which advertiser; they have little need to.”

Sorrell made money on JWT by cutting costs and imposing strict spending constraints. He knew a well-run agency should return 12% gross profit, and realized that an increase in JWT’s margins from 4% to 5% translated into a 25% increase in profits. However, Sorrell overextended himself on the O&M deal, as well as the acquisition of two market research firms. The 1990 recession crushed WPP’s stock price, but it recovered by 1994. In 2000, WPP bought Young & Rubicam and in 2005, Grey Global. Today, WPP is the world’s largest media-buying company.

“When someone asks ‘What is the purpose of advertising?’ the answer should almost always be ‘How long have you got?’”

The same was not true at Saatchi & Saatchi, which, by 1983, was expanding globally. By 1985, the agency was buying a new firm monthly, and was moving into advertising and business consulting. The Saatchi brothers stumbled when they acquired Ted Bates for \$500 million in hopes of becoming the world’s largest ad agency. In the end, the brothers paid nearly twice what the firm was worth, and then had to seek £406 million in funding on the London Stock Exchange. By 1986, the Bates agency was dissolving. It fired top executives or they left. The agency eventually merged with Backer & Spielvogel, another Saatchi acquisition. However, the brothers remained a major force in British advertising.

Enter the 1990s

In the 1990s, British advertising became global advertising. This greatly expanded the role of agencies’ client service directors, whose duties were similar to the responsibilities held by account directors in the 1960s. Global client service directors had to know their clients’ businesses and maintain close relationships with them on a global basis.

The most notable 1990s agencies were Howell Henry Chaldecott Lury (HHCL), Rainey Kelley Campbell Roalfe (RKCR), and M&C Saatchi (MCS). Each agency tried to be distinctive. HHCL created ads which stressed social responsibility, rejected industry awards and used nonactors whenever possible. The agency worked only for fees (not media commissions). It produced some controversial ads, but within a decade it was out of business. RKCR opened in 1993 under the leadership of CEO Marie-Therese Rainey. Having a female boss was unusual in the U.K. ad business and so was RKCR’s fee structure. Claiming that it could provide clients with “big ideas,” it created a three-tiered fee structure based on “creative time, ideas and performance.” The new fee structure attracted clients, such as Virgin Atlantic and Scottish Courage, a brewery. In 1999, after the agency had been in business for six years, Young & Rubicam purchased it. Of the three newcomers to the market, only MCS, founded in 1995, lasted and succeeded. Within five years, it became Britain’s ninth largest agency.

Early in the decade, Rupert Murdoch changed the public’s viewing habits by launching Sky satellite television, which eventually expanded to 200 channels. Satellite TV, combined with “terrestrial” TV (channels transmitted from an antenna) and the Internet, fragmented audiences and changed media buying patterns. The Internet also reshaped the media landscape, yet its ad revenues grew at a much slower pace than the earnings of commercial TV. In 1997, the Internet generated £8 million in ads, or 0.1% of the U.K.’s total advertising. By 2001, those revenues were £166 million or 1.0% of total advertising.

TV and the Internet also shaped ad agencies’ creativity. TV ads in the 1970s developed stories slowly. Ads in the 1990s make their points more quickly since audiences can decode messages faster. By the time viewers reach their mid-20s, they’ve each seen 100,000 TV ads, most of them a half-dozen times or more, so they can absorb ad messages readily.

While the giant ad holding companies dominate the industry today, their inherent structure will limit their success. The problem is that individual services firms within holding companies cannot pass cost savings along to their clients. As a result, advertisers feel that they are being over-charged. This causes an inherent tension, which could soon make holdings companies obsolete.

About the Author

