

MEDIA & MARKETING

Omnicom drives against slowdown

■ The group records six per cent growth during the financial crisis ■ OMG wins pitches for major brands such as Renault Nissan, LVMH, HP, Canon, Vodafone, Hershey, Virgin Atlantic, ADMS and Fifa Club this year

DUBAI **Vigyan Arya**

The Omnicom group has gone against the tide and has recorded a six per cent growth in the current economic crisis.

In an interview with Emirates Business, Elie Khouri, Regional Managing Director, Omnicom Media Group (OMG), explains the new strategy of the group and talks about how they achieved this symbolic growth by increasing their “portion of the pie”, even when the pie itself is reducing drastically in size.

—Since the beginning of the year, Omnicom has won an unprecedented number of advertising pitches at global level. Was this part of your growth plan or a strategic response to the economic crisis?

—Let me take you back to the last quarter of 2008. This is the beginning of crisis and it dawned on all of us by the New Year time. Some analysts have called it a new beginning, others a correction, while I think it's the new reality.

Whatever you may call, but there was a change and a big change. So how do we cope with it? There were questions raised regarding this, including in your own company. Internationally, the group decided to handle the situation head on and go out aggressively to increase the share of our pie, as the pie itself was shrinking. So to maintain the same portion of our share of the pie, we had to now increase the size of our share.

This translated into winning more accounts and increasing our business. We made a collective effort to win global pitches and Dubai made a big contribution to this. Considering that there has been up to 50 per cent year-on-year increase in the advertising business, Dubai market suffered the most and we had to put extra efforts to maintain our official status as the industry leader with least impact on our bottom line.

With this in mind, we went all out seeking extra business and as of today, we have acquired seven-eight very good quality international brands since the be-



Elie Khouri says they made a collective effort to win global pitches and Dubai made a big contribution to this

ginning of the year. Renault Nissan was one of the first international pitch we won, followed by some very high profile accounts such as LVMH, HP, Canon, Vodafone, Hershey, Virgin Atlantic and in the region we got the account of ADMS and Fifa Club in Abu Dhabi.

—Are these all internationally handled by OMG?
—All these are very healthy accounts and are being handled by OMG globally. Financially speaking, some of them are a billion dollar account, while others are all multi-million dollar accounts that come with very high responsibility.

—Were these new accounts enough to compensate the accounts that you lost, if any, and the decline in the advertising spent in the last one year?

—As a matter of fact, if you wish to call it as a compensation, we have acquired more business since the beginning of the crisis and globally, we have increased in revenue and business has seen a single digit growth.

—You claim this, even when the advertising in the region and internationally has declined by as much as 60 per cent?

—Yes, I am aware of the massive decline that our industry has seen, but as I explained earlier, we achieved this six per cent growth by increasing the size of our share of the pie. The figure of six per cent increase may not be very impressive in comparison to the past when we recorded as much as 50 per cent growth, but under the circumstances, even a single per cent growth is not only a positive growth but in fact an encouraging growth.

As a strategy, we had charted out a growth plan that involved three factors. First, increase revenue by embarking on an organic growth plan that involved making many more new pitches and winning accounts; seek existing clients to spend more even under the circumstances by suggesting smart investment to reach out to their target audience and explore new mediums and offer solutions involving these unconventional mediums including digital, web and mobile platforms.

—Has this marginal growth translated into retaining staff, if not recruiting more?

—The current crisis, have been a time of realisation also. In the past as we were growing very fast, recruitment was happening at an unprecedented pace to accommodate the growing demand and work. However, working at that pace, we also made some mistakes – especially when it comes to recruiting the right kind of people. This was also because of the shortage of talent. Now, at a time of “correction”, even though I do not agree with the term “correction” to define the current crisis, we are mending our past mistakes and are filtering our staff. Intention is to retain the right

“The group decided to handle the situation head on and go out aggressively

Elie Khouri, Regional Managing Director Omnicom Media Group

OMD WORLDWIDE

OMD Worldwide is a leading media planning and buying agency (along with Starcom MediaVest), with more than 140 offices in approximately 80 countries. It offers strategic consulting on where and when to run

advertising to reach the intended audience. The company also purchases the required airtime and print space for its clients, which have included such big names as McDonald's, Pepsico, FedEx and Apple.

staff with right attitude and talent and do away with the rest that may have been very useful and productive at a particular time. We have also accommodated our staff in other countries where advertising has picked up better and faster.

—Which countries have picked up faster in the region, as you say, that could be responsible for compensating and balancing the situation?

—Qatar has shown some very promising growth and we in fact had to send a lot of our staff to work on some of the quality accounts that we acquired from there. Saudi has also been generating additional revenue and lending to the regional growth of the industry.

In fact, after our first batch of staff from Dubai office left of Qatar, we have had some local media writing that OMD is moving their regional office to Qatar. Of course that's not true, but it did indicate the

amount of resources that are being diverted to Qatar for handling increased business there.

—You are reluctant to refer to these times as “correction time”, which many analysts are saying so. What would you call this and why?

—Yes, the industry may feel guarded behind this “correction” phenomenon, but I am convinced that it's not a correction but the reality.

We have all enjoyed the immense growth in the past couple of years, but that couldn't have been retained for long.

Real estate and financial institutes were some of the biggest spenders that attributed to more than 50 per cent growth in advertising, but they were also trying to make the best out of the situation and they needed branding and advertising to achieve that. As a result, advertising industry grew, not because the client base had increased or the size of the pie had grown organically, but a new platform had appeared.

However, when it reached its epitome, the false ceiling of advertising and brand communication had to come down and face the reality. So I describe this not as a “V” phenomenon but more like an “L” phenomenon. I am prepared to face and its time our industry also accepts the same and work on new realities. The sooner they realize that the better it will be for them and the industry itself.



Renault Nissan was one of the first global pitch Omnicom won this year

Hershey Company appoints OMD as media partner for Middle East

DUBAI Staff

The Hershey Company, the largest producer of quality chocolate in North America and a global leader in chocolate confectionery, has completed its regional review with the appointment of OMD on its media investments in the Middle East.

The Hershey Company operates throughout the world, including a regional office in Dubai. The company employs more than 12,000 employees.

With revenues of more than \$5 billion (Dh18.36bn), Hershey produces brands as

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OMD has a deep understanding of the media environment in the region and how to navigate it
Rohit Grover, Hershey

Hershey's, Reese's and Hershey's Kisses, as well as the smooth, creamy Hershey's Bliss chocolates.

"I was impressed with

OMD from the day we began speaking with them," explained Rohit Grover, Hershey's General Manager for the Middle East and Africa.

"OMD has a deep understanding of the region's media environment and how to navigate it. Their professionalism, speed and grasp of our requirements have been commendable."

"It is a privilege to have been selected as Hershey's partner, a company that sees in the Middle East a market full of promises, and we see it as our role to help it realize its regional ambition," said Hisham Abi Nassif,

Deputy General Manager of OMD Dubai. "The chocolate and confectionery market is very competitive, not only with international brands but also local ones. While we have a sweet tooth in the region, habits vary widely and we look forward to introducing Hershey's products in each consumption opportunity."

Although its products are widely available in GCC retail outlets, the company is a relative newcomer to the media market.

This appointment marks the opening of a new chapter in the brand's presence in the region.

Top marketing minds meet at CMO summit

DUBAI Staff

Social media, guerilla marketing, mobile marketing, the digital landscape. These are just some of the topics on a packed agenda at the Chief Marketing Officers (CMO) Summit Middle East.

Nearly 100 marketing gurus, including the Middle East's biggest players, will meet at the CMO Summit organised by Artaaj Strategic Business Events on October 12-13 at the Shangri-La Hotel.

Yolanda Delpont, Marketing Director, Al Futtaim Automotive, is spot on when she says great marketing is not about a great marketing budget but about being creative when others are not.

"A roomful of creative energy and a very solid ability to listen to – and more importantly – engage customers can build trust and support. This, coupled with a product that delivers the promised benefits without deploying great amounts of

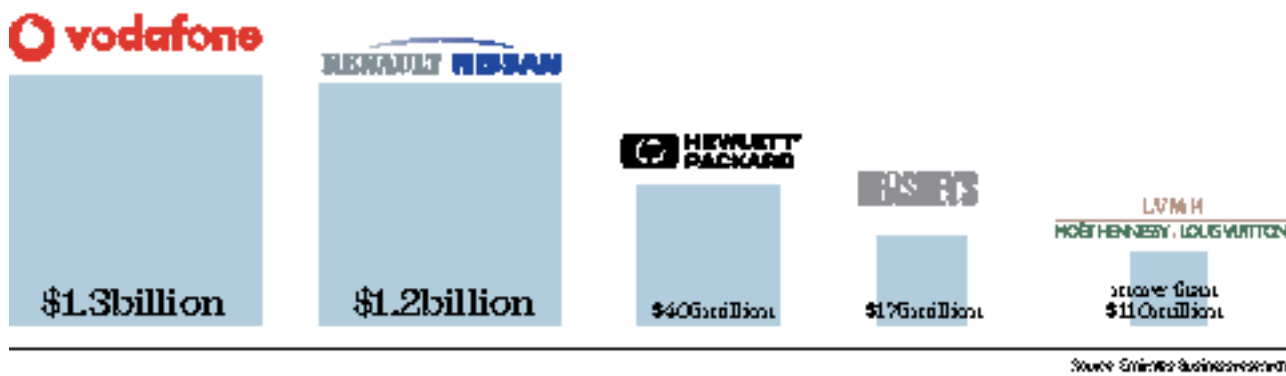
marketing dirhams, is what brings results. This is what great marketing is about," said Yolanda.

"People are far more informed and expect more than ever before. They are taking more time to make purchasing decisions and cutting back on spending, making it more important than ever for you to be the first that comes to mind when the customer is ready to buy," she added.

Delegates will hear from Yolanda on Day 2 of the summit and is one of 14 global marketing chiefs on the summit's international panel that includes speakers from Google, Ericsson, Saudi Telecom, Schlumberger, General Motors and Maktoob.

Ian Hitt, Managing Director, Epsilon International Emea, said: "We are excited about the opportunity that the Middle East offers Epsilon International and consider the CMO summit to be the ideal vehicle for showcasing our solutions."

Some of the top accounts won by OMD recently



Radio network selling infomercial time to artists

MIAMI

The limited playlist slots available to Latin acts on the radio may soon expand thanks to a programming strategy launched by the radio network Spanish Broadcasting System (SBS).

Beginning as early as this month, artists who want to get airplay on SBS stations can circumvent the network's programming department by purchasing infomercials that feature one of their tracks played in full.

The "Monthly Rotating Infomercials" will be sold in packages with costs varying based on the number of spins per month.

"The idea responds to a marketplace need," says Lucas Pina, SBS Entertainment Senior Vice-President. "The company wanted to open a space for new artists."

The novel programming idea – which may be unique for radio overall – works like

this: Developing and established artists alike can buy packages of infomercials that will air on SBS stations between 11pm and 6am.

Monday through Friday and 11pm and 10am Saturday and Sunday. The infomercials consist of an entire song preceded by an introduction that announces the artist, the title and the presenting sponsor.

That sponsor can be the performer himself, the label or a third party or brand; however, the sponsor must be named in order for the infomercial to run. Infomercials air at a network level based on genre; a tropical track, for example, will run on all of SBS' tropical stations nationwide.

There is not any other programming – or ads – during the infomercial slots. "It will be like an iPod playing continuous music," says Pina.

While the idea of radio infomercials promoting singles or albums is not new, the de-

parture here is that unlike a 30-second commercial, the track plays in full.

The drawback, of course, is that the infomercials' air-times are those with the lowest audience – and it is not clear if these plays will count toward chart positions.

Still, Pina says, because SBS has stations in major markets like New York, Los Angeles, Puerto Rico and Miami, the programme provides a window of opportunity that might otherwise never open for new artists.

"SBS has stations in major markets where the population is active at night," he says, noting that many Latin listeners work at night. In these big markets, the night programming not only exposes the music to a new audience, but it also functions almost as a real-time research system that enables programmers to evaluate whether a track has traction before adding it to the regular rotation.



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While labels and artists are taking a wait-and-see attitude on the infomercials' effect on exposure and sales, slots for November are nearly full, says SBS Director of New Business Development Manny Mora, who will run the programme.

Approximately one-third

of the slots have been purchased by indies and two-thirds by major labels.

"If we were in small markets, the reaction would be different," says Mora.

"Here, acts who could never dream of playing in a major market have an opportunity for success."

Although the infomercials are for sale, SBS can decline tracks that do not fulfill production quality or standards.

"This is uncharted territory for us," says Mora.

"We hope to create a new business model that will help new artists and reinforce established ones." (Reuters)