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Procter gamble with advertising pays off

By Simon Canning

06jul04

THE world's biggest advertiser, Procter & Gamble, gets a lot of attention when it changes the way it deals with the media.

So a decision to shift its media spending away from mass-market media such as television – in a plan to get more value for its global advertising dollar from audiences no longer as glued to TV – caused a stir.

As did plans by senior P&G executives to look at changing the way its media-buying agencies are paid.

The company, whose massive advertising budget helped bankroll the development of commercial television, will attempt to tie deals to sales – a move the company made with its creative ad agencies four years ago.

Speaking at the Cannes International Advertising Festival last month, P&G global marketing director Jim Stengel said the decision by the company to change its remuneration system from fee-based to performance-based had a profound effect on the company, which has a huge portfolio of brands from Tampax and Pampers to VapoRub and Wella haircare products.

"About four years ago we totally changed our compensation system for our agencies to one linked to sales," he says.

"I think it was an innovation in working with our agencies' partners on media-neutral approach and the effect of that has been very profound and we are very happy with the results.

"Our media agencies we do not yet pay on sales, although I can tell you the conversation is an evolving thing. We have certainly been looking at working with our agencies about ways that we can also 'incent' our media agencies as well and they are of growing importance for us."

The chairman and chief executive of Procter & Gamble, Alan "AG" Lafley, part of P&G's Cannes contingent, says the fast-moving consumer goods marketer could no longer afford to bore consumers with its advertising, but needed to engage them with new, media-neutral ideas.

"What our creatives do is help breathe life into these brands and help us create the bonds and the relationships and encourage the women, and it's mostly women that we serve, to buy and use our brands we hope for a lifetime," Lafley says.

Roger Hatchuel, chairman of the Cannes international festival who used to work with P&G, says the giant firm's presence at the show meant that creative directors who used to be punished by having to work on P&G brands would now be able to "blossom" because the marketer had embraced creativity as part of its business model.

"Only the insecure creative can be worried by having P&G here," he says. "They should see it as a unique change. In the 21st century, P&G has changed – the leader of the advertising industry has changed and, known for producing perhaps the most boring advertising, has come here and said, 'Hey, we want to be creative'. I don't want to be rude, but it (the creative) was shit."

Lynne Boles, P&G brand marketing director, says the company needed to change. "We have is to improve the watchability of our advertising," she says.

"We know that in this very cluttered media environment our ads simply have to stand out and be interesting and valuable to our consumers."

Examples of changing its media mix include a US promotion using stuntman Robbie Knievel to jump over the number of dishes that could be washed with a single bottle of Dawn detergent. The campaign included several thousand people attending the event, a TV commercial of the jump and hundreds of free media stories covering the jump.

David Droga, worldwide creative director of Publicis, one of P&G's agencies, says he is "relieved" that P&G has joined agencies on the journey to make more creative advertising. "It's not about how much money you spend, it's not about the mediums you use, it is about the idea," he says.

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