

Advertising Age

The gospel of Peter: Arnell on a mission

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Celine Dion is wearing brown silk pajamas and sitting with one foot on the seat of an elaborately carved dining room chair in her 16-room "private villa" at Caesars Palace in Las Vegas. Her husband and manager, Rene Angelil, roused the French-Canadian chanteuse out of an afternoon nap with her 22-month-old son to talk about Peter Arnell. "Many people try to create beauty," says Celine while casually massaging her toes, "Peter on the other hand captures beauty, that is why he is larger than life." She casts a sleepy but affectionate eye toward the advertising man, who conducts

business from the villa's massive dining room table, plugged into a cellphone headset, tapping the tiny keys on his Motorola Skytel pager and scribbling notes in a small yellow pad. Arnell, with shaved head and round tortoise-shell glasses, wears a white shirt that looks like he slept in it, tails hanging out, off-white khaki pants and white Reebok Classics (a client). He is one of the very few Madison Ave. players thoroughly at home with superstars of Celine's caliber.

"The reason why Peter wows them is because he is an artist himself," says Tommy Mottola, CEO-chairman of Celine's record label Sony Music.

Some people call Arnell the Harvey Weinstein of the advertising industry. He's at least as physically imposing as the hefty Miramax CEO--although he's now on a diet and has lost 50 pounds--and has excellent entertainment connections. But more importantly, both men share a penchant for showmanship and bold risk-taking that is sometimes brilliant.

idea broker

Arnell isn't just an adman. He's an idea broker. His Arnell Group handles a curious mix of design, entertainment alliances, brand audits and oh, yes, advertising. His flair has entranced clients and enabled his \$204 million shop, which acts as a bridge between agencies and marketers, to rack up an impressive winning streak and become a new-business machine for parent Omnicom Group.

Right now Arnell, 43, is on the Vegas Strip helping his client the Chrysler Group pull off a gamble worthy of Glitter Gulch's most celebrated high-rollers. The automaker is here to announce a marketing alliance with Celine that could cost the Detroit division of DaimlerChrysler tens of millions of dollars in talent fees. Chrysler's bet is that a three-year campaign based on Celine's music and her image as singer and mother will lift the brand out of its sales doldrums.

The first step is to win over the brand's nationwide dealers, 4,500 of whom are in Vegas attending an annual dealer meeting. Car salesmen are notoriously independent minded and often hard to please. If Chrysler management can make it in Vegas, the thinking goes, they should be able to make it anywhere. As Arnell puts it: "This is real, as real as a heart attack."

Arnell's agency acted as middleman, making introductions between Chrysler's marketing team and the 34-year-old singing sensation, primarily through Arnell's personal association with Mottola.

"Peter is a catalyst," says Mottola, who is also working with Arnell clients Pepsi-Cola Co., Reebok and Gateway. "He knows how to make the connection to the client and make it go smoothly. Usually these [entertainment and advertising deals] don't work. We see and hear about them, but they really don't work. They become lame endorsements and who knows if anyone gets any benefit. But Peter makes it different. He delivers."

Arnell has made many introductions between entertainers and his clients. Some were successful, such as the matchup between Ray-Ban and Will Smith for Sony Pictures Entertainment's "Men In Black" and the famous pairing of Hanes stockings with leggy singer Tina Turner. Others were less successful, such as mixing Reebok with rapper R. Kelly, who was later indicted for child molestation, and Dodge Ram with Aerosmith, a band that did not go over well with dealers.

"Those ads don't give the why" to buy, commented Dick Withnell, Dodge dealer council chairman at the time.

Chrysler, whose latest slogan is "Drive equals love," expects Celine, known for her love songs, to be a natural spokesperson for its line of new cars. "We actually did research," said Bonita Coleman Stewart, director, Chrysler Communications. "We asked consumers if the Chrysler brand had a personality, who would be the most appropriate and best fit? And sure enough, Celine had the highest ranking in our research in terms of a brand fit." Last month, Arnell traveled to Belgium with Celine and shot footage that was inserted into her first Chrysler spot, which features her singing a new song, "Have You Ever Been in Love?" Arnell also photographed the singer with Rene-Charles, her son. Celine gushes over the results.

"Peter immortalizes life," she says, her eyes dampening with emotion. "He didn't simply photograph a mother with her son. Anyone can do that. He captured my soul, my emotion at that moment. This is art."

mixed reputation

Arnell is a magnetic character and a figure of controversy in the ad business. He has been called everything from a genius to a Svengali. While he's famous for making friends with important people, he also has a reputation for making enemies.

"Peter is a perfectionist," says Jordan Rednor, president-chief operating officer, Interpublic Group of Co's DraftWorldwide (for a time, Draft owned the majority of Arnell Group). "And he's hard on the people who work for him. He's had outbursts when he thinks something's not being done to the level that he expects it." Rednor was a prominent banker with Marine Midland Bank when he first met Arnell in the mid '80s. He invested in Arnell's first shop, Arnell/Bickford.

"Peter is a really talented guy, a dynamo," says Donald Trump, who employs Arnell Group for special projects. "He had the really great judgment to cast my girlfriend, Melania Knauss, in one of his big watch campaigns. He's got great connections and a great table at [New York City restaurant] Nobu. Remember, to have good connections you have to produce, otherwise no one has connections. And he produces."

But Arnell also is known as a tough negotiator who is said to charge high fees for services and who prefers dealing directly with top executives rather than through intermediaries. According to an executive involved in the review for BMW's Mini

Cooper in 2000, Arnell pitched for the advertising account by doing an end run around the U.S. team conducting the review and went straight to the parent company in Germany. The tactic backfired and his company was dropped from consideration, said the executive. Arnell discounted this version of events, and said he worked closely with the review consultant, Dick Roth & Associates.

Other clients appear to like Arnell's direct, in-your-face approach and it has helped his organization win many clients over the years. According to Advertising Age's agency report, the Arnell Group moved up from No. 91 to 81 on its list of core U.S. agency brands, with billings of \$204.5 million and revenue of \$28.8 million.

"Peter is very emotional and passionate," says Peter Connolly, president-worldwide marketing communications, Tommy Hilfiger, a former Arnell client. "He works from his gut and his brain. He is the most fun I've ever had in the advertising business. We worked on many great, groundbreaking campaigns."

"He's manic," says the architect Frank Gehry, who worked with Arnell and Tom Krens, director of the Guggenheim museum, another Arnell Group client. "Peter's a bold genius, kind of giddy and weird. He understands what's going on in the world."

"He's the kind of iconic character that this industry needs," says Bruce Redditt, exec VP, Omnicom. "Of course, his style works for some marketers and doesn't work for others. But he is incredibly effective at what he does."

On the other hand, a former employee who requested anonymity characterized Arnell's approach as strictly old school. "He's the so-called genius. He comes up with ideas based on his own taste. He likes one color better than another color. That's what it comes down to. There's nothing scientific or thought-out about it."

Burt Flickinger, managing director, Strategic Resource Group, takes issue with Arnell's color preferences in his recent makeover of Kmart stores: "Nobody in his or her right mind would pick a color which is such a visual turn off to consumers. It's literally 'get sick' pastel green."

Arnell is the first to concede: "We're not to everyone's taste."

broader reach

This past year, however, Arnell Group has begun broadening its reach and client base, adding blue-chip mainstream brands, thanks to its relationship to parent Omnicom. The shop was majority-owned by DraftWorldwide, but in June 2001 Arnell bought that majority back and then within two weeks sold the shop 100% to Omnicom. He now reports directly to John Wren, Omnicom's president-CEO.

"The Arnell Group is agency neutral. Peter doesn't interfere with the other agencies. He's complementary," says Wren, who noted all Omnicom shops operate independently. "Clients don't come to us to hire Omnicom for its marketing solutions. We provide resources. All we can do is make introductions to one of our agencies or companies."

Omnicom has aggressively introduced the Arnell touch to its list of top-drawer clients such as Chrysler, Pepsi, Wm. Wrigley Jr. Co. and Masterfoods USA. Even when Omnicom failed to win a pitch for Bank of America, Arnell held onto its portion of the account. "It's easy to say you love the Arnell Group, and the creativity and refreshing style of Peter," said Cathy Bessant, chief marketing officer at Bank of America. "But what they are doing for us is a very disciplined, fact-based, strongly analytical and creative approach to our corporate identity."

Omnicom is also helping Arnell build a management infrastructure that will maintain accounts. Omnicom has already donated its former director of accounting operations, Bill Visione, to the cause. Visione moved over from the holding company's corporate office to become Arnell Group's chief financial officer. Another important newcomer is Ed Boyd, senior account director in Detroit and director of intercultural development. Boyd, who once worked with Interpublic's Don Coleman (now [GlobalHue](#)), handles the Chrysler account for Arnell out of the Motor City. John Englehart, Arnell's managing director, was the former head of worldwide client services for Interpublic's [Lowe](#) Group. At Interpublic, Englehart introduced Arnell to Lowe clients, specifically to Coca-Cola Co. "Lowe's Sprite business was in serious jeopardy," Englehart says. "In fact, part of it had been moved outside of Lowe. But I went with Peter and with Frank Lowe's blessing and we got that back, a huge worldwide assignment."

Englehart joined Arnell in June 2001. "In the Arnell Group, I saw an organization that could do some very big and exciting things. I'm helping bring together the people, the company and the clients who we can do the best work for," he says.

"I'm sure he's ruffled the feathers of an account guy or two in the last year, but he's shown everyone in [the company] tremendous respect, and is acting in a complementary way," Wren says. "That's why it has worked so well. He has exceeded my expectations, not just with clients but with our groups as well."

The Arnell Group is also in the business of doing good deeds. It created the pro bono "Join Us" recruitment campaign for the New York Police Department; the "Heroes for Hire" drive for the city fire department as well as launching the FDNY Fire Zone, a fire-safety warning center. Most recently, it launched a campaign for the Mayor's Office to Combat Domestic Violence. When the agency was working on the police recruitment campaign in May 1999, then Police Commissioner Howard Safir introduced Arnell to Mayor Rudolph W. Giuliani.

'unusually talented'

"He wasn't dressed like most people who come into my office," says the former mayor, who is now chairman-CEO of Giuliani Partners, a business-management consulting firm allied with Ernst & Young. "But when he showed me the campaign I realized how brilliant this guy was. Whatever my first impression was about the way

he was dressed or the way he looked, the minute he showed me his work I realized this is a very, very unusually talented guy. He is a total machine generating ideas, and good ones. And it turns out he's a guy who has a really, really big heart."

Arnell hails from Sheepshead Bay, Brooklyn. "I grew up between Brighton Beach and Coney Island," he says one afternoon while driving to FDNY headquarters in Brooklyn. (Arnell is negotiating to buy new emergency equipment for every fireman in the department on his own dime.) Arnell had a tough childhood. His parents split up when he was young, his father disappeared, his abandoned mother was incapable of raising him and his older sister, and they were placed with his maternal grandparents. As a child, Arnell had a weight problem. "I was always the fat guy. And fat guys always did well in school. I did well. That's how I got attention."

He was very much influenced by the work ethic of his grandfather, Nathan Hutt, who was a fishmonger at Manhattan's Fulton Fish Market. Arnell often accompanied his grandfather to work at daybreak, helping pack trays of fresh fish with ice. "I crossed these bridges every day," he says while driving over the Manhattan Bridge. "They became a symbol for me, they are the connections to everything. Going to Manhattan was magical for me."

At Brooklyn Technical High School he studied architecture and later studied with postmodernist architect Michael Graves. He started his professional career as an editor of architectural books in the early '80s with another Graves protege, Ted Bickford. Together they opened a publishing shop, Arnell/Bickford, which eventually became a print design shop. The first office was at 100 Grand St., a converted bakery in SoHo, and he has not moved out of the neighborhood since. His office now is just a few blocks away on Prince Street. Until recently, he lived with Sara, his wife, and three kids in a \$6.5 million penthouse in Tribeca. Sara is the agency's chief strategy officer and a 15-year veteran. Earlier this year they sold the Tribeca pad, after a much-publicized dispute with other tenants in the building who blocked Arnell's effort to sell the property to rapper and friend Jay-Z. The Arnells purchased and moved into Mottola's house in Westchester County.

Sara is part of a core group of "Arnellies," employees who are part of Arnell's inner circle. They include 11-year veterans Jung-Ah Suh, director of Arnell Group's innovation lab, and Chad Stoller, director of communications solutions; 14-year player Scott Giammarino, director of media; and one of the first employees, Jack Ader, director of production and print manufacturing, 21 years an Arnellie. Also on hand, seven-year vet Faith Zuckerman, senior VP-entertainment strategy, a former Fine Line Features executive and Sara's sister. Although new to the group, Lynn Tierney is the latest Arnellie. The former head of public affairs for the Port Authority of New York and New Jersey and for the New York City Fire Department, she joined Arnell as director of external affairs this year.

Pass play

In 2001, Arnell announced the launch of PASS, an urban-marketing alliance with Steve Stoute, the former head of black music at Interscope Geffen A&M. (Stoute is currently putting together music deals for Arnell Group clients such as Gateway.) The unit was tailor-made to pitch for Chrysler's multicultural advertising business. Earlier, Wren had introduced Arnell to Chrysler, a client of Omnicom's [BBDO](#) Detroit and the media shop [PHD](#). The Arnell Group began collaborating with its sibling agencies on creative ideas for the automaker, putting together, among other things, a marketing alliance between Arnell client Martha Stewart Living Omnimedia and Chrysler. PASS did not achieve multicultural certification and lost out on the account, despite the belief that Arnell and PASS instigated the review in a not-too-subtle bid for the account.

But the process strengthened a relationship between Arnell and the Chrysler marketing team: James Schroer, Chrysler's exec VP-sales and marketing; George Murphy, senior VP-global brand marketing; Tom Marinelli, VP-Chrysler marketing; and Jeff Bell, former VP-marketing communications, now VP-Jeep marketing. All four men were in Vegas the first week of November, along with Dieter Zetsche, president-CEO of Chrysler Group, and Wolfgang Bernhard, chief operating officer, Chrysler Group. The automaker was there to introduce new models to dealers-- including the Crossfire sports car and the hybrid SUV Pacifica, which incorporate German engineering from the Daimler side of the family. Chrysler's agency, BBDO Detroit, Troy, Mich., was represented by Mike Vogel, chairman-CEO, and Bill Morden, chief creative officer. The dealers' conference was timed to coincide with the Specialty Equipment Market Association show at the Vegas convention center. Chrysler is a longtime sponsor of SEMA and unveiled at that show a new branded showroom designed by none other than Arnell.

"Don't block the logos," Arnell shouts at workers putting the finishing touches on the showroom. Wearing his rumpled white shirt, Arnell is a whirlwind of activity, jogging through the room making sure cars are aligned correctly, desks are spotless and car parts are displayed correctly. His core team of Arnellies follow his every move. He says he sleeps very little. "My long nights are four hours and my normal nights are two and a half," he says. His eyes dart around the room searching for problems to solve.

Later at a meeting between Chrysler's top executives, lead by Chrysler Senior Sales Director Gary Dilts, and the dealers, Arnell takes notes. As the frank discussion veers from new models to allocation to the economy, he writes in his pad: "Dodgification, Chrysleriness, Jeepness."

That afternoon a press conference is held at Caesars Palace on the steps of the casino's unfinished Coliseum Theatre, which is being built for Celine's "A New Day"

show--another three-year commitment for the star--that will premiere in March 2003. Arnell is backstage, working the room, schmoozing music industry and ad executives. Celine makes a grand entrance, at the wheel of a Crossfire prototype. "That's something new," she quips. "I'm used to being chauffeured." A large crowd of onlookers, mostly pinball gamblers and tourists, cheer her on as she deflects questions from reporters about how much she is getting paid: "I never talk about the money I make, so I will not start now." According to a person with knowledge of the arrangement, she will be making \$14 million.

'we shall see'

Next up, a dinner buffet for the Chrysler dealers in a Mandalay Bay casino ballroom. Arnell works the floor, the only person not wearing a suit and tie. He runs into Zetsche and Vogel, who informs the head of Chrysler that Arnell has worked 24-hour days on the showroom and on the Celine alliance. "It's going to be fantastic," Arnell bubbles. Zetsche cocks an eyebrow and mutters through his long mustache, in a deep German accent, "Yah, we shall see when the numbers come in."

After the dinner, the dealers move into an exhibition hall. Zetsche thanks the dealers for making their sales numbers during a recession, then introduces two more new Chrysler vehicles. Finally, he unveils the new Celine commercial.

It's a long version of the spot, and some of the images, of young people making out while Chrysler vehicles zip down country roads and fly through rainy streets, start the audience talking. Obviously, the ad is a bit risqué for this crowd, too erotic. Many of the lovers are unshaven, dressed down and don't look like automobile buyers. But the song is catchy.

Following a short dance number by Vegas hoofers, Celine emerges in a flowing dress that reveals her legs and the small of her back. She runs through five love songs in a commanding and emotional voice that immediately captures the attention of the audience. After the fifth song, she stops for a moment and exults: "I am so happy to be part of the Chrysler family!"

This draws tremendous huzzahs from the crowd. In the front row, the Chrysler management team is giddy. Celine finishes up with the new Chrysler tune, "Have You Ever Been in Love?" While she sings, Arnell's black and white photos of Celine cuddling her son flash on huge overhead screens. During the song, Celine gestures up to the mezzanine seats. Her husband Rene is there, standing, beaming proudly, and next to him, a roly-poly character in rumpled white shirt and pants: Arnell, grinning from ear to ear, with a look that says, "This is real, as real as a heart attack." The dealers give Celine a spirited standing ovation. At that moment, it appears this Arnell gamble has struck gold.