
COMMUNICATING WITH THE WORLD CONSUMER



CHAPTER OVERVIEW

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To promote its Temptations range of chocolates in India, Cadbury, the British chocolate maker, put out a print ad that was timed to coincide with India's Independence Day.¹ The ad showed a map of India with the words "Too good to share" printed across the state of Jammu and Kashmir. The reference to Kashmir, which is at the center of a longstanding dispute between India and Pakistan, did not please Hindu nationalists. Cadbury was forced to issue a statement apologizing for the advertisement. One of Procter & Gamble's biggest advertising blunders happened in Japan when the firm introduced its disposable diapers Pampers brand. Around that time, P&G aired a TV commercial in the United States showing an animated stork delivering Pampers diapers at home. P&G's American managers in Japan figured that this could be an excellent piece of advertising they could transplant into the Japanese market to back up the launch of Pampers. The copy was dubbed in Japanese and the Japanese package replaced the American one. Unfortunately, this cute commercial failed to seduce Japanese mothers. After some consumer research, P&G discovered that Japanese consumers were confused about why a bird was delivering disposable diapers. Contrary to Western folklore, storks in Japan are not supposed to deliver babies. Instead, babies allegedly arrive in giant

¹"Anger over Kashmir Chocolate Ad," <http://news.bbc.co.uk>, August 21, 2002.

peaches that float on the river to deserving parents.² After the debacle, P&G used a more relevant advertising model to promote Pampers to Japanese consumers: the testimonial of a nurse who also happens to be a mother—the “expert mom.”³ As both the Cadbury and the P&G cases illustrate, international advertising can prove to be very tricky.

The first part of this chapter will focus on global advertising. We first cover the cultural challenges that advertisers face. We examine the major international advertising planning decisions that marketers need to address. In particular, we cover budgeting and resource allocation issues, message strategy, and media decisions. One hurdle that advertisers face is the maze of advertising regulations across the world. We highlight the different types of regulations and discuss several mechanisms to cope with them. Next we address another important global advertising concern: advertising agency selection for foreign markets. The second part of this chapter explores other forms of communication tools that global marketers have access to.

GLOBAL ADVERTISING AND CULTURE



Advertising is to a large extent a cultural phenomenon. On the one hand, advertising shapes a country’s popular culture. At the same time, the host country’s culture may also influence the creation of an ad campaign and its effectiveness. As the P&G example in the introduction demonstrated, when advertising appeals are not in sync with the local culture, the ad campaign will falter. In the worst-case scenario, the ad might even stymie the advertised product’s sales or damage the brand image. Effective ad campaigns also do a great job in leveraging local cultural phenomena. A TV ad created for Unilever’s Vaseline brand in India is an excellent example.⁴ The commercial shows the distress of a local woman buying shoes. As the woman prepares to try out a shoe, the salesman spots cracks in her feet and tells her that the shoe is not within her budget. An onscreen message then asks: “Why should someone peep in your life because of cracks in the skin of your feet?” An image of Vaseline cream follows, with the promise that it will soften hard skin and get rid of cracks. The ad cleverly plays on Indian women’s embarrassment of a) having cracked feet and b) not being able to afford servants. **Global Perspective 13-1** gives another nice example. Because most advertising has a major verbal component, we first look at the language barriers.

Language is one of the most daunting barriers that international advertisers need to surmount. Numerous promotional efforts have misfired because of language related mishaps. Apart from translation, another challenge is the proper interpretation of ideas. The IBM global slogan “Solutions for a Small Planet” became “small world” in Argentina as “planet” failed to convey the desired conceptual thrust there.⁵ Given the bewildering variety of languages, advertising copy translation mistakes are easily made. One can identify three different types of translation errors: simple carelessness, multiple-meaning words, and idioms.⁶ Some typical instances of translation blunders that can be ascribed to pure carelessness are the following examples:

Language Barriers

Original slogan: “It takes a tough man to make a tender chicken.”

Translation: “It takes a sexually excited man to make a chick affectionate.”

²The story goes as follows. A long time ago—in the Japan of the fourteenth century—an old man and his wife had been childless. They were very sad. When the old lady went to a nearby river to do the laundry, she saw a huge “momo” (peach) floating on the river. She brought it back home. And lo and behold, the peach suddenly broke into two halves and a baby came out from inside. They named this baby “Momotaro”—meaning: a boy from a peach.

³“Even at P&G, only 3 brands make truly global grade so far,” *Advertising Age International* (January 1998), p. 8.

⁴“Vaseline plays on Indian women’s embarrassment of not having a servant,” <http://www.adageglobal.com>, accessed on December 24, 2002.

⁵David A. Aaker and Erich Joachimsthaler, “The Lure of Global Branding,” *Harvard Business Review* (Nov.-Dec. 1999), p. 144.

⁶David A. Ricks, *Blunders in International Business*, Cambridge, MA: Blackwell Publishers, 1993.



GLOBAL PERSPECTIVE 13-1

DUNKIN' DONUTS "LONGEST LOVE MESSAGE TO MOMS" CAMPAIGN IN THAILAND

Dunkin' Donuts entered Thailand in 1981 and now operates almost 130 outlets, serving more than 300,000 customers a week. In fact, Thailand is home to the chain's largest shop in the world, with a seating capacity of 130. Dunkin' Donuts portrays itself as a company that cares for society and honors the family. Contrary to Western countries, a Thai Dunkin' Donuts restaurant tends to be a meeting place where people come with their family and friends to relax and socialize.

In the summer of 1999, Dunkin' Donuts ran a 5-week promotional campaign centered on Thailand's Queen birthday (August 12), which coincides with national mother's day. The goal of the promotion was twofold. One objective was to increase the chain's market share by 2 percent. The second goal was to increase brand loyalty among its target consumers, teenagers and young adults. The cornerstone of the "Longest Love Message to Moms" campaign was an invitation to Thais to come to the stores and pen a love note to their mothers on a

special banner. Customers could also participate in a contest where they could win cash and product prizes. The grand prize was a company-sponsored lunch hosted by the winner and his/her mother for underprivileged children in Bangkok.

The campaign received a lot of publicity. A mile-long banner marked with 50,000-plus love-to-mom messages was carried around by more than 400 Dunkin' Donuts store employees in the national parade for the queen's birthday. The promotion did an excellent job in billing Dunkin' Donuts as a company that, though foreign, cares about the local culture, Thai people, and Thailand's royal family. Overall, the company only spent \$14,000 on the promotion. Did the chain achieve its objectives? You bet. Sales increased by \$373,000 over normal sales volume during the promotion period. Dunkin' Donuts' market share in the doughnut category rose from 67 percent (May 1999) to 71 percent (September 1999)—twice the 2 percent share-increase-target. An ACNielsen survey also found that Dunkin' Donuts was perceived as a "caring corporate citizen, dedicated to the Thailand market and its people."

Source: "Thais Sweet on Mom, 'Love' Campaign," *Marketing News* (September 11, 2000), pp.6–7.

Original slogan: "Body by Fisher."

Translation: "Corpse by Fisher."

Original slogan: "When I used this shirt, I felt good."

Translation: "Until I used this shirt, I felt good."

The second group of translation mishaps relates to words that have multiple meanings. Consider a campaign ran by the Parker Pen Company in Latin America. When entering Latin America, Parker used a literal translation of a slogan the company was using in the United States: "Avoid embarrassment—use Parker Pens." However, the Spanish word for "embarrassment" has also the meaning of pregnancy. As a result, Parker was unconsciously advertising its products as a contraceptive.⁷

The third class of language-related advertising blunders stems from idioms or local slang. Idioms or expressions that use slang from one country may inadvertently lead to embarrassing meanings in another country. One U.S. advertiser ran a campaign in Britain that used the same slogan as the one that was used back home: "You can use no finer napkin at your dinner table." Unfortunately, in Britain, the word *napkin* is slang for "diapers."⁸ **Exhibit 13-1** lists the different words that Goodyear has singled out for saying *tires* in Spanish.

So, what are the solutions for overcoming language barriers? One obvious cure is to involve local advertising agencies or translators in the development of your promotional campaigns. Their feedback and suggestions are often highly useful.

Another tactic is simply not to translate the slogan into the local language. Instead, the English slogan is used worldwide. The Swiss luxury watchmaker TAG Heuer used the tag line "Don't crack under pressure" without translating it in each of its markets,

⁷David A. Ricks, *Blunders in International Business*.

⁸ibid.

EXHIBIT 13-1
FIVE DIFFERENT WAYS OF SAYING TIRES IN SPANISH

<i>Spanish Word for Tires</i>	<i>Countries Using Each Word</i>
Cauchos	Venezuela
Cubiertas	Argentina
Gomas	Puerto Rico
Llantas	Mexico, Peru, Guatemala, Colombia, and elsewhere in Central America
Neumaticos	Chile

Source: D. A. Hanni, J. K. Ryans, Jr. and I. R. Vernon, "Coordinating International Advertising—The Goodyear Case Revisited for Latin America." This article originally appeared in *Journal of International Marketing*, 3(2), 1995, published by Michigan State University Press, p. 84.

even Japan, where over 60 percent of the audience had no clue of the slogan's meaning.⁹ Other examples of universally used slogans that were left untranslated are "You and us: UBS," "Coke is it" and "United Colors of Benetton." For TV commercials, one can add subtitles in the local language. This is exactly what the U.S. Meat Export Federation (USMEF) did with the "aisareru" beef or "desire beef" campaign in Japan.¹⁰ The campaign was launched in March 2002 by the USMEF to deliver messages of safety, taste, and nutrition to the Japanese consumers, who had become worried about mad cow disease. The TV commercials featured three U.S. women, working in the U.S. beef industry, who share the concerns of their Japanese counterparts about the safety of the food that they serve to their families.

For radio or TV commercials, voice-overs that use the local slang often become necessary. However, this rule cannot be generalized. For instance, while Egyptian consumers prefer colloquial Egyptian Arabic in their advertising, use of local slang is less advisable for Gulf Arabs.¹¹ Finally, meticulous copy research and testing should enable advertisers to pick up translation glitches.

Many of the trickiest promotional issues occur in the domain of religion. In Saudi Arabia, for example, only veiled women can be shown in TV commercials, except from the back. As you can imagine, such restrictions lead to horrendous problems for haircare advertisers. Procter & Gamble navigated around that constraint by creating a spot for Pert Plus shampoo that showed the face of a veiled woman and the hair of another woman from the back. Early 2007, the start of the "Year of the Pig," CCTV, China's national broadcaster, banned the use of advertising containing pig images out of respect for the country's Muslim minority (2 percent of the population).¹² The ban meant that advertisers would have to re-shoot their Chinese New Year spots. Coca-Cola had prepared two spots—one featuring a piglet and another with a panda bear. After a great deal of pressure CCTV relaxed the ban and decided to review ads on a case-by-case basis.

As Cadbury's Kashmir gaffe described at the beginning of this chapter shows, political sensitivities are also crucial. Canon came under fire in the Chinese media for a promotional CD-ROM that mistakenly referred to Taiwan and Hong Kong as countries—a major affront to China's one-country policy.¹³ For similar reasons, Toyota ran into trouble in China with a print ad campaign for the Land Cruiser. One of the print ads showed stone lions saluting a passing Land Cruiser. Stone lions are a symbol of power and authority in China. The campaign caused outrage among the Chinese media and public as it was seen as a display of Japanese imperialism.¹⁴

Other Cultural Barriers

⁹"TAG Heuer: all time greats?" *Director*, April 1994, pp. 45–48.

¹⁰<http://animalrangeextension.montana.edu/Articles/Beef/Q&A2002/Promote.htm>

¹¹"Peace process forges new Middle East future," *Advertising Age International*, April 1996, p. 113.

¹²"Ban Thwarts 'Year of the Pig' Ads in China, www.npr.org, accessed on February 10, 2009.

¹³"China's Paper Tigers Swift to Bite," *Financial Times* (August 23, 2000), p. 9. Part of the animosity stemmed also from the fact that Canon is a Japanese company. Many Chinese still feel very ambivalent toward Japan.

¹⁴"Toyota Looks for Road to Recovery in China," *Media* (March 12, 2004): 19.

Communication and Cultural Values

The effectiveness of a communication campaign often depends on the extent to which the values evoked by the campaign match the cultural values of the target audience. One framework that helps in understanding the influence of culture on advertising is the Hofstede cultural grid discussed in Chapter 4. As you may recall, the schema classifies cultures based on five dimensions: power distance, uncertainty avoidance, individualism/collectivism, masculinity, and long-termism. The schema has been applied in several cross-cultural studies to assess the effectiveness of different advertising approaches. One study explored the link between the values portrayed in Benetton advertising and consumers' values in Norway, Germany and Italy. The study concludes that when consumers' values match the values expressed by the advertising, the liking for the brand increases.¹⁵ Another study examined the effectiveness of antismoking messages targeted to teenagers in different cultures. According to the study, advertisements that are framed in a negative manner by pointing out the threats of smoking are more effective in high uncertainty-avoidance (UA) countries than ads with positive messages. However, positively framed anti-smoking ads that stress the benefits of cutting smoking may be more effective in low-UA countries such as Denmark, Russia, the United Kingdom, and the United States.¹⁶ The schema can also be used to assess the effectiveness of comparative advertising within a particular cultural environment. Such ads favorably compare the promoted brand against the competing brand(s) (identified or unidentified). While forbidden or heavily restricted in many countries, comparative advertising is legal in major markets such as the United States and Japan. In group-oriented (collectivist) cultures (e.g., Japan, Thailand), comparison with the competition may not be acceptable because the other party risks losing face. In feminine cultures (e.g., Scandinavia, Thailand), comparative advertising could be viewed as too aggressive and bold. In cultures that are a combination of individualistic and feminine values, comparative advertising could work as long as it is done in a subtle, non-aggressive manner. A good example is the well-known tag line used by the Danish beer brand Carlsberg: "Probably the best beer in the world." Cultures where comparative advertising is likely to be most effective are those that embrace masculinity and individualism as values.¹⁷

◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆ SETTING THE GLOBAL ADVERTISING BUDGET

One of the delicate issues that marketers must grapple with when planning their communication strategy centers on the "money" issue. Advertising spending worldwide is considerable. **Exhibit 13-2** ranks the top 15 global advertisers in 2007. Not surprisingly, the biggest spenders are the major multinational consumer goods companies. The largest ad spending categories are: Automotive (\$23.7 billion), personal care (\$23.4 billion), food (\$11.0 billion), entertainment (\$9.7 billion), and drugs (\$9.4 billion).¹⁸ **Exhibit 13-3** shows that most of the spending occurred in the United States, followed by Europe.

The key spending questions for global marketers are twofold: (1) How much should we spend? and (2) How should we allocate our resources across our different markets? Let us first look at the budgeting amount question. Companies rely on different kinds of advertising budgeting rules, notably percentage of sales, competitive parity, and objective-and-task.¹⁹

¹⁵Rosemary Polegato and Rune Bjerke, "The Link between Cross-Cultural Value Associations and Liking: The Case of Benetton and Its Advertising," *Journal of Advertising Research*, September 2006, pp. 263–73.

¹⁶James Reardon, Chip Miller, Irena Vida, and Liza Rybina, "Antismoking Messages for the International Teenage Segment: The Effectiveness of Message Valence and Intensity Across Different Cultures," *Journal of International Marketing*, 14(3), 2006, pp. 115–38.

¹⁷Marieke de Mooij, *Global Marketing and Advertising*, Thousand Oaks, CA: SAGE Publications, 1998, pp. 252–54.

¹⁸*Advertising Age's Global Marketers*, December 8, 2008, p. 6.

¹⁹See, for instance, Rajeev Batra, John G. Myers and David A. Aaker, *Advertising Management*, Upper Saddle River, NJ: Prentice Hall, 1996 (5th Edition).

EXHIBIT 13-2

TOP 15 GLOBAL ADVERTISERS—MEASURED MEDIA ONLY (2007)

Rank	Company	Home country	Spending amount (billions of \$)
1	Procter & Gamble	USA	\$9.36
2	Unilever	UK/Netherlands	\$5.29
3	L'Oréal	France	\$3.43
4	General Motors	USA	\$3.34
5	Toyota	Japan	\$3.20
6	Ford Motor	USA	\$2.90
7	Johnson & Johnson	USA	\$2.36
8	Nestlé	Switzerland	\$2.18
9	Coca-Cola	USA	\$2.18
10	Honda Motor	Japan	\$2.05
11	Time Warner	USA	\$2.02
12	Reckitt Benckiser	UK	\$1.98
13	Sony Corp.	Japan	\$1.89
14	Kraft Foods	USA	\$1.85
15	Nissan Motor	Japan	\$1.83

Source: Compiled from *Advertising Age's Global Marketers* (December 8, 2008)

Percentage of Sales. The rule based on **percentage of sales** simply sets the overall advertising budget as a percentage of sales revenue. The base is either past or expected sales revenues. The obvious appeal of this decision rule is its simplicity. One nagging question though is what percentage to choose. The biggest downside of this rule is that sales revenue (past or projected) drives advertising spending, whereas the purpose of advertising is to impact sales. The method is clearly not a sound strategy for markets that were recently entered, especially if the percentage base is historical sales revenue.

Budgeting Rules

Competitive Parity. The principle of the **competitive parity** rule is extremely simple: Use your competitors' advertising spending as a benchmark. For instance, a company could simply match its lead competitor's spending amount to get a similar amount of share-of-voice.²⁰ The rationale for this approach is that the competitors' collective wisdom signals the "optimal" spending amount. It is not surprising that the three biggest global advertising spenders (P&G, Unilever, and L'Oréal) are global rivals. Likewise, four of the largest spenders in the top-10 are car companies: General Motors (4), Toyota (5), Ford (6), and Honda (10) (see Exhibit 13-2). The competitive

EXHIBIT 13-3MEASURED ADVERTISING SPENDING BY REGION
(2007)

Region	Amount (billions of \$)	Percentage of worldwide amount
Africa	\$0.74	0.7
Asia-Pacific	\$16.15	15.0
Europe	\$37.71	35.0
Latin America	\$3.63	3.4
Middle East	\$0.70	0.7
Canada	\$2.09	1.9
USA	\$46.61	43.3
World	\$107.63	100.0

Source: Compiled from *Advertising Age's Global Marketers* (December 8, 2008)

²⁰Share of voice is a brand's advertising weight as a percentage of the total category advertising.

parity rule also allows the company to sustain a minimum “share of voice”²¹ without rocking the boat. Advertising scholars have pointed out several shortcomings of competitive parity as a budgeting norm. The industry’s spending habits may well be very questionable: collective wisdom is not always a given. Also, marketers that recently entered a new market probably should spend far more relative to the incumbent brands to break through the clutter.

Exhibit 13-4 contrasts the spending levels in several countries around the world of two global rivals Procter & Gamble and Unilever, the number one and two top global

EXHIBIT 13-4
MEASURED AD SPENDING COMPARISON P&G VERSUS
UNILEVER (2007)

<i>Country</i>	<i>Procter & Gamble</i>	<i>Unilever</i>	<i>Spending Ratio: Column (2): Column (3)</i>
Asia			
<i>China</i>	<i>\$1,097.5</i>	<i>\$446.5</i>	<i>2.46</i>
<i>India</i>	<i>80.2</i>	<i>254.6</i>	<i>0.31</i>
<i>Kazakhstan</i>	<i>72.9</i>	<i>24.7</i>	<i>2.95</i>
<i>Malaysia</i>	<i>38.3</i>	<i>36.7</i>	<i>1.04</i>
<i>Pakistan</i>	<i>10.2</i>	<i>20.2</i>	<i>0.50</i>
<i>Philippines</i>	<i>38.9</i>	<i>55.5</i>	<i>0.70</i>
<i>Taiwan</i>	<i>21.3</i>	<i>12.0</i>	<i>1.77</i>
<i>Thailand</i>	<i>53.4</i>	<i>164.2</i>	<i>0.32</i>
<i>Vietnam</i>	<i>17.9</i>	<i>41.9</i>	<i>0.43</i>
Europe			
<i>Belarus</i>	<i>28.9</i>	<i>13.5</i>	<i>2.14</i>
<i>Belgium</i>	<i>114.2</i>	<i>56.0</i>	<i>2.04</i>
<i>Croatia</i>	<i>30.7</i>	<i>16.5</i>	<i>1.86</i>
<i>Czech Republic</i>	<i>67.2</i>	<i>58.6</i>	<i>1.15</i>
<i>Finland</i>	<i>12.1</i>	<i>21.2</i>	<i>0.57</i>
<i>Germany</i>	<i>314.1</i>	<i>205.1</i>	<i>1.53</i>
<i>Greece</i>	<i>66.8</i>	<i>47.2</i>	<i>1.41</i>
<i>Hungary</i>	<i>90.3</i>	<i>93.9</i>	<i>0.96</i>
<i>Ireland</i>	<i>25.6</i>	<i>31.6</i>	<i>0.81</i>
<i>Italy</i>	<i>147.0</i>	<i>129.2</i>	<i>1.14</i>
<i>Netherlands</i>	<i>136.8</i>	<i>237.9</i>	<i>0.57</i>
<i>Poland</i>	<i>161.9</i>	<i>196.0</i>	<i>0.83</i>
<i>Russia</i>	<i>190.0</i>	<i>84.7</i>	<i>2.24</i>
<i>Serbia</i>	<i>75.1</i>	<i>24.9</i>	<i>3.02</i>
<i>Sweden</i>	<i>69.7</i>	<i>82.6</i>	<i>0.84</i>
<i>Switzerland</i>	<i>52.2</i>	<i>35.3</i>	<i>1.49</i>
<i>United Kingdom</i>	<i>462.0</i>	<i>285.0</i>	<i>1.62</i>
Americas			
<i>Argentina</i>	<i>26.8</i>	<i>77.5</i>	<i>0.34</i>
<i>Chile</i>	<i>8.4</i>	<i>15.1</i>	<i>0.55</i>
<i>Colombia</i>	<i>8.9</i>	<i>10.1</i>	<i>0.88</i>
<i>Mexico</i>	<i>124.0</i>	<i>79.4</i>	<i>1.56</i>
<i>United States</i>	<i>3,700.3</i>	<i>910.3</i>	<i>4.06</i>
Africa & Middle East			
<i>Kuwait</i>	<i>15.1</i>	<i>9.0</i>	<i>1.67</i>
<i>Morocco</i>	<i>14.0</i>	<i>10.0</i>	<i>1.40</i>
<i>South Africa</i>	<i>33.9</i>	<i>48.1</i>	<i>0.70 (2004)</i>
<i>Turkey</i>	<i>295.0</i>	<i>237.3</i>	<i>1.24</i>

Note: Figures are in millions of U.S. dollars; italics are countries where P&G outspends Unilever.

Source: Compiled from *Advertising Age's Global Marketers*, December 8, 2008 and *Advertising Age Annual 2009*, December 29, 2008.

²¹Share of voice refers to the amount of ad spending on the brand as a proportion of the total category ad-spending amount.

advertisers, respectively. Glancing at the figures, it seems P&G prevails in China, the NAFTA²² region, East and Central Europe (except Poland), most of Western Europe (except the Netherlands) and the Middle East. Unilever dominates in Scandinavia, South and Southeast Asia, and South America.

Objective-and-Task Method. The most popular budgeting rule is the so-called **objective-and-task** method. Conceptually, this is also the most appealing budgeting rule: it treats promotional efforts as a means to achieve the advertiser's stated objectives. This method was found to be used by almost two-thirds of the respondents in the one survey mentioned earlier.²³ The concept of this budgeting rule is very straightforward. The first step of the procedure is to spell out the goals of the communication strategy. The next step is to determine the tasks that are needed to achieve the desired objectives. The planned budget is then the overall costs that the completion of these tasks will amount to. The objective-and-task method necessitates a solid understanding of the relationship between advertising spending and the stated objectives (e.g., market share, brand awareness). One way to assess these linkages is to use field experiments. With experimentation, the advertiser systematically manipulates the spending amount in different areas within the country to measure the impact of advertising on the key objectives of the campaign (e.g., brand awareness, sales volume, market share).

The budgeting process also involves the allocation of resources across the different countries in which the firm operates. **Exhibit 13-5** shows the allocation of advertising dollars (percentage-wise) by the world's top three advertisers in 2007: Procter &

Resource Allocation

EXHIBIT 13-5
2007 AD SPENDING ALLOCATION BY 3 BIGGEST
ADVERTISERS IN KEY MARKETS

Country	P&G	Unilever	L'Oréal
Europe			
France	2.4%	NA	12.7%
Germany	3.3	3.9%	6.7
Italy	1.6	2.4	3.3
Russia	2.0	1.6	2.7
Spain	1.8	NA	4.1
United Kingdom	4.9	5.4	6.9
Asia			
China	11.7	8.4	5.7
India	0.8	4.8	1.0
Indonesia	NA	3.8	NA
Thailand	0.6	3.1	1.1
Americas			
Brazil	NA	3.7	NA
Canada	1.9	NA	1.9
Mexico	1.3	1.5	NA
USA	39.5	17.2	22.8
Total Ad Spending	\$9,358	\$5,295	\$3,426
Amount (in million of dollars)			

Source: Percentages calculated based on ad spending figures reported in *Advertising Age's Global Marketers*, December 8, 2008, and *Advertising Age Annual 2009*, December 29, 2008.

²²North American Free Trade Agreement countries are the United States, Canada, and Mexico.

²³N. E. Synodinos, C. F. Keown and L. W. Jacobs, "Transnational advertising practices," *Journal of Advertising Research*, April/May 1989, pp. 43-50.

Gamble, Unilever, and L'Oréal. Not surprisingly, all three of them allocate a large chunk of their advertising dollars to China and the United States.

There are three approaches that companies use to make advertising allocation decisions. At one extreme are companies like Microsoft and FedEx where each country subsidiary independently determines how much should be spent within its market and then requests the desired resources from headquarters. This is known as **bottom-up budgeting**. **Top-down budgeting** is the opposite approach. Here headquarters sets the overall budget and then splits up the pie among its different affiliates. EDS, a U.S.-based information technology consulting company, allocated advertising budgets proportional to the revenue contribution of the different regions for a major global ad campaign.²⁴ Motorola also centralizes budget decisions. The company puts its budget together centrally and then allocates it depending on regional and local needs. Other companies that centralize budgeting decisions include Sun Microsystems, Bausch & Lomb, and Delta Airlines.²⁵ A third approach, which becomes increasingly more common, takes a regional angle. Each region decides the amount of resources that are needed to achieve its planned objectives and then proposes its budget to headquarters. A survey conducted by *Advertising Age International* in 1995 found that the most favored approaches are bottom-up (28 percent of respondents) and region-up budgeting (28 percent). Only 20 percent of the responses indicated that the headquarters office has direct control over funding decisions. The survey also indicated substantial cross-industry differences in resource allocation practices.

◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆ CREATIVE STRATEGY

The “Standardization” versus “Adaptation” Debate

On March 4, 2009, Visa rolled out its first-ever global ad campaign for its debit card.²⁶ The \$140 million campaign, which ran in the United States and 43 countries (e.g., India, Mexico, Japan), was designed to persuade consumers that debit cards are more convenient and safer than cash. The ads promote the use of Visa card for small purchase transactions: “Our prime objective was to create a campaign that would migrate consumer and business spending from cash and cheques to the better form of electronic payment, Visa. We also wanted a campaign that would work on a global scale while also connecting locally, and ‘Go’ is one of those few universal words that is broadly understood around the world.”²⁷ In Asia the ads show people from different places enjoying what the world has to offer.²⁸

One of the thorniest issues that marketers face when developing a communication strategy is the choice of a proper advertising theme. Companies that sell the same product in multiple markets need to establish to what degree their advertising campaign should be standardized. *Standardization* simply means that one or more elements of the communication campaign are kept the same. The major elements of a campaign are the message (strategy, selling proposition, platform) and the execution.

The issue of standardize-versus-adapt has sparked a fierce debate in advertising circles. A truly global campaign is uniform in message and often also in execution (at least, in terms of visuals). When necessary, minor changes must be made in the execution to comply with local regulations or to make the ad more appealing to local audiences (voice-overs, local actors). Typically, global campaigns heavily rely on global or pan-regional media channels. “Truly” global campaigns are still relatively rare.

²⁴“EDS in global push to boost understanding of who it really is,” *Media* (October 1, 1999), p. 30.

²⁵“U.S. Multinationals,” *Advertising Age International* (June 1999), pp. 39–40.

²⁶“Visa is Seeking to Usurp Cash as King,” *The Wall Street Asia*, March 4, 2009, p. 16.

²⁷“Visa Rolls Out First Global Campaign,” www.brandrepublic.asia, accessed on March 4, 2009.

²⁸See http://www.brandrepublic.asia/Media/The-Workarticle/2009_03/Visa--Visa-Gofesto--Global/34580 for a clip.



GLOBAL PERSPECTIVE 13-2

NISSAN'S GLOBAL "SHIFT" ADVERTISING CAMPAIGN

In the past, Nissan Motor's advertising messages varied enormously across markets. In Europe, it had no tagline. In the U.S. the tag line was "Driven" and in Japan it used the slogan "Bringing more to your life every day." To beef up its global brand image, Nissan kicked off its global "Shift" campaign in 2002. In the United States, where the campaign coincided with the launch of the Nissan 350Z sports car, the tag line varies, including "Shift passion," "Shift joy," and "Shift forward." One TV ad in the United States shows a baby trying to make its first steps with the tag line "Shift achievement." In Europe, the slogan is "Shift expectations." In Japan, the tag line is "Shift the future."

Source: "Nissan Shifts Focus to Unified Strategy For Its Global Campaign," *Asian Wall Street Journal* (October 10, 2002), p. A7.

The "Shift" campaign was born from a cooperative process between Nissan managers from advertising and marketing divisions worldwide. Brainstorming over a 10-month period spawned hundreds of candidates for a global tagline. One major obstacle was that many of the most common words (e.g., "power," "exciting") were already pre-empted by copyright somewhere. In the end, "Shift" was the winning idea. The "shift" slogan appeared to best convey the sense of change message that Nissan hoped to get across. Moreover, it could be easily understood in non-English speaking countries. To give local subsidiaries some amount of control, Nissan allowed local variations for the second half of the tag line.

Ricoh is one of Xerox's biggest rivals; in the United States, for instance, Ricoh's market share was 14.5 percent in 2001, slightly below Xerox's 14.9 percent.²⁹ In recent years, the Japanese office-machine company has grown by buying up competing brands such as Lanier and Savin. Still, despite its rise, only 15 percent of the consumers outside Japan recognize its name. As price competition intensifies in Ricoh's core businesses, the company aspires to move into higher-margin products such as networked office equipment systems. To grab the attention of senior executives, Ricoh kicked off a global advertising campaign in 2002. The ads showed communicators in unlikely places. For instance, one ad featured an African chieftain who uses clicks and whistles to communicate with his tribe. The message tried to make people wonder whether their business communications are as effective as they can be (see **Global Perspective 13-2** for another example of a global campaign). What makes the case of standardization so compelling in the eyes of many marketers? A variety of reasons have been offered to defend global, if not pan-regional, advertising campaigns. The major ones are listed here.

Merits of Standardization

Scale Economies. Of the factors encouraging companies to standardize their advertising campaigns, the most appealing one is the positive impact on the advertiser's bottom line. The savings coming from the economies of scale of a single campaign (as opposed to multiple country-level ones) can be quite eye-catching. Levi Strauss reportedly saved around \$2.2 million by shooting a single TV ad covering six European markets.³⁰ Several factors lie behind such savings. Producing a single commercial is often far cheaper than making several different ones for each individual market. Savings are also realized because firms can assign fewer executives to develop the campaign at the global or pan-regional level.

Consistent Image. For many companies that sell the same product in multiple markets, having a consistent brand image is extremely important. Consistency was one of the prime motives behind the pan-European campaign that Blistex, a U.S.-based lipcare manufacturer, started to run in 1995. Prior to the campaign, advertising themes varied from country to country, often highlighting only one item of Blistex's product

²⁹"Ricoh Wants World to Know Its Name," *Asian Wall Street Journal* (November 18, 2002), p. A8.

³⁰"A universal message," *The Financial Times*, May 27, 1993.

line. The entire product range consists of three items, each one standing for a different need. In many of its markets, brand awareness was dismally low. The objectives for the pan-European campaign were (1) to increase brand awareness and (2) to have the same positioning theme by communicating the so-called “care-to-cure” concept behind Blistex’ product line.³¹ Campbell’s pan-European advertising strategy for the Delacre cookie brand was also driven by a desire to establish a single brand identity across Europe. The brand’s platform is that Delacre is a premium cookie brand with the finest ingredients based on French know-how. The same campaign was aired in English reaching 30 million people in more than 20 countries.³² Message consistency matters a great deal in markets with extensive media overlap or for goods that are sold to global target customers who travel the globe.

Globalization of Media. Another force that drives global communication campaigns is the rise of global media groups. Global conglomerates dominate almost all media forms: television (e.g., Time Warner, News Corp., Viacom), print (e.g., News Corp., Time Warner, Condé Nast, Pearson), cinema (e.g., AMC Cinemas), and outdoor (Clear Channel, JC Decaux).

Global Consumer Segments. Cross-cultural similarities are a major catalyst behind efforts toward a standardized advertising approach. The “global village” argument often pops up in discussions on the merits of global or pan-regional advertising campaigns. The argument of cultural binding especially has clout with respect to product categories that appeal to the elites or youngsters as observed by David Newkirk, a consultant with Booz Allen & Hamilton: “The young and the rich have very similar tastes the world over, and that’s what’s driving the convergences in advertising and media.”³³ High-tech and business-to-business products and services typically also have global customer needs. When Microsoft launched its new operating system, Vista, the company initiated a \$500 million global marketing blitz, which was expected to make 6.6 billion impressions worldwide. According to the software giant, Vista satisfies global needs of its target customers: “They have lots of information on their PCs, they are always on the go, and they need tools which allow them to make decisions quickly.”³⁴

Creative Talent. Creative talent among ad agencies is a scarce supply. It is not uncommon that the most talented people within the agency are assigned to big accounts, leaving small accounts with junior executives. The talent issue matters especially in countries that are plagued with a shortage of highly skilled advertising staff. By running a global campaign, small markets can benefit of having the same high-quality, creative ads as larger ones have.

Cross-Fertilization. More and more companies try to take advantage of their global scope by fostering cross-fertilization. In the domain of advertising, cross-fertilization means that marketers encourage their affiliates to adopt, or at least consider, advertising ideas that have proven successful in other markets. This process of exploiting “good” ideas does not even need to be restricted to global brands. Nestlé used the idea of a serialized “soap-mercial” that it was running for the Nescafé brand in the United Kingdom for its Tasters Choice coffee brand in the United States. The campaigns, chronicling a relationship between two neighbors that centers on coffee, were phenomenally successful in both markets. Likewise, a recent Johnnie Walker campaign (“Pact”) developed in China was adapted for the rest of the Asia-Pacific region. The campaign involved a five-part series of spots, shown on television and a

³¹Mark Boersma, Blistex, Personal Communication.

³²“Rebuilding in a crumbling sector,” *Marketing*, February 18, 1993, pp. 28–29.

³³“A universal message,” *The Financial Times*, May 27, 1993.

³⁴“Vista Unveils Global Blitz,” *Media*, February 9, 2007, p. 5.

designated website, and targeted 25- to 35-year-old males. Its storyline centered on a young architect who pursues his dream to become a film director with the support of his close friends. The use of the “Pact” campaign in other Asian countries was driven by the insight that the themes of personal fulfillment and goal achievement through friendship also resonate in those countries.³⁵ Coming up with a good idea is typically very time consuming. Once the marketer has hit on a creative idea, it makes common sense to try to leverage it by considering how it can be transplanted to other countries.³⁶

In addition to these motivations, there are other considerations that might justify standardized multinational advertising. A survey conducted among ad agency executives found that the single brand image factor was singled out as the most important driver for standardizing multinational advertising. Two other critical factors are time pressure and corporate organizational setup.³⁷ Obviously, developing a single campaign is less time-consuming than creating several ones. The firm’s organizational setup also plays a major role, in particular the locus of control. In general, if the multinational’s control is highly centralized, it is extremely likely that theme-development is largely standardized. Advertising is usually very localized in decentralized organizations. Also, for many small companies, local advertising is typically the responsibility of local distributors or franchisees. The shift toward regional organizational structures is definitely one of the major drivers behind the growing popularity of regional campaigns.

Faced with the arguments listed above for standardization, advocates of adaptation can easily bring forward an equally compelling list to build up the case for adaptation. The four major barriers to standardization relate to: (1) cultural differences, (2) advertising regulations, (3) differences in the degree of market development, and (4) the “Not Invented Here” (NIH) syndrome.

Barriers to Standardization

Cultural Differences. Contrary to the “global village” (or “flat world”) cliché, cultural differences still persist for many product categories. Cultural gaps between countries may exist in terms of lifestyles, benefits sought, usage contexts, and so forth. A case in point is the use of references to sex in ad campaigns. While references to sex are not unusual in many Western ads, sex is rarely used in Asia to promote products, due to both regulations and market acceptance. The U.S. version of an ad for personal care brand Herbal Essences, full of sexual innuendo, was also used in Australia. However, the ad was re-shot for Thailand, showing girls having a fun time rather than an erotic experience. Unless it is done in a funny manner, sex is not used in Thai advertising for it runs counter to Buddhist values and Thai culture.³⁸

Cultural gaps may even prevail for goods that cater toward global segments. A case in point involves luxury goods that target global elites. The user benefits of cognac are by and large the same worldwide. The usage context, however, varies a lot: in the United States cognac is consumed as a stand-alone drink; in Europe, often as an after-dinner drink; and in China it is consumed with a glass of water during dinner. As a result, Hennessy cognac adapts its appeals according to local customs while promoting the same brand image.³⁹

Advertising Regulations. Local advertising regulations pose another barrier for standardization. Regulations usually affect the execution of the commercial. Countries like Malaysia and Indonesia impose restrictions on foreign made ads to protect their local advertising industries. As a result, Ray-Ban had to adapt a pan-Asian campaign in

³⁵“Whisky Label Makes Pact,” *Media*, March 6, 2008, p. 6. See <http://www.youtube.com/watch?v=Vd0mCjsbrgM> for a sample spot of the series.

³⁶T. Duncan and J. Ramaprasad, “Standardizing Multinational Advertising: The Influencing Factors,” *Journal of Advertising*, vol. 24, no. 3, Fall 1995, pp. 55–68.

³⁷Ibid.

³⁸“Pushing the Sex Envelope,” *Media* (September 20, 2002), pp. 16–17.

³⁹“Cachet and Carry,” *Advertising Age International*, February 12, 1996, p. I–18.

Malaysia by re-shooting the commercials with local talent.⁴⁰ Later in this chapter, we cover the regulations hurdle in more detail.

Market Maturity. Differences in the degree of market maturity also hamper a standardized strategy. Gaps in cross-market maturity levels mandate different advertising approaches. When Snapple, the U.S.-based “New Age” beverage, first entered the European market, the biggest challenge was to overcome initial skepticism among consumers about the concept of “iced tea.” Typically, in markets that were entered very recently, one of the main objectives is to create brand awareness. As brand awareness builds up, other advertising goals gain prominence. Products that are relatively new to the entered market also demand education of the customers on what benefits the product or service can deliver and how to use it.

“Not-Invented-Here” (NIH) Syndrome. Finally, efforts to implement a standardized campaign often also need to cope with the NIH-syndrome. Local subsidiaries and/or local advertising agencies could block attempts at standardization. Local offices generally have a hard time accepting creative materials from other countries. Later on in this chapter we will suggest some guidelines that can be used to overcome NIH attitudes.

Approaches to Creating Advertising Copy

Marketers adopt several approaches to create multinational ads. At one extreme, the entire process may be left to the local subsidiary or distributor, with only a minimum of guidance from headquarters. At the other extreme, global or regional headquarters makes all the decisions, including all the nitty-gritty surrounding the development of ad campaigns. The direction the MNC takes depends on the locus of control and corporate headquarters’ familiarity with the foreign market. MNCs that fail to adopt a learning orientation about their foreign markets risk being challenged by the local subsidiaries when they attempt to impose a standardized campaign.⁴¹ In any event, most MNCs adopt an approach that falls somewhere in between a purely standardized and purely localized campaign. McDonald’s China, for instance, ran an ad campaign to promote beef that mimicked a famous U.S. TV commercial that featured basketball legends Michael Jordan and Larry Bird. The Chinese version showed a duo of Chinese basketball stars, Yi Jian and Zhu Fang Yu, engaged in a friendly competition. Although the commercials were very similar, local celebrities were used for the Chinese version. Let us look at the main approaches for developing and executing global concepts.

“Laissez-Faire.” With the “laissez-faire” approach, every country subsidiary simply follows its own course developing its own ads based on what the local affiliate thinks works best in its market. There is no centralized decision-making.

Export Advertising. With **export advertising**, the creative strategy is produced in-house or by a centrally located ad agency and then “exported” without inputs from the foreign markets. Usually the ad agency is based in the advertiser’s home country. A universal copy is developed for all markets. The same positioning theme is used worldwide. Visuals and most other aspects of the execution are also the same. Minor allowances are made for local sensitivities, but by and large the same copy is used in each of the company’s markets. Obviously, export advertising delivers all the benefits of standardized campaigns: (1) the same brand image and identity worldwide, (2) no confusion among customers, (3) substantial savings, and (4) strict control over the planning and execution of the global communication strategy.⁴² On the creative front, a centralized message demands a universal positioning theme that travels worldwide. The Visa “More

⁴⁰“Ray-Ban ogle 16–25 group in Southeast Asia blitz,” *Advertising Age International*, June 1996, p. 1–30.

⁴¹Michel Laroche, V. H. Kirpalani, Frank Pons, and Lianxi Zhou, “A Model of Advertising Standardization in Multinational Corporations,” *Journal of International Business Studies*, 32 (2) (Second Quarter 2001), pp. 249–66.

⁴²M. G. Harvey, “Point of view: A model to determine standardization of the advertising process in international markets,” *Journal of Advertising Research*, July/August 1993, pp. 57–64.

EXHIBIT 13-6

EXAMPLES OF UNIVERSAL APPEALS

- *Superior quality.* Clearly, the promise of superior quality is a theme that makes any customer tick. A classic example here is the “Ultimate Driving Machine” slogan that BMW uses in many of its markets.
 - *New product/service.* A global rollout of a new product or service is often coupled with a global campaign announcing the launch. A recent example is the marketing hype surrounding the launch of Windows Vista by Microsoft.
 - *Country of origin (“made in”).* Brands in a product category with a strong country stereotype often leverage their roots by touting the “Made In” cachet. This positioning strategy is especially popular among fashion and luxury goods marketers.
 - *Heroes and celebrities.* Tying the brand with heroes or celebrities is another popular universal theme. A recurring issue on this front is whether advertisers should use “local” or “global” heroes. When sports heroes are used, most advertisers will select local, or at least regional, celebrities. With movie personalities the approach usually differs. The Swiss watchmaker SMH International promoted its Omega brand with a TV commercial featuring the actor Pierce Brosnan after the release of the James Bond movie “GoldenEye.”
 - *Lifestyle.* The mystique of many global upscale brands is often promoted by lifestyle ads that reflect a lifestyle shared by target customers, regardless of where they live. The execution of the ad may need to be customized for the different markets. A celebrated example is Johnnie Walker’s award winning “Keep Walking” campaign that centers on the concept of ‘progress.’
 - *Global Presence.* Many marketers try to enhance the image of their brands via a “global presence” approach—telling the target audience that their product is sold across the globe. Obviously, such a positioning approach can be adopted anywhere. The “global scope” pitch is often used by companies that sell their products or services to customers for whom this attribute is crucial, though the concept is used by other types of advertisers as well. Warner-Lambert created commercials for its Chiclets chewing gum brand that tried to project the cross-cultural appeal of the brand. One spot showed a young man in a desert shack rattling a Chiclets box. The sound of Chiclets triggers the arrival of a cosmopolitan group of eager customers.
 - *Market Leadership.* Regardless of the country, being the leading brand worldwide or within the region is a powerful message to most consumers. For products that possess a strong country image, a brand can send a strong signal by making the claim that it is the most preferred brand in its home country or even around the world.
 - *Corporate Image.* Finally, corporate communication ads that aspire to foster a certain corporate image also often lend themselves to a uniform approach.
-

People Go with Visa” 2009 global ad campaign, for instance, taps in the global need for security and safety. **Exhibit 13-6** offers some other examples of universal appeals. Export advertising is very common for corporate ad campaigns that aim to create awareness, to reposition the company, or reinforce an existing company image. It is also very popular when the country-of-origin is an important part of the brand image.

Prototype Standardization. With **prototype standardization**, advertising instructions are given to the local affiliates concerning the execution of the advertising. These guidelines are conveyed via the company’s website, manuals or multimedia materials (e.g., DVD, CD-ROM). Mercedes uses a handbook to communicate its advertising guidelines to the local subsidiaries and sales agents. Instructions are given on the format, visual treatment, print to be employed for headlines, and so on.⁴³ Likewise, the Swiss watchmaker TAG Heuer has a series of guidebooks covering all the nuts and bolts of their communication approach, including rules on business card design.⁴⁴ Wrigley, the Chicago-based candy maker, produced a video for its international advertising program. The video offers guidelines on ad execution, including minutiae such as: how the talent should put the gum in his or her mouth, the background of the closing shot, tips on the handling of the gum before the shooting of the commercial, and so forth. It

⁴³Rijkens.

⁴⁴“TAG Heuer: all time greats?” pp. 45–48.



GLOBAL PERSPECTIVE 13-3

SMS ADVERTISING IS HOT

Short messaging service (SMS) lets mobile phone subscribers send text messages quickly and cheaply. According to one survey, SMS ranked as the most highly used mobile phone feature among many Asian consumers. The rise of SMS, especially among tech-savvy youth, has turned it into a communication channel that marketers cannot ignore. The most successful uses of SMS marketing is for digital coupons and event-based messages. The latter often involve other media.

SMS has several appeals for marketers. First, costs can be fairly low. The costs of a campaign range from a few cents to 50 cents per customer, depending on a wide range of factors, such as whether an ad agency was involved, third-party costs (e.g., telecom carriers), the cost of the software being used, the complexity of the campaign. SMS enables personalized, one-on-one marketing. As such, SMS is an excellent vehicle to communicate brand values. Response to SMS campaigns can also be very easily tracked. There are a few obstacles though. One major hurdle is often the telecom carrier. Carriers can be reluctant to give away phone numbers, even though they often stand to benefit from such campaigns with the revenues being generated each time consumers respond. In countries like the Philippines where prepaid phone cards are prominent, mobile phone users are hard to profile, and hence, difficult to target. SMS is often also simply treated as another mass medium,

instead of a personalized one. As a result, SMS promotions often create backlash when the receivers of the messages view them as *spam*. Hence, SMS campaigns should allow the prospect to opt in (or opt out) to be more effective.

Still, in spite of these obstacles, several companies have been very creative and successful in using SMS as an advertising medium. In summer 2007, PepsiCo ran the very creative “1-in-5 Panalo” SMS campaign in the Philippines. During the two-months campaign, participants could win various prizes (e.g., ring tones, handsets) by sending in an SMS code found on the bottom of Pepsi bottle caps. Pepsi received over 15,000 messages per day and sales increased over 58 percent.

Mobile marketing is also on the rise in India. The most common approach is SMS contests in which consumers are invited to participate in contests through traditional media and to respond using SMS. Kellogg’s India extended an advertising campaign for Kellogg’s Corn Flakes (KCF) with an SMS campaign. The goal of the campaign was to drive home the benefits of “Iron Shakti,” the main ingredient of corn flakes. The campaign used a contest that targeted adults 25 and up. Participants had to answer questions based around KCF’s product features and send in their answers through SMS.

The next advance will be the jump from SMS to MMS—multimedia messaging services. The advent of MMS adds a whole new layer by allowing advertisers to incorporate audio and video images with traditional text messages. Advertisers in India like Cadbury have been experimenting with so-called *mobisodes*—30-second video clips that can be downloaded on mobile phones.

Source: “Text Messaging Ads on Fast Track in Asia,” *Advertising Age* (December 2, 2002), p. 12; “U.S. Lags Behind,” *Advertising Age* (December 2, 2002), p. 12; “Kellogg’s Adopts SMS for Corn Flakes Boost,” *Media* (February 13, 2004): 14; “Engaging the Mobile Consumer,” *Media*, April 17, p. 28.

heavily restrict the access to mass media options such as television in a host of countries. In Germany, for instance, TV advertising is only allowed during limited time frames of the day.

The media infrastructure can differ dramatically from country to country, even within the same region. Whereas TV viewers in the West can surf an abundance of twenty-five TV channels, their Asian counterparts have access, on the average, to a measly choice of two to three channels. The standard media vehicles such as radio, cinema, and TV are well established in most countries. New media, such as cable, the internet, mobile phones, satellite TV, and pay-TV, are steadily growing (see **Global Perspective 13-3** for a discussion of SMS advertising). Given the media diversity, advertisers are forced to adapt their media schedule to the parameters set by the local environment.

One of the major limitations in many markets is media availability. The lack of standard media options challenges marketers to use their imagination by coming up with “creative” options. Intel, the U.S. computer chip maker, built up brand awareness in China by distributing bike reflectors in Shanghai and Beijing with the words “Intel Inside Pentium Processor.” Advertisers in Bangkok have taken advantage of the city’s

Media Limitations

EXHIBIT 13-7
AVERAGE COST OF A PRIME-TIME 30 SECOND TV SPOT (2007)

Country	Cost of a prime-time ad (in U.S. dollars)	Per capita income (2008E)*
China	\$23,233	\$6,100
Hong Kong	33,555	45,300
India	10,096	2,900
Indonesia	3,226	3,900
Japan	21,693	35,300
Malaysia	2,436	15,700
Philippines	4,548	3,400
Singapore	4,739	52,900
Thailand	5,970	8,700
Vietnam	2,364	2,900

*Note: Per capita GDP is in purchasing power parity (PPP) terms
Sources: MindShare and <https://www.cia.gov/library/publications/the-world-factbook/geos/vm.html>, accessed on March 4, 2009.

notorious traffic jams by using media strategies that reach commuters. Some of the selected media vehicles include outdoor advertising, traffic report radio stations, and three-wheeled taxis (*tuk-tuks*).⁴⁸

Marketers must also consider media costs. For all types of reasons, media costs differ enormously between countries. **Exhibit 13-7** shows the costs of a prime-time 30-second TV spot in several Asian countries. In general, high costs-per-thousand (CPMs)⁴⁹ are found in areas that have a high per capita GNP. Other factors that influence the local media cost include the amount of media competition (e.g., the number of TV stations) and the quality of the media effectiveness measurement systems in place. Advertising rates for free-to-air satellite TV channels in the Arab world are relatively low due to the rapid proliferation of TV stations and the lack of a good television rating system.⁵⁰

A major obstacle in many emerging markets is the overall quality of the local media. Take China, for instance. For many print media, no reliable statistics are available on circulation figures or readership profiles. Print quality of many newspapers and magazines is appalling. Newspapers may demand full payment in advance when the order is booked and ask for additional money later on. There are no guarantees that newspapers will run your ad or TV broadcasters will show your spot on the agreed date. The rise of new technologies, however, is rapidly improving media monitoring in many countries.

Recent Trends in the Global Media Landscape

In the last two decades the global media environment has changed dramatically. Below we pinpoint some of the major trends:

- *Growth of commercialization and deregulation of mass media.* One undeniable change in scores of countries is the growing commercialization of the mass media, especially the broadcast media. In Belgium, for example, commercial TV was basically non-existent. Advertisers who wanted to air a commercial to promote their goods either had to rely on cinema as a substitute for TV or TV channels from neighboring countries (the Netherlands, Germany, France, and Luxembourg). Following the launch of several commercial TV and radio stations, the media environment is entirely different now. Similar trends toward commercialization and deregulation of the media can be observed in many other countries. Note that

⁴⁸“Bangkok is bumper to bumper with ads,” *Advertising Age International*, February 20, 1996, p. I-4.

⁴⁹CPM is the cost per thousand viewers of a particular ad.

⁵⁰Morris Kalliny, Grace Dagher, Michael S. Minor, and Gilberto De Los Santos, “Television Advertising in the Arab World: A Status Report,” *Journal of Advertising Research*, June 2008, pp. 215–23.

this trend is not universal: From January 2009, primetime advertising was banned on all public-broadcasting channels in France.⁵¹

- *Rise of global and regional media.* One of the most eye-catching developments in the media world has been the proliferation of global and regional media. Several factors explain the appeal of global media to international advertisers. By using such media, advertisers can target customers who would otherwise be hard to reach. International media also facilitate the launch of global or pan-regional ad campaigns. Another major asset is that most international media have well-defined background information on their audience reach and profile. The major barrier to advertising on global media has been the cultural issue. Many satellite TV broadcasters, for instance, initially planned to broadcast the same ads and programs globally. Because of that, viewership for many satellite channels was extremely low. As a result, very few advertisers were interested in airing spots on these channels. Lately, however, more and more satellite networks such as Star TV, ESPN, and MTV have started to customize the content of their programs by adding voice-overs, subtitles or even local content to their offerings. A push toward localization also exists among many publishing houses of international magazine titles. In Japanese kiosks, magazine racks offer Japanese editions of titles such as *GQ*, *National Geographic*, and *Cosmopolitan*.
- *Growth of non-traditional (NT) interactive media.* One remarkable trend is the growing popularity of non-traditional (NT) interactive media among international advertisers. By coming up with innovative approaches, marketers hope to be able to break through the advertising clutter associated with traditional media and grab the target customer's attention. Interactive media also enable the advertiser to customize the message to the target audience. Obviously, the most visible form is the internet (see Chapter 19). Many other forms of NT marketing tools exist, however. To promote the Xbox videogame player in Europe, Microsoft gave away 2 million DVDs with an interactive commercial.⁵² At various points, viewers could click on text or icons to get information about the Xbox or upcoming videogame releases. Targeting the 16- to 34-year-old males, the DVDs were distributed by adding them to videogame magazines and holiday catalogs. Global Perspective 13-3 describes how firms leverage text messaging to come up with creative communication campaigns.
- *Improved media monitoring.* To plan a communication campaign, access to high-quality coverage, circulation or viewership data on the media vehicles to be considered is an absolute must. Moreover, companies would also like to be able to track how much, when, and in what media their competitors advertise. In many countries, marketers were plagued with a lack of solid, reliable monitoring systems. Fortunately, the situation is improving rapidly. The advent of new technologies has led to monitoring devices that allow far more precise data collection than in the past, even for very traditional media such as outdoor. To track reach, frequency, and ratings data along with demographics, Nielsen Outdoor launched a new device called Npod (<http://www.nielsen.com/solutions/nielsenoutdoor.html>).⁵³ The new monitoring system was first launched in Chicago and then in South Africa and China. Consumers in the sample group are asked to carry the device, the size of a mobile phone, for a set period of time. Through the GPS satellite network, the system allows for time and date stamping of consumers, as well as their direction and speed of travel.⁵⁴ Strides have also been made in the area of TV ratings data that measure the viewership for TV programs. TNT and AGB Nielsen Media Research, two of the major players in this area, now run ratings panels in scores of countries, including China and India. Although in some countries like Vietnam data Nielsen relies on panel members filling out diaries about their daily TV viewing behavior, in numerous countries the firm

⁵¹“France Bans Advertising on State TV during Primetime, www.guardian.co.uk, accessed on March 5, 2009.

⁵²“Microsoft, Others Target Teenagers Via Interactive DVDs,” *Asian Wall Street Journal*, December 30, 2002, p. A5.

⁵³Nielsen Personal Outdoor Device.

⁵⁴“China Pilots OOH System,” *Media*, October 20, 2006, p. 15.

comply with in Malaysia. While some of the rules make sense given Malaysia's Muslim background, others border on absurdity. No wonder that Malaysian TV commercials have a hard time winning awards in international advertising contests.

A major roadblock that global advertisers face is the bewildering set of advertising regulations advertisers need to cope with in foreign markets. **Advertising regulations** are the rules and laws that limit the way products can be advertised. Regulators are usually government agencies (e.g., the Federal Trade Commission in the United States). In many countries, however, the local advertising industry may also be governed by some form of self-regulation. Self-regulation can take various forms.⁵⁷ One possibility is that local advertisers, advertising agencies, and broadcast media jointly agree on a set of rules. Although such bodies typically cannot enforce their rules, they can sanction offenders through soft power tools. For instance, the Advertising Standards Authority (ASA) in Great Britain blacklists each week violating ads on its website (<http://www.asa.org.uk/asa/adjudications/public/>). Several reasons lie behind self-regulation of the advertising industry, including protection of consumers against misleading or offensive advertising, protection of legitimate advertisers against false claims, or accusations made by competitors. Another forceful reason to set up self-regulatory bodies is to prevent more stringent government-imposed regulation or control of the advertising industry. This section summarizes the major types of advertising regulations.

Advertising of “Vice Products” and Pharmaceuticals. Tough restrictions, if not outright bans, apply to the advertising of pharmaceuticals and so-called *vice* products in many countries. Japan, for example, prohibits the use of the word “safe” or “safety” or any derivatives when promoting over-the-counter drugs (e.g., pain relievers, cold medicines).⁵⁸ Despite opposition of advertising agencies, advertisers and media channels, rules on the advertising of tobacco and liquor products are becoming increasingly more severe. For instance, in 2006 the Thai government banned all alcohol advertising and sales promotions.

Comparative Advertising. Another area of contention is comparative advertising, where advertisers disparage the competing brand. While such advertising practices are commonplace in the United States, other countries heavily constrain or even prohibit comparative advertising. In China, for instance, advertisers are not allowed to compare their products with their competitors' or to include superlative terms such as “best.” Anheuser-Busch, however, was able to air a commercial with Budweiser's slogan that it was “America's favorite beer” after it supported the claim with statistical evidence.⁵⁹ In Japan, comparative advertising—though not illegal—is a cultural taboo. It is seen as immodest and underhanded. Often the Japanese side with the competitor!⁶⁰

Foreign Made Ads. Several countries also protect their local advertising production industry and acting talent by clamping down on foreign-made ads. For example, Malaysia requires that 80 percent of an ad's production cost should be spent in that country. There are exceptions though for campaigns that incorporate global icons (e.g., the cowboy used in Marlboro advertising). One problem is that the local talent can be scarce and, as a result, the quality of the locally produced commercials may suffer.⁶¹

Content of Advertising Messages. The content of advertising messages could be subject to certain rules or guidelines. In Australia, Toyota was forced to withdraw a series of spots advertising the Celica model because of their content. One of the spots was a “Jaws” spoof in which shark-like Celicas speed down a jetty. The ad violated the

⁵⁷ Marieke de Mooij, *Advertising Worldwide*, 2nd Edition, New York: Prentice Hall, 1994.

⁵⁸ John Mackay, McCann-Erickson Japan, private communication.

⁵⁹ “China's Rules Make a Hard Sell,” *International Herald Tribune* (August 18, 2000), p. 13.

⁶⁰ John Mackay, McCann Erickson Japan, private communication.

⁶¹ “Anti-foreign Ad Laws Bite,” *Media*, May 18, 2007, p. 5.

Advertising Standards Council's guidelines on "dangerous behavior or illegal or unsafe road usage practices."⁶² A Volkswagen commercial in Sweden that showed a VW car being driven over lots of food was banned for portraying wasteful behavior.⁶³

Ads may also be banned or taken off the air because they are offensive or indecent. A campaign for Unilever's Axe deodorant brand was suspended by the Indian government because of the commercial's steamy nature. The ad showed a man morph into a walking chocolate figure after spraying himself with Axe's Dark Temptation deodorant. Women throw themselves at him, licking and biting parts of his body.⁶⁴ Many countries also have regulations against sexist advertising or ads with exaggerated ("puffery") claims.

Ad campaigns in China are also very vulnerable to censorship due to cultural or political insensitivities. A recent example of a banned commercial was an ad for Unilever's skincare brand Pond's. Even though the ad had complied with China's censorship regulations, it was taken off the air because it starred Tang Wei, a leading actress. Tang Wei was blacklisted by Sarft,⁶⁵ the agency that supervises China's TV and radio channels, for her role in the controversial movie *Lust, Caution*, in which she displayed full frontal nudity.⁶⁶ In general, China forbids ads showing environmental degradation, bad behavior, pornography, violence, gambling, and superstition. Advertising content is not allowed to use national symbols (e.g., flag, national leader's images and voice, national anthem), to disrespect religion and traditional culture, or to denigrate women and disabled people.⁶⁷

Advertising Targeting Children. Another area that tends to be heavily regulated is advertising targeted to children. Korea and Malaysia, for example, bans fast food TV ads targeted toward children, blaming such ads for rising obesity levels among youngsters.⁶⁸ In Europe, rules to curb advertising to children are widespread. Greece bans all TV advertising of toys between 7 a.m. and 10 p.m.⁶⁹ In Finland, children cannot speak or sing the name of a product in commercials. In Turkey, children are only allowed to watch TV ads with "parental guidance." Italy bans commercials in cartoon programs that target children. China poses a series of rules that advertisers to children need to respect. Contrary to regulations in Western countries, most of the standards center on cultural values: respect for elders and discipline. For instance, one of the rules bans ads that "show acts that children should not be doing alone."⁷⁰

Although many ad regulations often sound annoying or frivolous, having a clear set of advertising rules and restrictions is a boon for consumers and advertisers alike. If no rules govern the advertising environment, the law of the jungle applies. In China, most of the advertising malpractice cases in the past involved ads for drugs, medical services, and food. It was not unusual to have some soaps claim to help people lose weight and some tonics promise to make users smarter.⁷¹

How should marketers cope with advertising regulations? There are a couple of possible actions:

1. *Keep track of regulations and pending legislation.* Monitoring legislation and gathering intelligence on possible changes in advertising regulations are crucial. Bear in mind that advertising regulations change continuously. In many countries the prevailing mood is in favor of liberalization with the important exception of tobacco and alcohol advertising. European Union member states are also trying to bring their

⁶²"ASC slams brakes on Australian Toyota ads," *Advertising Age International*, May 16, 1994, p. I-6.

⁶³<http://www.youtube.com/watch?v=xu0hgrKZ66Q>

⁶⁴"As the Ads Heat Up, India Tries to Keep Cool," *The Wall Street Journal Asia*, September 10, 2008, p. 27.

⁶⁵State Administration for Radio, Film, and Television.

⁶⁶"Director Lee Defends Actor Banned from Chinese Media," <http://www.guardian.co.uk/film/2008/mar/11/news>.

⁶⁷"China's Regulation Minefield," *Media*, February 23, 2007, p. 11.

⁶⁸"Malaysia Bans Fast Food Ads Targeted At Children," *Media*, May 4, 2007, p. 2.

⁶⁹"Kid Gloves," *The Economist* (January 6, 2001), p. 53.

⁷⁰Louisa Ha, "Concerns about advertising practices in a developing country: An examination of China's new advertising regulations," *International Journal of Advertising*, 15, 1996, pp. 91-102.

⁷¹"China's Rules Make a Hard Sell."

rules in line with EU regulations. Many ad agencies have in-house legal counsels to assist them in handling pending advertising legislation.

2. *Screen the campaign early on.* Given the huge budgets at stake, it is important to get feedback and screen advertisements as early as possible to avoid costly mistakes. In China, TV commercials must be submitted to each regional office of the State Administration for Industry and Commerce prior to airing. To be on the safe side, many companies submit their storyboards and script before producing the commercial. Sometimes, however, CCTV, China's main TV channel, wants to see the finished ad first before granting approval.
3. *Lobbying activities.* A more drastic action is to lobby local governments or international legislative bodies such as the European Parliament. Lobbying activities are usually sponsored jointly by advertisers, advertising agencies, and the media. China's national broadcaster relaxed a ban on advertising containing pig images during the 2009 Chinese New Year after a great deal of pressure from ad agencies and their clients.⁷² As usual, too much lobbying carries the risk of generating bad publicity, especially when the issues at hand are highly controversial.
4. *Challenge regulations in court.* Advertisers can consider fighting advertising legislation in court. In Chile, outdoor board companies, advertisers and sign painters filed suit in civil court when the Chilean government issued new regulations that required outdoor boards to be placed several blocks from the road.⁷³ In European Union member states, advertisers have sometimes been able to overturn local laws by appealing to the European Commission or the European Court of Justice. For instance, a host of retailers (including Amazon.com), ad agencies, and media in France filed a complaint with the European Commission in an attempt to overturn a 40-year old French law that bans TV advertising by retailers. They argued that the law runs counter to EU rules.⁷⁴
5. *Adapt marketing mix strategy.* Tobacco marketers have been extremely creative in handling advertising regulations. A widely popular mechanism is to use the brand extension path to cope with tobacco ad bans. For instance, the Swedish Tobacco Co., whose brands have captured more than 80 percent of the Swedish cigarette market, started promoting sunglasses and cigarette lighters under the Blend name, its best-selling cigarette brand, to cope with a complete tobacco ad ban in Sweden.⁷⁵ In the United Kingdom, Hamlet, the leading cigar brand, shifted to other media vehicles following the ban on all TV tobacco advertising in the United Kingdom in October 1992. Hamlet started using outdoor boards for the first time, installing them at 2,250 sites. It ran a sales promotion campaign at a horse race where losing bettors got a free Hamlet cigar. It also developed a video with about twenty of its celebrated commercials. The video was made available for purchase or rent.⁷⁶ South Korea is the only country where Virginia Slims is pitched as the successful man's cigarette. Why? Because Korean law forbids advertising cigarettes to women and young adults.⁷⁷

CHOOSING AN ADVERTISING AGENCY



Although some companies like Benetton, Diesel, Avon, and Hugo Boss develop their advertising campaigns in-house, most firms heavily rely on the expertise of an advertising agency. Over the years, the advertising agency industry has consolidated through mergers and globalized leading to global mega agencies. **Exhibit 13-9** lists the

⁷²“China's Regulation Minefield,” *Media*, February 23, 2007, p. 11.

⁷³“Chilean fight for outdoor ads,” *Advertising Age International*, April 27, 1992, p. I-8.

⁷⁴“Retailers Fight French Law That Bans Advertising on TV,” *Asian Wall Street Journal* (February 22, 2001), p. N7.

⁷⁵“Swedish marketers skirt tobacco ad ban,” *Advertising Age International*, June 20, 1994, p. I-2.

⁷⁶“Hamlet shifts to other media since TV spots are banned,” *Advertising Age International*, April 27, 1992, p. I-8.

⁷⁷“Real Men May Not Eat Quiche . . . But in Korea They Puff Virginia Slims,” *Asian Wall Street Journal*, December 27/28 1996, pp. 1, 7.

EXHIBIT 13-9
WORLD'S TOP 10 AD AGENCIES (2007)

Rank	Agency	Headquarters	Revenue	% of Revenue Outside the U.S.
1	Omnicom Group	New York	\$12,694	47.2
2	WPP Group	London	12,383	63.3
3	Interpublic Group	New York	6,554	44.3
4	Publicis	Paris	6,384	58.0
5	Dentsu	Tokyo	2,932	97.7
6	Aegis Group	London	2,215	76.9
7	Havas	Suresnes, France	2,094	67.0
8	Hakuhodo	Tokyo	1,392	100.0
9	MDC	Toronto/New York	547	19.7
10	Alliance Data Systems	Dallas	469	6.2

Note: Revenue figures are in millions of U.S. dollars.

Source: Based on figures reported in "World's Top 50 Agency Companies" www.adage.com/databcenter, accessed on February 22, 2009.

top-10 advertising agencies in the world in order of their worldwide revenue. Note that several of the leading ad agencies are located outside the United States. In selecting an agency, the international marketer has several options:

1. Work with the agency that handles the advertising in the firm's home market.
2. Pick a purely local agency in the foreign market.
3. Choose the local office of a large international agency.
4. Select an international network of ad agencies that spans the globe or the region.

When screening ad agencies, the following set of criteria can be used:

- *Market coverage.* Does the agency cover all relevant markets? What is the geographic scope of the agency?
- *Creative talent.* What are the core skills of the agency? Does the level of these skills meet the standards set by the company? Also, is there a match between the agency's core skills and the market requirements? Good creative talent is in short supply in many countries. In most developing markets, expatriates usually take up senior positions at agencies, while locals provide support.
- *Expertise with developing a central international campaign.* When the intent of the marketer is to develop a global or pan-regional advertising campaign, expertise in handling a central campaign becomes essential. One survey suggests, however, the agency's lack of international expertise and coordination ability is still a sore point for many companies.⁷⁸
- *Creative reputation.* The agency's creative reputation is often the most important criterion for many advertisers when choosing an ad agency.
- *Scope and quality of support services.* Most agencies are not just hired for their creative skills and media buying. They are also expected to deliver a range of support services, like marketing research, developing other forms of communication (e.g., sales promotions, public relations, event-sponsorships).
- *Desirable image ("global" versus "local").* The image—global or local—that the company wants to project with its communication efforts also matters a great deal. Companies that aspire to develop a "local" image often assign their account to local ad agencies. One risk though of relying on local agencies is that their creative spark may lead to off-message, provocative advertising. Coke's senior executives were not too amused with an Italian campaign that featured nude bathers on the beach. A Singapore ad made for McDonald's to promote a new Szechuan burger featured a brothel-like "mama-san," not exactly in tune with McDonald's core family values.⁷⁹

⁷⁸"Clients and Agencies Split over Ad Superstars," *Ad Age Global* (May 2001), p. 16.

⁷⁹"A Little Local Difficulty," *Ad Age Global* (February 2002), p. 4.

- *Size of the agency.* Generally speaking, large agencies have more power than small agencies. This is especially critical for media buying where a healthy relationship between the media outlet and the ad agency is very critical. On the other hand, the creative side of advertising does not always benefit from scale. Many award-winning ad campaigns have been designed by smaller boutique-like agencies.
- *Conflicting accounts.* Does the agency already work on an account of one of our competitors? The risk of conflicting accounts is a major concern to many advertisers. There are two kinds of risks here. First of all, there is the confidentiality issue: marketers share a lot of proprietary data with their advertising agency. Second, there is also the fear that the ad agency might assign superior creative talent to the competing brand's account, especially when that account is bigger.

Note that sometimes these criteria may conflict with one another. A characteristic of the Japanese agency industry is that the large agencies service competing brands. Hence, companies that approach a big Japanese ad agency like Dentsu or Hakuhodo may need to accept the fact that the agency also handles the accounts of competing brands.

OTHER MEANS OF COMMUNICATION



For most companies, media advertising is only one part of the communication package. While advertising is the most visible form, the other communication tools play a vital role in a company's global marketing mix strategy. In this section, we discuss the following alternative promotion tools: sales promotions, direct marketing, sponsorships, mobile marketing, trade shows, product placement, and public relations/publicity. Personal selling and internet marketing, both of which can be regarded to some extent as promotion tools, are discussed in later chapters.

Sales promotions refer to a collection of short-term incentive tools that lead to quicker and/or larger sales of a particular product by consumers or the trade. There are basically two kinds of promotions: consumer promotions that target end-users (e.g., coupons, sweepstakes, rebates) and trade promotions that are aimed at distributors (e.g., volume discounts, advertising allowances). For the majority of MNCs, the sales promotion policy is a local affair. Several rationales explain the local character of promotions:⁸⁰

Sales Promotions

- *Economic development.* Low incomes and poor literacy in developing countries make some promotional techniques unattractive but, at the same time, render other tools more appealing. One study of promotional practices in developing countries found above-average use of samples and price-off packs.⁸¹
- *Market maturity variation.* For most product categories, there is a great deal of variation in terms of market maturity. In countries where the product is still in an early stage of the product life cycle, trial-inducing tools such as samples, coupons, and cross-promotions are appropriate. In more established markets, one of the prime goals of promotions will be to encourage repeat purchase. Incentives such as bonus packs, in-pack coupons, and trade promotions that stimulate brand loyalty tend to be favored.
- *Cultural perceptions.* Cultural perceptions of promotions differ widely across countries. Some types of promotions (e.g., sweepstakes) may have a very negative image in certain countries. According to one study, Taiwanese consumers have less-favorable attitudes toward sweepstakes than consumers in Thailand or Malaysia. Nor are Taiwanese concerned about losing face when using coupons. Malaysians, on the other

⁸⁰K. Kashani and J.A. Quelch, "Can sales promotions go global?" *Business Horizons*, vol. 33, no. 3, May–June 1990, pp. 37–43.

⁸¹J. S. Hill and U. O. Boya, "Consumer goods promotions in developing countries," *International Journal of Advertising*, vol. 6, 1987, pp. 249–64.

hand, favor sweepstakes over coupons.⁸² Shoppers in Europe redeem far fewer coupons than their counterparts in the United States.⁸³

- *Trade structure.* One of the major issues companies face is how to allocate their promotional dollars between consumer promotions—which are directly aimed at the end-user (“pull”)—and trade promotions (“push”)—which target the middlemen. Because of differences in the local trade structure, the balance of power between manufacturers and trade is tilted in favor of the trade in certain countries. When Procter & Gamble attempted to cut back on trade promotions by introducing every-day-low-pricing in Germany, several major German retailers retaliated by de-listing P&G brands.⁸⁴ Differences in distributors’ inventory space and/or costs also play a role in determining which types of promotions are effective.
- *Government Regulations.* When C&A, a Brussels-based clothing retailer, offered a 20 percent discount to German customers paying with a credit card instead of cash, it was threatened with huge fines by a German court.⁸⁵ C&A’s scheme was apparently in violation of a 70-year old German law regulating sales and special offers.⁸⁶ By the same token, Lands’ End, the U.S. mail order retailer, was forced to withdraw a lifetime guarantee offer in Germany. According to Germany’s supreme court, the offer violated the 1932 German Free Gift Act and was anti-competitive.⁸⁷ Probably the most critical factor in designing a promotional package is local legislation. Certain practices may be heavily restricted or simply forbidden. In Germany, for instance, coupon values cannot be more than 1 percent of the product’s value. Vouchers, stamps, and coupons are banned in Norway.⁸⁸ **Exhibit 13-10** shows which promotion

EXHIBIT 13-10

WHICH TECHNIQUES ARE ALLOWED IN EUROPE

Key: Y = permitted X = not permitted ? = may be permitted

Promotion Technique	UK	NL	B	SP	IR	IT	F	G	DK
On-park promotions	Y	Y	?	Y	Y	Y	?	Y	Y
Banded offers	Y	?	?	Y	Y	Y	?	Y	Y
In-pack premiums	Y	?	?	Y	Y	Y	?	Y	?
Multipurchase offers	Y	?	?	Y	Y	Y	?	Y	Y
Extra product	Y	Y	Y	Y	Y	Y	?	?	Y
Free product	Y	?	Y	Y	Y	Y	Y	X	?
Reusable/other use packs	Y	Y	Y	Y	Y	Y	Y	Y	Y
Free mail-ins	Y	Y	?	Y	Y	Y	?	Y	Y
With purchase premiums	Y	?	Y	Y	Y	Y	?	?	?
Cross-product offers	Y	Y	X	Y	Y	Y	?	Y	Y
Collector devices	Y	Y	Y	Y	Y	Y	Y	Y	Y
Competitions	Y	?	?	Y	Y	?	Y	Y	?
Self-liquidating premiums	Y	Y	Y	Y	Y	Y	Y	Y	Y
Free draws	Y	X	?	Y	Y	Y	Y	Y	Y
Share outs	Y	Y	?	Y	Y	?	?	Y	?
Sweepstake/lottery	?	X	?	Y	X	?	?	Y	X
Money off vouchers	Y	Y	Y	Y	Y	Y	Y	?	Y
Money off next purchase	Y	Y	Y	Y	Y	Y	Y	?	Y
Cash backs	Y	Y	Y	Y	Y	X	Y	X	Y
In-store demos	Y	Y	Y	Y	Y	Y	Y	Y	Y

Source: The Institute of Sales Promotion, www.isp.org.uk 2006.

⁸²Lenard C. Huff and Dana L. Alden, “An Investigation of Consumer Response to Sales Promotions in Developing Markets: A Three-Country Analysis,” *Journal of Advertising Research*, (May–June 1998), pp. 47–56.

⁸³“Coupon FSIs dropped,” *Advertising Age International*, October 11, 1993, p. I–8.

⁸⁴“Heat’s on value pricing,” *Advertising Age International*, January 1997, pp. I–21, I–22.

⁸⁵The purpose of this somewhat unusual promotion was to cut cash register lines during the euro introduction period.

⁸⁶“Defiant C&A reignites debate on German shopping laws,” *Financial Times* (January 9, 2002), p. 2.

⁸⁷“Lands’ End to File Brussels Complaint,” *Financial Times* (January 11, 2000), p. 2.

⁸⁸“Coupon FSIs dropped.”

techniques are allowed in nine European countries. As you can see, Germany appears to be one of the most restrictive environments for promotion campaigns. The United Kingdom, on the other hand, seems to be very liberal.

Kashani and Quelch suggest that multinational companies appoint an international sales promotion coordinator. The manager's agenda would involve tasks such as these:⁸⁹

- Promote transfer of successful promotional ideas across units.
- Transplant ideas on how to constrain harmful trade promotional practices.
- Gather performance data and develop monitoring systems to evaluate the efficiency and effectiveness of promotions.
- Coordinate relations with the company's sales promotion agencies worldwide.

Direct marketing includes various forms of interactive marketing where the company uses media that enable it to get direct access to the end-consumer and establish a one-to-one relationship. The most prominent forms of direct marketing are direct mail, telemarketing, door-to-door selling, internet marketing (see Chapter 18), and catalogue selling. In a sense, direct marketing is a hybrid mix of promotion and distribution. For companies such as Avon, Amazon.com, Dell, Mary Kay, and Amway, direct marketing goes even beyond just being a marketing mix instrument: It is basically a business model for them.

Direct marketing is growing very rapidly internationally. Many of the celebrated firms in the area have been able to successfully transplant their direct marketing model to other markets. About one year after Dell entered China, it managed to become one of the leading PC-brands there, despite skepticism that its practice of selling direct would not work in a country where salesmanship centers on connections.⁹⁰

Though still rare, some firms have been able to successfully implement global direct marketing campaigns. A good illustration was a campaign run by Unisys, a U.S.-based information technology company. Its "Customer Connection" program was a million-dollar-plus, multilingual program that combined direct mail and telemarketing worldwide. Every quarter, Unisys sent out direct mail to key decision-makers in 23 countries. The mailing described product and technology offerings in seven languages and came with a personalized letter signed by a Unisys region or country-manager. Native-speaking telemarketers would then follow up asking if the client manager recalls the mailing, if they had any queries, and if they would like to remain on the mailing list. Follow-up surveys showed that 70 percent of the contacted executives responded positively to the program.⁹¹

As with other promotion tools, direct marketing might also encounter hurdles in foreign markets. A notorious case was the complete ban on direct selling that the Chinese government imposed in the spring of 1998 due to a series of sales scams and pyramid schemes. Well-established selling companies such as Avon, Amway, and Mary Kay basically had to shut down their operations. As a result, these companies had to rethink their way of doing business in China and focus on retail outlets and sales representatives. Avon, for example, struck a deal with Watson's, a Hong Kong-based drugstore chain, to set up small counters in its stores.⁹² In 2005, the Chinese government relaxed its ban on personal selling and instituted a highly monitored licensing schema in which Avon was given the first permit.⁹³

Sponsorship is one of the fastest growing promotion tools. Global spending on sponsorship is estimated to be around \$43.5 billion in 2008.⁹⁴ Given the global appeal of sports, big

Direct Marketing

Global Sponsorships

⁸⁹Kashani and Quelch, "Can sales promotions go global?"

⁹⁰"Chasing the China Market," *Asiaweek* (June 11, 1999), p. 46.

⁹¹"Unisys cuts clear path to int'l recovery," *Marketing News* (September 27, 1999), pp. 4–6.

⁹²"Avon scrambles to reinvent itself in China after Beijing's ban on direct selling," *Far Eastern Economic Review* (October 22, 1998), pp. 64–66.

⁹³"Avon Given Direct-selling Nod in China," www.chinadaily.com.cn, accessed on February 25, 2009.

⁹⁴www.sponsorship.com, accessed on February 24, 2009.

multinationals increasingly use sports sponsorships as their weapon of choice in their global battle for market share. Adidas, the German sportswear maker, paid a hefty \$80 million to \$100 million in cash and services for sponsorship of the Beijing 2008 Summer Olympics. As part of the deal, adidas could outfit Chinese athletes at the medal ceremonies even if the athletes competed in garb from other companies. Other multinationals that shelled out huge amounts of sponsorship money for the Beijing Summer Olympics, included Lenovo, Samsung, Volkswagen, and Johnson & Johnson. These companies saw the Olympics as key to shoring up their competitive position in China.⁹⁵ Sponsorship also stretches to other types of events, such as concert tours, festivals, charity, and art exhibitions.

Ideally, the sponsored event should reinforce the brand image that the company is trying to promote. Red Bull, one of the dominant energy drink brands, is a case in point. From its very launch onwards, Red Bull has strived to promote a daring macho image by sponsoring *extreme* sports events ranging from wind surfing to hang gliding.⁹⁶ In 2004, Red Bull acquired the Jaguar Formula One racing team. With these sponsorships, Red Bull is able to reinforce its image as the brew that gives “Wings to Body and Mind.” Formula One can also help the company to get more visibility in the United States, the Middle East, and Central America, where its brand is less established.⁹⁷

Event sponsorship carries four major risks. First, the organizers of the event could sell too many sponsorships, leading toward clutter. Second, the event may be plagued by controversy or scandal. Following the 1998 drug-plagued Tour de France, Coca-Cola drastically scaled down its sponsorship activities for that cycling event.⁹⁸ High profile sponsors of the 2008 Beijing Olympics like Coca-Cola also faced a balancing act when their sponsorship of the Games attracted scrutiny from anti-China activists around the world. Third, the payback of the sponsorship can prove elusive. A survey of 1,500 Chinese citizens in 2008 found that only 15 percent could name two of the global sponsors and just 40 percent could name one.⁹⁹ The fourth risk is known as *ambush marketing*. With ambush marketing, a company seeks to associate with an event (e.g., the Olympics) without any payments to the event organizer. The culprit hereby steals the limelight from its competitor that officially sponsors the event. By associating with the event, the ambushing company misleads the public by creating the impression that it is a legitimate sponsor. While Coca-Cola was the official sponsor of the 2002 World Cup Soccer, Pepsi managed to sign up some of the biggest soccer celebrities, including England’s David Beckham. Likewise, Nike was Brazil’s sponsor even though adidas was the official tournament sponsor. In fact, research done after the 1998 World Cup Soccer found that Nike had better recall among TV viewers than adidas, the official sponsor.¹⁰⁰ To stamp out ambush marketing, organizers often place severe restrictions on the marketing activities of non-sponsors. For instance, Heineken handed out green hats to its customers during the Euro 2008 soccer tournament. However, anyone who tried to enter a stadium wearing such a hat was asked to remove it, as Carlsberg was the official sponsor.¹⁰¹

Apart from these four pitfalls,¹⁰² there is also the issue of response measurement. In general, measuring the effectiveness of a particular sponsorship activity is extremely

⁹⁵http://www2.chinadaily.com.cn/english/doc/2006-01/28/content_516253.htm

⁹⁶“Extreme Sports and Clubbers Fuel Energetic Rise,” *Financial Times* (November 23, 2001), p. 10.

⁹⁷“Red Bull Charges into Ailing Jaguar,” *Financial Times* (April 22, 2004): 16.

⁹⁸“Sponsors Rethink the Tour,” *Ad Age Global* (March 2001), p. 48.

⁹⁹“Are Olympics Sponsorships Worth It?” http://www.businessweek.com/globalbiz/content/jul2008/gb20080731_125602.htm

¹⁰⁰“Sponsors’ Asian Gamble,” *Ad Age Global* (March 2002), pp. 24–25.

¹⁰¹“Playing the Game,” *The Economist*, July 5, 2008, p. 73.

¹⁰²Note that the sponsored event or sports team also runs certain risks, the main one being that the sponsor can no longer honor the sponsorship commitment due to financial problems or even bankruptcy. Some recent examples include the sponsorship of the Houston Astros Stadium by Enron, AIG’s shirt sponsorship of the Manchester United soccer team, and the shirt sponsorship of Anderlecht, a leading Belgian soccer team, by the Belgian bank Fortis. Luckily, new sponsors emerged in all three cases: Coca-Cola for the Houston stadium (renamed the Minute Maid Park), the insurer Aon for Manchester United, and BNP Paribas (a French bank that took over Fortis) for Anderlecht.

hard. Some firms have come up with very creative procedures to do just that. In Asia, Reebok¹⁰³ tested out a campaign on Star TV's Channel V music channel in which the vee-jays wear Reebok shoes. To gauge the impact of the campaign, TV viewers were directed to Reebok's website. At the site, the viewer was able to download a coupon that could be used for the next Reebok shoe purchase.¹⁰⁴

Mobile phones are part of everyday life for many people around the planet. Worldwide the number of mobile-phone subscribers was more than 3.3 billion in 2007.¹⁰⁵ In many developed countries 3G-technology is well established and several countries are planning to launch 4G-technology. The combination of the web and advances in portable device technology has spurred a new communication approach: **mobile marketing** or **brand-in-the-hand marketing**. Brand-in-the-hand marketing is a communication strategy that leverages the benefits of mobile devices (at this stage primarily mobile phones) to communicate with the target consumers. One good example is a mobile marketing campaign that BMW ran for its Series 3 car in China during summer 2006. To view the BMW mobile website, customers clicked on BMW banner ads that appeared on the portals of mobile phone carriers such as China Mobile. Within the BMW site, visitors could customize their favorite Series 3 car with preferred colors and features. The site also had a click-to-call feature that enabled visitors to schedule test drive appointments. Tracking results for the 2-month campaign showed more than 500,000 unique visitors and more than 2 million page views.¹⁰⁶

Mobile marketing differs from traditional communication marketing in two key respects: (1) it can be executed customized to the consumer's location (e.g., shopping location) or consumption context and (2) the marketer is able to interact with the target customer. Sultan and Rohm recognize three important roles for mobile marketing:

1. Foster top-of-mind brand awareness
2. Increase consumer involvement and interaction (e.g., through content downloads, viral marketing)
3. Directly influence consumer actions¹⁰⁷

Despite the rich potential of mobile marketing, marketers are still reluctant to embrace mobile marketing due to several issues. One hurdle is the wide regional variation in technology. Most European countries and several Asian markets have a much more advanced mobile phone technology infrastructure than the United States and China. One solution is a phased approach: a company could test a mobile marketing campaign in a country with a highly developed infrastructure (e.g., Korea, Singapore) and then fine-tune it before rolling it out at a later stage in a less advanced but more crucial market (e.g., China, India). Another issue that mobile marketers must grapple with relates to privacy concerns and laws, which can also vary greatly across countries. Finally, the implementation of mobile marketing relies on a series of partners (e.g., wireless carriers, distributors) with possibly conflicting interests. Needless to say, setting up such partnerships in different countries can be a daunting task.

Trade shows (trade fairs) are a vital part of the communication package for many international business-to-business (B-to-B) marketers. According to one survey, trade shows account for 17 percent of the typical B-to-B marketer's marketing budget.¹⁰⁸

Mobile (Brand-in-the-Hand) Marketing

Trade Shows

¹⁰³Reebok was acquired by adidas in 2005.

¹⁰⁴"Reebok sets strategy to get sales on track in fast-growing Asia," *The Asian Wall Street Journal*, May 31–June 1, 1996, p. 12.

¹⁰⁵<http://www.itu.int/ITU-D/ict/statistics/>

¹⁰⁶"How to Find Focus Online," *Media*, October 20, 2006, p. 26–27.

¹⁰⁷Fareena Sultan and Andrew Rohm, "The Coming Era of 'Brand in the Hand' Marketing," *MIT Sloan Management Review*, Fall 2005, pp. 83–90.

¹⁰⁸"Study Finds Online, Trade Shows Dominate B-to-B Spending," www.mediapost.com, accessed on February, 22, 2009.

Trade shows have a direct sales effect—the sales coming from visitors of the trade show booth—and indirect impacts on the exhibitor’s sales.¹⁰⁹ Indirect sales effects stem from the fact that visitors become more aware of and interested in the participating company’s products. The indirect effects matter especially for new products. Trade fairs are often promoted in trade journals. Government agencies, like the U.S. Department of Commerce, also provide detailed information on international trade fairs.

There are some notable differences between overseas trade shows and North American ones.¹¹⁰ Overseas fairs are usually much larger than the more regional, niche-oriented shows in the United States. Because of their size, international shows attract a much wider variety of buyers. Hospitality is another notable difference between trade show affairs in the United States and in foreign markets. For instance, even at the smallest booths at German shows, visitors are offered a chair and a glass of orange juice. Larger booths will have kitchens and serve full meals. Empty booths are filled with a coffee table and water cooler. In the United States, trade show events tend to be pure business.

When attending an international trade show, the following guidelines could prove useful:¹¹¹

- Decide on what trade shows to attend at least a year in advance. Prepare translations of product materials, price lists, and selling aids.
- Bring plenty of literature. Bring someone who knows the language or have a translator.
- Send out, ahead of time, direct-mail pieces to potential attendees.
- Find out the best possible space, for instance in terms of traffic.
- Plan the best way to display your products and to tell your story.
- Do your homework on potential buyers from other countries.¹¹²
- Assess the impact of trade show participation on the company’s bottom line.¹¹³ Performance benchmarks may need to be adjusted when evaluating trade show effectiveness in different countries since attendees might behave differently.¹¹⁴

One recent phenomenon is the emergence of “virtual trade shows,” which allow buyers to walk a “show floor,” view products, and request information without physically being there.¹¹⁵ Unisfair is one example of a company that hosts online expos. Its website (www.unisfair.com) also offers several showcases of such events. An excellent highly informative online resource on international trade shows is the website of Federation of International Trade Associations (FITA): www.fita.org. **Global Perspective 13-4** discusses a non-traditional approach Siemens took to promote its products through a mobile trade show.

Product Placement **Product placement** is a form of promotion where the brand is placed in the context of a movie, television show, video games, or other entertainment vehicles. The marketer might pay for the placement or may offer the good free of charge (e.g., cars in action movies). One survey estimated that companies spent \$2.9 billion on paid product

¹⁰⁹S. Gopalakrishna, G. L. Lilien, J. D. Williams, and I. K. Sequeira, “Do trade shows pay off?” *Journal of Marketing*, vol. 59, July 1995, pp. 75–83.

¹¹⁰“Trading Plätze,” *Marketing News* (July 19, 1999), p. 11.

¹¹¹B. O’Hara, F. Palumbo, and P. Herbig, “Industrial trade shows abroad,” *Industrial Marketing Management*, vol. 22, 1993, pp. 233–37.

¹¹²“Trading Plätze.”

¹¹³See S. Gopalakrishna and G. L. Lilien, “A three-stage model of industrial trade show performance,” *Marketing Science*, vol. 14, no. 1, Winter 1995, pp. 22–42 for a formal mathematical model to assess trade show effectiveness.

¹¹⁴Marnik G. Dekimpe, Pierre Franois, Srinath Gopalakrishna, Gary L. Lilien, and Christophe Van den Bulte, “Generalizing About Trade Show Effectiveness: A Cross-National Comparison,” *Journal of Marketing*, 61(October 1997), pp. 55–64.

¹¹⁵“All trade shows, all the time,” *Marketing News* (July 19, 1999), p. 11.



GLOBAL PERSPECTIVE 13-4

SIEMENS EXIDER—A TRADE SHOW ON WHEELS: “SIEMENS IS REALLY COOL!”

Siemens AG is a German conglomerate founded more than 150 years ago. The company sells primarily to other businesses. Just like many other firms, the company tried the entire range of traditional advertising campaigns and promotional techniques but success had been limited. Especially in North America, Siemens has always had to face an uphill task of fighting low brand awareness. So, what to do? In March 2002, Siemens announced a mobile trade show on rails using a train, called “Exider,” 1,000 feet long, or 300 meters, with 14 railroad cars. The activity has elements of a multimedia blitz and a traditional trade show. Some cars held Siemens products; others are fitted with video monitors or interactive screens showcasing Siemens products at work. Each wagon is staffed with Siemens experts on hand to explain the technology. The head of the Siemens division behind the project explained that: “With the Exider, we want to take our show out to the customers and join them on a trip through the world

Sources: “Siemens Makes Tracks Toward Higher Profile,” *International Herald Tribune* (March 27–28, 2004): 11; http://www2.automation.siemens.com/mes/simatic_it/html_76/download/adbv200203215e.pdf; and <http://www.frost.com/prod/servlet/market-insight-top.pag?docid=19829104&ctxxpLink=FcmCtx3&ctxxpLabel=FcmCtx4>.

of modern industrial automation, drive, switching, and installation technology.”

The train journey started in Spain. Siemens’ market share rose 3 percentage points after the Exider passed through. Other destinations included Britain, China, Singapore, and ultimately the United States. Invitations to visit the train went out to anyone Siemens deemed to be a potential customer. Siemens hoped that people taking the tour would ask questions, pick up brochure, attend technical seminars, and exchange business cards with a Siemens salesperson. For Siemens, the train is a vehicle to bring its technology close to the customers, even those in remote areas. A vice president of Polo Ralph Lauren visited the train “to see what other things I might buy from them.” Customers on the train were overheard saying that they had never realized that Siemens had such a broad portfolio of solutions in so many industry segments. Some customers looking at a display in one of the coaches said: “Oh? This is really cool!” Stephen Greyser, a Harvard Business School professor, said: “Anyone who steps inside that train becomes a willing collaborator in the process of learning more about what Siemens is and does.” Likewise, Michael Watras, a brand consultant, noted: “It’s out-of-the-box thinking that positions the brand as cutting-edge.”

placement in 2007.¹¹⁶ For many marketers product placement can be a very effective tool to target audiences that are less exposed to traditional media advertising. Products that are often featured include cars, luxury goods, consumer electronics, and computers. The none-too-subtle use of product placement in movies such as *Casino Royale* and *I, Robot* has triggered a fair amount of criticism. One British website¹¹⁷ even has a ranking of the ten worst movies for product placement,¹¹⁸ with the *Fantastic Four* being singled out for “the most company logos in one shot” award. In terms of product placement as a global marketing tool, one notable example is the 1993 sci-fi movie *Demolition Man*. In the U.S. version of the movie, the hero played by Sylvester Stallone refers to Taco Bell as being the sole survivor of the “franchise wars.” In many foreign releases of the movie Taco Bell is replaced with Pizza Hut, which is also owned by Yum! Brands. The reason for the change was that Taco Bell is not present in most of Yum! Brands’ non-American markets. **Global Perspective 13-5** discusses how Unilever used product placement in the Chinese *Ugly Betty* series to promote its brands.

Viral marketing refers to marketing tools that try to achieve marketing objectives such as increased brand awareness by boosting a self-replicating viral process through a social network, similar to the spread of a real-world virus. The social network can be virtual (e.g., Facebook, email contacts) or offline (or some combination).¹¹⁹ Other terms that are sometimes used are *buzz marketing* and *word-of-mouth marketing*. The message can be spread through text messages, images, music or video clips, or games.

Viral Marketing

¹¹⁶<http://www.pqmedia.com/about-press-20080212-bemf.html>.

¹¹⁷<http://www.theshiznit.co.uk/feature/top-10-worst-movies-for-product-placement.php>

¹¹⁸Number 1 is *I, Robot*, number 2 is *The Island*, and number 3 is *Blade: Trinity*.

¹¹⁹http://en.wikipedia.org/wiki/Viral_marketing, accessed on February 21, 2009.



GLOBAL PERSPECTIVE 13-5

THE CASTING OF DOVE SOAP IN “UGLY WUDI”

Ugly Betty, the American television hit series based on a Colombian telenovela, now has a remake in China called *Ugly Wudi*. Unilever is turning to the Chinese series to pitch three of its famous brands in China: Dove soap, Lipton tea, and Clear anti-dandruff shampoo. Although Dove’s global “Real Beauty” campaign has been very successful in most markets elsewhere in the world, it struggled to gain traction in China. The campaign, which showed “real” non-model-like faces, was much admired by feminists and advertising groups in Europe and the United States. A senior Unilever marketing executive explained that Chinese women really feel they can achieve the beauty portrayed in ads, if they have stamina to work at it. Therefore, Unilever decided to axe the “real women” campaign in China and try out something totally new: branded entertainment. Mindshare, Unilever’s media buying agency, brokered a deal with the Chinese broadcaster of the *Ugly Wudi* TV series which offers the multinational the right

to exclusive ads and product placements during the show. The show promotes the three Unilever brands as part of the storyline. Unilever marketing staff worked with the show’s writers to integrate 3,300 seconds of the Dove brand into the first show’s first season. Dove commercials around the character show Wudi with a perfect skin, but wearing braces and oversized glasses to match her ugly traits. Unilever sees a strategic fit between the show and the “real beauty” concept of Dove soap.

The show premiered in September 2008. For the Chinese version, the writers dropped the Chinese Betty’s siblings to conform to China’s one-child policy and had her work at an ad agency instead of a fashion magazine. The Chinese Betty uses Lipton during office tea breaks and her boss, Fernando, washes his hair with Clear shampoo. Unilever hopes that the show will boost sales in China’s hinterland. Initial measurement data looked encouraging. A survey conducted at the end of the show’s first season found that Dove’s unaided awareness rose 44 percent among target consumers generally. Mindshare estimates that the product placement delivered four times the value Unilever would have got with traditional media advertising.

Sources: “Unilever Casts Dove Soap in ‘Ugly Wudi,’” *The Wall Street Journal Asia*, December 30, 2008, p. 20; “Unilever Turns Ugly Betty into Chinese Brand Vehicle,” *Media*, May 1, 2008; and “Unilever Sponsors ‘Ugly Betty’ in China,” *Advertising Age*, April 21, 2008, p. 12.

The key for the viral campaign to be effective is twofold: (1) identify people with a high networking influence and (2) create a message that is so compelling that it will be passed on through the network.

Scores of major brands have embraced viral marketing as a communication tool. Some recent examples include Unilever’s Axe, Volkswagen, and Carlsberg. Yet, to be successful viral marketers must grapple with several challenges. As more and more marketers jump on the bandwagon, the biggest issue is to come up with something that stands out and breaks through the clutter. The creative bar can be much higher than for traditional marketing tools. One consultant points out that a viral marketing campaign has to be “extremely good, absolutely hilarious or shocking. The trouble is that most companies are not willing to take risks or to break taboos.”¹²⁰ Another concern is to make sure that the campaign does not offend the global online community by being seen as a blatant commercial infringement. Virtual marketers also have little control over how the message is spread and where it ends up. When a viral message is circulated in a geographic area where the brand is not available, the campaign would be wasteful. Netizens could also subvert the campaign. When Carlsberg ran a viral e-mail campaign that spoofed its ad slogan during the Euro 2004 Soccer campaign,¹²¹ netizens came up with an altered negative version which became much more visible than the original.¹²²

Global Public Relations (PR) and Publicity

For global marketers building up good relationships with various stakeholders (e.g., employees, press, distributors, customers, government authorities) is an important part of their communication strategy. *Public relations (PR)* consists of managing the flow of

¹²⁰“Viral Advertisers Play with Fire,” *Financial Times*, August 29, 2006, p. 6.

¹²¹The message was: “Carlsberg don’t send e-mails, but if they did they’d probably be the best e-mails in the world.”

¹²²“Viral Advertisers . . .”

EXHIBIT 13-11**EXAMPLES OF INTERNATIONAL PR CAMPAIGNS****Example 1: adidas Chinese women's volleyball team**

- *Brief.* To strengthen adidas' association with the Chinese women's volleyball team
- *Target audience.* 14- to 24-year-olds in China
- *Challenge.* Although the Chinese women's volleyball players were stars in the 1980s with world championship wins, the team had lost its appeal with youth: it was widely perceived as non-feminine and unfashionable.
- *Campaign.* The goal of the campaign was to make women's volleyball "cool." The PR agency launched a yearlong campaign of viral elements and publicity stunts. To change the drab image, glamour shots of the players were taken and angled for various publications, mostly lifestyle media. Stylish video clips of the team were shot and posted online. Adidas also organized a "chant" competition to boost enthusiasm and pride in the national team. Adidas' PR agency also set up a blog.
- *Results.* The total media value received was worth Rmb 36 million (\$4.6 million), worth more than 13 times the original investment. The blog received more than 20,000 page views on the first day of the launch.

Example 2: Pantene Shine

- *Brief.* To instill the spirit of Pantene shampoo's new platform.
- *Target audience.* 15- to 35-year-old women in India
- *Challenge.* In autumn 2006, P&G launched a new global positioning for Pantene shampoo with a new logo, packaging, and tagline: "Shine, I believe I can."
- *The campaign.* The cornerstone was India's first Pantene Shine Awards. The inaugural award was a high-profile award attended by celebrities from all over India. Six women in the beauty industry were honored at the award show and designated as brand ambassadors, including Bollywood star Sushmita Sen. Pantene's PR agency also organized India's first branded chat shows, called *Shine. I believe I can—Sush speaks out*. The brand also launched a reality TV show, inviting entries from women aged 18 to 30 across India to compete for the "dream job" of TV news anchor.
- *Results.* The award show got nearly 500 mentions in print and TV, reaching 90 percent of the target audience.

Source: "Are Clients Ready for Breakthrough Creative?" *Media*, April 20, 2007, p. 8; and "Pantene Rolls Out Reality TV Show," *Media*, May 4, 2007, p. 2.

information between an organization and its publics.¹²³ *Publicity* is spreading information about a product or company to gain awareness. Most of that communication is "free" although most companies will often engage a PR agency to manage the information flow. Effective PR management often leads to high publicity. A well-executed PR campaign needs to fulfill two requirements: (1) it should be creative and (2) it should be based on insights about the target audience derived from solid research.

Exhibit 13-11 summarizes two well-executed PR campaigns.

GLOBALLY INTEGRATED MARKETING COMMUNICATIONS (GIMC)



In a pan-European campaign to promote Sony Ericsson's new T300 mobile phone, hundreds of drooling dogs were walked several times a day during a six-week period in major European cities.¹²⁴ The dogs, as well as their walkers, were wearing specially designed branded clothing. The walking activity was part of an integrated campaign centering on the "drooling" theme. Other elements included TV, the internet, posters, viral e-mail, radio, and sponsorships. According to one of Sony Ericsson's European marketing manager: "The drool campaign is about creating lust for THE BAR (the

¹²³James E. Grunig and Todd Hunt, *Managing Public Relations* (Orlando, FL: Harcourt Brace Jovanovich, 1984).

¹²⁴"Packs of Dogs Provide 'Ad Space' for Euro Launch of Sony T300 Handset," <http://www.adageglobal.com>, accessed on December 16, 2002.

handset’s nickname) . . . The entire drool campaign has a real edge to it—something that the target audience (16- to 24-year-olds) all over Europe will relate to.”

For most companies, media advertising is only one element of their global communications efforts. As we saw in the previous section, marketers use many other communication tools. In recent years, advertising agencies and their clients have recognized the value of an **integrated marketing communications (IMC)** program—not just for domestic markets but globally. The “drool” campaign is just one example of the push toward IMC. IMC goes beyond taking a screenshot from a TV ad and plastering it everywhere: the core idea should be integrated, not the execution. By coordinating the different communication vehicles—mass advertising, sponsorships, sales promotions, packaging, point-of-purchase displays, and so forth—an IMC campaign can convey one and the same idea to the prospective customers with a unified voice.¹²⁵ Instead of having the different promotional mix elements send out a mish-mash of messages with a variety of visual imagery, each and every one of them centers on that single key idea. By having consistency, integration, and cohesiveness, marketers will be able to maximize the impact of your communication tools.

A five-nation survey of ad agencies found that the use of IMC varies a lot. The percentage of client budgets devoted to IMC activities was low in India (15 percent) and Australia (22 percent). The percentage was far higher in New Zealand (40 percent) and the United Kingdom (42 percent).¹²⁶ One study also revealed cross-country differences in the evaluation of the IMC concept: U.S. PR and advertising agencies seem to consider IMC as a way to organize the marketing business of the firm while Korean and U.K. agencies view it as coordination of the various communication disciplines.¹²⁷

A **globally integrated marketing communications (GIMC)** program goes one step further. GIMC is a system of active promotional management that strategically coordinates global communications in all of its component parts, both horizontally (country-level) and vertically (promotion tools).¹²⁸

To run a GIMC program effectively places demands on both the advertiser’s organization and the advertising agencies involved. Companies that want to pursue a GIMC for some or all of their brands should have the mechanisms in place to coordinate their promotional activities vertically (across tools) and horizontally (across countries). By the same token, agencies in the various disciplines (e.g., advertising, PR) should be willing to integrate and coordinate the various communication disciplines across countries. GIMC also requires frequent communications both internally and between ad agency branches worldwide.¹²⁹ Unfortunately, in many countries it is difficult to find ad agencies that can provide the talent to collaborate on and execute integrated campaigns.

¹²⁵“Integrated Marketing Communications: Maybe Definition Is in the Point of View,” *Marketing News* (January 18, 1993).

¹²⁶Philip J. Kitchen and Don E. Schultz, “A Multi-Country Comparison of the Drive for IMC,” *Journal of Advertising Research*, (Jan.–Feb. 1999), pp. 21–38.

¹²⁷Philip J. Kitchen, Ilchul Kim, and Don E. Schultz, “Integrated Marketing Communications: Practice Leads Theory,” *Journal of Advertising Research*, 48 (December 2008), pp. 531–46.

¹²⁸Andreas F. Grein and Stephen J. Gould, “Globally Integrated Marketing Communications,” *Journal of Marketing Communications*, 2(3) (1996), pp. 141–58.

¹²⁹Stephen J. Gould, Dawn B. Lerman, and Andreas F. Grein, “Agency Perceptions and Practices on Global IMC,” *Journal of Advertising Research*, (Jan.–Feb. 1999), pp. 7–20.

SUMMARY

Global communications presents for many marketers some of the most daunting challenges. A multitude of decisions need to be carried out on the front of international advertising. This

chapter gave you an overview of the major ones: creating advertising campaigns, setting and allocating the budget, selecting media vehicles to carry the campaign, choosing

advertising agencies, and coordinating cross-country advertising programs. The development of a global advertising plan involves many players—headquarters, regional and/or local offices, advertising agencies—typically making the entire process frustrating. However, the potential rewards of a brilliant and well-executed international advertising strategy are alluring.

One of the front-burner issues that scores of international advertisers face is to what degree they should push for pan-regional or even global advertising campaigns. The arguments for standardizing campaigns are pretty compelling: (1) cost savings, (2) a coherent brand image, (3) similarity of target groups, and (4) transplanting of creative ideas. By now, you should also be quite familiar with the counterarguments: (1) cultural barriers, (2) countries being at different stages of market development, (3) role of advertising regulations, and (4) and variations in the media-environment. Most global

marketers balance between the two extremes by adopting a compromise solution.¹³⁰

Overall, there seems to be a definite move towards more pan-regional (or even global) campaigns. Numerous explanations have been put forward to explain this shift: the “global” village rationale, the mushrooming of global and pan-regional media vehicles, restructuring of marketing divisions and brand systems along global or pan-regional lines. Another important development is the emergence of new media outlets, including the internet. While it is hard to gaze into a crystal ball and come up with concrete predictions, it is clear that international advertisers will face a drastically different environment ten years from now.

¹³⁰Ali Kanso and Richard Alan Nelson, “Advertising Localization Overshadows Standardization,” *Journal of Advertising Research*, (Jan.–Feb. 2002), pp. 79–89.

KEY TERMS

Advertising manual (brand book)	Concept cooperation	Integrated Marketing Communications (IMC)	Product Placement
Bottom-up budgeting	Export advertising	Mobile Marketing	Prototype standardization
Brand-in-the-Hand Marketing	Globally integrated marketing communications (GIMC)	Modular approach	Percentage of sales
Competitive parity		Objective-and-task	Top-down budgeting
			Viral Marketing

REVIEW QUESTIONS

- Most luxury products appeal to global segments. Does that mean that global advertising campaigns are most appropriate for such kind of products?
- Discuss the major challenges faced by international advertisers.
- Spell out the steps that international advertisers should consider in order to cope with advertising regulations in their foreign markets.
- What factors entice international advertisers to localize their advertising campaigns in foreign markets?
- What are the major reasons for standardizing an international advertising program?
- What will be the impact of satellite TV on international advertising?
- What do you see as the major drawbacks of the internet as a communication tool from the perspective of an international advertiser.
- What mechanisms should MNCs contemplate to coordinate their advertising efforts across different countries?

DISCUSSION QUESTIONS

- Poland recently imposed a ban on alcoholic drinks advertising. How do you think brewers like United Distillers and Seagram should adjust their marketing mix strategy to cope with this ban?
- One of the hottest topics in advertising is whether it is ethical to advertise to children. On side of the debate are the moralists who claim that children up to the age of ten cannot distinguish advertising from programming. By this logic, the state should intervene and protect children from advertising. Some researchers disagree, however. One British study showed that the idea that children under the age of 12 fail to understand the purpose of advertising is just plain wrong. Lego, the Danish toy group, favors industry self-regulation. The company claims that Lego’s toys are designed to educate and entertain. Advertising allows the firm to explain the virtues of its toys. Some people also argue that advertising bans and regulations are often matters of vested interests dressed up as moral causes. Sweden’s restrictions on toy advertising may explain why Swedish toys are at least 30 percent more expensive than elsewhere in Europe. Likewise, some claim that the real purpose of Greece’s ban on TV toy advertising was to protect the local toy industry from cheap Asian imports that have to advertise their way into the marketplace. What is your viewpoint in this debate? Is self-regulation the ultimate solution here as Lego claims?
- The allocation of promotional dollars between “pull” (consumer promotions + media advertising) and “push” varies

drastically for many advertisers across countries. What are the factors behind these variations?

4. In emerging markets such as India, consumers shop far more frequently than in most Western countries—often on a daily basis. As a result, consumers there have many more chances to switch brands. What does this buying behavior imply in terms of communication approaches in case a foreign firm such as Unilever or Colgate tries to foster repeat purchase and brand loyalty?
5. Pick a particular global brand. Search for TV commercials of the brand on YouTube.com or the brand's website in different regions—try to find at least three different spots. What do the commercials have in common? How do they differ? Speculate about the reasons behind the commonalities and differences that you found for the ads.

SHORT CASES

ASE 13-1

NOKIA: 1,001 REASONS TO GO GLOBAL?

In the fall of 2004, Nokia, the world's largest mobile phone maker, rolled out its first truly global corporate advertising campaign in TV, print, and online with the slogan "1,001 reasons to have a Nokia imaging phone." The aim of the campaign was to create a stronger, more consistent brand identity. The campaign shed a landmark for Nokia. In the past, Nokia typically created different images and messages for its different markets.

The ad agency Grey Worldwide created the ads for Europe, the Middle East, and Africa. Bates Advertising in Singapore, part of the WPP Group, was responsible for the Asia-Pacific area. The two agencies collaborated to come up with one single campaign.

The ad does not actually spell out 1,001 reasons for having a Nokia imaging phone, it just says that there are 1,001 of them. Some of the ads and commercials use the face of cherubic baby to suggest using a Nokia phone to store favorite pictures. Nokia localized some aspects in the execution of the campaign. For

Source: "Advertising: One World, One Message: Nokia Goes Global With Ads," *Asian Wall Street Journal* (September 27, 2004): A6 and <http://www.nokia.be/UK/Phones/Imaging/downloads.html>.

instance, local actors were used to project a local flavor. However, the same lines were being used. For the same reason, settings used to showcase the phones were modified. For instance, the setting became a market place in Italy and a bazaar in the Middle East.

Nokia argues that the case for a global ad campaign is strong these days. Most countries now use the same mobile phone technology (GSM). As a result, new products can now be rolled out globally simultaneously.

DISCUSSION QUESTIONS

1. What are the benefits of a global advertising campaign such as the Nokia 1,001 reasons described in the case?
2. What are the risks of such a campaign? Do you think Nokia is on the right track?
3. How do you assess the campaign (message strategy, slogan, visuals)? Overall, do you judge Nokia's approach a success or a failure?
4. Do you believe global advertising campaigns will become more prominent in the future? For which products or services?

ASE 13-2

P&G CHINA—A LEGAL CLOUD OVER SK-II

SK-II is an ultra-premium skincare range that originated from Procter & Gamble's Japan division. According to P&G's product literature, the SK-II product combines the magic of nature with the advances of science. A Japanese monk visiting a sake brewery noticed that brewery workers had very soft and youthful hands. Even an elderly wrinkled man had the silky smooth hands of a young boy. A team of skincare scientists discovered the secret: a clear liquid that could be extracted during the yeast fermentation process. The liquid became known as the "Secret Key" to beautiful skin.

De-Wrinkle Active, the latest launch in China from P&G's SK-II skincare line, attracted unwelcome publicity

Sources: http://www.sk2.co.uk/our_legend1.htm; "P&G accepts fine for 'bogus' advertising," *China Daily* (April 11, 2005); "Famous brands lose face," www.en.ce.cn (October 7, 2005); "P&G acts fast to calm legal cloud over SK-II," *Media* (April 8, 2005).

in early March 2005 when Lu Ping, a woman from Jiangxi province, filed a lawsuit against P&G, China's biggest advertiser, the company that distributed it, and even Carina Lau, the celebrity who endorsed SK-II in P&G's advertising. The plaintiff said she had spent Rmb. 840 (US\$100) on a 25-gram bottle of SKII anti-aging De-Wrinkle Essence in the hope that "the concentrated treatment would work to help iron out 47 percent of deep lines and wrinkles after 28 consecutive days of usage," as the product's promotional materials had promised.

Unfortunately for Mrs. Lu, the "miracle cure" failed to remove her wrinkles. Instead, it triggered an allergic reaction, which left the woman in pain. Lu alleged that she was misled by the brand's advertising. A local industrial watchdog claimed that P&G's statistics for SK-II's claims came from a lab experiment on 300 Japanese women and lacked authoritative



Xinhua/Landov LLC

proof. After a 20-day investigation into SK-II, the Nanchang Commercial and Industrial Bureau fined P&G with a penalty of Rmb. 200,000 (US\$24,000) for making false advertising claims.

Initially P&G considered Lu's case as a spiteful act to draw media attention. P&G insisted that all of its cosmetic products had undergone stringent tests and were well received in Japan and the U.S. On March 25, the firm softened its tone and admitted that its advertising had been misleading. In April, P&G paid the fine and made an apology to consumers. Lu, on the other hand, lost her case because of insufficient evidence. She said she would appeal the verdict. Sales of SK-II brand had slipped by nearly 30 percent. P&G planned to launch a new SK-II campaign in September 2005. The SK-II case underlines an emerging trend in China—consumer activism, which has become a major force in Chinese society today.

DISCUSSION QUESTIONS

1. What lessons does P&G's mishap with SK-II in China inspire for advertisers in China?
2. Did P&G handle the SK-II case correctly? What would you recommend to P&G China for the marketing of its SK-II product line?

CASE 13-3



COCA-COLA'S TORCH RELAY SPONSORSHIP: MARKETING YOUR BRAND WITHOUT ALIENATING THE WORLD

With less than six months to go before the opening of the Beijing Olympics, the TV images being aired worldwide about the clashes in Tibet were worrisome for Coca-Cola. Coca-Cola, whose Olympic involvement dates back to 1928, had also been a sponsor for the 1936 Games in Berlin when the Nazis were in power. Neville Isdell, the company's chairman, said in an interview with the BBC that he would have agreed to that deal also if had he been in charge: "What we support is not actually the individual governments but the whole aura that surrounds the Olympics and the credo of the Olympic movement." (news.bbc.co.uk)

To sponsors of the Games such as Coca-Cola, the Beijing Olympics represents a golden opportunity to tap into China's vast market and to nurture good relationships with the country's decision-makers. Still, there is a growing concern that the widespread protests about the clashes in Tibet and other China-related issues could distract from the commercial success of the Games. Eliot Cutler, a managing partner of a law firm that provides advice on crisis management, said: "They [the sponsors] have an interest in making sure the Games are free of controversy—and in taking themselves out of the middle" (*Wall Street Journal*, 3/17/2008).

Sources: "Olympic Sponsors Face a Balancing Act," *The Wall Street Journal Asia*, March 17, 2008, p. 29; "Coca-Cola Defends Olympics Deal," news.bbc.co.uk, accessed on February 22, 2009; and "Corporate Sponsors Nervous as Tibet Protest Groups Shadow Olympic Torch's Run," http://www.nytimes.com/2008/03/29/business/world-business/29torch.html?_r=1&ref=us&pagewanted=print.

For Coca-Cola there is a more immediate worry: the company is one of three corporate sponsors of the Olympics torch relay—the other two are Samsung and Lenovo. China had been criticized for its support of the genocidal Sudan regime, its treatment of ethnic minorities (e.g., Tibetans), and its dealing with political and religious dissidents. Western activists have been particularly incensed about the relay's planned route through Tibet. "To a lot of people, Tibet has this mythic power, this Shangri-La image," noted John Ackerly, president of the International Campaign for Tibet (www.nytimes.com). Coca-Cola was estimated to have paid as much as \$15 million to sponsor the relay. "These types of protests can cause deep heartache [for sponsors]," said Eric Denzenhall, the president of a crisis PR firm based in Washington. Mr. Isdell declared that Coca-Cola remains committed to the Games. He observed that Coca-Cola's sponsorship strategy was based on moral principles: "The Olympic torch was a symbol of peace. It was developed originally around the Greek Olympics to stop the warring that was going on between different factions in Greece. There are people who want it to communicate something different and are trying to use that symbolism for issues that may have a fair resonance. But I don't believe it is right to use those symbols of peace for another cause. I believe the Olympics are a force for good and if they were not a force for good, we would not sponsor them." On the other hand, one commentator pointed out that sponsors like Coca-Cola have to have "some responsibility to humanity" and should react to current events.

DISCUSSION QUESTIONS

1. Was Coca-Cola right to continue with the sponsorship in spite of all the protests and controversy surrounding the torch

relay? Is Coca-Cola correct in asserting that the Olympics is only about sports?

2. How should Coca-Cola proceed? Should the firm scale back its plans for the torch relay? What do you recommend?



KIWI SCHOOLGIRLS FIND ALMOST NO VITAMIN C IN RIBENA DRINK

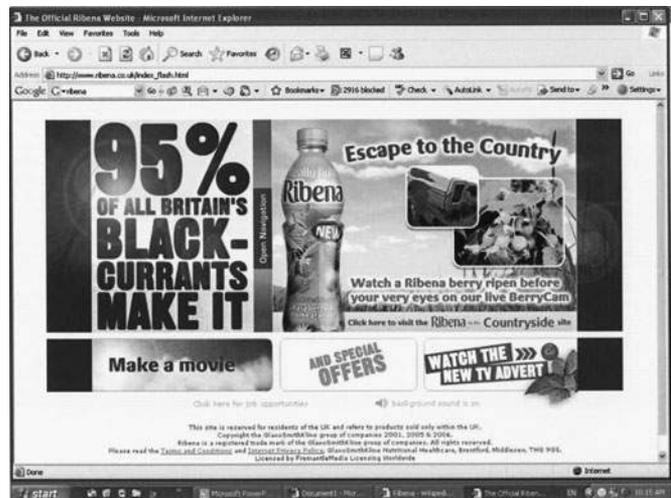


Ribena is a famous brand of fruit-based health drinks sold by global drugs company GlaxoSmithKline (GSK). In 2004 Ribena hit a major snag due to its advertising campaign in New Zealand. The campaign stated that the black currants in Ribena have four times the vitamin C of oranges.

The controversy surrounding the ad campaign started with a simple school project. That year, two New Zealand high school students conducted a science experiment to determine the vitamin C levels of their favorite fruit drinks. They hypothesized that cheaper brands would be less healthy. The students were surprised to discover that Ribena contained virtually no trace of vitamin C, contrary to the brand's advertising claims. Instead, their lab test found that Ribena contained a tiny amount of vitamin C, while a cheaper rival product "Just Juice" contained almost four times as much. After contacting the company, the students' concerns of "intentionally misleading and quite inappropriate" claims were dismissed. "They didn't even really answer our questions. They just said it's the black currants that have it, and then hung up," one of the students said (www.guardian.co.uk).

Their case was taken up by a television consumer affairs show, Fair Go, which suggested the girls take their findings to the New Zealand Commerce Commission, a government watchdog. The commission's investigation confirmed the girls' findings: Ribena had no detectable level of vitamin C even though black currants have more vitamin C than oranges. The commission brought 15 charges in the Auckland District Court against GSK under the Fair Trading Act. On 27 March 2007 GSK pleaded guilty to all 15 charges and was fined NZ\$217,500 (about \$156,000) for misleading consumers and ordered to run a one-month corrective advertisement campaign in New Zealand's leading print titles in addition to a message on its website. After the verdict, one of the girls told a local radio

station: "We feel quite proud . . . blown away. If we hadn't done that science test three years ago, Ribena could have been promoted as Vitamin C full forever." (www.iht.com)



Clearly, GSK had not handled the PR crisis well. New Zealand media reports indicated sales dropped by 10 to 12 percent in 2007 compared to sales a year ago. Questions over Ribena's vitamin C content were raised also in other markets. GSK maintains that the issue only affected Australia and New Zealand and that Ribena drinks sold in other markets contain the levels of vitamin C stated on the product label.

Sources: "Schoolgirls Rumble Ribena Vitamin Claims," www.guardian.co.uk, accessed on January 1, 2009; "GlaxoSmithKline Fined for False Ribena Advertisements in New Zealand," www.iht.com, accessed on January 2, 2009; www.ribena.co.uk, and "Are Consumers Ready to Forgive Ribena's Lie?" *Media*, April 20, 2007.

DISCUSSION QUESTIONS

1. What are the lessons to be drawn from Ribena's crisis in New Zealand?

2. How can GSK salvage the Ribena brand in New Zealand?

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