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Global Marketing Communications Decisions I

ADVERTISING AND PUBLIC RELATIONS

Scotch whiskey is a textbook example of a global product. Wealthy consumers with discerning palates do not hesitate to pay premium prices for top global brands such as Chivas Regal and Johnnie Walker. Moreover, Scotch drinkers everywhere associate the amber spirit with aspirational goals such as success and achievement. In the late 1990s, Diageo, the owner of the Johnnie Walker brand, launched a global advertising campaign featuring the tagline “Keep walking.” The theme, which was developed by Britain’s Bartle Bogle Hegarty (BBH) advertising agency, was keyed to the brand’s logo: a red-coated, top-hatted gentleman in mid-stride. However, as BBH staffers working on the Johnnie Walker account understand, the things that constitute “achievement” can vary from culture to culture. In China, for example, the self-satisfaction that goes along with achieving a goal may not be enough; acknowledgment of the achievement by peers is also important. For this reason, BBH created a localized marketing campaign for China. One ad depicts two golfers hitting increasingly extreme shots that include teeing off from the roof of a golf cart and a ball that is hit from underneath a crocodile. The campaign coincided with rapid market growth; after China joined the WTO in 2001, tariffs on spirits imports were cut from 65 percent to 10 percent. According to the Scotch Whiskey Association, Scotch exports to China totaled £46 million in 2005, up from just £1.5 million in 2001. Today, Johnnie Walker has a 34 percent share of China’s whiskey market.

Advertising and other forms of communication are critical tools in the marketing program. Marketing communications—the promotion *P* of the marketing mix—refers to all forms of communication used by organizations to inform, remind, explain, persuade, and influence the attitudes and buying behavior of customers and others. The primary purpose of marketing communications is to tell customers about the benefits and values that a company, product, or service offers. The elements of the promotion mix are advertising, public relations, personal selling, and sales promotion. Global marketing can use all these elements either alone or in varying combinations. The challenge facing the marketers of Johnnie Walker and other Scotch brands is developing and implementing promotional strategies that will resonate with consumers all over the world while speaking clearly to consumers in individual countries.

As Diageo’s experience in China demonstrates, the environment in which marketing communications programs and strategies are implemented varies from country to country. The challenge of effectively communicating across borders is one reason that global companies and their advertising agencies are embracing a concept known as **integrated marketing communications (IMC)**. Adherents of an IMC approach explicitly recognize that the various elements of a company’s



As noted throughout the text, global products and brands often compete with local ones. In China, Johnnie Walker Scotch competes with Maotai, a fragrant clear liquor that is associated with the southwestern province of Gui Zhou. Maotai is packaged in a fancy box with a glass bottle inside. Alcohol is “the” gift that the Chinese take when visiting friends. Depending on the quality, a single bottle of Maotai can cost anywhere from \$25 to more than \$1,000.

communication strategy must be carefully coordinated.¹ For example, Nike has embraced the IMC concept. Trevor Edwards is Nike’s vice president for global brand and category management. He notes:

We create demand for our brand by being flexible about how we tell the story. We do not rigidly stay with one approach . . . We have an integrated marketing model that involves all elements of the marketing mix from digital to sports marketing, from event marketing to advertising to entertainment, all sitting at the table driving ideas.²

This chapter examines advertising and public relations from the perspective of the global marketer. Chapter 14 covers sales promotion, personal selling, event marketing and sponsorships. As you study these chapters, keep Edwards’s words in mind: All the communication tools described here should be used in a way that reinforces a consistent message about a product, brand, or company.

GLOBAL ADVERTISING

Advertising may be defined as any sponsored, paid message that is communicated in a nonpersonal way. Some advertising messages are designed to communicate with persons in a single country or market area. Regional or pan-regional advertising is created for audiences across several country

¹ Thomas R. Duncan and Stephen E. Everett, “Client Perception of Integrated Marketing Communications,” *Journal of Advertising Research* (May–June 1993), pp. 119–122; see also Stephen J. Gould, Dawn B. Lerman, and Andreas F. Grein, “Agency Perceptions and Practices on Global IMC,” *Journal of Advertising Research* 39, no. 1 (January–February 1999), pp. 7–20.

² Gavin O’Malley, “Who’s Leading the Way in Web Marketing? It’s Nike, Of Course,” *Advertising Age* (October 26, 2006), p. D3.

markets, such as Europe or Latin America. **Global advertising** may be defined as messages whose art, copy, headlines, photographs, tag lines, and other elements have been developed expressly for their worldwide suitability. In addition to Diageo, other companies that have used global themes include McDonald's ("I'm lovin' it"), ("Solutions for a small planet"), De Beers ("A diamond is forever"), BP ("Beyond Petroleum"), and Vodafone ("Your voice"). In Chapter 10, we noted that some global companies simultaneously offer local, international, and global products and brands to buyers in different parts of the world. The same is true with advertising: A global company may use single-country advertising in addition to campaigns that are regional and global in scope.

A global company that has the ability to successfully transform a domestic campaign into a worldwide one, or to create a new global campaign from the ground up, possesses a critical marketing advantage. The search for a global advertising campaign should bring together everyone involved with the product to share information and leverage their experiences. Global campaigns with unified themes can help to build long-term product and brand identities and offer significant savings by reducing the cost associated with producing ads. Regional market areas such as Europe are experiencing an influx of standardized global brands as companies align themselves for a united region by making acquisitions and evaluating production plans and pricing policies. From a marketing point of view, there is a great deal of activity going on that will make brands truly pan-European in a short period of time. This phenomenon is accelerating the growth of global advertising.

The potential for effective global advertising also increases as companies recognize and embrace new concepts such as "product cultures." An example is the globalization of beer culture, which can be seen in the popularity of German-style beer halls in Japan and Irish-style pubs in the United States. Similarly, the globalization of coffee culture has created market opportunities for companies such as Starbucks. Companies also realize that some market segments can be defined on the basis of global demography—youth culture, for example—rather than ethnic or national culture. Athletic shoes and other clothing items, for instance, can be targeted to a worldwide segment of 18- to 25-year-old males. William Roedy, global chairman of MTV Networks, sees clear implications of such product cultures for advertising. MTV is just one of the media vehicles that enable people virtually anywhere to see how the rest of the world lives and to learn about products that are popular in other cultures.

According to data compiled by ZenithOptimedia, worldwide advertising expenditures in 2005 exceeded \$400 billion. Because advertising is often designed to add psychological value to a product or brand, it plays a more important communications role in marketing consumer products than in marketing industrial products. Frequently purchased, low-cost products generally require heavy promotional support, which often takes the form of reminder advertising. Consumer products companies top the list of big global advertising spenders. P&G, Unilever, L'Oréal, and Nestlé are companies whose "globalness" can be inferred from the significant proportion of advertising expenditures outside the home-country markets. *Advertising Age's* ranking of global marketers in terms of advertising expenditures is shown in Table 13-1. The top 100 advertisers spent nearly \$100 billion in 2005; in addition, the top 100 spent \$47.5 billion on U.S. advertising. A close examination of Table 13-1 provides clues to the extent of a company's globalization efforts. For example, packaged-goods giants P&G and Unilever spend significant amounts in all major world regions. By contrast, the table shows that the geographic scope of the United Kingdom's Vodafone is largely limited to Europe and Asia.

the rest of the story

Marketing Scotch Whiskey in China

BBH's Orlando Hooper-Greenhill explains the insights that were incorporated into the campaign. He says, "Johnnie Walker's marketing in China needed to reflect the importance of peer group and family perceptions of an individual's achievements, while also accommodating the fact that whiskey is a youthful drink." Hooper-Greenhill also notes that, in China, whiskey is consumed in a wider variety of settings than in the West. In Hooper-Greenhill's words, "Different messages were needed to reflect the different environments in which whiskey is consumed, and for more and less urbanized areas."

Market segmentation is an integral part of Diageo's approach to the Chinese market. As Kenneth MacPherson, managing director for Diageo China, notes, "The size of the market and the complex demographic composition leads to totally different consumption habits and patterns in different parts of China." The first segment, *guanxi* men, are status-driven business men aged 35 to 45 who spent a great deal of time networking and trying to set up business deals. The second segment is "strong independent women," also in the 35-to-45 age bracket. A third segment is comprised of upwardly mobile 25-to-35-year-old men and women who want to be seen as cutting edge. Finally, "the choice generation" consists of those in their twenties who seek out new experiences.

Although Johnnie Walker has achieved great success in China, the brand is in second place behind Chivas Regal, which commands a 50 percent market share. For decades, Chivas enjoyed a global reputation as *the* deluxe Scotch whiskey. As was the case with Johnnie Walker, the brand's promotional strategy also frequently called for global advertising campaigns. For example, in the early 1990s a print campaign was keyed to the slogan "There will always be a Chivas Regal." The campaign featured a series of universal images and was translated into 15 languages. Managers in each of 34 countries were authorized to choose individual ads from the campaign that they deemed appropriate for their markets.

In 2000, France's Pernod Ricard SA acquired the Chivas Regal brand from Seagram. Between 2000 and 2002, Chivas experienced a 10 percent overall decline in sales volume, while Johnnie Walker posted a 12 percent gain. Prior to the acquisition, Pernod Ricard was best known for Ricard, an anise-flavored beverage known as *pastis*. Some industry observers questioned whether a company that had focused on so-called "second tier" local brands had the marketing skills to reinvigorate a truly global

brand such as Chivas. As one analyst put it, "Pernod Ricard was a very big French company that has joined the big time. Now they're taking on the big global brands, which requires different skills. The question is, do they have the skills that it takes?"

Ricard chairman Patrick Ricard is confident that the management team at Pernod Ricard does have the skills required to succeed in the global marketplace against giants such as Diageo. For one thing, the company's decentralized strategy is well matched to an industry sector characterized by local tastes. Unlike Diageo, Ricard passed over British advertising agencies in favor of TBWA Paris. *Impact*, an industry trade magazine, observed that "When you know," the enigmatic slogan developed for Seagram's final Chivas advertising campaign, was "utterly ineffective." As Martin Riley, international marketing director of Ricard's Chivas Brothers unit, explained, "When you get to a lot of countries that are not primarily English-speaking, like those in Asia or South America, they would like you to fill in the dots." A new slogan, "This is the Chivas life," was designed to appeal to the aspirations of Chivas drinkers throughout the world.

In China, the tagline "This is the Chivas Life" was replaced in 2005 by "This is the Chivas Party Experience." TEQUILA/China, the agency that developed the theme, wanted to target more cosmopolitan, affluent young adults. The agency's research indicated an aspiration for leisure and travel. The agency developed a communication program centered on a series of parties that were staged in Shanghai, Beijing, and other key cities. Each party had a distinct theme; one was dubbed "Chivas 2070 Futuristic Life," while another was called "Chivas Life 70s Psychedelic Disco Fever." Partygoers could sample Chivas cocktails, enjoy fashion makeovers, and listen to cutting-edge music.

Sources: Andrew Bolger, "Whiskey Finds New Lovers in New Markets," *Financial Times* (February 17–18, 2007), p. 9; Meg Carter, "Diageo Splashes Out on China's Whiskey Drinkers," *Financial Times* (November 14, 2006), p. 6; "Chivas Regal," *Media Asia* (October 21, 2005); R. W. Apple Jr., "A Rugged Drink for a Rugged Land," *The New York Times* (July 16, 2003), pp. D1, D7; Adam Jones, "Pernod Mulls Next Wave of Consolidation," *Financial Times* (March 9, 2004), p. 14; Deborah Ball, "Scotch on the Rocks? 'Single Malt' Diversifies," *The Wall Street Journal* (December 30, 2003), pp. B1, B4; Adam Jones, "Global Media Campaign Aims to Stress the Importance of Being Chivas," *Financial Times—Scotch Whiskey Special Report* (November 28, 2003), p. 10; Deborah Ball, "Pernod Acquisition Has Mixed Well," *The Wall Street Journal* (November 11, 2002), p. B3.

Global advertising also offers companies economies of scale in advertising as well as improved access to distribution channels. Where shelf space is at a premium, a company has to convince retailers to carry its products rather than those of competitors. A global brand supported by global advertising may be very attractive because, from the retailer's standpoint, a global brand is less likely to languish on the shelves. Landor Associates, a company specializing in brand identity and design, recently determined that Coke has the number one brand-awareness and esteem position in the United States, number two in Japan, and number six in Europe. However, standardization is not always required or even advised. Nestlé's Nescafé coffee is marketed as a global brand, even though advertising messages and product formulation vary to suit cultural differences.

Table 13-1

Top 25 Global Marketers, 2005 (\$ millions)

Company/ Headquarters	Worldwide Ad Spending	U.S. Ad Spending	Asia Ad Spending*	Europe Ad Spending	Latin America Ad Spending
1. Procter & Gamble (U.S.)	8,190	3,410	1,743	2,553	216
2. Unilever (UK, Netherlands)	4,272	761	1,048	2,107	227
3. General Motors Corp. (U.S.)	4,173	3,004	138	800	92
4. Toyota Motor Corp. (Japan)	2,800	1,076	1,096	511	19
5. L'Oréal (France)	2,773	794	236	1,633	35
6. Ford Motor Co. (U.S.)	2,645	1,583	108	801	69
7. Time Warner (U.S.)	2,479	2,061	91	272	20
8. DaimlerChrysler (U.S., Germany)	2,104	1,590	46	375	32
9. Nestlé (Switzerland)	2,033	561	274	1,048	105
10. Johnson & Johnson (U.S.)	1,968	1,386	190	324	17
11. Honda Motor Co. (Japan)	1,854	861	781	159	13
12. Walt Disney Co. (U.S.)	1,813	1,413	117	245	1
13. Nissan Motor Co. (Japan)	1,778	1,023	488	173	30
14. Coca-Cola Co. (U.S.)	1,752	471	421	660	119
15. Altria Group (U.S.)	1,690	1,189	43	404	11
16. PepsiCo (U.S.)	1,644	1,129	150	210	91
17. GlaxoSmithKline (UK)	1,610	1,163	102	282	33
18. Sony Corp. (Japan)	1,607	996	259	275	11
19. McDonald's Corp (U.S.)	1,554	765	312	394	27
20. Volkswagen (Germany)	1,547	425	29	1,009	48
21. Reckitt Benckiser (UK)	1,408	256	140	948	24
22. Vodafone Group (UK)	1,329	0	538	774	0
23. Deutsche Telekom (Germany)	1,319	526	0	790	0
24. Danone Group (France)	1,291	80	10	1,123	56
25. General Electric Co. (U.S.)	1,282	1,131	17	98	0

*Asia includes Australia and New Zealand

Source: Advertising Age (November 20, 2006).

Global Advertising Content: The “Standardization” Versus “Adaptation” Debate

Communication experts generally agree that the overall requirements of effective communication and persuasion are fixed and do not vary from country to country. The same thing is true of the components of the communication process: The marketer is the source of the message; the message must be encoded, conveyed via the appropriate channel(s), and decoded by a member of the target audience. Communication takes place only when the intended meaning transfers from the source to the receiver. Four major difficulties can compromise an organization's attempt to communicate with customers in any location:

1. The message may not get through to the intended recipient. This problem may be the result of an advertiser's lack of knowledge about appropriate media for reaching certain types of audiences.
2. The message may reach the target audience but may not be understood or may even be misunderstood. This can be the result of an inadequate understanding of the target audience's level of sophistication or improper encoding.
3. The message may reach the target audience and may be understood but still may not compel the recipient to take action. This could result from a lack of cultural knowledge about a target audience.

4. The effectiveness of the message can be impaired by *noise*. Noise in this case is an external influence such as competitive advertising, other sales personnel, and confusion at the receiving end. These factors can detract from the ultimate effectiveness of the communication.

The key question for global marketers is whether the *specific* advertising message and media strategy must be changed from region to region or country to country because of environmental requirements. Proponents of the “one world, one voice” approach to global advertising believe that the era of the global village has arrived and that tastes and preferences are converging worldwide. According to the standardization argument, people everywhere want the same products for the same reasons. This means that companies can achieve significant economies of scale by unifying advertising around the globe. Advertisers who prefer the localized approach are skeptical of the global village argument. Instead, they assert that consumers still differ from country to country and must be reached by advertising tailored to their respective countries. Proponents of localization point out that most blunders occur because advertisers have failed to understand—and adapt to—foreign cultures. A decade ago, Nick Brien, managing director of Leo Burnett, explained the situation this way:

As the potency of traditional media declines on a daily basis, brand building locally becomes more costly and international brand building becomes more cost effective. The challenge for advertisers and agencies is finding ads that work in different countries and cultures. At the same time as this global tendency, there is a growing local tendency. It’s becoming increasingly important to understand the requirements of both.³

During the 1950s, the widespread opinion among advertising professionals was that effective international advertising required assigning responsibility for campaign preparation to a local agency. In the early 1960s, this idea of local delegation was repeatedly challenged. For example, Eric Elinder, head of a Swedish advertising agency, wrote: “Why should three artists in three different countries sit drawing the same electric iron and three copywriters write about what, after all, is largely the same copy for the same iron?”⁴ Elinder argued that consumer differences between countries were diminishing and that he would more effectively serve a client’s interest by putting top specialists to work devising a strong international campaign. The campaign would then be presented with insignificant modifications that mainly entailed translating the copy into language well suited for a particular country.

As the decade of the 1980s began, Pierre Liotard-Vogt, then-CEO of Nestlé, expressed similar views in an interview with *Advertising Age*.

Advertising Age: Are food tastes and preferences different in each of the countries in which you do business?

Liotard-Vogt: The two countries where we are selling perhaps the most instant coffee are England and Japan. Before the war they didn’t drink coffee in those countries, and I heard people say that it wasn’t any use to try to sell instant coffee to the English because they drink only tea and still less to the Japanese because they drink green tea and they’re not interested in anything else.

³ Meg Carter, “Think Globally, Act Locally,” *Financial Times* (June 30, 1997), p. 12.

⁴ Eric Elinder, “International Advertisers Must Devise Universal Ads, Dump Separate National Ones, Swedish Ad Man Avers,” *Advertising Age* (November 27, 1961), p. 91.

When I was very young, I lived in England and at that time, if you spoke to an Englishman about eating spaghetti or pizza or anything like that, he would just look at you and think that the stuff was perhaps food for Italians. Now on the corner of every road in London you find pizzerias and spaghetti houses.

So I do not believe [preconceptions] about “national tastes.” They are “habits,” and they’re not the same. If you bring the public a different food, even if it is unknown initially, when they get used to it, they will enjoy it too.

To a certain extent we know that in the north they like a coffee milder and a bit acid and less roasted; in the south, they like it very dark. So I can’t say that taste differences don’t exist. But to believe that those tastes are set and can’t be changed is a mistake.⁵

The “standardized versus localized” debate picked up tremendous momentum after the 1983 publication, noted in earlier chapters, of Professor Ted Levitt’s *Harvard Business Review* article, “The Globalization of Markets.” Recently, global companies have embraced a technique known as **pattern advertising**. This is analogous to the concept of global product platforms discussed in Chapter 10. Representing a middle ground between 100 percent standardization and 100 percent adaptation, a pattern strategy calls for developing a basic pan-regional or global communication concept for which copy, artwork, or other elements can be adapted as required for individual country markets. For example, ads in a European print campaign for Boeing shared basic design elements, but the copy and the visual elements were localized on a country-by-country basis.

Much of the research on this issue has focused on the match between advertising messages and local culture. For example, Ali Kanso surveyed two different groups of advertising managers; those adopting localized approaches to advertising and those adopting standardized approaches. One finding was that managers who are attuned to cultural issues tended to prefer the localized approach, whereas managers less sensitive to cultural issues preferred a standardized approach.⁶ Bruce Steinberg, ad sales director for MTV Europe, discovered that the people responsible for executing global campaigns locally can exhibit strong resistance to a global campaign. Steinberg reported that he sometimes had to visit as many as 20 marketing directors from the same company to get approval for a pan-European MTV ad.⁷

As Kanso correctly notes, the debate over advertising approaches will probably continue for years to come. Localized and standardized advertising both have their place and both will continue to be used. Kanso’s conclusion: What is needed for successful international advertising is a global commitment to local vision. In the final analysis, the decision of whether to use a global or localized campaign depends on recognition by managers of the trade-offs involved. On the one hand, a global campaign will result in the substantial benefits of cost savings, increased control, and the potential creative leverage of a global appeal. On the other hand, localized campaigns focus on the most important attributes of a product or brand in each nation or culture. The question of *when* to use each approach depends on the product involved and a company’s objectives in a particular market. Localized ads are less likely to be required for industrial products or for technology-oriented products sold to either consumers or business customers.

“I can think of very few truly global ads that work. Brands are often at different stages around the world, and that means there are different advertising jobs to do.”⁸

Michael Conrad, Chief Creative Officer, Leo Burnett Worldwide

“If we could find one message on a global basis it could be effective, but so far there are different needs in different countries. We have been in Sweden for 60 years and in China for only four or five so our feeling is that retail is local. It is important to take advantage of local humor, and the things on people’s minds.”⁹

Nils Larsson, Manager, External Communications, IKEA

⁵ “A Conversation with Nestlé’s Pierre Liotard-Vogt,” *Advertising Age* (June 30, 1980), p. 31.

⁶ Ali Kanso, “International Advertising Strategies: Global Commitment to Local Vision,” *Journal of Advertising Research* 32, no. 1 (January–February 1992), pp. 10–14.

⁷ Ken Wells, “Selling to the World: Global Ad Campaigns, After Many Missteps, Finally Pay Dividends,” *The Wall Street Journal* (August 27, 1992), p. A1.

⁸ Vanessa O’Connell, “Exxon ‘Centralizes’ New Global Campaign,” *The Wall Street Journal* (July 11, 2001), p. B6.

⁹ Emma Hall and Normandy Madden, “IKEA Courts Buyers with Offbeat Ideas,” *Advertising Age* (April 12, 2004), p. 1.



These ads, reprinted courtesy of Pioneer Hi-Bred International, Inc., are a textbook example of pattern advertising. Overall, the layouts are similar. For example, the dominant visual elements appear on the left side, and The Better Bt™ brand name (in sans serif type) is reversed out against a dark background. Additional elements common to the two ads are the trapezoid-shaped brand signature and the registered slogan “Technology That Yields.®” By contrast, the visuals themselves are entirely different, and the subheads and body copy have been localized, not simply translated.



By contrast, marketing and advertising managers at Pioneer Hi-Bred International frequently use both global and localized advertising executions. It is management’s belief that some messages lend themselves to straight translation, while others need to be created in a way that is suited to the people, marketplace, and style of the particular country or region. Of the ads shown here, the top is for the United States, and the ad on the bottom was created for Québec.

“Eighteen-year olds in Paris have more in common with 18-year-olds in New York than with their own parents. They buy the same products, go to the same movies, listen to the same music, sip the same colas. Global advertising merely works on that premise.”¹⁰

William Roedy, Global Chairman, MTV Networks

¹⁰ Ken Wells, “Selling to the World: Global Ad Campaigns, after Many Missteps, Finally Pay Dividends,” *The Wall Street Journal* (August 27, 1992), p. A1.

ADVERTISING AGENCIES: ORGANIZATIONS AND BRANDS

Advertising is a fast-paced business, and the ad agency world is fluid and dynamic. New agencies are formed, existing agencies are dismantled, and cross-border investment, spin-offs, joint ventures, and mergers and acquisitions are a fact of life. There is also a great deal of mobility in the industry as executives and top talent move from one agency to another. Table 13-2 shows the 20 largest global **advertising organizations** ranked by 2005 gross income. The key to understanding the table is the word *organization*; each firm identified in Table 13-2 is an umbrella corporation or holding company that includes one or more “core” advertising agencies, as well as units specializing in direct marketing, marketing services, public relations, or research. As shown in Figure 13-1, the family tree of Omnicom Group is quite complex. The group includes three core agencies: BBDO Worldwide, DDB Worldwide Communications, and TBWA Worldwide; each agency, in turn, has a global network. Omnicom also has one agency, Proximity, whose work is mostly outside the United States; Omnicom also owns several marketing services units, including Rapp Collins Worldwide, as well as Agency.com and other interactive agencies. Omnicom generates about 44 percent of annual revenues from advertising and media; public relations accounts for 10 percent, and CRM for 34.5 percent. Specialty services such as health care advertising account for the remaining 11.8 percent of revenues.

Table 13-3 presents the rankings of individual agencies (agency “brands”) by 2005 worldwide income. Most of the agency brands identified in Table 13-3 are *full-service agencies*: In addition to creating advertising, they provide other services such as market research, media buying, and direct marketing. The agencies listed in Table 13-3 are all owned by larger holding companies; in addition to Omnicom Group, Interpublic, WPP, and Publicis are all represented by agency brands in the top 10 ranking.

Companies can create ads in-house, use an outside agency, or combine both strategies. For example, Chanel, Benetton, H&M, and Diesel rely on in-house marketing and advertising staffs for creative work; Coca-Cola has its own agency, Edge Creative, but also uses the services of outside agencies such as Leo Burnett. When one or more outside agencies are used, they can serve product accounts on a multicountry or even global basis. It is possible to select a local agency in each national market or an agency with both domestic and overseas offices. Like Coca-Cola, Levi Strauss and Polaroid also use local agencies. Today, however, there is a growing tendency for Western clients to designate global agencies for product accounts to support the integration of the marketing and advertising functions; Japan-based companies are less inclined to use this approach. For example, in 1995, Colgate-Palmolive consolidated its \$500 million in global billings with Young & Rubicam. That same year, IBM consolidated its ad account with Ogilvy & Mather for the launch of the “Solutions for a small planet” global campaign. Similarly, Bayer AG consolidated most of its \$300 million consumer products advertising with BBDO Worldwide; Bayer had previously relied on 50 agencies around the globe. Agencies are aware of this trend and are themselves pursuing international acquisitions and joint ventures to extend their geographic reach and their ability to serve clients on a global account basis. In an effort to remain competitive, many small independent agencies in Europe, Asia, and the United States belong to the Transworld Advertising Agency Network (TAAN). TAAN allows member agencies to tap into worldwide resources that would not otherwise be available to them.

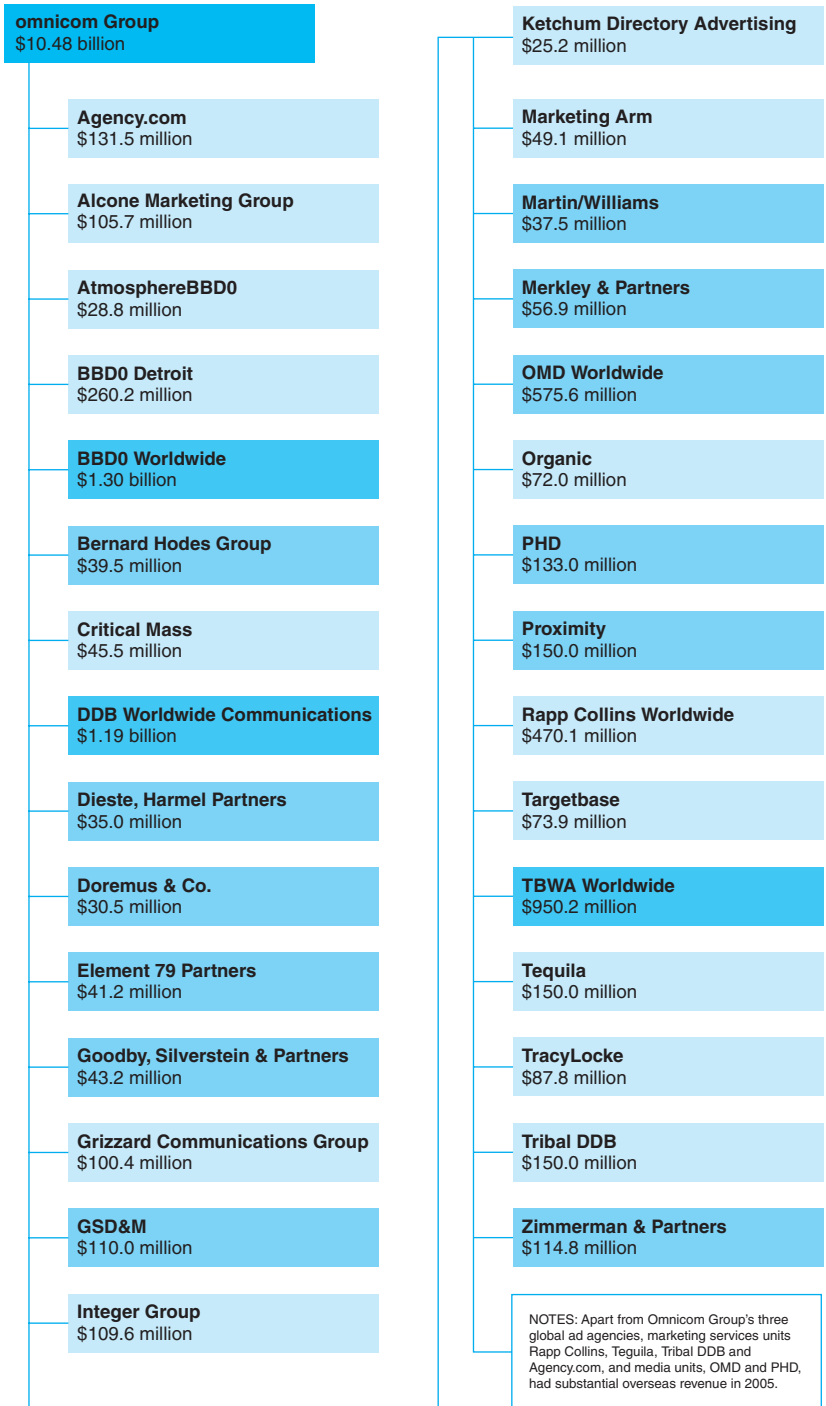


Figure 13-1

Omnicom Group "Family Tree"

In selecting an advertising agency, the following issues should be considered:

Company organization. Companies that are decentralized may want to leave the choice to the local subsidiary.

National responsiveness. Is the global agency familiar with local culture and buying habits in a particular country or should a local selection be made?

Area coverage. Does the candidate agency cover all relevant markets?

Buyer perception. What kind of brand awareness does the company want to project? If the product needs a strong local identification, it would be best to select a national agency.

Table 13-2

Top 20 Global Advertising Organizations

Organization and Headquarters Location	Worldwide Revenue 2005 (millions)
1. Omnicom Group (New York)	\$10,481.1
2. WPP Group (London)	10,032.2
3. Interpublic Group of Cos. (New York)	6,274.3
4. Publicis Group (Paris)	5,107.2
5. Dentsu (Tokyo)	2,887.8
6. Havas (Suresnes, France)	1,808.0
7. Aegis Group (London)	1,577.6
8. Hakuhodo DY Holdings (Tokyo)	1,364.0
9. Asatsu-DK (Tokyo)	444.8
10. MDC Partners (Toronto/New York)	443.5
11. Carlson Marketing Group (Minneapolis)	370.0
12. Sapien Corp. (Cambridge, MA)	358.4
13. Digitas (Boston)	340.5
14. aQuantive (Seattle)	258.4
15. Aspen Marketing Services (West Chicago, IL)	229.0
16. Media Square (London)	215.0
17. HealthSTAR Communications (Woodbridge, NJ)	213.0
18. Cheil Communications (Seoul)	210.7
19. George P. Johnson Co. (Auburn Hills, MI)	193.0
20. Epsilon (Wakefield, MA)	184.4

Source: "World's Top 25 Ad Organizations," *Advertising Age* (May 1, 2006), p. S-2.

Despite an unmistakable trend toward using global agencies to support global marketing efforts, companies with geocentric orientations will adapt to the global market requirements and select the best agency or agencies accordingly. Western agencies still find markets such as China and Japan very complex; similarly, Asian agencies find it just as difficult to establish local agency presence in Western markets.

As noted later in the chapter, advertising professionals face escalating pressure to achieve new heights of creativity. Some critics of advertising complain that agencies sometimes try to create advertising that will win awards and generate acclaim and prestige rather than advertising that serves clients' needs. The search for fresh answers to promotion challenges has prompted some client companies to look to new sources for creative ideas. For example, McDonald's historically relied on American agencies for basic creative direction. However, Larry Light, global marketing chief, staged a competition that included agencies from all over the world. A German agency devised the "i'm lovin' it"

Table 13-3

Top 10 Global Advertising Agency Brands

Agency	Estimated Worldwide Revenue 2005 (millions)
1. McCann-Erickson Worldwide (Interpublic)	\$1,461.1
2. JWT (WPP)	1,313.5
3. BBDO Worldwide (Omnicom)	1,295.7
4. DDB Worldwide Communications (Omnicom)	1,190.6
5. Publicis (Publicis)	1,083.2
6. TBWA Worldwide (Omnicom)	950.2
7. Leo Burnett Worldwide (Publicis)	807.3
8. Ogilvy & Mather Worldwide (WPP)	801.4
9. Grey Worldwide (WPP)	629.1
10. Saatchi & Saatchi (Publicis)	551.8

Source: Adapted from "World's Top 10 Core Agency Brands," *Advertising Age* (May 1, 2006), p. S-2.

Wall Street Journal: “As a global marketer, do you believe in using a single global ad agency to serve all your marketing and media needs?”

Peter Weedfald, Samsung Electronics, senior vice president of strategic marketing, North America: “The responsibility of messaging for advertising, marketing and communications ought to come from inside the company. If you can find yourself a champion agency that can actually execute, that’s magnificent. The problem for the agencies is that sometimes they come in and talk about advertising and maybe the client doesn’t get it, or vice versa. We work with Interpublic Group’s Foote Cone & Belding which we are very proud of, and our internal agency.”

Source: Ellen Byron, “Samsung Official Prepares for Consumer-Electronics Fight,” *The Wall Street Journal* (December 24, 2003), p. B3.

tagline.¹¹ Leo Burnett China’s ideas included a hand signal for McDonald’s global campaign. As Light noted, “China just blew our minds. We didn’t expect that kind of expression and joy. Our expectation was for more conservatism, much less individuality, and more caution.”¹²

CREATING GLOBAL ADVERTISING

As suggested earlier in the discussion of the extension versus standardization debate, the *message* is at the heart of advertising. The particular message and the way it is presented will depend on the advertiser’s objective. Is the ad designed to inform, entertain, remind, or persuade? Moreover, in a world characterized by information overload, ads must break through the clutter, grab the audience’s attention, and linger in their minds. This requires developing an original and effective **creative strategy**, which is simply a statement or concept of what a particular message or campaign will say. Advertising agencies can be thought of as “idea factories”; in industry parlance, the Holy Grail in creative strategy development is something known as the **big idea**. Legendary ad man John O’Toole defined the *big idea* as “that flash of insight that synthesizes the purpose of the strategy, joins the product benefit with consumer desire in a fresh, involving way, brings the subject to life, and makes the reader or audience stop, look, and listen.”¹³ In his book about Subaru of America, Randall Rothenberg describes the big idea in the following way:

The Big Idea is easier to illustrate than define, and easier to illustrate by what it is not than by what it is. It is not a “position” (although the place a product occupies in the consumer’s mind may be a part of it). It is not an “execution” (although the writing or graphic style of an ad certainly contributes to it). It is not a slogan (although a tag line may encapsulate it).

The Big Idea is the bridge between an advertising strategy, temporal and worldly, and an image, powerful and lasting. The theory of the Big Idea assumes that average consumers are at best bored and more likely irrational when it comes to deciding what to buy.¹⁴

Some of the world’s most memorable advertising campaigns have achieved success because they originate from an idea that is so “big” that the campaign

¹¹ Erin White and Shirley Leung, “How Tiny German Shop Landed McDonald’s,” *The Wall Street Journal* (August 6, 2003), pp. B1, B3.

¹² Geoffrey A. Fowler, “Commercial Break: The Art of Selling,” *Far Eastern Economic Review* (October 30, 2003), pp. 30–33.

¹³ John O’Toole, *The Trouble with Advertising* (New York: Random House, 1985), p. 131.

¹⁴ Randall Rothenberg, *Where the Suckers Moon* (New York: Vintage Books, 1995), pp. 112–113.

Regulation of Tobacco Advertising

China

In 1994, the Chinese government banned tobacco advertising from television and radio; the ban also extended to newspaper, magazine, and cinema ads. With a population of 1.3 billion people, including one-third of the world's smokers, China is a massive potential market for cigarette manufacturers at a time when Western markets are shrinking. The ban was part of China's first law of advertisements. The WHO has asked Chinese leaders to launch antismoking campaigns and impose tougher controls on cigarette smuggling and higher taxes on domestic cigarette producers. China recently agreed to ratify the UN's Framework Convention on Tobacco Control.

Central Europe

Tobacco companies face the prospect of tougher marketing regulations as countries in Central Europe work to meet requirements for entry into the EU. In the Czech Republic, the Association of Advertising Agencies (ARA) is battling a proposal to ban all cigarette advertising as of April 2001. Jiri Mikes, vice president of ARA, said his organization was not completely opposed to changes in the law, but questioned the government's implementation date since the EU's deadline for meeting tobacco advertising restrictions was not until 2006. In Lithuania, authorities began to enforce the country's three-year-old tobacco advertising ban on May 1, 2000; some newspapers printed blank pages in protest. Jurga Karmanoviene, media director for Saatchi & Saatchi Lithuania, interprets the enforcement as evidence that the government is sending a signal that it is beginning to meet EU requirements. Similar developments are occurring in Poland, Hungary, Bulgaria, and Romania.

Australia

In June 1994, the Philip Morris Company initiated legal action to overturn the Australian government's ban on cigarette advertising, contending that it infringed on the company's freedom of speech. Under legislation passed in 1992, tobacco advertising and sponsorship in Australia was phased out and banned entirely by 1996, except for international events such as Formula One racing. Philip Morris attempted to have the Commonwealth Tobacco Advertising Prohibition Act declared invalid on the grounds that the act went beyond preventing cigarette advertising and imposed a wide array of restrictions that infringe on basic rights. According to a company executive, "The Philip Morris Australian subsidiary says the anti-tobacco laws breach the Australian Constitution's implied

guarantee of freedom of communication, breaches the states and is beyond the powers of the federal Government."

European Union

A union-wide tobacco ad ban proposal was introduced in mid-1991 with the aim of fulfilling single-market rules of the Maastricht Treaty. The directive would have prohibited tobacco advertising on billboards as of July 2001; newspaper and magazine advertising was slated to end by 2002, with sports sponsorship banned by 2003 (such "world level" sports as Formula One racing would be excluded until 2006). Tobacco companies and advertising associations opposed the proposed ban. The European Commission justified the directive on the grounds that various countries had or were considering restrictions on tobacco advertising and that there was a need for common rules on cross-border trade. Prior to the directive's implementation date, however, the German government took the issue to the European Court of Justice. The Germans argued that the directive was illegal because tobacco advertising is a health issue; thus, the directive could only be adopted if the member states agreed unanimously. The EU's advocate general concurred with the German government. On October 5, 2000, the court ruled that the directive prohibiting tobacco ads should be annulled. A revised directive concerning cross-border tobacco advertising was adopted in December 2002; it went into effect in August 2005. However, the German government challenged the new directive at the European Court of Justice on the grounds that it would restrict single-country print advertisements for local cigarette brands. Even so, by 2006 the German government was working on a bill to ban tobacco advertising.

For R.J. Reynolds International, Philip Morris International, B.A.T, and other tobacco marketers, the receding threat of a pan-European ban on tobacco ads comes as welcome news. The industry spends between \$600 million and \$1 billion on advertising in the EU annually. An EU ban would have hurt them most in the countries where they compete with entrenched state tobacco monopolies, namely, France, Italy, and Spain.

Sources: Geoffrey A. Fowler, "Treaty May Stub Out Cigarette Ads in China," *The Wall Street Journal* (December 2, 2003), pp. B1, B6; Joyce-Ann Gatsoulis, "EU Aspirants Shake Up Tobacco Marketing Scene," *Advertising Age International* (July 2000), p. 15; Tony Koenderman and Paul Meller, "EU Topples Tobacco Ad Rules," *Advertising Age* (October 9, 2000), pp. 4, 97; Juliana Koranteng, "EU Ad Ban on Tobacco Under Fire as Illegal," *Advertising Age* (July 10, 2000), pp. 4, 49; "Australia's Ad Ban Is Fought," *The New York Times* (June 7, 1994), p. 19; Marcus Brauchli, "China Passes Law in Move to Prohibit Ads for Tobacco," *The Wall Street Journal*, (October 31, 1994), p. B10; Lili Cui, "Mass Media Boycott Tobacco Ads," *Beijing Review* (June 6, 1994) p. 8; "Tobacco Adverts: Fuming," *Economist* (February 5, 1994), pp. 60-61.

offers opportunities for a variety of new executions. Such a campaign is said to have *legs* because it can be used for long periods of time. The print campaign for Absolut vodka is a perfect example: Over the course two decades, Absolut's agency has created hundreds of two-word puns on the brand name linked with various pictorial renderings of the distinctive bottle shape. Other campaigns based on Big Ideas include MSN ("Life's better with the butterfly") and MasterCard ("There are some things in life money can't buy"). In 2003, McDonald's executives launched a search for an idea "big" enough to be used in multiple country markets even as the company faces disapproval in some countries from consumers who link it to unpopular U.S. government policies (see Case 1-1).

The **advertising appeal** is the communications approach that relates to the motives of the target audience. For example, ads based on a **rational appeal** depend on logic and speak to the audience's intellect. Rational appeals are based on consumers' needs for information. Ads using an **emotional appeal** may tug at the heartstrings or tickle the funny bone of the intended audience and evoke a feeling response that will direct purchase behavior. The message elements in a particular ad will depend in part on which appeal is being employed. The **selling proposition** is the promise or claim that captures the reason for buying the product or the benefit that ownership confers. Because products are frequently at different stages in their life cycle in various national markets, and because of cultural, social, and economic differences that exist in those markets, the most effective appeal or selling proposition for a product may vary from market to market.

BRIC Briefing Book

Localizing Ad Executions in China

A creative challenge presented to Ogilvy & Mather in China illustrates the relationship between creative strategy, appeal, and execution. The client, Coca-Cola's Fanta, wanted a national TV ad that would communicate to consumers that Fanta is an antidote to everyday pressures on Chinese youth. This was the overall creative strategy; in other words, what the message should say. What type of appeal would be appropriate? Soft drinks lend themselves especially well to emotional appeals; that was the appeal Ogilvy & Mather preferred. The next step was to choose a specific execution. Soft drink marketers often utilize slice-of-life and fantasy executions, usually injected with an element of fun or humor. As Jeff Delkin, Ogilvy's regional business director in Shanghai, notes, for a U.S. ad, the creative strategy could be executed with a teen's fantasy or images of revenge on a mean teacher. However, in China, it is not acceptable to challenge or undermine the position of authority figures. The completed ad shows that drinking Fanta can create a fun experience in a classroom. When a student opens a can of Fanta, oranges begin to rain down. The teacher catches the oranges and juggles them—much to the delight of the students.

Another example is a Nike campaign created by Wieden & Kennedy in China. Nike's "Just Do It" ads typically showcase famous athletes and sports heroes and are legendary for their inspirational appeals. The selling proposition is universal—Nike is a "cool" brand. However, a localized execution of a Nike ad that featured Chinese superstar Wang Zhizhi did not connect with consumers; they prefer to draw inspiration from the world's best players rather than a national star who has yet to prove himself in the global arena. Nike tried a different execution with the theme "Chamber of Fear" featuring NBA star LeBron James defeating a kung fu master. This spot was banned after consumer complaints. In 2006, Nike launched a new campaign that featured Chinese youths who had overcome personal obstacles to excel at sports. Young people were encouraged to share their stories at Nike stores or at a Web site, www.nike.com.cn/justdoit. Visitors to the Web site can also view short, three- to four-minute films featuring Chinese youths playing sports in well-known locales. Shortened versions of the clips are used as TV ads. As Jesse Lin, Wieden's managing director in Shanghai, said, "China's younger generation is in the midst of forming its own style, mixing together Chinese elements and influences they've absorbed from the West, but they don't think they need to learn from the West. Nike realized this and wants to be a part of this new generation, rather than telling them what to do."

McDonald's also used a localized campaign for the Chinese launch of the Quarter Pounder sandwich; ironically, the campaign came as the fast-food giant removed menu items such as an Asian-style chicken or beef wrap with rice created to appeal to Chinese tastes. Beef is considered a luxury, upscale item in China; beef also is perceived to boost energy and heighten sex appeal. In Chinese, the word *beef* connotes manliness, strength, and skill. Television commercials for the Quarter Pounder have sex appeal: They include close-ups of a woman's neck and mouth juxtaposed with images of fireworks and spraying water. The voice-over says, "You can feel it. Thicker. You can taste it. Juicier." Print ads also conveyed sexual innuendo. One execution features a "beauty shot" of a Quarter Pounder with an extreme close up of a woman's mouth in the background. The copy reads, "Part of your body will be excited. You will feel 100 percent of the beef." As Jeffrey Schwartz, the head of McDonald's Chinese operations, explains, "Our customers are young, modern, and bilingual. If we're not edgy in communications, out front in technology, this consumer is going to blow right by us."

Sources: Gordon Fairclough and Janet Adams, "Sex, Skin, Fireworks, Licked Fingers—It's a Quarter Pounder Ad in China," *The Wall Street Journal* (September 21, 2006), pp. B1, B2; Geoffrey A. Fowler, "Commercial Break: The Art of Selling," *Far Eastern Economic Review* (October 30, 2003), p. 32; Normandy Madden, "Nike Drops Its American Idols," *Advertising Age* (March 20, 2006), p. 12.

Effective global advertising may also require developing different presentations of the product's appeal or selling proposition. The way an appeal or proposition is presented is called the **creative execution**. In other words, there can be differences between *what* one says and *how* one says it. Agency personnel can choose from a variety of executions including straight sell, scientific evidence, demonstration, comparison, testimonial, slice of life, animation, fantasy, and dramatization. The responsibility for deciding on the appeal, the selling proposition, and the appropriate execution lies with **creatives**, a term that applies to art directors and copywriters.

Art Direction and Art Directors

The visual presentation of an advertisement—the “body language”—is a matter of **art direction**. The agency creative with general responsibility for the overall look of an ad is known as an art director. This individual chooses graphics, pictures, type styles, and other visual elements that appear in an ad. Some forms of visual presentation are universally understood. Revlon, for example, has used a French producer to develop television commercials in English and Spanish for use in international markets. These commercials are filmed in Parisian settings but communicate the universal appeals and specific benefits of Revlon products. By producing its ads in France, Revlon obtains effective television commercials at a much lower cost than it would have paid for commercials produced in the United States. PepsiCo has used four basic commercials to communicate its advertising themes. The basic setting of young people having fun at a party or on a beach has been adapted to reflect the general physical environment and racial characteristics of North America, South America, Europe, Africa, and Asia. The music in these commercials has also been adapted to suit regional tastes, ranging from rock and roll in North America to bossa nova in Latin America to high life in Africa.

The global advertiser must make sure that visual executions are not inappropriately extended into markets. In the mid-1990s, Benetton's United Colors of Benetton campaign generated considerable controversy. The campaign appeared in scores of countries, primarily in print and on billboards. The art direction focused on striking, provocative interracial juxtapositions—a white hand and a black hand handcuffed together, for example. Another version of the campaign, depicting a black woman nursing a white baby, won advertising awards in France and Italy. However, because the image evoked the history of slavery in the United States, that particular creative execution was not used in the U.S. market (see Case 13-1).

Copy and Copywriters

The words that are the spoken or written communication elements in advertisements are known as **copy**. **Copywriters** are language specialists who develop the headlines, subheads, and body copy used in print advertising and the scripts containing the words that are delivered by spokespeople, actors, or hired voice talents in broadcast ads. As a general rule, copy should be relatively short and avoid slang or idioms. Languages vary in terms of the number of words required to convey a given message; thus, the increased use of pictures and illustrations. Some global ads feature visual appeals that convey a specific message with minimal use of copy. Low literacy rates in many countries seriously compromise the use of print as a communications device and require greater creativity in the use of audio-oriented media.

“There is a tradition in France of advertising as an extension of the arts, and the arts have always been seen as a sacrosanct area of free expression. You get the feeling that copywriters and photographers have the same extent of protected expression that Michelangelo or Andy Warhol might have claimed.”¹⁵

Seth Goldschlager, Publicis Groupe,
Paris

¹⁵ Elaine Sciolino, “Advertising: A Campaign to Shock the Bourgeoisie in France,” *The Wall Street Journal* (January 21, 2003), p. C14.

Are Advertising Agencies Ready for the Twenty-First Century?

In a recent speech, Martin Sorrell, CEO of the WPP Group, warned of changes in the business environment that have enormous implications for the advertising industry. Quoting business gurus such as Harvard professor John Kao and management author-philosopher Charles Handy, Sorrell suggested that the information age is already giving way to the creative age, an era that will require not just creativity, but *actionable* creativity. The problem, in Sorrell's view, is twofold: client companies aren't yet asking for "actionable creativity," and few advertising agencies are prepared to offer it. Sorrell noted:

We must first recognize ourselves, and then convey to others, that creativity is not simply about communications. . . . I believe that, over the last 30 years and in most parts of the world, agencies have become more, rather than less, specialized in the forms of creativity they offer. By "more specialized," I mean more narrowly focused and therefore more limited.

There was once a time when client companies would welcome an agency's thoughts on just about all aspects of their business: diversification, brand strategy, investment, internal training, presentation—as well as advertising and promotion. For a wide variety of

reasons, all that has changed: certainly in the U.S. and the U.K. Increasingly, clients expect only creativity in their communications from their agencies—and, increasingly, that's all that agencies are organized to provide.

Sorrell continued by cautioning that in today's world, it is not enough for creativity to be the exclusive domain of agency creatives:

In a business world that is going to put a higher and higher value on integrated creativity, we are in danger of losing what should be our overwhelming advantage—by allowing something called "creativity" to be confined to the creative compound. What we sell are pearls. Whether we are designers or planners or writers or art directors or corporate strategists, our raw material is knowledge. We turn that knowledge into ideas, insights, and objects that have a material, quantifiable value to our clients. They are all pearls: of wisdom, of beauty, of desire, of wonder.

Sorrell concluded his remarks by noting that advertising agencies will have to develop new organizational forms, structures, and processes to remain competitive in the twenty-first century. In particular, he suggests that agency personnel have much to learn from their "creative cousins"—those who work in the theater, the arts, and electronic publishing and design.

It is important to recognize overlap in the use of languages in many areas of the world (e.g., the EU, Latin America, and North America). Capitalizing on this, global advertisers can realize economies of scale by producing advertising copy with the same language and message for these markets. The success of this approach will depend in part on avoiding unintended ambiguity in the ad copy. Then again, in some situations, ad copy must be translated into the local language. Translating copy has been the subject of great debate in advertising circles. Advertising slogans often present the most difficult translation problems. The challenge of encoding and decoding slogans and tag lines in different national and cultural contexts can lead to unintentional errors. For example, the Asian version of Pepsi's "Come alive" copy line was rendered as a call to bring ancestors back from the grave.

Advertising executives may elect to prepare new copy for a foreign market in the language of the target country or to translate the original copy into the target language. A third option is to leave some (or all) copy elements in the original (home-country) language. In choosing from these alternatives, the advertiser must consider whether the intended foreign audience can receive and comprehend a translated message. Anyone with knowledge of two or more languages realizes that the ability to think in another language facilitates accurate communication. To be confident that a message will be understood correctly after it is received, one must understand the connotations of words, phrases, and sentence structures, as well as their translated meaning.

The same principle applies to advertising—perhaps to an even greater degree. A copywriter who can think in the target language and understands the consumers in the target country will be able to create the most effective appeals, organize the ideas, and craft the specific language, especially if colloquialisms, idioms, or humor are involved. For example, in southern China, McDonald's is careful not to advertise prices with multiple occurrences of the number four. The reason is simple: In Cantonese, the pronunciation of the word *four* is similar to that of the word *death*.¹⁶ In its efforts to develop a global brand

¹⁶ Jeanne Whalen, "McDonald's Cooks Worldwide Growth," *Advertising Age International* (July–August 1995), p. 14.

image, Citicorp discovered that translations of its slogan “Citi never sleeps” conveyed the meaning that Citibank had a sleeping disorder such as insomnia. Company executives decided to retain the slogan but use English throughout the world.¹⁷

Cultural Considerations

Knowledge of cultural diversity, especially the symbolism associated with cultural traits, is essential for creating advertising. Local country managers can share important information, such as when to use caution in advertising creativity. Use of colors and man-woman relationships can often be stumbling blocks. For example, in Japan, intimate scenes between men and women are in bad taste; they are outlawed in Saudi Arabia. Veteran adman John O’Toole offers the following insights to global advertisers:

Transplanted American creative people always want to photograph European men kissing women’s hands. But they seldom know that the nose must never touch the hand or that this rite is reserved solely for married women. And how do you know that the woman in the photograph is married? By the ring on her left hand, of course. Well, in Spain, Denmark, Holland, and Germany, Catholic women wear the wedding ring on the right hand.

When photographing a couple entering a restaurant or theater, you show the woman preceding the man, correct? No. Not in Germany and France. And this would be laughable in Japan. Having someone in a commercial hold up his hand with the back of it to you, the viewer, and the fingers moving toward him should communicate “come here.” In Italy it means “good-bye.”¹⁸

Ads that strike viewers in some countries as humorous or irritating may not necessarily be perceived that way by viewers in other countries. American ads make frequent use of spokespeople and direct product comparisons; they use logical arguments to try to appeal to the reason of audiences. Japanese advertising is more image oriented and appeals to audience sentiment. In Japan, what is most important frequently is not what is stated explicitly but, rather, what is implied. Nike’s U.S. advertising is legendary for its irreverent, “in your face” style and relies heavily on celebrity sports endorsers such as Michael Jordan. In other parts of the world, where soccer is the top sport, some Nike ads are considered to be in poor taste and its pitchmen have less relevance. Nike has responded by adjusting its approach; as Geoffrey Frost, former director of global advertising at Nike, noted a decade ago, “We have to root ourselves in the passions of other countries. It’s part of our growing up.”¹⁹ Some American companies have canceled television ads created for the Latin American market portraying racial stereotypes that were offensive to persons of color. Nabisco, Goodyear, and other companies are also being more careful about the shows during which they buy airtime; some very popular Latin American programs feature content that exploits class, race, and ethnic differences.²⁰

There are also widely varying standards for use of sexually explicit or provocative imagery. Partial nudity and same-sex couples are frequently seen in ads in Latin America and Europe. In the U.S. market, network television decency standards and

¹⁷ Stephen E. Frank, “Citicorp’s Big Account Is at Stake as It Seeks a Global Brand Name,” *The Wall Street Journal* (January 9, 1997), p. B6.

¹⁸ John O’Toole, *The Trouble with Advertising* (New York: Random House, 1985), pp. 209–210.

¹⁹ Roger Thurow, “Shtick Ball: In Global Drive, Nike Finds its Brash Ways Don’t Always Pay Off,” *The Wall Street Journal* (May 5, 1997), p. A10.

²⁰ Leon E. Wynter, “Global Marketers Learn to Say ‘No’ to Bad Ads,” *The Wall Street Journal* (April 1, 1998), p. B1.

Wall Street Journal: “For more than a decade, international marketers have focused on creating global marketing strategies. Why do you maintain the pendulum is swinging back to a more local approach?”

Sir Martin Sorrell, CEO, WPP Group: “What’s happened is that companies are trying to run things in black and white ways, where one size fits all. And there’s a very simple message: One size doesn’t fit all. Consumers are more interesting for their differences rather than their similarities.”

Wall Street Journal: “If one size doesn’t fit all, should companies be marketing to certain consumer groups, such as Muslims, with specific messages?”

Sir Martin: “Yes, just as they’d market to Hispanics, Afro-Americans, or Asians. Muslims are 26 percent of the world’s population today; by 2014, they will be 30 percent. That same year, two-thirds of the world’s population will be Asian. Muslims are coming into sharp relief because of Iraq and Afghanistan. But the central theme is that nobody in the West has really spent enough time thinking about what differentiates the Muslim mind. We assume that if it works in New York it will work in Baghdad, but there are significant differences. There has to be more sensitivity to this issue.”

Source: The Wall Street Journal (Western Edition) by Erin White and Jeffrey A. Trachtenberg. Copyright 2003 by Dow Jones & Company, Inc. Reproduced with permission of Dow Jones & Company, Inc. in the format Other book via Copyright Clearance Center.

the threat of boycotts by conservative consumer activists constrain advertisers. Some industry observers note a paradoxical situation in which the programs shown on U.S. TV are frequently racy, but the ads that air during those shows are not. As Marcio Moreira, worldwide chief creative officer at the McCann-Erickson agency, noted, “Americans want titillation in entertainment but when it comes to advertising they stop being viewers and become consumers and critics.”²¹ However, it is certainly not the case that anything goes outside the United States. Women in Monterrey, Mexico, recently complained about billboards for the Playtex unit of Sara Lee Corporation that featured supermodel Eva Herzigova wearing a Wonderbra. The campaign was created by a local agency, Perez Munoz Publicidad. Playtex responded by covering up the model on the billboards in some Mexican cities. French Connection UK made waves in the United States with print ads that prominently featured the British company’s initials (i.e., FCUK). Public outcry prompted the company to tone down the ads by spelling out the name.

Food is the product category most likely to exhibit cultural sensitivity. Thus, marketers of food and food products must be alert to the need to localize their advertising. A good example of this is the effort by H. J. Heinz Company to develop the overseas market for ketchup. Heinz’s strategy called for adapting both the product and advertising to target country tastes.²² In Greece, for example, ads show ketchup pouring over pasta, eggs, and cuts of meat. In Japan, they instruct Japanese homemakers on using ketchup as an ingredient in Western-style food such as omelettes, sausages, and pasta. Barry Tilley, London-based general manager of Heinz’s Western Hemisphere trading division, says Heinz uses focus groups to determine what foreign consumers want in the way of taste and image. Americans like a sweet ketchup, but Europeans prefer a spicier, more piquant variety. Significantly, Heinz’s foreign marketing efforts are most successful when the company quickly adapts to local cultural

²¹ Melanie Wells and Dottie Enrico, “U.S. Admakers Cover It Up; Others Don’t Give a Fig Leaf,” *USA Today* (June 27, 1997), pp. B1, B2.

²² Gary Levin, “Ads Going Global,” *Advertising Age* (July 22, 1991), pp. 4, 42.

preferences. In Sweden, the made-in-America theme is so muted in Heinz's ads that "Swedes don't realize Heinz is American. They think it is German because of the name," says Tilley. In contrast to this, American themes still work well in Germany. Kraft and Heinz are trying to outdo each other with ads featuring strong American images. In one of Heinz's TV ads, American football players in a restaurant become very angry when the 12 steaks they ordered arrive without ketchup. The ad ends happily, of course, with plenty of Heinz ketchup to go around.²³

Much academic research has been devoted to the impact of culture on advertising. For example, Tamotsu Kishii identified seven characteristics that distinguish Japanese from American creative strategy:

1. Indirect rather than direct forms of expression are preferred in the messages. This avoidance of directness in expression is pervasive in all types of communication among the Japanese, including their advertising. Many television ads do not mention what is desirable about the brand in use and let the audience judge for themselves.
2. There is often little relationship between ad content and the advertised product.
3. Only brief dialogue or narration is used in television commercials, with minimal explanatory content. In the Japanese culture, the more one talks, the less others will perceive him or her trustworthy or self-confident. A 30-second advertisement for young menswear shows five models in varying and seasonal attire, ending with a brief statement from the narrator: "Our life is a fashion show!"
4. Humor is used to create a bond of mutual feelings. Rather than slapstick, humorous dramatizations involve family members, neighbors, and office colleagues.
5. Famous celebrities appear as close acquaintances or everyday people.
6. Priority is placed on company trust rather than product quality. Japanese tend to believe that if the firm is large and has a good image, the quality of its products should also be outstanding.
7. The product name is impressed on the viewer with short, 15-second commercials.²⁴

Green, Cunningham, and Cunningham conducted a cross-cultural study to determine the extent to which consumers of different nationalities use the same criteria to evaluate soft drinks and toothpaste. Their subjects were college students from the United States, France, India, and Brazil. Compared to France and India, the U.S. respondents placed more emphasis on the subjective, as opposed to functional, product attributes. The Brazilian respondents appeared even more concerned with the subjective attributes than the Americans were. The authors concluded that advertising messages should not use the same appeal for these countries if the advertiser is concerned with communicating the most important attributes of its product in each market.²⁵

²³ Gabriella Stern, "Heinz Aims to Export Taste for Ketchup," *The Wall Street Journal* (November 20, 1992), p. B1.

²⁴ C. Anthony Di Benedetto, Mariko Tamate, and Rajan Chandran, "Developing Creative Advertising Strategy for the Japanese Marketplace," *Journal of Advertising Research* (January–February 1992), pp. 39–48. A number of recent studies have been devoted to comparing ad content in different parts of the world, including Mary C. Gilly, "Sex Roles in Advertising: A Comparison of Television Advertisements in Australia, Mexico, and the United States," *Journal of Marketing* (April 1988), pp. 75–85; Marc G. Weinberger and Harlan E. Spotts, "A Situation View of Information Content in TV Advertising in the U.S. and U.K.," *Journal of Advertising* 53 (January 1989), pp. 89–94.

²⁵ Robert T. Green, William H. Cunningham, and Isabella C. M. Cunningham, "The Effectiveness of Standardized Global Advertising," *Journal of Advertising* (Summer 1975), pp. 25–30.

In another study, Zandpour and Harich combined Hofstede's social values framework with a culture's perceptions of time (monochronic cultures focus on one thing at a time, while inhabitants of a polychronic culture do not display a preference for sequential schedules or presentation of information). Several relevant market factors were also studied, including advertising expenditures per capita, the presence or absence of U.S. advertising agencies or their affiliates, the availability of qualified advertising professionals, and the degree of government control over advertising. The researchers used these factors to group countries into "think" and "feel" clusters and predict whether rational or emotional appeals used in television advertising for food and beverage, personal care, and several other product categories would be most prevalent in a given country market.

The researchers divided rational appeals into *argument* (the ad relates facts or reasons why the purchase should be made) and *lecture* (ads are devoid of fictional characters or plot elements; rather, they include narration that directly addresses the audience and provides an explicit conclusion). Emotional appeals were classified as *dramatic* (narration, character, and plot are key message elements) and *psychological* (explicit statements of how the product will benefit the consumer; desire is created by appealing to a consumer's self-interest). The findings are summarized below in Figure 13-2 and Table 13-4. Figure 13-2 places the countries studied in a matrix classifying them in terms of the dimensions "think" and "feel." For example, the researchers rank Austria, Canada, Germany, Korea, and the United States high on both dimensions; consumers in these countries are presumed to be receptive to television advertising employing either rational or emotional appeals.²⁶ Table 13-4 is a guide to creating standardized appeals in terms of the clusters; for example, a standardized ad employing a rational/argument appeal could be translated as appropriate and used to good effect in Austria, Belgium, Italy, and the United States. Many German companies, for example, prefer ads that contain plenty of copy that presents a rational argument for a product's superiority. This is typical of ads for beer, automobiles, and food products. However, many creative campaigns are based on the understanding that sometimes the best approach is to disregard

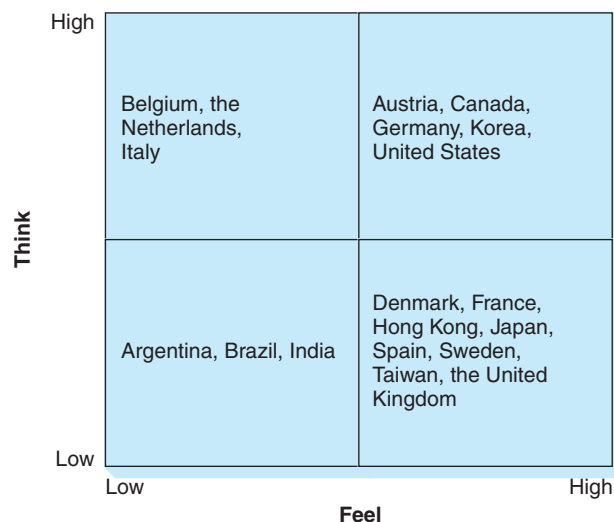


Figure 13-2

"Think" and "Feel" Country Clusters

²⁶ Fred Zandpour and Katrin R. Harich, "Think and Feel Country Clusters: A New Approach to International Advertising Standardization," *International Journal of Advertising* 15, no. 4 (1996), pp. 325-344.

Table 13-4*Effective Advertising Appeal Alternatives*

Type of Appeal	Cultural/Market Factors	Countries Where Appeal Is Appropriate
Rational/Argument	Monochronic cultures with low power distance; high uncertainty avoidance; and good supply of marketing professionals	Austria, Belgium, Germany, Italy, United States
Rational/Lecture	Collectivist cultures with high power distance and high uncertainty avoidance	Belgium, Italy, Mexico
Emotional/Psychological	Collectivist cultures with high power distance, high advertising expenditures, strict government control	Hong Kong, Taiwan, France, United States, South Korea, Spain
Emotional/Dramatic	High power distance; high advertising expenditures; limited supply of advertising professionals	Hong Kong, France, Japan

Source: Adapted from Fred Zandpour and Katrin R. Harich, "Think and Feel Country Clusters: A New Approach to International Advertising Standardization," *International Journal of Advertising* 15, no. 4 (1996), pp. 325-344.

guidelines and break some so-called rules. Recent German ads for the Mini Cooper are definitely offbeat when compared to mainstream auto ads.²⁷

GLOBAL MEDIA DECISIONS

The next issue facing advertisers is which medium or media to use when communicating with target audiences. Media availability can vary from country to country. Some companies use virtually the entire spectrum of available media; Coca-Cola is a good example. Other companies prefer to utilize one or two media categories. In some instances, the agency that creates advertising also makes recommendations about media placement; however, many advertisers use the services of specialized media planning and buying organizations. Omnicom's OMD Worldwide, the Starcom Media Vest Group unit of Publicis, and WPP's MindShare Worldwide are three of the top media specialists.

The available alternatives can be broadly categorized as print media, electronic media, and other. Print media range in form from local daily and weekly newspapers to magazines and business publications with national, regional, or international audiences. Electronic media include broadcast television, cable television, radio, and the Internet. Additionally, advertisers may utilize various forms of outdoor, transit, and direct mail advertising. Globally, media decisions must take into account country-specific regulations. For example, France bans retailers from advertising on television.

Global Advertising Expenditures and Media Vehicles

Each year, more money is spent on advertising in the United States than anywhere else in the world. According to data compiled by TNS Media Intelligence, U.S. ad spending in 2005 totaled \$143 billion. To put this figure in perspective, consider that 2005 ad spending in Japan, the number two advertising market, totaled ¥5.9 billion (approximately \$50 billion). In addition, as one might expect, the largest per capita

²⁷ Erin White, "German Ads Get More Daring, but Some Firms Aren't Pleased," *The Wall Street Journal* (November 22, 2002), p. B6.

ad spending occurs in highly developed countries. However, much of the current growth in advertising expenditures—as much as one-third—is occurring in the BRIC countries. Russia alone represents a \$5 billion advertising market; ad expenditures are growing at about 30 percent annually, compared with a rate of 4 percent or 5 percent in the United States and Europe. WPP Group recently announced an alliance with Video International, Russia’s largest ad agency.²⁸

Worldwide, television is the number one advertising medium, with estimated expenditures of \$176 billion in 2008. However, media consumption patterns can vary from country to country. For example, television is the number one medium in both the United States and Japan. By contrast, newspapers are the leading medium in Germany; television ranks second. In Germany, outlays for newspaper advertising surpass those for television by a ratio of two to one. In real terms, television spending in the EU increased by 78 percent between 1990 and 2000, compared with 26 percent for newspapers and 11 percent for magazines during the same period. This trend is likely to continue as digital broadcasting gains acceptance in Europe.

Television is also important in the Latin American market. In Brazil, expenditures on television advertising are nearly three times higher than those for newspapers. The availability of media to advertisers and the conditions affecting media buys also vary greatly around the world. In Mexico, an advertiser that can pay for a full-page ad may get the front page, while in India, paper shortages may require booking an ad six months in advance. In some countries, especially those where the electronic media are government owned, television and radio stations can broadcast only a restricted number of advertising messages. In Saudi Arabia, no commercial television advertising was allowed prior to May 1986; currently, ad content and visual presentation are restricted.

As the figures show, worldwide, radio continues to be a less important advertising medium than print and television. However, in countries where advertising budgets are limited, radio’s enormous reach can provide a cost-effective means of communicating with a large consumer market. Also, radio can be effective in countries where literacy rates are low. A clear trend is gaining traction throughout the world: Spending on CRM and Internet advertising is gaining ground at the expense of TV and print.

“The U.S. online advertising market is much bigger than Europe’s, but it is a crowded market and the room for growth is shrinking. In Europe, online advertising is growing much faster and portals like Yahoo want to tap into that.”²⁹

Jupiter Research



Two trends are driving the globalization of the magazine industry. First, marketers of global brands need a way to communicate with consumers in all parts of the world. Second, brand-conscious consumers are seeking out Western titles. For example, Hearst Corporation’s Cosmopolitan is available in more than fifty foreign-language editions.


In South Korea, readers can choose from a wide variety of magazines from local and global publishers. To encourage young women to purchase the Korean edition of Cosmo Girl, several free gifts were offered during this in-store promotion: a shoulder bag, a calendar, a makeup box, and a coupon that could be used at an online store.

Source: Otto Pohl/The New York Times.

²⁸ Guy Chazan, “Moscow, City of Billboards,” *The Wall Street Journal* (July 18, 2005), p. B1.

²⁹ Dan Bilefsky, “Yahoo Tightens Control in Europe and Asia,” *The New York Times* (November 8, 2005), p. C18.


Germany's BASF is the world's largest chemical company. Although it is not a consumer-products company—it makes paint and catalytic converters for the auto industry, for example—BASF uses print and TV advertising keyed to the theme “Helping Make Products Better” to inform the public and build brand equity. The campaign makes good use of IMC principles: Interested persons are invited to log on to www.basf.com/stories to read more about the company's product innovations. This type of corporate advertising also helps investors and the financial market better understand the company.



Home, sweet hybrid home.

If cars are being built to be more energy efficient, why shouldn't homes? At BASF, we've put our energies into building an affordable house in Paterson, New Jersey, to demonstrate how truly energy efficient a home can be. Our Near-Zero Energy Home utilizes BASF's high-performance products in insulating foam sealants, panels and concrete forms, and is 80% more energy efficient than the average American home. Who says a hybrid should only come on wheels? Learn more at basf.com/stories.

Helping Make Products Better™



The Chemical Company

Media Decisions

The availability of television, newspapers, and other forms of broadcast and print media varies around the world. Moreover, patterns of media consumption differ from country to country as well. In many developed countries, for example, newspapers are experiencing circulation and readership declines as consumers devote more time to new media options such as the Internet. In India, by contrast, print media are enjoying a revival as redesigned newspaper formats and glossy supplements lure a new generation of readers (see Figure 13-3). India is home to nearly 300 daily newspapers, including the *Times of India* and the *Hindustan Times*; the price per copy is only 5 rupees—about \$0.10. Additional critical factors in India's media environment include the lack of penetration by cable television and the fact that only about 4 million Indians currently subscribe to an Internet service.³⁰ By contrast, billboards are the medium of choice in Moscow. As Thomas

³⁰ John Larkin, “Newspaper Nirvana? 300 Dailies Court India's Avid Readers,” *The Wall Street Journal* (May 5, 2006), pp. B1, B3.

Big Print
Countries with the most
daily-newspaper sales.
in millions of copies

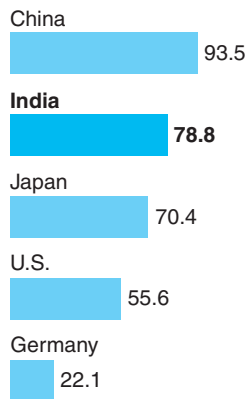


Figure 13-3

Leading Countries for Daily
Newspaper Sales (millions of
copies)

Source: World Association of Newspapers.

L. Friedman has pointed out, Moscow is a city built for about 30,000 cars; during the past decade, the number of cars has grown from 300,000 to 3 million.³¹ The result is massive traffic jams and commuting delays; affluent businessmen spend hours in traffic and have little time to read the newspaper or watch TV.

Even when media availability is high, its use as an advertising vehicle may be limited. For example, in Europe, television advertising is very limited in Denmark, Norway, and Sweden. Regulations concerning content of commercials vary; Sweden bans advertising to children younger than 12 years old. In 2001, when Sweden headed the EU, its policy makers tried to extend the ban to the rest of Europe. Although the effort failed, Sweden retained its domestic ban. This helps explain why annual spending on print media in Sweden is three times the annual spending for television.³²

As noted earlier, cultural considerations often affect the presentation of the advertising message. One recent study comparing the content of magazine advertisements in the United States with those in the Arab world found the following:

- People are depicted less often in Arabic magazine ads. However, when people do appear, there is no difference in the extent to which women are depicted. Women appearing in ads in Arab magazines wear long dresses; their presence generally is relevant to the advertised product.
- U.S. ads tend to have more information content; by contrast, brevity is considered a virtue in the Arab world. Context plays a greater role in interpreting a message than in the United States.
- U.S. ads contain more price information, and are more likely to include comparative appeals than Arabic ads.³³

PUBLIC RELATIONS AND PUBLICITY

Public relations (PR) is the department or function responsible for evaluating public opinion about, and attitudes toward, the organization and its products or brands. PR personnel also are responsible for fostering goodwill, understanding, and acceptance among a company's various constituents and publics. Like

³¹ Thomas L. Friedman, "The Oil-Addicted Ayatollahs," *The New York Times* (February 2, 2007), p. A19.

³² John Tylee, "EC Permits Sweden to Continue Child Ad Ban," *Advertising Age* (July 11, 2003), p. 6.

³³ Fahad S. Al-Olayan and Kiran Karande, "A Content Analysis of Magazine Advertisements from the United States and the Arab World," *Journal of Advertising* 29, no. 3 (Fall 2000), pp. 69–82. See also Mushtaq Luqmani, Ugur Yavas, and Zahir Quraeshi, "Advertising in Saudi Arabia: Content and Regulation," *International Marketing Review* 6, no. 1 (1989), pp. 59–72.

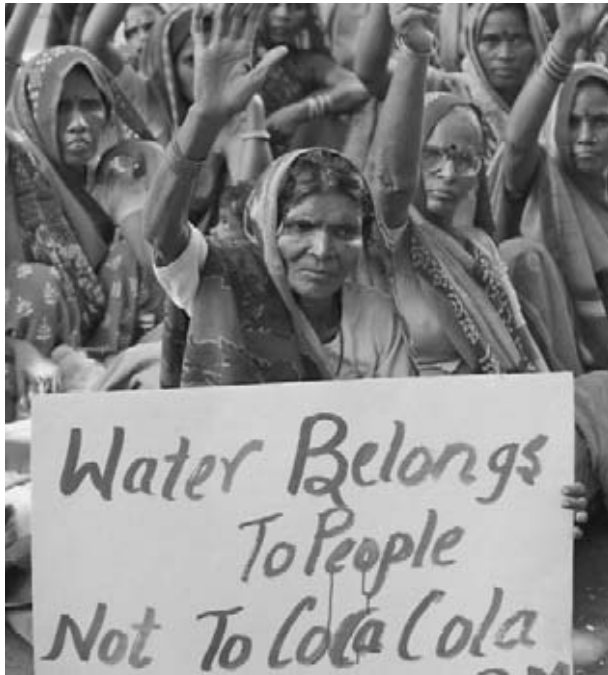
advertising, PR is one of four variables in the promotion mix. One of the tasks of the PR practitioner is to generate favorable **publicity**. By definition, publicity is communication about a company or product for which the company does not pay. (In the PR world, publicity is sometimes referred to as “earned media,” and advertising and promotions are known as “unearned media”). PR personnel also play a key role in responding to unflattering media reports or controversies that arise because of company activities in different parts of the globe. In such instances, PR’s job is to make sure that the company responds promptly and gets its side of the story told. The basic tools of PR include news releases, newsletters, media kits, press conferences, tours of plants and other company facilities, articles in trade or professional journals, company publications and brochures, TV and radio talk show appearances by company personnel, special events, and home pages on the Internet. In addition to the examples discussed in the following pages, Table 13-5 summarizes several recent instances of global publicity involving well-known firms.

As noted earlier, a company exerts complete control over the content of its advertising and pays for message placement in the media. However, the media typically receive many more press releases and other PR materials than they can use. Generally speaking, a company has little control over when, or if, a news story runs; nor can the company directly control the spin, slant, or tone of the story. To compensate for this lack of control, many companies utilize **corporate advertising** which, **despite the name**, is generally considered part of the PR function. As with “regular” advertising, a company or organization identified in the ad pays for corporate advertising. However, unlike regular advertising, the objective of corporate advertising is not to generate demand by informing, persuading, entertaining, or reminding customers. In the context of IMC, corporate advertising is often used to call attention to the company’s other communications efforts.

Table 13-5

*Negative Publicity Affecting
Global Marketers*

Company or Brand (home country)	Nature of Publicity
Hyundai (South Korea)	Hyundai Motor Company Chairman Chung Mong Koo was convicted of embezzlement and fraud.
Samsung (South Korea)	Samsung officials allegedly bribed candidates in Korea’s 1997 presidential election. It was also revealed that the children of Samsung chairman Lee Kun-Hee broke the law when purchasing securities of a Samsung affiliate.
Coca-Cola (United States) and PepsiCo (United States)	In India, allegations that soft drink products from both companies were contaminated with pesticide residue led to sharp sales drops in late summer 2003.
Halliburton (United States)	Allegations that the company overcharged the U.S. government for supplies and services rendered in Iraq.
Ford Motor Company (United States) and Bridgestone/Firestone (Japan/United States)	A rash of tire failures on Ford vehicles prompted a recall in 2000 of several tire models. Ultimately, Ford severed its decades-old relationship with Firestone.
Nike (United States)	Since the mid-1990s, Nike has been responding to the criticism that its subcontractors operate factories in which sweatshop conditions prevail. Filmmaker Michael Moore featured an interview with Nike CEO Phil Knight in the antiglobalization documentary <i>The Big One</i> .
McDonald’s (United States)	Concerns about mad cow disease in Europe, a bitter legal battle in Great Britain, and extensive media reporting that links fast food to obesity have all presented PR challenges to the fast-food giant.



Because of its size and presence in more than 200 countries, the Coca-Cola Company is often the target of antiglobalization protests. The Indian villagers shown here were protesting the company's water consumption in areas severely affected by drought. Coca-Cola chairman and CEO E. Neville Isdell has responded to this type of negative publicity by guiding the company towards greater transparency in its global operations. Isdell also wants to make sure that the public perceives Coke as a global leader in corporate social responsibility. To do this, he is forging relationships and partnerships with non-governmental organizations (NGOs).

Image advertising enhances the public's perception of a company, creates goodwill, or announces a major change, such as a merger or acquisition. In 2004, for example, Interbrew and Ambev placed full-page ads in the business press to announce their new alliance. Global companies frequently use image advertising in an effort to present themselves as good corporate citizens in foreign countries. The Boeing ads that appear earlier in this chapter were part of a European print campaign launched in 1997 to enhance Boeing's image by raising awareness of the number of jobs the company created locally. BASF, the German chemical company, uses advertising to communicate its dedication to increasing energy efficiency in affordable housing construction in the United States. In **advocacy advertising**, a company presents its point of view on a particular issue. The ad in Chapter 11 with the headline "The Dumping of Foreign Steel at Cutthroat Prices Threatens America" is an example of advocacy advertising. Other examples of image and advocacy advertising by global marketers include the following:

- Nokia's purchase of full-page newspaper ads to congratulate the University of Florida Gators for winning the 1997 Sugar Bowl (which Nokia sponsored). The ads also mentioned the Nokia Sweepstakes, which featured a million-dollar prize if a contestant could throw a football through an inflated cellular phone at a distance of about 10 yards.
- Japan's Fuji Photo Film asked its advertising agency to develop an image campaign for the United States. At the time, Fuji was embroiled in a trade dispute with Kodak. Fuji had also invested more than \$1 billion in U.S. production facilities and had won a long-term photofinishing contract with Wal-Mart. The campaign was designed to appeal both to Wal-Mart and to the giant retailer's customers; as a Wal-Mart spokesman said, "We've long said we buy American when we can. The more people understand how American Fuji is, the better."³⁴
- In 1995, the American International Automobile Dealers Association (AIADA) hired Hill & Knowlton to create a PR campaign designed to convince then-President Bill Clinton, Congress, the media, and the general public that a

³⁴ Wendy Bounds, "Fuji Considers National Campaign to Develop All-American Image," *The Wall Street Journal* (October 1, 1996), p. B8.

proposed plan to impose 100 percent tariffs on 13 luxury cars was ill-advised. The campaign's central message was that foreign automakers account for many U.S. jobs that would be jeopardized if the sanctions were enacted. Nissan and other companies also sent position papers and information packets to dealers and the media. Interviews with representatives from auto dealers were carried by both print and electronic media. Within a few weeks, the Clinton administration announced that the United States and Japan had reached an agreement. No sanctions were imposed, and the AIADA was able to claim an important PR victory.

Senior executives at some companies relish the opportunity to generate publicity. For example, Benetton's striking print and outdoor ad campaigns keyed to the "United Colors of Benetton" generated both controversy and wide media attention. Richard Branson, the flamboyant founder of the Virgin Group, is a one-man publicity machine. His personal exploits as a hot-air balloon pilot have earned him and his company a great deal of free ink. The company does employ traditional media advertising; however, as Will Whitehorn, Virgin's head of brand development and corporate affairs, noted, "PR is the heart of the company. If we do things badly, it will reflect badly on the image of the brand more than most other companies." At Virgin, Whitehorn says, "advertising is a subset of PR, not the other way around."³⁵

These examples notwithstanding, most global companies attempt to create an overall balance of promotion mix elements. PepsiCo made good use of IMC when it undertook an ambitious global program to revamp the packaging of its flagship cola. To raise awareness of its new blue can, Pepsi spent \$500 million on advertising and PR; to generate publicity, Pepsi leased a Concorde jet and painted it in the new blue color. Pepsi also garnered free ink by spending \$5 million to film an ad with two Russian cosmonauts holding a giant replica of the new can while orbiting the earth in the Mir space station. As Massimo d'Amore, PepsiCo's head of international marketing, told reporters, "Space is the ultimate frontier of global marketing. The cola wars have been fought all over the place, and it's time to take them to space."³⁶

Sometimes a company generates publicity simply by going about the business of global marketing activities. As noted in Case 8-1, Nike and other marketers have received a great deal of negative publicity regarding alleged sweatshop conditions in factories run by subcontractors. Today, Nike's PR team

GLOBAL marketing in action

IBM Generates Publicity with "Deep Blue"

IBM spent about \$5 million to stage a rematch of a 1996 chess game between a computer called Deep Blue and chess grandmaster and world champion Garry Kasparov. The match, which took place in New York City, was hailed as one of the best publicity stunts in recent years. To build visibility and interest, IBM purchased full-page newspaper ads, sent out numerous press releases, established an Internet site, and purchased bus posters in Manhattan. The effort was a textbook study in IMC; the match was widely covered by the world media. As Peter Harleman of Landor Associates, a corporate-identity firm, told *The Wall Street Journal*, "Money almost can't buy the advertising [IBM] is getting out of this." John Lister, of the Lister Butler brand identity consulting firm, agreed. "They're doing a tremendous job of

leveraging the brand in this. Not only do they have the IBM name attached to virtually every news report about, but they even branded their computer the corporate color, blue." Industry experts estimate that the match generated about \$100 million in favorable earned media. IBM's Internet site provided live coverage and generated a million visits during a single match, a number that set a record for the World Wide Web. The publicity was especially gratifying to IBM officials because problems with its much-ballyhooed information system at the 1996 Olympics resulted in a great deal of negative news coverage. However, in the documentary film, *Game Over: Kasparov and the Machine*, director Vikram Jayanti raises the question of whether the IBM team unfairly provided "behind the scenes" input.

Source: The Wall Street Journal (Western Edition) by Bart Ziegler. Copyright 1997 by Dow Jones & Company, Inc. Reproduced with permission of Dow Jones & Company, Inc. in the format Other book via Copyright Clearance Center.

³⁵ Elena Bowes, "Virgin Flies in Face of Conventions," *Ad Age International* (January 1997), p. i4.

³⁶ Melanie Wells, "Pepsi, Coke Go into Orbit," *USA Today* (May 22, 1996), p. 1B.



When making public appearances, Nike chairman Phil Knight and other executives frequently defend labor practices and policies in the Asian factories where the company's shoes are made. In the late 1990s, a protester filed a lawsuit against Nike alleging that the company's public assertions about working conditions constitute false advertising. Attorneys for Nike countered that statements made by executives are part of a public policy debate and therefore are protected by the First Amendment. After the California Supreme Court ruled against Nike, the company appealed. In 2003, the U.S. Supreme Court heard the case as protesters gathered outside. The Court later dismissed Nike's appeal, and the case was sent back to California.

is doing a better job of counteracting the criticism by effectively communicating the positive economic impact Nike has had on the nations where it manufactures its sneakers.

Any company that is increasing its activities outside the home country can utilize PR personnel as boundary spanners between the company and employees, unions, stockholders, customers, the media, financial analysts, governments, or suppliers. Many companies have their own in-house PR staff. Companies may also choose to engage the services of an outside PR firm. During the past few years, some of the large advertising holding companies discussed previously have acquired PR agencies. For example, Omnicom Group bought Fleishman-Hillard, WPP Group acquired Canada's Hill & Knowlton, and Interpublic Group bought Golin/Harris International. Other PR firms, including the London-based Shandwick PLC and Edelman Public Relations Worldwide, are independent. Several independent PR firms in the United Kingdom, Germany, Italy, Spain, Austria, and the Netherlands have joined together in a network known as Globalink. The purpose of the network is to provide members with various forms of assistance such as press contacts, event planning, literature design, and suggestions for tailoring global campaigns to local needs in a particular country or region.³⁷

The Growing Role of PR in Global Marketing Communications

PR professionals with international responsibility must go beyond media relations and serve as more than a company mouthpiece; they are called upon to simultaneously build consensus and understanding, create trust and harmony, articulate and influence public opinion, anticipate conflicts, and resolve disputes.³⁸ As companies become more involved in global marketing and the globalization of industries continues, company management must recognize the value of international PR. One recent study found that, internationally, PR expenditures are growing at an average of 20 percent annually. Fueled by soaring foreign

³⁷ Joe Mullich, "European Firms Seek Alliances for Global PR," *Business Marketing* 79 (August 1994), pp. 4, 31.

³⁸ Karl Nessman, "Public Relations in Europe: A Comparison with the United States," *Public Relations Journal* 21, no. 2 (Summer 1995), p. 154.

investment, industry privatization, and a boom in initial public offerings (IPOs), PR expenditures in India are reported to be growing by 200 percent annually.

The number of international PR associations is growing as well. The new Austrian Public Relations Association is a case in point; many European PR trade associations are part of the Confédération Européenne des Relations Publiques and the International Public Relations Association. Another factor fueling the growth of international PR is increased governmental relations between countries. Governments, organizations, and societies are dealing with broad-based issues of mutual concern such as the environment and world peace. Finally, the technology-driven communication revolution that has ushered in the information age makes PR a profession with truly global reach. Faxes, satellites, high-speed modems, and the Internet allow PR professionals to be in contact with media virtually anywhere in the world.

In spite of these technological advances, PR professionals must still build good personal working relationships with journalists and other media representatives, as well as with leaders of other primary constituencies. Therefore, strong interpersonal skills are needed. One of the most basic concepts of the practice of PR is to know the audience. For the global PR practitioner, this means knowing the audiences in both the home country and the host country or countries. Specific skills needed include the ability to communicate in the language of the host country and familiarity with local customs. A PR professional who is unable to speak the language of the host country will be unable to communicate directly with a huge portion of an essential audience. Likewise, the PR professional working outside the home country must be sensitive to nonverbal communication issues in order to maintain good working relationships with host-country nationals. Commenting on the complexity of the international PR professional's job, one expert notes that, in general, audiences are "increasingly more unfamiliar and more hostile, as well as more organized and powerful . . . more demanding, more skeptical and more diverse." International PR practitioners can play an important role as "bridges over the shrinking chasm of the global village."³⁹

How PR Practices Differ Around the World

Cultural traditions, social and political contexts, and economic environments in specific countries can affect PR practices. As noted earlier in the chapter, the mass media and the written word are important vehicles for information dissemination in many industrialized countries. In developing countries, however, the best way to communicate might be through the gong man, the town crier, the market square, or the chief's courts. In Ghana, dance, songs, and storytelling are important communication channels. In India, where half of the population cannot read, writing press releases will not be the most effective way to communicate.⁴⁰ In Turkey, the practice of PR is thriving in spite of that country's reputation for harsh treatment of political prisoners. Although the Turkish government still asserts absolute control as it has for generations, corporate PR and journalism are allowed to flourish so that Turkish organizations can compete globally.

Even in industrialized countries, there are some important differences between PR practices. In the United States, the hometown news release comprises much of the news in a small, local newspaper. In Canada, on the other hand, large metropolitan population centers have combined with Canadian economic and climatic conditions to thwart the emergence of a local press. The dearth of small

³⁹ Larissa A. Grunig, "Strategic Public Relations Constituencies on a Global Scale," *Public Relations Review* 18, no. 2 (Summer 1992), pp. 127–136.

⁴⁰ Carl Botan, "International Public Relations: Critique and Reformulation," *Public Relations Review* 18, no. 2 (Summer 1992), pp. 150–151.

newspapers means that the practice of sending out hometown news releases is almost nonexistent.⁴¹ In the United States, PR is increasingly viewed as a separate management function. In Europe that perspective has not been widely accepted; PR professionals are viewed as part of the marketing function rather than as distinct and separate specialists in a company. In Europe, fewer colleges and universities offer courses and degree programs in PR than in the United States. Also, European coursework in PR is more theoretical; in the United States, PR programs are often part of mass communication or journalism schools, and there is more emphasis on practical job skills.

A company that is ethnocentric in its approach to PR will extend home-country PR activities into host countries. The rationale behind this approach is that people everywhere are motivated and persuaded in much the same manner. This approach does not take cultural considerations into account. A company adopting a polycentric approach to PR gives the host-country practitioner more leeway to incorporate local customs and practices into the PR effort. Although such an approach has the advantage of local responsiveness, the lack of global communication and coordination can lead to a PR disaster.⁴²

The ultimate test of an organization's understanding of the power and importance of public relations occurs during a time of environmental turbulence, especially a potential or actual crisis. When disaster strikes, a company or industry often finds itself thrust into the spotlight. A company's swift and effective handling of communications during such times can have significant implications. The best response is to be forthright and direct, reassure the public, and provide the media with accurate information.

China's ongoing trade-related friction with the United States highlights the need for a better PR effort on the part of the Chinese Foreign Ministry. Some sources of this friction have been discussed in earlier chapters, such as estimates that Chinese counterfeiting of copyrighted material alone costs U.S. companies \$800 million annually or that 98 percent of the computer software used in China is pirated. Such revelations reflect poorly on China. Hong Kong businessman Barry C. Cheung notes, "China lacks skills in public relations generally and crisis management specifically, and that hurts them."⁴³ Part of the problem stems from the unwillingness of China's Communist leaders to publicly explain their views on these issues, to admit failure, and to accept advice from the West.

⁴¹ Melvin L. Sharpe, "The Impact of Social and Cultural Conditioning on Global Public Relations," *Public Relations Review* 18, no. 2 (Summer 1992), pp. 103–107.

⁴² Carl Botan, "International Public Relations: Critique and Reformulation," *Public Relations Review* 18, no. 2 (Summer 1992), p. 155.

⁴³ Marcus W. Brauchli, "A Change of Face: China Has Surly Image, but Part of the Reason Is Bad Public Relations," *The Wall Street Journal* (June 16, 1996), p. A1.

summary

Marketing communications—the promotion *P* of the marketing mix—includes advertising, public relations, sales promotion, and personal selling. When a company embraces **integrated marketing communications (IMC)**, it recognizes that the various elements of a company’s communication strategy must be carefully coordinated. **Advertising** is a sponsored, paid message that is communicated through nonpersonal channels. **Global advertising** uses the same advertising appeals, messages, artwork, and copy in campaigns around the world. The effort required to create a global campaign forces a company to determine whether or not a global market exists for its product. The trade-off between standardized and adapted advertising is often accomplished by means of pattern advertising, which can be used to create localized global advertising. Many advertising agencies are part of larger **advertising organizations**. Advertisers may place a single global agency in charge of worldwide advertising; it is also possible to use one or more agencies on a regional or local basis.

The starting point in ad development is the **creative strategy**, a statement of what the message will say. The people who create ads often seek a **big idea** that can serve as the basis for memorable, effective messages. The **advertising appeal** is the communication approach that best relates to buyer

motives; **rational appeals** and **emotional appeals** are often used. The **selling proposition** is the promise that captures the reason for buying the product. The **creative execution** is the way an appeal or proposition is presented. **Art direction** and **copy** must be created with cultural considerations in mind. Perceptions of humor, male-female relationships, and sexual imagery vary in different parts of the world. Media availability also varies considerably from country to country. When selecting media, marketers are sometimes constrained by laws and regulations and by literacy rates.

A company utilizes **public relations (PR)** to foster goodwill and understanding among constituents both inside and outside the company. In particular, the PR department attempts to generate favorable **publicity** about the company and its products and brands. The PR department must also manage corporate communications when responding to negative publicity. The most important PR tools are press releases, media kits, interviews, and tours. Many global companies make use of various types of **corporate advertising**, including **image advertising** and **advocacy advertising**. PR is also responsible for providing accurate, timely information, especially in the event of a crisis.

discussion questions

1. In what ways can global brands and global advertising campaigns benefit a company?
2. How does the “standardized versus localized” debate apply to advertising?
3. What is the difference between an advertising appeal and creative execution?
4. When creating advertising for world markets, what are some of the issues that art directors and copywriters should take into account?
5. How do the media options available to advertisers vary in different parts of the world? What can advertisers do to cope with media limitations in certain countries?
6. How does PR differ from advertising? Why is PR especially important for global companies?
7. What are some of the ways PR practices vary in different parts of the world?

Each spring, *Advertising Age* magazine publishes its survey of the top 50 global advertising organizations. The top-ranked companies for 2005 were shown in Tables 13-2 and 13-3. Browse through either table and choose any agency organization or brand that interests you. Compare its 2005 ranking with the most recent ranking (which you can find either by referring to the print version of *Advertising Age* or by

visiting www.adageglobal.com. How have the industry rankings changed? Consult additional sources (e.g., magazine articles, the company's Web site) to enhance your understanding of the factors and forces that contributed to the company's move up or down in the rankings. Has the agency been acquired by a large organization? Has it gained or lost an important account?

1. Starting with Chapter 1, review the ads that appear in this text. Can you identify the ads that use emotional appeals? Rational appeals? What is the

communication task of each ad? To inform? To persuade? To remind? To entertain?

**build your
global
marketing
skills**

**integrate
your global
marketing
skills**

Case 13-1

Adidas AG

In February 1993, a group of investors headed by Robert Louis-Dreyfus, former CEO of Saatchi & Saatchi Advertising, bought a controlling interest in adidas AG. Optimistic about adidas' future, Dreyfus's group raised its stake to full ownership in 1995. Two years later, Dreyfus acquired Salomon, a French company. The move created adidas-Salomon AG, the second largest sports equipment company in the world after Nike. The move was short-lived; the Salomon unit was sold, and in 2006 adidas acquired Reebok. Today, the company markets sports shoes, athletic clothing, and equipment in nearly 200 countries.

Adidas has an illustrious history dating back many decades; when Jesse Owens won four gold medals at the 1936 Olympic games, he was wearing track shoes made by Adi Dassler. A few years later, Dassler founded adidas (Dassler's brother Rudolph started rival shoemaker Puma). Public triumphs such as Owens' Olympic wins helped make adidas the world leader in the sports shoe market; the company's Trefoil logo is iconic for the brand. By successfully leveraging its heritage, and bolstered by the Reebok acquisition, the company generated revenues of \$13.3 billion in 2006.

This financial performance represents a sweet victory for the new owners. Years of financial controversy and changing ownership had diverted management's attention from the market and gradually eroded the company's fortunes. In Germany, adidas' share of sports shoe sales declined from 60 percent to 40 percent from the early 1980s to the early 1990s, including a 10-point slide in a two-year period. Sneaker sales doubled in Europe between 1985 and 1995, and Nike and Reebok's share of the market jumped to 50 percent from 5 percent despite extremely high import duties. The Americans' success was due in part to big spending on advertising. Nike and Reebok each spent about \$100 million annually to promote their shoes in Europe; adidas' ad spending in Europe was considerably less. The popularity of American sneakers got an extra boost thanks to

the high visibility of the American Dream Team at the 1992 Olympics; NBA stars endorse both Reebok and Nike.

The American athletic shoe companies are skilled global marketers. In 2003, Nike rang up \$10.6 billion in worldwide sales, while Reebok's sales totaled \$3.1 billion in 2002. Reebok is the market leader in France, Spain, and England, and Nike is number one in many other European countries. Although advertising taglines such as "Just Do It" and "Planet Reebok" are presented in English, other parts of the message are adapted to reflect cultural differences. In France, for example, violence in ads is unacceptable so Reebok replaced boxing scenes with images of women running on a beach. Also, European participation in sports is lower than in America; accordingly, Europeans are less likely to visit sporting goods stores. In France, Reebok shoes are now sold in nearly 1,000 traditional shoe stores.

Even in the face of such tough and growing competition, adidas still enjoys high brand loyalty among older Europeans. The company recruits young people and pays them to wear adidas shoes in public; they are also paid to work at sporting goods stores and promote adidas products in other ways. Adidas also updated its image among younger European consumers by creating a new sport called Streetball. Ads airing on MTV Europe feature players outfitted in the company's new Streetball apparel line. Unlike its American rivals, adidas does not use a global ad campaign. For example, a 1995 campaign that ran outside the United States featured Emil Zatopke, a Czechoslovakian Olympic runner.

As the twenty-first century began, company executives realized the need for a new global strategy. The first step was unveiling a new brand position: "Forever Sport—from Competition to Lifestyle." As Erich Stamminger, global marketing chief, noted in 2001, "We want to mean more to more people. We want to expand our customer base and gain deeper market penetration in our existing markets." To achieve these goals, the company's three divisions were restructured along product lines: performance products, leisure products, and multifunctional products. In January 2002, the company dropped the advertising agency



This TV ad for adidas features two of the best-known athletes in the United States: New Orleans Saints running back Reggie Bush and Los Angeles Galaxy midfield extraordinaire David Beckham.

with which it had been affiliated for many years, London-based Leagas Delany. Adidas' new agency, Los Angeles-based TBWA, will work in conjunction with 180, a Dutch agency. Explaining the rationale for the change, Stamminger noted, "By appointing one global agency network, we are continuing our strategy of strengthening the adidas brand worldwide."

TBWA got right to work. Its Japanese unit developed a billboard featuring two people playing vertical soccer. The company received a boost at the 2003 World Athletic Championships in Paris, where a Caribbean sprinter named Kim Collins won the 100-meter final in a pair of retro-styled adidas track and field shoes. Adidas executives were looking forward to the 2004 Olympic Games in Athens, where the field included 18 teams sponsored by adidas. As Mike Riehl, head of global sports marketing, noted, "Athletics [track and field] goes

"Adidas has been in sports for four times as long as its competition, but the U.S. still doesn't appreciate the brand for what it is."

Lee Clow, Creative Director, 180/TBWA

back all the way for us—it is a fixed part of our philosophy to make products for all Olympic disciplines." Riehl asserted that the renewed focus on athletics was "all about brand positioning and our claim to be the Olympic brand."

Retro-style shoes are enjoying increased popularity in Europe, where track and field events are popular. However, the picture is not so clear in the United States, which is the world's largest market for athletic shoes. In spring 2003, Nike outmaneuvered its rivals by signing basketball phenomenon LeBron James to a sponsorship deal. Reebok was enjoying surging demand for new shoes endorsed by rappers Jay-Z and 50 Cent. Meanwhile, the integrity of athletics was coming under increased scrutiny after revelations that a new "designer steroid," tetrahydrogestrinon (THG), was being widely used. Dwain Chambers, a British sprinter who endorses adidas, had tested positive for THG. As 2003 came to a close, it was clear that the adidas strategy was not paying off. Orders in the key U.S. market were down; it remained to be seen whether U.S. interest in the Olympics would translate into greater sales. Nike was the clear industry leader, with nearly 40 percent share of the athletic shoe market. The adidas T-Mac shoe, endorsed by Tracy McGrady of the Orlando Magic, was the top-selling basketball shoe in the United States in 2001 and 2002. However, sales of a new T-Mac model launched in fall 2003 were below expectations.

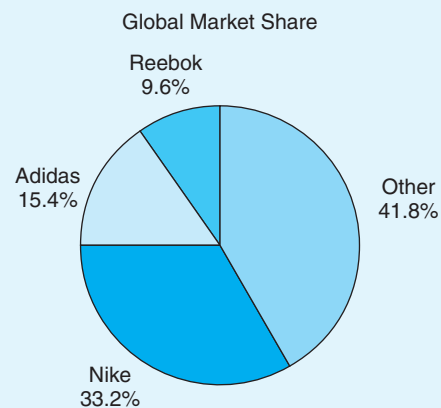
To turn the situation around, Stamminger was dispatched to Portland, Oregon, and put in charge of the North American region. In spring 2004, adidas launched a \$50 million global print and TV campaign keyed to the tagline "Nothing is impossible." Some of the ads feature boxing legend Muhammad Ali and tell a "past and present" story linking sports figures from earlier eras with modern-day stars. In May, Stamminger announced the fruits of a secret, three-year development effort: the \$250 Adidas 1, a shoe with an onboard microchip that adjusts the cushioning level to an athlete's weight and performance needs. In a press release, Stamminger noted, "This is the world's first intelligent shoe. It senses, understands, and adapts."

In 2007, Adidas ramped up its efforts to unseat Nike as the leader in the U.S. sportswear market. Soccer superstar David Beckham, who had been a worldwide Adidas endorser for more than a decade, was at the center of the new

promotional campaign. Following Beckham's highly publicized move from Real Madrid to Los Angeles Galaxy, he signed a five-year, \$250 million contract. Beckham will be featured prominently in a variety of media, including billboards and prime-time television ads. Adidas executives expect Beckham's endorsement to lead to increased sales of a variety of branded merchandise. As Stephen Pierpoint, vice president for brand marketing at Adidas, said, "The U.S. market has a real opportunity to grow. Football has always been a core sport for Adidas. We hope David will be the catalyst for growth."

Discussion Questions

1. Do you think that ads proclaiming adidas' heritage will be effective in helping build the brand in the United States?
2. Assess the new "Nothing is impossible" advertising tagline. Do you think this phrase will become part of popular culture the way Nike's "Just do it" tagline has?
3. With an initial price tag of \$250, the high-tech Adidas 1 is not targeted at a broad market. What role can the Adidas 1 play in the company's PR plan?
4. Assess adidas' acquisition of Reebok. What strategic purpose does the acquisition fulfill?
5. Adidas is Official Sportswear Partner for the 2008 Olympic Games in Beijing. What types of advertising and PR opportunities does this create?



Sources: Matthew Karnitschnig and Stephanie Kang, "Leap Forward: For Adidas, Reebok Deal Caps Push to Broaden urban Appeal," *The Wall Street Journal* (August 4, 2005), pp. A1, A6; Laura Petrecca and Theresa Howard, "Adidas-Reebok merger Lets Rivals Nip at Nike's Heels," *USA Today* (August 4, 2005), pp. 1B, 2B; Stephanie Kang, "Adidas Gets Artsy with its U.S. Ads," *The Wall Street Journal* (February 5, 2004), p. B3; Doug Cameron, "Adidas Puts Focus on US," *Financial Times* (December 11, 2003), p. 16; Uta Harnischfeger and Matthew Garrahan, "Adidas—Off the Pace and More Hurdles Ahead," *Financial Times* (November 10, 2003), p. 6; Geoffrey A. Fowler and Sebastian Moffett, "Adidas' Billboard Ads Give a Kick to Japanese Pedestrians," *The Wall Street Journal* (August 29, 2003), pp. B1, B4; J. Lacap, "Adidas Embraces New Global Strategy," *Sporting Goods Business* (November 2001), p. 8; Claire Cozens, "Adidas Drops Leagas Delaney," *MediaGuardian.co.uk* (January 9, 2002); Dagmar Mussey, "Adidas Strides on its Own Path," *Advertising Age* (February 13, 1995), p. 6; Kevin Goldman, "Adidas Tries to Fill its Rivals' Big Shoes," *The Wall Street Journal* (March 17, 1994), p. B5; Joseph Pereira, "Off and Running: Pushing U.S. Style, Nike and Reebok Sell Sneakers to Europe," *The Wall Street Journal* (July 22, 1993), pp. A1, A8; Stephen Barr, "Adidas on the Rebound," *CFO* (September 1991), pp. 48–56; Igor Reichlin, "Where Nike and Reebok Have Plenty of Running Room," *Business Week* (March) 11, 1991, pp. 56–60.