

Chapter 16

Integrated Marketing Communications and International Advertising



CHAPTER OUTLINE

- Global Perspective: Barbie versus Mulan
- Sales Promotions in International Markets
- International Public Relations
- International Advertising
- Advertising Strategy and Goals
 - Product Attribute and Benefit Segmentation
 - Regional Segmentation
- The Message: Creative Challenges
 - Global Advertising and the Communications Process
 - Legal Constraints
 - Linguistic Limitations
 - Cultural Diversity
 - Media Limitations
 - Production and Cost Limitations
- Media Planning and Analysis
 - Tactical Considerations
- Campaign Execution and Advertising Agencies
- International Control of Advertising: Broader Issues

CHAPTER LEARNING OBJECTIVES

What you should learn from Chapter 16:

- LO1** Local market characteristics that affect the advertising and promotion of products
- LO2** The strengths and weaknesses of sales promotions and public relations in global marketing
- LO3** When global advertising is most effective; when modified advertising is necessary
- LO4** The communication process and advertising misfires
- LO5** The effects of a single European market on advertising
- LO6** The effect of limited media, excessive media, and government regulations on advertising and promotion budgets

Global Perspective

BARBIE VERSUS MULAN

For years, Barbie dolls sold in Japan looked different from their U.S. counterparts. They had Asian facial features, black hair, and Japanese-inspired fashions. Then Mattel Inc. conducted consumer research around the world and learned something surprising: The original Barbie, with her yellow hair and blue eyes, played as well in Hong Kong as it did in Hollywood. Girls didn't care if Barbie didn't look like them. "It's all about fantasies and hair," said Peter Broegger, general manager of Mattel's Asian operations. "Blond Barbie sells just as well in Asia as in the U.S."

Major toy makers are rethinking one of the basic tenets of their \$55 billion global industry—that children in different countries want different playthings. The implications are significant for both kids and companies. In the past, giants such as Mattel, Hasbro Inc., and LEGO Co. produced toys and gear in a variety of styles. Increasingly, they are designing and marketing one version worldwide. This shift has led to a series of massive merchandise blitzkriegs, with companies deluging boys and girls around the globe simultaneously with identical dolls, cars, and gadgets.

For example, Mattel's Rapunzel Barbie, whose ankle-length blonde locks cascade down her pink ball gown, was released on the same day that fall in 59 countries including the United States—the company's biggest product launch ever. In the first year, Rapunzel Barbie and related merchandise generated \$200 million in global sales, nearly half of that outside the United States. Mattel no longer makes Asian-featured Barbies.

Two recent developments are changing kids' tastes. One is the rapid worldwide expansion of cable and satellite TV channels, which along with movies and the Internet expose millions of kids to the same popular icons. For example, Walt Disney Co. now operates 24 Disney-branded cable and satellite channels in 67 countries outside the United States—up from 0 a few years ago. The other development is the widening international reach of retailing giants such as Walmart Stores Inc., Toys "R" Us Inc., and Carrefour SA, which have opened thousands of stores outside their home markets. Increasingly, the mass retailers enter into exclusive deals with toy and consumer-products companies, allowing them to stage huge, coordinated promotional campaigns.

For example, when Rapunzel Barbie had its debut, Walmart stores in South Korea and China hired local women to dress up like the doll and greet children as they entered. At the same time, the Mattel TV ad campaign was broadcast around the world in 15-, 20-, and 30-second spots—in 35 different languages. Mattel's Barbie Web site, which has eight

language options, featured Rapunzel stories and games. A computer-animated movie, called *Barbie as Rapunzel*, was broadcast on TV and released on video and DVD around the world, and it was even shown in some theaters overseas.

In Madrid, the launch was accompanied by a "premiere" of the movie and special promotions of comb sets and other accessories at Carrefour stores across Spain. After attending the premiere, the kids could and did buy the dolls. For some parents, this meant Christmas shopping later in the year at the often frenetic Toys "R" Us in Madrid for stuffed dragons from the movie or a Barbie laptop computer, a Barbie kitchen set, a Barbie travel van, and a host of other Barbie gadgets and accessories.

Few American companies sell toys in the Islamic world. Mattel, the world's largest toy company, has no plans to do so. Perhaps Disney's Jasmine will well sell there, though she's actually inappropriately dressed for many of Islamic faith. Jasmine is just one of the series of "Princess" dolls aimed directly at Barbie's dominance of the doll category. Snow White, Pocahontas, Mulan, and, most recently, Princess Tiana are others in the band. Their diversity may have broader appeal. Disney uses pink in the packaging. Disney is also mindful of the fashion-conscious Barbie critics. Disney Princess is more about tiaras and wands rather than handbags and high heels. Where Barbie is more a role model, and therefore more objectionable to parents, Disney is putting its emphasis on the fantasy. Too bad someone isn't emphasizing education.

Indeed, too bad for Mattel—despite the comprehensiveness of the integrated marketing communications plan, sales of Barbie have remained volatile. At times, competitors' more ethnically diverse product lines have sold better, including Mulan, Bratz, and Fulla, as described in Chapter 5. Having recently won a trademark lawsuit against an important competitor (Bratz), Barbie enjoyed a 12 percent increase in sales revenues in 2009. This increase in sales also reflects two important strategic changes for Barbie: (1) buying a license to produce the Disney Princesses and (2) releasing a line of ethnically diverse dolls—the So in Style Barbies are touted as "having a more authentic appearance, from their hair to their varying skin tones."

Sources: Lisa Bannon and Carla Vitshum, "One-Toy-Fits-All: How Industry Learned to Love the Global Kid," *The Wall Street Journal*, April 29, 2003, p. A1; Christopher Palmeri, "Hair-Pulling in the Dollhouse," *BusinessWeek*, May 2, 2005, pp. 76–77; Charisse Jones, "Disney Adds African-American Princess Tiana to Royal Family," *USAToday*, February 16, 2009, online; Mary Ellen Lloyd, "Mattel Net Rises 86% as Barbie Sales Jump," *The Wall Street Journal*, January 30, 2010, online.

LO1

Local market characteristics that affect the advertising and promotion of products

Integrated marketing communications (IMC) are composed of advertising, sales promotions, trade shows, personal selling, direct selling, and public relations—almost all are included in the Barbie campaign described in the Global Perspective. Indeed, even the original *Wall Street Journal* story was most likely prompted by a company press release. All these mutually reinforcing elements of the promotional mix have as their common objective the successful sale of a product or service. In many markets, the availability of appropriate communication channels to customers can determine entry decisions. For example, most toy manufacturers would agree that toys cannot be marketed profitably in countries without commercial television advertising directed toward children. Thus, product and service development must be informed by research regarding the availability of communication channels. Once a market offering is developed to meet target market needs, intended customers must be informed of the offering's value and availability. Often different messages are appropriate for different communications channels, and vice versa.

For most companies, advertising and personal selling are the major components in the marketing communications mix. In this chapter, the other elements of IMC are briefly discussed first. The goal of most companies, large and small,¹ is to achieve the synergies possible when sales promotions, public relations efforts, and advertising are used in concert. However, the primary focus of this chapter is on international advertising. The topic of the next chapter is global sales management.

Sales Promotions in International Markets

Sales promotions are marketing activities that stimulate consumer purchases and improve retailer or middlemen effectiveness and cooperation. Cents-off, in-store demonstrations, samples, coupons, gifts, product tie-ins, contests, sweepstakes, sponsorship of special events such as concerts, the Olympics, fairs, and point-of-purchase displays are types of sales promotion devices designed to supplement advertising and personal selling in the promotional mix. The Rapunzel Barbie movie premiere is too.

LO2

The strengths and weaknesses of sales promotions and public relations in global marketing

Sales promotions are short-term efforts directed to the consumer or retailer to achieve such specific objectives as consumer product trial or immediate purchase, consumer introduction to the store or brand, gaining retail point-of-purchase displays, encouraging stores to stock the product, and supporting and augmenting advertising and personal sales efforts. For example, Procter & Gamble's introduction of Ariel detergent in Egypt included the "Ariel Road Show," a puppet show (not the Little Mermaid!) that was taken to local markets in villages, where more than half of all Egyptians still live. The show drew huge crowds, entertained people, told about Ariel's better performance without the use of additives, and sold the brand through a distribution van at a nominal discount. Besides creating brand awareness for Ariel, the road show helped overcome the reluctance of the rural retailers to handle the premium-priced Ariel. Perhaps our all-time favorite example in this genre is the Simpsons' international festival, sponsored by Fox in Hollywood. Spain's Simpson trivia champion defeated 11 other global contestants in the "Bart Bowl World Finals." Finally, while all software firms decry piracy in foreign markets as a costly crime, most recognize that in some sense it is actually a form of product trial.

In markets in which the consumer is hard to reach because of media limitations, the percentage of the promotional budget allocated to sales promotions may have to be increased. In some less developed countries, sales promotions constitute the major portion of the promotional effort in rural and less accessible parts of the market. In parts of Latin America, a portion of the advertising sales budget for both Pepsi-Cola and Coca-Cola is spent on carnival trucks, which make frequent trips to outlying villages to promote their products. When a carnival truck makes a stop in a village, it may show a movie or provide some other kind of entertainment; the price of admission is an unopened bottle of the product purchased from the local retailer. The unopened bottle is to be exchanged for a cold bottle plus a coupon for another bottle. This promotional effort tends to stimulate sales

¹Ho Yin Wong and Bill Merrilees, "Determinants of SME International Marketing Communications," *Journal of Global Marketing* 1, no. 4 (2008), pp. 293–306.

and encourages local retailers, who are given prior notice of the carnival truck's arrival, to stock the product. Nearly 100 percent coverage of retailers in the village is achieved with this type of promotion. In other situations, village merchants may be given free samples, have the outsides of their stores painted, or receive clock signs in attempts to promote sales.

An especially effective promotional tool when the product concept is new or has a very small market share is product sampling. Nestlé Baby Foods faced such a problem in France in its attempt to gain share from Gerber, the leader. The company combined sampling with a novel sales promotion program to gain brand recognition and to build goodwill. Because most French people take off for a long vacation in the summertime, piling the whole family into the car and staying at well-maintained campgrounds, Nestlé provided rest-stop structures along the highway where parents could feed and change their babies. Sparkling clean *Le Relais Bébé*s are located along main travel routes. Sixty-four hostesses at these rest stops welcome 120,000 baby visits and dispense 600,000 samples of baby food each year. There are free disposable diapers, a changing table, and high chairs for the babies to sit in while dining.

In China, Kraft began a grassroots IMC campaign to educate consumers about the American tradition of pairing milk with cookies. The company created an Oreo apprentice program at 30 Chinese universities that drew 6,000 applicants. Three hundred were trained to become Oreo ambassadors. Some rode around major Chinese cities on bicycles outfitted with wheel covers resembling Oreos, handing out samples to more than 300,000 consumers. Others held Oreo-themed basketball games to reinforce the idea of *dunking* cookies in milk. Television commercials showed kids twisting apart Oreo cookies, licking the cream center, and dipping the halves into glasses of milk. After languishing for many years in China, now Oreo is the best selling biscuit in the country.

One of our favorite sales promotions is the Microsoft/Burger King collaboration in Japan. To publicize the release of Windows 7, the two companies concocted a seven-patty, 2,120-calorie “Windows 7 Whopper” to sell for ¥777 (you can calculate the US\$ price). The first 30 burgers sold each day at each of the company's 15 outlets sold at that price, and then the price doubled the rest of the day. Sales tallied more than 15,000 burgers the first week; YouTube videos showed customers trying to get their mouths around the monster. The publicity was a welcome change for Burger King since reentering the country in 2007. It had been chased out during a price war with 3,200-store-strong McDonald's in 2001. Burger King's return to Japan is part of its larger global strategy, involving expansion into Egypt, Hong Kong, and Poland.²

As is true in advertising, the success of a promotion may depend on local adaptation. Furthermore, research has shown that responses to promotions can vary across promotional types and cultures. Major constraints are imposed by local laws, which may not permit premiums or free gifts to be given. Some countries' laws control the amount of discount given at retail, others require permits for all sales promotions, and in at least one country, no competitor is permitted to spend more on a sales promotion than any other company selling the product. Effective sales promotions can enhance the advertising and personal selling efforts and, in some instances, may be effective substitutes when environmental constraints prevent the full utilization of advertising.

International Public Relations Creating good relationships with the popular press and other media to help companies communicate messages to their publics—customers, the general public, and governmental regulators—is the role of **public relations (PR)**. The job consists of not only encouraging the press to cover positive stories about companies (as in the Barbie story) but also managing unfavorable rumors, stories, and events. Regarding the latter, the distinction between advertising and public relations has become an issue now considered by the United States Supreme Court. Nike was criticized for using “sweatshop” labor in Asia and responded to critics with paid advertising. The Court decided that freedom of

²Kenji Hall, “The (Hard to Install) Windows 7 Whopper,” *BusinessWeek*, November 16, 2009, p. 28.

speech issues did not pertain to the ads, and the associated civil suit against the firm for false advertising could go forward. Indeed, Nike appears to have exacerbated and extended the problem from a public relations standpoint by taking the case all the way to the Supreme Court.

The importance of public relations in international marketing is perhaps best demonstrated by two major events in 2010: (1) the Google China political fight over censorship and hacking and (2) the Toyota brake pedal problem mentioned in Chapter 13. The most remarkable scene of all was Akio Toyoda, CEO of Toyota and grandson of the founder, bowing and profusely apologizing at a Congressional hearing in Washington, then only days later again bowing in contrition in Beijing. The spectacle was demanded by supporters (there are many in Congress) and critics among the publics and the governments in both countries.³ Going from the centuries-old “bowing and apologizing” to the 21st century approach, we note that Toyota is also using social media to address the problem. To both disseminate information and monitor the fluid waters of public opinion, Toyota launched a branded channel of Tweetmeme with the help of Federated Media. Called Toyota Conversations, the channel features news stories, videos, and other information. It also shares tweets from Toyota’s Twitter account and its own AdTweets, such as “5 Reasons to Buy a Toyota.” Tweetmeme channels can be programmed to pick up only select news sources. So in contrast to the sober tone of stories in the *Los Angeles Times* and elsewhere, the mood is positive and light.⁴

The Toyota PR problem is strikingly reminiscent of the Bridgestone/Firestone Tires safety recall disaster of 2000. The Japanese company then was blamed for over 100 deaths in the United States because of its defective tires. True to form in such corporate disasters, the Japanese CEO of the American subsidiary “declared his full and personal responsibility” for the deaths at a U.S. Senate hearing. Such an approach is good public relations in Japan. However, in Washington, senators were not interested in apologies. Moreover, the company blamed its customer, Ford Motor Company, for the problems as well, accusing Ford of telling customers to underinflate the tires for a smoother ride. The problem spread to other markets—Saudi Arabia banned imports of vehicles equipped with Firestone tires. Unbelievably, the company’s response to the Saudi action has been to denounce it as a violation of WTO agreements. Perhaps the company would have been better off promoting its ISO 9000 rating—remember the picture in Chapter 14 on page 405? By now the Bridgestone problem is certainly forgotten by almost all Americans; we wonder how long it will take the American public to forgive Toyota.

Public relations firms’ billings in the international arena have been growing at double-digit rates for some years. Handling such international PR problems as global workplace standards and product safety recalls has become big business for companies serving corporate clients such as Mattel Toys,⁵ McDonald’s, and, of course, Nike. Fast growth is also being fueled by the expanding international communications industry. New companies need public relations consultation for “building an international profile,” as the marketing manager of VDSL Systems explained when hiring MCC, a prominent British firm. Surprising growth is occurring in emerging markets like Russia as well. The industry itself is experiencing a wave of mergers and takeovers, including the blending of the largest international advertising agencies and the most well-established PR firms.

Corporate sponsorships might be classified as an aspect of sales promotions or public relations, though their connections to advertising are also manifest. Tobacco companies have been particularly creative at using sports event sponsorships to avoid countries’ advertising regulations associated with more traditional media. Other prominent examples are Coca-Cola’s sponsorship of European football (soccer) matches or Kia Motor’s sponsorship of the Australian Open tennis tournament. McDonald’s executed huge international

³David Pierson, “Toyota’s President’s Whirlwind Apology Tour Lands in China,” *Los Angeles Times*, March 2, 2010, pp. B1, B6.

⁴Jessica Guynn, “Toyota Taps Twitter for Positive Spin,” *Los Angeles Times*, March 4, 2010, p. B3.

⁵“Mattel Apologizes to China over Recall,” *Associated Press*, September 21, 2007.

CROSSING BORDERS 16.1

PR in the PRC

In 1999 an industry was born in China when the Ministry of Labor and Social Security recognized public relations as a profession. These excerpts from the *China Daily* illustrate how institutions evolve in emerging economies:

More laws are needed to regulate China's fledgling public relations profession, an industry leader said yesterday in Beijing. "To seize the enormous business opportunities promised by China's upcoming entry in the World Trade Organization, we need specific laws to regulate the market, curb malpractice and promote competency of local PR firms," said Li Yue, vice-director of the China International Public Relations Association. Her comments were made during a national symposium on public relations, also known as PR.

Symposium delegates said they were concerned about the disorder in the PR industry and

the frequent personnel changes in PR firms. They urged the passage of more laws to put an end to what many consider to be the chaos in the profession. Industry insiders cited a limited talent pool, cut-throat price wars and low professional standards as the industry's major problems.

In the 1980s, most Chinese people would think of reception girls, lavish banquets, and the use of connections when public relations were mentioned. Now, public relations firms are seen as helping their clients gain better name recognition of their companies. They also manage corporate images.

Sources: "China: More Regulation of PR Sought," *China Daily*, January 20, 2000, p. 3; "PRW: The Top European PR Consultancies 2000," *PR Week*, June 23, 2000, p. 7; "PR Firms Gaining Experience by Working with Multinational Firms," *Industry Updates*, June 20, 2005; "Ogilvy Public Relations Worldwide/China and JL McGregor Announce Strategic Alliance," *PR Newswire*, June 13, 2007.

IMC campaigns surrounding its sponsorship of the 2000 Sydney Olympics. Included were Olympic-themed food promotions, packaging and in-store signs, TV and print ads, and Web chats with superstar athletes such as American basketball player Grant Hill. In addition to the various promotions targeting the 43 million daily customers in their 27,000 restaurants around the world, the firm targeted the athletes themselves. As the official restaurant partner, McDonald's got to operate seven restaurants in Sydney, including the two serving the Olympic Village. During the three weeks of the Games, nearly 1.5 million burgers were served to the athletes, officials, coaches, media staffers, and spectators. McDonald's continued this sort of official corporate support for the Athens (2004) and Beijing (2008) games as well. Finally, one of the more innovative sponsorship arrangements was Intel's agreement with the Tour de France to support the official Tour Web site, www.letour.com. Of course, all these aspects of IMC work best when coordinated and reinforced with a consistent advertising campaign, the topic covered in the rest of the chapter.

International Advertising

Since the turn of the century, growth in global advertising expenditures has slowed, particularly during the 2008–2009 global recession. At this writing, the data for 2009 are not yet available, but most estimates suggest a 10 percent drop in spending worldwide. During 2008 the 100 biggest global advertisers increased overall spending by 3.1 percent to \$117.9 billion, despite a 3.7 percent decline in the United States. Amid this slow-growth global economic environment and fast technological churn, the advertising industry continues to undergo substantial restructuring. Also related to the technological revolution in media is a general conundrum about counting. That is, keeping track of the 100 biggest advertisers and their agencies is a relatively simple matter of record keeping and reporting. But as the nature, use, and monitoring of media churn, it becomes more difficult to define bases of comparison that support useful analyses.

Global mass media advertising is a powerful tool for cultural change,⁶ and as such, it receives continuing scrutiny by a wide variety of institutions. One important study has shown that advertising expenditures are generally cyclical, though less so in relationship-oriented

⁶Xin Zhao and Russell W. Belk, "Politicizing Consumer Culture: Advertising's Appropriation of Political Ideology in China's Social Transition," *Journal of Consumer Research* 35, no. 2 (2008), pp. 231–44.

Integrated Marketing Communications (IMC) at Quiksilver

In marketing high-quality branded lifestyle products, image is everything. Quiksilver has been one of the most innovative companies in creating new ways to deliver the “the mountain and the wave” images around the world.

With global revenues exceeding \$2 billion in recent years, Quiksilver has grown quite fast since its 1969 beginnings in Torquay, Australia. There Alan Green had started working on prototypes for a new kind of board short, using aspects of wetsuit technology such as snaps and Velcro flies. The new design proved more suitable for the demands of big-wave wipeouts. The “mountain and wave” logo followed in 1970.

Now Quiksilver is headquartered in Huntington Beach, California (aka Surf City), and is one of the leading firms in “Velcro Valley”—the actionwear capital of the world in Orange County. The Quiksilver brand family includes 15 brands, led by Quiksilver, Roxy, DC, and Rossignol. It counts among its markets six continents, over 90 countries, and 236 million youths. The majority of its sales are overseas: 45 percent in the Americas, 44 percent in Europe, and 11 percent in Asia Pacific. Quiksilver distributes its products worldwide through 406 company-owned stores,

245 licensed stores, and 56 stores in licensed and joint venture territories. The Quiksilver sales mix is composed of 58 percent apparel, 15 percent footwear, 14 percent winter sports equipment, and 13 percent accessories.

Exhibited on the front cover of this book (Roxy’s sponsorship of Torah Bright, the 2010 Olympic gold medal winning snowboarder from Australia) and here is just a representative part of the breadth of Quiksilver’s integrated marketing communications:



A billboard and store front in Moscow, Russia.



Roxy's sponsorship of Sofia Mulanovich, South America's first champion surfer.



At home in the OC, the company supports the Ocean Institute financially and with a visit from its Indies Trade boat, which travels the world promoting clean water environments and, of course, the company image.



Quiksilver sponsored the 2005 Great Wall of China first-ever leap by Danny Way, a southern California skateboarder.



The firm uses perhaps the broadest array of advertising media as well—from walls in Istanbul to an entertainment loaded Web site.

Greg Macias, Vice President of Marketing explains how IMC decisions are made:

Globally, Quiksilver has three major centers of management: U.S. (Huntington Beach, CA), Europe (Biarritz, France), and Asia Pacific (Torquay, Australia). There are other management offices in China, Indonesia, Korea, Brazil, Argentina, South Africa, Canada, and Japan.

The head marketers in each of the three major regions meet three times a year formally to discuss goals, strategy, and best practices. This also happens in the general management and retail disciplines.

Media decisions are made on a regional level. There are no "global buys."

We do have a global brand manager, and he oversees a budget that supports global initiatives, that is, initiatives that can have a significant global effect and can be utilized by each region. The best examples of this are athletes and Web casts of key events.

We agree to share a common brand promise, global goals, a singular logo and an annual art palette. Each region builds their own specific communication executions but many assets are shared so advertising looks fairly consistent.

Like most businesses, we are constantly changing and trying to improve our message, products, relationships, and business practices. In my humble opinion, our biggest asset is our ability to evolve and not get entrenched in tradition.



Exhibit 16.1

Top 20 Global Advertisers (\$ millions)*

2008	2007	Advertiser	Headquarters	2008	Percent Change
1	1	Procter & Gamble Co.	Cincinnati	\$9,731	0.0%
2	2	Unilever	London/Rotterdam	5,717	1.8
3	3	L'Oreal	Clichy, France	4,040	10.8
4	4	General Motors	Detroit	3,674	5.4
5	5	Toyota Motor Corp.	Toyota City, Japan	3,203	-3.2
6	8	Coca-Cola Co.	Atlanta, GA	2,673	13.5
7	7	Johnson & Johnson	New Brunswick, NJ	2,601	4.5
8	6	Ford Motor Co.	Detroit	2,448	-14.0
9	11	Reckitt Benckiser	Slough, Berkshire, UK	2,369	13.0
10	9	Nestle	Vevey, Switzerland	2,314	1.0
11	12	Volkswagen	Wolfsburg, Germany	2,309	15.4
12	10	Honda Motor Co.	Tokyo	2,220	4.6
13	15	Mars Inc.	McLean, VA	1,998	5.0
14	19	McDonald's Corp.	Oakbrook, IL	1,968	6.9
15	14	Sony Corp.	Tokyo	1,851	-3.3
16	17	GlaxoSmithKline	Brentford, Middlesex, UK	1,831	-3.2
17	20	Deutsche Telekom.	Bonn, Germany	1,812	7.7
18	18	Kraft Foods	Northfield, IL	1,792	-2.7
19	16	Nissan Motor Co.	Tokyo	1,716	-9.7
20	21	Walt Disney Co.	Burbank, CA	1,586	-2.0

*Figures are U.S. dollars in millions and are *AdvertisingAge* estimates.Source: *Advertising Age*, 2010. Copyright © 2010 Crain Communication. Reprinted with permission.**Exhibit 16.2**Top 100 Advertisers'
Global Spending by
Category (\$ millions)Source: *Advertising Age*,
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Category	2008	Percent Change from 2007	Advertiser Count
Automotive	\$25,613	0.1%	18
Personal care	25,480	3.4	11
Food	11,914	4.9	9
Drugs	10,323	1.8	11
Entertainment & Media	9,608	-1.8	7
Retail	5,968	17.8	8
Restaurants	4,289	9.6	4
Soft drinks	4,064	5.3	2
Telephone	3,974	2.7	4
Cleaners	3,829	10.7	3
Beer, wine, & liquor	2,681	2.1	5
Financial	2,595	-9.0	6
Electronics & imaging	2,100	8.9	3
Technology	2,035	-11.5	4
Electronics	1,846	20.7	2
Toys	1,607	12.8	3

countries where managers and regulators favor stability and long-term performance.⁷ Most scholars agree that we are just beginning to understand some of the key issues involved in international advertising, but our knowledge will continue to be quite perishable as the revolution continues.

Exhibit 16.1 and 16.2 illustrate the biggest companies and product categories for international advertising. Although automotive companies dominate the lists, Procter & Gamble was the global champion of spending. Also, notice the lack of growth across many of the

⁷Barbara Deleersnyder, Marnik G. Dekimpe, Jan-Benedict E.M. Steenkamp, and Peter S.H. Leeflang, "The Role of National Culture in Advertising's Sensitivity to Business Cycles: An Investigation across Continents," *Journal of Marketing Research* 46, no. 5 (2009), pp. 623-36.

Exhibit 16.3a

Russia's Top Ten Advertisers (\$ millions)

Source: From Special Report Global Marketing, *Advertising Age*, November 19, 2007. Copyright © 2010 Crain Communication. Reprinted with permission.

Advertiser	2008	Percent Change from 2007
Procter & Gamble Co.	\$127.7	-32.7%
L'Oreal	72.9	-21.3
Mars Inc.	71.0	-30.1
Unilever	59.5	-29.8
Henkel	52.9	-24.8
Danone Group	40.8	-38.7
VimpelCom	40.6	-28.5
Coca-Cola Co.	40.6	-28.5
Sistema (financials)	39.3	-18.3
Reckitt Benckiser	39.0	-19.1

Exhibit 16.3b

China's Top Ten Advertisers (\$ millions)

Source: From Special Report Global Marketing, *Advertising Age*, November 19, 2007. Copyright © 2010 Crain Communication. Reprinted with permission.

Advertiser	2008	Percent Change from 2007
Procter & Gamble Co.	\$1079.1	-2.3%
Unilever	487.0	9.5
Harbin Pharma Group	435.8	0.2
L'Oreal	333.3	73.6
Yum! Brands	289.5	43.6
Shanghai Goldenpartner Biology Technology	270.8	18.6
Zhongdian Communicate Technology	245.7	847.7*
Hayao Group Sanchine Pharmacy	204.0	-4.1
Chine Mobile	199.7	3.1
Coca-Cola Co.	174.7	28.1

* This is correct.

categories and companies. We also broke out the spending patterns for two emerging markets in Exhibit 16.3. Demonstrated is a key difference in stages of development between China and Russia. Whereas the latter is dominated by foreign firms (eight of ten), China is creating its own home-grown brands (five). Judging by the relative progress of the two countries on this single criterion, China looks like it is further up the ladder of economic development.

Of all the elements of the marketing mix, decisions involving advertising are those most often affected by cultural differences among country markets. Consumers respond in terms of their culture, its style, feelings, value systems, attitudes, beliefs, and perceptions. Because advertising's function is to interpret or translate the qualities of products and services in terms of consumer needs, wants, desires, and aspirations, the emotional appeals, symbols, persuasive approaches, and other characteristics of an advertisement must coincide with cultural norms if the ad is to be effective.

Reconciling an international advertising campaign with the cultural uniqueness of markets is the challenge confronting the international or global marketer. The basic framework and concepts of international advertising are essentially the same wherever employed. Seven steps are involved:

1. Perform marketing research.
2. Specify the goals of the communication.
3. Develop the most effective message(s) for the market segments selected.
4. Select effective media.
5. Compose and secure a budget based on what is required to meet goals.
6. Execute the campaign.
7. Evaluate the campaign relative to the goals specified.

Of these seven steps, developing messages almost always represents the most daunting task for international marketing managers. So, that topic is emphasized here. Nuances of international media are then discussed. Advertising agencies are ordinarily involved in all seven steps and are the subject of a separate section. Finally, the chapter closes with a discussion of broader issues of governmental controls on advertising.

Advertising Strategy and Goals

LO3

When global advertising is most effective; when modified advertising is necessary

The goals of advertising around the world vary substantially. For example, Chinese manufacturers are establishing new brands as their economy expands; Unilever is introducing a new product-line extension, Dove Shampoo, in East Asian markets; and Russia's airline Aeroflot is seeking to upgrade its quality image. All these marketing problems require careful marketing research and thoughtful and creative advertising campaigns in country, regional, and global markets.

Intense competition for world markets and the increasing sophistication of foreign consumers have led to the need for more sophisticated advertising strategies. Increased costs, problems of coordinating advertising programs in multiple countries, and a desire for a broader company or product image have caused multinational companies (MNCs) to seek greater control and efficiency without sacrificing local responsiveness. In the quest for more effective and responsive promotion programs, the policies covering centralized or decentralized authority, use of single or multiple foreign or domestic agencies, appropriation and allocation procedures, copy, media, and research are being examined. More and more multinational companies can be seen to be managing the balance between standardization of advertising themes and customization.⁸ And recently, as described in Chapter 13, more companies are favoring the latter.

A case in point is the Gillette Company, which sells 800 products in more than 200 countries. Gillette has a consistent worldwide image as a masculine, sports-oriented company, but its products have no such consistent image. Its razors, blades, toiletries, and cosmetics are known by many names. Trac II blades in the United States are more widely known worldwide as G-II, and Atra blades are called Contour in Europe and Asia. Silkience hair conditioner is known as Soyance in France, Sientel in Italy, and Silkience in Germany. Whether or not global brand names could have been chosen for Gillette's many existing products is speculative. However, Gillette's current corporate philosophy of globalization provides for an umbrella statement, "Gillette, the Best a Man Can Get," in all advertisements for men's toiletries products in the hope of providing some common image.

A similar situation exists for Unilever, which sells a cleaning liquid called Vif in Switzerland, Viss in Germany, Jif in Britain and Greece, and Cif in France. This situation is a result of Unilever marketing separately to each of these countries. At this point, it would be difficult for Gillette or Unilever to standardize their brand names, because each brand



These vehicular ads make an effective advertising medium even in a dense London fog. Because most London cabs are black, the Snickers ad catches the eye immediately.

⁸Ali Kanso and Richard Alan Nelson, "Advertising Localization Overshadows Standardization," *Journal of Advertising Research* 42, no. 1 (January–February 2002), pp. 79–89; Charles R. Taylor, "Who Standardizes Advertising More Frequently, and Why Do They Do So? A Comparison of U.S. and Japanese Subsidiaries' Advertising Practices in the European Union," *Journal of International Marketing* 14 (2006), pp. 98–120; Kineta H. Hung, Stella Yiyun Li, and Russell W. Belk, "Global Understandings: Female Readers' Perceptions of the New Woman in Chinese Advertising," *Journal of International Business Studies* 38 (2007), pp. 1034–51.

is established in its market and therefore has equity. Nortel Networks has used a “local heroes” approach in its international advertising. The company picks local celebrities to pitch standardized messages across national markets for their telecommunications services.

In many cases, standardized products may be marketed globally. But because of differences in cultures, they still require a different advertising appeal in different markets. For instance, Ford’s model advertising varies by nation because of language and societal nuances. Ford advertises the affordability of its Escort in the United States, where the car is seen as entry level. But in India, Ford launched the Escort as a premium car. “It’s not unusual to see an Escort with a chauffeur there,” said a Ford executive.

Finally, many companies are using market segmentation strategies that ignore national boundaries—business buyers or high-income consumers across the globe are often targeted in advertising, for example. Others are proposing newer global market segments defined by “consumer cultures” related to shared sets of consumption-related symbols—convenience, youth, America, internationalism, and humanitarianism are examples. Other, more traditional segments are product and region related; those are discussed next.

Product Attribute and Benefit Segmentation

As discussed in the chapters on product and services development (Chapters 13 and 14), a market offering really is a bundle of satisfactions the buyer receives. This package of satisfactions, or utilities, includes the primary function of the product or service, along with many other benefits imputed by the values and customs of the culture. Different cultures often seek the same value or benefits from the primary function of a product—for example, the ability of an automobile to get from point A to point B, a camera to take a picture, or a wristwatch to tell time. But while usually agreeing on the benefit of the primary function of a product, consumers may perceive other features and psychological attributes of the item differently.

Consider the different market-perceived needs for a camera. In the United States, excellent pictures with easy, foolproof operation are expected by most of the market; in Germany and Japan, a camera must take excellent pictures, but the camera must also be state of the art in design. In Africa, where penetration of cameras is less than 20 percent of the households, the concept of picture taking must be sold. In all three markets, excellent pictures are expected (i.e., the primary function of a camera is demanded), but the additional utility or satisfaction derived from a camera differs among cultures. Many products produce expectations beyond the common benefit sought by all.

Dannon’s brand of yogurt promotes itself as the brand that understands the relationship between health and food, but it communicates the message differently, depending on the market. In the United States, where Dannon yogurt is seen as a healthy, vibrant food, the brand celebrates its indulgent side. In France, however, Dannon was seen as too pleasure oriented. Therefore, Dannon created the Institute of Health, a real research center dedicated to food and education. The end result is the same message but communicated differently—a careful balance of health and pleasure.

The Blue Diamond Growers Association’s advertising of almonds is an excellent example of the fact that some products are best advertised only on a local basis. Blue Diamond had a very successful ad campaign in the United States showing almond growers knee-deep in almonds while pleading with the audience, “A can a week, that’s all we ask.” The objective of the campaign was to change the perception of almonds as a special-occasion treat to an everyday snack food. The campaign was a success; in addition to helping change the perception of almonds as a snack food, it received millions of dollars worth of free publicity for Blue Diamond from regional and national news media. The successful U.S. ad was tested in Canada for possible use outside the United States. The Canadian reaction was vastly different; to them, the whole idea was just too silly. And further, Canadians prefer to buy products from Canadian farmers, not American farmers. This response led to the decision to study each market closely and design an advertisement for each country market. The only similarity among commercials airing in markets in New York, Tokyo, Moscow, Toronto, or Stockholm is the Blue Diamond logo.

Regional Segmentation

The emergence of pan-European communications media is enticing many companies to push the balance toward more standardized promotional efforts. As media coverage across Europe

IMC at Microsoft

Microsoft's mission is "to enable people and businesses throughout the world to realize their full potential ... via creating technology that transforms the way people work, play, and communicate." Of its \$58 billion in worldwide revenue, Microsoft spent more than \$1 billion in integrated marketing communications (IMC) in 2009. Although the company's overall sales fell 3.5 percent in that difficult year, international sales grew to 43 percent of revenues, up from 41 percent in 2008. Represented on these pages are international IMC campaigns for two of Microsoft's key market offerings, Windows 7 and *Halo3: ODST*.

The firm has five divisions:

1. With more than \$14 billion in 2009 revenues, "Client" market offerings include Windows operating systems, the newest of which is Windows 7. Key competitors for the division are Unix, Apple, Canonical, and Red Hat.
2. "Server and Tools" offerings include the Windows Server operating system and associated products and services. Sales in 2009 were also over \$14 billion, and competitors include Linux, IBM, and Sun Microsystems.
3. "Online Services Business" offerings include Bing, Microsoft adCenter/adExpert, and other online advertising products and services. Revenues were \$3 billion, and competitors are AOL, Google, and Yahoo!, among others.
4. "Microsoft Business Division" offerings are software and online services, such as Microsoft Office and Microsoft Dynamics CRM. Adobe, Apple, and Google are among its major competitors.
5. The "Entertainment and Devices Division" offers Xbox 360 consoles and games, Xbox Live, Zune, and several other products and services, including the most successful video game, *Halo3: ODST*. Revenues in 2009 were almost \$8 billion, with a competitor list including Nintendo and Sony.



Windows 7

Windows 7 is primarily sold to original equipment computer manufacturers (OEM) and secondarily to consumers worldwide. The OEM customers include Hewlett-Packard, Dell, Toshiba (Japan), Lenovo (China), and even Apple. The ads presented here were developed by a new advertising agency for Microsoft, Crispin Porter + Bogusky. You can see the same imagery used in all countries, but the copy theme, "I'm a PC, and Windows 7 was my idea," was translated and adapted for the German and French markets. The French version says, "I said I wanted a more intuitive PC, and there it is, more intuitive. No one can refuse me anything." The German reads, "I said, 'Improve the security,' and they did. Did I do that or did I do that?" While ease of use is an important product attribute in France; in Germany, security is more important. "I'm a PC" does not make much sense outside the United States.

Because the potential users of Windows 7 around the world often share key demographic characteristics and usage patterns, advertising needs only a modicum of adaptation. The campaign has included television, print, online, and outdoor media, as well as student discounts in several countries. Windows 7 has been an important success for Microsoft (particularly in relation to Vista), selling more than 90 million licenses worldwide its first year.



HALO3: ODST

Video games sold by Microsoft add to revenues directly while stimulating Xbox sales as well. *Halo3: ODST* (Orbital Drop Shock Trooper) is a first-person shooter video game developed by Bungie and published by Microsoft. Upon its release in the fall of 2009, it quickly became the top-selling Xbox 360 game, with more than 3 million copies sold worldwide at \$60 for the two-disk set. Approximately 40 percent of these sales were international.

Marketing the game began with hints in the media in 2008, and then a full trailer for the game was shown at the Tokyo Game Show in October 2008. Before the game's release, it topped Amazon.com's preorder list for 107 days. The advertising campaign included numerous promotional materials released through Xbox Live, online outlets, print, and televised advertising. Marvel Comics also published a limited-edition comic series featuring ODST's main characters. Bungie and Microsoft sponsored an official launch event at the Experience Music Project and Science Fiction Museum and Hall of Fame in Seattle; it included discussion panels and advance looks. GameStop put on more than 3,500 launch parties across the United States.



While the game itself is offered only in English, advertising copy is translated into a dozen languages. See three banner ads as examples above. The look of the advertising (and the game itself) is little adapted for international markets—the demographics and usage patterns of gamers are relatively consistent around the world. You will notice from the warning labels that Japan has adopted the U.S. approach, whereas the Spanish-speaking markets are more diverse, just listing that it is appropriate for ages “16+.” As mentioned earlier in the text, Germany has special restrictions with respect to violence in video games, and the first-person shooter genre is less popular there than in other cultures.

Project Natal, Branded “Kinect”

International advertising and marketing communications became much more interesting for the Entertainment and Devices Division of Microsoft in 2010. Around Christmas of that year, Natal (branded as Kinect), a controller-free gaming and entertainment experience, is scheduled for launch globally. The firm expects the revolutionary product to give birth (*natal* means “birth” in English and, conveniently, “Christmas” in Portuguese) to a variety of new associated products and services for Microsoft, in an effect similar to Apple’s iPhone. See YouTube.com for previews of the new levels of interactivity supported by the device. Project Natal was first announced on June 1, 2009, at the E3 2009 Trade Show, and more than 1,000 development kits were shipped to game developers that same day.

Because the potential array of games and interactivities is so great and thus appeals to broad swathes of consumers around the world, international marketing efforts for Kinect will require new levels of cultural adaptation of Microsoft’s associated products, services, and consumer communications.

expands, it will become more common for markets to be exposed to multiple messages and brands of the same product. To avoid the confusion that results when a market is exposed to multiple brand names and advertising messages, as well as for reasons of efficiency, companies strive for harmony in brand names, advertising, and promotions across Europe.

Along with changes in behavior patterns, legal restrictions are slowly being eliminated, and viable market segments across country markets are emerging. Although Europe will never be a single homogeneous market for every product, that does not mean that companies should shun the idea of developing European-wide promotional programs. A pan-European promotional strategy would mean identifying a market segment across all European countries and designing a promotional concept appealing to market segment similarities.

The Message: Creative Challenges

Global Advertising and the Communications Process

LO4

The communication process and advertising misfires

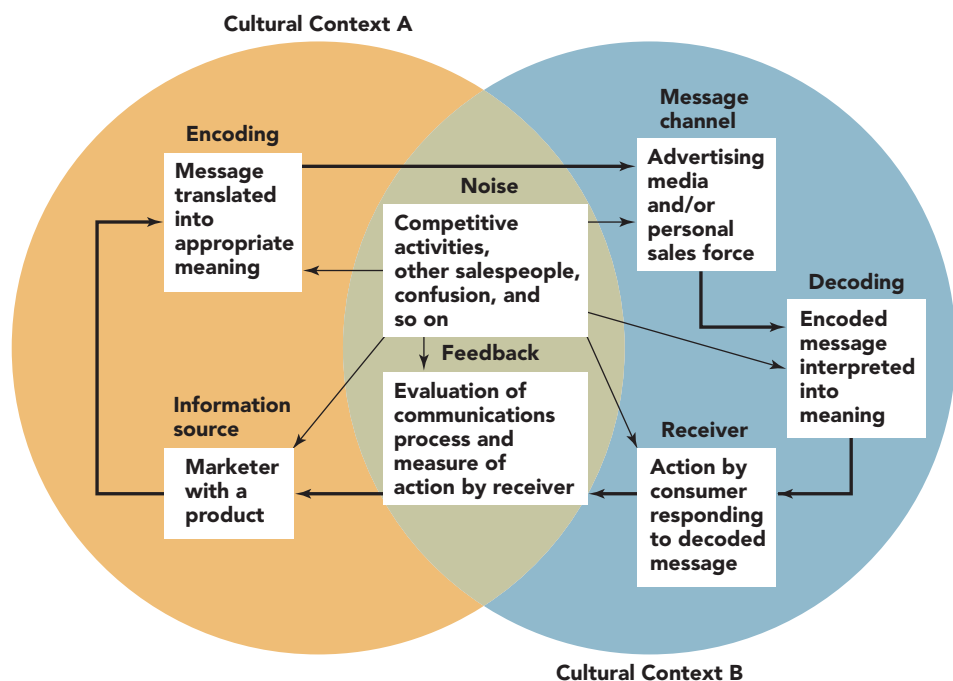
International communications may fail for a variety of reasons: A message may not get through because of media inadequacy, the message may be received by the intended audience but not be understood because of different cultural interpretations, or the message may reach the intended audience and be understood but have no effect because the marketer did not correctly assess the needs and wants or even the thinking processes⁹ of the target market.

In the international communications process, each of the seven identifiable steps ultimately can affect the accuracy of the process. As illustrated in Exhibit 16.4, the process consists of the following:

1. **An information source.** An international marketing executive with a product message to communicate.
2. **Encoding.** The message from the source converted into effective symbolism for transmission to a receiver.
3. **A message channel.** The sales force and/or advertising media that convey the encoded message to the intended receiver.
4. **Decoding.** The interpretation by the receiver of the symbolism transmitted from the information source.

⁹Jennifer Aaker, "Accessibility or Diagnosticity? Disentangling the Influence of Culture on Persuasion Processes and Attitudes," *Journal of Consumer Research* 26, no. 4 (March 2000), pp. 340–57.

Exhibit 16.4
The International Communications Process



5. **Receiver.** Consumer action by those who receive the message and are the target for the thought transmitted.
6. **Feedback.** Information about the effectiveness of the message that flows from the receiver (the intended target) back to the information source for evaluation of the effectiveness of the process.
7. **Noise.** Uncontrollable and unpredictable influences such as competitive activities and confusion that detract from the process and affect any or all of the other six steps.

Unfortunately, the process is not as simple as just sending a message via a medium to a receiver and being certain that the intended message sent is the same one perceived by the receiver. In Exhibit 16.4, the communications process steps are encased in Cultural Context A and Cultural Context B to illustrate the influences complicating the process when the message is encoded in one culture and decoded in another. If not properly considered, the different cultural contexts can increase the probability of misunderstandings. Research in the area suggests that effective communication demands the existence of a “psychological overlap” between the sender and the receiver; otherwise, a message falling outside the receiver’s perceptual field may transmit an unintended meaning. It is in this area that even the most experienced companies make blunders.

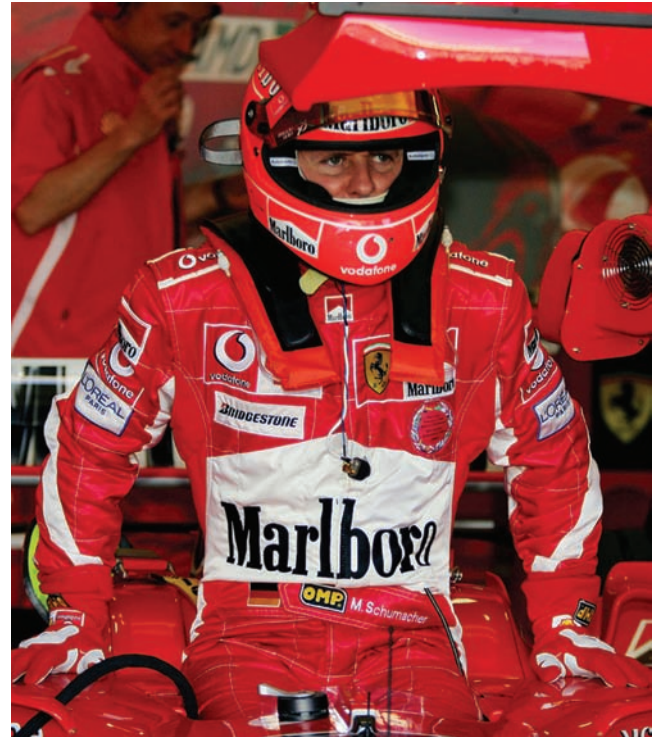
Most promotional misfires or mistakes in international marketing are attributable to one or several of these steps not properly reflecting cultural influences or a general lack of knowledge about the target market. Referring to Exhibit 16.4, the information source is a marketer with a product to sell to a specific target market. The product message to be conveyed should reflect the needs and wants of the target market; however, often the actual market needs and the marketer’s perception of them do not coincide. This disconnect is especially true when the marketer relies more on the self-reference criterion (SRC) than on effective research. It can never be assumed that “if it sells well in one country, it will sell in another.” For instance, bicycles designed and sold in the United States to consumers fulfilling recreational exercise needs are not sold as effectively for the same reason in a market where the primary use of the bicycle is transportation. Cavity-reducing fluoride toothpaste sells well in the United States, where healthy teeth are perceived as important, but has limited appeal in markets such as Great Britain and the French areas of Canada, where the reason for buying toothpaste is breath control. From the onset of the communications process, if basic needs are incorrectly defined, communications fail because an incorrect or meaningless message is received, even though the remaining steps in the process are executed properly.

The encoding step causes problems even with a “proper” message. At this step, such factors as color,¹⁰ timing, values, beliefs, humor, tastes, and appropriateness of spokespersons¹¹ can cause the international marketer to symbolize the message incorrectly. For example, the marketer wants the product to convey coolness so the color green is used; however, people in the tropics might decode green as dangerous or associate it with disease. Another example of the encoding process misfiring was a perfume presented against a backdrop of rain that, for Europeans, symbolized a clean, cool, refreshing image but to Africans was a symbol of fertility. The ad prompted many viewers to ask if the perfume was effective against infertility.

Problems of literacy, media availability, and types of media create challenges in the communications process at the encoding step. Message channels must be carefully selected if an encoded message is to reach the consumer. Errors such as using the Internet as a medium when only a small percentage of an intended market has access to the Internet, or using print media for a channel of communications when the majority of the intended users cannot read or do not read the language in the medium, are examples of ineffective media channel selection in the communications process.

¹⁰Elizabeth G. Miller, “Shades of Meaning: The Effect of Color and Flavor Names on Consumer Choice,” *Journal of Consumer Research* 32 (2005), pp. 86–92.

¹¹Drew Martin and Arch G. Woodside, “Dochakuka: Melding Global Inside Local: Foreign-Domestic Advertising Assimilation in Japan,” *Journal of Global Marketing* 21 (2007), pp. 19–32.



Red Works! Since we first wrote about the color's power some 10 years ago, a lot has been happening.¹² Notice the Coke advantage at work—the red contrasts with the outdoor environment, while the Cristal aqua blends more with the blue sky and trees. Cristal is a popular brand of bottled water actually owned by Coca-Cola and sold in the Yucatan Peninsula in Mexico. The Coke ads are emblazoned on a café in the central plaza of Canas, Costa Rica. Or you can spend it like Beckham—in addition to Vodafone and Nike on his jersey, David Beckham, here in his Manchester United red, also represented Pepsi, Adidas, Castrol, Upper Deck, Marks & Spencer, Police, Meiji, Tokyo Beauty Center, etc., etc., etc. The Spanish soccer power Real Madrid spent \$40 million buying Beckham's contract from his British home team, and then the Los Angeles Galaxy moved him there. One disadvantage of the moves south—the white jerseys of the Spanish and American teams don't catch the eye as did the Manchester United red. Most recently Beckham has teamed up with the Red campaign (along with Oprah and Bono) to promote products of firms that donate revenues to the Global Fund to Fight AIDS. Other firms involved in the project include are Dell, Microsoft, American Express, Armani, Converse, Hallmark, Apple, and The Gap.¹³ We also note that the world's most famous athlete is not Beckham, or even last-day-red-shirt-wearing Tiger Woods. Instead, it's Formula 1 racecar driver Michael Schumacher. The German has made more money than any other sports figure as he dominates the sport most watched on television globally. And the flamboyant red jumpsuit and red Ferraris helped. The other red brands—Marlboro and Vodafone—loved him too. Alas, now Schumacher, like Beckham, has aged and has shed his Ferrari red for Mercedes white, and his performance has lagged. Maybe it's the color? Finally, we note how well the mostly red SFR (a French mobile phone company with more than 20 million clients that sponsored the 2010 European X Games) logo stands out against Torah Bright's Roxy black on the book cover.

¹²Elisabeth A. Sullivan, "Color Me Profitable," *Marketing News*, October 15, 2008, p. 8; Andrew J. Ellion and Daniela Niesta, "Romantic Red: Red Enhances Men's Attraction to Women," *Journal of Personality and Social Psychology* 95, no. 5 (2008), pp. 1150–64; Ravi Mehta and Rui (Juliet) Zhu, "Blue or Red? Exploring the Effect of Color on Cognitive Task Performances," *Science* 323 (2009), pp. 1226–29.

¹³Ron Nixon, "Little Green for (Red)," *The New York Times*, February 6, 2008, pp. C1, C5.



Why would both Coke and McDonald's shed their eye-catching red logos for black and white? You can see the answers at the bottom of page 493 at the end of this chapter. The stadium pictured is in Buenos Aires, is popularly called *La Bombonera*, is officially named *Albioner Armano*, is the home of the club team *Boca Junior*, and was the home team for Argentina's most famous *futbol* player ever, Maradona. The McDonald's (yes, the arches are usually gold, but the brand name is red) sits adjacent to the city square in the old Inca Empire capital at Cuzco, Peru. Finally, even PepsiCo is blushing over Coke's dominance: It's introducing an all-red can in China.¹⁴ If it succeeds there, perhaps Pepsi will just match other countries' flags as well—red, white, and blue works not only in the United States but in Russia and France as well.

Decoding problems are generally created by improper encoding, which caused such errors as Pepsi's "Come Alive" slogan being decoded as "Come out of the grave." Chevrolet's brand name for the Nova model (which means new star) was decoded into Spanish as *No Va!*, meaning "it doesn't go." In another misstep, a translation that was supposed to be decoded as "hydraulic ram" was instead decoded as "wet sheep." In a Nigerian ad, a platinum blonde sitting next to the driver of a Renault was intended to enhance the image of the automobile. However, the model was perceived as not respectable and so created a feeling of shame. An ad used for Eveready Energizer batteries with the Energizer bunny was seen by Hungarian consumers as touting a bunny toy, not a battery.

Decoding errors may also occur accidentally, as was the case with Colgate-Palmolive's selection of the brand name Cue for toothpaste. The brand name was not intended to have any symbolism; nevertheless, it was decoded by the French into a pornographic word. In some cases, the intended symbolism has no meaning to the decoder. In an ad transferred from the United States, the irony of tough-guy actor Tom Selleck standing atop a mountain with a steaming mug of Lipton tea was lost on eastern Europeans.

Errors at the receiver end of the process generally result from a combination of factors: an improper message resulting from incorrect knowledge of use patterns, poor encoding producing a meaningless message, poor media selection that does not get the message to the receiver, or inaccurate decoding by the receiver so that the message is garbled or incorrect. Even bad luck comes into play. Recall that French's mustard was boycotted (along with French wines, fries, etc.) by Americans when the Paris government did not go along with the attack in Iraq in 2003—even though the brand name has nothing to do with the country and is an American brand.

Finally, the feedback step of the communications process is important as a check on the effectiveness of the other steps. Companies that do not measure their communications efforts are likely to allow errors of source, encoding, media selection, decoding, or receiver to continue longer than necessary. In fact, a proper feedback system (ad testing) allows a company to correct errors before substantial damage occurs.

In addition to the problems inherent in the steps outlined, the effectiveness of the international communications process can be impaired by noise. **Noise** comprises all other

¹⁴Loretta Chao and Betsy McKay, "Pepsi Steps into Coke Realm: Red China," *The Wall Street Journal* (online), September 12, 2007.

City streets in Singapore are alive with advertising. California Fitness Centers in Southeast Asia are owned by America's 24-hour Fitness Centers. Obviously the image of "bodyland" southern California sells well around the world. However, there's an interesting irony in that brand name for Muslim customers. The word *California* first appears in the eleventh-century epic poem *The Song of Roland*; there it literally means the "caliph's domain"—the Caliph of Baghdad ruled the Islamic Empire then. The Spaniards who named California in the early 1500s thought they were in Asia! Moreover, the deeper meaning of the brand name is lost even on the modern Muslims who comprise 15 percent of Singapore's current population!



external influences, such as competitive advertising, other sales personnel, and confusion at the receiving end, that can detract from the ultimate effectiveness of the communication. Noise is a disruptive force interfering with the process at any step and is frequently beyond the control of the sender or the receiver. As Exhibit 16.4 illustrates with the overlapping cultural contexts, noise can emanate from activity in either culture or be caused by the influences of the overlapping of the cultural contexts.

The model's significance is that one or all steps in the process, cultural factors, or the marketer's SRC can affect the ultimate success of the communication. For example, the message, encoding, media, and intended receiver can be designed perfectly, but the inability of the receiver to decode may render the final message inoperative. In developing advertising messages, the international marketer can effectively use this model as a guide to help ensure that all potential constraints and problems are considered so that the final communication received and the action taken correspond with the intent of the source.

The growing intensity of international competition, coupled with the complexity of multinational marketing, demands that the international advertiser function at the highest creative level. The creative task is made more daunting by other kinds of barriers to effective communications—legal, linguistic, cultural, media, production, and cost considerations.

Legal Constraints

LO5

The effects of a single European market on advertising

Laws that control comparative advertising vary from country to country in Europe. In Germany, it is illegal to use any comparative terminology; you can be sued by a competitor if you do. Belgium and Luxembourg explicitly ban comparative advertising, whereas it is clearly authorized in the United Kingdom, Ireland, Spain, and Portugal. The directive covering comparative advertising allows implicit comparisons that do not name competitors but bans explicit comparisons between named products. The European Commission issued several directives to harmonize the laws governing advertising. However, member states are given substantial latitude to cover issues under their jurisdiction. Many fear that if the laws are not harmonized, member states may close their borders to advertising that does not respect their national rules.

Comparative advertising is heavily regulated in other parts of the world as well. In Asia, an advertisement showing chimps choosing Pepsi over Coke was banned from most satellite television; the phrase "the leading cola" was accepted only in the Philippines. An Indian court ordered Lever to cease claiming that its New Pepsodent toothpaste was "102% better" than the leading brand. Colgate, the leading brand, was never mentioned in the advertisement, though a model was shown mouthing the word "Colgate" and the image was accompanied by a "ting" sound recognized in all Colgate ads as the ring of confidence. Banning explicit comparisons will rule out an effective advertising approach heavily used by U.S. companies at home and in other countries where it is permitted. Finally, even as

CROSSING BORDERS 16.2

Joe Canuck Bashes America

Standing foursquare in front of a screen flashing Canadian symbols—beavers, Ottawa’s Peace Tower, the Maple Leaf flag—an average Joe Canuck in a checked flannel shirt rips into American misperceptions about his country.

“I have a prime minister, not a president. I speak English or French, not American,” he says, voice swelling with emotion. “And I pronounce it ‘about,’ not ‘aboot.’”

“I believe in peacekeeping, not policing; diversity, not assimilation,” he goes on in the 60-second television spot as the national icons loom over his shoulder. “And that the beaver is a proud and noble animal.”

Strangely, in a country known for its aversion to the sort of rah-rah jingoism associated with its southern neighbor, this nationalistic tirade became an overnight sensation: taped and shown in bars, filling megascreens at hockey games, performed live in movie theaters.

Stranger still was the revved-up public reaction the ad evoked in this notoriously reticent land: wild cheers, stamping feet, frantic flag waving, and fists punching

the air. And perhaps strangest of all, the spot was not the cunning propaganda of some ultrapatriot cabal but a commercial for Molson Canadian beer.

The irony—the director of the commercial is an American, Kevin Donovan. Perhaps they’ll make him an honorary Canuck!

Finally, the Canadians’ latest cause to celebrate is its hockey gold medal in the Vancouver Olympics. Since the United States was gracious in its loss, now the Europeans are the focus of their ire—according to a Canadian fanatic commenting on American hockey, “They play North American style hockey, the hockey we Canadians play on the beaver ponds and flooded fields and outdoor rinks up here, not the wimpy, whiny, cry-to-the-ref European style, which doesn’t even deserve to be played on North American rinks.”

Sources: Colin Nickerson, “Anti-U.S. Beer Ad Is So Canada,” *Orange County Register*, April 15, 2000, pp. 29, 42; Paula Lyon Andruss, “Understanding Canada,” *Marketing News*, March 15, 2001, pp. 1, 11; Sam Bufalini, “Cheap Thrills South of the Border,” *Globe and Mail*, June 13, 2007, p. T3; *The Wall Street Journal*, March 15, 2008; Michael Devolin (Tweed, Ontario), *The New York Times*, March 2, 2010, p. B15.

comparative advertising restrictions are lifted, international marketers will have to carefully consider consumers’ responses to novel advertising campaigns in this genre.¹⁵

A variety of restrictions on advertising of specific products exist around the world. Advertising of pharmaceuticals is restricted in many countries. For example, critics in Canada complain that laws there have not been revised in 50 years and have been rendered obsolete by the advent of TV and, more recently, the Internet. Toy, tobacco, and liquor advertising is restricted in numerous countries. The French government until recently forbade TV ads for retailers, publishing, cinema, and the press.

Advertising on television is strictly controlled in many countries. China is relaxing some regulations while strengthening others. For example, recently the government began to require concrete proof of ad claims and banned pigs in advertising—the latter in deference to its Muslim minorities.¹⁶ While the Chinese government is doing little to regulate product placement advertisements,¹⁷ the European Union limits product placement in foreign programming but not EU-produced material. In Kuwait, the government-controlled TV network allows only 32 minutes of advertising per day, in the evening. Commercials are controlled to exclude superlative descriptions, indecent words, fearful or shocking shots, indecent clothing or dancing, contests, hatred or revenge shots, ethnic derision, and attacks on competition. Russian law forbids subliminal advertising, but it is still prevalent there because enforcement resources are lacking.

¹⁵Carolyn White Nye, Martin S. Roth, and Terence A. Shimp, “Comparative Advertising in Markets where Brands and Comparative Advertising Are Novel,” *Journal of International Business Studies* 39, no. 5 (2008), pp. 851–63.

¹⁶Gordon Fairclough and Geoffrey A. Fowler, “Pigs Get the Ax in China TV Ads in Nod to Muslims,” *The Wall Street Journal*, January 25, 2007, pp. A1, A16.

¹⁷Geoffrey A. Fowler, “Is It a TV Show or an Ad? Line Is Blurring in China,” *The Wall Street Journal*, July 11, 2007, pp. B1, B3.

Some country laws against accessibility to broadcast media seem to be softening. Australia ended a ban on cable television spots, and Malaysia is considering changing the rules to allow foreign commercials to air on newly legalized satellite signals. However, with rare exceptions, all commercials on Malaysian television still must be made in Malaysia.

Companies that rely on television infomercials and television shopping are restricted by the limitations placed on the length and number of television commercials permitted when their programs are classified as advertisements. The levels of restrictions in the European Union vary widely, from no advertising on the BBC in the United Kingdom to member states that limit advertising to a maximum of 15 percent of programming daily. The Television without Frontiers directive permits stricter or more detailed rules to the broadcasters under jurisdiction of each member state. In Germany, for example, commercials must be spaced at least 20 minutes apart and total ad time may not exceed 12 minutes per hour. Commercial stations in the United Kingdom are limited to 7 minutes per hour.

Internet services are especially vulnerable as EU member states decide which area of regulation should apply to these services. Barriers to pan-European services will arise if some member states opt to apply television-broadcasting rules to the Internet while other countries apply print-media advertising rules. The good news is that the European Union is addressing the issue of regulation of activities on the Internet. Although most of the attention will be focused on domain names and Internet addresses, the European Commission does recognize that online activities will be severely hampered if subject to fragmented regulation.

Some countries have special taxes that apply to advertising, which might restrict creative freedom in media selection. The tax structure in Austria best illustrates how advertising taxation can distort media choice by changing the cost ratios of various media: Federal states, with the exception of Bergenland and Tyrol, tax ad insertions at 10 percent; states and municipalities tax posters at 10 to 30 percent. Radio advertising carries a 10 percent tax, except in Tyrol, where it is 20 percent. Salzburg, Steiermark, Karnten, and Voralbert impose no tax. There is a uniform tax of 10 percent throughout the country on television ads. Cinema advertising has a 10 percent tax in Vienna, 20 percent in Bergenland, and 30 percent in Steiermark. There is no cinema tax in the other federal states.

Linguistic Limitations

Language is one of the major barriers to effective communication through advertising. The problem involves different languages of different countries, different languages¹⁸ or dialects within one country, and the subtler problems of linguistic nuance, argument style,¹⁹ vernacular, and even accent. Indeed, recently an Irish accent was voted “sexiest” in Britain and Ireland, beating the competition from the Scots, Welsh, Geordies, Brummies, West Country, and “posh English” contenders.²⁰ For many countries language is a matter of cultural pride and preservation—France is the best example, of course.

Incautious handling of language has created problems in all countries.²¹ Some examples suffice. Chrysler Corporation was nearly laughed out of Spain when it translated its U.S. theme that advertised “Dart Is Power.” To the Spanish, the phrase implied that buyers sought but lacked sexual vigor. The Bacardi Company concocted a fruity bitters with a made-up name, Pavane, suggestive of French chic. Bacardi wanted to sell the drink in Germany, but Pavane is perilously close to *pavian*, which means “baboon.” A company marketing tomato paste in the Middle East found that in Arabic the phrase “tomato paste” translates as “tomato glue.” In Spanish-speaking countries, you have to be careful of words that have different meanings in the different countries. The word *ball* translates in Spanish as *bola*, which means

¹⁸David Luna and Laura A. Peracchio, “Advertising to Bilingual Consumers: The Impact of Code-Switching on Persuasion,” *Journal of Consumer Research* 31, no. 2 (2005), pp. 57–73; David Luna, Dawn Lerman, and Laura A. Peracchio, “Structural Constraints in Code-Switched Advertising,” *Journal of Consumer Research* 32 (2005), pp. 416–23.

¹⁹Lefa Teng and Michel Laroche, “Interactive Effects of Appeals, Arguments, and Competition across North American and Chinese Cultures,” *Journal of International Marketing* 14 (2006), pp. 110–28; Sharon Begley, “What’s in a Word,” *Newsweek*, January 8, 2010, p. 31.

²⁰Nicola Anderson, “Sexy Accent Makes Us Talk of the Town,” *Irish Independent*, March 27, 2004, p. 7.

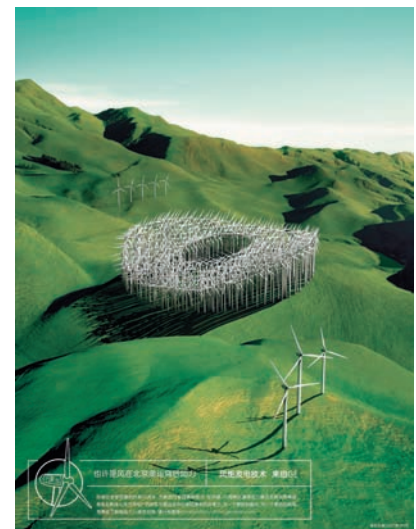
²¹See <http://www.english.com> for a wide range of (mostly) humorous translation problems related to the use of English for Japanese products, signage, and so on.

ball in one country, revolution in another, a lie or fabrication in another and an obscenity in yet another. Most recently, the product name iPad has raised issues around the world. Even in the United States, women reflexively relate the word “pad” to hygiene products. In Ireland consumers complain that the names iPod and iPad sound exactly the same, and Japanese does not have a sound for the letter “a” in iPad. Adding injury to insult, but in a legal way, other companies in the United States, Switzerland, and Japan already have trademarks for the name.²²

Tropicana brand orange juice was advertised as *jugo de China* in Puerto Rico, but when transported to Miami’s Cuban community, it failed. To the Puerto Rican, *China* translated into *orange*, but to the Cuban-American it was China the country—and the

²²Brad Stone, “What’s in a Name? For Apple, iPad Said More than Intended,” *The New York Times*, January 10, 2010, pp. A1, A3.

The “true ting” in Jamaica is a grapefruit-flavored soft drink. The name brand is, of course, a take off on “the real thing” advertising of Coca-Cola some decades ago. “Ting” is obviously a Creole version of “thing” for Jamaicans. Perhaps the best billboards ever are the giant bulls posted on hillsides around rural Spain. They were originally meant to advertise Osborne Brandy, but they have evolved into a national symbol. Not even Coca-Cola can make that strong a claim. Finally, GE joined with the Chinese government in promoting a green 2008 Olympics. Ironically, many folks around the world see outdoor advertising itself as a kind of pollution!



奥林匹克全球合作伙伴
奥林匹克全球合作伙伴

绿色创想

Cuban-Americans were not in the market for “communist” juice. “A whole new range of products” in a German advertisement came out as “a whole new stove of products.”

Language raises innumerable barriers that impede effective, idiomatic translation and thereby hamper communication. This barrier is especially apparent in advertising materials and on the Internet.²³ Abstraction, terse writing, and word economy, the most effective tools of the advertiser, pose problems for translators. Communication is impeded by the great diversity of cultural heritage and education that exists within countries and that causes varying interpretations of even single sentences and simple concepts. Some companies have tried to solve the translation problem by hiring foreign translators who live in the United States. This option often is not satisfactory because both the language and the translator change, so the expatriate in the United States is out of touch after a few years. Everyday words have different meanings in different cultures. Even pronunciation causes problems: Wrigley had trouble selling its Spearmint gum in Germany until it changed the spelling to Speermint.

In addition to translation challenges, low literacy in many countries seriously impedes communications and calls for greater creativity and use of verbal media. Multiple languages within a country or advertising area pose another problem for the advertiser. Even a tiny country such as Switzerland has four separate languages. The melting-pot character of the Israeli population accounts for some 50 languages. A Jerusalem commentator says that even though Hebrew “has become a negotiable instrument of daily speech, this has yet to be converted into advertising idiom.” And, we are only just beginning to learn the complex of considerations regarding advertising to bilinguals.²⁴ Advertising communications must be perfect, and linguistic differences at all levels cause problems. In-country testing with the target consumer group is the only way to avoid such problems.

Cultural Diversity

The problems associated with communicating to people in diverse cultures present one of the great creative challenges in advertising. One advertising executive puts it bluntly: “International advertising is almost uniformly dreadful mostly because people don’t understand language and culture.” Communication is more difficult because cultural factors largely determine the way various phenomena are perceived.²⁵ If the perceptual framework is different, perception of the message itself differs.²⁶

Existing perceptions based on tradition and heritages often render advertising campaigns ineffective or worse. For example, marketing researchers in Hong Kong found that cheese is associated with *Yeung-Yen* (foreigners) and thus rejected by some Chinese. Toyota introduced the Prado SUV in China only to learn that the name sounded like the Chinese word for “rule by force.” This name reminded some Chinese of the 1937 invasion by Japan—not a nice memory at all. The effectiveness of sex appeals,²⁷ music,²⁸ and celebrities²⁹ varies across cultures as well.

²³Clyde A. Warden, Mengkuan Lai, and Wann-Yih Wu, “How Worldwide Is Marketing Communication on the World Wide Web,” *Journal of Advertising Research* 42, no. 5 (September–October 2002), pp. 72–84.

²⁴Aradhna Krihna and Rohini Ahluwalia, “Language Choice in Advertising to Bilinguals: Asymmetric Effects for Multinationals versus Local Firms,” *Journal of Consumer Research* 35, no. 4 (2008), pp. 692–705; Jaime Noriega and Edward Blair, “Advertising to Bilinguals: Does the Language of Advertising Influence the Nature of Thoughts?” *Journal of Marketing* 72, no. 5 (2008), pp. 69–83.

²⁵Nader T. Tavassoli and Yih Hwai Lee, “The Differential Interaction of Auditory and Visual Advertising Elements with Chinese and English,” *Journal of Marketing Research* 40, no. 4 (2003), pp. 468–80.

²⁶Some of the most important work being done in the area of culture and advertising is represented by Jennifer Aaker and Patti Williams’s “Empathy and Pride: The Influence of Emotional Appeals across Cultures,” *Journal of Consumer Research* 25 (December 1998), pp. 241–61; Ulrich R. Orth and Denisa Holancova, “Men’s and Women’s Responses to Sex Role Portrayals in Advertisements,” *International Journal of Research in Marketing* 21, no. 1 (2004), pp. 77–88.

²⁷Geng Cui and Xiaoyan Yang, “Responses of Chinese Consumers to Sex Appeals in International Advertising: A Test of Congruency Theory,” *Journal of Global Marketing* 22, no. 3 (2009), pp. 229–45.

²⁸Ashok K. Lalwani, May O. Lwin, and Pee Beng Ling, “Does Audiovisual Congruency in Advertisements Increase Persuasion? The Role of Cultural Music and Products,” *Journal of Global Marketing* 22 (2009), pp. 139–53.

²⁹Somdutta Biswas, Mahmood Hussain, and Kathleen O’Donnell, “Celebrity Endorsements in Advertisements and Consumer Perception: A Cross-Cultural Study,” *Journal of Global Marketing* 22 (2008), pp. 121–37.

CROSSING BORDERS 16.3

Objections to Indian Ad Not Taken Lightly

A financially strapped father laments his fate, saying, “*Kaash agar mera beta hota*” (“If I only had a son”), while his dark-skinned, plain-Jane daughter looks on, helpless and demoralized because she cannot bear the financial responsibility of her family. Fast-forward and plain Jane has been transformed into a gorgeous, light-skinned woman through the use of a “fairness cream.” Now clad in a miniskirt, the woman is a successful flight attendant and can take her father to dine at a five-star hotel. She’s happy and so is her father.

All’s well that end’s well—except not so for Hindustan Lever Ltd. (HLL). The company, a subsidiary of Unilever, launched this television campaign to promote its Fair & Lovely fairness cream in India. It withdrew the campaign two months later amid severe criticism for its portrayal of women. The incident underscores the changing social mores in India and highlights tensions among the government, consumer groups, and industry regulatory agencies.

While tanning is the rage in Western countries, skin lightening treatments have been historically popular in Asia. The Japanese market for such products is estimated to be around \$6 billion and in India about \$150 million.

It may be safe for the skin, but not for society, says the All India Women’s Democratic Association. Three things were objectionable about the campaign to the group. It was racist, it promoted preferences for sons, and it was insulting to working women. A government ministry found the ads to be in violation of the Cable and Television Act of 1995, which in part forbids ads that “deride any race, caste, color, creed, and nationality.” Industry regulators agreed and pressured the company to stop airing the ad. The company admitted no wrongdoing, but complied.

Sources: Arundhati Parmar, “Objections to Indian Ad Not Taken Lightly,” *Marketing News*, June 9, 2003, pp. 4–5; Heather Timmons, “Telling India’s Modern Women They Have Power, Even over Their Skin Tone,” *The New York Times*, May 30, 2007, p. C5.

Procter & Gamble’s initial advertisement for Pampers brand diapers failed because of cultural differences between the United States and Japan. A U.S. commercial that showed an animated stork delivering Pampers diapers to homes was dubbed into Japanese with the U.S. package replaced by the Japanese package and put on the air. To P&G’s dismay, the advertisement failed to build the market. Some belated consumer research revealed that consumers were confused about why this bird was delivering disposable diapers. According to Japanese folklore, giant peaches that float on the river bring babies to deserving parents, not storks.

In addition to concerns with differences among nations, advertisers find that subcultures within a country require attention.³⁰ People in Hong Kong have 10 different patterns of breakfast eating. The youth of a country almost always constitute a different consuming culture from the older people, and urban dwellers differ significantly from rural dwellers. Besides these differences, there is the problem of changing traditions. In all countries, people of all ages, urban or rural, cling to their heritage to a certain degree but are willing to change some areas of behavior. Indeed, due to the early efforts of Nestlé and the most recent expansion by Starbucks, in tea-drinking Japan, coffee has become the fashionable beverage for younger people and urban dwellers who like to think of themselves as cosmopolitan and sophisticated.

Media Limitations

Media are discussed at length later, so here we note only that limitations on creative strategy imposed by media may diminish the role of advertising in the promotional program and may force marketers to emphasize other elements of the promotional mix. A marketer’s creativity is certainly challenged when a television commercial is limited to 10 showings a year with no two exposures closer than 10 days, as is the case in Italy. Creative advertisers in some countries have even developed their own media for overcoming media limitations. In some African countries, advertisers run boats up and down the rivers playing popular music and broadcasting commercials into rural areas as they travel.

³⁰Victoria Jones, “It’s Not Black and White: Advertising and Race in Cultural Context,” *Journal of Global Marketing* 23, no. 1 (2010), pp. 45–64.

Production and Cost Limitations

Creativity is especially important when a budget is small or where there are severe production limitations, such as poor-quality printing and a lack of high-grade paper. For example, the poor quality of high-circulation glossy magazines and other quality publications in eastern Europe has caused Colgate-Palmolive to depart from its customary heavy use of print media in the West for other media. Newsprint is of such low quality in China that a color ad used by Kodak in the West is not an option. Kodak's solution has been to print a single-sheet color insert as a newspaper supplement.

The necessity for low-cost reproduction in small markets poses another problem in many countries. For example, hand-painted billboards must be used instead of printed sheets because the limited number of billboards does not warrant the production of printed sheets. In Egypt, static-filled television and poor-quality billboards have led companies such as Coca-Cola and Nestlé to place their advertisements on the sails of feluccas, boats that sail along the Nile. Feluccas, with their triangle sails, have been used to transport goods since the time of the pharaohs and serve as an effective alternative to attract attention to company names and logos.

Media Planning and Analysis

LO6

The effect of limited media, excessive media, and government regulations on advertising and promotion budgets

Few doubt that a revolution in communications is under way. Your authors notice it because the changes that occur between the two-year revisions of this textbook are the greatest when it comes to media. Yes, political events and natural disasters can dramatically impact many millions of people overnight, but the network effects of the burgeoning electronic communication media—in the form of PCs, the Internet, and mobile phones—influence not only political events and responses to national disasters but also everyday life for everyone on the planet, from camel markets in Egypt to the international space stations where humans are living off the planet! Perhaps the most eloquent description of the communications revolution comes from Bob Garfield's new book, *The Chaos Scenario*:

... let me just share the 2007 comments of Sir Martin Sorrell, chairman of the WPP Group, the world's largest advertising agency holding company:

"Slowly, the new media will cease to be thought of as new media; they will simply be additional channels of communication. And like all media that were once new but are now just media, they'll earn a well-deserved place in the media repertoire, perhaps through reverse takeovers—but will almost certainly displace none."

The italics are mine. The absurdity was Sir Martin's. Does he not see that the internet is not just some newfangled medium—like TV displacing radio? No, it is a revolutionary advance, along the lines of fire, agriculture, the wheel, the printing press, gunpowder, electricity, radio, manned flight, antibiotics, atomic energy.... The digital revolution is already having far-ranging effects on every aspect of our lives, from socialization to communication to information to entertainment to democracy, and these Brave New World effects will only be magnified as the Cowardly Old World collapses before our eyes. Not that this *will* happen.

This *is* happening. Right now.³¹

Strong words from Mr. Garfield, but we agree with his principle point. The changes in media in the 21st century are proceeding at a blinding speed. Next we try to capture them, with due respect to the disrupted world of Sir Sorrell.

Tactical Considerations

Although nearly every sizable nation essentially has the same kinds of media, a number of specific considerations, problems, and differences are encountered from one nation to another. In international advertising, an advertiser must consider the availability, cost, coverage, and appropriateness of the media. And the constant competitive churn among these media makes for a tricky and dynamic landscape for decisions. For example, billboard ads next to highways cannot include paragraphs of text. Moreover, recent research has demonstrated that media effectiveness varies across cultures and product types; Chinese

³¹Bob Garfield, *The Chaos Scenario* (Nashville, TN: Stielstra Publishing, 2009), p. 11.

consumers in both Taiwan and China view print ads more positively than Americans, for example.³² Local variations and lack of market data require added attention. Major multinationals are beginning to recognize the importance of planning communications channels as media companies continue to rationalize and evolve. Indeed, media giants such as Disney and Time Warner cover an increasingly broad spectrum of the electronic media, necessitating that MNCs rethink their relationships with media service providers.

Imagine the ingenuity required of advertisers confronted with these situations:

- In Brazil, TV commercials are sandwiched together in a string of 10 to 50 commercials within one station break.
- National coverage in many countries means using as many as 40 to 50 different media.
- Specialized media reach small segments of the market only. In the Netherlands, there are Catholic, Protestant, socialist, neutral, and other specialized broadcasting systems.
- In Germany, TV scheduling for an entire year must be arranged by August 30 of the preceding year, with no guarantee that commercials intended for summer viewing will not be run in the middle of winter.
- In Vietnam, advertising in newspapers and magazines is limited to 10 percent of space and to 5 percent of time, or three minutes an hour, on radio and TV.

Availability. One of the contrasts of international advertising is that some countries have too few advertising media and others have too many. In some countries, certain advertising media are forbidden by government edict to accept some advertising materials. Such restrictions are most prevalent in radio and television broadcasting. In many countries, there are too few magazines and newspapers to run all the advertising offered to them. Conversely, some nations segment the market with so many newspapers that the advertiser cannot gain effective coverage at a reasonable cost. One head of an Italian advertising agency commented about his country: “One fundamental rule. You cannot buy what you want.”

In China the only national TV station, CCTV, has one channel that must be aired by the country’s 27 provincial/municipal stations. Recently CCTV auctioned off the most popular break between the early evening news and weather; a secured year-long, daily five-second billboard ad in this break went for \$38.5 million. For this price, advertisers are assured of good coverage—more than 70 percent of households have TV sets. One of the other options for advertisers is with the 2,828 TV stations that provide only local coverage.

Cost. Media prices are susceptible to negotiation in most countries. Agency space discounts are often split with the client to bring down the cost of media. The advertiser may find that the cost of reaching a prospect through advertising depends on the agent’s bargaining ability. The per contract cost varies widely from country to country. One study showed that the cost of reaching 1,000 readers in 11 different European countries ranged from \$1.58 in Belgium to \$5.91 in Italy; in women’s service magazines, the page cost per 1,000 circulation ranged from \$2.51 in Denmark to \$10.87 in Germany. Shortages of advertising time on commercial television in some markets have caused substantial price increases. In Britain, prices escalate on a bidding system. They do not have fixed rate cards; instead, there is a preempt system in which advertisers willing to pay a higher rate can bump already-scheduled spots.

Coverage. Closely akin to the cost dilemma is the problem of coverage. Two points are particularly important: One relates to the difficulty of reaching certain sectors of the population with advertising and the other to the lack of information about coverage. In many world marketplaces, a wide variety of media must be used to reach the majority of

³²Carrie La Ferle, Steven M. Edwards, and Wei-Na Lee, “Culture, Attitudes, and Media Patterns in China, Taiwan, and the U.S.: Balancing Standardization and Localization Decisions,” *Journal of Global Marketing* 21, no. 3 (2008), pp. 191–206.

the markets. In some countries, large numbers of separate media have divided markets into uneconomical advertising segments. With some exceptions, a majority of the population of less developed countries cannot be reached readily through the traditional mass medium of advertising. In India, video vans are used to reach India's rural population with 30-minute infomercials extolling the virtues of a product. Consumer goods companies deploy vans year-round except in the monsoon season. Colgate hires 85 vans at a time and sends them to villages that research has shown to be promising.

Because of the lack of adequate coverage by any single medium in eastern European countries, companies must resort to a multimedia approach. In the Czech Republic, for example, TV advertising rates are high, and the lack of available prime-time spots has forced companies to use billboard advertising. In Slovenia the availability of adequate media is such a problem that companies resort to some unusual approaches to get their messages out. For example, in the summer, lasers are used to project images onto clouds above major cities. Vehicle advertising includes cement-mixers, where Kodak ads have appeared. On the positive side, crime is so low that products can be displayed in freestanding glass cabinets on sidewalks; Bosch Siemens (Germany) and Kodak have both used this method.

Lack of Market Data. Verification of circulation or coverage figures is a difficult task. Even though many countries have organizations similar to the Audit Bureau of Circulation in the United States, accurate circulation and audience data are not assured. For example, the president of the Mexican National Advertisers Association charged that newspaper circulation figures are grossly exaggerated. He suggested that as a rule, agencies should divide these figures in two and take the result with a grain of salt. The situation in China is no better; surveys of habits and market penetration are available only for the cities of Beijing, Shanghai, and Guangzhou. Radio and television audiences are always difficult to measure, but at least in most countries, geographic coverage is known. Research data are becoming more reliable as advertisers and agencies demand better quality data.

Even where advertising coverage can be measured with some accuracy, there are questions about the composition of the market reached. Lack of available market data seems to characterize most international markets; advertisers need information on income, age, and geographic distribution, but such basic data seem chronically elusive except in the largest markets. Even the attractiveness of global television (satellite broadcasts) is diminished somewhat because of the lack of media research available.

An attempt to evaluate specific characteristics of each medium is beyond the scope of this discussion. Furthermore, such information would quickly become outdated because of the rapid changes in the international advertising media field. It may be interesting, however, to examine some of the unique international characteristics of various advertising media. In most instances, the major implications of each variation may be discerned from the data presented.

Newspapers. The newspaper industry is suffering from lack of competition in some countries and choking because of it in others. Most U.S. cities have just one or two major daily newspapers, but in many countries, there are so many newspapers that an advertiser has trouble achieving even partial market coverage. Uruguay, population 3 million, has 21 daily newspapers with a combined circulation of 553,000. Turkey has 380 newspapers, and an advertiser must consider the political position of each newspaper so that the product's reputation is not harmed through affiliation with unpopular positions. Japan has only five national daily newspapers, and the complications of producing a Japanese-language newspaper are such that they each contain just 16 to 20 pages. But the circulation numbers are unusually large (see Exhibit 16.5). Connections are necessary to buy advertising space; *Asahi*, Japan's largest newspaper, has been known to turn down over a million dollars a month in advertising revenue. And even the Japanese giants face a graying population whose younger members are increasingly choosing the electronic media. Circulation rates have been steadily declining there.³³

³³“The Teetering Giants,” *The Economist*, February 10, 2010, pp. 72–73.

CROSSING BORDERS 16.4

Advertising Themes that Work in Japan, Including a Polite Duck

Respect for tradition: Mercedes ads stress that it was the first to manufacture passenger cars.

Mutual dependence: Shiseido ads emphasize the partnership (with beauty consultants) involved in achieving beauty.

Harmony with nature: Toyotas are shown in front of Mt. Fuji.

Use of seasons: Commercials are often set in and products are often used in specific seasons only.

Newness and evolution: Products are shown to evolve from the current environment slowly.

Distinctive use of celebrities, including gaijin (foreigners): A recent study showed that 63 percent of all Japanese commercials featured hired celebrities.

Aging of society: Seniors are featured often.

Changing families: The changing role of fathers—more time spent at home—is a common theme.

Generation gaps and individualism: Younger characters are shown as more individualistic.

Self-effacing humor: A dented Pepsi can was used in an ad to demonstrate its deference to the more popular Coke.

Polite ducks: The AFLAC duck is going to Japan but with a softer quack. Instead of the American version's abrasive quack, the Japanese actor portrays the duck with a more soothing tone. "The Japanese culture does not like being yelled at," says an AFLAC spokesperson. About 70 percent of the firm's international revenues come from Japan, or some \$8 billion. Although this campaign is the first to be shot specifically for Japan, the Japanese have met the duck before. The company, now Japan's largest insurer in terms of individual policies, has also used dubbed voices for American ads, including the loud "quacker." The latest version of the duck ad has been so popular that the jingle associated with it became the most downloaded ringtone in Japan!

Sources: George Fields, Hotaka Katahira, and Jerry Wind, *Leveraging Japan, Marketing to the New Asia* (San Francisco: Jossey-Bass, 2000); "ALFAC Tames Its Duck for Japanese Market," *Los Angeles Times*, May 13, 2003, p. C7; Lavonne Kuykendall, "Aflac CEO: The Duck Helps Drive Sales in Japan," *Dow Jones Newswire*, February 24, 2010, online.

In many countries, there is a long time lag before an advertisement can be run in a newspaper. In India and Indonesia, paper shortages delay publication of ads for up to six months. Furthermore, because of equipment limitations, most newspapers cannot be made larger to accommodate the increase in advertising demand.

Separation between editorial and advertising content in newspapers provides another basis for contrast on the international scene. In some countries, it is possible to buy editorial space for advertising and promotional purposes; the news columns are for sale to

Exhibit 16.5

Media Penetration in Selected Countries (% of households)

Country	Color TV	Cable TV	Satellite TV	Telephone Lines	Internet Users*	Daily Newspapers*
United States	99.0	55.1	30.8	93.5	741	161
Canada	98.9	64.3	25.7	99.1	769	172
Argentina	99.2	57.7	13.9	73.3	309	37
Germany	98.1	51.5	41.8	90.9	785	240
Russia	96.8	41.7	7.4	59.6	285	—
Israel	95.3	83.9	40.1	83.1	306	182
South Africa	67.7	0.0	6.3	17.2	88	37
China	96.5	49.3	0.0	81.2	283	83
Japan	99.0	62.4	39.9	95.2	724	518
Australia	99.2	24.3	13.9	97.0	734	129

*Per 1000 persons, not a percentage of households.

Source: Euromonitor International, 2009.

anyone who has the price. Because there is no indication that the space is paid for, it is impossible to tell exactly how much advertising appears in a given newspaper.

Magazines. The use of foreign national consumer magazines by international advertisers has been notably low for many reasons. Few magazines have a large circulation or provide dependable circulation figures. Technical magazines are used rather extensively to promote export goods, but as with newspapers, paper shortages cause placement problems. Media planners are often faced with the largest magazines accepting up to twice as many advertisements as they have space to run them in—then the magazines decide what advertisements will go in just before going to press by means of a raffle.

Such local practices may be key factors favoring the growth of so-called international media that attempt to serve many nations. Increasingly, U.S. publications are publishing overseas editions. *Reader's Digest International* has added a new Russian-language edition to its more than 20 other language editions. Other American print media available in international editions range from *Playboy* to *Scientific American* and even include the *National Enquirer*, recently introduced to the United Kingdom. Advertisers have three new magazines through which to reach women in China: Hachette Filipachi Presse, the French publisher, is expanding Chinese-language editions of *Elle*, a fashion magazine; *Woman's Day* is aimed at China's "busy modern" woman; and *L'Événement Sportif* is a sports magazine. These media offer alternatives for multinationals as well as for local advertisers.

Radio and Television. Possibly because of their inherent entertainment value, radio and television have become major communications media in almost all nations. Now high-definition television (HDTV) appears to be starting to take off worldwide as well. In China, virtually all homes in major cities have a television, and most adults view television and listen to radio daily. Radio has been relegated to a subordinate position in the media race in countries where television facilities are well developed. In many countries, however, radio is a particularly important and vital advertising medium when it is the only one reaching large segments of the population.

Television and radio advertising availability varies between countries. Some countries do not permit any commercial radio or television, but several of the traditional noncommercial countries have changed their policies in recent years because television production is so expensive. Until recently, France limited commercials to a daily total of 18 minutes but now has extended the time limit to 12 minutes per hour per TV channel. South Korea has two television companies, both government owned, which broadcast only a few hours a day. They do not broadcast from midnight to 6:00 a.m., and they usually cannot broadcast between 10:00 a.m. and 5:30 p.m. on weekdays. Commercials are limited to 8 percent of airtime and shown in clusters at the beginning and end of programs. One advertiser remarked, "We are forced to buy what we don't want to buy just to get on."

Satellite and Cable TV. Of increasing importance in TV advertising is the growth and development of satellite TV broadcasting. Sky Channel, a United Kingdom-based commercial satellite television station, beams its programs and advertising into most of Europe to cable TV subscribers. The technology that permits households to receive broadcasts directly from the satellite via a dish the size of a dinner plate costing about \$350 is adding greater coverage and the ability to reach all of Europe with a single message. The expansion of TV coverage will challenge the creativity of advertisers and put greater emphasis on global standardized messages. For a comparison of penetration rates by cable TV, computers, and the Internet in the several countries, see Exhibit 16.5.

Advertisers and governments are both concerned about the impact of satellite TV. Governments are concerned because they fear further loss of control over their airwaves and the spread of "American cultural imperialism." Notice China does not allow the medium. European television programming includes such U.S. shows as *Laguna Beach: the Real Orange County*. *Wheel of Fortune* is the most popular foreign show in the United Kingdom and France, where both the U.S. and French versions are shown. American imports are so popular in France and Germany that officials fear lowbrow U.S. game shows, sitcoms, and

soap operas will crush domestic producers. This battle has even reached political levels associated with differences in worldviews represented in the news. The government of France invested in developing, not surprisingly, a French-language “CNN” called *France 24* but has stopped subsidizing an English-language version.³⁴ *Al-Jazeera*, initially subsidized by Qatar government loans, is currently struggling to break even. Nevertheless, it is the now widely recognized Arabic “CNN” and is commensurately influential in the Middle East.

Parts of Asia and Latin America receive TV broadcasts from satellite television networks. Univision and Televisa are two Latin American satellite television networks broadcasting via a series of affiliate stations in each country to most of the Spanish-speaking world, as well as the United States. *Sabado Gigante*, a popular Spanish-language program broadcast by Univision, is seen by tens of millions of viewers in 16 countries. Star TV, a new pan-Asian satellite television network, has a potential audience of 2.7 billion people living in 38 countries from Egypt through India to Japan, and from Russia to Indonesia. Star TV was the first to broadcast across Asia but was quickly joined by ESPN and CNN. The first Asian 24-hour all-sports channel was followed by MTV Asia and a Mandarin Chinese-language channel that delivers dramas, comedies, movies, and financial news aimed at the millions of overseas Chinese living throughout Asia. Programs are delivered through cable networks but can be received through private satellite dishes.

One of the drawbacks of satellites is also their strength, that is, their ability to span a wide geographical region covering many different country markets. That means a single message is broadcast throughout a wide area. This span may not be desirable for some products; with cultural differences in language, preferences, and so on, a single

³⁴“Sarkozy to Scrap English-Language France 24 Television—AFP,” *Dow Jones International News*, January 8, 2008.



Given the ubiquitous Guinness advertising in Dublin, it's not surprising that Irish livers need assurance. Ireland is behind only the Czech Republic when it comes to per capita consumption of beer. Actually, Royal Liver Assurance is a British pension/insurance company with offices in Dublin (it was established in the 1850s as the Liverpool Liver Burial Society). “Hurling” is a rather brutal form of field hockey popular in Ireland. The Irish government recognizes the causal effects of advertising on consumption—beer ads are not allowed on radio or TV before sports programs and may not be shown more than once per night on any one channel. See <http://www.eurocare.org> for more on the consumption of alcohol in Ireland and other European countries.



message may not be as effective. PVI (Princeton Video Imaging) is an innovation that will make regional advertising in diverse cultures easier than it presently is when using cable or satellite television. PVI allows ESPN, which offers this service, to fill visual real estate—blank walls, streets, stadium sidings—with computer-generated visuals that look like they belong in the scene. For instance, if you are watching the “street luge” during ESPN’s X-Games, you will see the racers appear to pass a billboard advertising Adidas shoes that really is not there. That billboard can say one thing in Holland and quite another in Cameroon. And if you are watching in Portland, Oregon, where Adidas might not advertise, you will see the scene as it really appears—without the billboard. These commercials can play in different languages, in different countries, and even under different brand names.

Most satellite technology involves some government regulation. Singapore, Taiwan, and Malaysia prohibit selling satellite dishes, and the Japanese government prevents domestic cable companies from rebroadcasting from foreign satellites. Such restrictions seldom work for long, however. In Taiwan, an estimated 1.5 million dishes are in use, and numerous illicit cable operators are in business. Through one technology or another, Asian households will be open to the same kind of viewing choice Americans have grown accustomed to and the advertising that it brings with it.

Direct Mail. Direct mail is a viable medium in an increasing number of countries. It is especially important when other media are not available. As is often the case in international marketing, even such a fundamental medium is subject to some odd and novel quirks. For example, in Chile, direct mail is virtually eliminated as an effective medium because the sender pays only part of the mailing fee; the letter carrier must collect additional postage for every item delivered. Obviously, advertisers cannot afford to alienate customers by forcing them to pay for unsolicited advertisements. Despite some limitations with direct mail, many companies have found it a meaningful way to reach their markets. The Reader’s Digest Association has used direct mail advertising in Mexico to successfully market its magazines.

In Southeast Asian markets, where print media are scarce, direct mail is considered one of the most effective ways to reach those responsible for making industrial goods purchases, even though accurate mailing lists are a problem in Asia as well as in other parts of the world. In fact, some companies build their own databases for direct mail. Industrial advertisers are heavy mail users and rely on catalogs and sales sheets to generate large volumes of international business. Even in Japan, where media availability is not a problem, direct mail is successfully used by marketers such as Nestlé Japan and Dell Computer. To promote its Buitoni fresh-chilled pasta, Nestlé is using a 12-page color direct mail booklet of recipes, including Japanese-style versions of Italian favorites.

In Russia, the volume of direct mail has gone from just over 150,000 letters per month to over 500,000 per month in one year. The response rate to direct mailings is as high as 10 to 20 percent in Russia, compared with only 3 to 4 percent or less in the United States. One suggestion as to why it works so well is that Russians are flattered by the attention—needless to say, that will probably change as use of the medium grows.

The Internet. Although still evolving, the Internet has emerged as a viable medium for advertising and should be included in a company’s possible media mix. Its use in business-to-business communications and promotion via catalogs and product descriptions is rapidly gaining in popularity. Because a large number of businesses have access to the Internet, the Internet can reach a large portion of the business-to-business market.

Although limited in its penetration of households globally, the Internet is being used by a growing number of companies as an advertising medium for consumer goods. Many consumer goods companies have e-stores, and others use the Internet as an advertising medium to stimulate sales in retail outlets. Waterford Crystal of Ireland set up its Web site specifically to drive store traffic. The aim is to promote its products and attract people into stores that sell Waterford crystal. Sites list and display almost the entire catalog of the Waterford collection, while stores like Bloomingdale’s that stock Waterford support the promotional effort by also advertising on their Web sites.

Exhibit 16.6

Top Ten Web Sites in Three Countries (visitors per month)

Rank	France 26.1 million visitors		Germany 32.6 million visitors		Japan 53.8 million visitors	
1	Google sites	18.2	Google sites	23.0	Yahoo! sites	40.7
2	Microsoft sites	16.4	Microsoft sites	17.7	Google sites	32.0
3	France Telecom	14.0	eBay	17.4	Microsoft sites	30.0
4	Illiad/Free.fr	12.9	United-Internet sites	16.2	Rakuten Inc.	28.5
5	Grope Pages Jaunes	11.4	Time Warner Network	14.6	NTT Group	24.6
6	eBay	11.4	Wikipedia sites	12.6	FC2 Inc.	24.1
7	Yahoo! Sites	10.9	T-Online sites	12.1	Nifty Corp.	22.0
8	Skyrock Network	9.5	Yahoo! sites	11.2	Wikipedia sites	20.6
9	Groupe PPR	8.9	Otto Grupe	11.1	Livedoor	19.7
10	Wikipedia sites	8.5	Karstadt-Quelle	10.1	Amazon sites	18.4

Source: comScore Media Metrix, 2010, online.

For consumer products, the major limitation of the Internet is coverage (see Exhibit 16.5). In the United States, growing numbers of households have access to a computer, but there are fewer in other countries. However, the growing number of Internet households accessible outside the United States generally constitutes a younger, better-educated market segment with higher-than-average incomes. For many companies, this group is an important market niche. Furthermore, this limitation is only temporary as new technology allows access to the Internet via television and as lower prices for personal computers expand the household base. Exhibit 16.6 gives you some idea of the distribution of Web site visitors in three major markets. Notice the American brand names included in the lists: 5 for France, 6 for Germany, and 5 for Japan; and the dominance of Google and Microsoft. The great majority of visitors are viewing the local versions of these Web sites—that is, .fr, .de, and .jp. The most visited Web sites in the United States during the same period were Yahoo!, Time Warner, Microsoft, Google, eBay, MySpace, Ask Network, Amazon, New York Times, and Weather Channel, in that order. For China the top three were [Baidu.com](#), [QQ.com](#), and Google China.

As the Internet continues to grow and countries begin to assert control over what is now a medium with few restrictions, increasing limitations will be set. Beyond the control of undesirable information, issues such as pay-per-view, taxes, unfair competition, import duties, and privacy are being addressed all over the world. In Australia, local retailers are calling for changes in laws because of the loss of trade to the Internet; under current law, Internet purchases do not carry regular import duties. The Internet industry is lobbying for a global understanding on regulation to avoid a crazy quilt of confusing and contradictory rules.

Another limitation that needs to be addressed soon is the competition for Web Internet users. The sheer proliferation of the number of Web sites makes it increasingly difficult for a customer to stumble across a particular page. Search engines have now become crucial directors of Web Internet users' attention. Also, serious Internet advertisers or e-marketers will have to be more effective in communicating the existence of their Internet sites via other advertising media. Some companies are coupling their traditional television spots with a Web site; IBM, Swatch watches, AT&T, and Samsung electronics are among those going for a one-two punch of on-air and online presences. Television spots raise brand awareness of a product regionally and promote the company's Web site. In addition, a company can buy ad banners on the Web that will lead enthusiastic consumers to the company's site, which also promotes the product.

Social Media.³⁵ Word-of-mouth (WOM) advertising and peer recommendations have always been key influencers of brand choice, but the power of the Internet has changed the pace and reach of WOM. Social media (such as social networking, blogs,

³⁵For an excellent summary of the exploding influence of social media circa 2010 see "A World of Connections," Special Report, *The Economist*, January 30, 2010, pp. 1–12.

Exhibit 16.7**Social Networking Goes Mobile (% of respondents)**

Source: Ipsos Insight, November 2007.

	American Users	International Users
Sent/received SMS text	60%	25%
Sent/received e-mail	59	42
Browsed Web for news/information	59	39
Sent/received digital pictures	54	29
Played video games	42	17

virtual worlds, and video sharing) can be powerful marketing tools, but marketers are just beginning to loosen control and let consumers interact with brands on their own terms. Consumer-generated content is having an impact on brands (both positive and negative), and new media are on the agendas of marketers of all products, not just those targeted at young people. Consumers will create content about brands whether the marketers of those brands like it or not. Thus, it is vital that marketers follow, and participate in, the conversations consumers are having online.

The Internet is not delineated by national boundaries, though we note that word-of-mouth seems to work better in more information-oriented cultures.³⁶ In any case, consumers from many different countries and cultures can and do interact online. We are just beginning to understand the potential uses and pitfalls of this medium and the characteristics of its users. One recent study³⁷ distinguishes social network uses in the United States and those for a sample from abroad (that is, an aggregate of 11 countries: Brazil, Canada, China, France, Germany, India, Japan, Mexico, Russia, South Korea, and the United Kingdom). For the purposes of the study, the users consisted of consumers who had visited at least one social networking site, such as MySpace, Cyworld, Mixi, and/or Facebook. By the way, at more than 400 million per month, Facebook receives nearly three times the number of unique visitors of its closest rival, Windows Live. Facebook has more than 350 million users, of whom only 100 million are in the United States.

More than half the Americans in the sample had watched TV shows or video streams online. In addition, the Americans were significantly more likely to download TV programs, burn or copy a movie or TV show, and download a feature-length film. The Americans also owned significantly more technology than their international counterparts, and both samples owned more technology than those who had never visited a social networking site. More than half of the Americans had used their mobile devices to send or receive SMS (short message service) text and e-mails, browse the Internet for news and information, and receive digital images (see Exhibit 16.7). Although the international users exhibited similar behaviors, their mobile devices were richer with features. For example, international users are significantly more likely to have MP3s on their mobile devices than those in the United States. Also, see in Exhibit 16.8 that Australians spend more time on social media sites than any users in any other country.

Mobile Phone Applications. As the numbers of mobile phones continues to explode around the world, so do the number of applications available to users. As one expert has most eloquently put it, “There is a big shift from holding a phone to your ear to holding it in your hand. It opens the door of information services. It’s not the web, but it’s a web of services that can be offered on mobile devices. It allows consumers to ask questions and marketers to deliver answers in new ways. Around the world creative people are finding ways to use mobile phones in new ways.”³⁸

³⁶Desmond Lam, Alvin Lee, and Richard Mizerski, “The Effects of Cultural Values in Word-of-Mouth Communication,” *Journal of International Marketing* 17, no. 3 (2009), pp. 55–70.

³⁷“Social Networkers Are Also Heavy Technology Users,” *Research Brief from the Center for Media Research*, November 14, 2007, <http://www.centerformediaresearch.com>.

³⁸Rajeesh Veeraraghavan, Naga Yasodhar, and Kentaro Toyama, “Warana Unwired: Replacing PCs with Mobile Phones in a Rural Sugar Cane Cooperative,” *Information Technology & International Development* 5, no. 1 (2009), pp. 81–95.

Procter & Gamble Experiments with Social Media

P&G was one of the first companies to have its virtual world headquarters on an island in Second Life, the Web-based virtual world where users interact via avatars. Sergio dos Santos, Global Hair Care—Digital Marketing Manager, and Gerry Tseng, Digital Marketing Innovation, were involved in P&G's Second Life marketing effort. They explain:

The corporate team sponsored a contest to find the right brand interested in co-creating a Second Life experiment. An open-invite P&G event was hosted in the form of a 2-hour "Second Life University" event to learn about the medium's capabilities, followed by a call-to-action for interested brands to participate in a contest to win co-sponsorship funding. It received seventy-one event attendees, ten contest entries, four close-scoring finalists, and the selection of one winner: Wella Shockwaves brand in Europe.

Shockwaves, with their tag line of "Style—Attract—Play" targets both young men and women with hair styling products such as gel, spray, mousse, and wax. They tested their hypothesis that branded functionality, which brought their "play" equity to life, would be receptive to and used by avatars.



This image was posted within the Second Life world to enroll participants in the Water Fight contest. It was not posted on other Web sites or used to advertise the contest to anyone outside of Second Life.

As an extension to their TV campaign, the brand created a virtual waterfight utility that allowed avatars to throw water balloons at each other. As incentive, a 3-wave contest was held to give fans the opportunity to team up and compete to win L\$1 million (Linden dollars, the basic currency of Second Life) in each round. Each wave involved points for thrown water balloons and accumulated medallions from scavenger hunts, and allowed some time for Shockwaves to learn and adjust accordingly for the next wave.

While Shockwaves products were only sold in Western and Eastern Europe at the time, P&G found that people from the United States and elsewhere wanted to participate in the "Shockwaves Water Fight" with their avatars. Initially, P&G thought about excluding non-Europeans, but ultimately decided to allow all avatars to

participate. While these consumers would be unable to purchase Shockwaves products, the brand elected to study the global nature and behaviors of Second Life.

P&G learned the following from the Second Life (SL) execution:

- Second Life is not a reach mechanism: Second Life is a small pond versus today's traditional Internet channels, best suited for experimentation, research, and press release in the areas of community and socialization. If a brand is simply interested in reaching as many eyeballs as possible, perhaps a well-designed flash site with provocative content on an Internet site would better suffice as reach in SL is more difficult to do. Due to today's Second Life learning curve for average users, one can expect avatars there to be generally more creative and competitive, perhaps ideal for a brand looking for co-contributors and creative partners. SL proves to be a thriving world for a specific consumer segment, the "critics" and "creators," who are producers themselves. In the end, match your needs to each platform's focus/strength. Perhaps the use of a more globally recognized brand with increased consumer awareness may have also further driven adoption/trial in this experiment.
- Fun, simple & socialization is more important: While a contest was employed as an incentive to trial, we now hypothesize that fun, simple & socialization are more important to SL avatars than prizes & complexity. Celebrity status of their avatars may also be more important than monetary gain as well. This is also supported by other learning from the development agency's SL experiments to date. We learned that in making the game more complex, we risk lower adoption/trial of the execution as avatars may have been intimidated by the process (i.e., game rules and prize money distribution across countries and winning team avatars, interpretation of traditional contest-required legal guidelines into virtual worlds).

- Community managers and media support are key: The experiment did not receive media support; however, we utilized a community manager from the development agency who brought the contest to life via ongoing communications and in-world activities throughout all 3 waves. Word of Mouth was the primary driver to promote the contest, which would have been enhanced with media support if taken beyond experimental expectations. Word of Mouth works in SL but not as well as traditional Internet mechanisms. Should Second Life be used in a future brand execution for its unique strengths, the use of appropriate media support should compensate and increase its trial.
- Keep experiment budgets low: Keeping the experiment costs low through simple design executions allows ongoing tests in new digital channels with less ROI risk and more learning opportunities. We learned that most of our experiment's cost went to making the game's complex elements but perhaps may have been better saved in creating a fun and simple build for avatars to play with each other. This particular experiment realized more accountability to ROI than learning as it approached spending levels close to other digital tools such as online advertising and sampling.
- Maintain appropriate guidelines and principles: Expect that consumers will find loopholes and plan to embrace/adjust for them. Our experiment's game rule complexity within each wave's contest resulted in unexpected cheating allegations within waves 2 & 3. It was interesting to see how competitively close wave 3 became as we apologized for a discovered loophole in wave 2, held to the principle that we'd stay within our predefined game rules, and encouraged players to be more competitive for wave 3. This loophole could have been better prevented through the use of agency experts proficient in traditional contest rules and regulations. However, for this purpose, the Shockwaves brand authorized its bypass due to our need to learn/experiment the application of traditional rules into virtual worlds. Eliminating the contest component would have also avoided this scenario.
- Passionate consumers may not be vocal outside SL: While we received many messages in-world, not everyone wanted to be heard publicly via our external non-SL blogs as we encouraged them to do. This may have been due to the barrier of having them leave SL to perform an action elsewhere despite our promise to act on it in future potential executions if they did.
- Online conversations assisted in trial: The experiment generated over 400 blog posts around the world, most of them linked or driving traffic to Shockwaves Second Life's Web site, which represented over 104,000 unique visitors in our Web site during the period of the experiment (September through November '07) without having any additional on-line advertising. This "popularity" positioned our Web site into 1st place on Google's results page when searching for "shockwaves water fight."

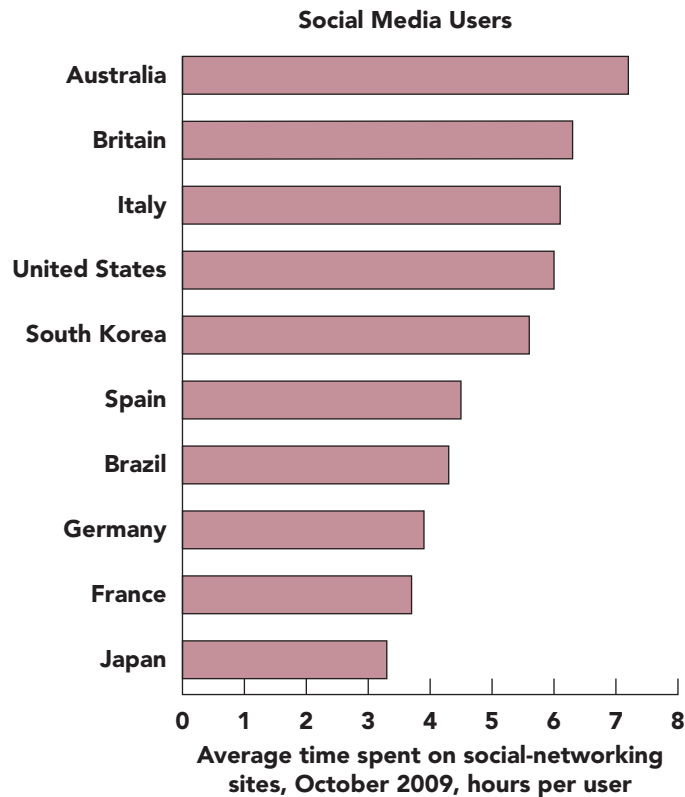


The Shockwaves products shown are available in 15 European countries: Austria, Belgium, Denmark, Finland, Germany, Greece, Hungary, the Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, and the United Kingdom. See www.shockwaves.com for more details.

Exhibit 16.8

Social Media Users:
Average Time Spent on
Social Networking Sites,
October 2009 (hours per
user)

Source: Nielsen



In Uganda, rice farmers who had trouble with aphids texted Farmer's Friend for advice and received a message telling them how to make a pesticide using soap and paraffin. A farmer with blighted tomato plants learned how to control the problem by spraying the plants with a milk-based mixture. Farmer's Friend is one of a range of phone-based services launched in 2009 by MTN, Google, and the Grameen Foundation's "Application Laboratory," or App Lab.³⁹

Google Trader is another text-based system that matches buyers and sellers of agricultural produce and commodities. Sellers send a message to say where they are and what they have to offer, which will be available to potential buyers within 30 km for seven days. The user is charged about ten cents per posting. In its first five weeks of operation, the service received one million queries.

Perhaps the best measure of the importance of this creative medium was the incredible response to the Haiti earthquake of 2010. Texting the phrase "Haiti" to the number 90999 automatically donates \$10 to the Red Cross. The relief agency received more than \$2 million dollars within 24 hours of the earthquake. Twitter also was used as an essential communication medium during the relief efforts and another medium for soliciting and accepting donations.⁴⁰

Other Media. Restrictions on traditional media or their availability cause advertisers to call on lesser media to solve particular local-country problems. The cinema is an important medium in many countries, as are billboards and other forms of outside advertising. Billboards are especially useful in countries with high illiteracy rates. Hong Kong is clearly the neon capital of the world, with Tokyo's Ginza and New York's Times Square running close seconds. Indeed, perhaps the most interesting "billboard" was the Pizza Hut logo that

³⁹For much more information on this topic see *The Economist's* "Mobile Marvels," A Special Report, September 26, 2009, pp. 1–19.

⁴⁰Jenna Wortham, "\$2 Million in Donations for Haiti, via Text Message," *The New York Times*, January 13, 2010, online.



Two novel media are shown here: (1) Not only do the Russians sell space for space tourists on their rockets; they also sell advertising space! (2) The Japanese beverage company Suntory promotes its products with “Monitor Man” during a football match at National Stadium. “Monitor Man” puts on an LCD display, showing ads for Pepsi and other products, and walks around the stadium. The job requires some muscle, as the equipment weighs about 15 pounds. All this effort is perhaps purposely reminiscent of the Simpson’s “Duff Man.” Ohhh yaaaa!

appeared on the side of a Russian Proton rocket launched to carry parts of the international space station into orbit. Can extraterrestrials read? Do they like pizza?

In Haiti, sound trucks equipped with powerful loudspeakers provide an effective and widespread advertising medium. Private contractors own the equipment and sell advertising space, much as a radio station would. This medium overcomes the problems of illiteracy, lack of radio and television set ownership, and limited print media circulation. In Ukraine, where the postal service is unreliable, businesses have found that the most effective form of direct business-to-business advertising is direct faxing.

In Spain, a new medium includes private cars that are painted with advertisements for products and serve as moving billboards as they travel around. This system, called *Publicoche* (derived from the words *publicidad*, meaning advertising, and *coche*, meaning car), has 75 cars in Madrid. Car owners are paid \$230 a month and must submit their profession and “normal” weekly driving patterns. Advertisers pay a basic cost of \$29,000 per car per month and can select the type and color of car they are interested in and which owners are most suited to the campaign, based on their driving patterns.

Campaign Execution and Advertising Agencies The development of advertising campaigns and their execution are managed by advertising agencies. Just as manufacturing firms have become international, so too have U.S., Japanese, and European advertising agencies expanded internationally to provide sophisticated agency assistance worldwide. Local agencies also have expanded as the demand for advertising services by MNCs has developed. Thus, the international marketer has a variety of alternatives available. In most commercially significant countries, an advertiser has the opportunity to employ a local domestic agency, its company-owned agency, or one of the multinational advertising agencies with local branches. There are strengths and weaknesses associated with each. The discussion regarding firm and agency relations in Chapter 8 on pages 241–243 and Exhibit 8.2 are quite pertinent here. Moreover, the agency-company relationships can be complicated and fragile in the international context—Ford and Disneyland Paris recently changed agencies, for example.

Exhibit 16.9

World's Top Ten Advertising Agencies

2008	Agency (parent)	Headquarters	Global Revenues (\$ million) 2008	Percent Change from 2007
1	BBDO Worldwide (Omnicom)	New York	635.8	1.2
2	McCann Erickson Worldwide (Interpublic)	New York	530.0	8.2
3	DraftFCB (Interpublic)	Chicago/New York	510.0	5.2
4	Epsilon/Purple@Epsilon (Alliance Data Systems)	Irving, TX	460.5	4.7
5	Digitas (Publicis)	Boston	377.0	9.3
6	Rapp (Omnicom)	New York	364.5	12.2
7	Euro RSCG Worldwide (Havas)	New York	342.7	5.5
8	Y&R (WPP)	New York	340.0	10.7
9	JWT (WPP)	New York	331.6	9.8
10	Razorfish (Microsoft)	Seattle	317	6.0

Source: From Special Report Global Marketing, *Advertising Age*, November 19, 2007. Copyright © 2010 Crain Communication. Reprinted with permission.

A local domestic agency may provide a company with the best cultural interpretation in situations in which local modification is sought,⁴¹ but the level of sophistication can be weak. Moreover, the cross-cultural communication between the foreign client and the local agency can be problematic. However, the local agency may have the best feel for the market, especially if the multinational agency has little experience in the market. Eastern Europe has been a problem for multinational agencies that are not completely attuned to the market. In Hungary, a U.S. baby care company's advertisement of bath soap, showing a woman holding her baby, hardly seemed risqué. But where Westerners saw a young mother, scandalized Hungarians saw an unwed mother. The model was wearing a ring on her left hand; Hungarians wear wedding bands on the right hand. It was obvious to viewers that this woman wearing a ring on her left hand was telling everybody in Hungary she wasn't married. A local agency would not have made such a mistake. Finally, in some emerging markets like Vietnam, local laws require a local advertising partner.

The best compromise is a multinational agency with local branches, because it has the sophistication of a major agency with local representation. Furthermore, a multinational agency with local branches is better able to provide a coordinated worldwide advertising campaign.⁴² This ability has become especially important for firms doing business in Europe. With the interest in global or standardized advertising, many agencies have expanded to provide worldwide representation. Many companies with a global orientation employ one, or perhaps two, agencies to represent them worldwide.

Compensation arrangements for advertising agencies throughout the world are based on the U.S. system of 15 percent commissions. However, agency commission patterns throughout the world are not as consistent as they are in the United States; in some countries, agency commissions vary from medium to medium. Companies are moving from the commission system to a reward-by-results system, which details remuneration terms at the outset. If sales rise, the agency should be rewarded accordingly. This method of sharing in the gains or losses of profits generated by the advertising is gaining in popularity and may become the standard. Services provided by advertising agencies also vary greatly, but few foreign agencies offer the full services found in U.S. agencies. (See Exhibit 16.9 for the largest.)

⁴¹Morris Kalliny and Salma Ghanem, "The Role of the Advertising Agency in the Cultural Message Content of Advertisements: A Comparison of the Middle East and the United States," *Journal of Global Marketing* 22, no. 4 (2009), pp. 313–28.

⁴²Among multinational advertising agencies, there appears to be an advantage to early arrival in new markets. See Peter Manusson, Stanford A Westjohn, and David J. Boggs, "Order-of-Entry Effects for Service Firms in Developing Markets: An Examination of Multinational Advertising Agencies," *Journal of International Marketing* 17, no. 2 (2009), pp. 23–41.

International Control of Advertising: Broader Issues In a previous section, specific legal restrictions on advertising were presented. Here broader issues related to the past, present, and future of the international regulation of advertising are considered.

Consumer criticisms of advertising are not a phenomenon of the U.S. market only. Consumer concern with the standards and believability of advertising may have spread around the world more swiftly than have many marketing techniques. A study of a representative sample of European consumers indicated that only half of them believed advertisements gave consumers any useful information. Six of ten believed that advertising meant higher prices (if a product is heavily advertised, it often sells for more than brands that are seldom or never advertised); nearly eight of ten believed advertising often made them buy things they did not really need and that ads often were deceptive about product quality. In Hong Kong, Colombia, and Brazil, advertising fared much better than in Europe. The non-Europeans praised advertising as a way to obtain valuable information about products; most Brazilians consider ads entertaining and enjoyable.

European Commission officials are establishing directives to provide controls on advertising as cable and satellite broadcasting expands. Deception in advertising is a thorny issue, because most member countries have different interpretations of what constitutes a misleading advertisement. Demands for regulation of advertising aimed at children is a trend appearing in both industrialized and developing countries.

Decency and the blatant use of sex in advertisements also are receiving public attention. One of the problems in controlling decency and sex in ads is the cultural variations found around the world. An ad perfectly acceptable to a Westerner may be very offensive to someone from the Middle East, or, for that matter, another Westerner. Standards for appropriate behavior as depicted in advertisements vary from culture to culture. Regardless of these variations, concern about decency, sex, and ads that demean women and men is growing. International advertising associations are striving to forestall laws by imposing self-regulation, but it may be too late; some countries are passing laws that will define acceptable standards.

The difficulty that business has with self-regulation and restrictive laws is that sex can be powerful in some types of advertisements. European advertisements for Häagen-Dazs, a premium U.S. ice cream maker, and LapPower, a Swedish laptop computer company, received criticism for being too sexy. Häagen-Dazs's ad showed a couple in various stages of undress, in an embrace, feeding ice cream to each other. Some British editorial writers and radio commentators were outraged. One commented that "the ad was the most blatant and inappropriate use of sex as a sales aid." The ad for LapPower personal computers that the Stockholm Business Council on Ethics condemned featured the co-owner of the company with an "inviting smile and provocative demeanor displayed." (Wearing a low-cut dress, she was bending over a LapPower computer.) The bottom line for both these companies was increased sales. In Britain, ice cream sales soared after the "Dedicated to Pleasure" ads appeared, and in Sweden, the co-owner stated, "Sales are increasing daily." Whether laws are passed or the industry polices itself, advertising and its effect on people's behavior have engendered international concern.

Advertising regulations are not limited to Europe; there is an enhanced awareness of the expansion of mass communications and the perceived need to effect greater control in developing countries as well. Malaysia consistently regulates TV advertising to control the effect of the "excesses of Western ways." The government has become so concerned that it will not allow "Western cultural images" to appear in TV commercials. No bare shoulders or exposed armpits are allowed, nor are touching or kissing, sexy clothing, or blue jeans. These are just a few of the prohibitions spelled out in a 41-page advertising code that the Malaysian government has been compiling for more than 10 years.

The assault on advertising and promotion of tobacco products is escalating. In the United States, tobacco firms have agreed to curtail promotion as part of government-supported class-action lawsuits. The European Union Parliament approved larger health warnings on cigarette packs. Most significantly, the World Health Organization (WHO) has launched a global campaign against the tobacco industry.⁴³ Dr. Gro Harlem Brundtland, director-general

⁴³"Russian Government Approves Accession to WHO Tobacco Control Convention," *Interfax*, January 10, 2008.

of the WHO, explains, “Tobacco is a communicable disease—it’s communicated through advertising, marketing and making smoking appear admirable and glamorous.” A worldwide ban of tobacco advertising is just one of the stated goals of the new WHO action.

Product placement within TV programming is another area of advertising receiving the attention of regulators. In the United States, complaints have been aired regarding cigarette smoking in movies and on TV. Product placements avoid some of the regulations in markets like China, where ad time is limited. Because these practices are new to China, the growth rate has been initially dramatic. It will be interesting to follow how product placement will be regulated as the practice proliferates.

The advertising industry is sufficiently concerned with the negative attitudes and skepticism of consumers and governments and with the poor practices of some advertisers that the International Advertising Association and other national and international industry groups have developed a variety of self-regulating codes. Sponsors of these codes feel that unless the advertisers themselves come up with an effective framework for control, governments will intervene. This threat of government intervention has spurred interest groups in Europe to develop codes to ensure that the majority of ads conform to standards set for “honesty, truth, and decency.” In those countries where the credibility of advertising is questioned and in those where the consumerism movement exists, the creativity of the advertiser is challenged. The most egregious control, however, may be in Myanmar (formerly Burma), where each medium has its own censorship board that passes judgment on any advertising even before it is submitted for approval by the Ministry of Information. There is even a censorship board for calendars. Content restrictions are centered on any references to the government or military, other political matters, religious themes, or images deemed degrading to traditional culture. In many countries, there is a feeling that advertising, and especially TV advertising, is too powerful and persuades consumers to buy what they do not need, an issue that has been debated in the United States for many years.

Summary

An integrated marketing communications (IMC) program includes coordination among advertising, sales management, public relations, sales promotions, and direct marketing. Global marketers face unique legal, language, media, and production limitations in every market. These must be considered when designing an IMC program. During the late 1990s, many large firms moved toward an advertising strategy of standardization. However, more recently even the most multinational companies have changed emphasis to strategies based on national, subcultural, demographic, or other market segments.

The major problem facing international advertisers is designing the best messages for each market served. The potential for

cross-cultural misunderstandings is great in both public relations and the various advertising media. The availability and quality of advertising media also vary substantially around the world. Marketers may be unable to enter markets profitably for the lack of appropriate advertising media—for example, some products require the availability of TV.

Advances in communication technologies (particularly the Internet) are causing dramatic changes in the structure of the international advertising and communications industries. New problems are being posed for government regulators as well. Despite these challenges, the industry is experiencing dramatic growth as new media are developed and as new markets open to commercial advertising.

Key Terms

Integrated marketing communications (IMC)

Sales promotions

Public relations (PR)

Noise

Questions

1. Define the key terms listed above.
2. “Perhaps advertising is the side of international marketing with the greatest similarities from country to country throughout the

world. Paradoxically, despite its many similarities, it may also be credited with the greatest number of unique problems in international marketing.” Discuss.

3. Someone once commented that advertising is America's greatest export. Discuss.
4. With satellite TV able to reach many countries, discuss how a company can use satellite TV and deal effectively with different languages, different cultures, and different legal systems.
5. Outline some of the major problems confronting an international advertiser.
6. Defend either side of the proposition that advertising can be standardized for all countries.
7. Review the basic areas of advertising regulation. Are such regulations purely foreign phenomena?
8. How can advertisers overcome the problems of low literacy in their markets?
9. What special media problems confront the international advertiser?
10. After reading the section in this chapter on direct mail, develop guidelines to be used by a company when creating a direct mail program.
11. Will the ability to broadcast advertisements over TV satellites increase or decrease the need for standardization of advertisements? What are the problems associated with satellite broadcasting? Comment.
12. In many of the world's marketplaces, a broad variety of media must be utilized to reach the majority of the market. Explain.
13. Cinema advertising is unimportant in the United States but a major media in such countries as Austria. Why?
14. "Foreign newspapers obviously cannot be considered as homogeneous advertising entities." Explain.
15. Borrow a foreign magazine from the library. Compare the foreign advertising to that in an American magazine.
16. What is sales promotion and how is it used in international marketing?
17. Show how the communications process can help an international marketer avoid problems in international advertising.
18. Take each of the steps in the communications process and give an example of how culture differences can affect the final message received.
19. Discuss the problems created because the communications process is initiated in one cultural context and ends in another.
20. What is the importance of feedback in the communications process? Of noise?

1. (From page 470) Why would Coke and McDonald's shed the red in their logos?

For the blue and yellow uniformed Maradona and his team *Boca Junior*, Coke's red and white are also the hated colors of their main *futbol* competitor in Buenos Aires, *River Plate*. The negotiations between Coco-Cola and the *Boca Junior* club executives must have been fascinating with millions of dollars on the table, but many thousands of raucous fans as a very much involved, and potential riotous audience. So, a black and white Coke logo was the creative solution. We note that Sintoplast, a large paint company and local sponsor was able to include its red, white, and blue logo on the stadium—the colors of passion!

The red and gold of McDonald's was traded for black in Cuzco because the area is an official UNESCO World Heritage Site, and the money that supports this designation includes rules that preclude "intrusive" advertising.