



# Part 6

## *Marketing communications for special audiences*

### *Chapters 28–30*

This last part of the book considers marketing communications in the context of special audiences.

These audiences are special in the sense that they are contextually different from mainstream audiences and can require particular strategies and configurations of the marketing communications mix. Chapter 28, for example, considers some of the issues arising when dealing with marketing communications in an international or even a global environment.

Chapter 29 looks at marketing communications in the business-to-business market. Here a different emphasis on communications is required simply because the purchase decision process and the focus on relationships is very different from consumer-based marketing communications.

The final chapter in the book, Chapter 30, looks at the important issue of marketing communications when targeted at internal audiences. Although touched on at different points in the book, this chapter considers more fully the role of employees in the branding process and the tasks marketing communications is expected to undertake.

## Video Insight Part 6

This final part of the book is concerned with communications with special audiences. In this context, 'special' refers to customers other than domestic or regionally based consumers. The audiences featured here include international audiences, business-to-business customers and employees.

The Video Insight starts with a short clip from Land Rover that refers to the different perceptions different audiences can have of products and services. Reference is made to the perceptions held of the brand in the USA, Russia, China and the Middle East. Interestingly, the strength and form of these perceptions are linked to the experience each region has of the brand, whether it be through Range Rover or directly through the Land Rover brand.

Chapter 28 examines the issues associated with global marketing communications. The key argument concerns whether messages should be changed to reflect local preferences and cultural needs. One argument is that the message should be the same in all regions and countries, a standardised approach. The other argues that messages should be adapted to meet the cultural needs of local areas, an adapted strategy. The Royal Enfield section of the Video Insight explores their approach, an adaptation strategy, and examines the way they communicate in different countries and the reasoning behind the different approaches.

Finally, the Ikea section considers the importance of culture and how Swedish values have been used to augment the Ikea brand.

Go to [www.pearsoned.co.uk/fill](http://www.pearsoned.co.uk/fill) to watch the Video Insight, and then answer the following questions:

1. How might Land Rover benefit from using an adapted marketing communications strategy rather than a standardised one?
2. What risks might Royal Enfield incur if they leave the management of their dealers to the appointed local distributors? What might be the impact on their marketing communications and the brand?
3. To what extent might the prevailing Swedish culture impede the development of the Ikea brand?





# Chapter 28

## *Marketing communications across borders*

The management of marketing communications for audiences domiciled in two or more countries is haunted by the dilemma of whether to send the same message to all regions or adapt it to meet the needs of local markets, or do a little bit of both. The implications for messaging, branding and costs are substantial.

### *Aims and learning objectives*

The aim of this chapter is to examine the impact that cross-border business strategies might have on marketing communications agencies and strategies.

The learning objectives of this chapter are to:

1. consider the development and variety of organisations operating across international borders;
2. examine the key variables affecting international marketing communications;
3. discuss the adaptation versus standardisation debate about marketing communications strategy;
4. explore issues concerning the international communication mix;
5. explain the ways in which advertising agencies have developed to meet the international communication requirements of their clients.

For an applied interpretation see Stefan Schwarzkopf's MiniCase entitled *Procter & Gamble and the ethnology of markets: adapting a giant to emerging markets* at the end of this chapter.

## Introduction

For organisations the differences between operating within home or domestic markets as compared with overseas or international markets are many and varied. Most of these differences can be considered within an economic, cultural, legal, technological and competitive framework. If the core characteristics of a home market (such as prices, marketing channels, finance, knowledge about customers, legislation, media and competitors) are compared with each of the same factors in the international markets in which an organisation might be operating, the degree of complexity and uncertainty can be easily illuminated. Management might be conversant with the way of doing business at home but, as they move outside the country/regional borders/areas that represent their domain of knowledge, understanding and to some extent security, so levels of control decline and risk increases.

The objective of this chapter is not to consider these particular characteristics, as time and space restrict scope. Readers interested in these issues are recommended to consult some of the many international marketing or business texts that are available. The goal of this chapter is to consider some of the issues that impact on marketing communications when operating across international borders. To do this it is first necessary to consider the various environments and the types of organisation that operate away from their home markets.

## Types of cross-border organisations

Organisations can be regarded as international, multinational, global or transnational (Keegan, 1989; Bartlett and Ghoshal, 1991) and each form is a reflection of their structure and disposition towards their chosen markets (see Table 28.1).

These organisations regard their overseas activities as feeders or delivery tubes for a unified global market.

**Table 28.1** Organisational frameworks

International organisations	<p>These organisations see their overseas operations as appendages or attachments to a central domestic organisation.</p> <p>The marketing policy is to serve customers domestically and then offer these same marketing mixes to other countries/areas.</p>
Multinational organisations	<p>These organisations see their overseas activities as a portfolio of independent businesses.</p> <p>The policy is to serve customers with individually designed country/area marketing mixes.</p>
Global organisations	<p>These organisations regard their overseas activities as feeders or delivery tubes for a unified global market.</p> <p>The policy is to serve a global market with a single, fundamental marketing mix.</p>
Transnational organisations	<p>These organisations regard their overseas activities as a complex process of coordination and cooperation. The environment is regarded as one where decision-making is shared in a participatory manner.</p> <p>The policy is to serve global business environments using flexible global resources to formulate different global marketing mixes.</p>

Source: Based on Bartlett and Ghoshal (1991) and de Mooij (1994).

International organisations evolve from national organisations whose origins are to serve national customers.

*International organisations* evolve from national organisations whose origins are to serve national customers using domestic or 'home-grown' resources. Some of these organisations, either by accident or by design, begin to undertake a limited amount of work 'overseas'. They begin to become

international, first by deploying their domestically oriented marketing mix and then later by adapting it to the needs of the new, local 'overseas' market. This adaptation phase signals the commencement of a *multinational strategy*. What distinguishes these organisations is that they regard the world (or their parts of it) as having discrete regions. Each country/area reports to a world head office, and performance is normally geared to meet financial targets.

Organisations at this stage in the evolutionary process are referred to as *global*. This is characterised by centralised decision-making, where, unlike in multinational companies, the similarities as well as the differences of each country/area are sought. Customers are seen on a global rather than a country/area basis.

*Transnational organisations* are an extension of global organisations. These sophisticated organisations seek to develop advantages based on efficiencies driven by serving global customers. Using technology as a key part of the infrastructure, networks allow resources to be globally derived in response to local requirements.

Anholt (2000), among others, suggests that in recent years a new type of transnational organisation has emerged. Primarily as a result of the Internet, these organisations are conceived and born as global brands and therefore do not experience the slow development and evolution as suggested in the previous framework. These new *universal* brands, owned by either a global parent or a small independent operator, often from start-up, transcend established patterns by either minimising or negating the formal distribution channels. Dell computers, Microsoft and search engines such as Google and Yahoo! all require a global market. What characterises these organisations is that they are generally faster and more adaptable than the established organisations and they create new channels to market. In addition, although some might have a global business, they operate with a single office, can be based in third-world nations or are simply small global businesses in their own right.

Organisations are far from static and, as domestic markets may stagnate, and technology and communication opportunities in particular develop, so opportunities contract and expand. In addition, organisations seek efficiency and flexibility with regard to their use of materials and resources. The use of strategic alliances and outsourcing arrangements complements this goal, and network organisations, spanning the globe, emerge.

Appreciating the different types of worldwide organisation is important, not just from a structural perspective but also for the formulation and implementation of business strategy. In addition, other issues concerning the products, markets and the marketing communications used by these organisations also surface.

## *Key variables affecting international marketing communications*

There are a large number of variables that can impact on the effectiveness of marketing communications that cross international borders. Many of these are controllable by either local or central management. However, there are a large number that are uncontrollable, and these variables need to be carefully considered before communications are attempted. The following variables (culture and media) are reviewed here because of their immediate and direct impact on organisations and their communication activities.

## Culture

The values, beliefs, ideas, customs, actions and symbols that are learned by members of particular societies are referred to as culture. The importance of culture is that it provides individuals with identity and the direction of what is deemed to be acceptable behaviour. Culture is acquired through learning. If it were innate or instinctive, then everyone would behave in the same way. Human beings across the world do not behave uniformly or predictably. Therefore different cultures exist, and from this it is possible to visualise that there must be boundaries within which certain cultures, and hence behaviours and lifestyles, are permissible or even expected. These boundaries are not fixed rigidly, as this would suggest that cultures are static. They evolve and change as members of a society adjust to new technologies, government

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### ViewPoint 28.1

#### Cultural euromales

With changes to expectations about a job for life, women's increasingly independent financial and social lifestyle, and media debates concerning the role of men in society, it is not surprising that international marketing communications targeted at men are unlikely to be based on common attitudes, values and beliefs. Research by RDSi revealed, for example, the following:

**Italian men** are comfortable in their relationships with women, unless they are their superiors at work. The family is very important, with men aspiring to beautiful wives, beautiful children and a beautiful home. Therefore, aspirational advertisements are favoured and scenes depicting family life are approved.

**Spanish men** are judged to have low morale, partly as a result of the country's relatively recent move towards democracy and the high levels of unemployment when compared with the rest of Europe. The family is an important unit and with it come high levels of respect for the older generation. Cross-generation advertisements that reflect bonding and family ties are well received. There is still a strong macho theme in society, with men seeking to prove themselves.

**German men** see these changes in society as a challenge and one that needs a disciplined approach. The family is high on their list of things to be openly valued but, unlike the Italians and the French, they are uncertain about how to achieve this as it conflicts with the German work ethic.

**Frenchmen** are the most self-assured of all European males. They are relaxed and confident about the changing role of women in society and see opportunities to change themselves. There are, however, some poorer sections of French society that do resent the changes and resort to displays of masculinity to reassert themselves.

**British males** retain a US-style work ethic and on the surface are comfortable with the changes in society. Underneath, however, research suggests that they are in denial, and it cites the successful 'lads' magazines (e.g. *Loaded*, *FHM*) as evidence. This complexity, when combined with the most sophisticated advertising literacy and cynicism, makes it difficult to communicate with British males.

Source: Adapted from Davies (2000).

### Question

To what extent are these profiles a useful aid to marketing communications?

### Task

Choose a male fragrance or deodorant and consider how you would communicate with each of the types of men listed above.



policies, changing values and demographic changes, to mention but a few dynamic variables. From a marketing communications perspective, the prevailing culture in a region must be respected, otherwise it is likely that a brand and or an organisation will be rejected. For example, the Dove ads in which happy women of all shapes and sizes pose in their underwear have had to be shown in different ways to meet the needs of different cultures. In Brazil the women are depicted hugging each other yet in the United States they stand slightly apart from each other, as body contact in the United States is not part of the culture (Laurance, 2007).

Culture is passed from generation to generation.

Culture is passed from generation to generation. This is achieved through the family, religion, education and the media. These conduits of social behaviour and beliefs serve to provide consistency, stability and direction. The extent to which the media either move society forward or merely reflect its current values is a debate that reaches beyond the scope of this book.

However, there can be no doubt as to the impact that the media have on society and the important part that religion plays in different cultures around the world.

Culture has multiple facets, and those that are of direct relevance to marketing communications are the values and beliefs associated with *symbols*, such as language and aesthetics, *institutions* and *groups*, such as those embracing the family, work, education, media and religion, and finally *values*, which according to Hofstede *et al.* (1990) represent the core of culture. These will be looked at in turn.

### Symbols

Language, through both the spoken and the non-spoken word, permits members of a society to enter into dialogue and to share meaning. Aesthetics, in the form of design and colour, forms an integral part of packaging, sales promotions and advertising. Those involved in personal selling must be aware of the symbolic impact of formal and informal dress codes and the impact that overall personal appearances and gestures (for example when greeting or leaving people) may have on people in different cultures.

Advertisers need to take care that they do not infringe a culture's aesthetic codes when designing visuals or when translating copy into the local language.

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### Institutions and groups

The various institutions that help form the fabric of societies and particular cultures provide a means by which culture is communicated and perpetuated through time. These groups provide the mechanisms by which the process of socialisation occurs. Of these groups, the family plays an important role. The form of the *family* is evolving in some Western cultures, such that the traditional family unit is declining and the number of single-parent families is increasing. In many developing economies the extended family, with several generations living together, continues to be a central, stable part of society. Marketing communication messages need to reflect these characteristics. The impact and importance of various decision-makers need to be recognised and the central creative idea needs to be up to date and sensitive to the family unit.

*Work* patterns vary across regions: not all cultures expect a 9-to-5 routine. This is breaking down in the United Kingdom as delayering pressurises employees to work increased hours, while in Asia-Pacific Saturday morning work is the norm.

Literacy levels can impact heavily on the ability of target audiences to understand and to ascribe meanings.

*Literacy* levels can impact heavily on the ability of target audiences to understand and to ascribe meanings to marketing communication messages. The balance between visual and non-visual components in messages and the relative complexity of messages should be considered in the light of the education

levels that different countries and regions have reached. In addition to these factors, some target audiences in more developed economies have developed a high level of advertising

**ViewPoint 28.2****Colourful communication**

Colours must be treated with care depending on the particular country where communications are being conducted. Griffin (1993) sets out how the colour of flowers is used to depict death and or unhappiness in different countries:

purple flowers in Brazil;  
 white and yellow lilies in Taiwan;  
 yellow lilies in Mexico;  
 white lilies in Canada, Great Britain and Sweden;  
 yellow flowers stand for infidelity in France and disrespect for a woman in the (ex)-Soviet Union.

**Question**

Should these colours be avoided in packaging?

**Task**

Find out what colours symbolise happiness in various countries.

sophistication. The meaning given to messages is in some part a reflection of the degree to which individuals understand commercial messages and what the source seeks to achieve. This high level of interaction with messages or advertising literacy suggests that advertisers need to create a dialogue with their audiences that recognises their cognitive processing abilities and does not seek to deceive or misinform.

*Religion* has always played an important part in shaping the values and attitudes of society. Links between religion and authority have been attempted based on the highly structured nature of religion and the role that religion can play in the family, forming the gender, decision-making roles and nurturing the child-rearing process. While the results of research are not conclusive, there appears to be agreement that religion plays an important part in consumer buying behaviour and that marketing communications should take into account the level of religious beliefs held by the decision-maker (Delner, 1994).

Similarly, mass communication technologies provide audiences with improved opportunities to understand and appreciate different religious beliefs and their associated rituals and artefacts, so care needs to be taken not to offend these groups with upsetting or misinformed marketing communications.

**Values**

One of the most important international, culturally oriented research exercises, was undertaken by Hofstede (1980, 1991). Using data gathered from IBM across 53 countries, Hofstede's research has had an important impact on our understanding of culture (Hickson and Pugh, 1995). From this research, several dimensions of culture have been discerned. The first of these concerns the individualist/collectivist dimension. It is suggested that individualistic cultures emphasise individual goals and the need to empower, to progress and to be a good leader. Collectivist cultures emphasise good group membership and participation. Consequently, difficulties can arise when communications between these two types of culture have meanings ascribed to them that are derived from different contexts. To avoid the possible confusion and misunderstanding, an adapted communication strategy is advisable.

Collectivist cultures emphasise good group membership and participation.

In addition to these challenges, comprehension (ascribed meaning) is further complicated by the language context. In high-context languages, information is conveyed through who is speaking and their deportment and mannerisms. Content is inferred on the basis that it is



implicit: it is known and does not need to be set out. This is unlike low-context languages, where information has to be detailed and 'spelled out' to avoid misunderstanding. Not surprisingly, therefore, when (marketing) communications occur across these contexts, inexperienced communicators may be either offended at the blunt approach of the other (of the low-context German or French, for example) or intrigued by the lack of overt information being offered from the other (from the high-context Japanese or Asians, for example). Referring to advertising creative strategy, Okazaki and Alonso (2003) assert that the Japanese prefer a more subtle, soft approach. In contrast, North Americans prefer a more direct, hard-sell strategy with direct, explicit messages.

In high-power-distance cultures, authority figures are important.

A further cultural dimension concerns the role that authority plays in society. Two broad forms can be identified. In high-power-distance cultures, authority figures are important and guide a high proportion of decisions that are made. In low-power-distance cultures, people prefer to use cognitive processing and make reasoned decisions based on the information available. What might be deduced from this is that expert advice and clear, specific recommendations should be offered to those in high-power-distance cultures, while information provision should be the goal of marketing communications to assist those in low-power-distance cultures (Zandpour and Harich, 1996).

People in different cultures can exhibit characteristics that suggest they feel threatened or destabilised by ambiguous situations or uncertainty. Those cultures that are more reliant on formal rules are said to have high levels of uncertainty avoidance. They need expert advice, so marketing communications that reflect these characteristics and are logical, clear and provide information directly and unambiguously (in order to reduce uncertainty) are likely to be more successful.

From the adaptation/standardisation perspective, this information can be useful in order to determine the form of the most effective advertising messages. Zandpour and Harich used these cultural dimensions, together with an assessment of the advertising industry environment in each target country. The results of their research suggest that different countries are more receptive to messages that have high or low levels of logical, rational and information-based appeals (think). Other countries might be more receptive to psychological and dramatically based appeals (feel).

### ViewPoint 28.3

#### Varying international regulations

Advertising of toys is not permitted in Sweden and is banned until 2200 hours in Greece. In France, all alcohol advertisements are banned, while in the Czech Republic, drink can be shown but it cannot be poured, nor can advertisements show people enjoying the product. In Mexico, the restrictions state that food must be visible, whereas the Costa Ricans are allowed to see a glass being filled or the drink being poured, but not both.

Tobacco advertising is banned across all EU countries while pet food advertisements are banned in Lithuania before 2300 hours. The reason for this strict ruling is that food is scarce and this type of commercial could be considered offensive to humans.

#### Question

Does legislation regarding the use of advertising infringe civil liberties?

#### Task

Find out the regulations concerning the use of advertising fast food in a country of your choice. Are these regulations self-imposed by the industry (voluntary) or are they enforced through law?

Research concerning the effectiveness of advertising strategies in the United States and Australia (Frazer and Sheehan, 2002) found that safety appeals were more frequently used in Australia than the United States. This may well reflect varying cultural values regarding concern for safety-related issues, concern for the environment and varying regulatory requirements.

## Media

The rate of technological change has had a huge impact on the form and type of media that audiences can access. However, media availability is far from uniform, and the range and types of media vary considerably across countries. These media developments have been accompanied by a number of major structural changes to the industry and the way in which it is regulated. Many organisations (client brands, media and agencies) have attempted to grow through diversification and the development of international networks (organic growth and alliances), and there has been an increase in the level of concentration as a few organisations/individuals have begun to own, and hence control, larger proportions of the media industry. For example, Rupert Murdoch, Ted Turner, Time-Warner, Bertelsmann and Silvio Berlusconi now have substantial cross-ownership holdings of international media. This concentration is partly the result of the decisions of many governments to deregulate their control over the media and to create new trading relationships. As a result, this cross-ownership of the media (television, newspapers, magazines, cable, satellite, film, publishing, advertising, cinema, retailing, recorded music) has created opportunities for client advertisers to have to go to only one media provider, which will then provide access to a raft of media across the globe. For example, the Time-Warner/AOL merger was intended to take the concentration and cross-industry collaboration a stage further as positions for future markets are adopted. This facility, known as one-stop shopping, has been available in North America for some time, and was attempted by Saatchi & Saatchi and WPP in the 1980s from a European base, but it is only since the 1990s that this opportunity has been offered elsewhere. The failure of the Time-Warner/AOL merger is symptomatic of other cultural and business-related problems.

Deregulation has had a profound impact on media provision in nearly all parts of the world. This often manifests itself in terms of the growth in types of the media available and the number of media vehicles.

Table 28.2 sets out some of the more general worldwide trends in advertising media. The net impact of all these changes has been principally the emergence of satellite television and cable provision and the development of the international consumer press.

**Table 28.2** General trends in worldwide media

Electronic media expenditure has grown at the expense of print.

The worldwide adspend on newspapers has fallen considerably.

The number of general-interest magazines has fallen and the number of specialist-interest magazines has grown.

The growth of satellite facilities has helped generate the development of television and cable networks.

Online adspend is increasing faster than for any other medium.

Television programming and distribution have become more important.

Cinema capacity is beginning to outstrip demand.

Out-of-home media, in particular outdoor and alternative new media (e.g. ambient), have grown significantly.

## *Cross-border communication strategy*

The degree to which organisations should adapt their external messages to suit local or regional country requirements has been a source of debate since Levitt (1983) published his seminal work on global branding. The standardisation/adaptation issue is unlikely to be resolved, yet is an intuitively interesting and thought-provoking subject. The cost savings associated with standardisation policies are attractive and, when these are combined with the opportunity to improve message consistency, communication effectiveness and other internally related efficiencies such as staff morale, cohesion and organisational identity, the argument in favour of standardisation seems difficult to renounce. However, in practice there are very few brands that are truly global. Some, such as McDonald's, Coca-Cola and Levi's are able to capitalise on the identification and inherent brand value that they have been able to establish across cultures. The majority of brands lack this depth of personality, and because individual needs vary across cultures, so enterprises need to retune their messages in order that their reception is as clear and distinct as possible.

The cost savings associated with standardisation policies are attractive.

### Adaptation

The arguments in favour of adapting messages to meet the needs of particular local and/or regional needs are as follows:

1. Consumer needs are different and vary in intensity. Assuming there are particular advertising stimuli that can be identified as having universal appeal, it is unlikely that buyers across international borders share similar experiences, abilities and potential either to process information in a standardised way or to ascribe similar sets of meanings to the stimuli they perceive. Ideas and message concepts generated centrally may be inappropriate for local markets.
2. The infrastructure necessary to support the conveyance of standardised messages varies considerably, not only across but often within broad country areas.
3. Educational levels are far from consistent. This means that buyers' ability to give meaning to messages will vary. Similarly, there will be differing capacities to process information, so that the complexity of message content has to be kept low if universal dissemination is to be successful.
4. The means by which marketing communications are controlled in different countries is a reflection of the prevailing local economic, cultural and political conditions. The balance between voluntary controls through self-regulation and state control through legislation is partly a testimony to the degree of economic and political maturity that exists. This means that what might be regarded as acceptable marketing communications activities in one country may be unacceptable in another. For example, cold calling is not permissible in Germany but, although not popular with either sales personnel or buyers, is allowed in the Netherlands and France.
5. Local management of the implementation of standardised, centrally determined messages may be jeopardised because of a lack of ownership. Messages crafted by local 'craftsmen' to suit the needs of local markets may receive increased levels of support and motivation.

Consumer needs are different and vary in intensity.

### Standardisation

Just as the arguments for adaptation appear convincing at first glance, then so do those in favour of standardisation:

1. Despite geographical dispersion, buyers in many product categories have a number of similar characteristics. This can be supported by the various psychographic typologies that have

been developed by advertising agencies for their clients. As brand images and propositions are capable of universal meaning, there is little reason to develop a myriad of brand messages.

2. Many locally driven campaigns are regarded as being of poor quality, if only because of the lack of local resources, experiences and expertise (Harris, 1996). It is better to control the total process and at the same time help exploit the opportunities for competitive advantage through shared competencies.
3. As media, technology and international travel opportunities impact on increasing numbers of people, so a standardised message for certain offerings allows for a strong brand image to be developed.
4. Just as local management might favour local campaigns, so central management might prefer the ease with which they can implement and control a standardised campaign. This frees local managers to concentrate on managing the campaign and removes from them the responsibility of generating creative ideas and associated issues with local advertising agencies.
5. Following on from this point is one of the more enduring and managerially appealing ideas. The economies of scale that can be gained across packaging, media buying and advertising message creation and production can be enormous. In addition, the prospect of message consistency and horizontally integrated campaigns across borders is quite compelling. Buzzell (1968) argued that these economies of scale would also improve levels of profitability.

Many locally driven campaigns are regarded as being of poor quality.

## ViewPoint 28.4

### iPod = adaptive music

When Apple launched the iPod it received instant acclaim from both technical and music PR opinion formers. The problem facing Apple after the first year, however, was that the iPod was still perceived by consumers as a device just for techies and celebrities. The task, therefore, was to use communications to inform world audiences that the iPod was for everyone, not just a select few.

The campaign had to run in several countries, but its key challenge was to reach a predominantly Windows world and to inform them that this Apple product was actually accessible through PCs. At the same time it was important to retain the cool image of the iPod and the uniqueness of the Apple brand.

The target audience was music lovers, of all ages, denominations, colours, relations and cultures. What bound this group together was that iPod represented a way in which an individual's relationship with music was enhanced. The iPod provided freedom to enjoy music. The creative platform was developed from this insight, and that was to use music and dancing as this was a language common to all. The execution showed silhouettes of different types of people dancing in different ways, but each was shown holding an iPod in one hand . . . freedom. However, in order to provide local relevance, the campaign used music. By adapting the campaign through different types of music that appealed to a global youth culture, for example rock, hip hop and dance, it was possible to provide local relevance through a global strategy.

Sources: Anon. (2004) and [www.nyama.org](http://www.nyama.org).

### Question

Why did Apple not adapt its communications completely to each region's music preferences?

### Task

How have MP3 players tried to compete against the market dominance of iPod?



### Exhibit 28.1

iPod Silhouette ad  
Image courtesy of The Advertising Archives.

Fielding (2000) and Hite and Fraser (1988) argue that the evidence indicates that, although organisations pursued standardisation strategies in the 1970s, the trend since then has been towards more local adaptation. Harris (1996) makes the point that, although the operation of a purely standardised programme is considered desirable, there is no evidence to suggest that standardisation actually works. There appears to have been little research to compare the performance of advertising that has been developed and implemented under standardisation policies with that executed under locally derived communications.

However, while a few organisations do operate at either end of the spectrum, the majority prefer a contingency approach. This means that there is a degree of standardisation, where for example creative themes, ideas and campaign planning are centrally driven and other campaign elements such as language, scenes and models are adapted to the needs of the local environment. The cosmetic manufacturer L'Oréal used to distribute its Studio Line of hair care products aimed at 18–35-year-olds, across 50 countries. 'These are the same products with the same formulation with the same attitudinal message of personal choice', (Sennett, in Kaplan, 1994). All the advertisements have the same positioning intentions, which are developed centrally, but the executions (featuring different hairstyles) are produced locally to reflect the different needs of different markets.

It is too easy to consider the internationalisation debate in terms of packaged goods companies when other sectors have approached the task in different ways. Bold (2000) refers to pharmaceutical companies that have generally made the product, as opposed to brands, the centre of their communication strategy. Drugs are launched in different countries using different names and different strategies targeted at the medical professionals. He comments that while this approach was prevalent, the structure of pharmaceutical companies tended to be nation-focused, even to the extent that there would be separate regionalised budgets. The merger and consolidation activity, together with the rapid rise in patient involvement in health care (e.g. AIDS), has resulted in the formation of centralised marketing departments and the development of multinational brands.

The argument for some form of standardisation is twofold. First, there is an increasing need for improved levels of internal efficiency (and accountability) in terms of the use of resources.

Second, there is an increasing awareness of the benefits that standardised advertising may have on organisational identity, employee morale and satisfaction. The pressure to make cost savings and to develop internal efficiencies, therefore, appears to override the needs of the market.

There is an increasing awareness of the benefits that standardised advertising may have on organisational identity, employee morale and satisfaction.

However, those who argue in favour of standardisation need to be aware that the information content will often need to be correspondingly low. Mueller (1991) observes that the greater the amount of information the greater the opportunity for buyers to discriminate among alternative purchases. Conversely, the emphasis with uninformative advertising is to use imagery and indirect (peripheral) cues. Multinational organisations prepare individual marketing mixes for individual countries/areas. Products and prices will be different, so comparisons are difficult. Likewise, key attributes will vary across countries/areas, so this means that organisations need to decide whether high levels of standardisation and low levels of information are preferable to adapted campaigns with higher levels of information content.

The criterion by which organisations should decide whether to adapt or standardise their marketing (communications) activities is normally the impact that the different strategies are likely to have on profit performance (Buzzell, 1968). The basis for these financial projections has to be a suitably sensitive segmentation analysis based on a layering of segment information. Country-only or arbitrary regional analysis is unlikely to be suitable. Cross-cultural and psychographic data need to be superimposed to provide the richness upon which to build effective communications.

Organisations rarely decide on a polarised strategy of total adaptation or complete standardisation. In practice, a policy of 'glocalisation' seems to be preferred. Under this approach, organisations develop standard messages centrally, but expect the local country areas to adapt them to meet local cultural needs by adjusting for language and media components. There are, of course, variations on this theme. For example, head office might decide on the strategic direction and thrust of the campaign and leave the local country management to produce its own creatives.

## *Tools of the international communication mix*

### International public relations

International public relations differs from domestically related activities only in the sense that it seeks to build cultural, geographical and linguistic bridges between stakeholders outside the country of origin. As if to continue the foregoing debate, issues remain about whether to standardise communications or adapt them to meet local needs. One complication to this approach concerns the development and prevalence of trading blocs and the degree to which individuals within these blocs retain notions of national identity. This in turn will influence the relationships formed between stakeholder groups.

Wherever it is practised, public relations needs to be based on a willingness and propensity to share information, to be prepared to adjust one's own position in the light of feedback, to be ethical in one's own behaviour.

### Packaging

Product packaging fulfils two main functions. One is to protect the product so that the customer can consume the product in pristine condition at all times. The second function concerns the marketing communication needs and their potential impact on the purchase decision process. Packaging, especially in consumer markets for purchase decisions that generate low levels of involvement, needs to be protective (due to possibly longer distribution chains and



variations in temperature/climate) and be persuasive in such a way that it reinforces the positioning requirements and the other activities of the promotional mix. Research by Berg-Weitzel and van de Laar (2000) states quite emphatically that a nation's culture has repercussions for the design of its packaging and, if standardised packaging is decided on, then a neutral design should be pursued. If the decision is to adapt, then local aspects of design should be 'exploited to gain the consumer's confidence'. Colour, shape and language issues need to be carefully considered, regardless of whether the decision is to standardise or localise packaging design.

Colour, shape and language issues need to be carefully considered.

## Trade shows and exhibitions

This is a much underestimated aspect of marketing communications, but it is of great significance in an international dimension. The benefits for organisations attending trade fairs are basically the same whether they be domestic or international events. What is significant, however, is that exhibitions are important, especially in the b2b market, for building and maintaining relationships with customers and members of the marketing channel (horizontally and vertically). In an international arena, where the cultural backgrounds of visitors and exhibitors may be very diverse, it is essential not only that attendance occurs, but that visibility is high and hospitality compatible with the local environment and those of other significant visitors.

## Personal selling

Local customs, culture, language and product attribute determine that a localised approach to personal selling techniques and content is vital and that a standardised approach to selling across international markets is for the vast majority of organisations a non-starter. Having said that, an international sales effort can be organised and managed with a degree of standardisation. There are four main approaches that can be used, either in sequence or simultaneously, as conditions permit.

The first approach, mainly applicable for small organisations beginning to operate in international markets, enables them to use spare domestic capacity. They use a sales force that is based in the home market and that either has some international responsibilities or operates exclusively abroad. This requires the sales personnel not only to be fully conversant with the entire product range, but also to understand the countries, organisations and cultures in which they seek to operate. If only from a time and expense perspective, there are strong limitations to the extent to which this approach can be realistically expected to work.

A second approach requires the use of manufacturers' representatives and agents. These organisations provide local knowledge of both competitors and culture that can cut considerably the length of time necessary to enter a new market. However, there are problems associated with the commitment and bias of such agents and the level of control that management can retain. For example, agents are paid on a commission-only basis and their allegiance to a product/manufacture is thin, such that their desire to sort out local problems of logistics, finance or product operation is questionable.

A third approach is to establish a marketing channel and appoint distributors and dealers in the target country/regions. This allows management a greater level of control, but it does incur greater levels of management time and commitment to the international trade channel and the associated training if the strategy is to be successful.

The fourth and final approach is to establish a dedicated sales force in each of the countries/regions. This is expensive, and although control is considerably improved it is an approach only adopted once a market presence has been well established.

## International sponsorship

Sponsorship, whether it be in a domestic (Serie A football in Italy) or an international context (Olympics 2012), enables support of the public relations activity either by providing a means

to meet key customers or members of the marketing channel in an informal way or by improving awareness and attitudes towards the sponsor. In addition, sponsorship has an impact on the quality of relationships with a variety of stakeholders. Relations with employees, governments and local communities can all be enhanced through understanding and sympathetic alignment with the sponsor's position regarding their social responsibilities, ethical stance and overall role as a corporate citizen (Owusu-Frimpong, 2000).

It is not surprising that the costs associated with sponsorship activities vary according to the scale (size and duration) of the activities and the size of the audience. Global brands need sponsorship on an international basis in order to reinforce their market presence and to support and reinforce the other aspects of the promotional mix. Integrated marketing communications in an international context needs to use advertising (to promote awareness and to reinforce brand values); public relations (to provide understanding, interest and goodwill); sponsorship (to be seen to be involved); and personal selling (to enable and drive customer action) if a brand is to be established.

The costs associated with sponsorship activities vary according to the scale of the activities and the size of the audience.

## Direct marketing

Most of the points concerning domestic direct marketing apply equally on the international stage. It would appear that there are four main factors that need to be considered:

1. Language is an important factor as most people prefer to receive (and give) communications in their own, first language. The focus organisation needs to consider translation costs (including time), list availability and making judgements about tone, humour and, indeed, what the most appropriate language might be.
2. The second factor is media availability. There may be wide variation in the range and quality of the media in the country/regions in which it wishes to trade. The quality and effectiveness of the telephone and postal services, the coverage of cable and satellite channels, the significance of magazines and the readership of the national, regional and local press all need to be carefully considered when developing an international direct marketing campaign.
3. The third factor to consider is the quality and breadth of the services and infrastructure necessary to support an international campaign. The quality of mailing lists, databases and supporting agencies needs to be carefully reviewed before committing to an international DM campaign.
4. The quality of management control is the final international factor to be considered. Most campaigns of this nature need to be controlled centrally by the focus organisation and/or their direct marketing agency. This centralised approach is important in the light of the need for integration, control of costs and data management. There may be conditions that allow for the development of a decentralised approach whereby the planning and implementation of these direct campaigns are delegated to local management.

## The role of the Internet

The Internet has an important role to play for those organisations considering internationalisation or those who have already achieved transnational status. Hamill and Gregory (1997) found that smaller organisations view the Internet as a tool to enable them to develop network communications, sales promotion and market intelligence activities.

The Internet provides global market access for all organisations and each needs a strategy to determine the role of its web site and how it will interact with the organisation's current, established distribution and communication strategies.

The Internet provides global market access for all organisations.

## ViewPoint 28.5 Beat the international cravings

Pharmaceutical brands tend to be country-specific due mainly to cultural attitudes towards healthcare, medicine and related activities. Regulations also pose problems as they vary across countries and restrict what messages can and cannot be said. Therefore, the task of converting a pharmaceutical brand into a global entity requires lateral thinking, something that Nicorette undertook in their quest to be a billion dollar brand by 2010.

The answer lay in repositioning Nicorette as a consumer brand, one imbued with emotion rather than one that conveyed rational, information health-dominated messages. This meant that rather than convey messages about how Nicorette could help a smoker give up completely, messages were designed to support smokers through each cigarette not smoked and overcoming the cravings.

The creative instrument used across the campaign was 'Cravings Man'. A 2.5 metre cigarette with a face, legs and arms. Each ad showed a smoker literally beating the craving for a cigarette. This creative idea travelled across all countries as the same underlying feelings are experienced by all smokers (see Exhibit 28.2).

Source: Horry and Miller (2006).

### Question

How might 'Cravings Man' be used in other tools and media?

### Task

Find one of Nicorette's competitors and compare the basic messages they convey with Nicorette's.



### Exhibit 28.2

The Nicorette Cravings Man  
Image courtesy of The Advertising Archives.

## International advertising agencies

Just as many organisations have sought to expand internationally, so many advertising agencies have attempted to grow with their clients. This process gathered speed in the 1980s and 1990s, with varying levels of success. By trying to mirror client/brand needs and by expanding operations over increased geographic areas, organisations have experienced many financial and management challenges. These challenges have been met with varying degrees of success. The consequences of this 'natural' development are that aspects such as the structure of the industry, the configuration and work patterns of constituent agencies, the relationships between clients and advertisers and the form of advertising messages that are developed and given meaning by target audiences and agencies alike have evolved.

### Agency development overseas

Operating overseas is not a recent phenomenon for advertising agencies. This strategy has been established for many decades. There are three primary routes that agencies have taken to secure international growth. These are *organic growth* through the creation of overseas subsidiaries, *acquisitive growth* through the purchase of established indigenous agencies and finally *cooperative growth*, where agencies collaborate through the formation of networks and strategic alliances.

There are three primary routes that agencies have taken to secure international growth.

*Organic growth* requires the setting up of subsidiary offices in selected regions or countries. Costs and management can be controlled, but the relatively slow speed of development has deterred many from this approach. *Acquisitive growth*, involving the merger with, or purchase of, advertising agencies already operating in the required market, is attractive because it is possible to use the skills and established contacts of local managers. However, these overseas operations are relatively inflexible and can incur considerable overheads as well as high initial purchase costs.

*Cooperative growth* through strategic alliances and partnerships, often as part of global networks, can appear to be a more flexible and efficient approach to meeting a client's international marketing communications requirements. One of the potential problems with this approach is that the level of control over local actions can be reduced, but the reduced costs and increased speed of set-up and delivery make this an attractive option. A further variation of this method of expansion is the formation of networks of independent agencies. By contributing to a central financial fund, thereby giving the network a formal legal status, agencies are able to work together and provide flexibility for their clients.

International agency networks can provide clients with a number of advantages. These focus primarily on two main areas: resource utilisation and communication effectiveness.

### Resource utilisation

1. Clients and agencies help each other by avoiding costly duplication of message development work and media buying.
2. Economies of scale can reduce costs for both parties.
3. By centralising decision-making, management has increased control over the direction of campaigns and their implementation such that clients have a single main point of contact.
4. Special resources and scarce creative expertise are made available to a client globally.

### Communication effectiveness

1. Creative ideas from all parts of the network can be shared and, if a largely adaptive strategy is followed, good ideas can be replicated elsewhere. Good creative ideas are rare, so by using an international agency these highly prized gems can be used to the client's benefit worldwide.

2. Internal communications are improved by a common infrastructure and management information system.
3. By using a single agency, operating across many markets, feedback and market analyses can be standardised (process, timing and format), thus facilitating common reporting and fast feedback of audience and competitor actions.

Freeman (1996) argues that, as manufacturers are re-evaluating the way in which they approach their customers, changes are also being brought about at business-to-business advertising agencies. Rapid technological advances in communications, global marketing of brands, shorter purchase decision-making cycles and heightened competition are forcing agencies to re-evaluate their internal organisation and communications strategies. This, he suggests, has already led to a number of mergers with larger organisations and internal reorganisation to better handle clients' needs.

These developments have impacted on the pitching process. When WPP agreed a deal to manage the Boots global account, the decision was made between Martin Sorrell and Steve Russell, the respective CEOs of the two organisations. The agenda, to create a unified brand and save money (White, 2000) is clear and understandable. However, the process by which the agreement was reached signalled some concern for other agencies. As a result of this 'boardroom' deal, many roster agencies (e.g. OMD) lost substantial billings and did not have an opportunity to defend their business, even though their client had, at marketing manager levels, been more than satisfied with the relationship.

Global and multinational advertising agencies work with a variety of clients generating high volumes and a broad variety of materials.

Global and multinational advertising agencies work with a variety of clients generating high volumes and a broad variety of materials (e.g. storyboards, design and copy for print advertisements, media plans). Traditional methods of communication, such as telephone and mail, are often slow and inefficient. Faster alternatives, such as overnight delivery and couriers, can become

expensive as projects pass through multiple review cycles. Even email has limited application.

The use of web-based portals has been instrumental in improving communications and developing relationships. The development and use of portals has been important when measured in terms of time savings and cost reductions. However, there are a range of other benefits associated with the ease of use and maintenance of a wide range of documents. In addition, there is improved collaboration and link management facilities, which are regarded as an important factor when attempting to improve agency performance and reduce client turnover. As part of the process of enhancing client interaction, a number of features and benefits accrue to the user and their networks. These can be seen at Table 28.3.

**Table 28.3** Features and benefits of using a portal within an advertising agency

Feature	Benefit
Content organisation	Workspace views, links to other web pages, and news updates.
Productivity tools	Secure, threaded discussions to foster and enhance collaboration; directories with phone listings; calendar functions; templates for campaign tracking.
Document routing and management	Expedites the review and approval process and improves workflow. This includes document version controls, distribution list maintenance, and automated notification agents to alert clients and account teams when new content is added or modifications are made to existing content.
Server architecture	A distributed architecture that allows several GEM servers to function as a single server. This brings increased scalability, improved load balancing and distribution, and a higher degree of reliability to the agency's portal environment.
Administrative functions	Activity audit trail reports, user profile maintenance, user definitions and access privileges, and default view definitions.



**Table 28.4** Criteria for agency/client portals

Criteria	Explanation
Simplicity of creation and operation	Client portals need to be easy for the company's account teams. A template-based system can save time, reducing duplication of effort and bringing consistency to the construction and ongoing management of such sites.
Low maintenance	The system should have built-in capabilities to keep every portal site organised and running properly with minimal intervention.
Flexible and comprehensive	The system must accommodate graphical images, audio and video files, and common office documents. In addition, multilingual capability is required.
Solid security	The system requires security features that instil confidence in the agency clients and guarantee that unauthorised personnel cannot see or access documents or collaborative areas.
Powerful and accurate searching	With the large number of documents, these systems require a powerful search capability for both document content and meta data.

Source: Adapted from Kanda Software.

When the advertising agency Havas developed a b2b portal, five key criteria were identified. These are set out in Table 28.4. Havas claims its portal has increased efficiency and saved time and money. Turnaround times for client approval of creative work have been significantly reduced by as much as 50 per cent. The ability to manage global research and creative materials within the agency's network has improved dramatically, as has staff's willingness to share knowledge among account teams. As a result, account teams now have more time to focus on strategic planning and delivering greater value to their clients. The agency can now communicate rapidly and more efficiently with clients, giving both the agency and its clients an improved quality of interaction and a positive working relationship. Through the use of IST this case demonstrates the opportunities to improve agency/client relationships and reduce client turnover.

The ability to manage global research and creative materials within the agency's network has improved dramatically.

## Agency growth

The expansion of advertising agencies away from domestic markets is essentially an investment decision in which normal return on investment criteria need to be determined. Such decisions can be based upon the relative size of competitive advantage that an expanded operation might generate. Multinational agencies (MNAs) might be able to develop key advantages, such as size, access to capital, the loyalty given to them by multinational advertisers, their knowledge and skill, and their ability to use their foreign locations to service regional markets (West, 1996). Some of the growth has been motivated by the need to meet the expanding international requirements of clients. Kim (1995) cites Procter & Gamble's entry into Eastern Europe and the subsequent opening of offices in the same area by its advertising agency, Leo Burnett. Anholt (2000) refers to Lintas' development on the back of Unilever's growth. Offensive and defensive business strategies, to either capitalise on or counter competitor moves, can also be regarded as prime motivating factors.

A further explanation lies with the motivations of individual managers, or agency theory. This perspective suggests that managers seek growth in order to fulfil personal needs rather than those that may be in the best interests of the organisation. These advantages nevertheless have little distinguishing power if the MNA itself is unable to coordinate its activities and lever its resources to provide its clients with the benefits of speed, creativity and media purchasing power.



## Some implications of international growth

One of the current dilemmas facing clients and agencies is that through consolidation the number of agencies capable of, and interested in, international work is declining. At the same time, the volume of work available is expanding as a greater number of clients seek to develop internationally. Indeed, the work is fragmenting and hence the value of individual pieces of work is getting smaller. As Anholt (2000) states quite succinctly, 'Global clients are getting more numerous, smaller and spending less, as global agencies are getting fewer, bigger and charging more.' (p. 20) What this means is that something has to change, probably in the way agencies think and act towards global business opportunities and the way in which they implement strategies, and involving more local creative experience to satisfy client needs.

Many advertisers have been comfortable with the way in which advertising agencies have attempted to build European and international networks to complement their own global branding initiatives. There is some evidence, however, that this one-stop shopping approach is not entirely satisfactory (*The Economist*, 1996). Some client organisations want access to a range of creative teams and, at the same time, want the benefits of consolidation. The response of some MNAs has been to reorganise internally. Many of the mega-mergers between major agency networks have resulted in further structural changes as agencies shed accounts that cause conflicts of interest. Those clients caught up in the restructuring and consequent consolidation of the industry may well regard themselves as unwitting participants.

The creation of the position of worldwide account director (Farrell, 1996) was an attempt to coordinate and control the global accounts of clients such as IBM and Reebok, which had centralised their international advertising activities. Another role that emerged was that of the worldwide creative director (Davies, 1996). This position, it is suggested, developed directly from clients' expectations for their agency networks to mirror their own global branding drives and management structures. But, as Martin (1996) points out, as these worldwide creative directors are invariably appointed with no department or resources and are inclined to meet resistance from local management teams, the positions appear to be irrelevant and impotent.

Media planning has become increasingly difficult, as not only has the provision of media services in particular regions (e.g. Asia) expanded rapidly, but, at the same time, there have been major social changes. Kilburn (1996) reports that, in Taiwan, Ogilvy & Mather and J. Walter Thompson have formed The Media Partnership from their media-buying operations, thus providing increased buying power for their clients in what is effectively a fragmented market.

Agency structures are evolving and adapting to the needs of their environments.

Agency structures are evolving and adapting to the needs of their environments. The traditional perspective of control by head office executives over the work of local network agencies, either by a disproportionate level of standardisation policies or by rather inflexible procedures that put bureaucratic needs before market requirements, is changing. Instead of control, coordination is one of the keys to competitive advantage in MNA/agency relationships. The one factor that distinguishes transnational organisations applies equally to advertising agencies. As Banerjee (1994) suggests, agency decision-making concerning the development of major multi-country brands will need to be collaborative in the future as 'agency power structures evolve to better reflect emerging revenue geographies' (p. 112).

## *Stages of cross-border advertising development*

Cho *et al.* (1994) propose a framework whereby the type of advertising deployed can be considered in the context of the stage of internationalisation that organisations have reached. Based on studies of Korean firms, the authors propose that the advertising strategy is (or should be) a direct reflection of the marketing and business strategies employed. Therefore:

**Table 28.5** Strategies associated with international advertising development

	Home	International	Multinational	Global	Transnational
Advertising stage	Domestic	Export	Multinational	Global	Transnational
Key message	Product or corporate	Product and brand	Corporate and brand	Corporate and brand	Corporate and/or brand
Management	Standardisation	Standardisation	Standardisation and adaptation	Regional adaptation	Global adaptation
Management structure/support	Centralised	Centralised	Decentralised	Grouped centralisation	Network
Agency	Domestic	Domestic	Domestic and foreign local	Global	Transnational network

Domestic marketing = Domestic advertising  
 Export marketing = Export advertising  
 Multinational marketing = Multinational advertising  
 Global marketing = Global advertising

From this, and utilising the information about international development, it is possible to establish the key characteristics and strategies associated with each stage of international growth (see Table 28.5).

## Summary

In order to help consolidate your understanding of using marketing communications across borders, here are the key points summarised against each of the learning objectives:

### 1. Consider the development and variety of organisations operating across international borders.

As organisations saturate domestic markets and seek growth opportunities overseas, so they meet new challenges and embark upon fresh strategies. Organisations operating across a number of international and/or regional borders evolve through international, multinational, global and transnational phases and forms. The differentiating characteristics appear pronounced and convincing as growth drivers impel development.

### 2. Examine the key variables affecting international marketing communications.

Two of the main variables that impact on the marketing communications deployed by organisations across these different forms are culture and the media. Culture is a composite of a number of elements, ranging from symbols such as language, groups and education, through values represented in language context and power distance.

The media are also significant drivers that have been influenced by both technological drivers and political initiatives to deregulate and open up accessibility.

### 3. Discuss the adaptation versus standardisation debate about marketing communications strategy.

The strategies used to communicate with cross-border audiences focus on either standardisation or total adaptation to the needs of the local audience. While the debate is interesting and practice varied, the evidence suggests that a mixture of the two approaches, glocalisation, is the preferred practice of many global and transnational organisations.

### 4. Explore issues concerning the international communication mix.

Each of the tools and media play an important role within the communications mix, when deployed across borders. Local rules, regulations, customs and values can impact the effectiveness of a campaign, so it is important to consider cultural and media-based issues when deciding the balance of a mix and the tools and media to be used.

### 5. Explain the ways in which advertising agencies have developed to meet the international communication requirements of their clients.

Advertising agencies have had to respond to the initiatives driven by their clients. Global advertising agency development has taken a variety of forms; however, there appears to be a match between the marketing strategies pursued by client organisations and the consequent advertising strategies to support them.

## *Review questions*

1. There are four types of cross-border organisation, reflecting their structure and disposition to their markets. Name them and their key characteristics.
2. Prepare some brief notes explaining how culture impacts on an organisation's marketing communications.
3. Select two countries of your choice. Compare the significance of cultural symbols and provide examples of how these are used.
4. Explain high- and low-context languages.
5. Discuss how deregulation of media ownership has affected marketing communications.
6. You have been asked to make a presentation to senior managers on the advantages and disadvantages of standardising the marketing messages delivered for your brand throughout the world. Prepare notes for each of the slides you will use.
7. Evaluate the different ways in which advertising agencies can grow.
8. International advertising agencies provide resource utilisation and communication effectiveness as their main advantages. Explain the detail associated with these two characteristics.
9. Determine the four stages of cross-border advertising development.
10. What are the key differences between each of these four stages?

## MiniCase

### Procter & Gamble and the ethnology of markets: adapting a giant to emerging markets

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Procter & Gamble (f. 1837) is a US-based global consumer goods company, which counts brands such as Ariel, Bounty, Braun, Crest, Duracell, Gillette, Hugo, Max Factor, Olay, Oral-B, Pampers and Tide among its worldwide portfolio of almost 100 brands. The company operates in over 80 countries worldwide and employs 138,000 people, who provide products and services to consumers in 180 countries. Procter & Gamble markets 300 household goods products to more than 5 billion consumers, which makes it the world's largest consumer goods company ahead of Unilever, L'Oréal, Colgate-Palmolive, Johnson & Johnson and Kraft Foods (Dyer *et al.*, 2004). This unique position brings with it unique difficulties in managing brands in global markets that are characterised by vast differences in income levels, languages and, not least, in consumer expectations and local cultures.

Over the past twenty years or so, Procter & Gamble's (P&G) marketing strategy had to negotiate its way in between the two extremes of adaptation and standardisation of product development and marketing communications. On the one hand, the sunk costs involved in such activities are far too great to risk entering a market without trying to blend the marketing offering carefully into the cultures of a target market. On the other hand, the economies of scale afforded by standardised products and communication campaigns are too important for the economic bottom-line of global companies such as P&G. But how does a company know where to draw the line between the imperatives of cultural adaptation and the need to maintain high levels of standardisation? And how does a company know which elements of the target country's culture are actually worth taking into account? Increasingly, global companies look to the exciting field of consumer anthropology as a way of bridging the gap between marketing theory and practice. Anthropology is often defined as the scientific study of the origins and behaviour of man. But for the anthropologist Clifford Geertz (1973), culture is at the heart of this fascinating science. Anthropology thus studies culture as a form of practice, which consists of a dense network of stories, symbols and behaviours. In order to understand fully that network, the anthropologist actually has to take part in that culture and live it together with those people who are at the heart of it.

P&G realised as far back as the late 1980s that traditional market research tools were often unable to deliver insights that would have allowed it to understand a foreign society in depth. Ever since P&G planned its market entry into China, the company has used consumer anthropological methodologies that helped make its products a part of Chinese consumers' everyday life. P&G had been interested in China as a market since the early 1980s and began to conduct market research in Beijing in 1985. It began operations in China in 1988, initially producing and marketing its Head & Shoulders product in the Guangzhou area. Unlike other Western companies, P&G recognised very early the importance of language for its success in the Chinese markets. In itself, the name 'Procter & Gamble' is as meaningless in Chinese as the word 'Xiaoping' would be for Western ears – it does not convey any idea of what the word signifies. Therefore, P&G translated its own name into Chinese as 'Baojie', which means 'precious and clean' and successfully encapsulated the company's brand values. Other P&G brands are marketed using similarly careful translations, like 'Fafeisi' (Head & Shoulders), 'Panting' (Pantene) and 'Jilie' (Gillette).

Moreover, during the late 1990s, P&G sent out its product managers to actually live with Chinese families in their homes and observe housewives' behaviour. In their observations, the product managers began to realise fully, for example, that the central unit for much of the consumer decision-making in China was the collective (family) and not the individual, and whereas in the United States the kitchen is the centre of family activity, in most Chinese homes it is the living room. They also noted that the US obsession with whiteness and brightness as an outcome of the laundering process was not necessarily shared by all Chinese consumers, among whom a sense of 'normal' cleanliness prevailed. The Western obsession with cleanliness and the taboo of body fluids was not necessarily shared either: while Chinese people care a lot about the appearance and the health of their hair and teeth, even today, the use of antiperspirants/deodorants to 'combat' sweat is minimal. P&G now celebrates its twentieth year of operations in China, but it took the company at least 10 years to realise that not all Asian skin is the same. While its SK II face cream, for example, had been tested among hundreds of Japanese women

without complications, a number of Chinese consumers showed adverse reactions.

This example shows that P&G's activities in China were not always a success story. Being part of the North American/European cultural hemisphere, P&G assumed, for example, that straightforward competitive messages on posters would convince Chinese consumers that its products provided better value than those of the competition. This, however, resulted in a clamp-down by the government in 1996 and some P&G posters were banned for making unfair comparisons (Gao, 2003). P&G had to learn that while Chinese street-peddlers and shopkeepers can be quite pushy in their sales efforts, posters are seen as part of a semi-official public sphere and are, therefore, expected to show restraint and dignity. Even more trouble lay ahead: after numerous problems with its SK II cosmetics brand in 2005 and 2006, the company decided to offer a refund to consumers who had purchased its face creams. However, instead of simply generously refunding consumers, P&G made consumers sign waivers stating that they recognised the products presented no harmful effects. Shaun Rein of the China Market Research Group compared this to the typical 'lawyerly' response of US companies. In China, this action caused outrage, as consumers felt mistreated (Rein, 2006). Thousands of Chinese rushed to voice their anger on the Internet and, at some point, the doors of Shanghai's P&G office were smashed by a mob of angry consumers.

P&G had to learn the hard way that in a family-based society, which is still largely ruled by *guanxi* and *renqing* (i.e., personal relationships and the moral obligation to invest in them) trust is an extremely rare commodity, which can be taken away by consumers at the

drop of a hat – with sometimes devastating long-term effects, especially for Western companies, which had to work twice as hard to gain that trust in the first place.

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## MiniCase questions

1. What do you think are the limits of anthropological methods in marketing research?
2. Discuss marketing communications tools that P&G can use in order to regain Chinese consumers' trust in their SK II cosmetics brand.
3. What are the social forces that shape the marketing ethical environment within which P&G operates in China? How do you think they are going to change over the coming 20 years?

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