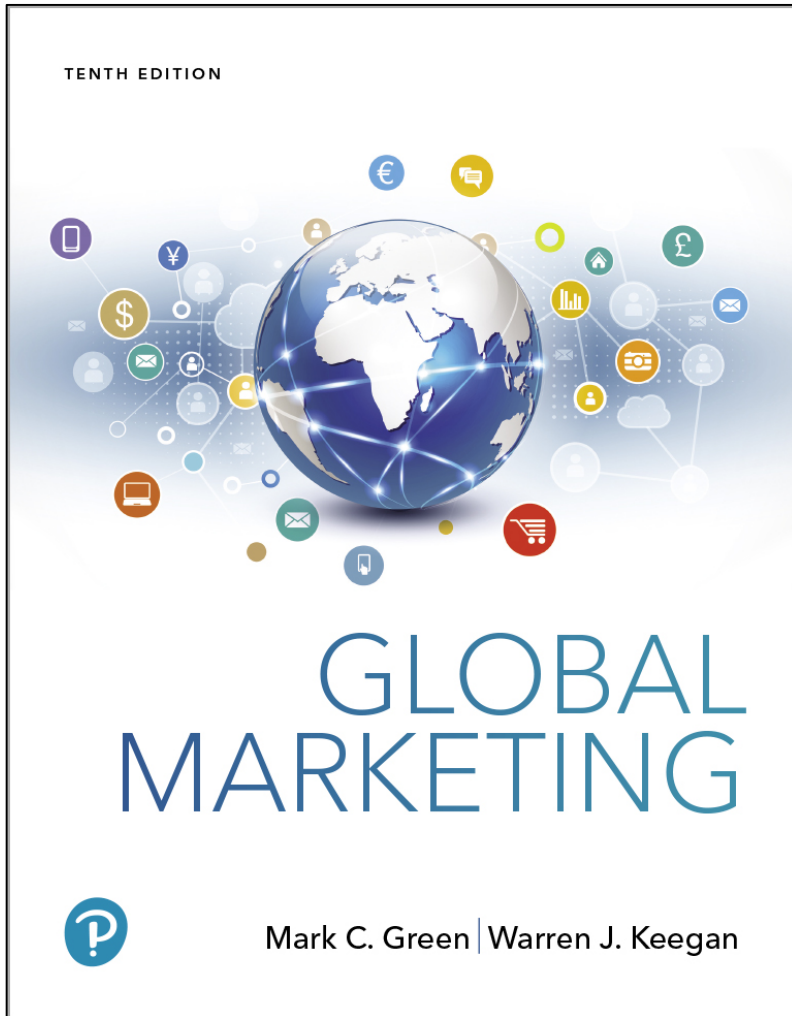


Global Marketing

Tenth Edition



Chapter 13

Global Marketing
Communication Decision I

Learning Objectives

13.1 Define **global advertising** and identify the top-ranked companies in terms of worldwide ad spending.

13.2 Explain the structure of the advertising industry, and describe the difference between agency holding companies and individual agency brands.

13.3 Identify key ad agency personnel and describe their respective roles in creating global advertising.

13.4 Explain how media availability varies around the world.

13.5 Compare and contrast publicity and public relations and identify global companies that have recently been impacted by negative publicity.

IMC, Integrated Marketing Communications

- Integrated Marketing Communications (IMC) is becoming more popular because of the challenges of communicating across national borders

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

Trevor Edwards, Former President, Nike

Global Advertising

- Advertising is any sponsored, paid message that is communicated in a non-personal way
 - Single country
 - Regional
 - Global
- Global advertising is the use of the same advertising appeals, messages, art, copy, photographs, stories, and video segments for worldwide suitability

Globalization and Product Cultures

- Products such as coffee and beer have emerged as true global products
 - Starbucks and the coffee culture
 - Irish pubs in the U.S.
 - German-style beer halls in Japan

Worldwide Market Segments

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

- William Roedy, Director, MTV Europe

Top 10 Global Marketers, Ad Spending, 2016

1. Procter & Gamble (U.S.)
2. Samsung Electronics (Korea)
3. Nestlé (Switzerland)
4. Unilever (U.K., Netherlands)
5. L'Oréal (France)
6. Volkswagen (Germany)
7. Comcast (U.S.)
8. Anheuser-Busch InBev (Belgium)
9. General Motors (U.S.)
10. Daimler (Germany)

Standardization vs Adaptation (1 of 3)

- Primary Issue
 - Must the specific advertising message and media strategy be changed from region to region or country to country?
- Think of cultural and legal issues

Standardization vs Adaptation (2 of 3)

- Four difficulties that compromise an organization's communication efforts
 - The message may not get through to the intended recipient.
 - The message may reach the target audience but may not be understood or may even be misunderstood.
 - The message may reach the target audience and may be understood but still may not induce the recipient to take the action desired by the sender.
 - The effectiveness of the message can be impaired by noise.

Standardization vs Adaptation (3 of 3)

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

Nick Brien, CEO, Interpublic Group’s McCann
Worldwide global ad agency

Standardization vs Adaptation

Localization Argument

“If we could find one message on a global basis it could be effective, but so far there are different needs in different countries. We have been in Sweden for 60 years and in China for only 4 or 5 so our feeling is that retailing is local. It is important to take advantage of local humor, and the things on people’s minds.”

Nils Larsson, IKEA

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

Michael Conrad, Chief Creative Officer, Leo Burnett Worldwide

Standardization vs Adaptation

Globalization Argument

“Why should three artists in three different countries sit drawing the same electric iron and three copywriters write about what, after all, is largely the same copy for the same iron?”

Eric Elinder, Swedish ad agency exec in the 1960s

Pattern Advertising (1 of 2)

- A middle ground between 100% standardization and 100% adaptation
- A basic pan-regional or global communication concept for which copy, artwork, or other elements can be adapted as required for individual countries

Pattern Advertising (2 of 2)

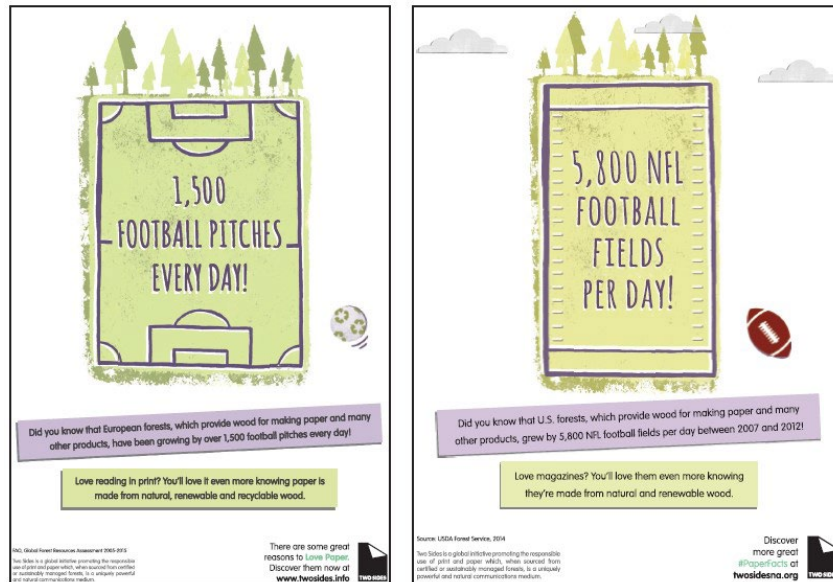
Similar:

- Layout
- Dominant visuals on left
- Brand signature and slogan

Contrasting:

- Photos
- Body copy is localized, not simply translated

Exhibit 13-3 These print ads from U.K.-based TwoSides advocate for sustainable use of paper for printing magazines and books. The ads are a textbook example of pattern advertising. Overall, the layouts are consistent. The dominant visual elements are similar, but the references to a football pitch in the U.K. version and to a football field for the U.S. version are talking about two different sports. The subheads and body copy have been localized.



Source: TwoSides.

Advertising Agencies: Organizations and Brands

- Understanding the term **organization** is key
 - Umbrella corporations/holding companies have one or more ‘core’ advertising agencies
 - Each ‘organization’ has units specializing in direct marketing, marketing services, public relations, or research
- Individual agencies are considered brands
 - Full-service brands create advertising, and provide services such as market research, media buying, and direct marketing

Top 10 Global Advertising Agency Companies, 2016

1. WPP (London)
2. Omnicom Group (New York)
3. Publicis Groupe (Paris)
4. Interpublic Group (New York)
5. Dentsu (Tokyo)
6. Accenture's Accenture Interactive (New York)
7. PwC's PwC Digital Services (New York)
8. IBM Corp.'s IBM iX (Armonk, NY)
9. Deloitte's Deloitte Digital (New York)
10. Havas (Puteaux, France)

Selecting an Advertising Agency in the Era of Digital Disruption (1 of 2)

- **Company organization**
 - Companies that are decentralized may want to leave the choice to the local subsidiary
- **National responsiveness**
 - Is the global agency familiar with local culture and buying habits of a particular country?
- **Area coverage**
 - Does the agency cover all relevant markets?

Selecting an Advertising Agency in the Era of Digital Disruption (2 of 2)

- **Buyer perception**

- What kind of brand awareness does the company want to project?

- **Digital Expertise**

- Does the agency have in-house computer engineering and coding talent who can work with traditional functions like creative and account services?

Impact of the Digital Revolution

- Traditional agencies are being asked by clients to leverage “**big data**”
- Big agencies are buying digital marketing agencies and other tech specialists
- Google and Facebook account for more than $\frac{3}{4}$ of new online ad spending; Snapchat is gaining

Creating Global Advertising

- The **message** is at the heart of advertising
- **Creative strategy**-a statement or concept of what a particular message or campaign will say
- **Big idea**- “The flash of insight that synthesizes the purpose of the strategy, joins the product benefit with consumer desire in a fresh, involving way, brings the subject to life, and makes the reader or audience stop, look, and listen.”

John O’Toole, legendary ad man

The Big Idea

“The Big Idea is easier to illustrate than define, and easier to illustrate by what it is not than by what it is. It is not a ‘position’...It is not an ‘execution’... It is not a slogan. The Big Idea is the bridge between an advertising strategy, temporal and worldly, and an image, powerful and lasting.”

-Randall Rothenberg, author

Advertising Appeal (1 of 2)

- **Rational approach**

- Depends on logic and speaks to the consumer's intellect; based on the consumer's need for information; contains a great deal of copy
 - Pharmaceuticals and financial services

- **Emotional approach**

- Tugs at the heartstrings or uses humor; evokes an emotional response that reinforces the brand attitudes and directs purchase behavior

Advertising Appeal (2 of 2)

- **Selling Proposition**

- The promise or claim that captures the reason for buying the product or the benefit that ownership confers
- Since products are at differing stages of the product life cycle in different national markets and because of cultural, social, and economic differences, the most effective appeal or selling proposition may vary.

Creative Execution

- The way an appeal or proposition is presented
 - straight sell
 - scientific evidence
 - demonstration
 - comparison
 - slice of life
 - animation
 - fantasy
 - dramatization

Creatives and Their Tasks

- **Art Directors**

- Advertising professional who has the general responsibility for the overall look of an ad
- Will choose graphics, pictures, type styles, and other visual elements that appear in an ad

- **Art Direction**

- The visual presentation of an advertisement
- **Copy** is written or spoken communication elements
- **Copywriters** are language specialists who develop headlines, subheads, and body copy

Copywriting Decisions

- Prepare new copy for foreign markets in host country's language
- Translate the original copy into target language
- Leave some or all copy elements in home country language

Cultural Considerations (1 of 2)

- Images of male/female intimacy are in bad taste in Japan; illegal in Saudi Arabia
- Wedding rings are worn on the right hand in Spain, Denmark, Holland, Germany
- European men kiss the hands of married women only, not single women
- In Germany, France and Japan, a man enters a door before a woman; no ladies first!
- American celebrities like Brad Pitt and Arnold Schwarzenegger are seen as pitch men in Japan but not in the U.S.

Advertising Copy Mistakes

- Copywriters who can think in the target language and understand consumers will create the most effective ads and avoid problems like these:
 - In China, Citicorp’s “Citi Never Sleeps” was taken to mean that Citi had a sleeping disorder, like insomnia
 - McDonald’s does not use multiple 4’s in advertising prices in China; “four” sounds like the word “death”

Cultural Considerations (2 of 2)

- Humorous or irritating ads may be perceived differently in other countries
- American ads with direct comparisons & spokespeople use logic to appeal to the viewer's sense of reason; Japanese ads rely on implied sentiment
- Partial nudity & same-sex couples are featured in Latin America & Europe
- Food is the most culturally sensitive category

Cultural Considerations-Japanese & American Differences

- Indirect rather than direct forms of expression are preferred in the messages.
- There is often little relationship between ad content and the advertised product.
- Only brief dialogue or narration is used in television commercials, with minimal explanatory content.
- Humor is used to create a bond of mutual feelings.
- Famous celebrities appear as close acquaintances or everyday people.
- Priority is placed on company trust rather than product quality.
- The product name is impressed on the viewer with short, 15-second commercials.

Global Media Decisions

- Which medium or media to use?
 - Print such as daily and weekly newspapers to magazines with regional, national, or international audiences
 - Electronic media like broadcast TV, cable TV, radio, and the Internet
 - Other such as outdoor, transit, and direct mail
- Must know country-specific regulations
 - Ex. France bans TV ads by retailers

Global Advertising Expenditures and Media Vehicles

- More money spent in U.S. than anywhere else in the world; \$200 billion in 2017
- China is #2 at \$80 billion
- 1/3 of current growth in ad spending in BRICS
- TV (broadcast, cable, satellite) has been #1 for years with 40-50% of global expenditures; newspapers were #2 with 25%
- Digital ads will surpass TV soon

Media Decisions

- The availability of TV, newspapers, and other media varies widely globally
- In developed countries, newspapers are declining as Internet usage rises; many papers have merged or ceased publication
- In India, 100s of newspapers newly redesigned are growing
 - 1/3 of Indians subscribe to Internet service
- In Moscow, billboards are #1; In a city built for 30,000 cars, there are 3 million, creating massive traffic jams and captive audiences

Media Decisions: Arab Countries (1 of 2)

- People are depicted less often than in the U.S.
- Women may only appear in those commercials that relate to the advertised product
- Women must wear long dresses
- Brevity is a virtue in ads
- Use of comparative advertising claims very limited
- U.S. ads have more price information

Media Decisions: Arab Countries (2 of 2)

- In 2018, Saudi Arabia lifted its ban on cinemas.
- As more cinemas open, the opportunities for advertising grow.
- As entertainment options grow, Saudis are flocking to monster truck rallies, pop and rap concerts, as well as movies.



The first film shown in Saudi Arabia's capital Riyadh was **Black Panther**.

Media Decisions: Scandinavia

- Limited TV ads in Sweden, Norway, and Denmark
- No advertising to children under 12 in Sweden
- Spending on print media is 3 times higher than TV

Public Relations (1 of 2)

- Fosters goodwill and understanding
- Generates favorable publicity aka earned media
- Tools
 - News releases
 - Media kits
 - Press conferences
 - Tours of plants and other facilities

Public Relations (2 of 2)

- Tools
 - Articles in trade, professional journals
 - Company publications and brochures
 - TV and radio talk show appearances
 - Special events
 - Social media
 - Corporate Web sites

Advertising as a PR Function

- **Corporate advertising**
 - Compensates for lack of control over publicity
 - Calls attention to the company's other communication efforts
- **Image advertising**
 - Enhances the public's perception, creates goodwill
- **Advocacy advertising**
 - Presents the company's point of view on a particular social, environmental, or cultural issue

Negative Publicity Affecting Global Marketers (1 of 2)

- **Facebook (U.S.)** Privacy scandal when personal data for 87 million of 2 billion users were shared with Cambridge Analytica, a firm that allegedly use the data to influence the 2016 U.S. presidential election.
- **Volkswagen (Germany)** The “Dieselgate” emissions cheating scandal involved illegal software defeat devices installed on millions of vehicles.
- **Samsung (S. Korea)** Galaxy Note 7 batteries overheated and some caught fire leading to a massive recall and owners were told to turn off phones immediately.

Negative Publicity Affecting Global Marketers (2 of 2)

- **Sony Pictures (U.S.)** N. Korean hackers leaked data, memos, and films because Sony's movie *The Interview* was about a CIA plot to kill leader Kim Jung Un.
- **Petrobras (Brazil)** State-owned oil company execs and top politicians got billions in kickbacks from contractors.

Role of Public Relations in Global Marketing Communications

- PR's role is growing in the post global recession
 - Build consensus and understanding
 - Create harmony and trust
 - Articulate and influence public opinion
 - Anticipate conflicts and resolve disputes
 - Smartphones, broadband Internet, social media, satellite links allow PR pros to stay in touch with media anywhere, anytime

Public Relations Practices Around the World

- Public relations practices can be affected by:
 - Cultural traditions
 - Social and political contexts
 - Economic environments
- Public relations professionals must understand these differences and tailor the message appropriately
- PR can shine in a crisis; best to be forthright, direct, reassure the public, be accurate with the media

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