

Global Marketing

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Ninth Edition, Global

Edition

Global Marketing Communications Decisions I: Advertising and Public Relations

Chapter 13

Learning Objectives

1. Define *global advertising* and identify the top-ranked companies in terms of worldwide ad spending.
2. Explain the structure of the advertising industry and describe the difference between agency holding companies and individual agency brands.
3. Identify the key roles of ad agency personnel and describe their respective roles in creating global advertising.
4. Explain how different media availability varies around the world.
5. Compare and contrast publicity and public relations and identify global companies that have recently been impacted by negative publicity.

IMC

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

“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, President, Nike Brand

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
- Surpassed \$500 billion in 2012

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, 2013

Company/Headquarters	Worldwide	United States	Asia*	Europe	Latin America
1. Procter & Gamble (U.S.)	\$11,468	\$3,466	\$3,685	\$2,848	\$487
2. Unilever (UK, Netherlands)	7,906	816	3,310	1,938	1,089
3. L'Oréal (France)	5,934	1,605	1,497	2,425	231
4. Toyota Motor Corp. (Japan)	3,444	1,275	1,347	582	101
5. General Motors Corp. (U.S.)	3,352	1,812	320	789	217
6. Volkswagen (Germany)	3,227	527	514	1,884	227
7. Nestlé (Switzerland)	3,120	813	631	1,153	211
8. Coca-Cola Co. (U.S.)	2,899	320	1,035	849	290
9. Mars Inc. (U.S.)	2,858	692	921	967	11
10. PepsiCo (U.S.)	2,735	887	409	297	142

Standardization vs. Adaptation

- 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

- 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

“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

“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

- 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

Similar:

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



The Better
above ground and
below ground

Bt

The Better Bt™ starts with unique Pioneer genetics. Beneficial of consistent performance and stability of top yields. Then it incorporates the industry's best in plant pest control. Pioneer Bt™ insect protection. Above ground, Pioneer™ insect hybrids with Insecta Bt™ not only provide excellent insect control, they also deliver the only available in plant protection against western bean cutworm and Black cutworm. Below ground, Insecta Bt™ provides a higher level of nematode control, increased consistency across all hybrid families. All hybrids with Insecta Bt™ also contain the LibertyLink™ gene, now and are available with the Roundup Ready™ trait.

Technology That Yields!

PIONEER.
A DuPont Company

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LA MEILLEURE
génétique fait
toute la différence

Bt

Le meilleur Bt™. Le tout obtenu par la génétique Pioneer, combinée à l'écologie. Plus, et grâce à la protection Insecta™ contre les insectes, le meilleur maître de l'industrie, interne au plant, contre le ver de la tomate, le ver gris noir, et la Chrysomèle des racines du maïs. Tous les hybrides possédant les caractéristiques Insecta™ contiennent le gène LibertyLink™ et la majorité sont offerts avec le gène Roundup Ready™. Mais 2.

On a appelé l'un, veuillez contacter votre représentant Pioneer!

La technologie qui produit*

PIONEER.
UNE SOCIÉTÉ DUPONT

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Contrasting:

- Photos
- Body copy is localized, not simply translated

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, 2014

Organization and Headquarters Location	Worldwide Revenue 2014 (\$ millions)
1. WPP Group (London)	\$18,956
2. Omnicom Group (New York)	15,318
3. Publicis Groupe (Paris)	9,625
4. Interpublic Group of Cos. (New York)	7,537
5. Dentsu (Tokyo)	6,015
6. Havas (Puteaux, France)	2,479
7. Epsilon (Alliance Data Systems Corp.; Irving, Texas)	2,074
8. Hakuhodo DY Holdings (Tokyo)	1,912
9. IBM Corp.'s IBM Interactive Experience (Chicago)	1,590
10. Deloitte's Deloitte Digital (New York)	1,470

Top 10 Global Advertising Agency Networks, 2014

Agency	Estimated Worldwide Revenue 2014 (\$ millions)
1. Young & Rubicam Group (WPP)	\$3,670
2. McCann Worldgroup (Interpublic)	3,097
3. DDB Worldwide Communications Group (Omnicom)	2,865
4. Dentsu (Dentsu)	2,775
5. BBDO Worldwide (Omnicom)	2,620
6. Ogilvy & Mather (WPP)	2,432
7. Epsilon (Alliance Data Systems Corp.; Irving, Texas)	2,074
8. TBWA Worldwide (Omnicom)	1,881
9. Publicis Worldwide (Publicis)	1,726
10. IBM Interactive Experience (IBM)	1,590

Selecting an Advertising Agency

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

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

- **Rational approach**
 - Depend on logic and speak to the consumer's intellect; based on the consumer's need for information
- **Emotional approach**
 - Tugs at the heartstrings or uses humor

Advertising Appeal

- **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

- **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

Advertising Copy Mistakes

- In Asia, Pepsi's "Come Alive" was interpreted as asking to bring ancestors back from the dead
- 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

- 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!

Cultural Considerations

- 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; \$176 billion in 2014
- China is #2 at \$52 billion
- 1/3 of current growth in ad spending in BRICS
- Worldwide, TV is the #1 medium with estimated spending of \$206 billion in 2014; TV captured slightly less than 40% of global ad spending
- In Germany newspapers are #1 advertising vehicle

Media Decisions

- The availability of TV, newspapers and other media varies widely globally
- In developed countries, newspapers are declining as Internet usage rises
- In India, newly redesigned papers are growing
 - 300 daily papers, only 4 million 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

- People are depicted less often than in the U.S.
- Women may only appear in those commercials that relate 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: 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

- Fosters goodwill and understanding
- Generates favorable publicity
- Tools
 - News releases
 - Media kits
 - Press conferences
 - Tours
 - Articles in trade, professional journals
 - TV and radio talk show appearances
 - Special events
 - Social media
 - Corporate Web sites

Negative Publicity Affecting Global Marketers

Company or Brand (Home Country)	Nature of Publicity
Sony Corporation (Japan)	In a massive security breach, North Korean hackers leaked data, memos, and films stolen from Sony in retaliation for Sony Pictures Entertainment's <i>The Interview</i> . The Hollywood comedy, starring Seth Rogan and James Franco, concerned a CIA plot to assassinate North Korean leader Kim Jung Un.
Petrobras (Brazil)	Officials at Brazil's state-owned oil company and top politicians were accused of collaborating with contractors to receive billions in kickbacks.
HSBC (Hong Kong)	Following a security breach in 2008 involving data on more than 100,000 customers, authorities discovered that the bank's Swiss accounts enabled clients to evade taxes. Other scandals involved breach of global sanctions against rogue nations and charges of money laundering for Mexican oil cartels.
BP (Great Britain)	Massive oil spill in the Gulf of Mexico off the coast of Louisiana.
McDonald's (United States)	A supplier in China was accused of selling outdated meat to the fast-food giant. McDonald's sales declined as a result.

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 issue

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