
UNIT 10 INTERNATIONAL ADVERTISING

Objectives

After going through this unit you should be able to:

- describe the elements of international advertising strategy
- explain the issues related to standardisation vs. adaptation of advertising
- comment upon the role and functions of advertising agencies in the international context
- give an overview of the international advertising scene.

Structure

- 10.1 Introduction
- 10.2 International Advertising Strategy
- 10.3 Standardisation or Adaptation
- 10.4 Elements of Advertising Strategy
- 10.5 Media Strategy
- 10.6 Advertising Agency
- 10.7 International Advertising Scene
- 10.8 Summary
- 10.9 Self-assessment Questions
- 10.10 Further Readings

10.1 INTRODUCTION

Most people must be motivated to want a product before they buy it. Products or services will not sell unless people are told about them. Advertising is an important motivator in marketing and may be defined as any form of communication in the paid media. The primary role of advertising is to inform, educate, motivate and persuade people to buy a product, a brand or a service. Advertising must also be able to overcome people's resistance and inertia to change and counter competitive claims to draw consumer's attention to the advertiser's products. Once consumers are won, they must be held and made loyal to the advertiser's products.

Advertising thus plays two basic roles in marketing: (a) attract potential customers towards the product and (b) help hold them as loyal customers to the product.

In addition to the two top objectives of advertising-to draw in new customers and to help hold old ones as repeat purchasers of advertiser's product-advertising also plays other important roles in marketing such as

- Advertising identifies a business with goods or service it offers.
- Advertising can build up confidence in a business.
- Advertising can create image and goodwill.
- Advertising can increase sales and increase turnover.

However, advertising is not the only answer to all marketing problems. There are several things which advertising cannot do.



Some of these are:

- Advertising cannot help a business prosper if that business offers products of poor quality compared with competitive products. Good advertising may be able to sell a poor product once but not repeatedly.
- Advertising cannot lead to sales if the prospects which it brings in are not properly treated or attended to.
- Advertising cannot create sustained sales overnight. It needs to be repeated for impact and reinforcement.
- Untruthful or misleading advertising does not help build much-needed credibility and confidence in the product or the company.

These basic functions of advertising in marketing are relevant maybe in different degrees-whether these are applied in the domestic market or in the foreign markets. The principles of advertising are universally applicable. However, the diversity of environmental conditions prevailing in different countries create problems of planning and implementation of advertising nationally and internationally.

10.2 INTERNATIONAL ADVERTISING STRATEGY

When organisations advertise across international boundaries a number of important factors have to be taken into consideration. Whilst the process is ostensibly straightforward, that is someone (seller) says something (message) to someone (buyer) through a medium, the process is compounded by certain factors.

These mitigating factors can be called "noise" and have an effect on the decision to "extend", "adapt" or "create" new messages.

Language differences may mean that straight translation is not enough when it comes to message design. Advertising may also play different roles within developed, between developed and underdeveloped and within underdeveloped countries. In developing countries "education" and "information" may be paramount objectives. In developed countries, the objectives may be more persuasive.

Advertising is a crucial element in the integrated foreign marketing plan, but its role in specific marketing programme varies from time to time, market to market and company to company depending on the overall marketing strategies adopted. Advertising is one element of the promotion mix and promotion is but one element of the marketing mix. Hence advertising strategy cannot be anything but an integral part of the promotion strategy which again is an essential component of the integrated foreign marketing strategy. International advertising strategy has therefore to be formulated within the framework of the marketing strategy and its role has to be clearly defined in helping achieve marketing objectives. Like any other marketing strategy, advertising should be used only if it can economically and effectively contribute to the attainment of marketing goals in a given situation. Because of environmental differences, a certain type of advertising which works in one country may not work at all in another country or another market segment in the same country. International product advertising has therefore to be target market specific. Even if a standardised advertising theme or message is developed for multi-country use, it often becomes necessary to adapt or modify the central theme or message to suit the local conditions of a country or a region.

Cultural differences may account for the greatest challenge. As consumer differences between countries are diminishing, changes may be needed only in translation. However, this is only one point of view, as there is no doubt that cultural differences do exist across the world. For example, it would be quite unacceptable to have bikini-clad ladies advertising sun care products in some Muslim countries.

Three major difficulties occur in attempting to communicate internationally: the message may not get through to the intended recipient, due to a lack of media knowledge; the message may get through but not be understood, due to lack of audience understanding and; the message may get through, be understood but not provoke action. This may be due to lack of cultural understanding.



Media use and availability, coupled with the type of message which may or may not be used, is tied to government control. Government may ban types of advertising, as is the case of liquor on Doordarshan, the Indian national channel. Intending advertisers should refer to the appropriate codes of advertising practice available in each country.

10.3 STANDARDIZATION OR ADAPTATION

As discussed above, a major issue facing global marketers is whether a specific message and media strategy must be changed from region to region or country to country because of varying environment; especially for matching with local culture. However, little research has been done globally to find out when standardization of international advertising pays off and when it does not. No magic solution to when standardization of marketing communication should be implemented seems to have been found.

The argument over which approach - standardization or adaptation-is better started long back in 1960s and continues till date. The debate picked up great momentum after the publication of article titled "The Globalization of Markets" by Prof Levitt in Harvard Business Review in 1983, in which he stated that the world's needs and tastes have been irrevocably homogenized. Advocates of standardization point to a number of advantages offered by such strategy. These include

- i) Economies of scale in production and distribution
- ii) Lower advertising production costs
- iii) A consistent international band and /or company image
- iv) Transfer and sharing of good ideas
- v) Brings greater sophistication for less developed countries

However, opponents of standardized campaigns point a number of drawbacks like

- i) Problems of language, culture and-lifestyle
- ii) Difference in market characteristics, including conditions, consumer needs, media availability etc.
- iii) Local resistance
- iv) Consumer usage patterns and perceptions of a product may vary from one country to another

The question of when to use each approach depends to a great extent on the product. Edward Meyer, CEO, Grey Advertising expressed (in Rebecca Fannin, "What Agencies Really Think of Globally Theory," Marketing and Media Decision, Dec. 84) his views on what product and services are best suited to worldwide appeals.

- a) Brands that can be adopted for visual appeal, avoiding the problems of trying to translate words into dozens of languages
- b) High-tech products and new products coming to the world for the first time, not steeped in the cultural heritage of the country
- c) Products with nationalistic flavour if the country has a reputation in the field
- d) Products that appeal to a market segment with universally similar tastes, interests, needs and values.

10.4 ELEMENTS OF ADVERTISING STRATEGY

Advertising must only be undertaken for a specific purpose(s) and this purpose must be translated into objectives. Whilst difficult to directly attribute to advertising, persuasive advertising's ultimate objective is to obtain sales. Other objectives include building a favourable image, information giving, stimulating distributors or building confidence in a product Whatever objective(s) are pursued, ten must be related to



the product life cycle and the stage the product is in. Two broad elements dominate advertising strategy. These are: (a) Creative strategy and (b) Media strategy.

These two strategies are interlinked and interdependent. They are practically two sides of the same coin—one cannot be formulated in the absence of the other. In formulating international advertising strategy in creative and media terms, the advertiser comes across a host of environmental problems and limitations which would vary from market to market. Since the advertiser cannot alter these given conditions and limitations in a foreign country, the creative and media considerations have to be adapted to these conditions.

CREATIVE STRATEGY

Versatility and creativity are key concepts in developing the creative strategy for an international advertising campaign. In formulating creative content of foreign advertising, the main factors to be considered include:

- Language factors
- Legal factors
- Cultural factors
- Production and cost factors

i) Language Factors

Language is one of the most formidable barriers to effective advertising communication. The problem involves not merely the different countries or even different languages in the same country, it also involves linguistic nuances and semantics, literacy rate, prevalence of idioms and dialects etc. Illiteracy for example, severely limits the number of people in a country who can be reached through print media like newspapers, magazines, etc. Many countries are multilingual such as India, Canada, Switzerland, Israel, Russia, with different communication media for people speaking different languages. This linguistic pattern in a country creates serious problems for economic and effective advertising communication.

Language translation can also create innumerable barriers to effective communication. A dictionary translation is not the same as an idiomatic interpretation and in advertising communication dictionary translations hardly suffice. For example, two popular American advertising slogans—'Body by Fisher' and 'Let Hertz put you in the drivers seat',—when literally translated into French would respectively read: 'Corpse by Fisher' and 'Let Hertz make you a chauffeur'. These translations not only lose their intended meaning but also become negative:

ii) Legal Factors

In many countries, particularly in the developed countries, advertising is closely regulated, requiring modifications of the creative approach from country to country. Law pertaining to advertising may restrict the amount spent on advertising, the use of particular media, advertising of certain kinds of products, the use of certain types of copy and visuals, comparative advertising, misleading and unfair advertising, use of foreign-made commercials and the like.

The German advertising legislation, for instance, is considered as the world's 'strictest and most specific'. There are more than 50 central institutions and organisations monitoring German advertising practices. The other countries which are restrictive in advertising legislation include: UK, USA, Canada, France, Sweden, Austria, Belgium, Italy, Denmark, Finland, Australia, Argentina and Mexico.

One of the main objectives of statutory regulations of advertising is to promote the interest of the consuming public against factually misleading and unfair advertising. Consumer movements and consumer organisations have become stronger and better organised. It is felt, this movement has had profound impact on the advertising industry and consumer legislation.



Apart from legislative measures, advertising practices are also subjected to voluntary code or self-regulatory action in many countries adopted by the advertising industry itself. In some countries large advertising agencies and media have their own standards for judging the content of advertisement. Some broad-based, self-regulatory codes on worldwide advertising practices also exist in many transnational corporations. To guide the worldwide advertising practice, the International Chamber of Commerce (ICC) has formulated the "International Code of Advertising Practice"

The ICC code is designed primarily as an instrument for self-discipline but it is also for use by the Courts as a reference document within the framework of the appropriate laws. The basic principles of ICC Code are:

- a) All advertising should be legal, decent, honest and truthful.
- b) Every advertisement should be prepared with a due sense of social responsibility and should conform to the principles of fair competition, as generally accepted in business.
- c) No advertisement should be such *as* to impair public confidence in advertising.

iii) **Cultural Factors**

The advertising communication is often impeded by the great diversity of cultural heritage. Culture is pervasive in all marketing activities, including advertising. The fundamental problem of foreign marketing is the distance-not merely physical distance but distance in terms of market characteristics and foreign consumers' habits, attitudes and modes of thoughts. Cultural factors largely mould and shape people's value-system, perception, faith and beliefs, aesthetic values and the like. People perceive and interpret advertising message in the light of their cultural background. For example, the customer benefits featured in the advertising may be appropriate in one country but may not *be* so in another country. The artwork may be visually unacceptable. The colour scheme or the copy theme may convey different meaning or cause different reactions among consumers in different countries. Such dangers of negative or adverse response become greater when the claim in an advertisement has a psychological rather than a factual foundation. It is therefore necessary to understand the various dimensions and nuances of cultural heritage of people for formulation of effective advertising message aimed at international markets.

iv) **Production and Cost Factors**

The facilities for and cost of production of advertisement substantially vary from country to country causing severe production limitations. Poor quality of printing and reproduction or non-availability of high grade paper, for example, are genuine handicaps for creative work. The necessity for low cost reproduction in small markets poses another problem. Production an 'cost limitations exist nearly in all advertising media.

Message Selection

Message selection is probably where the most care has to be taken. Decisions hinge on the standardisation or adaptation of message decision, language nuances and the development of global segments and customers. Message design has three elements, illustration, layout and copy. Advertising appeals should be consistent with tastes, wants and attitudes in the market. Coke and Pepsi have found universal appeal. With the "postmodern age" now affecting marketing, message design is becoming particularly crucial. It is not just a question of selling, but of crafting images. It is often the image, not the product, which is commercialised. Products do not project images, products fill the images which the communication campaign projects. Coke's "Life" theme is a classic in this regard.

In illustrations and artwork, some forms are universally understood. Coke, again, with its "life" theme is applicable anywhere. Cheese and beer adverts would go well together in Germany, but it would have to be cheese and wine in France.

Copy, or text, has been the subject of much debate. Effective translation requires good technical knowledge of the original and translated language, the product and the objectives of the original copy. Care *has* to be taken that the meaning does not get lost in translation.



Campaign Scheduling

Scheduling international campaigns is difficult, especially if handled alone rather than with an agency or third party. Scheduling decisions involve decisions on when to break the campaign, the use of media solely or in combination, and the specific dates and times for advertisements to appear in the media.

Evaluation

Advertising campaign evaluation is not very easy at the best of times. Whilst it would be nice to say that "X" sales had resulted from "Y" advertising inputs, too many intervening factors make the simple tie-up difficult. Evaluation takes place at two levels - the effectiveness of the message and the effectiveness of the media. Measures include message recall tests, diary completion, and brand recall.

Guidelines for Creative Strategy

The preceding description of limitations cause various creative problems in international advertising. It is therefore important to develop certain guidelines to deal with these problems and limitations internationally. An international advertising executive suggests five guidelines for international creative strategy. They are as follows:

1. Establish a firm policy on the degree of uniformity best suited to the company needs.
 2. Look for common denominators, not differences.
 3. Make maximum use of local marketing and creative talents.
 4. Do not inhibit creative people.
 5. Develop a criterion for measuring the creativity and effectiveness of advertising.
- Activity-I

Activity-1

Select international advertisements of a product and a service. Describe how the elements of creative strategy have been used in them.

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10.5 MEDIA STRATEGY

Media strategy is crucial for effectiveness of international advertising and is closely linked with the creative strategy, for media availability is one of the limiting factors in creativity. Although nearly every sizeable country has some kinds of mass communication media in the form of the press, television, radio, cinema, outdoor etc., there are a number of specific considerations, problems and differences encountered from one country to another. Primary areas that are of special concern to the international advertiser include: availability, coverage and cost.

Availability

The availability of advertising media differs substantially from country to country. Normally, media availability is closely related to the socio-economic development of countries. Some countries have too few advertising media and others have far too many. In some countries Government does not allow advertising through certain media-specially television and radio-or some media are not allowed to advertise certain products. For example, advertising of products like tobacco, alcohol etc. are prohibited in many countries. In many developing countries the quality of print media, for example, is poor in terms of printing paper or reproduction. Many bilingual or multilingual countries have bilingual and multilingual newspapers and magazines or radio and TV programmes, aimed at different linguistic groups. Media availability in a foreign country, therefore, is an important factor the international advertiser has to take into consideration in planning the advertising strategy in a foreign country.



Coverage

The media coverage implies the number of people who are collectively exposed to different media like the press, television cinema or radio, available in a country. That is, how many people watch television or listen to radio, how many people see movies in cinema houses and so forth. This provides an estimate of the proportions of total population in a country who are exposed to different media. However, advertisers are more interested in individual exposure rather than collective exposure. In other words, how many people read a particular newspaper or magazine, watch particular television programmes or listen to particular radio channels which broadcast commercials. In addition, the advertisers are also interested to have socio-economic profiles of different media audience to make an assessment of qualitative coverage.

Such information as required by the international advertiser is not easily available or not available at all from any reliable sources. However, nearly all developed countries and many advanced developing countries have got media database for use of the prospective advertisers.

Apart from the conventional kinds of media, the new forms of electronic media like internet and satellite TV are creating larger audience in several countries. They have the ability to create supranational audience. The cable TV segments the audience by region, by life-style and by special interest groups. The marketing significance of cable television lies in the way it is 'demassifying' the media in line with the modern trend to appeal to narrower segments of the market. Similar trends have also set in for print media. New magazines and newspapers are published which appeal to specific interest groups. Also, most of the leading magazines and newspapers have their internet editions as well.

Although the international media scene is not uniform all over the world, the international advertiser needs to keep himself abreast of the media availability in each country of his interest and select media mix for most effective and economic coverage.

Cost

The basic media cost involves the cost of space in the print media and the cost of time in electronic media, with wide variations according to special positions and special time segments. The media prices are normally quoted by the individual units of media but prices are susceptible to negotiation specially between the media owners and advertising agencies. It is to be noted that the price of individual media unit is determined on the basis of the coverage potential of the media. For example, the cost of space in newspapers and magazines is based on the calculation of cost per thousand circulation or readership of the particular newspaper or magazine concerned. Media cost is an important determinant of international media planning.

Budgets can be set in a variety of ways. Many budgets use a percentage of past or future sales, objective and task methods, or rule of thumb. "Scientific" methods include sales response methods and linear programming.

Activity-2

In the context of International media scene, with the help of specific example explain how media availability and media coverage have affected media strategy of advertisers.

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10.6 ADVERTISING AGENCY

The advertising agencies play a very critical role in international advertising. It is therefore important that proper care is taken-by the advertiser in selecting the agency for handling international advertising. It is often supposed that overseas advertising can be handled directly by the advertising agency employed in the home country. It is often a -risky supposition because the home country agency is unlikely to have an insight into



the nuances of socio-economic and cultural variations, as discussed earlier in this unit. In the absence of such an insight, the creative work may be ineffective or even counter productive. It is therefore important that the creative work for overseas advertising is carried out by the best available local advertising agent who will be sensitive to the local culture, semantics, habits and attitudes. There are numerous examples of failure of overseas advertising prepared without the adequate knowledge and understanding of the cultural milieu of the country concerned.

There are many multinational advertising agencies, mostly based in the U.S. which have set up worldwide network of agencies through equity or non-equity collaboration, acquisition and mergers or direct investment. Exhibit 10.1 gives the list of top 25 individual agencies (agency "brands) ranked by worldwide gross income in 2001.

Exhibit 10.1 World's Top 25 Core Agency Brands

Rank 2001	Agency	Headquarters	Gross income 2001 (in millions)
1	Dentsu	Tokyo	\$2,078.1
2	McCann-Erickson Worldwide	New York	\$1,857.9
3	BBDO Worldwide	New York	\$1,611.7
4	J. Walter Thompson Co.	New York	\$1,536.1
5	Euro RSCG Worldwide	New York	\$1,441.2
6	Grey Worldwide	New York	\$1,321.0
7	DDB Worldwide Communications	New York	\$1,214.6
8	Ogilvy & Mather Worldwide	New York	\$1,135.4
9	Leo Burnett Worldwide	Chicago	\$1,072.3
10	Publicis Worldwide	New York	\$1,066.0
11	Y&R Advertising	New York	\$1,052.6
12	TBWA Worldwide	New York	\$954.6
13	Hakuhodo	Tokyo	\$874.3
14	D'Arcy Masius Benton & Bowles	New York	\$762.8
15	Foote, Cone & Belding Worldwide	New York	\$748.5
16	Lowe & Partners Worldwide	New York	\$693.8
17	Bates Worldwide	New York	\$688.0
18	Saatchi & Saatchi	New York	\$499.6
19	Asatsu-DK	Tokyo	\$361.4
20	TM P Worldwide	New York	\$358.5
21	Arnold Worldwide	Boston	\$336.2
22	CommonHealth Parsippany,	N.J.	\$246.7
23	Campbell-Ewald Warren,	Mich.	\$214.0
24	Daiko Advertising	Tokyo	\$203.2
25	Deutsch	New York	\$202.5

Source : AdAge.com

Selection of advertising agency for overseas advertising should be made carefully. In many cases there are variations among the agencies in their specialisation and organisational capability and expertise. Following are some guidelines for selection of advertising agencies.

Firstly, the size of the agency and its network of international affiliations should be considered. Often large agencies do not pay adequate attention to the small-budget clients. It is therefore advisable to select an agency whose size is compatible with that of the advertiser's budget and preferably sufficiently small but efficient to regard the budget as important.

Secondly, the expertise of the agency should be assessed carefully specially in the area of creativity and media planning. Some agencies will have more comprehensive and up-to-date media database in respect of foreign countries.

Thirdly, informal consultation, where possible, with the past and existing clients of the candidate agencies might be helpful in selection.

These are some general guidelines for the selection of advertising agencies for international advertising. These are applicable whether a home agency with international affiliations or a multinational agency or a foreign country-based local agency is selected.

Activity-3

Tally to an advertising agency, which has international operation/collaboration, with respect to their last international campaign, Discuss with them how the development of an international campaign differs from a domestic one.

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10.7 INTERNATIONAL ADVERTISING SCENE

Procter & Gamble Co. tops the list of global marketers by worldwide media spending in year 2001 \$3.82 billion, followed by General Motors Corporation and Unilever. The three were the only marketers to spend more than \$3 billion each on advertising worldwide in 2001, according to Advertising Age's 16th annual-Top Global Marketers ranking.

Ad Age in its 16th annual report ranked marketers for the first time (in the year 2002) by total world wide media spending in 77 countries. Under the criteria, a company must have advertised in at least three of four regions to qualify as a global marketers : the U.S, Europe, Asia and Latin America. Table 10.2 gives the worldwide advertising spending of Top 20 Global Marketers. Further,-an analysis of Top 100 advertisers' spending by category reveals that the topmost category in year 2001 was automotive, followed by food, personal care and electronics. (Details given in Exhibit 10.3)

Exhibit 10.2 Top 20 Global Marketers Based on Worldwide Ad Spending, 2001

S.No.	Advertiser	Worldwide Advertising Spending 2001 in US S millions
1	Procter & Gamble Co	3,820.1
2	General Motors Corp.	3,028.9
3	Unilever	3,005.5
4	Ford Motor Co.	2,309.0
5	Toyota Motor Corp,	2,213.3
6	AOL Time Warner	2,099.8
7	Philips Morris Cos.	1,934.5
8	Daimler-Chrysler	1,835.6



S.No.	Advertiser	Worldwide Advertising Spending 2001 in US \$ millions
9	Nestle	1,798.5
10	Volkswagen	1,574.1
11	Honda Motor Co.	1,426.0
12	McDonalds's Corp.	1,405.3
13	Coca-Cola Co.	1,402.4
14	L'oreal	1,348.8
15	Walt Disney Co.	1,260.4
16	Johnson & Johnson	1,227.3
17	Nissan Motors Co.	1,224.0
18	Sony Corp.	1,218.9
19	Glaxo Smithkline	1,130.1
20	Pepsico.	1,025.8

Source : Advertising Age

Exhibit 10.3 Top 100 Advertisers' spending by category

Category	Spending 2001, US \$ millions
Automotive	19,334.4
Food	11,220.7
Personal Care	10,300.2
Electronics, Computers	6,557.5
Media & Entertainment	6,285.4
Pharmaceuticals	5,655.8

Source : Advertising Age

10.8 SUMMARY

Marketing communications in the international context become critical determinant of a marketer's success, not only because they have to compensate for the spatial and psychological distance between the firm and the customer, but also because it becomes more important tool of cultivation in a foreign market. Formulated within the framework of marketing strategy, advertising strategy utilizes the components of media and creative strategy to evolve effective marketing communication. No product or service will sell unless it is promoted. Whilst many commodities from developing countries end up as ingredients in downstream industries, which themselves may promote their brand, many suffer from the lack of a reputation. As with product choice, promotion decisions are subject to the "standardisation" versus "adaptation" argument, depending on the similarities and differences between product and markets. When the appropriate strategy is chosen then decisions have to be made on the promotional campaign objectives, budget, message and media selection, scheduling and evaluation.

Modern day advertising makes extensive use of advertising agencies bringing in the benefits of specialisation to the task of communication. International Agency and Media scenario provides an idea of the scale of operation of this function in present day international marketing.



10.9 SELF-ASSESSMENT QUESTIONS

1. How do environmental variables affect the design of advertising strategy?
2. Describe the components of international advertising strategy.
3. How do coverage and availability of media influence the design of media plan?
4. Give an overview of the international advertising agency scenario.
5. What are the relative advantages of standardization/adaptation of an international advertising programme?
6. Outline the difficulties which could occur when conducting an advertising campaign across national boundaries.
7. How do the media options available to advertisers vary in different parts of the world? Discuss with the help of examples.

10.10 FURTHER READINGS

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