

Global Marketing

Contemporary theory, practice and cases

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Chapter 13

Launching Global Communication and Advertising

Learning objectives

After reading this chapter you should be able to:

- Explain what constitutes a **global promotional strategy** and what marketing activities are included in it.
- Discuss some of the challenges and opportunities marketers face on a global scale when developing their **communication mix**.
- Define the differences between **global and localized marketing communications**.
- Understand **how culture influences advertising preferences**.
- Provide examples of **regulatory issues** that advertising executives may encounter around the world and explain why they are needed.
- Know about the **practical issues when designing a communications campaign**.

Group L'Occitane International S.A.



A regional brand goes international: l'Occitane Group

- Specialized in manufacturing and distributing **perfume, cosmetics and well-being products**: in 2014 total net sales globally amounted to €1,054.9 million.
- Strong **global brand identity**, while conserving its underlining regional roots and the natural origin of its products.
- From **Provence, a region in the Southeast of France**, to New York and Hong Kong (first French company to go public in Hong Kong)
- **Increase of marketing expenses worldwide**:
 - a brand mix effect, with the development of our new brands, accounting for 0.1 points;
 - investments in digital media for 0.3 points notably in Japan, the USA, France and the UK;
 - investments in mailings and customer relationship management (“CRM”) particularly in France, the USA and the UK, for 0.2 points; and
 - investments in samples, windows, other communication tool, and other effects for 0.1 points.

“How to say L’Occitane”

- <https://www.youtube.com/watch?v=R1o0OX5REwk>
- Country of Origin effect: **made in France**
- **Adaptation of the brand in China:** L’Occitane in Chinese is pronounced as “Ou Shu Dan”, which means Europe, pleasure, and a magical medicine in Chinese myth, which keeps people forever young and healthy. This Chinese name communicates the consumers the brand’s European origin, its sensoriality and its effectiveness.

L'Occitane: Communication through packaging

- Packaging communicates **product information**, **brand concept**, and **company value**. For L'Occitane, as the Provence/France origin is one of its selling points, we can find clues about **COO in the packaging design**.
- **Primary packaging:**
 - **minimize the environmental impact**, by reducing primary packaging.
 - The **pure, simple, and traditional design of L'Occitane packaging** may not be directly associated with France's luxury image, however, its vintage style labels, typical paper wrappers of Savon de Marseille, and linen perfumed sachets keep **reminding consumers of the Provençal legend about L'Occitane**.
 - **"Made in France"** is written on the front side of each pack. L'Occitane keeps the origin French packaging in the Chinese market, combined with a Chinese sticker showing the translation of key information. Even though most people understand nothing in French, the original packaging makes its French story more credible.
- **Gift Pack:** The green keynote indicates its nature ingredient, and the typical Provençal landscape with blue sky, green tree and lavender field in the picture is clearly associated with its origin, where the tradition and inspiration came from.

L'Occitane: place communication and promotion

- **Place Communications:** boutique location in the most important commercial centres
- **Online Promotions:** L'Occitane has local versions of websites for 48 countries or regions.
One of key messages the company wants to transfer to clients is its nature and beauty.
- **Offline Promotion** in numerous offline channels: for example, the promotion or animation in boutiques, the presentation of brands and products in fashion and beauty magazines, face-to-face conferences or activities with clients are all examples for this.

The **use of multiple channels and communication instruments** by L'Occitane is just one example of how companies today need to think about **integrated marketing communications**.

Global integrated marketing communication

Advertising	Public Relations	Sales Promotion	Direct Marketing	Personal Selling
<ul style="list-style-type: none"> • Newspapers • Magazines • Journals • Television • Radio • Cinema • Outdoor • Internet 	<ul style="list-style-type: none"> • Annual reports • House magazines • Press relations • Events • Lobbying • Sponsorship 	<ul style="list-style-type: none"> • Rebates and price discounts • Catalogues and brochures • Samples, coupons, gifts • competitions 	<ul style="list-style-type: none"> • Direct mail • Database marketing • Internet marketing • Mobile marketing (SMS, MMS) • Viral marketing • Advertising games 	<ul style="list-style-type: none"> • Sales presentations • Sales force management • Trade fairs • exhibitions

International advertising

- International advertising traditionally has required **different strategies** than domestic advertising, because of the **differences in culture, economic systems, government regulations, and consumer needs**.
- Companies are shifting their spending **from traditional media to Facebook, blogs, and their own websites**, experimenting with advertising on tablet computers, with location-based services on telephones, and real-time information about products and companies.
- With the arrival of the Internet, customers build their own blogs, wikis, videos, etc., and share their views and their brand experiences with other consumers and with the brands themselves. Marketers are learning the importance of these **one-on-one, personalized communications** and are incorporating them into their communication plans.

International Public Relations

- It “is a strategic communication process that builds mutually beneficial relationships between organizations and their publics” involving international actors.
- **Anticipating, analyzing and interpreting public opinion, attitudes and issues** that might impact the operations and plans of the organization.cd
- **Counseling management** at all levels in the organization with regard to policy decisions, courses of action and communication.
- Researching, conducting and evaluating, on a continuing basis, programs of action and communication to **achieve the informed public understanding necessary to the success of an organization’s aims.** These may include marketing; financial; fund raising; employee, community or government relations; and other programs.
- Planning and implementing the organization’s efforts to **influence or change public policy.**

International Public Relations: the evolution

- Although public relations has been studied as a social science and formalized only in the 20th century, evidence of its practice can be traced back to **ancient civilizations in Egypt, Babylon, China, Greece, and Rome.**
- In medieval India, **sutradhars**, or traveling storytellers, spread rulers' messages, serving a common public relations function.
- Egyptian leader Hatshepsut, **the first woman Pharaoh, was surrounded by advisors** who guided her using public relations techniques.
- Despite the increasing application of public relations, there is **little consistency among practitioners across the world.** In Asia, public relations professionals commonly see their work as tantamount to sales and marketing, in Latin America event planning might be viewed as public relations, and in the United States it is often called a strategic management function.

International sales promotions

- **International Sales Promotion:** any paid consumer or trade communication program of limited duration that adds tangible value to a product or brand, involving international players.
- **Price versus non-price promotions**
- **Consumer sales promotions** versus **Trade sales promotions**
- In **low incomes countries** free samples and demonstrations are more likely to be used than coupons or on-pack premiums.
- **Market maturity** can be different from country to country: consumer sampling and coupons are appropriate in growing markets, but mature markets might require trade allowances or loyalty programs.
- **Local perceptions of a particular promotional tool or program** can vary. Japanese consumers, for example, are reluctant to use coupons at the checkout counter.
- Recently, mobile coupons have generated significant interest and development in **mobile marketing**.

International direct marketing

- International Direct Marketing refers to **any communication with a consumer or business recipient** that is designed to generate a response in the form of an **order**, a **request for further information**, and/or a **visit to a store or other place of business**. Examples are Amazon and Dell.
- Direct marketing is the most efficient way of gaining new customers and retaining existing ones in international markets. **Direct marketing allows a company:**
 - to **align communication concepts with the needs of specific target groups**,
 - to address target audiences using **personalized and individual messages**.
 - a company can **deploy its financial resources precisely where they are needed**
 - to get **valuable information about the needs and behavior of target audiences**

International personal sales

- Personal selling is an **interpersonal process whereby a seller tries to uncover and satisfy a buyer's needs in a mutually, long-term beneficial manner suitable for both parties.** Thus, personal selling is interpersonal, two-way communication between a buyer and seller whereby the seller employs persuasive communication regarding goods and/or services.
- Interaction in an international environment can be hampered by many factors:
 - **Political risk**
 - **Regulatory hurdles**
 - **Currency Fluctuations**
 - **Language Issues**

Integrated marketing communications

- **Integrated marketing communications combines different media to improve the results of marketing campaigns.** Using direct marketing to follow up an advertising campaign and linking the direct marketing piece to a dedicated website page is an example of integrated marketing communication.
- **Consistency of the message** is one of the most important elements of integrated marketing communication. The copy style and content should be consistent across all media. When prospects read an advertisement, visit a website, pick up a leaflet or take a call from a telemarketing specialist, they should perceive the same product descriptions and benefit statements in each communication.

Integrated marketing communications in global markets

- Global promotion campaigns would have to **incorporate a number of new channels with global reach**, which have opened up for marketers with satellite and Internet networks, multimedia mobile phones, and popular social networking tools such as Facebook, You Tube, MySpace and Flickr.
- **Digital technologies have nearly erased the distinction between global and local communications:** a promotional video posted on YouTube can be accessible to millions of viewers in more than 20 countries but it also increases the chances for misinterpretation across cultures and languages.
- Communications about a brand can be **started by a consumer** as well as by companies.
- **Audience tracking, sales conversion rates, and other measurements** available through digital marketing campaigns provide ROI metrics for communication campaigns.

Globalized versus localized communication

- Global standardized communications is **typical of global brands**.
- From a practical perspective, Interbrand identifies every year the top global brands:
 - The brand must be truly global and it **transcends geographic and cultural boundaries**.
 - It must have **expanded across the established economic centers of the world**.
 - The brand must be establishing a presence in the major markets (**at least 30 percent of foreign revenues**).
 - It must have a presence in **at least three major continents**, including **emerging markets**.
 - There must be sufficient publicly available data on the **brand's financial performance**.
 - economic **profit must be expected to be positive** over the longer term.
 - the brand must have a **public profile and awareness** above and beyond its own marketplace.

Advertising standardization or adaptation

- **Advertising standardization** refers to utilizing the same or similar advertising messages across different countries or areas;
- **Advertising adaptation** implies using different advertising messages in separate markets, due to differences in culture, language, economic status, legal conditions, and foreign market media.
- **Type of products and services** have to be considered.
- Whether to standardize or not is **not a dichotomous decision**: there are various degrees of international advertising standardization and adaptation
- One of the solutions is to apply **pattern advertising**, where the basic approach of the global advertising strategy is standardized but then adapted to local markets when needed.

For instance, Vodaphone uses the same global approach when it comes to layout, dominant visuals, brand signature and slogan. However, photos and body copy are localized not simply translated which increases the ability to leverage products and know-how across multiple markets

Pattern Advertising: Vodafone in Spain and Germany



Vodafone in different countries - © Author

Dimensions of a global brand (Interbrand)

- Recognition
- Consistency
- Emotion
- Uniqueness
- Relevance
- Management



Mac Donald's: an example of a global brand - © Author

Top Global Brands in the World

No. in the World	Company	Brand value in US \$ million
1	Apple	98,314
2	Google	93,291
3	Coca Cola	79,213
4	IBM	78,808
5	Microsoft	59,546
6	GE	46,947
7	McDonald's	41,992
8	Samsung	39,610
9	Intel	37,257
10	Toyota	35,346

Source: Adapted from Interbrand (2013)

Localization roadmap: key factors

Brand type	Prestige	Master	Super	Glocal
Nature of the category	Luxury examples: Rolex, Ferrari, Louis Vuitton, Mercedes, Gucci	Fashion examples: Pierre Cardin, Benetton, Donna Karan, La Coste	Household Services Personal Care Examples: Colgate- Palmolive, Unilever household care, Procter&Gamble beauty products	Food retail: Nestlé, Danone, McDonald's, Jollibee (Philippines), Kentucky Fried Chicken
Level of aspiration	High	High-medium	Medium-low	Low
Nature of the local culture	Global	Global	Local	Local
				
EXTENT OF LOCALIZATION REQUIRED				

Legal constraints in advertising

- When planning a global marketing strategy, marketers have to consider the myriad **standards, regulations, and laws** that govern the advertising industry in the different countries and regional jurisdictions.
- Legal issues in advertising are particularly critical for certain **categories of products** such as pharmaceuticals, alcohol, tobacco, and gambling, where consumer protection is important.
- **EU Unfair Commercial Practices Directive**: introduces a general prohibition against unfair commercial practices, specific prohibitions against misleading and aggressive practices.
- As legal issues involving advertising and communications have become so complex over the years, **several law firms have specialized in providing tailored services**. For instance, in Germany, it is illegal to use any comparative terminology; Belgium and Luxembourg explicitly ban comparative advertising, whereas it is clearly authorized in the United Kingdom, Ireland, Spain, and Portugal. Comparative advertising is heavily regulated in Asia as well. And there are many other examples.

Culture, symbols and traditions in advertising

- Culture plays a central role in how people perceive and react to advertising.
- Cultural awareness should be applied in every aspect of marketing: in selling, label-printing, advertising, web contents, and promotion of products. It covers **language, the lifestyle and the behavioral patterns of the people** in the country of interest.
- Some **information and graphics** might cause minor offense, while others could have major consequences.
 - **Content** that should be avoided are national flags, maps which depict national borders, which can lead to misunderstandings.
 - **Icons** are not universal. Pictures and symbols create powerful and different associations in each culture and context.
 - **Religious traditions** can also cause a source of irritation when not properly respected.

Country-specific advertising styles

Country	Advertising Style
China	Emotional, emphasis on quality, tradition, status, respect.
France	Symbolism, sensuality, humor
Germany	Logic, testimonials, tradition, value for money, authority
Italy	Emotional, lifestyle, use of celebrities, theatrical
Japan	Indirect appeals, soft-sell, entertainment, symbolism
Spain	Indirect appeals, idealistic, pleasant
The Netherlands	Entertainment, realistic, modesty
United Kingdom	Preentational, humor, subtle, testimonials, show class differences
United States	Lecture, direct appeals, hard-sell, argumentative

Source: adapted from de Mooij, M. (1997/2010)

Net US Digital Ad Revenue Share, by Company, 2012-2016 (% of total media ad spending)

Company	2012	2013	2014	2015	2016
Google	9.1	10	10.6	11.1	11.3
Facebook	1.3	1.9	2.7	3.2	3.7
Yahoo	1.5	1.5	1.5	1.5	1.5
Microsoft	1.1	1.3	1.4	1.7	2
AOL	0.6	0.6	0.6	0.7	0,7
Amazon	0.3	0.4	0.5	0.6	0.7
IAC	0.6	0.6	0.5	0.5	0.5
Twitter	0.1	0.3	0.4	0.6	0.5
Total Digital	22.3	25.2	28.2	30.9	33.2

Source: adapted eMarketer, June 2014 (emarketer.com)



Google's Offices - © Marco Gregori

The global advertising agency

- Many companies rely on the **help of global advertising agencies** to find a competitive edge in marketing. The degree to which an agency is integrated into the marketing function of a company can vary, depending on the size of the company, its strategic marketing focus and leadership, its industry or its markets, to name a few factors.
- Most MNCs work with **one or more advertising agencies**.
- Large global advertisers have the following **alternatives**:
 - hire local ad agencies for each market they enter,
 - opt to retain their home market agency,
 - hire a large agency with offices around the world,
 - align themselves with one of the world-wide networks such as Leo Burnett Worldwide, Y&R, or McCann Erickson. Many of these agencies form the WPP Group, the largest multinational ad agency, headquartered in Ireland. Next in size is the Omnicom Group.
- There are many reasons why companies choose advertising agencies for their global marketing needs. Some of them are:
 - **Cost-effectiveness**
 - **Market knowledge**
 - **Superior creative work**
 - **Specialized services**

Preferred Advertising Agencies as Rated by CMOs

Company	Selected by..	Selected Clients
Wieden + Kennedy	66%	Old Spice, Coke, Nike
Droga5	36%	UNICEF, American Express, Unilever, Google
Grey	34%	Direct TV, Febreze
BBDO	30 %	Wells Fargo, Bayer/Merck, Emirates, Melitta
Ogilvy	24%	Procter&Gamble, Pfizer, VW
The Martin Agency	16%	Exxon Mobile, Nespresso, Walmart
Leo Burnett	14%	Fiat, Samsung, GM, Coca Cola, Altria
CP+B	12%	Coke Zero, Microsoft, Milka, MetLife
Goodby Silverstein & Partners	9%	Adobe, Cisco, Ebay, Fritos, Seagate
Publicis	6 %	HP, Garnier, AXA, P&G, T-Mobile, Citi

Adbrands (2014) http://www.adbrands.net/fr/publicisww_fr.htm / Avis (2013)

Factors determining advertising agency selection and termination

Factors for Selecting Advertising Agencies from Client's Perspective	Rank	Factors for Switching Advertising Agencies from Client's Perspective	Rank	Factors for Losing Clients from Agency's Perspectives	Rank
Qualifications of personnel	1	Dissatisfaction	1	Change in client firm's size	1
Fits the client's advertising	2	Disagreement over objectives	2	Poor communication performance	2
Part of an international consortium	3	Insufficient attention by senior staff	3	Personnel changes	3
Agency size	4	Time for a change	4	Change in client's strategy	4
Past record	5	Decrease in sales, profits	5	Policy change	5
Agency facilities	6	Not sure that ads were effective	6	Declining sales	6
Recommendations	7	Key personnel left agency	7	Unrealistic demand by clients	7
Advertising awards	8			Conflict in remuneration	8
Reputation	9			Conflict of interest	9

Source: Adpated from: Yuksel, U., & Sutton-Brady, C. (2007)

Communication plan

- A good communications plan will provide a strategic framework to identify the **different goals for brand communication** – the **tasks** – and assign these to **the channels** which are likely to be the most effective.
- To develop a communication plan, both **people from the company marketing team and specialists from advertising agencies work together**. Tasks need to be defined and prioritized, which involves answering the following questions:
 - What is the brand's strategic role in the company portfolio?
 - What are the tasks to be reached?
 - What is the level of priority for the planned activity?
 - How will the activity be affected by the plans for other brand variants or other brands in the product category?
 - What is the total budget for the brand?
 - What was last year's investment?

Evaluate the alternative communication channels

Questions to be answered are:

- What are the options available?
- How could we use them?
- How does a specific target group regards and uses different media?
- What opportunities are there to reach a specific target in specific situations, or at specific moments at which a purchase decision can be influenced, for example potential mobile phone buyers, in a taxi (in a traffic jam)

A **draft plan** needs to be put in place, agreed upon and transferred into a *final plan*.