

Svend Hollensen

GLOBAL MARKETING

5th Edition

Chapter 17 Communication decisions (promotion strategies)

Learning objectives (1)

- Define and classify the different types of communication tools
- Describe and explain the major steps in advertising decisions
- Describe the techniques available and appropriate for setting the advertising budget in foreign markets

Learning objectives (2)

- Discuss the possibilities of marketing via the Internet
- Explain how important personal selling and sales force management are in the international marketplace
- Define and explain the concept of 'viral marketing' and 'social networking'
- Discuss how standardized international advertising has both benefits and drawbacks

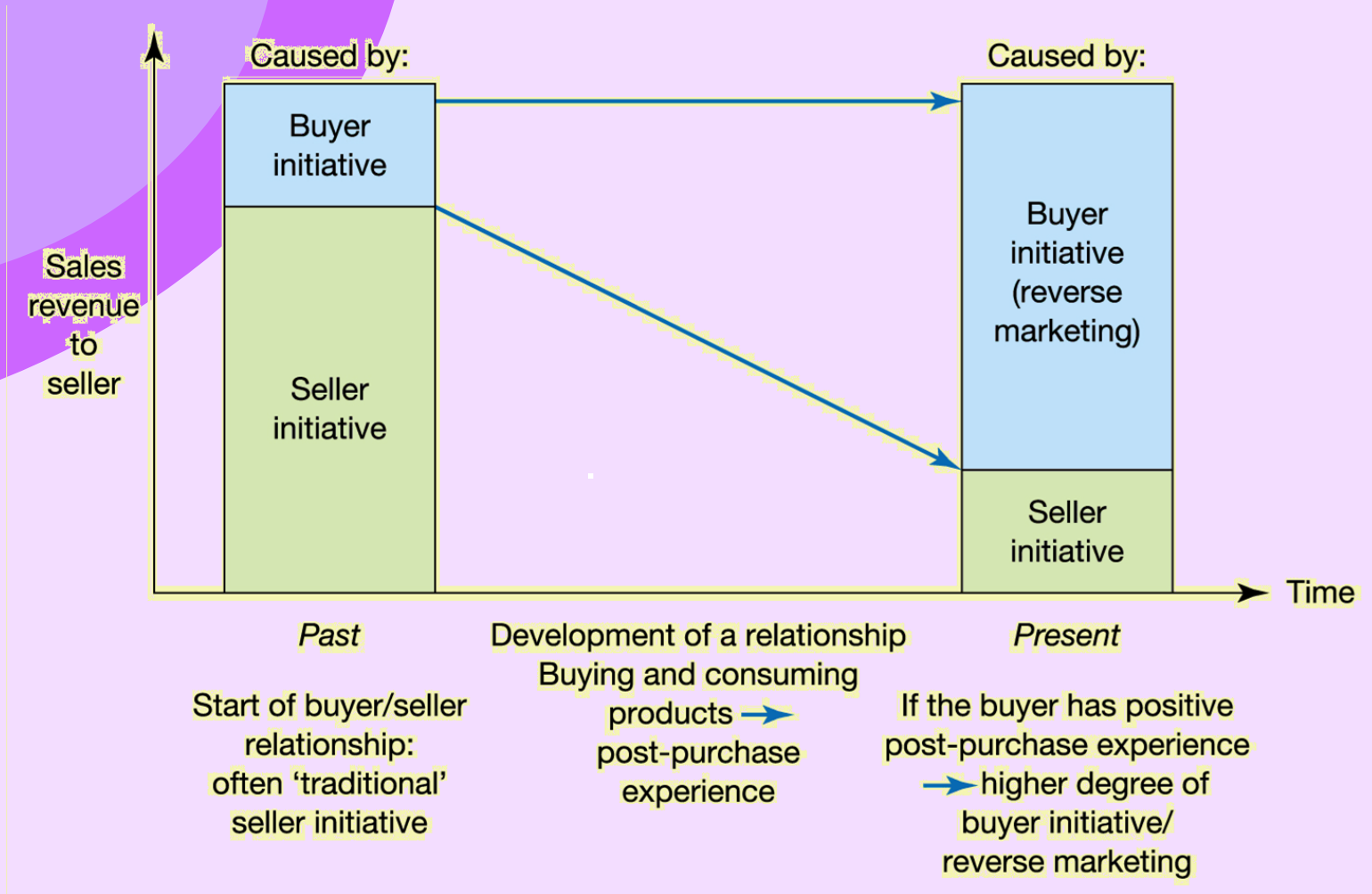


Figure 17.1 The shift from seller initiative to buyer initiative in buyer–seller relationships

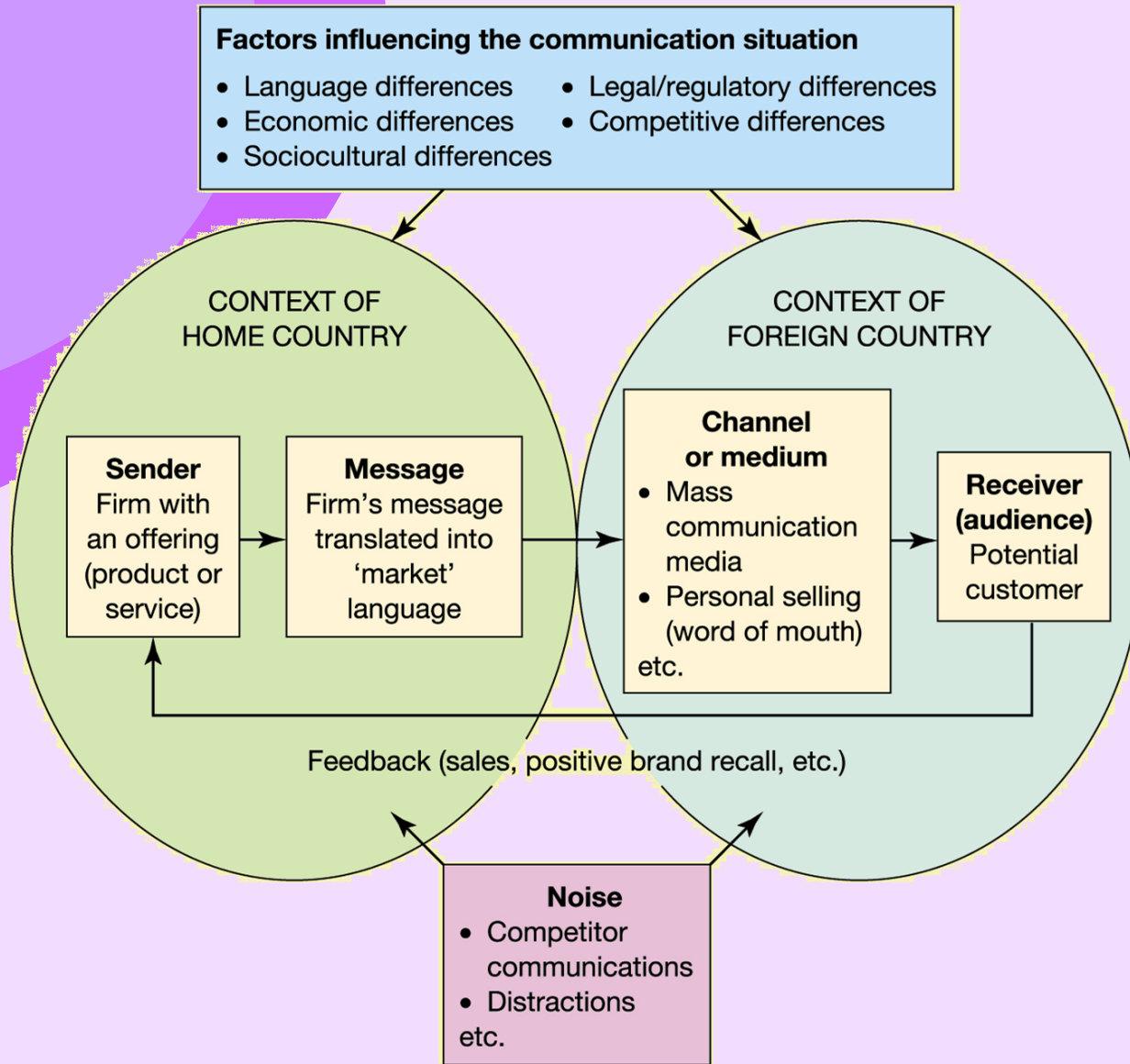


Figure 17.2 Elements of the international communication process

EXHIBIT 17.1 In Muslim markets only God is great



One of the major car manufacturers was using Muhammad Ali in one of its Arab advertising campaigns. Muhammad Ali is very popular in the Middle East, but the theme was him saying 'I am the greatest': this offended people because the Muslim faith regards only God as great.

Source: Harper (1986).

Table 17.1

Typical communication tools (media)

One-way communication			Two-way communication	
Advertising	Public relations	Sales promotion	Direct marketing	Personal selling
Newspapers	Annual reports	Rebates and price discounts	Direct mail/database marketing	Sales presentations
Magazines	Corporate image	Catalogues and brochures	Internet marketing (WWW)	Sales force management
Journals	House magazines	Samples, coupons and gifts	Telemarketing	Trade fairs and exhibitions
Directories	Press relations	Competitions	Viral marketing	
Radio	Public relations		Social networking	
Television	Events			
Cinema	Lobbying			
Outdoor	Sponsorship (product placement)			

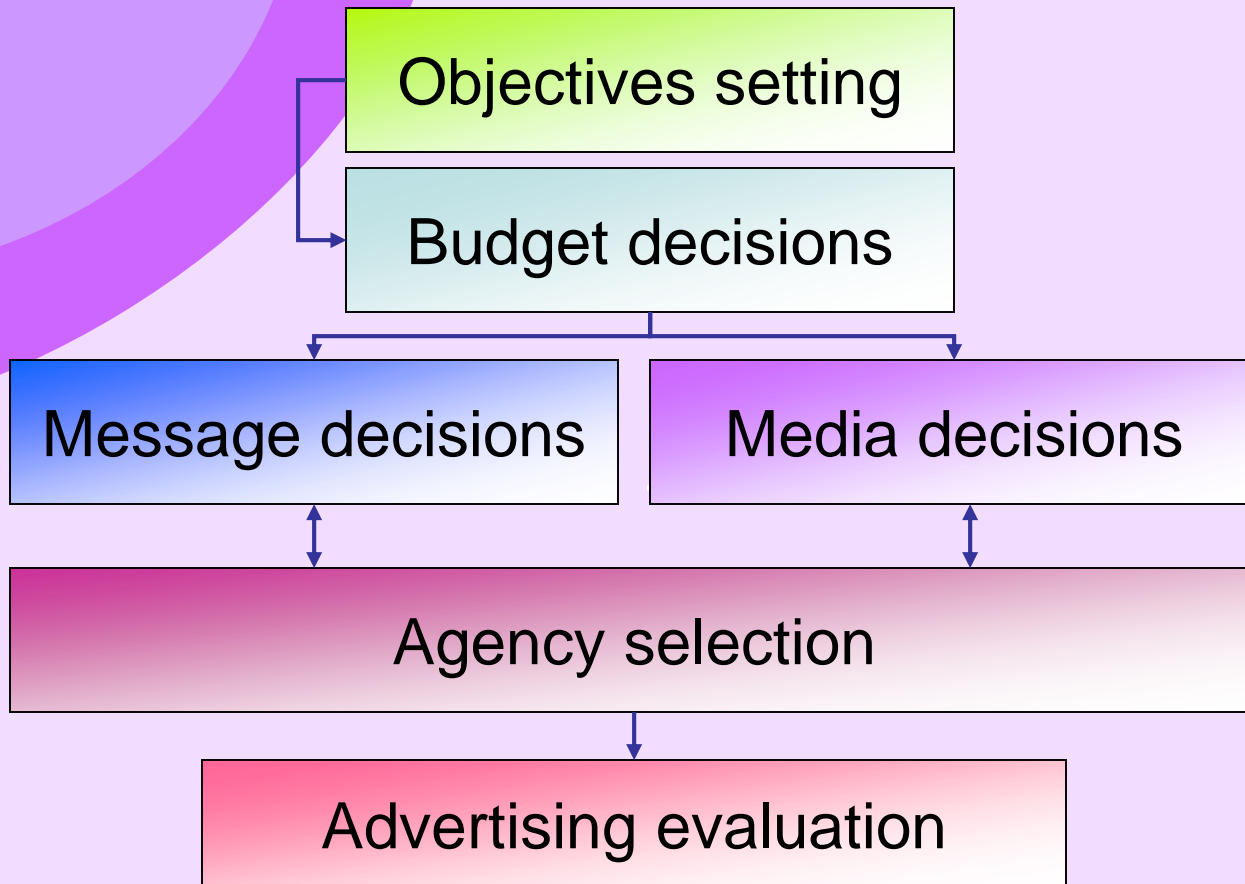


Figure 17.3 The major international advertising decisions

EXHIBIT 17.2 Product placement escalates

Product placement is a form of advertisement, where branded products or services are placed in a context usually without ads, such as movies, the storyline of television shows, or news programmes.

Product placement is common practice on reality television, for example *American Idol*. As the costs of making such shows accelerate, the television networks are looking for partners who want to finance programmes in return for some screen time for their products.

Another example of a company which has decided to focus more on product placement is Harley-Davidson. Only 3 per cent of US consumers own a motorcycle (mainly males aged 35+), but there are another 15 to 20 million individuals in the US (outside the core target group) who have a desire to buy one. The motorcycle brand announced in November 2009 that it had teamed up with an entertainment consulting agency for a major product placement push in film, TV, music and video games.



Copyright © 20th Century Fox/Everett/Rex Features.

Source: information from www.harley-davidson.com.

What is this?

Which form of budgeting means that the firm simply allocates a fixed proportion of sales to the advertising budget?

Percentage of sales method

Percentage of sales method

Advantages

- Guarantees equality among markets
- Easy to justify
- Guarantees only what is affordable is spent

Disadvantages

- Based on historical performance
- Ignores necessity of increased spending during declining sales
- Does not consider goals
- Fails to address relationship between advertising and sales

What is this?

Which form of budgeting simply duplicates the amounts spent on advertising by major rivals?

Competitive parity

What is this?

Which form of budgeting starts with determining the advertising objectives and then ascertaining the tasks needed to attain the objectives?

Objective and task approach

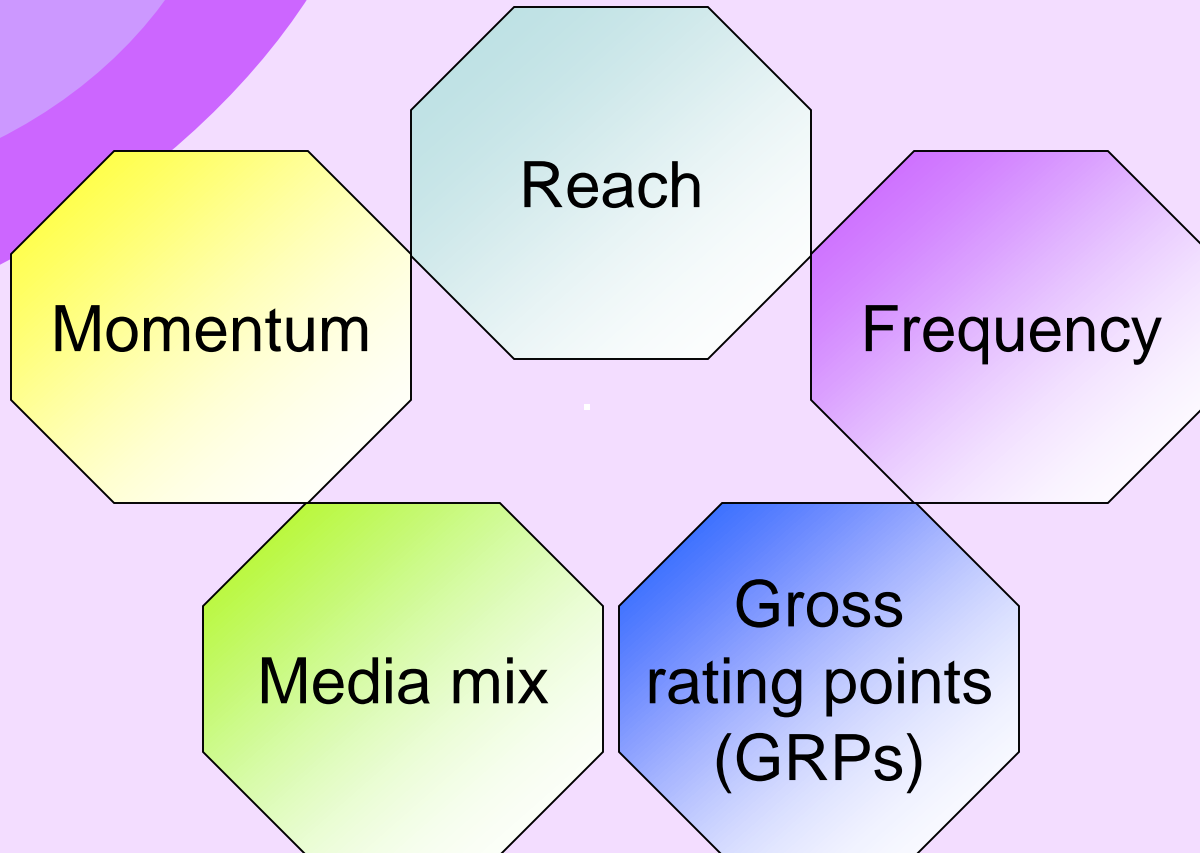
EXHIBIT 17.3 Mercedes uses Janis Joplin's hit to market its cars in the United States



Some 30 years ago rock singer Janis Joplin begged the Lord for a Mercedes Benz. The vocal version of a poor woman's evening prayer was a hit then and is still played frequently on radio stations all over the world.

Source: translated from an article by Jan Lund in the Danish newspaper *Jyllands-posten*, 24 March 1995

Media decisions



What is this?

What term refers to the total portion of the target market exposed to at least one ad in a given time period?

Reach

What is this?

What term refers to the average number of times within a given time frame that each potential customer is exposed to the same ad?

Frequency

Main media types

Television

Magazines

Radio

Cinema

Newspapers

Outdoor

European agency selection factors

National

- Supports national subsidiary
- Investment in existing brand best handled nationally
- Closer to marketplace
- Personalized service and greater creativity
- Diversity of ideas

Pan-European

- Reflects new European reality
- Economies of scale in new product development and branding
- Uniformity of treatment across Europe
- Resources and skills of major agency
- Easier to manage one agency group

Source: adapted from Lynch, 1994, Table 11.4

Table 17.2

European agency selection: national (local) or pan-European (international)

National (local)

Supports national subsidiary.
 Investment in existing brand best handled nationally.
 Closer to marketplace.
 Smaller size more conducive to personalized service and greater creativity.
 Diversity of ideas.

Pan-European (International)

Reflects new European reality and trends.
 Economies of scale in new product development and branding.
 Uniformity of treatment across Europe.
 Resources and skills of major European or global agency.
 Easier to manage one agency group.

Source: adapted from Lynch (1994, Table 11.4)

EXHIBIT 17.4 Baileys Irish Cream liqueur: sales expansion with market and product development

In 1993 R&A Bailey and Co. decided to increase sales of its brand in Europe by expanding usage of the drink. A cross-border television advertising campaign, 'Baileys with ice', was developed to reinforce the contemporary all-year-round image of the drink and to distinguish it from the 'stuffy' image of traditional liqueurs with their mainly after-dinner role. The appeal was to younger consumers to drink Bailey's on a greater number of occasions. Special promotional packs were also developed, consisting of a one-litre bottle together with two free liqueur glasses.

In early 1993 Baileys was also launched on the Japanese market after a period of test marketing. The regular brand was offered in addition to a specially developed brand for the Japanese called Baileys Gold, which was developed with ten-year-old malt whiskey to appeal to the Japanese taste for premium-quality spirits. Baileys Gold was also priced at double the price of the regular brand.

Source: MacNamee and McDonnell (1995).



Diageo plc

Aspects of advertising evaluation

- Communication impact
- Pretesting of print and broadcast ads
- Testing finished ad
- Sales impact

Table 17.3**Target groups for public relations**

Publics or target groups: domestic markets	Extra international dimensions: international markets
<p><i>Directly connected with the organization</i></p> <p>Employees Shareholders</p>	<p>Wider range of cultural issues The degree of remoteness of the corporate headquarters</p>
<p><i>Suppliers of raw materials and components</i></p> <p>Providers of financial services Providers of marketing services (e.g. marketing research, advertising, media)</p>	<p>Is this to be handled on a country-by-country basis, or is some overall standardization desirable?</p>
<p><i>Customers of the organization</i></p> <p>Existing customers Past customers Those capable of becoming customers</p>	<p>May have less knowledge of the company The country-of-origin effect will influence communications</p>
<p><i>Environment</i></p> <p>The general public Government: local, regional, national Financial markets generally</p>	<p>Wide range of general publics Host governments Regional grouping (e.g. EU), world groupings</p>

Source: *International marketing strategy: Analysis, Development and Implementation*, Thomson Learning (Phillips, C. et al. 1994) p. 362. with permission from Cengage Learning

Public relations

Possible PR methods

- Event sponsorship
- Prizes at events
- Press releases
- Announcements
- Lobbying

Possible PR targets

- Employees
- Shareholders
- Suppliers
- Customers
- General public
- Governments
- Financial markets

EXHIBIT 17.5 Mixing it with Sports Sponsorship: MMA – mixed martial arts, or marketing-made athletes?



Joachim 'Hellboy' Hansen

Courtesy of J. Benjamin, The Network Agency.

EXHIBIT 17.5 Mixing it with Sports Sponsorship: MMA – mixed martial arts, or marketing-made athletes?

Sports Sponsorship is moving into new dimensions, aligning itself closely with brand theory. This has meant that an agent's job is becoming more heavily influenced by an ability to both respond to and dictate marketing-driven activities. These developments have encouraged Jay to increase his marketing knowledge and seek the assistance of marketing communications consultants. Following this, the four critical success factors which appear to have emerged for an agent are having:

1. access to a network of industry contacts
2. a strong knowledge of contract law
3. an ability to demonstrate that their client has a following, or is able to attract interest
4. strategic marketing approach.

What is this?

What term refers to a short-term effort directed primarily to the consumer and/or retailer to achieve specific objectives such as product trial?

Sales promotion

Types of sales promotion

Price discounts

Catalogues/brochures

Coupons

Samples

Gifts

Competitions

Factors leading to expansion of sales promotion activities

- Greater retail competition
- Higher levels of brand awareness
- Improved retail technology
- Greater integration of promotional mix in media campaigns

Factors leading to expansion of international direct marketing activities

- Developments in mailing technology
- Escalating costs of other forms of promotion
- Increasing availability of quality lists
- Developments in information technology
- Increasing availability throughout developed world of interactive television facilities

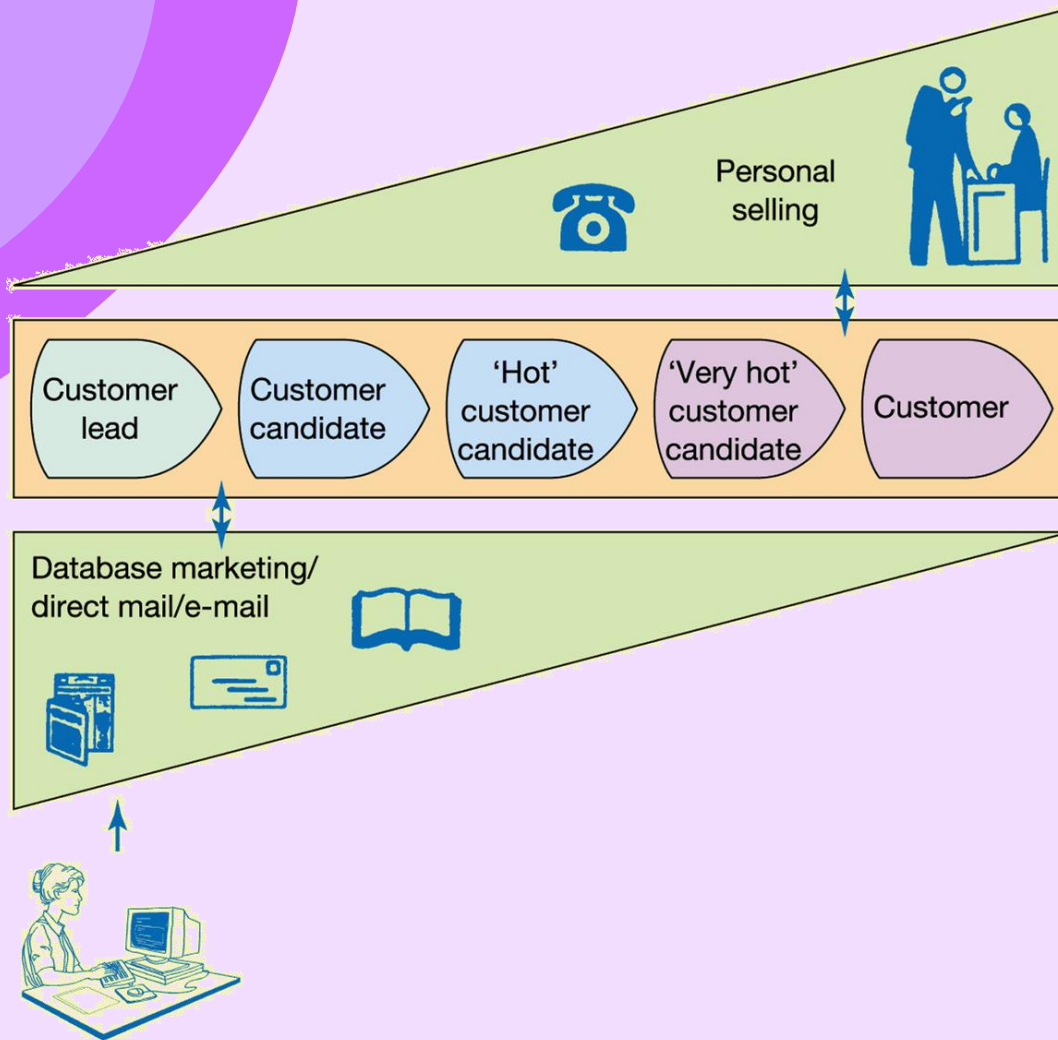


Figure 17.4 Combination of direct mail (database marketing) and personal selling

Questions to ask when assessing sales force effectiveness

Is the selling effort structured for effective market coverage?

Is the sales force staffed with the right people?

Is strong guidance provided?

Is adequate sales support in place?

Does the sales compensation plan provide the proper motivation?

Table 17.4

Sales force organizational structure

Structure	Factors favouring choice of organizational structure	Advantages	Disadvantages
<i>Geographic</i>	Distinct languages/cultures Single product line Underdeveloped markets	Clear, simple Incentive to cultivate local business and personal ties Travel expenses	Breadth of customers Breadth of products
<i>Product</i>	Established market Broad product lines	Product knowledge	Travel expenses Overlapping territories/customers Local business and personal ties
<i>Customer*</i>	Broad product lines	Market/customer knowledge	Overlapping territories/products Local business and personal ties Travel expenses
<i>Combination</i>	Large sales volume Large/developed markets Distinct language/cultures	Maximum flexibility Travel expenses	Complexity Sales management Product/market/geography overlap

* By type of industry, size of account, channel of distribution, individual company.

Table 17.5**Advantages and disadvantages of sales force types**

Category	Advantages	Disadvantages
<i>Expatriates</i>	<ul style="list-style-type: none"> Product knowledge High service levels Train for promotion Greater home control 	<ul style="list-style-type: none"> Highest costs High turnover High training cost
<i>Host country</i>	<ul style="list-style-type: none"> Economical High market knowledge Language skills Best cultural knowledge Implement actions sooner 	<ul style="list-style-type: none"> Needs product training May be held in low esteem Importance of language skills declining Difficult to ensure loyalty
<i>Third country</i>	<ul style="list-style-type: none"> Cultural sensitivity Language skills Economical Allows regional sales coverage May allow sales to country in conflict with the home country 	<ul style="list-style-type: none"> Face identity problems Blocked promotions Income gaps Needs product/company training Loyalty assurance

Source: reprinted from *Industrial Marketing Management*, Vol. 24, Honeycutt, E.D. and Ford, J.B. (1995) 'Guidelines for managing an international sales force', p. 138, Copyright 1995, with permission from Elsevier.

International advertising strategies in practice

Swire Group




CATHAY PACIFIC

世界の隅々へ。キャセイパシフィック

日本の主要都市から香港へ、遠隔地の広域を、そして香港から北米、アジア、ヨーロッパへ、キャセイパシフィックならグローバルにも、日本から直接到着。新しいもびんに世界の、無敵の新しいスタイルで飛べます。Cathay Pacific. The Heart of Asia.

This is the Japanese version of a Cathay Pacific advertisement. It features a dark green background with four white arrows pointing towards the corners. The Cathay Pacific logo and name are in the top right. The central text is in Japanese. The bottom has a red bar with Japanese text.

Swire Group




CATHAY PACIFIC

TO THE FOUR CORNERS OF THE WORLD

From our home Hong Kong we now fly to 43 cities on five continents. Cathay Pacific. The Heart of Asia.


This is the English version of the same Cathay Pacific advertisement. It features the same dark green background and four white arrows. The Cathay Pacific logo and name are in the top right. The central text is in English. The bottom has a red bar with English text.

Standardized advertisements from Cathay Pacific




Cognac Courvoisier...
The French way of life.


COGNAC
COURVOISIER



The advertisement features a photograph of a group of people in a restaurant setting, engaged in conversation and drinking cognac. Below the photograph, the text reads "Cognac Courvoisier... The French way of life." At the bottom left, the brand name "COGNAC COURVOISIER" is displayed next to a small silhouette of a man in a top hat. To the right, a bottle of Cognac Courvoisier and a snifter glass filled with cognac are shown.



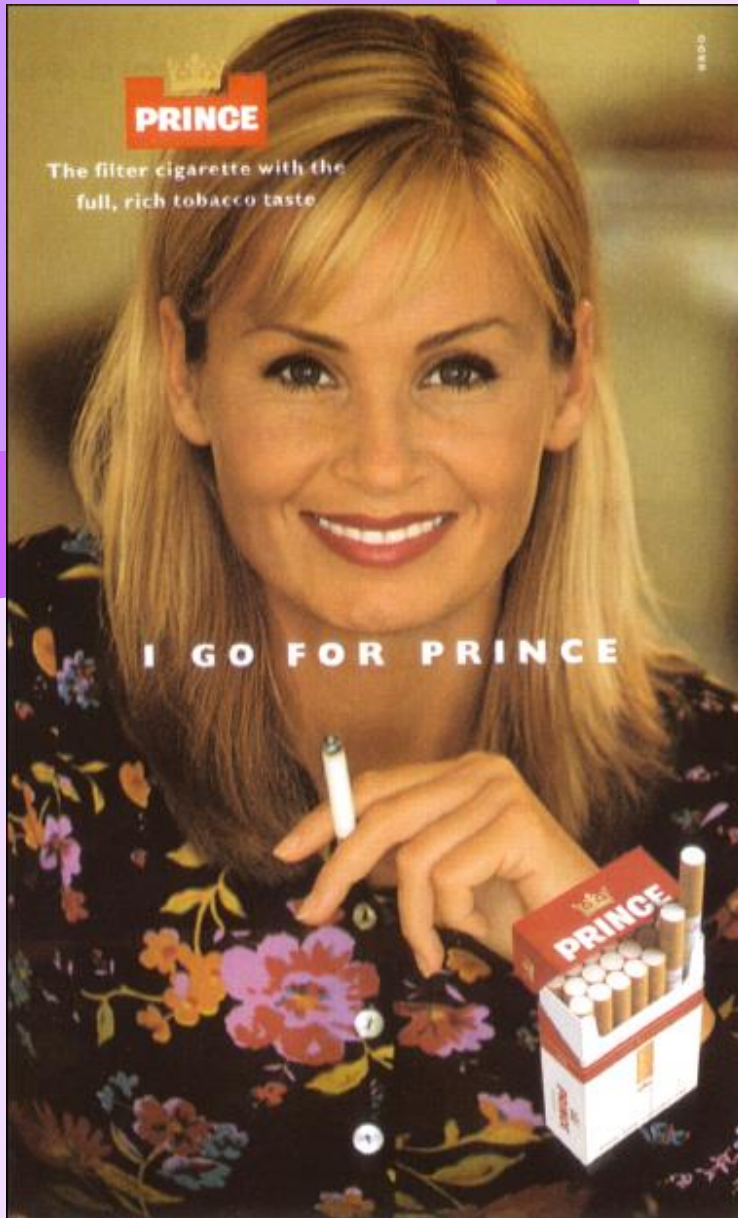
拿破崙拔蘭地



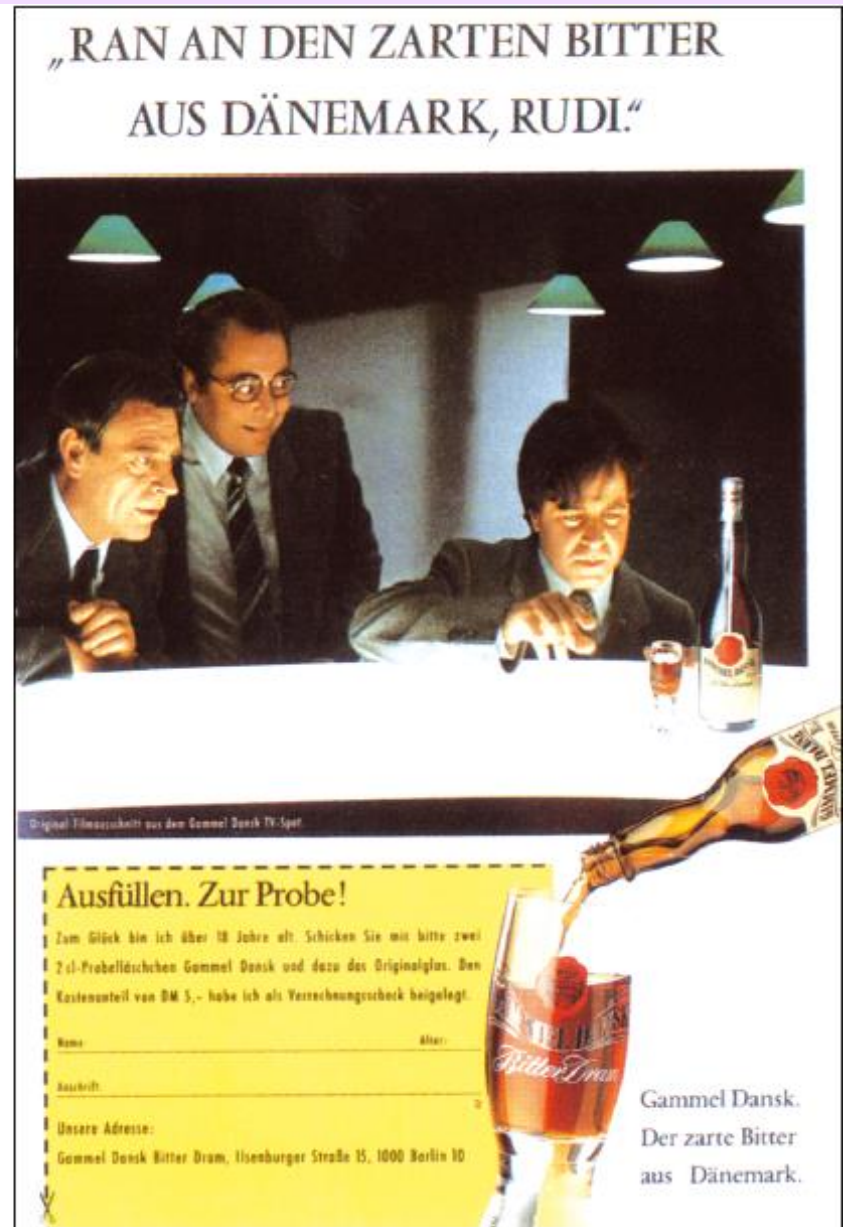
勝完可以再勝

The advertisement shows a man in a white jacket pouring cognac into glasses for a group of people seated at a table. The table is set with various dishes, including a large platter of roasted duck. The text "拿破崙拔蘭地" (Napoleon Brandy) is written in large red characters at the top. At the bottom, the slogan "勝完可以再勝" (After winning, you can win again) is displayed. A bottle of Cognac Courvoisier and a snifter glass are visible in the foreground.

Habits of cognac drinking in western Europe and Asia



Advertisements for Prince cigarettes in the UK and Germany



Advertisements for Gamel Dansk in Denmark and Germany



Advertisement for LEGO® Freestyle in the Far East

© 2010 the Lego Group. Used with permission.



Advertisement for LEGO® Freestyle in Europe

© 2010 the Lego Group. Used with permission.

What is this?

What term refers to a marketing technique that seeks to exploit existing social networks to produce exponential increases in brand awareness through online word-of-mouth communication?

Viral marketing

Viral marketing

Advantages

- Inexpensive
- Active and participatory
- Effectively targeted through peer-to-peer networks

Disadvantages

- Requires technologically compatible programs
- Filtering programs may prevent receipt
- Must be easy

Developing a viral marketing campaign

Step 1: Create compelling content

Step 2: Target the right audience

Step 3: Seed the message

Step 4: Control/measure results

EXHIBIT 17.6 Jarlsberg cheese – cross-border communication

As an input for the company – please read Case Study 9.1.

Until now Jarlsberg's different agents and partners in the different countries have been responsible for the local ads. In the following there are some examples of this localized advertising approach:



Cheese from Norway



Russia

Tine.



Masterpiece...



A piece of **excellence** from the master cheese makers!



Visit www.jarlsberg.com

Jarlsberg is widely available in all major supermarkets on the deli or cheese aisle (as portions or slices), and in independent cheese delicatessens and food halls of department stores.

UK

Tine.

BE FIT EAT FIT JARLSBERG LITE



50%*
LESS FAT
60%
LESS CHOLESTEROL
30%
LESS CALORIES

*Than Regular Swiss

All Natural Jarlsberg Lite provides a significant source of calcium. Along with regular exercise, Premium Jarlsberg Lite plays an important role in a healthy life. For more information and recipes visit us at: www.norland.com

You've Got To Taste It To Believe It

USA

Tine.

JARLSBERG®

THE CHAMPAGNE OF CHEESES



Tine, the makers of Jarlsberg with 125 years of cheese making experience celebrate Jarlsberg's 50th birthday.



Australia

Tine.

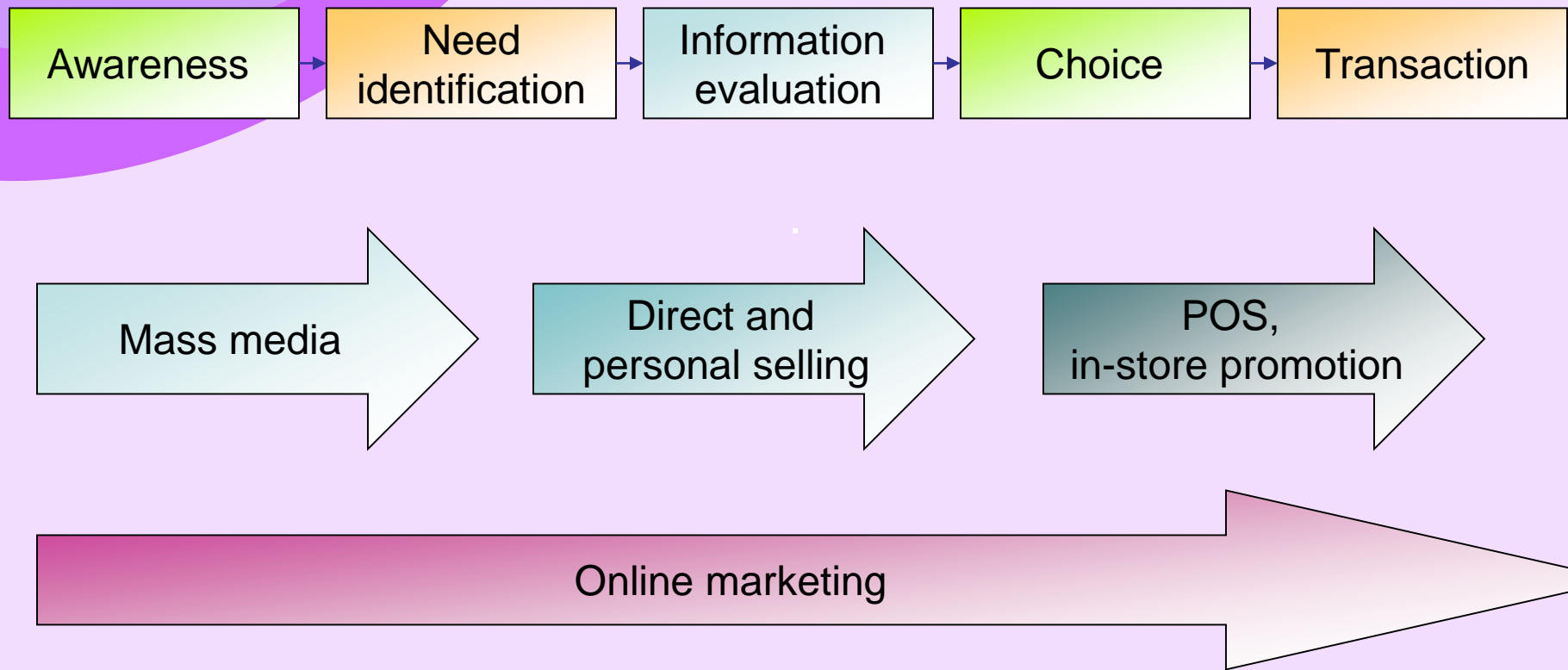


Figure 17.5 The role of Internet communication in the buying process of customers

Phases of web audience development

- Integration
- Unique design requirements
- Audience creation techniques
- Advertising methods
- Effective promotion
- Measurement and analysis

EXHIBIT 17.7 Philips 'Quintippio' viral ad campaign (created by advertising agency Tribal DDB)

The commercial is genuinely funny – it uses humour to serve the advertising strategy and reinforce the brand positioning. Philips makes fun of both Gillette and Schick for their multi-blade obsession.

Here is what works:

- *Norelco makes the category leader look out of touch* – although the end-benefit of 'multi-blade' is supposed to be 'close shave', it is not clear that either Gillette or Schick remembers this. Gillette's macho, tech-oriented advertising is so obsessed with the product that it seems to forget the consumer in the process.
- *Cool Shave focuses on a relevant, ownable end-benefit* – 'We're talking about less irritation' which presumably is a secondary benefit for many users but not owned by any male shaving system. This spot does a good job of using humour, voiceover, visuals and co-branding (with Nivea) to reinforce this end-benefit. The humour is used to reinforce the brand positioning.
- *Humour reinforces the brand positioning* – showing that Gillette and Schick don't 'get it' with their blade-spawning razors and focusing on a different benefit is worlds more effective than trying to argue that rotary shavers have more blades than multi-blade razors, for example.

That the issue raised in the commercial is relevant is underlined by the 'serious' magazine *The Economist*, which took up the 'Blade running' issue (The Economist, 2006).

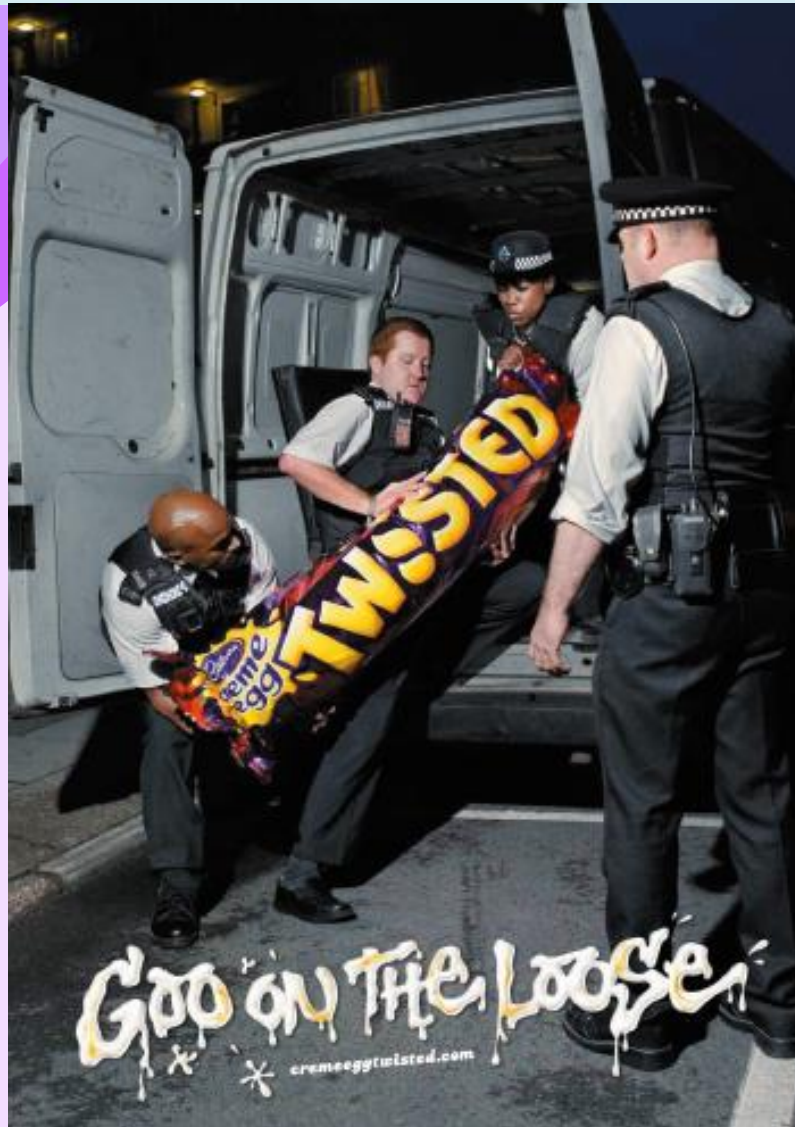
Social networking

In September 2009 the 10 biggest social media networks in United States (measured by unique users) were:

1. Facebook	122.6 million
2. YouTube	85.1 million
3. MySpace	53.9 million
4. Digg	39.7 million
5. Blogger	29.8 million
6. Flickr	26.9 million
7. Twitter	23.3 million
8. LinkedIn	13.1 million
9. Windows Live	7.3 million
10. Yahoo Buzz	7.1 million

Source: adapted from Damon Segal, www.damonsegal.co.uk and www.compete.com.

EXHIBIT 17.8 Cadbury and Nestlé are experimenting with social networking in their global IMC



Courtesy of Cadbury plc.

EXHIBIT 17.8 Cadbury and Nestlé are experimenting with social networking in their global IMC



Société des Produits Nestlé SA. The Nestlé name and image is reproduced with kind permission of Société des Produits Nestlé SA.

CASE STUDY 17.1

Helly Hansen: sponsoring fashion clothes in the US market

QUESTIONS

As a newly employed marketing assistant in the US HH subsidiary, you are asked to take care of this enquiry. You are specifically asked the following questions.

1. Would you recommend that HH sponsors Bad Boys? Give reasons for your answer.
2. How can an eventual sponsorship be integrated into the total marketing plan for HH clothes in the US market?

CASE STUDY 17.2

Morgan Motor Company: can the British retro sports car brand still be successful after 100 years?



Morgan Motor Company



Morgan Aero Supersport (2010 model) including interior
Morgan Motor Company.

QUESTIONS

1. How is the Morgan's international communication strategy different from mainstream mass-produced cars?
2. How can Morgan use celebrities in the communication strategy?
3. How can Morgan make use of the new social media?
4. Prepare a global communication plan for the new Aero SuperSport.

Sources: <http://www.morgan-motor.co.uk>; *The Manufacturer* (2009) 'Morgan Motor Company, 100 not out', August, http://www.themanufacturer.com/uk/profile/9493/Morgan_Motor_Company?PHPSESSID=8a965626552f15dc0f04fdf53a4d9836.

VIDEO CASE STUDY 17.3 BMW Motorcycles

download from www.pearsoned.co.uk/hollensen

Questions

1. What are the advantages of using more personal advertising copy and encouraging customers to become missionaries for BMW motorcycles?
2. Should BMW use standardization or adaptation in promoting the motorcycles outside the United States and Germany?
3. Why is BMW using its website as a virtual showroom rather than also selling online directly to consumers?
4. Should BMW develop and promote a new motorcycle brand to differentiate its motorcycles from competing motorcycle brands (i.e. selling to new target groups) as well as differentiating them from BMW cars?

Questions for discussion (1)

- Identify and discuss problems associated with assessing advertising effectiveness in foreign markets
- Compare domestic communication with international communication. Explain why 'noise' is more likely to occur in the case of international communication processes
- Explain how personal selling may differ overseas from how it is used in the home market

Questions for discussion (2)

- Why do more companies not standardize advertising messages worldwide? Identify the environmental constraints that act as barriers to the development and implementation of standardized global advertising campaigns
- What is meant by saying that advertising regulations vary around the world?

Questions for discussion (3)

- Evaluate the 'percentage of sales' approach to setting advertising budgets in foreign markets
- Explain how the multinational firm may have an advantage over local firms in training the sales force and evaluating its performance
- Identify and discuss problems associated with allocating the company's promotion budget across several foreign markets