the following partial listing of the provisions of a Canadian broadcasting code for children?

a. Product characteristics should not be exaggerated.
b. Results from a craft or kit that an average child could not obtain should not be shown.
c. Undue pressure to buy or to urge parents to buy should be avoided.
d. A commercial should not be repeated during a program.
e. Program personalities will not do commercials on their own programs.
f. Well-known persons other than actors will not endorse products.
g. Price information should be clear and complete.
h. Messages must not reflect disdain for parents or casually portray undesirable family living habits.
i. Advertising must not imply that product possession makes the owner superior.
j. The media should contribute directly or indirectly to sound and safe habits.

6. Should there be similar codes for other society groups such as senior citizens or ethnic minorities?
7. What is materialism? It has been said that our society emphasizes the use of material goods to attain nonmaterial goals. Comment. Is America too materialistic? What is advertising's role in establishing values and lifestyles? How does a nation go about changing its values?
8. Should advertisers be concerned about minority stereotypes developed in advertisements? Why? If you were an agency president, how would you develop a policy and set of procedures in this regard?
9. In your view, should beer advertisers be banned from using sports figures in their ads? What about the use of image advertising in general? Should beer and wine advertising be banned from television and radio advertising? From all advertising? What about the use of "power/sportiness" appeals in automobile advertising? Should beer advertisers stop all college and sports promotions?
10. In an open letter to the makers of Alka-Seltzer, the following questions were posed by Ries, Cappiello, Colwell, a New York advertising agency: Why did you spend $23 million to promote a product that everyone knows about? Why did you spend $23 million to promote a product that is mostly bicarbonate and aspirin? Why not put some of that money into your laboratories? Why not develop new products that are worth advertising? Comment.
11. What would be the economic effect of a ban on all advertising? Of a ban on radio and television advertising?
12. What is the definition of a market? What is the distinction between the compact car market and the automobile market? Campbell had 8 percent of the dry-soup market in 1962 versus 57 percent for Lipton and 16 percent for Wyler's. Should an analyst focus on the soup market or the dry-soup market?
13. The concentration ratio in the beer industry went from 21 percent in 1947 to 34 percent in 1963. Yet the fact that Pabst was third in 1952, ninth in 1957, and third again in 1962 indicates that the industry was far from stable. Furthermore, regional brands like Lone-Star and Pearl, two Texas brands that forced a

national brand out of their market, compete very effectively with national brands and require only a regional advertising budget. Comment.

14. What is the economic impact of advertising? When will it generate lower prices? Under what conditions will it increase prices? Evaluate the causal model represented in Figure 19–2.
15. If you were the chairman of an advertising agency with a cigarette account would you drop the account after hearing the Surgeon General's report on smoking and health?
16. It has been proposed by Ralph Nader that a 100 percent tax be applied on all advertising expenditures in excess of a percentage specified for different com~~panies by the FTC.~~ Evaluate this proposal. How else might large advertising expenditures be reduced? What would be the effect of a law outlawing advertising in the cigarette industry? In the detergent industry (in which 11 percent of sales is spent on advertising)?

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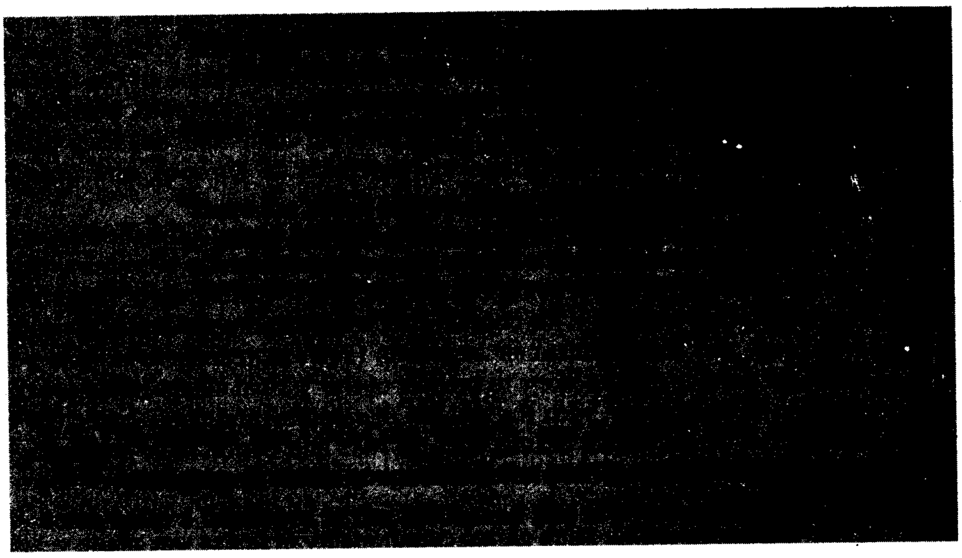
20 GLOBAL MARKETING AND ADVERTISING



THE GLOBALIZATION OF MARKETS . . . .

First, the consumer and business markets in North America, western Europe, and Japan—while still very big in size—have begun to show signs of slower growth, as their rates of annual population and household growth slow down to 2 or 3 percentage points per year. Companies with most of their sales in these markets have thus realized the need to look to other markets for growth. The consumer goods giant Procter & Gamble, for instance, already has over $4 billion in sales coming from 130 markets outside the U.S., and sees such non-U.S. sales as its main source of future growth. In particular, many countries in Asia have annual growth rates for their economies that are much higher: China's economy, for instance, grew at over 9 percent per year for the ten years prior to 1994 (and shows no signs of slowing down).

Second, while the mature markets of North America, western Europe, and Japan are becoming ever more price-competitive (and less profitable) for major brands, with an increasing number of consumers preferring to buy cheaper private (store) label brands, consumers in the rapidly developing markets of Asia (and elsewhere) are showing a voracious appetite for branded goods, which often serve a need to reflect rapidly changing social aspirations.[1] Thus, Western companies are finding sales in the newly growing markets of the world to be both easier and more profitable.

Third, the crumbling of political, economic, and customs barriers in the last few years has made it much easier for companies to operate in a truly global manner, instead of merely multinationally or in a *multidomestic* manner. For instance, the increasing integration of western European economies at the end of 1992, and the opening up of the eastern European markets to the West, means that companies can now more easily consolidate their production facilities for Europe in one country instead of producing locally in every European country, thus realizing economies of scale. This has led to the increased attention to the need to create truly global brands that can take advantage of such economies. Relatedly, many of the retailing customers to which manufacturing companies sell their products are themselves becoming transnational (especially in Europe), and manufacturers have to deal with them on a multicountry basis.

Fourth, the growth of global media has led both to the increasing homogenization of consumer tastes across the world, and to the increasing use of standardized or global advertising campaigns which can be seen simultaneously in many different countries. Of course, this is an incomplete and still-evolving phenomenon, and some consumer segments (such as teenagers or young business professionals) are more likely to be part of the "global village" than are other consumers. Nevertheless, with the growth of satellite- and cable-based TV channels across the world, global brands such as Nike and Canon have increasingly begun to strengthen their global brands through the use of standardized global ad campaigns.

The argument for such global commonality of tastes was made very strongly by Harvard Marketing Professor Ted Levitt, who wrote in 1983 that nothing confirmed such globalization more than "the success of McDonald's from the Champs Élysées to the Ginza, of Coca-Cola in Bahrain and Pepsi-Cola in Moscow, and of rock music, Greek salad, Hollywood movies, Revlon cosmetics, Sony televisions, and Levi jeans everywhere."[2] Levitt argued that such homogenization of tastes allowed perceptive global marketers to market very similar products worldwide at lower cost than smaller-scale local producers. We shall see later that Levitt's arguments, while provocative and insightful, somewhat overstate the case for such homogenization, and most global marketers in fact combine or blend local variation with global standardization.[3]

In any event, there is no doubt that global marketing and advertising are becoming very important today because major companies and brands have begun to see the need to grow in countries outside their traditional domestic bases, and because the globalization of markets, media, and consumer tastes is beginning to allow for the production, marketing and advertising of brands on a truly global basis. Finally, advertising agencies (such as Saatchi & Saatchi, the WPP group, and the Interpublic group) themselves have, since the early 1980s, begun to form global networks and alliances (see Chapter 1). They did this in part because their increasingly global clients began to seek global servicing capabilities, and in part because they wished to gain a larger share of the fast growth in advertising revenues outside the United States and western Europe. This growth in the ability of advertising agency networks to create and implement global advertising campaigns will be discussed more fully in a later section of this chapter.

GLOBAL PRODUCTION AND MARKETING: THE ARGUMENT FOR GLOBALIZATION . . . . .

A key business advantage enjoyed by companies that operate with a global strategy is that they can enjoy operating economies of scale. This means that by having larger volumes of the same product manufactured and sold over a larger market area, such a global company can produce and market them at a lower cost per unit than a smaller-scale competitor. These economies of scale can come in production and packaging costs, in research and development costs, and in marketing costs, among others. Packaging costs can often be cut by having one standardized package carrying multilingual packaging information: this is often done for products sold in western Europe.

In addition, because it sells essentially the same product in multiple countries, a global company can invest far more resources in research and development than smaller local competitors, because its R&D expenses can be amortized over its much larger global sales volume. Thus while a local camera manufacturer selling only in Thailand cannot spend much on R&D to improve its product, a Japanese camera manufacturer like Nikon sells its cameras worldwide and thus can invest much more in basic technology development than that Thai competitor, giving its product a technological advantage in the marketplace.

Finally, if the same product can be marketed in the same way in many countries, a global company can potentially leverage the same investment in packaging, market research, and advertising development and production costs over all of these markets, instead of incurring these expenses afresh in each of these markets. This source of marketing cost savings can be another source of pricing advantage, and is one reason why the idea of building global brands—those with the same name, packaging, formulation, and advertising in multiple countries—is so appealing. (Another reason is simply that consumers in each of these markets may all be so similar that they all respond best to that unified brand proposition.) Colgate-Palmolive, for instance, introduced its Colgate tartar-control toothpaste nearly simultaneously in over forty countries, each of which was allowed to choose one of two ads—saving the global giant an estimated $1 million in ad production costs alone, per country.[4]

PERSISTING CULTURAL DIFFERENCES: THE ARGUMENT FOR LOCALIZATION . . . . . .

Counteracting these potential savings, of course, is the reality that consumers in every country are still somewhat different from each other, with different habits, tastes, and preferences, so that the product or brand that works in one market may not work in another. For example, while Americans like to drink orange juice for breakfast, French consumers don't, and while Middle Easterners prefer toothpaste that tastes spicy, this taste may not work well in other markets! Global marketer McDonald's finds it has to vary its menu in different countries—serving beer in Germany, wine in France, and milkshakes flavored with local fruits in Singapore and Malaysia, for example.[5] The business literature is full of stories of disastrous mistakes made by international marketers who failed to understand local consumer differences—such as Pepsodent toothpaste trying to use a teeth-whitening appeal in parts of Asia, where dark-stained teeth were considered prestigious.[6]

More generally, people living in different countries often belong to different cultures, and cultures may even vary widely within a large and multiethnic country (such as India). Every culture is a complex web of social relations, religious beliefs, languages, and consumption attitudes and habits, all of which will obviously impact on how communications are delivered and received.[7] It is a basic principle in communication theory that, for any communication to be successful, the sender of the message must understand the frame of reference of the receiver of the message.[8] Obviously, therefore, a multinational advertiser must understand the cultural nuances of a local market in order to be successful, because it may differ substantially from the culture of the "home" market.

There are numerous ways to contrast cultures, such as their degree of *traditionalism* versus *secularization*,[9] the degree to which they rely on explicit and verbal information (so-called *low-context cultures*) versus implicit and nonverbal information (called *high-context cultures*),[10] and the degree to which they are *individual-oriented* versus *interdependent* or *relational*.[11] For instance, many researchers classify North American and west European cultures as relatively more secular, low-context and individual-oriented, compared to Asian cultures, with Hispanic cultures falling somewhere in between.[12] Given the demonstrated differences across cultures on these and other dimensions—including level of economic development—it seems entirely logical that consumers in different countries may have different ways of deciding which brands to buy, different levels of involvement toward the same product categories,[13] different attitudes towards advertising, and so on.[14]

It is commonly accepted that certain product categories, such as food and beverages, have a very high degree of *cultural grounding*, where such cultural differences make global standardization more difficult than in other categories.[15] Even if the product category is not so culturally grounded, such as personal computers or industrial products, various types of differences still persist across markets. Media availability and distribution arrangements are often very different. Government regulations vary. Consumers have different expectations and preferences concerning colors used in packaging (purple is a death color in Brazil, whereas white is the color for funerals in Hong Kong).[16] And, the competitive environment for a particular brand may vary dramatically: it may be the leader in one market but a minor brand in another—it may even be seen as a niche, import brand, rather than one of the major brands. It may face brands that follow very different positioning strategies across these many markets. It may even be at different stages of the life cycle in different markets: new in one, mature in another, so that having a standardized advertising approach makes little sense.

Finally, marketing and advertising campaigns that are standardized so that they can be used in multiple markets, if not the whole world, have the obvious disadvantage that they may be aimed at the lowest common denominator and may end up not appealing strongly enough to any particular market. As Laurance Hagan, the London-based Director of Marketing Development for J. Walter Thompson put it, "The greater the audience for any message the more bland and general, the less specific and compelling, that message will be."[17]

CROSS-NATIONAL DIFFERENCES IN CULTURE AND CONSUMER BEHAVIOR

Since advertising attempts to communicate the literal and symbolic meaning attached to a brand, and since cultures differ in the ways in which they construe and communicate meaning, successful advertising obviously requires a thorough understanding of the culture within which that advertising message is communicated. Thus, even if a foreign advertiser were to create an advertising message for a local market entirely from scratch—a strategy of *localizing* the advertising message—the task would be hard, and it would be easy to make cultural blunders. Obviously, the task of "standardizing" the advertising message so that it can be used unchanged worldwide is even harder, for now one has to find a message that is equally effective in all these multiple cultures at the same time.

Just how similar or different are consumers across the world? As the quotes that opened this chapter illustrate, there are many different viewpoints. Ted Levitt's view that the world was moving toward greater cultural convergence was discussed earlier, and it is certainly true that with political and customs barriers crumbling, with television channels like MTV and CNN and STAR-TV being bounced off satellites into homes across the globe, with more people traveling and vacationing in other countries, and with global fast-food franchises such as McDonald's appearing at streetcorners from Beijing to Buenos Aires, it often appears that we are indeed all moving toward one homogenized global community.

Such tendencies toward globalization of tastes, and of trends, are especially apparent when one looks at particular demographic subcategories. Teenagers the world over, for example, are more exposed than most to cultural influences from other countries, through fashions in music, clothing, food, personal appearance, and sports. While regional and national differences still persist, teenagers the world over increasingly watch the same TV channels and movies, listen to the same music, idolize the same music and sports stars, and play the same videogames. Their lives and aspirations are shaped worldwide by the same global trends of increasing divorce among their parents, a fear of AIDS, and environmental concerns. Teens typically travel abroad more than their parents and are more likely to know a foreign language, especially English. Not surprisingly, teenagers are less likely to be parochial and nationalistic, and more likely to identify with pan-national organizations (such as a feeling of being an "European" and not simply "German" or "French.")[18] Given such commonality in how teens view the world, it is not surprising that brands that market to teens (such as videogame maker Nintendo) try to use common advertising approaches across multiple countries.

Similarly, women the world over are seeking more actively to participate in workplace success and identify less closely than before with the traditional female roles of mother/nurturer and wife/homemaker. Thus, although very important differences still undoubtedly persist, there can be no doubt that consumers the world over are becoming more alike each other. Global marketers and ad agencies—such as Coca-Cola or McCann-Erickson—seek to monitor and understand these global trends very closely, in order to better market and advertise their brands on a global basis.

It should be noted, by way of warning, that it is entirely possible that the trend towards more homogenous brand preferences we are seeing is not one of true globalization but rather simply one of the increasing popularity in the rapidly developing parts of the world (such as China, India, South America, and Eastern Europe) of the brands and cultural symbols that imply a larger-than-life "western" or even "American" lifestyle—such as Coca-Cola, Marlboro cigarettes (with its Marlboro man cowboy imagery), Levi jeans, Nike athletic shoes, and so on.[19] The popularity of American endorsers and foreign-sounding brand names in Japanese advertising may also be attributed to a desire among Japanese consumers to appear cosmopolitan and westernized.[20] Thus, it is possible that the apparent increase in demand across the world for certain well-known brands such as Coca-Cola and Levi's is largely because they are seen by consumers in many newly opened markets as symbols of the freedom and affluent lifestyles of the West, and not because they are seen as global brands per se. Simply being a global brand may not always be important; what is more likely to be important is what the brand stands for around the globe, such as high technology (examples: Sony, Kodak), or prestige (Rolex, Mercedes, Gucci, Lacoste). There are a few exceptions, such as Benetton, whose "United Colors of Benetton" concept trumpets the very idea of a global village (and that brand's part in it). Generally, however, some of the strongest global brands are not seen by local customers as being global at all, but as home-grown and local (such as Heinz or Kellogg's in the U.K.).

Indeed, one of the clear determinants of a brand's imagery in many countries is the image of its country of origin (such as Japan, the United States, France, Italy, Germany, Korea, etc.).[21] Research has shown that particular countries are consistently associated with certain qualities or imagery. For instance, France—and therefore a brand associated with France, such as Perrier mineral water—could be widely perceived to be linked to qualities such as aesthetic sensitivity, refined taste, sensory pleasure, elegance, flair, and sophistication.[22] Successful brands that have taken advantage of such imagery include Heineken beer, which is a mass-market beer in Europe but chose a premium positioning in the U.S. because Dutch beers are "supposed" to be superior, and Häagen-Dazs and Crabtree and Evelyn, whose names suggest an entirely fabricated European origin. (The name Häagen-Dazs suggests that this ice-cream is made in Scandinavia, but its true origins are 100 percent New Jersey, U.S.)

It seems paradoxical that at the same time that consumer preferences are supposedly becoming homogenized, we also find a widely reported trend to micromarketing and direct marketing. Consumers are also supposedly becoming more differentiated in their wants and needs (see Chapter 3 on database marketing). How are we to reconcile these apparently divergent trends?

One way of reconciling these is to understand that while consumer segments do indeed exist across the world, these segments are increasingly defined not by geographical and national boundaries, but instead by universal consumer wants and needs. Thus, as our chapter-opening quote from Saatchi & Saatchi said, an affluent, college-educated, white-collar, dual-income American couple in midtown Manhattan may indeed have more in common with one in the 7th arrondisement in Paris than with one in the Bronx. We will now investigate this idea in more detail.

GLOBAL CONSUMER SEGMENTS . . . .

There are clearly cases when the same consumer segment exists in many countries across the world, though obviously to differing degrees. Thus, the very rich in Korea, China, the Netherlands, or Brazil may all want to buy luxury cars such as a Mercedes, and that car can be positioned as such worldwide to this segment. Cross-cultural anthropologists talk about *cross-cultural cohorts*, groups of people who belong to different cultures or nationalities but nevertheless share common sets of needs, values, and attitudes.[23] Thus, no matter where they live, consumer groups such as new mothers, computer users, international business travelers, audiophiles, high-end photographers, and so on represent groups with similar needs and wants. Because babies' bottoms are the same everywhere, diapers such as Pampers can use the same marketing and advertising strategies worldwide.

Many researchers, companies and advertising agencies have conducted research to find out if such *global segments* can be identified using psychographic research (Chapter 6 discusses psychographics). Alfred Boote, a psychographic researcher, studied the comparative value structures of 500 women each in Germany, the United Kingdom, and France in 1978, and found both similarities and differences. In terms of similarities, it appeared through statistical analyses that all three countries had four types, or segments, of women, labeled "traditional homemaker," "contemporary homemaker," "appearance-conscious," and "spontaneous." However, while the "traditional homemakers" accounted for about one-third of the sample from each country, the proportions for the other three segments varied dramatically across countries. The "contemporary homemakers" were found more often in the U.K. than in the other two countries, the "appearance-conscious" group was made up almost entirely of Germans, while the "spontaneous" group was mostly French. Boote's conclusion was that while a common advertising strategy might be possible for these three European countries, thematic variations across countries, to accomodate country-specific differences, were also advisable.[24]

Not surprisingly, many other researchers and ad agencies have also attempted to find common "Euro-Consumer" segments, given the recent (1992) integration of much of western Europe into one big market of 320 million consumers. The ad agency of D'arcy, Masius, Benton and Bowles found four lifestyle groups common across western Europe (called "Successful Idealists," "Affluent Materialists," "Comfortable Belongers," and "Disaffected Strivers"), and one prevalent only in southern Europe ("Optimistic Strivers."). The first group, which is materialistically successful but still believes in socially responsible ideals, is especially prevalent in Germany and Scandinavia.

An even larger-scale study is that conducted by the Backer Spielvogel and Bates (BSB) ad agency, conducted since the late 1980s in at least different eighteen countries from all over the world. Called *Global-Scan*, about 1,000 consumers in each country are asked not just questions on values and attitudes, but also on brand and product usage, and media use. The analysis focuses on those attitudes and values that appear to be predictive of actual consumer behavior (product and brand use). According to the agency, the data suggest that 95 percent of the population surveyed can be put into one of the five global segments below, with the remaining 5 percent "unassignable:"

Strivers **(26 percent of the U.S., also high in France and Spain). Young, success-seeking, leading time-pressured lives. Materialistic, pleasure-oriented, seek instant gratification and convenience. These are mostly "baby-boomers" in the U.S., but are older in other countries such as Germany.**

Achievers **(22 percent of the U.S., also high in Spain). Slightly older, already successful, affluent. Opinion-leaders, status-conscious. Seek to buy quality.**

Pressured **(13 percent of the U.S.). Mostly women, facing financial or familial pressure. Highly stressed.**

Adapters **(18 percent of the U.S., higher in Germany). Older, with somewhat traditional values but open-minded, living comfortably in their golden years.**

Traditionals **(16 percent of the U.S., higher in Germany). Most traditional and conservative, prefer to stick to the familiar and established in their personal lives and their consumption patterns.**

The BSB survey finds many other very interesting differences and patterns both within and across countries. Within Japan, for instance, there appear to be major differences in value-orientation between men and women, and between younger and older consumers. Men believe more in traditional family roles than women, and younger Japanese are more materialistic and consumption-oriented than older Japanese. These data suggest that values and attitudes might shift dramatically in Japan with the changes in generations. Across the U.S. and Japan, meanwhile, the research showed that while U.S. strivers sought cars that were fun, stylish, and fast, Japanese strivers were most interested in extra features such as expensive stereo systems and lace curtains—they considered their car an extra room of their home![25] Other research also exists on consumer segments within Japan, including a major new segmentation scheme developed by SRI, who created VALS and VALS II in the United States (see Chapter 6).

Finally, the Young & Rubicam ad agency has its own theory-based global segmentation scheme, called Cross Cultural Consumer Characterizations (4Cs), in which consumers in twenty countries have been placed into seven segments based on data on their goals, motivations, and values. These seven segments include two are characterized by financial insecurity, three that comprise the "middle majority" (seeking success and achievement but also security and conformity), and two that are more driven by either internal values or social betterment.

In sum, many of the global segmentation schemes discussed above—and the many others not discussed here—find (not surprisingly) between five to seven groups of consumers, varying chiefly on the dimensions of income, desire for material success and social acceptance, and personal or social idealism. Put rather crudely, every country has its rich, middle-class, and poor, those who live their lives "keeping up with the Joneses" and those who instead are dreamers and rebels. Since human nature and circumstance are essentially the same no matter where you live, this should not come as a surprise. The challenge facing a global marketer and advertiser is in not only knowing the global segment to which your target consumer belongs, but also the local differences that make that same consumer different in one country than in another. The following section discusses the need to focus on both simultaneously.

SEEKING A BALANCE: PLANNING GLOBALLY BUT ACTING LOCALLY

Not surprisingly, the solution to this global-versus-local dilemma is to modify products just enough in local markets to make them strong competitors in those local markets, but to maintain whatever uniformity is possible across multiple markets to allow for some of the potential global economies of scale to be realized. This is often called a strategy of *glocalization*, or "planning globally but acting locally." In essence, companies try to centralize and coordinate as much as possible, to save money and cut costs—such as research and development expenditures, the shooting of footage or photographs for ad commercials, certain key-account sales and service activities, and so on. At the same time, they localize those marketing activities that are most effective in differentiating the brand from a local perspective, such as the choice of "add-on" accessories or service packages offered to the local customer.[26]

A frequently-used compromise between complete standardization and complete localization is one of regional or "country cluster/segment" standardization, in which the product is varied to match regional or country segment/cluster tastes, but uniformity is maintained within that region or segment. Thus Polaroid markets a Spectra System of cameras and accessories in the United States, but the same line is called its Image System in Europe—and marketed on the same pan-European basis by its European headquarters.[27] Apart from using geographical convenience, the clusters or segments used might also be based on common needs (such as new mothers, international business travelers, etc.), demographics (such as teenagers), or psychographics (such as the different global value segments discussed in the previous section).

No matter what the exact strategy followed, it is vital that the global marketing program make sufficient use of prior research about the acceptability in other countries of marketing practices in another, and allow the local subsidiary managers adequate input into the tailoring of marketing programs for their countries.[28] It is the local P&G manager in Venezuela, for instance, and not someone based in Cincinnati, who must decide if the commercial positioning developed for Pro-V formula Pantene shampoo in Taiwan—that it strengthens the hair and makes it shine—will also work in Venezuela (which it did).[29] Global companies, such as Nestlé, have elaborate "cross-pollination" mechanisms and systems to ensure that marketing ideas and practices used in one market are known and made available to managers in other countries, such as newsletters and conferences. But the decision of whether and when to use a particular idea is usually left to local managers, though there is often strong central prodding to reuse an existing idea than to start from scratch, in order to save money.

GLOBAL BRANDING AND POSITIONING

As just discussed, because a global marketing strategy attempts both to standardize (in order to conserve resources) and to localize (in order to be maximizally responsive to local market needs), a *global brand* is rarely the same identical combination of product, package, name, positioning, and advertising execution all over the world. Instead, the brand is more likely to appear in each of those countries using one of a few alternative formulations, packages, names and ad campaigns, with the exact "mix" varying by country or region. For instance, the same Palmolive soap can appear worldwide in three different shapes, seven fragrances, one core packaging design, and two related positionings, one each for the developed and developing countries.[30]

Given the apparent advantages of global branding and the many factors arguing for such brands, just how widespread is the practice of *global branding*? The consulting company Interbrand claims that seven of the world's top ten brands are American: Coca-Cola, Kellogg's, McDonald's, Kodak, Marlboro, IBM, and American Express.[31] One research study has shown, however, at least as far as brands originating in the United States are concerned, the international diffusion of such brands is actually rather limited. With the exception of a few "star" brands (presumably brands like Coca-Cola), most of these U.S.-based international brands still obtained the vast majority of their sales from the U.S. and Canada. When brands do expand into other markets, they tend to expand first into culturally similar markets (such as the U.K., for a brand from the U.S.), and they tend to use the same brand name. It also did not appear, in this research study, that standardized brands were either "younger" or "older" in age than nonstandardized brands: local brands do not necessarily "mature" into global brands.[32]

Building a global brand is obviously an extremely challenging task. Obviously, the general principles of brand-building in any one country apply, such as creating strong brand awareness and strong, positive, and consistent brand associations, and a strong visual brand identity, such as an logo or symbol (see Chapter 8 for some details). Advertising plays a major (but not exclusive) role in these, as it does in establishing the brand's reputation for high and consistent quality, another key component of building a brand's equity. For a brand that seeks to be global, however, an additional requirement is a certain core consistency of brand imagery worldwide—but one that still works locally in each market. Alvin Schechter, chairman and chief executive of the Schechter Group, a New York design consultancy, points out that "it may be global marketing, but it's (still) *received* locally."[33]

Brands strong in one country (such as the U.S.) that seek to become global must first find out what equities the brand has in its home country, determine through research which of these are transferable to the new target countries, and then find out how they can best be leveraged and communicated in that new market. Many discover that not all the equities that are strong in the home country can be leveraged in other markets: Ford, Chrysler, Kraft, and American Airlines, for example, have much stronger brand equity in the U.S. than in the U.K.[34] Brands going global also face the special challenges of obtaining access to distribution and to raw materials and other resources, access taken for granted in the home market.[35] Indeed, many global marketers seeking to enter new markets choose acquisitions of existing local brands, or joint ventures with them, as the most efficient ways to gain such access, instead of simply extending their existing brands into the new market.

Once such a strong brand identity has been established, great care has to be taken to protect the brand against trade mark infringement of all of the brand's various equities (name, logo, packaging design and colors, etc.). Such *intellectual property rights* are not legislated and/or enforced with equal vigor in different parts of the world, and a global marketer must be especially vigilant to protect these rights, for they form the essence of the asset we have called the global brand.

GLOBAL ADVERTISING . . . .

Given the background above on the forces making for global marketing and brand ing, it should come as no surprise that there are many marketers who see an inexorable drive'to more global advertising as well. Obviously, there are many others who see such globalization as impossible, given the many differences that exist across countries, cultures, and markets. But this global-versus-local debate is really pointless, because, in reality, the issue is not one of whether an ad campaign for a brand can be completely *globalized*, but rather of the extent or degree to which a global brand's campaign can be *standardized* across the world.

According to Sandra Moriarty and Thomas Duncan, such advertising standardization can vary on a continuum, if one breaks up an ad into its *message strategy* and *tactical execution* components. At one extreme, an advertiser could totally standardize both the advertising message strategy and the tactical message executions. Next on the continuum would be a standardized strategy with *translated executions*, followed by standardized strategy with *modified executions*, to *totally localized strategy and executions* on the other extreme.[36] Taken literally, the extreme of having the same strategy and identical execution in every country implies a nonverbal presentation (to get around language barriers). While this happens occasionally, it is rare. Thus, the options are usually ones of having the same strategy or modifying it and, if the same strategy is retained, of merely translating the tactical execution or modifying it more substantially.

Research shows that most global marketers still tend to use the *substantial modification* or *complete localization* approaches more than *complete standardization*. One recent survey of international advertisers found that only 9 percent claimed to use totally standardized advertising in all markets, 37 percent used completed localized advertising, while a majority (54 percent) used local agencies to tailor an umbrella strategy theme to the customs, values and lifestyles of their local markets.[37] Another survey of major U.S.-based multinationals found that ad-where as being a premium, luxury brand, it varied across countries in the extent to which it was seen as old-fashioned and traditional, versus modern and elegant—and consumers in different countries varied in which of those two kinds of luxury scotch whiskies they preferred. The advertising brief for the different countries thus varied in whether it emphasized the "old-fashioned, genuine, traditional" angle or the "more modern, sophisticated, elegant" angle, while keeping to the common core positioning of "luxury, premium" positioning.[46]

MESSAGE TACTICS

Message tactics have to do with the tone and format of the advertising message selected: the choice of relying on an image-oriented, rational, emotional, humor-based, fear-based, comparative (etc.) approach. Many studies have shown that advertisers in different countries vary in the preference for creating advertising that uses a rational or informative approach, versus a "softer-sell" emotional or image-based approach. This presumably has to do with cultural differences across consumers in these countries, although it is also possible that advertisers in some countries use a common advertising style or approach simply because that's what every other local advertiser seems to have always used (in other words, out of habit and ignorance rather than out of carefully considered choice). Another reason for such differences may be laws or traditions concerning the acceptability of comparative advertising, which are not allowed or shunned in many countries (see Chapter 18).

Much research, has shown, for example that Japanese ads tend to be more "indirect," less "pushy," more laden with symbolism, less copy-intensive, more emotional, more humorous, more status-oriented, more aimed at building company image, and less comparative, than ads in the United States.[47] British TV ads tend to be more soft-sell in approach and more entertaining than U.S. TV ads, for a variety of cultural, historical, and advertising practice reasons.[48] French print ads tend to use less information and more sex appeals (and more humor and emotion), than print ads in the U.S.[49] German ads tend to be relatively more direct and factual, using more information,[50] as do ads in the People's Republic of China (though this may soon change).[51]

Rational ads tend to be less attention-getting and less persuasive than emotional and humorous ads in the U.K. and France, according to copy-testing research. This research also suggests that Europeans are relatively more likely than Americans to view their local ads as entertaining, but also more likely to have trouble understanding those ads![52] A great deal of other research has attempted to measure the information content of ads in various countries and concludes that, in general, U.S. advertising is less informative than that in Asia, but is more so than that in Europe. U.S. ads are also more likely to use a "lecture" fomat than are ads in Taiwan and France, which are more likely to be "drama"-oriented.[53] ("Dramas" versus "Lectures" are discussed in Chapter 9).

Such differences arise for a complex variety of cultural reasons (e.g., the historical importance of imagery and symbolism in Japanese literature, or the German preference for stressing concrete and tangible concepts over fantasy).[54] In addition, they are also influenced by the presence or absence of laws about comparative advertising or advertising substantiation and deceptiveness, and so on. One research study found that ads in France and Taiwan tend to "overpromise" about what the product can deliver, compared to U.S. ads.[55] Such differences could also be caused by media cost and availability: Japanese ads may be less copy-intensive in part because they are mostly fifteen-second spots, to allow for higher repetition and smaller budgets.[56] But just because ads in a certain country tend to be of a certain kind doesn't mean they should always be that way. A study conducted in the UK, France, and Germany by the copy-testing company GfK found that in all three countries, consumers wished that their local ads would be more informative, easier to understand, more believable—and less emotional.[57] Japanese consumers have been exposed to comparative advertising only since 1987, and some advertisers believe that Japanese ads are now becoming more "hard-sell," although the empirical evidence on this is not clear.[58]

It could be argued (and debated) that such differences in national character and preferences might diminish over time as we move toward greater cultural homogeneity in the world. Given these current differences in local advertising practice and preference—and in differences in media and production costs—however, it is not surprising that most global companies tend to modify their local advertising to suit these local needs.[59] A study found, for example, that Japan-based and German-based companies advertising in Indonesia, Spain, and the U.S. all tended to adapt their advertising approaches to these markets.[60]

Even if the same creative approach is used across countries, the specific executional elements may need to be varied. For example, humor needs special care when used in multiple markets, because there are well-documented differences in what consumers in different countries find to be funny (see Chapters 9 and 12). The use of an emotional appeal must recognize the fact that while some societies are highly emotionally demonstrative, others prefer more sedate and private behaviors. If the creative tactic is the use of logic and reasoned argument, the level and nature of the arguments used may need to be adapted to the education and product-category knowledge levels of the target consumer. A consumer in India doesn't have to be told about the quality of a brand of tea, for example, but a European consumer might. A fear appeal may work better if it uses local variations in what people find most threatening and anxiety-provoking. The choice of expert or celebrity endorser may also need to vary across countries, although a few endorsers may have an appeal that transcends national boundaries (such as Michael Jackson for Pepsi, or Arnold Palmer for Rolex).

Research has also shown that Europeans are, in general, more skeptical of advertising than are Americans, and like their ads less.[61] The copytesting company McCollum-Spielman has also found, in developing copy-test norms for recall and persuasion across twenty-four countries, that consumers in different countries vary tremendously in the degree to which they pay attention to ads and/or are persuaded by them. For instance, Japanese consumers are very unlikely to pay attention to ads (the average level of awareness created by ads is apparently low) but are, in contrast, very likely to be persuaded (the average level of persuasion, as measured by copy tests, is very high). They also report that the same standardized ad execution is very likely to get very different recall and/or persuasion scores in different countries.[62]

As a result of such differences in what kinds of advertising "works best" in each country, many global advertisers use the same positioning or theme or creative idea across local markets, but then give the advertising execution a local twist. For instance, Snuggle fabric softener uses the same creative idea of a cuddly animal but varies which animal it uses in different markets. Impulse deodorant spray uses the same idea of a romantic outcome emerging after the consumer "acts on impulse" but varies the local settings and casting. Obviously, product shots have to match the local packaging, and this can sometimes be changed through the use of computer graphics techniques. If fresh local production is not required, the same centrally produced television footage or print photographs or art can simply be dubbed or overlaid with the local language. The other extreme is to produce the local ad entirely from scratch, in which case there are obviously few, if any, savings in production costs. In a few cases local regulations may even mandate the use of locally shot footage.

Obviously, the more the standardization, the more the potential savings in time and cost. Ads that rely largely on visuals and music are more easy to use in multiple markets than those that are copy-heavy or use slogans (which often do not translate well). Gillette used the same emotional images of the link between father and son for its Sensor brand of razor across European markets after tests showed they were interpreted the same way. Global companies attempt to create campaigns that they think have the best chances of succeeding worldwide (or in as many markets as possible) and then ask their local subsidiaries to try to use that global campaign unless local modifications are proven to be essential. Many create the photography, television shooting, and music-track recording in one central location (often called the *lead agency*) and then urge or require local agencies to use them whenever possible, following specified use guidelines or standards. (Local voice tracks can easily be added on.) Local modifications and extensions are often subjected to a central approval process. Gilbey's gin, for instance, which is sold in 150 countries, developed a campaign in New York and then offered it to the various ad agencies that handled the account in various markets. They were offered the options of running it unchanged, adapting it for local use, or running their own locally created ads—if they scored at least as well as the New York campaign in local copy tests.[63]

MEDIA STRATEGY . . . .

Media strategy refers to the setting and allocation of advertising budgets. Logic would suggest that there are more factors that argue for differences across countries than for similarities. Ad budgets would be likely similar across countries if purchase cycles for that product category are similar, since the frequency of exposure often depends on the length of the purchase cycle. On the other hand, there are many more factors that most likely will be different across countries: the absolute and relative costs of various media, the number of target consumers reached by these media, the spending levels and patterns of competitive brands, the product life cycle stage and household penetration percentages for the product category, and so on.

For example, the cost-per-thousand people (for adults 15 and older) in 1993 for a thirty-second prime-time TV spot ranged from about $5 in Japan to almost $24 in Switzerland (and about $7 in the U.S. and U.K., and $12–13 in much of Western Europe).[64] Thus, it is very likely that a multinational might need to have widely varying ad budgets (on a pro rata basis) in many markets. Further, the allocations of a given budget across media categories might need to be different too. For example, although cinema advertising is extremely minor in the U.S., it is a major advertising medium in many parts of Asia. Research has confirmed that advertisers in different countries follow very divergent methods to determine their advertising budgets and vary widely in how their budgets are allocated across media.[65]

MEDIA TACTICS

Media tactics refers to the allocation of advertising budgets across specific media vehicles. Since by far the bulk of the media options available in any market are local or regional—specific to that country—the media planning and buying almost always have to be done at a local or regional level.[66] Countries also vary dramatically in the degree to which various media reach different audiences, and in the availability of advertising time and space in those media. For instance, databased direct marketing is still quite small in most markets outside the United States, because the availability of lists is very limited (although this is changing slowly, especially in Europe).

This need for local decision making is made even stronger by the absence in many markets of the kinds of syndicated media data we discussed in Chapter 17, so that unless the media planner is physically in the local market there is almost no way of knowing the relative costs and efficiencies of local media options. Usually, therefore, the media planning and buying are done locally, but the core elements of media strategy—such as the target audience definition, the reach and frequency goals, and so on—may still be decided centrally, or at least be made subject to central approval.

While such local media buying is therefore usually necessary, it must be noted that the late 1980s and early 1990s have seen a dramatic increase in the number of global or regional media channels, such as satellite-based TV channels that are either received directly at home via satellite-receiving dishes, or via cable. These include Star TV in Asia (which by 1993 was reaching over 45 million viewers in thirty-eight countries), SuperChannel in Europe (reaching over 55 million households), Telemundo and Univision in Latin America, and MTV (237 million households) and Cable News Network (CNN) the world over. Experts have put the growth rate of such media at between 10 to 15 percent per year.[67]

It is thus becoming possible to make centralized (and thus cost-efficient) cross-country media buys using some of these media channels, and large global advertisers are in a position to obtain lower prices from such channels by virtue of the size of their media buys. For example, Unilever would deal in a centralized manner with Star TV in Hong Kong to buy satellite coverage for many of the Asian markets reached by Star TV in which local Unilever subsidiaries operate (such as India, Indonesia, etc.), and would obtain lower prices because these media buys are several times bigger than those of local Indian or Indonesian competitors. It should be noted that such media buys are still mostly made for ad campaigns that vary by country. Truly global media buys—using absolutely standardized campaigns placed in media with multinational reach—is still very small, and aimed mostly at English-speaking business executives or key national elites.[68]

Finally, it should also be noted that media institutional arrangements also vary greatly across countries. Much more media buying is done via huge media organizations in Europe (e.g., Carat in France) than is currently done in the United States, for instance, although there have recently been legislative restrictions restricting it in Europe.[69] And, while agency compensation is still mostly commission-based in the U.S., it is fee-based or calculated on a cost-plus basis in many other parts of the world.[70]

ORGANIZING FOR GLOBAL ADVERTISING. . . . . .

International advertising networks have existed since 1899, when J. Walter Thompson first went international. McCann-Erickson opened its London office in the 1920s, to handle Standard Oil, one of the first truly global brands. Since then, most larger agencies and agency holding companies have greatly expanded their international networks, through full- or part-ownerships of local agencies, joint ventures, strategic alliances, etc. Today, at least thirteen ad agency networks have operations or affiliates in more than thirty-nine countries each. These thirteen include Backer Spielvogel Bates, BBDO, Leo Burnett, D'arcy Masius Bentón and Bowles, DDB Needham, FCB Publicis, GGK, Grey, Lintas/Ammirati, Ogilvy and Mather, Saatchi & Saatchi, J. Walter Thompson, Young & Rubicam, and McCann-Erickson.[71] As discussed in Chapter 1, several of these belong to one agency holding group (e.g., Lintas/Ammirati and McCann-Erickson are both part of Interpublic).

Much of this growth in international agency networks occurred during the late 1980s. There are at least two reasons for this growth. First, global clients (such as Procter & Gamble, Unilever, Johnson & Johnson, S. C. Johnson, Nestlé, Philip Morris, etc.) are greatly expanding their operations outside their home markets and have increasingly begun to consolidate their accounts at one or two global agencies that can service that accounts' needs in most or all of the countries in which that brand is marketed. For example, in 1991, BBDO serviced the Pepsi account in forty countries over the world.[72] Such consolidation can lead to reduced production costs, enhanced coordination, and a greater chance that a consistent brand image is projected worldwide. While the trend toward such consolidation seems strong, some research has shown that in most cases client companies still use different agencies for their home markets (e.g. the U.S.) and for overseas.[73]

The other reason is simply that the rate of growth in advertising spending has recently become very high outside North America and western Europe, so that ad agencies based in those regions have been driven to expand into other markets to take advantage of that advertising billings potential. In the late 1980s, Japan was the second biggest advertising market outside the U.S., followed by the U.K., Germany, Canada, France, Italy, Spain, Australia, Brazil, Netherlands, Switzerland, Finland, Sweden, and Denmark.[74]

As part of these global servicing requirements, global clients have begun to demand centralized account servicing structures from agencies so that the global headquarters personnel of the client can deal with just one account team at the agency that is reponsible for the creation, coordination, and implementation of the global ad campaign for that client. (It should be remembered here that by a *global ad campaign*, we do not mean one that is used unchanged in every local market, but rather one that is modified by locally affiliated agencies on an as-needed basis.). In response, most global agencies now have a few key account personnel (in New York, London, etc.) that serve as the global account managers who deal with the headquarters personnel of these global companies. These global account managers, in turn, then deal with the local account managers for that account in the various networked local agencies. The local account managers then deal with the local client personnel in either adapting the global ad campaign or in creating the local campaign, and in planning and implementing the local media buys.

Obviously, one of the key barriers or problems to creating global ad campaigns is the possible resistance of local ad agency and/or client personnel to campaigns "not invented there" but imposed centrally from elsewhere. To help overcome this, many global campaigns are created with advance input from the personnel of local operations (both client and agency) and may even use multinational account and creative teams at the central location (e.g., McCann-Erickson reportedly has a creative team in New York working on Coca-Cola's global campaigns that consists of people of various nationalities). Such multinational teams may be permanent, or temporary (assembled for a particular campaign and then dissolved, with the members returning to their home countries). In addition, the advertising concept developed centrally is almost always tested locally, to see if it will work well there. Even the Marlboro (cigarette) Man and Tony the Tiger (for Kellogg's cereals) symbols have had to be carefully tested around the world, and were by Leo Burnett. When such local tests reveal that fine-tuning is needed, this gives the agency an opportunity to get local creatives to help improve the ad with their changes. Not only does this make the ad work better in that local market, it also gives the local creatives a sense of co-authorship—the "not invented here" resistance gives way to an "we improved it here" enthusiasm.[75]

Another reason for such centralized campaign creation is that creative talent (such as creative directors) is often scarce in certain parts of the world.[76] It is hard for Citibank's ad agency in Belgium, for instance, to create a satisfactory campaign from scratch, because the best creative talent in Belgium often prefers to work in Paris, with its bigger opportunities, rather than in Brussels. Even when creative talent is easily available locally, centralized campaign creation has the advantage of making sure that the creative product produced locally is not different from the kind desired merely because the creative style and philosophy of the local agency differed from that of the central agency (instead of a difference in marketing circumstances).[77]

SUMMARY

A few key conclusions can be drawn that will serve to summarize this chapter. First, there are many potential advantages to creating globally coordinated brands and ad campaigns, but, in most cases, there are enough variations in local consumer, competitive, cultural, and economic conditions to make complete standardization impossible or infeasible. Despite the increasing convergence of markets, consumers and media across the world, vast differences remain. Thus, most companies try to balance global and local needs as best they can, often by creating strategies and creative ideas centrally but allowing local tactical and executional variations. In doing so, they seek to use ad agencies with global resources and networks, and both clients and agencies are modifying their structures and systems to implement global ad campaigns.

DISCUSSION QUESTIONS

1. If you have traveled or lived overseas, write down some differences in consumer attitudes or behavior that you noticed while outside your home country. How do you think these differences might affect the marketing and advertising of products?
2. Do you agree that North American and western European cultures are relatively more "secular," "low-context," and "individual-oriented," compared to Asian cultures? Why or why not?
3. Which brands do you think are truly global brands? What do you think gives them this global appeal?
4. Can you think of some examples of ads that you have seen recently that might have some problems if they ran unchanged in some other countries? In which countries would they have a problem, and why? How might they need to be modified to run in those countries?

NOTES

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READING

A BLUEPRINT FOR CAMPAIGNS THAT TRAVEL AROUND THE WORLD

Noreen O'Leary

After the Supreme Court broke up Standard Oil in 1911, the man running its advertising department was invited by John Rockefeller to create an agency to handle its disparate new operations. In taking the Standard Oil accounts into Europe in the '20s and Latin America in the '30s, Harrison McCann's new shop became a pioneering force in creating the modern global agency.

Today, that head start on international expansion has led to an agency that generates 73% of its $6.7 billings overseas. Longtime McCann-Erickson Worldwide clients such as Coca-

Cola, Unilever, General Motors and Standard Oil's off-spring, Exxon/Esso, require work to be done in 50 or more countries each.

Such far-flung assignments dictate a nimble yet consistent approach to the creative product. Given its decades of experience, McCann has firm ideas about how to execute ads across international boundaries. For instance, it distanced itself from the trendy "same execution everywhere" theories that took hold in the merger-happy '80s. Rather, McCann sees global clients as existing on a continuum, along which they can move fluidly as their corporate needs change.

"You can't treat brands like precious icons," says Bruce Nelson, who was named executive vice president/director of worldwide accounts last month. "They're running like broncing bulls in a constantly changing marketplace. You have to know how to ride them."

A longtime McCann copywriter, Nelson is the agency's first chief strategist to come out of the creative side. For six years, he was McCann's executive vice president/director of strategic creative development; in March 1993, he was tapped as executive vice president/creative director, worldwide accounts. To Nelson, that mix is not an insignificant detail about his view of the business.

"As a creative person, it's easy for me to explain strategy to a client in concrete terms," he notes. "You can bring to the account side of the job a certain amount of dynamism and nuance from the creative side."

With his strategist's hat on, Nelson outlines two points on the global account axis. On one end are pure international brands like Martini & Rossi vermouth that use "one sight, one sound, one sell" campaigns. At the other end are clients such as Nabisco, which favor decentralized product positioning for goods sold under different names based on the marketing needs of a particular country.

In between those extremes are two main styles of advertising. One stresses a consistent product positioning regardless of where a product is sold and under whatever brand name is adopted. For a McCann client like Nescafé and its well-publicized serial romance campaign, the product positioning or product demonstration is the same, whether it's applied to Nestlés Gold Blend in Britain or Taster's Choice in America. The rest of the message may be specific to satisfy the needs of each country's culture.

A client like Black & Decker may opt instead for a consistent brand positioning. What the brand stands for remains the same and the advertising fits a pattern. The campaign imagery is then adjusted on a country-to-country basis to reflect local tastes.

"A product occupies functional territory, while a brand occupies mental territory," Nelson explains. "Because a product seeks to persuade by its features, it is fundamentally rational. Because a brand seeks to persuade by the magnetic pull of what it stands for—in addition to its performance—it is fundamentally emotional."

This duality can be seen in the agency's work for United Parcel Service. Six years ago, UPS wanted to expand into Europe and Asia, but its longtime U.S. agency, Ammirati & Puris, had no overseas offices. McCann pitched the business in April 1988, and, by October of that year, UPS was launched into 15 countries simultaneously.

Starting from scratch, UPS now claims annual revenues of more than $1 billion in Europe and $300 million in Asia. Last month, the International Advertising Association cited McCann's UPS work as the year's best global television campaign. "The difficulty of achieving consistency while still appealing to target audiences across several continents makes this a tough category," the IAA judges noted. "UPS managed this easily."

"We were moving rapidly to deploy our services overseas. We didn't have a group of seasoned marketing people internationally," relates Peter Fredo, UPS' vice president for advertising and public relations. "So we couldn't afford not to have a partner who was already there with a strong overseas network. We needed an agency like McCann who has been there as long as they have and could execute our strategy as effectively and quickly as possible."

To compete in a crowded market, UPS first had to establish its brand identity. "UPS was coming into the market late. It was the fourth or fifth player in Europe," Nelson says. "No one over there knew UPS. It wasn't like the U.S., where everyone has warm memories of being a kid *and seeing a big brown truck delivering presents at Christmas time. So we had to create an immediate level of respect with the consumer. We didn't want to come across as the arrogant American. The strategy became, 'We're not in the business of delivery. We're in the business of trust.' "*

Once that emotional bond was formed, McCann and UPS moved to increase brand awareness through product performance. The global television spots developed last year took two forms: one that showed UPS delivering packages for a smartly attired young executive, and the other depicting a merchant "guaranteeing" the shipment of critical goods for an anxious business woman. Both use the themeline "As sure as taking it there yourself."

The European delivery spots track a package's whereabouts en route to Hong Kong. In a reedited version for use in Asia, which was shot with a different cast, the package moves from Hong Kong to London, with the Hong Kong harbor and rickshaws replacing the Houses of Parliament and black London cabs. Footage of shiny UPS fleets is shared by all spots.

Most of the creative work on UPS is produced out of McCann, New York, headed by creative director Louis Popp. But three overseas creative directors are also assigned to the account, in London, Milan, and Tokyo.

"Developing a campaign is a highly controlled process," Nelson explains. "All the main work is done in a centralized fashion out of a particular office. But we will send around storyboards so our people in the field can check cultural variables."

Adds Jerry Green, the executive creative director of McCann, London, who works on UPS: "It's all based on the principle of 'What goes around, comes around.' We don't suffer from the 'not invented here' syndrome. We pool our experiences. That's what makes it work."

For McCann's packaged-goods clients, the creative issues are often more complex, given the nuances involved for appropriate cultural interpretation in speaking to consumers. But business-to-business advertising brings its own set of positioning challenges.

"It's true that in packaged goods, the consumer has more of an emotional relationship with a brand. In business-to-business marketing, the transactions occur much less frequently, but they cost so much," Nelson says. "Someone may be spending millions of dollars on a decision. So that tends to balance out the emotional aspect of frequency."

There are some general rules that cross over either category. "In developing any global campaign, you first have to identify which approach to use, then figure out how to best express that in a way that it can travel across borders," says Nelson. "If you focus on the eccentricity of a product, your ideas won't travel. And you can't focus on the eccentricity of a market—tapping into something like British humor—because then the idea won't travel, either."

Nelson describes himself as the point man for any number of teams around the world that develop such strategies, working by faxes, phones and videoconferences. "I become a conscience, catalyst or compass in the process," says Nelson. "Is the client thinking too narrowly about the strategy? Or too expansively? Are we playing it too safe? Or too loose? There is a profound difference between image and reputation: Image is what you say about you. Reputation is what others say about you. Certain reputations have great elasticity. Others need more focus."

McCann bases its worldwide account coordinators wherever clients center their own operations. For UPS, that means Atlanta and London. For L'Oréal, it's Paris; AT&T is in Brussels.

"McCann is a culture of cooperation and coordination," Nelson says of the way the agency has established its international presence. "We've become a learning organization. We view the whole world as a giant marketing laboratory where we're dealing with clients of varying degrees, with centralized and decentralized organizations. We're constantly learning from this experience. Everything is a test market for us."

In chasing new business, Nelson may go anywhere to cherry-pick talent for creative proposals. In late 1991, McCann pitched Hitachi's corporate branding assignment. The effort was coordinated out of New York, but it drew on creative teams in London, Seattle, Hong Kong and Tokyo.

"You can use time as your friend, not your enemy," says Nelson. "Thanks to time differences, we had people in various parts of the world working on Hitachi 24 hours a day." That around-the-clock cooperation led to success. "Relatively speaking, Hitachi is not a huge account

for us in New York," Nelson admits. "But while it was a wonderful practical victory for us here, it was a large symbolic victory for Tokyo. Next time it might be Tokyo helping New York out on a big pitch."

The goal is to allow good ideas to bubble up from any office around the world. The popular soap-opera romance campaign for Taster's Choice in the U.S. originated in Britain, for example. And for Johnson & Johnson's oral care products advertising, McCann's Australian creatives came up with an animated Mr. Reach toothbrush character, which has since been exported for European and U.S. campaigns.

To Nelson, the ability to spot important trends and successful work around the world is critical. In this instance, size and experience are claimed as significant advantages.

"When you're on your third generation of doing this, you know how to manage cross-border clients," Nelson says. "There have been other people before us at McCann who have made enough mistakes and perfected the system. We can stand on their shoulders. It's become the institutionalized sensibility of this organization."