

## MANAGERIAL IMPLICATIONS OF THE IMPLEMENTATION STRATEGY OF INTERNATIONAL ADVERTISING

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**Ljiljana Stanković, Goran Milovanović**

Faculty of Economics, University of Niš, 18000 Niš, Serbia and Montenegro

**Abstract.** *Advertising, as one of the most visible forms of communication and as an element of the promotion mix, is a critical tool for an internationally oriented company. Viability and effectiveness of international advertising depend on the climate for advertising in the foreign target markets as well as the differences in the availability and usefulness of advertising media. The Internet impacts on markets, competition, and buyer-seller relationships may be applicable for global advertising.*

### INTRODUCTION

Advertising is any paid message placed in a certain medium. International advertising is the use of the same advertising appeals, messages, art copy, stories, and so on, in multiple country markets. The availability and suitability of local advertising media vary from country to country. But, with the exception of broadcast media, major types exist in virtually all markets.

Advertising is one of the most important components of the strategy for consumer products in countries with a developed media industry. It is essentially a one-way method of communication and in international marketing it can be difficult to control it in terms of its scope. The aim is to obtain the maximum exposure of the product, services and/or brand to the target audience.

The goals of this paper are: 1) to analyze the climate eventually suitable for international advertising, 2) to present the availability and suitability of advertising media in global markets and, 3) to shed light on the increasing importance as well as the specifics of the Internet advertising. The climate is evaluated through a review of economic, social, and cultural conditions, and legal restrictions related to advertising. These factors will impact the availability and suitability of every major advertising media. As an interactive medium, the Internet transfers power back to consumers, and changes the foundations of international advertising.

## 1. THE CLIMATE OF INTERNATIONAL ADVERTISING

In most consumer markets advertising is one of the most important supporting activities. However, in business-to-business markets the number of important customers is often comparatively small and it is essential advertising to be precisely targeted, using appropriate media. Any cross-border transmission advertising program can be problematic as well. When Radion, for example, was promoted in Germany, the demand was stimulated in neighboring Austria through spread of print and commercial television ads, although unintended Unilever's advertising reach stretched across national borders.

Advertising is shown to work in emerging countries, with increased spending of Coca-Cola leading to become the best-selling soft drink in China and overtaking Pepsi in a number of Central and Eastern European countries. There is also a trend towards advertising amongst conglomerates from emerging countries that appears to recognize the value of moving from product orientation to marketing orientation.

To a large extent, the potential viability and effectiveness of international advertising depends upon the *climate* for that advertising in the foreign target markets. The climate for advertising is evaluated best through a review of underlying *economic, social, and cultural conditions*, and *legislation* related to advertising. These factors will impact each of the major media categories. Within a country there will always be some overlap between the audiences of the available media.

**A liberal economic system based on market economy is more favorable to advertising than a centrally planned economic system. However, even the centrally planned system may, once in a while, use advertising to adjust demand to planned production.**

Contemporary *social structures* tend to accept advertising because it fits within the dynamic outlook of the future; traditionally oriented societies do not accept advertising easily because it is viewed as a dangerous change agent, upsetting the status quo.

Among modern societies the acceptance of advertising is not the same everywhere; some countries have *cultural environment* that fosters individualism while others are more prone to foster gregariousness. There is no evidence that advertising is more successful in one surrounding than another, but it seems that people in relatively individual societies are likely to view advertising as an invasion of privacy and tend to be more vocal in their criticism of advertising. Even in People's Republic of China, the doors are increasingly open to advertising by international companies. But advertising there must be deeply rooted in Chinese cultural values as well as social and economic practices that the government considers appropriate. Consumer advertisers, for example, are focusing on the younger population that has greater spending power [1, p. 531].

It is a rare international oriented company that does not use advertising of some type. In various countries, government regulations may impose *restriction on advertising*. But most foreign markets are open for advertising of some type. Restrictions on advertising may be *total or partial* and may affect *all mass media, or only selected ones*. Restrictions may affect certain *product categories* and not others. For example, in the early 1990s all tobacco advertising (including sport sponsorship) and most liquor advertising (except for most wines) were banned in France. Prior to its sovereignty change, Hong Kong passed legislation that banned tobacco advertising at sport events. Since 1999 print and display advertisements cannot be used. In effect, this ban effectively stops tobacco sponsorship of

major sporting events there. Some Latin American countries have legislation discriminating on the basis of the *origin of advertising copy*. Other countries such as Germany prohibit the use of *superlatives or comparisons in advertising*. In Germany "buy one, get one free" offers are also illegal. Almost all countries have some legislation dealing with the truth of advertising claims. In the mid-1990s the Singapore government banned all advertising that *included gifts, special discounts, and incentives for credit card holders*. Within the EU, Sweden is the first country to introduce a ban on advertising to children under the age of 12. Similarly, the Flemish region of Belgium bans advertising aimed at children for five minutes before and five minutes after children's programs. Greece bans television advertising of toys. In some countries commercials are grouped and shown only at certain times. In other countries advertising may not be shown after a certain time in the evening and may not be shown on certain days or on holidays. In still other countries some products (such as alcoholic beverages, tobacco, and pharmaceuticals) may not be advertised by television.

An appeal of advertising in China is often based on young people who are optimistic whereas they expect to be better off than their parents. Despite this modernism, Chinese traditions still prevail and family values have a powerful selling appeal even with the young. The Chinese know that foreign brands may be better at the moment but do not like to have them overemphasized. In the past JWT used expatriates, but have realized that this cultivates only international clients and deter the growing numbers of Chinese clients. As a consequence JWT has appointed a Taiwanese manager.

Even in developed countries it may not be possible to reach the majority of the market because of the absence of truly national press or national television. In these situations it may be necessary to develop a campaign based upon a multitude of individual media activities.

## 2. THE AVAILABILITY AND SUITABILITY OF INTERNATIONAL ADVERTISING MEDIA

There are considerable differences in the availability and usefulness of advertising media. These differences make it essential to obtain data about media effectiveness in order to make informed decisions about international media schedules. The number, types, and characteristics of media vary from country to country. There are four media of interest to the international oriented company: **1) print media, 2) television, 3) radio, and 4) direct marketing.**

The term "international media" is often used in reference to print media (business and consumer magazines and newspapers that circulate in many countries). International print media attract a relatively minor share of the advertising expenditures of exporters; the great bulk is spent in local, foreign media. Nevertheless those media are important for some companies.

International **print media** (for example, *newspapers, magazines, posters, signs, and car cards*) originate from a number of countries, primarily in Europe and North America. There is a great deal of variety in the types of *newspapers* and the reading habits of people from country to country. For example, Time and National Geographic magazines and the Wall Street Journal newspaper have a US home base, while the International Herald Tribune is published in Europe and elsewhere, but has ownership by US companies. The

Wall Street Journal also has a regional version, The Asian Wall Street Journal, published in Hong Kong. The Financial Times and The Economist, in contrast, come from the United Kingdom. There are many technical publications (about metalworking, petroleum, paper, plastics, transportation, and so on) aimed generally to engineers and scientists and often are published in several languages. They have high readership as well as an excellent reputation as a source of information on complex of products from different countries.

In countries where literacy is high (such as Canada, the United States, Germany and so on) the great majority of the population reads a daily newspaper. In other countries (especially with low consumer incomes) coverage of consumer markets by the press is very poor. When using newspapers in a foreign country, or any print medium for that matter, the advertiser should make sure that the readership class matches the appropriate target market.

Foreign *magazines* are often a difficult medium for foreign advertisers to use. In Europe, for example, there are literally hundreds of consumer magazines, each with a very limited circulation. Technical and business magazines, which are often considered an important part of the media mix for industrial advertising in such countries as Canada, the United Kingdom, Germany, and the United States, do not exist in many markets. Often either the lack of periodicals or the excessive number of small circulation periodicals forces export advertisers to rely less heavily on these media than they would otherwise prefer.

*Posters, signs, and car cards* (forms of outdoors and transportation media) are used frequently in low income countries, especially Latin American. In European countries, posters are quite popular on kiosks or the buildings. Large billboards, which are particularly appropriate for viewing by a motorized populace, are not common in most countries, except for use near main traffic arteries in major metropolitan centers. Much of outdoor advertising is designed for viewing by pedestrians or those who use public transportation. Buses and streetcars are major means of transportation and reach large, important audiences. Posters are usually intended to be read by people who are going somewhere and are preoccupied with other matters; they are designed to attract attention to, or to serve as a reminder of, the product. Dandy, a large Danish confectionery company specializing in chewing gum, focuses its advertising in Russia for their chewing gum brand (Dirol) on billboard posters. Colgate Palmolive, on the other hand, started its toothpaste advertising in Russia by placing ads on buses. The Colgate advertisements were part of a strategy to develop increased awareness of its products among consumers and dentists. Finally, Canon is using buses to promote its company in Hong Kong.

**Television** is well developed as an advertising medium in an increasing number of countries. Television is no longer only a local medium as in the 1980s, because satellite transmission has created the potential for extensive use of television as international media. In Europe, pan-European television stations exist nearly everywhere. Their coverage extends beyond the EU of countries. Reception is obtained through cable television, either CATV (Cable Television available from commercial companies covering sections or all of a community) or MATV (Master Antenna Television, which is localized cable in apartment houses or hotels). Obviously, satellite television has led to many changes regarding availability of television in countries that prohibit the use of this medium for ad-

vertising or which limit the times, days, and when during a program advertising can be used.

The markets reached by television in some countries are relatively small. Television advertising is especially useful for packaged consumer goods in which rapid technological developments and fashions or tastes play an important role in their selling. Television is especially helpful in demonstrating product benefits and conditions of their using. In mid-1990s there were 56 major commercial television channels in Europe and at the end of 2000s over 250 channels.

Some of the lesser developed countries have no television at all; and in some developed countries television is not available for commercial advertising of branded products. This situation is changing rapidly, however, as regulations are being liberalized, especially in Europe.

**Radio** can be an important advertising medium for products with a broad market. Radio is used more widely in Latin America than in Europe. In Europe, the radio medium seems to be of greater interest used in local and/or regional markets. The medium is of special importance in markets in which the literacy rate is low. Radio penetrates to the lowest socio-economic levels, reaching at low cost potential markets otherwise inaccessible.

**Direct marketing** can be a useful part of sales and advertising program. Direct marketing can take many forms – mail, letters, catalogs, technical literature, telephone, fax, Internet – and it can serve as a vehicle for the distribution of samples or premiums. A major problem in the effective use of direct marketing is the preparation of a suitable contact list or database. At the household level, for example, it should be recognized that there are big differences between countries in the levels/volume of direct marketing contacts, even within developed countries. Because response rates and effectiveness of direct marketing campaigns will differ among countries.

In recent years the Internet has become an increasingly important mechanism for directing marketing. The objectives of Internet advertising are usually local objectives (for example to inform customers where they can get the product, to announce a special sale, or to facilitate choice and paying goods and so on). At the same time, however, the Internet can be a major tool for an international oriented company to use in reaching potential competitors and distributors. Obviously, the Internet is today the stronghold of online advertising and because of that we will discuss it more extensively.

### 3. INTERNET AS A BASE OF ONLINE ADVERTISING

The Internet is clearly more than a fad [2]. As penetration rates increase, we can certainly envisage "access to Internet" becoming as ubiquitous as access to the telephone and television - at least in developed countries. Some would argue that the new electronic environment is really just a different context for existing theories, while others claim that the new environment requires a new set of theories adapted to the realities of a radically transformed marketplace. The evolution of the Internet parallels the evolution of other communication technologies, such as the radio, broadcast television, cable TV, and cellular phones. The initial means to access the new service usually come with a hefty price tag attached. Eventually the hardware and the service become very low priced and may

even become totally free. Recently, we have seen computers and even full Internet access offered for free in exchange for advertising exposure. This is exactly the same model that we observed in broadcast media and are presently observing in cellular telephony.

Advertising on the world wide web takes place when an advertiser pays to place advertising content on another website. Each website is in itself an advertisement since it can inform, persuade, and remind customers about the company, its products or services. However, a company website is not an advertisement in the conventional sense since money is not exchanged to place the content of the website on a medium owned by a third party.

Numerous changes occurring in advertising (such as the growth of the Internet and global television) are reflected in the advertising expenditures. In 2001, world advertising expenditures exceeded \$350 billion. The television market in the USA has stabilized and in Japan it has declined, but China and India are experiencing double-digit growths in advertising spending [3, p. 407].

According to a study by the research giant Taylor Nelson Sofres, more than 90 percent of U.S. companies and 86 percent of U.K. firms are using the Internet for some type of advertising, marketing, sales, CRM, or support, London-based TNS found. In Singapore, Denmark, Japan and France, companies are less likely to be making the Internet part of their customer outreach. In Japan, about 60 percent of companies are using the online medium as a marketing channel - nearly double the 36 percent of companies that do so in France [4].

The top traditional advertisers increased their share of online advertising by 30 percent by the end of 2002 [5]. The research indicates that traditional advertisers are also more apt to experiment with different ad formats. In 2002, the top 100 traditional advertisers relied heavily on non-standard larger ad dimensions with 92 companies out of 100 using the full banner format. Approximately 80 companies employed non-standard, large size banners in their campaigns, while 87 of the top 100 traditional advertisers used the skyscraper format. Around 82 of the 100 advertisers employed flash technology in their advertising campaigns.

Advertisements placed on sites usually take the form of *banner advertisements* (these are so called because they are usually placed at the top of the website). The banner advertisements can be targeted at a particular audience. Companies will pay for banner advertisements for two main reasons: 1) in the hope that the customer will click on the advertisement and then will be exposed to more detailed offer information on the company's website, 2) all visitors to a page will see an advertisement, either consciously or viewing it subconsciously. This may help to establish or reinforce a brand and company image. Amazon for example, advertised extensively on the Internet to help raise awareness of their brand.

There are several outcomes that the international marketing manager may be looking to achieve through a banner advertising campaign. More important the following are:

- *Delivering content* (where a click on a banner advertisement leads to a corporate site giving more detailed information on an offer),
- *Enabling transaction* (if a click through leads direct to a sale),
- *Shaping attitudes* (an advertisement that is consistent with a company brand can help build brand awareness),

- *Soliciting response* (an advertisement may be intended to identify new leads or as a start for two-way communication),
- *Encouraging retention* (the advertisement may be placed as a reminder about the company as well as its products and services).

Banner advertising is typically paid for according to the number of web users who view the web page and the advertisement on it. Some representative CPMs vary from US \$20 to US \$80 depending on the site; however, the rates are under pressure. More expensive sites are likely to have a more specialist audience with a higher income.

An international oriented company can place its banner advertisements through *advertising networks*. Advertising networks are collections of independent websites from different companies and media networks, each of which has an arrangement with an advertising broker to place banners. For example, one of the best-known advertising networks is DoubleClick, which operates in the United States and through worldwide franchises. The network offers advertisements in a range of different areas such as automobiles, finance, health, and entertainment.

In contrast to advertising networks, an *affiliate network* is a collection of websites that link to an online retailer in exchange for commission on purchases made from the retailer. The Amazon Bookshop is the best example of this online marketing technique. Amazon has over 300,000 affiliates, which offer small banner advertisements on their sites that when clicked on will take the user of their site through to the Amazon site. The network includes many major portals, for example Yahoo! Each partner earns up to 15% commission every time a customer click on the advertisement and then buys a book or other item at Amazon. Links to Amazon also occur on search engines such as AltaVista, where links to Amazon are given according to the types of keywords typed in.

In the traditional brand relationships, communication flows between the marketer and the consumer. Lately, *brand-based online communities* have demonstrated the potential benefits of dialogue flowing between consumers via two utilities: real-time 'chat' taking place in 'chat rooms' and discussions that play out over days, weeks, and even months in discussion forums or bulletin boards. Brand-based online communities have a distinctive focus. The audiences may be geographically dispersed in time, but they share common interests that are perhaps difficult to serve profitably through other international media. Many famous brands have developed online communities through bulletin boards, forums, and chat rooms, such as Disney, CNN, Heineken which allow individuals to establish their own virtual bars, where as bartender they can chat with other visitors or meet their friends [1, p. 538].

The popularity of interactive communication gives the brand website an abundance of 'free' content from the consumer community. Consumer's benefit from their ability to recognize in each other 'people like me' and to form closer relationships with like-minded people. Both the content and possibility of forming relationships with other buyers and with the brand's managers act as a magnet, drawing consumers back to the site on a frequent and regular basis. This enables further commercial opportunities for the brand owners and legitimizes the investment in website development and maintenance. In this respect, connecting the brand site and the social aptitude of community participants potentially creates a new marketing tool.

By making sure that consumers can interact freely with each other and build a friendly online community, marketers can follow consumers' perceptions about and aspirations

toward the brand in real time. The value lies in the volume of communication and interaction generated between consumers. The more communication and interaction, the stronger the community.

Any brand can develop an online community. But, not all brands allow for much consumer involvement. Some brands enjoy a natural focus because their high-involvement product offerings. Bosch, for example, hosts a forum for trades people and do-it-yourself enthusiasts to exchange information and suggestions, including prices, which brand of power tool to buy, and how to fix cracks between walls and ceilings. Also, on Disney's site operates one of the liveliest bulletin boards targeted to mothers. Its discussion topics deal with parenting, marriage, health, food, education, holidays, and many other issues.

#### CONCLUSION

The growth of new forms of mass communication, by satellite television and the integration of telecommunications, and computer systems, will in the future not only create new "buying systems" but will also increase the potential for the encouragement of a new cultural setting, which will reformulate the company' use of the advertising media.

The challenges to creating copy may be more complex in electronic markets than on traditional markets. The Internet is a medium that combines all the components of promotion mix (advertising, public relations, personal selling, sales promotion, and direct marketing) and it impacts on decreasing the advertising expenditures.

Together with the increased harmonization of consumer demands for some products and the benefits of standardized products and services to firms, there is a strong move to global advertising campaigns.

International orientated companies today cannot prosper by advertising in traditional media but exploit the new medium. Today the companies have to create online communities on the World Wide Web for their brands, and thereby to build new relationships with their customers that enable consumers to communicate with each other. Interactive online advertising will enable companies to sense market preferences with more accuracy and efficiency, overcoming the limitations of today's one-way communication methods.

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## **MENADŽERSKE IMPLIKACIJE IMPLEMENTIRANJA STRATEGIJE MEDJUNARODNE PROPAGANDE**

**Ljiljana Stanković, Goran Milovanović**

*Kao jedan od najvidljivijih oblika komuniciranja i kao element mix-a promocije, ekonomska propaganda je kritično sredstvo konkurentnosti međunarodno orijentisane kompanije. Efektivnost međunarodne propagande zavisi kako od ekonomskih, socijalnih, kulturnih i zakonskih specifičnosti ciljnih inostranih tržišta tako i od raspoloživosti i iskorišćenosti izabranih propagandnih medija na tim tržištima. S obzirom da Internet utiče na tržišta, konkurenciju i odnose između kupaca i prodavaca, kompanije ga mogu koristiti za realizovanje svojih propagandnih kampanja na međunarodnim tržištima.*