

inter national ist



**BUILDING
POWER
BRANDS**

10

inside issue

ROI Is Key
To Nestlé's
Ed Marra
In Selecting
Media Shops

Miles Young
On The
Dilemma Of
Sassy Brands
in Korea

www.inter-national-ist.com

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cover photo: csaimages/veer.com

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COMING mid-fall

“Cause-Related Marketing: A Missing Piece in the Puzzle?”

Profile of Visit Florida’s Dale Brill

A series on Japan’s most powerful advertising women

The Latin American ad market looks sunnier

EURO EFFIE celebrates the best pan-regional campaigns

future issues

First annual “internationalists of the year”

An in-depth look at luxury goods advertising

Editorial submissions are encouraged. Submissions may be edited for length and style.
Send your story suggestions and ideas including photos and calendar items to
editorial@inter-national-ist.com.

IMPORTANT DATES

mid-fall issue

late fall issue

AD RESERVATIONS: September 2

AD RESERVATIONS: October 4

MATERIALS: September 16

MATERIALS: October 28

Contact: advertising@inter-national-ist.com

Like many, we are fascinated and impressed with all the business activity in and out of China. So we are especially pleased to include in this issue the views of someone who has spent the last six years helping multinationals navigate as he puts it the “operational shoals of the Chinese landscape.”

Tom Doctoroff, CEO of Greater China and area director of Northeast Asia for J. Walter Thompson, takes us on a journey that depicts what multinationals face in this land of two billion people. Opportunity? Yes. A clear path? Far from it.

He tells us that just as multinationals get a feel for the landscape, something else is appearing on the horizon, and that’s the local Chinese brand with global aspirations.

This has implications not just for the market in China but for the global marketplace as these brands aim to join that exclusive club.

What is especially interesting to us is the path they will take.

Will they follow in the same footsteps as the global brands that have come before them or will they forge a different path? We asked some experts what the best route is to global today for aspiring brands, and we got some interesting and varied responses that you can read about in Building Power Brands that starts on page 18.

In other stories, we continue to explore the numbers game: accountability and ROI. Ed Marra, exec VP in charge of strategic business units and marketing at the world’s largest food company, Nestlé, talks about the importance he places on ROI these days, and Xavier Hesse, senior category manager for procurement for sales & marketing, EMEA, for Cadbury Schweppes, tells how he has built a strong relationship with the marketing folks at his company. And there’s lots more in this, our biggest issue ever.

Much food for thought.



deborah malone
PUBLISHER



nancy s. giges
EDITOR

nominations open

internationalists of the year

In the last issue of this year, internationalist will celebrate the people at major multinational marketers who are behind the year's most outstanding multinational campaigns. Please submit your nominations with a sentence or two about why you think your nominees should be selected.

Individuals should be breaking the mold with the multinational communications for their brands, making them stand out from the crowd in the marketplace. The winners will be selected by the internationalist editorial team and profiled in issue #12. Please be a part of this process by submitting your nominations to editorial@inter-national-ist.com.

positive outlook for asia

Japan on the rebound, Chinese companies going global, greater transparency and accountability in Asian business—these were key topics of discussion when some 180 business leaders gathered in Seoul this summer to discuss the future of the Asian economy.

Sir Martin Sorrell set the scene with some positive comments that the engine in the region—Japan—seems finally to be moving forward.

At the event sponsored by the World Economic Forum, the CEO of WPP plc who was also a co-chairman of the event, said signs for overall economic recovery in Japan

were looking positive and that advertising expenditures should show some recovery this year.

But he also cautioned that the recovery could be sustained only if structural reform continues at a sufficient pace.

Greater transparency is needed, Sir Martin said.

Japan's advertising industry is unique in that advertisers never see invoices that show the actual cost of media they buy, he commented.

Panelists and participants agreed that Chinese corporations will emerge as global players, but debated who, when, and where? Haier, a white goods manufacturer, was one candidate.

Already Haier's appliances are on sale in Japan, the U.S., and Europe. Time will tell if Haier can leverage that into creating a truly global brand. Japanese and South Korean manufacturers both made their first forays internationally in comparable ways.

"The reality of Chinese companies going global is a new phenomenon we have to wake up to," commented Mervyn Davies, group chief executive of Standard Chartered Bank and also an event co-chair (see more on this topic on page 20).

But strategic vision will be required, said Miles Young, chairman of Ogilvy Asia Pacific.

Though discussion focused mainly on China and Korea, both Singapore and India's growing economies are expected to produce innovative new global players.

Most participants were positive on the growth outlook in Asia, predicting the Asian economy overall will grow at rates well above the world average. In the longer term, Asian growth may hinge on greater levels of regional cooperation and integration. But is greater regional integration possible without a compelling new political vision? A question for another forum.

— David Kilburn



Leveraging the athletes' and the company's "Made in China" heritage, China's sportswear giant Li Ning features five Olympic team members in this campaign by Leo Burnett Co.

COMING EVENTS

ALL PRICES ARE IN LOCAL CURRENCY UNLESS OTHERWISE STATED

SEPTEMBER 14-15
THE 2ND ANNUAL ADVERTISING FESTIVAL
PLACE: Hotel Concorde La Fayette, Paris

RESERVATIONS: www.theadvertisingfestival.com; Cindy Rodges cindy@theadvertisingfestival.com
PRICE: €700 for all events includes VAT

SEPTEMBER 21
AMERICAN BUSINESS MEDIA CREATIVE EXCELLENCE IN BUSINESS ADVERTISING (CEBA) AWARD RECEPTION

PLACE: Eleven Madison Park, 11 Madison Ave. New York
RESERVATIONS: Miriam Tomaselli, 212.661.6360 x3320; m.tomaselli@abmmail.com
PRICE: \$125

SEPTEMBER 22-24
RESULTS INTERNATIONAL CONSULTING 5TH GLOBAL MARKETING COMMUNICATIONS CONFERENCE

PLACE: Hotel Le Meridien Park Atlantic, Lisbon
RESERVATIONS: Carlos A. Yépez cyeppez@grupoconsultores.com or 34 91 702 1113
PRICE: NA

SEPTEMBER 29
IAA FRANCE BETTER BUSINESS BREAKFAST "HOW TO MAKE A GLOBAL SUPERBRAND"

PLACE: Le Press Club de France, Paris
RESERVATIONS: Ingrid Paun 33-68-543-27-89 or bbw_paris@yahoo.com; Mary L. Rega 33-68-68-04179
PRICE: Member €50; non-member €70

Submit your events to editorial@inter-national-ist.com

surveys, studies, predictions

EUROPE 2004 FROM IPSOS-RSL

This annual survey measures readership, TV viewing, website use, consumer and business behavior and attitudes of the top 10 million (4%) of Europe's leading consumers and decision makers in 16 countries.

Respondents: 10,338.

Requirements: 25+ years old, work at least 15 hours per week in an executive or professional occupation, and either have a personal income in the top 5% in each country or have been on at least six international business trips in the past year or be a director of a company with at least 25 employees.

AVERAGE ISSUE READERSHIP OF INTERNATIONAL PUBLICATIONS		PAN EUROPEAN TV REACH	
	%		%
NET ALL INTERNATIONALS	24.6	INTERNATIONAL CHANNELS	76.5
		INTERNATIONAL NEWS CHANNELS	57.6
D A I L Y			
Financial Times	6.6	Eurosport	40.6
International Herald Tribune	1.6		
USA Today	1.3	CNN	40.3
The Wall Street Journal Europe	1.3		
W E E K L Y		MTV	31.5
Time	5.5		
The Economist	4.5	EuroNews	27.8
Newsweek	3.5		
Business Week	1.9	BBC World	27.0
F O R T N I G H T L Y		Discovery	26.4
Fortune	1.7		
Forbes	1.2	National Geographic	22.4
M O N T H L Y		TV5	17.3
National Geographic	8.2		
Harvard Business Review	2.4	CNBC	15.6
Scientific American	2.2		
Euromoney	1.0	Bloomberg	10.6
Institutional Investor	0.3		

Source: Europe 2004 from IPSOS-RSL

IN 2003, REAL ESTATE AND POST/TELECOMMUNICATIONS INDUSTRIES WERE THE BIGGEST USERS OF OUTDOOR ADVERTISING IN CHINA, ACCORDING TO A REPORT IN ADLAW BY REQUEST. ●



TV ad growth in the Americas is back after decline in 2001 and two subsequent years of stagnation, according to ZenithOptimedia in its "Television in the Americas to 2012" report. Spending is on course to resume its trend rate of 6% annual growth, the reports says. ●

surveys, studies, predictions

- After three years of sluggish growth, the global entertainment and media industry is on the way up, with spending rising 4.2% in 2003 to \$1.2 trillion and growth prospects looking brighter now than in some five years, according to predictions in the annual PricewaterhouseCoopers Global Entertainment & Media Outlook 2004–2008. Growth will pick up to 5.7% globally in 2004 and sustain faster increases through 2008, the report says. The positive momentum will be sparked by a 9.8% growth rate in the Asia/Pacific region and globally by improved economic conditions, the availability of new distribution channels, and continued adoption of next-generation technologies.
- The mid-year report from ZenithOptimedia has some good news for the industry: spending growth in Germany, U.K., and Spain in 2003 was better than expected, leading Europe-wide ad growth that is now faster than GDP growth. And in the U.S., the company sees broad-based advertiser confidence beyond this year's political and sporting events. Midway through 2004, the U.S. advertising market is showing sustained strength, ZenithOptimedia says. And in Japan, advertising has finally turned a corner after so many years of stagnation. "We expect adspend growth to be higher over the next few years, reaching a healthy 3.0% in 2004, and then moderating to 1.5% and 0.9% in 2005 and 2006 respectively," the report says.
- In a second global survey of 5,500 business executives in 113 countries this year, McKinsey has found that business leaders are upbeat about the global economy although their enthusiasm has waned a bit in the past four months. In July, respondents in India and China remain the most optimistic as do those in the IT sector. •

SEPTEMBER 30
 ASIAN BRAND MARKETING
 EFFECTIVENESS AWARDS
 PLACE: Grand Hyatt, Hong Kong
 RESERVATIONS: Melia Lai
 852-3175-1913 or
 mlai@media.com.hk
 PRICE: NA

OCTOBER 22
 IAA SWEDEN
 BREAKFAST SEMINAR:
 "ROI—IS ADVERTISING
 REALLY WORTH IT?"
 PLACE: Summit, Stockholm
 RESERVATIONS:
 contact@iaasweden.org,
 46-70-677 4900
 PRICE: Member SEK200;
 non-member SEK450

OCTOBER 24–27
 MAGAZINE PUBLISHERS
 OF AMERICA
 AMERICAN MAGAZINE
 CONFERENCE
 PLACE: Boca Raton Resort & Club,
 Boca Raton, Fla., U.S.
 RESERVATIONS: Deirdre Pannazzo
 dpannazzo@magazine.org
 PRICE: NA

OCTOBER 28
 IAA FLORIDA "BUILDING TOP
 BRANDS IN THE AMERICAS"
 CONFERENCE AND 10TH
 ANNIVERSARY AWARDS
 CELEBRATION
 PLACE: The Biltmore Hotel,
 Coral Gables, Fla., U.S.
 RESERVATIONS: Muriel Sommers
 1-305-529-5006;
 msommassoc@aol.com
 PRICE: Conference for member \$75;
 non-member \$95;
 Awards ceremony for member \$200;
 non-member \$250

NOVEMBER 8–9
 2004 LONDON INTERNATIONAL
 ADVERTISING AWARDS
 PLACE: Sketch Gallery, London
 RESERVATIONS: info@liaawards.com
 PRICE: £210 for outdoor, print, radio
 television/cinema ceremony;
 £210 for design, interactive, package
 design ceremony; £380 for both



carbuyer conundrum

Volkswagen Japan introduced the Golf Touran minivan with a love-hate theme that deals with feelings about both (1) cars and driving and (2) people's outlook on life. Phil Rubel, Fallon managing director, says many consumers hate to give up small cars as their families' grow. The Touran, using the popular Golf A5 platform, lets drivers enjoy performance benefits yet still meets their practical needs. •

COMING EVENTS

NOVEMBER 10
IAS AND IAA SINGAPORE
SINGAPORE ADVERTISING
HALL OF FAME

PLACE: Ritz Carlton Hotel
RESERVATIONS:
instadv@singnet.com.sg
or 65-6220-8382
PRICE: Member S\$98;
non-member S\$180

NOVEMBER 10-12
2004 EUROPEAN RADIO &
TELEVISION SYMPOSIA
ORGANIZED BY ASI,
SPONSORED BY TNS
AND ARBITRON

PLACE: Hilton Hotel, Berlin
RESERVATIONS: 44-1822-618628;
asi@dial.pipex.com;
www.asi.eu.com
PRICE: Radio £525; TV £950; both
£1325. Early registration discounts

NOVEMBER 15-16
FIPP 4TH WORLDWIDE
MAGAZINE MARKETPLACE

PLACE: Hilton London Metropole,
London
RESERVATIONS: Christine Scott,
christine@fipp.com
PRICE: £487.62 including VAT;
£464.12 including VAT for additional
delegates of the same company;
non-member: £558.12;
£528.75 for additional delegates

NOVEMBER 18
AMERICAN BUSINESS MEDIA
B-TO-B MARKETING DAY

PLACE: Westin Chicago River North
RESERVATIONS: Jane O'Connor,
j.oconnor@abmmail.com,
1-212-661-6360 x333
PRICE: \$125



'it's
time to
fly'

newspaper ad revenues turn the corner

Newspaper advertising revenues are finally on the upswing although global newspaper circulation is slightly down, according to the 8th annual survey of World Press Trends conducted by the World Association of Newspapers.

Global newspaper ad revenue rose 2% in 2003 and is forecast to steadily increase through 2006. Global newspaper circulation declined 0.12% in 2003. The survey reported that the number of newspaper websites has doubled since 1999 and the global Internet advertising market continues to grow as does the number of free dailies, a 16% increase in 2003.

The survey includes data on all 208 countries where newspapers are published.

Although newspaper advertising revenues are increasing in many markets, newspaper's share of the world ad market declined to 30.8% in 2003 from 31.2% in 2002. But newspapers remain the world's second largest advertising medium, after television, which took

38.8 % of world advertising expenditure in 2003, WAN says.

North America is the largest advertising market for dailies, with 57% of the world's advertising share, followed by Europe with 23%, the Asia-Pacific region with 16%, and the rest of the world with 4%. In the "old" European Union, newspaper advertising revenues were up 2% in 2003 although country figures varied widely. In the U.S., newspaper advertising revenues grew 2% while in Japan they were down 1%. China showed an increase of 12%. In Latin America, advertising revenues rose 4.5%.

Among other findings: The Norwegians and the Japanese remain the world's greatest newspaper buyers with, respectively, 684 and 646.9 sales per thousand population each day. Sweden comes next with 590 followed by Finland with 524.2. Japan is home to 20 of the world's top 100 largest newspapers in circulation terms. The U.S. is next with 18, followed by China and India at 16 each. ●

United Airlines uses the look and feel of its global campaign in print ads in Japan, created by Fallon Tokyo. Copy combines benefits of flying United with life's pleasures. For the ad just above showing two whales, copy says: "We think we know all about the world. But how much have we really seen with our own eyes? ...looking, feeling, and discovering for yourself is the greatest nourishment of all. ...On United, we connect you to 189 cities around the globe..." ●

COMING EVENTS

NOVEMBER 24
IAA FRANCE
BETTER BUSINESS BREAKFAST
"HOW TO WORK WITH
ASIANS"

PLACE: Le Press Club de France,
Paris

RESERVATIONS: Ingrid Paun

33-68-543-27-89 or

bbw_paris@yahoo.com;

Mary L. Rega 33-68-68-04179

PRICE: Member €50;

non-member €70

NOVEMBER 30
WORLD FEDERATION
OF ADVERTISERS
4TH GLOBAL ADVERTISING
SUMMIT

PLACE: New York

RESERVATIONS: Katrine Lesuisse

k.lesuisse@wfanet.org

PRICE: NA

DECEMBER 16-19
2 C ASSOCIÉS' MÉRIBEL
ADVERTISING FILM FESTIVAL
2004

PLACE: Méribel ski resort, France

RESERVATIONS: Emmanuelle Le Godec

33-(1)-47-72-37-02,

www.festivaldufilm.pub.com

PRICE: NA

MAY 22-25, 2005
35TH FIPP WORLD
MAGAZINE CONGRESS

PLACE: Waldorf Astoria Hotel,
New York

RESERVATIONS: www.fipp.com

Helen Bland helen@fipp.com

PRICE: NA



making the impossible possible

That's the concept behind this campaign for Audi's A6 luxury performance auto when it was introduced in the U.K. this summer. Produced by Bartle Bogle Hegarty to underscore how advanced this car really is, the commercial shows the car on an unbelievable journey. Optical illusions play tricks on viewers' eyes so that the car appears to be driving through concrete columns or through an impossible maze of road junctions. Media is bought by Mediacom. ●

regulations in the works...

● Advertising organizations in EUROPE signed a charter of best practices in June underlining their commitment to effective self-regulation across the enlarged European Union. Among the organizations signing the charter were the World Federation of Advertisers, European Assn. of Communications Agencies, Assn. of Commercial Television in Europe, European Newspaper Publishers Assn., European Publishers Council, Assn. Européenne des Radios, European Assn. of Directory & Database Publishers, European Federation of Magazines Publishers, Interactive Advertising Bureau Europe, European Assn. of Radio & Television Sales Houses, Advertising Information Group, International Advertising Assn., and the European Advertising Standards Alliance.

Reported in Adlaw By Request, published by Reed Smith Hall Dickler:

- Earlier this year, CHINA issued provisions on foreign investment in advertising enterprises, allowing up to 70% ownership. Wholly foreign-owned advertising enterprises may be established after Dec. 10, 2005, the report said. However, Hong Kong and Macao advertising companies have been able to set up wholly-owned advertising enterprises as of last Jan. 1.
- The Association of Banks in SINGAPORE has established a new Code of Advertising Practice for banks, which specifies what banks should and should not include in their ads. For example, the guidelines state that ads should present a balanced picture of the product being advertised. For example, "any advertisement for interest-bearing deposit accounts and loan products which include a reference to an interest rate must include the Effective Interest Rate (EIR)." Ads also must say that full details of the relevant terms and conditions are available on request.
- A committee on health and children in IRELAND is expected to recommend a ban on alcohol advertising within three years in an effort to curb alcohol abuse among young people. The committee also is expected to propose a ban at the European Union level. The committee also seeks to eliminate alcohol advertising related to sports. ●

ed marra

Focused on getting the best return on investment for Nestlé's \$1.5 billion media budget

When Ed Marra became executive VP in charge of strategic business units and marketing at the world's largest food and beverage company in January, it didn't take him long to make his first moves. It wasn't surprising because he has spent almost his entire career in marketing, sales, and management positions at Nestlé and knows the company well.

Within months, he began a review of the company's \$1.5 billion media account, divided among Mindshare, OMD, Universal McCann, and ZenithOptimedia. A key reason is that he believes one of the most important issues in international marketing today is how to achieve the best return on investment. "That's very top of mind these days," he says, noting that the review was undertaken to determine if Nestlé can better leverage its total media spending.

"Gone are the days when advertising is a percent of sales," Marra says. "You couldn't really measure [results then]. Now it's all about the effectiveness and efficiency of our investment."

Gone too is the complete dominance of television of Nestlé's total budget. Fifteen years ago, television accounted for more than 90%; today, the figure for TV is in the mid-50% on a global basis.

He says the company is doing everything it can to get a handle on costs and efficiencies, from conducting audits on media, using specialists to review the cost of television production, and doing marketing mix modeling to show direct correlations between spending and the return.

"I don't buy that old adage that 'I know half my dollars are wasted, but I don't know which half.' That's not true today anymore." There are a lot more tools and sophisticated measurement techniques coming out, he says.

One area he is very interested in is programming and content. "Without a doubt, in developed markets like the U.S. where there are new techniques like media-on-demand or equipment like TIVO, we've got to get our brands into the

programming so that we're seen. Hopefully, they add value in the process."

Among activities Nestlé is exploring is sponsorship, which Marra admits Nestlé has not been much involved in. "The issue again is we will only look at sponsorship if it's more cost effective and if it fits with our message," he says.

He adds that his ideal sponsorship would be something that reinforces the company's goal of being about good food, good life, and a wellness, added-value marketer. "We need to get a lot smarter at seeing trends and properties earlier [like "Millionaire" and the "Idol" brand shows] because we can take them global. We've got the brands to do that."

In addition to aligning its business with global media specialists, the company also works with designated "aligned" agencies that have offices around the world. These include J.WalterThompson, McCann Erickson, Lowe, Ogilvy, Publicis, and Dentsu (primarily in Japan and Greater China). Typically, there are one or two lead agencies for each category that handle the work globally and service individual markets through their local offices.

Nestlé is also using its size and scope (US\$65.5 billion in sales from more than 500 factories located in 86 countries distributed in virtually every country in the world) to capitalize on global efficiencies in other ways.

"Our company is quite de-centralized. That has a lot of positives, but it also enabled so many different techniques that it was hard for us look across markets," Marra explains.

Ed Marra says the days when ad spending is based on a percent of sales are gone.



In Japan, Nestlé is using mobile phones and the Internet to connect with its best customers.



カフェ キャラメル

1 材料

● 作り方

1. 電子レンジ対応のカップにミルクキャラメルと牛乳を入れて電子レンジで加熱します。
2. 1. にネスカフェを加えてよくかき混ぜ、シナモンパウダーをふります。

1 材料

0 TOPへ戻る

Women frequently access the company's popular recipe site during the day as they plan their dinner menus and stop by the grocery store on the way home.

One major step is much more global consumer research to identify commonalities across countries and regions. "That opens up opportunities. With our strong local presence, we also know the differences so we don't

make huge mistakes of trying to impose say an American idea on a Japanese culture."

Marra says there is also a lot more focus on the product itself and its efficacy. "We must have preference," he says. "We call it 60-40 on a blind basis. Today what we're pushing is 60-40-plus which means it's not enough to say the product has a superior taste, it has to have superior nutritional composition.

You'll see that finding its way more into our communications."

And like many global food companies, Nestlé is concerned about obesity globally. "We are playing a huge role..., working closely with the World Health Organization... reviewing nutritional on all our major products. It's a huge job and we're trying to do it in order of importance and priority."

In the area of new media, he is very pleased with some of the work Nestlé has done with CRM (customer relationship management). "There are some fantastic programs in the U.S. and Japan. We're pushing our marketing people to

better understand which are our most valuable customers. You quickly see the 80-20 rule, that 20% of households and sometimes way lower account for 80% of the volume and sometimes 120% of profitability."

As a result, Nestlé is communicating more with its best customers directly on the Internet and in Japan on cell phones. "It's very efficient," Marra says. Plus, "it's two-way marketing because it gives us the opportunity to learn. While we're sending our message, we're getting communication back."

Nestlé has also formalized a set of principles that guide its advertising and other communications. "It's clear that companies are judged by consumers, groups, government, and everyone; it's not just your product or your advertising but your total company behavior. ... There are certain kinds of advertising we will not do and programming we won't sponsor."

He's quick to say that Nestlé has always had principles, but they have varied from market to market and reflect different cultures. "We do sometimes get into debates with what is normal in France might not be so normal in the U.S. Now we're saying we're going to define what we think is right in terms of values and apply that globally."

For him, one of the most exciting aspects of the job is interacting with people around the world. "There is so much learning and so many ideas that we can bring to all markets that I think the potential for growth and innovation is going to be high. It will always be led by the consumer and strongly based on good consumer insight coming from solid research." ●



csaimages/veer.com

First there was the proclamation that globalization would make the world a single marketplace, and in the heyday of dot-com fever there was the declaration that the Internet could make instant global mega-brands. One marketplace, one sight, one sound.

It hasn't turned out to be so simple, and there have been some significant changes in thinking about how to build powerful global brands. McDonald's has declared a one-size solution doesn't fit all because of its highly diverse target markets.

Long-established global power brands Coca-Cola and Microsoft are going face-to-face with their consumers "on location" at mini-trade shows in airport lounges and at hip teen lounges in suburban malls.

Those newer to the global marketplace, names like HSBC and Samsung, are finding they must explore new ways to become global power brands. HSBC's advertising

BUILDING POWER BRANDS

tagline gives a clue: “The world’s local bank.” Global presence and recognition created through links with many local activities: the sum of local activities creating a global power brand.

But there’s no question that it’s a difficult task. Eric Kim, who as executive VP is guiding the Samsung brand to greater global presence, says it takes commitment, conviction, consistency, and lots of money (see box on page 26).

inter national ist talked to professionals dealing with these issues every day and heard varying points of view about how power brands are created and maintained in this changing environment. To delve into what the up-and-comers face as they begin the global branding journey, **inter national ist** asked Tom Doctoroff, CEO for Greater China of J. Walter Thompson, for his view on the brands emerging from the Asian giant.

laying the groundwork for up-and-comers

Over the past couple years, multinational corporations have begun to more skillfully navigate the operational shoals of the Chinese landscape. Many are now profitable. However, just when western multinationals have begun to get a handle on layered distribution, provincially-biased courts, and risk-averse local management, a new

threat has emerged: the local brand. Nimble local competitors are appearing everywhere—on mobile phones (TCL, Panda, Bird), appliances (Little Swan, Haier), televisions (Konka, Changhong,

Cutting-edge players now know the difference between a mouse and Mickey Mouse. For many, this is no deathbed conversion; more and more are practicing what western marketing experts preach.

On the most basic level, many local brands boast acceptable “performance” and are not actively resisted. Furthermore, several nimble firms leverage communications rooted in genuine consumer insights. Both Yili milk and Liushan shower gel, for example, tap into consumers’ comfort with natural ingredients. Skyworth television has emerged from nowhere with “healthy TV”; although bizarre to Western ears, the concept springs from the Confucian imperative of “protecting” the family. And Diaopai detergent’s “why-use-a-lot-when-you-can-use-a-little” positioning elegantly blends hard-headed value with warm-hearted empathy for the plight of the laid-off state-owned enterprise worker. Finally, over the past two years, local entities’ new product development has become increasingly aggressive. From Sanyuan’s three-in-one breakfast beverage (“nutrition made easy”) to Suyixian’s MSG-free vegetable bouillon (“worry-free deliciousness”), and

TCL again), insurance (Ping An), low-priced autos (Xiali), and an infinite number of hair care products.

Clearly, the impact of World Trade Organization-stimulated efficiencies, an export-led economy, and a macro-economic policy designed to wring overcapacity from an inefficient production base is gargantuan. Local companies are discovering the benefits of “the brand.”



Tom Doctoroff, CEO, Greater China and area director of Northeast Asia of J. Walter Thompson, discusses the emergence of Chinese local brands with global aspirations.

established ‘models’ may not serve as models

When you ask TBWA\ about its formula for building successful global brands in so many different categories from Adidas to Nivea to Absolut to Apple, the answer is there isn’t one.

“There are some rules but on the whole you have to treat each case as it comes along,” says Paul Bainsfair, president of TBWA\Europe. “There are horses and horses as we say.”

So for those following that school of thought, taking a brand global today is no different than in the past. Every brand is unique. Every introduction into a new market is a new adventure.

But for some, it didn’t used to be that way. When Matthew Willcox, senior VP-director of account planning at Foote Cone & Belding, started out in agencies in London, managing global brands essentially involved presenting a videotape of global commercials to each of the markets, he says.

“Today, the whole global model of marketing is changing,” notes the planning exec, who has spent the past five years in San Francisco working on Sega, Levi Strauss & Co., Avaya, AT&T Wireless, and numerous dot-coms that no longer exist and prior to that 12 years with Ogilvy & Mather in London and Bangkok. “A lot is tied to the [decline of the] disruption model of the advertising.”

The old model made things easy because a plan could be replicated in different countries as part of a cohesive marketing campaign, he says. “Now it’s a new voyage because of changes that are happening. Everybody has been talking about the changes—fragmentation, the mass audience disappearing—but nothing seemed

This commercial for MasterCard International, “Four Old Friends,” is considered the first truly global promotion in the “Priceless” campaign. The commercial was adapted only in terms of language and local legal promotional requirements, and the same prize was offered in 19 different markets. To ensure that it would cross age, gender, ethnic, and cultural boundaries, MasterCard and its agency McCann Erickson Sydney identified a common conceptual target—“memory makers,” best of friends who want to commemorate and enrich the bond they share by creating unforgettable new experiences. The spot communicates the travel-related message of acceptance and usage of the card as the friends take a special trip together.



Haier's "personalized" mini-refrigerator targeted to American college students, Chinese enterprises have discovered that innovation lifts profit margins.

LOCAL BRANDS: A LONG ROAD AHEAD

Yet, for every local manufacturer that "gets it," there are 50 that don't. It's important not to confuse brand awareness with brand equity. Brand equity equals affinity. A healthy, vibrant brand carries images and associations that translate into long-term preference and "intangible" assets. According to WPP's BrandZ, many domestic trend shapers—e.g.,

Haier, Lenovo, and Wahaha beverages—have scale but surprisingly shallow consumer loyalty. This is due to local manufacturers' mercantilist modus operandi, underscored by frequently incoherent advertising.

More specifically:
• Senior management is not market driven. The Communist Party still heavily influences the large state companies, even if the CEO is not a party member (which is rare). State enterprises suffer from internally chronic and structurally conflicting goals.

On a micro-economic level, the automobile industry, for example, has long been a bastion of local protectionism; every province seems to churn out its own model, often at huge losses. The market simply can't absorb so many (shoddily-produced) vehicles. The result is chronic overcapacity and vicious price wars. The television industry is suffering a similar production-led glut.

• Lack of communications between senior management and market-savvy new-generation types. China is a very Confucian society where respect for hierarchy is deeply (and, at times, imperceptibly) ingrained. The companies with the most inaccessible and non-transparent leadership tend to be those in which the hierarchically rigid Communist Party still maintains control.

The big four banks, for

to happen for a very long time. Now we're starting to reach a point of critical mass."

Bainsfair believes one of the mistakes that international brands have made in the past is trying to appeal to everybody. In doing so, they lose any edge or meaning and are only there because they have the power of distribution and big budgets, he explains.

"People don't feel strongly about them," he says, noting that it's important for people to feel strongly about something in order to want to be seen with it. "Having a stronger sense of personality is one of the keys to being successful in both a local market and in an international market," he says.

On that point, he and Willcox agree. It's a point that became clear to Willcox when he worked in London not only on brands such as Nestlé, SmithKlineGlaxo, American Express, and Unilever but also on BBC

media properties. "Good media brands have something that most brands out there don't have," he says, and that's "the ability to involve and engage people. This involvement can lead to a deeper relationship."

But there's still something to be said for the efficiencies of having a single brand, single message, and centralized marketing. "Having enough money to market around the world is difficult enough without the idea that you're marketing one brand differently around the world or meaning something different around the world," says Dominic Whittles, president, Foote Cone & Belding San Francisco.

Peter Sealey, founder-CEO of Los Altos Group and former chief marketing officer of Coca-Cola, believes a big distinction should be made between what is done with the positioning and the way that positioning is executed in different markets.

"The positioning of the brand, what the brand promises, should be consistent," he says. The way it gets to market and the way a message is taken to the consumer has to be managed at the local level to reflect local customs and lifestyles, so executions may vary from market to market, he says.



There is no doubt about the brand personality of Apple, says Paul Bainsfair, president, TBWA/Europe. "When someone in Frankfurt or Paris buys an Apple Mac or an iPod, they are buying into that West Coast, American, entrepreneurial, hip thing that is Apple. ... In this instance, creating an international brand is holding true to the local essence of what made it what it is, exporting that, standing for something, and being proud of that. You're not trying to be a common denominator, appealing to everybody." This ad by his agency is running in 33 countries.



Lenovo and Haier may be among the first to join the "global brands club." Both work with local offices of global agencies for their advertising. JWT Beijing created the Lenovo laser printer ad (above), while the Qingda ooffice of Foote Cone & Belding created the launch ad (below) for Haier's automatic digital laundry machine that uses a traffic light to convey the machine knows automatically when it should start or stop.





Another emerging brand, TCL, introduced a stereo TV with the idea that if you turn off the screen, it can be used as a good quality stereo as well. Agency is JWT China. Account recently moved to Leo Burnett.

example, are particularly burdened by layered decision making. The culture rewards “conservative opacity,” and there is no incentive to operate according to supply and demand; their primary role is to manage allocation of capital to ensure maintenance of high-priority state-owned enterprises and social stability.

- **Sales department trumps marketing.** Very often, sales teams are responsible for profit and loss, which results in a focus on short-term gains. Until the marketing function becomes empowered with a real budget, patient investment in brand loyalty will be a pipedream. (An exception to the rule, Lenovo is making real headway. Its recent reorganization is a direct result of Western-style corporate governance.)

Unlike in most multinational companies, local sales teams for white goods are also structured along very narrow product lines resulting in a proliferation of discrete profit centers, which are both strategically unmanageable and strained by warlordism at

even the lowest levels. Electronics and appliance distribution networks are notoriously fractionated and are the country’s most vertically integrated right down to ownership of retail outlets. This configuration also reinforces a short-term sales approach.

- **Relationships with communications companies amount to cheap quick fixes.** Pitches often occur for each and every creative assignment, making it impossible for a multi-year agency-client partnership mentality. Very few local entities earmark yearly budgets to sustain any ongoing alliance. Furthermore, agencies are usually paid at extremely low rates, often out of production monies. The result? Shoddy communications that maximizes short-term gain.

There’s a lack of understanding of how to measure the success and depth of brands. The blind spots run the gamut from how to conduct relevant research to how to determine what a creative brief should achieve (i.e., concept tests).

“You need to have a very clear and controlled definition of the brand promise,” he says, adding if it’s Lexus, it’s quality; if it’s Volvo, it’s safety, but that message may be expressed differently in different countries.

Consistency is much easier, with what he classifies as “performance” brands in contrast to “image” brands, he maintains. He defines performance brands as those whose rationale is explicit and whose performance can be verified objectively, brands such as cars, computers, telecoms. Image-driven brands—the wines, beers, soft drinks, fragrances, fashion—are those whose performance can’t be measured.

“The first category is far easier for globalization. When you get into image brands, culture can become a major factor,” he says.

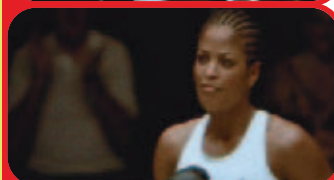
Willcox agrees there is no one-size-fits-all approach. “Brands go down the road of becoming global for very different reasons—some because they are, or aspire to be, world cultural icons—Nike, Coke, and fashion or lifestyle brands; some because they offer true transnational functionality—such as airlines, technology, and financial services...; and then there are brands that are multinational only really in the interests of efficiency—brands like Pond’s, Crest, and a host of other packaged goods brands owned by multinationals.”

The routes to becoming powerful multinationally are tied to that, he says.

In the interest of giving a brand broad appeal globally, sometimes mistakes are made, says Whittles. “You can either make the mistake that one brand works everywhere or quite commonly find the mistake that one brand doesn’t work everywhere,” he says. A number of brands spend a lot of money customizing themselves when they don’t have to, he adds.

For Richard Block, head of planning for J. Walter Thompson EMEA, finding the right balance between efficiency and effectiveness is key. Writing in the JWT magazine *Out of the Blue*, Block says, “While it is not impossible to produce great global advertising that is centrally driven, it is simply more difficult and restricted in relevance. ...Efforts to trivialize differences may be seductive, and the efficiency of centrally produced work may provide

Adidas’ 2004 global campaign, themed “Impossible Is Nothing” and running in 25 markets, has broad appeal by using 22 highly recognizable athletes from various sports, such as Muhammad Ali and daughter Laila. Agency is 180/TBWA.



A HANDY MIDDLE KINGDOM RULEBOOK

Clearly, local brands are not yet in a position to compete head-on with multinationals, even in their own backyard. Multinationals have time to entrench their leadership but only if they play smart. Specifically:

- **Assess volume potential realistically.** The glittering panorama is seductively impressive. Behind the façade, things get gritty. Penetration levels are low; only 2% of babies, for example, use disposable diapers. The Shanghai Carrefour boasts the world's largest foot traffic—and the smallest per-person sales. Although China now has over 200 million mobile phone subscribers, the average revenue per user is \$15 compared with \$80 in Japan. The only way to

overcome low volume is by grabbing the category benefit to “own” a motivator and grab a big slice of a small pie.

- **Anticipate the “gold rush.”** Competition is pervasive and ruthless. The PRC, awash with overcapacity, is plagued by supply-driven commoditization and falling prices. The annual demand for TVs in China is 35 million sets while the capacity is 50 million.

Most consumer durables have low utilization, such as refrigerators (51%), washing machines (44%), or air conditioners (34%). FCMG goods are often trapped in the same vicious cycle. In 2001, there were 278 shampoo brands.

- **Don't overprice.** Multinationals often fail to recognize a majority of the population is poor. For example, in most countries, Pantene

is not a motivator and grab a big slice of a small pie. But in most circumstances, the back-of-house globalization that is certainly increasing will not be matched by front-of-house globalization, especially if that hinders brand effectiveness.”

Bainsfair recommends that as much time as needed be taken to reflect a company's culture. His colleague Peter Bracegirdle, a partner and worldwide account director for Sony PlayStation, says, “When you're trying to service a brand like PlayStation, the first thing you need to understand is not just the brand itself but to understand is not just the brand but the culture of the company.” He says the agency shapes itself accordingly. In PlayStation's case, that means entrepreneurial, dynamic, and quick.

“They are very creative—they make creative things—they don't respond in the way a fast-moving consumer goods company would with rational, strategic arguments. They are more intuitive; they respond to executions and ideas,” he says.

Furthermore, TBWA\ must make sure each market has what it needs since each operates autonomously and decides what advertising to use. PlayStation Europe oversees creating and producing advertising, but the media budgets are held and managed by the countries. “We have to make [each country] want to use [the advertising],” Bracegirdle says.

“The central team is in London, but the primary relationships are at the local level. They do the business; they have the money. We're providing a balance.”

He says the challenge is how to give the client the single

Eric Kim, executive VP, Samsung Electronics, expressed some views about building powerful brands at the World Economic Forum's “Asia Strategic Insight Roundtable” in Seoul in June 13–14:

Kim dismissed the idea that there is an easy path for newcomers that want to build global brands and outlined his own experience with the Samsung brand: “Buying brands is fundamentally a very different activity from buying property or other assets,” he said. “A brand is like a religion. It is not something you can buy, use, and get rid of once you are tired with it. You have to be committed to a brand all the way, 100%, hopefully forever. If you are not prepared to make this total commitment, then you should not get involved with a brand.”

“The need for extremely long term and strong conviction is one of the most difficult things about brands. Brands need consistency and conviction—if this is missing, your brand simply will not develop no matter how much advertising you run or who endorses your products. I think that sometimes Asian companies do not always appreciate this crucial point. All your value sets, the very essence of who you are, become vital parts of a brand,” continued Kim.

On top of that, building a global brand is also extremely expensive, he noted. “Right now I spend US\$ 500,000,000 in cash every year just on brand. That is something you simply have to do. However, if you do succeed in building a brand, your entire profit model becomes completely different. You can enter a virtuous circle.”

And the rewards are worth it. “Comparing similar products, the one that has become a brand can command street prices 30%–60% higher than the one that is not a brand,” he concluded.—David Kilburn



Samsung Electronics



Some brands like SH Mobile, the largest mobile phone network service provider in China, are focusing on introducing new brands, such as the Jia Jia card that offers special benefits to card holders, to gain awareness and interest locally. J. Walter Thompson Shanghai handles.

(China share: a low 6%) is priced at market average; in China, it's 60% above. Ariel detergent foists a 113% premium on a penny-pinched public; its share is 3%.

In the face of cutthroat prices, multinationals are launching second tier brands as volume generators. P&G carries both mass-market Tide (global name but less expensive formula) as well as premium Ariel. Within Nestle's culinary portfolio, Maggie (190 price index and 6% share) skims the frosting while Taitaile (88 price index and 43.6% share) chomps on the cake. Colgate Palmolive, similarly, has leveraged a powerful brand by extending the equity of Colgate Total to embrace no-frills Colgate Strong (share: 9.8%).

- **Develop locally-tailored products.** In a land of instant noodles and health tonics, too many global giants impose Western tastes. Manage above-the-line costs.

Due to high media rates, heavy clutter, and difficulty in reaching discrete targets, building equity is expensive. Advertising-to-sales ratios in China are high. This, regrettably, is a fact of life and must be confronted with deep pockets or a tactical approach encompassing below-the-line, gradual distribution expansion, or brand extensions.

In summary, times are changing, and the future is bright. However, in most industries, especially those not yet buffeted by the winds of WTO, the rise of local brands is still relatively superficial. There are fundamental operational, structural, and political barriers that preclude energized brand "velocity." But China's capacity for a great leap forward should not be dismissed. Scale-driven brands are emerging; it's only a matter of time before production-led world-beaters morph into multinational brands in their own right. ●

leadership and direction that a global brand requires while also building in mechanisms to listen to the needs of each market and shape the communications to offer flexibility, adaptability, and choice. "We need to offer a battery of things from which they can build their campaigns. That's not an easy process," he says.

"We've recognized with this company that the days of pumping out advertising and saying 'run this' are over. If we just used television, it would be easier. Certainly for PlayStation and for most brands, advertising is just one part, and television is often not the most important part. When you use experiential marketing, that needs to be implemented locally with local skills. That is not a case of telling; you have to generate initiative and enthusiasm so that the advertising is not just adopted reluctantly but embraced and celebrated locally. That means you've got to include people's ideas and make sure you provide the right answer for everyone within what you can afford."

He acknowledges that the process of including the markets in the development of ideas is "laborious and time-consuming but ultimately it's the only way we can really do it."

Proof that it works was underscored with the success of the "Mountain" commercial—this year's Grand Prix winner at the International Advertising Festival at Cannes—that was so well received by the markets some 72 chose to run essentially the same version, a decision each made only after the final version was screened.

Then each country enhanced its marketing efforts in different ways choosing from a number of recommendations the agency made.

The Italians did some outdoor; the Germans did some movie ads. And it's been very effective, Bracegirdle says, especially in making the brand more sociable and fun, less dark and geeky, and something that can be played and enjoyed with other people. Making the brand more accessible is important to its future growth, he explains.

And growth is what it's all about for all brands expanding their geographic horizons. "The reality is there is no option today to a global economy," says Sealey. "When you have a global economy, you have to have global brands."

But all agree the landscape is complicated. And there is definitely a dichotomy between efficiency and effectiveness. "In a way," says Willcox, "the essence of global brands was about efficiency and about a controlled brand look. Now it's becoming increasingly more difficult to have absolute control of your brands if your marketing communications is going to be effective as possible." ●



Some 70+ countries ended up running the same version of Sony PlayStation's "Mountain" spot even though the agency filmed different casts at the top of the mountain as options.

korea's sassy brands

Ahn Jae-Wook or Kwon Sang-Woo are names little known to global marketers, however international, but they represent two of the new faces of Brand Korea. They are film stars of gigantic appeal who in large parts of Asia symbolize what has become known as the Korean Wave, or *hallyu*.

The *hallyu* phenomenon, partly kicked into the Western mindset by the 2002 World Cup, achieved its film debut in 2001, when the movie “My Sassy Girl” exploded on the scene. A romantic comedy in which a very ordinary student tries to cure a hopeless case of being inordinately sassy, it was the first of a superb repertoire of new Korean films. It re-invented the word “sassy”—which seems a very apt adjective to describe Korean brands—energetic, loud, unstoppable.

A fundamental question which non-Korean global marketers might legitimately ask of the *hallyu* is “what is the nature of this beast?”

In the case of Korean brands, many marketers competing with them are in the unique position of lacking close contact, experience, or even elementary knowledge of Korea and are unable to see the peculiarities which count. At the heart is the *chaebol* system, diverse business conglomerates used by President Park Chung-Hee’s administration to modernize Korea from 1963 on with origins in a “command-and-control” ethos that extended to the whole economy.

Even now, as few as 20 *chaebols* last year accounted for some 39% of the total sales of Korea’s non-financial companies. It is not obvious to Western eyes, but *chaebols* are implicitly Confucian in culture in a way which goes beyond the simple characteristic of family ownership and creates a whole series of very personal ties, loyalties, and relationships. Many of the individual market successes of the Big Three can be traced back to the personal

“
[*Chaebols*]
are hardly
companies in
the normal
sense of
the word.”

enfranchisement of individuals. *Chaebols* also tend to be regionally aligned. Through employment and investment, they extend into local political rivalries and alignments, which in turn connect at a national level to different interest groups.

These differences help explain the extreme competitiveness of Korean companies. It may sound melodramatic, but they are hardly companies in the normal sense of the word; rather, they are close unit communities engaged in warfare. Not understanding this has led to a grotesque underestimating of their capabilities.

At its root, their success is product-led by genuine innovation, whether it be in plasma technology by LG Electronics or digital connectivity by Samsung. Then it is efficiency-led—ruthless supply chain management plus extensive off-shore manufacturing. The result is the Korean recipe: offering slightly better value at each price point. In the Hyundai Motor Co., the strategy has been codified as “value innovation” but it is characteristic of all the globalizing *chaebols*. However, it is a strategy which up to now manifests itself much more at the lower levels of the price point scale. It is for this reason that Korean marketers had no need of Goldman Sachs to tell them of the BRIC concept. They had



long ago intuited that the giant developing markets of Brazil, Russia, India, and China would be the critical global battlegrounds. This is where *hallyu* has struck with real hurricane force.

China, the biggest BRIC opportunity, is an indicator. There are many published surveys which show the impact of the two big Korean electronic brands, Samsung, ranked No. 5, and LG, No. 10, in terms of brand recognition. But other Korean brands have little awareness. We are talking about the tip of a wave only. Probing deeper, one finds little written about the nature of their brand strength. Proprietary research by the Korea Trade Investment Promotion Agency and from Ogilvy & Mather's BrandZ study shows the enormous strength of Samsung's ability to turn bonding into market share. In fact, in global terms it approaches the "Olympic" level or optimum benchmark. In any group discussion in China, Samsung emerges as a brand for young people and with energy, in stark contrast to Sony, which is seen as old and passive.

Perhaps unsurprisingly, the spokesperson for Samsung handset is Ahn Jae-Wook. The quantitative evidence shows that Samsung is particularly correlated with a very strong social image. In relation to mobile handsets, for instance, Samsung's users are perceived to be more socially outgoing and daring, with more "flair" than their Western counterparts. Competitive mapping shows it is a brand strongly related to "recommendation" rather than to reputation—a "trend" brand.

Behind such success stories there is another message: it is still early days for *hallyu*, and there are some important qualifications. The most important of these relates to the role of branding in a *chaebol*. The Big Three *chaebols* are all significant spenders, and achieve significant share of voice, at least in developing and BRIC markets where their Western competitors are totally outspent. But it is not the quantum which is the issue, more the content. In Korean, there is no word for "brand," and although the Western word is used extensively, it carries different connotations (more connected to corporate identity) than in the West. It is very little associated with emotional content and imagery differentiation.



The film "My Sassy Girl" made the word "sassy" very apt for Korean brands.

“ In Korean, there is no word for ‘brand,’ and although the Western word is used extensively, it carries different connotations.

At a global level, brand strategy tends to operate on a "template" system, which creates a level of visual consistency, but stops there. After that, content becomes a local affair, in some cases done very well, in other cases not so well. The migration has not yet occurred from "one brand, one look" to "one brand, one voice." So even when high brand voltage is achieved, there is a kind of "thin-ness" to the brands. In China, consumers can relate to the trendy tech-prowess of Samsung but seem to find it difficult to relate to the Samsung brand in a truly unique way.

The real issue is, what is coming up behind *hallyu*? The answer is the new Chinese brands. Anyone meeting with the putative Chinese multinationals will recognize their global ambitions. In one respect, though, they seem to differ, and that is their absolute belief in branding which draws from the West more than from their Asian competitors. Ultimately the future will be about who can create the strongest bonds with consumers.

At the same time, it is difficult to build a truly global brand purely on a market-by-market basis. But in the *chaebol* model, a matrix is quite difficult to apply. So a line in the matrix which represents "global brand management" often exists only in nascent form. The advantage is in superior reactivity and pragmatism locally; the disadvantage is lack of economies of scale and leverageable global equity.

So there is a key "truth point" in this very nice-to-have Korean dilemma. It relates to the time when soft assets become as systematically managed as, say, manufacturing.

In "My Sassy Girl," the girl is not only charming, but she is socially gauche to an alarming degree. For Korean brands, more than just sassiness is needed for long term membership in the global brand Pantheon. In achieving that, the dilemma will be how not to lose the energy, the aggressiveness, and the winning spirit. These are compelling intangible advantages over global competitors whose matrix systems certainly conform to the manual but which can kill most forms of institutional entrepreneurialism. ●

Miles Young is chairman of Ogilvy & Mather Asia Pacific.

advertising as art and history

BY
DAVID
KILBURN



During Japan's Meiji period (1868–1912), an opening to the West brought outside influences, including product ideas.

Advertising became less stylized, at least in the way women were portrayed. This 1911 poster (left) for Kurabu toothpaste shows a fashionable lady in a realistic style by Tsunetomi Kitano, a master of woodblock print art. Kitano also illustrated newspapers, the new medium of that era.

Department stores, such as Echigoya (today's Mitsukoshi), would hire famous Ukiyoe artists to create flyers and posters to promote their wares. This handbill (right) by Utagawa Kunisada (1786–1864) shows beauties of the early 19th century wearing the latest fashion in kimonos.



Advertising was a growing industry in Japan well before the arrival of newspapers and other mass media as visitors to the new Advertising Museum Tokyo will discover.

As early as the 17th century, enterprising merchants and store owners recruited artists and craftsmen to make wooden signs and colorful flyers to help attract business.

Many of Japan's famous Ukiyoe artists created wood block prints showing patrons exploring the wares of department stores or discovering how they looked in western-style clothing.

The museum, located within the new Dentsu Headquarters building in central Tokyo, has an unrivalled collection from these early years. Dentsu donated its collection and archives to the museum, which is run independently by the Yoshida Hideo Foundation, established as a

memorial to Dentsu's fourth president, widely credited for creating Japan's modern advertising industry.

Organized into seven groups and arranged by theme, the permanent collection provides much insight into the economic history of Japan.

The collection includes work from many agencies tracing the evolution of Japanese advertising up to modern times. There are also displays that put advertising of different epochs in the social context of historical events and show products that were household names in those days.

The permanent collection is often supplemented by temporary exhibitions which may include prizewinners from creative contests around the world.

Via interactive touch screens, visitors can explore databases and view a much larger number of ads than could ever be displayed at the same time. A library stocks ad-related magazines from around the world.

The museum's interactive website (www.admt.jp) in English, Japanese, Chinese, and Korean provides a digital

preview of much of the material and collates statistics and information about advertising in Japan.

Opening times, access details, and a location map can also be found on the site. There is no admission charge. ●

managing a network

If global advertising has hit some bumps in the road, global promotions are finding it even rockier.

BY
GRAEME
HUTTON

“The Lord in his infinite wisdom chose not to make the French in the image of the English.”

Winston Churchill’s perceptive remark was made after some disputative political negotiations with the French. But his words would have been equally as true if he had learned them through the hard experience of being in the international advertising business.

I smirked when I first read this quote, but I soon realized its application is universal. At a previous agency, I noticed a definite pattern when I went to visit any international client’s local country managers across Europe. After we exchanged introductions and mutually affirmed the purpose of the visit, the client manager would always wish to passionately explain “...why my country is different!”

In every instance, taken at face value, it seemed as if we didn’t have international brand coordination or consensus but almost more like the potential for international brand anarchy. As I listened to clients, the responses fell into three groups:

Cultural: I recall visiting a client in Dublin “The island of Ireland” as the Irish like to say is, of course, two countries: Eire, which is the Republic of Ireland, and Northern Ireland, part of the U.K. I quickly

learned that regardless of what the national boundaries were this client wanted “32-county marketing” referring to the 32 counties that made up Eire and Northern Ireland. It made Ireland more important to Europe and in the interests of international marketing harmony, I tended to agree.

Interesting background but not necessarily relevant:

In Switzerland, I was shown how the grocery business is an oligopoly of two retailers. Very important to the local client but I was less than clear on its international strategy implications.

Very appropriate: Overspill of broadcast media into neighboring countries could garner major cost savings: e.g. German TV into Austria. By combining budgets we could make the unaffordable affordable.

The key aim in avoiding brand communications chaos is to focus on how to achieve scale. And scale, in my view, is best achieved by following the axiom: Exploit the commonalities while respecting the differences—BUT in that order!

Europe is, of course, no more than a microcosm for the rest of world. Note how the internal language differences of Belgium or

Switzerland are reflected in Canada or indeed increasingly in the U.S. with its burgeoning Hispanic market. Or how combining sales across the 32 counties of a “united” Ireland might be repeated by aggregating the budgets of Australia and New Zealand to make the combined region appear larger in a global sales analysis.

Scale in global terms is also most easily achieved by pursuing Alfredo Pareto’s 80–20 rule. Almost universally, 80% of a client’s sales and advertising budgets will be in 20% or less of the markets in which they operate. This can be easily demonstrated by looking at total global advertising expenditure. For 2002, ZenithOptimedia estimated that of the largest 50+ advertising media markets, the top ten accounted for 80% of global advertising expenditure.

Source: ZenithOptimedia



This Hewlett-Packard ad, telling how HP helped the National Gallery identify the original colors of a Van Gogh painting, was part of a global-local partnership.

top ten countries by advertisers' media spending 2002

		U.S.\$ IN BILLIONS	% OF GLOBAL
1.	U.S.	144.4	46
2.	Japan	33.5	11
3.	Germany	17.0	5
4.	U.K.	15.2	5
5.	France	9.0	3
6.	Italy	7.1	2
7.	Brazil	7.0	2
8.	China	6.3	2
9.	South Korea	6.0	2
10.	Canada	5.2	2
	TOP TEN	250.7	80
	GLOBAL	316.5	100

Focusing on commonalities and scale, however, is still the basic principle of international management. It may provide a high level vantage of the world, but the truth is that all headquarters policy and strategy development in deploying a global budget specifically down to the country level will be seen by the local markets as interference.

Ultimately, network management comes down to the recognition that the most important element in a global network is relationships. Relationships built on trust and communication that are two-way and inter-relational. One has to harness the relationships in a two-way process, which sees the various levels of trust to be built up as first consensus, then commitment, and finally ownership.

Ownership of the global strategy at the local level is the ultimate level of this spectrum. Yet, ownership at the local level is, in fact, very difficult to achieve. Essentially, what is required is every office in the network see itself not only as the ambassador of an agreed global strategy but also behave as its proactive co-owner.

In part it needs a change in the operational focus by the worldwide hub. The classic hierarchical structure is a global and regional hub structure in which each country reports to a hub that in turn reports to the worldwide center.

What one needs to do is change this at least temporarily so that worldwide headquarters has direct dialogue with the local markets in addition to communicating with the

regional hubs. The aim of the shift is to make global headquarters much more accessible and readily understood.

This structure can have its own potential geopolitical problems too if not handled sensitively. The regional hubs can see this as interference in their local affairs. Possibly, the best way to resolve any such personal issues is to call a regional meeting with the focal point being the client. This reflects the next key axiom in network management: The client is “hero.”

The essential issue is: what is best for the client should also be what is best for the agency.

As ZenithOptimedia Group’s global client services director for Hewlett Packard, I have as one key issue: how to deliver the best practice.

Within a month of looking at HP, I identified the key structural issues to be resolved in a matrix of best global practice, shown below. Having established a first base, in discussion with the HP client, we developed this further a few months later to reflect a key tenet: All great, world-class marketing communications solutions are driven by big ideas.

We certainly had big ideas, but we champion them more clearly and formally, showcasing them for everyone to see and sharing the ideas both formally and informally across our network.

For this we introduced two new concepts: a quarterly global review of our media accomplishments and an internal HP media awards

hp best practice opportunities matrix

OPPORTUNITIES CLEARLY OVERLAP AND ARE NOT EXCLUSIVE AT EACH LEVEL

GEOGRAPHY	GENERAL APPROACH	PLANNING + BUYING	DEVELOPMENT
GLOBAL OPPORTUNITIES	GLOBAL VISION + DIRECTION	GLOBAL MEDIA PARTNERSHIPS	GLOBAL AD METRICS
REGIONAL OPPORTUNITIES	ORCHESTRATE REGIONAL OPPORTUNITIES	PAN-REGIONAL MEDIA DEALS	COMMUNICATIONS CHANNEL DEVELOPMENT
LOCAL OPPORTUNITIES	“TOTAL HP” THINKING	MEDIA INTEGRATION	IDEA INNOVATION
INTEROPERABILITY AT ALL GEO LEVELS	DEVELOP THE “HP WAY”	HP UNIQUE MEDIA TOOLS	WORKSHOPS

B E N E F I T S > > > > > >



a global campaign tailored to a local market: hewlett-packard's partnership with the national gallery london

program. Of these the most important is the awards program. HP's marketing management has been extremely supportive in this area and has been very actively involved at all levels in the program. It is a reflection of HP's own commitment to marketing communications excellence.

The results of the award program have been outstanding as demonstrated by HP's sponsorship of the U.K.'s National Gallery. The sponsorship that entailed using the temporary outdoor structure surrounding a major renovation shows that one should aim not just for an idea's good translation to a local market but strive

Hewlett-Packard's objective was to communicate and develop among its customers a better understanding of its partner relationships and to find opportunities to communicate these ideas in a way that brought them to life. Capitalizing on an HP ad which featured the relationship between HP and the National Gallery to preserve some of the world's greatest art treasures,

ZenithOptimedia EMEA identified this as an opportunity for further development.

While gallery renovation work was undertaken in the East Wing adjacent to Trafalgar Square, HP was permitted to place advertising on the temporary structure around the renovation.

This was the first time advertising had ever been allowed in the history of Trafalgar Square.

The materials on the structure were printed on HP printers and were co-ordinated with the National Gallery's print-on-demand service which uses HP's high resolution scans to print posters on demand in the gallery's shop. This extended the partnership to demonstrate a genuine consumer benefit.

Some five million people have visited the gallery since the structure was erected, and it's estimated another five million will have seen the advertising as passersby before the program ends.

for its direct transposition to that country.

Overall, what makes a great network is not just great people, not just great managers managing those

people but ideas that will drive a global strategy down to a local market. Ideas so powerfully transposed by the network in their local relevance to that local market

that it becomes a great living and breathing idea in itself. ●

Graeme Hutton is senior VP, global client services director, at ZenithOptimedia Group.

the right role for procurement

Part of a continuing series 

Procurement is not a four-letter word, but it may as well be when it's discussed in advertising and marketing circles.

However, Ian Finlayson, finance director of the Institute of Practitioners in Advertising, the U.K. agency trade organization, says it's a fact of life and advises agencies to "deal with it."

Although some companies began using procurement specialists in the area of marketing and advertising as long as a decade ago, starting with the purchase of tangibles, such as print, paper, production, and promotional items, the practice has been gathering steam and expanding into pitching, contract, and fee negotiations first for below-the-line agencies and now more and more for creative and media agencies.

Marketing and advertising may be the "last bastion of procurement activity," Debbie Morrison, director of membership services for ISBA, the U.K. organization that represents advertisers, told a gathering of agency search consultants at a recent meeting hosted by AdForum.

Today, it is the topic of many group discussions as more and more companies call on such specialists to help them control marketing costs,

which account for significant portions of many corporations' budgets. And in March, the World Federation of Advertisers' Communications Purchasing Action Group, whose more than a dozen members include representatives from Cadbury Schweppes, Eurostar, GlaxoSmithKline, Heineken, Jaguar/Land Rover, Peugeot Citroën, Procter & Gamble, and T-Mobile, published six recommendations on how to achieve and maintain a good relationship between agencies and procurement professionals.

Yet, it's not just agencies but marketing departments themselves that remain doubtful of working with procurement, according to a recent survey of 120 procurement directors from Europe's biggest spending companies by Ariba, a provider of spend and management software.

"Marketing has been a protected bastion by the VP-marketing or CMO as an area where they don't want to see the introduction of procurement," says Steve Muddiman, Ariba VP-marketing for Europe.

"The primary role of procurement is to drive out inefficiency and focus on value in terms of costs and stronger supply relationships. That terminology is completely

180-degrees away from the way a marketing organization likes to work with its suppliers. If you're a marketing guy, you would ask how could a procurement guy add value to my business. The research really shows the standoff."

Says Xavier Hesse, senior category manager for procurement for sales & marketing, EMEA, for Cadbury Schweppes, "Of course, they are suspicious because they are handling it on their own and they don't understand the advantage of procurement."

He speaks from experience in having just been involved in the company's review to reduce the company's roster of media agencies across Europe from more than 10 down to three: Aegis Group's Carat, Initiative Media Worldwide, and Publicis Groupe's Starcom MediaVest Group. The project, which involved 14 countries and 19 business units, resulted in savings of more than €4 million. Cadbury Schweppes chose to work with three agencies across Europe instead of one, going for a "best-in-class local agency" strategy, he says. Within a country, only one of three is used.

Only 20% of procurement directors feel that marketing departments are willing to

comply with procurement practices, the Ariba survey found. In fact, 40% of European companies think the chief role of the procurement department should be only to advise marketing on pricing and contracts, while nearly 10% say the marketers see procurement as a “necessary evil.”

“The fact that marketing spending makes up between 5%-10% of a company’s overall spend means procurement must start to work closely with the marketing department to help bring more strategic long-lasting relationships with suppliers and ensure spend is properly managed throughout the business,” says Muddiman.

For Hesse, the scope of his work involves much more than selection of media agencies. His team is building tools to

[The Cadbury Schweppes] team is building tools to evaluate what agencies are delivering, which also includes guidelines for the agencies.

evaluate what agencies are delivering, which also includes guidelines for the agencies. The tools have been completed for media and design agencies and are expected to be completed for ad agencies by the end of September.

Intel is another company that applies purchasing principles and supply management techniques across all marketing spending. Residing in the company’s sourcing group, the department is responsible for negotiating pricing; structuring, and optimizing contracts and using incentive-based pricing where possible. Establishing benchmarks, assessing agency capability, performance, and quality are all part of the toolkit.

Another innovator is Aventis, which has a procurement VP reporting to the head of marketing. His responsibility is managing suppliers on behalf of marketing for the company’s €2.2 billion in worldwide spending.

At Cadbury, Hesse says in his view the relationship of procurement with marketing has three stages: It starts out uncoordinated and adversarial when there is suspicion, lack of trust, and a focus on prices; the next stage that he calls “planned” is one of developing mutual respect, understanding roles and responsibilities, and discussions of new projects; and the final stage of transformation when procurement and marketing are respected business partners is characterized by cross functional teams, integrated objectives, and the full utilization of each party’s strengths.

“We are not in the third stage yet,” which takes time, he says, and he hopes to achieve that kind of relationship by 2006. But he knows his work is valued because marketing is

now insisting that procurement be a part of their decision-making process, he says.

“Procurement directors are not just focused on making cost savings,” said Muddiman. “They can actually make marketing budgets go further by helping to set proper performance metrics and review mechanisms to ensure they are getting the most out of their suppliers beyond just best price. It isn’t a case of taking control and reducing the budget, but working closely with marketing to make sure that supplier decisions are being made strategically rather than on creative gut instinct,” he says.

The industry is starting from a place where procurement is often seen as people who cut the money. “What we have to do,” adds Muddiman, “is help procurement have a dialog with marketing to show how they can add value and to educate the marketing department about opportunities for them to see their budget go further and they can achieve more as a result of engaging the procurement function in their business.”

In fact, if Hesse has one piece of advice for those just starting out, it’s this: “If you want to build a good relationship with the marketing teams, you have to go through a success story at the very early stage of the procurement organization.”

For a first project, give high priority to the happiness of the marketing team, he adds. “Then they will accept you, and you can work together.” ●

america's image

A European perspective on America's initiative to turn the tide on an increasingly hostile attitude toward the country and its brands

BY
CHARLIE
CROWE

Despite the myriad marketing challenges that he must have faced during a long and distinguished career in advertising, Keith Reinhard has his work cut out for him in his current endeavor.

The chairman of DDB Worldwide has been hard at work establishing Business for Diplomatic Action (BDA), an initiative designed to investigate ways to overturn the increasingly hostile attitude to America (and, by inference, American brands) among consumers, politicians and... well, pretty much everybody it seems who has decided to follow the latest ideological fashion.

A spate of Enronesque scandals plus a few minefields encountered in overseas markets by the likes of Coca-Cola and McDonald's and, of course, the protracted war in Iraq have combined to cast a shroud of gloom over all things American.

The new group cites research to show that consumers outside the U.S. believe that American brands represent arrogance and selfishness. Intriguingly for a traditional adman, Reinhard plans no advertising campaign, but to start off with "a day America listens."

The group intends to focus on three areas uncovered by

their data. The first is to tackle the perception among people outside America that U.S. brands threaten local firms. The second misconception to be tackled, according to BDA, is that America only cares about Americans, and the third challenge is to dispel any overseas concerns over American cultural imperialism.

"I love American brands," Keith Reinhard said recently, "but they are losing friends around the world and it is vital to the interests of America to change this."

Some people might think that the initiative is a little like Cuba's recent bid to host the 2012 Olympics, a worthy

a \$15 million campaign showing how Muslims have successfully integrated into American society. Unfortunately, the target countries declined to show the campaign.

So starting off "listening" probably displays the tact required for such a sensitive task. And Reinhard is also in good company. The U.S. political scientist Joseph Nye has employed the term "soft power" to describe a nation's ability to influence affairs and achieve their desired ends through means other than brute force. Nye has written that declining U.S. popularity is damaging American global interests in many tangible ways.

But the whole BDA enterprise raises some interesting questions for international advertisers—the obvious one being whether it is correct that American brands are indeed losing supporters (like consumer surveys into

"The whole Business for Diplomatic Action enterprise raises some interesting questions for international advertisers—the obvious one being whether it is correct that American brands are indeed losing supporters."

cause, but ultimately destined to bring disappointment. At least the group is probably right to eschew the traditional advertising route. Another U.S. advertising luminary, Charlotte Beers, had launched

corporate responsibility, consumers may moan but this doesn't ultimately change purchase intentions).

And then there is the implied link between brands, nationhood, and national

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managing director
of C Squared
(www.csquared.cc).



interest: Can Coca-Cola, which has worked so hard to be locally relevant, be affected by George Bush's falling opinion ratings?

Although Volvo is Sweden's largest employer, could the country's brand be adversely affected if the car company were ever involved in some corporate scandal? Does the fact that less than 20% of Volvo's parts are now manufactured in Sweden affect the brand's traditional connection to its own national heritage?

These combined questions are not the only reason why I think BDA faces a long struggle. Even if it could be proved that products with a U.S. heritage are now scapegoat brands and that a communications program could possibly overturn negative attitudes, I believe the BDA enterprise will still be a thankless task for Reinhard and his team.

Given that only 18% of Americans own passports, I can't imagine their being overly concerned as to how their brands and lifestyles are perceived around the world.

Some news reports say that most American consumers are more concerned about protecting their steel and farming industries through subsidies than promoting their wares in world markets. Furthermore, the same research company that has alerted BDA to the festering hatred of Uncle Sam is the same company that, only a few months before, identified another huge group

of consumers that despise U.S. business—Americans themselves!

According to a Roper Starch survey, 78% of Americans thought their domestic corporations put "too little effort" into protecting jobs; 68% thought that they

The simple truth is that, if asked, consumers will express a whole host of cultural prejudices. This is why countries such as India, Ireland, Singapore, South Africa, and Spain continue to monitor their national brand characteristics as a means to

and Mongolia are developing strategies in this area.

But the U.S. economy is too mature and too diverse to have such a policy. Look in the business pages behind the stories about Iraq, and you'll find articles on thousands of American companies doing good things. Recently, I read about "Aid to Artisans," an American non-profit

"Given that only 18% of Americans own passports, I can't imagine them being overly concerned as to how their brands and lifestyles are perceived around the world."

organization that trains artisans in developing countries and links them to wholesalers back in the States.

I believe the BDA should save its time and money on some misguided national initiative and put its collective advertising resource and expertise behind finding and helping these kinds of U.S. enterprises. Let them communicate to the world and flourish as a result. If they do, it won't be too long before consumers abroad begin to find a little love in their hearts once more. ●

failed to protect the environment and over half of American consumers felt that their companies were "arrogant." One might ask, "Is this a message that BDA should sort out its own house first?"

understand not only tourist potential and the best internal investment prospects but also which indigenous brands to invest in for the greatest return in overseas markets. Even countries such as Croatia

feng shui-inspired

The principles of Feng Shui, space requirements, and building parameters all had an impact on the design of Ogilvy & Mather's new Beijing offices, located in the heart of the city, about 1km from the Forbidden City. The offices, designed by Robarts Interiors & Architecture, house O&M Advertising, OgilvyOne Worldwide, Ogilvy PR, and Ogilvy Activation, the promotions marketing unit.

"We wanted to create not only a comfortable working environment, but also one that would reflect the passion we have for our work" says Shenan Chuang, group chairman of Ogilvy Beijing.



Creatives have a choice of spaces for meetings and inspiration, including (far left) a break room with a bar and billiards table, (near left) the Pink Lounge, and (above) the Black Box.



Meeting rooms are named after principal political and cultural centers in China and places linked to other governments. The House of Lords (left) is a main meeting room near the reception area on the floor where management and administrative staff have offices. Zhongnanhai (right) is a large meeting room named after the government compound in Beijing, home to China's Central Committee and the State Council.





A well-known Feng Shui master worked with the agency to select the locations and directions of individual desks for senior people, using calculations based on their birthdays, such as in this office of the managing director of OgilvyOne.



An inflatable meeting room (above at left) is yet another option for creatives just opposite the N.A.S.A. (New Accounts Special Action) meeting room.

Upon entering the waiting area, one realizes that the entire space is designed not as a typical office but more like spaces in an art gallery, a sequence of carefully proportioned gallery-like spaces that are home to quality artwork.



The first impression of the offices is from the lift lobby, a simple rectangular space with dramatic lighting and a powerful combination of simple materials: grey flamed granite, stainless steel, red lacquer, teak wood, and water.

Working spaces, such as the account service area, are designed to celebrate the building architecture, with exposed ceilings and Spartan simplicity.



brazil



A sophisticated market steeped
in national pride

National sports heroes—
Formula One race drivers
and soccer great Pele—
provide a unifying force in a
diverse country in a campaign
by Rino Publicidade for
Brazilian coffee.



Think of Brazil, and exotic images of Carnaval with fireworks, feathered dancers, and wild excesses are perhaps the first that come to mind. But, except for those four days preceding Lent, Brazil is actually a sedate and sophisticated culture.

With slightly fewer people than the U.S., Brazil has a burgeoning population of 181 million from a birth rate nearly three times the death rate.

Although open to foreign investment for only ten years, Brazil now has most major international players. “They’re all here—McDonald’s, MasterCard, IBM, you name it,” says Rino Ferrari, CEO of Rino Publicidade/ICOM, a full-service agency in São Paulo.

Some have done well; some not so well, says Ferrari.

“Brazilians are very proud. If you want to speak to Brazilians, you need to respect our culture and our ways,” he says.

One lesson that IBM learned: Speak Portuguese. Only about 2% of the population speaks English, and the IBM “Business on demand” tagline in English left them puzzled, says Ferrari. McDonald’s got it right, he adds. “The message is the same global message, but they never use anything from abroad except Ronald.” This means Brazilians are featured in McDonald’s campaigns; Brazilian music is used; and commercials present that certain sense of the Brazilian *joie de vivre* that is untranslatable.

“Brazilians have no sense of wanting to emulate Americans or have American products as in other parts of the world,” Ferrari points out.

This model has worked well for Sealy, which opened its first mattress factory three years ago.

Says Sealy Brazil General Manager Guillermo Bloj, Sealy adapts itself to each market, and in Brazil, is one of the

few companies selling high-end innerspring mattresses.

While most international companies participate in global alliances with global messages presented by the big agencies, Sealy backed Bloj’s decision to give its Brazilian marketing to Ferrari’s completely Brazilian agency. It worked.

The campaign by Rino Publicidade/ICOM appealed to those who wanted innerspring mattresses, a step up from foam mattresses that comprise most of Brazil’s bedding market.

“Getting this market to shift from foam to innerspring mattresses is a little like getting a market to shift from videotapes to DVD. It’s a big leap,” says Bloj.

The result? The market for innerspring mattresses in Brazil doubled in just three years. Sealy achieved double-digit growth in the past two years and they’ve pulled within two percentage points of the largest local manufacturer.

“Rino was dedicated to get our name out there, get name recognition, and to get our message out. It worked incredibly well,” says the pleased client.

The tagline created by Rino, “The best comfort comes from Sealy,” touched a place in the heart of Brazilians, a warm, friendly people who are deeply touched by emotional and comfort messages.

Brazilians typically are averse to aggressive communications, and they are repulsed by direct comparisons of products, says Ferrari.

Even though it’s a geographically segmented market, as in many countries, television, sports, and national pride are the universal unifying force.

That unifying force perhaps found its epitome in “Idols,” a Rino campaign promoting Brazilian coffee, a national icon in a league of its own.

“We Brazilians love coffee. We are the No. 1 producer of coffee in the world and the No. 2 consumers of coffee [behind Americans],” says Ferrari.

The campaign depicts national heroes drinking coffee—ranging from Formula One drivers to basketball players to the *crème de la crème*, the ultimate hero: soccer great Pele. ●

- In a country as diverse as Brazil (population: 55% white, 38% mixed race, 6% black, and 1% other), a single message may need regional tailoring.
- A marketer should be diligent in language checks. Some words common in one part of the country are completely unknown in other parts.
- Business in Brazil has a very heavily social responsibility component.
- Catalogs are virtually unknown and attempts to introduce them have been unsuccessful.

LONDON

At the 2nd IAA European Advertising Summit, industry professionals discuss everything from ROI to creative. (All photo identifications from left.)

1 Steve King, ZenithOptimedia.

2 Nigel Pike, PriceWaterhouseCoopers; Steve Wheeler, Emirates Group; Jill McDonald, British Airways; Henrik Bustrup, Xerox.

3 Peter Stringham, HSBC; Neil Holland, Accenture.

4 Nick Gyss, Newsweek; Deborah Malone, inter national ist.

5 Saneharu Mushakoji, Nikkei Europe.

6 Glyn Hughes, Initiative, John Harlow, Naked.

7 Ivan Pollard, The Ingram Media Partnership; Martin Thomas, Nylon.

8 Max Raven, CNN; Jasmin Kaur, Mediaedge:cia.

9 David Oliver, Oliver Smith & Partners; David Hardy, Gruner+Jahr.

10 Stephen Berg of RMS/Radio Marketing Service.

11 Michael Toedman, BusinessWeek; Jonathan Oliver, BBC World.





JEJU, KOREA

Miles Young, Ogilvy & Mather Asia Pacific; Dale Oke, LG Ad, Global Division; and JS Kang, LG Ad celebrate the re-launch of LG Ad, South Korea's No. 2 agency, co-owned by Ogilvy and Young & Rubicam.



NEW YORK

Latin American EFFIE partners attended the U.S. awards gala: (From left) Claudio Ascui, EFFIE Chile; Ivan Correa Calderon, EFFIE Ecuador; Pedro Arriagada, EFFIE El Salvador; Hector Hermosilla Escobar, EFFIE Chile.



SEOUL

The World Economic Forum in June brought together top executives from around the world: (from left) Jose Maria Figueres, World Economic Forum; Lim Chee-Onn, Keppel Corp.; Michael Rake, KPMG, UK; Hou Songrong, Konka Group; Sir Martin Sorrell, WPP plc; E. Mervyn Davies, Standard Chartered Bank, UK.

CHICAGO

The Mid-America chapter of the International Advertising Assn. brought together many professionals to discuss "Do You Know Where Your Brand is? Protecting Intellectual Property in this Digital Age." (all names from left)

Jim Mack, CFO magazine; Alice O'Hara, Leo Burnett Co.

Daniel O'Brien, Accenture, introduces panelists: Carla Michelotti, Leo Burnett Worldwide; David Davis, Baker & McKenzie; Doug Wood, Reed Smith; Steve Durchslag, Winston & Strawn.



STOCKHOLM

The IAA Sweden hosts a seminar to discuss "The New Era of Digital Media." Among those participating: Jonas Heimer, Ericsson; Lissa Jones, Wall Street Journal; and Hira Verick, Mediaagency.

NEW YORK

The new chairman of American Business Media William A. Morrow (2nd from left), Crain Communications, gathers with his executive committee: (from left) Michael Marchesano, VNU Business Media; Morrow; Gordon Hughes, American Business Media; James Watt, Watt Publishing; Hugh Roome, Scholastic Inc.



NEW YORK

Maria Cristina Ruiz (right), Latin American marketing director for TBS Inc., was among several employees honored as an outstanding volunteer at the 23rd Annual Andrew Heiskell Community Service Awards in New York at an event presided over by Time Warner Chairman-CEO Dick Parsons. Another winner was Debbie Butler, database administrator.





LONDON
 Fortune marked the arrival of the 2004 Global 500 with a gala for senior management of companies in the annual ranking. Some 120 guests represented over US\$1 trillion dollars in market capitalization. (All names from left.)

Vicky Miller, TBS Inc.; Ivar Fitje and Louise Sams, both Turner International.



Barbara Kovacs (2nd from l.), Tiffany & Co., and her husband Barry Wortsmann (l.); Pamela Powell, SAB Miller; Richard Rivers, Unilever.



LONDON
 Members and guests celebrate at the IAA Summer Ball.

Bob Cole, IMD Plc

Emma Cleary, Dow Jones



Julie Swaysland and Penny Edwards, Newsweek



NEW YORK
 Gangsters and molls turned out in character for the 1920s theme of the IAA Summer Ball, held at the legendary art deco Rainbow Room.

1 Justin Halliley, Discovery Channel; Gretchen Parks, Citibank.

2 Susan Popper, SAP, and her husband, Rocky Greenberg.

3 Brad Jacobs, CNN; Sharon Gallagher, Mindshare.

4 Taylor Grey, Time; Peter Weedfald, Samsung.

5 Victoria Hoffman and Jamie Weissenborn, both Sony Pictures Television International.

6 Tim McCann and David Orman, both Eurosport.



Nick
B A U E R Paris Eurosport, Senior Sales Manager



1997 LONDON
 Carat International

1998 LONDON
 Carat International

1998 PARIS
 Carat International

2004 PARIS
 Eurosport

Guan
T A Y Kuala Lumpur Grey Global Group, Regional Executive Creative Director-Southeast Asia



1990 LOS ANGELES
 Kresser/Craig

1994 SINGAPORE
 Saatchi & Saatchi

1993 SINGAPORE
 DNC Advertising

1999 SINGAPORE
 Leo Burnett

2004 KUALA LUMPUR
 Grey Global Group

Peter
D E V I S E R Düsseldorf Time, International Sales Executive/Benelux and Germany



1990 HAARLEM
 Vierhand Direct Marketing

1998 AMSTERDAM
 OMD

1992 AMSTERDAM
 TBWA/H

2000 AMSTERDAM
 MindShare Nederland

2004 DÜSSELDORF
 Time

MATTHEW N.
D O D S New York Brand-thropology Inc., President



1988 NEW YORK
 D'Arcy, Masius, Benton & Bowles

1992 SEOUL
 D'Arcy, Masius, Benton & Bowles

1995 TOKYO
 D'Arcy, Masius, Benton & Bowles

1997 TOKYO
 McCann-Erickson

2000 SINGAPORE
 FCB Worldwide AsiaPacific

2001 NEW YORK
 Brand-thropology Inc.

Paul
H E A T H Hong Kong Ogilvy & Mather Asia Pacific, Director-Operations



1986 LONDON
 Ogilvy & Mather

1991 BANGKOK
 Ammirati Puris Lintas

1992 SEOUL
 Ammirati Puris Lintas

1995 SÃO PAULO
 Ammirati Puris Lintas

1999 SÃO PAULO
 Young & Rubicam

2000 SÃO PAULO
 Internet Group do Brasil

2001 SÃO PAULO
 RPM

2003 HONG KONG
 Ogilvy & Mather Asia Pacific

Stop smoking, quit drinking, and reorder your L'Oreal RevitaLift: it's off to Los Angeles! The land of the plastic fantastic beckons, with movie stars, swimming pools, and fish tacos. Since much of modern consumerism is built on the shameless adoration of celebrity culture and the Hollywood money machine, you may find things feel a bit shallow upon arrival. LA shallow? Never! Because despite the all-silicone all-the-time reputation, the city of Angels has a deeper side.

arrivals

The first thing to realize is that the cool game isn't worth playing. The fun people are not actually at the Viper Room getting loaded, contrary to Hollywood entertainment reports. Everyone does dinner parties and BBQs, so what you really need are a few friends with a few friends.

Tom Bradley International Airport is a sickening maze of confusing car rental junkies, airport departure lines, and half of South America trying to get home. This makes it difficult getting to the Mondrian Hotel pool mattresses in time for the last rays of the day.

So definitely reserve a rental car. Hertz does a wonderful X-Type Jaguar for not much more than the regular sedan, and in LA your car is everything, so no Chevrolet allowed! A taxi is just \$45 into the city, but then you're stuck since this is not a city for mass transportation.

settling in

Proceed directly to the Standard Downtown, or in West Hollywood the Mondrian. The Standard is fun and has the added prop of vagrants hustling you as you walk down the street, while the Mondrian is fun and has the added prop of hookers hustling you as you walk down the street.

One of the city's better treats is the pool scene at Sky Bar and Asia de Cuba at the Mondrian. Check your bags at reception, head to the pool, and order lunch. You can lounge the rest

of the day au natural and feel cool while people frolic in the music-infused water lapping at your toes. (Sky Bar serve the best mojitos in town.) After lunch and some sun, pick up your bags, and head back to the airport. Voilà, a layover accomplished!

If you've got cash to splash, try the St. Regis, arguably better than anywhere in the world. If you're after some old Hollywood glamor, it must be the Beverly Hills Hotel, complete with Merv Griffin style fossils baking on their sunbeds next to Colin Farrell.

MONDRIAN HOTEL

LOS ANGELES

8440 West Sunset Blvd.

1-323-650-8999

THE STANDARD DOWNTOWN

550 South Flower St.

1-213-892-8080

going out

Get a friend and make them drive. If you don't have one, expect to get lost and spend time on the Santa Monica freeway figuring out how to get to Venice Beach. Once there, try Abbot's Pizza Co., ok-delish and worth the wait on the freeway. Near Venice is the super funky restaurant Whist, which is great for people-watching and ambient entertainment.

However, the real LA is not Venice Beach; it's south central, and the best fast food restaurant ever is Chano's. Located close to USC, this drive-in hidden gem has the best Mexican food your lips will ever come across. It is completely run down and you

have to eat in the parking lot, but its followers span the world.

Down on Third Street is Orso—a beautiful garden and delicious fresh food are the order of the day along with wafer-thin



to spend a weekend afternoon. The trailhead with street parking is about 0.5 miles above Sunset Blvd. at the end of Los Liones Drive near Los Liones canyon.

at night

Frankly, you need to be on the list. One of the better spots is Cine-Space, a cool little club in Hollywood. Have dinner and drinks in the lounge to guarantee access later in the evening when it turns into a full blown dance club. Cine-Space offers a smoking



The Standard Downtown is not only a chic affordable business hotel, its majestic marble and stainless steel lobby has been designated an architectural landmark.

people who have been living on wheatgrass too long but look like they're ready to party.

ABBOT'S PIZZA CO.

1407 Abbott Kinney Blvd.

WHIST

1819 Ocean Ave.

CHANO'S DRIVE INN

3000 South Figueroa St.

ORSO

8706 West Third St.

activities

Since youth is the ultimate accessory in California, one can expect days of strenuous activities designed to keep you that way. For the active, take the trail Los Liones into the Santa Monica foothills. It winds around over seven miles of beautiful scenery overlooking Santa Monica Bay—a great way

room presumably for Europeans who aren't quite used to California's strict smoking rules.

CINE-SPACE

6356 Hollywood Blvd.

At the end of the day, LA is very fun. It's big, rock-and-roll cowboy meets Hollywood glamor, home of the best flower market ever (downtown) and the farmer's market in Santa Monica. Those things are uniquely LA and all worth a look-see after those meetings with reality TV producers, hair and makeup people, personal trainers, and celebrity chefs, immigrant lawyer activists, or whoever you've jetted in to pitch your script with. Just make sure you schedule some quality time for yourself. Despite its size, LA is still about the chill. ●

Tim Street-Porter