

GLOBAL PROMOTIONAL STRATEGIES. THE CASE OF BENNETON COMPANY

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Global companies have to make the effort to sustain advertising campaign in all the markets in which they are present, because wherever they live people tend to react positively to companies and products they know about. The major objective of every multinational company is to achieve a strategic position on each market they are present in. To reach that goal companies need to differentiate its products from competitors, while holding the costs of market communication activities as low as possible. The present tendency is to combine elements of standardization and adaptation. In the international advertising strategy, brand familiarity plays an important role in the standardization issue. A very special global advertising history has the Benetton Company, one of the most dynamic marketing entities of the last decade. But it has been the company's advertising that made the company different from its competitors.

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The multinational companies have to obey the same rules in terms of effective marketing communication. However, the environments and the situations usually are more numerous and call for coordination of the promotional effort.

Global companies have to make the effort to sustain advertising campaign in all the markets in which they are present, because wherever they live people tend to react positively to companies and products they know about. In the U.S., for example, many consumers believe that nationally advertised products are better than only locally advertised competitors⁴³⁴.

The international marketer basically has the same communication tools at its disposal as its local counterparts. However advertising, public relations, sales promotion, sponsoring and direct communication need additional international coordination.

The major objective of every multinational company is to achieve a strategic position on each market they are present in. To reach that goal companies need to differentiate its products from competitors, while holding the costs of market communication activities as low as possible.

Not every multinational company has a high level of coordination of its market communication. The appropriate level of coordination depends on how important an internationally standardized identity is to the success of a company and its products. The products with widespread international presence and highly mobile customers (such as Hilton for example) need the highest degree of coordination of market communication among country markets to achieve and sustain the intended position in their customers mind.

Some companies operate internationally but market purely local products that do not have any external signs in common, such as the brand name or the package. Such products do not need any coordination of their communication activities. Potential coordination needs only arise from the goal of achieving the intended general position of the company in the minds of the customers.

Advertising is the paid communication of company messages through impersonal media. Like local marketers, an internationally operating company uses advertising mainly to: stimulate potential customers interest in its products, make those products reach an intended position in the customers minds, continually remind the customers of the benefits to be gained by buying and using the product and prepare the ground for positive buying decisions by the customers⁴³⁵.

The first step after internationalization decision has been made, is to decide the product modifications that are needed. A company has four basic alternatives in approaching international markets: selling the product as it is in the international marketplace, modifying products for different countries and/or regions, designing new products for foreign markets, and incorporating all the differences into one product design and introducing a global product⁴³⁶.

Different approaches for implementing these alternatives exist. For example, a company may identify only target markets where products can be marketed with little or no modification. A large consumer products marketer may have in its product line for any given markets global products, regional products, and purely local products. Some of these products developed for one market may later be introduced elsewhere, including the global marketer's home market.

Standardization means selling the same product worldwide. Its main benefit is cost savings in production and marketing.

434 Muhlbacher, H., Leih, H., Dahringer, L. – International Marketing. A Global Perspective, 3rd Edition, Thomson, 2006.

435 Idem

436 Czinkota, M., Ronkainen, I. – International Marketing, Seventh Edition, Thomson, 2004.

The overall advantages and drawbacks of standardization versus adaptation are summarized in Table 1.

Table 1

Standardization versus Adaptation	
Factors Encouraging Standardization	Factors Encouraging Adaptation
<ul style="list-style-type: none"> - Economies of scale in production - Economies in product R & D - Economies in marketing - Economic integration - Global competitions 	<ul style="list-style-type: none"> - Differing use conditions - Government and regulatory influences - Differing consumer behavior patterns - Local competition - True to the marketing concept

Source: Czinkota, M., Ronkainen, I. – International Marketing, Seventh Edition, Thomson, 2004.

As a response to integration efforts around the world, especially in Europe, many international marketers are indeed standardizing many of their marketing approaches, such as branding and packaging, across markets. Similarly, having to face the same competitors in the major markets of the world will add to the pressure of having a worldwide approach to international marketing. Companies such as Coca-Cola, Levi's jeans or Colgate toothpaste are the evidence that the universal product and marketing strategy can work.

Standardization is recommended in general for products that have universal brand recognition and minimal knowledge requirements for use. Within consumer products, luxury goods and personal care products tend to have high levels of standardization while food products do not.

Consumer goods generally require product adaptation because of their higher degree of cultural grounding. The amount of change introduced in consumer goods depends not only on cultural differences but also on economic conditions in the target market. Low incomes may cause pressure to simplify the product to make it affordable in the market.

Another approach is to introduce new products for foreign markets in addition to the company's relatively standardized „flagship” products and brands⁴³⁷. Some of these products developed specifically for foreign clients may later be introduced elsewhere, including in the domestic market. For example, IKEA introduced sleeper sofas in the United States to fill local need, but it has found demand for the concept in Europe as well.

The present tendency is to combine elements of standardization and adaptation. A good example is Colgate that although its toothpaste is available world wide, the company also markets some products locally, such as spicy toothpaste for the Middle East⁴³⁸. Another example is McDonald's that has restaurants that look the same all over the world, but the menu is not identical. The adjustments include beer in Germany, wine in France and mutton burgers in India.

Increasingly, companies are attempting to develop global products by incorporating differences regionally or worldwide into one basic design.

For a long time international marketers, advertising agencies and academicians have been debating the applicability of standardized international advertising. Although the main concern in adopting a standardized advertising strategy is the maintenance of a uniform global strategy and image, the costs and benefits associated with advertising standardization are more frequently stressed than maximizing the companies revenue potential.

The influence of culture is particularly important in transferring advertising strategy across borders, because communication patterns are closely linked to cultural norms⁴³⁹.

In the international advertising strategy, brand familiarity plays an important role in the standardization issue. International advertising standardization makes sense only to the extent that the company's international marketing strategy centers on the development of brands that are similarly positioned in every market. Well established brands have important advantages in advertisements, as consumers pay more attention and remember better product information. A brand that is familiar will tend to be favored, regardless of advertising or advertising content.

Brand names represent the image of a product or service. The term brand refers to a name, term, symbol, sign, or design used by a company to differentiate its offerings from those of its competitors. Brands are one of the most easily standardized items in the product offering and may allow further standardization of other marketing elements such as promotional items.

The brand name is the vocalizable part of the brand, the brand mark the nonvocalizable part (for example Camel's camel). There can be some restriction in the legislation of some countries regarding the promotion of the brand name, but the use of the brand mark has not. As an example, Marlboro cannot be advertised in most European countries because of legal restrictions on cigarette advertising. However, Philip Morris features advertisements showing only the Marlboro cowboy that is known throughout the world.

437 Czinkota, M., Ronkainen, I. – International Marketing, Seventh Edition, Thomson, 2004.

438 Idem

439 Pae, J., Saeed, S., Tai, S. – Global advertising strategy: The moderating role of brand familiarity and execution style, International Marketing Review, Vol. 19, No. 2, 2002.

The international marketer has a number of options in choosing a branding strategy. The marketer may choose to establish national, regional or worldwide brands. The use of standardization in branding is strongest in culturally similar markets; for example, for United States marketers this means Canada and the United Kingdom.

The psychological power of brands is enormous. Brands are not usually listed on balance sheets, but they can determine the success of the company and allow it to demand premium prices.

Brand familiarity is essential for acceptance and for implementing the higher level of advertising standardization.

Some international marketers consolidate their company's entire advertising account at one globally operating advertising agency. The coordination requirements of agency clients that operate in increasingly global industries have led major advertising agencies to strengthen their international services.

The biggest international advertising agencies were in 2006:

Table 2

Top advertising agencies in 2006		
No.	Agency	Total income (billion \$)
1.	BBDO Worldwide	1,5
2.	McCann Erickson Worldwide	1,5
3.	JWT	1,3
4.	DDB Worldwide	1,3
5.	Publicis Worldwide	1,2
6.	TBWA Worldwide	1,1
7.	Leo Burnett	0,9
8.	Y & R Advertising	0,8
9.	Ogilvy & Mather	0,8
10.	Euro RSCG	0,7

Source: „20th Annual Global Marketers”, Advertising Age, 2006.

A companywide communication system is the most basic element of global brand leadership⁴⁴⁰. Managers from country to country need to be able to find out about programs that have worked or failed elsewhere. They also need a way to easily give and receive knowledge about customers, knowledge that will vary from one market to another.

Observed in the long term, one of the basic responsibilities and rights of the managing structures is creating company culture. Every company has some features which make its culture different from others. It is possible to present company culture as the method in which a company carries out activities and the way in which it would like to carry them out despite the short term, and even to a certain extent the long term, changes or disorders on the market. One of the most widely known methods of developing and presenting company culture is with the model 7S whose creator is the consulting company McKinsey & Co. The name „7S” includes: *strategy* – company strategy, *structure* – formal and informal organisation and management levels, *system* – systematic circulation of information within the company, *style* – manner of management behaviour, *staff* – characteristics and features of employees, *shared value* – common values as the end goal of the company and *skills* – capabilities and skills of a company and each employee observed individually⁴⁴¹.

This model forms a good guideline towards which all companies should aspire in determining and establishing their own culture, as a strategic characteristic.

Due to ever increasing competitive relations and changeability in the market, a company must be adaptable and should aspire primarily to the proactive approach in discovering the circumstances which can influence its success.

Companies which recognise the importance of consumer orientation create a company culture which takes into consideration the interest of the customer in all activities.

In order to be successful in the global market, it is important that the advertising of multinational companies contributes to making the brand stronger. A very special global advertising history has the Benetton Company that has maintained its aggressive style for global recognition of its brand.

Today, the Benetton Group is present in 120 countries around the world. Its core business is fashion, whose style, quality and passion are clearly seen in its brands, the casual *United Colors of Benetton*, the glamour oriented *Sisley*, *Playlife* American college style. Its network of more than 6,200 contemporary stores around the world offers high quality customer services and generates a total turnover of over 2 billion euro. Established in 1965, Benetton is now controlled by Edizione Srl (a holding company wholly owned by the Benetton Family) with a 67% stake. It has

440 Aaker, D., Joachimsthaler – The Lure of Global Branding, Harvard Business Review, November – December 1999.

441 Vranesovic, T., Vignali, C., Vignali D. – Culture in defining consumer satisfaction in marketing, European Business Review, Vol.14, No. 5, 2002.

been one of the most dynamic marketing entities of the last decade. But it has been the company's advertising that made the company different from its competitors.

Benetton has been in the center of controversy ever since its "United Colors" campaigns were launched in 1985 to symbolize the marketer's "commitment to racial and multicultural harmony."

It has been one of the most dynamic marketing entities of the last decade. But it has been the company's advertising that made the company different from its competitors.

In the fall of 1991, Benetton launched a new series of shocking ads, which included a priest kissing a nun; a placenta-covered newborn baby with an umbilical cord still attached; and what the company calls an "angelic" white girl and a "dark and mysterious" black boy, replete with devilish horns. The campaign was intended for 92 countries to constitute the majority of countries' promotional efforts. For example, the \$3.5 million U.S. magazine campaign represented half of Benetton's local budget. "It's fair to say that this is the most provocative campaign we have ever mounted," said Peter Fressola, director of communications for Benetton Services Corp., the company's U.S. marketing arm. "The images are more provocative, and there seem to be more of them."

Although previous campaigns showing a black woman breast-feeding a white baby had generated publicity, the storm broke with the most recent series of ads, when various governmental and industry bodies in the United Kingdom, France, Germany, Italy, and Ireland asked Benetton to withdraw the campaign. For example, in the United Kingdom, the Advertising Standards Authority (ASA) formally asked Benetton to stop using outdoor boards showing the newborn.

In the United States, magazine publishers refused to run some or all of the campaign.

In the letter rejecting the newborn ad, Mary Anne Sommers, publisher of *Child*, wrote, "Birth is still an extremely private and personal subject for Americans . . . and there was a strong likelihood the ad would not be favorably received by a good portion of our readers." At Benetton, the response was that of surprise. "We were very surprised by this general hysteria created by the new campaign," said Laura Pollini, Benetton's spokesperson in the United Kingdom.

The creator of the ads, Oliviero Toscani, was astonished by the reaction to the campaign. The newborn ad is a documentary-style bit of "ultra-reality," he said, and there is "nothing sinful" about a priest and a nun kissing. "I take pictures, I don't sell clothes." Benetton expressed its confidence in Toscani and vowed not to interfere with his provocative style.

Benetton Group has for many years sponsored the Rugby, Basketball and Volleyball teams in Treviso, highlighting Benetton's profound link with its roots and its hometown in a context that is not only competitive but also social. For the Group, sport and business have the same philosophy: passion, challenge, competition and results. Over the years this has translated into numerous victories, thanks to which Benetton Rugby has collected 13 league championships, Sisley Volley 9 and Benetton Basket 5. The company links all these societies, managing the coordination and organization of all the events, mostly meant for the sport youth. 'La Ghirada', a real city of sport in Treviso, was realized with the purpose of practicing together: amateurs, professionals or simply sport lovers.

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