

inter national ist

inside issue 7

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Says BBH Is
Really A
Manufacturing
Operation

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Changing The
Rules Of Global
Marketing
At McDonald's

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COMING

late spring

Cover Story:

Marketing Accountability: Is ROI the Only Answer?

Commentary by Ambar Brahmachary,
president & area director, J. Walter Thompson Japan

future issues

Re-marriage:

Media & Creative Together Again?

Building Powerful Multinational Brands

Editorial submissions are encouraged.
Submissions may be edited for length and style.
Send your story suggestions and ideas including photos and calendar items to
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IMPORTANT DATES

late spring issue

AD RESERVATIONS: March 24

MATERIALS: April 7

summer issue

AD RESERVATIONS: May 5

MATERIALS: May 19

Contact: advertising@inter-national-ist.com

Marketing is regularly associated with non-stop innovation and constant rule breaking; however, sometimes the past, especially the recent past, can serve as a prelude of what's to come. In anticipation of this issue's "What's Next?" feature, we looked back over a year's worth of *inter national ist* reports from around the world in an effort to determine some nascent trends that may be moving our industry forward.

"Focus! Focus! Focus!" was the mantra of SAP's Chief Global Marketing Officer Martin Homlish during a recent IAA speech in New York, and that simple theme underscores much of the marketing thinking over these past 12 months. In an effort to strive for global consistency, more advertisers today are recognizing the complexity of how they must acknowledge local nuances, but still communicate clear brand values. And this marketing focus has to be accomplished as much within the corporation as in the world at large.

Diego Scotti, VP-international advertising at American Express, told *inter national ist* that a brand keeper is called a global brand manager, and not a global brand dictator for a reason. Although a "top-down" approach to worldwide marketing messages is often most efficient, collaboration among countries is important.

Peter Hamilton, VP & regional director of McCann-Erickson Asia Pacific, has learned through his work with Cathay Pacific Airlines the following lesson: "If you're going to do global or regional advertising that people believe in, you have to change the 'Not Invented Here' syndrome to 'Now Improved Here.'"

SAP's Homlish is not alone in his belief any company can ever address more than five key issues in an over-arching marketing strategy. "In our business, we frequently talk about lean manufacturing," says Anne Toulouse, VP-brand management & advertising at Boeing. "Now we are applying that to advertising. Lean is about streamlining processes while improving quality, becoming nimble, while responding quickly to consumer demand."

So where does this lead us? If past is prologue, there's more enthusiasm for "getting it right" on the part of the advertisers—from their messages to their media. And that can only continue to fuel the optimism for this coming year.



deborah malone
PUBLISHER



nancy s. giges
EDITOR

LETTERS

As president of Argentina chapter of the IAA, I want to say congratulations for the magazine that focuses on the world of advertising. The many articles inform us of activities, and they transmit to us optimism, giving incentive to new projects. This chapter is organizing an important event that will allow us in 2004 to interact and exchange visions that will help promote actions that are a benefit to all. This publication awakens interest and leaves on paper the message that working and sharing are ways to unite the world.

ROGELIO J. PIANEZZA
Argentina Chapter IAA

A belated happy first birthday to inter national ist. A great achievement!

GILL ALLEN
NBC, CNBC Europe

Great look. Outstanding content. Killer name! A winning combination, and a most needed tool.

ALEJANDRO PEÑA DEFILLÓ
General Manager
AOR Dominicana

Send letters, your opinions, and views to editorial@inter-national-ist.com.

Please limit letters to 50 words. inter national ist reserves the right to edit letters.

in germany, retro is in

When retro became mainstream in Germany a few years ago, many brands previously believed dead were brought back to life. That's according to Oliver Miller, head of planning at Michael Conrad & Leo Burnett.

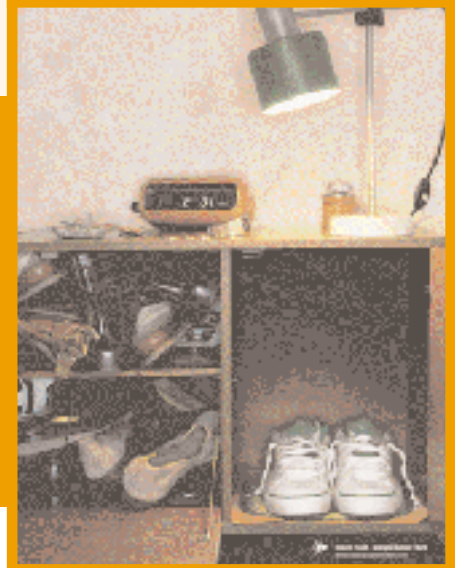
First it was fashion, furniture, accessories, and cars that took a u-turn to the past. And now even foods, beverages, and personal care products from the '60s and '70s are once again seen as hip. Teenagers are rediscovering old-fashioned values and virtues.

"Living retro is a reaction and a statement against the global phenomenon of over-virtualization," says Miller.

With the retro trend taking a firm hold combined with the 75th anniversary of its classic Green Flash sneaker, Dunlop shoe, marketed by Marco GmbH in Germany, is one of the latest to jump on the retro bandwagon with a print campaign that broke last month.

The campaign's long term aim is to give the brand a profile and an attitude, to document its history, and create a communication platform for the future, says Joachim Evers, general manager of Marco's Dunlop Shoes division. ●

For more on Germany, see "Germany in Focus" (page 24).



This new Dunlop print campaign is aimed at sophisticated and confident people who don't just adapt to trends but identify them.

tv viewers not a captive audience

According to a JCDcaux survey, TV viewers aren't a captive audience. Although TV viewing hours have remained relatively constant over the years, the survey found that for 70% of the time viewers are watching, they are preoccupied with other activities, such as eating a meal and holding a conversation. ●

brandchannel's 2003 brands making an impact

GLOBAL

1 Google 2 Apple 3 Mini 4 Coca-Cola 5 Samsung

REGIONAL WINNERS

U.S. & CANADA

1 Apple 2 Target 3 Google 4 Starbucks 5 Krispy Kreme

EUROPE & AFRICA

1 Ikea 2 Virgin 3 Nokia 4 Mini 5 BMW

ASIA-PACIFIC

1 Sony 2 Samsung 3 Toyota 4 LG 5 Singapore Airlines

LATIN AMERICA

1 Cemex 2 Corona 3 Bacardi 4 Bimbo 5 Café de Colombia

Respondents were asked to choose up to five brands per region that had the most impact on them in 2003. Results are based on 4,010 responses from 85 countries.

BY DOUGLAS J. WOOD

ALL PRICES ARE IN
LOCAL CURRENCY
UNLESS OTHERWISE STATED

COMING EVENTS

MARCH 30
IAA FRANCE AND ECONOMIST
BREAKFAST: "HOW TO AVOID
CROSS-CULTURAL DISASTERS"

PLACE: Club France Amériques, Paris
RESERVATIONS: fassere@aacc.fr
or www.aacc.fr
PRICE: Member €50; non-member €70

APRIL 1
IAA SWEDEN
ANNUAL COCKTAIL PARTY

PLACE: Stockholm
RESERVATIONS: ronnie.eide@iaasweden.org,
46-70-557 4295
PRICE: NA

APRIL 9
IAS AND IAA SINGAPORE
"HOW TO WIN AN EFFIE"
SEMINAR

PLACE: DDB Auditorium
RESERVATIONS:
instadv@singnet.com.sg or
65-6220-8382
PRICE: NA

APRIL 29
FRENCH ADVERTISERS' CLUB
"HOW TO SELL GLOBAL BRANDS
IN A FRAGMENTED WORLD"

PLACE: Espace Charles Louis Havas,
Neuilly-sur-Seine
RESERVATIONS: Annick Hohengarten
331-46-21-03-15 or
contact@leclubdesannonceurs.com
PRICE: IAA members €450 plus VAT;
non-members €750 Euros plus VAT
includes forum and gourmet dinner

MAY 2-5
AMERICAN BUSINESS MEDIA
ANNUAL SPRING MEETING

PLACE: Hotel Del Coronado,
Coronado, Calif.
RESERVATIONS: info@abmmail.com;
1-212-661-6360;
www.americanbusinessmedia.com
PRICE: Approximately US\$1,300

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

global regulation: protecting brands

Technology has opened markets throughout the world, extending the reach of global companies. In response, countries have enacted a complex quilt of regulations to protect against unfettered competition. How major multinational advertisers tackle these regulatory obstacles in 2004 will mark the difference between success and failure in an expanding market.

Despite the differences and contradictions in many global regulations, advertising laws have a common goal—a balance between consumer protection and a free market economy. The proper balance, however, is not viewed consistently from country to country. The U.S. model favors open dissemination of truthful information on the belief that well informed consumers make wiser purchasing decisions and that open competition results in innovation and lower prices.

In other countries, the mere idea of an open market throws regulators into a lather over fear that citizens will become prey to avaricious

global marketers. Such countries pattern their regulation on the foundation of social control. Others find themselves in a quandary over wanting to avail themselves of new products but fearful of what foreign competition means to local manufacturers. These models establish regulation on the principle of protecting local industry first, consumers second.

Another sizeable number of countries, often emerging markets, are preoccupied with issues far more important than advertising practices. These markets are a free-for-all for deceptive marketing activities that make legitimate competition difficult.

Amid this confusion, some key areas have attracted particular attention in the global market—obesity among children, spam, personal privacy, and direct-to-consumer drug advertising. Many regions, including Australia and Europe, have passed laws highly regulating spam. Europe has taken a very restrictive view on the use of personal data in

e-marketing. The U.S. continues to restrict direct-to-consumer drug advertising while many countries ban it. The initiative addressing childhood obesity is attracting attention throughout the world.

Advertisers in those sectors must tread carefully as they expand their markets.

Whether the legal landscape will allow the adage, "Think global; market local," to change to simply "Think global" remains to be seen. But one thing is certain. Where there is a market, advertisers will find a way to deliver their messages and products, work with policy makers, and live within regulatory frameworks. ●

—Douglas J. Wood, Esq.,
(dwood@reedsmith.com) is a partner with Reed Smith Hall Dickler, New York, and chair of the firm's Advertising & Marketing Law Group. He is author of advertising publications, editor of www.adlawbyrequest.com, and founder and chairman of the Global Advertising Lawyers Alliance (www.gala-marketlaw.com).

regulations in the works...

THE INDIAN GOVERNMENT is placing an 8% service tax on celebrity endorsement fees, according to *Business Line*. Many multinationals, including Coca-Cola, Fiat, Hyundai, Longines, Parker Pen, Pepsi, and Tag Heuer, as well as local companies, use local celebrities to endorse their brands.

JAPAN is getting tougher on tobacco advertising, bringing its regulations more in line with many other countries, according to reports in the Japanese press. New rules ban tobacco ads from public transport, stations, and other public spaces and limit advertising in newspapers. Under current self regulation, tobacco companies do not advertise on TV, radio, or the Internet.

THE BRITISH GOVERNMENT plans to issue a white paper this summer that will present proposals addressing soaring child obesity levels, according to U.K. press reports. Among measures being considered is a ban on food and soft drink advertising during kids TV. ● —David Kilburn

magazine execs in latin america discuss state of the industry

They were all there—publishers, associations, advertisers, publicists, regulators, and representatives of postal services, some 300 in total—at the 2nd FIPP Ibero-American Conference.

The group met in Mexico City to discuss current industry issues, to find alternatives, and even to hint at what the future holds for magazines in Latin America, where electronic media are very popular. In fact, Juan Caño, VP-Hachette Filipacchi Spain, commented that the cellular phone will be the new competition for magazines. And Patrick Kenny, exec VP, qMags, a company specializing in digital publications, said that considering the growth of the Internet and the high costs of magazine production, in the future print may very well leave paper to become digital.

Representing magazine publishers around the world in both print and electronic forms, FIPP (the International Federation of the Periodical Press), serves a global market with a total annual advertising expenditure revenue of approximately US\$50 billion and 110,000 titles based on figures from *FIPP/ ZenithOptimedia World Magazine Trends 2003/2004*.

Topics like the challenges and opportunities in Latin America, the sale of subscriptions and single copy sales, how to increase advertising revenue; the technology in the production of magazines, and how to win

over more readers through electronic media, were discussed over the two-day period.

Of the most crucial issues, magazine distribution is perhaps at the top of the list. Marcelo Burman, director of Central America's consumer and b2b publisher, Red Castle Group, said, "Magazine distribution is a daunting task in the region. Only a couple of countries have precise addresses and most lack a reliable mailing system." However, he believes publishers can help lead the way to better postal delivery.

Other suggestions tossed about included the centralized purchase of supplies, capitalizing on economies through multimedia cooperation, investing in content to increase a publication's value, and search for new models to commercialize proposals.

Andrès de Armas, president of Bloque Dearmas in Venezuela, stressed the need for greater knowledge sharing amid concerns surrounding government restrictions and prevention of free competition.

As for publishers, they made a commitment to follow through with actions that will strengthen the industry, creating international ties, exchanging experiences, and fighting against any activity that threatens the viability of magazines. ●

—Andrzej Rattinger is director general of Merca2.0, a marketing, advertising, and media magazine.



This ad for Procter & Gamble Prestige Beauté's Yohji Yamamoto fragrance to roll out globally later this year shows a woman transformed by the discovery of the fragrance and the sensations that spread throughout her body. Agency is Callegari Berville Grey. ●



For the first time, Levi's is using dialogue in its advertising for 501 jeans. The new series of ads celebrates the "anti-fit" nature of the jeans and showcases new ways to wear the brand, says Mark Garstka, Levi's brand director. Agency is Bartle Bogle Hegarty. ●

COMING EVENTS

MAY 14
IAA SWEDEN
BREAKFAST SEMINAR: "THE NEW ERA OF DIGITAL MEDIA"
PLACE: Summit, Stockholm
RESERVATIONS:
ronnie.eide@iaasweden.org,
46-70-557 4295
PRICE: Member SEK200;
non-member SEK450

MAY 22-25
35TH FIPP WORLD MAGAZINE CONGRESS
PLACE: Waldorf Astoria Hotel, New York
RESERVATIONS: www.fipp.com
Helen Bland helen@fipp.com
PRICE: NA

MAY 28
IAS AND IAA SINGAPORE ASIA PACIFIC BROADCASTING CONFERENCE
PLACE: Copthorne Waterfront Hotel
RESERVATIONS:
instadv@singnet.com.sg
or 65-6220-8382
PRICE: NA

JUNE 22-23
FIPP AND APP (THE SPANISH B2B PUBLISHING ASSOCIATION) 4TH FIPP INTERNATIONAL B2B MAGAZINE CONFERENCE: "B2B ON TARGET"
PLACE: World Trade Centre, Barcelona
RESERVATIONS: www.fipp.com;
app@app.es
PRICE: NA

JUNE 25
IAS AND IAA SINGAPORE A NIGHT AT THE RACES
PLACE: Singapore Turf Club
RESERVATIONS:
instadv@singnet.com.sg
or 65-6220-8382
PRICE: NA

continued on page 30...

Larry Light

On a journey to make McDonald's a lifestyle brand not just a product brand

McDonald's couldn't be more American nor more closely associated with youth, but when it came to rejuvenating and energizing this ailing brand, important roles went to those who didn't fit those molds.

The agency that was named to lead the global effort, Heye & Partner, part of the DDB Worldwide Communications Group, is German through and through, while the chief advertising and marketing architect at McDonald's, Larry Light, is a veteran with close to 40 years of experience at high profile ad agencies and a branding consultancy.

In fact, almost everything in the marketing arena at McDonald's these days is an anomaly of sorts, due in no small measure to Light's guidance and mantra that "great ideas can come from anywhere and be nurtured everywhere." He describes what is happening as truly revolutionary. "I believe we are rewriting the rules of global marketing," he says.

McDonald's appointed Light executive VP and global chief marketing officer in the fall of 2002. Within months, a global competition among McDonald's major international ad agencies resulted in the "Ich liebe es," or "I'm lovin' it," phrase that Light says is not just a tagline but a new way of thinking about the brand. In fact, it resulted in a full-scale program being integrated into every aspect of McDonald's business from crew training and the overall restaurant experience to national sponsorships, promotions, and all new local street marketing.

Five high-energy TV commercials reflecting the lifestyles and attitudes of customers and culture were the centerpiece of the advertising debut. They were shot in 12 languages and a variety of locations including the Czech Republic, Brazil, South Africa, and Malaysia. But the ongoing campaign incorporates a wide variety of cultural marketing techniques.

And the target market has also expanded from kids and Moms to include all those in between

and to make them McDonald's customers forever. Light says, "Our challenge is to have children grow up with McDonald's, not grow out of McDonald's and then come back when they become parents."

McDonald's sees an opportunity with those between the ages of 10 and 30 years. "It became very clear that the way to best appeal to that broad range is to focus on those 18 to 24" when a lot of "firsts" happen in people's lives from getting a driving license to having a first child, Light says. "We branded that youthful spirit, and that's the spirit we put into our advertising." He added that this focus has had a dramatic effect on the choice of media resulting in the use of more radio, cable tv, outdoor, online, and alternative media.

All media strategy, planning, and buying was consolidated with OMD Worldwide last December. Light said the unified media strategy opens the door for "better long-term planning, greater sharing of ideas, and the ability to track and analyze the effectiveness of the advertising" as well as provide substantial cost savings to local McDonald's markets.

Franchisees continue to make local buying decisions and develop local creative with OMD guidance. Other agencies McDonald's had worked with will be used for specific capabilities and projects, such as Starcom for digital projects and field opportunities.

As for creative, "freedom within a framework" is one of three components of a marketing philosophy that all markets must adhere to. Light says there was a bit of confusion at first about how

"How many customers say 'I want to eat at a QSR [quick service restaurant] tonight,'" says McDonald's Marketing Chief Larry Light. He has been instrumental in changing the old mission to: "the place that customers say is 'my favorite place to eat.'"





**MAKING MUSIC
A CENTERPIECE**

McDonald's has taken center stage around the world with pop stars, such as Justin Timberlake (top) and Tony Santos (2nd from top), who also appear in television advertising.



REFLECTING TODAY'S LIFESTYLES

People everywhere can relate to these familiar scenes from new TV spots under the "I'm lovin' it" framework.



THEY'RE LOVIN' IT

(From left): Larry Light, McDonald's executive VP-chief marketing officer; Ronald McDonald, Jürgen Knauss, CEO, Heye & Partner; Charlie Bell, McDonald's president-COO.



much freedom each market had. But he explains that there is no freedom with the framework but complete freedom within the framework. And the framework is the "I'm lovin' it" line and five distinctive musical notes.

That gives markets the freedom to focus on various products, such as McNuggets or salads or Happy Meals, and "adopt, adapt, or improve" what has been learned in other markets.

Light acknowledges that McDonald's had no choice but to make changes...and fast. The highly decentralized approach to business simply wasn't working, he says.

The advertising marked a number of "firsts," the first McDonald's worldwide campaign ever produced outside the U.S.; the first McDonald's campaign in which more than 100 countries have united behind a single brand message.

Light says McDonald's couldn't be happier

**Larry Light's academic training is reflected in the philosophy he is using to re-energize McDonald's. He holds a doctorate in industrial psychology from Ohio State University and has taught at a number of top-ranked business schools in the U.S.*

with the results. “For the first time in I don’t know how many years, every region in the world is above last year. Clearly it’s not all due to marketing, but we like to believe that marketing contributed,” he says, adding that the campaign also importantly has unified a global spirit among employees.

Incorporating music into the mix—with pop stars from different corners of the globe, the likes of Justin Timberlake, Stomy Bugsy, Tony Santos, and Leehom Wong—McDonald’s has been able to get its message front and center at concerts, on videos, and high on the record charts.

“All of a sudden young people working in our stores felt cool,” Light says. “In Denmark, customers were coming in and asking, ‘where can I buy those employee uniforms.’ That doesn’t happen very often.”

In the initial research in the U.S., awareness of the advertising was much higher

at 48% than the goal of 35%.

“We are really connecting,” he says. “Attitudes are more positive. We are communicating a more youthful spirit for our brand and the important thing is it’s communicating that message with young adults yet we saw positive changes in attitude in the whole population including Moms and kids.” In fact, the research shows a 13 percentage point net positive shift in attitude toward the brand since the launch, Light says.

But as strong as the results are, McDonald’s knows it can’t let up. “We are now demonstrating marketing leadership for the first time in a long time. Our competition is responding to us; looking at our advertising, our packaging, our salads, our store design. We like that we are the leaders. “But there are others following us,” Light says. “If we stand still, they will catch us. This is unique kind of race. It’s a race without a finish line.” ●

People are incorporating “I’m lovin’ it” into their vernacular. On an airplane returning from Brazil, a cabin attendant (unaware of Light’s identity) chatting with him about how she felt about a recent transfer to Chicago from sunnier climes, said she didn’t understand why people have such a negative attitude about the Windy City. “I don’t know if you’re familiar with it,” she told him, “but like they say in the McDonald’s advertising ‘I’m lovin’ it.’” Light, who is not often at a loss for words, says he had no idea what the proper response was and mumbled something like, “That’s great. I’ll have to look out for that advertising.”

POINTS OF LIGHT *

“We define our promise as a vision of perfection. It’s a journey without a destination. Some people thought our vision was too high. My view is the only aim is a high aim. It’s much better to have a vision of what’s perfect and measure progress toward that destination as opposed to an objective that’s achievable.”

“It’s not enough that people frequent us; we want them to favor us.”

“Some advertisers conduct creative competitions but rather than look for the best idea, they look for the best ad and then all the local people get to do is translate the ad into their local market. If translation is what we wanted, we would fire the agency and hire Berlitz.”

“We are not practicing what a lot of other companies define as global advertising. To me that’s not global advertising. That’s the cloning of ideas, not the creation of ideas, and we don’t believe that creative ‘clonship’ is what we want.”

“My own view is for most brands, but certainly for McDonald’s, standardization of the world leads to homogenization.”

“It’s not enough to aim for marketing excellence; everyone can do that; only one can attain marketing leadership, and we are planning and on the way to be marketing leaders.”

what

is

THE NEW ADVERTISING REALITY

next

inter
national
ist

The future. What does it hold? Have the rules changed permanently as a result of experiences and lessons of the past few difficult years? How should advertising and marketing professionals figure out the best approaches? Is it possible that answers can be gleaned from reading tea leaves, tarot cards, or palms?

These are all questions that professionals in the industry are asking. And as 2004 becomes what is hoped to be a year of strong recovery, *inter national ist* talked to some key players about their thoughts on “what is next?”

Considering that comments run the gamut from the head to the heart, perhaps reading palms isn’t as implausible as it may seem, after all. Some industry professionals talk about more customized research, better tools to measure effectiveness, and getting back to basics while others speak about the importance of going with the gut—acting quickly to take advantage of immediate



S . G I G E S



opportunities—and coming up with unusual and highly creative ways to help advertisers capture attention in a highly competitive communications world. Integrated programs remain high on the list as does working more closely with clients to help them achieve their objectives.

“There has been a tremendous learning curve taking place over the last three years during the downturn,” says Andrew Butcher, president-publisher of *Time & Fortune International*.

Figuring out new ways to react, respond, cope has also come out of the SARS experience. In a survey conducted earlier this year among 200 marketing directors in Asia by consulting group R3 Asia Pacific and JPMorgan, some 87% of China and Hong Kong marketers said they would have avoided a meeting with their agencies at certain points due to health risks. That’s a clear indication of “how marketing strategies and the very nature of doing business had to change radically during the year,” says Greg Paull, principal, R3 Asia Pacific.

Even with lots of learning, some believe much more is needed. In recent speeches, WPP Chief Executive Sir Martin Sorrell has said that he doesn’t think the people who run companies understand all the changes taking place that are transforming the media business and media consumption patterns.

And Dominic Burns, recently named VP-sponsorship & advertiser relationships of FremantleMedia Licensing Worldwide, says television in particular has been slower than other media to address certain issues

to help advertisers connect better with their consumers. “It’s incumbent upon advertisers to look at how TV is a changing audience experience,

and marketers do want to use programs in new and unusual ways and not just be an advertiser,” he says.

In the Internet space, it’s only now that the online industry is starting to “get it,” says Chris Dobson, general manager of digital marketing sales & trade marketing for MSN International. And that means that major marketers are now thinking of online as another media choice in the consideration set. More and more, marketers are seeing the benefit of

integrating online advertising into their programs and sending people to their online messages with enticements in print and broadcast.

Within a day of airing a spot on the Super Bowl, Mitsubishi sent a month’s worth of visitors to a special Website showing the continuation of a race between a

Mitsubishi and another car that started in the Super Bowl spot. And Mitsubishi is not alone.

“What I’m seeing now, which I find particularly exciting this year, is the maturity of online,” Dobson says. “We’re seeing mature companies, savvy media companies, the McDonald’s and Sonys and Vodafones and whole motoring industry. Two other biggies are Procter & Gamble and Unilever, who invented TV advertising and soap opera. They are coming online and making it a major part of their marketing mix.”

The traditional number cited that online only gets 1% or 2% of total media is misleading even though it’s true, says Dobson. “If you look at the engaged companies, those that really get it, they are investing much more than that. It only averages out to 1% or 2% because of the ones not playing at all so it’s an unrealistic measure. As more and more people engage, you’ll see an acceleration of that investment that will account for the fact that people spend 10% or 11% of their time online and not 2%.”

All of these factors are contributing to the transformation of the advertising marketplace.

LIFE LINE— A STRONGER, MORE VITAL MARKETPLACE

With the stage set for recovery in many parts of the world this year, money may begin to flow more freely again this year. The Asian survey, whose respondents were based in China, Hong Kong, Malaysia, Singapore, and Thailand, found that advertising expenditures in Asia will jump 8 % this year, led by China at 18% and Thailand at 9%. Predictions by the leading

sir martin sorrell

CHIEF EXECUTIVE
WPP GROUP

People who run companies don’t understand all the changes taking place that are transforming the media business and media consumption patterns [PARAPHRASED FROM A SPEECH].



greg paull

PRINCIPAL
R3 ASIA

“I think the biggest global change... for the next few [years] will be the emergence of China as a lead market for thinking and strategy.”

prognosticators, John Perriss, chief executive of ZenithOptimedia, and Robert J. Coen, senior VP, director of forecasting at Universal McCann, also see healthy gains in spending, especially in the U.S. and Asia.

According to the Asian survey, it is estimated some 203 major corporations will spend US\$1.5 billion in advertising and marketing in Asia this year, equivalent to US\$7.3 million per advertiser. Those conducting the survey believe that the survey captures close to 10% of the total advertising and marketing expenditure in these markets, and as a result, the trends are reasonably indicative of the trends expected in the markets as a whole.

While the outlook is good, there isn't likely to be a return to the totally free-spending ways of the past. Marketers everywhere continue to look for ways to control costs. Media audits, a common practice in Europe, are spreading to other parts of the world. Nissan is looking for a media auditor for the U.S. market. Sony wants to find a way to audit media spending across Asia.

And negotiations with corporate procurement departments over the cost of advertising and promotions, a practice that started during tough times, are becoming a standard step in the marketing process even as economic times get better.

"From our perspective," says Butcher, "we have to qualify the investment with clients because money has just been so much tighter. We've been more focused on what we are doing."

This means more discussion, more involvement to gain a better understanding of what a client and agency are looking for from the money they invest, he says. "Advertising is the core of what we do, but the value-added component, whether an event or something else that goes with it is significant these days....It's more integrated into what we do."

Three years ago, the big media companies were all talking about big multi-media packages. "We were talking a lot about

cross-selling across all media within a company. Media companies were coming up with massive packages and huge prices attached to them. When times got tough, it was over for those types of packages," says Butcher.

The lesson from that is it encouraged "us to re-think the way we go out and sell advertising space. It means back to basics," he says. He believes the key to success today is customization, cooperation, collaboration. "A client-focused approach is [paramount] as well as is maintaining excellent relationships and collaborating with the media agencies," notes Butcher.

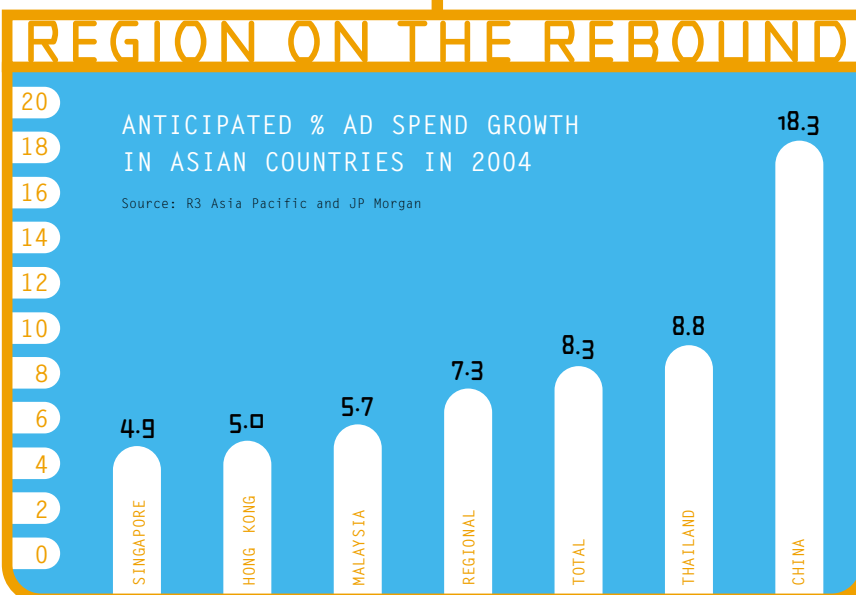
Soaring cost of television, especially in the U.S., has prompted some of the vigilance over costs, especially since rising prices are coming at a time of declining audiences. Evidence that

marketers want to get more value out of the money they put into broadcast is the growth of advertiser-funded programming that is finding the right balance between the needs of the advertiser and the needs of the broadcaster, Burns says.

Increasingly, advertisers are getting involved at the very start of projects. Burns points to the

success of the "Idols" format that will have appeared in 25 countries by this summer as an example of how advertisers are getting involved in more than just on-air sponsorship. And that involves advertisers in a whole range of categories from Vodafone and T-Mobile in Germany to Nestlé in the U.K. to Johnson & Johnson, L'Oreal, McDonald's, and Telstra in Australia to Unilever's Rexona in Holland to Lipton in the pan-Arab region to AT&T, Coke, Ford, Herbal Essence, Nokia, Old Navy, 7-11, Subway, Target, and Walmart, in the U.S.

In addition to incorporating advertisers into the content of the show, there are



andrew butcher

PRESIDENT-PUBLISHER
TIME & FORTUNE INTERNATIONAL

"There has been a tremendous learning curve taking place over the last three years during the downturn."



many on-screen and off-screen opportunities for tie-ins. In the U.K., Nestlé created a “chocidols” Website and special characters to represent each of its chocolate bars and invited fans to vote on their favorite chocolate bar to win prizes. All of this can “maximize the value to the sponsor,” Burns says.

Mobile phone companies can take content and make it part of the services they sell, he notes. “The whole area of investing in content makes lots of sense for them, and it’s an extra revenue stream,” he says.

The “Idols,” variously known as “Idol,” “Pop Idol,” “American Idol,” “Idool,” “A la Recherche de la Nouvelle Star,” “Canadian Idol,” “Australian

Idol,” “Ídolos,” “Idol-Stjörnuleit,” “Idols. Erlig jagt. Egte talent,” “Deutschland sucht den Superstar,” have captured the attention of

millions of viewers around the world, and FremantleMedia has other “participatory” programs in various stages of development.

“It is difficult to make a direct correlation between TV advertising and sales,” Burns notes. These programs are a step toward dealing with that, he adds.

One factor that cannot be ignored in discussing “What Is Next?” is the rapid rise of China. “I think the biggest global change over the last few years—and for the next few will be the emergence of China as a lead market for thinking and strategy and the emergence of global brands and ideas from China,” comments Paull.

“There are more than ten China-based contenders for the position Samsung has quickly assumed in the last five years. In addition, the leading brand in the sportswear, cosmetics, beer, shampoo, and IT categories in China are local players with global aspirations. And with such a drive and focus on China, creative ideas will emanate that can become global solutions.”

In his New Year’s message in January, Dentsu President Tateo Matakai made note of recovery and growth in the region. “We expect that the underlying dynamism of Asia’s economies will lead to a further expansion of advertising

markets in the region, particularly in China,” he said.

And on the other side of the world a few weeks later, China dominated the talk at Davos, Switzerland, where politicians, CEOs, and scholars gather each year for the World Economic Forum. In reporting on the event, the *International Herald Tribune* noted that three years ago China was the 13th largest among Asia-Pacific markets for Paris-based Havas, and now it is the biggest, with revenue growing at double-digit rates.

And to accommodate the infrastructure or lack of it, the new reality for direct marketing is in the hands of bicycle messengers. According to the article, 30,000 bicycle messengers deliver direct-marketing information for Havas companies in China on a contract basis.

Throughout the region, television, long the dominant media choice, is facing pressure because of rate increases. “This is pushing ad spend away from television and into outdoor advertising, particularly in China, and new media, such as Internet and CRM (customer relationship management),” Paull says. The survey also suggests spending below-the-line (direct marketing, public relations, event marketing) is expected to increase in 2004 from 37% to over 40% of the marketing mix.

Sir Martin Sorrell has said he expects almost one-third of WPP’s revenues will come from Asia Pacific in the not too distant future, up from about 25% now, and while today only one of WPP’s top 40 multinational clients is Asian-based, in the next five to ten years, that will grow to as many as ten.

The landscape truly has changed. New ways of doing business are becoming the status quo. But as complex as the mosaic may be with all sorts of issues coming into play, for Butcher, all of this falls under providing the best solutions to

client problems and fulfilling their marketing objectives. When asked, “what’s different from the past?” He responds, “It’s even more collaboration” and essentially back to the basics of serving the customer. ●



tateo matakai

PRESIDENT
DENTSU

“We expect that the underlying dynamism of Asia’s economies will lead to a further expansion of advertising markets in the region, particularly in China.”



chris dobson

GENERAL MANAGER OF DIGITAL
MARKETING SALES & TRADE MARKETING
MSN INTERNATIONAL

“What [is] particularly exciting...is the maturity of online.”

building an advertising factory

Ask most people who work in advertising what industry they are in and they'll say "the service industry." Ask BBH and we'll say that we work in manufacturing. Why? Because we manufacture assets and properties that create brands which in turn significantly effect the fortunes of businesses.

Advances in global distribution was one of the major developments in the manufacturing industry. It allowed producers to centralize their factories into those places best suited for the purposes of manufacturing, which was almost always close to a supply of both raw materials and suitable labor. Centralize your manufacturing in the best place, and then distribute your product to market, became the model adopted by an increasing number of globally minded companies.

Why should an advertising agency be any different, particularly one that had begun its life in 1982 in this new global world? The view shared by many observers and commentators at the time was that the world lacked great advertising ideas, not media dollars or networks. The challenge we faced ten years ago was how to structure and organize ourselves in a way that improved our chances of manufacturing a consistently better quality product than our competitors and at the same time offer advertisers a different model to the traditional network.

Our answer was to commit to two important principles. The first was to have as few of these factories as possible whilst still allowing us to manufacture the highest quality product (right now that number stands at five, located in London, New York, Singapore, Tokyo, and São Paulo). The second was to commit to a future as an independent agency, a critical factor in controlling our destiny and focussing on the quality of our output.

Interestingly we had also looked outside our industry and observed that some of the most creative companies were enjoying a high degree of success at the expense of their big established rivals, with success being driven by a product quality proposition. Virgin Atlantic vs. British Airways. Dyson vs. Hoover. Apple vs. IBM etc., etc.

“...because we manufacture assets and properties that create brands.”



In each case an entrant successfully raised the quality stakes when previously the only thing that mattered was scale.

But if manufacturing is one component, then the other is distribution. We knew we had to have a partner that could deliver our product to any market in the world. Leo Burnett emerged as the most likeminded, the most intrigued by this new model, and the most capable in terms of media delivery through its newly rolled out global media business, Starcom.

Our basic proposition was, and remains today, to offer clients that take a more centralized approach to marketing the opportunity to access creativity of the highest quality, the kind that was increasingly the domain of local "hotshop"-type agencies. We wanted to apply the same principles more consistently and more efficiently across clients' regional and global brand communications.

Over recent years there's been a real convergence of consumer behavior and attitudes towards brands, despite very real cultural, social, and economic differences. Equally many clients seemed to be seeking more consistent brand properties and communication platforms than a loose network of multi-local agencies were often able to provide. As noted by Simon Clift, Unilever marketing president for home and personal care, the optimum point could be found "somewhere between the mindlessly global and the hopelessly local."

B Y S I M O N S H E R W O O D

“Big ideas that cross borders” became the holy grail. Big ideas developed and produced from



centers of creative excellence populated by the best talent available. This demands a heavy investment in creative resource, and an even heavier investment in planning, often in parts of the world where planning is still relatively undeveloped. Planners and account people at BBH have to travel exhaustively, conducting and managing research in local markets, and often performing the critical task of aligning these markets to the central strategy and advertising concept before the execution stage.

Does it work? It’s a model that is not uncommon today with the likes of Wieden & Kennedy, Fallon, and M&C Saatchi working this way, and each of them boasts an impressive list of both regional and global accounts. But anyone thinking of following this trend needs to be realistic. It doesn’t work for all clients, and it’s a mistake we’ve made ourselves to believe that all global companies are prepared to operate this way. Experience suggests that success comes when clients have a healthy degree of centralized management in the first place. There also needs to be a real commitment to creativity and the need for a consistent creative platform. This big idea (for example “Just do it” for Nike, “Think Different” for Apple, and our own “Keep Walking” for Johnnie Walker) needs to be able to rise above the logistics of implementation and local market activation, both of which are important but neither of which are best served

The global “Keep Walking” campaign delivers the big idea for Johnnie Walker.

“There’s been a real convergence of consumer behavior and attitudes towards brands, despite very real cultural, social, and economic differences.”

by this model. Finally, flexibility is also a necessary ingredient in our manufacturing

business. The different brand teams on our global accounts are tailored exclusively around the needs of the brand. In some cases we operate regional account teams (Axe, Levi’s, Bertolli), in others the brand is run through a global team (Johnnie Walker) with various local adaptations. In all cases the key is retaining a degree of flexibility so as to evolve the structure as the needs of the brand change.

Ultimately, the real test is whether or not this model is capable of delivering big ideas and outstanding creative work. The global “Keep Walking” campaign for Johnnie Walker runs in 125 countries around the world. We run global ads from London, and our regional offices also produce their own creative ideas within the “Keep Walking” strategy. The success of the campaign has been demonstrated by winning creative awards such as a Gold at the Cannes Advertising Festival this year. The campaign has even crept into the vernacular—“Keep Walking” was recently used as a revolutionary slogan on placards during demonstrations in South America.

Axe (“the Axe effect”) has won no fewer than 16 international creative awards as well as Unilever’s most prestigious internal award for creativity, and Levi’s has, without question, become one of the most famous advertisers of the past 20 years. ●

Simon Sherwood is chief operating officer of Bartle Bogle Hegarty.

FIFA world cup

Marketers pay big to sponsor the most global of sports

B Y L O U I S H A U G H

Although the FIFA World Cup finals will not take place in Germany until 2006, 197 national teams and 15 corporate sponsor partners have already begun the trek.

With the growing popularity of sports sponsorship in general, it's only natural that football, or in the U.S. soccer, governed globally by Fédération Internationale de Football Association (FIFA), is benefiting. The worldwide sponsors have actually been active since the end of the 2002 tournament in Japan and Korea. In fact, FIFA World Cup marketing programs for sponsors are ongoing at events that take place every year.

Last year, competitions with the sponsors' involvement included the FIFA Confederations Cup; FIFA Women's World Cup, FIFA World Youth Championship; and FIFA U-17 World Championship.

The 15 partners that get exclusive rights for their categories pay up to \$10 million for a global sponsorship and as much as ten times more for marketing programs involving the sponsorship.

The sponsorship fee can vary based on how a category is defined and on how many companies are vying for the official designation in each category.

Typically, a sponsorship package includes standard

marketing rights as well as tailor-made solutions for each sponsor. In addition, other services such as match tickets with options to purchase additional tickets, preferred access to hotels, transportation, and other ground arrangements are granted to the official event sponsors.



© 2002 FIFA™

The fact that 12 of the 2002 sponsors chose to sign up again for 2006 is an indication of the value they place on the official designation. These marketers believe that the rights fees are almost always offset by the incremental gains in business and the association with the official sponsorship.

Sponsors for 2006, each representing a different product category, are Adidas, Anheuser-Busch, Avaya, Coca-Cola, Continental, Deutsche-Telekom, Emirates Airline, Fujifilm, Gillette, Hyundai, MasterCard, McDonald's, Philips, Toshiba, and Yahoo!.

Although FIFA limits its worldwide sponsorships,

Deutsche-Telekom is one of 15 corporate sponsors.

other opportunities are possible at lower price tags. For example, the host country sells participations for activities in that country. In addition, there are agreements in which companies supply goods and services in addition to or in lieu of fees for various consideration, and there are also licenses to place official World Cup marks on products that companies sell. Other marketing programs can be authorized by FIFA related to the sale of time or space to non-sponsors.

In the 1994 World Cup, for example, News America fielded a Sunday supplement program, primarily for food companies, that offered very limited usage of a specially created World Cup mark.

One of the major ways companies can participate is developing an internal sales incentive program or a key client program with trips to the World Cup as awards. And, of course, guerrilla marketers have been a part of the mix for some years.

FIFA is proud of the number of its long term official partners, equal in stature to worldwide Olympics sponsors. Two companies, Coke and McDonald's, are sponsors of both. Kodak and Fuji square off as direct competitors in the two different sponsorships, as do



© Deutsche Telekom AG

MasterCard and Visa; JVC and Panasonic; Philips and Samsung. Other Olympic sponsors include John Hancock, Schlumberger, *Sports Illustrated*, and Xerox.

FIFA works with its commercial affiliates through an internal marketing group, FIFA Marketing & TV, based in Zug, Switzerland. The sponsorship management team, headed by Managing Director Amber Steele, includes account managers, each handling two or three official partners.

Often programs are specifically geared to the markets where the finals are held. When the World Cup was in the U.S. in 1994, because soccer is not the passion that it is in the rest of the world, many FIFA and sponsor activities were devoted to explaining soccer as a sport and involving youth.

Among the activities conducted by U.S. organizers were a “name the mascot” contest for the World Cup, a mail order official merchandise program advertised in newspapers and on TV in Europe, and a shopping basket event that allowed very limited usage of FIFA World Cup marks for brands in a co-op newspaper campaign.

Sponsor Fujifilm followed with a two-year youth program in the U.S. Youth soccer groups could redeem Fuji proofs of purchase for soccer equipment, such as official soccer balls and nets, as well as McDonald’s



Continental Tyre offers fun and games for fans in a special section on its Website.

gift certificates (for after the game parties) and even a GMC team van from sponsor General Motors.

While an official license is by far the preferred solution, not all marketers have the budget required. And some do choose to go the ambush marketing route. One that went ahead without official sanction in 1998 grew its sales when an initial projection was for a decline because of competitive activity related to the tournament. It is believed the promotion escaped the unfavorable attention of FIFA, known to vigorously protect sponsors’ rights, largely because the marketer avoided using any licensed properties.

Instead, the promotion used cartoon characters in soccer poses, country flags of the 32 teams involved, and scores of the games as reported in the media. Shoppers at the retail store running the promotion got a discount for select merchandise based on the total number of goals scored the day before.

The marketer also produced trading cards with country flags and a cartoon character for kids and had a program for “soccer widows” featuring specially selected products that would appeal to women.

While this program may not have been the preferred approach, it was the only affordable one for this marketer, and others have subsequently used public data, such as scores, to benefit without paying any penalties. ●

Louis Haugh, managing director, Westridge Inc. consulting division, (lou.haugh@klone.com), has worked with both official sponsors and non-sanctioned events. He provides marketing consulting and execution services for clients in the U.S., U.K., and Mexico, including Kellogg, Ford (Ford Racing), the National Lottery of Mexico, Coca-Cola, Fuji Film USA, and Anheuser-Busch Inc. He has created and executed client programs involving the Olympics, National Football League, Major League Baseball, and World Cup sponsorships.

The world's third largest ad market, Germany accounts for more than 5% of global ad expenditures and 22% of Europe's. Although the past few years have been tough, signs are pointing to a recovery, starting first with the business and industrial sector to be followed by the consumer sector. Some 83 million people strong, Germany is the most populous nation in Europe and the most affluent.

international brands that have made their marks

AUTOS
Chrysler, Toyota, Peugeot

MASS MEDIA
MTV

IT
Intel

TELECOMMUNICATIONS
Vodafone

MOBILE PHONES
Nokia, Panasonic

FUEL
Shell

FINANCIAL SERVICES
Visa

INTERNET/E-COMMERCE
Amazon, Ebay, Google

RETAILERS
Hennes + Mauritz, IKEA, McDonald's

PERFUME
CK

TOYS
Barbie, Lego

FASHION
Levi's

SPORTING GOODS
Nike

TOURISM
Ryan Air

WATCHES AND LUXURY GOODS
Swatch, Tag Heuer, Seiko

ELECTRONICS
Sony (Playstation)

**PHOTOGRAPHY/
OFFICE EQUIPMENT**
Canon

successes in the marketplace

getting portland (oregon) into the consideration set as a travel destination

After some 15 years, Portland, Ore., was successful in attracting Lufthansa to offer nonstop service between Europe and Portland.

To support the service, the Port of Portland began running a first ever branding campaign in Germany.

With a two-year budget of just over US\$1 million for "inbound promotion," the Port is spending the majority of its money on a print campaign and the remainder on trade shows, publicity, and trade missions. The campaign running in more than 25 newspapers, consumer and trade travel and business magazines, encourages Germans to think of Oregon as a vacation destination and to encourage business travelers to stay for a few extra vacation days. Cole Weber Red Cell handled creative, while Mindshare assisted in media planning and buying.

Susan Bladholm, the Port's corporate marketing senior manager, says the support of the

Oregon business community, including DaimlerChrysler, Freightliner, Wacker, Nike, and Adidas, and their use of the service have been crucial.

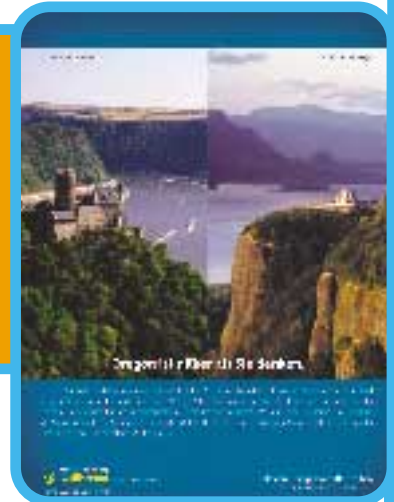
The Port, which operates the city's deep sea port and airport and was primarily responsible for negotiating the deal, works together with state organizations responsible for travel and tourism. "We had the dollars... so that's why it made sense for the Port to take the lead," she says.

The campaign will transfer to the Oregon Tourism Commission in June, which will have additional funding from a new statewide lodging tax. With the shift, the account will move to the tourism agency Wieden & Kennedy.

Research shows that Oregon offers much of what Germans want in a vacation. The state hopes this is just the start of advertising that can be expanded into other European markets. ●

facts + figures

Gross advertising expenditures rose 2.7% year-on-year in the first ten months of 2003, according to ZenithOptimedia, and is expected to get progressively stronger in 2004 and 2005. ●



COMMON SCENES,

COMMON HERITAGE

Ads encouraging travel to

Portland show just how at

home travelers will feel

with ads showing matched

sets of images: the Loreley River

in Germany (left) and Columbia

River in Oregon.

A second series of ads takes a lighter approach when Stefan

leaves a note for a friend, Claus,

taking care of his dog, indicating

his week trip to Oregon may be

extended: "Here's enough dog

food for the next two months....

Thanks for watching Pooch.

Oregon is amazing."





After advertising focused on the Nescafé red mug as a key visual, red mug sales soared to 270,000, six times greater than the 46,000 sold in 2002.

successes in the marketplace

selling instant coffee in a decidedly ground coffee market

With more than 4,000 cups of Nescafé coffee drunk every second of every day in scores of countries, the brand is unarguably a most favorite around the world.

But as a soluble-brand in a market where ground coffee is king, capturing consumers' fancy presents a special challenge, especially when the entire coffee market is declining.

Historically, soluble coffee represents only 2% of the whole market in Germany, where it has been perceived as second-best to ground. So, Nestlé and its agency McCann-Erickson Frankfurt saw an opportunity in converting infrequent users to intensive users, targeting men and women ages 25 to 35, who live an active life and are open and flexible towards new things. For them, soluble and ground coffee each has a distinctive advantage depending on the situation.

Advertising was designed

to establish an emotionally relevant brand character for Nescafé, making it synonymous with contemporary coffee pleasure. For television, Nestlé chose a testimonial campaign, featuring late night talk show host Harald Schmidt, Germany's version of David Letterman. Outdoor, point-of-sale, and public relations supplemented the TV.

After 18 months, it's clear the campaign is working.

Helmut Sendlmeier, chairman-CEO, McCann Erickson Germany, said, "Consumers embraced the idea that Nescafé Classic is a coffee experience that lends itself to spontaneity, individuality, and informality. Awareness of the brand soared, sales increased by double digits, and the distinctive 'red mug' has become a symbol of modern, active lifestyle."

In fact, volume of Nescafé Classic increased 10% in a declining market. ●

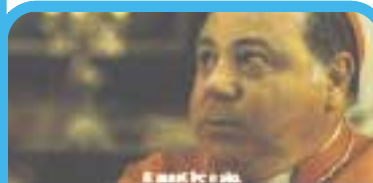


GAINING READERS

Although the largest circulation upscale women's magazine, Elle still trailed Vogue as a fashion leader. To stand out, Burda Publishing, working with Heye & Partner, ran a series of ads showing Elle delivered to the mail boxes of top designers, such as (above from left) Donatella Versace, Jean-Pau Gaultier, and Strehle to support the idea that even the designers read Elle to find out the latest trends. The series has included Donna Karan, Dolce & Gabbana, Paul Smith, Jil Sander, Armani, Etro, and Sonia Rykiel. ●

successes in the marketplace

italian pizza? not at all. how a local brand competes



Italian cardinals sometimes have a tough job. Especially in the lengthy debate to decide whether enjoying La Pizza should be regarded as a sin since the pizza has to be carefully taste-tested over and over again. And they finally conclude: "The only sin is that La Pizza comes from Germany." ●

Frozen pizza is big business in Germany. Consumers spend some €700 million for it annually.

Aiming to close the gap between its second place share (33%) and Dr. Oetker's No. 1 (38%) of the frozen pizza market, Wagner pizza took a different tack with the introduction of a gourmet variety called La Pizza.

While the key competitor claims its pizza tastes like it does in Italian restaurants or that its recipe comes directly from Italy, Wagner chose to exploit its German origins. The result was widespread acceptance and a 2.5% market share for the new variety. ●

facts + figures

People prefer factual ads to fanciful. However, comparative advertising, allowed only since 1998 and still restricted in some ways, rarely is seen as an effective way to promote, and humor can be seen more frequently than before. ●

new on the newstand 2003-2004

Brigitte Cookie, a quarterly of quick and simple recipes, aimed at young women who appreciate good food and are nutrition-oriented, but whose cooking skills are still being developed. **Brigitte Kultur**, a twice a year extension to Germany's classic women's magazine, focusing on literature, film, music, and art. *Gruner & Jahr*

Essen & Trinken Für Jeden Tag (Wining & Dining for Every Day), a small and handy size ten times a year publication offering creative recipes and practical tips for the kitchen. *Gruner & Jahr*

Feeling Home, a four times yearly home and living magazine in pocket format targeting successful mobile women with a sense of style and desire for titles offering indulgent choices. *Bauer*

Horizonte, a general interest magazine, targeting young, well-educated men and women with high income. The magazine covers travel, science and research, history, and nature. *Bauer*

Matador (working title), a bi-monthly lifestyle magazine for modern, active men, ages 20 to 49. *Bauer*

National Geographic World, a dual (German-English) language magazine for kids 8-12 years old, featuring stories about nature and wildlife, science and adventure, exciting expeditions to far-off places, and how



In this spot, Grandpa adds some Heinz curry spiced ketchup to his dentures for "thrilling in-mouth entertainment" at a family dinner.

children live around the world. *Gruner & Jahr*

Neon, a monthly from the Stern family targeting men and women ages 20 to 35, primarily living in metro areas and with a high level of education. *Gruner & Jahr*



Shop & Style, a four times yearly stylish shopping advisor for women and men who enjoy consuming, featuring trend items to classics from the areas of fashion, beauty, sport, wellness/health, and living. *Bauer* •

successes in the marketplace

spicing up a campaign for a spicy brand

Although Heinz is the leading brand of tomato ketchup, its showing in the more vibrant curry spiced ketchup segment traditionally was poor. The spiced segment accounts for 30% of the market and is growing five times faster at 11% than the regular segment.

Heinz and its agency, Michael Conrad & Leo Burnett, set out to strengthen the brand's position by targeting teens, a major user group, and their Moms, who do the buying.

The result over the past 18 months has been a big win. Heinz curry spiced ketchup's market share is now six times greater than before the current campaign.

Joachim Diehl, client service

director, Leo Burnett Frankfurt, attributes the success to "doing common things uncommonly well. [We re-presented] an established product segment in a new, unexpected, and surprising manner."

Heinz built its campaign around the insight that for teens, it's important to make statements about their individuality, about being different, even at the dinner table, explained Matthias Wilberg, Heinz marketing director for Germany, Austria, and Switzerland.

Research showed that teens like the intensity of the taste and from that finding came the campaign idea of "thrilling in-mouth entertainment."

Focusing on this clearly defined target, Heinz kept its budget relatively low at €2 million.

The success was especially sweet because it came at a time when no-name brands were gaining popularity. •

facts + figures

Internet ad spending grew more than 20% in 2002 and was up almost half again as much for the first nine months of 2003, according to Nielsen Media Research. •

the world of media

The largest media companies: Bertelsmann, Gruner & Jahr, Axel Springer, Leo Kirch, and Georg von Holtzbrinck. *Source: Horizont.*

What impact will the purchase of DSM, one of Germany's leading outdoor companies, by Stroer have on the market? For one thing, it makes Stroer No. 1 in Germany and a major competitor to JCDecaux in this market. •

Robert Mads



A N D E R S O N NEW YORK Foote, Cone & Belding, Senior VP-Group Creative Director

1983 AUCKLAND Ogilvy & Mather 1985 WELLINGTON Ogilvy & Mather Direct 1990 Worked with sponsors while climbing the world's tallest mountains 2000 NEW YORK Foote Cone & Belding

1984 SYDNEY 1985 AUCKLAND Anderson Hughes & Partners 1996 SEOUL Ogilvy One

Paul



A L E X A N D E R LONDON dunnhumby, Commercial Director

1994 LONDON Booth Lockett Makin 1999 LONDON Leo Burnett 2001 SYDNEY Whybin Lawrence TBWA & Tequila 2004 LONDON dunnhumby

1997 SYDNEY Leo Burnett 2000 LONDON Walker Media & M&C Saatchi 2003 LONDON M101 Group

Eduardo A.



H A U S E R FT. LAUDERDALE, FLA. America Online Latin America, Executive VP

1990 CARACAS Cisneros Group 1997 CARACAS Cisneros Group

1993 NEW YORK Cisneros Group 1999 FT. LAUDERDALE, FLA. America Online Latin America

Oilly



C O M Y N NEW YORK The Economist, Senior VP-Director Americas

1982 ENGLAND British Army 1984 GERMANY British Army 1986 LONDON Daily Telegraph 1993 HONG KONG The Economist

1983 NORTHERN IRELAND British Army 1985 CYPRUS British Army 1988 LONDON The Economist 1997 NEW YORK The Economist

Andrew



F E N N I N G LONDON AcuPOLL Europe, President

1973 LONDON J. Walter Thompson 1978 RIO DE JANEIRO J. Walter Thompson 1982 RIO DE JANEIRO J. Walter Thompson 2003 NEW YORK Penn Schoen & Berland

1977 SÃO PAULO J. Walter Thompson 1980 LONDON J. Walter Thompson 1984 SÃO PAULO J. Walter Thompson 1996 NEW YORK J. Walter Thompson 2004 LONDON AcuPOLL

The Good Life

AUGUST 12
IAS AND IAA SINGAPORE
7TH SINGAPORE
INTERNATIONAL AD
CONGRESS

PLACE: NA
RESERVATIONS:
instadv@singnet.com.sg
or 65-6220-8382
PRICE: NA

AUGUST 13
IAS AND IAA SINGAPORE
INAUGURAL EFFIE
SINGAPORE AWARDS

PLACE: NA
RESERVATIONS:
instadv@singnet.com.sg
or 65-6220-8382
PRICE: NA



ST. MORITZ

Fortune, Johnnie Walker Blue Label, Maybach, and Cartier were just a few of the names that could be spotted at the 20th Cartier Polo on Snow.



COMING EVENTS

SEPTEMBER 7-10
IAA 39TH WORLD CONGRESS
"BREAKTHROUGH INTO
THE FUTURE"

PLACE: Beijing International
Convention Center, Beijing
RESERVATIONS:
www.iaacongress-china.com;
international@china-aa.org
PRICE: Member US\$1,100;
non-member US\$1,300



NEW YORK

The New York chapter of the International Advertising Assn. monthly luncheon meeting attracts a crowd.

- 1 Martin Homlish, SAP AG (speaker).
- 2 John Moncure, Bob Stultiens, both Publicitas.
- 3 Constanza Castelnuove-Tedesco, SAP; Alex Clemente, CFO magazine.
- 4 John Topping, John Burke, Chris Theodoros all of Google.

SEPTEMBER 14-15
THE 2ND ANNUAL
ADVERTISING FESTIVAL

PLACE: Concorde La Fayette, Paris
RESERVATIONS:
www.theadvertisingfestival.com;
Cindy Rodges
cindy@theadvertisingfestival.com
PRICE: €700 for all events
plus 19.6% VAT



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

New Partnership

NEW YORK
British Airways
celebrates in
introducing Redwood
International as its
media representation
company for the
U.S. market.
Adam Kanter, Universal
McCann; Andrena
Pullen, British Airways;
James McLeod,
Redwood International.



Gretchen Parks,
Citigroup Private Bank.



Jack Hanrahan,
OMD.

NEW YORK

Participants at the American Business Forum on Europe discuss advertising and marketing effectiveness.

Percy Fahrbach, Gruner+Jahr.

Sven Oehne and Henry Meyer-Oertel, ABFE.



Tackling the Future

NEW YORK

The Business Marketing Association hosts a discussion on what's ahead for B2B marketers around the world.

Will Holstein, Chief Executive magazine.



Paul Gross, Fin Tel Consultants; Jacques Chauvet, Global Ad Exec; Jim Guthrie, Gallup & Robinson.

Sam Wender, Crain's New York Business; Peter Black, BPA.



Bob Crosland, Ad Media Partners.



OCTOBER 22
IAA SWEDEN
BREAKFAST SEMINAR:
"ROI—IS ADVERTISING REALLY WORTH IT?"

PLACE: Summit, Stockholm

RESERVATIONS:

ronnie.eide@iaasweden.org, 46-70-557 4295

PRICE: Member SEK200;

non-member SEK450

NOVEMBER 15-16
FIPP 4TH WORLDWIDE
MAGAZINE MARKETPLACE

PLACE: Hilton London Metropole, London

RESERVATIONS: Christine Scott, christine@fipp.com

PRICE: £415 plus VAT per delegate; £395 plus VAT for additional delegates of the same company

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

SAN FRANCISCO

Bill Bayne (left), Coyote Films, and Bill Criswell, Criswell Associates, show off their Freddie trophies for health and medical media excellence for their hour-long TV documentary "A Change of Heart."



MEXICO CITY

Panelists at the 2nd FIPP Ibero-Americano conference included Miguel Ortiz Monasterio, Grupo Editorial Medios; Eugenio Minivielle, Nestlé Mexico; Marcello Serpa, Almap BBDO.

Remember when record profits meant everyone from the CEO to secretaries went to Tahiti for a five-day off-site fueled by drinks with names like The Volcano? Well, those days are over and the bean counters have forced you, Mr. or Ms. senior decision-maker, to ditch the hula and find something more responsible for planning sessions, while still providing (in this order) a. exotic locales, b. wi-fi and blackberry compatibility, c. sexual tension for the CFO. Iceland is it. Honestly.

actually go out in 80s outfits that make "Footloose" look en vogue. They're so far ahead, they're behind. Try Astro Bar, or just walk around downtown and follow the rattling windows to thumping bass. You can hear the clubs across town.

the rock in the atlantic

Conveniently located mid-way between Europe and America, Iceland is the perfect neutral battleground to discuss split accounts. A fairytale land where the predominant smell is sulfur, the national icon is a dwarf, and the only trees are three feet high. What could be more motivating? Exciting? Glambofabu? Surely we're joking. No. Truly.

landing

First off, Keflavik International Airport is so beautiful you could almost hold your off-site at arrivals, gliding on polished wood floors with high glass walls that overlook tundra. Icelandic architecture is quite amazing, seesawing between a Mennonite church camp and organic Rem Koolhaas.

settling in

If you make it through 40 miles of lava fields to Reykjavik, there are two places to settle in—the 101 Hotel, a serene venue in the middle of the city. Nice toiletries. Meeting rooms hold small groups. Good for: Ad agencies, media owners, fashion folks, PR flacks. Think Nordic Ian Schrager. 101 HOTEL Hverfisgata 10 For top management and brass who are history buffs, try the Hotel Borg. At the city's oldest luxury hotel, you'll have a finely amicable staff and plenty of herring at the breakfast buffet. Great for: finance people, industrial moguls, FMCG clients, and corporate

warriors who like fluffy sheets.

HOTEL BORG

Pósthússtræti 11

Tel: 354-551-1440

Because Iceland is volcanic and God likes jokes, it seems that the water is the cleanest and healthiest in the world, containing trace amounts of silica that make your skin look younger. Unfortunately, it smells like sulfur, so you have to soap up while holding your nose not to gag. It's part of the local appeal.

more herring, please

Most people don't know that the colder the water, the better the fish. That makes Iceland a fishing capital bar none. There is so much seafood, it practically leaps up at you and screams, "eat me." Think lobster salads so big you can only eat half. Scallops the size of small UFOs.

For dinner, choose between the traditional and chic modern. For the herring and potato set, check out restaurants dotting the city center—many in little houses with lace doilies and pictures of fishing boats on the walls.

For the big corporate dinner, try Pearl on a hot water spring in the middle of town. Although it has a cheesy revolving restaurant atop the city's only hill, the food is good, and all Icelanders send tourists there.

Lucky for top management, the Best Restaurant In The World is located here: Sjúvarkjallarinn (Seafood Cellar)! Its sooooo expensive, starting at

about \$30 an appetizer. Chef Lárus Gunnar Jónasson, who trained at London's Spoon at the Sanderson Hotel, went home to create something 10 times better than Spoon because the ingredients are fresh-fresh, flown in every day. Think the most amazing foie gras with tuna and cherry chocolate mousse, all in a dark cellar surrounded by glowing tropical fish.

The best ever. Buy the stock.

PERLAN (PEARL)

Öskjuhlí

Tel: 354 562 0200

SJÁVARKJALLARINN

alstræti 2

Tel: 354 511 1212

bonding with staff

Cold air. Hot water, misty fog rising in the distance. Beer. All this and more can be yours at the Blue Lagoon, a thermal hot spring and one of the Ten Best Things You Could Ever Do. Guests spend hours frolicking in volcanic nooks and crannies, smearing white silica mud across their faces and pretending to be ice monsters. Really fun and totally unmissable.

Iceland offers pony rides on fields of moss so soft you can drink champagne while riding; Jeep tours across glaciers where if you look the wrong way you fall 200 feet down a crevasse (Hey... what happened to Gwen from HR?). Whale watching.



Arctic light is flattering, and Iceland's clean air translates into long and panoramic vistas from almost anywhere.

Because it's the arctic and there's nothing else to do, Icelanders (famously liberal and super hot) like to party till sunup, which in the winter is around noon. Make sure to schedule your off-site midweek so that sales managers can have Friday night to sample the local hedonism, er culture. Perhaps the only city in the world that is après-ski without the skis, Reykjavikians

Puffin tasting. Seal scouting. What more could anyone want?!

Still, there's plenty of time for work. Toward summer, Iceland turns into a medley of shifting winds, green moss, sunny days. There are more hours of sunlight per year in Reykjavik than either Miami or Rio. For those who have doubts, just make them go. They'll love it. Honest. ●