

# inter national ist

MOVING  
FORWARD  
>>

inside issue 2005.1

Greg Paull  
Discusses  
'Fear Factor'  
For Asian  
Media Shops

ExxonMobil  
Is More  
Than A Place  
To Gas Up  
For S. McHie

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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.

DROPPING "CAUTIOUS"  
FROM THE OPTIMISM EQUATION...

"Cautious optimism" may have been the most used description for international advertising projections recently. As difficult as it may be to pare those words, it is now time to drop the "cautious" part and simply focus on "optimism." Most people admit to having a "good feeling" about business prospects for 2005 and are reportedly seeing increased activities and even more ad bookings already.

That certainly defines an optimistic start free of caution.

We, too, at *inter national ist*, are also trying to shrug off that now-comfortable "cautious" mantle. We're excited about starting our third—yes, third!—year of publication and are marking the occasion by adding another issue this year. Our commitment to creating a magazine that serves you continues to be our first priority.

Without doubt, we've come through some extraordinary circumstances. Set against the backdrop of world events, *inter national ist* launched just prior to the current war in Iraq, SARS, Bird Flu, increased terror alerts, and the effects of lowered multinational ad expenditure. Despite those circumstances, the magazine has persevered, through personal commitment, which has ranged from riding with sacks of mail in a postal van to insure delivery, to encouraging 80-year-olds to stuff envelopes in exchange for senior gambling passes to Atlantic City, to asking industry colleagues to carry boxes of publications to China—complete with custom clearance answers in Mandarin.

So in 2005, we're dropping "cautious" from our vocabulary (and hiring a real delivery service).

Best wishes for a terrific 2005!



**deborah malone**  
PUBLISHER



**nancy s. giges**  
EDITOR

2005 OUTLOOK MORE THAN  
AN EXPRESSION OF HOPE

It's hard to believe that two years have passed since the first issue of *inter national ist* rolled off the press. For much of that time, we heard expressions of hope that tough times were gone. But they seemed hardly more than just that—hope. With this issue, we begin a year in which we sense ebullience everywhere.

That doesn't mean there aren't challenges. To find out what's ahead, we surveyed "internationalists" about their expectations.

You can sense their optimism in their comments in our

Cover Story: "Moving Forward."

The title also expresses how we at *inter national ist* plan to approach the coming year, expanding the editorial foundation we have built. We will continue with some of the same features you like best, and we will add new ones.

Among writers continuing are two contributors with us since the beginning, Kathleen Barnes and David Kilburn. Kathleen is a widely traveled, well-rounded journalist. She has reported for print and broadcast media from Europe, Asia, Africa, and North America. In addition to business writing, she specializes in health, and has just co-authored "8 Weeks to Vibrant Health," published by McGraw Hill.

David Kilburn, a well-known byline in advertising circles, has been writing from Japan for some 20 years. He is equally at home in Korea and the U.K. David recently participated in an honor ceremony in Sri Lanka for a new white tea, called Kilburn Imperial, which he is purchasing for his Tea Museum specialty tea and herbal business in Seoul.

Looking forward to 2005!



## growth path

### Shifting from a bottom-line focus to creating demand

Can the demand for brands be approached with the same strict discipline as business has tackled cost-cutting in the supply chain?

Yes, says McCannWorldgroup, if the different aspects of demand, especially for brands, are understood.

And research is confirming that business leaders are looking for ways to grow after some five years of intense focus on cost-cutting. In a McCann survey in 2003 of 175 senior management leaders of its client worldwide, at least 79% of respondents said creating demand for existing products, launching new products and services, creating demand for existing brands; accelerating topline growth, and determining future sources of growth were all important strategies over the next three-to-five years.

The communications group categorizes demand into: (1) existing demand (the easy low-hanging fruit), (2) latent demand (that which has been overlooked or ignored, such as moving more swiftly through toll booths, a “demand” met by the EZ Pass electronic toll system in the eastern U.S.), and (3) new demand (such as that met with new technology or new uses: putting baking soda in the refrigerator, for example).

Once the opportunity is identified, according to McCann, creating demand requires a full mix of marketing tools and a media-neutral communications approach. •



#### EPICA D'OR (PRINT)

BDDP & FILS, Paris

LES ECHOS

#### EPICA D'OR (FILM)

WIEDEN + KENNEDY, London

HONDA U.K. (diesel engine)

## award-winning work

ADPRINT  
EUROPEAN FESTIVAL,  
POIANA BRASOV,  
ROMANIA

GRAND PRIZE  
WINNER:  
McCANN ERICKSON  
ITALY (based on  
winning the most  
points in all  
categories).  
One example is

WINNER IN THE  
HEALTH/  
PHARMACEUTICAL  
PRODUCTS:  
Weight Watchers

(above right)

COPY: “Welcome to the small”  
(right)

COPY: “Escape now the extra large”



ALL PRICES ARE IN  
LOCAL CURRENCY  
UNLESS OTHERWISE STATED

**FEBRUARY 5**  
**HUB CULTURE AND LES ETOILES**  
**"ONE NIGHT WISH VENETIAN**  
**MASQUERADE" BENEFIT PARTY**

PLACE: Palazzo Benzon,  
Canal Grande di S. Marco, Venice

RESERVATIONS:  
[www.hubculture.com/wish](http://www.hubculture.com/wish)  
PRICE: US\$210

**FEBRUARY 24-25**  
**PACIFIC CONFERENCES**  
**"LIFESTYLE MARKETING"**

PLACE: Swissotel Merchant Court,  
Singapore

RESERVATIONS: 65-6372-2201 or  
[admin@conferences.com.sg](mailto:admin@conferences.com.sg)  
PRICE: One day S\$1,295  
two days S\$1,695

**MARCH 2-3**  
**PACIFIC CONFERENCES**  
**"GETTING THE MAXIMUM ROI**  
**OUT OF CORPORATE BRANDING"**

PLACE: Swissotel Merchant Court,  
Singapore

RESERVATIONS: 65-6372-2201 or  
[admin@conferences.com.sg](mailto:admin@conferences.com.sg)  
PRICE: One day S\$1,295  
two days: S\$1,695

**MARCH 17-18**  
**FIPP AD SALES WORKSHOP**  
**INTERNATIONAL FEDERATION**  
**OF THE PERIODICAL PRESS**  
**AND POLISH CHAMBER OF**  
**PRESS PUBLISHERS**

PLACE: Kyriad Prestige Hotel,  
Warsaw

RESERVATIONS: Rachel Adams  
[rachel@fipp.com](mailto:rachel@fipp.com); 44-(0)20-7404-4169  
PRICE: FIPP member €450;  
non-member €490

continued on p.37...

Submit your events to  
[editorial@inter-national-ist.com](mailto:editorial@inter-national-ist.com)

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## regulations and reports...

- As of November, the Advertising Standards Authority, an independent body set up by the advertising industry to monitor compliance with advertising codes in the U.K., began co-regulating advertising on television and radio. Until then, the ASA had been responsible only for regulating advertising in the non-broadcast media. The ASA works in partnership with Ofcom, the U.K. communications regulator.
- Regulations related to tobacco advertising continue to become more restrictive in EUROPE. In Belgium, newspapers and magazines containing tobacco advertising are no longer allowed to enter the country from other European countries. This ban anticipates a European Union directive on tobacco advertising and sponsorship, expected to ban tobacco advertising in all printed materials, except for tobacco trade journals or publications from outside the EU. In the U.K., tobacco advertising at point-of-sale has been restricted to the surface of an A5 size paper, and one-third of that must be covered by a health warning. Tobacco advertisers tried to overturn the strict limits but failed.
- A study at the Vrije Universiteit Brussel in BELGIUM indicates that almost 70% of advertising containing "scientific information" is misleading. The study claims that 20% of advertising contained erroneous scientific information. Researchers said that the misleading advertising did not seem to have caused any damage but that the study could be used as the basis for legislation in the future.
- A poll by IPSOS in FRANCE has found that residents have a generally negative view of advertising. Some 57% of those surveyed found advertising to be too "banal," while 67% said that advertising was "annoying." Also, 78% of respondents thought that there is too much advertising, especially outdoors and on the Internet. On the other hand, 20% of respondents indicated that they enjoyed advertising.
- Groups in POLAND and ITALY are calling for restrictions on advertising to children. In Poland, *Rzeczpospolita*, a Polish daily newspaper, has launched a campaign against advertising to children, including publishing a series of articles presenting the arguments against advertising and calling on readers and politicians to submit comments. According to the paper, during the first nine months of 2004 the number of ads directed at children grew by 36% over 2003 and the amount of broadcasting time increased by 38%. Specifically, some are calling for "ad-free" zones around children's programs. In Italy, the Italian union of public broadcast journalists has called for a ban on television advertising during children's viewing times, from 4 p.m. to 7 p.m.

Summarized from European Association of Communications Agencies reports.

## dentsu's hit products of 2004

Dentsu's annual top products of 2004 help identify key trends and define the Japanese consumer mindset in a year when the country's economy finally began to show signs of recovery.

The top 10 products run the gamut from high tech, such as flat panel TVs and HDD-equipped DVD recorders, to entertainment to food products. In reviewing the winners, Dentsu identified eight significant consumer trends:

- NEW DIRECTIONS FOR OLD PRODUCTS
- SEEKING EMOTIONAL CATHARSIS
- THE RETURN OF GORGEOUS
- JAPAN-ASIAN STYLES
- LOHAS (Lifestyles Of Health And Sustainability)
- WARY EMERGENCE
- ADULT SELF-EXPRESSION
- VIBRANT NOSTALGIA

The products suggest a switch from 2003 toward the "pursuit of mainstream, essential values," according to Dentsu, which bodes well for a significant increase in consumer spending in 2005 and beyond.

### the top 10 in japan

1. WIDESCREEN FLAT PANEL TELEVISIONS
2. JAPANESE BASEBALL PLAYERS IN THE U.S. MAJOR LEAGUES
3. "CRYING OUT FOR LOVE FROM THE CENTER OF THE WORLD" (NOVEL, MOVIE, AND TV DRAMA)
4. HDD-EQUIPPED DVD RECORDERS
5. BLACK VINEGAR
6. BITTERN (BRINE) PRODUCTS
7. THE TONYU (SOYMILK) BOOM
8. BAE YONG JOON (SOUTH KOREAN ACTOR)
9. "THE LAST SAMURAI"
10. PACKET FIXED-RATE COMMUNICATIONS FEES FOR MOBILE PHONES

(Selected from approximately 140 popular products in a nationwide survey of 1,000 men and women conducted over the Internet by Dentsu's Center for Consumer Studies.)

For citizens of Singapore, it's "Double Happiness" with twice the reason to be happy because of Valuair's two flights daily to Hong Kong.



**Twice daily to Hong Kong from today. Double Happiness!**

<b>Early Bird Fare*</b> \$118 return	<b>Senior Fare*</b> \$179 return	<b>Flexi Fare*</b> \$208 return
--	--	---------------------------------------

Call your travel agent today!

1300 361 469 | [valuair.com](http://valuair.com)

ADS SELLING A DESTINATION CAN BE WITTY AND FUN AS WELL AS TACTICAL, BELIEVES GREY SINGAPORE, WHICH CREATED THESE ADS FOR VALUAIR..

**Beyond SIN**

Now you can fly to Singapore and beyond for a whole lot less on Valuair.

From \$749*	To \$449*
-------------	-----------

Book now! Call your travel agent today.  
1300 361 469 | [valuair.com](http://valuair.com)

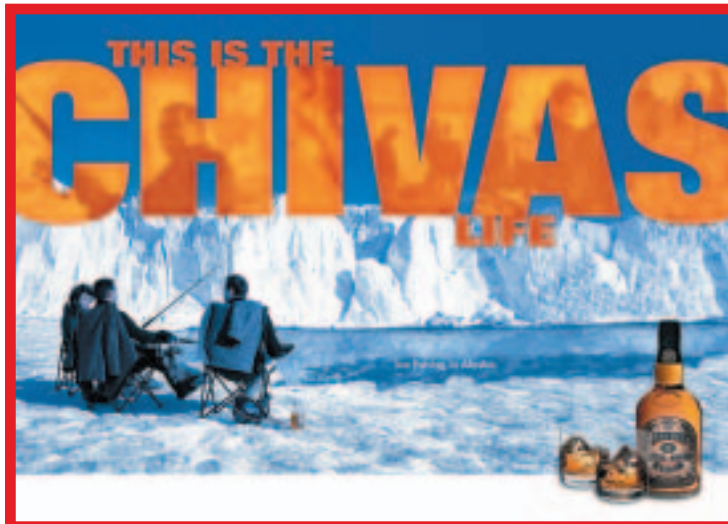
Fly Smart

This ad was created to lure residents of Perth with the tempting benefits of flying Valuair to Singapore.



## nokia and nivea "most trusted" brands

For the first time in five years, Nokia has been joined by another brand as "most trusted" in its category in every one of the 14 countries included in the annual *Reader's Digest* European Trusted Brands survey. This year two brands were voted "most trusted," Nokia in mobile phone handsets and Nivea in skin care. This is the first time Nivea has come out on top in the U.K., possibly because of heavy promotion directed at men. Look for more insights from this survey in the next issue of *internationalist*. •



*Chivas Regal is just into its second year of a global multimedia campaign by TBWA\ to restore the brand's fame and reinforce its position as world leader in the global premium whisky market. The advertising has run in more than 45 countries. Martin Riley, international marketing director of Chivas Brothers, says the input of local markets is key to the success of a global campaign. The advertising cannot be imposed if it is to work across markets, across different media, and in other areas of communications, he says.*

*Although sold throughout the world, Ligne Roset contemporary furnishings takes a decidedly local approach to advertising. In France, Callegari Berville Grey focused its most recent campaign on products launched during the year.*



*The year 2004 was a transition period as Richemont's Alfred Dunhill assigned its account to Vallenge Carruthers Coleman Priest and began to consider adding cross-border media to its local markets schedule. "Our goal is to create a communication that fits the brand; to be the British men's luxury accessory brand ...[and] to create communication tools that do work globally," says Andrew Wiles, communications director of Alfred Dunhill. "That is a challenge, but I do think it is possible to find the right sensibility that can work in all markets and that can position the brand in the right level in all markets." The upcoming brand campaign will play on the heritage of the company and its namesake, a quirky yet glamorous character, according to Peter Polster, international account director at VCCP. The interim ads have been more tactical.*





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Stephen Webster / SoLus Photography / veer.com

# MOVING FORWARD



an informal survey  
tells what's  
top of mind  
for advertising and  
marketing  
internationalists

Crystal ball-gazing turns out to be not so painful these days.

Answering questions posed by internationalist, respondents came back much more positive than in the recent past.

When Colin Lawrence, strategy & sales operations director of BBC World, says, "We are expecting more long-term and strategic thinking from corporate marketers. With this should come more creativity, in both the production and execution of advertising," it's with a confidence not expressed in several years.

Similarly, Ronnie Eide, managing director of Re:media in Stockholm, says, "I expect that many blue chip international accounts will take action on their plans to advertise internationally again." And the mention of Asia, particularly China and India, is often paired with words of growth and opportunity.

The optimism is echoed by leading forecasters Robert Coen, senior VP, Universal McCann, and ZenithOptimedia. In fact, ZenithOptimedia



**jim speros**Chief Marketing Officer, U.S.  
ERNST & YOUNG LLP

reports the best prospects for advertising since 2000.

But if there is one message coming through, it's that 2005 won't be a year of surprising changes but a year of a faster pace of the changes that have been set in motion. "Nothing will not have been said before," says Nick Baum, president of Western Europe for TBWA\.

The biggest issues mentioned fall into three key areas with the first two by far receiving the most comment:

- New ways and mechanisms to deliver marketing messages;
- Shifts in spending patterns not only among media but among regions: the rise of Asia, especially China and India;
- Continuing and more intense focus on accountability even though budgets are coming back.

Execs are taking a much broader view of the communications landscape than ever before, both geographically and functionally. "I'm seeing a greater emphasis on the globalization of marketing communication disciplines that used to be entirely local...reaching beyond advertising," says Joe Celia, CEO, Grey Synchronized Partners, Grey agencies which specialize in direct marketing, internet, sales promotion and branding.

"Global is reaching beyond advertising," he says. Started by financial services companies and accelerated by technology marketers, it's the result of marketers "becoming more aware that other consumer touch points are becoming more relevant," Celia says. He still sees traditional media "reigning supreme" in delivering a message to the broadest audiences but they will have to work harder than before, he says.

Courtney Buechert, executive VP-general manager of McCann Erickson San Francisco,

"Reaching consumers in new and exciting ways will be a fact of life and survival for most marketers."

which handles Microsoft, AMD, Applied Materials, Southcorp Wines, and Hitachi in many countries, also sees non-advertising activities increasing.

Clients are asking for a wider range of tactics to be driven from a central strategy. "Our clients are choosing to drive business development strategy [and] creative development from the center but deploying that strategy and creative idea in a localized and integrated manner," he says.

Also having an impact, Buechert says, is media money moving outside the U.S. For one major client, the shift will be approximately 15% this year. "Our clients see greater brand development and business growth opportunities in those areas. ...More precisely, they see more advertising-sensitive opportunities compared to the U.S."

For Graeme Hutton, senior VP-strategic resources at ZenithOptimedia, the shifting of budgets could occur for several reasons including the crumbling value of the U.S. dollar, which could have regional and local operations of multinationals jockeying for more control.

"Global management may not have a large enough purse to cover all local requirements and therefore lose the control they may have enjoyed," he says.

One result, he says, is that pan-global media could benefit by setting global rates based on the U.S. dollar, but the pressure on the dollar could be so great that the heady days for international media of four and five years ago may not return.

"[Conversely] non-U.S. multinationals may rise more readily to the challenge. While their products will become more expensive in the U.S., elsewhere they may be able to enjoy a higher communication share-of-voice and stem the rise of the U.S. global marcoms," Hutton suggests.

At the core of many predictions is a consensus of the need to find new ways and mechanisms to deliver marketing messages. Fragmentation of audiences is widely accepted

**nick baum**President, Western Europe  
TBWA\

"Clients' looking for accountability in advertising investments is going to increase."

**john billett**Chairman  
BILLETTS

"More advertisers will accelerate the current change to evaluate the effectiveness of their advertising on a pan-national and international basis."

**sachio demura**Senior Executive Officer  
DENTSU INC.  
(also Director, the 2005 World Exposition Japan Division)

"Without a doubt, ecological or environmental issues will increase in importance even more...in all areas of activity related to humankind."

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At the core of many predictions is a consensus of the need to find new ways and mechanisms to deliver marketing messages. Fragmentation of audiences is widely accepted

**neil d. gluckin**Executive Director-Brand Strategy  
UBS

"My hunch is that companies will increasingly discover that marketing to their own employees (internal brand building) is one of their most neglected yet potentially most valuable activities."

**adrian new**Senior VP  
Advertising Sales & Marketing  
CNBC ASIA PACIFIC

"The advent of interactive TV and the proliferation of personal video recorders and digital video recorders are likely to pose a significant threat to pay TV advertising revenues."

as a given. Going forward the only question is how to reach a distracted, fast-moving audience.

Many are banking on technology and new forms of media to dramatically change the

advertising and marketing landscape. Some advertisers

are already at the forefront.

Xerox is a major advertiser

of CNN mobile content,

which in some form now

reaches more people (400

million) than CNN on

traditional television, where

the distribution is 214 million,

the network says, traditional

print and broadcast.

“Research continues to

show that consumers view most television

commercials as largely irrelevant,” says Jim

Speros, chief marketing officer, U.S., of Ernst &

Young. “We’ll continue to see a major shift in

the allocation of marketing resources away from

television—particularly in the U.S. ...[and] the

internet will continue to be one of the major

beneficiaries. The intimacy of the internet coupled

with its limitless on-demand content and

transaction capability is making it a must medium

for most marketers.”

Television executives

acknowledge the challenges

but see opportunities too.

CNBC Asia Pacific

colleagues Adrian New,

senior VP-advertising sales

& marketing, and Gregg

Creevey, senior VP-

## jeff daniels

Executive VP  
Chief Creative Officer  
GREY HEALTHCARE GROUP, EUROPE



“Healthcare will become THE issue.”

distribution & channel strategy, are well aware that changes are in store with the advent of interactive TV and

the proliferation of personal video recorders and digital video recorders.

“When it becomes more widely available in the very near future, high rates of ad skipping will seriously affect revenue growth for TV networks,” says New. “On the upside, interactivity provides the means to use TV more effectively as an advertising medium through more personalized, more actionable, and more emotive communication with audiences.”

Mick Buckley, president-CEO, CNBC Europe, also predicts increased emphasis on the “emotive relationship” that international clients

know exists between their target consumers and certain media brands and platforms.

And he says clients continue to prepare for the personal video recorder age by further embracing cross-platform branded content opportunities.

Blogs, mobile devices, and personal video recorders

as marketing communication vehicles; branded entertainment; interactivity; internal brand building are all mentioned by respondents as becoming truly mainstream.

“The blog is the new search-engine advertising,” asserts Marcelo Salup, executive VP-international media director of Foote Cone & Belding Worldwide. “It generates huge word of mouth among the trend setters here in the U.S., and it



## russel howcroft

Chairman  
ADVERTISING FEDERATION OF AUSTRALIA

“In 20 years time, we will either look back and say the early 2000s was the time in which the industry professionalized... . Alternatively, if we drop the ball, it is not inconceivable that agencies could evolve into a supplier model that we don’t even recognize today.”

## hervé de clerk

Founder  
ADFORUM.COM



“[There are] two major changes coming up—the first is the re-merging [of creative and media and the second is] the creative team is dead.”

## gary burandt

Executive Director  
ICOM



“For the first time in quite a few years, the outlook for 2005 from agencies in all regions is quite good.”





## mike segrue

Managing Director, Europe  
POSTER PUBLICITY

provides a direct channel for a company to use its most-bonded consumers to help convince others.”

Russel Cheng, digital director, Beacon Communications, is also a big proponent. “Bloggers are commanding attention, rising in prominence, and help speed up conversations—good or bad—about you, your company, your products, your competitors, all in real-time. These conversations can help marketers engage with their customers or completely drive them away if inappropriately handled.”

Clients are eager to try new things, says Paul Woolmington, CEO of The Media Kitchen.

“I see radical changes in the way marketeers go to market,” says Woolmington. “Not just more online but [more] ‘media unconfined by media’ approaches. Just

look at ‘subservient chicken’ [the viral campaign and unconventional website promoting a new chicken sandwich that attracted some 400 million hits worldwide] for Burger King. These new inventive non-traditional solutions have the ability to cost very little in media terms, gain a huge, huge following, and become major events.”

He’s not alone in expecting more non-traditional approaches. Andrew McLean, chief client officer—worldwide of Mediaedge:cia, predicts that 2005 will be the year where advertiser-funded content becomes less of a specialty and more of a necessity. “Programs like “Extreme Makeover: Home Edition” show how well you can do it and expect more to come through.”

Kevin Razvi, executive VP of CNN international advertising sales, agrees. “This is the year where content itself does actually become much more important than the way

“Out-of-home is unquestionably the most consolidated medium in the world. This year will see an increase in this trend.”

it’s delivered. There has been a lot of talk in the past about content being king but it’s not really come off,” he says.

In fact, adds McLean, media people need to come to terms more holistically with the shifts in the consumer behavior that he describes as “‘I want’ media selection.” “People are now so self-selecting,” he says, “that no one media or media vehicle can claim to do the job of affecting a reaction.”

Marketers, such as Ernst & Young, know changes are in store. “The world has certainly changed,” says E&Y’s Speros, “and reaching consumers in new and exciting ways will be a fact of life and survival for most marketers.”

For some, the rise of Asia, particularly China and India, is equally significant. To help organizations sort out the confusion and complexity of China, the International Advertising Association is getting more involved in helping members find the right partner. “We want to make sure we

put the right people together,” explains CEO Frank Cutitta. “We have a network that at times has been underutilized. We want to make sure people know it’s there to make contacts.”

For many, it’s a two-way street. Matthew Farrar, managing director, Mercury Publicity Asia, expects more opportunities for foreign media companies in China as well as more Chinese companies, specifically in the technology sector, advertising internationally in an attempt to build brand presence.

“Companies have to assess how they do business there, and the countries themselves will have to prepare... [for] strategic shifts,” says Mike Amour, chairman-CEO, Asia Pacific, of Grey Global Group. He cited IBM selling its

personal computer business to China’s Lenovo as an example. “The deal illustrates how IBM sought a strategic partnership in China, not just a sale,” he

## grace palacios

President-CEO  
CHARNEY/PALACIOS-PUBLICITAS LATIN AMERICA



“[There will be] unprecedented demands from advertisers; they want accountability.”



## andrew butcher

Managing Partner  
B&P

“One topic that I think will shake the advertising world up in the months and years ahead [is] distintermediation, [which] signifies major shifts in how we market, sell, and deliver products.”

## mick buckley

President-CEO  
CNBC EUROPE



“ROI guarantees will continue to be high on the agenda.”



## andrew mclean

Chief Client Officer-Worldwide  
MEDIAEDGE:CIA

“2005 will be the year where media people need to come to terms more holistically with the shifts in the consumer behavior that are best described as ‘I want’ media selection.”

## marcelo salup

Executive VP  
International Media Director  
FOOTE CONE & BELDING WORLDWIDE



“If I had to summarize the changes I expect for 2005 I would use three words: Addressable, accountable, fragmented. (Sorry, no easy 3As).”

says. It indicates that China is prepared to take the next step towards economic maturity.

Maturity is a word also mentioned by CNN's Razvi in relation to the region's readiness for global deals.

"Historically big global deals have been New York first and London second." Now he sees multinationals indigenous to Asia-Pacific, such as Lenovo Group and ZTE, a Chinese telecom, expanding quite aggressively and looking at markets outside the region. Until now, the advertising growth has been within the region, he says.

**accountability still in the spotlight**

Even with budgets coming back and the new optimism, there is continuing focus on accountability. The demands for accountability are "unprecedented," says Grace Palacios, president-CEO, Charney/Palacios Publicitas Latin America.

Cuttita says as he travels around the world, "ROI is still alive and well and the bloom is not off the rose yet." Accountability is still there as is the issue of how agencies are compensated in relation to profit or ROI, he says.

Agrees FCB's Salup: "Accountability has been the battle cry of every major advertiser in 2004. It is no coincidence that the media that will show growth in 2005 are also the media that are best suited to quick and measurable response."

But he says that "creative media" will also be held accountable. Many advertisers are now asking "did the creative media solutions of the past year work?" As a result, he says, media people will begin using non-media metrics (like intent to purchase, bonding) to measure creative and non-traditional media tactics.

TBWA\ has seen such demand grow considerably. The agency group conducted its first audit as part of its Connections measurement and post analysis service in

**courtney buechert**

Executive VP-General Manager  
McCANN ERICKSON SAN FRANCISCO



"For several clients, we are seeing the need to re-allocate media money from U.S.-targeted efforts to other markets."

2003 and expects to conduct about 20 major ones this coming year, enough, says Baum, to justify setting up separate departments in each of the agency's major offices.

The service, offered through a joint venture with a European research firm, results in strategic recommendations about resource allocation among various communication vehicles, traditional as well as non-traditional, including pr, events, sports sponsorship, and others.

The process works, Baum says. For one client in France, the agency enabled the client

to cut 20% of its investment while increasing effectiveness. "They are getting more for their money and spending less," Baum says.

John Billett, chairman of billetts, a pioneer and leader in measuring media and marketing effectiveness, says

common best practice standards are increasingly being applied and expanded to related areas. He sees advertisers stepping up their evaluations of advertising effectiveness for both pan-national and international programs plus taking a close look at the agency too.

As the choice of agencies becomes narrower and as the four main agency groups increasingly offer a single service within their groups, advertisers are also asking "how well are we doing within

our media agency's portfolio," Billett says. That's a separate consideration from measuring effectiveness with media owners, he comments.

Media owners have mixed views of the benefit of such strict scrutiny. "My wish for the year is that the term ROI

will be understood more, and abused less," says the BBC's Lawrence.

But those that deliver can expect rewards. "Both the clients that demand ROI, and the media owners and platforms that can deliver ROI should have successful times ahead," concludes CNBC's Buckley. •

**mike amour**

Chairman & CEO, Asia Pacific  
GREY GLOBAL GROUP



"The rise of China and India will mean that companies have to assess how they do business there."

**kevin razvi**

Executive VP  
International Advertising Sales  
CNN



"This is the year where content does actually become much more important than the way it's delivered."

**paul woolmington**

CEO  
THE MEDIA KITCHEN



"I see radical changes in the way marketers go to market. Not just more online...but more 'media unconfined by media' new approaches."

**matthew farrar**

Managing Director  
MERCURY PUBLICITY ASIA



"I expect to see further opportunities for foreign media companies in China."

**colin lawrence**

Strategy & Sales  
Operations Director  
BBC WORLD



"We are expecting more longterm and strategic thinking from corporate marketers. With this should come more creativity in both the production and execution of advertising."



# stewart e. mchie

Common positioning for global Exxon, Esso, and Mobil brands forms basis for local campaigns in 80+ countries

For many people, the mention of ExxonMobil brings to mind the place to gas up, but for Stewart McHie, it's much more.

For the global brand manager at ExxonMobil Fuels Marketing, the brands of Exxon, Mobil, and Esso aren't simply gasoline; they represent ways to help drivers have a better experience on the road. Besides gasoline, there are many other services that drivers want regardless of their nationality or where they are traveling, whether it's fast service, local directions, clean facilities, or convenience store items.

When Mobil and Exxon merged in 1999 in a historic \$80 billion deal, one reason given for the consolidation was a need for greater efficiency in an industry under great price pressures. That meant that advertising and marketing needed to be efficient too, all across the 80+ countries where products and services were sold under the three brands.

"We told ourselves we would not compromise the effectiveness of what we did to save money," McHie says. "We still had an obligation to provide the very best communications we could."

A 29-year veteran of the company, McHie earlier led the repositioning of the Exxon brand in the U.S. from a product-centric to a consumer-centric offering and later expanded the program to include the Esso brand outside the U.S. With the merger of Exxon and Mobil, the role of managing the brands globally went to McHie.

To get a better understanding of the customer, McHie undertook a major global research project concerning attitudes about life on the road. He knew going in that today is an increasingly mobile world and that people are pressed for time. From the research, the company learned that "despite the differences in geographic regions and cultures, the frustrations felt about driving were quite common—from Miami to Cairo to Sydney," says McHie.

There is frustration from congestion and aggressive driving and even having to stop for gasoline, especially when it's inconvenient. What

became clear from the findings is that drivers everywhere want a better experience when they do stop to refuel and refresh, he says.

That was enough to assure McHie that there was common ground on which the three brands—Exxon, Mobil, and Esso—could use the same basic positioning for all customers around the world and go to market in the same way. That positioning became "enhancing life on the move."

Says McHie, "Once we developed that as a strategic platform, we did a lot of work over the next year to develop a communications platform."

McHie knew if the company could design a clever communications platform that looked like it was local and do it centrally, there would be tremendous efficiency as well as effectiveness. Smaller countries would benefit especially because with their small budgets, they never had been able to produce the same level of quality communications before, he explains.

In order to convey that the marketer understands what life on the move is all about, the friendly phrase—"we're drivers too,"—appears on most of the communications around the world. This also conveys that the people at ExxonMobil when they are driving want the same conveniences, everything from quality fuels to fast service, clean restrooms, convenience store items, and an easy payment system.

With its agency DDB Worldwide, the company has created a full program of materials that can be adapted for use around the world. For television commercials, the agency shoots a series of

*Stewart McHie helps ExxonMobil enhance life on the move.*





*In Hong Kong, bus shelters (above) outfitted to look like a real outlet with dispensers were so realistic that people stopped to try and fill up. The company also outfitted toll booths—as many as 20 across—to introduce the Synergy fuel system.*



vignettes that focuses on customers, not products, and how they engage with the products. These are shot in three- and four-second clips using a number of different casts representing different nationalities, and the segments can be mixed and matched depending on the message desired in each market.

Paul Price, who manages the ExxonMobil account at DDB Worldwide, says through this process ExxonMobil has made overwhelming progress on behalf of the three Esso, Mobil, and Exxon brands in finding efficiencies without losing effectiveness.

For example, according to McHie, the company has cut spending on the production of television spots from \$30 million a year to \$8.5 million.

“With the new approach, we were able to produce a tool kit we’ve used now going on four years,” he says. The contents of the “tool kit” runs the gamut from TV spots to global fountain cup templates, including banners, mailers, and pump toppers.

He also attributes success to the partnership the company has created with the agency. “We’ve worked hard on developing a very efficient and effective integrated marketing model. I don’t consider DDB to be (just) an advertising agency. They are a marketing services company, providing all marketing services that we require,” McHie says.

“While that in itself doesn’t sound unusual since most large agencies can (do that), what has been unique is rather than just accumulate a number of competencies, they have truly integrated those for us. I don’t have to deal with six or seven different people throughout the organization. My contact is the integrator of this. To me that’s a key difference that sets DDB apart.”

McHie says he believes the agency is in the best position to do that and that he prefers to pay for that service rather than have a large internal staff. It is especially important for a company like his that is in a “low involvement category,” he says.

“We don’t feel we can rely on television as our primary means of communication. When you’re at home in your living room, you aren’t a consumer of our products. Television can be effective if we want to introduce a new concept like our ‘On the Run’ convenience stores or SpeedPass or loyalty program to get attention and awareness, but the purchase decision is made when they are in the car. So radio and out-of-home are important for us as well as on-site. Our customers are a captive audience for two-to-four minutes when they are buying fuel. We have an opportunity to speak to them there and when they are in the store.”

So DDB brings together competencies for a variety of communications for the company, including working with sister media planning and buying specialist OMD.

“Being able to think about new and unique ways to do things is important, and we have a lot of good examples of what the agency has brought to us including media planning. When you unleash them, they can be a very creative bunch.” ●



# 'fear factor' for agencies in asia

Every month our firm, R3, tracks new business wins and losses in the region. Come December 2004, we tracked no fewer than 875 account moves among the eight lead media agencies in Asia, with business of over US\$1.9 billion changing hands.

There are two messages here—one is that the media agency category in Asia, less than a decade old, is now taken very seriously by marketers—more than 75% of Asian marketers have now unbundled their media. The other is that, with an average of 16 accounts a week changing hands somewhere in the region, there is a palpable “fear factor” for agencies (and their clients) in developing a marriage together. As an industry analyst, we would like to make some suggestions to both sides on how to build a better and more mutually rewarding partnership.

## migration to performance-based remuneration

Too many Asian media agency relationships are still commission-based, with most pitches taking on the guise of a limbo dance—the client constantly lowering the bar, agencies continuing to dance under it. This all came to a head last year when a Taiwan agency publicly accepted a piece of business for MINUS 23% commission (the other competing agencies were also negative, just not as low). To be clear, this means you give me \$100, I will buy your media and give you back \$23—good business if you overslept and woke up with a hangover. Smart media agencies and clients are demanding mutual transparency and moving instead to net media, a fee based on labor and a bonus based on performance. We recently helped Johnson and Johnson in 14 countries in this exercise—the media agency will get paid very well—if they perform. Still less than 30% of Asian marketers pay their agency in this way.

“  
More than  
75% of Asian  
marketers  
have now  
unbundled  
their media.”



## ongoing benchmarking

With this type of compensation approach, independent analysis and benchmarking of the media agency become important. Media auditing is very new in Asia. There's been lots of talk (for close to ten years) and the infrequent assignment for London-based auditors, but it's only now with the improved levels of professionalism and need for accountability on both sides that media auditing is becoming more prevalent. We are firm advocates though not only of the pool or rate comparisons done in Europe, but much more of the process of the way the two

parties are working. One recent analysis showed a multinational marketer was losing 10% media value by giving its approvals far too late for the agency to purchase the planned inventory. Within five years, most serious marketers in Asia will use some form of external benchmarking for their agency services.

## china as the center of gravity

There is no other market on earth with as much focus—or as many challenges for the media buyer. Where else in one country can you get the chance to deal with 20%–25% media inflation, shrinking inventory,

and 2,000+ TV stations all effectively owned by the same “company”? It’s like you woke up in the middle of a bad dream where Rupert Murdoch was allowed to run a monopoly. Mindshare is the market leader in China—and the agency has around 4% of the total TV market (compare this with India where GroupM has close to 35%) so this gives a sense of the fragmentation. China will require patience and tolerance for some time from agency heads and their clients—yet it is too important to rely on anyone but your best people to drive and train up local talent.

**new skills,  
new competition**

As media agencies stake their turf, increasingly they are playing new roles. We recently helped a marketer restructure its agency resources to have the media agency as primary contact. In markets like Australia, increasingly the media agency is leading channel selection before any creative work is developed—Coca-Cola recently awarded the startup Naked its media planning business there. This begs the question—“who’s in charge?” Our view is that it’s only with the “holy trinity” of marketer, creative, and media agency working as a single team that the best work can flourish.

**take a pulse**

Because of this constant “fear factor,” too many agencies are too frightened to confront their clients on issues—in case they join the list of 875 statistics shown in the above chart. Yet any good marriage seeks guidance and evaluates itself regularly. The best marketers in Asia have invested either internally, or externally with a consultant, on ongoing relationship tracking. Unlike benchmarking, this often is more of a qualitative snapshot—but it’s still essential to resolve molehills before they become mountains. Once every six months, a simple formal two-way assessment can lay the foundations not only for appropriate incentives (or penalties) but will hopefully stop marketers

# on the move

## 2004 MEDIA ACCOUNT SHIFTS IN ASIA

market	billings <small>US\$ in millions</small>	number	largest account
China	534	92	McDonald’s
Australia	352	154	News Limited
Global/regional	197	15	HSBC
Japan	175	120	Diageo
India	144	63	Danone/Britainnia
Thailand	139	55	DTAC
Others	391	376	
<b>T O T A L</b>	<b>1,932</b>	<b>875</b>	

Source: R3

“Once akin to a client-vendor structure, the agency should become more like a classic employer-employee construct.”

in the region changing agencies faster than they change their mobile phones.

As more agencies globally—and now in Asia—are migrating from volume-based compensation (commissions) to those that are input-based (fees) with output rewards (bonuses), the nature of the relationship changes. Once akin to a client-vendor structure, the agency should become more like a classic employer-employee construct. With this analogy, the need to overcome the “fear of being fired,” the process of developing incentives, and the need for ongoing benchmarking and assessment become fundamental.

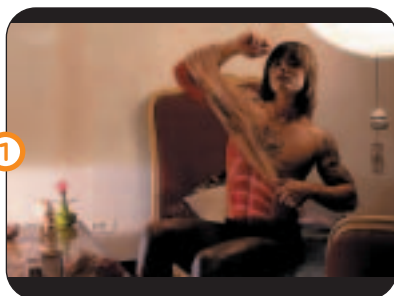
Asia’s best marketers are getting there already—when will the others join? ●

*Greg Paull is principal of R3 (www.rthree.com), the Asian arm of a global consulting group focused on agency relationships and performance.*

**MOST VIEWED ADS**

Five most viewed international ads on AdForum.com for the week beginning Jan.3. In all, over 73,735 ads were viewed that week.

Client *Sony PlayStation*  
Agency *TBWA\Paris*  
Country *France*



1



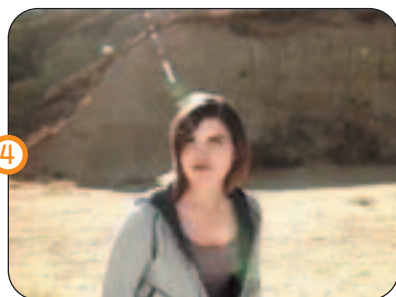
2

Client  
*National Football League*  
Agency *Young & Rubicam*  
Country *U.S.*

Client *Inghams*  
Agency  
*Colenso BBDO Auckland*  
Country *New Zealand*



3



4

Client  
*Toyota Motor Corp.*  
Agency  
*Saatchi & Saatchi*  
Country  
*U.S.*



5

Client  
*Bonjour Paris French School*  
Agency *DM9DDB*  
Country *Brazil*

**advertising expenditure in 2004/2005 in major regions**

	2004 US\$ MILLION CURRENT PRICES	% CHANGE 2004 VS. 2003	2005 US\$ MILLION CURRENT PRICES	% CHANGE 2005 VS. 2004
NORTH AMERICA	167,869	6.0	174,823	4.1
EUROPE	94,354	5.4	98,607	4.5
ASIA/PACIFIC	75,564	8.5	80,100	6.0
LATIN AMERICA	15,901	11.7	16,674	4.9
AFRICA/M. EAST/REST OF WORLD	16,022	15.1	18,070	12.8
WORLD	369,710	6.9	388,274	5.0

Source: ZenithOptimedia

Currency conversion at 2003 average rates

**% of ad spending by region**

	2004	2005
NORTH AMERICA	45.4	45.0
EUROPE	25.5	25.4
ASIA/PACIFIC	20.4	20.6
LATIN AMERICA	4.3	4.3
AFRICA/M. EAST / REST OF WORLD	4.3	4.7

**% of ad spending globally by medium**

	2004	2005
NEWSPAPERS	29.7	29.5
MAGAZINES	13.5	13.4
TV	37.6	37.7
RADIO	8.9	8.7
CINEMA	0.4	0.4
OUTDOOR	5.2	5.2
INTERNET	3.6	3.9

Source: ZenithOptimedia

## FIPP/ZENITHOPTIMEDIA WORLD MAGAZINE TRENDS

### TOP 20 FINANCE/BUSINESS/NEWS MAGAZINES WORLDWIDE (BY CIRCULATION)

RANK	MARKET	TITLE	CIRCULATION (000s)
1	U.S.	Time	4,104
2	U.S.	Newsweek	3,148
3	U.S.	U.S. News & World Report	2,022
4	U.S.	Money	1,998
5	CHINA	Securities Market Weekly	1,200
6	BRAZIL	Veja	1,098
7	GERMANY	Stern	1,066
8	GERMANY	Focus	766
9	FRANCE	Paris Match	725
10	FRANCE	L'Express	543
11	FRANCE	Le Nouvel Observateur	538
12	EGYPT	Egypt Today	506
13	FRANCE	Le Figaro Magazine	482
14	CANADA	Macleans	462
15	EGYPT	Ahram Iktisadi	435
16	BRAZIL	Epoca	420
17	POLAND	Tygodnik Angora	407
18	POLAND	Nie	378
TIE	POLAND	Newsweek Polska	378
20	FRANCE	Le Point	369

Source: FIPP/Zenithoptimedia

#### 2005 advertising outlook in key industrialized countries

% change  
over prior  
year in  
nominal  
currencies

COUNTRY	2004	2005
BRAZIL	+ 22.0	+ 10.0
MEXICO	+ 15.1	+ 12.0
AUSTRALIA	+ 11.0	+ 7.0
U.S.	+ 7.4	+ 6.4
U.K.	+ 6.0	+ 7.0
ITALY	+ 5.0	+ 2.0
FRANCE	+ 4.5	+ 5.0
CANADA	+ 4.0	+ 4.0
SPAIN	+ 3.5	+ 4.0
GERMANY	+ 2.5	+ 3.0
JAPAN	+ 2.0	+ 1.5
NETHERLANDS	+ 2.0	+ 2.0

#### 2005 advertising outlook in other selected countries

% change  
over prior  
year in  
nominal  
currencies

COUNTRY	2004	2005
INDONESIA	+ 46.0	+ 26.0
CHINA	+ 35.0	+ 38.0
SLOVAKIA	+ 32.1	+ 27.9
RUSSIA	+ 20.2	+ 12.7
INDIA	+ 11.0	+ 11.0
GREECE	+ 10.5	+ 4.0
POLAND	+ 8.0	+ 10.0
SOUTH KOREA	+ 8.0	+ 7.5
CZECH REPUBLIC	+ 6.3	+ 4.5
TAIWAN	+ 6.0	+ 5.5
PORTUGAL	+ 4.5	+ 4.0
BELGIUM	+ 4.0	+ 5.0
FINLAND	+ 1.5	+ 2.0



# japan's women in marketing

## kumi sato

COSMO PUBLIC RELATIONS

BY  
DAVID  
KILBURN

This is the second  
in a series of  
articles about  
Japanese women who  
have achieved  
success in marketing  
or communications  
in Japan despite  
facing obstacles.

Japan's three largest advertising agencies, handling almost half the country's marketing spend, might seem obvious ground to find women who have reached leadership roles in different branches of the marketing communications industry. But that day is still to dawn, even though 20 years have passed since Japan's Equal Opportunity Law came into force in 1995.

As a rising woman executive at Dentsu explained, "Even 20 years is not long enough for a new graduate to rise through the ranks to a management position in Japan's large companies."

Being young can be an even greater handicap than being a woman in Japan's corporate culture, as Kumi Sato discovered early in her career.

In 1987 at the age of 27, Kumi Sato was a young

management consultant three years into her job at McKinsey & Co. in New York, where she was one of the firm's first Japanese executives. One day her mother phoned from Tokyo and asked her to review Cosmo Public Relations, a small family-owned business her parents had formed in 1960 but no longer managed. Her daughter's recommendation was radical—close a money-losing publishing division and focus on high level PR and consultancy services.

Her rationale was that Western multinationals offered a rapidly growing opportunity as they increased their presence in Japan and confronted the problems of doing business successfully. The company was shocked, the president resigned, and within a matter of days Sato was not only installed as president but officially bought the business from her

mother: "I didn't want anyone looking over my shoulder," she says.

As one of the youngest people in her new company, Sato began to discover firsthand how very difficult working in Japan can be.

"The company's banks refused to talk to me. Not only was I a woman, but even worse, I was young. One banker told me it was more than his job was worth to extend financial arrangements to someone so young," Sato recalls.

Although the Japanese value long-term business relationships, changes in ownership or management of a company can automatically annul any and all agreements.

To belie her youth, Sato adopted the conservative dress styles of a much older woman—the polar opposite of her garb as an aspiring rock singer in the days before she went to the U.S. to enroll at Wellesley College on the path that would take her to her management consulting job at McKinsey.

Her experience in the U.S. seeing women hold leadership roles in business and in their communities only reinforced the example

her parents had set for her.

These were truly hard times, but tenacity, her entrepreneurial mother's example,

*Kumi Sato graduates from Wellesley College.*



and childhood experiences all helped. As a child, Sato had often played the piano to entertain when her parents' business friends visited their home. Now many of these same men were leaders in the business community and offered her their friendship and advice.

The work public relations firms do is not as clearly visible as it is for advertising agencies. However, the awards Sato has received measure her achievements. In 2002, Cosmo received *PR Week Asia's* "Consultancy of the Year" award. In July 2000, *Business Week* featured Sato as one of its "Stars of Asia—50 Leaders at the Forefront of Change." That same year, the Star Group chose Sato as one of the "50 Leading Women Entrepreneurs of the World." In 1999, *Forbes* picked her as one of the "50 Leading Women Entrepreneurs of Japan," while in 1998, she was chosen as one of the "Hundred Global Leaders for Tomorrow" by the prestigious World Economic Forum in Davos, Switzerland.

Cosmo clients include a broad cross section of Western multinationals operating in Japan as well as many large Japanese corporations. The work ranges from promoting products and services to helping clients solve regulatory and other issues that are obstacles to business development.

"These days clients do not like us to talk about them, since we handle a lot of internal communication issues," Sato says.

These include revitalizing a corporate culture using communications as a main component of strategy and tactics, projects that are considered highly confidential.

"We also manage their crises which may include

strategy and initiatives. We do this for example for pharmaceutical companies which face many regulations," she explains.

Sato is as passionate about her family as about her business. Married to a very

her family and professional lives greatly rewarding.

Many young Japanese women see themselves confronted with a choice between career and marriage. Sato does not believe the two are incompatible. She observes that there now seem to be two classes of women—those who want to make a profession and those who want to care for their family.

"We are seeing more women choose their careers over marriage," she says. "I think that women do not have to make a choice. They can have it all—Japanese women are hard to convince about this. Many still believe they cannot have what other Asian women have achieved—to enjoy both a profession and a family life."

While change is slow in Japan's large corporations, there are still career opportunities for women, Sato believes.

"Women in Japan tend to do well in fields of marketing and marketing communications," she says. "This is an industry where individual skills are more important than anything else. Foreign firms are able to find women employees and utilize their skills far better than Japanese companies because their attitudes about employment and opportunity are so very different from Japanese practices. There are also many firms like ours who will hire employees on their grades, and overall the women seem to perform better than men. The problem is retention. You never get really good in

things like refocusing their business, divestitures, etc. Increasingly clients ask us to [identify] key decisionmakers in Japan in government and bureaucracy so they can formulate their advocacy

successful American business executive, she has three children who are now at college in the U.S. It is hard balancing the needs of a business in Japan and a family living in the U.S., but Sato finds both

## women gaining in self-confidence

Recent research by McCann Erickson Japan, as part of the agency's PULSE studies, adds some dimensions to the profile of career seekers in Japan. David McCaughan, exec VP-director of strategy planning, summarizes results of information gathered by talking to people every week during 2004 about their lives. The findings come from some 50 discussions in Tokyo, Osaka, Sapporo, and Fuokoa.

The career-building young woman of Japan today is more confident, more educated, more worldly. The '90s image of the OL (office lady) who spends her money just on fashion, holidays, and magazines has evolved into what had been called the bamboo woman, someone strong-minded, yet graceful, flexible, and natural. She is more likely to be better educated (more women graduates than male is the norm now), and confident in her own identity... "I care for myself, but also for others" and "I am an individual, but connected" are common self-descriptions.

Fashion and shopping are still important. These women are always looking for the edge that will help them succeed socially. "We call this trend 'label-ing,'" says McCaughan, ...in other words, finding out who is recommending what, taking greater interest in knowing more about the designer, the idea behind a trend, a fashion, a brand.

"The women enjoy having some luxurious moments in their everyday lives," McCaughan says. "[This] lets women feel special and a little higher than the average. But the bamboo woman is confident enough to say, 'I would rather regret that I bought something, than regret that I did not.'"

He adds, "We also hear a lot of career builder women telling us about their 'deeper' side. 'I have a mini-farm on my verandah where I grow eggplants and cucumbers. It's always better to eat food I can help develop.'" Or in their attitude to children and marriage, the growth of the "three person marriage," when women have made the active decision to get pregnant and then get married. "We hear too that more women are making the decision that marriage is just not for them at all..." McCaughan says.

Self-confidence is key. ●





*Kumi Sato  
during earlier  
days in  
her career.*

a field unless you stick to it, and women tend to drop out of the race for some reason or the other.”

For Sato, the key challenge now is one that has faced Japan for over a century: Reform. The need to change traditional practices and create a modern society while retaining links to the values of past eras. This controversial topic has preoccupied thinkers in Japan ever since the 19th century when the country first came involved with the Western world and is no less contentious today.

Japanese women’s status has gradually advanced since the enactment of the post-WWII Constitution but it is still rare for them to obtain senior posts in government ministries and major companies. With difficulty, some have successfully fought to get pay and promotion equal to that of their male colleagues. It is also increasingly common for women to retain their jobs after marriage and childbirth. While these and many other rights might be taken for granted in the West, in Japan

reactionary groups now wish to reduce women’s rights.

In June, a constitution revision panel of the ruling Liberal Democratic Party proposed a constitutional revision “from the viewpoint of stressing the value of family and community.”

“We are concerned that ‘individualism’ has been distorted as ‘egoism’ in post-war Japan, leading to the collapse of family and community,” the panel said in a report that was quoted in the *Japan Times*.

Criticizing the report, Tetsuya Takahashi, an associate professor at the University of

*Kumi Sato’s  
awards are  
testament to her  
outstanding  
achievements as a  
business woman  
in Japan.*

Tokyo, commented, “[Those advocating the change] apparently believe women’s social advancement has led to the breakdown of the family and that it has brought about the recent downward trend in the birthrate and moral degeneration.”

It is hard to believe that any political party would seriously pursue such a reactionary agenda, but the power of conservative forces in Japan is very real and has proved a barrier to change for over a century. For Kumi Sato, as for her mother, this is an ongoing battle. ●



# germany



## Appeal to the intellect for success in this German market

*In a spot for the Altea Seat, soft church music underscores shots of romantically lit garage doors, with the labels, "Mary's Chapel. Luke's Church." As the sporty auto glides into the frame, the sound comes up with "Amen" and the tag line, "Auto Emotion. You have to believe."*



Thinking of doing business in Germany? Think generic Europe, with a few unique twists.

"Germans operate more out of the left brain—logical and precise—than out of the right brain like some other nationalities," says Uli Veigel, CEO of Grey Global's German operations.

That means a smarmy sales pitch simply won't fly in Germany. Neither will one based on mindless extravagance. And don't try to sell low-quality goods or tout everyday low prices. They want something on sale. "That's why Wal-Mart is having a hard time there," says Veigel.

Veigel is a big fan of Japanese marketing strategies, not a big surprise given the two cultures' reputations for precision and quality. "I call it the sushi brain: marketing to the intellectual side of the human psyche, emphasizing perfection, uniqueness, brand names, savvy packaging, and design," he explains.

"There are great similarities between marketing to the Japanese and the Germans," Veigel says. [Sushi marketing] covers the cultures, the inside knowledge, the resources. Products built in Germany can stand on that strength when they're sold in other countries."

Thirty years ago, when Fuji began to market film in Germany, the company expertly tapped into the German psyche by touting brilliant color and later the idea of sharpest viewing. "They changed the battlefield when it comes to perfection. Every two or three years there is a product improvement.

This is very believable to German consumers," says Veigel.

Sony entered the German market about the same time, capitalizing on the sushi brain, and sold millions of high quality electronics to transcend its Japanese origins by positioning itself as a global brand.

The old saws about Germans loving quality

(think BMW) and the paradoxical stereotypical skinflint German are both true, says Veigel. A case in point: the wild success of a new discount airline called Rhine Air, which, for a song, ferries thousands of passengers weekly to the shopping Mecca in Milan—so they can load up on \$900 handbags and \$300 bottles of wine.

"What kind of consumer is that? It's a real challenge to figure out how to approach them," says Veigel.

Another perfect approach to the materialism of the new Germany, Veigel maintains, is eBay's successful simple message, "1, 2, 3, Mine."

And a campaign for the luxury Altea Seat by Grey is a perfect example of German rationality, illustrating the culture's romance with the automobile, while poking fun at its intensity.

Yet, the non-traditional has proven to be exceptionally successful too. Zara, an Italian clothing producer, has introduced outlets in the best shopping districts throughout the country. With absolutely no paid advertising, Zara has capitalized on young Germans' desire for fashion and the power of word-of-mouth by changing completely every 14 to 21 days its high style, hip, yet bargain-priced merchandise.

Germans have the reputation of being hard workers, but Veigel argues that this is changing.

"Germany has to be very careful because we are losing our competitive edge. We need to change attitudes in our country," Veigel explains.

The older stereotypes apply to adults, but the advent of a new generation and the European Union are making a huge difference in teenage buying habits. There's little difference in teenagers in Munich, Madrid, and Moscow, he says. "They're wearing the same clothes, listening to the same music. We need that," he says.

The modern concept of an affluent, hip, and savvy German probably doesn't apply to much of the old East Germany with its still high unemployment, less hip-ness, more conservative politics, and far more traditional culture, adds Veigel. ●



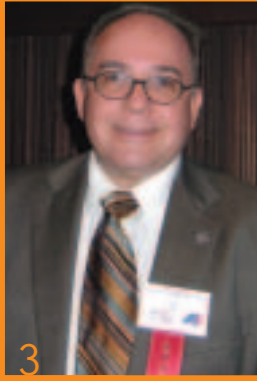
- Germans arrive at work early (as early as 7 a.m.) and stay late (as late as 7). A long workday means high productivity.
- Hot buttons: trustworthiness, known brands, quality, precision, and the promise of big bargains.
- There are still differences in approaching East and West German markets. East Germans cling to older, known brands, will accept lower quality, and are more focused on price. West Germans prefer quality, fashion, and value.



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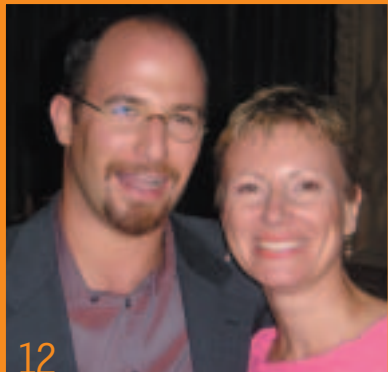
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MIAMI

Members of the South Florida chapter of the International Advertising Association gathered to honor the Top 10 Brands of the Decade in Latin America. (All photo identifications from left.)

- 1 Diego Scotti, Edgardo Tettamanti, both American Express.
- 2 Martha Krawszy, Sony.
- 3 Rui da Costa, Hewlett-Packard.
- 4 Winners display their awards: Christine Valderon, American Airlines; Pedro Cabrera, Volkswagen; Al Quintana, Telefónica; Martha Krawszy, Sony; Alberto Martinez, Nokia; Edgardo Tettamanti, American Express; Sybill Company, Young & Rubicam (accepting for client Dell Computer); Hector Jung, Samsung.
- 5 Al Quintana, Telefónica.
- 6 Mariano Dall'Orso, DHL International; Muriel Sommers, M. Sommers & Associates.
- 7 Alberto Martinez, Nokia.
- 8 Ignacio Millán, Foote Cone & Belding Latin America; Hector Jung, Samsung.
- 9 Sybil Company, Young & Rubicam.
- 10 Eduardo Saenz, Universal McCann; Eliane Nobile, American Airlines' Nexos.
- 11 Pedro Cabrera, Volkswagen.
- 12 Marc Malovany, Poster Publicity; Deborah Malone, inter national ist.
- 13 Renato de Paula, Ogilvy & Mather.
- 14 Roberto Fuenzalida, Grupo de Diarios America.



Discussing current issues

NEW YORK

International Advertising Association members and guests meet regularly to hear experts discuss timely topics.



A panel of journalists: Paul Gigot, The Wall Street Journal; Dorinda Elliott, Time; Tanya Beckett, BBC World; Chris Power, BusinessWeek International.



Matt Rainer, Samsung.

Joe Prioli, International Herald Tribune.

Naomi Bradford, BBC World.



Kathleen Beatty, BusinessWeek; Steve Cone, Citigroup.



Sasa Savic, Universal McCann.

COMING EVENTS

MARCH 23  
ASSOCIATION OF NATIONAL  
ADVERTISING 2005 TELEVISION  
ADVERTISING FORUM

PLACE: Grand Hyatt Hotel, New York  
RESERVATIONS: Joanne Forbes  
1-212-455-8086 or jforbes@ana.net  
PRICE: ANA member US\$595;  
non-member US\$ 750

MAY 10-13  
IQPC'S 12TH ANNUAL  
KID POWER  
CONFERENCE & AWARDS

PLACE: Disney Yacht & Beach Club,  
Orlando  
RESERVATIONS:  
www.kidpowerx.com  
or 1-800-882-8684  
PRICE: Various

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

PLACE: Waldorf Astoria Hotel,  
New York  
RESERVATIONS:  
www.magazine.org/NYC2005FIPP  
or Helen Bland  
helen@fipp.com  
PRICE: FIPP member \$2,500;  
non-member \$2,750

JUNE 19-25  
52ND INTERNATIONAL  
ADVERTISING FESTIVAL

PLACE: Palais des Festivals, Cannes  
RESERVATIONS: www.canneslions.com  
or 44-(0)20-7239-3400  
PRICE: Various ranging up to full  
registration at €2,093 including VAT

Mixing fun and fund-raising

HONG KONG

The Society of Asian Publishers attracted the adventurous to its annual Publishers' Ball, this year with a theme of "Pirates of the Caribbean." The event raised funds for an organization helping disabled children. (All photo identifications from left.)



Mike Rees, International Herald Tribune; Annette Nazaroff, Mindshare. Mike Rees, Josette Degabriele, Rachel Choy, International Herald Tribune. Randy Weddle, International Herald Tribune.

Gathering of Leaders

NEW YORK

The 4th Global Advertising Summit organized by the World Federation of Advertisers brought together industry leaders to tackle key issues.



Paul Jackson, Masterfoods; Karine Lesuisse, WFA ;  
Carla Michelotti, Leo Burnett Co.

Austin Sullivan, former General Mills;  
Dick O'Brien, American Association  
of Advertising Agencies.

Mike Longhurst, McCann Erickson;  
Linda Nagel, Advertising Standards Canada;  
Dominic Lyle, European Association of Communications Agencies.



LONDON

The U.K. chapter of the International Advertising Association kicked off 2005 with a panel discussion about the coming year.

- Eamonn Store, Starcom MediaVest Group;
- Jon Wilkins, Naked; Carlos Grande, Financial Times;
- Mark Finney, Orange Telecom;
- Tim Munoz, Prophet.

Luis



**B O L I O** Mexico City Turner Broadcasting System Latin America, Senior VP

1994 MEXICO CITY PepsiCo Restaurants (Pizza Hut/KFC)  
 1996 MEXICO CITY Turner Broadcasting System Latin America  
 1999 MEXICO CITY Turner Broadcasting System Latin America  
 1995 MEXICO CITY Domino's Pizza  
 1997 ATLANTA Turner Broadcasting System Latin America

Phil



**T A L B O T** Hong Kong ZenithOptimedia, CEO Asia Pacific

1985 LONDON Grandfield Rork Collins  
 1987 LONDON Collett Dickenson Pearce  
 1994 LONDON Optimedia  
 2002 LONDON ZenithOptimedia  
 2004 HONG KONG ZenithOptimedia Asia Pacific

Molly



**M E L O Y** New York CFO, VP-Marketing

1986 NEW YORK Mobil Oil Corp.  
 1994 FAIRFAX, VA. Mobil Oil Corp.

Geoffrey



**M A C L E A N** Shanghai Grey Synchronized Partners Grey Worldwide, General Manager, G2 China/Director

1985 SYDNEY RNR International Marketing Group  
 1996 SYDNEY Carlson Marketing Group  
 1997 SINGAPORE Carlson Marketing Group  
 2003 KUALA LUMPUR Telekom Malaysia  
 2004 SHANGHAI Grey Worldwide  
 2004 NEW YORK CFO

Karen



**M U L L I S** London Dow Jones International, Managing Director—Sales & Marketing EMEA

1983 WELLINGTON Radio New Zealand  
 1989 LONDON Dow Jones International  
 1993 PARIS Dow Jones International  
 1997 LONDON Centaur Communications  
 2000 LONDON Dow Jones International  
 2004 LONDON Dow Jones International



You can't think about Phoenix without developing a blank stare from sunspots and visions of golf courses dancing in your head. It's just too darn hot to think, and it is home to people who like chewing tobacco in a Dixie cup. Scottsdale, about three minutes north, is the place to be—more lush, a shaz more shizzle, and lots more golf. America's fast-growing desert haven is a magnet for anyone with a hankering for some sun, spa, and a seven-iron.

**CAROLINA'S**  
 1202 E. Mohave St.  
 1-602-252-1503  
 www.carolinasmex.com  
 AZ 88  
 7353 E Scottsdale Mall  
 1-480-994-5576

For going out, pop down to some of the cowboy bars and college bars in Tempe. It's all big hair and the claw (a form of hairstyle involving lots of spray and curled bangs) but will be interesting for your pictures back home. If you're gagging for culture, stick to Old Scottsdale, which is a bit more sophisticated. Good bars include Martini Ranch, Cajun House, and Giligan's.

**transportation**

That said, the Valley of the Sun is not exactly the valley of hip urban edge, so you have to roll with the punches. Since the Valley (as they proclaim) is ALMOST as large as LA, a decent rental car will be necessary, one that can hold its own in this land of Ford F-150s. A Hummer from Hertz will suffice, but if that's a bit big, the new Mustang will fit the vibe of the city perfectly. Head north with the air conditioning pumped and Sirius radio on the dash, as KNIX, the country radio station of choice, may get tedious.

**FOUR SEASONS TROON NORTH**  
 10600 East Crescent Moon Drive  
 1-480-515-5700

You could also try La Posada, which is ...gulp... a Doubletree hotel, but very beautiful. Only a few minutes from the airport, it's close to both golf and shopping at a much lower price. If price is no object, the place to stay is still the Phoenician, the ancient grand dame (by Arizona standards) that is truly something special, beautifully appointed, and the only real power destination in the city.

**LA POSADA DOUBLETREE**  
 4949 East Lincoln Drive  
 1-602-952-0420

**THE PHOENICIAN**  
 6000 East Camelback Road  
 1-480-941-8200

and Kierland Commons gets the beautiful people. Kierland Commons is very new and features great one-of-a-kind shops evocative of Scottsdale's cool new spirit. There is a Sur La Table—like a Pottery Barn but for the West—and a fantastic salon called Etch that will whip up a cool Arizona look in no time. Keep an eye out for Fitros

**one word: golfodation**

Downtown Phoenix is home to nothing, and the city is very spread out. This means the location of your hotel is not important. The action is in Scottsdale or North Phoenix, so check out the spa hotels along Scottsdale Road, which often are attached to the most gorgeous golf courses ever. The vegetation planted in the 1980s has finally matured, giving an almost green patina to parts of Scottsdale. Hence, forget hotels and accommodation: seek golfodation.

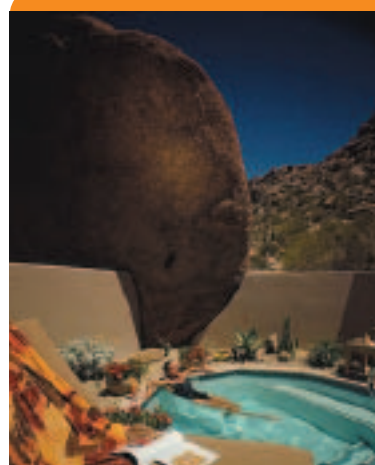
The new Four Seasons Troon North is very yum and situated in the somewhat higher foothills of Pinnacle Peak. Golf at Troon North is on the ultimate desert course, which is consistently rated one of the world's best. To play golf here with your client is to seal the deal, if only because you can withhold the water bottle on the 17th green until she signs.

**things to do**

Lots of old people live in the Valley of the Sun, which resulted in the opening of a Mayo Clinic some while back. Not that a visit to the most expensive private hospital is all that, but when in Rome...why not check out the latest cardiovascular treatments, get a physical, or otherwise discover why you went bald, by scheduling a private appointment. It's not a bad way to have a checkup, and you may be out in time for another 18 holes before dark.

**MAYO CLINIC**  
 13400 East Shea Blvd.  
 www.mayoclinic.org/scottsdale

If you're in perfect health, visit the mall instead. That's where everyone hangs out. Scottsdale Fashion Square attracts desperate housewives



You can relax at the new Four Seasons in cool little pools outside your casita and not be far from the majesty of the saguaro forests.

jewelry—the Scottsdale-based designer Tanya Fitros recently launched her own line, while still designing for the popular Vegas-style label Bebe. You can get it at a funky-cool shop called Mahsa at the Commons. Mention Hub Culture and they will go spastic for you.

**food & drink**

You gotta do Mexican. It's the best in the world, and features a healthy mix of light fare unlike the old heavy stuff. There are great restaurants all over the city. We've heard good reports about Carolina's in South Phoenix, as well as AZ 88 which has wonderful ceviche.

**cool view**

Probably the coolest thing is the desert along I-17 to the north. If you have time, drop the top on that old 'stang and head north into the Sonoran Desert. In about 45 minutes you will be in the middle of nowhere, with little old towns and biker bars that will welcome you kindly. Pull over at an exit, such as Badger Springs Road or Tuzigoot, and kick up your heels under a big Arizona sky, thousands of stars overhead. You can always go clubbing to trance opera when you get back home. Spitting cup not included. ●