

# The life stages of global marketing

Planning for the world's markets requires an understanding of how each significant market is developing, argues **Al Moffatt**, Worldwide Partners

**I**T IS YOUNG versus old. It's optimists compared to cynics. And it's even finding yourself at middle-aged crazy. The new world of global marketing and advertising has indeed become bi-polar. Or, as The Kinks once proclaimed, 'It's a mixed up, muddled up, shook up world.'

As members of the global marketing community, we tend to think that every one is on MySpace, Facebook or YouTube. And, at the same time, we also forget that advertising is the most capitalistic activity there is - one that is inextricably linked to politics, history, economics, culture, migration patterns, demographics and social trends that vary by region. This all trickles down to how businesses operate, how consumers behave, how clients react, and how ad agencies function.

'Our clients want results, and don't want traditional advertising any more,' states Raphael Costa Neves, partner at Worldwide Partners agency The Group Communicaco in Sao Paulo, Brazil. Now compare this to what is going on in affluent Saudi Arabia. According to Imran Jaffrey, strategy planner at Focus Advertising/Worldwide Partners, Inc., in Jeddah, 'Agencies are facing problems identifying, utilising and monitoring new media vehicles; this has pushed clients to remain loyal toward traditional channels.'

So how is a global marketer to efficiently and effectively advertise in all different kinds of markets?

First, toss out the notion that there are such things as global brands. Of course, there are global businesses, but there are very few brands that mean the same thing worldwide. Regardless of how sophisticated

and technologically-savvy we think we are, brands still reside in the hearts and minds of individual consumers - all affected by everything from whether a country is just coming out of a revolution, to the preponderance of 24/7 media in places like the UK and the States.

Assuming such a thing as global brands automatically takes you down the path to one-size-fits-all, homogenised marketing messages and media mixes that are myopically distributed worldwide.

Also, acknowledge that you are no longer in control. Today's mixed-up, shook-up world demands that you be 'in touch', not 'in control' - in touch to puzzle together the right mix of people and marketing practices in a non-linear, real-time manner. Think of yourself as an executive producer that brings the best talent to the set for each and every production, rather than as a director who is locked into a certain way of doing things with the same cast of characters.

And, finally, learn as much as you can about cultures, consumers, marketing, media and advertising climates in different parts of the world. In doing so, kick your globe to the curb. Rather than thinking in terms of geography, think in terms of the attitudes and life stages of each type of market - be it emerging, developed or somewhere in between.

## What Serbia can teach us about adolescence

According to GroupM, worldwide ad spending is expected to grow by 10.9% in 2008, which is about the same as 2007. On

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the surface, this seems like pretty good news. But, as you can see in Table I, Emerging Europe is off the charts at about 18% while North America and Western Europe slink along at 3.9% and 4.3%, respectively.

For emerging markets such as Romania, Serbia, Ukraine, Lithuania, etc., traditional vehicles such as TV, print and out-of-home advertising are a big deal. It's 1970 all over again. Like most adolescent markets, Serbia is optimistic and just now blossoming into an uncharted world of advertising.

According to Dejan Miletic, co-founder of Belgrade-based Strawberry Ideas & Solutions, one of the largest agencies in Serbia, 'Serbia has developed into a stable, democratic country with a fast-growing market economy over the past five years of extensive, political and economic reforms. The Serbian marketing and advertising industry is a sleeping beauty, with over 40% increase in the media market due to international and domestic companies operating in the Balkan and Adriatic region.' Unlike Western Europe and the US, print advertising is actually

TABLE 1

### Worldwide ad spending: growth by region 2005-2008 (% change)

	2005 (%)	2006 (%)	2007 (%)	2008 (%)
Asia Pacific	6.9	6.0	7.9	10.0
Emerging Europe	20.9	22.5	20.2	17.8
Latin America	29.1	18.8	15.3	16.3
Mid East/Africa	11.8	14.8	14.0	13.1
North America	4.2	5.1	3.0	3.9
Western Europe	4.4	4.8	4.8	4.3
<b>Average</b>	<b>12.9</b>	<b>12.0</b>	<b>10.7</b>	<b>10.9</b>

Source: Group M. Estimated 2008

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growing in places like Serbia, while the internet accounts for only 2% of ad spend compared to 13.5% in the UK.

As is typical in rapidly developing markets, even the idea of free-market advertising is new. 'Competition between brands has fared well for advertising agencies and has been a primary impetus for their expansion. Thus, advertising "pace-setters" have influenced clients to give more serious thought to the concept of advertising. The big spenders have begun demonstrating the importance of advertising to marketers in general. However, spending heavily on advertising has not been seen as a strategic investment, but rather as an unnecessary cost.' This sentiment, expressed by Imran Jaffrey from Focus Advertising in Saudi Arabia, can certainly be shared among youthful markets worldwide.

And as if convincing companies that advertising actually works isn't hard enough, how about finding the right people even to practise the trade? In emerging markets with little to no legacy of higher education in marketing and advertising, finding employees can be tough, especially in markets like Poland that are decreasing in size while they are simultaneously developing. Says Katarzyna Zaremba of Legend Group in Warsaw, 'Poland is a young advertising market at just 17 years of age. In this short time, we have transformed from full-service agencies to specialities. But we still have a staffing problem, since a lot of our young people have left Poland. In the past two years, almost two million people have left. This, along with falling agency salaries in response to clients reducing agency compensation, makes it more and more difficult for agencies to find and hire the right people.'

### Toupees and sports cars - middle-aged markets

Like the middle-aged man with the red Porsche, with one foot in the past and the other in the future, there are many markets around the world that are screaming to express themselves while also trying to maintain a sense of tradition. These markets resemble developing markets in

many ways while also acting like mature markets in many others. Brazil and China are representative of such markets.

At first blush, it's easy to think of China as a developing ad market - and in many ways it is. But upon closer examination, China is more of a middle-aged market, mixing traditional values with modern appetites. China currently ranks fourth in global ad spend, with double-digit growth in the past 20 years. China is expected to surpass Japan in the next ten years and thus become the world's second largest ad market. Ad revenue grew 17% in 2006 to \$20.7 billion, five times that of 1995. And it is expected to grow another 20% in 2008, especially as the Olympics come to Beijing. To help spend all this money, there are over 80,000 ad agencies in China (yes, over 80,000).

With a noticeably large gap between rich and poor, it's the young middle-class in China that is driving the boom, largely due to conspicuous consumption and technology. China is a relatively new ad market in terms of years, but the rapid adoption of technology, along with the desire of the middle class to be worldly in a uniquely Chinese way, has allowed China to literally leapfrog from traditional print and TV advertising to Westernised marketing concepts, such as social marketing, mobile marketing, 'social capitalism' and sustainability. It's almost as if the Chinese have said to the rest of the world, 'Thanks

for inventing all this neat stuff. Now, we're just going to use it and pass you up along the way.'

The biggest opportunity (or challenge) for China is to move from a production mentality to a branded, quality mentality. According to Viveca Chan, co-founder of WE Worldwide Partners in Beijing, 'There will be more Chinese brands with "Chinese characteristics". Unlike in the past, Chinese brands will no longer just blindly follow the West, as [Chinese] consumers are no longer blindly buying foreign brands.' Thus, China is placing a premium on innovation in education and training while simultaneously importing some of the world's best product designers, marketers and creative people. As Ms Period Chan says, 'As the world goes to China and as China goes global, there will be an increasing need for marketing communication services that best combine East meets West - a solid understanding of Chinese culture with a global view.'

A similar juxtaposition can be found in Brazil, which has gone from being known for its poverty and ghettos to having the second largest database of MSN users in the world within a very short period of time. 'For years, it was easy to advertise in Brazil. All you needed was to buy media in the main open-network channel at prime time and it was done. However, this reality has changed. A and B income groups .



National juxtaposition: with a noticeably large gap between rich and poor, it's the young middle-class in China that is driving the boom, largely due to conspicuous consumption and technology

TABLE 2

## Global life stages: market characteristics

Stages		Marketing				Agencies		
Type	Example	Attitude	Goal	Emphasis	Vehicles	Type	Staff available	Staff skill
Adolescent	Eastern/Central Europe	Optimistic	Awareness	Branding	Traditional	Full-service	Low	Generalist
Mid-aged	Brazil/China	Cautious	Market share	Product	Traditional/digital	Hybrid	Adequate	Tactician
Mature	US/Western Europe	Cynical	Revive	ROI	Digital	Specialty	Declining	Expert

As each market progresses, each type starts to take on characteristics of the market directly ahead of it. For instance, Mature markets ultimately recycle to become Adolescent once again with the accompanying attributes, such as the need for agency staff to once again become generalists.

started spending less time watching TV and spending more time online. In fact, according to the IBOPE, Brazilians spend more time online than anyone else in the world', states Costa Neves with The Group Communicaco in Sao Paulo. 'Clients have even changed the way they plan and execute their marketing.' Neves continues. Today, we have people that actually work inside the client's marketing department; the bonds between clients and agencies have become stronger, especially as the big companies have severely diminished their staff to reduce costs.'

Middle-aged markets, such as Brazil and China, have a striking similarity: they look like developing markets from the outside but behave like mature markets from the inside - youthful optimism-coupled with the realities of getting older.

'Yes, it's a new day. But don't panic. Just take a look at your own life, where you've been, where you are and where you're going. While this may be somewhat depressing (or enlightening, as the case may be), it may also make it easier to figure your way through this muddled-up, shook-up world of global advertising'

### Getting long in the tooth - maturing markets

As key ad markets such as the UK, US and Germany mature, marketers and consumers take on more of a 'prove-it-to-me' attitude. Things like return on investment (ROI) and relevance dominate the conversation, while longer-term branding efforts, characteristic of younger markets, give way to an emphasis on short-term product sales. 'In general, marketing becomes much more target-focused, and marketing focuses more on call to action and results,' states Claudia Dolle, account planner with Wachter & Wachter in Munich, Germany.

In an effort to squeeze out incrementally smaller gains, everything, in fact, gets shorter: product life cycles, technological innovation, creative trends - even client/agency relationships. Leading-edge marketing techniques and practices formed in larger markets among larger companies trickle down more quickly to everyday, mid-market advertisers and their agencies. And with this, traditional media give way to media that lend themselves to measurement and ROI, such as digital. 'The evolution began slowly some years ago,' says Mary Farrell, a partner with ad agency Mintz & Hoke in Avon, Connecticut. 'Now, there's traction, and the changes are coming fast. We see it all around us, and we see it on our agency's spreadsheets.' Chris Knopf, partner and creative director at Mintz & Hoke adds, 'Many of our clients have shifted their ad dollars to online, and many of our new clients come in through the digital door.'

With the 'I-needed-it-yesterday' mentality of mature markets, how clients operate, and how agencies work, is also being ratcheted up to warp speed. Even tried and true practices like marketing integration get re-examined and overhauled. Jane Asscher, partner with 23red in London, amplifies, The market has appeared content to accept the concept of integration as the provision of a range of disciplines. But what so many agencies fail to grasp is the idea that integration is an attitude and an approach to building

brands. The convergence of media channels, technology and a greatly empowered consumer has shifted the balance away from the linear model of integrated communications for ever.'

According to Chuck Kelly, president of Kerker in Minneapolis, Minnesota, They [clients] want an entrepreneurial agency that's unbiased about media, tools and tactics to brand across all touchpoints, and that's innovative about tracking and strategic about data analysis. It is a tall order that calls for broad-based strategic thinkers, not advertising experts. Cross-training, teamwork, collaboration and integration have become more important than ever before.'

But as things die off in the later stages of life, familiar trends start to re-emerge as part of the inevitable re-birthing process. According to Kelly, The narrowed or limited window for media placement is whetting the appetite for good creative. With a recession looming and traditional media opportunities tightening, there seems to be a realisation that great creative can overcome some of these obstacles.' Indeed, we are starting to see another creative renaissance reminiscent of the 1960s and 1980s as a result of key markets maturing.

And on an even larger, macro scale, the recycling phenomenon, whereby a maturing marketplace regenerates itself to once again become a developing, adolescent market, these same re-birthing practices get adopted and transferred to the mid-aged and adolescent markets to help propel them into the later stages of their own. And, thus, the cycle continues: life stages transforming themselves while influencing the others (see Table 2).

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