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Chapter 19

GLOBAL PROMOTIONAL STRATEGIES

19-1 Global Communications and Promotions

19-2 Planning Global Advertising

19-3 Global Selling and Sales Promotions

GLOBAL FOCUS



UNILEVER: AN ADVERTISING GIANT

Unilever sells products known around the world. The company owns brands such as Lipton tea, Breyers ice cream, Promise margarine, Dove soap, Wisk detergent, and Close-up toothpaste. Unilever is the largest advertiser in many countries, including India, Austria, Britain, Greece, Italy, the Netherlands, Turkey, Argentina, Brazil, and Chile.

Despite its success in many nations, Unilever has had to take a back seat to Procter & Gamble in the United States and a few other markets. In the early 1990s, Unilever introduced Omo laundry detergent in the Persian Gulf in an effort to take away some of Procter & Gamble's control in that region. Omo was adapted for use in washing machines from the formula used in Egypt, where most people wash clothes by hand.

Instead of running its operations from London, the company created Unilever Arabia to administer marketing, research, sales, and advertising activities. This division of the company also expanded its product offerings in the Persian Gulf by selling Vaseline petroleum jelly, Vaseline Intensive Care lotion, and Lux soap.

In recent years, Unilever has more than 1,000 brands. Many of those are known around the world, while others are leaders in local markets. Every day, 150 million people around the world purchase a product with a Unilever brand.

Think Critically

1. How did competition influence the actions of Unilever in the Persian Gulf?
2. How might a reduction in the number of brands strengthen the marketing efforts of Unilever?
3. Go to the Unilever's web site to obtain additional information about recent actions of the company. Prepare a report of your findings.

19-1

GOALS

- Diagram the elements of the communication process.
- Describe the elements of the promotional mix.

GLOBAL COMMUNICATIONS AND PROMOTIONS



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THE COMMUNICATION PROCESS

Every business needs to communicate with potential buyers. A company's ability to inform and persuade consumers with promotional efforts is a basic business activity.

Each day the average person sends and receives thousands of communications. Many of these messages involve television commercials, online promotions, magazine advertisements, and other marketing promotions.

Have you ever said something to someone and the other person didn't hear you? Or have you ever said one thing and a listener interpreted it to mean something completely different from what you intended? In the communication process, the message is sent from a *source* (the sender) to the *audience* (the receiver). You may be the source, and a friend may be the audience. In marketing, a company is commonly the source, and consumers are the audience.

The source puts the message in a form that hopefully the audience will understand. This is known as *encoding*. The message travels to the audience over a *medium*—such as a television, a telephone, a magazine, the Internet or a salesperson talking in a store. *Decoding* is the process in which the audience makes meaning of the message.

19-1 GLOBAL COMMUNICATIONS AND PROMOTIONS

THE COMMUNICATION PROCESS

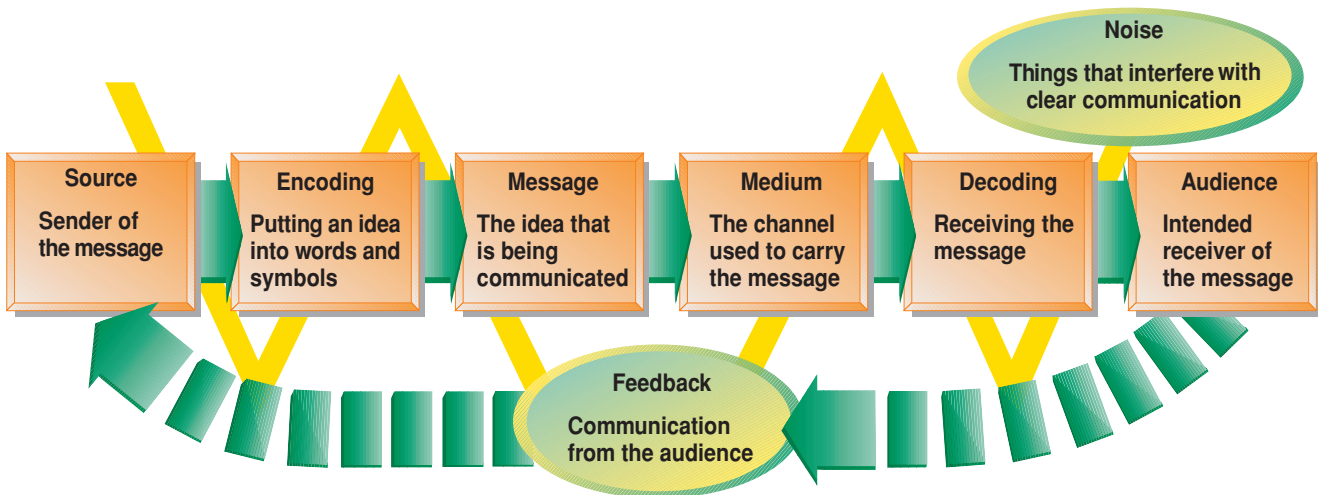


Figure 19-1 The communication process is the system used to send and receive marketing messages.

While communication may seem easy, *noise* can disrupt the process. Noise refers to anything that interferes with the communication process. Types of noise that can obstruct international business communication include language differences, varied cultural meanings for words and gestures, and the setting in which communication takes place.

Finally, *feedback* is communication from the audience back to the sender. A common example of consumer feedback is the availability of toll-free numbers that allow people to ask questions, obtain information, and make complaints. These toll-free telephone numbers often appear on packages and in advertisements. Or you can obtain the telephone numbers of companies that have these lines by calling 1-800-555-1212. E-mail and web sites also allow consumers to offer feedback to companies.

The communication process is summarized in Figure 19-1.



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CheckPoint

What kinds of noise can obstruct international business communications?

WORK AS A GROUP

Suggest ways companies could encourage customers to visit their web sites.

INTERNATIONAL PROMOTIONAL ACTIVITIES

Communication is the basis of promotional activities. Companies attempt to convey product information to potential customers. *Promotion* involves marketing efforts that inform, remind, and persuade customers.

FOUR MAIN PROMOTIONAL ACTIVITIES

The four main promotional activities available to companies are advertising, personal selling, publicity, and sales promotion. Examples of these activities are illustrated in Figure 19-2.

Advertising Any form of paid, nonpersonal sales communication is **advertising**. Advertising is also called *mass selling* since many people are addressed at one time. Millions of people may see a television commercial, or thousands may see an advertisement in a magazine or on a web site.

Personal Selling In contrast to the nonpersonal mass selling used in advertising, **personal selling** is direct communication between sellers and potential customers. This may happen in a face-to-face setting, over the telephone, or with personalized e-mail messages. Personal selling can provide the opportunity for immediate feedback directly from the customer to the sales representative.

Publicity Business organizations benefit from favorable news coverage about their products and business activities. **Publicity** is any form of unpaid promotion, such as newspaper articles or television news coverage.

Sales Promotion The final element of promotion includes a variety of activities. **Sales promotion** comprises all of the promotional activities other than advertising, personal selling, and publicity. Sales promotions include coupons, contests, free samples, and in-store displays.



Figure 19-2 Multinational companies use promotional activities to inform, remind, and persuade potential customers.

THE INTERNATIONAL PROMOTIONAL MIX

A **promotional mix** is the combination of advertising, personal selling, publicity, and sales promotion used by an organization. Which of the four promotional elements should be used most often? Managers must consider a nation's cultural, legal, and economic environments when answering this question.

Cultural factors will influence the promotional mix for international marketers. Radio is very popular in Mexico, and advertising is usually a major component of the promotional mix in that country. In nations with poorly developed postal systems, mail advertising would not be as effective as personal selling or sales promotions.

Marketers also must choose between aiming promotions at end-users of an item or at distributors. **Pull promotions** are marketing efforts directed at the final users of an item. In this promotional approach, companies want consumers to “pull” the product through the distribution channel by demanding the item at stores. Pull promotions include television commercials, advertisements in consumer magazines, coupons, and other selling efforts aimed at consumers.

In contrast to pull promotions, **push promotions** are marketing efforts directed at members of the distribution channel. These promotional activities attempt to get wholesalers and retailers to “push” a product to their customers. Push promotions may include discounts to retailers, special in-store displays, or contests for salespeople.

A Question of Ethics

Several years ago, the province of Quebec banned television commercials aimed at children. However, English-speaking residents of the Canadian province can view ads for toys, cereals, and snacks on television programs broadcast from Ontario or the United States.

In Europe, several countries also place limits on advertising aimed at young consumers. Norway and Austria prohibit commercials before, during, and after children's television programs. Toy ads are banned in Greece.

Those who favor these restrictions point out that in Britain, the average child sees nearly 18,000

ads a year. In the United States, that number is about 25,000. Supporters of these laws also believe children are not able to carefully process the many messages received from commercials. In contrast, businesses believe these restrictions violate free-speech rights.

Think Critically

Use the three guidelines for ethical analysis to examine the above situation. Is advertising aimed at young consumers appropriate, or should children be protected from communication that they may not completely understand?

✓ CheckPoint

How does advertising differ from personal selling?



REVIEW GLOBAL BUSINESS TERMS

Define each of the following terms.

1. advertising
2. personal selling
3. publicity
4. sales promotion
5. promotional mix
6. pull promotions
7. push promotions

REVIEW GLOBAL BUSINESS CONCEPTS

8. What are the elements of the communication process used in marketing?
9. What are the four promotional activities?

SOLVE GLOBAL BUSINESS PROBLEMS

For each of the following situations, decide which element of the promotional mix is being used.

10. A sales representative from Norway goes to a customer's place of business to describe a new product.
11. A Belgian company sponsors an environmental cleanup and sends press releases to the media announcing it.
12. A South African company provides special display racks to retailers who carry its products.
13. A Greek company hires college students to distribute samples of its new product at the town square during lunch hour.
14. A Chilean company sponsors a television situation comedy and includes three commercials for each broadcast.
15. A Japanese company signs a contract with a web site to include a banner on the site announcing a new product.

THINK CRITICALLY

16. Describe situations when push promotions may be more appropriate than pull promotions.
17. How does deceptive and false advertising reduce competition and hurt consumers?

MAKE CONNECTIONS

18. **TECHNOLOGY** Go to an Internet web site that sells merchandise from many companies. Write a description about how the merchandise of a particular company is promoted on that web site.
19. **COMMUNICATIONS** Select a newspaper or magazine advertisement. Describe how the language used in the advertisement promotes the product.

PLANNING GLOBAL ADVERTISING

19-2

GOALS

- Explain the activities involved in planning advertising for global markets.
- Explain the advantages of using an advertising agency.



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ADVERTISING PLANNING PROCESS

Several years ago, during the Winter Olympics, the Coca-Cola Company broadcast television commercials in 12 languages—with a potential of being seen by 3.8 billion viewers in over 130 countries. Since soft drinks are not significantly affected by cultural differences, Coca-Cola was able to use the same basic commercial in every country. However, this is not always possible. Multinational companies often adapt advertising to fit social and political differences. The four steps involved in planning advertising are shown in Figure 19-3.

STEP 1 ANALYZE TARGET MARKET

The advertising process starts by identifying potential users of a good or service. This *target market* should be defined in terms of geographic area, demographic characteristics, customer needs, buying habits, and media usage. For example, young male consumers in Brazil will require a different advertising message than older female shoppers in France.

THE ADVERTISING PLANNING PROCESS



Figure 19-3 Multinational companies must plan advertising effectively to reach consumers in different countries.

STEP 2 CREATE ADVERTISING MESSAGE

The traits of a target market influence the advertising message a company uses. For example, jeans in Brazil are sold with an emphasis on fashion. However, in Australia, customers are more concerned about product benefits, such as quality and price. An advertising message should accomplish one of the following goals.

- Get the customer's attention.
- Increase interest in the good or service.
- Improve a company's image in the minds of consumers.
- Boost the potential of a customer's desire to buy.
- Motivate customers into action.

Companies use some common advertising techniques to create unique messages for specific target markets. These techniques are explained in Figure 19-4.

If customers for a product are similar from one nation to another, a company may use a common advertising message. **Standardized advertising** is the use of one promotional approach in all geographic regions. For example, Tony the Tiger promotes Kellogg's Frosted Flakes in more than 50 countries.

In contrast, cultural factors and social customs may require a company to adapt advertising messages in different nations. **Localized advertising** is the use of promotions that are customized for various target markets. Yogurt, for example, is promoted as a breakfast food in some countries, as a lunch item in other nations, and as a snack in still others. Because of social customs, a

multinational company must customize its yogurt advertisements in different societies.

STEP 3 SELECT MEDIA

Marketers must decide what media to use to deliver the advertising message. The major advertising media include newspaper, television, radio, magazine, direct mail, outdoor, and Internet.

The availability of advertising media varies considerably among the nations of the world. For example, Turkey has over 300 newspapers with varied political positions, while other countries have less than 20. In the past, advertising in movie theaters was important in countries with limited commercial television, such as India and Nigeria.

Newspaper Advertising Most people do not realize that a very significant portion of advertising dollars is spent on advertising in newspapers. In addition to store ads throughout the newspaper, think too about the classified ads in which thousands of people pay to promote jobs and garage sales, as well as used cars and pets for sale. Many of these classified ads are moving

Figure 19-4 Advertisers use a variety of techniques to communicate with consumers.

COMMON ADVERTISING TECHNIQUES



19-2 PLANNING GLOBAL ADVERTISING

to the Internet as newspapers use a combination of print and electronic editions of their publications.

With expanded international business, some newspapers have created regional editions for different geographic areas. *The Wall Street Journal*, for example, has Latin American, European, and Asian editions.

Television Advertising Television commercials can have a strong effect on potential customers. Nonetheless, some nations limit the time available for television advertising. However, expansion of cable and satellite television systems makes it easier for advertisers. Channels such as CNN, ESPN, and MTV are available to billions of viewers.

Radio Advertising Radio advertising can be adapted to changing marketplace needs faster than most other media. Radio is frequently more available than other communication methods. Nations with few television sets or with people who can't read are likely to make greater use of radio.

Magazine Advertising Magazines, like newspapers, encourage international advertising by creating regional editions. *Business Week* has specific editions for Europe, Asia, and Latin America. *National Geographic* also covers these regions along with separate editions for Africa and the Middle East. *Reader's Digest* publishes over 45 different editions in 19 languages with more than 100 million readers around the world.

Direct Mail Each day hundreds of millions of ads and catalogs fill the mailboxes of the world. Technology fosters increased use and reduced costs of direct mail advertising. **Database marketing** is the use of computerized information systems to identify customers with specific demographic traits and buying habits. With a database, direct mail marketers can target potential customers to receive appropriate advertisements. For example, families in a database who have computers in their homes might receive mailings selling software for children to learn a foreign language.

Outdoor Advertising Billboards and transit ads on buses and trains are common in most countries. The use of this advertising medium, however, is usually limited to high-traffic and urban areas. In recent years creativity and technology have expanded outdoor advertising to include mechanical characters and three-dimensional displays.

Internet Advertising The World Wide Web has created a new way for advertisers to communicate with existing and potential customers. Companies have their own web sites on which they promote their products. Some companies use banner ads on other web sites. And some companies use a variation on direct mail by sending e-mail messages to target customers to promote product offerings. This electronic media has the potential visual impact of television along with the flexibility of radio and



Describe advertisements and television commercials. Determine what features of the product made it something you wanted to purchase.

A graphic with a yellow background and a green circuit-like border on the left. The text "NETBookmark" is written in a stylized font, with "NET" in blue and "Bookmark" in green. Below the text is a yellow rounded rectangle containing the URL "intlbizextra.swlearning.com" in black text.

In 1957, a market researcher named James M. Vicary conducted a six-week test in a New Jersey movie theater. He claimed that the results of the test proved that subliminal stimuli were an effective means of advertising. Even though Vicary's methods have been discredited, many companies still use subliminal messages. Access intlbizextra.swlearning.com and click on the link for Chapter 19. Do you think that advertisers should use subliminal messages? Why or why not?

E-COMMERCE IN ACTION

Banners, Buttons, and E-Mail Blasts

“Click Here to Speed Up Your Web Searches.”
“Low-Rate Credit Cards.” “Win a Free Vacation.”

These phrases are just a few of the many promotions taking online advertising to new levels of creativity—and irritation. *Banners* are interactive advertisements across the tops or bottoms of search engine pages and other web sites. *Buttons* are the smaller “click here” areas that attempt to get Internet users to visit another section of a web site. Banners and buttons are designed to get users to take action—such as requesting additional information or making an online purchase.

The *e-mail blast* is another online promotion. This technique involves sending promotional messages to

many potential customers. People may be reminded of special offers or new products.

Customers continue to have concerns about online security and privacy. However, promotional efforts in cyberspace will expand to attract both new and repeat buyers.

Think Critically

1. What types of promotions, which were not available in the past, have the Internet made possible?
2. Locate a web site with examples of online promotions. What are the potential benefits and drawbacks of this type of advertising?

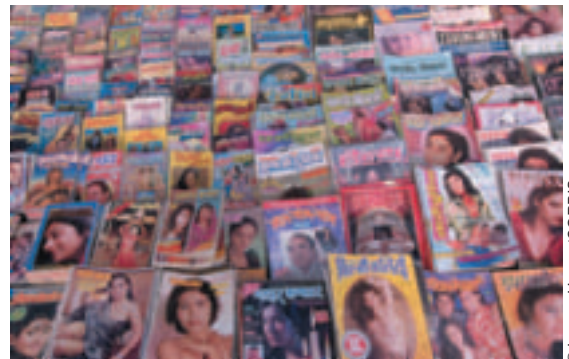
direct mail. As the Internet evolves, companies are trying to decide how best to take advantage of this type of media.

STEP 4 EXECUTE AND EVALUATE

Once advertising is planned, it must be executed. The advertising plan should include a schedule for the ideal launch time of the campaign. For example, a new line of winter clothing would be advertised at the beginning of (or a little before) the winter season. The advertising effort would not be as effective if launched halfway through the selling season.

In addition, most advertising must consider the lead times involved in executing the program. Magazine advertising, for example, may have to be planned a month or more in advance of the publication of the advertisement.

After the advertising is executed, it should also be evaluated for effectiveness. Surveys may be conducted to test product awareness, and sales figures should be analyzed to determine whether the advertising caused an increase in sales. Information from the evaluation is then used to plan more effective advertising in the future.



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What are the four steps in the advertising planning process?

USING AN ADVERTISING AGENCY

Some companies have their own advertising department to do promotional activities. However, most multinational companies use the services of an advertising agency. An **advertising agency** is a company that specializes in planning and implementing advertisements. Companies use advertising agencies to benefit from the agencies' experience in promoting different kinds of products and services in varied markets. A multinational company would choose an agency with broad experience in global markets to be assured of effective global promotions.

Most of the large advertising agencies in the world are located in the United States, Tokyo, and Europe. These organizations usually have the following four main divisions.

1. The research department studies the target market and measures the effectiveness of advertisements.
2. The creative department develops the message and the artistic features to deliver the message.
3. The media department selects where and when the advertising will be presented.
4. Account services is the link between the agency and the client (the company selling the product).

CheckPoint

Why would a company use an advertising agency?



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REVIEW GLOBAL BUSINESS TERMS

Define each of the following terms.

1. standardized advertising
2. localized advertising
3. database marketing
4. advertising agency

REVIEW GLOBAL BUSINESS CONCEPTS

5. What goals should an advertising message accomplish?
6. What are the seven main media used by advertisers?
7. What are the main divisions of an advertising agency?

SOLVE GLOBAL BUSINESS PROBLEMS

For each of the following international business situations, decide if the company should take a standardized or localized advertising approach.

8. Selling cameras and film in Africa, Asia, and Australia.
9. Promoting computers among small business owners in 140 countries.
10. Advertising soaps and personal care products in various regions of the world.
11. Promoting a juice drink with different flavors for different cultures.
12. Selling different colored clothing styles in South America and Asia.

THINK CRITICALLY

13. How does each division of an advertising agency correlate with the four steps in the advertising planning department?

MAKE CONNECTIONS

14. **TECHNOLOGY** Select an example of advertising on a web site. Describe the message, identify the intended audience, and evaluate the effectiveness of this promotion.
15. **LAW** What actions might a government take to prevent deceptive and false advertising?



GLOBAL SELLING AND SALES PROMOTIONS

19-3

GOALS

- Summarize the personal selling process used in international business.
- Discuss the use of public relations and sales promotion by multinational companies.



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PERSONAL SELLING

Consumers encounter salespeople in stores, on the phone, at their doors, and at their places of work. Personal selling is direct communication between sellers and potential customers.

PERSONAL SELLING ACTIVITIES

Personal selling involves activities to promote and sell goods and services. These duties include locating customers, taking orders, processing orders, providing information, and offering customer assistance.

In the past, most personal selling took place in face-to-face settings. Today, however, telemarketing has increased in importance. **Telemarketing** involves the selling of products during telephone calls to prospective customers. Personal selling over the telephone allows businesses to contact potential customers quickly and at a low cost. This selling method is most commonly used for insurance, investments, credit cards, magazine subscriptions, books, videos, personal care products, and home improvements.

THE PERSONAL SELLING PROCESS

The ability to plan and execute a sales presentation is important in many career fields. The personal selling process may be viewed in five steps.

Step 1 Identify Customers In step 1 of the personal selling process, potential customers are identified. Names of prospects may come

Chapter 19 GLOBAL PROMOTIONAL STRATEGIES

Figure 19-5 Personal selling involves the ability to plan and make a sales presentation.



from computer databases, current customer lists, telephone calls, referrals from employees, mail-in coupons, and many other sources.

This first step, *prospecting*, is the foundation of successful personal selling. Qualified prospects are usually identified based on age, income, occupation, or interests. A company selling golf equipment would contact people who regularly participate in that sport.

Step 2 Prepare a Presentation Step 2 of the personal selling process involves preparing and making the sales presentation. In this stage, a creative and effective product description and demonstration must be prepared. The sales presentation should highlight a product's main features, positive traits, and marketplace acceptance. For instance, one hotel chain demonstrated its room features to potential customers by presenting a simulated room inside a truck trailer.



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In the sales presentation, specific information is provided to address the needs and wants of customers. For example, some automobile buyers are interested in the performance of a vehicle, while others identify style as the most desired product attribute.

Step 3 Obtain Feedback The third phase of the personal selling process involves obtaining feedback. A salesperson is looking for objections, or opposition, to the product. Awareness of objections allows the salesperson to provide additional information to overcome perceived negative aspects of the product.

Objections may be addressed either by clarifying some aspect of the sales presentation or by changing the conditions of the sale. For example, if a customer likes everything about a product except the color and style, a reduced price may eliminate these objections.

19-3 GLOBAL SELLING AND SALES PROMOTIONS

Step 4 Close the Sale Once major objections are overcome, the closing of the sale should occur. In step 4, the salesperson asks the customer to commit to the purchase. Questions such as the following are commonly used to close a sale.

- Is this the style you were thinking about buying?
- If we can deliver it in three days, would you be interested?
- Would you like the item in blue?
- If we include the extended warranty, would that meet your needs?

Favorable responses to questions of this type can result in the completion of the sale.

Step 5 Provide Customer Service Finally, personal selling should not end when the sale is closed. Customer needs continue with operating instructions, repairs, and additional products. Customer service efforts by companies have increased in importance in recent years. Research studies reveal that keeping existing customers is less expensive than finding new ones. As a result, businesses work to communicate regularly with their customers.

Relationship marketing attempts to create a long-term, mutually beneficial buyer-seller relationship. Examples of these efforts include following up with customers to ensure satisfaction, sending notices of special sales and reduced prices, and creating frequent-buyer programs to earn bonus gifts or special services.

PERSONAL SELLING IN INTERNATIONAL MARKETS

Global managers need salespeople with product knowledge who are able to work in the social and cultural context of a country. International companies have three choices when selecting sales staff members—expatriates, local nationals, and third-country nationals.

Expatriates are employees living and working in a country other than their home nation. Multinational companies use expatriates when the available number of host country salespeople is limited. Expatriate salespeople are probably familiar with their companies and products. However, they may not be acquainted with a nation's culture and social customs. For example, getting right down to business may be accepted in some societies. In other



COLGATE'S PROMOTIONAL EFFORTS IN THAILAND

To become the largest selling toothpaste in Thailand, Colgate-Palmolive used a variety of promotional activities for its Colgate toothpaste. First, the company used the *Nok Lae* Children in its television commer-

cial. This popular singing group was well known among young consumers and families and emphasized Thai heritage in the advertising.

After the commercials attracted much attention for Colgate, the company distributed printed information about proper dental hygiene. Colgate then made drinking cups, notebooks, posters, and audiocassettes highlighting both the singing group and the company's product. This led to the creation of the

Colgate New Generation Kid's Club, whose members received a free dental checkups, bumper stickers, buttons, and other items.

Think Critically

1. What are the social and economic benefits of Colgate's action in Thailand?
2. Go to the web site of Colgate to obtain additional information about the company's international activities.

WORK AS A GROUP

Select three products or services and a country. Prepare an opening sentence for a sales presentation aimed at customers in the chosen country.

cultures, business associates are expected to get to know each other on a personal level before conducting business.

As the demand for international business employees increases, companies must expand the pool of workers. Organizations are using more people from within the targeted country to sell products and services in that country. *Local nationals* are employees based in their home country. Because local nationals are familiar with the culture, their training usually emphasizes product knowledge.

A third source of international salespeople involves those with a broad global viewpoint. *Third-country nationals* are citizens of one country employed by a company from another country who work in a third country. These salespeople frequently are able to speak several languages and possess a highly developed sense of cultural sensitivity. An example of a third-country national would be a German working in Chile for an Italian company.

Sales managers and other executives of Samsung, South Korea's largest company, attend a month-long training camp before starting an assignment in another country. This culturally sensitive instruction covers language, eating habits, leisure activities, clothing styles, and cultural values. The program has helped Samsung managers, who work in more than 50 countries, avoid social blunders.

✓ CheckPoint

How do salespeople overcome customer objections?

OTHER INTERNATIONAL PROMOTIONAL ACTIVITIES

Advertising and personal selling are a large portion of an organization's promotional efforts. However, other types of promotions address various marketing objectives.

I PUBLIC RELATIONS

Companies are continually concerned about communicating a favorable public image. Companies can gain publicity with press releases, company newsletters, and sponsorship of sporting and entertainment events. A company may take actions such as the following to improve or keep its image.



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- Hewlett-Packard Company donated computers to the University of Prague, in the Czech Republic.
- H. J. Heinz funded infant nutrition studies in China and Thailand.
- DuPont sent water-jug filters to African nations to remove dangerous impurities from drinking water.

GLOBAL SALES PROMOTIONS

As noted earlier, sales promotions comprise all promotional activities other than advertising, personal selling, and publicity. These communication efforts attract attention and stimulate demand for a company's products.

Coupons Over 300 billion coupons are distributed each year in the United States. The use of money-off coupons is also expanding around the world. Over 6 billion coupons are distributed each year in the United Kingdom. In Italy and Spain, most coupons are right on the package rather than distributed through newspapers, magazines, or the mail. In Belgium, door-to-door distribution is most common. The use of coupons as a promotion was just legalized in Denmark in recent years.

Premiums For more than 50 years, consumers have bought Cracker Jack, looking forward to the toy surprise inside. Food packages commonly include sports cards, toys, or other items to attract buyers. Many fast-food restaurants offer children's toys with a purchase.

Contests and Sweepstakes "You may already be a winner" is a common promotional slogan. Everything from a free bottle of ketchup to trips around the world are offered as prizes when companies want to attract attention to their products. Many contests are used to create a database of customer information.

Contests can result in problems, however. Pepsi-Cola used a contest promotion to attract attention to its soft drink in Chile. The results were not what the company expected. Chileans could win from \$14 to \$30,000 depending on the amount next to the prize number under the bottle cap. Pepsi expected to award 40 prizes over an eight-week period. However, when 688 was announced as the winning number instead of the planned 588, more than 100 people demanded prizes. Many of the people who thought they were winners had already started spending their prize money. Two brothers who came to claim \$17,000 did not have money for the 40-mile trip home. Pepsi and its advertising agency eventually worked out an arrangement with all the winners. Contests may be highly regulated in some countries.

Point-of-Purchase Promotions

The use of in-store advertising continues to increase. Electronic exhibits, television monitors, and display screens on shopping carts attempt to influence customers to select a product or brand at the point of purchase.



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Specialty Advertising Look around home or school, and you will see the names of organizations almost everywhere. You will see pens, key chains, calendars, notepads, briefcases, ice-cream scoops, drinking cups, towels, T-shirts, baseball caps, and golf balls with advertising messages. These promotional items keep a company's name and products in the eyes and minds of consumers.

REGIONAL PERSPECTIVE



CULTURE: PROMOTIONAL EFFORTS EXPAND SOCCER'S POPULARITY

By almost all estimates, soccer is the most popular sport in the world. Each year, more than 20 million organized soccer matches are played. Major tournaments are held on three continents. The European Cup is the goal of European soccer players. In South America, teams compete for the Liberator's Cup. The Cup of Nations and the Cup of Champion Clubs are the ambition of African nations. In 2002, nearly 2 billion television viewers watched the World Cup Final.

In most countries, the game is referred to as *football*. Soccer was introduced to the United States in the late 1800s. However, it was not until 1959 that the National Collegiate Athletic Association (NCAA) recognized it as an official collegiate sport. Today more than 15 million athletes in the United States under the age of 19 are involved



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in organized soccer programs.

The global popularity of soccer continues to expand. In the mid-1990s, Japan started its first professional soccer league. Companies such as Mitsubishi, Mazda, Nissan, Toyota, Ford Japan, WordPerfect Japan, and Coca-Cola Japan sponsored teams. Promotional efforts are expected to result in extensive ticket sales for games. Television advertising, soccer magazine subscriptions, and sales of products featuring players and team logos are a major promotional feature of Japanese soccer activities.

Think Critically

1. How do advertising and other promotions contribute to the growth in popularity of soccer?
2. Conduct an Internet search for additional information about efforts to promote soccer in various countries.

✓ CheckPoint

What are five common types of sales promotions used by companies?

19-3 GLOBAL SELLING AND SALES PROMOTIONS

REVIEW GLOBAL BUSINESS TERMS

Define each of the following terms.

1. telemarketing
2. relationship marketing



REVIEW GLOBAL BUSINESS CONCEPTS

3. What duties are involved in personal selling?
4. What are the five steps of the personal selling process?
5. How do salespeople who are expatriates differ from local nationals?
6. What are common sales promotions used by companies?

SOLVE GLOBAL BUSINESS PROBLEMS

What qualifications would a salesperson look for in prospective customers when selling the following items?

7. Vacation homes in the Caribbean.
8. Computer software for teaching children at home in Peru.
9. Men's and women's business suits in Thailand.
10. Investment plans for retirement funds in Scotland.
11. Health-club memberships in Egypt.

THINK CRITICALLY

12. Explain how frequent-buyer programs can benefit both companies and customers.
13. Create a promotional contest that could be used in many countries without having to make major changes to the procedures.

MAKE CONNECTIONS



14. **TECHNOLOGY** How can the Internet be used in the personal selling process?
15. **CULTURAL STUDIES** Describe differences in personal selling activities that might be necessary when doing business in various countries.
16. **GEOGRAPHY** What are possible limitations of Internet promotions in some countries?

Xtra! Quiz Prep

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CHAPTER SUMMARY

19-1 GLOBAL COMMUNICATIONS AND PROMOTIONS

- A** The elements of the communication process include the source, encoding, a message, a medium, decoding, an audience noise, and feedback.
- B** The elements of the promotional mix are advertising, personal selling, publicity, and sales promotion.

19-2 PLANNING GLOBAL ADVERTISING

- A** Planning advertising for global markets involves analyzing the target market, creating a message, selecting media, and executing and evaluating.
- B** Many companies use advertising agencies because they have experience in promoting different kinds of products and services in different markets. Advertising agencies usually have four divisions: research, creative, media, and account services.

19-3 GLOBAL SELLING AND SALES PROMOTIONS

- A** The personal selling process for international business involves identifying potential customers, preparing and making the sales presentation, obtaining feedback, closing the sale, and providing customer service.
- B** Public relations involves communicating a favorable public image with the use of press releases, newsletters, and sponsorship of events. Sales promotion by multinational companies may involve coupons, premiums, contests and sweepstakes, point-of-purchase promotions, and specialty advertising.

GLOBAL REFOCUS



Read the Global Focus at the beginning of this chapter, and answer the following questions.

1. What promotional efforts have contributed to the success of Unilever in global markets?
2. How might Unilever use technology to address new competitive pressures in global markets?

REVIEW GLOBAL BUSINESS TERMS

Match the terms listed with the definitions.

1. Direct communication between sellers and potential customers.
2. Promotional efforts directed at the final users of an item.
3. Promotional activities other than advertising, personal selling, and publicity.
4. A company that specializes in planning and implementing advertisements.
5. Any form of paid, nonpersonal sales communication.
6. An attempt to create a long-term, mutually beneficial buyer-seller relationship.
7. The use of one promotional approach in all geographic regions.
8. The use of computerized information systems to identify customers with specific demographic traits and buying habits.
9. Any form of unpaid promotion, such as newspaper articles or television news coverage.
10. Promotional efforts directed at members of the distribution channel.
11. The combination of advertising, personal selling, publicity, and sales promotion used by an organization.
12. The use of promotions that are customized for various target markets.
13. The selling of products during telephone calls to prospective customers.

- a. advertising
- b. advertising agency
- c. database marketing
- d. localized advertising
- e. personal selling
- f. promotional mix
- g. publicity
- h. pull promotions
- i. push promotions
- j. relationship marketing
- k. sales promotion
- l. standardized advertising
- m. telemarketing

MAKE GLOBAL BUSINESS DECISIONS

14. List examples of noise that can reduce the effectiveness of communication in your classroom, in your home, and in stores.
15. Describe marketing situations in other nations in which sales promotions or publicity would be used more effectively than advertising or personal selling.



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Chapter 19 ASSESSMENT

16. Why would a company use push promotions instead of pull promotions?
17. Describe examples of advertisements that use the endorsement method.
18. Name some products that could be best promoted using standardized advertising. What types of products would require localized advertising?
19. What advantages could third-country nationals have over expatriates and local nationals when applying for a sales manager position with a multinational company?
20. How important is publicity to the success of a company?
21. List examples of specialty advertising you see in your home, school, and community.

GLOBAL CONNECTIONS

22. **GEOGRAPHY** Collect advertisements that reflect different areas of the world. Explain how these images are used by the company to promote its product or service.
23. **COMMUNICATIONS** Create an idea for a product or service demonstration that allows the potential customer to see, hear, or touch some aspect of the item.
24. **CULTURAL STUDIES** Analyze television commercials with the sound off to determine how much of the information presented is visual.
25. **TECHNOLOGY** Conduct an Internet search or library research about the availability of television, radio, newspaper, and the Internet in selected countries. Choose nations in different geographic regions and with different levels of economic development.
26. **COMMUNICATIONS** Describe possible differences in consumer reactions to television commercials and online advertisements.
27. **CAREER PLANNING** Find an advertisement from a company that sells its goods or services around the world. Prepare a poster or bulletin board display that identifies the various careers involved in planning and executing the ad.
28. **CAREER PLANNING** Talk to a person who works in personal selling. What skills are important for success in this career field?



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THE GLOBAL ENTREPRENEUR

CREATING AN INTERNATIONAL BUSINESS PLAN

CREATING A GLOBAL PROMOTIONAL MIX

Develop a promotional plan based on the company and country you have been using in this continuing project, or create a new idea for your business in the same or a different country. Make use of previously collected information, and do additional research. This phase of your business plan should include the following components.

1. A description of the product's target market
2. Examples of advertisements that would be appropriate for the company
3. An explanation of the different advertising media used by the company
4. Examples of Internet promotions that might be used by the company
5. A description of personal selling activities that the company could use to promote its good or service
6. An explanation of how publicity could help the company or product's image
7. Types of sales promotions that would be most appropriate for this situation.

Prepare a written summary or present a short oral report (two or three minutes) of your findings.



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