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TRANSFERRING EQUITY ACROSS BORDERS

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There is something entertaining about watching people's reaction to my job. You're in Global marketing? That must be very interesting, very exciting. You get to travel, see all those countries.

The term global marketing conjures up a wide variety of images:

- exotic experiences
- sights
- smells
- tastes

What it does not suggest is what the job really entails. The nitty gritty of the job is overlooked and, probably, simply unknown.

It is assumed that global marketers somehow take the products, as we see them in our stores, and sell them in other countries. . . . 7 Up in Thailand; McDonald's in Mexico; Colgate India. Of course, this is an ideal from a manufacturing standpoint. That is:

- one formula
- one pack design
- one creative
- cross-border distribution
- permitting the most efficient production and distribution systems to be utilized

For some products, the ideal is achieved—but not always as frequently or as completely as we might wish. This is not because we, the manufacturers, do not try. Rather, it is because we do. Underlying the glamour of global marketing is the hard

work of making global marketing work . . . locally.

Multi-country marketers must do the same work as the local ones: They must find ways to market a product to a person, to make the product relevant to that consumer.

In addition to maintaining a focus on the individual needs of one market, the global marketer must simultaneously be aware of the needs of the other potential markets—micro and macro; zoom and wide angle lens. This duality of focus is the source of both the marketing challenge and the economies for multi-country marketer.

If I were to look back to the year 1980, before the creation of Colgate Palmolive's Global Business Development Group, I would see many brand names that had cross borders. Colgate, Ajax, Fab, Palmolive were all familiar to people of many nations. They were, however, not the "global products" that we talk of today. Palmolive, for instance, was sold globally, but in 22 different fragrances, 17 different packages, 9 different shapes, and numerous variations in positionings. The consequence of this potpourri was a global presence that did not permit the company to reap the benefits of global branding: no shared costs for development, fragrances, packaging, manufacturing, creative, and capital investment. Frequently, the "not invented here" syndrome prevented weaker markets from capitalizing on proven successes elsewhere.

Today, there are three Palmolive

soap shapes, seven fragrances, and one core packaging design all executed around two related positionings, one for the developed markets and one for developing.

In 18 months, 26 superconcentrated detergents were introduced into 15 countries, based on the keys to success identified from analyses of early Colgate superconcentrated launches. Prior to the creation of the Global Business Development Group, such a feat would have taken years.

This progress was not and can not be accomplished easily. It requires an all out effort by our Global Business Development Group, supported by top management and partnered by our subsidiaries. Multi-country research must be undertaken to learn about the value of the equity to consumers in various parts of the world. Packaging and product testing must follow, with benchmark advertising being the final test hurdle. The results more than justify our efforts. The benefits of global branding garnered for Colgate Palmolive will continue to grow, hopefully, into the twenty-first century.

Before continuing, it might be worthwhile to define what I mean by global marketing, and what I do not mean.

Global marketing is marketing the same or similar product bundles in multiple countries.

- It is not marketing one product in every country. It is marketing the product in a number of countries, where the product

concept fits the lifestyle and has appeal. (No dishwasher detergents, for example, where people wash by hand.)

- It may not be *marketing exactly the same product bundle in multiple countries*. Where necessary, the product can and should be tailored to fit local behaviors and needs.
- It may not be *marketing the product with the same name*. At least one of our competitors has found that a furry little animal, no matter what the product's local name, is sufficient to link one of its globally-marketed fabric softeners.
- It may not be *using exactly the same advertising*. Advertising is often our most direct means of reaching consumers. As a result, it is crucial that it be a relevant and clear statement of our product's promise. If the same ad works in many countries, great! If not, perhaps the creative format will translate with the substitution, in some countries, with local actors.

Thus, transferring products across borders probably means:

- consistent positioning
- maybe the same name, maybe not
- packaging with the same overall look, tailored as required to fit the local populace needs
- use of benchmark advertising or format

This may suggest that global marketing of one product is not easy nor always the correct thing to do.

Nonetheless, *global thinking and global marketing are the only efficient way to compete in today's very small world*. No matter how difficult, or how many obstacles seem to appear, we must find ways to move successful product bundles to other markets and to move them efficiently. Global marketing is no longer a choice. It is a fact, a necessity.

Media revolution, information revolution, transportation revolution—consumers share media messages, watch the same movies, TV, and sports events, and travel. Walls have come down, literally and figuratively, creating new economic and cultural realities with flexible borders: Germany, Russia, EEC, Latin American Pa-

cio Andino, and Central American Common Market—all represent opportunities. To capitalize on the rapid changes that have been taking place, good product ideas must be moved to other countries quickly. Further, the heavy costs of product development, creative, manufacturing, and distribution require that duplication be eliminated wherever possible.

Successful transfer of good ideas is the challenge. How does a company determine *what* to transfer, *when* to transfer, *where* to transfer, *how* to transfer, and to *what degree* to transfer an idea?

To meet the challenge and answer these questions, there are four commandments that successful marketers follow:

- Know the equities.
- Know the consumer.
- Know the market.
- Market quality products.

Following these commandments have resulted in some spectacular successes. Failing to follow them, even one, has led to some equally spectacular disasters.

KNOW THE EQUITY

Today's marketers are seeking to transfer brand or concept equity, to capitalize on the product development work that has already occurred. By equity I mean consumer-perceived value that is enduring, creates a competitive advantage, and generates brand loyalty. Understanding the dimensions of equity is often difficult. The tendency is to assume that the stated product benefit is what the consumer values. Consumer value, however, is more than that. It is multifaceted and signaled by a variety of things. Equity is formed by the combination of a product's functional performance, emotional benefits, imagery, and the implied lifestyle of its user.

Product. The product itself communicates a variety of messages to the consumer via its:

- stated function
- physical characteristics, that is, things like its color, texture, fragrance, or form
- relative performance

Is this a luxury product or a basic-use product? Is it a high-quality prod-

uct, a good value, or as good as can be expected for the cheap price? The signals that the consumer receives about the product become the roots of the product's equity.

Packaging. Reinforcing the product signals, and often preceding them, are the packaging elements' communication. How functional is the packaging, what is its image, and especially relevant in an environmentally-conscious marketplace, what are its physical characteristics? Again, these are signals to our consumers about the inherent value of our product.

Symbols and Positioning. Less tangible but no less important is the myriad of signals sent to our consumers by the symbols and advertising communication of the brand's positioning.

All of these, together, form a complex, and not always consistent, message to the consumers about the product's equity. Understanding the product's strengths, weaknesses, and inconsistencies gives us the best chance at transferring the strongest combination of elements to other countries.

KNOW THE CONSUMER

The consumer is the beginning and end of any marketing effort. When we visit the countries to discuss the state of our business, the most fruitful use of time can be a visit with our consumers. We cannot "walk in their shoes," but we can see those shoes and try to see the way they walk.

In my travels, I have talked to women from Africa, to Thailand, Australia, and England. In Africa, the women walk miles for water, carrying it back home in jugs on their heads, to use in their daily lives. Their laundry takes hours to do every day. Their stores are small. And, so are the sizes of products they purchase. In one store, a little girl of 5 or 6 walked in. She handed the storekeeper a note and a few coins. The note asked for a box of detergent and as many slices of bread as the coins could buy. The storekeeper smiled, handing the girl her small 200 gram box of detergent and 3 slices of bread from a plate on his counter.

In Bangkok, Thailand, the klongs serve as the rivers of life. A ride through the klong highways reveal the richness of river life and the dependency of the people on the klongs for their daily water. This water,

where dead dogs and waste float, serve as dish and laundry wash water. It is used in cooking, bathing, and even brushing teeth. Peering into their open-sided houses, I could frequently see the glimmer of a TV.

In Australia, a country where I can close my ears and think I am home, I am constantly surprised by the subtle way in which the consumers differ from their U.S. counterparts. Dryers are thought to be unnecessary and ironing is a matter of pride—not quite like their American counterparts . . .

And our European consumers express far greater environmental concern than any other part of the world.

I have acquired a tremendous respect for our consumers worldwide. No matter what the level of economic development, their lives are complex, demanding, and varied. Universal needs do exist, but they are nested in unique circumstances that can alter these needs in very subtle ways. In each of these places, the consumers' wants and needs reflect who they are, where they live, and how they live. The needs reflect their resources and their attitudes. These needs, fundamental to marketing, must be understood and incorporated into any marketing effort. For it is only armed with this information that we can identify consumer needs and the related marketing opportunities.

KNOW THE MARKET

Economic conditions, culture, competition—these all form the environment in which the consumers must survive and live. These are also the boundaries of their resources, the definers of their desires, the formers of their attitudes.

Global marketers must thrive equally well in both the developed and developing worlds. The developed world sets a pace that is being followed, ever faster, by the developing nations. With the rapid exchange of information and the rate of urbanization within these countries, devel-

oping countries absorb innovations from the developed world at a breathtaking speed.

In spite of this rapid acceptance of innovation, it must be remembered that there is a right time, and there are right places. Or, more importantly, there are wrong times and wrong countries for a particular product. Introducing a frivolous, luxury product in a country experiencing its first major economic slump in decades may result in a spectacular failure.

Thriving economies, rampant inflation, political chaos or stability, and industrial stagnation are all factors to be included in the analysis of a market's receptivity to a new product or cross border brand extension. These factors can directly affect the consumers' willingness to experiment and can influence the amount of risk that will be accepted when trying a new product.

Competition, of course, is a major characteristic of any market place. Who is there? What are their marketing styles and their portfolio's? Consumer desires have a framework within which they must exist, and that framework is the array of products available to them in their stores.

MARKET QUALITY PRODUCTS

We, the manufacturers, make money by producing what the consumers want. To do this, we must reliably produce the quality products they desire or might wish they could have. The consumer is the beginning and end points of successful global marketing.

To identify opportunities for quality product transfer, we must:

- **Identify universal, or multicultural, needs.**
- **Present the products in ways that have cross cultural appeal.**
- **Communicate the product benefits in imagery and words**

that translate into a multitude of cultures.

In all global marketing efforts, there is a search for balance—the balance of the potential benefits and risks of moving an equity across borders; the balance of the desire for standardization versus the local preference requirements.

At our disposal, we have a wide array of tools to help us follow the four commandments of successful global marketing. To understand equity, we have:

- **concept testing**
- **product testing**
- **equity studies**
- **image studies**

To understand the consumer, we have:

- **behavior studies**
- **benefit studies**
- **attitude and usage studies**
- **concept fulfillment testing**

To understand the market, we have:

- **competitive intelligence**
- **current events**
- **panel and scanning data**
- **tracking studies**

These are many tools that can produce vast learning, but only with a significant amount of effort.

In the final analysis, that is what global marketing is: lots of hard work and information synthesis, resulting in the development of the most successful and recognized global brands, surrounded by the exotic, the exciting, the different.

In essence, the production of quality products for multiple countries is the sum total of global marketing. If we understand our consumers and what they need, if we understand the constraints and resources superimposed on them by their market, we can engineer products that will serve the global community and that will successfully move across borders.

TELEMARKETING AND DECLINING SURVEY RESPONSE RATES

Todd D. Remington
President
The Fairfax Research Group

I want to focus here on the lack of respondent participation—more precisely, on one issue that may be contributing to rising telephone survey refusal rates. While various mistakes in study design and execution can lead to a nonrepresentative sample, the best sample design developed by the brightest Ph.D. can seldom overcome sample distortions resulting from uncooperative respondents.

When's the last time someone tried to sell you something over the telephone? About a year ago, my wife and I switched to a credit card with no annual fee. Well, we got what we wanted—and more. The credit card provider courteously calls me monthly with some new, can't-refuse, three-months-free trial offering. Do you often receive calls like that?

Every day total strangers telephone millions of Americans. Who are these people and what do they want? They are telemarketing agents. They use the telephone for lead generation, lead qualification, advocacy calls, soft sell and hard sell. Live operators make most of the calls, but we have all experienced the computer-generated automated call.

This is big business, so what's the big deal, one might ask? Obviously, the big deal is the staggering growth of the telemarketing industry. The May 28, 1991, issue of the *Wall Street Journal* reported the following phenomenal figures:

- Expenditures on telemarketing have skyrocketed to \$60 billion dollars from \$1 million just 10 years ago.

- Founded in 1983 with just 23 members, the industry trade group now boasts more than 1,000 members.
- The number of telemarketing agents has risen fourfold since 1984 to 300,000.

All these figures mean unsolicited telephone calls, lots and lots of unsolicited telephone calls—for credit cards, time shares, long-distance companies, stockbrokers, vacation plans, precious metals—most are legitimate, some not, but all are intrusive. Could this wonderfully facilitating instrument, the telephone, fast become the bane of our existence?

Americans counter this invasion of their privacy by getting unlisted telephone numbers. They buy answering machines, and they reflexively tell unsolicited callers to get lost. This combination of unlisted telephone numbers, refusal rates, and telephone answering machines presents research firms and clients alike with formidable methodological and financial obstacles.

All of this sounds terribly anecdotal, so a colleague of mine and I did a study to investigate some of our suspicions. We interviewed 1,000 adults aged 18 and older living in the continental United States between January 31 and February 5, 1991. At best, we consider the findings troublesome; at worst, perhaps frightening.

TELEPHONE SURVEYS AND TELEMARKETING

Essentially, we wanted to find out

how often telemarketers called people and what people thought of these calls. In order to add balance to the study, we also asked them questions about the frequency of telephone survey participation and their opinion of telephone surveys.

Excluding their participation in our study, we found that 58 percent of the respondents say they have previously participated in a telephone survey. More of them (73 percent) say they have received at least one telemarketing sales call.

We also wanted to find out how often telemarketers called them. The respondents recalled receiving an average of 26 sales calls in the past 12 months. By contrast, they recalled participating in an average of less than two (1.68) telephone surveys during the same 12-month period.

That's the good news. It gets worse depending on your socioeconomic status. The frequency of telemarketing contacts varies rather sharply by age, education, and income. Not surprisingly, telemarketers target older, better-educated, and more affluent Americans. For example, 45-to-54-year-old respondents recalled receiving an average of 36 calls a year; respondents in the \$50,000 to \$75,000 income bracket claim they received an average of 42 calls a year; and, respondents with a postgraduate degree say they received an average of 47 sales calls a year.

This volume of calling appears to aggravate the American public. On a one to seven scale, where a seven means they are extremely bothered by the number of telemarketing calls

and a one means they are not bothered at all by the number of telemarketing calls, respondents put their aggravation level at a mean of just under four (3.90).

Unfortunately, many Americans don't differentiate between telemarketing sales calls and telephone surveys. When asked if there is any difference between telephone survey research and telemarketing or whether they are basically the same thing, two-thirds of the respondents (65 percent) believe that surveys and telemarketing are the same thing or they "don't know" if they are different.

TELEMARKETING'S "DARK SIDE"

Like the force in the Star Wars trilogy, telemarketing has a dark side. Too many telemarketing Darth Vaders intentionally deceive or disguise. Fortunately, two-thirds of the respondents (68 percent) say they were properly informed of the subject matter during the introduction of their most recent telemarketing call. Unfortunately one-quarter of them (26 percent) say they were not properly informed of the subject matter of the telemarketing call.

Disguising the sales call as a survey (SUGGING) directly threatens the image of telephone surveys. Almost everyone has experienced a survey that quickly turned into a lead generation call or a sales pitch. The operator asks if you would participate in a short survey. After asking your age and income to qualify you, they launch into their sales pitch. In our study, approximately one-quarter (24 percent) of the respondents had experienced this disguised sales pitch.

When we asked the respondents why companies conduct telephone surveys, 7 percent of them said that companies conduct surveys in order to sell something.

Guilt by association—both industries use the telephone—creates potential problems for researchers. While the respondents have generally favorable impressions of telephone surveys, they harbor remarkably unfavorable (perhaps hostile) impressions of telemarketing. Asked to rate telemarketing or telephone sales calls on a one to seven scale, where one means they have an extremely unfavorable impression of telemarketing

and a seven means they have an extremely favorable impression of telemarketing, respondents rate telemarketing just a shade under two. Telephone surveys rate an average of just under five.

Researchers and telemarketers do make very strange bedfellows. I get concerned when I read articles like the one in the September 2, 1991, issue of *Marketing News* entitled "Researchers See Lucrative Possibilities in Telemarketing."

Just look at what Americans think of telemarketing calls. We asked them what they liked and disliked about them. As you can see from Tables 1 and 2, they found little to like and much to dislike.

We received some very illuminating comments from people who refused to participate in our survey but who were willing to tell us why they wouldn't participate. One response illustrates these difficulties. When asked why they wouldn't participate in the study, this individual flatly stated: "Basically it's like phone harassment. We get so many of these calls that the best way to handle it is to just hang up." Said another of these respondents: "You're calling at 6:45 p.m. You had a day and you've dealt with society and then the phone rings and guess what—it's an intrusion."

Table 1
What Respondents Like about Telemarketing Sales Calls

Respondents like	Percent
Nothing	62
Operator nice/pleasant	20
Liked product	8
Not pushy/no pressure	7
Short/to the point	4
Their approach	2
Knowledgeable	1
Persistent	1
Informative/interesting	1
Other	3
Don't know	1

Table 2
What Respondents Dislike about Telemarketing Sales Calls

Respondents dislike	Percent
Everything	32
Pushy/rude/obnoxious	30
Interruption/inconvenient	27
Don't buy over phone	14
Not interested	14
Misleading/untruthful	7
Invading privacy	6
Recording/machine	5
Nothing	4
Keep calling back	3
Talking on phone	1
Other	6

SUMMARY

In summary, Americans have a limited reservoir of goodwill to expend on intrusive and unsolicited telephone contacts of any kind—reasonable or unreasonable. Overuse of this reservoir will engender a drought in respondent cooperation with accompanying serious short- and long-term ramifications for the research industry. Although not completely innocent of damaging respondent goodwill (far too many research organizations field surveys longer than the fifteen minutes recommended by many research industry leaders), the sheer volume and occasional dishonesty of telemarketing calls depletes the scarce stock of time individuals are willing to allocate to telephone-related contact. This logically depresses the individual's willingness to cooperate with a legitimate survey. Ultimately, the survey raises serious questions about the damage telemarketing inflicts on the respondents' willingness to conduct telephone surveys—a conclusion that should concern the research industry and its clients.

When it comes to teaching youngsters how to read, General Foods has never been at a loss for words. Or at a loss for inspired literacy programs.

Their Reading Rocket workshop, for example, has been instrumental in instilling a real fondness and desire for reading in primary school children.

In addition, their Partners in Change, Jello Jigglers program, Star Serve, Maxwell House Learning Center, and involvement with Literacy Volunteers of Westchester County have greatly impacted the literacy problem

as a whole. Recognizing the importance of community service in the workplace, General Foods has supported programs like these since 1958.

This is the kind of corporate activism that the Points of Light Foundation hopes to promote. The Foundation is an independent, non-profit organization founded in 1990 to encourage community service. Like General Foods and other businesses that promote public service, we are committed to

solving serious social problems on a local level, with innovative solutions.

And even though employees are often required to give time to these social programs during working hours, companies have reported only positive effects on their businesses, such

as enhanced employee self-esteem and morale, and improved leadership and teamwork.

With the participation and support of our nation's businesses, we know that real progress

can be made in solving local social problems (as General Foods has demonstrated).

To learn more about corporate involvement in community service, please call the Points of Light Foundation at 1-800-888-7700. You're probably well aware of how desperately your community needs your help. There's no need to spell it out for you.

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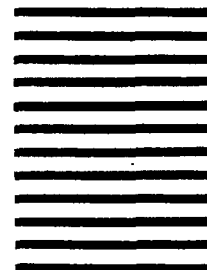
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