

ADVERTISING STANDARDISATION IN AUSTRALIA: SOME PRELIMINARY RESULTS

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ABSTRACT

With the increased globalisation of markets, the standardisation of products and promotion has developed. This study, which is part of a larger study on advertising agency practice, will focus on examining some preliminary findings regarding the degree of standardisation used by advertising agencies in Australia. It was found that for those surveyed that handle multi-country campaigns, in general, agencies were working in the local, Asia-Pacific region, and there was some degree of standardising of multi-country campaigns and creative work, although the majority followed an adaptation strategy.

INTRODUCTION

For large businesses the growth of global markets and standardised consumer products is enticing as it potentially leads to the simplification of a company's marketing program, a reduction in costs and increases in margins. While some standardised products are currently being offered worldwide (e.g., Coca Cola, Pepsi, Levis), the extent they can be promoted without making changes to their advertising campaigns is yet unresolved. Both marketers and academics have continued to debate which method of marketing is optimal - standardisation, contingency or adaptation (Agrawal 1995). Although many researchers have been leaning toward an adaptive approach where *some standardisation* can be used, country differences must also be addressed (Peebles, Ryan, and Vernon 1977; Dunn and Lorimor 1979; Quelch and Hoff 1986; Onkvisit and Shaw 1985; Meffert and Althans 1986; Kanso 1992; Duncan and Ramaprasad 1995; Onkvisit and Shaw 1999).

While the majority of multinationals would have their head office outside Australia, for example, the United States, one question to ask is to what extent are local agencies being able to standardise campaigns by their clients? Further, to what extent is creative work being asked to be standardised. This research addresses these questions by examining the preliminary results of a survey of advertising agency executives in Australia. It is noted that this paper is part of a larger study of global advertising agency practice, however, the results do raise issues regarding advertising standardisation and globalisation.

BACKGROUND

While Agrawal (1995) cites a call for the standardisation of advertising by the advertising manager of Goodyear Tire and Rubber Company in 1923, discussion regarding the standardisation-adaptation debate began in the 1950s. During this time most supported an adaptation approach to international advertising, for such reasons as language, culture, customs, tastes, etc (Agrawal 1995). As companies expanded their markets and globalisation became more profitable, the issue of standardisation-adaptation became more complex. In particular, Europe was a focus of much research as there was a large marketplace, with common borders but different cultural backgrounds (Roostal 1963; Fatt 1964; Lenormand 1964; Elinder 1965; Reed 1967; Ryans 1969; Dunn and Lorimor 1979; Meffert and Althans 1986; and Cutler and Javalgi 1992). Also culture was the main focus of some studies which compared advertising the Japan and the United States (Hong et al; Madden et al 1986; Mueller 1987; Hasegawa and Ramaprasad 1992) and observed China as an emerging market (Tai 1997; Yin 1999; Zhao and Belk 2002).

In Australia the discussion has mainly revolved around the effects of overseas ownership of local advertising agencies (Walker 1967; Walker 1979; Bonney and Wilson 1988) and the influence they have on the Australian content and culture (Sinclair 1991). The view has changed with the 'Americanisation' of the sixties being replaced by the 'globalisation' of the industry. Opportunities for standardisation certainly exist, particularly with New Zealand and the wider, and lucrative, Asian market. However, concerns against standardisation have also been expressed (Dowling 1980; Bonney and Wilson 1988).

There have been a few empirical studies surveying advertising agency executives. Killough's (1978) study involving 65 senior executives in more than 120 international advertising campaigns inquired about advertising resource transferability. He concluded that complete standardisation was not feasible. Meffert and Althans (1986) surveyed the European headquarters of international advertising agencies to inquire about how far multinational corporations standardised their advertising activities in Europe. They found, similar to Sorenson and Wiechmann (1975), that many multinational companies standardised all or parts of advertising campaigns across borders. They also found that the major barriers to advertising standardisation were media-related. A study of 94 US-based advertising agencies operating in the Pacific Rim, including 17 Australian advertising agencies, by Shao and Waller (1993) found that advertising agencies were not using standardised approaches to any substantial degree. More often than not, most agencies tended to use an adaptive approach to advertising.

This paper, which partly replicates Shao and Waller (1993), and will focus on examining the type and degree of standardisation used by advertising agencies in Australia. It was found that for those surveyed that handle multi-country campaigns, in general, agencies were working in the local, Asia Pacific region, and there was some degree of standardising of the campaign and the creative work.

METHODOLOGY

A mail survey was used to obtain data on the level on standardisation undertaken by Australian advertising agencies for their clients. The survey was developed to examine advertising agency practice in various areas, and partly replicates Shao and Waller (1993). Questionnaires were sent to the offices of agencies identified in the list of top 100 advertising agencies by *BrandT Weekly*. Typically, they were addressed to the "managing director". A total of 53 questionnaires were returned. For this particular study only those agencies that were actively involved in multi-country markets were analyzed. This resulted in a sample of 22. While this is a small sample, it is understandable that not all Australian agencies would be actively involved in multi-country campaigns, and it is believed that this preliminary study still offers an important insight into standardisation by Australian advertising agencies.

From the figures, 50% of the respondents had 11-30 active clients, indicating that there were fairly large agencies, with 27% indicating that they had 50+ clients. The majority was privately owned companies, rather than publicly listed companies. As for billings, most had billings of less than \$10million, while 36% indicated billings of over \$50million. From the sample it would indicate that these agencies with multi-country campaigns were usually from the large agencies, which would seem logical as smaller agencies may not have the resources or infrastructure, or may not be interested in handling a multi-country campaign.

RESULTS

International Campaigns

To gain an idea of how much of the agency's work is based on international campaigns, the respondents were asked what percentage of their work was orientated towards multi-country markets. The results are found in Table 1. The respondents indicated that only a small amount of the agency's business is orientated towards multi-country markets, with the majority indicating 5% or less. Only one agency claimed 20% of their work was for multi-country campaigns. Unfortunately this question had a high number of non-response (7), which may suggest that the respondent could have had trouble with the question and estimating the amount of multi-country campaigns.

Table 1: International Campaigns

	Frequency	Percent
Percentage of Campaigns Oriented towards multi-country markets		
5%	9	41
10%	4	18.2
15%	1	4.5
20%	1	4.5
Missing	7	31.8
Total	22	
Type of International Campaign Agency is Typically a part of:		
Global (Most international markets including Europe and North America)	8	36.4
Regional (Asia and Pacific)	11	50
Few Neighboring Countries	3	13.6
	22	

Respondents were then asked to indicate, in general, where the campaign were typically run. Half of those indicated that their multi-country campaigns were run in the Asia Pacific region, while 8 had campaigns in the global market (including Europe and North America), and only 3 had campaigns in neighboring countries, like New Zealand and New Guinea. This suggests that for Australian agencies there is a higher degree of running multi-country campaigns across Asia and the Pacific than other areas.

Campaign Standardisation

The respondents were questioned on the degree of standardisation in their multi-country campaigns. At first asked to indicate: "what percentage of all client campaigns are you typically able to standardise for use in countries where the campaign will run?". The results, found in Table 2, show that there was a full range of marketing strategies from totally adapted (0% standardised) to almost total standardisation (81-100%). The majority of agencies felt that they are able to standardise 1-20% (8) followed by 21-40% (7), and 17, or 77.3% of those survey indicated that they standardise less than 40% of campaigns. This confirms Shao and Waller (1993) where 17 US-based agencies in Australia indicated similar results. This means that adaptation is still the main strategy undertaken by Australian advertising agencies.

Table 2: Campaign Standardisation

	Frequency	Percent
Percentage of all client campaigns typically able to standardise		
0%	2	9.1
1-20%	8	36.4
21-40%	7	31.8
41-60%	1	4.5
61-80%	3	13.6
81-100%	1	4.5
Total	22	
Percentage of creative work in client campaigns typically able to standardize		
0%	3	13.6
1-20%	7	31.8
21-40%	6	27.3
41-60%	2	9.1
61-80%	3	13.6
81-100%	1	4.5
Total	22	

To determine if there is a difference with the degree of standardisation of creative work, the respondents were asked: "what percentage of the creative work in client campaigns are you typically able to standardise for all countries in which the campaign will run?". The responses indicated a similar result to the previous question, with a full range of responses and the majority indicating the adaptation of creative work for the multi-country campaigns, with 16 (72.7%) standardise less than 40% of campaigns.

Standardisation by Ownership and Type of Campaign

Finally, cross tabulations were undertaken to observe if there was any variation in standardisation. Comparisons were made by the type of ownership and type of campaign. In Australia the majority of publicly listed companies are multinational agencies. If the agency is based overseas, it is believed that the opportunity for standardisation would be greater. Table 3 shows that, even though the data is based on relatively small numbers, 12 of the 14 private agencies and 5 of the 7 publicly listed agencies typically standardise up to 40% of their campaigns, therefore, tending to adapt their campaigns. Similarly 10 of the 14 private agencies and 6 of the 7 publicly listed agencies typically standardise up to 40% of their creative work in campaigns. Chi-square tests were run on the data which indicated no statistical difference between the groups.

It was also believed that the geographic area where the campaigns were run may influence the degree of standardisation. The type of campaign was based on whether the campaigns were typically run globally (including US and Europe),

regional (Asia Pacific), or neighboring countries (New Zealand, New Guinea). Again, even though these are relatively small numbers, 5 of the 8 global campaigns, 9 of the 11 regional campaigns and all 3 neighboring campaigns typically standardise up to 40% of their campaigns, indicating a great use of adaptation. As for creative work, 6 of the 8 global campaigns, 7 of the 11 regional campaigns and all 3 neighboring campaigns typically standardise up to 40% of their creative work. Again Chi-square tests were run on the data which indicated no statistical difference between the groups.

Table 3: Standardisation by Ownership and Type of Campaign

Percentage of all client campaigns typically able to standardise	Ownership		Type of Campaigns		
	Private	Public	Global	Regional	Neighbour
0%	2		1	1	
1-20%	5	3	1	5	2
21-40%	5	2	3	3	1
41-60%	1		1		
61-80%	1	1	2	1	
81-100%		1		1	
Total	14	7	8	11	3
Percentage of creative work in client campaigns typically able to standardize					
0%	2	1	1	2	
1-20%	4	3	2	2	3
21-40%	4	2	3	3	
41-60%	2		1	1	
61-80%	1	1	1	2	
81-100%	1			1	
Total	14	7	8	11	3

CONCLUSION

This preliminary study has looked at the extent Australian advertising agencies are being able to standardise campaigns and creative work for their clients. The data was obtained by examining the results of a survey of advertising agency executives in Australia. The respondents indicated that for those who handle multi-country campaigns, in general, agencies were larger agencies, working in the local, Asia-Pacific region, and there was some degree of standardising of multi-country campaigns and creative work, although the majority followed an adaptation strategy. Comparisons were made based on type of agency and type of multi-country campaign typically taken, with the majority indicating the use of an adaptive approach. These results tend to support Shao and Waller (1993) where the Australian

sample presented a full range of strategies, from standardised to adapted, with most agencies tending to use an adaptive approach to advertising.

It is noted that this paper is part of a larger study of global advertising agency practice and these findings are from just 22 Australian advertising agencies, however, these preliminary results do raise issues regarding advertising standardisation and globalisation. In particular, the extent to which the type of the agency influences the degree of multi-country campaigns, where local agencies undertake multi-country campaigns, and the degree of standardisation-adaptation of various activities. While this paper presents the preliminary results of a wider study, it is recommended that further research is important to assist in the understanding of the standardisation-adaptation approaches in global advertising.

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