

**UNIVERSITY OF VAASA  
FACULTY OF BUSINESS STUDIES  
DEPARTMENT OF MARKETING**

Sami Saarilahti

**DESIGNING AN ADVERTISING STRATEGY FOR NEW INTERNATIONAL  
MARKETS; A CASE STUDY OF A FINNISH ALCOHOLIC BEVERAGES  
PRODUCER**

**Master's Thesis in Marketing  
International Business**

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**UNIVERSITY OF VAASA****Faculty of Business Studies****Author:**

Sami Saarilahti

**Topic of the thesis:**

Designing an Advertising Strategy for New International Markets; a Case Study of a Finnish Alcoholic Beverages Producer

**Name of the Supervisor:**

Jorma Larimo

**Degree:**

Master of Science in Economics and Business Administration

**Department:**

Department of Marketing

**Major Subject:**

Marketing

**Line:**

International Business

**Year of Entering the University:**

2008

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**ABSTRACT:**

This explorative case study aims to identify and substantiate the most suitable international advertising strategy for a Finnish alcoholic beverages manufacturer, Pramia Ltd.

The theoretical part of the study begins with a definition of the components of an advertising strategy, followed by an exploration of eminent models widely referred to in advertising studies, such as the PCM, the ELM, and the Rossiter-Percy grid. In addition, cultural-legal aspects are examined, relative to the case company and its intended European target markets. Finally, branding is discussed. The exclusion B-to-B aspect and media strategy represent the most significant limitations of this study, along with geographically limiting to selected European countries.

The empirical part consists of several in-depth interviews with the management of the case company, and of direct observation conducted at the case company premises and at selected liquor stores. Included in the empirical part is also a review of renowned advertising cases of alcoholic beverages. Their message strategies and key advertising success factors are analyzed and discussed in detail, relative to the case company.

This study identifies the case company's core value of ecological responsibility as the key element upon which the international advertising message strategy should be build. In addition, the high quality of the products should be emphasized and their unique design exploited by allowing the bottle(s) a visible role in advertising executions. An indirect reference to the company's geographical origins could also be made. The case company's own idea of creating a targeted advertising campaign for hikers, huntsmen etc. owing to the products' functional aspects such as durability and light weigh was refuted.

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**KEYWORDS:** Alcohol Advertising; Advertising Strategy; Ecological Responsibility; Pramia

## **1. INTRODUCTION**

In the 21<sup>st</sup> century practically no product sells itself; it needs to be marketed first. This is the case whether a new product is created or an existing one offered to a new market. As creating truly unique products in the mass consumer goods sector is extremely difficult, the competitive advantage of companies in consumer industries is often based on marketing-related factors (Äijö 2001: 20). In case of low-risk, low-involvement/motivation consumer products the dominant form of marketing is often advertising. The goal of advertising is to stimulate demand for the brand advertised (De Pelsmacker, Geuens & van den Bergh 2007: 102). In order to design an effective and well-suited advertising strategy a number of factors, such brand and product category-related, consumer-related, message and campaign-related factors need to be carefully considered. Furthermore, in case of international markets, acquiring and interpreting marketplace information relating to demographic characteristics, economic factors, the political-legal system, and the cultural environment are of fundamental importance to the development of advertising strategies. (Mueller 2006: 104)

This thesis aims to explore these factors, from the perspective of the case company, and to produce a suggestion for their new international advertising strategy.

### **1.1. Case Background**

The purpose of this research was to support a Finnish alcoholic beverages manufacturer, Pramia Ltd. (referred to as “Pramia” from now on in this paper), in its internationalization process. The company was founded in 1990 and by 2009 it had grown to become the biggest family-owned alcoholic beverages producer in Finland (Mäkinen 2009a). The company had a well-established position in its domestic market with 17 products in the permanent selection of Alko (the monopoly retailer of strong alcohol in the Finnish market) shops including long drinks, liqueurs, flavored and unflavored spirits, V.S.O.P. cognac, dark rum and Scotch malt whisky (PRAMIA 2010). While the market share was steady, the company had found it extremely difficult to increase it, as Alko was showing little to no

interest in increasing the number of Pramia's products in its selection. The company had also found direct restaurant sales unprofitable. Facing heavy restrictions for growth in the domestic market, the company needed to internationalize in order to grow organically. In other words, the motive for internationalization was simple: having only one customer who is not interested in buying more forced the company to look outside the Finnish borders. The company had already set up subsidiaries in Sweden (founded in 2008) and Norway (2009), and planned to enter The Baltic States, Denmark, Germany and France via exports. (Mäkinen, 2009a; Mäkinen, 2009b)

### **Tailoring a Case for Pramia Ltd.**

With Pramia, the researcher did not have any predetermined research agenda, which allowed for considerable freedom as different issues were approached and potential research topics considered. Preliminary interviews revealed the company received external consultancy to support planning its international operations and employed a market research agency to help determine the correct product flavors for foreign markets. A major challenge for the company to tackle on its own was to decide how to advertise its products and its ecological orientation/values in new international markets. Hence, the initial hypothesis was that there might be a way of helping the case company to hone its advertising strategy to an international level.

After founding out the company had previously lacked a solid advertising strategy – even in its home turf – it became evident a completely new strategy needed to be created for international markets.

To facilitate understanding of the background situation a SWOT-analysis (**Figure 1**) the case company had created concerning its internationalization process turned out to be useful in gaining deeper comprehension of the underlying advertising challenge and hence the need and focus of this research. Based on holistic review of the SWOT-analysis, together with discussions with the company's management, it became apparent succeeding in advertising is fundamental to the success of case company's whole internationalization process.

<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• PET bottles with unique shape</li> <li>• Flexibility in production (ability to alter production/to produce different flavors)</li> <li>• Small family business that is truly different from its competitors</li> </ul>	<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• The company (and its brand) is totally unknown in international markets</li> <li>• No previous international experience</li> <li>• International logistics</li> </ul>
<p style="text-align: center;"><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Future increase in ‘green’ values – increasing environmental regulation and consumer awareness concerning environmental issues</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Inability to successfully communicate the message of the company’s ecological responsibility to consumers</li> <li>• Entering the markets too early with an ecological alcohol product</li> <li>• Competitors switch to plastic bottles</li> </ul>

**Figure 1.** Pramia’s Internationalization SWOT Analysis (Mäkinen, 2009b)

## 1.2. Research Purpose and Objectives

The research problem was principally drawn from the case company’s SWOT-analysis, in where conveying the message of the company’s and its products’ ecological responsibility to consumers in new international markets was identified as a threat posing key communicative challenge. Consequently, the purpose of this study is *to design an advertising strategy for the case company for its new international markets.*

This main objective is approached via sub-objectives, which also define the focus areas of this thesis.

- The first objective is *to define the theoretical fundamentals for designing an advertising strategy*. This is pursued by studying the extant advertising literature.
- The second objective is *to define the theoretical fundamentals for advertising alcoholic beverages*. This objective is related to the first objective, but it is more detailed in a sense that it takes the product category into account. The issue is also reviewed from cultural-legal, branding, and standardization versus adaptation perspective, relative to the target countries.
- The third objective is *to examine what are the typical characteristics of advertisements of alcoholic beverages*. This objective is closely related to the second objective, but it adopts a highly practical approach as it is studied primarily through exploration and analysis of renowned advertising cases from the industry.
- The fourth objective is *to create a framework/model of the suggested components of Pramia's international advertising strategy*, based on the theoretical and observational findings, case company personnel interviews, and of accrued understanding of the alcohol manufacturing industry.

The following questions can be drawn from the above mentioned objectives:

1. What are the key constituents of an advertising strategy?
2. What factors need to be taken into consideration in advertising alcoholic beverages?
3. What are the key elements of advertisements of alcoholic beverages?
4. What are the key elements upon which the case company should build its advertising strategy and executions on?



### **1.3. Related Literature and Limitations of the Study**

This study is broadly related to four streams of research in the literature: advertising message design – from the perspective of advertising of alcoholic beverages / low-involvement/motivation-, low-risk products – and juridical, cultural, and branding-related literature. All these are discussed from theoretical perspective, based on existing research, and applied relative to the case of Pramia.

This study limits its scope to business-to-consumer (B-to-C) aspect. This is due to the fact that albeit in this industry the products are mostly sold through retailers, advertising is predominantly aimed at end users, especially in monopolistic markets. Consequently, consumer focus (in international advertising strategy) was the premise in this study since its inception.

Geographically this study limits primarily to those markets named in Chapter 1.1 as the case company's intended target markets; Sweden, Norway, Denmark, Germany, France and the Baltic States.

Advertising media selection, which according to Kotler and Armstrong (2006: 457) is the second major constituent of an advertising strategy (creating advertising messages being the other), was also excluded from this study, as it was decided to focus on print advertising. This was due to two reasons: first, print advertising, which includes ads in newspapers, consumer magazines, business magazines and trade journals, and Yellow Pages and other directories, is the largest advertising medium in the world (accounting for instance 93 percent of all advertising expenditures in Sweden) (Rossiter & Percy 1997: 288). Secondly, print advertisements are highly suitable for research purposes in terms of reviewing prominent past advertisements of alcoholic beverages.

The empirical part of this study limits to interviews of the key personnel of the case company. Consumer interviews were ruled outside the scope of this research due to practical difficulties in interviewing numerous foreign individuals, and as the case company had planned to use a professional research agency for that purpose anyway.

## **1.4 Structure of the Study**

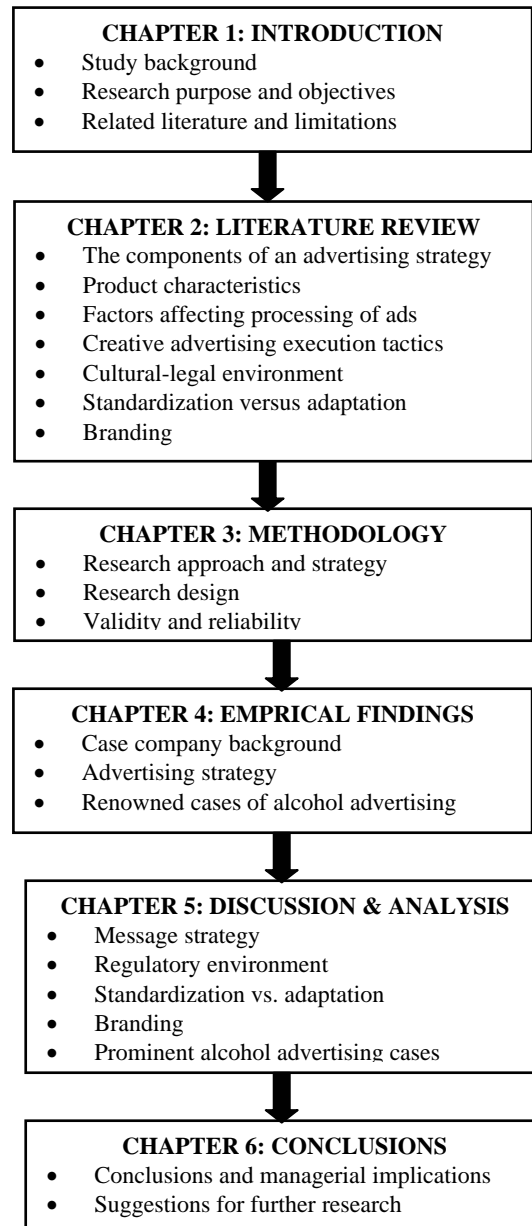
This study is divided into six main chapters as shown in Figure 2. The first chapter, introduction, explains the background situation of this study, sets forth the research purpose, objectives and questions, and explains the related literature and limitations of the study.

The second, theoretical chapter focuses on existing theories on advertising, relative to advertising of alcoholic beverages, and to target countries (e.g. in case of cultural-legal studies). It consists of eight subchapters (and of a summary) that examine in great detail various facets of advertising strategy design. The chapter first offers an overview about the components of an advertising strategy, followed by a more detailed explanation of the factors affecting advertising message design, such as the product category, the nature of the target audience etc. At the end of the chapter a synthesis of the literature review is provided.

The third chapter describes the research methodology. First, methodology is explained, followed by a description of how the research questions are approached, with reference to research strategy and design. The study's validity and reliability are also discussed. Finally, the research process is depicted with help of an illustrative figure.

The empirical findings are presented in Chapter 4, and interpreted in Chapter 5. Finally, Chapter 6 summarizes the key findings of this study, and offers suggestions for the case company. Finally, suggestions for further research are made.

Pertaining to the research questions, research question one is addressed in Chapter 2.1, while Chapters 2.2 – 2.8 provide answers for research question two. Research question three is addressed in both Chapters 2 and 4, predominantly in Chapter 4. The fourth and final research question is most explicitly addressed in Chapter 6, where the suggested framework of the components of Pramia's international advertising strategy is presented and explicated in detail.



**Figure 2.** The Structure of the Study

## **2. DESIGNING INTERNATIONAL ADVERTISING STRATEGY**

It is often hard to predict how a consumer will respond to advertising or how someone will process a communications message. Several factors have an impact on this: consumer goals, characteristics of the product type, the situation the consumer is in (hurried or distracted by others, for example), involvement in the product category, and social, psychological or cultural factors. (De Pelsmacker et al. 2007: 74) This chapter explores the factors that are most relevant to the case of Pramia.

Prior to discussing these factors, however, it is first explained what is an advertising strategy. This will provide a foundation and perspective for the subject in general, before looking more specifically at the role of advertising can and do play in support of brands, and how to manage it strategically in order to positively position and build brands.

### **2.1. Components of Advertising Strategy**

Kotler and Armstrong (2006: 457) define “advertising strategy” as follows: the strategy by which the company accomplishes its advertising objectives. It consists of two major elements: *creating advertising messages* and *selecting advertising media* [excluded from this study].

In the past, companies often viewed media planning as secondary to the message-creation process. The creative department first created advertisements, and then the media department selected and purchased the best media for carrying the advertisements to desired target audiences. In today’s fragmented media field advertisers can no longer force-feed the same old cookie-cutter ad messages to captive consumers through traditional media. Just to gain and hold attention, today’s advertising messages must be better planned, more imaginative, more entertaining, and more rewarding to consumers. Interruption or disruption as the fundamental premise of marketing no longer works. What needs to be done is to create content that is interesting, useful or entertaining enough to invite

consumers. Everything is about control. If an ad is interesting to a consumer, the consumer will have conversation with the brand. If it is not, it is a waste of time. (Ibid: 457-459)

### **Message Strategy**

The first step in creating effective advertising messages is to plan *a message strategy* – to decide what general messages will be communicated to consumers. The purpose of advertising is to get consumers to think about or react to the product or company in a certain way. People will react only if they believe that they will benefit from doing so. Thus, developing an effective message strategy begins with identifying customer *benefits* that can be used in advertising appeals. Ideally, advertising message strategy will follow directly from the company's broader positioning and customer value strategies. (Ibid: 459)

Message strategy statements tend to be plain, straightforward outlines of benefits and positioning points that the advertiser wants to stress. The advertiser must next develop a compelling *creative concept* – or “*big idea*” – that will bring the message strategy to life in a distinctive and memorable way. At this stage, simple message ideas become great ad campaigns. The creative concept may emerge as visualization, a phrase, or a combination of the two. (Ibid: 459)

The creative concept will guide the choice of specific appeals to be used in an advertising campaign. *Advertising appeals* should have three characteristics. First, they should be *meaningful*, pointing out benefits that make the product more desirable or interesting to consumers. Second, appeals must be *believable* – consumers must believe that the product will deliver the promised benefits. However, the most meaningful and believable benefits may not be the best ones to feature. Appeals should also be *distinctive* – they should tell how the product is better than competing brands. For example, the most meaningful benefit of owning a wristwatch is that it keeps accurate time, yet few watch ads feature this benefit. (Ibid: 459)

Shimp (2003: 270-275) distinguishes six relatively distinct creative strategies/techniques and groups them into three categories: functionally oriented (unique selling proposition, USP), symbolically/experientially oriented (brand image, resonance, emotional), and product category dominance (generic, preemptive). *Functionally oriented* advertising

appeals to consumers' needs for tangible/physical/concrete benefits. *Symbolically/experientially oriented* advertising strategies are directed at psychosocial needs. The *category-dominance* strategies do not necessarily use any particular type of appeal to consumers but are designed to achieve an advantage over competitor in the same product category.

Out of the six alternative styles of creative advertising the USP, brand image, and emotional strategy seem most applicable in case of Pramia. With the *USP strategy*, an advertiser makes a superiority claim based on a unique product attribute that represents meaningful, distinctive product benefit. The main feature of USP advertising is identifying an important difference that makes a brand unique and then developing an advertising claim that competitors either cannot make or have chosen not to make. The translation of the unique product feature in a relevant consumer benefit provides the unique selling proposition. (Ibid: 270)

Whereas the USP strategy is based on promoting physical and functional differences, the *brand image strategy* involves *psychosocial*, rather than physical differentiation. Advertising attempts to develop an image or identity for a brand by associating the product with symbols. In imbuing a brand with an image, advertisers draw meaning from the culturally constituted world (i.e. the world of artifacts and symbols) and transfer the meaning to their brands. In effect, the properties of the culturally constituted world that are well known to consumers come to reside in the unknown properties of the advertised brand. (Ibid: 270)

Developing an image through advertising amounts to giving a brand a *distinct identity* or *personality*. This is especially important for brands that compete in product categories where there is relatively little physical differentiation and all brands are relatively homogenous. The quintessential case of brand image advertising is the Marlboro campaign. This longstanding advertising campaign is replete with images of cowboys. The cowboy – iconic of open ranges, freedom, and individuality – has by virtue of the advertising campaign become attached to the Marlboro brand, which now has acquired some of the meaning represented in the cowboy image itself. Cowboys are equated with freedom and individuality; Marlboro is equated with cowboys; hence, by association, Marlboro itself has

come to represent the qualities of the cowboy life. Marlboro's brand image advertising personifies the above mentioned meaning-transfer process. (Ibid: 271)

Much contemporary advertising aims to reach the consumer at a visceral level through the use of *emotional strategy*. Products are often bought on the basis of emotional factors and appeals to emotion can be very successful if used appropriately and with the right brands. The use of emotion in advertising runs the gamut of positive and negative emotions, including appeals to romance, nostalgia, compassion, excitement, joy, fear, guilt, disgust, and regret. Emotional advertising works especially well for product categories that are naturally associated with emotions (e.g. foods, jewelry, cosmetics, fashion apparel, soft drinks) (Ibid: 273)

In sum, some advertising experts contend advertising is most effective when it reflects both ends of the creative advertising continuum – that is, by addressing both functional product benefits and symbolic/psychosocial benefits. Whatever creative strategy is chosen, it must be clearly positioned in the customer's mind. That is, effective advertising must establish a *clear meaning of what the brand is and how it compares to competitive offerings*. A brand is positioned in the consumer's mind relative to competition. (Ibid: 275)

Majority of the concepts discussed here will be revisited later in this chapter, and in the discussion and analysis part, Chapter 5. The influence of product category to advertising message design is further explained next.

## **2.2. Product Characteristics**

It is well understood in advertising message research that product category interacts with executional factors to affect advertising impact. Several behaviorally oriented product typologies have been developed to recognize the theoretical underpinnings of high/low involvement and some aspect of low and high hedonic value. The frameworks are represented in a matrix which includes a high-low involvement or risk continuum and a functionality dimension, which is also referred to as purchase motivations. (Weinberger, Spotts, Campbell & Parsons 1995: 46)

This study examines product factors in advertising through the product color matrix (PCM) (**Figure 3**). The PCM takes into account the important product-related effect on advertising performance established in prior research. Further, it allows product analysis in terms of consumer decision-making processes, thus providing a stronger basis than traditional descriptive product classification schemes (staples, impulse and shopping goods, durable goods etc.). In other words, the PCM is used to highlight differences between products that must be considered in developing advertising. It recognizes the underlying processes involved in consumer decision making, and adds a metaphor of color to highlight the meaning of products. (Weinberger et al. 1995: 47; Spotts, Weinberger & Parsons 1997: 20)

Pertinent to this research is Cell 4 which consists of the “Yellow Goods”. They are the “Little Treats” considered to be day-to-day rewards. Snack chips and beer are the most appropriate color metaphors for the yellow goods, but the cell would include other products such as gum, candy, soft drink, wine coolers, and cigarettes. Such products are routine purchases, low in financial risk, that help make us feel a little better focusing on want satisfaction and expressiveness. They are not as important as red goods, which also satisfy wants and are expressive. (See **Figure 4** for detailed product characteristics) (Weinberger et al. 1995: 49; Spotts et al. 1997: 21)

		Consumer Objective	
		Functional Tools	Expressive Toys
RISK	HIGHER	Cell 1 <b>"White Goods"</b> <i>Bigger Tools</i>  Large Appliances Business Equipment Insurance Auto Tires	Cell 2 <b>"Red Goods"</b> <i>Bigger Toys</i>  Fashion Clothing and Accessories Hair Coloring Motorcycle Sports Car Fashion Luggage Jewelry
	LOWER	Cell 3 <b>"Blue Goods"</b> <i>Little Tools</i>  Detergents and Household Cleaners OTC Remedies Motor Oil and Gas Most Non-Dessert Foods	Cell 4 <b>"Yellow Goods"</b> <i>Little Treats</i>  Snack Foods Desserts Beer Alcohol Tobacco Products

**Figure 3.** The Product Color Matrix (PCM) (Weinberger et al. 1995: 47)



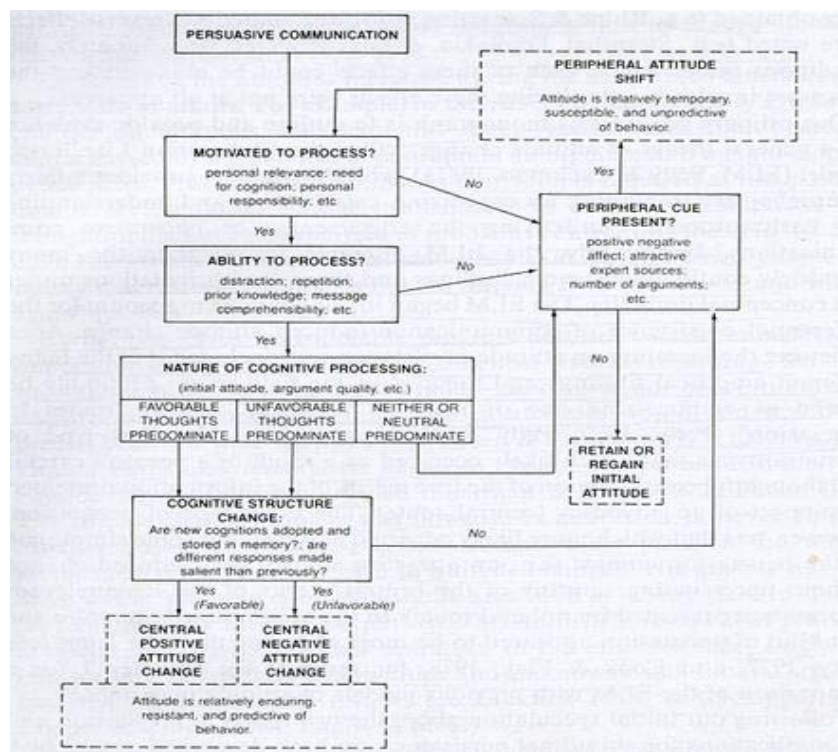
The Elaboration Likelihood Model (Chapter 2.3.) would classify this product group into a low motivation to process category because of the low risk and routinized nature of the decision making. These are the decisions with low to very low motivation to process, attention divided, and low working memory allocated to processing. The representative operations they describe are feature analysis or basic categorization resulting in brand attitudes formed by either mood-generating effect or pure affect transfer. The need or desire for consumers to process message-related information about these yellow products should be low and peripheral cues like *humor* might be expected to be used often and with some success. (Weinberger et al. 1995: 49)

Product Color	Product Risk	Product Motivation	Consumption Motives	Emotional Benefits	Motivation to Process	Focused Attention	Processing Style	Product Type
<b>White</b> "Big Tools"	Higher	Negative	Functional /Rational Orientation	Some/ Long-Term	Higher	High	Systematic	Durable/ Shopping
<b>Red</b> "Big Toys"	Higher	Positive	Expressive Orientation/ Usually Conspicuous	Many/ Long-Term	Higher	High	Systematic	Durable/ Nondurable/ Often Luxury
<b>Blue</b> "Little Tools"	Lower	Negative	Functional /Rational Orientation	Few to None/ Short-Term	Low to Moderate	Low	Heuristic	Nondurable/ Staple
<b>Yellow</b> "Little Treats"	Lower	Positive	Feel Good Orientation/ May be Conspicuous	Some/ Short-Term	Low	Low	Heuristic	Nondurable/ Often Impulse

**Figure 4.** Product Characteristics with Cells of the PCM (Weinberger et al. 1995: 48)

### 2.3. Factors Affecting Processing of Ads

Several factors affect the processing of advertisement message. They can be examined with the Elaboration Likelihood Model (**Figure 5**). The ELM examines consumer information processing and through this attitude formulation towards the ad itself and the product in question. The ELM is based on the idea that attitudes are important because attitudes guide decisions and other behaviors. While attitudes can result from a number of things, persuasion is a primary source. The model's strength is that it integrates an array of variables into a single explanation of persuasion, and under one conceptual umbrella. It provides a fairly comprehensive framework for organizing, categorizing, and understanding the basic processes underlying the effectiveness of persuasive communications. It addresses factors that explain why and when messages and self-motivated efforts are more or less likely to lead to attitude formation. (Cacioppo & Petty 1984; de Pelsmacker et al. 2007: 80-81; Petty & Cacioppo 1986: 3)



**Figure 5.** The Elaboration Likelihood Model (Petty, Kasmer, Haugtvedt & Cacioppo 1987)

The ELM posits there are two relatively distinct “routes to persuasion”, central and peripheral. The first type of persuasion likely occurs as a result of a person’s careful and thoughtful consideration of the true merits of the information presented in support of an advocacy (central route). The other type of persuasion likely occurs as a result of some simple cue in the persuasion context (e.g. and attractive source) that induced change without necessitating scrutiny of the central merits of the issue-relevant information presented (peripheral route). (Petty & Cacioppo 1986: 3)

The model suggests that consumers’ *motivation, ability and opportunity* (MAO) to think carefully about the merits of the arguments determine the ad’s persuasiveness (Cacioppo & Petty 1984). Chandy, Tellis, MacInnis & Thaiwanich (2001: 400) define motivation, ability and opportunity as follows. Motivation is the extent to which consumers are interested in information in ad and willing to expend effort to process it. Ability relates to the extent of knowledge consumers have about the brand and its usage. Opportunity is the extent to which situational factors facilitate ad processing. Motivation and ability are often conceptualized as independent factors, but they may also be related. For example, consumers who are highly knowledgeable about a product may have such well-developed knowledge structures and extensive product experience that they consider brand information from ads largely irrelevant. Therefore, highly knowledgeable consumers may also lack the motivation to process information from ads. In contrast, consumers who lack prior knowledge may be motivated to acquire knowledge as a way to of reducing purchase risk. (Ibid: 400-401)

Consumers with limited prior knowledge about the product are likely to be more motivated to attend to and process arguments in the ads, and advertising is often the key source of product information. Then, if ads are to be persuasive, they need to emphasize the product’s suitability as a problem-solver, and provide compelling arguments that reduce purchase risk and differentiate the product from competitors. Consumers want to process the ad’s message in order to be able to find a solution to a problem. They should find ads more compelling when the ads provide a credible reason for buying a product. (Ibid 2001: 401)

When conditions foster (opportunity) people’s motivation and ability to engage in issue-relevant thinking, the elaboration likelihood is high. This means that people are likely to: (a) attend the appeal; (b) attempt to access relevant associations, images, and experiences

from memory; (c) scrutinize and elaborate upon the message argument in light of the associations available from memory; (d) draw inferences about the merits of the arguments for a recommendation based upon their analyses of the data extracted from the appeal and accessed from memory; and (e) consequently derive an overall evaluation of, or attitude towards, the recommendation. When the elaboration likelihood is high, cognitive resources are allocated to the persuasive appeal (central route processing). (Cacioppo & Petty 1984) This means consumers are willing to elaborate on information, to evaluate the arguments and find out what the information really has to offer. Depending on the quality and credibility of the argument, consumers will react by producing counter-, support- or neutral arguments, which induce a negative, positive or no attitude change, respectively. Attitudes formed via the central route prove to be good predictors of later behavior and are fairly resistant to other persuasive messages. (De Pelsmacker et al. 2007: 81)

On the other hand, when consumers are already aware of the product and have preexisting attitudes towards it, such as in older markets, they are less motivated to process information about it. Their decision-making may be routinized, characterized by limited information processing and habitual purchasing. They may respond negatively to argument-focused ads because of satiation, boredom, or irritation. Furthermore, they may be irritated by repetition of negatively framed messages that focus on problem avoidance, because these ads focus on things that are unpleasant to think about. Conversely, emotion-focused appeals and positively framed messages may win consumers' attention and help the retrieval of prior product knowledge from memory. As consumers are more aware of products' abilities to solve consumption problems, added motivation for product use may be provided by information about how the product fulfills appetitive and positive states. (Chandy et al. 2001: 401-402)

If one or more of the MAO factors is/are low, consumers are more likely to process the information peripherally. The result of the latter is no real information processing, but an evaluation based on simple, peripheral cues, such as background music, humor, an attractive source or endorser, the number of arguments used, etc. The reason why consumers start paying more attention to peripheral cues is that in many ads peripheral cues form the only processable information under circumstances of low motivation, limited ability or limited opportunity. Ads without attractive peripheral cues, but an easy-to-

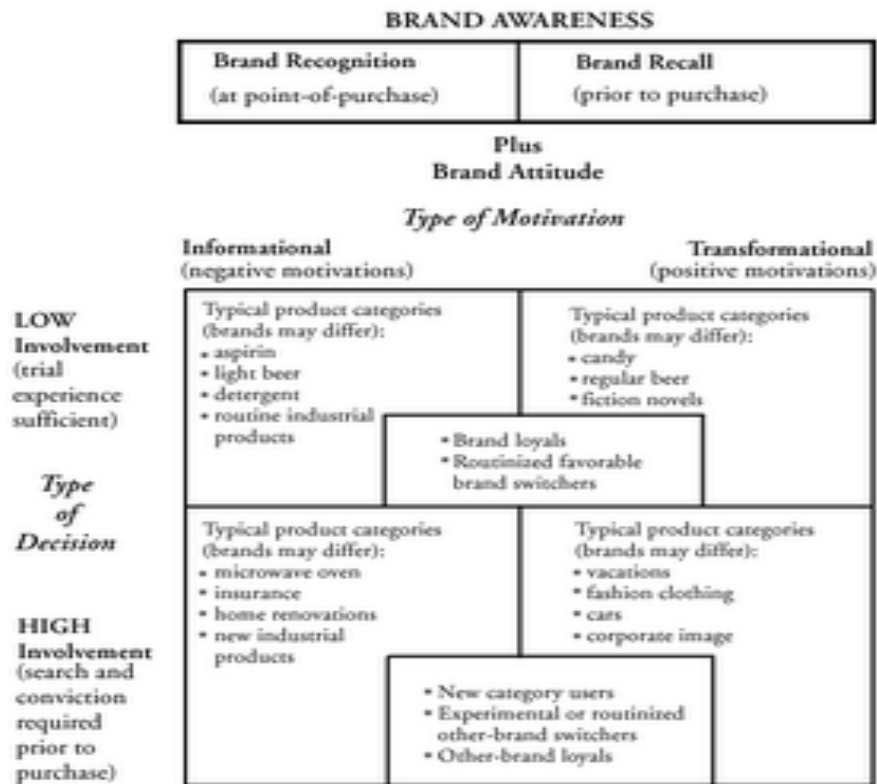
process, product-related message might also work under low MAO, simply because the cognitive resources to form counter-arguments are lacking. (De Pelsmacker et al. 2007: 81)

Factors in the persuasive setting may reduce the recipients' motivation or ability to think about an issue. This occurs for example when recipients by their nature tend to avoid effortful thinking, view the appeal as being personally inconsequential, are engaged in distracting tasks during their exposure to the appeal, or possess little prior knowledge on the issue. In cases like these, the recipients are less likely to relate the incoming information to their prior knowledge about the attitude object in an effort to evaluate the merits of the arguments for the recommendation. That is, when elaboration likelihood is low the acceptance or rejection of the appeal is not based on the careful consideration of issue-relevant information, but rather it is based on (a) the issue or object being associated with positive or negative cues, which have no intrinsic link to the attitude stimulus; or (b) the recipients draw a simple inference based on various cues in the persuasion context (e.g. the more arguments for a recommendation, the better it must be). (Cacioppo & Petty 1984)

#### **2.4. Creative Advertising Execution Tactics**

Frazer (1983: 36) defines *creative strategy* as follows: “a policy or guiding principle which specifies the general nature and character of messages to be designed. Strategy states the means selected to achieve the desired audience effect over the term of the campaign”.

This chapter examines advertising execution tactics for brand awareness and low-involvement persuasion. Rossiter and Percy (1997: 212-213) propose a two-variable marketing communications model (**Figure 6**) that begins from the premise of consumer decision making. The two dependent variables in the Rossiter-Percy Grid are awareness and attitude. Consumers' attitudes (towards products and brands) are dimensionalized in terms of two dimensions, “involvement” and “type of motivation”. Similarly to the FCB Grid (Vaughn, 1980; Vaughn 1986), the Rossiter-Percy Grid is essentially a model of attitude, but it is more comprehensive – it incorporates the prior step of brand awareness – and is more specific in terms of execution tactics, hence favored here.



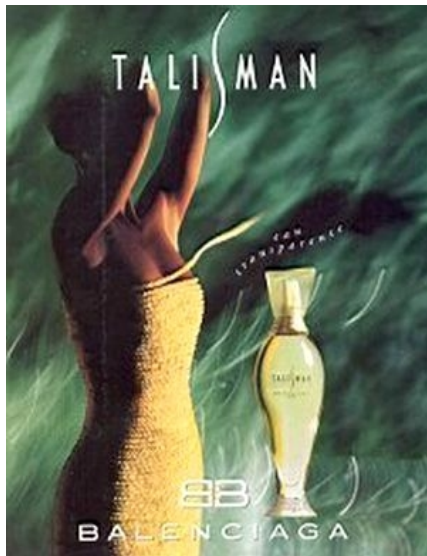
**Figure 6.** The Rossiter-Percy Grid (Rossiter, Percy & Donovan 1991: 13)

The Rossiter-Percy Grid posits *brand awareness* as a necessary communication objective for advertising, *prior to brand attitude*. It is no use advertising to develop a favorable consumer attitude towards a product or brand unless the advertising first makes the consumer reliably aware of the brand either before or when in the choice situation. Brand awareness is distinguished in terms of *brand recognition*, where the brand is chosen *at* the point of purchase, and *brand recall*, where the brand, in order to be chosen, must be remembered *before* the point of purchase. (Rossiter et al. 1991: 12-13)

According to Percy, Rossiter and Elliot (2001:134) recognition brand awareness is where the awareness of the brand reminds consumers of the category need. The primary reason for selecting brand recognition as a communication objective is that consumers buy the advertised brand because they recognize it at the point of purchase. This is a very frequent occurrence, especially with supermarket products.

When brand awareness communication objective depends on brand recognition, sufficient exposure of the brand package and name in the ad should be ensured. TV commercials should show the brand's package or logo for at least 2 seconds at a time. In print ads, the package or logo should be large, in color, and preferable accompanied by other visual content or copy that serves to hold the reader's attention to the ad for at least 2 seconds. (Rossiter & Percy 1997: 218) The aim is to offer the best possible cue for consumers when they later confront the package in a store (Percy et al. 2001: 134). A good example of other visual content that draws attention to the package is the brand awareness conveyor ad for Balenciaga's Talisman perfume (**Figure 7**) (Rossiter & Percy 1997: 218).

As 2 seconds is a long time to hold attention to a print ad, repetition of the ad, or a variation of it, may be necessary to accumulate brand recognition. The tactic of putting a strong emphasis on the package or logo does not have to be applied throughout the campaign. It is most important early in the launch of a new brand. Thereafter, occasional re-emphasis on the package or logo is sufficient. Another important aspect of this tactic is to show the *name* of the brand on the package *if* brand recall is *also* desired. (Ibid: 218)



**Figure 7.** A Brand Awareness (Brand Recognition) Conveyor that Also May Work on Brand Attitude, for Balenciaga's Talisman Perfume. (Rossiter & Percy 1997: 196)

The category need should also be mentioned or portrayed, unless it is immediately obvious (as is the case with alcoholic beverages). For a new brand, especially, the target audience prospective buyer has to learn that the brand is a member of a particular product category and that it is associated with a particular category need. The package should therefore be shown in a context or setting in the ad that makes it clear what the brand *is* (product category) and, generally, what is it *for* (category need). (Rossiter & Percy 1997: 218)

Brand recognition is a much easier response to achieve from advertising than brand recall. Brand recognition can be achieved after only a few exposures, whereas brand recall usually requires many exposures. Brand recall is the appropriate type of brand awareness objective when the buyer must think of brand alternatives *prior* to the point of purchase. The buyer experiences the category need *first*, then must mentally *recall* a list of brands that potentially can meet that need. These are all those situations where a problem or need comes up, and the solution in thought in terms of a brand name. For example, if you have an upset stomach, you must decide on what products you are aware of that might help. Brand recall requires the buyer to have learned the *association* between the category need and the brand name. Therefore, the ad must be structured in such a way that learning of that association is facilitated. (Rossiter & Percy 1997: 216-220; Percy et al. 2001: 134)

When the brand awareness communication objective depends on brand recall, the following tactics should be utilized: (Rossiter & Percy 1997: 220; Rossiter et al. 1991: 13; Percy et al. 2001: 136)

- 1) Associate the category need and the brand name in the main copy line
- 2) Repeat the association (not just the brand name)
- 3) Try to encourage a personal connection with the brand
- 4) Consider using a personal presenter
- 5) Use an interactive mnemonic device or a jingle (as long as it is appropriate to brand attitude)
- 6) Use advertising frequency, relative to the competition

The critical point in here is that the brand is always *linked to the need*, so that when the need occurs in real life, the brand will come to mind. To ensure this, in addition to *visual* representation of the need, the ad should/could also feature *explicit mention* of the category



need, in association with the brand, in the *main copy line* (the primary message of the about the brand stated verbally). If the target audience buyer perceives the ad has ‘personal relevance’, then that person is much more likely to make an effort to remember the advertised brand. One tactic that can be tried is to use personal pronouns such as “I”, “me” or “you”. The personal pronoun may also be strongly implied rather than stated directly, as in “[You Should] Make a Green Decision” A very successful example from the alcohol industry is “I feel like a Toohey’s” (an Australian beer). (Rossiter & Percy 1997: 222)

A special presenter – such as a celebrity or an ad-created central character – can significantly increase brand recall. The idea is that the ‘visibility’ of the presenter draws and holds attention to the ad, and therefore makes registration of the brand name more likely. An interactive mnemonic device can substantially increase brand recall if it can link the category need and the brand name in the buyer’s mind via either (a) visual imagery or (b) musical “tune plus lyrics” recall (in broadcast ads only). (Ibid: 222)

*Involvement* is defined purely in terms of perceived risk; the risk perceived by a typical target audience member in choosing this brand on this purchase occasion. A consumer either regards the choice as being sufficiently low in perceived risk to simply “try the brand and see” (low involvement), or else regards the brand-choice decision as being risky enough to be worth processing advertising information at a more detailed level (high involvement). (Rossiter et al. 1991: 15)

*Informational* motives are (negatively reinforcing) purchase motivations that can be satisfied by providing information about the product or brand. Negative feeling or affect is caused by an aversive event such as consumer problem occurring. Although negative, this causes motivational drive to increase, which energizes the consumer to remove the aversion by solving the problem through acquiring information about the product or brand choice and then buying and using the chosen item. *Transformational* motives are (positively reinforcing) purchase motives that promise to enhance the brand user by effecting a transformation in the brand user’s sensory, mental, or social state. Positive feeling or affect is caused by appetitive or intrinsically rewarding events such as sensory, intellectual, or social stimulation. Presentation of these positive stimuli through anticipated and then actual consumption also causes drive or motivation to increase. (Ibid: 16)

In case of strong alcoholic beverages the *brand attitude* in question is low-involvement/transformational, since purchase decisions are based on positive purchase motivations and consumers' perceive low purchase risk. Rossiter et al. (1991: 18) make the following recommendations for advertising tactics for these types of products:

- 1) Emotional authenticity is the key element and is the single benefit
- 2) The execution of the emotion must be unique to the brand
- 3) The target audience must like the brand
- 4) Brand delivery is by association and is often implicit
- 5) Repetition serves as a build-up function and a reinforcement function

With this group of products it is essential that the target audience likes the ad, since the degree to which the ad influences brand selection is substantially higher than with high-involvement products, where the product itself is more important. Likeable ads have the propensity to attract attention and to make the information processing easier. Peripheral cues such as humor, music, animals, and kids may draw attention and increase curiosity, which in turn would increase the likelihood of consumers remaining focused on paying attention to the whole ad. (Rossiter et al. 1991: 18; Rossiter & Percy 1997: 227-229) According to de Pelsmacker et al. (2007: 77-78) finding a particular ad likeable increases favorable attitude towards the ad, which in turn leads to a more positive attitude towards the brand in question. The more favorable brand attitudes are, the more likely a purchase of the brand becomes.

Similarly, in their study of print advertisements for alcoholic beverages Geuens and de Pelsmacker (1998) found support to the hypothesis that liking an ad could lead to developing a positive attitude towards a brand and purchase intention. Especially feelings of interest, cheerfulness and lack of irritation enhance a positive impression of the brand, and lead to a smaller inclination to think of reasons not to buy the product. Different types of ads lead to different feelings, and non-emotional ads lead to least favorable affective reactions. Not only people feel less carefree and less cheerful as a result of seeing non-emotional ads, but consumers feel less interested, more insulted and more irritated as a result of being exposed to non-emotional ads. Emotional appeals in general lead to more positive affective reactions than non-emotional appeals, no matter which emotional executions are used.

## **2.5. Legislative Environment**

Much in the same way international marketers must familiarize themselves with the foreign marketing environment, must they investigate the regulatory environment of markets they plan to enter. The political system and local laws shape a country's business environment and may directly impact various aspects of the marketing program, including whether a product can be sold in a particular country and how it will be distributed, priced, and, in particular, advertised. (Mueller 2006: 96, 279)

At a national level, deceptive advertising practices are considered a crime in every country. Beyond deception, advertising regulation also focuses on the type of products that may be advertised, the audience the advertiser may address, the content or creative approach that may be employed in advertising, the media that advertisers are permitted to employ, the amount of advertising that a single advertiser may employ in total or in a specific medium, the use of advertising materials prepared outside the country, and the use of local versus international advertising agencies. (Ibid: 282-283)

Out of these, the product category is the most relevant in case of Pramia as alcohol advertising, along with tobacco advertising, is one of the most highly regulated forms of marketing (Czinkota & Ronkainen 2004: 544). In practice this signifies heavy legal restrictions, as is more or less in force in all of Pramia's target countries.

### **Alcohol Advertising in the Target Countries**

Norway enforces a total ban on the advertising of all alcoholic beverages containing more than 2.5 per cent alcohol by volume. Advertising such products is forbidden whenever the advertisement contains or makes use of a name, name of a company, logo, slogan, or symbols which associate the advertised product with alcoholic beverages. This signify that also products containing less than 2.5 per cent alcohol by volume or none at all must have a distinguishable trademark or name which separates them from alcoholic beverages. Only advertisements in foreign printed publications which are imported into Norway, trade journals, and for places of sale or licensed places of refreshment (i.e. retail monopoly stores and in restaurants) are exempted from the ban. There are also some limitations; for example the ban extends to national terrestrial broadcasts, but Norway is not allowed to censor

satellite television advertisements. The Internet seems to be exempted as well (or at least the ban would be practically impossible to enforce) (Österberg & Karlsson 2003; INSTITUTE OF ALCOHOL STUDIES 2010)

Similarly to Norway, the Swedish Alcohol Act prohibits advertising of spirits, wine and beer above 2.25 per cent alcohol by volume, except at the point of sale and in trade journals. Foreign magazines are also allowed to carry alcohol advertisements. Since light beer products have the same brands and nearly the same containers as stronger beers, it indicates that de facto there has been beer advertising in Sweden. The ban on all alcohol advertising has been found incompatible with the European Commission Treaty, though the judgment related only to press advertising. As a result, since 2005 newspapers have allowed advertisements for wine, and later for spirits. These advertisements contain warnings which are worded less strongly than the warnings on tobacco products – for example, "avoid drinking while pregnant," as opposed to "smoking kills." After the ruling, Sweden is in a paradoxical situation of having a law which forbids advertisements for alcoholic beverages in the printed media and, at the same time, regulations imposed by Brussels which make it quite all right to break that law. (Österberg & Karlsson 2003; INSTITUTE OF ALCOHOL STUDIES 2010; WIKIPEDIA 2010; The Globe 2006)

According to Czinkota and Ronkainen (2004: 542) the major problems affecting global promotional efforts involve conflicting national regulations. Even within the European Union there is no uniform legal standard. Conditions vary from country to country, and ads must comply with national regulation. Similarly, Mueller (2006:185) asserts that in spite of the major steps taken to harmonize advertising regulation throughout the European Union, marketers still encounter differences in regulatory guidelines from country to country. Given that consumer protection is likely to continue to dominate the regulatory scene in the European Union more uniform, but at the same time stricter regulations concerning advertising of alcoholic beverages can be expected in future. Many governments are already developing stricter restrictions relating to specific product categories such as alcohol and cigarettes. Consequently, it is well-conceivable not much more than the bottle itself can be portrayed in future advertisements of alcoholic beverages. The IAS report already included a suggestion that policy makers should ensure advertisements should focus on product-related characteristics. (Czinkota & Ronkainen 2004: 543; Mueller 2006: 199; INSTITUTE OF ALCOHOL STUDIES 2010)

## 2.6. Cultural Environment

To operate effectively in foreign markets, international marketers and advertisers must recognize the pervasive influence of culture. Failure to understand the cultural environment can lead and has led to misunderstandings, miscommunications, and marketing failures. Each country exhibits cultural differences that influence the consumers' needs and wants, their methods of satisfying them, and the messages they are most likely to respond to. (Mueller 2006: 106-151) Understanding the variations in what motivates people is important for positioning brands and for developing advertising appeals in different markets (de Mooij & Hofstede 2010: 94). An international advertiser needs to determine if and how the cultural environment might impact the advertising strategy (Äijö 2008: 255).

Many cultural differences, and their impact on advertising, are obvious. Clearly, if one wishes to communicate with consumers in a foreign country, *language* differences must be taken into account, and all advertising materials must be translated into the local tongue. Attention needs to be paid to translations of not only the advertising message, but also the packaging copy [the label in case of Pramia's bottles] and even the brand name. Since many cultural differences are, however, quite subtle, it is not enough for the translators merely to be familiar with the native tongue. In order to avoid translation blunders, translators must also be familiar with nuances, idioms, and slang. The task of advertising translator is to translate thoughts and ideas rather than words. (Mueller 2006: 113-118, 203)

The most effective approach in preparing copy for foreign markets is to begin from scratch and have all verbal communications entirely rewritten by a speaker of the foreign language who understands the complete marketing plan – including objectives, strategies, and tactics. One useful technique in revealing translation errors is *back-translation*, in which one individual is responsible for the initial translation of the message, and a second individual then translates the message back into the original language. If the message does not translate back, it is likely that there is a translation problem. (Ibid: 121, 203)

Besides verbal communication, elements of *nonverbal communication* should also be taken into account. These include gestures, space usage, time symbolism, and colors and other signs and symbols. Furthermore, other prominent elements of culture, such as *needs and values, religion, and customs*, as well as culture's influence on *consumer buying behavior*

should be examined. For example religious traditions may forbid altogether the sale, or at least the advertising, of various products, in particular alcoholic beverages. (Ibid: 121-145)

De Mooij (2005: 28) summarizes culture's impact on international advertising as follows: even when products are accepted in more than one culture, advertising will have to be culture-relevant, and that means more than translating a central message. Differences among languages go far beyond mere translation problems. Some concepts are not translatable, and cultural differences are also found between cultures that speak similar languages. Even between English-speaking countries adaptations are often necessary, for both copy and visuals. For example in Australia diapers are "nappies" as they are in Britain.

Much of the standardization debate has concerned itself with the issue of standardizing the advertising stimulus, the message. Yet it is the response that counts. People process advertising messages in social and cultural contexts and then respond. Cultural differences do not mean all advertising must be local to be effective. Countries can be clustered according to similar values that are relevant for a product category in order to reach consumers in each cluster with relevant values. (Ibid: 28)

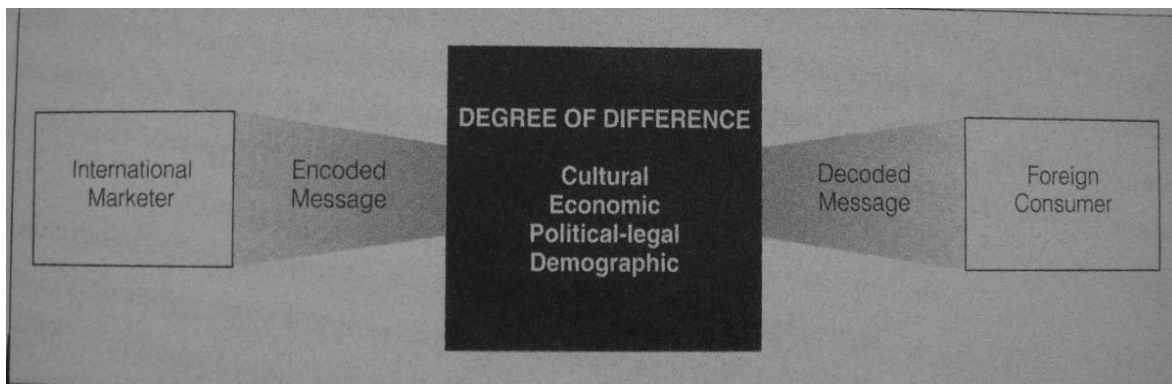
### **Market Distance**

In communicating with consumers in foreign countries, regardless of perceived market distance, messages encoded in one country must be decoded in another. However, when messages are communicated cross-nationally between similar markets, the decoding effect of the receiver produces results more nearly like those intended in the original message encoding by the sender. Conversely, when messages are communicated cross-nationally between highly dissimilar – or distant – markets, the decoding effect of the receiver may not produce the intended results. (Mueller 2006: 147)

According to de Mooij (2005: 8) common assumptions are an advertisement will be effective if the viewer or reader decodes the advertisement successfully, if there is a meaningful transfer of "properties". The creator of the advertisement selects the elements of the advertisement according to his or her expectations about how the audience will respond, assuming shared cultural conventions. Receivers of the message must use the same conventions to evaluate the stimulus in order to be able to formulate the response.

Thus, when developing one single idea for the whole world, or one global stimulus for different cultures, the assumption is that responses will be similar, too. This will only happen if sender and receiver share one culture. If there is no shared culture, the response is likely to be different from what is intended and expected. This does not result in effective advertising.

The model of cross-cultural communication outlined in **Figure 8** incorporates economic, political-legal, and demographic differences in addition to cultural differences. It refers to the degree of homogeneity or heterogeneity between markets in general: the greater the degree of homogeneity, the greater the potential for a standardized approach. In contrast, greater heterogeneity suggests that the marketing communications strategy may require modifications. (Mueller 2006: 147) The practical implications of this relative to Pramia's advertising strategy and in particular message design will be discussed in chapter 5. The standardization versus specialization (adaptation) controversy will be discussed next.



**Figure 8.** Cross-cultural Communications Model (Mueller 2006: 147)

## 2.7. The Degree of Standardization

Advertising can be *standardized* – whereby the same advertising theme is employed for each foreign market – or *specialized/adopted* – the messages are adapted for local markets (Mueller 2006: 59). The decision whether to adopt a standardized advertising strategy across all markets or, alternatively, to adapt advertising partially or fully to the specific characteristics of individual markets has far-reaching and long-term consequences, which permeate all levels of the organization and determine the degree of commercial success achieved (O’Loughlin 1999: 46; Mueller 2006: 176; Kotler & Armstrong 2006: 224).

### Standardization of Advertising

Standardized advertising refers to messages that are used internationally with virtually no change in theme, illustration or copy – except, perhaps, for translation where needed. Standardization of international campaigns generally takes one of the two routes. Either a campaign deemed successful in the domestic market is adopted for use in foreign markets, or a new campaign is developed for use in multiple markets – a ‘born global’ campaign. (Mueller 2006: 177).

The benefits – which accrue to the firm using the approach, not to the customers – associated with standardized advertising include: (Ibid: 177-181)

- Easier coordination and control, and faster implementation of marketing and promotional programs.
- Reduced staff requirements (compared to specialized campaigns) at the local level.
  - Cost efficiency (de Mooij 2005:8; Kotler & Armstrong 2006: 224)
- Exploitability of good ideas – cookie-cutter campaigns.
- Ability to achieve a consistent international brand or company image.

There are certain categories of products for which standardized global advertising messages are particularly well suited, such as: (Mueller 2006: 179-182)



- *Products for which audiences are essentially similar* – cross border consumer segments are emerging.
- *Products that can be promoted via image campaigns.* As many of the packaged goods products are difficult to differentiate on a functional basis, creative strategy (used to sell these products) should be based on the development of a strong, memorable identity or meaning for the brand through image advertising. Image advertising has been used successfully around the world to promote variety of products, including liquor, soft drinks, perfumes etc.
- *Products with nationalistic flavor.* Utilizing a country's reputation for producing high-quality goods of a certain type or in a specific field, e.g. Swiss watches, French wines etc.

According to de Mooij (2005: 26) factors that influence the decision on standardization are the *product category*, the *product life cycle*, and the *culture of the company*. A few product categories follow a standardized marketing approach successfully. Examples are whiskey and perfume, for which a standardized country-of-origin concept can be used (e.g. perfume from Paris, Scotch whisky). The phase of the product in the product life cycle defines the possibility of standardization. New products or brands and marketing communications for these products are easier to standardize than mature products. The degree of standardization also depends on a company's corporate culture, or the vision of its management. It depends heavily on how important advertising managers think cultural differences are. The culture of a company's country of origin strongly influences the vision of its managers.

De Mooij (2005: 27) identifies three common misconceptions in the dialogue on the standardization of advertising: (a) that advertising concepts based on strong visual cues are able to cross borders more easily than campaigns based on copy; (b) that if the associative values are universal, image strategies can be used cross-culturally; and (c) that advertising themes or concepts can be standardized and only the execution may need adaptation.

The issue of standardized advertising is particularly relevant to the discussion about advertising overkill and irritation. Bland advertising, based on the lowest common

denominator, is not appealing to anybody and can even cause irritation. One single message cannot be appropriate for everyone. (De Mooij 2005: 27)

Onkvisit and Shaw (1987:44) accentuate that consumer reaction to international advertising needs to be taken into account, and that discriminating the consumers point of view against the advertiser's can result in consumers' misinterpretation of the intended messages. Consumers may also resent international advertising that attempts to bring together the differing tastes and cultures. In contrast, consumers are more positively disposed towards local advertisements and find them more interesting and less irritating (Pae, Samiee & Tai 2002:177).

### **Adaptation of Advertising**

While people's basic needs and desires may be the same all around the world, how they go about satisfying them may vary from country to country. The global marketplace consists of hundreds of nations, each with its own customs, life-styles, economies, and buying habits, and marketers are urged to take these differences into account. (Mueller 2006: 182-185).

Many recent studies point at the necessity of adapting branding and advertising strategies to the culture of the consumer (de Mooij & Hofstede 2010: 85). In the case of a fully adapted or "specialized" campaign, the advertiser localizes message content for several countries or even for each country in which the firm operates. The primary benefit of specialization is simply that it allows for differences in the international environment. These differences may originate for instance from the demographics, political-legal environment, cultural environment etc. In case a specific product's brand name differs from one market to the next, the international marketer may have no choice but to employ a specialized approach to advertising. (Mueller 2006: 185-186)

De Mooij (2005: 8) criticizes standardizing advertising by arguing that products may be similar, but usage and buying motives vary for most products. If buying motives for standardized products vary by country or area, how can a standardized advertising campaign be equally effective in all countries? Arguments for standardized advertising are all about standardizing the stimulus without taking into consideration the response to

standardized stimuli. Much is written about the cost efficiency in the production of advertising, but little is written about the effectiveness of standardized advertising. The cost savings of a standardized campaign are easily offset by wasted media expenditures caused by less effective advertising messages.

Ideally, effective advertising means that the values in the message match the values of the receiver. It is the culture of the consumer – not the company – that should be reflected in advertising. It is paradoxical that global advertisers prefer to develop what is universal instead of what should appeal to specific people in particular. In an age of increasing communication overload, people's selective perception mechanism will work harder and advertising must be understood quickly – instant recognition is necessary because there generally is little time to convey a message. Add to that an increased amount of advertising reflecting cultural values that is not theirs, and not much imagination is needed to understand why advertising effectiveness is decreasing. (De Mooij 2005: 7-8)

## **2.8. Branding**

In most categories, companies do not compete with products but with brands, augmented products that are different and well positioned versus other brands in the category. (De Mooij 2005: 13)

Branding means adding *values* to products in the marketplace. A brand is more than a product with a name, a trademark, or a promise of performance. A brand is a network of associations in the mind of the consumer. A name that is not in one's memory is not a brand. The association network notion of a brand is crucial for understanding advertising's role in developing global brands because it so clearly shows the link between consumers and brands as a result of advertising. The associations (meanings) that we attach to the objects of the material world influence our purchasing and decision processes. It is the primary task of advertising to manipulate brand meanings. Advertising tries to attach meanings to brands, and these meanings are interpreted in the light of the target's motivations and aspirations. Association networks may vary across target groups, and the ultimate goal of advertisers will be to develop strong association networks for brands that

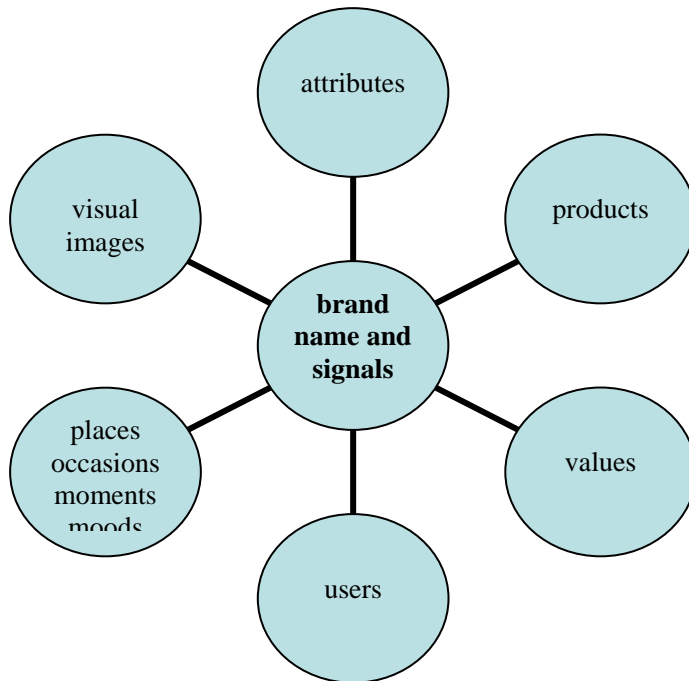
fit the target's values and motivations. The associations in the consumer's mind will relate to a number of aspects of the brand (De Mooij 2005: 29-30) (see **Figure 9**):

- The brand name and the brand's visual images: the package, logo, brand properties, and other recognizable aspects
- The product(s) linked with the name (one product = monobrand; a number of products or extension = range brand)
- Attributes: what the product is or has (characteristics, formula)
- Benefits or consequences: rewards for the buyer or user – what the product does for the buyer
- Places, occasions, moments, mood when using the product
- Users: users themselves or aspiration groups
- Values

Associations are structured in the human mind: Attributes and benefits will be linked with users and may be specific for the product category or for the brand. The essence of the brand is the strength of associations among the product, its attributes, benefits, values, and user imagery. (Ibid: 30)

In our world of abundant brands and communications, differentiating a brand by its attributes or benefits is very difficult. It will only work if a product has unique attributes that distinguish it from the competition. Such distinctions usually do not last long, as they are copied quickly by the competition. (Ibid: 30)

If a brand is associated with meaningful and distinctive values, the distinctiveness can be transferred to other areas. The British brand Virgin, owned by Sir Richard Branson, carries associations of adventure, rebellion, and non-conformism linked to the personality of its owner. These values are used for all products of Branson's company: the airline, records, cola drink, vodka. However, these values may not be meaningful for the whole world. Another example of an association network is one for Corona Extra, a Mexican beer brand exported to many countries in the world. It distinguishes itself by its transparent white bottle with a long neck and the ritual of drinking from the bottle with a slice of lime pushed into the neck. (Ibid: 31)



**Figure 9.** Elements of Brand Association Network (de Mooij 2005: 29)

In summary, the purpose of advertising is to turn products into *brands* by developing strong association networks in people's minds by adding value to products. The values selected to differentiate brands relate to the cultural mindset of the strategist but should also relate to the cultural mindsets of the target group. What makes advertising effective is the match between the values in the advertising message and the values of the receiver. As a rule of thumb: To be effective, advertising must do the following: (Ibid: 31-32)

- Create meaningful associations
- Be relevant and meaningful
- Be linked with people's values
- Reflect the role the product or brand plays in people's lives
- Reflect people's feelings and emotions
- Be instantaneously recognized

All these elements are influenced by the culture of both the advertiser and the audience. Effective advertising reflects culture, is a mirror of culture. (De Mooij 2005: 32)

### **2.8.1. Values and Brands**

A brand will be a strong brand if people's values match the values of the brand. Branding means adding values to products, and advertising is an important instrument for achieving this. Values play an important role in consumer behavior because they influence choice. They provide consumers with standards for making comparisons among alternatives. Consumer's value systems can be divided into three groups: (de Mooij 2005: 96)

1. Central values: the core values of the individual's value system
2. Domain-specific values: values acquired in specific situations or domains of activities
3. Product-specific values: evaluations of product attributes

Examples of different domains include economy, religion, politics, work, and consumption. In using values to evaluate products and brands, the values of interest are product-specific values applied to product categories or specific brands. Examples are purity for mineral water, pleasure or security for automobiles and self-respect or beauty/aesthetics for cosmetics. Advertising strategy development includes (a) selecting values or end-states to emphasize in advertising, (b) determining how advertising will connect the product to key end-states, and (c) developing advertisements connecting the product to the end value.

Values offer an opportunity to differentiate brands by going beyond attributes and benefits for the deliverance of higher-level consequences to consumers. Adding values creates association networks that distinguish the brand vis-à-vis the competitive brands in the category and thus can help build strong positions for brands. (De Mooij 2005: 96-97) When the values of consumers are congruent with the values reflected in advertising, the link to liking the ad, the brand or the company increases, and advertising will be more effective (de Mooij & Hofstede 2010: 99).

### **2.8.2. Perception of Brands by Consumers**

The essence of a brand is that it is a name in the memory of consumers. It is a perceptual map of positive and negative associations, a symbolic language, a network of associations.

Brands create meaning and identification. A brand's values must fit the mental mapping of people. The values are conveyed by marketing communications. The brand owner has the opportunity to control the meaning the brand has for people. People have good memories, even for brands that have not been advertised for some time. Once a brand is known to consumers, it cannot be easily erased from their minds. (Ibid: 16)

A universal function of a brand for customers is *quality assurance*. As a value, however, quality assurance is of varying importance in different cultures. A global brand may be associated with its *country of origin*. This can be beneficial if the image of the country remains constant. The local environment plays a strong role in the perception of global brands and the values consumers attach to these brands. People increasingly prefer brands with a strong identity rooted in their own history, which can be national or regional. (Ibid: 17) Conversely, Raju (1995: 44) claims there are instances in which international brands are viewed by consumers as brands of high quality as compared to local brands.

Similarly with de Mooij, Moon and Jain (2000), and Zhang (1997) argue country of origin influences consumer perception. This means for instance that consumers use country of origin information to evaluate products. Country of origin is also important in creating *first impressions* about a product. Country of origin is integrated as one of the product *attributes* in a product.

*Brand equity/familiarity* involves perceptions of consumers regarding the brand (Raju 1995: 44). Brand familiarity plays an important role in international advertising. Proponents of standardization theory argue standardization helps in establishing brand familiarity within different markets. Well established brands are more likely to be identified by consumers, which enhances their memory and helps them to recall or remember the brand (Pae et al. 2002: 178).

Concerning consumer perception on brands/products Shimp (2003: 275) makes a dichotomy between the product's actual quality and the consumers' perception of it:

*There are no best products, all that exists in the world of marketing are perception in the minds of the customer or prospect. The perception is reality. Everything else is an illusion.*

In other words, how good a brand is depends more on what people think than on objective reality. What people think is largely a function of effective advertising that builds and attractive image, or otherwise differentiates the brand from competitive offerings and lodges the intended meaning securely in the customer's mind. (Ibid: 275)

Similarly, Atkin and Block (2003: 690) assert one major purpose of advertising is to create and reinforce preferences for the advertised brand relative to competing brands in the product category. More positive evaluations may result after repeated exposure to the brand name, attractive symbols and rewarding benefits associated with the brand, and claims of brand quality. Preference is considered primarily as an attitudinal feeling of favorability; actual consumption of various brands is a separate issue.

### **2.8.3. Branding Strategies**

One of the key decisions in building an international brand is to choose the proper brand type(s) and name(s). (De Mooij 2005: 18) identifies three different brand types:

- *Single product brands or monobrand.* An exclusive name is assigned to only one product, such as After Eight and Pepsodent. The brand's main purpose is to add value to the product.
- *Range brands or line brands.* A group of products is ranged under one name, one promise or positioning. The purpose is to give a product a place in the range of other products. An advantage of range brands is that products can share awareness and meaning. Examples are Schweppes (tonic, bitter, lemon, soda, ginger ale) and Budweiser (light, dark).
- *Umbrella brands or corporate brands.* Different products or brands are marketed under one name. The name can be the company name or an umbrella brand name. The corporate name is used as an endorsement to indicate the source: Nestle's name on the package of Nescafé, Maggi or Dairy Crunch means it endorses the quality.

Branding policies are discussed further in Chapter 5.4, in reference to the case of Pramia.



#### **2.8.4. The Degree of Standardization in International Branding**

According to O'Loughlin (1999: 47) brands have been in the forefront of the globalization in business world of the 1990's – 'homogenous markets lead inexorably to homogenous brands'. Global branding refers to maintaining consistent brand image and character across a wide range of disparate geographic locations.

A number of studies have examined international branding strategies identifying *brand name* as the most highly standardized aspect of the international branding mix. From the product category perspective, drink brands have often been identified as the types of brands well-suited for global branding and standardized brand imagery. For instance, a survey of Irish export companies in the food and drink sectors (mostly alcoholic spirits, liqueur and beer manufacturers in case of the latter) found that 57 percent of drink brands were identical in their domestic and foreign markets, whereas only 4 per cent of food brands made such a claim. (O'Loughlin 1999)

The findings were also similar in relation specifically to brand name, with nearly 98 percent of drink brands selling their product under the same brand name in all markets and only 52 percent of food brands practicing a standardized brand name policy. Regarding *attitude towards branding standardization* on a European level, brand name and product were regarded as being easier to standardize. Promotion was also deemed easier to standardize across EU member states. Distributing and pricing presented major difficulties in adopting a standardized policy. (Ibid)

As regards the degree of standardization and the *age of brands* the same study found that neither brand age nor export age and the degree of brand standardization were correlated. Therefore it appears export brands do not necessarily 'grow up' into standardized, international brands over time. In terms of implementation, many obstacles still existed across all areas of branding which impede the implementation of a standardized policy. Due to the global reduction and elimination of many local regulations and restrictions, most of the remaining obstacles were cultural factors, consumer tastes and consumption patterns. (Ibid)

## 2.9. Summary

While much debate and conflicting evidence about “how ads work” exists, it is clear that there is no one way in which ads work. Rather, it depends on the advertising situation: the type of product, the nature of the target audience, the purchase motivation for buying the brand, and the cultural-legal environment are some of the major factors that determine what type of ad will work best.

This study examines product factors in advertising through the product color matrix (PCM). The PCM posits alcoholic beverages into a “yellow products” category, which means such products are routine purchases, low in financial risk, that help make us feel a little better focusing on want satisfaction and expressiveness. A consumer regards the choice as being low in perceived risk, with the exception of a minor social risk, due to the products’ social aspect.

The need or desire for consumers to process message-related information about these yellow products should be low and peripheral cues such as humor may draw attention and increase curiosity, which in turn would increase the likelihood of consumers remaining focused on paying attention to the whole ad. They may respond negatively to argument-focused ads and may even be irritated by repetition of negatively framed messages that focus on problem avoidance.

The Rossiter-Percy Grid makes a distinction between brand awareness and brand attitude and places brand awareness as the initial communication objective of advertising. Brand awareness is divided into brand recognition (at point of purchase) and brand recall (prior to point of purchase). Brand recognition is the main form of brand awareness in supermarket or drugstore product purchases and, consequently, it is the preferred brand awareness communication objective for advertisers whose products are sold through such stores and whose target audience is not completely brand loyal.

With this group of products it is essential that the target audience likes the ad. Likeable ads have the propensity to attract attention and to make the information processing easier. Finding a particular ad likeable increases favorable attitude towards the ad, which in turn

leads to a more positive attitude towards the brand in question. The more favorable brand attitudes are, the more likely a purchase of the brand becomes.

Legal issues formulate a complex matter. There are regulations concerning *where* (which media) and *when* (e.g. what time in television) ads can be aired, and what content are they allowed in include (*how*). On EU level, familiarity of both, national and EU regulations is required. The knowledge also needs to be updated fairly often, as the legislation is rapidly evolving. Besides the legally-binding regulations, there are also various general guidelines that are non-binding from legal standpoint, but are yet to be taken seriously.

Standardization produces significant benefits – lower advertising costs, easier coordination, more consistent worldwide image etc. Its most important drawback is that it ignores the fact country markets differ greatly in their cultures, demographics, and economic conditions. In other words, the benefits of standardization are uncontested, but the feasibility of a complete standardized policy is questionable. Consequently, many companies have moved away from viewing standardization as an all-or-nothing phenomenon and instead have chosen to employ a *modified approach* – “think globally but act locally” – standardizing some elements of their advertisements while specializing others. They develop global advertising *strategies* that make their worldwide advertising efforts more efficient and consistent. Then they adapt their advertising *programs* to make them more responsive to consumer needs and expectations within local markets. The elements most likely to be standardized are the brand name and packaging, while elements most likely to be adapted include product attributes and the theme employed.

With this category of products the importance of the brand can hardly be overestimated – the brand is arguably the single biggest factor influencing purchase decisions of alcoholic beverages. Considering the likes of Jack Daniels, Absolut Vodka etc. it seems fair to argue the brand can truly be the company’s most valuable asset in alcoholic beverages industry.

The ultimate purpose of a brand is to generate sales. A brand can also help a company to grow profitably. A brand is the sum of all perceptions and knowledge a person holds over a particular product. A brand always represents the “truth” – whether or not that truth corresponds with what was desired by the company behind the brand. Brand building refers to all company-wide actions aimed at achieving the desired brand image/perception in the

minds of the target group. The desired brand image represents the company's choices on the subjects through which it wants to distinguish itself from competition in a way relevant to its target group. For instance, the desired brand image might consist of attributes such as of good quality/reliable, responsible, ecological, and inexpensive.

Advertising adds value to products and thus makes them into brands, which in turn separate them from competitive products. Advertising links products to people. Effective advertising reflects the values of the audiences it targets: the values included in advertising must match consumers' values in order to make advertising effective. This is no easy task though, as the challenges cultural considerations pose to global advertising are manifold, and finding a way to successfully navigate through the various obstacles requires high level of general cultural awareness combined with thorough, detailed understanding of various cultures.

To sum up, Shimp (2003: 262) has listed the characteristics effective advertising embraces:

- *Takes the consumer's view.* Consumers buy product benefits, not attributes. Therefore, advertising must be stated in a way that relates to the consumer's – rather than the advertiser's – needs, wants and values.
- *Is persuasive.* Persuasion usually occurs when there is a benefit for the consumer in addition to the advertiser.
- *Finds a unique way to break through the clutter.*
- *Never promises more than it can deliver.*
- *Prevents the creative idea from overwhelming the strategy.* The purpose of advertising is to persuade and influence; not to be humorous for humor's sake. Ineffective use of humor results in people remembering the humor but forgetting the key message.

All in all, creative advertising must make a relatively lasting impact. This means getting past the clutter (from other advertisements), activating attention, and giving consumers something to remember about the advertised products. In other words, advertising *must make an impression*. This means developing ads that are *empathetic* (i.e. that understand what people are thinking and feeling), *involving* and *memorable*.

### **3. METHODOLOGY**

Research methods refer to systematic, focused and orderly collection of data for the purpose of obtaining information from them, to solve/answer particular research problem or question (Ghauri & Grønhaug 2005: 109). Methodology is a strategy plan for achieving a goal and it provides the blue print that describes how the tool should be used (Potter 1996: 50). In this chapter the methods used to obtain data will be analyzed and the reasons for choosing these methods will be discussed. Furthermore, the study's validity and reliability are discussed.

#### **3.1. Research Approach**

The research objective and problems laid the foundations for designing the research literature and methods. Qualitative research method was found the most appropriate. In qualitative research, semi-structured and unstructured interviews, and questionnaires can be used. Qualitative research is rational, explorative and flexible (intuitive). It aids in finding out the missing part of what is unknown and partially known. The skills needed to do qualitative research are thinking abstractly, stepping back and critically analyzing situations, recognizing and avoiding biases, obtaining valid and reliable information, having theoretical and social sensitivity and the ability to keep analytical distance while at the same time utilizing past experience, and having a shrewd sense of observation and interaction. (Ghauri & Grønhaug, 2005: 110)

According to Yin (2003: 14) qualitative research method is often used in relation to case studies where the aim is to obtain a better understanding of the stated research problem through gaining thorough information about the subject. Qualitative research method is more similar to everyday conversations, the method utilizes interview guide only as a guide and do not try to influence or affect the respondent in any way. The researchers will ask pre-constructed questions, which give the researcher a high degree of control.

### **3.2. Definition of the Case Study as a Research Strategy**

According to Yin (2003: 13-14) a case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. The case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points. As one result, it relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result, it benefits from the prior development of theoretical proposition to guide data collection and analysis.

A case study as a research strategy comprises an all-encompassing method – covering the logic of design, data collection techniques and specific approaches to data analysis. In this sense, a case study is not either a data collection tactic or merely a design feature alone but a comprehensive research strategy. (Ibid: 14)

According to Ghauri and Grønhaug (2005: 114) the case study approach is often associated with descriptive or exploratory research, without being restricted to these areas. In business studies, case study research is particularly useful when the phenomenon under investigation is difficult to study outside its natural setting and also when the concepts and variables under study are difficult to quantify. Often this is because there are too many variables to be considered, which makes experiment or survey methods inappropriate.

Case study is a description of a management situation. It often involves data collection through multiple sources such as verbal reports, personal interviews and observation as primary data sources. In addition, case methods involve data collection through sources such as financial reports, archives, and budget and operating statements. (Ibid: 114-115)

### **3.3. Research Design**

Similarly to a research strategy, also the individual data collection methods depend on the goals of the study. Based on the objectives of this study, interview was considered as the most suitable method. According to Ghauri and Grønhaug (2005: 132) interviews are often

considered the best data collection methods. Interview has certain advantages such as it provides first hand data that is more consistent with the purpose of the research. Interviews also involve a set of assumptions and understanding about the situations which are not normally associated with a causal conversation. The advantage of in-depth interview is that it allows the interviewer to gain a more accurate and clear picture of a respondent's position or behavior. This is possible because of open-ended questions and because respondents are free to answer according to their own thinking, as answers have not been constrained by only a few alternatives. In case of complicated issues the interviewer can ask for further elaboration of answers and attitudes. The disadvantage of in-depth interviews is that they demand skilled and cautious interviewer.

Similarly, Yin (2003: 86) posits interview as one of the most important sources of case study information and asserts that interviews are targeted – focus directly on the case study topic – and insightful – provide perceived causal inferences. The potential weaknesses include bias due to poorly constructed questions, response bias, inaccuracies due to poor recall, and reflexivity – interviewee states what interviewer wants to hear.

Interviews appear to be guided conversations rather than structured queries. This means that throughout the interview process, the interviewer has two jobs: (1) to follow his own line of inquiry and (2) to ask actual (conversational) questions in an unbiased manner that also serves the needs of his line on inquiry. It is recommendable to ask “how” questions over “why” questions as they may create defensiveness on informant's part. Thus, case study requires the interviewer to operate on two levels at the same time: satisfying the needs of his line of inquiry while simultaneously putting forth “friendly” and “non-threatening” questions in open-ended interviews. (Ibid: 89)

As a result, most commonly, case study interviews are of an open-ended nature, in which respondents can be asked about the facts of a matter as well as their opinions about events. The interviewee may also be asked to propose his own insights into certain occurrences, and such propositions may be used as the basis for further inquiry. The respondent can also suggest other persons to be interviewed, as well as other sources of evidence. (Ibid: 90) However, Ghauri and Grønhaug (2005: 139) point out that asking respondents for other sources of information can give the impression that the interviewer is not satisfied with the answers received from them. Hence, the matter should be handled with discretion.

In this study, interview was considered as the most suitable method due to its flexibility: it is possible to ask for clarification and/or elaboration of the answers received. It was considered important the interviewees would discuss the matter as extensively as possible, which would have been considerably more difficult to achieve with a quantitative questionnaire. Semi-structured qualitative interview allows the respondent to steer his/her answer towards more organizationally relevant aspects. It was assumed the professional experiences of the interviewees would diverge to such a degree the responses would emphasize different aspects. Interview also allows the interviewer the opportunity to ask follow-up questions directly.

Both face-to-face and telephone interviews were conducted, with the same case company personnel. The semi-structured interviews followed a pre-determined set of questions derived from the literature review, but did yet remain open and assumed a conversational manner. In essence they were individual in-depth discourses which included the researcher giving lead questions and recording the responses in order to later understand 'how' and 'why'. Persons to be interviewed included the CEO/founder, export manager and product manager. Interviews were conducted in Finnish, as it was the preference of interviewees. Face-to-face interviews were audio taped and the parts utilized in analysis transcribed and translated. The interviews are categorized by name, title/position, and date in Appendix 1.

In addition, this study utilized direct observation as data collection method. Two types of observation took place. First, observations were made during an export consultancy seminar held at the case company's premises. During the occasion, the researcher was allowed the opportunity to make on the spot observations of the company's production facilities and processes, as well as of various other functions. Besides observation, the outlines of this study were discussed and several probing questions made.

Second, observations were conducted in two Systembolaget, two Vinmonopolet, and two Alko stores. The objective of these in-store observations was to gather information related to how people buy alcoholic beverages. According to Percy et al. (2001: 131) when setting advertising strategy the key is to assess the most likely decision situation for the brand. This can be found out by questioning consumers about the situations they find themselves in when buying, or by common knowledge of how people buy the brand. Consequently, the



key questions of are the customers who enter the store already aware of the type of liquor (e.g. spirits, wine, mixed drinks, beer,) they intend to buy, and do they have at least one brand (from that category) in mind as well, were asked from two Alko employees as well. Both Vinmonopolet stores were located in central Oslo, the Systembolaget stores in Växjö and in Arlanda Airport complex in Stockholm, and the Alko stores in Vaasa and Vantaa. The store visits took 30-45 minutes each and written notes were made for later use. Conducting more store visits was deemed unnecessary as no major differences (in selection or in product arrangement) were found among the two stores from the same chain.

### **Structure of Interview**

The structure was designed to work as a framework to guide the interviews (Appendix 2). There is a natural progression to the questions but if the respondent took on a discussion topic that was later in the interview structure, it was possible to deviate, then return to the other questions. Additionally, there was some ad hoc interviewing in instances when it seemed the interviewee had valuable information to contribute on topics not anticipated. Both 'main' rounds of interviews, the interviews conducted in 24.9.2009, and the follow-up interviews and presentation of preliminary findings conducted in 25.5.2010 followed nearly identical interview structure. The structure depicted (in Appendix 2) represents the final and more extensive version.

### **3.4. Validity and Reliability**

Validity is concerned with whether the findings are really about what they appear to be about. It refers to the degree to which a study accurately reflects or assesses the specific concept that the researcher is attempting to measure. There are two types of validity: *internal* and *external*. The former refers to the rigor with which the study is conducted (e.g. the research design and measurements used) and to the extent to which the researcher have taken into account alternative explanations for any causal relationships discussed in the study. The latter refers to the extent to which the results of a study are generalizable or transferable. (Saunders, Lewis, & Thornhill 2007: 150)

In addition to internal and external validity, Yin (2003:34) identifies *construct validity* which includes the establishment of correct measures for the concept being studied. The use of multiple sources, establishment of an evidence chain and the review of the case study draft by the interviewees during data collection and composition help to obtain construct validity. To guarantee construct validity, this study utilized multiple sources of evidence such as observation, company presentations, website, and internal documents, together with interviews. The case company was visited several times, and the CEO and the export manager were interviewed twice in depth. A chain of evidence was established through combination of case data, observational data, and interview notes and records. In addition, a draft of the case report was reviewed and approved by the interviewees.

Both Silverman (2005: 184) and Saunders et al. (2007: 319) assert that validity in interview studies is rarely an issue due to the flexibility of the method that allows for response interaction between the interviewer and the respondent; meanings can be probed, topics can be covered from a variety of angles and questions can be clarified to respondents.

Reliability refers to the extent to which data collection techniques or analyzing methods will yield consistent findings on repeated trials, or how similar the results are if the research is repeated using different forms (Saunders et al. 2007: 149). In other words, reliability is concerned with research consistency; the replication of the results at a later time by different researchers (Maylor & Blackmon 2005: 158). Saunders et al. (2007: 150) identify four threats to reliability: 1) subject or participant error, 2) subject or participant bias, 3) observer error, and 4) observer bias.

Through explorative interviews, the goal was to root out information without steering the respondent too forcefully in any particular direction. The aim was to let the respondent answer the questions as he or she saw most relevant. The interviews took a conversational manner, which allowed for clarifications (of either questions or answers) to be made (in case needed). The interview questions and framework were sent to the interviewees beforehand, thus allowing them time to familiarize themselves with the subjects to be covered, to assemble supporting/contradiction documentation etc. The interviews were conducted in Finnish, which was the native language of both, the interviewer and interviewees. To ensure the quality of the results a subsequent discussion on them with the interviewees was organized as a final step.

The challenge during the interviews was to ask specific questions and postulate how the responses might fit into various proposed frameworks. Further, some of the respondents' answers may appear purely informational, but in fact contain valuable information about the way the respondent him or herself perceives the situation in question. Whilst it seems impossible to believe that in this case the respondents would have intentionally given delusive answers, there is always the possibility of doing so unintentionally. It might have been for instance that some of the respondents lacked the proper background and theoretical knowledge required to fully understand some of the more complex theoretical concepts behind some of the questions.

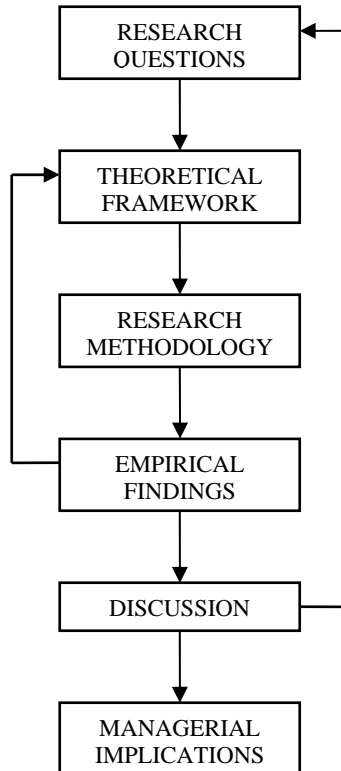
Given the rapid speed with which the case company's internationalization process progresses, it is unlikely research conducted in the distant future would yield similar results. However, those conducted in the short-term should bear a reflection of the findings presented in this study.

### **3.5. Summary of the Research Process**

This study used an explorative qualitative approach to gain implicit insights on one case company through five in-depth interviews and direct observation. Through interviewing three Pramia personnel on three separate occasions, the goal was to gain a deep understanding of the industry in general and of the company, in particular their vision and attitudes towards certain predetermined advertising-related issues. Through on the spot observations at selected Systembolaget, Vinmonopolet and Alko stores, the goal was to gather information relating to consumer buying behavior and perception of brands.

The investigation started with a set of research questions, which after the literature review lead to the construction of the theoretical framework. The goal was to use the framework as a tool through which to evaluate and categorize different processes, views, and attitudes related to advertising within the case company. The framework, in conjunction with the objectives of this study, defined the type of research methodology required to obtain the desired data. The responses from the interviews, as well as the data gathered through observations were then analyzed and became the empirical findings. The empirical findings

are then contrasted against the original theoretical framework and give the basis for starting discussion. The discussion section of the research relates the findings to the original research questions and leads to the managerial implications. This research process is depicted below.



**Figure 10.** The Research Process

## **4. EMPIRICAL FINDINGS**

This chapter presents the empirical findings by contrasting them against the original theoretical framework. Prior to describing the key findings of the main constituents of the empirical part – interviews (Chapters 4.1.1 & 4.1.2), observation (4.2), and a review of renowned advertising cases of alcoholic beverages (4.3) – the case background is explained in further detail (a continuum to Chapter 1.1).

### **4.1. Case Pramia**

Pramia is a Finnish alcoholic beverages manufacturer founded in 1990. The company manufactures spirits, liqueurs and mixed drinks containing minimum 5.5 per cent alcohol by volume. By 2009 it had grown to become the biggest family-owned alcoholic beverages producer in Finland, with annual turnover of approximately 1,5 million Euros and maximum output of 2,8 million new bottles/9 million fills. (Mäkinen 2009a)

In 2010 the introduction of first new products intended for international markets only, “Scottish Brooks”, “Gaia”, and “Aurora Borealis”, took place. According to the company’s internationalization vision for 2012-2014, its products would then be sold at the Swedish and Norwegian monopoly retail stores (Systembolaget and Vinmonopolet, respectively) via subsidiaries established in those countries, and at retail stores in Denmark, France, Germany, and the Baltic states, via middlemen (Kivinen 2010; Mäkinen 2009a).

In 2011 the company had six employees – the founder/CEO, product manager, export manager, an office worker and two production workers – with 75 years of aggregated experience from the industry. None of them had any significant previous international experience and their language skills were mostly limited to Finnish, with the exception of the export manager who possessed fairly advanced level English skills. Kivinen also had the highest level of education with Master’s degree in marketing (Kivinen 2009; Mäkinen 2009c; Siltala 2009)

Small number of employees combined with efficient production processes had always been the key factors in maintaining low overheads and high profitability (26% of the annual turnover in 2009). Furthermore, the plastic bottles allow favorable transportation costs, in particular with purchase freight rates as the PET bottles are purchased in condense-packed preforms (the preforms occupy only 1/7 of the space of a full bottle; are inflated to their full sizes at Pramia's factory). (Mäkinen 2009a)

Advertising had always been outsourced to professional advertising agencies and during its existence the company had cooperated with 15-20 different agencies to help plan and execute its advertising campaigns. In 2009 the company was using three different ad agencies simultaneously, from label design to Internet advertising, not to forget print, TV and outside advertisements. Overall the preferred medium had been print. (Mäkinen 2009c)

Pramia had traditionally allocated approximately two percent of its annual revenue to marketing, majority of which to advertising. It was stated, however, that willingness to increase especially advertising exists, and in 2009 the Pramia's marketing expenditure accounted for a record high eight percent of the company's annual revenue. An advertising budget for international markets had not been created, as the whole foreign advertising strategy depended on how the internationalization process progressed (when would Pramia's products receive an acceptance from a foreign retailer, which products would be accepted, etc.) (Mäkinen 2009c)

#### **4.1.1. Company Values and Mission**

The company introduces itself in its website as follows: (PRAMIA 2010)

*“Quality alcoholic drinks in PET bottles. When you buy a product by Pramia, you can be sure to get a high quality alcoholic beverage served in an equally high-standard package. You can also rest assured that every bottle that leaves our factory has been made according to high ecologic principles. We will not waste materials nor energy – in fact, we produce them, too.”*

The company values its Finnish origins – which is for example reflected on the names of the products sold in the Finnish market – and is seriously committed to ecological issues: all the energy needed for production is derived directly from its own wind energy plant; the company strives to minimize waste production and excess material usage, and is committed to follow the principles of the United Nations’ guidelines to Corporate Social Responsibility; the products are fully recyclable. Pramia is also the only alcohol manufacturer in Europe who makes its own plastic bottles, and the alcohol manufacturer with the lowest emissions in Finland. Furthermore, the company claims to be a global forerunner in carbon neutral production that has compensated all of its emissions and is a carbon neutral company (see a direct quotation from its homepage below). In addition, the company’s vision for 2012-2014 includes a statement that all cars owned by the company and its employees should be rechargeable electric cars. (Mäkinen 2009a; Mäkinen 2009b; PRAMIA 2010)

*“We have actually compensated all of our carbon emissions and can take pride in being a carbon neutral company. The excess electricity produced by our wind power plant reduces relative carbon dioxide emissions by 840 tons of CO<sub>2</sub> yearly, which covers our entire carbon footprint.”*

The company’s mission is to produce Scandinavian-style products and to distinguish from the competition with its ecological orientation that is fostered in all of its operations (Mäkinen 2009b).

The company describes its surrounding environment and values as follows: (PRAMIA 2010)

*“The Pramia headquarters is located in the Southern Ostrobothnia region of Finland in the town of Jalasjärvi. In the middle of the clean nature surrounding us, amidst the active local community, we can still hear natural silence and experience the full shine of the starry skies. We haven’t forgotten about the nature. It’s right there whenever we exit our homes. That is why we are drawn so naturally to environmental values as the basis of what we do.”*

While Mäkinen (2009a) stated in 2009 that one of the key challenges in the company's internationalization process would be to get the foreign professional buyers convinced ecological responsibility is the argument 'that'll do the trick' (amid consumers), less than a year later Kivinen (2010) mentioned the feedback pertaining to Pramia's products and ecologically responsible values she had received from purchasing agents and other representatives of foreign alcohol retailers during initial discussions with them had been highly encouraging. Nevertheless, she reiterated the original challenge of how to communicate these company/product strengths and benefits to foreign consumers yet remained.

#### **4.1.2 Advertising Strategy**

With regard to international advertising strategy it was emphasized by all interviewees the local legislation needed to be studied first. The basics of Swedish alcohol regulation had already been studied. A major finding was that with print advertisements approximately 20 per cent of the area needs to be dedicated to a text warning consumers about the (potential) hazards of drinking alcohol – alike to boxes of cigarette. In Mäkinen's opinion this spoils the ad to a great extent. Regarding Norway they had found out a total ban on alcohol advertisements was in force. Other target markets had not been studied yet. (Kivinen 2009; Mäkinen 2009c; Siltala 2009)

The tentative strategy for international advertising appeared to be that of exploiting the ideas and partnerships that worked well in the domestic market (to a degree possible). As for segmentation, people who cherish the nature / are ecologically oriented were identified as a target group. In addition, Finns living in Sweden were identified as a specific group of people who should be approachable. (Mäkinen 2009b; Mäkinen 2009c; Siltala 2009) On the other hand, Kivinen later acknowledged there are no specific customer target groups, and that no product had ever been designed for a particular group of customers only (Kivinen 2010).

In Kivinen's (2009) view the only way Pramia's can enter foreign markets – *“to be honest, the world is full of alcohol”* – is the PET plastic bottle, the fact that they are produced ecologically with wind power, packed as condensed as possible, and that ecological



responsibility had permeated through the whole Pramia's operations. The reason why the company could succeed in international markets is that the consumer feels good, that he/she made the right choice (when chose this ecologically responsible product). That is the feeling the consumer needs to get.

While those customer who choose the bottle due to its light weight and relatively low price are also warmly welcomed, but the message content and what makes Pramia to distinguish from abundance of competing products will be that it is a 'green choice'. Pramia will also benefit from the fact that popular media informs the public about climate change. People begin to think about carbon footprint issues. People receive information from newspapers and television news that a plastic bottle is a better option than a glass bottle. Pramia do not have to pay for this communication, but yet the general awareness regarding these issues rises. (Kivinen 2009)

There are already consumers who know the 'trend' (that they are interested in) but they do not know yet how to look for the right product – for instance they look for “organic products” instead of “ecological”. For Pramia as a company even a small niche segment would be enough – such as 'ultra green' Germans. Even that segment could yield as much sales as the company now accrues from whole Finland. (Ibid)

Kivinen later (in November 2009) clarified in an email that there is no other way than to leverage ecological responsibility and to appeal to people's ecological values. Pramia is fairly strong in all three categories of corporate social responsibility (CSR): ecological responsibility, social responsibility and ethical responsibility. Out of these, Pramia focuses on ecological responsibility, which will be the company's only key message.

In contrast, during Pramia's internationalization seminar in June 2009 consultant Toivo Äijö opposed the idea of focusing on ecological responsibility in the company's international advertising strategy. Instead, he stressed the importance of focusing on the company's key competitive advantage, which in his view was best represented in the products itself – eye catching plastic bottles with unique design.

When the interviewees were later asked for their reflections on the comments made by Äijö, Siltala's (2009) view was key competitive advantage and ecological responsibility are

topics better suited for discussions with B-to-B buyers (than for consumer adverts). Siltala also had the most favorable attitude towards using simple, positively-framed and emotion-appealing messages instead of more rational argumentation of the products'/company's environmental friendliness. Kivinen (2009) and Mäkinen (2009c) in turn both emphasized the PET bottle is an ecological product, and cleaved to their earlier beliefs about focusing on the company's ecological responsibility in advertising.

Nevertheless, by 2010 Pramia had taken the first steps on a path of promoting its ecological responsibility internationally. For instance, the company had created special products for the Swedish market (to be offered to Systembolaget), all of which had a text "ecologically produced with wind power" printed on the label. The goal was that such sentence would encourage purchase decisions when it catches the eyes of consumers. In addition, leaflets featuring scenery pictures of a Finnish countryside, supplemented with a text highlighting Pramia's ecological responsibility and smaller pictures of the bottles had been created for both domestic and international markets (see Appendices 3 and 4). While these leaflets were designed for the purpose of being handed out to professional buyers (of alcoholic beverages) during exhibitions etc., similar elements could be expected to be found from the future consumer ads as well. (Kivinen 2010; Mäkinen 2010)

### **Message Strategy**

Contrary to emotional, easy-to-process appeals that were identified in advertising literature as suitable for alcoholic beverages, Pramia's earlier domestic executions had been predominantly product-centered, rationalistic, informative ads targeting hikers, boaters etc. Ads with various styles lacked uniformity and featured several different company logos. Moreover, the products had such different labels it was hard to notice they were made by the same company. (Siltala 2009)

Concerning international advertising strategy the case company's management had few ideas pertaining to the general nature of the advertising appeals. As implied earlier, more or less all of them were derived from earlier executions in the Finnish market, in where the company had experimented with various different types of executions. Hunting and fishing was identified as the main theme for international markets. The ad could for instance depict

a hunter next to a bonfire with his gear unpacked, and Pramia's bottle pinpointed as an essential item of the hunter's gear (Mäkinen 2009b; Mäkinen 2009c; Siltala 2009).

The interviewees were unanimous the PET-bottle should have a central role in advertising appeals. None of them had an unequivocal preference towards either emotional or rational ads. Instead, it was hoped the appeals could feature both elements. (Mäkinen 2009c; Kivinen 2009; Siltala 2009). The ads could for instance include facts about the benefits of PET bottles – such as low carbon footprint – but simultaneously appeal to emotions as well (Mäkinen 2009c).

A slogan had not been considered yet. Mäkinen (2009c) pointed out it should relate to ecological responsibility. A suggestion “Pramia – an Ecological Choice” received a cautious acceptance from all interviewees, but overall it appeared the matter was considered fairly insignificant. (Kivinen 2009; Mäkinen 2009c; Siltala 2009)

With regard to advertising regulatory considerations the management appeared to have a general understanding of what elements advertisements of alcoholic beverages can and cannot depict. When asked about the issue of standardization versus adaptation, all interviewees made an instant reference to legal restrictions. It was mentioned the ads are not allowed to depict much more than bottle images only, no positive feelings, no fun, etc, and that only one message should be created (to be used in all international markets). (Ibid)

While it was acknowledged by all interviewees that Pramia's earlier domestic advertising executions had often incorporated certain humorous elements, a question about the usage of humor in international advertising elicited similar response than the standardization issue – it was deemed (too) difficult due to legal restrictions.

Kivinen (2009) was most adamant in her stance against the usage of humor in future advertisements and remarked that while advertisements containing certain humorous elements had previously worked fairly successfully in the Finnish market, the company's profile had changed lately – professional CSR has become more entrenched in the company's operations. For example several articles/ papers had been written on the subject, the company had meticulously monitored its emission levels and other relevant information and reported them to various governing bodies, and CSR altogether had been adopted as an

integral part of the company's operation system. As a result, Pramia had advanced/grown past 'funniness' – so much more (than just humorous elements) can be drawn from the company that operates in such a distinguishable way compared to its competitors.

Pramia is also 'swimming against the current' in a sense that today's alcohol market is inundated with products with embellished packaging; e.g. whiskey bottles are put into a cardboard box and further into various types of leather casings. Pramia, in turn, puts forth a bit modest profile, highlighting the products' disposable nature – buy, drink, and rebuy – supplemented with message that ecological responsibility and carefulness have been exerted in manufacturing the products, and that the products have in manufactured in Finland/Nordic country, in ethically responsible way. (Kivinen 2010)

### **Branding Strategy**

As mentioned earlier, in 2010 the first new international products, “Scottish Brooks”, “Gaia”, and “Aurora Borealis”, were introduced. From branding strategies perspective this meant the company had decided to follow a strategy in which all new international products were given common language names, accompanied with Pramia's brand. These products were intended to be sold exclusively at international markets, so that an identical product would be offered throughout its sales area. (Mäkinen 2010; Kivinen 2010)

It also came to light this branding strategy had received criticism from a professional B-to-B buyer who had expressed his concerns about consumers feeling mislead/confused by the fact that Pramia offers products in various categories (whiskey, wine etc.) and they carry both Pramia's corporate brand and individual product brands. There is a risk of consumers mixing the brands and consequently forgetting what exactly Pramia offers. (Kivinen 2010)

Nevertheless, according to Kivinen's (2010) there will be one international brand, Pramia, and two separate product categories, spirits and carbonated drinks (that also contain alcohol). She indicated challenges with product names by stating the company had found out that names such as “biovodka” or “bioliqour” are prohibited, thus implying the company's interest towards using such names.

## 4.2. In-store Observations

The purpose of in-store observations was to gather information concerning consumer buying behavior, particularly from the category need and brand awareness perspective. As explained in Chapter 3.3 observations were conducted in two Systembolaget, two Vinmonopolet, and two Alko stores. The principal finding was something that could have been easily anticipated in advance; in a store environment the shape of a bottle, packaging, and above all the brand truly makes a difference. It quickly became obvious that amidst an abundance of products a bottle without well-known brand manages to strike one's eye and thus stand out from the shelf only if it either is covered with an external cardboard packaging with flashy colors or something that makes it to distinguish from the rest or, in case of a bottle plain bottle, has a unique shape. A reputable brand, however, renders the above described features redundant, as the brand seems to ensure the bottle a favorable display position, and thus customer attention. Another observation worth mentioning was that altogether strikingly low number of plastic bottles was on offer. Despite visiting different stores in different countries these findings were essentially the same in all locations visited – no major discrepancies were detected.

Observations conducted at Alko stores proved Pramia's uniquely designed plastic bottles markedly distinguish from the competitive products in terms of catching a customer's eye (and would certainly have the same effect in Systembolaget and Vinmonopolet stores, for that matter).

Both interviewed Alko personnel shared the view (based on their own personal experience) majority of people who enter a store are at least aware of the category of products they intend to buy (e.g. wine, liquor, beer) and often have at least one brand in mind as well. They also believed many customers have a preferred brand in a product category. The in-store observations supported at least the first notion as vast majority of customers seemed to more or less know in advance what they were looking for, based on how they headed towards certain store sections rather straightforwardly. Finally, as a testament to the importance of the brand, it should be noted the brand name was made highly visible in nearly all labels seen.

Next, the focus is on how advertising can help building a successful brand.

### 4.3. A Review of Renowned Brand Building Cases of Alcoholic Beverages

In order to gain further insight into how alcoholic beverages can be successfully advertised analytical review of prominent advertising cases was conducted. This chapter presents three different cases in a constructive manner by contrasting them against a backdrop of Pramia's present day situation. The aim is to extract the key initiatives behind the successful advertising cases, and to evaluate if similar ideas could be utilized in Pramia's international advertising strategy. Included in the review is also a display of some of the landmark adverts.

#### 4.3.1. Finlandia Vodka

The case of Finlandia vodka provides a good example of how desired brand image can be successfully created via carefully drafted advertising campaign. The case also suits a new brand with international aspirations fairly well since the situation in which Finlandia's brand was prior to its revival was so bleak, that it necessitated a complete overhaul of the international advertising strategy. As explained by Howard (1999):

*"Finlandia Vodka has [had] for years been a moderately-priced "other" brand, packaged in a bottle that was stuck in a bygone decade of design, as if one of those bottles that has forever sat in the back of your parents' liquor cabinet."*

*"There was no contemporary awareness behind the brand. There were no negative feelings, which is a tribute to the quality. That's what was keeping it alive. But this marketplace is very competitive and image is the key. We wanted an image."*

Finlandia's revival process initiated as follows (Ibid):

*"Following an importing and marketing pact with Brown-Forman in 1996, that company and Finlandia Americas put the brand on a regeneration program, dubbed a "Renaissance," to infuse it with some ice cold cool spun off the geographical origins of its name. With the pivotal elements of packaging redesign*

*and an ad campaign that speaks of style and purity, imagery playing on all things glacial including the use of pure glacial spring water, the brand has been made over as a high-fashion accessory, driving awareness, sales and even a price that put it more in line with Stoli [Stolichnaya] and Absolut.”*

Besides renewing advertising, included in the general creative approach was creating a new look for the bottle. The bottle’s design was contemporized as follows: (Howard 1999):

*“Anchoring the packaging, Finland's midnight sun remained intact, but the image shifted to a more alluring, mysterious landscape, framing smooth, melted ice imagery on a slender bottle, a sleek overall redesign that set the stage for all the consumer communications.”*

Bottle redesign was driven by two separate motives (Ibid):

*"With Absolut spending somewhere around \$23 million we needed to come out with something that would break out of the clutter, look unique and reposition Finlandia at a higher level,"*

*"If the brand needs to evolve and you only change the advertising, it doesn't work. For us the bottle design has been the linchpin that has held all the other elements together."*

Finally, the execution (of ads) took place as follows: (Ibid):

*“The rejuvenated products were marketed under an umbrella theme, "In a past life," a spin off the timelessness of the glacier. The new bottle was played up against sharp, stylish photography. The ads evoke a sense of the past through a classic type of grainy photography in which a central figure talks about their own past lives, sometimes realistic, sometimes more surreal. In one, an old man reminisces about breaking hearts all around the world. In another a woman recalls life as an Egyptian princess who knows the secrets of the pyramids but she "isn't talking." Then comes the product push. At the bottom and off to the side is Finlandia, whose own past life was that of "pure glacial spring water.”*

The campaign was a great success with three month sales up by 49% and "past 30 day usage" versus the year prior up by 36%. (Howard 1999)

Based on Howard's (1999) description the key components/characteristics of Finlandia's advertising strategy are easily identifiable. The company's *message strategy* utilized glacial theme as a *central message*. As for *creative concept* the company had chosen to employ *brand image strategy* that appeals to consumers' psychosocial needs. Advertising attempted to develop an image or identity for Finlandia by associating the product with pictures of glaciers, and consequently to the product's Northern origins. This meant Finlandia's creative concept preferred psychosocial differentiation over physical differentiation, and as a testament to that, the executions contained no rational or informative elements – no reference whatsoever was made to the product's functional (tangible/physical/concrete) benefits. In short, the campaign relied heavily on *creative ideas*, focusing on arousing *desired associations* and *positive mental images/associations* amid recipients.

Aside from the categorizations made above, it is worth noting that Finlandia's case is above all brand image building case. Advertising was, of course, the vehicle through which the main objective of improving the brand's lackluster image was achieved. Moreover, it was interesting to notice that in spite of the apparent difference of Finlandia being a long-established player in the international arena while Pramia was a total newcomer, the key challenge both companies faced was ultimately more or less the same: to create an advertising campaign and ultimately brand image that strikes a chord with the audience.

The advertising case of Finlandia vodka in relation to Pramia's present day situation is contemplated further in chapter 5. Next a case of Russian Standard vodka is presented, followed by example-laden look into the advertising-driven rise of Absolut vodka into a world's top selling vodka brand.



### **4.3.2. Russian Standard Vodka**

The case of Russian Standard vodka bears relevance to Pramia's present-day situation as it offers a detailed description of how a totally new brand successfully penetrated markets, both domestic and foreign, and ultimately evolved into a respected international brand. The case also serves as a good display of how the brand's country of origin can be successfully embedded into the marketing strategy concept; the brand's national roots were exploited by making strong references to Russia's renowned traditions in vodka manufacturing and to a culture of vodka consuming (Chandon & Grigorian 2002). Besides advertising, carefully drafted positioning, packaging, and on- and off-premise promotion strategies were integral to the successful launch of the product. For this reason, the scope of the review is broadened to include the above-mentioned interrelated areas as well.

#### **Background**

Russian Standard vodka was launched in 1998 by Roust Holdings, a company driven by quality orientation and Russian pride. The founder, Roustam Tariko, believed there was a clear niche for a premium brand that was genuinely Russian (Smirnoff was manufactured in the US and Stoli had a Soviet identity), with a link to Russia's rich past. The ultimate aim was to set a new standard of world-class quality for a new breed of global Russian brands. And what product would be better suited to achieve this goal than vodka – born in Russia and strongly associated with the country. (Chandon & Grigorian 2002)

The launch of Russian Standard vodka was successful, and new the product quickly gained significant market share in the domestic market. In 2002, it was selling at \$13 a bottle in Russian airport duty free shops, more than the long established premium vodka brands such as Absolut Blue (\$12), Finlandia (\$8) and Stoli (\$8). Russian Standard was outselling all these brands, achieving the number one position in the premium segment with a 27% market share. (Ibid)

There were two key reasons for Russian Standard's early success: (Chandon & Grigorian 2002)

1. First, and most critically, Russian Standard vodka was the first domestic brand to create a rich mosaic of imagery (product, packaging, pricing, merchandising, media communications) as opposed to the traditional one-dimensional image of 'quality' associated with existing vodka brands which was strictly confined to the image of the producing distillery. In other words, Russians chose their vodka on the basis of who physically produced the vodka as opposed to the more emotional, fuller aspects of Western brands. Proof of this is that in Russia, the birthplace of vodka, international brands like Absolut and Finlandia were perceived to be the most aspirational brands.
2. Secondly, the Roust organization had already developed strong merchandising skill and relationships with the trade, both off-trade (supermarkets) and on-trade (bars, clubs, restaurants). This allowed Russian Standard to secure privileged shelf space and promotion by supermarkets, and access to the bars of the most prestigious and fashionable clubs and restaurants in Moscow and St Petersburg.

While experts in general attributed the success of Russian Standard to its high and consistent product quality, its distinctive premium packaging, its strong distribution and merchandising, and its Russian heritage, a shop assistant had a more straightforward view of the reasons behind the brand's domestic success: "people bought Russian Standard because it was unmistakably Russian and it looked reliable". (Chandon & Grigorian 2002)

Encouraged by its rapid success at home, management aimed to make Russian Standard the number one Russian vodka in the world, launching the brand in 10 European countries with no or minimal adaptation to the product or the marketing mix. (Ibid)

### **Brand Identity**

Tariko's personal affinity for luxury good and his ambition to create the first truly premium Russian brand determined to a large extent the identity of Russian Standard. The brand name had to be evocative to Russian audience. The Russian Standard brand name made

sense because Russians like to have standards. The task was to re-establish something that will be a standard for Russians. (Chandon & Grigorian 2002)

In 2001, a major survey was conducted on the essence of the brand so that this, in turn, could be conveyed to consumers. After several months poring over brand research, meetings with notable Russian media and literary personalities, extensive travel throughout Russia, customer focus groups and numerous brand essence and positioning briefs, and overall strategy was born. In short, the brand “*embraces the past...and inspired progress*”. (Ibid)

### **Target Customers in the Russian Market**

Russian Standard was aimed at a primarily male audience in their 30s or 40s with premium to high income. Two psychographic categories of consumers were distinguished – “connoisseurs” and “strivers” – who were primarily attracted by the high product quality or the prestige of the brand respectively. (Ibid) (See Appendix 5 for more detailed classification of the target customers)

### **Brand Positioning**

The following functional attributes were communicated to consumers: (1) Produced in accordance with the formula for premium vodka established by the Czar’s government panel headed by Mendeleev in 1894, (2) 80% proof classic Russian vodka, (3) consistently distilled through birch charcoal filters, (4) only “deluxe” grain spirits from Central Russia used, and (5) pure undistilled water from the North of Russia filtered to perfection. (Ibid)

In addition to its functional attributes, Russian Standard claimed several functional benefits, emphasizing the purity of vodka, its neutral taste and superior aroma. As a result, it sometimes fell short of creating a very clear and distinctive image of the brand on a functional level. Emotionally, the brand was meant to create feelings of pride for Russian consumers and to serve as a source of national identification, belonging and validation. Russian Standard also tried to create an aura of prestige for its users. (Ibid)

## **Packaging**

The management team focused in meticulous detail on the packaging of Russian Standard vodka during the product design stage. The main objective was to develop a bottle that would unambiguously reflect the super-premium nature of the product. The grey and silver colors and mat glass texture of the bottle were intended to reflect “premiumness” in an understated manner while ensuring maximum standout. (Chandon & Grigorian 2002)

Other creative insights were used to reflect brand values. The overall shape of the bottle was inspired by the Giant Bell housed in the Kremlin. Embossed lines were suggestive of the classic onion dome, which is characteristic of the traditional Russian orthodox churches. The shape of the label further reinforced this feature. Mendeleev’s signature was also used to illustrate the heritage of the Russian Standard vodka. (See Appendix 6) Overall, Russian consumers perceived that the bottle conveyed the premium image of the brand. (Ibid)

## **Advertising**

The first advertising campaign for the brand (“Standard Russian – Russian Standard”, Appendix 7) was built around the concept of comparing common stereotypes of the traditional vs. new Russia. Stereotype images were contrasted with the new “standards”, which were supposed to be common in contemporary Russian but yet unknown to the world. The Russian Standard campaign was rolled out in glossy magazines aimed primarily at a medium-high income audience, such as GQ, Vogue, Harper’s Bazaar and Marie Claire. Billboards advertising were set up in places where potential consumer movement was high, such as Moscow Sherementiyev international airport. In addition to the “Standard Russian – Russian Standard” advertising, ‘functional’ adverts and promotional articles were placed in magazines, depicting the bottles and describing product benefits, such as Mendeleev’s original formula and taste. (Ibid)

Despite high expectations the campaign did not have a significant impact on vodka sales. A market research survey found consumers did not either understand or like the idea of contrasting stereotypes with ‘new imagery’. The campaign also failed to communicate the intended premium image. As a result, Roust Holdings decided to stop the campaign – which was originally developed for international markets – in Russia, citing it disrespectful

of Russia's past and culture like matryoshkas, babushkas etc., and Russian Standard to be much more than vodka. It is about Russian ideal, something that embraces its past, but inspires progress. The initial campaign was clever, but fell short of the real essence of the brand. (Chandon & Grigorian 2002)

### **On-premise Promotion**

The marketing mix for Russia included active promoting of the brand in the trendy bars and clubs of Moscow and St Petersburg, where opinion and fashion leaders hung out. Every week in Moscow there was a nightclub party sponsored by Russian Standard in an effort to increase brand awareness, encourage sampling and enhance product merchandising. Moreover, Russian Standard vodka was listed on the menus of many fashionable restaurants, sometimes on an exclusive basis. To reinforce the prestige image, a special restaurant program aimed at 'co-branding' caviar and Russian Standard vodka was developed. (Ibid)

### **Off-premise Promotion**

Roust Holdings managed to negotiate significant shelf space for the brand with the main supermarket chains. Russian Standard supermarket merchandising, shelves and floor displays were of very good quality, stood out and clearly communicated brand visuals. The company also developed incentive system to encourage supermarket staff to promote the brand. (Ibid)

### **Summary and Remarks**

Based on Chandon and Grigorian's (2002) description Russian Standard's success can be attributed to the high quality of the vodka itself, its innovative and distinctive bottle, to its strong presence in bars, and to a brand identity that is proud to leverage its Russian heritage while promising world-class standards of quality.

Out of these attributes, Pramia arguably has innovative and distinctive bottle, strong brand identity and storyline behind the brand/company. Bar presence, on the other hand, is an interesting avenue hitherto unexplored in this study. It is something the case company had

considered though, the interviews revealed. That discussion, however, came to a quick end after the CEO Mäkinen bluntly expressed his disinterest towards restaurant sales, citing dissatisfactory revenue (Mäkinen 2009d).

Be that as it may, there is another aspect to this matter (besides the revenue one), that of marketing. In case of Russian Standard revenue was never mentioned in the context of bar presence. The company pitched for a strong bar presence not because of the revenue generated directly through it, but primarily for the purpose of promoting the new brand; to create brand awareness, elicit positive consumer reactions, gain consumer mind share etc. Given that these same promotional goals should also be on Pramia's marketing agenda, the issue of restaurant sales/bar presence seems worth further contemplation.

Another interesting notice was that while the founder's strong vision was a sort of bedrock upon which Russian Standard's all marketing strategies leaned on, the company did not miss a step in understanding what the consumers wanted either. In other words, the approach was ultimately market-oriented, instead of company-oriented. A perfect example of de Mooij's notion "effective advertising means that the values in the message match the values of the receiver. It is the culture of the consumer – not the company – that should be reflected in advertising." (See Chapter 2.7)

Pramia, in turn, also has a founder/managing director with a strong vision and determination to develop the company into a direction he sees fit (i.e. to underline the company's ecological responsibility and values even further). That, how well will it correspond with what the consumers want, and how market-oriented the case company truly is, remains to be seen.

These, as well as other issues disclosed by the case of Russian Standard will be addressed further in Chapter 5, in relation to the case company, of course.

### 4.3.3. Absolut Vodka

Absolut, vodka considered by many to have the worst taste but best advertising is a compelling testament to the power of advertising in case of spirits. During the past 30 years not only have Absolut advertising consistently stood out among its competition, but has effectively become a landmark advertising case widely acclaimed and cited in advertising literature.

Absolut has been the most heavily advertised spirits brand anywhere in the world. Absolut advertising is celebrated not just for its longevity but also for its ingenuity. The Absolut advertising campaign have often been regarded by advertising experts as one of the most brilliant, innovative, successful and long-running campaigns ever. (Shimp 2003: 265; Sarvani & Mukund 2004)

When Absolute Vodka entered the US in the 1980's the brand was completely unknown. With a small advertising budget that allowed for print media only, the company set up a task of rapidly building brand awareness. The brilliant idea was to simply feature a full-page shot of the bottle with a two-word headline. The first word would always be the brand name, Absolut, used as an adjective to modify a second word describing the brand or its consumer. In addition to having a great name (suggesting the unequivocally best, or *absolute* vodka), the brand's most distinguishing feature was a unique bottle – crystal clear with an interesting shape. (Shimp 2003: 265)

The shape of the Absolut bottle together with the adverts played a key role in making Absolut a success story and in creating its 'cultural phenomenon' image. Absolut's clever imagery and wordplay were considered groundbreaking when the first ads appeared back in 1980. Absolut's long-time ad agency, TBWA Chiat/Day, had over the years explored dozens of themes to convey the product's image and typically found a way to sneak in the iconic vodka package. (Chandon & Grigorian 2002)

Absolut was supported by extensive print advertising and a connection with art and avant-garde. Over the years, Absolut had co-operated not only with painters and fashion designers, but with artists in all fields, including sculptors, crystal glass designers, photographers and jewelry designers. The first artist to depict the bottle was Andy Warhol

in 1985. Clever positioning had turned Absolut into both an occasion and a mass-market choice. As seen by the company behind Absolut's marketing in the US: (Ibid)

*“Absolut is a brand which is both inspirational and accessible. It has stayed true to its positioning and association with the finer things in life – art and fashion. The ubiquity of the advertising has made it an easy sell for bartenders or wait staff in kind of restaurant – not just a white tablecloth establishment. The beauty of a large marketing investment is that the brand owner has spent millions of dollars and bought many years of consistent, quality advertising to create that association of quality and consistency in the consumer's mind. When someone orders vodka and tonic, vodka on the rocks or vodka and orange juice, it seems natural that Absolut rolls off the tongue because Absolut is a known commodity. The customer will either say yes or no, but there is no indecision. It's a safe recommendation for the bartender and the consumer.”*

By 2000, Absolut advertisements were recognized the world over for their stylish, humorous, and innovative attributes. As people began collecting the ads, analysts observed that the brand had become an advertising phenomenon (Sarvani & Mukund 2004). Until 2000 Absolut's visuals did not communicate any of Absolut's functional benefits, making it a follower in the crowd of “new premium” spirits that strongly emphasized advertising quality or heritage. (Chandon & Grigorian 2002)

### **Summary and Remarks**

Similarly to Finlandia, Absolut focused on brand image strategy, relying on clever imagery and wordplay, and excluded all informative elements. The company managed to create ads filled with stylish, humorous and innovative attributes, and also enjoyed a strong bar presence (which was mostly due to its super-clever name and highly fashionably image). In addition to product functional benefits, country of origin was clearly not a key success factor either, though “Country of Sweden” was written in each bottle in a highly visibly way.

Instead of further referring to the numerous academic and other papers that have been written on the subject of Absolut advertising, it seems the most effective way to convey



what Absolut advertising has really been about is by simply displaying some of the brilliant individual print ads that together constituted a campaign that came to be regarded as an 'advertising legend' (Sarvani & Mukund 2004). For this reason, a compilation of Absolut newspaper ads (Appendices 8-10) has been included in this study. These ads forcefully demonstrate how clever, yet very simple advertisements Absolut had created.

Absolut advertising will be revisited in next chapter where Pramia's advertising strategy is discussed in detail.

## **5. DISCUSSION AND ANALYSIS**

This chapter discusses the empirical findings in analytical manner and aims to relate them to the original research questions (Chapter 1.2), and to the theoretical framework presented in Chapter 2.

### **5.1. Message Strategy**

This study originated from a situation in where fairly small but successful Finnish family owned manufacturer of alcoholic beverages was facing substantial obstacles for growth in its domestic market and thus had decided to internationalize. The company was already past the initial product development and retailer negotiation phases, in a stage where focus ought to be shifted towards creating an advertising strategy and executions. The company had no previous international experience and no well-defined advertising strategy (even for its domestic market). Instead, it rather had some random ideas that were mostly derived from its earlier advertising executions in its domestic market. Consequently, both message strategy and creative concept needed to be developed from a scratch.

There was, however, something that could be utilized. As regards to message strategy – the decision on what general messages will be communicated to consumers – the fact that the case company had unequivocal, distinctive strengths and core values offered a solid foundation upon which the message strategy could be built. As explained in Chapter 2.1, advertising message strategy ideally follows directly from the company's broader positioning and customer value strategies. The premise for message strategy was easily found: it should be build around the case company's key corporate value of ecological responsibility, unless found unfeasible.

In view of the theoretical framework presented in Chapter 2, focusing on company values raises few concerns that need to be addressed. In particular, the product-related effect on advertising effectiveness has to be taken into account. Given that the PCM and ELM (Chapters 2.2 & 2.3, respectively) posit alcoholic beverages into a low motivation (for

consumers to process message-related information) category, a question needs to be made whether appealing to the products' environmental friendliness/the company's ecological values would make the ads overly rational/argument-focused?

As discussed in chapter 2.3, consumers that are less motivated to process information about the ad may respond negatively to argument focused ads, whereas emotion focused appeals and positively framed messages may win their attention. It is, however, also pointed out that ads without attractive peripheral cues, but an easy-to-process, product-related message might also work under low MAO, simply because the cognitive resources to form counter-arguments are lacking.

A slogan such as "Pramia – an Ecological Choice" would at least be simple enough and clearly more positive than negative, but would it be believable as such and, in particular, would it be easy to process? Would it not require elaboration as it seems highly plausible such statement would elicit a counter-argument such as how exactly is choosing Pramia's product an ecological choice as opposed to choosing a substitute product? If not, that type of a key message/slogan could 'fly' as it is; if yes, the elaboration would have to be done in a manner it would be easy for consumers to process, and at the same time both concise and convincing. In this case, one option would be to highlight the fact that Pramia's bottles are fully produced with wind power (all of the energy needed in production is derived from the windmills the company owns). This would also make sense from the competitive perspective: why not to take an advantage of the exceptional fact that for the present Pramia is – according to the company's own statement – the only alcohol manufacturer in the world who uses recyclable materials and renewable energy only in its production. This would allow the company to differentiate itself from its competitors.

Another important concern relates directly to de Mooij's remark it is the culture of the consumer – not the company – that should be reflected in advertising (see chapter 2.7). As the suggestion here is clearly the opposite – a company-oriented approach instead of the consumer oriented approach – a question need to be made whether the company's ecological values strike a chord with the target audience, or is it more of an unimportant value to them. If yes, a considerable decrease in consumers' motivation to process the ad and consequently in advertising effectiveness can be expected. As mentioned in Chapter 4.1.2 Kivinen's stance on this issue was that it would be enough for Pramia if its

advertising message reaches the small niche segment of consumers – such as of ‘ultra green’ Germans – to whom ecological responsibility matters the most.

With regard to alternative styles of creative advertising (Chapter 2.1) the main benefit of the USP strategy is that it gives the consumer a clearly differentiated reason for selecting the advertiser’s brand over competitive offerings. Whilst alcoholic beverages as a product category are in some literature deemed as too homogenous for USP strategy to be used, the case of Russian Standard vodka proved it can be done – strong emphasis was placed (in advertising) to the product’s quality and Russian heritage, next to its high-end status. At the same time, Absolut’s past success strategy of focusing on brand image only was confronted with profound challenges.

As regards to brand image strategy alcoholic beverages are, by nature, particularly well-suited for brand image strategy, as the PCM categorizes them as expressive products with “feel good” consumption motives, belonging into the “Yellow Goods” category (see Chapter 2.2/Figure 3). Unsurprisingly, brand image was an issue of high importance in all three alcohol advertising cases reviewed in Chapter 4.3.

Chapter 2.1 asserts advertising is most effective when it reflects both ends of the creative advertising continuum – i.e., by addressing both functional product benefits and symbolic/psychosocial benefits. Drawing from there, creating messages that communicate both the case company’s ecological orientation, and the product’s concrete features such as quality and design appears as a the most desirable option.

Adding functional aspects, such as design and quality, into the message content would also make sense from the perspective that – as explained in Chapter 2.1 – advertising appeals should have the following three characteristics: meaningfulness, believability and distinctiveness. While it is conceivable that the meaningfulness and/or believability of ecological responsibility can be impugned by the audience, the same hardly applies to design or quality. Especially design would certainly meet all three requirements. Relying solely on ecological responsibility would also run the risk of losing most of the products’/brand’s distinctiveness if and when Pramia’s competitors switch to plastic bottles and begin to advertise them as environmentally friendly products.

On a similar note, the observational finding (Chapter 4.2) distinctive appearance easily causes a liquor bottle to positively stand out from a store shelf further reinforces the notion that the unique shape/design of Pramia's bottles should be exploited in advertising. This could be expected to have a positive impact on brand recognition awareness – by consistently associating Pramia's brand with the unique-looking bottle should encourage brand recognition at the point of purchase (See Chapter 2.4/Figure 6).

With regard to advertising execution tactics Chapter 2.4 asserts in case of a new brand – as Pramia will be in new markets – creating brand awareness is essential, even a prerequisite, for success. Given that the company is about to enter to new markets, recognition brand awareness is the most coherent first/main communication objective for Pramia. This is also supported by the argument that the primary reason for selecting brand recognition as communication objective is that consumers buy the advertised brand because they recognize it at the point of purchase (see Chapter 2.4). Based on the empirical findings this is a common occurrence with alcoholic beverages (see Chapter 4.2).

Chapter 2.4 argues when brand awareness communication objective depends on brand recognition, sufficient exposure of the brand package and name in the ad should be ensured. However, the tactic of putting a strong emphasis on the package or logo does not have to be applied throughout the campaign; after achieving the initial advertising imperative focus ought to be gradually shifted towards encouraging brand recall, via associating the brand name with the category need, and other tactics customary to recall brand awareness communication objective.

Concerning the use of peripheral cues in advertisements, such as humor, animals, and kids (to draw attention and increase curiosity), it needs to be acknowledged that while alcoholic beverages as a product category were found particularly suitable for the use of such tactic (see the PCM in Chapter 2.2), the use of such content in standardized international advertising strategy was yet found to be too complicated due to statutory restrictions (see Chapter 2.5). The case company interviewees were also adamant in opposing the use of such elements (see Chapter 4.1.2). Finally, as pointed out earlier in this chapter ads without attractive peripheral cues, but an easy-to-process, product-related message might also work under low MAO (see Chapter 2.3).

Finally, the case company's management's idea of building the advertising messages around "hunting and fishing" theme that emphasizes the products' suitability for huntsmen, fishermen and the like (see Chapter 4.1.2) seem to have some intrinsic problems. The major problem is that the suitability is thought to be based on the products' functional attributes, such as light weigh and unbreakability, which are absolutely no different from competitive products – any plastic bottle carries the same functional benefits. Focusing on such functional aspects in advertising would also be unproductive in a sense that it is self-evident a plastic bottle is unbreakable and light to carry (and hence no advertisement is needed to 'educate' consumers about these qualities). In other words, there would be no plausible rationale to "why" should a hunter or fisherman choose Pramia's product over another plastic bottle. It is also worth noting that in most cases hunting, fishing, hiking etc. arguably involves driving a car, suggesting an obvious mismatch between the activity and strong alcoholic beverages.

More to the point, the PCM and ELM (Chapters 2.2 & 2.3, respectively) strongly suggest in case of highly similar, low-motivation (for consumers to process) recreational products emotional aspects are emphasized in consumers' attention and ultimately selection criteria. Therefore, should the message be product-centered, along with incorporating the case company's core value of ecological responsibility, focusing on quality and design instead of durability and light weigh appears as a considerably better option.

## **5.2. Regulatory Environment**

In case of alcoholic beverages it is pertinent to understand the message content cannot be designed in a vacuum; besides the limits set by imagination there are various statutory constraints that to a great extent dictate the nature of the content that can be included in the ad. As explained in Chapter 2.5 the issue legislation is of particular importance to alcohol advertiser as strict but non-uniform restrictions concerning how alcoholic beverages are allowed to be advertised exist within the EU-countries. The lack of uniformity in regulatory guidelines among different EU nations is an added complication to an already complex issue.

The implications of strict regulatory guidelines are perhaps most severely felt when drafting creative advertising execution tactics. A concrete example of how regulatory issues influence alcohol advertising executions is that describing taste/ flavor – which arguably is the heart of the product – in a positive manner is practically impossible as the use of most positive expressions, such as “refreshing” is commonly forbidden by law. Moreover, depicting any end-user benefits that are directly related to consuming the drink is also problematic, as associating drinking of alcoholic beverages with any sorts of positive effects/outcomes, such as positive mood changes, good feeling etc. is also restricted. It appears “new” is one of the few words which generally carries a positive connotation and is yet legally acceptable.

From a standpoint of standardization versus adaptation the implications of strict and wildly differing legislation can be interpreted in two opposite ways. Clearly, it can be seen as an obstacle as strict regulation poses a hefty challenge to the use of standardized campaigns/ads by forcing the advertisement content to be dissimilar in different countries. On the other hand, the most stringent regulation may also leave the advertiser with so little room to maneuver in the creative part that ads are, in essence, forced to become such that they will be able pass through any regulation (with the exception of a total ban, of course).

The case company’s perspective to the issue of legislation, and at the same time to the standardization versus adaptation debate, was rather unambiguous. As described in Chapter 4.1.2, the interviewees were keen to make a reference to legal constraints when asked about the degree of standardization. Consequently, it appeared the issue of standardization was in effect a non-issue – the advertisement content has to be such, that the same advert can be used in multiple countries without any legal concerns. In practice this meant no to adaptation.

Finally, it must be noted if the widespread speculation about limiting future advertisements of alcoholic beverages to portray not much more than the bottle itself (see Chapter 2.5) were turn out to become true, it would it all likelihood work in Pramia’s favor; their bottle can easily stand comparison to others.

### **5.3. Standardization versus Adaptation**

As described earlier in this chapter the case company's management had a clear-cut stance concerning the level of standardization – fully standardized messages only. The interviews (Chapter 4.1) revealed that in addition to not having previous international experience, the case company did not have any significant experience from specialized advertising from its domestic market either. Despite having tried various types of advertising executions (different media, different messages), the stimuli had always been standardized and the market had been treated as if it consisted of a homogenous group of consumers only. Add all these factors together and no wonder a small company with limited resources and advertising expertise prefers standardization.

Standardization is also supported by the fact that market distance – the degree of difference in terms of cultural, economic, political-legal, demographic factors – between Pramia's domestic market and the intended foreign target markets appears to be fairly low. This indicates high potential for a standardized approach (the greater the degree of homogeneity, the greater the potential for a standardized approach; see Chapter 2.6).

The case company's approach to the whole standardization issue was also highly practical. The management was aware that majority of their existing product names were clearly unsuitable for international markets, and had begun taking action from there. Standardization was favored, as all new international products were given common language names, such as "Scottish Brooks", "Gaia", "Aurora Borealis". The plan was to offer these new generic products to as many new international markets as possible. (See Chapter 4.1.2)

Finally, Chapter 2.8.4 asserts a number of studies have identified brand name as the most highly standardized aspect of the international branding mix. From the product category perspective, drink brands have often been identified as the types of brands well-suited for global branding and standardized brand imagery. A recent study found 98 percent of drink brands selling their product under the same brand name in all markets. In light of the above, the case company's newly-adopted policy of having a line of international products with standard names appears well-reasoned. The names itself seem good as well.



## 5.4. Branding

*“Products create choice, brands simplify it”* (author unknown). As explained in Chapter 2.8 brands create meaning and identification. The brand owner has the opportunity to control the meaning the brand has for people. A brand will be a strong brand if people’s values match the values of the brand. “Branding” means adding values to products, and advertising is an important instrument for achieving this. Values play an important role in consumer behavior because they influence choice. They provide consumers with standards for making comparisons among alternatives.

Associating Pramia’s brand with the company’s core value of ecological responsibility (through advertising) seems justifiable in a sense that it would allow Pramia’s brand to have the exact function the company’s management unequivocally wants it to have – an assurance that the product is produced in ecologically responsible manner. Furthermore, it would allow the company to differentiate its brand by going beyond attributes and benefits for the deliverance of higher-level consequences to consumers. The desired end-state would be to create association networks that would distinguish the brand vis-à-vis the competitive brands in the category and thus build strong positions for brands.

Pertaining to people’s values matching the values of the brand there is no doubt a number of consumers exist to whom ecological values are of no real importance. However, as noted by Kivinen, it would be enough (for a small company like Pramia) if their message would for example reach that tiny fragment of German alcohol buyers to whom ecological responsibility really matters (to a degree to incur a purchase decision). In other words, the company would like to position itself as a ‘green consumer’s’ choice. (See Chapter 4.1.2)

It is also discussed in Chapter 2.8 that advertising tries to attach meanings to brands, and the essence of the brand is the strength of associations among the product, its attributes, benefits, values, and user imagery. Differentiating a brand by its attributes or benefits is very difficult unless a product has unique attributes that distinguish it from the competition.

In spite of the fact that alcoholic beverages are commonly regarded as a product category in where it is practically impossible to distinguish from the competition with product benefits, it seems in case of Pramia there is something that could be argued to be a benefit (of

choosing Pramia's product as opposed to a competitive product) – cleaner environment. Albeit low carbon footprint is arguably more of an attribute than actual benefit, it yet leads to a concrete product benefit – cleaner environment – which in turn is a direct outcome of consuming this particular product over another. A way to add credibility to such claim and to make this benefit more tangible to an audience potentially skeptical of the claim's authenticity would be to underline the low carbon footprint of Pramia's bottle in advertising (and in other marketing communications).

As regards to attributes Pramia's products clearly have a unique shape that distinguishes them from competitive products. It is, however, difficult to determine how important factor this is – is it for instance important enough to influence consumer perception (of the brand) and/or even buying behavior? Could the shape of the bottle formulate a strong attachment to the brand in the minds of consumers? To answer these questions with any real certainty would require a consumer research, but given the products' low-involvement/low-risk nature it seems conceivable a simple attribute such as the shape of the bottle could in some cases be the decisive factor in inflicting purchase decisions (a consumer regards the choice as being sufficiently low in perceived risk to simply “try the brand and see”; see Chapter 2.4).

Nevertheless, the shape of a bottle is an axiomatic attribute (that speaks for itself) and thus creating advertisements without any other significant content would not only seem as waste of marketing expenditure, but also as an underestimation of consumers. Furthermore, it is argued in the same chapter that distinctions based on product attributes or benefits usually do not last long, as they are copied quickly by the competition. Applied to practice this begs the question wouldn't the competitors come out with similar bottle shapes if it would be worth doing so? Consequently, it appears in case of alcoholic beverages it would be wiser to concentrate on attaching meaning to the brand (through advertising) by focusing on other aspects than attributes or benefits, such as values and visual images, and places, occasions, moments and mood (when using the product). This is supported by what is argued in Chapter 2.8: “if a brand is associated with meaningful and distinctive values, the distinctiveness can be transferred to other areas” [instead of benefits and/or attributes].

Chapter 2.8.1 asserts consumer's value systems can be divided into central-, domain-specific-, and product-specific values. Out of these, product-specific values are subject to

competitors copying the same attributes, domain-specific values are subject to be different in different countries, but central-values are inherently the most culture/market distance ‘proof’. From this perspective, appealing to the case company’s ecological values, which clearly belong to the central values category, appears as the option offering the most solid foundation upon which to start building Pramia’s brand (by using advertising to try to attach such meaning/association to Pramia’s brand).

#### **5.4.1. Brand Name Policy**

As explained earlier the case company had decided to follow a strategy in which new international products were given common language names, together with Pramia’s brand name. This essentially represented no change to its domestic policy of having both Pramia’s brand name and individual product names. However, many of the products offered at the Finnish market had names describing the drink’s flavor/content (e.g. “Salmiakikokoskenkorva”), instead of names with no meaning/purpose beyond branding. Compared to this, it appears the company had made a deliberate choice of taking a new path of ‘double branding’ where all products have separate, non-descriptive, ‘pure’ brand names.

While the policy of using double branding (e.g. “Gaia” by “Pramia”) in international markets may sound good in theory, its viability should be contrasted against the harsh realities of a fiercely competed European alcoholic beverages market. Common sense tells an industry characterized by abundance of choice and dominance of the established, “big” global brands has very little room for new, totally unknown brands in the battle of consumer mind share. Consequently, the chances of a small new entrant not only to penetrate some of the markets, but also to gain crucial mind share are in fact fairly slim. In view of that, aspiring to launch multiple new brands simultaneously in several new European markets seems overly ambitious.

Pertinent to this is also the question of possible brand confusion: given that the corporate brand “Pramia” would be completely new to the international markets; would it be wiser to try to create awareness for one brand only – at least in the beginning – instead of potentially confusing consumers with dual branding?

To be specific, it was never explicitly stated by anyone from the case company that the company's brand name policy would be that of double branding. Instead, Kivinen's exact statement was that there will be only one brand, "Pramia", but also several individual product names. However, as explained in Chapter 2.8, the intentions (behind the ads) itself are fairly insignificant, as "all that exists in the world of marketing are perception in the minds of the customer or prospect. The perception is reality. Everything else is an illusion." In other words, deciding that there will be only one brand, but at the same time feeding consumers with several product names effectively means double branding. Nothing prevents a consumer from making whatever associative mindmaps he or she likes. There is no actual difference between the product and brand name. It is well-conceivable that after consuming the product a consumer draws an inference – such as "I like this product Gaia" or "this Gaia is not for me" – that associates the experience with the product name, instead of the brand name. In this case, "Gaia" would emerge as a new reality for this consumer, whereas "Pramia" would fade into oblivion. From that moment onwards the consumer would probably recall Gaia only, disregarding Pramia. Consequently, both brand recognition and recall would be more difficult to achieve.

### **5.5. Country of Origin**

Country of origin is clearly an issue that cannot be ignored in case of alcoholic beverages. Given that "French Champaign(e)", "Scotch Whiskey", "Russian Vodka" or even "Absolut Vodka from Sweden" are fairly common language expressions (9,330,000, 864,000, 669,000 and 59,900 Google search results respectively, as of 11 June 2010), the logical question is should Pramia's origins be emphasized, or at least taken cognizance of, in international advertising strategy?

In case of Finlandia Vodka (Chapter 4.3.1) Brown-Forman Beverages Worldwide deliberately de-attached the product from its geographical origins with the introduction of a regeneration program dubbed "*Renaissance*". In Absolut's case (Chapter 4.3.3) country of origin apparently was not an advertising success factor of any sort, albeit a text "*Country of Sweden*" is visibly imprinted on the bottle. In view of the above, it appears country of

origin should not be a salient element in Pramia's message strategy. The more messages the higher the risk of consumers getting confused by them. Further, country of origin does not offer the same opportunities than the case company's core value of ecological responsibility in delivering higher-level consequences to consumers and in distinguishing the brand vis-à-vis the competitive brands in the category (see Chapter 2.8.1).

Being sidelined from the message strategy notwithstanding, country of origin could still have a minor role in the advertising appeals. For instance, an indirect reference to the products' geographical origins could be made by creating illustrations portraying the pure nature of Finland as a background picture, while placing the product(s) in front. This would also be well in cohesion with the ecological responsibility message.

## **5.6. Reflections on Finlandia, Russian Standard and Absolut Advertising**

As explained in Chapter 4.3.3 Absolut vodka became a category leader driven largely by an excellent brand name (Absolut, which sounds and reads like the word *absolute*, suggesting a product that is complete, perfect, pure, and supreme), a unique and memorable package design, and an outstanding advertising campaign. However, the case also taught that while the brand had been hugely successful in the past with its well-executed brand image strategy, by the year 2000 it had become a follower in the crowd of "new premium" spirits that strongly emphasized advertising quality or heritage. This indicates functional benefits should also be communicated to consumers, which in turn raises the question that if brand image strategy alone is not sufficient for Absolut, how could it be that for Pramia?

The case of Russian Standard vodka (Chapter 4.3.2), showed that while in the background there was a strong vision of the company's founder, the company also possessed a great deal of market understanding and managed to introduce a product that turned out to be highly popular among consumers. The management of Pramia, in turn, was convinced that focusing on the company's ecological orientation and values was the right path, and that the company's advertising message strategy should be build solely upon them. This naturally begs the question is ecological responsibility really enough? Does it have enough 'firepower' to impress consumers? Russian Standard had both informative and emotional

elements; quality was emphasized, but the adverts appealed to consumers on an emotional level as well. Absolut had ingenious advertising, and Finlandia revived its tarnished brand image via carefully drafted brand image strategy (Chapter 4.3.1). Russian Standard and Absolut also enjoyed strong bar presence – and thus high brand recall awareness.

All things considered, whilst keeping the message simple certainly has its advantages, relying solely on ecological responsibility also seems risky, especially in light of what was learnt from the cases of Russian Standard and Absolut.

The case of Absolut vodka also endorsed the notion that since brand is above all what the case company needs the build, the brand name is certainly something that deserves an extra thought. It is worth pointing out that changing the brand name – at least for the international markets – would without a doubt be drastically less painful operation at the beginning stages of internationalization than later.

The case of Absolut vodka taught a great brand name should A) register positively with consumers to facilitate brand recall awareness (e.g. ‘bar calls’), B) resonate positively while making brand selection decisions in a liquor store (brand recognition awareness). Furthermore, the bottle should be sufficiently eye-catching and appealing to attract attention and generate positive brand associations [bottle design is a pertinent aspect in conjunction with brand name as the name is always attached to the bottle].

To put these into a question form leads to the following questions:

- 1) Would the brand name “Pramia” register positively with consumers to facilitate brand recall awareness (e.g. ‘bar calls’), or resonate positively while making brand selection decisions in a liquor store (brand recognition awareness)
- 2) Is Pramia’s bottle sufficiently eye-catching and appealing to attract attention and generate positive brand associations?

The answer to the second question is most likely yes, but answering the first question would require an extensive consumer research in the target countries. In other words, Pramia’s bottle should be at least good enough, but the brand name remains an open question.

Finally, concerning bar presence it is worth pointing out how the management of Russian Standard Vodka had a totally different view of restaurant sales than that of Pramia's. In Russian Standard's case restaurants were not considered as a sales channel, but predominantly as avenues for promoting the product/brand, to boost its image. As a testament to that, the whole issue was discussed from a different angle with a different terminology – the term “bar presence” had replaced “restaurant sales”.

### **5.7. Reflections on Case Company Interviews**

It became apparent during the interviews that theoretical and practical approach does not always converge. To put this in other words, introducing highly specialized theoretical concepts to a company that had been run for nearly two decades without a worker with an academic background resulted in off the track answers from time to time. As could have been expected, the interviewees' backgrounds were heavily reflected in the answers they provided. While Mäkinen and Siltala more often than not spoke in more general terms basing their answers on the company's values and earlier domestic advertising executions, Kivinen was more able to discuss the theoretical concepts in detail and in relation to Pramia. Correspondingly, the answers provided by Mäkinen and Siltala were fairly uniform, while Kivinen sometimes had a contrasting view. This could be subject to participant misunderstanding from Mäkinen's and Siltala's part, as their understanding of the theoretical concepts paled in comparison to Kivinen.

To pinpoint a single example, a question about Pramia's potential message strategy (for international markets) was met with a description of a potential content of an ad carrying hunting and fishing theme. From a purely theoretical perspective this could be interpreted in a way that the management had been visioning creative concept prior to unambiguously determining what exactly was the message strategy; was it to emphasize the products/company's ecological responsibility, the products' suitability to huntsmen, fishermen and the like, or something completely else, such as portraying certain types of images? Furthermore, a (mis)interpretation that huntsmen and fishermen represent the only intended customer target group could be made.

All in all, Pramia's personnel interviews, in conjunction with exposition of the company's production processes left no doubt claims of the company's ecological responsibility are not just blatant marketing gimmicks; the company is truly dedicated to ecological issues. Its pervasive core value of ecological responsibility does not limit to environmentally friendly production – it is something the Pramia's management takes into account in everything the company does. From cars that Pramia's employees drive to the company's own wind farm.



## **6. CONCLUSIONS AND MANAGERIAL IMPLICATIONS**

For a small company such as Pramia it is inherently immensely difficult to succeed in international markets. Therefore, it is of utmost importance to have a well-defined advertising strategy, as opposed to basically just trying different types of advertising executions and seeing if it works out. While in its domestic markets the case company apparently could afford attempting different types of advertising executions, doing the same in an international arena without success would undoubtedly cause a serious blow to the company's financials.

The bottom line in this case was that in order to succeed in highly competitive international alcoholic beverages markets, the case company needed to create and implement advertising appeals that would somehow be distinctive enough to break through advertising clutter and grab the consumers' attention. In order to find out what that 'something' was, to create new avenues for reaching consumers with engaging messages, the industry was studied thoroughly, various perspectives considered, and all potential suggestions challenged from all angles imaginable. This chapter summarizes the key points that emerged during this study, and presents recommendations for the case company. Finally, suggestions for further research are made.

### **Advertising Message Strategy**

As argued in the previous chapter Pramia's international advertising message strategy should be build upon the company's core value of ecological responsibility, in addition to emphasizing the products' design and quality. Leveraging Pramia's true, company-wide dedication to ecological issues in advertising would not only make sense in light of the various limitations that need to be taken into consideration – such as the fact that statutory constraints render it practically impossible to focus on taste/flavor – but company values as a subject would also be 'deep'/strong enough for building the company's advertising message upon. This would also allow discussing Pramia's ecological responsibility in terms of its products, hence making the message product-related and thus potentially easier for consumers to process. Finally, going public with values in this manner would also be

beneficial for the values itself – it would pin the company down to live (operate) by the values it manifests.

Based on the theoretical framework explored in this study the case company's own idea of creating a targeted campaign emphasizing the products' suitability to hikers, huntsmen, fishermen etc. owing to their functional aspects does not seem recommendable. Instead, the products' quality and design should be emphasized, in conjunction with the case company's ecological responsibility.

Quality should be appreciated by and thus appeal to nearly everybody, whilst a message emphasizing the products' suitability to nature goers might appeal negatively to those who consider this aspect inconsequential. This type of a message should also be 'market distance proof' in a sense that it is hard to see how it could be misunderstood. That, how big of a factor ecological responsibility would be to consumers of different countries/cultures (in other words how well would this part of the message touch a chord with the target audience) is hard to estimate. Be that as it may, it seems reasonable to argue a number of ecologically conscious consumers already exist in Pramia's target countries, and that number is almost certain to increase in the future. Finally, the fact that the case company uses recyclable materials and its own wind power only in all of its production processes is an internal strength its competitors are unable to match at the moment. There is no reason not to exploit this fact to the fullest.

In terms of advertising execution tactics brand awareness should be the main communication objective for Pramia, as argued in the previous chapter. The ads, therefore, should portray messages that highlight the products' high quality and innovative design, along with the company's ecological responsibility. Further, the illustrations should feature the bottle(s) and possibly Pramia's logo in a salient position. This is of particular importance when the products are first introduced in new markets.

### **Country of Origin**

As argued in the previous chapter the manufacturer's country of origin should not have any direct role in the adverts; an indirect link to the products' geographical origins should be enough. This could be delivered for instance via imagery of a pure Finnish nature,

supplemented with a tagline highlighting the fact the products are ecologically produced – similarly to what the case company had done with the promotional leaflets distributed to representatives of retailers of alcoholic beverages (see Appendix 4). This would allow ads that both take advantage of Pramia’s geographical origins, and simultaneously incorporate the core value and message of ecological responsibility in a coherent manner. Consequently, the risk creating double associations and/or confusion should also be minimal.

Further, it would allow the company to embed and added element to fortify the message: use visual cues to provide a concrete, scenic example of what its ecological orientation – its core company value – truly stands for in practice. Given that no contemporary awareness behind the brand exist in the foreign markets, creating a desired brand image is surely the key (to attain recognition, mindshare and ultimately sales) in a highly competitive marketplace. This could also be interpreted as a cause-related marketing; purity of environment representing the socially charitable cause.

## **Branding**

Regarding brand name policy a potential problem with double branding was raised in the previous chapter. Taking into account the facts that A) consumers in general have low motivation to process ads from this category of products (see Chapter 2.2), B) that a professional buyer had already expressed his concerns over double branding (see Chapter 4.1.2.), and C) the importance and complexity of association networks that consumers create in their minds (with the brand name in a salient position in them) (see Chapter 2.8.2), it strongly seems double branding would increase the possibility of brand confusion and would most likely have more negative than positive effects.

Naturally different products need to be differentiated from each other, but this can be done with product names only – it does not require double branding. Simplicity and consistency should be favored, whilst double branding should be avoided. Particularly all consumer appeals should feature one brand only, that of Pramia. Assuming that consumers who are continuously subjected to an influx of ads would be able to memorize not only Pramia’s corporate brand but the individual product names as well seems too optimistic. Instead of confusing consumers with multiple names, it would seem more productive to for example

fully focus on developing strong association networks by trying to attach the brand “Pramia” with the desired meanings of ecological responsibility, quality flavored drinks in uniquely designed bottles etc. and thus create mind share for the brand.

The ripple effects of double branding could also be serious. To begin with, the problem of consumers confusing the products might easily occur – for instance using “Gaia” as a product name that distinguishes this particular product from other Pramia products would only work if the customers are well aware of the main brand, Pramia. Perhaps even more damaging consequence could be compromised brand recognition awareness where consumers remember the individual product names only, but not the corporate brand.

Should this scenario become materialized – i.e. consumers would learn to remember some of the sub-brands better than the corporate brand – it might even necessitate changes in the case company’s international advertising strategy. For instance, the company might have to decide between adopting a better known sub-brand’s name to become its new corporate brand, or losing in advertising effectiveness (by wasting money in creating awareness for a brand that would be less known than its product’s name, and/or by having to advertise all of its individual products separately).

In conclusion of the above, the case company’s management’s decision to use double branding in international markets was the single biggest discrepancy between what was decided by Pramia’s management and what was found recommendable in this study. In light of the fact that making a mark in the international alcoholic beverage industry inevitably requires heavy investments in advertising, prudence should be exerted in designing the international advertising strategy. Miscalculations can be costly, and things could easily escalate, as for instance illustrated in the scenario described above.

The observational finding consumers who enter a liquor store typically are at least aware of the category of product they intend to buy, and have at least one brand in mind as well, clearly highlight the importance of the brand in this product category. Case studies from the industry also reinforced the notion the brand is the key factor affecting consumer perception and decision making. Consequently, creating a positive brand image that encroaches the minds of liquor buying consumers is a crucial factor in determining sales, and hence the company’s success in highly competed international alcoholic beverage

industry. In contrast, creating high quality, tasty alcoholic beverages in fancy bottles would ultimately prove to be rather futile unless consumers share the same perception (of the products' characteristics). Therefore, while creating awareness of the product/brand is the necessary first step to be taken in new foreign markets, creating 'mind share' for the brand and thus brand recall awareness as well should be the ultimate goal of all of the case company's marketing endeavors. Advertising, in turn, is arguably the most effective vehicle in influencing consumer perception, and hence plays a crucial role in achieving that goal.

All things considered, it seems evident alcoholic beverages belong to a category wherein companies compete with brands rather than actual products (as classified by de Mooij in Chapter 2.8). The premise in this case was the marketplace has a need for alcoholic beverages, and Pramia has products it needs to provide. The art of branding is to make those overlap as much as possible. The greater the company manages to align the perception with what the market truly needs, the more compelling. In other words, the case company needs to differentiate itself in the market and understand that the brand has to be unique and aligned with needs. Alignment builds loyalty, and brand can and will ultimately become the company's biggest asset.

### **Brand positioning**

As mentioned in the previous chapter the case company was considering of primarily targeting ecologically-oriented, 'green consumers' in major foreign markets. As opposed to for instance Absolut that targets practically everyone interested in its category of products, having a clearly defined segment of target consumers would undoubtedly be a better option for a small company with such distinctive strengths. Therefore, seeking to become established as a 'green consumer's' number one choice in the selected target markets via advertising strategy that aims to appeal to this niche group of consumers with messages emphasizing the company's ecological responsibility and innovatively designed PET bottles appears as a feasible and thus recommendable brand positioning strategy.

### **Standardization versus Adaptation**

Concerning the issue of standardization versus adaptation it needs to be stated that solid arguments – such as the product category, the product lifecycle, market distance, and the culture of the company – support the suitability of standardized approach in this case. Most importantly, with the possible exception of ecological responsibility, all the suggested key elements of case company's message strategy are such, that they should be highly resistant to cultural obstacles (e.g. quality and design). Ecological responsibility, on the other hand, is the bedrock of Pramia's message strategy, as repeatedly asserted in this study.

### **Culture and Legislation**

An important reason for including cultural and legislative aspects into this study was that they helped to define the content-related boundaries within which the ads need to be designed. In practice the legislative review offered an 'overruling practice'; it defined rather straightforwardly which elements were either not allowed or at least questionable in majority of the international target markets and hence wiser to leave out of consideration. Based on the brief review of alcohol legislation it seems all suggestions presented in this study pertaining to message content are feasible from statutory perspective.

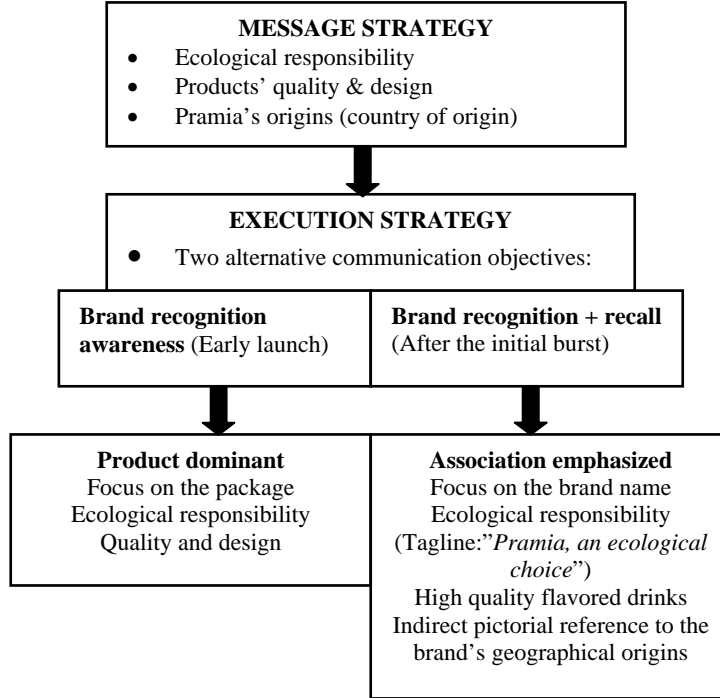
The theoretical exploration of the role of culture in advertising eventually had similar, restrictive effect. For example, various theoretical models supported the use of humor in advertising of alcoholic beverages. Nevertheless, it was learned that in order to create humorous ads for international markets would require native-level knowledge of the target country language, religion, customs, habits etc., or the risk of an ad misfiring and possibly even turning against the advertiser would be fairly high. Therefore, in view of the case company's limited resources and intercultural experience, legislative hindrances, and in particular of the management's resistance towards the idea, a creation of humorous ads for international markets does not seem recommendable.

## **A Framework of the Suggested International Advertising Strategy**

The framework of the suggested components of the case company's international advertising strategy (Figure 11) features the key message strategy elements and execution tactics for both, after the immediate product launch, and later stages.

The suggested strategy is in fact fairly simple. The only goal in the very beginning is to create awareness and encourage trial purchases. This should be done by putting a strong emphasis on the package in the ads. The aim is to offer the best possible cue for consumers when they later confront the package in a store. It is not predetermined for how long this initial tactic should be applied; it totally depends on the situation, e.g. how well has the market taken on to the new product. Thereafter, focus should be directed more at building and strengthening the association that Pramia and its products are an ecological choice (that the consumer makes when choosing the product). This should be done associating the brand name with the primary message of the brand in the main copy line: "*Pramia, an ecological choice*".

Focusing on ecological responsibility is justifiable based on the earlier argumentation that it is the only way Pramia can sustainably distinguish from the competition. Equally, it seems evident in case of Pramia the uniquely designed bottle is the key to brand recognition. Concerning other salient elements design is an axiomatic feature does not require any extra focus; a picture of the product(s) would be enough. Similarly, the category need does not need to be mentioned as it becomes immediately obvious. Quality is worth mentioning, but focus should be on the company's ecological responsibility, which offers considerably better odds to truly distinguish from the competition and stand out in the market.



**Figure 11.** A Framework of the Suggested International Advertising Strategy for the Case Company

In short, the first executions should incorporate two distinct elements; the product(s)' design as the primary element, and the company's ecological responsibility as the subordinate message element. Later, emphasis should be put on the brand name, which should be aligned with the primary message element of the company's ecological responsibility. The drinks' high quality could serve as a subordinate message element. A reference to the products' geographical origins should only be made in the background. In other words, the goal is that consumers would first learn to recognize Pramia's products on store shelves based mostly on their design/shape and, secondly, learn to associate the brand Pramia with making an ecological choice and with bottles of unique design and high quality content (and thus encourage brand recall).

In light of the fact that the degree to which there is a need in the market for ecologically produced alcoholic beverages is undoubtedly questionable, including additional elements (besides ecological responsibility) to advertising executions seems justifiable. This allows



the company better chances in pulling off the association that Pramia is the solution when a need for alcoholic beverages occurs.

A potential weakness with the suggested advertising strategy is that it is based on a fairly rational argumentation, whereas creating positively-framed messages with emotional rather than informational content that aim to appeal to consumers' sensory gratification – a sort of 'mind candy' – was identified in the literature as highly suitable advertising strategy for this category of products (where consumers in general exhibit low motivation to process message related information from ads). On a positive note, the suggested messages would be easy-to-process and product-related, which again is important in this product category.

Moreover, the suggested creative strategies can hardly be described as innovative, which (innovativeness) for instance in case of Absolut vodka advertising was identified as an important element in creating brand recognition and brand awareness. On the other hand, their ability to differentiate the product (from competing products/brands) would presumably be fairly good, in consideration of the fact that there is not much scope for differentiation in this product category.

Finally, the fact that the suggested advertising strategy appears fairly simple should not be of any concern – based on both the literature review and empirical part it seemed apparent that with this category of products simplicity is key in terms of message content.

### **Closing Remarks**

All in all, one of the biggest challenges in this case was to come up with suggestions that would be markedly different from what the case company had already planned/visioned, not to mention coming up with any groundbreaking ideas. This ultimately stems from two factors: the case company's limited resources and strict alcohol legislation. For example, based on the literature review creating humorous ads would be highly recommendable (for this category of products). The case company interviewees, however, were adamant in their view that due to statutory restrictions the idea was unfeasible. Furthermore, the theoretical framework explored in this study suggested the advertising messages should be adapted for different markets, to cater for cultural differences. The case company's view, in contrast, was that only one message should be created for all international markets. Standardization

was preferred mainly because of its cost-effectiveness. Be that as it may, in view of the case company's limited resources and resistance of the subject it would not seem realistic to suggest them to try to create several different, culturally apt messages.

Worth of a special mentioning is Kivinen's notion that "the world is full of alcohol, and the only way for Pramia to enter international markets is to exploit its ecological responsibility". Not only this greatly defines the extent to which there was room to maneuver, but it essentially puts the whole case in a nutshell and, at the end of the day, it is extremely hard to plausibly refute that statement.

Some encouraging signals pertaining to ecological responsibility were detected during the course of this research. For example, a few recent articles from the industry suggest ecological responsibility is a definite asset in alcohol advertising, and that the number of 'eco-friendly' products is about to increase in the future. Recent chatter also points to direction consumers increasingly value genuineness and origins of production when choosing 'their' brand. In view of the above, it is well-conceivable such development would lead to increased requirements regarding the authenticity of claims of ecological responsibility – their dependability would increasingly depend on who claims and what. This type development with its ripple effects would most likely be grist to Pramia's mill, as long as the company continues on a path of providing sufficient information of its ecological values, products and activities to consumers; in other words lives true to its values.

In light of the fact that the case of Russian Standard Vodka proved bar presence can be a major factor in attaining those exact promotional goals a company/brand in Pramia's position should be striving to achieve, such as brand awareness and favorable consumer perception, it seems advisable to suggest the case company to (re)consider adding bar presence into its marketing mix. This, however, is not a first priority; creating brand awareness via advertising is.

As can be expected both positive and negative aspects came to light during this research process. Perhaps the most encouraging finding was the entrepreneurial spirit that emanated from the case company. The management, particularly Kivinen, seemed to have a clear vision of the future direction of alcoholic beverages market and of Pramia's position in it,

and they showed straightforward realism in acknowledging the only way Pramia can distinguish from the competition in highly competed European alcoholic beverages markets is by exploiting its ecological orientation. This includes focusing on those consumers to whom ecological issues matter the most. The case company's lack of international experience and the decision to use double branding in international advertising can be identified as the main sources of concern.

In view of the fact that a fair number of conjectures were made in this study regarding consumer buying behavior and perception of ecological products, it seems palpable an in-depth research of consumer trends, particularly green consumerism, in the case company's intended target markets would have led to an increased plausibility of the results.

Lack of market research notwithstanding, it seems apparent Pramia as an ecological forerunner has a small window of opportunity; the number of plastic bottles on offer was found to be strikingly low and, more importantly, the trend towards making an ecological choice seems to be on the rise amid general population. However, in order to describe alcoholic beverages markets and consumer trends in more detail, further research should be conducted.

### **6.1. Suggestions for Further Research**

The best aspect of this study was that Pramia as a case company offered a possibility to do research on a subject that was not only meaningful, but also genuinely interesting and topical. Strategically, the company was in a turning point in where it needed to internationalize, and one of the key challenges that ensued was to create a marketing and in particular advertising strategy for the international markets. This, in turn, meant the company needed to learn and decide how to exploit its ecological responsibility in advertising.

Whilst the topic itself was fairly large – creating an international advertising strategy for small Finnish family-owned company with no previous international experience – it ultimately came down to building a message strategy around the case company's core value of ecological responsibility.

The case company's company-wide devotion to 'green issues' and the ensuing position as a forerunner in ecological responsibility quickly lead to a situation in where it irresistible became the key driving force determining the course of this research. Despite various avenues that opened up showing potential for further exploration, the issue of social/ecological responsibility emerges as not only the most logical continuation to this study, but as also the most prominent topic for future research purposes. This is due to the fact that fairly limited amount of research data seems to exist on the subject of corporate ecological responsibility, hence suggesting the novelty of the subject.

For instance, surveys of people's attitudes towards advertisements emphasizing ecological responsibility/advertisements of 'green products', and of green consumerism in general in different European Union countries would be highly useful. This would allow companies such as Pramia to access information crucial in planning and implementing highly targeted marketing strategies. Another relevant branch of research relates to corporate social and in particular ecological responsibility, from the communications perspective: how should companies communicate such issues to their potential customers? A precondition for answering this is to find out first to what extent, if any, does the product's environmental friendliness/the producer's ecological values influence consumer perception/buying behavior (in case of alcoholic beverages)?

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**APPENDICES****APPENDIX 1. Pramia Personnel Interviews 11.6.2009 – 24.5.2010****Pramia Personnel Interviews**

	Date	Name, Title
1.	11.6.2009	Marko Mäkinen, CEO/founder
2.	25.9.2009	Minja Kivinen, Export manager
3.	25.9.2009	Raisa Siltala, Product manager
4.	25.9.2009	Marko Mäkinen
5.	24.5.2010	Minja Kivinen
6.	24.5.2010	Marko Mäkinen

## APPENDIX 2. Structure of Interview

The structure of the Pramia personnel interview was as follows:

### Warm-up

- Welcome
- Interviewee's title etc. a bit of background
- Role in Pramia's organization

### Guiding questions

- Please describe for me present state of your company's internationalization process?
- How is advertising expected to be managed?
- What guides the creation of advertising appeals?
- What are the company's key strengths and values?
- What role, if any, should Pramia's ecological orientation play in international advertising?
- General suggestions for other persons to be interviewed, other sources etc?
- Is there anything you would like to add? (for instance something that was not addressed in the interview)

### Guiding frameworks

#### Organization and management of international advertising

- Functional form/structure
  - Number of people involved in decision-making
  - Ad agency
- Competencies
- Decision making autonomy

#### Advertising strategy

- Goals
- Budget
- Message strategy

- Customer benefits
- Theme
- Slogan
- Rational (argumentative) vs. emotional
- Persuasive vs. informative
- Standardization vs. adaptation
- Creative concept
  - Regulatory considerations
  - Cultural differences
  - Product attributes and benefits
  - Branding
  - Pramia' origins/country of origin
  - Tactics

#### Product strategy

- Categories
- Flavours
- Names

#### Customer strategy

- Segmentation (target customer groups)
  - Demographics (age, gender, income, occupation, generation, social class)
  - Personality
  - Brand attitude
- Experiences and challenges

#### Ecological responsibility in advertising

- Company values
- The products
- Emissions/carbon footprint
- Green environment

## APPENDIX 3. Pramia's Domestic Leaflet



Meille ympäristön  
huomioiminen ei ole trendi.  
Se on tapa, jolla olemme  
asiat aina tehneet.

HUNAJA  
ROMMILIKÖÖRI

*Pramia* VASTUULLINEN ALKOHOLIJUOMIEN VALMISTAJA SUOMESTA

The advertisement features a green background with white text. In the foreground, three bottles of Pramia products are shown: a small orange bottle labeled 'HUNAJA TERV', a white bottle labeled 'SIIDEL', and a larger orange bottle labeled 'HUNAJA ROMMILIKÖÖRI'. The background shows a landscape with a field, a forest, and a blue sky with clouds.

APPENDIX 4. Pramia's International Leaflet (both sides)

**Great spirits in PET**  
- tiny carbon footprint

**Pramia**

**Alcoholic beverages manufacturer**  
Spirits, liqueurs and mixed drinks  
- production, blending and filling

[www.pramia.fi](http://www.pramia.fi)

Flask 350ml    Flask 500ml    Oval 500ml    Oval 700ml    Pressure 330ml    Pressure 500ml    Wine 750ml    Whisky 350ml    Whisky 700ml

**Contact us:**  
Pramia Oy  
Ilvesjoentie 1060  
61760 Ilvesjoki, Finland  
  
Minja Kivinen - Export Manager  
tel +358 40 594 7770  
minja.kivinen@pramia.fi  
  
Our main office and factory are located in western Finland. We also have operations in Sweden and Norway.

**Ecologically responsible:**  
For us taking care of the environment is not a trend. It is just what we have always done.  
We are forerunners in bottling strong spirits in PET bottles. PET bottle blow-moulding is one of our specialities. Our own wind power plant gives more than enough electricity for the whole factory.

**Capacity:**  
Our factory can produce 9 million bottles per year in one shift - 8 000 bottles per hour.

- P** Pramia is a carbon neutral company. We produce and use wind electricity and minimize transportation with our choice of packing materials.
- I** What is light, durable and recyclable? It is our bottle and it only leaves just a tiny carbon footprint behind.
- T** Take our world of flavors with you and enjoy them responsibly. All our products are smartly packed in plastic instead of clumsy glass bottles. The drinks are always of the highest quality.
- T** We use modern technology to find the best solutions for the environment. Straight answers to ethical questions.
- P** Pramia is a place where you can still hear the silence. Far from the urban noises, we can seize the moment and see the future.
- W** We produce alcoholic drinks using our decades of experience in both social and environmental responsibility. We live up to our words.

## APPENDIX 5. Target Customer of Russian Standard Brand in the Russian Market

Segmentation variables	Russian Standard target customers
<b>GEOGRAPHIC</b>	
Region	International
Density	Urban
<b>DEMOGRAPHIC</b>	
Age	Focus on 25-45
Gender	Male-female, with skew towards male
Income	Medium-high/high
Occupation	Professionals; managers; entrepreneurs; artists
Generation	Generation X
Social class	Upper middle/higher
<b>PSYCHOGRAPHIC</b>	
Personality	<ul style="list-style-type: none"> <li>• Share common human values</li> <li>• Have clear system of own-values</li> <li>• Strong personality</li> <li>• Independent</li> <li>• Non-conformist</li> <li>• Cosmopolitan outlook</li> <li>• Sophisticated</li> </ul>
<p>The focus is made on the two segments that show the strongest preferences for high-quality premium products.</p> <ul style="list-style-type: none"> <li>• “Connoisseurs” are relatively young and well-to-do. They are very strongly quality-oriented rather than brand-oriented. More forward-looking, self-confident and optimistic, less worried about how others see them. Their main concern with regards to vodka is quality. This group is very brand loyal - not willing to switch.</li> <li>• “Strivers” are the young emerging middle to upper class. They are outward-oriented. It is important for them to look good, and they listen to what others say. They are very brand-conscious and fairly brand-loyal. They are image and prestige-oriented. They clearly associate expensive vodka with prestige, quality and creating a good impression.</li> </ul>	



## APPENDIX 6. Creative Insights of the Packaging of Russian Standard Vodka



Long metal cap with plastic insert



Imitation of onion dome shape of traditional orthodox churches



Unique wrap-around label



Mendeleev's signature



Frosted glass makes the vodka look ice cold (as if just taken out of the fridge)



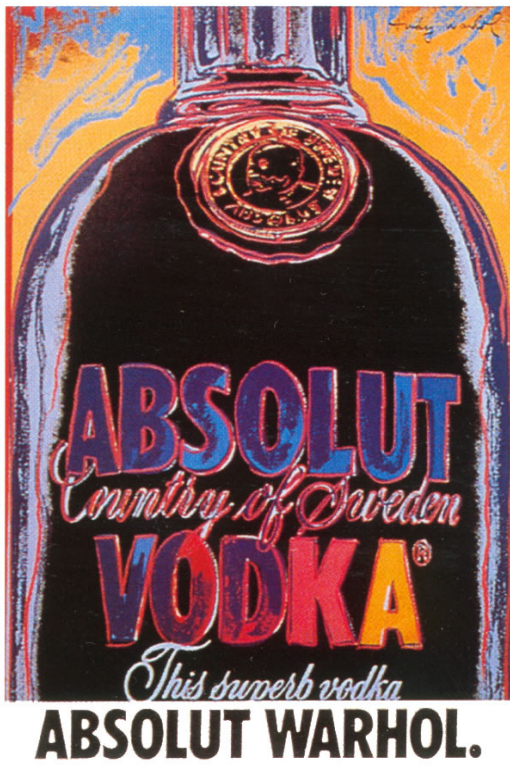
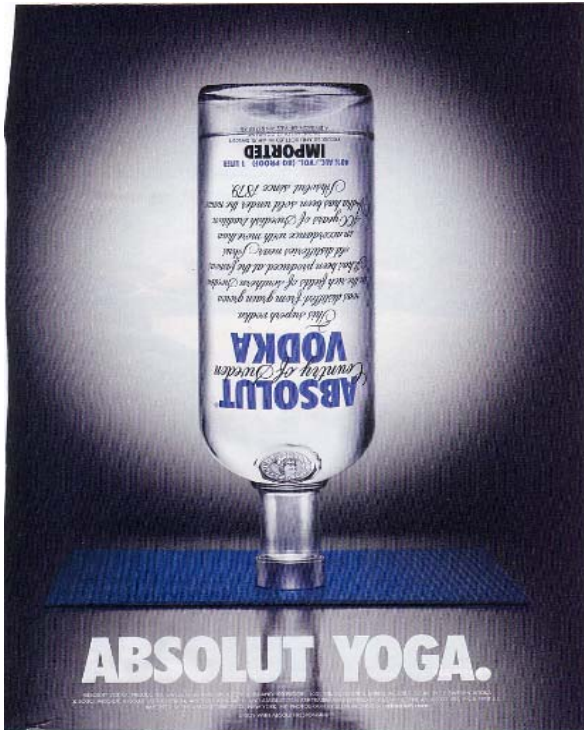
The Kremlin's giant bell shape

APPENDIX 7. 1999 Advertising Campaign “Standard Russian – Russian Standard”





APPENDIX 9. Absolut Vodka Magazine Advertisements (cont'd)



APPENDIX 10. Absolut Vodka Magazine Advertisements (cont'd)

