



# Global advertising strategy

## The moderating role of brand familiarity and execution style

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**Keywords** Advertising, Brand awareness, Strategy

**Abstract** *The significant body of published work in global advertising literature focuses on the standardization and localization of the advertising campaign from a marketing strategy perspective without much concern regarding consumers' response. In this research, this gap is addressed by gauging consumer perceptions of localized and standardized advertisements in Hong Kong. Consumers generally prefer locally produced to foreign-sourced commercials, irrespective of brand origin; and they exhibit more favorable attitudes toward foreign-sourced, standardized commercials in situations involving greater brand familiarity and when execution style is transformational. Therefore, well-known brands with transformational appeals are more likely to succeed when transferred to Hong Kong, while localized advertising messages will be more effective when brand familiarity is low.*

For almost four decades, international marketers, advertising agencies and academicians have been debating the applicability of standardized international advertising. Although the main concern in adopting a standardized advertising strategy is the maintenance of a uniform global strategy and image, the costs and benefits associated with advertising standardization are more frequently stressed than maximizing the firm's revenue potential (Boddewyn *et al.*, 1986; Jain, 1989; Samiee and Jeong, 1994; Samiee and Roth, 1992). It is thus understandable that international advertisers remain concerned about the question of whether to standardize or localize their advertising messages across national markets (Agrawal, 1995).

Much has been written regarding the localization versus standardization of international advertising, and views are often polarized. Much of the empirical knowledge generated on the issue is company- and advertising-copy-based

The authors would like to thank the Editor and two anonymous reviewers for their helpful comments on earlier versions of this manuscript. Financial support for this project through the Research Grants Council of Hong Kong Special Administration Region (Project No. G-S542) is gratefully acknowledged.



and, to date, no effort has been made to assess consumers' perceptions of these types of advertisements. Inasmuch as it is the consumer view and response to commercials that matter, the lack of empirical evidence incorporating consumer response to standardized versus localized campaign is surprising.

The emerging markets in Asia are increasingly affluent, and success in these countries is a priority for multinational corporations (MNCs). The influence of culture is particularly important in transferring advertising strategy across borders, because communication patterns are closely linked to cultural norms (Hong *et al.*, 1987). Thus, these country settings offer an excellent environment in which to examine consumers' perceptions and responses to standardized and localized advertising campaigns. In this study, we investigate consumers' perceptions of standardized and localized advertisements in use by US and European MNCs in Hong Kong. The dominant culture in Hong Kong is different from those in MNCs' home markets, so that perceptual differences become more evident (Zhang and Gelb, 1996). In this context, we also explore how brand familiarity and execution styles moderate the effects of consumers' perceptions toward localized and standardized advertisements.

## Literature review

### *Advertising execution styles*

Quelch and Hoff (1986) suggested a continuum of decision framework used in formulating international advertising strategy. A global approach can fall anywhere on a spectrum from tight agreement on an advertising concept to loose agreement on advertising details. This situation translates into two basic decision frameworks central to advertising programs: theme and execution. A universal execution style (i.e. one that can be run everywhere) usually demands a non-verbal presentation, emphasizes visuals and music, and is often translated from one language to another. Executional differences can be designed to reflect the local culture, that is the theme remains the same but the executions vary from one country to the next (Eger, 1987).

Execution styles reflect the communication modes of cultures that vary with respect to the use of verbal and visual cues. Informational and transformational advertising styles (Puto, 1986; Puto and Wells, 1984) are similar to the think-feel dichotomy (Cohen and Archi, 1991; Friestad and Thorsen, 1993). Informational messages focus on the consumers' practical and functional needs by emphasizing product features or benefits. On the other hand, transformational messages associate the brand with a unique set of psychological characteristics. Transformational advertisements use selling premises based on the pull of associations. If the associative values are universal, transformational styles can be used cross-culturally. Informational advertisements, however, are more often localized, because the level of information depends on the educational level of the local consumers and on the stage of the product life cycle of the brand.

Transformational styles are said to be more suitable in high-context cultures, whereas informational styles are a better fit in low-context cultures.

Chinese consumers belong to a high-context cultural group, which is characterized by the use of symbolism, non-verbal and/or indirect verbal expressions (Zandpour *et al.*, 1992). The high-context culture of the Chinese is further characterized by close relationships among people, so that consumers tend to maintain extensive information networks among family, friends, colleagues, etc. High-context Chinese culture is emotional, intuitive and contemplative, and tends to utilize indirect and ambiguous messages. The use of indirect communication in Chinese advertisements, which makes greater use of visual than informational cues, is a response to this aspect of Chinese culture.

Consumers in the low-context cultures of North America and Northern Europe tend to have and rely on fewer informational networks and, hence, require more detailed information from impersonal sources. People in low-context cultures are analytical and action-oriented, and tend to use clearly articulated spoken and written messages (De Mooij, 1998). As they are more comfortable, the advertising execution styles tend to be informative, and their contents rely more on comparative, factual and/or unique selling propositions.

Cultural values are reflected both in advertising themes and in their execution styles. Even when advertisements are standardized, based on similar consumer expectations from products (e.g. uses), cultural differences will make it difficult to standardize their execution style. Therefore, the central requirement in global advertising is the cultural fit between the values in the advertising message and the values of the receiver. It is important to understand the differences in learning and thinking patterns between local consumers (e.g. Hong Kong Chinese) and the home markets (e.g. US or European) when formulating international advertising strategy.

#### *The role of brand familiarity*

In the international advertising strategy, brand familiarity plays an important role in the standardization issue. International advertising standardization makes sense only to the extent that the firm's international marketing strategy centers on the development of brands that are similarly positioned in every market. Well-established brands have important advantages in advertisements, as consumers pay more attention and remember better product information (Kent and Allen, 1994; MacInnis *et al.*, 1991; Moorman, 1990). More extensive processing of advertising information for familiar brands, in turn, can enhance claim memorability. A brand that is familiar will tend to be favored, regardless of advertising or advertising content (Shapiro *et al.*, 1997).

Advertising-evoked effects would not have a strong influence on brand attitude for mature, well-known brands (Machleit *et al.*, 1993). Since advertisements for mature brands are designed more to remind and reinforce than to communicate product benefits, the transfer of such global advertising appeals across borders is possible. On the other hand, less well-known brands in host markets are more likely to require a localized approach. As consumers are less familiar with newer and less-known brands, advertising appeals for these brands have to be more creative and more culturally-compatible in each market

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than in the case of established brands. Brand familiarity is essential for acceptance and for implementing the higher level of advertising standardization.

### Hypotheses

Cultural values are reflected both in advertising themes and in their execution. Thus, a strong image does not remove basic obstacles to advertising standardization. The central requirement in global advertising is the cultural fit between the values in the advertising message and the values of the receiver. Therefore, understanding the differences in learning and thinking patterns of consumers in each market is instrumental in developing a successful campaign, because they influence the way customers process information and respond to advertisements (De Mooij, 1998).

When the host-market culture is vastly different from that of the MNCs' home markets, the use of a standardized advertisement is potentially sub-optimal, irrespective of the creative strategy used. Compared with other cultures in Southeast Asia, the relatively Western-oriented Hong Kong residents are more likely to accept foreign-produced, standardized advertisements. Thus, local cultural differences notwithstanding, Hong Kong might possess important attributes that are conducive to the implementation of standardized consumer advertising campaigns.

However, it is also noteworthy that consumers may prefer local advertisements, but this preference may be modified by the brand's origin. Giges (1992), for example, reported that European customers' favorite commercials are local, but they are more likely to purchase foreign brands. A similar pattern is observed in Hong Kong. Some common features of advertisements, such as humor in the USA, might not appeal to Asian audiences (*Media: Asia's Media and Marketing Newspaper*, 1996). Advertising campaigns launched in Hong Kong make increasing use of local celebrities, and this strategy has been successful for companies and entertaining for audiences (*Hong Kong File*, 1999). Locally produced commercials usually feature local celebrities, music or symbols. It is logical that local consumers understand more easily the values reflected in the advertising messages than those of foreign-sourced commercials:

- H1. Customers exhibit a more favorable attitude towards localized than towards foreign-sourced, standardized advertisements, irrespective of their brand origin.

Familiarity plays a critical role in facilitating brand consideration in consumer choice (Holden and Rutz, 1992). Thus, developing and maintaining brand familiarity are a desirable objective for marketers (Bogart and Lehman, 1973). Brand familiarity does not necessarily convey positive attitudes and product attributes (e.g. a well-known brand such as Yugo is neither preferred nor sought). However, consumers are more likely to be familiar with brands that have been around for longer periods and their reputations are reinforced through communications as well as brand experience. Marketers should seek to

enhance brand-name familiarity, since it tends to facilitate consumer preference and choice, sometimes regardless of advertising or advertising contents.

Global advertising standardization makes sense only to the extent that the firm's international marketing strategy centers on the development of a high level of familiarity consisting of a set of global brands which are ideally positioned the same everywhere. A survey of 150 US MNCs by Hite and Fraser (1988) demonstrated that firms with well-known and accepted brand names are more likely to be successful using a standardized advertising approach than firms without such acceptances and brand recognition. In general, brand familiarity is essential for local acceptance and for implementing higher level standardization in global advertising:

*H2.* Customers exhibit more favorable attitudes towards foreign-sourced, standardized advertisements for familiar than for less familiar brands.

Chinese consumers prefer transformational (emotional) rather than informational (rational) appeals (Zandpour and Hariah, 1996). An important finding regarding preference for television commercials by the Chinese was reported by Chan (1996). He found that Chinese viewers frequently consider some among the informative television commercials to be dull and uninteresting, whereas transformational ones were perceived as being more interesting and conveyed a more positive brand image. Further, Taylor *et al.* (1997) reported that South Korean customers also demonstrated less interest in informative commercials from the USA. Therefore, transformational advertisements which are more consistent with the high-context culture of Hong Kong are more likely to be positively embraced:

*H3.* Customers exhibit more favorable attitudes towards transformational-style than towards informational-style advertising.

## **Methodology**

### *The study site*

Hong Kong was selected as a study site for several reasons. First, the great majority of MNCs based in the USA and Europe have been active in this market for many years. Second, Hong Kong has a well-developed media market, and a wide range of advertising campaigns has been conducted by MNCs there. Third, the Chinese residents of Hong Kong as consumers have a high level of exposure to various foreign products and brands, cultures and people. Fourth, a sizeable proportion of Hong Kong's population is functional or fluent in English. Fifth, Hong Kong's dominant culture is different from those prevailing at the MNCs' home-markets, yet people have a long history of interaction with Americans and Europeans and are familiar with and use brands offered by these Western MNCs.

### *Advertising stimuli*

To screen and secure copies of advertisements, the assistance of several Hong Kong advertising agencies, that handle advertising accounts for MNCs, was

sought. These agencies provided copies of locally produced versions as well as headquarters-produced versions of each advertisement. In the majority of cases, the foreign-sourced versions were aired in multiple markets and, for the purposes of this study, were viewed as standardized advertisements. We also interviewed at least one manager in each agency in order to confirm that the foreign-sourced versions are in a standardized format used in their home markets. In addition, the brands used in this study are generally known to be advertised largely in a standardized fashion, but their advertising programs include the use of local versions as well. These include such widely used brands as Welch's, Oral-B, Cadbury, Johnson & Johnson, Oil of Olay, and Löwenbräu.

Overall, 16 pairs of television commercials were selected. All commercials were aired in 1994 and 1995. The commercials were selected to elicit subjects' susceptibility toward advertisements (local and foreign-sourced ads), brand origin (ten US brands and six European brands), level of brand familiarity (more familiar and less familiar brands), and execution styles (transformational and informational styles). For the coding of execution styles as either informational or transformational, a team of judges (two academicians and two practitioners) evaluated the commercials independently. Discrepancies in classification were resolved through a discussion between the judges and authors of this analysis.

The use of actual TV commercials renders this study strictly correlational rather than experimental. That is, affect is merely measured rather than manipulated, so that it cannot be known for certain whether it is affect or some unmeasured message which is properly responsible for any observed effects. The alternative is to construct hypothetical advertisements which would offer greater control to overcome the problem. However, this approach creates another problem, because experimentally constructed advertisements often are sterile, unrealistic and typically limited to print versions (Gresham and Shimp, 1985). As advertising standardization cannot be realistically manipulated in a laboratory setting, projects aiming to assess aspects of standardization essentially need to use actual copies.

### *The sample*

Subjects for this study consisted of 308 MBA students from several universities in Hong Kong, who volunteered for this project. Inasmuch as the MBA curricula in Hong Kong are in English, all subjects were fluent in English. Furthermore, the great majority of them were full-time employees holding professional positions in their respective firms.

Subjects were assigned to one of 16 groups, each of which viewed a randomly selected matching pair of commercials from our pool of 16 pairs. Since there is no reason to suspect that the subjects' choices of sessions were biased, this procedure is assumed to have produced a random assignment of subjects to groups. The subjects were exposed to three repetitions of each commercial, so that, pursuant to Krugman's (1972) argument, the commercials might attain their optimal impact. The order of showing standardized and

localized commercials was randomized to minimize the primacy-recency effect, that is, to ensure that subject perceptions are not idiosyncratically affected by the order in which the commercials were shown. After reviewing the ads, subjects were asked to respond to a series of multi-item measures of their attitudes toward the advertisement, attitudes toward the brand, purchase intention, and their level of familiarity with the brand. Each session lasted approximately 20 minutes.

#### *The research instrument*

The instrument developed for this study included four parts: attitudes toward the advertisement, attitudes toward the brand, purchase intention, and brand familiarity. Attitudes toward the advertisement was measured by the means of four seven-point evaluative scales (bad-good, dislike-like, irritating-not irritating, and uninteresting-interesting). This four-item scale is commonly used to assess attitudes toward the advertisement (Gardner, 1985; Mitchell and Olson, 1981; Zhang and Gelb, 1996). The construct measuring attitudes toward the brand was adapted from Mitchell and Olson (1981) and Zhang and Gelb (1996), consisting of four seven-point evaluative items (bad-good, dislike-like, unpleasant-pleasant, and poor quality-high quality). Purchase intention toward each brand was measured by a single seven-point bipolar scale ranging from "Not likely to buy" to "Very likely to buy."

Brand familiarity in this study is defined as the number of brand-related experiences that have been accumulated by the consumers (Alba and Hutchinson, 1987). Brand-related experiences may include exposure to advertisements for the brand, recognition of brand, exposure to the brand in a store, and purchase and/or usage of the brand (Biswas, 1994). As Alba and Hutchinson (1987) suggested, increased brand familiarity may result in a better developed knowledge structure in terms of both what knowledge an individual has stored in his/her memory and what people perceive they know about a brand (Rao and Monroe, 1988). The subjects were told that familiarity implied exposure to advertisements for the brand, recognition of brand name, brand purchase, brand usage, and/or seen the brand in a store.

### **Research findings**

#### *Local versus foreign-sourced commercials*

The first hypothesis of this study posits that host market consumers are likely to demonstrate more favorable attitudes toward local than foreign-sourced ads. The results indicate a significant difference in consumers' attitudes toward the advertisement, attitudes toward the brand, and purchase intention between localized and standardized versions of advertisements. As shown in Table I, consumers are more positively disposed toward local advertisements and find them more interesting (3.97 vs 3.71), less irritating (4.09 vs 3.75), and, in general, prefer locally produced to foreign commercials (4.00 vs 3.72). According to the *t*-test, those are statistically significantly different.

	Local	Foreign	<i>t</i> -value	Global advertising strategy
<i>Attitudes toward the ad</i>				
Good-bad	3.97	3.71	2.16*	
Like-dislike	4.03	3.78	2.40*	
Not irritating-irritating	4.09	3.75	3.03**	
Interesting-uninteresting	3.88	3.65	2.00*	
Total	4.00	3.72	2.66**	
<i>Attitudes toward the brand</i>				
Good-bad	4.42	4.17	3.26**	
Like-dislike	4.52	4.09	5.69**	
Pleasant-unpleasant	4.38	4.17	2.24*	
High quality-poor quality	4.25	3.96	3.08**	
Total	4.39	4.10	4.11**	
<i>Behavioral intention</i>				
Purchase intention	3.61	3.34	2.88**	
<b>Notes:</b> * $p < 0.05$ ; ** $p < 0.01$				

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**Table I.**  
Perception of local  
customers: local versus  
foreign-sourced  
commercials

Consumers also demonstrated more positive attitudes toward the brand being advertised in the local than in the foreign-sourced version (4.39 vs 4.10). Subjects exhibited greater acceptance of brands with local ads and perceived them as having higher quality than in the case of foreign-sourced ads. Consumers have significantly higher purchase intention rates after viewing locally produced than foreign-sourced commercials (3.61 vs 3.34).

US and European advertisements are compared based on their country of origin (i.e. brand origin) and results are shown in Table II. For brands of US origin, locally produced commercials resulted in a significantly higher perception of advertisements (3.98 vs 3.71) and brands (4.39 vs 4.10). However, purchase intention was not significantly different in so far as locally produced and foreign-sourced commercials are concerned (3.58 vs 3.40). Commercials for brands originating in Europe, on the other hand, indicated no significant

	Local	Foreign	<i>t</i> -value
<i>US origin commercials</i> (n = 219)			
Attitudes toward the ad	3.98	3.71	2.16 <sup>a</sup>
Attitudes toward the brand	4.39	4.10	3.49**
Purchase intention	3.58	3.40	1.81
<i>European origin commercials</i> (n = 89)			
Attitudes toward the ad	4.02	3.75	1.59 <sup>a</sup>
Attitudes toward the brand	4.39	4.09	2.17*
Purchase intention	3.67	3.21	2.39*

**Notes:** \*  $p < 0.05$ ; \*\*  $p < 0.01$ . <sup>a</sup> The numbers (i.e. mean scores of attitudes toward the ad) are practically identical, but the *t*-value numbers are significantly different. This is solely due to the difference of subject numbers compared (i.e. variance difference)

**Table II.**  
Culture of origin: US  
versus European  
brands



difference in attitudes toward the advertisements for local versus foreign-produced commercials (4.02 vs 3.75), but attitudes toward European brands and purchase intentions are significantly higher in the case of localized advertisements.

Further tests revealed no significant difference (mean comparisons) between scores for foreign-sourced advertisements of US and European brands. That is, there are no significant differences in attitudes toward the advertisement (USA = 3.71 vs Europe = 3.75), attitudes toward the brand (USA = 4.10 vs Europe = 4.09), and purchase intention (USA = 3.40 vs Europe = 3.21). These findings indicate that local consumers show more favorable attitudes toward the advertisement and the brand and demonstrate a higher purchase intention score for localized advertisements, irrespective of the country of origin (brand origin) of advertisements. Hence, *H1* is supported.

*The role of brand familiarity*

The second hypothesis posited the moderating role of brand familiarity on international advertising strategy. Specifically, if the brand is new or less familiar to local customers, localized advertising will be favorably perceived. If the brand is already well-known and familiar, standardized advertising is also likely to be favorably viewed. As shown in Table III, locally produced ads resulted in significantly more positive attitudes toward the advertisement (3.70 vs 3.24), the brand (3.96 vs 3.48), and purchase intentions (2.95 vs 2.60). Commercials for brands with which customers are more familiar yield contrasting results. The data reveal no difference between scores for localized and standardized advertisements for these brands (Table III).

A 2 × 2 ANOVA (advertising strategy: localized vs standardized advertising × brand familiarity) was conducted on the advertising effectiveness measures (i.e. attitudes toward the advertisement, attitudes toward the brand, and purchase intention). For each advertising effectiveness measure, brand familiarity had an important moderating role (Table IV). It is apparent from the findings that, when the brand is already well-known in the local market, standardized advertising strategy is successful. Thus, *H2* is supported.

	Local	Foreign	t-value
<i>Less familiar brand (n = 149)</i>			
Attitudes toward the ad	3.70	3.24	3.24*
Attitudes toward the brand	3.96	3.48	4.24*
Purchase intention	2.95	2.60	2.92*
<i>Familiar brand (n = 159)</i>			
Attitudes toward the ad	4.28	4.18	0.59
Attitudes toward the brand	4.80	4.67	1.28
Purchase intention	4.23	4.04	1.22
Note: * $p < 0.01$			

**Table III.**  
The role of brand  
familiarity

				Global advertising strategy
Source	df	Mean square	F-value	
<i>Attitudes toward the ad</i>				
Main effects				
Advertising strategy (AS)	1	40.99	14.60**	185
Brand familiarity (BF)	1	10.96	3.90*	
Interactions AS × BF	1	38.53	13.73**	
<i>Attitudes toward brand</i>				
Main effects				
Advertising strategy (AS)	1	0.17	0.12	
Brand familiarity (BF)	1	9.90	6.75**	
Interactions AS × BF	1	26.95	8.38**	
<i>Purchase intention</i>				
Main effects				
Advertising strategy (AS)	1	40.24	16.30**	Table IV. Analysis of variance: the role of brand familiarity
Brand familiarity (BF)	1	2.31	0.94	
Interactions AS × BF	1	17.05	6.90**	
Notes: * $p < 0.05$ ; ** $p < 0.01$				

### *The role of advertising execution style*

The third hypothesis explored the role of execution styles. Transformational advertisements, which are more consistent with the high-context culture of Hong Kong were contrasted with informational ones that tend to be commonplace in the low-context cultures of Europe and the USA. The results for local and foreign-sourced advertisements for the sample as a whole are shown in Table V. Significantly more positive attitudes toward transformational than informative messages for both locally produced (4.18 vs 3.80) and foreign-sourced (3.96 vs 3.18) commercials are apparent. In terms of attitudes toward the brand, the

	Informational	Transformational	<i>t</i> -value	
<i>Local ads</i>	( <i>n</i> = 151)	( <i>n</i> = 157)		
Attitudes toward the ad	3.80	4.18	2.83**	
Attitudes toward the brand	4.37	4.41	0.41	
Purchase intention	3.48	3.73	1.64	
<i>Foreign ads</i>	( <i>n</i> = 95)	( <i>n</i> = 213)		
Attitudes toward the ad	3.18	3.96	5.01**	
Attitudes toward the brand	3.79	4.23	3.08**	
Purchase intention	3.17	3.42	1.31	
<i>Total</i>	( <i>n</i> = 246)	( <i>n</i> = 370)		
Attitudes toward the ad	3.56	4.05	4.91**	
Attitudes toward the brand	4.15	4.32	1.98*	
Purchase intention	3.37	3.55	1.59	
<b>Notes:</b> * <i>p</i> < 0.05; ** <i>p</i> < 0.01				<b>Table V.</b> Advertising execution styles: informational versus transformational appeal

transformational execution style was more positively acknowledged only for the foreign-sourced commercials (4.23 vs 3.79).

It is noteworthy that advertising effectiveness is differently perceived across culture of origin and/or advertising execution style. A 2 × 2 ANOVA (culture of origin: low- and high-context culture advertisements × execution style: informational and transformational) was performed on advertising effectiveness. The results are shown in Table VI. Both execution style and culture of origin demonstrated major effects on attitudes toward the advertisement and the brand. There were also significant interaction effects. Hong Kong consumers demonstrated a preference for localized transformational-style commercials and localized advertisements produced higher purchase intentions, compared with foreign-sourced, standardized ones. However, differences in execution style did not generally translate into purchase intentions. Therefore, it is evident that Hong Kong consumers exhibit a fundamental preference for localized transformational-style commercials, so *H3* is also supported.

Discussion

It is apparent from the results that, given the contextual setting of this study, consumers prefer localized to foreign-sourced, standardized advertisements. When home and host cultures are different, localized advertisements are more favorably viewed. This is so, even when consumers are subjected to ongoing exposure to Western cultures, as is the case in Hong Kong. Although most US brands have a well-established image in Hong Kong, consumers still prefer locally produced advertisements. Brand familiarity plays a significant role in consumers' perceptions toward local and foreign-sourced advertisements.

Source	df	Mean square	F-value
<i>Attitudes toward the ad</i>			
Main effects			
Culture origin (CO)	1	11.41	7.96**
Execution style (ES)	1	35.43	24.72*
Interactions CO × ES	1	15.00	10.46**
<i>Attitudes toward brand</i>			
Main effects			
Culture of origin (CO)	1	13.22	12.18
Execution style (ES)	1	4.09	3.87*
Interactions CO × ES	1	8.93	8.22**
<i>Purchase intention</i>			
Main effects			
Culture of origin (CO)	1	10.92	5.51**
Execution style (ES)	1	5.08	2.57
Interactions CO × ES	1	3.44	1.74**

Notes: \* *p* < 0.05; \*\* *p* < 0.01

Table VI.  
Analysis of variance:  
the role of advertising  
execution styles

Local consumers exhibit more favorable attitudes toward locally produced commercials for less familiar brands in terms of their attitudes toward the advertisement, attitudes toward the brand, and purchase intention for the brand. Local commercials naturally embody cultural traits that local consumers understand and to which they relate. Although foreign-sourced, standardized commercials may be reasonably successful, they appear to be less optimal than localized advertisements. Therefore, in a vastly different culture like Hong Kong, the use of a standardized advertising strategy for new or unfamiliar brands is sub-optimal. If brand familiarity is high, a standardized approach is more likely to be successful. No significant difference in subjects' perception of locally produced and foreign-sourced commercials was noted.

Clear differences exist between oriental and Western advertisements that serve as conspicuous indicators of cultural differences. Hong Kong consumers prefer the transformational creative style over the informative style of advertising, regardless of whether commercials are locally produced or foreign-sourced. If the transformational advertisements are locally produced, they generate the highest impact on the consumers' attitudes toward the advertisement. However, more positive attitudes toward a particular execution style apparently do not translate into greater purchase intentions for either localized or foreign-sourced advertisements. For US or European MNCs contemplating the transfer of an advertising campaign to Hong Kong or to similar markets (e.g. other Chinese markets), the appropriateness of the execution style should be taken into consideration. Advertising campaigns may be quite successful in their home markets but may not be feasible in markets abroad. Yet, MNCs exhibit a tendency to extend advertisements that were initially developed for their home markets to other countries. These firms have to consider whether host market consumers identify with and understand such "home-grown" messages and the culture-of-origin that they frequently embody before attempting this policy.

Frequently local advertising teams in Hong Kong have to develop local expressions of global advertising concepts. Although the attributes of brands are commonly global and brand images are remarkably stable across borders, there are differences in how brands are perceived and products are used in local markets (Pawle, 1999). Campaigns that work best on a global scale are those where the product and the image are inextricably matched (Schulberg, 1997). Therefore, international advertisers must be cautious in transferring advertising themes and execution styles across vastly different cultures.

A limitation must be borne in mind in interpreting the results of this study. Subjects used in this study consisted of working adults enrolled in MBA programs in Hong Kong. On average, they tended to be better educated, younger, and more cosmopolitan than the population at large. As such, they may have more "universal cultural norms" that are reflected in their advertising preferences (Taylor *et al.*, 1997). This may limit the external validity of the results reported in this study. Since we focused on only one market, it would be imprudent to over-generalize the results. In this light, future research should

focus on the simultaneous assessment of consumer responses toward localized and standardized advertisements in multiple cultures. Furthermore, this study is based on the commercials aired in 1994 and 1995. It is worthwhile to trace any changes in MNCs' advertising program in local markets afterwards.

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