An integrated theory of global advertising
An application of the GMS theory

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Although there has been an increasing interest in global advertising research, the literature suffers from the lack of a broad theoretical foundation that could guide conceptualisation and theory development in global advertising research. In this paper, the authors contend that the GMS theory developed by Zou and Cavusgil (2002) can serve as a broad theoretical foundation for global advertising research. The GMS theory is described, and used to develop a new conceptualisation of global advertising and propose a theoretical framework of global advertising. The implications of the framework for future research are also discussed.

Introduction

Ever since the publication of the seminal work of Elinder (1965), Fatt (1967) and Buzzell (1968) a debate about whether international advertising should be standardised across country markets or adapted to individual country markets has raged in the international advertising literature. The proponents of the standardisation approach argue that standardising advertising can help maintain a uniform global strategy and image of the firm, maximise the firm’s cost advantage and meet a universal need of people across the world (Roostal 1963; Levitt 1983; Johansson & Thorelli 1985; Jain 1989; Peebles 1989; Yip 1995; Solberg 2002). The adaptation approach, on the other hand, contends that the cultural, linguistic, historical, religious and socio-economic differences would affect the interpretations of advertising messages by different customers and thus hinder a firm from transferring its advertising campaign from one country market to another (Mueller 1987; Tansey et al. 1990; Kanso 1992; Roth 1995; Shoham 1996; Cateora & Graham 2002; An 2007).
Recent literature called for viewing standardisation and adaptation as two extremes of the same continuum (Duncan & Ramaprasad 1995; Papavassiliou & Stathakopoulos 1997; Taylor 2002) and investigating the factors that are associated with the standardisation or adaptation of international advertising. Some studies in the last two decades have found a list of factors (e.g. consumer and market similarity, high market competition, high-involvement products, larger subsidiaries) that foster international advertising standardisation (e.g. Florenthal & Shoham 1999; Laroche et al. 2001; Samiee et al. 2003). With few exceptions (e.g. Jain 1989; Duncan & Ramaprasad 1995; Papavassiliou & Stathakopoulos 1997; Samiee et al. 2003), however, the international advertising literature still suffers from the lack of a broad theoretical foundation that explains when and why international advertising needs to be standardised, and what effect standardised international advertising has on companies' performance (Theodosiou & Leonidou 2003; Taylor 2005). This is a major gap in the literature because our knowledge cannot be advanced if only anecdotal and fragmented findings are available with regard to factors that are associated with international advertising standardisation.

With the continuing trend towards globalisation, multinational corporations (MNCs) are increasingly faced with the challenge of planning and executing global advertising campaigns. Companies such as Coca-Cola, McDonald's, Dell, Nokia and Apple have used global advertising campaigns to build their global brands. Yet, in the international advertising literature, the concept of global advertising remains elusive, offering little guidance to MNCs' global advertising campaigns. Most studies have conceived global advertising simply as standardised advertising (e.g. planning, price, message, execution or media selection) across country markets. Although it has generated a significant amount of research in the past, this narrow conceptualisation of global advertising has limited both the insight that can be gained from research and MNCs' ability to take full advantage of the potential reach of global advertising campaigns.

The purpose of this study is to develop a broad conceptualisation of global advertising and a theoretical framework of global advertising. Specifically, we draw on the global marketing strategy (GMS) theory developed by Zou and Cavusgil (2002) in the field of global marketing strategy to advance a new global advertising construct, and to present a broad theoretical framework that illuminates the antecedents and out-
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comes of global advertising. We will first review the GMS conceptualisation, followed by a discussion of the theoretical bases of the GMS theory. Then, we will propose a new conceptualisation of global advertising and an integrated theoretical framework of global advertising. Finally, we will discuss the implications of the new global advertising construct and the broad theoretical framework for future research and for global advertising managers.

The GMS: a broad conceptualisation of global marketing strategy

Zou and Cavusgil (2002) advanced a broad conceptualisation of global marketing strategy – the GMS – as the extent to which an MNC globalises its marketing strategies in various country markets through the standardisation of the marketing mix variables, concentration and coordination of its value-adding activities, and integration of its competitive moves across the country markets. Essentially, the GMS was proposed to integrate three diverse perspectives of global marketing strategy that are prevalent in the literature: the standardisation perspective, the configuration/coordination perspective and the integration perspective.

The standardisation perspective sees a firm as pursuing a global marketing strategy if its marketing strategies across different national markets are standardised, particularly with regard to its product offering and promotional campaigns (Jain 1989; Samiee & Roth 1992). Advocates of standardisation believe that the world’s markets are increasingly converging, fuelled by the advances in interactive communication and transportation technology, increased worldwide travel and the liberalisation of trade. Consumers in different parts of the world are being more exposed to the same brands and products, and thus have cultivated similar tastes and lifestyles and formed a global consumer culture (Levitt 1983; Ford & Phillips 2000). In turn, they increasingly prefer the same brands, similar products, and similar product features and functionality. The source of competitive advantage in the global market, therefore, is the ability to produce high-quality, low-price products. A standardised product through standardised marketing programmes across countries is what it takes to achieve a low-cost position due to its purported benefits of economies of scale in production and marketing (Levitt 1983), consistency in dealing with customers
(Buzzell 1968; Hamel & Prahalad 1985) and the ability to exploit good ideas on a global scale (Buzzell 1968). Arnold Schuh’s (2000) study, for example, shows that MNCs entering Central Eastern Europe rely heavily on marketing standardisation to keep investments and additional costs low, even though varying market conditions seem to favour adaptation and customisation.

The configuration/coordination perspective considers global marketing as the means to exploit the interdependencies between different country markets as well as the comparative advantages associated with various countries. To achieve global efficiency, a firm must configure its value-adding activities properly and coordinate its activities across different country markets (Porter 1986; Roth 1992). According to the configuration/coordination perspective, proper configuration allows the firm to exploit location-specific advantages (Ghoshal 1987), whereas cross-national coordination captures economies of scale, scope and learning (Bartlett & Ghoshal 1987; Roth 1992). The worldwide success of the entire MNC requires the balance of the sub-units’ functional specialisation and the coordination requirements (Mauri & Sambharya 2003). According to Porter’s (1986) theory of global competition, a major aspect of configuration is the degree of concentration of value-adding activities. Since different countries possess different comparative advantages, it is important for a firm to concentrate its global marketing activities in a few country locations where they can be performed most efficiently and effectively, and have the most potential to achieve large economies of scale. Foreign subsidiaries are not expected to carry out the whole range of value activities but to focus on those activities that can contribute to the global efficiency of the MNC (Bartlett & Ghoshal 1998).

According to the integration perspective, the global environment and industrial forces necessitate that an MNC deploy worldwide resources and integrate dispersed subsidiaries across national boundaries (Roth & Morrison 1990). The key to a firm’s global marketing success is to participate in all major world markets and effectively integrate the firm’s competitive moves across these markets (Yip 1989; Yip & Coundouriotes 1991). In global industries, since a firm’s marketing operations in different countries are interdependent, the firm must be able to subsidise operations in some markets with resources generated in others (Hamel & Prahalad 1985; Ghoshal 1987), make strategic decisions that can yield
synergies across the markets and minimise overall costs (Hout et al. 1982), and respond to competitive attacks in one market by counterattacking in others (Yip 1989).

While the three perspectives of global marketing strategy have generated a great deal of research interest and empirical investigations, each of them is focused on a unique aspect of MNCs' global marketing operations to prescribe a winning global marketing strategy. For example, standardisation is focused on generating economies of scale through standardised products and marketing, whereas the configuration/coordination perspective emphasises taking advantage of different countries’ unique comparative advantages and creating cross-country synergies, and the integration perspective stresses fighting competitors through cross-subsidisation and integrated competitive moves. However, the aims of the three perspectives are the same: helping MNCs to achieve competitive advantages in the global market. The GMS is proposed by Zou and Cavusgil (2002) as a broad global marketing strategy that integrates all three perspectives.

Specifically, Zou and Cavusgil (2002) identified eight dimensions spanning all three perspectives. Product standardisation, promotion standardisation, standardised channel structure and standardised price are four dimensions that reflect the standardisation perspective. Concentration of marketing activities and coordination of marketing activities across countries are two dimensions that are derived directly from the configuration/coordination perspective. Global market participation and integration of competitive moves are two dimensions that tap the integration perspective. Put together, the eight dimensions of the GMS offer a comprehensive view of what MNCs’ global marketing strategy will entail. The GMS suggests that MNCs’ global marketing strategies do not need to rely solely on standardisation to help them gain competitive advantage in the global market.

The GMS theory

The bases of the GMS theory

After developing the broad conceptualisation of the GMS, Zou and Cavusgil (2002) proposed and tested an integrated theoretical model of the GMS that delineates the cause and effect of the GMS construct. Two
theories serve as the foundation of the GMS theory: the industrial organisation (IO) theory and the resource-based view (RBV).

The IO theory

The structure–conduct–performance (SCP) paradigm of Bain (1956) is the most common IO theory used to explain the cause and performance effect of the GMS (Bartlett & Ghoshal 1991; Collis 1991). The IO theory views competitive advantage as a position of superior performance that a firm attains and sustains by pursuing a sound strategy that deliberately responds to industry/market forces (Porter 1980; Scherer & Ross 1990). A key premise of the IO theory is that the external forces impose selective pressures on a firm. Only firms that respond with a successful strategy will survive and prosper (Scherer & Ross 1990). As summarised by the principle of co-alignment in the IO theory, the ‘fit’ (or ‘congruency’) between a firm’s strategy and its environment has a significant positive effect on its performance (Scherer & Ross 1990; Venkatraman & Prescott 1990). Therefore, Zou and Cavusgil (2002) posited that the principal effect of the GMS is a firm’s performance in the global market, whereas a primary cause of the GMS is external market forces.

The resource-based view

In the RBV, a firm is viewed as a bundle of tangible and intangible resources, and its uniqueness lies in the nature of those resources and the organisational routines that link them together (Wernerfelt 1984). The term ‘resource’ is used in a very broad sense by the theorists. Barney (1991) defines internal organisational resources as all assets, capabilities, organisational processes, firm attributes, information, knowledge, and so forth, controlled by a firm and enabling the firm to pursue a strategy to improve its efficiency and effectiveness. The most critical resources, however, are those that are superior in use, hard to imitate, difficult to substitute for, and more valuable within the firm than outside (Porter 1991).

The RBV contends that differential endowment of strategic resources among firms is the ultimate cause of their strategy and performance (Bartlett & Ghoshal 1991). Competitive advantage is said to reside in the inherent heterogeneity of the immobile strategic resources that each firm controls (Wernerfelt 1984; Barney 1991; Grant 1991). Strategy, then, is a firm’s conscious move to capitalise on its idiosyncratic endowment
of strategic resources (Wernerfelt 1984; Barney 1991; Lado et al. 1992). Following this logic, Zou and Cavusgil (2002) theorised that another principal cause of the GMS is internal to the firm, and the effect of the GMS is a firm’s performance.

The GMS theoretical model

Zou and Cavusgil (2002) contended that the IO and the RBV each provides only a partial explanation of the cause and effect of the GMS, and that both the external forces and internal organisational attributes must be combined to offer a complete explanation of the causes and effects of the GMS. They proposed an integrated GMS theory in which MNCs’ global orientation and international experience – two key internal organisational attributes – and the external industry globalisation conditions – a key external force – are theorised as the causes of the GMS. The GMS is further theorised to be the major determinant of MNCs’ global market performance in global industries.

The GMS theory has several major characteristics. First, since the broad GMS construct is the focal point in the model, this GMS model has integrated the three major perspectives of global marketing strategy. Second, both the IO theory and the RBV have been incorporated into the GMS model because both external industry globalisation conditions and internal organisational characteristics have been theorised as the factors that motivate MNCs’ pursuit of a global marketing strategy. Third, the GMS model essentially presents a ‘fit’ theory, which argues that it is the fit of an MNC’s global marketing strategy to its external industry environment and internal organisational characteristics that determines the MNC’s performance in the global market. When the external industry environment exerts pressure on an MNC to adopt a high degree of global marketing strategy (i.e. high degree of standardisation, concentration and coordination, and integration) and when its internal organisational characteristics are conducive to global marketing strategy, an MNC that pursues a high degree of global marketing strategy will achieve a good fit between its strategy and its external and internal environments, and this will lead to improved performance in the global market. In contrast, when the external industry environment forces it to seek greater adaptation to individual country markets’ unique culture, and when its internal organisational structure and
value promote local autonomy at the country subsidiary level, an MNC that pursues a low degree of global marketing strategy (i.e. a high degree of local adaptation, dispersed value-adding activities, autonomous local subsidiaries and independent competitive campaigns in local markets) will achieve a better fit between its strategy and its external and internal environments, enhancing its performance in various country markets.

In essence, the GMS theory is a contingency theory, and the type of marketing strategy that works best for an MNC depends on the MNC’s external and internal environments. This theory suggests that, for example, a high degree of standardisation, concentration and coordination, and integration works well for an MNC that competes in global industries where the industry environment enables fast globalisation and that has a globally orientated internal value and organisation structure. In traditional and non-global industries, in contrast, a high degree of adaptation, autonomy and independence works better. Thus, instead of advocating blind pursuit of a global marketing strategy, the GMS theory emphasises the fit of an MNC’s marketing strategy to its external and internal environments.

A broad conceptualisation of global advertising

The broad and integrative nature of the GMS conceptualisation offers insight into how global advertising should be conceptualised. In the current international advertising literature, researchers have consistently viewed global advertising from a standardisation perspective (e.g. Harris 1994; Onkvisit & Shaw 1999; Karande et al. 2006; Okazaki et al. 2006). Recognising the limit of advertising standardisation, some researchers have found patterns of global advertising in that the general advertising strategy is standardised while execution and languages are modified for individual markets (e.g. Ramaprasad & Hasegawa 1992; Duncan & Ramaprasad 1995; Tai 1997; Taylor & Johnson 2002; Samiee et al. 2003; Ran & Jiang 2005). However, global advertising as currently viewed in the literature is mostly a matter of standardisation, even with the distinction between advertising strategy (including themes, positioning and overall character of messages), advertising execution (referring to the selection of advertising appeal and copy), media selection and languages. Moreover, as Samiee et al. (2003) rightly observe, current cross-cultural studies of advertising standardisation ‘typically focus on the contents of advertise-
ments (i.e. content analysis) rather than corporate policies or executive viewpoints'. This leads to a lack of connection with and contribution to the central theoretical approaches outside the advertising and marketing field, such as organisation economics, institutional theory and resource management (Birnik & Bowman 2007).

Despite the volume of research that has been generated and the insight that has been gained into international advertising standardisation, it is our contention that standardisation is a relatively narrow and limited perspective of global advertising. It ignores the opportunities for an MNC to coordinate the development and execution of advertising campaigns across country markets even if the standardisation level is low. It also fails to recognise the advantage of using advertising campaigns in various countries as an integrated competitive tool for global success. For example, when an MNC faces a fierce competitor’s advertising blitz in one country, its global advertising strategy should allow it to initiate a counterattack, perhaps in another country where the competitor is most vulnerable. If our concept of global advertising were limited to standardisation, our work could not offer the MNC much guidance in how to use global advertising in challenging its competitor. Furthermore, advertising standardisation can be effective in terms of exploiting scale economies, but the gains from standardisation might disappear in the long run or be weakened in different contexts. In other words, standardisation alone cannot guarantee an MNC’s sustainable global competitive advantage in the global markets. The keys to long-term success also include the firm’s capacity to coordinate across different subsidiaries and integrate its advertising strategies across country markets.

Building on the GMS conceptualisation, and recognising that global advertising is part of an MNC’s broader global marketing strategy, we define global advertising as ‘the extent to which an MNC standardises its advertising messages, copy/visualisations and media use, coordinates the process of developing and executing advertising campaigns, and integrates its advertising campaign objectives and strategies across country markets’. This conceptualisation is illustrated in Figure 1.

The conceptualisation of global advertising depicted in Figure 1 has several features. First, it is broader than the standardisation perspective of global advertising that dominates the current literature. It includes not only the standardisation of advertising messages, copy/visualisations and media use, but also the coordination of advertising planning and
execution, and the integration of advertising objectives and strategies across countries. Second, this new conceptualisation of global advertising incorporates three major perspectives of global marketing and points out more options that MNCs can use to enhance the effectiveness of their global advertising campaigns and gain a competitive advantage in the global market. Third, this new concept of global advertising is conceived as a formative construct of three components that can function independently of each other and yet are essential. On one hand, although standardisation, coordination and integration may be related to each other in a particular MNC’s case, there is no theoretical reason to expect high correlations among the three. For example, an MNC could conceivably seek a high degree of standardisation of messages, copy/visualisations and media selection for its international advertising without seeking a correspondingly high degree of coordination or integration. In other words, the three components can be independent of one another. On the other hand, each of the three components is essential to the overall conceptualisation of global advertising. Dropping one or more of these components of global advertising would fundamentally change the meaning of the concept of global advertising. For example, if coordination and integration are dropped, global advertising would revert to mere standardisation, something that is fundamentally different from
our conceptualisation. Based on Jarvis et al. (2003), therefore, we argue that global advertising should be conceived as a formative construct.

**A theoretical model of global advertising, and research propositions**

The global advertising construct defined in the previous section does not suggest total standardisation, coordination and integration. Instead, it is a matter of degree of standardisation, coordination and integration. An MNC could decide to select an appropriate degree of standardisation, coordination or integration based on its situation. Although existing studies have produced mixed results regarding global advertising, there is a general tendency towards a medium level of advertising standardisation (Shoham 1996; Yip 1997), while some other studies have shown a stronger degree of advertising standardisation across all or most markets (Rosenthal 1994; Harris & Attour 2003), especially among those firms with accepted brand names and identity (Hite & Fraser 1988). It is argued that MNCs can use global advertising to at least build a successful global brand (Hill & James 1990; Duncan & Ramaprasad 1995; Taylor 2002). To better understand the drivers and consequences of our new construct of global advertising, it is imperative to develop a sound theoretical model of the antecedents and consequences of global advertising.

Drawing on Zou and Cavusgil's (2002) GMS theory and the existing international advertising literature, we propose an integrated theoretical model of global advertising in Figure 2. In this theoretical model, global advertising is theorised to be driven by both the MNC's external industry characteristics and internal organisational attributes. In addition, an MNC's global advertising is posited to affect its global brand performance. Similar to the GMS theory, the proposed theoretical model of global advertising is founded on an integration of industrial organisation (IO) theory and the resourced-based view (RBV). The external industry characteristics as drivers of an MNC's global advertising are suggested by the IO theory, whereas the internal organisational attributes as drivers of an MNC's global advertising are derived from the RBV. Essentially, the proposed theoretical model of global advertising is founded on the principle of fit: when an MNC's global advertising fits its external industry characteristics and its internal organisational attributes, its global brand
performance is enhanced. Thus, the proposed theoretical model depicted in Figure 2 is a broad theory that integrates the IO and the RBV theories. In the following, we will explicate the dimensions of the external industry characteristics and internal organisational attributes in the model, and link them to global advertising in a set of research propositions.

**External industry characteristics**

*Convergence of consumer demand*

A major aspect of globalisation is the convergence of consumer demand and preferences across the world. Due to technological advancement and increased worldwide travel, consumers in different parts of the world are exposed to the same knowledge, values, lifestyles and tastes, and are therefore increasingly demanding similar products, product features and services (Levitt 1983; Ford and Phillips 2000). Research has shown a general degree of consumer homogeneity across national borders, and global consumers or consumer segments have emerged as a reality in many industries (Yavas et al. 1992). In this paper, convergence of consumer demand is defined as the degree to which consumer preference for a
product or service is similar across the world. Although different industries may face different degrees of convergence of consumer demand, the trend is especially strong in high-tech industries and fashion-based industries. In high-tech industries such as telecommunications, computers, consumer electronics, machine tools, pharmaceutical products, and banking and investment, there is little cultural tradition of consumer demand and preferences because the products and services never existed until technology brought them to consumers. Indeed, consumers in different parts of the world were taught to use the product or services in these industries, carrying few culturally specific preferences. As a result, the convergence of consumer demand in these industries is especially strong (Cavusgil et al. 1993). In contrast, in industries where there has been long-standing demand—such as skincare, food, clothing and entertainment—the convergence of consumer demand is relatively weak (Johansson 2003).

When the convergence of consumer demand is high, MNCs would find it advantageous to seek a high degree of standardisation in their advertising messages, copy/visualisations and media use across the world, in order to coordinate their advertising planning and execution in different countries, and to integrate their advertising campaign objectives and strategies (Zou & Cavusgil 2002). Thus, MNCs would seek a greater degree of global advertising. Therefore, we expect:

Proposition 1: Convergence of consumer demand is positively related to MNCs’ degree of global advertising.

Similarity of advertising regulations
In the post-Second World War period, there has been a steady trend towards trade liberalisation. A significant part of this trend is that government regulations of business, including advertising, have become increasingly similar. In the era of globalisation and increasing international trade, governments in different countries share similar challenges, and efforts have been made by international and regional trade organisations to harmonise advertising regulations (Gao 2005). The European Union, for example, has passed legislation to standardise advertising regulations among its members. In this study, the similarity of advertising regulations is defined as the extent to which government regulations on advertising are similar across the globe. When the similarity between advertising
regulations is high, MNCs would find it easier to standardise their advertising because the same set of advertising regulations could be expected in different countries, making it feasible and desirable to standardise ad messages, copy/visualisations and media use (Rau & Preble 1987; Harvey 1993; Duncan & Ramaprasad 1995; Papavassiliou & Stathakopoulos 1997; Onkvisit & Shaw 1999). Similarly, when government regulations are similar, it would be easier for MNCs to coordinate their ad planning and executions between foreign subsidiaries, and integrate their advertising goals and strategies across the world. Hence:

**Proposition 2:** Similarity of advertising regulations is positively related to MNCs' degree of global advertising.

**Media availability**

The advances in telecommunications technology have led to an explosion of media and media outlets. Yet, the extent to which a particular medium is accessible varies in different countries. For example, though digital television is spreading in developed countries like the US, in rural India and some African countries even a black-and-white television set is still a luxury. In western rural China, smaller-screen colour TVs with picture tube still dominate the market. Similarly, internet media and cellular phones have achieved significant penetration in developed countries and some emerging markets, but they are available only to a minority of the population in less developed countries. The significant variability in media availability across the world could pose significant challenges for MNCs in contemplating global advertising campaigns. In addition, different degrees of technical quality and capacity of the media may also affect the effectiveness of the advertising message to be delivered to the target audience (Jones 2000). Depending on their target markets, some MNCs could find that global advertising built on crisp video images and stereo sound is simply unworkable in other markets. Studies have shown that a crucial difference in advertising execution in different countries is the variability of advertising media availability (Synodinos *et al.* 1989). Here, media availability refers to the extent to which the media an MNC intends to use for its advertising campaigns are available across all major markets in the world. When media availability is high, MNCs should find it feasible and desirable to standardise their advertising message, copy/
visualisations and media use (Sriram & Gopalakrishna 1991). They should also find it easier to coordinate their advertising planning and execution, and integrate their advertising objectives and campaign strategies across the world. Consequently:

**Proposition 3:** Media availability is positively related to MNCs’ degree of global advertising.

**Similarity of competitive position**

Similarity of competitive position is defined as the degree to which an MNC’s competitive strength and advantage is similar across different national markets. The globalisation of markets is accompanied by the globalisation of competition. It is not uncommon to find that MNCs are battling the same foes in different national markets. For example, the fight between Coca-Cola and Pepsi has raged in many countries across the world, as has that between P&G and Unilever, between McDonald’s and KFC, between GM and Toyota, between Motorola and Nokia, and between Boeing and Airbus. In some industries, MNCs have to battle fiercely with local competitors too. It has been argued that the similarity in a firm’s competitive position across markets will enhance its likelihood of adopting advertising standardisation in order to achieve an advantage over its competitors (Jain 1989; Laroche et al. 2001). Especially when competitive intensity is high on the global scale, an MNC may find it imperative to match its global rivals’ global advertising campaign with its own global advertising, or to gain a competitive advantage over its rivals by adopting global advertising. The efficiency and effectiveness of global advertising in building a dominant global brand could be irresistible to MNCs seeking a competitive edge over their global or local rivals. Therefore:

**Proposition 4:** Similarity of competitive position across different markets is positively related to an MNC’s degree of global advertising.

**Agency competency**

Following in the footsteps of their clients, many advertising agencies have embarked on their own global expansion. Some have achieved global scale and are able to provide their clients with services across the world.
Earlier studies have shown that advertising agencies tend to adopt the standardisation approach in order to take advantage of their own international networks and to maximise their profit potential from their clients' international advertising budgets (Ryans 1969). Yet, not all advertising agencies are equal when it comes to their knowledge, creativity and capabilities to serve their clients in different parts of the world. In this study, agency competency refers to the ability of an advertising agency to serve its clients' global needs in planning and executing global advertising campaigns. It involves the agency's knowledge of the cultural, political, legal and competitive environments in which its clients operate across the world, its expertise in selecting advertising themes, messages and formats to appeal to the audience that its clients wish to target, and its ability to help its clients plan, develop and execute effective advertising campaigns. Since many multinational corporations have increasingly depended on their advertising agencies for their advertising campaigns, their use of global advertising is influenced by their advertising agencies’ competency in understanding their global market, and in planning, developing and executing global advertising campaigns.

When an MNC’s advertising agency possesses a high competency, it is more likely that it could advise the MNC about the benefits and feasibility of standardised advertising, help the MNC coordinate the planning and execution of advertising campaigns across the world, and facilitate the MNC’s integration of its advertising objectives and strategies in the global market. Hence:

**Proposition 5:** Agency competency is positively related to an MNC’s degree of global advertising.

**Internal organisational attributes**

**Global orientation**

Global orientation is defined as the degree to which an MNC has an organisation-wide emphasis on success on a global scale, as opposed to on a country-by-country basis (Zou & Cavusgil 2002). Traditionally, many MNCs had stressed the importance of succeeding in each country market that they entered – namely a polycentric orientation (Douglas & Craig 1989). With the trend towards globalisation, many have now realised that
their market position in one country may be dependent on their market position in other countries. As a result, an increasing number of MNCs have started to foster an organisation-wide value focusing on their world-wide performance – namely a geocentric orientation (Douglas & Craig 1989). Yet, due to their historical organisational set-up, it’s not easy for MNCs to foster a global orientation, and it takes time and gradual organisational change to transform MNCs’ value. Consequently, MNCs typically have different degrees of global orientation at any given time.

When an MNC has a high degree of global orientation, its organisational emphasis is placed on enhancing the firm’s worldwide performance. Its performance in a single country is of secondary importance to the firm’s overall performance in the global market. A coherent global orientation defines the firm’s overall policies, influences the headquarters–subsidiary relationship, and sets the stage for the coordination and integration of the sub-units of the firm (Samiee et al. 2003). As a result, its country subsidiaries are more willing to yield to the firm’s overall strategy, even if this means that they have to sacrifice their local advantages and benefits. In such a globally orientated MNC, it’s much easier to standardise the advertising messages, copy/visualisations and media use across national markets, to coordinate the planning and execution of advertising campaigns in various countries, and to integrate the advertising campaigns’ objectives and strategies. This is because, in a globally orientated MNC, the country subsidiaries will understand the importance of building a global brand through global advertising campaigns, and will have less tendency to resist the MNC’s attempt to seek high degrees of standardisation, coordination and integration of advertising campaigns. Consequently, we expect:

Proposition 6: An MNC’s global orientation is positively related to its degree of global advertising.

International experience
Due to their different paths to internationalisation, MNCs are not all the same when it comes to the knowledge and skills related to operating internationally (Douglas & Craig 1989). An MNC’s international experience refers to the extent of its knowledge of international markets, and its skills in operating effectively in international marketing. As Douglas and Craig (1989) argued, when a firm has little international experience, its emphasis
in international marketing is to find a market similar to its home market and sell its existing product to the market. When it gains international experience, it will start to find ways to adapt its product to each market it enters. Eventually, when it becomes a very experienced international marketer, it will realise the interdependency of markets and figure out a way to integrate its operations across the markets. Similarly, Zou and Cavusgil (2002) find that international experience is positively related to MNCs’ pursuit of a global marketing strategy. Solberg’s (2002) study also shows that a firm with more international experience and a higher-level knowledge of its local markets is more likely to find similarities across different national markets, which will lead to more advertising and marketing standardisation. Consistent with Douglas and Craig’s (1989) and Solberg’s (2002) argument, we contend that an MNC with significant international experience is more likely to understand the interdependency of various country markets, and seek an effective way to standardise its advertising messages, copy/visualisations and media selection, to coordinate the planning and execution of advertising campaigns in various countries, and to integrate the advertising strategies across countries. Hence:

**Proposition 7:** An MNC’s international experience is positively related to its degree of global advertising.

**Subsidiary autonomy**

MNCs grant different degrees of autonomy to their country subsidiaries. Some MNCs, such as Nestlé and P&G, had traditionally given significant decision-making power to their relatively independent country subsidiaries. In such MNCs, headquarters won’t intervene in local subsidiaries’ marketing and advertising decisions. The country managers are free to decide what products to introduce into their local markets, how to position and promote the products, what prices to charge and where to distribute the products. The headquarters only evaluate the performance of each country subsidiary and reward the subsidiary based on its performance. In recent years, more and more MNCs have begun to rein in their subsidiaries’ decision-making power in an effort to develop a more coherent global brand through global marketing. Even P&G initiated Project 2005 to increase its headquarters’ ability to influence local subsidiaries’ decisions. Studies have shown that fully integrated or substantially controlled
subsidiaries are more likely to use standardised marketing and advertising strategies (e.g. Rau & Preble 1987; Duncan & Ramaprasad 1995; Laroche et al. 2001).

Subsidiary autonomy is defined as the degree to which an MNC grants its country subsidiaries the power to determine their marketing and advertising strategies. When subsidiary autonomy is high, an MNC will have very limited involvement in the subsidiary's advertising budgeting process and fewer communication channels to influence its subsidiaries' advertising decisions in their local markets. Instead, in an MNC with a decentralised organisational structure, the subsidiaries will have power to decide what is most appropriate in their local markets, and will be more likely to resist headquarters' attempts to standardise advertising messages, copy/visualisations and media use, to coordinate the planning and execution of advertising campaigns, or to integrate the advertising objectives and strategies across the country markets if they don't think it's to their benefits to follow headquarters' move. Thus, in an MNC with high subsidiary autonomy, it will be very difficult to pursue global advertising. Hence:

**Proposition 8:** Subsidiary autonomy is negatively related to an MNC's degree of global advertising.

**Brand-building capability**

In today's global market, it is extremely important to have a well-positioned and widely recognised global brand (Johansson 2003), because global brands are widely regarded by consumers to be the symbol of quality, trend, global ideals and social responsibility (Holt et al. 2004). Yet, not all MNCs are capable of building successful global brands. Brand-building capability refers to the level of an MNC's ability to build a successful global brand. It involves the ability to understand global consumers, to develop and introduce new products into the global market, to advertise and promote the brand in the global market, and to render high-quality customer service. Studies have found that MNCs with well-accepted global brands are the more likely candidates to use advertising standardisation (e.g. Hite & Fraser 1988; Hill & James 1990). When an MNC possesses a strong brand-building capability, it is more likely to recognise the global market trend towards interdependence and the need to use global advertising to build a successful brand. As a result, it is more likely
to standardise advertising messages, copy/visualisations and media use in order to present a consistent brand image to consumers in the global market. In addition, it is more likely to coordinate the planning and execution of advertising campaigns and integrate advertising strategies across countries. Therefore:

**Proposition 9:** An MNC’s brand-building capability is positively related to its global advertising.

**The effect of global advertising on global brand performance**

At a strategic level, multinational corporations often use global advertising to build a uniform brand image (Duncan & Ramaprasad 1995). A uniform brand image can propel a brand into a global brand and increase its appeal. According to Holt *et al.* (2004), consumers in the global market see a global brand as a key symbol of quality, a global myth for being trendy and modern, and even a stamp for social responsibility. As a result, a global brand possesses significant brand equity that isn’t available to national or regional brands.

Global brand performance is referred to as the extent to which a brand has achieved global awareness, a uniform and positive image among consumers across the world, and a loyal base of consumers in the global market (Johansson 2003). Indeed, global brand performance is indicative of a global brand’s equity. It is what MNCs are striving to achieve in their global advertising campaigns. In industries in which the degree of globalisation is high, global brand performance is vital to the business success of MNCs. In fact, global brand performance is an important determinant of MNCs’ competitive advantage in the global market (Johansson 2003).

By using global advertising, an MNC can increase its global brand performance (Duncan & Ramaprasad 1995) and build competitive advantage in the global market. When an MNC seeks a high degree of standardisation of its advertising messages, copy/visualisations and media use, it could enhance its chance of projecting a uniform positive image throughout the world (Jain 1989). Due to economies of scale, the MNC could cut the costs of developing different versions of advertising for different markets. Instead, it could concentrate its resources to increase the exposure of worldwide consumers to its standardised advertising, leading to the
brand’s higher global awareness and uniform image. Similarly, when an MNC coordinates the planning and execution of its advertising campaigns across the world, it could ensure that the brand is positioned uniformly and positively in the ads, and that the advertising campaigns are executed in various countries in a way that ensures they lead to greater consumer awareness and positive brand image across the countries. It could also make sure that loyal consumers across countries are targeted properly and well served in advertising campaigns, which leads to increased brand loyalty. Finally, when an MNC attempts to integrate the objectives and strategies of its advertising campaigns across the countries, it could ensure that advertising campaigns in different countries have clear objectives and strategies that are strategically set to help the MNC’s global campaign objectives. For example, when a subsidiary of the MNC is attacked in a country by a competitor, the MNC could direct other subsidiaries to stage aggressive advertising campaigns in their countries to counterattack the competitor in its key markets. In this way, the competitor would have to divert its resources to protect its key markets, lessening the force of its attack on the MNC. Thus, the MNC could better fend off the competitor’s attack and protect its positive global brand image. Therefore, we expect that:

**Proposition 10:** An MNC’s global advertising is positively related to its global brand performance.

**Conclusion and implications for future research**

With globalisation in many industries, especially high-tech and fashion-driven industries, it is critical that MNCs develop and sustain a successful global brand. Global advertising plays an indispensable role in developing and sustaining a global brand. In the current study, we build on Zou and Cavusgil’s (2002) GMS theory to propose a new broad conceptualisation of global advertising. This new construct goes beyond the traditional view of global advertising as simply standardisation, to incorporate two new dimensions: coordination and integration. In addition, we develop an integrated theory of global advertising by delineating the antecedents and outcomes of global advertising. The key theoretical logic of the proposed theory of global advertising is that an MNC’s global advertising must fit
both its external industry characteristics and its internal organisational attributes in order to enhance its global brand performance. It is a direct application of the GMS theory to the field of global advertising.

We hope that the new conceptualisation of global advertising and the integrated theory of global advertising can help open the global advertising field to more exciting research. A study by Ko et al. (2007) has already adopted the GMS theory in exploring cross-national market segmentation. We note that the current body of research in global advertising often lacks broader theoretical foundations, which has led to a limited contribution to the key theoretical debates in other related fields such as international marketing and organisational management. Our model is an attempt to link global advertising with other literature, and integrate global advertising with industrial organisation economics (IO theory) and the resource-based view (RBV). We also note that, despite the vast number of empirical studies in global advertising, the findings regarding whether an MNC should standardise or adapt its advertising strategies across national borders are far from conclusive or consistent. Moreover, while the global advertising literature has increasingly favoured adaptation over standardisation, many MNCs seem to continue to adopt the standardisation approach in their advertising strategies in order to gain large economies of scale. The discrepancies between research and its managerial applications are partly due to the current literature’s narrow focus on the content of advertising, and having not closely examined the dimension of multinational value chain configuration and coordination as a key component of global advertising strategy. An academic debate that is only limited to standardisation vs adaptation of advertising content will not lead to effective and credible managerial prescriptions for MNCs’ management practitioners.

Based on the new model we have proposed in this paper, the following are productive directions for future research for scholars to pursue. First, future researchers could enrich our proposed conceptualisation of global advertising by investigating more and more specific aspects of global advertising that could be standardised, coordinated and integrated. This could help build a stronger theoretical foundation for the global advertising field, and help MNCs to explore different aspects of global advertising and make appropriate marketing decisions. Second, future research could identify, conceptualise and test additional external industry and consumer characteristics that are conducive to global advertising.
For example, similarities of media-use patterns and perceived importance of information sources among different consumer markets can be useful predictors for global advertising strategies (Choi & Ferle 2004). Also, cultural similarity and socio-economic similarity can be identified as important external industry factors (Karande et al. 2006). Third, future researchers could investigate more internal organisational attributes that facilitate or hinder global advertising. An MNC’s country of origin or the size of an MNC’s subsidiaries can be important factors influencing global advertising. We especially hope to see more studies on those MNCs that originate from emerging economies; such studies will significantly enrich our understanding of the key issues of global advertising. Fourth, in addition to global brand performance, future researchers should identify and conceptualise additional outcomes of global advertising and find boundary conditions in which our proposed theory of global advertising applies.

References


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