

# Internationalisation in Communications

And competitiveness of the  
Dutch communications industry  
in the international arena

By

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## Introduction

When I lived outside of the Netherlands (in Budapest, New York and London), my perception of Amsterdam was always very 'international'. An open-minded, multi-cultural city. However, after having worked here a couple of years, I was slightly disappointed. I still thought Amsterdam was very multi-cultural but found our industry (communications agencies) lacking the interest and affinity towards international work.

This paper is about internationalisation. Based on the research idea of Frans Blanchard, Managing Director VEA, I investigated the following questions:

- 1) *Is internationalisation a growing phenomenon? (which was my hypothesis) If so, what are the reasons behind it and how does it affect the communications industry?*
- 2) *How competitive is the Dutch communication industry in the international arena?*

I have conducted desk-top research and three surveys: a survey among clients, a survey among communications agencies and a survey among third party 'experts'.

In order to differentiate them in this study, I call these three surveys as follows:

### *Dutch Corporate Survey*

The survey was conducted among international corporations, located in the Netherlands. 10 corporations were interviewed, 8 of them having their European Headquarters located in the Netherlands (Canon, Cisco, Levi's, Phillips, Ricoh, TNT, UDV, ING), the remaining two have extensive corporate and marketing communications, which have significant influence on their European communications (General Electrics and Electrolux).

The respondents were in positions with authority over European communications.

The respondents had to answer a questionnaire (see Appendix) on the subject of their 1) international communications strategies, 2) on their leading international advertising agencies and 3) their perception of European cities from communications point of view.

The interviews were conducted either by phone (in 4 cases) lasting approximately 35 minutes or by e-mail.

### *Dutch Agency Survey*

14 communications agencies were interviewed in this survey: 9 so-called network agencies (Noordervliet & Winninghoff / Leo Burnett, Publicis, Young & Rubicam Europe, Lowe Lintas, Result DDB, FHV/BBDO, TBWA/Campaign

Company, PPGH/JWT, PPGH JWT – COLORS) and 5 independent agencies (180, Wieden & Kennedy, Strawberry Frog, Lost Boys, Kessels Kramer). All respondents were either in general management or creative management positions (or both).

The respondents were interviewed on the subjects of 1) internationalisation in general, 2) internationalisation in the Netherlands and 3) competence of the international communications industry in the Netherlands versus the United Kingdom<sup>1</sup>.

All interviews were conducted personally and they lasted approximately 60 minutes each.

On the last subject (comparison UK and the Netherlands), three additional interviews were conducted with agencies located in the UK (one at M&C Saatchi and two at Saatchi & Saatchi). Respondents were in charge of international accounts and were very familiar with the Dutch communications industry.

#### *Dutch 'Third Party' Survey*

These respondents don't belong to either one of the above-mentioned groups, but they are very familiar with the communications industry in general and with the Dutch communications industry. Three respondents were interviewed (Positioneringsgroep, Scan, KPN<sup>2</sup>), the interviews were taken personally on the same subjects as the agencies and these interviews lasted approximately 60 minutes as well.)

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<sup>1</sup> I have investigated the comparison only to the UK since it's a commonly accepted fact that London is still considered leading in international communications.

<sup>2</sup> Although this respondent works at an international corporation, I felt he belonged to this third group. He is not directly responsible for the international communications of the company but he is well-known for his expertise in and contribution to communications education.

## **1. Internationalisation**

### **1.1 Global issues in the advertising industry**

During the Marketing Society conference in 1999<sup>3</sup>, one of the speakers, Martin Boase, suggested that many of the issues advertising agencies are wrestling about are far from new. Issues like “integrated communications” and the way this links to greater accountability and transparency; payment by results; the fear to losing to management consultants at the strategic table. Mr Boase argued that these issues were just as hot when he started out his career in advertising in the 1960s.

He pointed out that in the past 30 years only two genuinely significant changes had occurred in the advertising industry.

- the separation of media from creative
- the increase in the number of corporate brands over product brands

In this study, I would like to focus on another fundamental change that is having significant effects on the advertising industry: the huge increase in the number of companies that need to build their brands in more than one country.

### **1.2 International brand building**

Researches conducted on issues that most concern advertisers, an increasing proportion of them confirmed that building their brands abroad is somewhere around the top of the list. A survey (Gundersen Partners: anatomy of a 21<sup>st</sup> Century Marketer, 1999) of senior marketing staff in 11,000 US companies shows that increased competitiveness created by globalisation is their overall most significant concern.

In the three surveys I conducted in the Netherlands, ‘growing internationalisation’ was the absolute conclusion as well.

In the Dutch Corporate Survey, all respondents indicated an increasing international approach in their brand building.

In fact, international brand building is no longer a choice, it’s a necessity. The new global communications channels, the mobility of the consumer, the globalisation of the economy, the Internet and the ‘vigilante consumer’ have ensured that no brand building can ever take place in geographical isolation.

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<sup>3</sup> Simon Anholt: Updating the international advertising model, 2000

A glance over the past few years of Advertising Age International's annual report on regional and global account moves shows that their number is increasing by between 8% and 12% per year. For example, there have been more international account moves in the first quarter of 2000 than in the entire second half of 1998.

In 1998, 73 global account moves were recorded<sup>4</sup>, averaging \$41 million in media spend. In 2000, the first quarter alone produced 31 global moves, nearly double the average in 1998, but the average value dropped to \$31 million. The number of global and regional advertising assignments may be increasing but their average spend appears to be decreasing.

### **1.3 Brand consolidation**

A research conducted in the Netherlands, concluded by Scan in 1999 shows two final conclusions: there are less brands and more control over those brands.

Participating companies in the research were European HQ's and multinational companies located in the Netherlands from the sectors of fmcg, service industry, b-to-b, financial services and durables.

Most important trends found in the survey:

1. Internationalisation
2. Social developments
3. E-commerce
4. Technological developments
5. Mergers and take-overs
6. Increasing scale

70% of participants agreed that the number of brands would decrease due to cost-efficiency rationalisation. Also, respondents expected that 2/3 of their monolithic brands will become endorsed brands, while half of the branded brands will become endorsed.

Investments in brands are still increasing, especially in the sectors of b-to-b, financial services and retail.

Similar results can be found in Marieke de Mooij's research, published in *Global Marketing and Advertising* (1998).

She points out, that since the early 1990s, there have been two main trends in international branding strategy.

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<sup>4</sup> Simon Anholt: Updating the international advertising model, 2000 (based on data from Advertising Age International)

1. From mono-branding to endorsement branding. The cost of launching and developing new brands is so enormous that international companies increasingly choose endorsement strategies or line extensions.
2. Brand rationalisation or concentration on core brands. Changing diverse multinational portfolios into a limited number of global brands. (Marathon changed to Snickers, Treets and Bonitos replaced by M&Ms, recently Smith to Lay's etc.)

This trend has a double effect on the advertising industry. Both the shift from mono to endorsement branding and brand rationalisation results in less independent brands. On national level, that means fiercer competition for agencies. However, the main reason behind this trend is to be able to communicate and sell the brands internationally. And that creates more international advertising work.

## 2. Internationalisation of the advertising industry

Since there are such obvious signs of internationalisation and globalisation in the corporate world, it is interesting to look at how the advertising industry has been responding to these developments.

### 2.1 Network agencies

There are simultaneous and opposing forces that are at play for international advertising agencies: global integration and national responsiveness.

#### Forces for global integration & local responsiveness<sup>5</sup>

##### **Forces for global integration:**

- Economies of scale
- Learning benefits
- Globally integrated competitors
- Homogenisation of consumer preferences
- Multinational customers
- High investment intensity
- High technological intensity
- Pressures for cost reduction

##### **Forces for local responsiveness:**

- Diverse consumer preferences
- Marketing infrastructure differences (e.g. media availability, distribution channels etc.)
- Laws
- Physical environment
- Transportation methods and costs
- Availability of substitutes
- Market structure differences (e.g. competition, prices etc.)
- Host government policies

Grein and Ducoffe conducted<sup>6</sup> personal interviews with 15 senior (US) agency managers to explore how headquarters of agency networks respond to market globalisation.

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<sup>5</sup> Porter 1986, Prahalad & Doz 1987, Bartlett & Ghoshal (1989)

<sup>6</sup> Andrea Grein and Robert Ducoffe: Strategic responses to market globalisation among advertising agencies 1999

Slightly more than half positioned their agencies somewhere around the middle in terms of being neither strongly integrated nor strongly responsive. Respondents generally described this as being a position of making trade-offs between local and global issues. Often the comment was made that executives tried to balance their local and global business to keep their local creative staff active. Certainly there would be a portfolio effect as well in that a poor year locally could be balanced by strong global business or vice versa.

One respondent's observation was that integrated agencies tended to have strong global networks but a poor record for creative work. Responsive agencies tended to be strong on creative but have poor global co-ordination. Two respondents suggested that their agencies were mostly responsive. This was attributed to having few global clients and few resources. These agencies are in the process of building their networks and described their structures as 'loose federations'. Four respondents characterised their agencies as more global than multifocal or responsive.

Grein & Ducoffe conclude that in order to compete successfully in the international field, global agencies must learn to become multifocal and transnational.

## **2.2 “New Internationalists”**

### **Start-up agencies**

Considering the unmet need for international marketing communications services, it is remarkable how few agency start-ups appear interested in tackling international delivery. Most new agencies stress their commitment to integration and media neutrality; to their on-line, off-line capability; most talk of 'new' approaches to creativity. The industry has always behaved innovatively in the way it creates domestic campaigns but the growing international concerns of clients appear to be ignored. Which is strange, since there are more and more international clients who need smaller, faster, strategically minded, business aware, creative, culturally sensitive agencies.

### **New internationalists**

Certainly, a handful of independent or partially independent agencies can demonstrate ability and willingness to manage international accounts, called the “new internationalists” (as named by Strategies Europe). These “new internationalists” (Bartle Bogart Hegarty and Cave Anholt Jonason in London, Kessels Kramer, 180, Strawberry Frog and Fuel in Amsterdam, Foreign Legion and Text Appeal in Paris etc.) might all have different views on advertising, they have one thing in common: absolute affinity and willingness for international work.

But how much business are they actually gaining from network agencies? There are indeed numerous examples of these 'new internationalists' snapping up big accounts simply by offering an alternative to global networks. (E.g. Ericsson global account at Bartle Bogle Hegarty<sup>7</sup>, Adidas at 180, Sprint at Strawberry Frog, Diesel at Kessels Kramer, Volvo at Fuel etc.) However, while these examples are increasing in number and in scale, it is very unlikely that they would mean significant threat to huge networks. However, their importance in the communications world is definitely increasing. ICOM (Independent Communications Agency Network) is a relatively new network with the aim to give independent agencies the clout to compete in an international marketplace through its network of members around the world. ICOM now has 70 members<sup>8</sup> who all regard themselves as Davids to the global Goliaths. In the last year ICOM added 18 new members and maintains that the role of independent agencies is becoming more relevant.

Main criticism against network agencies is that the concept of teamwork and network is fundamentally incompatible. Each office after all, is an agency in its own right, motivated by its own ambitions, responsible for its own P&L and keen to produce work it can feel proud of, and which will help to attract more clients and better staff.

#### How important is a network after all?

Not surprisingly, within the Dutch Agency Survey, most respondents from network agencies answered 'very', while independent agencies replied with 'not at all'. Network agency respondents seemed also very reluctant to believe the 'new international' agencies can successfully distribute their campaigns in various countries without a network.

However, the importance of the network is not the real issue here. The question is: does it need to be a network of the same agencies or can it be a network of independent suppliers. Even the non-network agencies use networks, although it might not be their own agency network, but a network of free-lancers (creatives, studios etc.), a network of local agencies (even local network agencies) or network of the client itself.

Many network agency respondents in the Dutch Agency Survey reported that their clients often use the agency network as an extension (or back-up) of their own network. Therefore the importance and need of the network and the kind of network depends on the client structure itself. The more centralised and "organised" the client structure is, and the shorter the decision making and approval procedures are, the less the client needs an agency network offering local attention in various markets.

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<sup>7</sup> This account was awarded to BBH before Ericsson's merge with Sony. The status of the account at this moment is not known.

<sup>8</sup> AdAgeGlobal April 2001

However, most big international corporations would not meet these criteria and they need an agency network backing up their own network.

In my Dutch Corporate Survey, to the question of 'what are the main criteria of an international lead agency', 70% of respondents named 'network' or 'network capabilities' as one of the 3 main criteria.

### So what are the pros and con's of network agencies?<sup>9</sup>

Pros:

- European and often global coverage
- Lengthy experience working with multinational brands
- Through-the-line service provision
- Media buying power
- Effective planning and measurement tools

Cons:

- Consistency of quality not guaranteed
- Danger of impersonal service
- Smaller clients dwarfed by highest spenders
- Media neutrality in question
- Expensive

## 3. International advertising

An ongoing debate is within the topic of internationalisation is about the "effective international campaign". Is there such a thing as a successful international campaign and how standardised can it get.

### 3.1 Managing brands internationally

Internationalisation and brand consolidation might result in more focused and more profitable strategies, however it also raises difficulties when managing those brands internationally.

Strategies Europe published interesting findings about the main problems that European brand managers are facing<sup>10</sup>.

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<sup>9</sup> Strategies Europe, No 6, 2001

<sup>10</sup> Strategies Europe No 6, 2001

Participants identified 6 problems:

1. Performance measurement stifles creativity. If measurement is based on individual profit centres, it hinders collaboration and co-operation across Europe.
2. Smaller markets miss out. Focus groups tend to take place in the big markets, which means strategy is being driven by these centres, even if it isn't appropriate for smaller markets.
3. There is no such thing as Europe. Marketing managers in individual countries often accuse their European headquarters of trying to impose an 'Anglo-American' strategy on them.
4. The pendulum effect. Companies tend to swing between a centralised marketing effort, which became too top-heavy, to a decentralised strategy, which results in confusion and lack of uniform message.
5. The goal might be 'one brand world-wide' but participants felt this was impossible to achieve completely.
6. The lack of pan-European suppliers. Lack of an agency that could provide a consistent pan-European service.

Especially number 5 and 6 subjects play a hot issue in the communication world these days. One of the subjects of this year's Marketing Forum Europe (in Amsterdam, June 2001) was "managing agencies effectively for Pan-European campaigns".

One of their initial researches has already dealt with the issue of how important "managing agencies for cross-border campaigns" was to international marketers. This year Marketing Forum Europe was investigating the views of both clients and agencies on what would make an effective pan-European campaign and the different methods used by marketers and their agencies.

Top line results have been revealed in advance to Ad Age Global<sup>11</sup> prior to the Forum:

The research was based on responses from 50 senior pan-European marketers and 30 agencies that are part of an international network. On the issue of whether there is such a thing as a 'great pan-European' campaign, Marketing Forum Europe found that only half of the agencies surveyed believe that great pan-European campaigns do exist. Their findings on this topic match that ones I concluded in my Dutch Agency Survey (chapter 5.2).

Opponents of international campaigns point out that the notion of standardised, global campaigns is outmoded.

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<sup>11</sup> Ad Age Global May 2001

In a sense they are right, because international companies have a choice: they are not obliged to advertise the same way in all their markets. They can hire a local agency in each market, and many would claim that this ensures maximum quality and service. In reality, few companies can afford this fragmentation in efficiency.

### **3.2 Spectrums of international advertising**

There are almost “regular” swings from the global end of the spectrum to the local end (pendulum effect).

A growing number of companies and their managers have experience of advertising across country borders and cultural divides, and companies have evolved a range of strategies for dealing with the problems this raises. There is a continuum of campaigns, from the tightly controlled and co-ordinated at one end (global), through various degrees of adaptation of a common campaign idea (glocal) to almost total national autonomy (local)<sup>12</sup>.

Based on the Marketing Forum Europe 2001 research, Agency Assessments International define 7 categories<sup>13</sup>.

1. “Laissez faire” – every market follows its own course and there is no central advertising strategy (although there is probably a central brand strategy). E.g. automotive clients.
2. “Global strategy, local execution” – each market is allowed a certain degree of autonomy, as long as it stays within certain criteria (e.g. packaging or corporate ID). E.g. Heinz Tomato Ketchup
3. “Global strategy, central control” – strong central control but agencies are allowed to develop campaigns unique to each market. E.g. McDonald’s
4. “Pattern book” – one look, one sound, one message. Coca-Cola fell into this category before it’s latest campaign.
5. “Exporting advertising” – work produced from one head office and distributed internationally without local office involvement. E.g. Nike, Adidas
6. “Regional approach” – each region produces its own interpretation and execution. E.g. Visa
7. “International media only” – little or no local advertising. Usually business-to-business sector clients who advertise on international media such as Financial Times, The Economist, CNBC.

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<sup>12</sup> Terms used by Marieke de Mooij in Global Advertising

<sup>13</sup> Marketing Forum Europe Research, topline results Ad Age Global May 2001

## **So where are we now and where are we going in the spectrum?**

In the Dutch Corporate Survey, I examined the issue of centralised vs. localised communication. All respondents indicated a growing centralisation in their international (especially European) communications.

Differentiation between centralised and localised communication varied per company of course. In the majority of cases, corporate (branding) communication was centralised, while marketing communication and PR was localised. One respondent indicated that within their company centralisation and localisation was dependent on target groups: business-to-consumer communication was centralised, while business-to-business communication was localised.

Respondents indicated that their communication has been getting more centralised especially in the last few years. Majority indicated time scale of the past 1,5-4 years (when centralisation started again), some respondents indicated 5-6 years and one respondent said their centralisation process started as long as 8 years ago.

I found also interesting the reasons for growing centralisation the respondents have given.

The priority of reasons respondents indicated:

1. Control over brand (building a monolithic brand)
2. Based on international research. 60% of respondents said that their international researches indicated that their target audience was getting more and more similar across countries, which perfectly justified a centralised communication approach<sup>14</sup>.
3. Economies of scale
4. Control over what communication material their offices in various countries are producing. Many respondents indicated that although this issue is strongly intervened with the number one reason (control over brand), this particular reason (control over local work) also has a lot to do with 'educating' certain markets.

No respondent indicated the role of Internet as a reason for more centralised communication, just as a 'tool' for centralised communication.

From the Dutch Agency Survey, the unanimous conclusion to whether 'advertising is getting more or less international', was that advertising is

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<sup>14</sup> This is a very interesting paradox, since many studies of the last few years concluded that there is no such thing as European market and no such thing as European consumer or European youth.

indeed getting more and more international and more centralised (which does not necessarily mean standardised).

The reasons for increasing international and centralised advertising, respondents indicated:

1. globalisation of businesses (mergers and acquisitions)
2. brand consolidation (less and less brands)
3. economies of scale
4. consolidation of advertising agencies
5. international media

### **Where are we going?**

I'm convinced that the process of internationalisation and the increasing number of international campaigns will not slow down. Moving away from the (globally) standardised communication strategy has been forecasted many times before (e.g. in 1994 by Onkvisit and Shaw<sup>15</sup> and 1997 by Kitchen and Philip). On one hand this seems to be more valid than ever. E.g. Coca Cola has given up their "pattern book" advertising strategy and moved towards more "global strategy, local execution". Also the nearing day of ban on tobacco advertising - Marlboro - will further weaken standardised advertising.

On the other hand, my survey shows increasingly controlled and centralised communication strategies at international corporations. Many of these corporations also chose for standardised communication. The decreasing budgets in advertising might also be supporting this communication strategy.

I think therefore that especially brand strategies like "global strategy, central control", "regional approach" and in case of more market-sensitive brands "global strategy, local execution" will flourish.

There is no doubt that although international advertising is the future, it is getting tougher and tougher. Ad Age Global list three very interesting reasons for this<sup>16</sup>:

- Growing demand for one-to-one communications (especially fed by Internet).
- Transparency. Companies have to be able to justify what they advertise.
- Growing resistance from consumers to the arrogance of global brands.

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<sup>15</sup> Sak Onkvisit and John Shaw: Standardised international advertising: some research issues and implications, 1994

<sup>16</sup> Conor Dignam, Ad Age Global May 2001

## **4. The challenge of international advertising**

In my opinion, the main challenge facing an international advertising agency definitely lies in genuine interest in and commitment to international business.

Number two challenge is understanding cultural differences<sup>17</sup>, cultural sensitivity and openness. Not only cultural differences on the receiver end (customers) but also in the client's and the agency's networks.

All capabilities an international advertising agency should master are rooted in this international challenge:

- strategic capability on international level
- creativity on international level
- co-ordination capabilities
- developing integrated communication internationally

Only an agency capable of meeting these challenges will have the possibility of gaining international accounts and keeping them overtime.

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<sup>17</sup> On this subject I would like to refer to the Hofstede model (five dimensions of culture), applied by Marieke de Mooij to consumption and communication related values and motives (Marieke de Mooij: Global Marketing and Advertising, 1998)

## **4.1 Thinking and working internationally**

### **Criteria of a lead international agency**

In my Dutch Corporate Survey, respondents mentioned the following criteria most, as to what they were expecting from an international (lead) agency (in the order of priority they were mentioned):

1. Creativity
2. Strategic and planning capability
3. International network and co-ordination
4. Understanding of client's business
5. Relationship (customer service)

I was quite surprised that no more than these criteria were mentioned. Although these are definitely the most important ones, I think criteria such as multicultural environment and thinking (cultural sensitivity), and ability to develop integrated communications should also be part of the criteria list.

In a separate section of the survey, respondents were asked to give marks (1-10, 10 being the best mark) to their lead advertising agencies on specific international capabilities. When calculating the mean of these marks, there seems to be quite a gap between the expectations of international clients and their opinion of their agencies.

Although they mention creativity and strategic capabilities as the two main criteria of a lead agency, the given marks suggest that clients are not quite satisfied with the work they get delivered.

Respondents gave the following marks to their leading international advertising agencies:

<b>CAPABILITIES</b>	<b>MARK</b>
• Understanding international requirements (general international thinking)	6.3
• Creativity on international level	6.8
• Strategic capability on international level	6.8
• Co-ordination capability	5.8
• Advanced use of up-to-date technology in co-ordination	6.0
• Developing integrated communication internationally	5.8

#### *Co-ordination capability*

Since co-ordination capability is one of the main criteria clients expect from a lead agency, the given mark of 5.8 is especially low for such an important capability.

The use of modern technology (e.g. Internet) and network co-ordination scores also very low, which is probably the other sign of agencies not paying enough attention to using the network properly.

Interestingly, Marketing Forum Europe's survey of 50 senior pan-European marketers concluded the same: 38% said their agency was deficient in international expertise and co-ordination ability<sup>18</sup>.

### *Integrated communications*

Although clients did not list this capability as one of the main criteria for a lead international agency, I found it important to be added to the list. The subject is regularly being discussed in communications publications and an often-heard complaint from clients is that agencies tend to think in concepts that only work for TV and print executions. Although in case of most international campaigns, only the concept is developed centrally, or the execution of mass advertising (TV, print), I believe it is also the role of the leading advertising agency to help clients and other agencies see (with ideas, guidelines) how the concept works through the line, thus for the entire marketing communications.

When asked how important the capability of integrated communication was to respondents in the Dutch Corporate Survey, the unanimous answer was: very.

Quote from one of the respondents: " Since main ideas are being further developed to different marketing communication tools on local level, it's very important that the concept the lead agency develops actually travels through the line. Otherwise there is little use of a centrally developed idea."

This capability is often mentioned when talking about domestic campaigns but usually forgotten in case of international campaigns.

### *Understanding international requirements (cultural sensitivity)*

Again, this capability was not mentioned among the most expected criteria, when prompted, all respondents said this is also a vital capability in order to work internationally. I find the score of 6.3 very low for the capability that should be the backbone of all internationally active advertising agencies.

## **Cultural sensitivity and multi-cultural teams**

Cultural sensitivity is a prerequisite for living in a modern world but it's specially important for people who wish to sell their (or their clients') products and services in other countries.

It is a benign curiosity about what makes people different from each other.

I was surprised that in my Dutch Corporate Survey not one respondent called spontaneously 'multicultural team / multicultural thinking' as a criteria of a lead international agency.

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<sup>18</sup> Ad Age Global May 2001

However, when the issue was prompted, very strong opinions were given.

Prompted responses on the issue of multicultural environment in the Corporate Survey:

*Question:* How multicultural is your communication department and what is the 'official' language in your communication department?

- 20% of respondents indicated that although their company language in the communication department is English, they don't really have a very multicultural team (meaning only 1-2 foreigners in the department)
- 40% of the respondents said that their communication department is 50-50: 50% foreigners from different countries, 50% locals (Dutch) and that English is being used as official language.
- 40% of the respondents had a very multicultural communication department, with approximately 80% of employees being from all over the world. Obviously the language spoken in the office was English.

*Question:* How international is the team at your lead advertising agency, servicing your account? How important is this issue to you?

- Majority of respondents found the team servicing their account not international enough. All respondents expressed the absolute need for a more multi-cultural team and they would like to see this further improved at their agencies.
- 50% of respondents said their advertising agency team was not multi-cultural at all, although 30% of these respondents said that their team did have quite some international experience.
- 30% of respondents said their advertising team had some foreign members, but not enough.
- Only 20% of respondents said that their advertising agency was at least 50-50% foreign and local or even more multi-cultural.

Having multi-cultural teams servicing international accounts at agencies is not only about understanding cultural differences, although it's definitely one of the major challenges. A multi-cultural team is simply more credible for clients (it is, after all, an international team), stimulates creativity and cultural sensitivity, helps using the network better and makes agency life generally more interesting and colourful.

In the Dutch Agency Survey, I asked respondents about their opinion on the need of a multi-cultural team for developing international concepts. Three different opinions came out of the answers:

- Approximately 30% of respondents answered that multi-cultural (creative) teams were absolutely necessary when developing international campaigns.
- Another 30% said that this was not necessary at all. In their opinion, a good concept is a question of talent, not culture and a really talented

mono-cultural team can also come up with a brilliant idea that travels internationally.

- A third group of the respondents (which I tend to agree with the most) said that multi-cultural creative teams were not necessary for developing international concepts, but a multi-cultural environment was. Meaning that as long as the agency is multi-cultural and cultural sensitivity and multi-cultural environment are nurtured at the agency, the creative team itself doesn't always need to be multi-cultural.

## **4.2 Leading international advertising**

Why is London playing such an important, leading role in the international communications industry? A helpful tool to analyse this issue is Michael Porter's "national diamond" model<sup>19</sup>. The Porter model gives answer to the question of why does a nation achieve international success in a particular industry.

According to his model, four major attributes of a nation shape the environment that can create, promote or impede (international) competitive advantage:

1. *Factor conditions*. The nation's position in factors of production, such as skilled labour or infrastructure, necessary to compete in a given industry.
2. *Demand conditions*. The nature of home demand for the industry's product or service.
3. *Related and supporting industries*. The presence or absence in the nation of supplier industries and related industries that are internationally competitive.
4. *Firm strategy, structure, and rivalry*. The conditions in the nation governing how companies are created, organised and managed, and the nature of domestic rivalry.

If we look at the UK's national diamond, we'll find many reasons that promote their international advantage:

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<sup>19</sup> Michael E. Porter: The competitive advantage of nations

### *Demand conditions*

The UK was the second country in the world (after the US) where advertising actually became a 'business', an industry. The UK's long advertising history combined with the 'superiority' feel of the English rooted in their culture created a highly demanding and sophisticated home market. The advertising industry is well respected and considered glamorous.

The scale of the local market and the almost 'professional' local audience are also huge advantages.

Consumers in different countries react to advertising in different ways. It's a significant factor: do they like advertising? Are they interested in it? How much time are they prepared to give to advertising? What do they expect from advertising? The two countries, which generate most international campaigns – Britain and USA –, are probably the two countries where consumers most actively enjoy advertising. A European survey<sup>20</sup>, carried out in 14 European countries, showed that more than 75% of British people find advertising entertaining and more than 80% think it's useful to consumers. By comparison, only 30% of Germans think advertising has a positive effect and more than 80% think it is boring.

Also, home demand in the UK was very much shaped by the 'American way of doing business'. The fact is that most international companies are American (8 of the top 10 global brands are American owned at this point in time). It is a well-known fact that you tend to business with the people who do business like you, and on the international stage, that means that countries with which you have most cultural commonalities (in this case the UK).

### *Factor conditions*

Besides the obvious present of infrastructure and capital resources, human and knowledge resources are the most important conditions in London's case. Demand conditions formed the base of the education system, training highly educated individuals for the advertising industry (well-known and respected business schools). 'Strategic planning' was invented in London and the city has maintained its leading role in strategic planning ever since.

### *Related and supporting industries*

Music, theatres, film industry etc. play a leading role in the world's art scene.

### *Strategy, structure and rivalry*

The local rivalry among advertising agencies in London makes the process of innovation healthy, while the cultural mindset<sup>21</sup> of the British makes their strategies and structures success-driven and offensive in the international market.

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<sup>20</sup> GfK Great Britain, 1998

<sup>21</sup> Again, I'd like to refer to Hofstede's 'five dimensions of culture' model

Similarly to the US, the UK also 'exports' its own culture rather than showing cultural sensitivity. That is probably the main reason why at international awards the proportion of winning campaigns is invariably 80% British, 15% other English-speaking countries and 5% for the rest of the world<sup>22</sup>.

Perhaps it's not so odd that British and American advertising are almost the only species of advertising in the world, which are admired by people from other countries. This is not a reliable, objective measure of quality but rather a reflection of the fact that advertising still displays very strongly the roots of its own cultural provenance. The work of Bill Bernbach, David Ogilvy, Charles Saatchi, John Hegarty etc. has impressed an anglocentric currency and worldview on advertising.

This favourable 'national diamond' has created a strong brand power of the UK and USA. Simon Anholt's comments on international pitches<sup>23</sup>:  
"When the client was British or American, the UK or US agencies' work was a priori the only work they felt they didn't have to look down on; and on the rare occasions when the client wasn't from Britain or America, then the UK and US work was the only work they looked up to. The expectations of superior work from those countries, driven merely by the brand power of our countries of origin, was enough to prejudice everybody in our favour."

In the Dutch Corporate Survey, I found that London's brand power in the field of advertising influenced respondent's opinion on all related capabilities. Respondents were asked to give marks 1-10 (where 10 being the highest) to cities (Amsterdam, London, Paris, Frankfurt) on certain capabilities. They were asked to give their marks based on their image of that city and not necessarily on their personal experience.

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<sup>22</sup> Simon Anholt: Updating the international advertising model, 2000

<sup>23</sup> Simon Anholt: Another one bites the grass, 2000

Average marks for cities, based on perception of respondents

	<b>London</b>	<b>Paris</b>	<b>Amsterdam</b>	<b>Frankfurt</b>
• International (in general)	8.3	5.75	6.75	5.8
• Trendy/cool	8.5	7.0	6.75	5.7
• Technology level in Communication	7.75	6.3	6.1	7.0
• Advanced communication methods	7.3	6.3	6.75	6.6
• Client services*	6.14	5.5	<b>7.3</b>	6.2
• Creativity	8.6	7.1	7.3	5.8
• Language capabilities**n/a		5.7	<b>8.0</b>	6.8

\*Client services meaning how well the country's culture fits dealing with international communication

\*\* Capability/willingness of using English language

A note on language capabilities: Obviously London wasn't given marks on capability or willingness of speaking English. Interestingly however, three respondents commented that they find the English not accommodating towards foreigners at all, meaning that they weren't willing to speak slower or using less complicated words even when their conversation partners have a strong disadvantage in English. Amsterdam, not surprisingly, scored highest on language capabilities.

London is seen as the most trendy place in Europe, scoring here highest on being 'trendy and cool', due to its leading fashion, music icons and art. This is a definite advantage to a city dealing with (especially international) advertising.

London also comes out as strong leader in overall image in communication capabilities, Amsterdam is a close second and one occasion Amsterdam scores even higher: on the country's culture fitting international communication (client services).

It's no accident that the Netherlands scores highest on language capabilities and cultural fit. International mindedness is one of this country's chief exports and the entire country can be considered bilingual.

Still, when planning marketing offensives in Europe, the majority of American companies choose Britain (London) as their 'lead' country for international campaigns. The reason for this has mainly been explained when analysing the UK's national diamond. However, could there be another reason?

During my Dutch Corporate Survey, I also found that many of the respondents (although not anglo-saxon and located in the Netherlands) used a UK-based advertising agency as their lead international agency.

Majority of respondents within the Dutch Corporate Survey from European HQ's indicated that their international lead advertising agency was located in the UK.

To the question who had the authority to appoint a lead agency, all respondents answered that the European HQ had the authority to appoint an agency for European communications.

In the following chapters I'd like to investigate attitudes and aptitudes towards international communication/advertising in the Netherlands.

## **5. The Dutch international - communication readiness**

As described in the previous chapter, the Netherlands is famous about its international-mindedness and sensitivity towards cultures.

It is no coincidence that at this time, almost 200 companies chose the Netherlands as location for their European headquarters. Only in the county of Amsterdam, 121 European Headquarters were established between 1988 and 1998<sup>24</sup>.

Of all foreign headquarters established in Europe, currently 57% are located in the Netherlands<sup>25</sup>. An estimated 25% of shared services centres in Europe have chosen to come to the Netherlands and the country also has some 200 call centres within its borders. An estimated 42% of US multinational companies have established a European distribution centre in the Netherlands.

Since there is such a booming international corporate life in the Netherlands, it's interesting to investigate how the Dutch communication industry is reacting to this and how international this industry really is.

As Porter defined in his national diamond model, there are many determinants that define whether a firm will succeed internationally or not. Besides the ability (aptitude) issues, there are many willingness and readiness (attitude) issues.

First I'd like to outline issues within the factor conditions that are important determinants in the Netherlands for international business in general.

Then, by analysing the combined results of the Dutch Agency Survey and the Dutch Third Party Survey, I touch on a few issues from the other three angles of the national diamond (demand conditions, supporting industries and strategy/structure/rivalry) that influence the Dutch 'international communication readiness'.

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<sup>24</sup> Source: City of Amsterdam Economic Development Department

<sup>25</sup> Netherlands Foreign Investment Agency Information Manual April 2000

## **5.1 Factor conditions**

### *Investment conditions*

The Netherlands' trade and investment policy is among the most open in the world. Foreign investors favour the Netherlands for the European investment projects because of:

1. Stable political and macro-economic climate
2. Highly developed financial sector
3. Well-educated, flexible and productive labour force
4. High quality of its physical and communication infrastructure
5. Favourable fiscal climate
6. Available technology, 'e-business readiness'

In the nearby future, new foreign investments can be expected to ensue from the tendency to concentrate management and marketing functions in one or just a few offices. The merging of large companies with headquarters in different countries will be a second source of investment. The existing regional distribution of headquarters functions in major metropolitan regions in Europe is likely to continue.

### *Information Gateway to Europe*

The Dutch Government's interest<sup>26</sup> to position the Netherlands as 'Information Gateway to Europe' and their willingness to help to achieve this is a very positive contribution to the country's international image.

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<sup>26</sup> In 1998, the Dutch Government (Ministerie van Economische Zaken) ordered a research and conclusion presentation from Booz.Allen & Hamilton as to how the Dutch government could further help to make the Netherlands an 'Information Society' and position the country as 'Information Gateway' to Europe.

## **5.2 Aptitude and attitude in the Netherlands towards international<sup>27</sup> communication**

In this chapter, I am using the results, comments from the Agency Survey (13 respondents) and the Third Party Survey (3 respondents ). Within the agency survey I have interviewed 9 respondents from network agencies and 5 respondents from independent agencies. All respondents but one were within the top management of the company (either in general management or in creative management titles, or both). One respondent had strategic planning responsibilities.

Network agencies:

- Noordervliet & Winninghoff / Leo Burnett
- Publicis
- Young & Rubicam Europe
- Lowe Lintas
- Result DDB
- FHV/BBDO
- TBWA/Campaign Company
- PPGH/JWT
- PPGH JWT – Colors

Independent agencies:

- 180
- Wieden & Kennedy
- Kessels Kramer
- Lost Boys
- Strawberry Frog

Also, on a few issues I have talked to advertising professionals in the UK as well (3 respondents, on Director in Charge and Managing Director level from Saatchi & Saatchi Advertising and M&C Saatchi Advertising in London).

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<sup>27</sup> Under international communication I mean communication that is developed in Amsterdam for international use. Adaptation of work coming from other countries is not included.

### Internationalisation of communication

Before going into issues like how Dutch advertising responding to internationalisation of communication, I wanted to know first what the respondents' opinion was on internationalisation. Are advertising concepts and campaigns getting more international?

50% of the respondents said they believed that communication is getting more and more international and that there are more and more international campaigns or concepts.

The other 50% of respondents had less concrete opinions. One respondent said that although at this moment we are indeed experiencing more international concepts than ever before, we are at the extreme of the pendulum effect, which again will change soon towards more localised communication.

One respondent said that there is growing internationalisation in communication but not on a scale that was expected a few years ago.

A few respondents had the same opinion, namely the so-called global-tribal effect.

(The more global the world economy gets, the more tribal people behave.) According to them, we are indeed experiencing increasing internationalisation in communication but mainly in strategies and concepts (not in executed campaigns). At the same time, we are also experiencing the tribal effect, which is very strongly locally focused communication.

However, based on the combined results we can conclude that respondents agreed that there is a trend towards more international work in advertising.

### Does a great pan-European campaign exist?

Respondents had very different opinions about this issue. Most respondents answered that there were very few great international campaigns. As main reason for this they indicated that too many compromises had to be made on international level (too many people involved, too many approval procedures), which unavoidably would result in medium-quality creative work. They have described this as one of the reasons for less affinity towards international creative work.

Less than half of the respondents (mainly independent agencies) answered that they strongly believed in good international campaigns, although they also indicated that this was only possible with a strongly centralised client structure and a very simple approval procedure. As they described, only clients who have the central authority to approve concepts and ideas were suited for international campaigns.

A very interesting opinion that came out of the discussion on this topic was that most of the respondents didn't believe in 'international' ideas. As one respondent described: "We don't develop international ideas. We develop ideas which are either great enough to travel internationally or not. We believe in the export of good ideas. As soon as the creative brief demands an international idea, compromising begins."

Many respondents had similar opinions. Another respondent: "All great creative work, be it literature, music or advertising, that has become successful internationally, is just simply great work. Shakespeare didn't write international literature, yet it is admired around the world."

Another opinion that was shared by many of the respondents was that international research on advertising (e.g. focus groups) was the other main reason why many international campaigns never become outstanding. "Research is the death of an idea. You can only research the past, not the future. Creation is transformation, you can't research that."

Respondents did agree that research indeed could be very useful to find out consumer insights and market requirements but many respondents stressed that if too much emphasis is being given to focus-group results, the creative idea would suffer.

### ***London's leading role in international advertising***

All respondents agreed that as of today, London indeed stands as European headquarters of international marketing communications and advertising.

As main reasons for this, respondents indicated:

- history of advertising: the UK is an authority in advertising
- headquarters of many network agencies located in the UK
- scale of domestic market in the UK
- strategic planning: this was 'invented' in the UK and this is still the best in the world

One third of the respondents said that they believed the legend of London is shifting slowly, giving territory to other cities. This thought brought up interesting discussions. In my original interview in the Dutch Corporate Survey, I asked correspondents to compare 6 cities on their perceptions from communications point of view: London, Amsterdam, Paris, Frankfurt, Stockholm and Barcelona. However, almost all respondents said that they did not have a clear perception of Barcelona and Stockholm from communication point of view, therefore these two cities were removed from the questionnaire.

However, in the Dutch Agency Survey, these two cities were mentioned often.

Not only respondents who meant that London's perception is shifting, but other respondents as well indicated that they found Stockholm and Barcelona playing an increasing role in international communications. Stockholm due to its clear advantage on interactive and on-line developments and Barcelona due to its design capabilities and attractiveness of new and up-coming creative talent. Although perceptions were not very clear either, it was obvious that these cities are present on the international scene.

### **How international is the Dutch advertising scene?**

Spontaneous reactions (by the majority of respondents) to this question were:

- "Not very international"
- "Not at all"

Only two respondents said that they found the Dutch advertising scene really international.

Comments from respondents who didn't find the Dutch advertising scene international, had the following comments, criticism:

◆ *The Dutch advertising scene is too introverted, domestic focused.*

The mentality of the Dutch advertising industry is that 'we know exactly how things have to be done'. One respondent commented that the Dutch advertising industry is like a mini-Germany: circle of old friends (he called it "grachten-gordel-effect) who rarely welcome newcomers and are not willing to look outside of their own market. 60% of respondents strongly agreed with this.

Half of the respondents mentioned the Netherlands Calvinistic culture within this issue and 'blamed' this culture for the introvert thinking: "don't think too big, be decent and down-to-earth".

◆ *The Dutch advertising industry doesn't need to be international.*

There is enough domestic work. 70% of respondents agreed to this as a reason for not being international.

As one respondent commented: "We are very internationally focused. But there is so much domestic work coming our way, that if we don't force ourselves to focus internationally, we could just make a living on domestic work."

As to whether this situation can be expected to remain the same in the long run, most respondents answered yes but they also indicated that the lack of international focus at an agency was definitely a weakness and missing future opportunities.

◆ *Dutch agencies want to be independent.*

Most network agencies in the Netherlands were the result of the merge with or acquisition by international networks and local agencies. Majority of the respondents from network agencies said that their company culture was indeed more of the domestic side of the company than that of the network side of the company. Half of the respondents said that they actually prefer not to use their network and act independently.

Respondents gave many reasons for this: financial reasons, historical reasons but most of all cultural (attitude) reasons: the independent, entrepreneurial culture of the Dutch.

As one respondent very interestingly described: everything that is invented, developed and rooted in the Netherlands, works well (export). Look at the number of huge global corporations that are of Dutch origin: amazing number compared to scale and size of the country.

The Dutch are entrepreneurs and are very good at it. What they are not good at is being part of a chain or co-operating in international chains.

◆ *Short-term thinking*

One third of the respondents said that many agencies in the Netherlands were too short-term oriented and opportunistic – preferring easily earned money on quick projects rather than investing in long-term relationships.

**Comparing attitudes and aptitudes of UK and of NL**

Spontaneously or prompted, respondents compared capabilities of the two countries on the subject of international advertising.

◆ *Cultural sensitivity and openness*

All respondents agreed that the Netherlands was much more culturally sensitive than the UK.

As one respondent described: ‘Due to the scale of the country and their historic dependence on other cultures, the Dutch have been trained for a long time to be culturally tolerant and neutral.’

Although this doesn’t mean that the Netherlands is truly culturally sensitive (Anholt model) they are long way further than the UK, which is still more Anglo-Saxon than international.

As to which city (Amsterdam or London) is more international, in the Dutch surveys, 40% of respondents replied that they found Amsterdam more international. (As opposed to the Corporate Survey, where 100% of respondents found London more international).

Interestingly, all respondents from the UK replied that Amsterdam was definitely more international. One respondent from the UK: “London being international is a perception. There might be many different nations living

there, but above all, London is English. The concept of ad agencies like 180 and Wieden & Kennedy wouldn't flourish here."

Many respondents also commented (when talking about the Dutch advertising scene being introverted) that they found the London advertising scene just as introverted and traditional.

As to multi-cultural teams, the perception again was that London was more multi-cultural in advertising. 60% of respondents said that they found London much more multi-cultural in advertising (staff). 40% said they found London and Amsterdam equally multi-cultural. Again, UK respondents all said, that Amsterdam was more multi-cultural. One respondent from the UK: "Multi-cultural in the UK mainly means other Anglo-Saxon nations like Canada, Australia, New Zealand. I think we have less (than NL) cultures per thousand."

#### ◆ *Professionalism*

Generally, 90% of respondents found that advertising as an industry is being handled more professionally in the UK than in NL. This was mainly due to the history and scale of advertising. As one Dutch respondent said: "20 years ago, advertising was already a serious business in London. In Amsterdam, it was perceived very poorly. The perception was that people who weren't good enough to become artists became creatives and people who had no education but a big mouth became account people. This image has improved significantly since then, but it's still not as respected as in the UK". Another respondents had a very similar opinion: "Advertising in the Netherlands is still a bit of a dirty business. Not as bad as in Germany, but close. For an educated person in Germany, it's not cool to work in advertising, it is, however cool to work in the communication department of a big corporation."

Another interesting subject that came up during conversations about this topic was the professionalism in presentations (self-presentation and presentation of work).

Many respondents commented that they found the English a lot better at presenting (themselves but work as well) and that they often felt naïve compared to English or Americans (which in my opinion probably comes down to the masculine culture of the British and the Americans).

One respondents "During international meetings, I often have the feeling that ideas coming from us (the Dutch) are better, smarter. However, we are often too quick, too to the point, so by the time the English or the Americans are finished, our idea has become their idea."

Another respondent: "They (the English) are just better at show-business. They make things look and sound a lot more impressive than they actually are."

### ◆ *Agency staff*

Respondents were asked to compare talent in creative, account and strategic staff.

50 % of respondents found creativity in London better, more professional than in Amsterdam. However, majority of these respondents also added that this was mainly a scale issue: there were just simply more good creatives due to the scale.

The other half of the respondents said that if we forget the scale issue (they also agreed that number of really good creative work is higher in the UK) and compare creativity on the same scale, Dutch creativity was just as good if not better.

One respondent; “We are tiny compared to London. Yet, Dutch creative work can always be found in the top five at the Cannes awards.”

However, there were also a few (30%) respondents who criticised the Dutch creativity one way or another:

“It’s a lamp-culture (ADCN). It’s all about lamps and jokes.”

“You would recognise Dutch advertising immediately. It’s about jokes.

Actually, it’s a bit like English advertising. Only not as sophisticated or elegant, I call it polder-humour”.

About the level of account work and strategic work, 80% of the respondents agreed that UK had better-trained, more professional account and strategic people than NL. They gave three main reasons for that:

- since advertising is seen more glamorous, more professional in the UK, it attracts more talented people. Many really talented people in the Netherlands rather choose corporate communications or marketing, since advertising still has a slightly “dodgy” perception.
- education
- the third main reason was strategy again. As many respondents commented, UK agencies put a lot more emphasis on strategic planning, and invest more in planners.

### ◆ *Education*

Again, 80% of respondents agreed that education in general was higher in the UK than in the Netherlands. Respondents found that the UK has a more serious marketing and business schools and agencies in general invest and spend a lot more in training and further education than in the Netherlands.

One respondent: “The best marketing and business education you’ll find the USA. Then comes UK. And the rest of Europe is lagging far behind.”

Many respondents indicated that there is a very limited choice of marketing and business studies in the Netherlands and even a more limited choice of post-graduate studies within these fields.

When asking about education of creatives, most respondents said that although there weren't many training-opportunities for creative teams, 60% of respondents felt this wasn't that important either, 'since you either have talent or not'.

40% of respondents said there should be a lot more training opportunities (Miami Ad School type of training<sup>28</sup>).

(Approximately half of the agencies in the survey participated in the training program by the Miami Ad School, although mainly with one way traffic: they accepted trainees from the Miami Ad School.)

Only one respondent commented on training creatives to deal with clients. In his opinion (and I very strongly agree with him) creatives are not trained to properly handle clients, which would be really helpful for the creative process. In his opinion this happens a lot more often in the USA and UK.

#### ◆ *Suppliers*

The discussion on the talent of suppliers was very similar to the discussion on talent of creatives. 50% of respondents found that suppliers in the UK were more talented and more professional, while the other 50% said it was again just question of scale. There were simply more (in number) talented suppliers in the UK but they weren't really that much better than suppliers in the Netherlands.

### **The importance of international business in Dutch advertising**

In order to be able to draw a conclusion on how important international business is in Dutch advertising, we discussed the following subjects:

#### ◆ *International business strategy*

There was a big difference in the responses on independent agencies and network agencies. Independent agencies I interviewed are following a very conscious international business strategy and spend either their entire or the majority of their effort on international business.

In case of network agencies, I found something entirely different. I was actually surprised how much international business is being handled in those agencies (all agencies I visited had European or worldwide accounts) but these account were pretty much handled like any other domestic account.

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<sup>28</sup> The Miami Ad School was founded 7 years ago by Ron and Pippa Seichrist to train creatives, and to organise foreign exchange of students.

Only very few agencies actually had an international department or an international business strategy.

◆ *Network use*

This subject obviously was only discussed with respondents from network agencies.

I asked respondents to judge how they use their networks:

- sharing knowledge
- participation in international pitches
- foreign exchange (training) of staff
- support from HQ (especially on gaining international business)

25% of respondents said they had very good co-operation with their networks and HQ and they have used all four above-mentioned facilities.

25% of respondents said they had good co-operation with their network but felt they were not really involved in international pitches and foreign exchange.

(On the issue of foreign exchange, most respondents said that although in theory they agreed that foreign exchange is good for training, in practice they were not supporting it (and not asking it from the network) because of financial and replacement issues. (They indicated that they couldn't miss key members of their staff for months).

Only two respondents said that they were actively participating in foreign exchange and found it very useful.

The rest of the respondents found their co-operation with their networks formal and not very useful.

Respondents from the first group (who had very good co-operation with network) strongly criticised other network agencies and found that lack of co-operation and lack of interest in network is narrow-mindedness and that these agencies underestimate the business opportunities coming from a network.

One respondent said the poor co-operation with the network is often because of ownership issues. When HQ has 100% ownership over a local agency, there is no 'partnership' feel. In his opinion, networks only work when there is 'partnership', thus 50% ownership by the network and 50% local ownership. (Indeed, the agencies who had the 50-50% ownership were the ones who indicated a very good co-operation with their networks.)

◆ *Trade publications*

Although originally this wasn't on the list of subjects to be discussed, more than half of the respondents spontaneously mentioned that Dutch trade publications were very domestic focused and not only domestic focused, but domestic-account focused as well ('village Amsterdam').

These respondents said that although there was a slight improvement on foreign news, there is still very little attention being paid to international advertising developed in the Netherlands.

◆ *Business-to-business and service advertising*

40% of respondents said that most agencies think too traditionally about brands and focus too much on fmcg brands and above-the-line advertising, while there are more and more data showing that above-the-line media spend is decreasing while marketing communications (below-the-line) spend is increasing and has bigger margins. Also, media spend on b-to-b and service brands is growing while media spend on fmcg brands is stagnating. This is especially true to international advertising.

70% of respondents agreed that they have prejudice against b-to-b, that these brands were found less “sexy” and less fun to work on (especially for creative teams).

◆ *International opportunities*

As mentioned earlier, all agencies in the survey handled international clients either on European level or on worldwide level.

When asked whether they think the Netherlands could have more international opportunities, 80% of respondents answered yes, the Netherlands could do a lot better in the international arena.

When asked what could be done to improve our international performance, respondents mentioned the following:

- More open attitude towards international business
- More investment in international strategies and international new business opportunities
- Better use of network (network agencies)
- Improvement of staff quality (more experienced, better trained staff) by investment in education
- Interest and willingness to work internationally (which according to many would require management change at most agencies)

20% of respondents found that most agencies in the Netherlands are international enough and have a healthy balance between domestic and international work.

### **5.3 International readiness – Dutch national diamond**

If we summarise conclusions from chapter 5.1 and 5.2, the following main characteristics were found of the Dutch national diamond.

#### **Factor conditions**

Most factor conditions are very favourable for international business. Investment climate, infrastructure, physical resources, capital resources are all ideal for developing international business. The only factor found slightly less favourable is education opportunities for the advertising/communication industry: lack of choice in marketing and business studies.

#### **Related and supporting industries**

Quality of related industries (suppliers) was found good, although due to scale number of suppliers is not satisfactory. Overall image of relating industry is especially good in the fields of TV entertainment, design and photography.

#### **Demand conditions**

Composition of home demand (Dutch advertisers) is small in scale and medium-to-high sophisticated. However, the size of growth is significant (in the last few years there has been a significant increase in media spend in the Netherlands, although the rate of growth has been decreasing since end 1999).

#### **Firms strategy, structure and rivalry**

One of the most favourable aspects is cultural neutrality and sensitivity, which is perceived as highest in Europe. Rivalry is also on a healthy level, close to fierce. The number of communication agencies compared to the scale of the country is very high and there are growing number of start-ups each year. Less favourable aspects within this angle of the diamond are disadvantages in management culture and presentation skills compared to the UK, not enough investment in talent, short-term investment in business/clients, general attitude towards international business.

## **5.4 Conclusions and SWOT**

The conclusions of this research are the following:

- Internationalisation in branding and communications is indeed a growing phenomenon and creates growing demand for international communications/advertising.
- International advertising business may be increasing but agencies are consolidating. The issue of conflict, allied to sheer lack of capacity, means that there are fewer and fewer internationally competent agencies trying to service more and more companies with international needs.
- International clients are getting more numerous, smaller and spending less. And international agencies are getting fewer and bigger (and charging more).
- Network capabilities are still very important. Very few projects (and clients) allow totally centralised development and production. These are usually ad-hoc or one-off projects.

To the question how competitive the Dutch communications industry is in the international arena, my conclusions are:

- Not as competitive as it could be. And it is mainly an attitude issue, rather than an aptitude issue. The Dutch international communications capability is the country's best kept secret.
- The Dutch advertising industry is suffering a split image: Both the external (clients) and internal (advertising professionals) image of the industry is positive on domestic work and rather negative on the international work.
- Most respondents see the industry not international at all and strongly inward looking. Yet, all interviewed agencies (not just the independent agencies) have significant Pan-European or world-wide clients! (We do have to comment here that most of these clients are NL based internationals, thus very few accounts are coming from abroad.)

Negative image on international capabilities is partly justified, however at the same time it's hugely underestimated.

This negative image is partly justified because:

- The industry is indeed inward looking. There is a lot more focus and highlight given to domestic work (see trade publications, awards etc.) and domestic opportunities, hardly any at all to international work created out of the Netherlands.

- The industry is underestimating the presence and importance of international work<sup>29</sup> – there is little effort given to the conscious nurturing and developing of international business
- There are probably education issues that are lagging behind the UK and would be expected to be on a higher level for international business: especially training and education of strategic planners and account people and overall presentation skills.

However, as mentioned before, capabilities are hugely underestimated as well:

- All responding agencies have been handling significant international accounts (so the capabilities are there).
- Talent of staff is not behind the UK at all: the UK is leading due to scale (and education) but not due to talent.
- Conditions for international business are very favourable.
- Finally, the image of London as the leading international communications city is shifting, not so evident anymore.

To summarise my findings and conclusions of the study, the following SWOT analysis could be made of the international Dutch advertising industry:

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<sup>29</sup> With the exception of the ‘new internationalists’ located in Amsterdam

**Strengths:**

- Favourable national diamond, especially infrastructure and cultural sensitivity (international-mindedness)
- Awareness of Amsterdam-based “new internationalists” abroad (publications like Creative Review, AdAge Global and Strategies Europe regularly run articles on international agencies like 180, Kessels Kramer, Strawberry Frog, Wieden & Kennedy and Fuel). Actually, there is more awareness/publications about this abroad than in the Netherlands.
- High ranking of Dutch creativity internationally (within networks as well)

**Weaknesses:**

- Feminine culture: sometimes our strength is our weakness. The femininity of the Dutch culture makes is a strength when it comes to cultural sensitivity but is a weakness when it comes to boxing up to Anglo-Saxon cultures and when (not) using network opportunities.
- Scale of market.
- Attitude towards international business: no conscious international business strategy seems like lack of interest. Company culture not nurturing international business.
- Education: lack of choice in marketing and business studies.
- Expats (especially on management level) are rarely accepted.
- Lack of PR (with the exception of independent agencies) on international work developed in Amsterdam.
- Lack of co-operation in networks.

**Opportunities:**

- Expectations of further increase in number of European HQ's in the Netherlands.
- International independent agencies in Amsterdam help to change the entire image of the advertising industry towards more international.
- This changing image would allow agencies to service non-NL based international clients as well.
- Amsterdam is attracting international (young) people: recruitment from abroad should not be difficult.
- Negative image of management consultants on international level: lack of suppliers on international brand management issues.
- Germany and France. Besides the UK, these are the driving power-countries in Europe. Both these countries have a cultural clash with the UK, while the Dutch neutrality is ideal to service both countries. Especially Germany is fond of Dutch advertising (there are already a significant number of international accounts from Germany, handled by Dutch agencies).
- B-to-b brands. The UK culture fits fmcg brands very well, the French culture first luxury brands very well. The Dutch culture fits fmcg brands but fits business-to-business brands a lot better than UK (not as well as Germany, but then again, the Germany advertising quality is lagging far behind the Netherlands.)

- English advertising (culture export) has already been accepted in Europe. The Dutch advertising style is closer to the English than any other nation.
- Advertising fee of approximately 2/3 of UK.
- Government effort to position the Netherlands as Gateway to Europe in IT.

**Threats:**

- Missing the opportunity of becoming “Gateway to Europe” in communications.
- More and more pan-European work, domestic work is stagnating or slowing down.
- Barcelona and Stockholm.
- UK. Remains a threat, even if perception of London as ‘capital of international communications’ is shifting.

## **5.5 Suggestions**

### **Managing the image of (Dutch) advertising**

Long-term objective of the industry should be to improve (and lifting it to a higher level) the knowledge and professionalism in advertising. Although this has been definitely improving in the past 10-12 years, it needs to be even further improved in order to compete internationally. It could be a study on its own how to achieve this, but better training and education of and investment in staff could be a start.

'Revolutionising' the staff by looking outside of the box would also help.

Although the advertising industry is a small world in every country, due to the scale, in the Netherlands there is even more limitation in the number of 'agency professionals'. Agencies should dare to hire people from outside of the advertising world and from outside of the country, and invest in their capabilities.

Again, this issue is a study on its own and should be given a lot more thought and effort than just a couple of suggestions.

### **Managing the image and awareness of international business**

- A lot more attention to international work. We almost need to build an awareness of it, since many international accounts are being handled out of Amsterdam as just another domestic account, which happens to be present in other countries.
- PR: better and more. Trade, financial and business publications in the Netherlands rarely make news of international work created here, which would deserve a lot more coverage. Also internationally we should try to gain better PR: international work deserves international coverage. (Follow the example of the 'new internationalists'.) Both Dutch agencies and Dutch trade publications should more consciously handle international work in PR.
- Bodies like VEA, IAA should also pay more attention to international work created in the Netherlands. VEA and IAA could organise seminars and case study presentations on international work or perhaps help agencies with their international PR efforts.
- PR not only in trade and business but also within the agency network. Based on my personal experience, I guess many Dutch agencies never "brag" about their international achievements within their networks. Better advertising and positioning themselves within their own network would improve their 'international' image.

### **Presentation skills**

American-style 'show-business' presentations are against the Dutch culture. However, most Dutch managers would agree that the Americans and English are better at it ( and in the international arena that's the standard). So why

not learn from them? Learning to better package ideas, better selling of themselves and better managing their agencies' image would be great advantages in the international business. The Dutch advertising industry needs more internationally trained account managers and strategic planners, with the necessary international "flair".

### **Network**

Many Dutch agencies would agree that they try to avoid network co-operation as often as possible. On many points, understandably. However, the network can be useful for a lot of learnings.

- Learning of the above-mentioned presentation skills. (Presentation training in the USA is on very high levels.)
- Training and educating of staff. Besides local education programs, exchange programs (especially for strategic planning) could offer opportunities for training. This of course again requires serious commitment to the education of and investment in staff, which takes us back to the previous issue of taking the advertising business to a higher level.
- More openness towards and co-operation on international business opportunities.

### **More multi-cultural staff**

As discussed in this paper, multi-cultural staff is not only good for international thinking, it's good for credibility, creativity and overall image of an agency. Many managers would argue that expats are too expensive (head-hunting, relocation etc.). Yet, there are numerous examples of agencies in Amsterdam (180, Kessels Kramer, Strawberry Frog) that work mainly with expats. They disagree with the statement that expats are expensive: young talents are often very eager to go to foreign countries and the Dutch tax regulation (30% regulation) offers favourable salary-negotiations.

As Porter defined in his national diamond model, nations succeed in industries where there is unusual commitment and effort. The capabilities, opportunities and talent are here, we just need to work on commitment and effort.

## **APPENDIX**

### **1.Questionnaire for international corporations in NL**

#### **SECTION A.**

1. How is your European communication co-ordinated? (central vs. local on corporate communications and marketing communications level)
2. If your European communication is centralised, what is the main reason for centralisation:
  - Economies of scale
  - Control over what European countries are producing
  - Control over brand
  - Based on international research
  - Effects of Internet
3. Has this communication strategy changed in the past few years ( e.g. more centralised or vice versa)  
(IF YOUR COMMUNICATION IS LOCALISED ONLY, PLEASE GO TO SECTION C.)
4. Which office (within your organisation) has the authority to appoint the lead advertising agency? (HQ, European HQ etc.)
5. Where (in which city) is the lead advertising agency located?
6. How was the lead agency appointed? (International pitch? Chosen without a pitch? Approached by the agency itself? Etc.)
7. How important was location in choosing a lead agency? Why was that location chosen?
8. In your opinion, what are the main criteria/expectations of a lead agency?
9. How international is your communication department? What is the percentage between foreigners/locals? What is the “official” language used in your department?
10. How international is the team at the lead agency servicing your account? How important is this issue (international team) to you?
11. Do you use any (management) consultants besides your advertising agency for international communication purposes such as brand identity, brand strategy etc? If yes, why?
12. Do you use any interactive shop/agency other than you leading advertising agency for international web campaigns? If yes, why?

## **SECTION B.**

Please give your personal opinion on your leading advertising agency (strictly on their international work) by giving marks 1-10:

(The reason for this question is NOT to judge or rate an advertising agency but to get a picture at what services agencies are strong and at what are they weaker)

- International capability/understanding of international needs and requirements
- Creativity on international level
- Strategic capability on international work
- Co-ordination capability
- Technology (how advanced are they in using and understanding up-to-date technology)
- Developing integrated communication internationally

## **SECTION C.**

Please compare the following cities by giving marks 1-10 on the following issues (your personal opinion/image of those cities)

LONDON    PARIS    AMSTERDAM    FRANKFURT

- International
- Trendy/cool
- Technology level in communication
- Advanced communication methods
- Client services (culture fitting international communication)
- Creativity
- Design capabilities
- Language capabilities

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