Promotion strategies for a major car company are developed for different international market segments by comparing consumer preferences measured by tradeoff analysis with their perceptions of new and existing products.

DEVELOPING INTERNATIONAL ADVERTISING STRATEGY

The marketing of automobiles across national boundaries is a particularly interesting and complex problem in the identification and exploitation of the needs of various market segments. Many of the variables used to delineate segments (for example see Wind 1978) differ considerably across national boundaries but are relatively homogeneous within. Because elements of the marketing mix such as price and product positioning, as defined by the advertising approach, are amenable to control within countries, it is possible both to specify countries as segments and to develop an appropriate marketing strategy.

In practical terms the task of developing a marketing strategy per country is daunting, even for companies with large resources. Numerous research programs are required in different countries at different times and these must be repeated each time a new strategy option is to be tested. Consequently, questions of sample compatibility are difficult to solve and many companies have adopted a "prototype standardization" approach (Peebles, Ryan, and Vernon 1977) in which minor modifications are made to some basic strategy. The current trend is toward "pattern standardization" whereby a strategy is designed from the outset to be susceptible to extensive modification to suit local conditions, while maintaining sufficient common elements to minimize the drain on resources and management time.

We describe how Ford of Europe implemented a "pattern standardization" approach to new car advertising in Europe.

In the case of Ford the objective of an advertising campaign within the marketing mix associated with a product is twofold.

1. To achieve product awareness.
2. To communicate to each market segment the product attributes the segment perceives as fulfilling its needs.

The first objective is, of course, supranational, and in this article we consider how the second objective is achieved.

Method

Both buyers' perceived needs and buyers' perceptions of product attributes differ among countries so both are studied. Europe is divided into a number of submarkets—in our example, Germany, United Kingdom, France, and Sweden. Within each country a panel is recruited from persons whose intended next car purchase is within a range compatible with the new Ford product. The sample size is typically 200-300 per country and is stratified to match the relevant consumer profile as established by past research.
Perceptions

Information on respondents’ perceptions of a new car (or van or truck) is obtained in response to stimuli at two levels, which approximate the two extremes of possible communication success. At the “low awareness” level, respondents are simply shown a “round the clock” series of photographs on the exterior of the new car and are told it is a new Ford. This level is considered similar in impact to low key advertising plus street appearances of the car that achieve little more than basic product awareness. At the “high awareness” level, the same respondents are given a full photographic and verbal briefing, in the language of their country, on the exterior and interior appearance, features, performance, etc., of the car. This level approximates the maximum product knowledge that could reasonably be communicated by heavy advertising. At both high and low awareness levels respondents rate the car on 27 attributes shown to be significant by past research, and indicate purchase interest. Attribute rating and purchase interest data are also obtained for the existing cars seen by the respondents as possible alternatives to the new car.

Preferences

Respondents’ perceived needs are analyzed by conjoint analysis. This method of obtaining consumer utilities is gaining increasing acceptance in consumer behavior research (for a comprehensive review, see Green and Srinivasan 1978).

In this application the tradeoff method of data collection is employed (Johnson 1974) which requires respondents to evaluate matrices based on pairs of product attributes. For example, in Figure 1 for “Workmanship/Finish” versus “Servicing Facilities” each respondent is asked to state a ranked preference for all combinations of attribute levels.

In completing this task, the respondent must make decisions about his or her priorities, for example, when to forego “good servicing” in order to retain “high levels of workmanship and finish” or the reverse. In Figure 1 the respondent prefers to keep a high level of workmanship/finish at the cost of a lowered standard of servicing facilities.

Each respondent completes many matrices of this type. To reduce the workload to manageable proportions a subset of the complete set of possible attribute pairs is used. The reduced number is adequate for measuring main effects, and use of a reduced number has proved robust in tests noted by Johnson (1974). In the example given hereafter, 27 attributes were used. These yield a possible 351 matrices of which 63 were actually used. The 63 were chosen on a grid basis whereby each attribute was used in at least three matrices and was no more than twice removed from any other attribute. Thus if A were compared with B, B with C, and C with D, A would be twice removed from D.

The matrices of preference data are scaled by an appropriate program, in this case a commercial derivative of MONANOVA (Kruskal 1965), to yield each respondent’s “utility” values for each attribute. Utility is simply a measure of joint relative importance. This measure varies according to the level of the attribute. For example, excellent fuel consumption might have a high utility, average fuel consumption a low utility.

Model Construction

The perception and preference data are now in a format suitable for use in strategy development and a decision model is used as a link. Different models have been employed from time to time. For our illustration a model called SCIMITAR (Westwood, Lunn, and Beazley 1974) is used. The first step is to apply the utilities to each respondent’s evoked set of car perceptions and thus predict current purchase intentions. This model prediction is compared with the intentions data from the panel as an internal validity check. Agreement between model predictions and intentions is usually in the range of 80–90%. This in effect means that we have a computer model of the sample population’s preferences by country which, when exposed to combinations of the relevant class of inputs, will duplicate response of the actual sample within the error limits of the model.

The next step is to remove the existing Ford product (if any) from the available model range and add the new Ford model with attributes communicated at the “low awareness” level. The share of purchase interest predictions yielded thus sets a base level of how the car might perform should the advertising have only limited communication success.

Finally, the potential of different communication strategies is tested. Each strategy emphasizes only one or two main attributes of the car, because the company’s experience has shown the difficulty of effectively
communicating more than one or two points in a launch campaign.

The strategy is operationalized for model purposes by assuming that the attributes to be promoted are raised to the level of perception corresponding to "high awareness" in the initial research. Because of intercorrelation, several attributes may be associated with a given main point of communication. For example, "performance," "road holding," and "maneuverability" might all be associated with an advertising strategy using a "sports car" focal point. So the model implementation of one main point could involve adjustment of several subsidiary attributes. The model yields a market share prediction for each strategy on the assumption that the strategy is successfully communicated. The source of gains and losses constituting that share and the demographic profile of the predicted buyers are also shown. These results are compared with each other and with those achieved at the "low awareness" level. Superior strategies for one country are also evaluated in other countries to see what commonality of campaigns is possible.

The strategy research is complemented by separate sets of tactics research in which advertisement executions in accordance with chosen strategies are evaluated. The executions are tested for their effect on (1) intention to purchase and (2) those perceptions of the car considered significant in light of the strategy objectives.

Figure 2 is a diagrammatic representation of the process, which we illustrate with data from the 1977 launch campaign of the Granada.

Illustration of Strategy Development

The Ford Granada is positioned at the large car end of the European market. It competes with the lower ranges of the speciality manufacturers such as B.M.W. and the upper ranges of the volume manufacturers such as Renault. Research was conducted in Britain, Germany, France, and Sweden.

Perceptions

Table 1 shows the German ratings for current models and the new model with awareness at both low and high levels. It contrasts these with the ratings of the car that respondents stated as their intended next purchase. For each attribute the Granada rating increases from "low awareness" to "high awareness." The new car is seen as equal or better than the old car on all attributes except luggage capacity. In relation to competition the new car’s rating varies across the attributes although it remains lower than those of the competitor. It is superior to "next car" on some features such as styling and inferior on others.

Table 2 and the two right columns of Table 1 show the variation in some of these ratings among countries.
The differences among the car perceptions in the four countries indicate the importance of tuning marketing strategy to each market. In relation to competition, Granada styling scores well in Germany and Sweden, but poorly in Britain and France. On safety the Granada scores better than competition in Britain but worse elsewhere. On reliability it is seen as worse than competition in all countries, but particularly so in Sweden.

**Preferences**

The preference stage of the research yields utility values in each country for each level of each attribute. The results for three of the attributes are shown in Figure 3 to illustrate the range of results obtained. The absolute levels of the scores are arbitrary.

The results for the attribute "durability" are nearly identical among countries. On this variable little would be lost in relation to preference by treating all four countries similarly. Robinson and Wind (1977), in a study of transatlantic air fares, found little difference in attribute ratings between countries and proceeded to create crossnational segments. The utilities are a positive monotonic function of degree of durability and indicate a substantial desire for durability. In contrast the attribute "technically advanced," though also monotonic, shows considerable differences among countries. For the step "not advanced" to "technically advanced" the increase in utility in Germany is double that in Sweden. The increase for Britain and France is intermediate. Treatment of this variable by the market differs considerably among countries. The third variable, "exterior size," shows both differences among countries and nonmonotonic relationships. In all countries respondents prefer an "average size" car to a "larger" car. In Germany "smaller" is preferred to "average," yielding an inverse monotonic result. For the other countries "average" is preferred to "smaller" as well as "larger," yielding an inverted V effect.

### TABLE 1

**Car Perception: Ratings of Selected Attributes**

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Germany</th>
<th>New Model Low Awareness</th>
<th>New Model High Awareness</th>
<th>&quot;Next Car&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current Model</td>
<td>7.3</td>
<td>6.8</td>
<td>6.9</td>
</tr>
<tr>
<td>Luggage capacity</td>
<td></td>
<td>Technically advanced</td>
<td>7.0</td>
<td>7.4</td>
</tr>
<tr>
<td>Journey comfort</td>
<td>7.2</td>
<td>7.3</td>
<td>7.5</td>
<td>7.5</td>
</tr>
<tr>
<td>Styling</td>
<td>5.7</td>
<td>6.8</td>
<td>7.2</td>
<td>6.9</td>
</tr>
<tr>
<td>Prestige</td>
<td>6.0</td>
<td>7.1</td>
<td>7.3</td>
<td>7.2</td>
</tr>
<tr>
<td>Safety</td>
<td>5.0</td>
<td>5.0</td>
<td>5.7</td>
<td>6.3</td>
</tr>
<tr>
<td>Roadholding</td>
<td>6.3</td>
<td>6.6</td>
<td>7.2</td>
<td>7.4</td>
</tr>
<tr>
<td>Reliability</td>
<td>6.7</td>
<td>6.8</td>
<td>7.1</td>
<td>7.6</td>
</tr>
<tr>
<td>Purchase interest</td>
<td>7</td>
<td>5.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sample size</td>
<td>n = 312</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Ratings out of 10.

* "Next car" rating excludes respondents choosing the current Granada.

* Purchase interest is the percentage of the sample who indicate that the Ford car is likely to be their next car purchase. It includes equal rankings, i.e. Granada equally likely a purchase as previously preferred car. These "equal rankings" form about half of the overall "new model" preferences.

### TABLE 2

**Attribute Ratings by Country**

<table>
<thead>
<tr>
<th>Attribute</th>
<th>U.K.</th>
<th>France</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New Model Low Awareness</td>
<td>New Model High Awareness</td>
<td>&quot;Next Car&quot;</td>
</tr>
<tr>
<td>Luggage capacity</td>
<td>7.4</td>
<td>6.2</td>
<td>6.8</td>
</tr>
<tr>
<td>Technically advanced</td>
<td>7.2</td>
<td>6.7</td>
<td>6.6</td>
</tr>
<tr>
<td>Journey comfort</td>
<td>7.5</td>
<td>7.3</td>
<td>7.5</td>
</tr>
<tr>
<td>Styling</td>
<td>6.6</td>
<td>7.0</td>
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<td>Prestige</td>
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<tr>
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<td>6.8</td>
<td>6.7</td>
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<tr>
<td>Roadholding</td>
<td>7.0</td>
<td>7.4</td>
<td>6.7</td>
</tr>
<tr>
<td>Reliability</td>
<td>6.9</td>
<td>7.5</td>
<td>6.8</td>
</tr>
<tr>
<td>Purchase Interest</td>
<td></td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Sample size</td>
<td>n = 286</td>
<td></td>
<td>n = 193</td>
</tr>
</tbody>
</table>

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FIGURE 3
Utility Values for Four Countries for Three Attributes

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Sweden</th>
<th>United Kingdom</th>
<th>France and United Kingdom</th>
<th>All Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Durability</td>
<td>300</td>
<td>200</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Technical Advancement</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>External Size</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Less As Longer Not Advanced Advanced Small Average Large

Sweden • United Kingdom • France and United Kingdom • All Countries

Model Validation

Thus, both perception and preference data yield results that vary by country. When the two are related to one another, markedly different strategies might be needed to suit the different countries. The decision model is used to combine the two elements of preference and perception.

The model was first validated by using preference and brand rating data to predict respondents’ current purchase intentions. These predictions correctly matched respondents’ stated first choice 82% of the time.

Strategy Testing

In the strategy testing phase single-theme strategies were tested in each country. The results are shown in Table 3. In Germany, Britain, and Sweden the most successful single strategy is reliability. In France the most successful single strategies are comfort and safety.

Several dual-theme strategies also were developed; three are shown in Table 3. For Germany and Britain the best dual-theme strategy is reliability-safety. For France and Sweden it is safety-comfort. It is interesting that in Britain, Germany, and France the most effective dual-theme strategies are combinations of the two most effective single-theme strategies, but the same is not true for Sweden.

Sensitivity Considerations

The percentage shares in Table 3 should not be taken as a direct indicator of success because they are based on the assumption that the simulated strategies have been fully communicated and believed. If these tasks are not achieved then advertising effect may fall disastrously short of expectations. In Britain, Ford as a company has a particularly favorable image, probably because of the relative weakness of the domestic competition. A recent campaign for another model (Cortina) successfully emphasized reliability so success with this appeal for the Granada appears reasonable. In Germany the decision model predicts a reasonable level of purchase interest even if reliability is not fully communicated, so the “downside” risk with this element in the strategy is deemed small. In France and Sweden the model predictions are for very low sales if a reliability appeal is tried and fails. Similar sensitivity testing on other strategy themes leads to the conclusion that the reliability-safety strategy would be best for Britain and Germany, and the safety-comfort strategy would be best for France and Sweden.

Tactics Research

In the tactics phase of research, several advertising executions based on these strategies were exposed to new respondent samples. The results are given in Table 4 for the execution strategies actually used.
TABLE 4
Percentage of Respondents Giving Ford as Probable Next Car Purchase

<table>
<thead>
<tr>
<th>Country</th>
<th>Initial</th>
<th>After Exposure to High Awareness Advertising</th>
<th>Model Simulation Effect of Strategy</th>
<th>Execution Test of Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Britain</td>
<td>33</td>
<td>50</td>
<td>53</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>41</td>
<td>43</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>33</td>
<td>39</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>37</td>
<td>39</td>
<td>30</td>
<td></td>
</tr>
</tbody>
</table>

Test results match or exceed the preference predictions based on the strategies in Germany, Britain, and France. In Sweden execution results are less successful, the best execution variant achieving about three-quarters of the predicted level of purchase interest.

Relative Costs

The need for an international marketing approach that recognizes the differences in product perceptions and preferences among countries is illustrated in the preceding results. But what is the relationship between the cost and effort involved in the research and the value of the results?

The Granada in Europe is worth more than a billion dollars of business per year so a substantial research effort per se is justified. The question is actually one of choosing among alternative methods. A simpler approach would be to conduct a series of tests of ad hoc advertising executions. With the Granada seven small-sample (100) tests could be run for about the same cost as one 300 sample (per country) of the kind we describe. But for minimal incremental computer time costs the buying intention model can test the effectiveness of numerous strategies. Also the model yields diagnostic behavioral information. Through an understanding of consumer perceptions and interests, more effective strategy development is possible (Boyd, Ray, and Strong 1972). Speed and sample stability are also advantages, the only limiting time factor being computer job turnaround speed. With small-sample tests, sampling error may lead to different results between executions. With our modeling approach the same larger sample is used throughout so there is no comparability problem between tests.

System Validity

The validity of the system is obviously an important question. No questionnaire system can be totally relied upon to predict eventual consumer marketplace reactions; there are just too many intervening variables. Nevertheless, some consistent set of decision rules is preferable to strategy by guesswork. The model yields two validity checks of its own. One is the use of the attribute rating and utility data to predict car purchase intentions. The 80% agreement obtained is at least indicative of basic system congruence. To infer more is unwise; though a low percentage of agreement would certainly indicate failure, a high percentage may indicate validity or it may indicate halo effects between measures obtained in the same questioning situation (Beckwith and Lehmann 1975).

The second validity check is intrinsically stronger because it is external in that it uses the system predictions from one sample to project behavior by another. The strategies designed from the strategy phase are tested in the tactics phase. As noted heretofore, execution results, in terms of advertising communication goals, are in line with strategy phase predictions for three of four countries for Granada. The results for other car and truck models have yielded even more agreement between the strategy and tactics phases.

A third desirable level of testing is field experimentation (Ray 1978). A full test is precluded by the costs and impracticability of running different car advertising programs within different sectors of a European country. But a practical field test of the whole program is given by actual Granada sales. Executions based on the best model-predicted strategies were used in the actual launch campaign. In 1978 sales reached 211,000, the limit of production capacity. This outcome does not prove that the best possible strategies were used, but certainly shows that they were far from failures.

Further indirect validation is provided by the conjoint measurement studies noted by Green and Srinivasan (1978).

Summary

The system described provides an effective means of segmenting promotional strategies for international markets by allowing for cross-country differences in product perceptions and product attribute preferences. The results appear to be of reasonable validity, at least for this class of product, and the costs in proportion to the benefits derived.

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Marketing: Helpful to Health?

Marketing and Preventive Health Care: Interdisciplinary and Interorganizational Perspectives—edited by Philip D. Cooper, Memphis State University, William J. Kehoe, University of Virginia and Patrick E. Murphy, Marquette University

In March 1977 a multi-disciplinary workshop exploring marketing and preventive health care was co-sponsored by Blue Cross/Blue Shield of Virginia and the American Marketing Association.

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