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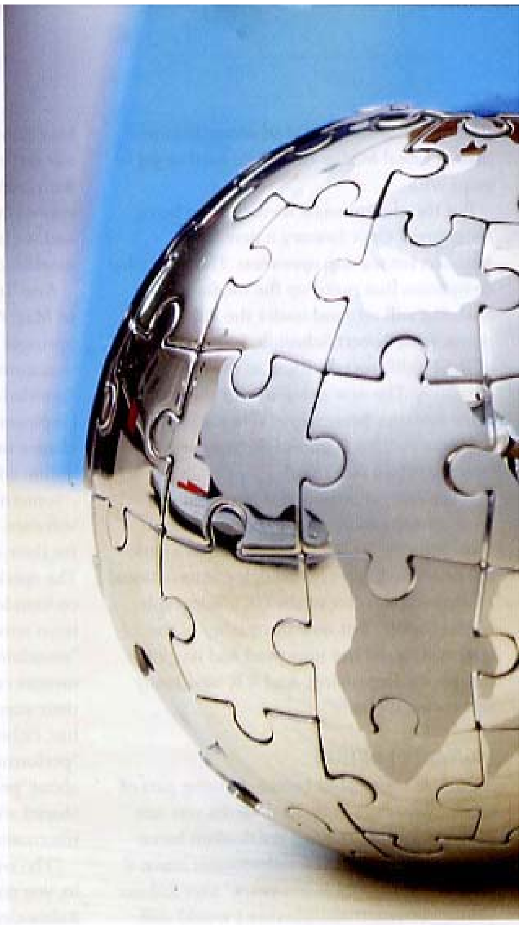

ALL AROUND THE WORLD

Media networks must focus on expansion if they are to tap into advertisers' thirst for a global presence. But there are differing opinions on how best to achieve this. Meg Carter reports

KEY TOPICS
- Globalisation
- Standardisation
- Local management
- Diversified services

International media networks must think globally if they are to meet rising client expectations. Yet challenges exist for those seeking to close the remaining gaps in their networks, especially how to build while servicing and retaining demanding clients today.

Any international business wanting to gain a foothold in a new national market can either start from scratch, buy an existing local business, or develop a new one through a local partnership or joint venture. Because of the cost and risk, most now follow the latter route.

"The challenge is to ensure that a new market is connected into your network," explains Iain Jacob, Starcom's chief executive EMEA. "This comes down to appropriate training and effective internal communications. Five or 10 years ago, a global client might have accepted different standards of service delivery in emerging markets; not now."

Starcom has grown by rearranging parent group Publicis' existing assets in every new marketplace to establish each new toehold. Even so, finding the right local talent and managing it properly has been critical.

"In every local market you need a good local CEO, and you only get one of those if they believe they have the freedom to act on their own initiative," Jacob says. "The key is balancing this against the need to ensure they feel totally embedded within the network's vision. It's not a question of whether to manage centrally or regionally. Try to do it all from the centre these days and you'll end up with weak local management. You've got to balance both."

For Havas Media, which has expanded its presence from 10 countries to 105 in a decade, the answer has been a franchise model. Alfonso Rodes Vila, its CEO, says: "When we go into a local market we don't want to be seen as a Spanish business but as a local one. The franchise approach means we form an alliance with a local company, and have the opportunity to buy after working together for years, which gives us time to find out whether the partnership works."

> "NOT EVERY INTERNATIONAL ADVERTISER NEEDS OR WANTS A GLOBAL NETWORK SOLUTION."

Local legislation and cultural fit, however, can be significant obstacles in certain markets. "Acquiring any business raises integration, standardisation and cultural issues," says Martin Sambrook, global account director, Accenture Marketing Services.

"Doing so away from home is even more complex. This is why the big five media groups, which probably account for 80% of global media planning and buying revenues outside Asia, have just 20% in Asia."

Finding and keeping talent poses a challenge to globalisation – one that public limited companies especially find hard because of their inability to incentivise the best senior managers, believes Jon Wilkins, a founding partner of media strategy network Naked.

"Because we're private we've built our presence from the grass roots upwards, starting by securing the best talent then building a local structure around them," he

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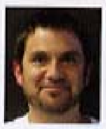
WHICH WILL BE THE NEXT GROWTH MARKETS?

ALFONSO RODES
Havas Media
'We must strengthen our presence in Russia, China and India. But at the same time we must also continue to develop range of services, and this is a significant focus for future growth.'

IAIN JACOB
CEO, Starcom EMEA
'For the next three to five years, the middle East, central Europe and Russia. Beyond that Africa. Luckily, we already have a strong base in South Africa, and a solid presence in the north.'

NIKKI MENDONCA
President EMEA, OMD
'We're now responding to a growing number of requests to strengthen our presence in Kazakhstan, Turkmenistan and Azerbaijan. There's also work still to do in Asia-Pacific.'



JON WILKINS
Founding partner, Naked
'Latin American and China – both driven by how best to service our existing clients. Thereafter the emphasis will be less on setting up in additional markets, more on further diversifying services.'

says. "The company model is incentivisation through shareholding so our expansion is strictly talent-driven."

Wilkins admits the partner-shareholder approach may not be sustainable for a larger organisation, but questions whether a media company really needs to be in every market in order to be global.

"In our view there will be two types of network in the future: the strategists like us dealing with higher-order ideas, who don't have to be physically everywhere to provide a global service, and the distribution agencies such as Mindshare and OMD, who do."

Sambrook, however, goes further. "There is an assumption that as clients have gone global so media and marketing services have had to go global, too," he believes.

"But not every international or even global advertiser needs or wants a global network solution. And besides, within any global media network you will find people, or services, or standards, or reporting procedures varying market by market or even by region. Clients assume that if they use a global network it will have to go sub-optimal somewhere."

Network executives concede this point. "Consistency is a challenge for any network business," Charles Courtier, global CEO at Mediaedge:cia, admits. "The first wave of globalisation was done a long time ago. What's happening now is diversification of businesses beyond traditional planning and buying into disciplines such as content development, brand entertainment, retail marketing and sponsorship."

The real globalisation challenge is how you develop these businesses and pace their global roll-out in different local markets. "You need to build hubs of expertise around the world to grow capabilities across a region, then pinpoint markets within each region where there is sufficient demand to develop a particular skill locally," Coutier says.

Resource allocation, Jacob agrees, is a continuous evolution, driven mainly by market trends and advertiser demands. "We know what we want to develop for the longer term, but we must also place resources in the right areas to meet client needs in the shorter term, too," he adds.

Diversification may now be the order of the day, yet a number of networks are still grappling with what are, by comparison, more fundamental issues. The Asian footprints of Havas and Aegis, for example, are lighter than those of WPP and Omnicom-owned networks, while European networks have struggled to make their mark in the UK.

It's critical for a network to have sufficient scale in the US to compete effectively globally. And it is likely that if a network does not yet have this that, given the extent to which the American market is now locked down, they won't get it unless something quite fundamental changes," Graham Beckett, chairman of Results International, observes.

An even bigger challenge, however, lies just around the corner for all. It's the global footprint of new media behemoths we should be watching, he adds. ■

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