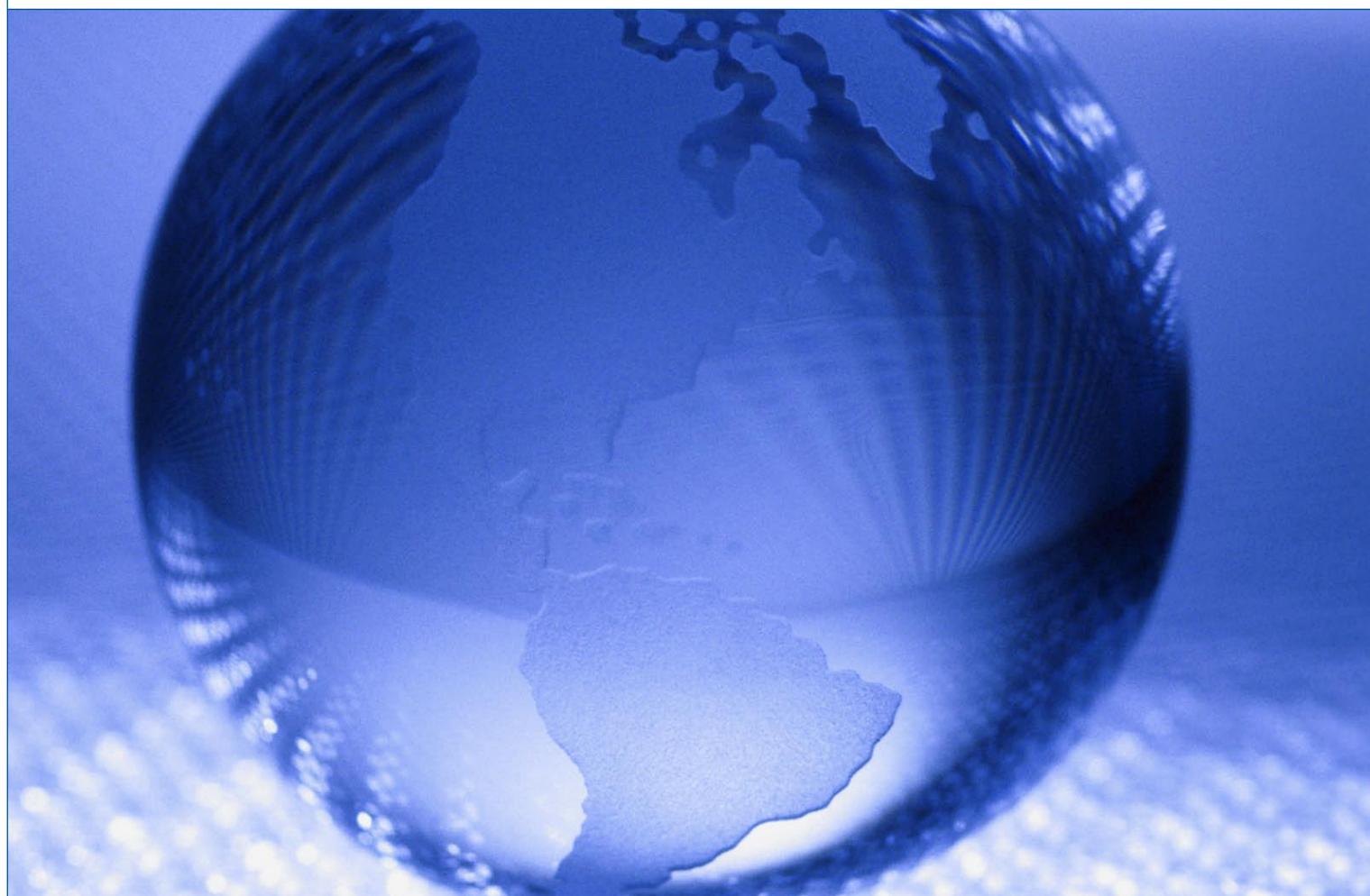


whitepaper



## **GLOBALIZATION IS A TREND, NOT AN END**

A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

# GLOBALIZATION IS A TREND, NOT AN END

## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

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### In Brief:

Ziff Davis Media and VNU Global Media designed the survey with review by The Strategy Group, an independent research firm based in Englewood, Florida. It was conducted online by Ziff Davis Research from April 10 to May 25, 2006. InsightExpress LLC hosted the survey and data collection.

The initial sample consisted of technology marketers involved in the purchase of advertising/marketing services. The sample was drawn from 2 sources: (1) e-mail lists of technology marketers, from technology vendors and advertising agencies, with whom Ziff Davis and/or VNU works, and (2) an ERI sample from its online panel of U.S./Canadian business professionals. The ERI sample consisted of those with a marketing job function, involved in purchasing

advertising/marketing services, and working in the technology or marketing-service industries.

Of the 533 marketers responding, 154 marketed products internationally. Of those, 100 marketed technology products internationally.

The survey defined technology products to include consumer electronics, computer-related hardware, software, or services, or video game hardware or software. Of the 100, about half came from the ZDM/VNU lists and half came from the ERI sample. 93% of these 100 were based in North America.

This white paper focuses on the responses of the 100, who we refer to as representing “international tech marketers.”

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## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### Overview

The amount of discussion, attention, and activity around global marketing programs has increased dramatically in the technology industry in recent years. As robust product demand has moved into virtually every country on earth, the need to manage multi-country marketing programs intelligently has become critical. In the past, slow and cumbersome communications encouraged country-centric approaches. Now that the Internet and other technologies have greatly improved international communications, how centralized has international technology marketing become? To find out, Ziff Davis Media and VNU Global Media completed a survey of 100 global tech marketers, from a random sample of in-house and third-party U.S. e-mail lists of tech marketers.

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## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### Focus on Global Tech Marketers

Global tech marketers have very high involvement in some stages of international marketing efforts. Based on the survey, nearly 80% are involved with messaging strategy. Roughly 60% are involved with media strategy, channel strategy, and creative — all activities that can benefit from standardization and overall corporate commitment. They are less likely to be involved with direct selling (42%) and pricing strategies (41%), which probably see significant contributions from the local office.

Underlying this high degree of involvement is a strong belief that 1) some truisms do apply on a global scale and 2) the ability of tech marketers to operate globally is improving:

- Two thirds of international tech marketers strongly agree that the value proposition of their product or service is consistent country to country.
- Almost 60% strongly agree that lower communication costs are making it easier to sell technology internationally.
- Half strongly agree that their international marketing decisions are becoming more effective.

At the same time, important elements of global technology marketing are not optimal:

- Only 30% of respondents strongly agree that it is easy to find agencies to execute international marketing programs.
- Only 25% strongly agree that messaging appealing to North American IT buyers will have the same appeal internationally.
- Less than 20% agree that the best media strategies abroad are the same as in North America.
- Only 17% strongly agree that the channel strategies in international markets are the same as those in the North America.

This data boils down to real and profound pressures on international tech marketers. They must be able to develop and communicate the compelling value propositions of their offerings, insure that these make sense in local markets, and then deal with what appears to be a fairly fragmented execution model. This fragmentation extends into critical process areas such as distribution channels — which absorb more and more marketing dollars — while the vendor may have only limited sales and marketing coverage in non-North American locations. Furthermore, most respondents do not expect to find the silver bullet of a single agency that can implement a marketing program on an international scale. They are left with a balancing act that appears to influence the relative centralization or decentralization of various components of the international marketing effort.

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## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### The Centralize/Decentralize Conundrum

Many technology vendors have gone through a process of consolidating and streamlining operations, and there has been a similar tendency to shift marketing activities into a single marketing group — or a marketing group within major product or customer-oriented segments. The resulting perception is of a trend toward the “centralization” of marketing budgets and activities. A strong movement toward centralization, however, does not appear to be occurring in the global realm. Only 30% of our respondents strongly agreed that international decision-making was becoming more centralized. So what is really happening?

It appears that, rather than complete centralization, technology vendors are driving toward decision-making that highly integrates headquarters and local-office opinions and inputs. Imposing centralization on international organizations has not worked well in the past and does not seem likely to do so in the future. Complete decentralization, on the other hand, sacrifices efficiencies and economies of scale and can lead to conflicting approaches to such core issues as branding. Organizations, where headquarter and local offices interact to develop shared approaches, may offer the best of both worlds.

Data from the survey suggest a movement toward a more integrated and coordinated approach to international tech marketing, one that drives efficiencies as well as recognizes local needs. Rather than centralization, the data suggests intensive sharing, enabled by instant global communication, of international marketing strategy development between headquarters, regional, and local offices. As demonstrated in the following table, local offices maintain significant influence over strategy development across all geographical demarcations, including global, and in nearly 45% of cases they retain virtually sole decision-making authority at the local level.

**Q. For the international marketing that you influence, which of the following best describes how global, regional (multi-country), and local (country) strategies occur?**

	Global Strategies	Regional Strategies	Local Strategies
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Main headquarter offices make decisions without significant input from the local offices in the countries where the product is to be sold.	30.0%	14.0%	12.1%
Local offices have significant input into decisions, but not the final say.	59.0%	62.0%	38.4%
Local offices have almost all of the decision authority.	6.0%	17.0%	44.4%
None of the above.	5.0%	7.0%	5.1%

Ziff Davis Media – VNU Global Media Global Technology Marketer Survey

Base (100): International Technology Marketers

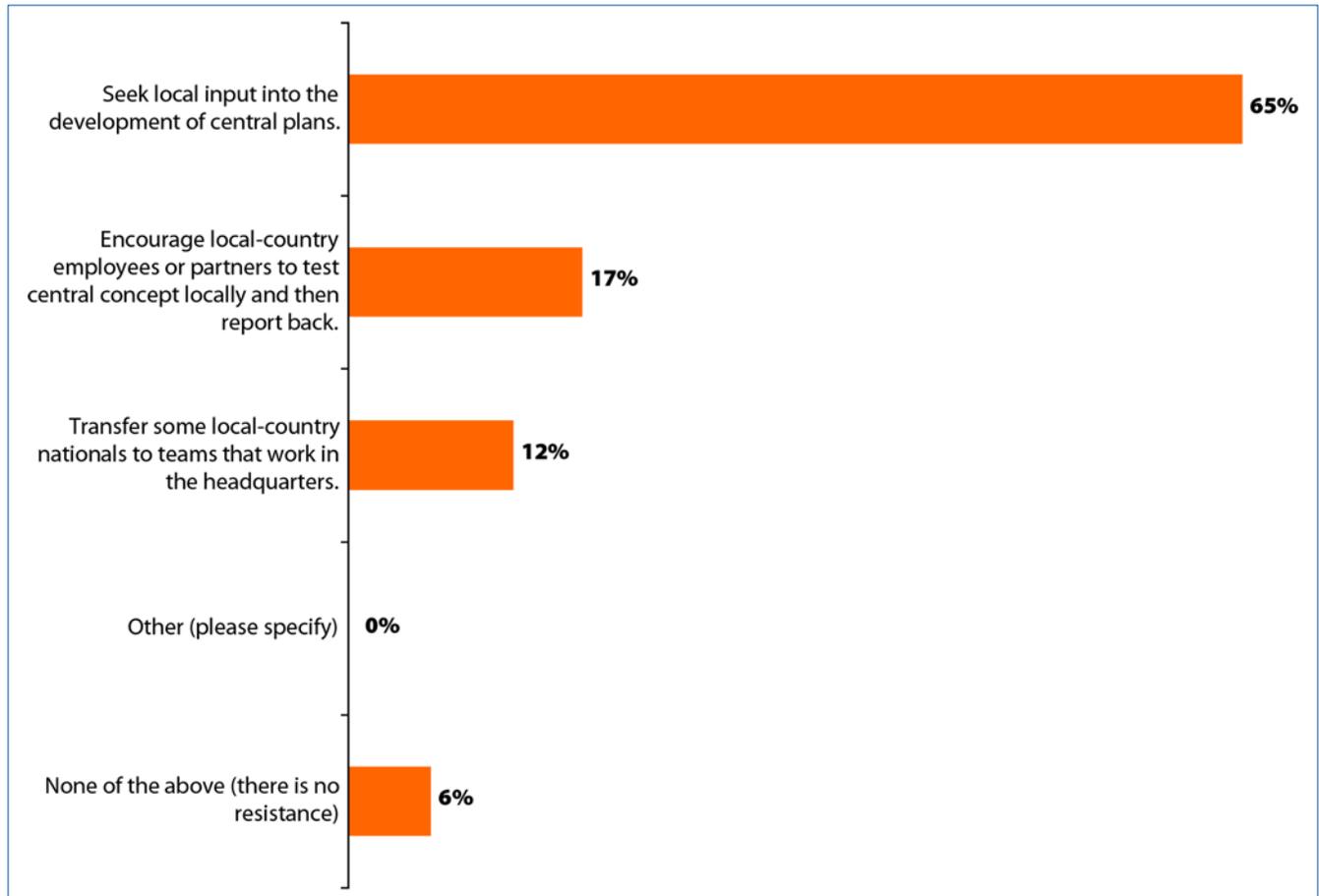
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## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### The Centralize/Decentralize Conundrum

It is important to remember, however, that for many organizations the role of the local entity is to provide input into central plans rather than make the final decisions on those plans. The data also suggests that international tech marketers employ coordinated decision-making to counter (before the fact) potential local opposition to central decisions. Few believe in the high efficacy of subjecting central policies to local test/feedback, and even fewer believe the problem of local resistance is effectively handled by inviting locals to work in the home office.

#### Q. Which is the best way to overcome local-country resistance to adopting marketing strategies developed in a central country?



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Base (100): International Technology Marketers

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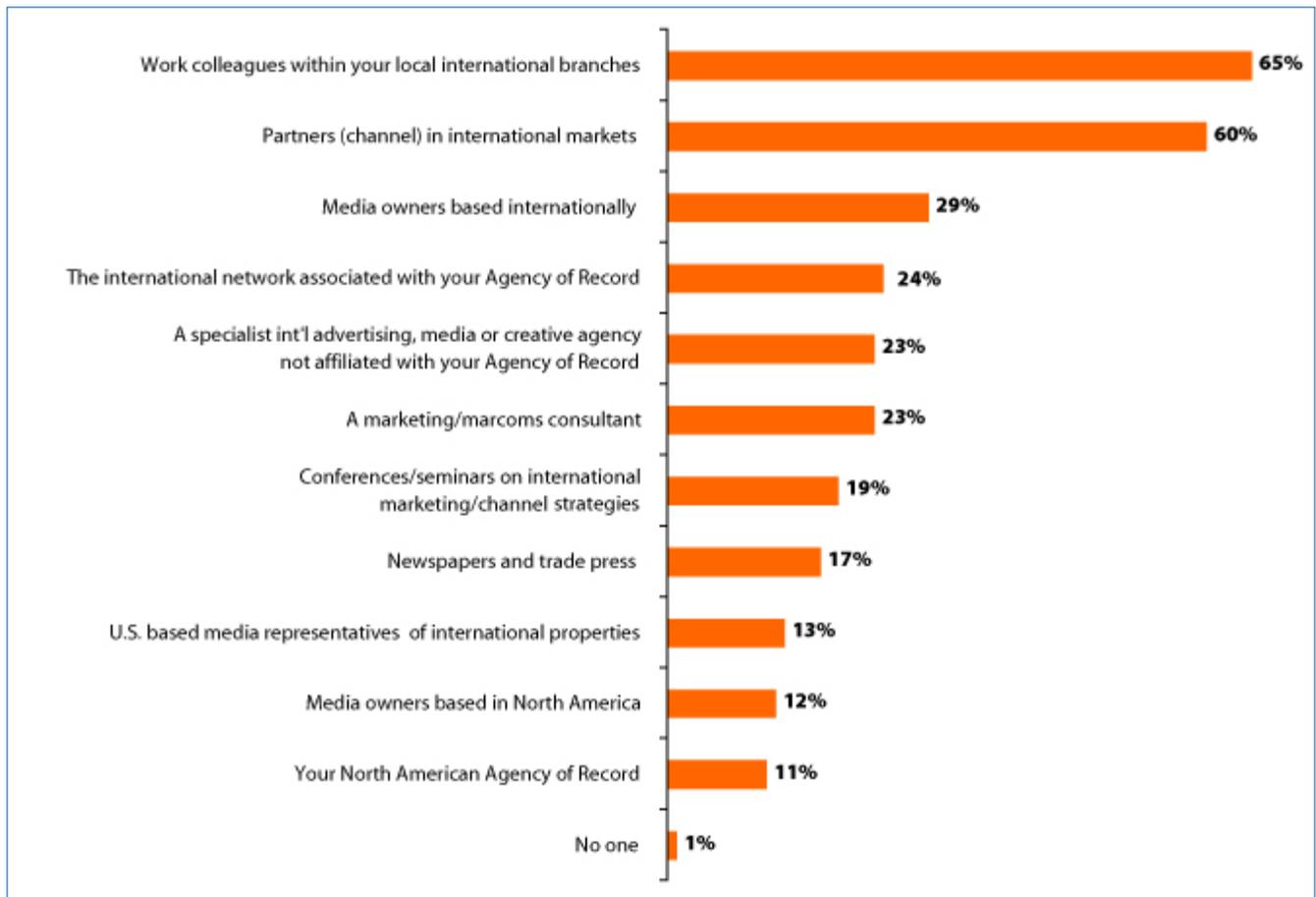
## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### The Centralize/Decentralize Conundrum

Local input is also valuable in its own right. Nearly two thirds of respondents strongly agree that one of the best sources of information on local markets is locally-based employees and channel partners. This preference is more than two times higher than for any other information source. Even so, the disparate needs of many local markets create a situation in which final decisions tend to gravitate to the center.

- International tech marketers see the employees of their local offices and the channel players in foreign countries as the best sources of information on marketing in those countries.
- Media companies abroad came in a distant third.
- Domestic media and advertising companies came in last.

#### Q. Currently, what are your best sources of information when making international marketing decisions??



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Base (100): International Technology Marketers

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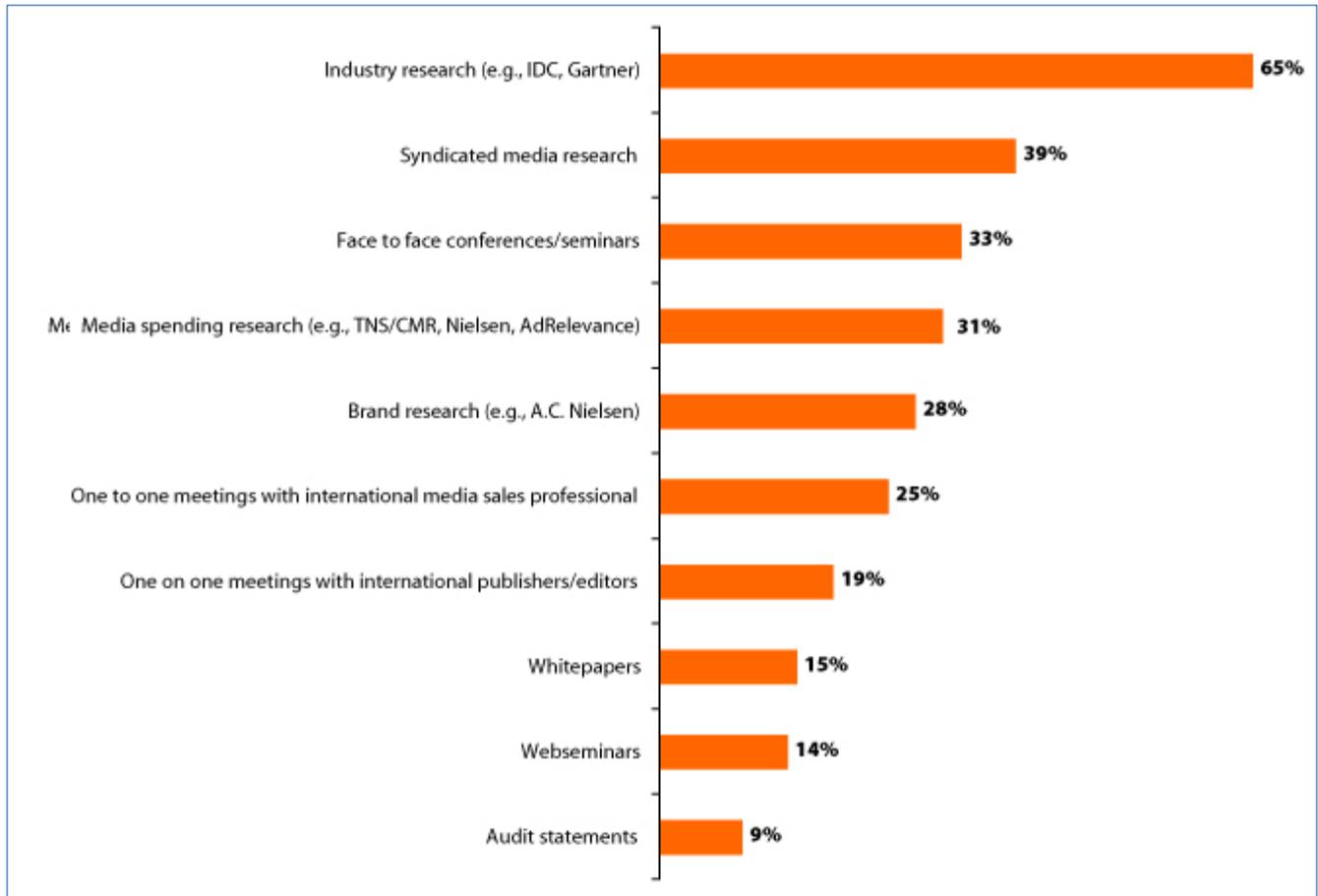
## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### The Centralize/Decentralize Conundrum

Outside of their own organization, international marketers are most likely to rely on technology research firms (such as IDC and Gartner) followed by syndicated media research. In many cases it appears that these sources can act as an objective external check on information coming from local offices.

- Two-thirds of international tech marketers said that technology market research (e.g., IDC, Gartner) would be among their top 3 resources for international decisions.
- Second place was syndicated media research.
- Other selections included face-to-face seminars and meetings.

#### Q. Which three of the below do you think would most help you make better international marketing decisions?



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Base (100): International Technology Marketers

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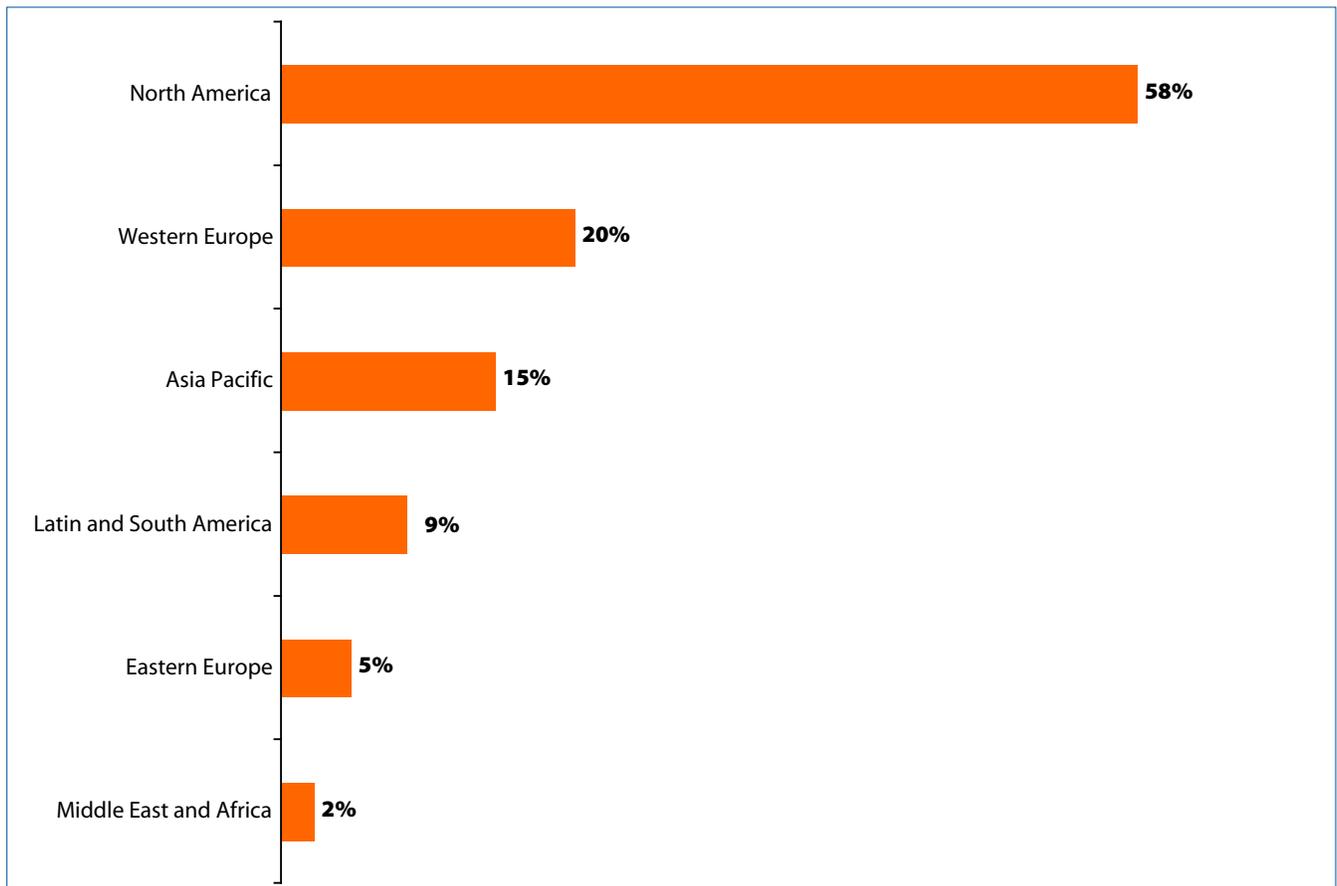
## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### Spending and Budgets by Region

Gartner expects that, by 2007, the US will account for 31.3% of global spending on IT/telecom products and services. Europe, the Middle East and Africa will represent 35.8%. Asia Pacific and Japan, and the rest of the Americas will account for 23.9% and 9.2%, respectively, of global IT spending. (Source: Gartner Databook, June 2006)

According to the mostly U.S.-based respondents surveyed, though, the developed markets still attract the lion's share of the spending by IT marketers. Relative costs such as CPM can be far lower in developed versus emerging markets. In addition, the developed markets simply offer far more potential customers to reach. Marketers also contend with a higher degree of competition in developed markets, which means the marketing investment must be sufficient to rise above the noise generated by other technology and even non-technology products. Therefore, share of voice could be greater in non-North American territories at relatively modest investment levels.

**Q. Roughly what share of your firm's technology-product marketing dollars goes to each of the following regions?**



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Base (100): International Technology Marketers

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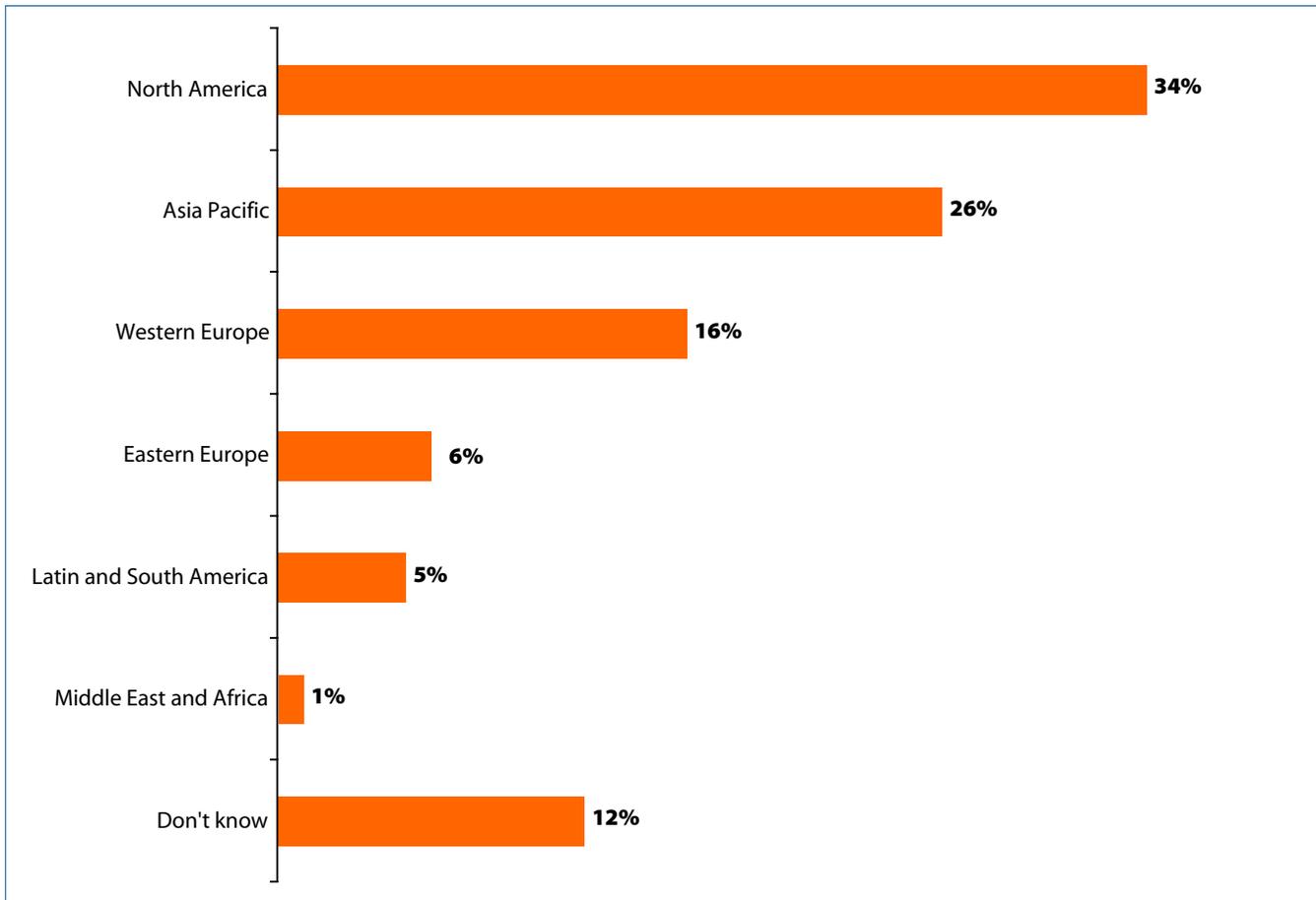
## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### Spending and Budgets by Region

The existence of secondary budgets at a regional or local level, distinct from the central budget that would be most familiar to the study's respondents, should be factored into the interpretation of these results. The local "marketing slush fund" is a time-honored tradition in the technology business.

A little more surprising is the fact that expected growth in advertising spending is also highly biased toward developed markets. Although Western Europe edges out Asia Pacific for second place in current spending, international tech marketers indicate a sizeable shift toward Asia Pacific in expected spending, perhaps due to a high level of interest in the Chinese market.

#### Q. In which region do you expect your technology advertising to grow fastest in 2006?



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Base (100): International Technology Marketers

# GLOBALIZATION IS A TREND, NOT AN END

## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### Target Audience Focus

The survey indicates that North American marketers target the same top buyer segments abroad as they do at home: IT senior management, IT middle management, and non-IT senior management.

% Citing Buyer Segment Most Targeted in Each Region (Up to 3 Responses Allowed)	Region						
	N. Am.	W. Eur.	E. Eur.	M.E. / Africa	Asia	Latin / S. Am.	Avg. % Outside N. Am.
IT: CIO, IT Directors, Senior IT Management	61%	65%	65%	69%	66%	71%	67%
IT: Middle-Management Directors/Managers	43%	47%	55%	47%	44%	48%	48%
Non-IT: CEO, President, Owners, Senior Executives, Other C-Level	42%	45%	33%	44%	43%	45%	42%
Expert Technology Consumers	26%	27%	30%	38%	23%	21%	28%
Resellers to business buyers (e.g., VARs, SIs, ISVs)	20%	24%	28%	28%	20%	24%	25%
IT: Developers	14%	14%	23%	22%	21%	19%	20%
Intermediate Technology Consumers	17%	12%	10%	3%	17%	9%	10%
Non-IT: Middle-Management Directors/Managers/Professionals	24%	17%	3%	3%	13%	14%	10%
Store-front / online retailers	11%	13%	8%	9%	10%	7%	9%
Novice Technology Consumers	12%	8%	8%	6%	9%	7%	7%
IT: Lower-Level	3%	5%	8%	6%	4%	9%	6%
Non-IT: Lower-Level	2%	4%	3%	0%	4%	7%	4%
Base Size	93	78	40	32	70	58	

Ziff Davis Media – VNU Global Media Global Technology Marketer Survey

Base: International Technology Marketers who market in each region

# GLOBALIZATION IS A TREND, NOT AN END

## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### Media Focus

Although international markets exist in distinct states of development and may have specific dynamics and peculiarities, there is strong logic behind the consensus among international tech marketers that they should target the same job titles at home and abroad. There is also an element of convenience. Creatives and messaging can be simplified by maintaining a level of target audience consistency. Communicating with the same set of individuals permits leveraging efforts from one region to another. In addition to reducing costs, it increases consistency of messaging.

There is also a degree of uniformity in the media favored for campaigns in different regions — technology magazines, industry trade shows, email or newsletter campaigns, and in-person conferences and seminars — although among these top four we see interesting variations by region. Technology magazines are important in all regions but are more important in North America than in the rest of the world. Tech marketers use trade shows more in Western Europe than in any other region. And North Americans marketing in Asia should take particular note that, while face-to-face conferences and seminars are utilized with relative infrequency at home, they are the favored marketing medium in Asia Pacific. Cultural and behavioral patterns do indeed change from market to market and astute marketers will vary the mix to reflect the reality on the ground.

% Citing Media or Marketing Source Most Used by Their Organization in Each Region (Up to 3 Responses Allowed)	Region						
	N. Am.	W. Eur.	E. Eur.	M.E. / Africa	Asia	Latin/ S. Am.	Avg. % Outside N. Am.
Technology magazines	55%	37%	33%	25%	33%	22%	30%
Industry trade shows	31%	40%	30%	31%	24%	22%	30%
Email or e-newsletter campaigns	42%	24%	20%	41%	21%	28%	27%
Conferences/seminars in-person	19%	21%	28%	25%	34%	24%	26%
Search engines	32%	23%	23%	22%	19%	21%	21%
Business magazines	18%	21%	15%	13%	16%	17%	16%
General technology content sites (such as CNET, PCMag.com, etc.)	22%	23%	10%	6%	16%	10%	13%
Conferences/seminars online	5%	9%	10%	13%	16%	17%	13%
Direct mail	11%	13%	13%	6%	6%	12%	10%
Vertical technology sites (such as TechTarget.com)	14%	12%	5%	3%	7%	10%	7%
National newspapers	5%	8%	8%	6%	4%	3%	6%
Webcasts	5%	8%	5%	3%	4%	7%	5%
Business websites (such as fortune.com, businessweek.com, etc.)	8%	4%	3%	3%	7%	10%	5%
Consumer magazines	11%	5%	3%	0%	3%	3%	3%
Base Size	93	78	40	32	70	58	

Ziff Davis Media – VNU Global Media Global Technology Marketer Survey

Base: International Technology Marketers who market in each region

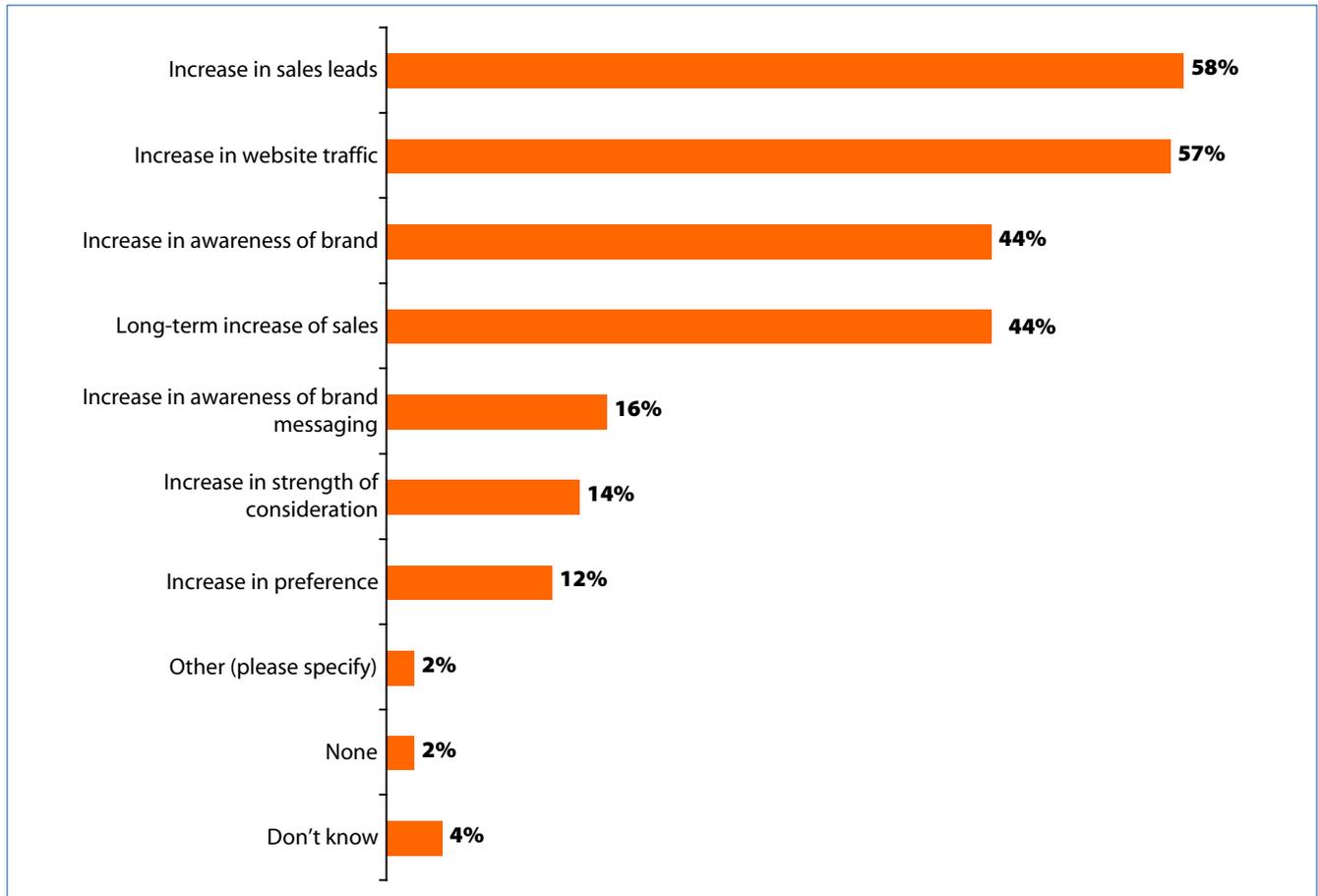
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## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### Marketing Effectiveness Metrics

Marketing effectiveness metrics are a key challenge for international technology marketers. The data indicates these marketers are most likely to use sales metrics such as increase in leads, website traffic, and long-term sales. Awareness and strength of consideration/preference metrics are relatively unutilized. In fact more than half of international tech marketers think that ROI is more difficult to measure internationally because of difficulties in tracking awareness, consideration, and preference metrics.

**Q. When advertising technology products internationally, which ROI metrics do you most frequently use? (Check up to 3, if applicable.)**



Ziff Davis Media – VNU Global Media Global Technology Marketer Survey

Base (100): International Technology Marketers

# GLOBALIZATION IS A TREND, NOT AN END

## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### Conclusion

- International tech marketers appear to be taking advantage of better and cheaper communication to integrate and coordinate decision-making between headquarters and local offices, leveraging the respective strengths of each. However, only 30% believe that decision-making is becoming more centralized.
- International tech marketers tend to believe that the expected benefits of their product/service are the same from country to country.
- International tech marketers target the same top three buyer segments in all regions of the world: successively IT senior management, IT middle management, and non-IT senior management.
- The top four media utilized in every region of the world are technology magazines, industry trade shows, email or newsletter campaigns, and in-person conferences or seminars. There are, however, significant variations in the importance of these top four media in different regions.
- A substantial majority of international tech marketers report that international campaigns are significantly different from domestic campaigns in the following areas:
  - Channel strategies.
  - Media strategies.
  - Messaging strategies.
- A majority of international tech marketers think that ROI is difficult to measure internationally because of difficulties in tracking awareness, consideration, and preference metrics.

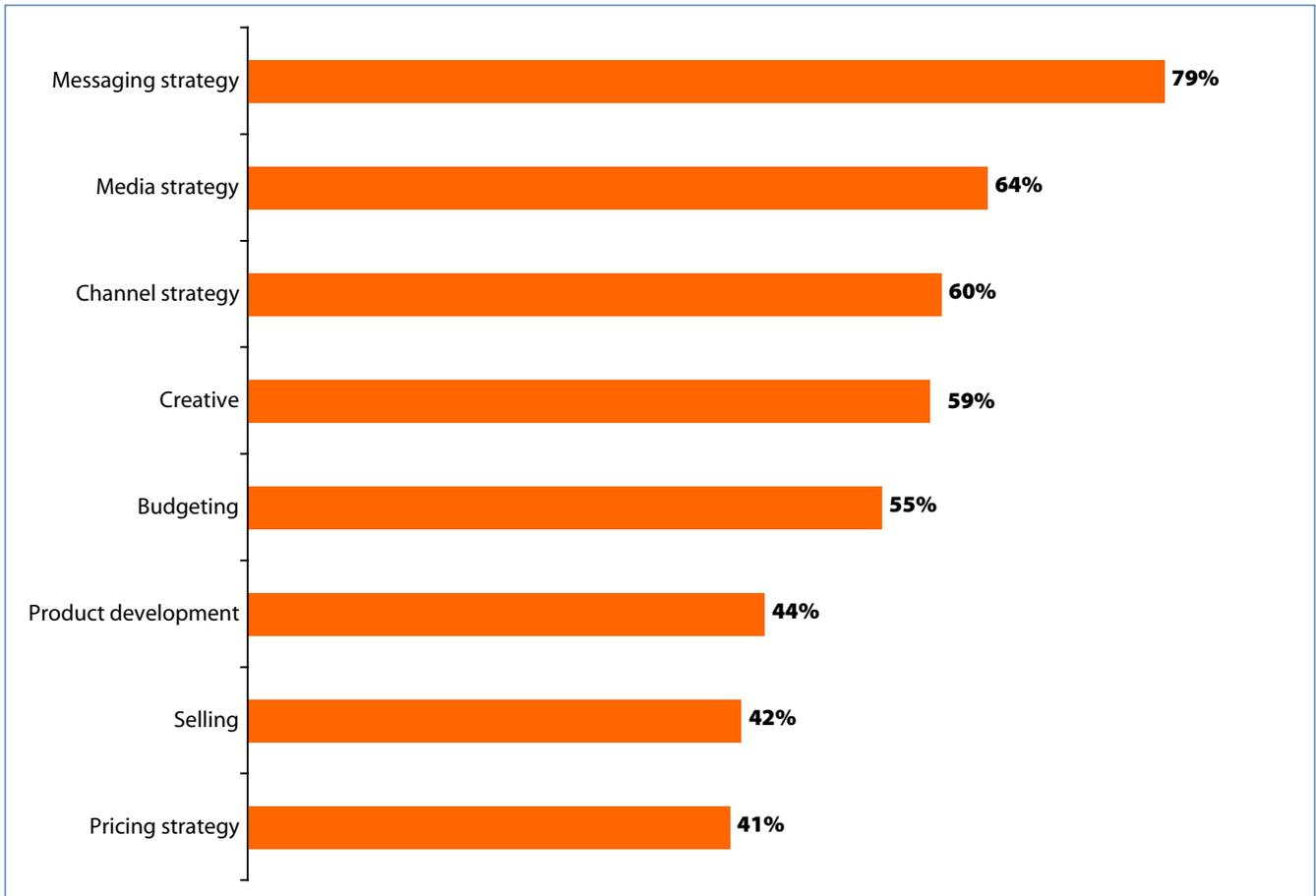
# GLOBALIZATION IS A TREND, NOT AN END

## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### Appendix A - Additional Data

- International tech marketers were generally involved in 4.4 of the marketing activities asked about.
- International tech marketers were especially likely to be involved with marketing communication and channel strategies.
- They were somewhat less likely to be involved with selling and product development.

Q. Which of the below aspects of marketing are you involved in? (Please select all that apply.)



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Base (100): International Technology Marketers

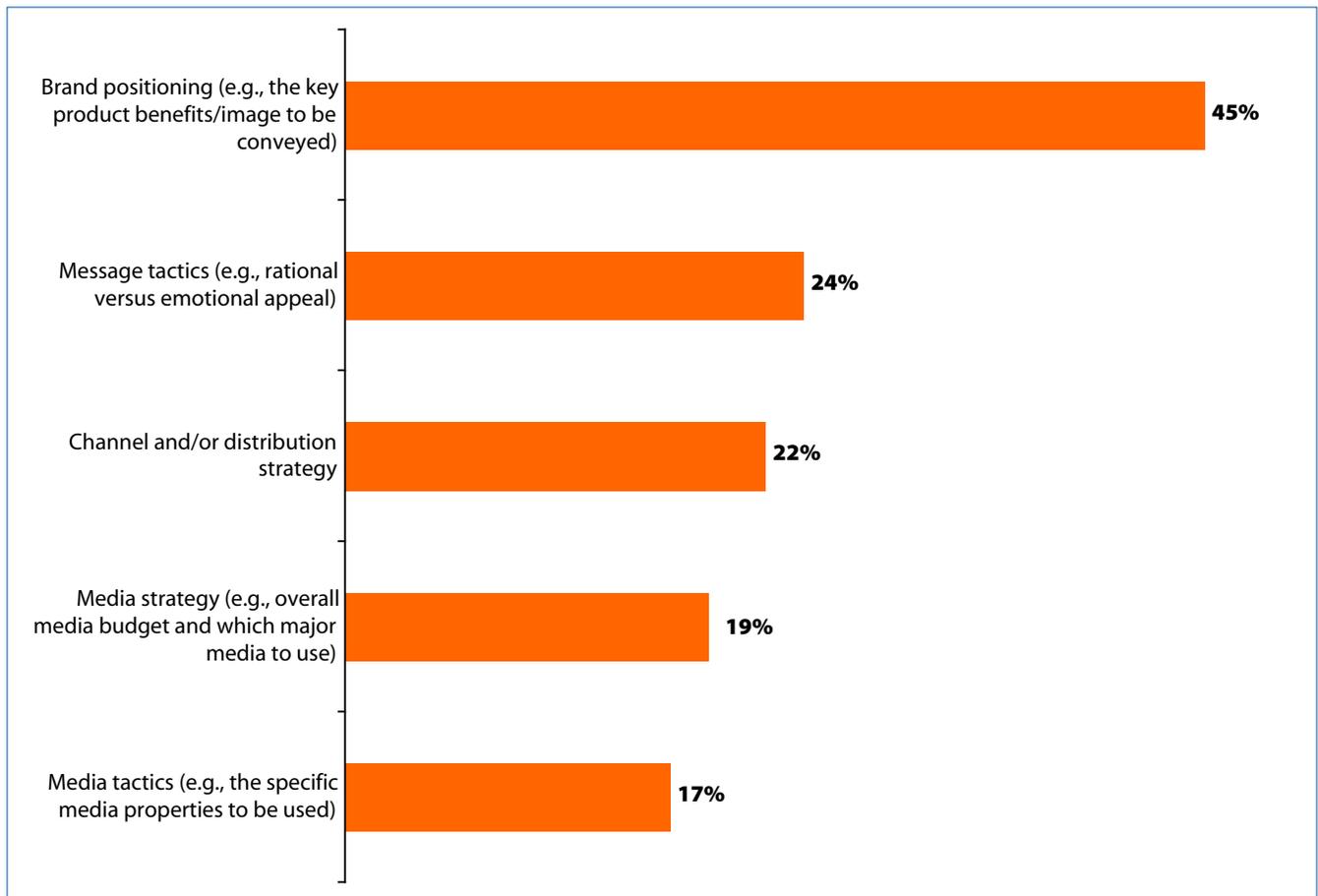
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## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### Appendix A - Additional Data

- International tech marketers think that brand positioning is by far the easiest aspect of marketing to standardize internationally.
- But only 45% strongly agree that even brand positioning is easy to standardize.

Q. % agreeing that it is easy to standardize each aspect of technology marketing across many countries.



Ziff Davis Media – VNU Global Media Global Technology Marketer Survey

Base (100): International Technology Marketers

# GLOBALIZATION IS A TREND, NOT AN END

## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### Appendix A - Additional Data

- Large businesses (1000+ employees) are most frequently targeted by international tech marketers in N. America, E. Europe, and Middle East/Africa. But they are not the top target in the two biggest markets outside of N. America: W. Europe and Asia Pacific.
- In those regions, medium-large businesses (500-999 employees) are most frequently the top target.
- In all six regions, companies with less than 10 employees are least likely to be targeted, though companies with 10-49 employees are relatively popular targets (ranking third of the six company sizes) in Europe (West and East), Middle East / Africa, and Latin America.

% Citing Company Size Most Targeted in Each Region (Up to 2 Responses Allowed)	Region						
	N. Am.	W. Eur.	E. Eur.	M.E. / Africa	Asia Pacific	Latin / S. Am.	Avg % Outside N. Am.
1000 or more employees	58%	48%	54%	50%	51%	45%	50%
500 - 999 employees	41%	53%	54%	44%	54%	43%	50%
100 - 499 employees	15%	17%	13%	13%	20%	14%	15%
50 - 99 employees	14%	16%	13%	19%	13%	19%	16%
10 - 49 employees	13%	17%	18%	22%	11%	19%	17%
1 - 9 employees	9%	7%	8%	9%	3%	9%	7%
Base Size	93	78	40	32	70	58	

Ziff Davis Media – VNU Global Media Global Technology Marketer Survey

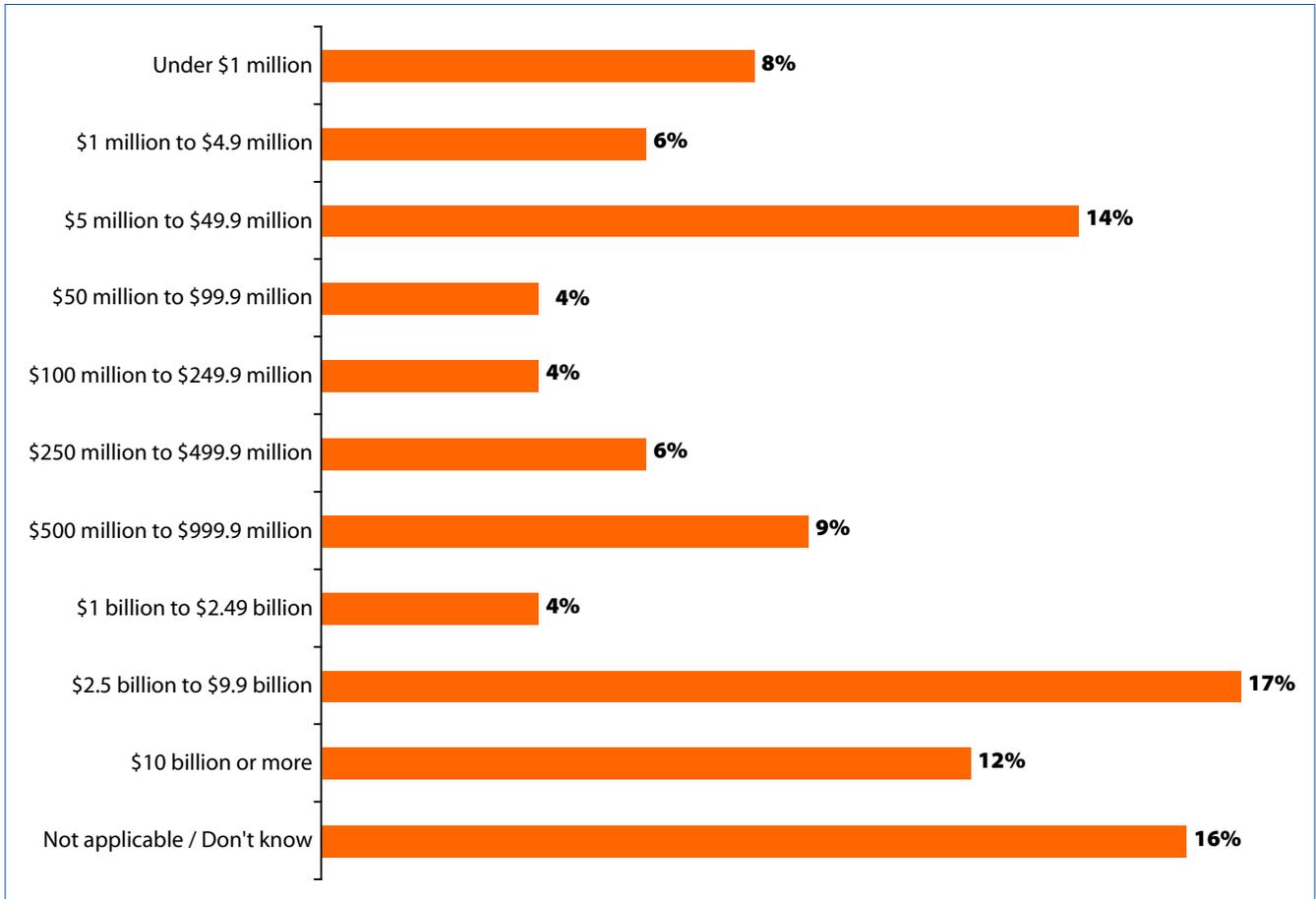
Base: International Technology Marketers who market in each region

# GLOBALIZATION IS A TREND, NOT AN END

## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### Appendix B - Respondent Profile

Q. What is your best estimate of your organization's total revenues for 2005? (Please answer for your employer's organization, not for a client's organization. Please include all U.S. based and non-U.S. based operations and subsidiaries.)



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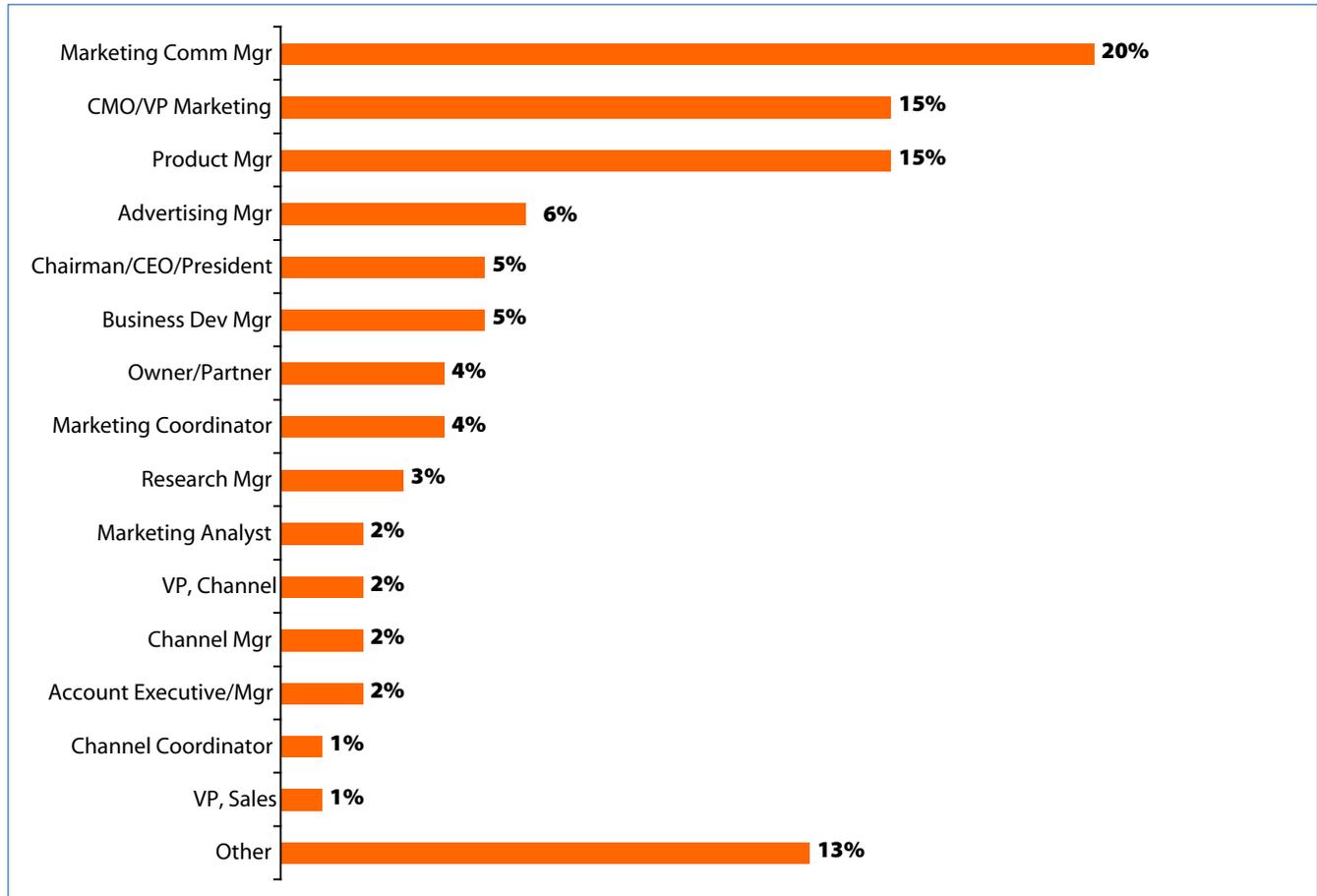
Base (100): International Technology Marketers

# GLOBALIZATION IS A TREND, NOT AN END

## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### Appendix B - Respondent Profile

#### Q. Which of the following best describes your job title?



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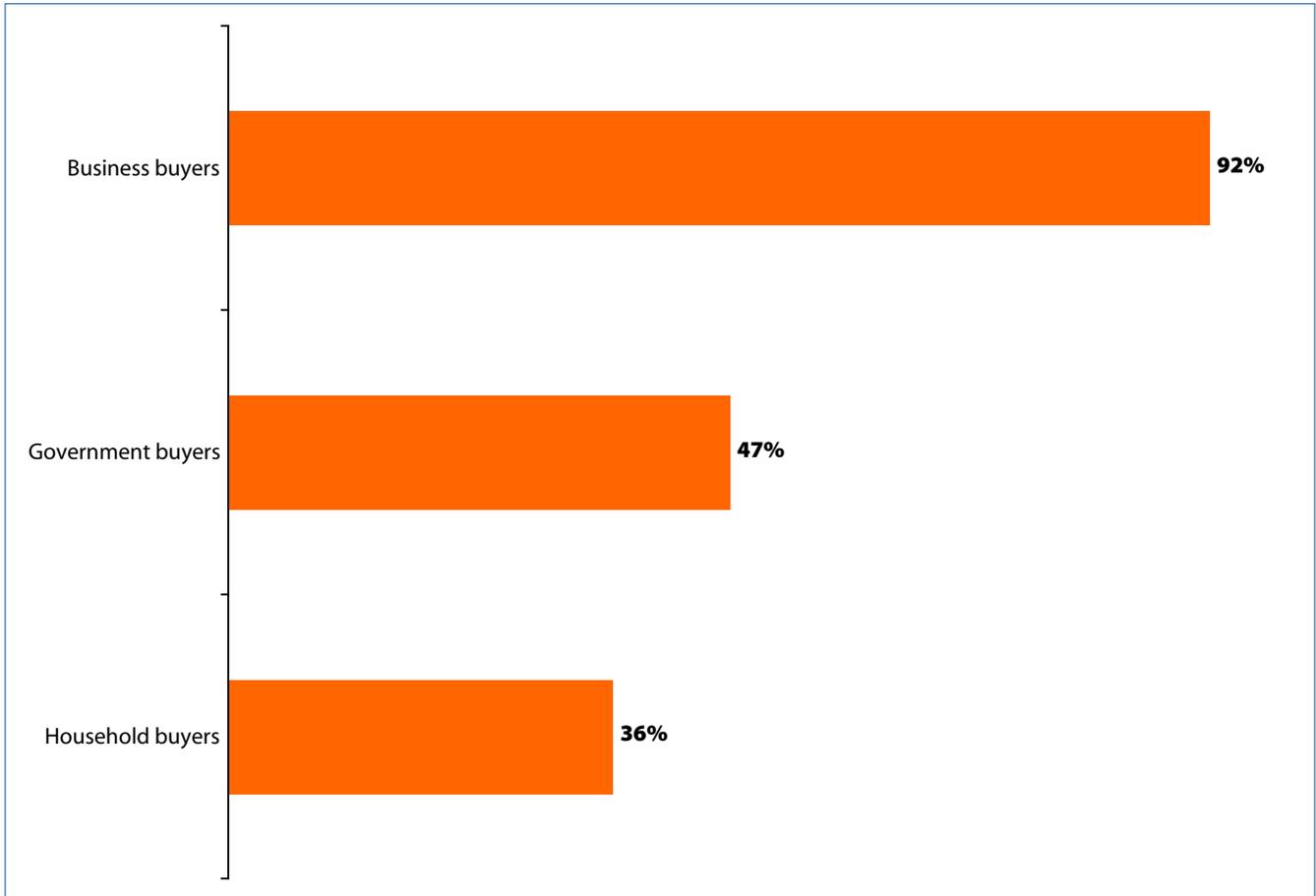
Base (100): International Technology Marketers

# GLOBALIZATION IS A TREND, NOT AN END

## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### Appendix B - Respondent Profile

Q. For the products that you market internationally, who is your target market? (Select all that apply.)



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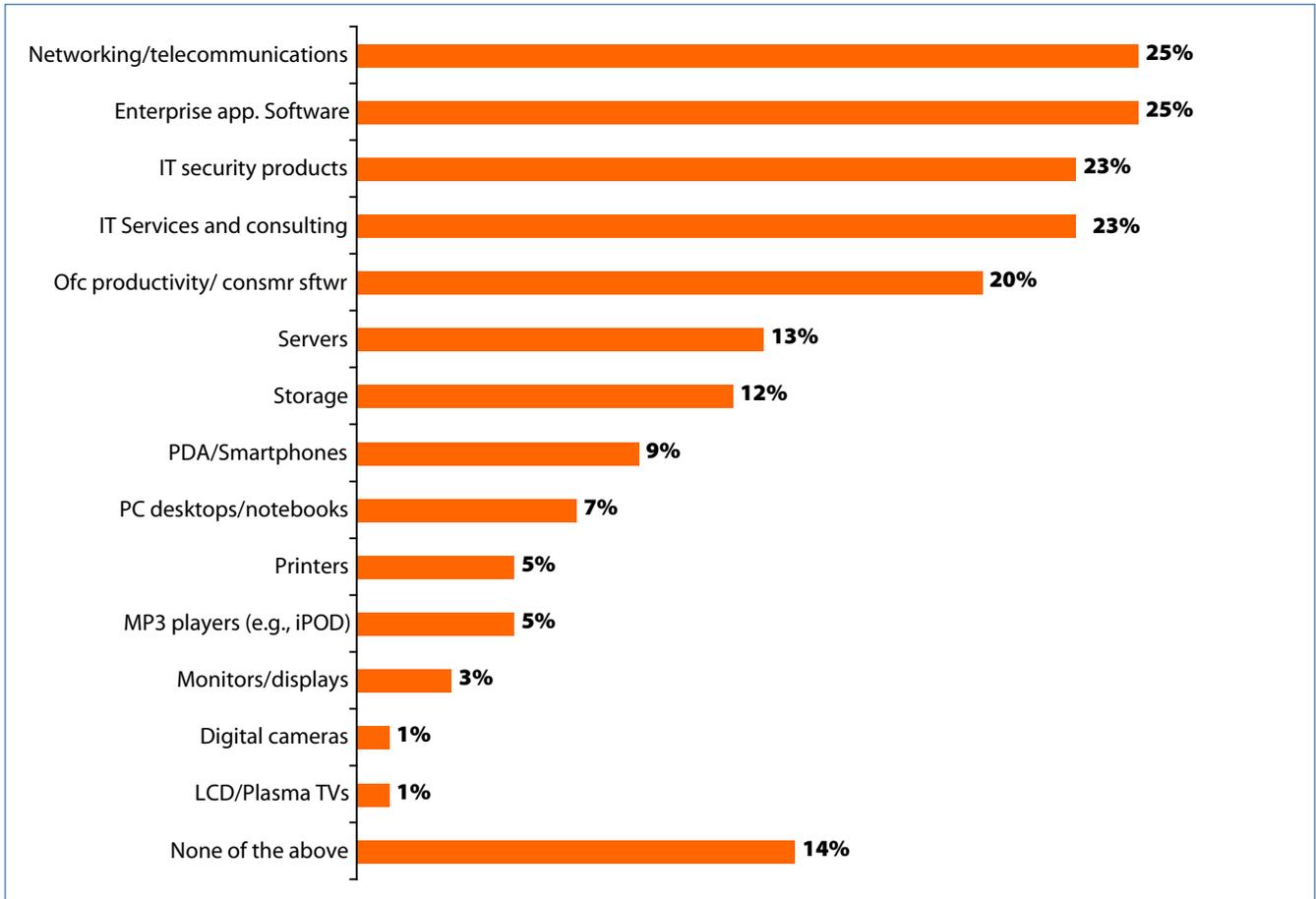
Base (100): International Technology Marketers

# GLOBALIZATION IS A TREND, NOT AN END

## A SURVEY OF GLOBAL TECHNOLOGY MARKETERS

### Appendix B - Respondent Profile

**Q. Which of the following technology product categories, if any, are you involved in marketing internationally?**



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Base (100): International Technology Marketers

## About VNU Global Media and Ziff Davis Media

- Ziff Davis Media and VNU Global Media have been *partners for over 15 years*.
- Our network comprises of over *170 media brands in 54 countries*. Therefore, we have built a best-of-breed network of media brands which serve the informational and entertainment needs of our diverse technology readership.
- Our strategy is focused on creating must-have content and building communities of technology readers. Most recently, *we have embraced “Web 2.0”* initiatives such as blogging, podcasting and social networking.
- Our content is developed in *local languages with local editorial teams* then delivered across multiple platforms.
- The ZDM/VNU partnership has *built a global team* which is able to develop, execute and measure programs around the world.
- This gives the *ZDM/VNU partnership the unrivaled and proven ability to execute* our clients’ global vision at the local level while still maintaining accountability at worldwide marketing levels.
- Target Audiences: *Enterprise IT DMs, Business DMs, Tech Experts, SMBs, Channel Partners and Digital Consumers*.

### To find out more:

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