

Advertising Worldwide

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Advertising Worldwide

Advertising Conditions
in Selected Countries

With Contributions by

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With 38 Figures and 83 Tables



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Preface

The dynamics of the international markets are reflected in the development of advertising expenditures. Global advertising expenditures in the year 2000 amount to about 320 billion US \$, and they are expected to increase by 6% in the next 2 years. About 72% of the advertising is done in North America and Europe, 18% in the Asian/Pacific area, and less than 10% in the rest of the world. These shares are expected to remain stable within the next few years.

Advertising expenditures worldwide

	1998	1999	2000	2001	2002
North America	121,998	130,575	139,592	147,981	156,296
Europe	79,480	84,262	89,475	94,934	101,035
Asia/Pacific	54,240	56,262	58,964	62,273	65,869
Latin America	23,153	21,375	22,968	24,785	26,308
Africa/Middle East	6,763	7,204	8,059	8,819	9,737
Total	285,634	299,678	319,058	338,792	359,245

Source: Zenithmedia, million US \$

There is absolutely no information available about the proportion of advertisers active in more than one country in relation to purely domestic advertisers. National companies advertise more or less in their own political, social and cultural area. For international advertisers the situation is fundamentally different, as international advertising always takes place under different national conditions. Although there is a certain homogenization of the demand in industrialized countries, the consumption is always local. A purely nationally oriented company normally has no problems in assessing the general framework. An international company faces a completely different situation concerning information about the market conditions in a foreign country. Compared with national advertising, standards of procuring and interpreting information are higher in international advertising.

During a sabbatical I intended to investigate international advertising. My objective was to do research on advertising conditions and the question as to how to implement advertising in different countries. As the last

decade of the past century was characterized by globalization and thus by an increasing number of companies that advertise outside their home countries, this topic seemed to be of particular relevance. Each company expanding its activities and advertising for its products to foreign countries faces the question of *how* to proceed. Some of the major questions are:

- What are the social, cultural or religious features of advertising and advertising practices?
- Are there any taboos?
- What legal restrictions do apply?
- What kind of advertising infrastructure is there? Are there any institutions, federations or boards of advertising?
- What media are readily available?
- How are media data collected? What are the methods of gaining advertising data?
- How can specific target groups be addressed?
- Are there any particular preferences concerning the use of media?

During my research I soon became aware that there is a lack of information on the questions I wanted answered. An advertiser has his agency networks with the specific know-how of the local agencies. But there is virtually no source that collects this information for a greater number of countries. So I changed the subject I had intended to devote myself to during my sabbatical and decided to contribute to answering the questions mentioned for a number of interesting countries.

The obvious problem consisted in bringing specialists in the respective countries together. It is (or was) exactly the difficulty inherent in this that explains why there is no overview of advertising conditions in different countries. But in the age of the Internet it should be possible to solve this problem.

By way of the Internet I obtained the e-mail-addresses of a number of colleagues, informed them of my intentions and asked whether they would like to contribute to a reader on this subject. Although the number of requests sent out greatly exceeded the number of replies, colleagues in Australia, Belgium, Finland, France, India, Japan, South Africa, Taiwan, Russia, and the USA spontaneously agreed, as did Marieke de Mooij, who offered to provide the chapter on the impact of culture on advertising, which opens this reader.

Even discounting the fact that media behavior is related to the communication styles of individual cultures, there are extremely wide differences in the advertising conditions per country. Just to mention a few:

- *Australia* is more tolerant than the US of nudity in advertising, though gratuitous use will still attract complaints and a likely ban from the Advertising Standards Bureau.
- *Belgium* is a culturally diverse country, divided into a French-, a Flemish- and a small German-speaking community. Thus, everything in advertising has to be done at least twice.
- *Finland* is a promised land for magazines. In 1997, their number totaled 5,015 (appearing at least twice a year). This is because many associations, clubs and societies publish their own magazines, as well as companies and organizations.
- In *France* state broadcasting stations (Radio France) limit the diffusion of advertisements on their wavelengths to public authority or general interest advertising campaigns only. Commercial brand advertising is not allowed.
- The *German* advertising scene is rather transparent, each advertiser knowing exactly what, how, where and how often its competitors advertise. In the case of TV advertising the advertiser knows as soon as the day after transmission how many people watched a particular commercial, and is even apprised of socio-demographic data relating to these people.
- A particularity of a developing country such as *India* is Rural Advertising. Most of the people living in rural areas are not literate, and the first task is to create product awareness among them.
- In *Japan* advertising agencies have different roles than their Western counterparts. Two of the idiosyncrasies are: nontransparent account billing practice and doing business with multiple accounts of competing clients.
- *Russian* and non-Russian concepts of advertising differ substantially. Foreign firms approach advertising as an investment, while Russian firms still think of it as an expense. In Russian tax law only 5% of the revenue spent on advertising can be written off as a business expense and exempted from profit tax.
- In *South African* society the separation of communities and racial groups has been the norm. Since 1994 the separation is being bridged, and the creativity of most of the media advertisements shows a marked

change towards multiraciality. However, it remains difficult to forecast the reactions of a specific culture group.

- Though cable TV is developing strongly in *Taiwan*, with advertising spending competing with that of terrestrial TV, one of its major drawbacks is its application of unethical practices, such as failing to broadcast paid-for advertising, making unannounced changes in programming and even blacking out systems during commercial disputes.
- While there are a few other countries that have higher per capita income or average buying power and several other countries that have larger populations, the *United States* has by far the largest advertising audiences defined as potential buyers, i.e., the largest combination of a large number of consumers and firms with high per capita income or buying power.

I must thank all the authors for their cooperation, the response to an e-mail from a person they do not know and who also does not know them. It is somehow fascinating that this reader is the result of exclusively electronic communication and will probably even be distributed electronically. As far as I know, there is no comparable publication on this subject. Even only a few years ago such a reader would not have been possible.

This reader is aimed at an international market. The target group is made up of international marketing students, international advertisers, and advertising agencies.

I would be pleased if I could motivate more specialists to contribute to a further volume of this reader. There are many interesting countries left.

Ingomar Kloss

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The Impact of Culture on Advertising

Marieke de Mooij

Cross Cultural Communications Company

1 The Advertising Landscape Worldwide

For an understanding of advertising worldwide, one needs to look at patterns worldwide and at national or regional developments. This chapter analyses the worldwide advertising landscape and compares countries with respect to media and advertising styles from a cultural perspective. The first analysis of the advertising landscape worldwide is a comparison of countries with respect to total advertising expenditures, advertising expenditures per capita, and distribution of expenditures across the various media. A second analysis is of advertising expenditures by the global companies. Finally, the media and advertising styles are analysed from a cultural perspective.

1.1 Advertising Expenditures Worldwide

In absolute terms, the highest advertising expenditures of 1995 were in the USA: US \$ 88,915 million, which is 35.9% of the total world adspend. More interesting are adspend data per capita, which show a different ranking than absolute adspend data. Table 1 presents the top ten countries with respect to adspend per capita in US\$ as compared with the ranking of adspend in absolute data. Adspend per capita reflects a country's national wealth. There is a strong relationship between adspend per capita and national income. The data on adspend per capita for 44 countries worldwide in 1995 are nearly perfectly correlated with GNP/capita ($r = 0.94^{***}$)¹

¹ To understand relationships between income, culture and advertising and media differences between countries, correlation coefficients are included to demonstrate the significance of the relationships. Significance is established with the

Table 1: Top Ten Countries Adspend per Capita, 1995

Country	Adspend/ head	Rank for adspend/head	Rank for ab- solute adspend
Switzerland	415.3	1	15
USA	338.0	2	1
Hong Kong	315.0	3	17
Japan	312.4	4	2
Denmark	285.9	5	21
Germany	269.4	6	3
Singapore	248.2	7	35
Norway	243.9	8	29
New Zealand	242.7	9	32
Australia	242.0	10	10

Source: Admap February 1997, World Adspend Survey

In 1995, only 16 global companies spent over US\$ 1,000 million worldwide. Of these 16, Procter & Gamble (P&G) was the champion, with US\$ 5,336.7 million (Adage 11/11/96). Table 2 shows the top 10 global advertising companies of 1998, in rank order of adspend worldwide.

Table 2: Top Ten Advertisers 1998: Total Adspend Worldwide and Global Presence

Worldwide adspend		Global presence		No. of countries
No.	Company	No.	Company	
1	Procter & Gamble	1	Coca-Cola	69
2	Unilever	2	Procter & Gamble	68
3	Nestlé	3	Unilever	67
4	Volkswagen	4	Nestlé	65
5	Ford	5	Colgate Palmolive (19)	54
6	General Motors	6	Johnson & Johnson (26)	53
7	Toyota	7	Sony (12)	52
8	Coca-Cola	8	Philip Morris (13)	51
9	Peugeot Citroën	9	Philips Electronics (30)	50
10	L'Oreal	10	McDonald's (20)	49

() = Ranking adspend worldwide

Source: Ad Age Dataplace - 11/8/99, Top 100 global marketers 1999

The first row of the table shows the ranking of the top ten advertisers worldwide in 1998 (the companies, not the brands). The second row shows the top ten advertisers with respect to global presence. The top four of

Pearson product moment correlation coefficient. Significance levels are indicated by * $p < 0.05$; ** $p < 0.01$; and *** $p < 0.005$, one-tailed.

these are also in the list of the top ten advertising spenders. The other six are much lower in the adspend list. The ranking of companies by global adspend differs from the ranking by global presence. Coca-Cola is present in 69 countries, but ranks no. 8 in the list of global ad spenders. Philips Electronics advertises in 50 countries, but ranks no. 30 in the list of global ad spenders. Not all global players dominate in adspend. The differences vary by product category. "The greater the extent of branded competition in the marketplace, the higher the need for brand differentiation and, therefore, demand for advertising space and time." (Banerjee 2000).

By region, we see another ranking of advertisers. The top advertiser worldwide is not necessarily the top advertiser in all world regions, although Procter & Gamble and Unilever come close.

Table 3: Regional Advertising Expenditures: Top Ten Companies by Region

No.	Europe	Asia	Latin America
1	Procter & Gamble	Toyota	Procter & Gamble
2	Unilever	Unilever	Unilever
3	Nestlé	Procter & Gamble	Coca-Cola
4	Volkswagen	Kao	Colgate-Palmolive
5	Peugeot Citroën	Honda Motor	Nestlé
6	L'Oreal	Sony	General Motors
7	Ford Motor	Mitsubishi Motor	Ford Motor
8	Henkel	Nestlé	Pepsico
9	Mars	Coca-Cola	Bacardi-Martini
10	Renault	Matsushita	Philip Morris

Source: Ad Age Dataplace - 11/8/99, Regional ad spending leaders

In the three world regions in Table 3, different companies dominate. In Europe and in Asia, companies with home countries in the region dominate the lists. In Latin America no companies from the region are in the top ten. Within regions, the global players take varying positions. Analysis of the top ten positions of global companies in 12 countries of Europe demonstrates that there are very few companies that are the top spenders in all countries.

Table 4 shows the positions of the five top worldwide advertisers in Europe in 1998. Procter & Gamble and Unilever, the numbers 1 and 2 in the top ten global marketers in 1999, also belong to the top ten spenders on advertising in most countries in Europe. Nestlé, worldwide no. 3, only belongs to the top ten spenders in 6 of the 12 countries in Table 4. Volkswagen, ranking no. 4 worldwide, belongs to the top ten advertisers in only

5 countries, and Ford, no. 5 worldwide, in only 3. There are few global companies who dominate in all markets with respect to adspend. Global companies play different roles in different markets.

Table 4: Adspend Ranks of Top Five Worldwide Advertisers in Europe 1998

	Procter & Gamble	Unilever	Nestlé	Volkswagen	Ford
Belgium	1	2		9	
Denmark	9	3			
Finland	8	4			
France		9	5		
Germany	1		5	2	
Italy	6	1	4		
Netherlands	2	1	7		
Norway	10			2	3
Portugal	3	1			
Spain	3	2		9	
Sweden	3	2		9	4
UK	2	1	8		4

Source: Ad Age Dataplace - 11/8/99, Top Global Marketers in Europe

1.2 The Media

The percents of total advertising expenditures by media give an impression of the differences between countries with respect to media use. The differences are stable over time. Figures 1 and 2² show the percents adspend of newspapers and television for 1980, 1985, 1990 and 1997 in 19 countries. In both figures, the countries' ranking follows that of the year 1997. The other lines run more or less parallel. This illustrates the fact that each year there were similar differences between countries, so that over time not much has changed with respect to the differences between the countries. With respect to media use, tradition is very strong. Shifts in media use have taken place because of emerging new media, such as commercial

² For this and other charts, the explanation of the abbreviations is: ARG = Argentina; AUL = Australia; AUT = Austria; BEL = Belgium; CAN = Canada; DEN = Denmark; FIN = Finland; FRA = France; GER = Germany; GRE = Greece; IRE = Ireland; ISR = Israel; ITA = Italy; JPN = Japan; NET = Netherlands; NZL = New Zealand; NOR = Norway; POR = Portugal; SIN = Singapore; SPA = Spain; SWE = Sweden; SWI = Switzerland; UK = United Kingdom; USA = United States; VEN = Venezuela

television or direct marketing, but over time there has been little change in the media preferences of countries. The differences have persisted throughout the past half century.

Until 1985 there was little or no commercial television in Scandinavia. Although the Scandinavian countries now have commercial television, preference for the print media is higher there or example in Italy.

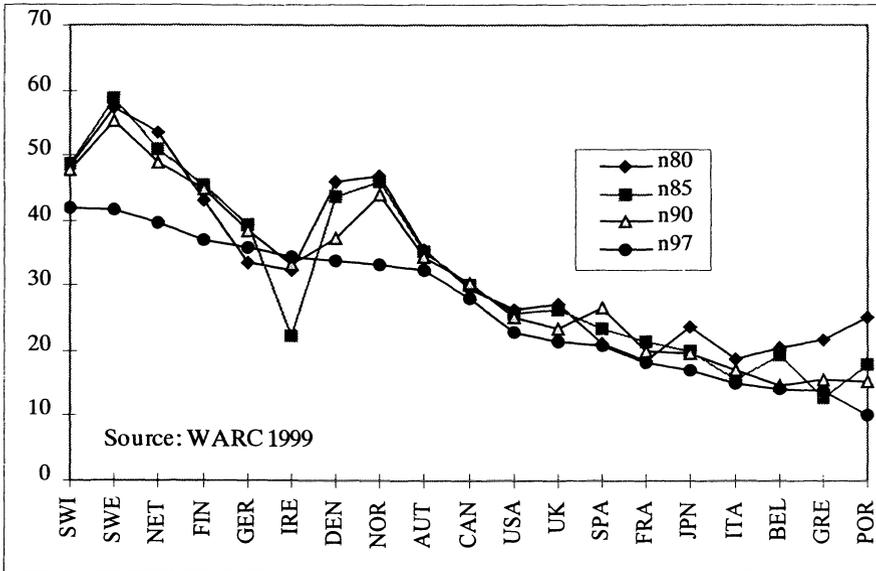


Figure 1: Percents Adspend Newspapers 1980--1997

Benady (2000) finds a “general lack of interest in television in Sweden. Despite their long winters, they are among the lightest television viewers in Europe, averaging only 144 minutes in 1998 (average Dutch viewing is around 170 minutes per day, while the British and the French watch around 200). Light viewing may be due in part to the powerful tradition in Sweden of reading. Newspapers and magazines are still very strong, which is why they accounted for nearly 75% of all Swedish advertising budgets last year.”

Since 1950, the differences in circulation of daily newspapers per 1,000 people, have been more or less stable, as illustrated in Figure 3 (data UN Statistical yearbooks). In Figure 3, the ranking of 25 countries worldwide follows the differences in 1994. The lines for the earlier years follow the same trend. In some countries (e.g. Venezuela and Singapore), economic development has increased newspaper circulation. Overall, newspaper

readership may have declined as a result of television and emerging new media, but the differences between countries have remained the same.

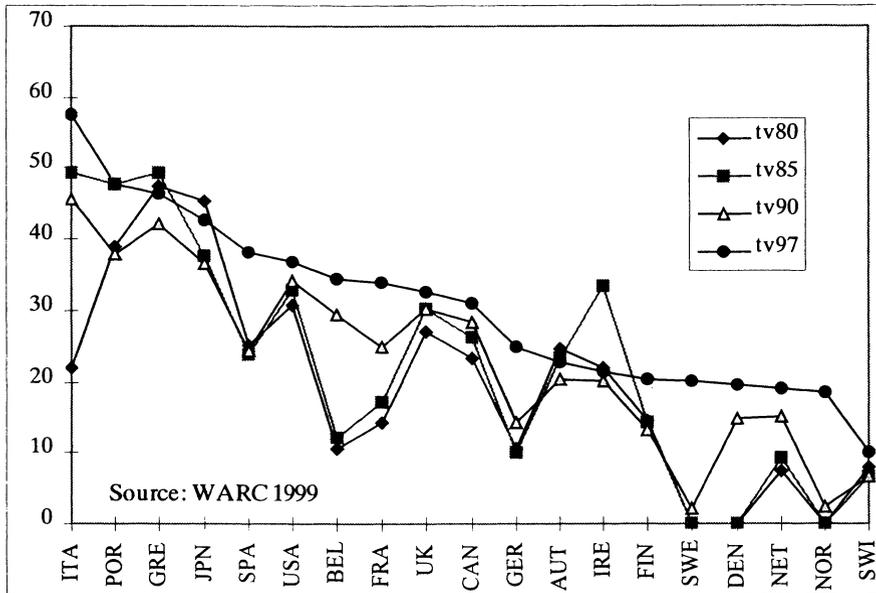


Figure 2 Percents Adspend TV: 1980-1997

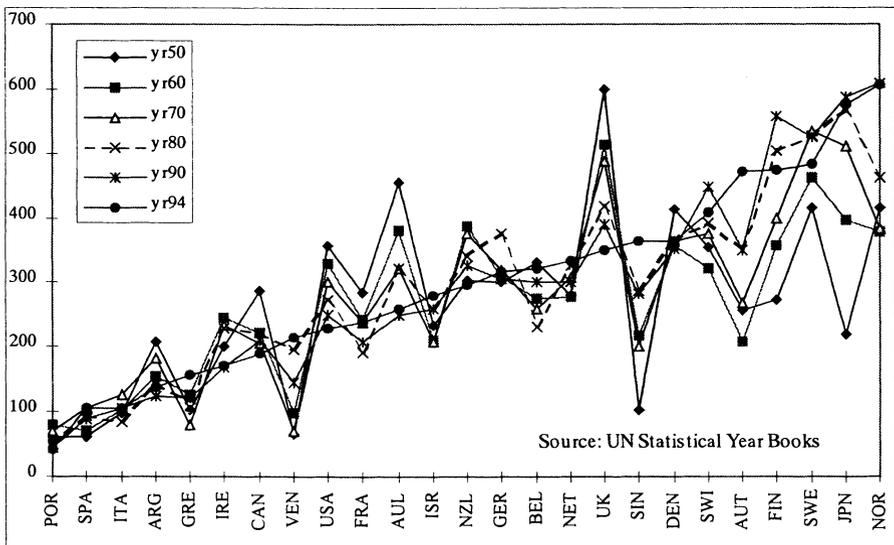


Figure 3: Daily Newspaper Circulation: 1950-1994

1.3 Media Developments

In the 1980s a most important development was the shift in attention from media advertising to expenditure on below-the-line activities such as sales promotion, direct marketing and public relations. In 1980 the approximate relative allocations for media advertising and below-the-line activities were 60% and 40%, respectively. By 1990 this situation was reversed in several countries (De Mooij 1994). The big boom of commercial television took place in the 1990s. At the end of the 1990s, a shift from mass media to the internet was expected. Early in 2000, however, the internet is still a phenomenon of only a small part of the developed world. "Of the Americans, 27% have access to the internet, in Europe it is 10%. In Europe, in the year 2000, the Internet economy is still limited to the north-west corner of the continent. Although the Internet is assumed to be efficient because of its direct reach of specific target groups or one-to-one contacts, the majority of advertisers still prefer volume media. Over 80% of packed goods advertising is allocated to television because it is a mass medium. Five years after Internet advertising began, it still accounts for less than 1% of global advertising expenditure and as a medium it is still over twice as expensive per thousand contacts than a 30-seconds television spot. Basically, the new media such as the Internet belong to global business and to a minority of affluent consumers" (Cleverer 2000).

1.4 Global Target Groups

International marketers would like us to believe that with increased wealth, new technology, communications and increased travel, people will become more similar, will increasingly eat the same food, wear jeans and sports shoes of the same brand and watch the same television programmes. This is based on the idea that increased travel and communications lead to exchange of ideas between people from different countries. Worldwide media would make people similar with respect to lifestyle, wants and needs. Certain audiences would become homogeneous. Business travellers and teenagers are most often cited as examples of such homogeneous groups. These are the people who are expected to watch CNN and MTV, and increasingly use the internet. However, people do not travel to the extent that they are frequently confronted with other cultures. Although incomes are converging across Europe, they have not converged enough to allow everybody to travel to the same degree. The European Media and Marketing

Survey (EMS) has asked questions about frequency of travel. The target of EMS is the top 20% income groups of 15 countries in Europe. These make up the group which is assumed to be or to be about to become homogeneous with respect to needs and wants. In 1995, 46.7% of these wealthy Europeans said they had not travelled by air within Europe for pleasure/personal reasons in the last 12 months. There were 22.8% who had made one trip only; 63.2% had not travelled outside Europe, and 14.2% had made only one trip. In 1997, 42.8% did not travel by air within Europe and 23% made only one trip, 54.3% did not travel outside Europe and 14.5% made only one trip. These data show a slight convergence: the percentage who did not travel is decreasing, but as yet, a large percentage of this wealthy group does not travel. This does not support the argumentation that homogenisation takes place because of frequent travelling. If this wealthy 20% of the European populations travels so little, what about the total population? White (2000) adds to this that "people on vacation are not in a mood that has much to do with their domestic purchasing behaviour, so the relevance of any advertising they see is limited." With respect to teenagers, White (2000) states that "an Italian teenager may be just like a Dutch teenager when he or she is listening to music or wondering which brand of shoes to buy, but most of the time, and in most purchasing situations, a teenager is distinctively and differently Italian or Dutch." Even people who have been married to a person from another culture for years tend to be puzzled now and again by their spouse's behaviour.

2 The Impact of Culture

In Europe, the emerging European Union and later the single currency were expected to reinforce the homogenisation process. The reality is different. Few people watch international (English language) television programmes regularly. The level of understanding of the English language still varies widely, and few Europeans, apart from the British and the Irish, regularly watch English language television without translations or subtitles (data from EMS 96/97). Even between the peoples of Europe, there remain large differences between value systems. These differences will not disappear with a single currency. Although there is evidence of convergence of the economic systems, there is no evidence of convergence of peoples' value systems. On the contrary, there is evidence that with converging incomes, people's habits diverge. More discretionary income will give people more freedom to express themselves, and they will do that

according to their own, specific value patterns. Media use across countries follows a continuing, long-term trend because it is part of peoples' culture. The consequence of this is that people will use any new media for the type of activity they were already used to via the "old" media. In Japan, cartoon magazines have always been very popular. Currently, 10% of the subscribers to NTT DoCoMo's i-service (internet by mobile phone) have a subscription to a service by Bandai, allowing subscribers to download cartoon characters to their mobile phones. This is the most popular service (Nikkei Trendy, March 2000). The new media are just new means of doing things and are used to continue one's existing habits. This theory implies that new media, such as the internet, will not necessarily lead to convergence, as so often assumed, but will rather lead to divergence. Oliver Cleaver (2000), Media Director at Kimberly Clark Europe, points out the widening gap between rich and poor caused by the internet, and states: "The new media belongs to global business and to a minority of consumers who are affluent, smart and wired enough to be able to use its potential to make themselves more affluent, smarter and better wired. The new media are not creating a global village, it is helping to destroy it."

People will use the new media for the interests and habits they acquired in the country where they grew up and still live. These habits follow stable patterns. These patterns are part of their national culture. In order to understand the influence of culture on media behaviour and other consumer behaviour, I apply a model that distinguishes values of national culture, which was developed by Geert Hofstede (1991) for the purpose of intercultural management. It can also be used to understand differences in consumption and in consumer and media behaviour.

2.1 Dimensions of National Culture

Hofstede distinguishes five dimensions of national culture: Power Distance (PDI), Individualism versus Collectivism (IDV), Masculinity versus Femininity (MAS), Uncertainty Avoidance (UAI) and Long-term Orientation (LTO). For those who are unfamiliar with the model, a short description of the five dimensions follows.

Power Distance is the extent to which less powerful members of a society accept that power is distributed unequally. In large power distance cultures everybody has his/her rightful place in society, there is respect for old age and status is important to show power. In small power distance

cultures people try to look younger and powerful people try to look less powerful. Most countries in Asia and Latin America score high on this dimension. The countries of the north-western part of Europe score low, except France and Belgium.

Individualism versus Collectivism. In individualist cultures people look after themselves and their immediate family only; in collectivist cultures people belong to in-groups who look after them in exchange for loyalty. In individualist cultures, values are in the person, while in collectivist cultures identity is based in the social network to which one belongs. In individualist cultures there is more explicit, verbal communication; in collectivist cultures communication is more implicit. Approximately 70% of the world population is collectivist. The north-west of Europe, the USA, Australia and New Zealand are individualist.

Masculinity versus Femininity. In masculine cultures the dominant values are achievement and success. The dominant values in feminine cultures are caring for others and quality of life. In masculine cultures performance and achievement are important. Status is important to show success. Feminine cultures have a people orientation; small is beautiful and status is not so important. In masculine cultures there is large role differentiation between males and females; in feminine cultures there is small role differentiation. The USA, UK, Germany, Italy, and Japan are examples of masculine cultures. The Scandinavian countries, the Netherlands, Portugal and Spain are feminine cultures.

Uncertainty Avoidance is the extent to which people feel threatened by uncertainty and ambiguity and try to avoid these situations. In cultures of strong uncertainty avoidance, there is a need for rules and formality to structure life. Competence is a strong value resulting in belief in experts as opposed to weak uncertainty avoidance cultures with belief in the generalist. In weak uncertainty avoidance cultures people tend to be more innovative and entrepreneurial than in strong uncertainty avoidance cultures. The UK and the Scandinavian countries are examples of weak uncertainty avoidance cultures. The countries in the south of Europe, as well as Germany, Austria and Switzerland but also Japan, are examples of strong uncertainty avoidance cultures.

Long-term Orientation versus Short-term Orientation. Long-term orientation is the extent to which a society exhibits a pragmatic future-oriented