GLOBAL MARKETING-
A LITERATURE SURVEY

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1. INTRODUCTION

Globalisation of markets implies new challenges for businesses. This paper presents a review of the literature dealing with global marketing, hence looking at how marketing practioners and the advertising industry have responded to the globalisation process. Central in the paper is the question of how TNCs conduct marketing; how these companies look at consumers around the world and how they go about reaching (potential) consumers. Guiding me through the reading of marketing textbooks, advertising journals and books critisising advertising has been the question of whether consumer sovereignty exists, and my hope is that you too will focus on this question when reading the paper.

My argument is that when studying consumer choices it would be disastrous to overlook the enormous impact that marketing and advertising have on those choices. Although marketing has always been about dividing consumers into segments, the practice of segmentation marketing has intensified over the last few years. Segmentation however, is no longer merely about identifying separate groups of consumers for whom a certain product can be of interest. Segmentation nowadays is often based on consumer life styles. A common belief in the marketing industry is that its mission is to ensure that consumers find certain life styles attractive, so that products that fit into these life styles can be sold. Hence, marketing in the 1990s to a high extent is about telling consumers what role models and life styles they ought to have. The trend has been that TNCs have concentrated more and more on targeting a limited number of segments, where the focus on young consumers is outstanding.

Globalisation has brought with it tremendous changes in the media landscape in most parts of the world. However, another trend has been the commercialisation of media, and this too is a world wide phenomenon. The linkages between advertising and media have intensified extensively over the last two decades and the outcome has been a situation where only certain groups of the population are of primary interest to, or draw the attention of the media and advertisers. This process thus implies an exclusion of other groups (e.g. elderly and consumers with less purchasing power) in the population not only from marketing, but also from the media.

An issue always discussed in relation to advertising is its moral implications. Many critics argue that advertising targeting children should be prohibited as these consumers are particularly vulnerable and have not developed the same understandings of advertising as adults. This, however, is an argument that seems to have been suppressed, at least when looking at the many measures that the toy-manufacturers and the film industry have invented in order to catch the youngest consumers' attention. Other criticisms of advertising deal with the promotion of 'bads'; cigarettes and alcohol. All of these issues will be discussed in the paper.

The paper will start out with a discussion on how businesses perceive and respond to the globalisation of markets. The next sections deal with the issues of segmentation and standardisation, the two pillars of global marketing. After an analysis of global advertising expenditure, the final part examines the role that advertising plays in influencing consumption patterns and to what extent one can talk about Westernization of consumption patterns in Asia.

2. DEFINITIONS

Marketing: Kotler (1988 p.12) defines marketing as "the social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others". This definition thus restricts the term to business exchange processes (some marketing scholars use a wider term where persons, organisations and ideas are part of marketing).

Global: Having read various books and articles on marketing and advertising it seems clear that the term global within the business sector should not be understood as synonymous with the world, nor with all markets in which a particular firm operates, but rather with a firm's involvement in marketing activity in an international context. [1] In this way 'going global' and 'globalising the firm', phrases commonly used by companies and marketing practioners today, refer to a firm's attempt to enter other (and not necessarily numerous) markets outside the original, domestic market.

Brand: The traditional definition is "a name, term, sign, symbol or any other feature that identifies one seller's good or service as distinct from those of other sellers" (Kotler 1984 ; Kotler and Armstrong 1994; Mc Carthy and Perreault 1984; and official definition of American Marketing Association) This definition is troublesome though. Gaski argues that if the official definition would be taken literally, virtually no product is sold unbranded as nearly all products have some sort of name, term, sign, etc. Doubtlessly, common usage, and slang have changed the meaning of the term as most people when talking about a brand are refering to *a branded product item,* e.g Nike shoes, Pepsi Cola drink, Donna Karan shirt. This latter definition is now so widely used that marketing scholars also seem to have accepted it in order to avoid misunderstandings [2]. This is therefore the defintion that will be used throughout the paper.

Global product: A global product is typically a product which is standardised, i.e. the same world wide; e.g. mainframe computers, projection screens, aircrafts etc.[3]

Global brand: Susan Douglas states that this definition too is somewhat vague, again because of the term brand. However, it typically refers to a case where a company keeps the same name on a product worldwide, eg Coca Cola, Sony Walkman, Hermes scarves and handbags etc.[4]

3. GLOBAL MARKETING

3.1 Globalisation of markets- what changes are taking place in the marketing bureaus?

The message of books and articles on marketing in the 1990s is clear: nearly all markets are becoming global and businesses in general and marketers in particular have to act in accordance with this. Competition in most areas is now open to everybody. No longer is it implied that only TNCs ought to develop strategies to enter world markets, but that it is something all firms, large as well as small, should do. "Think globally, act locally" might sound like a cliché but it still seems to be the most recommended strategy for marketing policies throughout the world. As said earlier, the world 'global' within the business sector usually can be equated with 'international'.

A natural question is then: how does "global marketing" differ from "international marketing"? Perry analyses the usage of the terms and claims that global marketing should be understood as the most recent

[1] This definition is close to how Whitelock and Pimplett argue the term global should be used.
[2] Gaski (1995)
[3] Susan Douglas e-mail September 23 1997
[4] Ibid

development in international marketing. She observes four basic phases/positions of international marketing (IM) : (1) the stage where IM is seen as an extension of domestic marketing, most often American or European marketing (2) IM as a collection of national marketing. This is the thinking of many European marketers ; (3) a form of generic marketing; or (4) global marketing as the product of a new international integrative order. The idea of global marketing was presented and engined by an article published in Harvard Business Review in 1983 by Levitt where he argued that common exogenous factors are constantly shaping consumers preferences, resulting in the convergence of many consumer's wants and preferences on a global scale (this will be dealt with further ahead in the paper). The global marketing concept should therefore focus on similarities of markets implying a greater standardisation of the marketing mix. Many scholars have later challenged Levitt and the result has been a reconceptualization of the term international marketing to what nowadays in common language is called "global marketing". Perry admits that global marketing to an extent builds on greater homogenisation and integration of markets, but that this does not imply that there are some (American or European) marketing systems that are totally dominating (as Levitt suggested). Instead good marketing ideas are supposed to come from many countries and from firms of different nationalities. First and foremost global marketing is believed to simultaneously link the micro, regional, and macro markets through a variety of marketing policies adapted to a variety of environments, where the "global" or "universal" is at the heart. The driving force behind these changes towards global marketing is a result of exogenous forces; technological, economic, political, social and cultural developments. [5]

Of couse global marketing means different things to different businesses. Craig & Douglas emphasize that firms need to respond to the challenges of globalisation in line with their degree of involvement in international markets. Coca Cola and the newly started shirt distributor in Poland of course differ in the type of marketing technique they will choose for their products, even though they both are 'going global'. The authors note there are four main challenges which all firms must take into consideration when developing a global marketing strategy; challenges that are interrelated and all derived from what one terms globalisation. To a large extent these four challenges correspond with several authors' messages about what globalised markets mean for firms (see for example Lamont (1997) and Ohmae (1991)) so I will therefore present them in some greater depth.

First of all firms have to deal with *change*. The change in technology that is taking place today and in the future is both rapid and discontinuous in nature. This is a sharp contrast to the linear and rather predictable technological changes that were taking place until the 1980s. Today however, modern telecommunications has made it possible for firms as well as entire countries to 'leapfrog'. Customers have changed. They now are exposed to a diffusion of new products and innovations through the global media. Instead of vertical integration of new products we now witness innovations spreading horizontally across different countries and societies.
The second challenge is the *complexity* caused by increasing international operations. The organisational structure of companies has expanded with additional layers, and links between different functions added at the global level. This means that the transfer of ideas, information and experiences is spreading through the entire company as well as across different regions with much more ease. Furthermore, the authors argue that today firms operating in international markets to an increasing extent are networking with other organisations, even with competitors, in order to get an understanding of and a grip on new product markets.[6] Further investigation shows that this is something that Levi's global marketing division is practicing. Two years ago Levi's initiated benchmarking sessions with marketing counterparts, where marketers not only from the apparel field but also from airlines and car companies meet several times a

[5] Perry (1990)
[6] Craig & Douglas (1996b)

year to discuss good global marketing campaigns. In this way the participants are able to exploit the knowledge that marketers from other areas posses. Mr. Robert Holloway, Levis' VP of global marketing, says that today firms are looking more and more not only at what their competitors are doing, but also outside their own industries for good ideas.[7]
According to Craig & Douglas the third major challenge is *competition*. Trade liberalisation means open and integrated markets. Trade liberalisation together with technological improvements has led to a reduction of scale advantages for large firms and corresponding increases in possibilities for smaller firms to enter the field of competition. A clear trend is that firms from newly industrializing countries such as Taiwan, Singapore, Korea and Hong Kong nowadays are choosing to enter the global markets on their own, rather than being suppliers to firms from the US, Japan or Europe. Apart from the forementioned countries there has also been a major increase in the number of companies entering international markets from India, China, Malaysia and Brazil. First and foremost it is increased competition in the home market after the introduction of trade liberalization which has lead to a greater awareness of international market competition in these countries.
The last challenge is *conscience*. This refers to a firm's moral and social responsibility in the international markets; a challenge that may be thought of as surrounding the other three. The authors argue that increasingly firms in the 1990s are taking environmental issues into consideration in their production. Therefore the authors urge companies to make sure that the measures cover all aspects of the companies activities. Another area that is on the agenda in international marketing is that of social responsibility, and more specifically customer education in less developed countries. Unfortunately, for this challenge it seems like the authors lack empirical evidence.[8]

Cninkota, Ronkainen and Tarrant argue that marketers really have no choice but to start preparing themselves for entering a number of markets due to the inevitable process of globalisation. Firms and marketers holding back will lose out to others who are ready to take these steps. There are no longer any markets which are safe from international (or domestic) competition. Contemporary marketing strategies deviate from the strategies most firms practiced up until the 1980s. Historically businesses entered the international market gradually. New products were first introduced in the highly industrial countries after which they expanded to other less developed countries. This process was based on the thinking that consumer demands in the less affluent countries were always a couple of years later than in industrial countries. Furthermore, this strategy made it possible for firms to extend the life-process of products for a couple of years after they had become obsolete in the industrial countries. The authors state that international marketing can no longer be gradual. Instead, products must be introduced into multiple markets simultaneously. There are two main factors contributing to this need: First, the accelerating flow of information enhanced by the tighter international communication links means that consumer demands in third world countries are more in conjunction with consumer demands in affluent countries. Second, the rising level of wealth in the emerging countries makes it both easier and more desirable for consumers to buy new products.[9]

The same change in international marketing and the reasons behind this change is observed by Riesenbeck and Freeling who name the first strategy the waterfal modell and the second the sprinkler model. Writing about global products they see the sprinkler model (going into several markets simultaneously) as the most appropriate since one of the effects of globalisation is that there is no time to adapt to several different local markets. Rapid expansion is no longer an option, it is a necessity. The Mars Ice Cream Bar, Procter & Gamble's shampoo brands Timotei, and Wash & Go, and Coca Cola's Diet Coke are just a few examples

[7] Advertising Age (1996a)
[8] Craig & Douglas (1996b)
[9] Czinkota (1995)

of products being tested in the home market before being launched into several countries at the same time. According to the writers not only is it important that products are pretested in one country before their international expansion, but also that the products are not totally standardised. Certain portions of the marketing usually require adaptation to local settings.[10] This is something that will be dealt with later in the paper.

3.2 Segmentation- the be all and end all for businesses in the 1990s

Doubtlessly, today's marketers consider segmentation to be the most powerful marketing tool, helping them to find and target the potential customers for their products. Segmentation implies a possibility to distinguish sub-groups of consumers sharing certain traits, e.g nationality, sociodemographic, values or behavior. Kotler defines segmentation as: *the act of dividing a market into distinct and meaningful groups of buyers who might merit separate and/or marketing mixes.*[11] Statistical technological innovation and computerization have intensified the use of segementation on a global basis. Marketing research at present collects information on consumers and their needs and wants with a pace and geographical spread that was not possible even ten years ago. Numerous firms work specifically on providing businesses with customer profiles and telling them how to target the potential customers and even through which media. Marketers believe there are five criterias needed to be fulfilled for the existence of a viable segment: size, measurability, accessability, ability to buy and finally the willingness to buy.[12]

There is no uniform segementation strategy though, different practioners and academics propagate for different strategies. Van Raaij makes the distinction between vertical and horiziontal segmentation. Vertical segmentation refers to a strategy where marketers emphasize differences between nations (or regions) while ignoring cultural and other differences within the countries: countries form specific market segments on their own. In this way all Americans are considered to be the same implying that they can be reached with the same marketing communication. One standardized communication approach can be applied to target potential customers. Another term for the same strategy is country-cluster segmentation. Kotler (1986) and Wind (1986) are examples of scholars who propagate for this kind of segmentation. Horizontal segmentation, on the other hand, refers to a strategy where (sub)cultural differences within a nation are taken into consideration. Hence, marketers target consumers based upon characteristics such as sociodemography, value orientation and/or behavior. This means that products and services geared towards these groups may be rather similar across cultures. Van Raij states that to be able to reach these groups with standardized marketing and advertising messages, there is a need to find the appropriate media and distribution systems that can deliver such messages. Naturally, the combination of these two segmentation strategies are possible, but increasingly marketers seem to target consumers in line with the horizontal strategy where it is life styles which are of particular interest to marketers. [13]

Tedlow (1990) makes an historical overview of the development of market segmentation and divides it into three phases; fragmentation (ended around 1880), unification (exploition of mass markets) and segmentation (the same as what has been refered to under horisontal segmentation). For the last two phases he states that they have and are occuring at different time periods for different industries. Hollander & Germain claim that this presentation fails to take into account the most recent development within the marketing field, which they choose to label "positioning or segment creation". This most recent trend

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[10] Reisenbeck & Freeling (1991)
[11] Kotler (1980)
[12] Palivoda (1994)
[13] Van Raij & Fred (1997)

implies a conscious effort by marketers to foster in consumers, or consumer segments, an image of what they ought to be. Consumption of the product is of course part of this image.[14]

Having said this it is possible to describe the actual procedure of segmentation as most modern business firms practice it. As said earlier there are a number of different approaches but most of them can be characterized by a common framework. The major steps are:[15]

- **Deciding on segmentation variables (called basis variables),** What is the aim? Is it to identify heavy users of the product, to find new potential groups of consumers, establish a better brand or corporate image or something else?
- **Decide on data analysis methodology,**
- **Apply methodology to identify several segments,**
- **Profile/describe all segments using basis and other variables,**
- **Select target segment(s) to pursue, and**
- **Develop a marketing mix for each segment.**

For a well illustrated and highly relevant case study on segmentation: "China's Generation III- Viable target segment and implications for marketing communication" see Appendix A.7.

The first major proponent of horizontal segmentation on a *global scale* was Theodore Levitt. In 1983 he published "The Globalisation of Markets" , an article which starkly influenced the marketing field at that time. Levitt argued that people around the globe are becoming more alike, leading to homogenous market segments throughout the world. The driving force behind this convergence was, as he saw it, the power of technology which had changed communication, travel and transportation in an irrevocable way. His message was for firms to identify those global segments and target them with the same marketing approaches and the same products.[16] At the time of writing, Levitt's thesis was met with disapproval from several practioners and his thesis is still vigorously debated in the marketing field. However, a decade later nobody questions that the main challenge facing international marketers in the 1990s is to identify these global segments and reach them with marketing programs.

Further investigation of Levitts's thesis shows that although there are examples of the global segments he proposed, they are few in number. The two that most often are referred to are' the elite segment' and 'the teenager segment'. Hassan & Katsanis offer a detailed analysis of these two global consumer segments and maintain that their importance for firms is due to the fact that they are not only large in size, but also 1) are expected to increase in size extensively in this decade and 2) hold considerable purchasing power. The global teenage market is, according to them, projected to reach 1.37 billion in the 1990s- a size that many marketers are willingly trying to exploit. As for the elite segment, the authors say that these consumers share values like the importance of wealth, success and status; they are a group with high incomes and/or education and have done extensive travelling. Moreover they tend to read up-scale magazines and watch socially selective TV-channels. 'The elites' look for high quality products and are therefore primary targets for firms such as Mercedes Benz, Perrier, American Express and Ralph Lauren's Polo. The authors point

[14] Hollander & Germain (1992)
[15] Myers (1996)
[16] Levitt (1983)

out that this profile is rather broad for the mega-segment that the elites constitute on a global scale. Marketers must therefore examine other variables (sex, age, region etc) as well in order to target micro-segments, meaning that consumer needs are being addressed more closely and therefore bringing higher profit margins to the firm.

The global teenager culture can be described in a similar manner: they share a youthful lifestyle where change, learning and the future are appreciated . A common term used for this segment is Generation X. The media exposure among these consumers,who mostly are to be found in western and newly industriali-ed countries, is high; music, teen magazines and MTV are prominent communication medias. Moreover, a characteristic for this group on a global scale is that they share a fascination for brand names and products. Coca Cola's advertising campaign "You can't beat that feeling" is an example of a successful campaign targeting the lifestyles of youths, and another is Benetton's "The United Colours of Benetton". In the apparel industry, the global teenager segment for blue jeans is the fastest growing demographic segment. In 1991, jean sales grew world wide by 25.2% for young men and 9.9% for young women. What is clear is that traditional brands are the most popular: 45% of teen males select Levi's, whereas young women choose Lee's at 9,5 %. This global segment is more restricted than the segment described earlier, as it is confined to the age range 12-19.[17]

Writing about the emerging middle class in Korea, Deval states that teenagers constitute a distinct segment within this class. By purchasing and using products with famous brand-names, the young consumers are able to define, and differentiate themselves from the older, more traditional Korean generation. This admiration for brand name products among teens implis a shift in lifestyles as well as consumption patterns for this segment. [18] As we will see in the section on 'the rising middle class in Asia' the appreciation of brand names and fancy, hip products are traits characterising many of the young consumers in Asia.

The third global segment we can speak of is children. In recent years more and more companies have recognised the size and the purchasing power of this group on a global scale. With the enormous spread of communication media (where children's movies have been shown to have a major influence) marketers have noted that children in different countries can be reached with the same products and with similar advertising campaigns, thereby forming an excellent example of a global segment. The importance of this segment for TNCs is demonstrated by the comprehensive market survey on children made in 1996 by Roper Starch Worldwide and Just Kids Inc sponsored by Mars, Kodak and McDonald's. The survey tracked the life styles and consumption patterns of 7-12 year olds 'around the world' with samples in China, Japan, France, the United Kingdom, Germany and the US. More specifically these companies wanted to get extensive information on children's wealth and spending patterns, media habits, technology ownership and usage, daily activities, food and beverages, toys and games and on children's awareness and attitudes towards movies. All in all, the survey demonstrated a significant market for children, not only in size (36 million in China, 23 million in the US...) but also in monetary terms and that children's wants and demands for products are similar in several aspects, independently of their nationalities. [19]

[17] Hassan & Katsanis (1994)

[18] Deval (1992)

[19] Carey (1997)

3.3 Standardisation of products and advertising

The conclusion of Levitt's article "The Globalisation of Markets" was that advances in media, travel and technology have led to homogenous markets around the globe. Consumers in less developed countries affected by modernity are increasingly demanding the same products as their counterparts in the industrial world meaning that companies ought to standardise their products. Local preferences and cultures could be neglected as the desire for modernity and advanced Western goods was so strong that it would override all other aspects.[20] This was written in 1983. One and a half decades later one may try to evaluate the development of products and advertising. Has globalisation led to increased standardisation of products, brands and advertising? If companies believe that standardised marketing techniques better serve the aim of reaching customers one would probably see companies choosing only one or just a few advertising agencies. Is this happening?

The views on whether consumer tastes and preferences are converging differ, primarily between different industries. Riesenbeck & Freeling are two authors who in the article "How Global are Global Brands?" argue that consumer preferences worldwide are not converging in the sense of becoming more homogenous. Based on a survey of over 30 companies marketing so called global brands they found that very few of those companies agreed that tastes are actually converging in the sense of leading up to one large global market. The authors claim that the most effective basis for segmentation is consumer needs. As there are several consumer needs and wants that cross borders, this means that global brands are attractive for those particular consumer segments. The success of the major global brands is thus not based on homogenisation of markets but instead on their ability to fill latent demands which are present among segments in many countries at the same time. Moreover, the article claims that those demands are often connected to life styles; e.g. Coke having the appeal of youth and America, Sony Walkman is attractive for people on the move.[21]

On the other hand, marketers in white goods and the automotive industries claim that manufacturing in their respective industry in the 1990s is based on the convergence of consumer preferences in Europe, the US and Japan.[22] If this meant totally homogenous markets this would imply that firms like Honda, Volvo, Whirlpool and Philips standardised their products in order to take advantage of economies of scale. This is not the case though. My conclusion is that although different companies and industries have different views on to what extent globalisation has led to convergence of consumers preferences, they still use similar marketing policies. This is something I will come back to.

In the academic literature one can find three types of attitudes and arguments on standardisation. First, the scholars who are advocating standardisation. Usually this is done with reference to cost savings, full utilisation of head expertise and/or disappearance of national, cultural and taste differences (Peebles, Ryans and Vernon 1978; Levitt 1983: Quelch and Hoff 1986) The opponents constitute the second group. They argue that the cultural differences are too important to ignore and that firms need to be more responsive to those differences in order to best market their products. This means that products and advertising need to be adapted to different markets. (Friedman 1986; Douglas and Wind 1987; Onqvisit and Shaw 1987) The middle view suggests the most feasible solution, and also most frequently practised, lies somewhere in between these two endpoints (Colvin, Heeler and Thorpe 1980; Kite and Fraser 1988: Whitelock and Chung 1989: Jain 1990)

The fact that standardisation can lead to economies of scale and thereby cost savings in a number of different fields (research and development, purchasing, production and marketing) has an intuitive appeal.

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[20] Levitt (1983)

[21] Reisenbeck and Freeling ()

[22] Lamont (1997)

A number of empirical studies (e.g. Whitelock and Pimplett 1997; Samiee and Roth 1992) point out, however, that full standardisation is rare. Most TNCs have in the last decade chosen to standardise some core elements of the products and to a certain extent advertising, whereas packaging, pricing and PR most often has been adopted to particular local settings[23]. Even Coca Cola, probably one of only a few global products, adapts its flavour to the tastes of local markets and so does Heinz Ketchup. Canon Camera which initially was designed as a global product, still uses different positioning strategies.[24] This thus means that the cost saving argument does not have full empirical support. Companies seem to make a trade-off between standardisation and adaptation where gains and losses for both strategies are calculated.

Whitelock and Pimblett make the point that consumer nondurables have proven more difficult to standardise than consumer durables due to the first category's intimacy with local culture. Food for example is usually considered by marketers to need adaptations to local tastes and preferences. Moreover, the authors argue that the older the consumption pattern the less successful standardised products will be. Based on comparisons between products in 1973 and 1983 the authors state that for this time period the nature and degree of standardisation was varied and to a high extent differed by product category and geography. However, they seem to notice a growing interest in standardisation among the TNCs, especially with the development of the European Market. Their main point is that Levitt's argument about standardisation due to homogenous markets and converging tastes and demands is invalid. Instead they argue that it is the nature of competition by the TNCs which is the driving force behind the advance of standardisation and large scale production.[25]

Returning to the example of the white appliances industry, Lamont has examined the global marketing policy of Electrolux, which is one of the three international giants in this industry (together with Whirlpool and Philips). Electrolux's marketing policies are a good illustration of how many TNC s seem to think when expanding into new global markets. A strong coordination between global marketing and local marketing policies is at the heart. The head office develops one standard marketing idea, which then is adapted to local markets (often in close collaboration with local subsidaries). Products, channels of distribution, and promotional themes are tailored to fit specific local and regional markets. As there are strong local preferences in the white appliances market Elextrolux understand the importance of adapting refrigerators, ovens and washing machines to specific markets. However, it is only some parts of those products that are adapted, in the case of refrigerators it is the doors which should fit the various sizes of milk cartoons, juice cartoons, etc. The rest of the products are standardised. The idea is to standardise as much of the marketing mix as possible. [26]

Looking at advertising only, the same holds true, most global companies seem to apply some form of middle-of-the-road strategy. A number of global giants are standardising global campaigns but make smaller adaptations for different countries. Riesenbeck and Freeling, taking the example of Gilette's Sensor razor, is stating that for the global giants the cost saving argument is not really of importance, as it is the cost for invention and coming up with bright adverting ideas that is the largest. The campaign "The best a man can get" ran in 19 countries and had a global advertising expenditure of $175 million over a two year period. Added to this was the product developement cost of $200 million. It was estimated that the savings on a global campaign in comparison to 19 local campaigns was not more than $20 million. [27]

Thus, it is not due to high costs for producing several local campaigns that global companies choose to standardise a large part of advertising. Instead, the reason is that many companies marketing brand

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[23] Reisenbeck & Freeling (1991)
[24] Whitelock & Pimplett (1997)
[25] ibid
[26] Lamont (1997)
[27] Reisenbeck & Freeling (1991)

products believe it is important that consumers worldwide perceive their brands as being truly global. McDonald's opening of a restaurant in Moscow in 1990 illustrates this point very well. The company struggled hard under strongly unfavorable conditions; rampant inflation; the political situation in the country; problems with delivery of potato and beef; and most importantly it saw very little opportunity for short term profit. However, the company states that what was crucial was that it was there as the first global fast-food restaurant. The world publicity McDonald's received at the opening of the restaurant was something they counted on, and hence became part of their marketing strategy. This thus partly contradicts Agarwal &Narain who in the paper "Economic globalisation and its impact on connsumption, equity and sustainability" argue that MNCs only "enter the segments which ensure quick return, low capital investment and small gestation periods."[28] McDonalds did not open a restaurant in Moscow because it saw an immediate profit, but because they, as they express it, 'wanted to be part of a unique moment in history' and be seen by the world as being global. Of course, in the long run they also expected to make profit.[29]

What is also clear is that marketing today is more about marketing a brand than marketing a particular product. Many TNCs therefore produce campaigns that carry unified looks and messages all over the world in order to create an awareness for the brand itself. Levi's started a special global marketing division in 1995 with the task of delivering campaign ideas that produce consistent messages all over the world. This generally means having a major advertising theme where the only adaptations that are made are translations to local languages or where a certain part of the ad is considered unsuitable for a particular culture. [30] IBM has the same set-up. The global campaign "Subtitles" (among most marketers considered to be the best global campaign ever) used the same footage in all countries, but translated the foreign language to local subtitles. Their research bureau found that this message was percieved almost equally by consumers all over the world.[31]

What about TNCs choice of advertising agencies? Traditionally most TNCs used different ad agencies in different countries based on the rational that local marketers know best how to market products in their local setting. The Economist in an article in 1996 makes the observation that in the 1980s, after the effect of Levitt's thesis about global markets and products, the advertising industry expected companies to demand larger ad agencies which were able to cover worldwide markets. The result was a series of mergers and take overs in the industry. The agencies expectations turned out to be true, but not until the 1990s. In the beginning of this decade there were a number of TNCs which chose to move from several different ad agencies to just one. The argument is that one single agency produces consistent messages worldwide, something which is attractive for companies trying to market a global product. Of course, it is also easier for companies to deal with one agency rather than several. The earliest larger exponent of this view was IBM which in 1994 went from using 40 agencies to one: Ogilvy and Mather (a $400 million move). In November 1995 Colgate-Palmolive did the same thing, it signed up Young & Rubican to market their products worldwide. This is a trend which seems to apply to many companies marketing global brands. In a case study on 15 brands[32] and their advertising strategies in European markets, Reinold Rijkens found that eight of the 15 employ one ad agency on a world wide or European basis. The remaining companies have one agency developing the basic advertising idea which then is used in several countries. All 15 however, to various degrees left it to the national offices to adapt the basic ad idea to local conditions.[33] Although this is a clear trend in the beginnning of the 1990s there are also a number of large companies (including Procter&Gamble, Unilever and Nestlé) which stick with a "club" of three-six agencies. The argument is

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[28] Agarwal & Narain (1997)
[29] Foster (1993)
[30] Advertising Age (1996a)
[31] Mc Cullough (1996)
[32] Ex Levi's, Marlboro, Mercedec-Benz, Nescafé, Seiko, Colgate Toothpaste
[33] Rijkens (1991)

that one agency can cover another's weak spots. Coca Cola is at the other extreme, using a number of different ad agencies, all depending on the choice of the local subsidary in the different countries.[34]

Studying the development of the advertising industry *Advertising Age* summarizes the 1990s as years of 'growth and consolidation'. In response to clients choosing one or few agencies regionally or globally to market their biggest brands, several agencies expanded offices to multifold countries. Primarily it is US and UK owned agency networks (e.g. Grey Advertising, Saatchi and Satchi) that have had the largest growth rates and expanded most throughout the world over the last few years. French and Japanese ad agency networks are lagging far behind.[35]

All authors in "Advertising in Asia" point to the trend of increased internationalisation of ad agencies in their respective country. Although there are some examples of Japanese ad agencies trying to break into other Asian markets, the major trend has been American and British agencies forming partnerships or merging with domestic counterparts. Japan and China are two exceptions from this trend as foreign agencies have not (yet?) taken a significant share of their advertising markets. However, Cheng notes that the volume of foreign advertising is growing with extensive spead in China; in 1993 Saatchi and Saatchi increased its annual billings in China by over 400%. Most of the authors are of the opinion that the increased international co-operation has been a postive experience for the advertising industry in their countries. Competition from international agencies has resulted in increased professionalism among the local agencies resulting in the production of higher quality ads.[36]

4. ADVERTISING

4.1 Advertising spending

Figures on advertising spending point to the advertising industry's established place in most economies in the world. In many countries in South Asia the advertising industry since the mid 1980s has been growing at a much quicker pace than the rest of the economy (which as we all know have not been slow). Examples of the growth rates in the advertising industry for individual countries are as follows[37]; Hong Kong has had average annual growth rates at nearly 20% since 1986, China had an annual average of 40% between 1981 and 1992, India had a growth rate of 25% during 1994, Phillipines had an average of 39 % between 1987-1992, for Thailand the approximate growth rates varied between 22-33% for the years 1987-1992 and Malaysia's advertising industry yearly growth rate averages are 16-38% for 1991-1995.

There are a number of 'global giants' that to great extent lie behind these figures. The list below presents the top 10 global marketers by advertising spending[38] worldwide in 1995. For a list of the top 50 global marketers see Appendix A.1.

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[34] The Economist (1996)
[35] Advertising Age (1996b)
[36] Frith (1996)
[37] ibid
[38] advertising spending include TV, radio, and print advertising

Table 1 TOP 10 GLOBAL MARKETERS

Figures are in millions of US dollars

	Advertiser	Headquarters	Ad spending outside the US	Worldwide ad spending
1	**Procter & Gamble Co**	Cincinnati	2,559.6	5,336.7
2	**Unilever**	Rotterdam/London	2,410.1	3,628.4
3	**Nestle SA**	Vevey, Switzerland	1,415.8	1,903.1
4	**Toyota Motor Corp**	Toyota city, Japan	1,081.9	1,815.3
5	**PSA Peugeot-Citroen SA**	Paris	881.2	881.2
6	**Nissan Motor Co**	Tokyo	869.4	1,335.8
7	**Philip Morris Cos**	New York	835.7	3,412.6
8	**General Motors Corp**	Detroit	812.5	2,859.4
9	**Volkswagen AG**	Wolfsburg, Germany	797.8	933.0
10	**Mars Inc**	McLean, Va	734.9	1,151.0

Source: Ad Age International (Nov 1996)

As we can see Procter & Gamble Co. and Unilever are in the very top with advertising expenditure reaching $2,6 billion and $2,4 billion outside the US respectively, which is almost twice as much as Nestlé ($1,4 billion), the company holding the third place in the league. If looking at the world's top 50 marketers (still outside the US) together their advertising spending increased by an average of 19,3 % in 1995. These 50 companies in 1995 together spent $48,2 billion on advertising worldwide, $20,6 billion within and $27,6 outside the US. In examining the top 50 figures show that the automotive industry is the segment having the largest advertising spending ($8,4 billions), followed by the category personal care (US$ 8,0) electronics and computers (US$ 3,6) and cleaners (US$ 1,0). Disaggregating the figures to national levels reveals that the top 10 advertisers in most countries in Asia, Latin America and the Middle East (it is for these regions that figures exist) are composed of different combinations of a sample of these 50 'global giants' (Procter & Gamble Co. and/or Unilever are on almost all top 10 lists) together with a number of domestic companies. There are very few countries where there are no global giants at all. And where do the global giants spend their advertising money? As said earlier, the US is the world's largest advertising market, where almost $27 billion was spent in 1995. According to the *Advertising Age,* in 1995 Europe was the second largest market with nearly US$ 16 billions followed by Asia with US$ 9 billion, whereas Latin America ($2 billion) and the Middle East (184 millions) were lagging behind. These, however, are figures for 1995. According to Samuel Craig and Susan Douglas, both professors of marketing at Stern School of Business, NYU, the most recent development (over the last two years) in this area is the enormous growth of advertising expenditure flooding into Latin America, and particularly Brazil.[39]

[39] Meeting with Susan Douglas and Sam Craig September 1997

4.2 Homogenisation/Westernization of advertising?

In light of what has been said above about the spread of a number of Western ad agencies as well as on increasing standardisation one may believe that advertising on a global scale is increasingly influenced by Western values. Unfortunately, there is not very much written on this subject and what there is, is confined to Asian countries. Cutler et al analyses to what extent Western culture is visible in advertising in four Asian countries; Hong Kong, Japan, South Korea and Taiwan. By looking for the use of Western words (mostly English), models of foreign origin, celebrities and people portrayed in a sensuous manner in printed advertising, the authors draw the conclusion that the West already (not very long after the Asian economies were liberalised) substantially penetrated advertising in these countries[40]. There are variations between the countries though. Among the four, irrespective of variable investigated, Hong Kong's advertising is the one which is most influenced by Western culture and advertising, e.g. 97% of the printed ads in Hong Kong contain Western words, followed by Taiwan (83% Western words), then Japan (75%) and finally South Korea (55%). It is clear that Western words used in foreign brand names is a means to add prestige to products. For the use of foreign models they find that the majority of ads contain Asian models only, but that there has been an increase over the last years. Moreover, in all countries when models are presented in a sensuous way, Western female models are used to a much higher extent than Asian models. The authors argue that given the inevitable spread of consumer society to all developing countries through globalisation, marketers should be much more sensitive to local cultures than what they are today. Particularly troubling is the presented picture of Western women as sexier than their Asian counterparts, something that has resulted in Asian women's magazines carrying ads for breast enlargement and eyelid surgery (to make the eyes more oval). Thus, to minimize developing countries' charges of imperialism a recommendation to global marketers is to exercise more caution and ensure that adverting is developed within the norms of the host culture.[41]

Kim, studying advertising in Korea, also reaches the conclusion that Korean advertising has been highly influenced by Westernization. Since the markets were opened up, foreign models, the use of English words and celebrities have greatly intensified in all types of ads. The category where foreign language is used the most is in fashion ads but today even ads aimed at children contain foreign language. The break point seemed to occur when Korean companies started to adopt foreign brand names. This triggered the usage of Western forms of advertising, where foreign words are used in headlines, sublines and copy. The author argues that one is now witnessing a reproduction of Western consumer ideology in advertisements and states that this change in general and the increased use of Western models in particular, may erode traditional Korean cultural values.[42]

Another author, Chausan, notes a similar development in Indian advertising: the incidence of the use of female models (but not necessarily Western models) as well as the usage of children have increased largely over the last decade. This is in his eyes an impact of Westernization. Nowadays, women and children are used in all kind of ads for all kinds of products. He argues that women in Indian advertising are misused and are looked upon as sexobjects, which is particularly troublesome in the Indian context where the majority of women are far from liberalised.[43]

4.3 Advertising, globalisation, and media

[40] the survey was conducted for four different groups of goods: consumer durables, non-durables, consumer services and business products. However, the result is that the effects are very uch the same for all vcategories.

[41] Cutler (1995)

[42] Kim (1996)

[43] Chaushan (1995)

Two major forces have formed and changed the situation of the media in the majority of countries over the last decade: globalisation and advertising. While advertising for a long time was part of most media in a few regions (North America, Latin America and Australia), the 1980s and 1990s have been years when the rest of the world, although with large national variations, have moved in the same direction. The trend has been regulatory liberalisation, privatization and commercialisation. It is particularly the situation of TV which has been transformed. To a large extent it has not been conscious policy decisions which have decided upon the development of broadcasting reforms in different countries, but instead governments have been forced to respond in an ad hoc manner to technological advances and innovations. Moreover, as media has become more and more dependent on advertising support, the result has been a segmented and targeted media format which increasingly divides instead of unites societies.

The other driving force, globalisation (manifested through technological innovations) has had, if possible, even larger implications on a global scale. The flow of information, operationalised through cable and satellite TV channels, movies, and Internet, is spreading at a quicker pace than ever before. Currently, globalisation, advertising and media seem to constitute an indivisible trinity, constantly affecting and shaping one another.

On the topic of globalisation, the authors of "Media in Global Context"point to how the means of communication have been altered by technological improvements. For a very long time, communication has taken place as a one-way flow from a couple of national media institutions (private or public), thus serving as a vertical integration of societies. It is evident that in some countries where ethnic, social or political clashes exist, this sort of communication has been an attempt to unify nation-states. Globalisation, on the other hand, has led to the development of transnational horizontal integration of media structures and processes. Increasingly, marketing, political and cultural agencies address people across borders where lifestyles, class and cultural attributes are determining factors, not national identities. This is made possible not only by new technology but also through political, economic and legal changes in the means of communication.

The authors desire a nuansed analysis of the processes taking place in the media around the world. Instead of agreeing with either of two views; either a media imperialist criticism or a whole hearted embracement of the globalisation process, they want to conceptualise the relationships connecting the local and the global. Although there have been huge power transfers in the direction of large transnational US and European based media companies, they state that national governments still hold considerable power due to their involvement in international and regional regulations of communication. However, the trend is undoubtedly a larger role being played by the private sector in the communication industry. Media ownership and control have narrowed in scope and resulted in powerful transnational media corporations, corporations which increasingly are trying to escape national boundaries. Over the period 1990-91 there were 81 mergers and acquisitions in the media industry in Europe alone. Time Warner Inc., now 340,000 employees in the US, Australia, Asia, and Latin America, was formed in 1989 with the aspiration of being the world's largest media conglomerate. "*From this it is possible to conclude that the structure of the media ownership and control is increasingly becoming transnational-although not global, since almost all of the action (mergers and takovers) was within the three areas (Europe, North America and Japan) just mentioned.*" [44]

Despite this, the different authors can be said to fall under the creolization category when analysing media around the world. Instead of a one way flow from the few to the many they argue, the liberalisation of

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[44] Sreberny-Mohammadi (1997)

media has resulted in expanded distribution channels for movies and programmes where the local and the regional seem to be as important as the global.[45]

This corresponds very neatly with the message of Sinclair, Jacka and Canninghan's "Global Television-Peripheral Vision". Although American movies and programs have for a long time been exported to most countries of the world, they state that in many cases US genres have been adapted to local cultures and in that way produced new dynamic processes of cultural syncretism. Moreover, there has been a consolidation of the trend of geolinguistic TV regions, where each region is dominated by one or two audiovisual production centers. In the Anglosaxophone world this center is the US, in Latin America the two centers are Mexico and Brazil, for the Chinese speaking populations of Asia it is Hong Kong and Taiwan, for the Arab world it is Egypt and finally India for the Indian populations of Africa and Asia. Hence, these regions are not based primarily on geographical but rather on a geolinguistic terms. The characteristic for global television is hence not passive homogenisation conforming American productions but rather a vibrant and constantly changing heterogenisation. However, the spread of American made movies and TV to all corners of the world continue, mainly due to a number of comparative advantages.[46]

According to Ray & Jacka the Indian TV scene changed considerably in response to the introduction of satellite channels in the beginning of the 1990s. As they see it, it is not because vast numbers of Indians watch the satellite and cable channels, but rather that the competition from these international channels presenting new types of programmes pushed the domestic channels to change. Traditional TV series now venture into areas of personal relationships, something that earlier was considered taboo, and the availability of different genres of programmes in the public broadcasting network, Doordarsh, has increased. The catalyst for these changes undoubtedly was the increased numbers of households acquiring unauthorized cable networks in the beginning of this decade. The authors reject the widespread belief that STAR TV is taking over Asian TV markets. STAR TV is a pan-Asian satellite service run from Hong Kong which started to broadcast in 1991 and is now part of Robert Murdoch's media imperium. As the authors put it, the major obstacle for STAR TV is that it only broadcasts in English and therefore does not attract as many viewers as does Zee TV (principally Hindi), the most popular satellite channel. A trait of the Indian TV landscape is increased regionalisation. Many private networks have started to broadcast in India during this decade and many of them have noted the vast opportunity for advertising revenue that regional programming offer. Regional programs are produced so that advertisers' support is assured; what has happened is that advertisers involvement in programs has increased over the last years.[47]

Man Chan has a different picture of STAR TV than the one just described. To a large extent he emphasizes the huge potential market for the channel; its footprints today cover 38 countries ranging from Indonesia to Siberia and from Egypt to Japan. All in all, the potential viewership is thus 2.7 billion, almost half of the world's population. STAR TV began broadcasting to India in 1992. STAR has two beams, a southern beam which targets India (where its audience is the largest) and the middle East, and a northern beam which targets China. In late 1993, 40 million households were able to receive its signals. STAR TV broadcasts five channels, of which four are almost exclusively sending Western programs bought at international media markets. The fifth channel broadcasts in Mandarin. Studying governments responses to the network, Chan argues that these can be largely grouped into four major types. *Virtual suppression* has been practiced by Singapore and Malaysia. Here, satellite channels have been banned for ideological, cultural and political reasons, and STAR TV has only reached a limited few. *Regulated openness* refers to a policy where the government has opened up for the entry of satellite channels but still keeps control over the signal's distribution. According to the author, this is the ideal type for the Asian countries and can be said to refer to the policies of Hong Kong and the Philippines (and to some extent Thailand, South Korea,

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[45] ibid
[46] Sinclair, Jacka & Cunningham (1996)
[47] Ray & Jacka (1996)

Israel, Indonesia and Japan). Taiwan and India, the biggest markets for STAR, have responded with "*illegal openness*", meaning that the governments have taken few measures in stopping cable redistribution (even though prohibited by law). *Suppressive openness* sounds like a contradiction but represents the policies of China. China has been practicing a policy aimed at hindering the intrusion of foreign cultures, politics and ideologies, but the government has had few real measures to do this. In effect, STAR TV reached over 30 million Chinese households in late 1993.[48]

As censorship rules vary greatly among the Asian countries, this reduces STAR TV's possibility to standardise its broadcasts. When wishing to stick with one broadcast this narrows the choice of programs to send. However, this is something that the author believes will change in the long run. He argues that cultural homogenisation, especially among the Asian middle class, will decrease cultural gaps and in that way pose less of a problem for mega networks like STAR TV.

So to what extent is advertising present in media today? Jacobsen & Mazur remark that American TV has become a primary marketing tool, heavily dependent on ad revenues. These authors note how media, and in this case TV, is produced in order to fit the wishes of advertisers, hence a blurring of the distinctions between marketing and programming. ABC altered the outline of Good Morning America to have 'theme weeks' so that it better suited the sponsors, and single-sponsor programs are on the increase. What is particularly worrisome is that broadcasters are dependent upon advertising revenue to such a high extent that they avoid certain issues which they know might keep advertisers away. When this goes as far as affecting News programs one may question whether free speech is being practiced in the US. In 1991 it was evident that many news programs chose not to report about the issue of abortion as this scared advertisers away.[49]

Sinclair analyses the role and impact of the two largest media conglomerates in Latin America; Televisa which is based in Mexico, and Globo, the huge Brazilian media producer. Both companies attract the majority of the TV viewers (Televisa has a 98% audience share during prime time, Globo 76%) as well as the majority of the advertising spending in respective country. TV in both of these countries is and has always been tremendously commercialised. In Brazil, TV ads are regulatory allowed for fifteen minutes per hour but besides this product placement and merchandising, for which no regulations exist, are present to a very high degree and even decide the content of many TV programs. Televisa, having nearly a monopoly position, has diversified its channels targeting different demographic groups. This is of course beneficial not only to Televisa but maybe even more to marketers who in their segmentation strategies are interested in exactly those pre-segmented audiences. The most broad based channel aims at attracting (trans)national advertisers, while another has a rather small but up-scale audience and as such has a special appeal to MNCs and their luxury products while yet a third is more locally based and aspires for local advertisers. [50]

When it comes to advertising the situation of Indian TV is rather similar. Sengupta & Pashupati claim that the increase in broadcasting options over the last five to six years have resulted in a stronger bargaining power for some larger advertisers. Outstanding are the media-buying practices of the Unilever companies in India. Unilever has consolidated its position in the Indian packaged goods market over the last two decades through a number of corporate acquisitions and today it is composed of four major companies: Hindustan Lever, Brooke Band-Lipton India, Pond's and TOMCO. Unilever is the top marketer in India. The company in 1995 spent US$45 millions, more than times as much as the second biggest advertiser BPL (US$14 million). The authors argue that this gigantic market position has led to Unilever sponsoring nearly all programs in every TV channel in the country. Pivotal in this success has been the company's ability to provide substantial cash advances in the financing of TV programs. This monopoly-like situation has

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[48] Man Chan (1994)

[49] Jacobson (1995)

[50] Sinclair(1996)

irritated other companies which also want to 'get a piece of the cake'. To be able to brake into the market 7 ad agencies (with clients like Colgate-Palmolive and other major brand companies) have formed their own media-buying club named Stratgem Media in order to get the sponsorship of at least some programs. The authors state that unfortunately the practice of larger companies' involvement in broadcasting where the advertisers have a large say in the actual content of TV programmes is on the rise in India.[51]

Product placement, tie-ins and merchandising in American movies is the subject of "Hollywood meets Madison Avenue: The commercialization of US films". Wasko states that over the years Hollywood movies have deliberately become more and more commercialised reaching a point where one now is witnessing product placements and other marketing strategies influencing the film stories. Product placement constitute its own industry; there are about 15-30 companies whose only business is to look for placement in movies for clients' products. Moreover, several TNCs have their own in-house divisons securing appearances of their products. *"The Pepsi Cola Entertainment Marketing Group (Pepsi's in-house placement division) reported placing the Pepsi trademark in approximately 70 features films in 1989, while another private firm, Entertainment Marketing Group, placed products in 150 movies the same year. Another firm, Associated Film Promotions, claims to have placed clients in more than 175 features. It has been estimated that current movies contain 30-40 minutes of screen time given over to product plugs. This translates to approximately one-third of a typical movie containing product advertisements."*[52]

As the author states, there is no question that product placement is effective. Wasko takes the example of E.T.:The Extra Terrestrial, where the sales of Herhsey's Reeses Pieces increased by 85% after the character ET had been eating the chocolate.[53] Tom Cruise wore Ray Ban's Wayfarer sunglasses in 1983's *Risky Business*. The month after the film was released, Ray Ban sold 18,000 pairs of that type, more than the total sales during the previous three years. Of course, the beneficiaries from these arrangements are both the companies who market their products and the movies makers, for whom product placement means added revenues. A common defense for product placement heard among directors and marketers is that these arrangement make movies more naturalistic, more realistic. They would never admit that product placement has an effect on movie content, but there are several publicly known cases of this. The dialogue of a breakfast scene in Rocky III was rewritten so that it better suited the brand, Wheaties, which was supposed to be placed in it. A box of Wheaties was placed in the foreground whereupon Rocky tells his son to "eat the breakfast of champions if he wants to grow up big and strong". The relationship between film industry and product marketers is something that both parties believe is going to continue.[54]

Other statistics from the product placement industry[55]:

- The final price for outfitting the baby in *Baby Boom* was $100,000. Huggie won the bidding.
- Philip Morris paid $350,000 to get James Bond to smoke Lark Cigarettes in *License to Kill*. This move received such harsh criticism that the tobacco industry later renounced product placement.
- *Home Alone* contained 42 mentions of 31 brand name products.
- *Bull Durham* contained fifty references to brand names making an average of one every second minute

Tie-ins and merchandising have increased extensively over the years too. A tie-in refers to all promotional activities that are associated with a film, hence a dual marketing of a movie and fast-food/toys etc. It is

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[51] Sengupta & Pashupati (1996)
[52] Wasko (1994)
[53] ibid
[54] Jacobsen(1995)
[55] Ibid

particularly children's movies that have experienced a growth of these tie-ins; now it seems to be almost unthinkable for movie marketers to take the risk of *not* arranging for tie-ins. Many times, however, it is not clear who is promoting what. Is it fast food restaurants and toy companies which are promoting a movie or is it the movie which is pushing the sales of hamburgers, soft drinks or toys? The topic of marketing towards children and the way it is engined by the media will be discussed in the next section.

Turow critically analyses the changing media situation in the US. He claims that the intensified collaboration between advertisers and media in the US divides and creates splits between different groups in society thus ultimately breaking down social cohesion. The shift started to take place greatly because marketing and media researchers in the 1980s presented a new picture of America where people/consumers were said to identify more and more with their own groups. The author notes how marketing and media practitioners to get an understanding of society look at certain areas (e.g. government, academic and private reports on the economy, the family) while neglecting others (e.g. religion, fine arts and literature). What happened in America at this time was that ad people emphasized the victory of Reagan, the growing gaps between rich and poor and the large increase of the Latino, Afro-American and Asian-American communities. Governmental reports about growing income disparities together with these notions about society led to consumer profiles presenting a fractionised America. It was argued that people now felt closer to other people sharing similar backgrounds, working in similar environments and/or having the same life styles. This at the expense of feeling united with all Americans in the street. As a result, media has transformed into a new format. Magazines, TV channels and internet sites are now targeting interest groups in the same way as advertisers do, i.e. through segmentation. People are divided and looked upon as being professional women, up scale Afro Americans, gays, elderly with interests in insurance etc., etc. The media format is now a situation where programmes, magazines etc. are produced to suit the special segments that they are targeting. News, for example will be presented in different ways to different people; all based on how the creators believe that the audience is best targeted. Turow states that the outcome is a situation where different groups in society do not understand each other; teenagers, Asian-Americans, elderly, conservative white Americans etc. watch different TV channels and different news programs, read different journals and therefore get different perceptions of the world.

As he sees it, in all societies there is a balance between society-making and segment-making media. A society-making media refers to media which is targeted towards all groups in a society and has the potential of getting different groups to interact. Segment-making media on the other hand, describes the situation where the media targets groups based on certain characteristics. Turow claims the ideal to be a situation where segment media strengthens the identification of interest groups but at the same time society-making media should support groups to move out from those particular groups, to talk with others. The trend in the US and several other industrial countries has doubtedlessly been in favour of the segment-making media, due mostly to the shift in marketing that has gone from mass marketing to targeting segments.[56]

5. EFFECTS OF ADVERTISING

In this section I will try to give an overview of the literature dealing with the extent to which advertising actually influences consumption patterns and local cultures. It has proven difficult to divide the literature under separate headings although I have here attempted to categorise the discussion. You will discover that much of the literature does not fit neatly into this structure and could probably equally well have been presented under another heading.

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[56] Turow (1997)

The debate on the subject of advertisings' impact on consumption patterns is highly polarised. Marketers will always argue that although advertising can influence consumer's decisions, it will never get consumers to do something they are unwilling to do. Consumers are in their view neither vulnerable nor weak, but act and form decisions based upon existing information. Moreover, people within this field refer to various studies showing that advertising can be successful in affecting the decisions of consumers who already are in a particular product market, but that advertising is quite inefficient in building a primary demand. The other side of the debate is primarily represented by sociologists and anthropologists who claim that advertising *does* change consumer preferences and hence ultimately also shape needs. Consumer sovereignty is for them only part of neo-classical economic theory. I will here look at both sides, although one should be aware of the fact that literature critising advertising is much more numerous than the other side.

As said earlier, it seems to be a very tricky question to measure the real effects of advertising. Nobody can be certain since there are so many intervening variables and all of those work in interlinked relationships. However, the fact that billions and billions of dollars are spent on advertising each year speaks for itself - advertising and marketing must be able to shape and in that way change both consumer's wants and needs.

- Cigarettes

Much criticism of advertising is directed towards the promotion of so-called 'bads': alcohol and cigarettes. Among those critics are Jacobson and Mazur. In Marketing Madness-A Survival Guide for a Consumer Society they comment adversely on the influence of advertising in a number of fields: alcohol, tobacco and advertisements targeting children. Their message is that commercialism is turning citizens into consumers. Consumption has become such an important aspect of our lives that people sacrifice values such as health, safety and justice in order to keep up with the "Joneses". On the subject of cigarette ads, the authors deny the industry's defense of advertising- that ads only intend to persuade smokers to switch brands, not to attract new smokers- as the American industry only contains six major manufacturers, of which two (Philip Morris and RJR Nabisco) control 75% of the market. The authors are very critical towards the tobacco industry's special targeting of more vulnerable groups; teenagers, women and minorities. However, it is for these groups that the tobacco industry sees an opportunity for market expansion. Cigarette marketers try to appeal to teenagers in a youthful way and present smoking as an initiation to adulthood. The authors take the example of Camel Cigarettes which RJR Reynolds in 1988 decided to give a more youthful appeal to. The trademark Old Joe was redrawn as a cartoon having a very masculine style; Sean Connery's face and Don Johnson's hair. RJR Reynolds deny that the intention was to capture teenagers, but the evidence suggests otherwise. RJR managed to make a large cut into the youth market, which earlier was totally dominated by Philip Morris' Marlboro brand. The authors write that before 'Old Joe' was marketed in the new way, less than 1% of smokers below the age of 18 smoked Camels whereas after the new ad campaign was released 33% in this group preferred[57] Camels. Before this campaign adolescent smoking had been falling for a number of years, but in the years 1988-1990 smoking for this age group climbed approximately 0.7 % per year.[58]

Particularly paradoxical is the fact that a major marketing technique for the tobacco industry to target teenagers is through sponsorship of sports events. Tobacco companies spend over $108 million/year on promotion and advertising in connection to sport events, where everything from horse racing (i.e. Marlboro Cup) to autoracing (i.e. Winston Cup Series) is sponsored. This type of sponsorship is an easy way for

[57] My own comment: here one must question whether the numbers they are presenting actually measure the same thing: the first refers to actual *smoking* whereas the second refers to brand *preferences*.
[58] Jacobsen (1995)

tobacco companies to circumvent bans on tobacco advertising on broadcast. By strategically clustering the logo of the cigarette brand where cameras pass, the companies secure effective marketing for their brands.[59]

In analysing Marlboro's marketing techniques in Europe, Rijkens points to the importance of the 'Marlboro Man' for the success of the brand. The Marlboro Man was created 35 years ago and has since then been used in advertising all over the world. Thus, the company (or rather its ad agency, Leo Burnett) from the start had the idea that if the image (here the masculine man portrayed as a cowboy) of a particular brand is strong enough, it can be used with advantage in nearly all markets. In this respect, Philip Morris was one of the inventors of global marketing: standardising a message but still adapting certain parts of the marketing strategy to particular local settings. The original advertising idea, which still to a large extent is used, is that the cowboy represents a life style, an image with masculinity with which men will wish to identify. The Marlboro Man's sexual appeal to women is also something that the marketers want men to identify with the product. On the subject of sponsorship Rijkens states that for Philip Morris this is an important part of marketing and therefore they have long been involved in supporting Formula 1. *"The Formula 1 drivers were seen to be the best modern equivalent of cowboys in the popular mind; rugged, virile, honest, adventurous, hardworking people-who like a full-flavored smoke!"* Formula 1 is only one of many sport events that the company supports. The idea of the company is to be perceived either as supporting number one performers/athletes or of supporting local events. In the latter case the company's wish is to be seen as taking a responsibility for local community and cohesion. In order to down tune accusations of smoking causing illnesses, Phillip Morris has published a statement entitled "Consumer Issues" where it is claimed that the connection between smoking and lungcancer for example 'is primarily statistical'. Moreover, it is here said that Phillip Morris has put US$130 million to fund independent research on smoking and health.[60]

Commenting on the tobacco industry's support of local communities, Barnet notes that Philip Morris in a recent year gave over $2.4 million to 180 black, Hispanic, and women's groups and it is the number one advertiser in the Hispanic press. About 90 percent of all cigarette and alcohol billboard advertising in the US is located in Afro-American and Latino communities.[61]

Since markets for cigarettes in Western countries are decreasing, to keep up its sales figures the tobacco industry is pressured to find new markets. In a very convincing article in *Law & Policy in Business* Gruner examines the American tobacco industry's marketing techniques and their detrimental effects in third world countries. Critical points are:

- While per capita cigarette consumption in developed countries has fallen by 10% since 1971, in developing counties it has increased by 67% over the same time period[62]
- 5 major companies dominate the international cigarette export market; British American Tobacco (a British and American fusion (venture); Philip Morris Inc. (US company); RJ Reynolds Tobacco Co. (US company); American Brand (a US company) and Rothmans (British and South American joint venture)
- The world's largest cigarette market is China. Here the state monopoly makes about 1.5 trillion cigarettes a year (about three times as many as Philip Morris produces worldwide)

The author's main thesis is that the US tobacco industry and the US government have contributed to extensive increases in lung cancer deaths in developing countries, a statement she supports by pointing to a

[59] Barnet(1994)
[60] Rijkens (1991)
[61] Barnet (1994)
[62] WHO Report (1995)

number of facts. First, the US tobacco manufacturers are targeting and penetrating a couple of well chosen markets: the Asia-Pacific region (especially China), Eastern Europe and Russia. And this has worked. While domestic cigarette sales have been stable over the last ten years, Philip Morris' and RJ Reynold's international sales over that period have increased fourfolded. The trend, although not as large, is the same for other US tobacco manufacturers. Second, a demand for cigarettes is created by using sophisticated marketing and advertising techniques. The marketers are aware of consumer's attraction to Western affluence and lifestyles and play on the feeling of success when promoting tobacco products. In countries where the import of cigarettes is restricted by law or where cigarette ads are prohibited, promotion of US brands have been successful anyhow. Not only do US manufacturers sponsor sports events, rock concerts (e.g. RJ Reynolds sponsored a teen idol concert in Taiwan; the entry admission was five empty Winston packets), and give away free samples of cigarettes at bars and discos, but it has also been proved that US firms have been promoting the sale of cigarette contrabands in order to stimulate local demand for their brands. This ultimately aims at reducing tariff revenues for local governments and hence provide an incentive for them to open up their markets. Third, without going into depth, the author points to extensive collaboration betweeen the US tobacco industry and the government for promoting export of cigarettes to less developed countries. The US government has helped the industry in a number of ways; it has threatened trade sanctions if markets were not opened for US tobacco products: there has been strong lobbying by individual Congress members (not to talk of Congress Committee staff members); and finally the government has excluded cigarettes from the list of products on control on the export of potentially harmful products. As all writers on this subject, Gruner is particularly concerned about the American tobacco manufacturers targeting of children and women.[63]

- Alcohol

In the US, the alcohol industry spends $1.1 billion on marketing each year (total industry volume is $95 billion). Jacobsen states that one should not blame advertising in itself for the huge problem that drinking is causing in this country but maintains that alcohol manufacturers' special targeting of youth, minorities and women should be under much greater public scrutiny than is the case today. As drinking for many teenagers is seen as an entrance to adulthood, advertising has the possibility to largely affect not only the choice of brand, but also the actual decision of drinking or not. Brewers reach young people through a number of media; music videos (product placement), ads at bill-boards at campuses and in college newspapers, and through sport sponsorships. According to the magazine *Sports Inc.* brewers are the "single-largest contributors" to the sports economy. Brewers are by far the dominant advertisers during televised sports coverage. Even more troublesome is the alcohol industry's attempt to foster into children a positive attitude for particular brands. In the end of the 1980s MacKenzie developed a mascot, a cute bull terrier named Spuds, as part of the marketing idea for Bud Light. Mac Kenzie knew that if those young consumers already were familiar with the brand, this would help their sales. In the summer of 1990 when the Ninja Turtle fever rushed all over elementary schools and day-care centers, Spuds was seen on numerous TV ads together with the Ninjas. One study found that 82% of children in fifth and sixth grade could identify Spuds and link the dog with Bud Light. Marketers understand that Bud Light appeals to youngsters because it is 'milder' than ordinary beer and therefore more similar to the drinks they already are accustomed with.[64]

[63] Gruner presents some statistics for individual countries. After Taiwan opened its markets for cigarette import, smoking rates among high school students increased from 19,5% in 1985 to 32,2% in 1987. In Japan, the smoking rates for minors were falling slightly until 1986 when foreign manufacturers entered the market. Since 1986 cigarette consumption by minors has increased by 16%. For Thailand the figures for young males (15-19 years old) smoking habits show an increase by 24% between 1988-1991.

[64] Jacobsen (1995)

The problems linked to alcohol are acute in many minority communities. Alcohol abuse is the leading health and safety problem in the African-American community[65] and it is equally harmful in the Native-American community. Native Americans die from alcohol related diseases at the rate four times that of Americans as a whole. Against these facts one must question if it is right for alcohol manufacturers to target minority groups, for which there is constant evidence that they widely do.[66]

Despite all the critiques of alcohol advertising, one should be aware that there are extensive studies showing that its effect is limited. The econometric studies cited (Fisher 1993), Fisher (1995), Kohn and Ogborne (1984), Selvanathan (1989) reach the same conclusion; independently of how one measures alcohol consumption, the relationship between advertising and consumption is either non-existent or at the most 'very weak'. *Advertising, Alcohol Consumption and Abuse* examines scientific literature, mostly econometric studies, on advertising and alcohol consumption worldwide whereas *Advertising, Alcohol Consumption; an empirical investigation* makes a statistical study on the relationship between advertising and alcohol consumption in the US 1950-1990. Both of them can be summarised as follows:
The findings demonstrate quite clearly that there is no statistically significant relationship between advertising and any form of consumption including category consumption, total alcohol consumption, or category share of total consumption. Furthermore, this finding is confirmed for every definition of advertising used and time period studied. There is also no evidence to indicate that advertising temporally precedes consumption; quite the opposite, in two of three cases past consumption appears to help determine current advertising levels. On the strength of these findings we accept the null hypothesis and conclude- advertising has no effect on total consumption of alcohol of rates of mortality from alcohol-related diseases.[67]

Hence, what this authors is stating is not only that total consumption is unaffected, but also that relative changes in advertising expenditure for beer, wine and liquor do not change consumption levels for these product categories. Despite this, the studies mentioned show that a low-level relationship between advertising and consumption *does* exist. Although, not statistically significant, they admit that there are too many studies pointing to this weak relationship that it can not be attributed merely to chance. Between 1-4% (different for different studies) of the variance in total consumption may be explained by advertising. Fisher (1993) looks at certain risk groups; youth, women, minorities; alcoholics, and state that the only group for which he sees evidence of advertising affecting drinking habits is among heavy drinkers (this despite marketers special targeting of minorities for example). He believes it is a reciprocal causation; alcoholics tend to be more attentive to alcohol advertising but it also appears to reinforce their behavior. All in all, price has been shown to have a considerably larger impact on alcohol consumption than advertising. Consumption is forecast to rise 1% with a 10% increase in advertising whereas a 10% reduction in price is estimated to lead to a rise in consumption between 5.6% -17.7% dependent on category (beer, wine or liquor). If the price on all three categories fall by 10% simultaneously, total consumption is expected to increase by 12.3%. The recommendation for policy-makers who want to reduce society's burden due to alcohol consumption is hence not to ban advertisement for alcohol but rather to use market incentives.[68]

- Children

Earlier in the paper it was stated that children constitute one of the global segments that marketers are trying to exploit. There are a number of reasons why children are attractive for marketers. First of all

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[65] National Institute on Alcohol Abuse and Alcoholism
[66] Jacobsen (1995)
[67] Fisher (1995)
[68] Fisher (1993)

children today hold considerable purchasing power. Second, many marketers have noted the influence children have on parent's purchasing decisions. Third, children are attractive since they have many years of spending in front of them and marketers do understand the importance of creating brand loyalties at an early age. In 1992 in the US it was estimated that children between the age of four and twelve spent $9 billion and teenagers (twelve to nineteen) made purchases for the total value of $93 billion.
Advertising is primarily passed on to young consumers through TV. This is an excellent medium, especially when it comes to catching the youngest kids' attention since it is full of bright colours, quick moving figures etc. As an American child in the age group two to five spends nearly four hours per day watching TV (six- to eleven years spends three and a half hours in front of the box) this medium surely is the most efficient one. By graduation a child has spent more time in front of the TV than in school; it is estimated that the average American child upon graduation has spent 20,000 hours watching TV; 11,000 in the classroom.[69]

Is there something wrong with advertising to this group? Most people would probably answer yes to this question, especially parents. Some countries (Belgium, Denmark, Norway, Sweden, and the province of Quebec) in an effort to limit the potential damage of advertising have banned all TV commercials to children. Kline & Stephen look at how children's plays and games have been altered in the new consumer society, primarily due to the intensification of marketing toys. They argue that a child's socialisation no longer lies in the firm hands of parents and school but also very much in the invisible hand of the market. As they see it children's culture in the US started to change in the 1980s when the toys- and film industry started to collaborate as they understood their dual benefits from this type of arrangement. Moreover, this change was spurred by the deregulation of the TV policy on children's commercials. Until 1984 federal guidelines restricted TV ads targeting children, but with the rise of business culture during the 1980s and Reaganomic policies this ban was lifted. There is firm evidence that toy-marketing makes children want more toys, particularly those being promoted on TV. The authors own research shows that it is particularly younger boys who are influenced by advertising.[70] McNeal in a review over the effects of marketing on children draws the conclusion ; *It certainly appears that television advertising is a major contributor to children's attitudes towards brands of products and towards product categories. These are the exact results that marketers want and expect.*[71] According to Kline one should not criticize the intensification of marketing of toys too harsh, since it also teaches children about values and attitudes in our contemporary society . As he sees it, toy marketing is children's introduction to the attitudes and social relations of consumerism, and kids are simply being socialised into this world. If there is something wrong with this, one should question our consumer culture, not blame the toy manufacturers and marketers.

Outstanding in this field is the increase in the sales of licensed toys, which in the US went from a market share of 20 percent in 1977 to almost 70 percent in 1987. A licensed product implies that a licenser has the formal right to a character, image or logo. The licenser is then entitled to rent out those rights to manufacturers who produce and sell the products. As said earlier, it was in the last decade that toy manufacturers and the film industry came to realise the potential that co-operation and subsidising each other's industry meant. Instead of merely producing children's movies, the film industry now commonly ensures the support of toy manufacturers before actually producing the movie. As an example, Kline notes that the US$14 million development cost of He-Man and the Masters of Universe (one of the first of this kind of syndications) was split between Maltel (a toy-company), Filmation (the producer) and a licensing agency. One of the licensing industry's greatest success is the Teenage Mutant Ninja Turtles. 200 Ninja-related products; toys; school kits; hamburgers; shoes, were created, where sales reached a value of $1.87

[69] Jacobsen (1995)
[70] Kline(1993)
[71] McNeal (1987)

billion in 1990. The second major triumph was Jurassic Park which with its 5,000 different licensed products spinning on the theme of dinosaurs sold for approximately $1 billion.[72]

Apart from toy advertising, children are particularly targeted by advertising for food and brand products. In the US, Saturday mornings are the prime time for children's TV. In a study conducted by Center For Science in the Public Interest found that of the food ads displayed during this time 9/10 were for unhealthy food such as candy bars, sugar cereals, salty chips etc. Jacobsen & Mazur remark on the importance of brand names for the littlest consumers in the US. They refer to a marketing researcher who states that there is a tremendous difference between kids raised before and after the 1980s in that children of today are so much more conscious about brand names. "Children are now aware of brands and status items even before they can read." [73]

- Global marketing by TNCs to less developed countries

Another type of critique of global marketing and advertising deals with its detrimental effects in developing countries. The critique come in two forms, it is stated that : i) global marketing creates distorted demands in less developed countries for products there are of little value and ii) consumer in developing countries are paying for over-priced products due to high research and development costs. These costs are in reality only there to satisfy the development of products for consumers in the industrial world as it is they who require more choices and constant changes of products.

James is amongst the scholars who are preoccupied with the first mentioned subject; the negative effects of advertising in poorer countries. He points to the easiness with which TNCs have penetrated markets in less-developed countries and argues that advertising is a major cause of their success. As he sees it, one must be aware that TNCs advertising in third world countries can not be understood in the same framework as in the West. First, there are considerably less regulations on advertising in most LDCs leading to advertisements that on the one hand overact the good qualities of products and on the other understate their negative characteristics. Second, as many studies have demonstrated that young, less educated, low income consumers are more easily duped than those with more of these assets. Extending this to poor countries tells us that advertising here has a major possibility to mislead consumers. Third, the sizes and ownership structures of businesses are very different in the LDCs from what they most often look like in the West. In many countries markets that traditionally were composed of several smaller, local producers have now seen the entrance of one or a few TNCs. These companies having backup from international funds easily spend large sums of money on advertising and marketing, something which the smaller, domestic companies have difficulty matching. The outcome has in many instances been a dominant market positions for TNCs, especially for those marketing branded goods. The author refers to a survey where 400 English and 400 Kenyan consumers were asked to identify pictures made as line drawings of four products; toothpaste, cigarettes, aspirin capsules and razor blades. The survey showed that 50% of the Kenyans described the four products in terms of brand names, in comparison to 2% of the English.[74]

On the second point mentioned earlier, James & Stewart analyses what benefits and/or costs the introduction of new products in less developed countries has had. Their tentative conclusions argue that products developed in industrial countries in many instances have been shown to have inegalitarian effects

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[72] Kline (1993)
[73] Jacobsen (1995)
[74] James & Lister (1993)

in poor countries. Seven of the eight products studied[75] had so-called high income characteristics, meaning that they were more expensive than the older traditional products, largely due to research and development costs in industrialised countries. In several of the cases examined, the authors note how the MNCs have devoted much larger sums to advertising than the older local companies have done resulting in over-evaluation and over-consumption of new products. The authors show that this was the case with the soap industries in Kenya, Bangladesh and Ghana as well as for the bicycling industry in Malaysia. This study however, is an analysis of the introduction of MNCs products in LCD's in the 1980s (not the 1990s).[76]

Despite critics of TNCs entry into LDCs there are also cases where the introduction of new products, and the advertising of these products, have not managed to crowd out older, locally produced goods. Miller has analysed the soft drink industry in Trinidad and states that although Coca Cola is the best selling soft drink in the country, it has not managed to take away the large consumption of local fruit juices. All in all, he points to Trinidadian local producers' and consumers' influence over the products actually being sold in the country. Local suppliers based on local expertise managed to get Coca Cola not to introduce Fanta to the Trinidadian market as they thought that the market was already saturated by their own local orange juice. Moreover, he states that in Trinidad soft drinks are the equivalent of sweets in other countries. Consumers want soft drinks to be extremely sweet. International executives of Pepsi and Cola have done repeated attempts to lower the sugar content in their drinks, but due to consumer complaints they have been forced to stay with the very high sugar content. Interestingly, consumers seem to refer to soft drinks not in terms of brand names but rather in two general categories; black sweet drinks (all Cola drinks) and red sweet drinks (the local fruit juices).[77]

- An emerging 'middle class'?

In marketing literature the phrase 'the emerging middle class' is quite often encountered, however always with reference to Asian countries. Marketers base their conclusions about this phenomenon not only on reports on national incomes but also on thorough consumer surveys. The middle class phenomenon seems to rest on two pillars; changes in income for large parts of the populations as well as on changing values and attitudes in general and towards consumption in particular. Asian consumers have shown to be demanding more and more of the same products that are consumed in the West, and this thus implies huge potential markets for MNCs. Advertising has undoubtedly contributed to the creation of a life style segment which is heavily oriented towards Western culture, especially among the young in Asian countries. The Economist in the 1992 comment on the Asian middle class phenomenon:

"If there is one thing that unites this diverse region it is the emergence of an affluent middle class. These new consumers are young, status-conscious and interested in image as well as product."[78]

The biggest potential market is of course China. Cheng notes how wealth and material gain has become accepted and even encouraged by the state in China since the 1970s. The author describes the Chinese consumers' material desires as constantly increasing. During the Cultural Revolution the 3 bigs in Chinese consumption aspirations were; a bicycle, a wrist watch and a manual sewing machine. In the early 1980s half of all Chinese households owned at least one of those goods. So the new big 3 became; a refrigerator, a washing machine and a black and white TV set. To this was later added three more items; a cassette recorder, an electric fan and a motor cycle, thus making it the big 6. Today there are 8 goods that Chinese

[75] The new products they examines are; redifened sugar, soap, sliced, wrapped bread, refined maize flour, breakfast cereals, cement blocks, plastic sandals and drugs.
[76] James & Stewart (1993)
[77] Miller (1997)
[78] Economist (1992)

consumers strongly aspire to own; the big 6 (but now the TV sets are colour sets) + a camera and a video recorder.

The author's conclusion is that consumers in China have learnt to want things. China is now eager to adopt the West's consumption materialism, which in a sense constitutes a second cultural revolution. At present consumers show a strong passion for Western brands, which largely is due to the rate of expansion of advertising for those products. The huge growth of the advertising industry (yearly averages of 40% between 1981 and 1992) has of course taken place within the socialist framework, but this has thus not managed to constrain it. However, as said earlier, changing income structures also play a pivotal role in this change. In China, the annual real GDP per capita growth rate has averaged 7% since 1978. This has more than doubled living standard for the average citizen. Yeng comments on the fact that China still has per capita income that is less than US$400, yet Chinese consumers have changed their consumption patterns from basic necessities to nonbasic food goods such as consumer durables. This contradicts the general belief that consumers move beyond buying staples first once an economy goes above US$1000 per capita income. In the case of China however, one must bear in mind that China is a socialist state with high subsidies in a number of fields, and particularly for urban workers. The average Chinese family spends less than 5% of household income on housing, health care, education and transportation- combined! A study made by the Economist in 1993 showed that the average purchasing power in China is almost 30% higher than published figures indicate, due to the large subsidies that are not taken into account. The author notes that a typical Chinese urban worker spends US$ 1 or 2 per month on housing and almost 8 times as much on cigarettes and liquor. In conclusion the author states that rising personal incomes and the shift from an agrarian based to a newly industrial country as well as the consumption desire that has resulted from these factors have created tremendous cultural changes in China.[79]

India is another example of a country where consumer attitudes have gone through large transformations over the last few years. According to Sengupta & Pashupati the commercialisation of Indian TV together with the fact that there has been a tremendous growth in households owning a TV set has created a consumer revolution in the country. The Western world with its many status products is seen on TV and has developed a desire among many Indians to imitate the lifestyles of people in more industrialised countries. The authors state that during the 1980s the Indian population increased by 19%, but that the increase in sales rates of certain consumer items proved to be immensely higher than this rate. Domestic electric usage, sales of personal goods, clothing, kitchen utensils and so called gadgets increased by 8-10 as much as the population growth. Over the period 1985-90 the sale of brand name clothing more than doubled, the sale of washing machines more than tripled between 1987 and 1990 and the number of cars sold more than doubled over the period 1984-91. This stands in sharp contrast to Indian consumers' traditional moderation that used to influence consumer values until the 1980s. Traditionally Indians have been quite conservative; items were purchased primarily from savings as being in debt was considered socially unacceptable. These attitudes too have changed. In 1993 a study estimated that 15% of the middle class (unfortunately there is no definition of middle class) homes had taken some sort of loan to buy consumer durables, twice as much as in 1990. The credit card market, where Citybank is the leader, has doubled in less than five years, and the banks anticipate huge growth in this sector in the next decades. The authors remark that it is still too early to say whether conspicuous consumption will undermine Indian consumers' traditionally high savings rates.

The changes of consumer attitudes which have been referred to above have mainly, but of course not exclusively, taken place in urban areas. Only 20% of India's 900 million population live in urban areas. In the rural areas the authors believe the largest changes are yet to come. Many households in the villages can

[79] Cheng (1996)

not yet be reached by TV broadcasts or do not own TV sets. Since this medium has been the major catalyst for changing consumer attitudes, the same alterations have not occurred in rural areas as in metropolitan India. The authors argue, however, that since it is only a question of time before TV penetrates most of India, it will be interesting to see what impact the heavily urban oriented messages will have in the villages. The authors point out however that rural consumption has experienced other alterations. As rural literacy rates have improved, consumers now identify brands better. Earlier, many villagers used to recognise brands primarily through physical characteristics, by colour or by recognition of the letters on the package. Several times guerrilla marketers exploited illiterates by launching brands that closely resembled the successful brand, but which were of much worse quality. This situation has thus improved. Moreover, earlier it used to be men who made the key purchases for the family. Due to improved literacy rates of women, women now to a higher extent have access to information about goods and services and participate in these more important purchases.[80]

Das & Rao analyse the forces which are changing the consumption patterns in rural India in this decade. Two major changes can be discerned. First, one trend is the increased buying of consumer durables as opposed to spending incremental money on the purchase of more land, or on gold, which earlier was the custom. The second trend is rural consumers buying urban-produced goods instead of locally made consumer goods. However, in their view, these changes are not brought about by marketing efforts as they see no special effort by marketers to target rural consumers. Instead the causes are to be found in the socio-economic changes that have occured over the last decade; a spurt in agrarian prosperity, perception of lower risk in agriculture, and changes in the conceptions of the ideal consumption basket. His conclusion is that rural India offers tremendous opportunities for businesses if they just learn to adapt marketing messages to the local settings.[81]

In Korea the most obvious sign of the rising middle class and the consumption behavior typical for this group is the booming phenomenon of "my car" (in Korean *mai k'a*), the tendency for more and more Koreans to own private vehicles. Kim notes how material values has come to signify social status in the new industrial and consumer society. Starting from the mid 1980s owning a private car has become an imperative for the middle class, although, as the author says, the Korean public transportation system is highly developed. Traditionally, owning a house was considered a status symbol but due to sky-rocketing prices of houses, the 'my car' has taken the same role. In a survey by Korea Gallup and Chosun Ilbo, 75% of the respondents state they see a car as one of the necessities in life. According to Kim the new growing middle class in Korea is mainly constituted of younger (under 40 years old) consumers who did not experience the war and the poverty that followed. In 1994, the imports of foreign cars increased by 358% over the previous year and luxury furniture increased by 80.8 %. Today young Korean families are becoming more and more similar to Western families, not only in purchasing power but also in life styles. An example is the celebration of birthdays. Earlier, children's birthdays were celebrated mainly by giving presents. Today Korean families often throw US inspired parties with hats, cakes and balloons. Moreover, Kim notes how these consumer changes are taken advantage of by trans-national marketers, as they are trying to cultivate a need for their products among the middle class. The new consumer behaviors receive criticism from many Koreans who argue that traditional values are threatened as they are being replaced with the values of consumption. Most of all it makes people without access to those goods feel relatively deprived.[82]

[80] Sengupta & Pashupati (1996)
[81] Dao & Rao (1994)
[82] Kim(1996)

Japan swims against the tide to a certain extent. Between the beginning of the 1960s and the mid 1980s, Japan's GNP per capita was constantly increasing. During those years Japanese consumers adopted an admiration for the American way of life and all the goods that it included. People were fascinated by brand names and willingly showed affluence by purchasing luxury products. Inoe states that when the bubble economy burst, this implied large changes in Japanese consumers life styles and consumption patterns. Consumers are now more conservative and selecting in their buying behaviors. Moreover, according to Inoe, Japanese consumers are now talking about mental and not material affluence. Consumer consciousness has increaed due to long term social trends; a population which is rapidly ageing, increased leisure time, social advantage of women, increased health consciousness etc. All this has led to Japanese consumers asking for quality products at lower prices.[83]

CONCLUDING REMARKS

This paper has elaborated on the practices of global marketing and advertising, mainly by TNCs. As you have noticed, the literature has been skewed towards the West and Asia. Unfortunately it proved very difficult to find sources writing about marketing and advertising in other parts of the world. However, there are some tentative conclusions.

First, the paper has shown the enormous power marketers possess to influence consumer's purchasing decisions. However, marketing in our time is not so much about getting consumers to buy one special product, but instead to get consumers to identify with certain life styles that are connected to products. Marketers have over the last years increasingly proven the ability to foster in consumers the need to aspire certain life styles. A special emphasis is placed by marketers on the young generation. Teenagers all over our world, by some named Generation X, are the primary targets for global marketers as this generation's ideas, values and consumption aspirations are very similar. Although brand name products have been produced for many years, mostly for wealthier consumers, the big change over the last decades has been that young consumers too, are interested in, and do what they can to acquire brand name clothes and other items.

Second, hopefully this paper has demonstrated how interwoven the linkages between advertising and media have become. It is not possible to study one without looking at the other. The most frightening country example is probably the US where the media to a very high extent is formed with advertiser's role in mind. However, this trend is spreading and media all over the world is increasingly commercialised. The outcome is a situation where people are seen as consumers, not only by businesses but also by the media. The days when national TV worked as a uniting medium in society is long gone. Radio and TV channels, magazines and newspapers focus on particular groups in society thereby consolidating the feeling of belonging to those groups. Related to media is the massive increase in marketing towards children. Kids are targeted through a number of manipulative tricks, where joy and toys are used to get children to want more things.

Third, the negative effects of tobacco and alcohol advertising was discussed. As I see it, this subject should be thoroughly analysed in the HDR 1998. Particularly for the tobacco industry we can see what disastrous effects advertising has had, and how Western consumption patterns have been passed over to the less developed countries because TNCs have needed new consumers. The links between cigarette smoking-shortened life span-low human development are easy to understand and must be dealt with accordingly.

[83] Inoe (1996)

Fourth, the emerging middle class seems to be an Asian phenomenon. The paper illustrated how higher incomes together with massive marketing by TNCs have developed a consumer culture in Asia, and particularly among the so-called middle class. The advertising industries, over the last years often in collaboration with Western agencies, in this region have experienced imminence growth rates. Advertising has played a role in what some people want to call Westernization of Asian cultures, but as this is a highly subjective issue I withhold from drawing conclusions on this.

The very last point is about consumer sovereignty, and this was what I asked you to bear in mind when reading the paper. To me it is evident that TNCs knowledge, expertise and financial assets give them an unrivaled power to influence consumers' desires and wants. The best illustration of this is the teenage generation's admiration for brand name products. What has created this global desire if not the TNCs marketing techniques spread all over the globe by the media; MTV, teen magazines and the Internet. Being informed about consumption options might be one thing, persuasion is another.

APPENDIX
A.1. TOP 50 GLOBAL MARKETERS BY AD SPENDING

Figures are in millions of US dollars

	Advertiser	Headquarters	Ad spending outside the US	Worldwide ad spending
1	**Procter & Gamble Co**	Cincinnati	2,559.6	5,336.7
2	**Unilever**	Rotterdam/London	2,410.1	3,628.4
3	**Nestle SA**	Vevey, Switzerland	1,415.8	1,903.1
4	**Toyota Motor Corp**	Toyota city, Japan	1,081.9	1,815.3
5	**PSA Peugeot-Citroen SA**	Paris	881.2	881.2
6	**Nissan Motor Co**	Tokyo	869.4	1,335.8
7	**Philip Morris Cos**	New York	835.7	3,412.6
8	**General Motors Corp**	Detroit	812.5	2,859.4
9	**Volkswagen AG**	Wolfsburg, Germany	797.8	933.0
10	**Mars Inc**	McLean, Va	734.9	1,151.0
11	**Ford Motor Comp**	Dearborn, Michigan	725.4	1,874.6
12	**Coca Cola Co**	Atlanta	713.4	1,146.6
13	**L'Oreal**	Paris	619.7	1,100.6
14	**Sony Corp**	Tokyo	602.9	1,277.2
15	**Kao Corp**	Tokyo	586.8	615.5
16	**Renault Sa**	Paris	566.0	566.0
17	**Fiat Spa**	Turin, Italy	563.9	565.5
18	**Colgate-Palmolive Sp A**	New York	560.7	873.7
19	**Mitshubishi Motor Co**	Tokyo	545.1	713.9
20	**Honda Motor Co**	Tokyo	542.8	1,077.0
21	**Ferrero SpA**	Perugia, Italy	539.5	555.4
22	**Matshushita**	Osaka	508.1	537.2
23	**Henkel Group**	Dusseldorf	488.2	488.2
24	**McDonald's Corp**		473.1	1,353.1
25	**Philips NV**	Eindhoven, Neetherlands	449.6	619.0
26	**Kellog Co**	Battle Creek, Mich	431.0	1170.7
27	**Danone**	Levallois-Perret, France	420.1	499.3
28	**BMW AG**	Munich	412.2	539.5
29	**PepsiCo**	Purchase, NY	378.9	1,575.9
30	**NEC Corp**	Tokyo	365.3	391.1
31	**Hitatchi Ltd.**	Tokyo	323.0	334.7
32	**Shiseido Co**	Tokyo	315.9	318.6
33	**Johnson & Johnson**	New Brunswick, NJ	311.0	1,484.3
34	**Beiersdorf AG**	Hamburg	297.4	316.8
35	**IBM Corp**	Armonk, N.Y.	276.5	696.3
36	**Mazda Motor AB**	Hiroshima	272.1	602.1
37	**Sharp Corp**	Osaka	262.6	294.5

A.2. MAGAZINE ADVERTISING REVENUE BY CLASS TOTAL IN THE US 1996

Figures are in millions of US dollars

CLASSIFICATION	**ADVERTISING REVENUE Jan-Dec 1996**
Automotive, accessoires & equipment	1,443
Computers, Office equipment & stationery	1,072
Toiletries & cosmetics	977
Direct response companies	910
Business & consumer services	903
Food & food products	664
Drugs & remedials	655
Apparel, footware & assessoires	646
Travel, Hotels & resorts	527
Publishing & media	356
Retail	324
Cigarettes, Tobacco & Assessoires	317
Jewlry, Optical goods & Cameras	268
Sporting goods, Toys & Games	261
Insurance & Real estate	200

Source: Publishers Information Bureau

A.3. TOP 25 CABLE TV NETWORK ADVERTISERS IN THE US 1995

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Figures are millions of US dollars

Rank 1995	Advertiser	Ad spending 1995	Ad spending 1994	% chg
1	Procter & Gamble Co.	$177.5	$166.7	6.5
2	General Motors Corp.	90.0	82.2	9.5
3	Philip Morris Cos.	65.1	60.0	8.5
4	AT&T Corp.	55.1	77.2	-28.7
5	Kellogg Co.	50.8	43.1	18.1
6	MCI Communications Corp.	48.0	38.7	23.8
7	McDonald's Corp.	47.8	37.5	27.6
8	Unilever NV	45.5	29.5	54.1
9	Time Warner	44.9	42.0	6.9
10	Ford Motor Co.	43.9	33.8	29.7
11	PepsiCo	43.7	33.8	29.3
12	Chrysler Corp.	42.8	39.9	7.1
13	Hasbro Inc.	41.7	47.8	-12.6
14	Sprint Corp.	40.3	26.1	54.2
15	Johnson & Johnson	40.1	28.9	38.8
16	Anheuser-Busch Cos.	38.0	29.1	30.6
17	American Express Co.	37.6	27.6	36.1
18	General Mills	36.8	36.9	-0.5
19	Grand Metropolitan	35.6	23.3	52.7
20	Mattel	32.8	22.9	43.0
21	American Home Products Corp.	30.3	29.2	3.6
22	Mars Inc.	28.9	28.1	2.8
23	Pharmacia & Upjohn	26.9	14.7	83.3
24	Clorox Co.	26.7	28.6	-6.8
25	Coca-Cola Co.	26.4	24.8	6.8
Source: Competitive Media Reporting				

A.4. TOP 10 FAST-FOOD RESTAURANTS IN THE US

By percent share of the market

Figures are millions of US dollars

Rank 1995	Brand	Market share 1995	Market share 1994	Ad spending 1995	Ad spending 1994
1	McDonald's	7.8%	7.8%	$490.0	$425.6
2	Burger King	3.4	3.3	251.9	203.4
3	Pizza Hut	2.5	2.5	164.4	153.6
4	Taco Bell	2.2	2.2	172.0	154.9
5	Wendy's	2.0	2.0	161.2	156.5
6	KFC	1.8	1.8	149.4	132.0
7	Hardee's	1.5	1.8	58.3	50.4
8	Subway	1.3	1.2	85.4	71.4
9	Dairy Queen	1.2	1.2	27.1	24.0
10	Domino's	1.1	1.1	79.5	70.5
	All other	75.2	75.1	1,005.6	882.5
	Total market in dollars	$203,100	$192,420	2,644.8	2,324.8

Source: Share from Technomic Inc. Ad spending from CMR.

A.5. TOP 10 SOFT DRINKS IN THE US

By percent share of market

Figures are in millions of US dollars

Rank 1995	Brand	Market share 1995	Market share 1994	Ad spending 1995	Ad spending 1994
1	Coca-Cola	20.2%	19.8%	$82.4	$100.5
2	Pepsi	15.5	15.7	112.2	87.8
3	Diet Coke	8.8	8.8	21.6	62.0
4	Dr Pepper	6.1	5.8	37.7	39.5
5	Diet Pepsi	5.7	5.8	10.8	25.8
6	Mountain Dew	5.6	5.2	29.8	21.0
7	Sprite	4.9	4.3	50.7	32.8
8	7UP	2.8	2.9	15.2	20.2
9	Caffeine Free Diet Coke	2.2	2.3	23.5	1.0
10	Diet Dr Pepper	1.1	1.2	24.4	20.3
	All other	0.0	0.0	42.4	49.1
	Total market in billions of cases	9.04	8.78	450.7	459.9

Source: Share from Jesse Meyers' Beverage Digest. Ad spending from CMR.

A.6. TOP 10 CIGARETTE BRANDS

By percent share of market

Figures are in millions of US dollars

Rank 1995	Brand	Market share 1995	Market share 1994	Ad spending 1995	Ad spending 1994
1	Marlboro	30.1	28.1	$130.0	$96.2
2	Winston	5.8	5.8	15.4	12.2
3	Doral	5.7	5.1	15.4	6.2
4	Newport	5.6	5.1	22.4	21.6
5	GPC	5.5	5.8	10.1	6.6
6	Basic	4.7	4.7	17.6	18.8
7	Camel	4.4	4.0	27.3	32.4
8	Salem	3.7	3.8	2.9	4.3
9	Kool	3.6	3.6	52.7	33.2
10	Virginia Slims	2.4	2.4	26.5	25.3
	All other	28.5	31.6	163.8	185.5
	Total	100.0	100.0	484.2	442.3

Notes: Share based on 368.49 billion cigarettes sold in 1995 vs. 357.05 billion in '94.
Source: Share from John C. Maxwell Jr., Wheat First Butcher Singer. Ad spending from CMR.

APPENDIX A7

China's Generation III. Viable target segment and implications for marketing communication. Market survey conducted by Dentsu, published in Marketing and Research Today

Dentsu, the largest Japanese advertising agency, has since 1986 collected data on lifestyles in China. In 1995 Dentsu expanded this program to a pan-regional survey named "Dentsu Global Lifestyle Survey" including fifteen cities in China, Indonesia, Malaysia, Vietnam and Thailand. This particular study , however, is confined to China.

Dentsu says it started the survey as they believed conumer markets in China would be expanding extensively starting in the 1990s. If this turned true, Dentsu would have an enormous advantage over other agencies which had not been looking towards China. As the macro economic point of view in China does not look too bright though, the company found it critical to locate targets group with real purchasing power and anticipate their needs. A hypothesis was that the young conumers would be the most promising target group as they have adapted to the market economy rather quickly and also that their purchasing patterns are becoming increasingly westernized. With this in mind, Denstsu conducted surveys with sample sizes on 500 households in several Chines cities in 1986, 1993, and 1995. The primary objective was to investigate ownership and buying interntions of household durables , to what extent people used services, and their lifestyle values and exposure to mass media. Looking at Chinese consumers as a whole the survey showed that over the last two years ownership of conumer durables have increased substantially. It is particulartly telephones, gas water heaters and air conditioners, products making life more convenient, that have been purchased to increasing extent (see Figure 1). But life styles have also changed. Today it is more common to be involved in outside activities such as 'go to movies' and 'go shopping' than what it was only two years ago. (Figure 2)

So what about segmentation? Cohort analysis helped Dentsu divide the Chinese consumers into three "generations": Generation I (45-59 years old), Generation II (30-44 years old) and Generation III (18-29 years old). In marketing it is generally believed that people sharing the same experiences also have similar attitudes towards consumption. In the case of China, this division was therefore based on modern Chinese history as this has been very turbulent and have affected different generations very differently.The population pyramide for China shows that people in their twenties (~ Generation III) are the most numerous age group, and hence constitutes the largest consumer segment when looking at age only. Based on comparisons between the generations, Dentsu's analysis showed that people in their twenties have led considerably more affluent life styles than the older agegroups. People in this age segment have higher education, generally have at least as high qualified work, and finally also have household incomes well above the other age groups. (Table 2) About life styles Dentsu states that the major finding was the large difference between Generation III and the other two, where Generation III had a much stronger need for self-actualization and desire for material gain than did the other two.

Moreover, the consumption patterns differed considerably between the youngest generation and the other two. CD players, stereos, walkmans, pagers etc is to a much higher extent owned by Generation III. The same holds true for the usage of various services. A much larger percentage of people in the twenties have been to the restaurant during the last years than have other people, and they also go more often to cineamas and concerts. Based on their findings Dentsu states that marketers wishing to reach this segmetn should keep in mind that an effective marketing strategy must take into consideration 1)factors that do not change easily (natural environment, history, and regional specific cultural variables) and 2) factors that change (i.e. increased flow of information and goods resulting in changes of people's desire to consumer). Moreover, the company argues that this more prosperous generation lacks a role model as they have been more economically blessed than any other generation before them. This implies that these consumers set targets according to advertisments and movies, which until now have served as the major information source on life styles for the younger people. Dentsu states the success of advertising depends on whether marketers will provide the younger generation with a new life style thus serving as a goal for China's youth. Dentsu summarises the survey with five critical aspects, which in their view can be *"strategically used to capture the heart of Generation III consumers."*

1. *'Luxuray Principle'*. These consumers would spend a disproportionately large amount of money on one thing at the expense of others.
2. *'Consumption of Western Feeling'*. Products have become a medium through which western culture is experienced.
3. *'Oriented towards Big Brand Names'*. The young consumers are attracted by and have large faith in big brand names.
4. *'The Newer the Better Syndrome'*. Going after the newest products is the most important for these conumers.
5. *'One-Cut-Above-the -Rest Mentality'*. Chinese young people show a trait of being obsessed with the idea of wanting others say "Wow! That guy is really something"

FIGURE 1
INCREASING OWNERSHIP OF HOUSEHOLD DURABLES '93-'95 (%)

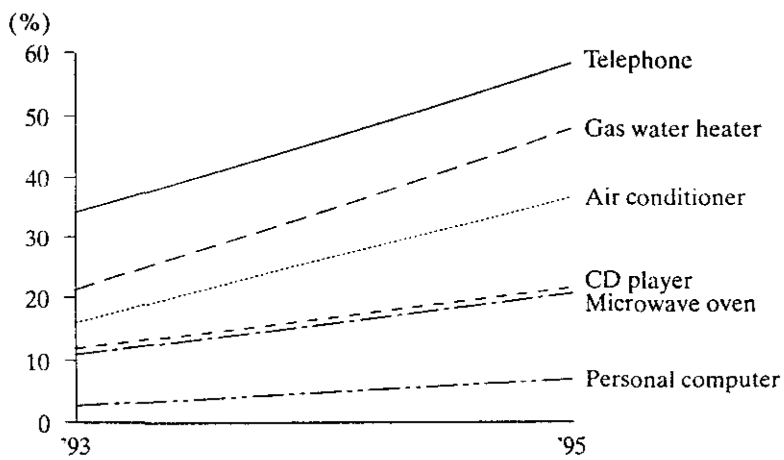

FIGURE 2
CHANGES IN LEISURE-TIME ACTIVITIES

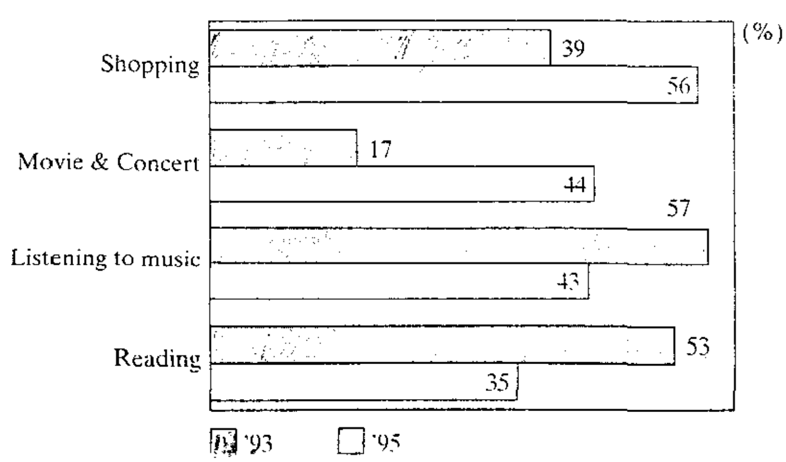

TABLE 2
DEMOGRAPHIC PROFILE OF THE THREE GENERATIONS ('95)

		Age group		
		Generation III	*Generation II*	*Generation I*
Education	Below primary school	1	2	17
	Junior high school	20	36	29
	Senior high/vocational school	47	43	30
	3 years college	19	12	14
	University graduate and above	13	7	11
Occupation	Professional	21	16	22
	Govt/business managerial	4	9	15
	Self-employed	10	10	6
	Clerk	10	10	6
	Employee commercial industry	10	9	4
	Employee in service industry	11	10	5
	Blue collar worker	16	37	22
	Farmer/Fisherman/Logger	0	0	0
	Student	16	0	0
	Housewife	2	1	2
	Unemployed	4	2	0
	Retired	0	0	20
Household income	~RMB 1000	15	26	30
	RMB 1001-1500	25	33	28
	RMB 1501 - 2000	20	19	17
	RMB 2001 ~	40	22	25

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