Asian advertising : charting the trends

Frith, Katherine Toland

1997

Frith, K. (1997). Asian advertising : charting the trends. In AMIC Annual Conference on Skyways, Highways and Corridors: Asia's Communication Challenges, Kuala Lumpur, June 19-21, 1997. Singapore: Asian Media Information and Communication Centre.

<https://hdl.handle.net/10356/80020>

Paper No. 53

ASIAN ADVERTISING: CHARTING THE TRENDS

by

Katherine Toland Frith, Senior Fellow
School of Communication Studies
Nanyang Technological University
Singapore 639798
email: Katherine@Frith.com

Presented at the AMIC Conference
Kuala Lumpur, Malaysia
June 20, 1997

INTRODUCTION

Over the past few decades Asia has experienced the most dynamic economic growth of any region in the world. The World Bank estimates that over the next five years, Asia will account for more than half of the global GNP growth and half of the global trade growth (Business America, 1994).

This rapid economic growth has been accompanied by a dramatic increase in advertising. Today, billions of dollars (US) are spent on mass media advertising in the region -- aimed at enticing the burgeoning middle classes to consume everything from cigarettes to Pentiums. The purpose of this paper is to examine the changes in consumer behavior that have accompanied this economic growth and to discuss trends that are affecting advertising in Asia as we move toward the next century.

THE DIMINISHMENT OF POVERTY AND THE RISE OF MIDDLE CLASSES

From the point of view of advertising agencies and their clients, the diminishment of poverty in many parts of Asia and the rise of middle classes is probably the most important change that has occurred over the past 25 years.

According to J. Walter Thompson, the Asian consumer market can be divided into four types:

1. The Affluent Markets: These include Japan, Hong Kong and Singapore where a substantial portion of the population is wealthy and well-educated. Tastes here are similar to those in the US with strong interest in imported Western labels and quality brand images.

2. The Growth Markets: These are Taiwan and South Korea. These markets include growing middle class consumers who are hungry for household items, and leisure time diversions (*Adweek*, May 2, 1994). By the year 2000, some 20% to 30% of these households should have annual incomes of US \$30,000. Status symbols are very important to these markets full of "new money".

3. The Emerging Markets: These include Thailand, Malaysia, the Philippines and Indonesia. These markets still have lower consumer spending power with less than 20% of the population in the category of middle class however, these nations have large youth populations (by the year 2000 the Asia/Pacific region will gain some 80 million consumers aged 20-39).

4. The Untapped Markets: These are China, India, Vietnam, Laos, Myanmar, Cambodia, Pakistan and Bangladesh. While the bulk of the populations in these countries are uneducated and poor, these nations are part of a rapidly developing region and are aspiring to emulate their neighbors. Developing an awareness of corporate names is an important creative strategy for many large multinationals in these countries.

RISING LITERACY RATES

As incomes have risen across Asia so have literacy rates. As Dr. Barbara Mueller (1996) notes in her book on international advertising: “a close relationship exists between economic development and educational attainment” (72). Increased literacy rates have meant greater consumer interest in the print media including newspapers and magazines.

In many countries there has been a proliferation of new magazines aimed at the educated, middle class consumer. The Philippines now has 21 morning newspapers and the number continues to grow (AMCB, 1996). In Indonesia the Indonesian Press Council recently agreed to allow broadsheet daily newspapers to expand to 24 pages to enable them to better inform their readers. In Hong Kong and Thailand the largest newspaper publishing groups have both recently doubled their printing capacity. *The Far Eastern Economic Review* (June 24, 1993) estimates that newspaper circulation in the region will increase 10-15% annually in the next few years. Magazines ad spend is expected to increase at least at an equal rate. Rising literacy allow for greater opportunities for advertisers to reach the upwardly mobile middle class consumers with print.

REGIONAL BROADCAST MEDIA

New satellite television stations like Hong Kong's StarTV, with 2.8 billion people and 38 countries under its footprint, makes regional broadcast advertising

a reality for many multinational corporations. Add to this Australian Television International, whose footprint covers eastern India, southern China and all of Southeast Asia and the Gang of Five, a consortium of international broadcasters (*Fortune*, 1994, 99) which includes HBO, Turner Broadcasting, Asia Business News (produced by Dow Jones), Television Broadcasts Ltd (TVB), and the ESPN Sports channel and the range of regional programming offerings available to advertisers is vastly multiplied.

StarTV has been the pioneer in terms of making a regional vision possible to advertisers. The stated goal of StarTV is, "to reach the richest 5% of Asian consumers". StarTV has forced multinational advertisers to think in terms of Pan-Asian strategies (*FEER*, Feb, 25, 1993). By offering six "free to air" channels on a round-the-clock basis: BBC World Service Television, MTV Asia, Star Plus entertainment, Prime Sports and Chinese Channel in Mandarin, and Cantonese programming, StarTV has opened up the Pan-Asian market to eager multinational advertisers.

REGIONAL ADVERTISING NETWORKS

Advertisers and their agencies are starting to see cultural similarities in regions of Asia and develop regional strategies to accommodate their clients. McCann Erickson, for example, is one of the first agencies to set up a Greater China regional network which includes the People's Republic of China, Hong Kong, Singapore, and Taiwan, and even the Chinese Diaspora scattered throughout the region.

Bates has set up Bates Indochina, headquartered in Singapore, to service their clients in Vietnam, Laos, Cambodia and Myanmar. While Indochina's advertising billings are presently small compared with that of the more prosperous parts of Southeast Asia, nonetheless it is an important emerging market and networking the advertising in this region makes strategic and economic sense.

We are also beginning to see the emergence of Asian multinational advertising networks that challenge the dominance of the Western multinationals who have long held prominence in the region. Batey Ads, for example, has grown from a tiny shop tucked away in Singapore's Chinatown to one of Asia's largest independent communication networks with offices in Singapore, Malaysia, Thailand, Hong Kong, China, Taiwan, Japan, Australia and the US and with partners in 15 other countries.

Other advertising networks like Asia Link Advertising Corporation have emerged in recent years. This is a partnership formed by various local advertising agencies from Hong Kong, India, Japan, Malaysia, Pakistan, the Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, the United Arab Emirates and Vietnam. Similarly, Singapore-based DNC Worldwide Partners is a group of independent agencies from nine countries in the Asia-Pacific region that have banded together to provide their clients with the regional services which could formerly only be offered by the Western-based multinationals. Both of these models of Asian advertising networks portend a

future for indigenous and local advertising entities that challenges the older structures where foreign multinational agencies held the reins.

THE EMERGENCE OF WOMEN

Though many Asian women still live a very traditional lifestyle, John Naisbitt points out in his new book *Megatrends Asia*, that millions of “affluent professional Asian women will enter the 21st Century as a force the entire world must reckon with” (1996). These Asian women, he notes, are well educated, business-minded and are pioneering new roles that demand full partnerships with men. He points out that:

- In China, women make up 25% of all entrepreneurs.
- In Japan, nearly all currency traders are now women
- 20% of all management jobs in HK are held by a woman
- The number of female managers in Singapore has tripled in the last ten years

The combined influence of education, technology and rapid economic growth has laid the groundwork for Asian women to become more assertive about their role in the economic growth of the region.

Numbers of Working Women in Asia

Vietnam	47%	Taiwan	38%
Thailand	46%	Hong Kong	37%
Indonesia	45%	Philippines	36%
China	44%	Malaysia	35%
Japan	41%	Sri Lanka	27%
Korea	40%	India	24%
Singapore	40%		

(Naisbitt, 1996, 204)

A RISE IN THE NUMBER OF LOCAL MANAGERS IN TNAA

In the past, transnational agencies often put expatriates into management positions in the overseas branches and local practitioners remained in the middle management positions. In recent years, however, there has been evidence that this trend is changing. While, in the past, transnational agencies handled primarily transnational clients, today agencies need local business to compete, and to attract local business in Asia agencies need to develop contacts with local clients.

Many transnational agencies are realizing that the best way to develop these contacts is to hire local managers who understand the concepts like *guanxi* (this is the word for the “new capitalism” in China, loosely translated it

means connections). Throughout Asia it is becoming rapidly apparent to most observers that the influence of personal relationships and networking are crucial to local business success. Concepts like *guanxi* are inherent in most Asian cultures and understanding how they work in each country requires local managers.

In Thailand more than half of Ogilvy and Mather's clients are now Thai nationals. In fact, the 1990s have been called the "Thai Era" in advertising (Chirapavati, 1993). The largest TNAAs in Thailand all now have Thai chief executives. Leo Burnett, one of Thailand's largest agencies had only four expatriates among its staff of 210 employees (*The Economist*, 1992).

While it would be premature to suggest that all transnational agencies are adopting local managers, nonetheless, there is evidence from Taiwan, Thailand, Singapore, Japan, India, and Malaysia that management in TNAAs is becoming a shared endeavor (Frith, 1996).

MORE LOCALIZATION OF CAMPAIGNS

Increasingly, a local touch is necessary to reach the Asian consumer. The centrally controlled global strategies, which were common currency in the 1980s, have run their course. McCann Erickson, for example, has made an about face from the way they have traditionally worked for their clients. The mode of the 80s for American-based transnational agencies was "think globally" but today they have found that they must begin to "think locally". While in the past

McCann's business came from Western multinationals, today about 50% of its business comes from Asian-based corporations and these companies want campaigns with a local flavor. As the Asian Pacific Regional Director of McCann, Marci Moniera, has noted that in the past the "idea of centralized control, of 'one sight, one sound, one sell' was very, very important" (*Adweek*, Apr.17, 1995, 35). Today, however, he notes that things have changed.

One example, outlined in *The Star* (March 15, 1997), a Malaysian daily newspaper, describes a campaign conceived by Ogilvy & Mather and currently being used by Nestle Products in Malaysia. The campaign portrays the on-going lives of two neighboring families, the Hamid's (Malay) and the Wong's (Chinese). The soap opera-like campaign describes snippets from the day-to-day real-life situations of these two neighboring families, such as, the first day of school, the first date, the marriages of children. Viewers will meet not only the families but the aunts, uncles, grandparents and friends. The campaign is planned to run for a long period and will use real people, not professional actors. Not only does this campaign feature Malaysian culture, but moreover, the agency says: "Advertisements can be a powerful tool in promoting racial harmony in a multi-cultural country like Malaysia."

LESS CENSORSHIP-- MORE FREEDOM OF EXPRESSION

Since 1986, the demise of authoritarian governments in the Philippines, Taiwan and South Korea has spawned a new era of freedom of speech in these countries. This has not only affected journalism but also advertising.

In Singapore for example, women's lingerie ads have recently begun to appear in the subways (in fact, sometimes next to the government campaign supporting Confucian values). So some of the Confucian constraints on female modesty appear to be relaxing, at least in Southeast Asia.

In addition, restrictions on comparative advertising have begun to relax in some of the more developed countries of Asia like Japan and Singapore. While blatant negativity about a competitor is still not allowed in most countries, subtle comparative advertising is beginning to appear in this region.

NEW MEDIA -- NEW MESSAGES

In terms of communication, we may be seeing a transition from what some scholars describe as the "old media" which includes radio, television, and newspapers to a system based on "new media" such as telephones, satellites and computers. The old media promoted a one-way, top-down transmission system that theoretically gave rise to a passive audience and a powerful media.

The "new" media, available through telephone, satellite and computer provide for greater interaction and allow greater dialogue between sender and receiver than has ever before been possible.

Today, internet users are increasing at approximately 15% per month. In China alone, the number of internet users jumped from 3,000 to 40,000 between March and July of last year after the introduction of commercial internet access in May (*FEER*, Feb 2, 1996, 16). World Wide Web usage has been doubling every 2 months over the past year.

Some of the benefits these new media offer consumers are the ability to gain information about products and services (a function previously handled by advertising agencies) and the ability of consumers to make purchases without the intrusion of intermediaries (a function previously handled by retail outlets). So, these new media will have a major impact on how business and advertising is conducted in the next century.

These new media offer tremendous challenges to advertising agencies. Agencies may need to branch out beyond their previous role of media brokers to become media producers if they are to keep up with the race.

In addition to new media, new ways of networking the media offer the possibility of interactive and intertextual messages. And while interactivity and intertextuality offer exciting creative opportunities, they also blur the lines between what is entertainment, what is news and what is advertising.

Commercial messages are no longer relegated to the station "breaks" but are making their way into programming in the form of product placements, sitcommercials, documericals and infomercials. The form and content of advertising is changing and this is not just in Asia, but around the world.

CONCLUSIONS

As we begin to move away from the “old media” into a century that features a proliferation of “new media” we shall see a greater interaction and greater dialogue between sender and receiver than has ever before been possible (Elmer-DeWitt, 1995). Marshall McLuhan's vision of a “Global Village” first articulated in 1962 may be coming to fruition through these new technologies which create the possibility of convergence and a global integration that transcends national boundary and individual culture. Meyrowitz in *No Sense of Place* (1985) argues that the new media redefine the notion of social position and place, divorcing experience from physical location and bringing together otherwise disparate groups through communications. Whereas, earlier forms of mass communication formed a genuinely fragmented set of human social conditions, we now appear to be moving into a world, “in which humankind in some respects becomes a ‘we’, facing problems and opportunities where there are no ‘others’ ” (Giddens, 1991, 27).

What role does advertising play in this vision? A new network of nations based on economic symbiosis is emerging in Asia -- the Asian network. While the old Asia was divided by language, culture, political ideology, religious philosophies and geography, in the new Asia a spirit of working together for mutual economic gain, is emerging. The catalyst is the free market, and advertising is positioned at the center of this exciting change.

Within this new structure, higher levels of cooperation between nations as well as new forms of communications technology are creating an unprecedented form of regional and global integration. Both Naisbitt (1996) and Kotkin (1992) assert that in the 21st Century the fading of military force as the prime element in determining economic position will naturally reduce the traditional power of the nation-state structure. They suggest that, in the future, global and regional affiliations based on race, religion, and ethnic identity will determine success in the new global order.

What is advertising's role in this vision of the future? If advertisers are willing to work not merely to increase sales, but also to promote the values that Asian countries hold in great esteem, like racial harmony, multi-culturalism and national unity, then advertising can play a major role in the development of the region.

BIBLIOGRAPHY

- Adweek*. 1994. "Asia: The World's Biggest Market," Vol. 31, No 18, pp. 25-40.
- Adweek*. 1995. "Asian Advertising," Vol. 32, p. 35.
- Anderson, Michael. 1984. *Madison Avenue in Asia: Politics and Transnational Advertising*. Teaneck, N.J.: Fairleigh Dickison University Press.
- Asian Mass Communication Bulletin (AMCB). 1996. Vol. 26, No. 1, Jan/Feb., p.10.
- Business America*. 1994. "Asia, APEC, and the Pacific Community--A New World Dawns," U.S. Dept. of Commerce, November, p. 4.
- Chirapravati, Vittratorn M.L. 1996. "The Blossoming of Thai Advertising" in *Advertising in Asia: Communication, Culture and Consumption*. Edited by Katherine T. Frith, Ames, Iowa: Iowa State University Press.
- The Economist*. 1992. "Advertising in Asia: Full of Western Promise," 325 (7785): pp. 84-85.
- Elmer-DeWitt, Philip. 1995. "Welcome to Cyberspace, *Time*, Spring, Special Issue.
- Far Eastern Economic Review*. 1993. "Medium and Message," February 25, pp. 50-52.
- Far Eastern Economic Review*. 1993. "Read and Black," June, 24, pp. 62-63.
- Far Eastern Economic Review*. 1995. "Come Together: Investment And Trade Links Are Growing Rapidly In Asia" October 12, pp. 46-52.
- Far Eastern Economic Review*. 1996. "Medium and Message" February 25, pp. 50- 52.
- Far Eastern Economic Review*. 1996. "Internet Use in China." February 2, pp. 16.
- Fortune*, "TV is Exploding all over Asia" January 24, 1994 pp. 98-101.
- Frith, Katherine T. 1996. *Advertising in Asia: Communication, Culture and Consumption*. Ames, Iowa: Iowa State University Press.

- Giddens, Anthony. 1991. *Modernity and Self-Identity: Self and Society in the Late Modern Age*. Cambridge: Polity Press
- Kotkin, Joel (1992) *Tribes: How Race, Religion and Identity Determine Success in the New Global Economy*, NY: Random House.
- McLuhan, Marshall. 1962. *The Gutenberg Galaxy*. Toronto: Toronto University Press.
- Meyrowitz, Joshua. 1985. *No Sense of Place*. Oxford: Oxford University Press.
- Mueller, Barbara. 1996). *International Advertising: Communicating Across Cultures*, Belmont, Ca.: Wadsworth.
- Naisbitt, John. 1996 *Megatrends Asia: Eight Asian Megatrends the are Reshaping Our World*, N.Y.: Simon and Schuster.
- The Star*. 1997. "Ads Can Promote Racial Harmony Too," March 15, p. B5.
- Tu Wei-ming. 1991. "Cultural China: The Periphery as the Center" *Daedalus*. Vol. 120, No. 2, Spring.

MONITORING AND MANAGING INFORMATION RESOURCES

**Manpreet Singh
Prof. Naren Chitty**

TOPIC : Monitoring and Managing Information Resources

- * *Needs and directions of communications research in the information age*
- * *Managing information resources for government policies, business and programming strategies*

BIODATAS:

Mr. Manpreet Singh

Mr. Manpreet Singh is from J. Walter Thompson Asia, Singapore.

Dr. Naren Chitty

Dr. Naren Chitty, the Secretary General, International Association for Media and Communication Research (IAMCR), Australia, was a former senior diplomat and he is the Editor of *The Journal Of International Communication (JIC)*. He has authored *Framing South Asian Transformation*.