

NATIONALIZATION OF ADVERTISING IN AN AGE OF GLOBAL MARKETING

Rizalito Gregorio

This paper discusses the seeming cross currents between the need to promote national cultural values and interests and the inexorable pace of globalization that would have as its consequence the homogenization of the world market.

Advertising is a mode of communication for both national cultural promotion and global marketing. Clearly then, the Philippine advertising industry is in some sort of a dilemma.

INTRODUCTION

As the decade of the nineties begins to unravel, Philippine advertising is caught in a struggle between two forces. On one hand, there is a growing trend towards nationalism or nationalization in Philippine advertising - a trend that is imposed on the industry by the dictates of public policy. Existing simultaneously with this trend, but going ideologically against it, is the larger vortex of global marketing. To survive and prosper while caught between these two forces is not an easy task, but it is a task that must be understood and learned by those who are engulfed between them. In order to grasp and appreciate these forces, one must first look at the events which shaped them.

THE PHILIPPINE SETTING: NATIONALIZATION OF ADVERTISING

In the life of every nation, there comes a point when the force of consciousness as a people emerges to assert itself in the community of man. Although such epochal stirrings have taken place in our country's life over a number of times in the last one hundred years, the forces of history have never given such sentiments the sufficient opportunity to embody themselves in substantial concrete manifestations. One rare opportunity, however, came in the wake of the EDSA revolution. The aftermath of that event has allowed certain personalities to finally walk the corridors of power and give life to their nationalist aspirations. These aspirations have touched on many aspects of our society such as the policies on foreign debt, the presence of American military bases, the use of a national language, and even a "Buy-Filipino" movement. Not surprisingly, the nationalist spirit has even moved into the field of advertising.

Nationalization of advertising is neither recent nor is it uniquely Filipino. In fact, within the global community, we can be considered as a relative late-comer. In the early 1970s, a number of countries established strict legislation governing foreign influence of advertising in their localities. Malaysia was eager to establish its own national and cultural identities along strict Islamic traditions and consequently, it established comprehensive legislation to bring this about. Canada limited the ownership of advertising firms and the creation of advertisements to its own citizens. Neither are we the only country with constitutional provisions on advertising, other countries, such as Liberia, Honduras, Australia and Canada likewise have similar provisions.

With this growth in the control of advertisements, creativity in advertising is thereby endangered. However, there are those who believe that the curtailment of creativity is a price we have to pay because our own culture is itself endangered.

Prof. Constantino has noted that our culture shapes the way we view ourselves and the rest of the world. A problem seems to arise when our culture is shaped not only by our own sense of self and our perception of our place in the world, but also by the views of people from other cultures as they try to relay facets of their own culture into our own stream of consciousness.

A number of people, here and abroad, even subscribe to the Media Imperialism thesis. In this school of thought, it is believed that there is essentially a one-way flow of American values to the rest of the world. It is interesting to note that even Western Europeans, particularly the French, are complaining about "cultural imperialism" created by Cable News

Network when it broadcasts news to Europe in English from Atlanta.

The main criticism hurled by the proponents of this thesis is that the distribution of the resources of communication is not balanced. Hence, the flow of communication is also not balanced – there is consequently an overwhelmingly unidirectional flow from the economically prosperous and technologically advanced to the materially deprived and scientifically backward.

In such a situation, they argue, how could there possibly be a democracy when the views expressed are not those of the multitude competing in a free market of ideas but rather a monologue engaged in by those with the resources to do so? These proponents point out that most of the information being relayed world-wide are controlled by the “Big Four” – Agence France Press, Reuters, United Press International and Associated Press – plus the newly-created Cable News Network. The situation has become even more evident in recent years with the mergers and acquisitions of several large communications and advertising companies such as Time-Warner and the Murdoch publishing empire.

One result of this imbalance is the phenomenon in which many of those in the Third World know more about the West than about their own countries. Indeed, it is said that even the image these people have of themselves are seen from the viewpoints of those who relay the information.

There are even those who espouse a more radical perception of the situation. Since it is also believed that media present and promote the views of not only the owners but also the sources of revenue - the advertisers - as well, they see the whole scheme as a conspiracy in which culture is merely a “commodity” in the hands of multinational corporations (MNC) who use advertising to condition the minds of the less developed countries for the MNC products. With the technology of information at their disposal and three-quarters of the air time for their advertisements, it is said that these MNCs are able to promote Western goods and services by promoting Western lifestyles, culture and values as the ideal to strive for. As Prof. Jain, a marketing professor at the University of Connecticut has noted, “Young people in developing countries drink Coke because they believe they are living like Americans.” Roy Dempsey of the advertising firm J. Walter Thompson has even claimed that American products offer “a certain mystique and . . . an escape.” In this process, when Western (notably American) norms are

used to measure and judge all others, “colonial mentality” is consequently reinforced. Thus, with this framework, these proponents attempt to explain some of the problems facing the developing world - such as the formation of a consumer society within an economic basket case. There are even those who hold the view that American television programs are sold to Third World countries at a very low cost - lower in fact than the cost of producing the shows locally - in order to spread American lifestyle and the consumption pattern that go with it.

Faced with such a situation, the MacBride Report of the UNESCO has therefore recommended the establishment of guidelines on advertising context regarding values and attitudes in “accordance with national standards and practices” in the interest of developing a country’s own cultural identity.

Such aspirations did not possess the opportunity to manifest themselves before the EDSA revolution. However, the opportunity came when some of these proponents came into positions of influence and power. We therefore now have about 30 bills and resolutions in both houses of Congress specifying certain restrictions on advertising. Of these 30, 5 of them have specific provisions pertaining to Filipinization (meaning nationalization of ownership, promotion of Filipino values and lifestyles, etc.). Senate Bill 169, sponsored by Lina and Aquino, encourages ads which promote “desirable moral values and cultural traditions.” House Bill 1220, sponsored by Camasura, Monfort and Andolana, seeks to require the termination of brand licensing agreements, the switch to local brands from foreign brands for Philippine-made products, and the prohibition of the future use of foreign brand names. House Bill 5307, sponsored by Webb and Bagatsing, seeks to ban foreign talents from television, print and movie advertisements. House Bill 2956, sponsored by Valdez, Monfort and Lopez, requires advertising agencies in the Philippines to be at least 70 percent Filipino-owned. There is even a resolution (P.S. Resolution No. 50) which seeks to inquire about foreign-made advertising that advocates a way of life which is “alien and contrary to the Filipino way of life.”

Naturally, there are numerous critics and opponents of these proposed legislative measures. As expected, most of these are from the advertising industry itself. However, even such a proponent of advertising regulation as Dr. Rosario Braid of the Asian Institute of Journalism has pointed out that some legislative proposals, such as the bills banning the use of foreign talents, are vague since Western lifestyles can

still be promoted even through the use of a hundred percent local talents and materials by purely Filipino creators of the ads. Still others point out that these proposed measures cannot be clearly implemented since what is truly Filipino must first be clearly defined. This is by no means easy for a culture that is a mixture of both Eastern and Western and for a race that is a blend of both Oriental and Occidental.

Nevertheless, the spirit of the times is that of the emergence of a strong nationalist consciousness taking shape in the political context. This is a reality which the advertising industry must learn to face.

THE INTERNATIONAL SCENE: GLOBAL MARKETING

For the industry to deal with the profound changes brought about by nationalization is difficult enough, but the task is made even more difficult because this whirlwind of nationalization of advertising is caught within an even larger vortex of global marketing.

Increasingly, the world is losing its array of distinct regional markets. The old cardinal rule of adapting your marketing strategy to each particular region is steadily losing its validity. The reasons for this are numerous.

One reason is that the growing number of international tourists creates the demands for the same products which are packaged and promoted in the same way in many countries throughout the world.

The proliferation of migrant workers has also led to the globalization of marketing. As these workers spend a good number of years in a particular country, they tend to assimilate the lifestyle and consumption behavior of the natives of that place. These traits are then brought back to their place of origin when they return home, or perhaps, to the next country where they will find work. As this process is repeated by a multitude of workers over a period of several years, it results in a world where regional distinctions tend to blur into a homogenized market. This process is seen not only at the lower ranks of the workplace but also at the very top where cross-fertilization of managers in multinational corporations has been the state of affairs over the last few decades. Thus, the multinational product is a creation of a truly multinational management. A new stereo system may very well be a collaboration of Japanese and Dutch scientists using a production system created by German engineers and aided by

American computer experts using a mathematical algorithm developed by Indian and Chinese mathematicians. Quite possibly, it will be sold with a fashionable design by Italian designers combined with a potent dose of British advertising.

Globalization of management and the work force in fact occurs not just in the corporation but actually begins even in business schools. The past few years have witnessed a continuing increase in the enrolment of foreign students in American business schools. Hence, the schools are forced to globalize their curricula. Such an experience benefits not only the foreigners who are exposed to a less parochial outlook, but also the Americans whose original perspectives would fail to equip them for managerial roles in a global market.

The birth and growth of the European Economic Community is another potent force towards globalization. It is, in economic terms, the establishment of a common market. As such, most of the national distinctions established by law, customs, traditions and regional economics will give way to the similarities within a much larger market. In order to survive and prosper in such a market, a product from a European country must be a European product. Numbered are the days when a German car must have firm seats and a firm ride, French automobiles by necessity possess soft seats and a soft volumptuous ride, and an English motorcar must be furnished in the manner of a stately English country manor. Such a car will simply have to be a European car.

The homogenization of markets is certainly not limited to the European Economic Community. To the average person, it is quite evident that people all over the world, especially the young, possess strikingly similar tastes.

Theodore Levitt, a marketing expert at the Harvard Business School, has noted that technology has made travel, transport and communication available on a massive scale world-wide. With the exposure made possible by the new technologies, consumers all over the world desire all the same products which they have seen or heard about. Russian workers in Siberia have heard about Big Macs in Moscow and in Los Angeles, miners deep in Philippine jungles have seen Tom Cruise using Ray Ban aviator sunglasses in "Top Gun," while mercenaries in Angola drink Coca Cola while listening to songs by Bruce Springsteen and his Levi's 501 jeans on their Sony transistor radios. Marketing people have long realized this phenomenon and some have even directly exploited it. Cathay Pacific has recently advertised itself as "the airline for a world where a French hero is an

American named Chang." Thus, the needs and desires of the world have been homogenized to a very large extent. Levitt further suggests that the multinational commercial world nears its end as a global market for standardized consumer products emerges. It must be noted that Levitt distinguishes multinational markets which are composed of different and distinct national markets from a global market where the national distinctions disappear.

The decade of the 1980s ushered in an era of deregulation. Reagan's America, Thatcher's Great Britain, Gorbachev's Communist bloc, and the European Economic Community have all shown a propensity for less government and, with it, less control. Marketers therefore now face fewer constraints within national borders. With fewer constraints in the way, there is therefore a greater possibility of more standardized global marketing across national boundaries.

The implication of all these phenomena is at once obvious and inevitable: global marketing requires global advertising. Global advertising brings about lower costs due to less duplication. Control is more centralized, thus ensuring better coordination; in many instances, coordination may not even be possible because of the problems of revenue-sharing and quality control. An added benefit of using global advertising is the fact that companies are able to project a more united front than what would have been otherwise possible simply because communication between branches is improved in this manner.

Even if, as Levitt claims, the multinational world is truly nearing its end, it is nevertheless true that the growth of multinational corporations world-wide has created a parallel growth of multinational advertising agencies. From the mid-seventies to the mid-eighties, the world-wide share of advertising by multinational advertising agencies has increased from 14 percent to 20 percent. One of the leading forces in global advertising, Saatchi and Saatchi, has even estimated that the whole advertising industry world-wide will be concentrated in a few large multinational agencies. The globalization of advertising has been so pervasive than even local agencies try to at least tie-up with foreign ones in order to be able to handle world brands.

There have been numerous instances where companies have opted to go with one multinational agency than to use different agencies in different countries. In 1979, AMF switched from 18 different agencies world-wide to one international agency and in the process, it found an improved

corporate awareness internationally. In 1981, Texas Instruments dropped its 26 different agencies world-wide and switched to one international agency, McCann-Erickson, which incidentally is also the choice of Levi Strauss in most of its foreign markets. The global appeal being utilized by Pepsi Cola is handled by BBDO which manages to coordinate in a world market. Due to a very successful American campaign of Volkswagen by Doyle Dane Bernbach, even the German account of Volkswagen was transferred to the German office of DDB when it opened. McCann-Erickson managed to acquire the foreign account of Coca-Cola and then it managed to acquire the US account of Coca Cola which was then held by D'Arcy. After learning from this experience, D'Arcy finally expanded into foreign markets.

Of all these examples, perhaps the most remarkable has been the experience of Coca Cola. With only slight variations and adjustments from country to country, the company has managed a largely unchanging logo, taste, packaging and advertising all over the world. Not only has it been able to save vast sums of money in this manner, but it has also been able to cultivate a global image as America's leading product, thereby exploiting a world-wide craze for American culture. In pursuing its staggering share of 47 percent of all softdrinks sold world-wide, Coke has used only one clear image. The company has become such a successful global marketer that 80 percent of its earnings now come from outside the United States.

In contrast to Coca-Cola's strategy, Quaker oats used different names and packages to tailor its oat food to different countries. It was not very effective and at the same time too expensive. Consequently, the company has adopted a more uniform approach.

To the true believers in the globalization trend, global marketing requires global advertising, not merely because of the reductions in costs, but rather due to the more fundamental belief that the idea of global marketing would be unthinkable without global advertising.

STRATEGIES FOR THE ADVERTISING INDUSTRY

Caught within the forces of two opposing whirlwinds, how will the Philippine advertising industry manage to cope? Faced with such a situation, the very first thing the industry must do is to stop waiting for events to unfold and then simply react to what has come to pass. Prof. David Yoffie,

an expert on Business-Government relations at the Harvard Business School has noted that although no company is immune from the effects of decisions taken by the government, many American companies nevertheless behave as if the whole thing were simply an exercise in crisis management - something to deal with when the trouble starts. However, such an attitude is a formula for failure.

Prof. Philip Kotler, the marketing expert at Northwestern University, has suggested that industry must distinguish between those policies which must be accepted as a given and those which are actually controllable. Indeed, public policy is not necessarily a given. Ideally, public policy is shaped not only by government but also by the very public for which these policies are established. The industry is a part of the public and, for its own sake, must fulfill its own particular role.

Once the industry has realized this truth, it must then establish a united front. Allies must be organized into a coalition. This would include not only all of the members of the advertising industry, but also all of the potential allies among the advertising sponsors and the advertising media. They, too, must be informed of the importance of this mission and they must be drafted into the battle. Consequently, the resources available would increase and the sphere of influence would expand.

As in any endeavour, opponents of this task will be encountered. It is therefore wise to consider ways of neutralizing opposition by seeking ways to compensate for any possible losses. A classic example of doing this successfully took place a number of years ago when the Coca Cola company anticipated and brilliantly offset the resistance to its entry into Spain by that country's powerful wine-growing families. The trick was rather simple - it offered those families the first Coca Cola franchise in Spain. Therefore, in the case of the Philippine advertising industry, it is necessary to take political and national aspirations into consideration. The agenda and the interests of the government and the public officials must be taken into account and ways must be found to create positions which will appeal to these people. For instance, the industry may be able to create promotional campaigns necessary for an important national program.

It is essential to create cordial relationships even with neutral groups. Everything must be done to convert them into allies and prevent them from becoming opponents. Indeed, Prof. Yoffie suggests that it is wise not to assume that

the government is the enemy. He suggests building more constructive business-government relationships. In this country, Sen. Aquino has even advised the advertising industry to establish an effective business-government linkage. Even the non-governmental organizations (NGOs) are a force to reckon with in this new environment. Their power and influence were felt in the San Miguel Beer's "Bilmoko" ad furor a few years ago.

The industry must remember that even though it is a part of the public that is entitled to shape public opinion, it is nevertheless only part of a larger whole. It must therefore never be negligent about its role as a good citizen of the community. In fulfilling its public relations tasks, it must first realize its responsibility as a good citizen and live up to it.

The advertising industry is not seen in very favorable terms in this country. A recent survey showed that although the positive views outweighed the negative ones, 34 percent of the respondents saw it as an institution in need of change (even though 10 others were considered to be in greater need of change). It must also be pointed out that in the survey, 36 percent of the respondents preferred self-regulation while 23 percent favored government regulation of the industry. This should provide the industry with the opportunity to instill discipline in its own ranks and avoid further criticism and opposition.

Dr. Florangel Rosario-Braid of the Asian Institute of Journalism has stated that the advertising industry is partly to blame for this unfortunate state of events because it has failed to educate the people on the value of advertising. It is remarkably ironic that an industry that is in the business of promoting other people's products and businesses has failed to promote itself and its own products.

The courses of action which have been discussed need to be designed and carried out by the highest levels in the corporate structure. The attention needed on the public policy front is the same level of attention being given to marketing and investments. In fact, the heads of corporations possess greater access and credibility to the top people in government than mere lobbyists.

The advertising industry has survived and prospered by the process of convincing people. It is essential that it now use its remarkable persuasive abilities in order to ensure a proper environment for its own future.

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