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**BECOMING GLOBAL, BECOMING LOCAL:
THE MULTINATIONAL ADVERTISING INDUSTRY IN CHINA**

by
Jian Wang

**A thesis submitted in partial fulfillment
of the requirements for the Doctor of
Philosophy degree in Mass Communications
in the Graduate College of
The University of Iowa**

May 1997

Thesis supervisor: Professor Kenneth Starck

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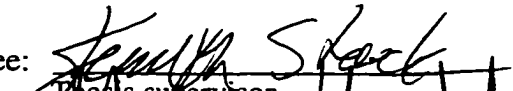
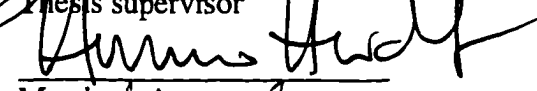

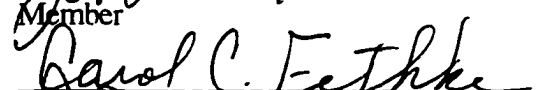


PH.D. THESIS

This is to certify that the Ph.D. thesis of

Jian Wang

has been approved by the Examining Committee
for the thesis requirement for the Doctor of
Philosophy degree in Mass Communications at the
May 1997 graduation.

Thesis committee:


Thesis supervisor

Member

Member

Member

Member

Member

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I would like to dedicate this dissertation to my parents.

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CHINA'S ENCOUNTER WITH GLOBAL ADVERTISING CULTURE

Spring 1996.

At the heart of China's capital city Beijing stands a huge electronic roadside billboard. Displayed intermittently are three "heroes"—a Caucasian man, a woman, and a Hennessy bottle against the backdrop of the peaceful blue sea. The dark suited man is posed in the middle of the background, holding a glass in his hand. In the foreground, the woman is pictured on the left side and the big Hennessy bottle on the right. Between the back and front are a row of Graeco-Roman arches. The woman is barely visible in the scene, showing only one of her shoulders draped over with a beautiful scarf; the shape and texture of the Hennessy bottle are prominently displayed, occupying a quarter of the billboard space. The ad caption written in Chinese characters reads, "Hennessy. The Original X.O."

A moment later, the poster dissolves into a slightly different setting, with a curved white verandah overlooking the quiet blue sea. Standing on the verandah, the man still holds a glass but is now impeccably dressed in a white suit. The woman, now visible in a high-cut white dress, is also looking out at the sea. Only her back, from hip to shoulder, is shown. She is also a Caucasian. The Hennessy bottle remains conspicuous on the right side of the billboard.

Immediately following the Hennessy ads, a public service poster fades in on this billboard. Covering it are twenty big and bold white Chinese characters written against the red backdrop with floral decorations on either side. The slogan, consisting of five four-letter phrases, literally says, "Seizing opportunity, deepening reform, broadening open policy, promoting development, maintaining stability." On the lower right side appears the

credit of the “Propaganda Department of Beijing Municipal Committee of the Chinese Communist Party.”

Embodying the essence of Western advertising—subtle and sophisticated—the Hennessy posters depict a surreal world of elegance, romance, sexuality, high class, escapism and the exotic. The local public service ad, on the other hand, manifests the ethos of Chinese political propaganda—simplistic and straightforward. To borrow Michael Schudson’s notion of capitalist realism and socialist realism, these posters are of different “aesthetic sensibility” and “emotional intensity.” The Hennessy ads are upscale, cool, “sentimental, and appealing openly to the basic human feeling.” In stark contrast, the public service ad is public-spirited, hot, “emotionally overextended, tugging toward inspiration” (1984, 218).

Amidst the hustle and bustle of downtown Beijing, it is on this giant electronic billboard where capitalist realism meets socialist realism, and the global meets the local. The sequential flow of the disparate advertising imagery serves as a daily reminder of the cultural contradictions in contemporary China.

The cola war has also broken out on the Chinese front. In summer 1995, Coca-Cola placed its posters on top of public newspaper reading cases along Chang An Avenue in Beijing. Coke’s presence on this main boulevard is of no less symbolic significance. It did not take long before Pepsi-Cola decorated the bus-stop kiosks along the same avenue with its red and blue logos. One culmination of the cola war occurred in November 1995 when Coke quietly erected its biggest billboard in China on top of the office tower where Pepsi’s Beijing office was located. Pepsi had earlier considered buying up the spot, but the price was too dear. Thus Coke claimed another victory over Pepsi in its drive to conquer the emerging soft-drink market in China.

The players in the advertising business include advertisers, advertising media and advertising agencies; but it is the advertising agency that is “the spearhead of the advertising

business” (Tunstall 1964, 35). What happens to a foreign ad agency when it represents global consumer product manufacturers in a developing market such as China? Does it replicate or recreate its structure and process in the new context?

In his study of the history of the U.S. ad agency N.W. Ayer & Son, Ralph M. Hower (1939, 3) wrote,

To the majority of us advertising is the most familiar fact of modern business. Like the weather, it is always with us, and yet we seldom consciously observe it unless it is unusually good or bad. Nor do we often think about the underlying forces that produce it or consider fully the variety of results which flow from its use.

Although Hower made this observation more than half a century ago, there is still a grain of truth in it when we come to think about how little we understand advertising in contemporary society. Despite a few detailed accounts (e.g., Hower 1939; Tunstall 1964; Stabiner 1993; Rothenberg 1995), the inner workings of an ad agency, especially in the cross-national context, have not received much research attention. The omission is glaring.

The present study examines the production and circulation of foreign advertising in the Chinese market. Like other media products, advertisements represent a constructed reality. They are cultural objects which embody socially and culturally (and sometimes politically) meaningful expressions (Griswold 1994). But unlike many other media products, without claims of authorship, advertising by and large remains anonymous (Twitchell 1996). The glamour of commercials tends to disguise the politics in admaking. In this study, I will go behind the scenes to examine and bring to the fore the dynamics in the field of foreign advertising production in China.

The world economy has become borderless (Ohmae 1990). “For the first time in human history,” declares the economist Lester G. Thurow (1996, 115), “anything can be made anywhere and sold everywhere.” The evolving globalization of industrial and service enterprises includes and depends on the globalization of advertising business. Under a

favorable political climate and with the promise of profits, ad agencies follow their clientele companies to business frontiers around the world.

In 1960, only 17% of the ten largest U.S. ad agencies' total worldwide billings were generated from overseas markets; but by 1989 their overseas billings had risen to 54% (Kim 1995, 209). The overseas share in the worldwide income of the top 500 U.S.-based ad agencies grew from less than 25% (US\$2.15 billion) in 1986 to more than 40% (US\$7.15 billion) in 1995 (*Advertising Age*, April 15, 1995, p. s15). The ad agency Young & Rubicam has established a global network of 325 offices, spanning from Africa and Asia to Europe and the Americas. Grey Advertising, founded in New York City in 1917 and still headquartered there, now operates in 64 countries with 249 offices. As Armand Mattelart (1991, ix) has put it, "[t]he question of advertising has long ceased to be a national question ..."

As the world's most populous nation and hence world's largest potential consumer market, China cannot be ignored in research on international advertising.

The International Monetary Fund identified China as the third largest economy in the world in 1992, trailing only the United States and Japan (Naisbitt 1994, 234-235).¹ Despite the enormous size of its economy, with a population of more than 1.2 billion, China's per capita income still lags far behind developed countries. Nevertheless, since the adoption of economic reform policies in the late 1970s, the rise in Chinese people's disposable income and standard of living has been persistent. It has also awakened their consumption desires. Chinese consumers have started to aspire to acquire Western brand-name products and emulate Western consumption habits (Belk & Zhou 1986; Zhao & Murdock 1996). The emergence of a consumer culture in China is beyond anyone's doubt. During the pre-reform era, "all Chinese were supposed to dedicate themselves heart and soul to the task of building revolutionary socialism" rather than enjoying themselves "as if non-political fun were an inalienable right" (Schell 1984, 203). In short, it is truly a

cultural revolution in and of itself when the notion of seeking material pleasure and “having fun” has become accepted in the Chinese society.

Corporate Globe participates in China’s economic boom with energy and enthusiasm. The mythical prospect of selling one can of Coke or one bar of soap to every Chinese in the potential market of more than one billion consumers is irresistible.

The purveyors of nearly all the world’s big consumer brands are battling for at least a foothold in the Chinese market. Pizza Hut, Kentucky Fried Chicken and McDonald’s serve up fast food. Chinese consumers are wooed by Cadbury’s chocolate, biscuits from United Biscuits, Maxwell House coffee from Kraft General Foods, and Knorr bouillon cubes from America’s CPC. Smokers are tempted by advertisements for Marlboro, Salem and Lucky Strike cigarettes. Drinkers are invited to open a can of beer from Australia’s Fosters, Denmark’s Carlsberg or the Philippines’ San Miguel. Department stores offer Estee Lauder cosmetics, shoes from London’s Gieves & Hawkes and Louis Vuitton handbags (*The Economist*, December 3 1994, p. 75).

General Motors, Ford, Toyota, and other leading car makers are making their way into the unexplored Chinese auto market (*New York Times*, October 25, 1995, p. C6). AT&T is competing with Japanese, German, and French companies to build the information superhighway in China (*New York Times*, February 6, 1995, p. A1). Microsoft officially launched its Chinese Windows 95 in the Forbidden City in March 1996 even though counterfeit copies were by then widely available in the streets of Beijing (*Business Week*, June 24, 1996). The Japanese retail giant Kazuo Wada opened its Nextstage department store in Shanghai, second largest in the world (only behind Macy’s Herald Square in Manhattan) (*New York Times*, June 19, 1996, p. C1). Another global retailer Wal-Mart had opened two stores in China by September 1996 (*Reuters Business Report*, October 8, 1996). The largest Pepsi bottling plant in the Asian Pacific region was set up in China’s Sichuan province (*The People’s Daily*, overseas edition, July 17, 1996, p. 2).

Foreign advertising² entered China with the development of such international businesses in the Chinese market. All the major multinational ad agencies are now present in that country. These ad agencies have generally been successful in cultivating foreign

brand names and images in the minds of Chinese consumers. The global consumer product manufacturers, as a result, are reaping the rewards of advertising and promotion in China.

The TV spots for Tang orange drink (also shown with the certification by NASA) and Nestle coffee were astounding successes. In the early 1980s, the Nestle slogan, "The taste is excellent," spoken by a young male with a slightly southern China accent, quickly made its way into the Chinese vernacular (Li & Gallup 1995). In 1986, J. Walter Thompson launched an ad campaign for Lux Beauty Soap in Guangzhou, and the sales of Lux doubled within half a year (Xu 1989, 25). Raid insecticide created a high level of brand awareness in Shanghai in a short period of time with its well-coordinated ad campaign in 1991 (Xu 1992, 42). A 1994 Gallup survey of Chinese consumers (the first national consumer survey by a foreign research company in China) shows that, among the top ten brand awareness leaders, nine were foreign brands. The only Chinese entry was Tsingdao Beer. The top foreign brands were (in the order of ranking) Hitachi, Coca-Cola, Panasonic, Toyota, Mickey Mouse, Marlboro, Suzuki and Honda (DDB Needham 1995; Li & Gallup 1995).

Consumer goods are communicative. They constitute sources of economic, social and cultural information in our everyday life. "Instead of supposing that goods are primarily needed for subsistence plus competitive display, let us assume that they are needed for making visible and stable the categories of culture" (Douglas & Isherwood 1979, 59). Francis Fukuyama (1992, 194) would call this proposition the Hegelian concept of "objectification" of man in a thing. Goods are carriers of meaning; yet the meaning is not intrinsic in the product. Consumption is therefore the process by which these meanings are created and recreated.

One of the prime purveyors of consumer culture is commercial advertising. Besides promoting and selling products and services, advertising tries to ascribe meaning and identity to goods. It hence performs a cultural as well as an economic function (Dyer 1982). As James Twitchell (1996, 4) has pointed out, “[i]n giving value to objects, advertising gives value to our lives.” Even though the ubiquity of advertising in our everyday life does not mean its “monopoly in the symbolic marketplace,” advertising does possess “a special cultural power” (Schudson 1984, 233).

Despite arguments that trace the ancient roots of advertising in China, modern advertising as an industry and a form of mass communication was a Western invention, and was introduced to China at the turn of the century. Advertising first flourished in China’s business center Shanghai in the 1920s and 30s. Its development was interrupted when the Chinese Communist Party came into power and began to institute a central command economy in the 1950s. Commercial advertising later became irrelevant in the transformed Chinese socio-economic and media system, and eventually disappeared unnoticed. Its triumphant return in the late 1970s was the direct outcome of the market-oriented reform in post-Mao China. Advertising has since enjoyed tremendous growth.

The presence of foreign advertising in China opens a window on the world of capitalism. Material consumption is literal and figurative. It includes not only consumption of goods but also of ideas and images, especially those represented in advertising (Bocock 1993, 52). Through the medium of advertising, Chinese consumers are exposed to Western consumer goods and lifestyles. As a focal point for interpretation in their encounter with global consumer culture, foreign advertising certainly tries to teach Chinese consumers buying habits and orient their consumption behavior. In a sense, foreign advertising also possesses “news value.” It provides Chinese consumers with a glimpse of Western ways of life and helps them imagine a better life. It becomes a form of social knowledge,³ so to speak. “It could be said that advertising and marketing can be a nation’s

unofficial diplomat overseas, representing a country's way of life more dramatically and realistically than official state department or foreign office ambassadors" (*Advertising Age International*, January 15, 1979, p. s2). In other words, although its representations are carefully choreographed and highly stylized, foreign advertising, as social knowledge, is perhaps more informative and persuasive than the sights and sounds in daily news reports about aspects of the outside world. In an increasingly enlarged, complex and variegated cultural environment in China, foreign advertising has become one special source of information for Chinese people.

The standard discourse in international mass communication has focused on advertising's deleterious impact on Third World⁴ countries and cultures (e.g., *The MacBride Report* 1980; Hamelink 1983). Western advertising has evolved from presenting simple, straightforward information about goods and services to representing a "choreographed" vision of life. It depicts not how we actually behave in our daily lives but how we think we should behave (Goffman 1979). Raymond Williams (1980, 184) observed that Western advertising has "passed the frontier of the selling of goods and services and has become involved with the teaching of social and personal values." As Stuart Ewen (1976, 109) also argued, we increasingly confront not the question of "what to buy" but "what to dream." Along with the Western entertainment establishment, multinational advertising has been criticized as a venture of media imperialism or, more precisely, advertising imperialism (Anderson 1984; Schiller 1972; see also Barnett & Cavanagh 1994) for peddling and promoting Western consumer goods and ideals in the Third World, and consequently displacing local cultural traditions and values.

While the media imperialism thesis postulates that Western media and advertising are agents of cultural domination in the Third World, the thesis of "glocalization," on the other hand, emphasizes the dialectic in the processes of globalization and localization in contemporary media and cultural change. As Frederick Buell (1994, 5) points out, "... it

seems increasingly intellectually retrograde and naive to evoke the specter of homogenization as the starting point for investigations of global cultural relationships.” Lawrence W. Levine (1996, 160) also suggests that we should “stop talking about *dominance* and *purity* and begin thinking about *transformation*.” The glocalization perspective posits that cultural change is a union of both homogenization and heterogenization (Robertson 1995) and an interplay between the global and the local (Friedman 1990). This thesis provides a useful framework in which we can explore and explain the shifting dynamics between the globalization and localization of advertising in China.

The present study is about both the production of culture and the culture of production. The central research question is: How is the interplay between globalization and localization exemplified in the production of foreign ads in China? It attempts to answer some of the basic but important questions about the institution of foreign advertising in that country, e.g., Who are the producers of foreign ads for the Chinese market? What are the production ideals and practices? How are advertising messages constructed and distributed? What meanings are given to consumer goods in foreign advertising?

To help shape a comprehensive picture of the institution of foreign advertising in China, this study employs a multiple method strategy. It focuses on a case study of a global advertising affiliate in Beijing by using the method of participant observation. Since any study cannot be viewed in isolation but in context with its social and historical environment, other methods such as interviews, content analysis, focus groups and survey research are also included to help contextualize the case study.

In short, the purpose of this study is threefold: 1) to extend our understanding of the production process of cultural artifacts, such as advertisements, in the increasingly globalized economic and media environment; 2) to examine the theoretical adequacy of the

media imperialism thesis and illustrate the glocalization thesis in the study of contemporary international media flow; and 3) to explore the economic, cultural and historical context in which the institution of foreign advertising has developed in China.

In this study, advertising is defined as paid communication via mass media whose goal is to impart information about a product or a service to help bring about its sales (Colley in Doyle 1968, 572). Advertising differs from other promotional activities, such as point-of-purchase display, personal selling, and direct marketing, in that it relies on mass communication media to communicate to potential buyers. The main concern of this study is consumer advertising. Consumer advertising refers to the production and dissemination of ads for consumer products—goods primarily for the consumption of individual and family (e.g., electronic appliances, wristwatches, etc.) (Cateora 1993). To narrow down the focus on consumer brand advertising, I did not investigate in this study advertising for industrial products—goods mainly for production and business purposes and uses (e.g., copy machine, machinery)—or services (e.g., banks, insurance).

One premise of the study is that I assume that in any mediated-communication process, media organization and its production process play an important role in shaping messages and meanings. This is by no means to suggest that the power of audience reception in the ultimate meaning creation is minimal. What the premise asserts is that media production tends to be audience oriented and reflect cultural currents. In other words, the production process “sets limits” on the possible interpretations of media messages.⁵

It is also necessary to point out that though somewhat tangential to the central focus of the study, the description of the context in which foreign advertising has developed in China is nevertheless essential. In fact, it is only for analytical purposes do we make conceptual distinctions between “text” and “context.” A “text” can hardly be fruitfully explored without contextualization. That’s why in this study the socio-economic and media

conditions also receive much descriptive attention to help shed light on the development of foreign advertising in China.

The plan of the study begins with an overview of the cumulative literature on advertising in China. Chapter II therefore establishes a necessary research context for the present inquiry. Chapter III reviews two major theories of international media flow—the media imperialism thesis and the glocalization thesis—with special references to studies of international advertising flow. Chapter IV explains the mixed-method approach employed in this study. The next two chapters focus on the background of the development of foreign advertising in China. Chapter V provides a brief historical view of foreign advertising in China, from the early part of the twentieth century to the 1990s. Chapter VI describes the content of foreign ads and Chinese people’s attitudes toward foreign advertising in contemporary times. Chapters VII and VIII examine the structure and process of advertising production in one of the major global advertising affiliates in Beijing. Chapter IX analyzes the findings about foreign advertising in China in light of the glocalization thesis. Chapter X discusses the implications of the development of global advertising in China, and suggests opportunities for future research in this area.

Notes

1. Unlike previous measurements based primarily on GNP, this measurement takes into consideration Purchasing Power Parity in individual countries. Some, however, dispute such statistics about China's economic power. See "How poor is China?" in *The Economist*, October 12-18, 1996, pp. 35-36. Even though the new research suggests that China's poverty is more widespread than what has been presented and projected, its economic development in the last decade has nevertheless been impressive and indisputable.
2. At the time of this project, ads for global consumer products are mostly produced and disseminated by non-Chinese advertising agencies. We therefore use the general term "foreign advertising" in this study.
3. I borrow Robert Park's (1955) notion of news as "acquaintance with," a form of knowledge that orients people and society. As a source of knowledge, advertising shares some elements in common with news. The other type of knowledge, according to Park, is "knowledge about," which requires systematic, formal learning.
4. Even though the concept of the Third World has lost some of its "definitional clarity" as a result of the changes in the geo-political map, it is still to some extent relevant (see Buell 1994, 12).
5. It has also been suggested that we should not mistake "active" for "powerful" audience (Ang 1990).

A REVIEW OF RESEARCH ON ADVERTISING IN CHINA

To provide an analytical basis for my inquiry into foreign advertising in China, this chapter reviews studies on advertising in that country. Academic publications are an important forum for the sharing of ideas and knowledge in a scholarly community. They are also critical in defining and legitimizing research problems, and subsequently in the diffusion of new ideas and opinions (Knapp & Daly 1993). I therefore examined research on Chinese advertising published in major communication and marketing / advertising journals (e.g., *Journal of Advertising*, *International Journal of Advertising*, *Journal of Communication*, *Gazette*, etc.) as well as books (mostly) in the last decade or so. This review is not intended to be exhaustive; rather it attempts to manifest the scope of research interest. It encompasses the most cited studies on the topics to date, and I believe it is a valid indication of the scholarship in this area of research.

According to their research topics, I have identified four main categories of studies, i.e., advertising content, perception of advertising, advertising policy and practice, and foreign advertising in China. Regardless of what the research emphasis was, most of the studies also provided some background about the development of advertising in China.

Advertising Appeals and Information Cues

Content analysis is one of the prevalent methods employed in communication research; so is it in studies of advertising in China. The main objectives of these content analyses were to examine information cues and appeals in ads in the Chinese mass media (see Table 1).

Table 1. Analyses of Advertising Content

Time frame	Ad medium	Sample size	Object of analysis	Authors
1949-1993	newspaper	4,634	product types & execution style	Swanson
1979-1985	newspaper	291	ad appeal	Tse, Belk & Zhou ^a
1979-1993	newspaper	3,240	product types & execution style	Swanson
1980-1989	newspaper	454	industrial goods	Czepiec
1982-1992	magazine	572	cultural values	Cheng
1985	TV, radio, newspaper, billboard	(unspecified)	product types	Stewart & Campbell
1985	TV	91	execution style	Stewart & Campbell ^b
1987	magazine	472	level of information	Rice & Lu
1993	TV	324	level of information	Chan
1993	TV	489	cultural values	Cheng & Schweitzer ^c

^a ad comparison between Hong Kong, Taiwan, and Mainland China

^b ad comparison between Hong Kong and Mainland China

^c ad comparison between China and the United States

Several studies engaged in longitudinal comparisons provided some useful indication about the pattern in advertising content, e.g., Cheng 1994; Czepiec 1993; Swanson 1995 & 1996; Tse, Belk & Zhou 1989. In general, these studies found that Chinese advertising tends to emphasize product information and utilitarian appeals, that its execution styles have become more varied over the years, and that Chinese advertising touts cultural symbols of modernity, technology and quality.

Lauren Swanson's (1995) study was an exceptional contribution because it explored regional differences, an often neglected yet significant dimension about Chinese media and advertising. Her study showed that the Southern ads use more creative illustrations than the Northern ads and that more consumer and industrial products are advertised in the South than in the North.

Helena Czepiec's (1993) study focused on industrial advertising in China. It found that product information, quality, adherence to standards and dependability are the main attributes highlighted in ads for industrial products.

Among the newspapers used as object of analysis were national papers such as *The People's Daily* and *The Economic Daily*, and regional papers such as *Beijing Evening News* and *Canton Evening News*. The TV channels under study included China Central TV 1 (CCTV1), CCTV2, Beijing TV, Shanxi TV and three channels in Guangdong (the prosperous province in South China).

Attitudes Toward Advertising

Surveys have been used to gauge people's attitudes toward advertising in China. With one exception, the studies under review employed convenience samples. Xinshu Zhao and Fuyuan Shen's (1995) study is a secondary analysis of two sets of data based on stratified random samples and collected by China Central TV and Chinese People's University in Beijing in 1987. Table 2 shows that in these studies Chinese managerial personnel attending professional training programs were often selected to express their views about advertising.

The surveys revealed that Chinese managers and consumers generally hold favorable attitudes toward advertising. They perceive advertising as a useful business tool. But they also have reservations about some of the social aspects of advertising, such as promotion of consumerism, false and deceptive advertising, etc. In some surveys (e.g.,

Zhao & Shen 1995), consumers reported that they appreciate the informational function of advertising. But another study (Chan 1996) shows that consumers prefer emotional commercials to informative ones, which they describe as “dull” and “uninteresting.” In addition, Chinese consumers dislike the crude execution style in domestic advertising and admire the colorful, dynamic, and sometimes humorous foreign advertising (e.g., Pollay, Tse & Wang 1990).

Table 2. Surveys on Attitudes Towards Advertising

Time frame	Research site	Research subjects	Sample size	Authors
1985	Hong Kong	Chinese managers	60	Ho & Sin
1985	Beijing, Fu Zhou	managers	192	Semenik, Zhou & Moore
1987	Beijing, Harbin, Guangzhou	consumers	123	Pollay, Tse & Wang
1987	China / Beijing	TV viewers / residents	25,000 1,100	Zhao & Shen ^a
1991	Beijing, Shanghai Siping, Cixi, Lanzhou Dongwan, Ercheng	managers	206	Semenik & Tao
1995	(unspecified)	consumers	320	Chan

^a This is a secondary analysis of two data sets.

Advertising Policy and Practice

There have also been studies that traced the evolution of advertising policy and regulation in China (e.g., Chu 1982; Yu 1991; Ha 1996). The party press has been an important source of public policy and law in China. By examining pronouncements in

news and commentary in the Chinese media, one is likely to get some idea about government policies on advertising at any given time. The other source of public policy is official documents. Since the return of advertising in post-Mao China, there have been four major policy promulgations on advertising. The “Provisional Regulations for Advertising Management” was adopted in 1982. Then came the “Regulation for Advertising Management” in 1987. Another important advertising policy initiative was the “Interim Regulations on the Advertising Agency System and Interim Advertising Censorship Standards” in 1993. The culmination of all these efforts to regulate advertising and promote industry standards was the ratification of the “Advertising Law” by the National People’s Congress. The law came into effect in February 1995.

James Chu (1982) described the early stage of advertising development in post-Mao China. The functions and principles of advertising in a socialist system were debated in the Chinese media during that period. The consensus was that advertising is a necessary tool to communicate the “successes of the economic policy and the progress toward modernization” (91).

Xuejun Yu’s (1991) study dealt with government policies on advertising between 1979 and 1989. According to Yu, Chinese advertising and its policy-making experienced two developing phases during the ten-year period. The first phase was between 1979 and 1983, characterized by Chinese government’s strong support for the re-establishment of advertising but also by the lack of specific guidelines for advertising practices (21-22). During the second phase (1984-1989), the Chinese government continued to promote advertising through, for example, sponsoring The Third World Advertising Congress in Beijing, June 16-20, 1987. It also placed more emphasis on regulating advertising to protect consumers and improve industry standards. Yu’s study revealed that the Chinese government’s advertising policies “were in a state of flux, and were not clearly defined” and that advertising regulations “were incomplete and their enforcement was weak” (17).

Louisa Ha (1996) gave a detailed analysis of China's 1993 "Interim Regulations on the Advertising Agency System and Interim Advertising Censorship Standards" with some passing mention of the "Advertising Law" which came into effect in 1995. Ha (1996) identified four main policy and practice issues in Chinese advertising: "(1) the influence of foreign advertising practices and infrastructure system on the domestic advertising industry; (2) the urge to shorten the learning process of advertising skills and know-how; (3) the threat of advertising to the indigenous culture, and (4) the government's role in maintaining order." The study discussed problems in enforcing advertising regulations and implications of such regulations for the Chinese advertising industry. It concluded by pointing out that regulations against false and deceptive advertising would benefit Chinese consumers, but the lack of legal recourse in the current system could result in an imbalance between powerful officials and powerless advertisers.

Foreign Advertising in China

On the development of foreign advertising in China, there are several books and articles worth noticing: Carl Crow's *Four Hundred Million Customers: The Experience - Some Happy, Some Sad of an American in China, and What They Taught Him* (1937), "Spreading Consumerism" in Randall Stross' *Bulls in the China Shop and Other Sino-American Business Encounters* (1990b), Michael Anderson's "China's 'Great Leap' Toward Madison Avenue" (1981), Thamis W.C. Lo and Amy Fung's "Multinational Service Firms in Centrally-Planned Economies: Foreign Advertising Agencies in the PRC" (1988) and Hong Cheng and Katherine T. Frith's (1996) "Foreign Advertising Agencies in China." The two books (Crow and Stross) do not deal with foreign advertising *per se*; rather they are about foreign business and Chinese culture. But Western marketing and advertising in China are important dimensions of these books.

The story of foreign advertising in China would be incomplete without the mention of Carl Crow. Crow was one of the first Westerners to establish an ad agency in China in the early twentieth century. Since a more detailed discussion of Crow's advertising experience in China will be found in Chapter V, I will only point out here that Crow's book informs us about the nascent stage of foreign advertising and consumer culture in China in the 1920s and 30s. His advertising philosophy and practice were grounded in Chinese culture and history. As he observed in the preface of his book (12),

... the studies of the advertising agent must range as wide as, though in a more humble field than, that of the anthropologist, for there is no information about the country and its people which may not at some time or other prove of value. It has been no hardship to me to study the Chinese, their character, history and institutions, for I am as keenly interested in them today as I was when I was thrilled by my first ricksha ride, a quarter of a century ago. It is the sympathetic study of China that, to many foreigners who live here, accounts for the fascination of the country.

Crow provided a perceptive account of not only the advertising business in China in the early part of this century but also of the dynamics between Chinese and Western cultures.

As the title suggests, Randall Stross' (1990b) book is about American business people in China. The two chapters "The Marketing of Marketing" and "Coca-Colonization" tell the story of Americans' role in the reintroduction of marketing and advertising in China in the late 1970s and early 1980s. Despite the persistent debate in the Chinese media about the morality of advertising and consumer culture, the success of U.S. consumer product companies in the Chinese market, such as Coca-Cola, Kentucky Fried Chicken, Philip Morris and Proctor & Gamble, was an indication of Chinese receptiveness to a consumer culture largely defined and communicated by advertising and marketing. The Stross' story ended in 1989 when the once promising business prospects were clouded by the Tiananmen crackdown.

Michael Anderson's (1981) study of foreign advertising in China was one part of a larger project on transnational advertising in Southeast Asia which later turned into a book

(1984). It documented the initial efforts of the major international advertising firms, such as Densu, J. Walter Thompson, Young & Rubicam, McCann-Erickson and Ogilvy & Mather, to establish their links with the newly revitalized advertising market in China in 1979 and 1980. After an almost ten-year absence of advertising in the Chinese socio-economic life due to the Cultural Revolution (1966-76), the Chinese government was cautious during the early stage of the advertising comeback, and the development of foreign advertising was slow. Anderson thought that the presence of foreign advertising in China would have significant implications for other Third World nations if the Chinese experience would yield a viable “middle road” developmental model. As he (20-21) put it,

[But] if the PRC government’s deliberate introduction of modern advertising and accommodation of transnational corporate influences does succeed in being used for national development, it could increase China’s credibility as a model for other nations struggling to find a “middle road” in the interdependent world.

Also focusing on multinational ad agencies and their interests in the Chinese market, Thamis W.C. Lo and Amy Fung’s (1988) study aimed to find out the motivations and strategies of multinational agencies in entering China. The global advertising subsidiaries in Hong Kong serve as critical links to the advertising market in mainland China. The authors conducted a mail survey of the major advertising agencies in Hong Kong in 1986. They found that agencies entered the Chinese market for two main reasons: service to multinational clients and huge market potential. Their entry strategies were mainly on a project-by-project basis. There was no joint-venture arrangement at the time of the survey. The major problems that agencies encountered in China were lack of professional marketing and advertising personnel and data, the fluctuating government policy, and the cumbersome bureaucracy.

Hong Cheng and Katherine T. Frith (1996) replicated and expanded on Lo and Fung’s study by conducting a mail survey of foreign ad agencies in China in 1993. They used a similar framework to that of the earlier survey. There were no big surprises in entry

motives and perceived problems in the Chinese advertising market, except that “profitability” had become a more important reason for entering China. This study also found that management positions at these agencies were mostly held by expatriates from Hong Kong and Western countries.

Other Studies

A few other studies on advertising in China also deserve notice. Suk-ching Ho and Chi-fai Chan (1989) presented the problems and prospects of the Chinese advertising market. The problems they identified are the inexperience of the advertising industry in China and the socialist nature of the Chinese economy which often contradicts the market imperatives. The promising prospects are evident in the Chinese government’s recognition of the positive role that advertising can play in the Chinese economy and the acceptance of advertising practices by Chinese managers.

Kong Liang and Laurence Jacobs’ article (1994) mainly identified the problems and difficulties in agency-client (e.g., lack of trained advertising executives) and agency-media relationships (e.g., direct placement in major media) in the evolving Chinese advertising industry. They also briefly mentioned the role of “guan xi” (connections) in Chinese business and how that might present an obstacle to the development of foreign ad agencies in China.

There have also been studies on China’s export advertising. Chike Okechuku and Gong-rong Wang (1988) examined the effectiveness of Chinese print ads in the North American market. A more recent study by Nan Zhou and Russell W. Belk (1993) analyzed ads in several North American editions of Chinese magazines between 1979 and 1988. They found that with the growth of Chinese exports, export advertising became more sophisticated in utilizing marketing strategies.

Last but not least, there is Xu Baiyi's book *Marketing to China: One Billion New Customers* (1991). Known as China's "Grand Old Adman," Xu's entire career has witnessed the ebb and flow of advertising since the 1930s. This book is essentially a guide for foreign businesses aspiring to expand their market in China.

Summary

Despite these important beginnings, advertising in China, especially foreign advertising, remains tremendously understudied. As the Chinese economy grows more open and diversified, the role of foreign advertising in China's socio-economic development cries out for examination.

The foregoing review of the major studies on advertising in China forms a research context for my study of the foreign advertising industry in China. Findings from the previous research will be incorporated into and in some cases also contested in this study. In short, this review of the literature provides a starting point for my research journey. I will now turn to a discussion of the two theoretical perspectives that underpin our understanding of global media culture—media imperialism and media globalization.

MAKING SENSE OF GLOBAL MEDIA CULTURE: THEORETICAL APPROACHES

The general inquiry in international advertising has two main orientations (Larson 1980). One is an applied approach, which draws heavily on marketing literature. This line of research mainly caters to marketing and advertising practitioners. It is interested in finding out how to conduct effective advertising in the diverse markets around the world. It has focused on, for example, whether and how international advertising agencies should pursue “standardized” or “localized” approaches in designing advertising messages (e.g., James & Hill 1991). The other orientation, which grows out of (mass) communication research, is more concerned with the cultural and social aspect of international advertising. Research on the experience of multinational advertising agencies in the Third World, such as Southeast Asia (e.g., Anderson 1984; Frith & Frith 1989 & 1990; Kim & Frith 1993) and Latin America (e.g., Mattelart 1979; Fejes 1980; Janus 1980, 1981a & 1981b), has centered around the transformative impact of multinational advertising in the local cultural milieu. The following theoretical discussion reflects more the latter orientation than the former approach in research on international advertising.

International advertising is a subfield of international communication. The primary concern in international communication research has been the international structure and flow of media (Hur 1982). Since the late 1960s, one major theoretical framework in this area of inquiry has been the thesis of media imperialism. It is mainly in reference to the one-way, non-reciprocal flow of information and cultural influence in international media environment, which embodies cultural domination of the Third World by the West (e.g., Schiller 1969; Boyd-Barrett 1979).

As a promising alternative or, perhaps, an antidote to media imperialism, the concept of “glocalization” appeared in the early 1990s. It tries to make sense of the rapid cultural changes on the global scale in contemporary times. As the composite word itself suggests, “glocalization” is the dialectic of “globalization” and “localization.” This perspective holds that the process of social change is a union of both homogenization and heterogenization (Robertson 1992) and an interplay between the global and the local (Friedman 1990). Benjamin Barber’s (1995, 4) description of the “Jihad” versus the “McWorld” vividly captured this dynamic moment of change: “Caught between Babel and Disneyland, the planet is falling precipitously apart and coming reluctantly together at the very same moment.”

In this chapter, I will first present some of the key arguments in media imperialism research and its criticisms, with particular attention to research on multinational advertising in the Third World. I will then explicate the unfolding theoretical development of the concept of glocalization and point out that the thesis of glocalization seems more fruitful than the thesis of media imperialism as an exploratory and explanatory concept. My review of the two conceptual frameworks is not meant to be exhaustive; rather the purpose is to sketch out a theoretical map that can guide my discussion of foreign advertising in China. Doing full justice to the vast body of research in this area is not possible. Thus, at the risk of oversimplification, I highlight a few representative works.

Before delving into the theories of media flow, it is necessary to point out three premises for this discussion. First, as the phrase “media flow” suggests, here I am only dealing with the type of media culture that has a definite geographic origin and then is spatially expanded. Parallel media innovation and culture in different geographic regions are not within the scope of this study. Second, differentiation along the lines of economy, politics and culture exists not only between societies but also within a society. But my analysis of media flow is only concerned with the interaction between societies rather than

within a society. And, such societies are primarily defined by nation-states. Third, the two basic terms—“media” and “culture”—are frequently used in this study. Although I sometimes use them interchangeably (e.g., “media imperialism,” or “cultural imperialism”), we need to be aware of the semantic differences between “media” and “culture.” They are certainly of different magnitude. I study media as a form of communication and as a setting within culture. Although one cannot simply assume the centrality or marginality of media in the cultural environment, it is fair to say that mass media increasingly play an important role as a social institution around the globe and that they contribute significantly to the world cultural milieu.

Backdrop

After World War II, with the rise of the United States as a political, economic and military superpower and the concomitant decolonization in many parts of the world, the Western notion of modernization and development was widely spread and accepted in the Third World. One important component of the modernization program was the development of modern mass media. Mass media were regarded as indispensable agencies for modernization in the newly-independent countries (e.g., Lerner 1958; Schramm 1964). The export of media technology, equipment, content and professionalism from the West (mainly the United States) thus became prevalent in those days, and has since remained important to media development in those countries.

But the optimism in the pursuit of modernization and development dissipated, later to be superseded by skepticism in the 1960s. Herbert Schiller first conceptualized the thesis of media / culture imperialism in his book *Mass Communication and American Empire* (1969). He argued that the consequences of the expansion of U.S. media economy and culture to other countries were the imposition of U.S. values onto other cultures and the displacement of local traditions.

The criticism of Western mass media expansion was echoed in the Third World. The height of the media imperialism debate was embodied by the New World Information and Communication Order (NWICO) movement in the 1970s, where Third World countries made concerted efforts to address and redress the uneven flow of information from the core capitalist countries to the peripheral countries. However, amidst the Cold War, the NWICO debate was highly politicized and fundamentally ideological. The withdrawal of the United States and Great Britain in the mid-1980s from the United Nations Educational, Scientific and Cultural Organization, a major platform for NWICO, highlighted the clash between contending political ideologies and powers.

The passing of the Cold War era has found a relatively calm international political climate and the rapid development and dissemination of communications technology. Muhammadi Ayish (1992, 488) identified two major global trends that are currently shaping the future of the world. First is the wide proliferation of modern communication and information technologies; and second is the increasing democratization of social systems around the world in the wake of the disintegration of the former Soviet-led Communist block. I may add at least a third trend, which is the intensifying global expansion of mainly Western-based corporations.

Against the backdrop of these interdependent developments, media expansion by the world's major communications companies has achieved a new momentum. Popular culture, for instance, has become America's second biggest export after aircraft (*New York Times*, January 30, 1994, p. H1). Or, as Richard J. Barnet and John Cavanagh (1994, 25) contended, "[t]he American dream is the nation's number one export." The U.S. television show "Baywatch" is believed to be watched in 114 countries (*New York Times*, July 3, 1995, p. 41). From TV land (e.g., CNN) and videoland (Blockbuster Video) to movieland (Disney's *The Lion King*) and musicland (Madonna and Michael Jackson), we are witnessing a phenomenal global cultural expansion. The rapidly growing global media

industry now also extends to the realm of books (*The Bridges of Madison County*) and fashion (The Gap).

Does this new wave of media expansion smack of media imperialism? Is it a reincarnation of colonialism in media and culture? Herbert Schiller's (1991) answer was affirmative. He contended that cultural domination is far from over but instead has become more pronounced. Coca-Colonization and McDonaldization of the world are emblematic of cultural imperialism. "In the contemporary world," James Petras (1993, 140) also argued, "Hollywood, CNN and Disneyland are more influential than the Vatican, the Bible or the public relations rhetoric of political figures." But the proponents of the concept of glocalization point out that the convergence of modern communications technology and political and economic liberalization have transformed the way we live and communicate. They find the media imperialism perspective reductionistic and inadequate in illuminating the complex and sometimes even ambiguous process of media flow.

Revisiting Media Imperialism

Research in media imperialism is vast. Most of the crucial literature appeared in the 1970s (e.g., Schiller 1969; Dorfman & Mattelart 1975; Tunstall 1977; Boyd-Barrett 1979; Mattelart 1979; Nordenstreng & Schiller 1979) and the early 1980s (e.g., Lee 1980; Fejes 1981; Sinclair 1982; Hamelink 1983). After a brief hiatus, scholarly interest in the debate re-emerged in the 1990s when cultural and media globalization seemed to accelerate (e.g., Salwen 1991; Schiller 1991; Straubhaar 1991; Tomlinson 1992; Petras 1993; Biltereyst 1995).

Media Imperialism

Setting the terms for the discourse of media imperialism, Herbert Schiller (1969) argued that the U.S. media operation is invariably intertwined with the U.S. international

economic and political structure. Cultural imperialism, according to Schiller's conceptualization, is best exemplified by such macro-structural indicators as ownership of media organizations, media technological development and its application, and other media economics. The U.S. mass media tend to project images of goods and wealth, and promote an American vision of life. The international expansion of such U.S. media leads to cultural domination over foreign countries, producing disastrous consequences to the cultural autonomy of those countries. Studies along the line of macro-structural conceptualization (e.g., Mattelart 1979; Nordenstreng & Schiller 1979; McPhail 1987) are sharply critical of the Western media. They see the Western media, including multinational advertising, as powerful forces in transforming people's social behavior and their worldviews.

In a more liberal capitalist reading of the international media structure, William Read (1976, 181) argued that the macro-structural analysis fails to provide empirical evidence of causal attributions between the American media and their transformative impact on foreign cultures and societies. He contended that both American media producers and foreign media consumers enjoy different benefits in the international media marketplace.

Summarizing the two competing views (represented here by Schiller and Read), Chin-chuan Lee (1980, 54-55) commented,

[i]t is fair to say that while radical writers (Nordenstreng & Varis 1973; Schiller 1976) have a tendency to deny the desirable consequences of media/cultural diffusion, liberal writers (Pool 1974, 1977) have a reverse tendency to ignore the undesirable consequences of entrenched American media/cultural foreign domination.

Lee's (1980) analysis of the homogenization of television programs in the international arena takes a somewhat different approach in this theoretical debate. Although it generally resembles Schiller's structural conceptualization, his study doesn't suggest wholesale condemnation of the presence of Western media in the Third World. Lee's analytical framework of media imperialism illustrated in the case of television is comprised of four

different levels of generality: namely, “1) television program exportation to foreign countries; 2) foreign ownership and control of media outlets; 3) transfer of the ‘metropolitan’ broadcasting norms and institutionalization of media commercialism at the expense of ‘public interest’; and 4) invasion of capitalistic world views and infringement upon the indigenous way of life in the recipient nation” (68). This last criterion attempts to show empirically the effect of Western media in the Third World.

Apparently, the structural approach to the analysis of international media flow is premised on the power of media structure and message. It is implied that media ownership and structural pattern determine media content. It is also assumed that media content is contained within the message and that media audience absorb information as intended. As Schiller argued (1969, 110),

The content of the programming is all that really matters, for what is broadcast may determine, in large measure, the cultural outlook and the social direction of the new nations for generations.

Therefore, by examining media ownership and analyzing media content, one is presumably able to draw conclusions about the invincible power of Western media and culture in the Third World.

Advertising Imperialism

Along with television programming, advertising has been in the spotlight of the media imperialism debate. Herbert Schiller (1972) called the internationalization of advertising an act of “Madison Avenue imperialism,” and Michael Anderson (1984) simply termed it “advertising imperialism.”

Michael Anderson (1984) provided a detailed account of the multinational advertising industry in Southeast Asia. His theoretical framework, largely based on Johan Galtung’s structure of imperialism, viewed advertising as a critical dimension of the international power structure, and emphasized the uneven flow of advertising between the

Center and the Periphery countries. He (49) defined advertising imperialism as “the way in which advertising exchange between nations is structured internationally with the effect that some nations may dominate other nations and create a disharmony of interest between them.” He continued,

It is one way in which advertising-rich Center nations penetrate into, and maintain a hold over, weaker Periphery nations whose indigenous communications resources are less sophisticated ... The concept implies great, as well as unequal, power over advertising in and between nations. It also implies that the development goals of Center and Periphery nations are incompatible, even though these societies are closely coupled.

According to Anderson (50), advertising imperialism is comprised of two dimensions:

- 1) The Center exercises domination by imposing a certain advertising structure on the Periphery, and
- 2) The Center penetrates the Periphery by creating a center of local, internationalized elites to serve as a bridgehead for the Center in its advertising spillover into economics, politics, culture, and other areas within the Periphery society.

Anderson’s data, collected in 1977-78 in Malaysia, Singapore and Indonesia (and China), appeared to support his main thesis. In his concluding remarks, he (336) wrote,

This analysis of the “Madison Avenue connection” and the structure of advertising in four Asian nations has suggested that the TNAAs (transnational advertising agencies) have power over value-forming institutions within each of these societies except China, where the evidence is not in yet, and that the overall picture of advertising remains characteristic of colonialism, with ex-colonies at a disadvantage.

There are three dimensions of cultural impact produced by multinational advertising in the Third World (see also Kim & Frith 1993): 1) the export of Western advertising and its professionalism; 2) the transnationalization of consumer culture; 3) the commercialization of local mass media.

First, studies on multinational advertising in Southeast Asia (e.g., Anderson 1984; Frith & Frith 1989) argued that multinational advertising in the Third World has introduced and implanted Western advertising norms and professional values in these developing countries. For Anderson (1984), ownership patterns, market domination, and staff

composition are clear indications of economic and cultural control by multinational agencies in the advertising industry in these countries. Similarly, the Frith and Frith (1989) study held that the dominance of multinational advertising in Southeast Asia is tantamount to a cultural invasion. The cultural invasion in their study has two manifestations. One is that the producers of advertising in multinational agencies are Western expatriates and local staff socialized into Western advertising professionalism. "As a result," they concluded, "advertising messages are encoded in alienated pockets and decoded in host cultures that exhibit quite different values and mores" (180). The other aspect of the cultural invasion is manifested in the divergence in symbolic representations between foreign and local ads. In their semiotic analysis of ads, Frith and Frith (1989) found that cultural values expressed in foreign ads were incompatible with local traditions. They used pairs of words and phrases (e.g., "we" or group feeling vs. individualism; intuitive problem-solving vs. logical problem-solving) to compare and contrast between Eastern and Western cultural values as represented in ads.

The second cultural impact of multinational advertising in the Third World is the transnationalization of consumer culture. The MacBride Report (1980) held that commercial advertising tends to "promote attitudes and life-styles which extol acquisition and consumption at the expense of other values." Cees J. Hamelink (1983, 16) asserted that foreign advertising in developing countries cultivates an identification with the culture of the more affluent classes in developed countries. The promotion of socially and economically low-priority goods also impedes the desirable path of development. Furthermore, multinational advertising is prone to "inform very little but persuade very strongly" (Hamelink 1983, 13). To pursue the "world consumer," according to Noreene Janus' (1981a) research on foreign advertising in Latin America, international advertising agencies cooperate with multinational manufacturers and launch marketing campaigns to

introduce new products and teach new consumption habits. Multinational advertising agencies therefore help to foster a standardized global consumer culture.

Third, when multinational advertising agencies establish their dominance in the advertising industry in a Third World country, their influence also extends to the operation of the local mass media. In Latin America, for instance, it was not a coincidence that the growth of mass media (especially broadcast media) was accompanied by that of transnational advertising (e.g., Janus 1980). Both private and government-owned media (especially television) in Latin America became increasingly dependent on (multinational) advertising as a source of income (Fejes 1980).

Besides these three recurring themes in the study of cultural impact of multinational advertising in the "Third World," Armand Mattelart (1979) pointed out that multinational advertising's influence could even seep into the political process of the local government as shown in the case of Chile. Norene Janus (1980) also suggested the economic effects of multinational advertising in the Third World in terms of market competition and entry of new products.

To sum up, as Michael Anderson (1984, 66) put it,

In effect, the TNAAs do far more than provide mere advertising services. They also on a daily basis—mostly during a person's leisure time—transmit consumerism and other values, communicate information, influence behavior both of individuals and of institutions, and affect development policies and plans. In a word, they exercise *power*.

Suffice it to say, the conceptualization of advertising imperialism is identical to that of the broader media imperialism research. Its underlying assumptions are that ownership means control of advertising practice and content and that advertising content is appreciated uniformly by audience. Equally important is its assumption that there is a pure local / indigenous culture that is not only antithetical to Western values and norms but also invariably vulnerable to Western cultural contamination and domination.

Criticisms of Media Imperialism

It is obvious that the analytical bent of media imperialism is on the homogenization process in social change. The following discussion shows why media imperialism is a limited theoretical concept for exploring “the intricate process of cultural contact, intrusion, fusion and disjunction” in social change (Young 1995, 5).

The Question of Control

The media imperialism research assumes that media structure determines media content and impact. This implicit deterministic outlook is problematic. Here I borrow Raymond Williams’ notion of determination to question the validity in conceptualizing the control exercised by Western cultural producers as rigid and total, which is implied throughout the media imperialism discourse. Williams (1974, 124) wrote,

Determination is a real social process, but never (as in some theological and Marxist versions) as a wholly controlling, wholly predicting set of causes. On the contrary, the reality of determination is the setting of limits and the exertion of pressures, within which variable social practices are profoundly affected but never necessarily controlled. We have to think of determination not as a single force, or a single abstraction of forces, but as a process in which real determining factors—the distribution of power or of capital, social and physical inheritance, relations of scale and size between groups—set limits and exert pressures, but neither wholly control nor wholly predict the outcome of complex activity within or at these limits, and under or against these pressures.

Therefore, we can argue that the conceptual flaw of the media imperialism research lies in its equating “determination” with absolute control, which appears to be more imaginary than real.

The Question of Imposition

Media imperialism asserts the imposition of one culture onto another. Imposition is tantamount to forcible control, often associated with the use of military power. Imposition by coercion was prevalent during the colonial days when politics, economy and culture

were “promoted ‘from above,’ with little or no popular base and with little or no reference to the cultural traditions of the peoples incorporated in their domain” (Smith 1990, 176). This is hardly true in the contemporary world. The spread of media and culture is achieved through peaceful means rather than militant actions. As John Tomlinson (1992, 175) observed,

Globalization may be distinguished from imperialism in that it is a far less coherent or culturally directed process. For all that is ambiguous between economic and political senses, the idea of imperialism contains, at least, the notion of a purposive project: the *intended* spread of a social system from one center of power across the globe. The idea of “globalization” suggests interconnection and interdependency of all global areas which happened in a far less purposeful way.

The Question of Vulnerability

The media imperialism research suggests vulnerability of the local / indigenous culture in its encounter with the foreign culture. It seems to imply that the result of media flow is always substitutive rather than supplementary. However, when absorbing foreign media technology and content, traditional cultural values and visions can also be sustained by being “re-embedded” and “remoored” in the new context. In conditions of modernity, Anthony Giddens (1990, 79-80) argued, the notion of “reembedding” complements that of “disembedding.” By “reembedding,” Giddens means “the reappropriation or recasting of disembedded social relations so as to pin them down (however partially or transitorily) to local conditions of time and place” (ibid.). John B. Thompson (1995, 192) also maintained that, instead of being abandoned, traditions can be taken up, “reshaped, transformed, perhaps even strengthened and reinvigorated through encountering with other ways of life.”

It is therefore difficult to conceive that exposure of the local / indigenous culture to Western cultural products always taints the former. As Edward Said (1993, 317) wrote,

[c]ontamination is the wrong word to use here, but some notion of literature and indeed culture as hybrid (in Homi Bhaba's complex sense of that word) and encumbered, or entangled and overlapping with what used to be regarded as extraneous elements—this strikes me as the essential idea for the revolutionary realities today ...

In her study of occidentalism in the Chinese intellectual culture, Chen Xiaomei (1995, 15-16) remarked, "Failure to recognize this indigenous use of Western discourses and the great variety of conditions that might provide the focus for its utterance can lead to fundamental problems in cross-cultural studies."

In short, the local is not frozen spatially and temporally, awaiting the annihilation by the foreign. Nor do cultural encounters necessarily enervate the soul of the local and the indigenous. The presumed cultural purity and stability is imaginary because culture evolves.

The Question of Centrality

The notion that media are powerful forces to shape people's cultural vision is perpetuated by both media practitioners and their critics in the academia. This assumption is also carried over to the study of international media flow. As John Tomlinson (1992, 58) pointed out,

There is an assumption shared by both proponents and critics of the media imperialism case that the media are somehow at the centre of cultural processes and that issues of cultural domination therefore turn on issues of media domination.

Whether the assumption of "media-centredness" is valid or not, or may be valid under some circumstances but not others, it is important to examine it rather than taking it for granted. The presence of Western media in the Third World does not necessarily mean they occupy a center position in the cultural landscape. They could be marginal elements in the local people's cultural experience. Therefore, in studies of media flow, we need to properly locate Western media's place in the local cultural milieu.

The Question of Production

Media imperialism research has primarily focused on aspects of structure and content. How messages of Western media are actually created for the consumption of the Third World has not received much research attention. Media export used to be secondary to domestic audience. The media products that found their way to the Third World had originally been made for the consumption of the domestic audience in the West. Since these media products were created without the international audience in mind, the reality embodied in them was intrinsically Western.

But nowadays, like in many other businesses, domestic audience is no longer the first or only priority for Western media companies which depend more and more on the international market for profits. Therefore media products (e.g., films, TV series, advertisements) are increasingly manufactured and marketed for an international audience (also see Robertson 1995, 38). One example is the promotion of Michael Jackson's "HIStory" as a global album (*New York Times*, November 25, 1996, p. C7). Another case in point is Coca-Cola's red paper pinwheel TV spot in 1997, which was filmed entirely in China and aired in several global markets (*Advertising Age*, February 10, 1997, p. 18). The "product life cycle" phenomenon in the cultural and media flow has thus become obsolete.

The changing makeup of the market leads to adaptive changes in media organizations and their content production. Media organizations have grown international rather than transnational. "An organization is international if the control is explicitly shared among representatives of two or more nationalities. An organization is transnational if, even though the control is within a single nation, it carries on operations in the territories of two or more nation states" (Bell 1978, 210-211). "Transnational" suggests that corporations are nationally based and extend their business to other countries; whereas

“multinational” (or “international”) signifies international allocation of resources and production, and most importantly, international management and ownership (Modelski 1979, 2).¹

Media messages created by an *international* organization are likely to be different from those created by a *transnational* organization because the former is an international team of message producers and is more likely to understand the needs of audience from the *inside*, whereas the latter is foreign-based and can only view audience needs from the *outside*. Therefore we can argue that as a result of the structural changes in the global media economy, “export of meaning,” symptomatic of media imperialism, is giving way to collective production of meaning.

The Question of Reception

To the contrary of the media imperialism research premised on the determinance of media structure and content, the user-centered communication model in media studies holds that media consumers are active rather than passive (e.g., Hall 1980; Woollacott 1982; Radway 1983; Ang 1985; Morley 1986). “The consumption of or reception of the television messages,” argued Stuart Hall (1980, 130), “is also itself a ‘moment’ of the production process in its larger sense ...” Media audience therefore cannot be ignored in the analysis of any communication process.

The active audience perspective maintains that it is a fatuous premise that local cultures will be displaced as a result of their encounter with Western media because the important domain of audience and their interpretation is not taken into account in this communication flow. Fred Fejes (1981) suggested that the thesis of media imperialism should consider Third World nations’ reception of Western media messages before drawing conclusions about cultural consequences. In a similar vein, Myung Koo Kang

(1985) attempted to expand the theoretical perspective of cultural imperialism to include how people in Third World countries decode messages coming from Western mass media.

Cross-cultural audience studies (e.g., Liebes & Katz 1990) have revealed that audiences do not always subscribe to the prescribed meaning of foreign media products and that they often use and interpret media messages from their own cultural experiences. Liebes and Katz stated in the preface of their book *The Export of Meaning* (1990), “Theories of cultural imperialism assume that hegemony is prepackaged in Los Angeles, shipped out to the global village, and unwrapped in innocent minds.” And what they found instead were “only very few innocent minds and a variety of ‘villages’.”

Other Critiques

Apart from the foregoing criticisms, others contested the thesis of media imperialism on the grounds that it ignores the flow of ideas and practices from the Third World to Western society and its impact on the latter (e.g., Robertson 1995, 38-39). Furthermore, it has been suggested that the dominance of cultural production centers in New York and Los Angeles has now been dispersed by the advent of such non-Western centers as the Brazilian TV industry and the Hong Kong film industry. In many instances, their cultural products are more pervasive in some Third World countries than their Western counterparts.

Criticisms of Advertising Imperialism

The critique of advertising imperialism falls along the same line as that of general media / cultural imperialism. Charles F. Frazer (1990) presented competing arguments and evidence to challenge the claims of the advertising imperialism thesis. Among his arguments, he questioned the “great power” ascribed to advertising in the communication process in the Third World and the notion that advertising effects are “unique and separable

from those of other social forces” in social change (78). When discussing whether advertising creates a consumer society, Frazer cited studies which showed that advertising “changes the composition of consumption, not the level of consumption,” and that advertising is the result (rather than the cause) of rise in income and consumption (79-80). He also challenged the argument of vulnerability of local culture and the alleged culturally destructive nature of advertising. In short, there is a lack of compelling evidence to support the advertising imperialism thesis. Frazer (87) concluded,

The foregoing discussion is not intended to suggest that TNCs (transnational corporations) and TNAAs (transnational advertising agencies) ought to operate with global impunity, nor is it intended to suggest that whatever consequences occur as the result of their activities are inconsequential. I have tried to suggest that many of the charges connected with the view of U.S. communications technologies, organization and content as cultural imperialism (...) are based on evidence which is, at best, limited. Indeed, the charges themselves are quite grave, which gives good reason for attending to them carefully. However, it seems that the role of TNCs and TNAAs in a host country are matters of national policy, not merely corporate preference.

Summary of the Media Imperialism Debate

As Joseph Schumpeter (1951, 6) pointed out, the term “imperialism” is “abused as a slogan to the point where it threatens to lose all meaning.” Commenting on the overuse of this word, Hans Daalder (1968, 108) also said, “It has been corroded by over-frequent, emotional use, but if overuse has blunted it as an intellectual tool, the resulting vagueness has certainly not diminished its potency as a political slogan.”

The media imperialism debate over the past two decades seems to have generated a great deal more heat than light. The term “media / cultural imperialism” still means just about anything anyone wants it to. The convenient label “imperialism” is at one’s disposal to describe any imbalance in international and inter-cultural relations, all the way from military invasion and economic exploitation to Donald Duck in Latin America and McDonald’s in Asia. Such sweeping generalization trivializes the complexity and

ambiguity in the actual process of international media flow. Despite the information and insights the media imperialism thesis has generated, it falls short of providing an adequate and edifying account of the global communication process. Its discovery of the significant changes in media / culture landscape of the world is credited; but its diagnosis of the problem can be contested.²

The Concept of Glocal

“The central problem of today’s global interactions,” according to Arjun Appadurai (1990, 295), “is the tension between cultural homogenization and cultural heterogenization.” The emerging theory of glocalization provides a framework that explores the dynamic interplay between these two tendencies. As a viable alternative to the thesis of media imperialism, this perspective seems to point out a path to a nuanced understanding of the nature and process of media flow and cultural change in the contemporary world.

The term “glocal” originated from the notion of global localization, a business strategy in Japan. It refers to “a global outlook adapted to local conditions” (Robertson 1995), not much different from the “Think global, act local” aphorism. It is important to note that the idea of “glocalization” is a successive development to Roland Robertson’s earlier conceptualization of “globalization.” The term “glocalization” is preferred to “globalization” largely due to the narrowing of Robertson’s original definition of the concept “global” in the mainstream usage. He (30) wrote,

[Thus] the notion of glocalization actually conveys much of what I myself have previously written about globalization. From my own analytic and interpretative standpoint the concept globalization has involved the simultaneity and the interpenetration of what are conventionally called the global and the local, or—in more abstract vein—the universal and the particular.

Robertson (1992, 8) described globalization as “the compression of the world and the intensification of consciousness of the world as a whole.” In a similar vein, Anthony Giddens (1990, 64) defined globalization as

the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa. ... The outcome is not necessarily, or even usually, a generalized set of changes acting in a uniform direction, but consists in mutually opposed tendencies.

The process of globalization includes tendencies of both homogenization and heterogenization. “Ethnic and cultural fragmentation and modernist homogenization,” Jonathan Friedman (1990, 311) argued, “are not two arguments, two opposing views of what is happening in the world today, but two constitutive trends of global reality.”

However, the term “globalization” in much of the academic and popular press tends to imply only homogenization and uniformity. The imagery conjured up from Marshall McLuhan’s “global village” metaphor is that of “coming together.” The *Oxford English Dictionary* (1989) describes “global” as “pertaining to or embracing the totality of a number of items, categories, etc. ... *spec.* pertaining to or involving the whole world; world-wide; universal.” The antithetical movement of the globalization tendency is localization, i.e., the “falling apart.” According to the *Oxford English Dictionary* (1989), the term “local” refers to “belonging to a particular place on the earth’s surface; pertaining to or existing in a particular region or district.” In the modernist teleology, Arif Dirlik (1996, 23) pointed out, the connotations of these two terms are strikingly opposite: the local as “enclaves of backwardness left out of progress, as the realm of rural stagnation” and the global as “dynamism of the urban, industrial civilization of capitalism” and “scientific rationality.” Or, the local is constructed as a place of integration and homogeneity embodied by “myths of belonging, warmth, and togetherness” in contrast to the dehumanizing global (Featherstone 1996, 51). As a result, Roland Robertson (1995, 33) wrote, “[Thus] ideas

such as the global *versus* the local, the global *versus* the 'tribal', the international *versus* the national, and the universal *versus* the particular are widely promoted."

Since the term "globalization" is occupied by the narrower notion of homogenization rather than the broader "the compression of the world," Robertson felt it necessary to bring in "glocalization" to underscore that the global and the local are part and parcel in one process of social change. "The global is not in and of itself counterpoised to the local," Robertson (35) argues, "rather, what is often referred to as the local is essentially included within the global." He further states, "In this respect globalization ... involves the linking of localities. But it also involves the 'invention' of locality ..." Mike Featherstone (1996, 47) echoed such analysis,

What does seem clear is that it is not helpful to regard the global and local as dichotomies separated in space or time; rather, it would seem that the processes of globalization and locations are inextricably bound together in the current phase.

By advancing the concept "glocal," one would not simply "define the global as if the global excludes the local" (Robertson 1995, 34). Glocalization is therefore the dialectic moment of globalization and localization in social and cultural change. A dialectical process means "the continual unification of opposites, in a complex relation of parts to a whole" (Williams 1983, 107). The dialectical process consists of three elements (or "moments")—thesis, antithesis and synthesis (*The Dictionary of Sociology* 1984, 70). In other words, localization and globalization can be either the "thesis" or "antithesis," and the outcome of their relationship is the "synthesis." To borrow Benjamin Barber's (1995, 157) description, "Jihad is not only McWorld's adversary, it is its child. The two are thus locked together in a kind of Freudian moment of the ongoing cultural struggle, neither willing to coexist with the other, neither complete without the other."

The interpenetration and complementation between the local and the global yield a hybrid culture. The term "hybrid" came into popular use in the nineteenth century. It was

then mainly in reference to a physiological phenomenon (e.g., hybrid species), and its meaning has been extended to the cultural realm in the twentieth century (Young 1995, 6). Cultural hybridity “makes difference into sameness, and sameness into difference, but in a way that makes the same no longer the same, the different no longer simply different” (Young 1995, 26).

From a historical vantage point, most of the world’s cultures are no longer isolated. Nor are they impervious to change. In encounters between a powerful society and a parochial one, the dominated tend to undergo changes in their social structure and cultural patterns to accommodate the directions and standards embodied and provided by the dominating. But resistance to complete capitulation to foreign cultures seems to be also part of the process of domination and assimilation. In some instances, conquerors opted to adopt the culture of the conquered rather than imposing their own on the conquered, as illustrated in ancient Egypt (Innis 1950, 20) and the invasions of China by Mongolians and Manchurians. Ithiel de Sola Pool’s (1977, 145) contention that “a foreign idea is appropriated as soon as it is imported” may sound a little too optimistic for every society, but his point is illuminating about the indigenization process in cultural formations.

While I acknowledge here the on-going communication between globalization and localization in the process of change, it is presumptuous to suggest that such communication is either one-dimensional or takes place on an equal level. It is henceforth useful to borrow the idea of a “continuum of hybridities” to demonstrate the complexity and ambiguity of the global-local adaptation process. Jan Nederveen Pieterse (1995, 56) defined the “continuum of hybridities” as,

... on one end, an assimilationist hybridity that leans over towards the centre, adopts the canon and mimics the hegemony, and, at the other end, a destabilizing hybridity that blurs the canon, reverses the current, subverts the centre. Hybridities, then, may be differentiated according to the components in the melange.

The context and condition under which glocalization takes place become crucial in determining its consequences. Two general propositions can be drawn from the continuum of hybridities, for instance, 1) weak globalization / strong localization; 2) strong globalization / weak localization. In the first scenario, “the local assimilates the global into its own realm of practised meaning;” whereas the second scenario entails “the production of similar kinds of subjects on a global scale” (Friedman 1995, 78) (see Figure 1).

Figure 1. The Continuum of Global-Local Hybridities

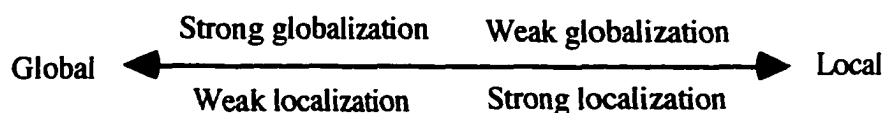


Figure 1 shows that between the two end points of the imaginary “absolutely local” and “absolutely global,” the axis represents the continuum of adaptation. The part closer to the global end point is strong on globalization and weak on localization, and vice versa. In our everyday usage of the two terms, the global and the local are in fact not discrete phenomena. As Featherstone (1996, 64) pointed out,

The various combinations, blends, and fusions of seemingly opposed and incompatible processes—such as homogenization and fragmentation, globalization and localization, universalism and particularism—point to the problems which are entailed in attempts to conceive the global in terms of a singular integrated and unified conceptual scheme.

Despite subtle variations and differences in emphasis among the perspectives propounded by global studies scholars (see Featherstone & Lash 1995), the crux of their argument seems to be consistent. Cultural change is historically the dialectical moment of homogenization and heterogenization. Such dynamics are perhaps as old as human society, even though the (re-) discovery and the debate of the theoretical conceptualization

is quite recent. Socio-cultural transformation is always characterized by the concomitant movements of homogenization and heterogenization. Perhaps what is unique in the late twentieth century is that with the aid of advanced communications technology, the scope and speed of social and cultural change is unprecedented in human history, and the role of the media is ever more prominent and vital.

Summary

The media imperialism thesis has been the prevalent theoretical framework in international communication research. The preceding discussion demonstrates that this framework tends to highlight the elements of media structure and content in the media flow process and extrapolate from them cultural consequences with dubious validity. What is overlooked is the complexity and ambiguity in the media flow process itself. With the global spread of media technology and products, how Western media and their products are created, disseminated, and appreciated in the Third World have not been closely examined. The media imperialism framework appears to be more normative than explanatory. In this regard, the global-local framework seems more useful in illuminating the process of international media flow in contemporary times.

The media globalization thesis holds that the process of media flow is the dialectic of global homogenization and local heterogenization. The outcomes of globalization and localization are cultural hybridities, conceived as a continuum embodying the bond and the interconnectedness between the two tendencies. Again, as Roland Robertson (1995, 27) argued,

It is not a question of either homogenization or heterogenization, but rather of the ways in which both of these tendencies have become features of life across much of the late-twentieth-century world. In this perspective the problem becomes that of spelling out the ways in which homogenizing and heterogenizing tendencies are mutually implicative. This is in fact more of an empirical problem than might at first be thought. (italics added)

Therefore, this study is an attempt to take the example of the foreign advertising industry in mainland China to illustrate and explicate the global-local concept. The case in point is a global advertising affiliate in Beijing. This study examines its production and circulation of ads for foreign consumer products in the Chinese market. It focuses on and analyzes the structural and process aspects of the ad agency, and discusses the implications of its presence and practices in China. The study hence tries to address three sets of questions.

The first set of questions deal with the structure of the ad agency. The structural analysis is to “describe and classify structural patterns of observed social phenomena” (Olson 1968, 214). In pursuing such analysis, the researcher is to “explore and record the significant structural characteristics of the interactions, relationships, social ordering, or cultural ideas he is studying” (ibid.). In this study, I therefore ask questions such as: “What is the organizational structure of this ad agency?” “What is the culture of work at the agency?”

The second set of questions is about the process of admaking at this agency. The process analysis entails “inquiry into the ongoing processes that constitute social reality” (Olson 1968, 217). It is always “concerned with ongoing, dynamic activities, in contrast to the static patterns described by structural analysis” (Olson 1968, 215). This study explains the dynamic social processes through which the ad agency tries to achieve its goals in China. I raise questions such as “How are ads for foreign consumer products created by this agency?” “How are they circulated in the Chinese media?”

The third part of the research questions for this study addresses the larger social context for the development of such a global advertising affiliate in China and its social and cultural implications: “What is the history of foreign advertising in China?” “What is the contemporary advertising environment like in China?” “What are people’s attitudes toward

foreign advertising?” “What might be some of the consequences of foreign advertising in China?”

The overarching theoretical framework in which I try to address these three sets of questions is the glocalization thesis. In examining the aspects of structure and process, this study demonstrates how the elements of global and local intersect and interlock, and assimilate and resist, constantly creating shifting glocalized realities. I will now go on to explain the research strategy employed to answer these questions.

Notes

1. There are various definitions of “transnational,” “multinational” and “international.” Some scholars choose to use “transnational” to emphasize the fact that nowadays business organizations transcend national borders and defy political ideologies. This is certainly a little different from my use of the term in this discussion. See also Miyoshi (1996, 86) for a short discussion of these terms.
2. To totally refute the media imperialism thesis entails at least going back to the empirical evidence gathered for supporting the imperialism argument and re-analyzing the data. Without taking up such a challenging task, all one can say at this point is that the imperialism framework is conceptually incomplete and questionable.

THE METHOD MIX

As a subfield of mass communication research, international communication has relied conceptually and epistemologically on the developments in general mass communication inquiry. Mass communication research in the United States has experienced paradigmatic twists and turns and is still searching for its identity (Livingstone 1993, 5). To many communication researchers, there are “theoretical ‘islands’ mapped by distinct terminology, each surrounded by mutually noncomparable ‘seas’ of research evidence” (Pan & McLeod 1991, 140). The micro-approach, for instance, normally refers to the study of individuals; whereas the macro-approach to social aggregates. The macro-structural, institutional and ideological analyses of media production and the micro-ethnographies of media audience reception typically represent the divergence in analytical aspects or levels in media studies. Different research traditions always elaborate their own comparative analytical advantage and significance. International communication research is no exception. It has, to a large extent, reflected the patterns in general mass communication scholarship.

John Fiske (1994, 469), however, viewed the debate between political economists and culturalists over the aspects of production and consumption in the communication process as “old and unproductive.”

I hope we can accept comfortably that two decades of discussion have not brought the two camps much closer, and that we can reconcile ourselves to recognizing that neither sphere can be adequately analyzed from the perspectives of the other, and that attempts to do so have often ended in reductionism or the toppling of straw figures. Each sphere requires its own methodologies and theoretical frameworks, but both camps are complementarily engaged in the common critical analysis of capitalist societies in the hope, however slender, of contributing to their change.

There are increasing signs of theoretical and methodological convergence in communication research (e.g., Ritchie & Price 1991; Pan & McLeod 1991) as in the growing interest in the micro-macro linkage in sociological research (Ritzer 1992). The very nature of communication compels a multi-aspectual analysis. Any mass communication process is comprised of at least content production, dissemination and consumption. To study communication, James Carey (1988, 30) said, is “to examine the actual social process wherein significant symbolic forms are created, apprehended and used.”

Admittedly, it is practically impossible and theoretically unnecessary to give exhaustive descriptions of all elements in the communication process in one study. Any research activity, be it empirical or theoretical, by and large does violence to the natural world. Therefore, researchers only select certain aspects deemed relevant and significant to the analysis of the phenomenon at hand. It is also important to point out that all research methods have their strengths and limitations. Furthermore, these research methods are not necessarily mutually exclusive; but often complementary. The monopoly of a single method seems less effective in investigating the complex process of communication than an eclectic approach characterized by a combination of methods and strategies. What is crucial is whether the theoretical concepts and the research tools are able to adequately address the relationships and linkages among various elements in the communication process. In other words, the fundamental issue of communication research is whether the mode of analysis encompasses the possibility of a coherent and critical examination of different aspects of such a process.

The purpose of this study is to illuminate how multinational advertising agencies produce ads for foreign consumer products in the Chinese market. It aims to use the case of foreign advertising in China to illustrate the globalization and localization processes in the making of a global advertising culture. The main focus of the study is the advertising

production process. The primary method¹ of inquiry is a case study approach based on participant / direct observation and interviews conducted in a multinational advertising affiliate in Beijing in spring 1996.

To contextualize the study, I recount a brief history of foreign advertising in China, depict a day in the advertising environment in Beijing, and report some young Chinese consumers' attitudes toward foreign advertising. Hence there are secondary methods² of interview, content analysis, survey and focus group discussion. The employment of mixed methods in this study blurs the distinctions often made between quantitative and qualitative research (Priest 1996). The rationale for such a research strategy is simply to provide a richer account of the institution of foreign advertising in mainland China.

Primary Method

A Case-Study Approach

This study of the foreign advertising industry in China takes a case-study approach. A case study, according to Robert K. Yin (1994, 13), is defined as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context; especially when the boundaries between phenomenon and context are not clearly evident.” Yin (4) outlined three conditions for the use of case study as a research method, namely, “1) the type of research questions posed, 2) the extent of control an investigator has over actual behavioral events, and 3) the degree of focus on contemporary as opposed to historical events.” In other words, the case study strategy is favored when questions of “how” and/or “why” are posed about a contemporary phenomenon without the manipulation of the investigator (9). This study addresses the question of how the multinational advertising industry creates advertising messages in China, and therefore it would seem to meet Yin's three basic

criteria of a case study approach. This strategy thus appears to be an appropriate choice and should contribute toward answering our research questions.

Case study is often criticized for its lack of basis for generalization. But Yin (1994) argued that that is a misconception. Even though a case study does not represent a sample and cannot be generalized in the statistical sense, what it aims toward is analytic generalization, which can be achieved through rigorous research design.

The present project is a single-case study as opposed to a multiple-case design. Yin (1994, 38-40) listed three types of a single-case research design. The single-case study can represent a “critical case,” an “extreme or unique case,” or a “revelatory case.” A “critical case” rationale is similar to a single experiment. This study of the institution of multinational advertising in China does not meet the requirements of an experimental design. Nor does the object of investigation represent an “extreme or unique case” because the ad agency under examination is by no means a rarity or an exception in China. The single-case study at hand represents a “revelatory case,” which means “an investigator has an opportunity to observe and analyze a phenomenon previously inaccessible to scientific investigation” (ibid.).

Symbolic Interactionism and Participant Observation

The principal source of evidence in this case study is participant observation. Participant observation refers to a research technique in which researchers attempt to observe a social organization as a member (*Dictionary of Sociology* 1984, 179). For this study, symbolic interactionism serves as the theoretical foundation of the method of participant observation.

The *Dictionary of Sociology* (1984, 249) defines symbolic interactionism as the “study of self-society relationship as a process of symbolic communications between social actors.” The term “symbolic interactionism” was coined and popularized by Herbert

Blumer. But it was George Herbert Mead who had earlier laid the theoretical foundation of symbolic interactionism. In his book *Mind, Self & Society* (1934), Mead mapped out the broad theoretical framework for the consideration of the human mind, the social self and the structure of society in the analysis of relationships between individuals and society. Mead built his conceptualization about self-society relationship on two premises (in Turner 1978). First, the biological frailty of human organisms renders their cooperation with each other in group context absolutely necessary in order to survive. Second, the actions within social organisms facilitate their cooperation and, therefore, human survival is attained.

Mead's original conceptualization of human interactionism was so broad that it inspired various interpretations by later researchers. The symbolic interactionism discussed here is Herbert Blumer's interpretation of Mead's theoretical contribution. Blumer's version represents the Chicago School of symbolic interactionism and is the most widely accepted reading of Mead's original framework.

Based upon Mead's theoretical propositions, Blumer (1969, 2) outlined three important premises of symbolic interactionism. First, the actions of human beings are meaning driven. Second, these meanings are not inherent in objects; instead actions are given by humans. Thus, meanings are derived from the social interaction. Third, meanings are subject to human manipulation and modification through the interpretive process where humans deal with each other. In Blumer's conceptualization, the cardinal principle of symbolic interactionism is that humans engage in actions. Social interactions are themselves human conduct rather than merely a means of human expression. Humans are actively involved in interactions rather than passively responding to external forces. In short, Blumer's version of symbolic interactionism advocates that humans are inherently social beings; their actions and conduct are symbolic in nature; and the locus of meaning lies in their interaction.

Mead's and Blumer's conceptualization of symbolic interactionism yields methodological implications. At issue is what kind of research methods can be appropriately applied to generate authentic empirical data for analysis. Or, to borrow Jack Douglas' (1970, 4) question: "How are we to truthfully and reliably get at this fundamental data of all our sociological research and theory?" Douglas asserted that the (only) truthful answer to this method question is that we must rely on our understanding of everyday life, gained through direct observations of life. In other words, in order to analyze social reality, one must base his/her analysis on systematic observations of everyday life where socially meaningful interactions take place. Similarly, Clifford Geertz (1973, 5) argued that since humans are suspended in the web of meaning and significance that they themselves have spun, researchers can only approach the study of the social world through the analysis of culture. Culture, according to Geertz (1973, 20), is a context, and cultural analysis is guessing at and assessing meanings and drawing explanatory conclusions for future better guesses.

Blumer's methodological advice does not rest upon any scientific protocol but instead encourages the careful examination and development of a familiarity with the empirical world. In order to get a clearer picture of the social world, Blumer (1969, 41) suggested that researchers consider "direct observation, interviewing of people, listening to their conversations, securing life-history accounts, using letters and diaries, consulting public records, arranging group discussions, making counts of items if it appears worthwhile," etc. In short, there should not be any rigid scientific protocol that governs the conventional hypothesis-testing in behavioral research. Neither should there be a methodological hegemony. Research procedures are to be tailored to individual cases and circumstances.

One particular method implied by symbolic interactionism is participant observation. As pointed out earlier, participant observation refers to a research technique in

which researchers attempt to observe a social organization from the perspective of a member. The observer-researcher can be known to the social organization being studied, or the researcher can observe covertly. The method of participant observation, in essence, reflects an assumption that one can understand the social world by getting close to the social setting and experiencing social life (Van Maanen 1988).

The advantages of participant observation are obvious in light of the illustration of the perspective of symbolic interactionism. As Douglas (1970, 12) stated, “[t]he only valid and reliable evidence concerning socially meaningful phenomena we can possibly have is that based ultimately on systematic observations and analyses of everyday life.” Yin (1994, 88) also pointed out that the valuable opportunity provided by participant observation is related to “the investigator’s ability to gain access to events and groups that are otherwise inaccessible to scientific investigation” and “to perceive reality from the viewpoint of someone ‘inside’ the case study rather than external to it.” The strengths of participant observation as a method have been demonstrated in a number of exemplary studies of news production (e.g., Tuchman 1978; Fishman 1990).

The Case Study

The unit of analysis in this study is a multinational advertising affiliate in Beijing. To protect the confidentiality of the sources, this study uses pseudonyms for the agency and its employees. For the convenience of study, we call this agency ABC.

ABC is a joint venture between a Chinese ad company and one of the world’s most prestigious global ad agencies, headquartered in New York. Generally speaking, developing countries tend to favor joint venture as a way of engaging in international business (Cateora 1993, 327). Joint ventures are business enterprises that are in cooperation with foreign partners (Wang 1984, 75). Joint venture partners hold equity positions and share management responsibilities. The main advantages of a joint venture

arrangement for a foreign company are that it enables the foreign company to utilize the specialized skills of a local partner and allows it to gain access to the local distribution system; whereas the disadvantage lies in the potential loss of total control and freedom in its operations (Cateora 1993, 327). For a local company, joint-venture often means bringing in capital investment and knowledge expertise from the outside.

The entry strategy for Western multinational ad agencies has taken three basic forms (Kaynak 1989, 178-179): 1) Brand agency—The overseas office is a local office or subsidiary of the parent multinational advertising agency; 2) Affiliate—The parent multinational advertising agency has substantial, but not 100 percent, control of the overseas agency; 3) Associate—The parent multinational advertising agency is loosely or tightly connected to a local advertising agency but has no official equity. The strategy of establishing an affiliate is an example of a joint venture arrangement. The agency under this study is an arrangement of affiliate.

ABC was established in the early 1990s. Like other major players in global advertising, ABC's parent company has also set up operations in Shanghai and Guangzhou in addition to its Beijing office. The foreign partner has majority stockholding in the agency. It mostly services multinational businesses in the Chinese market, many of which are blue-chip accounts.

Negotiating Access

I was introduced to the general manager of ABC Beijing through an acquaintance. The general manager was dispatched from Hong Kong to lead ABC's Beijing office. I first sent him a letter of intent with my resume. I then scheduled an interview with him. During our meeting, I explained to him the goal of my research and what I wanted to accomplish through some practical experience of advertising. He agreed that I could serve as an intern at ABC for a period of one month. I would be assigned a desk and help out with projects if

necessary. He wanted me to understand that some of the tasks I might be asked to perform were rudimentary (such as answering the phone, monitoring media). We agreed that there would be no monetary compensation for my stay at the agency, but I would receive lunch coupons as other employees do and have access to basic office equipment, such as copy machine, telephone, etc. In order for me to gain a thorough understanding of the operation at ABC, he arranged for me to experience each of the three main departments at ABC. My one-month stay was divided among the three departments. I would first spend two weeks in the media department, and then one week each in the creative department and the account service department.

Observing as an Intern

I was introduced to the staff at ABC as an intern. The agency had had interns before, so the staff did not seem particularly curious about a new intern in the office. The heads of the individual departments were informed about my educational background and research intention. Generous and supportive, they helped me become familiar with the routine operation of the agency.

Information Sources and Recording

I came to learn about the daily routines of ABC through a variety of sources, including direct observation, attending meetings, open-ended interviews (both informal and formal), socializing with staff (e.g., lunch break), reading agency documents, and helping with projects. I was assigned to a specific staff member in each department. He/she always introduced me to his/her department at the beginning of my time there. I usually turned to him/her when I had questions about the agency operation.

As I had my own desk with a phone, it was easy for me to take fieldnotes when I was on the scene. Often times after some informal talk or finding something worth

recording, I went back to my desk and wrote in my notebook. The only taped interview at the agency was with the general manager.³ Every day when I returned to my residence from the agency, I sorted out the information I had gathered, typed my notes of the day, and saved them on computer disks.

Secondary Methods

To achieve a better understanding of the institution of foreign advertising in China, it is essential to place the study of ABC in the larger social, historical, and communication context. As a result, in addition to the primary method of participant observation, other research methods were also employed.

A Brief History of Foreign Advertising in China

To understand the development of foreign advertising in contemporary China, it is necessary to know something about the history of foreign advertising in that country. I traced the tortuous history of foreign advertising in China from its inception at the beginning of the twentieth century to its rapid expansion in the 1990s. The sources of information were face-to-face and telephone interviews conducted in Beijing and Shanghai with Chinese advertising / media scholars, Chinese and foreign advertising executives, editors of major advertising trade magazines, and Chinese government officials. I also used these interviews to corroborate findings from my experience at ABC. In this regard, my interviews with ad executives at several other major multinational advertising affiliates were particularly helpful. With comparison with other similar agencies in China, I came to understand the structure and process of ABC much better. In addition, I drew on materials published in both Chinese and English to construct the historical background.

Survey of Advertising Environment

It is instructive to have some idea of the contemporary advertising environment in China as a research setting. I therefore conducted an advertising content survey of a normal day in Beijing.

Advertising has so far clustered in three major metropolitan cities in China—Beijing, Shanghai and Guangzhou. Advertising in Beijing probably does not represent a typical case in China. It does, however, provide some indication as to the direction of advertising development in that country. With data from one single day, the cross-sectional survey certainly does not purport to be comprehensive or conclusive. Nevertheless, as exemplified by snapshot studies such as the classic study of a day in the world's prestige press directed by Wilbur Schramm (1956) and the more recent InterMedia TV news agency survey (1992), this survey can yield revealing information about the advertising environment in Beijing.

As a departure from previous content analyses of advertising in China which generally focused on one advertising medium or vehicle (e.g., newspaper or TV advertising), this survey embraced the notion of "advertising environment," comprised of a host of media and vehicles. The survey covered six major advertising vehicles in Beijing on May 7, 1996. They were newspaper, magazine, TV, radio, billboard and subway. The date was randomly picked. The selection of the print and broadcast media was based on readership and viewership studies compiled by Survey Research Group China (1995). The three most read daily newspapers in Beijing were *Beijing Evening News*, *Beijing Daily* and *Beijing Youth Daily*; and the most read weekly newspapers were *Beijing TV and Broadcast Guide* and *China TV Guide*. The *People's Daily*, the mouthpiece of the Chinese Communist Party, was also included in the survey primarily because of its national and international prominence.⁴ The three most popular monthly magazines were *The Reader*, *Youth Digest* and *Popular Cinema*. The two most watched channels in Beijing were China

Central TV Channel 1 (CCTV 1) and Beijing TV Channel 1 (BTV 1). Only prime time (7 pm - 10 pm) advertising was monitored in this survey. Because BTV 1 relays news programming from CCTV 1 between 7 pm and 7:30 pm every day, the survey analyzed BTV 1's advertising between 7:30 pm and 10 pm to avoid the half-hour duplication. Beijing Music Radio (FM) was the most listened station in Beijing. This study surveyed three time slots during the day (i.e., 7 am - 8 am, 12 pm - 1 pm, and 6:30 pm - 8 pm). The site of outdoor billboards under study was Jian Guo Men Wai Avenue. With many office towers along the avenue, it is known as Beijing's corporate center. Fu Xin Men is one of the main subway stations in Beijing. I analyzed the panel posters that lined the walls of the station platform.

The unit of analysis was a single ad or commercial in the sample. The survey excluded classified ads, exhibition notices, company announcements, ads of books, magazines and other publications, and retail price advertising. Neither did it include movie and theater ads. However, a broader definition of consumer goods could also include movies and other types of entertainment. In this case, I restricted the analysis to a narrower definition of goods and services.

For each ad, the coding procedure identified type of advertising (i.e., domestic, foreign including joint-venture products and services), product country origin, product type (i.e., consumer, industrial, or service), and consumer product type (e.g., electronic / electric appliance, pharmaceutical, food and beverage, etc.).

Reception of Advertising

Another important aspect of multinational advertising in China is how Chinese consumers respond to ads for foreign consumer products. I conducted a campus survey and a focus group discussion at a vocational school in Shanghai in May 1996. Since the intent of the study was not to draw any statistical generalization, the convenience sample of

a special population was sufficient to provide some basis to gauge young Chinese consumers' attitudes toward foreign advertising. As will be discussed later in Chapter VI, the findings in this study seem to corroborate those of previous research on Chinese consumers' attitudes toward foreign advertising. In other words, the case of young Chinese consumers at this Shanghai vocational school doesn't appear to represent an anomaly.

The vocational school offers three-year programs in marketing, accounting, international management, hotel and restaurant management, department store management, etc. The degrees awarded are classified as a vocational diploma. Students enrolled in this school are between the ages of 15 and 20. The graduates of the school often find employment in businesses with some international component and connection.

The survey was conducted in two classes with a total of 196 participants. Along with basic information about their media use and demographics (i.e., age, gender, income), the survey focused on their attitudes toward foreign advertising in the Chinese media. All questionnaires were filled out and returned.

I went to the school a week after the survey to conduct a focus group discussion. My purpose was to further explore students' views of foreign ads and to verify some of the findings from the survey. Focus group is also called "group interviewing"—"From 6 to 12 people are interviewed simultaneously, with a moderator leading the respondents in a relatively unstructured discussion about the focal topic" (Wimmer & Dominick 1997, 97). An instructor from the school helped recruit eight students (four male and four female) to participate in the focus group discussion. All had taken part in the survey earlier. There were no incentive payments for the focus group.

Our discussion took place at the school's faculty meeting room in the late afternoon when class was over. We sat at an oval table in the room. I served as the moderator, directing the discussion. As a lead-in, we first talked about people's general attitudes

toward advertising. We then moved on to the topic of foreign advertising. The whole session lasted one hour, and was taped. There was much interaction among the participants, and the atmosphere was relaxed.

Summary

To sum up, this study of the foreign advertising industry in China employed a case study approach based on participant observation at a multinational advertising affiliate in Beijing. It also incorporated methods of interview, focus group, survey and content analysis to provide a richer context in which the institution of foreign advertising had developed in that country. By locating the case study in the larger social and cultural milieu, the strategy of mixed methods enables us not only to examine the production process of multinational advertising in depth but also to understand it in a meaningful context.

Foreign advertising is not a new phenomenon in China. It has a history. I now take a long view of the development of foreign advertising in China, from the early twentieth century to the 1990s.

Notes

1. The primary method in this context simply refers to the chief means of investigation. It is not to be confused with “primary research,” which refers to research based on original data collection as opposed to “secondary research,” based on re-analysis of existing data collected by others. The primary and secondary methods used in this study depend largely on original data.
2. Same as note #1.
3. Taped interviews or structured interviews were deliberately avoided at the agency because using them might be counterproductive. Chinese tend to be more open in informal conversation than speaking on the record or in taped interviews. There seems to be a lack of trust in the system preventing people from speaking their minds in public or to anyone except their close family members or relations.
4. For many Chinese companies, advertising in *The People's Daily* means more than its national reach. It also confers legitimacy and prestige to their products. For multinational advertisers, this could also be a concern.

THE FOREIGN ADVERTISING INDUSTRY IN CHINA: YESTERDAY AND TODAY

The presence of a foreign advertising industry in mainland China is no historic accident. The institution of advertising has been formed by the economic forces both inside and outside the Chinese society and the development of China's mass media system. This chapter provides a capsule history of foreign advertising in that country.

The level of advertising and marketing is commensurate with the stage of development in a market-oriented economy (Cateora 1993, 222). The development of modern advertising is also contingent upon the availability of mass media to serve as advertising channels. Thus, the symbiosis among economy, media and advertising compels us to cast the discussion of the development of foreign advertising in China within the historical context of Chinese economy and media. Since the primary focus of the study is not China's economy and media, I will only provide a brief description of the economic conditions and the media environment in which (foreign) advertising emerged, grew, and came of age. And only aspects of the economy and media deemed most relevant will be highlighted in the ensuing description and discussion. In addition, the development of China's domestic advertising has been closely linked to that of foreign advertising. Discussing one without the other invariably presents an incomplete view of advertising in China. That is why in this chapter I often deal with both, even though it should be clear from the outset that the main subject is foreign advertising in China.

Advertising in China dates back to the early part of the twentieth century. The 1920s and 30s witnessed the first advertising boom in China. But its development came to a halt when the Chinese Communist Party began to institute a centrally planned economy

after 1949. During the Great Proletarian Cultural Revolution (1966-76), commercial advertising, repudiated as a capitalist business practice, virtually disappeared from the Chinese mass media. It only returned in the late 1970s when China embarked on the market-oriented economic reform movement and re-opened its economic and cultural doors to the West.

The Rise of Foreign Advertising: The Pre-1949 Years

The development of foreign advertising in China is inextricably linked to the vicissitudes in China's external economic relations. The best starting point is China's trade with foreign powers at the turn of the century.

The Economic Context

Western countries approached China via the medium of trade (Fairbank 1979, 147). China's trade with the West could be traced back at least to the seventeenth century, but only became full-fledged in the aftermath of the Sino-British Opium War in the mid-nineteenth century. The direction of trade between China and the West had then shifted from China selling more to buying more from foreign countries.

The impact of the changing pattern of flow of goods and capital was profound for the Chinese society. Before the opening of major Chinese ports to Western colonial powers, the riches of China, material or imaginary, and Chinese civilization in general had played a greater part in Western life than the West did in China (Fairbank 1979, 155). With its worldwide ascendancy since the eighteenth and nineteenth century, Western civilization has not only reached China's shores but also engendered a revolution in the consciousness as well as the material being of the Chinese people.

Towards the end of the nineteenth century, more than a hundred foreign-owned factories had been set up in China (Xu 1991, xix). By 1907, foreign capital had dominated

China's shipping, railway and iron-ore production businesses; and almost one-third of cotton yarn spinning was under the control of foreign capital (Chossudovsky 1986, 135). In 1918, there were already 7,000 offices and branches of foreign companies in China, representing a wide range of industry and service (Spence 1990, 329). Between 1912 and 1928, China's foreign trade, though expanded in general, consistently showed a deficit (ibid.).

Table 3. Foreign Investment in China by Country, 1902-1936 (US\$ millions)^a

Country	1902	1914	1931	1936
Great Britain	33.0%	37.7%	36.7%	35.0%
Japan	0.1	13.6	35.1	40.0
Russia	31.1	16.7	8.4	0.0
United States	2.5	3.1	6.1	8.6
France	11.6	10.7	5.9	6.7
Germany	20.9	16.4	2.7	4.3
Belgium	0.6	1.4	2.7	1.7
Netherlands	0.0	0.0	0.9	0.0
Italy	0.0	0.0	1.4	2.1
Scandinavia	0.0	0.0	0.1	0.0
Others	0.0	0.4	..0.0	1.6
Total (N)	787.9	1610.3	3242.5	3483.2

^a Chi-ming Hou *Foreign Investment and Economic Development in China, 1980-1937*, p. 17. MA: Harvard University Press.

As Table 3 shows, foreign investment in China grew from US\$ 787.9 million 1902 to almost US\$ 3.5 billion in 1936. In 1902, Great Britain (33.0%), Russia (31.3%) and

Germany (20.9%) were the three leading creditors of foreign direct investment in China. In 1914, Great Britain had a commanding lead (37.7%) in investment in China among the foreign powers, distantly followed by Russia (16.7%), Germany (16.4%) and Japan (13.6%). The 1930s found the rise of Japan's economic interest and influence in China. In 1931, Great Britain (36.7%) and Japan (35.1%) became the two largest investors in China, and in 1939 Japan overtook Britain to become the biggest creditor country in China.

In summary, after the Opium War of the mid-nineteenth century, foreign trade and investment attained tremendous growth in the Chinese economy.¹ As a result of the economic and military expansion of Western powers into China, the self-proclaimed "central kingdom" finally lost its closed state of mind and being. China was, in a sense, thrust into the international (economic) system and, in the meantime, its mentality of being the center of the world drastically shifted to that of being on the periphery.

The Media Context

Westerners not only brought in goods and capital but also introduced China to modern mass media. The first modern newspapers in China were established by Western missionaries in the nineteenth century (Li 1985). These newspapers were to spread the gospel of Christianity, but also reported news and introduced modern science and technology to Chinese readers. As major trading ports, Shanghai and Hong Kong became the two bases for these newspapers.

The first two Chinese language daily newspapers were spin-offs of the two existing major foreign newspapers. In 1858, *Chinese and Foreign News* (zhong wai xin bao) was established in Hong Kong, and three years later *Shanghai News* (shanghai xin bao) was published in Shanghai (Li 1985). *Shanghai Gazette* (shen bao) and *News Gazette* (xin wen bao), both based in Shanghai, were the two most influential Chinese language daily newspapers in the first half of the twentieth century. These two commercial newspapers

were founded by foreign companies but later became Chinese-owned (Xu 1991, xxi). Both newspapers were partly financed by advertising. They allocated about 60-70% of the entire paper to advertising. *Shanghai Gazette* carried advertising in its inaugural issue in 1872. In 1936, the circulation of *News Gazette* reached 150,000 copies (Xu 1991, xxii).

Foreign language newspapers, mainly serving expatriates in China, were also important advertising vehicles. To mention a few prominent ones in Shanghai: *North China Daily News*, *Shanghai Mercury*, *Shanghai Press*, *Shanghai Times*, *l'Echo de Chine*, *Der Ostasiatische Lloyd*, and the *Shanghai Nippo* (Feuerwerker 1976, 8).² Advertisers were attracted to foreign language newspapers because it was in general cheaper to advertise in them, and they usually promised a higher commission rate to ad agencies than the major Chinese language newspapers (Xu 1996).

China's first magazine—*Liu He Journal* (liu he cong kan)—was founded by an Englishman in Shanghai in 1857 (Xu 1995). Magazines and periodicals began to flourish in Shanghai in the 1920s and 30s. There were nearly 2,000 periodicals reaching a reading audience of over 30 million people (Nathan 1985, 157). The most notable titles included *The East* (dong fang), *Life Weekly* (sheng huo zhou kan), *Happy Family* (kuai le jia ting), and *Good Companion* (liang you). *Life Weekly* had a circulation of 150,000 in 1923 (Xu 1995, 4). Both *Women's Magazine* (fu nu za zhi) and *Happy Family* catered primarily to a female readership and carried much advertising (e.g., 50% of content in *Happy Family*) (Xu 1991, xxii). These magazines also became viable advertising vehicles.

Radio was introduced to China by an American journalist in 1923. Four years later, the first government radio went on the air in Tianjin, and the first commercial radio station was set up in Shanghai (Shi 1991, 11). By 1937, there were 78 broadcast stations nationwide and 20,000 radio receivers in China (Shi 1991, 12). Almost half of China's radio establishment was located in Shanghai (Xu 1995, 5). Besides entertainment and news, radio stations broadcast advertising spots as well.

The presence and activities of Western missionaries and merchants in China played a pivotal role in the emergence of modern mass media in that country at the turn of the century. The media evolved, and the 1930s became the high point of mass media development in China (Nathan 1985, 158). But the media development was extremely uneven, with most concentrated in a few port cities, especially in Shanghai.³

The First Advertising Boom

The Nascent Advertising Industry

When Western goods arrived in China, advertising was employed to promote them and to help expand their sales in the untapped Chinese market. As Baiyi Xu (1991, xxi) noted,

In the late nineteenth and early twentieth centuries, most foreign goods gained acceptance through constant advertising in the modern media. These novel vehicles for advertising—mass publications from modern presses, radio broadcasting, electronic displays—arrived in China along with the foreign commodities.

It was the foreigners who first advertised in newspapers and magazines and on billboards in China (Fan 1989, 21). In 1915, an Italian named Bruno Perme established the first foreign advertising agency in Shanghai. Its business was primarily outdoor billboards (Xu 1995, 6). In the 1920s and 30s, Carl Crow Inc., Millington Ltd., China Commercial Advertising Agency and Consolidated National Advertising Co. became known as the four giants in the burgeoning advertising industry in China (Table 4). All four agencies were located in Shanghai. Since Shanghai was then China's commercial center, these four agencies probably represented the largest agencies in the country at that time. There were also a few smaller agencies in Guangzhou and Beijing (Xu 1996). By 1937, there were about 30 advertising agencies in Shanghai, of which five were foreign agencies (Shanghai Academy of Social Sciences 1983, 623).

Crow Inc. and Millington Ltd. were foreign owned (Table 4). Carl Crow was an American journalist and became an entrepreneur in China. F. C. Millington was from Great Britain. Besides Crow Inc. and Millington Ltd., the advertising department of the French-owned Oriental Press was also active in the advertising business (Xu 1996). Outdoor billboards, transit ads, handbills and other printed promotional materials formed part of the advertising landscape in Shanghai in the 1920s and 30s (Xu 1995, 5). Most of the outdoor billboards were set up by foreign advertisers and agencies (Shanghai Academy of Social Sciences 1983, 622).

Unlike today's global advertising network, these foreign ad agencies were independently owned. There was hardly any competition among the major ad agencies. Each had its own clientele. The foreign agencies primarily serviced international businesses in the Chinese market (e.g., Crow Inc. for American companies and Millington Ltd. for British companies in China). Account turnovers did occur in those days but were rare. The foreign agencies retreated from China when the Sino-Japanese War broke out in 1937 (Xu 1996).⁴

Table 4. Four Major Advertising Agencies in Shanghai in the 1930s

Agency	Est.(Year)	Founder	Foreign connection
Carl Crow Inc.	1918	Carl Crow	an American journalist
Millington Ltd.	1921	F.C. Millington	an Englishman
China Commercial Advertising Agency	1926	C.P. Ling	educational experience in the US
Consolidated National Advertising Co.	1930	T.B. Chang	manager with US education

The other two agencies in the Big Four were Chinese companies (Table 4). C.P. Ling, founder of China Commercial Advertising Agency, and L. Lewis Mason, manager of Consolidated National Advertising Co., had earlier studied in the United States. Xu Baiyi, a copywriter at Consolidated National Advertising Co., received advertising training through a correspondence course from the Dixon School of Advertising in London. These professionals with foreign education became the pioneers in modern Chinese advertising.

Not surprisingly, advertising then concentrated on and appeared most effective in the marketing of such consumer goods as cosmetics, fashion, food and pharmaceuticals. In order to accurately represent the ideals and aesthetics of Chinese consumers, foreign advertising agencies often hired local Chinese graphic artists to design ad copy. Consumer advertising predominantly targeted the affluent class, a small segment of the Chinese population, and Western expatriates in foreign enclaves in Chinese cities.

But mass advertising was still possible. By introducing the Mei Foo lamp (a kerosene lamp), the Standard Oil Company was the first to succeed in mass merchandising a foreign product in China (Crow 1940, 48-49). Like scotch and gin that were exotic drinks to Chinese consumers (Crow 1937), cigarettes then were still a novelty in China where water-pipe, a variation of smoking, had been the tradition (Xu 1991). The British-American Tobacco Company (BAT) became another big foreign player in the Chinese consumer product market.⁵ “The BAT advertising system,” wrote Sherman Cochran (1980, 19), “left no region of China untouched.” BAT’s advertising campaigns were so extensive and effective that one Chinese journalist remarked that “many rural Chinese villages still don’t know who in the world Sun Yat-sen is, but very few places have not known Ruby Queen (a BAT brand) (*Ta-ying*) cigarettes ” (in Cochran 1980, 199).

Introducing foreign goods to China was nevertheless not always an easy task. There were at least two major barriers (Xu 1991, xx). Foreign goods were often clearly identified with the word *yang* (literally means “foreign”) added to the name of the item.

Imported goods were thus differentiated from local brands. A related factor, probably of more significance, was that it was simply hard to persuade Chinese people to break away from their existing consumption habits and accept new foreign products. In addition, periodic nationalistic boycotts in the early part of the century compounded the difficulty to advertise and promote foreign products in China. In 1915, for instance, BAT suffered badly from the nationalistic advertising campaigns by the local Nanyang Tobacco Company in the midst of the “national goods movement” (Cochran 1980). On the other hand, BAT, as an American-British company, benefited from an anti-Japanese boycott in 1919 (ibid.).

The Advertising Adventure of Carl Crow

Carl Crow (1883-1945), a native of Missouri, owned one of the largest advertising agencies in Shanghai in the 1920s and 30s. He went to China as a journalist in 1911 and worked for the *China Press*, an American newspaper in Shanghai. He opened an ad agency in 1918. Crow recounted interesting tales of his advertising adventure in China in his book *Four Hundred Million Customers* (1937). His advertising company was credited with teaching Chinese new consumption behavior.

Back in the early 1920s, Crow’s agency placed lip-stick and vanishing cream ads in Chinese newspapers.

Thanks to our efforts and the liberal advertising appropriations of our clients, a good many Chinese girls have been taught to put on vanishing cream as a base for powder and rouge and the use of cold cream at night, rubbing it into the pores of the skin (Crow 1937, 32).

Through advertising, Crow also helped engender a revolution in Chinese women’s dress—from trousers to skirts. He (41) proudly claimed that “we brought out the first one (fashion book) and that we played our small part in revealing the most beautiful leg the world has ever seen.” For Chinese women, the new styles of clothing were loud and clear statements of modernity, a concept that the country started to embrace and strive for.

Crow's (217) advertising also contributed to the introduction of raisins, which were previously unknown in China. In spite of his successes, Crow admitted that re-orienting consumers' eating habits was not an easy matter and furthermore was not always possible. He (220) did not believe, for instance, that any amount of advertising could ever substantially change the Chinese diet. He observed that although foreigners brought milk, butter and cheese to the attention of Chinese consumers, these dairy products were not widely accepted into the Chinese diet. Similarly, the tendency for Chinese to choose traditional Chinese medicine as a cure for their illness also presented obstacles for the promotion of Western pharmaceutical products. This, however, did not discourage foreign manufacturers from advertising patent medicines in China; and in fact, newspapers in those days were full of medical advertising (Crow 1937, 210; Xu 1996).

In short, China's first major encounter with Western consumer products through the medium of advertising in the 1920s and 30s left a deep imprint on the Chinese economic and cultural life.

The Chinese began wearing clothes made from imported fabrics and sewn on Singer machines. Bread was introduced, becoming more and more popular as an alternative to the traditional rice, steamed bun, and porridge. Milk became a daily drink of the upper class. The number of brands of coffee on the market, including Maxwell House, Del Monte, and Hills Brother, attested to the fact that the Chinese were becoming coffee drinkers. The introduction of concrete changed Chinese construction practices forever. Instead of salt, the Chinese began using toothpaste to brush their teeth. Patent medicines provided an alternative to medicinal herbs. Street cars and bay carts joined the ricksha on China's teeming city streets (Xu 1991, xx).

The Fall into Oblivion: The First Decades of the PRC

The Chinese Communist Party came into power in 1949. The subsequent changes in its overall development strategies and policies diminished the role of advertising and eventually eliminated advertising as a necessary marketing tool.

The Economic Context

After 1949 the People's Republic of China (PRC) embarked on a different road to development and modernization. The Chinese government under Mao Zedong developed a highly centralized economic, political and cultural structure. Private ownership and production were abolished through consolidation with government-owned enterprises in the urban areas and through the commune system in the rural countryside. The central government exercised firm control over economic planning and implementation. No local autonomy was theoretically allowed.

The restructuring of the Chinese economy during the first decades of the PRC was also exemplified by the development priority on the heavy industry over the service sector. Consumption was discouraged, and many of the food staples and other daily necessities became rationed.

Table 5. Import Value and Trade Volume in China, 1950-1980 (in billion US\$)^a

Year	Imports	Total trade
1950	0.58	1.13
1955	1.73	3.14
1960	1.95	3.81
1965	2.02	4.25
1970	2.33	4.59
1975	7.49	14.75
1978	10.89	20.64
1980	20.02	38.14

^a *Statistical Yearbook of China (various years)*. Hong Kong: Economic Information & Agency.

In addition, China allied with and drew support from the Soviet-led socialist camp in the 1950s. It later adopted a policy of self-reliance. For three decades, China's

economic contacts with Western industrialized economies had been extremely limited. The dominant ideology was that China should rely on the “wisdom of the masses” to seek economic development rather than attracting foreign investment and pursuing international trade (Joint Economic Committee 1978, 722). For a long time after the founding of the People’s Republic, imports and trade in general were relatively stationary. Dramatic increase only occurred in the second half of the 1970s when the Chinese government began to re-open its doors and encouraged investment from the West (Table 5).

In short, there were three main developments that characterized the economic structure in the first decades of the PRC: the institutionalization of a centrally planned economy, the development emphasis on the heavy industry, and the limited role of trading with Western economies. These three developments hindered the growth of the advertising industry. Eventually, along with the changing function of the media, they rendered commercial advertising irrelevant in the socialist economy in China.

The Media Context

The centralized social structure under Mao Zedong’s government placed constraints on the mass media in China as well. Media outlets were limited, and media organizations were hierarchical.

After the founding of the People’s Republic of China, those media set up by imperialists were outlawed, those by landlord class and capitalists were confiscated, and some of the privately owned media were reformed. Chinese people’s journalism had entered a new historic period (*China Journalism Yearbook 1982*, p. 10).

There was a drastic decline in the number of newspapers and magazines during the Cultural Revolution (1966-76) (Table 6). In 1965, for instance, there were 343 newspapers and 790 magazine titles in publication. But the numbers dropped to 42 and 21 respectively in 1970. The broadcast media seemed less affected by the turmoil during the hey day of the Cultural Revolution (1966-68). Although there were fewer outlets than

Table 6. Mass Media in the PRC, 1950-1990 (Number of titles or stations)^a

Year	Newspapers	Magazines	Radio	TV
1950	382	295	65	
1951	390	302	74	
1952	296	354	72	
1953	265	295	63	
1954	253	304	61	
1955	285	370	58	
1956	347	484	58	
1957	364	634	61	
1958	491	822	91	2
1959	463	851	122	7
1960	396	442	137	17
1961	260	410	135	20
1962	273	483	94	14
1963	289	681	89	13
1964	329	856	86	13
1965	343	790	87	12
1966	49	191	78	13
1967	43	27	78	13
1968	42	22	79	15
1969	42	20	81	19
1970	42	21	80	31
1971	195	72	81	32
1972	185	194	85	31
1973	192	320	86	32
1974	189	382	88	32
1975	180	476	88	32
1976	182	542	89	32
1977	180	628	90	32
1978	186	930	93	32
1979	69	1470	99	38
1980	188	2191	106	38
1981	242	2801	114	42
1982	277	3100	118	47
1983	340	3415	122	52
1984	458	3907	167	93
1985	698	4705	213	202
1986	791	5248	278	292
1987	850	5687	386	366
1988	829	5865	461	422
1989	852	6078	531	469
1990	773	5751	635	509

^a *Statistical Yearbook of China (various years)*. Hong Kong: Economic Information & Agency.

previous years, the number of TV and radio stations did not plummet as dramatically as did the print media.

Media outlets during the first decades of the PRC did not become indispensable vehicles for advertising. Two fundamental changes in the function of the Chinese media and their structure inhibited the growth of advertising.

First, the chief function of the media had become the propagation of communist ideology (see e.g., Shieh 1951; Liu 1971). Information dissemination (including economic information) had to support party lines and government policies. Second, state ownership of mass media decreased the role of advertising in media financing and management. The government also subsidized newspaper and magazine subscriptions. In a word, the nature of the Chinese media had turned from partially commercial during the pre-PRC years to totally political.

The Arrested Development of Advertising

Western advertising started to leave China in the aftermath of the Sino-Japanese war in 1937. But advertising continued to be part of the economic life in China even after the founding of the PRC in 1949. At the dawn of the Communist victory in China's civil war, there were about 90 ad agencies in Shanghai (Shanghai Academy of Social Sciences 1983, 623). In 1950, the ad agency association in Shanghai had a registered membership of about 100 (Huang 1992). The Chinese government launched a campaign to transform private ownership into state ownership. In 1956, it declared the successful completion of the reformation of private businesses. In Shanghai, for instance, 108 ad agencies were consolidated into one state entity called Shanghai Advertising Corporation (Xu 1992).

With the transformation in China's economic structure and mass media, advertising became increasingly irrelevant as a viable economic tool. The advertising income of the *People's Daily* between 1950 and 1970 indicates that there was a sharp decrease from the

period of 1956-60 (6, 531,000 yuan) to 1961-66 (734,000) and 1967-70 (189,000) (Huang 1992, 13).

But the communication potential of advertising had not been ignored. In 1957, the Chinese government sent a delegation from its Ministry of Commerce to attend the Prague Conference of Advertising Workers of Socialist Countries. At a 1959 meeting on advertising in Shanghai, it was asserted by the Chinese government for the first time in China that the concept of socialist advertising must combine commercial communication with political propaganda. Advertising must not only be true and artistic but also reflect policy, ideology and cultural identity (Huang 1992). Advertising was then harnessed as a propaganda tool to showcase China's economic achievement. It became political marketing rather than promotion of goods and services. As James Chu (1982, 91) pointed out, "... advertising in China is a form of political propaganda. It advertises the success of the economic policy and the progress toward modernization."

Outdoor advertising became the first casualty when the Cultural Revolution began. Commercial messages on billboards were replaced by political propaganda; neon signs for shops and products were destroyed. The Shanghai Advertising Corporation was renamed the Shanghai Fine Arts Company, whose main duty was to design political propaganda posters. Although the *People's Daily* ran industrial ads until 1970 (Huang 1992), commercial advertising, deemed as a wasteful capitalist business practice, could not possibly survive in the drastically changed political-economic climate and media environment. It eventually fell into oblivion.

The Return of Advertising: The Reform Era

China's open-door policy in the late 1970s was welcomed by the world's developed economies. Re-directing the policy priority to economic development, the Third Plenary Session of the Eleventh Congress of the Chinese Communist Party in 1978 was

heralded as another watershed in Chinese politics. Since the implementation of the economic reform policies, there has been a phenomenal increase in the influx of foreign goods and capital into China. One corollary of the expansion of foreign business was the return of foreign advertising in the Chinese market.

The Economic Context

The convergence of political, economic and technological forces has facilitated the boom in international business (Cateora 1993, 3). Multinational corporations are now becoming powerful institutions that link production and consumption around the world.

International Economy, International Advertising

The expansion of multinational companies is generally made possible through capital investment, a major form of which is foreign direct investment (FDI). FDI grew rapidly worldwide in the 1980s and continued to flourish in the 1990s. The global volume of FDI reached almost US\$2 trillion in 1992, generating about US\$5.5 trillion in sales around the world (*World Investment Report 1993*). The United States, Great Britain, Japan, Germany and France led the nations of the world in having the most outflow of FDI.

In the 1980s, the flow of FDI was concentrated within the Triad (i.e., the European Community, Japan and the United States). In the 1990s, the inflow of FDI into developed countries started to decline, but that to less developed countries increased, especially to Asia and Latin America (*World Investment Report 1993*). By the early 1990s, there were 37,000 multinational corporations in the world, with more than 170,000 foreign affiliates (*World Investment Report 1993*). More than 91% of their parent companies were based in developed countries, but only about half of the 170,000 foreign affiliates were in developed countries.

Companies, large and small, are now more likely than ever to venture into foreign markets for growth. The 1996 *Business Week* Global 1000 Report indicates, "From the U.S. to Europe to Japan, the companies moving up the rankings are those that have become worldwide names in technology, manufacturing, and consumer goods" (*Business Week*, July 8, 1996, p. 46). For many businesses in the West, foreign earnings command increasing weight in their total income. Take the example of the U.S. based Coca-Cola Company. Eighty percent of its profit came from its overseas market in 1993 (Ohmann 1996, 4). Another case in point is McDonald's. It had set up franchise stores in 53 countries by 1990, and the number of countries with golden arches increased to 94 in 1996 (*Business Week*, July 8, 1996, p. 47). McDonald's, Coca-Cola, Walt Disney, Kodak, Sony, Gillette, Mercedes Benz, Levi's, Microsoft and Marlboro have become the worldwide brand leaders (*New York Times*, December 2, 1996, p. C10).

The flow of goods and capital between countries includes and partly depends on the flow of information (Hester 1973; Rosengren 1974). With the increasing integration of the world economy, the global spread of advertising seems inevitable. The history of the international expansion of the ad agency J. Walter Thompson is illustrative in this respect (Weinstein 1977). The agency's internationalization "parallels more closely than any other the worldwide expansion of the great American enterprises ..." (Mattelart 1991, 3). For the large U.S. advertising agencies, their overseas income grew faster than their domestic income (*Advertising Age*, various years). According to one industry forecast, advertising spending in overseas markets was predicted to reach \$213.1 billion in 1996, and much of the increase would be a result of the advertising growth in developing markets such as China and Mexico (*New York Times*, June 19, 1996, p. C8).

The China Market

The changes of development strategies from Chinese leaders Mao Zedong to Deng Xiaoping transformed China's economic and social structure. China re-opened its doors to the West in the late 1970s and was re-integrated into the capitalist world economy in a surprisingly short time. China's trading partners have quickly become diversified, crossing political and ideological divides (e.g., South Korea, Israel, etc.). Enticed by a great potential consumer market and a cheap labor pool, multinational companies have been setting up operations on the Chinese mainland.

The influx of foreign goods and capital into China increased rapidly from 1978 to 1994. The value of imports grew from about US\$10 billion in 1978 to over US\$115 billion (*The People's Daily*, overseas edition, March 2, 1995, p. 2). The increase in foreign investment was even more dramatic, from US\$100 million between 1979 and 1980 to more than US\$45 billion in 1994 (*ibid.*). For three consecutive years since 1993, China has been the largest recipient of foreign direct investment among developing countries, and came in second overall, after the United States (*The People's Daily*, overseas edition, October 14, 1996, p. 2). China's ten most active trading partners in 1994 were Japan, Hong Kong, the United States, Taiwan, Germany, South Korea, Russia, Singapore, Italy and the United Kingdom (*Guangming Daily*, November 26, 1994, p. 8). Nearly 200 of the world's largest 500 multinational companies have invested in the Chinese market (*The People's Daily*, overseas edition, October 21, 1996, p. 2). By March 1996, about 260,000 businesses with foreign investment had been registered in China, and the total amount of foreign investment soared to over US\$140 billion (*The People's Daily*, overseas edition, June 5, 1996, p. 1). As Nicholas R. Lardy (1995, 1065) summarized,

In the almost two decades since economic reform began in China the role of the foreign sector has burgeoned in ways that no one anticipated. The volume of foreign trade and the role of foreign capital are both far greater than could have been foreseen based on the modest Chinese economic reforms initiated in the late 1970s. By the mid-1990s, China had become

one of the world's largest trading nations, the recipient of more foreign direct investment than any other country in the world, the largest borrower from the World Bank, the largest recipient of official development assistance in the form of low-interest, long-term concessionary loans from industrialized countries, and, except, for the Czech Republic, the only transition economy with ready access to international capital and equity markets.

Decentralization is another defining theme in the post-Mao economic restructuring (see Oi 1995). Provincial and regional governments have achieved greater autonomy in decision making. One manifestation of such decentralization effort is the changing budgetary relationship between the central and provincial governments from 1971 to 1984 (Oksenberg & Tong 1991). The budgetary reform went back and forth between centralization and decentralization, but the overall direction of change was in favor of provincial governments, which can now retain more revenue for their own investment and development. The general policy of decentralization has also affected China's media structure and management (e.g., Yu 1990).

The Media Context

The growth of China's mass media in the reform era was well summarized by Judy Polumbaum (1994, 1),

Amidst the domestic changes and global challenges of the 1980s and 1990s, Chinese newspapers, magazines, radio, television and other media have increased in number, expanded in scope and ambition, and become ever more variegated in character and content.

Although it is difficult to gauge whether media development is a result of or a cause for advertising development, it is nevertheless indisputable that the expanded space and time in China's media environment furnished a necessary condition for the return and growth of advertising.

Expansion of Media Space and Time

Print

In 1980, there were 188 newspapers (published at or above the provincial level); by the beginning of 1996 the number of newspapers in publication had reached an unprecedented total of 2,235 nationwide (Zhang 1996). Not only did the number of newspapers grow dramatically, newspapers also expanded with added pages, weekend editions, and even regional and overseas editions. With the newspaper expansion, more advertising space is made available.

Magazine publishing has also experienced tremendous growth. In the early 1980s, there were a little over 2,000 magazines in China. By the end of 1994, there were more than 8,000 titles (Zhang 1995). Besides the sheer growing numbers, one should also note that many of the new entries in the magazine and newspaper industry are purely entertainment / diversion oriented.

Broadcast

China did not experiment with television broadcasting until 1956. Television grew fastest in the 1980s and 90s. In 1985, there were 202 television stations; and ten years later the number surged to over 980 (Zhang 1996). Television can now reach more than 87% of the Chinese population, and the television audience can sometimes be as large as 900 million (ibid.). With the proliferation of TV stations, TV programming has also been expanded with added time. Several stations have established 24-hour channels (e.g., CCTV Channel 4). In addition, cable television started to develop in China in the mid-1980s, and many cities are now wired for cable. According to one report, there were already more than 1,200 cable stations around the country in 1995 (Zhang 1995).

As a cost-effective way to disseminate information to the largely agriculture population, radio was accorded great significance during the first decades of the PRC. Its development continued during the reform era. The whole country had only 38 radio stations in 1980, but by the early 1990s the number of stations had risen to 586. In June 1995, there were 1,107 radio stations nationwide, reaching 77.5% of the population (Zhang 1995).

Another noteworthy development in radio is the creation of specialized stations. In 1992, Shanghai People's Radio mutated into eight separate stations—news, market information, traffic information, entertainment, music, foreign language education, English and a variety station. Guangzhou Radio started to broadcast round-the-clock in 1991 (Zhang 1995). These developments resulted in not only increased programming but also increased variety.

Foreign Media

Chinese editions of Western magazines, such as *Elle*, *Business Week*, *Forbes*, and *Avenue* (a U.S. lifestyle magazine), have been launched by multinational publishers in cooperation with mainland Chinese or Hong Kong publishers (*The Wall Street Journal*, September 28, 1994, p. 81). In 1994, the U.S. media giant Time-Warner reached an agreement with the Chinese government film agency to distribute ten Hollywood blockbuster films in China every year (*The Wall Street Journal*, September 13, 1994, p. B10). The restriction of ten movies a year was dropped after the Sino-U.S. trade negotiations in June 1996 (The Associated Press story, *The Daily Iowan*, June 26, 1996, p. 6). Chinese versions of “Entertainment Tonight” and “Sesame Street” have become part of the Chinese TV menu. Although the Chinese government still forbids foreign companies from owning publications and programs in China, foreign media companies

have been successful in negotiating their way into the Chinese market through joint agreements.

In sum, there is a growing number of media outlets and an increasing amount of air time and ad space to be filled in the Chinese media. Such media developments create a favorable environment for the growth of commercial advertising.

For Propaganda and/or Profit

Just as important (if not more so) to the re-legitimization of advertising are the changes in the function and structure of the Chinese media. While the government doesn't officially relinquish media's propaganda role, it espouses a compromising policy of "managing public institutional units *via* the methods of managing business units" (Pan 1996, 5). For the major Chinese media, propaganda and profit are equally important; without one or the other they won't be able to survive. The government still subsidizes media operations in many ways even though the level of support is only partial.

Table 7. Advertising Revenue of Chinese Media, 1983-1993 (in million *yuan*)^a

Media	1983	1990	1991	1992	1993
Newspaper	73.3	677.1	961.9	1618.3	3771.1
Radio	18.1	86.4	140.5	199.2	349.4
Television	16.2	561.4	1000.5	2054.7	2943.9
Magazine	10.8	86.8	99.9	172.7	184.5

^a *China Advertising Yearbook, 1994*, p. 19. Beijing: Xinhua Publishing House.

Advertising has become a legitimate and in most cases an indispensable source of income for the Chinese media. Commercialization of the Chinese media is well underway even amidst the repeated official declarations of media being in the service of the state. The Chinese media being no longer monolithic (see e.g., Chang, Chen & Zhang 1993; Chang, Wang & Chen 1994), entertainment-oriented newspapers and magazines, totally devoid of political propaganda, have become lucrative businesses and flooded the Chinese media market. Table 7 shows the growth of advertising revenue in the four major media (newspaper, magazine, television and radio) between 1983 and 1993, in particular in the media of newspaper and television.

The Advertising Revolution

As an important part of China's drive toward a market economy, advertising returned in the Chinese mass media in January 1979. A *Beijing Review* (March 9, 1979, p. 31) article titled "Commercial Ads in Newspapers" stated,

Since the start of the Cultural Revolution in 1966, commercial advertisements completely disappeared from the Chinese press because Lin Biao and the "gang of four" alleged these ads "are the practices of capitalistic businesses," when they took control of the country's mass media. For a period of time even window displays and showcases were banned. After the smashing of the "gang of four," attention was again given to designing show-window displays, but people were still unsure by the end of 1978 whether newspapers should run commercial ads, and no one tried. As there is no private enterprises' cutthroat competition in China, there is no need for ads or a big advertising industry as in capitalist countries. But this does not mean that there is no need for ads.

The Chinese government realized the crucial role of advertising in its market-oriented reform. In his speech at the Third World Advertising Congress held in Beijing in June 1987, Wan Li, then China's acting premier, stated, "Advertising links production and consumption. It is an important part of the economic activities of modern society. It has become an indispensable element in the promotion of economic prosperity" (quoted in Rice 1987). Zheng Heping (*China Advertising Yearbook 1994*, p. 4), director of the

Advertising Bureau of the State Administration for Industry and Commerce, wrote that advertising had been mistakenly treated as a tool of political propaganda in China under the centralized command economy. He reiterated that advertising is primarily a market behavior and an instrument for economic competition. It was often argued in the Chinese press that the function of advertising was as important in a socialist country as in a capitalist economy (Stross 1990b, 229).

Domestic Advertising

Shanghai TV made history in January 1979 when it aired the first TV commercial in China (a one-and-a-half-minute ad for a Chinese medicinal wine). The Shanghai-based *Liberation Daily* carried the first print ad (ad for Minolta camera) after an almost ten-year absence of advertising in the Chinese press. As of March 1979, there were three locations approved for billboard advertising in Shanghai (*China Business Review*, May-June 1979, p. 38). The *People's Daily*, the authoritative voice of the Chinese government, started to publish commercial ads in April of that year (Huang 1992). It is important to take note that all these efforts to restore advertising were initiatives endorsed by the propaganda ministry of the central government (Chen 1995).

Despite such official support, the reintroduction of advertising was not a smooth process. The government faced the challenge of legitimizing something that it had earlier vehemently denounced (Stross 1990b). Attacks on advertising were particularly vocal during the anti-spiritual pollution campaign in 1983-84. Domestic advertising was criticized for embracing the profit motive of Western advertising; some had reservations about placing ads for foreign businesses in prominent places; etc. (239). As another part of the growing pains, during the anti-bourgeois-liberalization campaign in 1987, dozens of outdoor billboards were ordered to be removed (*Advertising Age*, May 4, 1987, p. 76). Nonetheless, like the general economic reform policies, commercial advertising withstood

the criticisms and challenges, and continued to expand and prosper, especially in the 1990s.

There are five features that characterize the Chinese advertising industry (Chen 1996; Huang 1995): 1) unpromising start, rapid growth; 2) small size, large number; 3) weak agency, strong media; 4) inadequate attention to production, strong emphasis on placement; and 5) uneven development.

Unpromising Start, Rapid Growth

China's gross advertising revenue was 0.118 billion yuan in 1981, which made up about 0.02% of China's GNP (Table 8). In contrast, advertising revenue in Japan had already constituted 0.95% of its GNP in 1979 (Huang 1992).

Table 8. Growth of Chinese Advertising, 1981-1995^a

Year	Gross income (billion yuan)	% of GNP	Ad businesses (number)	Ad professionals (number)
1981	0.118	0.024	1160	16160
1982	0.150	0.028	1500	18000
1983	0.234	0.040	2340	34853
1984	0.365	0.052	4077	47259
1985	0.605	0.070	6052	63819
1986	0.845	0.087	6944	81130
1987	1.112	0.098	8225	92279
1988	1.493	0.118	10677	112139
1989	1.999	0.125	11142	128203
1990	2.502	0.141	11123	131970
1991	3.509	0.173	11769	134506
1992	6.785	0.278	16683	185428
1993	13.409	0.427	31770	311967
1994	20.030	--	43000	408000
1995	27.330	--	48000	470000

^a *China Advertising Yearbook 1994*. Beijing: Xinhua Publishing House. *Modern Advertising*, No. 2, 1995, p. 19. *China Advertising*, No. 2, 1996, p. 3.

Despite its not very promising starting point, the Chinese advertising industry achieved an annual growth of about 48% between 1981 and 1995 (Chen 1996). And in particular, advertising volume between 1992 and 1993 almost doubled; and the increase between 1993 and 1994 was another impressive 95%. Its percentage share in China's GNP rose remarkably to 0.43% in 1993. By the end of 1995, China's advertising revenue had reached 27.3 billion yuan (US\$3.29 billion). The number of advertising firms had grown from 181 in 1983 to 11,044 by the end of 1993 (*China Daily*, June 9, 1994, p. 3). There were fewer than 20,000 employees in the advertising industry in the early 1980s but the total increased to 470,000 in 1995 (Table 8).

Small Size, Large Number

The second characteristic of Chinese advertising is that there are many advertising firms but they are generally small in size. Of the 48,000 advertising businesses registered in 1995, only about one quarter of them were advertising agencies. The rest were only engaged in certain aspects of advertising (e.g., creative or media buying) and therefore were not full-service providers. The advertising workforce was made up of 470,000 people in 1995. There were, on the average, fewer than ten people in each advertising shop. This figure has remained steady over the years.

Weak Agency, Strong Media

Despite the proliferation of media outlets and the decentralization of media management, media monopoly by the government still prevails and only in rare cases is there genuine media competition. The agency system that defines advertising business in Western economies has not been fully appreciated and instituted in China. Wielding their tremendous social and political influence, media organizations often expand their reach into

advertising by setting up their own shops to compete with ad agencies. They quote lower rates to court advertisers. The ad agency and the media often find themselves in head-on competition for clients.

Inadequate Attention to Production, Strong Emphasis on Placement

For Chinese advertisers, ad placement takes precedence over ad production quality. The most revealing example is the public bidding for 1996 prime time spots on China Central Television (CCTV) (twelve five-second spots immediately after 7 o'clock nightly news). Two Chinese distilled spirit producers won the bidding. The top bidder paid almost 13 million yuan (approx. US\$1.6 million) per second for the five-second spot, which probably set the world record for the most expensive ad. The fact that the company spent half of its annual revenue on TV advertising caused much heated debate about whether it was a waste of money or a sound marketing decision. Chinese ads generally are created without sufficient product, market, and media analysis. To Chinese advertisers, the notion of marketing and advertising is tantamount to where to place the ad.

Uneven Development

Advertising is unevenly developed in China, with heavy concentration in three metropolitan cities—Beijing, Shanghai and Guangzhou. Advertising revenues generated in these three cities account for half of the national total (*China Advertising Yearbook 1994*, p. 10). In general, the economically more developed coastal region represents the top of the echelon of advertising development, with the inland region in the middle, and the outlying areas at the bottom. This regional disparity in advertising is a corollary of different levels of economic and social development in China.

The government has pushed for reform in the advertising business to redress the problem of rampant false and deceptive advertising in the Chinese media. The reform had

four agendas (*Beijing Review*, February 21-27, 1994, p. 12): namely, 1) to develop an advertising industry marked by the co-existence of state-owned, private and joint-venture agencies; 2) to establish an agency system as the industry standard; 3) to set up an advertising review process; 4) to expedite the internationalization process of the advertising industry. The goal of the last agenda was to introduce to the Chinese advertising market foreign capital, skills and techniques, and management experience.

Foreign Advertising

Foreign ads re-appeared in *Wen Hui Bao*, a prominent Shanghai newspaper, and on Shanghai TV in March 1979. The first foreign product re-introduced to Chinese consumers through TV advertising was Swiss Rado wristwatch. By 1981 at least five multinational ad agencies had been actively engaged in discussing business opportunities with the Chinese government (Anderson 1984, 271). These early arrivals included Densu, Young & Rubicam, McCann-Erickson, Ogilvy & Mather and Leo Burnett.

The Japanese ad agency Densu was the first foreign ad agency to open offices in China in 1979. Despite little presence of their products in the Chinese market, Japanese companies used advertising to create brand awareness of Sony, National, Mitsubishi and other electronic products and appliances (Seligman 1984, 14). The U.S. agency McCann-Erickson formed a joint venture with Jardine Matheson & Company, a Hong Kong trading firm, and became the first Western ad agency to establish a representative office in China (Anderson 1984, 272). Young & Rubicam initiated efforts to promote Chinese products overseas with funding from both Chinese exporters and U.S. importers (Seligman 1984, 15-16). Ogilvy & Mather signed agreements with local Chinese agencies to represent Chinese products in the world markets as well as international accounts such as American Express, Rado watches, Boeing and Phillips televisions in China (*ibid.*). In general, in

those early years, foreign ad agencies mostly handled their businesses through their Asian Pacific regional offices in Hong Kong.

As its "sleeping ad market wakes up" (Rice 1987), foreign ad agencies have grown increasingly enthusiastic about entering China. Major players in global advertising, such as J. Walter Thompson and Saatchi & Saatchi, followed suit and have set up shops in mainland China, representing a wide array of global consumer product manufacturers (*South China Morning Post*, September 27, 1992, p. 4).

Table 9. Foreign Advertising in China, 1990-1994^a

Year	Ad agencies (number)	Revenue (billion yuan)	Percentage in total ad revenue
1990	4	---	---
1991	13	---	---
1992	52	0.30	4.0
1993	180	0.33	2.0
1994	---	0.46	2.0

^a *China Advertising Yearbook 1994*. Beijing: Xinhua Publishing House. *Modern Advertising*, No. 2, 1995, p. 19.

The primary motive of these multinational agencies to enter China was to provide service to their international clients who had started to cultivate the large consumer market in that country (Lo & Yung 1988). As the Chinese consumer market grew stronger, profitability had also become a big concern in entering the China market (Cheng & Frith 1996). The entry strategies of foreign ad agencies included setting up joint-ventures with local Chinese companies or representative offices, or doing business on a project basis via Hong Kong. In 1990, there were only four joint-venture ad agencies in China, but the number rose to 180 by 1993 (Table 9).

Table 10. Five Multinational Advertising Agencies in Beijing^a

Agency	95 World rank	Year of establishment	Foreign investment	Major accounts
BBDO	5	--- ^b	joint-venture (51%)	Apple Computer, Bayer, Sara Lee, Volvo
Leo Burnett	6	1995	representative office (100%)	Philip Morris, Carlsberg, McDonald's, United Airlines
DDB Needham	7	--- ^b	joint-venture (61%)	Henkle, Volkswagen, Audi
Grey	8	1992	joint-venture (70%)	Smithkline Beecham, Nokia, Goldstar, Proctor & Gamble
DMB&B	17	1991	representative office (100%)	Mars, GM, Bausch & Lomb

^a Interviews with advertising executives in Beijing, spring 1996. For 1995 world rank, *Advertising Age*, April 15, 1996, p. s15.

^b Both BBDO and DDB Needham joint ventures were set up after 1991 even though this survey did not obtain information about the exact year of their establishment.

Table 10 shows five of the leading global ad agencies' affiliates in Beijing in spring 1996. Three of them (BBDO, DDB Needham and Grey) established joint ventures with Chinese partners (Table 10). The foreign partners have majority stockholding (BBDO 51%, DDB Needham 61%, Grey 70%), which also confers management control. The other two agencies (DMB&B and Leo Burnett) set up representative offices in the capital city of China. All five agencies started their operation in Beijing in the 1990s. They were headed by a team of expatriates from Hong Kong, Singapore, the United States, and Denmark. Their major clients were international companies, such as Proctor & Gamble, Apple Computer, Philip Morris, McDonald's, Mars, Volkswagen, etc. They have not yet

sought out local Chinese clients. For local accounts, they generally operate on a project basis.

There are three main reasons why foreign ad agencies focus on international accounts (*South China Morning Post*, September 27, 1992, p. 3). First, these foreign agencies generally enter the Chinese market with their clients. They understand the marketing needs of international companies better than the local agencies. The local ad agencies also lack the experience and expertise in working on international accounts. Second, the advertising rates are much higher for foreign and joint-venture ads than for local ads, which means higher commission for the ad agency if it works with international accounts. Third, local companies (with a few exceptions) do not yet appreciate the role of an ad agency in their marketing efforts. They are therefore reluctant to spend much money on advertising research and execution.

In terms of gross income, the affiliates of Grey, DDB Needham and BBDO in Beijing were ranked 7, 11, and 12 among all foreign ad agencies in China in 1995 (see Table 11). Since the Chinese market is too vast for one office to oversee, global ad agencies use a divided market approach by setting up branch offices in Beijing, Shanghai and Guangzhou, which cover North China, East China and South China, respectively. Table 11 also indicates that the business volume of the branch offices in Beijing was in general much higher than those in the other two cities.

The total revenue generated by joint-venture agencies in China increased from 0.3 billion yuan in 1992 to 0.46 billion yuan in 1994 (Table 9). But foreign advertising still makes up a small portion of the total advertising revenue in China—about 2% in 1994 (*Modern advertising*, No. 2, 1995, p. 19). Foreign advertising has not been very profitable because of the high overheads and high costs of stationing expatriates in China (*South China Morning Post*, September 27, 1992, p. 3 & June 14, 1994, p. 14). Nevertheless, these multinational companies have established a strong foothold and made

significant inroads into the Chinese market. They believe that their patience and perseverance in the market will pay off in the long run.

Table 11. Ranking of Multinational Advertising Agencies in China, 1995^a

Rank	Agency	Location	Equity holding	Gross income (in thousands US\$)	% change
1.	Saatchi & Saatchi	Beijing Guangzhou	Majority	12,464	52.0
2.	J. Walter Thompson	Beijing	Majority	8,544	114.6
3.	Ogilvy & Mather	Beijing	Majority	7,877	65.0
4.	Leo Burnett	Guangzhou	Majority	7,702	51.5
5.	McCann & Erickson	Beijing	Majority	7,589	55.7
6.	DMB&B	Guangzhou	Majority	6,346	103.4
7.	Grey	Beijing	Majority	4,833	30.5
8.	Bates	Beijing	Majority	3,953	31.3
9.	Densu	Beijing	Majority	3,355	743.0
10.	Euro RSCG Ball	Beijing	Majority	3,206	165.5
11.	DDB Needham	Beijing	Majority	3,018	N/A
12.	BBDO	Beijing	Majority	2,284	279.5
13.	Densu, Y & R	Beijing	Majority	2,248	9.5
14.	Ammirati Puris Lintas Shanghai		Majority	2,022	23.3
15.	Megacom	Beijing	Majority	977	N/A
16.	Cal-Bozell	Beijing	Majority	449	559.7
17.	Batey Ads	Beijing	Majority	249	173.8

^a *Advertising Age*, April 15, 1996, p. s20.

Summary

If China's first exposure to foreign consumer products and advertising culture occurred in the 1920s and 30s, the 1990s may well prove to be China's second major encounter with global consumer culture. Only this time, its experience is more massive and far-reaching. Again, foreign advertisers find themselves intrigued by the prospect of selling one bar of soap or one can of coke to every Chinese, but also challenged by the daunting task of persuading a people with a long, distinguished history and tradition to change their habits of mind and living. At least the "statistical extravaganza" has become even more spectacular, from a potential market of four hundred million in the 1930s to that of more than one billion in the 1990s. What's more, as one expatriate ad executive put it, "It is an extremely rewarding experience to take huge international brands to China, market them from scratch, and see how well they do in China after a couple of years. I doubt if any one will ever have such opportunities again" (interview in Beijing, April 1996)

So what types of foreign products are advertised in China? Do Chinese consumers like or dislike these ads? The next chapter depicts foreign ads in the advertising environment in Beijing, and explores Chinese people's attitudes toward foreign ads.

Notes

1. For detailed accounts of foreign economic activities in China in the first half of the twentieth century, see Dernberger (1975), Feuerwerker (1976; 1995) and Hou (1965).
2. For further discussion of foreign publications in China, see Feuerwerker (1976).
3. Aside from the commercial media, there were press and radio operated by, for instance, the Communist Party during those years. But they were of small circulation or restricted to certain regions. It was primarily the commercial media that furnished the ground for the rise of commercial advertising.
4. There might still be some foreign agencies operating in China during and after the Sino-Japanese War. Carl Crow wrote, "Even during the days when Shanghai was surrounded by war and every street was full of refugees and wounded were being brought in by the truck load and the air was full of the foul odor of war, advertising continued to be an essential cog in the wheel" (Crow manuscript titled "Advertising meets war and survives," p. 6. Carl Crow papers (f-29), Western Historical Manuscript Collection, Columbia, Missouri). Crow eventually left Shanghai. More research is needed to find out about the advertising business during the war time.
5. Cochran's (1980) book *The Big Business in China* provides a rich account of the British-American Tobacco Company's activities in China in the first part of the twentieth century.

THROUGH THE LOOKING-GLASS OF FOREIGN ADS

A Day in the Advertising Environment in a Global City

Advertising is pervasive in Chinese cities, from print and broadcast media to outdoor billboards and poster panels. Nowadays it is virtually impossible for a city-dweller to live a day without any advertising exposure. Chinese consumers, like their counterparts in the West, are living in an advertising environment.

In seeking to understand its general characteristics, I conducted a survey of the advertising environment on a normal day in Beijing (method discussed in Chapter IV). The advertising environment is composed of six major advertising vehicles—newspaper, magazine, TV, radio, billboard and subway. A total of 386 ads were identified in this survey, of which 151 were from TV, 96 newspaper, 61 subway, 48 billboard, 19 radio and 11 magazine.

Proportion of Foreign and Domestic Advertising

This survey distinguished two basic types of advertising—domestic and foreign. Domestic advertising refers to ads for Chinese products. Ads for products from all other countries are categorized as foreign advertising. Since many of the foreign companies choose joint venture as a form of entry into the Chinese market, ads for joint venture products and services are also under the category of foreign advertising. According to this classification, 37.3% (144) of the sampled ads were foreign ads and 58.6% (226) were domestic ads.

In the six advertising vehicles surveyed, there was more foreign advertising than domestic advertising in the media of subway (72.1% vs. 23.0%), billboard (62.5% vs.

31.3%) and radio (57.9% vs. 42.1%), but less in magazine (36.4% vs. 63.6%), newspaper (22.9% vs. 72.9%) and TV (21.9% vs. 74.2%) (Table 12). Foreign advertising featured most prominently in subway poster panels by taking up almost three fourths of the total ads. Domestic advertising had more presence than foreign advertising in newspaper and on TV.

Table 12. Percentage of Foreign and Domestic Advertising by Media^a

Ad types	Advertising media					
	Newspaper	Magazine	TV	Radio	Billboard	Subway
Foreign advertising (n=144)	22.9%	36.4%	21.9%	57.9%	62.5%	72.1%
Domestic advertising (n=226)	72.9	63.6	74.2	42.1	31.3	23.0
Other (n=16)	4.1	---	4.0	---	6.3	4.9
	99.9%	100.0%	100.1%	100.0%	100.1%	100.0%
N=386	96	11	151	19	48	61

^a Due to rounding, percentage totals may not add up to 100.

In their study of advertising in Beijing during one week in October 1985, Sally Stewart and Nigel Campbell (1986) examined ads in four types of media: television (CCTV Channel 2 and Beijing TV), radio (China Central Broadcasting Station and Beijing Broadcasting Station), newspapers (*The People's Daily* and *The Economic Daily*) and billboards. In general, they found little foreign advertising in the Chinese media. For

instance, during the selected week, *The People's Daily* and *The Economic Daily* each printed 50 and 52 ads, of which only four (8%) and five (9.6%) were foreign ads, respectively. They did not hear any foreign ads on the radio during that week even though according to their calculation there were about 12 to 13 minutes of radio advertising each day. Only 13 commercials were identified as foreign ads on CCTV and Beijing TV during the time period. They examined 114 billboards in Beijing (including subway stations), and found 14 (12.3%) foreign ads.

The current and Steward and Campbell's studies share in common that both conducted a snapshot study of various advertising media in Beijing. The different time frame and sample selection of the two studies do not warrant a scientific comparison of their findings. Nevertheless, it does seem to show that there were more foreign ads in the advertising environment in Beijing in 1996 than in 1985.

Goods and Services Advertised

Consumer advertising is defined as ads for products primarily for consumption by individuals and families. Industrial advertising is for goods primarily for manufacture / agriculture production purposes (e.g., industrial machinery). Service advertising includes ads for banking, real estate, insurance, tourism, public service announcements, etc. The majority of the ads in this survey (77.7%) (300) were for consumer goods. Only 13.0% (50) and 7.0% (27) were for service and industrial products, respectively.

In domestic advertising, 72.1% (163) were devoted to consumer goods, 18.1% (41) for service, and 9.3% (21) for industrial products (Table 13). Consumer goods advertising had an even larger share in the foreign advertising menu, with 88.9% (128) of the ads for consumer goods, 4.2% (6) for service, and 2.8% (4) for industrial products (Table 13).

Table 13. Percentage of Product Type in Foreign and Domestic Advertising^a

Product types	Ad types	
	Foreign advertising	Domestic advertising
Consumer (n=291)	88.9%	72.1%
Service (n=47)	4.2	18.1
Industry (n=25)	2.8	9.3
N =	144	226

^a Others or unidentifiable product types and ad types are excluded.

Of all the 300 consumer product ads in this survey, 22.7% (68) of them were for food and beverage (e.g., soft drinks, wine, beer, snack, fast-food), followed by 18.0% (54) for electronic / electric appliances (e.g., TV, VCR, stereo), 16.7% (50) for pharmaceuticals (both Chinese and Western), 12.3% (37) for cosmetics and apparel, and 10.0% (30) for personal / family care products (e.g., shampoo, soap, detergent, etc.). Other consumer goods advertised on that day included computer / telecommunication products, transportation vehicle, camera and photo film, home furniture and wristwatch.

Most of the foreign ads promoted goods in these three categories: food and beverage (24.2%), electronic / electric appliance (18.6%), and cosmetics and apparel (15.6%). In domestic advertising, on the other hand, pharmaceutical products (25.8%), food and beverage (20.2%), and electronic / electric appliance (17.8%) received the most advertising attention (Table 14).

Table 14. Percentage of Consumer Products in Foreign and Domestic Ads^a

Consumer products	Ad types	
	Foreign advertising	Domestic advertising
Food & beverage	24.2%	20.2%
Electronic / electric appliance	18.6	17.8
Cosmetics & apparel	15.6	10.4
Personal / family care	10.2	10.4
Computer & telecom.	10.2	2.5
Camera & photo film	7.0	---
Pharmaceutical	5.5	25.8
Transportation vehicle	3.1	6.7
Home furniture	1.6	2.5
Wristwatch	0.8	---
Others / unidentifiable	3.1	3.1
	99.9%	99.4%
N =	128	163

^a Due to rounding, percentage totals may not add up to 100.

Product Country Origin

A total of 15 foreign countries were identified as the country origin of a product or service. U.S. products were most advertised with 48 ads, followed by Japan (28) and Germany (10) (Table 15). It is hardly surprising that the three powerhouses of the world's economy also maintain a strong advertising presence in the fast-growing Chinese market.

The United States and Japan were among the top three product country origins in all the advertising media surveyed (Table 16). Ads for U.S. products had substantial showing in the sampled radio time slots (26.3%) and the subway station (25.0%), and also had the largest share on TV (8.6%) among all foreign ads. The United States and Japan had the same number of ads in magazine (18.2%) and billboard (18.8%). The only exception to

the U.S. advertising lead was in newspaper where there were more ads for Japanese products (6.3%) than U.S. products (4.2%).

Table 15. Number of Ads according to Product Country Origin

Rank	Country	Number of advertisements
1.	United States	48
2.	Japan	28
3.	Germany	10
4.	Netherlands	8
	Switzerland	8
	United Kingdom	8
7.	South Korea	6
	Hong Kong	6
9.	France	5
10.	Taiwan	4
11.	Belgium	3
12.	Finland	1
	New Zealand	1
	Sweden	1
	Thailand	1
Total		138

Table 16. Ads from Top Three Product Country Origins according to Media^a

Newspaper %	Magazine %	TV %	Radio %	Billboard %	Subway %
Japan 6.3	USA 18.2	USA 8.6	USA 26.3	USA 18.8	USA 25.0
USA 4.2	Japan 18.2	Japan 2.6	Switzerland 21.1	Japan 18.8	UK 9.8
HK 4.2	N/A	Netherlands 2.6	Japan 10.5	S. Korea 12.5	Japan 8.2

^a Percent of total ads in each advertising vehicle.

In Stewart and Campbell's study (1986), the little foreign advertising they found in Beijing was predominantly for Japanese products, with very few for European or American products or services. The findings in this study seem to indicate that the product country origin has become diversified.

International Brand Names

Chinese consumers have become increasingly brand conscious and familiar with many of the international brand names. Table 17 shows some of the advertised international brands from the survey that one could have seen in the out-of-home media in Beijing on May 7, 1996.

Table 17. International Brands Advertised

Product category	International brand names
Food & beverage	Nestle Coca Cola McDonald's Pizza Hut Beck's Evian Columbia Coffee
Electronic / electric appliance	Philip National Panasonic Hitachi Sony Sharp Toshiba Sanyo Kenwood
Cosmetics & apparel	Texwood Goldlion Clark's
Personal / family care	Lux Pantine Colgate Bausch-Lomb
Computer & telecom.	Apple Compaq Intel Texas Instruments Motorola Nokia
Camera & photo film	Kodak Fuji Canon Ricoh
Others	Du Pont Siemens NEC Goodyear Shell Oil

Summary

- The majority of ads in the advertising environment in Beijing were for consumer goods; and this was more pronounced in foreign advertising than in domestic advertising.
- Foreign advertising featured most prominently in subway and billboard advertising, and least in TV and newspaper advertising.
- Foreign advertising focused on food and beverage, and electronic / electric products and appliances.
- Products from the United States, Japan and Germany appeared most frequently in the ads.
- There was a wide array of international brands advertised in Beijing.

Foreign Ads In the Eyes of Chinese Consumers

Chinese consumers probably do not see “hidden persuasion” in advertising. They attach more importance to the perceived beneficial aspects of commercial advertising than to what might be termed its harmful dimension, a commonplace perception in developed markets. Chinese consumers, for instance, like to embrace advertising as a useful way to get to know a product better. So, in general, advertising doesn’t face as much resistance from the audience in this emerging market as in a mature market, such as the United States, where commercial avoidance is routine. With an unsuspecting audience, this might prove to be the “golden age” for advertisers and ad agencies to develop and execute promotional strategies in China. This is particularly true with foreign advertising.

Watching the Marlboro Commercials

Nothing typifies the favorable reception of foreign ads in China better than the Marlboro Country TV commercials, aired on Chinese television several years ago. Even though cigarette advertising is now banned in the broadcast and print media, the image of

the Marlboro man has achieved such a lasting impact that it has almost become part of the collective social memory in Chinese society. During a focus group discussion I conducted at a vocational school in Shanghai in May 1996 (method discussed in Chapter IV) on foreign advertising in the Chinese media, one participant said,

Normally when we turn on TV, we are not particularly interested in watching ads. We want to watch something with a story, or a plot. Most people don't turn on TV to watch ads. If I turn on TV and see an ad, I will usually switch to a different channel. But if it is the Marlboro commercial, I won't. Because at the very first sight, I don't think it looks like a commercial. Rather, it is more like the beginning of a TV drama. So, I will continue watching. The Marlboro commercial just immediately catches my attention.

Since all eight participants in the focus group enjoyed the Marlboro Country commercials, I asked them what they found so appealing. One participant replied, "It's the horse and the Western cowboy." "The ad presents us," another answered, "a landscape that we cannot see in China." One added, "The Marlboro commercial makes viewers very excited."

Apparently the motifs of virility, rugged individualism and self-achievement evoked by the lone cowboy in the American wild West struck a responsive chord in the Chinese psyche just as they had in the United States. Several participants also observed that the background music in the commercials enhanced the movements on the screen and stimulated audience emotion. The Marlboro ads seem to have tapped into an imagery, a mood or perhaps an attitude that has a cross-cultural appeal. Surprisingly or unsurprisingly, none of the participants saw the "merchants of death" in the Marlboro Country.

As the focus group grew enthusiastic about discussing how impressed they were by the sense of freedom, independence and masculinity conveyed in the Marlboro commercials, I posed the question, "What would you think if we make an ad, using a lone Chinese horse-rider on the Inner Mongolia prairie, for instance? Will that achieve the same magical effect?" I further explained that it would not be hard to find a similar landscape in

China as a backdrop and that we would also try to maintain the same filming quality as in the original Marlboro ads. The question sent my participants into a moment of silence. Some said it would be a rather different ad. When I probed in what way it would be different, they were not able to articulate the perceived difference, but could certainly feel it.

It appears that people in China approach the Marlboro ads with many pre-existing notions about the American West, the cowboy, and the American doctrine of self-reliance and individual freedom. In other words, the meaning of the Marlboro ads doesn't simply reside in the physical landscape or the image of the cowboy. The landscape and the cowboy are vehicles to communicate the Chinese audience's preconceived notions about America and its cultural essence. In the eyes of Chinese consumers, Marlboro Country is a foreign country called America. Watching the Marlboro commercials becomes a *de facto* cultural experience. Chinese consumers' curiosity and fascination with America—the country and its culture—are momentarily satisfied through the viewing of the stylized representations in these commercials.

Recalling Foreign Brand Names

The success of the creative execution in foreign ads is also manifested by the audience's impressive recall of foreign ads and brand names. During the focus group discussion, I asked each participant to quickly name three foreign product brands and their commercials. None of the participants appeared to have any difficulty in sharing their favorite foreign ads, from Kodak and Coca-Cola to Nike and National. The most mentioned were ads for baby hygiene products by Johnson & Johnson.

Then I asked them to name three domestic brands and their ads. After a somewhat longer interval of silence, one participant uttered one brand name. He pointed out that most of the domestic ads were for food items, and the others concurred. After some discussion, the group finally came up with three or four specific ads and brands.

This pattern of response was repeated when I asked them to name spokespersons in both foreign and domestic TV commercials. It appeared that they were much more familiar with celebrities from Hong Kong, Taiwan, the United States, and Japan, such as Andy Lau (Hong Kong pop singer), Jackie Chan (Hong Kong movie star), Michael Jordan (U.S. basketball star), Michael Chang (U.S. tennis star) and Cindy Crawford (U.S. supermodel), than with local Chinese celebrities in ads. Since the participants were young adults, one would assume they would be more knowledgeable about contemporary foreign celebrities than the older generations would. Despite such possible biases, it still took me by surprise that there was such a significant difference in recall between foreign and domestic products and ads.

Admiring Foreign Ads

The overwhelming positive reception of the Marlboro ads perfectly exemplifies the triumph of foreign advertising over domestic advertising in China. Said one participant,

I find foreign ads more interesting. They are often humorous. For example, the ad for Energizer battery. It catches my attention. In domestic ads, actors are often shown, posing to explain what the product is. They are just boring and not exciting to watch.

Another participant explained why she liked foreign ads more than domestic ads,

Domestic ads are plain-spoken. They are hard to get people's attention. Foreign ads are more exciting to watch. And, you also get enchanted when watching foreign ads (for instance the colorful commercial for Nippon Paint).

Two more observations from the focus group:

It seems that foreign ads are able to highlight the functions of the product. I especially like the creativity in the ads. They are more playful and innovative.

The content in foreign ads is brief and concise. Domestic ads are full of detailed information. We just get overwhelmed by it.

The prevailing favorable attitude toward foreign advertising demonstrated by this focus group is by no means unique. The survey I conducted at the same school (method discussed in Chapter IV) revealed that nearly 58% (113) of the respondents held a positive view of foreign advertising. Of the 196 respondents, only two (3%) disliked foreign advertising. Table 18 shows that 50% (98) preferred foreign ads to domestic ads in newspaper and magazine, and about 54% (105) preferred foreign ads to domestic ads on TV. Asked whether their purchase decisions were influenced by advertising, most (70%) reported that advertising had some influence, and 15% said advertising had a tremendous influence on their purchasing decisions.

Table 18. Attitudes toward Foreign and Domestic Advertising^a

	Print (%) (N=196)	TV (%) (N=196)	General (%) (N=196)
Prefer foreign ads	50.0	53.6	58.2
Prefer domestic ads	12.5	17.9	9.7
About the same	28.1	20.9	25.5
Other	9.7	7.7	6.6
	100.3	100.1	99.0

^a Due to rounding, percentage totals may not add up to 100.

These results echo earlier research on Chinese attitudes toward foreign advertising. According to a 1987 survey, foreign ads were perceived by Chinese consumers as “more honest, more artistically designed and a more pleasant experience,” and “more memorable

and more convincing” (Pollay, Tse & Wang 1990, 88). A survey by the Chinese People’s University and CCTV in Beijing in 1987 indicated that 29.8% of the residents liked foreign advertising and 12.7% liked it very much (with 38.2% no opinion) (reported in Huang 1992, 183). Other surveys also showed that people with higher income and higher education, or the younger generation tended to like foreign advertising more than those with less income and less education, or the older generations (Huang 1992, 184). The main reason Chinese consumers liked foreign advertising was their belief that foreign advertising could increase their knowledge about foreign cultures and society. Foreign ads were also perceived to be more entertaining and creative than domestic advertising (ibid.).

The young Chinese consumers in the focus group apparently were not critical of foreign advertising. When I asked them about any negative aspect of foreign advertising, the participants replied they simply enjoyed foreign ads and had no objection to them. One participant did mention that the prices for foreign goods were prohibitively high for some consumers and that for them foreign ads probably would not be as attractive because they could not afford the goods in the ads. A 1988 survey showed that some Chinese consumers found foreign advertising impractical, the reason being that the advertised goods were often not widely available in stores (Huang 1992, 186). But this concern may no longer be valid since the trickle of foreign consumer goods in the Chinese market then has now become a full stream. Few people in the focus group viewed foreign advertising as a stimulus to consumerism, a challenge to Chinese traditional values, or a form of cultural invasion (ibid.). Instead, Chinese consumers seem to admire the Western subtle style of advertising and welcome the sophisticated advertising techniques practiced by multinational ad agencies (Stross 1990a, 494-495).

The only study that seems to present some contradictory indication about Chinese consumers’ attitudes toward foreign advertising is a survey conducted in Beijing in 1987 (Zhao & Shen 1995). The research found that two-thirds of the Beijing residents preferred

Chinese domestic ads to foreign ads. But the research did not provide any evidence or explanation as to why there was such a preference.

In short, foreign advertising appears to be privileged over domestic advertising among Chinese consumers. Foreign ads are in general perceived as better than domestic ads in terms of creative concepts and execution. Chinese consumers are most impressed by the use of visuals and sound-tracks in foreign ads to create a mood, such as those in the Marlboro Country commercials. Chinese domestic ads pale in comparison to the “make-believe” quality in foreign advertising. Chinese audiences are particularly annoyed by the actors in domestic ads, whose acting always appears overdone and never as natural as that in foreign ads. Aside from the overall superior production quality of foreign ads, it is important to note that what underlies Chinese consumers’ overwhelming preference for foreign ads seems to be their curiosity about and yearning for the exotic and the affluent Other, which is embodied by the stylized representations of life-styles in the foreign ads in that country.

So far Chapter V has shown us that foreign advertising has a history in China. Chapter VI indicates that, in contemporary China, foreign ads are better received than domestic ads by Chinese consumers because foreign ads are perceived to be more glamorous than local productions. We therefore wonder how these seemingly successful foreign ads are produced for the Chinese market. What are the “dream-making factories” like? The next two chapters afford us a closer look at the structure and process of admaking in one of the major global advertising affiliates in Beijing.

INSIDE THE SHOP

The Setting

As China's capital for most of the last 500 years, Beijing has captured the imagination of foreigners as well as Chinese with its grand imperial architectural wonders. The economic reform since the late 1970s has brought transformative impact on the city's landscape. Beijing has now taken on a new look of a teeming global metropolis. As Jianying Zha (1995, 59) tersely described,

[f]or an imperial city that used to set a unifying aesthetic standard for the whole nation, the new Beijing has a radically splintered image. It has taken on the appearance of a proletarian-peasant metropolis striving to get rich, a hodgepodge of clashing styles and sensibilities.

The serenity of the majestic Forbidden City now co-exists with the excitement of skyscrapers aggressively springing up around the city. Unlike the symbolic power of the magnificent architectural cluster of the Forbidden City, skyscrapers are "the product, by and large, of cultures that are in the first flush of excitement at moving onto the world stage," Paul Goldberger (*New York Times*, August 4, 1996, p. H30) pointed out. "Such buildings are assertions of power, demands to be noticed, and there is a particular moment in the life cycle of a rising culture when those impulses are irresistible. The moment comes after beginnings and before maturity." Beijing is experiencing this moment of modernization.

The ad agency ABC is located in one of those gleaming glass skyscrapers in the northeastern part of Beijing. Apparently on a par with international standards, this modern building, with amenities and conveniences, is a world away from the old quarters of the city. Walking into its lobby, one can hardly tell whether he / she is in Beijing or in

Chicago. Besides the types of services an office tower normally provides, this one also has a cheerful flower shop, a pleasant mini-market, a fine Chinese restaurant, a Western cafe and even a shower room especially designed for employees working in the building complex. ABC is one of the many companies renting office space in this skyscraper.

The work environment at ABC is similar to a typical corporate office in the United States. The office is carpeted, clean, air-conditioned, brightly-lit, and open floor. Smoking is prohibited inside the office. Drinking water and coffee are provided free of charge. The office furniture has a simple but consistent style. The interior walls are decorated with the agency's successful ad campaign posters. Awards and other professional recognition are also on display in the reception area.

The general manager works in an executive office, with a nice view of the city. The deputy manager also has a private but slightly smaller office. For the rest of the employees, cubicles are their office space, with a desk, a chair and, in most cases, a telephone. The heads of the divisions share the same open floors with other employees but have larger cubicles and desks. With a growing staff, the office space does look somewhat crowded.

There is a conference room, equipped with a TV, a slide projector and tape playback machines. The TV set receives satellite programming. At lunch breaks, employees often watch news or Asia MTV in the conference room. There is another private office reserved for the exclusive use by staff from the Hong Kong office, who fly in frequently on business. Company computers, fax and copy machines are all in the open area.

On a normal day, dial tone, busy signal, and other electronic buzzes and sounds emitted from telephone, fax, photocopying and computer form the constant background to the work environment. However, in the creative department, which occupies a separate office floor, soft music is usually playing, creating a different, soothing atmosphere.

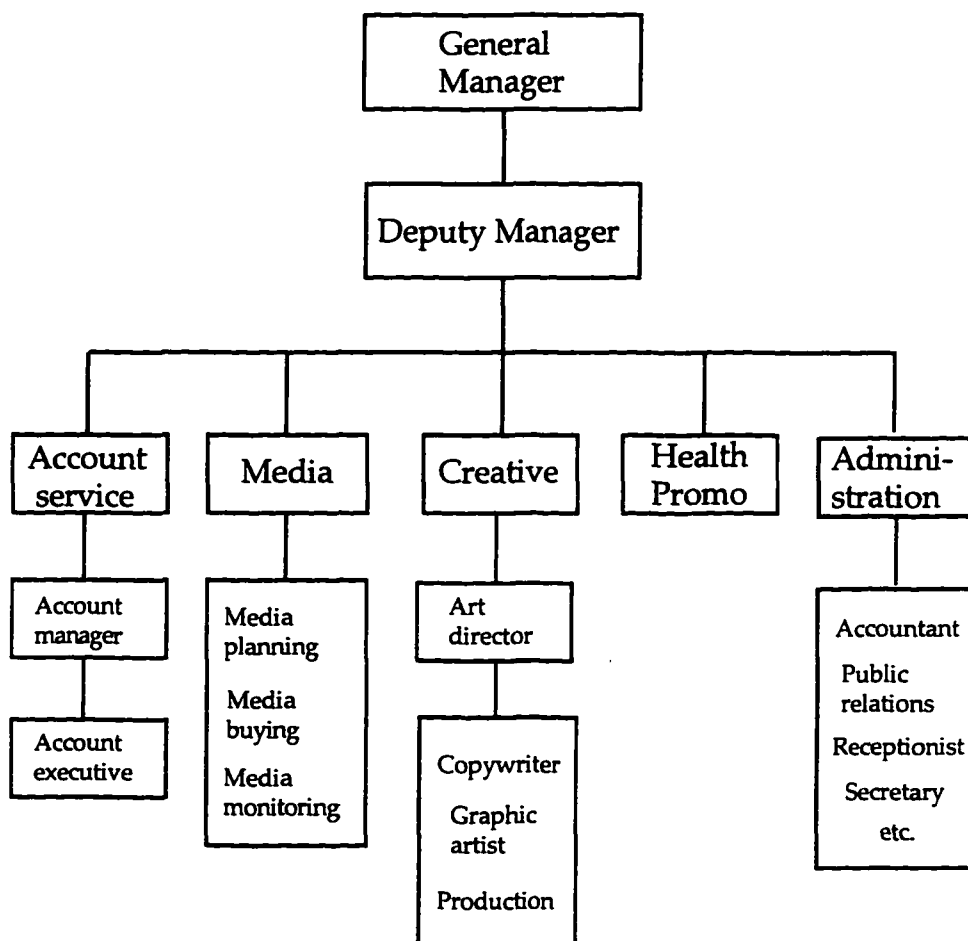
Agency Structure

ABC formed a joint venture with a Chinese advertising company in the early 1990s. It has majority holding in the new entity's stock, which also means management control. ABC in Beijing is the main office for its China operation. It also has branch offices in Shanghai and Guangzhou. Hong Kong is ABC's Asian Pacific regional base. Its global headquarters is in New York City. The general manager at ABC Beijing office and division heads are expatriates (hereafter "expats") appointed by its Hong Kong office. The deputy manager is a local Chinese, representing the Chinese partner company. The Beijing office is in constant communication with the Hong Kong office but is loosely connected with the New York headquarters. Representatives from the New York office do visit the Beijing office for internal audit, for instance. When working on a worldwide pitch for a product, the New York office also contacts the Beijing office for relevant information or assistance.

ABC is a member of the Association of Accredited Advertising Agencies (4A).¹ This trade organization was formed in Hong Kong in 1957 and has a membership of about 20 agencies. Its main function is to provide self-regulation and promote industry standards in the advertising business in Hong Kong. Belonging to this organization confers legitimacy and prestige to the ad agency. This is particularly the case in mainland China. A 4A agency is immediately recognized as a foreign ad company with quality service.

As a full-service ad agency, ABC offers its clients a full range of marketing and promotional services, from planning and producing advertising and promotions to conducting advertising research, selecting, purchasing and monitoring media, etc. Like any standard full-service agency, ABC has three major departments: account service, media and creative. It also has a small administrative staff and an adjunct division of health product promotion (Figure 2).

Figure 2. ABC Organization Chart



Belch and Belch's (1995) description of the account service, media and creative departments in a full-service agency in Western advertising is also reflected in the structure and function of the three major departments at ABC. The account service department is "responsible for understanding the advertiser's marketing and promotions needs and interpreting them to agency personnel ... (It) coordinates agency efforts in planning,

creating, and producing ads” (72). The account service is therefore the key link in the agency-client relationship and in the agency business activities. ABC has nine account service employees.² Three of them are account managers and are in charge of specific clients with the assistance of account executives. At any given time, they may be simultaneously responsible for several accounts. The general manager also serves as the supervisor of the account service.

The media department is the liaison between the client and the communication media. It “analyzes, selects, and contracts for space or time in the media that will be used to deliver the client’s advertising message ... (It) is expected to develop a media plan that will reach the target market and effectively communicate the message” (73). The media department, for instance, generates media rating and competition reports, and provides media monitoring. ABC’s media department, with a staff of nine employees, is divided into three different sections—media planning, media buying and media monitoring. This department is headed by an expat. Another expat works on media planning, and a local Chinese supervises media buying and monitoring.

The creative department is “responsible for the creation and execution of the advertisements” (75). The copywriter writes the headlines, subheads, and body copy; while the art director and the graphic artist are responsible for designing the layouts. The creative aspect at ABC has two main components: 1) printed ads (including promotional materials such as leaflets), which are done in-house; and 2) TV commercials, which are mostly made in Hong Kong due to the less satisfactory production and post-production facilities in China. ABC has one copywriter, three graphic artists, and a production executive. The director of the department is from Hong Kong. The Hong Kong office also periodically sends over art directors on special projects. At the time of the study, there were three art directors working in Beijing.

The administrative branch, which includes secretaries, accountants, public relations coordinator and others, maintains the day-to-day office operation. ABC also has a two-staff team working on direct marketing of healthcare products to doctors and hospitals.

Compensation and Pricing

For service compensation, ABC uses the “open contract plus commission” system. The service fee is based on 10% to 15% of the total media billing. Sometimes the agency fee is included in the prices quoted by the media. If not included, the agency will add a flat 15% surcharge to the original total. The American ad agency N. W. Ayer invented this compensation system in the 1890s. In American advertising, it had remained a standard payment method until the late 1980s when the agency-client financial relation came to be increasingly defined by “negotiated commission” (Leiss, Kline & Jhally 1990, 162).³

The advertising rates vary greatly according to the type of media, time slot, page location, etc. For some broadcasting and print media in China, there are three categories of advertisers: foreign (wholly foreign-owned businesses), joint-venture and domestic. Advertising rates are different, with the highest rate for foreign advertisers and the lowest for domestic advertisers. According to a report in *Media* (March 15, 1996, p. 4), the pricing gap between foreign and joint-venture advertisers is narrowing.

Other Chinese media only discriminate between domestic and foreign advertisers (including joint-venture businesses) by a parallel price structure in advertising rate. Here are some examples. In spring 1996, a weekday, 15-second prime time spot on China's only TV network CCTV cost foreign advertisers about US\$10,000, but around US\$6,000 for domestic advertisers. Advertising rates of inland regional TV stations are in general much lower than coastal stations but the difference between foreign and domestic advertisers is often much wider. Shanxi TV, an inland provincial station, charged US\$1,500 for a 15-second prime time commercial for foreign advertisers, but the rate for

domestic advertisers was less than US\$80. Such divergence in advertising rates is also evident in print advertising. In *Beijing Daily*, foreign advertisers paid almost three times more than their domestic counterparts for every column centimeter (US\$110 vs. US\$40). In transit advertising in Beijing, a 50% surcharge was added for all foreign advertisers. In general, under such a discriminating pricing system, foreign advertising is made more profitable than domestic advertising for the media and the agency but more costly for the advertiser.

Profiles of Adworkers

With an average age around 25 and 26, ABC has a young, energetic and cheerful staff. The senior management positions are held by expats from Hong Kong. Besides the deputy manager, there are two other local staff slated for some management responsibilities in their respective media and administrative divisions.

The educational background of the staff varies from department to department. The account service requires college education and in particular a good command of English. Since the agency mostly deals with international businesses, its account executives need strong international and intercultural communication skills in order to succeed on the job. College education is not viewed as important in the media and creative departments. Those staff usually do not work directly with international clients, and therefore the agency does not emphasize as much their English proficiency and higher education background. More important, perhaps, “if we set our educational qualifications too high for every department,” says the general manager, “we would not be able to find people to fill all these positions.” The skills needed for media purchasing and monitoring can be learned on the job fairly easily. For the creative side, the graphic artists need to have specific techniques in drawing or design, which are normally acquired in an art college in China.

Some of the ABC staff were hired fresh from college. Some made their career moves to advertising from various other fields, such as journalism, sales, and marketing. A few have had previous experience in advertising. As advertising is still a relatively new and rapidly-growing trade in China, there is a high demand for a limited supply of experienced and qualified local ad professionals.

Following are profiles of several employees in various positions at ABC. They are the general manager, an account manager, the media buy supervisor, a media plan executive, a graphic artist, and the copywriter. All the names in the profiles are pseudonyms. Some are English names. It is now common that in an international business environment some Chinese employees adopt English first names. English first names are also frequently used by Chinese in Hong Kong in addition to their Chinese names.

The General Manager

Originally from Hong Kong, Michael speaks fluent Mandarin Chinese and English. He went to college at a North American school. Upon graduation, he started to work as an account executive at ABC's Hong Kong office. Later he left the ad agency, and his career expanded to marketing, trading and outdoor media. While working for an outdoor media company, he had the opportunity to travel frequently between Hong Kong and Guangzhou, in fact spending most of his time in Guangzhou.

When Michael returned to ABC's Hong Kong office years later, he again worked in the account service department. With ABC's growing presence in China, he often flew between Hong Kong, Beijing and Guangzhou. His extensive experience in China has acquainted him with the Chinese business culture. Michael was promoted to head ABC in Beijing.

An Account Manager

Yan is one of the three local account managers at ABC. After college, she went to work for a multinational ad agency in Beijing. As one of the early arrivals in the Chinese advertising market, this agency became known as the training ground for Chinese advertising professionals. Yan's apprenticeship at that company made her one of the first generation Chinese ad agents schooled in Western advertising professionalism after the reintroduction of advertising to China in the late 1970s. She later left advertising and went on to work as a newspaper reporter for some years. She returned to advertising by joining ABC a year ago.

Her experience in international advertising naturally shows when she talks about her work. She finds international clients who have already developed their global marketing format much easier to work with than those who are developing new ideas and concepts for the Chinese market. In the former case, her work mainly involves helping clients to implement local strategies; whereas in the latter, clients often pose greater challenges for her as they are just initiating their advertising plans and grappling with the complexity of the Chinese market.

Yan points out that advertising is extremely labor intensive. The human dimension in the making of advertising is most significant. Even though she feels constant pressure working in an ad agency, Yan also finds it an exciting, rewarding profession for young people seeking adventure and fulfillment. But she doubts if she will ever recommend advertising to an older person with a family. "It is simply because the advertising profession at times can be extremely demanding," she says, "and I will eventually quit advertising when I feel I've burnt out." At the moment, she enjoys the excitement in this flourishing business in China.

The Media Buy Supervisor

Chang is one of the few veterans at ABC. She used to work for a Chinese company. Tired of internal strife at her workplace, she came to work for ABC when it was first established. She is now the supervisor of media buying and monitoring, with a staff of six. Confident, smooth, ebullient and always smartly dressed, Chang appears to have developed a spirit of *camaraderie* with her staff.

Most of her work involves purchasing media time and space in the North China market. Media buying is divided among her staff by province or by media if in Beijing. In other words, each media executive is responsible for certain media outlets in a specific province. Chang herself also does some media buying.

Chang is the only local Chinese employee at ABC who has been abroad.⁴ She visited the United States a year ago on a trip sponsored by the Chinese government for advertising professionals and government administrators. Since she came to ABC, she has had opportunities to move on to other companies but instead has chosen to stay. She feels she has witnessed how ABC has grown from a small office to an expanding agency in China, and is now a little sentimentally attached.

A Media Plan Executive

Cathy graduated from a well-known college in Beijing. Before joining ABC, she had worked for a year in a government agency for cultural affairs. She is one of the new hires and has only been at ABC for two months. That is why she often hangs out with the other two new staff in the media department. She did not like her previous job because of the overwhelming lethargy at the workplace. She felt useless and unmotivated in that kind of bureaucratic environment. ABC has been a nice change for her. She doesn't seem to mind the fact that since she came to ABC she has been working late and often weekends.

Cathy assists an expat on media planning. With no previous experience in advertising, she has been learning everything on the job. Soft-spoken and still quite student-like, she spends much of her time at her desk calculating media reach, frequency, GPRs (gross rating points), CPM (cost-per-thousand), cost-per-rating point, etc. — the vital statistics in media planning.

A Graphic Artist

Working at ABC has also been quite a different experience for Yong, a graphic artist. In jeans and T-shirt and with long hair, Yong has a sort of Bohemian look. His college education was in computer-assisted design. His previous employment was a similar position but at a local ad agency.

When working at the Chinese ad agency, he was given a lot of freedom in designing ads. But now at ABC, he works under the expat art director, who basically oversees all the creative strategy and execution. Though he has lost much freedom to express his creativity in ad design, he finds working at ABC a great learning experience. Especially he has the opportunity to get exposed to the creative ideas and imagination of the experienced expat art directors and the whole Western way of making advertising.

The Copywriter

Maria is the only copywriter at the agency. She was with another 4A agency in Beijing before joining ABC. She left her previous job because she did not like her overbearing boss, an expat from Hong Kong who, according to her, always appeared arrogant in front of local Chinese employees. She finds that people from Hong Kong who come to work in mainland China want to be treated by the locals as foreigners rather than Chinese, but the locals tend to regard them as Chinese instead of foreigners. Such a difference in perception often causes disharmony between the two groups at the workplace.

Maria likes her current job at ABC except that she has to meet deadlines all the time. She is often asked to come up with appropriate prose within a very limited amount of time. Maria joins art directors in brainstorm sessions for ad campaigns. The expat art directors need people like Maria to help them understand local cultural conditions. She never, however, attends meetings with clients. Only art directors go to such meetings. They then pass onto her relevant information or ideas. She feels the account staff are at times overly powerful because they can change her headline or body copy without even consulting her.

An unassuming woman in her twenties, Maria graduated from college with a Chinese major. Her language skills are now combined with commercial concepts. Her satisfaction of the job comes from seeing her headlines appear in public spaces. Although she remains anonymous, the product becomes famous by speaking her lines on billboards, TV and radio and in newspapers. When I learned that Maria had worked on product X, I immediately mentioned to her the product's billboard prominently displayed at the Beijing International Airport. Maria said softly, "I wrote it." She smiled, with a sense of satisfaction.

Culture of Work

Work Schedule

The work day at ABC starts at 8:30 in the morning. But most of the staff arrive between 9:00 and 10:00. They sign in at the front desk. The company management does not seem to be rigid on employees' working schedules. Lunch break is at noon. Business lunches are frequent at ABC. When there are no such engagements, staff have their lunch at the cafeteria in the building complex. Lunch coupons are provided by the company as part of the staff benefits. After lunch, each treats himself/herself to something *a la carte* —taking a nap in the cubicle, playing games on the computer, watching MTV in the

conference room, or strolling outside the office tower. Work resumes around 1:00 or 1:30. Although the work day ends at 5:30, more often than not they stay later than that and also work weekends. Overtime is not compensated, except that the company pays for meals and other expenses incurred in working extra hours.

The expats normally arrive in the office somewhat later than the rest of the staff. They do not go to the employee cafeteria for lunch, and always seem to take longer lunch breaks. Their serious work often starts later in the afternoon and continues into the night. The expats work long hours, including many weekends. Their workaholic attitudes often dismay the local staff. "The Hong Kong management," says one local employee, "is sometimes heartless in their drive to work." For those local staff who work closely with the expats, they have to also commit themselves to the work rhythm of the expats.

Being stationed in Beijing also means that the expats only enjoy public holidays according to the mainland Chinese calendar. So there are no breaks at Christmas or Easter, for instance. Instead, they enjoy days off on May 1, the International Labor Day, and October 1, the National Day of the PRC.

Communication

The expats from Hong Kong run the day-to-day operation at ABC. There is virtually no interference on the part of the Chinese partner into daily management matters. The Chinese deputy manager appears to be only a nominal figure in this context. He oversees some company logistics, such as dealing with the local bureaucracy. When he first assumed the position, he asked the foreign management to assign him some tasks. But apparently the foreign management did not want much involvement from its local partner.

Majority stockholding and management control by the foreign partner are designed to avoid pitfalls in a joint venture business arrangement. If the experience of other

companies is any indication, it seems that much confusion is created when both the Chinese and foreign parties share equal management responsibilities. This is largely due to their substantial differences in business philosophy and practice. When disagreement and dispute become recurrent within management, the morale of the agency will be hurt and its development hindered. Therefore from the outset at ABC, cooperation and communication between the foreign management and the local company have been based on a clear understanding of each one's role in the joint venture. It appears both parties are satisfied with the arrangement in which the local influence in management is circumscribed.

The internal communication at ABC is achieved in two basic ways: 1) spoken communication; and 2) internal memo. The size of the office makes it possible for employees to talk with one another face-to-face most of the time. When the management wants to share something with the staff, it issues memos. Sometimes the memos are posted on a company bulletin board.

Language is an important aspect of the agency life. At any moment in the office, one can hear at least three languages: Mandarin Chinese, Cantonese and English. Most of the expats at ABC speak Mandarin well albeit with a heavy Hong Kong accent. When they talk to each other, they normally speak in Cantonese, which local employees generally don't understand. Because it is an international agency, English is also used between agency executives and client representatives, or between expats and locals. Even among local employees, some key phrases in advertising are invariably expressed in English, such as "rate card," "media reach," "frequency," etc. The computer database is in English as well. As pointed out earlier, some of the staff have English names. That's why one can often hear conversations in Chinese peppered with English words and phrases.

At a meeting attended by a client representative, an account manager and art directors, the client representative explained to the art directors why he did not like the ad they had produced for his product. During the exchanges among the four people,

Mandarin Chinese, Cantonese and English were all used. On another occasion, staff from the regional office in Hong Kong came to make a presentation. The presentation was interrupted several times because the presenter's Mandarin was not very good and needed translation help from the expat in Beijing.

Professional Conduct Becoming

The Real Pros

At a meeting with media representatives from two local cable TV stations, one ABC executive introduces the company and emphasizes the difference between a 4A agency (such as ABC) and a local Chinese advertising firm. She reiterates that ABC is a full-service agency in comparison to the largely “space broker” or primarily creative shops on the local scene. One manifestation of the kind of professionalism represented by ABC is the wide range of services that it provides to its clients, including monitoring whether media broadcast ads according to the terms in the contract. Since the cable stations have not dealt with a multinational ad agency before, the media representatives appear a little awed by the comprehensiveness, rigor and sophistication of the admaking process at ABC.

As the Chinese media feel increasing competition for advertising revenues due to the expansion in media outlets, they are now actively courting ad agencies. The two cable TV representatives are the typical visitors ABC often receives nowadays. ABC tries its best to meet with these media representatives. After all, such meetings are also opportunities for ABC to get to know various media outlets around the country. The meetings may or may not lead to contracts. But the agency never misses a chance to make its pitch to the media that “we are the real pros” in the vast Chinese advertising industry.

Professional Objectivity

ABC's professionalism is exemplified in its use of data-bound media and market analysis in planning advertising strategies. The service provided by ABC is based on careful research. The research follows a standard format in Western advertising of identifying marketing, communication, and creative objectives and strategies. Except for the creative side, market and media analyses, which employ such social scientific methods as survey and focus group, serve as the bedrock of advertising strategy and rationale.

The selection of advertising media, for example, does not rest solely on whom one knows in a particular media organization, still a common practice in local ad agencies. Neither does decision depend exclusively on some untested local judgment or experience. Instead, evidence from research is paramount in advertising planning. But market and media data are often either non-existent in China or are inflated and inaccurate. The challenge for ABC is to establish databases based on solid research. When a new TV rating database was created by ABC's office in Hong Kong, a team from Hong Kong came and made presentations to the staff in Beijing.

Like other businesses in China, the burgeoning Chinese advertising industry is characterized by personal networking. Agency-client and agency-media relations and advertising decisions are often under the whim of powerful individuals. But as a profession, advertising requires an element of rationality. In this regard, ABC's reliance on research helps construct at least a scientific veneer for the industry, and hence brings a certain amount of credibility to the trade in China.

To maintain professional objectivity also means that employees can hold different opinions about the account they are working on, but their office opinions are not supposed to infiltrate into the working process. In other words, personal opinions are theoretically detached from work. "A lot of the things we say about the headache medicine," admits one account executive, "are simply hyperbole. Who in the world would believe all those

exaggerations in the ads? Except for the promotion, the foreign brand works about the same as many local brands.” Despite what he says, this executive works on the headache medicine account. With ABC’s promotional expertise, this particular brand is doing briskly in the Chinese market.

Professional Integrity

ABC also prides itself on upholding the integrity and credibility of the advertising business. One important measure of such professionalism is that as a company rule ABC employees are strictly forbidden to receive kickbacks from media or clients in any business-related transaction. Contrary to what many would believe, working for a multinational ad agency in China does not necessarily mean earning more income; and, in fact, one could probably make more money working for local ad agencies because of the rampant practice of receiving kickbacks. But as one supervisor points out, in the current Chinese business environment, even 4A agencies operating on the open contract system can hardly resist the temptation of money. Apparently she hints at taking kickbacks in various forms, perhaps by other 4A agencies. Generally speaking, in contrast to local practices, ABC helps make the advertising business in China more transparent and credible by its “no kickback” policy.

Professional Autonomy

Still at its nascent stage, advertising in China has yet to carve out its own distinctive identity. Many of the Chinese shops are auxiliary units to mass media or advertisers. Although advertising is now widely perceived in China as a valuable, independent service that helps advertisers to compete in the liberalized and globalized marketplace, in practice the conduct of advertising workers seems to fall short of the professional ideal.

For instance, local account executives tend to act as messengers rather than facilitators in managing agency-client relationships. The difference between “messenger” and “facilitator” is crucial here. In the case of being a messenger, the account executive tends to dutifully pass whatever the client wants onto the media and creative departments. “Yet what an account executive ought to be doing,” explains the general manager, “is to analyze client’s requests and see if they have any merits. Often times, clients are only making offhand remarks. The account executive should present his/her views and suggestions rather than simply passing around the information. We have wasted much time going back to the client only to find small problems that can be clarified easily.”

The lack of commercial concepts and experience in advertising may have caused the passivity on the part of local account executives. The management at ABC therefore emphasizes to its local employees the value and contribution their professional service can provide to advertisers. It encourages the local staff to be more assertive on the job and to appreciate the indispensable role advertising plays in the marketplace.

Professional Image

“When we make hiring decisions,” says one supervisor, “in addition to other qualifications, we also look for people who are presentable. After all, we are in the image business.” Presentability is largely defined by one’s communication skills, both verbal and non-verbal, and appearance. Almost everyone in the agency is equipped with business cards. Over the phone, the unfailingly friendliness of the ABC staff conveys a sense of professionalism. Such professional friendliness is a far cry from the nonwelcoming, sullen responses typical of Chinese state-run offices.

The world of advertising is known for its informality in attire. There is no specified dress code at ABC. Male employees usually wear shirts and slacks, and females wear blouses and skirts or dresses. Jeans and T-shirts are common as well. The casual clothing

at ABC often carries designer labels. The account service staff are usually more formally dressed than the rest because they often meet with clients. The expats (except art directors) are always dressed more formally.

Notes

1. It is not to be confused with the 4A in the United States—American Association of Advertising Agencies.
2. All the numbers in reference to employees at ABC were from spring 1996. It should be noted that these numbers often change quickly with the growth of the agency and the staff turnover.
3. Most recently, a method called “pay for performance” has been advocated in the U.S.
4. Several employees have been to Hong Kong for business or training. Chang has also been to Hong Kong.

THE MAKING OF ADVERTISING

The preceding chapter presented the structure, culture and staffing of ABC. This chapter depicts the production and circulation process at ABC. I will first take a look at the finished products by ABC—its ads. The selected ads are for four product categories—shampoo, electronics, pain-relievers and beer. (All product names in this section are pseudonyms.) To address how ads like these are produced and circulated by ABC, I will then provide a schematic description of the process of admaking at the agency. The description illustrates the stages in a typical production process. To get a closer look at some of the critical moments in admaking, I will focus on four aspects of the process. The first vignette reports on the media planning for the launching of a new brand of pain reliever. The second vignette focuses on the creative team at ABC. The third vignette is about the phase of “censorship” during the production. The fourth vignette depicts the delivery of ads to media outlets in a beer campaign. Each of these four vignettes represents a separate stage in the admaking process. As a whole, they shed light on the intricacy in the making of an ad campaign.

The Finished Ads

Here are four examples of the final products by ABC. These ads appeared in the mass media in China, and represent four product types—personal / family care (shampoo), pharmaceutical (pain-reliever), TV sets and VCD players (electronics) and beverage (beer). The product country origin of the shampoo (“Salon”) and the pain-reliever (“Benix”) is Country X. The series of electronic appliances (“Star”) are from Country Y. The beer (“Grand”) comes from a joint venture brewer with a Country Z partner.

TV Commercial:

“You Can Have Healthy, Shining Hair Too.”

A 30-second TV commercial for Salon Shampoo opens on the hair from the top. The camera closes up on the beautiful shining hair of a former Miss Hong Kong, now a TV / movie actress. She starts to talk to the camera, “Do you think shining hair like mine only appears on TV?” (A medium shot of her cuts in in the middle of her talk.) She is walking in a room as she talks. Then a close-up shot captures the actress talking directly to the camera, “No.” She sits on a couch, touching her beautiful long hair, “You can have it too if your hair is healthy.”

The actress tries to comb her long hair with her hands but cannot do it. She looks a bit worried, “My hair used to be so dry (a close-up shot of her healthy hair) until I started to use Salon.” A male voice-over says (the product shot), “Salon, special treatment shampoo (a shot of the animation demo of vitamin penetration into the hair) contains vitamin B5 that can penetrate hair thoroughly.” The male voice-over continues, “Providing nourishment and making hair healthy and shine.”

The camera turns to focus on the beautiful long hair from the back of the actress. (A close-up shot of her face and hair.) “If there is a contest for beautiful hair,” she talks to the camera, “I’ll have the confidence to win again.” (A shot of a series of Salon hair products on display.) The male voice-over, “Salon. Hair so healthy, it shines.” A close-up back shot captures the actress turning around and talking directly to the camera again, “Try it. You can have healthy shining hair too.” The commercial ends with the manufacturer’s logo.

TV Commercial:

“Benix Proudly Supports Chinese Olympic Athletes.”

A TV spot for Benix opens with a shot of a Chinese track and field athlete on the medal stand receiving a medal. The camera angle then widens and turns to the medals displayed on a table, then layered with scenes of the athlete competing. A male voice-over narrates, “Behind all the honors, there are hardships and pain.”

The ad shows a scene in which the athlete is exercising very hard in a training room. Then a dramatic close-up shot of the strong, sweating athlete in exercise. (The shot cuts to the product.) “Benix proudly supports Chinese Olympic athletes,” announces the male voice-over, “to strive for glories again.” The camera turns to the exercising athlete. This time, he smiles and looks more relaxed. In the background, a banner reads, “Strive for the Olympic Honors and Glories.” The logo of the Chinese Olympic Committee is then shown on the screen. The voice-over announces, “Benix.”

This commercial is prepared in anticipation of the Atlanta Olympic Games in 1996. The featured athlete has won medals in international track and field meets, and will participate in the Atlanta Games.

Print Ads:

“Leading the Trend of Audio-Visual Electronics.”

This series of prints ads for Star electronics present new products—TV sets, *karaoke* players and VCD players. The ads highlight product information and image.

One ad introduces the new models of color TV sets by Star. “The personalized design of Star color TV takes you into a brand new audio-visual world.” Half of its layout depicts one TV set with illustrations of many of its functions and gadgets. The other half features three TV sets—one on the top, one in the middle, and the other at the bottom. There are illustrations of special functions next to the TV sets. The TV screen on the top

features a close-up of a woman and that in the middle depicts a woman sitting in a chair in a spacious room. The screen on the bottom is blank. The headline placed in the middle of the ad copy reads, "Our products have been giving you pleasure and enjoyment, but the better ones are yet to come."

"If the marketplace is a stage," one Star ad states, "every appearance of our Star VCD players receives your roaring applause." VCD, a regular CD-size disk that presents both audio sound and visual images, has been heavily advertised in the Chinese market in recent years. People buy VCD players to watch movies on disks and sing *karaoke* (sing-along). *Karaoke*, a pastime originated in Japan in the early 1980s, has also become an immensely popular form of entertainment in mainland China in the 1990s. The VCD player in this ad is a newer model with three disks which allow continuous play.

Another ad presents "3+3" reasons for the choice of a Star VCD player. A VCD player is shown prominently in the ad, with its three disks open. Reason No. 1 is that Star has the latest 2.3 VCD technology. Reason No. 2 is that this Star VCD player has three disks for continuous playing. Reason No. 3 is that the advertised VCD presents extraordinary sounds and images. Aside from the top three reasons, there are three other reasons for the choice of Star VCD players. Reason No. 4 refers to the *karaoke* function of the VCD player. Reason No. 5 is that the VCD is able to present high-quality still images on the screen. Reason No. 6 touts its sound quality—listening to music from this VCD is like listening to live music.

Star ads also give instructions about how to create an ideal home audio-visual system. In one ad, the Star TV set is featured in the middle of the ad copy, with a VCD player and a *karaoke* player on each side. As the ad points out, Option One is to buy the VCD player with the TV set; Option Two is to buy the *karaoke* player and the TV set. The headline reads, "The new, self-selecting Star visual and audio system. Enjoy both

watching and singing.” The body copy continues, “Leading the trend in audio-visual electronics, Star presents all the new audio-visual system. ...”

TV Commercial:

“Drink Grand Beer, Get Grand Prizes.”

A 15-second beer commercial opens on a beer bottle that is shaking. Then three young men come rushing into the scene. They open their arms to the beer bottles in front of them. (A close-up shot of one beer bottle.) The lid pops open. Then other beer bottles pop open one after another. One lid flies toward a big screen TV; another toward a motorcycle. The screen then splits into four, each of which pictures respectively a TV set, a motorcycle, a camera and a watch. (A close-up shot of the beer bottle again, with the focus on the brand name label; then cuts to the young men introducing the prizes.) The number 2,000 appear on the lower half of the screen. The final shot is on a series of the beer product. The ad slogan also appears on the screen, “Grand prizes, with the most enjoyment.”

Throughout the 15-second spot, a male voice-over announces, “Drinking Grand Beer not only gives you pleasure but also wins you prizes. Watch out for the lid with the word ‘prize.’ You can win color sets, motorcycles, cameras, watches ... Wow. More than 2,000 prizes. All for you. Drink Grand Beer, Get Grand prizes.”

The Process of Admaking

The three key departments involved in the making of ads such as the above are account service, media and creative (see Figure 3). The process normally begins with the account service receiving instructions from a client on product marketing goals and plans. In consultation with the client, the account staff generate a brief, which details marketing objectives, target audience, market information, etc. The brief is then shared with the

media and creative departments. According to the marketing objectives outlined in the brief, the media and creative staff begin their work by interpreting the objectives and then considering campaign strategies.

The media department articulates its own objectives in terms of how to reach target consumers via selected advertising media. The media staff make recommendations about the types of media and the amount of media time or space deemed appropriate for the proposed advertising campaign. Of critical importance is proposing a media budget that must be based on sound rationale and adequate analysis of the media and the market. After all, much of the income of the agency depends on the media billing of the client.

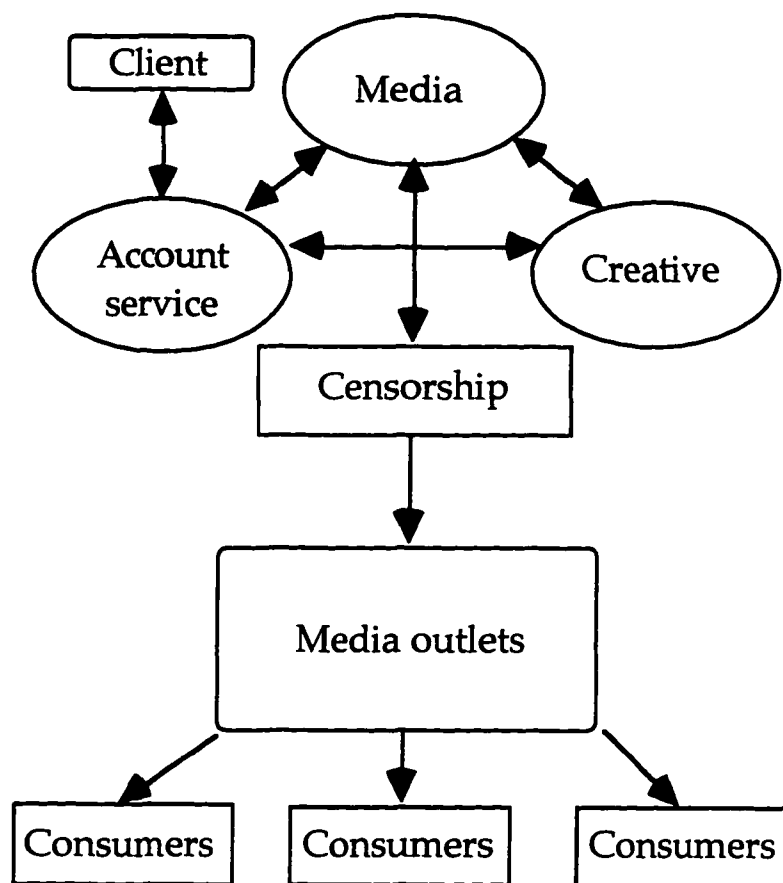
In the meantime, the creative staff have their own brainstorm sessions about ideas and concepts for the campaign. Their task is to make recommendations about creative executions—headlines, body copy, or a storyboard for a television commercial.

Before media booking and actual production, the client needs to approve the media and creative strategies for the advertising campaign. The process of planning and executing an ad campaign is seldom one-way or one-step. It involves constant negotiation and modification between the agency and the client as well as among the three departments. The direction of arrows in Figure 3 suggests such interactions. The account service staff coordinate the agency efforts throughout the process. The media people inform and update the account executives about media booking. There are times, for instance, when the agency fails to purchase the desired time slot or space, and the advertising plan needs to be adjusted.

When the creative staff come up with a storyboard for a TV spot, it is then forwarded to the media people. The media department sends it to the advertising review board of the Chinese Advertising Association (CAA) for what the agency people call “censorship” (shen cha). Established in 1981, CAA is the national trade organization for the advertising industry in China. It represents ad agencies around the country and claims

to be non-governmental. The government body that regulates advertising is the State Administration of Industry and Commerce (SAIC), the equivalent of the Federal Trade Commission in the United States.

Figure 3. Process of Admaking at ABC



The CAA advertising review board interprets China's Advertising Law. It issues opinions about whether an ad violates the law. It does not, however, have the authority to enforce laws and regulations in advertising. Although submission for review is not

mandatory, it certainly is to the benefit of agencies and advertisers to do so. In most cases once an ad passes the “censorship” at CAA, it is unlikely to be rejected by the media. The review board has become such an important buffer zone that the major media outlets such as CCTV and Beijing TV recommend ad agencies submit their ad sketches or storyboards for review at CAA. Even though CAA is non-official or at least quasi-official in the Chinese political structure, its approval stamp carries an almost official ring.

The review often finds some alterations necessary for many ads in order to meet the standards set forth in the Advertising Law. The media staff inform the creative and the account service staff about the required changes. After revisions are made and CAA gives approval of the revisions, the creative department enters the production stage. ABC normally prepares print ads in-house. But for TV commercials, production often takes place in Hong Kong because of the high quality production facilities there. Sometimes ABC hires a production company in China and has post-production done in Hong Kong.

When the final ads are ready, the media department is responsible for the delivery of tapes or print copies to media outlets. The last gatekeepers in this process are the advertising media. They review all ads to be broadcast or printed. For instance, in spring 1996 Beijing TV had four broad guidelines for its acceptance of commercials: 1) adherence to the current central and municipal governments’ political line; 2) compliance with the Advertising Law and other government regulations; 3) absence of descriptions that promote pornography, high consumption, rock n’ roll and other content unsuitable for children; 4) observance of Chinese language standards. With the review and approval by CAA, ABC’s TV ads are normally not challenged at this final stage. After the ads reach the media, the media department starts to monitor the media to ensure that the ads go on the air or appear in print according to the contracts. ABC’s ads finally enter the advertising environment, competing with other information sources for the precious attention of Chinese consumers.

Four Vignettes of Admaking

Launching a Brand

The market for over-the-counter pain reliever medicine is already crowded with local and global brands. But this does not discourage a renowned international pharmaceutical company from entering China with its own brand in the hope that it can share a piece of the enormous Chinese market. It first established a joint venture with a local Chinese company to manufacture pharmaceutical products inside the country. Now the time has come for it to introduce one of its main brands to Chinese consumers.

ABC plans and executes the advertising campaign for the product launch. I will present how marketing objectives and media strategies are articulated in the advertising plan. Portion of the advertising plan described here is based on a real plan. In order not to reveal the sources, the product name is not identified. Figures and other specific information about the product and the advertising plan have been changed. Since the profession of advertising has its own vocabulary, I borrow some phrases and sentences from the original plan in order to maintain the flair of advertising even though they do not appear in quotations.

The media planning process normally consists of seven steps. The planning formula starts with understanding the client's marketing objectives (step 1) and analyzing the competitor's strategies (step 2). It then defines media objectives (step 3) and develops media strategies (step 4). An explanation of how to execute the media buy ensues (step 5). Step 6 is monitoring of spot allocation. The last step is the evaluation of campaign effectiveness (step 7).

Marketing Objectives

In the present case, the pharmaceutical company has three main objectives. First, it aims to create brand awareness among Chinese consumers within a short period of time. Second, it intends to establish its corporate image in the Chinese market. Third, it wants the advertising campaign to support its overall sales.

Its target audience are people between the ages of 25 and 55, with medium income, who live a busy life. For this campaign, the Chinese market is divided into three different segments. Market potential is ranked according to available key economic indicators, such as GDP per capital, population size, media rate index, etc. The Class I market is made up of the most prosperous cities, such as Beijing, Shanghai, Tianjin and Guangzhou. The Class II market refers to second tier cities, such as Hangzhou, Nanjin and Xian. The Class III market includes cities like Dalian, Shenyang and Wuhan.

The proposed six-month ad campaign goes through three different phases. The goal of Phase One is to launch the product during a period of two months. Phase Two focuses on building the corporate image and is projected to last two months. Phase Three runs another two months to promote both the product and the corporate identity.

Competition Analysis

Several local and global brands in the pain reliever market are heavy advertising spenders. Local brands pour 75% of their total spending into advertising on CCTV. The rest of its advertising budget goes to provincial TV channels. A comparison of the TV advertising budget for the three major cities indicates that Shanghai garners most of the TV budget, followed by Beijing and Guangzhou. Most of the brands deploy a year-round media presence strategy, with higher media weight in January/February, July/August, and November/December. Newspapers are also used by local brands, but mostly in small ad size.

The competition analysis suggests that the overall market is a highly competitive environment with a number of well-established brands. The implication is that compatible media weight in each market is essential to achieving effective brand awareness level within a short period of time. The analysis also shows that Shanghai, which has the highest advertising rate, is the most important market for all competitors. Therefore a higher budget level is required to achieve comparable awareness level among the brands. In short, a high budget level is required to meet the client's requirements for covering all defined markets and supporting the three advertising phases.

The Class I market is expected to yield the highest potential sales. The product's strong competitive presence in Shanghai will have a spillover effect in the neighboring Class II market. The Class III market will receive promotional support since sales representatives are not yet in those regions.

Media Objectives

The media objectives are to identify the most effective media mix for the new brand and develop a strategic media approach that maximizes media effectiveness in a highly competitive environment. Hence, effective media weight level and creative media buy are crucial in the campaign.

Media Strategies

TV is recommended as the key medium because of its high coverage, high TV set penetration, lowest cost per thousand and its ability to generate immediate awareness. Since TV is perceived as a credible medium by Chinese consumers, TV advertising also helps to communicate effectively that the advertised product is a legitimate leading international brand.

It is also recommended that TV spending should concentrate on the provincial or city level rather than on CCTV. CCTV is the only national network and has more viewers in the North China market than in the South. Since the company has not yet established a nationwide distribution network, it may waste money by advertising heavily on CCTV. Therefore, maximizing noise level in provincial media is more cost effective.

Newspaper advertorials are employed to maintain noise level and awareness when TV advertising is off. Corporate logos and product attributes are included in these advertorials.

Media Buy Execution

Maintaining frequency is the key to successful communication with consumers. The frequency distribution of the ad campaign can be optimized when the ads are delivered to a target group with minimum waste. To achieve media effectiveness and efficiency is therefore to achieve the ideal frequency distribution for the lowest cost.

The effective frequency concept refers to how many times an individual consumer needs to see an ad within a given period of time before inducing a likelihood to purchase. The media plan recommends a frequency range for advertising. To maximize reach at the recommended frequency range, the ads should be at certain GRPs (gross rating points) per month ($GRPs = Reach \times Average\ Frequency$). Since Shanghai and Beijing are the only cities with available rating research, GRPs for other markets are only estimates. By analyzing competitors' media weight level, the media weight for the new brand is calculated. It is therefore determined that during the product launch phase, the product should have higher GRPs per month in Shanghai than in other markets.

On the Creative Front

Co-production Is In

International ad agencies such as ABC work closely with local talents during the ad production stage. With growing co-operative efforts in advertising production, it is virtually impossible to assert that ad production is genuinely local or foreign. Local production companies are not equipped with the most advanced facilities. But some of these companies hire art directors from Hong Kong and Taiwan to improve their creative concepts. It is still cheaper to produce a TV spot in China than overseas. For ABC, some of its TV commercials are shot locally, and their post-production is finished in Hong Kong.

In TV spots, local production companies are more experienced than overseas production teams in shooting outdoor scenes (e.g., natural landscape in China). But for domestic scenes, such as spots inside a house or apartment, overseas production is more desirable. The local production companies have limited direct experience with modern homes and their ambiance.

Taking into account the huge size of the country and the regional cultural differences, ABC also designs different versions of the same ad for the different regional markets. It is imperative for the expats to communicate with the local staff in order to arrive at the appropriate language and image for a specific region.

“Gift Giving” or “Giving Gift”

The copywriter often receives headlines and body copy from ABC's Hong Kong office. She is responsible for making sure that the expressions in the ads are understandable and acceptable in mainland China. Although mainland Chinese and overseas Chinese share the same Chinese language, some grammatical and syntactic differences are often obvious. Therefore, when ad copies or storyboards arrive on the

copywriter's desk, she edits them mercilessly to ensure the correct sentence structure and diction.

For example, two characters “*zeng*” and “*song*” make up the Chinese phrase “gift giving.” In Hong Kong, it is customarily expressed as “*song zeng*.” But in mainland China, the phrase is “*zeng song*.” Even though local Chinese can still understand the meaning of the phrase in the reverted word order, they will find the expression odd and unauthentic. There are also words that are often used in Hong Kong but rarely used in mainland China. The nuances between the two slightly different versions of Chinese is perhaps analogous to those between British English and American English.

“Beer at Wedding Banquet”?

“In North China,” asks the expat art director, “what do people usually drink at a wedding banquet?” He is pondering over a TV spot for a joint-venture beer producer. “Beer at a wedding banquet” appears to be his idea. He continues, “What do people in this part of the country say when they invite others to come for a beer?” The copywriter gives him several possible ways of saying “come and have a beer” in the North China cultural context.

Although not totally culturally incorrect, the copywriter thinks the association between beer and a wedding banquet is less than appropriate. Chinese do drink beer at wedding banquets, but she finds beer more of a refreshment consumed in summer rather than a drink at a wedding banquet. She finds the “beer at a wedding banquet” idea a little odd.

“Sedan, Hatchback, Wagon, ...”

The copywriter runs out of her vocabulary when she writes for automobile advertising. What is a sedan? A hatchback? A wagon? She turns to her thick English-

Chinese dictionary. But the dictionary only translates “sedan” as “a car.” The translation of “wagon” is lengthy with specific descriptions. Nor does the dictionary have a straightforward translation for “hatchback.”

When she comes to me for help, I am as at a loss as she is. I can only explain the differences among the different types of automobiles but do not know the right terms in Chinese for “sedan,” “hatchback,” and “wagon.” Automobiles for private consumption are a fairly new phenomenon in China. Most people in China do not drive. The Chinese terms for the various types of cars and other auto gadgets (e.g., “sunroof”) have not yet made their way into everyday language. The copywriter later finds out the “authoritative” translation of those terms from the company driver.

Between the Admaker and the Adwatcher

TV commercial I.

Man 1: What is that pain-relief medicine we had when we were abroad?
Woman: Benix. Do you have a headache?
Man 1: No, it's for Mom.
Man 2: Is Benix effective?
Man 1: Would I give it to Mom if it is not effective?
Man 3: Benix, dissolves fast and relieves your headache right away.
(On the screen: Gentle on the stomach.)
Woman: Mom says she is going to make some nice dishes and have us over tomorrow.
Woman: Benix, solves all the headaches.

The storyboard of this TV spot was submitted to CAA for review. CAA issued an opinion that the word “all” in the last sentence should be dropped. The Advertising Law does not permit the use of superlative words and phrases or any other unsubstantiated claims (Article VII Section II). Alteration was done as recommended. The ad later appeared on TV.

TV commercial II.

Wife: My husband is very demanding. For shampoo, removing dandruff only is not good enough. It should also moisturize hair.

Husband: In the past, not only did I have dandruff but also my hair felt so dry. Thanks to my wife. She discovered Salon.

Voice-over: Introducing the new Salon, anti-dandruff treatment shampoo. It contains not only anti-dandruff formula but also Vitamin B5 which nourishes your hair.

Wife: No dandruff. And the hair is shining.

Husband: Only this is good enough.

Voice-over: Salon, the anti-dandruff treatment shampoo. Dandruff disappears, and only healthy hair stays.

Husband: I am demanding. But finally I've found it.

After reviewing the storyboard, CAA advised that ABC and the advertiser should produce laboratory certification for the claim that the shampoo was able to remove dandruff. The certification should be issued by a credible, neutral third party, preferably a government agency. Certification from an international source was also acceptable. To meet the government requirement, ABC provided laboratory certification by a third party.

Although sending ads to CAA for review is voluntary rather than mandatory, it is now customary for ad agencies to seek approval from CAA for their ads before production and submission to media. At ABC, this process of "censorship" applies to TV ads more than print ads. One central consideration is that by detecting potential problems at an early stage of ad production (i.e., the stage of storyboard), the agency and the advertiser can save a great deal of money and effort if the ads are found to violate the Advertising Law and need alteration.

In theory, CAA's approval is not legally binding. The media reserve their final authority to reject or accept an ad. In practice, because of the broad-sounding Advertising Law and the often indeterminate interpretation of it, even media outlets feel compelled to have some element of assurance from CAA in the form of its approval certificate. Despite CAA's claim of being a non-governmental agency, it works closely with the State Administration of Industry and Commerce (SAIC) which regulates the advertising industry. All the ads submitted for CAA's review are also filed in the official record of SAIC. When the review board is unsure of its interpretation of the Advertising Law, it

turns to SAIC for advice. It is therefore virtually unheard of that TV stations ignore CAA's approval or overturn its judgment.

Because of the stringent stipulations by the Chinese government, most of the ads from ABC sent out for review hover around the edges of advertising regulations and need alteration one way or the other. It is unsurprising that the Advertising Law, written in general terms, is open to various interpretations. Medical advertising, for instance, cannot be associated with the image of sick people, doctors, or other experts (Article XIV Section IV). Debatable is what constitutes the image of a sick person. ABC has often encountered the sick person image problem in its medical ads since the definition is not always clear and precise.

With its far-reaching impact across China, CCTV, China's only network TV, is more cautious in observing the Advertising Law than provincial stations. Its verdict on accepting or rejecting an ad is sometimes also a result of administrative interferences from government officials and the current party line. For example, in recent years Chinese youth culture has been dazzled by entertainment celebrities from Hong Kong, Taiwan and Western countries. To discourage teenagers from becoming preoccupied with star-chasing, CCTV takes heed of the government's concern and does not allow the identification of celebrities in the spots. Therefore, one can see two virtually identical commercials produced by ABC on CCTV and Beijing TV. In the former, the name of the celebrity has been withdrawn from the screen; in the latter, the star is identified by name.

The CAA advertising review is also a bureaucratic process. To submit for review, ABC needs to compile all the required documentation about the ad agency, the advertiser and the advertised product. For instance, ABC plans an ad spot for a joint-venture beer company. In its application, ABC furnishes the following materials:

- an ad registration form from SAIC;
- the business license of ABC;

- the business license of the joint-venture beer company;
- the advertising contract between ABC and the advertiser;
- a detailed description of the advertising campaign;
- the permit for alcohol beverage production;
- the trademark registration form;
- the contract between the local and foreign partners of the joint-venture beer brewer;
- the hygiene permit from the local public health department.

When the application is submitted, CAA signs an agreement with ABC about rights and responsibilities in the review process. The review costs 150 yuan (a little less than \$20) per TV spot or 100 yuan per print copy for CAA members. Non-members can also use the CAA service, but the fee for review is doubled. The review board usually issues a report on the ad under consideration within three working days. After alteration is carried out according to CAA's recommendation, CAA issues an approval certificate on the final version of the spot.

The War Room

It is Thursday morning. A beer campaign is scheduled to begin the coming weekend. The media department is racing against the deadline to deliver the tapes and ad copies to the media outlets.

The ad campaign will be launched in a neighboring province. There will be print, radio and TV ads in provincial and local media in several major cities in that province. Because of the time constraint, the media staff have to deliver in person ad copies and tapes to the designated media. The campaign is scattered around the province, so each staff member is assigned to several media in a specific city.

The destinations for the media staff are two to five-hour drives from Beijing. The ad agency will use its lone company car. Taxis are also called in. The media supervisor

has prepared some cartons of cigarettes for the taxi drivers. Two media staff are taking the responsibility to put together the delivery packages for each of the destinations, which include the original ad copies and tapes along with necessary documents.

After lunchtime, a meeting of the media staff is called in the conference room. The two staff who have gathered all the materials distribute to each person a package of ads and documents. Everyone checks the package to ensure that no ad copy or tape is missing. Then they watch the ads on video tapes to give a final check on the quality. The supervisor advises that everyone be careful on the road. If an over-night stay is necessary, they should contact the local media about lodging information. She reminds them also to arrange lodging for their drivers.

One final thing before departure is to locate people who can help monitor local media. As media statistics in China are either non-existent or unreliable, ABC faces a formidable challenge as to how to provide monitoring service to its clients. Without monitoring, the media may not broadcast ads according to the contract. This is particularly a keen problem with local broadcast media. When neither the advertiser nor the ad agency is watching, the local media can easily make changes in the broadcast schedule to serve their own interest without letting the ad agency or the advertiser know. For print, ABC always asks for a copy of the newspaper or magazine in which the ad appears. But for broadcast, self-report is out of the question. ABC needs people to tune in at particular time periods to check whether the ads are on the air and whether the media outlets honor the contract.

ABC has tried to build up a monitoring network in the province but has not been successful in locating enough people for the task. The agency pays a handsome fee for the monitoring service provided by individuals. The media staff have been calling friends and acquaintances, looking for people whom they might know residing in that province. The last resort is to ask the local media for names of people who may be interested. But the ad

agency clearly sees a conflict of interest in having the local media recommend people who will monitor them. Moments before everyone departs, several radio and TV stations are still without designated monitoring people. Finally, out of desperation the staff decide to ask the local print media for help to find some people. Since they are not asking the broadcast media, the potential conflict of interest is minimized.

Everyone sets off in early afternoon.

The next day, some of the staff come to work. The delivery seems to have gone well, except for one problem. On receiving the ad copy, one newspaper found its size was a little larger than the newspaper layout. The media executive returns with the ad. The creative staff immediately starts working on the slight modification. The media executive has to go on the road again to deliver the revised copy.

GLOBAL ADVERTISING, CHINESE STYLE

Advertisements are cultural artifacts. In this study, I am more interested in the cultural practices of advertising production than advertising messages *per se*. Therefore aside from the question of “what,” I have mainly focused on exploring the “how.” From Chapter V to Chapter VIII, I have considered three aspects of foreign advertising in China—the structure and culture of an ad agency, the process of admaking and the broader social, historical context in which the institution of foreign advertising has developed China. This chapter analyzes the findings about foreign advertising in China in light of the “glocalization” framework discussed in Chapter III.

Cultural Imperialism and Glocalization: A Review

Cultural imperialism and glocalization are two intellectual tools one can employ to make sense of international media flow. I started out presenting the media imperialism debate. As represented by its proponents such as Herbert Schiller, the media imperialism thesis holds that, as cultural agents, Western media industry and its dissemination in the Third World constitute an act of cultural assault and domination. As a corollary, the expansion of Western advertising, emblematic of Western consumerism, in developing countries is symptomatic of media imperialism. According to this perspective, every symbolic encounter through mass media between Western and indigenous cultures seems to write the epitaph of the latter.

My theoretical discussion, however, raised questions about the adequacy of the media imperialism framework as an effective analytical tool. The imperialism thesis tacitly assumes the power and control of media production on the one hand and the vulnerability

and uniformity of media reception on the other. These assumptions have been under critical scrutiny and challenge. For both academic scholars and social commentators, media imperialism is generally interpreted as a process of cultural homogenization. Yet the dynamics in cultural / media flow and change would find this outlook simplistic and incomplete. What has been overlooked is the dimension of heterogenization in cultural contact.

This is not to say that the notion of global cultural synchronization (Schiller 1989; Hamelink 1983) is irrelevant, on the contrary; but it is fundamentally incomplete. It overlooks the countercurrents—the impact non-Western cultures have been making on the West. It plays down the ambivalence of the globalizing momentum and ignores the role of the local reception of Western culture; for example, the indigenization of Western elements. It also fails to see the influence non-Western cultures have been exercising on one another. It leaves no room for cross-over culture—as in the development of “third cultures,” such as world music. It overrates the homogeneity of Western culture and overlooks the fact that many of the standards exported by the West and its cultural industries themselves turn out to be of culturally mixed character if we examine their cultural lineages (Pieterse 1995, 53).

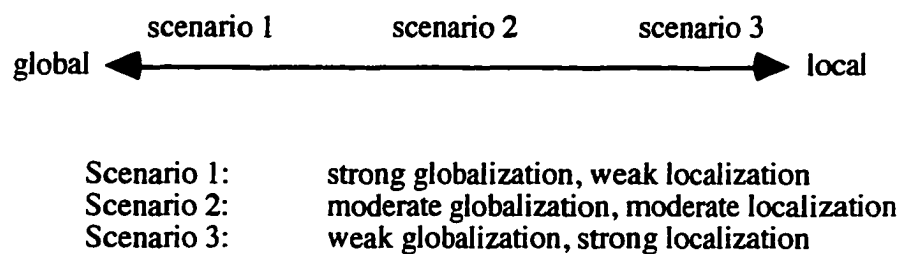
In short, the media imperialism thesis seems to be preoccupied with the displacement and dissolution of local / indigenous cultures under the impact of Western media. It appears more normative than explanatory. It often becomes an all-purpose epithet, losing the illustrative power and persuasiveness which are necessary attributes of a sound theoretical framework.

I then introduced the concept of cultural glocalization. Glocalization is marked by the interlocking duality of globalization and localization in cultural change and formation. The notion of globalization in both the academic and popular press tends to refer to “a social process in which constraints of geography on social and cultural arrangements recede and in which people become increasingly aware that they are receding” (Waters 1995, 3). This suggests the development of cultural convergence but slights the heterogenizing force of local cultures (e.g., George Ritzer’s [1996] McDonaldization thesis). The concept of glocalization, however, takes into account both the global in the local and the local in the

global. It is a dialectic process between universalism and particularism, and homogenization and heterogenization. As Jan Nederveen Pieterse (1995) contends, such a process involves “interculturalism” rather than either “universalism” or “multiculturalism.” He (63) argues against viewing globalization “in terms of homogenization, or of modernization / Westernization, as empirically narrow and historically flat.”

Hence, the process of glocalization is that of hybridization. Hybridities in this study are conceived as a continuum of adaptation between the global and the local. Under different conditions, there are various combinations of the global and the local. Although neat categories are more imaginary than real, here are, for instance, three possible scenarios of the global-local fusion. They can be located respectively on the global-local continuum (Figure 4).

Figure 4. The Global-Local Continuum



Scenario 1 is where there is strong globalization but weak localization. An example of such a situation would be the global adoption of television as a mass communication medium. There is virtually no locally significantly modified version of the television technology. Scenario 2 describes a more balanced correspondence between global and local elements. For example, news in China tends to share in common with the Western news emphasis on international natural disaster. But in the meantime, it also shows interest in Third World

development news. Scenario 3 depicts a situation where there is strong localization but weak globalization. This can be found in the example of the prevalently local interpretation and understanding of foreign television programs (Liebes & Katz 1990).

To illustrate the global-local logic in contemporary media contact and change, I chose the development of multinational advertising in China as a case in point. I attempted to address how a quintessentially global institution recreates itself in a local Chinese setting and how the roles of the global and the local are negotiated in the making of advertising.

The ethnographic fragments described in Chapters VII and VIII reveal both globalization and localization in the structure and process of foreign advertising in China. I now turn to a discussion of *how* glocalization is exemplified in the case study. I will consider four areas, and try to identify the global-local dimensions and the tensions and negotiations in them. It is necessary first to discuss the concept of advertising in China because the very definition of advertising and its professional ideals forms the basis for everyday advertising practices. For this discussion, I will draw on the historical background mainly presented in Chapter IV. Second, I will examine the structure of the ad agency in terms of its institutional design and workforce. Third, I will explore the process of admaking, which consists of advertising production, circulation and government regulation. Last but not least, I will take a look at the ads and analyze their messages and appeals.

Concept of Advertising

Like other contemporary media technologies, advertising as a form of modern industry is a Western invention. Its development coincides with the emergence and growth of a capitalist consumer economy and the mass media. Advertising in its broadest sense (i.e., defined as making a product public and known) is perhaps as old as human commercial activity. It was manifested in shop signs, store banners, product display, and

even hawking of street vendors to spread the message about products. There was nothing Western or foreign about this type of advertising. It has been an integral part of Chinese commerce throughout its history.

Even in the West, there have been arguments that advertising preceded industrialization and the rise of mass consumption.

Advertising men have long delighted in finding allusions to their craft in biblical passages; a few have even contended that cave paintings were precursors of advertisements. Strained as these interpretations may be, signs over shop entrances did exist in biblical and classical antiquity (Pope 1983, 4).

Raymond Williams (1980, 170) also eloquently wrote,

It is customary to begin even the shortest account of the history of advertising by recalling the three thousand year old papyrus from Thebes, offering a reward for a runaway slave, and to go on to such recollections as the crier in the streets of Athens, the paintings of gladiators, with sentences urging attendance at their combats, in ruined Pompeii, and the flybills on the pillars of the Forum in Rome. ... If by advertising we mean what was meant by Shakespeare and the translators of the Authorized Version—the processes of taking or giving notice of something—it is as old as human society, and some pleasant recollections from the Stone Age could be quite easily devised.

Despite the ancient roots of advertising, modern advertising, as an organized industry and “an institutionalized system of commercial information and persuasion” (ibid.) that depends on the mass media, emerged as an emblem of America society and culture in the late nineteenth and early twentieth centuries (Pope 1983, 3). Its development was intimately bound with that of a consumer economy (see Ewen 1976).

A Universal Definition of Advertising

Following the footprints of Marco Polo, legions of Western traders and missionaries arrived in China in the nineteenth century in search of wealth and believers. China had then been mostly a self-sufficient, enclosed society. Among the many other

novel ideas and practices Westerners brought to China with them were mass media and modern advertising.

Clustered in port cities like Shanghai and Hong Kong, the first major newspapers and magazines in China were predominantly owned and operated by Westerners. *Shanghai Gazette* (shen bao), the most well-known newspaper before the period of the PRC, was founded in 1872 by an English merchant named Ernest Major and was later bought by Chinese companies. The first major advertising agencies were also established by foreigners in China (e.g., the Italian Bruno Perme in 1915, the American Carl Crow in 1918, the English F.C. Millington in 1921). The two largest Chinese advertising companies in the 1920s and 30s, China Commercial Advertising Agency and Consolidated National Advertising Co., were formed and managed by Chinese entrepreneurs who had had educational experiences in the United States.

In short, the concept of modern advertising in China was an import from the West, and Western influence was critical in the introduction of modern advertising to China. In the early twentieth century, advertising in China, for the most part, catered to well-to-do Chinese, a small segment of the entire population, and foreign communities living and working in that country. The advertising business concentrated in only a handful of cities. The 1920s and 30s were considered the first “golden age” of advertising in modern Chinese history (Xu 1990). As Baiyi Xu (31) observed,

Historically, Western marketing techniques have proved to be not only applicable, but quite successful in China. The work of the top advertising agencies in the 1930s, for example, closely followed the American style. Consumer commodities, such as Listerine toothpaste, successfully ran the original ads, simply making ethnic alterations in the models.

During the first decades of the PRC, the nature of the command economy made advertising unnecessary. The second advertising boom finally came in the 1980s and 90s. One benefit of the market-oriented reform in post-Mao China was the re-introduction of advertising as an indispensable marketing tool. The rapidly growing infrastructure of the

mass media also makes it possible for advertising to reach consumers around the country. From the 1920s to the 1990s, advertising in China has evolved from mostly elite marketing to truly mass marketing.

Since the beginning of the century with the exception of the first decades of the PRC, the basic notion of advertising in Chinese commerce has hardly been any different from that in a Western economy. Advertising, according to a Chinese definition, refers to a means to communicate to the public information about products, services or entertainment programming by the employment of print, radio, television, billboard, film, slide, window display, product display, etc. (*A Practical Handbook of Advertising in China* 1995, p. 1). The Advertising Law, ratified by China's National People's Congress in October 1994, defines commercial advertising as any paid advertisements by commercial producers or service providers to promote, directly or indirectly, their products and services via a certain medium or in a certain form. A comparison of the Chinese definitions with a standard definition of advertising found in a U.S. textbook (e.g., "any paid form of nonpersonal communication about an organization, product, service, or idea by an identified sponsor" [Belch & Belch 1995, 11]) shows that there is basically a common understanding of the role of advertising in a market economy. Despite efforts by some to articulate the concept of "socialist advertising with Chinese character," that remains at best nebulous (Stross 1990b, 240). Pronouncements by Chinese leaders and officials on advertising, which represent another important source of regulation and law in Chinese society, also point to the shared meaning of the purpose of advertising (see "The Advertising Revolution" section in Chapter V).

The notable exception was during the first decades of the PRC when advertising was rendered irrelevant in the command economic system. During those days, the little advertising that was left in China (there was also advertising for exporting goods) was

often taken up as a tool to serve political and propaganda purposes. Commercial advertising in this sense was virtually synonymous with political marketing.

There is a social cosmology in every (communication) technology. It is important to acknowledge that media technology such as advertising is in and of itself a piece of cultural representation. It is a by-product of a specific mold of economic system. In the standard imperialism criticism of Western advertising in the Third World, there is a tendency only to suspect the advertising content while the technology of advertising is implicitly embraced. As Jeremy Tunstall (1977, 63) keenly pointed out, “a non-American way out of the media box is difficult to discover because it is an American, or Anglo-American, built box.” The only way out is to invent a new box. China did try to experiment with a new box of advertising under the central command economy. But the new box was abandoned and the old one was restored when the central command economy was proved to be less effective than the market economy in raising people’s living standard.

In short, advertising, as a form of consumer communication, has become widespread in the increasingly liberalized world’s economic and cultural landscape. The American authorship of modern advertising appears less relevant. In other words, advertising has acquired a life of its own and its essence has become universal. In this sense, the purpose of advertising in the Chinese context is also a global one.

Advertising Professionalism as Rationalization

Another important aspect of the concept of advertising is how its professional ideals are defined. Professional ideals set the standard for the practice of the trade. They give the profession meaning and identity. From the case study, I found that professionalism at ABC has at least four dimensions: objectivity, integrity, autonomy and image. Professional objectivity requires that advertising planning be based on research data rather

than mere personal opinions. It involves an almost standardized ritual of marketing research, which is to define and measure the target market. Professional integrity demands fair practice and transparency in the practice of advertising. Under-the-table kickbacks are considered as an impediment to the credibility of the advertising business. Professional autonomy calls for assertion and affirmation of an independent identity of the trade of advertising. Advertising should not be viewed as superfluous and dispensable; rather it plays a central role in ensuring one's success in a market economy. To be professional and credible also means to be perceived that way. The maintenance of the professional image in the work setting therefore must not be ignored.

These professional ideals and practices embody the essence of rationality in work. Rationalization is particularly evident in advertising planners' reliance on research data. Rationalization, according to Max Weber's theoretical construct, refers to "the process by which explicit, abstract, intellectually calculable rules and procedures are increasingly substituted for sentiment, tradition, and rule of thumb in all spheres of activity" (Wrong 1970, 26). Rational calculability serves as the source and foundation of intellectual authority.

To the degree that sheer calculation in terms of abstract rule reigns, decisions are arrived at "without regard to persons." An orientation of action to formal rules and laws is tantamount to a rejection of all arbitrariness: universalism and calculation in reference to enacted regulations stand here strictly opposed to decision making in reference to the personal qualities of individuals concerned (Kalberg 1980, 1158).

The case study demonstrated the centrality of marketing research and media analysis in the planning and making of an advertising campaign. For example, since much of an ad agency's income is generated from media spending, decisions about when and where to purchase advertising time and space are based on data and analysis of target audience, media outlets and effectiveness.

In contrast, much of domestic advertising pays relatively little attention to market research and media analysis. One of the key differences between foreign and domestic advertising in China, according to Ni Ning (1996), professor of advertising at the Chinese People's University, is that foreign advertising values market and media research and is highly sophisticated at it; Chinese advertising gives slight attention to such analysis. In domestic advertising, media placement is largely dependent on interpersonal relations and networks. While ABC adopts the "open contract plus commission" compensation method (the commission is based on a 15% of the surcharge of the total media spending), the practice of giving and receiving kickbacks is rampant in Chinese domestic advertising. In the absence of adequate marketing research and analysis, personalities and connections become decisive factors in the advertising business. Perhaps because of such a lack, Chinese advertising practitioners often find themselves impressed by the rigor and thoroughness of Western marketing research (Stross 1990b, 225).

Even though Chinese professionals embrace the basic principles of advertising as their foreign counterparts do, their practices are often incongruent with the professional ideals. When foreign ad agencies, such as ABC, followed their international clients to China, they clearly wanted to adhere to their Western advertising professionalism in the vibrant yet chaotic Chinese advertising market. To ensure a successful transfer of such professionalism to its China operation, ABC recognized the importance of establishing the mechanism of control.

Structure of Ad Agency

A Global Design?

Institutional design is the most fundamental mechanism for ABC to wield its influence over the work process. ABC chose to form a joint venture with a local

advertising company in Beijing. Under the economic liberalization policies in post-Mao China, the Chinese government has strongly encouraged foreign investment in that country. There are generally three basic forms of foreign investment enterprises: equity joint venture, contractual joint venture and wholly foreign-owned enterprises. The case of ABC represents an equity joint venture. As Pitman Potter (1995, 163) explained, equity joint ventures are “limited liability business associations in which the Chinese and foreign parties each take an equity share.” The managerial control in equity joint ventures is often determined by each party’s capital contribution. The initial joint venture law required that the Chinese party has at least 50% equity holding in the new entity, but that law has been relaxed (Beamish 1993, 32). In 1991 the State Administration of Industry and Commerce spelled out conditions under which foreign investment could be allowed into the Chinese advertising market. One guideline was that foreign operations should “reach scales” and introduce “advanced technologies, equipment and management experience” (*Advertising Age*, September 30, 1991, p. 30). SAIC also required that joint venture companies handle foreign accounts and that its equity holding not exceed 49% (*ibid.*). As in general joint venture laws, the minority equity provision has since been relaxed. That’s why ABC can have a majority equity share in the joint venture.

The rationale for the adoption of the equity joint venture is threefold (Beamish 1993, 33): namely, “1) government requirement or pressure (suasion) as a condition of market entry; 2) a need for the other partner’s skills—be they technological, managerial, or the knowledge to work with in the local market; and/or 3) a need for the attributes or assets of the other partner. Assets include such things as cash, patents, and raw material sources while attributes might include the use or manufacture of certain products or services.” In the case of establishing a joint venture advertising company in China, the first reason of government pressure appears most applicable. Although it has come to agree upon the purpose and benefits of commercial advertising in its economic reform, the Chinese

government also fully recognizes that advertising is more than an economic institution and that it wields enormous cultural and ideological power. Consequently, the Chinese government still doesn't permit wholly foreign-owned advertising companies inside China.

In equity joint ventures in developed countries, there are three main types of relationship between level of foreign ownership and amount of foreign control: 1) minority equity with subordinate control, 2) equal equity with shared / split control, and 3) majority equity with dominant control (Beamish 1993, 39). In China, foreign companies tend to have greater control than their equity level would suggest (*ibid.*). With majority shareholding, ABC also has managerial control over its day-to-day operation.

The scope of control at ABC encompasses all of its managerial positions. The agency, like any other full-service agency, has departments of account service, media, creative and administrative support. The functions of these departments are similar to those in agencies in the United States. The general manager and the heads of the departments at ABC are all expatriates. The deputy general manager is a local Chinese, representing the Chinese partner company. However, he doesn't participate in the day-to-day business decision-making. Two other Chinese employees are given some managerial duties in the media and administrative departments.

This kind of institutional set-up is meant to ensure maximum control of the agency by the foreign partner and little interference from the Chinese partner. Experiences of other joint venture ad agencies in Beijing suggest that such a model is more feasible than the split managerial control model. Because of the differences in management philosophy and practice between Chinese and foreigners, sharing management duties often means conflict and confusion. The work process becomes excruciatingly cumbersome for both parties.

Moreover, the division of labor among the account service, media and creative departments at ABC appears to reflect a basic global structural design of full-service ad agencies. Historically, ad agencies in China had also borrowed this Western structural

model (Xu 1996). The departments might be called different names in different times and places but serve comparable functions in the process of admaking.

The Diverse Workforce

After a hiatus of commercial advertising for more thirty years during the first decades of the PRC, advertising is still a young profession in China. When advertising was restored in the late 1970s, the old hands of advertising who had had professional experiences before 1949 were called back to help re-establish the profession. The pressing need for local professionals has propelled the growth of advertising education. The first advertising degree program was inaugurated at Xiamen University in 1984. Many colleges and universities nowadays offer advertising courses, and some attempt to establish advertising degree programs. China's first Department of Advertising was founded at Beijing Broadcasting Institute in 1992. Traditionally, Chinese fine art schools have been the training ground for designers and artists. Although these students and graduates generally possess the basic artistic skills, they lack commercial concepts in order to be successful in the advertising business. In short, the talent pool for the flourishing advertising industry in China has been quite small. Most people enter the profession without any formal socialization in advertising. Therefore, multinational agencies have to rely on expatriates to maintain their operation and service quality in China.

The staff make-up at ABC is no exception. Aside from the expatriates transferred from Hong Kong, the rest of the staff are local Chinese. They come from diverse backgrounds. A few have had substantial experience in advertising in either foreign or domestic agencies. Some entered advertising after working in sales, media, and other professions; others were hired straight out of college. There are no formal training programs in place at ABC. The local staff learn the trade on the job. The agency hires

college graduates for its account service positions. College education is not an important criterion for positions in other departments.

For the local staff, working at ABC is meaningful at several levels. Employees at ABC are paid a decent salary by the Chinese standard. The pay range varies according to one's experience, education and position. The work environment at ABC is certainly far superior than most of the state sector. ABC's location in a modern office tower provides the kinds of amenities beyond the reach of local companies.

Second, there is a certain amount of prestige associated with working at a joint-venture company in Chinese society. Working at ABC means being able to learn from the "real pros" in the advertising business. Even though working for a local agency can be financially more rewarding because of the practice of kickbacks, some of the local staff pointed out that ABC provides an opportunity for them to develop skills and other attributes for the advertising profession.

Third, probably most important, working at ABC represents a change of pace from working at the state sector. Beyond teaching advertising skills, ABC embodies a different work ethic. The workplace is imbued with energy and purpose, whereas much of the state sector is full of lethargy which often inhibits the development of professional potentials. Several local staff remarked that they came to work at ABC to seek change and an opportunity to realize self-worth.

The Lingual Mix

At ABC, there is a lingual mix of Mandarin, Cantonese and English, with Mandarin as the dominant language. Mandarin Chinese, based on the Beijing dialect, is the national language. It is also called "pu tong hua," which literally means common language in Chinese. The Chinese government has been assertive about promoting Mandarin Chinese in international situations. For instance, the Ministry of Foreign Affairs has done away

with English interpretation at its briefings, which could cause difficulty for foreign correspondents who speak little Chinese (*The Economist*, August 31, 1996, p. 32).

Cantonese is a dialect from southern China and is the prevalent language spoken in Hong Kong. For northerners, Cantonese sounds as foreign as English. English is recognized as the lingua franca of international business. Local employees at ABC even adopt English first names to accommodate Westerners. Language is the fundamental aspect of culture that affects how one defines himself/herself. The mixture of languages at the agency constantly reminds the expats and the local staff of their global and local identities.

Process of Advertising Production

Cultural Brokers

ABC stands between the global manufacturer and the Chinese consumer. Its job is to make advertising of global products for local consumption. ABC therefore plays the part of a cultural broker in the transaction of advertising between the global and the local. A cultural broker is a middleperson who manipulates and processes messages and instructions (Paine 1971, 6).

The expatriates at ABC are dispatched from Hong Kong as “ambassadors” of Madison Avenue advertising. They advise and supervise the production of advertising in the Chinese market. They understand and are able to interpret effectively the needs and wants of their international clients. Their knowledge of the local market may be limited but is complemented by the local staff. They rely on the local staff for cultural information in advertising planning and production. For the local staff, because of little prior experience with international advertising, working at ABC is a constant learning experience. In short, the expats and the locals are mutually complementary in creating “an effective juncture” between the global product and the local consumer (Geertz 1960, 229).

From a historical standpoint, foreign advertising's reliance on local knowledge and expertise to reach the Chinese market is nothing new or unusual. One of the big foreign advertisers in China in the early part of the twentieth century was the British-American Tobacco Company (BAT).

To design appealing advertisements, BAT quickly learned to rely on Chinese who had a knowledge of Chinese traditions, an awareness of local customs, and a sensitivity to the popular imagination—cultural sensibility which Americans and other Westerners on the staff simply did not possess (Cochran 1980, 36).

BAT first hired Westerners to design ads. Their use of German fairy tale, for instance, and ad slogans that hardly made any sense to local Chinese was considered as less than appropriate. BAT decided to have Chinese artists design its ads. Chinese artists often drew from the wellspring of Chinese folklore and popular culture, and BAT's advertising was thus successfully adapted to the Chinese setting (ibid.).

The difference in adaptation of foreign advertising in China is often that of degree rather than kind. The production at ABC always involves aspects of co-production between the local and foreign partners. For instance, there are ads that are conceived and produced primarily inside the country (e.g., Grand Beer); on the other hand, some ads are mostly done overseas with only little local adaptation (e.g., Salon Shampoo). The American version of the Salon commercial uses a Caucasian woman as the model. The rest of the execution is the same as the Chinese version.

The client's global marketing strategy affects the degree of global-local involvement. A centralized approach requires less local adaptation while a decentralized brand / product management demands significant local adaptation. Research has also shown that high tech (computers), high touch (perfumes) and high fashion (watches) products are easier to market globally than other product categories (Moriarty & Duncan 1991, 324) .

Localized Circulation

Any advertising campaign will have to go through a circulation process to reach its audience. No matter how great the advertised product is and how creative its advertising message is, one needs to establish and maintain an effective circulation network to make the ad accessible to the consumer. Otherwise the admaking process remains incomplete.

The advertising circulation process at ABC involves media planning, media buying and media monitoring. Facing a foreign ad agency such as ABC are three key issues: 1) mapping out the Chinese media structure; 2) selecting the media mix; 3) controlling the circulation process. As ABC's experience in China suggests, media planning, buying and monitoring are highly localized endeavors.

It is necessary first to assess the availability and nature of the mass media in China. Because of the increasing volume and variety of media in China in recent years, there seems no shortage of media outlets for advertising campaigns. However, China's media map is vast, multilayered and complex—and hence presents a major challenge for advertising companies to evaluate and select the most efficient media mix for their clients. The uneven social and economic development (coastal vs. inland regions) also entails enormous disparity of media development and media availability for advertising in different regions of the country.

As pointed out in Chapter V, the Chinese media are undergoing a commercialization process. The chief function of the Chinese media used to be the propagation of communist ideology. But since the economic reform in the late 1970s, the Chinese media have evolved and taken on new roles such as providing diversion. They increasingly respond to the audience's needs for information and entertainment. The proliferation of media channels makes it possible for advertising to reach a wider audience across the country. Newspaper, magazine, television and radio are the four major advertising vehicles. Yet accurate and reliable data about their cost and coverage are still not available. The woeful

lack of such data poses a major challenge to ABC to plan effective advertising. Nowadays media outlets often prepare their own media kits for ad agencies, but their figures are more often than not inflated and inaccurate. Foreign agencies therefore rely heavily on the local staff's knowledge about media viewership or readership.

Despite the globalization trend in many other aspects of advertising, research has shown that media buying still remains a primarily local activity. As Moriarty and Duncan (1991, 333) observed, it is not yet possible to permit a centralized global media buy because of the tremendous across-country media and cultural differences.

Historically, foreign advertising also embraced the localization approach in circulating ads. For instance, in its advertising campaigns in China in the early twentieth century, the British-American Tobacco Company chose not only media that it had normally used in the West, such as newspapers, sign boards, wall paintings, etc., but also more country-specific vehicles, such as "scrolls, handbills, calendars, wall hangings, window displays, attractive and strong cigarette packing cases (whose wood and nails were reused by the Chinese), cotton canvas covers for the tops of carts, and small rugs to serve as footrest in rickshas—all bearing BAT's trademark" (Cochran 1980, 35).

ABC's experience in China also demonstrated another acute problem in advertising circulation. The problem is how to ensure that the local media will live up to advertising contracts since there is no established third party monitoring mechanism in the country. Local and regional broadcast stations sometimes do not show ads at agreed upon time slots. ABC has to devise its own temporary monitoring network for ad campaigns outside Beijing. The lack of media monitoring services means the loss of control over advertising vehicles.

The Power of Regulation

Advertising is a politically sensitive product. Although the Chinese government has welcomed foreign investment in the country, it has not always been friendly to foreign influences, especially if such influences are in the realm of culture. The Chinese government has recognized the ideological dimension of advertising. One key characteristic of advertising, as pointed out in *A Practical Handbook of Advertising in China* (1995, p. 406), is “its relative strong ideological content. In a class society, the essence of such an ideology reflects the thoughts of the class. In order to protect the interests of a class, any government will naturally try to strengthen its management of the advertising market.” Title I Article III of the Advertising Law of the PRC stipulates that “advertising should be truthful, legal and in accordance with the demands of a socialist spiritual civilization.” Chen Muhua, one of the senior government officials and Honorary President of the China Advertising Association, also emphasized that advertising should be socially responsible to achieve both material and spiritual civilization (*Modern Advertising*, No. 2, 1996, p. 1).

The cultural function of advertising is also widely acknowledged in the West. The economic definition of advertising as the dissemination of product information is often viewed as only half of the story.

The simple point is that advertising today communicates more about the social context in which products are used than about the products themselves. The primary field of content in modern advertising is contemporary culture itself, and advertising is a contested discourse precisely for this reason. Advertising is more than a mechanism for communicating product information to individuals: it is a cultural system, a social discourse whose unifying theme is the meaning of consumption (Leiss, Kline & Jhally 1990, 352).

In the West, the regulatory mechanism of the advertising business takes two basic forms: government regulation and business self-regulation. In the United States, for instance, the Federal Trade Commission is the central government body that aims to protect

consumers and businesses from deceptive and unfair advertising practices. Self-regulation is evident in all the three main participants in the advertising business—the advertiser, the ad agency and the media. Trade associations often establish their own advertising guidelines (e.g., the avoidance of TV advertising of hard liquor adopted by the distilled spirit industry). The American Advertising Federation, the American Association of Advertising Agencies, the Association of National Advertisers, and the Council of Better Business Bureaus jointly formed the National Advertising Review Board in 1971 as a self-regulatory body for the advertising industry (Belch & Belch 1995, 656). The U.S. media also have their own requirements and guidelines for accepting advertising.

The case of ABC indicated that the practices of regulation and self-regulation in China are often one and the same. The Advertising Law, which came into effect in 1995, is the primary codified legal text for the advertising industry in China. The implementation and enforcement of the law rests within the jurisdiction of the State Administration of Industry and Commerce. However, it is the China Advertising Association, an industry organization, that conducts the review of advertising. CAA is intimately related to SAIC. Industry self-regulation is almost tantamount to government regulation.

Media in China, like media in the United States, also establish their own advertising review mechanisms. They have power to reject any advertising deemed inappropriate for print or broadcast. Although many of the Chinese media are now primarily supported by advertising, they are still in essence state-owned entities. The major media are particularly stringent about advertising content because they cannot afford to bear the brunt of deviating from the government and party line.

Even though the Chinese media distinguish a domestic agency from a foreign agency in setting advertising rates, the Advertising Law does not create a separate category specifically for foreign advertising. “We treat domestic and foreign advertising equally,” according to one government official (interview in Beijing, May 1996). “They go through

exactly the same review procedure as domestic advertising.” The legal standards outlined in the Advertising Law are generally very broad and thus open to various interpretations. For instance, the law says that ads should not denigrate other products and services. This means no comparative advertising. In medical advertising, there should not be any image of the expert, the doctor or the sick person as a testimonial. This definitely makes the advertising of Western pharmaceutical products more difficult to conceive and execute. The Advertising Law also forbids the use of superlative words in ad copies.

The other aspect of the advertising regulation issue is whether the government is effective in implementing the law on foreign advertising in this particular case.¹ The “defective state” proposition contends that with the rise of a global economy comes the decline of the role the state plays in international transactions. In other words, the power of the state to oversee and manage (international) business is significantly weakened. “Collectively they (nation-states) are still the most influential and therefore critical sources of authority in the world system,” argues Susan Strange (1995, 57), “But they are increasingly becoming hollow, or defective, institutions. To outward appearances unchanged, the inner core of their authority in society and over economic transactions within their defined territorial borders is seriously impaired.”

On the other hand, Vivien A. Schmidt (1995, 85) raises an important question about the role of the state in the evolving international political and economic environment:

The unwritten story behind the internationalization of trade lies not so much in how international and regional trade associations are diminishing the autonomy of the nation-state, or in how multinationals are escaping the control of the nation-state, but in how nation-states have been altering their policies and policy-making processes to function in the new international arena.

The national responses to internationalization, according to Schmidt, are not uniform. The various responses depend on factors such as the decision-making process, country size,

culture, history, government structure, labor history, business size, nature of business organization, etc.

ABC's experience with Chinese government regulation demonstrates that the state still possesses enormous authority in determining advertising content. Even though ABC executives complain about the vagueness and the broadness of the Advertising Law, they generally try to abide by it and present the image of a good corporate citizen in China. Before production of TV commercials, ABC dutifully submits the storyboard to CAA for review and approval. It makes changes and modifications as recommended by CAA.

In the face of the Advertising Law, the "supposedly unstoppable drumming bunny in the Duracell battery commercials came to a halt" in Beijing because the ads violated the no superlative and comparative advertising rule (*Business Week*, October 23, 1995, p. 52). Neither was Budweiser's "King of Beers" claim acceptable (*ibid.*). An ad for Apple computer had to be revised because it involved implicit comparison with a competitor (interview with an ad executive in Beijing, May 1996). An expat executive at another agency said, "We just try to use our common sense in dealing with the Chinese regulations and bureaucracy. When the Advertising Law first came out, we were not familiar with its stipulations and interpretations. But now we have a much better sense" (interview in Beijing, May 1996).

Advertising regulation is both business and cultural policy. Even though ABC has control over almost all aspects of its production process, it nevertheless faces restraints from the Chinese government. Legal restrictions ultimately lead to local adaptation of advertising content. In short, the world of advertising is far from the one-size-fits-all universal regulation. Although the promulgation of the Advertising Law in China was a giant step toward regulating advertising within a legal framework rather than subjecting it to the whims of personalities, the adoption of a global regulatory standard of advertising does not seem to lie in the foreseeable future.

Images of Consumption

Chapter VIII described the ads produced by ABC for four product categories—shampoo, pain-reliever, beer and electronics. All four products are associated with a foreign manufacturer. Three are well-known global brands. Except for the shampoo ad, which was produced in Hong Kong, the ads were locally produced. The actors in these ads are all Chinese. Despite these local elements, the ads manifest global appeals of beauty / cleanliness, celebrity, success, fun / youthfulness and technology. These themes and references constitute the images of consumption. For this discussion, I draw on previous research on the content of foreign ads in China (Wang 1996).

The worldview of consumerism has two dimensions. The first dimension refers to the quest for material comfort instead of spiritual rewards (Belk & Pollay 1985). This is evident in developed and developing countries alike. However, the difference lies in that, unlike in developed countries where consumerism presupposes relative affluence, consumerism in a subsistence economy often co-exists with abject poverty (Belk 1988). The second dimension of consumerism is that commodities are purchased not for their intrinsic utility but largely for the sake of their symbolic value or social status (ibid.). The manifestation of consumption for identity is also found in developing as well as developed countries (Friedman 1990).

Consumption for Pleasure

The ABC ads extol the virtue of seeking material pleasures. They emphasize that the advertised products will bring beauty and fun to people's lives. In "You can have healthy, shining hair too" commercial, the former Miss Hong Kong, with long beautiful hair, convinces the audience that clean and beautiful hair is a desired goal in our everyday life. When the actress describes how dry her hair was before using Salon shampoo, there

is a worried look on her face. This quick comparison establishes an association between unclean, dry hair and unattractiveness and hence anxiety. Carl Crow (1938, 169) made a keen observation more than half a century ago about the meaning of cleanliness in China: "For cleanliness everywhere is costly and when expressed in terms of other things, it is probably more expensive in China than in any other country." The observation still holds true today. By Chinese standards, foreign brandname shampoos are a luxury item. However, with increasing disposable income, Chinese consumers are persuaded to seek life's pleasures in cleanliness and to put on a new confident look.

The motif of fun is evoked in the Star electronics print ads and the Grand Beer commercial. The ads explain that with the new gadgets, Star products are able to bring the best of the audio-visual experience to one's home. They even give instructions about how to assemble a home entertainment center. By depicting energetic young people, the Grand Beer commercial idealizes fun-loving for the Chinese youth.

According to these ads, the gratification of life is attainable through the purchase of the advertised products. Consumer products are thus elevated to become the chief sources of comfort, pleasure and fun for Chinese consumers.

Consumption for Modernness

One seemingly effective sale pitch in China is to describe the product as "modern." Modernness (or modernity) in Chinese society represents rapid economic development and increased availability of consumer goods. It is embodied in products that are described as new and technological.

The Star ads highlight products' "newness." Hackneyed phrases and adjectives as "a new generation," "newer," "more advanced," and "latest" abound. The newer models of electronic products are promoted as improved and better than their older models. The word "new" is truly the most overworked term in the advertising lexicon (Rutherford 1994,

124). These ads serve as a constant reminder to Chinese consumers that to be modern is to possess the newer and better products.

To be modern also means to embrace technology. The Star ads tout technological advances in its products. For instance, one ad claims that the advertised product has the latest 2.3 VCD technology. It is doubtful whether readers can make any sense of what that technology actually means and to what extent it helps to improve the performance of the product. Nevertheless, it certainly helps create the aura of advanced technology and hence affirms consumers' perception of the product's superiority.

Aside from their utilitarian functions, consumer products are invariably endowed with cultural meanings. The analysis of the key motifs in the selected ads produced by ABC indicates that the ads portray material pleasures as a desirable good life for Chinese consumers and affirm that one of the ways to acquire a modern identity is to consume goods that contain symbolic elements of newness and technology.

Summary

By questioning the analytic utility of the media imperialism thesis, this study has demonstrated the dynamics of globalization and localization in the production of culture and culture of production. The case study has focused on a global advertising affiliate in Beijing. I have examined its structure and process of admaking within the broader socio-economic context and explored its role as a linkage between the global product and the local consumer.

The case study suggests the co-existence of both the globalization and localization tendencies in the development of foreign advertising in China. As Figure 5 shows, the fundamental concept of advertising has achieved a high degree of globalization. The professional ideals and the structural design also embody strong globalization.

Note

1. Since the focus of the study is foreign advertising, we deal mostly with the impact of government policy on foreign advertising. However, the promulgation of the Advertising Law was mainly to regulate domestic advertising and to establish standards for the rapidly developing advertising market.

THE SIREN SONGS OF CONSUMPTION

In 1983, Theodore Levitt of Harvard Business School proclaimed the coming of the globalization of markets. He (1983) asserted, "The modern global corporation contrasts powerfully with the aging multinational corporation. Instead of adapting to superficial and even entrenched differences within and between nations, it will seek sensibly to force suitable standardized products and practices on the entire globe." The implication of this proposition for advertising is the prospect of a globally integrated, standardized advertising campaign. Levitt's article has generated controversy and debate in the business and academic community. Susan P. Douglas and Yoram Wind (1987) in their article titled "The Myth of Globalization" specified the potential barriers to the marketing of standardized products around the world.

This study has primarily focused on the aspect of the ad agency in the business of advertising. In this regard, globalization of advertising is neither fully reality nor fully myth—rather, it is in many ways both. This study of a global advertising affiliate in Beijing illustrates that the development of foreign advertising in China involves the potent forces of both globalization and localization—the constituent elements of glocalization. This study challenges the homogenization thesis as represented by the media imperialism framework in making sense of cultural interaction and change.

The presence of foreign advertising in China has significant implications. I will mainly discuss the role of foreign advertising in the rise of consumer culture in China (as I have described in an earlier study [Wang 1996]) and will then point out opportunities for future research on the topic of foreign advertising in China.

Foreign Advertising and the Rise of Consumer Culture

“While not every country is capable of becoming a consumer society in the near future,” wrote Francis Fukuyama (1992, 126), “there is hardly a society in the world that doesn’t embrace the goal itself.” The stated fundamental purpose of the economic reform in China is to increase national wealth and not to create a consumer mentality. The Chinese government has emphasized the production of goods and the improvement of people’s living standard, but has not claimed to move the country toward a consumer society. Rather, from the outset, a consumer society was cast in the Chinese media as a culture full of wasteful habits, money chasing and worship of material possessions (*Beijing Review*, November 24, 1980, p. 28). The Chinese government has launched sporadic limited campaigns to denounce conspicuous consumption among the *nouveaux riches*. But the increase in disposable income (nearly tripled from 1985 to 1992) has awakened consumption desires among Chinese people.

Material consumption is socially and historically constructed. It was not long ago that Chinese dressed in drab gray suits. A watch, bicycle, sewing machine and transistor radio constituted the “big four” items that Chinese families had craved for nearly three decades up until the 1980s (*China Today*, North America edition, May 5, 1994, p. 10). The entire country was then consuming not material goods but class politics. The hyper-politicization of class struggle during the Mao Zedong years was later condemned as disastrous for the country’s development.

In the late 1970s, economic development replaced class struggle as the nation’s top priority. The old “big four” consumer items were soon superseded by the new “big four”—washing machine, color TV, refrigerator and tape recorder; and in recent years people have turned their “wants” to piano, car, telephone and private apartment (*China Today*, North America edition, May 5, 1994, p. 10). Air-conditioners and computers,

according to one recent projection, will be hot consumer items in 1997 (*The People's Daily*, overseas edition, December 16, 1996, p. 2).

The rise of consumer culture in China was the direct outcome of the economic reform in that country. The role of foreign advertising in the cultural canonization of consumerism is indisputable. While the economic function of foreign advertising is obvious, the recurring motifs of material pleasures and modernity associated with the advertised products perform a decisive social and cultural function. Foreign advertising has reinforced, if not introduced, the meaning of a good life and the culture of consumerism to China. The second coming of foreign advertising and consumer culture signals the historical reversal of the hyper-politicization of communist ideology during the first decades of the PRC (e.g., Kunz 1996).

As a reaction to hyper-politicization, consumer culture in present-day China is not an ugly word. Material consumption provides a space for people to escape from the straightjacket of political ideology. There is at least a certain element of openness and democracy in advertising (Schudson 1984, 151). It allows goods and services to be made public and visible. According to Roland Marchand (1985, 218), one common advertising formula is the "Democracy of Goods" concept, which asserts that the acquisition of goods would provide anyone with ultimate pleasure and satisfaction even though one is not rich, fortunate and famous.

Foreign advertising also is but one of the many indicators of the increasing influx of foreign (Western) cultural products in China. For instance, foreign TV programs have expanded their share in the Chinese TV menu (Wang & Chang 1996). The influx of foreign advertising in China should not be isolated from the concomitant importation of a wide range of other foreign media products in that country.

A cautionary note is necessary here. As it has been manifested in developed economies, the excess of consumer culture can also take a toll in almost the same way as

the extreme political control China experienced during the pre-reform years (e.g., Lasch 1978, 71-77). Only this time, it is not the dictatorship of politics but the tyranny of business. As economics assumes growing power, advertising and foreign advertising, for that matter, might exercise more control over cultural expression in China.

Opportunities for Future Research

Foreign advertising has a profound impact on the advertising business in China, which includes the ad agency, the advertiser and the advertising media. Generally speaking, foreign ads are better received than domestic ads in China. Foreign advertising seems to be able to define the industry standard for not only Chinese consumers but also Chinese advertising companies. This study has mentioned the important role of Western advertising professionalism in the Chinese advertising industry. Future research could look into what aspects of Western advertising Chinese ad agencies absorb, adapt or reject. Future research should also examine whether foreign advertising plays a role in the commercialization of the Chinese media. Another important topic that deserves research is whether foreign advertising has any positive or negative impact on market competition in China. This study, in short, sets the stage for future inquiry into whether and how globalization and localization are exemplified in the interplay of economy, consumer culture and foreign advertising in the world's largest potential consumer market.

Epilogue

In the early 1980s when the Chinese market was re-opened to foreign advertising, foreign ad agencies “view[ed] China with guarded optimism over the short term: not forthcoming enough to justify a great deal of activity, but too important to ignore completely” (Seligman 1984, 17). The surge of foreign ad agencies in China finally came in the early 1990s. The cautious approach in the earlier years gave way to a new-found

confidence in the bright future of the Chinese advertising industry. Most of the international agencies have by now established their presence inside the country and have been building the advertising infrastructure for the long haul.

The development of foreign advertising is not qualitatively new in China. The emergence of advertising in the 1920s and 30s seems a distant past. For foreign ad agencies, that was a prosperous era.

The possibilities of a huge and profitable trade in China had intrigued American and other manufacturers for several generations but their hopes had never been fully realized. The period of Manchu rule was one of stagnation and of opposition to all foreign ideas and the use of foreign goods. The Revolution of 1911 and the establishment of the republic appeared to promise better things. Many times during the quarter of a century following this event we thought we saw prosperity just around the corner. We never turned the corner because a civil war or some political upheaval of one sort or another always intervened. I know that so far as I was personally concerned, every time I started to make a little money it appeared to be the signal for a Chinese war lord to ravage some part of the country, and start my Chinese accountants dipping their pens in the red-ink bottle. That had been the experience of all of my friends. But now the corner had definitely been turned. It was the opinion of all of us that there was a long period of prosperity ahead of us (Crow 1940, 327-328).

On the morning of August 14, 1937, Carl Crow went to work at his own ad agency in Shanghai. He was in a cheerful mood because his business had been going well. He sat in his office writing a letter to a U.S. toothpaste company suggesting an increase in ad spending in the following year.

I was finishing the final draft of the letter when the window panes in my office rattled and some of them broke, from the concussion of a huge bomb which Chinese aviators had dropped in an attempt to hit the Japanese flagship anchored about two hundred yards from the desk at which I was sitting. In quick succession we heard the deafening roar of two other bombs and then the vicious staccato of anti-aircraft guns.

It was in this way that the undeclared war came to me—as it came to thousands of other foreigners and to millions of Chinese who live in the colorful city of Shanghai. It marked the end of an era (Crow 1940, 328).

In the aftermath of the Sino-Japanese war, Westerners started to leave Shanghai for safe havens. The curtain came down on the first golden age of advertising in China.

More than fifty years lapsed. The second advertising boom is now well underway.

APPENDIX:

MILESTONES IN CHINESE POLITICS AND ADVERTISING

- 1839-42 Opium War—beginning of modern Chinese history
- 1857 First magazine in Shanghai (*Liu He Journal*)
- 1858 First Chinese language newspaper (*Chinese and Foreign News*)
- 1915 First foreign advertising agency in Shanghai established by Bruno Perme
- 1922 First radio station in China
- 1926 China Commercial Advertising Agency established in Shanghai
- 1936 First advertising magazine *Advertising & Selling*
- 1937 Sino-Japanese War
- 1949 Founding of the People's Republic of China
- 1956 Completion of the reformation of private businesses
- 1959 Prague Conference of Advertising Workers of Socialist Countries
- 1966-76 Great Proletarian Cultural Revolution
- 1978 Third Plenary Session of the Eleventh Congress of the Chinese Communist Party
- 1979 First TV commercial broadcast; foreign ads re-appear in Chinese media; Densu opens office in Beijing
- 1981 Chinese Advertising Association established; trade magazine *China Advertising* founded
- 1982 Provisional Regulations for Advertising Management
- 1984 China's first advertising degree program at Xiamen University
- 1985 Trade magazine *International Advertising* founded
- 1987 Third World Advertising Congress held in Beijing
- 1993 Interim Regulations on the Advertising Agency System and Interim Advertising Censorship Standards
- 1994 Trade magazine *Modern Advertising* founded
- 1995 China's Advertising Law in effect; Advertising Bookstore established in Beijing

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