

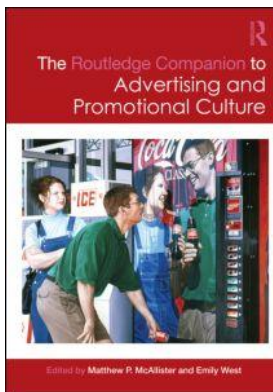
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On: 23 Oct 2018

Access details: *subscription number*

Publisher: *Routledge*

Informa Ltd Registered in England and Wales Registered Number: 1072954 Registered office: 5 Howick Place, London SW1P 1WG, UK



The Routledge Companion to Advertising and Promotional Culture

Matthew P. McAllister, Emily West

Globalization, penetration, and transformation

Publication details

<https://www.routledgehandbooks.com/doi/10.4324/9780203071434.ch10>

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Published online on: 29 Mar 2013

How to cite :- Kwangmi Ko Kim, Hong Cheng. 29 Mar 2013, *Globalization, penetration, and transformation from: The Routledge Companion to Advertising and Promotional Culture* Routledge
Accessed on: 23 Oct 2018

<https://www.routledgehandbooks.com/doi/10.4324/9780203071434.ch10>

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GLOBALIZATION, PENETRATION, AND TRANSFORMATION: A CRITICAL ANALYSIS OF TRANSNATIONAL ADVERTISING AGENCIES IN ASIA

Kwangmi Ko Kim and Hong Cheng

As “a series of complex, independent yet interrelated processes of stretching, intensifying, and accelerating worldwide interconnectedness,” globalization is affecting “all aspects of human relations and transactions—economic, social, cultural, environmental, political, diplomatic, and security—such that events, decisions, and activities in one part of the world ha[ve] immediate consequences for individuals, groups, and states in other parts of the world” (S. Kim 2000: 10). Among the tidal waves of globalization is transnational advertising, which has swept across most parts of the globe since the 1970s. With their remarkable economic growth in recent decades, many countries in Asia¹ are seen as the greatest “beneficiaries” of globalization (Roach 2009: 1). If free markets have been the fuel for economic growth in Asia, advertising—including transnational advertising—has been the match that sparked the fire (Frith 1996: 9).

With the increased importance of Asia in the world in terms of economy and international business has come robust advertising in this region. In the 2000s, total annual advertising spending in the Asia-Pacific region, the world’s third-largest market, ranged between US\$55.1 billion and US\$95.4 billion. Although these figures were far behind those of North America (between US\$141.8 billion and US\$179.3 billion) and Europe (between US\$77.5 billion and US\$163.1 billion), they grew steadily over the first decade of the twenty-first century (see Figure 10.1). As a percentage of the world’s total, advertising dollars in the Asia-Pacific region increased from 19.5 percent in 2000 to 23.4 percent in 2009 (WARC 2011).

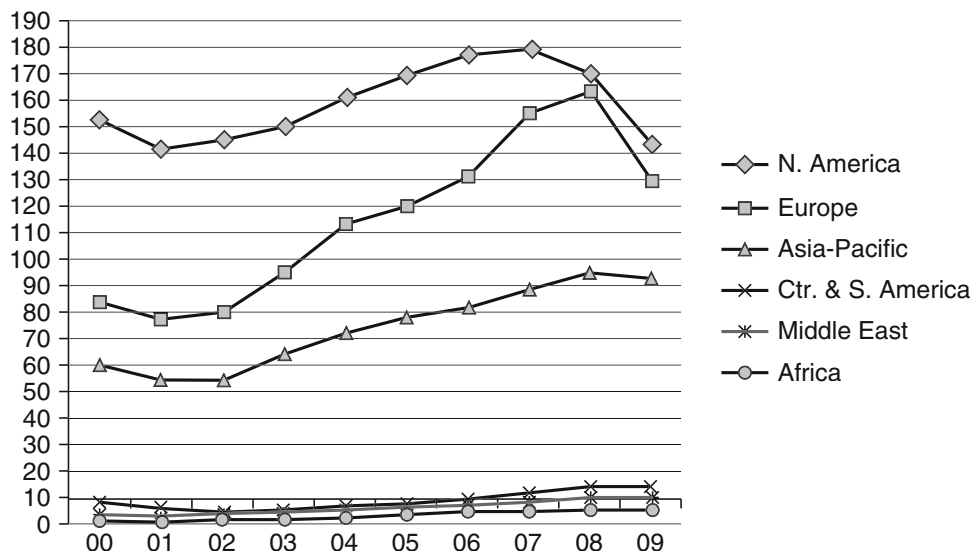


Figure 10.1 Global advertising expenditures by region (2000–09)

Source: Compiled from WARC (2011).

Notes:

Advertising expenditures in US\$ billions.

Data for Europe include Eastern and Central Europe.

Advertising in the markets of some individual Asia-Pacific countries seems even more impressive. In terms of advertising billings, China, Japan, and Australia were among the top ten in the world in 2008, with China being the second-largest advertising market after the United States (see Table 10.1). According to the London-based World Advertising Research Center, China and India were among the world’s three fastest-growing advertising markets in 2012 and 2013 (Young and Clift 2012) (see Figure 10.2).

Table 10.1 Top ten countries in the world by advertising spending (2008)

Rank	Countries	US\$ billions	Percentage of global adspend
1	USA	158.5	31.8
2	China	57.1	11.4
3	Japan	41.9	8.4
4	Germany	28.6	5.7
5	United Kingdom	26.8	5.4
6	Brazil	21.0	4.2
7	France	17.1	3.4
8	Italy	13.5	2.7
9	Canada	11.8	2.4
10	Australia	11.3	2.3

Source: Jones (2009).

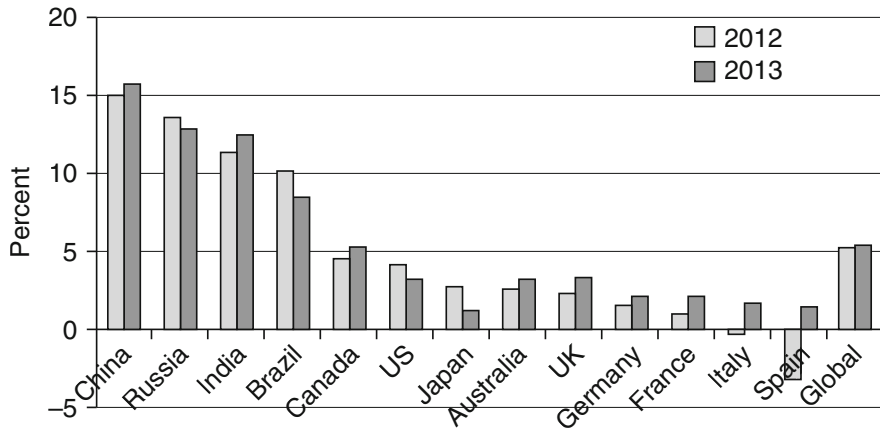


Figure 10.2 Fastest-growing advertising markets in the world (2012–13)

Source: Young and Clift (2012). Courtesy of World Advertising Research Center (WARC) © 2012. Copyright and database rights owned by WARC.

Globalization is a double-edged process, however, “that is empowering more individuals, groups, nation-states, and corporations to reach around the world farther, faster, deeper and cheaper than ever before while at the same time producing a powerful backlash from those brutalized or left behind” (S. Kim 2000: 10). In light of the controversies over the implications of globalization, this chapter examines the latest changes in the penetration and transformation of transnational advertising agencies (TNAAs) in Asia, discusses their implications, and offers suggestions for future research in this area. This analysis also raises the question of whether a dependency framework is still relevant for understanding the globalization of the Asian advertising industry.

Theoretical Framework: Toward Hybridity?

Studies of globalization in international communication have taken several perspectives to describe and explain specific phenomena of globalization around the world. In the 1970s and 1980s, the dependency theory was a dominant framework, particularly reflecting the Latin American development (Janus 1986; UNESCO 1980). The media/cultural imperialism paradigm was at the center of this perspective. Janus noted and argued that transnational advertising often drove out local competition and perpetuated monopolies in host countries. Its influences were further noted in the media industry of host countries, making the local media industry dependent on transnational advertising (Janus 1986).

Anderson (1984), who applied this perspective to the Asian context, documented Asian local advertising markets vulnerable to transnational advertising agencies and predicted that Asian countries would follow in similar footsteps to Latin America by forming dependent relationships with transnational advertising. Seeing TNAAs “as a subset of the ubiquitous transnational corporation (TNC) and as an important nonterritorial actor in contemporary political and communication relations,” Anderson (1984)

introduced the concept of “advertising imperialism,” which he defined as “a particular type of communication exchange that fosters a general structural relationship that keeps some nations and some groups in harmony and others in conflict” (13–14). It was found in studies in the late 1980s and early 1990s (e.g., Janus 1986; K. Kim and Frith 1993; Lai 1989; Tsou and Sung 1990) that TNAAs’ involvement in developing countries had been at the expense of domestic agencies. TNAAs’ dominance of the local advertising industry repeated in a number of Asian countries/territories, such as Hong Kong, Malaysia, Singapore, and Taiwan before the late 1990s (Hu 1998: 118).

Since the late 1990s, however, studies have also indicated that there were intensive exchanges of advertising practices throughout the Greater China region (including the Chinese mainland, Hong Kong, Macau, and Taiwan). In the 1980s, for example, Hong Kong’s advertising practitioners played a vital role in helping TNAAs enter the Taiwanese market and to train Taiwanese advertising practitioners. Since the 1990s, many Taiwan-trained talents in TNAAs have helped their agencies do business in the Chinese mainland (e.g., Zhi and Ting 2010), owing to “the improvement of professional standards and advertising quality” in the Taiwanese advertising industry (Hu 1998: 118). In Southeast Asia, a study on TNAAs in Malaysia reported that the processing level of the TNAA ads was not found to be higher than that of the local ads, which indicates that the interaction relation between TNAA and local ads “may be moving towards a more symmetrical balance, arresting imperialist development in this aspect” (Ahmad 1995: 1).

Such diverse transformations through globalization led many scholars to question the concept of a sweeping, overriding process of globalization and to call for a revisit to the “advertising imperialism.” This idea was, in fact, suggested by Frith as early as 1996. As she put it, “higher levels of cooperation between nations as well as new forms of communications technology are creating a form of global integration that is unprecedented in the history of the world,” which she termed “convergence” (Frith 1996: 8).

The first decade of the twenty-first century saw “a synthetic notion of culture” called “hybridity”—similar to Frith’s (1996) “convergence”—adopted as the general “cultural logic of globalization” (Kraidy 2005). As Kraidy (2005) explained, “rather than a single idea or a unitary concept, hybridity is an association of ideas, concepts, and themes that at once reinforce and contradict each other” (vi). After an examination of the deficiencies of the cultural imperialism thesis and its would-be substitute “cultural globalization,” Kraidy (2005) propounded “*critical transculturalism* as a new international communication framework with issues of hybridity at its core” (vi). Regarded as an emblematic notion of our age, hybridity was further elaborated as capturing “the spirit of the times with its obligatory celebration of cultural difference and fusion” (Kraidy 2005: 1).

Thanks to its open and synthetic nature, “hybridity” has entered many academic arenas in humanities, social sciences, and business, among others (Kraidy 2005: 2). Clearly, there still needs “to be further methodological experimentation and development in order effectively to integrate hybridity’s historical, rhetorical, structural, textual, and empirical dimensions in concrete research studies” (Kraidy 2005: viii). Advertising studies are no exception. Nevertheless, this refreshing framework provides us with a new intellectual platform to dissect TNAAs in the twenty-first century, as K. Kim and Cha (2009) have done for the Korean market. They found that, as Anderson (1984) predicted, TNAAs did grow significantly in Korea over the years “by expanding their client base, increasing their market share, and forming their multiple agencies”

(Kim and Cha 2009: 106). However, contrary to his prediction, local agencies' dependent relationship with TNAAs is not manifest. Rather, in-house local agencies are still strong, while TNAAs are steadily growing their business scope. So Kim and Cha (2009: 106) concluded that the Korean advertising industry is "representing a 'hybrid' mode rather than a 'dependent' mode" today.

History of TNAAs' Expansion in Asia

Globalization in Asia has a relatively short history, when compared with that in Western Europe and Latin America, owing to local government policies and market conditions. Although the advertising industries in Asian countries have gone through the globalization process at different paces, the process in the region can be roughly characterized by four phases (Cheung and Leung 2007; K. Kim 2006).

The first era was the 1970s, which was largely an underdeveloped stage when only a few Asia-Pacific countries or territories experienced global power. Japan, Hong Kong, Singapore, and Australia were typical examples, because they often served as a regional hub for TNAAs.

The 1980s was the second era, when TNAAs penetrated the region by broadening their businesses in new markets. Some active Asian advertising markets, such as Korea and Taiwan, allowed foreign ownership and opened their doors to the TNAAs. During this era, TNAAs focused on establishing themselves in newly opened markets by learning local cultures and regulations.

In the 1990s, globalization of TNAAs in Asia reached its third era—a growth stage—when major TNAAs successfully settled down in the market and significantly grew their power. Economic and political events that affected the industry during this period were Hong Kong's return to China, China's loosened policy on foreign ownership, and the Asian financial crisis in 1997 and 1998. In 1998, China replaced Korea as the second-largest advertising market in the Asia-Pacific region after Japan and became increasingly appealing and important to TNAAs. Many TNAAs in China, such as Grey, Bates, and Saatchi & Saatchi, changed their organizational structures from representative offices (contacts or stopover points for parent foreign agencies) to joint ventures (firms jointly set up and run by TNAAs and local agencies) during this period (Cheung and Leung 2007).

In the first decade of the twenty-first century came the fourth era of globalization of TNAAs in Asia, characterized by two types of transformation—in their ownership and in their network establishment. During this decade, most TNAAs expanded their ownership in Asia into majority stakes or even wholly owned agencies by terminating their previous relationships with local agencies, and formed their own networks in each country. This transformation is further discussed in a later section of this chapter.

The Presence of TNAAs in Asia in the 2000s

Most TNAAs were active in Asia by the early 2000s. Table 10.2 lists the top ten holding companies in the Asia-Pacific region, five of which (WPP group, Omnicom Group, Publicis Groupe, Interpublic Group, and Aegis Group) are headquartered in non-Asia-Pacific countries while the rest are in the region. The global advertising industry has a "two-tiered structure" (Sinclair 2008: 79). While TNAAs such as McCann Erickson and Ogilvy & Mather are themselves gigantic global corporations, they are also

integrated at a higher level of management and financial coordination into global network holding companies, such as the WPP group, the Omnicom Group, and the Publicis Groupe. Advertising agencies are “brands” of advertising holding companies. For example, WPP group’s leading brands are JWT, Ogilvy & Mather, and Grey agencies, while the Omnicom Group’s major brands are BBDO, DDB, and TBWA. Saatchi & Saatchi and Leo Burnett are the brand agencies of the Publicis Groupe. Asia-based holding companies have fewer brands than their counterparts headquartered in the West.

Also as shown in Table 10.2, the world’s top five advertising holding companies—WPP, Omnicom, Publicis, Interpublic, and Dentsu—all have a strong presence in the Asia-Pacific region. Particularly, three of them—WPP, Omnicom, and Publicis—grew significantly since 2002 in Asia, with their advertising billings increasing by 176 percent, 104 percent, and 146 percent, respectively. These global players also generate the lion’s share of global advertising revenues in the rest of the world.

The main difference indicated in Table 10.2 is that Japan-based holding companies (Dentsu, Hakuhodo, and Asatsu-DK), followed by a Korean company (Cheil Worldwide) and an Australian company (Photon Group), are stronger in the Asian region than in the rest of the world. As one of the top five holding companies in the world and the world’s largest advertising agency, Dentsu is unique in several aspects: first, the portion of its non-US revenues is much bigger than that of the rest of the groups, accounting for 96.9 percent. Dentsu generates most of its revenues in Japan, its home market, and in other parts of Asia, rather than in the United States or Western European markets. Owing to its enormous business in Japan, Dentsu has been “the world’s largest single-brand agency” for nearly 40 years (Dentsu 2011a: 1). On the other hand, Dentsu established Dentsu Network West in New York in 2009 to manage and increase its operations in North America, Latin America, and Europe (“World’s 50 Largest Agency Companies” 2011).

Out of these large Asia-Pacific-based holding groups, Cheil is the only Korean company, owned by Samsung Group, one of the biggest conglomerates in Korea. Cheil continues to expand in the region as well as in the West, as a world leader of in-house

Table 10.2 Top ten agency holding companies in the world and in the Asia-Pacific region (2009)

Rank	Top ten in the world	Top ten in the Asia-Pacific region	Growth in Asia-Pacific since 2002 (%)
1	WPP group	Dentsu	19
2	Omnicom Group	WPP group	176
3	Publicis Groupe	Hakuhodo	43
4	Interpublic Group	Omnicom Group	104
5	Dentsu	Publicis Groupe	146
6	Aegis Group	Interpublic Group	30
7	Havas	Asatsu-DK	18
8	Hakuhodo DY Holdings	Cheil	16
9	Acxiom Corp.	Photon	1,956
10	MDC Partners	Aegis Group	3

Source: Compiled from Agency Report (2011); “Agency Report Card” (2010).

advertising agencies. It acquired a 49 percent stake in Beattie McGuinness Bungay, a London-based agency, in 2008 and bought a 58 percent stake in OpenTide Greater China, a digital agency based in Beijing, in 2009. In the same year, Cheil also bought the Barbarian Group, a New York-headquartered digital creative agency, in a move to strengthen its presence in North America and in new media marketing (Blecken 2009). Nevertheless, with only 30 offices in 26 countries, Cheil is still considered a smaller operation in terms of global and regional networks when compared with the three Japan-based companies—Dentsu, Hakuhodo, and Asatsu-DK.

Founded in 2000, Photon Group is a relatively young company, which generates about 72 percent of its revenues from Australia, New Zealand, and Asia. Owing to its strong but limited business operations in these areas, Photon is currently ranked ninth in the region and 20th in the world (“World’s 50 Largest Agency Companies” 2011).

These major advertising companies are interconnected through complex ownership structures. Even if they are competitors, they partner and create various alliances when the business outlook is promising. In the advertising industry, this competition-and-alliance relationship is not unusual. For example, WPP owned 24.3 percent of Asatsu-DK, a Japan-based advertising company, as of December 2010. Dentsu has a 15 percent stake in Publicis Groupe under a strategic relationship forged when Publicis bought Dentsu-backed Bcom3 Group (the then parent company of Leo Burnett and Starcom MediaVest) in 2002. Dentsu and WPP also share the ownership of Dentsu Y&R, a joint venture originally formed in 1981 (“World’s 50 Largest Agency Companies” 2011).

In Table 10.3, major TNAAs’ ownership structure in 2001 in selected Asian countries is highlighted. All of the top 15 agencies in Singapore and Hong Kong were already TNAAs majority-owned, and those in Taiwan, Thailand, and Korea showed a strong presence of TNAAs holding majority stakes. The dominance of TNAAs in Hong Kong and Singapore is understandable considering their early adoption of globalization. However, Taiwan and Korea, as relatively “young” markets, also have a significant presence of TNAAs among their top 15 agencies.

According to China Advertising Association’s two rankings of advertising agencies in the country in 2010, six of the top ten agencies (in terms of business volumes) in China were TNAAs or TNAAs joint ventures, although only four TNAAs made the top ten based on their advertising revenues (see Table 10.4). While Shanghai Leo Burnett had the largest business volume (US\$860.8 million) in the Chinese advertising market that year, Beijing Dentsu reaped the biggest advertising revenue (US\$212.1 million) in the same year (CAA 2011).

Table 10.3 Number of TNAAs holding different types of ownership among the top 15 agencies in selected Asian countries/territories (2001)

	<i>Singapore</i>	<i>Hong Kong</i>	<i>Taiwan</i>	<i>Thailand</i>	<i>Korea</i>
Majority	15	15	14	13	10
Minority			1	2	2
Joint venture					
Non-equity (NE)					
Not applicable					3
Total	15	15	15	15	15

Source: Compiled from Agency Report (2002).

Table 10.4 Top ten advertising agencies in China by billings and by revenues (2010)

<i>Ad agency ranking (by billings)</i>	<i>Ad billings (US\$ millions)</i>	<i>Ad agency ranking (by revenue)</i>	<i>Ad revenues (US\$ millions)</i>
1 Shanghai Leo Burnett*	860.8	1 Beijing Dentsu*	212.1
2 Saatchi & Saatchi Great Wall*	848.1	2 Charm Communications	198.3
3 Beijing Dentsu*	692.8	3 AVIC Culture Co., Ltd.	109.5
4 Charm Communications	656.8	4 Shanghai Art Design Co., Ltd.*	86.5
5 Beijing DDB Co., Ltd., Shanghai Branch*	634.9	5 Shanghai Advertising Co., Ltd.	68.2
6 JWT—Bridge Advertising Co. Ltd., Shanghai Branch*	571.3	6 Saatchi & Saatchi Great Wall*	64.4
7 Guangdong Advertising Co., Ltd.	466.8	7 Shanghai Asatsu Advertising Co., Ltd.	55.8
8 Publicis Advertising Co. Ltd, Shanghai Branch*	322.8	8 Shanghai Leo Burnett*	53.1
9 AVIC Culture Co., Ltd.	239.4	9 Shanghai Changsi Advertising Co., Ltd.	48.5
10 Shanghai Advertising Co., Ltd.	232.2	10 Guangdong Advertising Co., Ltd.	47.3

* Transnational advertising agency (TNAA).

Source: CAA (2011).

Annually, Campaignasia.com conducts an agency assessment by five criteria: business performance (accounts won, lost, and retained in a year), initiatives (an agency's assessment of its impact on consumers, clients, and the industry as a whole), awards (regional and global awards recognizing creativity and effectiveness), people (qualitative assessment of new hires and the senior management personnel), and agency image survey (online interviews with marketers in various countries in the region) (Agency Report Card 2011: 50–51). In 2010, five TNAAs—Ogilvy & Mather, Leo Burnett, Saatchi & Saatchi, McCann Erickson, and JWT—received the “best advertising agency in Asia” award (see Table 10.5). In particular, Ogilvy & Mather has built its reputation in creative areas with a sizable operation in the region, operating 29 offices in 22 countries. Its major clients include Unilever (Pond's brand, Dove), Yum (Pizza Hut), and Kimberly-Clark (Huggies and Kotex) (Agency Report Card 2011: 51).

The same report card also assessed the “overall best media agency” in Asia, which listed Mindshare, ZenithOptimedia, Starcom, OMD, and Carat. All these media

Table 10.5 Best overall advertising agency in Asia based on percentage of respondents' top three agency rankings (2010)

Agency (parent holding companies)	Overall from the region	China	Hong Kong	Singapore	Others
Ogilvy & Mather (WPP)	63	40	76	68	56
Leo Burnett (Omnicom)	33	20	40	33	28
Saatchi & Saatchi (Publicis)	29	70	12	36	25
McCann Erickson (Interpublic)	26	20	24	16	38
JWT (WPP)	23	30	32	12	22

Source: Agency Report Card (2011: 51).

specialty agencies are part of major advertising holding companies. In other words, these “award-winning” TNAAs and global media agencies are sibling agencies within major advertising holding companies, which reflect their dominant status in the region.

Transformation of TNAAs in the 2000s

TNAAs in Asia transformed in two ways in the first decade of the twenty-first century. The first transformation was at the ownership level, which, in fact, began in the 1990s. After entering new markets and strengthening their operations, they transformed the nature of their ownership from a minor- or no-ownership status to a majority- or wholly owned stake. They often broke up their initial relationships with local agencies and became their competitors (K. Kim 2006).

The second transformation occurred within each holding company through its network formation. As consumers were more and more segmented and the media increasingly diversified, the need for integrating creative marketing resources became an imperative strategy for global agencies. To meet this need, TNAAs opened advertising-related agencies in Asia and built their own network in each market as they did in the United States and other parts of the world. Through this second transformation, holding companies in Asia often run more than one agency in each of the key areas such as advertising, public relations, research, and the Internet. For example, Ogilvy & Mather started its initial operation in Korea in 1982 through a technical assistance agreement with Korad, one of the then active local agencies. It changed its ownership status to a wholly owned agency in 1999, illustrating the first transformation of Ogilvy & Mather and WPP, its parent company in Korea. Then, as of 2007, the WPP Group also owned three large advertising agencies (LG Ad, Diamond Ogilvy, and JWT Adventure), three PR agencies (Hill & Knowlton, Burson-Marsteller, and Ogilvy PR), one media specialty agency (METACOMM), and three research companies (Research International, AGB Nielsen Media Research, and Millward Brown Media Research). Hence WPP also experienced this second wave of transformation. Similarly and again in Korea, the Omnicom Group has three major advertising agencies (BBDO Korea, Lee

& DDB, and TBWA Korea), three PR agencies (InComm Brodeur, KorCom Porter Novelli, and Fleishman-Hillard), and two interactive agencies (Detraid and Optimum Media Korea).

This vertical and horizontal integration of TNAAs' multiple agencies serves two purposes: one is to meet the diverse needs of their global clients in various areas such as public relations, direct marketing, research, interactive advertising, and sales promotions for integrated marketing communications. The other is to strengthen their operations as a powerhouse by generating synergy. WPP's Diamond Ogilvy, for example, handles Korean clients, while Ogilvy & Mather Korea focuses on international clients with Ogilvy One, a direct marketing company (Fowler 2006). Such network formations are not new to TNAAs. Instead, it has been a typical practice of TNAAs throughout the world as a means of expanding and securing their global power.

TNAAs are one type of major global company that operates with profit-seeking and market-expansion motives by following the logic of capital. Whenever new markets, new media, or new competitors emerge, TNAAs tap into these new opportunities and challenges. Particularly, over the turn of the twenty-first century, TNAAs were keen to secure their presence in emerging technology-related areas. As new media become more popular and significant in Asia while traditional media are deemphasized—similar to the situation in other parts of the world—we witness active engagement of TNAAs in these fields. For example, Dentsu established Dentsu Digital Fund to accelerate the growth of its group's digital businesses in Asia as well as in the United States (“World's 50 Largest Agency Companies” 2011). Dentsu also acquired Innovation Interactive, a New York-based digital marketing service company with three operating units (360i, a digital marketing agency; SearchIgnite, a paid search management technology venture; and Netmining, an audience optimization platform), in 2010 to strengthen its presence in the digital world (Morrissey 2010). This move was just one of the several efforts that Dentsu has made to expand into the US digital-media market. Aegis, another advertising holding company, expanded its iProspect, a global digital marketing agency, in 2010, adding ten additional offices across eight Asia-Pacific markets, which provided Aegis with the largest search offering in the region by covering Australia, China, India, Japan, Korea, Malaysia, Thailand, and Taiwan (Balji 2010).

TNAAs' transformation process has continued to non-advertising areas such as sports marketing and sales promotion. Exploring new business opportunities, Dentsu acquired 30 percent of World Sport Group to promote and develop its sports marketing business in Asia. Calling itself “the world's largest sports marketing company with 40 years' experience,” Dentsu has acted as “the exclusive worldwide marketing agency” for conducting global sales of marketing and broadcasting rights for a number of major international sports events, including the 12th and 13th IAAF World Championships in Athletics in 2009 and in 2011, as well as the 13th and 14th FINA World Championships in 2009 and in 2011 (Dentsu 2011b: 1). Dentsu has established regional operations specializing in the sports business around the world, including Dentsu Sports Europe, Ltd. (in London), Dentsu Sports America, Inc. (in New York), Dentsu Sports Asia, Pte. Ltd. (in Singapore), and a business unit in Beijing, “as part of its drive to build an integrated global sports business network” (ibid.).

Meanwhile, Dentsu has been aggressive in the promotion of entertainment products, especially feature films (Dentsu 2011d). For example, Mameshiba, a set of Dentsu-created original characters, debuted in commercials on a TV-content distribution website and made a big splash. To date, more than 1,000 Mameshiba-related products (including

stationery items, character goods, and toys) have been launched in the market. Used in various campaigns and promotions, the products have become in high demand in many parts of the world. In 2011, Mameshiba were launched in North America and were planned for rollout in Hong Kong, Korea, and other markets in Asia (Dentsu 2011c). Further involved in the movie and music business, Dentsu has collaborated with Hollywood's major studios and acquired Japanese rights to popular dramas and other TV content overseas (*ibid.*). The statement by Tim Andree, CEO of Dentsu Holdings USA, highlights the motive and desire of TNAAs: "We're not running around trying to get bigger, [but] for the right opportunities and right areas M&A may play a future role" (Morrissey 2010: 2). This statement indicates that the transformation through mergers and acquisitions (M&A) may never end in the global advertising world.

Implications of TNAAs' Penetration and Transformation

The penetration and transformation of TNAAs in the Asia-Pacific region in the 2000s represent a mixed outcome of globalization that reflects both dependency theory and a hybridity framework. As a global force in the profit-seeking global economic system, TNAAs have expanded into new markets and grown their presence and power through their own networks in local markets. This expansion implies the dominance of TNAAs in the region. At the same time, there have been growing exchanges and cooperation within regional advertising agencies to cope with global forces. Large local agencies (from Japan, Korea, and Australia) have begun to establish their networks and further expand into other parts of the region or into the Western market. The entry of TNAAs into Australia (e.g., Sinclair 2008), Korea (e.g., K. Kim and Cha 2009), and Taiwan (e.g., Lai 1989; Lee and Leu 1992; Tsao 1996; Tsou and Sung, 1990) has "brought some new concepts and positive effects, such as upgrading the quality of advertising production and the standard of professionalism" (Hu 1998: 115) to the markets. Those new advertising concepts and practices include agency restructuring, marketing research, media planning, and new media rating systems (Hu 1998: 115).

Such coexisting structure and transformation of the industry implies that the Asian advertising industry is in a "reinvigorating cultural renewal" process (Kraidy 2005: 75), as international communication practices are continuously negotiated through interaction with various local forces. Dynamic as it is, the Asian advertising industry still faces several challenges within the globalization context. One of them is to build strong leadership and professional personnel at the regional level. The research in the 1990s has documented a lack of professional personnel in local markets and called for solid professional education and training programs (Cheng and Frith 1996; Hu 1998; K. Kim and Frith 1993). For example, "the lack of professional advertising personnel," "the shortage of mid-level managers," and "the high turnover rate of personnel" were the three problems most frequently mentioned by TNAAs' managers in Taiwan (Hu 1998: 110). Another survey conducted in the early 1990s found that about 65 percent of managerial personnel of TNAAs in the Chinese mainland were from Hong Kong, about 25 percent from North America, Western Europe, or Japan, and merely the remaining 10 percent or so were local talents from the mainland (Cheng and Frith 1996: 39). It was also found in the 1990s that Hong Kong's advertising practitioners were playing "more important roles" than their counterparts from other countries in helping with TNAAs' businesses in Taiwan. A major reason could be that the advertising industry in Hong Kong was internationalized earlier than that in Taiwan "due to its geography and

colonial history” (Hu 1998: 114). Similarly, TNAA managers from Hong Kong (e.g., Lin 2010; Ting 2010) and Taiwan (e.g., Zhi and Ting 2010), together with those from Western countries (e.g., Jiang 2011a, 2011b; Mao 2010), are found to have brought much-needed expertise and refreshing insight in advertising creativity, management, and professionalism to the Chinese mainland market.

The composition of TNAA managerial personnel in the Chinese mainland has changed noticeably over the past nearly two decades as in other Asian markets, however. Some TNAsAs have as large a portion as 95 percent of their managerial personnel “being Chinese” today (Jiang 2011a: 72). Some of these “Chinese” are from Hong Kong and Taiwan, and succeed in this context because of their familiarity with the Chinese language and culture. The significant reduction in the percentage of “Western” managerial personnel in the Chinese mainland TNAA market was mainly due to the high costs of having expatriates overseas.

As the operations of TNAsAs in Asia reach a 30- to 40-year time span, more diverse managerial personnel, mixing local and Western managers in local markets, are emerging. However, at the regional level, this is not the case yet. Over the two years between 2008 and 2010, nine of the 18 major TNAsAs have changed their regional leadership, almost all of which were white, male expatriates, either Asia-based or Western countries-based (O’Neill 2010). In other words, a Western dominance seems still evident in the leadership positions at the regional level in Asia.

All these empirical as well as “anecdotal” findings from what is often referred to as “Greater China” in the advertising industry there, together with the penetration and transformation of TNAsAs in other parts of Asia, strongly suggest another major implication for the examination of TNAsAs in Asia—namely the nature of their presence and possible influences in the region.

In sum, the rapid and drastic changes taking place to the TNAsAs in the Asia-Pacific region strongly suggest the need for the development of new theoretical frameworks to understand the globalization of the advertising industry in that region, as well as in other parts of the world. These new frameworks should be, apparently, alternatives to the dominance–dependency paradigm.

Suggestions for Future Research

To develop new frameworks to assess the penetration and transformation of TNAsAs in the twenty-first century, more systematic empirical research is called for. So far, only sporadic studies of this kind have been devoted to a few markets in the Asia-Pacific region, such as Australia (Sinclair 1992), the Chinese mainland and Hong Kong (Cheung and Leung 2007; Cheung, Mirza, and Leung 2008), Korea (K. Kim and Cha 2009), and Taiwan (Hu 1998). Many important and emerging markets like India and Vietnam are almost untouched, at least in terms of TNAsAs’ entry, penetration, and transformation.

To gain a broad understanding of the globalization of advertising, cross-national and cross-regional comparative studies are also warranted. For example, while the share of Asia-Pacific’s advertising spending in the world increased from 17.5 percent in 1999 to 23.4 percent in 2009, the weights of advertising expenditures of Africa, Central and South America, and the Middle East rose from 0.6 percent, 2.4 percent, and 0.8 percent to 1.4 percent, 3.5 percent, and 2.7 percent, respectively, during the same ten years (Clift 2011). What are the similarities and differences between the TNAsAs’

penetration and transformation in the advertising markets in those regions and in the Asia-Pacific region? Although the scope and development of globalization and market potentials of those regions are still relatively small, compared with those of the Asia-Pacific region, answers to this question will throw much light on the understanding of advertising industry changes in a truly global sense.

The impact of the emergence of advertising holding companies as media content creators (such as in the case of Dentsu) (Dentsu 2011d) and related issues in media financing, as well as the dissemination of such media messages to various public spheres on the global level, also deserve scholarly attention. Similarly, does the emphasis on sports marketing promote this “genre” as a form of globalized culture, given the easily translatable, seemingly apolitical, and therefore “marketing-friendly” nature of such a culture? Considering the gigantic scope that those global advertising holding companies have on the global level, critical investigations in this regard are highly necessary.

To obtain a deep understanding of TNAAs’ possible impact, it is also imperative to have insights from both inside and outside the advertising industry. Inside the industry, research on the motives, strategies, and outcomes of the competition and collaboration between TNAAs and local advertising agencies needs to be examined. Outside the industry, policymakers’ perspectives on TNAAs’ entries, structures, and operations in various countries would be instrumental. Meanwhile, consumer responses to TNAAs-produced and local agency-created advertising messages will make any examination of TNAAs’ impact on a given culture and market more meaningful.

As far as TNAAs’ possible impact on emerging markets is concerned, advertising education needs to be taken into account. For instance, many international students have returned to their home countries to practice or teach advertising nowadays, after their studies of advertising at universities in North America, Western Europe, or Japan. How do their educational experiences affect advertising practice (in both TNAAs and local agencies) and advertising education in their home countries? In the meantime, the colleges and universities in those emerging markets have begun to feed the advertising industry there with a large pool of “home-grown” candidates today. How does this pool affect TNAAs’ employment and training strategies and patterns? Research on the dynamic relations and exchanges between locally trained and foreign-educated professionals will further enrich the understanding of globalization and its implications.

Finally, although studies on new advertising media, especially social media, are extremely popular today, almost no scholarly attention has been paid to the possible association of those communication tools and channels with the advertising industry’s globalization, especially TNAAs’ penetration, transformation, and operation in the world.

The dominance–dependency paradigm provided a necessary and meaningful intellectual framework to address the challenges and concerns about TNAAs in the 1970s and 1980s. Numerous questions were raised and various new notions (e.g., K. Kim and Cha 2009), represented by the “hybridity” thinking (e.g., Kraidy 2005) reviewed in this chapter, were proposed for the assessment of TNAAs’ impacts and influences in the 1990s and 2000s. Will the current hybridity of TNAAs and local advertising agencies represent a future of the advertising industry in emerging markets or merely serve as a transition in an ultimate move toward a TNAAs dominance? In our view, only large-scale, systematic longitudinal studies designed to monitor the patterns of the globalization of the advertising industry are able to answer this research question.

Note

- 1 “Asia is the largest continent in both size and population” in the world. “It covers about 30% of the world’s land area and has about 60% of its people. Asia extends from Africa and Europe in the west to the Pacific Ocean in the east. The northernmost part of the continent lies within the frozen Arctic. But in the south, Asia ends in the steaming tropics near the equator” (*World Book* 2012). In this chapter, “the Asia-Pacific region” is used when Australia is involved in a discussion.

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