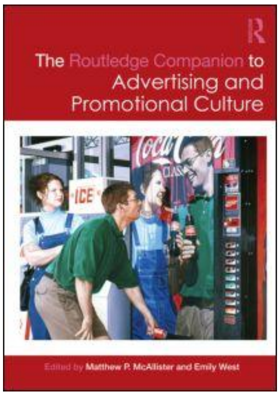

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Section III

GLOBALIZATION

9
THE ADVERTISING INDUSTRY IN LATIN AMERICA: A REGIONAL PORTRAIT

John Sinclair

Outside of North America and Europe, Latin America is the world region with the longest history and closest engagement with the globalization of the advertising industry. US-based advertising agencies were opening up offices in selected Latin American capitals as early as the 1920s, and Mexicans and Brazilians had their own thriving agencies before World War II. The establishment and growth of radio on a commercial basis in the major countries of the region were decisive in laying the basis for the subsequent commercialization of television, not only as the premium advertising medium, but also as a political and cultural institution which remains uniquely Latin. This chapter will demonstrate that, in the present era, the advertising industry in Latin America largely has been incorporated into the same global holding companies as dominate the industry elsewhere in the world, but this has not been without independent traditions of creative work having established themselves and winning international peer recognition.

From the 1970s until the 1990s, the manifest presence and apparent influence in the developing world of television entertainment, news services, films, and advertising from the West, mainly the United States, was conceived of as "cultural imperialism." This view arose as a critical response to the complacent assumptions of the "modernization" paradigm of the 1960s, which believed that development would flow from adopting capitalist institutions. For Western critics such as Herbert Schiller (1969), capitalism was the problem, not the solution. In his view, US communication corporations were acting in concert with the US government and US consumer goods corporations in the imposition of "consumerism" as an alien way of life upon defenseless local national cultures. The advertising industry was seen to be deeply implicated in this process. Similarly, Latin American theorists, disillusioned with the failures of modernization, argued that their economies were tied into a "dependency" relationship with the United States, and that this was reinforced in cultural terms by the media and advertising (Salinas and Paldán 1979).

In accordance with more contemporary theory and research on globalization, this chapter sets out the current state of play within the assemblage of advertiser, agency, and media interests—referred to here as the manufacturing–marketing–media complex—in Brazil, Mexico, and Argentina. It seeks to establish how far the advertising industry itself has been globalized in each of these countries; it examines who the main advertisers are which the agencies are serving, having special regard to their national or global origin and their field of business; and it notes the impact of the distribution of advertising expenditure on the provision of media, paying particular attention to the degree to which television has been able to defend its pre-eminence against the challenge of the Internet. In these ways, the chapter provides a comparative snapshot of the modes in which the advertising industry, especially through the media, binds the leading nations of Latin America into both economic and cultural globalization, rather than "cultural imperialism."

The major national markets of the region are Brazil, Mexico, Argentina, Colombia, Venezuela, and Chile, in that order, although 80 percent of the total advertising expenditure of the whole region is in the first three of these (AAAP 2009b). As presented in Table 9.1, the most recent comparative data available in the public domain for all these markets are for the year 2006, and are derived from the advertising trade associations of Argentina and Chile, along with contemporary population data from the United Nations Statistics Division. It should be acknowledged that, as a world region, Latin America attracts a comparatively small share of global advertising expenditure. In 2010, this was 6.5 percent, ahead of the Middle East and Africa at 5.0 percent, but well behind the Asia-Pacific's 23.6 percent. Nevertheless, Latin America has shown strong growth in relative terms, and it was the only region not to have experienced a downturn in the global financial crisis (GFC). In the period of recovery that has followed, Latin American advertising is expected to continue to grow at a rate more than twice that of any other region (Johnson 2010).

Before and After Madison Avenue

In the era of globalization, the advertising industry is a unique area where we can observe the complex dynamics of the dialectic between the local and the global. The advertising industry is understood here as an intricate and variable assemblage of institutional relations between advertisers and the media, in which advertising agencies act

Table 9.1 Major advertising markets of Latin America, by estimates of key indicators, 2006

Country	*Population*[a]	*GDP*[b]	*Total ad spend*[c]	*Spend per capita*[d]
Brazil	186.8	784.5	7,244,276	38.8
Mexico	104.9	811.0	3,933,600	37.5
Argentina	39.1	187.0	1,748,870	44.7
Colombia	46.8	108.5	1,498,577	32.0
Venezuela	27.1	134.6	898,638	33.1
Chile	16.4	107.7	890,271	54.2

Source: ACHAP (2007b, 2007c); United Nations Statistics Division (2008).
a In millions.
b In $US billions.
c In $US thousands.
d In $US.

as key intermediaries. This set of relations can be thought of as forming a "manufacturing–marketing–media complex" (Sinclair 1987). Although the traditional critique of the advertising industry has tended to focus on the global manufacturers of branded products, from automobiles to everyday FMCG (fast-moving consumer goods), not all advertisers are "manufacturers." Large global and also "local" (national or regional) advertisers also come from key service sectors such as retail, telecommunications, and banking. The term "marketing" is a reminder that advertising is just one aspect of what the industry now calls "integrated marketing communications," which includes communication both "above the line" (media advertising) and "below the line" (broadly, all kinds of sales promotion). In terms of globalization, advertising is instrumental as a service industry facilitating world trade and underwriting media development. The advertising agency business is a force for globalization in national media and consumer markets and, in turn, is itself highly globalized in its organization.

Ahead of any other developing region, Latin America came to experience the impact of the manufacturing–marketing–media complex in the period between the world wars of the last century. The oldest international advertising agency, J. Walter Thompson, had opened up offices in Argentina, Brazil, and Uruguay by the end of the 1920s, all at the instigation of a major client in the United States, General Motors, which was expanding into key foreign markets at that time. These offices were "administered like a colonial empire" from headquarters in New York (Woodard 2002: 265). In a similar arrangement, the N. W. Ayer agency arrived in 1931 to service the needs of Ford's venture in the region, while McCann Erickson opened up Latin American offices from 1935 (Woodard 2002: 281–282). This was at the behest of its US client Standard Oil, and it also entered into what would become a long association with Coca-Cola. Other US-based corporations that became clients for advertising services in new regional markets around this time include Gillette, Kraft, Kellogg's, and Procter & Gamble. Appropriately, this period has been referred to by Armand Mattelart as the "imperial" phase of advertising's internationalization. However, with the intensification of US "multinational" or "transnational" corporate expansion that followed World War II, many governments put restrictions on foreign investment, so US advertising agencies seeking access to foreign markets in the 1960s and 1970s tended to adopt a "nationalization" strategy. This involved entering into some kind of partnership arrangement with a local agency, which also gave them the benefit of access to local knowledge of those markets (Mattelart 1991: 252–259).

The current era of "globalization" can really be said to have begun in the 1980s, from which time UK-, French-, and Japanese-based agencies have arisen to challenge Madison Avenue's former domination of the industry at a global level. The British agency Saatchi & Saatchi set the scope and direction. The global era, as they foresaw it, held a future in which there would be fewer and fewer clients, and these would be served by fewer and fewer agencies. They encouraged global advertisers to embrace the economic advantages of standardized campaigns, and to engage a global agency network which could implement them. Yet this situation raised the specter of "client conflicts": advertisers will not tolerate a situation in which their advertising agency also is serving a competitor. Saatchi & Saatchi's solution to this problem was to create quite separate agencies under the one corporate group structure, in which the different agencies in the group could take on competing brands, and operate entirely independently of each other (Mattelart 1979: 8–9).

However, to raise the large amounts of capital necessary to acquire the additional agencies and so to build these group structures, Saatchi & Saatchi had to float their company on the stock market, a notable break with the industry's tradition of limited private ownership by principals and/or staff (Goldman 1997). This was the beginning of "globalization" in two distinct senses: firstly, the advertising industry was following the industrial corporations and the media industries into global "financialization" strategies (Almiron 2010); secondly, the national origin or location of the "head office" of the new international agency networks became less relevant than how they were coordinated at the completely new and truly global level of ownership and management which the group structure made possible. Furthermore, all this was sustained by stock market capital from heterogeneous national origins.

In 1987, it was another British firm, Wire and Plastic Products (WPP), that stunned the world advertising industry with their precocious takeover of the original US-based international agency, J. Walter Thompson. Within a year, WPP also took over David Ogilvy's venerable agency, Ogilvy & Mather. They were followed soon after by two French agencies, Publicis and Eurocom-Havas, which also launched themselves as global groups, one by taking over a US agency and the other a UK one. In the United States itself, Interpublic already had created itself as a global group in 1978, based on the McCann Erickson agency network, while in 1986 the Omnicom group had been formed, based on the US and international operations of BBDO Worldwide and DDB Needham. This Euro-American club was joined by Dentsu of Japan in 1987. Dentsu, which had been the largest single agency in the world throughout the 1970s, maintains global arrangements with WPP and Publicis. Thus, while the first phase of contact by foreign-based agencies in Latin America may have been one of "Americanization," morphing to an era of "nationalization," national origin has become less of an issue in the global era, marked as it is by the "interpenetration of firms and markets" (Mattelart 1991: 36).

In concrete terms, globalization thus refers to the formation of the global groups and their capitalization on stock markets internationally. It must be stressed that these "megagroups" are not global advertising agency networks in themselves. They are corporations or holding companies which are *composed* of global advertising agency networks. They can be thought of as networks of networks, at a higher tier of financing and management. Another significant structural development which has occurred with the coming of the global groups is that they have incorporated major international companies in related "disciplines," notably public relations, as well as more specialized marketing fields, and most recently "digital" agencies for online advertising.

Thus, in effect, advertising agencies have become integrated within the full spectrum of marketing service companies. Yet there is one more feature of the contemporary global marketing communications industry's architecture which should be noted here, and that is the differentiation of functions within the practice of advertising itself. Since the 1980s, there have emerged media-buying agencies, also called, rather confusingly, "media" agencies. These agencies specialize in the original core business of advertising, namely the brokerage of space and time, effectively operating as wholesalers of pages in print media, spots in broadcast media, and increasingly Internet advertising inventory. The other traditional advertising function, of preparing advertising content, that is, advertisements, is carried out by "creative" agencies. The global advertising groups characteristically include both media and creative agencies under their corporate umbrellas, along with some remaining "full-service" agencies which still combine both functions. All of these structural features are manifested as much in the major national markets of Latin America as they are elsewhere in the world. Table 9.2 lists the global groups in

Table 9.2 The two-tiered structure of leading global groups and their major advertising agency networks

Group	*Networks, including creative and media buying*
WPP (UK)	JWT, Ogilvy & Mather, Young & Rubicam, Grey, *Group M*
Omnicom (US)	BBDO, DDB, TBWA, *OMD*
Publicis (France)	Saatchi & Saatchi, Leo Burnett, *Starcom*, *ZenithOptimedia*
Interpublic (US)	McCann Erickson, DraftFCB, Lowe, *Universal McCann*
Dentsu (Japan)	Dentsu, Dentsu Young & Rubicam (plus 15 percent Publicis)
Aegis (UK)	*Media agencies only: Carat*, *Aegis Media*, *Isobar*, *Synovate*
Havas (France)	Euro RSCG, Arnold, *Havas Media*, *MPG*

Source: "Agency Family Trees 2010" (2010).

Note: Media-buying agencies are shown in italics.

order of size, and sets out the main international agency networks belonging to each, including their media-buying networks, which are shown in italics.

A Note on Sources

It needs to be appreciated that statistical information is collected in different ways and by different authorities from one country to another, so does not lend itself to comparative analysis as a researcher might want. There are also limitations with the more general trade journal and industry sources. While international trade publications like *Advertising Age* and even some media-buying agencies are well placed to provide the most recent and authoritative information, only some of it is available freely in the public domain. Much key industry data, for example, on the relative size of world advertising markets, is now collected and owned by private companies whose business it is to trade in such information, so it is only available on a subscription or pay-per-view basis, with some subscriptions at totally prohibitive costs. This clearly is a barrier to gathering comparable data. Another notable problem is that, since the passing of the Sarbanes–Oxley Act in the United States in 2002, advertising agencies worldwide no longer state their "billings," which until then served as a useful if imperfect measure of their income (Sinclair 2005), and so enabled ranking tables to be constructed. In this chapter, comparable estimates of advertising expenditure in the main countries of the region have been obtained mainly from industry sources accessible via the Asociación Argentina de Agencias de Publicidad (AAAP) and Asociación Chilena de Agencias de Publicidad (ACHAP), while the common source for identifying the major advertising clients in each country has been the most recent available annual survey of global marketers published in *Advertising Age*.

A final point on the ranking of agencies is that there are rankings available based on their creative, as distinct from their economic, performance, as measured by awards. *Adlatina*, the excellent online newsletter covering the advertising industry in all of the Latin American and Iberian countries, publishes such a list each year. In 2010, of the top 30 award-winning creative agencies, eight were Argentine, six were Brazilian, and two were Mexican ("AlmapBBDO Brasil lidera" 2010).

Brazil

As noted, the foundations of advertising in Brazil were laid by US-based agencies early in the imperial phase, and the first Brazilian agencies emerged very much under their tutelage (Woodard 2002). However, it was the post-World War II era when Brazilian advertising assumed its own character and first established the international reputation for creativity which it enjoys today (O'Barr 2008). This occurred in association with the emergence of TV Globo as the pre-eminent national television network (Sinclair 1999). It should be appreciated that Brazil is not only the largest national advertising market in the region, but also one of the world's largest, and the global groups have a strong presence. As Table 9.3 shows, each of the four biggest global groups has at least one agency amongst the top-ranked ten, either wholly owned or in Brazilian partnership (indicated in the table by "Brazil"). Not one of these agencies is 100 percent Brazilian. The groups are predominantly US-based (namely Omnicom and Interpublic), but the British WPP is well represented, and BBH, which is British-based, but 49 percent owned by Publicis, is also present.

The mix of agencies on the list in Table 9.3 illustrates the distinct phases of the internationalization of the industry in Latin America: J. Walter Thompson (now JWT) and McCann Erickson from the "imperial" phase, as noted; AlmapBBDO and Giovanni FCB representing the era of the 1970s and 1980s when investment controls and the strength of national agencies favored partnership arrangements; and the global group ties of Neogama and Lew Lara clearly signifying the present era of globalization. It is worth noting that some of the most acknowledged Brazilian creative agencies of recent decades—Almap, DM9, and Africa—have been incorporated into the one global group, Omnicom. In the recovery period following the GFC, Brazil is experiencing something of a boom, given its high growth rate and the expansion of what the business press rather misleadingly calls a "middle class." Accordingly, foreign advertising agencies are continuing to arrive, mostly looking for Brazilian partners (Wentz 2010).

In light of the worldwide trend previously noted, that of unbundling formerly full-service agencies into creative and media-buying specialisms, the Brazilian case is interesting. Unbundling has been prevented from happening in Brazil by national

Table 9.3 The biggest ten advertising agencies in Brazil, as ranked by 2008 billings

Agency	*Billings*[a]	*Global affiliation*
Y&R Brasil	R$2.9 bn	WPP
Grupo JWT	R$1.1 bn	WPP
AlmapBBDO	R$1.1 bn	Omnicom/Brazil
DM9DDB	R$814 m	Omnicom/Brazil
McCann Erickson	R$813 m	Interpublic
Africa	R$727.m	Omnicom/Brazil
Ogilvy e Mather	R$715 m	WPP
Grupo Giovanni FCB	R$679 m	Interpublic/Brazil
Neogama BBH	R$655 m	Publicis/Brazil
Lew Lara TBWA	R$601 m	Omnicom

Source: "Brazil's Leading Agencies in 2008" (2010).

a Billings expressed in Brazilian reais, where 0.56 real = $US1.

regulations designed to protect the television industry from global groups gaining a monopoly over media buying. The principal beneficiary of this is TV Globo (Ferreira Simões, Demartini Gomes, and Fernando Jambeiro 2007), although it is also argued that revenue from media buying enables full-service agencies to pay high salaries to their creative staff (Wentz 2010). Advertising creatives enjoy high status in Brazil. Two of the most celebrated individuals of the past mentioned in the literature are Washington Olivetto and Marcello Serpa (O'Barr 2008; Tungate 2007).

Drawing on data from Ibope, Brazil's—and the region's—premium market and media research organization, and Projeto Meios, another benchmark source for advertising and media data in Brazil, Brazilian researchers calculate that the top ten agencies bill around half the total media expenditure in the country (Ferreira Simões, Demartini Gomes, and Fernando Jambeiro 2007).

In terms of how this expenditure is distributed across the various media, data cited by Brazil's Internet Advertising Bureau (2010) puts traditional broadcast or "free-to-air" television at over 63 percent. The major beneficiary of this large proportion of ad revenue going to television is TV Globo, the largest network not just in Brazil but in all Latin America. Estimates of Globo's share range from 60 to 75 percent; based on its 60 percent share of the Brazilian television audience, a plausible figure in this range would be 70 percent of ad revenue (Carugati 2007). On the other hand, Internet advertising has not taken off in Brazil as it has in other large world markets, measuring only 4.2 percent in 2010 (Internet Advertising Bureau, Brazil 2010).

In turning to consider the advertisers, Table 9.4 shows Brazil's ten largest advertisers ranked by their 2009 expenditure, according to data from Ibope as published in *Advertising Age*. (As noted, this same data source is used for details on the largest advertisers in all three countries examined in this chapter, providing a common basis for comparison.) There are five Brazilian and five foreign-owned advertisers, of which four are based in Europe and one in Asia. The Brazilian advertisers are Casas Bahía, a chain of furniture

Table 9.4 The ten largest advertisers in Brazil, ranked by expenditure, 2009

Advertiser	*Field*	*Ownership*	*Expenditure*[a]
Casas Bahía	Retail	Brazilian	566.8
Unilever	FMCG[b]	Anglo-Dutch	363.8
Ambev	Beverages	Belgian	167.5
Caixa	State bank	Brazilian	157.4
Hyundai	Auto	Korean	141.8
Bradesco	Private bank	Brazilian	138.3
Fiat	Auto	Italian	135.1
Hypermarcas	FMCG	Brazilian	129.3
Telecom Italia	Telecoms	Italian	107.8
Petrobras	Petroleum	Brazilian	104.7

Source: Ibope data reported in "Global Marketers 2010" (2010). Ranking and figures reprinted with permission from *Advertising Age*, "Global Marketers 2010" (2010). Copyrighted 2011 Crain Communications. 75587-nlpf.

Notes:
a Expenditures in $US millions.
b Fast-moving consumer goods.

and electrical goods stores; Caixa Econômico Federal, the national savings bank; Bradesco, a major private bank; Hypermarcas, a manufacturer of a wide range of FMCG; and, rounding out the ten, the largest company in Latin America, Petrobras, a predominantly public-owned petroleum corporation. Of the foreign-based advertisers, Unilever has been either the second or, more often, the largest advertiser in Brazil at least since 1996. Fiat has been in the top ten since 2001 ("Global Marketers Index" 2009). Historically, Ford and General Motors have also usually featured in the top ten. Ambev was not formed until 1999, out of a merger of the Brazilian beer brands Antarctica and Brahma, and subsequently created as the region's division of Inbev, one of the world's biggest brewers. Hyundai and Telecom Italia are newcomers: Telecom Italia trades as TIM, a major mobile telephone provider in Brazil, which is a rapidly expanding and competitive market.

To summarize, Brazil's profile as a major advertising market is quite diverse and sophisticated by regional standards, in that Brazilian companies continue to own a stake in the advertising agency business, albeit with global partners, and the major Brazilian-owned retail and banking interests are well represented amongst the leading advertisers. However, the high proportion of advertising revenue going to TV Globo suggests that much of the alleged benefits of globalization and the Brazilian boom are being siphoned off by this company, which has kept both its competitors and the state at bay, and embedded itself deeply within the still-dominant mass commercial broadcasting model of social communication.

Mexico

There is a saying, attributed to the pre-revolutionary Mexican dictator Porfirio Díaz: "Poor Mexico—so far from God and so close to the United States." Given its proximity to the United States, it should not surprise that Mexico established its broadcasting system on the American model in the early days of radio, and was attracting foreign advertisers long before World War II (Sinclair 1999). However, when US agencies such as J. Walter Thompson and McCann Erickson arrived in the 1940s, Mexico, unlike Brazil, already had its own advertising agencies and industry association. The US agencies had entered at the instigation of Nelson Rockefeller's Office of Inter-American Affairs, concerned to counter Nazi influence in Mexico, but the self-styled "prophets of capitalism" soon found their "commercial diplomat" role only provoked resistance (Moreno 2004). The Mexican agencies predominated in their own market throughout the 1950s, but the 1960s and 1970s saw the formation of joint ventures, partnerships, and other affiliations with US agencies, so that by 1985 there were only three Mexican agencies in the top 20 without an affiliation of some kind (Sinclair 1987).

In the last decade, direct global ownership has come to predominate. Table 9.5 presents the ranking for 2006 of advertising agencies in Mexico, according to various indicators, as calculated by the trade journal *Merca 2.0* (Luna 2007). Only two of these largest agencies have any ownership participation by Mexicans, Téran having merged with TBWA in 1995, and Vale with Euro RSCG in 2003. The table also lists some of the major clients of each agency. Although the Mexican agencies tend to have rather more Mexican clients than some of the US-based ones, notably JWT and McCann, most agencies on the list have both global and national clients on their books (García Calderón 2007).

Subsequent lists have not been publicly available, but reportedly there has been little change to the agencies listed, in spite of the GFC (Cervera 2009; Luna 2008).

On the issue of the global tendency to divide media-buying from creative functions, it is worth noting that recent years have seen the appearance of media-buying agencies

Table 9.5 The biggest ten advertising agencies in Mexico, by rank, 2006

Agency	*Global group*	*Accounts held*
Grupo Ogilvy	WPP	Coca-Cola, IBM, Televisa
JWT México	WPP	Unilever, Ford, Casa Cuervo
McCann Worldgroup	Interpublic	Nestlé, Microsoft, Bimbo
Grupo Vale Euro RSCG	Mexico/Havas	L'Oreal, Telmex, AeroMéxico
BBDO México	Omnicom	Pepsico, Mitsubishi, Cemex
Draftfcb	Interpublic	Kraft, Levi's, Mexicana
Terán/TBWA	Mexico/Omnicom	Adidas, Nacional Financiera
Publicis México	Publicis	Sony, BMW, Banamex
Young & Rubicam	WPP	Colgate, Wyeth, Telefónica
Grey México	WPP	Procter & Gamble, Pfizer, ING

Source: Luna (2007).

Note: Includes indicative selection of accounts held, both foreign and national.

on the Mexican scene, and all the members of the media agency industry association in Mexico are the media-buying divisions of the global groups which are listed in italics in Table 9.2 (AAM 2010).

The most striking feature of Mexico's biggest advertisers table, Table 9.6, is that the very largest advertiser is also the media corporation which derives the most advertising revenue. Grupo Televisa dominates its domestic market, and is one of the biggest media conglomerates not only in the region but in the entire Spanish-speaking world. It owns companies in most major areas of media, but, as with TV Globo in Brazil, its greatest strength is in television, where it completely overshadows its only national competitor, the third-largest advertiser shown in Table 9.6, Televisión Azteca. Azteca was launched to challenge Televisa in the early 1990s, and the subsequent competition in this

Table 9.6 The ten largest advertisers in Mexico, ranked by expenditure, 2009

Advertiser	*Field*	*Ownership*	*Expenditure*[a]
Grupo Televisa	Media	Mexican	455.6
Genomma Labs	Pharmaceutical	Mexican	253.7
Televisión Azteca	Media	Mexican	161.3
Presidential Office	Government	Mexican	139.8
Procter & Gamble	FMCG	US	124.4
Bimbo	FMCG	Mexican	66.9
Unilever	FMCG	Anglo-Dutch	64.5
América Movil	Telecoms	Mexican	62.9
Nestlé	FMCG	Swiss	56.6
Colgate-Palmolive	FMCG	US	54.9

Source: Ibope data reported in "Global Marketers 2010" (2010). Ranking and figures reprinted with permission from *Advertising Age*, "Global Marketers 2010" (2010). Copyrighted 2011 Crain Communications. 75587-nlpf.

Note:
a Expenditures in $US millions.

television duopoly for audiences, and hence advertisers, has served to drive up and sustain their own advertising expenditure (Gonzalez Amador 2006).

The Mexican federal government appears regularly on such lists. Other than the television networks, there are three Mexican corporate advertisers in Table 9.6: Genomma Labs manufactures a wide range of pharmaceutical brands; Bimbo is a Mexican-based international company and a perennial major advertiser of its packaged bread and other baked goods; and América Movil is the holding company of Mexican telecommunications mogul Carlos Slim, and market leader in telecommunications.

Although the four US- and European-based advertisers in Table 9.6 are outnumbered by the Mexican ones, they are all involved in marketing on a major scale worldwide, and over decades: Procter & Gamble has headed *Advertising Age*'s annual list of the largest 100 global marketers since 2000. In 2010, Unilever was next, with Nestlé fifth, and Colgate-Palmolive, a company which has been in Mexico since the 1930s, at 38th. All of them market a host of brands contracted out in complex arrangements with various global agencies in different countries ("Global Marketers 2010" 2010).

It is difficult to obtain publicly available, up-to-date data on the distribution of advertising expenditure across the media, even from industry association websites, but a mid-2000s figure from Ibope in Mexico puts free-to-air television's share at 60 percent (Mejía Guerrero 2006). This proportion is comparable to the more current figure cited above for Brazil, and, as in Brazil, one dominant network scoops up most of it. In that same year of 2006, Mexico's competition watchdog (the Comisión Federal de Competencia) found that Televisa took 71.2 percent of television advertising revenue, while Azteca got 28.2 percent. Looking beyond television alone, a previous year's estimate concluded that Grupo Televisa as a whole was obtaining over 40 percent of total advertising expenditure on all media (Gonzalez Amador 2006). Moderate growth in pay-TV and rapid Internet growth notwithstanding, television viewing in Mexico continues to increase, with *telenovelas* remaining by far the most popular genre, so there is no reason to expect any sudden change in the present media ecology ("Ibope: Telenovelas, the Most Watched in Mexico" 2010). Internet advertising stood at only 5 percent of advertising expenditure in 2009 (Internet Advertising Bureau, Mexico 2009).

To summarize, Latin America's second-largest advertising and media market is characterized by very little remaining Mexican ownership amongst the largest advertising agencies, but with a strong presence of Mexican companies amongst the largest advertisers. Of these, it is striking that the nation's dominant media conglomerate and its competitor are respectively the largest two top advertisers. Once again, as in Brazil, it is the nationally based media corporations that own the dominant networks which are the principal beneficiaries of the globalization of advertising.

Argentina

The origins of the advertising industry in Argentina are similar to those in neighboring Brazil. Argentina attracted US-based advertising agencies quite early in the imperial era, when Argentina was a prosperous trading nation. J. Walter Thompson arrived at General Motors' request in 1929, N. W. Ayer came to serve Ford in 1931, and McCann Erickson entered for Standard Oil in the mid-1930s (MacLachlan 2006). All of the international full-service or creative agency networks linked to the global groups which are listed in Table 9.2 are active in Argentina. There appears to be no official ranking of agencies since 2001, but collaborators in Argentina have provided the list given in Table 9.7.

Table 9.7 The biggest ten advertising agencies in Argentina, by estimated rank, 2008

Agency	*Global group*	*Association*
Ogilvy & Mather	WPP	Fully global
Young & Rubicam	WPP	Fully global
JWT	WPP	Fully global
McCann Erickson	Interpublic	Fully global
BBDO	Omnicom	Fully global
Euro RSCG Worldwide	Havas	Fully global
CraveroLanis		Argentine
Draftfcb	Interpublic	Fully global
Publicis Graffiti	Publicis	Global/Argentine
Grey Worldwide	WPP	Fully global

Source: Aguerre (2008).

In a pattern already familiar from what has been seen in Brazil and Mexico, agency networks linked to global groups dominate, mostly in this case wholly subsidiary offices, with WPP having a particularly strong presence. However, there is one Argentine agency, CraveroLanis, which is a very successful creative agency fully owned by its Argentine principals, while Publicis Graffiti has minority Argentine ownership. Grey Worldwide's Buenos Aires office is its headquarters for its operations in the region. As in Mexico, but unlike Brazil, the advertising industry in Argentina has been shaken up by the activities of media-buying agencies. Media agencies, which operate as wholesalers of media time and space, are more profitable than the creative or full-service agencies. This makes Argentine full-service agencies less competitive, because the global groups have put themselves at an advantage given that they are structured to *separately* incorporate both creative and media-buying agencies. These groups also benefit from global alignment arrangements with clients, as explained below.

Unlike the corresponding lists for Brazil and Mexico where there is something of a balance between national and global advertisers, this list is obviously dominated by global firms based in Europe and the United States, with the unusual inclusion of a neighboring regional company (see Table 9.8). The sole Argentine company is a major publicly traded telecommunications corporation. As with Mexico, global FMCG manufacturers figure largely in Argentina. It was previously mentioned that Unilever and Procter & Gamble are the world's two biggest global advertisers of a wide range of FMCG brands. They are joined here by Danone Groupe, the Paris-based packaged foods company, which has made something of a regional base for itself in Argentina, PepsiCo, and Kraft Foods, the latter two both huge US-based manufacturers of packaged food and drinks. The regional inclusion is Cencosud, a Chilean retailing corporation which runs three major supermarket chains in Argentina. Telefónica is Spain's major telecommunications company, which is very active in the buoyant telecommunications market of the region. Two European pharmaceutical companies round out the top ten, Bayer from Germany and GlaxoSmithKline from the United Kingdom.

Argentina has a quite distinct profile when it comes to the distribution of advertising expenditure across the media, in that the proportion of advertising expenditure going to print in Argentina is the highest of the three countries examined here, and in

Table 9.8 The ten largest advertisers in Argentina, ranked by expenditure, 2009

Advertiser	*Field*	*Ownership*	*Expenditure*[a]
Unilever	FMCG	Anglo-Dutch	75.3
Procter & Gamble	FMCG	US	48.8
Danone Groupe	FMCG	French	43.5
PepsiCo	FMCG	US	27.7
Telecom Argentina	Telecoms	Argentine	24.5
Kraft Foods	FMCG	US	23.9
Cencosud	Retail	Chilean	23.0
Telefónica	Telecoms	Spanish	21.3
Bayer	Pharmaceutical	German	20.6
Glaxo SmithKline	Pharmaceutical	UK	20.4

Source: Ibope data reported in "Global Marketers 2010" (2010). Ranking and figures reprinted with permission from *Advertising Age*, "Global Marketers 2010" (2010). Copyrighted 2011 Crain Communications. 75587-nlpf.

Note:
a Expenditures in $US millions.

fact in the region as a whole. Correspondingly, expenditure on television is the lowest. Nevertheless, print's lead is narrow: in 2009, free-to-air television took 33 percent of ad revenue, while print had 35 percent. The Internet, incidentally, attracted less than 3 percent (AAAP 2009a).

Summary and Analysis

It is clear that Saatchi & Saatchi's self-fulfilling prophecy of a global advertising industry in which fewer agencies serve fewer clients is manifested in the major markets of Latin America. On the agency side, the tables for each national market show massive dominance by agencies linked to the global groups. Only Argentina has a fully nationally owned agency in the top ten. Part of the explanation for this situation is the global advertisers' preference for "global alignment": that is, they like to have the same agency network handling the same brand in every country where they market it. This gives the globally linked agencies a competitive advantage over national agencies in gaining and maintaining the large, big-spending global clients. Thus global alliances become attractive to the national agencies, because, unless they have a global partner, they have no access to the largest accounts, the decisions on which are made outside the country. In these circumstances, the successful local–global ventures tend to rise to the top of the agency lists.

Looking at the advertisers' side, it must be acknowledged that, although taking the top ten advertising clients in each country has provided a concise and convenient comparative measure in this study, it is only a very partial one. Any top ten list must exclude the many more large advertisers, both global and national, in each country, not to mention a host of relatively small ones. Nevertheless, it is significant that the top ten lists given here do not bear out the kind of domination by US-based advertisers that could be found in past decades, and which attracted the condemnation of the critics of "cultural imperialism" in those days (Sinclair 1987). In Mexico there is actually a majority of national advertisers in the top ten, and only two from the United States; in Brazil, half of the top ten advertisers are foreign, but they are truly global rather than US corporations; and, in Argentina, the list comprises almost all foreign-based advertisers, just a third of which are from the United States. These tallies are indicative of the globalization, as distinct from the "Americanization," of Latin American economies.

In terms of the advertisers' fields of business, categories which tend to feature in the advertising markets of more developed world regions, notably automotive, telecommunications, retail, and media, are all in evidence. It can even be said that Brazil in particular has the profile of a more mature consumer market than the countries outside the region with which it is now often bracketed under the acronym BRIC: Brazil, Russia, India, and China, which are all FMCG-dominated ("Battle for Market Share" 2008; Sinclair 2007). To the extent that dominance by FMCG corporate advertisers can be taken as any kind of measure of a developing country's economy, Mexico and Argentina more closely fit that profile.

The global FMCG conglomerates' influence should not be underestimated, even where their incidence is offset by national corporations, and other fields of business both local and global. Half the advertisers in the Mexican and the Argentine lists are in FMCG, a rubric which covers a great variety of product types and hundreds of brands: personal care products, household goods and cleaners, packaged food and drinks, and so on. They are the kind of goods which can be heavily advertised and distributed widely, not just to the much-vaunted emergent "middle class" of such countries, but to mass markets, even where there is little purchasing power. FMCG corporations have developed a range of strategies for marketing cheaper and more accessible versions of their brands in developing markets. Because they are seeking mass markets, FMCG companies historically have had a marked preference for television as their main advertising medium. This is still the case even in the most developed countries, and becomes even more so in countries with relatively low levels of literacy, as is characteristic of most of Latin America.

The preference of the large advertisers for television is particularly significant when it comes to assessing the influence of advertising on media development and popular consumer culture in Latin America. Although the corporate advertisers and their agencies may for the most part be global, television remains firmly in the hands of Latin American corporate oligarchies, and benefits both groups of interests by being run as a "consumer delivery enterprise" (Bunce 1976: 106). The commercialization of popular culture in the media is deeply entrenched and longstanding: the *telenovelas* which form the backbone of television programming in Latin America today have descended from the *radionovelas* which were expressly developed as cultural vehicles for advertising in the region by FMCG sponsors such as Procter & Gamble in the decades between the world wars (Luis López 1998). Furthermore, unlike the rest of the developing world, most Latin American countries had opted for a commercial, advertising-supported model of broadcasting during that era. Given this long history, it is not surprising that entrepreneurial media dynasties have arisen in the major Latin American countries, based on their market dominance of television in particular—the cases of Globo in Brazil and Televisa in Mexico have been already noted, and are well documented in the critical literature (Sinclair 1999).

Television seems to be in a strong position to withstand competition from the Internet as a new advertising medium. It was noted that free-to-air television attracts at least 60 percent of advertising expenditure in Brazil and Mexico, and 33 percent in

Argentina. The average for the region is 52.7 percent (ACHAP 2007a). In the absence of comparative figures for the ratio of free-to-air to pay-TV, suffice it to say that access to television in Latin America corresponds to the sharp social stratification which still typifies the region: that is, free-to-air continues to be a truly mass medium, while pay-TV is an elite one. In Mexico, pay-TV is in a third of TV homes, while it is in little over a quarter of those in Brazil ("Web Reach Rises in Latin America" 2010). Although Internet penetration is highly variable—from 64.4 percent in Argentina, to 37.8 percent in Brazil, and 27.2 percent in Mexico—we have seen in the data presented above that the share of advertising expenditure going to the Internet is small, around 3, 4, and 5 percent respectively, reflecting the limited degree of broadband access ("Internet Usage Statistics for the Americas" 2010).

The contemporary enthusiasm of neoliberal modernity for the emergent "middle class" as an agent of salvation from underdevelopment in Latin American countries is blind to the huge gap which still prevails between the elite minority's access to consumer goods, and that of the vast mass of the people. On the contrary, the Latin American "dependency" theory of the 1970s still rings true. In that regard, Raquel Salinas and Leena Paldán's concept of "the internationalization of the internal market" provides quite specific insight about advertising's key role in creating markets on a national basis, and opening them up to the global marketers, yet at the same time enabling national companies in fields such as retailing to benefit as they become drawn into the process. Furthermore, as reference here to the cases of Globo and Televisa attests, "The sector of the national bourgeoisie that owns the media is closely tied to the industrial bourgeoisie and constitutes a central link to metropolitan interests" (Salinas and Paldán 1979: 90).

In brief, the form assumed by the manufacturing–marketing–media complex in the region is one of well-entrenched nationally owned media oligopolies continuing to thrive on advertising revenue from the large global (though also major national and regional) corporations that are being given access to mass audiences through free-to-air television, which is not only the most widely distributed but also the most culturally embedded of the media. As to the advertising industry itself, the global groups have consolidated their presence through their affiliations with global clients outside of the national markets, and access to local cultural knowledge and creative talent via partnerships within them. Where permitted, they also press the advantage of their market power in media buying.

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