

Chapter I

Introduction



Problem Recognition and Rationale for the Study

Everywhere you go, whatever you do, advertising is all around you. You definitely cannot escape from it. Advertising is a very powerful device that can be used in various situations in all areas such as social, cultural, economic, and political related issues. As a result, recently advertising steadily becomes significant part of individual's daily life. Nowadays, greater numbers of advertiser increasingly consider advertising as one essential part of the integrated marketing communications.

Advertising is the non-personal communication of information, usually paid for and usually persuasive in nature, about products (goods and service) or ideas by identified sponsor through various media in an effort to influence behavior. Great majorities of advertising are designed to evoke emotions because most consumers' purchases are based on emotional wants and needs rather than on conscious thought. Advertising reaches people through a channel of communication referred to as a medium. The traditional mass media are radio, television, magazine, newspaper, and billboard while other supportive media are direct mail, brochures, shopping carts, and POP¹. Product owners with an attempt to increase brand awareness, stimulate brand recall, induce trial, and generate sales eventually use advertising.

The advertising industry in Thailand has been very competitive. Numerous advertisers heavily advertise their products for greater market share. According to the 1993-1997 Thailand Media Expenditure recorded by Khoo Kaeng Databank, within five years 198,627,000 baht were exclusively spent on advertising. Television medium had topped the record as the highest spending medium².

¹ Arens William F, Contemporary Advertising (USA:Irwin Group, 1996), p. 6.

² Khoo Kaeng, Khoo Kaeng Databank (Bangkok: Khoo Kaeng, 1998), p.15.

	1993	1994	1995	1996	1997
TV	13,083	16,608	18,664	22,962	24,603
Newspaper	7,547	10,818	11,771	11,433	9,358
Magazine	2,417	3,162	3,566	3,876	3,030
Cinema	16	21	23	24	176
Outdoor	1,282	1,631	3,540	3,698	4,418
Radio	3,100	3,900	4,700	5,100	4,100
Total	27,445	36,140	42,264	47,093	45,685

Thailand Advertising Industry: Media Expenditure 1993 - 1997

Unit: Million Baht Source: Khoo Kaeng Databank

Television is the most powerful advertising medium because it has ability to transform the big creative idea into words, visual, and motion. It is effective medium to create emotional reaction and reach mass target of all genders, ages, and Socio-Economic statuses. Television commercial has two basic segments: the video, which is the sight or visual part, and the audio, which includes spoken words, music, or other sounds. Television is capable to draw audiences' attention and emotion for humorous, realistic, special effects, and exciting commercials. Broadcast television has always remained the top advertising medium due to its high penetration. Despite being a significant part of everyday lives of million people, television provided broadcast program for the hundred of hours available each week. Television is the leading segmented advertising medium among advertisers. With appropriated average household viewing hours a day, television is a medium that advertisers should not overlook. Television is a 24-hour medium that can definitely reach audiences of every lifestyle.

A source from AC Nielsen reveals a significant number of television populations in 1998 that 96 percent of total population in Bangkok and 95 percent of total population in rural area are exposed to the particular medium³. Therefore television is considered as the most accepted and influenced medium for people.

TV Population

	All Population ('000) Age 0+	TV Population ('000) Age 12+	%
Bangkok	9,658	9,297	96
Rural	46,861	44,513	95

Source: *Population Estimate 1998. ACNielsen*

Passenger car, cosmetic, shampoo, alcoholic drink, and real estate are among the product categories that frequently ranked top in the media-spending chart. These products have to consistently keep up with their advertising because there are numerous competitor brands in the same category. For instance, in the passenger car category where the market is very compelling, Toyota, Honda, Mitsubishi, Nissan, Ford, Mazda, Volvo, Isuzu, and Audi have to progressively do their best to efficiently maintain both market share and share of voice. Interestingly, soft drink category is the category that always comes in the top twenty category but mainly dominate only by two brands.

Regarding to source from ACNielsen (Thailand), in 1997, Coca-Cola (Thailand) had spent 228 million baht (ranked 19th) while Pepsi Cola came close as 226 million baht (ranked 20th). In 1998 (from Jan – Oct), Pepsi used as high as 279 million baht (ranked 12th) while spending of Coca-Cola was 218 million baht (ranked 18th)⁴. The battle between these two worldwide cola soft drink companies has always been very competitive both domestically and internationally.

³ ACNielsen (Thailand), Population Estimate 1998 (Bangkok: ACNielsen, 1998), p. 25.

⁴ ACNielsen (Thailand), Top 100 Advertisers Report (Bangkok: ACNielsen, 2000), p. 1-10.

Top Twenty Advertisers (1-20)

1997 VS 1998

Company	Million Baht	Company	Million Baht
Unilever (Thailand) Co., Ltd.	2233	Unilever Thai Holding Co., Ltd.	2146
Procter & Gamble (Thailand)	806	Procter & Gamble (Thailand)	831
Toyota Motor (Thailand) Co., Ltd.	759	Toyota Motor (Thailand) Co., Ltd.	864
Nestle (Thailand) Inc.	753	Boonrawd Brewery Co., Ltd.	621
Boonrawd Brewery Co., Ltd.	603	Nestle (Thailand) Inc.	586
Saha Pathanapibul Co., Ltd.	512	Saha Pathanapibul Co., Ltd.	552
Kao Commercial (Thailand) Co., Ltd.	405	Colgate Palmolive (Thailand) Co., Ltd.	434
Ajinamoto (Thailand) Co., Ltd.	372	Kao Commercial (Thailand) Co., Ltd.	379
Charoen Pokaphan (Public) Co., Ltd.	363	Ajinamoto (Thailand) Co., Ltd.	371
Bristol-Myers (Thailand) Co., Ltd.	331	Johnson & Johnson (Thailand) Ltd.	331
TC Pharmaceutical	321	Osothsapa (Teck Heng Yoo) Co., Ltd.	316
Siew-National Sales & Service Co., Ltd.	320	<u>Pepsi Cola Co., Ltd.</u>	<u>279</u>
Johnson & Johnson (Thailand) Ltd.	317	Thailor Co., Ltd.	259
Petrol Authority of Thailand	311	Bristol-Myers (Thailand) Co., Ltd.	253
Osothsapa (Teck Heng Yoo) Co., Ltd.	288	Petrol Authority of Thailand	250
Colgate Palmolive (Thailand) Co., Ltd.	281	Thai International Airline (Public) Co., Ltd.	235
Honda Cars (Thailand) Co., Ltd.	257	Caltex Oil (Thailand) Co., Ltd.	234
The Shell Company of Thailand	235	<u>Coca-Cola (Thailand) Co., Ltd.</u>	<u>218</u>
<u>Coca-Cola (Thailand) Co., Ltd.</u>	<u>228</u>	Siew-National Sales & Service Co., Ltd.	208
<u>Pepsi Cola Co., Ltd.</u>	<u>226</u>	Charoen Pokaphan (Public) Co., Ltd.	191
1997		1998	

Source: ACNielsen (Thailand)

Coca-Cola and Pepsi are both among world's greatest brands. They both have shared several similarities such as being considered as the most popular, the most familiar, and the most recognized international brands. Drugstore operators also have originally introduced both brands to the world as medicine not liquid candy. Throughout more than 100 years history of both cola soft drinks, countless people all around the world have shared their happiest time, love, laugh, and celebration.

As being world's biggest brands, both Coca-Cola and Pepsi have to consistently advertise to maintain their market share and popularity worldwide. Soft drink market in Thailand is enormous. Although soft drink does not have any nutrition value, it has increasingly gained popularity from people of all types in all areas. According to source from Prachachard Turakit, in 1998 Pepsi's total sales was as high as 240 million baht, 10 – 30% decreasing from 1997 due to economic crisis⁵.

Competition between the two cola soft drink giants in Thailand have been so intense, once one brand launched a campaign, reaction would be immediately taken by another. During summer 1999, the period that is considered as the best selling period of the year, both Coca-Cola and Pepsi had already heavily launched their supportive campaigns for the best profitable outcome.

Coca-Cola (Thailand) regional marketing manager Steven Clay Schiller claims that due to successful marketing strategy Coca-Cola's market share continues to increase each year. He confirms that Coca-Cola is the current market leader in Thailand's soft drink market. In 1999 Coca-Cola has invested around 100 million baht in promotional campaigns which 30 million is for the "Coca-Cola Drink Gold Luck" promotion during April. In the promotion, Coca-Cola gives away a total of one million baht worth of gold a day⁶. To create greater sales impact, since the beginning of 1999, Coca-Cola has been focusing its advertising on concept of "Always Coke" which brilliantly portrays an enjoyment and refreshment of Coca-Cola with typical daily Thai food such as, Som Tam, and noodle to fit to Thai's lifestyle. In 1999, Coca-Cola has heavily spent advertising budget to launch Coca-Cola Buddy bottle campaign as an alternative way to enjoy the product.

⁵ Prachachard Turakit, Prachachard Turakit (Bangkok: Prachachard Turakit, March 1, 1999),p.4.

⁶ Bangkok Post, Bangkok Post (Bangkok: Bangkok Post, May 25, 1999), p.1.

To compete with Coca-Cola, in 1999 Pepsi has planned to invest around 600 million baht which 100 million for machinery improvement at the Pathum Thani plant, 170 million on replacement of bottles and cases, 40-50 million on new trucks, and 60 million for a new management information system. Its 1999 Pepsi More Music campaign featuring Janet Jackson, Ricky Martin, Five, The Corr, and The X-Venture on bus body, product can, other premiums, and concert has gradually gained popularity among younger Thai consumers. The Pepsi superstar soccer team campaign has been reinforced again in August 1999 to capture sport fan.

Similar to other large advertisers, both Coca-Cola and Pepsi have heavily spent large part of their advertising budget on television medium. Through television medium, audiences are believed to get the message quickly and convincingly. With active, liveliness, and dynamic characteristics of cola soft drink, television is the most appropriated medium because it can effectively generate both motion and movement. As a result, throughout 1982 – 1997 in Thailand both Cola soft drinks had launched numerous television commercials both locally and globally.

As soft drink has long been positioned as a product for consumers of all ages, nowadays, it eventually becomes a low involvement product that is typically consumed in daily life. Interestingly, although both Coca-Cola and Pepsi have shared identical product attributes and benefits, brand personalities communicated to the similar consumers are different. Reviewing through numbers of their television commercials, it also appears that both Coca-Cola and Pepsi had taken various similar creative approaches to capture target consumers. Moreover, market share of soft drink in Thailand has not been totally dominated by particular brand. It is inquisitive to investigate what are creative strategies Coca-Cola and Pepsi had employed in the television commercials airing in Thailand between 1982 – 1997 to continuously capture as well as appeal to target consumers of all ages.

Research Questions

What are creative strategies employed in Coca-Cola and Pepsi television commercials airing in Thailand between 1982 – 1997?

Concentrating areas in:

- Creative approaches
- Creative execution styles
- Appeals
- Positioning
- Brand personality

Research Objectives

To identify creative strategies of Coca-Cola and Pepsi television commercials airing in Thailand between 1982 – 1997.

Concentrating areas in:

- Creative approaches
- Creative execution styles
- Appeals
- Positioning
- Brand personality

Research Frame

This study is aimed to investigate television commercials of Coca-Cola and Pepsi in Thailand between 1982 – 1997.

- Total Coca-Cola television commercials airing in 1982 – 1997 (including both produced locally and internationally) : 67 TVCs
- Total Pepsi television commercials airing in 1982 – 1997 (including both produced locally and internationally) : 62 TVCs

As promotion television commercial is generally considered as a tactical campaign, which rarely represents core value of product's brand essence, only thematic television commercials are thoughtfully selected for this research study. These television commercials and their titles are acquired from Ogilvy & Mather (Thailand) Ltd. who was an official advertising agency for Pepsi in Thailand from 1981 – 1998.

Applications

1. To benefit as reference for marketers and advertisers of Coca-Cola and Pepsi when developing marketing and creative strategies.
2. To become a potential guideline for people who want to study how global brands developed their creative strategies for television commercials.
3. To become a potential guideline for other advertisers who have the similar target with Coca-Cola and Pepsi.



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Terminology

Creative Strategy	The plan that defines a particular advertising effort made up of the art direction, production values, and copy platform.
Creative approach	Interpretation of strategy into an overall creative procedure of art direction, copy writing, advertising appeal, creative execution styles those are employed in particular commercial as devices to deliver the message to the target consumers.
Creative execution styles	The art direction technique in which the product content is presented in forms of visual and audio. It is a framework to designate tone and manner of the commercial. Slice-of-life, serials, animation, spokesperson, demonstration, comparative, and testimonial are some examples of the creative execution styles.
Brand personality	The set of human characteristics associated with a particular brand. Brand personality could be defined as various characteristics such as gender, age, and human personality traits as trustworthy, warmth, and sincerity.
Global advertising	advertising created at, coordinated or directed from one central point, for execution, with or without local adaptations, in a number of countries. It is initiated to promote the same product in different cultures.
Local advertising	an advertising locally created within the country where the advertising objective and strategy are aimed only for people in the country. It is initiated to promote as well as communicate directly to specific cultural consumers.