



LUND UNIVERSITY

Master of European Affairs programme
Business Section

**Creation of a Pan-European Advertising:
Myth or Reality?**

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Master Thesis

Lund, Spring 2005

Abstract

This paper examines external factors that influence the creation of a pan-European advertising. Comparative analysis of two countries was used; these were the Republic of Latvia and the Kingdom of Spain. The need for this research was suggested by increased cross-border business activities inside the European Union, and the lack of studies that would involve new Member States. The aim was to see whether standardised advertising can be applied across Europe, and what are the possible factors that do not allow full standardisation. The analysis included a comparison of the legal environment and a content analysis of TV advertising recorded from Spanish and Latvian television.

Overview of the legal environment showed that there are only small differences in both legal systems. These differences are not capable to create strong barriers for advertising standardisation. The analysis of TV spots showed that there are different advertising approaches in two countries. At this point Hofstede's dimensions of cultures were used in order to explain these differences. As a result, advertisement adaptation proved to be highly correlated with cultural differences. Cultural diversity in the EU is the main factor preventing advertisement standardisation.

Keywords: advertising, law on advertising, codes of ethics, content analysis, cultural differences, Latvia, Spain

Acknowledgements

I would like to express my gratitude to Henrik Norinder, Jan E Persson, Christian Erfurth and Pavla Kruzela for the valuable information, their comments and help during different stages of the research. Special thanks to Daniel Rivera Guajardo for recording Spanish TV commercials, as well as for the moral support. I am grateful to the Stockholm School of Economics in Riga alumni, students and administration for their contribution; as well as to the participants of the focus group interviews. I would also like to thank my family and friends for believing in me and continuously supporting me.

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1. Introduction

Do we, people living in the European Union, share the same cultural values? How similar we are to each other in our beliefs, expectations from life, and in our relations to each other? What happens to our cultural identity with an increased integration process? These are broad questions that take an attention of scholars from different areas.

These questions, if narrowed down to a single company point of view, would look like this – are consumers in all countries the same and whether a company should use the same marketing mix in order to address them successfully. Previous academic studies done on this issue show that there are cultural differences which companies operating internationally have to adapt to. However, in reality a decision on whether to standardise or adapt is up to each separate company. This decision is taken while using a cost-benefit analysis. Experience shows that companies operating in the EU use different approaches allowing smaller or bigger changes in their strategies in different countries.

The question on which role cultural differences play in European integration process is still opened. The EU is growing bringing new cultures inside of the Common Market. Is it possible that soon we will talk about European consumers in general that will have similar taste? Is it possible to achieve full harmonisation and integration for the countries with a completely different history and cultural traditions? And how should business adjust to this highly diverse environment?

2. Problem Background

According to various consumer behaviour models, cultural values play one of the most important roles in the consumer choice, and moreover they are the hardest factors to change. Many researchers mention that although the globalisation increases, a human being still thinks according to his or her own culturally defined thinking patterns (de Mooij, 1998, p.4).

Previous studies showed that all components of the marketing mix have to be checked in order to assure their responsiveness to separate local cultures. However, advertising is seen as the most culture-bound element of the marketing mix. As values in the effective advertising message have to match values of the receiver, advertisements need strong local adaptation (de Mooij, 1998, p.38). TV commercials require special attention as they involve both text and video messages. In many cases these two factors are strongly culture-bound and need adaptation when introduced to a new market.

Over last several decades there was a huge discussion on whether companies working internationally should create a standardised advertising for all markets they operate in, or the advertising has to be adapted for each market separately¹. There are strong arguments for both sides, and no common solution has been yet developed. According to de Mooij (2000, p.104), proponents of standardisation of advertising (mostly North Americans) assume that the world will homogenise, while the proponents of customisation (mostly Europeans) base their opinion on the assumption that cultural differences will prevent successful standardisation.

During last several years researchers in this area more often come to the conclusion that by creating international or pan-European advertising, a company might face a problem that “designed for everyone, advertising will not be appealing to anyone” (Usunier, 2000, p.453). Therefore, nowadays many companies start to pay more attention to the need of advertising adjustment.

Jeannet and Hennessey (2001, p.482) in their model present factors that influence a creation of the global advertising (see Figure 1). Three external factors – regulations,

¹ According to Papavassiliou and Stathakopoulos (1997):

Standardisation – a single advertising message with only minor modifications can be used in all countries to reach consumers, as buyers everywhere in the world share the same, or very similar, wants and needs and, therefore, can be persuaded by universal advertising appeals;

Adaptation – separate messages should be used to reach buyers in different markets by fitting the message to each particular country, as there are insurmountable differences (e.g. cultural, economic, legal, media and product dissimilarities) between countries and even between regions in the same country.

language and culture – are the hardest to adjust to, and their influence is unpredictable in every single country.

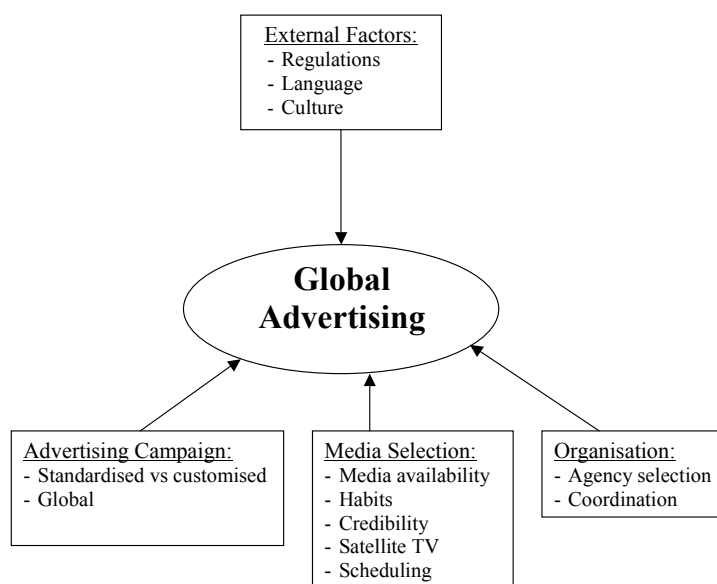


Figure 1. Factors influencing global advertising
Source: Jeannet and Hennessey, 2001

The present research includes two main parts: first examines legal considerations and media, specifically TV broadcasting, limitations; second part focuses on the cultural diversity including some of the language issues.

Although inside the Common Market harmonisation of laws is increasing, there are still differences in legal norms concerning advertising and control mechanisms. With an accession in 2004 of 10 new Member States it became even harder to achieve similar standards over the whole European Union. If a company is not following legal norms in a country it operates in, it may be excluded from the market, as well as can face high costs and administrative problems. According to Jeannet and Hennessey (2001, p.486), in many instances regulations in foreign markets prevent companies from using standardised approach, even when it appears to be desirable.

Many literature sources name cultural background as one of the main factors influencing consumer behaviour (see footnote for the definition of culture²). Cateora (1993, p.498)

² Definition of culture

Encyclopedia “Britannica” states that the word ‘culture’ first appeared in the 15th century, it originated from the Latin word *cultura* (past participle from *cultus*). Culture is:

- a) the integrated pattern of human knowledge, belief, and behaviour that depends upon man's capacity for learning and transmitting knowledge to succeeding generations;
- b) the customary beliefs, social forms, and material traits of a racial, religious, or social group;
- c) the set of shared attitudes, values, goals, and practices that characterises a company or corporation.

Hofstede (1984, p.82) defines culture as ‘the collective programming of the mind’ that helps to differentiate between societies. He sees culture as a set of pattern that parents transfer to their children.

Armstrong et al (2003, p.193) refer to the culture as the most basic cause of a person’s wants and behaviour.

mentions that of all elements of the marketing mix, decisions on the advertising are the most affected by cultural differences, as consumers respond to the promotion in terms of their own culture. People will buy products that are compatible with their self-concept, or rather that enhance their 'ideal self-image'. Thus, for the advertising to be effective it must (de Mooij, 1998, p.38):

- create meaningful associations;
- be linked with people's values;
- reflect the role that product plays in people's lives;
- reflect people's feelings and emotions;
- be instantaneously recognised.

The main question to begin with is whether there is really a big difference in cultural beliefs around Europe. Obviously, European consumers share some common cultural values if comparing them, for example, with the ones from Asia. But when looking at consumers inside Europe, there can still be seen a great variety of different cultural beliefs and traditions. According to Usunier (2000, p. 193), this heterogeneity can be explained by differences in the development process of separate countries, as well as historical factors. "Furthermore a long history of wars and conflicts has ensured a persistence of strong feelings of national identity" (ibid). Although the European Union is converging quickly in terms of economic environment, linguistic and cultural diversity remains very high. Family relation patterns, religion, organisation of the everyday life – as regards meals, social, family and business life – tend to be quite heterogeneous (ibid, p.191).

"Globalisation may increase peoples' feelings of nationalism, which express the feeling of cultural identity" (de Mooij, 1998, p.113). This is the case how cultural identity is developing in the European Union. We see that, with an increased integration process, cultural feelings in different parts of Europe become stronger and stronger (for example, in France). Solomon et al. (1999, p.434) claim that no lifestyle survey has yet demonstrated a truly European profile.

From all the above mentioned, it can be seen that there are cultural differences among members of the European Union, and therefore companies when increasing their pan-European operations should be aware of them and take them into consideration.

To make the analysis more practical and structured it was decided to base the research on two countries. Countries chosen for the analysis are the Republic of Latvia and the Kingdom of Spain. Reasons for this choice are:

- Both countries are now part of the Common Market;
- They represent different accession ‘ages’, thus being at different stages of integration and harmonisation process;
- Geographical location and history of these two countries are very different that makes it sure that cultural differences will be present in some way;
- Author speaks languages of these countries, which makes it easier to gather and analyse information.

The research focuses on differences in regulations governing advertising and TV broadcasting, as well as special cultural issues that must be taken into account when creating the TV advertising in two markets analysed.

The aim of the present research is to see what environmental factors influence advertising adaptation in the European Union, and to evaluate the applicability of a standardisation approach. More precise research questions are presented below.

2.1. Research Questions

RQ1: What are the differences in the national regulations covering advertising?

RQ2: What is a possible development path for Latvian self-regulatory system for advertising based on Spanish experience?

The south of Europe is known to be more collectivistic than the north. It is interesting to see how a former communism country fits into this geographical structure.

RQ3: Is Latvia more collectivistic than Spain?

Countries situated close to Latvia (Sweden, Finland and Russia) show a very low level of masculinity, thus proving to be highly feminine societies. However, Latvia historically has also a very strong influence of German culture that is more masculine society.

RQ4: Is Latvia similar to Spain in terms of masculinity dimension in Hofstede’s model?

RQ5: Which advertising style is the most typical for each country, and whether any style can be seen as applicable to both Latvia and Spain?

2.2. Delimitations

The main assumption of the present research is that each country chosen for the analysis represents one unique culture. Ethnical and geographical subdivisions are not taken into account. The author understands that there might be a big variation in cultural values within one single country, however this would require a deeper investigation involving research inside one country, and this is beyond the scope of the present research.

The purpose of the research is not to prove that there are cultural differences in the chosen countries, but rather to examine what kind of differences exist and how should companies behave when entering one of these markets. As stated in the article of Albers-Miller (1996, p.59), virtually all of the published cross-cultural studies have reported differences between cultures. Therefore, the investigation goes deeper than just finding differences.

The research was limited only to TV advertising. The main assumption behind it is that advertisers, when creating an ad, take into account values and norms accepted in each particular society. Therefore, it is believed that TV commercials, while being the ones that need the most adaptation, represent culturally specific issues.

Printed advertisements were excluded from the analysis. They would require deeper investigation from the legal side in terms of legislation controlling free movement of goods as many magazines printed in one country are sold in another. Additionally, as will be also mentioned later in the Chapter 4, several studies have shown that printed ads tend to be highly standardised all over the world³.

The research is focusing on only two dimensions of culture developed by Hofstede (individualism and masculinity). The author realises that dimensions in the model are interrelated and the use of only two dimensions separately might give biased results. In order to avoid the incorrectness of the research, other dimensions and values associated with them are taken into account.

The author understands that if two other European countries were chosen for the analysis, the research might produce different results.

³ For research on printed advertising see Seitz and Handojo (1997), and Dallmann (2001)

3. Methodology

According to the theory on research methods, there are two general types of techniques – quantitative⁴ and qualitative⁵. As there was no previous comparative study done between Latvia and Spain, it was decided to use more qualitative research techniques for the data gathering and analysis. According to Gordon and Langmaid (1988), the qualitative research is applied when a deeper understanding of situation is needed, especially when there is a lack of previous knowledge in the subject. These techniques help to expand knowledge, clarify the real issues, identify a range of behaviours, explain and explore consumer motivations, attitudes and behaviour (p.186).

Chisnall (2001, p.195) mentions however that qualitative techniques are subjective. Findings obtained with their use do not give any statistical evidence that is based on the probability sample. However, he admits that qualitative research provides deeper understanding of factors, sometimes covert, which influence people's decisions. Chisnall also stresses that in consumer research the researcher should avoid asking people why they bought a particular product or preferred one brand to another. People rarely know the real reasoning behind their buying decision (p.194). This argument is also true for the cross-cultural research as people are very often unaware of their cultural beliefs.

The use of quantitative research methods would give more quantifiable results. However, it is believed that during this stage of the research on the given subject it is more useful to get a deeper insight into the question of the differences in advertising and underlying cultural beliefs, than creating a general statistically quantifiable study.

According to de Mooij (1998, p.211) there are two main types of cross-cultural advertising studies. First is the research that requires consumers' involvement in the process. It measures differences in the acceptance, liking, and perception of advertising by consumers in different cultures. Another type is a comparative analysis of advertising in two or more different countries. According to Cho et al. (1999), the most common process used to investigate cross-cultural differences in advertising has been the content analysis. Researchers usually choose TV commercials or printed advertisements as an object of investigation.

⁴ Definition by the author – small number of precise questions asked to a large sample. Results are statistically objective (if sample is selected correctly) and can be transferred to the whole population.

⁵ Definition by the author – orientation on quality, not quantity; smaller number of respondents, bigger amount of questions; more in-depth analysis. Results can not be projected to the whole population while using statistical techniques.

The content analysis has been also widely criticised for concentrating on more mechanical details such as the type of a product shown, the length of a commercial or the gender of a spokesperson. Cho et al. (1999) also mention that content analyses reflect what is available, not what consumers would prefer. However, Whitelock and Rey (1998, p.258) argue that television advertisements depict daily life situations that viewers are likely to associate with their own cultural references. One of the main assumptions made for the content analysis (Albers-Miller, 1996, p.59) is the concept that advertisements reflect country's social system, and thus can be used as a cross-cultural comparison tool. As suggested by de Mooij (1998, p.217) in order to avoid bias resulting from focusing on too small details, a researcher should take a broader approach by developing a code list with a large number of variables, and code advertisements according to that list.

The following part presents methods that were chosen for the analysis of advertising and means for their comparison in terms of cultural differences.

3.1. Method Chosen for the Analysis

In order to gain an information background and a first insight into the problem, the analysis of secondary data is used. Secondary data includes an overview of previous research done on this topic in different countries, as well as studies conducted in Latvia and Spain.

Further analysis is based on the model of Jeannet and Hennessey described above (see Chapter 2), which includes external factors influencing the creation of a global advertising. First part of the work contains a comparison of the legal environment, which identifies differences in the national legislation of both countries. At this point two levels of analysis are done, first – the community legislation and laws harmonisation process based on directives, recommendations and the case law; second – the national level and differences between two European countries in terms of laws governing TV broadcasting and advertising.

Another possible reason for TV advertising adaptation is cultural differences, addressed in the second part of the paper. The study is based on the content analysis of TV commercials recorded from Latvian and Spanish television channels. The main assumption of the work is that advertisements represent cultural values, as they are designed taking into account consumers' preferences and cultural diversity.

Advertisements were recorded from:

- *Spanish television*: in the period from mid-February till mid-April 2005 were recorded 150 non-repeating spots, channels used
 - o state – TVE1 and TVE2
 - o private – Tele 5 and Antena 3
- *Latvian television*: in January and April 2005 were recorded 110 spots, channels used
 - o state – no channels were chosen, as LTV1 and LTV7 allow advertising only as a sponsorship for films and programmes;
 - o private – TV5, LNT and 1st Baltic Channel,

Each recorded commercial was marked with a special information about the view time, the channel, and the TV programme when the commercial was shown⁶. Coding of advertisements can be a problem for the investigator, since showing of TV programmes is adapted according to people's socialising habits. Different countries have different socialising patterns. For example, in different countries families get together for dinner at different time frame, therefore the local TV channels adjust their daily news to these occasions (de Mooij, 1998, p.215)⁷. In order to solve this problem recording periods were selected based on the types of programmes, and not the viewing time. Commercials recorded for the analysis were based on the target audience of the ad, which were as follow:

1. Commercial showed during programmes aimed at children
2. Mornings and afternoons of the weekdays – commercials target housewives, elderly people and unemployed;
3. Afternoon serials and shows – aimed at teenagers;
4. Sport programmes – target mainly men;
5. Evening news and films – target the biggest audience, since the majority of people are at home;
6. Afternoons and evenings during weekends – target the biggest audience, since the majority of people are at home.

Using the selection procedure based on the categories described above, the commercials used in the analysis cover the largest audience. It also gives less statistically bias results for each country.

⁶ Example of coding: Set of commercial recorded on Sunday February 20, 2005; starting time – 18:55; channel – TVE2; programme – action film for the whole family (no age limits).

⁷ For example, in countries analysed on the main channels evening news are shown form 20:00 – 20:30 in Latvia, but from 21:00 – 22:00 in Spain

Next step, the different types of advertised products are identified, using combined model of de Mooij (1998, p.262) and Koudelova et al. (2001, p.293). This classification helps to see whether there are differences in the type of the advertised products, as well as to understand the structure of the TV advertising market in each country.

Following products types are used:

- | | |
|---|-------------------------------------|
| 1. cars and car products | 9. computers and telecommunications |
| 2. food and beverages | 10. retail |
| 3. beer and alcoholic beverages | 11. travel |
| 4. household products | 12. finance |
| 5. personal care products and cosmetics | 13. media |
| 6. baby care | 14. pet food |
| 7. dental care | 15. other |
| 8. pharmaceuticals and medical care | |

Changes made in the original categories:

- category ‘confectionary and ice cream’ was considered under ‘food and beverages’;
- due to a large amount of medical services advertised ‘medical care’ was added to the category ‘pharmaceuticals’;
- ‘household products’ include all cleaning agents, as well as household appliances.

Afterwards, the classification system for basic advertising forms is applied. This system was first introduced by Franzen (1994) and later adapted by de Mooij (1998). Eight advertising categories, their subcategories and clarifications are presented in Figure 2 below.

Basic Forms	Subcategories	Short description
1. Announcement	1.1. Pure presentation 1.2. Factual explanation 1.3. Product message 1.4. Corporate presentation, documentary	Presentations of facts, with no use of people. The facts or visuals are assumed to speak for themselves.
2. Display		Based primarily on a product’s appearance. Product is the hero.
3. Association Transfer	3.1. Lifestyle 3.2. Metaphor 3.3. Metonymy 3.4. Celebrity transfer	The product is combined with another object, a person or situation, or an environment.
4. Lesson	4.1. Presenter 4.2. Testimonial/endorsement 4.3. Demonstration 4.4. Comparison 4.5. Analogy 4.6. “How to” 4.7. Dramatised lesson	Direct communications, presentations of facts, and arguments that are meant to lecture the audience.

5. Drama	5.1. Slice-of-life 5.2. Problem-solution 5.3. Vignettes 5.4. Theatre	Interplay between two or more people. There is a continuity of action, a beginning, middle, and “happy ending”.
6. Entertainment	6.1. Humour 6.2. Play or act around product	Can be in form of musicals, shows, comedies, slapstick humour, horror, or satire
7. Imagination	7.1. Cartoons 7.2. Film properties in action 7.3. Other, unrealistic acts	Depict event experienced as non-realistic – presentations of a make-believe world
8. Special Effects	8.1. Products in action, animation 8.2. Film, video techniques, artistic stimuli	Cover all sorts of artistic elements, animation, cartoons, camera effects, recording and video techniques, music and, tunes

**Figure 2. Eight basic advertising forms
Summarised by the author from de Mooij (1998, p.242-259)**

The reason for choosing this model: it allows to see which forms of advertising, companies should use when targeting consumers in two different countries. When the coding of commercials is finished, the identification of the most used type of advertising in each country will be possible.

In 1996 de Mooij used Franzen’s eight categories for coding TV commercials from eleven countries (research results are presented later in the Chapter 4). During this analysis she found a correlation between advertising forms used and cultural dimensions of Hofstede:

- Announcements proved to be mostly used in the Netherlands, Spain and South Africa. Subcategory factual explanation is typical for individualistic low-context cultures⁸.
- Display is a relatively culture free form, as it was used in all countries analysed.
- Association transfer was found in French, Spanish and Italian TV commercials, cultures that use more symbolic communication. In the masculine cultures lifestyle ads show successful and rich people, whereas in feminine cultures more often are used nice and friendly personages.
- Lesson was the most used type; most often it was found in the USA, Germany, Belgium, the Netherlands, and Sweden. Several important aspects were noticed by de Mooij during the analysis of advertising that went under lesson category. High power distance cultures used more elderly presenters than cultures with a low power distance. In the collectivistic cultures

⁸ In 1940s an American anthropologist Edward T. Hall made a study in which he divided cultures by the role of context in communication. In a high-context communication most of the information is either in physical context or internalised in the person, with a high use of symbols and non-verbal communication. A low-context communication is just the opposite, i.e. the mass of the information is vested in the explicit form. (Usunier, 2000, pp.416-423)

presentation was often made by more than one person. In masculine cultures, commercials in which were used demonstration techniques, were result-oriented. In masculine cultures with strong uncertainty avoidance ads included details about the products, working process demonstration and benefits for the user. Comparison was mainly used in individualistic masculine societies with weak uncertainty avoidance.

- Drama style was used in France, Belgium, Italy and Sweden, countries with a high context culture. This type of commercial also differed among different cultures. For example, individualistic cultures presented more task oriented story, on the other hand in collectivistic cultures more attention was paid to relationships; masculine society stressed ego needs, but feminine – affiliation needs.
- Entertainment style was found in the countries such as Sweden, the Netherlands and Japan. Feminine dimension has proven to be important for this category, as well as some collectivistic values.
- The use of imagination and special effects categories were found in art-lovers countries, such as the United Kingdom and Spain.

As mentioned above, commercials recorded from Latvian and Spanish television channels are analysed in relation to two cultural dimensions of Hofstede. Original model includes four (later five) dimensions that are interrelated and dependent on each other. However, due to a special interest in the difference between two dimensions (individualism and masculinity) in these countries (reasons mentioned before, see Chapter 2.1.), it was decided not to discuss three other dimensions – uncertainty avoidance, power distance, and long-term orientation. Further paragraphs present a deeper inside into two chosen dimensions.

According to Hofstede (1997, p.51), in individualistic societies the ties between individuals are loose: everyone is expected to look after only himself or herself. In these cultures the most typical commercials place individual as a centre of attention. People are portrayed as beings who put their own interest first. The words ‘I’ and ‘you (in singular)’ are the most used ones. It is also very often that the audience is addressed in a direct and personalised way (de Mooij, 1998, p.189). On the other hand, in collectivistic cultures people from birth are integrated into cohesive groups with a strong feeling of ‘we’. Advertising often depicts an individual as a part of a group, because in these societies belonging is an important part of communication. A group of people or extended families play an important role in the setting of television commercials (de Mooij, 1998, p.191).

In the masculine cultures, social gender roles are clearly distinct. Men are expected to be assertive, tough and focused on material success, whereas women should be tenderer and concerned with the quality of life (Hofstede, 1997, p.82). Advertising in masculine societies stresses result-, winning- and success-orientation; examples of such cultures in Europe are the United Kingdom and Germany. The more feminine is the society, the more social roles of men and women overlap; this situation is true for Scandinavia, the Netherlands, France, and Spain. In those cultures questions on the quality of life are of the concern of both women and men. A core value of a feminine culture is modesty. Moreover, feminine societies are characterised by favouring caring and softness. This dimension is very important for marketing strategy development, as it helps to see which style of 'selling' is preferred in each country – hard or soft sell. It also helps to distinguish important cultural differences in values and motivation such as achievement, accomplishment, and success (de Mooij, 1998, p.82).

After commercials are coded and relation to Hofstede's two cultures dimensions is identified, it should be possible to make a conclusion on the cultural differences in individualism/collectivism and masculinity/femininity dimensions in Latvia and Spain.

Since there is no previous research on Hofstede model done in Latvia, it was decided to conduct two focus groups after the analysis of TV spots. This was done to ensure the correctness of the obtained results. According to Vaughn et al. (1996, p.4) the main goal of the focus group interviews is to create a normal conversation that addresses, in depth, the selected topic. Stewart (1990, p.15) mentions that this type of qualitative research can be used as a confirmatory method for hypothesis testing. The main goal of a focus group should be to find out *why* rather than *how many* (Vaughn et al., 1996, p.154). After the content analysis of Latvian TV commercials, focus groups will help to check the reliability of the obtained results (see Appendix I for the information on the participants' selection procedure and general structure of focus groups). No focus groups were organised in Spain, as there is already a reliable research data available on this subject. Concerning Spain, the results received from the content analysis are compared with the researches of Hofstede and de Mooij.

Overall conclusion on the external factors includes differences in legal environment, as well as cultural values. These factors influence the creation of advertising in both these countries. After a deep investigation based on the TV advertising content analysis, the conclusion is made on whether TV commercials should be adapted. Based on this decision, the best suitable type of advertising will be determined for each country. Analysis of the

European Community's and national legislation shows possible causes for advertising adaptation in each of the local markets.

3.2. Possible Drawbacks of the Method

One of the possible drawbacks of the research is that Hofstede's model was originally based on the organisational values. However, developed for examining work-related values across cultures, the nature of Hofstede framework makes it suitable for testing cross-cultural differences in different cultural systems (Koudelova and Whitelock, p.288). According to Hofstede, the research has proven that the same dimensions can be identified on other cross-cultural data. There is "a solid evidence that the four cultural dimensions are, indeed, universal" (Hofstede, 1984, p.84). While using data on the consumption of mineral water, cars and the use of Internet, de Mooij (2000) came to the conclusion that the majority of differences in the buying behaviour across European countries are correlated with Hofstede's dimensions. Consequently, the model can be applied to the research on consumer behaviour and advertising techniques in different cultures.

Another problem might appear during cross-cultural analysis. This problem is called ethnocentrism – when looking at other culture the researcher transports his/her own understanding of the cultural values (Usunier, 2000, p.432). In order to avoid this problem, someone from Spain was invited to participate in the coding process of TV commercials. As de Mooij states in her book "only ethnic coders can do the job properly. This is certainly the case when typical cultural aspects must be found" (1998, p.263).

The problem with correct audience selection is solved by a special recording technique that includes relation of commercials to the TV programme (technique was discussed above in the Chapter 3.1.).

4. What Has Been Done Before?

4.1. Comparative Analysis

During last twenty years comparative analyses of advertising were held around the whole world. The most studied country in the world is the United States of America, but in Europe most research was done in the United Kingdom. Studies that are considered to be the most cited ones and that also might be appropriate for the present paper are presented below (articles are organised in a chronological order).

Albers-Miller (1996) did a content analysis of printed ads from the magazines for business and professional readers. This type of advertising was selected because it has a clearly defined target audience. Countries analysed were Japan, Taiwan, India, South Africa, Israel, France, Finland, Brazil, Chile, Mexico, and the USA. During the analysis these countries were divided into pairs for the comparison. Analysis of advertisements was based on several models for cross-cultural comparison (theories of Pollay, 1983 and Hofstede, 1980 were used the most). As a result of this study, Albers-Miller designed a list of rules on how a cross-cultural research should be developed. She argued that paired cross-cultural comparison is an important tool for marketing practices, however relationship between culture and advertising is very complex. According to Albers-Miller, the right choice of the hypothesis is the crucial point in the process of a cross-cultural research. The researcher has to understand that even if two countries greatly differ from each other in some values, they might share the others. Albers-Miller stressed that the selection of countries is also a very important part of the research. “If countries are selected for the convenience and the tested comparisons developed without a priori theoretical justification, the pairs are simply subsets of thousands of potential country pairs. The results, therefore, may be largely attributed to type 1 statistical error” (p.67).

Whitelock and Rey (1998) in their comparative study analysed television spots recorded in France and the United Kingdom. Authors tested a hypothesis on whether Europe can be seen as ‘a theatre for standardised advertising’ because of its homogeneity in economic development and harmonisation of legislation. Therefore, the key objective of the study was to see how often standardised advertising was used in two countries. Research was delimited only to TV spots, because “television advertising is extremely culture related as compared to other advertising techniques” (p.258). Television advertisements often show characters in a daily-life situation that has to be perceived by viewers as their own life style.

Authors also mentioned that national legislation is one of the aspects that should be included in cross-cultural research. Although, laws inside the European Union are supposed to be harmonised, there are still some gaps between national legislations in different Member States. In the case of France and the UK the difference appeared in the rules on comparative advertising and use of children in the television commercials. Results of the study showed that only a very low percentage of the TV spots in both France and the UK were standardised. Standardisation strategy was mainly chosen by big US companies, or by companies advertising newly developed products that still does not have any cultural relation in the society. Advertisers of other products preferred to rely in their commercials on national idiosyncrasies. The main conclusion of this research was that France and the UK are culturally dissimilar and that advertising viewers in each country have fundamentally different expectations. Therefore, the majority of international marketers still use different advertising styles in those countries.

De Mooij (1998) in her book “Global Marketing and Advertising” used a comparative analysis of television spots from eleven countries (the Netherlands, Belgium, France, Sweden, Germany, Italy, Spain, the UK, the USA, South Africa, and Japan). The analysis was based on the five dimensions of Hofstede (Power distance, Individualism/Collectivism, Masculinity/Femininity, Uncertainty avoidance, and Long-term orientation). The research showed that each analysed country had its own advertising style. Companies should have this in mind when developing an advertisement for a specific country. Moreover, advertisers should remember that what works in one country does not definitely work in another. In her research de Mooij proved the applicability of Hofstede’s model not only to organisational, but also to the culture in general.

In the comparative study of Cho et al. (1999), authors analysed television commercials in the USA and Korea. The purpose of their research was to develop a new model for a cross-cultural comparison. As a basis for the model four dimensions of Hofstede (1980) were chosen. However, the authors believed that this model is irrelevant for the cross-cultural comparison as it was developed on work-related values. Moreover, they argued that all the available cross-cultural models are designed on North American or European samples, and therefore are irrelevant for research in other parts of the world. For their content analysis Cho et al. created a new model with four cultural dimensions. These dimensions were developed based on several models created before. The newly developed model included such dimensions as Individualism/Collectivism, Context, Time Orientation, and Relationship with Nature. The framework designed by Cho et al. allowed to identify similarities and differences

in advertising themes and executions between North America and East Asia. However, authors could not make strong conclusions. Therefore, they suggested that a further research is required in this area with the use of the developed model.

Dallmann (2001) compared advertising in the magazines for women in Germany and Japan. Four factors were used for the comparison: advertisement format, usage of model, male/female role portrayal and value appeals. The research showed that printed advertisements tend to be standardised, and that more and more advertisers try to use the same techniques in the global market.

There are almost no studies on advertising analysis done in the eastern part of Europe. The only available research is a comparative study by Koudelova and Whitelock (2001) where the authors analysed television advertisements in the UK and the Czech Republic. This research focused on the differences and similarities in the creative strategies used. Results showed that creative strategies in both countries are quite similar, however there was noticed a significant difference in the frequency of advertising for particular products. For example, automobiles and services were more often advertised in the UK than in the Czech Republic, on the other hand Czech television showed more commercials for household cleaning agents.

The conclusion is that TV advertising proved to be a strongly culture-related component of the marketing mix. Moreover, previous studies showed the usefulness of content analysis and its applicability to the cross-cultural research. Printed ads were found to be more standardised around the globe and therefore, not very appropriate for the analysis of cultural differences.

4.2. Studies in Spain and Latvia

There were several studies done in Spain with the use of the content analysis, one of which was organised by de Mooij (1998) in cooperation with Hofstede's research group. According to the original Hofstede's research (1980), Spain is more collectivistic than northern and central Europe (it scores 51 out of 100, where 100 is an individualistic extreme; the EU15 average is 65). Spain has also proven to be more feminine society (42, where EU15 average is 46) with a very strong uncertainty avoidance (86, with an average 65) and large power distance (57, with an average 42).

During a content analysis, de Mooij (1998, pp.275-277) found that Spanish TV commercials were less direct than the advertisements in the northern European countries. She explained it by a higher collectivism in Spanish society, as compared for example to Scandinavia. The feminine dimension was manifested in Spaniards' openness to the use of

metaphors in the advertising. Moreover, Spanish advertisements were designed to stress the quality of life and the importance of dreams, which are clear expressions of the feminine culture with a strong uncertainty avoidance.

On the other hand, there was no previous comparative analysis done in Latvia. The only research with Hofstede's model was done as a part of a Bachelor thesis by two students Kuplā and Brikere (2004) from the Stockholm School of Economics in Riga. However, results of this research might be biased because of the incorrect sample selection and a small number of responses received. Therefore, for this research results of Kuplā and Brikere will be used only as a starting point. According to results of their research, Latvian culture scored out of 7 (transferred into "out of 100" system):

- 5.47 for individualism dimension (78)
- 5.14 for power distance (73)
- 5.09 for uncertainty avoidance (72)
- 4.62 for masculinity (66)

Recently, Hofstede's research group made assumptions for all three Baltic States (source de Mooij, 2004, appendix 1), which are:

- Individualism – 60
- Power distance – 40
- Uncertainty avoidance – 50
- Masculinity – 30

These estimations are based on the scores of neighbouring countries and assumption on the development of the society without 50 years of communism. Therefore, they are seen as being too rough and questionable. The author of this paper, while being originally from Latvia, disagrees with some of the estimates done by the Hofstede's group. Consequently, during a further analysis special attention is paid to cultural dimensions identification for Latvia.

Results of the present research are considered to be valuable, as there was no previous analysis done in Latvia. With the development of business activities in Eastern Europe, marketing strategies of the companies will have to be adjusted. Therefore, more research on the cultural differences is necessary in this part of the European Union, as values of people in the post-Soviet republics are different from those of Western Europe.

5. Legal Environment

National legislation can be seen as an important part of cultural identity of a country.

Legislative acts are direct expressions of culturally accepted values and norms in one society or another (Usunier, 2000, p.182). For the present research it is important to analyse differences in national legislation of two countries, as this analysis might help to underline hidden cultural beliefs that are different in two cultures.

The experience of multinational enterprises shows that advertising strategies in many cases have to be changed and adjusted to national legal requirements. National legislation can be seen as a catalyser of cultural attitude to advertising itself and norms related to it (Cateora, 1993, p.506).

The purpose of this part of the work is to see how much national legislation in both countries differ and to identify forces that make companies to change their marketing techniques when entering a new market.

5.1. Community Level

As both analysed countries are now parts of the European Union, it is necessary to look at the Community legislation governing advertising content as well as the case law from the European Court of Justice (ECJ). This overview can show the degree of freedom that Member States have in their decisions regarding advertising regulations. Due to the fact that research is limited only to television commercials, it is important to pay an attention to the legal acts governing TV broadcasting, especially the parts related to advertising. The following Community legal acts are appropriate for the analysis:

- Council Directive 84/450/EEC⁹ concerning misleading advertising and Directive 97/55/EC¹⁰ amending it;
- Council Directive 89/552/EEC¹¹ concerning the pursuit of television broadcasting activities and Directive 97/36/EC¹² amending it;
- and the case law from the ECJ covering these directives.

⁹ Council Directive 84/450/EEC of 10 September 1984 relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising

¹⁰ Directive 97/55/EC of European Parliament and of the Council of 6 October 1997 amending Directive 84/450/EEC concerning misleading advertising so as to include comparative advertising

¹¹ Council Directive 89/552/EEC of 3 October 1989 on the coordination of certain provisions laid down by Law, Regulation or Administrative Action in Member States concerning the pursuit of television broadcasting activities

¹² Directive 97/36/EC of the European Parliament and of the Council of 30 June 1997 amending Council Directive 89/552/EEC on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities

5.1.1. Council Directive 84/450/EEC and Directive 97/55/EC Amending It

According to the preamble to the Directive 84/450/EEC, misleading advertising can lead to distortion of competition within the Common Market. Further, Article 2 of the amended Directive gives explanation to the terms misleading and comparative advertising:

(2) ‘misleading advertising’ means any advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behaviour or which, for those reasons, injures or is likely to injure a competitor;

(2a) ‘comparative advertising’ means any advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor.

Article 4 states that although the main goal is the same – protect interests of consumers, competitors and general public – it is up to each Member State to choose effective means for controlling misleading and comparative advertising on its territory. Article 7 leaves Member States free to retain or adopt national provisions that ensure even more extensive protection for consumers.

According to the ECJ judgment to De Agostini case¹³, Directive 84/450 “does not preclude a Member State from taking, pursuant to general legislation on protection of consumers against misleading advertising, measures against an advertiser in relation to television advertising broadcast from another Member State, provided that those measures do not prevent the retransmission, as such, in its territory of television broadcasts coming from that other Member State”.

According to the Article 3a of an amended Directive 84/450, not all forms of comparative advertising are prohibited. It is permitted if several conditions are fulfilled, the main of which being that the advertising is not misleading and confusing for consumers, it should as well be non-discriminating. In the case Pippig Augenoptik v Hartlauer¹⁴, the ECJ mentioned three conditions that must be fulfilled for comparative advertising to be lawful. According to this judgment comparative advertising:

- should not create confusion in the market place between the brand names of the advertiser and those of a competitor;
- should not discredit or denigrate the brands of a competitor, and
- should not take unfair advantage of the reputation of a competitor's brand.

¹³ Paragraph 38 of the judgment to the Case C-34/95 Konsumentombudsmannen (KO) v De Agostini (Svenska) Förlag AB, and Cases C-35/95 and C-36/95 TV-Shop i Sverige AB

¹⁴ Paragraph 49 of the judgment to the Case C-44/01 Pippig Augenoptik GmbH & Co. KG v Hartlauer Handelsgesellschaft mbH and Verlassenschaft nach dem verstorbenen Franz Josef Hartlauer

5.1.2. Council Directive 89/552/EEC and Directive 97/36/EC Amending It

These Directives are issued in order to organise television broadcasting services in Member States. Article 2(2) of the Directive 89/552/EEC states that “Member States shall ensure freedom of reception and shall not restrict retransmission on their territory of television broadcasts from other Member States”. Under this Directive television broadcasting is seen as a service within the meaning of the Treaty; where “the Treaty provides for free movement of all services normally provided against payment, without exclusion on grounds of their cultural (*added by the author*) or other content and without restriction of nationals of Member States established in a Community country other than that of the person for whom the services are intended”.

Article 3(1) of the directive leaves Member States “free to require television broadcasters under their jurisdiction to lay down more detailed or stricter rules in the areas covered by this Directive” (see Chapter 5.2 for further discussion).

The Directive 89/552/EEC also contains several rules governing television advertising. Articles 10 and 11 contain information on how commercials should be included in the broadcasting programme, as well it covers questions on the duration of TV spots. Whereas, articles from 12 to 16 state restrictions on the content of advertising (for details see Table 1).

Table 1. Restrictions on the content of TV advertising based on the Directive 89/552/EEC

General restrictions Television advertising shall not:	<ul style="list-style-type: none"> a) prejudice respect for human dignity; b) include any discrimination on the grounds of race, sex or nationality; c) be offensive to religious or political beliefs; d) encourage behaviour prejudicial to health or to safety; e) encourage behaviour prejudicial to the protection of the environment.
Advertising of tobacco products	shall be prohibited in all forms.
Advertising of medical products	available only on prescription in the Member State within whose jurisdiction the broadcaster falls shall be prohibited.
Advertising of alcoholic beverages	<ul style="list-style-type: none"> (a) may not be aimed at minors or depict minors consuming these beverages; (b) shall not link the consumption of alcohol to enhanced physical performance or to driving; (c) shall not create an impression that the consumption of alcohol contributes towards social or sexual success; (d) shall not claim that alcohol has therapeutic qualities or that it is a stimulant, a sedative or a means of resolving personal conflicts; (e) shall not encourage immoderate consumption of alcohol or present abstinence or moderation in a negative light; (f) shall not place emphasis on high alcoholic content as being a positive quality of the beverages.

Special criteria to comply with	<p>(a) it shall not directly exhort minors to buy a product or a service by exploiting their inexperience or credulity;</p> <p>(b) it shall not directly encourage minors to persuade their parents or others to purchase the goods or services being advertised;</p> <p>(c) it shall not exploit the special trust minors place in parents, teachers or other persons;</p> <p>(d) it shall not unreasonably show minors in dangerous situations.</p>
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In the De Agostini case¹⁵, the ECJ stated that the Directive 89/552/EEC “does not preclude application of national rules with the general aim of consumer protection provided that they do not involve secondary control of television broadcasts in addition to the control which the broadcasting Member State must carry out”.

5.1.3. Conclusion

As it was mentioned above there is a set of general rules that all members of the EU have to follow. However, Member States are free to choose different control techniques as well as introducing stricter rules if necessary for consumer protection. At this stage it is important to see how the Community legislation is integrated into national legal acts. Therefore, the next part of the paper focuses on Latvia and Spanish legal systems, in order to find out their present level of integration.

5.2. National Level

5.2.1. Legislation in Latvia

As the Republic of Latvia has joined European Union in May 2004, its legal system was previously adjusted to the Community legislation. Nowadays, rules covering advertising are present in several legal acts. The following part presents separately each legislation related to the television advertising and its connection to the EC law. Afterwards, all the relevant issues are summarised in Table 2.

First the law on radio and television broadcasting¹⁶ should be looked at. This national legislation is in force since the end of 1995, it covers a whole set of rules on advertising meaning, content and distribution norms. Article 21 of the law lists restrictions on the content of advertising shown on the territory of Latvia (it is included in Table 2). Further articles include rules on the advertising distribution, such as a proportion of advertising allowed in an hour of broadcasting time (no more than 12 minutes), a frequency with which programmes can be interrupted for advertising (not often than every 45 minutes), as well as the language

¹⁵ Paragraph 34 of the judgment to the Case C-34/95 Konsumentombudsmannen (KO) v De Agostini (Svenska) Förlag AB, and Cases C-35/95 and C-36/95 TV-Shop i Sverige AB

¹⁶ Latvian name – Radio un televīzijas likums, last added 15th of May 2003

in which a commercial should be (state language or in the language of an interrupted programme).

Next legislation analysed is the law on advertising¹⁷ that came in force on 1st of May 2004 after its last addition. This legislation contains some extra rules on the content of publicity, additionally several articles cover misleading and comparative advertising. This national law is based on the Directive 84/450/EEC. Article 8 of the law on advertising states that a misleading advertising is prohibited in all forms. Article 9 is dealing with the comparative advertising, saying that it can not be misleading, and in order to be lawful it has to follow a certain set of rules and satisfy the principle of a fair competition. Rules mentioned in this article are word by word repeating Article 3a on comparative advertising of the Council Directive 84/450/EEC after its amendment.

There are two specially designed laws that include rules on advertising of alcohol¹⁸ and tobacco products¹⁹. These legislations are also taken into account when creating Table 2.

Table 2. Restrictions on the content of TV advertising in Latvia

General rules	
Television advertising has to:	(a) be objective, truthful and honest (b) comply with psychological standards for minors (take into account their psyche and perception of the world around)
Television advertising shall not:	(a) be misleading, provide false information (b) promote war or violence in any way (c) include any discrimination on grounds of race, skin colour, sex, age, religion or political beliefs, and other social and national differences; (d) use fear or superstition influence; (e) use or mention any physical or legal person without his/her agreement; (f) endanger interests of minors.
Advertising of tobacco products and smoking	is prohibited
Advertising of medical products	is controlled by the State Pharmaceutical Inspection ²⁰

¹⁷ Latvian name – Reklāmas likums, last added on 28th of April 2004

¹⁸ Law on the distribution of alcoholic beverages on the territory of Latvia (Alkoholisko dzērienu aprites likums) in force since 1st of May 2004

¹⁹ Law on the production, distribution and advertising of tobacco products and smoking infringements (Par tabakas izstrādājumu ražošanas, realizācijas, reklāmas un smēķēšanas ierobežošanu) in force since 1st of January 2003

²⁰ Latvian name – Valsts Farmācijas inspekcija

Advertising of alcoholic beverages	is prohibited, except of advertising of beer and wine. Special rules: (a) shall include information about negative effects of alcohol, that should take not less than 10% of the ad; (b) shall not depict people consuming alcohol; (c) shall not use Latvian state symbols; (d) shall not claim that alcohol has therapeutic qualities or that it is a stimulant, a sedative or a means of resolving personal conflicts; (e) shall not link the consumption of alcohol to enhanced physical performance or to driving; (f) shall not show that abstinence from drinking is a negative aspect (g) shall not create an impression that the consumption of alcohol contributes towards social or sexual success; (h) may not be aimed at minors or depict minors consuming these beverages; (i) shall not make accent on the degree of alcohol in a drink.
Advertising aimed at minors shall not	(a) exploit children's inexperience or credulity; (b) use children's affiance and lack of experience; (c) include information that might harm psyche of minors; (d) encourage minors to use aggressiveness and violence; (e) show that consumption of a particular product will give them priority over other children; (f) show that every family can afford buying a product; (g) directly encourage minors to persuade their parents or others to purchase the goods or services being advertised; (h) show minors in dangerous situations.

As can be seen from the table, Latvian national legislation follows the rules put forward by the European Community. In general terms, rules stated in the national legislation and directives described above are identical. As compared to the Community legislation, Latvian legal acts contain more precise explanation for the general norms for all advertising campaigns and especially advertising of alcohol.

5.2.1.1. Codes of Ethics

According to the Latvian Employers' Confederation²¹, there are only few industry associations working on the territory of Latvia, moreover they do not play an active role in the market. Existing associations have not developed any codes of ethics concerning advertising that their members have to follow. Therefore, the only set of rules on advertising applicable to companies working in Latvia are legal acts described above.

5.2.1.2. Cases Under the Competition Council

As mentioned in the part on the Community legislation, Member States are free in their choice when appointing an organisation for the control over implementation of the law on advertising. In Latvia such supervision organisation is the Competition Council²². According

²¹ Latvian name – Latvijas Darba devēju konfederācija (LDDK)

²² Latvian name – Konkurence padome

to the Competition Council's yearly report (2003), one of the tasks of this organisation is to investigate cases on the possible breach of the law on advertising, these are cases where:

- distributed advertising is misleading in its content, format or presentation, and can harm a competitor. This point is covered by Article 8 of the law;
- distributed advertising includes an open or hidden comparison with a product/service of a competitor, but it does not comply with rules listed in Article 9 of the law on advertising.

The Competition Council has a right to prohibit a future use of the above mentioned advertising, force to call off an existing advertising, as well as to put a penalty fee on a company. According to the law of the Republic of Latvia, the company in its turn has a right to appeal against a decision of the Competition Council to the Court in one month period (Competition Council official homepage).

There are several cases covering misleading and comparative advertising taken by the Competition Council during last several years that might be interesting to look at. According to the Competition Council's yearly report (2003), most often complaints concerning advertising are in the markets with intense competition or in oligopoly markets, where small number of market participants are competing.

The cases shown below should represent the effectiveness of the controlling institution and show whether the law on advertising is successfully implemented in Latvia.

1. Case 102/03/07/7²³ was opened based on a complaint from SIA²⁴ BT1, where it argued that advertising campaign for the 6th International Construction and Furnishing Exhibition "Building World" was infringing Latvian law on advertising. In the commercial the exhibition was said to be 'the biggest in the Baltic States'. SIA BT1, that is also an organiser of exhibitions, claimed that information in the advertising was misleading to consumers as, according to the statistics presented in the case, "Building World" was far not the biggest exhibition in the Baltic (by the number of participating companies it took only 5th place). The Competition Council in its decision stated that the advertisement has infringed Article 8 of the law on advertising. The same case was brought to the Competition Council after a year for the advertising campaign of the 7th International Construction and Furnishing Exhibition "Building World"²⁵. The Competition Council took the same decision. The company

²³ Case 102/03/07/7, decision from 14.05.2003 to the complaint Nr.72/02 from SIA "BT 1"

²⁴ SIA (Sabiedrība ar ierobežotu atbildību) is a Latvian equivalent for Ltd (Limited Liability Company)

²⁵ Case 204/04/09/2, decision from 25.05.2004 to the complaint Nr.73/03 from SIA "BT 1"

organising exhibitions was forced to withdraw all forms of advertising containing misleading information.

2. In the Case 483k/02/07/25²⁶ Reckitt Benckiser complained that Unilever advertising for ‘Cif’ product shown on several Latvian television channels from 23.08.2002 till 29.09.2002 did not comply with rules for comparative advertising stated in Article 9 of the law on advertising. The ad included a comparison of ‘Cif’ and some other household cleaning agent that by its form reminded a product ‘Cillit’ produced and distributed by Reckitt Benckiser. At the moment when a product similar to ‘Cillit’ was shown the commercial included a message “Cif cleans much more effective and does not scratch the surface. Do not harm your house with unsafe cleaning agents!”²⁷. The Competition Council declared a breach of the law on advertising and ordered to stop using the same TV spot in the future.

Very similar case was raised by Reckitt Benckiser against Procter&Campbell advertising of Ariel Excel washing powder in 2004²⁸. In this case a product used for a comparison with Ariel was very similar to Reckitt Benckiser’s product ‘Vanish’. The Competition Council stated that advertising had breached Article 9 of the law on advertising and ordered to withdraw it from all media sources.

3. SCA Hygiene Products in the Case 770/03/09/10²⁹ argued that a comparative advertising of diapers distributed by Procter&Gamble is misleading. The ad included the following message “...new Pampers Total Care absorb three times better than other diapers...none of the other diapers can give your baby same comfort...”³⁰ that SCA Hygiene Products considered to be misleading. After listening to both parties and analysing testing results of diapers presented by Procter&Gamble, the Competition Council stated that there was no breach of the law on advertising in this case.

4. The Case 726/04/09/10³¹ emerged from the complaint received from SIA Tele2 as a reaction to an advertising campaign launched by SIA Lattelekom in the press, as well as on radio and television. Advertising contained a comparison of the fixed and mobile telephone

²⁶ Case 483k/02/07/25, decision from 22.11.2002 to the complaint on 18.09.2002 from Reckitt Benckiser representative in Latvia

²⁷ Translation is done by the author

²⁸ Case 587k/04/09/9, decision from 17.09.2004 to the complaint on 9.07.2004 from Reckitt Benckiser representative in Latvia

²⁹ Case 770/03/09/10, decision from 22.12.2003 to the complaint on 28.11.2003 from “SCA Hygiene Products”

³⁰ Translation is done by the author

³¹ Case 726/04/09/10, decision from 13.10.2004 to the complaint Nr.1-1/1679 from SIA „Tele2”

connections. It started with a saying “It is just stupid to call from a mobile, if you can use a phone at your home”³². SIA Tele2 considered that this advertising was offensive to mobile telephone users, showing that they are “just stupid”. Moreover, this effect was even more strengthened by such phrases as “it is just stupid to:

- ride a cow, if you have a horse;
- comb your hairs with a rake;
- shave your legs with a scythe;
- eat with a shovel”³³.

In its decision to this case the Competition Council recognised a breach of the law on advertising and prohibited a further use of the commercials at issue.

5.2.1.3. Conclusions on Latvia

As the analysis shows above, Latvian legislation covering advertising came in force only during last several years, and thus it is still at the development and implementation stage. For many years advertising field in this country was developing under a variety of different laws, and there was no unified approach. Before the law on advertising came in force in May 2004, rules on advertising were covered by the law on television broadcasting, company law and competition law. Furthermore, several other legal acts on the production and distribution of different product categories were applied.

Moreover, self-regulatory institution (Competition Council) was formed only recently, and it is still not as efficient as it should be. There are only a limited number of associations that unite local companies. Members of these associations are not obliged to follow any code of ethics. The only mechanism controlling the implementation of the law on advertising is the Competition Council that is sometimes overloaded with work³⁴.

³² Translation is done by the author

³³ Translation is done by the author

³⁴ For the year 2004 the Competition Council made investigations under 85 cases covering abuse of a dominant position, prohibited agreements, mergers and acquisitions, unfair competition and breach of law on advertising (Source: Statistics on the Competition Council, official homepage of the organisation)

5.2.2. Legislation in Spain

There are also several legal acts in the Kingdom of Spain that cover rules for the advertising on television. In this part major regulations on advertising are summarised in Table 3.

First of all should be mentioned the law 25/1994 for the television without frontiers³⁵. As can be already seen from the name of the legislation it is an implemented Council Directive 89/552/EEC on the television broadcasting. This legislation contains a number of norms for the advertising on the television. The biggest part of these norms, such as general conditions for advertising being illegal, advertising of tobacco and alcohol products, and advertising aimed at children, is presented in Table 3. Article 13 of Spanish law on the television broadcasting includes special rules on the time allocated for advertising on the television. According to this article the time for commercials should not exceed 20% of the total daily broadcasting time, and a proportion of advertising allowed during one hour of broadcasting should not be more than 17 minutes. Every channel can devote as maximum 3 hours per day for TV Shop activities.

In 2001 the Kingdom of Spain was brought by the Commission of European Communities to the European Court of Justice for non-implementing the Directive 97/55/EC amending the Directive 84/450/EEC concerning misleading advertising in the prescribed period (till 23rd of April 2000)³⁶. As a reply to the initiated proceeding, on 30th of June 2002 the Kingdom of Spain has modified its General Law 34/1988 on publicity³⁷. This law lays down rules governing all the promotion activities undertaken on the territory of Spain. It states conditions that must be fulfilled in order to be able to initiate an advertising campaign. These conditions cover the content of advertising, as well as obligations and responsibility of those who order, create and distribute advertising.

Additional to the national legislation, there are number of codes of ethics that govern the promotion activities of companies in different industries. These codes of ethics are discussed separately in the following part, as well as included in Table 3. The main organisation staying behind these codes of ethics on advertising practices is Autocontrol (Association for the self-

³⁵ The law 25/1994 (Spanish name – Ley 25/1994 por la que se incorpora al Ordenamiento Jurídico Español la Directiva 89/552/CEE, sobre la coordinación de disposiciones legales, reglamentarias y administrativas de los Estados miembros, relativas al ejercicio de actividades de radiodifusión televisiva) was modified by the law 22/1999 from 7th of June.

³⁶ Case C-392/01 Commission of the European Communities v Kingdom of Spain. By its judgment on 28 November 2002 the ECJ declared that, by failing to adopt, within the prescribed period, the law, regulations and administrative provisions necessary to comply with the Directive 97/55/EC amending the Directive 84/450/EEC, the Kingdom of Spain has failed to fulfil its obligations under that directive.

³⁷ Spanish name – LEY 34/1988, de 11 de noviembre, General de Publicidad, last modified on 30th of June 2002

regulation of the commercial communications)³⁸. Autocontrol is a self-regulation institution which main role is to control the content of advertising and its compliance with the national laws on advertising, as well as different codes of ethics. As the main objective of Autocontrol are mentioned better consumer protection and fair competition principles. One of the most important activities of the Autocontrol is advertising complain mechanism that is presented later.

5.2.2.1. Codes of Ethics

Codes of ethics of the following organisations are included in the analysis:

- Brewers of Spain³⁹. This organisation has a very long history – it was formed in 1922 and during this time has changed several names. However, its principles stayed the same during all these years. Now members of Brewers of Spain represent almost 100% of the whole brewery industry in this country. The code of ethics of this organisation includes a set of rules governing promotion of beer on the territory of Spain. Big part of this code is based on the Council Recommendation 2001/458/EC on the drinking of alcohol by young people, in particular children and adolescents.
- Spanish Federation of Spiritual Drinks (FEBE)⁴⁰. There are two codes signed by this organisation, one in 1996 and another in 1999. These codes cover advertising of alcohol beverages, other than beer and wine. Consumption of spiritual drinks is a part of culture in Mediterranean countries, it has become a style of life long time ago. Spain has an experience of prohibition of alcohol advertising that has faced an absolute failure. Spanish Federation of Spiritual Drinks, which members represent almost 100% of the whole industry, decided that better way of controlling advertising of alcohol is to control its content. Thus, codes of ethics designed by FEBE include a wide set of rules covering advertising parameters.
- Spanish Association of Toys Producers (AEFJ)⁴¹. This organisation is working since 1967 and unites companies working in the sector of toy production. One of the objectives of AEFJ is to supervise marketing activities handled by toy producers on the territory of Spain. The code of AEFJ is based on the Directive 89/552/EEC and principles concerning advertising aimed at minors. Big attention is paid to the psyche and development of the child. The code also includes a lot of examples on how an advertisement has to be constructed, as well as shows how important it is to consider the age of the child.

³⁸ Spanish name – Asociación para la Autorregulación de la Comunicación Comercial

³⁹ Spanish name – Cerveceros de España

⁴⁰ Spanish name – Federación Española de Bebidas Espirituosas (FEBE)

⁴¹ Spanish name – Asociación Española de Fabricantes de Juguetes (AEFJ)

- National Association of Companies in Pharmaceutical Industry Established in Spain (FARMAINDUSTRIA)⁴². This organisation unites 250 laboratories that represent 98% of sellers of prescribed medicaments in Spain. The code of ethics adopted by FARMAINDUSTRIA constitutes deontological norms for the advertising of pharmaceutical products for human use. In the code FARMAINDUSTRIA has stated strict ethical and professions principles, as well as indicated the level of responsibility taken by companies in that industry.
- Spanish Association of Tobacco (AET)⁴³. The code of ethics of this organisation is not of interest for this research, as television advertising of tobacco in the Kingdom of Spain, as well as on the territory of the whole European Union, is prohibited.
- Association for Producers of Detergents and Related Products (ADTA)⁴⁴. The code of self-regulation (1989) for cleaning products of the domestic use, designed in cooperation with the Ministry of Health and National Institute of Toxicology, has presented an implementation of the Directive 88/379/EEC⁴⁵.

Table 3. Restrictions on the content of TV advertising in Spain

General rules Television advertising shall not:	(a) encourage behaviour prejudicial to health or to safety; (b) include any discrimination on grounds of race, skin colour, sex, age, religion or political beliefs, and other social and national differences; (c) promote anti-social behaviour or violence in any way; (d) promote cruelty and mistreatment in relation to person and animals; (e) contain any information that might harm moral conditions of minors; (f) be misleading, provide false information.
Advertising of tobacco products and smoking	is prohibited in all forms.
Advertising of medical products	(a) available only on prescription in the Member State within whose jurisdiction the broadcaster falls shall be prohibited; (b) advertising of other medical products is covered by the <i>Code of Ethics for the promotion of medicaments</i> ⁴⁶ .

⁴² Spanish name – Asociación Nacional Empresarial de la Industria Farmacéutica establecida en España

⁴³ Spanish name – Asociación Española del Tabaco (AET)

⁴⁴ Spanish name – Asociación de Fabricantes de Detergentes, Tensiactivos y Productos Afines (ADTA)

⁴⁵ Council Directive 88/379/EEC of 7 June 1988 on the approximation of the laws, regulations and administrative provisions of the Member States relating to the classification, packaging and labelling of dangerous preparations - No longer in force

⁴⁶ Spanish name – Código Español de Buenas Prácticas Para la Promoción de los Medicamentos (2004)

Advertising of alcoholic beverages	with alcohol level higher than 20 centigrade is prohibited on the TV (however, government is free to take a decision of prohibiting also an advertising of alcohol with lower level of alcohol). Special rules: (a) may not be aimed at minors or depict minors consuming these beverages; (b) shall not link the consumption of alcohol to enhanced physical performance or to driving; (c) shall not create an impression that the consumption of alcohol contributes towards social or sexual success; (d) shall not claim that alcohol has therapeutic qualities or that it is a stimulant, a sedative or a means of resolving personal conflicts; (e) shall not show that abstinence from drinking is a negative aspect; (f) shall not place emphasis on high alcoholic content as being a positive quality of the beverages.
Advertising aimed at minors	(a) shall not directly exhort minors to buy a product or a service by exploiting their inexperience or credulity; (b) shall not directly encourage minors to persuade their parents or others to purchase the goods or services being advertised; (c) shall not exploit the special trust minors place in parents, teachers or other persons; (d) shall not unreasonably show minors in dangerous situations; (e) shall not show that consumption of a particular product will give them priority over other children; (f) shall use simple language and take into account minors' inexperience; (g) shall not use characters from children programmes (h) are also covered by the <i>Code of Ethics for the publicity aimed at minors</i> ⁴⁷ .
Special rules covered by codes of ethics	<i>Advertising of beer (Code of Ethics for the publicity of the Brewers of Spain</i> ⁴⁸): (a) is prohibited during programmes connected with cars and other vehicles; (b) shall include message "recommended for responsible consumption" ⁴⁹ (at least 3 seconds in the spot that is less than 30 seconds, and 5 seconds in longer spots); (c) shall not include any connection between drinking beer and the use of tobacco/psychotropic substances; (d) shall not depict sick persons or pregnant women; (e) shall not connect consumption of beer and job performance. <i>Advertising of alcohol beverages, except beer and wine (Code of Ethics for the publicity of the Spanish Federation for Spiritual Drinks)</i> ⁵⁰ : (a) shall not affirm that a minimum use of alcohol is safe for driving; (b) shall not be shown just before or after the programmes which audience are mainly minors; (c) shall not be shown before the start of the evening news, or any time before 20:30.

⁴⁷ Spanish name – Código para Publicidad Infantil, in force since 9th of June 2003

⁴⁸ Spanish name – Código de Autorregulación Publicitaria de Cerveceros de España, in force since June 2003

⁴⁹ Translation in done by the author

⁵⁰ Spanish name – Código de Autorregulación Publicitaria de la Federación Española de Bebidas Espirituosas (FEBE), in force since 16th of December 1999

5.2.2.2. Cases Under Autocontrol

As has been already mentioned above, one of the major activities of Autocontrol, main controlling organisation in the area of consumer protection in terms of advertising, is a compliance mechanism. Decisions of Autocontrol are based on the national legislation, Autocontrol Main Code of Ethics and different industry's codes of ethics. Cases that reach Autocontrol are the ones that can not be solved inside each industry's association. Therefore, there is not a large number of recent judgments available. Below are presented two different cases which Autocontrol considered in October 2004.

1. The complaint was submitted by the Association of the Communication Users⁵¹ on July 12, 2004 against Font Vella S.A.⁵² advertisement of the mineral water⁵³. Advertisement of the product "Water with a touch of lemon"⁵⁴ was based on the idea of the mineral water with a real lemon in it. Bottle etiquettes, posters and TV spots depicted slices of lemon that were floating in the glass of water. In reality the product did not contain lemon, but only had a chemical substitute for citrus that gave it a "smell of lemon". The Association of Communication Users saw this advertising as misleading and breaching Articles 3 and 4 of the general law on publicity. After reviewing the case, Autocontrol stated that advertising of "Water with a touch of lemon" is breaching the national legislation on misleading advertising and ordered Font Vella S.A. to withdraw all the publicity containing misleading information.

2. The case⁵⁵ was raised by Binda Italia S.p.A.⁵⁶ against a TV commercial for a watch "Viceroy" done by Grupo Munreco S.L.⁵⁷ The commercial depicted a singer Enrique Iglesias entering a night club. To get inside guests were required to leave all personal objects for X ray test and pass under the security arch. The singer hid his watch under the shirt, hence when he passed the security arch the alarm switched on. The singer was first asked to take off his jacket, later shoes, then shirt and trousers. When the agent noticed that Enrique Iglesias did not take off his watch, the singer was already almost naked. At the end of the commercial a picture of two "Viceroy" watches appeared on the screen and the voice-over saying:

⁵¹ Spanish name – La Asociación de Usuarios de la Comunicación

⁵² S.A. (sociedad anónima) is a Spanish equivalent for a joint-stock company

⁵³ Decision made on October 14, 2004 to the complaint from the Association of Communication Users against Font Vella S.A. submitted on September 10, 2004.

⁵⁴ Spanish name – "Agua toque de Limón"

⁵⁵ Decision made on October 22, 2004 to the complaint from Binda Italia S.p.A. against Grupo Munreco S.L. submitted on October 5, 2004

⁵⁶ S.p.A. (società per azioni) is an Italian equivalent for a joint-stock company

⁵⁷ S.L. (sociedad de responsabilidad limitada) is a Spanish equivalent for Ltd (Limited Liability Company)

“Without it you are not you”⁵⁸. Binda Italia S.p.A. argued that this commercial was very similar to its TV spot for “Breil” watches shown in 1994 on Spanish and Italian television, which included message “Take me everything except of my Breil” or “Don’t touch my Briel”. After the analysis of both TV spots Autocontrol decided that the advertising of “Viceroy” was not copying the one of “Breil”. The comparison was done based on the characters, visuals, music and message used. Autocontrol proved that two commercial are not identical and the case was closed.

5.2.2.3. Conclusions on Spain

The general law on publicity originally developed in 1988 required adjustments to the EU legislation, which Spain failed to make on time. However, nowadays Spanish regulations covering advertising correspond to the standards required by the European Community. Spain went far in the developing of a self-regulation mechanism for advertising. Autocontrol and a number of industry associations do their best in order to prevent an unlawful and uncompetitive behaviour in Spanish market.

5.3. Legal Comparison

General aspects covering advertising are similar in both analysed countries. A clear trend of legislation harmonisation can be seen in the following rules:

- general moral norms;
- advertising of tobacco products and alcohol;
- advertising aimed at minors.

However, there are also obvious differences in the importance of self-regulatory institutions. National legislation in Spain provides only basic general rules, which all the companies have to follow. Industry associations, on the other hand, place specific requirements for companies working in each particular area. As the analysis shows, companies working in Latvia are subjected to a much smaller number of regulations under the rules of national legislation. Industry associations are not as developed as they are in Spain, and their importance is relatively small. As a result, main self-regulation mechanism in Latvia (the Competition Council) is more overloaded with cases than Spanish Autocontrol. Moreover, in Latvia many companies breach practices of a fair competition due to the lack of sufficient regulations. In order to resolve disputes between companies, the Competition Council often has to deal with the problem according to the competition law (Competition Council’s yearly report,

⁵⁸ Original - “sin él no eres tú”, translation is done by the author

2003). The cases have to be solved this way since the set of rules presented in the law on advertising does not provide enough means to identify a breach of law.

The general conclusion is that marketing campaigns in Spain are subject to a greater number of additional rules than in Latvia. Therefore, as an external factor influencing advertising adaptation, legislation plays more important role in Spain than in Latvia, as there are more rules to comply with.

Using Spanish experience as an example, it is possible to make a prediction that Latvian self-regulatory institutions will develop in the nearest future. A possible future development trend is an increased importance of industry associations. A growing number of new codes of ethics would make the rules on advertising in Latvia stricter.

6. Usage of Advertising on the Television

This part focuses on the advertising usage techniques in both countries. Differences in these techniques are also associated with cultural differences, as cultural context is deeply rooted in advertising. And, as has been mentioned above, cultural diversity is another possible external factor that can influence advertising adaptation in a new market.

Already during recording process several differences were found. There was noticed a difference in a number of commercials shown. In Spanish television for the same period of time a number of spots shown was three times bigger than in Latvia. The reason for it might be the difference in the stage of the economic development of both countries. Moreover, television as an advertising media has different importance in Latvia and Spain. According to the Spanish Association of Advertising Agencies⁵⁹, television is the most often used advertising source in this country, followed by advertising in press (see Figure 3). On the other hand, media attracting the biggest amount of resources in Latvia is press, taking 45.6% of the advertising market (Baltic Data House).

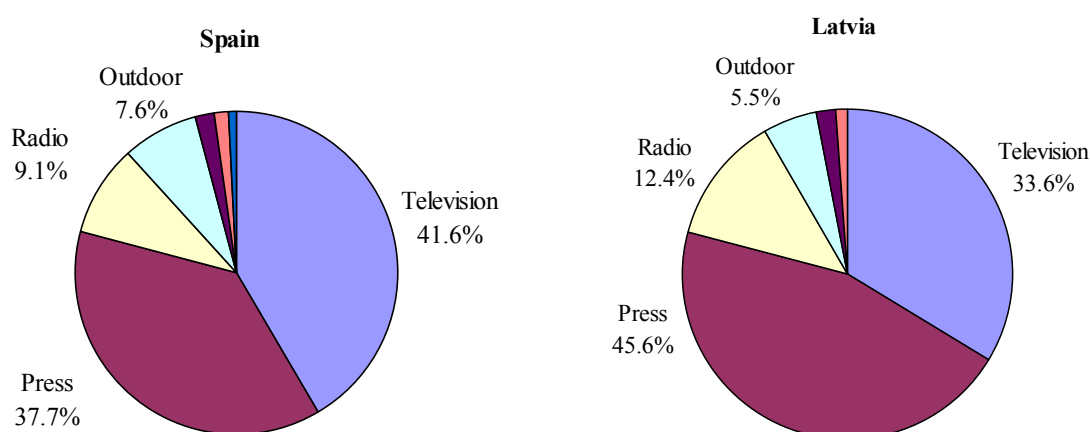


Figure 3. The importance of the advertising media (by money invested in advertising in 2003)

A relatively lower importance of the television as an advertising media explains a smaller number commercials on Latvian television. In many cases companies advertising a product, which aims at a narrow target audience, prefer to use press as an advertising source (Kommersant Baltic, 12.07.2004). For example, companies promoting products for car lovers: it is more profitable to put an ad in a special magazine for the auto-world, than to advertise on the TV where the audience is much bigger and not that specific. This way companies can reach the “right” people, and not to spend money on a commercial that will

⁵⁹ Spanish name – Asociación Española de Agencias de Publicidad

not bring any benefit to the company. This also explains a high importance of press as an advertising media in both countries.

There was noticed a significant difference in the types of advertised products (for deeper analysis see Chapter 6.2.). The investigation also showed a great diversity in the styles of advertising used, as well as in the quality of the TV spots. The question on the quality also depends on the development of the market. TV ads in Latvia were very simple, and could be called ‘cheap’ meaning that it did not cost much for a company to create them. On the other hand, the first impression from Spanish commercials was different – it is seen that companies invested money and effort in their creation; many ads caught the attention by being extraordinary and creative.

6.1. Structure of the TV ‘Space’

This part presents a general data on when commercials were showed and in what way they were included in the TV programme. As watching television is usually a habit and it is rooted in the culture, the structure of the TV “space” can show specific culture related aspects (for example, the time when the whole family gathers at home or how people spend their weekends, etc).

In both countries there were fewer commercials shown during the daytime than at the evenings or on weekends. The biggest part of the day commercial time was given to the TV Shop. Showing commercials in the evening is not a culture related issue. Companies try to reach bigger audience, which is possible to accomplish only in the evenings and during weekends when the majority of people are at home. While in Spain still some ads aimed at housewives were shown during the daytime, in Latvia TV Shop commercials took all the morning TV ‘space’. The reason for this difference is an income distribution in both countries. Many companies try to reach by their ad the biggest number of people with a buying power. Since in the majority of Latvian families both man and woman have to work, only a very small number of companies are using time for their campaigns in the mornings. In Spain situation is a little bit different – for many years women were supposed not to work and to stay at home. In many families this is still the case, therefore some of the companies are still putting their ads during afternoon talk shows and serials.

Starting with six in the afternoon a number of TV commercials is starting to increase reaching its maximum at the time when daily news are shown. It is a common assumption that the largest audience can be reached precisely during this time. As it was already

mentioned in the introductory part, companies should be aware that the time when the news are shown differs in different counties.

As there is a clear dependency between demand and price, one more proof of the profitability of the advertising in the evening programme can be seen in the prices for TV space in Spanish state channel TVE1 (data for the second trimester of 2005 presented in Table 4). As it can be also seen from the table a position in which a commercial is shown is important. In many cases people switch off the TV or change a channel as soon as advertisements start, therefore in order to catch their attention the most advantageous is to put a TV spot just before or after the programme.

Table 4. Tariffs for TV spots with preferred position on TVE1
(Source: http://comercial.rtve.es/comercial_tve/index.htm)

Time period	First position	Last position	Second position	Other positions
7:30 - 12:59	325 €	260 €	260 €	100 €
13:00 - 16:29	3 175 €	2 540 €	2 210 €	950 €
16:30 - 20:29	2 910 €	2 330 €	2 025 €	875 €
20:30 - 00:29	5 985 €	4 790 €	4 165 €	1 795 €
0:30 - 1:29	1 465 €	1 175 €	1 020 €	440 €
1:30 - 2:30	185 €	150 €	150 €	55 €

Also prices for commercials shown during daily news on Latvian private 1st Baltic Channel are higher than for those shown during other time (see Table 5). Additionally, in Latvia to be able to choose a special position for the spot require 15% extra payment⁶⁰.

Table 5. Tariffs for TV spots on 1st Baltic Channel⁶¹
(Source: www.1tv.lv)

Time period	Price per spot
5:30 - 15:50	74 €
15:51 - 18:50	139 €
18:51 - 19:55	185 €
19:56 - 20:59	484 €
21:00 - 22:30	356 €
22:31 - 00:00	114 €
00:01 - 05:29	36 €

Choosing a specific position
in the block + extra 15%

⁶⁰ As countries are at different levels of economic development, the comparison of prices is seen as irrelevant. Moreover, there is no competition possible in the case of advertising in one or another country.

⁶¹ Original prices were given in Latvian lats. Prices in euros were calculated using the official exchange rate from the Bank of Latvia for 01.01.2005 (the date when lat was fixed to euro).

Tables show that Spain and Latvia have different TV time structure. Companies working in these two markets have to be aware of the differences in TV viewers' habits, in order to choose the best time to reach a target audience.

6.2. Product Types Classification

The analysis for this part was carried out using 110 Latvian and 150 Spanish non-repeating TV spots. Figure 4 presents a distribution of the recorded commercials by the type of product advertised in them (only the highest values are named; for the statistics on all product groups see Appendix II).

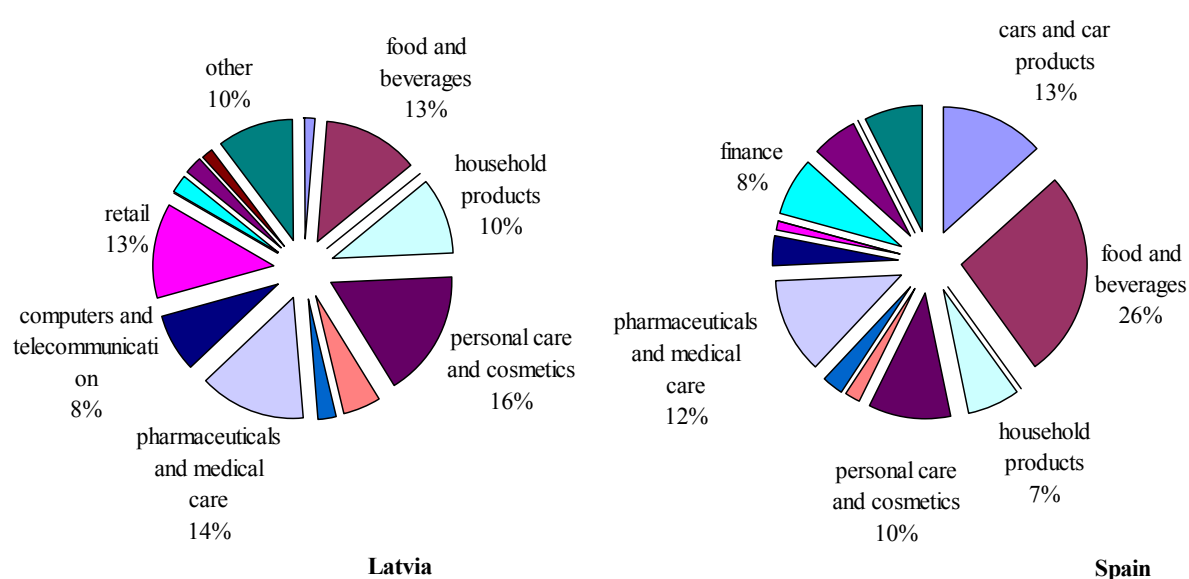


Figure 4. Types of products in Latvian and Spanish advertising sample

A high tendency to advertise pharmaceutical products and medical services is seen in both markets. Several other products are also widely advertised in both Spain and Latvia, like for example food and beverages, personal care and cosmetics, and household products; nevertheless a relative importance of these products is different in two markets.

Even though there are some similarities, there can also be noticed some differences in the product types. For example, cars and car products, often seen in the Spanish TV advertisements (13% of analysed commercials from Spain), are not present on the Latvian television. On the other hand, retail chains are used to advertise themselves on the Latvian television (13% of Latvian commercials analysed), which is not that common practice in Spain. One more difference is in the category of financial services, where in Spanish sample were 8% of TV spots, but in Latvian only 2%.

Knowing the structure of products advertised, a company can see how many potential competitive or substitutive products are advertised by the same media source. This information could force a company to adjust its marketing strategy if for example product previously advertised in the less competitive market enters more competitive one. For example, if a cars distributor starts a TV advertising campaign in Latvia, its ad will take the attention of the audience as something unusual and new; on the other hand, the same commercial will have less success in Spain.

6.3. Advertising Styles Used

Although a majority of product categories in both countries have the same importance, there was found a difference in the advertising styles used. Following part presents a detailed analysis of TV commercials for each country. Special attention is paid to Hofstede's two cultural dimensions that are in the interest of the present research.

6.3.1. Peculiarities of Latvian Advertising

As can be seen from Figure 5 the most used advertising style in Latvia was announcement, 40.4% of analysed TV commercials were placed among this type. The next most often used form was drama (22.4%).

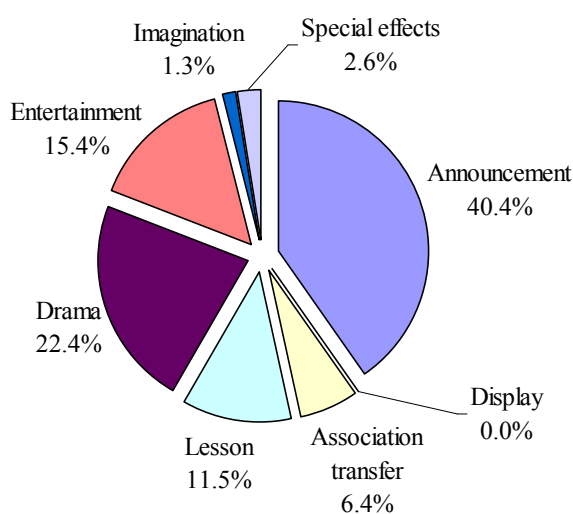


Figure 5. Advertising types in Latvian sample

When looking inside each style and analysing commercials with a use of subcategories⁶², it can be seen that 84% of all announcements can be characterised as product messages, that are giving news about products and services, discounts and locations. The most often this form was used for telecommunications and pharmaceuticals. As well 70% of retail companies in the Latvian sample used announcement as a form of advertising. This also confirms results

⁶² See Appendix III for the graphs with subdivision of the most used advertising styles in Latvia

of the research done by de Mooij (1998, p.265) showing that retail companies very often use this advertising style.

Commercials of ‘drama’ category were mainly of two types: slice-of-life (51.4%) and problem-solution situations (37.1%). Problem-solution form was usually used for advertising household cleaning agents, shampoos and medicine. Slice of life, on the other hand, can not be attributed to a specific product category.

The analysis showed that advertisements in Latvia are very straightforward, mainly containing information about product, discount and location of a company; which is a main attribute of a low-context culture. Spots were short, which shows companies’ unwillingness to invest in the TV advertising campaigns. The majority of expensive advertisements were usually done by big international companies. These companies often create one spot for the whole Baltic region, and sometimes even for the whole North-Eastern Europe. Nevertheless, during last several years some big Latvian companies started investing more money in marketing campaigns, as a result of this new creative ads appeared in the market (ex, commercials of Rīgas Piensaimnieks or Aldaris, both created by McCann-Erickson⁶³).

6.3.2. Peculiarities of Spanish Advertising

As can be seen from Figure 6 the most used advertising type in Spain was drama (in 31% of TV spots), that was followed by entertainment and association transfer (taking 19% and 17% respectively). All these types require a certain degree of symbolism and indirect communication, that are main attributes of Spanish culture.

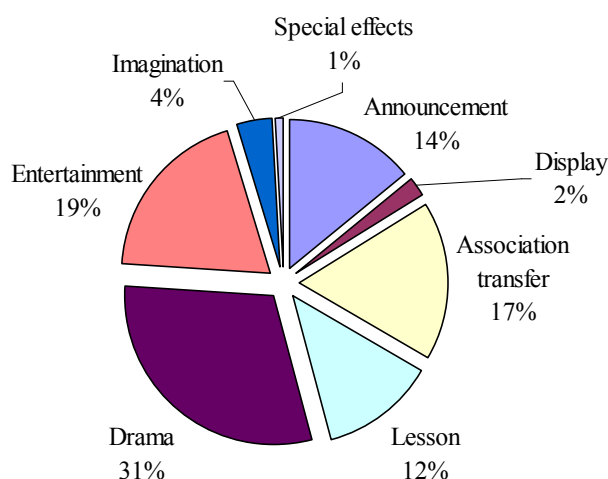


Figure 6. Advertising types in the sample

⁶³ For spots see <http://www.mccann.lv> and <http://www.rpk.lv>

The same as in the case of Latvian advertising the most used subtypes under drama category were problem-solution situations (39% of all drama-type commercials) and slice-of-life (34%). However, in Spain vignettes, series of independent sketches not consistent in the action where the product plays a part in each section, were also often used (20%)⁶⁴.

As the association transfer most often was used lifestyle category (50% of association transfer spots). Moreover, many advertisers applied metaphors and metonymies, that are another indirect communication features.

Many Spanish commercials used humorous situations, but it is worth mentioning that Spanish humour is very straightforward and not complicated, because of a high uncertainty avoidance in that culture.

Analysis of TV spots based on the type of the product advertised gave the following results. The most commercials with association transfers were used for advertisements of cars, and personal care and cosmetics. Drama, especially slice-of-life, was used for advertising food products. Problem-solution subcategory was most often applied to pharmaceuticals and household cleaning agents. The above-described application of drama subcategories is very typical and it does not give any unique information on Spanish advertisement style. It is more important to look at how each spot is constructed, what kind of people are used in it, and what is a central message that a company wants to transfer to the audience.

6.3.3. Comparison

Although drama is appealing to both Latvian and Spanish consumers, it can not be used as a unified advertising form. The problem here comes when depicting slice-of-life situations, because advertisers have to take into account national differences in the life-style.

Announcements are seen as a common style for both countries, as they are impersonal and do not require special cultural adaptation. The analysis of TV spots shows that this type of advertising is widely used in both countries, therefore it can be seen as a unique advertising style appealing to consumers in both cultures. The next part of the paper is based on a deeper analysis of the TV spots with a main focus on cultural similarities and differences.

⁶⁴ See Appendix IV for the graphs with subdivision of the most used advertising styles in Spain

7. Why Do Differences Exist?

Previous part of the analysis showed that there are differences in the types of commercial used, as well as in the TV “space” structure in Spain and Latvia. However, it is important to have a deeper overview of the underlying factors that influence these differences. In order to find an answer to the question “why these differences exist?” an analysis of each separate TV spot was carried out. Two dimensions of Hofstede, described above, were used to evaluate the differences and to measure the importance of cultural diversity.

7.1. Individualism Dimension

From the individualism dimension Latvian culture is seen as a combination of individualism with a little touch of collectivistic attributes. In majority of the analysed commercials people appeared alone, moreover they were not attributed to any particular societal group that is usually done in collectivistic cultures. Ads stressed the idea of being different and self-confident.

Nevertheless, caring about others was also often mentioned as a centre message, that shows a presence of collectivistic values in Latvian society. For example, in a one third of all commercials, even if a person was shown alone in the ad, his or her actions had a meaning of caring and helping to the family (for example, buying presents for relatives, helping children or preparing a tasty dinner for the whole family).

By the structure of the commercials and information given in them, Latvia can be seen as a culture using a low-context communication style. 90% of the analysed ads focused on a product itself, presenting a very precise data and facts. Hofstede found a correlation between high- versus low-context communication style and the individualism dimension (de Mooij, 1998). More individualistic societies need more facts and data about the product before they can make a buying decision, because they use a low-context communication style. Examples of such cultures are the Anglo-Saxon countries and Germany. For more collectivistic cultures, like the south of Europe, the Middle East and Japan, visuals and symbols are more appealing in the ads than direct information. Therefore, commercials from Latvia, while using a big amount of precise information on the product, show that Latvian culture is more individualistic.

There were also several valuable comments received during the focus group interviews. Participants mentioned the following situations when discussing individualist dimension:

- decision should be based on facts and a lot of information;

- everyone has a right for privacy, private and work life are separated;
- employee-employer relationships are based on the contract, hiring and firing procedures depend on skills and rules only;
- self-actualisation and personal goals are important;
- education/diplomas increase economic worth and/or self-respect.

These situations cover typical individualistic values. However, some of the collectivistic features were also mentioned, such as:

- there are extended families, and people are supposed to take care for their older relatives;
- there is togetherness and social control;
- direct confrontation should be avoided.

When looking at Spain, it can be seen that advertisers were more often than in Latvia using entertainment and imagination types of commercials. These types are attributed to more symbolic and non-verbal communication. Thus, according to the correlation proven by Hofstede Spanish culture can be seen as more collectivistic. This also proves the results of the original Hofstede's research (1980) and content analysis of de Mooij (1998).

Moreover, in 90% of all commercials people were shown in the groups of three or more people. In many commercials were depicted warm relationships between children and parents, where parents were passing on their experience to a younger generation. In the commercials analysed people were never shown eating alone, as in Spain the food culture is not only attributed to the fulfilment of physical needs, but as well to the communication process.

Some of the companies stressed the importance of collectivistic feeling, for example by sayings like:

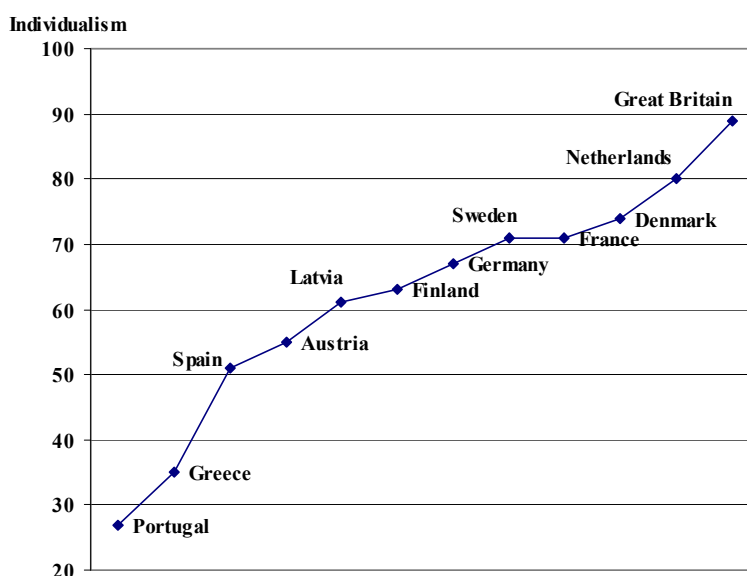
- "we are all the same" ("todos somos iguales");
- "to share moments" ("compartir momentos");
- "a road to go and someone to share it with" ("un camino para recorrer y alguien para repartir lo").

The analysis showed that Latvian culture is more individualistic than the Spanish one, proving the assumed correlation between geographic location in Europe and individualism/collectivism dimension (see Figure 7). However, the influence of the communism has left some collectivistic aspects on Latvian culture. The reason why Latvia is

more individualistic than estimated by Hofstede's research group, is a close connection of this culture to Germans that were ruling Latvian territory since the end of XII century. Germans were present on the territory of modern Latvia for five centuries mixing with Liv society (original Latvian tribes). Therefore, German influence can still be seen in the communication style.

Figure 7. Individualism dimension for some of the members of the EU.

Source: Hofstede (1980), de Mooij (2004) and an assumption for Latvia from the present research data.



7.2. Masculinity Dimension

Latvian society in some aspects of its everyday life is seen as being more feminine culture. Both men and women are expected to work having same responsibilities, and family income depends on both. Companies using direct selling approach in Latvia usually apply more soft-selling techniques. However, there is also a proof of masculine values in Latvian culture. For example, household work is less shared between husband and wife. Children are learned to be strong and admire successful people, that is a clear attribute of a masculine culture.

When analysing TV spots also some proof of masculine culture was found. In many commercials a clear separation between man and woman was seen. For example:

- in the ads for food and cleaning agents a woman was depicted as the one who is doing all the household work, whereas a man wearing a suit was coming home only in the evening;
- in all the ads of cosmetics, women were always depicted as beautiful, attracting and sexy.

On the other hand some of the ads presented feminine values:

- like father caring for the child; that is usually women's responsibility in the masculine culture;
- or companies stressing care and love to relatives and friends, instead of one's success and ego.

The focus group analysis showed very similar results. Participants mentioned such feminine aspects as:

- people are supportive more than competitive, at the workplace colleagues are not supposed to compete but rather to support each other;
- trying to find a compromise/consensus in conflicts;
- caring for those next to you.

However, some of the masculine values were also brought in during the discussion, like:

- economic growth is of a high priority;
- knowledge and experience are more important than personal characteristics.

Spain according to Hofstede's research group is taking a middle place by the masculinity dimension in the EU15, thus proving to combine values of both masculine and feminine cultures. The analysis of TV spots also showed a clear presence of both masculine and feminine factors. More than a half of all analysed commercials stressed the quality of life, that is a clear evidence of a feminine dimension. Particularly, "the quality of life" was strongly connected to the food and eating in Spanish culture. Commercials of food products stressed a concept of pleasure from eating and caring for each other. One of the companies, which was advertising different food products even as its logo had an expression "the quality of life" ("calidad de vida"), that really good illustrates the attitude of Spaniards towards eating and food.

However, as was mentioned by Hofstede (1980) and de Mooij (1998), there are masculine values that also play an important role in Spanish culture. In the analysis masculine values came out in the following situations:

- presenters chosen for advertising of cosmetics and perfume for both women and men possessed qualities of people in the masculine society; men were strong and always getting what they want, women – young, beautiful and elegant;
- advertising of cars in 80% of cases stressed power and success of the man; instead of focusing on family and comfort that would be attributed to a feminine dimension;

- in many commercials woman was depicted as the one who cooks and takes care of the children, showing a masculine division of work in the family.

Based on the above analysis it can be said that Spain and Latvia are very similar to each other in terms of masculinity (see Figure 8).

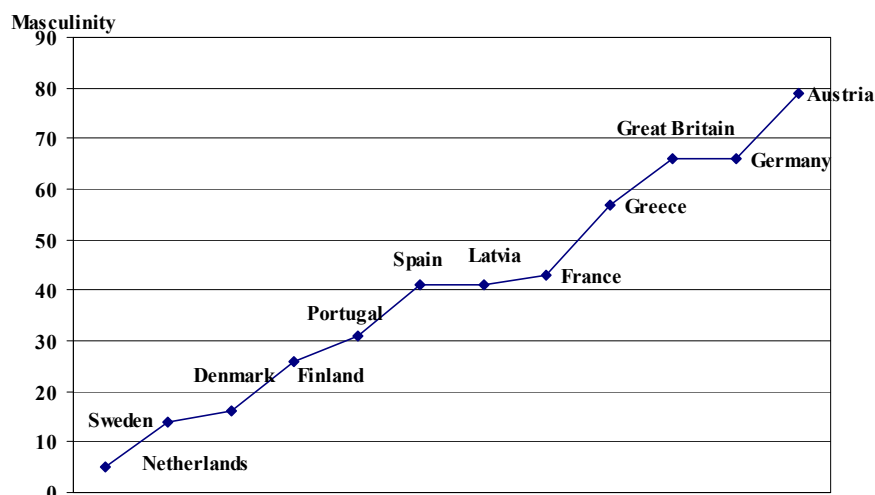


Figure 8. Masculinity dimension for some of the members of the EU.

Source: Hofstede (1980), de Mooij (2004) and an assumption for Latvia from the present research data.

In both cultures caring for those next to you is important and is of the concern of both men and women, however there is still seen a tendency for separation of the roles of men and women both in the family and at the workplace. Although countries analysed can be placed very close to each other along the masculinity/femininity axis, there are also some differences in the way femininity is expressed in these two cultures. For example, Spaniards put more attention to the “quality of life” and pleasure from living than Latvians do. On the hand, Latvians are more stressing caring and softness.

7.3. Cultural Comparison

Differences in the types of advertising used in Spain and Latvia, that were found during the first stage of the analysis, can be explained by different positioning of these two cultures along the individualism dimension. Spanish culture contains more collectivistic features. In this society it is important to be a part of a group and this is what defines person as an individual. When talking to a Spanish person, you can often hear sayings “mi gente” (my people) or “mi barrio” (my neighbourhood). Latvian culture, on the other hand, proves to be more individualistic, that is seen as a direct influence of Germanic culture. There are however some of the collectivistic values found in Latvia, such as caring for other (that can be seen as

a result of high femininity in the culture, proving that dimensions in the model are interrelated).

Using a proved correlation between individualistic dimension of Hofstede and communication styles of Hall, the present research shows that two analysed cultures have different communication styles, which directly reflect differences in the information included in the ad.

Second dimension used for the analysis shows that both cultures are similar in terms of masculine/feminine values. They are taking a middle position on the masculinity axis, meaning that there are both masculine and feminine values that dominate the society. However, as all dimensions in Hofstede's model are interrelated, other four influence differences in the perception of femininity in the countries. In Spain the "quality of life" and pleasure are of a high importance, whereas Latvians put a lot of attention on caring and softness.

Conducted analysis shows that the main problem with advertising standardisation comes from culture related factors which influence the perception of advertising by consumers. Particularly, in the cultures analysed the problems with right message selection and amount of information included in the ad are at issue.

8. Conclusions

The analysis with the use of external factors influencing global advertising creation (model of Jeannet and Hennessey, 2001, p.482) has given the following results.

National legal systems in both countries put the same requirements on the advertisers, however in Spain due to a high number of active industry associations, there are additional sets of rules that companies working in specific industries have to meet. Therefore, there are more legal aspects that might influence a decision on advertising adaptation in Spanish market.

Fast development of Spanish self-regulatory institutions, that happened during last decade, allows to make an assumption that Latvian legislation on advertising will follow the same path, and in several years from now companies will also face a greater number of rules on advertising.

Analysis of cultural differences showed that Latvian society share more individualistic values than the Spanish one. This conclusion proved the assumption that there is a correlation between geographical location and individualistic values in the society. When looking at the masculinity dimension, Latvian culture can be placed close to Spain, both promote a concept of caring for each other and the importance of the quality of life. On other hand, there can be seen a separation of the roles of man and woman in the family. These two cultures take a middle position in the masculine/feminine relation, proving to combine values from both extremes.

A deep content analysis of every separate TV ad showed that the most appropriate advertising style that can be used in both cultures without any adaptation is announcement. Drama type commercials, often used in Spain and Latvia, are very culture bound, as they represent people in their everyday life situations that are different in different countries. Therefore, this type can not be seen as a unique approach.

The most appropriate advertising type for Spanish culture should involve symbolic and indirect communication. On the other hand, Latvian consumers are seeking for precise and direct information. These two cultures have completely opposite communication styles, therefore it would be hard to apply the same marketing strategy in those markets and get the same success in both places.

The general conclusion of the research is that European market can not be seen as a place for standardised advertising or European consumers as a homogeneous group. There are still legal and cultural differences that force companies to adjust their marketing strategies. Two

following parts present an overview of possible implications resulting from the conducted research. The main aim of these parts is to see what can be done at the Community level about differences in legal environment, as well as what a company, working in these culturally extremely diverse markets, should do in order to be successful.

8.1. Legal Remarks

There is a clear tendency for harmonisation, which made national legislations in both countries almost identical. The general conclusion is that there are no obvious legal differences that could be seen as a disturbing external factor for standardised advertising creation. There are basic rules that all companies working in the Common Market have to follow. However, when looking at the additional rules that companies working in specific industries have to comply with, there can be seen some differences. Spanish industry associations are more active as compared to their Latvian counterparts. As a result of this many companies operating in Spain face larger number of rules on advertising than Latvian companies.

It is believed, however, that additional legal acts covering advertising would not create more convenience and harmonisation in the market place. They would only generate more confusion and overloading of the Community legal system. Nevertheless, there should be some guidance coming from the EU organisations for the Member States to have similar level of inside control. This can be accomplished by issuing recommendations, that do not have a binding force⁶⁵, which will allow easier and smoother introduction of policies without overloads of the legal system.

As another possible solution would include an increased importance of industry associations at the European level. This would force companies in a specific industry in all Member States to sign the code of ethics with the same requirements on advertising. This solution is seen as the most practical. Nevertheless, this is a long process that will take not one year to give noticeable results.

⁶⁵ Article 249 of the Treaty establishing the European Community

8.2. Managerial Implications

As a concluding part it is important to see what are the implications of the present research for the management of companies working in the European Union. Companies face rather similar legal environment in both Spain and Latvia. On the other hand, there were found clear differences in culture related factors. The research showed that consumers in Latvia and Spain perceive advertising differently due to differences in their cultural beliefs. Therefore, they have to be addressed with the use of different advertising techniques.

In general, companies who cover with their products or services several parts of the Common Market are left with two options. First of them is to standardise advertising by creating a simple spot which just presents the product. For this alternative the best could be used a display advertising technique, which is the most culture free form. In order to be appealing to everyone advertising should not bring any culture-related issues and should not call for cultural associations. This option is only possible if a product itself does not have strong cultural bounds.

However, the problem with this option could arise when it comes to the question on how much information should be included in the ad. Different cultures have different communication techniques, meaning requiring different information/symbol relations in advertising. This problem is clearly seen on the example of Spain and Latvia. Although in both countries announcement type of commercials is widely used, it is not sure whether the same announcement ad will work in both Spain and Latvia. Latvian consumers will expect more precise information on the product, whereas Spanish are used to indirect communication with the use of symbols.

As a possible field for standardised commercial are cultures that are similar to each other in their cultural values. Consumers having similar cultural characteristics can be targeted with the same marketing techniques. Nevertheless, companies have to be careful when comparing countries. In many cases it is assumed that countries located geographically close to each other have similar cultural values. This is not always a case. For example, as parts of Mediterranean Europe Usunier (2000, p.272) mentions Spain, Portugal, Greece and Italy. Cultural dimensions of Hofstede show that all these counties have high power distance and strong uncertainty avoidance. However, values for individualism and masculinity dimensions are very different with Portugal being highly collectivistic (27 out of 100) and feminine (31 out of 100); but Italy individualistic (76 out of 100) and masculine (70 out of 100). Sure that the same advertising campaign would not work for both Portuguese and Italian consumers.

Another example of neighbouring countries being different from each other was proved by this research. Assumptions made for Latvian society based on the scores for cultural dimensions of neighbouring countries turned out to be wrong. There are a lot of historical factors that influence cultural behaviour in a country; and all these factors have to be taken into account when making assumptions on cultural values.

Second alternative for the companies would be to change a commercial, adjusting it to cultural differences. When doing this, the following aspects need to be considered:

1. General message of the ad is very important, as well as the amount of information that needs to be included. As mentioned already before, the amount of information should be changed based on the communication type prevailing in a culture. If a message is translated, a company should make sure that a real meaning of it is not lost.
2. Advertising content:
 - The right type of commercial has to be chosen based on the cultural dimensions of Hofstede;
 - Situation depicted in the ad has to call for cultural associations in the audience, therefore it should correspond to local traditions, norms and customs. In some Member States of the EU religion is playing an important role in people's everyday life. When creating a commercial, an advertiser has to check whether the ad matches religious norms existing in the society;
 - In general, “the audience prefer characters with which they can identify” (Usunier, 2000, p.465), therefore it is important to choose right people depicted in the ad;
 - Europe is quite homogeneous when it comes to colour and background theme selection, however these aspects have also to be checked in order to avoid cultural misunderstandings.
3. Company must also check for the TV viewing habits in the country in order to choose the right time for the commercial and reach the biggest target audience.

In the majority of cases when cross-border activities are involved, companies have to adjust their marketing strategies to different cultural environments. And there is nothing a single company can do in order to create a homogeneous cultural environment on the territory of the EU. Cultural diversity is what makes the European Union so special and companies have to be aware of it.

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10. Appendices

Appendix I. Focus Groups

Date: 7th and 8th of April 2005

Time – 40-50 minutes

Number of participants – 6 in each

Age range – from 18 till 55

Occupations:

- *Focus group 1:* student of art, operator in the information calling centre, university professor in economics, school teacher, director of SME, manager of multinational company;
- *Focus group 2:* student of business administration, administrative worker at university, account manager in advertising agency, pharmacist, manager in the bank, university professor in anthropology.

Structure

Introduction – Hofstede model was introduced to participants, an attention was paid to the explanation of each dimension. Specially made handouts with main attributes of each dimension were handed out.

Discussion – Each cultural dimension was discussed separately, in the following order: power distance, individualism/collectivism, masculinity/femininity and uncertainty avoidance. Participants were not informed that only two dimensions are of a specific interest for the researcher. The reason for it is that all dimensions are interrelated and the author saw it useful that the discussion covers all dimensions because they can give additional inside to each other. Therefore, discussion was divided into four separate sections that took 7 to 10 minutes each. At the beginning of each part short version of the questionnaire was presented to the participants. During each section each pair of statements was discussed, participants were asked to bring up examples from their own lives.

Power Distance

In the family, children are taught that their opinion matters as much as that of their parents.

In the family, children are encouraged never to take things for granted.

At work, subordinates are supposed to create their own job function and place within the organisation.

At work, people constantly challenge their bosses. It is often hard to tell who is managing and who is being managed.

People believe that the most effective way to change the political system is gradually, i.e. by

In the family, children are taught that they should not question the authority of their parents.

In the family, children are taught to accept the word of people who are senior or more important.

At work, everybody has clearly-defined areas of authority.

At work, the boss makes the decisions, while maintaining close guidance and control. People see this as his responsibility and respect him.

People believe that the most effective way to change political system is by changing

debate and by voting.

Individualism/Collectivism

People have strong and long-lasting loyalties with in-groups.

There is togetherness and social control.

People are preoccupied with avoiding loss of face and “giving face” to others.

People are promoted on the basis of loyalty and seniority.

It is seen as immoral if a boss does not use his power to give a job to a relative in need.

Masculinity/Femininity

People sympathise with the underdog and tend to be jealous of the successes of others.

At work, people are motivated by a pleasant work environment, warmth and cosiness.

People try to reach consensus at work and colleagues are not supposed to compete against one another.

Both men and women can be modest, tender and concerned with quality-of-life issues.

Lovers look for intimacy.

Uncertainty Avoidance

In the family, children are taught to live with chaos and ambivalence.

People give their support to generalists who can cope under all circumstances.

People are not required to carry an identity card with them.

People are not supposed to show emotions in public.

There are few rules in society which you are supposed to follow.

the people who are in power.

People choose their own friends on the basis of common interest and appeal.

There is loneliness and freedom.

People are preoccupied with meeting their own private norms and standards.

People are promoted on the basis of excellence, irrespective of age.

It is seen as immoral if a boss uses his power to give a job to a relative in need.

People admire the top-dog and blame the unsuccessful.

As work, people are motivated by clear-cut target and strict accountability to demonstrate their level of achievement.

People see confrontations as positive and fruitful; one should compete or die.

Men are supposed to be assertive and focused on material success, while women are supposed to be more modest and concerned with quality-of-life issues.

Lovers look for emotional support.

In the family, children are taught to create structure and to avoid ambivalent situations.

People give their support to the expert and to the competent leader.

People are required to carry an identity card with them.

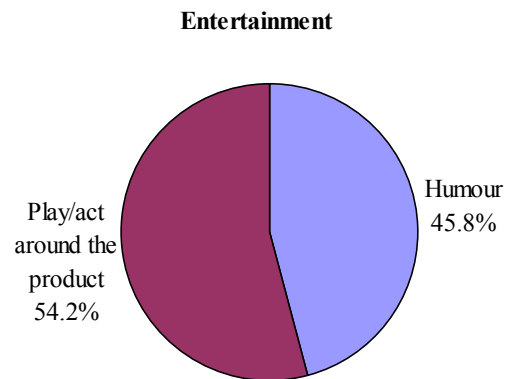
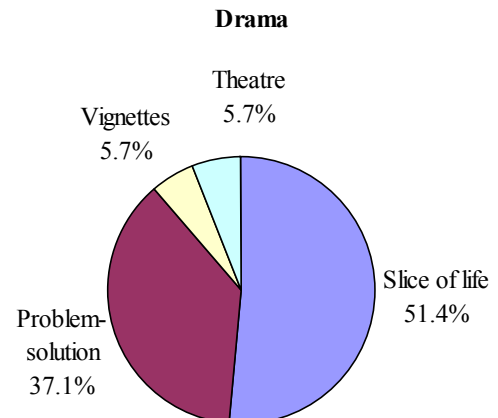
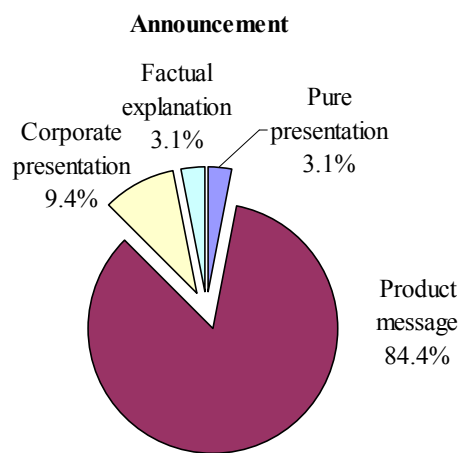
People are allowed to show emotions in public (in the proper place and at the proper time).

There are many rules in society which others are supposed to follow.

Appendix II. Product Groups Division

	Product type	Latvia	Spain
1	Cars and car products	1.28%	13.33%
2	Food and beverages	12.82%	26.67%
3	Beer and alcohol	0%	0%
4	Household products	10.26%	6.67%
5	Personal care and cosmetics	16.67%	10.48%
6	Baby care	5.13%	1.90%
7	Dental care	2.56%	2.86%
8	Pharmaceuticals and medical care	14.10%	12.38%
9	Computers and telecommunication	7.69%	3.81%
10	Retail	12.82%	0.95%
11	Travel	0%	0%
12	Finance	2.56%	7.62%
13	Media	2.56%	5.71%
14	Pet food	1.28%	0%
15	Other	10.26%	7.62%

Appendix III. Subdivision of the Most Used Advertising Styles in Latvia



Appendix IV. Subdivision of the Most Used Advertising Styles in Spain

