



JÖNKÖPING INTERNATIONAL BUSINESS SCHOOL  
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# Media Channels in a regulated market

A case study of ABSOLUT VODKA

Paper within Marketing Management

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# Table of Contents

<b>1</b>	<b>Introduction</b>	<b>1</b>
1.1	Background	1
1.2	Problem discussion	3
1.3	Purpose	3
1.4	Definitions	4
1.5	Disposition	4
<b>2</b>	<b>Company information – ABSOLUT VODKA</b>	<b>6</b>
2.1	In the United States	6
2.2	In China	7
<b>3</b>	<b>Methodology</b>	<b>8</b>
3.1	Qualitative and Quantitative methods	8
3.2	Case study	8
3.3	Primary and secondary data	9
3.4	Interviews	10
3.4.1	Choice of respondents	10
3.4.2	Question Guide	11
3.5	Reliability and Validity	12
<b>4</b>	<b>Frame of Reference</b>	<b>13</b>
4.1	Media Channels	13
4.1.1	Print media	13
4.1.2	Broadcast media	16
4.1.3	Internet marketing	17
4.1.4	Media Channels in the United States and China	18
4.2	Dimensions of culture	20
4.2.1	Power distance	21
4.2.2	Individualism vs. collectivism	21
4.2.3	Masculinity vs. Femininity	22
4.2.4	Uncertainty avoidance	22
4.2.5	Long term orientation	22
4.2.6	Culture in the United States and China	23
4.3	Communication	24
4.3.1	Communication style	24
4.3.1.1	High-Context and Low-Context Communication	24
4.3.1.2	Direct vs. Indirect Modes of Communication	25
4.3.1.3	Verbal Communication Styles	25
4.3.1.4	Non Verbal Communication Styles	26
4.3.2	The American and Chinese advertising style	26
4.4	Business Ethics and Regulated Marketing	27
4.4.1	Marketing Ethics	27
4.4.2	International Business Ethics	28
4.4.3	Business Ethics in the United States and China	28
4.4.4	Regulated Marketing in the United States and China	29
<b>5</b>	<b>The ABSOLUT VODKA Case</b>	<b>30</b>
5.1	ABSOLUT VODKA in the United States	30

5.1.1	Media Channels .....	30
5.1.2	Communication .....	31
5.1.3	Dimensions of Culture .....	31
5.1.4	Business Ethics .....	32
5.1.5	Regulated markets .....	32
5.2	ABSOLUT VODKA in China .....	32
5.2.1	Media Channels .....	32
5.2.2	Communication .....	33
5.2.3	Dimensions of Culture .....	34
5.2.4	Business Ethics .....	35
5.2.5	Regulated Market .....	35
<b>6</b>	<b>Analysis .....</b>	<b>36</b>
6.1	Media Channels .....	36
6.2	Communication .....	38
6.3	Business Ethics and Regulated Markets .....	40
<b>7</b>	<b>Conclusion .....</b>	<b>42</b>
7.1	Suggestions for further studies .....	43
	<b>References .....</b>	<b>44</b>

## Table of Figures

Figure 1 - Disposition .....	5
Figure 2 – Internet.....	19

Title: Media channels in a regulated market – A case study of ABSOLUT VODKA

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### **Abstract**

It is widely known today that marketing plays an important role for the success of a company. The process of marketing is extremely complicated as it is, thus there are markets where this process is complicated even further. In these regulated markets, factors occur during the launching and marketing of a product that interferes with the marketing activities. In these markets advertisers has to obey to laws and rules on how to advertise their products. One of the most regulated markets today is the one of alcoholic beverages. The two largest consumer countries of alcohol today are the United States and the Republic of China. Even though these countries have some similarities as the two largest consumer markets in the world, laws, regulations and attitude towards alcohol vary greatly between them making the process of penetrating the markets even harder.

The purpose with this thesis is to get an understanding of how differences in the choice of media channels in the United States and China can be explained by differences in culture and ways of communication as opposed to legal and ethical restraints.

This thesis will be carried out as a case study on ABSOLUT VODKA. The authors have used a qualitative approach to the problem at hand together with structured and unstructured interviews with employees at ABSOLUT VODKA that have knowledge about the American and Chinese market. Due to limited contact possibilities the empirical findings will also be based on secondary data.

The authors have reached the conclusion that ABSOLUT VODKA has to first of all clearly identify its target group to be able to use the media channels efficiently. The authors believe that differences in media channels between China and the United States can to some extent be explained by differences in culture, communication, regulations and ethics. The concepts that are believed to have most impact are believed to be the ethical and moral considerations. Thus the authors are also of the opinion that the factors mentioned above has a heavier impact on the design of the advertisement than it does on the choice of media channels operating in a regulated market.

Titel: Mediekanaler i reglerade marknader – En fallstudie om ABSOLUT VODKA

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Handledare: Jenny Balkow

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### **Sammanfattning**

Det är vanligt vetande idag att marknadsföring spelar en viktig roll för framgångarna av ett företag. Denna process av marknadsföring är extremt komplicerad som det är, dock finns det marknader där denna process är försvårad ytterligare. I dessa reglerade marknader finns det faktorer under lanseringen och marknadsföringen av en produkt som stör marknadsaktiviteterna. På dessa marknader måste marknadsförare följa lagar och regler angående hur marknadsföringen av deras produkter får ske. En av de mest reglerade marknaderna idag är alkohol marknaden. De två länder som konsumerar mest alkohol idag är USA och Kina. Även om dessa två länder har vissa likheter som de två största konsument marknaderna i världen så skiljer de sig åt när det gäller lagar, regler och attityder angående alkohol vilket gör processen att penetrera dessa marknader ännu svårare.

Syftet med denna uppsats är att få en förståelse om hur val av media kanaler i USA och Kina kan förklaras med skillnader i kultur, tillvägagångssätt i kommunikation i motsats till legala och etiska hinder.

Denna uppsats kommer ha formen av en fallstudie som avser ABSOLUT VODKA. Författarna har använt sig av en kvalitativ infallsvinkel till problemet med strukturerade och ostrukturerade intervjuer med anställda inom ABSOLUT VODKA som har kunskap om amerikanska och kinesiska marknaderna. På grund av begränsade kontakt möjligheter med företaget kommer den empiriska delen även grundas på sekundärdata.

Författarna har nått slutsatsen att ABSOLUT VODKA måste först och främst identifiera deras målgrupp för att kunna använda mediekanalerna effektivt. Författarna tror även att skillnaderna mellan mediekanalerna i Kina och USA kan till en viss grad förklaras genom kultur, kommunikation, lagar och etik. De som verkar ha mest inflytande är etik och moral. Författarna tror även att de nämnda faktorerna har större inflytande på själva reklamen än av valet av mediekanaler.

# 1 Introduction

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*In this chapter there will be a presentation about the background, problem, method and purpose of the thesis. This is necessary to get fundamental knowledge about the specific research problem at hand. The background will lead the way to the problem discussion, which will further lead to the purpose. There will also be a part of this chapter that is devoted to the definitions of terms used in the research. Finally there will be a model of the disposition, which explains the structure of the thesis.*

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## 1.1 Background

It is commonly known today that marketing plays a vital role for the upbringing and survival of a company and its products. Marketing conducted and communicated in the right way is one of the key components between failure and a success story. The process of marketing a brand is complex as it is, thus there are factors and markets that makes this process even harder.

These factors occur when launching and marketing a product in a regulated market. According to Wikipedia (2006), when advertising in a regulated market one must obey the laws and rules defining the ways in which products can be advertised in a specific region. These rules and laws can touch on a variety of aspects concerning the marketing of a product such as placement, time and content (Wikipedia, 2006). The authors therefore find this subject of interest since there are no books or theories to follow on how to market a product successfully in a regulated market, and yet there are companies that have done it successfully.

One of the most regulated markets in the global economy today is the one of alcoholic beverages and the two largest markets in the world of alcoholic beverages are the United States and the republic of China (Taylor & Raymond, 2000). These countries are also the two largest consumer markets in the world today. However laws, regulations and attitudes toward alcohol vary between these two countries which make the process of penetrating the world's two largest consumer markets even harder.

This leads us to the subject of interest and also the debate about alcohol and advertising. The alcohol and advertising industries argue that since the alcoholic drink is a legal product so should the advertising of the product be and that bans on alcohol advertising would have unfavourable effects on the alcohol market and the media. They also claim that implementing bans are not justified since alcohol advertising is concerned with promoting sales of individual brands and there is no evidence of a link between advertising of alcohol and the overall level of alcohol consumption or the amount of alcohol related harm (Ias fact sheet, 2005). Further more; the World Health Organisation's (WHO) European charter on alcohol, claim that children and teenagers should grow up in an environment that is secluded from the negative consequences of alcohol consumption and, as much as possible, from the advertising of alcoholic beverages (Ias fact sheet, 2005).

The main counter arguments are that as well as promoting different brands, alcohol advertising is also concerned with finding new drinkers and increasing sales among existing ones, especially heavy consumers (Ias fact sheet, 2005). It is also argued that intensive advertising and promotion of alcoholic beverages seems to legitimate the use of the product which leads to high level of damage to individuals and society. By definition,

alcohol advertising is one sided, avoiding any connection to the negative side of alcohol consumption. Today it is also necessary to enable alcohol to compete against other sorts of drugs as well as soft drinks. There is in fact some evidence that suggests that bans on alcohol advertising can have beneficial effect on the level of harm in the long-run (Ias fact sheet, 2005).

Understood from above, the alcohol market is a sensitive market where one carefully has to consider the marketing methods used in order to reach the targeted customer and at the same time follow the restrictions regulating the market. Thus the difficulties do not end there, understanding and adapting to legal restrictions across cultures is another challenge many multinational businesses face. Laws vary greatly between countries and a regulation that often needs to be translated contains unclear issues that are difficult to understand. More difficulties that foreign marketers come across are the presence of self regulation and voluntary compliance that exist in some countries (Taylor & Raymond, 2000). Industry self regulations vary greatly between countries since there are different organizations world wide that set standards on how advertising should be conducted with minimal governmental interference (Lustberg, 1998).

In the United States the Bureau of Alcohol, Tobacco & Firearms (ATF) is one of the instances that regulate unfair advertising practices and unlawful actions when it comes to distilled spirits, wine and malt beverages. Under the control of the ATF, alcohol advertising should conform and align with four specific regulations (Lustberg, 1998).

(1) to prevent the advertising to deceive the consumer, (2) to make sure that adequate information is provided to the customer concerning the identity and quality of the product, the alcoholic content and the individual or company that is accountable for the advertisement, (3) rule out false, obscene, misleading, offensive or abusing statements about competitors, (4) limit statements in the advertisement that are not compatible with any part of the product's brand (Lustberg, 1998).

In China alcohol producers are faced with regulations banning television commercials of spirits with 40 % alcohol content or over. There are also considerations for introducing a quota on the number of ads appearing in television and print. These regulations are a result of the debate that alcohol products contains too high level of grain and that it could have a harmful effect on consumers. Alcohol producers in China face restrictions not only for this specific category, but for advertising in general (Taylor & Raymond, 2000).

Thus, in today's economy there are success stories of alcohol producers operating lucratively in different countries which prove that there must be ways to conduct identifiable marketing to different target groups around the world despite marketing regulations and cultural differences. One of these companies is the Swedish company ABSOLUT VODKA which have reached great success launching its products in a regulated market, namely in two of the worlds largest consumer markets. ABSOLUT VODKA has its largest market in the United States and one of its fastest growing markets is the republic of China (V&S Group, 2005a). This thesis will take a perspective from ABSOLUT VODKA in Sweden, this since the authors find it of interest to see how a Swedish company tries to adjust the media channels used to align with the cultural and legal differences that exists between these two countries. Further more also to see how ABSOLUT VODKA has managed and is currently managing the choice of media channels in the regulated markets of the United States and China

## 1.2 Problem discussion

This thesis will investigate how differences in the choice of media channels in the United States and China can be explained by differences in culture and ways of communication as opposed to legal and ethical restraints. The authors have concentrated on a specific market, namely that of alcohol. This since, as stated before, the alcohol market is one of the most regulated markets today and therefore it is interesting to see how these regulations together with other differences influence the choice of media channels used.

The thesis will be written as a case study on the marketing efforts of a specific company operating in the regulated market of alcoholic beverages in more than one country. The company of our choice is one of Sweden's marketing success stories, ABSOLUT VODKA. The thesis will look into which media channels that is currently used and which are most suitable for a regulated market in different countries from the perspective of ABSOLUT VODKA in Sweden.

Comparisons will, as stated, also be done between the United States and China to illustrate that the restrictions in a regulated market may vary from country to country as well as the communication and therefore it is interesting to see how these differences affect the media channels used.

Since the authors believe that there are ways to successfully communicate marketing strategies through the use of the right media channels they feel a need to investigate how these media channels are chosen in a regulated market in relation to culture and communication. There is also a need to compare the media channels used depending on the culture of operation, this to provide the reader with an understanding of how flexible the marketing process needs to be. The authors are making use of ABSOLUT VODKA for the research conducted, thus the result of the thesis will be of use to other companies, as well as to ABSOLUT VODKA, namely other players in the alcohol market or companies operating in any regulated market. This since it can be useful for companies today to understand the impact culture, communication and regulations have on the choice of media channels. Thus this thesis is not written to generalize all media channels in regulated markets but merely to analyse how culture and regulations impact the choice of media channels in a regulated market.

The thesis will be based on interviews with ABSOLUT VODKA in the United States and China. These will provide the authors with the present media channels used. By analysing these in respect to the theoretical framework presented in the thesis the authors will be able to see how the choice of media channels were made in respect to each country's culture.

In other words the authors want to investigate how a company's marketing can successfully be communicated through different media channels in a society that already has a negative attitude toward a product that is being sold and its sometimes negative effects.

## 1.3 Purpose

The purpose with this thesis is to get an understanding of how differences in the choice of media channels in the United States and China can be explained by differences in culture and ways of communication as opposed to legal and ethical restraints.

## 1.4 Definitions

In order for the reader to understand the statements, explanations and analysis in this thesis the authors feel the need to explain and emphasize the meaning of certain words that will have a central meaning to the understanding of this thesis and that can be interpreted in different ways.

This thesis treats the issue of different *advertising medium* in regulated markets making it important for the reader to understand the meaning of the term. Advertising medium is any mean or communication used by the advertiser to convey the message to a target audience. Therefore every kind of press is a medium for communicating advertising (Yadin, 2002). In this thesis the authors will refer to advertising mediums as media channels.

Also affecting the advertising climate in a regulated market is the industry, *self-regulation* which is another method of controlling the content of an advertisement. The National Advertising Division (NAD) is the organization primary responsible for setting industry standards. NAD is made up by attorneys who review current applicable laws and from there create standards by which advertisers should obey in order to avoid governmental action (Lustberg, 1998).

## 1.5 Disposition

The disposition of this thesis will provide the reader with an understanding of the outline of the thesis. It will provide the reader with a visualized illustration of the disposition helping the reader to fully cope and be aware of it throughout the thesis. All of the parts will have their foundation in the United States and China with correspondence in the theoretical framework presented.

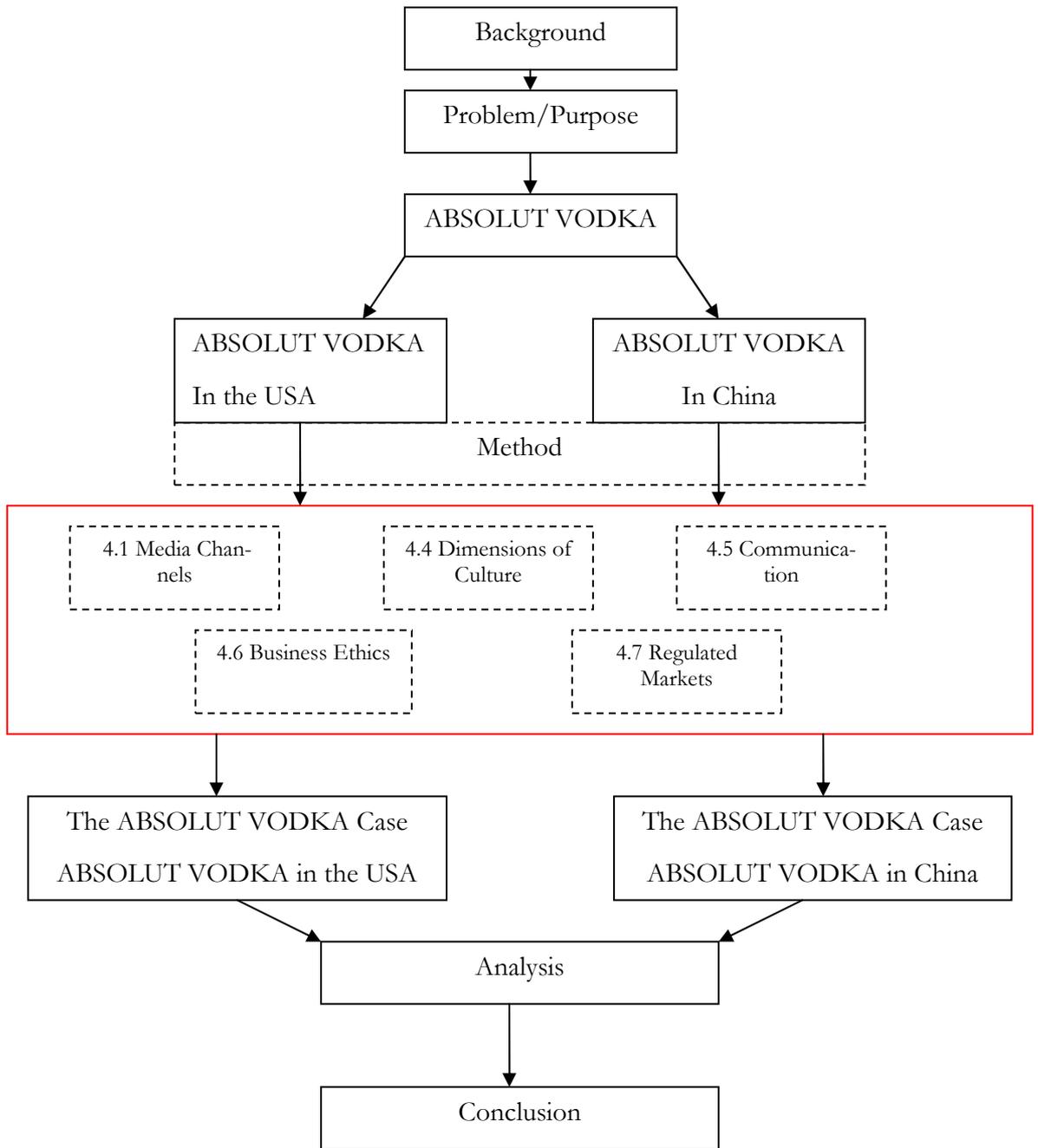


Figure 1 - Disposition

## 2 Company information – ABSOLUT VODKA

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*In the following section the authors will present the reader with information about ABSOLUT VODKA's development in the United States and China. Relevant information for the purpose of the thesis will be presented as well.*

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ABSOLUT VODKA is currently the third largest spirit brand in the world. The brand and the production facilities are owned by the state in Sweden. It all started in 1879 when Lars Olsson Smith founded “Absolute Rent Brännvin”. What made this vodka special was that he used a new distillation method called continuous distillation, which is still used today (Absolut Vodka, 2006).

The Swedish company V&S Group, who is one of Europe's largest alcohol beverage companies, decided one hundred years later to sell that same quality vodka in the United States under the name; ABSOLUT VODKA. The first bottle was sold in Boston 1979 and from there it has been a straight success. Within five years ABSOLUT VODKA was sold in eighteen countries and today it is sold in 126 markets all over the world (Absolut Vodka, 2006). It is well established in Europe and the United States and the most recent markets are in Asia and Latin America. ABSOLUT VODKA has always believed in tradition and it is the reason why they have always used the same well, all wheat comes from wheat fields nearby and the bottles come from local glassworks. This tradition is called “ONE SOURCE”, and that special source means Åhus which is located in southern Sweden. Åhus is the birthplace of the founder, Lars Olsson Smith and every drop of ABSOLUT is produced there (Absolut Vodka, 2006). ABSOLUT VODKA's strategy of “ONE SOURCE” and just-in-time gives them a unique competitive advantage. Their competitors are mainly other imported premium vodka brands such as Smirnoff from Russia and Grey Goose from France. ABSOLUT VODKA's marketing strategy have for more than 25 years have been to focus on the unique design of the bottle in their advertising, and it has turned out to be success (Absolut Vodka, 2006).

As seen above, ABSOLUT VODKA has increased their sales extensively to other countries in the last 25 years. It is therefore interesting to look at how ABSOLUT go about when implementing their products in different countries with help of media channels. Down below it will be explained how and when ABSOLUT VODKA launched their product in the two countries that are being analyzed; United States and China.

### 2.1 In the United States

As mentioned before, the United States was the first country that ABSOLUT exported its vodka to and this was in 1979. It was first launched in Boston and moved later on to New York, Chicago, Los Angeles and San Francisco. In just a couple of years it became a well established brand in the American market. The United States was the biggest market in the Western world but also the most competitive one. At that time United States avoided more than anything Russian products due to the political difficulties between the two countries and they recognized that people were willing to give more money to get higher quality. Carillon Importers Ltd saw that as a good reason for success and signed a contract with ABSOLUT VODKA. In 1985 ABSOLUT VODKA was the number one imported vodka in the United States (Absolut Vodka, 2006). Today ABSOLUT VODKA stands for half of the imported vodka in United States and in 2003 the sales was 73 million litres. This number implies that ABSOLUT counts for more than 40% of the imported vodka in the

United States (Reference.com, 2006) As seen above ABSOLUT VODKA has been very successful in the American market, the figures shows that it has been a fast development. It is therefore interesting to look at how they went about in their launch and how they came to dominate almost half of the imported vodka market with help of media channels.

In the United States ABSOLUT VODKAs competitors are still other imported premium vodka brands. In the last couple of years there has been a tough competition between ABSOLUT, Smirnoff and Grey Goose. (Absolut Vodka, 2006)

## **2.2 In China**

In 2003 ABSOLUT VODKA was launched in China and the sales have increased annually by 80% and today is accounting for 1% of the total Vodka market. China is today the biggest market in Asia for ABSOLUT and the goal is by 2008 to increase the market share in China to 5% (Business Week, 2006). Compared to United States, ABSOLUT has only been around for a couple of years. They have had increasing sales, but as it is now, they focus mainly on the larger cities. In China ABSOLUT VODKAs main competitors are other imported vodka brands but also to some extent local spirit brands since they have a large part of the current market share (Business Week, 2006).

ABSOLUT VODKA as previously stated obtains 1% of the vodka market in China, this might seem as a small figure compared to United States but if we look at the amount of people that lives in China the sales are not far from the one in the United States. When looking on the way of how ABSOLUT VODKA uses their media channels in China there might be explanations for the high sale. This will be further explained in the ABSOLUT VODKA case chapter.

### **3 Methodology**

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*This chapter aims at explaining the method used for the specific study and how the information has been collected to fulfil the purpose. This section consist of the following parts; case study, interviews, primary and secondary data, qualitative and quantitative method and reliability and validity.*

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This thesis intends to get an understanding of how differences in the choice of media channels in the United States and China can be explained by differences in culture and ways of communication as opposed to legal and ethical restraints. The authors decided to focus on ABSOLUT VODKA, which is a well known brand worldwide. Marketing alcohol beverages involve a number of limitations and restrictions and are therefore operating in a regulated market.

#### **3.1 Qualitative and Quantitative methods**

In deciding weather to use a qualitative or a quantitative research the difficulties of obtaining information in China had to be taken into consideration. If quantitative research where to be used there would be too many limitations that the result would most likely be biased. To statistically get significant results, a quantitative method on such large markets as the American and Chinese market, would take a tremendous amount of time and it would not be possibility to control and follow up such large amount of test results.

According to Sayre Shay (2001) there is an important difference in qualitative and quantitative research methods; they give answer to different questions. Qualitative methods are most suitable for marketing where it is believed to be a number of different truths and not just one (Shay, 2001). This supports the authors own thoughts on why a qualitative method is more appropriate for this kind of problem. This thesis is written from a marketing point of view and it is most likely that there is not only one answer to the problem and it could therefore be solved in a number of ways. It all comes down to, which one the authors finds most suitable for the specific problem.

A qualitative research do not only focus on one method it uses multiple methods and it is definitely an advantage if they are interactive and humanistic. In a qualitative research the participants are involved in the data collection process and the researchers seek to build credibility with the individuals that are participating in the study. The research question might change throughout the data collection process, since it might become more obvious what questions that should be asked and whom it should be asked to (Creswell, 2003). In a quantitative method there are often a number of cases and subjects that are involved and the researcher does not interact physically with the cases or subjects (Grix, 2004).

Given the complex nature of the marketing problem of this thesis the authors have chosen a qualitative approach in line with the discussion put forth by Shay (2001). The reason for this is because the information and data collection process have been obtained from different sources on different markets, the qualitative approach have given the authors the opportunity to change the follow-up questions.

#### **3.2 Case study**

The authors have chosen to conduct a case study. This means that the researchers go into depth in a company, a program, a process, an event or an activity (Yin, 2003). In this thesis

the Swedish brand, ABSOLUT VODKA will be analyzed and there will be a comparison in the differences in the usage of media channels in China and the United States. The design and data collection plays an important role when conducting a case study. The main goal of a case study is to develop a groundwork concept which implies that it is relevant to put appropriate research literature into the case study. This is done to be able to get highly developed knowledge and increasing the general understanding of the given topic. (Yin, 2003) One has to gather facts from literature, documents or people who have knowledge about the study that is being investigated and interpret and assess the facts thoroughly to avoid false statements and misunderstandings (David, 2006).

There are limitations to a case study as well. In this case study there will only be few individuals involved and that makes it hard to draw conclusions for a general group. The authors are investigating a fairly complex topic from a narrow empirical study and that can lead to difficulties. At the same time this is what makes a case study useful, by investigating ABSOLUT VODKA it is most likely something that can be learned about the general phenomena.

The reason a case study approach has been chosen is to illuminate a marketing problem from a business point of view. By looking at the specific case of ABSOLUT one can get an insight of corporate strategies and marketing decisions.

### **3.3 Primary and secondary data**

When writing this thesis the authors have used a number of resources to be able to reach a solution to the problem. Both secondary data and primary data have been used in the research. Primary data means that the collected information is for the specific investigation at hand. When collecting primary data the two most common methods used to gather information are either through communication or observation. (Gilbert, Churchill & Brown, 2004). In this thesis the primary data will come from communication, this involves questioning respondents to secure the desired information. Through email the authors have interviewed employees at ABSOLUT VODKA both in China and the United States but also in Sweden. It is of great importance to obtain information from all three countries. The primary data will give the authors the opportunity to obtain information while the secondary data will give structure and balance to the thesis.

Secondary data means that the information is not specifically gathered for the purpose at hand but rather for another intention. There are a number of advantages using secondary data, but the most significant ones are that it saves both time and money for the researcher. The researcher can just go to the local library or look online to be able to locate relevant sources and use the ones that are most appropriate for the specific problem (Gilbert et al., 2004). The authors will in this thesis base most of their findings on secondary data since there are a lot of existing readings and articles on the specific topic but there are also a number of problems that can arise when using secondary data. The data may not completely fit the problem and it might not be completely accurate (Gilbert et al., 2004). Therefore the authors will try to avoid it as much as possible by backing up the findings with the interviews with employees at ABSOLUT VODKA. Most of the secondary data used in this thesis comes from literature such as books and journals that is in relation to media channels but also from news articles that touch upon ABSOLUT VODKA and its advertising in the United States and China. First the authors had to gain significant knowledge about differ-

ent concepts and how alcohol is perceived in the two countries to be able to proceed successfully with the thesis.

### **3.4 Interviews**

An interview separates itself from a regular conversation in a number of different ways. But the most important reason is that an interview has a purpose, it gives the interviewer a certain kind of information. This means that the interviewer seeks information and the respondent gives information (Carlsson 1984). Carlsson (1984) believes that the advantages of conducting interviews are that the response frequency is higher, misunderstandings diminish and it is easier for the respondents to express themselves more freely and spontaneously.

Some might argue that it can not be called an interview if it is conducted through e-mail, the authors is of another opinion. From the authors point of view there are advantages by using e-mail for instance it increases the credibility because it gives the respondent time to sit down and in his own pace really reflecting over the given questions. Some questions might require some research for the respondent and then by further e-mail correspondence reduce misunderstandings. It is hard to control who actually answer the questions, but since the authors had phone contact with the respondents first this was not a problem.

Interviews are divided into structured and unstructured interviews. In this study there will be a mix of the two. First the two concepts will be explained before going into depth of how the interviews of this thesis will be conducted. The information collected during structured interviews is similar to the information that is gathered when using a questionnaire. The interviewer asks predetermined questions and they follow a special order. Structured interviews are used mostly when there are a lot of questions and they are opened questions. (Carlsson, 1984)

Unstructured interviews on the other hand are more flexible and they do not have to be asked in a specific order. It is easier for the respondent to give more elaborating answers and for the interviewer to ask follow up questions (Carlsson, 1984). In this study, there will be predetermined questions but they will not come in a specific order. The respondents will get the opportunity to elaborate and the interviewers will ask follow up questions, to get as much information as possible. The reason why predetermined questions are used is because it is easier to compare and analyse the answers if the questions are similar in all cases.

#### **3.4.1 Choice of respondents**

To gather information through interviews involves first of all deciding who is going to be interviewed. When it comes to qualitative case studies, as in this case, it is dependent on what the researcher wants to investigate and what kind of information is important to the specific study (Merriam, 1994). To be able to get the information needed to fulfil the purpose of the study the authors decided to interview employees at ABSOLUT VODKA both in China and in the United States but also in Sweden.

The process of finding appropriate candidates to interview was a combination of using contacts at Jönköping International Business School and searching online for suitable candidates on relevant positions within Vin & Sprit AB. Through a fellow student we got in contact with Vicky Chen who is a marketing manager at ABSOLUT VODKA in China,

she is located at their office in Shanghai. She had the competence and experience to answer questions regarding ABSOLUT in China.

Through Vin & Sprints website the authors also got with Jennifer McDonald, Customer Relations, who is located at ABSOLUT VODKA's American office, she referred to the website and the information package for information. This helped a lot but the authors saw the need to contact someone who had the knowledge about the American market that could answer the specific questions. The authors later phoned Åsa Edlind who works as assistant marketer at V&S in Sweden; she helped to answer questions regarding the American market, with help of American employees.

The difficulties of finding someone at the ABSOLUT VODKA's American office might have somewhat limited the research. But at the same time, since the United States is ABSOLUT VODKA's largest consumer market the authors believe that the employees at the Swedish office possess adequate knowledge about the American market.

### **3.4.2 Question Guide**

Patel and Davidsson(1991) states that it does not matter if it comes to an interview or a questionnaire, the first questions should always be neutral and between the beginning and the end is where the important questions are, it is where the interviewer touch upon the problem. There are also a number of aspects that the interviewer needs to take into account when formulating the questions, long questions, leading questions and double questions should be avoided. This has been taken into consideration when the authors formulated the questions. Open-ended questions are used in both cases, which imply that the respondents are able to answer the questions in their own words rather than choosing from a set of alternatives, but the question still is pre-determined (Gilbert et al., 2004).

Down below are the following question asked to the respondents the first time they were contacted. Later the authors asked follow-up questions depending on what the respondent answered.

1. What is ABSOLUT VODKA target group in the United States/China?
2. Which media channels (TV, radio, newspapers, magazines, and internet) is ABSOLUT VODKA currently using in the United States/China? And why?
3. Are the media channels the same all over the country or do they vary by state or city?
4. Which of the media channels used in the United States/China, do ABSOLUT VODKA perceive as the most effective and why?
5. ABSOLUT VODKA is operating in a regulated market in the United States/China, has this affected the choice of media channels used and the message communicated?
6. Has the media channels currently used in the United States/China always been the same or have they changed over time, if so in what way?
7. Which cultural aspects has ABSOLUT VODKA in the United States/China taken into consideration communications its message?
8. Which product attributes is the advertising of ABSOLUT VODKA in the United States/China most focused on? (bottle, price, quality etc.)
9. Is the marketing strategy different in the United States/China depending on which media channel that is being used?
10. Does ABSOLUT VODKA consider themselves as an ethical company even though it is producing and selling a product that can have a negative effect on people?

11. What different regulations is there to consider when advertising a spirit in the United States/China?

### **3.5 Reliability and Validity**

No matter which method that is used to gather information, it is very important to critically revise the information that are sought. This is useful when evaluating if the information is trustworthy and reliable. Reliability measures that under similar circumstances and line of action you will get the same result. Validity is another complex word, it is a measure if a certain question measures or describes what the author wants it to measure and describe. If a question or an answer lacks reliability it also lacks validity (Bell, 1994). However validity does not have an important role in qualitative inquiry, but validity is seen as important resource in a qualitative research. It is used to determine if the findings are truthful from the researchers, the contributor or the readers' point of view. It is recommended to discuss and identify more than one strategy to assure the accuracy of the findings (Creswell, 2003).

The authors have to view the information given from the respondents critically to be able to enhance the credibility and validity. The authors have had a long-term discussion with employees at ABSOLUT VODKA and have looked into a number of different company sources to see that the information was cohesive. The website has been useful, this to see learn about the history and the plans for the future of ABSOLUT VODKA and to see if they are in line with the respondents answer.

## 4 Frame of Reference

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*The frame of references aims at presenting existing theories and readings that are related to the specific purpose. This section starts with a description of media channels. Furthermore this section will deal with readings concerning communication, dimensions of culture, business ethics and regulated markets. Each of the sections will start with an objective view of the subject then the authors will look at each of the sections from the perspective of the two countries.*

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### 4.1 Media Channels

The theoretical framework will start with theories concerning the types of media channels that are subject of interest in this thesis. The reason why this is done is simply to enable the authors to answer the purpose of the thesis. Since the purpose is to understand how differences in the choice of media channels can be explained by differences in culture and communication as opposed to laws and ethical restraints the reader have to be aware of which media channels the authors will refer to during the thesis. Further more it is also of importance to be aware of the benefits and drawbacks of different media channels since these will play a role in the choice which one is most appropriate in relation to communication, culture, laws and regulations.

Media channels are means of communication and there exists two different types; print and electronic (Katz, 2003). Agreeing with this does Laczniaik and Murphy (1993) who states that the different categories of media are print and broadcast, further they are also adding the direct marketing. The authors have concentrated on the former two and have decided to divide these categories of print and electronic media into magazines, newspapers, television, radio and internet. There will also be theories of how these different media channels work in the countries of interest; this is to provide the reader with an understanding of how different they can be depending of its circumstances.

#### 4.1.1 Print media

Print media allows a presentation of detailed information that can be processed at the readers own pace and it is not intrusive but requires an effort from the reader in order to have an impact. Due to this fact, print media is often referred to as high-involvement media. The major forms of print media are magazines and newspapers which can reach a very selective audience and target market. Thus these different forms of print advertising present advantages and disadvantages that differs a lot (Belch & Belch, 1998).

Making use of advertising in *magazines* gives the company a specialized advertising through targeting a very specific audience. There are magazines designed to appeal to almost every type of consumers when it comes to different interests and demographics. A magazine ad is attractive since it appeals to a specific consumer, small companies and large consumer product companies (Belch & Belch, 1998). This is also stated to be the case by Lazcniak and Murphy (1993) who states that magazines are targeted to specialized audiences. The possibility to advertise in magazines also makes it possible for companies with small budget to make a significant impact on a limited market (Barban & Dunn, 1978). Further more Laczniaik and Murphy (1993) argue that magazine advertising have a highly persuasive content and therefore are ethical questions about the message common.

To understand the various types of magazines that are available to advertisers the Standard Rate & Data Service has classified them according to frequency of publication and by the audience it is directed to. Looking at the audience served there are three different types of magazines (Barban & Dunn, 1978). Thus each of these categories is further classified by the magazines editorial content and audience appeal (Belch & Belch 1998).

1. *Consumer Magazines*: are edited for people that buy different products for their own needs (Barban & Dunn, 1978).
2. *Business magazines*: are published for business readers and fall into three subgroups, (1) trade papers; are addressed to retailers and distributors, (2) industrial magazines; addresses business people that are involved in the different phases of manufacturing and (3) professional magazines; aims at professional people in general (Barban & Dunn, 1978).
3. *Farm Magazines*: aims at farmers and their families, since this group of people are a distinct consumer group (Barban & Dunn, 1978).

There are a large amount of magazines available today and new ones are continuously introduced. They reaches a broad range of customers and in the United States 94% of all adults read magazines and about six different titles in a year (Katz, 2003). Therefore it is of importance for the advertiser to understand what type of magazines its target customer buys.

There are distinct advantages that magazines offer advertisers and these are stated by several authors.

*Selectivity*: One of the main advantages with this type of advertising is the ability to reach a specific target audience since few of them are trying to reach everyone. Different magazines are published for different interest groups and advertisers can also select magazines by demographics using editorial content and special editions. There are also possibilities for geographical selectivity focusing on certain cities and regions (Belch & Belch, 1998).

*Reproduction Quality*: Advertising in magazines brings excellent reproduction in black and white or color. This is vital since magazines are a visual medium with illustrations as a dominant part of an ad (Belch & Belch, 1998).

*Flexibility*: Further more, advertising in magazines offer creative flexibility when it comes to the type, size and placement of the material (Belch & Belch, 1998).

*Prestige*: A product can also gain prestige by being advertised in a magazine that has a favorable image. Companies that offer products that deeply rely on perceived quality and image often advertise in prestigious magazines with high quality editorial content whose consumers are interested in the advertising pages. (Belch & Belch, 1998)

Katz (2003) states that the benefits with magazine advertising are their high end audiences, the enthusiasm of those and the long run issue life of the medium. As can be seen does this benefits math those mentioned by Belch and Belch (1998).

Thus the advantages of magazine advertising are considerable there are some disadvantages. Katz (2003) states the main disadvantages to be the long planning cycle and the problem with reaching the readers. Belch and Belch (1998) thus carry the discussion further

and claims that the drawbacks include the cost of placing the ads, the limited frequency and the problem of clutter and the massive advertising competition.

Another major form of print media is *Newspapers*. The different types of newspapers that exist carry special characteristics that are valuable to advertisers. The daily newspapers are published each weekday in cities and are read by a vast number of people. The weekly newspapers are published in smaller towns and suburbs and attract advertisers due to the lower absolute cost and geographic focus. National newspapers present editorial content appealing to the whole nation and a large circulation. Newspapers of this type mostly appeal to national advertisers and regional advertisers that make use for specific geographic editions (Belch & Belch, 1998).

Ads appearing in newspapers can be divided in to categories which is useful to be aware of when choosing which kind of advertisement that best fit one's target customer. This is of course of relevance to the marketer but also to the reader of this thesis in order to grasp the different advertising alternatives that are available.

1. *Display advertising*: often use illustrations, headlines and other visual devices to complement the copy text. There are two types of display advertising in newspapers, local and national. Local advertising refers to ads by local organizations and businesses that want to reach the consumers in the market area served by the newspaper. National advertising refers to display advertising done by marketers of branded products that are to be sold at a national level. (Belch & Belch, 1998)
2. *Classified advertising*: Ads that are classified are placed under subheads according to the product, service or offering being advertised (Belch & Belch, 1998).

Advertising in newspapers brings several advantages for both local and national advertisers no matter what kind of advertising is used.

The *extensive penetration* and high degree of market coverage is one of the primary advantages with newspaper advertising. This makes newspapers a mass medium and provides advertisers with an opportunity of reaching all targeted segments with their ads. Due to frequent publications advertisers can also build a high level of frequency in the media schedule (Belch & Belch, 1998).

*Flexibility*: Advertising in newspapers is flexible when it comes to requirements from producing and running the ad. Newspaper ads are also flexible in the sense of creativity. The ads can be produced in various shapes and sizes; they can use different colors to gain interest (Belch & Belch, 1998). Newspapers also provide timeliness with its possibility to provide people with the latest news and information on products which makes the newspaper play an important role in the purchase decision (Katz, 2003).

*Geographic selectivity*: Advertisers can take advantage of the geographical selectivity concentrating their advertising in areas with great sales potential (Belch & Belch, 1998).

*Reader involvement and acceptance*: Several consumers buy newspapers for the purpose of reading the ads. It is used to determine price and availability to see which product is most suitable for the intention of the customer (Belch & Belch, 1998).

Further more Katz (2003) argues that a newspaper reader is likely to be higher educated and have a higher income than non readers, and also to be more involved than non readers which make them a desirable audience.

In spite of these advantages with newspaper advertising there are some drawbacks. The limitations include poor reproduction quality, there is a short life span since a newspaper seldom is kept longer than one day, and there is a lack of selectivity when it comes to demographics and clutter further limit the effect of newspaper advertising (Belch & Belch, 1998). It can also be argued that the benefit stated before with newspapers attracting more involved readers could be seen as a drawback since active readers may not be drawn to the article or ad at all if it is not intriguing enough (Katz, 2003).

#### **4.1.2 Broadcast media**

According to Wolfgang J Koschnick (1995) broadcasting is all transmission signals over the radio or television.

*Television* advertising has the ability to combine visual images, sound, motion and color which makes it the most creative appeals of all medium (Belch & Belch, 1998). Thus it is not all good with broadcast media, this since it is very intrusive it is frequently questioned on ethical grounds (Laczniak & Murphy, 1993). It is also looked at as a low involvement medium which leads to viewers that are not actively trying to gain information leading to advertisers trying to interest the consumer to watch the commercial. Therefore bears television a large burden of ethical criticism (Laczniak & Murphy, 1993). Thus the authors feel that the benefit Television has over the media is a great tool in the competitive market place today.

*Creativity and impact:* The greatest advantage of television is the different opportunities it holds by combining sight and sound to present the message. It is also an excellent way to demonstrate a product (Belch & Belch, 1998). This is also supported by Katz (2003) who states that the most clear advantages with television advertising is its ability to use sight, sound, colors and motion in the commercials.

*Coverage and cost effectiveness:* Advertising selling products that appeal to a broad audience find that advertising on television reaches mass markets in a cost effective way. Companies with extensive distribution and accessibility use television advertising in order to reach the mass market and thereby deliver their advertising message in a very low cost per thousand customers (Belch & Belch, 1998). Television is seen as a medium that reaches the masses and through heavy repetition it builds brand awareness (Katz, 2003).

*Captivity and attention:* Televisions advertising are intrusive in the sense that we have to make an effort to avoid it. Thus there are increasing viewing options that make it easier for viewers to avoid the ad. Television advertising is low in involvement thus it have an impact on viewers through heavy repetition and catchy slogans and jingles (Belch & Belch, 1998). Katz (2003) views it as the most persuasive medium due to the sticky jingles and characters that becomes a part of our lives.

*Selectivity and flexibility:* Television advertising offers some selectivity due to variations in the composition of audiences resulting from different program content, broadcast time and geographical coverage. Selectivity and flexibility can also be reached by taking advantage of different geographical markets through local spots in specific areas. They can be run re-

peatedly or they can be run to take an advantage of a special occasion (Belch & Belch, 1998).

*Disadvantages:* Despite all the advantages there are with television advertising there are some drawbacks. These include high costs, limited exposure time, clutter and poor placement of the ads between programs (Katz, 2003). This is agreed upon by Belch and Belch (1998) who further states disadvantages such as lack of selectivity of a specific target audience that reduces the cost effectiveness and that the message is fleeting since they are short with nothing tangible for the viewer to consider.

Even though television has been referred to as the ideal advertising medium, the *radio* has survived and flourished as an advertising medium due to its advantages communicating messages to the market (Belch & Belch, 1998). It is also the oldest advertising medium and people still rely on it for information and entertainment (Katz, 2003).

Radio has numerous advantages over other media including its low cost and efficiency meaning that advertisers can build more reach and frequency into their media activity at a special budget, the selectivity available through program formats and geographical coverage through different stations, flexibility due to the possibility to alter with the message right before it is aired, its mental imagery letting the listener use their imagination when processing a commercial message, and the integrated marketing opportunities (Belch & Belch, 1998). Adding to these advantages are that of the local appeal it possesses enabling you to take advantage of the opportunity to tie the ad to local events (Katz, 2003).

However there are factors that limit the effectiveness of radio communicating messages, among them are the creative limitations and the absence of a visual image, fragmentation due to large number of different stations, chaotic buying procedures, limited research data, limited listener attention, clutter (Belch & Belch, 1998). The fact that it is a medium that is used as a background medium, we are usually doing something else when listening to the radio (Katz, 2003).

### **4.1.3 Internet marketing**

The internet is according to Belch and Belch (1998) a means of exchanging information and communicating world wide through several interconnected computers accessible to all people with a computer and a modem. The World Wide Web has developed to be a commercial component used by many marketers today.

Advertising on the internet brings several advantages thus Katz (2003) argues that since the medium is still developing so is the benefits of it.

*Target marketing:* is possible to specific groups with a minimum of waste coverage. Following the direct targeting is the ability to *tailor the message*. The web leads to high customer involvement due to the *interactive* nature of the media since visitors already are interested enough in the company to visit the site. The *information access* allows the website visitors all kinds of information available including new. The *sales potential* is high since the web is a direct response medium. The *creativity* at hand makes it possible to attract repeat visits and interest for the company through design and layout. Since the internet just keeps growing and growing the *market potential* is high (Belch & Belch, 1998). Katz (2003) states four distinct advantages which can be related to those stated in the former description thus other labels are used but the meaning of them are closely connected.

Belch and Belch (1998) continue the discussion of drawbacks with internet advertising and this is in line with those stated by Katz (2003). There are *measurement problems* since measures of audience and effectiveness has not yet been established. One complaint is the amount of time it takes to access information. This problem, referred to as *Web Snarl*, will increase as more people try to access the internet. The number of ads on the internet is many and therefore the chance of one ad being noticed drops, this *clutter* is another problem with advertising on the internet. The *potential for deception* is high referring to the advertiser's attempts to target children with clever messages. The relatively high *cost for advertising and delivery minimizes* the advertising appeal of the web. Limited production quality is another problem since the internet does not reflect the high quality of television and print graphics (Belch & Belch, 1998).

#### 4.1.4 Media Channels in the United States and China

Newspapers are the largest advertising medium in the United States when it comes to total advertising volume. Newspaper has fallen behind compared to both television and magazines when it comes to national advertising. The strength of newspapers is the possibility it presents for local advertisers to effectively use it on a regular basis. Newspapers are concerned with their future readers and where they will come from since youth in the United States are highly dependent on the broadcast media (Belch & Belch, 1998).

There are thousands of magazines published in the United States that appeals to every specific consumer's interest and lifestyle. Through the opportunity of this specialization this medium has prospered in the United States (Belch & Belch, 1998). To be exact the top 10 newspapers in the United States reaches approximately 10 million readers every day (Katz, 2003).

The average American household watches television about seven hours per day which is one of the highest viewing figures in the world, and they have access to 75 channels (Katz, 2003). At any weekday more than 90 million people watch television during prime time between 8 to 11 PM. Further more, 80 percent of the American households own a VCR and many of them have entertainment centers with big screen televisions' (Belch & Belch, 1998).

Further more the American listens, on average, to the radio more than three hours per day. The radio is by many viewed as a constant companion in our everyday lives (Belch & Belch, 1998). There are 13 000 different radio stations in the United States and 95% of all the cars driving around are equipped with radios (Katz, 2003).

According to internetworldstats (2006) 68% of the population in the United States uses internet today. Thus it is stated in Katz (2003), which is an older version, that 54% of the country is using the internet from home. Belch and Belch (1998) states that in studies conducted in the United States the result shows that the heaviest users of the internet are in their 30's with high or above average education and income.

Thus it is of more use for marketers to know why users access the internet, rather than who does it. Figure 2 is a useful profile of web users reflects their evaluations of the web's offerings; this is done in American demographics presented by Belch and Belch (1998). Here one can see that the main reason for users to access the internet is for information access.

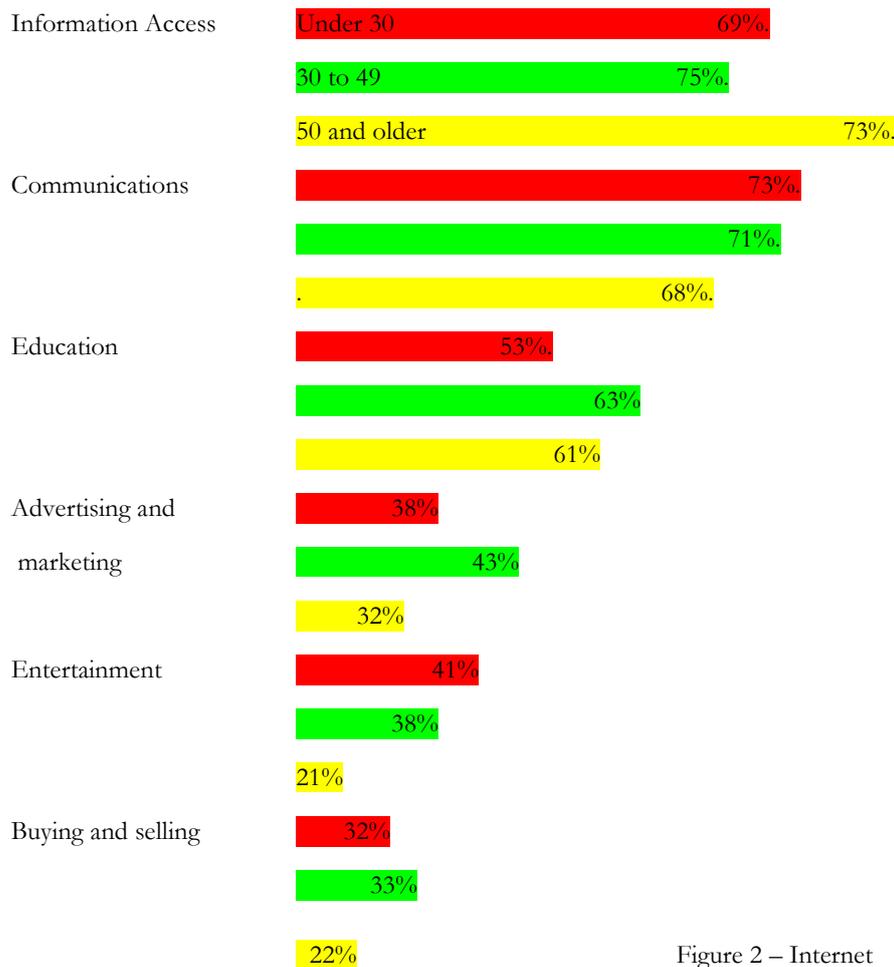


Figure 2 – Internet

( Source: Belch & Belch, 1998)

According to Jonas Björkstén in Fang (2005), during the last decades the standard of Chinese advertising has been poor. It is still common to see similar ads in a newspaper, each presenting the product with a celebrity. This provides the marketer in China with a unique chance to differentiate its offer. Newspapers in China are an important media channel with large publications. Thus it is important to keep in mind that publication figures in China is not no trust since advertising units count them up. Weekly magazines have increased in popularity, both local and international (Fang, 2005).

The most important media channel in China is the television. Thousands of channels fight over viewers today. The largest ones, as China Central television, are companies with great influence over the consumer market. Local stations have a smaller broadcasting area than the larger companies but in the different provinces and secluded cities they are more influential (Fang, 2005).

According to Björkstén in Fang (2005) the Chinese language will in a few years be the most used language on the internet. The use of internet has made entire business areas in China to change in a short period of time. In China today most retail companies are working actively with internet in order to communicate with their customers and to keep a dialogue

with them. The use of internet in China has given the creative marketer several new possibilities.

To conclude this theoretical part, the media channels in the United States and China have different attributes depending on the market structure that exists in the country of operation. This consequently offers different opportunities for the company. For instance when it comes to print media in the United States it seems to the authors that the use of newspapers is important if ABSOLUT VODKA is aiming at spreading its brand amongst a great number of people since the medium offers reach on a regular basis. On the other hand when ABSOLUT VODKA is aiming at strengthen their brand among existing customers magazines provides a good opportunity since they can be directed towards a specific target group. There is no doubt in the author's minds that television is most spread advertising medium in the United States. Thus the great number of people that watches it every day the advertisers has to keep in mind that their message may reach an unintended audience resulting in ethical issues. The internet users in the Unites States are increasing by the day. This provides the advertiser with great potential to reach out to new and existing customer. Even if the profile done by American Demographics in Belch and Belch (1998) states that the main reason for people to use the internet is for information access and that advertising and marketing is only the fourth reason, one has to keep in mind that the information access can be related to a product. If the marketing of a product is catchy enough it is likely that the customers search the web for more information about the product.

When it comes to China, the potential to differentiate ones products in newspapers should be emphasized. Thus it should be kept in mind that not all publications find its right destination and therefore investments can be unprofitable. Since the television is a widespread medium in China it is a good alternative for the marketer. Thus it has to be reassured that the advertisements reach its intended audience. The television in China also provides companies with the possibility of geographical segmentation which would be beneficial in a country like China with varying conditions and living standards. The internet also provides opportunities to communicate with customers in China. Thus this can involve large costs, adjusting websites to align with local culture and communication. There is also in this case hard to estimate to what extent this medium reaches the targeted audience since there is no facts on how many people in China that is using the internet. There is a common appearance of internet cafés in China which further limits the appreciation of how many that enters the web every day.

## **4.2 Dimensions of culture**

In today's society, culture play's an important role in companies' success. If a company, that operates internationally, does not consider culture this will most likely lead to consequences later on. It is therefore important that the authors get fundamental knowledge about what culture is. Since this thesis intends to analyze media channels in United States and China it is vital to get knowledge about these two countries culture. This part will be based mostly on Hofstede's dimensions of culture which also Marieke de Mooij has written about in the book *Global Marketing and Advertising*

Talking about differences in cultures one needs to define what the concept really means. According to Rice (1993) culture is defined as the values, attitudes, beliefs, artefacts and other important symbols that are represented in the life pattern adopted by human beings to help them interpret, evaluate and communicate as members of a society.

De Mooij states in her book *Global Marketing and Advertising* (1998) that without models aimed at understanding and classifying cultural differences, a marketer can meet the objection “not-invented-here” to a forced advertising from another country and culture.

Furthermore De Mooij (1998) claims that there are a relatively small number of models that have been developed in order to systematically compare cultures and that the most useful ones for global advertising are those that set apart dimensions of culture. These models can be used to make comparisons between cultures according to behavioural characteristics.

Gert Hofstede (1984) in De Mooij (1998) separates cultures according to the five dimensions; power distance, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance and long-term orientation. These five dimensions of culture were originally used to explain differences in work related values thus they can be applied to consumption related values and motives as done by De Mooij (1998).

#### **4.2.1 Power distance**

The dimension of power distance can be explained as the extent to which members of a society are less powerful and the power is distributed unequally (De Mooij, 1998).

Power distance influences the way people accept and delegate authority. In cultures with large power distance everyone has his or her special place in the hierarchy ladder and in cultures with lower scores on power distance authority has a negative implication and they put much weight on equality on rights and opportunities. From these hierarchical relationships different dependency forms follow. When someone is dependent it reinforces the other person as superior in the hierarchical relationship (Hofstede, 1991).

#### **4.2.2 Individualism vs. collectivism**

The line between these two concepts can be separated if people are looking after themselves and people in their immediate family only, or if they feel belonging to groups that look after them in exchange for loyalty (De Mooij, 1998).

In individualistic cultures individual decisions are highly valued in comparison to group decisions. There is also a difference when it comes to priority of the task. The individualistic culture priorities the task itself whereas the collectivistic culture priorities the relationship with people (Hofstede, 1991). In an individualistic culture there are more explicit, verbal communication and they are also more low context cultures. They are also a universalistic culture which makes people believe that there are some universal values that should be shared by everyone. The collectivist culture on the other hand people conscious and their identity is based on the social group they belong to. There is also a great importance of not losing face since collectivistic cultures are shame cultures which make them high context cultures. Cultures that are collectivistic are well aware that peoples' values are different (De Mooij, 1998).

### **4.2.3 Masculinity vs. Femininity**

To separate these two concepts one has take into consideration that the dominant values in a masculine society are achievement and success while in a feminine society caring for others and the quality of life are the central values (De Mooij, 1998).

In the masculine societies performance and achievement are important and in order to show success one must have status. On the opposite in the feminine societies people and service orientation are values that are highly strived for and the quality of ones life is much more important than winning. If, at all, success is demonstrated, status is not as important (De Mooij, 1998).

The dimension of masculinity and femininity discriminates between cultures when it comes to values related to winning, success and status. These values are often used in advertising appeals and they are therefore an important aspect when it comes to marketing and selling (Hofstede, 1991).

### **4.2.4 Uncertainty avoidance**

Uncertainty avoidance is the extent to which people feel endangered by uncertainty and ambiguity and how much they try to avoid these situations. People in strong uncertainty avoidance cultures feel the need to obey to rules and formality in order to structure their life. This appears in their search for the truth and a commonly spread belief in experts. In a culture like this the style of communication is formal and people feel that conflicts and competition are threatening (Hofstede, 1991). People with strong uncertainty avoidance also experience a higher level of anxiety due to the fact that they build up more tension and stress, and to show of emotions are generally more accepted. Common traits of people in this kind of culture are that they are talking louder, using more body language and they are more emotionally embracing (De Mooij, 1998).

In weak uncertainty avoidance culture people tend to feel that there should be as few rules as possibly. They believe more in generalists and common sense and they make use of less ritual behaviour. It is not felt that competition and conflicts are threatening issues and the need for achievement is greater (De Mooij, 1998).

### **4.2.5 Long term orientation**

This dimension stands for the extent to which a society exhibits a pragmatic future oriented perspective instead of a conventional short term point of view. The high score on long term orientation makes it appearance in that people tend to be persistent, order relationships by status, carefulness and a sense of shame. On the other hand the short term orientation includes personal stability and steadiness, protection of ones face, respect for traditions and a focus on perusing happiness and rather than peace of mind (De Mooij, 1998).

Tony Fang (2003) question this dimension, since the four other dimensions offer two contrasting or opposing alternatives but the fifth dimension does not. The two ends of long-term orientation are rather seen as interrelated with each other. This is not the only thing that troubles him. He also implies that the concept look very Chinese and that appears strange to people in the Western world.

#### 4.2.6 Culture in the United States and China

There are a lot of differences when it comes to comparing American and Chinese culture. The culture in China is much more ancient, with a long and rich history while the culture in America is more modern and fairly new. When crossing the borders to China and America, it might come as a shock, because it is major differences in values, rules and habits. If a company wants to be successful there has to be an understanding for the culture in the specific country. A company must put a lot of effort in understanding a new and completely different culture to be able to adapt to it (Lynch Street & Matelski, 2003).

Americans like to look out for their own interests, they value independence highly. First of all they have to take care of themselves to be able to look after others. If a discussion arises during a meeting or under other circumstances they are not afraid to step in and in some ways enjoy it. What other people think or say do not affect them, what the individual think is the most important thing. Americans do not like to ask for help, they want to have self-confidence and want to wait as long as possible to ask for help. Americans like competition, it is during such circumstances they can show what they are really all about (Lynch Street & Matelski, 2003).

In contrast with China, family and home for Americans is in general not that strong. They are not afraid to move away from home or leaving family. If an opportunity arises they do not think twice about taking it even if it involves moving away. Americans often express their feelings not only to their family and loved ones but also to other people. They like to say what is on their mind and they are open about their feelings. Americans are usually very confident in themselves sometimes they can even be seen as arrogant (Lynch Street & Matelski, 2003).

The Chinese people value interdependence. They respect other people opinions and take them into consideration, what other people think is much more important than what the individual think. They value group-emphasis and the individual is seen as fairly irrelevant. If one thinks only of himself this is seen as a negative thing. They look at the similarities rather than differences, they want to feel part of a group. Therefore the Chinese people are willing to put a lot of effort into achieving relationship with others. They do anything to avoid competition; it is seen as a bad thing. Because nobody wants to fail and in competition there is always someone who loses (Lynch Street & Matelski, 2003).

Family and the home are of great importance to the people in China. There has to be a reason why one has to leave their home or family. With their family they can express their true feelings which they rather avoid with other people. They do not reveal anything to anybody than to their loved ones. Chinese people usually underestimate themselves, they want people to perceive them as humble and they are often seen as modest (Lynch Street & Matelski, 2003).

This most likely will affect the choice of media channels in the United States and China. One needs to understand the basic of culture in these countries, to be able to advertise successfully. In China there should be more focus on attitude adjustments, ABSOLUT VODKA want to teach the Chinese people to drink alcohol in new ways and under new circumstances and then later draw attention to the brand. Since Chinese people value other peoples opinions it can be a good idea to use a media channel like the Swedish company Buzzador, who attract new customers by introducing products or services to people and they will in turn get paid to introduce them to their friends. (Buzzador, 2006) While in the

United States there is more about how ABSOLUT VODKA positions themselves among their competitors.

### **4.3 Communication**

As one can understand from the above section cultures vary greatly in the world today and so does the communication styles that is used within these different cultures. Therefore it is of importance to the authors to understand the different types of communication styles that exists. Furthermore a marketer need to be aware and take these differences into consideration when aiming to communicate a message to cultures with different communication styles.

The brand developer works either with product development to be able to enhance the tangible brand values or with communication to develop strong abstract values (Nilson, 1998).

Brand communication has two roles, to draw awareness to the brand and increase the brand profile, if the company does not have a brand profile they have to focus on building one. There has to be a balance between attract attention and the brand profile. It depends on the brand current market position, if it is a new or a well-established brand. All brand developers have one thing in common and that is to get their own brand more attractive than the competitors. The larger and more developed the market place is the more effort has to be put on the brands profile. If a company has an efficient communication strategy the brand building process will most likely be successful (Nilson, 1998).

#### **4.3.1 Communication style**

According De Mooij (1998) one should, in order to understand how advertising works across cultures, first learn how communication works since styles of communication varies among cultures. The clearest distinction between types of communication is that of high-context and low-context communication. These categorizations are made by Edward Hall in his book *Beyond Culture* (1976). He claims that cultures are high or low context depending on the degree to which meaning comes from the surroundings or the words that are being exchanged. Related to the distinction between these types is the way people process communication and their expectations of the role, purpose and the effect of communication. Therefore is an understanding of the different communication styles of cultures, and mass communication, helpful in understanding different advertising styles. Another way of analyzing communication across cultures is that of interpersonal communication and its different styles, direct or indirect and verbal or non verbal (De Mooij, 1998).

##### **4.3.1.1 High-Context and Low-Context Communication**

Context is the information surrounding an event (Hall & Hall, 1990). This is also described by De Mooij (1998) who states that if people have a widely spread information network among them and are involved in close relationships with others, their communication style is high-context. In this kind of culture meanings that are being exchanged does not have to be done so in words (Hall & Hall, 1990). This since people in such culture is very homogeneous through similar experiences and networks. Due to this, traditions and history, high context culture tends to change little over time (Hall & Hall, 1990). Since the meaning is not always expressed in words the information is provided through intrusion, gestures and

silence and therefore people in this culture are more aware of their surroundings and are able to express and understand feelings without stating them verbally. Meaning in high context cultures is also conveyed by status and informal friends and associates to the individual (Foster, 1992). Due to all the understated messages used in high context cultures members communicate in an indirect fashion according to Gudykunst (2001). China is one example of a high context culture since their style of communication is indirect and inherent.

In low context cultures the population tends to be less homogenous and classify interpersonal contacts. The absence of many common experiences leads to that each time that people interact they need detailed background information (Hall & Hall 1990). In this low context communication most of the information is obtained by the verbal message and little is embedded in the context or the participants. The United States is an example of a low context culture since the communication used is direct and explicit. Further more Lynch (1998) argues that low context communicators talk more, in a faster and louder way.

In order to communicate in an effective way across cultures the correct context must be found. This in order not to talk people down with too much information or to bewilder them with too little information (De Mooij, 1998). When it comes to advertising one can recognize high-context by the use of indirect communication using less copy and more symbols. The low-context communication cultures seem to do just the opposite, using more copy, argumentation, facts and data (De Mooij, 1998).

#### **4.3.1.2 Direct vs. Indirect Modes of Communication**

According to De Mooij (1998) individualistic cultures tend to use a direct mode of communication whereas a collectivistic culture tends to use indirect styles of communication this is also supported by Samovar, Porter & McDaniel (2007).

In a collectivist culture where face saving plays a vital role, the direct style of communication is perceived as highly threatening and unsettling to one's face (De Mooij, 1998).

The individualistic verbal and non verbal communication style implies that the intentions and underlying meanings are displayed evidently and expressed clearly through direct communication. A contextual verbal and non verbal style of communication implies that the meanings and intentions are situated within the larger part of shared knowledge of the culture (De Mooij, 1998).

#### **4.3.1.3 Verbal Communication Styles**

Gudykunst and Ting-Toomey (1988) states in De Mooij (1998) that there are four different types of verbal communication; direct versus indirect, elaborate versus succinct, personal versus contextual, and instrumental versus affective. In their description they make use of Hofstede's (1991) and Hall's (1990) theories on culture dimensions and high-, and low context communication.

The direct versus indirect style refers to the degree to which speakers reveals their true intentions by using clear verbal communication and explicitly expressing wants, needs and desires. Using the indirect verbal style the message conceals the speaker's true intentions using words as "probably" or "a bit". The indirect communications style is often part of the collectivist culture and the direct style of communication with the opposite traits is part of the individualistic culture (De Mooij, 1998).

The elaborate versus concise verbal style includes three verbal styles; elaborate, testing and concise. The elaborate verbal style uses rich expressive language in contrast to the concise verbal style which uses understatements, pauses and silence between words carry and meaning. In the testing verbal style neither more nor less information that is needed is given. High-context cultures of strong uncertainty avoidance tend to make more use of the elaborate style, low-context cultures of low uncertainty avoidance use the testing style and the concise style is most often used in a high-context culture with high uncertainty avoidance (De Mooij, 1998).

Verbal personal style is an individual-centred way of communicating whereas verbal contextual style is a role-centred way. Verbal personal style is person oriented and the verbal contextual style emphasizes the sense of context-related role identity. The verbal personal style is most often used in cultures with small power distance and low context while on the other hand verbal contextual style is related to large power distance and high-context (De Mooij, 1998).

Using an instrumental verbal style the language is sender and goal-oriented while the affective verbal style is receiver and process oriented. When a speaker is using the instrumental style it constructs the message with the purpose of persuading and producing a change in attitude. The effective style is based on the assumption that humans will adapt to their environment rather than to explore it. The instrumental style is most common in individualistic, low-context cultures while the affective style is most commonly used in collectivistic, high-context cultures (De Mooij, 1998).

#### **4.3.1.4 Non Verbal Communication Styles**

This style of communication refers to the degree to which people prefer non verbal communication using symbols defined by culture and related to high- and low-context. Gudykunst and Ting-Toomey (1988) in De Mooij (1998) developed a grid that includes four non verbal styles; unique-explicit non verbal style, unique-implicit non verbal style, group-explicit non verbal style, group-implicit non verbal style.

#### **4.3.2 The American and Chinese advertising style**

The advertising style used in America reflects the cultures assertiveness and is characterized by a direct approach and competitiveness which can be explained by the formation masculinity-individualism. Television advertising is often as verbal as illustrated radio commercial. Power words are frequently occurring in American advertising in order to convince the consumer. The product merit appeal is also much used together with explicit language in order to substantiate claims and to argue and use rhetoric. Direct comparison is more frequently occurring in the United States than in any other country or culture (De Mooij, 1998).

There is only a short history of the use of different advertising techniques in China according to De Mooij (1998). However, a rapidly developing advertising industry seems to lead to an advertising style representing the Chinese culture. Advertising in developing markets generally puts heavy focus on product attributes and only when the market is fully developed do more sophisticated advertising strategies occur. According to Chan (1995) in De Mooij (1998) a more distinguishing advertising style is currently developing on the mainland of China containing less direct product selling approaches. Applying Hofstede's dimensions on China De Mooij (1998) assesses the country with low individualism, high

power distance, and weak uncertainty avoidance and with a long term orientation. Therefore an advertising style that would benefit the Chinese culture would be one including the indirect approach which is a general characteristic of a collectivistic culture. De Mooij (1998) also states that specific values of Chinese advertising are modernity, social status, quality, technology wealth, economy, respect for the elderly and tradition taking into consideration the respect for customs and conventions.

It is through the theoretical framework presented on communication presented clear to the reader that the most effective media channels in United States are those that are low in context. In this low context communication a clear advertisement is used, stating the message verbally such as in television commercials. In China on the other hand high context communication is used and therefore are advertising mediums that are not as explicit used such as gestures and intrusion through visualized images of the product.

## **4.4 Business Ethics and Regulated Marketing**

Business ethics is an important issue in today's society. The reason why it is mentioned and discussed in this thesis is that alcohol can be a sensitive subject to a lot of people and it is important that companies take this into consideration. If a company does not act ethically there might be a major loss in customers and other important relationships. Business ethics is also closely interlinked with regulated marketing. There are rules and regulations that have to be followed when it comes to marketing. There are also rules that are not written down that still have to be followed for the customers to view a company as ethical.

There are a number of different concepts that has to be explained to be able to understand the fundamental parts of business ethics. Morality is a key word in business ethics, it is concerned with shared believes defining right and wrong. In contrast to morality is ethical theory. First one has to learn to distinguish between moral rules and self-interest to be able to move on successfully in the process (Beauchamp & Bowie, 2004). This is not as easy as it seems, because the two rules are learned at the same time. Most of the people that give moral instructions want to have control over actions that affect our fellow beings. As people grow up they learn to take into consideration what the society expects of them in terms of respecting other people. Good ethics and self-interest usually overlap with each other; it is in everyone's interest to act morally. Companies have a moral responsibility but to act morally is also in the best interest of the company (Beauchamp & Bowie, 2004).

### **4.4.1 Marketing Ethics**

Ethical issues about marketing have become ever more important than it was a couple of years ago. Probably the most visible way of presenting information to the public is through advertising, but it is definitely not the only way. (Beauchamp & Bowie, 2004, p 401) When marketing a new product there are a number of rules that has to be followed, the rules differ from country to county and market to market. Some of the rules are applicable everywhere, for instance bluffing and withholding important information and so forth. There are laws in most of the countries that concerns how a product can be or cannot be marketed and companies has to take this information to be able to proceed successfully. The cultural aspect is extremely important when planning to advertise a new product in an unfamiliar culture and market. (Beauchamp & Bowie, 2004)

Many opponents are concerned about the values that are presented in the advertising and how it affects consumers. Other are more worried about how the advertising affects vulnerable groups such as elderly, children and the poor etc. Since the marketplace has grown and become more complex the consumers are more interested in getting to know the product and that the truth is told about the specific product (Beauchamp & Bowie, 2004).

#### **4.4.2 International Business Ethics**

International business ethics is a relatively new concept. The reason why this is a pretty new field of investigation is that the international business has had a rapid development in the past couple of years. This has brought a number of ethical challenges for companies that have or are trying to expand to another country and culture. International business is complicated it is therefore very important that everyone work together and respect the worldwide ethical guidelines (Enderlin, 1999).

Before a company gets familiar with international business ethics, it is significant that the company at hand gets an understanding about diversity, business environment and business behavior. Multi-national corporations that operate across different countries and cultures need to take several aspects into consideration when doing business with other countries. Globalization contributes to cultural diversity. Business people's view on ethical matter is in focus for their ethical standpoint (Enderlin, 1999).

#### **4.4.3 Business Ethics in the United States and China**

Many companies in the United States have stressed the importance of ethical behavior for many years. Business leaders realize that when ethical violations become public, there are not many companies that are ready to support them and that will lead to a loss of customers. In the United States, if a manager that makes unethically decision he or she can be held personally responsible. There are often companies that take their ethical reputation very serious, so they will not hesitate to fire employees that do not follow there the specific company's ethical norms (Laczniak & Murphy, 1993).

Business ethics in the United States is closely related to the law. Law is the people's way of transforming morality into guidelines. Some people state that business concerns about ethics can be reduced or abolished by letting the legal authorities deal with the problem (Beauchamp & Bowie, 2004). Despite that morals and law are closely interrelated with each other; law is not the only thing that is responsible for the society's values and moral standards. Many people think that the conscience is what morality is all about. The conscience can change by a circumstance and it may vary from person to person and time to time. (Beauchamp & Bowie, 2004).

Business ethics has become very popular in China. Business leaders and people have different ethical perceptions according to Akira Takahashi (Enderle, 1999) China is a fast growing economy and with that comes a number of different problems. Ethical problems like bribery, fraud, false advertising and so on, have been a problem the last couple of years. Business leaders therefore believe that there are definitely advantages with business ethics especially for enterprises and the employees within in the companies. Business ethics in China can be seen as something complex and flexible and it would most likely stay like that in the next couple of years stated by Xinwen Wu in Enderle (1999).

#### **4.4.4 Regulated Marketing in the United States and China**

The federal trade commission is the largest federal regulator of advertising activities. This institution has gone through periods with high respectively low activity regarding regulations of false and misleading advertising (Laczniak and Murphy, 1993).

Ever since 1948 there has been a voluntary ban on hard liquor advertising on broadcast and cable television in the United States. ABSOLUT VODKA was the first hard liquor company that crossed this ban by launching a television campaign with a number of cable networks. At this time other liquor companies did not want to stir things up by choosing the same strategy. Instead spokespersons expressed that there had to be certain public officials, regulators and the public itself had to approve broadcast advertising of hard liquor before they would seek any changes in the voluntary ban on broadcast advertising (Johnson, 1999).

Self regulation refers to actions that are taken by advertisers themselves to establish guidelines for advertising within their industries, rather than by the government. In 1936 producers of spirits agreed to not air commercials on the radio and in 1946 they agreed not to air ads on television that was just becoming a popular medium in the United States. Thus after a twenty-year decline in liquor consumption compared to the rise in revenues in the wine and beer market, the industry ban was broken in June 1996 by the countries number two distiller (Johnson, 1999).

In May 1998, China presented a ban on all forms of direct marketing and direct-selling practices used by American companies. The Chinese authorities were worried that these sales methods might be a potential starting ground for social unrest and economic havoc. Spirits advertising and corporate image campaigns for liquor products has been banned on China's national television station during prime time, 7 to 8 PM, each day (Johnson, 1999)

To conclude this; a company do not only have to obey the rules and regulations that exists in China and America when it comes to choosing media channels. One has to also consider the unwritten rules as well. Say for instance that a company follows the rules and then makes their choice of what media channels that should be used. If the customers later find it unethically they will in the long-run lose customers.

## 5 The ABSOLUT VODKA Case

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*In this chapter the reader will be presented with the answers that the authors received from ABSOLUT VODKA regarding the ABSOLUT VODKA case and the purpose of the thesis.*

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### 5.1 ABSOLUT VODKA in the United States

During our personal communication (2006-05-09) with Jennifer McDonald, Customer Relations, The Absolut Spirits Company in New York, we were directed to the internet for answers to our questions. We were referred to the ABSOLUT VODKA website and advised to request the ABSOLUT VODKA student package containing the ABSOLUT VODKA story, information about the commitment to fashion, information about the sales volumes 1979-2003 and V&S annual report 2003. Further more we were advised to access press info and back trade issues to find the answers to our questions. Last year ABSOLUT VODKA was able to sell 39, 5 million litre vodka in the United States. In the year 2000 ABSOLUT VODKA spent 35.9 million dollar on advertising in print, radio and outdoor. (Kadhammar, 2002).

#### 5.1.1 Media Channels

The flavoured vodka market in the United States has grown at a rapid pace the last couple of years. During 2004 it grew with 25 percent (V&S Group, 2005b). Thus ABSOLUT VODKA is still leading the sales on imported vodka in the United States; the growth rate is not seen as good enough. Therefore ABSOLUT VODKA has started using advertising mediums that have not been used before such as television, since it has become more open and available to alcohol advertising (Löwenfeldt, 2006). In the new advertising campaign launched by ABSOLUT VODKA, television is used as an advertisement medium in order to reach a large part of the target group in a short amount of time (V&S Group, 2005b). During the first six months of 2006 “The ABSOLUT VODKA” campaign include television advertising showing ABSOLUT VODKA on broadcast television in the United States with two television spots debuting on cable channels (Å. Edlind, personal communication, 2006-05-12). Another important medium in this campaign is the print advertisement, including online print and executions. There has also been use of three short films, available in newsletters and on the internet, presenting the development of one of ABSOLUT VODKAs flavours (V&S Group, 2005b). The latest addition to the marketing campaign is the ABSOLUT OUT, being a three dimensional bottle shaped billboard, and during the last few years spectacular outdoor advertising had become an important part in the advertising mix for ABSOLUT VODKA. The company also makes use of online advertisement where the website currently is launching and ad with Lenny Cravitz as a front person, offering his new single to customers (Å. Edlind, personal communication, 2006-05-12).

Further more ABSOLUT VODKA uses several other types of advertisement mediums, for instance ART ads, FLAVOR ads and FILM & LITERATURE ads. These advertisements are a special set of ads which are not obvious to everyone and they are published in literary-minded publications or in film and entertainment magazines. ABSOLUT VODKA continually develops their 25 year old advertising campaign by commenting on phenomenon and trends in the society (Å. Edlind, personal communication, 2006-05-12).

Åsa Edlind (personal communication, 2006-05-12) states that ABSOLUT VODKA primarily works with printed media such as magazines but has lately started to use interactive

media and ABSOLUT interactive ads. Radio advertising has been used in the United States and in some countries such as South America and Latin America cinema advertising has been used. The use of advertisement mediums can differ between countries but the base of ABSOLUT VODKA's advertisements is in print media. The company complies with local legislation and makes use of instruments that are permitted (Å. Edlind, personal communication, 2006-05-12).

Åsa Edlind (personal communication, 2006-05-12) states that the printed ads might be the most effective in the United States since the ABSOLUT VODKA campaign has been developed for such a long time. The campaign has been in use since 1981 and it is still used in every market of operation building on continuity and variety.

### **5.1.2 Communication**

In order for ABSOLUT VODKA to communicate in a successful way they have to be aware of who they are actually communicating with. ABSOLUT VODKA has different definitions of who their target customers are. The most common perception is that of the target customer as "young adults" from 21 years old and up. Thus there is a fine line between marketing to a 21 year old and not a nineteen year old teenager. This is an important issue for ABSOLUT VODKA since alcohol marketing towards person under 21 is illegal and will most definitely lead to a law suit against the company (Kadhammar, 2002). According to Åsa Edlind (personal communication, 2006-05-12) ABSOLUT VODKA's target group are consumers of premium spirits. In other words women and men that is active, sociable, open-minded and culturally curious, and most importantly people of legal drinking age. One of ABSOLUT VODKA's new advertising campaigns in the United States make use of spectacular events and deiced celebrities to market the brand. The campaign will be broadcasted and filled out with print ads. This campaign is meant to be a development of ABSOLUT VODKA's advertisement during the last years and also to introduce the brand to new growing groups of target customers. The interactive part of the campaign is meant to reach the company's aware customers (Johansen, 2006).

The product quality is by far the most important product attribute that ABSOLUT VODKA focuses on communicating.

### **5.1.3 Dimensions of Culture**

In the United States ABSOLUT VODKA build their campaigns round the fact that every consumer should find their own personal flavour. ABSOLUT VODKA is of the opinion that their customers appreciate that the company do their own thing; this is stated by Michael Person in Kadhammar (2002).

David Morrison (Kadhammar, 2002) is of the opinion that the advertising presented by ABSOLUT VODKA has played a vital role in changing the drinking pattern in the United States. People are in a wider range than before drinking clear liquor such as vodka and gin. All over different collages one can find youths drinking clear liquor. The slogan together with the shape of the bottle sticks in people's minds (Kadhammar, 2002).

#### **5.1.4 Business Ethics**

ABSOLUT VODKA do not have an ethical code for its advertising but they are able to present a policy about “good alcohol culture” (Kadhammar, 2002). The company policy is constant in all countries of operation and therefore this chapter on business ethics will also be applicable on the Chinese market (V&S Group, 2005b). The V&S “way on responsibility” states that when it comes to ethics in the market the company is aware that their products can be used in a harmful way and can lead to physical and social damages for the individual. Marketing activities by ABSOLUT VODKA are therefore conducted with concern for the consumers. Its aim is to gain consumers from other liquor manufactures rather than to increase the existing alcohol damages. In the society as a whole ABSOLUT VODKA priorities a healthy drinking culture which is characterized by adult consumers consuming the product with ease. This also includes turning down consumption together with activities that can jeopardize ones health (V&S Group, 2005b).

#### **5.1.5 Regulated markets**

ABSOLUT VODKA obeys by different market regulations but is not of the opinion that the regulations themselves have affected the choice of media channel in the United States (Å. Edlind, personal communication, 2006-05-12).

### **5.2 ABSOLUT VODKA in China**

To be able to collect the empirical findings about ABSOLUT VODKA in China the authors contacted Vicky Chen who is located at ABSOLUT VODKAs office in Shanghai, China. As mentioned earlier ABSOLUT VODKA was first launched in China in 2003 and since then have had a positive growth rate.

#### **5.2.1 Media Channels**

According to Vicky Chen (personal communication, 2005-05-14) ABSOLUT VODKA is using a number of different media channels in China to reach out to potential customers, but the most common ones are magazines of different kinds but also online advertisement. These media channels are the most appropriate ones because they fit best with ABSOLUT VODKAs target group lifestyle. ABSOLUT VODKA uses more or less the same media channels all over China but they put more focus and effort on the bigger cities. This is geographic segmentation due to the Chinese peoples buying power. Why ABSOLUT VODKA chooses to put most of their advertisement online and in magazines is because they find it the best way to communicate the message of the brand and to approach the target customer and let them be able to perceive the ABSOLUT brand value. Printed ads are the main tool for ABSOLUT creativity and online it is a good opportunity to drive the customer to visit the local website where they can a deep understanding about the brand and the product (V. Chen, personal communication, 2006-05-14).

For the first time ever, ABSOLUT VODKA has created a website that is for an audience that do not speaks or read English. The Chinese website is built on the success of absolutvodka.com, on the internet it is to be found at absolutvodka.cn (Absolut Ads, 2005) All the information is in local language, the purpose for this website is mainly to give information about the brand and its heritage and how they will celebrate the Chinese New Year (PRNewswire, 2005). This website also educates Chinese people how to handle spirits that

are unfamiliar to many. It also gives tips how to mix drinks and how to consume vodka and under what circumstances (Lawton, 2005). Chinese people are not that familiar to mix spirit and make drinks like people in the western world. They are more used to drink spirits without any abbreviations. They are more familiar with spirits that taste like home-distilled spirits and drink it to dinner. It is estimated that approximately 80 million Chinese have access to the internet but it is increasing in a rapid pace. Many of them are in the middle class who is emerging rapidly (Absolut Ads, 2005).

There is also an offline campaign during the Chinese New Year where ABSOLUT VODKA uses printed ads, which are created by the ABSOLUT VODKA's offices in Paris and Shanghai. ABSOLUT VODKA will also advertise on large rotating billboards, where the bottle is in focus. There is also a limited edition lantern, which contributes to the celebration of traditional Chinese festival. This was the last day of the two-week celebration (Absolut Ads, 2005).

When it comes to marketing strategy it does not change depending on which media channel that is being used. ABSOLUT VODKA is always trying to be integrated and keep it consistent and relevant (V. Chen, personal communication, 2006-05-14).

### **5.2.2 Communication**

In 2005, ABSOLUT VODKA announced that they would put major efforts into the Chinese market. They have been around for a couple of years but they were now ready to spend more money and focus on the Chinese market. ABSOLUT VODKA wanted to increase their existing sales and dominance as a premium vodka brand throughout China. Even though they already were number one in the premium vodka market the majority are fairly unfamiliar to the brand. Most Chinese people are used to the local brands and the traditional ways of drinking. Consumers respect ABSOLUT VODKA for their inspiring creativity and how they successfully integrate with a new group of people, in this case, the Chinese people (PRNewswire, 2005).

According to Vicky Chen (personal communication, 2006-05-14) ABSOLUT VODKA is targeting both females and males; they are mainly living in larger cities like Beijing. They are active, outgoing and sociable and they are most likely to be between 20-35 years old. People who are trendy, cutting edge and have a higher education are more likely to buy ABSOLUT VODKA. Since the spirit market is relatively sensitive it is likely that the consumers are open-minded and opened to new products. ABSOLUT VODKA offers a wide range of different flavours and this is very appreciated among their consumers. (V. Chen, personal communication, 2006-05-14)

When ABSOLUT first was introduced in China they started off with printed ads in selected fashionable, premium lifestyle magazines. It took a couple of years to also conduct advertisement online. They had to adapt to it because it was the new trend of communicating media and it got easier to reach more potential customers within the target group. Another reason is also because of the wide expansion of internet and broadband in China the last couple of years. Still today there are a lot of people that do not have access to the internet but it is increasing more and more every day (PRNewswire, 2005).

When communicating the message of ABSOLUT VODKA, the marketing department tries to put more local relevance in the advertisement throughout the media channels. One example is the ABSOLUT Chinese New Year advertisement and for global campaign they

also try to add some local touch to fit in local practice. The attribute that ABSOLUT VODKA focuses on in China is the bottle, the shape and look of the bottle. The advertisement is formed so that they reflect things that are witty and creative of ABSOLUT VODKA. (V. Chen, personal communication, 2005-05-14)

In 2005 ABSOLUT VODKA decided to put all its effort into a campaign, called the ABSOLUT NEW YEAR, it is celebration to the Chinese New Year and the festivities takes place February 9-23 (Absolut Ads, 2005). Up to then it was the most forceful marketing and advertising campaign in China. (Lawton, 2005). The “Absolut New Year” campaign focused on; fortune and blessing. This concept is very important to the Chinese culture and it is celebrated in weeks around the New Year (Absolut Ads, 2005). The Chinese character “fu”, means “fortune, blessing and happiness” and when this sign is turned upside-down during New Years this means “fortune arriver” (Lawton, 2005). In the new ads the bottle has the “fu” sign and with “Absolut New Year” printed upside down at the top of the page (Lawton, 2005). Ever since 1980 the printed ads has featured a photograph of an Absolut bottle but now the Chinese ads, have the sign “fu” on the bottles (Lawon, 2005).

### **5.2.3 Dimensions of Culture**

ABSOLUT VODKA says that the market in China is increasing every minute. The rich and educated middle-class Chinese drinkers’ generation has increased fast (Lawton, 2005). As soon as ABSOLUT VODKA got the necessary approval from the Chinese government they began to look for agencies that they could work with in China to be able to get the fundamental understanding about the Chinese culture. This was necessary to be able to proceed successfully from a marketing point of view. ABSOLUT VODKA focuses on addressing people in Beijing, Shanghai and the Guangdong region these three places are the home to hundreds of millions people (V. Chen, personal communication, 2006-05-14). The Chinese people that are familiar to ABSOLUT VODKA are likely to be rich and educated and they have knowledge about the brand probably from abroad or from studying international brands (PRNnewswire, 2005). The young generation in China looks up to the western world and tries to live like them, therefore there are mainly the young middle class who wants to be seen as trendy and cool that is willing to buy imported spirits like ABSOLUT VODKA (Lawton, 2005)

The Chinese ABSOLUT VODKA ads were previously very similar to the westerns ads, the only difference where that the ads was taken in Chinese cities such as Shanghai and Beijing. Chinese people appreciate when they have something to relate to. ABSOLUT VODKA now focuses more on addressing the Chinese culture and Mr. Wijk, director of marketing and communications for the Asia-Pacific region at V&S, says that the Chinese campaign is apparently very Chinese and most people that are not Chinese will have trouble understanding it. This is a way for ABSOLUT VODKA to celebrate the Chinese culture. (Lawton, 2005)

The alcohol consumption has now changed in the larger cities since they are becoming more westernized, the traditional and cultural way of drinking is being put to stand. International spirit brands are more available nowadays compared to a couple of years ago, due to increased contact with the west. How alcohol is perceived in the west might encourage a more risky drinking in China (Newman, 2005). The WHO’s approximation is that 81% of the Chinese people consume alcohol in form of spirits and approximately 1 per cent con-

sumes wine and 18% consume beer. If the alcohol consumption would increase just by a few per cent it would increase the profits in the alcohol industry substantially, since the population of China is around 1.3 billion. And since the Chinese people are becoming more westernized this is most likely to happen. Therefore there are a lot of international brands that are putting major money in launching new products and advertising brands. Compared to the population the consumption per capita is relatively low, 5.4 liters of pure alcohol for people that are 15 years old and older. Around 80% of China's population live in areas that are considered to be poor and where alcohol is only consumed around the large holidays. The estimate of 5.4 liters per person is for the wealthier people that live in the larger and more developed cities (Newman, 2002).

#### **5.2.4 Business Ethics**

ABSOLUT VODKA is always trying to act as ethical as possible, it can be hard sometimes since alcohol is a sensitive subject for a lot of people but they are trying in the best possible way to respect the laws and regulations in China and always encourage people to drink responsibly. In ABSOLUT VODKA's Chinese website there are advice how to consume alcohol responsibly, there are not much more they can do then give advice. It is up to everyone to take responsibility for themselves as well (V. Chen, personal communication, 2006-05-14).

#### **5.2.5 Regulated Market**

Even though ABSOLUT VODKA is operating in a regulated market, they did not face a problem when it came to magazines and online advertising, instead they select the right media to communicate with their target customers. One aspect that makes it easier to advertise alcohol in China compared with many other countries is that there are no really strict regulations for advertising. (V. Chen, personal communication, 2006-05-14)

In China today there are no regulations that get in the way for consumption, purchase or the selling of alcohol. Chinese people rarely get drunk, because they do not like loose face, they would become an embarrassment to their family. The most common situation when they consume Alcohol is during dinner, this is when they toast and other traditional rituals. Since many Chinese live on a small budget they do not have the money to spend it on alcohol and therefore only drink on special occasions. In the Chinese society, drinking is a part of their religion and it is often used in medicine and in meals. Therefore it would be difficult for the Chinese government to introduce restrictions against alcohol, like many countries in the west have done to reduce the harm that alcohol might cause. The risk of traditional drinking is seen as less harmful than compared to the western way of drinking (Newton, 2002).

## 6 Analysis

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*In the following section the authors will analyze the empirical finding in relation to the theoretical framework presented in the thesis. This is because in order to answer the purpose of this thesis; how differences in the choice of media channels in the United States and China can be explained by differences in culture and ways of communication as opposed to legal and ethical restraints.*

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### 6.1 Media Channels

Taking surrounding factors in to consideration when choosing media channels in the United States and China the authors expected that the most used media channel in the two countries of interest would be television. This since the great number of viewer it has and thereby its great potential to reach a large number of potential buyers and also the target segment of the company. Further more television also has a great impact on the consumer market which would be of use for the advertiser. In the United States the authors also expected print media to be used frequently since it is a well recognized medium with several benefits for the advertiser. It is also believed that the internet would be a source of information for companies aiming at its potential customers while the radio was believed to get little attention from the advertisers. As stated earlier the authors expected that the television would be the most used medium for ABSOLUT VODKA in China. Newspapers and magazines were also believed to be a large part of the company's advertising mix. Thus the expectation that Chinese is going to be the most frequently used language on the internet is believed by the authors to be on a business level and not on a commercial one and therefore companies would put little focus on online advertising.

The actual media channel most used by ABSOLUT VODKA in both countries is print advertising. The underlying reason to use this strategy in both countries the authors believe is the advantages it brings. The high reproduction quality that is provided in magazines is a contributing reason for ABSOLUT VODKA to use this type of medium this since the company's advertising campaign has been used for twenty years is build up around a simple but clear image of the bottle. Therefore this image needs to be communicated in a clear way since ABSOLUT VODKA is operating in a high context culture, such as China, where focus is put on the visual message. In low context cultures as the United States is the image of the bottle often visualized together with statements attracting the customer.

The expectation that broadcast media is an important media channel in the United States is true and it is therefore heavily used and makes it possible for ABSOLUT VODKA to reach a large number of customers in a short amount of time. Thus the expectation that broadcast media should be widely used in China as well is not confirmed since neither through primary or secondary data has the authors become aware of the use of television as an advertising medium in China. This is something the authors question since if ABSOLUT VODKA were to advertise on television they would reach a great deal of its target customers. The television has a great impact on the consumer market in China which would benefit the company even more. Since the authors are not aware of any alcohol advertisements on television there exists a great opportunity in it as an unexploited media channel.

The use of radio as an advertising medium is not at all used in China where it on the other hand has been used in the United States. Since the average American listen to the radio more than three hours a day, ABSOLUT VODKA can make use of this cost efficient media channel without having to reach the exact target group. The fact that radio is not used in China as an advertising medium is believed to depend on that the use of the radio is not widely spread in the country. Since China is a developing country and economy one could expect radio to gain listeners over the following years and here lies an opportunity to spread the advertisement of ABSOLUT VODKA. The opportunity includes reaching people in smaller cities, that otherwise not would be a subject to expensive advertising and make them aware of the presence of ABSOLUT VODKA. One reason behind ABSOLUT VODKAs careful use of the radio in China could be that it can be hard to communicate the vision of a bottle over the radio, which is needed in a high context culture.

Making use of the internet to target your audience and to tailor the message delivered is widely used in China where approximately 80 million Chinese have access to the internet. The website of ABSOLUT VODKA is translated into Chinese in order to provide a deep understanding of the product and again to make the Chinese people feel belongingness. The brand of ABSOLUT VODKA is for the first time replaced by a Chinese sign in order to appeal to a culture that is high complex. Here the company tries to adjust their media channels used in China to be in line with the segment they are aiming at. In the United States 68% of the population uses the internet, a figure that the authors believed to be higher due to the great access of computers in the United States. The authors question the use of internet as a media channel and view it merely as a complement to other media channels. This since a customer's interest already has to be awake for them to visit the website of the product or even search for it.

Reasons why the theory is not in line with the reality of ABSOLUT VODKAs choice of media channels could be the problem they have identifying its target customers. This problem could possibly be due to the ambition to reach as large group as possible where the segments get overseen and the adverting becomes mainstream. The disadvantages of print media also get more extensive not being able to present a target customer. The long lead time print media has, involves challenges for the marketer when marketing in a fast changing environment such as China. During this long lead time changes may have to be made to be able to fit the market space when published. If the company is unable to specify the aim of the ad, changes made in the last minute may have an unfavourable effect of the ad. Being able to tailor the message that is being communicated to the target group also minimizes the chances of misconception. To be able to benefit from all advantages that advertising in magazines and newspapers brings one have to identify its target group.

By specifying the target group, ABSOLUT VODKA could more easily determine what time to broadcast their commercial and thereby avoid being in the clutter that exists.

Here ABSOLUT VODKA has to carefully consider which channels to air the commercial on and on what time. The time question is a very important question since the company must air the commercial on a given time of the day where they can be sure to reach their target audience and not to expose minors for the commercial since it is illegal to advertise alcohol to underage people.

Thus what strikes the authors is ABSOLUT VODKA's inability to specify their target group in the United States. If a company has a poor definition of its target group, what good is the selectivity of magazines and newspaper then? By being able to provide a specific definition of one's target group ABSOLUT VODKA could limit their ads to the magazines that serve their target group and also add prestige to the company by carefully choosing the right mediums. When ABSOLUT VODKA is unable to specify its target group they limit the possible reach of attractive customers and the process of trying to do so becomes costly. Further more, the fact that ABSOLUT VODKA sees them as a premium brand becomes questionable. This since a premium brand is not advertised to an unspecified group of people, in other words, not everyone is able to buy a premium brand product. In China on the other hand ABSOLUT VODKA's target group is well defined and the choices of magazines for their printed ads are clearer, and so is the fact that the company has positioned themselves as a premium brand. ABSOLUT VODKA in China can therefore present a more customized ad since they know who it is aimed at. The campaign also gets more efficient with a precise target. If this would not be the case in China vast amount of money would go to waste trying to appeal to all consumers in the Chinese market.

The reason for why ABSOLUT VODKA in the United States is unable to specify its target customers is confusing for the authors. Thus the case could be that there is a will to reach as large part of the population as possible and therefore the company gets lost in aiming at one segment. There could also be the ethical issue of having a product that is mostly used by young adult that is on the verge of being an illegal target that keeps them from explicitly stating the target customer.

Further reasons for why the choice of media channels is not always in line with expectations could be the fact that the company's advertising strategy is being constant across cultures rather than adjusting to the culture of the targeted segment. This implies that rather than adjusting the media channels to the culture before entering the new market the company uses its overall company strategy when implementing its advertising and thereby also its regular media channels. Here one can see that if ABSOLUT VODKA would follow the theory and adjusting to the culture they would make use of television as an advertising medium in China but instead they implement its overall company strategy and put heavy focus on print media.

Analyzing the different media channels presented in the theoretical framework of this thesis makes the authors realize that it is very easy to just put focus on the most common and widespread media channels. Instead of focusing on the most common and wide spread media channel the advertiser should be aware that there are several others that might work just as good, or maybe even better. When choosing what advertising medium to use one should keep in mind that it might be crucial to think outside the box, to leave the safe company strategy and explore new ways of communicating an advertising campaign that are in line with the culture, communication and moral of the targeted segment.

## **6.2 Communication**

The authors assume that the companies today have to adapt to changes in an effective way to be able to reach the desired result. They have to adjust how they communicate the message of the company to what kind of culture and society it is they are operating in. This since the choice of media channels depends on which advertising strategy the company

makes use of. This strategy is aiming at a specific segment and in order to reach this segment the advertiser has to be aware of how to best communicate with it since no one is the other like and people within them are best reached with certain kinds of communication.

Comparing the United States and China, there is an obvious difference in how people perceive for instance advertising in the two countries. These differences can be traced back to the different communication styles between the countries. The American way of communicating is characterized by a verbal and direct style. This meaning that the message is clearly communicated with words. Americans are more afraid to spread their knowledge among others, they are afraid that competitors will use it and it will become a disadvantage to them later since it is an individualistic culture. They might not or are not able to use their network as much as they like. Further more is the American communication style low context and combined with the other characteristics the authors expected ABSOLUT VODKA in the United States to communicate with its customers through events and television where the communication can be direct and verbal and little use of a person's network is made.

In China on the other hand the communication style is non verbal and indirect meaning that the message does not have to be stated in words and the receiver does not have to come in direct contact with the message. The communication in China is also high context meaning that there is much information surrounding the event and the person receiving the message has a widely spread information network. Chinese people are in general trusting and willing to help when other companies need it. Thus this is something that the authors believe has changed in the last couple of years and the Chinese people are now getting more and more competitive and protective. Since China is collectivistic cultures were face saving plays a great role they make use of an indirect communication style. Through this style of communication the authors draw the conclusion that the most common style of communication in China would be that of buzz. This meaning that a new channel is created where the message travels by word of mouth by the networks and that the message is not clearly stated in words but rather in images and visuals.

Nilsson (1998) states that a brand developer either works with product development to be able to enhance the tangible brand values or with communication to develop strong abstract values. The authors believe this depends on what kind of circumstances the company is in. In the case of ABSOLUT VODKA the products have been around for a long time compared to China. In the United States ABSOLUT it is a fairly well-established brand while in China it is not that familiar. In the United States ABSOLUT VODKA focus more on new product development, while in China they work more on communicate the abstract values. This since the segments that the company is aiming to communicate with is on different levels, they are at different development stages and therefore different kinds of communication is needed. This will most likely shift in China when more and more people get familiar with the brand and the customer will then expect that ABSOLUT VODKA focus more on product development.

According to the empirical findings ABSOLUT VODKA adapts the way they communicate the message of ABSOLUT VODKA when advertising their products in different countries. This is clear to the authors in different cases. For instance in the United States ABSOLUT VODKA have made use of famous celebrities in their latest campaign to market the brand. At first it is hard to notice what the celebrities are actually marketing, but to be able to draw the attention to the ad they company first draw the attention to the celebrity and later to actual product. This campaign has been a major success in the United

States. Reasons for this success could be that the United States is seen to have a more verbal personal style, which implies that the communication is person oriented.

Further more is the Absolut New Year Campaign in China where ABSOLUT VODKA focused on fortune and blessing. ABSOLUT VODKA has always had a photograph of an Absolut bottle on their printed ads, but for this occasion they changed the traditional image of the bottle to the sign “fu” which means fortune and blessing in Chinese. ABSOLUT VODKA took into account that Chinese people in general needs something they relate to, for them to be able to notice the product and believe in it. China is a country that still put focus on hierarchy especially compared to the United States. During the interview with Vicky Chen (personal communication, 2006-05-14), she explained explicitly who ABSOLUT VODKAs target customers were. This means that China probably have a verbal contextual style which focuses role-centered styles. ABSOLUT VODKA definitely want to target their consumer in the right way, this means that how they reach their customers now might change if they for instance change their target group in some way. A company has to take into consideration that there are many ways of reaching out to people. When interviewing Åsa Edlind, the authors did not receive a clear explanation that ABSOLUT VODKAs target customers were in the United States, because it was so wide which would have a negative effect on the communication with the customers. This since ABSOLUT VODKA in the United States are not fully aware of its target segment it is difficult to adjust the means of communication to reach the right customer.

It is not clear to the authors that the actual means of communication used is in line with the exceptions held beforehand. Thus there are actions taken by the company that would have the expected effect on the consumers. Looking at the New Years event in China the authors expect this to create a buzz amongst potential customers and the networks amongst people can get used. This event is also a more indirect style of communication which in line with the Chinese way of communicating. In the United States the communication is more direct communicating attitudes and values together with the celebrity. The use of people’s networks is not at all considered and the ad is often verbal attracting the customer further.

The before hand held expectation that the choice of different media channels is to some extent explained by the different types of communication is to a certain degree accurate. Different types of communication have an effect on what media channel that is used when the company is aiming at different segments and when all other factors are constant. Thus does the communication not play as an important role for the choice of media channels as other factors.

The reason for why ABSOLUT VODKA does not take greater consideration of the different types of communication that exists in the two countries could be as stated before because they are implementing an overall company strategy and not one that is formed by the country of operation.

### **6.3 Business Ethics and Regulated Markets**

Surprisingly there has been no confirmation of existing advertising regulations in the alcohol market in the United States that would affect the advertising process substantially, neither through primary sources nor secondary sources. Instead the issue of the use of media channels in a regulated market is closely connected to the business ethics of the company

In the United States ABSOLUT VODKA is the company that once broke the voluntary ban on alcohol television advertising and thereby acting against the industry self regulation (Johnsson, 1999). There are no laws when it comes to advertising alcohol on different media channels neither in China nor in the United States but that does not mean that ABSOLUT VODKA do not have to consider the ethical rules for them to be able to successful.

China is seen, to a lot of people, as a country with strict regulations but is shockingly unable to present any regulations that heavily disturb the marketing activities of alcoholic beverages. The reason why a lot of people are of the opinion that China is a country with strict regulations is probably because of their long history. The only regulation that exists is a ban on television advertising of alcohol between 7 and 8 PM each day. Thus this is the only regulation alcohol producers' face in China and there are few general rules for all advertising and use of media channel. In China it is therefore only ABSOLUT VODKAs business ethics that controls their marketing. Even if China is more open legally it is still heavily controlled morally. As early mentioned ethics are closely interrelated with culture. The unwritten rules a company always have to consider when deciding when advertising through media channels. Cultural issues have to carefully be considered when advertising in China in order to avoid causing some one to lose face. ABSOLUT VODKA has tried to avoid possible confusions in China by translating the website to Chinese. ABSOLUT VODKA once again has to act ethically in order not to upset the people. The Chinese people are not as used to alcohol as western people and therefore ABSOLUT VODKA present on the website, in Chinese, advice on how to consume alcohol.

According to ABSOLUT VODKA they obey the existing rules. This can be seen as a violation to marketing ethics where issues are raised concerning advertising toward children of products that can be harmful. By advertising their product on television through media channels ABSOLUT VODKA makes it possible for children to face the advertising. Since ABSOLUT VODKA clearly states in their company policy that their advertising is conducted with caution one starts to question the company moral. Thus there are no specific regulations to follow when advertising in the regulated market of alcohol in the United States, other that regulations for all advertising. Instead a company can choose to apply to the voluntary ethical expectations that exist and there by gain the faith of the society.

The potential for deception is solved at the website through an age limit to visit the site. You have to fill in your birth year, and be over twenty one, to access the site. This is an easy way for ABSOLUT VODKA to avoid accusations of deception in the United States, thus the authors feel that it is not enough since one can make up a birth year beyond the control of ABSOLUT VODKA. Here ABSOLUT VODKA tries to comply with regulations that exist, not targeting minors, but they can not in any way guarantee that that will not be the case. Customer might see through this, and that will have negative effects on ABSOLUT VODKA in the long-run.

## 7 Conclusion

The purpose for this thesis was to get an understanding how differences in the choice of media channels in the United States and China can be explained by differences in culture and ways of communication as opposed to legal and ethical restraints. When looking at the case of ABSOLUT VODKA. It is hard to make generalizations, since the thesis involves a number of limitations.

Culture, communication and ethical restraints influence each other and they all affect the choice of media channels to a certain degree but it is hard to measure how large part they actually have and there are differences between the two countries. There are also other factors that play a part in the decision which media channels are most suitable for ABSOLUT VODKA as for instance business strategy and competitors. After interviewing employees at ABSOLUT VODKA it becomes clear that this might also vary depending on which company is being investigated.

Since ABSOLUT VODKA advertise them selves as premium vodka brand, it important that they have a clear view over what kind of people are most likely to buy their vodka. ABSOLUT VODKA has to at an early stage identify who are in their target market. ABSOLUT VODKA in the United States has an obvious problem of defining their specific target group which makes it is hard for them to position the brand. When a target group is clearly identified, it simplifies the choice of media channels. It is hard to select appropriate media channels if a company is not sure who they are aiming their advertising towards. The target group will vary between the countries due to the differences in culture.

ABSOLUT VODKA uses primarily print media both in the United States and China, but the content differs between the countries. China is a symbol culture, high context, and that are taken into consideration when conducting the advertising by replacing the original brand with a Chinese sign highlighting the visual understanding. The United States on the other hand makes this a bit confusing since it is a verbal communication culture and ABSOLUT VODKA puts most focus on print media. What is even more striking looking at the aspect of culture and communication is that it has been successful.

When operating in a regulated market, like ABSOLUT VODKA, there are rules and regulations that a company needs to obey. Still business ethics plays an important factor, when it comes to what media channel to use. Even if a country does not have many regulations when it comes to advertising alcohol through different media channels the company still have obligations morally. In this case, regulations did not have a significant impact of the choice of media channels used in the United States and China. Thus has certain prerequisites been taken into consideration such as the age limit when using the web site. It is therefore clear to the authors that with no regulations that affect the advertising to a large extent it neither have an impact on the media used. The ethical issues on the other hand plays a greater role when choosing media channels, this since it has to reach a large amount of people with attracting the attention of youngsters that are not supposed to be exposed to alcohol advertising. Thus the authors do not find that regulations that exist and ethics and morality play an equal large part.

To conclude the authors believe that differences in media channels between China and the United States can to some extent be explained by differences in culture, communication, regulations and ethics. The concepts that are believed to have most impact are believed to be the ethical and moral considerations. Thus the authors are also of the opinion that the

factors mention above has a heavier impact on the design of the advertisement than it does on the choice of media channels operating in a regulated market. Also the choice of media channel can to some extent be explained by the company's own strategy, since ABSOLUT VODKA are known for they high standard of print media. It is therefore strategically more appropriate to use print media and then rather change the content of their advertising instead of changing media channel depending on culture.

## **7.1 Suggestions for further studies**

This thesis has been written during a period of a couple of months. ABSOLUT VODKA's market position in China and the United States has most likely changed. This has been impossible to reflect upon during the entire time period.

To be able to generalize how a company that is operating in a regulated market chooses its media channels with respect to culture and ways of communication as opposed to legal and ethical restraints, there is a need for a larger statistical investigation. Further more the authors has during the process of writing this thesis become aware of several other factors that affect the choice of media channels during the marketing process for a company. These have been dealt with as constant in order to give an accurate picture of the influence of the chosen factors. Separating the different factors form each other and motivating the choices made has been the biggest problem for the authors and therefore could a deeper study be made, taking more factors in to consideration not keeping some constant.

A further study with in this subject would require larger time resources. This in order to interview more employees at ABSOLUT VODKA with positions within marketing in order to become fully aware of the differences that actually do exist in the company's overall marketing strategy between different countries. It would also be useful to interview customers of ABSOLUT VODKA in China and the United States to get insight about how the brand is perceived among its customers'. Further investigations could also be made when it comes to legal restraints in regulated markets since they can to a large extent influence the choice of media channels, the overall marketing strategy and the targeted market.

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