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Advertising in Emerging Markets:
Consumer Attitudes in Ukraine

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Advertising in Emerging Markets: Consumer attitudes in Ukraine

Abstract:

The usage of western advertising concepts and their interpretations from western perspective can lead to misunderstanding of Ukrainian perspective towards advertising. This working paper aims to report the results of a survey about changing attitudes towards advertising in Ukraine in the post liberalization period. It examines the questionnaire-based response of a sample population of consumers from the city of Kiev in their general attitudes towards advertising. Findings will contribute to the understanding of theoretical explanations for advertising in emerging markets, and of western firms using advertising marketing tool to penetrate the Ukrainian market.

Keywords: Consumer attitudes, Advertising, Central and Eastern Europe, Ukraine.

Advertising in Emerging Markets: Consumer Attitudes in Ukraine

Introduction

The Commonwealth of Independent States (CIS) of the former Soviet Union has gradually begun to integrate into the mainstream of global consumer markets. This growing internationalization is resulting in competition amongst the western and indigenous firms in order to gain foothold in these potential markets (Wells 1998, Buckley and Ghauri 1994). These competitive characteristics are more ubiquitous in consumer product sectors. The western firms based and operating from market-based economies are progressively being confronted with the growing challenge of creating brand awareness amongst the perspective consumers of the CIS. As a result, advertising has become an essential marketing tool for these foreign firms in establishing their relatively less or unknown brands and products. Advertising or *reklama* activities have increased rapidly in the 1990s as the retail sector is being privatized and emerging as a dominant contributor (Wells 1998). Advertising in the emerging markets of former Soviet Union has been perceived as critical in its role in 'building a bridge to the future' (Wells 1994, p. 91). Indeed Andrews, Durvasala and Netemeyer (1994) have characterized it as 'the engine of the trade', an old advertising slogan of Mettsel company which continues to be an idiom of the everyday conversation.

However, a failure in promotional and advertising activities by western firms, including MNCs such as Apple Computers (Crossborder Monitor, p. 9), manifest that their inside-out advertising approach in CIS markets should be converged (VonDorn and Akimova 1998). The advertising dimensions in former centrally planned economies differ significantly from western markets and are often overlooked by western managers in their haste to promote their products (Czinkota 1997). There seem to be a general belief on their part that CIS consumers have preference for western brands, and understand and favour western modes and styles of advertising. But a historical dominance of indigenous advertising and marketing paradigms require challenging understanding from western

firms in interpreting consumer attitudes towards advertising. Consumers in general, fear covert manipulation and subliminal techniques applied in advertising, and a continuous proliferation of new products and media information (Pollay and Mittal 1993). Gaining insights into the consumer attitudes towards advertising becomes necessary as advertising does not occur in a vacuum. Advertising agencies which are at the forefront of the societal trends would win, or else they might face dire consequences in the marketplace (Muncy and Eastman 1998). This article attempts to examine these issues in the Ukrainian context with an understanding that there is a greater need for further research for our improved theoretical and managerial knowledge of marketing and advertising dimensions in these new markets.

Characteristics of Ukrainian Advertising

Ukraine shared its history with the Soviet Union until 1991, and understanding of any current advertising issue would benefit from insights drawn from advertising and promotional characteristics in the former Soviet Union. In general, there seem to be several popular misconceptions regarding advertising and promotion in the former Soviet Union. Wells (1994, p.84) maintains that the commonly held view of absence of advertising and advertising agencies, prior to liberalization which began around 1988, is an underestimation of the market functions in former Soviet Union. She cites earlier works indicating that advertising operations of the first recorded advertising agency Mettsel date back to 1878 in the Soviet Union and their slogan, 'advertising is the engine of trade' is well remembered among Russians. The Revolution in 1917 limited commercially oriented promotional activities through censorship but these were revived in the 1960s when industrial products required promotion to foreign and COMECON organizational buyers. Richman (1974) notes that pressurized by the economic considerations for greater productive efficiency socialist countries like the Soviet Union and China started to resort to 'capitalistic practices' of advertising, market and consumer research, and flexible pricing strategies.

As a generalization, the main features of Soviet advertising of consumer products during the 1960s to the 1980s included: a) marketing mix decisions were centralized and based on products which met the needs of the centrally planned economy. The advertising was managed largely by six state-owned advertising agencies

(Suyztorgreklama, Rostorgreklama, Ukrtorgreklama, Glavkooptorgreklama, Roskooptorgreklama and Vneshtorgreklama.), and several government committees based in different Ministries to promote their goods and products e.g. Ministry of Chemical Industry, Ministry of Fisheries and so on (Kanevsky 1980, p. 15). The latter were established in the 70s to inform about industrial products. Two commercial advertising organizations Radiotechnika and Orbita were also established to promote home electronic products. b) the term *reklama* (advertisement or advertising) was understood to be a synonym of advertising, promotion and political propaganda (see e.g. Wells 1994). c) From the 1960s through mid 1980s advertising was primarily for industrial products directed at organizational buyers (Andrews, Druvasula and Netemeyer 1994). Consumer products were characterized by a shortage of demand whilst those in excess were not readily available for purchase due to logistics problems (Feick and Gierl 1996). In an economy driven by demand, advertising was restricted to single product promotion, e.g. only one airline was available and advertised (Aeroflot), only one political party ideology was advertised (the Communist Party). In general, few competitive products or services were available for alternative consumer choices or demand creation. d) consumer product advertising did not just promote the usage of products but *imposed* repeat purchase of products which were obtainable in surplus. For instance 'whiting fish' which was procured in abundance, was advertised and promoted as being healthy whilst it was not liked by the majority due to its bitter taste (Yu 1994). This innate led to the interpretation by consumers that advertising indicates some shortcoming in the product, as noted by Feick and Gierl (1996), or else why would a producer need to advertise in a shortage economy? Therefore, producers and manufacturers had least pressure to be concerned about consumer preferences, or to ensure that they met the 'market needs' or 'standards' as distinct from 'basic needs' and 'standards'. e) the content of advertising was informative but not aimed at individual satisfaction. A greater emphasis was on social welfare emphasizing 'good and healthy life' for people by and large (Yu 1994). In this 'Popeye' advertising, social welfare and health were central and the official distinction between 'capitalist' and 'socialist' advertising was maintained. The capitalist advertising was to serve a single company in its quest for sales in an excess supply situation and was therefore 'wasteful'. Socialist advertising, on the other hand, was not supposed to be based on (unhealthy) competition and was aimed at redirecting demand for greater

economic and social welfare (Ostlund 1973). Thus the objective of advertising was not commercial for profit generation which was perceived as capitalistic instrument based on exploitation. The function of advertising in adding value to products was perceived to be ideologically wrong as it fosters for instance monopoly power and profit and its role in the former Soviet economy was ambiguous (Hanson 1974). Advertising was further discouraged as tax exemptions or reductions on advertising expenditure could not be claimed. Neither did the state controlled singular media rely on any income from advertising activities (The Economist, Jan. 29, 1994). f) advertising and promotion of *absent* consumer products which were not accessible for regular consumption took place in the Exhibition of People's Economic Achievement. These were essentially export-oriented products and the purpose of such promotion was to enhance the public morale by showing the Soviet Union's capability in world class production and manufacturing (Yu 1994). There were disparities in advertising targeted at the indigenous population as compared to foreign buyers. For instance, the official glossy trade magazine of the Soviet Government, targeted at the foreign markets, *The Journal of Russian Trade*, followed relatively western approach and style in its advertising. g) advertising by foreign companies was heavily censored and regulated by a separate advertising agency *Vneshtorgreklama*, which translated foreign ads for the Russian public (Andrews, Druvasula and Netemeyer 1994). Products originating from other than the COMECON countries were sold in specialized hard currency stores which were beyond the reach of the majority of the population (Feick and Gierl 1996).

Purpose of the Study

As the liberalization and privatization has increased, perspective consumers and managers in emerging markets like Ukraine are being exposed to a continuum of processes which aim at their greater participation in the marketing activities. In this context their expectations of and behaviour towards new and emerging marketing functions must be understood for successful planning and implementation of marketing strategies (Noar 1989). Research on consumer beliefs and attitudes and their relative importance for advertising processes, in these new markets will develop an understanding and the potential of advertising in reaching perspective consumers. Western as well as local firms are increasingly using advertising as a tool for developing brand recognition to establish

themselves in the Ukrainian market. A huge growth in the retail sector's contribution to the economy has facilitated the growth of advertising industry in emerging markets. The *objective* of this research is to gain insights into Ukrainian consumers' general attitudes towards advertising and to identify the contexts within which advertising as an institution is growing.

Further, western companies and academics explicitly or benignly believe that the only 'correct' model of advertising in emerging markets is based on the free-market western model (Wells 1994). However research has shown that consumers in Russia and Ukraine have a different view of advertising than their western counterparts (Wells 1998, VonDorn and Akimova 1998). This can be attributed to their exposure to different ad stimuli and a different economic and historical background (Andrews, Druvasula and Netemeyer 1994). This survey may contribute to the verification of such popular western beliefs that the western style of advertising is the best method for market penetration. It may illustrate the usefulness of advertising to marketing practitioners by emphasizing the importance of advertising in an integrated marketing strategy in emerging markets.

Attitudes Theory: Consumers' attitudes towards advertising (A_d) and in particular attitudes towards advertisement are important to study as these attitudes are a major antecedent of brand awareness and brand attitudes (Lutz 1985, Rossiter and Percy 1997). Researchers in international and European consumer behaviour (e.g. Howkins, Best and Coney 1989; Antonides and Van Raaij 1998) also propose that consumer attitudes and behaviour are interrelated, and attitudes may indicate a change or development in their purchase behaviour. For instance, if consumers are showing increased belief in advertising, or favourable attitude towards advertising in general, companies may interpret this as an indication to a corresponding increase in use of their final purchase. Lutz (1985) defines general advertising attitude towards advertising (AG) as a 'learned predisposition to respond in a consistently favourable or unfavourable manner to advertising in general' (p. 53), which constitutes an important determinant of A_d and A_{ad} . There is a primary distinction between the attitudes and beliefs in that attitudes are *towards* advertising institution (e.g. purpose and effects) and advertising instruments (e.g. methods and practices) where beliefs are *in* advertising (e.g. content and message of advertisements) (see e.g. Lutz 1985, Sandage and Leckenby 1980). However in several studies general attitudes are seen as a synergy of both constructs (Meuhling

1987), and for the purpose of this study, also constitute our understanding of general attitudes towards advertising.

Previous Research Work: Relevant Literature

There is limited research and literature on the Ukrainian markets, and for the purpose of this paper we build upon previous works in the comparable emerging markets namely, Russia and Eastern Europe. Their market situations are comparable because until recently the former Soviet Union (including Ukraine) and Eastern Europe shared a similar economic and political system where advertising was state controlled. It has to be acknowledged, however, that the degree of exposure to media, marketing functions and consequent advertising has been varied in these countries. In appendage to this, researches on other emerging markets such as China and India in Asia, and Brazil and Latin America can also be revealing and future research should try to draw from the theoretical frameworks developed in their context.

In recent years a number of studies on Eastern Europe and the former Soviet Union markets have emerged (Estrin, Hughes and Todd (1997), Zecchini (1997), and Iatridis and Hopps 1998). The prime focus is on studying the impact of changes in macro economic policy on the transformation of business activities in these transitional markets. Major attention has been on the activities of firms within the macro marketing environment leading to privatization, or the choice and process of selection of markets, and modes of foreign investment (Buckley and Ghauri 1994). Studies focusing on micro issue like changes in consumer or managerial attitudes and behaviours in emerging markets have received little research attention (Pribova and Savitt 1995). One explanation can be that the marketing scenario is new, and research is limited in general. Secondly, main thrust of business activity has concentrated on macro issues and research work has reflected this trend. In rapidly changing countries substantive advertising and consumer research is sorely needed as consumers are integrating into market related activities (Buckley and Ghauri 1994). Knowledge gained from research on consumer and managerial behaviour towards marketing functions will allow greater marketplace efficiencies by matching consumer and producers interests.

Consumers Attitudes: VonDorn and Akimova's descriptive research (1998) with a cultural communication approach focuses on studying consumer attitudes towards

advertising in Ukraine. Using open and close-ended questionnaires, the data was collected by personal approach in the city of Kharkov from students in a University and their families (p. 193). A descriptive analysis of results is presented on demographics, product usage, advertising awareness and media usage and recall. The results were fairly contradictory but indicated that in the sample population decision making is affected by the unavailability of products, and that there is a general indifference to media and an overall muted response to advertising.

By applying cultural communication theoretical framework and in-depth interview method, Wells have conducted several researches on advertising related issues in Russia (1994, and 1997). Her data has been collected from different sources including media and advertising experts and three group interviews in Russia (1994) to analyze the meaning of 'advertising' in Russian context. It is argued that the western models of advertising are not sufficient for understanding Russian advertising. For example, in the former Soviet Union, the term advertising is frequently used to refer to many types of promotional activities, embracing many aspects of marketing and communication. Her work emphasizes the dominant role of culture in how consumers reinterpret and redefine advertising in their economic and social systems. Results show that advertising in Russia and other members of the former Soviet Union must be treated as an interaction and not simply a transaction between economics and members of society. The study recommends that the western firms should look beyond political and economic conditions as a basis for introducing their advertising concepts. A similar method was applied in another study by Wells (1997) in which the role of advertising as an institution was studied. The perception of Russian industry towards marketing communications were examined by means of interviews with the representatives of industry, academe and the government. The study found that the impact of changing macro marketing environment on the marketing function of advertising showed that changes in domestic economic and political environments as well as western perception of the Russian market have resulted in a rapid growth of advertising industry in the former Soviet Union. The industry is developing classical liberalism and neo-classical liberalism based propositions to the marketing communications.

By comparing a sample of 100 western and former Soviet-bloc female consumers in each country Feick and Gierl (1996) studied consumer scepticism towards advertising.

They measured scepticism on the basis of search, experiences and credence claims of 24 ads using methodology developed in an earlier study by Ford, Smith and Swasy (1990). The consumers' environments were found to be of great significance in explaining their research findings. For instance their hypothesis that former Soviet consumers were less sceptical about advertising was supported. This finding has been explained because of a general lack of advertising information, and inherent trust of western products and advertising. The research recommends that practitioners would need to scrutinize their strategies until consumers develop more market experience and gain more persuasion knowledge. Research concludes by suggesting that future research on consumer beliefs and persuasion knowledge and scepticism will be useful specially when conducted on comparative subgroups basis.

An empirical cross-national survey to measure advertising beliefs and attitudes was conducted by Andrews, Druvasula and Netemeyer (1994) by using a student sample in the US and Russia and their results indicate that their Russian respondents attitudes towards advertising were in general more favourable than those in the USA. Russian respondents also felt advertising to be more essential, 'as a necessary part of their change to a market driven economy... and likely to view advertising as an *opportunity* to help improve their economy' (p.81). US respondents felt that advertising resulted in greater negative social effects, which can be explained due to their greater experience with advertising. Their research concludes that advertising may contribute to the economic development and to the creation of a consumer society in emerging markets.

Survey Design and Process

Our questionnaire development and design process was guided by the measures developed by Muehling (1987), and Pollay and Mittal (1993). These studies not only explicate consumers' attitude towards advertising's social and economic effects but also other relevant perceptions of advertising such as media and the ad industry. To avoid the limits set by the prelisted answers or a set of predetermined belief statements by researchers, echo survey method was used which allows free response analysis and is more appropriate in identifying and surfacing underlying beliefs otherwise generally overlooked (Kohan and DeMille 1972, Muehling 1987). This is more applicable when knowledge about attitude measures or issues is unfamiliar, as in case of emerging markets.

'New' marketing experiences transform and evolve respondents' attitudes towards advertising progressively. In such a scenario, it is not only appropriate but useful to design descriptive research study that would register the much needed qualitative insights of changing attitudes (see Zinkhan 1994).

General attitudes towards advertising were examined through an open-ended questionnaire. Nine questions were devised, and first eight were randomly used in the study. Information on demographic characteristics was obtained last in one question with sub-categories. In total the questionnaire contained items to register general affective perception of advertising (what do you think of advertising? Is there any difference between 'foreign' and 'local' advertising?), functional objective of advertising (Is advertising important, if so, why do you think so? Have you come to know of any new brands through advertising after liberalization? If so, name any ten new foreign brands), general awareness on the societal effects of advertising (Do you think advertising is socially responsible? Do you know of any legal restrictions on advertising? Do you trust advertising?), advertising means to understand the most acceptable medium for advertising practices (What are the most popular mediums of advertising?), and finally, demographic characteristics (age, gender, profession). No income related question was asked. Each question was assigned six numbers for response, except when ten brand names were asked to be listed.

In order to establish the language and content validity the draft and the final version of the questionnaire were translated by a native Professor in Marketing Studies and reviewed by another. Both professors command a fluent knowledge of English. The questionnaire was pre-tested on eight respondents and two marketing studies professors, before our sample population was approached. All suggestions received were discussed and subsequently a final version was prepared. During this process we learnt to pay particular attention to simplify the usage of the language, and to maintain the questions and the questionnaire as short as possible.

One question was added after pre-testing of our questionnaire was completed. The test respondents did not understand which advertising was being referred to, i.e. *local* or *foreign*. We opted to use this popular concept devised to distinguish between the pre and the post liberalization advertising in the introductory letter as well as in the questionnaire. Essentially local advertising refers to the advertising conducted by the

domestic companies and about local brands in both pre and post liberalization period, whilst foreign advertising related to *new* advertising by western firms following economic and political liberalization. The latter category and was subjected to censorship and heavy restrictions under the Soviet regime. Since objective of this study is limited to capturing the general attitude during current transition period, our distinction of the two concepts has been rudimentary and simplified in its nature. Any further in-depth research would require augmentation of distinctions between local and foreign advertising. Unless otherwise mentioned, in our results and discussion, all advertising refers to foreign advertising.

The study is based on the business student population registered to obtain part-time or full-time MBA at the International Management Institute (IMI) in Kyiv. The course is partially delivered in English and all participants have a good knowledge of the English language. The MBA course is designed and developed by the parent IMI in Switzerland and is westernized in its approach. The student population is expected to have at least three years of work experience. A convenient sample of randomly stratified population of at least hundred respondents was selected and approached.

The selection of this sample was based upon our assumption of the exposure of the age group involved to the pre and post liberalization marketing environment. Therefore it was believed that this group could provide us enriched information on the process of the development of the advertising in Ukraine with their knowledge from a comparative environment. Given the admission requirements mentioned earlier, the sample group was assumed to be relatively older than an average student age group, and therefore participated in final purchase decisions, and could be categorized as active consumers. As noted in earlier studies also (e.g. Andrews et al 1994), as business students, our respondents may have had more knowledgeable and informed opinions on the topic of advertising than might be found with other samples such as the general population.

Each respondent was given two sets of a three-page questionnaire – one each in English and Russian. It included an introductory page explaining the purpose of our study and two pages containing survey questions. All data was acquired in unaided research environment with the assistance of colleagues at IMI. The respondent had a choice of filling in the questionnaire in English or Russian. The questionnaire was distributed and

collected on the same day on three separate occasions in January 1999. Because of our direct approach to respondents to fill in the questionnaire non-response issue is of insignificant relevance here. One hundred usable questionnaires were received out of a total of 106 responses. Six questionnaires contained incomplete data and could not be used for our research purpose. All respondents chose to answer on the English questionnaire and nine respondents answered partially in Russian. Five respondents filled in the English questionnaire in Russian. A native Professor in marketing studies who exercises fluent English translated the Russian language data.

During the data collection process respondents' preference for closed question based questionnaire was conveyed. Lack of exposure to research and market experience could explain their choices. This inexperience was also conveyed by respondents' queries on our handling of the information provided to us in writing. A legacy of centrally planned regime could explain such a suspicious view on parting with data in handwriting. It is recommended that if feasible, when mistrust in research related activity is high, interview method with small focus group in congenial environment might facilitate higher quality of data collection. Precautionary measures such as emphatic assurance on the preservation of respondent's anonymity and perhaps use of technical devices to fill in the questionnaire could reduce the degree of mistrust.

General Sample Characteristics

<i>Sample size</i>	100
<i>Per cent</i>	Female 52 (Male 48)
<i>Age Group</i>	18-24 yr.(N=6), 25-40 yr. (N=78) with 25-34 yr. (N=59) and 35-40 (N=19), 41-51 yr. (N=10)
<i>Current Occupation</i>	Managerial ((N=37), Education and Research related (N=23), Full time Student (N=21), Miscellaneous (N=6)
<i>Nationality</i>	Ukrainian (N=84), Russian (N=14), Belarussian (N=2).

The above socio-demographic data for the respondents confirmed our assumption that respondents would also be engaged in some employment activity or would have had some previous work experience. Also the respondents group was a relatively older age group with majority being within the range of 25 to 40 years. These characteristics also confirmed that these respondents were active consumers and decision-makers. The

nationality of the respondent was not considered to be of significant relevance, nonetheless this information was obtained with an intent to gain insights on the degree of consumer mobility which has implications for marketing practitioners and bearings on any future advance research in this field. The majority of the respondents were Ukrainian with a small number of Russian population. Respondent's nationality must also be viewed against the fact that our sample was obtained from an international educational institution that attracts other than Ukrainian national participants.

Findings

General Perception of Advertising:

Respondents varied in their response of their perception of advertising. The economic and functional objective of advertising in providing information on new products (not necessarily brands) is being understood and absorbed. In general, most respondents ($N=83$) found advertising to be positive and contributive in some form. The main cause for advertising to be necessary was perceived in its economic and instrumental objective in providing information on: the *new* types of products (quality, usage, information on brand); new firms (manufacturers and services); effects of advertising (adds to the professionalism in local advertising), and other product characteristics. There are clear indications that advertising message is assisting in comparative decision making.

'(It) helps to choose amongst the variety of products in the market, helps to follow the upgrade of different brands'. (25 yr., female bank employee).

'(Advertising).helps me in making a particular choice in the shop' (29 yr., female translator).

Advertising has been seen as a broader concept with its objective being viewed beyond mere provision of information on products and services. It provides opportunities for consumers, manufacturers and advertisers in creating market efficiencies such as by learning from the methods and styles of advertising used in the West.

'There are many different interesting things in the world that are still unknown to me... besides, it's interesting to watch their way of thinking through ads.' (24 yr., male student). Or 'Advertising means progress' (30 yr., male manager).

Out of this sample, a small number of respondents ($N=6$) stated that their perception of advertising was also *circumstantial*. Advertising might be necessary and

informative in one circumstance but less convincing when high claims on product quality are made (*it is necessary but it's too perfect*' (41 yr. , male manager)).

It was also perceived to be negative ($N=16$) because of its aggressiveness where false claims were made; or because advertised products were beyond respondents' purchasing power or information on quality of products and services provided was not substantiated

I do not trust its message and when I need to buy a product, I ask for information from my friends'. (29 yr., female translator).

Advertising was wasteful or led to a waste of money ($N=11$) because it did not address Ukrainian consumer needs, and served the desires of manufacturers and promoted low quality products.

Responses on differences between local and foreign advertising were diverse. Local advertising was considered to be essential ($N=24$) which should continue and must be supported by the state authorities. These respondents seem to have affinity with local advertising largely due to patriotic emotions (*it's our own promoting our own goods*' 46 yr., male commercial manager). It was also believed to be more trustworthy (*It's not sophisticated like foreign advertising but it's more trustworthy*' 27 yr., female student), promoting indigenous products (*It is a must. The Ukrainian population must be aware of domestic products available at the market to make a right choice*'. (24 yr., male engineer.)) and using local models (*our people*) which was under the threat of being dominated by the foreign advertising ($N=4$). It was mentioned to be of high quality and of high performance particularly where density of text in messages was high (*linear and straightforward*', *high quality*', and *more text which is understandable*') ($N=17$).

Simultaneously perception of local advertising also generated high unfavourable responses ($N=51$) in some form, while some respondents ($N=16$) were totally dismissive of local advertising (*poor, useless, waste of money, bad quality*). This negativism in all categories mainly derived from respondents' subjective visual imagery and related to their hedonic experiences of advertisements of local products and brands (*e.g. bad colours and style, copies foreign advertising, lack of originality, not interesting, poor text and production, too many words*). The importance of aesthetics of ads was further confirmed by the characterization of foreign advertising for being more professional, creative and of high quality ($N=81$).

There is a realization that insufficient capital input is an important reason for a persistent poor quality of local advertising:

'Where there is \$, there is creativity' (32 yr., male accountant)

It is interesting to note that absorption of comparative information in this category was emphatically characterized by cognitive responses related to the hedonic effects of advertising. No response related to the preference of foreign advertising for consumer related responses, e.g. provision of better product information.

Brand Awareness

Attitude towards brand awareness was registered through unaided brand recall. All respondents responded affirmatively to that they had been exposed to new brands after the liberalization. When asked to name any ten brands known in the post liberalization period a small number ($N=6$) was non-responsive. Some mentioned only one to four brands ($N=23$), and a few mentioned product categories and not brands ($N=4$), and one response was by company's name (*Unilever, and P&G*). The most frequently mentioned brands were also global brands, and nearly all brands recalled were in consumer product categories ($N=89$), even though the question did not specifically referred to consumer brands or products. Some respondents ($N=11$), also mentioned brands in consumer services sector. These brands mentioned can be randomly categorized as follows:

*consumer electronics (Panasonic, Philips, Samsung, Sony, Bosch, Siemens),
soft drinks (Coca-Cola, Pepsi Co.), white goods (Tefal, Rowenta, Indesit,
Whirlpool),
cigarettes (Camel, Marlboro, Phillip Morris), computers (Apple, IBM),
cars (Daewoo, Hyundai, Kia, Ford, Opel, Mazda and BMW), washing powder
(Ariel, OMO), cosmetics (Head and Shoulders, Johnson and Johnson, Revlon),
services (KLM, Visa).
Only two respondents mentioned food chains (Pizza Hut, McDonalds)
and alcohol (Johnny Walker).*

The objective was to gain preliminary information on brand knowledge and we realize that within our research design, it is difficult to assess whether the knowledge of these brands existed prior to liberalization or not. At least one respondent mentioned that *'we knew these products (brands) before, but now I know what they look like' (32 yr., male ban*

employee). In other words brand recall might not necessarily have been based on cognitive perception. In the category of cars Korean brands were more recognized, and in consumer electronics European and Japanese brands were recalled more frequently. Cigarette brands were also frequently mentioned ($N=41$).

Societal Effect of Advertising: Is Advertising Responsible?

General awareness about the societal effects of advertising was registered by inducing three open-ended questions. On social responsibility of advertising, response can be analyzed as being sceptical ($N=55$) for at least two sets of reasons. Firstly, false claims, which were perceived to be misleading and thus irresponsible, were made especially when medicines, cosmetics and tobacco were being advertised. Secondly, the content was not fully informative and confusing when the quality of products was experienced to be lower than portrayed in the ads (*sometimes the content of commercials does not reflect the reality* (27 yr., female teacher) or *I am not sure, because according to each advertiser only that product is good* (29 yr., female). The non-response to this question was the highest ($N=27$) while the remaining respondents' were affirmative in response ($N=18$) but without any further explanation. This may indicate that respondents were not able to understand the question due to their unfamiliarity with the subject of advertising and social responsibility.

When further examined through specification of trust in advertising, response was more translucent. A general feeling of mistrust and scepticism was again experienced by most respondents ($N=58$). The response in this category related both to attitudes towards ad content (A_{ad}) (*I trust 50% local ads and 70% foreign ads. I trust Japanese electronic adverts* 28 yr., female engineer), and towards advertising as an institution (A_a) (*I dislike all ads*, 25 yr., male banker). Mistrust resulted from personal experience because *information (on product quality, availability, prices)* required further verification with one's peer group (friends, family and other people). At times advertising was perceived to be useful ($N=22$), *even if it is a waste of my time* (20 yr., male student) or *it depends on my attitude to the specific company* (39 yr., male respondent).

A relatively small number ($N=27$) expressed all favourable trust in advertising in general. This positivism generated from their belief that the *information* provided was truthful ($N=5$); and advertising was more convincing, experienced and truthful in its *presentation* ($N=7$). Within this group, local advertising was perceived to be more

trustworthy ($N=14$), because information provided could be checked which was not easy for products manufactured abroad (*'I trust local adverts because our local brands are proved to be of higher quality than foreign ones'* (28 yr. Male researcher)). There was also non-belief in advertising ($N=12$) and aversion by some respondents ($N=2$). This non-belief and aversion generated from the intensity of advertising which can be *confusing* (*'I don't trust any advertising'* (24 yr., male engineer), or challenges it presents to the viewers level of intelligence (*'no, I am a realistic person'* (25 yr., female), *'I don't think, I only enjoy looking and hearing the message'* (26 yr., female)).

There is a growing awareness regarding the advertising laws in Ukraine which is by and large a self-regulated industry. In general there is an awareness of regulatory restrictions on advertising of alcohol, tobacco, weapons, drugs and sex related services ($N=48$). (*'yes, all sorts of products that can damage one's health'* 21 yr., male student). Specific nature of the legal restrictions were also mentioned and some showed awareness of the compulsory use of the Ukrainian language in advertisements ($N=16$). Greater number of respondents ($N=51$) however, showed ignorance of any regulations by not answering ($N=18$), or responding in negative ($N=33$) (*'it's not my job to know them. Govt. should. (know these regulations).'* (29 yr., male bank employee), or *'I don't care. They (ads) are only a source of information'* (34 yr., male manager)).

Means of Advertising

Most respondents mentioned TV as the most popular medium of advertising ($N=81$), followed by print media ($N=51$), billboards ($N=19$), exhibitions ($N=11$). In most cases the Ukrainian local TV Channels 1 and 2 were also mentioned. It was interesting to note that radio and cinema, which constituted popular medium of communication prior to liberalization, were rarely mentioned ($N=2$). It shows that the new media, along with the print media, has become a very powerful medium of communication. Other forms of advertising e.g. trams, metro and buses were also mentioned ($N=7$).

Discussion and Future Research Indications

Research results should have implications beyond our population who are active consumers and are potentially affected by advertising in their purchase decision making. However the result should be treated with several limitations. Firstly, this study is limited

to the urban and central Ukrainian situation where purchasing power is higher and consumer exposure to new products is potentially greater due to their availability in the shopping malls. Secondly, respondents' paucity in exposure to market and marketing experience might have resulted in their marked difference in response in all categories. Next, marketing processes are constantly changing and crystallization of marketing attitudes is transpiring at a high speed. During this process, absorption, processing and interpretation of data is also likely to be different in a market with significant differences in the value system than in the West. The results, therefore, are to be treated cautiously and future research might be conducted with the non-business community and the general population. Nonetheless, results set a realistic background for further research on advertising in emerging markets by providing insights into advertising processes in Ukraine, to researchers and practitioners alike.

Assessment of individual integration into western style marketing indicates an increasing awareness towards contemporary advertising while scepticism is prevalent. The desire to gain detailed information about the product and its components, usage, was high. Explanation of this economic effect is in the newness and resulting unfamiliarity such as on the usage or the beneficial usage of the products.

'There are too many new products appearing in the Ukrainian consumer market... very often, (when) buying new products, consumers use data they get from the commercials and ads' (27 yr., male)

This is consistent with the findings elsewhere that functional and not sensory information is of higher relevance in emerging markets where uncertainty avoidance is high (Donthu 1998). In our sample, the role of advertising continues to be viewed as essential or significant as indicated elsewhere (e.g. Wells 1997, Andrews, Durvasala and Netemeyer 1994). But the effect of such advertising was interpreted beyond this fundamental objective of product information. Its function has been observed to facilitate growth and innovation in the local advertising industry, and competition in the product market. The consideration of 'low' or 'higher' quality implies that cognitive or purchase decisions are made on the basis of choice products. This indicates that advertising is influencing market forces to cause competition, efficiencies and profit motives to become economic regulators (Vakratsas and Ambler 1999).

Respondents also showed awareness of the aggressive intensity of advertising. This can partially be explained through consumers reflection of their nationalistic feelings when felt threatened by a high speed of social and economic change (*'too much advertising too soon'* 39 yr., male, commercial manager). In a transitional economy that is establishing its independent identity and formulating its ideological convictions away from the Soviet Union can be counterproductive and arouse negativism and unfavourable brand attitudes. Aggressive speed of introduction of foreign ideas and brands might be interpreted as intrusive and generate suspicion and even rejection (Zecchini 1997, Kuzio 1997). Information channelled through advertising also needs to follow a hierarchy model of reception, absorption, retrieval and processing, and interpretation. Overflow of information, particularly by foreign firms keen to reap the benefits of 'first movers advantages' can lead to the reception of information, without its being absorbed and processed adequately. A lack of experience of market economies can manifest in many ways e.g. market disbelief (Fieck and Gierl 1996:228). This might lead to premature interpretations of negativism such as respondents noted *'foreign advertising is monotonous'* (39 yr. Male supervisor), or *'it's a waste of money'* (22 yr., male student and banker). Further empirical research is needed for refined identification of such negative attitudes as distinguished from scepticism, criticism, disbelief and mistrust. Implication for practitioners would mean that for a long-term acceptance by consumers, adaptation to the local traditions and cultural environment would be mandatory.

In addition, unfavourable attitudes towards advertising were also shown through scepticism. The issues of quality of products advertised, and sweeping claims that could not be substantiated, were evidently related to respondents mistrust in ad content. This tendency is also to be viewed against an inherent mistrust of advertising in the former Soviet Union, where message and information was received but was not effective. 'The legacy of advertising under the Soviet era has been translated into suspicion of advertising in general' (Wells 1994:17). Scarcity (e.g. due to logistics problems) or non-availability of advertised products (lack of information on retail outlets for their availability), and inability to buy products (low purchasing power) accentuate the feeling of scepticism. High-priced and highly advertised products to a population with low economic power affect their perception of advertising and create high expectations. Novelty and

unattainability increases the degree of trust but not matched by reality, when high claims can not be substantiated through real purchase, it adds to the mistrust in advertising.

Indeed theoretical models for advertising in developed markets such as of persuasive hierarchy which follow cognitive – affective – and behaviour stage model might be less relevant in emerging markets where scepticism is high. Consumer behaviour is influenced by low purchasing power, personal and peer group experiences and word-of-mouth medium of advertising continues to create credence. According to Rossiter and Percy (1997) brand awareness is a universal objective of advertising and necessary precursor to brand loyalty, but such loyalty is tedious to create in a market where scepticism continues to prevail. In such market conditions, 'weaker hierarchic models' (Vakratsas and Ambler 1999) of cognition – experience – affect – behaviour might present greater theoretical relevance. Longitudinal studies must be conducted to generate clarification and understanding of these issues as market knowledge and experiences are gained over time (see also Pribova and Savitt 1995, p. 17).

Advertising is providing foundations for comparative decision making, and engineering self-formation into an institution and industry. The advertising industry is largely self-regulated and advertising laws have only been introduced recently (ekonomika). A general lack of regulations or awareness of their nature might be a result of the unproductive perception of advertising under the Soviet era (Richman 1974). Consumers who were aware of regulations also seem to be aware of the necessity of it. A high density advertising of generally prohibited products such as alcohol, tobacco and related products, have added to their beliefs that the western companies are exploiting the absence of or lapse in implementation of existing but relatively weak legal restrictions. This may lead to a review of current laws and contribute towards the establishment of advertising as a socially responsible marketing institution.

Marketing processes are constantly developing in Ukraine and strong indications of change processes of the social and economic life can be deducted from this survey. New media such as TV and new print magazines seem to have replaced the old print media and radio. The newness of the information, presentation and the visual imagery used in these mediums (colour, style, aesthetics, models and so on) have made them acceptable and popular. The global knowledge about advertising is on the increase and its future economic and social effects should not be underestimated. For instance, TV and

the print media, as the most popular mediums of advertising indicate the importance of brand recall are based on visual perception. This is more likely to form brand recognition and thus develop brand attitudes. Based on our findings, ad contents should emphasize the product knowledge and quality aspects if persuasion knowledge is to be created. Additional supportive information in print media would need to reiterate and substantiate these claims for consumer assurance if connate consumer attitudes are to be developed.

These results indicate a qualification in advertising attitudes as presented in another study, where response towards advertising was noted to be 'mute' (VonDorn and Akimova 1998, p. 189). One explanation for this can be forwarded from the difference in time-period of data collection i.e. Summer 1995 and January 1999 respectively, and the geographical importance of the sample population Kharkov (small town) and Kiev (the capital city). This supports the necessity of a continuity in research in transition economies.

Conclusions and implications for Practitioners

The research findings provide us an analysis of the current situation for an important emerging market and should be of interest both to academics and practitioners in the field of international marketing.

Psychological acceptance of advertising as a means of information on new products, is a new phenomenon in Ukraine, and scepticism and confusion originate from the consumers' inexperience in receiving, processing and analyzing such information. Consumers' negative attitudes can be neutralized by providing detailed information on products through increased transparency in ad content, whilst maintaining professional presentation (colour, models, context). A two-tier advertising approach can be followed where the TV medium could be used for brand creation and awareness, and print media to substantiate and provide additional advertising information. The process of building Ukrainian nation or 'de-Russification' (Wilson 1997) means that adherence to nationalistic feelings will continue to be of critical importance in Ukrainian minds, and any successful advertising would need to include localized concepts and elements. Western advertisers might take into account that local advertising ought not to be displaced by aggressive advertising and a blended approach would smooth the transition.

Therefore, managerial perception of the advertising should also be studied to provide a comparative and more reliable view of advertising in emerging markets.

Foreign companies entering the Ukrainian market develop advertising for a relatively unknown market but nonetheless, a positive image of the advertising activity should be created. The content of advertising is firstly, to be interpreted by the 'state bodies with appropriate authority'. These bodies do not have any previous experience of dealing with 'western style' advertising and companies can face further restrictions in their advertising activities. This not only requires creativity in developing the content of ads, but also managerial and negotiation skills to deal with such authorities. Advertising thus becomes an integrated function into the whole marketing process that requires strategic evaluations.

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