

philippine studies

Ateneo de Manila University • Loyola Heights, Quezon City • 1108 Philippines

Advertising in the Philippines

John A. Lent

Philippine Studies vol. 17, no. 1 (1969): 72–96

Copyright © Ateneo de Manila University

Philippine Studies is published by the Ateneo de Manila University. Contents may not be copied or sent via email or other means to multiple sites and posted to a listserv without the copyright holder's written permission. Users may download and print articles for individual, noncommercial use only. However, unless prior permission has been obtained, you may not download an entire issue of a journal, or download multiple copies of articles.

Please contact the publisher for any further use of this work at philstudies@admu.edu.ph.

<http://www.philippinestudies.net>
Fri June 30 13:30:20 2008

Advertising in the Philippines

JOHN A. LENT

USING scissors and pastepot technology and *pakikisama* philosophy, advertising was ushered into the Philippines with the twentieth century. It was dragged in, as it were, on the coattails of the Industrial Revolution, and, for years, handled in slipshod fashion. In its early history, advertising men were seen as "mere peddlers, at times working singlehandedly and without the facilities so readily available these days in most advertising agencies."¹ Still in swaddling clothes in the 1920's. "Most of advertising in the Philippines," a contemporary observer noted, was "...sporadic in nature and, of course, useless and wasteful in effect."² The absence of strenuous competition and the ease with which Philippine business was carried out, some thought, chiefly contributed to the initial ineffectiveness of advertising in the Philippines. Others, however, blamed these on the agricultural character of the economy and its heavy dependence upon the United States trade.

The early twenties saw the rise of one-man advertising organizations in the islands, for example, Clifford Butler, Frank Minton, Hal Stone, Mason Ancker, Frank J. Herrier, and Manuel Buenaventura, the first Filipino to handle accounts. Herrier's career is an interesting episode in the

¹ Emilio Salazar, "The hidden persuaders—pre-war vintage," *Marketing Horizons*, July 1964, pp. 44-45.

² Stanley Rosedale, "Advertising in the Philippines," *American Chamber of Commerce Journal*, February 1924, p. 30.

history of Philippine advertising. Of Herrier, Emilio Salazar wrote in *Marketing Horizons* that he was "the Napoleon of many a big and successful advertising campaign. As adman and salesman, Herrier had no equal—a genius in his chosen profession. He liked to use superlatives when writing copy for an ad."³

The biggest advertiser then was the Pacific Commercial Company, the nation's largest import house owned by Major F. H. Stevens, with billings of over one million pesos. It hired Frank J. Herrier to handle its publicity department, Federico Calero and Ramon Zamora to translate ads into Spanish, and Jose Esperanza Cruz to do the Tagalog advertisements. After a disagreement with management, Herrier resigned and accepted the advertising management of Roces' TVT newspaper chain at 20,000 pesos a year. On the side, he assumed the functions of a one-man advertising agency, writing copy and preparing layouts for San Miguel Brewery, the Philippine Guaranty Company, F. E. Zuellig, and a few others. A short time later, with F. Theo Rogers, then business manager of the *Philippines Free Press*, and North Jenkins, ad manager for the *Manila Times*, Herrier organized the Philippine Agency Service Company, a clearing house for advertisements released by American export advertising agencies. The venture was shortlived; Rogers and Jenkins took to other interests and Herrier converted the agency into a promotion arm for the TVT newspapers.

If in the twenties most advertising services had been handled by the newspapers,⁴ in the early thirties advertising

³ Emilio Salazar, "A good look at the great game," *Marketing Horizons*, July 1963, p. 44.

⁴ *Ibid.* Benigno Manabat, of the pre-war *Tribune* advertising department, discussed pre-war advertising:

"The advertising solicitor of the old days was also his own artist or layout man, copywriter and salesman rolled into one.... As a solicitor for the *Tribune*, I started my normal day in this manner: First hour in the morning, I write two or three 'copies,' get illustrations from the mat service, make my layouts, and, after two hours of this, pick up my hat and then sell the stuff. Travelling expenses? Are you kidding? We were given our daily supply of four streetcar

agency development surged, resulting in the formation of agencies offering a variety of services, including those of accounting and art departments along with account men. The first of these was probably the Advertising Bureau (1929) headed by Florentino Gariz. It was followed by the Philippine Advertising Corporation which dealt mostly with billboards, Ros Chanco Advertising Studio (1930), Perico Escat's Advertising Agency, Jean Bisson Enterprises, S. S. Schier and Company, Braun and Rosedale Advertising, and Lu Ocampo's International Advertising Agency. Jean Bisson, a French artist, changed the format of advertising, for heretofore it had concentrated on copywriting. He played illustrations big in advertisements and soon cornered the art segment of Philippine advertising.⁵

Billings in the early thirties ranged from ten to fifteen thousand pesos a month for top agencies. Newspapers' print rate at the time was 90 centavos per column inch. Salazar described the plight of the agencies in the thirties thus: they ...earned just 5 per cent commission (as against 15% today) plus occasional extra charges, to say nothing of stiff competition from print media in the form of free engravings, art work, dry mats, copy and layout services. No wonder very few of them survived. What added to their ordeal was the standard practice of major advertisers to organize their own ad departments which preferred to deal directly with media, procuring the best terms possible.⁶

tokens. I believe most companies in those days did not have any fixed appropriation for advertising. With the exception of a very few, most of them bought advertising on the merit strength of a layout presented to them—plus, of course, the argument of the advertising solicitor backing up the layout. One thing certain is they invariably advertised in the anniversary edition of the newspaper and on important occasions. The one edition they never failed to buy space in was the annual Christmas number. I don't think the whole advertising account of the local companies in those days amounted to more than two million pesos." (Benigno Manabat, "An adman looks back and ahead," *American Chamber of Commerce Journal*, October 1964, p. 472.)

⁵ Anonymous, "Advertising competition proves tough challenge," *Marketing Horizons*, February 1962, p. 36.

⁶ Emilio Salazar, *op. cit.*, p. 45. Another source in the February 1962 *Marketing Horizons* (p. 38) contradicts Salazar on this point: "The advertising agencies, though, did a lot of business. Ramon

Antonio Lagos, formerly the advertising manager of a large shoe company, called advertising in the 1930's "wild and wooly." "The newspapers and magazines never had it so good," he recalled. "I placed one half page ads in newspapers and magazines at the drop of a hat, or to anybody who can beat me at bowling. Those who could not beat me only got a quarter page."⁷ Like this shoe company, many large businesses discovered the need for maintaining their own advertising departments to handle the problems resulting from less direct contact with the consumers and created by expanding markets.

Whereas today pirating of personnel and clients exists on a large scale, in the early history of Philippine advertising cooperation prevailed. In the thirties, agencies often worked together on a client's campaign (e.g., the promotion gimmicks came from one agency and copy from another). Publishers moreover allowed their employees to moonlight with advertising agencies.

The roll of advertising personnel during the pre-war years included, from the advertising departments, such names as George Ramilla, Manuel Rustia, Francisco Garay, Phil Novenario, Leon Lazaga and Pedro Teodoro; and from the media, Alejandro Rocas, Jr. (TVT), Ildefonso Reyes (*Herald*), Lino Gimeno (*Free Press*), Emilio Salazar, Ramon Tagle (*Bisaya-Hiligaynon*), and J. Lauchengco. Most of these men had been trained by American advertising people. An exception was Teodoro, now the head of Philprom Agency, one of the top five agencies in the Philippines today. Teodoro had started as an ad solicitor for the *Journal of Education Magazine*, and had moved to Elizalde and Company as advertising manager. Within six months he had made Elizalde's advertising department one of the best organized in the nation. Other pre-war advertising men were: Jorge Revilla

Tagle, who set up Tagle Advertising Service said that agencies chalked up ten per cent from clients on commission plus five per cent from media plus a fee for special services plus a retainer. So that with one or two big clients, an agency could live."

⁷ Antonio R. De Joya, "The mass communicator," *Progress* 1961, pp. 74-9.

(L. R. Aguinaldo Company), G. B. Tengco (Socony-Vacuum Oil), Lu Ocampo (Genato Commercial Corporation), Antonio Lagos (Hale Shoe Co.), Martin Arroyo, John Siler, Jose Carcereny (Botica Boie), Benigno Manabat, Pastor Manuud, Gustavo Torres, Etang David Perez, M. M. de los Reyes, Ramon Medina, Godofredo Sian and Crispulo Meneses.

When the Japanese occupied the country in 1942, agencies were disbanded and media shut down. The newspapers allowed to survive (TVT and the Japanese periodicals) carried very little display advertising. Filipinos used the classifieds extensively during the occupation principally to obtain employment, pass underground information, and subtly harass the Japanese.

Immediately after the liberation, efforts were made to activate the economy and to answer 18 million Filipinos' demands for consumer goods, long curtailed by the war. Advertising was at a low ebb and "admen took to selling knick-knacks, souvenirs, and locally distilled whiskey to the American armed forces. It was easier to sell most anything but white space, although quite a few brave souls did sell ads for the *Manila Post*."⁸

Despite the problems left in its wake by World War II, Philippine advertising managed to recover, even if at first slowly and painfully. Among the post-war problems it had to surmount were: (1) the fact that the media were still recuperating and few in number; (2) the need to re-establish the buying habits of Filipino consumers; and (3) the unavailability of brand names. Merchants, nevertheless, with an eye to the future, began to advertise brand names, hoping to make the consumers aware of the products' names in anticipation of the day when they would be on the market. This mode of advertising is not unlike that which brought about the famous Ford line: "there's a Ford in your future."⁹ Within a year, many of the pre-war publications had resumed

⁸ Emilio Salazar, "The Advertising Industry and its big leap post-war," *Marketing Horizons*, August 1964, p. 32.

⁹ H. A. Linn, "Merchandising grows to maturity in Philippines," *Manila Daily Bulletin*, March 31, 1948, p. 4.

business (*Bulletin, Free Press* Liwayway periodicals, *Manila Times*, etc.), and a number of new tabloids came into being. Ad agencies began to develop anew and again Americans were involved:

The return of Americans (in 1945) saw a repeat of advertising's beginnings. American GIs with some training in advertising practically took over the market. Right away there were small display ads on street corners blurring out messages of brands. Ros Chanco and Esmeraldo Izon put up what may well be the first postwar agency in April, 1945, dealing in packaging and advertising whiskies and stage shows with cine slides and in print in many of the many newspapers that cropped up in the glee of liberation. Admen came out of hiding and until 1946 there were one-man agencies holding a number of clients most of whom were GIs.¹⁰

D. L. Brodt, ad director of the *Manila Tribune* before the war, has been credited with having instituted one of the first post-war agencies in the Philippines. Brodt set himself up as a representative of J. Walter Thompson, took on two ex-Navy officers as assistants, Harry Lee and Nick Cline, and changed the agency name first to Philippine Advertising Agency, and then to Philippine Advertising Associates. In 1956 PAA became J. Walter Thompson, Philippines, an independent outfit with 99 per cent Filipino personnel.

The first strictly Filipino agency¹¹ in the post-war period was Philippine Promotion Bureau, Inc. (Philprom). Established in a Rizal Avenue drug store, Philprom was organized in September 1945 by Pedro Teodoro and Fred Benitez. Their first clients were the drug store, Lexal Laboratories, and the Elizalde account which was brought to the partnership by Teodoro. Pan Pacific Advertisers, probably the second Filipino-owned agency, was organized in June 1946 by Jesus Cacho, Rafael Hernandez and Lyle Little. Along with Philprom, it still exists.

Also in 1946, the Andres Soriano interests (San Miguel, Royal, Magnolia, Soriano y Cia., etc.) directed Ugarte and

¹⁰ Anonymous, "Advertising competition proves tough challenge," *Marketing Horizons*, February 1962, p. 36.

¹¹ Another agency, Commercial Advertising Company (COMADCO), was established on June 15, 1945, by Gene Hubilla, but never received much attention as a pioneer.

Dindo Gonzalez to organize Advertising Associates Inc. (AA), whose main business was to be billboard advertising. Soriano later saw a need for a separate agency under AA to handle the advertising accounts of his numerous holdings. The new entity was also called Advertising Associates. AA, however, failed to meet all of Soriano's requirements; he consequently added still another major advertising agency, the Philippine Advertising Counselors, Inc., the largest ad agency in the country today. Advertising Associates is now solely in the billboard producing business, a result of a 1949 Philippine Media Association ruling that no advertising agency should function as a medium.

In 1948, Will O. Grant came to the islands and established Grant Advertising, Philippines, and took in Andrew Sheppard, a former serviceman, and Gustavo Torres, formerly the ad manager of the *Manila Post*. Sheppard and Torres had helped develop an agency in 1946, Personal Services, Inc., a by-product of the give-away *Shoppers Weekly*. Also in 1948, the Araneta Companies advertising department was made into the Ace Advertising Agency. Araneta had chosen the name Ace because he wanted his agency to be first in the telephone book. Ace, for purposes of expansion later merged with Compton Advertising.

By early 1948, approximately 26 dailies and 170 publications of all types existed in the islands, besides the other media, particularly the movies and radio. There were then 12 recognized advertising agencies. At that time too advertising took on a new orientation; some American influences were discarded, e.g., Philippine rather than American personnel and scenes were used. "Gone are the days when they could simply shoot American advertising mats into newspapers and publications with the insertion of the names of local distributors."¹²

As the decade faded, Philippine foreign exchange dwindled; controls were instituted in 1949 "to arrest the trend of unfavorable trade balances, pegging each U.S. dollar to two

¹² H. A. Linn, *loc. cit.*

pesos." Foreign exchange was rationed through administrative allocations and importation was limited for the most part to necessities. Pedro Teodoro described the marketing situation:

Thus in 1950, importation of consumer goods was only 27.9 per cent of total imports while producer goods accounted for 72.1 per cent of total imports. Controls created a protected sellers market for imports. Government patronage of industries through dollar allocations encouraged local capital investments. From 1955 a gradual shift from the production of raw materials to finished product was noted in an effort to create a more balanced agro-industrial economy to provide more employment and balance foreign trade. Interest grew in export industries different from the traditional items like sugar, abaca, copra, and timber. Manufacturing ventured into new lines from light to relatively heavier industrial types. The traditional closed family enterprises were being gradually replaced by more widely held open corporations, from 1956 up to 1959. Entrepreneurial spirit took shape in an atmosphere of natural development, economic changes, business expansion, and a new unaccustomed eagerness to invest.¹³

During the 1950's, advertising became a vital part of the Philippine economy. Filipinos, who traditionally favored foreign goods, became more appreciative of locally made products, thanks to advertising. Filipino businessmen, uncertain at first of gain from the use of expensive advertising, became increasingly aware of its advantages. Advertising discovered existing but still untouched markets, explored additional outlets for local products and stimulated essential demands that would balance existing supplies. Advertising also benefited from a tremendous industrialization movement in the nation between 1949-59. During that decade, 16,298 new business groups engaged in manufacturing with a paid up capital of P448 million. Production increased by approximately 400 per cent during the ten year period. By 1959, the country was exporting 17 locally-made products valued at P449,055,000, which represented P250 million in earnings. This industrial expansion spelled growth for advertising: whereas in 1947, three advertising agencies with total billings of slightly more than one million pesos existed in the Philippines, in 1960,

¹³ Pedro Teodoro, "Growth of Philippine advertising," *Manila Times*, November 6, 1963, p. 7-A.

approximately 20 recognized agencies with billings of over P50 million handled the advertising business.¹⁴

The economic situation favored advertising even more so after 1960 when partial decontrol went into effect. By January 1962, full decontrol was instituted signalling a return to the free enterprise system. The peso was freed and devalued; its exchange rate, which attained a more realistic level of about P3.90 to every American dollar, stimulated foreign investment. Consequently, marketing and advertising activities flourished. It is no exaggeration to say that the advertising business has grown much faster than most other concerns since the war.

While the country's GNP is supposed to be registering a yearly gain of approximately seven per cent, advertising agency billings for print media alone have been going up at the rate of 27 per cent annually.¹⁵ In 1966, the estimated advertising expenditure was P100 million; it had been P74 million only three years before. At least 48 advertising agencies existed as compared to only 15 ten years before. Still holding the largest part of the advertising peso were the print media. The annual expenditure for newspapers and magazine advertising in 1961 was P30 million; another P23.5 million was spent on radio, P1.5 million on television, P5 million on outdoor advertising.¹⁶ Robot Statistics reported that advertising expenditures on the print media rose from P23.9 million in 1958 to over P31 million in 1962.¹⁷ Because of the widespread use of transistors, radio now leads the other media in terms of coverage. Between 1960 and 1962 alone, there

¹⁴ Manuel Gonzalez, "Philippine advertising today," *Manila Daily Bulletin*, November 2, 1960, p. B.

¹⁵ Bienvenido Callejo, President of Philippine Media Association, "Philippine advertising agencies—an assessment," unpublished manuscript given to the author, Fall, 1964.

¹⁶ One agency in 1961 disbursed its P3 million in billings this way: Print, 63.7%; Radio, 17.3%; Television, 12.0%; Outdoor, 7.0%. Anonymous, "Media selection depends on preferences" *Marketing Horizons*, February 1962, p. 40.

¹⁷ Fermin Dabu, "Impact of print advertising," *Manila Times*, October 15, 1962, p. 6-B.

was an increase of 200,000 radio sets in use in the Philippines, and in one year, 1962-63, radio increased its portion of the total advertising budget from 15 to 23.3 per cent.¹⁸

What does this coverage cost the advertiser per half hour or column inch? Whereas in 1945, all newspapers charged five pesos per column inch for advertising, today a paper like the *Manila Chronicle* can get ₱1,344 for a full page even as the *Manila Times* can get nearly twenty pesos per column inch.

CHART I*

1964 ADVERTISING RATES PER COLUMN INCH-NEWSPAPER

<i>Manila Times</i>	₱ 17
<i>Manila Chronicle</i>	10.50
<i>Philippines Herald</i>	7.50
<i>Manila Evening News</i>	7.50
<i>Manila Daily Bulletin</i>	7.50
<i>Manila Daily Mirror</i>	4
<i>Weekly Graphic</i> (magazine)	12

Friday is the best newspaper advertising day because of the approaching weekend and Sunday is one of the worst, despite high Sunday circulations. Newspaper advertising is

*Source: Personal interview, Bienvenido Callejo, business manager, *Manila Chronicle*, September 29, 1964, Chronicle Bldg., Manila).

¹⁸ Anonymous, "US advertising expert finds newspapers strong," *Manila Daily Bulletin*, November 12, 1964, p. 12. A contradiction on radio's percentage of the advertising budget appears in the following chart:

	Percentage of Advertising Budget		
	1962	1963	1964
Print	54%	50%	44%
Radio	28	25	25
TV	10	14	14
Outdoor	5	5	8
Cinema	—	—	2
Others	3	5	7

Maria Cleofe Martinez, "Advertising and the Filipino consumer," Urbana: University of Illinois, 1966, unpublished master's thesis, p. 76.

stimulated by weekly five to ten page sections devoted to promoting a company and its personnel through stories layouts and announcements. The advertiser gets a percentage of this space free: in the *Chronicle*, 30% is free; in the *Times* and *Mirror*, 25%; and in the *Bulletin*, *Herald* and *Evening News*, 50%.¹⁹

Radio advertising in the Philippines takes two forms: spot announcements and sponsored programs. Spots vary in length from five to sixty seconds and in cost according to broadcast time, number of spots purchased and station prestige. Rates are not standardized; a 60-second spot in prime time may cost ₱20 to ₱40 on a Manila station and ₱2 to ₱18 on a provincial station. The cost of producing and sponsoring a half hour radio show is nearly the same as that of a full hour: ₱1,300 to ₱2,300.

Television advertising costs are based on program rating scales of poor (less than 10 per cent rating), fair (10-20 per cent rating) and good (over 20 per cent). If the cost of a one minute TV spot is approximately ₱500 (and it usually is), then the cost-per-thousand viewers of a good program with a 20 per cent rating would be computed thus:

$$\begin{aligned} \text{CPM equals } & \frac{\text{cost per spot}}{\text{rating} \times \text{no. of sets}} \times 1,000 \\ & \frac{\text{₱500}}{.20 \times 77,900} \times 1,000 \\ & \text{equals ₱32} \end{aligned}$$

For comparison, the cost-per-thousand viewers of a magazine, of *Bulaklak* for example, is ₱2.65, nearly one-twelfth the cost-per-thousand of television.

TV advertising is done on shared and participating bases generally, because the average advertiser cannot afford to

¹⁹ Personal interview, Bienvenido Callejo, business manager of *The Manila Chronicle*, and president of Philippines Media Association in 1964, September 29, 1964, Chronicle Building, Manila.

sponsor a full show. The differences between shared and participating are explained here:

To meet the present problem of skyrocketing cost-per-thousand due to excess stations and split audiences, one station has begun offering 'participating' sponsorships. This is different from 'shared.' With 'participating' any number of sponsors can buy parts of the participated program, (commercial time rationed according to time bought) and thus spread his peso over more time hitting the different segments of the split audience at different times. For less, theory is, the advertiser hits more homes. It would be like buying space in a print medium for an ad since the station maintains the show, while with 'shared' and single sponsorships, advertisers shoulder printing cost of the whole magazine.²⁰

In the Philippines the movie still plays a key role in advertising partly because it is capable of penetrating provincial areas which are still beyond the reach of television. Approximately 50% of the 700 Philippine theaters are effective advertising media; these 350 theaters have an estimated monthly attendance of 14 million. The theater categories range from the prestigious Manila first-runs to some of the roach-infested provincial theaters where olders films are shown under less than ideal conditions. The average daily attendance for Manila first-run theaters is 4,000; Manila second-runs, 2,200; Manila subsequent-runs, 600; provincial cities, 1,500; provincial towns, 600.

Theater advertisements come in three forms: cineslides (usually without audio), film commercials and casual movie advertisements. Cineslides, used predominantly by local advertisers, can be shown only in the Manila subsequent-run and provincial theaters. Cost of showing cineslides in big cities is about ₱65 a month; in smaller towns, from ₱25 to ₱43 a month. A black-white, 60-second cinema commercial costs between ₱3,000 and ₱8,000; in color, the cost shoots into the ₱8,000 to ₱20,000 range. The casual movie advertisement is unique in that it is the delivery of a commercial within a full-length movie in a manner that makes the commercial an integral part of the movie itself. This advertising method is

²⁰ Anonymous, "Television explosion," *Marketing Horizons*, February 1962, p. 28.

advantageous in that no exhibition fees are incurred; only the fixed amount is paid and the movie is shown throughout the nation.²¹

Another advertising medium which is not seen in many nations is the audio-visual van used in the Philippines mainly to reach isolated barrio dwellers. Rental costs are approximately ₱100 a day; the rental covers one sound truck with amplifiers and mike, projector, panoramic screen, generator, full length movie and the necessary personnel to man the unit.

THE ADVERTISER-CONSUMER MIX

A few facts are needed at this point to describe the advertiser and consumer in the Philippines. Where is business (and therefore potential advertisers) concentrated? What are some of the attributes of the Philippine market? What is the nature of the audience that the advertiser seeks to reach?

Just as nearly everything is concentrated in Manila, so are the chief business operations. In 1959, 9,248 business establishments competed in the labor market of the Manila area; this figure represents 40.4 per cent of the total 22,867 businesses in the islands. Inside Manila itself, there were 6,952 businesses or 26.1 per cent of the total in the Philippines.²² Manila is also the main center for importing and distributing foreign goods; ninety per cent of the nation's imports is handled there.

Of decided importance to the advertiser is the number of households in the country; in 1960, there were 4.6 million, based on six persons per household average. Three years earlier, a Philippine Statistical Survey of Households reported only 3.96 million households.

Philippine advertisers, like those in the United States, are finding that they must gear their advertisements to a

²¹ Anonymous, "Characteristics of Philippine advertising media," unpublished manuscript provided the author by advertising man Jun Navarro, January 1965.

²² *Directory of Key Establishments in the Philippines in Selected Non-Agricultural Industries Employing Five or More Workers* (1959-60), Vol. I, Department of Labor, Manila.

young audience. The age distribution of the population from 1948 to 1960 indicated that the average Philippine consumer is getting younger every year:

In 1960, 33.0% of the population were under ten years old compared to 30.8% in 1948, a slight increase of 2.2%. 38.3% of the total population were under 12 years old. 41.8% composed the population 21 years old and over. 51.9% of the population were below 18 years old in 1960 compared to 50.7% in 1948 or an increase of 1.2%. Those 18 to 64 years old formed 45.4% compared to 46.2% in 1958, or a decrease of 0.8%. Persons 65 years and over composed 2.7% of the population compared to 3.2% in 1948, a decrease of 0.5%.²³

Equally important to the advertising business is the per capita income of the Filipinos. In 1960, it was ₱355, a 50 per cent increase from the 1957 figure of ₱258.²⁴ This per capita income is exceeded in Asia only by Japan's ₱500. The cost of living price index of a wage earner's family in Manila in September 1954 was ₱334.1. Because the per capita income, combined with the family cost of living index, does not leave much left over, most families will have two or more members employed. This is reflected by the 1959-60 figures which showed that of the 529,889 employed individuals, 88,764 (or 19%) were females.

The household with a yearly salary of at least ₱1,000 is the target of most advertisers because it can afford consumer goods. In 1960, 2.1 million such households existed, representing 46 per cent of the total households; by 1970, statisticians predict there will be 3,450,000 such households with a minimum yearly salary of ₱1,000. Expenditures of households within the ₱1,000 bracket were estimated at ₱3,820,936,000 in 1956, ₱5,356,000,000 in 1960, and are expected to reach ₱8,557,000,000 by 1970. These statistics point out the importance of the growing middle class in the Philippines, an extremely brand- and luxury-conscious group. For example, once families, which traditionally lived on a rice and fish diet, enter the ₱1,000 or more a year income bracket,

²³ Maria Cleofe Martinez, *loc. cit.*

²⁴ Anonymous, "Statistics indicate bright prospects for marketing within next decade," *Marketing Horizons*, January 1962.

they change their food tastes to include more expensive items such as margarine, canned goods and wrapped coffee.

Partly responsible for the rising standard of living in the Philippines has been the rise in the levels of literacy and education. The literacy rate has risen from 48.8 per cent in 1938, to 59.8 per cent in 1948 and 72 per cent in 1960. Census reports in 1960 showed that 21.1 per cent, or 4,541,775, of Filipinos over six years of age attended school in 1959.

What sociological characteristics have a bearing on the Filipino's buying habits? Father Jaime Bulatao, a Filipino psychologist, has noted three: personalism, authoritarianism and small group centeredness. Personalism, he observed, obtains where the "main focus is not so much on what a person knows as whom he knows and who knows him."²⁵ This personalism is evident in the Filipino's love for bargaining before buying and in his practice of patronizing one salesman or one store (*i.e.*, "having his own suki"). The Filipino also "clings to some power outside himself, whether to tradition, to a social position, to a family name or to some socially acknowledged authority, to reassure him of his worth and of the rightness of his acts."²⁶ This, according to Fr. Bulatao, is the authoritarianism in him. Some people believe that because of his respect for authority, the Filipino shows deep fondness for imported goods and brand names to the extent that foreign brand names often become a part of his vocabulary—*e.g.*, he'll say "Kleenex" when he means "tissue," "Frigidaire" when he means "refrigerator."²⁷ Indicative of the value Filipinos place on foreign goods, especially American, are the advertising and packaging techniques used on locally made products. The "Bony Ruth" and "Heiress" candy bars bear close resemblance to America's "Babe Ruth" and "Hershey." Other examples: "Rexoll" resembles "Rexall"; "Whiterox" is similar to "Chlorox" bleach; "Snow Queen" and "Snow Man"

²⁵ Jaime Bulatao, "Value orientations of the Filipino consumer," *Marketing Horizons*, January 1964.

²⁶ *Ibid.*

²⁷ Federico Espino, "The impact of advertising on Filipino life," *Chronicle Magazine*, May 8, 1960, pp. 38-9.

cigarettes are packaged to resemble "Kool"; "Pines" cigarettes bear a resemblance to "Salem."

Also influential in determining the Filipino's sense of the rightness of his acts, and in setting his attitudes, tastes, moral and social norms, is the small, primary group. "It is this small group that has to be sold on a product before the individual will dare buy it. The small group is perhaps the holder of the key to social change for the individual feels too weak to go against his group, while the big group is too unwieldy to change."²⁸ Some authorities feel that advertising will change the small group centeredness trait, and that it will bring the Filipino out of his small barrio world.

It is probable that the constant exposure of the present generation of barrio children to the ravishments of ads may eventually overcome the so-called 'rural resistance' to change of the conservative barrio folk where community improvement programs and the like have met with little or no success at all.²⁹

THE CHANGING ROLE OF ADVERTISING

That advertising is changing and playing a more formidable role in Philippine society may be gathered from the fact that more and more people are ready to criticize (and defend) it. In its early days, when advertising was considered a trifle, no one bothered to fear or appreciate it. Today, questions and criticisms about advertising have been raised. One ethical question that is raised when political economists gather is: "Has Philippine advertising encouraged conspicuous consumption to the detriment of social and economic growth?"

The Rev. Vitaliano Gorospe, S.J., a moralist in the Ateneo de Manila University, who has studied the question, answered, quoting John J. Carroll, S.J., a sociologist from the same University, that a twin revolution, "that of rising expectations and increasing population is taking place in the Philippines. The expansion of the needs and demands of the people, their desire for a better standard of living, is due to many factors, among them the intensive advertising of consumer goods." He added:

The National Economic Council gives the rate of the natural increase in population as 3.5 per cent. . . . This means that since 1903 our popula-

²⁸ Jaime Bulatao, *loc. cit.*

²⁹ Federico Espino, *op. cit.*, p. 39.

tion has quadrupled and will have reached the 50-million mark by 1985. Socio-economic development in this country has reached a point of no return: the nation must continue to develop rapidly or else face social unrest and national disaster. To meet the needs of the expanding population the nation must increase production by means of capital formation which is a vital necessity in an underdeveloped and growing economy.³⁰

Warning that there must be sacrifice and discipline, Father Gorospe said that he worries when 60 to 70 million pesos are spent toward advertising consumption goods such as TV, air conditioning, cosmetics, etc., rather than toward increasing production. Advertisers have simply replied that the advertising profession is one of the most effective instruments of socio-economic development. "Philippine adherence to the free enterprise system has cast the advertising profession in a role more important to national development than its practitioners realize," the late Executive Secretary Rufino Hechanova reported. He felt that advertising men could be the catalysts for bringing about and accelerating socio-economic development in the Philippines. He explained that advertising is the catalyst because it makes possible mass marketing which in turn leads to mass production.³¹

Others have expressed feelings that the increased use of advertising may not be compatible with the pattern of economic growth in an underdeveloped nation like the Philippines: that advertising usage is borrowed from the more affluent American society which has the productive and income capacity to absorb the increased demand for consumption created by advertising. Mr. Sixto Roxas, formerly chairman of the National Economic Council voiced such an opinion:

But in an underdeveloped economy like the Philippines where the vast majority of the people have to go to bed not only without the benefit of TV's Uncle Bob but without even a decent meal, and where badly needed capital should be expended not on more sun glasses and lipstick but on more agricultural production, more factories,

³⁰ Vitaliano Gorospe, 'Advertising in the Philippines: Some ethical considerations,' *Philippine Studies*, 12 (1964), 610. Father Carroll's observations are in "The Twin Revolution," *PS*, 11 (1963), 573-79.

³¹ Anonymous, "Role of advertising men in five-year program cited," *Philippines Herald*, October 8, 1963, p. 8.

more roads and bridges, the problem is not more effective advertising, but rather continued and increased economic development.³²

He added that Philippine advertising may be producing adverse effects by "misdirecting national resources required for production into unnecessary consumption or, by creating a preference for foreign brands, may be developing foreign instead of local industries and enterprises...when it could be playing a more positive and constructive role as an educational vehicle for promoting farm management, banking habits, investment in government bonds, and so forth."³³

Another ethical question raised frequently in the Philippines (as elsewhere where advertising is a big business) deals with honest and truthful advertising, or the lack of it. Numerous professional advertising groups have called for observance of ethical norms among their personnel. The Association of Philippine Advertising Agencies (APAA) has a code which deals with those aspects of advertising often violated in the Philippines:

a. false statements or misleading exaggerations (i.e., movies advertised as uncensored when they have in fact been censored and cut by the Philippine Board of Censors);

b. indirect misrepresentation of a product or service through distortion of details, or their true perspective, either editorially or pictorially;

c. statements or suggestions offensive to public decency;

d. statements which tend to undermine an industry by attributing to its products, generally, faults and weaknesses true only of a few;

e. price claims that are misleading (installment ads use this—they list the price as only ₱99 when that's only the down payment);

f. pseudo-scientific advertising, including claims insufficiently supported by accepted authority, or that distort the true meaning or practical application of a statement made by professionals or scientific authority;

g. testimonials which do not reflect the real choice of a competent witness.³⁴

³² Quoted by Vitaliano Gorospe, *op. cit.*, 612.

³³ *Ibid.*

³⁴ *Ibid.*, p. 608. For other codes, see Anonymous, "Inaccurate advertising flayed," *Daily Mirror*, September 11, 1964, p. 16 which discusses the code of the International Chamber of Commerce; Anonymous, "Advertising principles," *Manila Times*, October 15, 1962, p. 1-B which discusses the code of the Philippine Association of National Advertisers;

Deceptive and misleading labeling, branding and packaging are among the most serious of complaints against Philippine advertising today. Not until July 22, 1963, was Republic Act 3720 enacted to insure safety and purity of foods, drugs and cosmetics, but the act has no teeth, nor do the codes set up by the Philippine Association of National Advertisers (PANA), Association of Philippine Advertising Agencies (APAA), Philippine Media Association (PMA) and allied groups such as the Philippine Radio Broadcasters Association and National Federation of Consumers. They have only drawn lip service.

That something had to be done about false advertising was recognized after World War II. Regulatory bills concerning advertising were before the House as early as 1952; it was in that year too that a bill that would have virtually nationalized advertising was proposed. The bill was meant to keep irresponsible aliens from making Philippine advertising "indecent, immoral and even deceitful."³⁵ Since then, a number of attempts have been made to nationalize not only advertising but all communications processes in the Philippines. Jojo Ledesma, proprietor of the Ledesma-Lobregat Agency, said in 1965:

There are still a few ad agencies lobbying for nationalization of advertising. It's crazy. If we can't stand up and fight the outside agencies, we shouldn't be in the game at all. I'm against any form of nationalization. This nationalization lobbying is to get rid of J. Walter Thompson, Grant, McCann-Erickson and Fortune. These four account for about ₱15 million in billings and some other agencies would like to divide up this ₱15 million among them.³⁶

"Requirements for agency recognition," brochure published by Philippines Media Association.

³⁵ Dindo Gonzalez, "Should advertising be regulated here," *Manila Times*, May 18, 1952, p. 4. See also Roseller Lim, "Regulating advertising," *Deadline*, May 1952, pp. 20-23; Roseller Lim, "Author defends bill . . .," *Philippines Herald*, May 22, 1952, p. 4; Anonymous, "Would Filipinize ad business," *Manila Daily Bulletin*, May 2, 1962, p. 2.

³⁶ Personal interview, Jojo Ledesma, proprietor Ledesma-Lobregat Inc., Magsaysay Building, Manila, June 7, 1965.

Ledesma cited, as many advertising personnel have, the lack of ethical norms, not alien agency participation, as Philippine advertising's biggest problem.

The biggest advertising problem here is strictly one of ethics. The media will allow advertisers to go straight to them and thus save the 15 per cent commission they'd have to pay if they worked through an advertising agency. Some advertising agencies provide kickbacks too and oftentimes, circulation figures are padded.³⁷

Still other problems discussed in the Philippine advertising industry are the lack of scientific planning and research, the overspecialization of the advertising agencies, insufficiently trained advertising personnel and inadequate development.

Because agencies and advertisers either cannot afford the costs of research or are completely unappreciative of its value,³⁸ organizations such as Robot Statistics and Media Research Foundation are not in great demand. And with inadequate research, many Philippine campaigns end in disaster. Rather than use consumer or product research on

³⁷ *Ibid.*

³⁸ I. Ma. Rivera, "The role of advertising agencies," *Times Mid-week Review*, May 25, 1948, pp. 3-4. Rivera added that many agencies don't know what their duties and responsibilities are, that they don't have the equipment to do the best jobs, that there is no systematic media research, no group to audit circulations, no audience survey research group such as Hooper in the United States. See also Jose Magsaysay, "Advertising," *Philippine Mass Media in Perspective* (Quezon City: Institute of Mass Communications, 1966), pp. 232-3; Anonymous, "New ad agency concept defined," *Manila Chronicle*, May 16, 1960, p. 14.

Ledesma had different ideas on research; he didn't feel Philippine advertising lacked good research: "The idea that there is a lack of research in advertising here is not a major problem. Actually in the Philippines there are only about 3 million people who have any purchasing power worth anything. With such a small market, I feel we are adequately doing a good job of researching the markets we have. You can't compare our research to that of the United States because the United States has a tremendously larger market to research. There are not advertising pesos in the Philippines to support such elaborate research anyway. In the U.S., advertising is a science; here, it's still an art. In the U.S. agencies have \$5 million budgets and therefore can afford as much as one half million for research. Can't do that here." (Ledesma, personal interview.)

the Philippine market, some advertisers will parrot techniques used in the United States and Europe. Many such techniques are not adaptable to the Philippines scene, sometimes because of language connotations, more often because of culture differences.

Despite the cry to the contrary, there probably is not as much overspecialization among the agencies as is sometimes assumed. Ledesma rationalized that overspecialization is part of growing:

I started out as a one man operation but now I can specialize a little because I have grown. It's a matter of economics. Some new ad agencies specialize from the start when they may not be in a position to do so and therefore they overspecialize.³⁹

A dearth of qualified personnel is another problem of Philippine advertising. Magsaysay, feeling there was not enough diversification of personnel, said: "The key people in the industry today are those who worked in media and in advertising agencies about ten years ago."⁴⁰ Advertising and marketing education has just begun to be offered in the schools. Magsaysay lamented that there were no teachers for such courses; that professional advertising personnel do not have the time to give students a thorough knowledge of the field. The Philippine College of Commerce, since 1963, has offered a full four-year program in advertising, the first college to do so.⁴¹ The Philippine Media Association, Philippine Association of National Advertisers and Association of Philippine Advertising Agencies have continually fought for better training among advertising personnel through seminars, workshops and by encouraging the establishment of more collegiate courses.

Compounding the problem of personnel shortage is the proliferation of agencies due chiefly to the desire among not a few of the trained advertising men to go out on their own. The *Philippines Herald* predicted in 1964 that "At this stage of the advertising . . . , there will be more top flight advertising

³⁹ Ledesma, in the interview cited.

⁴⁰ Jose Magsayasay, *op. cit.*, p. 323.

⁴¹ Anonymous, "A boon to the advertising profession," *Evening News*, July 24, 1963, p. 1-B.

men who will be tempted to establish their own outfits, confident that they can serve the ever growing number of advertisers today."⁴² Because of the shortage of personnel, pirating of agency men goes on at all times in Philippine advertising.

As regards the problem of inadequate market development, a case study by Magsaysay says it better than we could:

For a developing country like ours, it doesn't seem right for advertisers and inevitably, for advertising agencies to develop campaigns that seek to convince the consumer that Product A is better than Product E. This is very clearly demonstrated in the milk market. It is of general knowledge that the annual per capita milk consumption in the Philippines is nil. There is a great need for the education of the people to drink milk in order to improve their health since the Filipino diet is essentially starchy. Unfortunately, advertising of milk in the Philippines is not geared towards increasing consumption of milk in general but convincing people that they should switch from one brand of milk to another. We know that there is a filled milk variety, an evaporated milk variety and a powdered milk variety. It is submitted that the filled milk variety will appeal to a particular segment of the population who can only afford that type of milk. The evaporated milk will certainly appeal to another segment.... A campaign then can be developed to increase milk consumption in each particular socio-economic segment of the population by increasing consumer awareness of the need for drinking milk for health instead of convincing the people that one brand is better than another.⁴³

The professional and trade associations are studying most of the problems to varying degrees. For example, the Philippine Media Association, founded in 1949, was set up to unify media and agency practices. Other allied organizations are the Association of Philippine Advertising Agencies (1956); Business Writers of the Philippines; Philippine National Newspaper Publishers Association (1961); Art Directors Club of the Philippines (1955); Philippine Marketing As-

⁴² Anonymous, "More top advertising executives expected to organize own agencies," *Philippines Herald*, September 8, 1964, p. 8.

⁴³ Jose Magsaysay, *loc. cit.* See also Anonymous, "del Rosario urges advertising efficiency," *Philippines Herald*, June 17, 1959, p. 13. Marketing manager Anacleto del Rosario urged the removal of waste in advertising and the promotion of efficiency. He said that too many management people do not plan their ads scientifically; that many advertisements are based on likes and dislikes and are bought or sold on equally emotional and personal grounds.

sociation; Sales and Marketing Executives of Manila (1955); Philippine Association of National Advertisers; Philippine Statistical Association (1951); Quarter Page Club of the Philippines (1960); Copywriters Association of the Philippines (1959); Advertising Chamber of the Philippines.

EXPANSION OF AGENCIES

Perhaps this article would not be complete without more mention of the advertising agencies and recent changes in them. Teodoro discussed the developments in the advertising industry in an article written in 1964:

Geographical concentration and the character of the market are changing. More efforts are channeled to marketing and advertising since the price-conscious Philippine markets can be best exploited by developing bigger sales volumes. Philippine advertising agencies are working together with marketing agencies and marketing departments of industry and agriculture in the formation of dynamic strategic planning and their implementation to achieve sales targets as well as public relations goals.... There is a need to expand private consumption by increasing the per capita income and upgrading standards of living which means a vigorous and efficient expansion of all marketing efforts.... Yes, advertising has flowered with other mass marketing communications function such as public relations, sales promotion, market research, merchandising and even management consultation.⁴⁴

Advertising agencies in the Philippines, according to Ledesma,⁴⁵ will usually have ₱1 million billings yearly if they are middle sized organizations; ₱100,000 billings if they are considered small. The large Filipino agencies are Philprom, Advertising Counselors, J. Walter Thompson and Ace-Compton, each handling approximately ₱10 million annually in billings. These are small concerns when compared with a small United States agency which will have billings of \$15 million. Ledesma gave some clues as to how Philippine agencies might expand:

When the Philippines starts to export and starts entering the international markets, then advertising agencies here will be million

⁴⁴ Pedro Teodoro, "Growth of Philippine advertising," *loc. cit.*

See also Antonio de Joya, "New frontiers for ad agencies," *Manila Times*, October 15, 1962, p. 5-B.

⁴⁵ Ledesma, in the interview cited.

peso businesses generally. Now we are just selling to the urban areas so we can't expect to become millionaires from advertising alone. The PMA recognizes 28 advertising agencies in this country; there are probably another 30. Three or four exist in Cebu—the only provincial city with agencies. There are even cottage industry advertising agencies going up. I don't mind all these advertising agencies developing. They make more potential advertisers feel the need for advertising. Eventually these small agencies fold up and then we get the advertisers whom they have sold on the value of advertising.⁴⁶

The field of service afforded by agencies has expanded greatly because of the ever-raging fight for accounts. Almost all copy is locally produced now; where some years ago, service was practically limited to preparing the client's ad copy and recommending the right media, now agencies handle areas of public relations, marketing research, consultation, *etc.* Two decades ago, all one needed to open an agency were a couple of desks; today, according to Teodoro, it takes at least ₱100,000 to open a good agency. What does the future hold? Ledesma talked of advertising's future in the Philippines:

As for the future, it's happening already. The swallowing up of smaller agencies. The only agencies which have rosy futures are either the very small or very large agencies. We middle-sized agencies must either grow or die. The smaller agency can survive because it specializes. When I was a small agency, I made more than I do now. I have to get more personnel and accounts and grow bigger to stay alive. Only about twelve agencies are big here—over ₱3 million billings. In the next ten years, no one will be a millionaire just from advertising. The overhead is too high to get rich. The margin is not enough. I stick with advertising because I see the chance of the Philippines going into the export market and when it does, ₱20 million billings will be common and people will become rich from the advertising game. Improvements in media will give us better tools in the future. Today the largest newspaper has less than 20,000 circulation. When media spread out more, this will be a big boost to advertising.⁴⁷

⁴⁶ *Ibid.* A 1963 source reported 37 advertising agencies in Manila with over 1,000 employees. In 1963, the 15 APAA agencies had a total billing of ₱40 to ₱45 million. The largest agency had a billing of ₱6 to ₱9 million and the smallest, ₱200,000. Antonio de Joya, "The role of advertising agencies in Philippine economic development," *Philippines Herald*, September 7, 1963, p. 7.

⁴⁷ Ledesma, in the interview cited.

CHART II*

ADVERTISING AGENCIES IN THE PHILIPPINES—SUMMER 1964

<i>Agency</i>	<i>Organized</i>
<i>APAA members:</i>	
Ace-Compton Advertising Inc.	1948
Admakers-Dentsu Philippines Inc.	1953
Advertising and Marketing Associates	1958
Advertising Philippines Inc.	1961
Art Domingo Advertising & PR	1954
Cathay Promotions	1958
General Ads, Inc.	1955
Grant Advertising (Philippines)	1948
Hontiveros Associates Inc.	1960
Ideas Inc.	1950
J. Walter Thompson (Philippines)	1956
McCann-Erickson (Philippines)	1963
Nation-Ad Philippines Inc.	1956
Pan-Pacific Advertisers, Inc.	1946
Philippine Advertising Counselors	1949
Philprom Inc.	1945
R. R. de la Cruz and Associates	1963
<i>Non-APAA members:</i>	
Able Advertising Agency	1957
Adcraft Philippines Inc.	1949
Adver Inc.	1959
Adworth Inc.	1959
Atlas Promotions & Marketing Corp	1963
Avellana & Associates Inc.	1963
Bernard Advertising Inc.	1961
S. P. Bigay & Associates	1963
Consolidated Media Inc.	1960
F. Francisco Advertising Agency	1947
Fortune Ads Philippines Inc.	1964
Gabriel Quemado Advertising	1960
Great Wall Advertising	1948
Jake Romero & Associates	1959
Ledesma-Lobregat Inc.	1960
Mass Promotions Inc.	1963
A. Sison & Associates	1964
E. Q. Uson Advertising	1947
Vision Advertising	1960
Special Services Corporation	1964

*SOURCE: *Marketing Horizons*, August 1964. *MH* emphasized that there were numerous other agencies in the Philippines, most falling under the category of house agencies.