
Chazen Society Fellow Interest Paper

“Ad-ding” It All Up: Identifying the Thai Advertising Industry’s Success Drivers

RICHMOND EZER ESCOLAR MBA '09

A beautiful teenage girl walks into a palatial mansion. She looks around, bewildered by her ornate surroundings. Her simple peasant dress sways gracefully as she makes her way to the grand hall. Two women suddenly enter the frame, visibly peeved at the intrusion. One of them approaches her and attempts to push her out the door. In the commotion, our heroine’s headscarf comes off, with her hair flowing gracefully in a magnificent hair shot that highlights the hair’s shine and smoothness.

The whole commercial for Rejoice Shampoo’s new Collagen Treatment Shampoo is filmed beautifully, with all the requisite visual and sound effects befitting one of Asia’s leading shampoo brands. Procter & Gamble (P&G), the makers of Rejoice, airs the commercial heavily in the Philippines. If you were watching this commercial in Manila, you would have assumed that it was produced in the Philippines, because the actresses all looked Filipino and spoke in Tagalog. But show this commercial to someone from Bangkok, and he or she would immediately recognize that the lead actress is none other than Arachamon, one of Thailand’s up-and-coming young stars. P&G actually shot and produced the whole commercial in Thailand—and for good reason.

Thailand stands out as Asia’s hub for creative advertising. The 2007 *Gunn Report*, an annual publication that cumulates the results of more than 60 advertising awards shows all over the world, ranked Thailand No. 4 overall in the number of awards won, its highest finish ever, after placing No. 6 in 2005 and No. 5 in 2006.¹ Thailand is also home to the commercial director with the most director’s awards in the world and the commercial production company with the second-most production awards in the world.²

¹ These rankings do not include Interactive Awards, a new category in 2007.

² According to the *Gunn Report*, Thanonchai Sornsrivichai ranked No. 1 among directors receiving awards for the past three years (2005–2007). Phenomena, a production house, ranked No. 1 in 2006 and No. 2 in 2007 in the Production category.

The United States, the United Kingdom and France are mainstays in the *Gunn Report*’s “top 5” lists. But Thailand’s consistent presence in these rankings continues to surprise many, given the size of the country’s advertising industry relative to others.³ For example, advertising spending in Japan is 15 times greater than in Thailand—yet Thailand still surpasses Japan in the number of advertising-industry accolades.⁴

Today, all of the top 10 agencies have well-entrenched offices in Thailand.⁵ Many of them choose Thailand as their regional base for Southeast Asia or Indochina. Saatchi & Saatchi, for example, caters to its biggest client, P&G, from Thailand. Thus, all of Olay’s advertising is conceptualized and produced in Bangkok, to be aired subsequently in the rest of Southeast Asia. Other big advertising agencies such as Leo Burnett, Dentsu or Ogilvy & Mather follow the same approach for their big regional clients.

So why do agencies choose Thailand as their regional base?

“The short answer is Thailand has been the creative hub of the industry for the last decade or so,” said Jennifer Santos, P&G Asia’s associate director for advertising development.⁶ “Thailand has a plethora of media touchpoints that make it a natural sandbox for everything advertising-related—from TV to print to outdoor media, and even mobile. Plus, its central location [in the Asia-Pacific region] also helps facilitate this. It’s easy enough for agency executives to fly from Thailand to wherever their clients are.”

Many also point to the country’s legacy of openness. Historically, Thailand stands out as the only Southeast Asian country not colonized by a Western power. The Thai kings used openness and collaboration as foreign-diplomacy tools to avoid colonialism. Rodgers and Hammerstein’s musical *The King and I*, for example, immortalized how King Mongkut welcomed Western ideas. Further underscoring the industry’s openness, the majority of production talent, including film directors, production designers and cameramen, have been trained in international film schools, according to Sarah Tolentino, P&G Asia’s production manager.⁷

Thailand also relies heavily on tourism, reflecting the country’s welcoming attitude and openness to other cultures and influences. Popularly known as the Land of Smiles, Thailand

³ Thailand’s advertising industry is only the 30th-largest in the world. Euromonitor International, Global Market Information Database 2007, Total Advertising Spending Estimates.

⁴ Robin Hicks, “Asia Performs Poorly Online in *Gunn Report*,” *Media: Asia’s Media & Marketing Newspaper*, November 16, 2007.

⁵ Advertising Age Data Center, “Top 10 Consolidated Agency Networks.”

⁶ Jennifer Santos, in a personal interview with the author, April 2008.

⁷ Sarah Tolentino, in a personal interview with the author, April 2008.

counts tourism as its No. 1 industry,⁸ one that accounts for approximately 11 percent of the country’s GDP.⁹

Certain researchers have studied this openness and noted that “Thai people do not feel that they need to conform to anything, and are easily adaptable to new ideas, trends and characteristics of other countries. . . . Subsequently, the Thai advertising industry is very accepting of executions integrating Western or Chinese features.” The country’s *sabai-sabai* (easygoing) nature makes Thai consumers open to nearly any kind of execution, from conservative to crazy.¹⁰

The Thai aesthetic and design sense also greatly impact the quality of advertising. This heightened aesthetic pervades almost every aspect of Thai culture—from the distinct Thai temples in architecture to the meticulously prepared spreads in Thai cuisine. This strong design sense is accompanied by an equally astute sense of music and sound. Both of these factors play a crucial part in the advertising process’s production phase. The right visuals and sound effects can greatly enhance an ad’s ability to tell a story.

This emphasis on aesthetics plays out in the country’s penchant for cinema. The Thai film industry is one of the most vibrant in the world. Of late, the country has produced two winners at the Cannes Film Festival: *Sud sanaeha (Blissfully Yours)*, which won the top prize in the Un Certain Regard section in 2002, and *Sud pralad (Tropical Malady)*, which won a jury prize in 2004. Thai horror movies are also popular. *Shutter*, an original Thai production, was recently remade as a Hollywood film. So too was *The Eye*, which starred Jessica Alba in its Hollywood reincarnation. Though not exclusively Thai, the film was shot partially in Thailand and had a Thai cinematographer and a Thai music company providing the musical score.

A good movie will not succeed without the right mix of storytelling, visual effects and sound. And because TV ads are like little movies, Thailand’s cinematic triumphs translate well to the advertising industry. P&G Asia’s Tolentino further noted, “The Thais are innately art-driven, and their attention to detail is breathtaking. This translates in their films—they craft them very well, and all visual elements relate to each other.”

Of late, companies increasingly leverage Thailand as a regional base for advertising work. Many of P&G’s TV ads for the Asian market are now produced in Thailand, especially

⁸ Central Intelligence Agency, *The World Factbook*, s.v. “Thailand,” <https://www.cia.gov/library/publications/the-world-factbook/geos/th.html>.

⁹ Thailand Investor Service Center, “Tourism Industry of Thailand (A Basic Understanding of the Industry),” <http://www.thailandoutlook.com/NR/rdonlyres/6EE13717-76AC-4A83-BC45-76A0358B1D39/0/TourismIndustryofThailand.pdf>.

¹⁰ Chompunuch Punyapiroje, Margaret Morrison and Mariea Grubbs Hoy, “A Nation Under the Influence: The Creative Strategy Process for Advertising in Thailand,” *Journal of Current Issues & Research in Advertising* 24, no. 2 (Fall 2002): 51–66.

those in the beauty-care category, such as Pantene shampoo or Olay face cream. Interestingly, the company also shoots some commercials for Downy fabric softeners in Thailand, even though the brand isn’t even marketed in the country. These commercials are instead aired in the Philippines, Malaysia and Vietnam. P&G’s top competitor, Unilever, shoots 80 percent of its regional-beauty-brand ads in Thailand, according to Salvador Ronquillo, regional brand manager for Unilever’s Dove skin-care brand. Other industries shoot in Thailand too, such as MobileOne, a leading Singaporean telecom company, and Disneyland Hong Kong.

Besides the innate creativity and aesthetic sense offered by many of those in the Thai advertising industry, these companies gain cost and efficiency advantages by producing commercials in Thailand. P&G’s Tolentino estimates that Thai production costs are 15–25 percent cheaper compared to those in other Southeast Asian countries such as Malaysia and the Philippines—and the quality is typically better, enabled in part by a relatively greater number of production facilities in the country.

The advertising-production process has two key phases: an offline stage and an online stage. An offline stage typically will not have high-quality sound and final visuals. Both marketing and production staff work on choosing the right cuts and scenes to put into a final sequence. With the final sequence in place, the ad moves on to the online phase. An editing crew then adds computer graphics, grades colors and lays over final sound effects. The online phase typically accounts for the majority of the costs because final grading and sound typically take a lot of time and therefore should be executed only if the right scenes are in place. In Thailand, however, production houses are known to deliver computer graphics in the offline phase, together with visuals and sound effects that are very close to online quality, boosting production efficiency.

All of these factors ultimately contribute to the success of the Thai advertising industry. In fact, 49 percent of regional advertising executives in Asia agreed that Thailand produces Asia’s most original and creative advertising.¹¹

Going forward, the Thai advertising industry faces two challenges it needs to address. First, it must expand into the interactive-advertising space, a growing segment of the advertising market. As the online channel becomes more and more important, Thai agencies must develop online-advertising capabilities to stay relevant.

Second, Thailand faces a growing threat from India. In 2007, India climbed an impressive six notches from No. 21 to No. 15 in the advertising industry’s *Gunn Report*. If this growth

¹¹ Sandy Barron, “Making the Thais Laugh: The Phenomenal Success of Thai Advertising Can Be Put Down to Professionalism of the Industry,” *Sawasdee* 27:36–39.

continues, India seriously threatens Thailand’s reputation as Asia’s creative hub. P&G Asia’s Santos added that India has exported much of its creative talent worldwide over the years. With the Indian economy growing, this creative talent has a strong incentive to come back home, further enhancing the industry there. More notably, India also has a vibrant cinema culture with Bollywood, with almost the same production know-how and a similar, if not better, cost infrastructure in comparison with Thailand. Given the pace of change in its advertising industry, India may ultimately diminish Thailand’s creative and cost advantages.

In conclusion, Thailand’s unique history, culture, refined aesthetics and cost advantages make it one the world’s best places for advertising. It remains no surprise, then, that many companies around Asia choose Thailand as their advertising hub. To sustain this, Thailand needs to develop capabilities in interactive and online marketing. Thailand should also ensure that it sustains its advantage over such emerging advertising hubs as India. Despite these challenges, P&G Asia’s Santos noted, “For now, Thailand is still undisputed in the region. It is a consistent performer and will remain as such in the years to come.”