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## REGULATION OF CHILDREN'S ADVERTISING IN CHINA

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## REGULATION OF CHILDREN'S ADVERTISING IN CHINA

### Abstract

The one-child policy in the People's Republic of China has created a generation of only children in most of its urban areas. Popularly called little emperors, these only children are spending a great deal of money as well as exerting tremendous influence on their family spending. As a result, they are the targets of an increasing amount of advertising. The principle objective of this study was to analyze the existing regulation and self-regulation of children's advertising, including television advertising, in Mainland China. We first review the regulations stated in the Advertising Law and Censorship Standards concerning children's advertising. Using controversial campaigns targeted at children as examples, we then analyze the official interpretation of the ordinances. We also discuss the censorship system and provide an analysis of illegal advertisements. The study should provide insights for international business corporations interested in marketing to children in China.

## REGULATION OF CHILDREN'S ADVERTISING IN CHINA

### 1. Introduction

As China rapidly becomes a market-driven economy, and its one-child-per-family policy spreads throughout society and repositions children as focal points of family life, marketers in China and worldwide are discovering that Chinese children have enormous economic clout. China adopted a one-child policy in 1979 and today it is the rule in urban China (Zhang and Yang 1992). As only children, Chinese children act like "little emperors/empresses" according to recent observers (e.g., Shao and Herbig 1994). These only children are increasingly believed to constitute an important market force (McNeal and Yeh 1997). There are 290 million children under the age of 14 in China (The State Statistical Bureau 2000), compared to around 60 million for the entire population of the United States. It is estimated that in 1999, the approximately 60 million children, ages 4-12, in the largest cities of China spent around US\$6.2 billion of their own money on their own wants, and influenced the spending by parents and grandparents of over US\$61 billion, giving them a market potential of US\$67 billion (McNeal and Zhang, 2000). Rapid commercialization of childhood as a result of economic restructuring, new affluence, and innovative retailing practices is not unique to China. The one-child policy and the rapid economic development in China, however, have enabled the process to unfold at a fast pace and across all social strata (Davis and Sensenbrenner 2000).

A secondary data analysis and personal interviews were conducted to review the rules and regulations governing advertising messages in China, the existing advertising ordinance and how it is interpreted, the advertising censorship system, and self-regulation standards adopted by the *ad regulation*

advertising industry in China. Examples will be used to analyze the official interpretation of the relevant laws and regulations. The paper should provide some insight for marketers who are interested in children's market in China.

## **2. Literature review**

Advertising is a carefully regulated industry in China (Cheng, 2000). China announced its *Advertising Law* on October 27, 1994 at the 10<sup>th</sup> session of the Standing Committee of the Eighth National People's Congress, and the *Advertising Law* went into effect on February 1, 1995 (*Asia Law and Practice Limited*, 1994). For a review of the evolution and major changes in advertising regulations and laws in China, see the works of Hong Cheng and others (Cheng, 1996; Cheng, 1997; Zhang, 2001). Between 1949, when the People's Republic was founded and 1966, when the Cultural Revolution (1966-1976) was started, there was not any national advertising regulation in China. Local governments made all regulations concerning advertising. During the Cultural Revolution (1966-1976), all those regulations disappeared, together with virtually the entire advertising industry in the country (Cheng, 2000; Xu, 1990). On September 15, 1980, the Chinese State Council formally announced that the State Administration of Industry and Commerce (SAIC) would be the official body in China to administer advertising. The decision reflected the Chinese government's recognition of advertising as primarily a business activity. From 1979 when advertising came back to life in China to 1995 when the *Advertising Law* was enforced, the advertising industry in China was mainly guided by three major sets of regulations, and enriched by some additional detailed rules. In February 1982, the State Council promulgated the first set of *ad regulation*

national regulations for advertising, *the Interim Regulations for Advertising Management*. In December 1987, the *Regulations for Advertising Management* replaced the *Interim Regulations for Advertising Management*. Its interpretation was stipulated in the *Detailed Rules on the Implementation of the Regulations for Advertising Management* (Zhang, 2001). In 1993, the SAIC issued the *Interim Regulations on the Advertising Agency System* (Ha, 1996). The *Interim Regulations on the Advertising Agency System* became effective in July 1993 in Guangzhou, and in October 1993 in fifty other cities all over China (China Advertising, 1994). The objectives of this set of regulations are: (1) to clean up the messy advertising market environment, (2) to suppress unfair competition, (3) to protect consumer rights, and (4) to protect domestic products (Ha, 1996). In the *Interim Regulations on the Advertising Agency System*, the SAIC was authorized to issue disciplinary warnings and impose penalties in the case of any advertising violations (Articles 3, 14, and 27).

Concurrent with the promulgation of the *Interim Regulations on the Advertising Agency System* in 1993, the State Administration for Industry and Commerce promulgated the *Interim Advertising Censorship Standards*. The censorship standards were implemented first in six cities in southern Guangdong, and later in other provinces (Ha, 1996). The standards consist of sixteen articles and 125 sections, initially applicable to advertisements in the three major media namely, television, radio and newspapers. Later, the standards were extended to all media (State Administration for Industry and Commerce and State Planning Committee, 1993a).

Article 5 of the Censorship Standards stipulates the regulation of children's advertising.

Children's advertising is defined as 'advertising of products to be used by children or advertising using children as models (State Administration for Industry and Commerce and State Planning Committee, 1993b). Accordingly, Children's advertisements would violate the standards if they:

1. are harmful to children's mental and physical health or moral standards;
2. induce children to put pressure on parents to buy the advertised products;
3. reduce children's respect for their elders or friendly behavior;
4. interrupt parents' or elders' education of their children;
5. instill in children a sense of superiority or inferiority from owning or not owning an advertised product;
6. use child models to demonstrate a product in a capacity exceeding that of an average child of that age;
7. show acts that children should not be doing alone;
8. cause children to act or behave badly;
9. deceive children by using descriptions beyond the judgement capacity of children.
10. use the names, the identities or images of teachers, educators, writers of children's literature, or child celebrities to endorse products.

Vulgar and pornographic descriptions are strictly prohibited also (Ha, 1996). In Western countries such as the United States, regulations of children's advertising mainly aim at protecting children from misleading advertising because of their presumed lack of competence to understand advertising and make judgements about a product (Lichtenberger, 1986). In China, the censorship

standards focus more on the cultural impact of advertising to children. The Chinese definition of children's advertising is broader than that used in the Western societies as it includes adult products that use children as models in advertisements (Ha, 1996).

In October 1994, the Chinese government formulated the *Advertising Law* effective February 1, 1995 (Asia Law and Practice Limited, 1994). It is important to bear in mind that the *Advertising Law* did not replace the 1987's *Regulations for Advertising Management* and the 1993's *Interim Advertising Censorship Standards*. They are still in use as "an essential supplement and operational guidelines to the *Advertising Law*" (Zhang, 2001, P.14). This is confirmed in our interview with SAIC officials in Shanghai (Ban, 2002). With a total of 49 articles, the *Advertising Law* consists of six chapters: General Provisions, Contents of Advertisements, Advertising Activities, Advertisement Examination, Legal Responsibilities, and Supplementary Provisions. The advertising content is governed by the advertising standards stipulated in the Content of Advertisements chapter. The SAIC continued to maintain the advertising censorship system to prevent false advertising and illegal promotional activities.

The *Advertising Law* does not have separate articles specifically dealing with children's advertising. The protection of children is indirectly implied in Article 8 of Chapter 2 of the *Advertising Law*, which states that advertisements may not be harmful to the physical and mental health of minors and the disabled. Article 8 basically requires that advertising to young audiences must conform to positive social standards.

In order to have a better understanding of what 'minors' are, we make reference to another



law, titled 'Protecting the Minors Law'. Referring to Article 2 of the *Protecting the Minors Law*, the term 'minors' refers to any citizen under the age of 18. Article 3 of the *Protecting the Minors Law* stipulates that the nation, the society, the school, and the family are responsible for educating the minors on ideology, culture, discipline and legal matters. Minors should be taught about patriotism, collectivism, internationalism, and communism. Furthermore, minors should be taught to love the country, love the people, love to work, love science, and love socialistic values. Also, they should be protected from capitalism, feudalism, and other corruptive ideology. Article 10 of the *Protecting the Minors Law* requires that parents and other guardians adopt appropriate methods to teach young people healthy thoughts and good behaviors. They should encourage young people to participate in activities that are beneficial to their mental and physical health. They should prevent and prohibit young people from smoking, drinking, gambling, wandering, taking illegal drugs, and being prostitutes. Article 26 of the *Protecting the Minors Law* stipulates that food, toys, tools and entertainment facilities for children must not be harmful to children's safety and health. One implication of this article is that advertisements for children's products should present the functions, quality, usage and other related information in a clear and understandable manner for children. Sensitive products including tobacco and alcohol should not use children models in their advertisements (Zhang, 2001).

The current *Advertising Law* does not have specific rules about regulating Internet advertising that targets children. Some countries have developed guidelines for Internet advertising on children's web sites and online services targeting children, for example in the U.S. (Children's *ad regulation*

Advertising Review Unit, 2002). Thus, there is certainly room for improvement in China's regulation of children's advertising in the new media age.

Advertising targeting children, like other advertisements, also needs to follow the regulations governing the content of advertisements stipulated in the *Advertising Law*. In accordance with the Law, an advertisement shall not involve any of the following circumstances:

- Using the national flag, emblem or anthem;
- Using the names of State authorities;
- Using words such as 'the State-level', 'the highest-grade', or 'the best';
- Hindering social stability or endangering the safety of the person or property, or harming the public interests;
- Hindering the public order or violating sound social morals;
- Containing information suggesting pornography, superstition, terror, violence or hideousness;
- Containing information of ethnic, racial, religious or sexual discrimination;
- Hindering the protection of the environment or natural resources;
- Containing deceptive data or statistical information;
- Belittling the products of other manufacturers and dealers or services of other providers;
- (in an advertisement for pharmaceuticals or medical apparatus) use of the name or image of a medical research institution, academic organization, medical institution, or of an expert, a doctor or patient as proof.

The advertising industry in China criticized the *Advertising Law* for its vagueness saying that it would create an atmosphere of confusion among advertisers and agencies concerning the operational definitions of the new law, and which types of advertisements would be accepted and which would be rejected (Chadwick, 1997).

### **3. Research methodology**

A secondary data analysis was conducted in December 2002. A library search of academic and news databases was conducted for newspaper articles, journal papers and books using the keywords ‘advertising regulation’, or ‘advertising censorship’, or ‘illegal advertisements’ and ‘China’. The resulting articles were screened for relevance. In addition to the secondary data analysis, we also conducted two personal interviews with an advertising account director working in an international advertising agency in Shanghai and an SAIC officer responsible for advertising censorship in Shanghai in October 2002. We also obtained a conference paper from Dr. Hong Cheng about illegal advertising cases that was presented in May 2003. We organized the materials we obtained according to the following topics: Controversial television commercials targeting at children, advertising censorship, illegal advertisements and self-regulation.

#### **4. Findings and discussions**

##### **4.1 Examples of controversial television commercials targeting at children**

The following examples of television commercials are cited from the book *Advertising Law and Cases for Discussion* (Zhu, 2000). It was not certain whether these commercials have actually been broadcast in the media. They may represent commercials that failed to pass the *Advertising Law* and hence were never shown on TV. Or they may represent commercials that have been broadcast and later pulled because of their problematic content.

Example 1: In a pharmaceutical commercial, the narration goes, “The child is sick; give him a shot...” The child refuses, “ Oh, no, no.” “Give him medicine...” The child refuses again, “Oh, no, no.” “He doesn’t like the pain or the taste.” The commercial then shows the frustrated mother

kneeling on the floor, begging the child, “Oh, my dear, what do you want?” An imported medicine appears and it solves the problem.

This commercial is considered a violation of Article 8 as it features the child as a spoiled emperor, demanding submission from the parents. It also portrays the parents in a passive and inadequate role.

Example 2: A soft drink claims that it can boost the intelligence of children. The commercial shows a little boy lying in his mother’s arms. He says, “My grandpa is a manager, and my dad is a manager. When I grow up, I would like to be a manager, too.”

This commercial also is considered a violation of Article 8 because it misleads children into believing that using the product will enhance their intelligence and their future career. Although it is not mentioned in the book, we think that this commercial is also ideologically incorrect. Glorifying the managerial class in the society carries undesirable capitalistic overtones.

Example 3: A commercial features a group of students going home from school. All of them are enjoying soft drinks, except a boy dressed in shabby clothes. The group is singing and playing with high spirit, leaving the boy behind. The commercial ends with a close-up of the boy looking depressed and disappointed.

This commercial is considered violating Article 8 because it stresses the visual differences between the ‘haves’ and the ‘have-nots’. It implies that a child without the product will be isolated from his or her peers. So, the commercial also violated Article 5 of the *Interim Advertising Censorship Standards* by instilling a sense of inferiority from not owning the advertised product.

In the same book, it also suggests that the following advertising content will violate Article 8

of the *Advertising Law*:

- showing children fighting to get access to favorite food or toys
- showing children keeping products to themselves and refusing to share
- showing children not paying respect to others
- showing children becoming energetic after taking certain pills, even without eating or sleeping
- guaranteeing that children get outstanding examination results
- showing children smoking, drinking, wandering on the streets, gambling, or performing violent acts

The book also cited a few examples of ‘good’ and ‘culturally appropriate’ children’s advertisements.

Example 1: In an almond drink commercial, a girl prepares the drink and serves it to her grandfather. This commercial is good because the girl shows respect and caring for the elderly in her family.

Example 2: In a series of commercials for an electrical appliance company, the cartoon characters (twin brothers) risk their lives to save a child who accidentally fell into the river, pack the wound of a bird with great care, and stand up to criticize merchants selling low-quality fake products. These commercials are considered good because the characters demonstrate bravery, kindness, justice, and purity.

Example 3: In an ice-cream commercial, the slogan goes that ‘you should eat it only once a day’. The commercial is considered appropriate because it does not over-promote the product irrationally and helps children to develop a good eating habit.

The following example was given by J. Walter Thompson, an international advertising agency, in 1997 (Weber, 1999). The advertising agency produced a commercial for De Beers, a multinational diamond distributor. The commercial starts with a scenario of two young children. A young boy places a ring made of grass on the finger of a young girl. The commercial then cuts to a scene where both of them have grown up. The young man is placing a diamond ring on the young lady’s finger on their wedding day. The commercial was initially rejected because it featured ‘puppy love’. The scenario was considered inappropriate because children should focus their lives on education and family. The agency later changed the opening of the commercial to include a wide shot of a group of young children playing under a tree and it was successful in reducing the censors’ concerns. In this example, we notice that even though the commercial is targeting adults, it needs to follow the *Advertising Law* regarding children as children images are shown. The minimal changes to the advertisement and subsequent approval show the ambiguity of the interpretation of advertising content by Chinese censors (Weber, 1999).

The following examples were given by a multinational advertising agency in Shanghai. The first three commercials did not obtain approval for their storyboards and therefore did not appear on TV. The last commercial was initially rejected but later aired after approval.

Example 1: A children’s food commercial featuring Santa Claus for Christmas greeting was

not approved in 2001. This was because Christmas was not an official holiday in China and Santa was not considered as an appropriate celebrity figure for children due to its religious origin.

Example 2: A children's drink commercial featuring dinosaurs conquering a dream city in a surreal setting did not get approval because of its scary scenes and the anti-social behavior of destroying the city.

Example 3: An animated commercial featuring a teenager's neck stretching out for food and becoming very long. The commercial failed to obtain approval because of its unreal scene.

Example 4: A milk powder commercial featured a boy climbing up a ladder to a spaceship and reaching out for the stars. The storyboard was initially not approved. After a series of negotiation, it finally obtained the green light to be shown on TV.

In order to understand the interpretation of good behaviors in children's commercials, we discussed a McDonald's commercial launched in China in 2002 during our interview with a SAIC officer responsible for advertising censorship in Shanghai (Ban, 2002). The commercial featured a boy about four-years-old playing peek-a-boo with his dad. The boy seized every chance to reach out for a French fry when his dad covered the face. The boy seemed to enjoy the game a lot but the last shot hinted that it was the food that kept the game alive. We asked whether the boy was behaving badly. The answer was a definite 'no' because the family scene was considered light-hearted and positive in manner. We also discussed a McDonald's commercial launched in Hong Kong that the client decided to pull out after showing it for a week (Chan, 1997). The commercial featured a boy about nine years old. He told mum that dad promised to bring him to

McDonald's, and then pulled the same trick on dad. The parents finally discovered the truth when they were at the restaurant. The SAIC officer said that this commercial would not pass through the censorship because it demonstrated the immoral behavior of telling lies. The accounting director of the advertising agency in Shanghai agreed with his point of view.

#### **4.2 Advertising censorship**

According to the *Advertising Law*, the content of advertisements is to be censored prior to dissemination in the media by relevant administrative authorities-in-charge. When an advertiser applies for approval of an advertisement, he shall submit relevant supporting documents to the advertising censorship authorities. These authorities shall make a censorship decision in accordance with relevant laws. Figure 9-1 shows the organization structure of the censorship authorities. Censorship authorities are responsible for approval of business establishments engaging in the advertising industry, setting of advertising standards, giving instructions on censorship, providing guidance for the advertising industry, and initiating and verifying advertisements with illegal claims (China Advertising Yearbook, 2001). As advertisements are censored at the local levels, advertising agency people have been complaining about the confusion arising as different regions interpret the *Advertising Law* differently (Miao, 1995). To overcome the regional differences in censorship standards, advertisers may decide to launch advertising campaigns in major provinces such as Beijing, Guangzhou, or Shanghai where the implementation of regulations is more consistent (Xu, 1992). The SAIC attempts to standardize the censoring process, but the cultural diversity within the nation has made it a difficult task (Xinhua News Agency, 2000).



[INSERT FIGURE 9-1 ABOUT HERE]

However, according to our interviews with SAIC officials and advertising agency personnel, we have noticed that the actual censorship practice is quite complicated. In addition to the SAIC office for advertising censorship, there are at least three other groups of gatekeepers housed in various organizations. The following paragraphs will discuss who they are and what their roles are in the advertising censorship system.

1. Advertising auditors: According to the current regulations, each business establishment engaged in advertising should employ at least two advertising auditors and two senior advertising auditors. These people need to pass an examination set up by the SAIC and obtain a license. They also need to attend regular briefing and training sessions about the new development of advertising regulations organized by the SAIC. Their roles are to act as internal auditors that help business establishments to enhance the understanding of specific requirements and interpretation of the *Advertising Law*. They are supposed to vet the advertising content to make sure it abides with the law. However, our interview with an advertising agency indicated that these people played minor roles in the censorship process and existed in name only.

2. Advertising consultants: The China Advertising Association established an information consultant center that provides legal consultancy services for advertising agencies. Upon the commission of the advertising agencies, they will examine the advertising content of the television commercials (in the form of storyboards, rough cuts or final reels), radio commercials, print and outdoor advertisements. The China Advertising Association has both national office and regional

offices. For national campaigns, advertising agencies usually send the advertisements to the national office in Beijing. For regional campaigns, the advertisements will be sent to the respective local offices for pre-screening advice. On examination of the advertising content, the China Advertising Association will issue a certificate of advertising consultancy. If the Association sees no problem with the advertisement, the certificate will state that the advertisement does not violate the *Advertising Law* and related regulations and can be released in the media. The approval by the China Advertising Association is considered to be equivalent to that of the SAIC for some major media.

3. Media gatekeepers: Ultimately, an advertisement needs to appear in a certain medium. People in the media sometimes act as the final gatekeepers in the censorship process. According to our interview with advertising agency people in China, the media sometimes reject an advertisement even if it has obtained a certificate of approval from the national office of the China Advertising Association.

The whole censorship process is bureaucratic and extremely time consuming and costly. Each approval decision will normally take a week. If an advertisement is not approved, it usually comes with a stated reason. The advertising agency people will discuss the decision with the client. They can propose some amendments and resubmit it for approval or they can negotiate for a change in the decision by providing further substantiation. For example, the milk powder commercial featuring a boy climb up a ladder was first rejected by the media because the act was considered as dangerous. The advertising agency argued it differently. Finally, the commercial was allowed to

air for a probation period of three months.

The advertising agency people have been strongly critical of the subjective judgement involved in the censorship process because it has caused much stress. The system may also invite unfair competition as some people can maneuver through ‘guanxi’ or even bribery in order to gain approval or obtain approval before the normal deadline.

From our interview with the SAIC official in Shanghai, we learned that the censorship system is not fully implemented in all media. Occasionally the media accept advertisements without any approval documents. That’s why the SAIC has set up an advertising-monitoring unit to constantly sample-check advertisements appearing in different media. For example, the Shanghai SAIC set up thresholds for the violation rate for different media. The thresholds for first-tier media (major TV stations and newspapers), second-tier media (e.g. newspaper with smaller circulation), and third-tier media (e.g. specialized magazines) are 2 percent, 4 percent and 6 percent respectively of the total number of advertisements shown in that medium. When a certain medium attains a violating rate above the threshold level in a sampling period of say one week, the SAIC will begin to monitor that medium closely or give it verbal warning.

### **4.3 Illegal advertisements**

In 2000, the censorship authorities found 66,824 cases that violated the *Advertising Law*, compared to 51,494 cases found in 1999. Approximately 100 million yuan (around US\$12,500,000) in fines were imposed. Altogether 693 business establishments were compelled to discontinue their businesses temporarily, and another 262 business establishments had their

business registration licenses revoked (China Advertising Yearbook, 2001). According to Article 37 of the *Advertising Law*, the SAIC is authorized to charge advertisers, advertising agencies, or media owners fines of up to five times the cost of their advertising spending if an advertisement is found illegal. In addition, the advertisers have to put in the same amount of advertising fee to run corrective advertising for false claims. For the more serious breaches, there is also scope for criminal prosecution (Sdinfo Net, 2002).

Table 1 summarizes the profile of the illegal cases found in 2000. Illegal advertisements involved mainly pharmaceuticals, medical services, and food. These three product categories accounted for over one third of illegal cases. In view of the prevalence of problematic medical ads, some provinces have decided to ban all ads about medicine and medical institutes. For example, the SAIC of Hunan Province banned medical institutes ads in all media from February 11 to April 10, 2002 (China Media Net, 2002a). The SAIC of Shanghai banned all medical services ads and medicine ads in all media for three months from April 18, 2002. It found that 362 out of 453 advertisements monitored on television, radio and in newspapers fell short of the legal requirement of being "true, healthy, scientific and accurate". (Jiefang Daily, 2002). Nevertheless, the situation did not improve. According to a report of the SAIC of Guangzhou, 98 percent of the medical services ads in the city in a routine censorship exercise violated the advertising regulations (Xinkuai News, 2002). Similarly, the SAIC of Beijing found nearly 100 percent of medical services ads in a routine check violating the regulations (China Media Net, 2002b).

Some of the illegal advertisements for medicines and medical institutes are found in media

targeting children and the youth. Most of them are medicines and medical services advertisements claiming to enhance growth, enhance memory or take care of various health problems of students such as shortsightedness. For example, an advertisement in a youth magazine claimed that two sisters took the medicine and grew taller by 18 and 23 cm. A print advertisement in a computer magazine claimed that a pill, developed by American genetic experts, enhanced growth by 6 to 14 cm. A print advertisement in a children's magazine claimed that a multi-function eye massage machine improves eyesight and memory. These advertisements took advantage of the eagerness of the parents and children to excel in physical and cognitive development.

Advertisements appearing in outdoor media and in printed materials other than newspapers and magazines accounted for two-third of illegal cases. Advertisements in major mass media (TV, radio and newspapers) were responsible for about one-tenth of illegal cases, indicating that these media are well regulated. About one-sixth of illegal cases involved false claims in the advertising content while the rest of the cases involved illegal advertising practices. In view of the large amount of illegal outdoor advertising that usually is placed by the clients directly (rather than by ad agencies), the percentage of illegal cases involving advertising agencies are low. Illegal advertising prevails in provinces where advertising is less developed, with the exception of Guangdong Province. This situation confirms our previous discussion that cities where advertising is highly developed such as Beijing and Shanghai usually have stricter control of advertising standards.

[INSERT TABLE 1 ABOUT HERE]

Cheng (2003) conducted a content analysis of 43 illegal advertising cases that occurred between 1995 and 1997 and found that the illegal advertising cases were initially challenged by three sources: consumers, competitors, and/or SAIC staff. Compared to SAIC staff (65%) and consumers (30%), competitors' initiations (5%) were rare. SAIC staff played a dominant role in the verification process to determine whether the advertising claims were true or not. About three-quarters of all verifications for illegal advertising cases were conducted by SAIC staff. Consumers verified a small portion of the advertisements (12%). The court (7%), experts (4%), and the police (2%) were even less frequently involved in the verification of advertising claims.

The same study also identified eight common techniques employed in illegal advertisements. Among these eight techniques, providing false information (41%) and using puffery (25%) were the most common. Other less frequently employed techniques included understating certain information (8%), the unawareness of political inappropriateness (6%), insensitivity of cultural inappropriateness (6%), illegal sponsorship (6%), belittling competitors (4%), and providing counterfeit documentation to pass censorship (4%) (Cheng, 2003).

The frequent involvement of SAIC staff in the initiation and verification phases of handling illegal advertising cases demonstrates the vital role the SAIC plays in the implementation of the *Advertising Law* in China (Cheng, 2003). Many potentially illegal advertisements were first discovered by SAIC staff members in their routine checks of the advertising content of media or the performances of advertising agencies.

Compared to many western societies, the notion of 'consumer rights' is not popular in China.

The China Consumers' Association, the nation's only consumer protection agency, conducted a survey of 4000 consumers in Beijing in 1994 and found that when rights were violated, 40 percent of the consumers would backtrack and accept defeat. Only 13 percent would complain to the consumer associations (Chinese Consumer Newspaper, 1994). In a survey of 500 consumers in Beijing in 1996 (Chan, 1998) twenty-one percent said they would complain to the consumer associations at various levels if they were not satisfied with their purchases. A majority of them said they would bad-mouth the products and advise friends not to purchase them. Only eight percent would complain to organizations responsible for regulating advertising (Chan, 1998).

However, we sense that Chinese consumers will play an increasingly important role in the initiation of challenges to advertisements. For example, a father of a two-year-old boy sued South Korean manufacturer LG in May 1999. He charged that an air-conditioner TV commercial featuring a fire-breathing monster was too frightening and sought 30,000 yuan in damages (Wiseman, 1999).

The China Consumer Association has set up events such as 'Month for Disclosing Deceptive Ads' (*jie huang yue*) to encourage consumers to report deceptive ads (China Business, 2001). Usually, consumers that have been deceived by advertisements report the experience. Instead of filing suits in the court, they tend to voice their complaints to the SAIC. The very low involvement of competitors in the initiation phase of challenging illegal advertising cases is probably due to the restriction, if not prohibition, of comparative advertising in the *Advertising Law* (Article 21) (Cheng, 2003).

#### **4.4 Self-regulation**

Self-regulation in the advertising sector is the recognition by the advertising industry (advertisers, agencies and the media) that advertising should comply to a set of ethical rules; namely, that it should be legal, decent, honest and truthful, prepared with a sense of social responsibility to the consumer and to society as a whole, and with due respect to the rules of fair competition. This is achieved through the establishment of a set of rules and principles of best practice to which members of the advertising industry voluntarily agree to be bound.

In China, the China Advertising Association is the official association representing the advertising industry. The Association was established in December 1983. The members are mainly large advertising agencies, advertising departments of the major media, universities with advertising educational programs, and large and medium-sized corporations with advertising departments. The role of the China Advertising Association is to provide guidance, coordination, and consultation services for the advertising industry, and to assist the government in its administration. It developed the *Self-regulatory Guidelines for Spiritual Civilization in Advertising* in 1997 (China Advertising Association, 2002). The main objective of the Guidelines is to raise the spiritual civilization standards in advertisements. “Spiritual civilization,” a more-than-a-decade-long political jargon in China, refers to, among other things, the love for the motherland, loyalty to the Party, care for fellow citizens, diligence and honesty at work, and concern for the environment (Poole, 1996). Thus, according to the Guidelines, “Spiritual civilization” refers to moral standards in a socialist context. All members of the China Advertising Association are required to follow the Guidelines. Specifically, the Guidelines require that all



advertisements should:

- encourage healthy consumption and discourage conspicuous consumption
- instill Chinese cultural values and enhance national pride and esteem
- promote scientific knowledge and discourage superstition
- be beneficial to the national construction and economic progress, and
- be beneficial to national sovereignty and unity.

Of importance to our investigation, Article 8 of the Guidelines stipulates that advertising should be beneficial to the physical and mental health of children. Advertisements for children's products and/or advertisements involving children models need to portray the children with good moral standards. The appearance of children and parents in such advertisements should demonstrate good manners and behaviors. The following content is prohibited:

- inducing children to put pressure on parents
- portraying children demonstrating disrespectful, unfriendly, or uncivilized manners and behaviors to their elders or other people
- instilling in children a sense of superiority or inferiority for owning a specific product
- deceiving children by using descriptions beyond their judgement capacity
- showing acts that children should not undertake alone
- portraying children smoking or drinking

Members who violate the Guidelines are subjected to penalties, including open criticism or even membership termination.

## 5. Conclusion

As advertising has developed rapidly in China in just the last two decades, advertising regulations are still in the process of evolution. Since the introduction of the *Advertising Law*, the advertising industry has been complaining about its vagueness and its openness to subjective interpretation. Obviously, the SAIC is the major party that performs the gatekeeper's role. There are also gatekeepers in advertising agencies and in the media. As the *Advertising Law* does not have a separate section that deals with children's advertising, it certainly has room for improvement. The gate-keeping function aims at maintaining truth and good moral behaviors in children's advertisements. The advertising industry is exercising self-regulation regarding children's advertisement. Analysis of the controversial television commercials indicates that the advertising standards place much emphasis on good moral behavior portrayed by children in the advertisements. Multinational advertising agencies pay much attention and try hard to follow the advertising standards. However, we speculate that small-scale advertising agencies and local advertisers are not doing so. This can be seen from the large amount of illegal advertisements found by the censorship authorities. An unambiguous and well-defined advertising law is essential for the healthy growth of the advertising industry in China that focuses on children.

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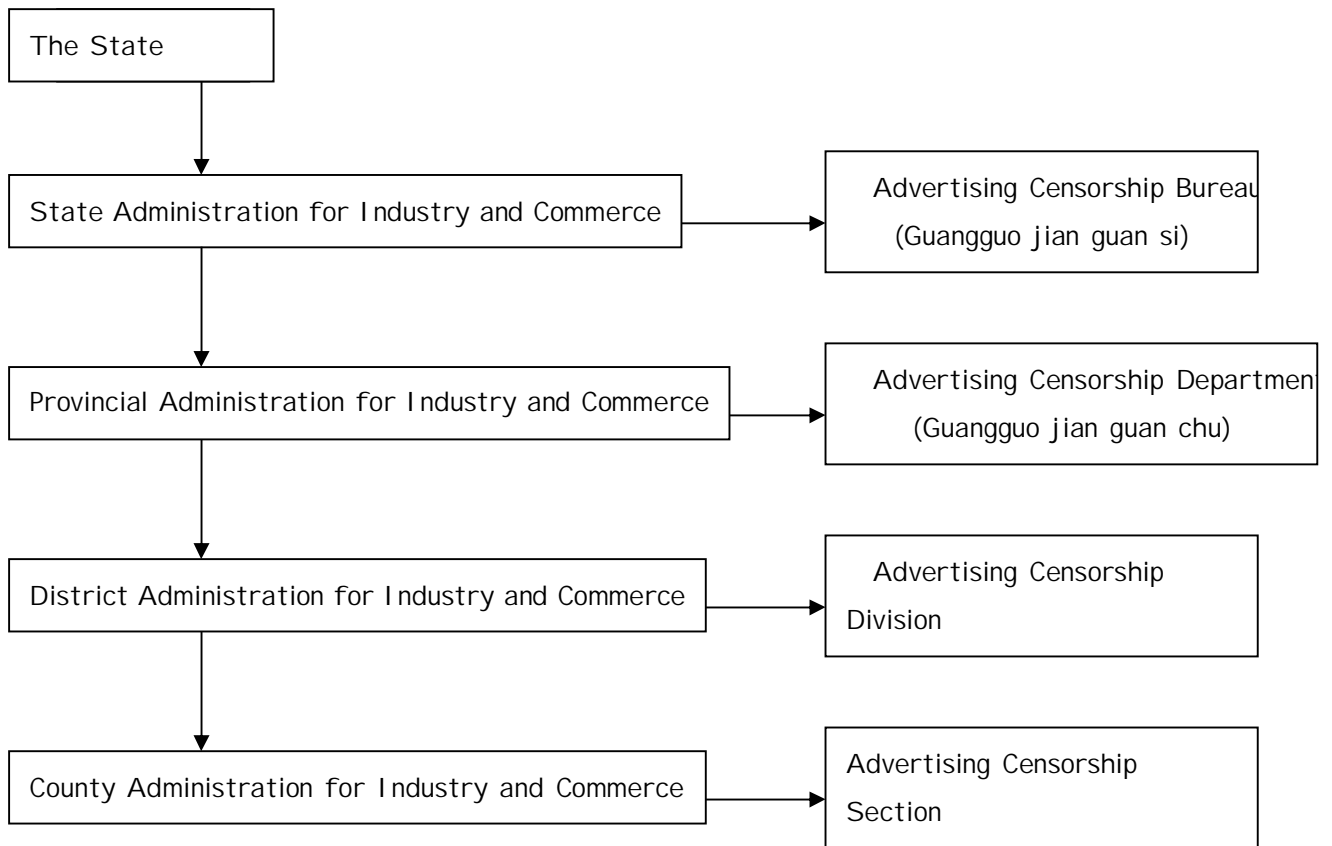
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Figure 1 Organization structure of the censorship authorities.



Source: China Advertising Yearbook (2001)

Table 1 Profile of illegal ads investigated in 2000

Illegal ads	No. of case	%
<i>By product category</i>		
Medicine	13986	20.9
Medical services	5983	9.0
Food	5213	7.8
Electrical appliance	2104	3.2
Cosmetics	1518	2.3
Wines	1424	2.1
Real estate	1150	1.7
Medical equipment	1149	1.7
Insecticides	507	0.8
Cigarettes	469	0.7
Finance	236	0.4
Others	33085	49.5
<i>By media</i>		
Outdoor	25719	38.5
Print	19619	29.4
Newspaper	4673	7.0
Television	2499	3.7
Radio	810	1.2
Magazines	483	0.7
Others	13021	19.5
<i>By nature</i>		
Fake ads	11199	16.8
Others	55625	83.2
<i>By illegal party</i>		
Advertisers	36470	54.6
Publishers	11034	16.5
Marketers	8512	12.7
Others	10808	16.2
<i>By geographical regions</i>		
Shandong	8377	12.5
Zhejiang	6060	9.1
Liaoning	4742	7.1
Shichuan	4492	6.7
Jiangsu	4062	6.1
Guangdong	3613	5.4
Henan	3308	5.0
Others	32170	48.2
Number of illegal ads examined by SAIC	66824	100.0

Source: China Advertising Yearbook (2001)