

## **Advertising, Marketing, and Trade Shocks: Evidence from India**

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**Abstract:** This paper investigates the impact of rising Chinese import competition on firm-level advertising and marketing expenditures in India over the period 1995-2007. Using an instrumental variable strategy, we find that increased Chinese import penetration leads to a significant rise in advertising and marketing expenses as a share of selling and distribution costs. These effects are more pronounced for larger firms, exporters, and multi-product firms.

**Keywords:** Chinese Import Competition, Advertising Expenses, Marketing Expenses

**JEL Classification Number:** C26, F1, F14