

Ask anyone about what it takes to be a successful local agency in China and you'll hear one word back – “Guanxi”. While this is still an important facet, we are seeing far more progressive thinking today as the environment gets more and more competitive. If you intend to be a successful multinational agency in China, there's never been a more important time to ‘go native’ and learn from the locals.

When we say ‘local’ , we should be specific – last year , there were over 204,000 local agencies spread across the Middle Kingdom according to the CAA (China Advertising Association). By our estimates, the “local agencies” still represent around 80% of the estimated RMB34.1b revenue for advertising services in China. Yes, for the newbies, this is not a typo – all the might of WPP, Dentsu and the rest can only come to around RMB6.8b for mainland China. For the full family tree, you can click on this link [here](#)

This year, in our research with 200+ China marketing decision makers, a quarter of them told us if they ran a creative agency pitch tomorrow, they would shortlist a local agency. That's up from 6% in 2006. For the first time ever, one local agency ([Ye Mao Zhong](#)) was mentioned amongst China's Top Ten most creative – and five were mentioned in the top Twenty Five. We've been fortunate to meet with a lot of them over the last eight years – and we think they are showing the rest of the world a few important things about being a successful agency.

1. **Market The Brand.** Agencies are fantastic at marketing other people's brands, but rarely invest enough time in their own. In China, no-one does it better than [Ye Mao Zhong](#) and [Zheng Bang](#) , who work closely with business publications in exchange for adspace. Shanghai's [Meikao](#) has a unique positioning – it wants to be a toilet bowl for their clients. But that said, it doesn't take crap from anyone in the way it works. [Dongdao](#), [Focus PR Group](#), [TEAM](#), [Tri-Star](#) and others invest in trade print titles. And [Charm](#) have even produced and aired their own TV commercial for their company – who said Advertising doesn't work?

2. **Leverage Global Connections.** We're meeting a lot of ‘new breeds’ of hybrid agencies who are offering and delivering the best of both worlds - either through minority or majority ownership. [R3](#) is a global marketing consultancy with our heart in Asia. We focus on improving the effectiveness and efficiency of marketers and their agencies. Founded in 2002, we work with eight of the world's top twenty global marketers

investment from a global network, or through their own connections. In some cases, there share more global best practice than some multinational agencies in China. [Raynet Ogilvy](#) and [Allied Shanghai](#) have proved to us through their Ogilvy relations, they can more than match foreign competitors. Dentsu has given minority investment and best practice insights to [Suntrends](#) and [Blue Focus](#). And agencies such as [Always](#), [Dawson](#), [Yong Yang](#), [Unisono](#) and [Starecho](#) have all enhanced their competitive spirit through majority investment.

3. **Carve out a niche.** Find a city, find a discipline, find something that makes you stand out from the other 203,999. The best local players do this every day in their business approaches and thinking. [Garbo](#) leads the way in Hefei offering healthcare and other skills. [Transmind](#) is the leader in Guanxi province, attracting a wide mix of clients. [S&W](#) brings unique PR insights to Chongqing and Sichuan province that can't be found from an office in Shanghai or Beijing. [1024](#) is leading the way on IWOM services for local and multinational clients. [Madhouse](#) has done more than any global firm in pushing mobile marketing in China. Each have found a way to thrive through their own skills and insights.
4. **Build ROI.** To think that local agencies somehow lack tracking and research is quite misplaced. [Singshine](#) have a six monthly Client Performance tracking tool in place to measure satisfaction and their own results for their ten biggest relationships. [Spearhead](#) have a unique online system for event marketing to record and measure success. Both [Shunya](#) and [Across China](#) also have teams specializing in measuring the ROI of their PR and Event activities. There's a new discipline in China, and clients are increasingly steering towards agencies that can measure what they make.
5. **Go Digital.** Some of the most exciting digital agencies we meet in China are the local ones. They embrace a "Can Do" spirit and have a bright team of graduates to drive execution. The leaders own the business – so they have an unbridled passion to grow through good work. Few multinationals can keep up to the speed price and quality of [NIM](#), [A4A](#), [Gomye](#) or [Showone](#). Meantime, local heroes such as [Tensyn](#), [OMP](#), [Longtuo](#), [Boosen](#) and [HYLZ](#) continue to grow in critical mass, credentials and capabilities.

The spirit of entrepreneurship has never been more alive and well than in China's plethora of local agencies – with a hunger and passion to grow and thrive like few other markets. The Future is Bright.

*Greg Paull is Principal of R3 ([www.rthree.com](http://www.rthree.com)), a Beijing based consultancy focused on marketing efficiency and effectiveness.*