

## CHINA MARKETERS DIVERSIFY RELATIONSHIPS

### NEW STUDY SHOWS MULTINATIONAL AND LOCAL COMPANIES ENGAGING MORE AGENCIES; MORE SPECIALISATION

- Agency specialization is now sought as clients engage multiple agencies
- Low perception of digital skills and low agency performance results
- No more “One Stop Shop” - Creative agencies missing out on diversified services
- Coca-Cola and P&G prove to be the most respected marketers; many local companies well admired too

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- **China marketers are managing more agencies than ever before**

According to a new study, China marketers are changing the structure of their agency relationships – moving from ‘one stop shop’ to a range of specialists. “We’ve already seen the growth of media agencies on the mainland over the last ten years, but this study suggests digital and marketing service agency relationships are becoming more strategic and more common” said Sally Warren, GM of R3:GC, a joint venture between Beijing based consultancy R3 and European consultancy Grupo Consultores. “On average, marketers are managing 7% more creative and media agency relationships, and they are using marketing services agencies 20% more often” she added.

The research involved five months of face to face interviews with 234 senior marketing decision marketers in China. It included top multinational marketers such as Coca-Cola, Nokia, McDonald’s and Diageo as well as major local players including China Mobile, Yili, Lenovo and Bright Dairy.

“Marketers now engage a specialist agency (other than their core creative or media agency) in much higher numbers from everything from event marketing/ roadshows (up 11% since 2008), to digital marketing (up 11%) to public relations (up 8%)” said Ms Warren. “In turn, the role for traditional creative agencies in particular has gone down; for the activities of digital marketing (9%), direct marketing (15%), event marketing (56%) and even field marketing, sponsorship and product placement.” she added.

- **Creativity still matters most**

Part of this drive is the constant pressure from China marketers for more creativity from their agencies - “98.9% of marketers ranked creativity as an important factor in agency selection, but only 67% rated integration important – which has declined from the previous study two years ago” said Ms Warren. “And creativity is now coming from anywhere – marketers gave us their insights on over 250 agencies in China – with more local agencies mentioned than ever before” she added. “Local agencies such as Ye Mao Zhong also ranked in the top twenty for the first time” she added.

- **Digital Marketing evolving – with more training needed.**

The year of budget pressure also put a further spotlight on the role of digital marketing and the best agency partners to help shape new strategies in this continuously evolving field. 92% of clients claimed they would welcome new media training from their creative or media agencies; and just 22% of clients rate their current creative agency as being strong in digital/interactive media.

“As a result, there has been a tendency towards specialist digital agencies; with 52% of marketers stating they would prefer to use a specialist digital agency than either of their current creative or media agencies.” Said Ms Warren. “Digital agencies are now being engaged in the majority of cases for areas of search, mobile marketing, web development and build, and digital strategy and consulting. Media agencies still take the lead for online media planning and buying, just ahead in social media and equal on search.” She added.

### **Coca-Cola and P&G lead the way, but local companies also well respected**

The study also looked at both high profile and most admired peer marketers in China – with Coca-Cola leading the way in terms of High Profile, and runner up to P&G in terms of Most Admired. “Coca-Cola have shown there is life after the Olympics – and have continued to raise the bar in their marketing efforts in China” said Ms Warren.

However in this years' Agency Scope Study there has been a significantly higher level of local clients in the mix. "Mengniu Wang Lao Ji and Li-Ning are all ranked in top ten most admired - and overall, 44% of all companies named were local marketers" she added. "Best practice in marketing is no longer something that's just imported, but increasingly home grown" she added.

### **About the Study**

**In-depth, Face to Face Study, covering 234 senior marketers and 754 agency relationships**

The China Agency Scope is now in its third wave, with previous research conducted in 2006 and 2008. The Study aim is to understand the latest marketer-agency engagement trends, and perception and performance of creative, media and marketing services agencies in China.

In-depth face-to-face interviews were conducted with senior Chinese marketing decision makers from China's top marketing companies, providing comprehensive data and insights to help agency networks and marketers forecast and benchmark their businesses. The study is conducted every two years in China, making it the most robust independent tracking measure of Chinese agencies and their client relationships.

### **About R3**

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, it works with eight of the world's top twenty global marketers. For more information , visit [www.rthree.com](http://www.rthree.com), write to [sally@rthree.com](mailto:sally@rthree.com) or call +65 6221 1244

### **About Grupo Consultores (GC)**

Grupo Consultores (GC) was founded in 1990 in Madrid, Spain and now operates throughout Europe and Latin America in client-agency consulting, agency pitch management and agency image research. Outside of Europe, this agency image research has been completed in China, Brazil and Argentina, and now India. For more information, visit [www.grupoconsultores.com](http://www.grupoconsultores.com) or write to [cvacchiano@grupoconsultores.com](mailto:cvacchiano@grupoconsultores.com)