

## **STUDY SHOWS MARKETER-AGENCY RELATIONSHIPS STRUGGLE**

- Marketers becoming more demanding and less satisfied overall
- Pitch activity increases and more agencies involved than ever before
- Agency –marketer relationships continue to be the shortest in the world

Shanghai, March 2010

According to a new study, the relationships between marketers and their various agencies are proving more challenging than ever, and low satisfaction levels are leading to more and more pitch activity, perpetuating the cycles of unrewarding and short-term partnerships.

### **Overall marketers have a decreased level of satisfaction with media and creative agencies**

China marketers have consistently shown lower satisfaction measures with their agencies than in nearly every other market where this Study is conducted. In the latest results, there is even a further trend towards indifference with marketing communication suppliers. Sally Warren, GM of R3:GC , a joint venture between Beijing based consultancy R3 and European consultancy Grupo Consultores says; “this year we have seen only 52% of marketers agree they are ‘happy with their agency’ (down from 74% 2 years ago), less marketers think their agency is helping them build their business, and less marketers are surprised by good work from their agency.” Approximately a third of marketers are also indifferent towards either their creative or media agency, or both – a sign that marketers are much less engaged with their agencies in China than in other markets.

This high state of marketer-agency discontent, is reflected in the increasing tendency towards project basis – in fact 43% of marketers now engage their agencies on this basis (projects lasting less than a year). “It’s a true indication that agencies are continuing to be engaged more as commodity suppliers rather than brand building communication partners, and many marketers are not committing to a long term or even medium term vision” says Sally Warren.

## **Pitching gains in popularity; now used by 85% of marketers for agency selection**

To perpetuate the difficulty, Pitching is only on the rise. Amongst creative agencies, selection by trial assignments/projects, workshops/chemistry sessions and selection by credentials are all down by at least 6%, as pitches involving both creative and strategic work continue to rise. For media agencies, 72% of marketers now use pitch (Strategy and rates) for agency selection, on the rise consistently from 2006 at 68%.

Sally Warren says “Even more difficult for agencies is the number of agencies invited to pitch is also increasing; now on average there are 3.7 agencies invited to a creative pitch (amongst local Chinese marketers this is even higher at 4.5), and 38% of marketers are pitching their creative business annually or even less.”

For media agencies, we see that 59% of marketers believe its bad practice to pitch at the frequency they do, however 62% of marketers then stated they forecast pitching more in the future rather than less, and 51% admitted the core reason for this was to get better rates.

## **Agency relationship duration continues to be the shortest in the world**

These satisfaction levels result in marketers’ continued predisposition to change agencies as well as the shortest agency tenures in the world. For creative agencies the average tenure is at just 2.7 years and for media agencies it’s at 3.2. “With these figures China still continues to the lead as the market with the shortest agency-marketer relationships in the world, and a far cry from markets such as the US where relationships average over 6 years”, says Sally Warren.

### **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 relationships with marketers.

**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, Argentina, Mexico, India and on an APAC regional basis. For more information, visit [www.grupoconsultores.com](http://www.grupoconsultores.com) or write to [cvacchiano@grupoconsultores.com](mailto:cvacchiano@grupoconsultores.com)