

CHINA MARKETERS FINALLY PUTTING AGENCY PEOPLE FIRST

NEW STUDY SHOWS MULTINATIONAL AND LOCAL COMPANIES VALUE AGENCY PEOPLE MORE THAN EVER BEFORE.

- Local agencies outperforming multinationals now in many area, especially digital
- Less than two thirds of China markets satisfied with their agencies - below global norms of 82%
- No more “One Stop Shop” - Creative agencies missing out on diversified services
- Apple, Coca-Cola and P&G prove to be the most respected marketers; many local companies well admired too
- Ogilvy, Mindshare, OgilvyOne lead Perception



Shanghai, March 2012

▪ China Marketers Finally Putting People First

According to a new study, China marketers are for the first time valuing agency talent above all else, similar to more developed countries. “Experienced marketers know that as strong as an agency’s network, clout or creativity is, its ultimately the people that make all the difference” said Sabrina Lee, General Manager of R3:GC, a Joint Venture between global consultancies R3 and Grupo Consultores. In this research, 77% of all marketers ranked “The Agency’s People” as Very Important, the highest of sixteen different criteria in selecting a creative agency, and the first time this attribute has been ranked first. Amongst media agencies, there we similar signs that people now matter as much as rates. “The China communications industry is suffering from a talent crunch – so marketers have a new level of hunger to get an unfair share of the best talent “ added Ms Lee

The research involved five months of face to face interviews with more than 300 senior marketing decision marketers in China, covering more than 850 relationships. It included top multinational marketers such as Coca-Cola, L'Oreal, McDonald's and Diageo as well as major local players including China Mobile, Yili, Lenovo and Shanghai Jahwa.

- **Local agencies outperforming multinationals now in many area, especially digital**

The study also highlighted the fact that the gap is narrowing, not increasing, between the quality levels of multinational and local agencies. “Marketers rate the local agencies they are currently using higher overall in terms of pro-activity, timeliness, client service and senior management involvement. “It’s clear that the agency management who won their businesses are taking a significantly higher level of involvement in their clients” said Ms Lee. But the news is not all bad for multinational agencies, who lead locals in terms of strategic planning and integration. Amongst digital agencies, there’s an even more pronounced trend - “There’s now more than fifty top class local digital agencies in China , working across all aspects of social, search and web creation – and a lot of local and multinational agencies are gravitating towards them” she added

- **Less than two thirds of China markets satisfied with their agencies - below global norms of 82%**

Chinese marketers are not a happy lot – with low levels of satisfaction compared to other markets where this study is also done. “The average relationship is getting a little longer than 2010 , at 3.3 years for all agencies and as short as 2.5 years for digital media agencies – but one of the main reasons why is a ‘concubine mindset’ – with some marketers happy to have two of three full time roster agencies” added Ms Lee. “Four years ago, marketers averaged just 1.4 media agency relationships , and now its 2.0” she added

- **No more “One Stop Shop” - Creative agencies missing out on diversified services**

The role of specialist agencies and diversified services is growing dramatically in China, along with the management of multiple partners. 69% are now looking to work with a digital specialist agency, up from 52% in 2010. And with this diversification comes training and collaboration demands “95% of marketers are looking for their agencies to lead in terms of digital training and 91% are demanding a greater level of collaboration as well” said Ms Lee. “We’re increasingly seeing the best agencies also go well beyond execution in digital and look to more complete digital business solutions “ she added

- **Apple, Coca-Cola and P&G prove to be the most respected marketers; many local companies well admired too**

For the first time in this study, one company (Apple) topped both the best campaigns in China as well as the most respected marketer in China, as judged by their peers, with Coca-Cola, P&G and Nike performing well in both categories. “2001 was the year of Apple in China – their business went through an incredible growth, and their brand is now on the top of everyone’s lips, including fellow marketers” said Ms Lee. Local brands, such as Vancl, Wang Lao Ji, China Mobile, Yili and others also received multiple mentions, showing the diversification of the China market – as a number of top local marketers look to China-grown brands as a success measure

- **Ogilvy, Mindshare, OgilvyOne lead Perception**

According to marketers, WPP agencies Ogilvy (amongst creative agencies), Mindshare (amongst media agencies) and OgilvyOne (amongst digital agencies) continue to lead the way in terms of perception. “All three of these agencies have invested in their own marketing and brand building in China – and this is having a very positive effect in the way current and potential clients see them” added Ms Lee. In the digital space, local agencies also performed well overall in perception – “Six of the top fourteen agencies in Digital in terms of perception were local agencies – and given that most respondents to this study were from multinational firms, it shows there are still multiple approaches to digital relationships in China” she added

About the Study

In-depth, Face to Face Study, covering over 300 senior marketers and 850 agency relationships

The China Agency Scope is now in its fourth wave, with previous research conducted in 2006, 2008 and 2010. 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, write to sabrina@rthree.com or call +8610 5900 4733

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 or write to cvacchiano@grupoconsultores.com
