

## **STUDY SHOWS CHINA MARKETERS INVESTING MORE THAN ANY OTHER MARKET**

- 11% of sales going back into marketing
- More than double other emerging markets such as Brazil, India
- Local Chinese marketers gaining more and more respect

Shanghai, March 2010

As the world's best brands as well as local Chinese brands compete in the ever more complex and demanding China market, there is an unprecedented level of investment being seen in marketing. This is coming from both Multinational and Local marketing companies, shows the latest wave of Agency Scope research released by R3:GC, a joint venture between Beijing based consultancy R3 and European consultancy Grupo Consultores.

### **Multinational Marketers lead the way on spend**

On average, top marketers are investing RMB237.8m in marketing per year. Of this, for every RMB100 in sales, RMB11 is going back into marketing budgets. "This is up from 10% in 2008 and is more than double most other emerging markets, showing the heightened maturity of the marketing sector in China" says Sally Warren, GM of the R3:GC. "In other developing markets by comparison, marketers are significantly under-investing; in India at just 4.6% of sales going into marketing, in Latin America it's at 3.4% and Europe just 2.1% in the last year." Multinationals companies are leading the way on investment, with an average of 11.4% invested by this group; against 9.4% for local Chinese companies.

### **Media Budgets also on the rise**

Further, marketers are spending on average RMB167m in media, and media budgets are also on the rise with an average of 7.2% of sales going into media budgets, an increase from 6.5% in 2008. Here however it is local Chinese marketers leading the way on spend; with 10.4% of sales spent on media. "As a response, Chinese media agencies have had one of the most competitive years on record; combined with the economic crisis of 2009 resulting in media spend and transparency being heavily scrutinized, media costs, negotiation and buying power have shown to be an even heavier priority for marketers and the driving factor in agency selection and success" says Sally Warren.

### **Local marketers faring well by peers**

Marketers show the most respected peer marketing companies are still many multinationals; however in this years' Agency Scope Study there has been a significantly higher level of local marketers in the mix. Topping the list as the most respected company in China is P&G followed by Coca-Cola, but in third place is local dairy company Mengniu. In the top 10, Wang Lao Ji and Li-Ning also make an appearance, and overall, 44% of all companies named were local marketers. Amongst the top 5 most high profile advertising campaign of the past 2 years shows local company Mengniu again, along with China Mobile. "There is a real sign that Multinational marketers and locals alike are admiring and learning from some of these successful local companies in China" 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)