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THIS WEEK



Mall needs to move a step up to stay ahead



An eye on every facet of FedEx



The core brands, not Omnicom, that count

Creative challenges, compensation top concerns

By Atifa Hargrave-Silk, 24 September 2004



Fielding and Wang... about finding the right process and principles to drive integration

Asia's top marketing heads discuss market challenges

They speak for the likes of Unilever and Coca-Cola. Between them, they control more than US\$1.5 billion of advertising expenditure in Asia-Pacific and work with 23 of the top agencies in the region. But ask this influential group of regional marketers what's on their minds and the responses are anything but predictable. At the first Asian Leaders Roundtable in Hong Kong, 16 regional heavyweights -- from British American Tobacco, Cathay Pacific,

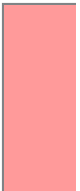
Intel, Wrigley, Motorola, Philips, Diageo, Shell, Adidas and Johnson & Johnson, as well as Coca-Cola and Unilever -- underlined shared communications challenges that spanned agency relationships and remuneration difficulties, to tackling integrated campaigns. Greg Paull, principal of R3, which organised the July 29 event with Media (sponsored by Starcom MediaVest and ZenithOptimedia), says: "This was a gathering of some of the region's most senior players to explore issues and challenges on communications." While brands such as adidas and Cathay Pacific rely on a central model to develop regional advertising campaigns, others like Philips have chosen to create clusters for market development. Coca-Cola Asia's marketing director David Fielding notes: "In Asia, we use a blend of both local and regional agencies. When we have a strategic issue that we are addressing in a specific country, we search for existing communication developed in another country, which we could reapply. If we are unable to, we then develop the communication locally as a sharper solution." Meanwhile, Unilever's China marketing director Joanna Wang believes that, at least in China, it's essential to create campaigns at a local level. "If the regional or global campaign can work in China, I am happy to use it. But, in most cases, it can't." The use of focus groups also appears to be evolving, with more brands electing to involve creative agency partners. "We found that getting creatives in at the early stage has made a huge difference," explains Chris Lee, Asia-Pacific marketing director at Philips. But with event marketing and below-the-line increasingly playing a central role in the marketing strategy for brands like Philips and Diageo, the key challenge facing regional marketers is finding the right process and principles to drive integration - either by having a single agency take the lead and manage others, or creating a coalition of agencies that can effectively work together. Which is easier said than done. Marketers argue that agencies' claimed offers of through-the-line remains "weak", particularly in terms of below-the-line activities like in-store/retail visuals, merchandising and promotions, events and PR. Lee adds: "Many agencies are now promising through-the-line solutions through their existing resources or by collaborating with sister companies, but they're still very much plagued by traditional media thinking." A key concern for marketers is the blurring of creative and media agencies. "The worrying thing is that all agencies are now trying to fight for this pie," says Lee. Whether this will eventually lead to a shakeout in the ad industry remains to be seen. But perhaps most pressing of all is the remuneration dilemma both marketers and agencies face. Shell's Asia-Pacific

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communications director Charis Chan says: "Fees (are) generally a fairer and more stable position for both client and agency. There must be some give and take to make it successful and productive." However, the debate on payment by results, whereby agencies generate greater returns based on results, appeared to be a process many were watching closely. While it was established that the current fee structures were superior to the commission system, R3's Paul adds: "There was still a sense from all as to 'what's next?', with royalty structures and sales-related structures also discussed. Compensation will continue to be an important discussion point."

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