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The Marketing and Communications Newspaper for Asia

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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

China marketers stick to payment by commission

Ty Webb, 03 October 2003

SHANGHAI: Commissions largely remain the favoured method of payment for China marketers compensating their agencies, according to the preliminary findings of a survey by R3 Asia-Pacific.

The client-agency consultancy polled 50 China marketing decision-makers and found that 47 per cent paid their agencies on commission and 26 per cent on a project basis. About 27 per cent were paid by fees. Goh Shu Fen, R3 principal, said the numbers came quite close to the company's other Asian research but the latter figure differed largely from the US where well over 70 per cent of the relationships were fee-based. Other findings revealed that China marketers are as demanding, if not more demanding than their Asian counterparts, and more so than those in the US. "We're only halfway through the fieldwork, but the trend already shows that China advertisers spend a higher proportion below-the-line than their Asian counterparts. Agency fees are 10 to 20 per cent lower as a percentage." Overall, 54 per cent of Chinese marketing spend was above-the-line, while the average for the rest of Asia is 66 per cent. "This ties in with what we know about China - that there's a large 'experience cycle' of marketing involving events, road shows and other 'high-touch' promotions," said Goh.

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