

A YEAR OF CHANGE AND CONSOLIDATION

As we track new business wins and losses across Asia Pacific, it's been a year of some big account shifts and some consolidation. We're starting to see some major trends now.

1. Media matters

Whilst we all focus on the creative output of communications, it's the media agency scene where the largest chunks of business are changing hands. From P&G's realignments within their roster in China, to tech giants Intel and Dell's global moves, there's an increasing shift to longer term media contracts. It's a major challenge for creative agencies as clients become more and more promiscuous, while maintaining more strategic relations with their media agencies. One corollary to this, is ironically, the world's most successful marketers – P&G, Unilever, JNJ and a handful of others, who have done so pretty much through fifty plus year relationships

2. New models emerge

When Dell decided to review their global business this year, they leant on holding companies to create some new models. The newly formed 'Enfatico' merged all disciplines under one roof, a 'Back to the Future' approach to the agency model. But Enfatico did a lot more than this, because Dell and their agencies are one of the few to put sales delivery front and center of the relationship. The agency played and continue to play an important role in setting sales targets. Dell is also one of the region's first marketers to hold media vendors to their own sales results – clearly a trend for the future. Coca-Cola also created a unique model in China for their Olympics marketing and now beyond – bringing together different disciplines under one roof for complete focus and drive. In our benchmarking analysis, no other company performed as well in terms of Olympic marketing impact and ROI

3. The path to globalization

Although we measure wins at every level, it was the global wins that drove most of the major realignments for 2008. We were involved in the global VISA review, so we're familiar with the constant demands of marketers to drive cost efficiency and effectiveness through scale. This was a tough process for all, as their Asia

Pacific relationship was positive, but the path to centralization was clear. VISA joined a long list including Intel, Sony Ericsson, Unilever and HP, amongst others, who changed their global partners in 2008. With continued pressure through the economic downturn, this can only become an increasing trend

4. Yet, the role of localization – in some cases

Despite this global push, we saw more marketers in 2008 making an exception for China. Ten years ago, companies broke global alignment for Japan – given the strength of local agencies there. Now, the clarion call is for finding the best possible local talent for China, a market too important to compromise on. While all the multinationals are present there, combined they command less than 30% of the market – so the chemistry fit and flexibility varies significantly across the board.

5. The drive for creative

In our past research and our analysis of local and regional wins, it's clear that creative is still king. Marketers generally felt that agencies were too focused on winning awards and not on building business. In our research in other markets, creativity comes through as the number one issue in agency selection, but the big gap we still see is a mutually aligned definition. Without this kind of alignment, both sides will never meet on the right points and never inspire and innovate the other to greater success.

6. Some ideas for 2009

There are plenty of measures of creative success – from LINK tests, to Brand Health Studies and frankly all the way to sales. These need to be individually discussed and aligned in advance between a client and their agency – and then incentives put in place if they reach it. Next, an agency needs to close the 'creative gap' - your typical creative person spends 20% of their time watching Cannes and AdFest reels, soaking in the most dramatic work in the world. His / Her client service partner might spend 5% of their time doing this. And meantime, the client will spend anywhere from zero to 1% on this. So the three are all talking different languages when they meet for a creative discussion. In a recent pitch, our client mentioned they wanted 'the most creative agency in the world in our category' – so we pinned them down for a night to look at forty ads

from around the world – none of them internally could even agree what represented the best work. This type of alignment will save a lot of creative tantrums down the track.

The last year has been exceptional – with the Olympics, the economic downturn, and constant pressure on ROI changing the mindset of some marketers. It's clear through this process only the best prepared marketers and agencies will survive. We hope that all take heed and prepare themselves for a tough year ahead.

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