

CHINA'S LOCAL MARKETERS DEMAND MORE FROM AGENCIES

BEIJING – March 2008 – In a landmark research analysis, Europe's Grupo Consultores and Chinese consultancy R3 have identified how local marketers and agencies in China are working – and how they are different from their multinational competitors.

“Local marketers want it all” says Cesar Vacchiano, Principal of Grupo Consultores, a specialist consultancy on the marketing sector.

“They rate more highly the factors of creativity, strategic planning, agency size and integrated services than their western counterparts”

he added. The study also showed local companies use on average 12.5% more agencies in their roster and have relationships that are 34% shorter. Says Mr Vacchiano “As local marketers grown in China, they are far more experiential and less faithful in their agency relationships.

The challenge for all will be work together to build longer relationships and more powerful brands”

Methodology

Grupo Consultores and R3 met face to face with marketers in twelve cities across China, analyzing 536 relationships, interviewing marketing decision makers at leading multinationals such as adidas, Unilever, McDonalds and Nokia as well as top local companies including Yili, Uni-President, Lenovo and Li Ning. In all, more than 200 different foreign and local agencies were benchmarked in terms of creativity, strategy, media planning and marketing services. “There were more changes than we expected in the last two years” said Mr Vacchiano. “The Chinese marketing communications industry continues to flash before our eyes” he added.

More differences

Far from a ‘blind choice’. local marketers are 36% more likely to read marketing magazines in order to identify their marketing vendors. The top magazines are regularly read by more than 70% of local companies. Yet despite the analysis, multinational companies still have relationships that are longer with their agencies – local marketers spend only 1.9 years in a typical partnership, well below the global average of 6 years. “For local marketers to effectively build brands, they are going to need longer term partners” said Mr Vacchiano “Still, 65% of this group hire agencies on a project basis, so they are unable to benefit from anything more than the next campaign” he added

Local agencies more nimble, dynamic – but lacking creativity and strategy

Beyond the local marketers, this study also looked at the increasing strength of local advertising and media agencies – amongst both Chinese and western

companies. China currently has more than 55,000 local agencies, and it is now that the leading ones are rising to the top. Amongst more than 200 interviews just about local agencies, some key trends in this research were

- Local agencies were seen as 84% higher on value for money
- Local agencies were seen as 34% higher for working on time

YET

- They were seen as 28% lower on effective creativity
- They were seen as 42% lower on delivering good strategic planning

“Foreign marketers in China are not getting all the services they need from foreign agencies” said Mr Vacchiano. “Almost all companies now have a local agency somewhere on their roster, even if it’s just for below the line services – they bring speed and cost benefits, but as this study highlights, often at the expense of creativity and thinking”

About Grupo Consultores

Grupo Consultores 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 with India slated for 2008.

About R3

R3 is an independent marketing consultancy whose aim is to improve the efficiency and effectiveness of Asia-based brands and their agencies. Founded in 2002, it works with seven of the world’s top twenty global marketers. In 2007, R3 managed the largest global review of the year (Johnson & Johnson), the largest review in Asia for the year (Singapore Airlines) and the largest review in China (L’Oreal) in addition to providing consulting advice for VISA, Diageo, Coca-Cola and Lenovo, amongst others.

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