

Was that a year already?

As this year comes to an end, it's important to reflect back on the events that shaped the industry for the year – and see if they will set the trends for the years to come.

Holding companies shaped the year – while the frequency of top level pitches was less than some of us predicted (Intel globally led the way) and indeed some of the biggest became unwound (Samsung returning to an agency model), there was still clear signs that with the Grey acquisition and Aegis on the block, the concept of consolidated holding companies continues to become a key leverage for potential clients. Led by Omnicom, they also started to pay their real respects to Asia, establishing units and capabilities that can deliver locally on the opposite time zone to the northern lights.

On the subject of holding companies, rebates shaped the year – and the Interpublic announcement in September, as part of a US\$500m+ restatement that it was returning theirs. We may reflect on this as one small step for a maligned holding company, one giant leap for a maligned industry. As all parties involved have come to grips with the need for total transparency, everyone needs to re-adjust their compass and alignment. The unfortunate end-game is that for certain in the 'problematic' markets, clients will have to pay media agencies more in terms of fees for their services – but in return will come a new era of clarity and consistency in return for lower net costs. Watch this space.

China local marketers shaped the year – increasingly marketers, such as Bright Dairy, Mengnui, Haier, Qingdao and others changed their agencies and built more strategic relationships with the multinational agencies, in some cases for the first time. If it rings true that the global agencies still only hold around 25% of the agency activity in China, this glass is either half full or half empty, depending on your perspective and cultural affinity. Certainly, with continued holding company investment, the local marketers will find appropriate homes amongst the world's biggest agency groups – the only challenge then will be getting paid appropriately and professionally for it.

Inflation also shaped the year – whether it was China suffering from intense over-demand or India suffering from intense confusion and lack of clarity on results, media inflation continues to haunt the region more so than any other on earth. In such an environment, media vendors will tend to exploit this for financial gain, and benchmarking actual media costs continues to be a challenge for Asian players that their European and US counterparts have resolved. We recently had an agency claim a 'nett' saving of 37% year on year – but oh, that would be off the back of a 91% inflationary trend! The client in the middle paid 54% more, unsure of whether to smile or frown as the sun set. In any case, inflation drives one core thing – better integrated marketing. Sophisticated marketers are using the web, product placement, events and CRM to convert those hard to reach customers, at generally a more cost-efficient ratio than main media alone.

So what of the year ahead - more mergers, more closures? One thing is for sure, in this small part of the world with 3 billion people looking to break the status quo, it will not be business as usual. Perhaps Andy Grove was right – only the paranoid will survive

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