MARKETING RESEARCH

Market intelligence and industry insights for marketing professionals

Hong Kong 2014 Creative Agency Rankings & Strategy Toolkit

- **Marketing Services Opportunities Overview:** Creative services opportunity and competitive analysis relative to other marketing services
- **Agency Rankings & Performance Index:** Creative services, brand consultancies and content marketing
- **Key Industries for Creative Services**: Highest growth and top spenders in creative services

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Executive Summary

Despite a saturated marketing services landscape in Hong Kong, there are opportunities for advertising and marketing agencies to grow their business and defend their positions in respective marketing service areas (i.e. creative, media planning/buying, public relations, event marketing, direct marketing and market research). The growth strategies for different types of agencies are unique due to different competitive forces in each marketing service area.

However, agency growth objectives often result in them jumping on the bandwagon to offer upcoming marketing services. This often leads to silos being created within agencies, with new teams set up in agencies to focus on this expertise that may not be fully integrated into the rest of the company's work. Unintentionally, agencies may focus too much on the new tool rather than the clients' problems and needs. Therefore, agencies must constantly make it a point to give the client 'a seat' at their agency strategy 'planning table'.

In this report, Marketing Research breaks down three key insights into the Hong Kong creative services landscape in 2014:

1. **Creative agencies can bolster their positioning and grow by offering a wider range of services in relatively unconquered territories of brand consulting, digital and content marketing,** but must do so with client marketers' needs at the heart of the agency strategy planning. Creative services is the second largest component in the marketing budget, a result of the large share of their marketing budgets that clients allocate to creative services (21%). Therefore, competition is also highly intense– the highest among marketing services in Hong Kong. However, there is still considerable whitespace in newer marketing services of brand consulting, digital marketing and content marketing, where independents have emerged and that there are no dominant players yet.

2. **Consistent with 2013, WPP's agencies takes the largest share in creative agency rankings, but Omnicom's stable rankings share means it now competes with Publicis for second spot as Publicis' share of creative rankings edges up in 2014.** Ogilvy is the clear leader in creative agency rankings. However, even though lower than Ogilvy, Leo Burnett DDB, TBWA, JWT and Publicis outperforms Ogilvy in the performance index. Metta Communications is the best performing independent creative agency, ranked seventh in overall creative agency rankings. Across other marketing services often offered by agencies alongside creative services (brand consulting and content marketing), Ogilvy leads largely due to strong perception of its expertise across a wide range of marketing services. However, home-grown agencies perform prominently well across brand consulting and content marketing services based on their strong identity as local specialists, particularly in brand consulting.

3. **In Hong Kong, the industries with the largest expenditure in creative services are also increasing expenditure in this area the most from 2013 to 2015.** The most important industries for creative agencies in 2014 are top spending industries in creative services, expecting to increase creative services spend – Consumer Products, Property, Healthcare, Financial Services and Retail. Growth can also come from clients in the IT/Telecoms and Energy/Utilities/Government industries, that are expecting relatively high growth in creative services expenditure from 2013 to 2015, albeit from a smaller spend base.

ABOUT THE REPORT

This report is based on findings from the 2014 Marketing Spend Benchmarking study, which collected the feedback of 1223 client marketers in Asia. In Hong Kong, a total of n=419 responses were collected. The study was carried out by Marketing Research, the research unit of the *Marketing* magazine. Only aggregate results are published, and individual company information is held in strict confidence with Marketing Research.

Marketing Services Opportunities Overview

"Creative agencies can bolster their positioning and grow by offering a wider range of marketing services, especially in brand consulting, digital marketing (social, mobile and search) and content marketing."

Saturated Hong Kong marketing services landscape demands agency differentiation

"Creative services agencies operate in the most competitive environment among all marketing services, with relatively large opportunity size, second to event marketing."

Once clearly defined, the lines between separate areas of marketing services are now blurred. Agencies are constantly evolving to meet the needs of clients' briefs, adopting new marketing techniques and developing new expertise areas. This presents new opportunities for agencies to develop deeper relationships with their clients, and also to enter new marketing spaces for growth and differentiation.

However, before agencies invest in new service areas, it is critical for senior management to fully understand the various marketing opportunities – that is, how big is the opportunity and how stiff is the competition?

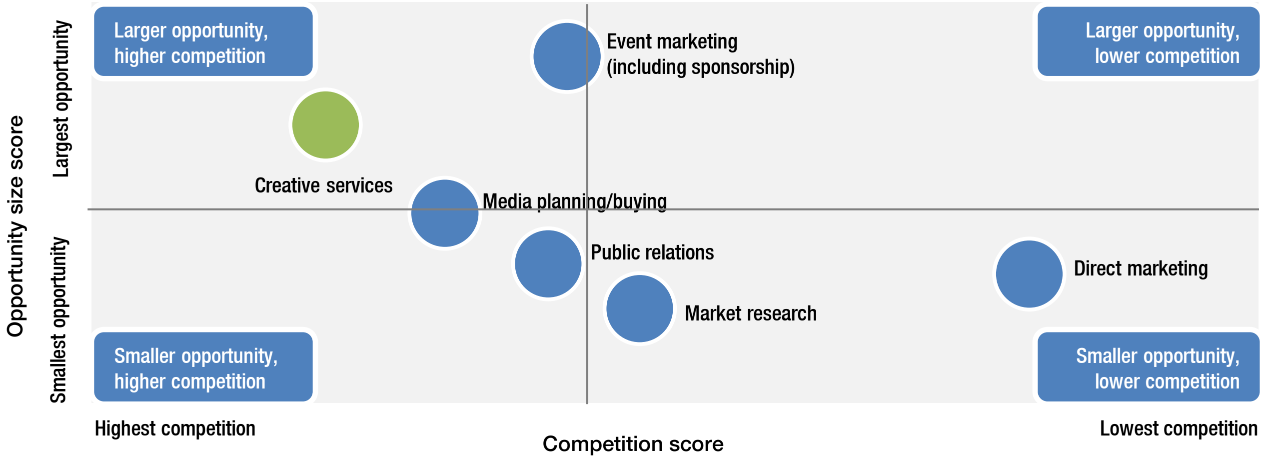
Figure 1 puts into perspective the landscape for various marketing services opportunities. Based on a survey of more than 400 client marketers in Hong Kong, Marketing Research calculated an opportunity size score (x-axis) and a competition score (y-axis) for each marketing services area.

The opportunity size score considers the share of marketing budget allocated to each marketing services area, the growth forecast and the incidence of use among client marketers. The competition score considers the number of players in that area, the average number of agencies used by marketers, and the strength of preference for top tier agencies.

The marketing services landscape in Hong Kong is saturated, evident from the fact that no service area fully falls into the top-right quadrant of larger opportunity size and lower competition.

The creative agency space is mature, with many agencies fighting for a share of clients' creative budget. The opportunity size is relatively larger but competition is also among the highest. Among marketing services in Hong Kong, the opportunity size for creative agencies is the second largest, trailing only event marketing agencies. Yet, creative agencies operate in the most competitive environment among marketing services.

Figure 1: Marketing services opportunities landscape for 2014 – Hong Kong



Largest opportunities in event marketing, creative services & media planning/buying

"Event marketing is arguably the most attractive service area, with largest opportunity and relatively lower competition."

Creative services, events marketing and media planning/buying services fall into the larger opportunity, higher competition quadrant (Figure 1).

Creative services agencies operate in the most competitive environment out of all marketing services – the marketing service with the most number of players. Furthermore, top agencies are well established, with high share of preference among client marketers (Figure 2).

The opportunity size for creative services is large, trailing only event marketing. This is due to the large share of the marketing budget (21%) that marketers allocate to it (Figure 2).

STRATEGY TIP: Creative services is a challenging area for boutique/new agencies to cut through the clutter, and also where top agencies must defend positioning through greater differentiation.

Event marketing is arguably the most attractive marketing service area in the short term, having the largest opportunity size among marketing services, with relatively lower competition. In line with this, event marketing takes up the largest share of the client marketers' budget (24%) (Figure 2).

Even though there are already many event marketing companies, still no dominant player exists, where there is still a low stronghold of top agencies, compared to other marketing services (Figure 2).

STRATEGY TIP: There is an immediate opportunity for event marketing agencies to establish themselves in this space to become a dominant, preferred agency. However, this is likely to be a short-term opportunity where agencies need to act fast with aggressive sales and marketing efforts.

Media planning/buying agencies in Hong Kong face intense competition, as they fight for the 15% share of the client marketer's budget. Compared with other marketing services, the media agency opportunity is the third largest, after creative and event marketing. Yet it faces the second most intense competition. With top agencies maintaining a stronghold in marketers' share of preference. Overall, media and PR agencies operate in a similar environment.

Figure 2: Business environment of marketing services for 2014 – Hong Kong

	Share of marketing budget 2014	Incidence of use	Total number of agencies	Stronghold of top agencies	Fragmentation in the agency long tail
Creative services	21%	92%	High	High	High
Media planning/buying	15%	92%	Medium	High	Low
Event marketing	24%	90%	High	Low	Medium
Public relations	13%	82%	Medium	Medium	Medium
Direct marketing	13%	77%	Medium	Medium	Low
Market research	6%	64%	Low	High	Low

"Similar opportunity size for direct marketing & PR, but lowest competition for direct marketing; small opportunity in market research needs tapping into other budget areas for growth".

STRATEGY TIP: As with creative services, it will be difficult for boutique/new agencies to carve a niche in media services. Top agencies must also defend their positioning through greater differentiation.

Direct marketing and market research fall into the smaller opportunity, lower competition quadrant (Figure 1).

Direct marketing has an opportunity size similar to that of PR, yet the competition that it faces is the lowest among all marketing services in Hong Kong, making it an attractive area to specialize in, in an area where competition is relatively low (Figure 2).

Direct marketing is one of the least fragmented marketing services in Hong Kong, receiving the second fewest unique mentions in agency rankings in Marketing Research's Marketing Spend Benchmarking Survey (Figure 2).

STRATEGY TIP: Direct marketing is an area where independent/boutique agencies and new entrants will find it relatively easier to carve a position for themselves, compared with other marketing service areas in Hong Kong.

Market research is often the least important item in the client marketer's budget, with only 64% of Hong Kong marketers using market research. It also receives the lowest share of marketing budget, with an average of 6% allocated to it (Figure 2).

However, the environment that market research agencies operate in is relatively less competitive, being the least fragmented among marketing services in Hong Kong (Figure 2). The main challenge that market research agencies face is the stronghold of the top agencies which have a high preference share among marketers. This is largely a result of lack of marketing efforts by market research agencies in Hong Kong, which are generally the least active in awards participation and business-to-business (B2B) marketing efforts.

Even though several global market research agencies enjoy a large market share, especially in the customized research space, Marketing Research's agency rankings highlight the dominance of one agency – Nielsen. This is partly due to Nielsen's focus on syndicated media research, which has propelled awareness and consideration among marketers who are concerned with audience measurement/profiling.

STRATEGY TIP: Boutique/new agencies have a chance to establish themselves before the market leaders step up in their marketing efforts. Established research agencies need to invest in B2B marketing to improve consideration among client marketers who are decision-makers of marketing budgets. Market research currently has a limited slice of the marketing budget pie – growth will require agencies to upgrade their offerings to break into the consultancy space (i.e. brand consultancy) to tap into other marketing budget components, and/or actively educate marketers on the value of market research to increase adoption.

PR services falls into the smaller opportunity, higher competition quadrant (Figure 1).

PR agencies operate in a relatively similar environment to media planning/buying services, with slightly smaller opportunity size and corresponding lower competition. This is driven by the lower incidence of use of PR services among client marketers (82% in PR vs. 92% in media) and lower stronghold of top agencies, compared with media planning/buying services.

Top PR agencies have a relatively lower stronghold in client marketers' preference share compared with top agency stronghold in the media and creative rankings.

STRATEGY TIP: Opportunity exists for PR agencies to further differentiate and achieve deeper relationships with clients to solidify client marketer preference.

New business opportunities exist from increased outsourcing

"A shift away from retainer remuneration models to project basis due to less loyal and increasingly demanding clients, but also a result of poor client account servicing by agencies when remuneration is based on retainer models."

Overall, Hong Kong-based marketers are increasingly outsourcing marketing functions. From 2013 to 2014, there has been a 12% increase in the proportion of marketers who outsource marketing services (Figure 3).

However, there is also a shift away from retainer remuneration models to project-based models. This is an indication that marketers are perhaps less loyal, preferring not to be bound to retainer arrangements (Figure 3).

While retainer accounts could allow a deeper relationship to be built between the client's organization and the agency, it could also hold companies hostage to agencies they are not satisfied with. With a higher proportion of dissatisfied marketers with retainer accounts than project basis models, it is unsurprising that marketers are shifting away from retainer models to project basis.

The trend towards agency relationships on a project-by-project basis instead of retainer spans across all client industries in Hong Kong. This shift is led by clients in Consumer Products, Financial Services and Retail industries (Figure 4).

Figure 3: Agency remuneration model usage and satisfaction for 2014 – Hong Kong

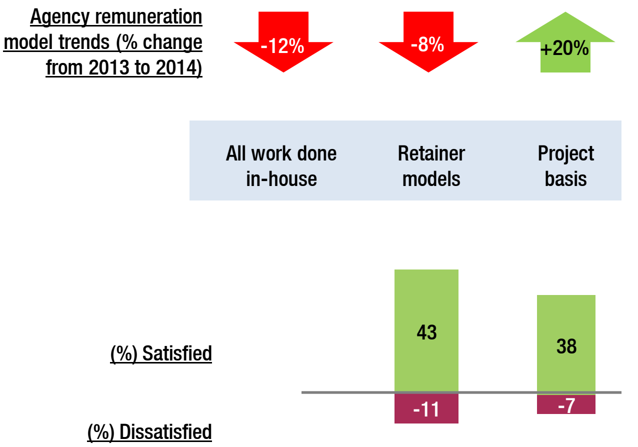


Figure 4: Agency remuneration model trends by industries for 2014 – Hong Kong

	All work done in-house	Retainer models	Project basis
Consumer Products	↓ -9%	↓ -13%	↑ 22%
Financial Services	↓ -6%	↓ -18%	↑ 24%
IT/Telecoms	↓ -15%	↓ -1%	↑ 15%
Property	↓ -2%	↓ -4%	↑ 7%
Retail	↓ -5%	↓ -18%	↑ 22%

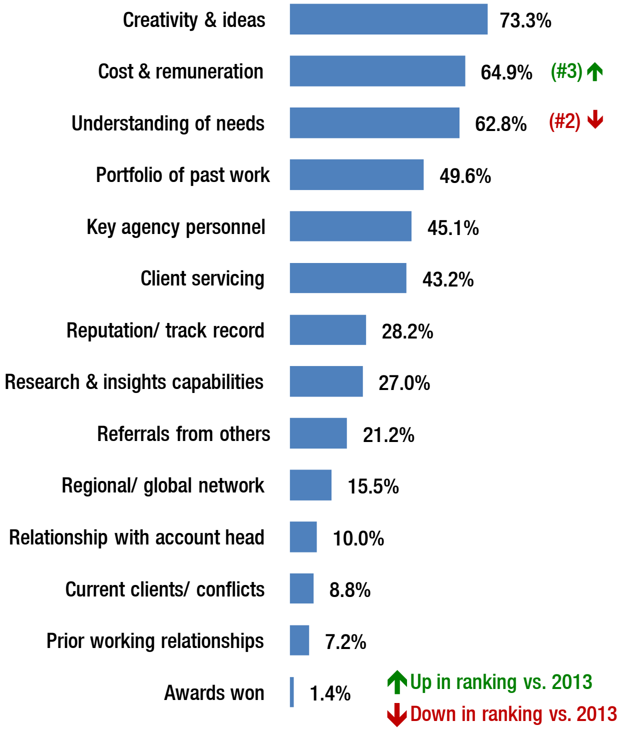
Hong Kong clients are price sensitive, but creativity is still key

"Clients are demanding and want to be understood, yet agency silos are often created as they develop new expertise that is not always aligned with clients' business problems."

The top three selection criteria remains unchanged as compared to last year. Marketers still think of creative ideas, cost and agencies' ability to understand their needs as the most important factors when choosing agencies (Figure 5).

While cost of marketing services will always be important, creativity and ideas are key, leading cost as a selection criteria by almost 10 percentage points. Agencies must facilitate an innovative organizational culture to allow for creative ideas to be developed, and potentially set aside an innovation budget to allow for research and development of new ideas, without the pressure of return of investment.

Figure 5: Agency selection criteria for 2014 – Hong Kong



However, there are signs that Hong Kong marketers are increasingly price sensitive when procuring for marketing services. Cost edged up to second rank (from third in 2013) in agency selection criteria from 2013 to 2014, overtaking understanding of needs by a small percentage.

Despite a drop in rank from second to third from 2013 to 2014, clients still demand that agencies deeply understand their needs. Yet agency growth objectives often result in agencies jumping on the bandwagon to offer upcoming marketing services. This often creates silos within organizations, with new teams set up to focus on this expertise that may not be fully integrated into the rest of the agency's work. Unintentionally, agencies may focus too much on the new tool, rather than the client's business problems and needs.

Agencies must constantly make it a point to give the client marketer a seat at their strategy planning discussions. With the client's business and marketing objectives at the heart of the agency strategy, agencies must then carefully evaluate the various marketing services opportunities against internal organizational expertise and cultures before setting up new business units and creating new offerings.

Given that every great creative idea starts with a consumer truth, it is perhaps surprising that research and insights capabilities is not ranked higher than it is. With increasing emphasis on return on investment, big data and analytics, research and insights capabilities is likely to be increasingly important in the next few years.

Additional expertise in brand consulting could improve loyalty

"Creative and event marketing services face highest degree of client promiscuity, indicating a need to improve loyalty by bundling other services where clients tend to be more loyal."

Agencies of all marketing service areas have rushed in to capitalize on the increasing adoption of digital marketing. This has resulted in many agencies offering a wider range of services beyond their historical expertise areas.

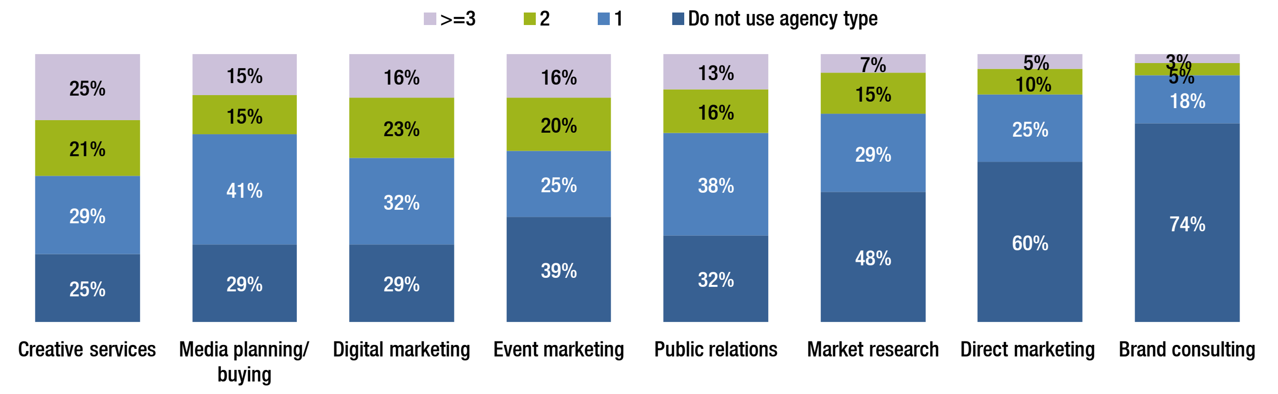
Overall, client marketers are most promiscuous in their relationships with creative agencies, with the largest proportion of marketers using 3+ agencies across marketing services. In contrast with the average of 2.22 creative agencies that clients engage, users of brand consulting engage 1.52 agencies on average (Figure 6).

Therefore, there is an opportunity for creative agencies to improve client loyalty through a strong brand consulting offering. A huge whitespace (74% do not use brand consultancy) presents first-mover opportunities to educate clients on the value of brand consulting (Figure 6).

However, in considering offering additional marketing services, agencies must carefully evaluate their existing organizational structure as well as overall agency strategy to ensure that new services such as brand consulting add value to existing client offerings.

Digital is already the mainstream in Hong Kong. Unlike other Asian markets where digital expertise is likely to improve clients' loyalty to agencies, digital expertise is a hygiene factor in Hong Kong. The Hong Kong digital marketing landscape is more established, with agencies starting to dominate in the agency rankings of digital marketing services such as search, social and mobile marketing (Figure 8). Client marketers have many good digital agencies to choose from, resulting in relatively high levels of promiscuity, with clients using an average of 1.98 digital agencies on average (Figure 6).

Figure 6: Number of marketing service agencies that client marketers work with in 2014 – Hong Kong



Average number of agencies worked with (among those who use agency type)

Creative services	Media planning/ buying	Digital marketing	Event marketing	Public relations	Market research	Direct marketing	Brand consulting
2.22	1.89	1.98	2.08	1.83	1.64	1.58	1.52

WPP, Publicis and Omnicom are dominant players, but whitespaces still exist

"Digital & content marketing services are still relatively untapped areas, with independents taking up a large share of clients' preference."

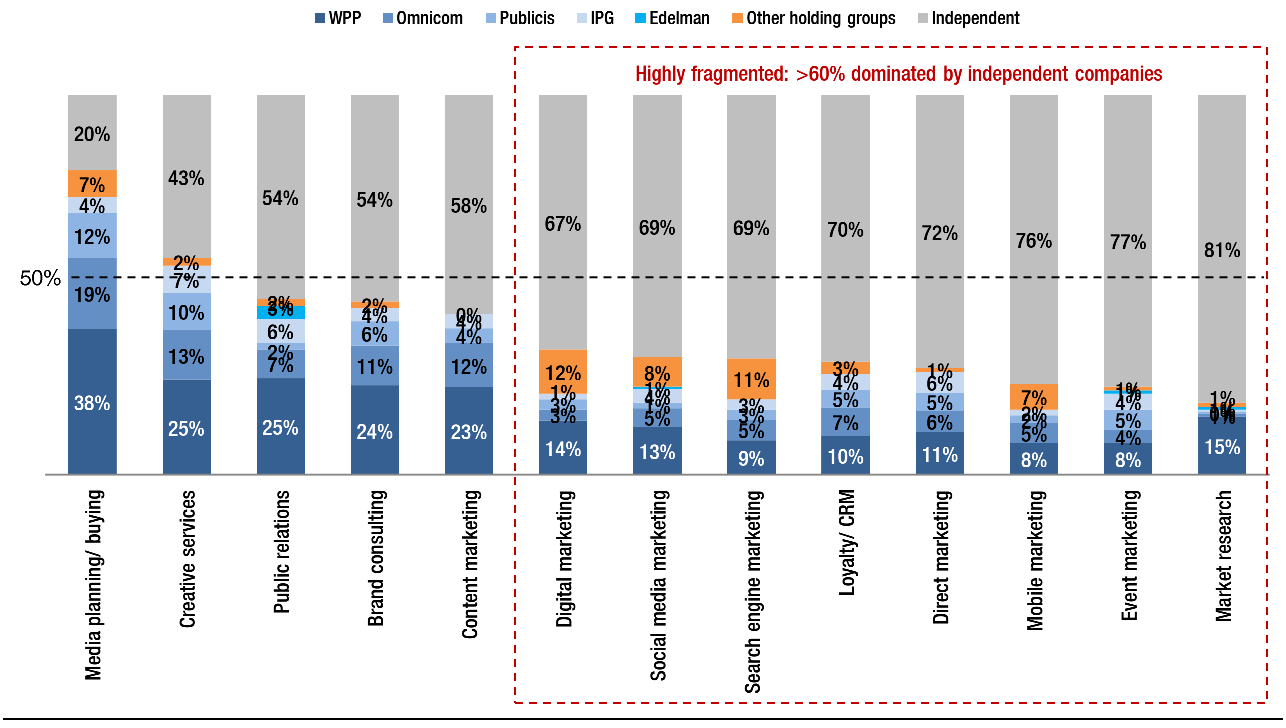
In Hong Kong, the most prominent global advertising networks are WPP, Omnicom and Publicis (Figure 7). Mentions of agencies belonging to the Big Four correlate with the size of each holding group. As the largest, WPP agencies hold a correspondingly large presence in clients' top-of-mind preferences, with Omnicom coming in second and Publicis a close third.

WPP agencies lead the traditional marketing service areas, but is relatively weaker in some newer marketing services such as digital marketing. Led by Ogilvy's strength across marketing services, and GroupM's dominance in media planning/buying services, WPP is a clear leader.

Whitespaces exist among non-traditional marketing areas – content marketing, and digital/search/mobile/social marketing. These marketing service areas are where more than 55% of agency rankings in these areas come from independents, an indication that agencies from the large global advertising networks have yet to take a stronghold in these areas. There is therefore an opportunity for boutique agencies to differentiate in these areas before the large agencies start to focus in these areas. Large agencies can also seek growth and greater differentiation through these areas.

As we explore the agency rankings at the company level, it becomes evident that there is still yet to be any clear leader in these areas, despite a large share of rankings by WPP agencies combined.

Figure 7: Overall agency rankings (client marketers' preference share) by network/ownership for 2014 – Hong Kong



Still no clear leader in brand consulting, digital & content marketing service areas

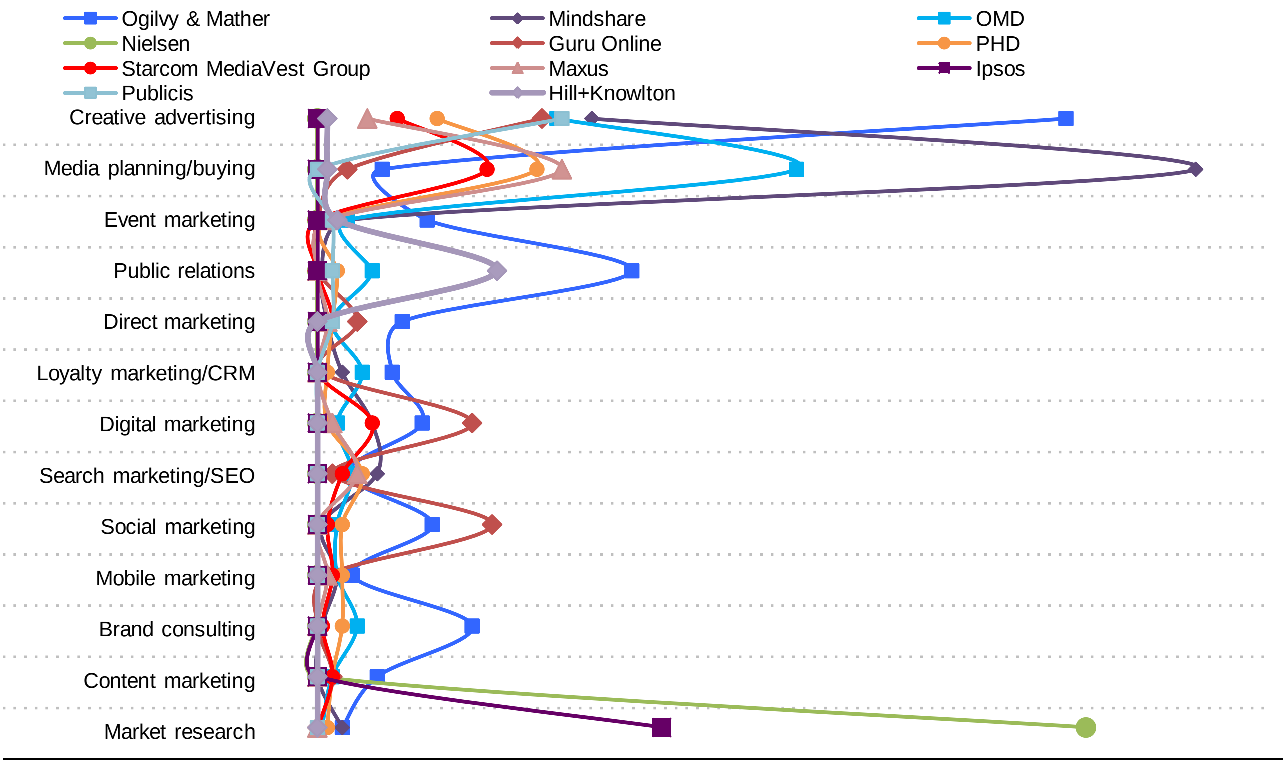
"Ogilvy & Mather wins votes from clients that have limited experience across various marketing services, largely due to halo effect of its expertise across marketing services."

Due to the halo effect of prominent agencies, these agencies with a strong global footprint tend to receive votes from clients across the range of marketing services. Figure 8 is an illustration of the overall Hong Kong client marketers' agency preference for various marketing services, regardless of their level of experience with the agency/marketing services. It is an indication of overall awareness and perception that client marketers have towards agencies operating in the Hong Kong marketing landscape.

Ogilvy & Mather (a WPP agency), with expertise across a range of marketing services, tends to be the across-the-board leader, garnering votes from clients' experience in various marketing services. However, as we explore the strength of agency preference among experienced clients, it starts to move away from the agencies belonging to large holding groups, sometimes giving space to independent, boutique agencies.

Despite a substantial share of WPP agencies in brand consulting agency rankings (Figure 7), there is still no clear leader in this space. Newer marketing territories of digital related marketing services (mobile, search and social) and content marketing are also relatively unconquered areas, with no dominant agencies yet (Figure 8).

Figure 8: Overall agency rankings by number of votes in each marketing service for 2014 – Hong Kong



Agency Rankings & Performance Index

"Ogilvy leads with strong overall rankings and performance indices; however, home-grown agencies perform prominently well across services based on their strong identity as local specialists, particularly in brand consulting."

Agency rankings vs. agency performance index

"Agency performance index scores are shown alongside spontaneous agency rankings to provide an additional layer of context for understanding the agency ecosystem."

i. Agency expertise

- % of votes the agency received in that marketing service area, compared with other areas
- Agency's stated expertise in that area

+ ii. Client marketer perception

- % of votes in that marketing service area that went to the agency
- Votes by current clients of agency for that type of marketing service given extra weight

+ iii. Agency-client relationship

- Extra weight given to agencies that received votes from current clients, as it demonstrates client satisfaction

Agency performance index (API)

The API scores are shown alongside spontaneous agency rankings to provide an additional layer of context for understanding the agency ecosystem.

Agency rankings: Spontaneous mentions for agency most likely to be engaged with by client marketers.

API: A meaningful indicator of agency performance that encompasses three main components: agency expertise, client marketer perception and the agency-client relationship. API is a composite score out of a maximum of 10 points.

i. Agency expertise: Clients' perceptions of agency expertise are not always aligned with the agency's focus areas. API removes this bias by taking into account the proportion of votes that an agency received for a marketing discipline out of the total votes it received overall, as well as the agency's self-proclaimed expertise areas.

ii. Client marketer perception: Inevitably, when asked to identify an agency they would like to work with, clients most often name agencies they have seen or heard the most about, skewing the rankings towards larger agencies. This heavily disadvantages smaller agencies which might be building strong relationships with a smaller cluster of clients.

The 'perception' component of the API is largely based on the raw rankings scores, but gives higher weighting to those clients who currently work with an agency in that marketing area, as they are best placed to understand which agencies actually deliver results. This removes the 'big agency' effect in the agency evaluation.

iii. Agency-client relationship: The 'client relationship' rewards agencies that received votes from clients they currently work with, attesting to the quality of their services and their ability to build a good rapport with clients.

Creative space dominated by big hitters, but some independents emerge

"Ogilvy is the clear leader in agency rankings; although lower than Ogilvy in agency rankings, Leo Burnett, DDB, TBWA, JWT and Publicis out performs Ogilvy in performance index. Metta Comms is best performing independent, ranked seventh in overall rankings.

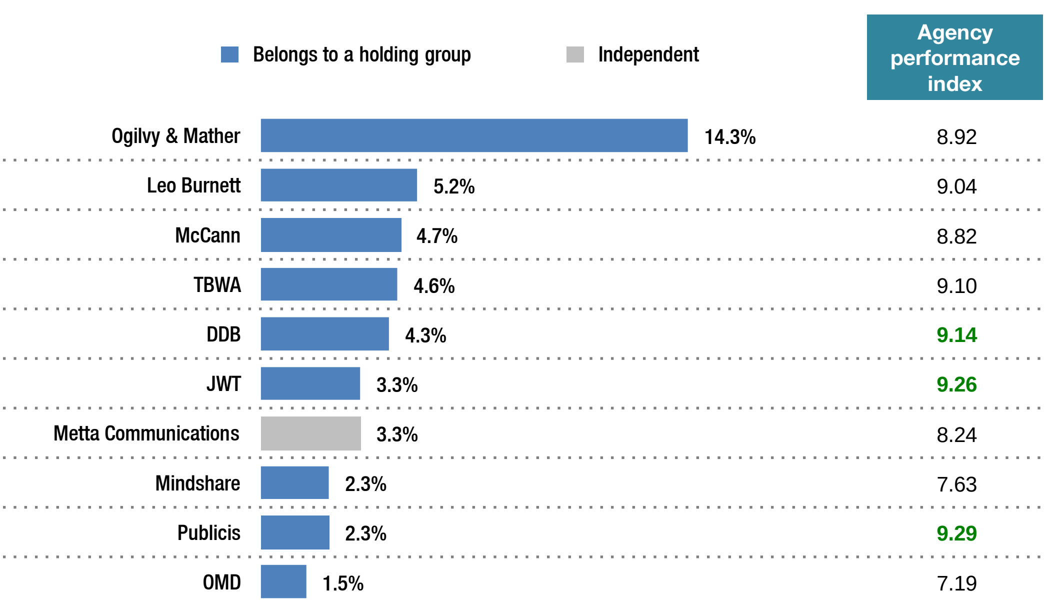
In the creative agency rankings, Ogilvy leads the pack by a substantial margin, largely due to a 'big brand' effect, testimony to strong awareness of Ogilvy among Singapore client marketers. However, Ogilvy earns an average Agency Performance Index (API) score among the top ten creative agencies, lagging behind Leo Burnett, DDB, TBWA, JWT and Publicis.

Leo Burnett, DDB, TBWA, JWT and Publicis achieve a higher API score than Ogilvy due to stronger positive recommendations among existing users of the respective agencies. The top three agencies with the highest API scores and highest preference among current clients are Publicis, JWT and DDB

Notably, local agency Metta Communications makes its way into the top ten in creative agency rankings, competing in an area that is generally dominated by the Big Fours. However, Metta Communications garners a relatively weaker API score, largely due to a smaller portfolio of clients that the agency has, compared to bigger agencies.

WPP and Publicis' share of total creative agency rankings increases, with Publicis now competing with Omnicom for second largest holding group in creative agency rankings. WPP's share of rankings rises from 21% in 2013 to 25% in 2014. Omnicom's share of rankings remains stable at 13% in 2014. Publicis' share of rankings edges up to 10% in 2014, from 8% in 2013.

Figure 9: Top ten creative agencies – agency rankings and API for 2014 – Hong Kong



75% of clients currently engage creative agencies

Brand consultancy poses opportunities for independent agencies

"Ogilvy leads, based largely on strong perception of its expertise across many marketing services; Landor comes in second rank due to its strong brand consultancy specialization; however, independents Prophet, Alchemy Asia and Fluid takes top three spots in the API."

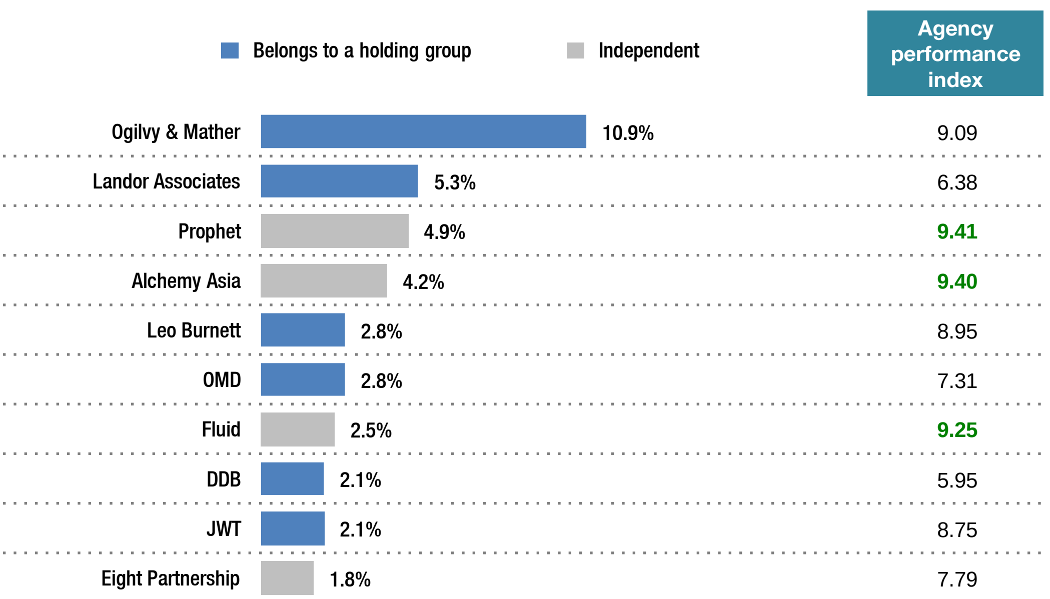
WPP agencies lead the brand consultancy rankings, with Ogilvy at the forefront once again, based largely on strong client perception of its expertise across a range of marketing areas. Landor Associates is ranked second due to its specialisation in brand consulting.

However, it is the independent pure play brand consultancies that achieve the highest API scores, with Prophet, Alchemy Asia and Fluid have the top three highest API scores, based on ongoing client relationships and keen understanding of what concepts appeal to a Hong Kong audience.

Brand consultancy offers a viable niche for independents to differentiate and specialize. It is also an attractive area for large agencies focusing in other marketing areas to focus on for growth and increased client loyalty. With clients still relatively inexperienced in brand consulting (only 26% currently using brand consultancies), there is an opportunity to become thought leaders and experts in this area through educating clients on the value of brand consulting. Additionally, brand consulting is also an area where client marketer loyalty is relatively higher (Figure 6).

As the brand consultancy space heats up, focusing on rarer but more intensive processes like company rebranding allows agencies to build portfolios of success without having to provide a resource-draining suite of comprehensive marketing services.

Figure 10: Top ten brand consultancies– agency rankings and API for 2014 – Hong Kong



26% of clients currently engage brand consultancies

Content marketing needs to be more clearly defined in order to take off

"Only 6% of clients submitted a vote for content marketing agencies; a testament to the challenge of education and evangelism marketers face. Ogilvy leads again, based on its positioning as a marketing powerhouse in Hong Kong."

The majority of marketers still do not understand what the term 'content marketing' encompasses, limiting its current usage. Content marketers must overcome this barrier by educating clients as to the value and scope of their services, in order for interest and investment in this area to grow.

Only 6% of clients submitted a vote for content marketing agencies; a testament to the challenge of education and evangelism that marketers face to promote growth of marketing expenditure in this space (Figure 11).

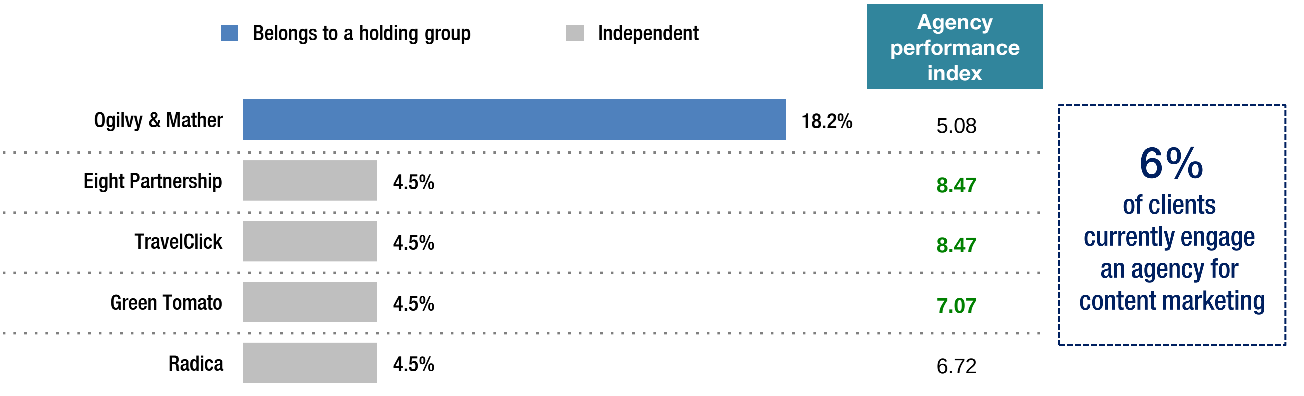
Ogilvy leads again, based on its positioning as a marketing powerhouse in Hong Kong. However, it remains untested in this realm, as none of the clients who nominated the agency have actually engaged it for content marketing (Figure 12).

For most client marketers, content marketing might be considered a part of the broader creative remit given to advertising agencies, or they might lump it together with digital and social marketing – areas that many clients devote little budget to because they assume creating a Facebook page is enough.

Yet the consumer relationship is an ongoing one, rather than a sporadic series of irrelevant updates, or worse yet, a complete lack of activity. Therein lies the appeal of content marketing that can take the reins of a company's public digital presence, to ensure that its audience receives a regular stream of engaging content.

Four local agencies have received high API scores, earning them a place in the top five – Eight Partnership, TravelClick, Green Tomato and Radica. However, of these, only Eight Partnership and TravelClick profess a specialization in digital content creation, demonstrating the lack of clarity among clients as to what content marketing entails and low awareness of any agencies specializing in this service.

Figure 11: Top ten content marketing agencies – agency rankings and API for 2014 – Hong Kong



Top creative agencies by agency rankings

Figure 12: Top 25 creative agencies by agency rankings for 2014 – Hong Kong

Top 25 Creative Agencies (by spontaneous agency rankings)	% Share of agency rankings	Average Rank (out of top 3)	Agency Performance Index (API)
Ogilvy & Mather	14.3%	1.83	8.93
Leo Burnett	5.2%	2.04	9.04
McCann	4.7%	2.19	8.82
TBWA	4.6%	1.82	9.10
DDB	4.3%	2.20	9.14
JWT	3.3%	2.16	9.26
Metta Communications (BlueFocus)	3.3%	1.31	8.24
Mindshare	2.3%	2.00	7.63
Publicis	2.3%	1.60	9.29
OMD	1.5%	2.40	7.19
Guru Online	1.4%	2.13	7.40
Saatchi & Saatchi	1.3%	2.00	8.20
allrightsreserved	1.2%	1.40	8.88
PHD	1.2%	2.14	7.62
BBDO	1.1%	2.29	7.57
Starcom MediaVest Group	1.1%	1.60	7.17
Group M	1.0%	2.17	6.45
Fluid	1.0%	1.50	9.14
Grey	1.0%	2.75	5.96
Alchemy Asia	0.9%	1.00	6.5
Communion W	0.8%	1.33	9.18
Eight Partnership	0.8%	1.33	8.10
Fimmick	0.8%	2.67	8.25
M&C Saatchi	0.8%	2.40	7.97
Maxus	0.8%	2.00	7.91

Top brand consultancies by agency rankings

Figure 13: Top 16 brand consultancies by agency rankings for 2014 – Hong Kong

Top 16 Brand Consultancies (by spontaneous agency rankings)	% Share of agency rankings	Average Rank (out of top 3)	Agency Performance Index (API)
Ogilvy & Mather	10.9%	1.42	9.09
Landor Associates	5.3%	1.00	6.38
Prophet	4.9%	1.67	9.41
Alchemy Asia	4.2%	1.60	9.40
Leo Burnett	2.8%	2.00	8.95
OMD	2.8%	2.00	7.31
Fluid	2.5%	1.67	9.25
DDB	2.1%	2.50	5.95
JWT	2.1%	2.00	8.75
Eight Partnership	1.8%	1.50	7.79
GHC Asia	1.8%	1.50	9.00
PHD	1.8%	1.50	5.10
Saatchi & Saatchi	1.8%	2.33	6.38
TBWA	1.8%	1.50	9.54
Brand Union	1.4%	2.00	6.35
McCann	1.4%	2.00	6.50

(Note: Only top 16 ranks shown for brand consultancies due to relatively low differentiation at the lower ranks due to existing lack of client experience with brand consultancies at the moment)

Key Industries for Creative Services

"From 2014 to 2015, the most important client industries for creative agencies in Hong Kong are top spending industries which are also increasing investment in creative services – Consumer Products, Property, Healthcare, Financial Services & Retail."

Hong Kong's top creative spenders are increasing expenditure in creative services

"From 2014 to 2015, the most important industries for creative agencies in Hong Kong are Consumer Products, Property, Healthcare, Financial Services and Retail."

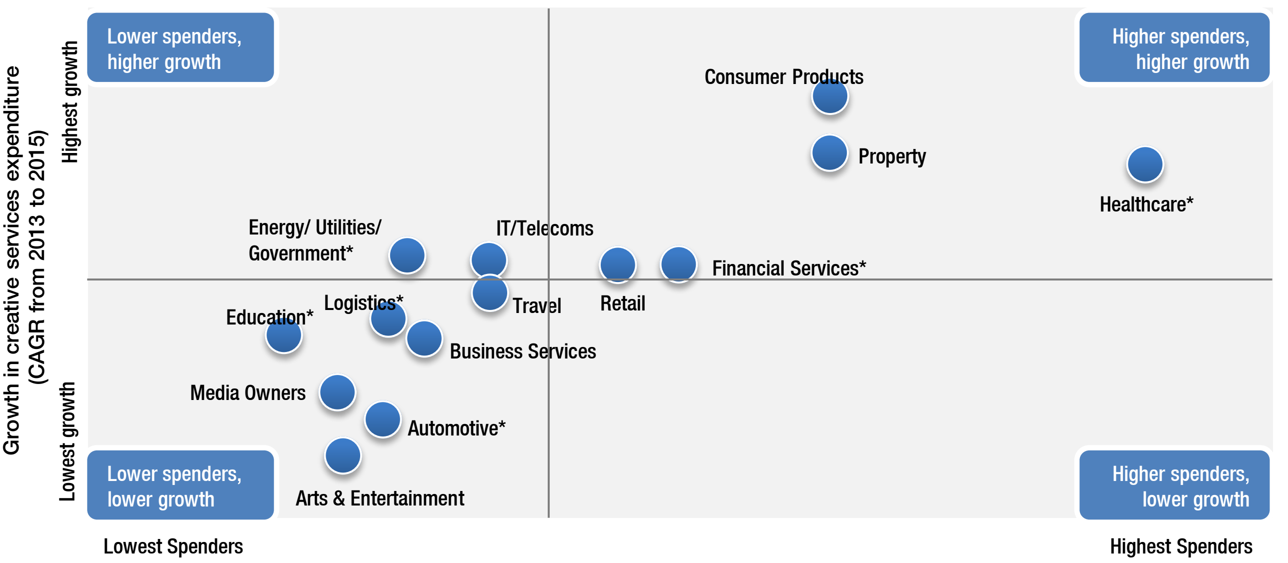
Figure 12 shows the industry opportunities for creative services in Hong Kong. To give insight into the comparative potential for creative services across sectors, clients' projected compounded annual growth rate (CAGR) in expenditure from 2013 to 2015 is plotted against the current spend size for all industries in Hong Kong.

High spenders are the star clients for creative agencies in Hong Kong in 2014. Client industries in the Hong Kong creative services space are split into two broad quadrants – top-right high spenders experiencing high growth, and bottom-left lower spending industries experiencing lower growth. Industries that fall into the top-right quadrant are the most important client types for Hong Kong creative agencies in 2014 (Figure 12).

Consumer Products, Property and Healthcare are the top three industries that creative agencies in Hong Kong must focus on for growth. Financial Services and Retail are also important, being in the top-right quadrant of relatively higher spend and higher growth.

Other high growth industries that are growing from a relatively lower expenditure base are Energy/ Utilities/Government and IT/Telecoms. These industries will also be areas to focus on for growth, although not nearly has attractive as the other high spending, high growth industries (Figure 12). Despite falling into the lower spend/lower growth quadrant, Travel, which has similar expenditure to IT/Telecoms and is just below the average, is also relatively important.

Figure 14: Industry opportunities for creative services for 2014 – Hong Kong

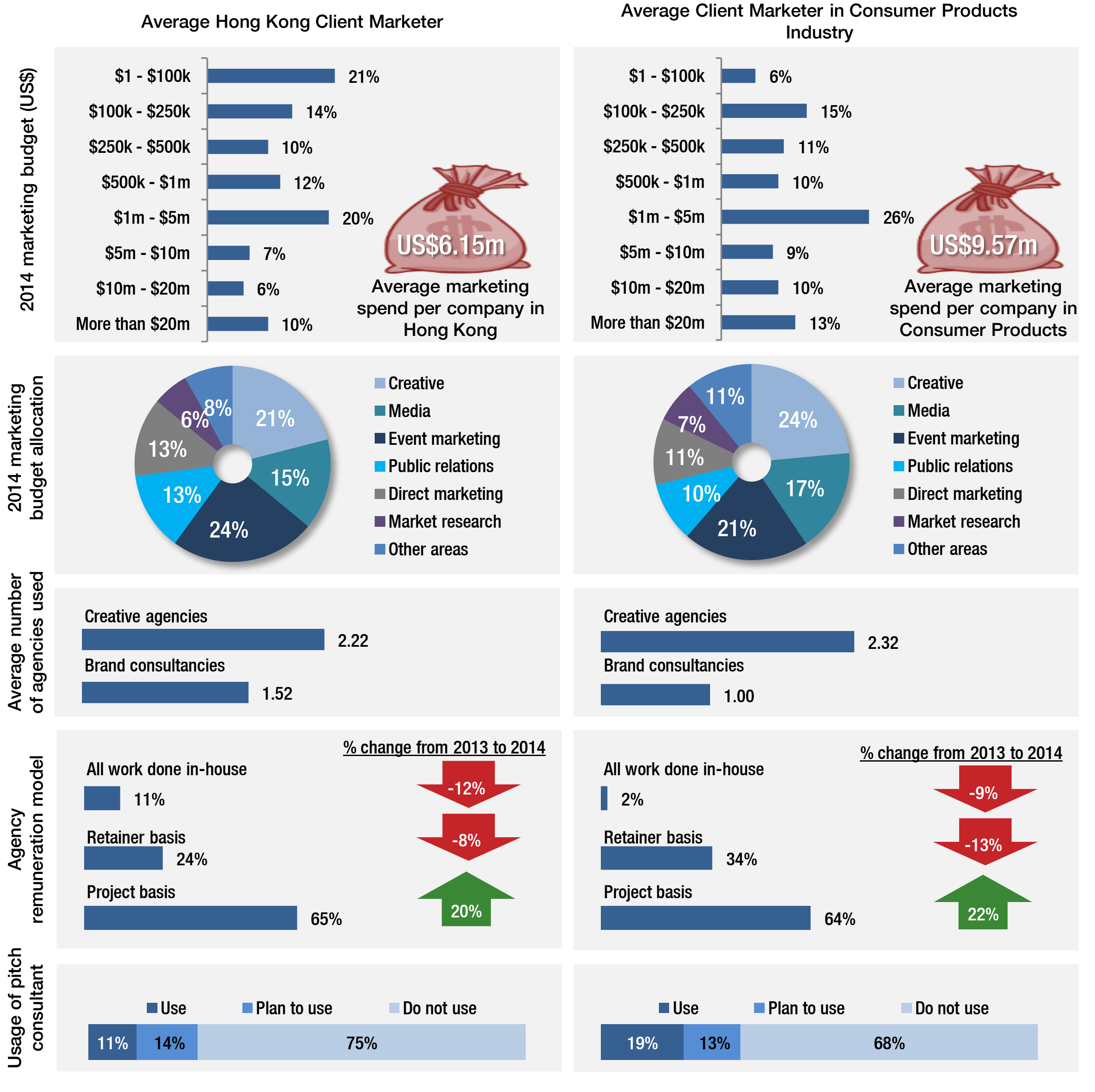


*Note low base

Consumer Products industry deep-dive

Figure 15: Industry fact sheet for 2014 – Consumer Products (FMCG) in Hong Kong

Consumer Products: Higher spenders, higher growth in media planning/buying

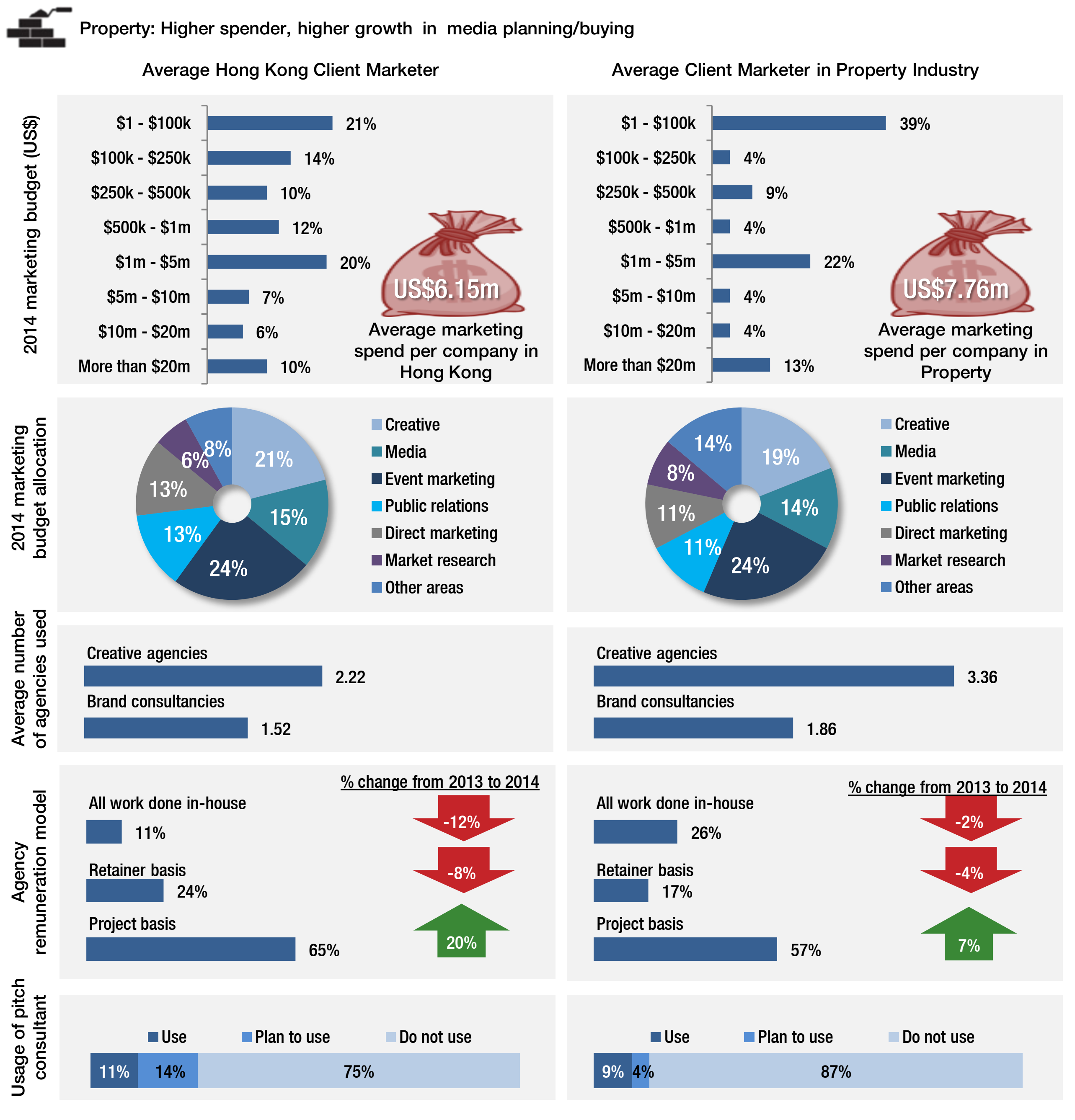


Base: Client marketers in Hong Kong (n=419)

Base: Client marketers in Hong Kong – Consumer Products Industry (n=47)

Property industry deep-dive

Figure 16: Industry fact sheet for 2014 – Property* in Hong Kong



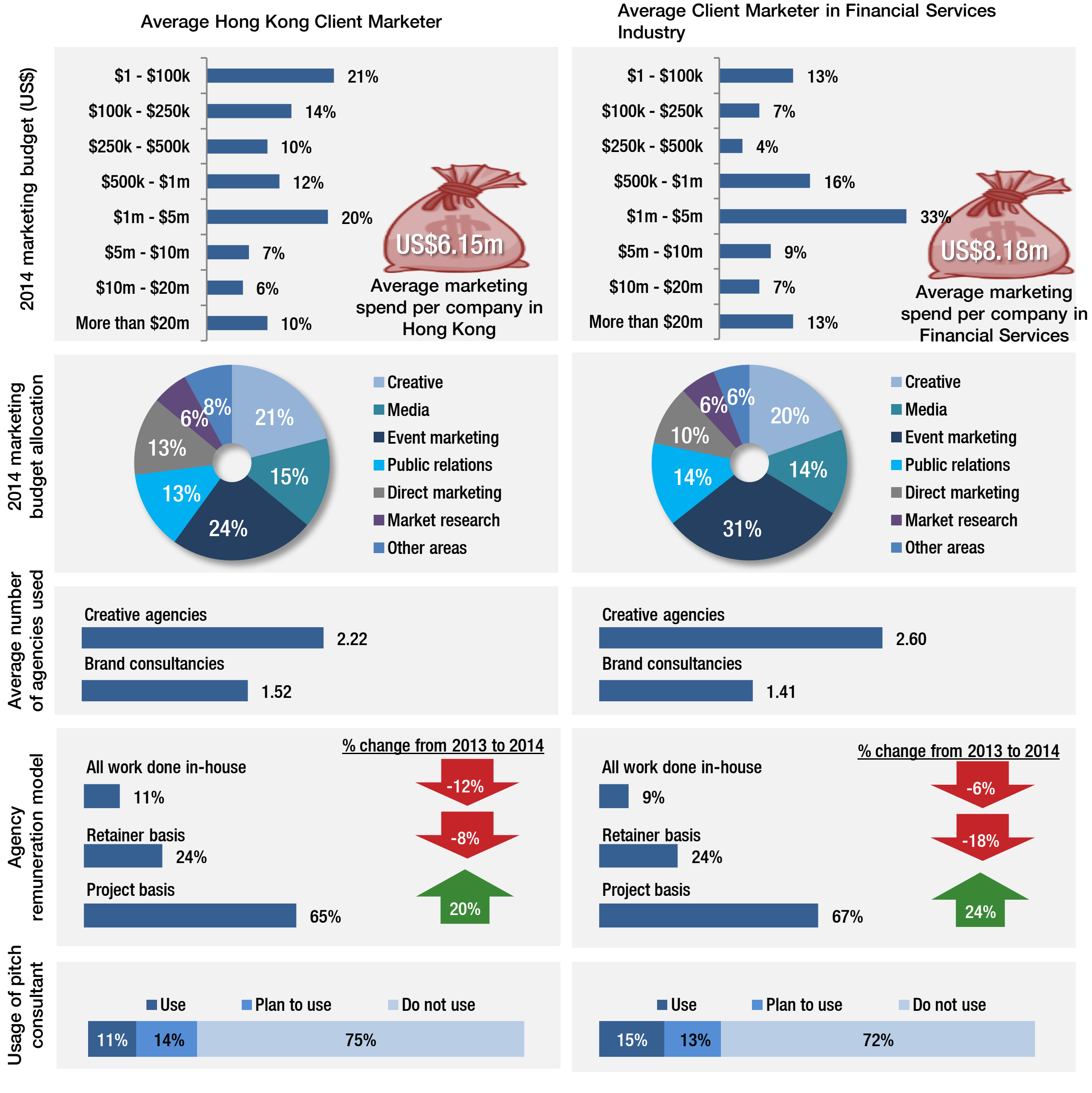
Base: Client marketers in Hong Kong – Property Industry (n=23)

*Note low base – interpret with caution

Financial Services deep-dive

Figure 17: Industry fact sheet for 2014 – Financial Services in Hong Kong

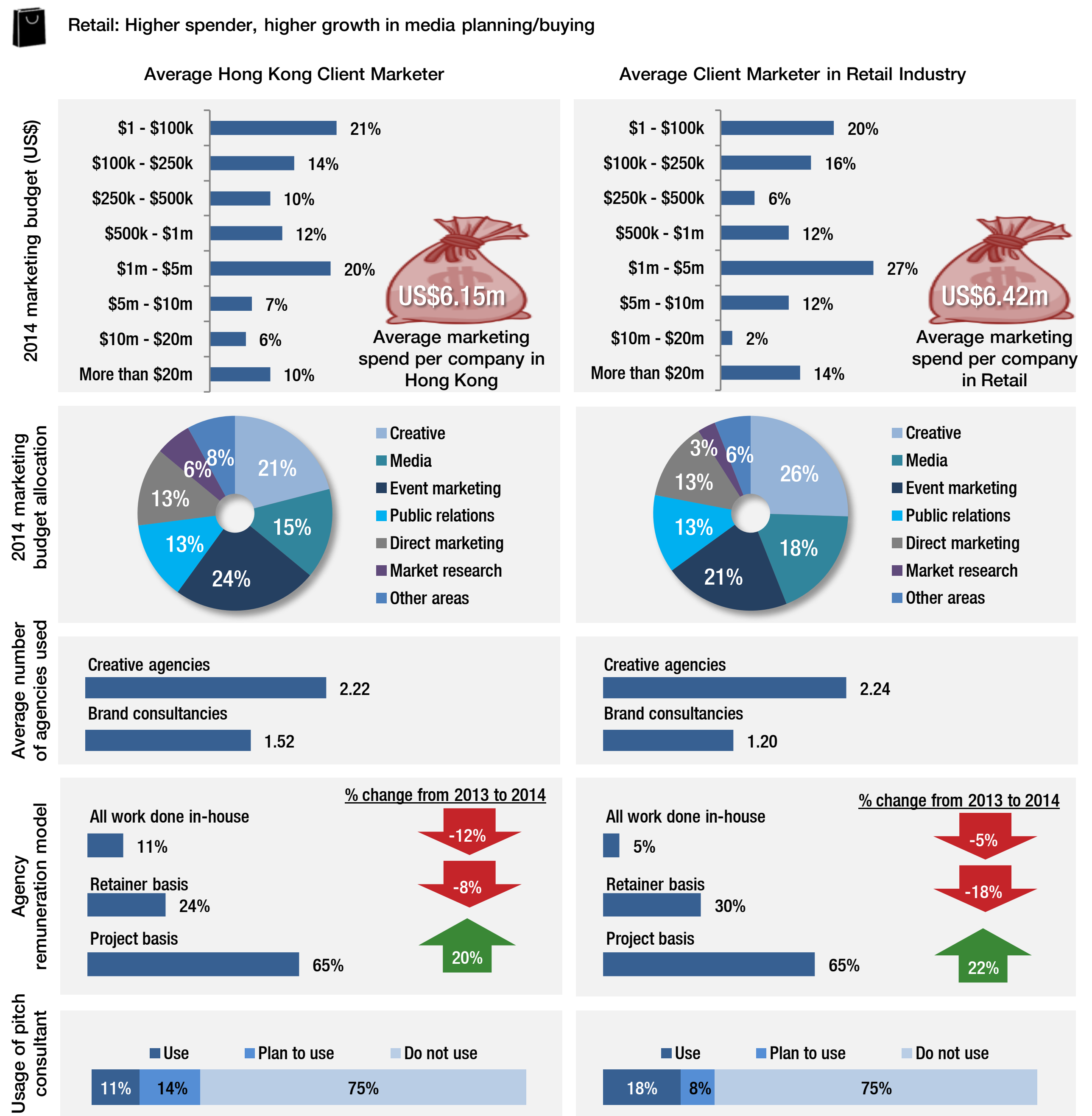
Financial Services: Higher spender, higher growth in media planning/buying



Base: Client marketers in Hong Kong – Financial Services Industry (n=46)

Retail industry deep-dive

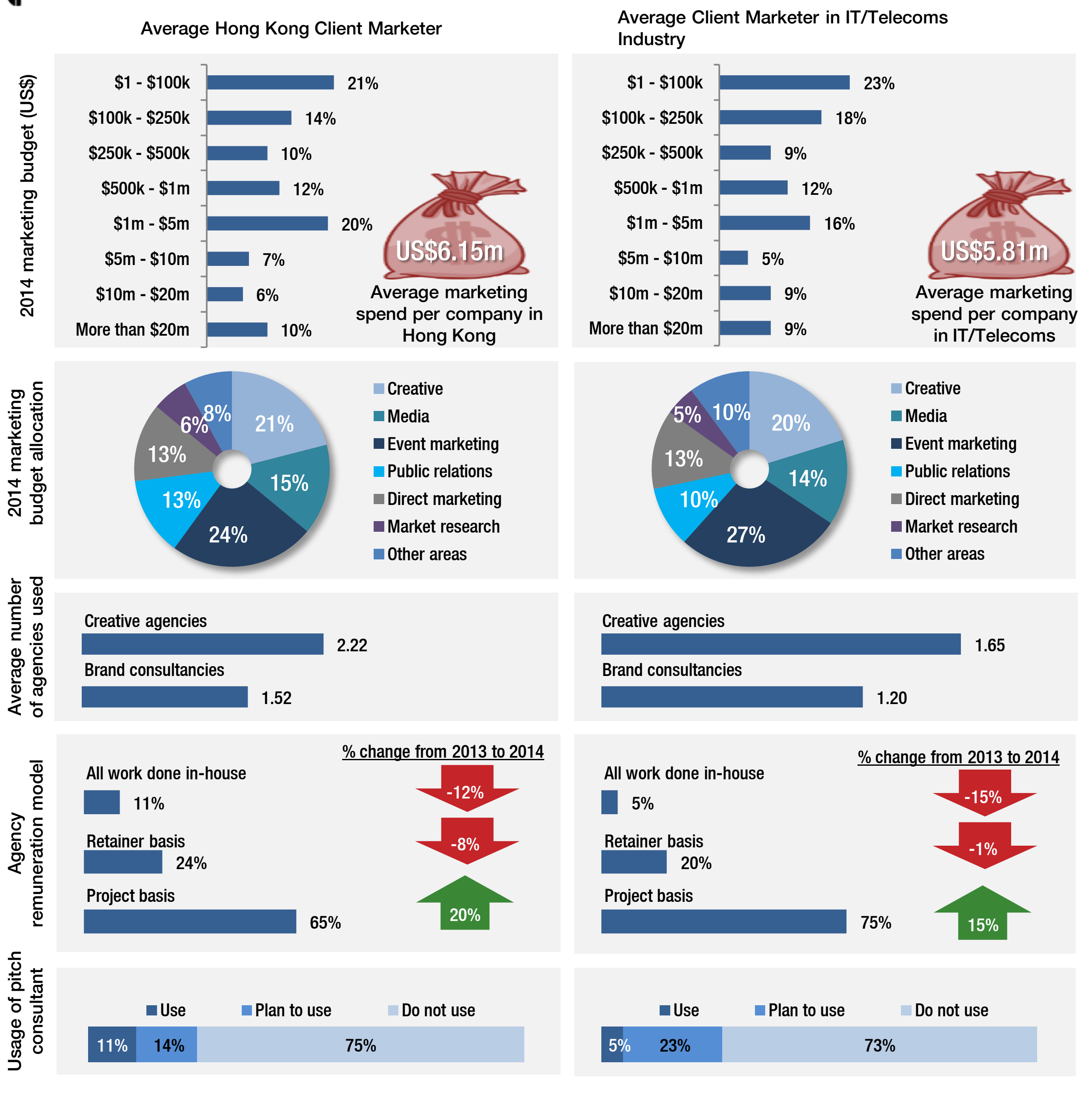
Figure 18: Industry fact sheet for 2014 – Retail in Hong Kong



Base: Client marketers in Hong Kong – Retail Industry (n=41)

Figure 19: Industry fact sheet for 2014 – IT/Telecoms in Hong Kong

IT/Telecoms: Higher spender, lower growth in creative services



Base: Client marketers in Hong Kong – IT/Telecoms Industry (n=44)

Annex

Annex 1: Methodology

This report is based on the responses to selected questions from the Marketing Spend Benchmarking Survey 2014, which was undertaken during January 2014. The data was collected via an online questionnaire which was completed by a total of 1223 respondents from Hong Kong (n=419), Singapore (n=489) and Malaysia (n=315).

Genuine advertising decision-makers and influencers across industries were well represented in the survey. Across all three countries, 100% of respondents were client-side marketers/ communications professionals, and about 80% were manager-level decision-makers and above, with at least 35% from the most senior ranks – C-level/VP/director-level marketers.

A detailed breakdown of Singapore respondents by seniority levels, business-to-business (B2B) vs. business-to-consumer (B2C) marketing focus, company size and industry is shown in the next page.

Only aggregate results are published, and individual company information is held in strict confidence with Marketing Research.

The results reported are considered the most accurate reflection of client marketers' preference for marketing and advertising agencies, marketing budgets size, allocations and expected growth, as well as trends in the marketing landscape in this region, because all the analyses are based on primary research findings directly reported by those closest to the actual marketing budgets planning – client marketers.

About Marketing Research

Marketing Research is the market research division of the *Marketing* magazine.

With its extensive databases, highly respected brands and deep relationships with industry leaders and senior decision-makers, Marketing Research is in a unique position to provide insights to B2B decision-makers in Asia in the form of benchmarking reports, market sizing data, agency and vendor rankings reports, and best-practice reports, all of which are distributed online via the Marketing Research Centre at www.marketing-interactive.com/research.

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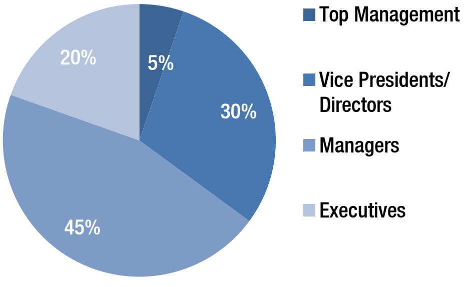
Annex 2: Sampling

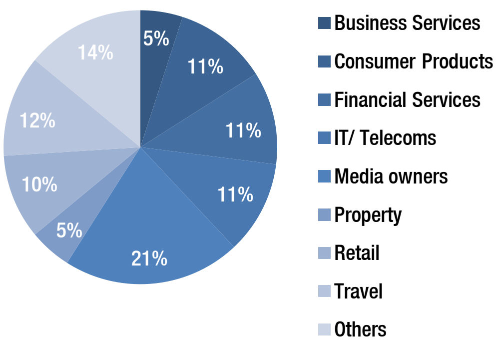
Marketing Research interviewed 419 respondents in Hong Kong across various seniority levels, who are key decision-makers or influencers of all marketing, media and advertising decision-making for their company. This research was conducted across 15 industries with a good sample mix consisting of small, medium and large corporations of both local as well as regional market presence. The research sample includes marketers who are in charge of B2C marketing as well as B2B marketing.

Detailed respondent profile as shown in following charts:

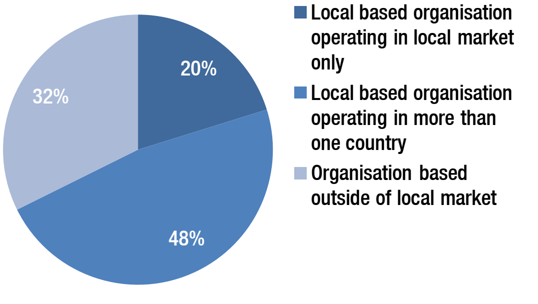
Profile 3: Seniority in the company



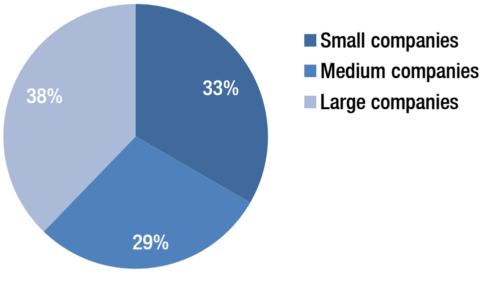
Profile 1: Industry



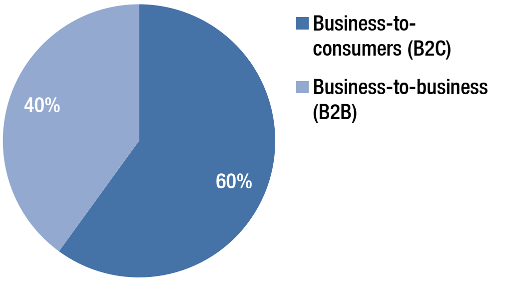
Profile 4: Company origins & operations



Profile 2: Company size



Profile 5: Business type



Annex 3: Definitions and exchange rates

DEFINITION OF INDUSTRIES

- **Arts & Entertainment:** Art houses, theatre companies, museums and entertainment resorts.
- **Business Services:** Accounting firms, law firms and organizations that provide training and development.
- **Travel:** Airlines, travel agents, hotels, resorts, and food and beverage.
- **Retail:** Physical stores with a cash register, and online stores that accepts payments.
- **Financial Services:** Banks and insurance companies.
- **Automotive:** Companies that sell and lease motor vehicles and parts.
- **IT/Telecoms:** Computer and telecommunication manufacturing and services.
- **Consumer Products:** FMCG companies (fast-moving consumer goods).
- **Healthcare:** Hospitals, clinics and pharmaceutical companies.
- **Energy, Utilities & Government:** Power and gas companies, and all public administration organizations.
- **Property:** Real estate, construction and building, engineering, metal works, and piping.
- **Education:** Private and public education institutions.
- **Logistics:** Transportation services, couriers services and corporations that specialize in relocating executives.
- **Education:** Private and public education institutions.
- **Engineering & Manufacturing:** Mining and agriculture.
- **Media owners**: Companies that own any type of online or offline media that marketers can advertise on, including publishers, website owners etc

COMPANY SIZE

- **Small:** Companies with local headcount of less than 100.
- **Medium:** Companies with local headcount between 100 and 500 inclusive.
- **Large:** Companies with local headcount of more than 500.

EXCHANGE RATES

- 1 USD = 7.76 HKD
- 1 USD = 1.23 SGD
- 1 USD = 3.04 MYR

(Note: Exchange rates used are based on fieldwork period in January 2014)

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