



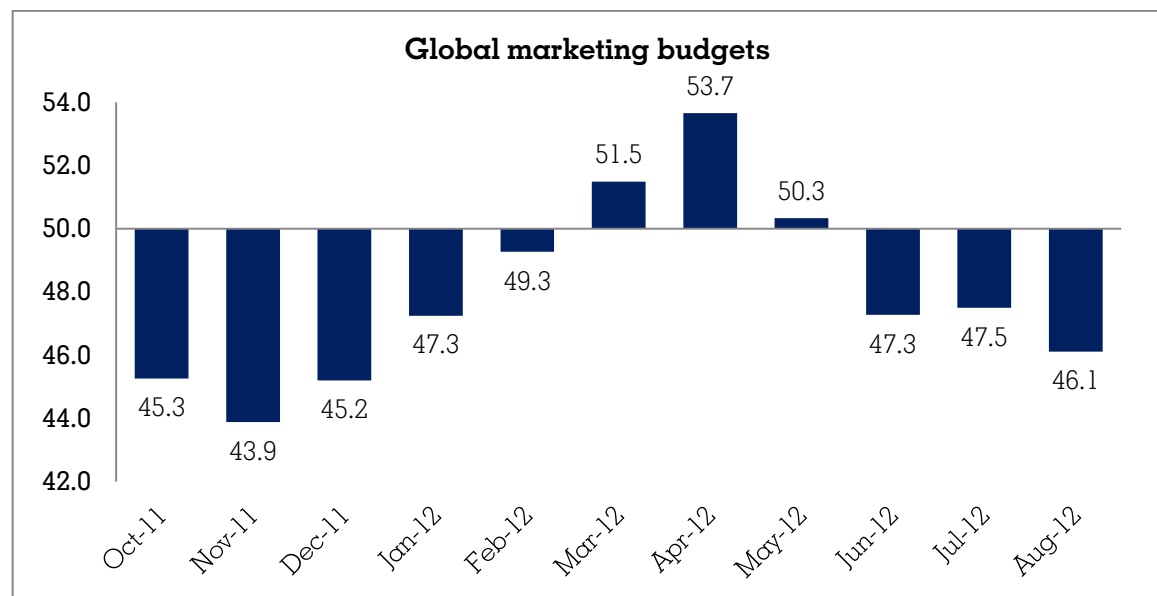
WARC
ideas and evidence
for marketing people

Marketing budgets plummet in Asia Pacific and Europe

- Marketers in the Americas continue to buck the negative trend
- Trading conditions show global improvement in August
- Staffing levels rise in all three global regions

London, 23 August 2012

Global marketing budgets fell to their lowest level this year in August, data from Warc's latest **Global Marketing Index (GMI)** show. The index registered a value of 46.1 for the month, a drop of 1.4 points from July.



Above 50.0 = generally improving; below 50.0 = generally declining

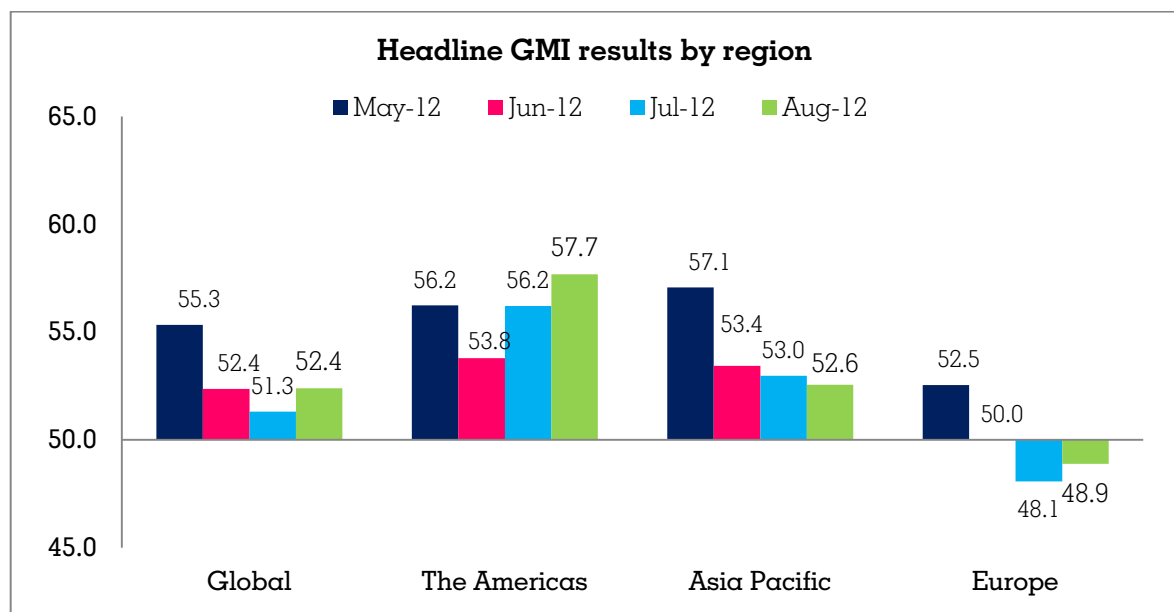
The deteriorating outlook is largely due to declining confidence in the Asia Pacific region, where marketing budgets were shown to be generally decreasing in August on 46.0. This represents a significant weakening (-4.7 points) compared with last month.

With financial troubles in the eurozone ongoing, European marketing budgets also recorded a drop this month. The index fell to 40.9, just 0.1 points above the all-time index low in December 2011.

In contrast to other regions, marketers in the Americas increased their budgets once again. The index rose from 52.3 in July to 53.5.

The GMI, launched in October 2011, provides a unique monthly indicator of the state of the global marketing industry, by tracking current conditions among marketers. A GMI reading of 50 indicates no change, and a reading of over 60 indicates rapid growth.

The global headline GMI measure – which combines readings for trading conditions and staffing levels alongside marketing budgets – rose marginally to 52.4 in August. This suggests that while marketing budgets may be subject to cuts, general trading conditions and staffing levels are still improving.



*Above 50.0 = generally improving; below 50.0 = generally declining
Combines data for trading conditions, marketing budgets and staffing*

On this headline GMI metric, the Americas (57.7) and Asia Pacific (52.6) show growth, but for European marketers the outlook is negative (48.9).

The index for global trading conditions registered an increase in August, rising to 54.4 from 51.9 last month. The index of staffing levels recorded a value of 56.6.

Commenting on the August 2012 GMI results, Suzy Young, Data Editor at Warc, said: "Marketers in Asia Pacific and Europe are reducing budgets. In the months ahead, it will be interesting to see if the sudden dip for Asia Pacific is representative of a more deep-rooted downturn."

Warc is recruiting for the Global Marketing Index panel. Please refer colleagues and contacts to: <http://www.warc.com/gmi>

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Editors' Notes:

About the Index

The Global Marketing Index provides a unique monthly indicator of the state of the global marketing industry, by tracking current conditions among marketers. Our global panel (1,225 members) consists of experienced executives working for brand owners, media owners, creative and media agencies and other organisations serving the marketing industry. The panel has been carefully selected to reflect trends in the three main global regions: Americas, Asia Pacific and Europe.

Methodology

Data collection period: 6–17 August 2012. The Global Marketing Index results are calculated by taking the percentage of respondents that report that the activity has risen ("Increasing") and adding it to one-half of the percentage that report the activity has not changed ("Unchanged"). Using half of the "Unchanged" percentage effectively measures the bias toward a positive (above 50 points) or negative (below 50 points) index. As an example of calculating a diffusion index, if the response is 40% "Increasing," 40% "Unchanged," and 20% "Reducing," the Diffusion Index would be 60 points ($40\% + [0.50 \times 40\%]$). A value of 50 indicates "no change" from the previous month.

The more distant the index is from the amount that would indicate "no change" (50 points), the greater the rate of change indicated. Therefore, an index value of 58 indicates a faster rate of increase than an index value of 53, and an index value of 40 indicates a faster rate of decrease than an index value of 45. A value of 100 indicates all respondents are reporting increased activity while 0 indicates that all respondents report decreased activity.

About Warc

Warc is the global provider of ideas and evidence to marketing people. It has produced trusted and independent data on advertising expenditure and media costs for more than 25 years, and has partnerships with leading advertising organisations in more than 80 countries. Warc's premium online service, www.warc.com, is the largest single source of intelligence for the marketing, advertising and media communities worldwide.

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