



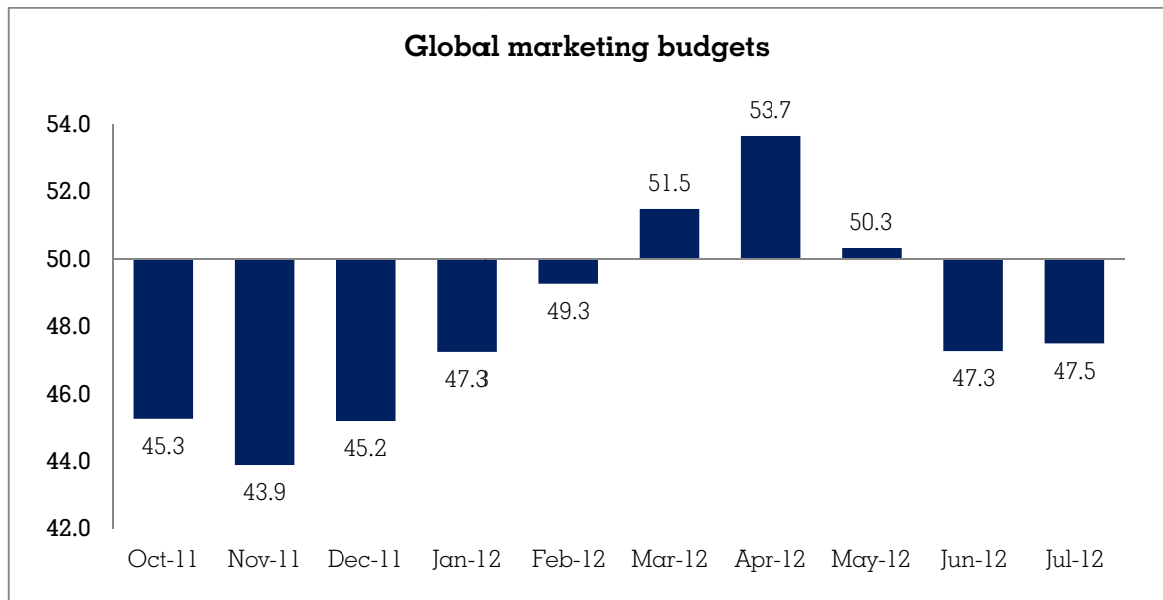
WARC
ideas and evidence
for marketing people

European pessimism hits global marketing budgets

- Marketers in the Americas have the most upbeat outlook
- Global trading conditions hit a low point in July but remain positive
- Staffing levels are still increasing, but the rate of recruitment slows once again

London, 19 July 2012

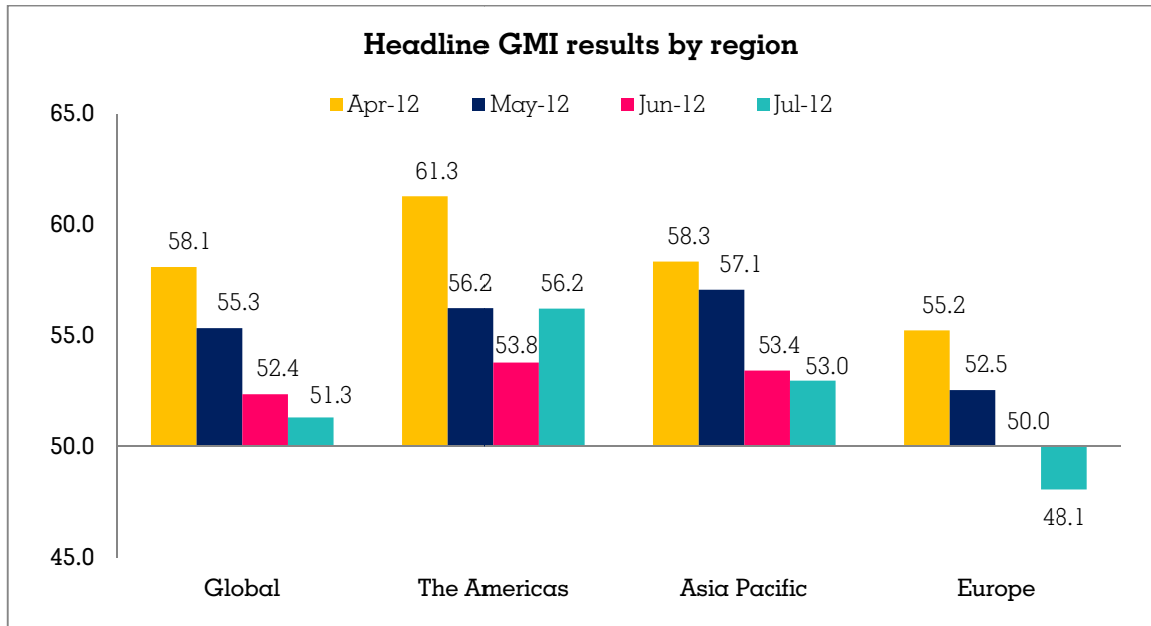
Marketing budgets were cut again in July, data from Warc's latest **Global Marketing Index (GMI)** show. Despite this latest monthly drop, conditions have not worsened since last month: the July index shows a reading of 47.5, largely stable from June's 47.3.



But the global index masks underlying differences in sentiment by region. Europe is acting as a drag on global budgets: the index for European marketing budgets dropped 1.8 points this month to 42.3. By contrast, marketing budgets in both the Americas and Asia Pacific increased, recording 52.3 and 50.8 respectively.

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 – dropped to 51.3 in July. This represents the lowest reading since November 2011 (51.1) and the third successive month of decline.



*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 (56.2) and Asia Pacific (53.0) show growth, but for European marketers the outlook is negative (48.1).

The index for global trading conditions remains positive in July on 51.9, but this represents a 2.2 point drop compared with last month. Business conditions deteriorated most severely in Europe (47.9), while readings for the Americas (55.9) and Asia Pacific (54.5) showed conditions to be generally improving.

The index of staffing levels recorded a value of 54.6 in July. The sharpest increases in recruitment are occurring in the Americas (60.5).

Commenting on the July 2012 GMI results, Suzy Young, Data Editor at Warc, said: "The crisis in the eurozone is impacting on the region's marketers, with both marketing budgets and general trading conditions now in decline. The outlook for the Americas and Asia Pacific is more positive and budgets are rising."

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 (1,295 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: 2–13 July 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.

About World Economics

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