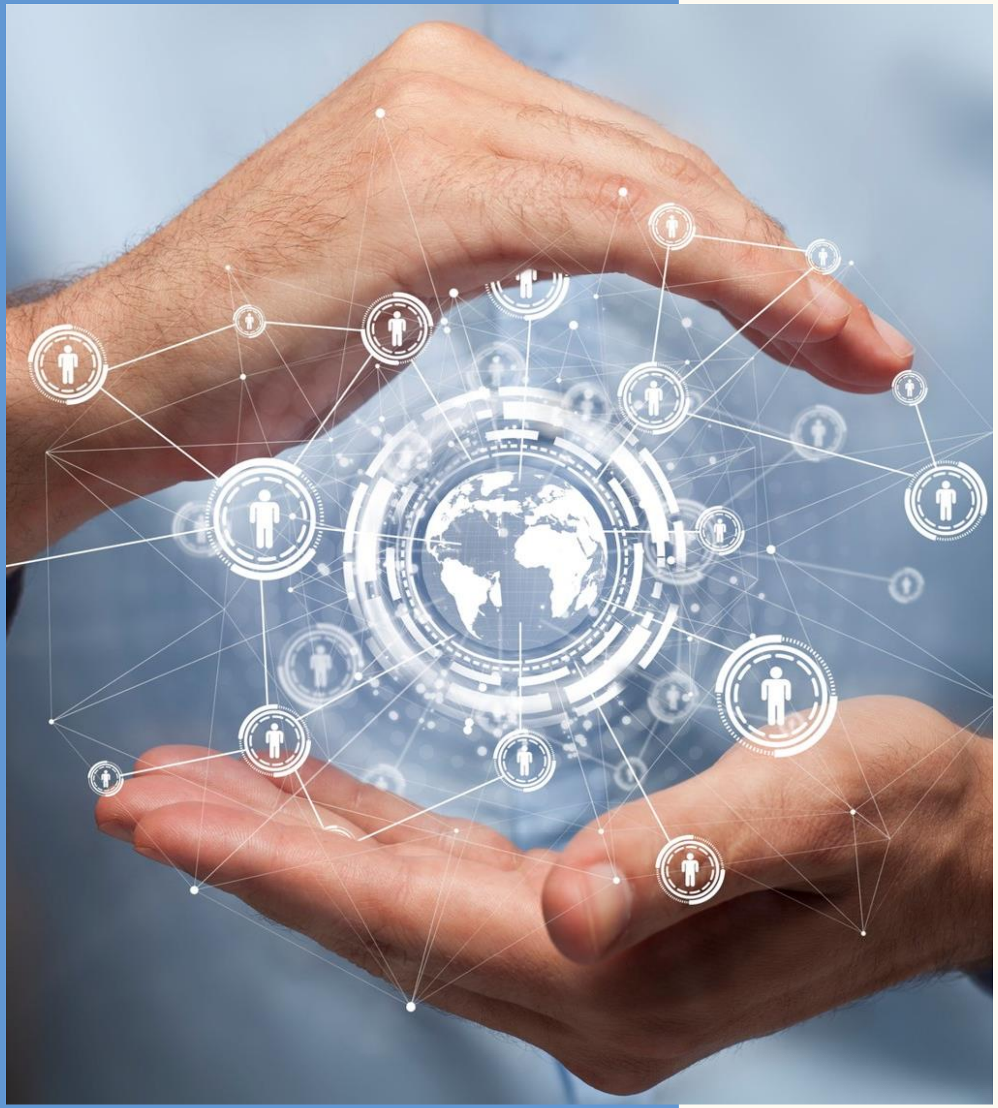
WARC

Global Marketing Index
A review of 2021



An introduction to the GMI

The WARC Global Marketing Index (GMI) provides a unique monthly indicator of the state of the marketing industry, by tracking current conditions amongst marketers.

Since 2011, WARC has tracked current conditions amongst marketers globally but also specifically across Europe, APAC and the Americas.

Our global panel (1,000+ members) consists of experienced executives working for brand owners, media owners, creative and media agencies, and other organisations serving the marketing industry.

The following parameters are measured globally and regionally:

- Marketing budgets
- Marketing budgets by medium (Digital, mobile, TV, radio, OOH and press)
- Trading conditions
- Staffing levels

We continuously recruit new members into our panel. If you are interested in joining, more information can be found on **page 25****.**

Register here

Takeaways

This report reviews the Global Marketing Index (GMI) over the 12 months of 2021, analysing the trends shown by the indices for trading conditions, marketing budgets and staffing. This is accompanied by analysis from WARC Data.

1

Recovery maintained in 2021

Over the last 12 months, growth has been maintained across all key indices globally and regionally, signalling that, despite the twists and turns of 2021, key successes such as vaccine programmes across the world have helped markets set themselves up to live with COVID.

With this recovery comes a resurgence in marketing budgets across channels, especially digital and mobile, TV and OOH with the latter coming back into growth in 2021 following the lifting of restrictions.

2

Zero-COVID strategy proves disruptive to growth

Although key indices in APAC, Europe and the Americas remain in growth, it is a tale of two halves. APAC markets which have operated a zero-COVID strategy saw decreased rates of growth in the summer, in line with restrictions being imposed, contrasting to markets in Europe and the Americas which decided to live with the virus and consequently saw the highest rates of growth in the same period.

Despite this, markets in APAC have since recovered with marketing budgets and trading conditions showing a higher level of growth compared to Europe and the Americas.

3

The Great Resignation impacts staffing globally

The economic fallout of the pandemic resulted in the mass exodus of workers across America, now coined as 'The Great Resignation'.

This is captured in the staffing levels index where the Americas consistently outperformed Europe and APAC in 2021. However, the movement is not limited to the Americas as staffing levels in both Europe and APAC have seen an increased rate of growth in Q4.

Consequently, this is likely to remain a challenge in 2022 as regions battle with factors such as Brexit, work-life balance and the worker-employer relationship.

Methodology

The Global Marketing Index results are calculated by taking the percentage of respondents that report that the activity has grown (“Increasing") and adding it to one-half of the percentage that report the activity has not changed (“Unchanged").

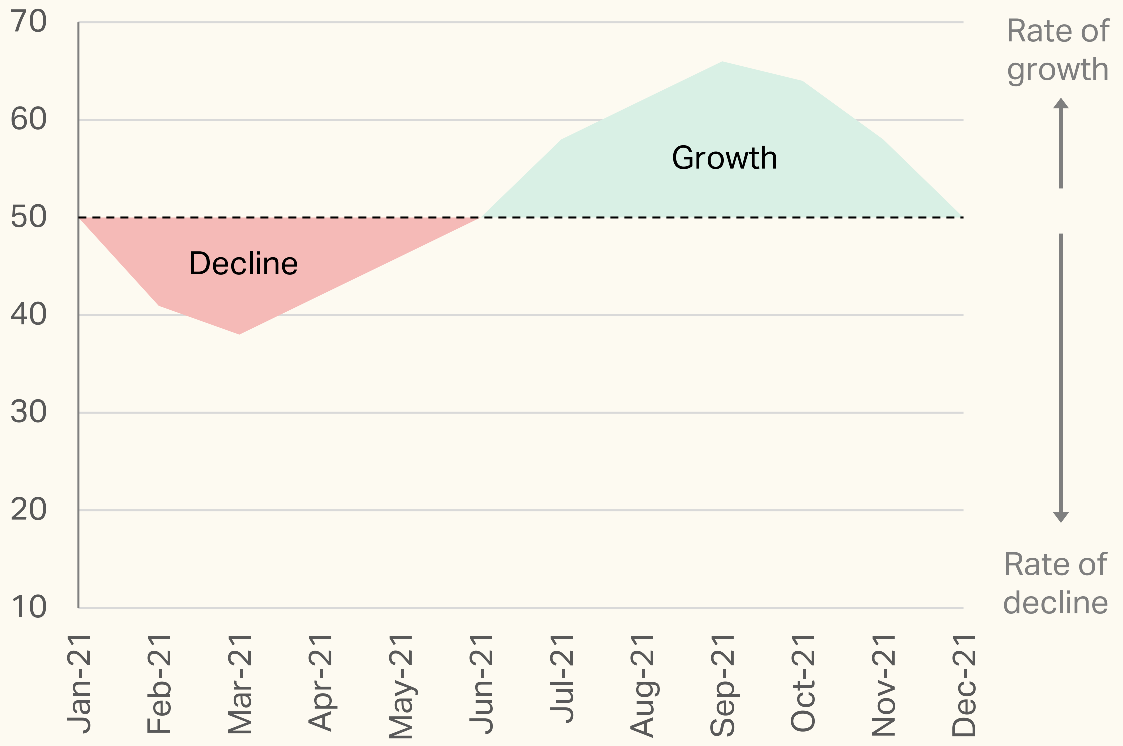
Using half of the “Unchanged" percentage effectively measures the bias toward a positive (above 50 points) or negative (below 50 points) index. As an example of calculating a diffusion index, if the response is 40% “Increasing“, 40% “Unchanged“, and 20% “Reducing“, the Diffusion Index would be 60 points (40% + [0.50 x 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.

Example index chart



Headline Global Marketing Index

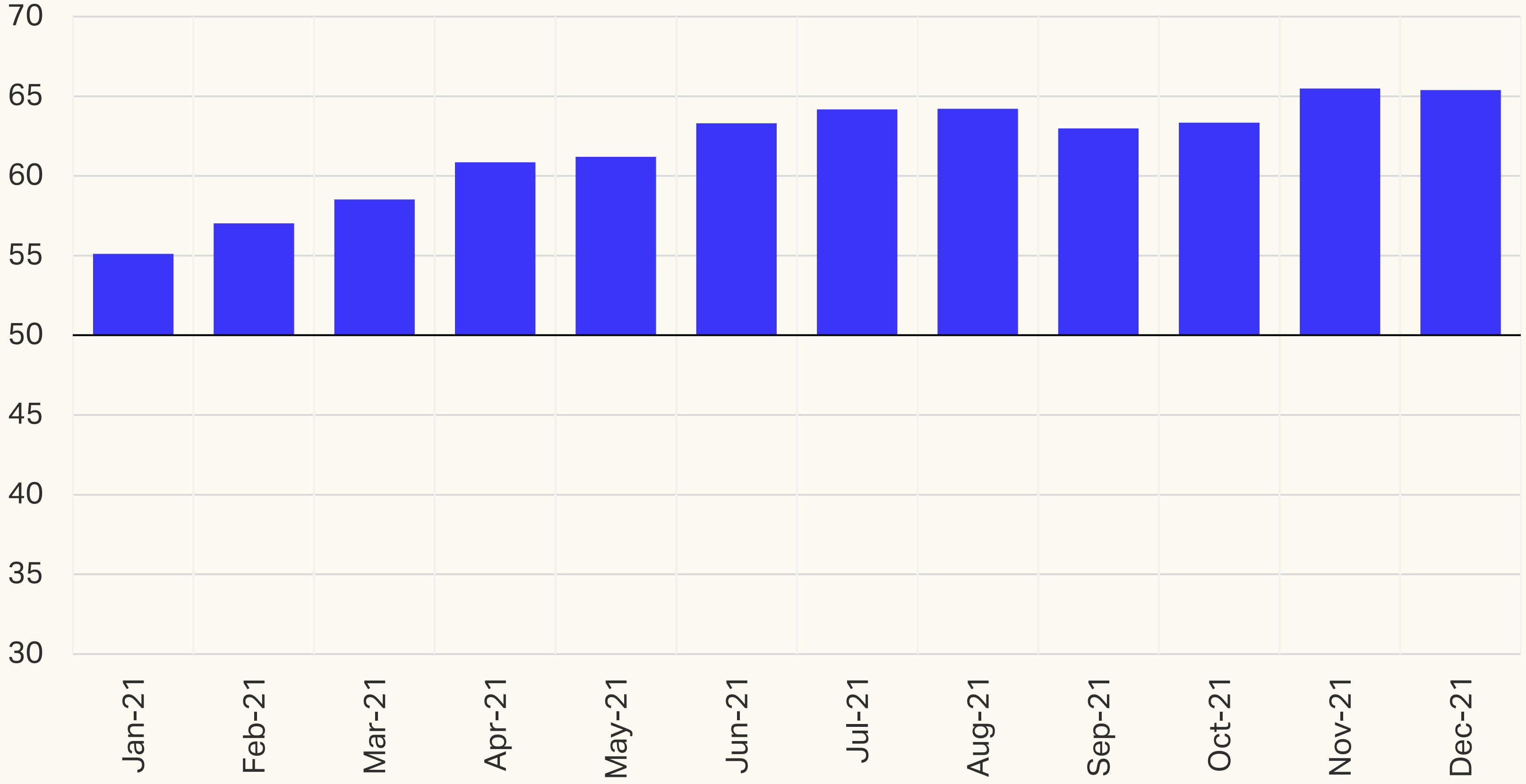
Taking into account the rate of growth or decline across trading conditions, marketing budgets and staffing levels across regions, the headline GMI value is a summary of how the marketing industry is faring globally.

Headline GMI reflects recovery

The Headline Global Marketing Index (GMI) shows the recovery of 2021, with a consistent overall increase in growth since January, albeit with a slight decrease in the rate of growth in September (64.2 to 63.0).

As a result, November recorded the highest index value since the inception of the Global Marketing Index at 65.5, a far cry from May 2020, when the Headline Index plummeted to its lowest ever value of 19.7 at the height of the COVID-19 pandemic.

Headline Global Marketing Index



Note: An index value above 50.0 indicates growth, while below 50.0 indicates decline.

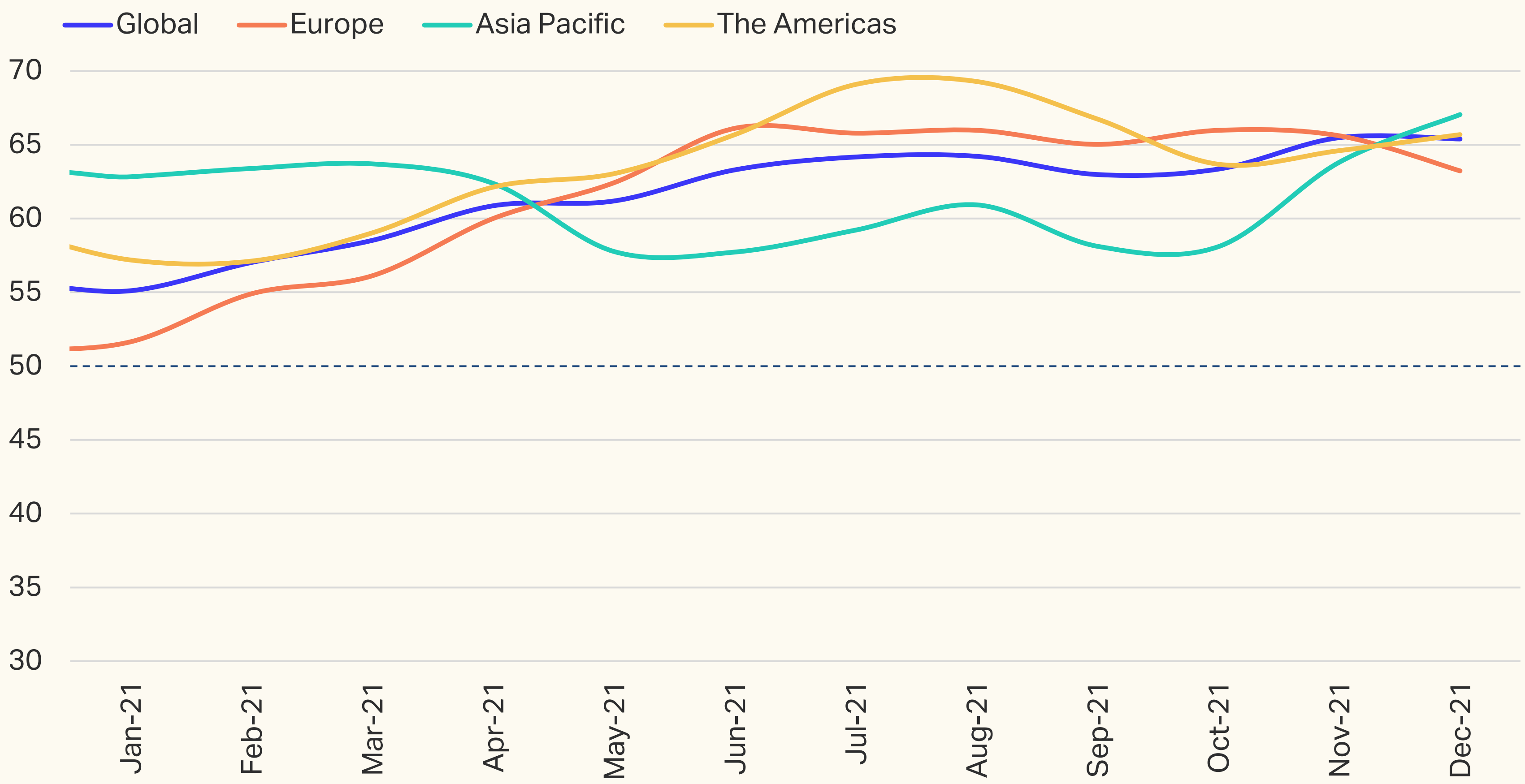
Steady progress made globally

While all regions remained in growth in 2021, it is the Americas that showed the highest rate of growth overall, peaking at 69.3 in August.

This contrasts to APAC, which showed a lower rate of growth from May to November. However, with a notable increase in growth in December from 63.8 to 67.1, APAC ends 2021 at the highest rate of growth across regions.

Despite showing a lower rate of headline index growth at the beginning of 2021, Europe has made consistent progress in its recovery.

Headline GMI regional



Note: An index value above 50.0 indicates growth, while below 50.0 indicates decline.

Trading conditions

This parameter measures how respondents perceive trading conditions for their business compared to the previous month.

The charts in this section (unless otherwise specified) are based on the following question:

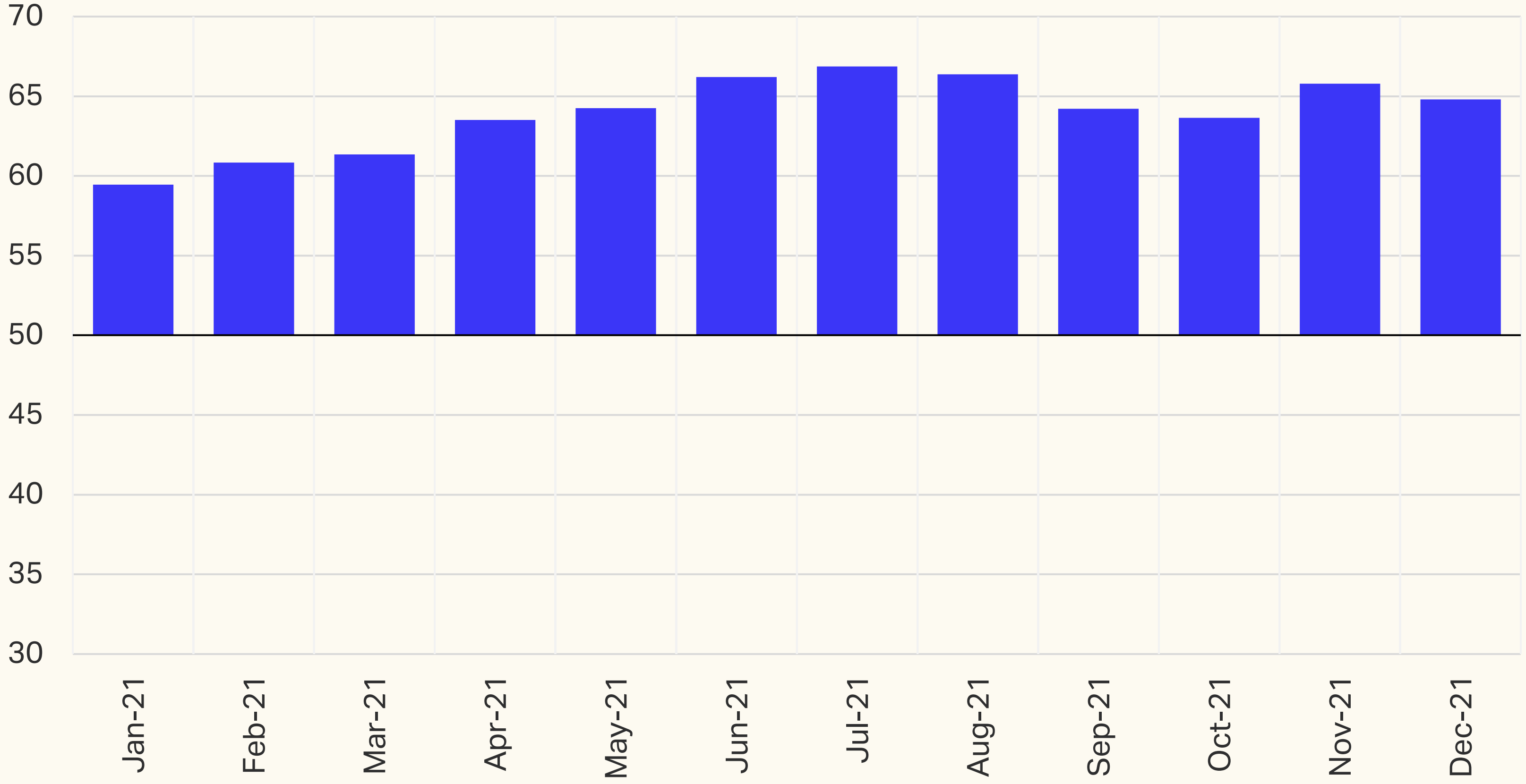
Are trading conditions improving, stable or deteriorating compared to last month?

Trading conditions settle in rate of growth

The index for trading conditions began and ended 2021 in growth from 59.4 to 64.8, respectively, however, the fastest period of growth occurred in June (66.2), July (66.9) and August (66.4).

This is likely due to the lifting of COVID restrictions in major markets such as the UK and US as a result of the success of vaccine programmes globally, however for many countries, 2022 begins the shift from COVID-19 as a pandemic to being endemic which could have an impact on future progress.

Global trading conditions



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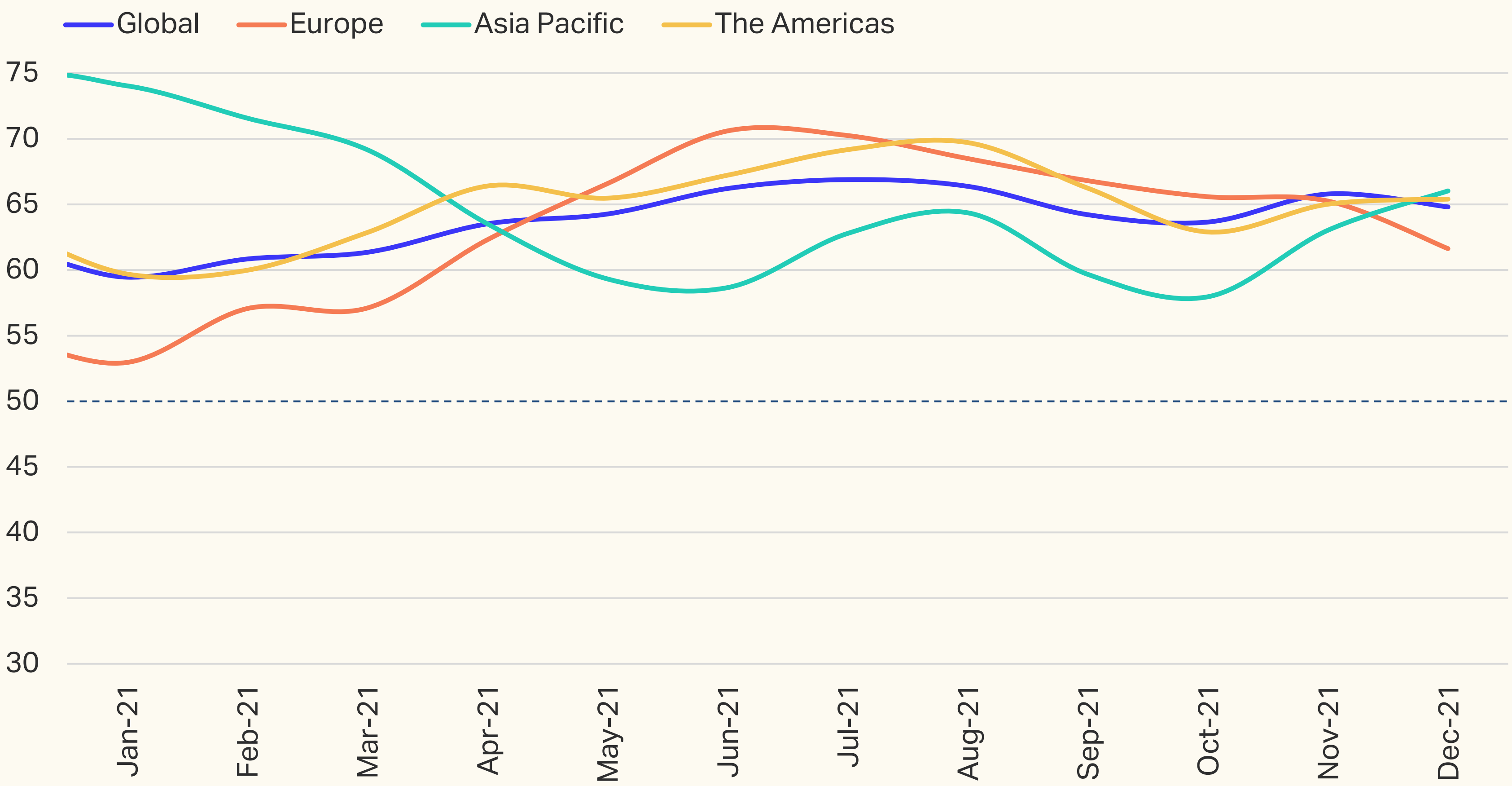
APAC above regions but shows overall decrease

At the beginning of 2021, the levels of trading conditions in APAC showed a notably high rate of growth (74.0), however, the region has seen the most disruption in its rate of growth, ending the year at slower growth (66.0), but still the quickest rate of growth across regions.

The index value across Europe and the Americas saw a steady increase in the rate of trading conditions growth, peaking in June (70.6) and August (69.7), respectively.

Trading conditions by region



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Marketing budgets

This parameter measures the health of marketing investment, with a look at where that investment is being directed across media channels.

The charts in this section (unless otherwise specified) are based on the following questions:

On average, are marketing and promotional budgets increasing, unchanged or reducing compared to three months ago?

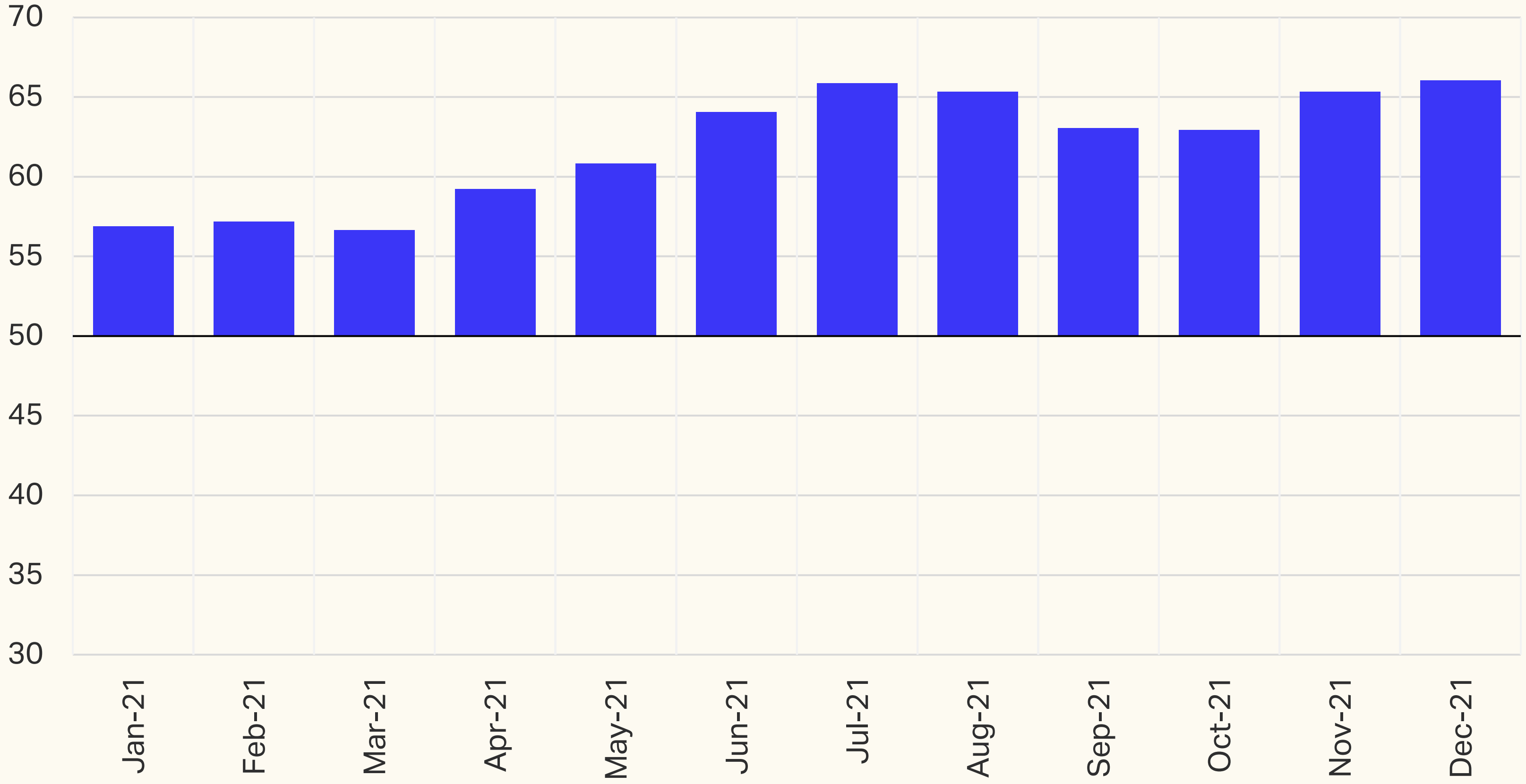
In the following areas, are average media budgets increasing, unchanged or reducing compared to three months ago?

Growth of marketing budgets remain increased

The index for global marketing budgets began and ended 2021 in growth, with December's Index value of 66.1 showing the highest rate of growth since the inception of the Global Marketing Index.

This is likely to be a combination of increased marketing budget spend in recovering economies as well as media inflation continuing to increase.

Global marketing budgets



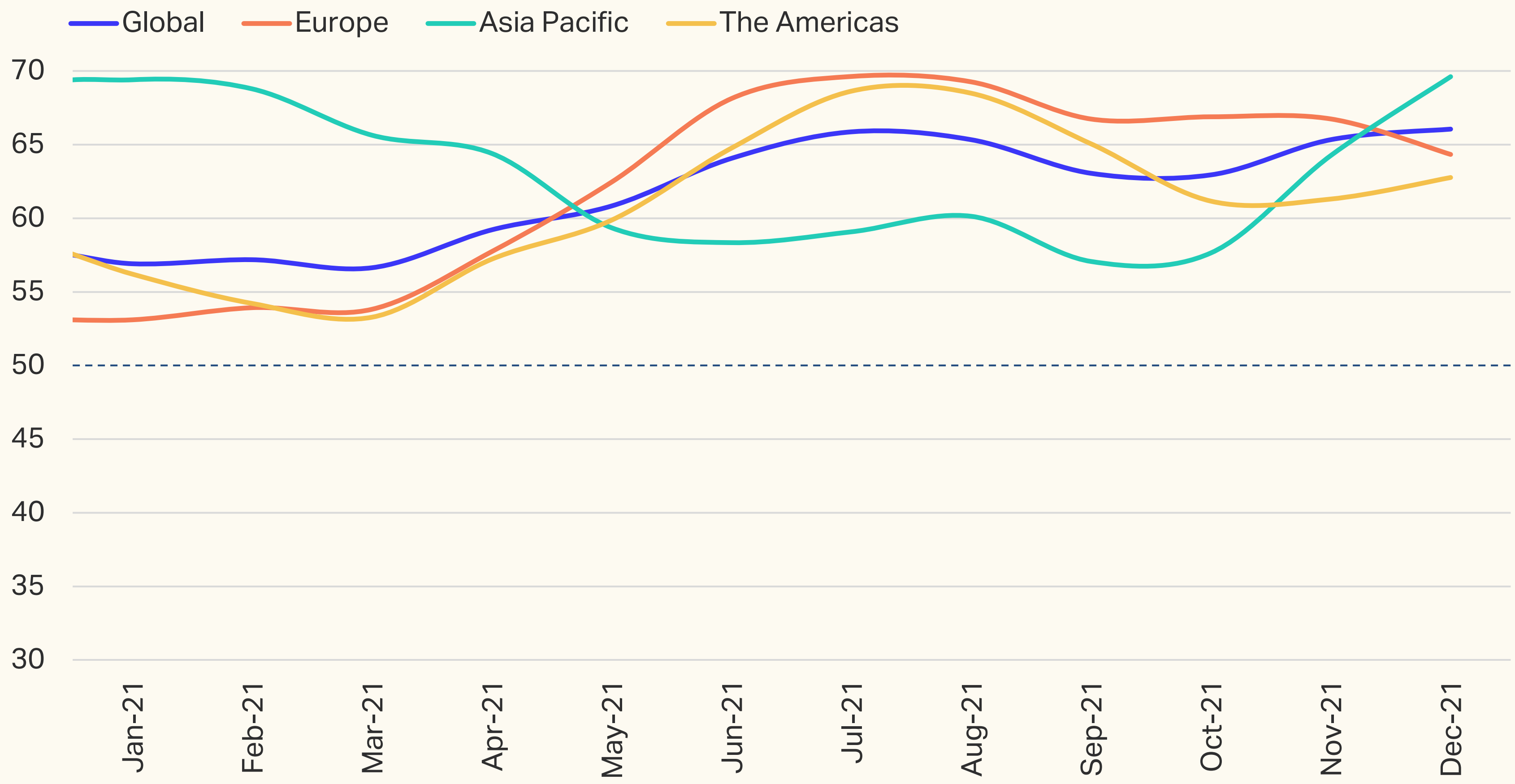
Note: An index value above 50.0 indicates growth, while below 50.0 indicates decline.

APAC shows high marketing budget growth

Although APAC shows a slight decrease in the rate of marketing budget growth between May and October, the region returned to the levels of growth seen at the beginning of 2021 by December.

Conversely, the index values in both Europe and the Americas followed a similar trajectory in 2021, peaking in July at 69.6 and 68.6, respectively.

Marketing budgets by region



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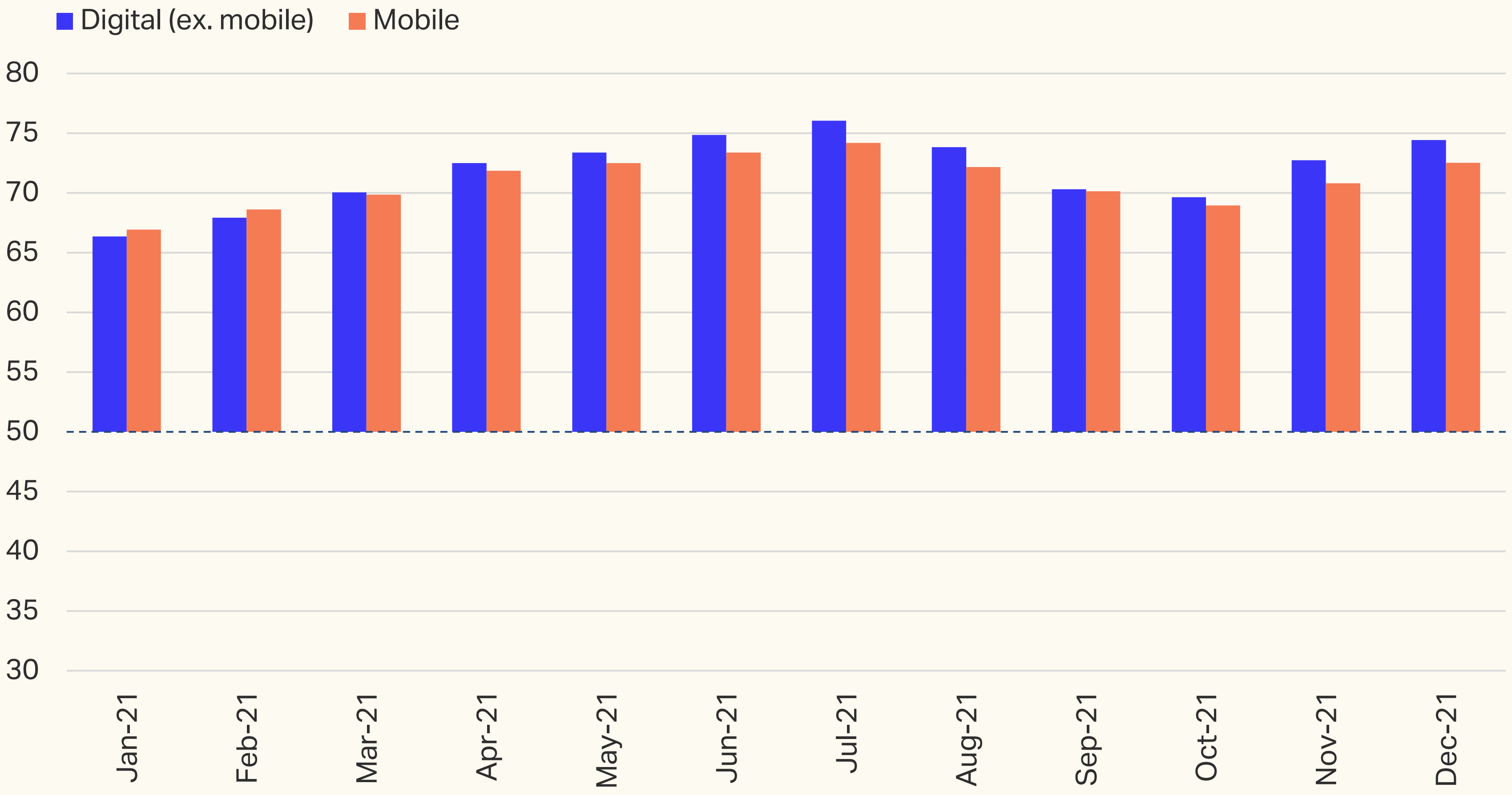
Digital and mobile budgets continue to grow

Although digital and mobile saw a slight decrease in marketing budget growth from August to October, both channels maintained the fastest growing budgets in 2021.

This is likely to continue, according to the Marketer's Toolkit which shows most marketers are expecting digital and mobile budgets across channels to increase in 2022.

Global digital and mobile marketing budgets



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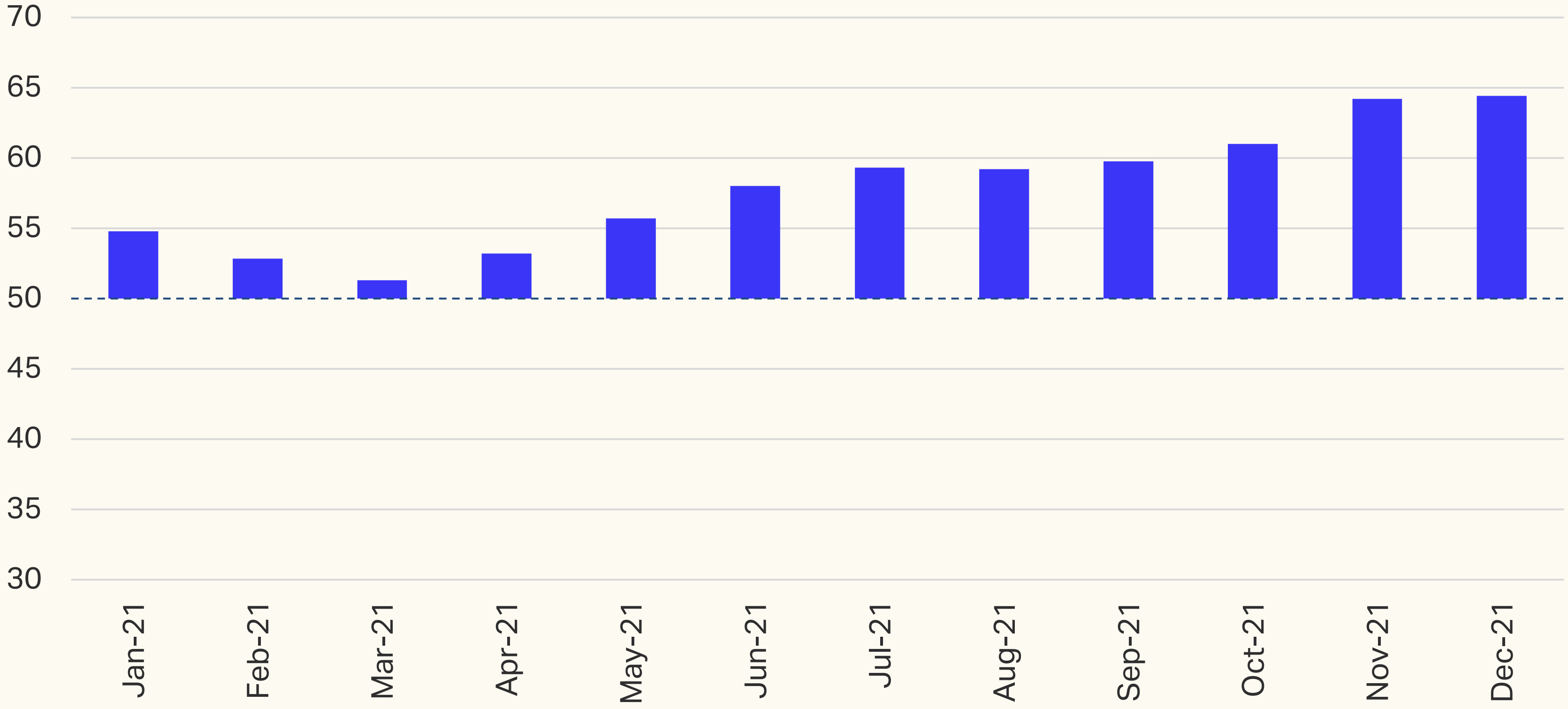
High budget levels reached for TV

The marketing budgets index for TV is the highest traditional media channel in terms of budget growth. The adaptability of the medium means that it is not as affected by restrictions as other channels such as press, radio and OOH and yet can still see high levels of budget growth when restrictions are lifted.

Analysis from WARC's Marketer's Toolkit saw a decrease in the 2022 net budget outlook for TV (-8), indicating a slight decrease in confidence in the channel compared to 2021's outlook of -7.

Global TV marketing budgets



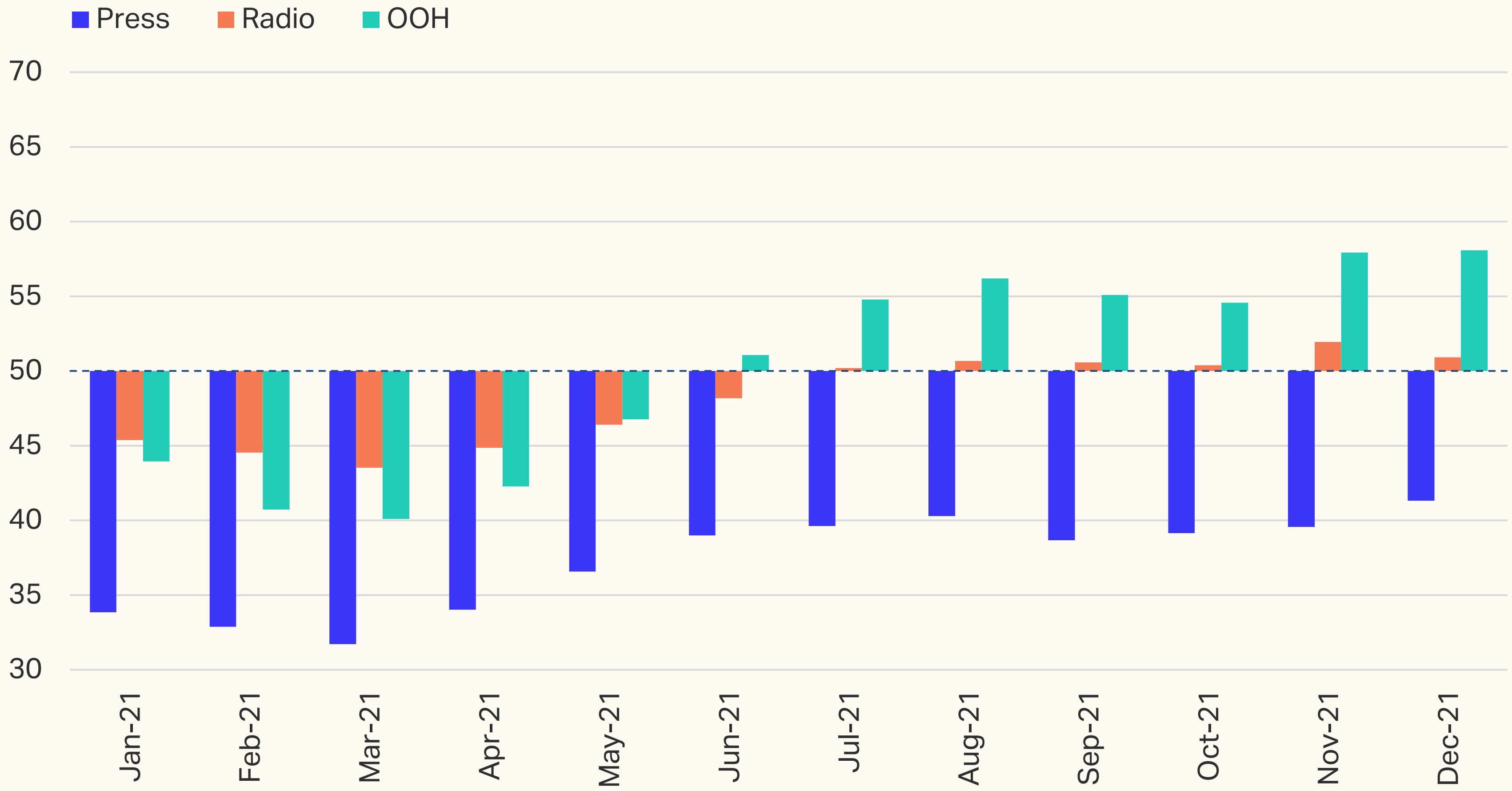
Note: An index value above 50.0 indicates growth, while below 50.0 indicates decline.

Growth in OOH budgets as markets come out of lockdown

Press, radio and OOH budgets started 2021 in decline. However, only press budgets remained in decline at the end of 2021 as both OOH and radio came back into growth in June and July respectively, with OOH showing increased rates of budget growth.

This aligns with analysis from WARC Data which forecasted a slight increase in offline year-on-year advertising spend in Q4 (10%), albeit still behind online channels at 26%.

Global press, radio and OOH marketing budgets



Note: An index value above 50.0 indicates growth, while below 50.0 indicates decline.

Online video budgets expected to thrive

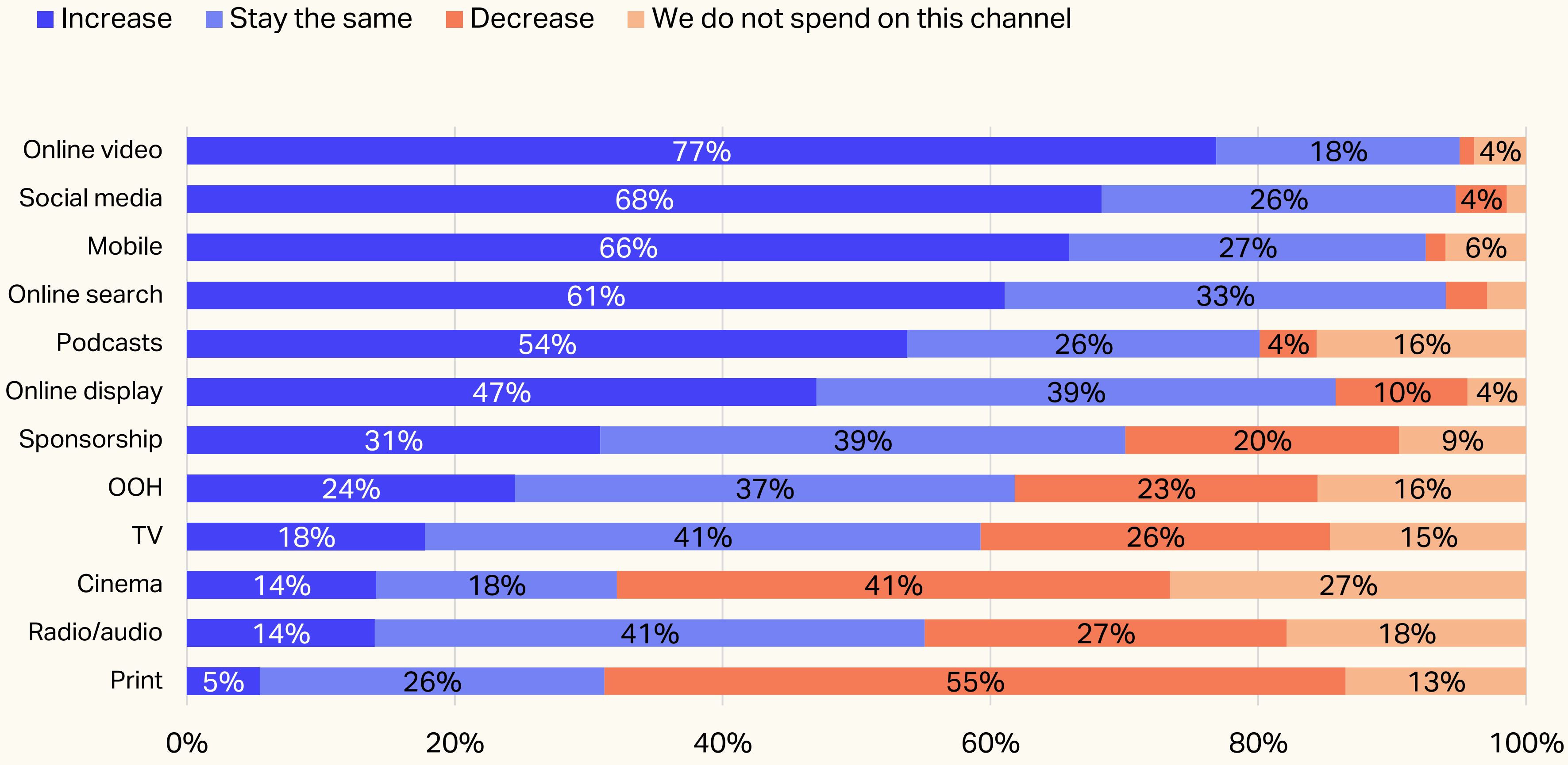
According to a WARC survey of more than 1,350 practitioners, marketer enthusiasm for online channels shows no sign of slowing following the COVID-19 disruption across the media landscape.

Online video and social media lead the way, while newer channels like podcasts are also attracting higher spend.

Investment in legacy channels, though, is expected to be largely flat as the pandemic rebound eases.

Global, Media investment in 2022

% of marketers



Note: Based on a global survey of more than 1,350 marketing executives.

SOURCE: WARC, *Marketer's Toolkit 2022*

Staffing levels

The staffing index reflects the number of staff taken on compared with the same period in the previous year.

The charts in this section (unless otherwise specified) are based on the following question:

Are staffing levels in your business increasing, unchanged or reducing compared to last month?

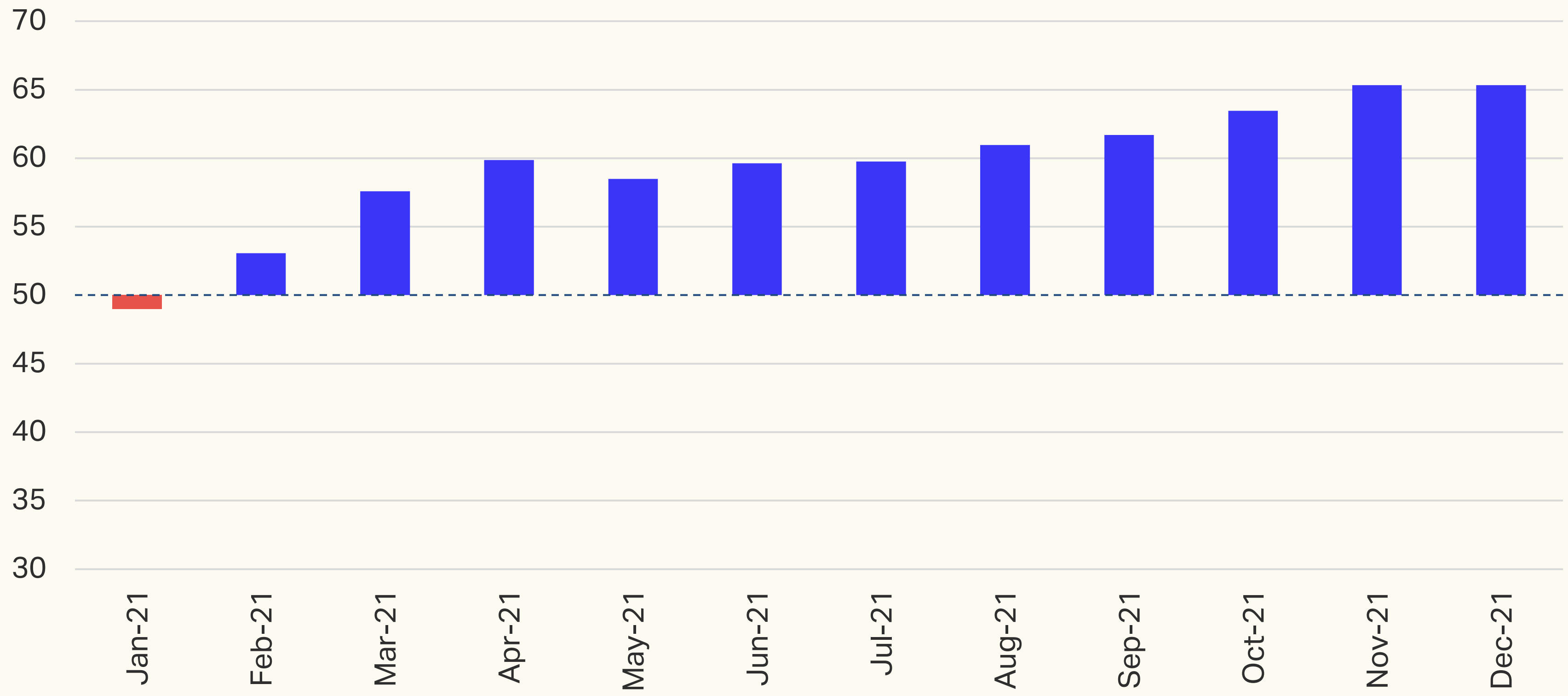
The Great Resignation makes its mark

Despite the staffing index beginning 2021 in decline, it has remained in increased growth since, settling at 65.3 in November and December.

This comes as the Great Resignation, combined with a skills shortage, makes its mark on the global job market, increasing turnover and turning the power dynamic between employers and employees on its head.

This is especially the case in the Americas where the movement was first noted.

Global staffing levels



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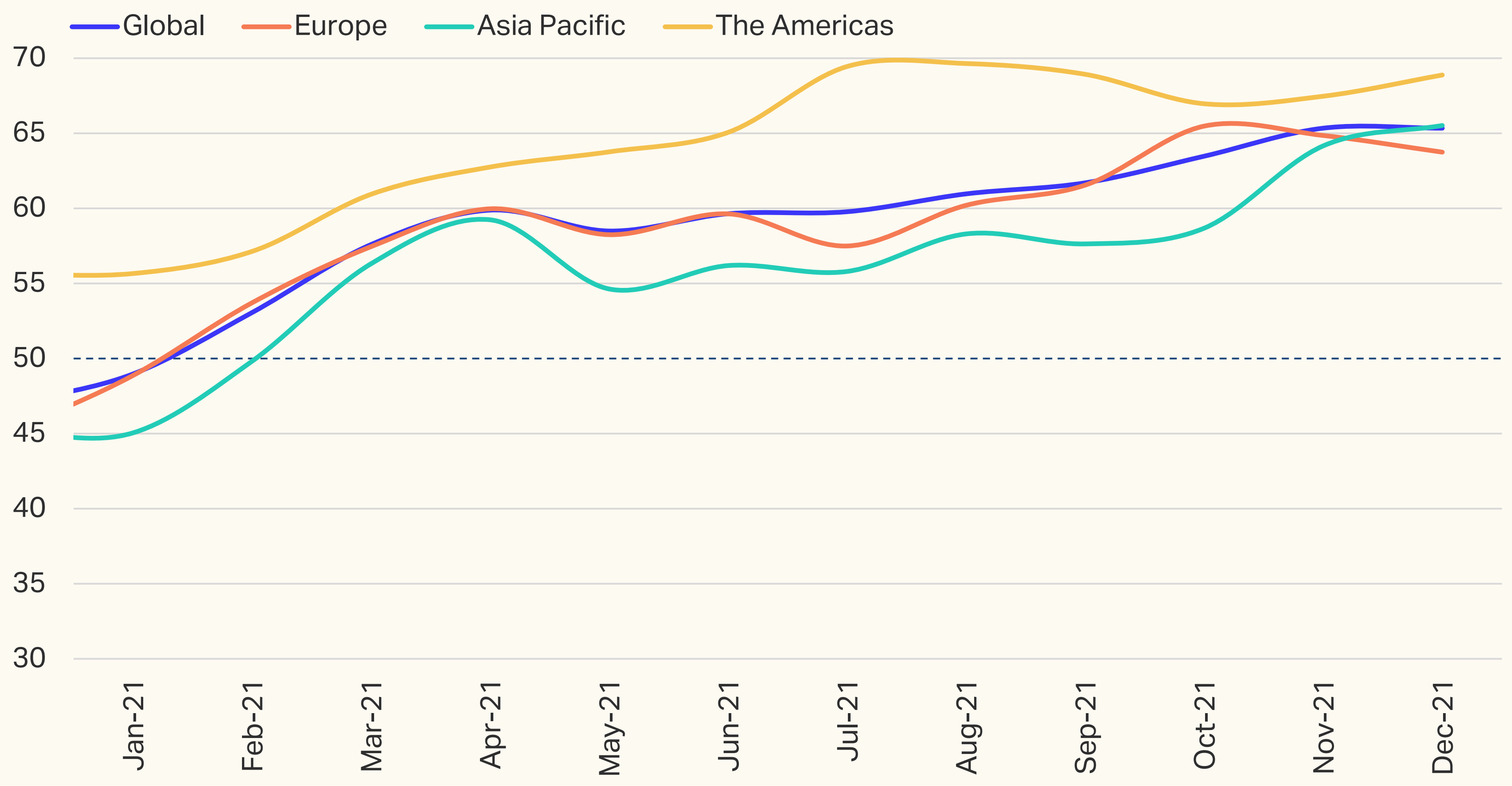
Americas outperforms on staffing levels growth

Although staffing levels across regions have seen an overall increase from the beginning of 2021, it is the Americas which has taken the index by storm, showing an increased rate of growth from March (60.9) and peaking in August (69.6).

Across regions, the Great Resignation shows no signs of slowing in 2022. Consequently, factors such as Brexit for Europe, work-life balance for APAC and the worker-employer relationship for the Americas may pose a bigger challenge for staffing levels globally.

Staffing levels by region



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GMI by region

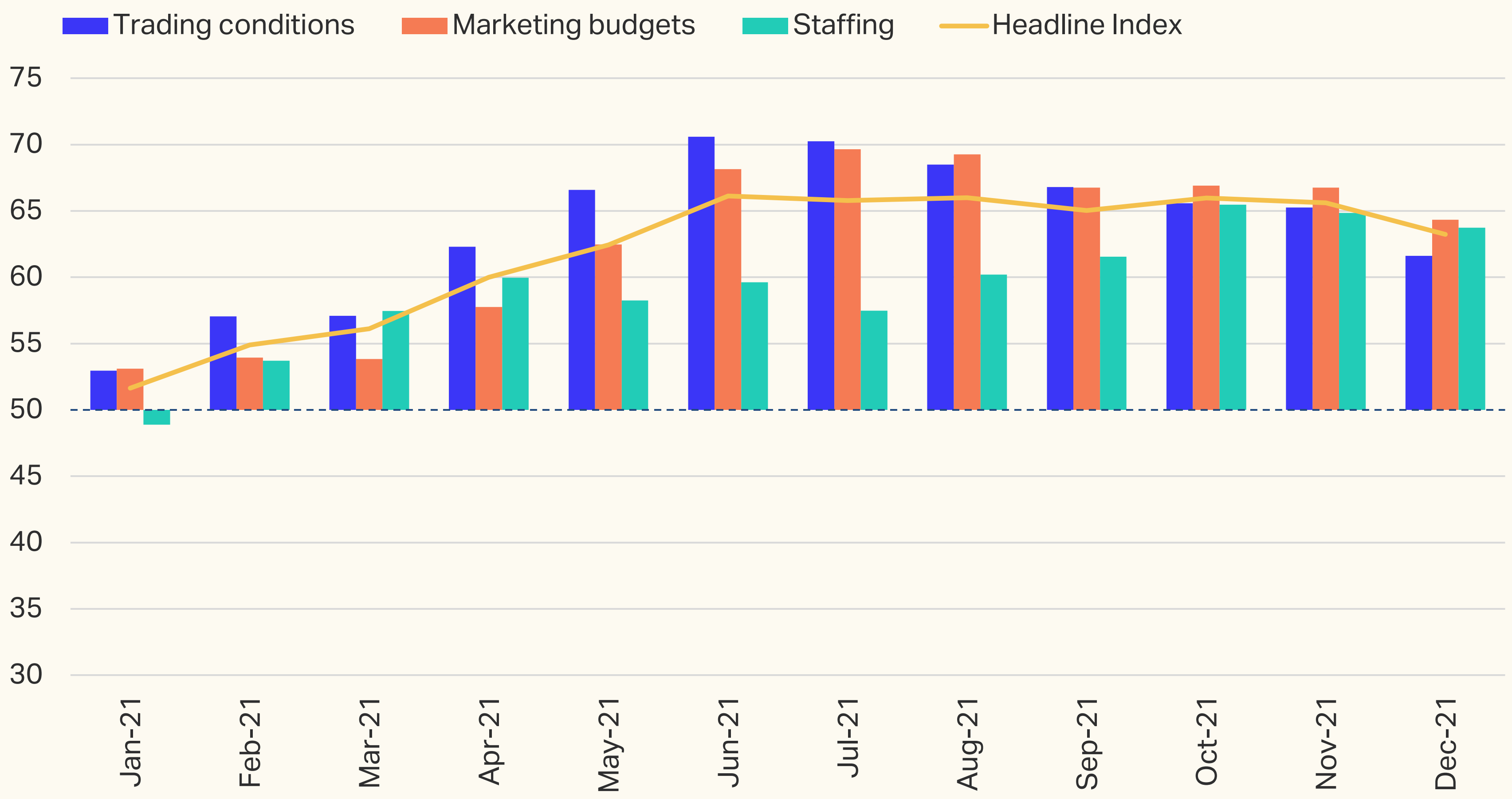
A look at the headline GMI, trading conditions and staffing indexes by region.

Trading conditions pose challenge for Europe

Europe started off at the lowest rate of growth across all key indices with several markets going into or already in lockdown. However, with many markets coming out of lockdown in spring, the headline index value followed by increasing in growth, peaking in June at 66.1.

However, it is worth noting that from June, trading conditions have seen a decrease in the level of growth which combined with the increased rates of staffing growth seen in Q4 could present challenges for Europe.

Global Marketing Index, Europe, 2021



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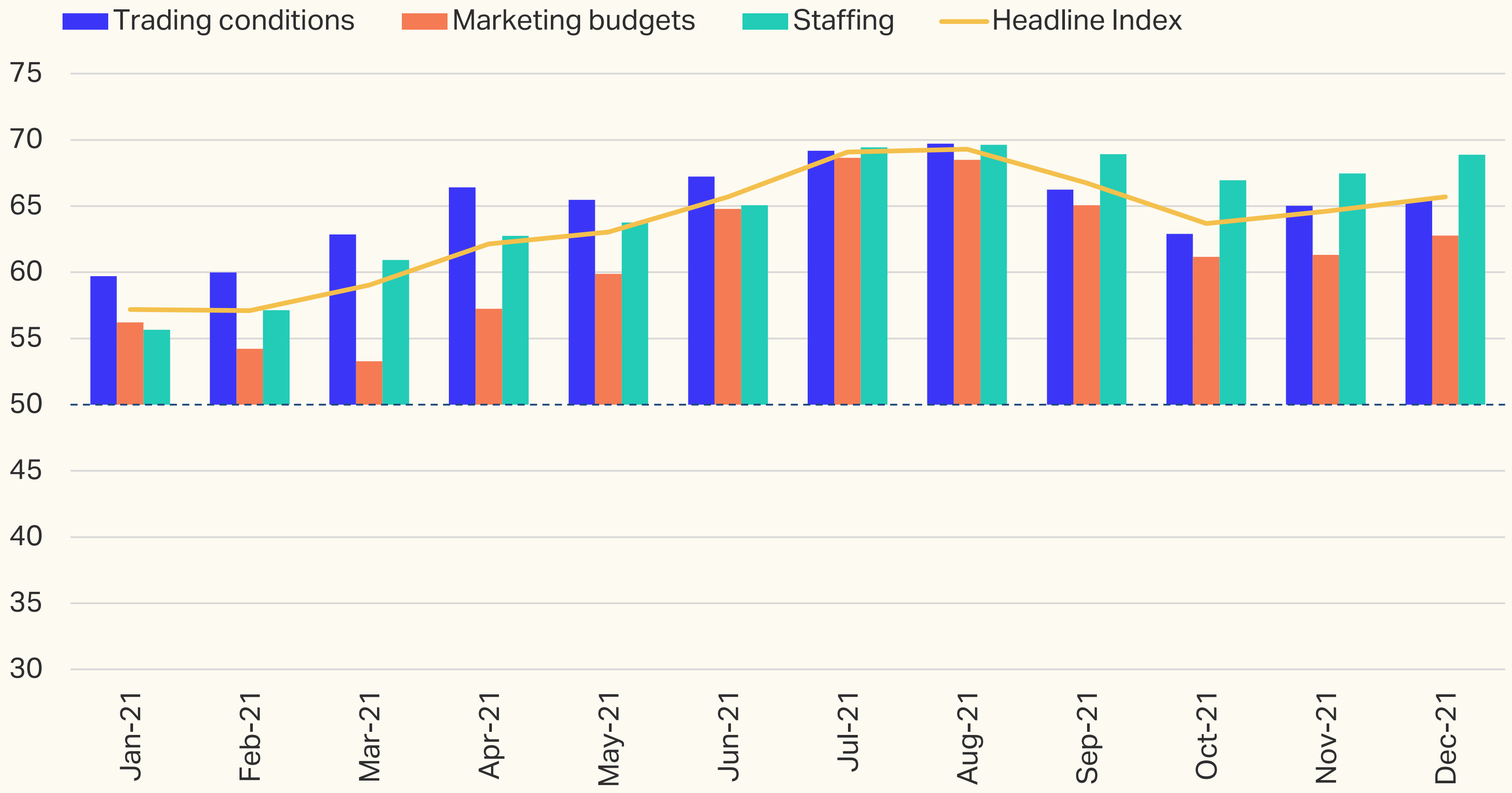
Americas staffing levels presents productivity challenge

In 2021, the Americas saw consistent growth across all key indices, despite a slight decrease in growth from September.

This is especially the case for the staffing levels index where the Americas has consistently outperformed Europe and APAC. This could have an impact on trading conditions in 2022 if companies are unable to retain their staff, as this will impact levels of productivity.

Global Marketing Index, The Americas, 2021



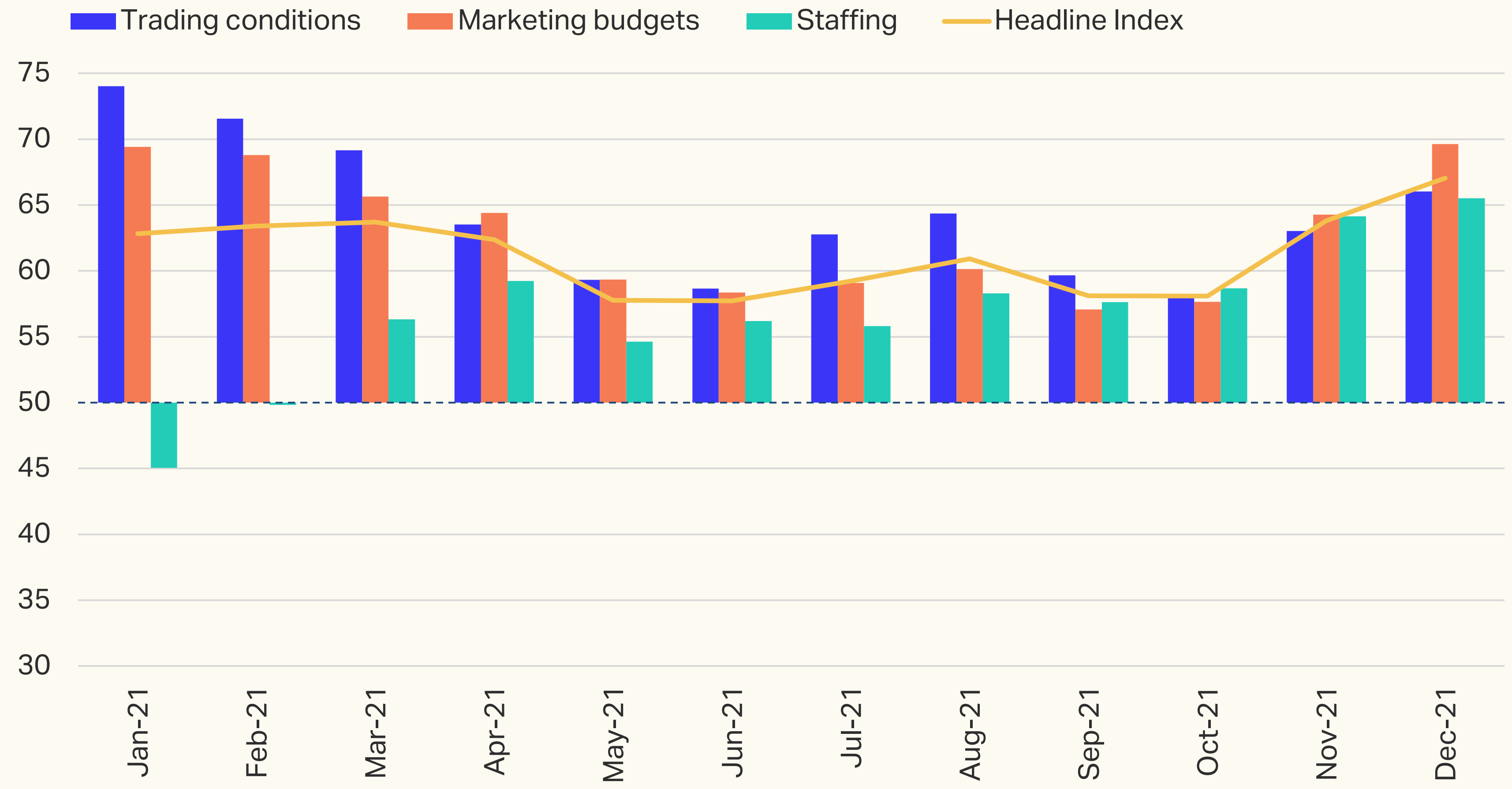
Note: An index value above 50.0 indicates growth, while below 50.0 indicates decline.

Slight volatility in APAC growth

A zero-COVID strategy across many markets in APAC meant that growth slowed when outbreaks occurred, such as in June when the Delta variant became widespread, a stark contrast to the increased rates of growth in the Americas and Europe.

Despite this, markets across APAC have seen a recovery from October onwards. Consequently, 2022 poses the challenge of transitioning to living with COVID to maintain these levels of growth.

Global Marketing Index, APAC, 2021



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Feeling inspired?

If you currently work for a brand owner, media owner, creative or media agency – or any other organisation serving the marketing industry – then we want you to take part in our panel.

The monthly questionnaire is easy to complete – there are just a few questions which can be answered intuitively and without recourse to company data. You will never be asked to disclose any figures, only your general perception of business conditions on a month-by-month basis.

Responses are analysed in aggregate and no individual responses will ever be disclosed.

In return for completing the monthly questionnaire you will receive that month's aggregated results and analysis in a PDF report.

Register here

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