

Global Marketing Index

A review of 2020





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 among marketers.

Since 2011, WARC has tracked current conditions among 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 28](#).

Takeaways

This report reviews the Global Marketing Index (GMI) over the 12 months of 2020, analysing the trends shown by the indices for trading conditions, marketing budgets and staffing. This is accompanied by key WARC Adspend data.

1. Recovery is apparent across most GMI indices as businesses gain confidence in economies across the world

Over the last 12 months, the GMI has seen the greatest fluctuation in its history. The headline index (reflecting the health of trading conditions, marketing budgets and staffing levels) began the year in

slight decline, the rate of which increased dramatically over the first half of the year, reaching an all time low in May as a result of the effects of COVID-19.

Since then, as optimism for an emergence from the pandemic has grown, the index has returned to growth, ending the year with three consecutive months at an increased growth rate.

2. The index for marketing budgets saw both its lifetime high and low index values in 2020

The overall index for marketing budgets mirrored the trends seen in the headline index, but when broken down by medium, digital

and mobile are the clear drivers of growth from August onwards, with radio, OOH and press remaining in decline.

3. APAC ended the year with the strongest index levels, showing increased rates of growth across most indices going into 2021

When broken down by region, the GMI indices tell the story of varying confidence levels across the world. APAC's increase in growth rate in the final few months of the year was rapid, whereas the Americas showed steadier growth over the second half of the year, with a particularly strong staffing index compared to other regions.

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").

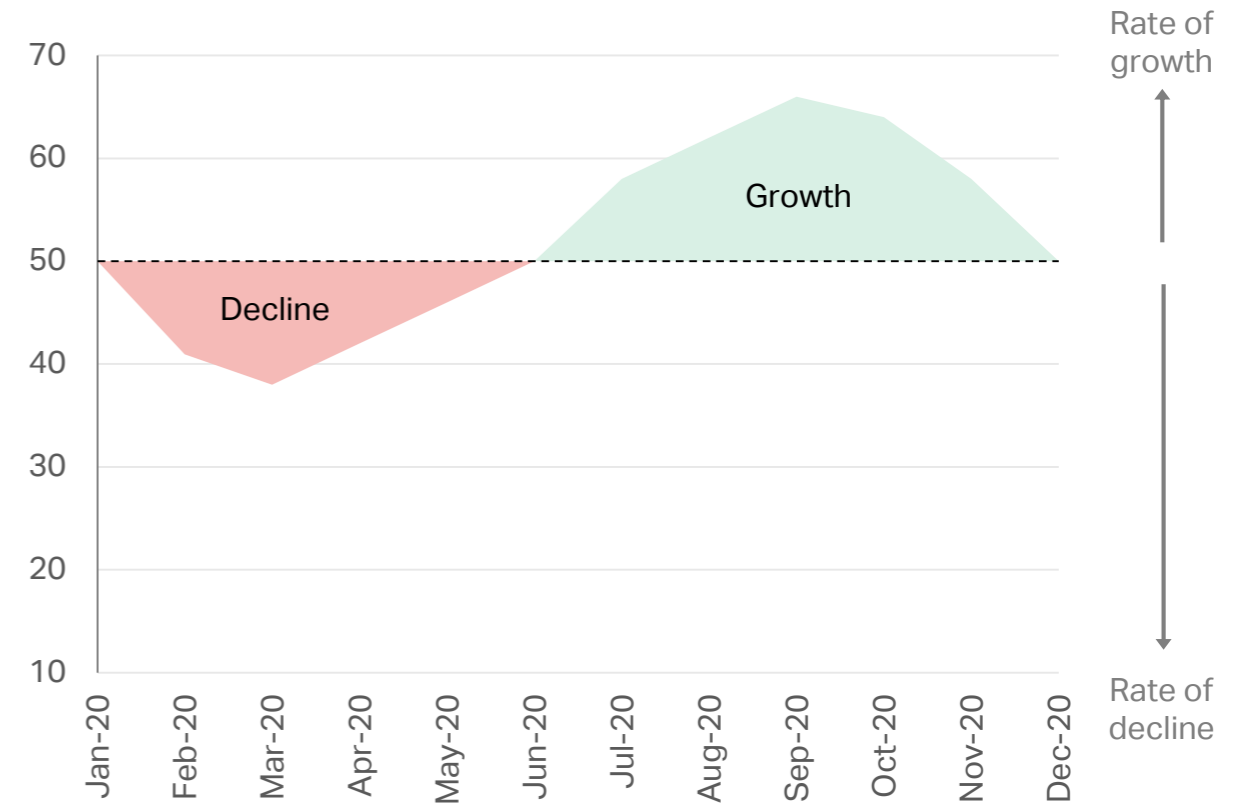
Using half of the "Unchanged" percentage effectively measures the bias toward a positive (above 50 points) or negative (below 50 points) index. As an example of calculating a diffusion index, if the response is 40% "Increasing", 40% "Unchanged", and 20% "Reducing", the Diffusion Index would be 60 points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

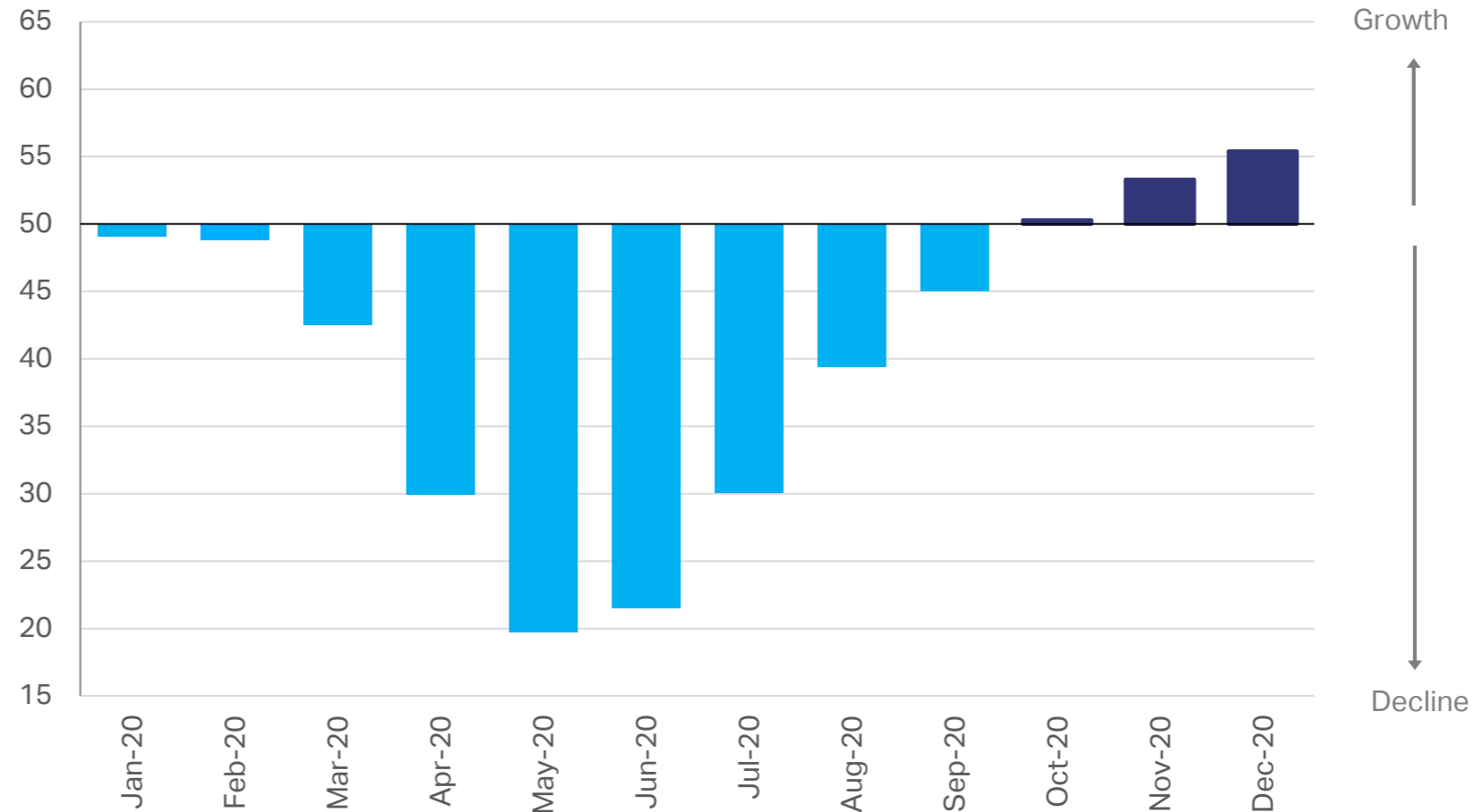
Headline GMI shows recovery for 2021

The Headline Global Marketing Index (GMI) reflects the volatility of 2020, with May seeing the lowest index value since the inception of the Global Marketing Index at 19.7.

However, since May the rate of decline consistently decreased, and the index came back into growth in October at 50.3.

December continued this growth with the index value rising from 53.3 in November to 55.4. Growth was driven largely by markets across APAC and the Americas, with the pace of recovery slower in Europe.

Headline GMI Global



Note: Please see the [methodology](#) for an explanation of the index values.

SOURCE: WARC Data, *Global Marketing Index*

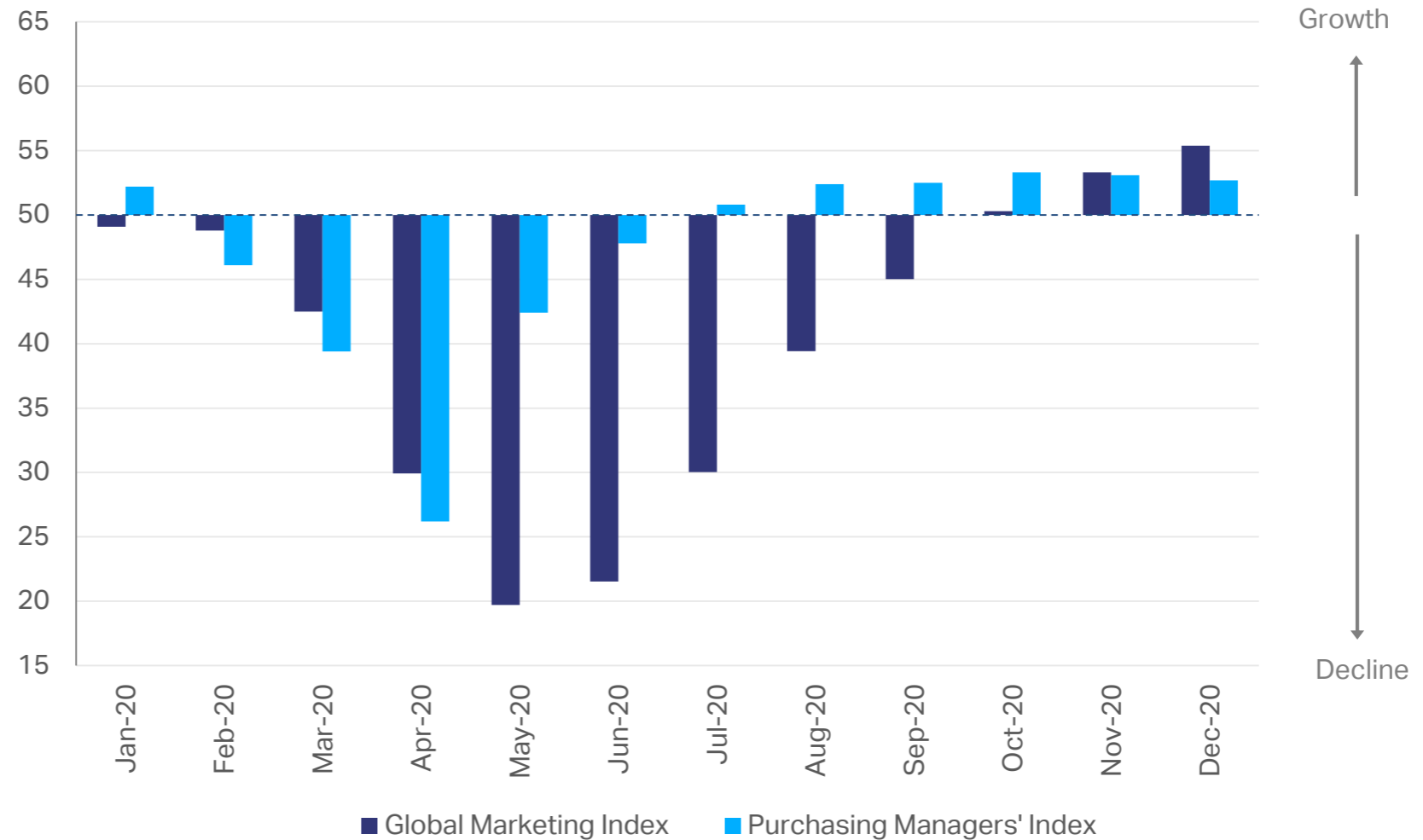
Growth ends 2020 for PMI and GMI

The Purchasing Managers' Index (PMI) is an indicator of the overall health of an economy based on surveys of senior executives at private sector companies.

Though the two indices correlate, the PMI indicates a much faster bounce back in overall economic recovery than the marketing sector specifically. The PMI returned to growth in July, while the GMI remained in decline until October.

Since November both indices have seen a similar rate of growth indicating stabilising conditions across businesses and in the marketing sector.

Headline Global Marketing Index vs. Purchasing Managers' Index



Note: The PMI headline index uses these inputs: new orders, output, employment, suppliers' delivery times and stocks of purchases

SOURCE: IHS Markit, *Purchasing Managers' Index*

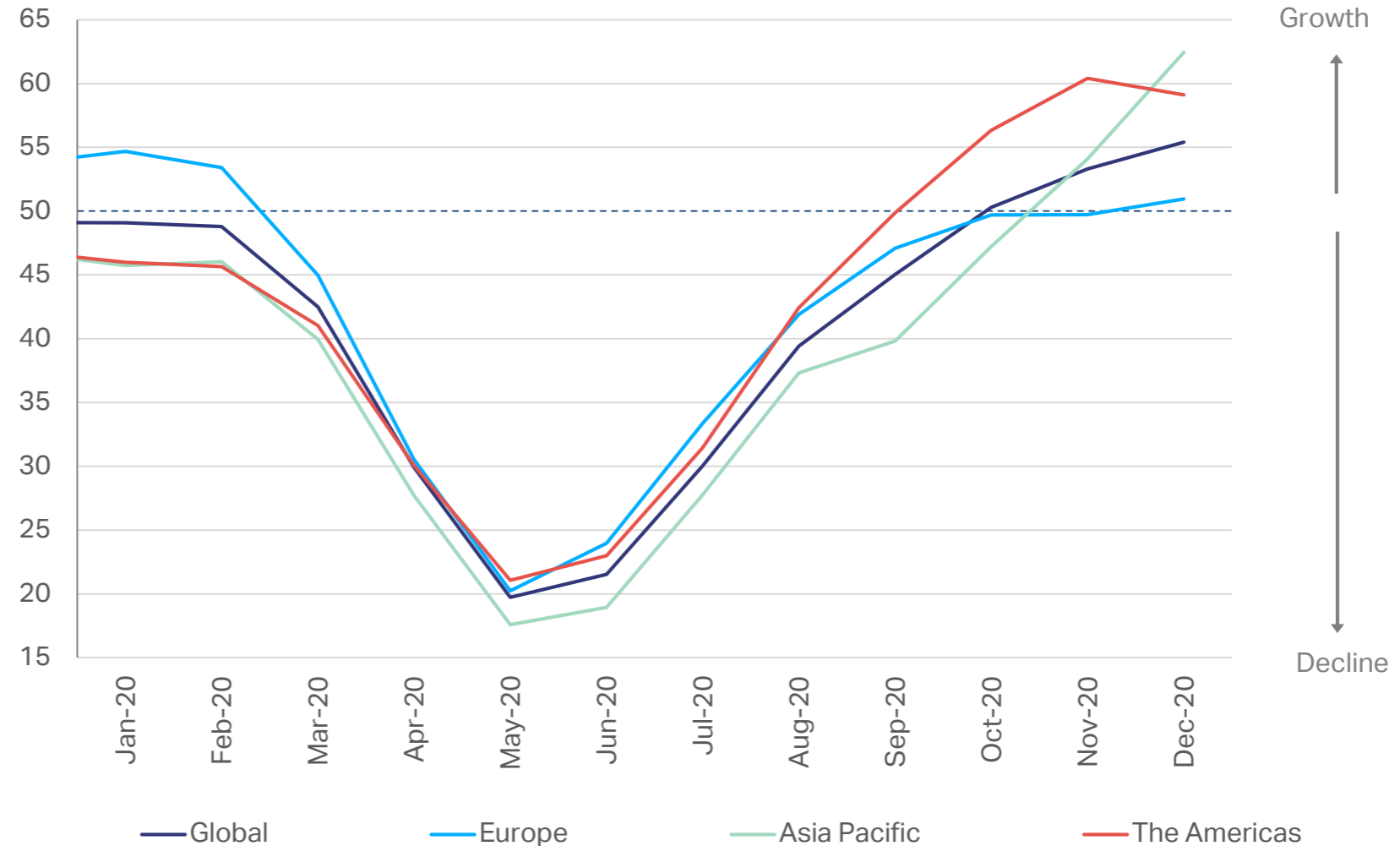
All year in flux across global markets

Europe was the only region to start the year in growth, but after the global decline between March and September has shown the slowest recovery, ending the year just in growth at 50.9. In contrast, the index for the Americas indicated the fastest recovery, returning to growth in October (56.3).

Although the headline GMI value in APAC showed the largest rates of contraction between March and October, in December the index value increased to 62.4: the region's fastest rate of growth since the creation of the GMI.

The headline GMI index ended 2020 in growth across all regions.

Headline GMI regional



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:

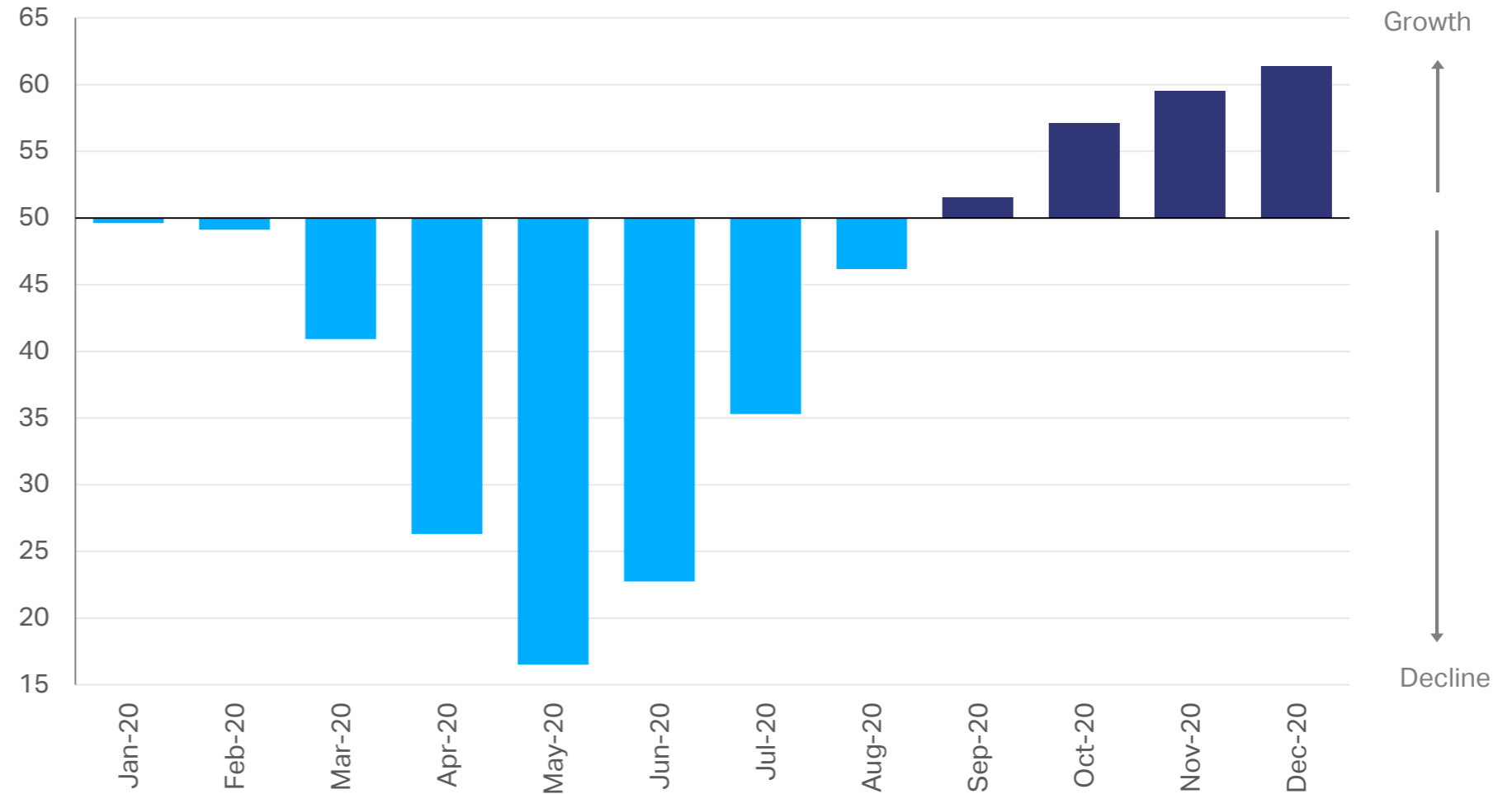
Are trading conditions improving, stable or deteriorating compared to last month?

Trading conditions bounce back

The index for trading conditions began 2020 in slight decline following a period of contraction that has stretched over the past three years. As the COVID-19 pandemic hit in the first quarter of 2020, trading in many markets drew to a halt as countries locked down, with the index values from March to July the lowest values ever recorded in the GMI.

However, the index value came back into growth in September and the rate of growth has continuously increased since, with the index value in December at 61.4, an increase from 59.5 in November.

Global trading conditions



SOURCE: WARC Data, *Global Marketing Index*

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APAC shows a later, steeper recovery

Although the APAC region showed the highest levels of decline in trading conditions across 2020, the spurt of growth from 57.7 in October to 74.2 in December reflects businesses seeing the benefits of improved consumer sentiment in the final quarter of the year, with many having adapted or pivoted within the 'new normal'.

Going forward into 2021, global vaccination programs are likely to continue to boost trading conditions, though continued lockdowns in markets across Europe may impair recovery in the first quarter.

Trading conditions by region



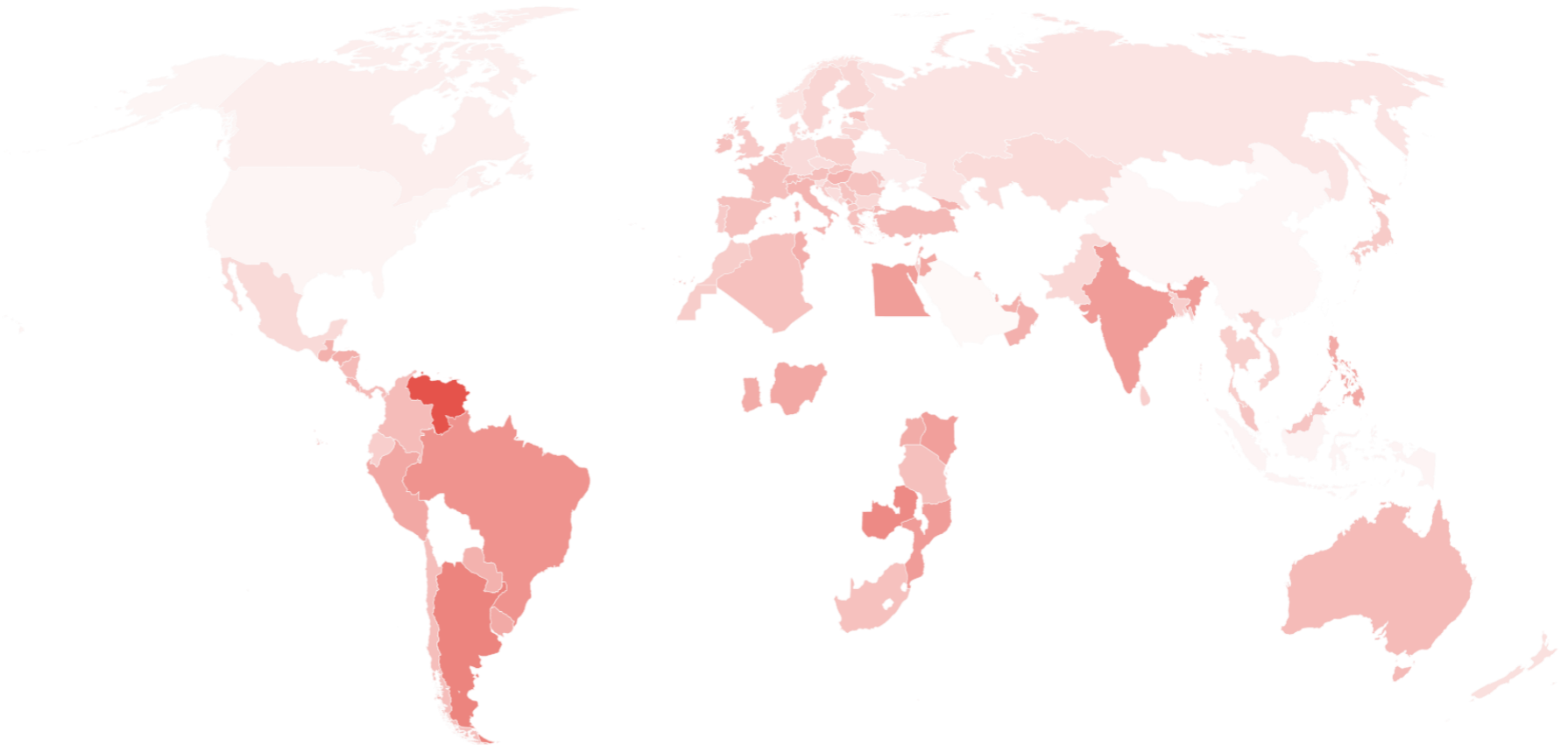
China and USA show lower rates of decline

This chart is taken from [WARC Data's Global Ad Trends](#) analysis and represents decline in advertising investment across global markets in 2020, with LATAM showing the sharpest rate of decline regionally.

Developing markets have been hit hardest by the downturn, and even countries where initial containment was good, like those in Asia, economies are now faltering due to a downturn in global trade.

Consumption-orientated economies are also set to suffer from a squeeze on personal finances in the coming years.

WARC Global Ad Trends data – State of the Industry 2020 Ad market decline, Purchasing Power Parity, Nominal



Note: Deeper shades denote sharper decline. Chart taken from WARC Adspend Data and is not available in the monthly GMI report.

SOURCE: WARC Data, *Global Ad Trends: State of the Industry 2020/21*

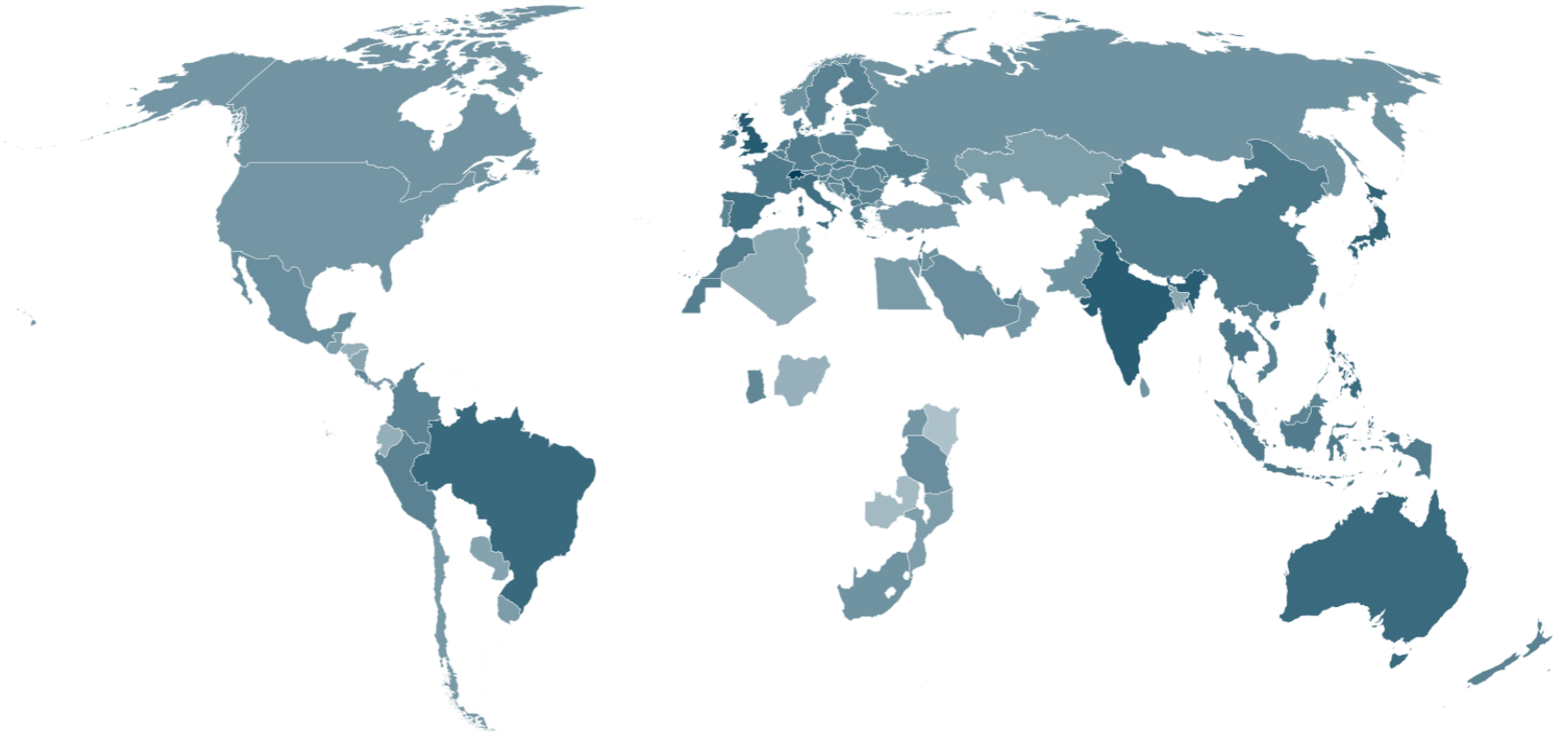
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India and Australia forecast strongest growth

This chart is taken from [WARC Data's Global Ad Trends](#) analysis and represents forecasted growth across markets for 2021, with the darkest shades representing strongest growth.

While all regions are expected to see their ad markets grow next year, this is more a reflection of a tumultuous 2020 than a marked recovery.

WARC Global Ad Trends data – State of the Industry 2021 *Ad market growth, Purchasing Power Parity, Nominal*



Note: Deeper shades denote stronger growth. Chart taken from WARC Adspend Data and is not available in the monthly GMI report.

SOURCE: WARC Data, *Global Ad Trends: State of the Industry 2020/21*

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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?

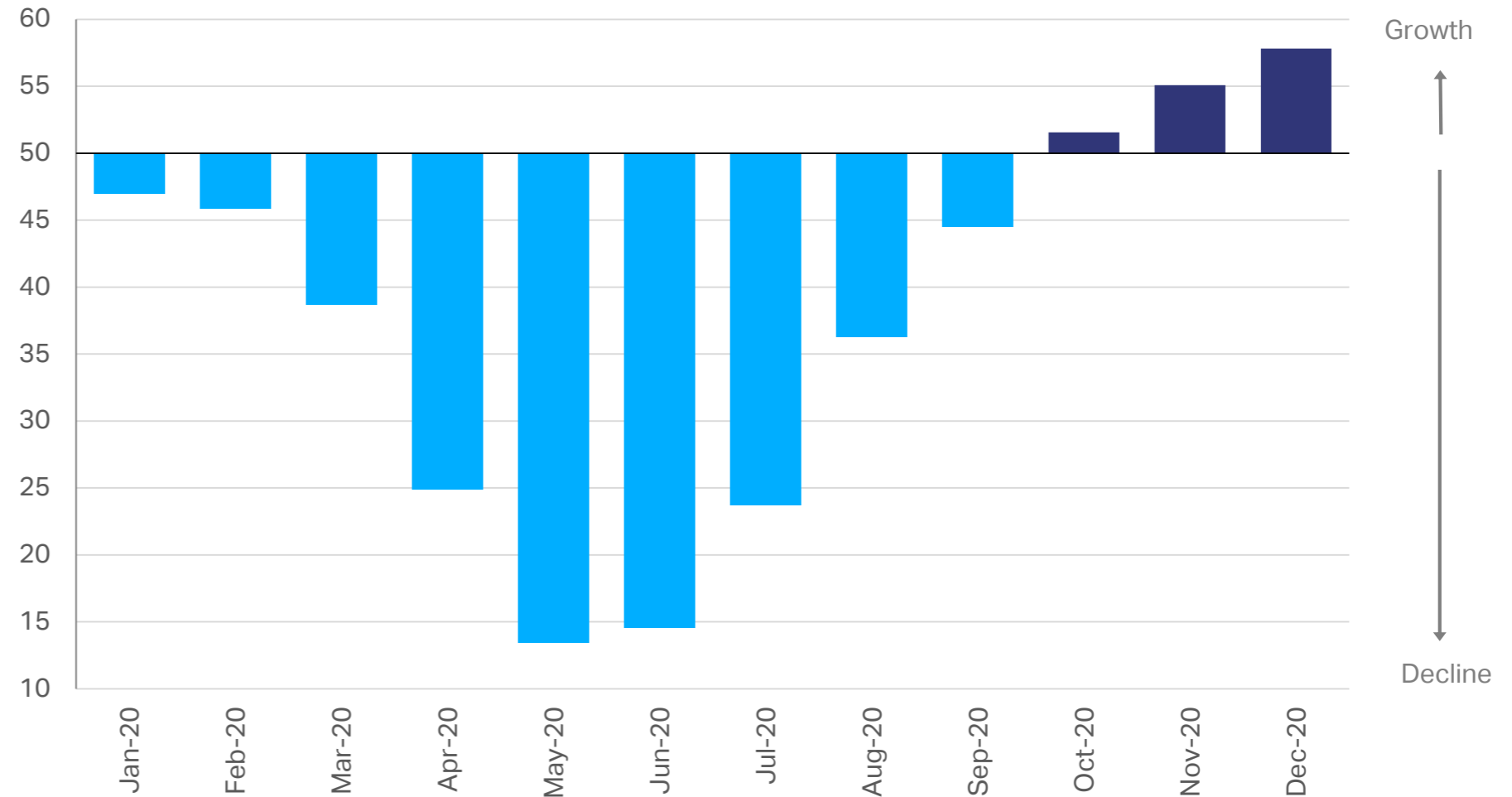
In the following areas, are average media budgets increasing, unchanged or reducing compared to three months ago?

Highs and lows for global marketing budgets

Since June 2019, the index for Global Marketing Budgets has been in decline. The COVID-19 pandemic accelerated this trend to reach an index low of 13.4 in May: the lowest value ever recorded since the inception of the GMI.

As economies begin to recover, our panel reported increased marketing budgets throughout Q4, leading to the highest ever index value of 57.8 in December. However, data from [WARC's Marketer's Toolkit](#) in late 2020 reported that almost 20% of marketers (19%) did not know how their 2021 marketing budget would compare to previous years, highlighting uncertainty about the year ahead.

Global marketing budgets



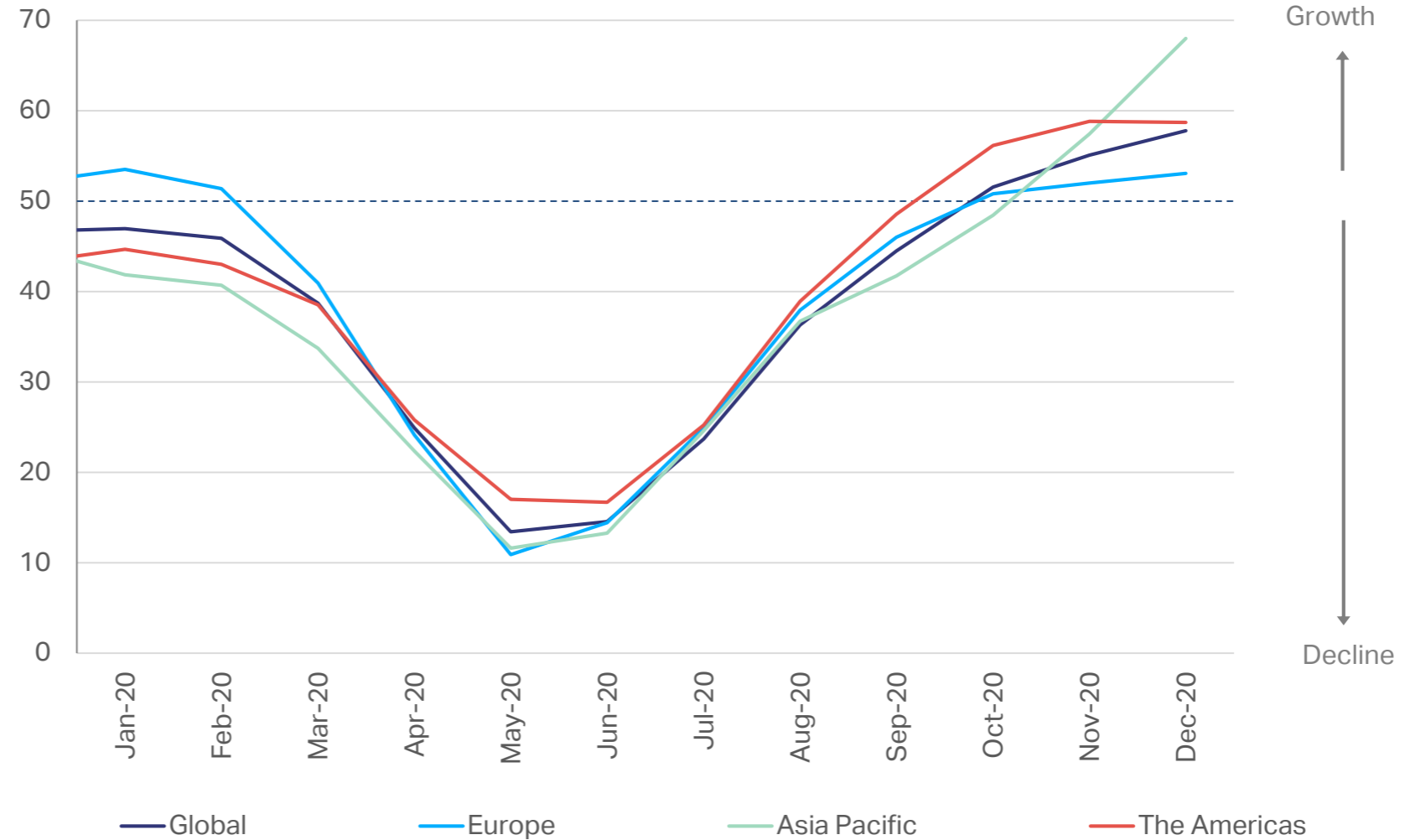
SOURCE: WARC Data, *Global Marketing Index*

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APAC budgets see the biggest fluctuation through 2020

While the three regions ended the year in growth, the marketing budgets index reflects the same regional trend as the other indices, with APAC showing the biggest increase in growth rate, from 57.5 in November to 68.0 in December.

Marketing budgets by region



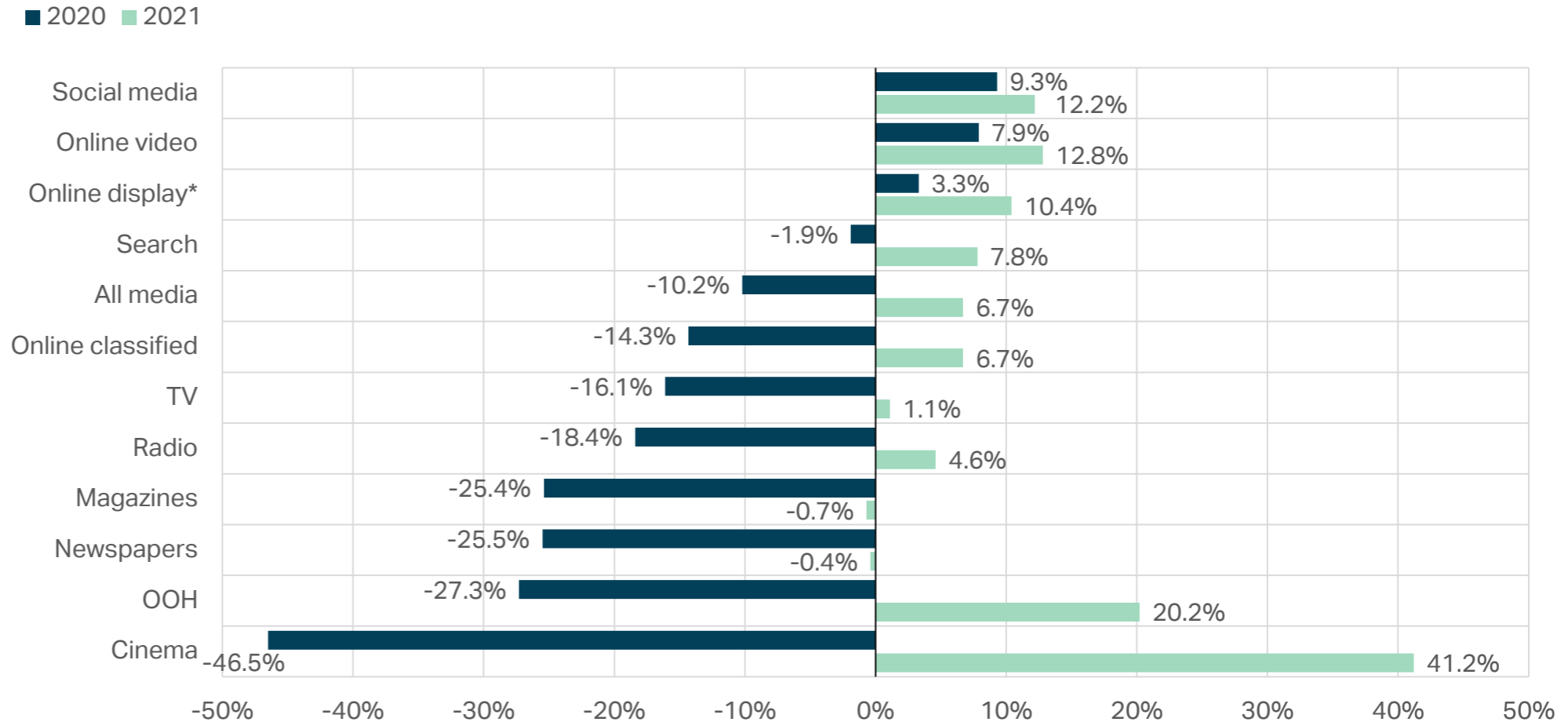
Press budgets forecast long-term decline

WARC Data forecasts indicate that it will take at least two years for the global ad market to fully recover, with an expected 6.7% rise in global advertising spend in 2021 only recouping 59% of 2020's losses.

Due to the consequential boom in e-commerce as a result of global lockdown regulations, digital and mobile channels have managed to maintain growth and are expected to profit.

Conversely, the outlook for traditional channels is negative, with ad investment in press set to decrease by a quarter, and the pandemic's impact on cinema seeing the medium down almost 50%.

WARC Global Ad Trends data – Global, Advertising investment forecast Year-on-year % change, US\$ Nominal



Note: Data are net of discounts, include agency commission and exclude production costs. Online display includes social media and online video. Chart taken from WARC Adspend Data and is not available in the monthly GMI report.

SOURCE: WARC Data, *Global Ad Trends: State of the Industry 2020/21*

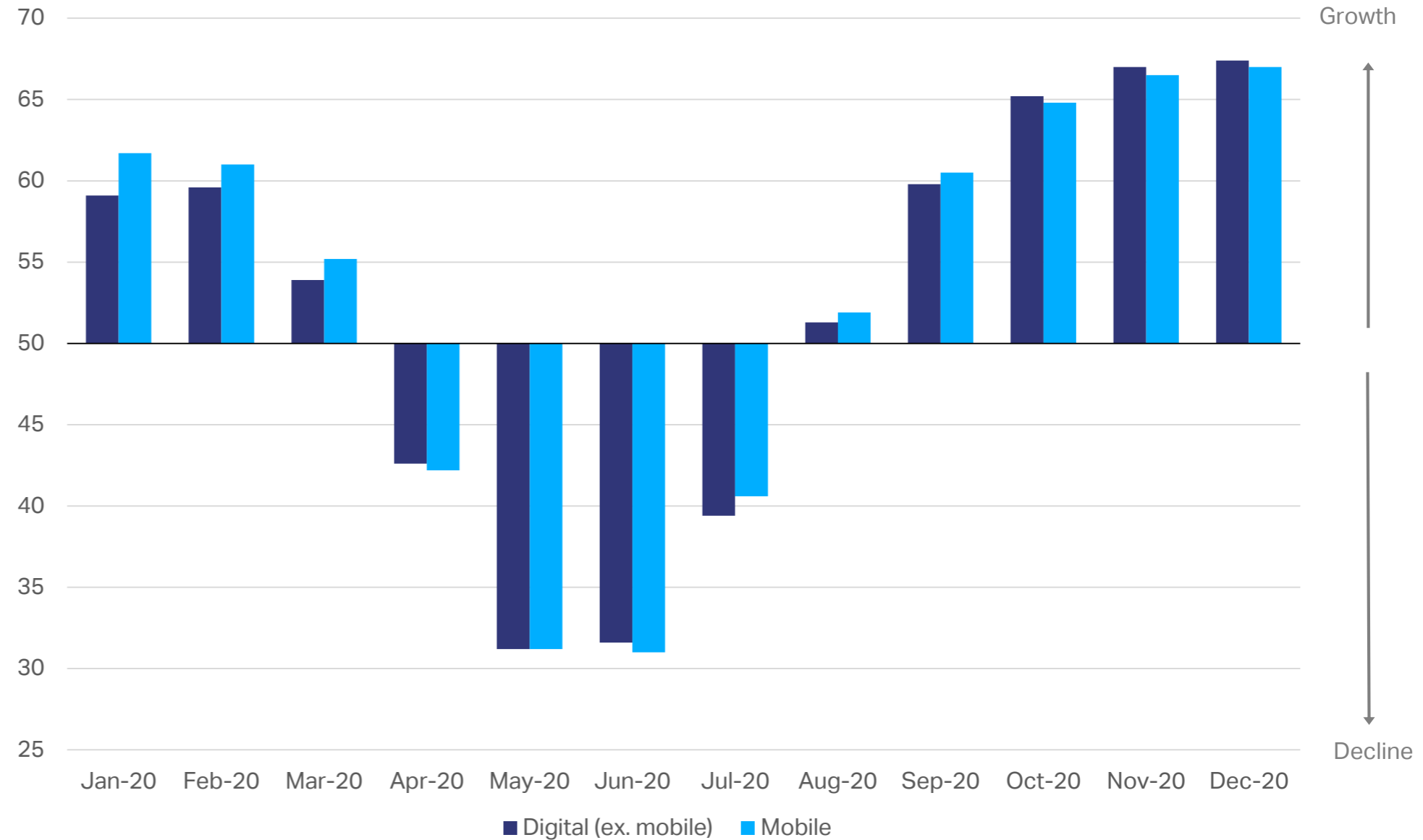
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Digital and mobile channels biggest winners of 2020

Although digital and mobile saw a decline in budgets from April to July, since September there has been a strong increase in growth for both channels. By December, digital budgets reached an index value of 67.4; slightly ahead of mobile's 67.0.

This aligns with research from WARC and the Mobile Marketing Association in [APAC](#) and [EMEA](#) which found that almost half of respondents (49%) in both regions are allocating more than a quarter of their budget to mobile marketing.

Global digital and mobile marketing budgets



SOURCE: WARC Data, *Global Marketing Index*

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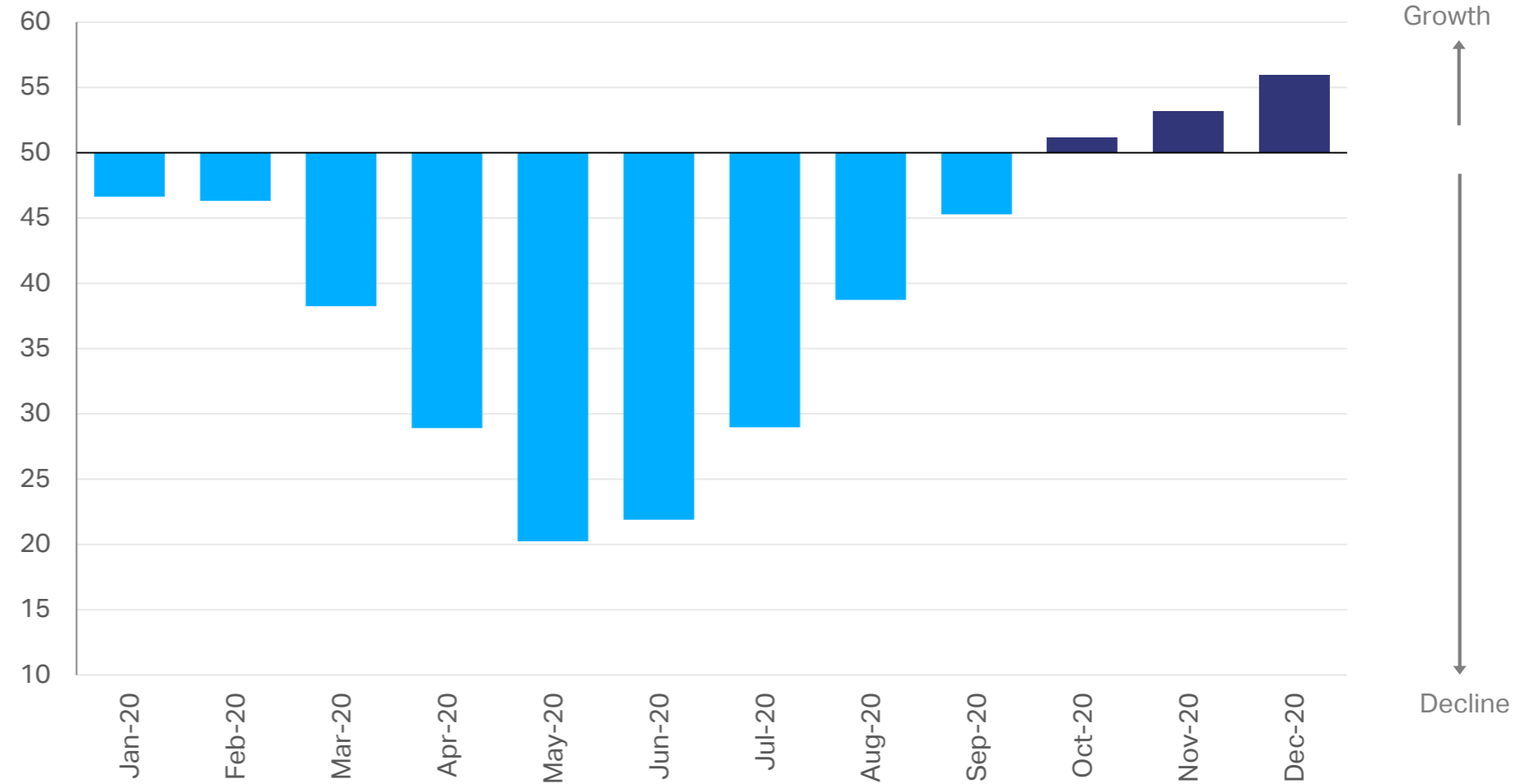
TV remains a resilient channel

The marketing budgets index for TV is the only traditional media channel index that has spent any time in growth in 2020, reaching 56.0 in December after returning to growth in October.

A survey of 1,360 practitioners for WARC's Marketer's Toolkit saw a slight decrease in the 2021 net budget outlook for TV (-7), indicating increased confidence in the channel compared to 2020's outlook of -17.

The same report highlighted the challenge of engaging at-home consumers, and the need for TV advertising to evolve to accommodate non-linear changes in viewer behaviour.

Global TV marketing budgets



SOURCE: WARC Data, *Global Marketing Index*

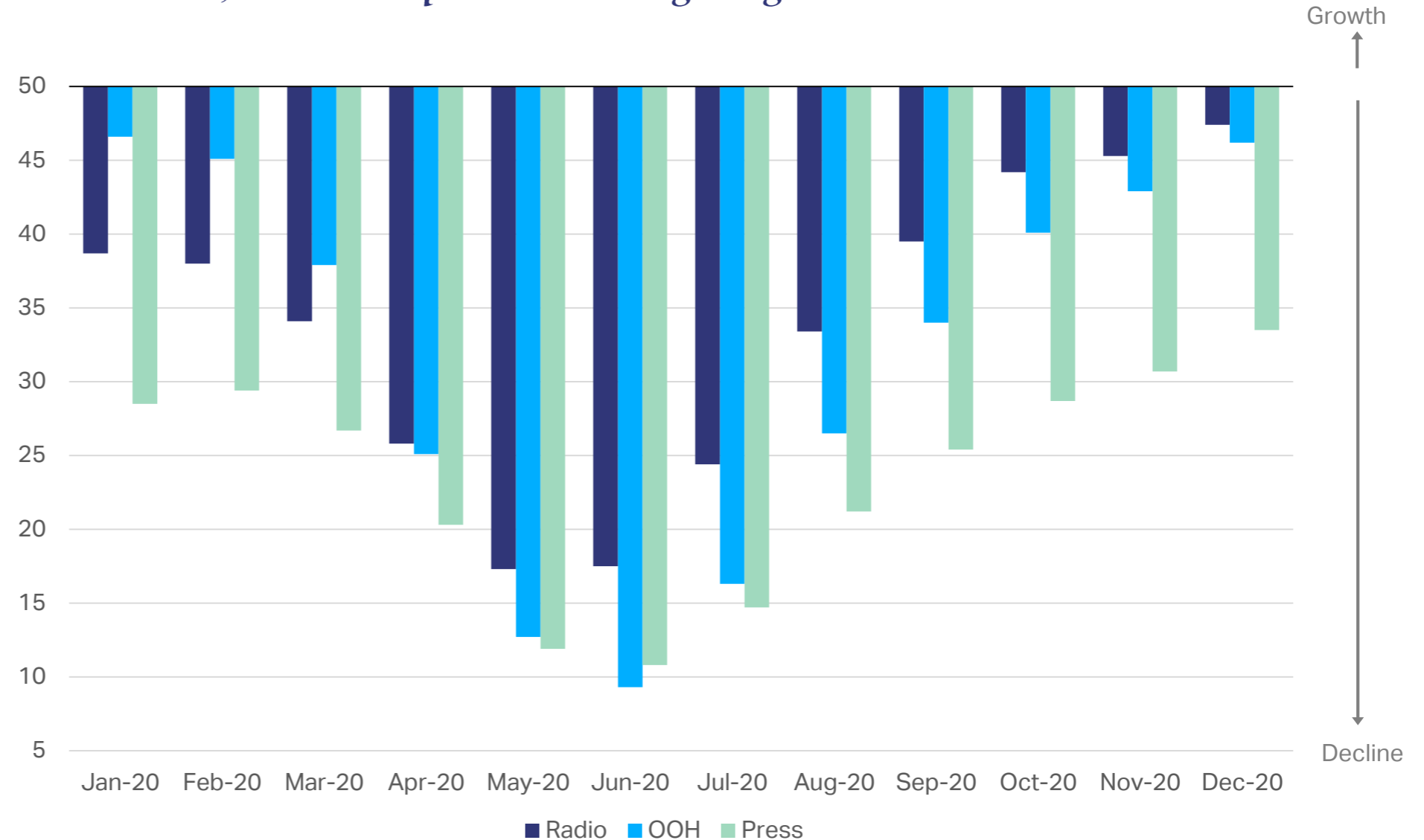
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Decline apparent across radio, OOH and press

Although radio, OOH and press budgets have started a slow recovery from the volatility of the last 12 months, the indices for these channels have remained in decline. This correlates with the [WARC's Marketer's Toolkit](#) where the net budget outlook for 2021 across radio, OOH and press was negative (-7, -22 and -50 respectively).

However, research from [Ebiquity and Radiocentre](#) shows that there is a gap between marketers' perceptions of media attributes and their actual effectiveness, with the biggest difference in radio.

Global radio, OOH and press marketing budgets



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?

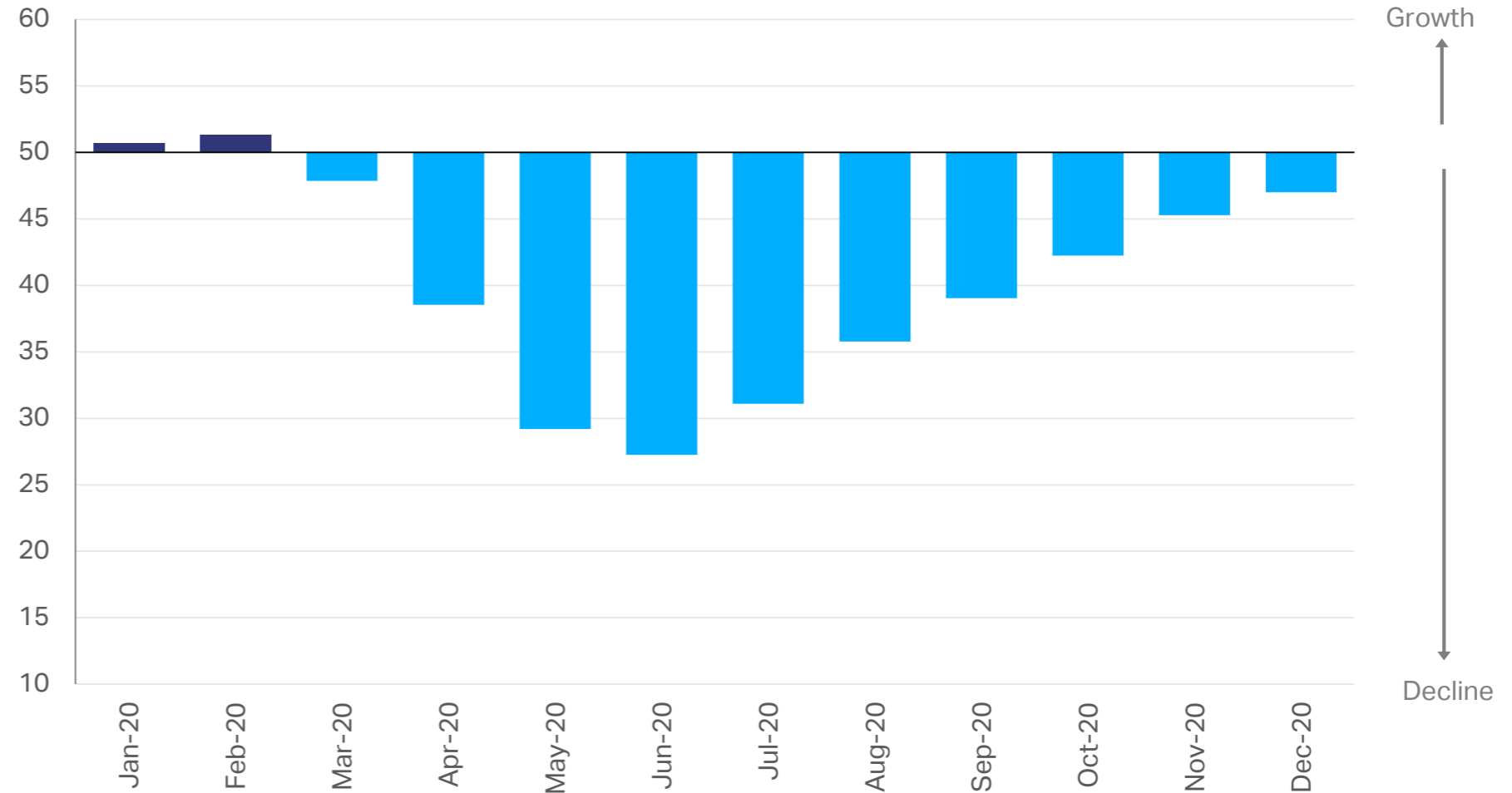
Staffing index highlights slower recovery

Although the rate of decline has consistently decreased since June, the index for staffing levels has remained in decline since March, ending 2020 at 47.0.

In May 2020, WARC surveyed senior strategists for its Future of Strategy research and found that 26% of strategists were seeing reduced headcount through redundancies and furloughed staff.

Since then, redundancies have increased in many countries, resulting in slower recovery in the global staffing levels index than in the other GMI indices.

Global staffing levels



SOURCE: WARC Data, *Global Marketing Index*

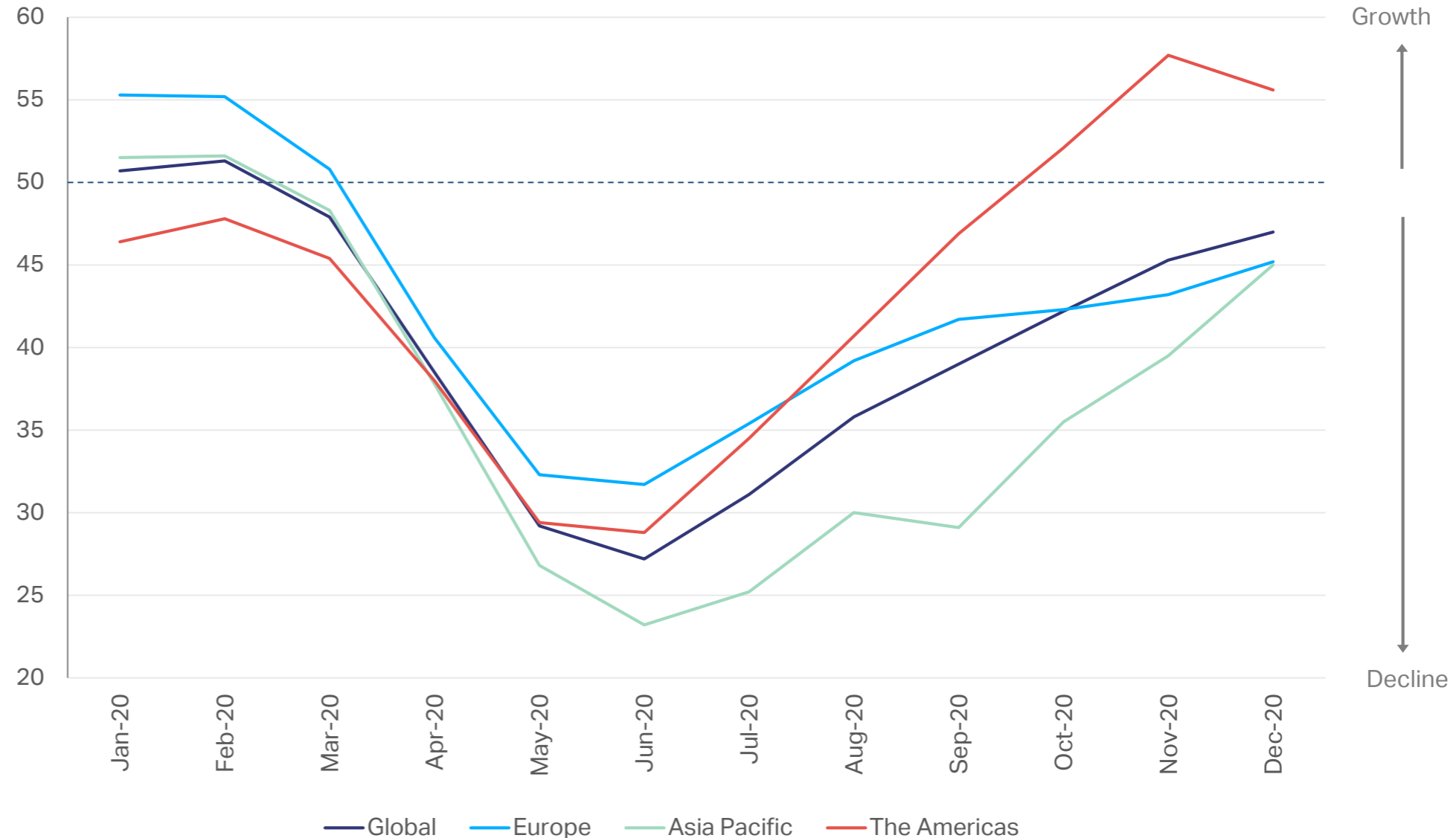
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Americas show sharpest uptick in hiring

According to WARC's November [Global Ad Trends](#), the rate of unemployment across Canada and the US is forecasted to decrease by 1.8pp and 1.6pp respectively, correlating with the growth seen in December for the Americas (55.6), albeit at a slower rate than seen in November (57.7).

Although APAC (45.0) and Europe (45.2) ended the year in decline, APAC showed the fastest decrease in the rate of contraction from 39.5 in November compared to 43.2 in Europe. However, it is evident that this index will take the longest to recover from the economic shock of the pandemic.

Staffing levels by region



SOURCE: WARC Data, *Global Marketing Index*

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GMI by region

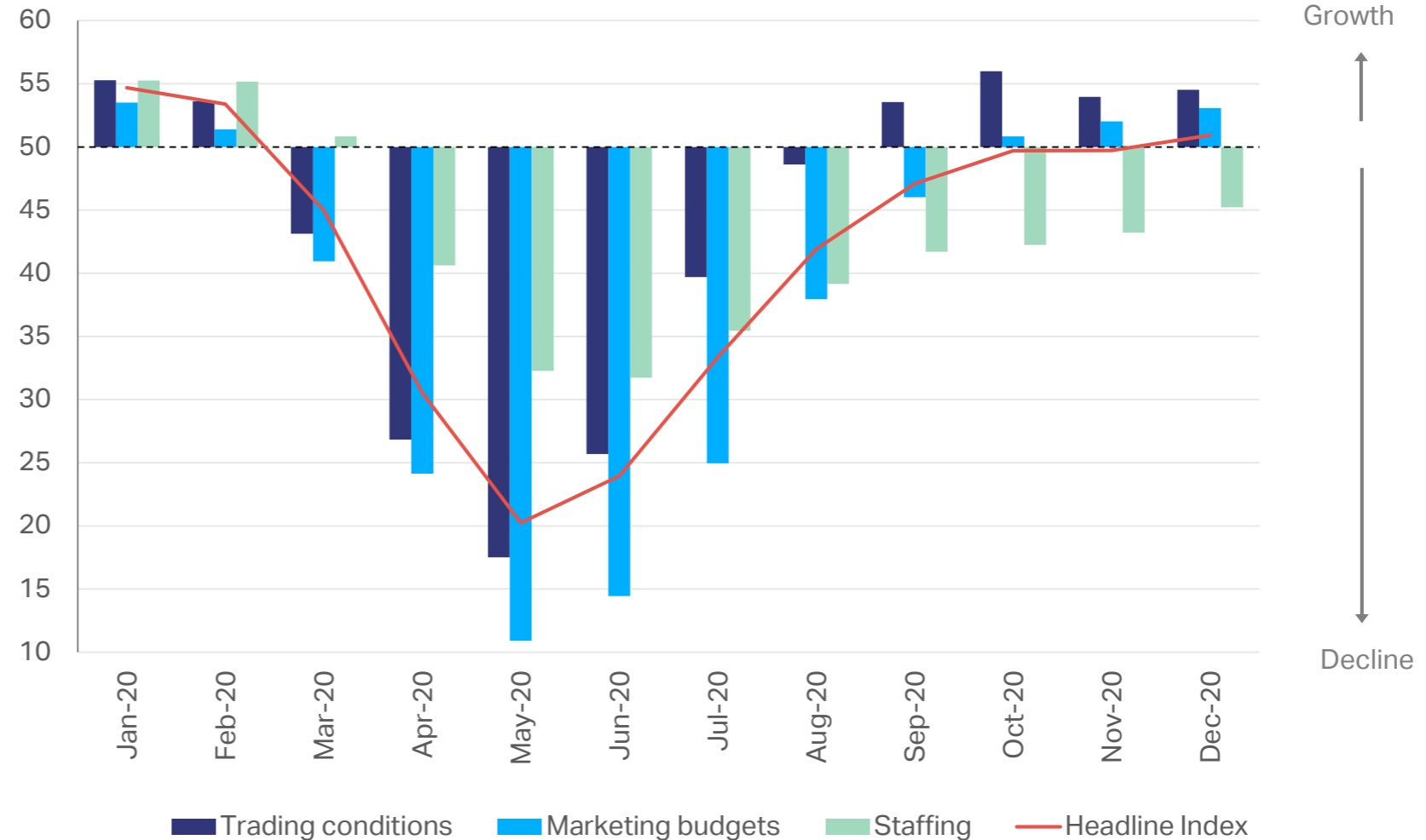
A look at the headline GMI, trading conditions and staffing indexes by region.

Challenges ahead for Europe

The headline GMI in Europe only just returned to growth at the end of 2020, rising from 49.7 in November to 50.9 in December. This takes into account the index values of 54.5 for trading conditions, 53.1 for marketing budgets and still declining staffing levels at 45.2.

With further challenges as a result of Brexit trading relations as well as the ongoing second wave of COVID-19 across countries, Europe as a region will see long term challenges in 2021 that will define its economic standing for at least the next decade.

Global Marketing Index, Europe, 2020

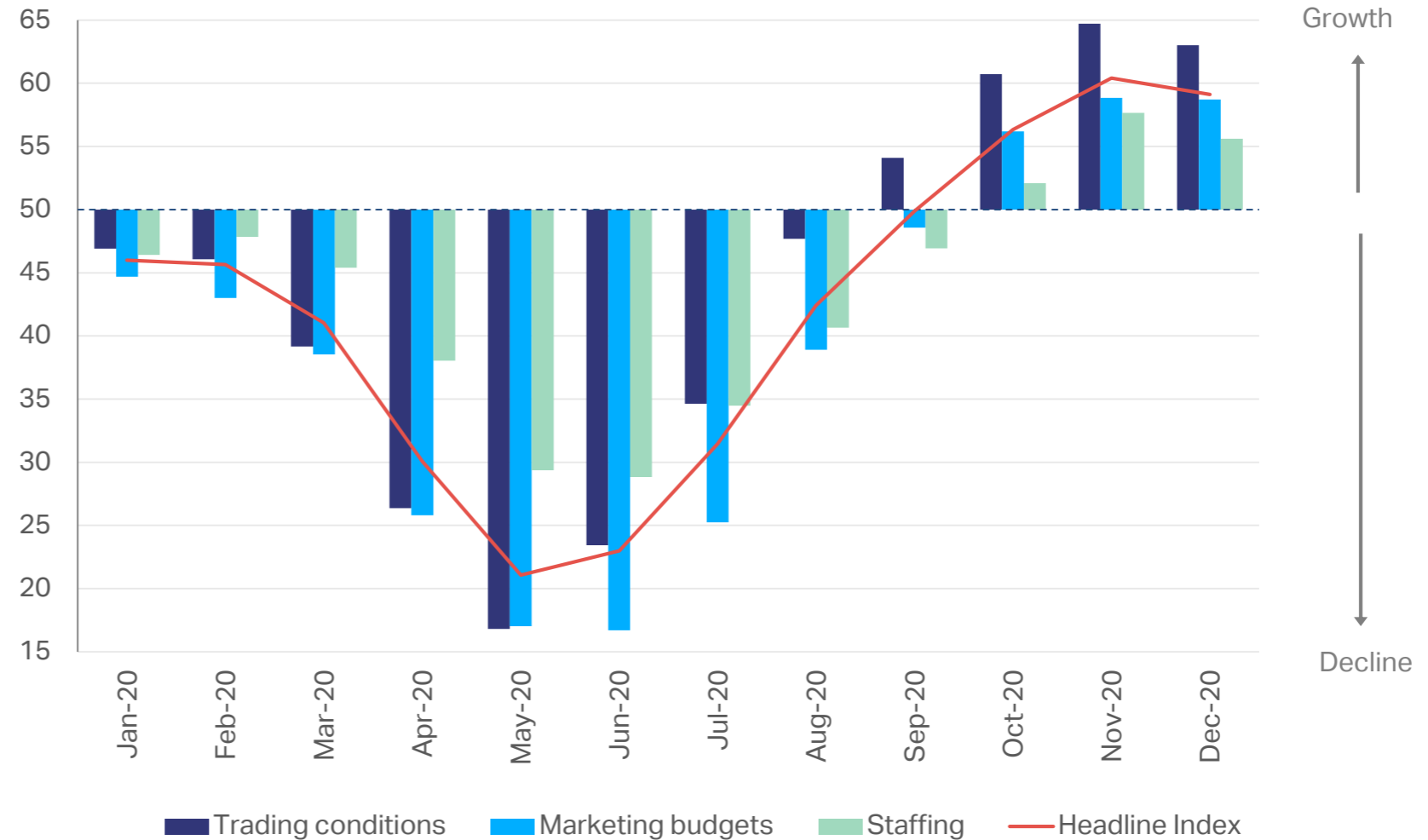


Short-term growth across Americas

The headline index value in the Americas ended the year in growth, albeit with a slight decrease from 60.4 in November to 59.1 in December. This takes into account the index value of 63.0 for trading conditions, 58.7 for marketing budgets and staffing levels at 55: the only region to remain in growth in terms of employment.

With countries in both North and South America still dealing with increased rates of COVID-19 in addition to political volatility, a stabilisation of the headline GMI is unlikely in the first quarter of 2021.

Global Marketing Index, The Americas, 2020

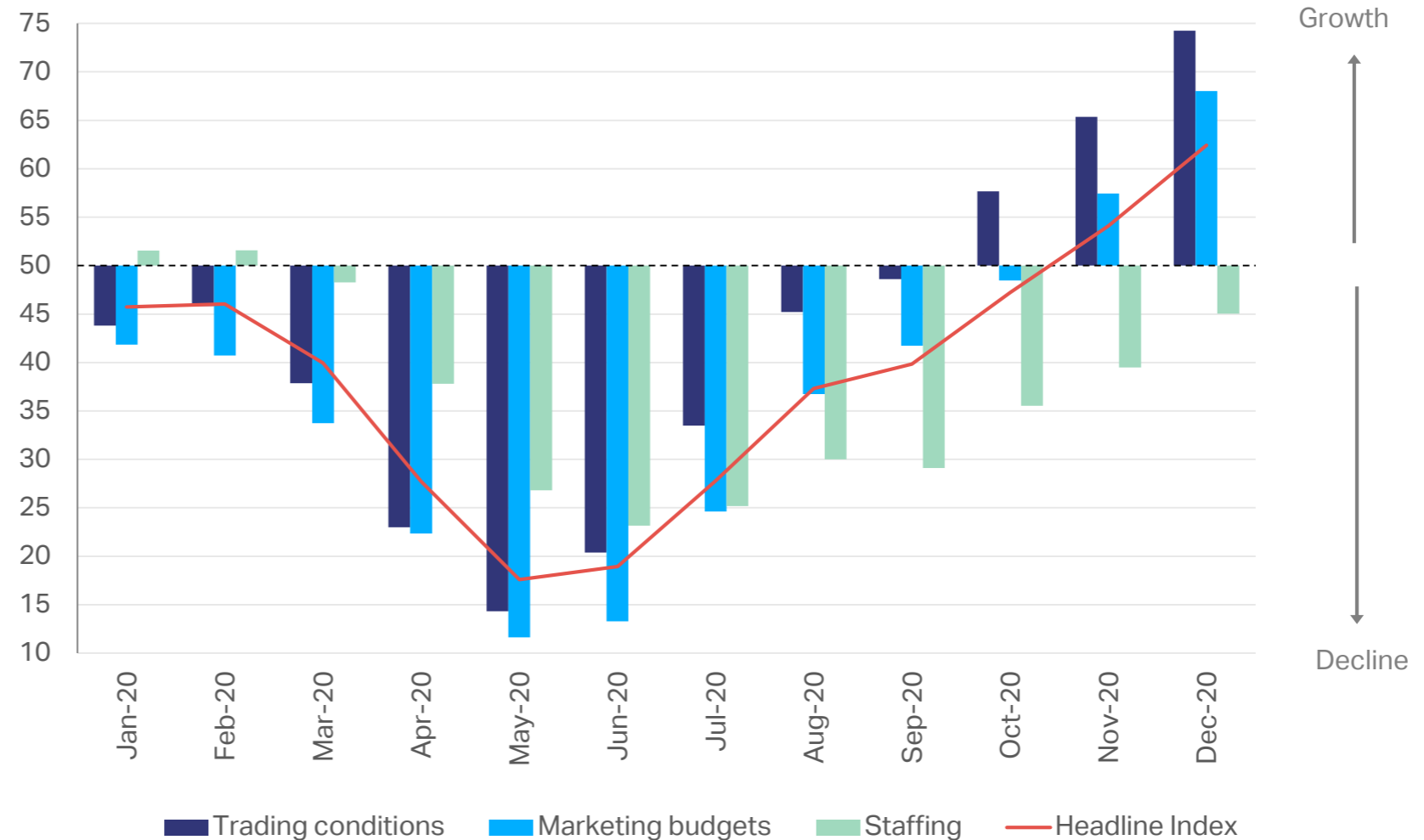


Collective approach to pandemic paid off in APAC

It is evident that although APAC showed the highest rates of decline earlier on in 2020, the collective measures taken place to reduce rates of COVID-19 have paid off and now see the region at a strong rate of growth with a headline GMI value of 62.4 going into 2021.

This takes into account the December index values of 74.2 for trading conditions, 68.0 for marketing budgets, and staffing levels at 45.0.

Global Marketing Index, Asia Pacific, 2020



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 and these 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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