

## Marketers Subdued About 2008 Spending

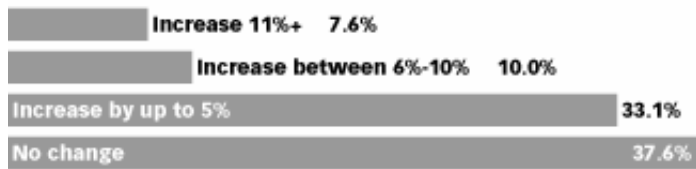
2008-01-30

Drastic marketing budget increases are not likely this year for most marketers worldwide, based on a survey conducted by the CMO Council and sponsored by Deloitte Consulting, Marketo and TechTarget.

More than seven out of 10 survey respondents said that there would be either no change in their budget or that their budgets would increase by no more than 5% in 2008.

A little more than 7% of respondents expected to see budget increases greater than 11%. The remainder either predicted a decrease in budget or did not want to make a prediction.

### **Change in Marketing Spending Budget according to Senior Marketers Worldwide, 2008 vs. 2007 (% of respondents)**



Source: CMO Council, "Marketing Outlook 2008" commissioned by Deloitte Consulting LLP, Marketo and TechTarget as cited in press release, January 14, 2008

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A majority of respondents also said that marketing spending had represented less than 4% of their companies' revenues for 2007. More than a third said their spending fell between 4% and 10% of their companies' 2007 revenue. The remainder of those surveyed either spent more than 10% of their company's revenue on marketing or did not make an estimate.

### **Marketing Spending as a Percent of Company Revenues according to Senior Marketers Worldwide, 2007 (% of respondents)**



Source: CMO Council, "Marketing Outlook 2008" commissioned by Deloitte Consulting LLP, Marketo and TechTarget as cited in press release, January 14, 2008

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### **What do these marketer perceptions have to do with actual spending?**

For ad spending, at least, the perceptions agree with predictions made in GroupM's "This Year, Next Year" report. As of December the research company projected that ad spending would grow 6.8% worldwide in 2008. That's an increase, but not a dramatic one.

### **Worldwide Advertising Spending Growth, by Region, 2005-2008 (% change)**

|                        | 2004        | 2006        | 2007        | 2008        |
|------------------------|-------------|-------------|-------------|-------------|
| Asia-Pacific           | 6.9%        | 6.0%        | 7.9%        | 10.0%       |
| Emerging Europe        | 20.9%       | 22.5%       | 20.2%       | 17.8%       |
| Latin America          | 29.1%       | 18.8%       | 15.3%       | 16.3%       |
| Middle East and Africa | 11.8%       | 14.8%       | 14.0%       | 13.1%       |
| North America          | 4.2%        | 5.1%        | 3.0%        | 3.9%        |
| Western Europe         | 4.4%        | 4.8%        | 4.8%        | 4.3%        |
| <b>Total</b>           | <b>6.2%</b> | <b>6.5%</b> | <b>6.0%</b> | <b>6.8%</b> |

Source: GroupM, "This Year, Next Year" as cited in press release, December 4, 2007

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ZenithOptimedia released similar worldwide ad spending projections in December. The company pegged growth for 2008 at 5.9%

**Advertising Spending Growth Worldwide, by Region, 2006-2010 (% change)**

|                                      | 2006        | 2007        | 2008        | 2009        | 2010        |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| North America                        | 5.3%        | 2.5%        | 4.1%        | 3.1%        | 3.2%        |
| US only                              | 5.2%        | 2.5%        | 4.1%        | 3.0%        | 3.0%        |
| Western Europe                       | 5.1%        | 4.9%        | 4.8%        | 4.7%        | 5.1%        |
| Asia-Pacific                         | 6.1%        | 6.0%        | 9.0%        | 5.9%        | 7.2%        |
| Central and Eastern Europe           | 18.1%       | 18.3%       | 17.0%       | 15.4%       | 13.5%       |
| Latin America                        | 11.9%       | 8.0%        | 7.4%        | 6.3%        | 5.3%        |
| Middle East/Africa and Rest of World | 26.3%       | 15.0%       | 16.4%       | 16.9%       | 15.7%       |
| <b>Worldwide</b>                     | <b>6.9%</b> | <b>5.3%</b> | <b>6.7%</b> | <b>5.6%</b> | <b>5.9%</b> |

*Note: includes newspapers, magazines, television, radio, cinema, outdoor and Internet*

*Source: ZenithOptimedia as cited in press release, December 3, 2007*

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Obviously ad spending doesn't account for other types of marketing, but the numbers definitely indicate subdued ad spending growth in 2008.

The larger concern is the global economy. Since the beginning of December, when these projections were made, there has been only bleak news about the US economy. A US downturn inevitably drags the global economy with it.

The marketing spending environment in 2008 could go from subdued to extremely conservative.

David Hallerman, senior analyst at eMarketer, said that an economic slowdown would affect some advertising and marketing directly.

"Paid search is 40% of ad spending," Mr. Hallerman noted. "If consumers are buying less, they will be searching less for shopping. So paid search spending will drop."

Learn where ad spending is heading in 2008 and beyond. Read eMarketer's [US Advertising Spending](#) report.

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