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October 22, 2008

MARKETING BUDGET-SLASHING: THE ROT SPREADS TO ASIA-PACIFIC

BEIJING: A survey recently conducted by Beijing-based consulting firm **R3** challenges earlier predictions that the Asia-Pacific region will remain largely immune to the global economic downturn.

Based on interviews with fifty senior marketing managers, a majority expect their ad budgets to decline in 2009, with a quarter expecting shrinkage of more than 20% from this year.

Collectively the survey sample is responsible for ad expenditure totalling more than $3 billion (€2.23bn; £1.73bn) annually.

Says R3 principal *Greg Paull*: "The events of the last two weeks have hit marketers hard. There will be significant reductions in the coming year, even in typical growth markets, such as China and Taiwan."

Earlier this month, Publicis Groupe media unit **ZenithOptimedia** predicted that adspend growth in Asia, including Japan, would slow to 5.2% next year, down from 6.6% this year.

But the *Wall Street Journal* reports media-buying companies as saying that many of their Asian clients have adopted a "wait and see" approach and that multinationals facing pressure from headquarters will be the first to slash marketing budgets in the region.

Local brands, however, may cut spending later as and when the global chill impacts directly upon indigenous economies.

Such money as there is floating around will go to digital ads, direct marketing and in-store promotions, believes *Ashutosh Srivastava*, chief executive of WPP Group's **Mindshare Asia**.

"In a downturn when your ad dollars get restricted, you move them into areas that are more direct and measurable."

Data sourced from Wall Street Journal Online; additional content by WARC staff, 21 October 2008

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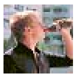
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