

## 2017 sees biggest UK adspend on record at £22.2bn

*UK advertising expenditure recorded its eighth consecutive year of market growth in 2017 which, with expected increases in 2018/19, puts the industry on course for a decade of continuous expansion*

**London, 26th April 2018:** UK advertising expenditure grew 4.6% to reach £22.2bn in 2017, the eighth consecutive year of market growth, according to the Advertising Association/WARC Expenditure Report – the UK's definitive advertising statistics – released today.

Continuing the positive results for UK adspend, the final three months of 2017 saw expenditure grow 6.2% in Q4 2017 over Q4 2016, with adspend breaching the £6bn barrier for the first time ever in a single quarter to reach £6.1bn. This includes adspend during the crucial Christmas period – a time when innovative and popular ad campaigns have become the hallmark of the UK advertising industry.

The full year advertising growth forecast for 2018 has also been upgraded by 1.4 percentage points to 4.2% growth, and a further rise of 3.8% is expected for 2019. If proved correct, this will complete a decade of continuous expansion for the UK advertising industry.

**Stephen Woodford, Chief Executive at the Advertising Association** commented:

“These very impressive adspend figures demonstrate the strength and resilience of the UK advertising industry over the course of 2017. To see adspend hit the £6bn mark in Q4 is a very encouraging result, as is the prediction that we will see 10 years of continued growth through 2019.

“The results also reflect wider trends within the UK economy over recent months, with inflation at its lowest for a year, reducing pressure on real wages, strong employment statistics, and the recent upgrade by the IMF of its economic growth forecast for the UK for this year.”

Looking more closely by sector, digital formats performed well across the board over the course of 2017, up 26.3% for digital radio, 19.3% for national digital newsbrands, 7.1% for broadcaster video-on-demand. Cinema recorded growth of 3.3% and direct mail rose 0.9% over 2017.

Adspend growth continues to be driven by internet (up 14.3% over the year), which includes digital revenues for newsbrands, magazine brands, TV and radio broadcasters. Within this, spend on mobile formats (+37.3%) was particularly strong during 2017.

**James McDonald, Data Editor at WARC** commented:

“The latest verified results illustrate a dynamic market, one which has now expanded for 18 consecutive quarters. Mobile continues to underpin growth – over 90% of additional mobile investment was directed towards search and social media in 2017 – yet there was vitality across the wider industry.

“Radio and cinema both recorded their fourth successive year of rising spend, while the out of home market expanded for the eighth year running. Further, we believe TV's dip, caused mostly by reduced spending within the consumable goods category, is anomalous, and expect the channel to rebound this year thanks in part to the summer's World Cup.



“Robust macroeconomic conditions and the continuation of 2017’s media trends reinforce our brighter outlook for market growth this year and next.”

**Stephen Woodford** continued:

“The UK is a hub for the global ad industry and, with our expertise and creativity, I am hopeful we can continue this run of success into the future. This success, however, is also reliant on getting the right deal from Brexit for our industry and ensuring we have access to the best talent to ensure British advertising remains a global powerhouse.”

The Advertising Association/WARC Expenditure Report is the definitive measure of advertising activity in the UK. It is the only source that uses advertising expenditure gathered from across the entire media landscape, rather than relying on estimated or modelled data.

Forecast summary	Adspend 2017 (£m)	2017 v 2016	Forecast 2018	Forecast 2019
		% change	% change	% change
<b>Internet*</b>	<b>11,553</b>	<b>14.3%</b>	<b>9.2%</b>	<b>7.1%</b>
of which mobile	5,223	37.3%	20.3%	15.5%
<b>TV</b>	<b>5,108</b>	<b>-3.2%</b>	<b>2.3%</b>	<b>3.0%</b>
of which VoD	211	7.1%	11.7%	11.8%
<b>Direct mail</b>	<b>1,753</b>	<b>0.9%</b>	<b>-4.0%</b>	<b>-4.0%</b>
<b>Out of home</b>	<b>1,144</b>	<b>1.5%</b>	<b>1.5%</b>	<b>2.9%</b>
<b>National newsbrands</b>	<b>1,032</b>	<b>-5.6%</b>	<b>-4.3%</b>	<b>-2.8%</b>
of which digital	275	19.3%	10.7%	10.2%
<b>Regional newsbrands</b>	<b>887</b>	<b>-13.1%</b>	<b>-9.7%</b>	<b>-5.8%</b>
of which digital	212	9.9%	3.1%	7.6%
<b>Magazine brands</b>	<b>776</b>	<b>-11.5%</b>	<b>-8.6%</b>	<b>-5.7%</b>
of which digital	271	-4.0%	-2.9%	1.8%
<b>Radio</b>	<b>679</b>	<b>5.2%</b>	<b>4.2%</b>	<b>4.4%</b>
of which digital	35	26.3%	20.9%	16.9%
<b>Cinema</b>	<b>260</b>	<b>3.3%</b>	<b>8.8%</b>	<b>7.0%</b>
<b>TOTAL UK ADSPEND</b>	<b>22,191</b>	<b>4.6%</b>	<b>4.2%</b>	<b>3.8%</b>

\* Broadcaster VoD, digital revenues for newsbrands and magazine brands, radio station websites and mobile advertising spend are also included within the internet total of £11,553m, so care should be taken to avoid double counting.

Source: AA/WARC Expenditure Report, April 2018



At-a-glance media summary	Q4 2017 v Q4 2016
	% change
<b>Internet*</b>	<b>14.3%</b>
of which mobile	34.1%
<b>TV</b>	<b>1.1%</b>
of which VoD	8.7%
<b>Direct mail</b>	<b>1.0%</b>
<b>Out of home</b>	<b>4.3%</b>
<b>National newsbrands</b>	<b>-0.8%</b>
of which digital	22.7%
<b>Regional newsbrands</b>	<b>-7.3%</b>
of which digital	29.1%
<b>Magazine brands</b>	<b>-4.0%</b>
of which digital	12.9%
<b>Radio</b>	<b>5.0%</b>
of which digital	17.9%
<b>Cinema</b>	<b>-5.2%</b>
<b>TOTAL UK ADSPEND</b>	<b>6.2%</b>
<p>* Broadcaster VoD, digital revenues for newsbrands and magazine brands, radio station websites and mobile advertising spend are also included within the internet total, so care should be taken to avoid double counting.  <b>Source: AA/WARC Expenditure Report, April 2018</b></p>	

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#### About the Advertising Association/WARC Expenditure Report

The Advertising Association/WARC quarterly Expenditure Report is the definitive guide to advertising expenditure in the UK. Impartial and independent of any media channel or agency affiliation, it is the only source of historical quarterly adspend data and forecasts for the different media for the coming eight quarters. With data from 1982, this comprehensive and detailed review of advertising spend includes the AA/WARC's own quarterly survey of all national newspapers, regional newspaper data collated in conjunction with Local Media Works and magazine statistics from WARC's own panels.



Data for other media channels are compiled in conjunction with UK industry trade bodies and organisations, notably the Internet Advertising Bureau, Outsmart, Radiocentre and the Royal Mail.

All data are net of discounts and include agency commission, but exclude production costs. The survey was launched in 1981 and has produced data on a quarterly basis ever since.

### **Methodology for WARC's quarterly forecasts**

Analysis of annual adspend data over the past 35 years shows that there is a link between annual changes in GDP and annual changes in adspend (after allowing for inflation, and excluding recruitment adspend). Over this period, GDP changes account for about two thirds of the change in adspend. WARC has developed its own forecasting model to generate forecasts for two years based on assumptions about future economic growth. The model provides an indication of likely overall spend levels – adjusted to allow for short-term factors (Olympics, World Cup etc).

The Expenditure Report ([www.warc.com/expenditurereport](http://www.warc.com/expenditurereport)) launched online in February 2010 and combines data from the discontinued print publications the Quarterly Survey of Advertising Expenditure and the Advertising Forecast. It is relied upon daily by the world's largest brands, ad agencies, media owners, investment banks and academic institutions. Alongside over 200 readymade tables, subscribers can create their own customised tables for analysis of different media and time periods, as well as track the different media's share of adspend. All reports can be exported from the online interface. An annual subscription is priced at £760 for AA members and £1,175 for non-members.

### **About the Advertising Association**

The Advertising Association promotes the role, rights and responsibilities of advertising and its impact on individuals, the economy and society. Responsible businesses understand that there is little point in an advertisement that people cannot trust. That's why, over 50 years ago, the Advertising Association led UK advertising towards a system of independent self-regulation which has since been adopted around the world. There are nearly thirty UK trade associations representing advertising, media and marketing. Through the Advertising Association they come together with a single-voice when speaking to policy-makers and influencers.

### **About WARC**

warc.com is an online service offering advertising best practice, evidence and insights from the world's leading brands. WARC helps clients grow their businesses by using proven approaches to maximise advertising effectiveness. WARC's clients include the world's largest advertising and media agencies, research companies, universities and advertisers.

WARC hosts four global and two regional case study competitions: WARC Awards, WARC Innovation Awards, WARC Media Awards, The Admap prize, WARC Prize for Asian Strategy and WARC Prize for MENA Strategy.

WARC publishes three global rankings of advertising excellence: Gunn 100 (creativity), WARC 100 (effectiveness), Gunn Media 100 (media innovation) as well as publishing leading journals including Admap, Market Leader, the Journal of Advertising Research and the International Journal of the Market Research Society. In addition to its own content, WARC features advertising case studies and best practices from more than 50 respected industry sources, including: ARF, Effies, Cannes Lions, ESOMAR and IPA.

Founded in 1985, WARC is privately owned and has offices in the UK, U.S. and Singapore.



**WARC**