



PRESS RELEASE

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ADVERTISING SPENDING STEADY DESPITE ECONOMIC UNCERTAINTY

5 June 2012: UK advertising expenditure remains steady despite turbulence in the global economy. AA/Warc figures showed a 1.1% increase in advertising spend in the first quarter of 2012.

Expenditure is expected to improve over the year, reaching overall growth of 2.5% in 2012 with forecasts of a further rise of 4.4% in 2013.

UK advertising expenditure is predicted to reach a value of £16.8bn in 2012 and £17.4bn in 2013.

The AA/Warc Expenditure Report provides the most comprehensive measure of UK advertising activity. It includes an overview of advertising spend by individual media, encompassing print, TV, internet, radio, cinema and out of home.

Internet spend is estimated to have grown 11.1% in Q1 2012 compared with Q1 2011 and is expected to remain strong throughout the year, with a forecast of 10.1% growth and an overall value of £5.3bn in 2012.

Out of home saw a healthy 3.1% increase in Q1 2012, in a year when Olympic and Paralympic Games are expected to drive overall growth by 4.1% to £0.9bn.

Radio also performed strongly, growing by 6.9% in Q1 with forecasts of 3.8% (£0.4bn) in the year overall. Government spend is set to increase faster than any other category in 2012, traditionally a strong source of radio revenues.

Cinema expenditure increased by 9.5% in Q1 with a positive forecast of 3.1% for 2012 (£0.2bn) as a whole.

TV adspend fell 0.7% in Q1 2012 but is expected to remain broadly steady with 0.3% growth (£4.2bn) for the year.

Spend was weakest in press, with a decline of 10% in Q1 2012. Overall, press is forecast to fall by 5.1% in 2012 (£3.7bn), though spend is predicted to stabilise in 2013.

Tim Lefroy, Chief Executive of the Advertising Association, said: "In the face of global economic uncertainty, UK advertising holds a steady course. Evidence shows that advertising invigorates GDP growth, so a healthy ad market is good news for the whole economy, not just advertisers."

Suzy Young, Data Editor at Warc, added: "It remains a very short term market. There is some evidence that TV advertisers, for example, have brought budgets forward to Q2 from Q3 to get the benefit of marketing spend now as prospects for the rest of the year remain unclear."

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Notes to Editors

Direct Mail

- The methodology for collecting data on direct mail changed from Q1 2012 onwards. Because of the differing methodologies, 2012 figures for direct mail are not comparable with 2011 figures.
- Therefore, our figures for the change in total UK adspend (a 1.1% increase in Q1 2012, a 2.5% increase in 2012 overall, and a 4.4% increase in 2013 overall) do not include direct mail.
- However, our predictions for the overall value of UK advertising spend - **£16.8bn** in 2012 and **£17.4bn** in 2013 – do include direct mail.

Further information:

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About the Advertising Association/Warc Expenditure Report

The Advertising Association/Warc Expenditure Report is a comprehensive, quarterly review of advertising spend on all major UK media. All data is net of discounts and includes agency commission, but excludes production costs. The survey was launched in 1982, and has produced data on a quarterly basis since.

The Expenditure Report (www.warc.com/expenditurereport) launched in February 2010 and is available exclusively online only; subscribers will be able to access over 150 standard tables, build their own tables for different media and time periods, download bespoke analysis and track different media sectors' share of adspend via a new tool. An annual subscription to the AA/Warc Expenditure Report costs £1,025. Members and affiliates of the Advertising Association pay a discounted price of £660.

Methodology

The press data is derived from information provided directly by publishers of national newspapers, regional newspapers and business and consumer magazines. Television data is based on figures provided by various industry sources including Ofcom. Radio, Outdoor and Cinema data comes from the Radio Advertising Bureau (RAB), Outdoor Media Centre (OMC) and the Nielsen Company respectively. The Royal Mail provides direct mail expenditure. Internet data is based on the Internet Advertising Bureau (IAB) survey carried out biannually by PricewaterhouseCoopers, and a survey of online recruitment specialists carried out by Warc. Sponsorship and promotions expenditure data has been excluded from the totals for both TV and radio for consistency purposes, as quarterly figures are not yet available for TV.

About the Advertising Association

The Advertising Association is the only body representing all sides of the advertising and promotional marketing industries. Its membership represents advertisers, agencies, media and support services in the UK. Further information about the organisation is available at: <http://www.adassoc.org.uk/>

About Warc

At the heart of Warc is Warc.com, a unique resource relied upon by major creative and media agency networks, market research companies, media owners, multinational advertisers and business schools to help tackle any marketing challenge. It provides online access to thousands of case studies, Best Practice guides that explain the 'how' and the 'why' of marketing challenges and brand profiles. Warc also provides adspend data, runs events and publishes leading journals including Admap, Market Leader and the Journal of Advertising Research.