

UK adspend hits record high in first half of 2015

- Total adspend reaches £9,424m for H1, driven by digital -

London, 20th October 2015: UK advertising expenditure grew 5.8% to reach a record high of £9,424m in the first half of 2015, according to Advertising Association/Warc Expenditure Report data published today.

Adspend growth continues to be driven by strong performance in digital channels: internet spend for H1 increased 13.3% to £3,975m, with mobile accounting for 79% of this growth. Mobile adspend grew 52.1% to break the billion pound barrier in a half-year period for the first time (£1,079m).

Separate research from Warc's Global Adspend Database highlights the UK's leading position, recording the highest spend on mobile advertising in Europe and the third highest spend globally, after the US and China.¹

Steady growth was also reported in the first half for radio (+2.9%), out of home (+2.3%), cinema (+2.7%) and direct mail (+4.5%). TV spot advertising performed particularly well, increasing 7.1% year-on-year, despite 2014's boost from the FIFA World Cup. Forecast adspend for TV in 2015 has been revised upwards to 7.1%.

Tim Lefroy, Chief Executive at the Advertising Association said:

"Advertising's resilience points to the strength of the broader economy in the first half. The UK leads the world in e-commerce and the trend to mobile means serving the public better – ads in the right place at the right time."

Advertising spend is predicted to break the £20bn barrier in 2016, with a 5.8% rise in 2015 and a 5.3% rise in 2016.

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 solely on estimated or modelled data. With total market and individual media data available quarterly from 1982, it is the most reliable picture of the industry and is widely used by advertisers, agencies, media owners and analysts.

¹ Source: Warc, Adspend Database, 2014



	Adspend 2014 (£m)	2014 vs 2013	Forecast 2015	Forecast 2016
		% change	% change	% change
TV	4,911	5.8%	7.1%	5.4%
of which spot advertising	4,463	5.4%	6.7%	4.7%
of which broadcaster VOD	145	15.1%	17.2%	20.6%
Radio	575	7.2%	2.3%	5.2%
Out of home	1,019	3.0%	3.8%	4.8%
National newsbrands	1,370	-4.6%	-7.7%	-3.2%
of which digital	214	16.3%	8.7%	10.2%
Regional newsbrands	1,253	-3.6%	-4.2%	-3.1%
of which digital	174	24.7%	20.4%	14.1%
Magazine brands	993	-4.3%	-5.0%	-2.1%
of which digital	267	5.9%	6.7%	6.3%
Cinema	203	9.6%	5.1%	2.3%
Internet	7,223	15.4%	12.8%	10.6%
of which mobile	1,625	59.1%	47.2%	36.7%
Direct mail	1,835	-1.1%	2.9%	0.8%
TOTAL UK ADSPEND	18,584	5.9%	5.8%	5.3%
<p>Broadcaster VOD, digital revenues for newsbrands and magazine brands and mobile advertising spend are also included within the internet total of £7,223m, so care should be taken to avoid double counting. Radio includes branded content. From Q1 2015, the IAB have included spend for outstream/in-read video for the first time. This amounted to approximately £32m in the first half of 2015.</p>				
<p>Direct mail data from 2013 have been supplied by Royal Mail according to its new methodology – please refer to About the AA/Warc Data for detail.</p>				
<p>Source: AA/Warc Expenditure Report, October 2015.</p>				

– ends –



At-a-glance media summary

- **TV** spot advertising recorded solid YOY growth of 2.9% to £1,144m in Q2, compared to a quarter in which the FIFA World Cup was held last year. Spot also had an exceptional Q1, when ad revenues rose 11.5%. Growth for the first six months stood at 7.1%, and an increase of 6.7% is forecast for 2015 as a whole.
- **Radio** adspend (excluding branded content) fell by 2.2% to £116m in Q2, although Q1 growth of 8.2% put net spend in positive territory over H1 (+2.9%). Full-year growth is forecast at 3.0% in 2015, and 2.3% when including branded content.
- **Out of home** adspend dipped 3.6% to £249m in Q2, but this followed strong YOY growth of 9.7% in Q1. This takes OOH to 2.3% growth for H1 2015. AA/Warc predicts a rise of 3.8% for the year as a whole, with the rugby World Cup providing a boost in Q3.
- **National newsbrands** print ad revenues declined by a substantial 19.2% in Q2 2015 to £239m, with digital adspend up 5.9% to £51m. Altogether the sector recorded a drop of 15.7% for the quarter and 11.3% for the first half. AA/Warc predicts a decline of 7.7% for the year.
- **Regional newsbrands** recorded a decline of 7.2% in adspend in Q2 2015 compared with last year. This represents a 12.1% drop for print (to £246m) and a 24.0% increase for digital revenues (to £55m). Forecasts have been revised down to a 4.2% decline in 2015 (-1.2pp).
- **Magazine brands** adspend dipped 6.8% in Q2, comprising an 11.0% decline for print (to £168m) and a 5.2% uptick for digital (to £70m). Overall, ad revenues fell 5.4% during H1. Total adspend is predicted to decline 5.0% this year.
- **Cinema** adspend saw a YOY fall of 10.8% in Q2 2015 to £40m. Adspend over the first six months rose 2.7% however, and blockbusters such as the new James Bond and Star Wars films are expected to aid overall growth of 5.1% this year.
- **Internet** adspend rose 12.8% in Q2 2015, following upwardly revised growth of 13.9% in Q1 (+1.1pp). This represents an increase of 13.3% for H1. AA/Warc anticipates overall growth of 12.8% in 2015. Mobile accounted for 79% of total internet growth during H1, with adspend of £1,079m (up 52.1%). Full-year growth in mobile adspend is forecast at 47.2%.
- **Direct Mail** adspend recorded a YOY increase of 3.1% to £476m in Q2 2015, which follows growth of 5.9% in Q1. This resulted in sector growth of 4.5% over the first six months. AA/Warc expects direct mail to see average growth of 1.4% in H2, culminating in full-year growth of 2.9%.

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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 the Newspaper Society 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, the Outdoor Media Centre, the Radio Advertising Bureau and the Royal Mail.

All data net of discounts and includes agency commission, but excludes 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 30 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) launched online in February 2010 and combines data from the discontinued print publications the Quarterly Survey of Advertising Expenditure and the Advertising Forecast. Alongside over 200 ready-made 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 costs £710 for AA members and £1,100 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. We are the only organisation that brings together agencies, brands and media to combine strengths and seek consensus on the issues that affect them. Through wide-reaching engagement and evidence-based debate we aim to build trust and maximise the value of advertising for all concerned.

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 also publishes 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. Warc hosts three annual case study competitions: [Warc Prize for Innovation](#), [Warc Prize for Social Strategy](#) and [Warc Prize for Asian Strategy](#).

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

