

# 2018 UK advertising spend hits £23.6bn following nine years of growth

*Business-friendly Brexit result critical to accelerate future growth prospects for UK advertising sector*

**London, 30th April 2019:** UK adspend rose 6.3% year-on-year to reach £23.6bn in 2018, marking the ninth consecutive year of market growth and highest annual total since monitoring began in 1982. This record investment is highlighted in today's Advertising Association/WARC Expenditure Report, which is the only one to collect advertising spend data from across the entire media landscape.

The final quarter of 2018 recorded expenditure growth of 5.7% over Q4 2017, with adspend reaching £6.5bn. This includes adspend during the crucial Christmas period and marked the 22<sup>nd</sup> consecutive quarter of market growth.

Advertising spend is forecast to grow 4.8% this year, with a further rise, of 5.5%, projected for 2020. This would push investment to over £26bn, completing more than a decade of continuous expansion for the UK advertising industry.

These figures follow a report released by the Advertising Association last month showing export of UK advertising services had hit a record high of £6.9bn in the latest annual figures for 2017. The potential for growth was celebrated in the first-ever Export Month with trade missions in partnership with the Department for International Trade to China, Japan and the USA.

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

“These figures demonstrate, once again, the strength and resilience of the UK advertising industry during a time of political and economic uncertainty in the UK – they are a testament to the world-class capabilities of the third of a million people working in advertising and marketing services across the UK. With every pound spent on advertising generating six pounds of GDP, a strong advertising industry is a key pillar of a strong economy.

“With further growth predicted for both 2019 and 2020, UK advertising looks set to deliver over a decade of continuous growth. Like all UK industries, we hope to see a positive resolution of the Brexit situation, with business-friendly data, immigration and trade outcomes that could further boost this forecast growth”.

Overall market growth is being driven by increasing spend on search (up 14.3%) and online display advertising (up 21.4%), with further, but milder, growth predicted for 2019 and 2020.

The positive story for online ad formats was reflected across a number of media. Notably high growth was recorded for online radio ad formats, with a year-on-year rise in 2018 of 30.6%. Ad investment in broadcaster video-on-demand (VoD) rose 29.4% to reach £391m, while regional online newsbrands recorded growth of 7.6%.

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

“Despite most traditional media being stagnant or in decline, the UK’s ad market expanded at its strongest rate since 2015 last year, and the growth is primarily being driven by rapidly rising investment in paid search and online display formats, particularly social media and online video.

“These online components account for just over half of UK advertising spend today, and both are almost entirely data-driven, enabling advertisers to pair their messaging with internet users based on their digital footprint. These tools are also accessible, enabling a long-tail of SMEs to invest, and this has transformed the DNA of advertising in recent years.”

Full-year forecast summary 2018-2020	Adspend 2018 (£m)	2018 v 2017 (% change)	Forecast 2019 (% change)	Forecast 2020 (% change)
Search	6,656.0	14.3%	11.3%	9.9%
Online display*	5,331.7	21.4%	12.5%	10.2%
TV	5,111.4	0.1%	2.2%	3.4%
of which VOD	391.0	29.4%	26.3%	20.2%
Direct mail	1,555.4	-8.5%	-8.2%	-7.3%
Online classified*	1,451.3	-1.3%	-5.0%	4.3%
Out of home	1,209.1	5.7%	3.7%	4.2%
of which digital	603.0	14.7%	13.6%	13.0%
National newsbrands	970.6	-6.3%	-3.3%	-2.3%
of which online	274.1	-0.2%	9.4%	7.2%
Regional newsbrands	804.3	-9.3%	-6.9%	-4.7%
of which online	227.5	7.6%	4.3%	7.7%
Magazine brands	717.7	-7.5%	-6.1%	-4.3%
of which online	270.3	-0.3%	0.3%	1.2%
Radio	713.3	5.0%	4.1%	5.7%
of which online	45.4	30.6%	23.6%	21.0%
Cinema	253.6	-2.1%	5.6%	6.9%
<b>TOTAL UK ADSPEND</b>	<b>23,566.1</b>	<b>6.3%</b>	<b>4.8%</b>	<b>5.5%</b>
* Broadcaster VoD, digital revenues for newsbrands, magazine brands, and radio station websites are also included within online display and classified totals, so care should be taken to avoid double counting.				
<b>Source: AA/WARC Expenditure Report, April 2019</b>				

The headline findings for the full year 2018 results are presented in a slightly altered form to provide a more detailed breakdown of what was previously termed internet advertising. The purpose is to provide greater clarity and understanding of the UK’s current advertising expenditure by media type. This update is the result of an in-depth consultation and review undertaken with a wide range of AA/WARC Expenditure Report subscribers and industry experts.

## The key bullet points from the report show:

- UK adspend rose 6.3% year-on-year to reach £23.6bn in 2018 – the ninth consecutive year of market growth
- UK adspend rose 5.7% year-on-year to reach £6.5bn in Q4 2018 – the 22nd consecutive quarter of market growth
- Both the 2018 annual and fourth quarter totals were the highest on record
- Over H2 2018, UK adspend rose 5.6% year-on-year to reach £12.1bn – a new high
- The forecast for 2019 has been upgraded to £24.7bn, equivalent to 4.8% growth
- The UK's ad market is expected to grow a further 5.5% in 2020

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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

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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 nonmembers.

### **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 provides the latest evidence, expertise and guidance to make marketers more effective. WARC's mission is to save the world from ineffective marketing.

WARC's clients include the world's largest brands, advertising and media agencies, media owners, research companies and universities. They rely on WARC for rigorous, unbiased information and advice on almost any advertising and marketing issue, which WARC delivers via best practice guides, case studies, research papers, special reports and advertising trend data, as well as via webinars, awards, events and advisory services.

WARC collaborates with more than 50 respected industry organisations globally including: The Advertising Research Foundation, Cannes Lions, Effie Worldwide, Association of National Advertisers, ESOMAR, 4A's, IPA and DMA.

WARC was founded in 1985, and has offices in the UK, US and Singapore. In July 2018, WARC became part of Ascential plc, the global specialist information company.