

UK advertising delivers 25th consecutive quarter of growth

UK adspend rose 5.6% in Q3 2019

London, 30th January 2020: UK adspend rose 5.6% year-on-year to reach £5.97bn in Q3 2019, marking the UK advertising industry's 25th consecutive quarter of market growth. The figures are contained within today's [Advertising Association/WARC Expenditure Report](#), which is unique in its collection of advertising spend data from across the entire media landscape.

The figures have been published on the day that the Advertising Association's LEAD summit for the UK's ad industry has taken place at the QEII Conference Centre in Central London.

The latest data reveal that growth in the third quarter of 2019 was 0.8 percentage points ahead of forecast. Looking ahead to the full-year figures for 2019, UK adspend is forecast to reach £24.8bn, meaning growth of 5.2%. This is expected to rise a further 5.2% in 2020 to reach £26.1bn.

Overall market growth is being driven by increased spend on online advertising, which saw percentage increases across every format. This was led by digital out of home which rose by 17.1%, TV broadcaster VOD which saw a rise of 16.7% and national online newsbrands which saw growth of 6.5%. The report also demonstrates particularly strong growth in Q3 2019 compared to the same quarter in 2018 in cinema advertising, which saw a very impressive rise of 46.5%.

The impressive online figures reflect the [Advertising Pays 7: UK Advertising's Digital Revolution](#) report from industry's think tank, Credos. The report, which was published last year, revealed that Britain is the largest online advertising marketplace in Europe and that the country has the highest per capita online retail spend in the G20.

Stephen Woodford, Chief Executive, Advertising Association commented:

"UK media spend has continued to perform strongly in Q3 2019, now on the twenty-fifth straight quarter of growth. The figures show adspend increases across a range of media with digital formats and sectors continuing to drive growth. These media spend figures are particularly impressive given this was a period of Brexit and political uncertainty and very low overall economic growth. As the Credos report on UK digital advertising showed, this is in part fuelled by the exceptional growth in SME spend in digital, as well as larger advertisers continuing to move budgets into digital formats in most media sectors. The projected growth for 2020 shows these trends continuing. With Brexit now a certainty, industry's focus now turns to the future relationship with the EU and the importance of this to the overall health of the economy, which underpins this media spend growth."

James McDonald, Data Editor at WARC commented:

“The UK’s ad market has sustained a 25-quarter period of expansion, but underlying data show that this growth is asymmetric – excluding online advertising, the UK’s ad market has contracted each quarter for the last four years. Online formats account for three in five pounds spent on advertising in the UK, and we expect this to rise to two in three by mid-2021, fueling total market growth in tow.”

Full-year forecast summary 2018-2020	Adspend 2018 (£m)	2018 v 2017 (% change)	Estimate 2019 (Year-on-year % change)	Forecast 2020 (Year-on-year % change)
Search	6,656	14.3%	12.1%	10.1%
Online display*	5,332	21.4%	12.6%	10.8%
TV	5,111	0.1%	-0.5%	1.7%
of which VOD	391	29.4%	19.1%	14.5%
Direct mail	1,552	-8.7%	-9.2%	-5.2%
Online classified*	1,451	-1.3%	1.8%	2.3%
Out of home	1,209	5.7%	7.9%	4.9%
of which digital	603	14.7%	14.0%	10.2%
National newsbrands	1,015	-2.7%	-2.5%	-3.3%
of which online	318	13.0%	5.1%	5.2%
Regional newsbrands	804	-9.3%	-10.3%	-5.4%
of which online	228	7.6%	4.6%	4.9%
Magazine brands	718	-7.5%	-7.6%	-3.9%
of which online	270	-0.3%	-1.4%	3.7%
Radio	714	5.1%	0.6%	3.1%
of which online	45	30.6%	14.7%	22.5%
Cinema	254	-2.1%	24.6%	-6.3%
TOTAL UK ADSPEND	23,563	6.2%	5.2%	5.2%

* 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.

Source: AA/WARC Expenditure Report, January 2020

At-a-glance media summary	Q3 2019 v Q3 2018
	% change
Search	11.9%
Online display*	12.8%
TV	-2.3%
of which VOD	16.7%
Direct mail	-4.5%
Online classified*	2.1%
Out of home	9.8%
of which digital	17.1%
National newsbrands	0.4%
of which online	6.5%
Regional newsbrands	-11.7%
of which online	4.7%

Magazine brands	-8.3%
of which online	-3.4%
Radio	-2.8%
of which online	-0.1%
Cinema	46.5%
TOTAL UK ADSPEND	5.6%
* 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. Source: AA/WARC Expenditure Report, January 2020	

The full report and tables can be accessed through the [WARC website](#) for an annual subscription fee.

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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

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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. 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.