

UK ADSPEND TO GROW 18.2% THIS YEAR AS RECOVERY GATHERS PACE

The 18.2% rise forecast this year means UK adspend will reach annual total of £27.7bn.

London, July 29, 2021: The latest Advertising Association/WARC Expenditure Report, the only source to collect advertising revenue data across the entire media landscape, predicts that UK adspend will grow by 18.2% this year to reach a total of £27.7bn. This is an upward revision from the 15.2% rise forecast in April and includes an estimated 54.7% rise during the second quarter of the year – by far the highest on record albeit coming on the back of an exceptional downturn due to the pandemic.

This growth will recover the entirety of 2020's £1.8bn decline and is expected to precede a 7.7% rise in 2022, by when the market will be worth a record £30bn. The projected figure of 18.2% growth this year would be the largest rise on record, surpassing the previous high of 15.9% growth set in 1988.

Ancillary forecasts from WARC also suggest that the UK is on course to achieve the fastest ad trade recovery of any major European market this year, and one of the strongest growth rates across 100 global markets.

Adspend growth forecast for all media in 2021

Particularly strong results are expected for the media most adversely affected by the pandemic, namely cinema at +315.6%, out of home at +29.3%, of which digital out of home at +43.7%. Online classified investment is set to rise by a fifth (21.5%).

Online display – inclusive of social media and online video – is set to see growth accelerate this year (+17.2%), as is the case for search (+19.7%). TV adspend is expected to increase by 15.1% in 2021 (a significant upward projection from the 8.8% forecast in April), reflective of increased activity during the Euros.

The picture in Q1 2021

The latest dataset includes actual adspend figures for Q1 2021, which show UK advertising spend rose 0.8% to £6.5bn during the first three months of the year. This is behind the 1.8% rise estimated in April.

Online formats – most notably search, online display and BVOD – were seen to grow by double-digits during the quarter. Out of home spend was down by almost two thirds and cinemas remained closed as the UK adhered to lockdown and social distancing restrictions.

Among other industries that also saw year-on-year decline in Q1 were direct mail (-16.5%), national newsbrands (-18.7%) and regional newsbrands (-22.4%).

Stephen Woodford, Chief Executive, Advertising Association commented:

“These are hugely encouraging figures for the UK advertising industry and reflect the strong outlook in the wider economy. Advertising is a vital engine for growth, with each £1 invested in advertising delivering £6 back to GDP. The upward growth revision in spend growth this year – to reach a record of 18.2% – would mark an exceptional recovery, after the record declines in 2020. UK adspend growth also looks set to race ahead of European markets, reflecting the success of the vaccine rollout and fast-rising corporate and consumer confidence. The UK is the global hub for advertising and will also benefit from faster growth in major export markets for UK advertising services. If the AA/WARC expenditure estimates turn out as forecast, then the ad industry will contribute strongly to the nation’s economic resurgence this year and into next.”

James McDonald, Head of Data Content, WARC commented:

“Seventy pence in every pound spent on UK advertising is invested in digital formats, a rate which accelerated greatly last year and is now surpassed only by China. It is these formats that will lead absolute growth over the coming terms and none more so than paid search, which is seen to be benefitting from burgeoning e-commerce trade.

“Our forecast update since April is demonstrative of the current strength of this sector in particular, though it is notable that online formats across the board are set to see growth after a tumultuous 2020. That the ad market will generate more value this year than before the crisis is testament most to its role within the lives of the connected consumer.”

Media	2020 £m	Q1 2021 £m	Q1 2021 year-on-year % change	2021 forecast year-on-year % change	2022 forecast year-on-year % change
Search	8,369.0	2,498.4	11.6%	19.7%	11.2%
Online display*	7,126.7	2,012.0	12.6%	17.2%	8.1%
TV	4,350.0	1,195.2	0.3%	15.1%	3.4%
of which VOD	522.7	172.9	12.9%	20.1%	12.1%
Direct mail	909.0	244.5	-16.5%	10.0%	-7.2%
Online classified*	975.5	243.0	-7.6%	21.5%	3.5%
National newsbrands	749.8	176.2	-18.7%	12.3%	2.8%
of which online	309.2	76.9	10.0%	18.2%	7.7%
Radio	577.1	155.4	-5.1%	18.6%	4.1%
of which online	46.8	14.1	24.8%	22.5%	10.5%
Regional newsbrands	469.4	116.8	-22.4%	11.7%	-2.4%
of which online	183.3	57.8	8.8%	26.5%	2.7%
Magazine brands	462.6	110.8	-13.8%	18.2%	-1.7%
of which online	200.1	49.7	13.2%	28.1%	1.3%
Out of home	699.1	96.9	-64.9%	29.3%	21.3%
of which digital	414.9	59.3	-59.8%	43.7%	27.1%
Cinema	54.7	0.0	-100.0%	315.6%	50.7%
TOTAL UK ADSPEND	23,481.0	6,477.7	0.8%	18.2%	7.7%

Note: 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. Online radio is display advertising on broadcasters’ websites.

Source: AA/WARC Expenditure Report, July 2021

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The Advertising Association/WARC quarterly Expenditure Report is the definitive guide to advertising expenditure in the UK with data and forecasts for different media going back to 1982.

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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

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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 is part of Ascential, the path-to-purchase business that combines intelligence, data and insights to drive growth in the digital economy. We do this by delivering an integrated set of business-critical products in the key areas of product design, marketing and sales.

For over 30 years WARC has been powering the marketing segment by providing rigorous and unbiased evidence, expertise and guidance to make marketers more effective. WARC services include 94,000+ case studies, best practice guides, research papers, special reports, trend data, webinars, awards, events and advisory services; has 1,400+ client companies, 21,500+ active users in 100+ countries; collaborates with 50+ industry partners; has offices in London, New York, Singapore and Shanghai.

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