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## **UK AD SPEND TO EXCEED £29BN THIS YEAR WITH INCREASED RECOVERY PREDICTIONS**

*Record £7.9bn ad spend forecast for Christmas period, almost £1bn more than 2020*

**London, October 28, 2021:** The latest Advertising Association/WARC Expenditure Report forecasts UK ad spend will grow by 24.8% this year to reach a total of £29.3bn. This latest report surpasses July's projection (+18.2%) by 6.6 percentage points, making this the largest annual rise on record. Total investment for Q4 2021 – the important Christmas advertising season – is expected to be £7.9bn, again the highest level ever recorded.

The latest dataset also includes revised projections for 2022 showing a 7.7% increase year-on-year to more than £31.5bn. Media channels set for a significant recovery following the Covid-19 pandemic include cinema (+123.2%) and out-of-home (+27.7%), while the growth in search, which includes eCommerce spend, is expected to continue its rise (+11.4%).

These figures, along with ancillary forecasts from WARC, suggest the UK is still on course to achieve the fastest ad trade recovery of any major European market this year, bouncing back from UK advertising's £1.8bn decline in 2020.

### **Double-digit recovery confirmed in Q2 2021**

Actual figures show advertising spend rose 86.5% to reach £7.7bn in Q2 2021, underlining a strong recovery following the unprecedented disruption during the first wave of Covid-19 last year, when UK ad spend fell by 34.1% in Q2 2020 at the height of the nation's first lockdown.

All media have seen a strong recovery in Q2 2021, led by sectors such as out-of-home (+276.8%), digital magazine brands (+155.5%) and direct mail (+104.0%) as the nation emerged from the third coronavirus lockdown. While the half year figures show a slower recovery for newsbrands, their online ad revenues still saw a double-digit growth (+22.2% national digital and +28.0% regional digital).

### **Christmas ad spend led by online shopping**

Total investment is expected to be £7.9bn during Q4 2021, the highest level ever recorded during the Christmas period and almost £1bn more than last year (£929m). Search advertising is forecast to be one of the quickest growing media in Q4 2021, rising 15.3% to £2,715m, buoyed by consumers' online shopping habits.

In addition, TV advertising spend is set to see its largest Q4 increase in over a decade, expected to rise by 9.0% to £1,564m, with broadcaster video-on-demand up by a quarter (24.1%).

**Stephen Woodford, Chief Executive, Advertising Association** commented:

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“UK advertising’s recovery goes from strength-to-strength, following the sharp shock of the pandemic. Ad spend is set to grow by 24.8% to a record £29.3bn, proving advertising’s role as a vital engine for growth in the UK economy, particularly during the upcoming Christmas period. The forecast of strong online performance is further evidence of the UK’s position as the world’s most digitally advanced advertising market and Europe’s biggest.”

**James McDonald, Head of Data Content, WARC** commented:

“The latest data demonstrate bullish trade in the UK’s advertising sector despite potential inflationary headwinds and supply chain disruption in the run up to Christmas. Strong fourth quarter projections for TV – a medium heavily leveraged by retailers during the golden quarter – and search, which encompasses activity on eCommerce platforms, suggest it will be largely business as usual for the industry this year.”

Media	Q2 2021 year-on-year % change	H1 2021 year-on-year % change	2021 forecast year-on-year % change	Percentage point (pp) change in 2021 forecast vs July	2022 forecast year-on-year % change
Search	98.9%	47.7%	30.1%	+10.4pp	11.4%
Online display*	72.2%	39.8%	25.4%	+8.2pp	8.2%
TV	85.9%	31.5%	22.9%	+7.8pp	0.6%
of which VOD	112.0%	42.3%	34.1%	+14.0pp	8.6%
Online classified*	76.1%	28.6%	24.6%	+3.1pp	3.1%
Direct mail	104.0%	19.8%	10.3%	+0.3pp	-7.2%
Out of home	276.8%	-10.2%	27.6%	-1.7pp	27.7%
of which digital	247.4%	0.3%	38.1%	-5.6pp	36.1%
National newsbrands	45.8%	5.6%	7.6%	-4.7pp	1.0%
of which online	36.0%	22.2%	13.2%	-5.0pp	5.4%
Radio	89.1%	27.9%	17.7%	-0.9pp	1.5%
of which online	103.9%	57.7%	34.7%	+12.2pp	9.6%
Magazine brands	92.1%	28.1%	21.6%	+3.4pp	-0.9%
of which online	155.5%	77.6%	41.9%	+13.8pp	2.9%
Regional newsbrands	54.4%	1.0%	7.4%	-4.3pp	-3.2%
of which online	85.7%	28.0%	25.0%	-1.5pp	4.1%
Cinema	N/A	-95.1%	88.0%	-227.6pp	123.2%
<b>TOTAL AD SPEND</b>	<b>86.5%</b>	<b>35.1%</b>	<b>24.8%</b>	<b>+6.6pp</b>	<b>7.7%</b>

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, October 2021**

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 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 and rights of responsible advertising and its value to people, society, businesses, and the economy. 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

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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 policymakers 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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