

## **UK ADVERTISING SPEND FORECAST TO RISE TO £35BN THIS YEAR**

***SPEND PROJECTED TO NEAR £10BN DURING Q4 WORLD CUP CHRISTMAS PERIOD***

**London, October 27<sup>th</sup>, 2022:** The latest Advertising Association/WARC Expenditure Report has forecast the value of the UK's advertising market will grow by 9.2% in 2022, to a total of £34.9bn, though this does reflect a downgrade of 1.7pp from the previous forecast in July. This revision is attributed to high levels of inflation and squeezed margins as UK plc deals with supply chain inflation and subsequent rise in the cost-of-living. The media sector is also bearing the brunt of these pressures, with advertisers facing higher media costs.

The report, which is the only to collect advertising revenue data directly from media owners across the entire landscape, shows UK adspend rose by 8.8% in Q2 2022, to a total of £8.6bn, while adspend during the first half of the year was up 14.4% at £16.7bn.

The UK's ad market is forecast to grow by a further 3.9% in 2023, to a total of £36.2bn. This projection represents a downgrade of 0.5pp when compared to the July forecast. Meanwhile, online advertising's share of total adspend is set to grow to a total of 74.0% for 2022 and is expected to cross the three-quarters threshold (75.2%) in 2023.

### **The full picture in Q2 2022**

The latest data show the continuation of strong recoveries for the out of home (OOH) (+46.4%) and cinema (+2,208.2%) sectors. Further, new IAB figures show online classified advertising – representing recruitment advertising and property listings, among others – was up by almost a third. TV was the only medium to witness a decline in investment during this quarter (-0.6%) though broadcaster video-on demand continued to grow (+9.3%) as audiences turned to catch-up and streaming platforms.

Positive second quarter results were also recorded across the publishing sector, including national newsbrands (+9.1%), magazine brands (+3.3%), and regional newsbrands (+0.6%).

### **Christmas adspend at record high despite muted lift from World Cup**

Adspend for the final quarter of 2022 is set to increase by 4.5% from last year's record high, to a total of £9.5bn, setting a new record level of investment during the Christmas period. Search advertising – including eCommerce – is forecast to be one of the quickest growing media over the quarter, rising by 7.3% to a total of £3.4bn. At £1.7bn, TV advertising spend is expected to remain flat during the quarter, but video-on-demand is set to rise ahead of the wider market with expected growth of 4.2%.

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

“It is encouraging to see strong figures in Q2, with media channels continuing their recovery from the COVID-19 pandemic. Looking forwards, political and economic stability is much-needed, given the inflationary and recessionary forces impacting all businesses. As companies navigate these pressures, we see them continuing to prioritise advertising investment to protect their brands in exceptionally challenging market conditions.”

**James McDonald, Director of Data, Intelligence & Forecasting, WARC** commented on the figures: “With the economic picture worsening amid ongoing political uncertainty, the likelihood of a recession is now higher than when we last assessed market prospects in the summer. Indeed, we have downgraded UK ad market growth expectations for this year and next, in large part to reflect the waning climate.

“Higher costs are carving into advertisers’ margins and household budgets alike, and trading conditions are at their worst since the Covid outbreak, leading to muted expectations for the Christmas quarter. Against this deteriorating economic backdrop, a 9.2% rise in advertising investment this year would be impressive given that it is near double the average rate of expansion recorded prior to the pandemic.”

### **Increasing the public’s trust of advertising**

The AA/WARC figures for Q2 2022 are released in the same week as a new advertising campaign launches for the Advertising Standards Authority, designed to build the public’s awareness, confidence and trust in advertising and its self-regulatory system. Businesses including Tesco, Marmite, Lloyds, and Churchill feature in the campaign which will run on TV, print, online, cinema and OOH channels over the next three months. The campaign is backed with advertising inventory from media owners including ITV, News UK, Sky, Mail Metro Media, The Guardian, Daily Telegraph, Evening Standard, Channel 4 and Reach plc. In digital media, it will be featured on YouTube, Yahoo, Snapchat and Meta’s channels. Outdoors, the campaign is backed with inventory from Clear Channel, Global, JCDecaux and Ocean Outdoor, and will also see support from DCM and Pearl & Dean in cinemas.

Planned by MediaCom with creative work by Leith Agency, the biggest-ever awareness campaign for the regulator will remind the public and businesses alike that UK ads across media are regulated and that there’s a body to maintain standards and step in when needed.

Media	Q2 2022 year-on- year % change	H1 2022 year-on- year % change	2022 forecast year-on- year % change	Percentage point (pp) change in 2022 forecast vs July	2023 forecast year-on- year % change
Search	10.8%	16.5%	11.7%	-1.5pp	6.2%
Online display*	5.4%	8.1%	7.1%	-4.3pp	5.9%
TV	-0.6%	8.7%	2.9%	-3.0pp	0.5%
of which VOD	9.3%	17.2%	10.1%	-3.2pp	7.2%
Online classified*	32.4%	41.4%	20.1%	+14.5pp	-4.5%
Direct mail	3.8%	9.5%	2.8%	+3.0pp	-4.5%
Out of home	46.4%	79.1%	31.2%	+2.3pp	4.8%
of which digital	48.2%	78.8%	32.3%	+1.8pp	8.4%
National newsbrands	9.1%	12.6%	3.4%	+2.3pp	-2.5%
of which online	13.2%	16.3%	8.2%	+1.6pp	3.7%
Radio	7.0%	13.1%	6.2%	+0.8pp	0.1%
of which online	5.9%	14.6%	8.1%	-2.6pp	6.3%
Magazine brands	3.3%	5.0%	0.7%	+2.0pp	-5.9%
of which online	3.9%	9.9%	5.4%	+1.4pp	-1.7%
Regional newsbrands	0.6%	10.3%	2.6%	+2.6pp	-7.1%
of which online	5.3%	13.8%	7.2%	-0.8pp	-0.5%
Cinema	2,208.2%	3,978.0%	174.0%	-17.2pp	21.1%
<b>TOTAL AD SPEND</b>	<b>8.8%</b>	<b>14.4%</b>	<b>9.2%</b>	<b>-1.7pp</b>	<b>3.9%</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 includes targeted in-stream radio/audio advertising sold by UK commercial radio companies, together with online S&P inventory. Source: AA/WARC Expenditure Report, October 2022

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.

**- ENDS-**

**Advertising Association**

Matt Bourn, Director of Communications

[Matt.Bourn@adassoc.org.uk](mailto:Matt.Bourn@adassoc.org.uk)

Mariella Brown, Communications Manager

[Mariella.Brown@adassoc.org.uk](mailto:Mariella.Brown@adassoc.org.uk)

## **WARC**

Amanda Benfell, Head of PR & Press

[amanda.benfell@warc.com](mailto:amanda.benfell@warc.com)

T: +44 (0) 20 7467 8125

### **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, 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-

## **ADVERTISING ASSOCIATION**



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 an Ascential company, 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 18,000+ case studies, 90,000+ best practice guides, research papers, special reports and advertising trend data, webinars, awards, events and advisory services; has 1,200+ client companies, 21,500+ active users in 100+ countries; collaborates with 50+ industry partners; has offices in the UK, US, China and Singapore.