

UK advertising spend passes £20bn as growth hits five-year high

Digital drives 7.5% increase in UK advertising spend in 2015

London, 26 April 2016: UK advertising expenditure grew at its highest rate since 2010 last year, increasing by 7.5% to £20.1bn, according to the UK's definitive advertising statistics, the Advertising Association/Warc Expenditure Report.

Internet adspend increased 17.3% to £8.6bn, with mobile accounting for 78% of that growth, growing 61.1% to a total of £2.6bn. The UK is comfortably the largest internet advertising market in Europe and ranks third globally, behind the US and China.

TV adspend rose 7.3% to a record £5.3bn, with spot expenditure rising 6.7% and video on demand increasing 20.7%. Cinema adspend rose 20.8% to reach a new high of £238m, driven by high-grossing films like *Star Wars: The Force Awakens* and *SPECTRE*.

Annual growth in adspend was also recorded for direct mail (+1.4% year-on-year to £1.9bn), out of home (+3.9% to £1.1bn) and radio (+2.9% to £592m) last year.

The strong growth in total UK adspend is expected to continue with a rise of 5.5% forecast in both 2016 and 2017.

Tim Lefroy, Chief Executive at the Advertising Association said: *"The UK is the fastest-growing major advertising market in Europe, and its most successful exporter. It's a tribute to our creativity and technical innovation."*

The data show that as a share of GDP, UK adspend rose to 1.08% in 2015, higher than any other G7 nation. For every man, woman and child in the UK, £308.56 was spent on advertising last year.¹

The Advertising Association/Warc Expenditure Report is the definitive measure of advertising activity in the UK. It is the only source that uses advertising expenditure gathered from across the entire media landscape, rather than relying solely on estimated or modelled data. With total market and individual media data available quarterly from 1982, it is the most reliable picture of the industry and is widely used by advertisers, agencies, media owners and analysts.

¹ [Office for National Statistics, Population projections, October 2015](#)



	Adspend 2015 (£m)	2015 vs 2014	Forecast 2016	Forecast 2017
		% change	% change	% change
TV	5,270	7.3%	5.1%	5.1%
<i>of which spot advertising</i>	4,760	6.7%	4.4%	4.3%
<i>of which broadcaster VOD</i>	175	20.7%	17.1%	17.1%
Radio	592	2.9%	4.3%	3.8%
Out of home	1,059	3.9%	4.9%	4.2%
National newsbrands	1,220	-11.0%	-5.9%	-3.4%
<i>of which digital</i>	220	2.5%	4.7%	10.7%
Regional newsbrands	1,176	-6.2%	-5.4%	-3.8%
<i>of which digital</i>	199	14.8%	13.8%	11.6%
Magazine brands	942	-5.2%	-4.5%	-2.7%
<i>of which digital</i>	283	6.1%	3.4%	5.9%
Cinema	238	20.8%	4.0%	1.7%
Internet	8,606	17.3%	11.5%	10.6%
<i>of which mobile</i>	2,627	61.1%	36.8%	23.3%
Direct mail	1,861	1.4%	0.9%	-0.5%
TOTAL UK ADSPEND	20,087	7.5%	5.5%	5.5%
<p>Broadcaster VOD, digital revenues for newsbrands and magazine brands, radio station websites and mobile advertising spend are also included within the internet total of £8,606m, so care should be taken to avoid double counting. Radio includes branded content. From Q1 2015, the IAB has included spend for outstream/in-read video for the first time. This amounted to approximately £148m in 2015.</p>				
<p>Source: AA/Warc Expenditure Report, April 2016</p>				



At-a-glance media summary

- **Television** adspend grew by 7.3% to reach a record £5.3bn in 2015. This was spurred on by a 6.7% growth in spot expenditure to £4.8bn, as well as a 20.7% growth in video-on-demand, reaching £175m. Further growth for total TV spend of 5.1% is forecast for 2016.
- **Radio** adspend (including branded content) rose by 2.9% in 2015, amounting to a total of £592m. We forecast radio adspend to register an annual rise of 4.3% in 2016.
- **Out of home** adspend grew 3.9% to a record high of £1.1bn in 2015. Of this, adspend on digital panels rose strongly by 22% to £332m. Total out of home adspend is expected to rise a further 4.9% in 2016.
- **National newsbrands** adspend declined 11% in 2015 to £1.2bn. Print advertising revenues fell by 13.4% to £1bn, although digital adspend rose in 2015 by 2.5%, to reach £220m. Looking at print advertising revenues more closely, there was a 16.7% drop for popular (tabloid) papers, and a more modest 9.2% drop for quality (broadsheet) titles. A slower decline (-5.9%) in total adspend is forecast for national newsbrands in 2016.
- **Regional newsbrands** adspend declined 6.2% in 2015 to £1.2bn. Print advertising spend saw a 9.5% dip, falling to £977m, but digital advertising revenue grew by 14.8%, to £199m. The reduction in overall adspend is set to slow in 2016 to -5.4%.
- **Magazine brands** adspend fell 5.2% in 2015 to £942m. Print adspend dipped 9.3% to £659m, while digital adspend rose 6.1% to £283m. Overall, adspend is due to fall by 4.5% in 2016.
- **Cinema** adspend grew by 20.8% to reach a record £238m in 2015, driven by two of last year's highest grossing films, *Star Wars: The Force Awakens* and *SPECTRE*. It is expected to grow a further 4% in 2016.
- **Internet** (including mobile) adspend rose by 17.3% to reach £8.6bn last year. Mobile adspend rose by 61.1% to reach £2.6bn. In 2016 total internet advertising will rise by 11.5%, while mobile adspend is expected to climb by 36.8%.
- **Direct mail** adspend data from the Royal Mail show 1.4% growth to £1.9bn in 2015. A rise of 0.9% is expected in 2016.

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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 the News Media Association 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 net of discounts and includes agency commission, but excludes 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 30 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) launched online in February 2010 and combines data from the discontinued print publications the Quarterly Survey of Advertising Expenditure and the Advertising Forecast. Alongside over 200 ready-made 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 costs £710 for AA members and £1,175 for non-members.

About the Advertising Association

The Advertising Association promotes the role, rights and responsibilities of advertising and its impact on individuals, the economy and society. We are the only organisation that brings together agencies, brands and media to combine strengths and seek consensus on the issues that affect them. Through wide-reaching engagement and evidence-based debate we aim to build trust and maximise the value of advertising for all concerned.

About Warc

Warc.com is an online service offering advertising best practice, evidence and insights from the world's leading brands. Warc helps clients grow their businesses by using proven approaches to maximise advertising effectiveness.

Warc's clients include the world's largest advertising and media agencies, research companies, universities and advertisers. Warc also publishes leading journals including Admap, Market Leader, the Journal of Advertising Research and the International Journal of the Market Research Society.

In addition to its own content, Warc features advertising case studies and best practices from more than 50 respected industry sources, including: ARF, Effies, Cannes Lions, ESOMAR and IPA. Warc hosts three annual case study competitions: [Warc Prize for Innovation](#), [Warc Prize for Social Strategy](#) and [Warc Prize for Asian Strategy](#).

Founded in 1985, Warc is privately owned and has offices in the UK, U.S. and Singapore.

