

WARC



Press Release

UK advertising spend sees new record high in 2017 with growth predicted to continue through 2018

London, 31 January 2018: UK advertising spend in Q3 2017 rose 3.5% year-on-year to reach £5.4bn – the 17th consecutive quarter of market growth, according to Advertising Association/WARC Expenditure Report data published today. The latest data underpin preliminary figures which show 2017 spending grew to £22.1bn – representing the eighth consecutive year of market growth.

Further key findings from the report indicate:

- Total UK adspend over the first nine months of 2017 was 3.5% (£551m) higher than the previous year.
- The preliminary estimate for 2017 growth is 3.4% (to £22.1bn), an upgrade of 0.3 points since October's forecast.
- The projection for total market growth in 2018 is 2.8% (to £22.7bn).
- Mobile adspend rose 30.7% year-on-year, buoyed by a 44.7% rise in social media advertising.

Adspend growth was up 9.9% year-on-year within internet as a whole, inclusive of digital revenues for newsbrands, magazine brands, TV and radio broadcasters. Year-on-year numbers were up 21.5% in Q3 2017 for national newsbrands, an impressive 42.6% for radio, and 13.3% for broadcaster video-on-demand.

Almost one in four pounds spent on advertising in the third quarter of 2017 went to mobile, which recorded year-on-year growth of 30.7%. Preliminary estimates for 2017 put mobile adspend above £5bn, much of which is being invested in video ads on social media platforms. Elsewhere, direct mail recorded growth of 5.9% over the prior year, marking the strongest rise for the channel since 2011.

Stephen Woodford, Chief Executive at the Advertising Association said:

“UK advertising spend enjoyed a record high in the third quarter of 2017, with figures up again year-on-year. It is encouraging to see further predicted growth of 2.8% for 2018. UK advertising is vital for the economy, generating £6 for every £1 spent and we know from the work of Credos, advertising's think tank, that advertising is the engine of growth for UK business.

“As we work through Brexit, we need to help Government make the best decisions to support our industry and, by extension, the wider UK economy as we target growth across the nations and regions and in an increasingly global marketplace.”

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 on estimated or modelled data.

Forecast summary	Adspend 2016 (£m)	2016 v 2015	Estimate 2017	Forecast 2018
		% change	% change	% change
Internet*	10,257	12.9%	11.1%	7.3%
of which mobile	3,852	44.8%	32.6%	20.7%
TV	5,277	0.2%	-2.0%	1.5%
of which VoD	197	12.6%	11.4%	12.4%
Direct mail	1,739	-9.1%	0.9%	-5.0%
Out of home	1,123	6.1%	0.4%	2.3%
National newsbrands	1,093	-10.6%	-7.0%	-6.2%
of which digital	230	4.9%	16.2%	7.5%
Regional newsbrands	1,021	-13.2%	-14.1%	-9.2%
of which digital	193	-3.4%	3.6%	2.9%
Magazine brands	877	-6.8%	-12.8%	-7.4%
of which digital	282	0.2%	-7.4%	-0.6%
Radio	646	5.4%	4.7%	3.2%
of which digital	28	35.0%	27.1%	16.8%
Cinema	252	5.7%	9.3%	6.3%
TOTAL UK ADSPEND	21,355	3.6%	3.4%	2.8%

* Broadcaster VoD, digital revenues for newsbrands and magazine brands, radio station websites and mobile advertising spend are also included within the internet total of £10,257m, so care should be taken to avoid double counting.

Source: AA/WARC Expenditure Report, January 2018

At-a-glance media summary	Q3 2017 v Q3 2016
	% change
Internet*	9.9%
of which mobile	30.7%
TV	-0.8%
of which VoD	13.3%
Direct mail	5.9%
Out of home	-0.8%
National newsbrands	-5.1%
of which digital	21.5%
Regional newsbrands	-14.2%
of which digital	3.4%
Magazine brands	-11.9%
of which digital	-10.5%
Radio	5.1%
of which digital	42.6%
Cinema	-8.4%
TOTAL UK ADSPEND	3.5%

* Broadcaster VoD, digital revenues for newsbrands and magazine brands, radio station websites and mobile advertising spend are also included within the internet total, so care should be taken to avoid double counting.

Source: AA/WARC Expenditure Report, January 2018

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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) 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. 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, insights and data 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 hosts four global and two regional case study competitions: WARC Awards, WARC Innovation Awards, WARC Media Awards, The Admap prize, WARC Prize for Asian Strategy and WARC Prize for MENA Strategy. 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.

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

www.warc.com