



P R E S S R E L E A S E

Advertising industry defies gloom

The UK advertising market brushed off fears about the health of the economy to register a 6.9% rise to £15.5bn in 2010, according to the new Advertising Association/Warc Expenditure Report, released today. The rise made 2010 the strongest year for adspend growth since the dotcom boom of 2000. It also represented a significant bounce-back from recession.

The performance was partly due a higher than expected adspend increase in the fourth quarter of 2010. During the three month period, adspend increased by 5.8%. Television (+12%) and direct mail (+12.7%) were the strongest performing media.

Looking forward, growth is expected to dip to 2.9% in 2011, before rising back to 5.5% in 2012. The modest prediction for this year can be attributed to a relatively weak economy and falling consumer confidence. Adspend growth will also suffer in year on year comparisons to its strong performance in 2010. However, the economy and advertising are expected to revive in 2012, with the latter boosted by spend associated with the London Olympics.

The AA/Warc report confirms the trend of recent years according to which individual media channels have experienced markedly different fortunes.

Across 2010 as a whole, TV was the fastest-growing medium, with an overall increase of 15.8% – its strongest growth rate since 1986. This represents a major improvement on the previous year, which saw television adspend fall by 10.1%. Spend on TV is predicted to continue to grow in early 2011, as advertisers seek to tap into a short-lived public mood created by extended public holidays and the Royal Wedding. Growth in television advertising is however expected to slow down in the second half of the year.

Out-of-home advertising also performed well in 2010, rising 12.5%, and internet is expected to have maintained its steady growth with a 10.9% increase for the year.

But results for press were mixed – national newspapers increased spend by 6% in 2010, but regional papers and magazines fared less well, dropping 6.4% and 5.9% respectively.

Tim Lefroy, Chief Executive of the Advertising Association, said: “These are good news figures, not just for the advertising sector itself, but for UK business more widely. Rising ad spend reflects investment in sales by business, growth in media and content and, ultimately, signals a competitive, healthy UK economy “

Suzy Young, Data Editor at Warc, added: “2010 was an impressive year for UK adspend. This included a surprisingly strong performance from direct mail in the second half of the year. This could be attributed to advertisers relying more heavily on the more traditional and immediate forms of communication with the consumers. While growth will moderate in 2011, we anticipate higher rates of growth in 2012 as the economy picks up and London gears up for the Olympics.”

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Editors' Notes

Further information

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About the Advertising Association/Warc Expenditure Report

The Advertising Association/Warc Expenditure Report is a comprehensive, quarterly review of advertising spend on all major UK media. All data is net of discounts and includes agency commission, but excludes production costs. The survey was launched in 1982, and has produced data on a quarterly basis since.

The Expenditure Report (www.warc.com/expenditurereport) launched in February 2010 and is available exclusively online only; subscribers will be able to access over 150 standard tables, build their own tables for different media and time periods, download bespoke analysis and track different media sectors' share of adspend via a new tool. An annual subscription to the AA/Warc Expenditure Report costs £1,025. Members and affiliates of the Advertising Association pay a discounted price of £660.

Methodology

The press data is derived from information provided directly by publishers of national newspapers, regional newspapers and business and consumer magazines. Television data is based on figures provided by various industry sources including Ofcom. Radio, Outdoor and Cinema data comes from the Radio Advertising Bureau (RAB), Outdoor Advertising Association (OAA) and the Nielsen Company respectively. The Royal Mail provides direct mail expenditure. Internet data is based on the Internet Advertising Bureau (IAB) survey carried out biannually by PricewaterhouseCoopers, and a survey of online recruitment specialists carried out by Warc. Sponsorship and promotions expenditure data has been excluded from the totals for both TV and radio for consistency purposes, as quarterly figures are not yet available for TV.

About the Advertising Association

The Advertising Association (AA) represents all sides of the advertising and promotion industry in the UK – advertisers, agencies and the media. Its remit is to promote and protect advertising, by communicating its commercial and consumer benefits. Further information about the AA, its membership and remit is available here <http://www.adassoc.org.uk/>

About Warc

At the heart of Warc is Warc.com, a unique resource relied upon by major creative and media agency networks, market research companies, media owners, multinational advertisers and business schools to help tackle any marketing challenge. It provides online access to thousands of case studies, Best Practice guides that explain the 'how' and the 'why' of marketing challenges and brand profiles. Warc also provides adspend data, runs events and publishes leading journals including Admap, Market Leader and the Journal of Advertising Research.