

## UK ADVERTISING FORECASTS RISE

### *Highest y-o-y growth for three years fuels optimism*

**10<sup>th</sup> January 2014:** UK advertising forecasts for 2014 have been upgraded to £18.8bn – growth of 5.3%. The move follows the release of Q3 2013 data which showed ad revenues at their highest rate of year-on-year growth since 2010.

Adspend is now forecast to reach £17.8bn in 2013 (up 3.8%) and £18.8bn in 2014 (up 5.3%).

Total UK adspend grew at its fastest rate in three years in Q3 2013. Expenditure for the period reached £4.2bn, up 5.5% year-on-year.

Growth was driven by internet (+13.7%) and TV (+14.5%) with out of home performing better than expected – it had been forecast a double digit drop following exceptional, Olympic-driven performance in Q3 2012, but declined just -4.8%.

	Yr-on-yr % change		
	Q3 2013 (actuals)	FY 2013 (forecast)	FY 2014 (forecast)
TV*	14.5	5.4	6.0
Radio	-4.3	-4.1	2.9
Out of home	-4.8	1.4	5.1
Newsbrands	-6.9	-6.6	-1.0
Magazine brands	-2.2	-5.0	-1.3
Cinema	-8.1	-12.4	4.9
Internet**	13.7	14.2	10.1
Direct mail***	1.0	0.0	2.0
<b>Total</b>	<b>5.5</b>	<b>3.8</b>	<b>5.3</b>

\* TV spot advertising and broadcaster VOD only.

\*\* Internet data for Q3 2013 are Warc estimates. Excludes broadcaster only VOD, digital adspend for newsbrands and magazine brands.

\*\*\* Direct mail data for Q1–Q3 2013 are Warc estimates.

Tim Lefroy, Chief Executive of the Advertising Association said:

“Advertising bounced back to pre-recession levels in 2012 and keeps on bouncing. Economists take note, adspend is more than a bellwether – it has been shown to drive GDP growth, not just follow it.”

Last year saw an important change in methodology that allows subscribers to the AA/Warc Expenditure Report to view the impact of online adspend for newsbrands, magazine brands and TV. This approach is a truer representation of today’s media landscape and provides a view of adspend that is relevant to agencies, advertisers and media owners now and into the future.

– ENDS –

### **Further information**

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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 Newspaper Society 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, the Outdoor Media Centre, the Radio Advertising Bureau and the Royal Mail.

All data net of discounts and include 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](http://www.warc.com/expenditurereport)) launched in February 2010 and is available exclusively online. Alongside over 200 standard 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 £1,100 for non-members.

### **About the Advertising Association**

Advertising is a vital enabler in the economy, underpinning at least £100 billion of UK GDP. The Advertising Association (AA) is the single voice for those businesses and industries which contribute to that effect – the agencies that create and buy campaigns, the commercial media that carry them and the vast array of brands that use advertising to communicate with customers and drive their businesses. The AA's remit is to protect and promote the role, rights and responsibilities of advertising. It works to keep advertising high on the business agenda, develop support and understanding in government and ensure that responsible practice earns the continued confidence of the public, regulators and policy-makers alike. <http://www.adassoc.org.uk/>

### **About Warc**

Warc is the global provider of ideas and evidence to marketing people. It has produced trusted and independent data on advertising expenditure and media costs for more than 25 years, and has partnerships with leading advertising organisations in more than 80 countries. Warc's premium online service, [www.warc.com](http://www.warc.com), is the largest single source of intelligence for the marketing, advertising and media communities worldwide.