

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

UK ADVERTISING'S BOUNCE-BACK CONTINUES

9 July 2013: Following a return to pre-recession levels in 2012, UK advertising spend continued to show healthy growth in the first quarter of 2013, according to the latest Advertising Association/Warc Expenditure Report.

UK adspend increased by 2.4% in the first quarter of 2013 to £4.14bn. This follows a strong performance in 2012, as adspend broke through the £17bn barrier, the most spent on advertising in the UK since 2007.

Updated forecasts now predict total adspend growth of 2.6% in 2013, followed by a rise of 4.9% in 2014.

The AA/Warc Expenditure Report is the definitive measure of advertising activity in the UK. As the only impartial source of quarterly adspend figures and forecasts, with both a total market and individual media breakdowns, it is considered the most reliable picture of the industry by advertisers, agencies and media owners.

Tim Lefroy, Chief Executive of the Advertising Association said:

“A pound spent on advertising returns six pounds to GDP. These figures don’t just reflect growing confidence, they represent an important investment in the recovery.”

Q1 2013 Expenditure Report highlights

- Q1 growth was fuelled by an 11.1% increase in internet spend, driven by the continued strong growth of mobile advertising.
- TV spot advertising also increased ahead of trend in Q1 2013, rising by 5.6%.

- Total adspend across newsbrands and magazine brands fell by -7.9% and -11.6% respectively, but these declines are forecast to slow in 2013/14, spurred by strong growth in digital revenues for each channel.
- Following a strong Olympic year, out of home spend grew by just 0.1% in Q1 2013 and is predicted to decline for the year as a whole, but the rate of decline has been cut from -2.1% to -1.5%, with the forecast for 2014 lifted from 3.9% to 4.6%.
- Of the other media, cinema increased 1.6% in Q1 2013, direct mail fell by an estimated 1%, and radio fell by 2.9%.

	Year on year change (%)	
	Q1 2013 (actuals)	2013 (forecast)
TV	5.6	3.9
Radio	-2.9	1.7
Out of home	0.1	-1.5
Newsbrands	-7.9	-4.3
Magazine brands	-11.6	-5.6
Cinema	1.6	-11.7
Internet – pure play*	11.1	10.4
Direct mail**	-1.0	-0.3
Total	2.4	2.6

*Internet data for Q1 2013 is a Warc estimate. Excludes TV VOD, digital adspend for newsbrands and magazine brands** Direct mail data for Q1 2013 is a Warc estimate

This 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 –

Notes to Editors

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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) 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, is the largest single source of intelligence for the marketing, advertising and media communities worldwide.