

UK advertising spend rises 3% in H1 2013

2014 forecasts revised to all time high of £18.7bn

24th October 2013: UK advertising spend rose 3% in the first six months of 2013, according to the latest Advertising Association/Warc Expenditure Report, the figures and forecasts that the advertising industry relies on.

2013: The picture so far

Total adspend was £8.54bn in H1 following growth of 2.3% in 2012, when spend reached £17.2bn, returning to pre-recession (2007) levels.

The H1 increase was driven by growth of internet pure play (+16.3% YOY), out of home (+3.1% YOY) and TV (+2.1% YOY), offsetting declines for all other media (see table below).

Strong growth for mobile (+128%) and search (+18%) helped drive total internet adspend up for the period. Out of home experienced a strong second quarter (+5.9%) after a flat start to the year.

AA/Warc H1 2013 and Full Year Forecasts	Yr-on-yr % change	
	H1 2013 (actuals)	FY 2013 (forecast)
TV*	2.1	5.3
Radio	-6.6	-2.1
Out of home	3.1	-1.8
Newsbrands	-7.4	-6.4
Magazine brands	-7.5	-5.6
Cinema	-9.0	-15.0
Internet**	16.3	13.2
Direct mail***	-1.5	0.0
Total	3.0	3.3

Forecasts for 2013 and 2014

AA/Warc full year adspend forecasts have been upgraded from the July 2013 report and now stand at 3.3% growth for 2013 (+0.7pp) and 5.2% for 2014 (+0.3pp), with expenditure set to reach £17.7bn in 2013, and an all-time high of £18.7bn in 2014.

The forecasts have been revised to reflect the better than expected outlook for search and TV advertising spend, as well as the improved economic scenario for the UK next year.

Tim Lefroy, Chief Executive of the Advertising Association said: “These numbers suggest growing confidence and that is good news – not only for UK advertising but for the consumer goods, digital and creative industries it underpins.”

– ENDS –

Notes to Editors

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, it is considered the most reliable picture of the industry by advertisers, agencies and media owners.

Comments on the table

* Includes TV spot advertising and broadcaster only VOD.

** Excludes broadcaster only VOD, digital adspend for newsbrands and magazine brands

*** Direct mail data for H1 2013 are Warc estimates.

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) 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.