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Record first quarter prompts upwards forecast for UK advertising

London, 28th July 2015: The UK's authoritative advertising statistics, released today by the Advertising Association/Warc, show that UK advertising expenditure shrugged off European uncertainty to post 8.2% growth in Q1 2015. Reaching £4,711m in total, UK advertising spend in the first quarter of the year was the highest on record.

Growth in traditional display advertising, including television, radio and outdoor, was particularly strong - TV spot advertising rose 11.5% to reach £1,220m for the quarter, with display advertising overall rising 8.5% to reach £3,172m. Mobile's rapid rise also continued, with spend increasing 50.9% for the quarter and passing over half a billion pounds.

The 8.2% growth posted in Q1 was well ahead of the previous prediction of 6.2% - and forecasts for full year 2015 have been revised up 0.6pp to 6.2%.

Separate research from Warc's *International Ad Forecast* shows UK adspend will rise faster than the largest European markets this year and next, and behind only India and China in a global context.

Tim Lefroy, Chief Executive at the Advertising Association said:

“Despite uncertainty in Europe and at home prior to the election, these figures come as a welcome boost. Adspend is growing faster here than anywhere in Europe, to the benefit of our digital economy, creative industries and UK plc.”

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 solely on estimated or modelled data. With total market and individual media data available quarterly from 1982, it is the most reliable picture of the industry and is widely used by advertisers, agencies, media owners and analysts.



	Adspend 2014 (£m)	2014 vs 2013	Forecast 2015	Forecast 2016
		(% change)	(% change)	(% change)
TV	4,911	5.8%	6.9%	4.9%
<i>of which spot advertising</i>	4,463	5.4%	6.4%	4.0%
<i>of which broadcaster VOD</i>	145	15.1%	17.2%	20.6%
Radio	575	7.2%	4.3%	4.8%
Out of home	1,019	3.0%	6.3%	4.7%
National newsbrands	1,370	-4.7%	-4.3%	-1.9%
<i>of which digital</i>	214	16.4%	11.9%	11.6%
Regional newsbrands	1,253	-3.6%	-3.0%	-2.2%
<i>of which digital</i>	174	24.7%	16.8%	15.4%
Magazine brands	993	-4.3%	-3.3%	-1.7%
<i>of which digital</i>	267	5.9%	8.0%	7.4%
Cinema	202	9.5%	6.4%	3.6%
Internet	7,194	15.0%	12.6%	11.3%
of which mobile	1,623	58.9%	43.4%	35.4%
Direct mail	1,835	-1.1%	1.9%	1.0%
TOTAL UK ADSPEND	18,554	5.8%	6.2%	5.6%
Broadcaster VOD, digital revenues for newsbrands and magazine brands and mobile advertising spend are also included within the internet total of £7,194m, so care should be taken to avoid double counting. Radio includes branded content. The IAB revised H1 2013 internet adspend data in October 2014, this has now been reflected in the numbers. Internet includes revenues for online, mobile and tablet.				
Direct mail data for 2013 have been supplied by Royal Mail according to its new methodology – please refer to About the AA/Warc Data for detail.				
Source: AA/Warc Expenditure Report, July 2015				

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At-a-glance media summary

- **TV** spot advertising reached its highest-ever Q1 total, with spend increasing 11.5% to reach £1,220m. The Rugby World Cup is expected to boost Q3 adspend, and it is predicted that TV adspend will increase by 6.9% in 2015.
- **Radio** adspend (excluding branded content) saw strong growth in Q1, rising by 8.2% to £122m. Including branded content, radio adspend is forecast to rise 4.3% in 2015, and 4.8% in 2016.
- **Out of home** had a particularly strong first quarter, rising 9.7% to £229m. Growth is predicted to continue at 6.3% in 2015 thanks to ongoing digital advancements.
- **National newsbrands** saw digital growth slowing to +7.4%, the lowest on record. As a result total adspend for the sector declined 6.8% in Q1. Forecasts for 2015 have been downgraded to -4.3%.



- **Regional newsbrands** declined by 2.3% in Q1 – driven by a 5.2% decline in print revenues, somewhat offset by a 17.6% increase in digital revenues. An overall decline of 3.0% is forecast for 2015, slowing to -2.2% in 2016.
- **Magazine brands** saw adspend dip 3.9% in the first quarter, with an 8.6% decline for print, and 11.5% increase in digital spend. Total magazine brands adspend is forecast to decline 3.3% in 2015, slowing to -1.7% in 2016.
- **Cinema** according to data from Nielsen, adspend saw strong year-on-year growth of 19.6% in Q1 2015, reaching a value of £43.6m. AA/Warc predicts overall growth of 6.4% in 2015 and a further 3.6% in 2016.
- **Internet (including mobile)** had its highest quarterly total on record, rising 12.8% in Q1 to reach £1,904m. Growth of 12.6% is forecast for 2015. Mobile spend grew 50.9% in Q1 to reach £502m. *Please note: The IAB releases advertising spend data every six months, so Q1 2015 data are Warc estimates and will be replaced with actual figures when data is available in October.*
- **Direct mail** advertising revenue grew 6.0% to reach £489m in Q1 according to data from the Royal Mail. 2015 growth of 1.9% is predicted for direct mail.

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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 includes 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 online in February 2010 and combines data from the discontinued print publications the Quarterly Survey of Advertising Expenditure and the Advertising Forecast. Alongside over 200 ready-made 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

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 and insights 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 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. Warc hosts three annual case study competitions: [Warc Prize for Innovation](#), [Warc Prize for Social Strategy](#) and [Warc Prize for Asian Strategy](#).

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

