

UK advertising spend to exceed £29bn this year

The latest Advertising Association/WARC Expenditure Report forecasts UK ad spend will grow by 24.8% this year to reach a total of £29.3bn. This latest report surpasses July's projection (+18.2%) by 6.6 percentage points, making this the largest annual rise on record. Total investment for Q4 2021 - the important Christmas advertising season - is expected to be £7.9bn, again the highest level ever recorded.



Source: www.pexels.com

The latest dataset also includes revised projections for 2022 showing a 7.7% increase year-on-year to more than £31.5bn. Media channels set for a significant recovery following the Covid-19 pandemic include cinema (+123.2%) and out-of-home (+27.7%), while the growth in search, which includes eCommerce spend, is expected to continue its rise (+11.4%).

These figures, along with ancillary forecasts from WARC, suggest the UK is still on course to achieve the fastest ad trade recovery of any major European market this year, bouncing back from UK advertising's £1.8bn decline in 2020.

Double-digit recovery confirmed in Q2 2021

Actual figures show advertising spend rose 86.5% to reach £7.7bn in Q2 2021, underlining a strong recovery following the unprecedented disruption during the first wave of Covid-19 last year, when UK ad spend fell by 34.1% in Q2 2020 at the

height of the nation's first lockdown.



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All media have seen a strong recovery in Q2 2021, led by sectors such as out-of-home (+276.8%), digital magazine brands (+155.5%) and direct mail (+104.0%) as the nation emerged from the third coronavirus lockdown. While the half year figures show a slower recovery for newsbrands, their online ad revenues still saw a double-digit growth (+22.2% national digital and +28.0% regional digital).

Christmas ad spend led by online shopping

Total investment is expected to be £7.9bn during Q4 2021, the highest level ever recorded during the Christmas period and almost £1bn more than last year (£929m). Search advertising is forecast to be one of the quickest growing media in Q4 2021, rising 15.3% to £2,715m, buoyed by consumers' online shopping habits.

In addition, TV advertising spend is set to see its largest Q4 increase in over a decade, expected to rise by 9.0% to £1,564m, with broadcaster video-on-demand up by a quarter (24.1%).

Stephen Woodford, chief executive at the Advertising Association, commented "UK advertising's recovery goes from strength-to-strength, following the sharp shock of the pandemic. Ad spend is set to grow by 24.8% to a record £29.3bn, proving advertising's role as a vital engine for growth in the UK economy, particularly during the upcoming Christmas period. The forecast of strong online performance is further evidence of the UK's position as the world's most digitally advanced advertising market and Europe's biggest."

James McDonald, Head of Data Content, WARC, added "The latest data demonstrate bullish trade in the UK's advertising sector despite potential inflationary headwinds and supply chain disruption in the run-up to Christmas. Strong fourth-quarter projections for TV – a medium heavily leveraged by retailers during the golden quarter – and search, which encompasses activity on eCommerce platforms, suggest it will be largely business as usual for the industry this year."

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