AA/WARC Expenditure Report

Executive Summary Q2/H1 2021 (Sample)

ADVERTISING ASSOCIATION

WARC

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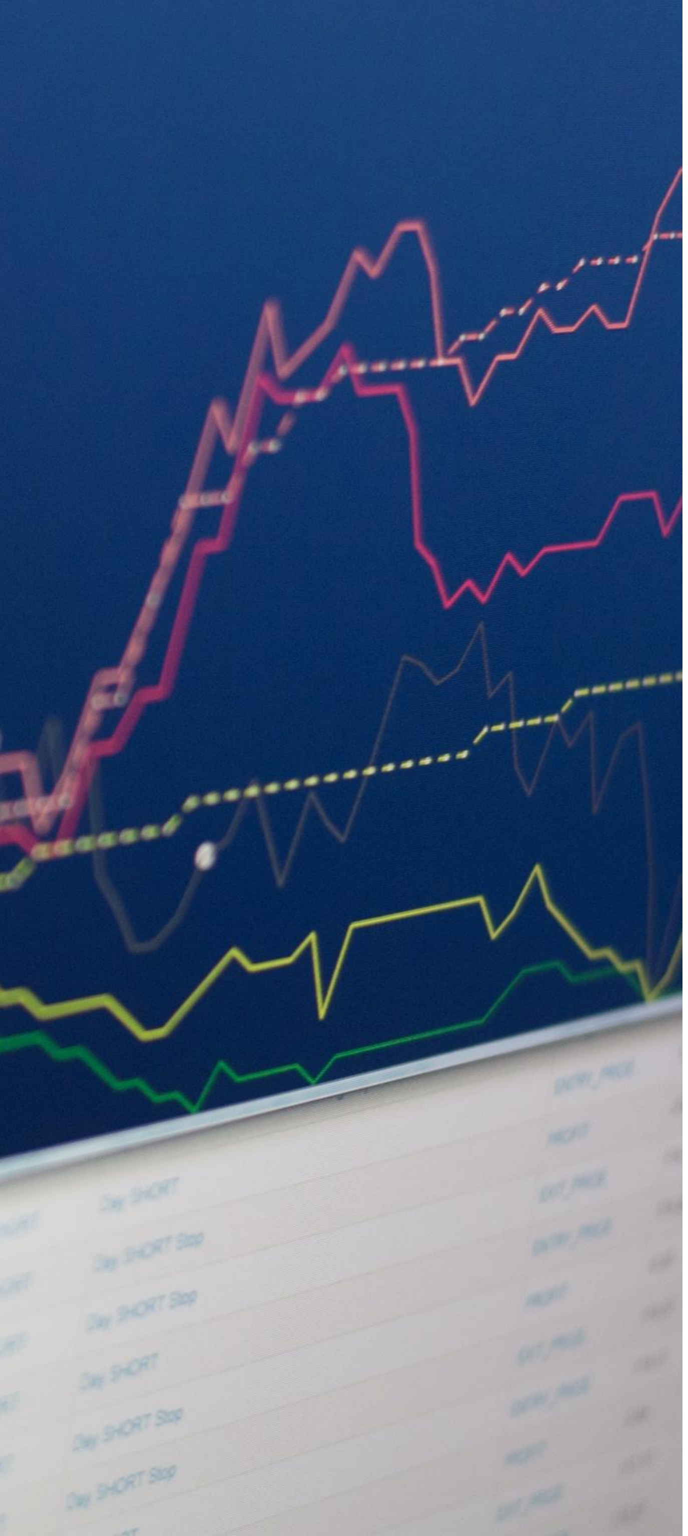

Key findings

1: Total UK adspend rose by 86.5% to £7.7bn in Q2 2021, the largest increase recorded in the Expenditure Report's 40 year history. This is a strong recovery following the unprecedented disruption last year, when spend fell by 34.1% in Q2 2020 at the height of the nation's first lockdown.

2: All media have grown rapidly in Q2 2021, led by sectors such as out of home (+276.8%), digital magazines (+155.5%) and direct mail (+104.0%). Search advertising was less affected last year but has still managed to double in value in the latest quarter, up by 98.9%. TV spend rose by 85.9%, helped by the Euro 2020 tournament.

3: Christmas advertising is set to reach a new high of £7.9bn. Total spend in Q4 2021 is expected to rise by almost £1bn (£929m) from the previous year. TV advertising, a key medium for Christmas campaigns, will see its largest Q4 increase in over a decade – a projected 9.0% rise will bring total spend to £1.6n.

4: UK advertising is expected to grow by 24.8% this year, a far quicker rate of recovery than in our July projection (+18.2%). A rapidly expanding economy, with projected growth of 6.9%, and household savings accumulated during the pandemic should boost consumer spending. However, this growth could be offset by rising inflation.

5: Entertainment and leisure registered the greatest spend in Q2 at £364.7m, with growth of 57.7% from 2020. Finance (£283.9m) and food (£239.6m) advertisers follow. Online retail adspend rose by 106.0% to £106.7m, indicative of the continued growth in online consumer spending.

6: A rise of 7.7% is expected for next year, by when the market will be worth a record £31.6bn. This is broadly in line with our previous 2022 forecast and assumes COVID infection levels remain under control. Cinema and out of home spend will continue to rise rapidly, but total investment in these media will still be below the level in 2019.

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UK advertising market overview

ADVERTISING ASSOCIATION

WARC

Latest results

Total UK advertising spend rose by 86.5% to £7.7bn in the second quarter of 2021, the largest increase ever recorded. This marks a strong recovery following the unprecedented disruption last year, when spend fell by 34.1% in Q2 2020 at the height of the nation's first lockdown.

In Q2, total display spend grew by 80.3% to £4.3bn, its highest level of investment for the period to date. A mild decline in Q1 means total display spend rose by 28.7% in the first half of this year, compared to 35.1% growth in the wider market.

All media have seen a strong recovery in Q2, led by sectors such as out of home (+276.8%), digital magazines (+155.5%) and direct mail (+104.0%). Outdoor spend is still down by more than a third compared to Q2 2019, suggesting the potential for substantial further increases in the short term.

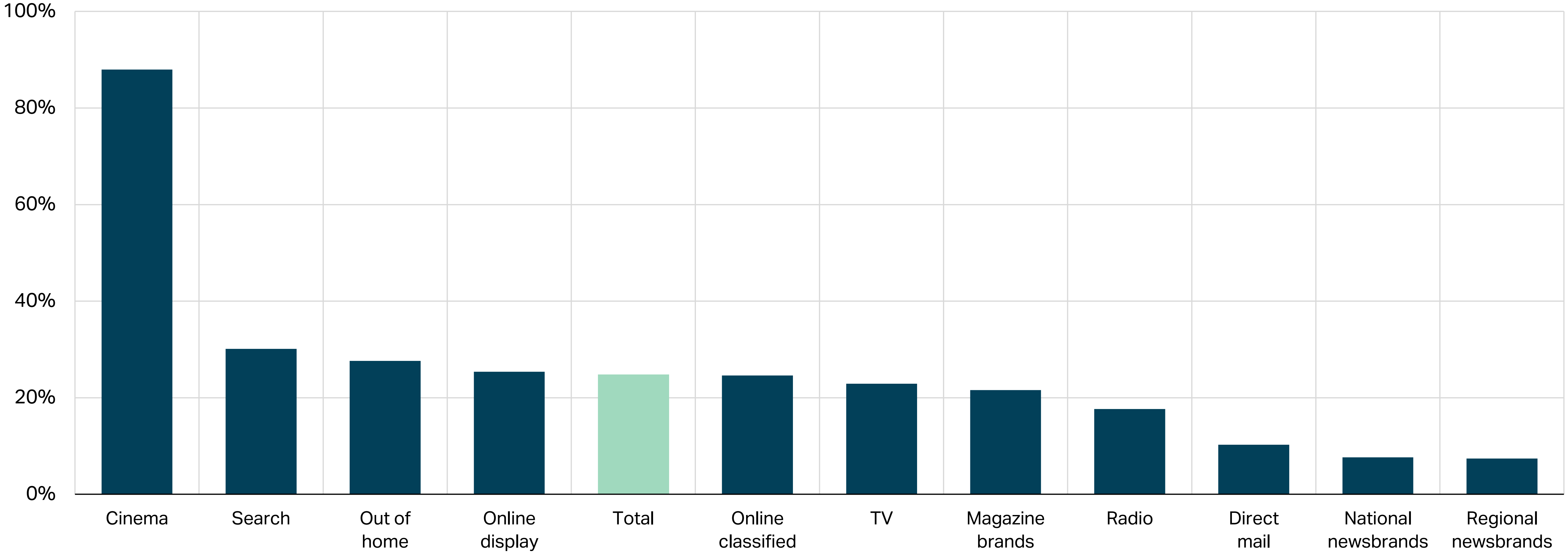
Search was less affected by the downturn last year but has still managed to double in value in Q2 2021, up by 98.9%, helped by continued eCommerce adspend. Social media almost doubled (+96.4%) and mobile devices now account for more than three-fifths of all online spend.

Q2 2021, £m current prices	Adspend	Growth	Share	Change
Display	4,329.6	80.3%	56.4%	-1.9pp
Display (excl. direct mail)	4,071.7	78.9%	53.0%	-2.2pp
Non-recruitment classified	3,196.3	96.0%	41.6%	+2.0pp
of which search	2,981.6	98.9%	38.8%	+2.4pp
Recruitment classified	150.0	77.8%	2.0%	-0.1pp
Total adspend	**7,675.9**	**86.5%**	**100.0%**	**N/A**
Total (excl. direct mail)	7,418.0	85.9%	96.6%	-0.3pp

Note: Year-on-year % growth, share of total adspend and percentage point (pp) change in share from the year before.

Advertising expenditure by medium, 2021 forecast

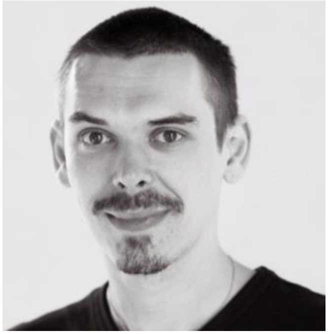
Year-on-year % change, current prices



Note: Data for newsbrands and magazine brands include print and digital ad revenues. TV includes spot, sponsorship, VoD, advertiser funded programming, product placement and other revenues (i.e. Pub TV). Radio data includes branded content and digital ad formats. Online display includes broadcaster VOD, digital revenues for newsbrands, magazine brands, and radio station websites. Online classified includes revenue from newsbrands and magazine brands.

SOURCE: AA/WARC Expenditure Report

Contact us



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