ADVERTISING ASSOCIATION | WARC

AA/WARC **Expenditure Report**

Q4 2023

Key findings

1. **The latest AA/WARC survey data shows that UK ad spend rose 6.1% during 2023, to a total of £36.6bn.** This result encompassed a 7.4% rise in the fourth quarter, to a total of £9.7bn – a performance just behind forecast (+8.0%) and a marked slowdown from the strong 15.9% rise recorded in Q3. Further, total UK ad spend fell by 1.2% in 2023 after accounting for inflation.

2. **Growth was driven mostly by rises in search (+11.9%) and online display (+11.3%) formats which, combined, accounted for three-quarters (75.4%) of all UK ad spend in 2023.** Social media (+15.6%), online video (+17.9%) and retail media (+12.3%) grew ahead of the total market to gain share.

3. **Out of home (+9.7%) – buoyed by a 12.2% rise in spend on digital sites – was the only legacy ad medium to record growth last year.** TV spend was down 8.9% – despite a 15.9% rise for BVOD – while radio (-3.3%), cinema (-4.2%), direct mail (-12.6%) and all publishing media recorded losses.

4. **The only major product sectors to record rising display ad spend last year were retail (+5.0%) and services (+4.7%).** Conversely, the combined spend on display formats among brands within the consumables (-4.3%), durables (-10.8%), industrial (-17.2%) and financial (-18.4%) sectors was seen to contract last year, per Nielsen.

5. **We have largely held our full-year growth forecast for 2024 at +5.8% (-0.1pp since January).** An improving economic climate should encourage more investment in brand-building campaigns and this, coupled with short-term stimuli such as the Men's Euros and Paris Olympics and Paralympics, is expected to aid a return to growth for broadcast media such as TV (+2.6%) and radio (+2.3%) this year.

6. **We believe that the UK's ad market will grow by a further 4.5% in 2025, by when it should be worth more than £40bn.** If it comes to pass, this would be the 15th annual expansion recorded in the last 16 years.

UK advertising market overview

AA/WARC Expenditure Report

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Latest results

Total UK ad spend grew 7.4% (+7.9% excluding direct mail) to a total of £9.7bn during the final quarter of 2023, contributing to a full year rise of 6.1% to £36.6bn.

The search market grew by 8.9% in 2023 while online display rose 6.4%. These two formats – combined – accounted for three-quarters of all UK ad spend last year. Social media (+15.6%), online video (+17.9%) and retail media (+12.3%) grew ahead of the total market to gain share.

Out of home (+9.7%) – buoyed by a 12.2% rise in spend on digital sites – was the only legacy ad medium to record growth last year. TV spend was down 8.9% – despite a 15.9% rise for broadcaster video-on-demand (BVOD) – while radio (-3.3%), cinema (-4.2%), direct mail (-12.6%) and all publishing media saw losses.

The only major product sectors to record rising display ad spend last year were retail (+5.0%) and services (+4.7%), the latter mostly attributable to a 6.6% rise in the entertainment & leisure sector. Conversely, spend within the consumables (-4.3%), durables (-10.8%), industrial (-17.2%) and financial (-18.4%) sectors was seen to dip last year, per Nielsen.

The UK's ad market contracted by 1.2% last year when measured in real terms – after accounting for high inflation – a rate which lagged flat (+0.1%) economic growth in 2023.

Q4 2023, £m current prices	Adspend	Growth	Share	Change
Display	5,717.5	4.2%	58.7%	-1.8pp
Display (excl. direct mail)	5,440.8	4.8%	55.8%	-1.4pp
Non-recruitment classified	3,887.2	13.7%	39.9%	+2.2pp
Search	3,699.7	12.9%	38.0%	+1.8pp
Recruitment classified	141.6	-16.3%	1.5%	-0.4pp
Total adspend	**9,746.4**	**7.4%**	**100.0%**	**N/A**
Total (excl. direct mail)	9,469.7	7.9%	97.2%	+0.4pp

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

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Outlook

Our forecast for the UK's ad market this year stands at +5.8% and a total of £38.8bn. This is a slight (-0.1pp) downgrade from January's outlook as inflationary headwinds – and the Bank of England's response to these – take longer to subside than was previously expected. While fragility in the UK's economy remains, the rate of economic expansion is set to mildly increase to +0.3% this year. Easing inflation also means the UK's ad market should record real growth (+2.8%) for the first time since 2021.

Our 2024 forecasts are accounting for better trading conditions which, in turn, encourage advertisers to invest more in brand-building campaigns. This, coupled with short-term stimuli such as the men's Euros and summer Olympics and Paralympics – aside an expected General Election in H2 – is expected to contribute to a return to growth for broadcast media such as TV (+2.6%) and radio (+2.3%).

Among internet formats, search (+8.9%) and online display (+6.4%) are once more set to see the strongest rises, growing ahead of the wider market to close the year with a combined share of 77% of all spend.

Higher levels of household spend and inflation nearer the Government's 2% target should again provide a more favourable trading environment for advertisers next year. We believe this will contribute to 4.5% growth (+4.7% excl. direct mail) in 2025 and a market value above £40bn for the first time.

£m current prices	2024			2025
	Adspend	Growth	Latest vs. last	
Display	21,471.3	4.1%	-0.4pp	3.3%
Display (excl. direct mail)	20,561.8	4.5%	-0.4pp	3.6%
Non-recruitment classified	16,713.0	8.6%	+0.3pp	6.1%
Search	16,015.7	8.9%	+0.2pp	6.4%
Recruitment classified	574.2	-4.8%	=	1.4%
Total adspend	**38,758.5**	**5.8%**	**=**	**4.5%**
Total (excl. direct mail)	37,849.0	6.1%	=	4.7%

Year-on-year % change, Real terms	2022	2023	2024	Latest vs. last	2025
CPI	9.1%	7.3%	2.9%	-0.3pp	2.2%
GDP	4.3%	0.1%	0.3%	-0.1pp	1.2%
Consumer expenditure	5.0%	0.3%	0.7%	+0.3pp	1.7%
Unemployment	-16.1%	5.5%	-1.7%	-6.3pp	-0.3%
Total adspend	**-0.8%**	**-1.2%**	**2.8%**	**+0.3pp**	**2.3%**

Note: Year-on-year % growth and percentage point (pp) change in forecast from last projection.

UK media overview

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UK advertising expenditure, £m current prices, 2022–2024(f)

	Q4 2023		2023		2024 (f)			2025 (f)	
	Adspend	% change	Adspend	% change	Adspend	% change	Latest vs. last	Adspend	% change
Search	**3,699.7**	**12.9%**	**14,705.0**	**11.9%**	**16,015.7**	**8.9%**	**+0.2pp**	**17,042.9**	**6.4%**
Online display	**3,449.6**	**13.2%**	**12,925.1**	**11.3%**	**13,748.3**	**6.4%**	**-1.0pp**	**14,505.3**	**5.5%**
TV	**1,426.0**	**-9.2%**	**4,900.0**	**-8.9%**	**5,028.2**	**2.6%**	**+1.2pp**	**5,073.8**	**0.9%**
of which broadcaster VOD	276.1	15.9%	979.6	15.9%	1,117.3	14.1%	-0.5pp	1,240.4	11.0%
Out of home	**396.0**	**14.4%**	**1,295.3**	**9.7%**	**1,389.1**	**7.2%**	**-0.1pp**	**1,466.9**	**5.6%**
of which digital	266.8	18.1%	841.3	12.2%	921.0	9.5%	+0.7pp	988.5	7.3%
Online classified	**285.3**	**8.2%**	**1,080.8**	**-2.7%**	**1,074.7**	**-0.6%**	**+2.9pp**	**1,090.6**	**1.5%**
Direct mail	**276.7**	**-5.4%**	**956.7**	**-12.6%**	**909.5**	**-4.9%**	**+0.5pp**	**879.1**	**-3.3%**
National newsbrands	**224.9**	**-5.7%**	**773.5**	**-6.2%**	**747.8**	**-3.3%**	**-1.7pp**	**732.3**	**-2.1%**
of which digital	101.0	-5.5%	352.8	-5.8%	350.0	-0.8%	-2.9pp	352.9	0.8%
Radio	**202.4**	**0.3%**	**715.5**	**-3.3%**	**731.7**	**2.3%**	**+0.2pp**	**743.1**	**1.6%**
of which digital	19.8	-12.3%	72.2	-7.1%	77.6	7.5%	-0.5pp	80.7	4.1%
Magazine brands	**124.8**	**-13.5%**	**503.3**	**-9.1%**	**477.7**	**-5.1%**	**-4.0pp**	**474.0**	**-0.8%**
of which digital	65.1	-19.7%	260.8	-13.7%	248.4	-4.8%	-7.1pp	253.2	2.0%
Regional newsbrands	**115.4**	**-6.8%**	**454.2**	**-10.1%**	**439.1**	**-3.3%**	**-0.8pp**	**430.4**	**-2.0%**
of which digital	61.3	-7.7%	239.4	-7.6%	235.4	-1.7%	-2.8pp	235.9	0.2%
Cinema	**69.0**	**-16.2%**	**219.9**	**-4.2%**	**225.5**	**2.5%**	**-2.1pp**	**230.4**	**2.2%**
TOTAL UK ADSPEND	**9,746.4**	**7.4%**	**36,624.3**	**6.1%**	**38,758.5**	**5.8%**	**-0.1pp**	**40,505.7**	**4.5%**

Note: % change is year-on-year, latest vs. last is change in forecast from last projection. Broadcaster VOD, digital revenues for newsbrands, magazine brands, and radio station websites are also included in the online display and online classified totals, so care should be taken to avoid double counting.

Source: AA/WARC Expenditure Report

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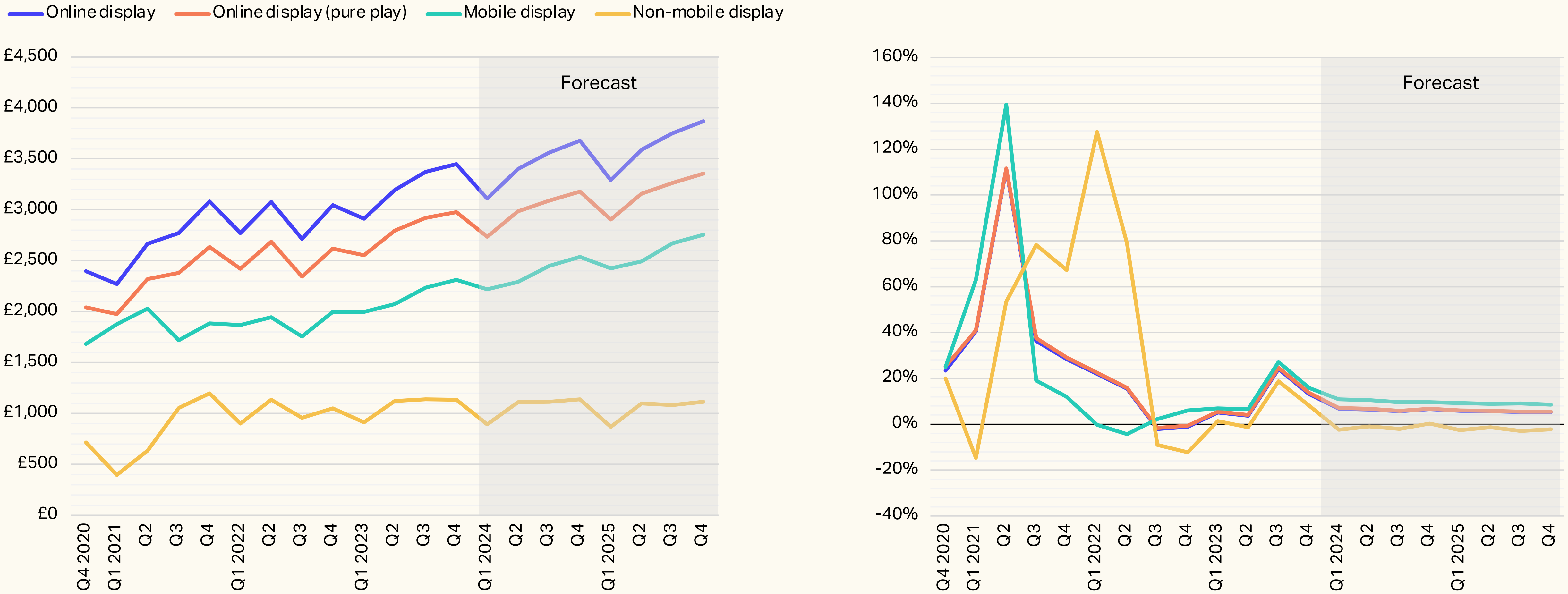
Online display advertising spend

£ millions and year-on-year % change, current prices



Note: Series overlap, so care should be taken to avoid double-counting. ‘Pure play’ excludes online display revenues from newsbrands, magazine brands and radio and TV broadcasters. Historic online display figures revised back to 2019 to account for new online audio data.

SOURCE: AA/WARC Expenditure Report

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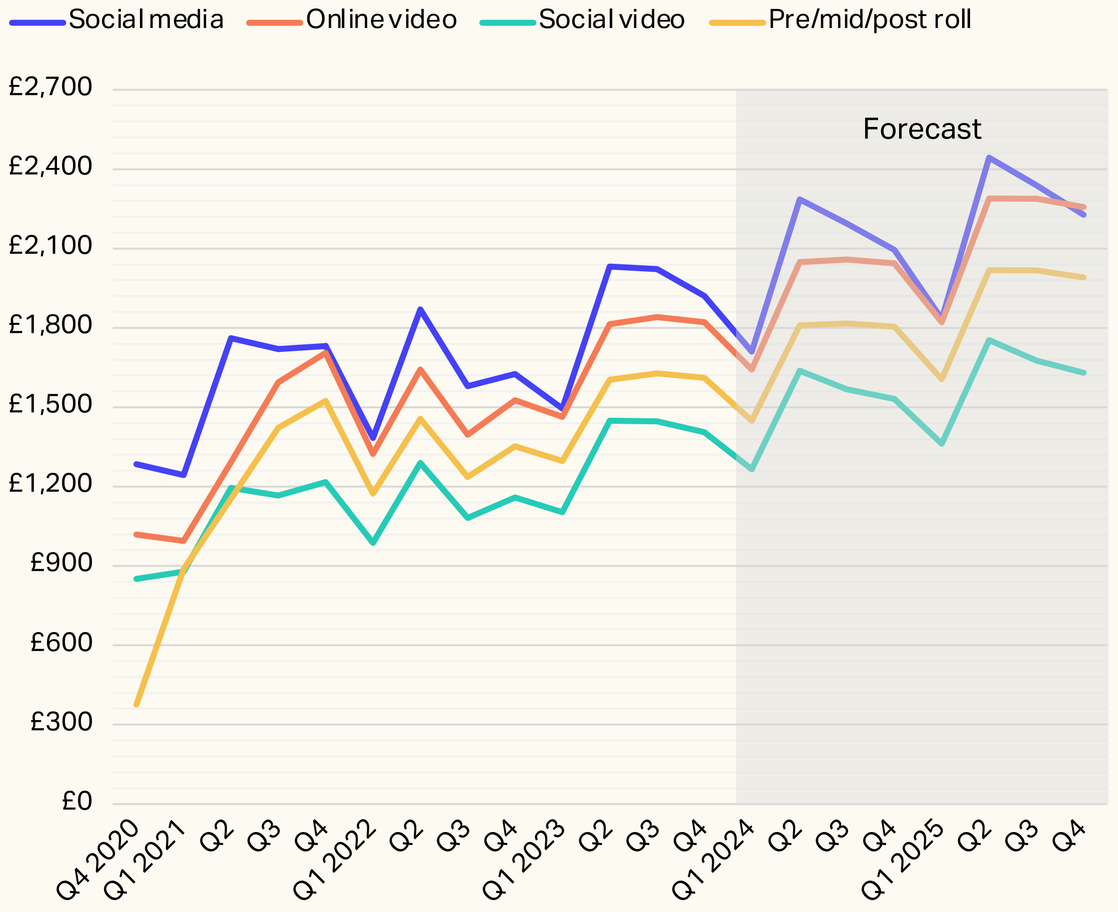
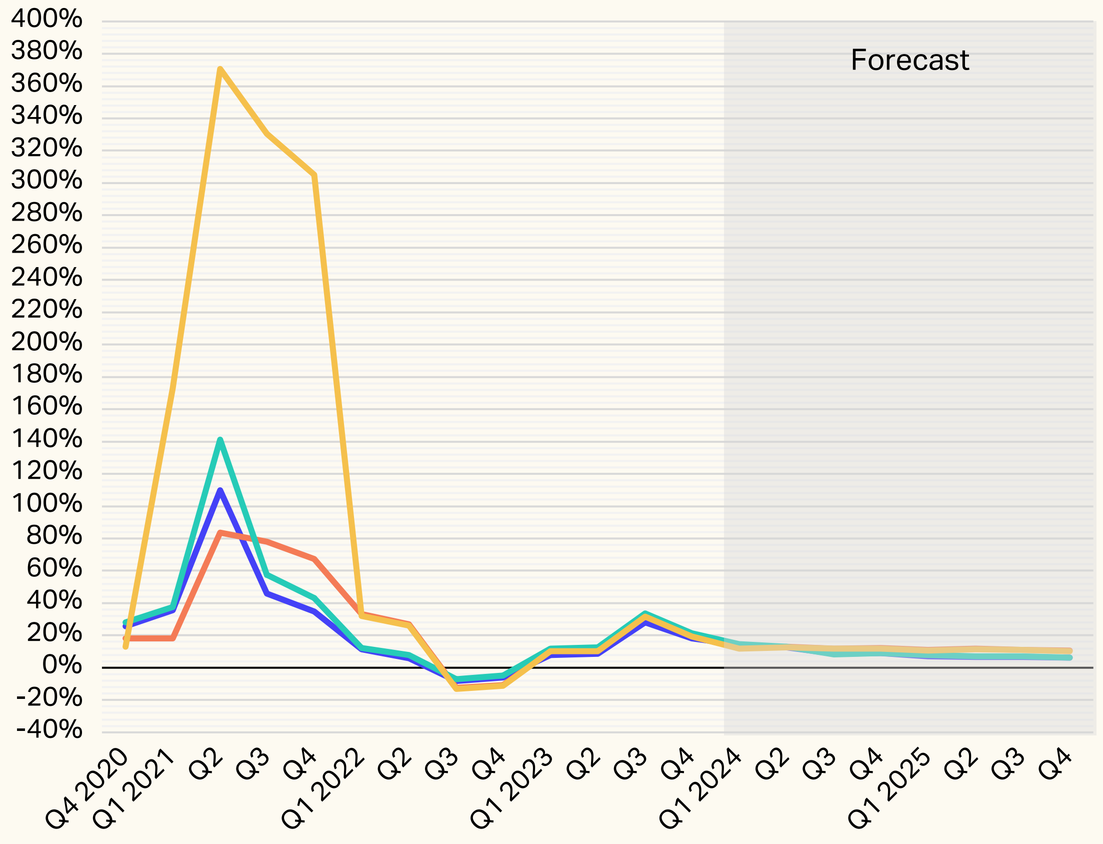
Social and video advertising spend

£ millions and year-on-year % change, current prices





Note: Social video is included in the online video and social media totals.

SOURCE: AA/WARC Expenditure Report

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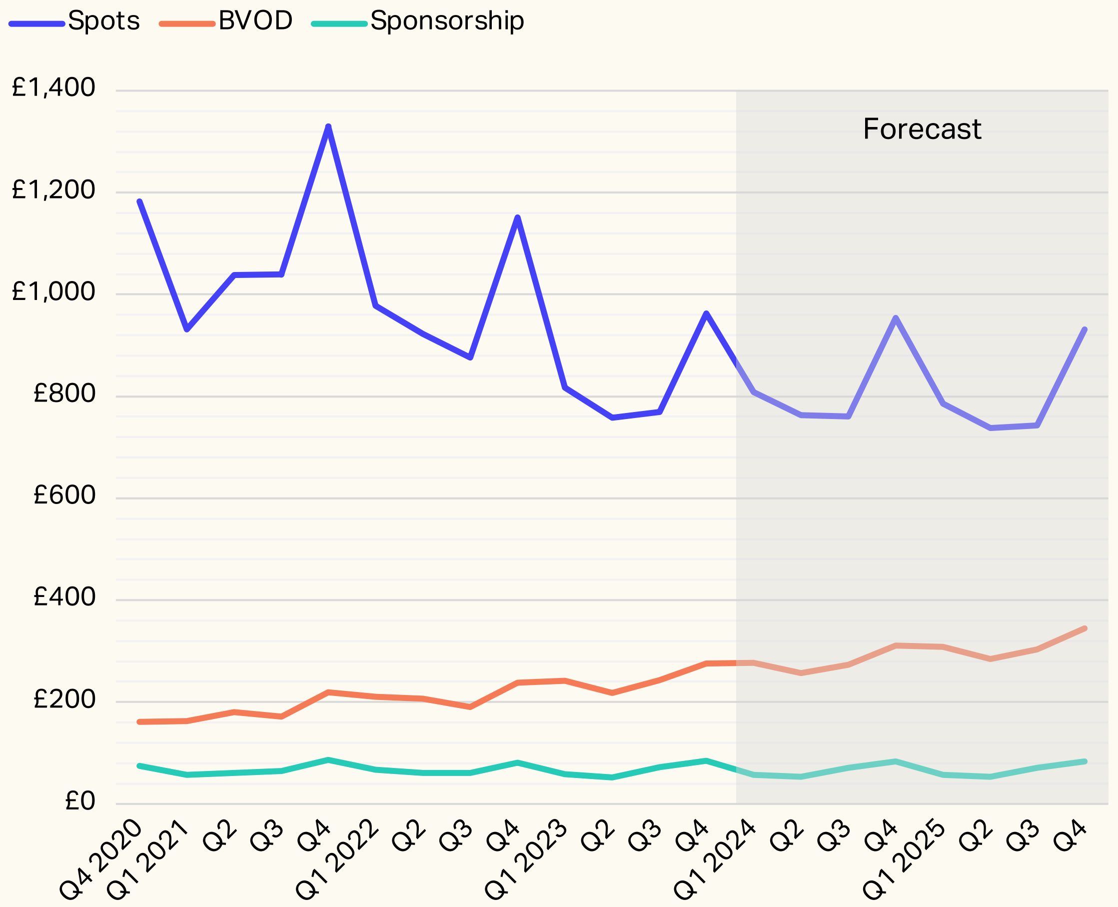
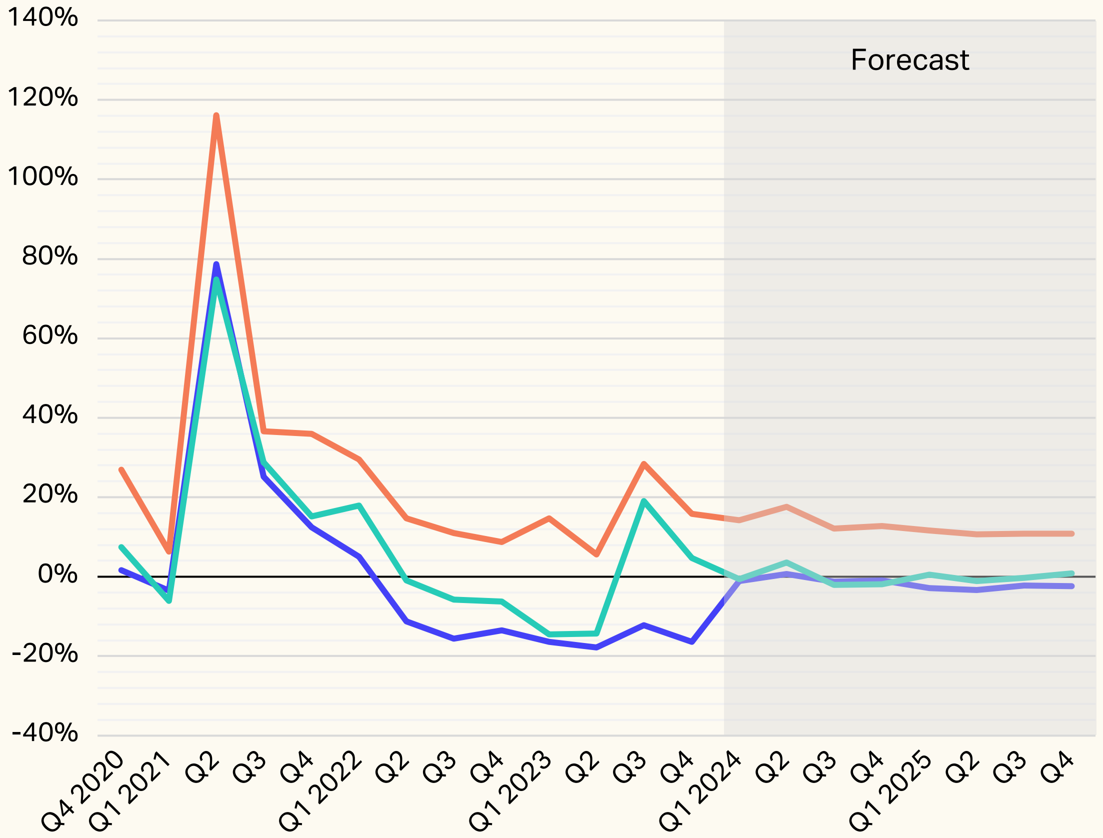
TV advertising spend by format

£ millions and year-on-year % change, current prices





Note: Product placement, advertiser funded programming and other sources (like interactive fees and pub TV) not displayed due to small size.

SOURCE: AA/WARC Expenditure Report

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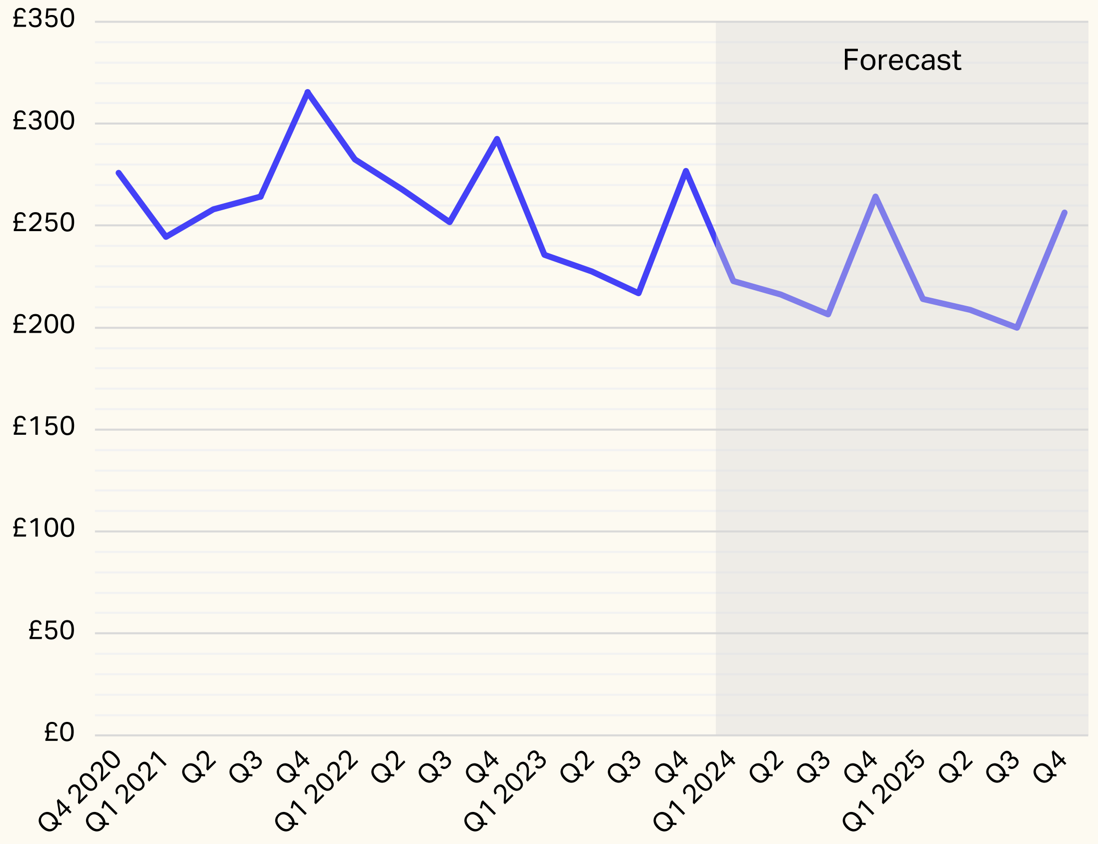
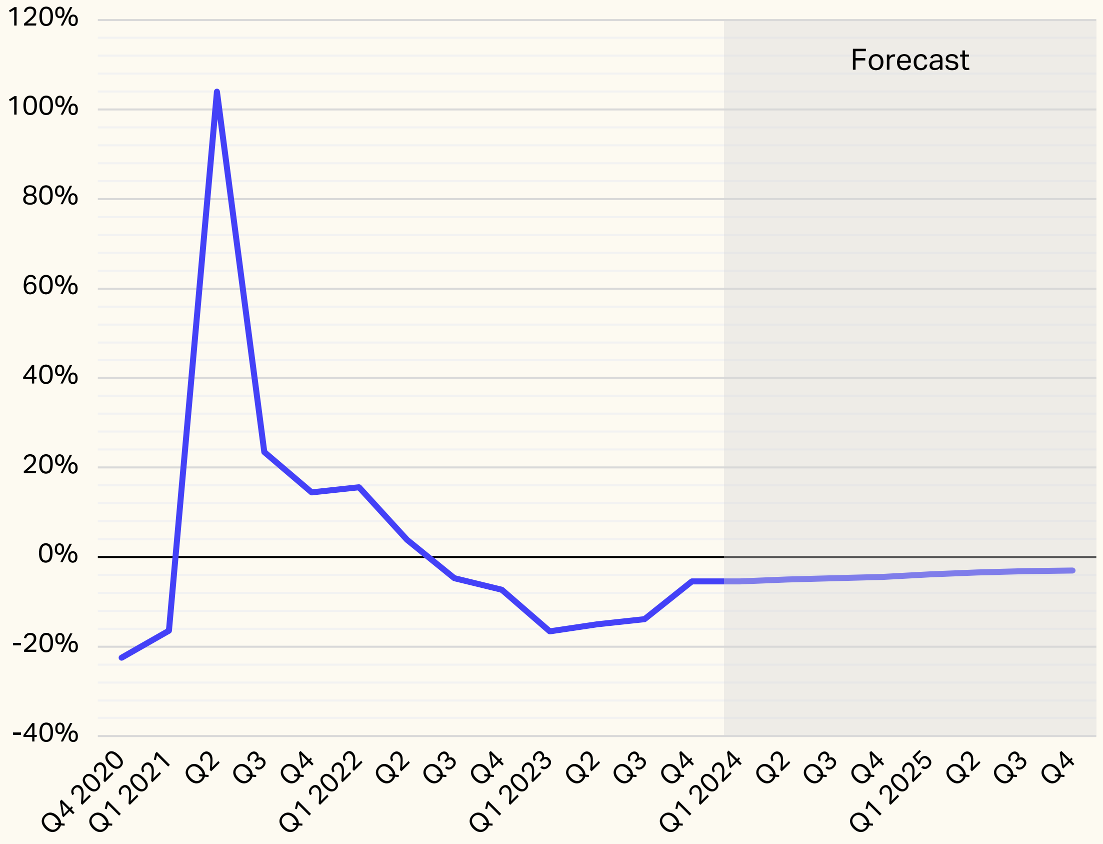
Direct mail advertising spend

£ millions and year-on-year % change, current prices





SOURCE: AA/WARC Expenditure Report

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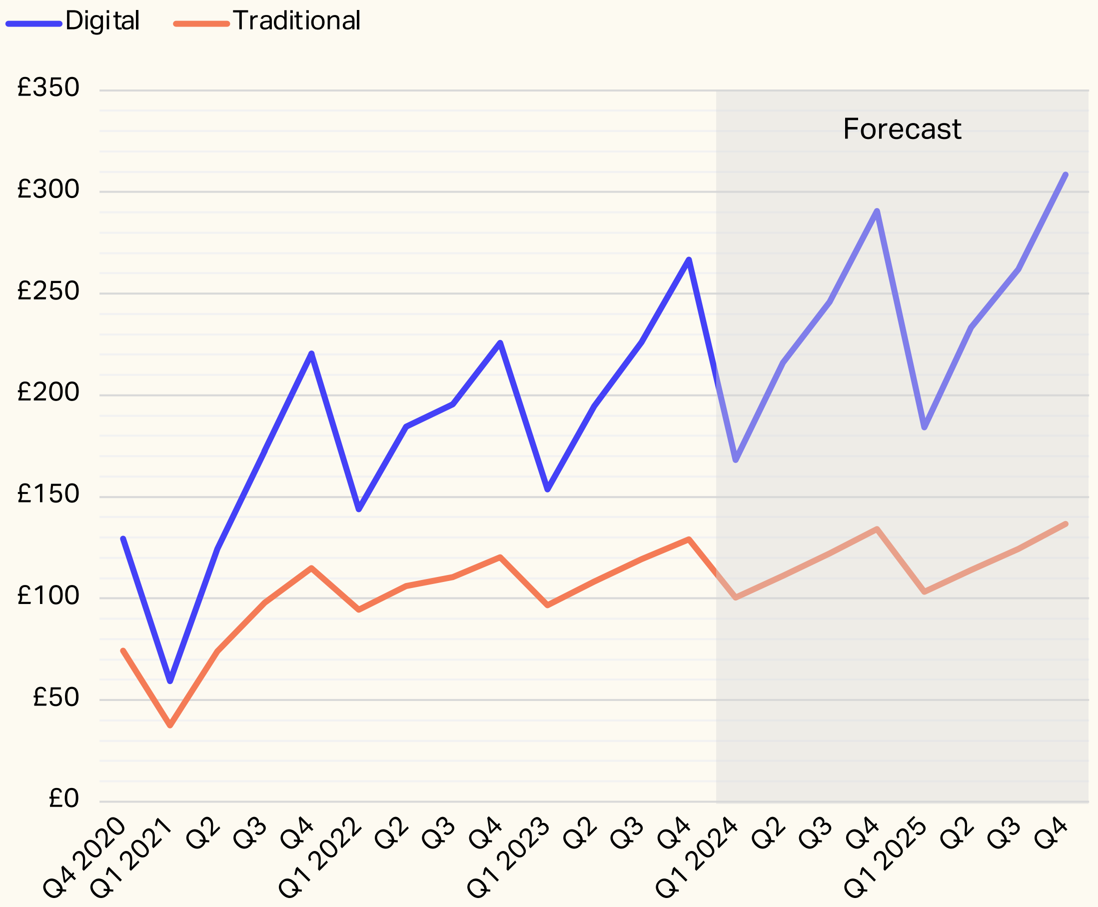
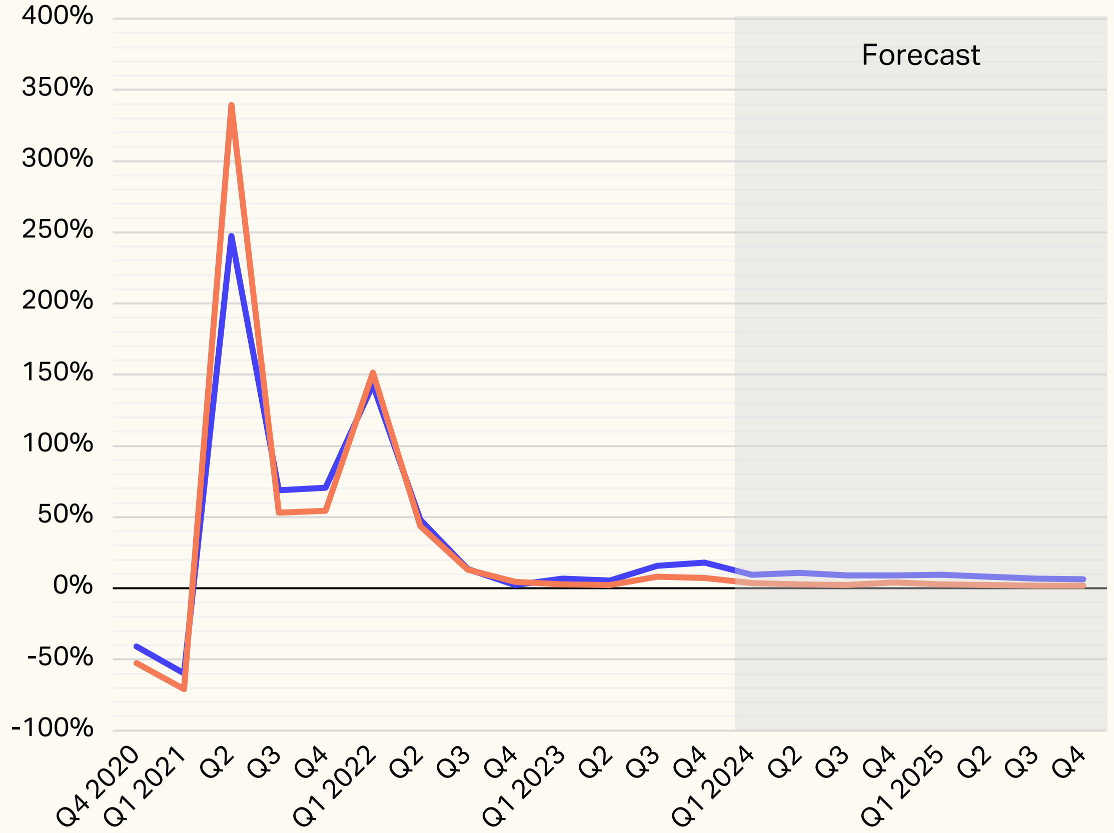
Out of home advertising spend by format

£ millions and year-on-year % change, current prices



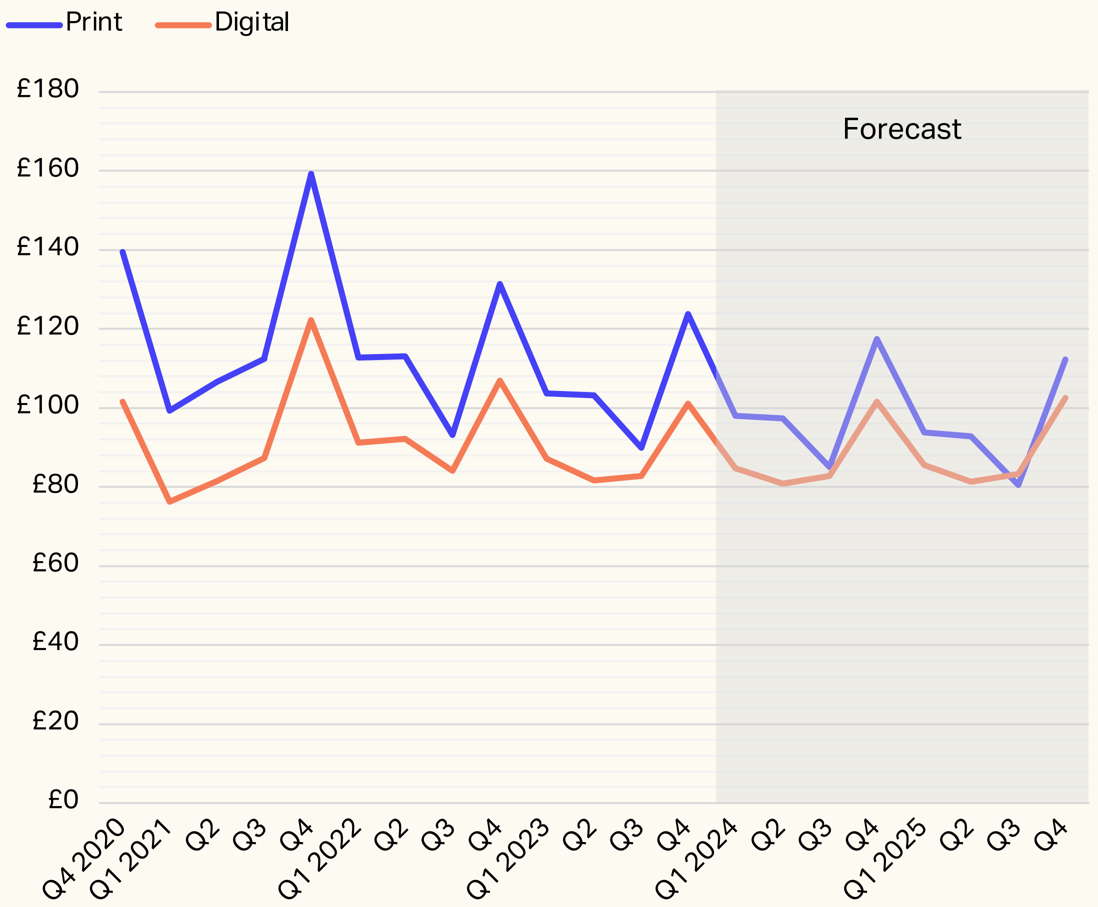


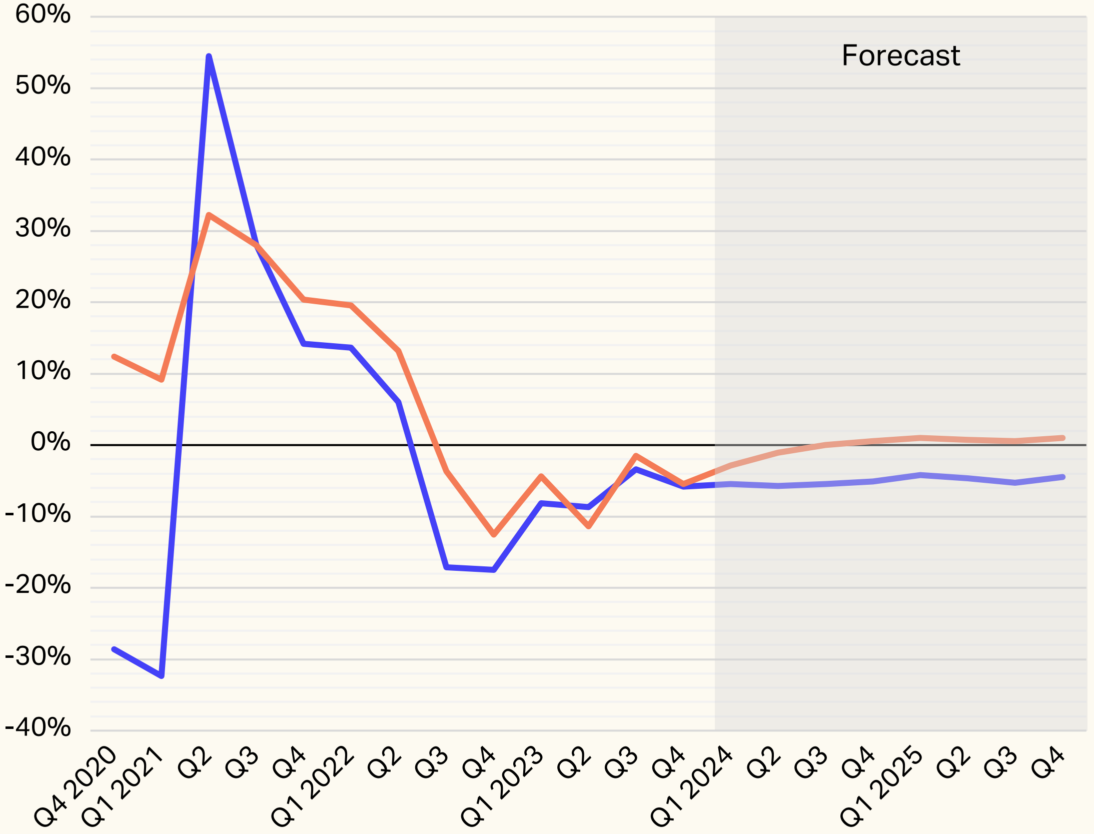
SOURCE: AA/WARC Expenditure Report

WARC

National newsbrands advertising spend by format

£ millions and year-on-year % change, current prices





Note: Print and digital each include display and classified formats.

SOURCE: AA/WARC Expenditure Report

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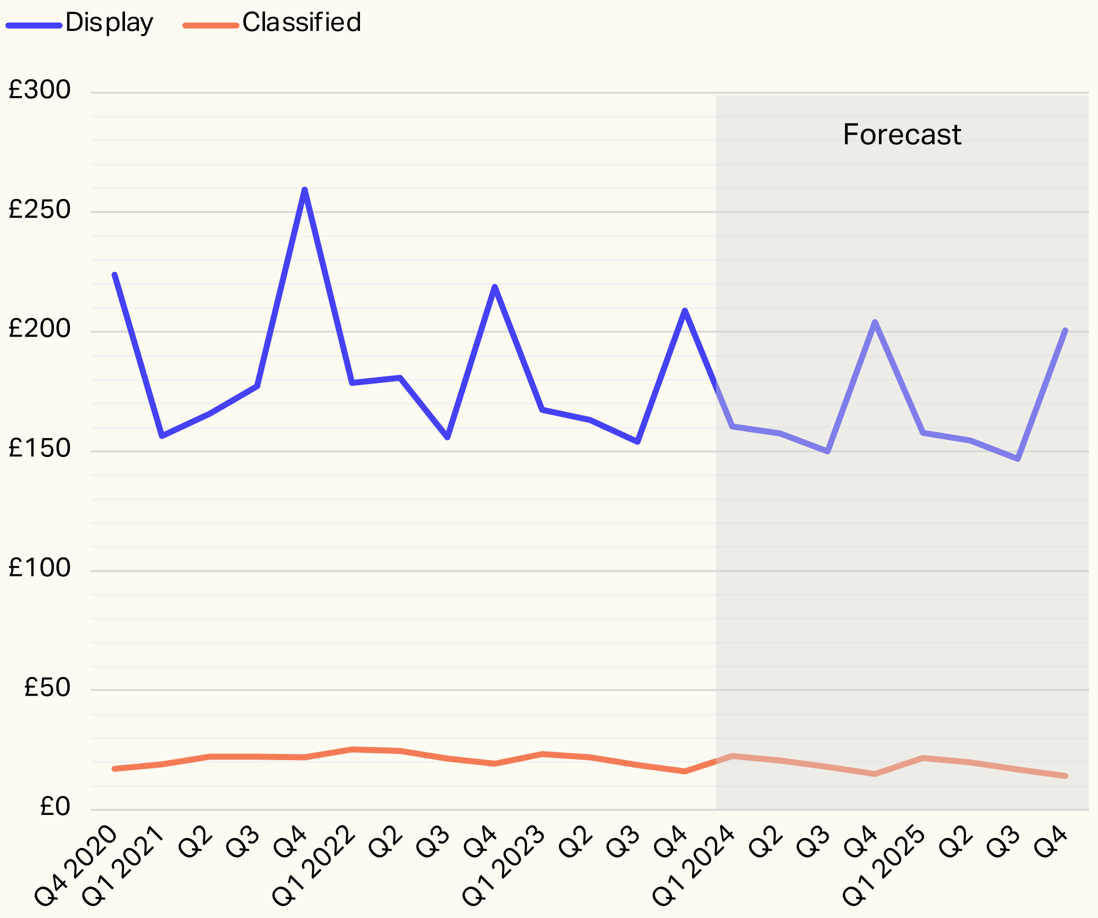
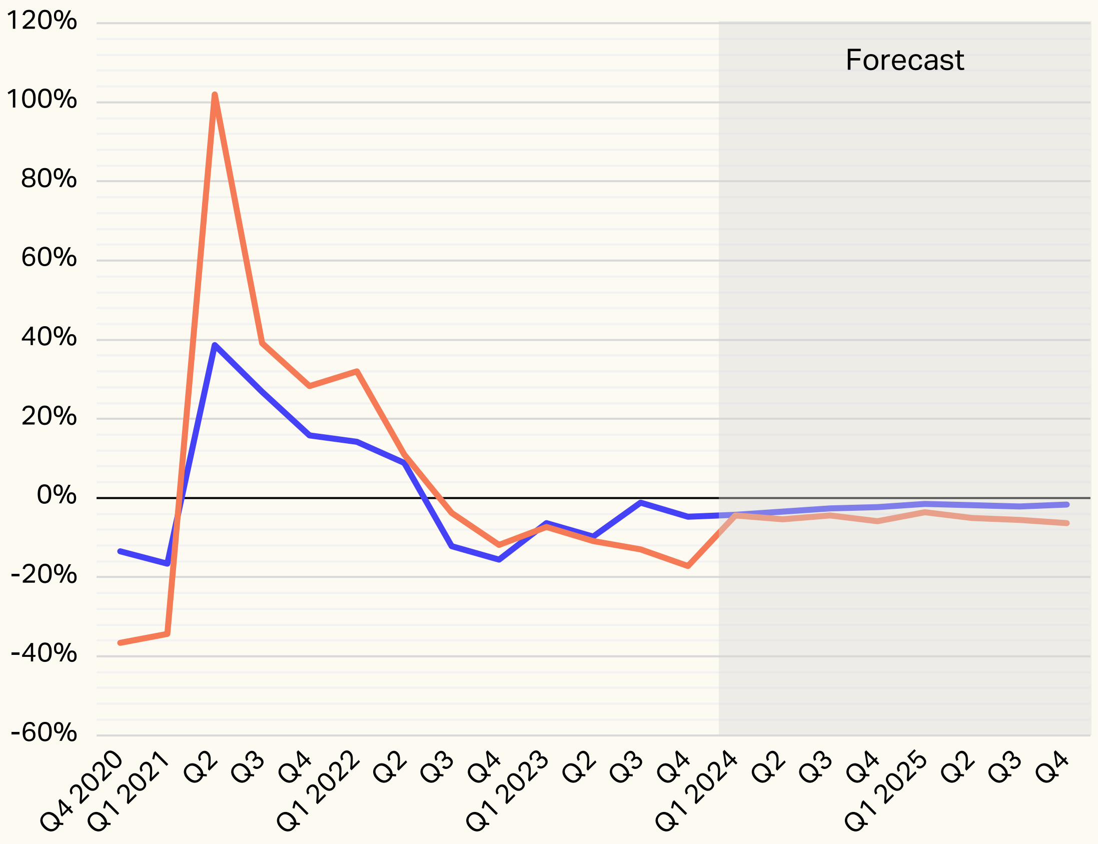
National newsbrands advertising spend by format

£ millions and year-on-year % change, current prices





Note: Display and classified each include print and digital formats.

SOURCE: AA/WARC Expenditure Report

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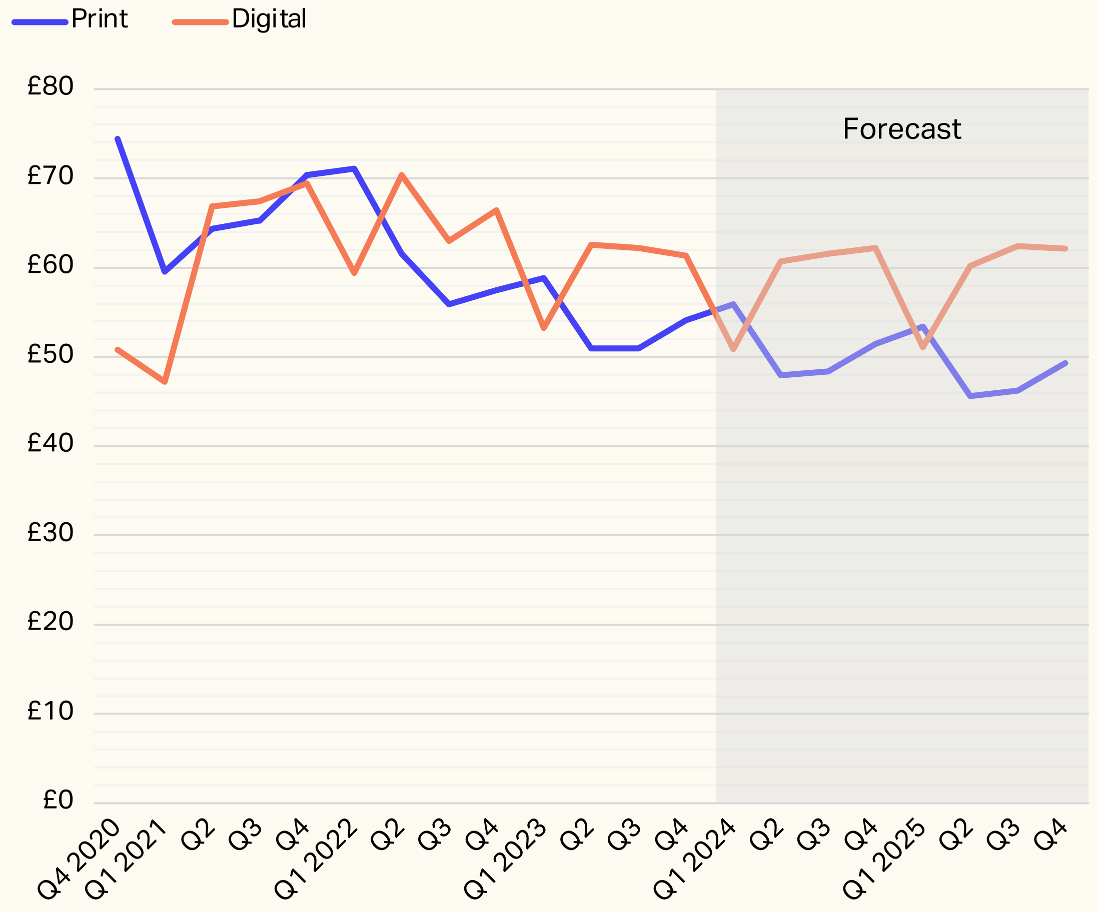
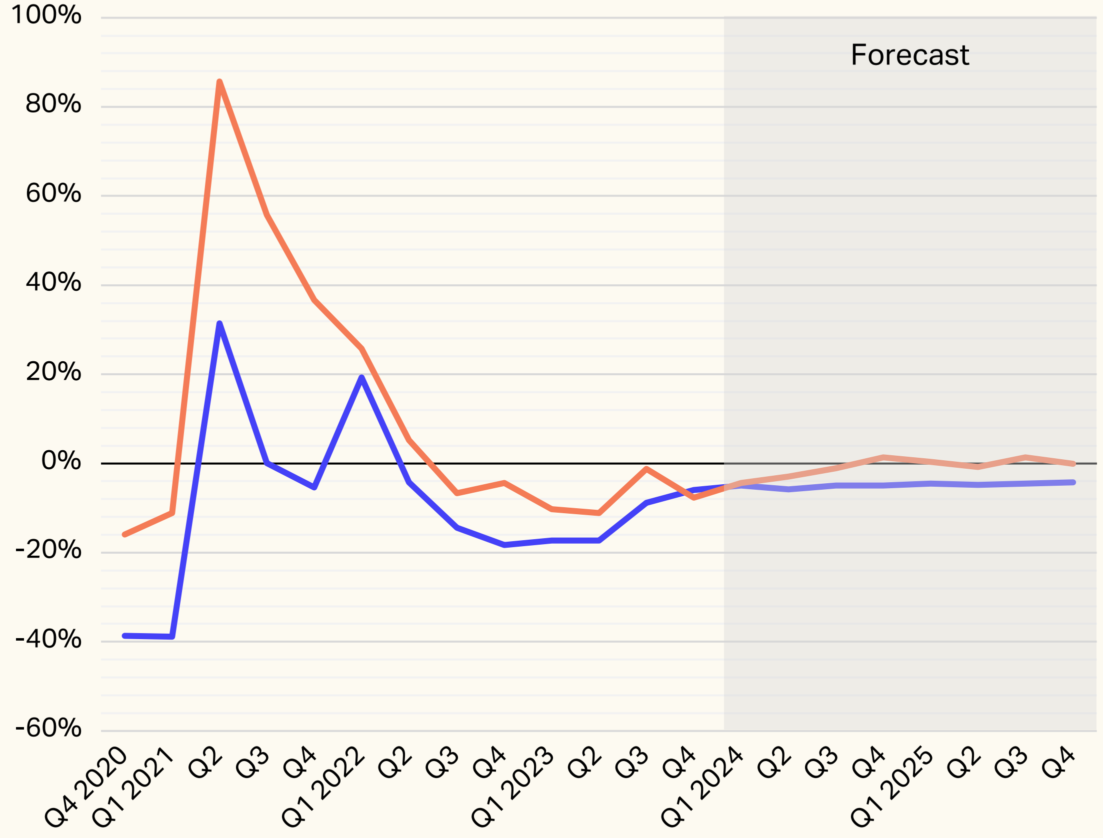
Regional newsbrands advertising spend by format

£ millions and year-on-year % change, current prices





Note: Print and digital each include display and classified formats.

SOURCE: AA/WARC Expenditure Report

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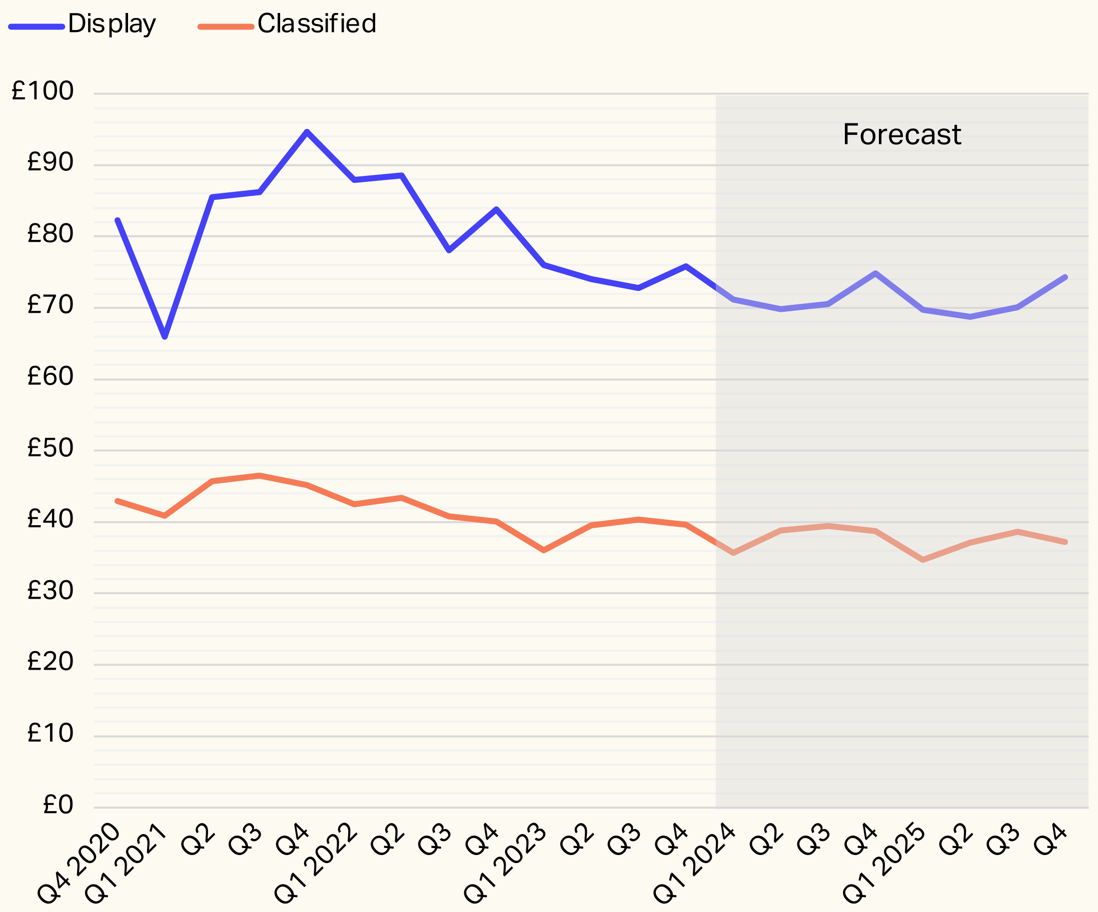
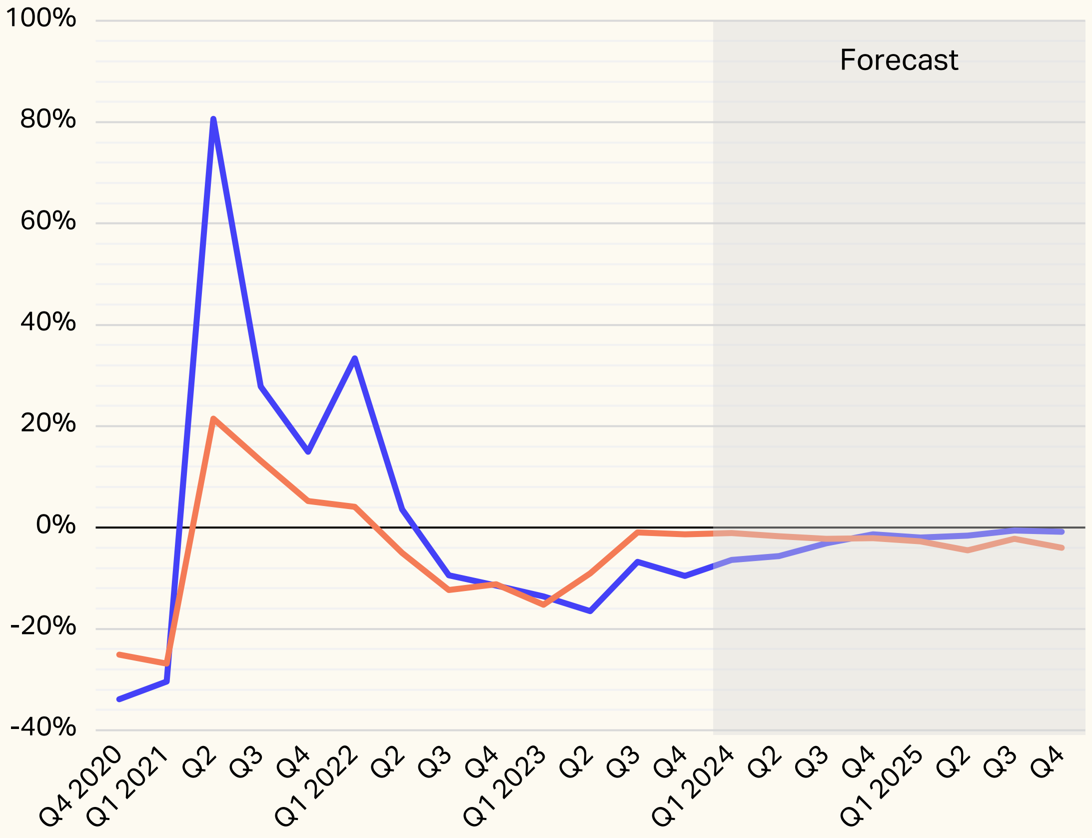
Regional newsbrands advertising spend by format

£ millions and year-on-year % change, current prices





Note: Display and classified each include print and digital formats.

SOURCE: AA/WARC Expenditure Report

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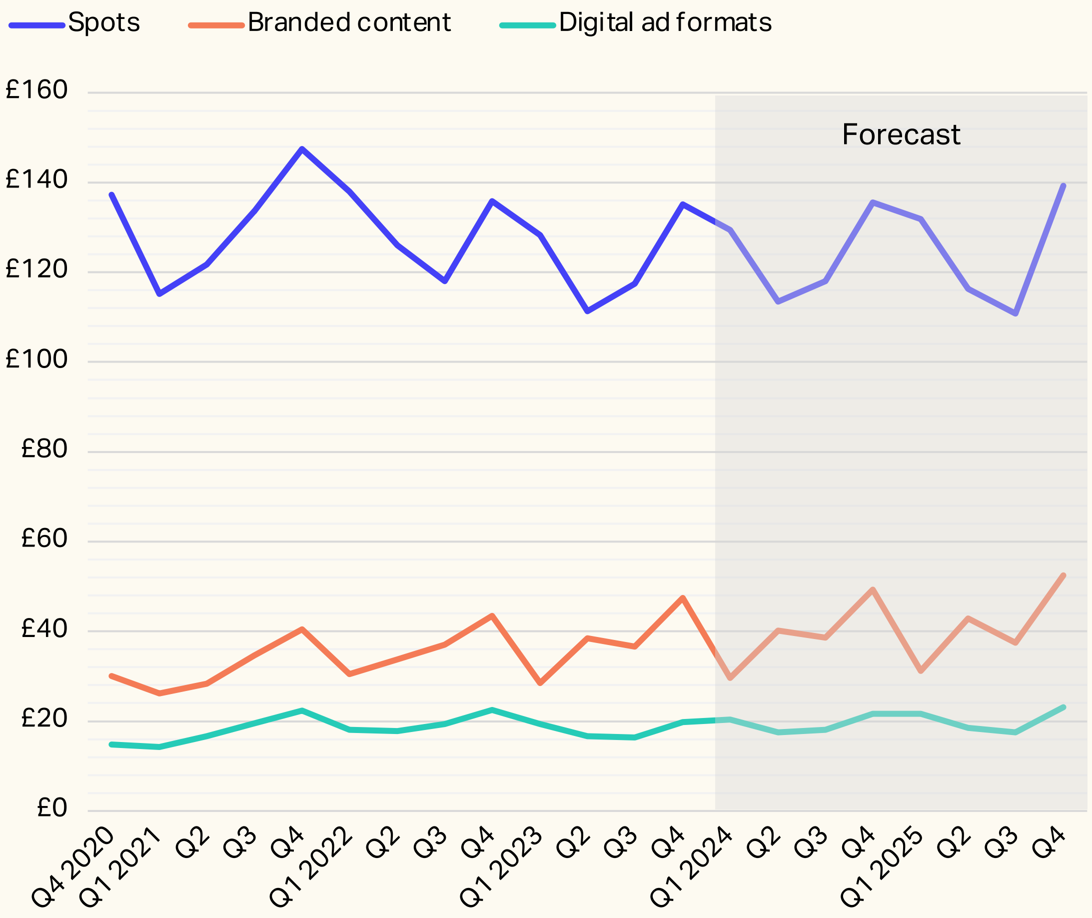
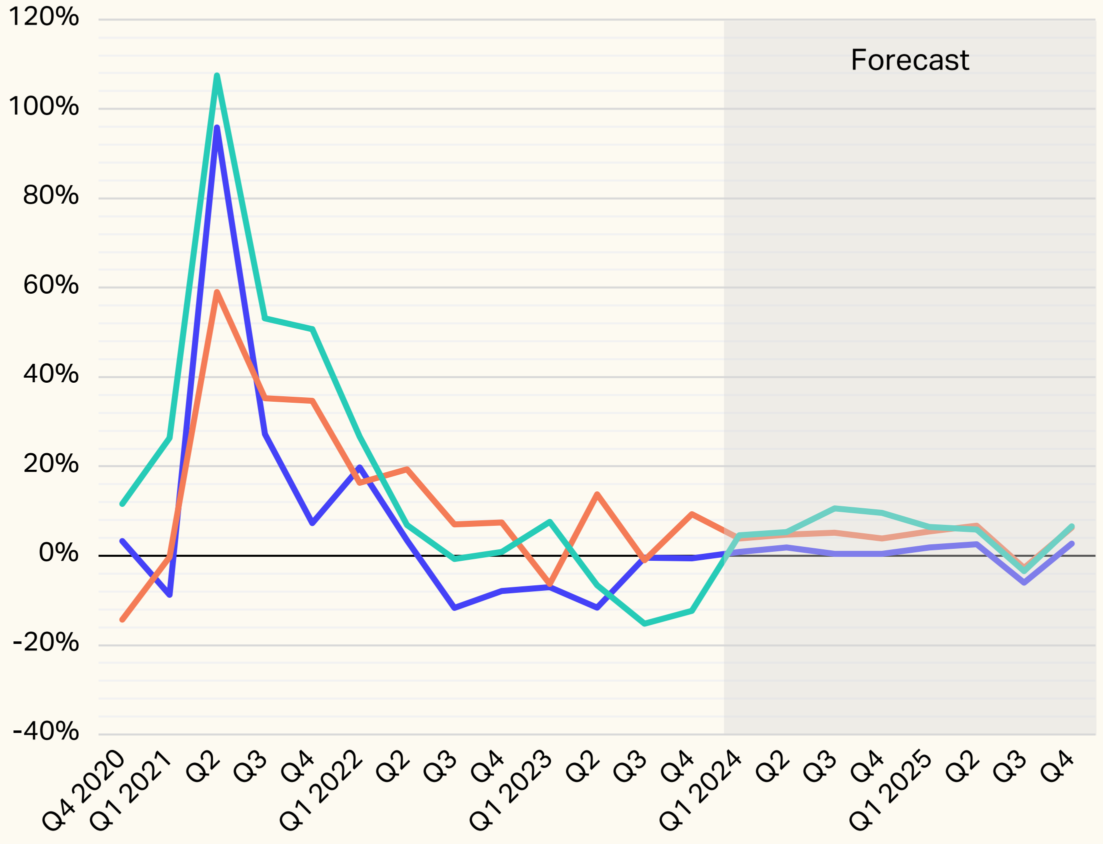
Radio advertising spend by format

£ millions and year-on-year % change, current prices





SOURCE: AA/WARC Expenditure Report

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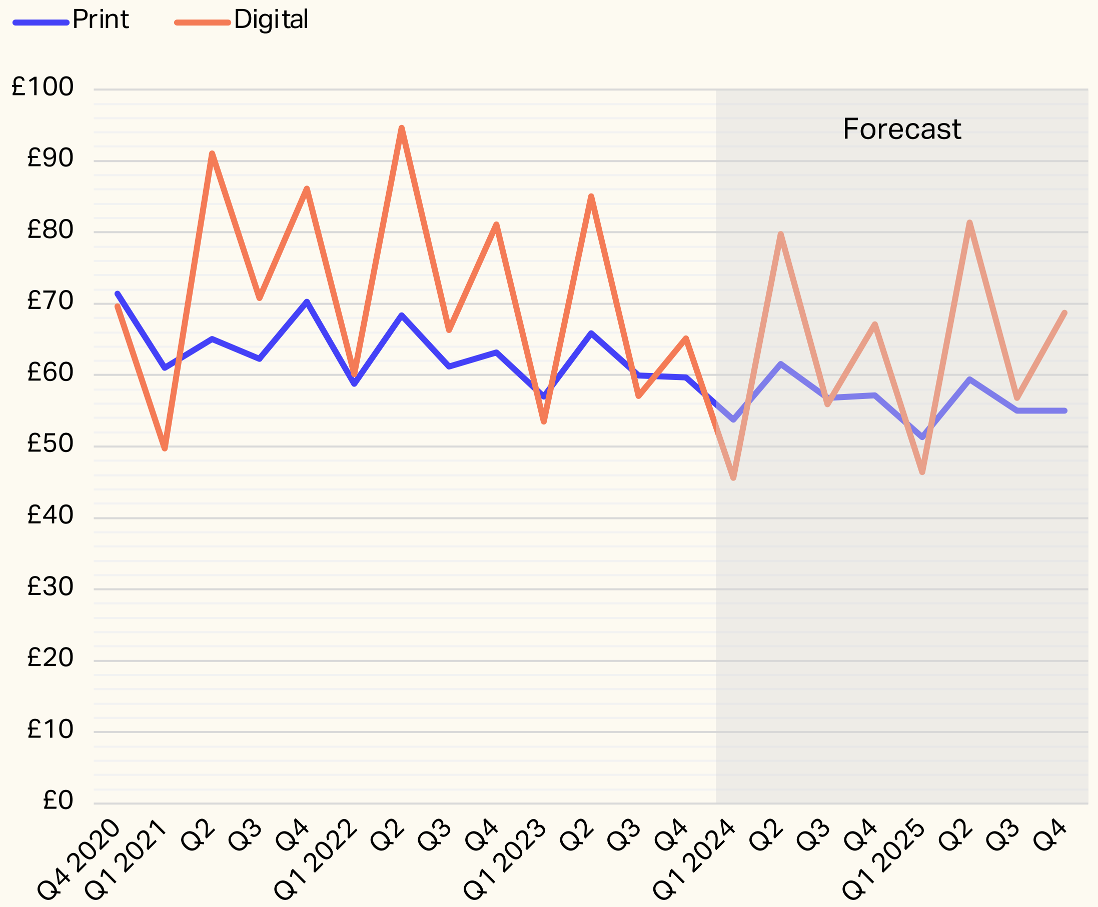
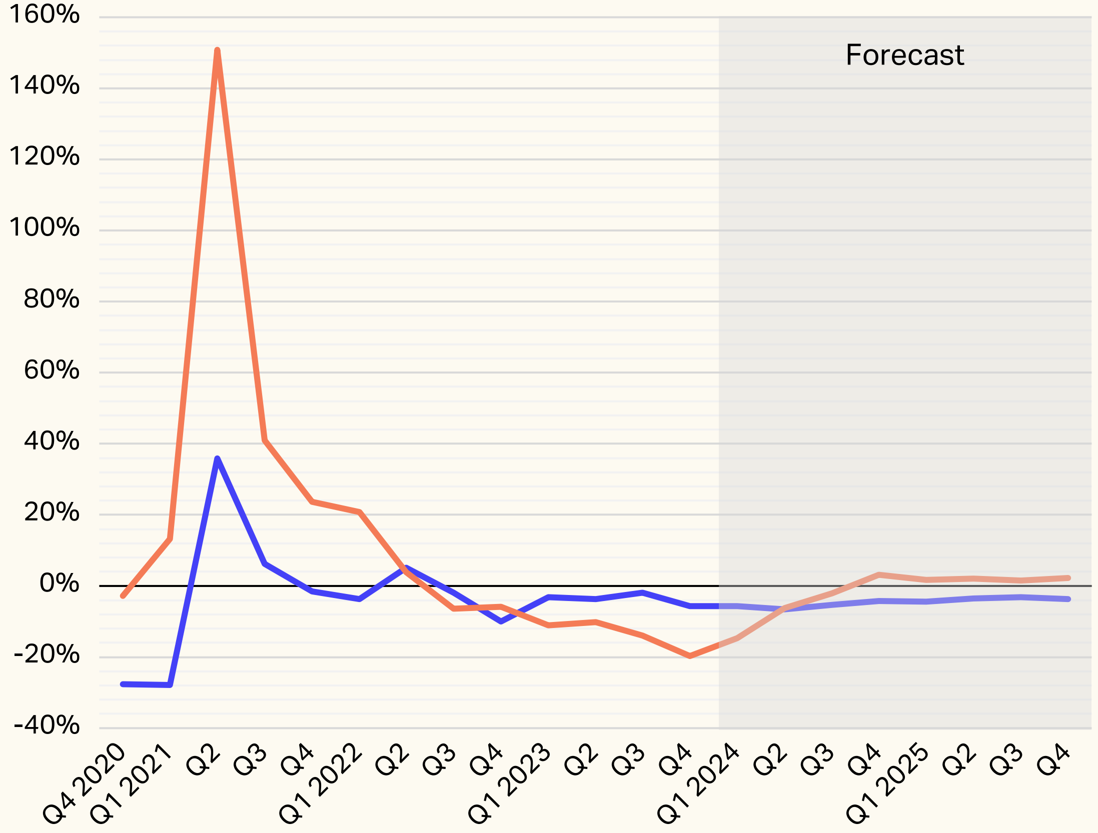
Magazine brands advertising spend by format

£ millions and year-on-year % change, current prices





Note: Print and digital each include display and classified formats.

SOURCE: AA/WARC Expenditure Report

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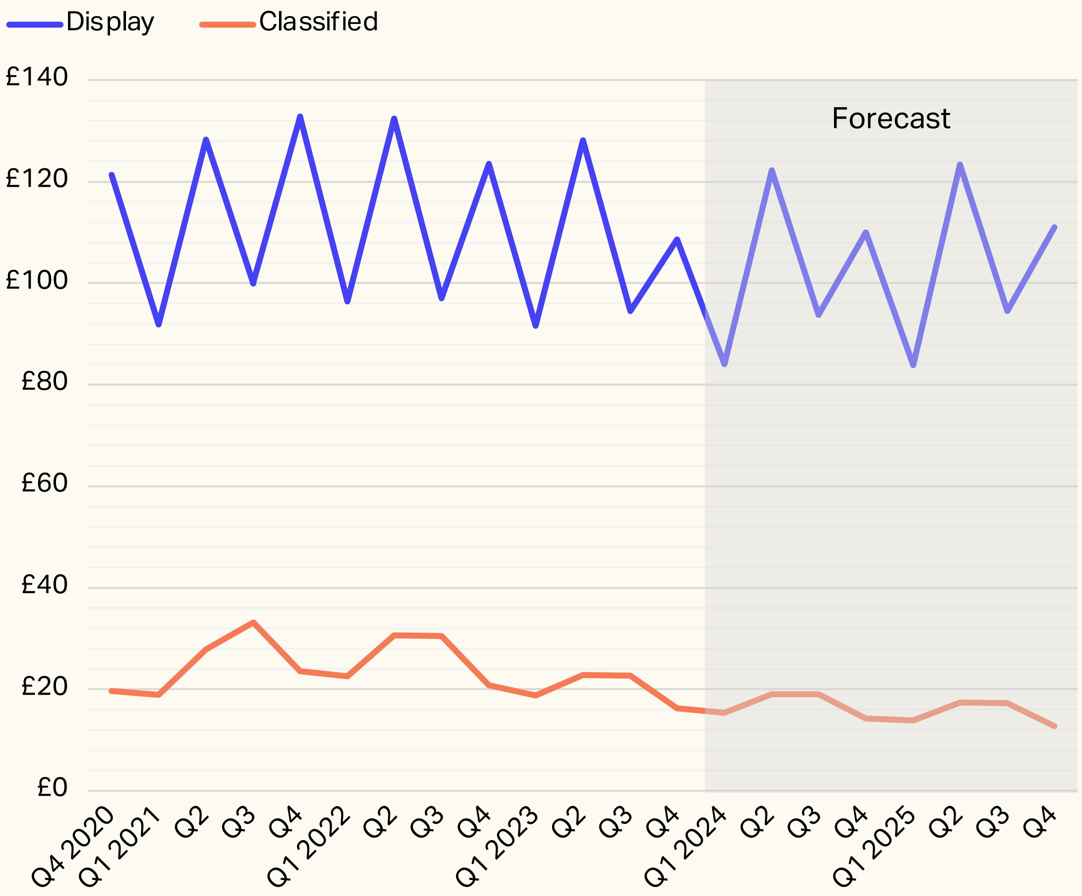
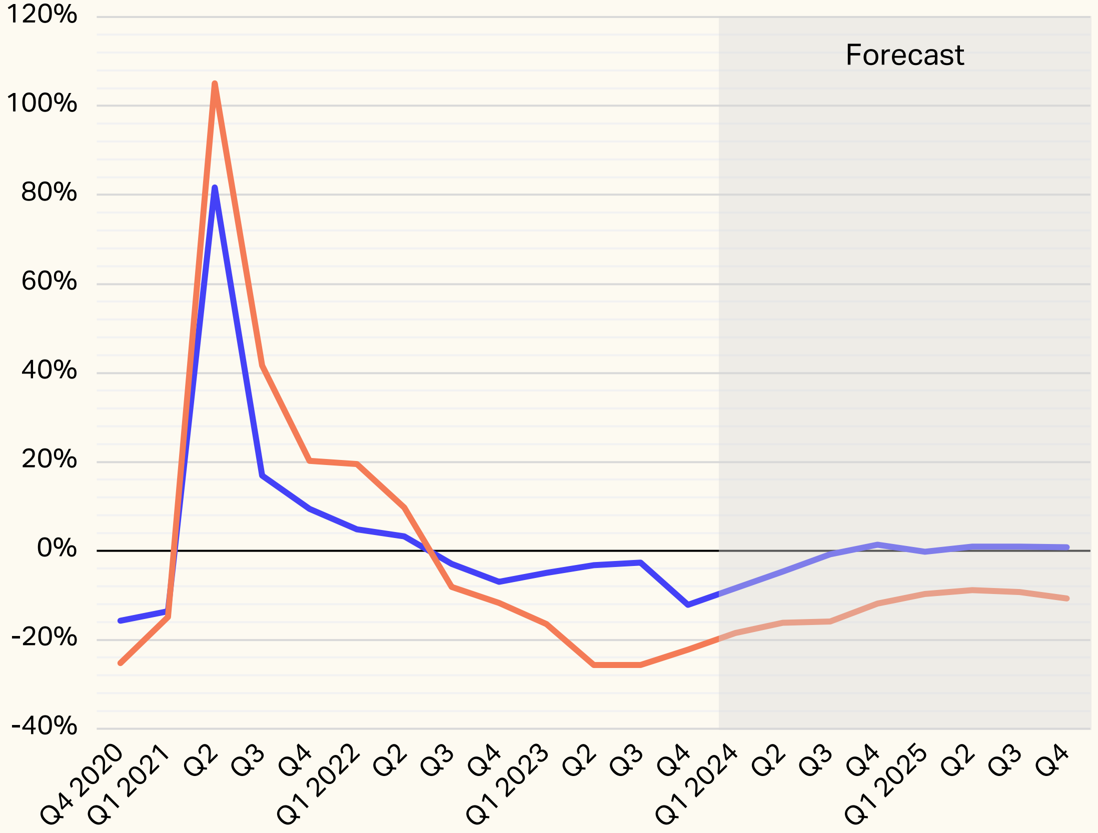
Magazine brands advertising spend by format

£ millions and year-on-year % change, current prices



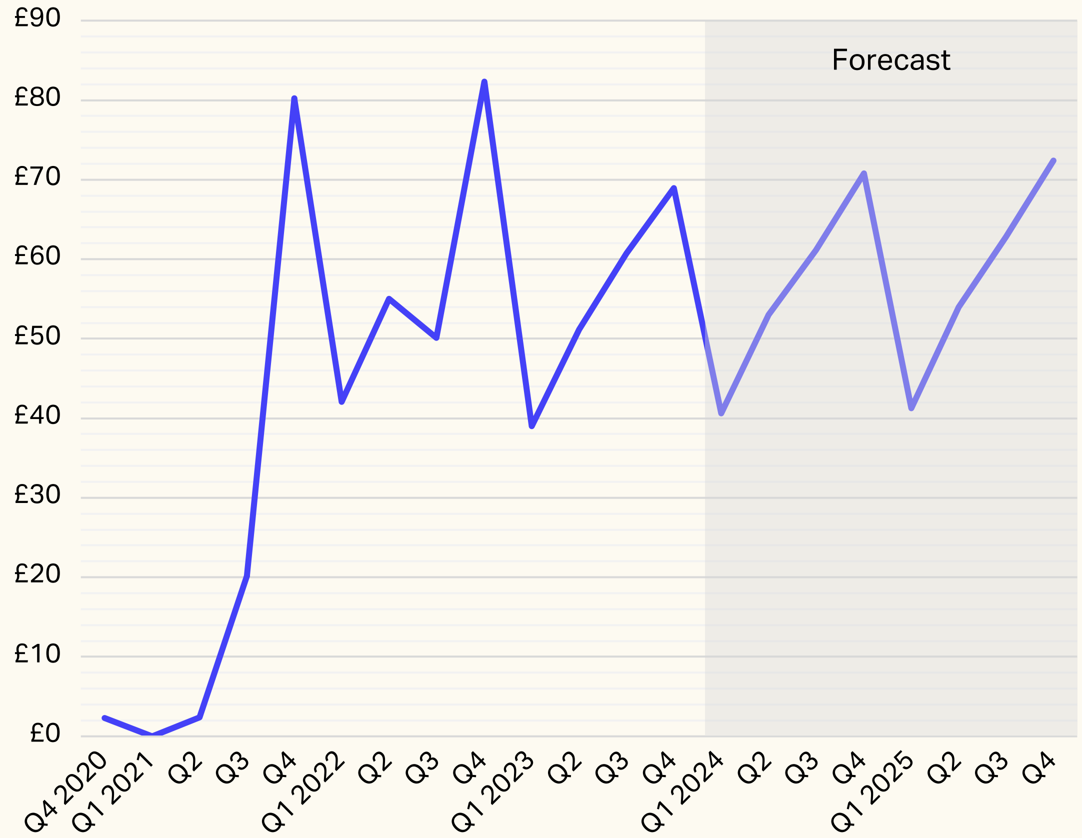


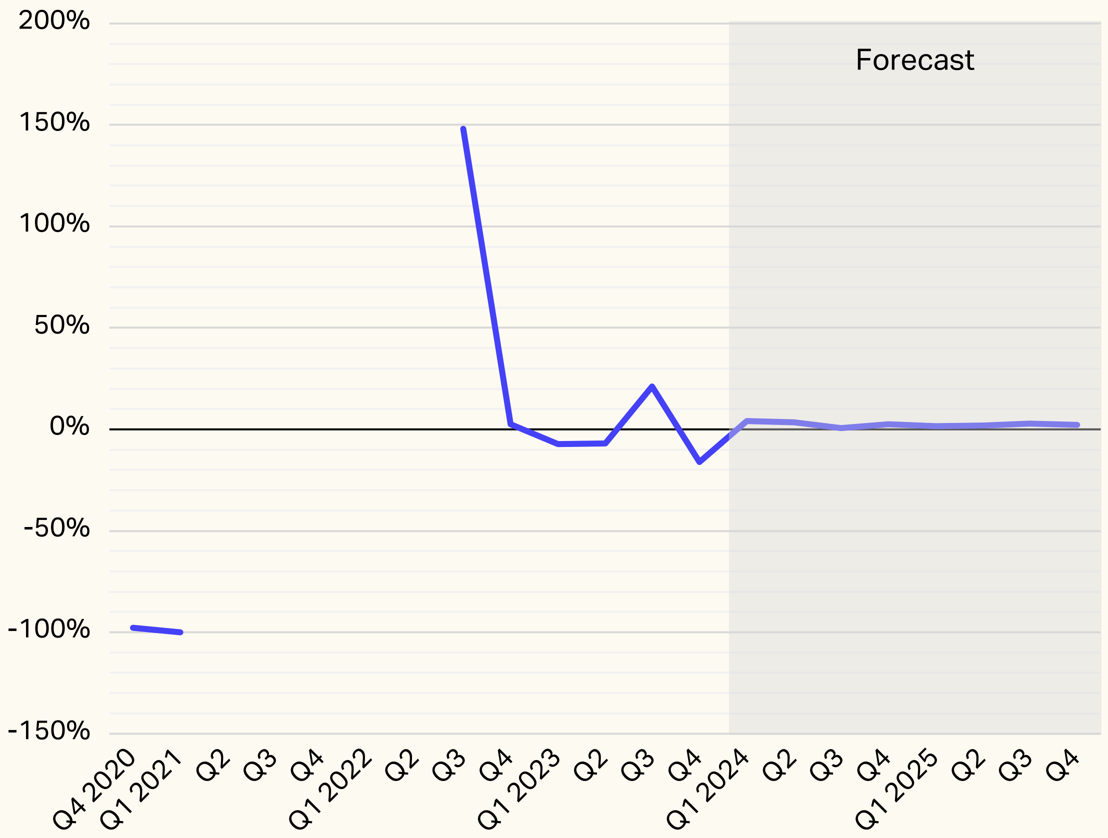
Note: Display and classified each include print and digital formats.

SOURCE: AA/WARC Expenditure Report

Cinema advertising spend

£ millions and year-on-year % change, current prices





Note: Growth for Q2 2021 not applicable. Growth for Q3 2021, Q4 2021 and Q1 2022 and forecast growth for Q2 2022 omitted from chart as value is over 300%.

SOURCE: AA/WARC Expenditure Report

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