

ADVERTISING
ASSOCIATION

WARC

AA/WARC Expenditure Report

Q1 2025



Key findings

- 1. Latest data from the AA/WARC Expenditure Report shows that total UK adspend rose 8.0% year-on-year in Q1 2025 to £10.6bn, 1.4pp ahead of our April forecast.** This is largely down to an improved performance for search, which was up 12.3%. Online display rose 10.1% (including social media up 14.7%). Both channels are believed to have benefited from budgets being pulled forward and the redirection of Chinese investment ahead of incoming US trade tariffs.
- 2. Altogether, total online formats rose 10.6% to £8.8bn in the first quarter, taking an 82.6% share of overall adspend.** Within this, online classified provided a slight drag on growth, dipping 7.6% to £220m, in part a reflection of the weaker jobs market.
- 3. Legacy media (inclusive of their respective digital revenues) registered an overall decline of 1.7% to £2.4bn in the first three months of the year.** However, within this, cinema (+19.2%), direct mail (+3.6%), out of home (+1.0%) and radio (+0.4%) all recorded increases in Q1 2025.
- 4. At a category level, only financial advertising registered growth in display spend in Q1 2025, and this was minimal on 0.7%.** Data from Nielsen show steepest declines for retail (-18.4%), durables (-15.0%) and government (-12.0%). Other sectors performed less poorly with consumables (including food & drink, cosmetics and household FMCG) down 1.0%, industrial down 5.2% and services down 6.1% .
- 5. WARC now expects an increase in advertising spend of 6.8% for the year, a marginal uptick of 0.4pp from April's forecast.** After inflation this equates to growth of 3.5%. Uplifts for search, out of home and direct mail have offset reductions in the outlook for TV, online classified and the publishing sector. We expect performance formats to continue to benefit from the mood of economic uncertainty, stoked by the US administration's shifting tariff policies.
- 6. Our forecast for the UK ad market in 2026 remains unchanged on 5.6%, by when it will be worth £48.0bn.** In real terms, this represents an increase of 3.1%. Total online formats are expected to rise 6.6%, while legacy media are projected to grow 2.5%.

UK advertising market overview

AA/WARC Expenditure Report



Latest results

UK ad spend rose 8.0% (+8.1% excluding direct mail) to a total of £10.6bn during the first quarter of 2025. This represents a slowdown in growth from 2024 levels, and the lowest increase since Q2 2023 (+5.4%).

Search is estimated to have grown by 12.3% to £4.4bn, slightly ahead of forecast. Online display (including social media up 14.7%) rose 10.1% to £4.2bn. Both channels are believed to have benefited from budgets being pulled forward and the redirection of Chinese investment ahead of incoming trade tariffs.

Legacy media, combined, saw ad revenue decrease by 1.7% to £2.4bn. However, the overall drop masked better individual performances for cinema (+19.2%), direct mail (+3.6%), OOH (+1.0%) and radio (+0.4%) .

Despite a solid 5.4% increase for VOD, total TV spend dipped 2.1% in Q1 2025 to £1.3bn.

Spot advertising fell 5.4% to £771m and now accounts for just 61% of the channel's spend – down from 77% five years' ago.

After a drop in adspend in Q4 2024, OOH returned to growth in Q1 2025, rising 1.0%. This was a solid performance given the tough comparable (+16.4% in Q1 2024) and prevailing mood of economic gloom. Digital accounted for just over 62% of total revenue.

Cinema continued its strong run and was the fastest growing medium in Q1 2025 – up 19.2%. The channel received a boost from box office sequels to *Bridget Jones* and *Captain America*. Conversely, publishing media continued to see declines but online spend for the regional press was positive on 2.6%.

Of the major product categories, only Financial recorded growth in Q1 2025, and this was minimal on 0.7% per Nielsen data.

Q1 2025, £m current prices	Adspend	Growth	Share	Change
Display	5,962.5	5.9%	56.2%	-1.1pp
Display (excl. direct mail)	5,724.3	6.0%	54.0%	-1.0pp
Non-recruitment classified	4,548.5	12.4%	42.9%	+1.7pp
Search	4,374.0	12.3%	41.2%	+1.6pp
Recruitment classified	92.6	-33.8%	0.9%	-0.6pp
Total adspend	10,603.7	8.0%	100.0%	N/A
Total (excl. direct mail)	10,365.5	8.1%	97.8%	+0.1pp

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

Outlook

We anticipate growth of 6.8% this year, a slight 0.4pp increase on our April forecast.

After inflation this equates to growth of 3.5%.

Uplifts for search, out of home and direct mail have offset reductions in the outlook for TV, online classified and the publishing sector. We expect performance formats to continue to benefit from the mood of economic uncertainty, stoked by the US administration's shifting tariff policies.

Despite ongoing economic challenges including a recent jump in inflation to 3.6%, both consumer and business confidence in the UK have shown improvement in June 2025. Consumer confidence has risen for two consecutive months per GfK, though it remains in negative territory. Business confidence is also strengthening, with increased hiring intentions suggesting companies are beginning to plan for future growth despite persistent headwinds.

Currently WARC expects overall GDP growth of 1.1% in 2025.

The exemption of brand from the pending less healthy food advertising regulations has been welcomed by the industry, it is now crucial to finalise legislative detail to provide clarity for advertisers. Ongoing uncertainty could weigh on investment, although WARC expects advertisers to adapt by investing more heavily in brand and redirecting budgets away from restricted channels.

Digital radio and VOD are forecast the strongest rates of growth in 2025, on 12.2% and 10.1% respectively. Search and online display combined will rise 9.3%, to take an 81% share of total spend.

Our forecast for 2026 remains unchanged on 5.6% growth, by when the UK's ad market will be worth £48.0bn.

£m current prices	2025			2026
	Adspend	Growth	Latest vs. last	
Display	25,775.2	5.5%	+0.1pp	5.0%
Display (excl. direct mail)	24,826.4	5.8%	=	5.2%
Non-recruitment classified	19,293.1	9.3%	+1.2pp	6.8%
Search	18,506.3	9.4%	+1.2pp	7.0%
Recruitment classified	355.9	-23.7%	-10.0pp	-17.0%
Total adspend	45,424.2	6.8%	+0.4pp	5.6%
Total (excl. direct mail)	44,475.4	7.0%	+0.4pp	5.7%

Year-on-year % change, Real terms	2023	2024	2025	Latest vs. last	2026
CPI	7.3%	2.5%	3.2%	+0.2pp	2.4%
GDP	0.4%	1.1%	1.1%	+0.1pp	1.1%
Consumer expenditure	0.5%	0.6%	0.9%	+0.4pp	1.2%
Total adspend	3.8%	7.7%	3.5%	+0.3pp	3.1%

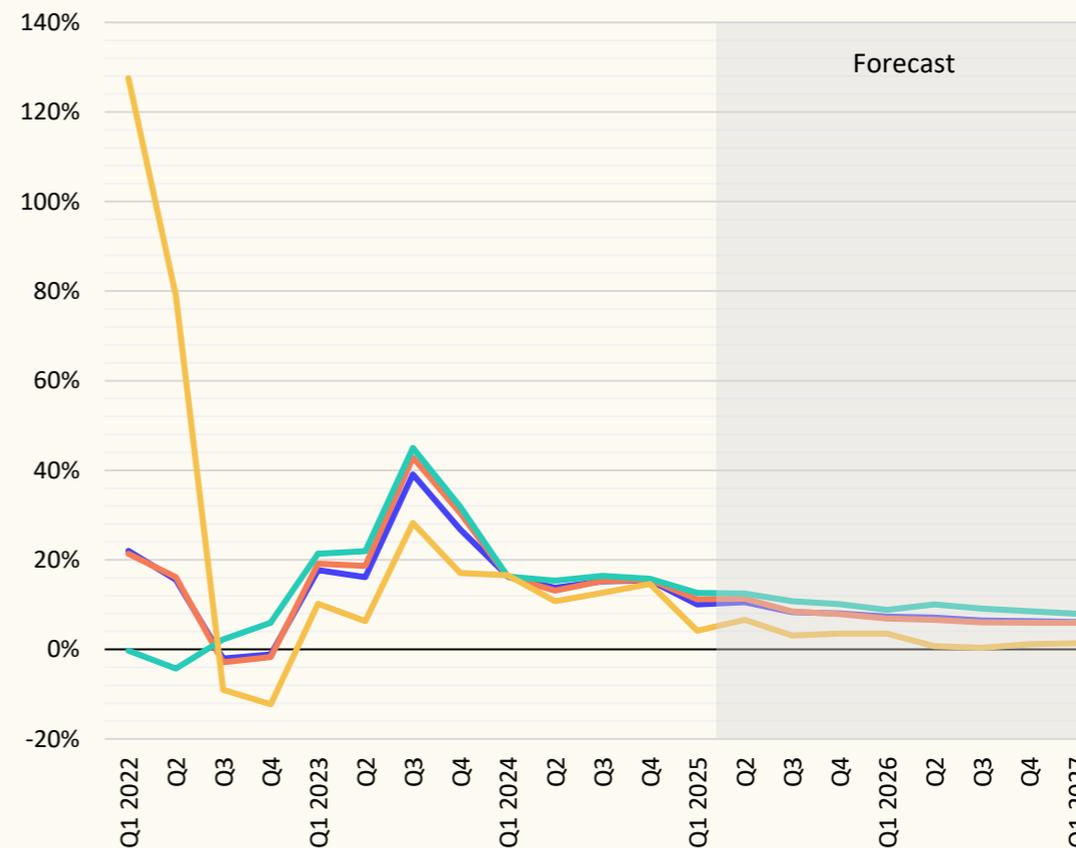
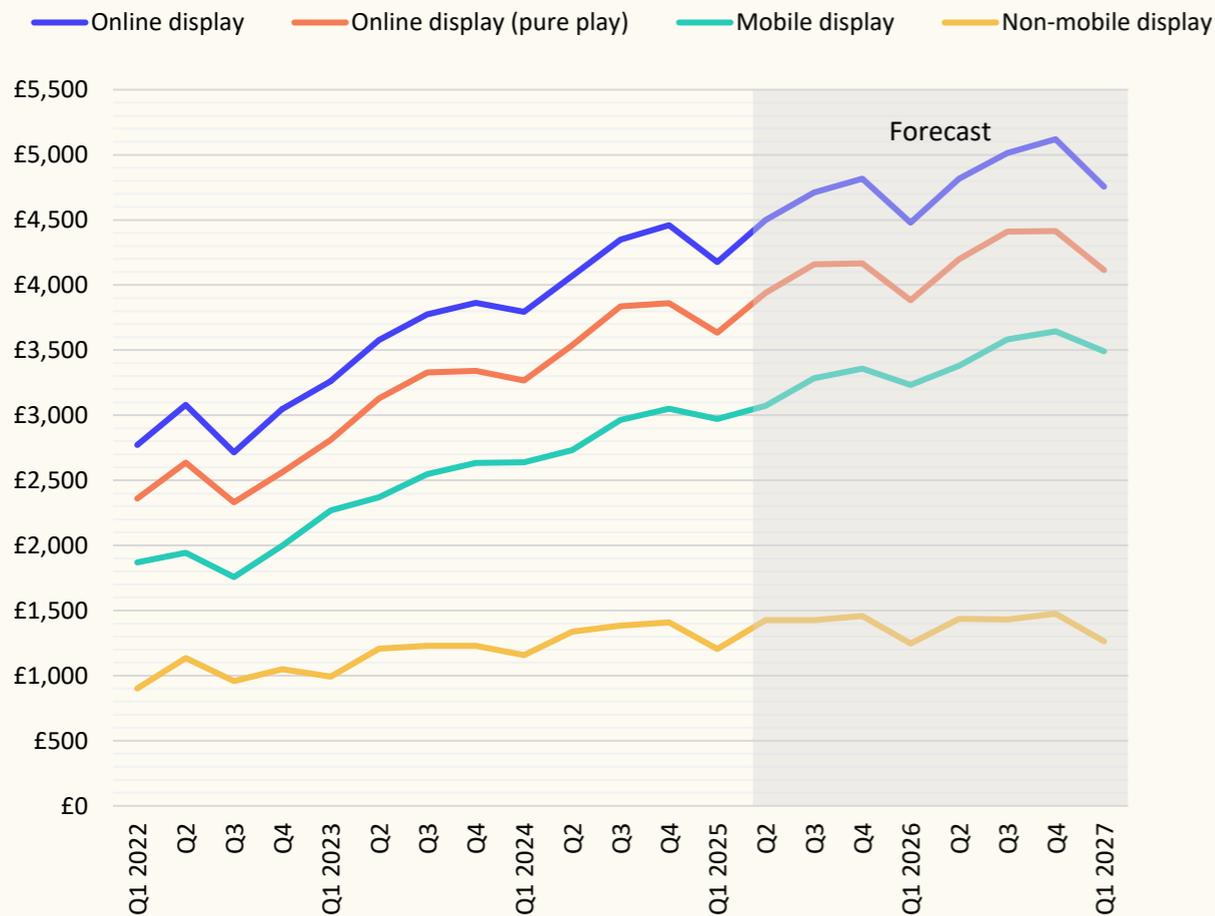
Note: Year-on-year % growth and percentage point (pp) change in forecast from last projection.

UK media overview



Online display advertising spend

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

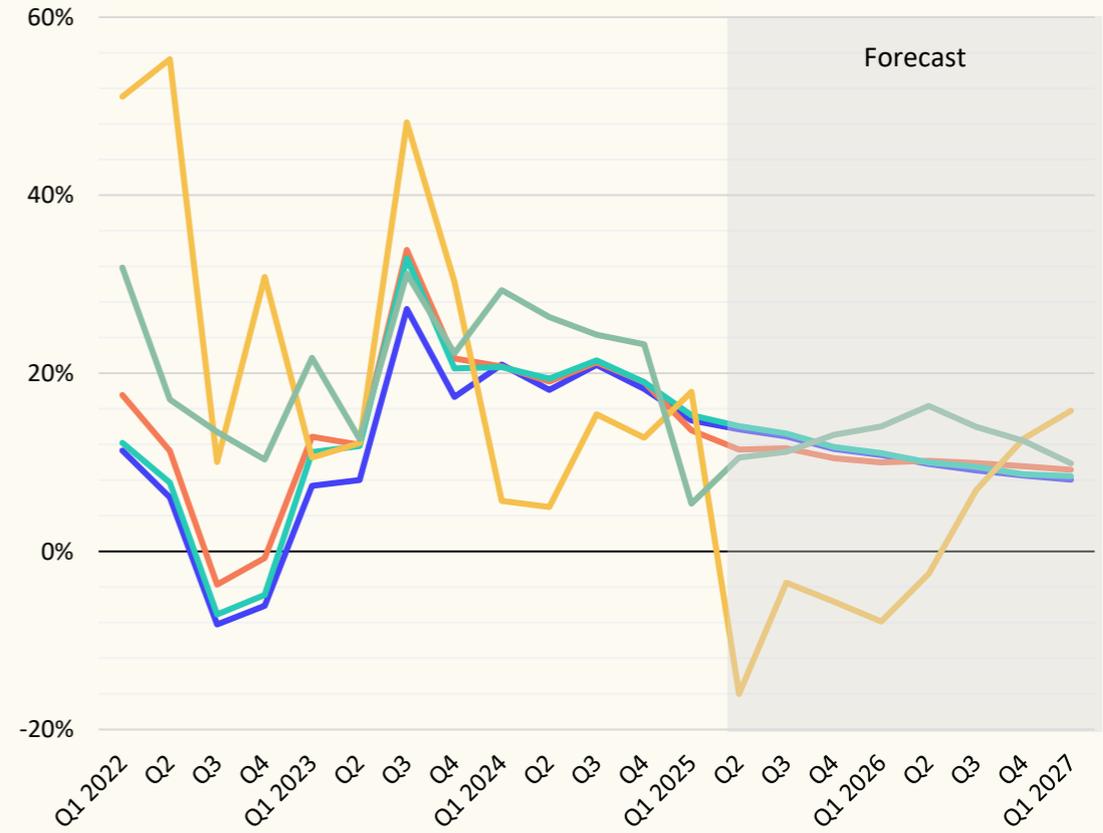
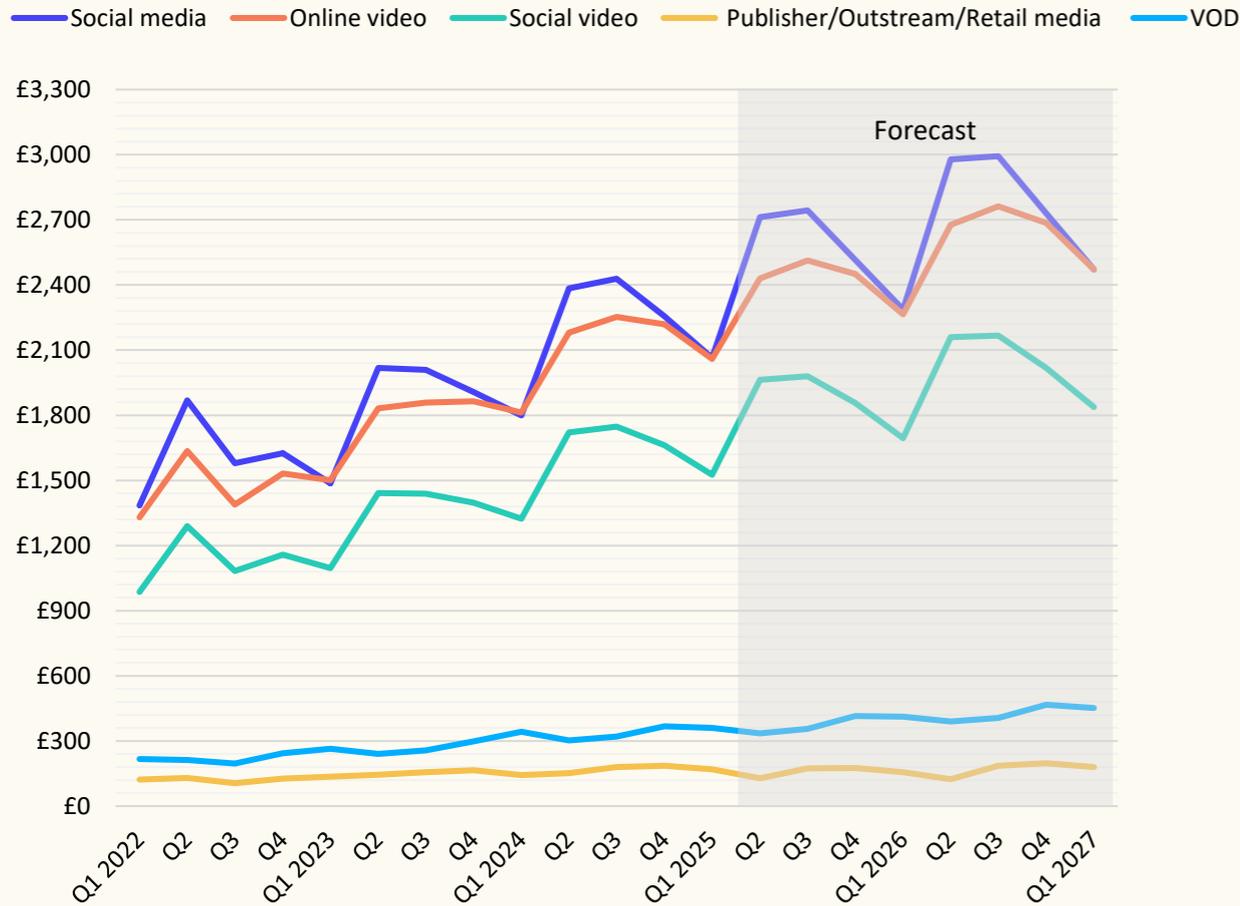


Note: Series overlap, so care should be taken to avoid double-counting. 'Pure play' excludes online display revenues from newsbrands, magazine brands and radio and TV. Historic online display figures revised back to 2019 to account for new online audio data.

SOURCE: AA/WARC Expenditure Report

Social and video advertising spend

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

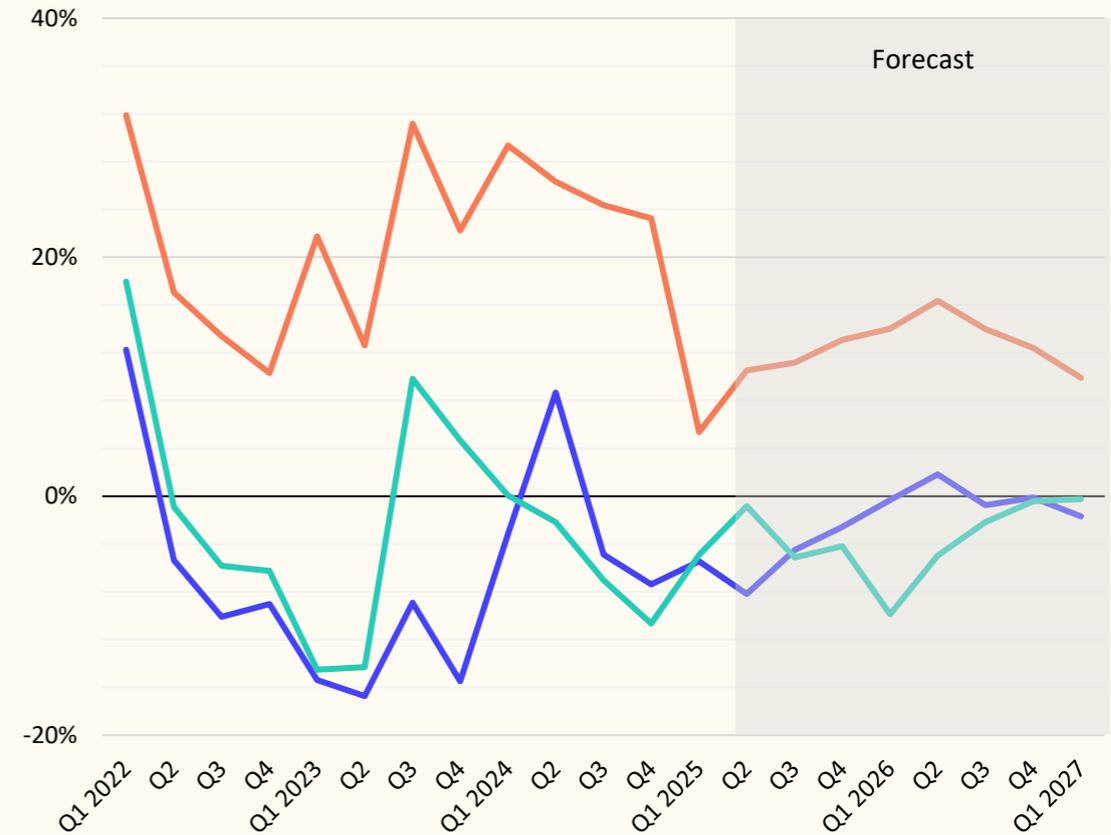
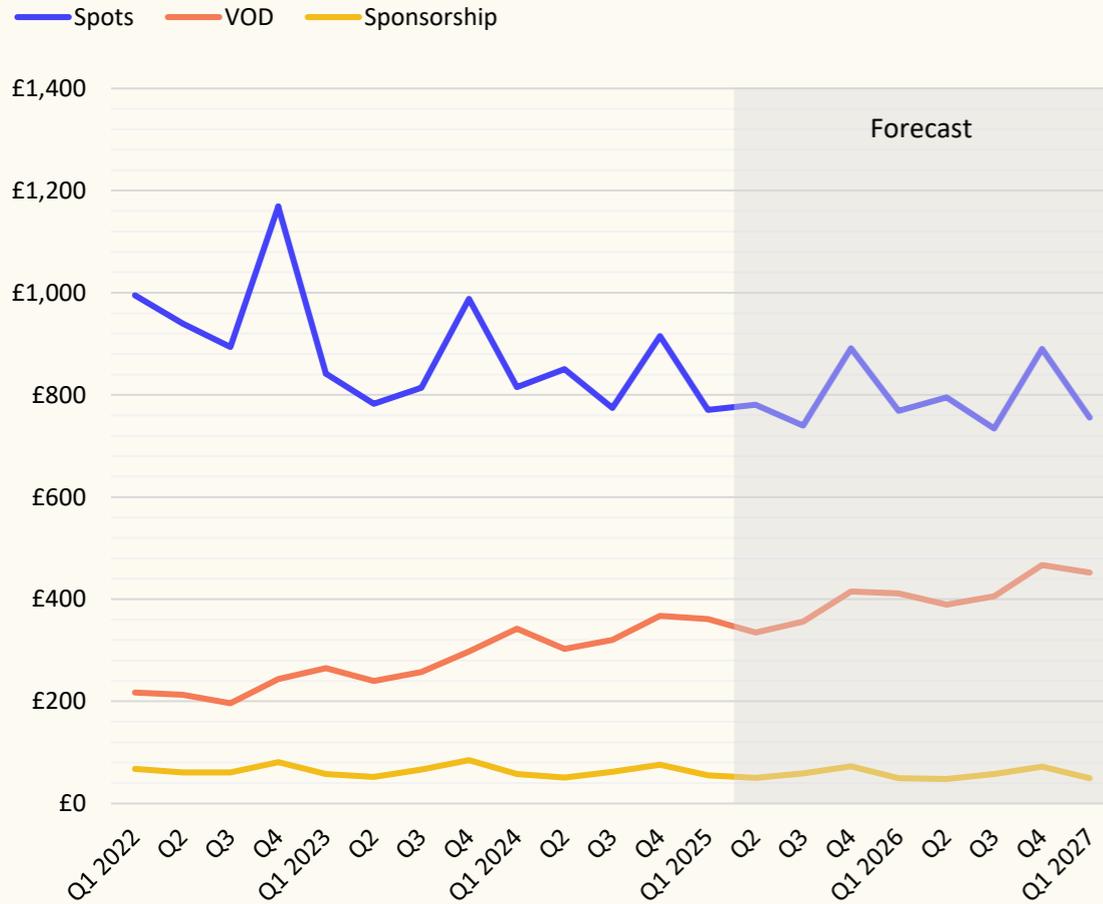


Note: Social video is included in the online video and social media totals.

SOURCE: AA/WARC Expenditure Report

TV advertising spend by format

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

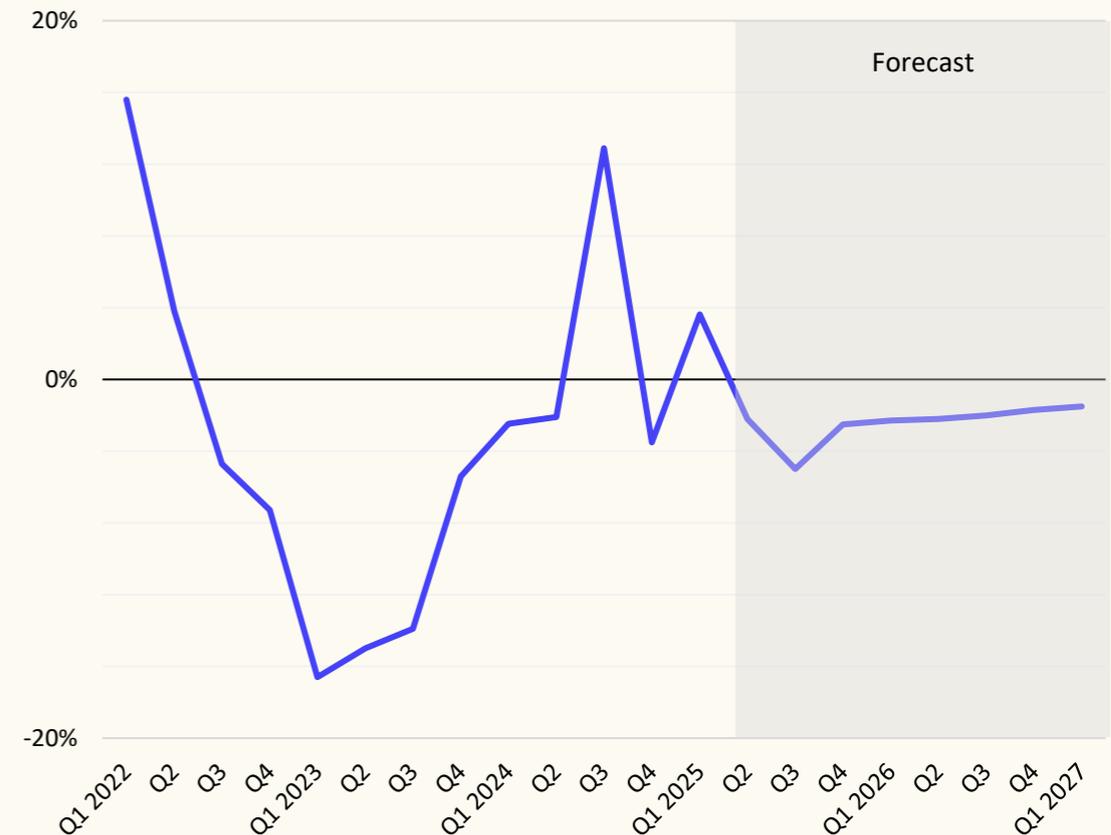
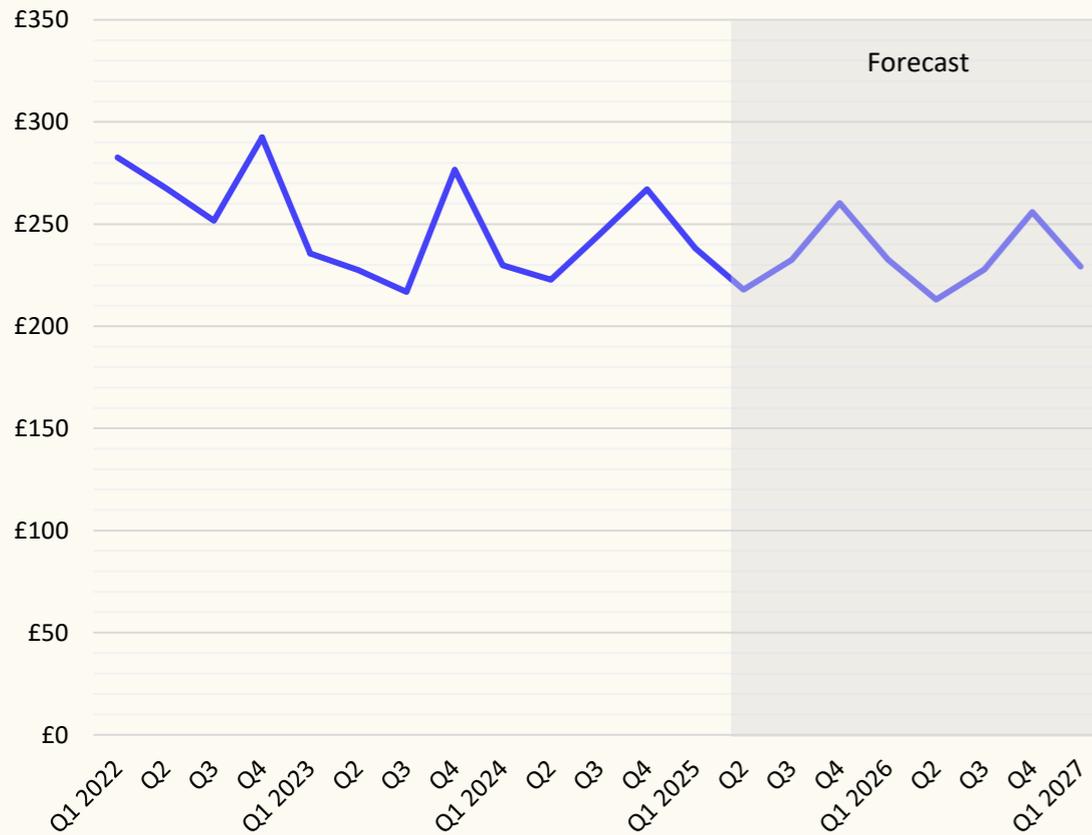


Note: Product placement, advertiser funded programming and other sources (like interactive fees and pub TV) not displayed due to small size.

SOURCE: AA/WARC Expenditure Report

Direct mail advertising spend

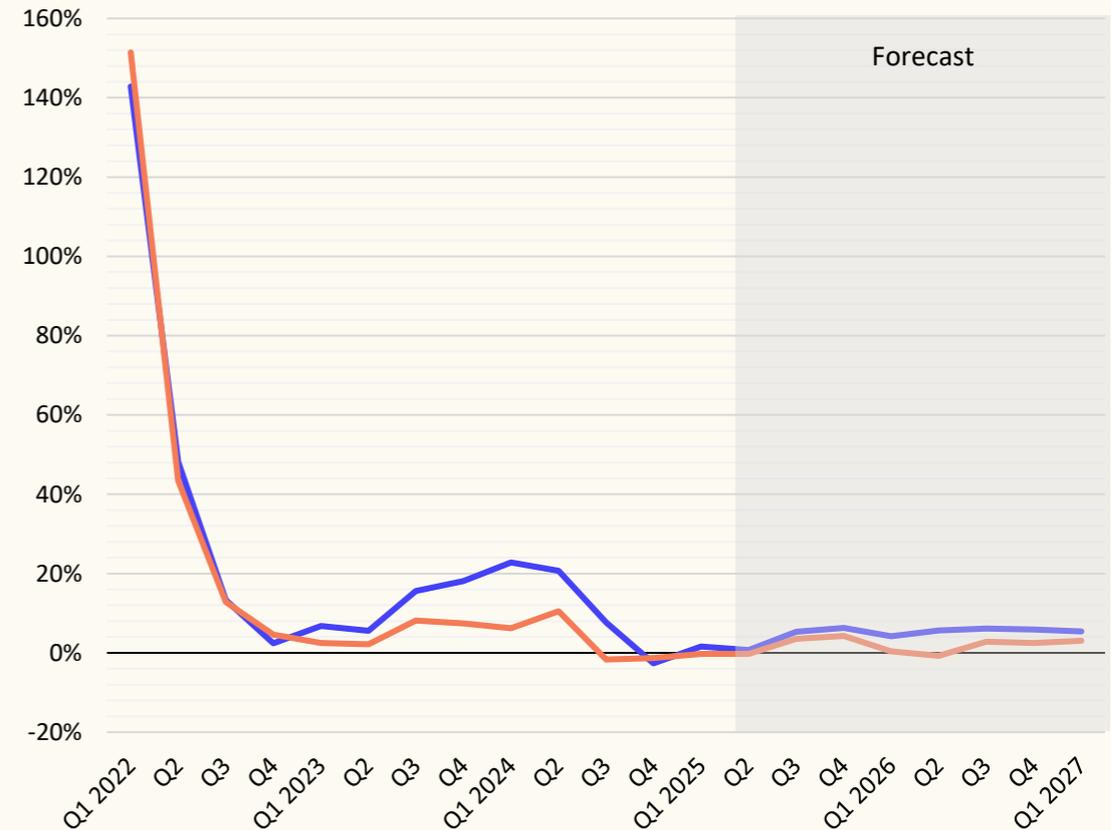
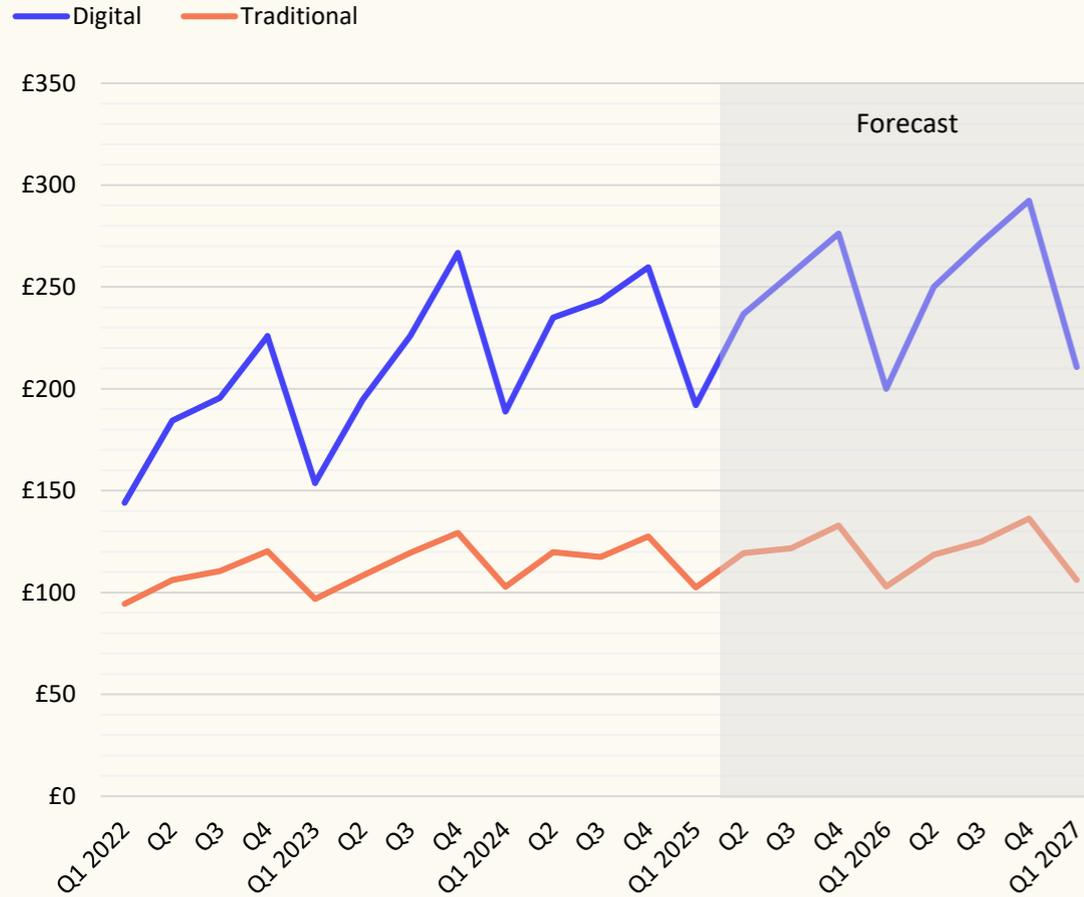
£ millions and year-on-year % change, current prices



SOURCE: AA/WARC Expenditure Report

Out of home advertising spend by format

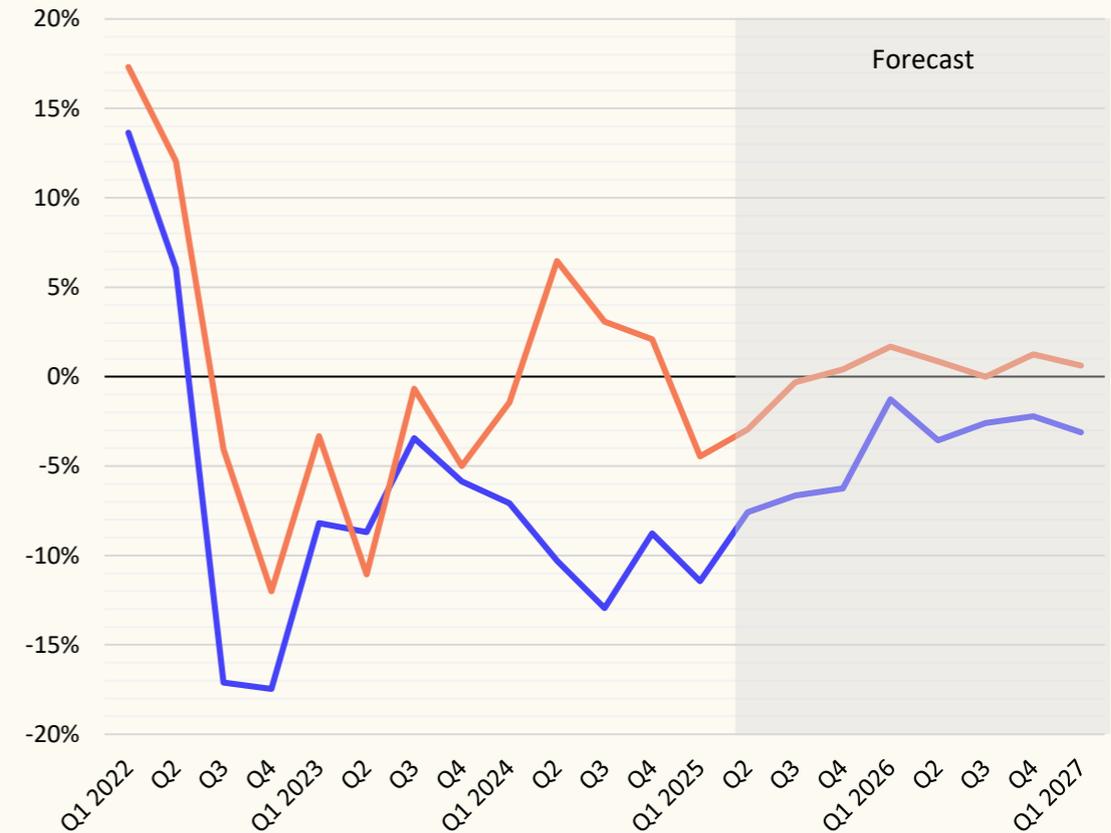
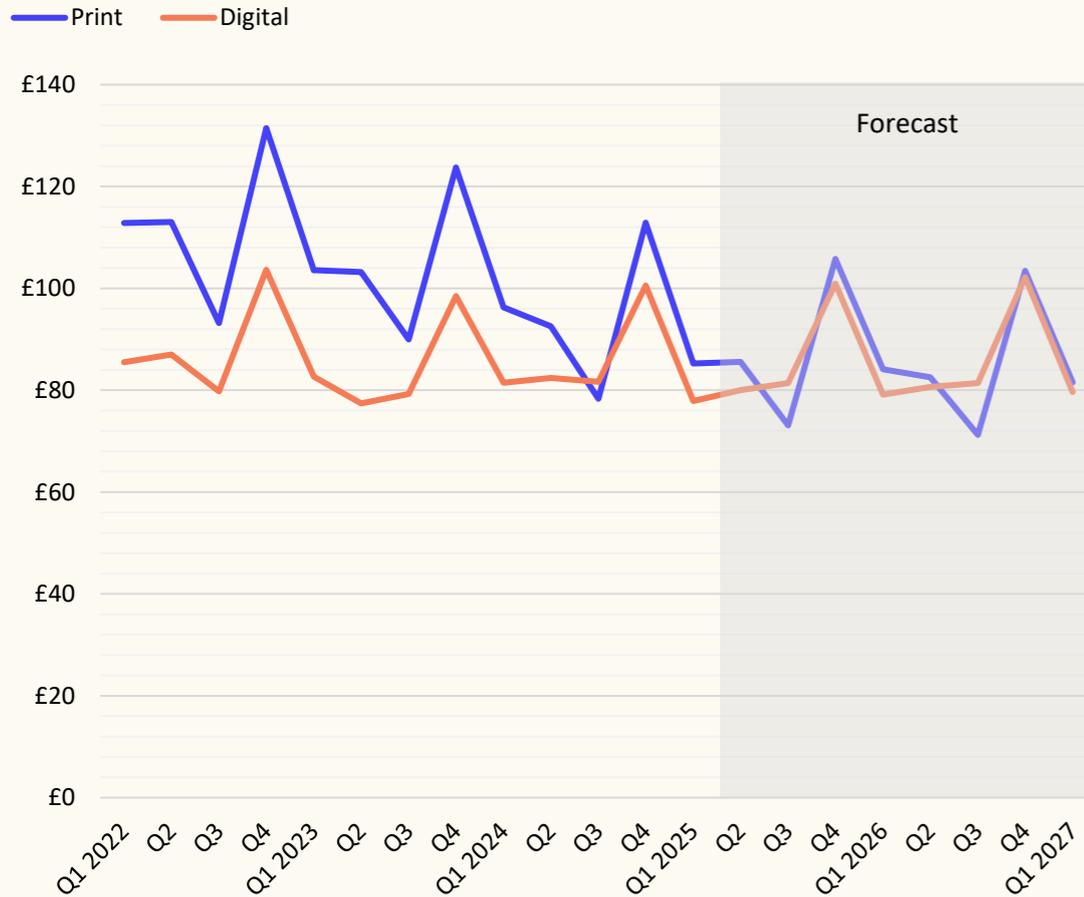
£ millions and year-on-year % change, current prices



SOURCE: AA/WARC Expenditure Report

National newsbrands advertising spend by format

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

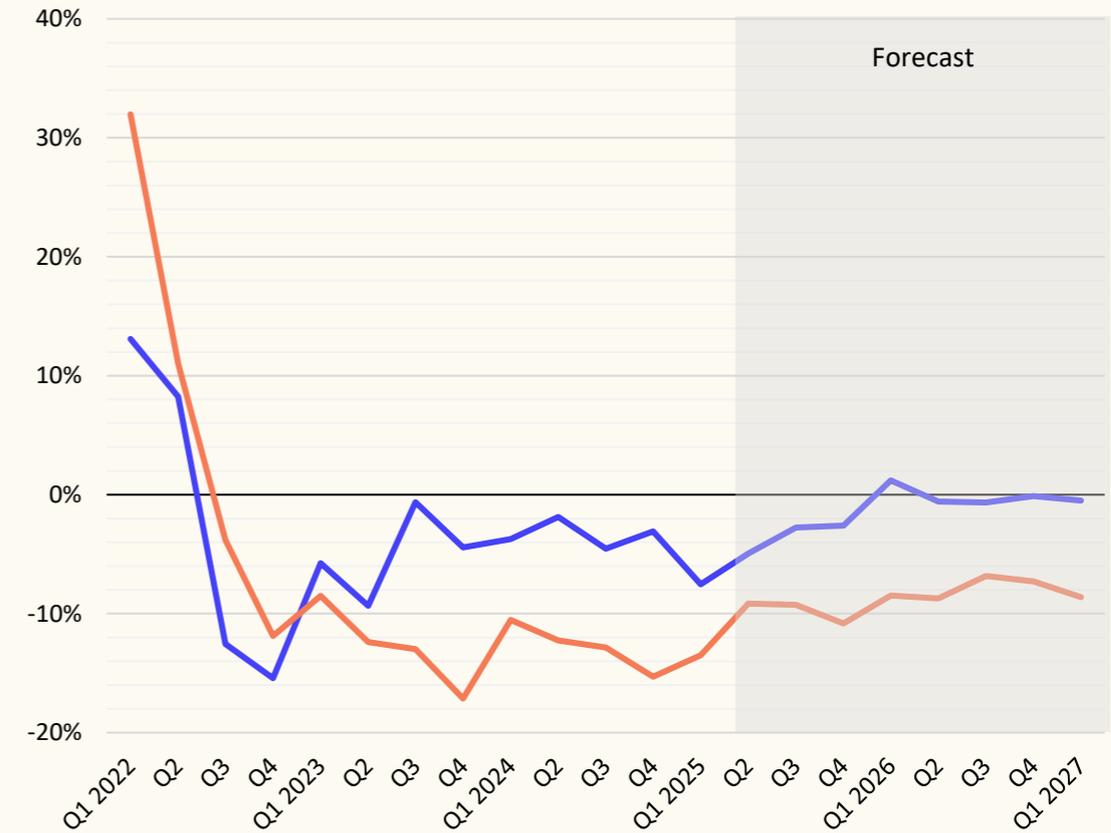
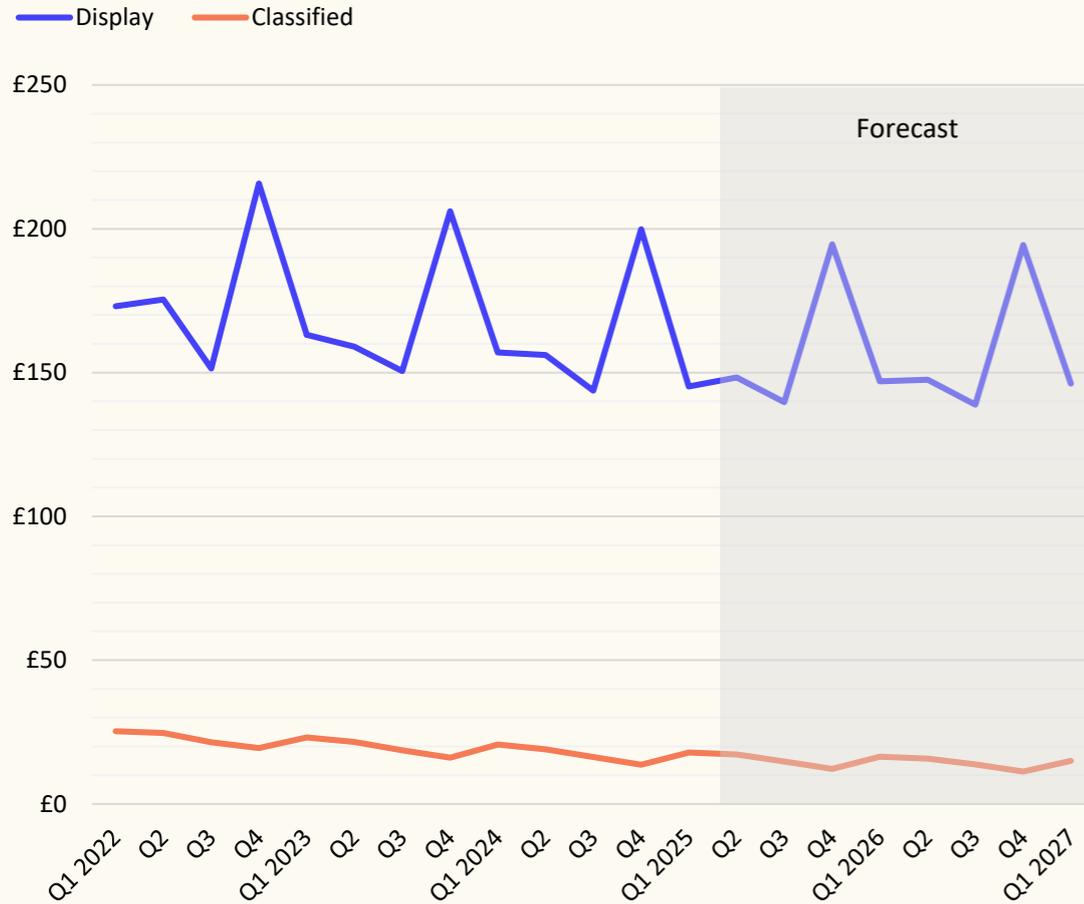


Note: Print and digital each include display and classified formats.

SOURCE: AA/WARC Expenditure Report

National newsbrands advertising spend by format

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

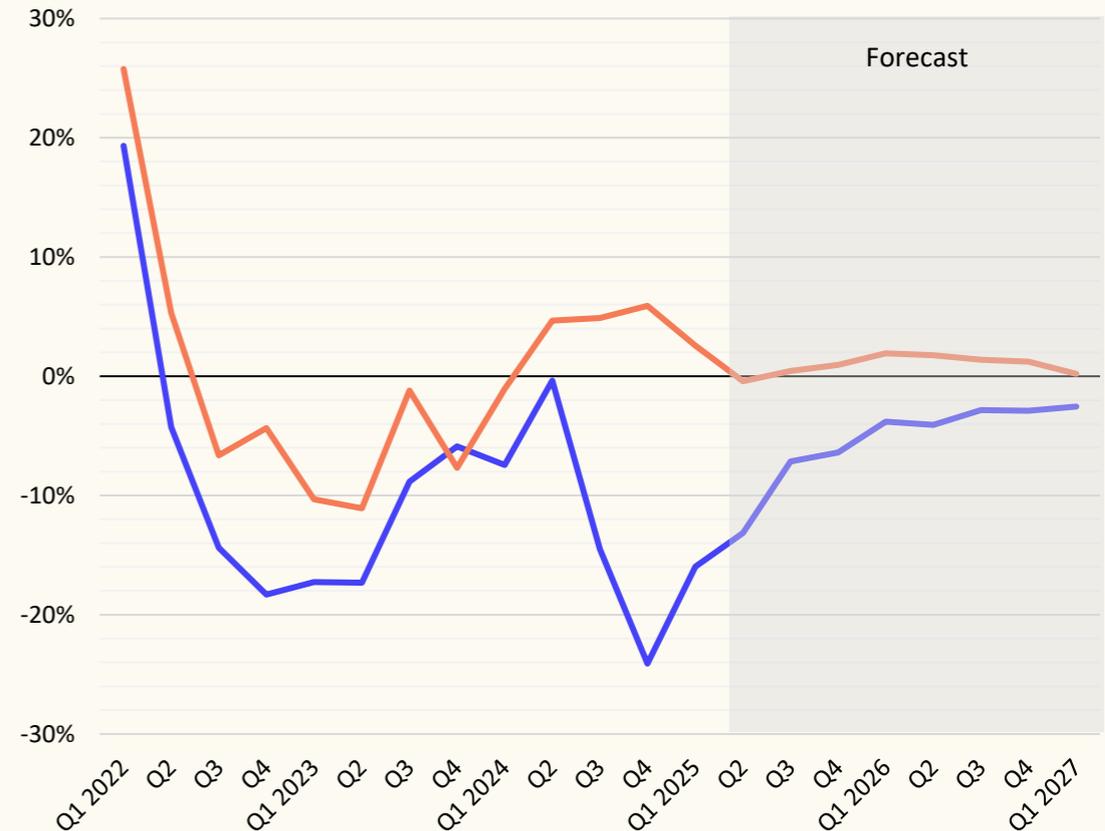
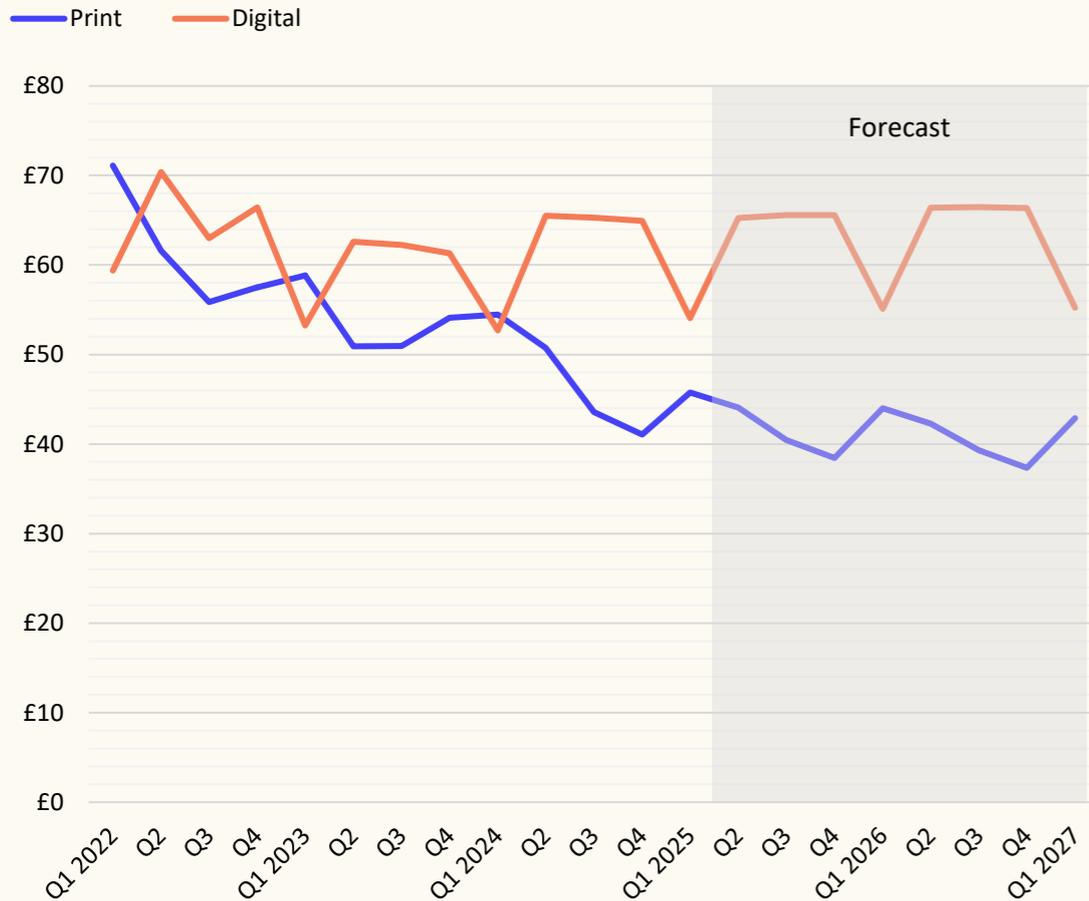


Note: Display and classified each include print and digital formats.

SOURCE: AA/WARC Expenditure Report

Regional newsbrands advertising spend by format

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

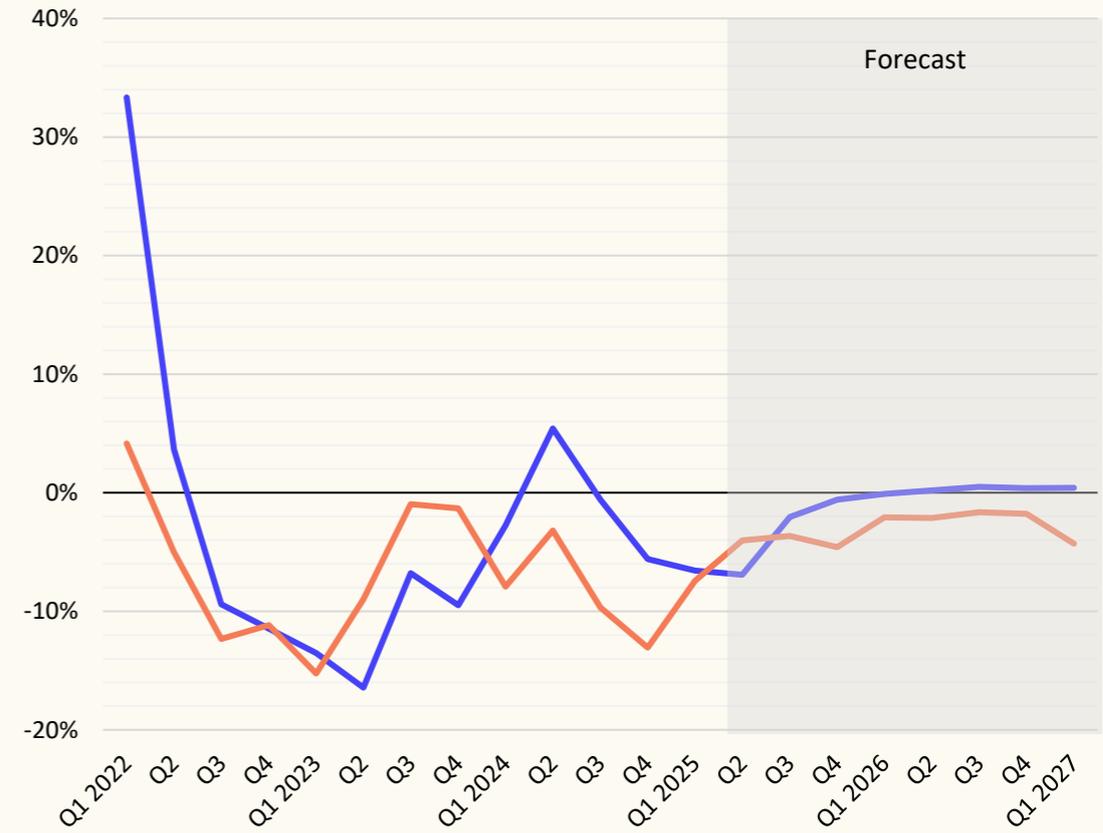
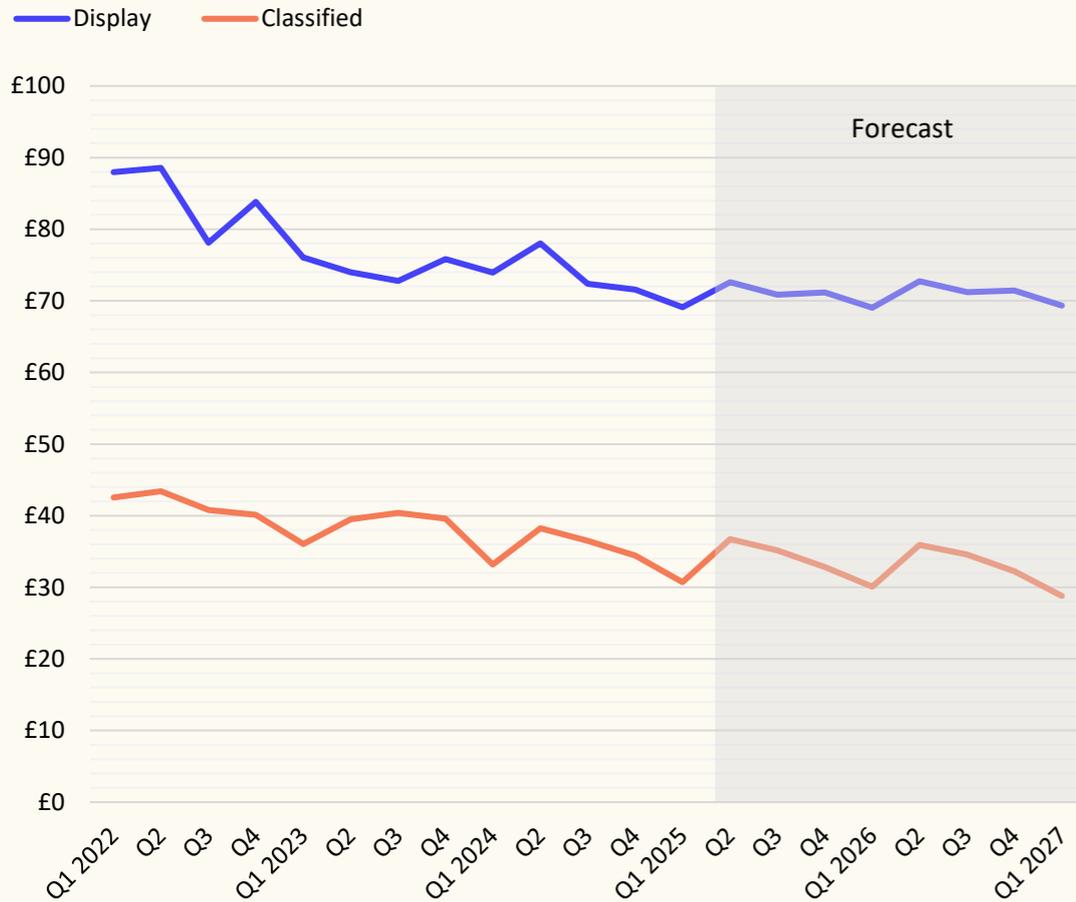


Note: Print and digital each include display and classified formats.

SOURCE: AA/WARC Expenditure Report

Regional newsbrands advertising spend by format

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

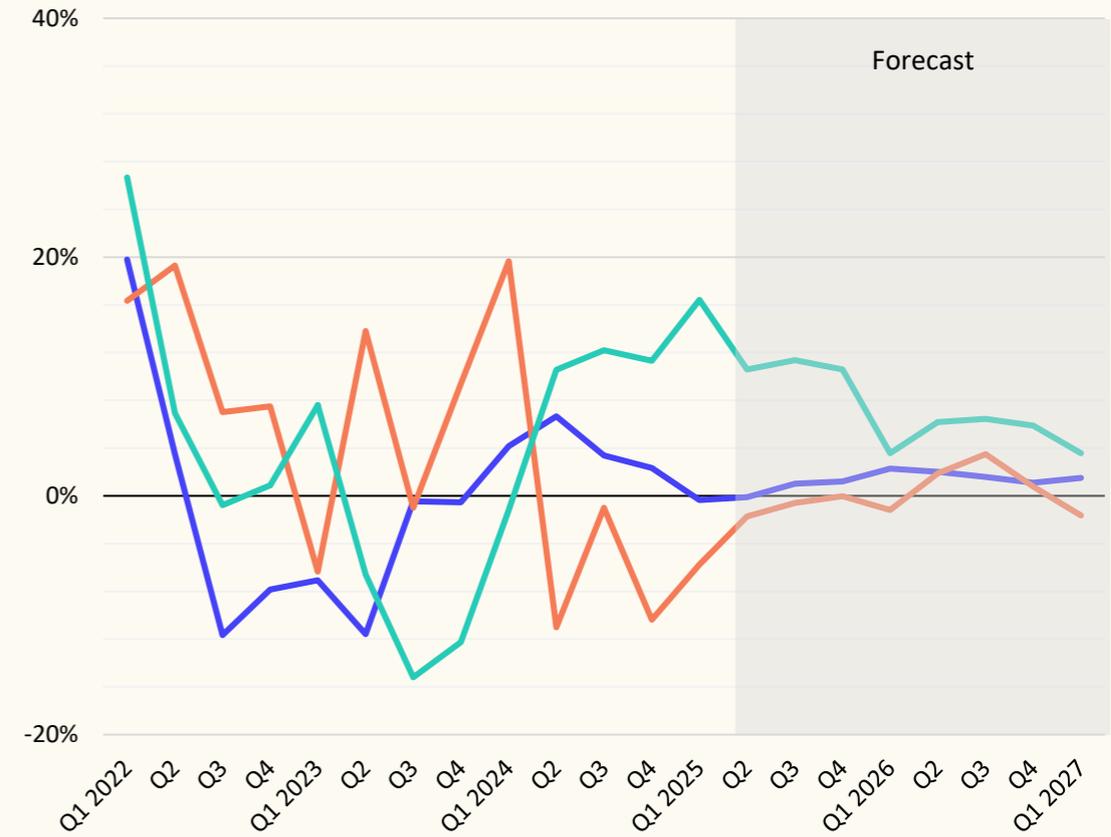
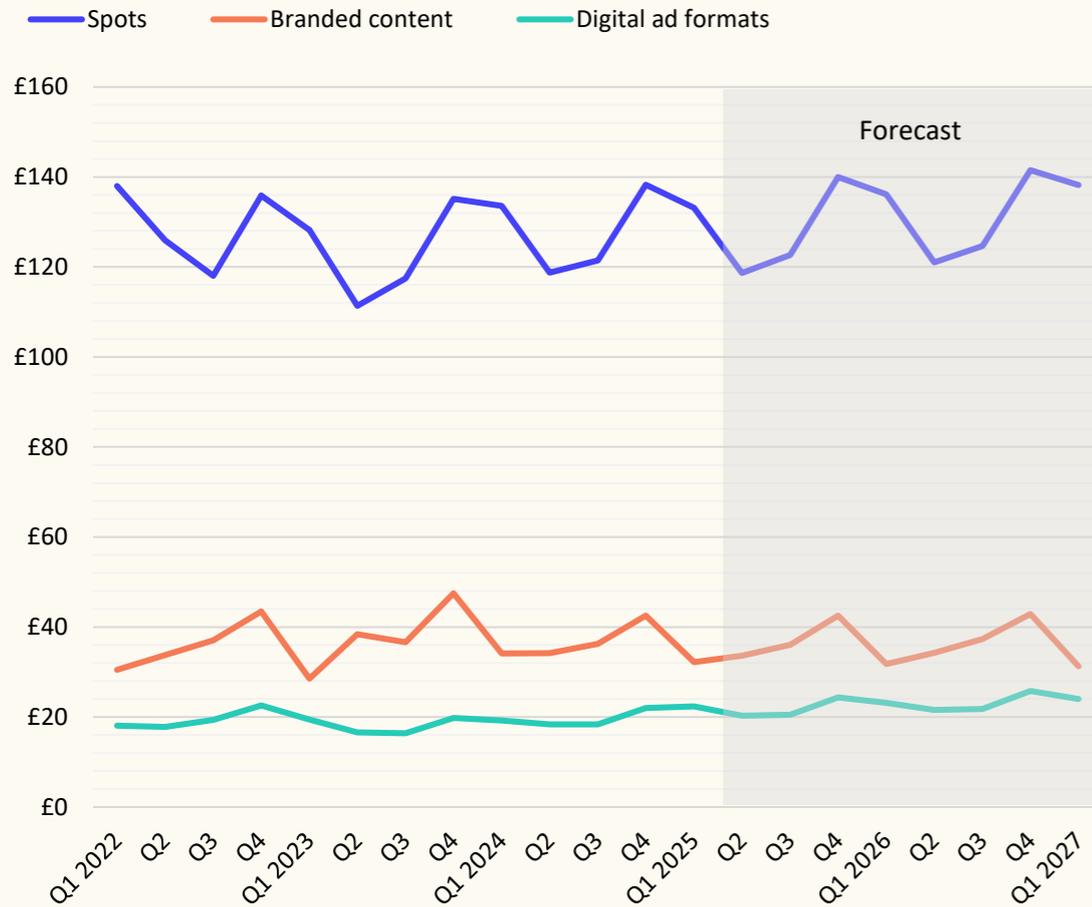


Note: Display and classified each include print and digital formats.

SOURCE: AA/WARC Expenditure Report

Radio advertising spend by format

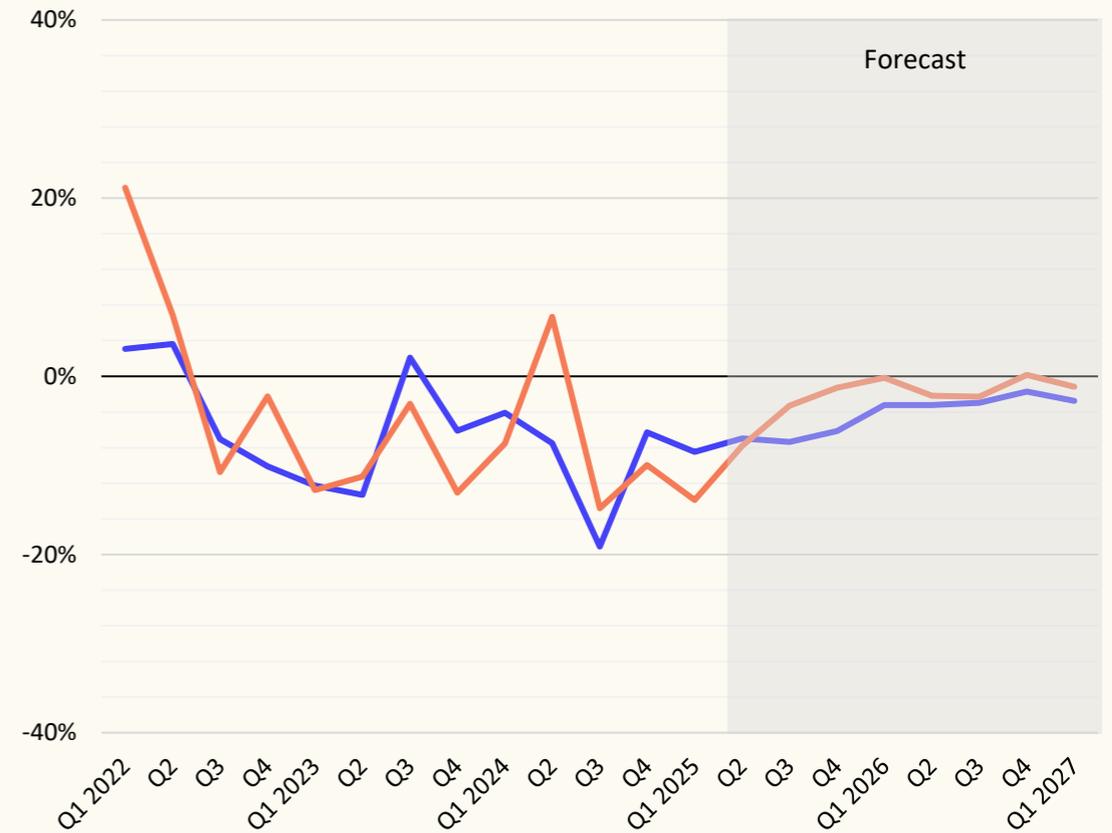
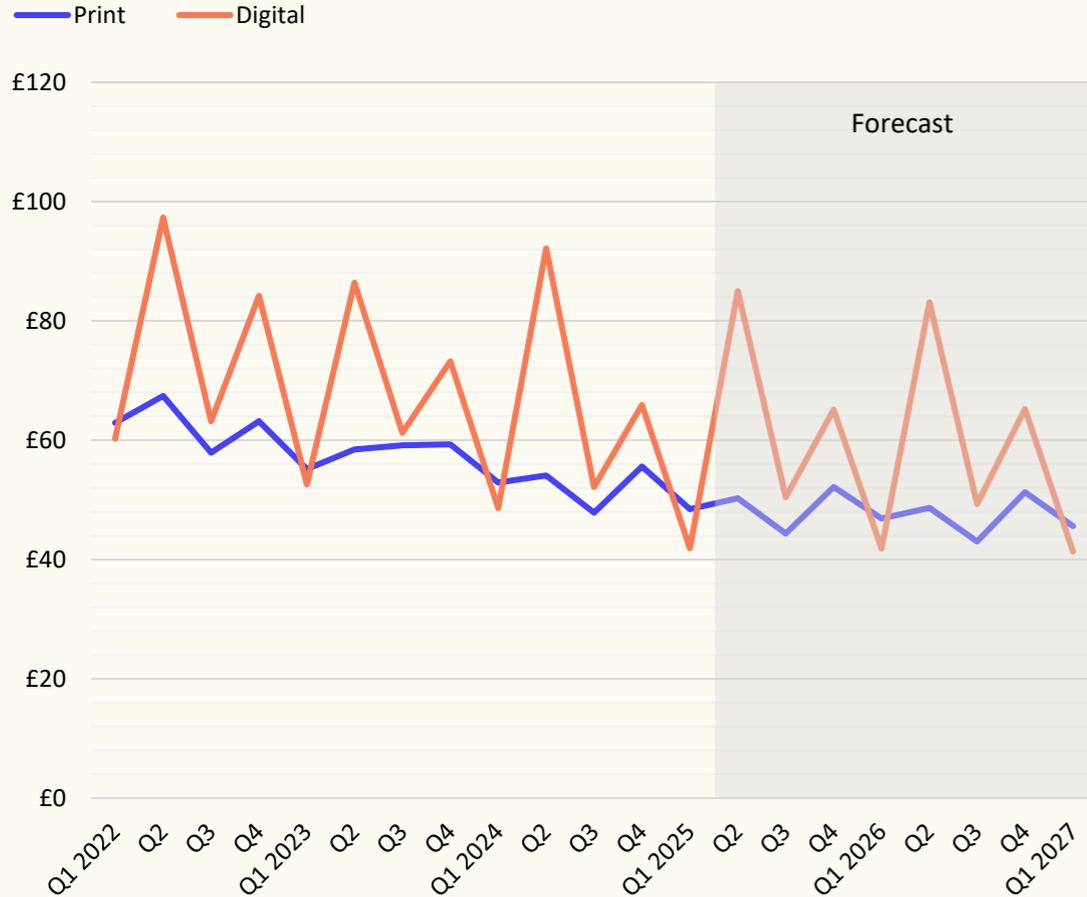
£ millions and year-on-year % change, current prices



SOURCE: AA/WARC Expenditure Report

Magazine brands advertising spend by format

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

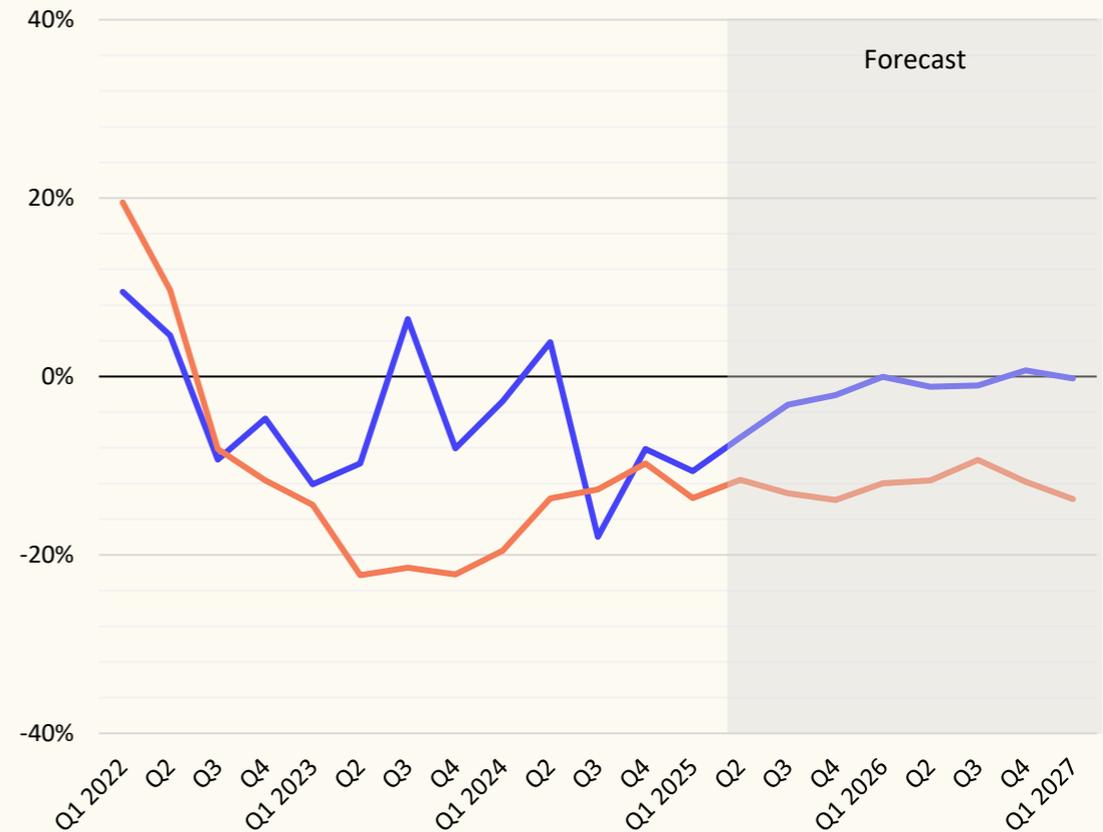
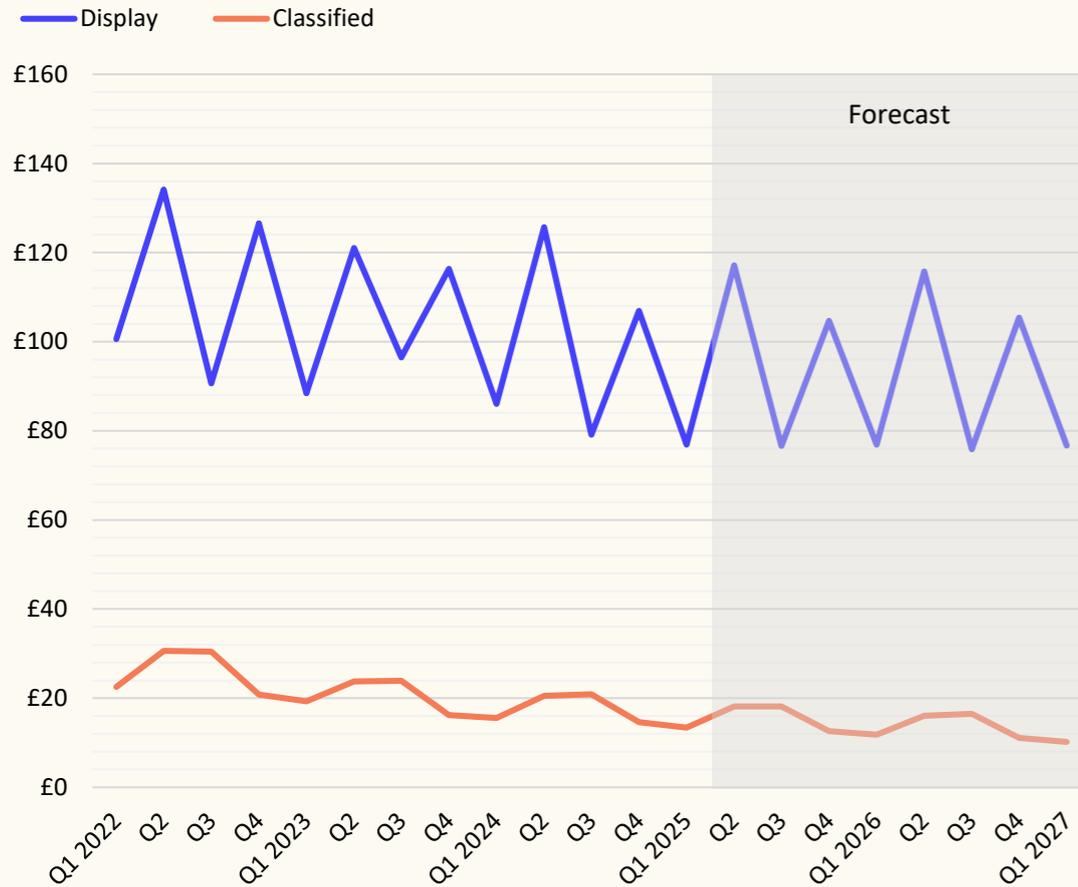


Note: Print and digital each include display and classified formats.

SOURCE: AA/WARC Expenditure Report

Magazine brands advertising spend by format

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

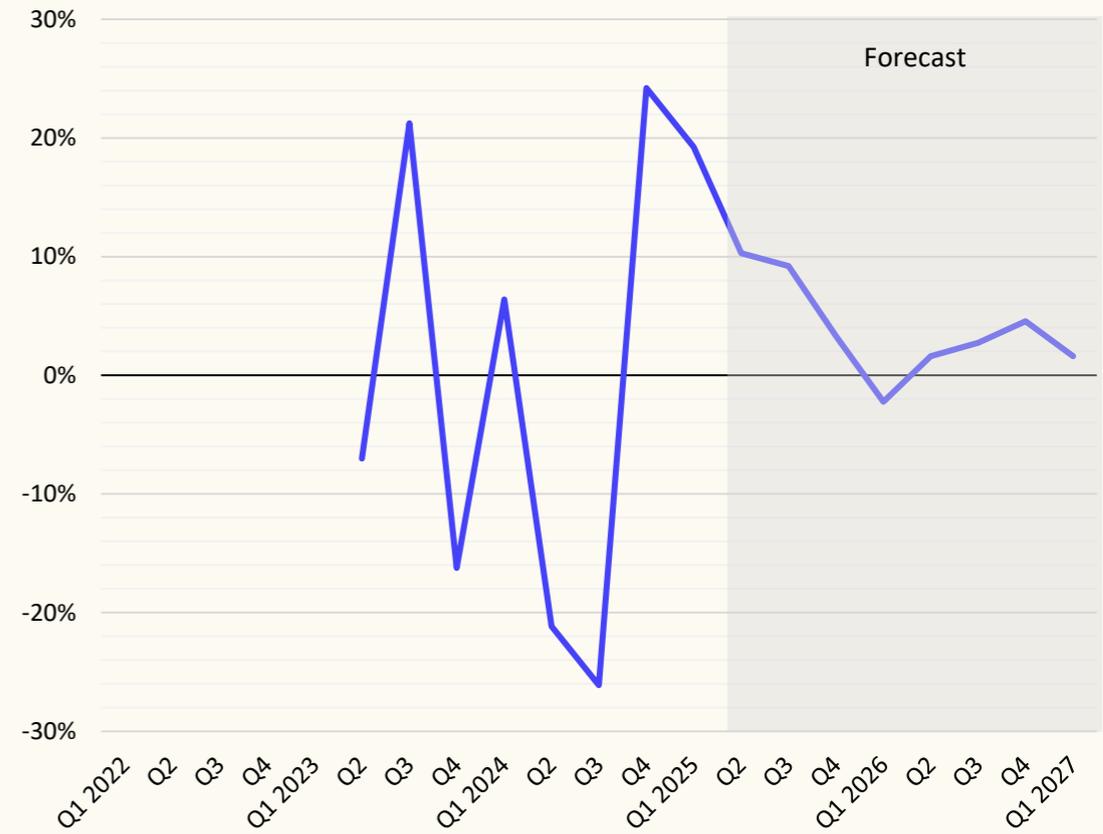
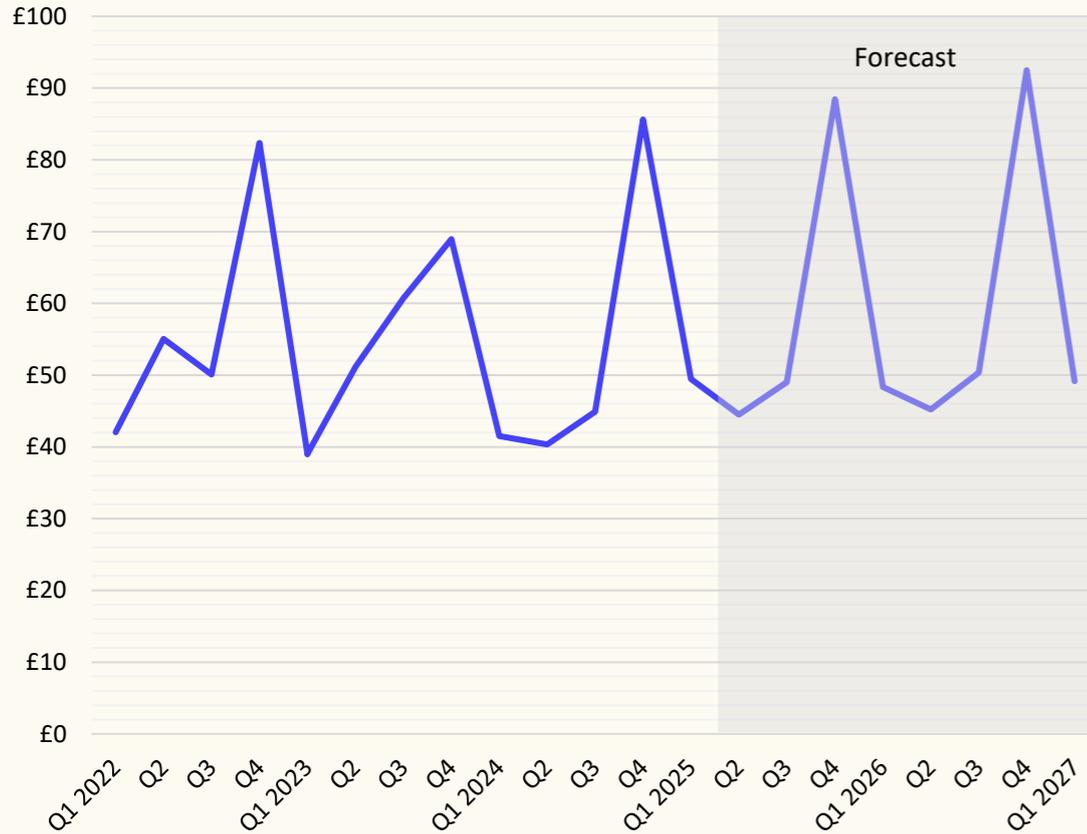


Note: Display and classified each include print and digital formats.

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



James McDonald

Director of Data, Intelligence & Forecasting, WARC
james.mcdonald@warc.com



Suzy Young

Partner Relations
WARC Media
suzy.young@warc.com



Cinzia Petio

Principle Analyst, WARC
cinzia.petio@warc.com



Xiaoyu Chen

Data Analyst, WARC
xiaoyu.chen@warc.com

Contact Us

London

33 Kingsway
London
WC2B 6UF
United Kingdom
+44 (0)20 7467 8100
enquiries@warc.com

Singapore

OUE Downtown 1
#44-03, 6 Shenton Way
Singapore 068809
+65 3157 6200
asiapacific@warc.com

New York

229 West 43rd Street
7th Floor
New York, NY 10036
United States
+1 212 201 2800
americas@warc.com

Shanghai

Unit 05-08
31/F Garden Square
968 West Beijing Road
Jing'an District, Shanghai
+ 8621 6197 8692
nihaochina@warc.com