OXFORD ECONOMICS

AUGUST 2026

THE IMPACT ON THE ADVERTISING SECTOR OF SHIFTING TO NPM 2018

A REPORT FOR THE ADVERTISING ASSOCIATION

AUGUST 2026

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EXECUTIVE SUMMARY

Earlier this year, the government introduced a 9pm TV watershed and a ban on paid-for online advertising for food and drink (F&D) products classified as high in fat, salt, or sugar (HFSS). This change has had a significant and detrimental impact on the advertising ecosystem. Despite this, the government has now proposed updating the model for determining what counts as an HFSS product from the 2004/05 Nutrient Profiling Model (NPM 2004/05) to the 2018 Nutrient Profiling Model (NPM 2018). This change will significantly increase the number of products in scope of the restrictions.

The government's analysis of the implications of changing to NPM 2018—published in an impact assessment alongside the policy announcement—is incomplete. Importantly, it does not estimate the value of advertising expenditure that would become newly restricted under NPM 2018. This is the continuation of a theme where limited focus is placed on the impact of advertising restrictions on the advertising ecosystem in government impact assessments. This report addresses these gaps using survey data from major UK F&D advertisers, finding that:

- The newly introduced restrictions based on NPM 2004/05 would have affected between **£450 million and £600 million** of F&D advertising expenditure in 2025. This estimate is split between £350 million to £400 million for online F&D and £100 million to £200 million for TV F&D.
- Moving to NPM 2018 would have restricted a further **£300 million to £400 million** of F&D advertising spend in 2025. This estimate is split between £200 million to £250 million for online F&D advertising and £100 million to £150 million for TV F&D advertising.
- In total, between **£750 million and £1,000 million** of F&D advertising spending in 2025 would have been restricted had NPM 2018 been in place, highlighting the scale of the proposed policy change.
- Not all affected advertising spending will be redirected into compliant channels, resulting in lower overall investment in the UK advertising ecosystem. it is estimated that between **£80 million** and **£100 million** of newly restricted spending under NPM 2018 would be lost to the UK advertising ecosystem – equivalent to around £1 in every £4 spent. [1]

The analysis is also complemented by insights from consultations with advertisers, agencies, and media companies. The key findings from these consultations are that:

- Businesses remain focused on adjusting to the restrictions introduced in January 2026 based on NPM 2004/05 and are unprepared for the proposed shift to restrictions based on NPM 2018.
- The financial burden of complying with the existing restrictions is significant driven by legal, governance, and training costs, and the proposed change to NPM 2018 would add to these costs.
- Further restrictions on F&D advertising risk reducing advertising innovation and investment in broadcaster content.

[1] *These forecasts assume that the NPM changes apply only to media covered by the Less Healthy Foods restrictions, while the existing 2004/5 NPM continues to apply to all other media types regulated by the Committee on Advertising Practice (CAP) and Broadcast Committee on Advertising Practice Codes (BCAP) (post-watershed TV, out-of-home, radio, print, cinema, direct mail, etc). If the CAP and the BCAP were also updated to adopt the 2018 NPM for their HFSS advertising rules, much of the advertiisng spend assume to be disaplaced to these channels would instead become restricted. As a result, the total amount of restricted advertising spend would likely be substantially higher than the estimates presented in this report.*

This research provides new evidence on the impact of F&D advertising restrictions. It is important for the government to consider these findings when deciding on whether to move forward with its proposal to change to the basis for F&D advertising restrictions from NPM 2004/05 to NPM 2018.

SECTION 1.
INTRODUCTION

In January 2026 the government introduced new regulations restricting the advertising of food and drink (F&D) products that are classified as high in fat, salt, or sugar (HFSS) in the UK.[2] The restrictions introduced a 9pm watershed on television advertising and a 24-hour ban on paid-for online advertising for products in specific legislative categories that are scored as HFSS based on the 2004/05 Nutrient Profiling Model (NPM 2004/05). The restrictions apply across the UK, but there are exemptions for small- and medium-sized enterprises (SMEs) and certain forms of brand advertising.

As the restrictions were only implemented in January, there has not yet been sufficient time to properly assess their impact on public health outcomes or the advertising ecosystem (e.g., manufacturers, retailers, restaurants, advertising agencies, and media companies). Despite this, the government has announced plans to change the nutrient profile model that underpins these restrictions from NPM 2004/05 to the 2018 Nutrient Profiling Model (NPM 2018) an updated version of the model that puts greater emphasis on the dietary impact of free sugars and fibre. [3] This change will significantly expand the number of products that fall in scope of the restrictions and therefore have a sizeable impact on the advertising ecosystem.[4]

In a break with best practice, the evidence in the government's impact assessment into the implications of changing to NPM 2018 was highly limited, something that the government itself acknowledges as "high risk".[5] The analysis in the impact assessment is primarily qualitative, and it does not attempt to estimate the value of online and TV advertising spending that will be newly affected under restrictions based on NPM 2018.

In this context the Advertising Association commissioned Oxford Economics to:

- estimate the value of advertising spending that would be newly restricted under the government's proposed change to restrictions based on NPM 2018.

- gather evidence through stakeholder consultations on the implications of the current restrictions (based on NPM 2004/05) and the expected impact of shifting to restrictions based on NPM 2018.

The analysis in this report has been informed by a survey carried out on major UK F&D advertisers which between them spent around £550 million on TV and online F&D advertising in 2025, desk research, and consultations with F&D advertisers, advertising agencies, and media companies.

There is uncertainty around several key inputs that underpin the estimates of restricted spending. For example, there is uncertainty around the size of total F&D online and TV advertising market, the proportion of spending linked to legislative categories, and the proportion of spending made by SME advertisers (who are exempt from the regulations). For this reason, the estimates have been presented as ranges which are often wide. Despite this uncertainty, the magnitude of the estimates provides important insights on the likely scale of the impact of these reforms on the advertising ecosystem.

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[2] Department of Health and Social Care (DHSC), "Restricting advertising of less healthy food or drink on TV and online: products in scope", June 2025.
[3] Department of Health and Social Care, "Applying the new NPM to advertising and promotions restrictions", March 2026.
[4] A recent report by Oxford Economics for the Food and Drink Federation (A Critical Review of HMG's Impact Assessment on Shifting to NPM 2018 for Promotion and Advertising Restrictions) found that this change could increase the number of restricted products by 40%.
[5] Department of Health and Social Care (DHSC), "Applying an updated nutrient profile model to promotions and advertising restrictions", March 2026.

SECTION 2. THE VALUE OF RESTRICTED ADVERTISING SPENDING

2.1. BACKGROUND

A major gap in the government's impact assessment is that it fails to include an estimate of the value of F&D advertising that would be newly restricted by a shift from NPM 2004/05 to NPM 2018.[6]

This is the continuation of a theme where limited focus is placed on the impact of advertising restrictions on the advertising ecosystem. For example, the impact assessment for the recently introduced advertising restrictions (based on NPM 2004/05) did not include an estimate of TV advertising spending that would become restricted under the policy.[7] While the same impact assessment does include an estimate for the value of affected online advertising spending, it is likely a substantial underestimate as it does not account for online search and online classified spending on HFSS products. This analysis plugs this gap.

Figures in this section were calculated combining data on F&D advertising spending from WARC and Nielson with data from a survey administered by Oxford Economics. The survey was completed by major UK advertisers who in total spent around £550 million on TV and online F&D advertising in 2025. While this only represents a 17% share of the total TV and online F&D advertising market, the sample is particularly relevant as it reflects the impact on the demographic impacted by the restrictions—large businesses that produce F&D products that are classified as HFSS.

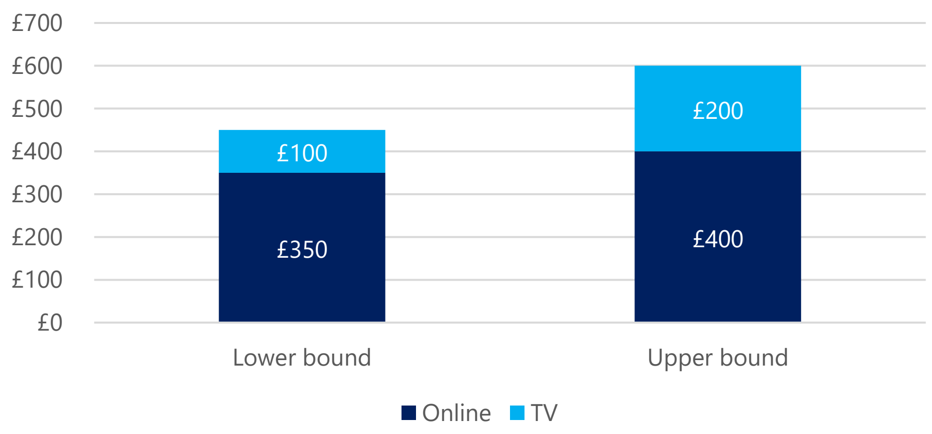
All estimates have been presented as ranges to account for uncertainty around the value of F&D advertising expenditure within legislative categories, among exempt businesses, and on brand advertising (see the technical appendix for further details on the approach).

2.2. THE VALUE OF RESTRICTED ADVERTISING UNDER NPM 2004/05

Between £450 million and £600 million of F&D advertising spending in 2025 would have been restricted under the regulations that came into effect earlier this year based on NPM 2004/05. This figure is split between £350 million to £400 million for online F&D and £100 million to £200 million for TV F&D.

[6] Department of Health and Social Care (DHSC), "Applying an updated nutrient profile model to promotions and advertising restrictions", March 2026.
[7] Department for Health and Social Care (DHSC), "Introducing a 2100-0530 watershed on TV and online restriction for paid advertising of food and drink that are High in Fat, Salt and Sugar (HFSS) products", June 2021.

Figure 1: The estimated value advertising spending that would have been restricted in 2025 under NPM 2004/05 (split by online and TV spending) - £m, 2025 prices

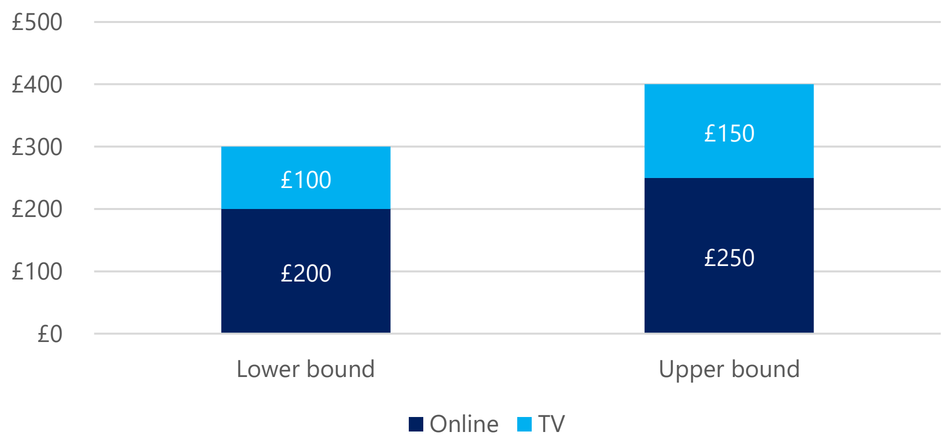


Source: Oxford Economics

2.3. THE VALUE OF NEWLY RESTRICTED ADVERTISING UNDER NPM 2018

Between £300 million and £400 million of additional F&D advertising spending in 2025 would have been restricted by a change to NPM 2018. This is split between £200 million to £250 million for online F&D advertising and £100 million to £150 million for TV F&D advertising.

Figure 2: The estimated value of additional advertising spending that would have been restricted in 2025 by a change to NPM 2018 (split by online and TV spending) - £m, 2025 prices



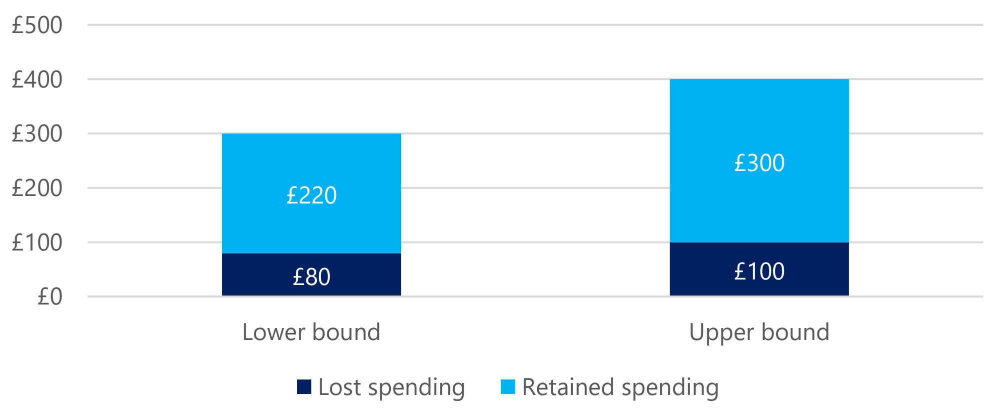
Source: Oxford Economics

2.4. REALLOCATION OF RESTRICTED SPENDING

Advertisers who see their spending restricted can respond in several different ways. They can remove spending from the UK advertising ecosystem by either eliminating it entirely or re-directing it to their non-UK portfolio. Alternatively, they can keep the spending within the UK advertising ecosystem by reformulating products, switching to compliant TV spending (i.e. post-watershed), or reallocating spending to other advertising channels or compliant product lines.

Based on our survey findings, it is estimated that between £80 million and £100 million of newly restricted spending under NPM 2018 would be lost to the UK advertising ecosystem – equivalent to around £1 in every £4 spent. [8]

Figure 3: How additional advertising spending that would have been restricted in 2025 by a change to NPM 2018 would be reallocated (split by online and TV spending) - £m, 2025 prices

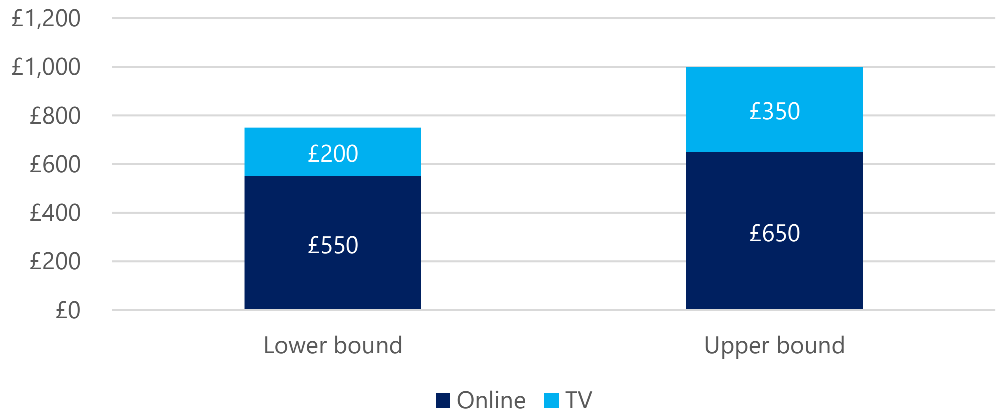


2.5. THE TOTAL VALUE OF RESTRICTED ADVERTISING UNDER NPM 2018

In total between £750 million and £1,000 million of F&D advertising spending in 2025 would not have been possible if restrictions based on NPM 2018 had been in place at the time. This figure is split between £550 million and £650 million for online F&D and between £200 million and £350 million for TV F&D.

[8] *These forecasts assume that the NPM changes apply only to media covered by the Less Healthy Foods restrictions, while the existing 2004/5 NPM continues to apply to all other media types regulated by the Committee on Advertising Practice (CAP) and Broadcast Committee on Advertising Practice Codes (BCAP) (post-watershed TV, out-of-home, radio, print, cinema, direct mail, etc). If the CAP and the BCAP were also updated to adopt the 2018 NPM for their HFSS advertising rules, much of the advertiisng spend assume to be disaplaced to these channels would instead become restricted. As a result, the total amount of restricted advertising spend would likely be substantially higher than the estimates presented in this report.*

Figure 4: The estimated total value of advertising spending that would have been restricted in 2025 under restrictions based on NPM 2018 (split by online and TV spending) - £m, 2025 prices



Source: Oxford Economics

SECTION 3. THE IMPLICATIONS OF ADVERTISING RESTRICTIONS

3.1. OVERVIEW

Consultations with groups of stakeholders within advertisers, advertising agencies, and media companies highlighted the significant impact of restrictions on F&D advertising across the advertising ecosystem. In total we held 12 interviews (six advertisers, two advertising agencies, two major UK broadcaster and two major UK print and digital media companies).

The key findings that emerged from these consultations centred around preparedness, costs, changes in the composition and level of advertising spending, and the impact on innovation.

3.2. UNCERTAINTY OVER PREPAREDNESS FOR NPM 2018

Across stakeholder groups there was little evidence that organisations had begun to prepare for the proposed change to NPM 2018. Instead, most remained focused on continuing to adapt to the restrictions that came into force in January 2026. Interviewees explained that implementing the existing regulation had required extensive organisational change and that only recently had businesses begun to adjust their advertising strategies and fully understand the current legislation.

The new nutrient profiling model is expected to increase the number of products falling within scope of the regulation, so another period of adaptation is expected. Manufacturers in particular highlighted that repeated policy changes made long-term business planning increasingly difficult.

Overall, uncertainty surrounding implementation emerged as a recurring theme across interviews. Participants reported that organisations remained uncertain about how the revised NPM would be implemented and how regulators would interpret particular forms of advertising. Specifically in the case of media companies, they have found it hard to develop any form of future estimates due to uncertainty about the future behaviour and decisions of clients. It was felt that this uncertainty has led to cautious behaviour from clients and advertisers, limiting investment and innovation.

3.3. COMPLIANCE COSTS AND REDUCED RETURNS ON ADVERTISING

Interviews confirmed that compliance with the newly proposed restrictions would again require substantial organisational resources. Across advertising agencies, and media companies, interviewees highlighted that significant staff time had been devoted to understanding current legislation (based on NPM 2004/05), interpreting guidance, and advising clients on compliance and that this process would have to be repeated for the newly proposed restrictions.

Advertising agencies described the development of internal compliance processes involving legal teams, staff training programmes and detailed guidance documents in response to the current advertising restrictions. Considerable non-billable staff time was reported to have been redirected from creative work towards regulatory interpretation and client support. Some participants described agency staff as increasingly acting as regulatory advisers which had taken time away from the creative element of their roles.

Media companies similarly reported ongoing investments in legal review, governance procedures, and consultations with advertisers to ensure compliance. A major broadcaster highlighted the complexity in determining whether advertisements complied with the nutrient profiling requirements, which is particularly important given they are liable for the broadcasting of non-compliant advertisements. Manufacturers likewise described familiarisation with the regulations, strategic planning, and adaptation as significant sources of cost.

Collectively, these findings indicate that compliance costs extend well beyond legal advice and include substantial investments in organisational processes, staff capability, and internal governance. Manufacturers also noted that declining returns from advertising restricted products risked reducing the attractiveness of investing advertising budgets in the UK, particularly where marketing budgets are allocated at global headquarter level.

Media companies similarly anticipate commercial consequences. Both major broadcasters reported that food and drink advertising represented a significant value of their advertising income and any further expansion in the scope of restricted products would place additional pressure on their advertising revenues.

3.4. SHIFT TOWARDS BRAND ADVERTISING

One of the clearest behavioural responses identified across interviews was a shift away from advertising individual products towards broader brand-level communications. Advertising agencies described increased use of brand campaigns, enabling clients to maintain brand visibility while reducing the regulatory risks associated with promoting individual products. However, they highlighted concerns that this approach would stifle innovation as it favoured incumbents and discouraged product launches.

Participants also highlighted uncertainty regarding the effectiveness of advertising campaigns that cannot feature a product. Advertisers use analytics to estimate the relationship between television advertising exposure and product sales, allowing them to predict the return on advertising investment. However, interviewees noted that there was currently less evidence on the effectiveness of campaigns that relied solely on brand advertising without showing the product itself. This makes it difficult for advertisers to assess the likely returns from post-watershed television advertising and may further discourage investment in television campaigns if data subsequently suggest this form of advertising is less effective.

Overall, participants described regulation as changing not only the volume and type of agency work but also its composition. Advertising agencies anticipated a gradual movement away from higher-value services such as campaign origination, strategic planning, creative development, and production towards lower-margin work focused on adapting existing assets and providing compliance advice. For example, interviewees described that clients were increasingly choosing to modify existing campaigns rather than commission new creative work.

3.5. CREATIVE CONSTRAINTS AND IMPACT ON BROADCASTING

Advertising agencies consistently argued that the restrictions reduced their creative flexibility by limiting how products could be presented within advertising campaigns. Several participants described this as contributing to a homogenisation of creative output, with campaigns becoming increasingly similar as advertisers sought to minimise regulatory risk. Stakeholders indicated that this could weaken the sector's creative strengths and reduce investment in the development of high-quality campaigns.

Both major broadcasters highlighted the importance of advertising revenues from the F&D sector and the risk that reductions in these revenues would have knock-on implications for their content production. One media company also highlighted the direct impact it had on their ability to generate revenues through partnership based initiatives in which food and drinks companies sponsor content. This comes at a time when broadcasters are facing growing challenges in generating advertising revenues across an increasing fragmented media landscape. These potential outcomes appear inconsistent with the UK Government's industrial strategy, which identifies the creative industries—including advertising and marketing—as a priority growth sector.[9]

[9] Department for Business and Trade (DBT), "The UK's Modern Industrial Strategy 2025", June 2025.

SECTION 4. APPENDIX

4.1. ESTIMATING RESTRICTED SPENDING

The value of F&D **TV advertising spending** that would be newly restricted under NPM 2018 has been calculated through the following steps:

- WARC data provide an estimate of total TV advertising spending on food in 2025.
- Analysis of granular Nielson data on advertising spending was undertaken to estimate the proportion of this spending that fell within food product categories set out in the legislation. A range was generated to reflect that, even with the level of granularity in the Nielsen data, there are many categories were advertising spending would split between legislative or non-legislative products.
- The value of food advertising spending within the legislative categories was revised down to remove spending by small and medium enterprises (SMEs) who are exempt from the regulations. This is taken from the Government's 2019 IA.[10]
- An estimate of TV advertising spending on food products that would be newly restricted was estimated by combined estimated spending on legislative products (from the previous steps) with an estimate from the survey of the proportion of this spending that was on newly restricted products.[11]
- For the drinks advertising market, the value of advertising spending in 2025 that would be newly restricted under NPM 2018 taken from the survey. This decision reflected the significant share of the TV drinks advertising market covered by the survey.
- The estimates of newly restricted food and drink spending were combined to provide an overall estimate for total F&D TV advertising spending that would be newly restricted.

Our estimate for F&D **online advertising spending** in 2025 that would be newly restricted under NPM 2018 has been calculated through the following steps:

- WARC data provide an estimate of £2.7 billion for total online advertising spending on F&D (excluding alcohol[12]) in 2025. This figure has been estimated by WARC ensure robustness this figure has been sense checked with experts from IAB UK.
- The value of F&D advertising spending was revised down to remove spending by small- and medium-sized enterprises (SMEs) which are exempt from the regulations based on government analysis.
- The proportion of newly restricted F&D online advertising spending (taken from the survey) was combined with online F&D advertising spending by large companies to derive an estimate for online advertising spending in 2025 that would be newly restricted.

A similar approach was applied to estimate the value of F&D TV and online advertising in 2025 that would have been restricted under NPM 2004/05.

[10] Department of Health and Social Care, "Introducing a 2100-0530 watershed on TV and online restriction for paid advertising of food and drink that are High in Fat, Salt and Sugar (HFSS) products", Para 234, May 2021.
[11] A 10% range was put around this estimate to account for uncertainty related to the sample size.
[12] This includes alcoholic, low-alcohol and no-alcohol beverages, including products with 0% alcohol content.

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