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NEWS RELEASE

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ADVERTISING EXPENDITURE FORECAST TO INCREASE BY UP TO 38% IN REAL TERMS OVER THE NEXT TWELVE YEARS

Advertising expenditure in the UK could grow by as much as 37.9% in real terms by 2019, according to the *Long Term Advertising Expenditure Forecast*. The report, compiled by the World Advertising Research Center (WARC) on behalf of the Advertising Association (AA), looks at two possible scenarios for UK adspend, a 'high option' and a 'low option'; the low option forecasts an adspend increase of 16.8% over the same period. In terms of compound annual growth rate (CAGR), this translates as 2.5% on the high option, but a mere 1.2% on the low.

The internet is the dominant force behind adspend growth over the period. In terms of display advertising, it is expected to increase its 3.9% share of the market achieved in 2006 to 12% in 2019. In the classified sector the share of advertising taken by the internet is expected to rise sharply over the forecast period. On the high option, the internet is forecast to grow by a CAGR of 11.6%, whilst even on the low option the CAGR is expected to be in the region of 10%.

**Table: High and Low Twelve-Year Forecast Options
(£m at constant 2000 prices)**

|High Option

|Low Option

Year	Total	Display	Classified recruitment	Other classified	Total	Display	Classified recruitment	Other classified
2007	15,981	10,587	1,217	4,177	15,981	10,587	1,217	4,177
2019	21,966	13,289	1,201	7,475	18,600	11,253	1,017	6,330

Note: Media covered by the report include television, national newspapers, regional newspapers, consumer magazines, business magazines, directories, radio, outdoor & transport, cinema, the internet and direct mail. Figures for 2007 are provisional.

Source: Advertising Association's *Long Term Advertising Expenditure Forecast*.

Over the forecast period, display advertising and classified recruitment are both expected to lose share of total adspend. Display advertising is forecast to take 60% of all advertising in 2019, down from 68% in 2006. Classified recruitment, meanwhile, is not only expected to lose share (down from 8% in 2006 to 5% in 2019) but also to lose revenue in real terms. Other classified will benefit, with its share of total spend rising to 34% in 2019 from 24% in 2006, primarily boosted by the growth of paid-for search advertising.

The *Long Term Advertising Expenditure Forecast* bases its advertising expenditure forecasts around the expected future performance of the UK economy, which is itself dependent on the state of the global economy. The forecast is generally optimistic regarding the state of the global economy over the forecast period, as it is believed that established markets are now more stable and able to withstand economic shocks. This, coupled with the number of fast-growing economies around the world, notably in Asia, means that global economic growth patterns are likely to be closer to those witnessed in the 1990s than the 1970s or the 1930s. Cycles are likely to become longer and downturns will have a less debilitating effect on the long-term economic situation. For these reasons, it is expected that a major recession will not hit the UK within the forecast period. However, it is worth noting that some forecasters do foresee a recession occurring in the near future and this possibility should not be ruled out. Should this situation come to pass, all advertising expenditure forecasts would be adversely affected.

The Advertising Association's *Long Term Advertising Expenditure Forecast: Forecasts from 2007–2019* is available (price £535 for AA members, £995 for non-members) exclusively from WARC:

WARC – Tel: 01491 411 000 URL: www.warc.com/LTAF0730

For further information, contact:

Colin Macleod, WARC

Tel: 01491 418636
01438 212680

or Jonathan Collett, AA

Tel: 0207 340 1107

Notes to editors:

1. The Advertising Association (AA) is a federation of 31 trade bodies and organisations representing the advertising and promotional marketing industries including advertisers, agencies, media and support services in the UK. It is the only body speaking for all sides of an industry that was worth over £19 billion (including production expenditure) in 2006. Further information about the AA, its membership and remit is available on our website at <http://www.adassoc.org.uk/>
2. The World Advertising Research Center (WARC) is a leading provider of information and statistics on all topics of importance to the marketing communications, media and advertising industries – worldwide. WARC has also invested substantially in creating www.warc.com, a groundbreaking database of marketing communications content from around the world including material from the Advertising Research Foundation, the AA and many other leading sources.

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