



The Advertising Association

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NEWS RELEASE

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EMBARGO! Not for use in articles appearing before Monday 26 June 2006

ADVERTISING EXPENDITURE IN THE UNITED KINGDOM REACHES ALMOST £19 BILLION IN 2005

Advertising expenditure in the United Kingdom rose by 2.6% to almost £19 billion in 2005 when measured at current prices (i.e. before accounting for inflation) according to figures released today that were researched and compiled by the World Advertising Research Center (WARC) on behalf of the Advertising Association (AA). This rise in expenditure equates to a 0.6% increase in real terms (i.e. after adjusting for inflation) and represents the fourth consecutive year of positive growth since the advertising recession of 2001. The figure for total advertising expenditure in the UK during 2005, which stood at just under £18.5 billion in 2004, includes production costs as well as media spend.

The press sector accounted for by far the largest share of total advertising expenditure with 45.3% of spend in the UK, with television taking second place (25.4%), followed by direct mail (12.5%), internet (7.2%), outdoor (5.5%), radio (3.1%) and cinema (1.0%). Looking solely at display advertising, television was the largest medium accounting for a 35.2% share of such expenditure, with the press taking second place (31.8%), followed by direct mail (17.3%), outdoor (7.6%), radio (4.2%), internet (2.5%) and cinema (1.4%).

Advertising expenditure in the press sector as a whole declined by 1.8% in 2005 when measured at current prices (or by 3.7% in real terms), with national newspapers, regional newspapers and business magazines all suffering from decreased levels of spend following strong growth in 2004. Advertising expenditure in directories, however, rose by 5.3% last year amounting to £1,131 million when measured at current prices and consumer magazines were also up on this measure, rising by 1.0% to reach £827 million.

Advertising expenditure in the television sector increased by 3.6% in 2005 amounting to £4,820 million when measured at current prices - a rise of 1.5% in real terms - whilst spend

in the outdoor and transport one increased by 5.8% (or by 3.7% in real terms) to reach £1,043 million. These two sectors both achieved double-digit growth in the first quarter of 2005. The internet recorded by far the largest gain in percentage terms in 2005, rising by 65.6% when measured at current prices (or by 62.3% in real terms) to reach £1,366 million, up from a revised figure for 2004 of £825 million.

Following growth in 2004, advertising expenditure in the cinema and radio sectors fell by 2.1% and 4.5% respectively in 2005 when measured at current prices (or in real terms 4.1% and 6.4% by turn). Expenditure on direct mail also declined, falling by 3.9% over the course of 2005 as a whole, although positive growth was seen in this sector during the final quarter of last year.

The AA's *Advertising Statistics Yearbook 2006* (priced £195 per copy, plus postage and packaging) is available exclusively from:

WARC – Tel: 01491 411000

URL: <http://www.warc.com/asyb06>

For further information, contact:

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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, the media and support services in the UK. It is the only body that speaks for all sides of an industry that was worth almost £19 billion in 2005. Further information about the AA, its membership and remit is available on our website at: [http:// www.adassoc.org.uk/](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.
3. Key statistics from the AA's *Advertising Statistics Yearbook 2006* published by WARC are tabulated overleaf.

Table 1: Advertising Expenditure by Medium (£m current prices & annual percentage changes in current and constant prices¹), 2004 & 2005

	2004 £ million	2005 £ million	Annual % change	
			current prices	Constant Prices
National Newspapers	1,974	1,919	-2.8	-4.8
Regional Newspapers	3,132	2,994	-4.4	-6.3
Consumer Magazines	819	827	1.0	-1.0
Business & Professional	1,082	1,064	-1.6	-3.6
Directories	1,075	1,131	5.3	3.2
Press production costs	660	653	-1.0	-3.0
TOTAL PRESS	8,742	8,589	-1.8	-3.7
<i>of which display</i>	<i>4,399</i>	<i>4,356</i>	<i>-1.0</i>	<i>-3.0</i>
<i>of which classified</i>	<i>4,343</i>	<i>4,232</i>	<i>-2.5</i>	<i>-4.5</i>
Television	4,653	4,820	3.6	1.5
<i>of which production costs</i>	<i>698</i>	<i>723</i>	<i>3.6</i>	<i>1.5</i>
Direct Mail	2,469	2,371	-3.9	-5.9
Outdoor & Transport	986	1,043	5.8	3.7
Radio	606	579	-4.5	-6.4
Cinema	192	188	-2.1	-4.1
Internet	825	1,366	65.6	62.3
TOTAL ALL MEDIA	18,472	18,956	2.6	0.6

Note: ¹ Constant price percentage changes are inflation-adjusted using the consumer prices index.
Source: AA's Advertising Statistics Yearbook 2006, WARC.

Table 2: Media Shares of Total Display & Classified Advertising Expenditure, & Total Display Advertising Expenditure, 2005

	2005 % share of	
	Display & classified	Total display
Press	45.3	31.8
Television	25.4	35.2
Direct Mail	12.5	17.3
Outdoor & Transport	5.5	7.6
Radio	3.1	4.2
Cinema	1.0	1.4
Internet	7.2	2.5

Note: Classified includes paid-for search internet advertising.
Source: AA's Advertising Statistics Yearbook 2006, WARC.

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