

P R E S S R E L E A S E

AA/Warc predict advertising recession to end by Autumn 2010 based on new Advertising Expenditure Report stats

LONDON, 9 FEBRUARY 2010. UK advertising expenditure figures – actual Q3 2009 data and forecasts to Q3 2011 – released today by the Advertising Association (AA) and researched and compiled by Warc, show that after nine consecutive quarters of year-on-year decline, total adspend is predicted to return to growth in Q3 2010.

Based on the latest data in the AA/Warc Expenditure Report, total UK adspend for full year 2009 is now expected to be down -12.7% year-on-year at current prices, or down -14.6% at constant prices, representing the worst recession for the advertising industry since the AA/Warc quarterly survey began in 1982. Looking forward, the AA and Warc forecast that advertising spend in Q3 2010 will rise by a modest +2.8% – the first increase since Q1 2008.

Tim Lefroy, Chief Executive of The Advertising Association, comments: "The underlying data shows not just the painful recession effect overall but the dynamic reshaping of the UK advertising landscape. For some it's the perfect storm, for others the perfect opportunity."

Rufus Olins, Chief Executive of Warc, says: "There is clear evidence that the UK's worst media recession in three decades was bottoming out by autumn 2009, and prospects for a return to growth in adspend later this year are now good. However, as recent UK economic data has shown, the recovery is still fragile."

Only two media sectors recorded actual adspend increases in Q3 2009: internet (+4.2%) and cinema* (+10.2%).

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The internet, including search, now accounts for almost two thirds of all classified advertising according to AA/Warc Q3 2009 data. Across all areas of advertising, the internet's share gain of +4.2 percentage points is mainly at the expense of press – which fell by the same amount. Although the internet has outperformed all other advertising media, it is not recession-proof, rising unemployment meant expenditure on all forms of recruitment advertising – including online – fell in 2009. The AA and Warc predicts that when full-year 2009 actual spend stats are published – next month – the data will show that total recruitment advertising fell by 40% year-on-year in 2009, and online recruitment adspend saw declines.

The AA/Warc Expenditure Report, based on actual advertising spend, is a unique benchmark of the status of the UK advertising industry. Data is gathered from a range of media sources covering print, cinema, TV and digital advertising as part of the ongoing AA/Warc survey which has been running for 28 years. The newly launched online-only format for the AA/Warc Expenditure Report, available at www.warc.com/expenditurerreport, combines the previous Quarterly Survey of Advertising Expenditure (actual adspend) and the Advertising Forecast (estimates of projected adspend). From February 2010 onwards, the Expenditure Report will simultaneously update both actual and forecast data once a quarter. The Report also gives subscribers access to 100 standard tables, the ability to build their own tables in Excel format, a new adspend share tracker tool and detailed executive summaries of the latest figures. Free summary data is available on the site.

Rufus Olins, Chief Executive of Warc, concludes: “The Expenditure Report will give customers instant, updated access to almost 30 years’ worth of the most trusted UK adspend data, and offer all the added search and customisation features that an online product can deliver. We are delighted to have worked with our long-standing partners, the Advertising Association, to bring this to market.”

The quarterly figures for Q4 2009 are due to be released in March 2010.

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For further information

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Editors' Notes

* Figures from the Cinema Advertising Association (CAA) released in January this year confirmed that cinema admissions in 2009 were the highest since 2002. Films such as *'Slumdog Millionaire'*, *'Star Trek'*, *'Up'* and *'Ice Age 3'* all contributed to increased attendance numbers. July 2009 was the fourth highest month for cinema admissions which also saw the release of *'Harry Potter and the Half-Blood Prince'*, 2009's highest grossing film. DCM News - <http://www.dcm.co.uk/news.aspx?contentId=581>

About the Advertising Association/Warc Expenditure Report

The Advertising Association/Warc Expenditure Report is a comprehensive, quarterly review of advertising spend on all major UK media. All data is net of discounts and includes agency commission, but excludes production costs. The survey was launched in 1982, and has produced data on a quarterly basis since. Total UK advertising spend for 2008 was £19 billion.

The new Expenditure Report (www.warc.com/expenditurereport) launches in February 2010, and will now incorporate the previous reports - The Quarterly Survey of Advertising Expenditure (actual adspend) and the Advertising Forecast (estimates of future adspend). From February 2010, both actual spend and forecast data will be updated in the Report simultaneously via the website. The Expenditure Report will be available exclusively online only; subscribers will be able to access over 100 standard tables, build their own tables for different media and time periods, download bespoke analysis and track different media sectors' share of adspend via a new tool.

An annual subscription to the AA/Warc Expenditure Report costs £1,025. Members and affiliates of the Advertising Association pay a discounted price of £660.

Methodology

The press data is derived from information provided directly by publishers of national newspapers, regional newspapers and business and consumer magazines. Television data is based on figures provided by various industry sources including Ofcom. Radio, Outdoor and Cinema data comes from the Radio Advertising Bureau (RAB), Outdoor Advertising Association (OAA) and the Nielsen Company respectively. The Royal Mail provides direct mail expenditure. Internet data is based on the Internet Advertising Bureau (IAB) survey carried out biannually by PricewaterhouseCoopers, and a survey of online recruitment specialists carried out by Warc. Sponsorship and promotions expenditure data has been excluded from the totals for both TV and radio for consistency purposes, as quarterly figures are not yet available for TV.

About Advertising Association

The Advertising Association (AA) represents all sides of the advertising and promotion industry in the UK - advertisers, agencies and the media. The advertising industry is worth £19 billion. Its remit is to promote and protect advertising, by communicating its commercial and consumer benefits. The AA seeks the optimal regulatory environment for the industry. Its goal is that advertising should enjoy responsibility from its practitioners, moderation from its regulators and trust from its consumers. Further information about the AA, its membership and remit is available here <http://www.adassoc.org.uk/>

About Warc

At the heart of Warc is [Warc.com](http://www.warc.com), a unique resource relied upon by major creative and media agency networks, market research companies, media owners, multinational advertisers and business schools to help tackle any marketing challenge. It provides online access to thousands of case studies, Best Practice guides that explain the 'how' and the 'why' of marketing challenges and brand profiles. Warc also provides adspend data, runs events and publishes leading journals including Admap, Market Leader and the Journal of Advertising Research.