

IPA Bellwether Report – 2024 Q4

UK marketing budgets see renewed rise during final quarter of 2024 but caution remains

Key points:

- UK marketing budgets return to growth after flatlining in Q3, but post-Budget bounce is shallow
- Companies choose caution for now as they assess the impact of new government policies, but 2025/26 budget setting plans reveal strong optimism
- Sharp growth in event budgets shows companies' continued desire to generate leads in face-to-face settings
- Direct marketing continues its impressive growth streak, although firms shy away from main media advertising

After the uncertainty surrounding the Autumn Budget led firms to hit the pause button in the third quarter, the latest *Bellwether* report highlighted renewed marketing budget growth across the UK in the final three months of 2024. This meant that upward revisions to advertising spend have been registered in 14 out of the last 15 quarters.

Over a fifth (21.7%) of panellists reported an increase in their total marketing budgets during the fourth quarter, which was higher than the almost 19.9% who made cuts, resulting in a net balance of +1.9% (up from 0.0% in Q3).

While the latest net balance was positive overall and marked an improvement from the previous quarter, it was the second-lowest figure recorded since the beginning of 2021 and thus pointed to a still-cautious approach among businesses towards spending. However, there was a strong sense of optimism towards the 2025/26 marketing outlook, with many companies expecting budget increases despite ongoing global geopolitical and economic uncertainties, and fresh costing challenges for UK firms following the announced changes in the Autumn Budget to employers' National Insurance contributions.

Of the seven monitored sub-categories, events emerged as the top-performer in the final quarter, achieving a robust net balance of +12.3% (up from +9.9% in Q3). PR came in at second with a net balance of +6.8% of firms growing their budgets (down from +11.0% in Q3). The remaining three segments to see growth were direct marketing (net

balance of +5.6%, down from +9.7%), sales promotions (+4.1%, up from +3.2), and market research (+3.1%, up from -1.5%). Main media advertising saw a fresh reduction in Q4 (net balance of -4.3%, down from +4.3%), as did the category tracking any other form of paid-for marketing activity not already accounted for (-4.2, up from -9.7%).

Detailed breakdown of the main media segment indicated that the drags were broad, with audio (net balance of -17.4%, from -10.0%), out of home (-12.8%, from -15.7%), video (-10.7%, from +11.7%) and published brands (-10.2%, from -4.4%) posting contractions. These more-than-offset growth to the 'other online' segment (+2.2%, from -1.4%).

Budget plans for 2025/2026

The latest *Bellwether* survey indicated a promising outlook for marketing expenditure in the 2025/26 financial year as a net balance of +25.6% of companies anticipate an upward revision of their total marketing budgets.

The preliminary data showed that marketing executives anticipate increased spending for all the seven monitored categories, although the results provided insight into which areas firms will be centring their plans around. Direct marketing is expected to be the strongest area of growth, with a net balance of +15.6% of panellists provisionally estimating higher spending here. This likely reflects company efforts to integrate Artificial Intelligence (AI) into their workflows, with some companies specifically commenting on its ability to improve personalisation of marketing. Events marketing had the second-strongest outlook, with a robust net balance of +15.5%.

Firms were confident of being able to spend more on PR, with a net balance of +8.3% predicting budget growth here. Initial budget setting for main media and market research were more modest, with net balances of +6.3% and +3.2%, respectively. Sales promotions was an area which received the least amount of attention in firms' preliminary budget setting, with a net balance of just 1.0% expecting to spend more here in the 2025/26 financial year.

Firms less pessimistic towards company prospects

Bellwether survey data for the final quarter of 2024 indicated further pessimism among panellists

regarding both their individual company prospects and the broader industry outlook.

Following the gloominess seen in the Q3 survey, panellists continued to express downbeat sentiment towards their own business outlook in the latest quarter. Nevertheless, a net balance of -1.2% revealed only a slight degree of pessimism and a slight improvement from -2.2% previously.

In contrast, firms' assessment of their industry as a whole was bleaker than in the previous quarter. A net balance of -20.1% of panellists foresee a deterioration in financial prospects at the industry level, representing the highest degree of pessimism since the Q4 2022. The underlying data revealed that 34.9% of panellists anticipate a worsening industry outlook, while 14.8% expect improvements

Chart 1: Revisions to total marketing budgets (net balance, %)

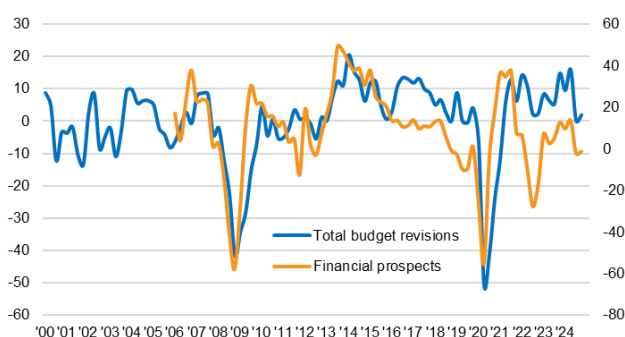
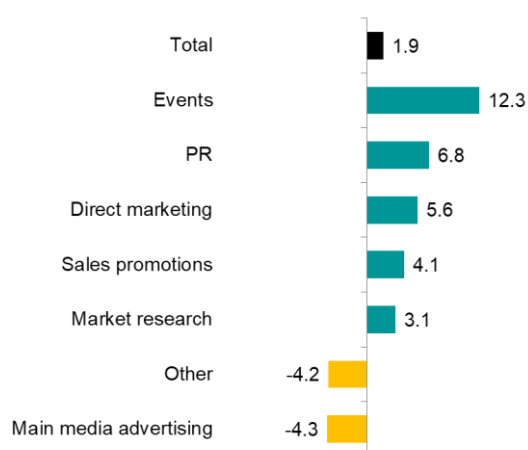


Chart 2: Analysis of marketing budgets in Q4 2024 (net balance, %)



Adspend forecasts revised up for 2026

Since the previous *Bellwether* survey, S&P Global Market Intelligence has narrowly reduced its annual UK GDP growth forecast for 2025 to 1.0%, from 1.3%. Expectations that US imports of goods will be subject to tariffs was a key reason for this reduction, with the US being the UK's largest single export market. This is a considerable headwind to the UK manufacturing industry, which is already set to be challenged by higher labour taxes from April as changes to employers' National Insurance contributions come into play.

In tandem with still-high interest rates and ongoing cost-of-living pressures, which continue to weigh on consumer confidence, adspend growth is also forecast to be modest in 2025. S&P Global Market Intelligence's prediction for UK adspend growth was nevertheless unchanged for 2025 at 1.3%.

For 2026 onwards, GDP growth forecasts are little-changed from the previous *Bellwether* report, with small upward revisions in each case. As for adspend, growth is set to recover to a more robust pace from 2026, with the forecast being lifted to 1.8% for this year, from the 1.6% previously estimated. Increases of 2.0% are pencilled in for 2027 and 2028, which are in line with trend-rate growth for adspend.

Commenting on the latest survey:

Paul Bainsfair, IPA Director General:

"Given the significant economic and geopolitical challenges that UK companies are facing, this latest IPA Bellwether Report paints an understandably cautious picture. However, it is encouraging to see that, despite these headwinds, UK companies are increasing their overall marketing budgets."

"Digging into the detail, it's disappointing to see reductions in Main media budgets, which remain the most effective channel for sustaining and growing brands in the long term. Cuts to this category are not uncommon in tougher times given their need for greater financial contribution, which is also why we'll often see concurrent increases by marketers to other shorter-term media. All of which reflects companies' concerns on profitability following the Budget."

"Meanwhile, the rise in investment towards Direct marketing—driven by technological advancements and AI's ability to enable hyper-personalisation—is an interesting development."

"Looking ahead, it's promising that both UK companies' provisional budget plans for 2025/26 and S&P Global's ad spend forecasts are trending upward. Advertising remains a vital tool for brand growth, economic development, fostering competition, and driving innovation. As such, companies shouldn't overlook the importance of sustained investment."

Joe Hayes, Principal Economist at S&P Global Market Intelligence and author of the *Bellwether* Report:

"The pause in UK marketing budget growth seen in the third quarter, was very much that, a pause. It's encouraging to see there was a resumption of growth at the end of 2024, meaning 14 of the past 15 quarters have seen increases. That said, the post-Autumn Budget rebound was a shallow one, indicating that companies trod carefully as they assess the impact that some of the announced policies would have on their bottom lines."

For additional information, please purchase the full report which also has content detailing threats and opportunities facing marketers and their companies over the coming 12 months. The report also includes charts comparing business confidence amongst survey panellists to wider economic output, which depicts how views on financial prospects are a function of the current business environment.

A downloadable PDF for Q4 2024 can be purchased for £99+VAT for IPA members (£140+VAT for non-members) at <https://ipa.co.uk>

Annual subscription is also available by contacting economics@spglobal.com

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About the *Bellwether*

The *Bellwether* is based on a questionnaire survey of around 300 UK-based companies that provide regular quarterly information on trends in their marketing activities. The survey panel has been carefully selected to ensure that the survey data provide an accurate indication of actual marketing trends in the whole economy. Participating companies therefore include a broad variety of advertisers in terms of market sector and geographical location. Respondents are primarily marketing directors or similar.

Questionnaires are dispatched to companies in the final three weeks of each calendar quarter, requesting information relating to two key issues:

- (a) whether their marketing budgets for the year (either calendar or financial year) have been set higher, lower or the same as the actual expenditure outcome for the previous year.
- (b) whether their original budgets for the current year – as reflected in their original answers to (a) above – have been revised since they were first set.

The financial prospects data are based on responses from the *Bellwether* survey panel of marketing professionals at 300 UK firms. The question asked each quarter is as follows: "Taking all things into consideration, do you feel more or less optimistic about the financial prospects for (a) your company, and (b) your industry as a whole, than you did three months ago?"

About the Institute of Practitioners in Advertising

The IPA is the industry body and professional institute for leading UK advertising, media planning and buying, and marketing communication agencies. It provides a full range of services to its members: from advice (legal, sector and management), awards and events, best practice, information, research studies and training as part of an extensive CPD programme. It is also the agency industry spokesman.

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