

IPA Bellwether Report – 2025 Q3

UK marketing budgets rise further in Q3

Key points:

- Total marketing budgets expand for a second consecutive quarter
- Events and direct marketing the main drivers of Q3's upward revision
- Company level financial prospects turn upbeat for first time since Q2 2024

A second consecutive quarterly expansion in marketing budgets was recorded in the penultimate quarter of 2025. However, growth showed a slight moderation compared to the previous quarter, as macroeconomic and government policy uncertainties ahead of the Autumn Budget in November caused businesses to adopt a more cautious stance over spending.

A healthy 22.3% of panellists reported an increase in their marketing expenditure in the third quarter of the year, while those indicating a reduction was lower at 18.7%. This resulted in a net balance of +3.6%, a slight decline from +5.5% recorded in the previous quarter and well below the +18.4% net balance of companies that anticipated growth for the 2025/26 financial year. Nevertheless, this positive figure marked back-to-back quarters of total marketing budget expansion and was a notable contrast to Q1's -4.8% net balance.

According to anecdotal evidence from the survey panel, expansion initiatives such as entries into new markets drove the need to boost marketing budgets, although others deployed marketing strategies as part of a defensive manoeuvre to protect market share. However, where budgets were reduced, business highlighted market and economic uncertainty, cost and margin pressures, as well as cashflow preservation efforts.

The breakdown showed that budgets were raised the most for events and direct marketing, with respective net balances rising from +3.9% and +9.1% to +10.9% and +9.7%, respectively. PR was the final growth segment, with its net balance holding broadly unchanged at +2.5% in Q3 (versus +2.7% in Q2). According to panellists, growth in these modes of marketing reflected the reallocation of resources to methods which enable brand managers to be more targeted, focusing on lead generation and customer engagement.

For a second consecutive quarter, main media budgets saw no change, with the net balance coming in again at 0.0%. There was an uneven picture at the individual category level, however. While video and other online categories saw marketing budgets rise on the quarter (net balances at +6.7% and +2.1% in Q3, from 0.0% and +2.2% in Q2, respectively), the remaining three tracked areas – published brands, audio and out-of-home – recorded further reductions, with net balances (-6.2%, -

13.0% and -15.2% respectively) falling in all instances (from -4.8%, -6.3% and -8.9%, respectively).

Meanwhile, sales promotions budgets were reduced for the first time in two years, with the net balance falling to -0.9%, from +9.4% in Q2. Market research and the "other" category remained in the bottom two of the rankings. A net balance of -6.8% firms cut market research budgets, only slightly less pronounced than the -7.0% net balance in Q2. The "other" segment, which covers marketing activities not already accounted for, saw its net balance fall from -8.7% in Q2 to -12.1% in Q3.

Company-own financial prospects at their strongest since Q2 2024

Latest data revealed that Bellwether respondents felt more optimistic towards own-company financial prospects compared to the second quarter. While on balance, the proportion of firms feeling upbeat was only minimal, it was the first time since Q2 2024 that the net balance posted in positive territory. Over a quarter (25.7%) of companies felt more optimistic about their financial outlook, slightly surpassing the 22.8% of respondents expecting a deterioration. This resulted in the net balance rising to +2.9%, from -3.0% in the quarter prior. While positive, company-own expectations were conservative by historical standards.

Meanwhile, firms remained downbeat towards industry-wide financial prospects. Although the net balance rose to a three-quarter high of -24.0% in Q3, from -26.2% in Q2, it still indicated a heightened level pessimism regarding the financial outlook of their industry more broadly. More than a third of respondents (33.9%) foresee an industry-wide decline, whereas only 9.9% expressed optimism.

Adspend squeeze forecast for 2026

S&P Global Market Intelligence has revised its 2025 GDP growth forecast up from 0.8% in the last Bellwether survey to 1.3%. GDP figures in the first half of the year, particularly Q2, have led to the upward revision. The economic growth forecast for next year has also been lifted to 1.1%, from 0.8%. Nevertheless, these projections remain fairly subdued overall, reflecting constraints on the economy arising from

both recent and expected taxation changes, US tariff policy and subsequent headwinds for the UK industrial sector, in addition to a weak underlying trend in consumer spending.

In terms of adspend, our 2025 forecast remains unchanged at 0.6%, well below the predicted long-term trend rate of around 2%. Sluggish growth expectations are in part a reflection of the challenging UK business climate, with companies constrained by high payroll expenses, domestic policy and geopolitical uncertainty, inflationary pressures and elevated borrowing costs. Much of these challenges are expected to persist into 2026, which has led us to downwardly revise our adspend forecast for next year to 1.2%, from 1.6% previously.

Positively, S&P Global Market Intelligence's GDP growth forecasts for 2027 and 2028 are slightly stronger than those for the previous years. Expectations of softer inflation in the UK should also support better increases in adspend in real terms. Adspend growth is forecast at 2.1% in 2027 and 2028, unchanged from the Q2 Bellwether survey.

Comment

Paul Bainsfair, IPA Director General:

"Q3 results in recent years have shown a note of caution, perhaps unsurprisingly, given their timing just ahead of the Autumn Budget. That said, it's encouraging to see the net balance remain in positive territory. Even in a tough economic climate, businesses clearly continue to recognise the value of advertising."

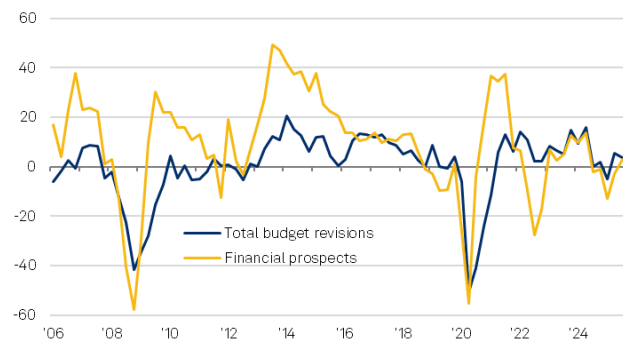
"What's particularly interesting is that new analysis of IPA data reinforces the strong link between budget and business growth. The message is simple: to drive meaningful results, advertisers need to think big. Big marketing budgets, broad reach and high exposure. Scale really does matter, which is why investing in big, brand-building media remains so important."

Maryam Baluch, Economist at S&P Global Market Intelligence and author of the *Bellwether Report*:

"UK marketing budgets rose further in the penultimate quarter of the year, providing further encouraging news after a soft beginning of the year. The data showed that events budgets saw the most significant increase in spend, closely followed by direct marketing, as firms prioritised face-to-face client and prospect engagement. In contrast, spending on sales promotions declined as firms favoured brand-building activities which are more supportive of long-term growth."

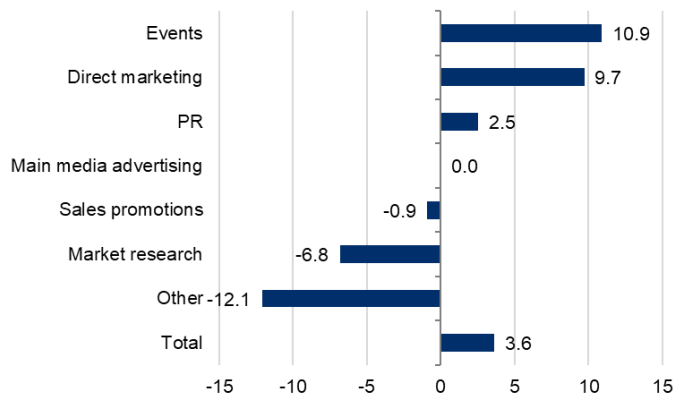
"Most notably, the latest Bellwether data reveals renewed optimism regarding financial prospects at the company level, with respondents expressing positivity for the first time in five quarters. Despite ongoing economic challenges, this shows that businesses have adapted by seeking out new opportunities for growth."

Revisions to total marketing budgets (net balance, %)



Sources: IPA, S&P Global Market Intelligence. ©2025 S&P Global.

Analysis of marketing budgets in Q3 2025 (net balance, %)



Sources: IPA, S&P Global Market Intelligence. ©2025 S&P Global.

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Further information

The *Bellwether* Report is researched and published by S&P Global on behalf of the Institute of Practitioners in Advertising. The report features original data drawn from a panel of around 300 UK marketing professionals and provides a key indicator of the health of the economy. The survey panel has been carefully selected to represent all key business sectors, drawn primarily from the nation's top companies.

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 Q3 2025 can be purchased for £99+VAT for IPA members (£140+VAT for non-members) at ipa.co.uk

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

Methodology

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 marketing budgets for the year (calendar or financial) have been set higher, lower or the same as actual expenditure in 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 *Bellwether* data indicate that total UK marketing expenditure is approximately £30–35bn per year. This is based on the assumption that advertising represents around one third of the total.

The report uses net balances to signal the rate of change in variables. These are calculated by deducting the percentage number of survey respondents reporting a deterioration/decrease in a variable from the percentage number of survey respondents that reported an improvement/increase.

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?"

Institute of Practitioners in Advertising

The IPA was first established in 1917 as a trade body to represent British advertising agents. In December 2015 it was awarded a Royal Charter in recognition of its significant status as a learned society. As a body incorporated by Royal Charter, the role of the IPA is more than being a professional body and the voice of the agency business. It has pledged to advance the value, theory and practice of advertising, media and marketing communications; to promote best-practice standards in these fields; and to ensure that the work it does benefits the public, the wider business community and the national economy. The IPA has its headquarters in London, England. Its membership base is predominantly made up of corporate members who collectively handle over 85% of the UK's annual £40.5bn ad spend and who represent over 4,000 brands and who employ nearly 27,000 people. IPA training programmes can be found on offer by other associations and professional bodies around the world. ipa.co.uk

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