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IPA Bellwether Report – 2026 Q1

Marketing spend picks up in Q1 despite geopolitical unrest

Key points:

- Total marketing budgets rise at fastest pace in nearly two years
- Events and PR budgets see strongest uplifts in planned expenditure
- Marketing budgets expected to rise over the 2026/27 financial year despite a weaking of the wider economic outlook

After stagnating in the final quarter of 2025, the latest Bellwether data noted a fresh rise in total marketing budgets in Q1 2026. Anecdotal evidence indicated that marketing budgets increased due to greater spend on events, branding, targeted campaigns in expanding sectors and new marketing strategies. Greater investment in digital channels was also noted.

According to the latest data, a net balance of +7.3% of respondents revised their total marketing spend upwards in Q1. This was the highest figure in nearly two years. Additionally, marketing budgets have now been upwardly revised in three of the last four quarters. Latest data revealed that 26.8% of panellists reported an increase in marketing spend against 19.5% of the survey panel that recorded a reduction. Notably, more segments of marketing budgets reported growth compared to the preceding quarter.

Events emerged as the leading category for greater marketing investment, outperforming all other segments by a significant margin. In Q1, events recorded a net balance of +14.7%, a substantial increase from last quarter's +1.4%. The latest upward revision also surpassed advertising budget forecasts for events for the 2026/27 financial period. This surge reflects an emphasis on client-focused marketing, as events offer direct engagement and relationship-building opportunities.

Bellwether panellists also ramped up spending on public relations, further underscoring the preference for investment in client-based strategies in the first quarter of 2026. The respective net balance rose to +6.0% (up from +3.5% in Q4 2025), marking the highest figure in five quarters.

More encouragingly, there was a renewed rise in budgets for main media advertising in Q1, following no change in each of the prior three quarters. The net balance climbed to +4.5%, marking its strongest upward revision since Q3 2023. Underlying data showed that budgets were increased in two of the five tracked categories: other online advertising and video, with both posting a net balance of +5.7%. However, while the net balance for other online advertising fell from the last quarter (+13.2%), the net balance for video marketing spend rebounded from -5.0% in the previous quarter. Elsewhere, marketing budgets for audio, published brands, and out-of-home marketing continued to decline, with net balances of -3.4%, -8.5%, and -11.3%, respectively. Compared to the previous quarter, audio marketing budgets dropped less sharply (Q4: -10.2%) alongside out-of-home spending (Q4: -17.6%), but budgets for published brands saw a steeper decline (Q4: -6.5%).

Direct marketing and sales promotions both saw expenditure increase over the quarter, with net balances rising from -4.3% to +3.6% and 0.0% to +2.7%, respectively.

Reductions in marketing spend were confined to market research and other marketing expenditure. The net balance for market research fell from -4.0% to a four-quarter low of -8.5%. Meanwhile, advertising expenses for other marketing became less of a drag, with the net balance improving from -12.8% to -8.9%.

Budget plans for 2026/2027

Budget plans for the 2026/27 financial year suggest that marketing executives are slightly more optimistic towards spending prospects than initial data indicated, with the net balance revised up from +1.7% in Q4 2025 to +3.0% in the opening quarter of the year.

According to qualitative data, planned increases in marketing budgets reflect strong business performances, a drive for more sales and leads, and a shift toward channels with better ROI.

Underlying figures show that 28.7% of companies expect their marketing budgets to increase over the coming year, more than the 25.6% anticipating reductions.

However, the latest net balance of +3.0% is the second-lowest since the Bellwether survey began in 2000, beating only the figure recorded for 2009/10 when it plunged to -21.2%.

Company-own financial prospects turn upbeat

A renewed increase in total marketing budgets coincided with a pick-up in optimism regarding companies' own financial prospects. Additionally, pessimism at the industry level was less pronounced than at the end of 2025.

According to the latest survey, 28.6% of respondents reported greater optimism about their company's financial outlook compared to three months ago, marginally outpacing the 28.0% who expressed pessimism. This resulted in a net balance of +0.6%. While only marginally positive, this figure represents a significant improvement from Q4 2025's recent low of -19.0%.

At the broader industry level, sentiment remained downbeat, a trend persisting since the final quarter of 2021. 35.3% of marketing executives reported a pessimistic view of industry prospects, more than double the 14.4% who felt more optimistic. The resulting net balance of -21.0% (up from -30.1% in Q4) was well below the series average, yet it marks a five-quarter high, signalling that while industry-wide confidence is still fragile, the mood has improved.

GDP forecasts downgraded

UK growth forecasts were cut at the end of the first quarter, with S&P Global Market Intelligence projecting GDP to expand by 0.5% on an annual basis in 2026, lower than the 0.8% expansion anticipated in the previous quarter. The downward revision was largely due to the impact of the war in the Middle East. Consumer spending growth forecasts were also revised lower to 0.6% (0.8% previously), and more concerningly business investment is set to stagnate. The outlook for 2026 has become increasingly uncertain due to ongoing geopolitical uncertainty, but a recovery is expected in 2027 (1.4% GDP growth) and into 2028 (1.6% GDP growth). Nevertheless, forecasts for the coming years have also been revised down compared to the start of 2026.

In contrast, the outlook for advertising spend has strengthened notably. According to the latest figures, adspend growth for 2026 has been upwardly revised to 2.5%, compared to the previous forecast of 1.5%. This is in line with the latest Bellwether data. This upgrade reflects increased optimism among marketers and a willingness to invest in brand-building and customer engagement, even as the wider economy remains subdued. Momentum is expected to build further in subsequent years, with adspend growth projected to hit 2.7% in 2027 and 2.9% in 2028.

Comment

Paul Bainsfair, IPA Director General:

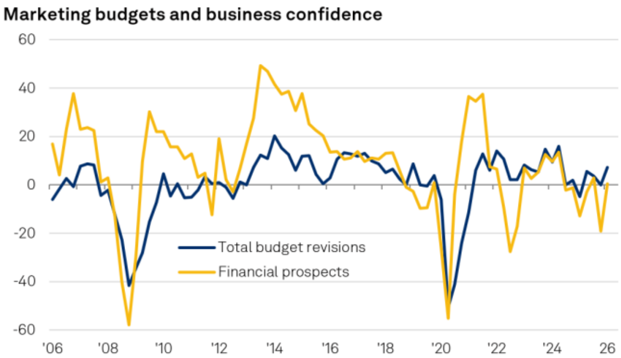
"These latest Bellwether results defy wider geopolitical uncertainty and signal a bullish start to the year for UK marketing investment. Looking at the detail, it is pleasing to see that budgets for main media are up. The evidence is being heeded, even in tougher conditions, cutting back on advertising risks long-term damage. It is therefore welcome news that UK companies are holding their nerve and investing to stay front of consumers' minds, strengthen their brands and drive future growth."

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

"After stagnating at the end of 2025, total marketing budgets returned to growth in Q1, marking a positive start to the year. This rebound occurred despite a surge in price pressures, driven by rising energy costs, which have cast a shadow of caution and concern over the broader economy. Nevertheless, marketing executives have demonstrated resilience, concentrating efforts on revenue-generating sectors and prioritising targeted, client-driven campaigns - including more events - to better position their organisations amid ongoing headwinds and uncertainty.

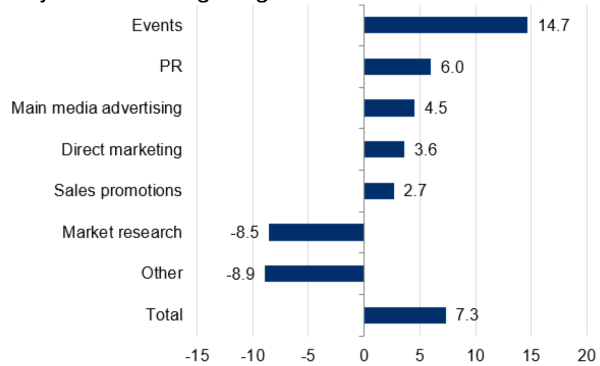
"Budgets for the 2026/27 financial year have also been revised up, underlining a cautious mood of optimism and strategic intent within the industry. This upward adjustment reflects not only upbeat forecasts around future market conditions, but also a recognition of the need to invest in growth opportunities and maintain competitive advantage as challenges persist."

Revisions to total marketing budgets (net balance, %)



Sources: IPA, S&P Global Market Intelligence. ©2026 S&P Global.

Analysis of marketing budgets in Q1 2026 (net balance, %)



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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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