

IPA Bellwether Report – 2025 Q4

UK marketing budgets hold firm during turbulent final quarter

Key points:

- Total marketing budgets record no change in the final quarter of 2025
- Events and PR expenditure grows further
- Marketing budgets set for shallow expansion in 2026/27 financial year, preliminary data shows, but uncertainty remains

Following two consecutive quarters of upward revisions to total marketing budgets, the year ended on a neutral note, with the net balance registering at 0.0% (down from +3.6% in Q3). Economic and political uncertainties were headwinds to marketing expenditure growth, prompting surveyed executives to wait on the sidelines during the final three months of the year.

The majority of Bellwether respondents (57.4%) left their marketing budgets unchanged over the course of the quarter. The remaining panellists were evenly split, between those reporting an increase and the those implementing cuts.

According to anecdotal evidence, cost pressures, muted economic activity, budget constraints led to a re-evaluation of marketing budget allocations. Additionally, the Autumn Budget was noted as a headwind in the final quarter. Where budgets were expanded, however, businesses sought to strengthen their online presence and reach wider audiences. Increased competition and challenging market conditions also drove firms to diversify their marketing channels and boost spend to maintain a competitive edge.

The breakdown of the seven monitored categories showed that budgets were raised for PR and events. The net balance for PR rose from +2.5% to +3.5 in Q4. However, the net balance of firms raising the spend for events fell steeply from +10.9% to +1.4%.

Main media and sales promotions budgets both recorded no change to their budgets in the final quarter of 2025.

A detailed breakdown of the main media category painted a distinctly downward-skewed picture in Q4, with four out of the five tracked sub-components registering reductions in spending. The most pronounced decline was seen in out-of-home marketing, where the net balance fell to -17.6%, down from -15.2% in Q3. Audio emerged as the second-worst performer, with a net balance of -10.2% of panellists reporting a decrease (an improvement from -13.0% in the previous quarter, however). Published brands and video

also saw reductions, with net balances shifting from -6.2% and 6.7% in Q3 to -6.5% and -5.0% in Q4, respectively. Other online was the only sub-component to record a rise in budgets in Q4, with the net balance rising notably from +2.1% to +13.2%

The remaining three areas, namely market research, direct marketing and other, all recorded reductions to marketing budgets in the closing quarter of 2025. The net balance came in at -4.0%, -4.3% and -12.8%, from -6.8%, +9.7% and -12.1% in the quarter prior, respectively. The other category recorded the steepest decline in marketing spend, meanwhile direct marketing recorded a fresh fall.

Budget plans for 2026/2027

Initial budget setting shows that a net balance of +1.7% of firms predict an increase in total marketing spend across the 2026/27 financial period. This marked one of the weakest preliminary outlooks in the Bellwether survey history, which started at the turn of the millennium. Respondents often pointed to challenges raising the case for greater discretionary expenditure, particularly in an uncertain and downbeat economic environment. Pressure to generate a greater return on investment also led some companies to allocate a lower budget for the forthcoming financial year.

Growth in marketing budgets hinged on events, data split by the seven monitored categories revealed. Here, a provisional net balance of +6.6% of panellists estimate increased spending for the upcoming financial year. That said, this is weak by comparison to the post-pandemic trend.

In addition, all other areas saw negative net balances. Market research is predicted to see the largest fall in budgets (-17.4%). Panellists are also notably pessimistic about the 'other' marketing category (-10.1%). Sales promotions (-5.5%), direct marketing (-5.1%), main media (-3.1%) and PR (-1.9%) are all expected to be scaled back.

Company-own financial prospects turn downbeat

Bellwether survey data for the final quarter of 2025 pointed to renewed pessimism among panellists regarding their individual company prospects and a more downbeat outlook at the broader industry level.

Following a solitary quarter of optimism in Q3, when the net balance recorded +2.9%, panellists in Q4 2025 signalled a marked degree of pessimism towards their financial prospects for the coming three months. The net balance came in at -19.0%, indicating the highest level of negativity in 13 quarters. Underlying data revealed that 36.2% of respondents felt less optimistic about their financial prospects, more than double (17.2%) the proportion who were more confident.

In addition, the picture at the broad industry level showed heightened concern amongst businesses. 41.1% of firms were pessimistic towards industry-wide financial prospects, compared to only 11.0% that were optimistic. This resulted in a net balance reading of -30.1% (-24.0% in Q3), the lowest in three quarters.

Adspend forecasts rise modestly in 2026 despite challenges

The UK's economic outlook for 2026 has dimmed, with S&P Global Market Intelligence revising its GDP growth forecast from 1.1% to 0.8%. The downward revision points to expectations of a more subdued performance. The anticipated sluggishness stems from lacklustre consumer spending, while persistent global trade uncertainties and heightened geopolitical tensions are set to dampen growth and erode business confidence and investment.

Nevertheless, expectations of multiple Bank of England rate cuts in 2026 could offer additional relief to households and businesses. Consumer spending is to strengthen modestly by the end of 2026, in line with slowing but continued growth in real incomes, lower inflation and retreating borrowing costs. In turn, GDP growth is forecast to rebound in 2027.

As for adspend, a projected rise of 1.5% is forecast for 2026, up from earlier estimates of 1.2%. The adspend growth rate is forecast to hold steady at 2.3% from 2027 onwards, reflecting tailwinds from more supportive economic conditions.

Comment

Paul Bainsfair, IPA Director General:

"This quarter's flatlining of marketing spend reflects a wider confidence problem. Global instability continues to unsettle markets, while domestically there appears to be limited faith in the Government's grip on the economy. Until that changes, caution is understandable.

"What we can say with confidence, however, is that those organisations which continue to invest in advertising, especially in a quieter market, stand to gain greater visibility and, over time, increased market share. This is most effective when investment is sustained and focused

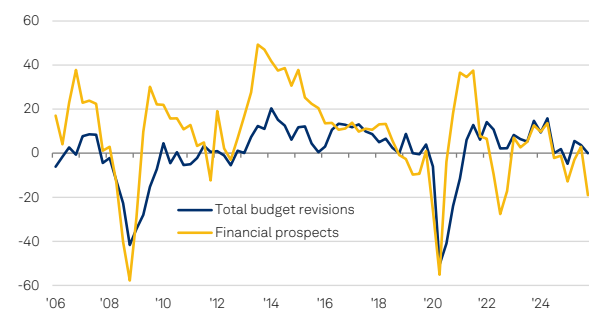
on long-term brand-building channels."

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

"2025 closed on neutral footing, with marketing budgets holding firm throughout the quarter as businesses exercised caution around major events such as the Autumn Budget. As we move into 2026, the economic climate remains challenging, with marketeers under pressure to deliver ROI as firms scrutinise spending decisions more harshly given the competitive market landscape and subdued macroeconomic outlook.

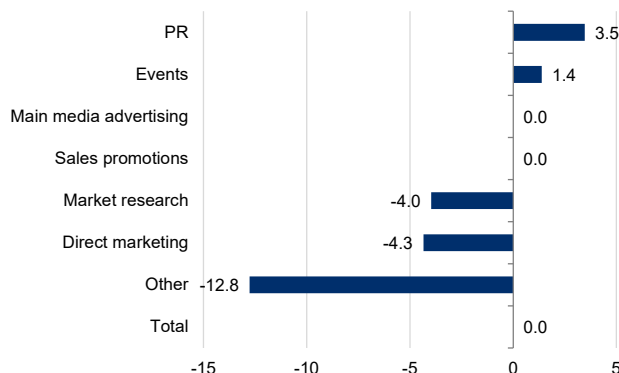
"That said, budgetary stasis points to some resilience, with cutbacks avoided. An anticipated easing of inflationary pressures and reduced borrowing costs in 2026 could spring business investment back to life this year."

Revisions to total marketing budgets (net balance, %)



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

Analysis of marketing budgets in Q4 2025 (net balance, %)



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