News release
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IPA
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IPA Bellwether Report – 2025 Q2

UK marketing budgets bounce back in Q2, reversing previous decline

Key points:

- Total marketing budgets, expand at strongest pace in a year
- Sustained and sharp rise in direct marketing budgets
- Financial prospects less downbeat on the quarter

Following a reduction in marketing budgets for the first time in four years in the opening quarter, the latest *Bellwether* survey data revealed a robust rebound in advertising spending. Despite the challenges stemming from geopolitical and economic uncertainty, increased operational costs following April's tax changes, as well as a general lack of confidence across the marketplace, firms showed a resilient mindset and expanded their marketing expenditure.

A net balance of +5.5% of panellists reported a rise in their total marketing budgets for the second quarter of 2025, a notable improvement from -4.8% in the prior quarter. The uptick in advertisement budgets was historically strong and the most significant since Q2 2024. Underlying data indicated that 22.7% of panellists registered a rise, compared to 17.2% reporting a reduction in their budgets. Several factors contributed to this rise in marketing activity, according to anecdotal evidence, with companies recognising the need for more direct targeting of their audiences, prompting an increase in investment in digital channels. Additionally, the launch of new products drove further marketing efforts as companies looked to give their brands new platforms.

A breakdown of spending plans revealed that marketing executives raised their expenditures for sales promotions and direct marketing to the greatest degrees, with the respective net balances rising from +8.0% to +9.4% and +9.0% to +9.1%. This underscores the ongoing need for businesses to remain dynamic in a highly uncertain and competitive market, reflecting a strategic approach to drive sales while navigating economic headwinds, but also carrying out essential long-term brand-building exercises through outreach to customers.

Marketing budgets were also raised for events and public relations, although both segments recorded a slight decline in their respective net balances, from +5.4% to +3.9% and +3.4% to +2.7% in Q2. Meanwhile, after signalling a reduction in the previous two quarters, budgets for the big-ticket main media category remained unchanged on the quarter (net balance at -6.7% previously).

A granular breakdown of this category revealed that growth in marketing budgets was limited to other online advertising channels, with the net balance rising from 0.7% to +2.2%, while video marketing spend was stable (net balance up from -1.0%). All remaining categories recorded quarterly downward revisions, with the out-of-home sub-segment leading the decline with the net balance recording -8.9% (up from -18.9 previously). Audio and published brands recorded net balances of -6.3% (-10.8% in Q1) and -4.8% (-8.3% in Q1), respectively. However, all five sub-categories noted net balances rising across the board.

Market research and the "other" category were the only two tracked areas that experienced reductions to their advertising budgets, with net balances at -7.0% and -8.7%, respectively. That said, the degree to which expenditure was lowered was weaker than that observed in Q1, when the net balances recorded -10.5% and -11.7%, respectively.

Financial prospects for upcoming month less downbeat in Q2

According to the latest *Bellwether* survey, panellists were notably less pessimistic when evaluating financial prospects at both the company and industry level, following a quarter of deep negativity at start of the year.

At the company level, underlying data revealed that 21.9% of panel members expressed increased optimism compared to three months ago, just shy of the 24.9% indicating pessimism. Although the resulting net balance remained in sub-zero territory for the fourth consecutive quarter, it improved significantly from Q1's reading of -12.9% to -3.0%.

In contrast, survey respondents remained severely downbeat towards industry-wide financial prospects, continuing a trend of pessimism that has persisted since Q4 2021. While the respective net balance edged up from the previous quarter's recent low of -37.4% to -26.2% in Q2, the latest reading still highlighted considerable negativity at a broader level. Specifically, 36.9% of firms were less upbeat towards financial prospects than they were three months ago, overshadowing the mere 10.7% that were more positive.

Adspend growth forecasts for 2025 revised down in Q2

The UK economy has already faced several challenges in the first half of 2025, yet growth is still anticipated, indicating a level of resilience. However, S&P Global Market Intelligence's expectations remain subdued. GDP is projected to grow by 0.8% this year, slightly higher than the 0.6% forecasted in the previous quarter. This adjustment was influenced by stronger-than-expected growth in the opening quarter of the year, although rising job losses and a general sense of economic uncertainty keep our forecast in subdued territory. Consequently, surveyed respondents have indicated a loss in appetite for advertising. Forecasts for adspend in 2025 have been revised down from 1.3% to 0.7%, but 2026 is expected to see a recovery with adspend growth to more-than-double to 1.6%.

Inflation is expected to remain above the central bank's 2% target throughout the year, which poses additional risks to growth. Moreover, uncertainties related to recent tariff changes from the US and ongoing geopolitical tensions in the Middle East are likely to dampen business and household sentiment. Conditions are not predicted to become more supportive in 2026, with annual GDP growth anticipated to also come in at 0.8%, slightly below the 1.0% forecast in the previous *Bellwether* report. The GDP growth forecasts for 2027 and 2028 are higher, coming in at 1.4%, a fraction above the previous projections. Additionally, marketing budgets for these two years are also anticipated to increase, with expectations rising slightly from 2.0% to 2.1%.

Comment

Paul Bainsfair, IPA Director General:

"Looking at the broader picture, we welcome the news that UK companies have revised their marketing spend upwards in Q2. Advertising is a fundamental part of the Creative Industries, one of the eight sectors prioritised by the Industrial Strategy as key to the UK's growth. This uptick in marketing investment not only contributes to the overall health of the UK economy but, for businesses with the foresight to invest strategically, it can also lead to significant growth and competitive advantage."

"However, a closer look at this quarter's findings reveals that the increase in spend is largely driven by tactical approaches. While agility is crucial in today's fast-paced market, it's essential that short-term activation efforts are balanced with sustained investment in long-term, emotionally-driven brand-building strategies. By striking this balance, companies can position themselves not only for immediate success but also for enduring growth in an increasingly competitive landscape."

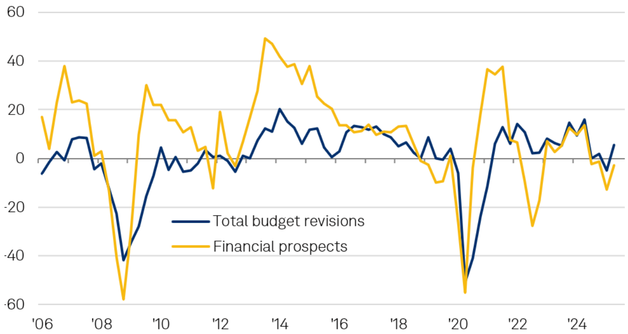
Maryam Baluch, Economist at S&P Global Market Intelligence and author of the *Bellwether* Report:

"2025 Q2 was a more upbeat month for UK marketing budgeteers, with spending rising markedly, reversing the previous quarter's decline - the first in four years. This rebound reflects businesses' renewed commitment to growing their brands, even amid ongoing economic challenges.

"Notably, budgets for sales promotions and direct marketing saw the biggest gains, indicating that companies are balancing short-term revenue and cashflow gains – likely necessitated by the intensification of global headwinds – with strategic and targeted marketing initiatives to help drive longer-term success. Less pronounced growth in events and PR budgets highlight a comprehensive yet measured approach.

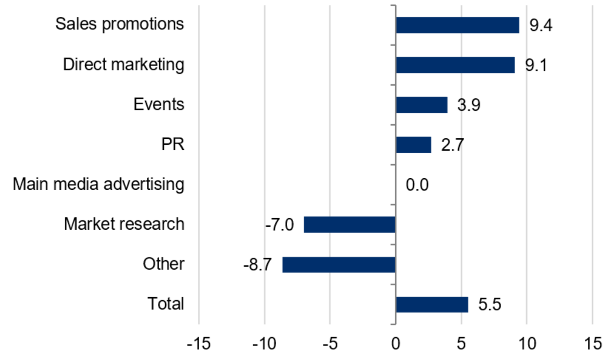
"Furthermore, reduced pessimism regarding financial prospects at both the company and industry levels suggests that businesses are becoming more acclimatised to current market conditions."

Revisions to total marketing budgets (net balance, %)



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

Analysis of marketing budgets in Q2 2025 (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 Q1 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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