

Government “must focus on consumer spending” in push for economic growth

Advertising fosters competition and innovation, says new analysis from Deloitte – which attributes £100bn of UK GDP to advertising activity

London, 31st January 2013: New analysis published today suggests that advertising is a vital enabler of the UK’s consumer economy, underpinning £100 billion of GDP and playing a critical role in the high-growth digital and creative sectors. The report has prompted calls from UK agencies, brands and media for Government to consider more closely advertising and marketing’s potential to support recovery and growth.

“Advertising Pays” - a report by business advisory firm Deloitte, commissioned by the Advertising Association - centres on econometric analysis of advertising’s effects on market efficiency, productivity, competition and innovation. It finds that, on average, £1 of advertising spend returns £6 to UK GDP. Crucially, the model shows that GDP growth *follows* advertising investment, not the other way around.

Tim Lefroy, CEO of the Advertising Association says:

“In an economy where 60% of GDP is rooted in household consumption, the means to bring products to market must not be forgotten. Advertising is sharpening competitiveness and acting as a spur to innovation. This report should prompt fresh thinking both by industry and in Government in support of our role.”

In response to the report, the Advertising Association has called on policy-makers to pursue a more beneficial climate for advertising in the UK – boosting UK capability and production, stimulating advertising activity and tackling over-regulation.

Secretary of State for Culture, Media and Sport Maria Miller MP will today address 300 industry leaders from UK agencies, brands and media at LEAD 2013 – the summit for UK advertising. Speaking ahead of the event, the Secretary of State said:

“Advertising has a huge impact on our economy and on our reputation abroad, helping to inspire growth, investment and tourism. The creative talent that makes Britain a world leader for fantastic film and TV, amazing special effects and wonderful music is the same talent that inspires and makes our

advertising. We must nurture this talent, which is admired the world over, so as the advertising industry can realise its full potential as a key driver of economic growth.”

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‘ADVERTISING PAYS’ – IN NUMBERS

- £100bn impact on total UK GDP - £1 in advertising spend generates £6 for the UK economy.
- £7bn in incremental benefit to UK e-commerce
- 550,000 jobs supported by £16bn annual advertising revenues
- £5bn value of internet services available free to consumers - search, social media, messaging
(Source: Boston Consulting Group)
- £2bn in agency service exports

Notes to editors

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Follow us on Twitter: #LEAD2013 and #adpays. You can download the full report and methodology from 9am, 31st January 2013 at www.adassoc.org.uk/advertising-pays

About the Advertising Association

The Advertising Association (AA) represents all sides of the advertising and promotion industry in the UK – advertisers, agencies and the media. Its remit is to promote and protect advertising, by communicating its commercial and consumer benefits. Further information about the AA, its membership and remit is available here <http://www.adassoc.org.uk/>