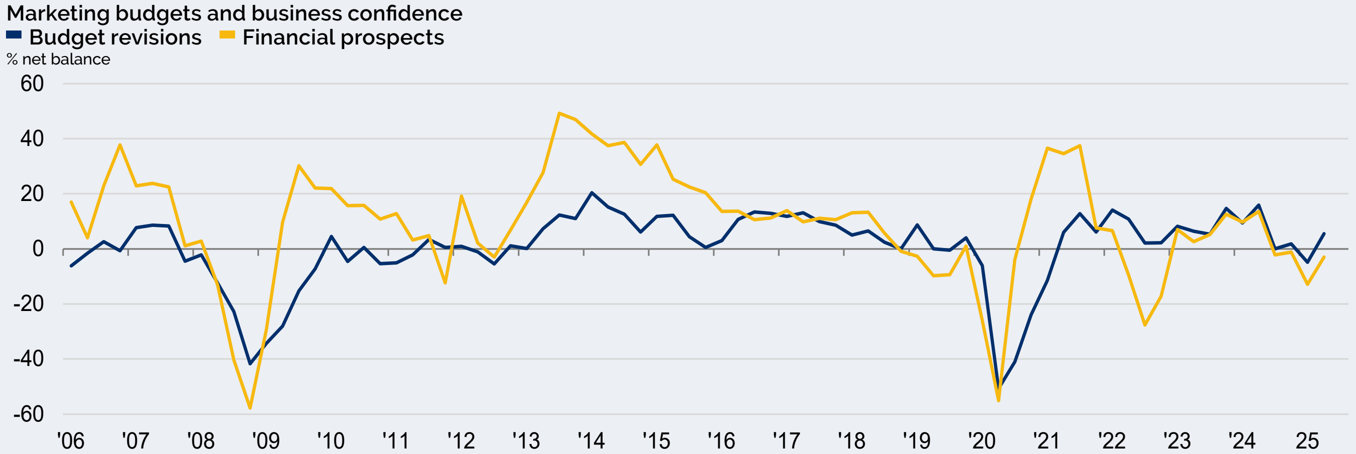
17 July 2025

IPA Bellwether Report

UK marketing budgets bounce back in Q2, reversing previous decline

Key findings, Q2 2025:

- 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



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

Commentary

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, S&P Global Market Intelligence

"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."

Evolution of total marketing budgets

Bellwether panellists reported a renewed rise in marketing budgets in Q2 of 2025, thereby reversing the decline seen in the quarter prior.

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.

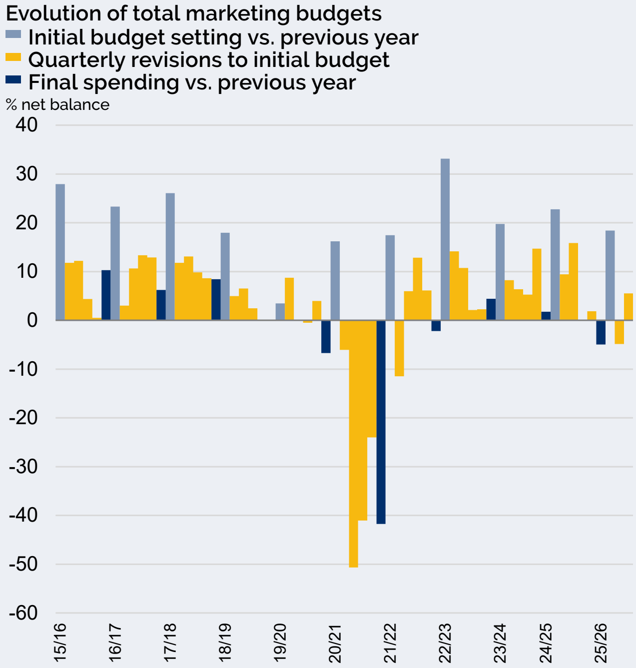
A breakdown of spending plans revealed that marketing executives raised their expenditures for sales promotions and direct marketing to the greatest degrees, with the respective net balances rising from +8.0% to +9.4% and +9.0% to +9.1%. This underscores the ongoing need for businesses to remain dynamic 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.

Evolution of total marketing budgets



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

Revisions to current budgets and 2025/26 budget plans

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

Industry opportunities and threats

The current economic landscape presents a myriad of threats that businesses must navigate to thrive, but despite the headwinds, companies identified opportunities for growth.

Many organisations foresee greater ease in acquiring new business over the coming year, suggesting a pick-up in market expectations. With inflation now lower than seen in the years since the pandemic, and hopes it will ease further, there is optimism consumer spending will improve. Additionally, several panellists noted that they have more diversified product and services portfolios, helping them to counterbalance economic downturns.

Companies are increasingly leveraging automation through AI tools, which they hope will enhance efficiency and reduce operational costs. This technological integration is paving the way for upskilling workforces. Some businesses are also emboldening their face-to-face client services and activities to compete with innovative AI-based offerings.

At the same time, panellists noted the growing demand for visual content, driven by the need to engage customers effectively in an increasingly digital marketplace. Social media platforms have emerged as powerful channels for driving digital sales, enabling brands to connect with their audiences in real time. Many businesses anticipate opportunities to arise from their efforts to build their digital marketing footprint.

However, these opportunities are counterbalanced by numerous threats. Recruitment remains a pressing issue as organisations struggle to find high-calibre talent, with affordability hit by national insurance contribution changes since April. Economic fragility and low consumer confidence continue to weigh on business sentiment, with panellists citing diminished client purchasing power.

That said, economic hardship extends beyond UK borders, with increased trade barriers in the form of tariffs and geopolitical uncertainties ranging from international government policy to conflicts, all cited as considerable risks to growth. Companies also noted various pricing challenges, with competitors reportedly taking losses to win business, in addition to firms noting that their customers have been opting for more cost-effective international markets such as China.

Notably, AI also appeared in *Bellwether* panellists' reports of threats. Some companies noted a drop in web traffic due to the integration of AI on search engines, reducing the need for click-through. Overall, however, risks to the outlook were centred on macroeconomic and geopolitical themes.

Opportunities

Panellists were asked to comment on the main opportunities for their industries over the coming 12 months. A selection of responses are summarised below:

"Expanding into integrative marketing, from lead generation and brand management to sales lead management via CRM, configuration and set up. Ai is improving productivity in many areas reducing the number of hours required to manage retained client business." ***Media/Marketing***

"Bank of England base rate reduction, leading to more attractive interest rates for mortgage lending/home owners on variable rates." ***Financial Services***

"Leveraging online advertising more." ***Retail***

"Returning consumer confidence allowing increased discretionary purchases." ***Consumer Durables***

"Introduction of a new phase of government-led funding, new product launches into the market place & a number of new large scale projects being signed off over the coming months." ***Industrial/Utilities***

"Geopolitical-driven relocation. Increased technological needs across various industries and consolidation of businesses." ***IT/Computers***

"As inflation eases shoppers will return to the category." ***FMCG***

"In person events thriving." ***Other Services***

Threats

Panellists were also asked to comment on the main threats to their industries over the coming 12 months. A selection of responses are summarised below:

"General uncertainty around the world. Marketing directors being cautious with budgets." ***Media/ Marketing***

"Uncertainty in the US market." Consumer Durables

"Ongoing increases in raw materials, massive increase in NI contributions." ***Industrial/Utilities***

"Trade barriers and economic difficulties in Germany and the UK." ***Public/Charities***

"Higher prices, tougher recruitment market, skills shortage." ***Other Services***

"Government policies on tax and national insurance." ***Automotive***

"Consumer spending is still low and there continues to be less disposable income for people to spend on non-essentials." ***Retail***

"Geopolitics and conflict continuing to impact financial markets ." ***Financial Services***

"AI causing a market trend of self planning." ***Travel/Ent***

"Uncertainty over tariffs leading to currency fluctuations." ***FMCG***

Financial prospects and economic outlook

Financial prospects

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.

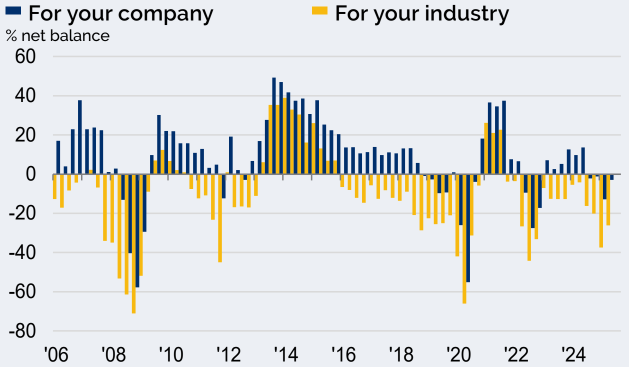
Economic forecasts*

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%.

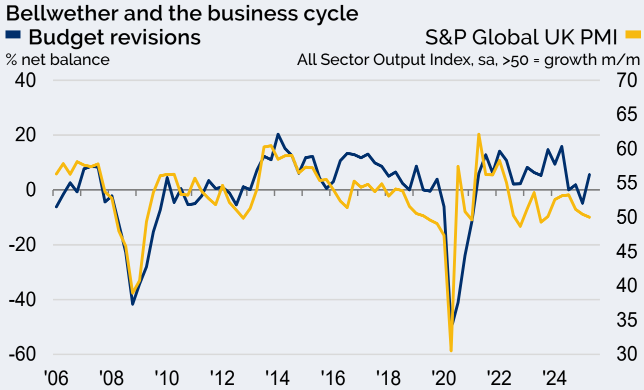
Financial prospects

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?



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

Bellwether and the business cycle



Note: The above chart plots the *Bellwether* survey results on revisions to total marketing budgets against the S&P Global UK PMI All Sector Output Index. The PMI data are compiled from monthly survey of business conditions in the manufacturing, services and construction sectors. The data are closely watched by markets and policymakers and are considered an accurate and timely guide to what is actually happening in the economy.

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

Adspend forecasts 2024-28

% change yr/yr

	GDP	Consumer spending	Business investment	Adspend
2024	1.1	0.6	1.5	0.6
2025	0.8	0.9	2.1	0.7
2026	0.8	1.1	0.5	1.6
2027	1.4	1.3	2.5	2.1
2028	1.4	1.4	2.4	2.1

Note: Adspend forecasts are demand-driven. We estimate the growth in sales necessary to meet the demand. As such, the adspend growth rates are for real sales (sales adjusted for changes in output prices). The forecasts for GDP, consumption and investment are taken from S&P Global Market Intelligence.

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

*A lack of accurate historical data prevents us from being able to forecast marketing in actual spend terms, so *Bellwether* seeks to predict advertising expenditure, as this forms the single largest component of marketing spend in the UK (an estimated 30%).

Revisions to current budgets

Main media advertising

Main media* spending stabilised during the second quarter as the net balance rose from -6.7% in Q1 to 0.0%. Just over two-thirds (69.2%) of surveyed *Bellwether* panellists reported no change in their available budgets, while the remaining respondents were evenly divided between those experiencing growth and those facing contraction (15.4%).

Although this flatlining marks a relief from the negative net balances observed in the previous two quarters, the latest reading fell short of the expectations set by surveyed companies for the 2025/26 financial period, which indicated a net balance of +2.0% of firms anticipating an increase in their main media spending.

Video, audio, published brands, out of home and other online advertising

The latest data revealed contractions in three of the five monitored sub-categories. However, this marked the fewest number of segments to record downward revisions since Q2 2024, and with net balances rising across the board over the quarter.

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Once again, the steepest decline in marketing spend was observed in the out-of-home segment. Overall, 20.0% of panellists reduced their marketing budgets, compared to just 11.1% who reported an increase. However, the resulting net balance of -8.9%, up sharply from -18.9% in Q1, signalled the smallest reduction in the current four-quarter streak of decline.

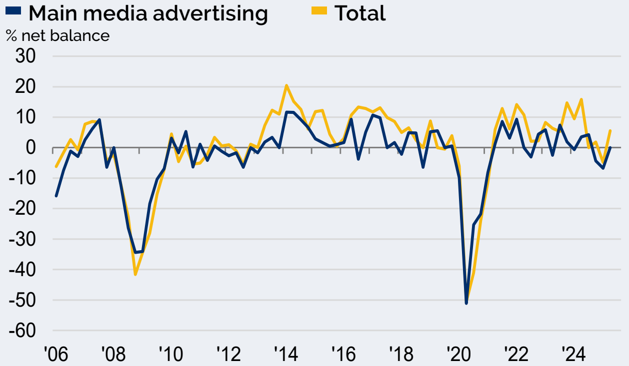
Similarly, the audio and published brands categories remained in contraction territory, with net balance readings of -6.3% and -4.8%, up from -10.8% and -8.3%, respectively. Precisely 15.8% of panellists cut back on their audio advertising budgets, while 9.5% reported an increase. Comparable figures were noted for published brands, with 16.7% of firms reducing their spending but 11.9% of companies seeing an expansion.

Video was one of the two sub-categories that did not record a negative net balance in the second quarter of 2025. Here, marketing budgets were held steady on the quarter (net balance at -1.0% in Q1).

Lastly, as had been the case for three consecutive quarters now, online advertising not accounted for by the other categories was the only segment to register growth. The net balance rose from +0.7% in Q1 to +2.2% in Q2.

Revisions to current budgets

In the last three months, has your main media advertising budget for the current financial year been revised up or down, or is it unchanged?



*includes video (TV, cinema and/or online), audio (radio and any other audio), published brands (print or online), out-of-home and any other online advertising.

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

Revisions to current budgets

In the last three months, have your video, audio, published brands, out of home and other online budgets for the current financial year been revised up or down, or are they unchanged?

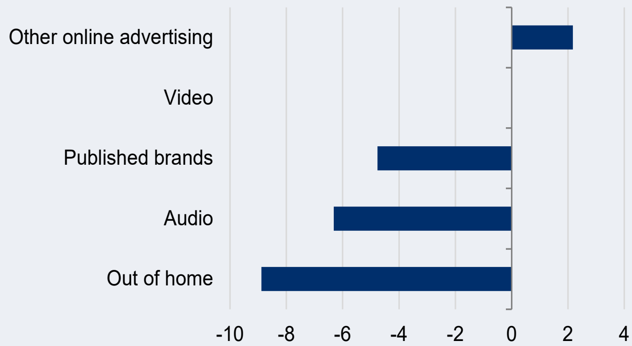
Q2 2025

	Higher %	Same %	Lower %	Net balance %
Other Online	24.6	52.9	22.5	2.2
Video	15.3	69.4	15.3	0.0
Published Brands	11.9	71.4	16.7	-4.8
Audio	9.5	74.7	15.8	-6.3
Out of Home	11.1	68.9	20.0	-8.9

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

Revisions to current budgets

% net balance



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

Revisions to current budgets

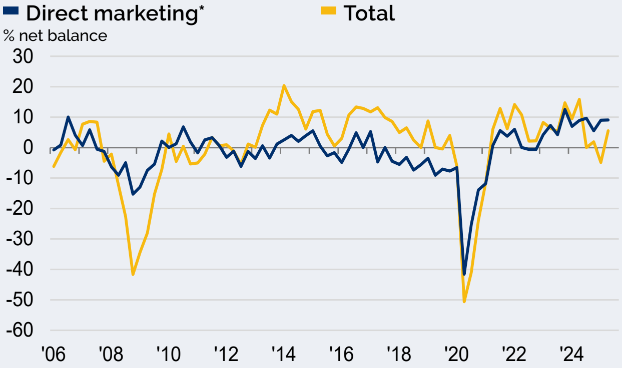
Direct marketing

The latest *Bellwether* data revealed a robust upward budget revisions in direct marketing*. Expansions have now been recorded in each of the past ten quarters.

Among the surveyed marketing firms, 18.9% reported an increase in their budgets, while around half of that figure (9.8%) noted declines. Slightly up from that seen in Q1 (net balance at +9.0%), the latest net balance of +9.1% was the highest recorded since Q3 2024.

The current upward trend in direct marketing budgets is aligned with companies' 2025/26 financial year plans, with a net balance of +12.9% of companies having previously projected growth.

Revisions to current budgets
In the last three months, has your main media advertising budget for the current financial year been revised up or down, or is it unchanged?



*Includes direct mail, email, telemarketing, door-to-door, catalogues and SMS.

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

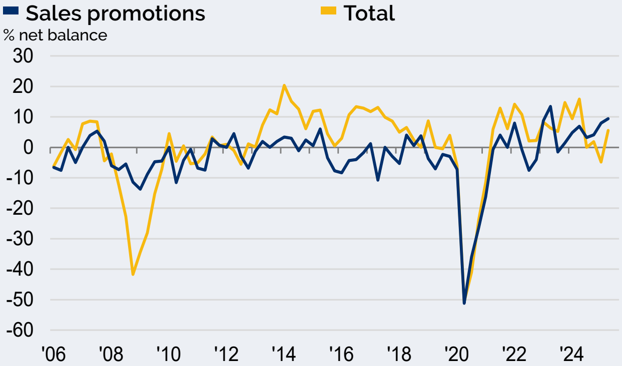
Sales promotions

As has been the case since the closing quarter of 2023, sales promotions budgets saw a further increase in the latest survey period.

The net balance of +9.4%, up from +8.0% previously, was the highest in two years, with the data breakdown revealing upward revisions among 19.8% of *Bellwether* companies. This was nearly double the 10.4% of firms reporting a decline.

Moreover, the heightened appetite for sales promotions in the latest quarter greatly surpasses initial expectations for the 2025/26 financial year, which was for no change (net balance of 0.0%).

Revisions to current budgets
In the last three months, has your main media advertising budget for the current financial year been revised up or down, or is it unchanged?



*Includes in-store/POS promotions, coupons, trade incentives, price discounting, loyalty cards and free gifts.

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

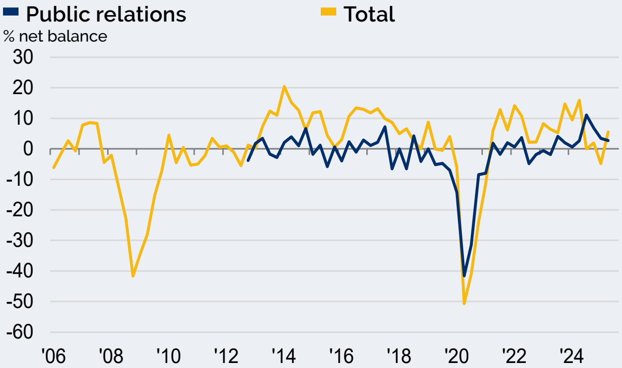
Public relations

According to the latest *Bellwether* survey, public relations* budgets rose during the second quarter of 2025, as indicated by a net balance of +2.7% of panellists upwardly raising their spending, and thus extending the current run of increases to eight consecutive quarters.

That said, the uptick in PR spending was only modest, with the net balance down from +3.4% in Q1 and at its lowest in a year. The 14.9% of surveyed firms that raised budgets was nearly eclipsed by 12.2% that recorded declines.

PR expenditure plans for the 2025/26 financial year were likewise modest and broadly aligned with spending seen in the latest quarter, with a net balance of +3.3% of firms anticipating growth.

Revisions to current budgets
In the last three months, has your main media advertising budget for the current financial year been revised up or down, or is it unchanged?



*Includes reputation management, media relations, word-of-mouth, games and competitions, newsletters, and earned (not paid for) social media.

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

Revisions to current budgets

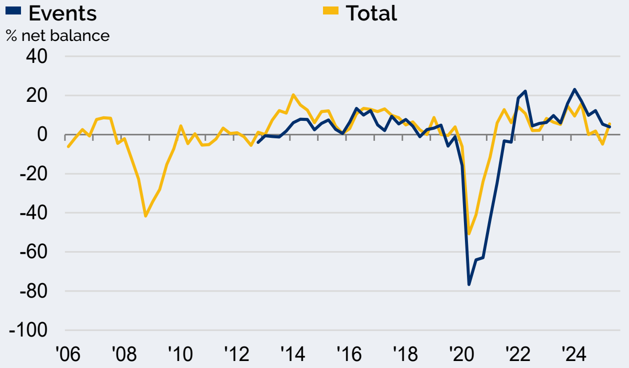
Events

Bellwether survey data signalled a further increase to marketing budgets for events* in Q2. However, the degree to which budgets were raised eased again, with the respective net balance slipping from +5.4% in Q1 to +3.9%, its lowest in the current 14 quarter sequence of expansion. 23.5% of panellists recorded an upward revision to events budgets, compared to around 19.6% that registered a fall.

Moreover, the latest upward revision to events budget fell noticeably short of firms' plans for the current financial year, where a net balance of +16.6% of companies expected increases.

Revisions to current budgets

In the last three months, has your main media advertising budget for the current financial year been revised up or down, or is it unchanged?



*Includes exhibitions, conferences, experiential, event marketing, event sponsorship, product sampling, corporate hospitality and entertainment.

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

Market research

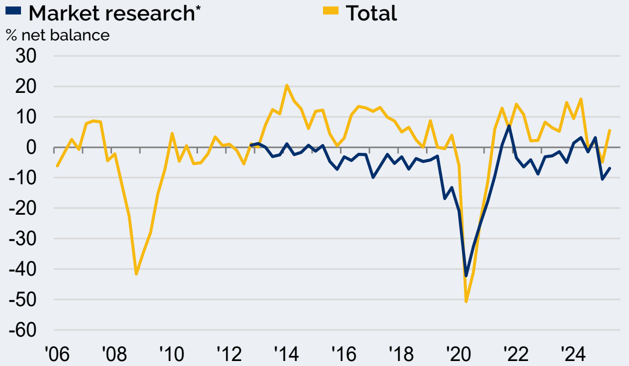
Budgets allocated for market research* were reduced for a second consecutive quarter, according to the latest *Bellwether* survey data.

A net balance of -7.0% of marketing executives reduced their spending (up from -10.5% in the quarter prior). Decreases were noted by around 11.6% of panellists, while only 4.7% of firms reported a rise on the quarter.

This latest downward revision to budgets contradicted the growth anticipated for the 2025/26 financial period, where a net balance of +3.3% of *Bellwether* panellists projected an increase. This marked the first time in three years that the annual forecast was in positive territory.

Revisions to current budgets

In the last three months, has your main media advertising budget for the current financial year been revised up or down, or is it unchanged?



*Includes qualitative and quantitative, brand tracking, econometrics and product development research.

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

Other

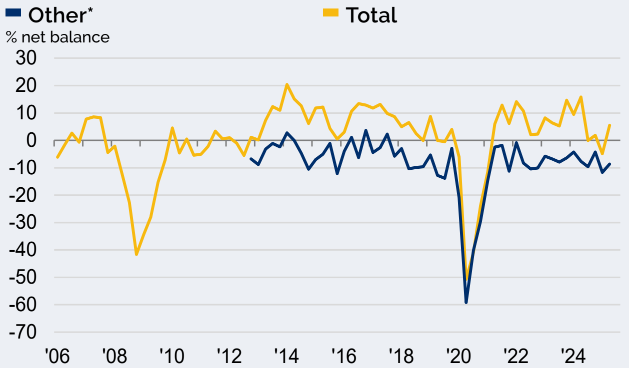
Continuing the trend observed since Q4 2017, budgets for any other form of paid marketing activity not already accounted for in the survey were adjusted downward in the latest survey period.

While the net balance showed a slight improvement from the four-year low recorded in Q1 of -11.7%, it remained in negative territory, with a net balance of -8.7% of panellists revising their marketing spend downward. Specifically, 13.5% of firms reported cuts, compared to only 4.8% that indicated an increase.

In contrast, growth expectations for the 2025/26 financial period were in positive territory, with the net balance at +5.9%.

Revisions to current budgets

In the last three months, has your main media advertising budget for the current financial year been revised up or down, or is it unchanged?



*Includes any other paid-for marketing activity.

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

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.

To download the report visit
ipa.co.uk/knowledge/publications-reports/

The report is also available via annual subscription, please contact economics@spglobal.com.

The next report will be released on 16 October 2025.

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.

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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.

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