



# WHY DIGITAL ADVERTISING MARKET REVENUE REMAINS RESILIENT

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*In the latest in our series of trade articles, Simon Etherington, Assistant Head of Risk UW/Technical Manager, examines the current state of the advertising market and predicts growth in 2022.*

Despite the decline in GDP in the wider UK economy, the advertising market has remained afloat and unimpeded by current economic change.

During the height of the pandemic back in 2020, it was a surprise to see that UK digital advertising was outperforming expectations, growing in business by 5% (with display advertising increasing by 11%).

In contrast, non-digital advertising saw a significant double-digit decline in performance, with consumers clearly moving online to access content, commerce and entertainment in response to lockdown restrictions.

Statistics from various media outlets, show media share for 2021 is forecast as: 69% pure-play interest, 18% television, 3% outdoor, 5% news brands and newspapers, 2% magazines, 2% radio and 1% cinema.

## **A trend or an economic recovery?**

As businesses become more reliant on e-commerce strategies in response to UK consumer interest, growth for digital marketing has risen steadily. This is partly due to a resource conversion onto online platforms, as businesses try to capitalise on social-contact restrictions.

Clients are now confident in re-investing in marketing strategies via the digital platform and a wide and varied range of marketing technology, resulting in a return “to 2019 levels in 2021, a year ahead of plan, with good momentum into 2022” according to [WWP’s interim results](#).

The significant rebound of advertising has been backed up by main sporting events. The sector benefitted from numerous government-funded COVID-19 advertising campaigns and a reopening of sporting events, allowing for economic growth. England reaching the Euro 2021 final, the Tokyo Olympic Games and the US Open Tennis Championships put sport at the forefront of multiple marketing campaigns, capitalising on its target audience’s excitement and engagement.

Further evidence supporting this digital advertising ‘rebound’ can be found in the latest results of listed advertising companies such as ITV and WPP. [According to ITV](#), the interim results ending 30 June 2021 were strongly indicative of the positive increase in digital marketing engagement levels.

Former WPP chief, Sir Martin Sorrell, commented that he was “extremely optimistic” about the progression of economic recovery and the resulting prospects for the advertising sector for 2021 and onwards. He did however express caution that businesses should be aware of future tax rises that the government will impose to pay for their emergency borrowing.

Sorrell added that a rebound would be expected in GDP growth in 2021 and 2022, which [would drive 20% yearly gains in digital advertising](#), as the effects of the pandemic continue to accelerate media transformation.

## Future impacts of the advertising sector

The migration of UK customers to digital behaviours has happened quickly. Changes in customer behaviour are set to continue as the habits developed during the pandemic have altered the way we digest and utilise the content that is on offer. A move that is sure to benefit the UK's digital advertising sector.

Unlike television, radio, newspapers and magazines, the expectation for digital advertising is continued growth – rising to almost 8% from 2021 to 2025, which is twice as fast as non-digital formats.

A number of major companies are also now making [commitments to target net zero carbon emissions](#), hoping to combine forces with clients, media owners and the rest of the industry, in a new collaborative effort.

## Market recovery

Consumer habits and preferences are fluid and rapidly evolving, responding to policies and the economy, and proactive marketers have a unique opportunity to alter and define their role in consumers' lives.

The recovery of the advertising market is expected to continue into 2022. With the national and global impacts and outcomes of COVID-19 and Brexit having created incredible shifts in business dynamics, it remains to be seen if circumstances could change the advertising industry's economic direction in the future.

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