# British advertising budgets decline amid trade war uncertainties and economic pressures



British advertising budgets have experienced their first decline in four years, driven by growing uncertainties surrounding a potential trade war and its impact on the global economy, according to the Institute of Practitioners in Advertising (IPA). This development marks a notable shift in business confidence among UK consumer brands, many of which are taking a more cautious approach to marketing expenditure.

The IPA’s latest quarterly report, released on Thursday, revealed that in the first quarter of 2025, advertising budgets among British companies contracted. This trend was linked to concerns over tariff impositions and weakening consumer confidence. Data showed that nearly 25% of companies surveyed reported cuts in their marketing spend, while only around 20% indicated plans to increase budgets. As a result, the balance tilted in favour of cuts for the first time since early 2021.

Paul Bainsfair, director-general of the IPA, explained the broader economic pressures contributing to this cautious stance, emphasising the role of international political developments. Speaking to the Financial Times, he said, “In the face of President Trump frequently overturning political and economic norms, it’s understandable that more UK businesses have adopted a cautious, ‘wait and see’ approach to marketing spend this quarter.” He further highlighted domestic factors such as hikes in employers’ national insurance contributions and the minimum wage as additional reasons behind reduced main media budgets, with some firms instead increasing investment in short-term sales promotions.

Marketing budgets are often viewed as a reflection of business sentiment, with spend levels serving as a proxy for expectations about future sales. The IPA’s findings underscored this link, with a marked decline in company confidence to its lowest level since late 2022. The report noted, “The opening quarter of 2025 heralded a significant decline in financial prospects, both at the company and industry-wide level,” with almost one-third of respondents feeling less optimistic about their performance compared to the previous quarter.

Samantha Smith, managing director of the global marketing agency April Six (Mobility) and the IPA city head for Bristol, South West and Wales, spoke to the Financial Times about the prevailing uncertainty faced by marketers. “Where to start? I’m not sure anyone knows what the future holds, and if they claim to, it’s likely to change tomorrow anyway,” she said. She added, “My worry is that there’s a large number of CFOs’ fingers hovering over the budget cut button, waiting to see how the world settles.”

Despite the cautious tone of the first quarter, the IPA survey revealed some optimism for the year ahead. More than a third of marketing executives expected a rise in total advertising budgets over the coming months, roughly double those forecasting further cuts. The report also detailed shifts in spending patterns, noting that direct marketing activities aimed at consumers saw the highest increase, with events and sales promotions also attracting more funds. In contrast, traditional media formats such as out-of-home advertising, audio, and video experienced budget reductions.

Economic analysts at S&P Global Market Intelligence, which compiled the IPA report, have adjusted their forecast for UK economic growth downward to 0.6% for 2025, a decrease from their previous estimate of 1%. This revision partly reflected the impact of new tariffs imposed by the United States on British imports. Nevertheless, S&P Global maintained its projections for advertising expenditure growth, anticipating increases of 1.3% in 2025 and 1.8% in 2026.

The recent decline in advertising budgets among UK companies highlights the influence of both international trade tensions and domestic economic policies on corporate marketing strategies. While companies appear to be bracing for challenging conditions in the short term, many remain hopeful for a gradual recovery in marketing investment over the course of the year.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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2. <https://www.marketingweek.com/marketing-budets-up-media-down/> - This article supports the claim that UK marketing budgets increased slightly in Q4 2024 but main media spending declined significantly, particularly in audio, out-of-home, video, and published brands, echoing the IPA report and statements from Paul Bainsfair about cuts in main media budgets during uncertain economic times.
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5. <https://sopro.io/resources/blog/the-state-of-marketing-spend/> - This source provides detailed marketing budget trends corroborating the IPA survey’s findings on sector-specific marketing spending and the increase in direct marketing, sales promotions, and events, alongside declines in main media advertising, supporting the article’s detailed description of shifting marketing strategies and budget allocations.
6. <https://www.ft.com/content/00a1f07b-3b5c-4a1a-9e45-0a609e5b0a5a> - An article from the Financial Times includes direct quotes from Paul Bainsfair and marketing leaders discussing how global political uncertainties, including trade tensions with the US, and domestic economic factors are causing UK marketers to adopt a cautious approach to advertising spend, confirming the article’s key points about business sentiment and economic pressures.
7. <https://www.ft.com/content/b719b01d-5ea5-4b71-802b-2087c8cd9b94> - Please view link - unable to able to access data