# Uk marketing budgets contract in early 2025 amid economic uncertainty



The latest IPA Bellwether report has revealed a contraction in UK companies’ overall marketing budgets during the first quarter of 2025, marking the first budgetary decline in four years. According to the survey, 24.2% of respondents reported reductions in their marketing expenditure, while 19.4% indicated increases, resulting in a net balance of -4.8%. This contrasts with the final quarter of 2024, which saw a net growth of +1.9%.

The report attributes the budget cuts to a challenging and uncertain business environment, shaped by geopolitical tensions, the potential impact of changes in US trade policy—including looming tariffs—and the ongoing cost-of-living crisis that continues to exert financial pressure on organisations.

In more detailed findings, expenditure on main media advertising—which encompasses video, audio, published brands, out-of-home advertising, and "other online" channels—fell by a notable 6.7% in Q1, down from a 4.3% decline in the previous quarter.

However, not all marketing areas have been negatively affected. Direct marketing saw the most significant growth, with spending rising 9%, an increase from 5.6% in the prior quarter. Other segments demonstrating budget increases include sales promotions (+8%), events (+5.4%), and public relations (+3.4%).

Industry leaders have provided a range of perspectives on these developments.

Katie McCambley, managing director of MullenLowe, commented in an interview with Campaign Live: "It’s been a tough start to the year with National Insurance increases, looming Trump tariffs, material cost rises…need I go on? It’s no wonder that marketing budgets are taking a squeeze, with an even greater need for demonstrable value of marketing investment. So, it’s totally expected to see lower-funnel activity thriving as CMOs strive to demonstrate return on marketing investment."

She added a cautionary note about long-term brand investment: "While it’s somewhat heartening to see some optimism in increasing overall marketing budgets for the rest of the year, a 2% increase in main media spending is woeful. If we’ve learnt anything from the past, we know brands need to invest in both short-term channels and long-term brand-building efforts. Just look at what’s happened to Nike."

Richard Exon, founder of Joint, offered his take, also speaking to Campaign Live: "The report strikes – understandably – yet another note of cautious optimism. Cautious because the world just keeps throwing curveballs at us. Optimistic because senior marketers are resilient and experienced enough not to overreact to every world-changing crisis as it happens."

He further noted: "Yes, budgets dipped in Q1 – the first decline in four years – but the majority of marketers are still planning to increase investment over the year ahead. The data shows businesses are staying agile, reallocating spend to where it drives short-term results, without losing sight of the long game. And that’s smart."

Kate Howe, executive director at MSQ Partners, remarked: "It’s no surprise to see marketers tightening budgets this quarter – when the outlook’s uncertain, caution kicks in. With Trump’s tariffs looming and pressure piling on from all sides, it’s understandable that many businesses are watching and waiting. That said, there are some positive signs. More businesses are planning to reinvest over the year ahead, and where they are spending now tells a story."

She emphasised the importance of brand investment amid shifting priorities: "There's a push for short-term impact, there’s a risk that brand spend gets pushed down the priority list. Investing in brands now is what will set businesses up to reap the rewards when the market turns."

Patrick Reid, chief executive of Imagination, noted the relative strength of the events sector: "The dip in overall marketing budgets [is] disappointing, but not unexpected given the current climate. While the short-term outlook is mixed, signs point to recovery as the year unfolds. In contrast, the events sector remains a standout, with a 4.5% rise in spend, it’s one of the few areas showing continued growth."

He highlighted events as a crucial engagement tool: "During uncertain times, brands are turning to experiences that deliver instant impact and long-term value. Events offer what few channels can – real-world connection, energy, and unforgettable engagement that builds both momentum and loyalty. Experiences aren’t a luxury, they’re a necessity. In an increasingly disconnected world, events are proving to be one of the most powerful drivers of meaningful brand growth."

Chris Daly, chief executive of The Chartered Institute of Marketing, characterised the budget shifts as a reallocation rather than an overall retreat: "Ongoing economic uncertainty, compounded by shifting trade policies and rising operational costs, continues to challenge businesses. However, rather than a broad pullback, we are seeing a more nuanced reallocation of marketing budgets."

He observed that traditional advertising suffered while earned channels and direct marketing remained resilient: "While traditional advertising has taken a hit – with a net decline of 4.2% in main media budgets, including notable reductions in video, audio and out-of-home – investment remains resilient in earned channels and direct marketing. Brands are clearly prioritising performance, personalisation and measurable impact as they navigate a complex environment."

From a research perspective, Dom Boyd, managing director of insights at Kantar UK, drew attention to the long-term benefits of brand-building: "It’s been quite the rollercoaster for businesses, and it doesn’t look like we’ll be getting off the ride soon. Brand-building gives businesses options; the power to hold or to even put prices up without shedding volume or denting profit margins."

He warned against excessive cost-cutting: "Amid so much uncertainty, that room for manoeuvre is invaluable. Chopping budgets might seem like the answer now, but boardrooms will likely regret it down the line. It takes time to build strong, meaningfully different brands. And right now, firms in a weaker position don’t have a minute to waste."

Echoing these sentiments, Hannah Snoeck, general manager of Gekko Group, observed: "While belt-tightening in the immediate term is understandable given the broader economic uncertainty, the fact that over a third of marketing execs are anticipating bigger budgets down the line speaks volumes. We see brands weighing up the projects that are proven to add value and bring real return on investment in today's retail landscape."

Jonathan Haines, managing director of Equativ, focused on evolving marketing strategies towards precision and measurable outcomes: "The jump in direct marketing, events and sales promotions, as well as online advertising, suggests a pivot towards channels that deliver measurable and immediate impact."

He explained the strategic response to current challenges: "In times of economic uncertainty, marketers are compelled to work smarter – making tougher calls and leaning into strategies that prioritise precision and control. That’s where curation comes in. It’s not a magic fix, but it does offer a more focused and flexible way to buy media – surfacing quality inventory at scale, real-time adaptability, and helping campaigns hit harder, whether the goal is performance or brand.”

In summary, the IPA Bellwether report signals a cautious environment for UK marketing budgets in early 2025, shaped by global economic and political uncertainties. While overall budgets have contracted, there is evident strategic realignment towards channels that offer clearer, more immediate returns, alongside continuing investment in specific areas such as direct marketing, events, and sales promotions. Industry leaders acknowledge the complexity of the current landscape and the balancing act marketers face between short-term results and long-term brand investment.

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

## References

* <https://ipa.co.uk/news/bellwether-report-q1-2025/> - This URL corroborates the overall contraction in UK marketing budgets during Q1 2025, reporting that 24.2% of respondents reduced budgets versus 19.4% increasing them, resulting in a net balance of -4.8%, the first decline in four years. It also details the decline in main media advertising spend by 6.7% and highlights growth areas such as direct marketing (+9%), sales promotions (+8%), events (+5.4%), and PR (+3.4%).
* <https://ipa.co.uk/knowledge/publications-reports/q1-2025-bellwether-report/> - This source confirms the IPA Bellwether Report findings of marketing budget decreases in Q1 2025 but optimism for future increases in 2025/26. It supports the claim of direct marketing and events budget growth, as well as the narrative on the strategic reallocation of marketing spend amid economic uncertainty.
* <https://www.moreaboutadvertising.com/2025/04/ipa-bellwether-survey-paints-a-grim-picture-for-uk-main-media/> - This article supports the narrative about the challenging business environment impacting marketing budgets, including geopolitical tensions and looming US tariffs. It describes the specific decline in main media and contextualizes the factors causing marketing budget cuts, such as National Insurance rises and economic uncertainty.
* <https://www.campaignlive.co.uk/article/mullenlowes-katie-mccambley-budgets-squeeze-squeeze-need-demonstrable-value-marketing-investment/1812345> - This interview with Katie McCambley from MullenLowe reinforces the commentary on tightening marketing budgets due to factors like National Insurance increases and looming tariffs, emphasizing the shift towards marketing activities with measurable ROI and the risk to long-term brand investment.
* <https://www.campaignlive.co.uk/article/joint-founders-richard-exon-cautious-optimism-marketing-budgets/1812338> - This source provides Richard Exon’s viewpoint from Joint, confirming the report’s balanced tone of cautious optimism despite the first quarterly decline in marketing spend in four years, and highlights marketers' resilience and strategic reallocation of budgets to short-term results while still considering long-term brand building.