

BRANDING IN THE AGE OF INFLATION: THINKING OUTSIDE THE PLAYBOOK

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INTRODUCTION

KEY TAKEAWAYS

- Out of Home (OOH) is underutilised at just 3% of UK ad spend, yet it's a trusted, attention-grabbing brand-building medium that complements other channels and is increasingly vital in an AI-driven world.**
- Despite 78% of UK ad spend going online by 2025, consumer spending has remained flat for two decades, showing that digital dominance isn't driving macro-level growth.**
- Reallocating spend from online to brand-building platforms like TV and OOH could boost efficiency, deliver billions in savings, and unlock up to £100bn in shareholder value.**

Out of Home (OOH) is a relatively small part of the UK advertising market, accounting for around 3% of the total UK advertising spend¹, reflecting limited knowledge of the medium among advertisers and agencies. Historically, OOH was hindered by challenges such as market complexity and difficulty in proving ROI, but market consolidation, improvements in data quality and significant investment in digital formats have removed these barriers.

Fast forward, and there are strong reasons why OOH deserves a larger share of spend. It aligns with one of the most critical priorities for advertisers today, building brand strength to support

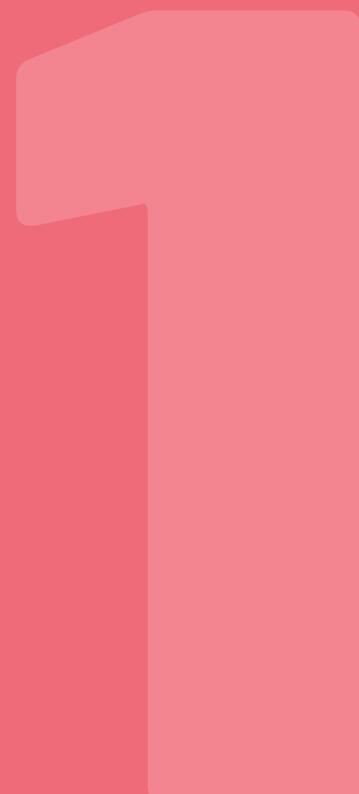
necessary price increases for consumers. OOH is a powerful brand-building tool that works well alongside other media and excels at reaching real, attentive audiences - an increasingly valuable asset in the attention economy. It is also one of the most trusted mediums - a vital quality as AI-generated content blurs the line between real and fake - and it delivers tangible social impact with around 50p of every pound reinvested into local authority revenues and public infrastructure such as bus shelters, free Wi-Fi and life-saving defibrillators.

Beyond OOH, there's a bigger question around whether advertising spend is allocated effectively. The UK is among the most digitally advanced advertising markets, with an estimated 78% of spend going to online platforms in 2025² - a sharp rise since 2005. Yet despite this, consumer spending trends indicate that the shift hasn't delivered extra macro-level growth. For example, UK consumer spending rose by about £176bn³ from 2014 to 2024 - the same as the previous decade - despite seismic events like the Global Financial Crisis and Covid.

This report not only estimates the size of the UK ad market and OOH's share but also models an optimal allocation of spend (see Section 4). In such a scenario, we see a significant reallocation from online to brand-building platforms like TV and OOH. This approach not only shows a more efficient allocation of spend, but could save advertisers billions, and generate close to £100bn in shareholder value.

As always, this is not investment advice.

THE KEY MEGA TRENDS



1. ADVERTISING MOVES UP THE BOARDROOM AGENDA

KEY TAKEAWAYS

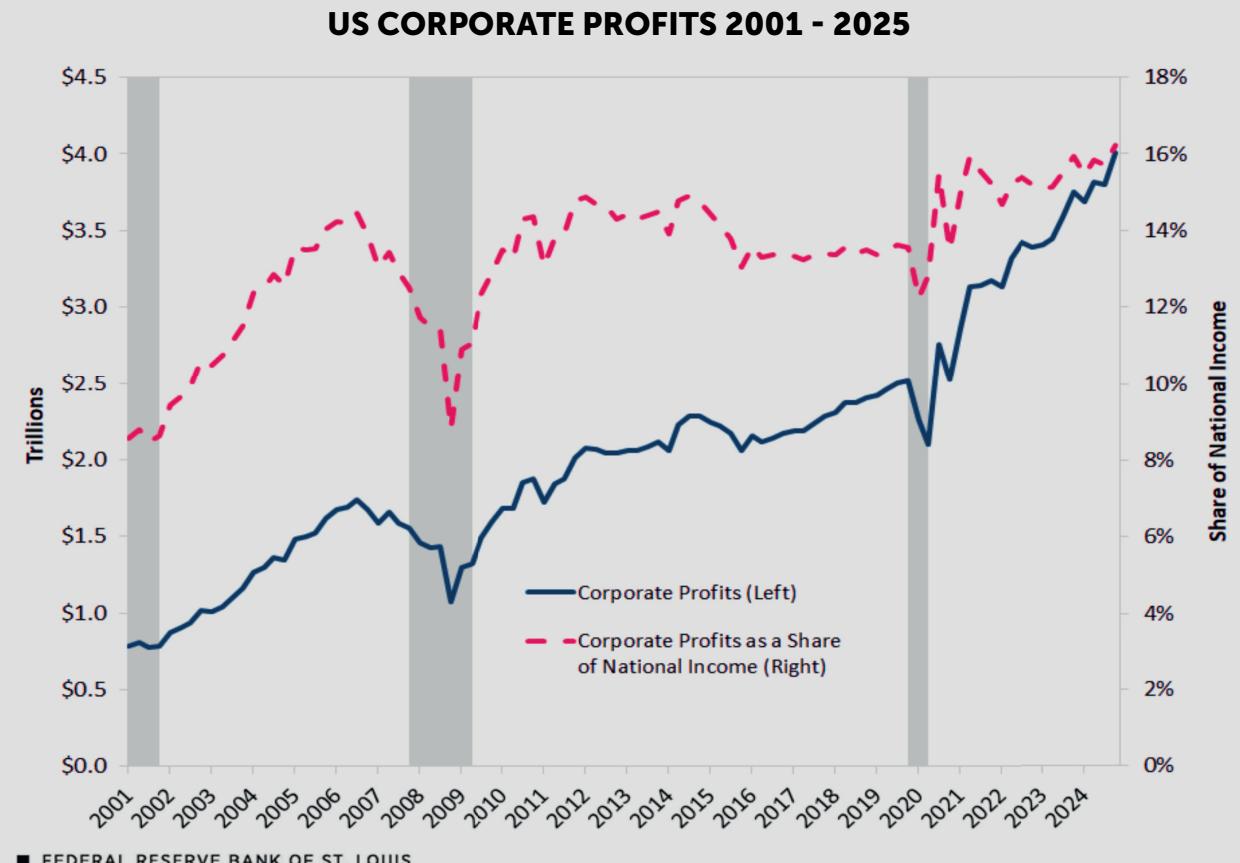
1. CEOs and CFOs are recognising that advertising is no longer a cost, but an investment.
2. Advertising's importance is also increasingly recognised by the financial community who are likely to see cuts in advertising spending as a red flag on corporate health.
3. The trends supporting advertising growth are more structural in nature.

Increasingly, boards are realising the importance of advertising to both their bottom and top lines.

The global inflation crisis of 2022/3 was a vast unplanned experiment in demonstrating the core importance of advertising to protecting corporate profits. Consumer-facing firms pushed through greater than expected price increases to consumers without the expected pushback because of the strength of their brands.

That experiment proved to boards the value of advertising and its centrality in protecting both profitability and shareholder value. This is especially true since the financial impact on margins and profits has continued beyond the crisis. As the chart on the right shows, companies were able to push through bigger than expected price increases to consumers, with CEOs and CFOs citing the importance of brand as the key component.

Many boardrooms are recognising that advertising is not a luxury, it is a core component of many firms' corporate strategy in today's world.



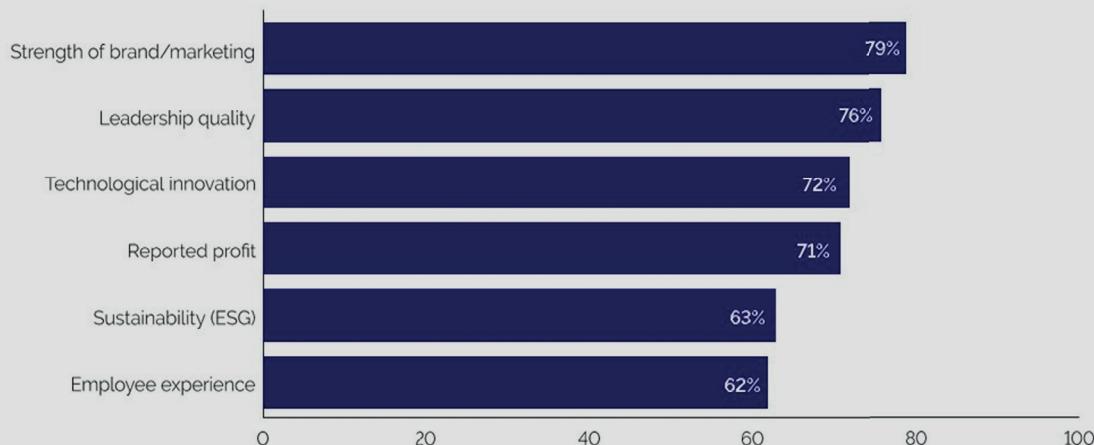
2. THE REINVENTION OF BRAND

KEY TAKEAWAYS

1. Brand advertising is likely to play an increasing role in the mix.
2. Corporates – and financial investors – realise that brand strength is critical to companies' success.
3. While there needs to be a mix of both brand and performance marketing, there is an argument for saying that brand advertising's relative importance should increase over time.

Strength of brand & marketing are cited more than leadership or tech innovation in analysts' appraisals

Q. Thinking about public companies in the industry or industries you cover, how important are the following factors to your appraisal and analysis. % responding "Very Important"



Source: Investment Analysts Research 2023 - IPA and Brand Finance Total sample; Unweighted; base n = 203

Many corporates are recognising increasingly that their brand strength is probably the single biggest most important factor for their advertising.

As mentioned above, this truth was brought home by the 2022/3 global inflation crisis. On company conference calls, management highlighted time and time again that they viewed the strength of their brands as the critical factor that enabled these price increases.

This value is also increasingly recognised by the financial community. The IPA's 2023 Effectiveness Study surveyed more than 200 financial analysts and investors on which attributes they considered the most important for corporations. Brand strength was the most mentioned factor, ahead of reported profit and the strength of management (chart left).

This does not mean that all advertising should be brand advertising. As Binet and Field have pointed out in their studies, the 60/40 rule (60% on brand, 40% on performance) demonstrates the importance of mix to the equation.

However, with even the major Tech giants shifting their language to a focus more on brand advertising, the direction of travel is clear. Brand strength is likely to play an ever increasing role in the advertising mix.

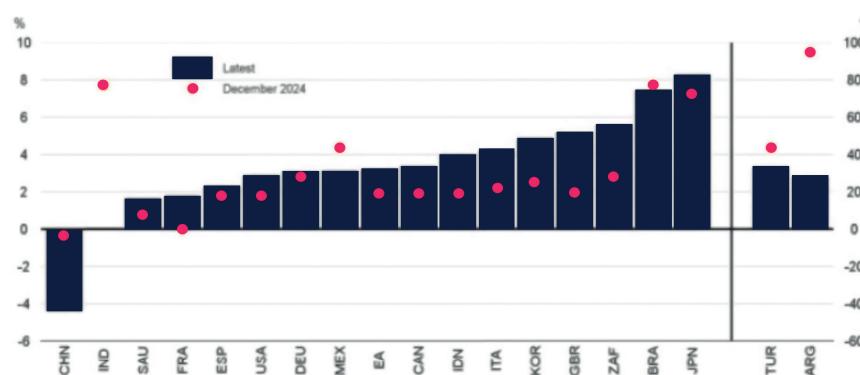
3. THE TREND TOWARDS PERMANENTLY HIGHER INFLATION - AND ITS IMPLICATIONS

KEY TAKEAWAYS

1. **Corporates are relying more on price increases to protect revenues and profits in the light of tariffs and other factors.**
2. **Raising prices has a high drop through rate to profits, with price increases also tending to be permanent in nature. That increases their attractiveness to corporations looking for both short and long-term boosts to profitability.**
3. **Given global macroeconomic and geopolitical trends, it is likely that higher inflation will persist over the medium to long-term**

The world is heading into what is likely to be a sustained period of higher inflation, which - if not permanent - is likely to persist over the medium to longer-term. Re-shoring, the decreasing of the deflationary benefits of outsourcing production to low-cost markets (especially China). At the same time, the increasing geopolitical struggle for natural resources as well as other factors are likely to combine to drive higher inflation in western markets. Already, the effects of this are being seen in prices.

FOOD INFLATION SEPTEMBER 2025 V DECEMBER 2024, SELECTED COUNTRIES



This is particularly the case when it comes to offsetting the effect of tariffs. In the recent financial results season, 'pricing power' was the single biggest remedy mentioned by US companies on their results conference calls when asked how they planned to deal with the effect of tariffs. The chart below shows how it has surpassed reorganising supply chains as the preferred measure.

That makes sense. Price increases are the simplest and quickest way for firms to mitigate the effects. Measures such as reorganising supply chains take time, incur costs and are not as flexible if things change.

US S&P 500 COMPANIES, STATED MITIGATION STRATEGIES TO OFFSET THE IMPACT OF TARIFFS

EXHIBIT 3:
Mitigation Strategy as a Share of Total

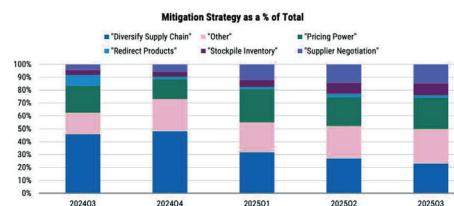


EXHIBIT 4:
Mitigation Strategy Discussed



Yet, if firms are to push through price increases, they will need to bring consumers on board and the most effective way to do that is advertising. US consumers are pushing back against price increases, and the Administration is worried about the political implications.

Source: OECD, September 2005

Source: AlphaWise, Morgan Stanley Research

4. ADVERTISING'S INDUSTRIAL REVOLUTION – AND ITS RISKS

KEY TAKEAWAYS

1. AI is set to transform the advertising industry across the spectrum and offers up potentially transformational opportunities.
2. However, care will need to be taken to make sure its net effect is not to commoditise advertising or distort its effects.
3. The human element will remain as important as ever – and maybe more so – in an AI-influenced world.

The advent of Artificial Intelligence into the advertising space is both a source of opportunity and risks. AI has the ability to

transform the advertising industry in the same way that the Industrial Revolution revolutionised the production of goods and products.

For agencies, the appeal of the technology is clear in that it can speed up dramatically the production of work in areas such as the creation of adverts and media planning, theoretically allowing staff to concentrate on more productive, client-facing tasks.

However, this also brings its own risks. One is that advertising becomes, effectively, a commoditised product which is very unlikely to lead to a reduction in its perceived value.

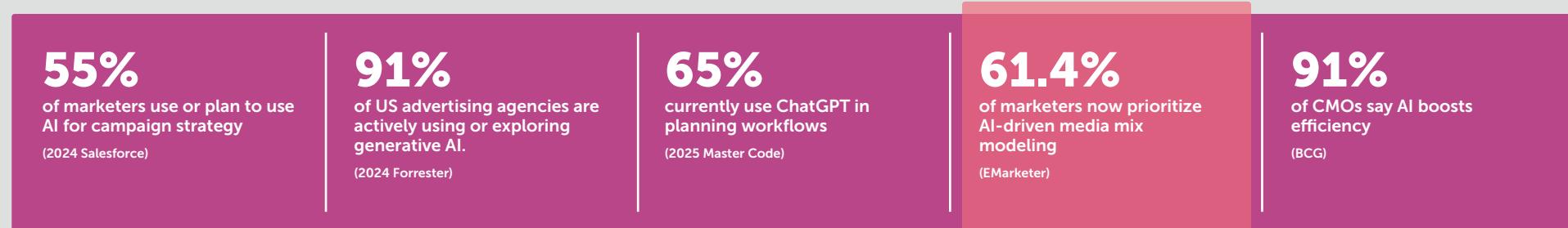
Another is that AI, at its core, produces work that is average – it may be average to good, but it is very unlikely to ever create

work that is outstanding. This risks eliminating one of the key advantages of the advertising industry.

Moreover, an over-reliance on the technology may lead to sub-optimal, or even a disastrous, outcome, especially when combined with reduced or insufficient human oversight. In the case of adverts, a potential risk could be that AI may produce content that is offensive and / or risks damaging the brand.

In the case of AI-generated media plans, it may also over-prioritise more performance-based platforms due to the inputs used to generate its responses. As the table below of an AI-generated media plan from Futuri shows, non-digital platforms such as Radio and even Television may be eliminated from plans.

Q. To what extent have marketing teams in any organization **adopted AI** platforms into their campaign research and planning workflows?



Source: Futuri

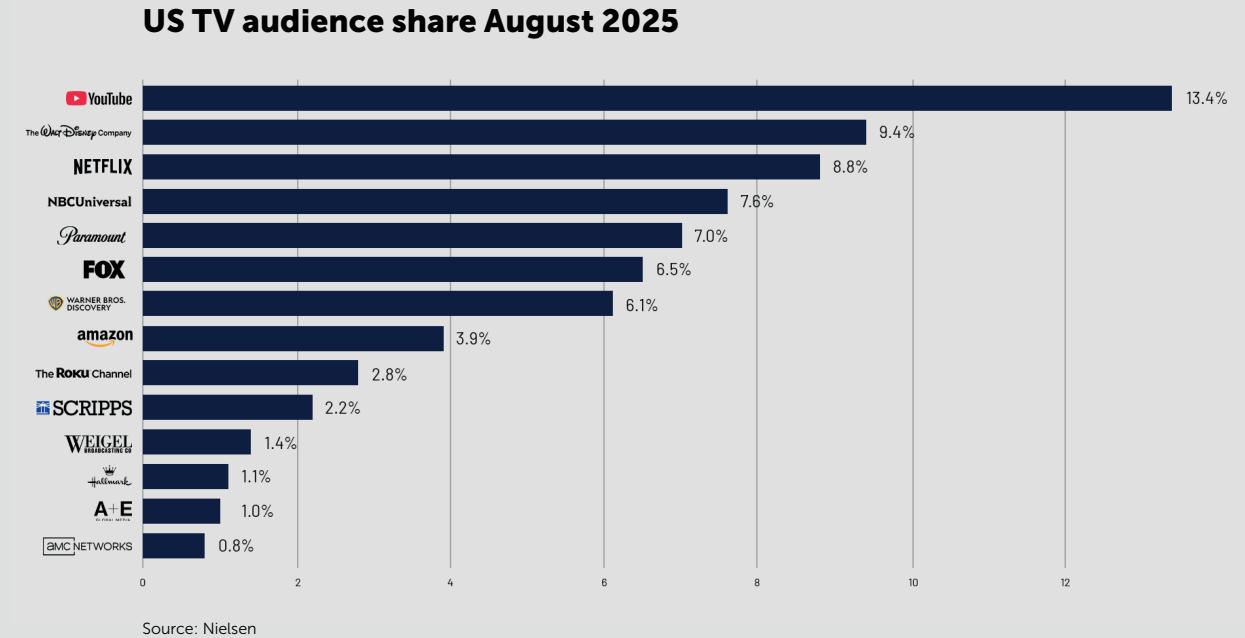
5. THE BATTLE OVER THE EQUALISATION OF CONTENT AND TIME

KEY TAKEAWAYS

1. There has already been a substantial shift towards the view that "all time is equal".
2. By implication, that is likely to lead to an increasing view that "all content is equal". That will give a distinctive advantage to the major Tech players who have the scale and capabilities to produce AI-generated content en masse.
3. The importance of brand safety and quality is one that will have to be increasingly proactively pushed rather than relying on the assumption it is a default.

An increasingly heard argument is that the share of advertising spend should equate more fully to the share of time spent on a platform.

This is heard most vocally in the ongoing debate around whether YouTube is Television and what that implies for YouTube's share of advertising. Advocates for YouTube, state that its increasing share of overall TV viewing – as referenced by Nielsen in the United States – means it should also gain a greater share of TV advertising spend.



However, unlike television, it is unclear what is the content percentage mix of YouTube's audience share – whether it be content creators, music videos or broadcasters' own content, or other 'low quality' forms. The argument therefore risks undermining the traditional view that advertising spend should consider not just time watched but also the relative quality of the content, which has implications for brand safety.

This is likely to become more of a pressing issue as AI-generated content becomes more readily available. The ability to produce

professional-style content at a fraction of the price is likely to lead to an explosion in the volume of content produced.

Even if viewers only watch, on average, five or ten minutes per day of AI-generated content, it is likely to mean a substantial overall increase in the share of viewing taken by Tech platforms.

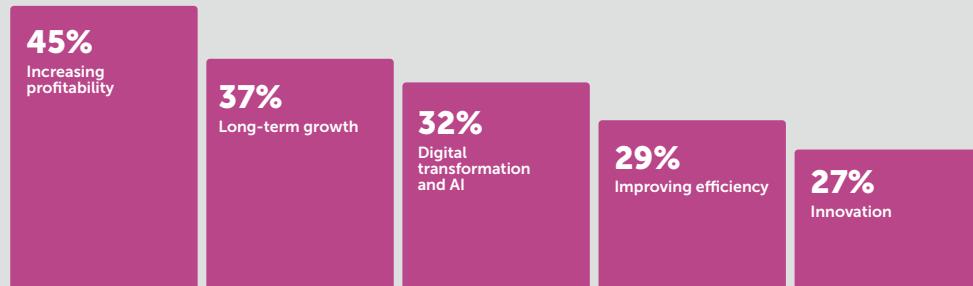
Therefore, the argument for the relevance of quality and brand safety is one that will have to be more forcefully presented.

Company priorities for marketing and finance decision-makers

MARKETING DECISION-MAKERS



FINANCE DECISION-MAKERS



Source: "The X Effectiveness Equation" Google, 2025

6. THE TARGETING OF THE CFO

KEY TAKEAWAYS

1. Advertisers need to communicate in a way that CFOs and the C-suite in general can grasp.
2. The major Tech companies are becoming increasingly skilled at targeting their messaging to the needs and wants of the C-suite.
3. A credible and engaging narrative is critical. CMOs must earn the trust of their CFOs to gain acceptance of their messaging.

The CFO – and the finance team – will become an increasingly important battleground for those looking to determine how advertising money is spent.

As advertising becomes more strategically important to corporations, scrutiny of advertising spending is likely to increase, particularly by finance teams. Speaking the language of the CFO is no longer an optionality for CMOs and advertisers, it is increasingly a must.

The implications of this are wide ranging. At first sight, it should be positive for the advertising industry. As mentioned before, the C-suite sees the importance of advertising to wider strategic goals. Advertising is seen more as an investment.

Yet, there is a risk here. When Meta talked about fundamentally reshaping the advertising model by offering a one-stop advertising service, its targeted audience was not the advertising industry. It was CFOs and CEOs. To CFOs in particular, the comments have appeal.

One critical tactic will be for advertisers to develop a credible and trustworthy narrative that guides the C-suite through the complexities of advertising. With the advertising industry developing an evermore complex system of KPIs and industry jargon, senior executives can struggle to cut through the language and grasp the key points.

7. THE DISMANTLING OF THE SILOS

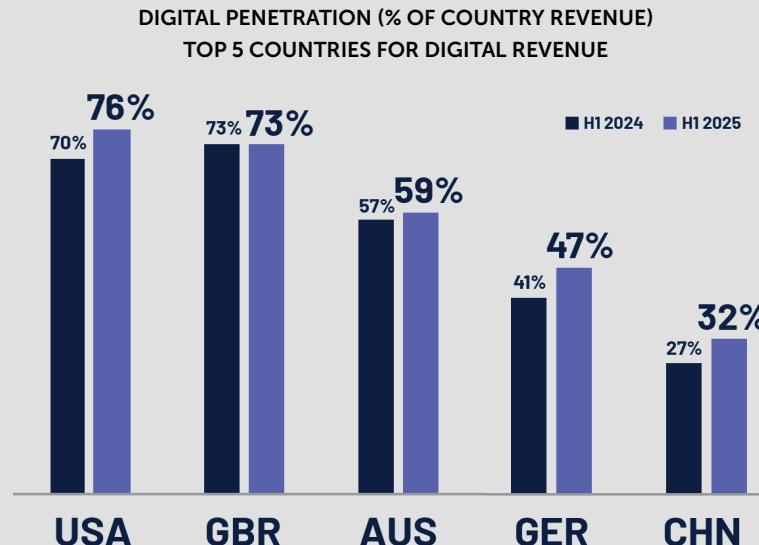
KEY TAKEAWAYS

1. Media budgets are increasingly likely to become more fluid rather than split into their respective platform silos.
2. This represents an opportunity for traditional media platforms to capture a share of digital budgets.
3. However, this will require a proactive effort on the part of those traditional media platforms – at both the advertiser and agency level – to change existing perceptions.

Media spend has always been characterised by the division of its spend into pots, or silos, of money depending on platform – online, television, OOH etc. That has reflected not only the way in which advertisers have traditionally thought of their budgets but also the structure of the media agencies themselves. While not fully eliminated, an increasing factor will be the dismantling of these silos, as the distinctions between ‘traditional’ and ‘digital’ media become increasingly outdated.

Already, Digital Out-of-Home (DOOH) represents the majority of OOH advertising in the UK. For JCDecaux, the largest player in the UK market, digital already represents close to three quarters of its revenues. DOOH penetration varies by market but the direction of travel is clear:

JCDecaux DOOH revenues as a percentage of overall OOH revenues, H1 25 vs H1 24: top five countries by digital revenues



Source: jcdecaux.com/investors/financial-results

The same is true of all other platforms. Even for television, the Broadcaster video-on-demand (BVOD) is already approaching a quarter of all TV advertising spend and this share will only grow as BVOD grows relative to linear TV. For all ‘traditional’ media platforms, digital will make up an ever more important part of their revenues.

There is an opportunity for ‘analogue’ platforms to take an increasing share of ‘digital’ ad budgets, there is an increasing awareness that digital encompasses a wider range of media owners than the established Tech players. Retail Media may be another area of growth.

The rise of programmatic for DOOH will be a key driver. In the UK, programmatic DOOH revenues (“prDOOH”) grew 90% in 2024 although it still represents only c. 6% of total UK OOH revenues, according to Highstead Partners. Yet, with an increasing number of Ad Tech players recognising OOH’s potential, there is now a concerted push in the prOOH space.

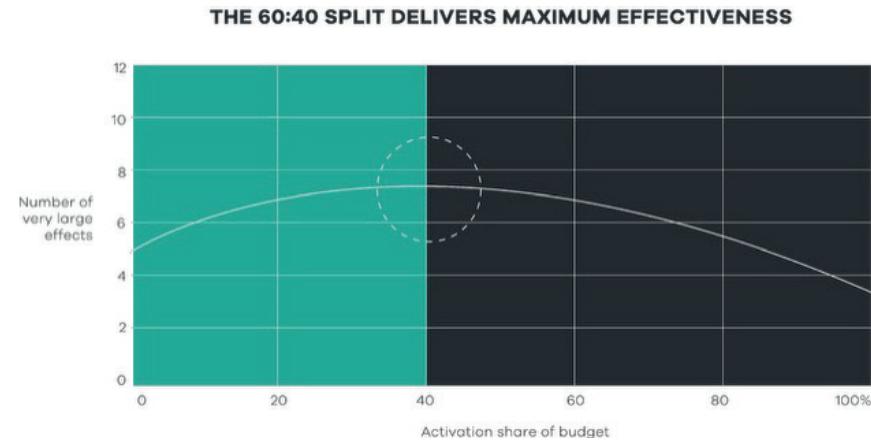
A critical factor in all of this is what happens within the agencies where media buying and planning functions are still relatively segmented into traditional patterns of spending. While these barriers are likely to reduce over time, a proactive approach on the part of media owners may pay significant dividends.

WHY OUT OF HOME FITS INTO THESE TRENDS



1. OOH FITS PERFECTLY INTO THE BRAND-BUILDING ZEITGEIST...

Binet's and Field's famous work suggesting that marketing spend should be split 60 / 40 between brand building and activation has been a benchmark recommendation that has been more honoured in its breach than its observance in recent years. However, there are clear signs that the advertising industry is now pivoting towards brand building, including Facebook and Google.



The move towards brand building should benefit OOH. After all, one of OOH's core strengths is that it is a key brand-building tool. That is not only because of features such as its ubiquity and ability to capture audiences on the go but also because the format itself - large striking displays that can be formatted to capture the attention of an audience.

Nor is this a new phenomenon. The power of OOH to build brands has been recognised for well over a century. Arguably, it is the one medium that has stood the test of time and could be seen to be as relevant today as it was 100 years ago. That points to not only its resilience but also recognition of its continued usefulness for brands.



2. OOH PLAYS WELL INTO THE MAJOR GLOBAL MACRO TRENDS...

One major advantage of OOH is that it plays into wider bigger picture themes which reflect not only changing consumer patterns but also wider demographic and societal trends. This plays out in several ways.

The first is that OOH is an ideal medium to take advantage of the growing concentration of populations within cities. In 2024, the Royal Institute of Chartered Surveyors report, "The planet of cities: peak population and urbanisation in the next 100 years" suggests that most global regions are expected to see the urban share of total population stabilise at around 80-90%¹.

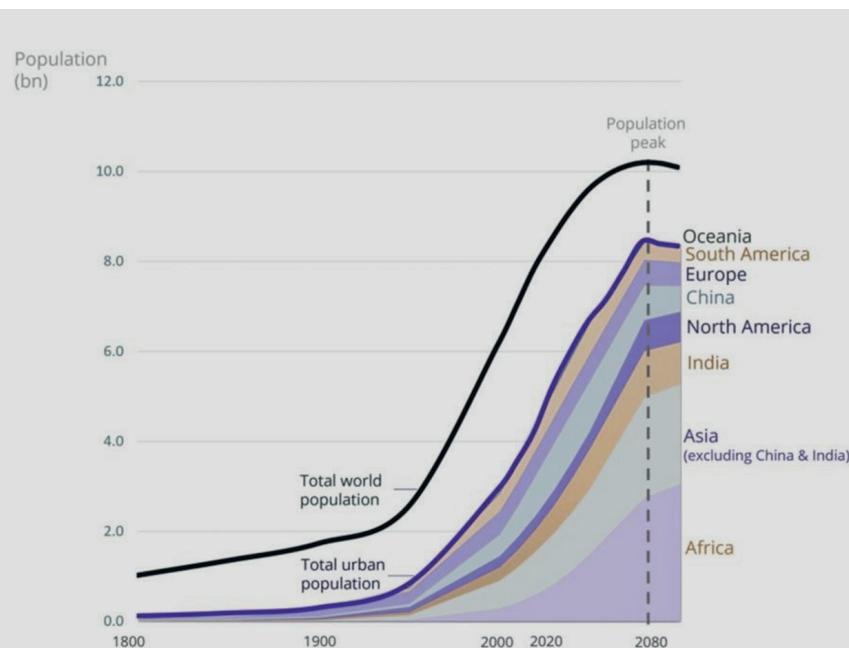


Figure 3: Urban and peak human population projections to 2080

Source: Author's calculations, based on UN World Population Prospects and UN World Urbanisation Prospects

As the chart suggests, the trend towards urbanisation is not just limited to the likes of Africa and Asia but also Europe and North America. Despite suggestions of urban flight, the major cities continue to grow their populations.

US cities above 20,000 population with the largest absolute increase in population between July 1st 2023 and July 1st 2024.

RANK	AREA NAME	STATE NAME	NUMERIC INCREASE	2024 TOTAL POPULATION
1	New York city	New York	87,184	8,478,072
2	Houston city	Texas	43,217	2,390,125
3	Los Angeles city	California	31,276	3,878,704
4	San Antonio city	Texas	23,945	1,526,656
5	Fort Worth city	Texas	23,442	1,008,106
6	Charlotte city	North Carolina	23,423	943,476
7	Chicago city	Illinois	22,164	2,721,308
8	Phoenix city	Arizona	16,933	1,673,164
9	Seattle city	Washington	16,813	780,995
10	Jacksonville city	Florida	16,365	1,009,833
11	Miami city	Florida	16,337	487,014
12	Washington city	District of Columbia	14,926	702,250
13	San Jose city	California	13,634	997,368
14	Columbus city	Ohio	12,694	933,263
15	Las Vegas city	Nevada	12,292	678,922

Release Date: May 2025

Source: US Census Bureau | <https://www.census.gov/newsroom/press-releases/2025/vintage-2024-popest.html>

The second trend is the increasing dominance of consumer spending by the highest income groups who tend to be disproportionately represented both in urban areas where OOH's reach is strongest. This looks to be more of a structural, rather than cyclical, trend and should make OOH more attractive as a proposition².

¹ <https://www.rics.org/news-insights/wbef/the-planet-of-cities-peak-population-and-urbanisation-in-the-next-100-years>

² <https://www.bain.com/insights/air-travel-forecast-interactive/>

3...AND IT ALSO PLAYS WELL INTO GROWING CULTURAL TRENDS

AI's turbocharged development - as well as the flood of AI-generated content it has created - has led to fears surrounding quality controls over content. However, it also raises questions over the quality of adverts delivered. The rise of 'AI Slop', as well as increased usage of AI at all levels of the creative and media control process, are all trends that raise questions over whether adverts become increasingly seen as a commoditised good which reduces itself to an average.

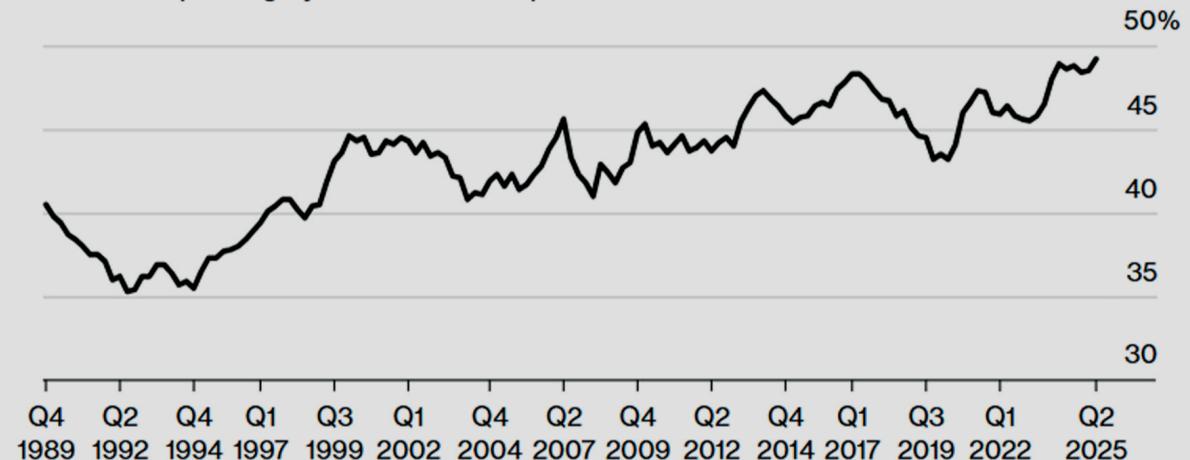
In this environment, it is likely that there will be a growing emphasis on trusted forms of media and / or ones where concerns over their social efforts are fewer or non-existent. In some cases, this is likely to be driven by governments, with the likes of Australia being particularly active on this front.

This trend is particularly seen in the growing measures globally to reduce online usage by schoolchildren. According to Politico¹, 39 US states have introduced legislation to ban mobile phone usage by schoolchildren in the classroom¹, with the likelihood that more states will follow in the same direction. Other countries have also introduced such legislation.

Wallets Open

High-income Americans are behind roughly half of all US consumer spending, up from about a third in the early 1990s

↗ Share of Spending By Consumers in Top 10% of Income Distribution



Source: Moody's Analytics review of Federal Reserve data | via Bloomberg

the third trend is rising air travel numbers. Bain and Company estimate that air travel is set to rise strongly over the next 10-15 years, with passenger numbers growing exceptionally across all regions. OOH's monopoly on the large screen advertising format in airports gives it an unique advantage when it comes to advertising, with Australia banning social media usage by teenagers and extending its ban to YouTube effective from December 2025².

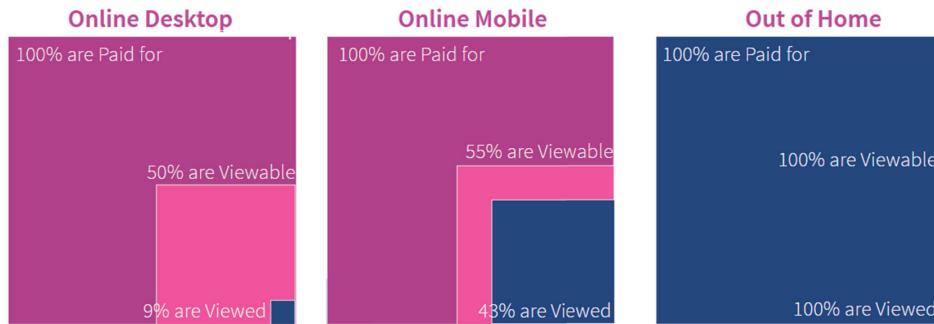
¹(<https://www.politico.com/news/magazine/2025/09/02/school-cellphone-ban-jonathan-haidt-00539004>)

²(<https://www.reuters.com/legal/litigation/australia-widens-teen-social-media-ban-youtube-scrap-exemption-2025-07-29/>)

3. IT IS A TRUE MASS-MARKET MEDIUM - AND LITERALLY UNMISSABLE

OOH reaches 98% of the UK population weekly according to Route, which is perhaps as perfect as you can get for any desired audience reach. However, that is probably not the most crucial point. OOH's adverts are both more viewable (i.e. being able to be seen) and, critically, actually viewed, and at a much higher percentage rate than online forms of advertising in particular:

Chart X: Percentage of adverts paid for / viewable / viewed by platform



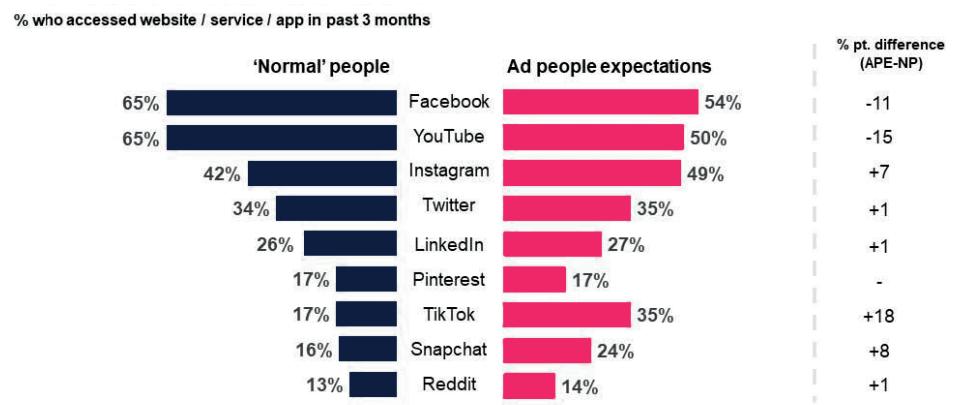
Source: Lumen Research 2019

That is a critical factor. After all, if you pay for adverts, you would expect them to at least be able to be viewed and, preferably, actually seen. Because of the nature of OOH - and the bigger the screen, the better - that is not an issue for OOH as it is for other platforms.

What therefore might explain the advertising industry's continued reservation to use the medium? One strong possibility is that there is a strong disconnect between what marketers (and arguably decision makers) think works and what is actually the case. While there is no direct research for OOH, Thinkbox (the UK's TV advertising body) has carried out surveys which show that marketers'

knowledge of their audiences may be skewed. For example, in this 2022 survey, marketers significantly underestimated the percentage of people who watch YouTube and Facebook, and vastly overestimated the numbers who watch TikTok (with the estimated share being over double the actual percentage).

Ad people overestimate the use of TikTok and underestimate Facebook and YouTube



Source: Adnormal Behaviour, 2022, Ipsos Ipsos / Thinkbox. Q.TN AN21. Which, if any, of the following websites, apps or services have you visited or used in the last 3 months? Base: 'normal people' (1,158); Ad people (216).

It is likely a similar dynamic is happening within the OOH industry. Traditionally, OOH expertise and knowledge was handled within the agency groups by relatively small, specialised teams. While this had its advantages, it also meant that knowledge of OOH was not widely disseminated throughout the agency groups (especially as OOH margins for agencies were historically high and so jealously guarded from interference by other teams). However, this gap creates an opportunity.

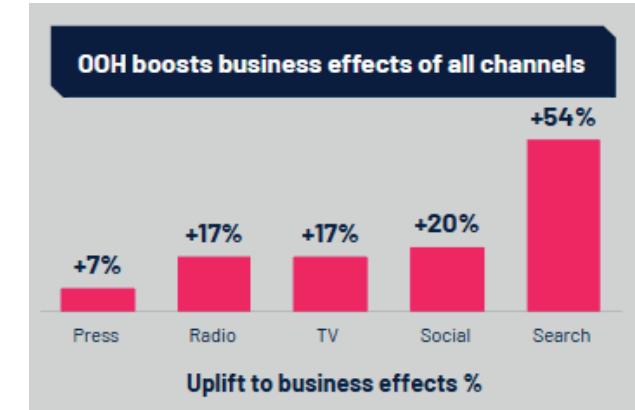
4. INTEGRATING THE SILOS: HOW OOH SUPERCHARGES OTHER CHANNELS

As mentioned in the first part, the advertising industry is moving away from its traditional silo approach with each platform looked at in isolation. Now looking more towards a future where not only the boundaries between the platforms blur but also an ideal outcome where platforms accentuate the benefits of each other (the '2+2=5' effect). OOH is a platform that does exactly that, working especially well with mobile advertising, as the case study below from Lumen shows.



Source: Route

There is clear evidence from the IPA Databank as to just how effective OOH is at maximising the impact of other media platforms. It works particularly well with Search but across the whole range of media:



OOH AMPLIFIES THE EFFECTIVENESS OF THE WIDER MEDIA MIX

Source: IPA Databanks, Analytic Partners

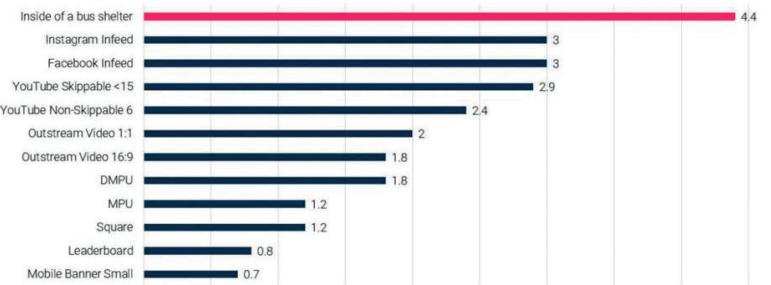
OOH works especially well because of the Priming effect i.e. the idea that you see something for the first time and then you notice you see it time and time again. After all, when consumers - particularly in an urban environment - are literally out of home, the main non-digital media they will see is OOH, which makes it the ideal platform to work with digital mobile platforms.



5. IT IS A GREAT MEDIUM FOR GRABBING ATTENTION

Another of OOH's great strengths is that it captures attention much more effectively than other media. In the joining research by JCDecaux UK and Lumen, people spent far more time at bus shelters watching OOH adverts than any other form of media.

How much time people spend looking at various types of media



Source: Lumen | jcdecaux.co.uk/attention-london-calling

This level of attention capture is critical. The 4.4 seconds is not only significantly ahead of digital platforms but also nearly 3x greater than the 1.5 seconds that the recent report from VCCP and Dr Karen Nelson-Field suggested could drive memory in an environment where the branding was distinctive. Put simply, OOH captures attention.



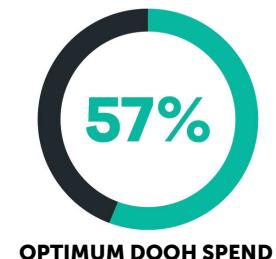
Source: VCCP / Karen Nelson-Field, "Hacking the attention economy" 2025

6. IT IS A TRUE DIGITAL PLATFORM - AND PROGRAMMATIC WILL ENHANCE THE BENEFITS

Digital Out of Home (DOOH) is particularly effective for several reasons:

- It can be used for both brand-building and direct response marketing.
- It is incredibly time-sensitive, in many ways that other media cannot be. To give an example, DOOH adverts can be changed dynamically to reflect changes in the weather.
- It offers location specific targeting, which is particularly useful when used in conjunction with Retail Media-style offers (see below).
- It also offers specific audience targeting.
- It also enhances the profitability aspect of OOH, generating a significantly higher level of profit uplift, especially for brands that do not use TV.

CAMPAIGN PROFIT VS DIGITAL SHARE OF OOH SPEND



SUMMARY

The advertising industry's renewed focus on brand building strongly favours OOH, a resilient, attention-grabbing medium with unmatched reach and proven effectiveness for over a century. It not only stands alone as a powerful brand-building tool but also supercharges other channels. OOH has superior attention capture, nearly three times higher than digital, and the flexibility of DOOH for dynamic, location-specific, and programmatic targeting. The channel offers a future-proof solution that blends brand-building strength with modern precision. Despite historical underutilisation caused by siloed agency practices, integrating OOH into cross-channel strategies unlocks its full potential as a trusted, high-impact platform in an increasingly fragmented and AI-driven advertising landscape.



UK ADVERTISING GROWTH FORECASTS TO 2030



KEY TAKEAWAYS

1. The UK advertising market will continue to grow strongly, driven by online advertising.
2. Structural factors, especially the need by consumer-facing companies to push through price increases to consumers, will help drive advertising spending.
3. The traditional media space should, overall, show growth during the timeframe, helped by formats such as Television, OOH and Radio, partially offset by continued declines in the publishing space.

Forecasts from Liberty Sky Advisors for the UK advertising market suggest continued growth for the foreseeable future. The total advertising market is expected to grow 7% in 2025E, with growth powered by the online sector, which is forecast to grow 9.4%. Traditional media, on the other hand, is expected to see a decline of 0.9%. However, over the forecast period, we expect both the online and traditional media segments to grow, although with growth at the former outpacing the latter:

	2024	2025	2026E	2027E	2028E	2029E	2030E
OOH	1,395	1,445	1,578	1,648	1,789	1,859	2,013
Change	8%	4%	9%	4%	9%	4%	8%
Traditional	467.6	453.6	467.2	448.5	457.5	434.6	438.9
- Change		-3%	3%	-4%	2%	-5%	1%
DOOH	926.9	991.8	1110.8	1199.7	1331.6	1424.8	1574.4
- Change	10%	7%	12%	8%	11%	7%	11%
Traditional Media - Total	10,214	10,126	10,619	10,489	10,934	10,799	11,235
Change	-1%	5%	-1%	4%	-1%	4%	4%
Online Media - Total	32,490	35,547	39,278	42,951	46,400	49,944	53,563
Change	9%	10%	9%	8%	8%	8%	7%
Total Media	42,703	45,673	49,898	53,440	57,334	60,743	64,798
Change	7.0%	9.2%	7.1%	7.3%	5.9%	6.7%	
DOOH as a percentage of OOH	66%	69%	70%	73%	74%	77%	78%
OOH as percentage of total media	3.3%	3.2%	3.2%	3.1%	3.1%	3.1%	3.1%
OOH as percentage of traditional media	13.7%	14.3%	14.9%	15.7%	16.4%	17.2%	17.9%
Outdoor - split of DOOH							
DOOH - non-programmatic	834.2	843.0	888.6	899.7	932.1	854.9	787.2
Growth / (decline) %		1%	5%	1%	4%	-8%	-8%
DOOH - programmatic	92.7	148.8	222.2	299.9	399.5	569.9	787.2
Growth / (decline) %		61%	49%	35%	33%	43%	38%
Total OOH	926.9	991.8	1110.8	1199.7	1331.6	1424.8	1574.4
Growth / (decline) %	7.6%	7.0%	12.0%	8.0%	11.0%	7.0%	10.5%
Programmatic as % of total DOOH	10.0%	15.0%	20.0%	25.0%	30.0%	40.0%	50.0%



BRANDING IN THE AGE OF INFLATION: THINKING OUTSIDE THE PLAYBOOK

THE ECONOMIC CONSIDERATIONS BEHIND OUR FORECASTS

While economic sentiment will remain subdued in the UK, continued wage inflation and relatively low unemployment should ensure that consumer spending remains relatively buoyant.

More importantly, what is likely to be a sustained period of inflation - particularly in categories such as good - will mean that advertisers are likely to have to advertise aggressively to push consumer acceptance of price increases.

As we approach closer to the expected General Election in 2029, we would expect more measures aimed at boosting business and consumer confidence.

Structurally, we expect SMEs in particular to rely on online advertising (and potentially SME offerings from, for example, the TV and other spaces) to act as a "shop front" for their businesses, meaning SMEs are unlikely to diminish their spending on the space.

THE ADVERTISING CATEGORY ASSUMPTIONS ARE

Online Search continues to grow but its growth rate slows as Search capabilities start to be degraded by the more widespread introduction of AI. However, we still expect the sector to show mid to high single digit growth.

Online display (including social media) to continue to grow strongly, with c. 10%+ average growth over the period.

Television and OOH advertising to grow over the period, with OOH being the stronger of the two. Digital will be the driver of both sectors' growth while the legacy businesses will see modest, rather than precipitous, declines.

Amongst other sectors, the publishing space will continue to show declines, although at slower rates than previously. Radio will show growth over the forecast timeline.

PLAY FOR PROFITS- THE OPTIMAL UK ADVERTISING GROWTH FORECASTS TO 2030

This is an optimal scenario where advertising spend is reallocated more effectively both to reduce the amount of unoptimised Online spend and to take account of the optimal split of brand versus activation advertising.

The main drivers are:

A significantly reduced Online Search as a percentage of overall advertising spend, with a general reduction in share until it reaches just over 18% in 2030E.

Just over 50% of the reduction in Online Search is banked by advertisers to help boost the bottom line. The remainder is reallocated between traditional media and Online Display (roughly in the ratio of 60/40).

We assume there is some unoptimised spend in Social Media and other Online Display. For the purposes of scenario analysis, we have assumed c. 20% of spend, although there will be differing views as to whether that number is too high or low. We assume that approximately 70% of this money is saved by advertisers with 30% reallocated to traditional media, including the traditional platforms.

We assume that the transfer of advertising money to more effective platforms takes place over several years to enable the channels to adapt to the influx of advertising money. Implicit within our reallocated forecasts is that traditional platforms have sufficient capabilities to handle the influx of SME advertising money, given that we estimate close to 80% of advertising spending on online platforms comes from SME spend.

THE PLAY FOR PROFIT FORECAST

UK total advertising revenues and growth/decline rates 2024-2030E (£m)

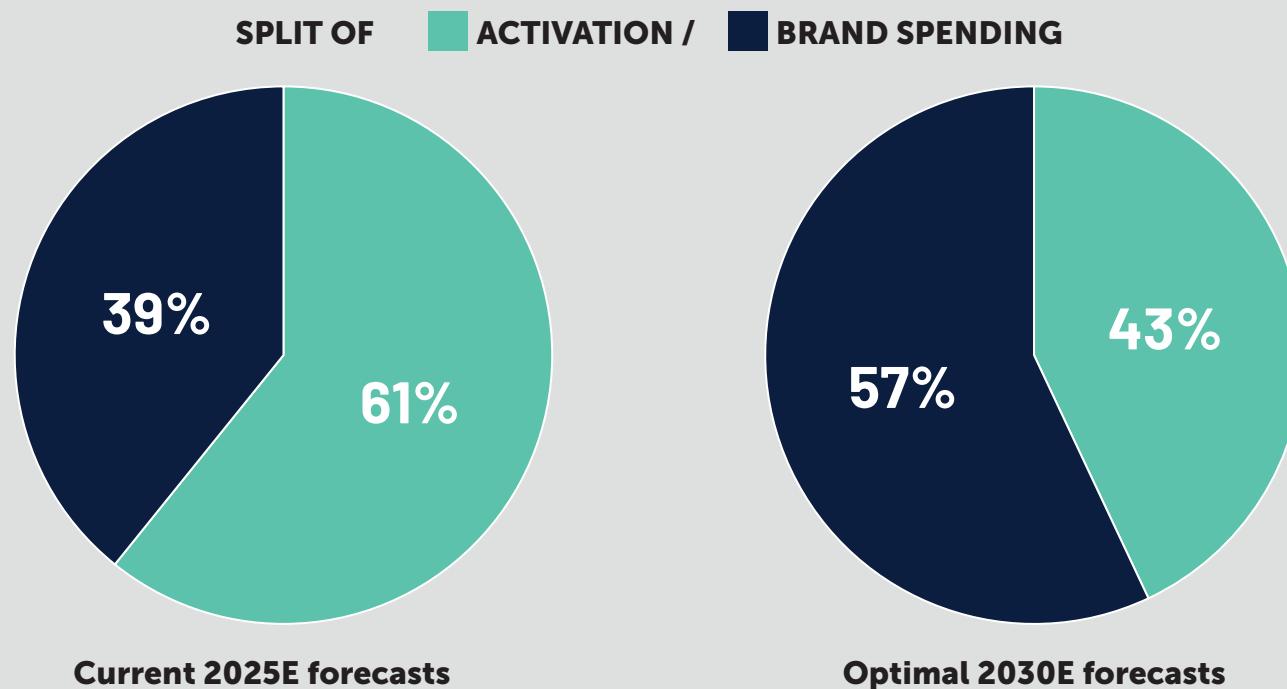
	2024	2025	2026E	2027E	2028E	2029E	2030E
OOH	1,395	1,445	1,842	2,243	2,806	3,315	4,009
Change	8%	4%	27%	22%	25%	18%	21%
Traditional	467.6	453.6	504.9	529.6	592.1	617.3	681.3
- Change		-3%	11%	5%	12%	4%	10%
DOOH	926.9	991.8	1336.9	1713.5	2213.6	2697.3	3327.6
- Change	10%	7%	35%	28%	29%	22%	23%
Traditional Media - Total	10,214	10,126	11,675	12,840	14,924	16,488	19,046
Change		-1%	15%	10%	16%	10%	16%
Online Media - Total	32,490	35,547	36,530	36,541	35,419	33,985	32,239
Change		9%	3%	0%	-3%	-4%	-5%
Total Media	42,703	45,673	48,206	49,381	50,344	50,473	51,285
Change		7.0%	5.5%	2.4%	2.0%	0.3%	1.6%
DOOH as a percentage of OOH	66%	69%	73%	76%	79%	81%	83%
OOH as percentage of total media	3.3%	3.2%	3.8%	4.5%	5.6%	6.6%	7.8%
OOH as percentage of traditional media	13.7%	14.3%	15.8%	17.5%	18.8%	20.1%	21.0%

THE REALLOCATION OF MEDIA

Optimal UK advertising spend by platform 2030E vs. base case assumptions. Where ad spend should go to or be taken from in an optimal scenario.

REALLOCATED SPENDING 2030E (£M)	
TV	2,715
OOH	1,996
National newspapers	946
Radio	887
Regional newspapers	517
Magazines	492
Cinema	210
Online display	-5,383
Online Search	-16,075

In terms of media gaining investment, the optimal advertising result would see money shifted to TV and OOH and money moving out of Online Search. At the end of the forecast period, activation advertising would be 43.2% of all UK advertising spend ex-Direct Mail and brand advertising would be close to 60%.



ADVERTISER BENEFITS**There are several reasons why this strategy benefits advertisers.**

Firstly, by optimising advertising spend, considerable shareholder value is created, and that's not even taking into account the potential benefits to top-line growth from better targeted advertising. On our optimal forecasts' scenario, we value the extra shareholder value created versus our base case forecasts to be in the range of close to £100bn. As before, we have used a discounted cash flow model, with a weighted average cost of capital (WACC) of 10% and a terminal growth rate of 2.5% (note in the optimal scenario, roughly half of the savings were re-invested, hence the difference from the figure given earlier.)

THE OPTIMISATION OF SHAREHOLDER VALUE

Discounted cashflow analysis of the shareholder value created by optimising UK advertising spend (£m).

	2025	2026E	2027E	2028E	2029E	2030E
Savings	-	1,692	4,059	6,990	10,270	13,513
Discount factor	100%	91%	83%	75%	68%	62%
Discounted Cash Flow (DCF)	-	1,538	3,355	5,252	7,014	8,391
Total sum cash flows	25,550					
Growth in perpetuity	2.50%					
Terminal cash flow	8,600.32					
Terminal value	71,201.59					
Total value savings	96,751.39					

Secondly, as the inflationary crisis of 2022 and 2023 showed and as we highlighted above, the strength of brands was the primary factor enabling companies to push through price increases to their consumers. This pattern is being repeated today as advertisers increasingly turn to pricing, not volume, growth to drive sales. Thus, allocating a greater proportion of advertising spend to brand advertising should help firms maintain their pricing advantage.

There is an interesting sub-question here, namely whether firms should bank savings - as we have assumed in our scenario above - or should look to spend more of our

assumed savings into further brand advertising. We think the nature of the debate is balanced but believe that allocating too much money into the advertising market could cause other distortions.

Finally, it takes advantage of the growing reality that TV and DOOH advertising in particular are increasingly offering their digital inventory through programmatic and automated offerings. This provides optimised platforms for the combined use of 'traditional' media and Digital Online in an optimal omni-channel mix.

THANK YOU FOR READING.



IAN WHITTAKER

Ian Whittaker is a seasoned Equity Research analyst with 20 years of experience in the City, specialising in Media and Technology sectors, as well as some telecoms. Throughout his career, Ian has demonstrated a proven ability to anticipate industry dynamics and their implications for companies.

He is the only person to have won the City AM Analyst of the Year award twice and remains a regular contributor to City AM and several trade publications. Ian has extensive expertise in helping companies identify suitable financing options, including IPOs, and advising at both strategic and financial levels.

Currently, Ian leads consultancy and advisory work through his company, Liberty Sky Advisors, focusing on major structural, financial, and competitive challenges across the TMT space. His insights guide organisations through complex market shifts and strategic decisions.

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