

Advertising delivers powerful economic benefits across the EU

New report finds that every Euro spent on advertising powers a seven-fold boost to GDP, encourages innovation, supports employment and helps fund vital services

European advertising industry calls for moratorium on further advertising restrictions to ensure associated hidden costs can be assessed

January 16th, 2017, Brussels: The first-ever EU-wide report to isolate the economic and social contribution of advertising highlights its ability to drive economic growth across the EU.

Value of Advertising, an independent study by Deloitte, has identified a multitude of benefits generated by advertising, to the overall economy, jobs and to civil society.

Using econometric modeling, the study, which was commissioned by the World Federation of Advertisers and other industry partners, found that advertising contributed nearly 6m jobs across the EU and 4.6% of total GDP.

The study identified three key areas where advertising provided direct or indirect benefits to European economies and citizens:

Economic benefits: Every Euro spent on advertising is estimated to add an additional seven Euros to GDP. This means that the EUR 92 billion spent on advertising in 2014 in the EU would have contributed EUR 643 billion to GDP, representing 4.6% of the overall EU GDP.

The study found that advertising contributes to the wider economy through its ability to support competitiveness, providing consumers with information on products and services, and helps to increase their choice of goods and services. This, in turn, drives innovation by incentivising businesses to create differentiated products and services, allowing them to out-compete their competitors not just in the EU but around the world.

Employment benefits: Advertising provides almost six million jobs in the EU, equivalent to 2.6% of all EU employment: These come in three areas:

- Firstly, people employed directly in the production of advertising. These jobs account for 16% of the 5.8m total jobs supported by advertising. The study excludes employment associated with in-house production of advertising, so this is a conservative number.
- Secondly, jobs created in media and online businesses that are funded by advertising, including journalists and content producers as well as people working in out-of-home (OOH) or television, for example. This accounts for 10% of the 5.8m jobs. These roles have both greater job security and an average salary that is higher than seen in the rest of the economy.
- Finally, there are jobs created in the wider economy as a consequence of advertising activity. These range from sales jobs to roles supporting the ad business in industries such as hospitality. This area also includes roles created by the advertising-stimulated demand for products and services. It accounts for 74% of the 5.8m jobs.

Social Benefits: Advertising provides personal and social benefits by funding or part funding media

services. Advertising ensures that EU citizens benefit from news, entertainment and communications tools at a reduced cost or even for free. The €92bn spent on advertising in 2014 directly funded content of all kinds.

Outdoor advertising also provides additional civic benefits in the form of an improved urban environment while search engines help people to reduce both the time and financial cost of seeking new information.

Without advertising, funding for all sorts of media would be reduced. This could lead TV to be increasingly based on subscription, reduced newspapers and magazines' plurality and independence, and radio stations would lack the ability to provide news and entertainment throughout the day. In addition, professional sports and cultural events would need to seek financial support from another source.

Online, advertising largely funds free services that people across Europe use at little or no cost. For example, around 70% of EU citizens regularly use email services, while social media are accessed extremely widely.

"Advertising is a vital economic engine that encourages competition, drives innovation in business and provides significant benefits to society by funding or part funding media services, from news to entertainment. Policy-makers should be mindful that ad restrictions have important economic, social, and cultural consequences," said Stephan Loerke, CEO of the World Federation of Advertisers.

The European ad industry is calling for a moratorium on further restrictions on advertising to ensure that the overall impact of any new rules, including their unintended consequences, is fully assessed. Right now, the industry is concerned that the revised Audio Visual Media Services Directive and ePrivacy Regulation will create additional restrictions, hurting the European digital economy and reducing its potential to create local champions and more jobs.

"Advertising matters for employment, innovation, culture and entertainment, and supports media plurality, which is fundamental to democratic freedoms. The benefits are pervasive and run through the fabric of society," said Loerke.

Research funded by members of the European advertising industry:

Advertising Association UK (AA), Association des Agences-Conseils en Communication (AACC), Association of European Radios (AER), European Association of Communications Agencies (EACA), European Broadcasting Union (EBU), The Association of television and radio sales houses (EGTA), Internet Advertising Bureau EU (IAB EU), Mainostajien Liitto Finland, Organisation Werbungtreibende im Markenverband (OWM), Union des Annonceurs (UDA), Union des Entreprises de Conseil et Achat Media (UDECAM), The World Federation of Advertisers (WFA)

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For all media enquiries please contact:

Alastair Ray

alastair@raymedia.biz

+44 1600 713 987

+44 7941 428 243

Note for editors:

The World Federation of Advertisers (WFA) is the voice of marketers worldwide, representing 90% of global marketing communications spend – roughly US\$700 billion per annum – through a unique, global network of the [world's biggest markets](#) and [biggest marketers](#). WFA's champions responsible and effective marketing communications worldwide. More information at www.wfanet.org

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