



“Advertising's Role in driving innovation & growth”

Europe 2020, the European Union's growth strategy, identifies three thematic points that will drive economic growth for the coming decade:

- Smart growth (fostering knowledge, innovation, education and digital society)
- Sustainable growth (for a resource efficient, greener and more competitive economy)
- Inclusive growth (a high-employment economy delivering economic, social and territorial cohesion)

Advertising is a key vehicle to help deliver these ambitious goals. Not only does the advertising ecosystem account for c. 1.5% of the overall GDP of the EU, but advertising helps improve quality of life in a broader sense through what it does – communicating messages to a wide range of audiences about products, brands, services, companies or government priorities – and importantly, it enables the dissemination of the vast majority of media vehicles, which bring news and fosters education, information and entertainment.

But this important tool is facing major challenges on both technological and regulatory grounds. In today's economic context and with the growth strategy of the European Commission in mind, we believe that advertising restrictions are not the answer to general interest objectives. It could halt existing revenue streams and seriously hinder the media's capacity to invest in European content, including editorial content informing consumers on all major EU and national policy issues and societal challenges. Moreover, self regulation has been the ongoing driver of a responsible and sustainable approach developed by the advertising industry.

The European media & advertising industry shares the vision of Europe 2020 and contributes to the three thematic points in the following ways:

Smart & sustainable growth

- **Innovation**
 - Advertising is a key driver of competition which spurs innovation.
 - Innovation is the key driver for many online business models that find new ways to monetise the success of their services, often offered for free (most of the large internet services known today have grown thanks to advertising).
 - Advertising finances innovation in the media across all platforms, enabling media companies to take the best out of the technological revolution, invest in the future and offering citizens a constantly growing array of media choices (VOD, catch-up, mobile news services, digital magazines, podcasts).
- **Digital society**
 - Advertising will provide the funding for the EU's Digital Agenda to succeed: it funds all the services consumers use and results in increased demand for broadband.
 - Europe's online advertising market has shown an incredible growth over the last years with advertising expenditure growing to over EUR 17 bn in 2010 (15% growth in 2010¹). It proves itself to be a driver in the crisis, with growth rates higher than most other economic sectors. It also funds consumer services: European consumers benefitted from ad-funded services worth EUR 69 bn in 2010.²
 - Advertising unleashes the potential of the Digital Single Market by boosting e-commerce.

¹ AdEx 2010, IAB Europe, September 2011

² Consumers driving the digital uptake, The economic value of online advertising-based services for consumers, September 2010, IAB Europe / McKinsey, September 2010

- **Fostering knowledge**

- Advertising is an essential source of revenue for the media, [contributes to ensuring high-quality content, the independence as well as the pluralism and the diversity of the European media landscape.](#)
- Media plays a crucial role in society by fostering the democratic debate, and by informing and entertaining citizens.
- Advertising provides the media with the resources to [operate independently, to inform the public about all aspects of political, economic, cultural and social life and to invest for the future.](#)
- The variety of sport, drama, educational, news and children's programmes that we have come to expect would be unthinkable without advertising.

- **Education**

- Advertising contributes to a better society. Social advertising has proven to be an effective way to address societal challenges. For example, it has helped increase AIDS awareness, fight domestic violence, reduce road deaths by encouraging the use of seat belts, and raise EU citizens' awareness on recycling waste and thereby protecting the environment.
- Advertising funds sports and culture, playing an essential role in enabling sporting events such as the Olympic Games and the FIFA World Cup. Sponsors also subsidise and pay for art exhibitions and cultural events of every variety.

- **A resource efficient, greener and more competitive economy**

- Advertising increases transparency, promotes consumer choice and provides value for consumers through competition.
- Advertising promotes environmental messages across a vast range of subjects, from energy efficient technologies to sustainable transportation, from energy efficient household products to foodstuffs.
- [Advertising contributes to all three pillars of sustainable development: economic development, social responsibility and environmental protection](#)

Inclusive growth

- **High-employment economy**

- Through its positive effect on economic growth, [advertising helps generate employment.](#) It helps to sustain an entire ecosystem, from printing machines to software engineers. The wealth & employment created by advertising contributes significantly to the EU's GDP and its growth. Additionally, the advertising industry itself is a major employer, accounting for around 4% of the business services sector.
- [Advertising enables SMEs, who represent 99% of all enterprises in the EU, to market and sell their products & services](#) through easily accessible and affordable platforms such as local radio press and TV stations or online advertising. Online advertising empowers SMEs to build a global presence by finding and targeting advertising to relevant clients, while local media serve perfectly regional economic actors. Online advertising allows also SMEs providing online services to finance their offers through advertising.

- **Economic, social and territorial cohesion**

- In helping companies to reach their target audience, [advertising plays a key role in a dynamic economy.](#) There is a proven link between the rates of investment in advertising and GDP growth in major markets. Advertising is an important indicator of a healthy economy.
- Advertising funds innovative services and high-quality content on new platforms.

Self-regulation across Europe ensures responsible advertising

The ongoing self regulation operated by the advertising industry for several decades has ensured quality standards of responsible advertising for the benefit of the consumer in all EU Member States and at European level.

