



TODAY'S CASE

» Medium: TV & Radio

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.

New Value of Advertising study shows the economic and social benefits of advertising

This week's egtabite showcases the [Value of Advertising](#) study - 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. The study has identified a multitude of benefits generated by advertising, to the overall economy, jobs and to civil society. Using econometric modelling, it found that advertising contributed nearly 6m jobs across the EU and 4.6% of total GDP.

Value of Advertising was produced by Deloitte, commissioned by the World Federation of Advertisers, and co-funded by egta and other industry partners including the European Broadcasting Union and the Association of European Radios.

Objectives and results

The main objective behind the study was to demonstrate the contribution of advertising to the European and national economies, as well as assessing its tangible benefits to EU citizens.

Jan Isenbart, egta President, comments: *"Too often, the huge economic, social and cultural benefits of advertising are overlooked. We welcome this study as it comes as a supporting voice to our efforts in maintaining and developing strong European media and advertising industries"*.

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

1. 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 succeed in the market not just in the EU but around the world.

2. Employment benefits

Advertising provides around 5.8 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.

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.

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.



3. 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.

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.

The full study and related material are available [here](#).

Why does this matter to egta members?

egta believes that this study will be a useful tool for the entire European advertising industry in order to inform policy makers of the positive effects of advertising on the economy. It provides the necessary data and hard facts to argue the case of TV and radio on both national and international levels.

Katty Roberfroid, egta Director General, comments: "This study provides concrete evidence of the benefits that advertising brings to the daily lives of millions of EU citizens. It is vital to remind policy makers of the importance of our industry in building a strong and vivid media industry".