iapi

An economic report on the Advertising and Communications industry in Ireland

An accelerator for national prosperity and social cohesion

Contents

About Iapi

Iapi is the business representative organisation for the Advertising and Communications industry in Ireland.

Our members create value by growing businesses and changing behaviours for better outcomes. Representing 80% of the workforce of the industry in Ireland, Iapi members range from small indigenous to large multinational agencies, delivering professional strategic services to both the public and private sector.

Iapi provides a range of direct services to members including global awards and events programmes along with training and development initiatives. We also lobby and influence government, regulators and other key stakeholders to deliver a positive operating environment for our members and enhance the reputation of the Advertising and Communications industry.

The Institute of Advertising Practitioners in Ireland was established in Ireland in 1964.

Foreword

I am delighted to welcome the publication of this economic report on the industry commissioned by Iapi. The Advertising and Communications industry is a strategic accelerator of economic growth, enabling businesses to compete effectively both domestically and internationally. Beyond its commercial impact, the sector plays a pivotal role in shaping public sentiment and influencing behaviour.

This report underscores the industry's capacity to contribute meaningfully to national socio-economic progress through value creation, insights, and responsible engagement. Our intention with this report is to engage new audiences on the key role our industry plays in the business ecosystem and how its further potential can be unleashed to deliver positive outcomes.

Geraldine Jones
President of Iapi and
MD of Publicis Dublin

The success of the Irish business model over many decades owes much to a collaboration between the enterprise economy, policymakers and a highly educated workforce. Ireland has been transformed into one of the most prosperous and most globalised economies in the world.

The important contribution of the Advertising and Communications industry to this success is substantial and the quality of the professional services delivered by the industry in Ireland are world class – yet inhibited by a legacy of underinvestment over decades, this is a missed opportunity for the industry and for Ireland.

The purpose of this report is to highlight an investment gap and the significant potential for value creation for the wider economy and public sector. In providing evidence of the potential for economic growth, we also make a set of key policy recommendations which we believe can kick-start a new phase of development and growth for the industry and the businesses they serve.

Through offering world class creativity and strategic advisory, the Advertising and Communications industry can play a key role in supporting the Public and Private enterprise to inform, influence and shape public opinion and drive business growth as part of this investment and modernisation cycle.

There is much to strive for and as an industry we need to ensure we fulfil our purpose and potential.

Siobhan Masterson
CEO of Iapi

In association with Jim Power Economics

This report was compiled in association with Jim Power Economics using desk-based research, both domestic and international; interviews with stakeholders; focus groups; and official data sources.

I am delighted to contribute to this report on behalf of Iapi. While data in the Irish market and analysis on effectiveness is "limited" the international evidence supports the case for greater investment in the Advertising and Communications services sector. The business and the public sector in Ireland should consider the role this industry can play in delivering on its agenda; driving change and achieving business growth. This is a shared agenda of bringing about better outcomes. As an economy we are maturing, and this sector is key to the next phase in our evolution.

Jim Power
Economist

Executive Summary

Advertising and Communications professional services drive economic growth, behavioural change and successful strategic outcomes across the public and private sector. Clients are supported through strategic advisory services and insights, campaign production and execution, and commercial performance measurement.

Overall advertising spend increased year on year from approximately €1.6 billion in 2024 to an estimated €1.7 billion in 2025. As official 2025 GDP figures have not yet been published, the 2024 figure of 0.35 percent of GDP remains the most recent verified benchmark for assessing the relative scale of investment. The increase in 2025 reflects continued upward momentum in the market. (Core 2025). This industry is a significant contributor to the economy and the catalytic multiplier suggests a 6:1 uplift for every €1 spent. Applying this approach suggests a total contribution to the national economy of over €9 billion, rising to €10 billion in 2025.

There are approximately 5,000 people employed within the sector, with numbers much more substantial in the wider supply chain and eco-system. The Central Statistics Office (CSO) data indicates 13,300 directly employed across advertising and market research in Q1 2025 (CSO, 2025).

The central finding in this economic analysis on the Advertising and Communications industry in Ireland is a paradox. The sector is a demonstrably powerful catalyst for national prosperity including the scaling of indigenous Irish enterprise internationally and delivering social cohesion, yet it operates in an environment of systemic underinvestment.

This is an industry that is increasingly technology led; adept at anticipating shifts in societal culture and consumer trends supporting businesses to meet the future needs and experiences of their customers, underpinned by creativity. Ireland's Advertising and Communications industry plays a key role in the success of the Irish business model, delivering best-in-class professional services and added-value to business, the public sector and other organisations.

While the industry's direct footprint is substantial, its future potential is constrained.

Key industry challenges include:

- High levels of exposure to economic uncertainty miscategorised as discretionary spend.
- Structural changes being brought about by technological and digital disruption.
- Critical lack of granular official data that impedes evidence-based policymaking to support the sector.
- Lack of investment post-recession weighing heavily on sector.
- The high cost of pitching processes to select and procure services from the industry.

While the international arena offers significant growth potential, the domestic market continues to lag. The significant underperformance is due in no small part to a chronic underinvestment in Advertising and Communications for over a decade and failure to track recovery experienced across other sectors in Ireland. The legacy of Ireland's recession has weighed on the industry, reflected in the lack of investment and support. During this period, advertising and similar services were among the first cuts to be made by challenged businesses and public sector bodies– despite evidence that companies who continue to invest in their brands during downturns win out in the long run. It is unquestionable that advertising investment delivers commercial effectiveness, yet this remains unappreciated in the Irish context.

This is concerning in the context of Government enterprise policy to scale Irish indigenous business internationally and the key role Advertising and Communications services play to realising this target. To tackle the underutilisation of Advertising and Communications in the Irish economy and State, there is a role for greater awareness, education and understanding of the added value generated for every €1 invested in advertising.

Today, Ireland's advertising spend is one of the lowest as a percentage of GDP in the EU and ranks very poorly in an international context. Ireland spent c.€1.6 billion (2024 figure) or just 0.35% of GDP, half the EU average and even less than the global average.

The public sector including its Departments and State Agencies are critical for the advertising and communication industry. In 2024, public bodies spent €93.4 million on advertising, a decrease of 4% on the previous year. Of this €74.5 million or 80% percent of spend went on English language advertising, the remainder on Irish language advertising (An Comisineir Teanga, 2024).

If Ireland's advertising spend was to increase to the EU average of 0.59%, this would imply a significant increase in spend, taking the overall market size to over €3 billion. Applying an economic multiplier, the added spend could deliver an overall return on investment of over €3 billion.

In helping to build these tangible and intangible assets, the Advertising and Communications industry is not just a service provider – it is a value creator. A thriving industry, central to business performance, which in turn is good for the overall economy and society. The challenge for the industry is to highlight the untapped value that Ireland is currently missing out on and propose solutions. If advertising spend increased to the EU norm, the business, economic and societal benefits could be very significant.

Importance of the Industry

Advertising and communications play a crucial role in building brand equity. Effective advertising helps drive revenue growth when it creates positive brand perceptions, fosters loyalty, and increases brand awareness, which ultimately contributes to the overall strength and value of a brand. In the US, an estimated 30% of the S&P 500 stock market valuation is accredited to brand value.

In addition to being a vital component of the economy, the industry can play a key support role in the development of societal goals such as changing perceptions regarding public infrastructure development and bringing about longer term thinking across society. Strategic Advertising and Communications campaigns have a proven track record of influencing public opinion and changing behaviours in the long term. Shaping public opinion will be a key requirement for the State over the next decade as it seeks to address major infrastructural deficits in housing, water, energy and wider societal issues like health and education.

Priorities into the Future

Historically, the State spend on public information campaigns has been lower in Ireland than internationally. This limits impact on the public and effectiveness of policy communications. The sector needs to make its case to the Government and the public service organisations for a greater role for its professional services to help deliver on these vital national and societal objectives.

The industry deserves a more significant role in shaping regulatory discussions across business and society, sharing ongoing feedback and concern about the development of digital and Artificial Intelligence policies. This industry is at the vanguard of AI developments and can make a significant contribution in bringing about positive outcomes by addressing issues in common with society; combatting misinformation, enhancing online trust and safety.

Ireland's Advertising and Communications industry is at a crossroads. The nature of the work carried out in the industry has shifted up the value chain, contributing higher value strategic insights and creative ideas. It has a very significant role to play in ensuring authenticity and truth online.

The purpose of this report is to examine these issues and make recommendations on how to unlock the potential of this industry to play a purposeful role. With the right policy support and operating environment, it is possible to scale global influence, drive innovation, and deliver growth across the economy. The strategic imperative is to reposition Advertising and Communications as a critical investment, and to pursue the significant opportunity to establish Ireland as a global exporter of high-value creative services.

Key Findings

Economic Footprint and Potential

- The wider advertising (media) market increased from c.€1.6 billion in 2024 to c.€1.7 billion in 2025. Of this, there was a 10.5% increase in the online advertising market through 2025. This segment is highly concentrated, with an estimated 80% of digital spend captured by Google and Meta (Core Outlook Report 2025).
- Profitability Pressure is a major challenge for the industry with revenue growth (20% increase in 2025) not translating into proportional profit. The average profit margin in the industry was 4%, a significant compression from the 4% reported in 2024. This is largely attributable to legacy commercial models, a reduction in individual client spend, and higher input costs for employers (Iapi, 2025).
- The international scaling of indigenous Irish enterprise is a major strategic opportunity which exists for Ireland to transition from an FDI-led economy to a global Irish indigenous export platform (59% of Iapi members work with Irish indigenous exporters). This can be significantly supported by high-value creative services. With the right supports in place, and a policy environment which builds on the Government's Roadmap for the Digital Creative Industries, Ireland can create an industry that successfully exports these services (Census, 2025).
- The industry is technology led and Artificial Intelligence presents immense opportunities for efficiency in the sector while it also presenting a platform for the industry to reevaluate its commercial and pricing model. However, only 30% of Iapi members currently view it as a growth opportunity, indicating a gap between potential and adoption that must be closed.

The Catalytic Contribution

- The industry's most significant economic function is its role as an accelerator for the wider economy. Foundational econometric analysis for Ireland demonstrates a powerful multiplier effect: every €1 invested in advertising generates €6 in economic value.
- Applying this multiplier to the c.€1.6bn in advertising expenditure recorded in 2024 suggests a total contribution to the national economy of over €9 billion, rising to €10 billion in 2025. This multiplier function underpins activity and employment across key sectors, including retail, consumer goods, and the experience economy.
- The industry is a key contributor to the funding model for the State, independent media and journalism ecosystem. With its insight and experience it can make a significant contribution to a shared agenda with Government and Regulators on issues such as cyber fraud reduction, trust, content verification and misinformation.
- Supports Government to build a responsible, trustworthy advertising ecosystem to reduce harm, misleading claims, opaque practices, and low-quality advertising.
- In an ever-increasing artificial world, the industry has the potential to deliver authenticity and create real value for clients.
- In order to reflect the scale and contribution of the industry more accurately, it is critical that comprehensive CSO data is developed for consumers, Government and the economy. This will allow for precise economic modelling and evidence-based policymaking.

Human Capital, Skills, and Productivity

- The industry is a source of high-value employment, but it faces significant challenges in talent retention, attraction and productivity. CSO data indicates 13,300 people were employed in "Advertising and Market Research" in Q1 2025.
- The 2025 Iapi Census reported over 3,000 full-time employees across 70 member companies. This number is up 11%year-on-year and 35% since 2021. The industry continues to evolve its working practices, with 86% of agencies saying hybrid models are working effectively and 64% operating two or three-day office weeks, showing continued adaptability in employee retention and attraction.
- The industry faces challenges in attracting and retaining employees with high turnover rates, reported at 14% in 2024, an increase from the previous year. The most acute skills shortages are in Social Media (39%), Digital (28%), and Strategic Planning (22%). AI is identified as a major skills gap in Ireland that must be immediately addressed to unlock industry-wide efficiency gains.
- Regulatory Burden: The industry faces a complex and growing regulatory landscape from both Dublin and Brussels (e.g., Digital Services Act, AI Act, Political campaign transparency act), driven by a profound and concerning deficit of consumer trust.
- The Irish public sector is a critical client, and its need for strategic communication is growing, as evidenced by the scale of the National Development Plan. However, the state's procurement process is identified as a primary economic barrier. Standardised models are fundamentally misaligned with the industry's output, as they do not always accommodate the iterative, collaborative nature of creative professional services.

Section 1
Industry Overview

Understanding Advertising and Communications

Ireland's Advertising and Communications industry is a professional services sector which drives growth, behavioural change and successful strategic outcomes. It achieves this by providing strategic advisory services, creative development, media strategy and placement, campaign production and execution, and commercial performance measurement to both private and public sector clients.

The sector consists of Media and Creative agencies, PR agencies, Sponsorship, Events and Experiential design agencies, Digital and Consultancy agencies, as well as Integrated Media and Creative agencies.

It is a diverse sector that engages in a comprehensive range of activities, but at its core is the objective of selling goods, services and messages to the public in as persuasive a manner as possible on behalf the Government, State companies and agencies, public sector, local authorities and NGOs.

The industry is a high-value, knowledge-based professional services sector with formal educational qualifications, certifications and pathways akin to other professional services.

The sector has been central to helping deliver sustained economic success in Ireland. By partnering with business, the State and other organisations it drives revenue growth, enhances reputation as well as delivering positive societal outcomes.

It delivers the highest level of professional standards and advisory rigour combining strategic insights, business planning and creativity to develop persuasive content to influence target audiences.

With Advertising and Communications at its core this sector:

- Helps and supports businesses to grow, compete, and export by building visibility, understanding and credibility in local and global markets.
- Supports the Government and State agencies in communicating public policy, engaging citizens, and influencing and changing behaviours.
- Translates complex strategies into messages and campaigns that resonate and deliver results for organisations.
- As communication challenges grow in complexity, the role of this industry as a trusted professional partner at the frontier of the latest AI and technological developments becomes ever more essential.

The strategic value that agencies provide to clients includes much more than just creating and placing advertisements. The agencies offer high-level strategic consultancy services, helping clients achieve their business goals through partnerships. The sector is a respected, reliable and trusted partner, driving business growth and subsequent economic growth across Ireland.

Industry trends

The sector is making a significant contribution to business growth and strategy, and overall economic activity, a key challenge is to quantify in a precise way the impact that Advertising and Communications agency campaigns have. The counter-factual is difficult to measure. In other words, if a campaign had not been in place, how would the business have performed? There is a considerable body of research demonstrating the importance of maintaining brand investment, particularly during periods of economic slowdown.

A significant concern in the sector relates to a growing prevalence of a short-term approach to advertising and communications, rather than longer-term strategic investment in building brands to scale for success.

Previous Research from Nielsen (2009) suggests that short-term reductions to investment in a brand damage that brand in the long term, and that brands which take a long view of brand strategy will emerge out of a downturn in the economy in a stronger position than those who focus on short-term cost savings.

One consequence of rising short-termism is that many brands underinvest relative to competitors. This makes an understanding of Share of Voice (SOV) essential, as it provides a principle that helps brands counteract short-term pressures and maintain long-term competitiveness. In understanding the effectiveness of advertising and communications, SOV is an important metric. The SOV metric represents a brand's visibility and prominence in advertising and media channels relative to its competitors.

It is the proportion of the overall market conversation attributed to a brand.

A higher SOV suggests that a brand is reaching its target audience and influencing their perceptions and choices, which can lead to increased sales and market share. Research from Nielsen suggests that a 10% increase in SOV can translate to a 0.5% increase in market share.

Huzzard (2025) defines Excess Share of Voice (ESOV) as the difference between a brand's share of voice and share of market. The ESOV rule states that brands that invest more in Advertising and Communications than their market share tend to experience growth, while those that invest less tend to shrink.

Short-termism also shapes the type of creative work produced. Evidence from Binet and Field shows that while rational, response-driven campaigns can provide quick sales lifts, they perform poorly when used as a long-term brand strategy. Emotional, creatively distinctive campaigns, by contrast, build brand equity and deliver much stronger cumulative effects. These principles offer a proven counterbalance to short-termism and help businesses secure durable, long-term growth.

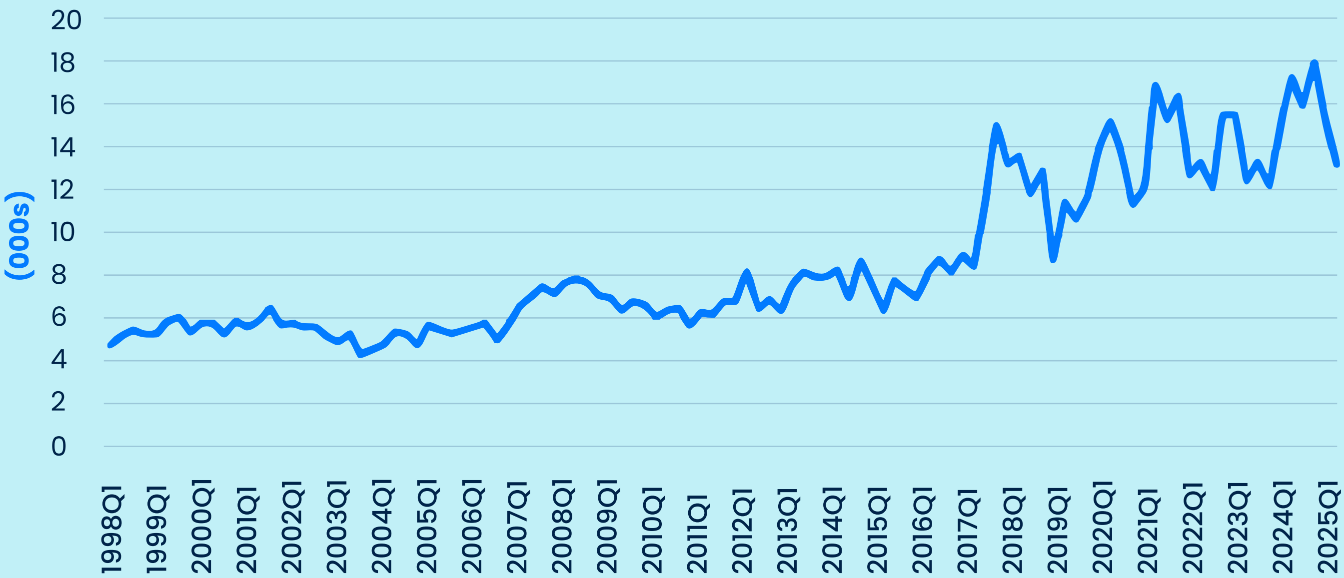
> The overall conclusion is that Advertising and Communications campaigns, characterised by creativity are essential for the longer-term success of a business. A long-term focus on brand building is essential with creative campaigns building valuable brand equity. This is part of the enhanced return on investment that the Advertising and Communications industry can deliver.

Section 2
Advertising and Communications in Ireland

Advertising and Communications in Ireland is a well-developed industry with both established firms and new entrants competing across sectors. While certain characteristics point to continued growth, there are also limitations to consider, including varied ownership structures and network agency restrictions, weighing on export potential. In order to ensure Ireland remains a competitive market, both domestically and abroad, a better operating environment is required. This should be driven by stronger data across the industry, informing policymakers on key skills and procurement challenges.

It is difficult to quantify the economic and business contribution of the sector in Ireland. There is a lack of reliable data and this is complicated by an already difficult task of quantiying the return on investment in a precise way. The total workforce employed by Iapi members in 2025 was estimated at 3000, which is 10% higher than in 2024. CSO data show that in the first quarter of 2025, 13,300 employees were employed in advertising and market research (Figure1). The sector delivers a significant wage injection into the Irish economy.

Figure 1: Employment in Advertising & Market Research



Source: CSO PxStat

The indirect contribution of the sector is less straight-forward to calculate. An econometric study could determine the relationship between the expenditure on commercial creative output and the impact on the bottom line of business, and hence on the overall economy. While previous attempts have been made to quantify the contribution of the sector, a more comprehensive approach is required to better inform policy makers and industry professionals alike.

Advertising spend in Ireland

Ireland's Advertising spend is one of the lowest as a percentage of GDP in the EU. Data from Statista.com and Datareportal summarised in Table 1, shows that Ireland's spend is significantly lower than counterparts, ranking 50th out of 57 countries analysed.

Table 1: Advertising Spend % GDP

Country	% GDP
Ireland	0.35%
Netherlands	0.66%
New Zealand	1.06%
UK	1.66%
US	1.46%
Global	0.99%

Source: Datareportal, Statista.com

Core estimates that the size of the Irish Advertising and Communications market in 2024 was c.€1.6 billion to various media channels. Digital advertising represented 65.5% of total advertising revenue, with Alphabet (Google) and Meta (Facebook and Instagram) accounting for 80% of digital ad spending. The market will grow to €1.7 billion in 2025, driven by an online Advertising and Communications spend of €1.11 billion and an Out-of-Home advertising spend of €101.6 million.

Several factors may contribute to Ireland's low Advertising and Communications spend per capita compared to other European countries:

- Ireland's economy has a significant presence of multinational corporations, which may not invest as heavily in local Advertising and Communications as domestic firms would.
- A large portion of digital Advertising and Communications spend in Ireland is dominated by major platforms like Google and Facebook, which capture around 80% of the online advertising market. This concentration means that less revenue circulates within the local advertising ecosystem, impacting overall spend (Core, 2025).
- Strong competition within the retail sector has led to lower prices and tighter margins, which can reduce the overall budget available for advertising and communications.
- Ireland tends to underspend on social protection and cultural initiatives compared to its peers, which can indirectly affect funding available for Advertising and Communications campaigns that typically rely on public interest and engagement.
- The Irish Advertising and Communications market is still recovering from the significant downturn during the recession.

If Ireland's Advertising and Communications spend was to increase to the EU average of 0.59%, this would imply a significant increase in market size, taking it clear of €3 billion. Applying a media multiplier (WARC) of 1.86, this increased expenditure on advertising would deliver a return on investment of over €3 billion. While it is difficult to be precise, international evidence would suggest that this is what Irish business and the Irish economy are missing out on by not investing sufficiently in advertising and communications.

Section 3

The Economics of Marketing and Advertising

For the purposes of this report, the industry is defined to include advertising and communication agencies who provide strategic advisory services, creative development, media strategy and placement, campaign production and execution, and commercial performance measurement to public and private sector clients.

Advertising and Communications

Advertising and communications agencies are a key element of the industry, and the component for which most data are available. There tends to be confusion around the differences between marketing and advertising which is worth clarification for the purpose of this report.

The American Marketing Association defines marketing as “a business practice that involves identifying, predicting and meeting customer needs”. Advertising is “a business practice where a company pays to place its messaging or branding in a particular location” (AMA, 2024).

Marketing encompasses all activities related to bringing a product or service to market and managing customer relationships. Advertising is a specific component of marketing focused on paid messaging to promote a product or service. Marketing is regarded as a broader, long-term strategy, in which advertising plays a complementary role, allowing for a tailored approach across varying timelines.

The economic impact of the sector

The economic and social impacts of Advertising and Communications are noteworthy. Advertising and Communications has an important role to play in a market economy. It provides consumers with information; it improves consumer choice and by implication consumer welfare; it enables producers to increase sales, thereby boosting revenues, employment and overall economic activity; it enhances competition in the marketplace; and can erode excess profits by increasing competitive forces.

In economic theory, the main reason why businesses engage in Advertising and Communications is to reduce the price elasticity of demand. By strengthening the brand loyalty of the consumer, it makes demand for the product less sensitive to price changes.

Building brand equity

One of the direct impacts of Advertising and Communications is to build brand equity. Brand equity represents the overall worth of a brand, encompassing both tangible and intangible assets that a business gains from its brand recognition and positive perception.

Four key pillars of brand equity are brand loyalty, brand awareness, brand associations, and perceived quality. A firm needs to identify the potential value of brand equity and then manage and seek to enhance that potential value.

For any business, brand equity is of the utmost importance. It reflects the added value a brand brings to a product or service beyond its functional benefits. This led to deeper customer loyalty, premium pricing and a sustainable competitive advantage in the marketplace. It also enabled a business to introduce new products under the same brand umbrella with reduced risk of failure. Customers are more likely to try out a new product if they trust the brand behind it (CMB, 2025). In the US, previous reports have shown that brand equity represented more than 30% of stock market value in the S&P 500, while corporate reputation accounts for over 40% of total market capitalisation (Siegel+Gale, 2016).

Advertising and marketing play a crucial role in building and maintaining brand equity. Effective Advertising and Communications helps create positive brand perceptions, fosters loyalty, and increases brand awareness, which ultimately contributes to the overall strength and value of a brand. This can be achieved using persuasive messaging, creative imagery, and emotional appeals. These enable a business to connect with its customers and create a sense of brand loyalty.

The vital role of creativity

The defining attribute of the Advertising and Communications sector is creativity and deploying it to gain the attention of its target audiences. Creativity provides a commercial edge and differentiator for the sector. It helps drives business and overall economic growth; it helps to shape culture; and it delivers measurable performance for business and government.

In the UK, its government has identified commercial creative activities as one of eight "growth driving" sectors it is prioritising for support as part of its industrial growth strategy. It defines creative industries as those industries that "have their origin in individual creativity, skill, and talent, and which have a potential for wealth and job creation through the generation and exploitation of intellectual property". There are nine sub-sectors – advertising and marketing; architecture; crafts; design: product, graphic and fashion design; film, TV, video, radio, and photography; IT, software and computer services; publishing; museums, galleries and libraries; and music, performing and visual arts. In total, these activities contributed £124 billion in gross value added (GVA) to the UK economy in 2023, equivalent to 5.2% of total GVA in the economy. Advertising and marketing contributed £21.2 billion or 0.91% of GVA, accounting for 17.1% of total creative industry GVA. In its industrial strategy 2025, the UK Government is committing a £60 million investment to help grow the creative industry sector.

Within this broader creative-industry agenda, advertising and marketing stand out as a particularly instructive example of how creativity drives economic and commercial impact. Irish firms will be familiar with the experience, evidence and trends provided in a number of high-profile international industry reports including the Cost of Dull project in the UK.
This project, led by industry veteran Peter Field, highlights the effectiveness of creative advertising and communications. It concludes that dull advertising – factual-based campaigns – requires significantly more media spend and investment to achieve the same impact as interesting advertising, potentially wasting billions of pounds annually. According to the research, the average brand in the UK may need to spend an extra £10 million per year to achieve the same impact as an interesting campaign, and overall dull advertising is estimated to waste £13 billion annually, or more than half of the industry's contribution to the UK's GVA (see above) (Field, 2025).

The key takeaways from the work of Peter Field, the IPA, Jon Evans and System 1 in the Cost of Dull project are as follows:

- Campaigns pursuing dull advertising have far larger budgets than the ones that are not dull, to the equivalent of 11 points of Share of Voice (SOV).
- It is already costly to buy SOV in categories like retail and durables; a dull campaign here will require an extra £20 million a year in spend to match the returns of an interesting campaign.
- Years of focus on performance marketing has driven short-term, bottom-of-funnel sales, but that sort of creative approach has also been applied to top-of-funnel marketing where it is much less effective.
- Dull campaigns are all about information and using facts to persuade. More exciting campaigns can drive far superior outcomes, up to six or seven times greater for every pound or euro invested.

The key message from the Cost of Dull research is the importance and effectiveness of employing creativity to maximise the impact of advertising.

The aforementioned research from Binet & Field (2013) concludes that emotional campaigns, and in particularly those that are highly creative and generate powerful “fame / buzz” effects, produce considerably more powerful long-term business outcomes than rational persuasion campaigns.

Section 4
The Operating Environment

The operating environment for the Advertising and Communications sector is uncertain and facing challenging times. The key issues are:

- The impact of the current economic uncertainty on the marketing spend of business and governments.
- Procurement practices and resources given to heavily bureaucratic processes to win new or retain current business.
- The industry's commercial model, ever tighter margins and the challenge of placing a value on idea creation.
- The regulatory environment and the impact that consumer, media and data regulation has on the sector.
- The adoption of artificial intelligence and the impact on specific roles within the industry and its impact of the recruitment.

The economic context

The Irish economic and business landscape has changed fundamentally in the last year. Since President Trump returned to office in January 2025, the global context in which the Irish economy operates has altered radically and this will have fundamental implications for the domestic economy. While the Irish economic model has proven resilient in recent decades, the global outlook is currently characterised by deep uncertainty and potentially high economic risks. For the small-open Irish economy, which is heavily dependent on exports and foreign direct investment, global events have significant implications, particularly given the lack of investment in both capital and social infrastructure during the last decade of significant domestic economic growth.

In mid-2025, the OECD revised down its global growth forecast for 2025 and 2026. The global economy is projected to grow by 2.9% in 2025 and 2026. The US economy is projected to grow by a modest 1.5% in 2026 with the Euro Zone economy growing by 1.2% in 2026.

The OECD is forecasting that Irish GDP will expand 2.3% in 2026. However, the more representative measure of growth in the domestic economy, Modified Domestic Demand (MDD), which strips out the distortions caused by multinational activities, is forecast to expand by 2.1% in 2026. This compares to a long-term average growth rate of 2.7%.

Not surprisingly, the OECD points out that as the US is one of Ireland's most important export markets, higher tariff or non-tariff barriers would lower growth and exacerbate medium-term fiscal challenges. It also points out that heightened uncertainty will encourage households to save more and spend less.

The importance of advertising spend

Given the intense economic and business uncertainty, the Advertising and Communications industry is justifiably reticent about the near-term impacts on marketing spend. The risk is that consumer brands will revise down their marketing investment in the face of such uncertainty, and this will put further pressure on the industry. Boudet et al (2023) in the McKinsey Quarterly point out that in uncertain economic times, the marketing budget is often the first to go. In December 2022, a survey of Chief Marketing Officers (CMOs) of major North American consumer companies, boards had demanded on average an 8% reduction in marketing expenditure over the previous 12 months, and in some cases marketing budgets were cut by up to 20%. The authors argue that these marketing cutbacks were short-sighted and that during times of economic uncertainty, marketing is more important than ever. The authors recommend that "instead of trimming, companies can empower their CMOs to adopt an investor mindset".

The authors state that they often see companies following an unwritten rule: "if they're strapped for cash, they'll stop investing in areas – such as marketing – that don't generate an obvious direct return on investment". They warn that a cost-cutting mindset for short-term gains may backfire and have serious long-term consequences. It is better to adopt a growth mindset, and they cite a 2019 McKinsey Quarterly article showing that during the Great Recession of 2008, companies that drove marketing growth during tough economic times achieved above-market shareholder returns (TSR) for the following 10 years. On average, the cumulative TSR of these companies grew 150% more than that of their relative sector peers. Furthermore, they show that about 70% of these companies became and remained top-quartile performers in their sector. The basic conclusion from this data is that "in moments of uncertainty, growth is the key to establishing strategic distance from competitors".

In the current uncertain economic times, this is a real threat to marketing investment in Ireland, with obvious implications for the Advertising and Communications industry. The reality is that businesses have a customer or marketing-related role at the core of their executive function remain a minority. Investment in marketing and advertising is generally not recognised as being strategic, and in the event of a cyclical downturn in the economy, expenditure on this area can be viewed as discretionary and generally is considered an area to cut in rationalisation. The evidence is that when a cyclical downturn occurs, the marketing spend should be increased to protect the brand.

In summary, Advertising and Communications should be viewed as a form of capital investment, rather than an operating expense, that produces long-term returns above the cost of capital and adds to brand value over the long term.

The regulatory environment

The regulatory landscape is becoming more intense. The Advertising and Communications industry is being forced to deal with complex restrictions in relation to areas such as public sector media spend, political advertising, AI transparency labelling, alcohol, gambling, high fat, salt or sugar (HFSS) products, and accessibility and language. The increasingly restrictive regulatory environment including the requirements of the Official Languages Act is impacting on the industry in both commercial and creative terms.

It is essential that the industry gets greater clarity and certainty about the regulatory regime, because uncertainty is the enemy of creativity. The industry is tasked with the objective of growing and promoting brands, which in turn drives business activity and economic growth. It is important that inappropriate regulation does not limit innovation or penalise Irish brands competing in both the domestic and global marketplaces.

Early adoption of artificial intelligence

The Advertising and Communications industry has been utilising AI tools for a long time, and it has become an essential element of the industry. However, for their clients, the rate of AI adoption is variable, with Irish SMEs estimated to be adopting AI at rates 30% lower than multinational companies. Only 10% of Irish SMEs have a clear AI strategy, compared to 50% of multinationals (Google, 2024).

For the industry, a threat emanates from the possibility that many companies may cut their marketing and advertising budgets to und their AI budgets. Just 30% o Iapi member agencies see AI as a growth opportunity, with only 11% viewing it as their biggest challenge.

To ensure that the industry expands and enhances its business and economic impact, it is essential that creative and talented people are attracted into the sector. There is a recognition in the sector that it needs to invest heavily in its people and provide an appealing career path, and that the utilisation of AI can make a significant positive contribution to the sector through augmenting human creativity, rather than replacing it.

Public procurement

As a procurement led industry, it is agile and resilient in tendering for business across different industries and the public sector. However, the industry is vulnerable to the rigidity of public sector procurement and heavily hampered by overly prescriptive tendering processes. Standardised, highly bureaucratic procurement models do not always accommodate the iterative, collaborative nature of creative professional services.

This contrasts sharply with international exemplars like the United Kingdom, whose government actively champions the creative industries as a growth driving sector, backed by a formal industrial strategy and investment. Ireland's bureaucratic procurement model fails to accommodate the iterative, collaborative nature of creative professional services, creating a significant barrier to value and innovation.

Section 5

Measuring Economic & Business Contribution

The Advertising and Communications industry is not just a service provider; it is a value creator. Advertising and Communications are effective for building brand awareness; communicating brand meaning and what a brand stands for; fostering positive customer feelings and judgements; and building a strong bond of loyalty with its customers. As such, business investment in the output of Advertising and Communications is good for business performance and in turn is good for the overall economy and society.

Due to the absence of data it is difficult to quantify the economic and business contribution of the sector, because the return on investment is difficult to quantify and measure in a precise way.

The multiplier effect in economics describes how an initial change in expenditure, like increased government expenditure can lead to a larger overall increase in economic activity. The 'multiplier' is a controversial subject in economics. It is almost always discussed in the context of government spending (both current and capital expenditure), or in other words the 'fiscal multiplier'.

It can also be applied to business expenditure. For example, if a business decides to invest €1 in marketing and advertising, this will result in an injection of €1 into the economy, which in turn will be earned and spent by someone else and so on down the chain. This increased expenditure by a business will drive further expenditure; boost business performance; support jobs; and generate tax revenues and so on.

In relation to advertising expenditure, WARC (World Advertising Resource Centre) (2025) has examined the multiplier effect of brand and performance advertising. The compelling conclusion is that combining both brand and performance advertising can significantly enhance revenue returns, with evidence showing a median uplift of 90% when both strategies are employed. This integrated approach fulfils the dual roles of advertising effectively.

The key conclusions are:

A mixed approach can boost total ROI by 25% to 100%.

The median uplift from combining strategies is 90%.

Performance strategies alone can lead to a 40% decrease in ROI.

Strong brand equity enhances performance advertising effectiveness.

For budgeting purposes, CMOs should be allocating at least 30% to brand equity driving ads, with 40% to 60% a typical best practice range.

Chief Marketing Officers will understand the 'media multiplier' between short and long term for their media investments. This can vary by channel but is generally between 1.1 times and 2 times.

Learning from the UK

The UK is an international exemplar for the contribution and effectiveness of the Advertising and Communications industry. Advertising and Communications spend in the UK at 1.66% of GDP is the highest in the world according to statistica.com. Credos (May 2025) estimated that in 2024, 3.5 million UK businesses spent an estimated £66.6 billion on advertising and communications, including £42.6 billion on media, £7.4 billion on agencies and production, and £16.6 billion on marketing professionals. It claims that Advertising and Communications supports over 1.7 million jobs in the UK economy, making up 5% of all UK employment; and it accounts for 4% of total Gross Value Added (GVA). It concludes that on average, £1 spent on Advertising and Communications now generates a ROI of £4.11 for medium-large businesses and £1.89 for micro-small businesses. This is a very significant added value being generated rom these proessional services.

In June 2025, the UK Government launched a new strategy or the creative industry (UK Gov, 2025). It recognises the high-growth value o the Creative Industries. It has a vision or an industry that will be “open to investment from around the world, with creativity that crosses borders, world-class creative talent in every nation and region, and the cultural infrastructure and public service media to back it up”. The UK Government is focusing on a concept called ‘Createch’, which combines “creative innovation and cutting-edge technology to generate novel products, services and experiences”. It has targeted the generation of £18 billion in gross value added and 160,000 extra jobs over the next decade. Specifically, the support provided by the UK Government to realise the ambition will entail the acceleration of innovation-led growth, helped by supporting the development and value of creative IP; securing growth finance for creative start-ups and scale-ups; building a resilient, skilled and diverse workforce fit for the future; and maximising the export potential o the creative sector.

New Zealand’s long-term approach

The Advertising and Communications industry in New Zealand remains “well awarded” in terms of the creative quality of work on both the local and global stage (Nzmarketingmag, 2025). The best agencies domestically are also the world’s best agencies. One of the key trends in the industry in New Zealand is a growing focus on long-term brand building as a philosophical centre. There is a recognition of the importance of investing in future demand and the power of creativity, storytelling and consistent brand codes in creating long-term growth for clients. This theme has strongly shaped the work that the sector is delivering, with more sustained campaigns, stronger consistency and brand codes evident in execution, and stronger creative commitment to campaigns across media channels. The annual turnover of the Advertising and Communications industry in New Zealand in 2023 was NZ$3.36 billion, equivalent to 0.77% of GDP. There are 1,949 businesses in the Advertising and Market research Services Industry, employing 9,469 people (Ibis World, 2025).

The Netherlands – a focus on creativity

The Netherlands is regarded as one of the world’s leading countries in terms of generating creative output, helped by the fact that it is a global hub for media and broadcasting. The Dutch creative industry fuels advertising and communications. The sector in the Netherlands employs 34,509 people, with annual revenues of $6.7 billion, equivalent to around 0.58% of GDP (Ibis World, 2025). Amsterdam is an internationally recognised centre for advertising and attracts the top international agencies and brands. The industry is widely recognised for its strong creative capabilities and is a hub for international campaigns.

For Ireland, the lessons are clear:

Countries that treat advertising and communications as strategic growth engines see stronger brand performance, higher productivity and greater economic returns. The international experience shows that creativity, long-term brand investment and strong industry capability are central to competitiveness. Ireland’s ambition should match these benchmarks, building a creatively confident, innovation-driven sector that supports business growth.

Section 6
Summary & Conclusions

This report has sought to provide an understanding of the Advertising and Communications industry in Ireland, by placing it in an international comparative context. The spending on advertising in Ireland is one of the lowest in the world.

International research demonstrates clearly that investment in long-term brand building is essential for business success. The challenge for the industry is to highlight on an ongoing basis that creative strategies, including Advertising and Communications campaigns, can bring strong benefits to business, as well as overall economy and society. The sector needs to be deeply involved in regulatory discussions, the development of digital and AI policies, and the environment for business. Experience elsewhere suggests that expenditure on Advertising and Communications is good for business and economic activity. Ireland is missing out and if its Advertising and Communications spend increased to the EU norm, the broader business, economic and societal benefits could be very significant.

There needs to be a more widespread business recognition of the importance of investing in brand. This is particularly true in the current environment where the economic and business outlook is shrouded in uncertainty. Business should not sacrifice investment in brand for short-term cost-cutting reasons. Likewise, it is vital that the Government invests more heavily in output from the sector as its effectiveness in terms of getting important messages into the public arena is crucial. Experience shows that strategic and targeted communication programmes are key to achieving behavioural change and can deliver strong impact for the State.

In an era of 'fake news', disinformation and loss of trust in traditional media, it is essential that the Advertising and Communications industry makes an enhanced contribution to public policy debate.

The approach of the UK Government to the creative industries needs to be studied carefully with learnings applied to Ireland where feasible. Advertising and Communications needs to be supported; needs to operate in a competitive cost environment; needs to be attractive for talented creative people; needs an appropriate regulatory environment; and needs to have its economic and business contribution and potential contribution appreciated by policymakers and businesses across the economy. The ambition should be to create an Advertising and Communications industry that builds trust in a changing media and policy landscape, delivers a significant contribution to Ireland's services exports and positions Ireland as a genuine rival to London.

Strengthening Ireland's advertising and communications sector would not only enhance creative competitiveness but also generate wider economic benefits. As the multiplier effect shows, every euro invested in advertising circulates through the economy, driving business growth, jobs and tax revenues. A more ambitious, better-supported industry therefore delivers returns far beyond the sector itself.

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