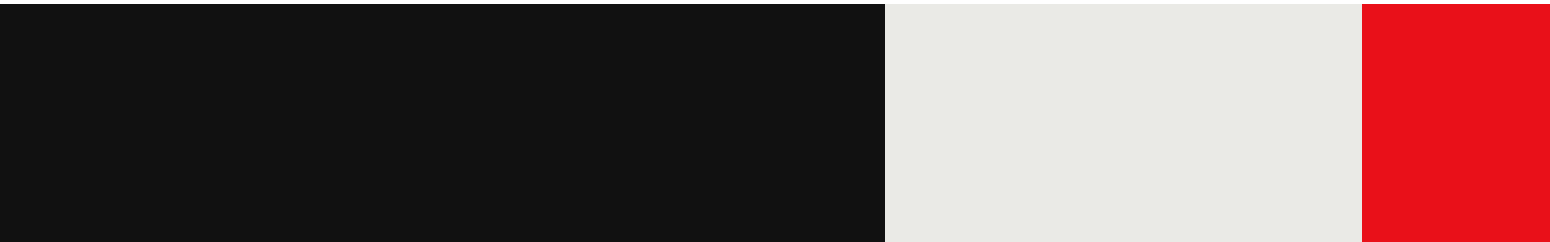



What's going on with ad spending?

Article



In August, [ad spending dropped](#) for the third month in a row. But the outlook for spending isn't so cut and dry. "If you start at that pre-pandemic point and you plot a curve to where we are now, we're actually not doing so badly," our analyst Paul Verna said on a recent "[Behind the Numbers](#)" podcast.

Here's what Verna and our analyst Dave Frankland had to say about what's happening in the ad industry and what it means for the future.

To spend or not to spend: Mixed messaging around the state of the economy is making it difficult to predict where dollars will be of best use.

- Prices keep going up, but consumers keep spending. The employment rate is healthy, but companies are making cuts to their workforces.
- This unevenness is reflected in the ad market, which is trying to adjust to the constant changes in both the economy and consumer behavior.
- “Unlike in 2008 or 2020, we’ve been doing a lot of accelerating and decelerating,” said Frankland. “We’re in stop-and-start traffic right now.”

Going digital: The pivot to digital media is continuing to shift ad dollars.

- Digital ad spending represents nearly 72% of total media spend, compared to nearly 55% in 2019.
- Verna predicts that this shift to digital will continue to accelerate even more in the years to come, as digital media of all kinds ingrains itself further into consumers’ lives.
- As marketers pivot away from linear, Frankland wonders if there will be enough digital inventory for everyone, which could limit the growth of digital ad spend.

Only one way to go: After the skyrocketing growth of digital advertising in the past few years, it’s only natural that it will start to normalize.

- “The last couple of years have seen unrealistic and unsustainable growth,” said Verna. “We’re not doing so badly, but it looks worse when you look at how fast things changed during the pandemic.”

Silver linings: While the landscape is still evening out, there are a few bright spots in the road ahead.

- Retail media spend will continue to grow by double digits in 2022.
- Connected TV will also experience double-digit growth this year.
- This year, ad spend will be buoyed by the World Cup, which kicks off November 20.

[Listen to the full podcast.](#)

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