

What's in store for ad spend in 2023

Article

In March 2022, we forecast that US ad spend would hit \$284.10 billion in 2023. However, as 2022 progressed, the advertising landscape shifted, causing marketers to buckle down on their budgets and operational costs to rise. In response, we cut over \$5 billion from our original forecast, placing our estimate for total **US ad spend** for 2023 at \$278.59 billion.

Why? There are several factors at play, according to our analyst Evelyn Mitchell, speaking on a recent "**Behind the Numbers: The Daily**" podcast.

First, ad spending continues to normalize after a 2021 jump following the pandemic slump.

“If you look at our forecasts, you can see the spike across almost every digital ad spending channel in 2021,” said Mitchell. “After that initial rebound, we’re kind of coming back down to earth.”

Second, general macroeconomic conditions have continued to deteriorate since we first made our forecast.

“We’ve got inflation, a potential recession, ongoing supply chain [issues], geopolitical instability. There [are] a lot of moving targets undergirding this one,” Mitchell said.

Luckily, this is just a temporary influence. Though no one knows how long it will last (or how bad things will get), eventually, market conditions will recover.

Unfortunately, the third reason isn’t so temporary.

“The final influencer here is privacy changes,” said Mitchell. “And this is a permanent shift.”

Apple’s AppTrackingTransparency policy is already in effect, but there are a few more changes ahead.

- In 2022, Google reiterated that it will **do away with third-party cookies** by the end of 2024, and it’s assumed the company will similarly discontinue **AdIDs on Android devices**.
- Several **statewide privacy laws** took effect January 1, creating stricter standards for marketers when it comes to consumer data.
- **Other privacy laws** (including a federal one) may be coming down the pike soon.

The bottom line: Ad spend will be tighter this year, but it won’t be consistent across all channels. Spending on social media, for instance, will be hit the hardest, while connected TV spend will be a bright spot.

Listen to the full podcast.