

Social ad spending's near-term prognosis has gotten worse, not better

Article

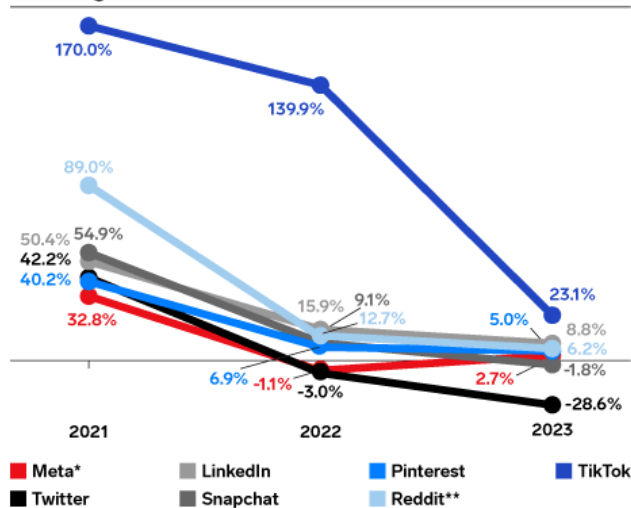


US social ad spending has grown by at least 20% almost every year since 2008, when we began tracking it. That boom came to an end in 2022. And this year, social network ad spending will grow at its slowest pace yet.

- **We slashed our 2023 US ad revenue estimates for almost every social platform.** For **Snapchat** (revised down by \$505.2 million), TikTok (down \$649.0 million), and **Twitter** (down \$991.0 million), the cuts are significant. For **Pinterest** (down \$31.5 million) and **Reddit** (down \$40.9 million), the cuts are smaller but still impactful—\$40.9 million is nearly 10% of Reddit’s annual revenues.
- **YoY growth will be slower for every platform except Meta.** Meta’s head start on fully automated ad products, such as Advantage+ Shopping Campaigns (ASC+), along with its unmatched scale plus some favorable comps, positioned the company to deliver better results than the ones it posted in 2022.
- **Rising inventory, lower CPMs, and new ad formats play a role.** Social’s post-ATT landscape required the platforms to rethink their ad formats and strategies. Those pivots have made advertising on social networks more affordable, contributing to the softer growth.

US Social Network Ad Revenue Growth, 2021-2023

% change



Note: paid advertising only; includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; excludes payments to influencers or other creators to produce sponsored content; includes branded content amplified as paid media; *includes Facebook and Instagram ad revenues; excludes revenues reported under Meta’s Reality Labs segment; **excludes non-advertising revenues (e.g., Reddit Premium, Reddit Coins)
Source: eMarketer, March 2023

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Q2 2023 Paid Social Forecast and Trends

