Arielle Feger

December marks 6 months of consecutive decline in US ad spend

Article

US ad spending fell 12.1% in December 2022, the sixth consecutive month in which total spending has declined, according to revised data from Standard Media Index's US Ad Market Tracker.

- This revised index is based on an expanded data set with more granular digital data.

- According to the new data, the previous month's declines were more moderate than originally reported. For example, July's prior decline of 12.7% is down to 8.2%.

The backslide continues: We cut over $5 billion from our 2023 US digital ad spending forecast, slashing it from $284.10 billion to $278.59 billion.

There are two main reasons for this downgrade:

1. **Inflation is driving up operating costs**, which means budgets are getting tighter. Nearly three-quarters (74%) of major advertisers say that economic downturn is influencing their 2023 budget decisions, per a World Federation of Advertisers survey.
2. **Major changes are taking place in digital advertising.** The ripple effects of Apple's AppTrackingTransparency policy have started to settle, but there are a few more things on the horizon, including the deprecation of third-party cookies, statewide privacy laws, and impending federal privacy legislation.

What lies ahead: While we don't expect ad spend to bounce back anytime soon, there are some channels that will see growth in 2023.

Connected TV (CTV), in particular, will see increased investment from advertisers this year, so much so that we increased our CTV ad spending forecast by $3 billion to $26.92 billion between April 2022 and October 2022.

The bottom line: Things are bad, though maybe not as bad as we thought. Expect tight budgets to continue through 2025, or possibly longer if the US officially dips into a recession.

This was originally featured in the eMarketer Daily newsletter. For more marketing insights, statistics, and trends, subscribe here.