

# Why advertisers are turning away from walled gardens

Article

**The news:** Some brands are choosing to base advertising decisions on their own personal data and third-party measurement solutions rather than relying solely on walled gardens, per Adweek reporting.

- Adweek spoke with four digital advertising firms who reported that clients were increasingly moving away from walled gardens operated by **Meta** and **Google**, instead choosing to rely on third-party services.

**Are walled gardens withering?** The ad industry isn't done with walled gardens just yet.

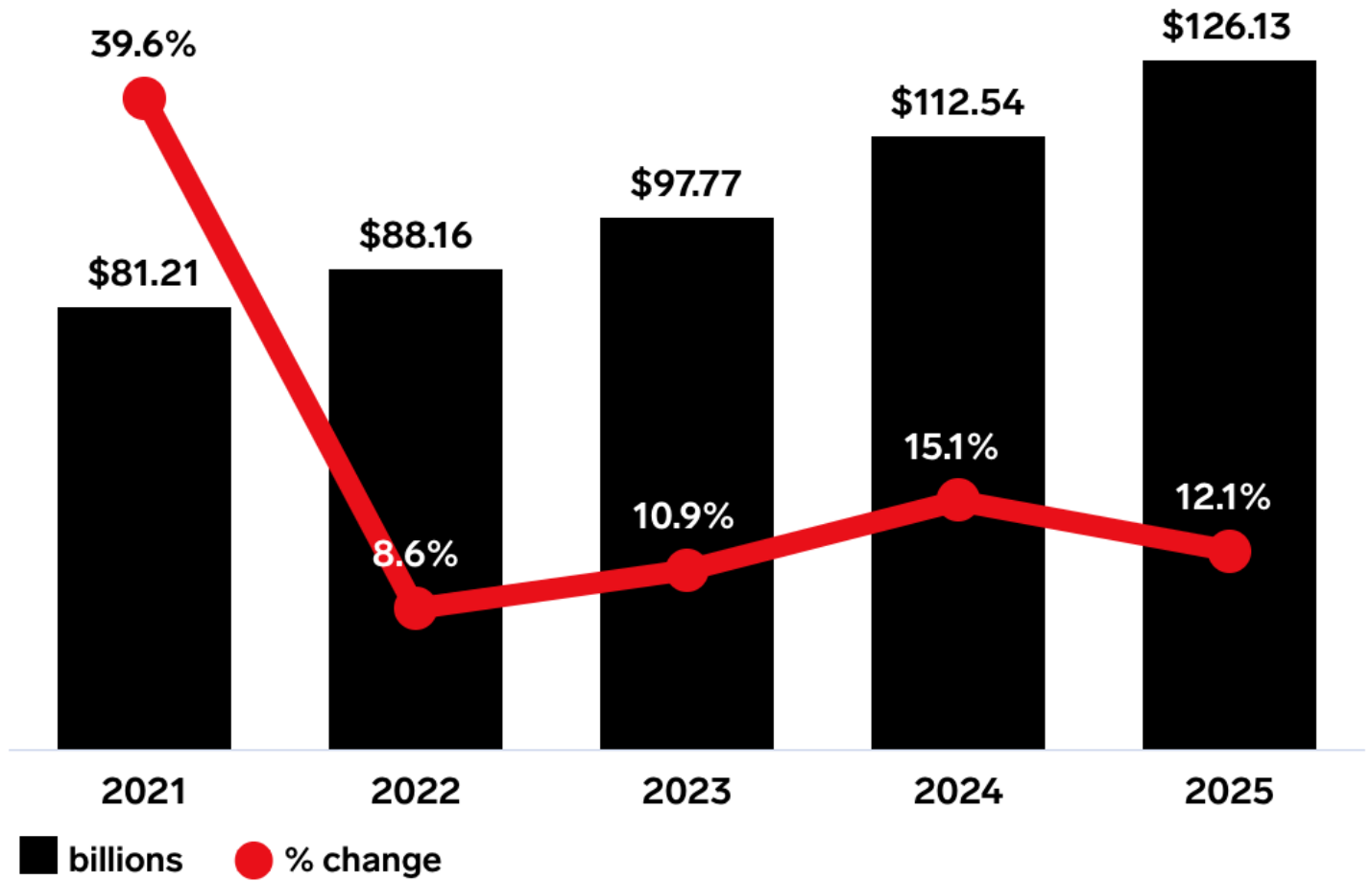
- Not too long ago, operating a walled garden with substantial user data was viewed as a lucrative opportunity for platforms, media outlets, and hardware companies like smart TV manufacturers to attract advertisers.
- We forecast that US walled garden programmatic digital display ad spending (whew, adjectives!) will cross \$100 billion this year. But these **first signs of a shift represent changing priorities for small brands and growing distrust of major platforms**.
- That \$100 billion milestone comes with a caveat: **Walled gardens lost share in the programmatic ad spend market last year for the first time** since we started tracking it in 2017, and the decline will continue this year.
- The rise of retail media is partially to blame. Retail media networks (RMNs) allow advertisers to pollinate ads across various digital storefronts, reaching broader sets of consumers. Their success is fueling a distaste for walled gardens, which can seem to restrict advertiser choice.

**Our take:** As distrust of major ad platforms rises and the industry takes a more open-ended approach, walled gardens are likely to see their share of ad spending diminish.

- The cost of running ads on major digital platforms like Google and Meta has increased, leading budget-conscious brands to reevaluate their strategies.
- Scandals that have plagued the ad duopoly in the last year and cast doubt over its quality control, brand safety, and return on investment haven't helped.
- Meta's **Advantage+**, an AI-powered tracking solution intended to repair signal loss caused by **Apple's AppTrackingTransparency** change, has been accused of inflating metrics and draining ad budgets.

# Walled Garden Programmatic Digital Display Ad Spending

US, 2021-2025



Note: includes programmatic digital display ads transacted in a closed ad ecosystem where the publisher has access to first-party data and owns and controls all operations in the entire ad tech stack, such as ad buying, serving, tracking, and reporting; its inventory is not available for purchase through third-party sellers or resellers; examples include Amazon, Google-owned and -operated properties, and Meta

Source: EMARKETER Forecast, December 2023