

# The holiday season provides a brief reprieve from the ad downturn

## Article

**The news:** The ad spending downturn has been hard on the industry, but some brands are finding opportunity in the decline.

- The number of advertisers who said they're pausing or reducing ad budgets fell from **49% in August to 41% in October**, per Advertiser Perceptions. While half of respondents said that

interest rates were having a negative impact, 20% said they're having a slight or major positive impact.

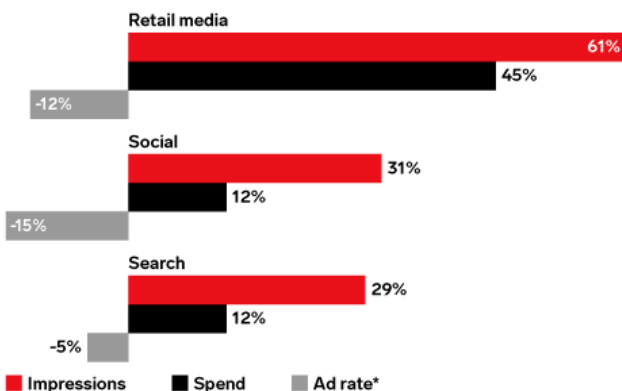
**The end-of-year turnaround:** Advertisers have the holiday season to thank for much of the renewed ad spending.

- But despite the holiday boost, much of that spending isn't going to upper-funnel channels like TV. Instead, many are spending on search and sponsored products in order to capitalize on spending-conscious consumers.
- That pivot to direct-response spending means that smaller brands have a unique opportunity to claim space on upper-funnel channels. Industries known for high ad spend like insurance and automotive are pulling back, leaving room for smaller brands to build awareness.
- “Brand advertisers may face less competition for display and video ads, finding more cost-effective ads that can drive awareness and consideration over the extended shopping period,” Insider Intelligence principal analyst **Andrew Lipsman** wrote in our 2022 Holiday Shopping Report.

**Our take:** The second half of 2022 has been marked by major declines. The decline of advertising spending, of social media, and of consumer spending. But smaller or mid-size companies that manage to strategically navigate the current ad environment could find themselves in a much better position once the air clears.

### Digital Ad Spending, Impressions, and Ad Rate\* Growth Worldwide, by Channel, Q3 2022

% change vs. same period of prior year



Note: represents activity on the Skai platform, broader industry metrics may vary; \*retail media and search prices measured in cost per click (CPC), social measured in cost per thousand (CPM)

Source: Skai, "Digital Marketing Quarterly Trends Report: Q3 2022," Oct 27, 2022

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