

# The US ad market drops for the fifth month in a row

Article

**The news:** The US ad market declined for the fifth month in a row in October, per MediaPost and the Standard Media Index's US Ad Market Tracker.

Ad spending fell 3.2% year over year to cap months of declines amid an uncertain economic outlook that's affected consumer buying. The downward trend will likely extend through the

end of the year given November and December 2021's higher-than-normal advertising spending, per MediaPost.

**The slowdown:** Inflation, higher interest rates, and a general return to outdoor life meant that 2022 ad spending couldn't sustain the abnormally high levels of 2021. But despite the overall slowdown, there is still growth in key sectors.

- One of the biggest markets affected by the downturn is linear TV. 2022 is a record year for cord-cutting—we forecast that just over a third of US households will drop cable and satellite this year, prompting many advertisers to look to digital channels instead. As a result, **linear TV will make up less than 20% of US ad spending for the first time ever.**
- But the amount spent on advertising per person is still set to rise significantly. Spending jumped from **\$729.34** per person in 2020 to **\$912.58** in 2021, and will reach **\$1,026** this year—still healthy growth in a fraught market.
- Most of that money is going to digital advertising, which will make up **71% of total media ad spending** in the US. But despite the higher spending on digital ads, the sector is marred with signal loss from **AppTrackingTransparency**, the deprecation of **third-party cookies**, and growing privacy regulation that is prompting some industries to turn to post-purchase marketing and direct-to-consumer channels.

**Our take:** The ad industry's spending decline will likely continue through the end of the year, but time will also clear up issues in digital advertising that are making advertisers wary. For older channels like linear TV, serious changes will have to be made to keep up with digital's pace of growth

**US Media Ad Spending Growth, by Media, Q1 2021-Q3 2022**

% change

	Q1		Q2		Q3	
	2022 vs. 2020	2022 vs. 2021	2022 vs. 2020	2022 vs. 2021	2022 vs. 2020	2022 vs. 2021
Digital	50%	24%	84%	10%	42%	5%
TV	-2%	2%	19%	-9%	-17%	-23%
Out-of-home	-4%	71%	111%	38%	87%	14%
Radio	-18%	7%	70%	-5%	0%	-18%
Magazines	-46%	-23%	-30%	-16%	-20%	-11%
Newspapers	-28%	3%	13%	-10%	27%	22%
<b>Total</b>	<b>19%</b>	<b>14%</b>	<b>52%</b>	<b>2%</b>	<b>15%</b>	<b>-6%</b>

Note: based on data from SMI Core; excludes ad tech/fees and other  
Source: Standard Media Index (SMI), "Core Release: September 2022," Oct 20, 2022

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