

The Great Realignment: Advertising and ecommerce implications

Article

Inflation. Return to work. Supply chain disruptions. War. Recession. It's been a wild 2022, and larger pressures are disrupting advertising. Here are a few key trends from our recent [“Great Realignment” webinar](#):

Retail

Ecommerce spend is growing, and we project it will pass \$1 trillion this year. It's not the flashy items like augmented reality or social commerce driving this uptick, according to analyst Andrew Lipsman, but rather the more mundane ones like smartphone commerce, buy now, pay later, and click and collect. All of these drivers reduce friction, add convenience, or make things more affordable.

That could spell trouble for Amazon. The ecommerce leader's market share has fallen for the first time after it failed to see the gains brick-and-mortar retailers saw from the click-and-collect pandemic boom. But don't feel too bad for Amazon: It still dominates in ecommerce market share.

Advertising

Retail media is the third wave of digital advertising and will eventually equal search and social levels of dollar spend. As more people search for products online, more advertisers want to target consumers at the point of purchase. Both these things track alongside the rise in ecommerce sales.

But retail media isn't the fastest-growing ad format. That goes to connected TV (CTV). However, inflation and economic turmoil could put a damper on CTV ad spend as higher-priced and higher-funnel ads like CTV are often the first items to be cut.

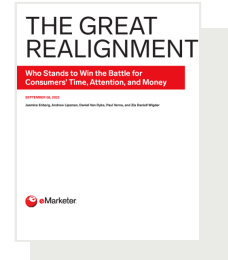
TikTok is remaking everything. First, video accounts for over half (56.5%) of time spent on social. Second, TikTok surpassed Instagram in Gen Z users in 2021 and will do the same with Snapchat in 2024. Third, adults currently spend as much time on TikTok as they do on YouTube, and TikTok will surpass YouTube for time spent next year. If teens were included, time spent would be even higher.

When it comes to ads, TikTok is gaining ground. This year, the video platform will have 7.2% of ad revenues, which will increase to 10.0% in 2024 and overtake YouTube for the first time. Economic uncertainty and AppTrackingTransparency privacy changes have led advertisers to put their money into TikTok.

Read the full report.

Report by Jasmine Enberg, Andrew Lipsman, Daniel Van Dyke, Paul Verna,
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