

# US ad market spending grew in May for the first time in 11 months

Article

**The news:** Standard Media's US Ad Market Tracker rose in May for the first time in 11 months, jumping 2.5% in a possible sign of the end of a nearly year-long advertising cooling period that began last summer as interest rates began to rise.

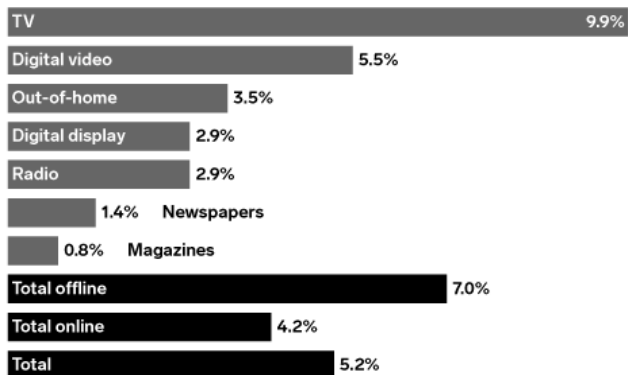
**The rebound:** The first quarter of the year saw some of the steepest spending declines. Outlays fell 12.1% in December, 5.8% in January, 8% in February, and 8.4% in March.

- April brought the first signs of change with a decrease of just 1.4%, the smallest dip since September 2022. Now, the industry is showing signs of life after an anxious year.
- Part of the spending boost is seasonal, with summer advertising spending around the corner and major events like Pride Month and Juneteenth driving activity. But a number of prominent new ad channels are winning over advertisers.
- Perhaps the most notable is ad-supported video-on-demand (AVOD). AVOD services will add 13.3 million US viewers this year, more than triple the 4.3 million that subscription OTT services will add, according to our March forecast. Major services like **Disney+** and **Netflix** have also launched advertising subscription tiers, spurring brand interest.

**Our take:** Advertising may be pulling out of a cold season, but growth still won't return to pandemic rates soon. Our March forecast predicts single-digit worldwide ad spend growth of **5.8% in 2023**, and recent downgrades from groups like **Dentsu** argue that ad spend growth is an illusion driven by inflation.

#### Offline vs. Online Media Inflation Worldwide, by Media Type, 2022

% growth



Source: ECI, "ECI Media Management – Inflation Report Q1 2023," Feb 13, 2023

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