MAY 26
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After 10 straight months of ad spend declines, what's next for the industry?

Article

The news: The ad market's year-long decline is continuing. March marked the ninth straight month that ad spending was down, falling 8.4%, per a Tinuiti study. The US Standard Media

Ad Index showed the trend continuing into April, with a year-over-year decline of 1.4%.

The April decline is the smallest since September 2022, a sign of a possible rebound for the ad market aided by spending on summer advertising.

Context is everything: Since the second half of 2022, ad spend growth has contracted considerably as the pandemic boom cooled. Social media companies posted significantly lower ad revenues, longtime advertisers slashed marketing teams and budgets, and interest rates forced companies to hold their wallets close.

- The end of the gold rush triggered doom and gloom in the ad industry, but the reality is that there's still growth: We expect worldwide media ad spending to rise **5.8%** this year.
- But that doesn't mean that the concerns about shrinking budgets and a declining ad market aren't valid: Growth has slowed from 2022's high rate, and that slowdown has brought significant changes in the advertising landscape for agencies and brands.
- **75% of content marketing officers say their budgets are too small** to accomplish their goals, per a recent Gartner study.
- Long-standing trends like the decline of TV advertising and viewership have accelerated—US TV advertising will fall 8.1% this year, per our recent forecast. That's caused longtime advertisers like Geico (and others in industries feeling similar interest rate pressures) to slash their marketing teams and budgets and re-evaluate strategies.

The shifts: The decline of legacy media advertising was accelerated by the pandemic, but new spending hotspots like retail media have emerged. Even familiar channels like TV, streaming, and internet advertising are seeing major changes that will affect how advertisers interact with companies.

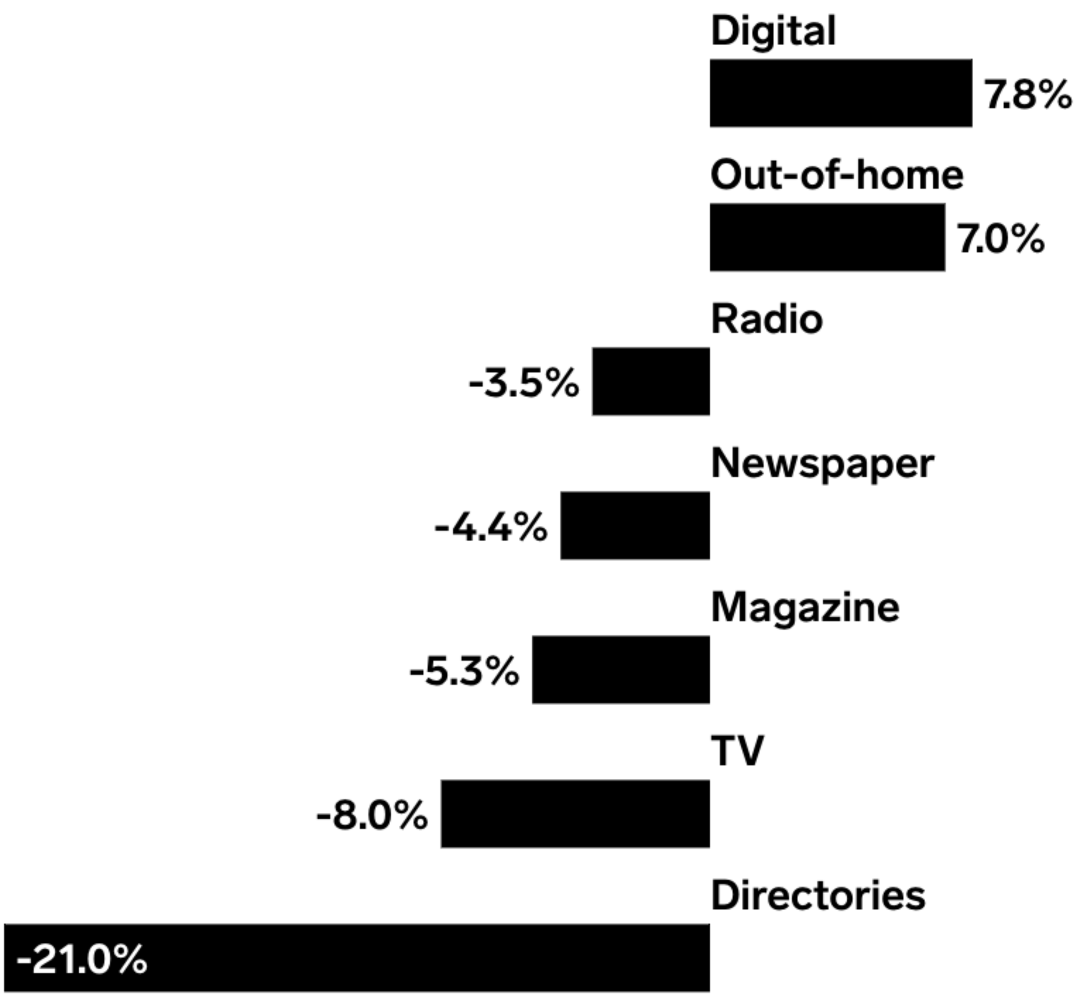
- If retail media was an emerging ad format just a few years ago, now it's a behemoth. The market has grown from $1 billion in 2016 to an expected **$45.05 billion** this year. The channel has become a neat source of revenues for retailers and gives advertisers a chance to reach consumers at the point of purchase.
- Elsewhere, titans of the ad industry are under threat. **Nielsen**'s hold on the TV measurement market is being challenged. A coalition of networks is striking their own measurement partnerships with competitors like **iSpot**. While a multicurrency environment may be healthier

for TV, it also means advertisers have to adjust to different measurement and tech for each network they work with.

Our take: The ad industry may still be growing, but the pain of significant shifts is still real—and these are just the changes we had space to talk about. The end of third-party cookies, privacy crackdowns, and **TikTok**'s controversies all pose additional challenges that advertisers are struggling to handle.

Total Media Ad Spending Growth, by Media

US, 2023, % change



*Note: includes digital (desktop/laptop, mobile and other internet-connected devices), directories, magazines, newspapers, out-of-home, radio and TV; *excludes digital; **excludes off-air radio and digital*

Source: eMarketer, March 2023

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