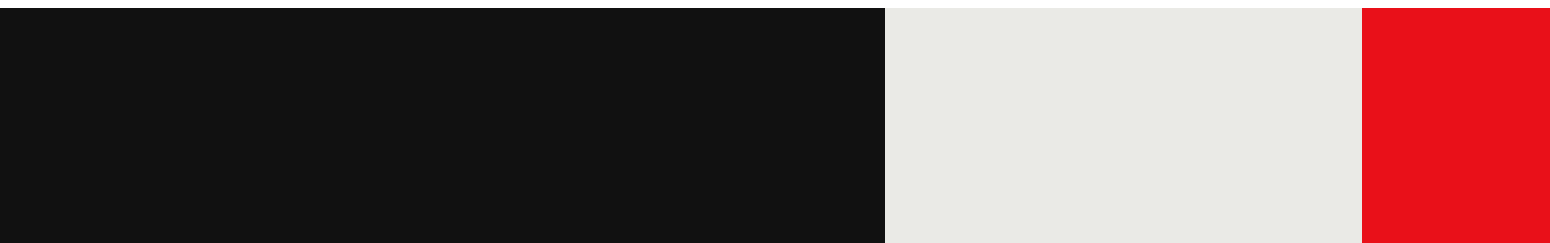



# 30% of advertisers are cutting their 2023 budgets

## Article



**The news:** The ad downturn is extending past the summer, past the holiday season, and into 2023. Nearly 30% of major advertisers say **they're cutting their ad budgets into next year**, according to a World Federation of Advertisers (WFA) survey of 43 multinational companies.

- **74%** said the economic downturn is influencing their 2023 budget decisions.

**I promise there's good news:** Thirty percent is a significant number, but just as many advertisers are either growing their budgets or spending the same amount.

- 30% said their 2023 advertising budget will increase, while 40% said they expect spending to stay the same.
- But even though there's some steadfastness, 75% of respondents said their budgets are under "heavy scrutiny," even if they're not currently planning a reduction.

**Where's the money going?** Many industries have diverted funds away from traditional advertising channels and toward direct-to-consumer marketing, where they can avoid dealing with ad exchanges and attempt to maintain loyalty through a potential consumer spending downturn.

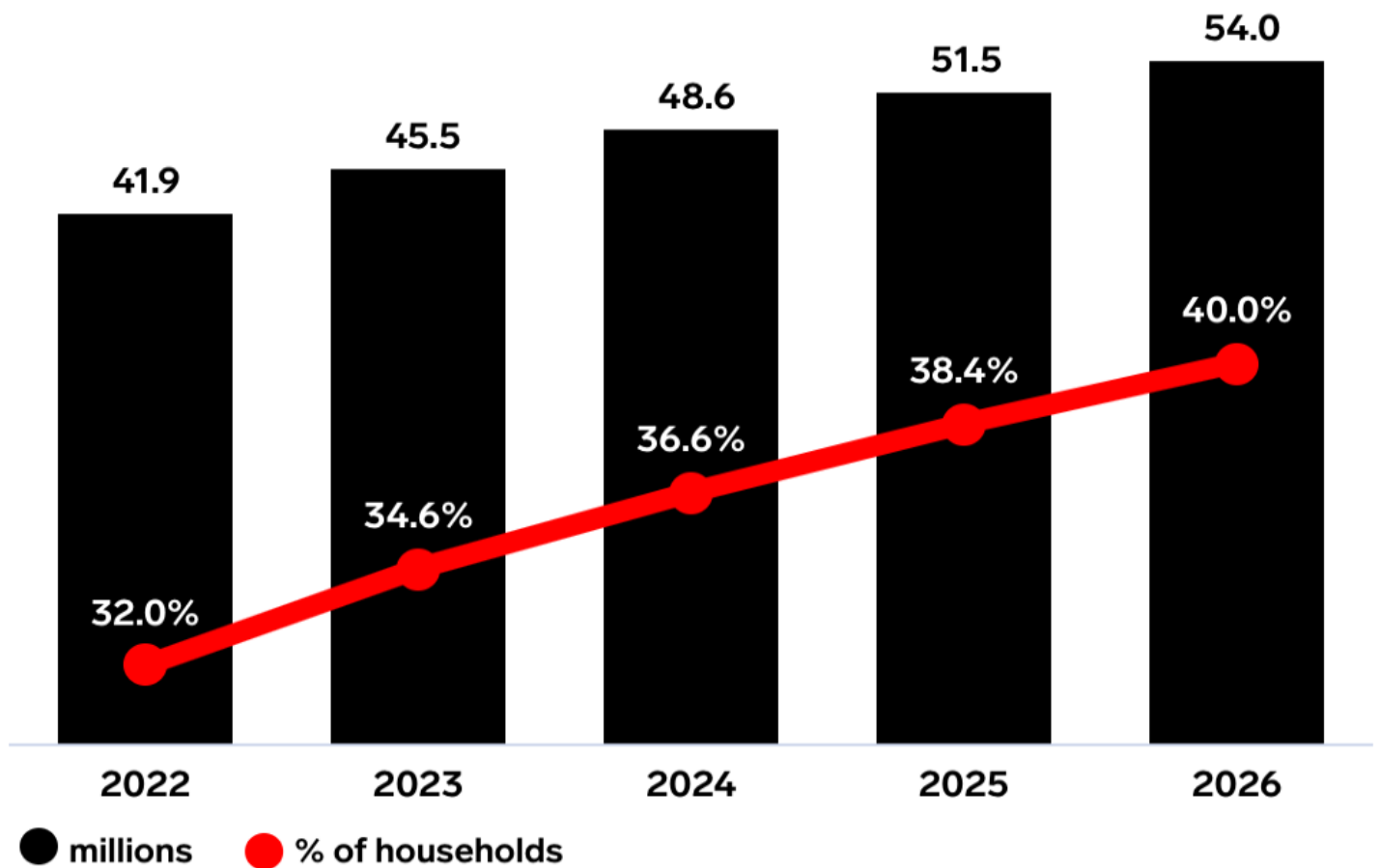
- 42% of survey respondents said they would be spending more on digital advertising next year —50% are planning to cut "offline" ad spending.
- That makes sense since just over a third (33.1%) of consumers will cut the cord this year, and streaming is making landmark gains over linear TV.
- But while that's good news for connected TVs, media platforms, and others, they still have plenty of issues to work out if they want to claim a larger share of the money pile. CTVs and podcasting have both had significant fraud scandals in 2022, which is causing marketers to divert spending elsewhere.

**The big takeaway:** Shaken faith in digital advertising channels and economic concerns are leading to an overall spending decrease that's going to continue into next year.

- But while advertising may be in a rough state, marketers have little choice: Historic levels of cord-cutting and the increasing shift to digital platforms mean they have to spend their money online one way or another.

# Cord-Cutter Households

US, 2022-2026



Note: households that no longer have access to traditional pay TV service

Source: eMarketer, September 2022

eMarketer | InsiderIntelligence.com