

# Ad spending will remain strong despite a looming recession

## Article

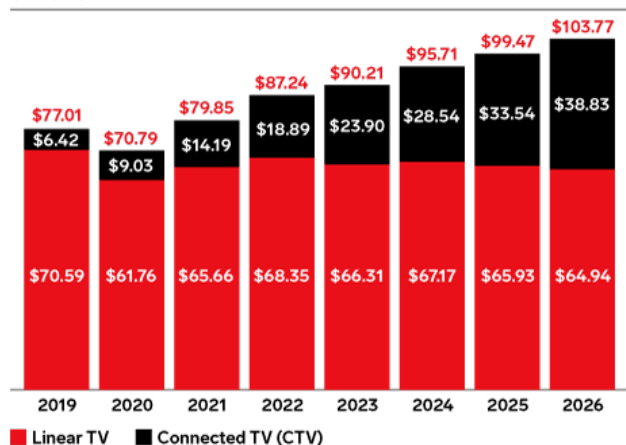
**The news:** Advertising spending will continue to grow throughout 2022 despite an ongoing industry rough patch as fears of a recession loom and stocks of ad-reliant companies take a tumble.

**The challenges:** Several factors including economic concerns, Big Tech stumbles, and a lack of new ad solutions are souring an otherwise positive outlook for the advertising industry.

- A potential recession has obvious implications on advertising—if consumers have less to spend, it doesn't make sense to advertise products they can't buy. Inflation and supply chain challenges could also affect ad spending.
- Some Big Tech firms reliant on advertising revenues have given warnings about their revenue outlooks. **Snapchat warned investors** late last month that it won't meet its revenue expectations, sending social media stocks into a downward spiral.
- Many advertising sectors have struggled to adapt to industry-wide changes. On mobile devices, a widely accepted post-**AppTrackingTransparency** solution has **yet to emerge**, costing companies additional ad revenues and making advertisers uneasy about the **effectiveness** of their spending.
- Video advertising has its own woes. Advertisers are **spending more** on connected TV (CTV) given its high adoption rate among US consumers and flexibility compared with linear ads, but concerns about accuracy have re-emerged after a study **revealed** advertisers are **losing \$1 billion annually** on dead ads.

### Combined US Linear and Connected TV (CTV) Ad Spending, 2019-2026

billions



Note: linear TV includes broadcast (network, spot, and syndication) and cable TV; excludes digital; CTV includes digital advertising that appears on CTV devices; examples include display ads that appear on home screens and in-stream video ads that appear on CTVs from platforms like Hulu, Roku, and YouTube; excludes network-sold inventory from traditional linear TV and addressable TV advertising  
Source: eMarketer, March 2022

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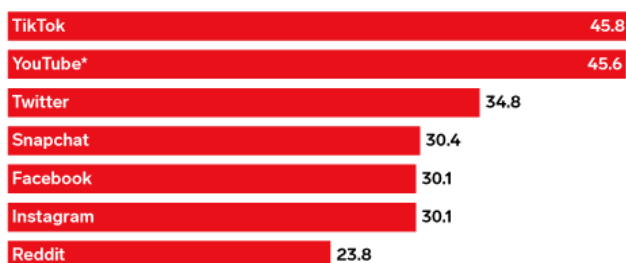
**Marching onwards:** There are key differences between the current economy and the recession of 2008 that are leaving advertising's outlook as a net positive. We still expect US ad spending to increase **13.2%** year over year in 2022.

- In a [Q&A](#) about the current state of advertising, **Insider Intelligence analyst Peter Newman** pointed out that the **175% decrease** in ad spend between 2008 and 2009 mostly came from mediums like print that entered long-term decline, while others like TV and digital remained strong for years.
- Consumer spending is going through [several changes](#) in response to the economy, but remains strong overall despite inflation and a possible recession. If spending should suddenly turn the other way, advertisers and Big Tech firms will have to adjust their plans.
- Social media and CTV troubles may cause doubt, but advertisers have few other places to spend. Platforms like **Facebook** have had their share of hiccups with shots at new ad solutions, but are still the gatekeepers to [huge swaths of consumers](#) and will benefit from a tightening ad market.
- Other ad formats like **search** and **augmented reality** will also continue to perform well, giving advertisers more options to invest their precious dollars.

**The big takeaway:** The 2008 recession and the economic outlook of today are not the same. The ad industry is facing tumultuous times and the road to finding new solutions to the changing landscape will be difficult, but spending will remain strong throughout 2022.

#### Average Time Spent per Day by US Adult Users on Select Social Media Platforms, 2022

minutes



Note: ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; for example, 1 hour of multitasking on desktop/laptop while watching TV is counted as 1 hour for TV and 1 hour for desktop/laptop; \*YouTube includes all time spent watching video on YouTube via any device; includes YouTube TV  
Source: eMarketer, April 2022

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