

We cut our 2022 US social network ad spending forecast by \$9 billion

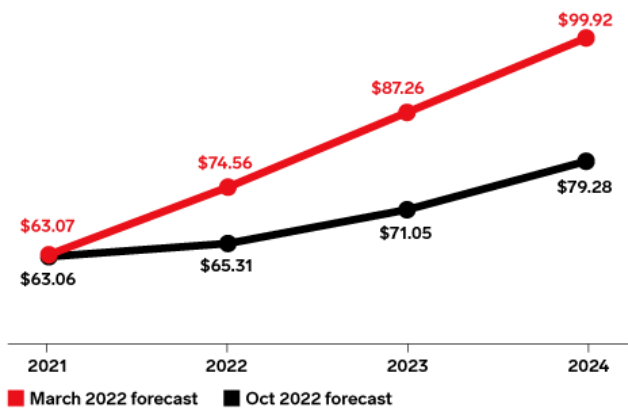
Article

We've made a massive and unprecedented reduction in our US social network ad spending forecast. Spending will now reach \$65.31 billion in 2022 versus our March 2022 estimate of

\$74.56 billion, a loss of \$9.25 billion. By the end of our forecast period in 2024, it will grow to \$79.28 billion compared with our previous expectation of \$99.92 billion (a \$20.64 billion difference). These cuts are especially notable considering that, until now, our social ad spending forecast typically rose with every update.

How Has Our US Social Network Ad Spending Forecast Changed?

billions, 2021-2024



Note: includes paid advertising appearing within social networks, social network games, and social network applications; excludes spending by marketers that goes toward developing or maintaining a social network presence
Source: eMarketer, Oct 2022

279283 eMarketer | InsiderIntelligence.com

Social's share of total digital ad spending will shrink every year through 2024 at an accelerated rate. We expected this trend to play out as other digital formats like connected TV (CTV) and retail media grew more rapidly than social, but it's happening sooner and faster than we previously envisioned. In our current forecast, the social share of digital will come out to 25.5% in 2024 after peaking at 28.6% in 2020.

These downgrades were driven by the struggles most major platforms faced this year. Meta, Snapchat, and Twitter have been buffeted by privacy resets, shifting business trends, and new management. Even TikTok, which is growing its user base, ad monetization, and role in the cultural zeitgeist, reduced its 2022 ad revenue guidance. It should be noted that although we also curtailed our digital advertising estimates in our latest forecast update, the reduction in social was especially pronounced.

As a bright spot, video will account for a growing share of social network ad spending. By 2023, 50.9% of social spending will go to video. This tipping point will happen sooner than we expected in our previous forecast and is largely due to the acceleration of video advertising

on the platforms where we break out this format: Meta, Snapchat, and Twitter. While we don't specifically break out video on TikTok yet, we assume video represents the bulk of ad spending there.

Report by Paul Verna Dec 13, 2022

Social Network Ad Spending Forecast

