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Geico, a historic ad spender, just slashed its marketing workforce

Article

The news: **Geico** has laid off a "sizable" portion of its marketing department and put its over 25-year account with **Horizon Media** under review, Ad Age reported Tuesday.

Why is this happening? Geico is undergoing a major period of change. Ongoing troubles in the insurance industry have hurt the historic ad spender's business, and the company's new chief marketing officer is making changes.

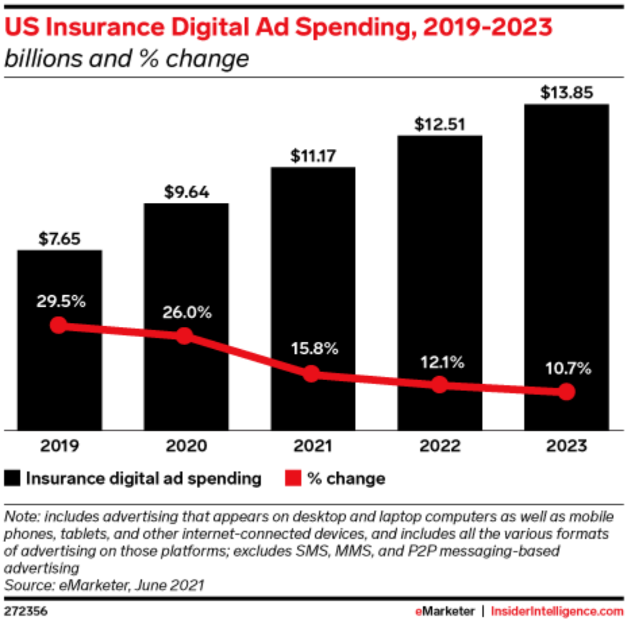
- These are tough times for insurers—while the US economy has steadily added jobs in recent months, industries affected heavily by inflation like insurance, finance, and advertising have moved in the opposite direction. In August, insurance and finance layoffs doubled from 12,000 in July to 23,000.
- Insurers have been raising rates across the board, sometimes contradicting affordability-focused advertising. US auto insurance rates are expected to increase 5% this year, according to Insurify. Earlier this year, Geico raised rates in Illinois by 6%.

Why this matters: The advertising industry's troubles and fears of a recession are causing some of the largest ad spenders to slash budgets and rethink their marketing strategies.

- Traditional advertising channels that insurers have long relied upon have been weakening. Geico and other insurers are staples of cable television, but linear is losing its luster. 2022 is set to be a landmark year for the shift from linear to digital video—we forecast that over one-third (33.1%) of the US population will cut the pay TV cord this year.
- Instead, those resources are funneling toward digital marketing and long-term customer experience. But digital isn't scot-free, either. Issues with connected TV fraud, social media ads displaying alongside child sexual abuse content, artificially inflated podcasting figures, and a general addressability crisis make it hard to track the actual value of an ad buy.
- Because of that, the insurance industry's digital ad spending is slowing down in 2022 compared with last year, though spending will still grow to **$12.15 billion**. Any cut from an insurer could leave a big hole in the ad industry—insurers are expected to make up **45%** of total financial services ad spending in 2023.

The big takeaway: The ad industry's addressability crisis isn't looming on the horizon anymore—it's here, and Geico is far from the only major company rethinking its advertising budget.

- In the last few months alone, **LinkedIn**, **Warner Bros. Discovery**, and automakers like **Ford** have all either laid off significant portions of their marketing staff or publicly rethought their marketing strategies.



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