

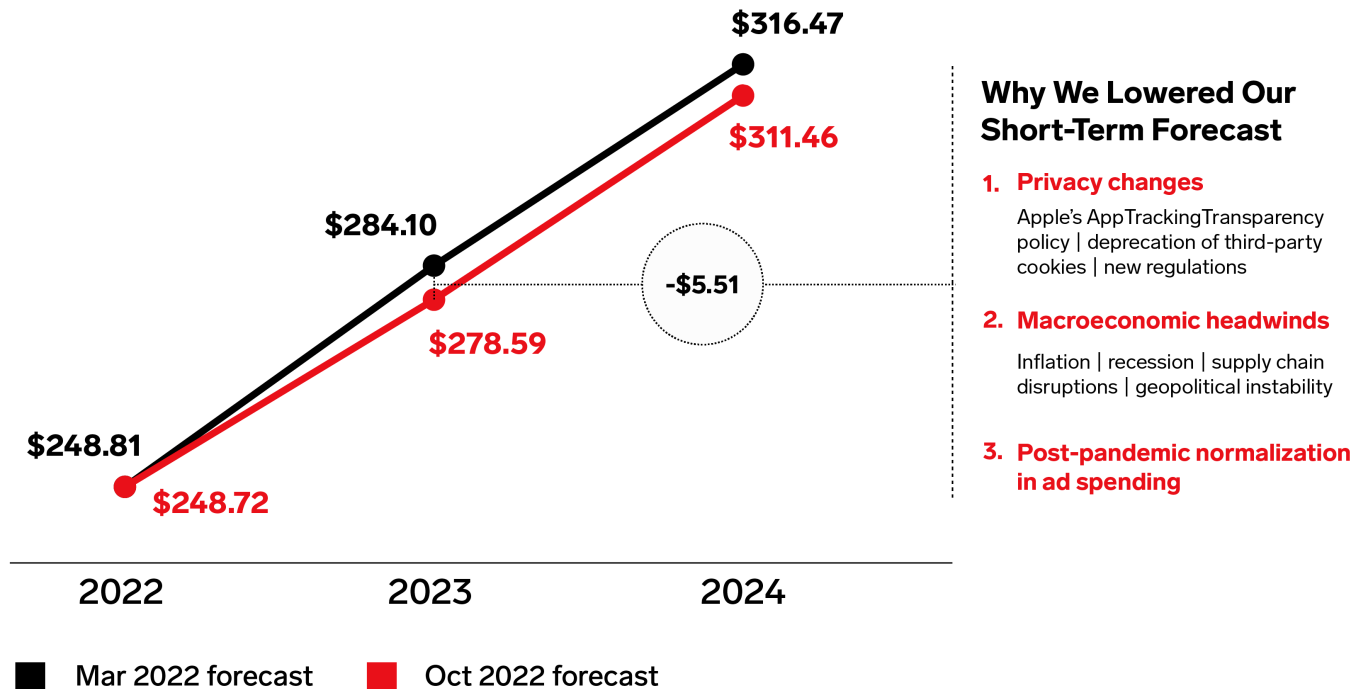
We cut \$5 billion from our 2023 digital advertising outlook

Article

Advertisers are scrutinizing their budgets. With inflation driving up operating costs and a potential recession looming, marketing is getting deprioritized. Our current outlook: Ad spending won't bottom out. Our latest forecast predicts \$278.59 billion in US digital ad spending next year, down from the \$284.10 billion expected in our previous forecast—a setback of \$5.51 billion.

US Digital Ad Spending, 2022-2024

billions



Why We Lowered Our Short-Term Forecast

- 1. Privacy changes**
Apple's AppTrackingTransparency policy | deprecation of third-party cookies | new regulations
- 2. Macroeconomic headwinds**
Inflation | recession | supply chain disruptions | geopolitical instability
- 3. Post-pandemic normalization in ad spending**

Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms
Source: eMarketer, 2022

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INSIDER INTELLIGENCE | eMarketer

Budget cuts will affect some channels more than others.

- Social networks will be hit the hardest as major platforms struggle to adapt to Apple's privacy changes. We slashed our 2023 social network ad spending forecast by \$16.21 billion to \$71.05 billion. Meta accounts for most of that loss.
- Meanwhile, advertisers are still amping up spend on connected TV (CTV). Despite macroeconomic uncertainty and challenges in measurement, we increased our CTV ad spending forecast by \$3.02 billion to \$26.92 billion.

Advertisers that can afford to keep spending, will. These advertisers could gain market share when other brands pull back or go dark. But the longer the recession, the harder it becomes to maintain this strategy. Our latest forecast has digital ad spending rebounding by 2025.

Predictions

- **Programmatic channels will win as advertisers prioritize flexibility.** Expect programmatic ad spending to experience strong growth across display, digital out-of-home, and podcasting next year.
- **Macroeconomic conditions will supercharge measurement innovation.** Platforms will address shortcomings in their measurement solutions. And advertisers that move on from expectations they had prior to Apple's AppTrackingTransparency, and that do more with less data, will succeed.

Report by Evelyn Mitchell Dec 05, 2022

Digital Advertising Trends to Watch for 2023

