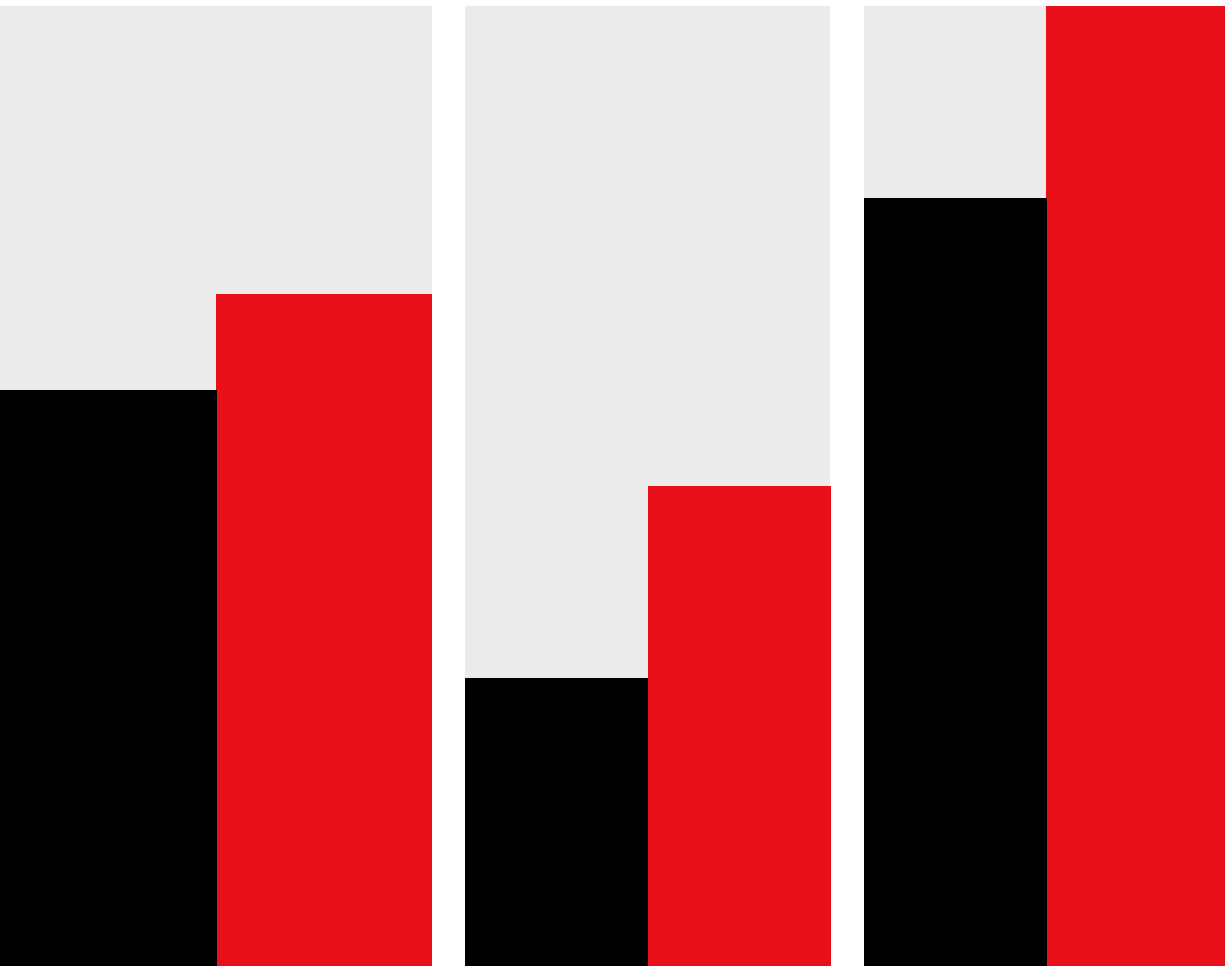


US Ad Spending 2023

Amid Deceleration, CTV and Retail Media Are Silver Linings

Digital ad spending growth has not been as low as 7.8% in the US since 2009, when spending contracted. Growth in the range of 10% should be considered the new normal. This eMarketer report explores our latest outlook across all major channels and formats, including high-growth opportunities in retail media and connected TV (CTV).



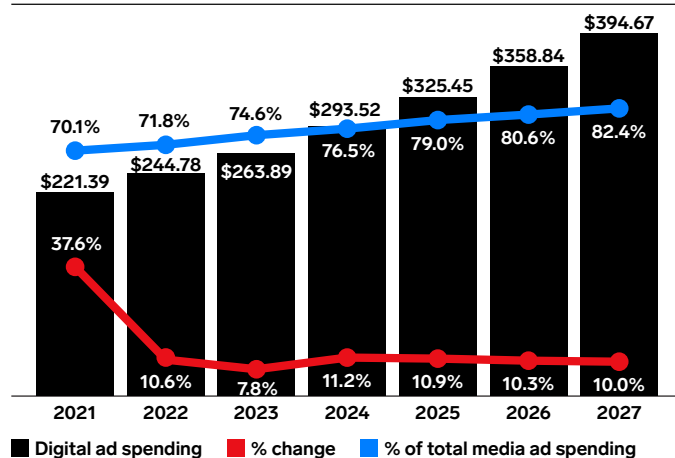
US Ad Spending 2023: Amid Deceleration, CTV and Retail Media Are Silver Linings

Digital ad spending in the US faces its slowest growth rate in over a decade, even though almost \$20 billion more will be spent this year than in 2022. Most of the new money is going to new channels, rather than those that were popular just a few years ago.

KEY QUESTION: What is the outlook for digital ad spending across the major channels and formats in 2023?

KEY STAT: Digital ad spending growth has not been as low as 7.8% in the US since 2009, when spending contracted. Growth in the range of 10% should be considered the new normal.

US Digital Ad Spending, 2021-2027
billions, % change, and % of total media 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, March 2023

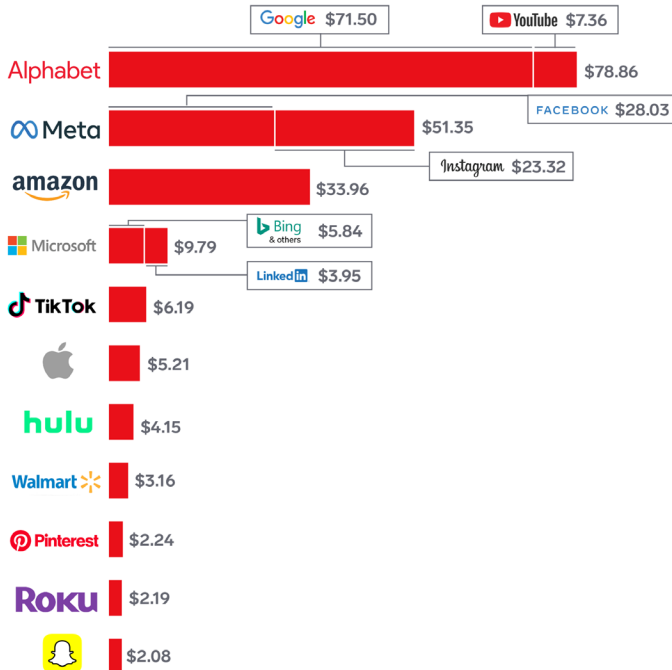
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Companies With Over \$2 Billion in US Net Digital Ad Revenues, 2023



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; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; excludes spending by marketers that goes toward developing or maintaining a platform presence
Source: eMarketer, March 2023

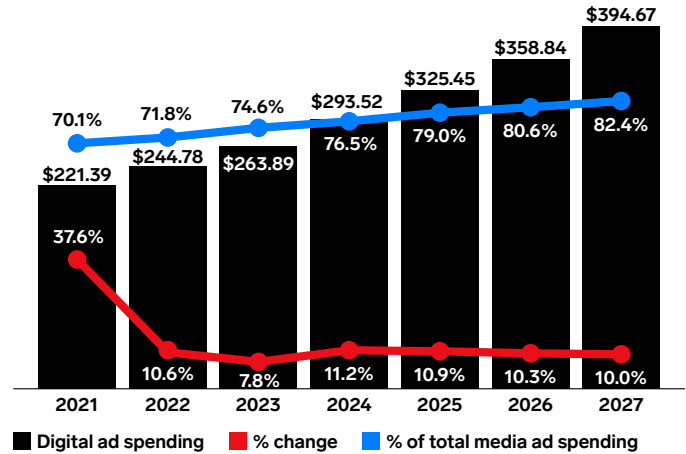
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- **Total media ad spending will increase by just 3.8% due to negative growth from traditional media.** TV, radio, out-of-home (OOH), and print ad spending will collectively contract by 6.3% this year, with the bulk of the loss coming from TV. Nondigital OOH will be the only **traditional format** to grow—but by only 3.1%, a small slice of the pie.

US Digital Ad Spending, 2021-2027

billions, % change, and % of total media ad spending



■ Digital ad spending ■ % change ■ % of total media 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, March 2023

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US digital ad spending is in line for its lowest growth since the Great Recession.

The outlook for the US ad industry is poor by recent standards, but total media ad spending will cross the \$350 billion mark in 2023. Digital will account for 74.6% of that total, or \$263.89 billion. A moderate growth rebound is on the horizon, but the glory days are over.

- **Digital ad spending will increase by less than 10% for the first time in 14 years.** Our 2023 growth estimate of 7.8% represents a downward revision from our previous forecast. Hopes for a quick turnaround from advertising's difficult 2022 have dissipated in recent months. There will still be \$19.11 billion in new digital spending in 2023, but that will be the lowest amount of new digital ad dollars since 2017.

Display will rebound slightly; search will do the opposite.

In 2022, display ad spending posted its lowest growth in 13 years (6.4%)—driven mostly by Meta's terrible bottom line. Search, meanwhile, held up better than expected last year (17.1% growth). For 2023, we expect the two formats to head in reverse directions, although neither will flourish.

- **The boom in connected TV (CTV) will carry display ad spending, as social media advertising remains in the doldrums.** Display will account for 55.9% of digital ad spending this year—more than last year but less than its peak in 2021. CTV and short-form video will drive the modestly positive results in 2023. Meanwhile, social will lose share for the third year in a row—Meta is set for minimal growth, and Twitter's ad revenues will decline significantly.

- **Search will grow more slowly than previously expected, despite the boost from retail media.**

Search will hit a low point for growth before moderately rebounding in 2024 on the backs of the ecommerce search players. Traditional search ad spending (nonretail) will increase by just 5.0% in 2023, compared with an 18.7% increase for retail search. These divergent trends will continue, as we expect increasingly accurate generative AI search results to reduce engagement with traditional search in the coming years. And retail media will continue to boom.

US Display and Search Ad Spending, 2023 billions, % change, and % of total digital ad spending

	Ad spending	% change	% of total digital ad spending
Display	\$147.40	7.9%	55.9%
—Social network display	\$68.45	3.4%	25.9%
—Connected TV (CTV) display	\$25.09	21.2%	9.5%
Search	\$110.20	8.3%	41.8%
—Retail media search	\$29.69	18.7%	11.2%

Note: display includes banners, rich media, sponsorships, video, and ads such as Facebook's News Feed Ads and Twitter's Promoted Tweets; social network excludes payments to influencers or other creators to produce sponsored content; includes branded content amplified as paid media; CTV includes digital advertising that appears on CTV devices; includes display ads that appear on home screens and in-stream video ads that appear on CTVs from platforms like Hulu, Roku, and YouTube; search includes contextual text links, paid inclusion, paid listings, and SEO; retail media search includes digital advertising that appears on websites or apps that are primarily engaged in retail ecommerce or is bought through a retailer's media network or demand-side platform (DSP); includes ads purchased through retail media networks that may not appear on ecommerce sites or apps
Source: eMarketer, March 2023

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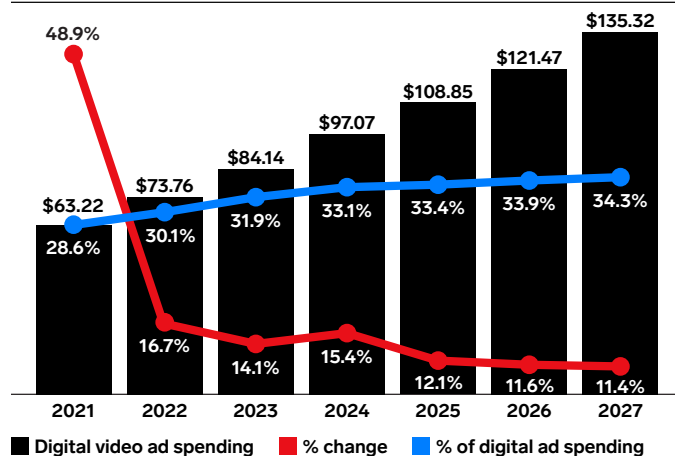
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Digital video will prop up display advertising.

Digital video ad spending will decelerate along with the rest of the market, but less dramatically. We forecast at least four more years of low double-digit growth for the format.

- **Video advertising is on the fast track to the \$100 billion mark.** Social video (mainly via TikTok) and CTV will be among the rare highlights for the ad industry in 2023, boosting video's share of the overall digital ad pie to 31.9% and increasing its dominance of the display format to 57.1%. YouTube's growth will also outpace its parent Google on the back of this same trend.

US Digital Video Ad Spending, 2021-2027 billions, % change, and % of digital ad spending



Note: includes in-stream video such as those appearing before, during, or after digital video content in a video player (pre-roll, mid-roll, or post-roll video ads) and video overlays; includes social network in-stream video advertising in platforms such as Facebook Watch and Snapchat Shows; includes outstream video ads such as native, in-feed (including video ads in Facebook's News Feed and Twitter's Promoted Tweets), in-article, in-banner, and interstitial video ads; appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices for all formats mentioned
Source: eMarketer, March 2023

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As the duopoly stagnates, Amazon is hot on Meta's tail.

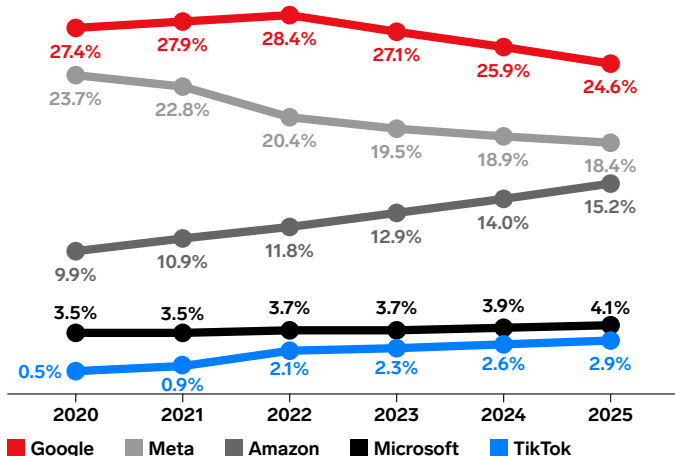
Google and Meta's combined share of the US digital ad market dropped below 50% in 2022, and in just a few years that figure will be down to 43.0%. The triopoly is losing share now, as well; Amazon's ascent will not be fast enough to offset the weakness of the other two giants.

- **Retail media ad spending could propel Amazon into second place soon.** In 2021, Meta's US ad revenues were more than double Amazon's. But now Amazon is gaining on Meta's share of digital ad spending (12.9% versus 19.5%, respectively, this year). By 2025, the overall market share gap between the two will be just 3.2 percentage points.

- **Google is facing its slowest growth since our tracking began in 2009.** The market leader is set to increase its net ad revenues by just 2.9% in 2023, reaching \$71.50 billion. With YouTube included, those figures will be 3.3% and \$78.86 billion—still a poor showing by Alphabet’s standards. In 2024, Google’s share of search ad spending is set to drop below 50% for the first time.

Share of Digital Ad Spending Among Select US Companies, 2020-2025

% of digital 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, March 2023

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Retail media’s growth will defy the overall market slump.

Retail media is the only major category of ad spending we track that is set for multiple years of accelerating growth. Despite macroeconomic headwinds and difficult times for advertising overall, retail media outlays will increase by more than 19% annually through at least 2027.

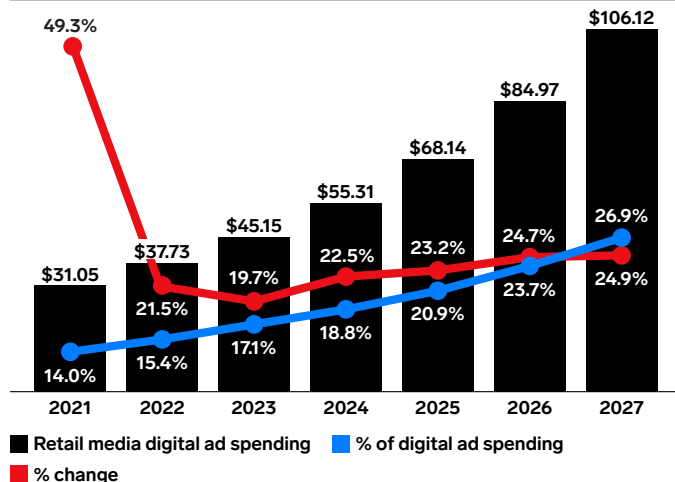
- **Amazon drives the market, but its share is falling.** Amazon will account for 75.2% of retail ad spending this year (and 80.7% of all ecommerce search ad spending), so for now the category remains an Amazon story. However, new competitors are emerging at a feverish pace, and those figures will tick down a notch every year.
- **The market will become much more diversified.** Retail media is still a relatively new concept for a lot

of industry players. But over time, major sellers like Walmart, Instacart, eBay, Target, and Kroger will carve out significant shares, pulling potential spending away from Amazon—and Google.

- **An economic downturn will not stop the party.** Retail media networks get advertisers as close as possible to the bottom of the sales funnel, which is what ad buyers often prefer during recessions.

US Retail Media Digital Ad Spending, 2021-2027

billions, % change, and % of digital ad spending



Note: digital advertising that appears on websites or apps that are primarily engaged in retail ecommerce or is bought through a retailer’s media network or demand-side platform (DSP); examples of websites or apps primarily engaged in retail ecommerce include Amazon, Walmart, and eBay; examples of retail media networks include Amazon’s DSP and Etsy’s Offsite Ads; includes ads purchased through retail media networks that may not appear on ecommerce sites or apps
Source: eMarketer, March 2023

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Proliferating AVOD options will keep CTV flying high.

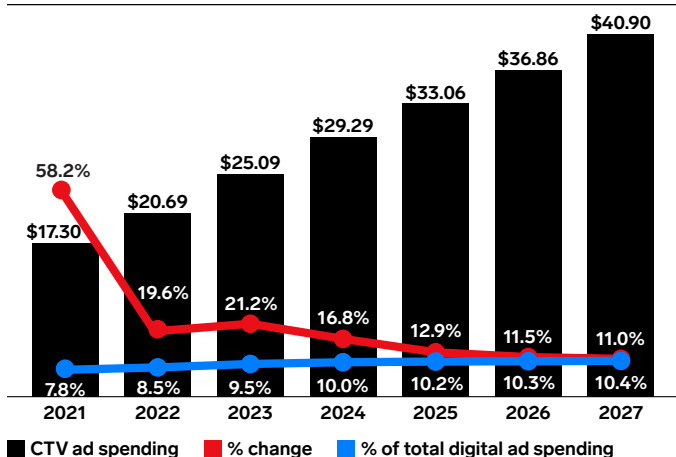
CTV ad spending will be the fastest-growing major ad channel in 2023 and second only to retail media in the coming years. CTV advertising will also be one of the few metrics that accelerates this year.

- **New ad-supported subscription tiers are the growth story.** A large portion of the \$4.40 billion in new CTV ad spending set to roll out in 2023 will come from Disney+ (\$748.2 million) and Netflix (\$618.2 million). Both services generated ad revenues only minimally before this year.
- **Legacy CTV platforms are still in front.** Hulu (\$3.63 billion), YouTube (\$2.89 billion), and Roku

(\$2.19 billion) will collect the most ad revenues in 2023. However, the long tail of “other” will be by far the largest category on our list, with well over \$10 billion spread among the smaller players.

- **There will be many winners.** Among subscription over-the-top (sub OTT) platforms, Paramount+ is set for standout ad revenue growth of 24.1%. And among the cohort of major free ad-supported streaming TV (FAST) services, Tubi will set the pace at 24.7%. Nearly every CTV player will outperform the wider digital ad market.

US Connected TV (CTV) Ad Spending, 2021-2027 billions, % change, and % of digital ad spending



Note: digital advertising that appears on CTV devices; includes 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 2023

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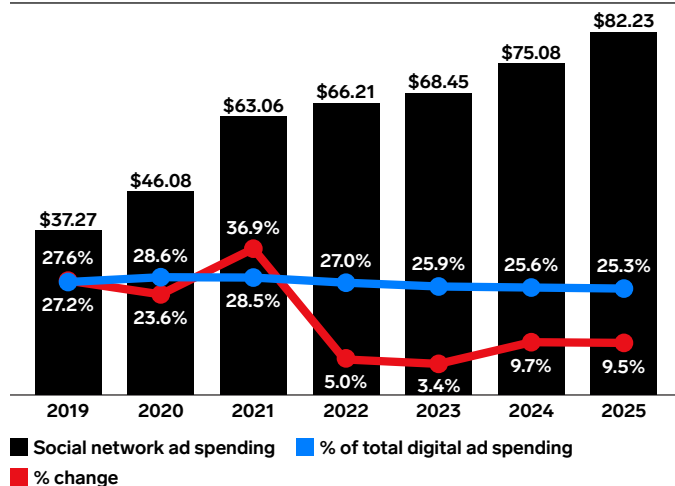
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Social network ad spending—excluding TikTok—is in bad shape.

Social ad spending will post the lowest growth rate of any major digital ad spending category in 2023. Although a rebound is coming, growth will remain in the single digits for the rest of our forecast.

- **Howsoever goes Meta, so goes the social ad metrics.** TikTok’s spectacular boom is not quite over, but its 231% revenue increase this year will bring TikTok’s share of social ad spending to only 9.0%. Meta, despite its struggles, will make up three-quarters of the market. Instagram’s 6.0% growth in 2023 will help the parent company look more respectable, but Meta’s overall 2.7% growth figure will constrain the larger social category.
- **Twitter and Snapchat will drag down the numbers.** Twitter’s well-documented travails under Elon Musk will result in a 28.6% contraction in ad revenues, while Snapchat (down 1.8%) will stagnate amid wider market doldrums and its failure to respond to increased competition. Facebook will also underperform the market, with essentially zero ad revenue growth.
- **Besides TikTok, LinkedIn will be the only real bright spot.** Microsoft’s social network will increase its ad revenues by 8.8% this year, reaching \$3.95 billion. Reddit will also perform respectably (6.2% growth)—but given its low base, that figure will likely be considered a disappointment, particularly in a potential IPO year.

US Social Network Ad Spending, 2019-2025 billions, % change, and % of digital ad spending



Note: paid advertising only; 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; excludes payments to influencers or other creators to produce sponsored content; includes branded content amplified as paid media

Source: eMarketer, March 2023

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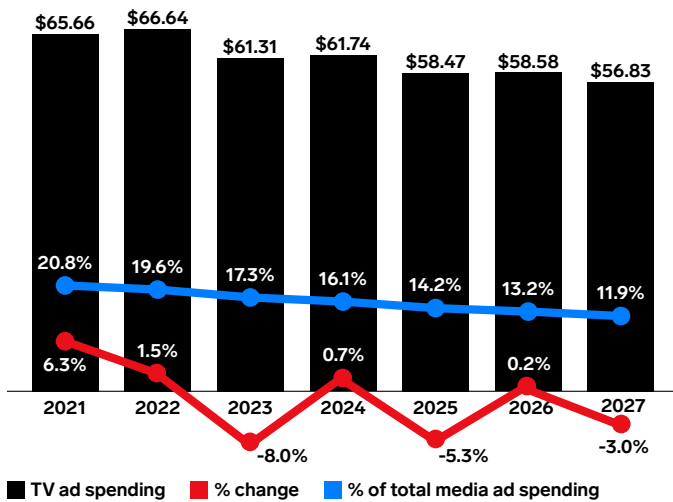
Traditional TV ad spending will be its lowest in a dozen years.

TV advertising produced moderate growth in the post-shock rebound years of 2021 and 2022, but that story has dissipated. With no major elections or Olympics this year, the outlook is almost as bad as it has ever been.

- **Over \$5 billion in ads will disappear from TV this year.** TV's \$61.31 billion take will be the industry's lowest since 2011. The format peaked in 2018 at \$72.40 billion, and its share of total media advertising has declined from nearly 40% a decade ago to barely 17% this year.
- **Still, TV remains far ahead of many digital competitors.** Traditional TV providers will pull in about 10 times as many ad dollars as TikTok this year, and the overall TV market still far exceeds many individual categories of digital advertising, such as retail media or CTV. TV's slow decline as a major ad player likely still has decades to go.

US TV Ad Spending, 2021-2027

billions, % change, and % of total media ad spending



Note: includes broadcast TV (network, syndication, and spot) and cable TV; excludes digital
Source: eMarketer, March 2023

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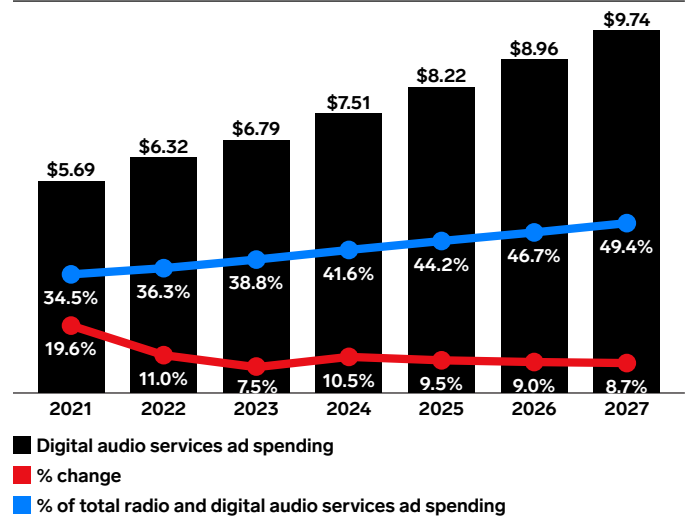
Digital audio ad spending will hit a short-term bump, then rebound.

Digital audio ad revenues will grow slightly slower this year than previously expected, but we have revised our growth expectations upward for the following several years. Consumer engagement with digital audio and podcasting continues to rise at a healthy clip. Ad dollars will continue to follow.

- **Macroeconomic headwinds will create a 2023 dip.** Although we have revised this year's ad growth expectation down to 7.5% (from 9.6%), total spending on the format is still in line to cross the \$7 billion mark next year and \$8 billion in 2025. We assess that the industry has more room for growth, and that this year's bump in the road will come mainly from transient external factors.
- **Podcast advertising will account for \$2 billion of the digital audio total.** Podcast ad growth will exceed overall digital audio growth every year for the rest of our forecast. This year will see a 15.7% increase, and in 2024 growth will accelerate to 19.1%. Although podcast advertising remains a small part of the wider digital story, it stands out as one of the rare fast-growing segments.

US Digital Audio Services Ad Spending, 2021-2027

billions, % change, and % of total radio and digital audio services ad spending



Note: includes digital advertising revenues for local and national broadcast radio stations, satellite radio services, purely online radio stations, and streaming music services such as Pandora and Spotify; includes podcast advertising and sponsorship; includes both audio and nonaudio ad formats
Source: eMarketer, March 2023

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3 tips for building an innovative media network

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Lori Johnshoy
*Head of Retail and Brand Industry
Strategist, LiveRamp*

Media networks are exploding, with eMarketer projecting that retail media ad spend will reach \$106 billion by 2027. Companies starting media networks and trying to win with brands will need to be truly innovative to offer business value that stands out.

Parbinder Dhariwal, vice president and general manager of CVS Media Exchange (CMX), recently discussed how CMX innovates with a customer-first mindset. Here are Dhariwal's three tips for building a media network that creates brand and business value.

1. Build a solid foundation for your network.

A strong data foundation and strategy is essential to your media network's success. More than 4 million people visit CVS stores every day, and the company's ExtraCare loyalty program has been serving customers for 25 years—amounting to an immense opportunity for consumer insights through data.

With a privacy-focused data strategy, CMX supports brand partners by helping them define custom audiences, develop closed-loop measurement reporting, and ultimately generate data-driven media strategies to grow their business with actionable insights from campaigns.

"This is what we call the 'power of the everyday purchase,'" Dhariwal said. "We have the insights because of the way consumers are engaging and shopping with us, and those insights enable our partners to activate against them."

2. Find technology partners that align with your media network vision.

As media evolves, it's important to work with partners that recognize the need for continuous innovation and

push the boundaries of what companies can provide advertisers in both media and results.

CMX has grown with partners that align with CVS Health's mission and ethics, while enabling strategic priorities for the network. CVS Health works with technology partners, including LiveRamp, to further strengthen its data foundation and the targeting and measurement capabilities that contribute to the company's frictionless customer experience.

"Partners have played a significant role in the growth of who we are today," Dhariwal said. "We want to make sure that the relationships we build enhance the connection with our customers."

3. Innovate with brand partners and consumers in mind.

CMX prioritizes innovation—improving and transforming offerings for advertisers that benefit the customer journey. The network's innovative solutions focus on sharing rich shopper insights with brand partners, enabling them to hone in on precise targeting, create strong incremental investment return, and reach consumers in a relevant, trustworthy way.

"It's not just about the insights," Dhariwal said. "It's also about how we can convey some of those insights back to the [consumer packaged goods brands]." He added that consumer trust in both retailers and brands must be the driving force and No. 1 value of every media network.

"Trust, transparency, and innovation are at the core of what we do," Dhariwal said. "CVS is America's Most Trusted Retailer and we take that very seriously. We are always working to ensure that we align to CVS Health's core values."

[Get more tips](#) on building an innovative media network from LiveRamp's webinar featuring CVS Health.

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What does this forecast mean for marketers in the US?

- **In a slower-growth environment, keep an eye on the hot spots.** Many long-standing channels for digital advertising have reached—or are approaching—a saturation point. We do not foresee an actual downturn, but meaningful spending increases will be hard to come by in many areas. Channels still in their high-growth phase, like CTV, retail media, TikTok, and podcasting, should be emphasized.
- **Maintain perspective on the overwhelming scale of the legacy giants.** While it's true that Google and Facebook are both now in low-growth phases, they still tower above their competitors. Google will bring in more ad revenues than CTV and retail media combined this year. And Meta will generate more new ad dollars YoY (up \$1.34 billion) than TikTok (up \$1.16 billion), despite the massive growth rate gap between the two.
- **Search and display ad budgets will face years of fluctuating redeployment.** Search dollars will likely migrate back and forth from Google to Amazon and other retail media, and to newly AI-enabled traditional search competitors like Bing. Meanwhile, video display experimentation across CTV will continue. And as marketers hedge against a potential TikTok ban, experimentation with alternative short-form video options will also continue. Advertiser decision-making will likely remain in flux during the transition from a duopoly into a multichoice future.

Behind the Numbers

Our forecasting methodology for US ad spending is based on an analysis of 7,858 data points from 278 sources—including macro-level economic conditions; historical trends of the advertising market; historical trends of each medium in relation to other media; reported revenues of major ad publishers; estimates from other research firms; consumer media consumption trends; consumer device usage trends; and interviews with executives at ad agencies, brands, and media publishers, as well as other industry leaders.

We do a bottom-up analysis of the market, taking into account each company's ad revenues. This information comes from quarterly earnings releases, annual shareholder documents, and statements from executives in earnings calls. Company-specific data is also evaluated alongside estimates from third-party research firms and interviews with executives at ad agencies, brands, and media publishers and other industry leaders covering these companies.

US Social Network, TV, Retail Media, Connected TV (CTV), and Digital Audio Services Ad Spending, 2023

billions

Social network	\$68.45
TV	\$61.31
Retail media	\$45.15
CTV	\$25.09
Digital audio services	\$6.79

Note: social network includes paid advertising appearing within social networks, social network games, and social network apps; TV includes broadcast TV (network, syndication, and spot) and cable TV, and excludes digital; retail media includes digital advertising that appears on websites or apps that are primarily engaged in retail ecommerce or is bought through a retailer's media network or demand-side platform (DSP); CTV includes digital advertising that appears on CTV devices, including display ads that appear on home screens and in-stream video ads that appear on CTVs from platforms like Hulu, Roku, and YouTube; digital audio services includes digital advertising revenues for local and national broadcast radio stations, satellite radio services, purely online radio stations, and streaming music services such as Pandora and Spotify; includes podcast advertising and sponsorship; includes both audio and nonaudio ad formats
Source: eMarketer, March 2023

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