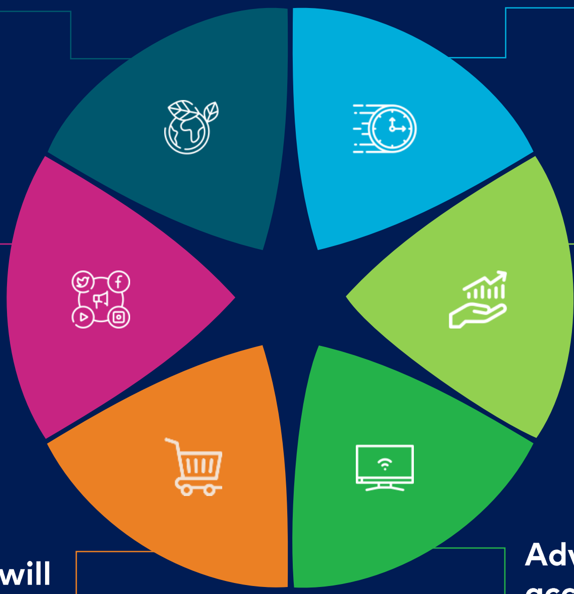
Ebiquity's predictions for 2023

As another turbulent year of volatile and uncertain trading conditions comes to an end, here are six predictions from Ebiquity for the global media market in 2023 and the implications for brands. It's clear that agility and flexibility in media investment will be a priority in 2023 as advertisers navigate the changing media and economic landscape. You can find out more from our "Era of uncertainty" webinar from Q4 2022, with Ebiquity Group CEO, Nick Waters, in conversation with award-winning media analyst, Ian Whittaker.



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Advanced TV will accelerate and drive growth overall

1. Short term flexibility will take priority for marketers

With a global recession looming, **many leading brands are planning to spend more on lower-funnel, performance marketing, digital media channels while cutting spend in higher-funnel, brand building media.** According to the survey we ran with the World Federation of Advertisers (WFA) in October this year, 28% of the world's leading advertisers will boost performance marketing spend in 2023, compared with just 21% who will increase brand spend next year. In a separate study with the trade body ISBA, 67% of U.K. advertisers said they will make the deepest budget cuts to ads on broadcast TV.

2. Total global ad spend will hold firm

Advertisers have understood the lessons of previous recessions – where those brands that sustain investment during a downturn gain market share and come out the other side quicker and stronger. **We expect the global advertising market to grow by as much as 6% in 2023.** The most significant expansion is anticipated in Advanced TV, eRetail media, and faster-growing markets such as India. Growth in China hinges largely on relaxation of the Zero COVID policy, as well as careful management of the property sector's debt burden. It seems likely that leading brands will sustain or slightly increase investment despite the turbulent economic ride ahead. Find out more about advertising during a recession in our Marketing Effectiveness team's guide.

3. Advanced TV will accelerate and drive growth overall

In the U.S., Nielsen reported in July that streaming had overtaken cable viewing for the first time, while in the U.K. Ofcom's Media Nation report found that SVOD and BVOD now account for a combined total of 23% of all TV viewing, and fully a third among young adults. With Netflix and Disney+ launching new-to-market advertising opportunities, **Advanced TV is set to grow double-digit in the years ahead**, with eMarketer estimating it could reach US$44bn by 2026. In our survey of dozens of the world's leading global advertisers, we found that Advanced TV ad spend will enjoy the highest growth of all sectors in 2023, with two-thirds of respondents actively considering increasing spend here. Find out more by reading our 2023 media budgets flash survey results.

4. eRetail media will come of age

Retailers have recognised the opportunity to monetise shoppers visiting their ecommerce sites by selling online real estate as media inventory. **Many brands now use eRetail media to target consumers at the point of purchase, and we predict this will accelerate in 2023.**

The Financial Times reported that eRetail media advertising grew five times as fast as social media advertising in 2022, with eRetail media dubbed the "third wave in digital advertising" after search and social. The FT predicts that eRetail media in the U.S. is set to generate $37bn revenue this year, twice as large as radio and print combined and starting to breathe down the neck of TV, which saw 2022 ad sales of just under $68bn. Market leader Amazon now generates more revenue from advertising services (approaching $10bn per quarter) than it does from either subscription services (including Prime) or physical stores.

5. Social media will take a decreasing share of spend

Investment in social media will fall further in 2023 and for a combination of reasons.

First, Meta's ad revenues are falling. More than two-thirds of the company's revenue comes from SMEs, which appear to be feeling the effects of the oncoming recession more keenly than major brands and are cutting spend faster. Also, Apple's introduction of its App Tracking Transparency program has damaged Meta's revenues materially. This has had the effect of increasing CPMs but decreasing conversion rates and therefore ROI. The economics for SMEs to advertise on Facebook and Instagram are becoming less attractive.

Secondly, many major brand owners have paused their investment on Twitter until there is more certainty on what new owner Elon Musk means when he talks about supporting "every kind of free speech". There is also scepticism about Twitter's content moderation capabilities, particularly in the wake of wholesale redundancies at the company.

6. Investment decisions driven by environmental and social considerations

It is now possible for brands to quantify the carbon emissions of their digital advertising. Armed with this intelligence, **in 2023 advertisers will start to optimise their digital ad spend to minimise their environmental impact and drive real change across the industry.**

In November 2022, Ebiquity published a research study in partnership with Scope3, analysing $375m in ad spend across 116bn display ad impressions from 43 of the world's leading advertisers. We found that 15% of brand ad spend is wasted on Made for Advertising inventory – the most carbon-intensive of all digital media inventory – contributing to high emissions but zero return on investment. Find out more by reading our report, The Hidden Cost of Digital Advertising.

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