



Digital Advertising to Dominate 2023 Ad Spending



Some may consider them the equivalent of coal in their stockings but among all the sparkle and cheer, the annual forecasts for ad spending next year have arrived. The consensus among three of the primary sources of these annual forecasts is US ad spending will increase.

Borrell Associates – a 3.2% increase in local ad spending
BIA Advisory Services – a 0.5% decrease in local ad revenue, but a 4.8% increase, excluding political spending
Magna – a 3.7% increase in total US ad spending

Keep in mind, 2023 is one of the cyclical years without billions in political ads or major, global sporting events, such as the Olympics and the World Cup. Expect ad spending to be sluggish during the first half of the year and then improve during the second half as the housing and automotive markets stabilize.

A closer look at these three forecasts reveals digital ad spending will increase as most legacy media will decrease. Borrell predicts local ad spending on digital formats will increase by 7.7% YOY while non-digital formats will decrease by 5.9%.

Comparison of Media With Largest YOY Increases and Decreases in Local Ad Spending

Largest Increases	Percent	Largest Decreases	Percent
Video/OTT	+12.6%	Local TV	-18.0%
Digital audio	+10.4%	Directories	-8.7%
Targeted banners	+10.1%	Newspaper	-7.1%
Listing sites	+7.0%	Cable TV	-4.6%
Email	+6.4%	Direct mail	-2.0%

Borrell Associates, November 2022

BIA Advisory Services reports traditional local media revenue will total \$84 billion and digital media revenue \$81 billion for 2023. Among the digital portion, TV digital, with a smaller base, will increase by 17.3%, Over-the-Top (OTT) by 12.3% and mobile by 8.1%.

Magna’s analysis of total 2023 US ad spending indicates search and out-of-home will increase the most at 11% and 7%, respectively. Broadcast radio will decrease by 4% but increased spending in podcasting and streaming audio will push the overall audio medium to a 0.5% increase.

Of course, the push and pull of macroeconomic and microeconomic trends will affect the reality of 2023 ad spending. A decrease in inflation will be a positive for advertisers as well as consumers who are responsible for approximately 70% of the entire US economy.

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Be Smart About Media Forecasts and Trends



Although the 2023 ad spending forecasts from Borrell, BIA and Magna on page 1 are in general agreement, analysis of media trends from credible sources can disagree. Media reps, ad agencies and marketing consultants must weigh the evidence intelligently and cautiously.

For example, Magna recently released insights about Americans' weekly hours spent with media. To the consternation of some in media, usage has decreased from 82.0 hours during 2019 to 74.0 hours during 2022 and will decrease to 72.8 hours for 2023. Among 11 media channels/platforms in Magna's analysis, only on-demand TV and owned music/podcasts increased in usage from 2021 to 2022.

Americans' Average Weekly Hours with Selected Media, 2021-2023

Media	2021	2022	2023
Live TV	10.2	8.0	7.0
On-demand TV	9.8	10.6	10.9
Mobile	32.3	31.9	32.2
Radio	10.2	9.8	9.5
PC Internet	4.4	3.9	3.6
Owned music/podcasts	5.4	5.8	5.9
Total all media	76.7	74.0	72.8

MediaPost (Magna), November 2022

Magna's reasoning is many people are experiencing social media burnout and are focused on living their lives outside the confines of their homes, which is why the overall travel industry is improving, especially the cruise sector.

Attest's live tracking feature of Americans' media usage during Q3 2022 tells a different story. It reported weekly users of nine social media platforms all increased, with TikTok at 9.5%, Instagram at 9.7% and Twitter at 8.8%.

Conversely, Magna states the average American's use of TikTok decreased 29% YOY and 42% from 2020. According to its analysis, the new users on TikTok are older, which is a demographic likely to spend less time on TikTok.

According to Attest, HBO Max, Paramount+, Amazon Prime, Apple TV and YouTube TV+ recorded substantial gains in viewing at least once per week during the week of 10/3/22 compared to the week of 6/29/22.

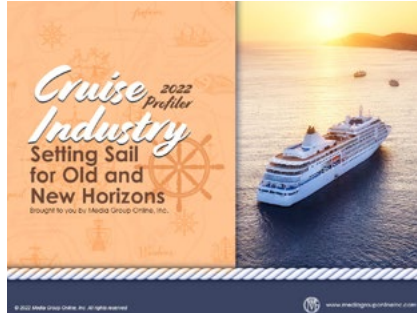
Attest also reported printed newspapers increased weekly readership by 6%. Unsurprisingly, those with a print-only subscription decreased from June to October, and those Americans with a digital-only newspaper subscription and a combo digital/print subscription increased.

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Restaurants:
On a Long Road to Recovery
(November 2022)



2023 Calendar of Events
(December 2022)



Trends 2023
(January 2023)

A New Year of Adventures Awaits

Auto Market Accelerates – The December 2022 Auto Update Report shows the industry is improving from earlier doldrums and the last half of 2023 could be outstanding.

The Co-op Advertising Advantage – Look for critical insights about why local advertisers need co-op ad dollars even more in our soon-to-be-published report.

Cruise Industry Lead Travel Comeback – People are enthusiastic about taking a cruise again, according to the new Cruise Industry 2022 Profiler.



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