

SOLOMON'S BENCHMARKED 2023 ADVERTISING SPEND FORECASTS

Major advertising agencies such as GroupM, Magna, and Zenith expect 2022 year-over-year US ad market growth of 9 to 12% (~20% in 2021)⁽¹⁾, suggesting that a much-discussed potential recession is not currently impacting the advertising market. Despite inflation, a bear marketplace, and geopolitical tension, reaching consumers and building brand awareness continue to be high priorities for most businesses. Adjusting for the impact of cyclical events, such as the 2022 FIFA World Cup and the US midterm elections, ad spending in 2022 is projected to grow at a number closer to 8%⁽¹⁾; a strong figure.

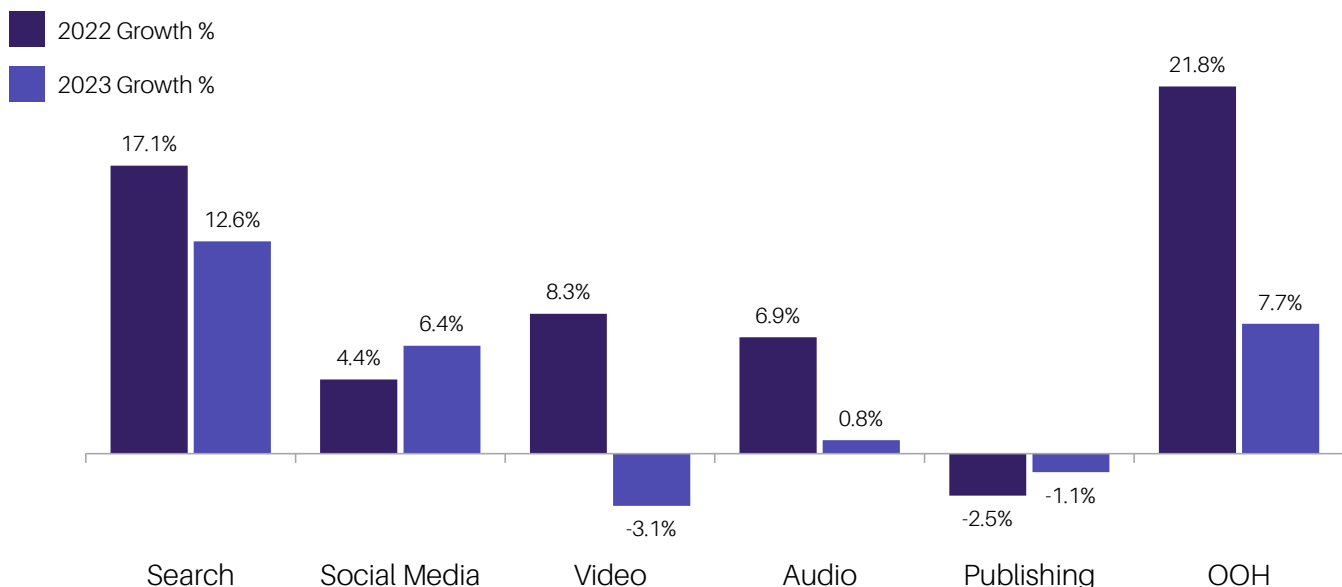
In 2023, where some recessionary fears have shifted, the advertising market is still expected to grow from 3% to 6%⁽²⁾, based on studies from Dentsu, GroupM, Magna, and Zenith. A recent study by Magna cited economic uncertainty and third-party cookie blocking as reasons it was reducing its growth forecast for the 2023 ad market. However, Magna still forecasts growth to be ~5%⁽³⁾, suggesting ad market strength despite those cited factors.

As 2022 transitions to 2023, we expect advertisers to continue to shift ad spend between different mediums, as advertisers spend their budgets as efficiently as possible. We continue to expect existing media trends to accelerate—e.g., local television is slated to continue to see decreases of more than 20%⁽³⁾. Meanwhile, search, short-form video, and CTV/ad-based video on-demand should see large increases⁽³⁾.

Out of home and cinema advertising, which have been recovering steadily since the pandemic, are also expected to grow into 2023. In 2022, out of home spending grew by more than 21%⁽³⁾ as society began to return to its natural state of mobility and physical traffic. Magna expects out of home advertising spend growth to continue into 2023, forecasting ~8%⁽³⁾ growth for the year in its revised forecast.

Select sectors driving ad spend are also expected to continue post-pandemic recovery, including entertainment, travel, betting, and automotive. Meanwhile, Magna states that brands selling food,

AD SPENDING YOY GROWTH BY MEDIUM ⁽²⁾⁽³⁾



1. Consolidated 2021/2022 US ad forecast reports from Magna, GroupM and Zenith

2. Consolidated 2023 US ad forecast reports from Dentsu, GroupM and Zenith

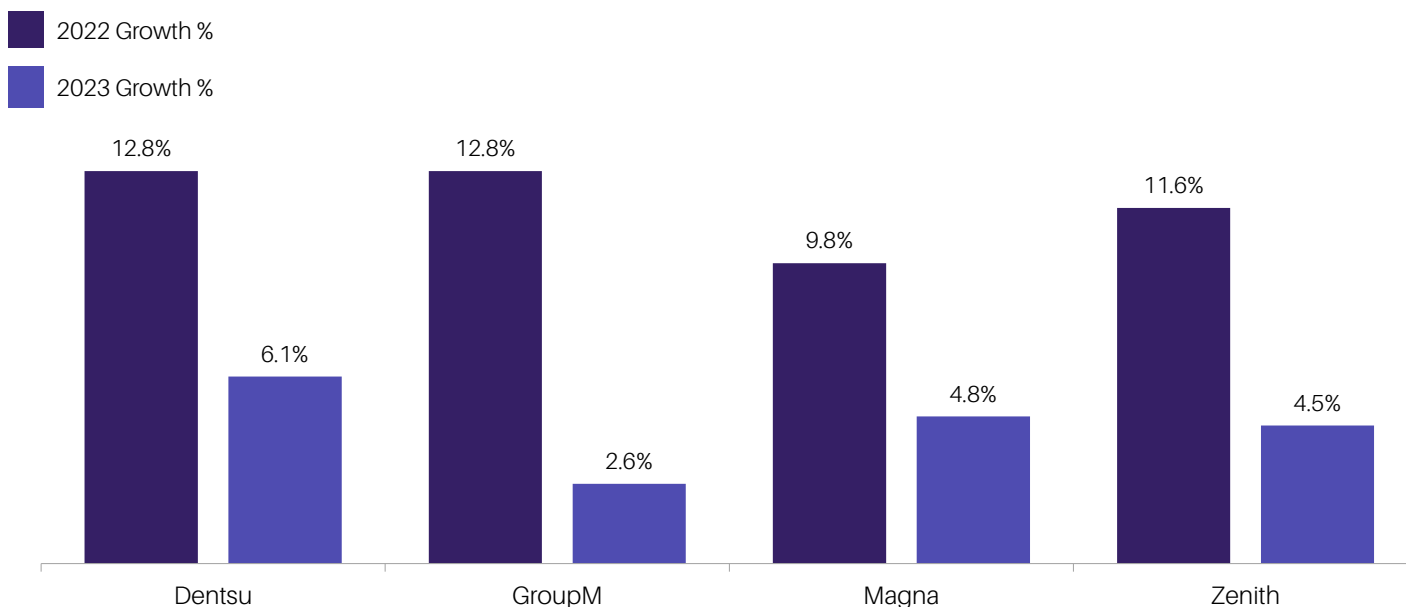
3. 2023 Magna US ad spend forecast report

Companies that can optimally balance a marketing budget amid multifaceted tensions while simultaneously maintaining strong brand presence in a competitive market will come out of a recession strongest.

drinks, personal care and household goods are “especially at risk as [brands] are forced to increase product prices and face the possibility of consumers trading down in favor of cheaper brands.” Companies that can optimally balance a marketing budget amid multifaceted tensions while simultaneously maintaining strong brand presence in a competitive market will come out of a recession strongest.

Though overall growth rates are forecasted to be lower than 2022, research firms continue to predict overall ad spending growth in 2023. US ad revenue is expected to cross \$300 billion this year for the first time as well as reach over \$900 billion globally⁽¹⁾. External pressures are expected to change the advertising landscape, requiring companies to use the most efficient marketing and advertising channels, including out of home media, in order to reach prospective customers and build and maintain their brands.

PROJECTED U.S. AD SPENDING GROWTH RATE⁽²⁾⁽³⁾



1. US Advertising Sales Projected to Pass \$300 Billion (adweek.com)

2. Consolidated 2023 US ad forecast reports from Dentsu, GroupM and Zenith

3. 2023 Magna US ad spend forecast report

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