

2023 Outlook Survey

Ad Spend, Opportunities, and
Strategies for Growth

November 2022



Table of Contents

- Objective 3
- Methodology & Respondent Profile 4
- Executive Summary 5
- 2023 Outlook: Ad Spend 7
- 2023 Outlook: Opportunities and Strategies for Growth 13
- Deep Dive: Retail Media Networks 18
- Deep Dive: Metaverse 23

Objective

This study was conducted by IAB to provide the digital ad-supported ecosystem with a forward-looking view into the 2023 ad spending marketplace (including both spend levels and strategies) being projected by buy-side ad investment decision-makers, primarily at brands and agencies.

This study includes:

- A view into overall spend as well as at the channel and category levels
- A perspective on opportunities and strategies for growth
- Insights into two key, growing spaces: Retail media networks (RMNs) and emerging technology (e.g., metaverse, non-fungible tokens (NFTs), augmented reality (AR), etc.)

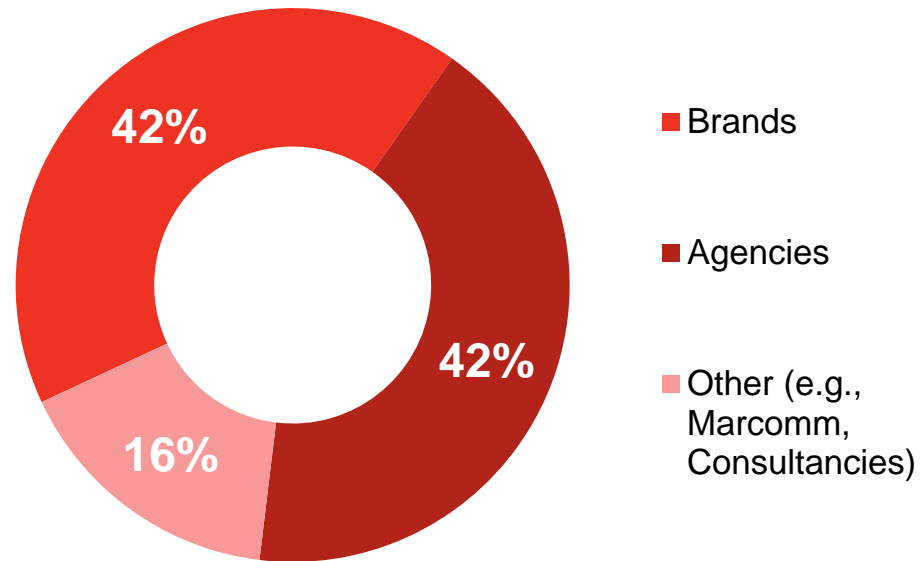
The results are designed to help both the buy-and sell-sides:

- Plan for the year ahead
- Benchmark competitive positioning/strategy in the marketplace
- Identify white space, channels, opportunities, and brainstorm ideas for launching new products and services, finding new targets, and growing ROI

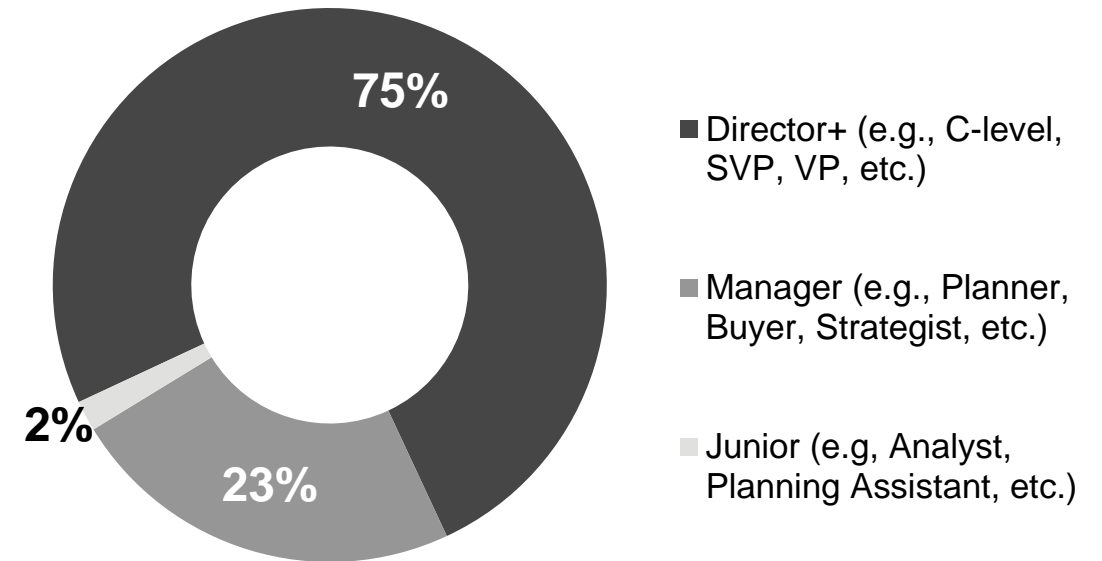
Methodology & Respondent Profile

Email survey sent to buy-side ad investment decision-makers, primarily at brands and agencies
Field dates: 10/18/22 - 11/7/22
n=223

Company Type



Job Title



Executive Summary (1 of 2)

2023 Outlook: Ad Spend

- 2023 overall ad spend is projected to be up 5.9% YoY
- Although most categories are projecting ad spend growth in 2023, the growth will not be uniform:
 - B2B (+20.8%), travel (+20.6%), restaurants/beer/liquor/wine (17.1%), and financial services (11.1%) are projected to post double-digit growth YoY while other categories are projected to be down, flat, or post single-digit growth
 - Led by CTV (+14.4%), every digital channel is projected to see ad spend growth in 2023 while traditional channels will decline YoY

2023 Outlook: Opportunities and Strategies for Growth

- Customer acquisition is by far buyers' top goal for 2023 media investments (61%), followed by increasing brand equity (43%) and improving media efficiency (35%)
- More than half of buyers (52-55%) expect to focus more time and resources on measurement, marketing mix and modeling (MMM), 1st party data, and creators in 2023
- Over 6-in-10 buyers (63%) will more frequently reforecast media plans in 2023, most of whom will do so at least monthly

Executive Summary (2 of 2)

Deep Dive: Retail Media Networks (RMNs)

- 6-in-10 buyers (61%) are investing or considering investing in RMN advertising
- Among those currently investing:
 - 2023 RMN ad spend is projected to be up 28.4% YoY
 - RMN ad investment is spread across multiple partner types, which includes aggregated marketplaces (82%), retailer owned (75%), and e-commerce owned (64%)
 - Onsite (owned & operated) ad investment is by far the top RMN ad tactic being leveraged (by 91% of RMN buyers)

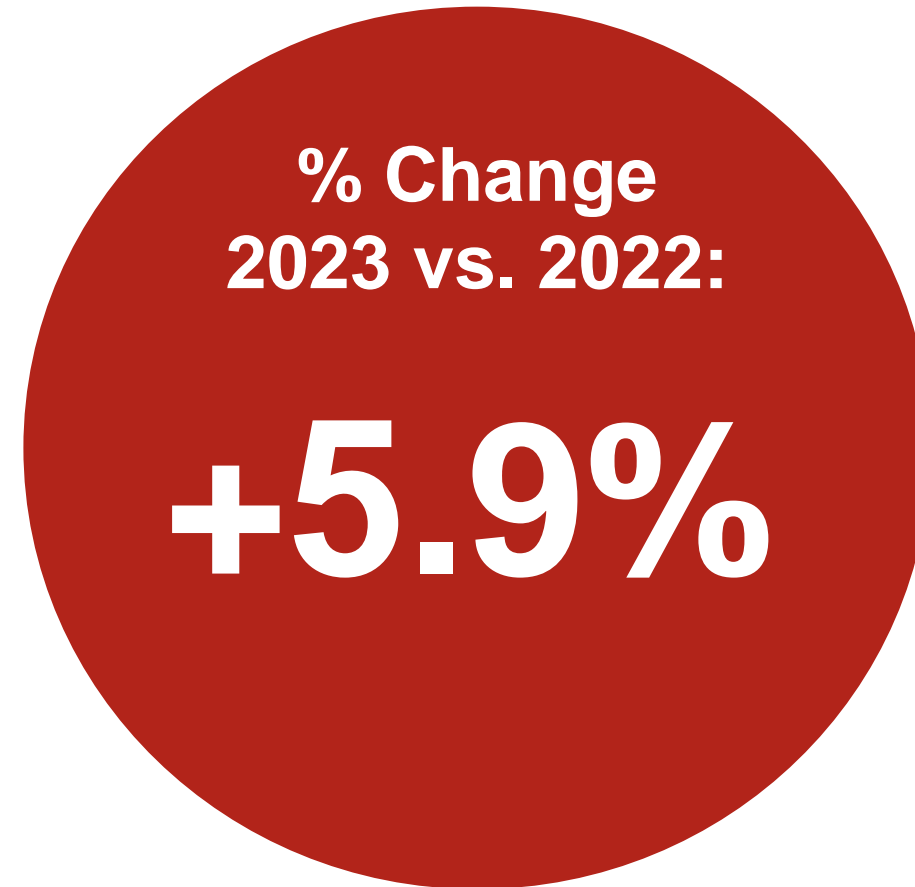
Deep Dive: Metaverse

- More than half of buyers (56%) are investing or considering investing in metaverse advertising/marketing
 - Buyers' top reasons for metaverse advertising investment are building brand awareness (52%), engaging existing customers in a new way (48%), boosting brand perception (46%), and reaching hard-to-find audiences (42%)
- Buyers not investing in metaverse advertising cite multiple reasons for their lack of investment, including the nascency of the space (41%) and it not being a good fit for their audiences (37%) and brands (35%)

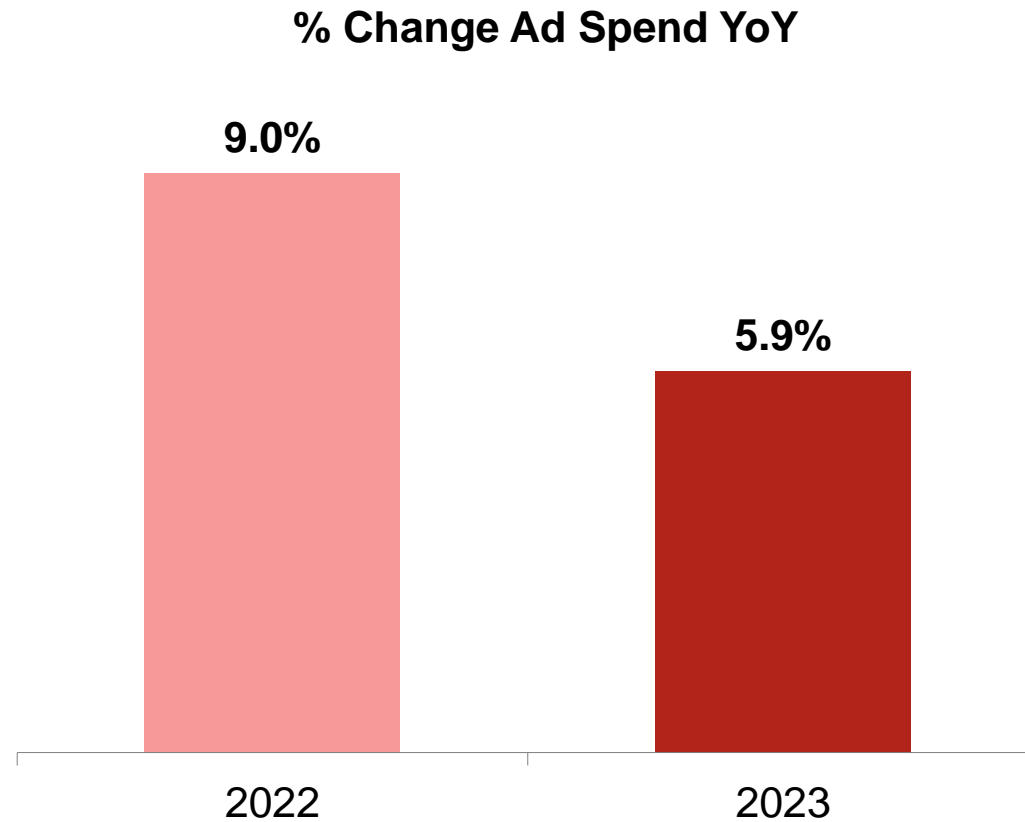
2023 Outlook: Ad Spend

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Buyers project 2023 overall ad spend to be up +5.9% YoY



Buyer projections for ad spend growth have decelerated



n=210, IAB 2H 2022 Flash Bulletin, n=250

Q: Provide your estimated percent change (+/-) in total projected U.S. media spend for full year 2022 (Jan.-Dec.) vs. the actual spend for full year 2021.

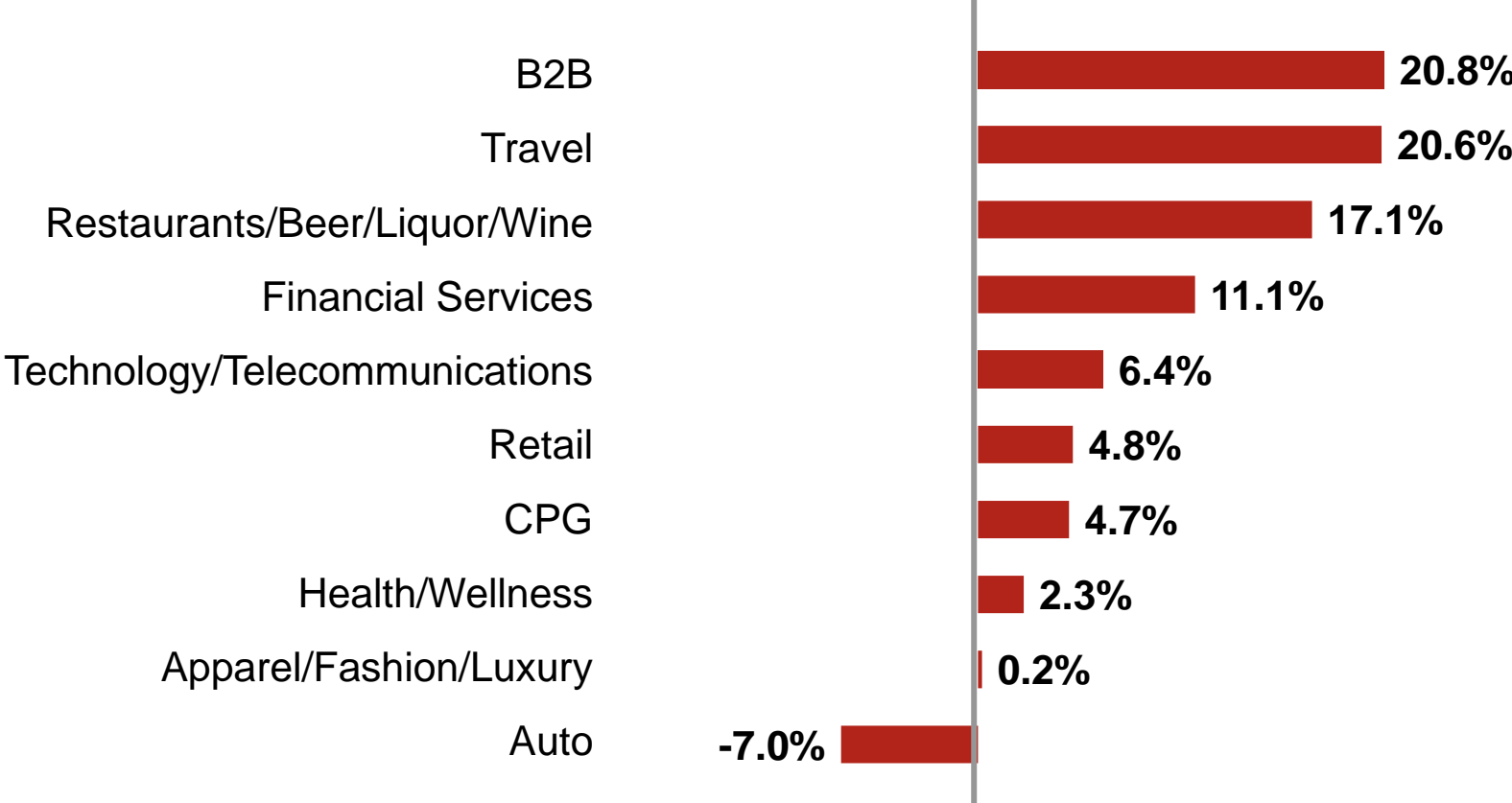
Q: Provide your best estimate for the following: budget percent +/- for projected 2023 total media ad spend vs. actual 2022 total media ad spend.

Category ad spend growth will vary across industries in 2023

B2B, travel, restaurants/beer/liquor/wine, and financial services are projected to post double-digit growth YoY while other categories are projected to be down, flat, or post single-digit growth.

% Change Projected 2023 Ad Spend vs. 2022, by Category

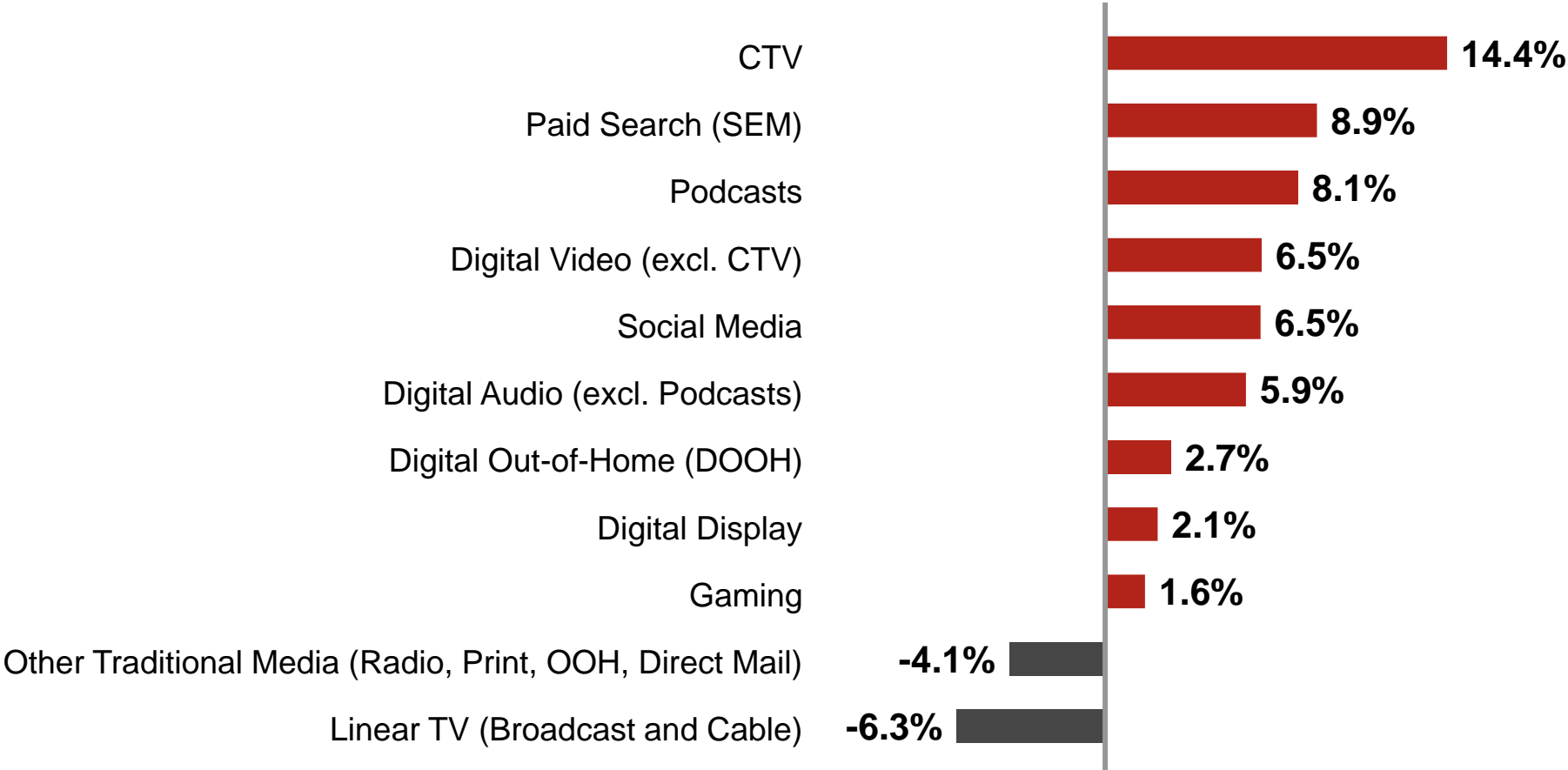
For directional use only due to lower sample size



n=floating base
 Q: Provide your best estimate for the following: budget percent +/- for projected 2023 total media ad spend vs. actual 2022 total media ad spend.
 Note: Other categories (including Home/Appliance and Media/Entertainment) are not listed as reliable sample was not achieved.

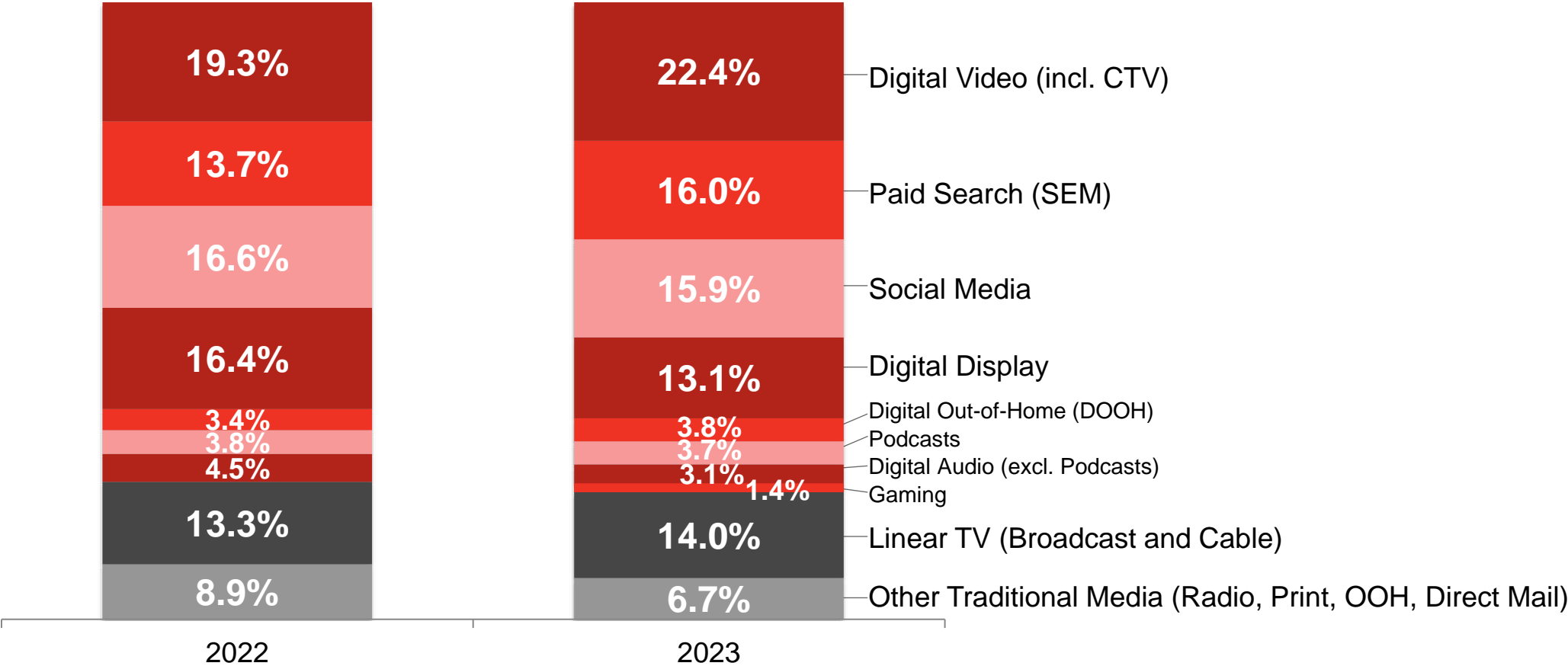
Every digital channel is projected to post ad spend growth in 2023; traditional to decline

% Change Projected 2023 Ad Spend vs. 2022, by Channel



Digital video (incl. CTV) will continue to capture the greatest % share in 2023

Ad Spend % Share by Channel – 2023 vs. 2022



n=120, IAB 2021 Fall Impact Study, n=470
 Q: Provide your best estimate for your budget PERCENT SHARE by CHANNEL for projected 2023 media ad spend.
 Q: Please identify the estimated percent share of your 2022 media budget by CHANNEL.

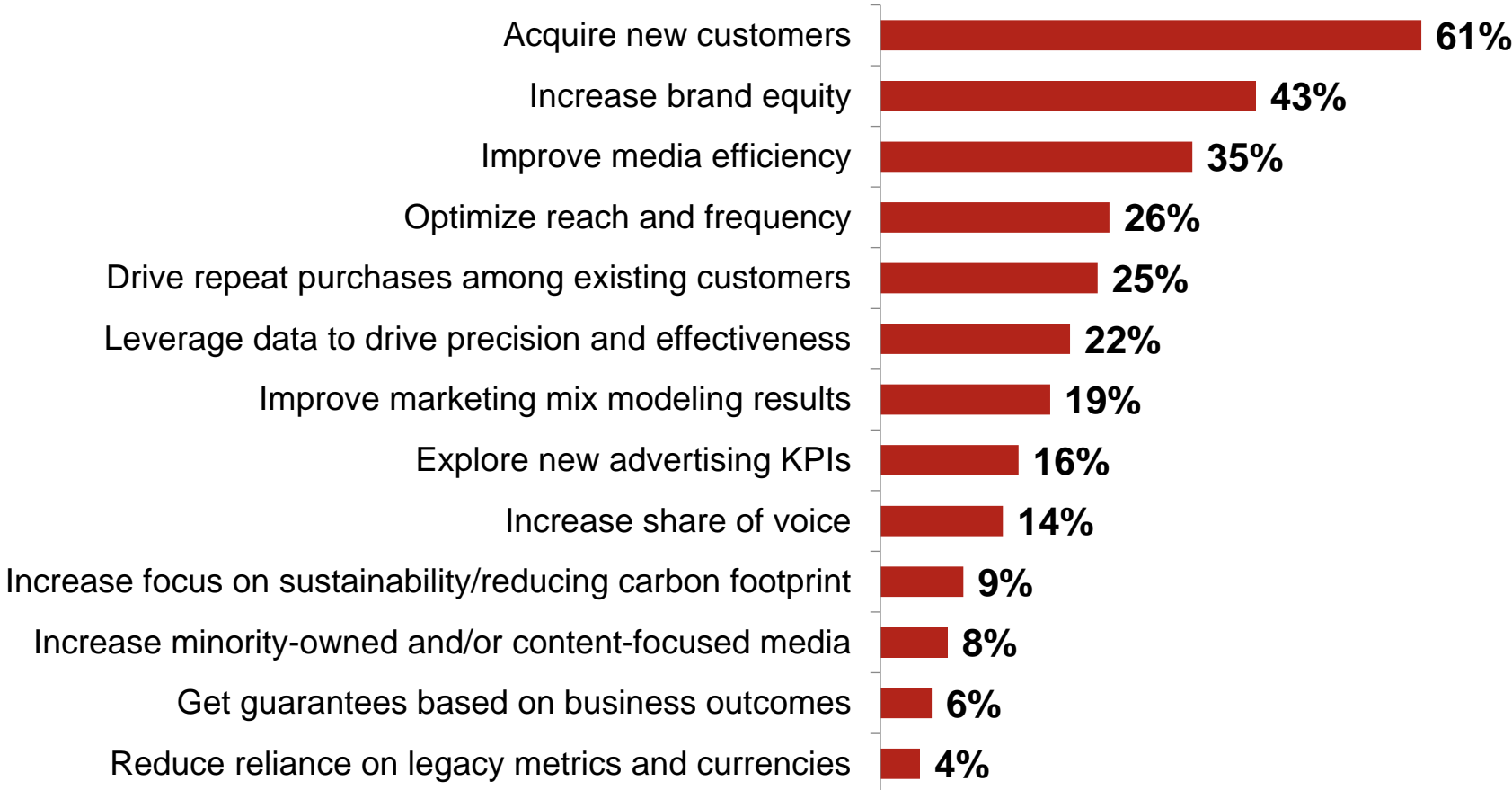
2023 Outlook: Opportunities and Strategies for Growth

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Customer acquisition is by far buyers' top goal for 2023 media investments

More than 1/3 of buyers also cite increasing brand equity and improving media efficiency as top goals for 2023 media investments.

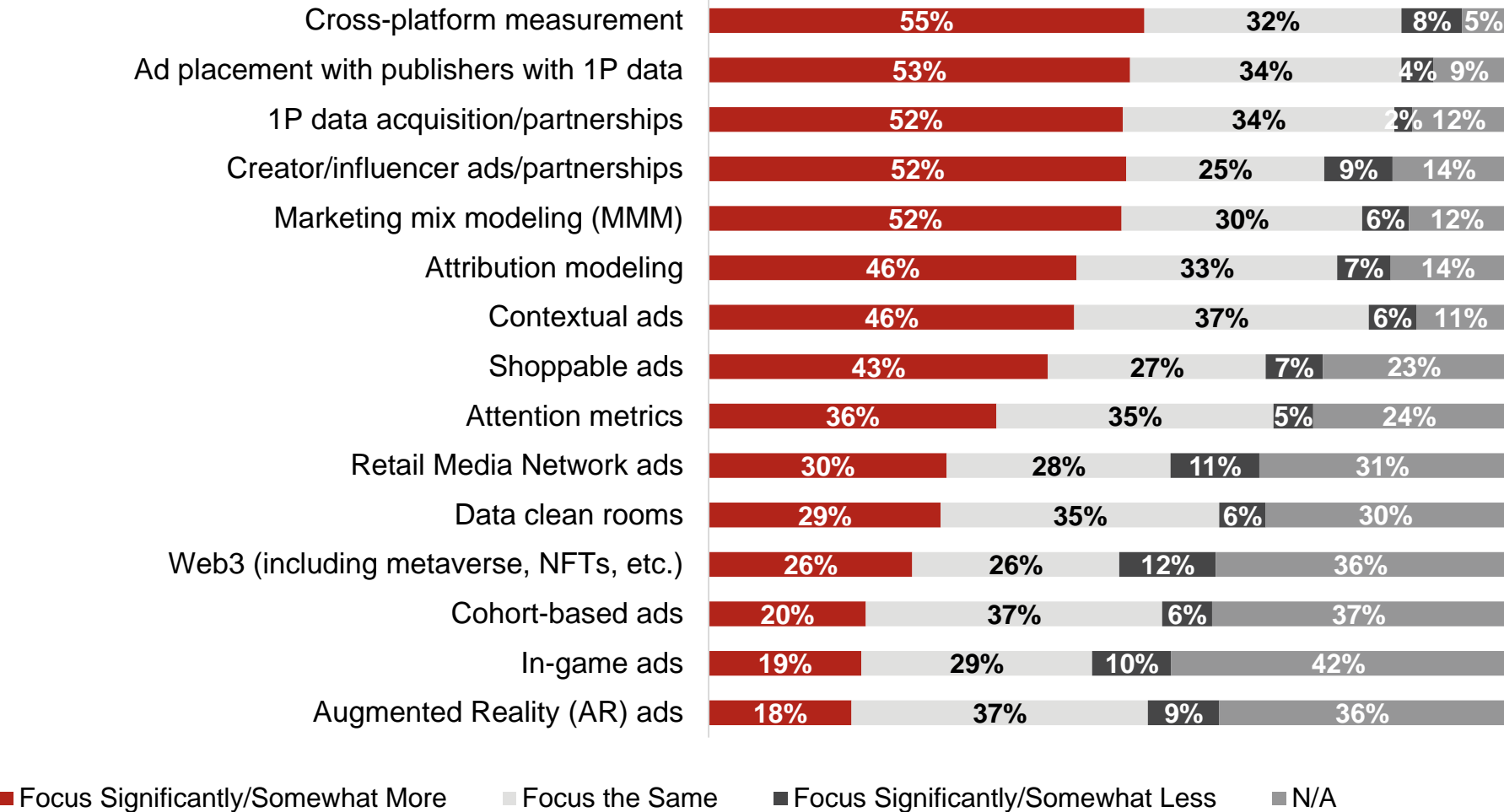
Top 3 Goals for 2023 Media Investments



Measurement, 1st party data, and leveraging creators will be the greatest focus areas

Nearly 1/3 to almost 1/2 of buyers will also focus more on shoppable ads, retail media network (RMN) ads, and data clean rooms.

Level of Focus in 2023



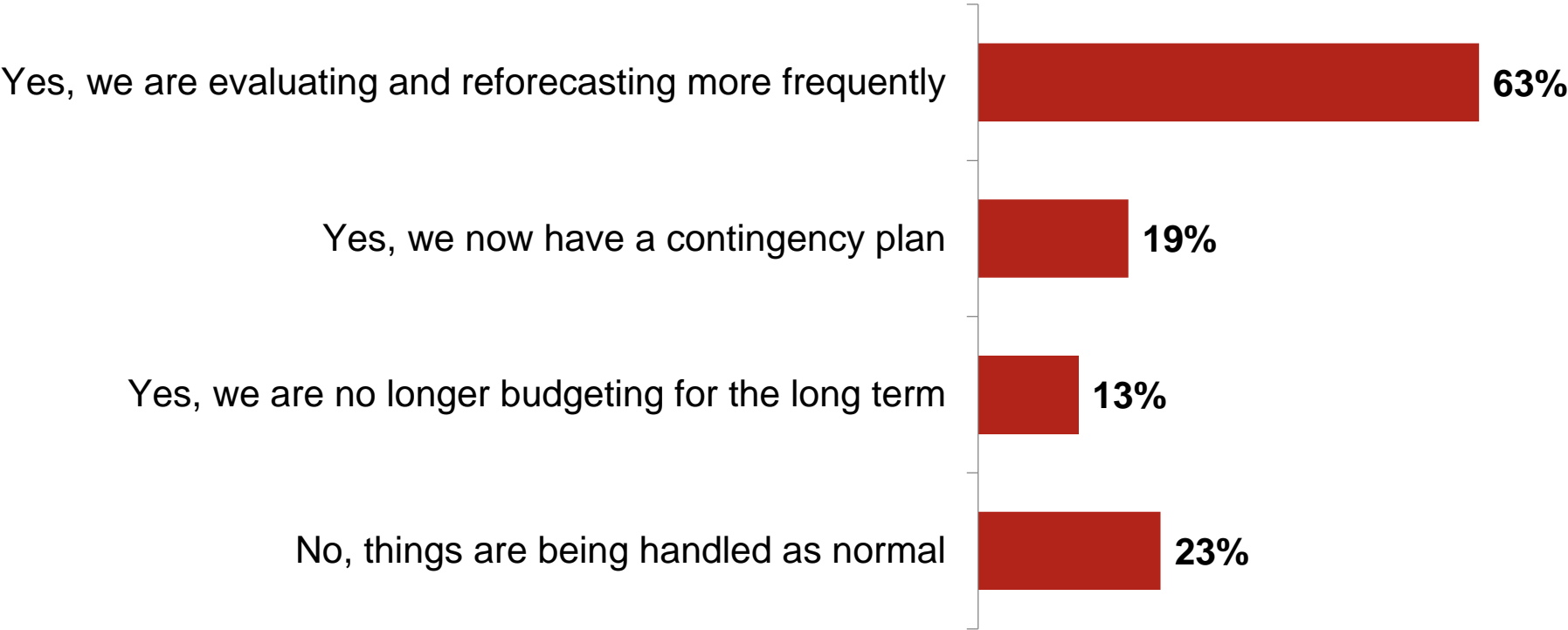
n=223

Q: Do you expect to FOCUS more, less, or the same amount of time and/or resources in 2023 (vs. 2022) on the following?

In times of economic uncertainty, media budgets get evaluated much more frequently



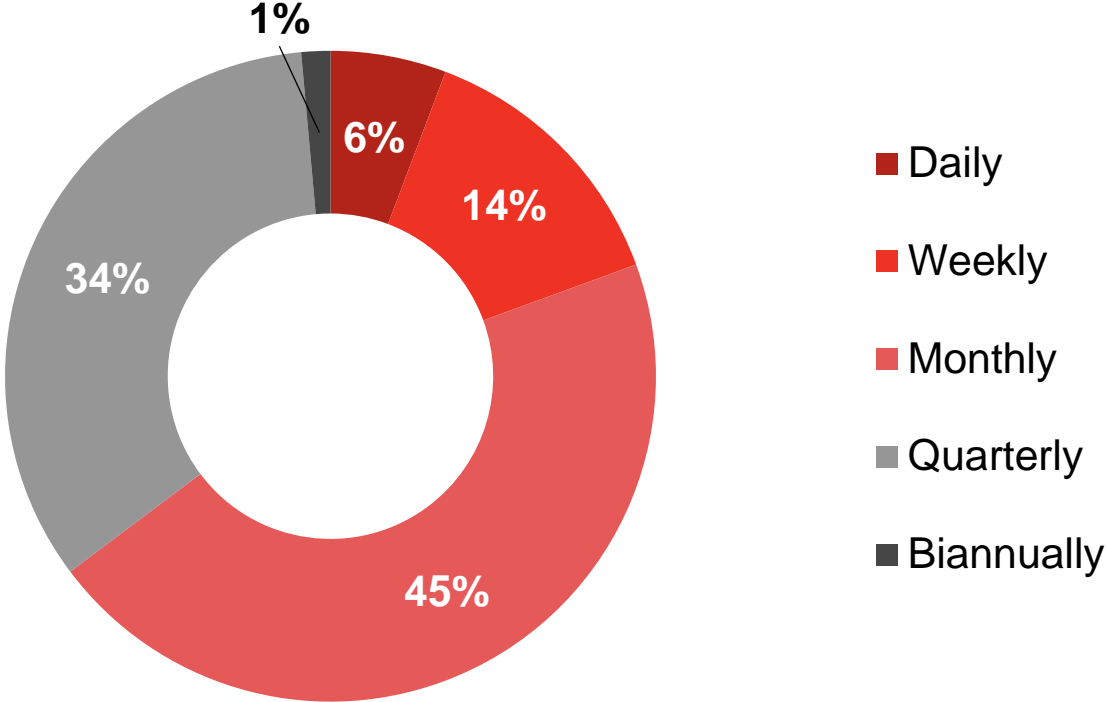
% Approaching 2023 Media Planning Differently Due to Marketplace Dynamism



Of those reforecasting more frequently, most will do so at least monthly

Frequency of Adjusting 2023 Media Plans

Among those evaluating and reforecasting 2023 media ad spend more frequently as a result of changing marketplace dynamics

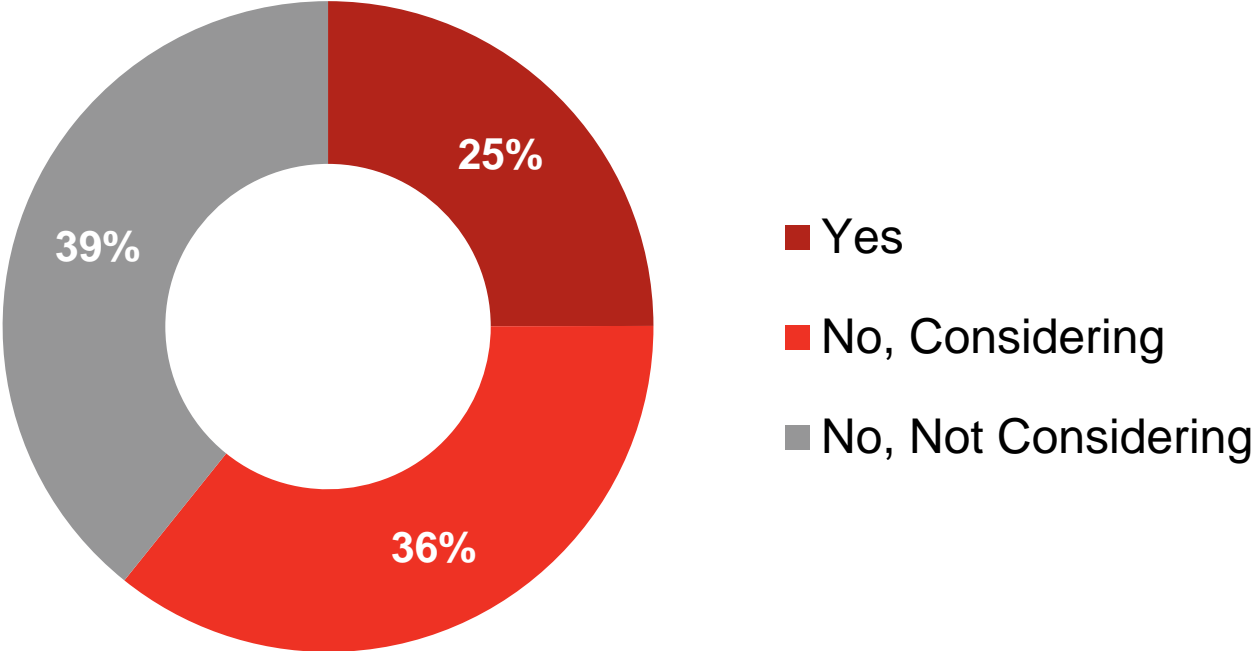


Deep Dive: Retail Media Networks (RMN)

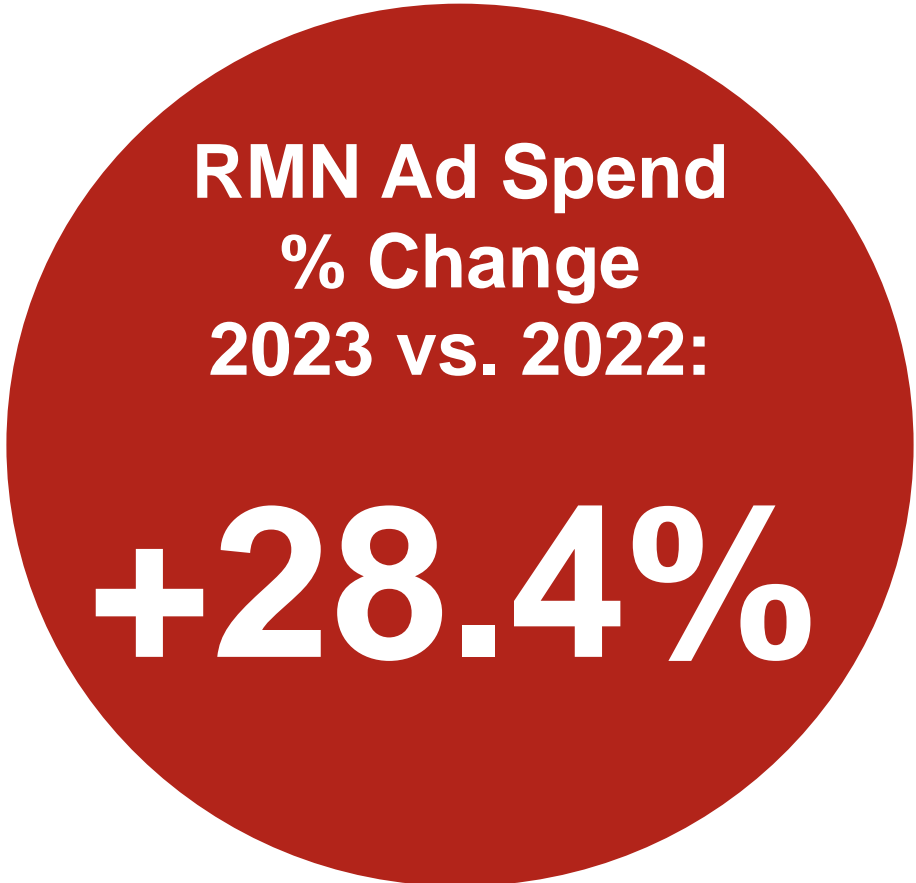
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6-in-10 buyers are currently/considering investing in RMN advertising

Current Investment in RMN Advertising



Buyers project 2023 RMN ad spend to be up 28.4% YoY

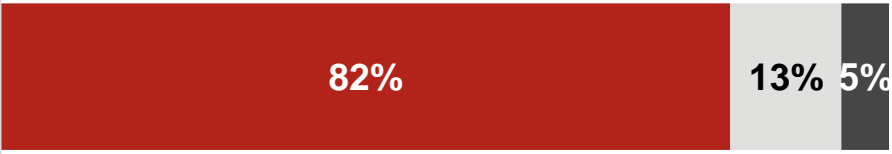


RMN ad investment is diverse: spread across multiple partner types

Types of RMN Ad Partners Being Leveraged

Among those currently investing in RMN advertising

Aggregated Marketplaces
(e.g., Criteo, CitrusAd, PromoteIQ, other DSPs, etc.)



Retailer Owned
(e.g., Kroger, Walmart, Roundel, Sam's Club, Amazon, etc.)



E-Commerce Owned
(e.g., Doordash, Instacart, Uber Eats, etc.)



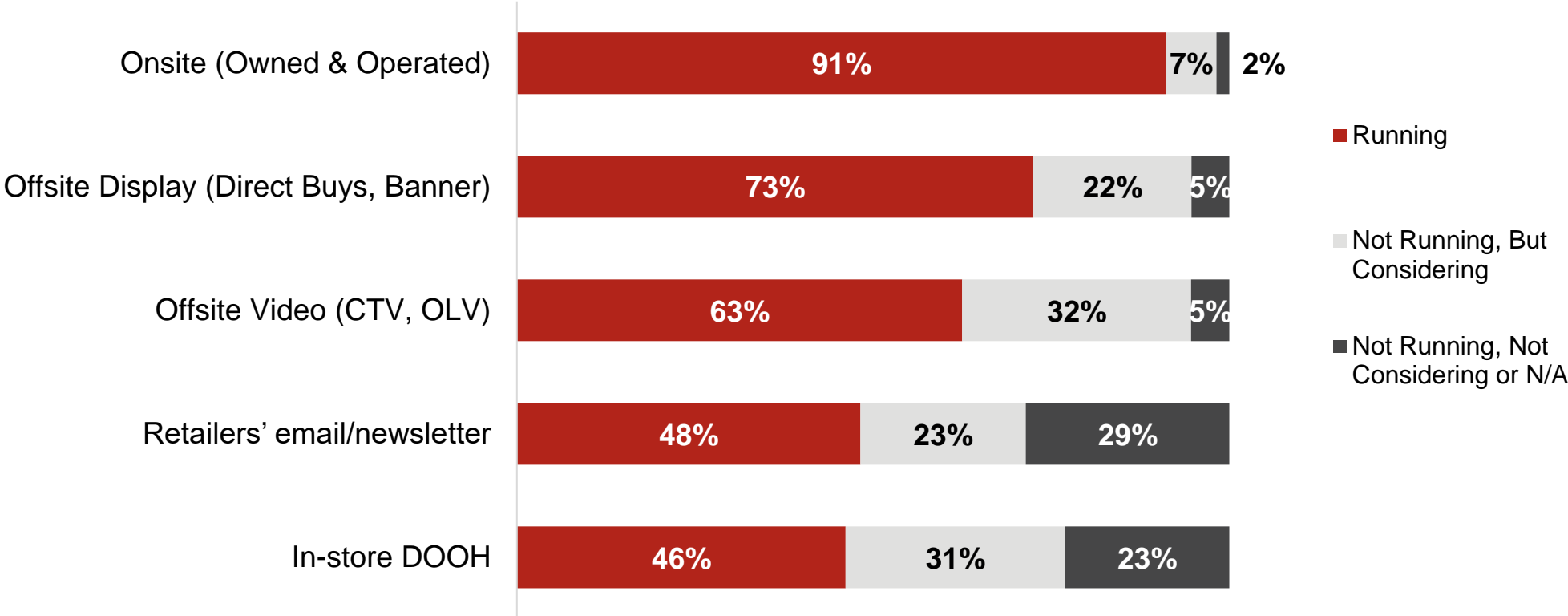
- Working With
- Not Working With, But Considering
- Not Working With, Not Considering or N/A

Onsite (O&O) ad investment is the leading RMN ad tactic being leveraged

Notably, 63-73% of RMN buyers are running offsite tactics—at least 15% more than other ad tactics.

Select Types of RMN Ad Tactics Being Leveraged

Among those currently investing in RMN advertising



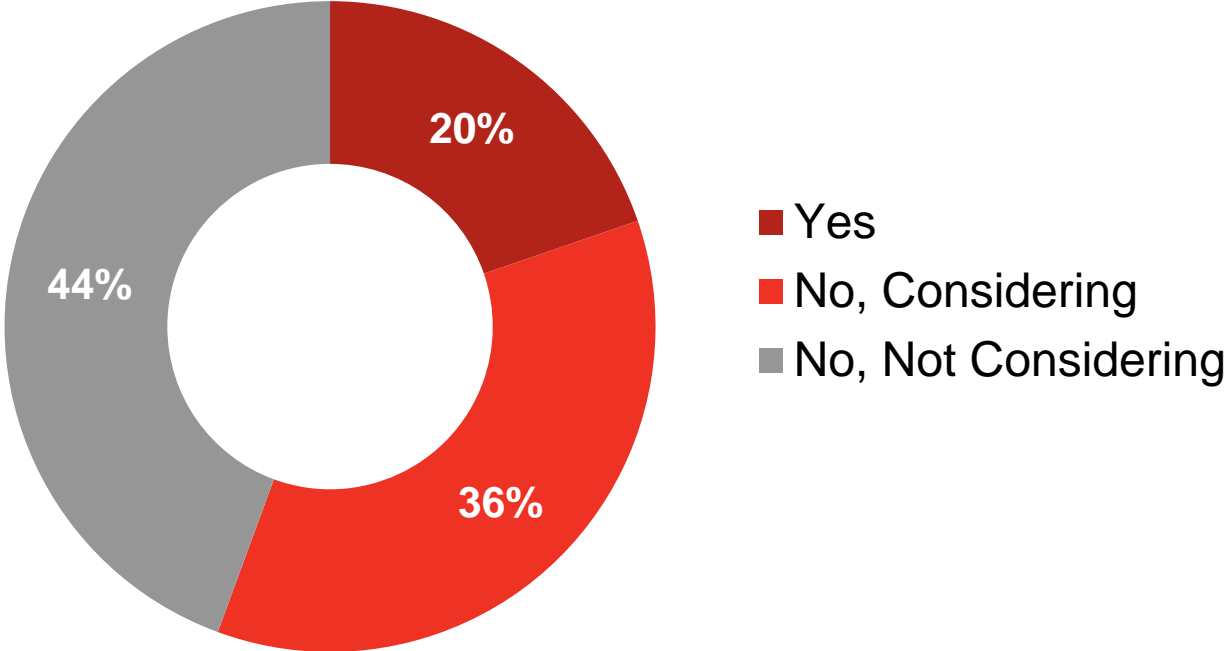
Deep Dive: Metaverse

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The metaverse is gaining attention from advertisers

Current Investment in Metaverse Advertising / Marketing

Metaverse definition: virtual, internet-based experiences that bridge offline and online worlds, where people can customize avatars, play games, shop, interact and virtually attend live events

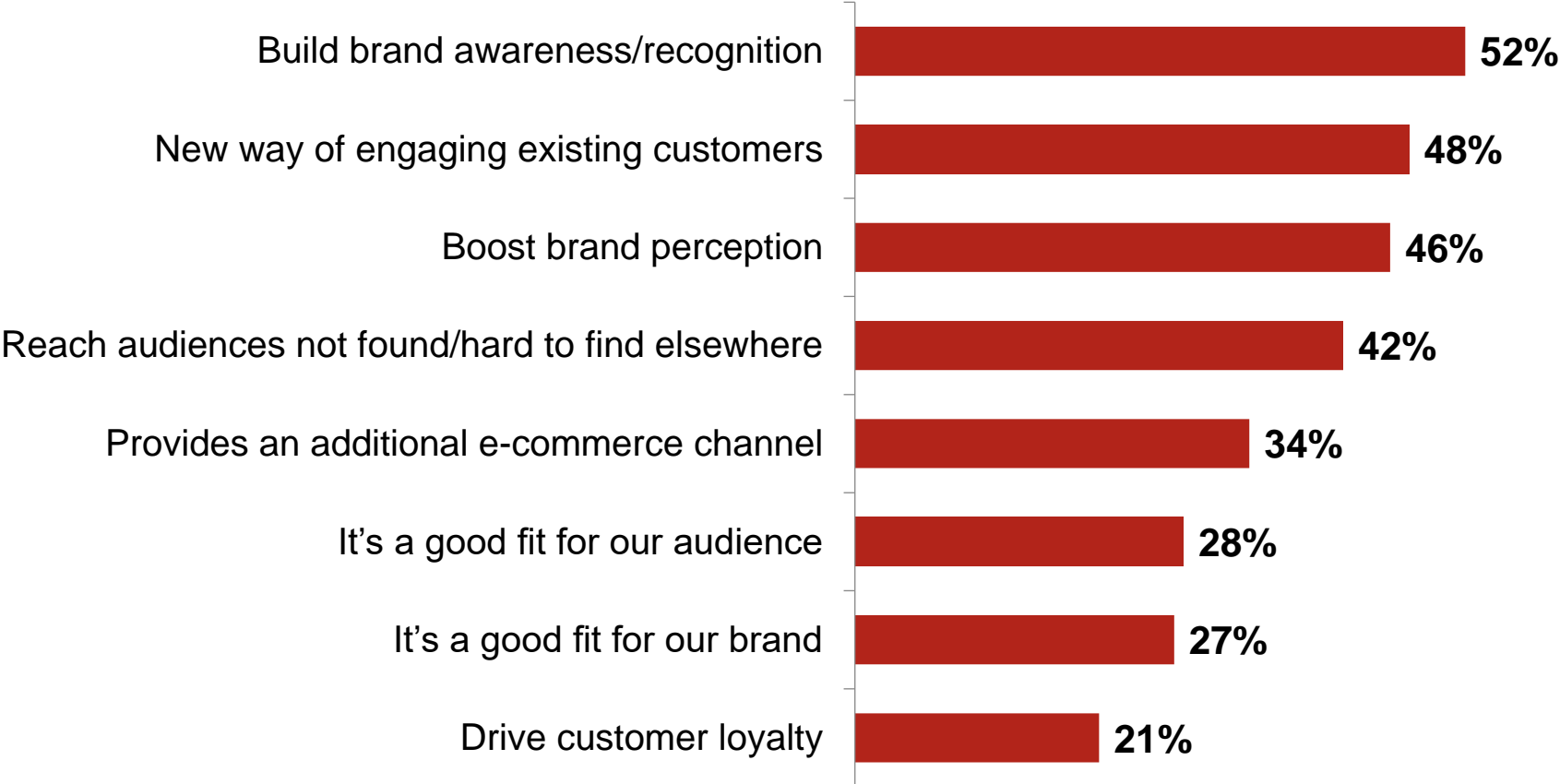


Early stage metaverse tactics are focused on upper funnel metrics

Boosting brand awareness and perception as well as engaging customers in a new way are top reasons for metaverse advertising investment.

Reasons for Investing in Metaverse Advertising / Marketing

Among those currently investing/considering investing in metaverse advertising / marketing



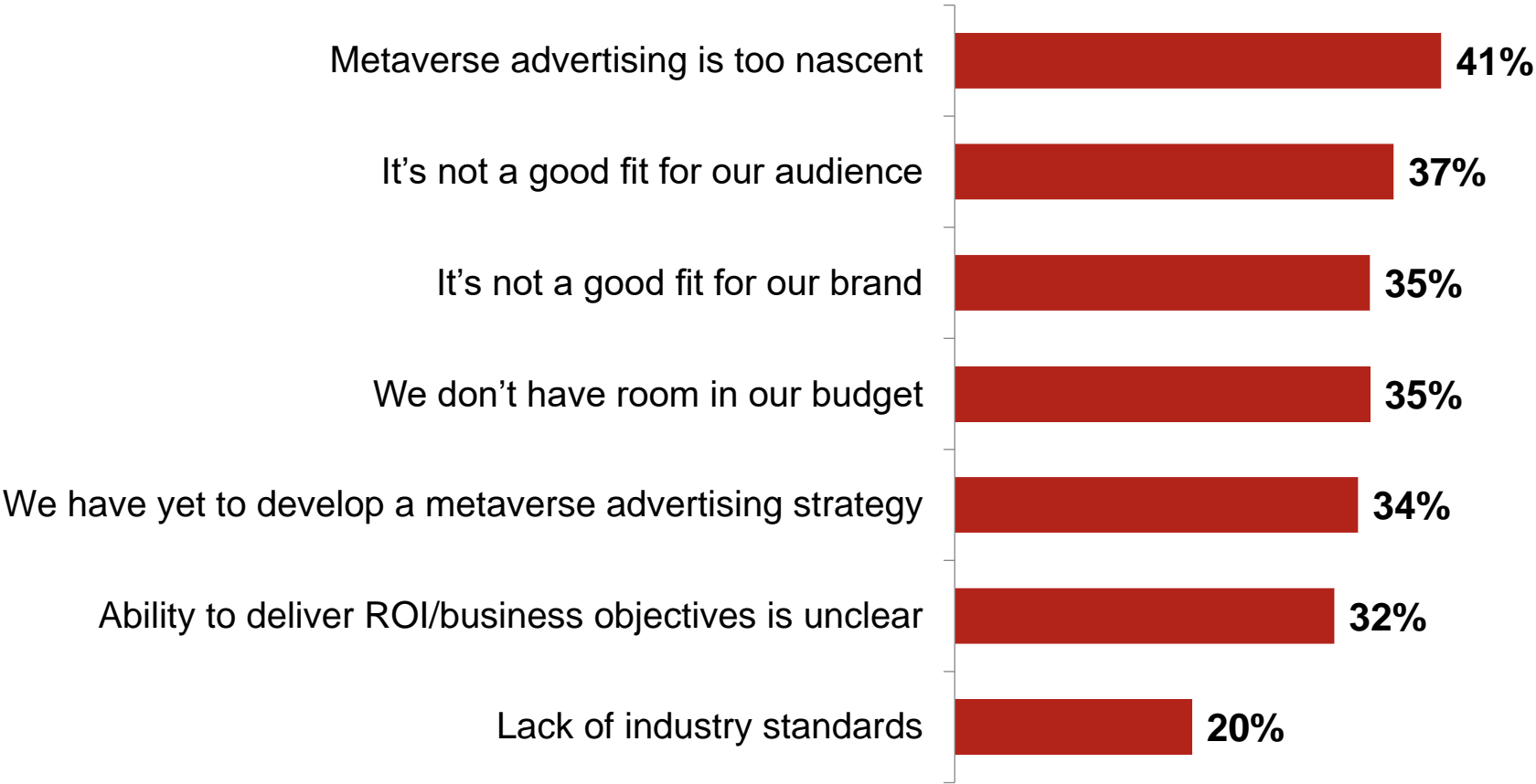
n=124, Among those currently investing/considering investing in metaverse advertising / marketing
Q: You indicated that you are currently investing or considering investing in metaverse advertising and/or marketing. Please select all of the reasons why below.

Not everyone is ready to jump into the metaverse yet

Those not investing in the metaverse cite the nascency of the channel, lack of fit, budgeting constraints, and unclear ROI as reasons for not investing in advertising.

Reasons for NOT Investing in Metaverse Advertising / Marketing

Among those not currently investing/considering investing in metaverse advertising / marketing



Thank You!

For further information:

- Chris Bruderle (chris@iab.com)
- Meredith Guinness (meredith@iab.com)

The logo for iAB, featuring the lowercase letters 'iab' in a bold, black, sans-serif font. A small red dot is positioned above the 'i', and another red dot is at the end of the period following the 'b'. The logo is centered within a white circular area that is part of a larger orange circular graphic on the right side of the slide.

About IAB



The Interactive Advertising Bureau empowers the media and marketing industries to thrive in the digital economy. Its membership comprises more than 700 leading media companies, brands, agencies, and the technology firms responsible for selling, delivering, and optimizing digital ad marketing campaigns. The trade group fields critical research on interactive advertising, while also educating brands, agencies, and the wider business community on the importance of digital marketing. In affiliation with the IAB Tech Lab, IAB develops technical standards and solutions. IAB is committed to professional development and elevating the knowledge, skills, expertise, and diversity of the workforce across the industry. Through the work of its public policy office in Washington, D.C., the trade association advocates for its members and promotes the value of the interactive advertising industry to legislators and policymakers. Founded in 1996, IAB is headquartered in New York City.