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# 2023 Mid-Year Advertising Outlook

Using survey data gathered from 700+ leaders across brand marketers, advertising agencies, tech companies, and media providers, this report features insights on media trends set to impact the second half of the year and early 2024.





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# Introduction

Thank you for reading Mediaocean's 2023 Mid-Year Advertising Outlook Report.

These insights reflect input from more than 700 customers and partners, focused on key media and technology trends, along with projected marketing investments. We primarily surveyed marketers and agencies but also included perspectives from media companies, measurement firms, tech platforms, and other industry cohorts. This market research report is the fourth in our series published bi-annually since the end of 2021.



# Foreword by Joanna O'Connell

This go round, AI stole the spotlight in respondents' minds. And rightly so. The advances in AI—and the speed at which they are happening—are astonishing. ChatGPT, an application of generative AI, burst onto the scene just six months ago and has inexorably changed our lives forever. Why? Because this genie is out of the bottle. And while it may sound hyperbolic, I don't think it is. The ways in which regular consumers are using tools like ChatGPT (text generation) and Dall-E (image generation) are bound only by humans' ability to imagine.

What does that mean for marketing? Well, that remains to be seen. In theory, so much is possible with these tools at our disposal: smarter storytelling, faster content production, and more iterative ad creation are obvious ones. But these technologies don't come without risk—and how the industry, and governmental bodies, address their use through the lens of consumer safety and oversight—are massive questions we will be grappling with for the foreseeable future. And, important to remember, AI takes many forms beyond generative AI. Many of them (think, machine learning, certain kinds of pattern analysis) have been at play in digital marketing for years. This is something I believe remains poorly understood by many in marketing and inside agencies. So, if ever there was a time to invest in understanding the role of AI in our industry, it is now.

Beyond this, many important trends continued to hold true in this latest round of research. Survey responses continue to shine a light on the massive importance of newer media



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like social video (most notably TikTok) and CTV—these are exactly the kinds of emotive, rich environments marketers crave to influence thinking and drive purchase among the millions of consumers that continue to flock to them. This, as shoppability continues to gain its footing. But with anything new, challenges remain—setting aside the obvious questions swirling around TikTok's future in the US, effectively managing reach and frequency, adapting to new modes of transaction and measurement—these at the forefront of respondents' minds in this latest upfront season.

A final callout: the uptick in interest in automation and creative testing/analysis makes me smile. It's about darned time! There is a wide range of tools designed to help brands and agencies improve their creative process, insight generation and output. Still, I believe they remain under-adopted due to legacy ways of working, traditional creative agency compensation models and outmoded organizational structures. But with the convergence of several powerful forces—AI, macroeconomic pressures and data deprecation—the creative process may finally get a much-needed overhaul.

*Joanna O'Connell*

# Executive Summary

So far, 2023 has reinforced many patterns that started taking shape last year—and thrown a few curveballs.

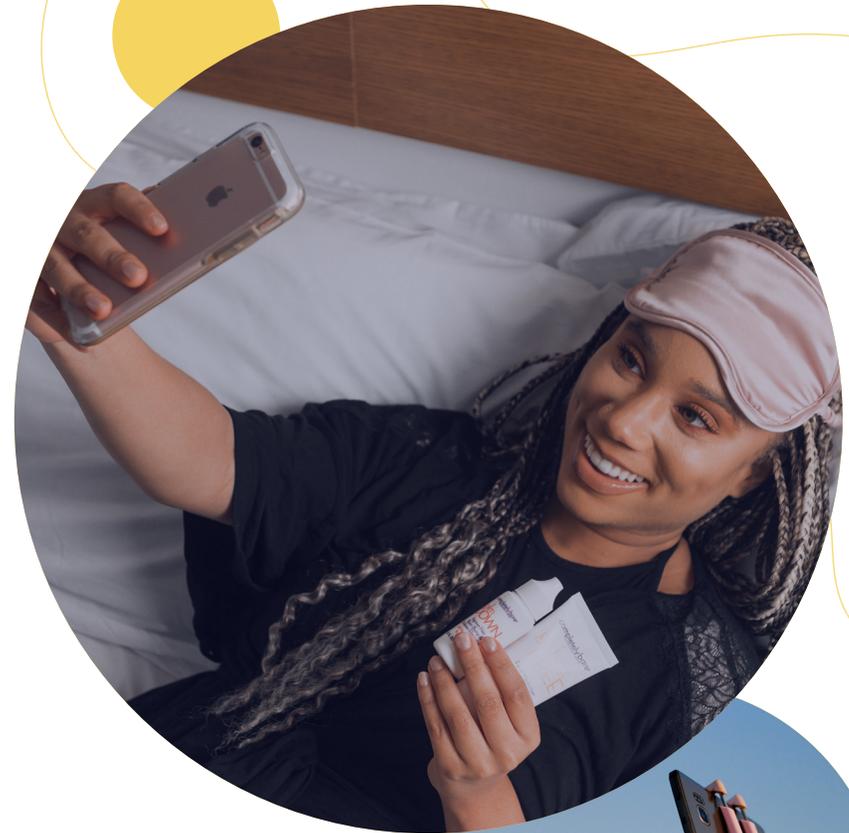
With generative AI becoming more prevalent and scalable, the responsible application of tools like ChatGPT is foremost on marketers' minds. AI promises a path to more agile marketing with better-allocated resources, but how this plays out remains to be seen.

There has been discussion of a ban on TikTok in the U.S., and a growing number of states have forbidden using the app on government-owned devices. However, TikTok usage continues to grow, and the platform is fast becoming a mainstay on media plans for many advertisers.

The rising ad spend patterns that emerged last year in social, search, CTV, and video are holding steady, which makes a bold statement during a year of big tech downsizing. And when it comes to optimizing those investments, our survey suggests marketers are leaning in on creative testing and analysis.

Our research also indicates momentum behind advanced measurement and ongoing adoption of new currencies for converged TV to address metrics like cross-channel reach and frequency. This is undoubtedly top-of-mind for the annual upfronts season as brands outlay commitments for the year ahead.

In this report, we zero in on the main concerns of the marketing community and provide at-a-glance snapshots of trends in ad spend, automation, privacy, audience targeting, and more.



## Insight #1

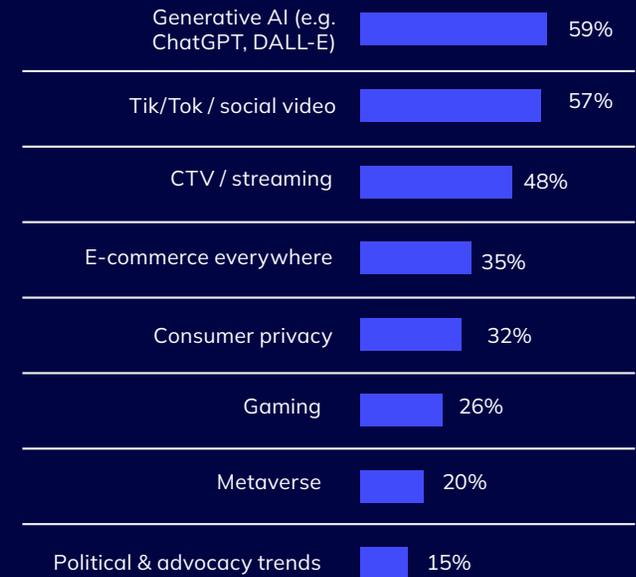
# Generative AI is the dominant consumer trend

With the rapid pace of innovation in artificial intelligence (AI), 2023 has marked a significant turning point for the ad industry. The impact made by ChatGPT is changing the way we think about marketing, and it emerged as the most important consumer trend in our survey.

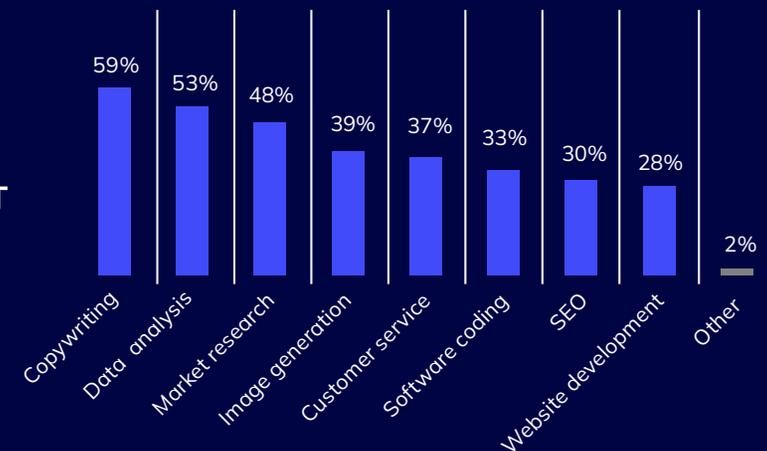
ChatGPT has emerged as the fastest app to reach 100 million users mere months after launch, so it's no wonder Microsoft swiftly integrated it into Bing, and Google quickly followed suit with its own version, Bard. Accordingly, generative AI tools are quickly becoming an essential resource for marketers looking to optimize their content and engage their target audiences.

When we asked respondents in which areas of marketing they see the most significant potential with generative AI, the top choice was copywriting—at this point, who hasn't asked ChatGPT for that?—followed by data analysis. Popular applications of generative AI in data analysis include natural language processing, predictive analytics, and finding insights and patterns in large datasets.

## What are the most important consumer trends you're watching for 2023?



## In which areas do you see the biggest potential with Generative AI (eg. ChatGPT DALL-E) in marketing?



## Insight #2

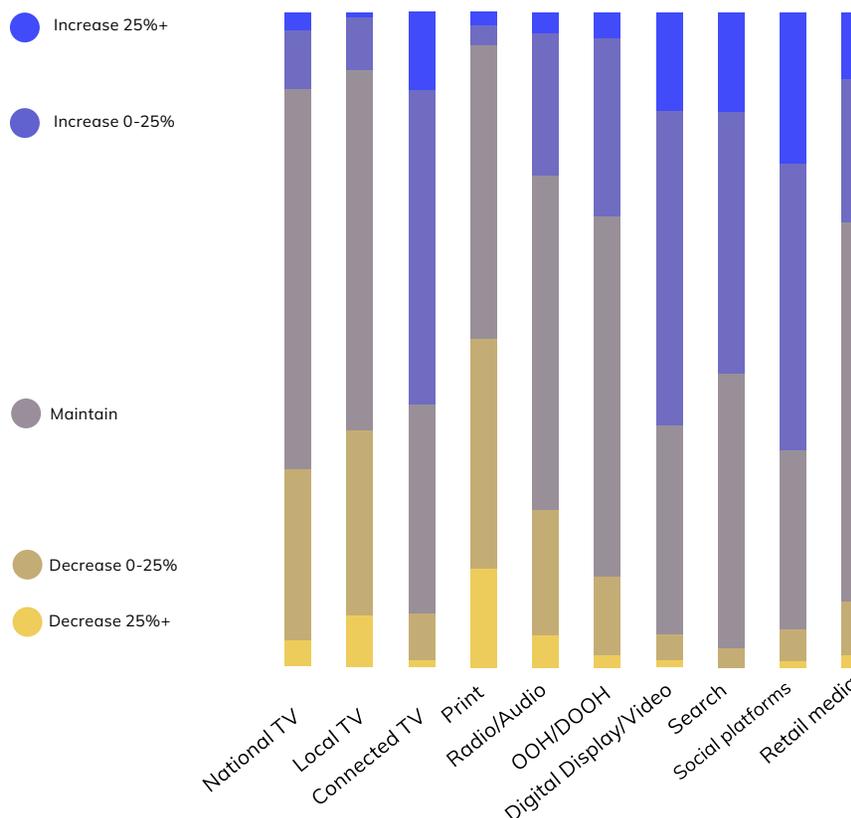
# Spending in social continues to increase

We're fast approaching 5 billion social media users worldwide, so it's no wonder advertisers are pouring more money into this ever-evolving space with the most significant spend increases in our survey. However, social platforms have not been without their share of scrutiny and controversy lately, so the fact that marketers are still bullish on the category shows how influential it is in shaping popular culture and brand perception.

Per the chart from our previous insight, respondents voted heavily for TikTok and social video when asked about significant consumer trends. As social media continues to dominate digital media consumption, more than half of marketers say they will increase spending to remain competitive. Regarding short-form video, we're seeing heavy adoption of the format to enable full-funnel advertising from brand-building to shopping.

Meanwhile, Connected TV, digital display/video, and search also remained above the 50% threshold in terms of those who indicated they are increasing budgets this year.

For each media channel below, do you expect to increase, decrease, or maintain your spend in 2023?



### Insight #3

## Creative testing becomes more critical

In looking at which advertising capabilities and media investments are most essential given the current macroeconomic conditions, creative testing and analysis showed the most significant jump year-over-year with a 27% increase.

With audience signals waning due to signal deprecation, stricter government regulations,

and growing consumer privacy concerns, creative is becoming a key variable for improving campaign performance. This upward trend in the importance of creative testing shows advertisers boosting their focus on producing compelling content that resonates with their target audiences.

And, in a time when economic uncertainty is driving budget pressure, marketers will continue to seek opportunities to increase automation. The marriage of creative testing with production automation presents

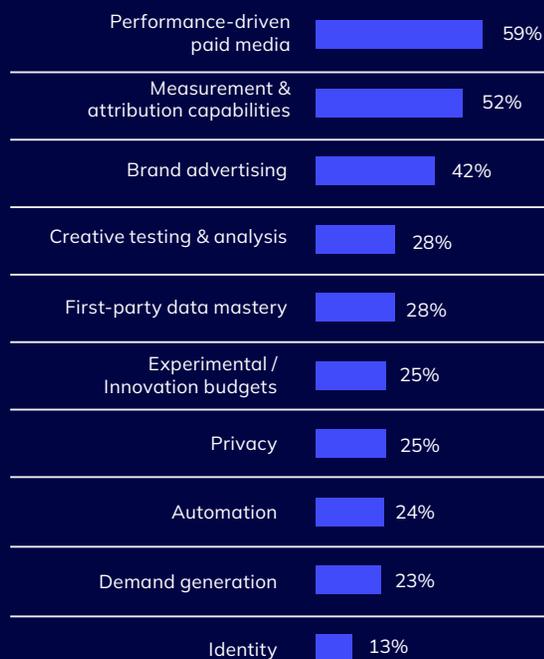
marketers with a critical chance to both improve performance and drive efficiency.

Speaking of performance, the top choice for most critical investment was once again performance-driven media, followed by measurement and attribution capabilities. This goes to show that direct response advertising and proving ROI remain top of mind for marketers. But it's important to note that brand advertising was in the top three for the second survey in a row, as support for upper-funnel awareness is also critical.

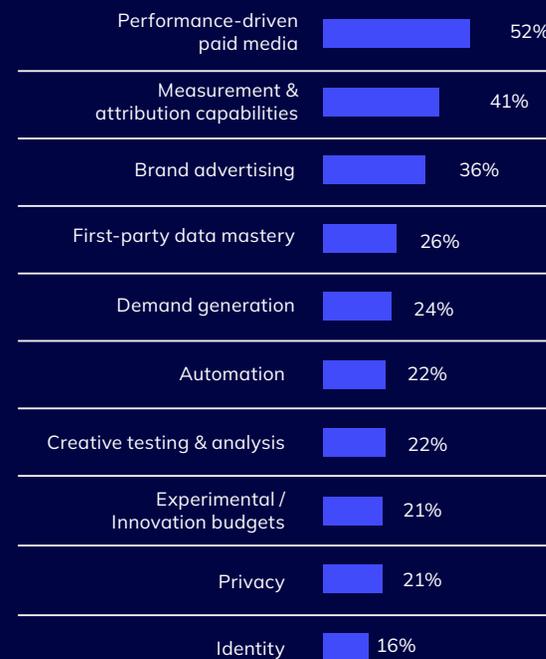
Given the current macroeconomic uncertainty, which advertising capabilities and media investments are most critical?



### May 2023



### October 2022



## Insight #4

# CTV reach and frequency concerns intensify

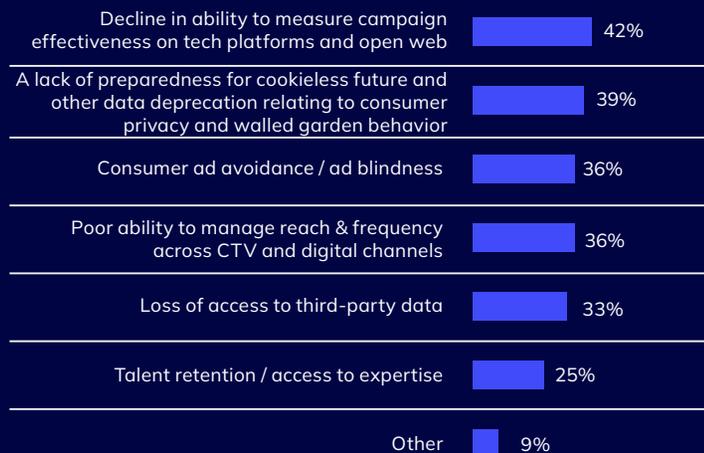
Balancing the interests of marketers and consumers remains the primary challenge regarding Connected TV (CTV), and this is evident when it comes to reach and frequency (R&F) metrics. A 40% increase in concern over R&F since last year's survey tells us that CTV—rife with untapped potential and limitless possibility yet fraught with the challenges of measurement and analysis—has indeed become imperative for an effective omnichannel advertising strategy.

We are seeing innovation in measurement through the adoption of advanced currency providers (ACPs), and we're enabling these new methods for transaction [through our systems](#). When it comes to the convergence of CTV and linear television, our perspective is that [currency is the tip of the iceberg](#). At the end of the day, R&F are proxy metrics for business outcomes, and ACPs can help but need to become more pervasive.

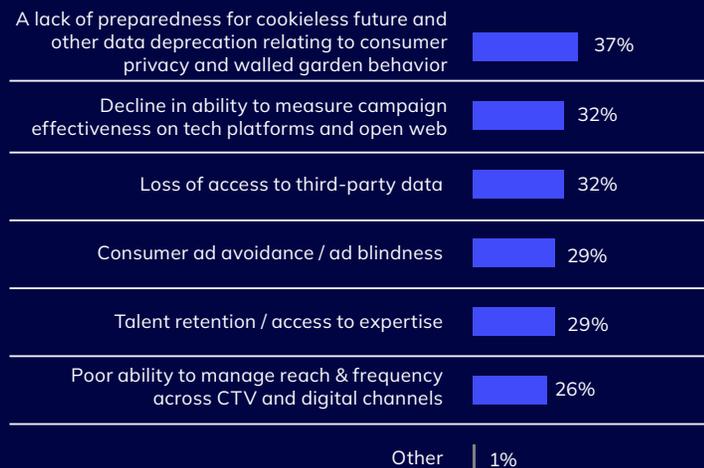
The top two concerns involving marketing initiatives switched places this time, with campaign measurement replacing data deprecation in the top spot. Accurately tracking and measuring the performance of campaigns has always been a priority; these days, it's the top priority.

## What are the largest areas of concern in your media and marketing initiatives?

### May 2023



### October 2022



## Insight #5

# Overall ad industry stabilization

Considering our current macroeconomic climate and the uncertainty ahead, it's encouraging that overall trends are skewing positively for the ad industry.

As we saw in Insight #2, nearly all media channels have more respondents reporting plans to increase spend than decrease it. TV and print were the only outliers, and in those cases, the responses for maintaining spend were the highest. Here's another cut of that data.

Meanwhile, as revealed in Insight #3, the top three areas of investment remain unchanged since our last survey – performance-driven paid media, measurement & attribution capabilities, and brand advertising. Again, this reflects stabilization across the industry.

Additionally, the industry is finding ways to manage resources in a post-pandemic environment as new forms of hybrid work take hold. As demonstrated in the data from Insight #4 there's a 16% decrease in concern over talent retention and access to expertise. And the fact that generative AI claimed the top spot in our question from Insight #1 (key trends) may explain how some companies are envisioning—or in practice—augmenting their staff to meet the moment.

For each media channel below, do you expect to increase, decrease, or maintain your spend in 2023?

	Increase	Maintain	Decrease
<b>National TV</b>	12%	58%	30%
<b>Local TV</b>	9%	55%	36%
<b>Connected TV</b>	60%	32%	8%
<b>Print</b>	5%	45%	50%
<b>Radio / Audio TV</b>	25%	51%	24%
<b>OOH / DOOH</b>	31%	55%	14%
<b>Digital Display / Video</b>	63%	32%	5%
<b>Search</b>	55%	42%	3%
<b>Social Platforms</b>	67%	27%	6%
<b>Retail media</b>	32%	58%	10%

# Conclusion

As we approach the mid-point of 2023, marketers continue to focus on improving workflow efficiency and media effectiveness. The rise of generative AI—fueled by the wide adoption of ChatGPT—is the current consumer trend that dominates the advertising landscape and stood out in our research. All constituents in the ecosystem are increasingly investing in AI-powered technologies to optimize campaigns and deliver more targeted and personalized messaging.

Our survey also highlights that spending on social media advertising is still on the rise as brands look to capitalize on the reach and engagement these platforms offer. The growth of other digital channels such as display/video and CTV further underscores the truism that “ad spend follows eyeballs”, and we have seen this trend consistently over our past four reports.

With spend continuing to grow in digital channels, creative testing is becoming more critical in ensuring the success of advertising campaigns. This is especially important as audience signals become fewer and farther between and person-level addressability becomes more rarefied. Marketers increasingly appreciate the importance of testing various creative approaches to identifying what resonates with their consumers, and they are looking to streamline costs through automation. This trend is likely to persist as brands look to maximize their ROI with creative personalization and production efficiency.

Finally, despite concerns about CTV reach and frequency, our survey shows the ad industry is stabilizing and adapting to the changing landscape, with advertisers continuing to invest in new measurement technologies and activation platforms. In advertising, as in life, change is the only constant, and while the past six months have brought more of the same in both respects, it appears that marketers have embraced solutions that are leading the change rather than feeling its impact.

## Methodology

This survey was conducted via TechValidate in April 2023 and contains data from 712 respondents across 23 countries representing brands, agencies, media companies, measurement firms, tech platforms, and other marketing industry constituents.

## About Mediaocean

Mediaocean is powering the future of the advertising ecosystem through technology solutions that empower brands and agencies to deliver impactful omnichannel marketing experiences. With over \$200 billion in annualized spend managed through its software, Mediaocean uses AI and machine learning to control media investments, optimize creative assets, and improve business outcomes. The company's advertising infrastructure and ad tech tools are used by more than 100,000 people globally for everything from planning, buying, ad serving, and creative personalization to campaign analysis, optimization, invoices, and payments. Visit [mediaocean.com](https://mediaocean.com) for more information.

