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Q4 2023 Media Ad Sales Trend Report

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Welcome to the Q4 2023 Media Ad Sales Trend (MAST) report, which sheds light on media company performance during the highly important year-end season.

Did publishers see the growth they anticipated last fall? Are advertisers more or less loyal to media partners? Is deal volume increasing? The answers to these questions and more are in the pages that follow.

We hope you will find this report useful in three ways:

- Understanding key trends driving revenue activity;
- Setting benchmarks for your own business; and
- Providing recommendations to help you succeed in 2024 and beyond.

At Boostr, we have a front-row seat to these trends, given our central role in helping hundreds of digital media companies succeed through our unified media advertising management platform, which spans CRM, OMS, and Proposal Recommendation engine solutions.

This analysis refers to direct-sold channels and excludes open exchange/RTB programmatic revenues. In this way, we can paint a clearer picture of what's actually happening at the front lines of the world's media companies, large and small.

Here are our top findings:

1. **Growth schmowth:** The industry is normalizing at mid-single-digit growth.
2. **The horizon is nearer than ever:** It's all about what happens within the quarter, with RFP turnaround and campaign launch lead times down to mere weeks.
3. **There's a hole in the bucket...**Churn is alarmingly high, dragging down growth rates.
4. **Auto continues to lead the way:** Category growth is outpacing other perennial favorites.

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Growth schmowth

The industry is normalizing at mid-single-digit growth

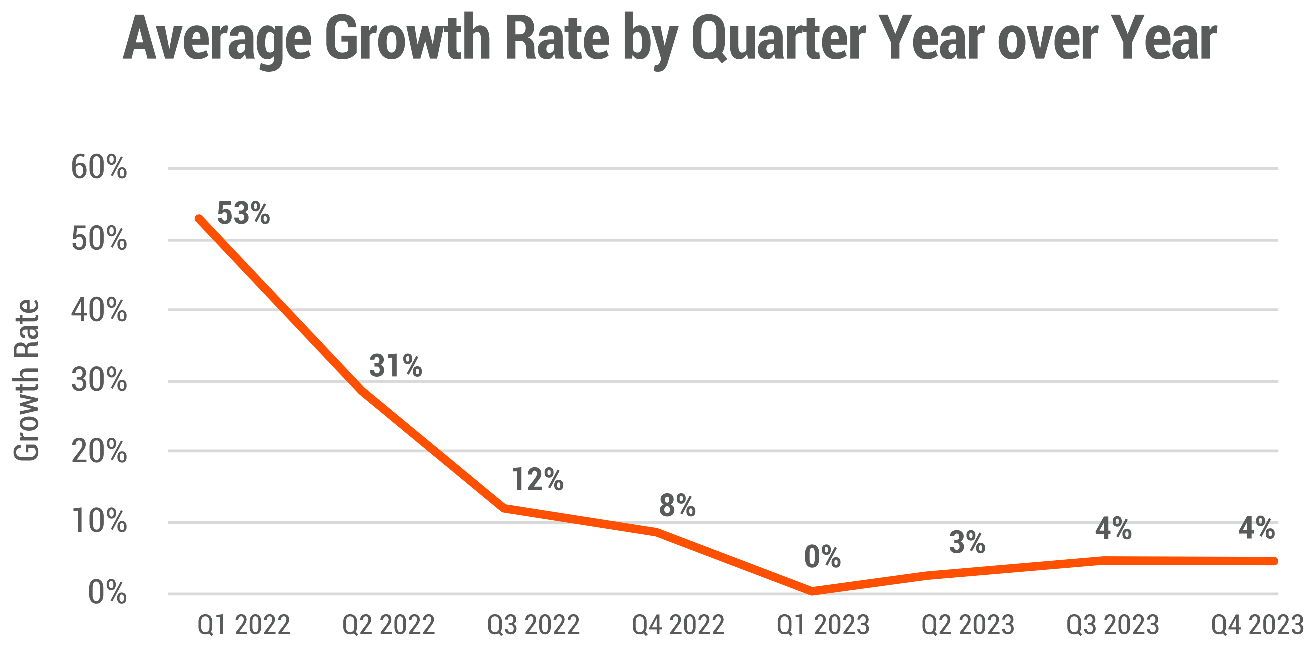
In our 2023 MAST report and year-end 2024 forecast, we predicted that media companies would start to see a rebound in spending in Q4 and into 2024. AdMonsters shared our view, anticipating that after recession doomsday fears, 2023 would be a growth year, "and the horizon for 2024 appears even more promising."

AdMonsters projected a 5% increase in 2023 and a similarly strong 4.3% growth in 2024, fueled by political advertising. With 2024 both an election and an Olympics year, an influx of incremental ad spend should benefit media companies of all sizes and types, with digital formats capturing much of the increase.

How did our predictions turn out? Right on the money.

On average, the cohort for this report saw 4% year-over-year growth in Q4. Interestingly, some of our smaller, niche publisher clients outperformed this average significantly, with growth rates in the 20% to 25% range. They are admittedly starting from a smaller base, but it shows a renewed interest in niche audiences and topics. Conversely, some of the largest publishers—those that went on acquisition sprees in the early 2020s—didn't deliver outsized growth. As media companies faced challenging macro uncertainty in 2023, layoffs and divestitures continued to dominate the end of the year. Ironically, the sell-off now has analysts saying 2024 could be a big year for deal-making and consolidation.

Still, the times of go-go growth appear to be over. Instead, the industry seems to be normalizing on decent, not-too-shabby, mid-single-digit growth.



There's a hole in the bucket...

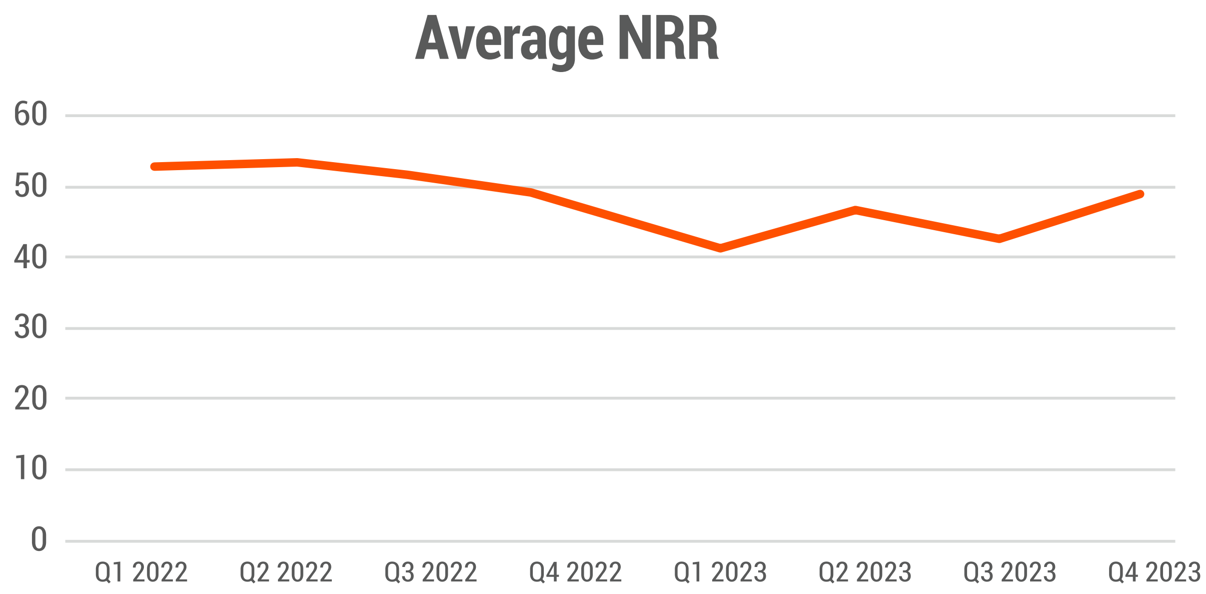
NRR is alarmingly low

A modest 4% growth rate requires a mix of keeping existing business and adding net-new logos. Renewing and expanding budgets continued to be an issue in Q4; however, with media companies' average net revenue retention (NRR) score at just 49%, more than half of Q4 2022 revenue disappeared from the same pool of buyers.

Q4 saw the highest NRR scores of the year, but they are still significantly lower than in years past when many media companies averaged 70% to 80%.

Put simply, low retention is dragging down growth rates. In 2022-2023, media companies retained 51% of spending from the same cohort of buyers. If your business grew an average of 4% overall during that time, the majority of your business (the other 53%) came from new logos. That's a LOT of pressure on a Media Sales and Marketing team. To succeed with such a leaky bucket, you will need to have an excellent lead generation plan.

As we all know, it's easier to keep a client than to win a new one. Accordingly, fixing the leaky bucket should be every media company's highest priority in 2024. Successful companies will be those that have their fingers on the pulse of critical retention/renewal data every week.



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The horizon is nearer than ever

Shorter lead times make forecasting tricky

IT'S ALL ABOUT WHAT HAPPENS IN THE QUARTER

If you're the head of Sales, Sales Ops, or Rev Ops, predicting how you'll end the quarter has become a real head-scratcher. Deal cycle times sped up a lot last year, a trend that continued in Q4. The average turnaround time for an RFP is now just a mere 15 days, down from 40 days a year ago, representing a 62% decrease.

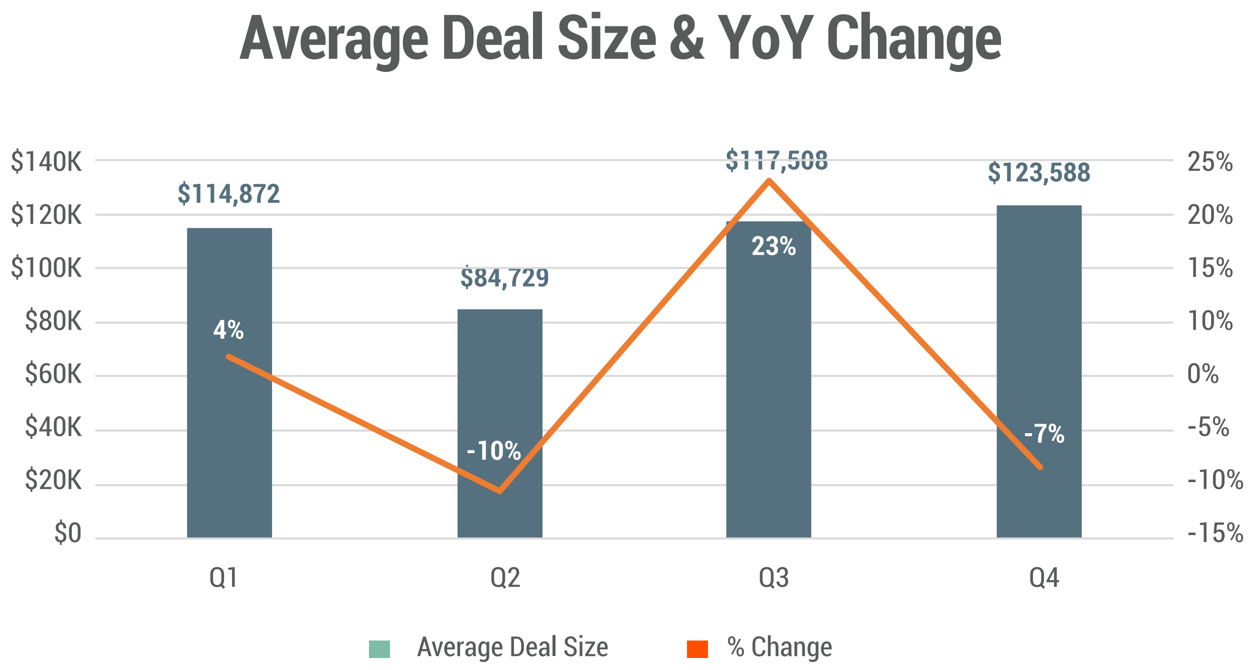
The majority of campaigns (66%, down 5% quarter over quarter and 3% year over year) are now closing and going live within the same quarter. This shows the continuing trend of **buyers making last-minute commitments.**

Additionally, media companies continued to see pressure to activate campaigns after winning them. The average time from deal closure to start date is now just 21 days, representing a decrease of 16% year over year. Whether due to a push for greater flexibility or a delay in planning amid uncertainty, the result is the same: more pressure than ever to plan, approve, and traffic deals once they are won.

A BRIGHT SPOT: DEAL SIZE AND VOLUME HOLD STEADY

Amid the increased pressure, there's one area of relief for Sales and Ad Ops teams. Deal sizes remained healthy, averaging $123K (down 7% from the year prior), while RFP volume remained roughly flat, at 0.5% growth year over year.

These figures may bring some relief to the production and operations teams trying to launch campaigns with very little lead time.



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Auto continues to lead the way

As highlighted in our last MAST report, the Automotive sector continues to rebound and grow advertising spending. While down a bit from the whopping year-over-year jumps we saw in Q2 and Q3 spending, automotive ad spending nonetheless increased year over year by 34% in Q4.

While Q4 is traditionally a big quarter for Retail, the cohort for this report did not see a jump in spending for the sector. This was likely due to budgets shifting away from content sites and toward social media platforms for holiday and year-end campaigns. Entertainment spending, usually a bright spot in Q4, was similarly disappointed. Our customers saw Entertainment spending fall year-over-year, likely due to the lack of huge holiday blockbusters vs. in 2023.

Conclusion

The days of go-go growth are over—at least for now.

Media companies must manage single-digit growth; even that won't be easy with most publishers' current churn issues. The best path to higher growth is to fix the leaky bucket and invest in automation to handle the added challenge presented by a shorter deal cycle.

Specifically, media companies would be well advised to do three things to set themselves up for stronger growth in 2024:

1. Get out the flashlight and see who's stopped spending. Review every brand that spent in the past three years and pitch them if they're not currently in your pipeline for 2024.
2. Identify which products should be added to every new proposal to increase deal sizes.
3. Get daily visibility into forecast revenue with an eye for submitting RFPs early and identifying sold campaigns that slip start dates or underdeliver.

In our view, only two things matter for the health of your media business: your growth rate and your retention rate. When your retention is strong, your growth can soar. Until next time, we wish you high flying! As always, we're here to help.

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About this report

The insights in this report were derived from a cohort of 100+ primarily digital U.S.-based media companies within the Boostr platform from Q1 2022 to Q4 2023.

About Boostr

Boostr provides the only advertising management platform—including a CRM, OMS, and Proposal Recommendation Engine—built specifically for modern media organizations seeking to scale. In an environment where the complexity of media selling and delivery has outpaced disconnected, manual solutions, Boostr provides the most accurate revenue forecasting, the fastest pace of industry innovations, and the most actionable insights in the industry. Boostr automates processes and frees Sales and Ops teams from manual data entry so they can focus on insights that drive revenue generation and profitability. For more information about Boostr, visit www.boostr.com.

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