

# Q2 2020 Brought a Black Swan, But Q1 2023 Brought Even Worse Performance for Digital Media

*The Q1 2023 OAREX Digital Media Revenue Report data shows a continued slowdown in digital media revenue - the slowest growth period in 5 years*

CLEVELAND, OHIO, UNITED STATES, July 13, 2023 /EINPresswire.com/ -- OAREX, the provider of fast and flexible funding for digital media businesses, today announced the release of its [2023 Q1 Digital Media Revenue Report](#),

which reveals first-quarter revenues of publicly traded US-based digital media companies and overall performance against previous quarters. The Q1 report shows a continued drop in digital media revenue growth, resulting in the worst quarterly performance in the past five years.



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*Nick Carrabbia, EVP at OAREX*

The report uncovered the following insights related to digital media revenue:

- Digital media revenue growth continues to compress. At a median growth rate of 2%, Q1 2023 digital media revenues grew at their slowest rate in 5 years, performing worse than in Q2 2020 when revenues were suppressed due to the Covid lockdowns.

- More companies eked out positive growth but are still near the historical bottom

57% of companies saw positive revenue growth, improving slightly from the 53% in Q4 2022, which marks the second-worst performance on record.

- Google performed worse than the industry as a whole. Google Network (the Display business) was down 8% YoY in Q1 2023. In addition, Snap was down

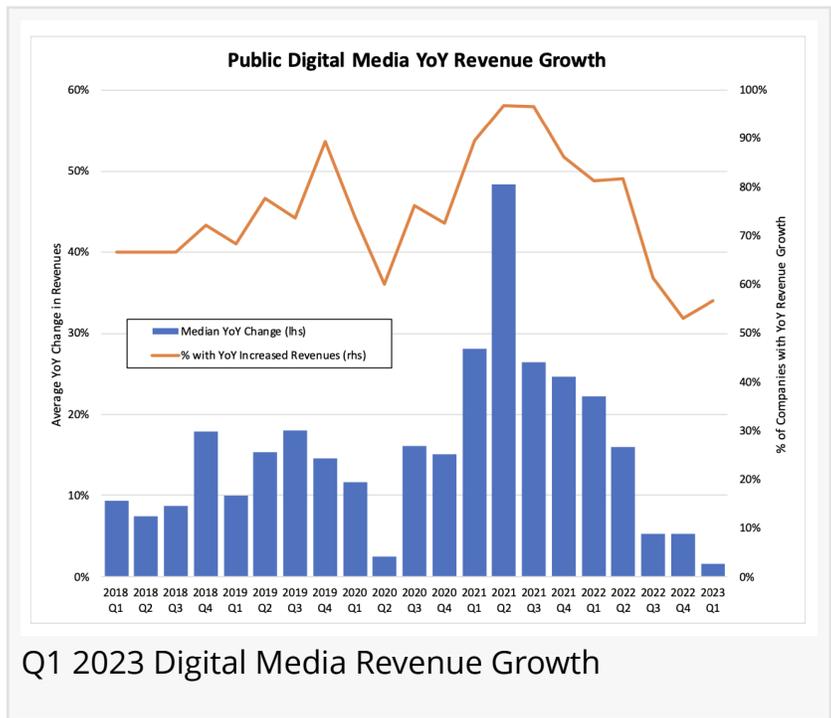
7%, but Meta was up 2%.

- Fewer outliers skewing the data means results more accurately reflect the broader sector

While some companies still saw large increases, Q1 2023 marked the third consecutive quarter of 19% dispersion and remains well below the 31% median. Prior to this 9-month stretch, performance was consistently volatile over the past five years, and dispersion was never constant in back-to-back periods.

Biggest Winners: Unity, AdTheorent, Hubspot, and DoubleVerify experienced YoY growth rates of over 25%

Biggest Losers: MediaAlpha saw a 22% YoY drop, and Digital Turbine was down by 24%



Q1 2023 Digital Media Revenue Growth

“As revenue growth continues to compress across digital media, the probability of a profit recession rises,” commented OAREX EVP Nick Carrabbia. “Since introducing the digital media revenue report, the growth outlook has consecutively worsened. Unfortunately, that trend continued with Q1 2023 officially supplanting Q2 2020, despite suffering from a major black swan event, as the worst quarterly revenue growth on record. Although credit continues to tighten and nothing in the data suggests a turning of the tide is near, we remain optimistic for the future of ad tech. With risk elevated and liquidity dried up, maintaining growth at scale is difficult. While these challenges persist, OAREX remains committed to helping our partners manage credit risk and resolving their capital needs.”

The report was released as part of OAREX’s quarterly digital media revenue analysis series that evaluates publicly-traded data of companies with revenues primarily earned from digital media operations and were underwritten by the OAREX credit team. The report does not include some of the larger AdTech companies such as Google, Meta, and Snap to ensure the data reflects true sector performance and is not outweighed by industry giants.

In addition, OAREX recently introduced the [OAREX Digital Media Index \(“ODMI”\)](#), which shows the stock performance of the same companies included in the digital media report. Much like the revenue report, OAREX created the ODMI as another way to measure sector performance across digital media and is releasing its [2023 Q2 ODMI Report](#) findings. Based on historical data, the stock price performance is proven to be a reliable indicator of potential credit risk, a factor OAREX reviews closely to determine the viability of partner relationships and to analyze industry performance in the moment and over time. The ODMI may also serve as a useful tool to gauge

industry health as it relates to the returns of other major indices. OAREX plans to share this report quarterly and in tandem with the digital media revenue reports.

Below are the findings from their first ODMI report ending 5/31/2023:

- Positively correlated with the S&P 500 and Nasdaq 100

ODMI has a high beta compared to both indices, historically showcasing periods of strong outperformance and underperformance.

- Tough year for ODMI with plenty of volatility

As with the broader market, ODMI fluctuated significantly. Through February, ODMI's total return was 25%. By the beginning of May it fell to -2% but then surged again, finishing up 11% by the end of May.

About OAREX Capital Markets, Inc.

OAREX, the Online Ad Revenue Exchange, operates a digital revenue exchange where digital media businesses can exchange future revenue payouts for capital now. Established in 2013, OAREX has become a worldwide leader in financing for digital media businesses. East West Bank's investment in OAREX is a testament to its model and the digital media industry as a whole. Visit [oarex.com](http://oarex.com) for more information or visit [go.oarex.com](http://go.oarex.com) to open an account.

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