

The Wildcards Ahead in Q4 and 2025: How AI, the Economy and the Election Will Affect Advertising



LAUREN FISHER
GM Business Intelligence
Advertiser Perceptions



The Wildcards Ahead in Q4 and 2025

How AI, the Economy and the
Election Will Affect Advertising

What we'll cover:

- 01 Right now.
- 02 Q4.
- 03 What's in store for 2025?
- 04 Q&A

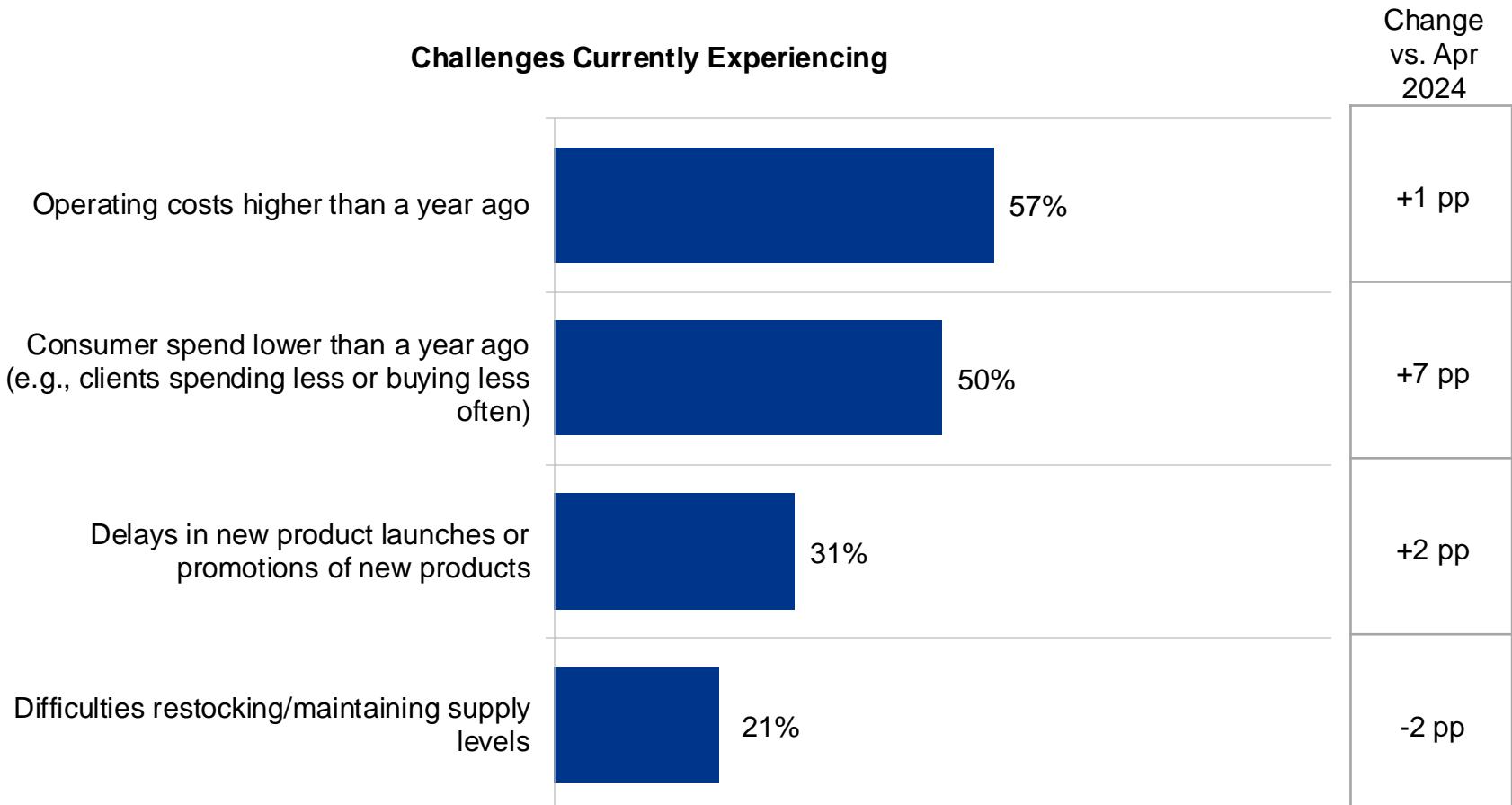


Advertiser Perceptions is the global leader in research-based business intelligence for the advertising, marketing, and ad technology industries. Our experienced staff delivers an unbiased, research-based view of the market, competing brands, and their customers with analysis and solutions tailored to each client's specific KPIs and business objectives – providing them with the confidence to make the very best sales and marketing decisions, driving greater revenue and increased client satisfaction.

The Current State of the Advertising Industry

The cost of doing business still weighs on US advertisers

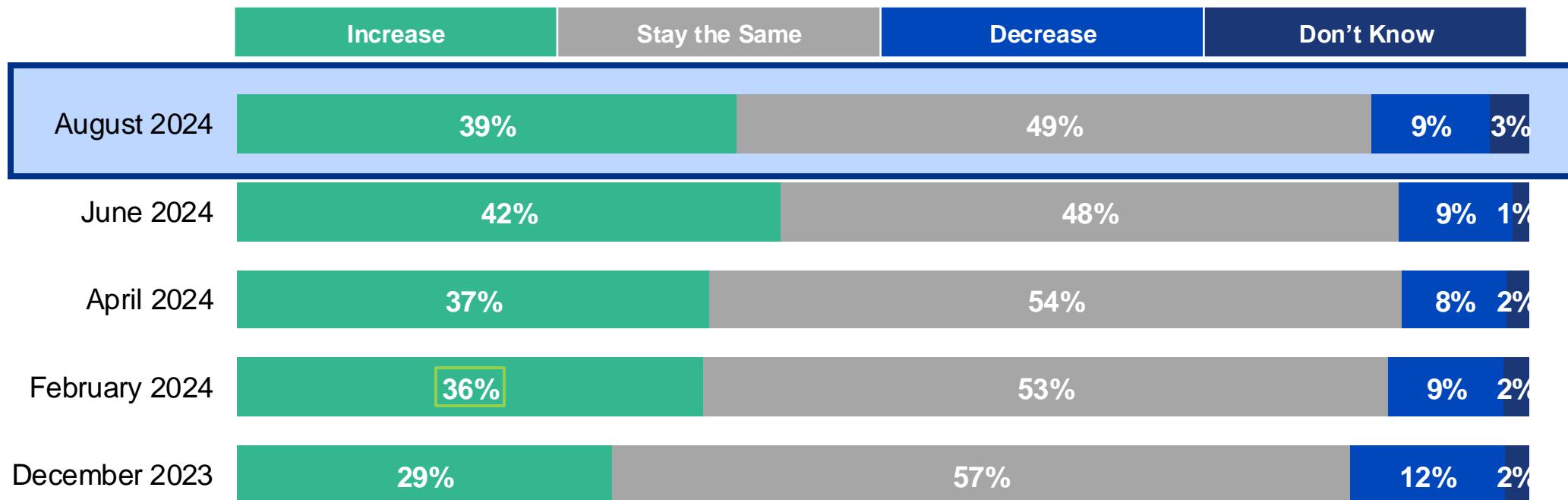
- Half or more of advertisers experiencing higher operating costs and lower consumer spend vs. this time in 2023



But they continue to rise to the challenge

- Two in five anticipate their '24 ad spending will be greater than it was in '23

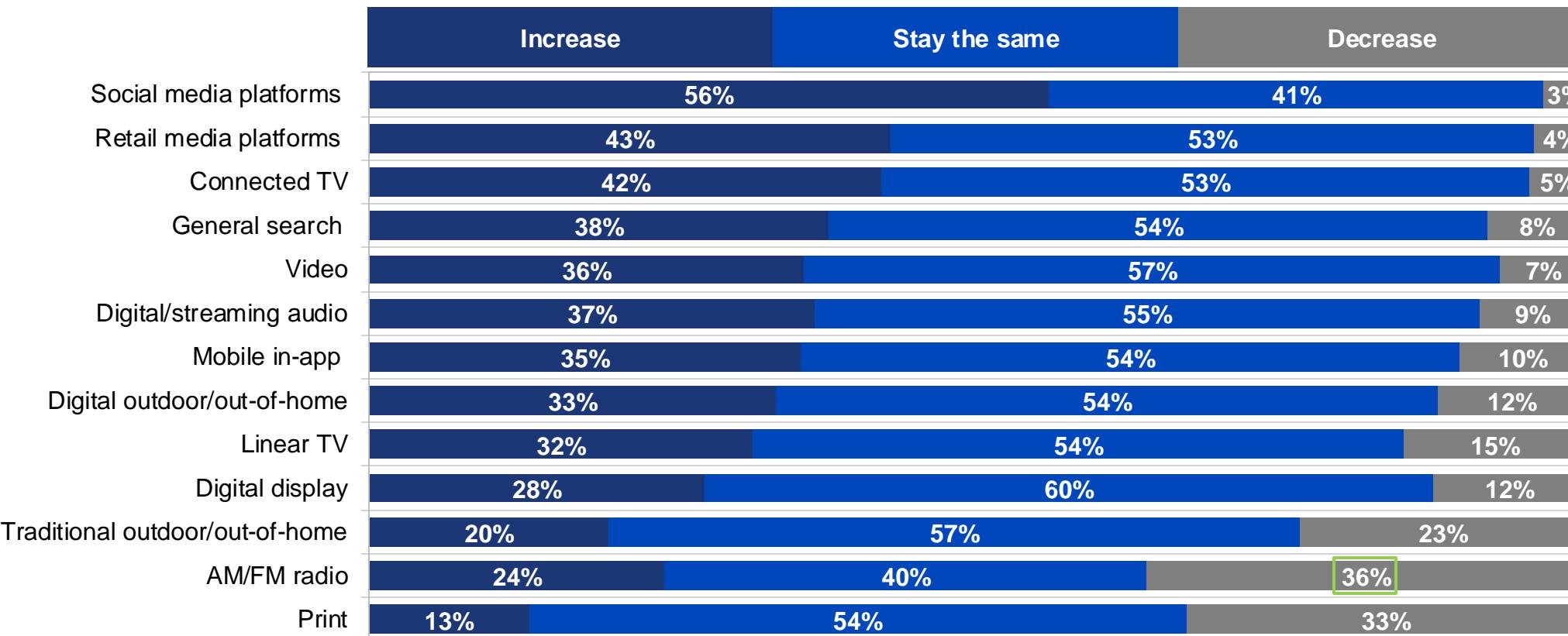
Expected Overall 2024 Ad Budget Compared to 2023



Social media, retail media and CTV remain the top channels advertisers will increase spend with this year

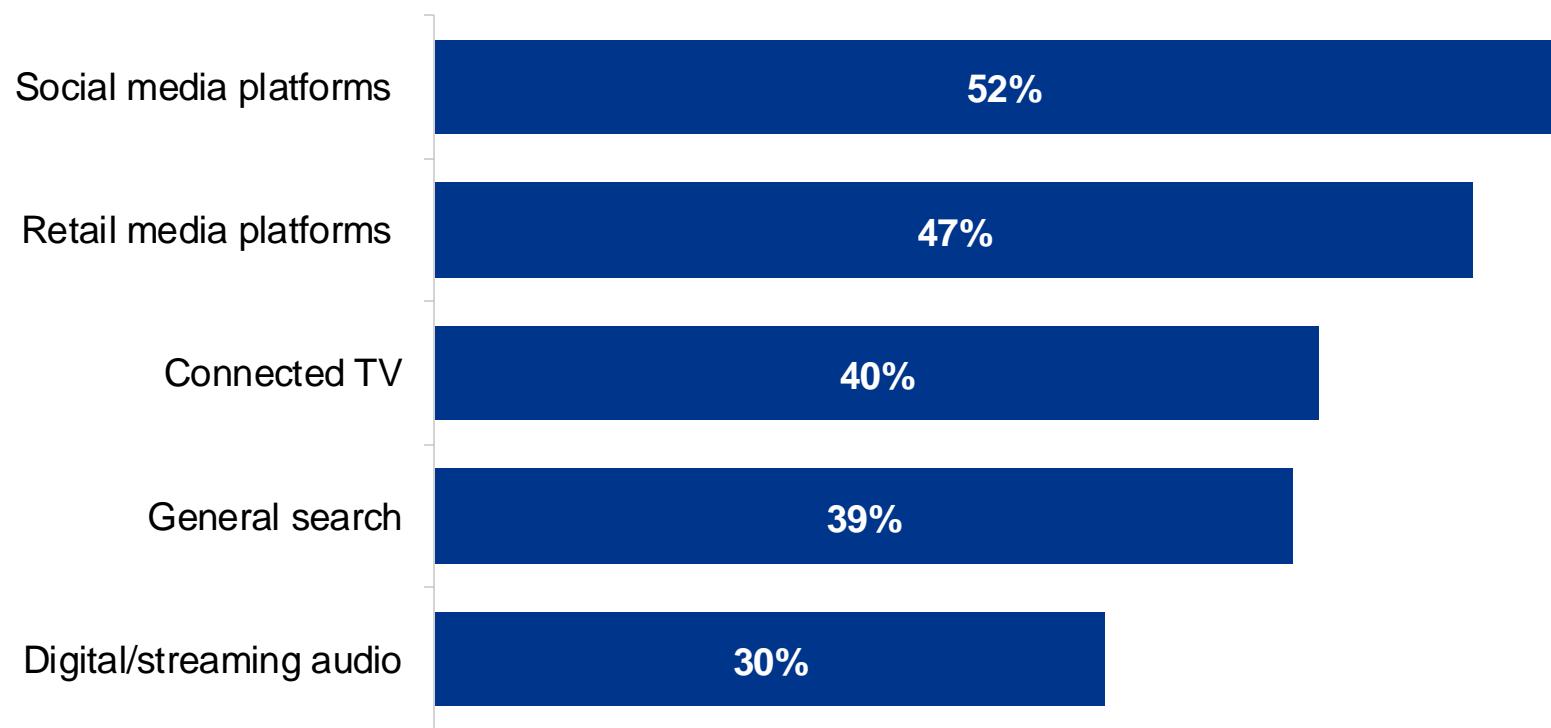
- For all other channels, at least a plurality of advertisers expect spend to stay about the same

2024 Expected Change in Ad Spend by Media Type Compared to 2023
(Sorted by Optimism)



These three channels, plus search, are the top channels for ROI increases as well

Advertisers Reporting Increases in ROI by Media Channel Compared to a Year Ago
(Top-5 Channels Most Increased)



A Sure Bet: A strong finish for these channels in 2024

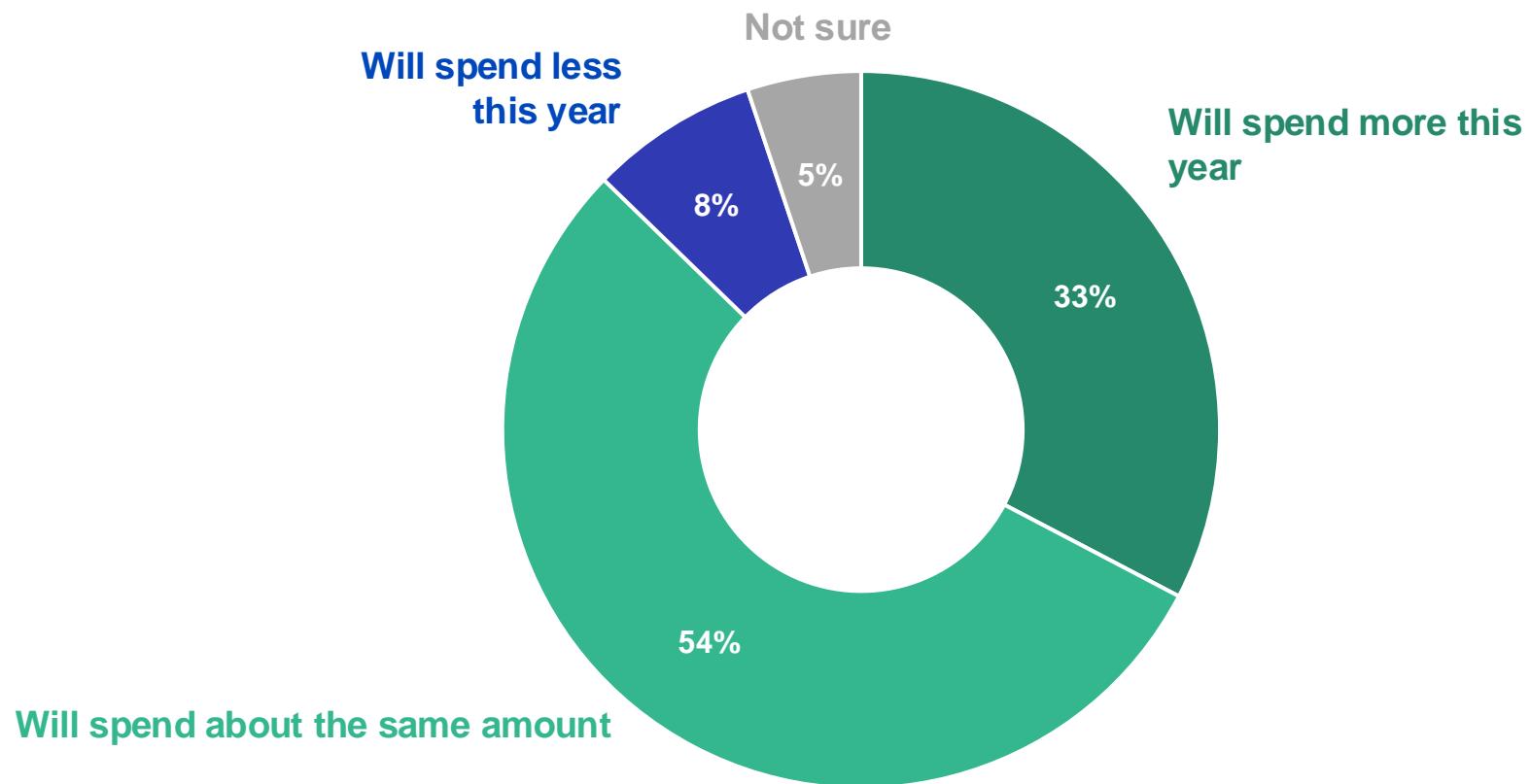
US Ad Spending by Channel, 2024

Ad Channel	Spend (Billions)	% Change
Social Media & UGC Video Platforms	\$110.2	18.6%
General Search	\$102.9	13.1%
Retail and Commerce Media	\$70.1	23.2%
National TV	\$34.1	-3.4%
Digital Publisher Ad Sales	\$28.6	7.0%
CTV	\$24.2	30.1%
Local TV	\$18.1	14.2%
Direct Mail	\$15.3	3.3%
Mobile Gaming	\$7.9	19.6%
Static OOH	\$5.8	7.7%
Digital Audio Platform	\$4.8	8.1%
DOOH	\$2.8	18.0%
Total*	\$413.5	13.7%

What's in Store for
Q4?

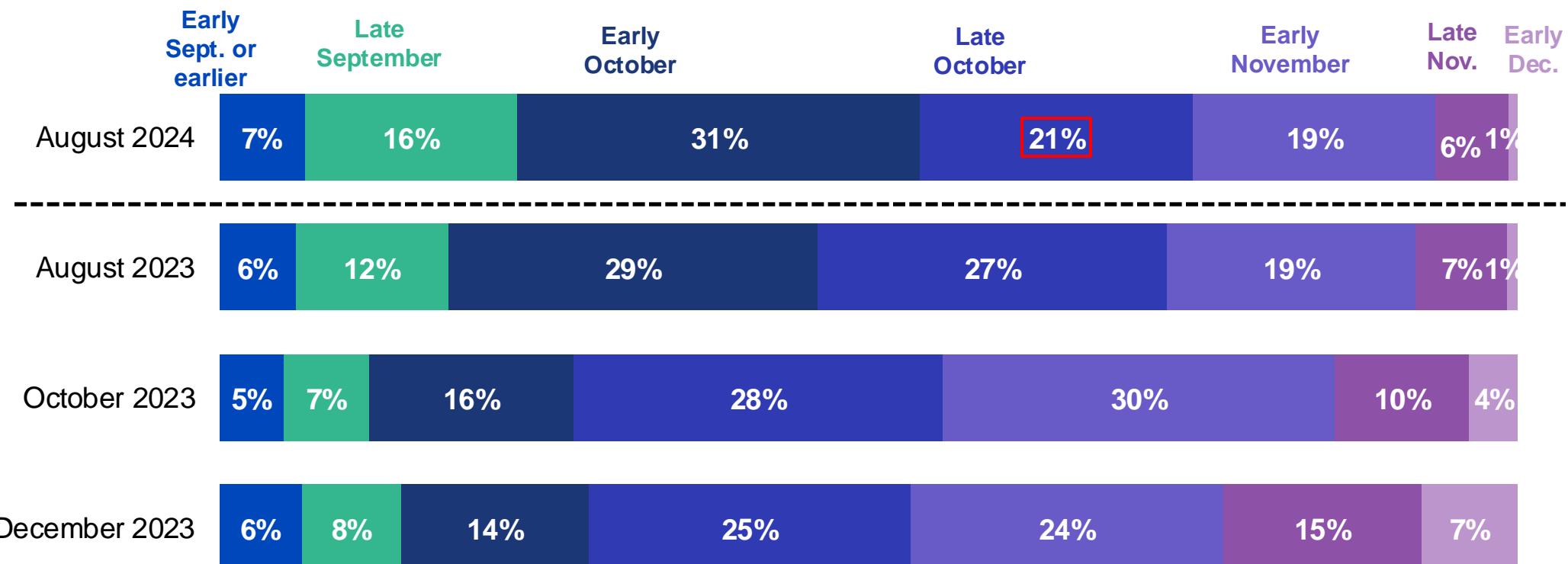
One in three US advertisers expect to spend more this year on holiday season advertising than they did in 2023

Expected 2024 Holiday Ad Spend Compared to 2023



More than half of advertisers (53%) say they will begin holiday ad campaigns by early October, up from 47% when asked in August 2023

When Ad Campaigns for 2024 Holiday Season Will Begin

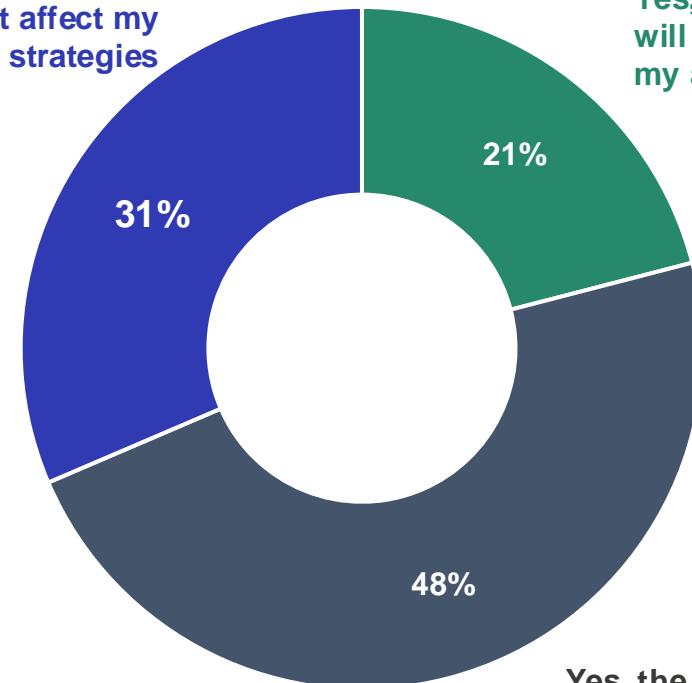


Wild Card: Political Advertising

Seven in 10 advertisers anticipate the US Election will impact their advertising and marketing plans

Impact of 2024 US Election on Advertising and Marketing Plans

No, the 2024 elections
will not affect my
advertising strategies

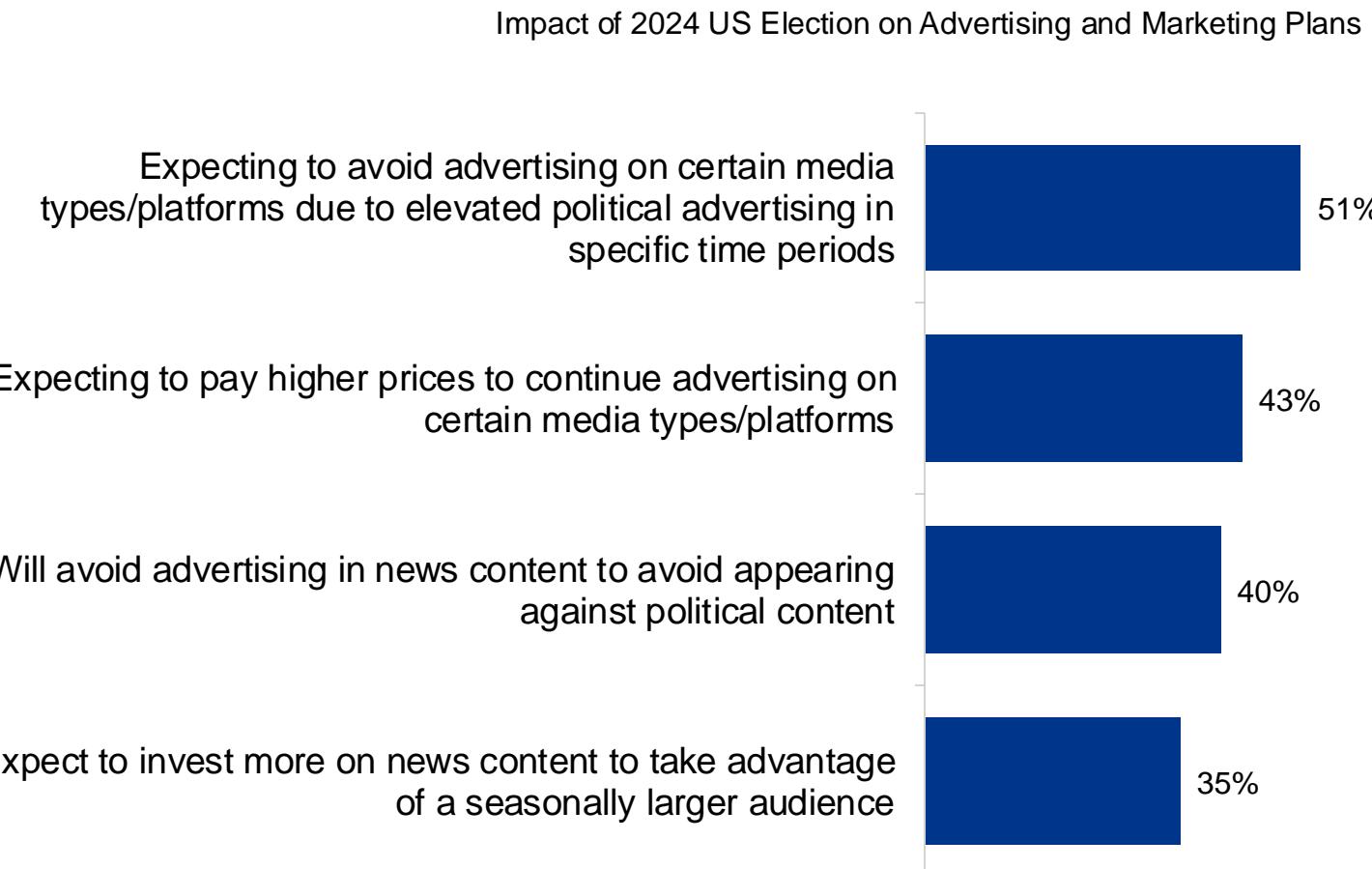


Yes, the 2024 elections
will significantly affect
my advertising strategies

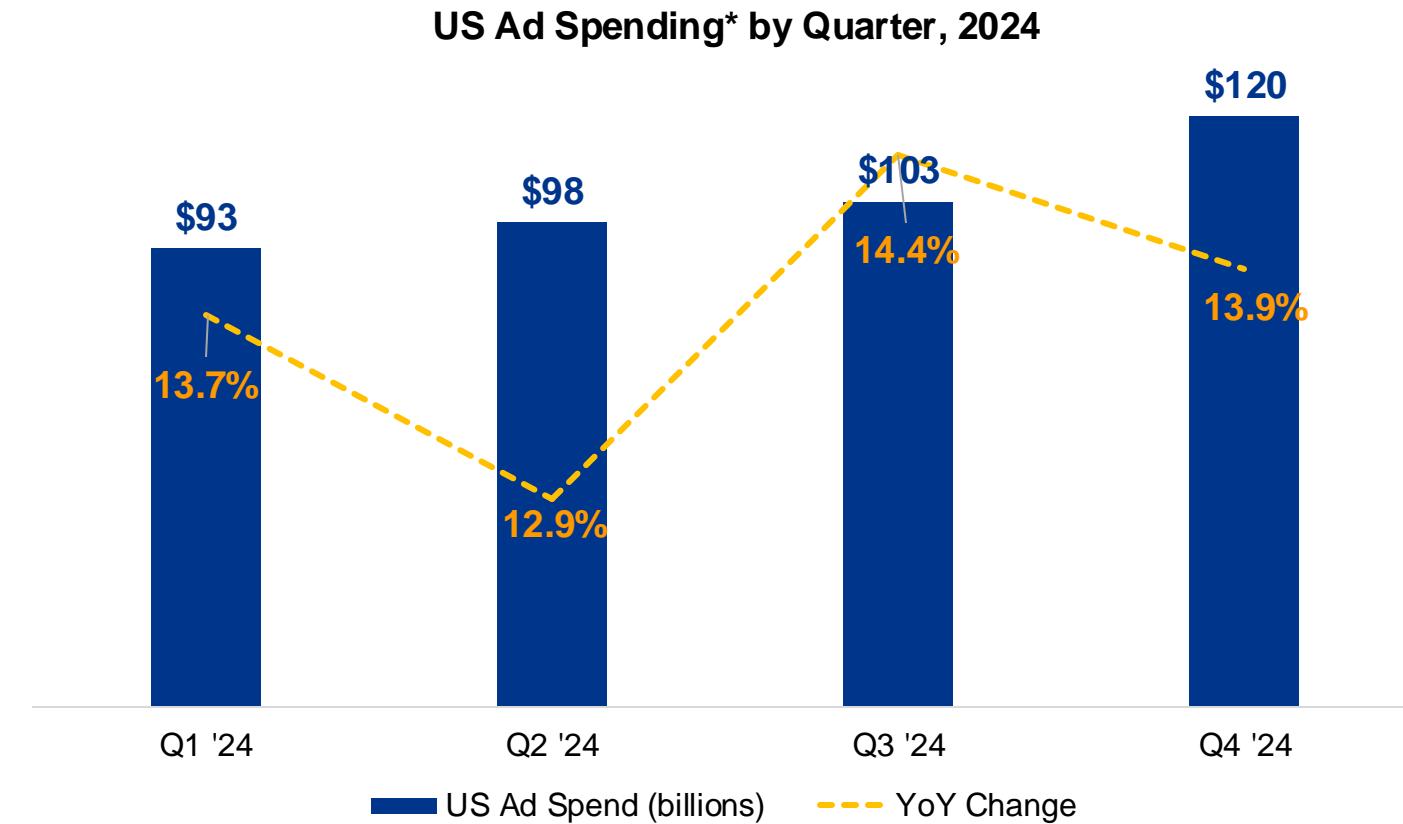
Yes, the 2024 elections will
somewhat affect my
advertising strategies

The impacts: Avoiding certain channels and media partners and spending more on advertising

- News content presents unique opportunities and challenges

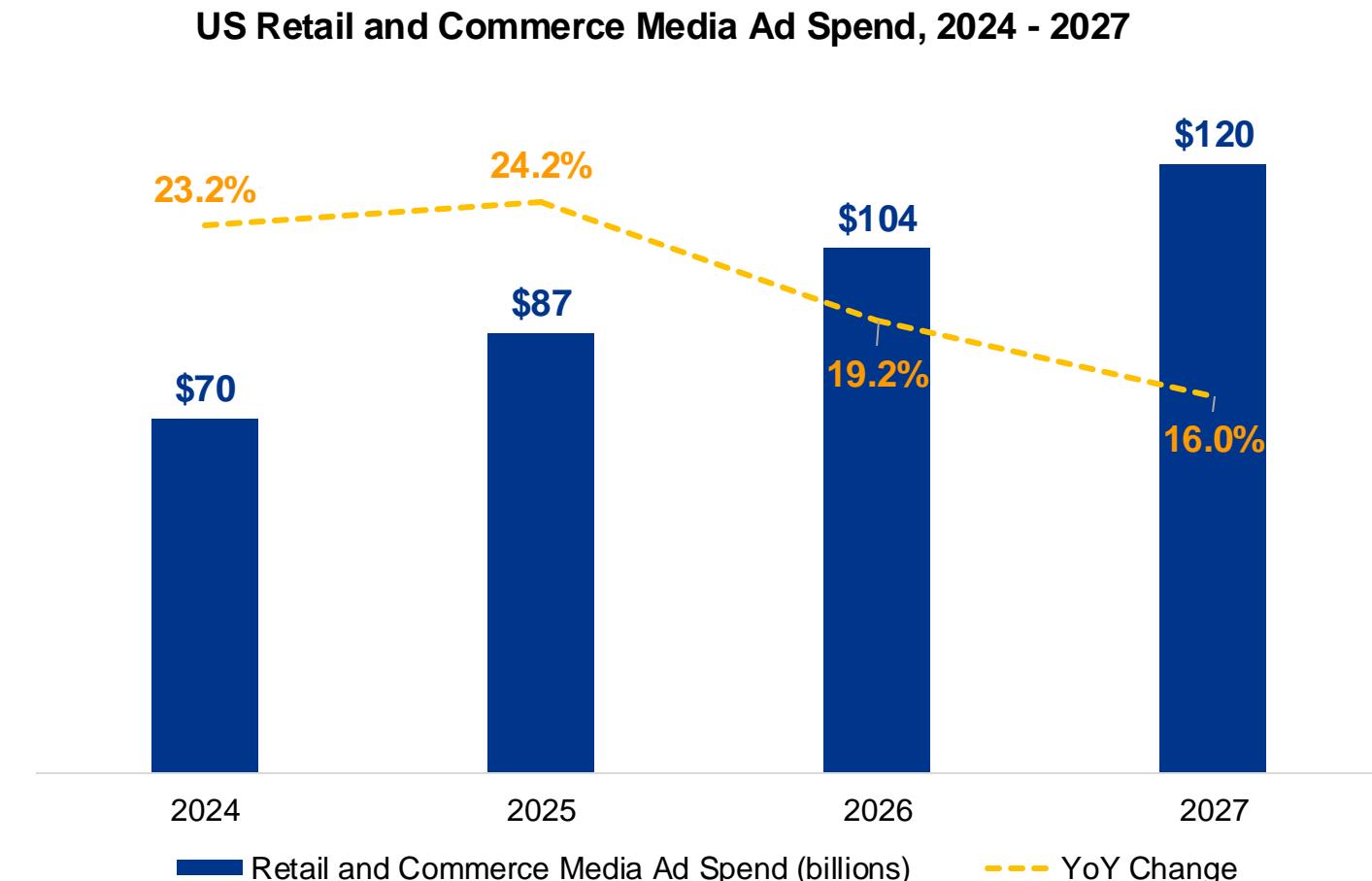


The Bottom Line: Q4 2024 will see double-digit growth compared with 2023



Bets and Wildcards for 2025

Bet #1: Retail media will continue to thrive, driven by data and ongoing partnerships



Bet #2: Live sports advertising gains momentum from new places of interest



95% of sports advertisers are aligning with women's sports



Why?

It confers **positive social impact** for their brands and offers **expanded reach into new audiences** – both male and female – with greater **share of voice** than typically achieved via men's sports

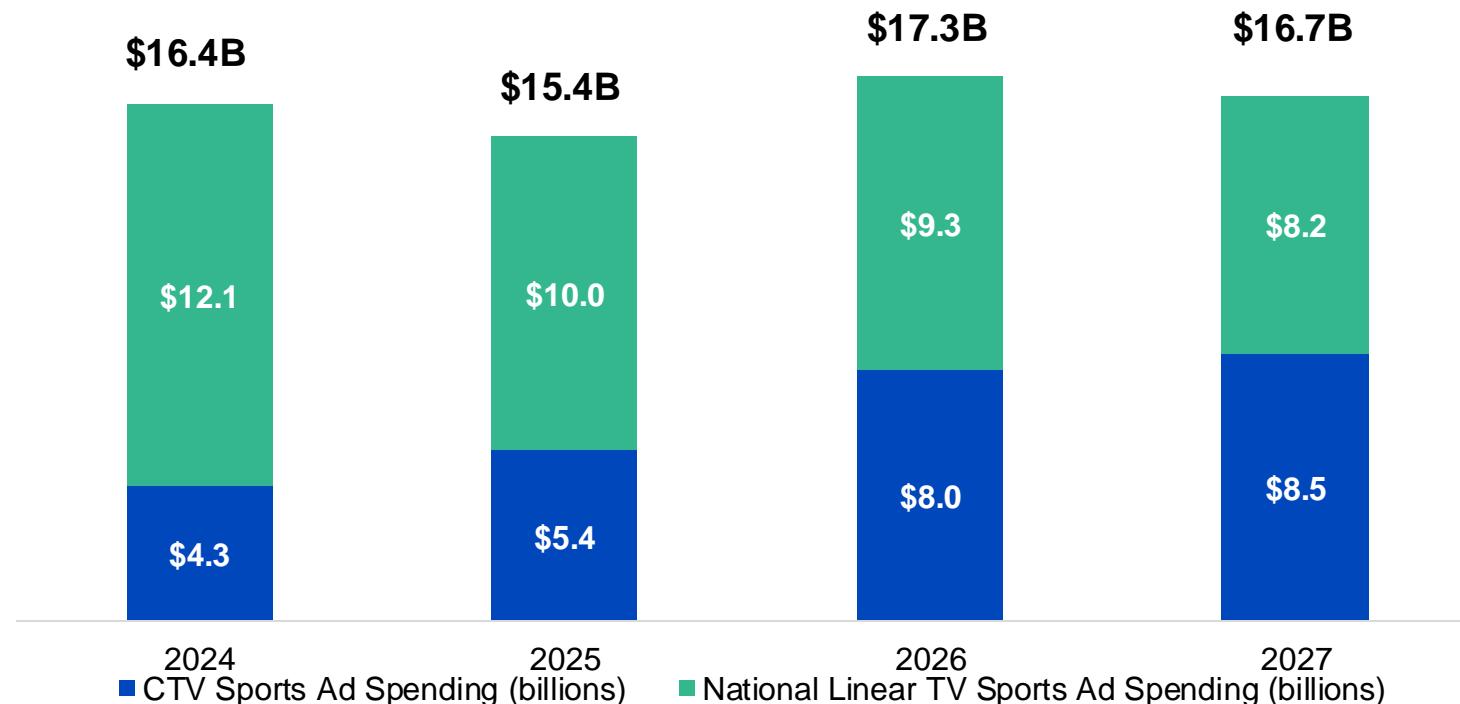
Top Benefits of Advertising in Women's Sports



Source: Advertiser Perceptions, Sports Advertising Study, 2024
Q10. You indicated your [company is/main clients are] currently advertising or planning to advertise around sports involving women.
Which of the following do you feel are benefits of advertising in women's sports?
Base: Advertising/Plan To Advertise In Women's Sports (n=189)

By 2027, CTV Sports Ad Spending Surpasses Linear TV Sports Ad Spending

US Sports Ad Spending, CTV vs. Linear, 2024 - 2027



Bet #3: Companies will still face a learning curve with AI

53%

The portion of US advertisers that ***have yet to form a POV on incorporating AI into their company processes and operations*** and are still gathering information on the issues and implications.

VP+, Marketer

“The creative content that we've tried to have prompt up hasn't been that great.”

VP+, Marketer

“We can't always trust AI-generated content to be accurate. It's not always smart enough to detect all the nuances in our company and our relationships with our audiences.”



Regulation and Antitrust

What would breaking up big tech, banning platforms like TikTok or limiting data privacy mean for advertisers?

AP's TAKE ON '25



Eric Haggstrom
VP, Business
Intelligence &
Head of Forecasting

“2025 will be the year that regulatory pressures and antitrust pressures lead to broad-based change throughout the entire industry. Advertisers will steadily increase their overall budgets next year. While plenty of advertisers will stick to tried-and-true partners, many will be forced to reevaluate their partners in response to new regulations, restrictions, breakups, etc..”



Where does that leave the ad market
in 2025?



Lauren Fisher
GM Business Intelligence

Lauren.Fisher@AdvertiserPerceptions.com