2024 Outlook

A Snapshot into Ad Spend, Opportunities, and Strategies for Growth

November 2023
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>OBJECTIVES</td>
<td>3</td>
</tr>
<tr>
<td>KEY INSIGHTS</td>
<td>4</td>
</tr>
<tr>
<td>2024 AD SPEND OUTLOOK</td>
<td>5</td>
</tr>
<tr>
<td>CHALLENGES &amp; GROWTH STRATEGIES</td>
<td>10</td>
</tr>
<tr>
<td>PLANNING TIMEFRAMES</td>
<td>16</td>
</tr>
<tr>
<td>AD SUPPLY CHAIN SUSTAINABILITY</td>
<td>20</td>
</tr>
<tr>
<td>APPENDIX</td>
<td>23</td>
</tr>
<tr>
<td>METHODOLOGY &amp; RESPONDENT PROFILE</td>
<td></td>
</tr>
<tr>
<td>ABOUT IAB</td>
<td></td>
</tr>
</tbody>
</table>
Objectives

Purpose:
2024 Outlook: A Snapshot into Ad Spend, Opportunities, and Strategies for Growth was conducted by IAB to provide the digital ad-supported ecosystem with a forward-looking view into the 2024 ad spending marketplace (including both spend levels and strategies) being projected by buy-side ad investment decision-makers, primarily at brands and agencies.

What’s Included:
• A view into overall ad spend as well as at the channel level
• A perspective on industry challenges and growth strategies
• Insights into planning timeframes and ad supply chain sustainability practices

How to Use the Results:
• Plan for the year ahead
• Benchmark competitive positioning / strategy in the marketplace
• Identify white space, channels, and opportunities, brainstorm ideas for launching new products and services, finding new targets, and growing ROI
Key Insights

01
2024 AD SPEND OUTLOOK
Buyers project to increase their ad spend 9.5% in 2024 vs. 2023. All digital channels are expected to post ad spend growth in 2024, led by CTV, Social, and Search.

02
CHALLENGES & GROWTH STRATEGIES
Buyers’ top goals for 2024 span the purchase funnel: customer acquisition, brand equity, and media efficiency, while their top challenges are economic and measurement/data-driven.

03
PLANNING TIMEFRAMES
Buyers are now planning media with multiple iterations: 70% are planning their buys quarterly or more frequently. 63% are also reforecasting more often due to market dynamism.

04
AD CAMPAIGN SUSTAINABILITY
Only 1-in-5 buyers are currently requiring partners to meet ad campaign sustainability requirements. Buyers are largely undecided about if and how partner ad sustainability policies will impact their ad spending.
2024 AD SPEND OUTLOOK
Buyers project to increase their ad spend 9.5% in 2024 vs. 2023

% Change
2024 vs. 2023:

+9.5%
All digital channels are expected to post ad spend growth in 2024, led by CTV, Social, and Search.

<table>
<thead>
<tr>
<th>Channel</th>
<th>% Change 2024 vs. 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>CTV</td>
<td>14.5%</td>
</tr>
<tr>
<td>Social Media</td>
<td>11.4%</td>
</tr>
<tr>
<td>Paid Search (SEM)</td>
<td>10.1%</td>
</tr>
<tr>
<td>Podcasts</td>
<td>9.6%</td>
</tr>
<tr>
<td>Digital Video (excl. CTV)</td>
<td>8.6%</td>
</tr>
<tr>
<td>Digital Out-of-Home (DOOH)</td>
<td>8.1%</td>
</tr>
<tr>
<td>Digital Audio (excl. Podcasts)</td>
<td>6.0%</td>
</tr>
<tr>
<td>Gaming</td>
<td>5.1%</td>
</tr>
<tr>
<td>Digital Display</td>
<td>5.1%</td>
</tr>
<tr>
<td>Linear TV (Broadcast and Cable)</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Other Traditional Media (Radio, Print, OOH, Direct Mail)</td>
<td>-1.4%</td>
</tr>
</tbody>
</table>
Digital video (incl. CTV) will capture the greatest % share of ad spend in 2024.
Retail Media ad buyers (primarily CPG / beauty) project to increase their ad spend in the channel 21.8% in 2024 vs. 2023

IAB’s Retail Media 2023 study found that brand buyers are reallocating funds to increase Retail Media dollars from across digital platforms (incl. social, search, digital video/CTV), traditional media (incl. linear TV, print, OOH), and “below-the-line” shopper/trade marketing.
2 CHALLENGES & GROWTH STRATEGIES
Buyers’ top goals for 2024 span the purchase funnel: customer acquisition, brand equity, and media efficiency.

<table>
<thead>
<tr>
<th>Goal</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquire new customers</td>
<td>49%</td>
</tr>
<tr>
<td>Increase brand equity</td>
<td>42%</td>
</tr>
<tr>
<td>Improve media efficiency</td>
<td>37%</td>
</tr>
<tr>
<td>Leverage our data to drive precision and effectiveness</td>
<td>30%</td>
</tr>
<tr>
<td>Optimize reach and frequency</td>
<td>22%</td>
</tr>
<tr>
<td>Explore new advertising KPIs</td>
<td>22%</td>
</tr>
<tr>
<td>Drive repeat purchases among existing customers</td>
<td>18%</td>
</tr>
<tr>
<td>Increase share of voice</td>
<td>14%</td>
</tr>
<tr>
<td>Improve marketing mix modeling (MMM) results</td>
<td>13%</td>
</tr>
<tr>
<td>Determine use cases for/leverage Generative AI</td>
<td>11%</td>
</tr>
</tbody>
</table>
To achieve their goals, more than half (56%) of buyers are increasing performance advertising in 2024.
Buyers’ top challenges for 2024 are economic and measurement/data-driven.

GREATEST CONCERNS FOR MEDIA INVESTMENTS IN 2024

- Slowing U.S. economy: 49%
- Executing cross-channel media measurement: 44%
- Having enough 1P data for targeting, activation, etc.: 37%
- Managing reach and frequency across screens and channels: 36%
- Media inflation: 34%
- Lack of standard currency for TV/CTV/Digital Video: 28%
- Mitigating ad fraud: 25%
- Lack of impact understanding: 3P cookie loss/platform changes: 25%
- Understanding Gen AI and/or navigating its potential threats: 25%
- Having budget/creative capabilities to increase CTV ad spend: 23%
- Understanding evolving consumer habits: 22%
- Ensuring brand safety and suitability: 19%
- Having the ability to increase ad spend in emerging channels: 19%
- Lack of impact understanding: ongoing state privacy laws: 16%
- Ensuring privacy compliance: 14%
- Pervasiveness of Made for Advertising (MFA) sites: 12%

Large media spenders (spending $50M+ annually) are more likely to note this as a concern: 35%.

n=203; Answer choices below 10% not shown.
Q: What are your greatest concerns and/or challenges regarding media investment in 2024? Select all that apply.
As a result, buyers will be highly focused on measurement and targeting, including cross-platform, first-party data, and modeling.

### TOPICS / SOLUTIONS: LEVEL OF FOCUS IN 2024

<table>
<thead>
<tr>
<th>Topic</th>
<th>Significantly / Somewhat More</th>
<th>Same</th>
<th>Significantly / Somewhat Less</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-platform measurement</td>
<td>17%</td>
<td>5%</td>
<td>76%</td>
<td>1%</td>
</tr>
<tr>
<td>First-party data acquisition/partnerships</td>
<td>17%</td>
<td>2%</td>
<td>70%</td>
<td>10%</td>
</tr>
<tr>
<td>Attribution modeling</td>
<td>22%</td>
<td>3%</td>
<td>66%</td>
<td>9%</td>
</tr>
<tr>
<td>Generative AI</td>
<td>19%</td>
<td>3%</td>
<td>56%</td>
<td>22%</td>
</tr>
<tr>
<td>Marketing mix modeling (MMM)</td>
<td>32%</td>
<td>3%</td>
<td>53%</td>
<td>12%</td>
</tr>
<tr>
<td>Attention metrics</td>
<td>30%</td>
<td>4%</td>
<td>47%</td>
<td>19%</td>
</tr>
<tr>
<td>Data clean rooms</td>
<td>5%</td>
<td>32%</td>
<td>39%</td>
<td>25%</td>
</tr>
<tr>
<td>DEI (diversity, equity, and inclusion)</td>
<td>10%</td>
<td>17%</td>
<td>35%</td>
<td>37%</td>
</tr>
<tr>
<td>Ad supply chain sustainability</td>
<td>8%</td>
<td>38%</td>
<td>22%</td>
<td>32%</td>
</tr>
<tr>
<td>Web3 (including metaverse, NFTs, etc.)</td>
<td>17%</td>
<td>38%</td>
<td>11%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Large media spenders (spending $50M+ annually) are more likely to be focusing more on data clean rooms in 2024: 59%.
And ad placements with publishers that have first-party data are by far buyers’ top ad focus in 2024

<table>
<thead>
<tr>
<th>AD TYPES: LEVEL OF FOCUS IN 2024</th>
<th>Significantly / Somewhat More</th>
<th>Same</th>
<th>Significantly / Somewhat Less</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ad placements with publishers with 1P data</td>
<td>60%</td>
<td>23%</td>
<td>4%</td>
<td>13%</td>
</tr>
<tr>
<td>Creator / influencer ads and partnerships</td>
<td>51%</td>
<td>16%</td>
<td>11%</td>
<td>21%</td>
</tr>
<tr>
<td>Behavioral ads</td>
<td>45%</td>
<td>29%</td>
<td>11%</td>
<td>16%</td>
</tr>
<tr>
<td>Shoppable ads</td>
<td>34%</td>
<td>22%</td>
<td>5%</td>
<td>39%</td>
</tr>
<tr>
<td>Cohort-based ads</td>
<td>31%</td>
<td>27%</td>
<td>7%</td>
<td>35%</td>
</tr>
<tr>
<td>In-game ads</td>
<td>16%</td>
<td>19%</td>
<td>12%</td>
<td>53%</td>
</tr>
<tr>
<td>Augmented Reality (AR) ads</td>
<td>15%</td>
<td>21%</td>
<td>11%</td>
<td>53%</td>
</tr>
<tr>
<td>Ads adjacent to local news content</td>
<td>15%</td>
<td>32%</td>
<td>22%</td>
<td>31%</td>
</tr>
<tr>
<td>Ads adjacent to national news content</td>
<td>14%</td>
<td>24%</td>
<td>27%</td>
<td>36%</td>
</tr>
<tr>
<td>Political ads</td>
<td>10%</td>
<td>9%</td>
<td>19%</td>
<td>62%</td>
</tr>
</tbody>
</table>

Large media spenders (spending $50M+ annually) are more likely to be focusing more on creator / influencer ads and partnerships and cohort-based ads: 62% and 44%, respectively.

Q: Do you expect to focus more, less, or the same amount of time and/or resources in 2024 (vs. 2023) on the following?
3 PLANNING TIMEFRAMES
Buyers are planning media with multiple iterations: 70% are doing so quarterly or more frequently.

TIMEFRAME USED TO PLAN MEDIA BUYS

- Ongoing: 30%
- Monthly: 28%
- Quarterly: 12%
- Biannually: 3%
- Annually: 27%

n=203
Q: What timeframe do you use to plan your media buys?
Agility is key: Budgets are being evaluated more frequently in times of economic uncertainty.

% APPROACHING 2024 MEDIA PLANNING DIFFERENTLY DUE TO MARKETPLACE DYNAMISM

- Yes, we are evaluating and reforecasting more frequently: 63%
- Yes, we now have a contingency plan: 12%
- Yes, we are no longer budgeting for the long term: 10%
- No, things are being handled as normal: 27%

Q: Given the marketplace dynamism, are you approaching 2024 media ad spend planning differently than you normally would? Select all that apply.
Of those reforecasting more frequently, 63% are doing so monthly or more often.

Among those evaluating and reforecasting 2024 media ad spend more frequently as a result of changing marketplace dynamics:

- 44% monthly
- 16% quarterly
- 3% biannually
- 2% annually
- 1% weekly
- 1% daily

n=128

Q: You indicated that you are evaluating and reforecasting 2024 media ad spend more frequently as a result of changing marketplace dynamics. How frequently are you adjusting your plans?
4 AD SUPPLY CHAIN SUSTAINABILITY
Only 1-in-5 buyers are currently requiring partners to meet ad campaign sustainability requirements.

**WHETHER BUYERS REQUIRE THEIR PARTNERS TO MEET AD CAMPAIGN SUSTAINABILITY REQUIREMENTS**

- Yes: 24%
- No: 19%
- Don't know: 57%

**Q**: Do you require your ad partners to meet minimum requirements for ad supply chain sustainability in RFPs and IOs (requests for proposals and insertion orders)?

n=203
Buyers are largely undecided about if and how partner ad sustainability policies will impact their ad spending.

Ad campaign sustainability policies

- Ad partner sustainability policies do not impact decisions regarding RFPs
  - Strongly / Somewhat Agree: 34%
  - Neither: 50%
  - Strongly / Somewhat Disagree: 16%

- Ad supply chain sustainability policies do not impact my ad budget
  - Strongly / Somewhat Agree: 34%
  - Neither: 51%
  - Strongly / Somewhat Disagree: 15%

- I’m more likely to use ad partners with sustainability policies
  - Strongly / Somewhat Agree: 31%
  - Neither: 54%
  - Strongly / Somewhat Disagree: 15%

- I spend more with ad partners that have sustainability policies
  - Strongly / Somewhat Agree: 17%
  - Neither: 65%
  - Strongly / Somewhat Disagree: 18%

- I will not spend with ad partners that do not meet my minimum sustainability requirements
  - Strongly / Somewhat Agree: 12%
  - Neither: 57%
  - Strongly / Somewhat Disagree: 31%
Thank You!

For further information:

• Jack Koch (jack@iab.com)
• Chris Bruderle (chris@iab.com)
• Meredith Guiness (meredith@iab.com)
Methodology & Respondent Profile

Email survey sent to buy-side ad investment decision-makers, primarily at brands and agencies
Field dates: 10/20/23-11/9/23
n=203

COMPANY TYPE
- Brands: 32%
- Agencies: 59%
- Other (e.g., Marcomm, Consultancies): 9%

JOB TITLE
- Director+ (e.g., C-level, SVP, VP, etc.): 79%
- Manager (e.g., Planner, Buyer, Strategist, etc.): 19%
- Junior (e.g., Analyst, Planning Assistant, etc.): 2%
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.