

# 2025 Outlook Study

A Snapshot into U.S. Ad Spend, Opportunities,  
and Strategies for Growth

January 2025





# Contents

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Foreword	3
Key Insights	4
2025 Ad Spend Outlook	5
Investment Goals	10
Challenges & Growth Strategies	14
Using Gen AI for Planning & Activation	18
Video Streaming: Excitement & Concerns	22
Appendix: Methodology & About IAB	25

# Foreword

The **2025 Outlook Study** captures the latest perspectives from buy-side decision-makers at brands and agencies on projected U.S. ad spend, emerging opportunities, and key challenges for the year ahead.

The report provides 2025 ad spend projections for the market overall and at the channel level, while addressing critical topics including cross-platform measurement, generative AI adoption, and performance-focused investment. It surfaces key shifts in priorities and strategies, enabling stakeholders to refine their approaches based on current market realities.

With these insights, the ad industry can strategically prepare for 2025, benchmark their performance, and identify new opportunities to navigate today's rapidly evolving advertising ecosystem.





# Key Insights



- 01 Ad spend will continue to grow in 2025 (+7.3% YoY) but will be slower than 2024's cyclical event-driven surge (+11.8%).
- 02 Led by double-digit growth in CTV, social media, and retail media, all digital channels will post growth this year. Linear TV will dip sharply YoY due to the absence of cyclical events.
- 03 Amid product inflation, ad ecosystem fragmentation, and measurement challenges, buyers are prioritizing customer acquisition and cross-platform solutions along with optimizing R/F and MMM tactics.
- 04 Despite the nascency of certain applications, 80% of buyers are using or exploring Gen AI tools for media planning and activation.
- 05 Within the video streaming ecosystem, buyers are most bullish regarding its evolution and growth while concerns with cross-platform measurement persist.

# 01 2025 Ad Spend Outlook



# Ad spend will continue to grow in 2025, but unlikely match 2024's cyclical event-driven surge

Following a double-digit ad spend increase in 2024 driven by the Presidential Election and the Summer Olympics, buyers anticipate a more modest growth rate of 7.3% in 2025.

## PROJECTED % CHANGE AD SPEND YoY

**+11.8%**

2024 (vs. 2023)

**+7.3%**

2025 (vs. 2024)

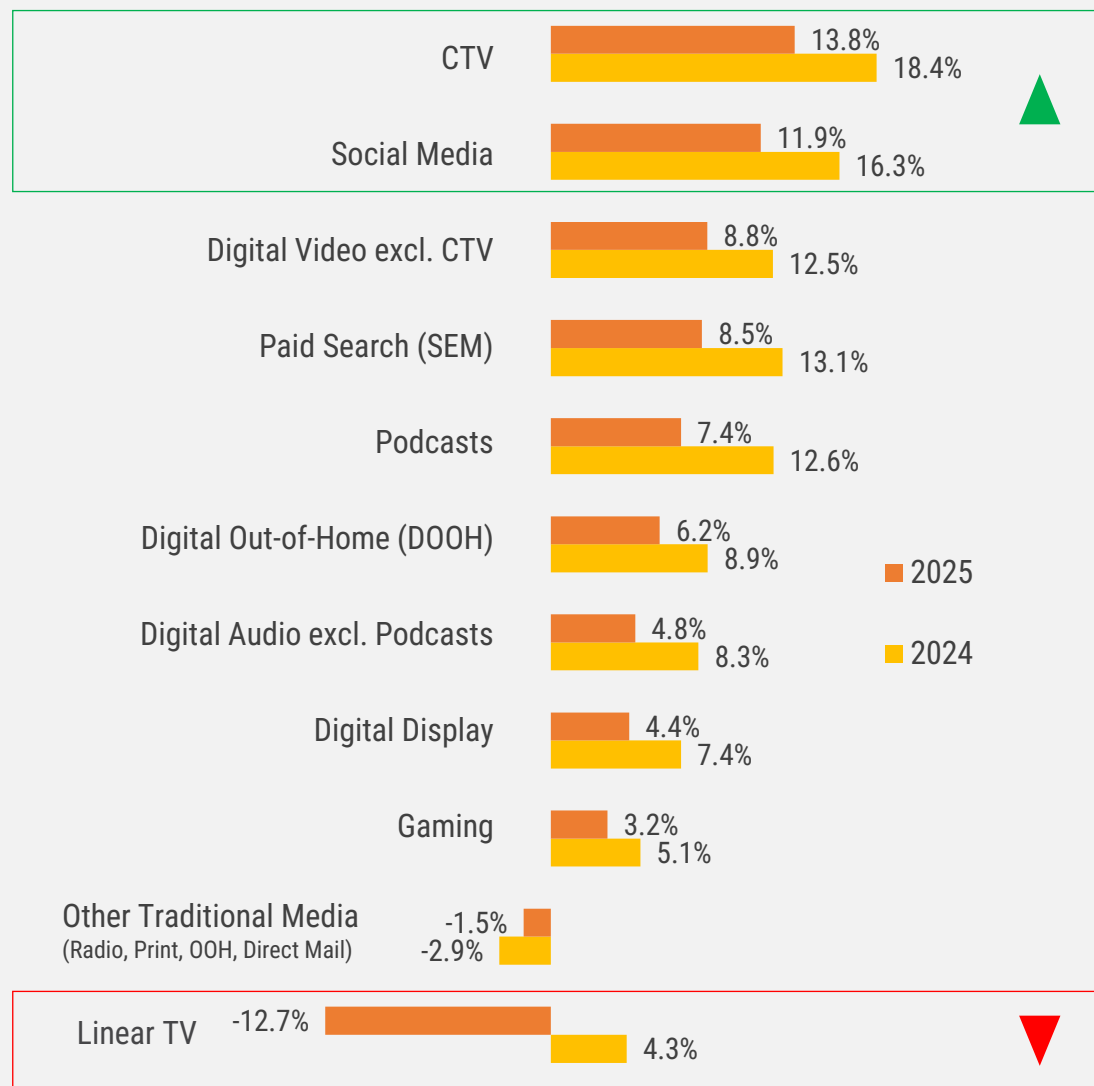
# ••• The fastest-growing channels continue to be where consumers and commerce thrive, and sight-sound-motion converge

CTV, social media, and retail media (see page 9) are expected to post double-digit growth in 2025, offering buyers the most advanced personalization and measurement capabilities to reach audiences effectively and drive business outcomes.

In contrast, Linear TV is projected to take a steep hit YoY due primarily to the lack of cyclical events.



## PROJECTED % CHANGE AD SPEND YoY, BY CHANNEL



n=floating base  
Q: Please provide your estimated percent change (+/- %) in projected total media spend for FULL YEAR 2025 (Jan to Dec) compared to FULL YEAR 2024 actuals BY CHANNEL.

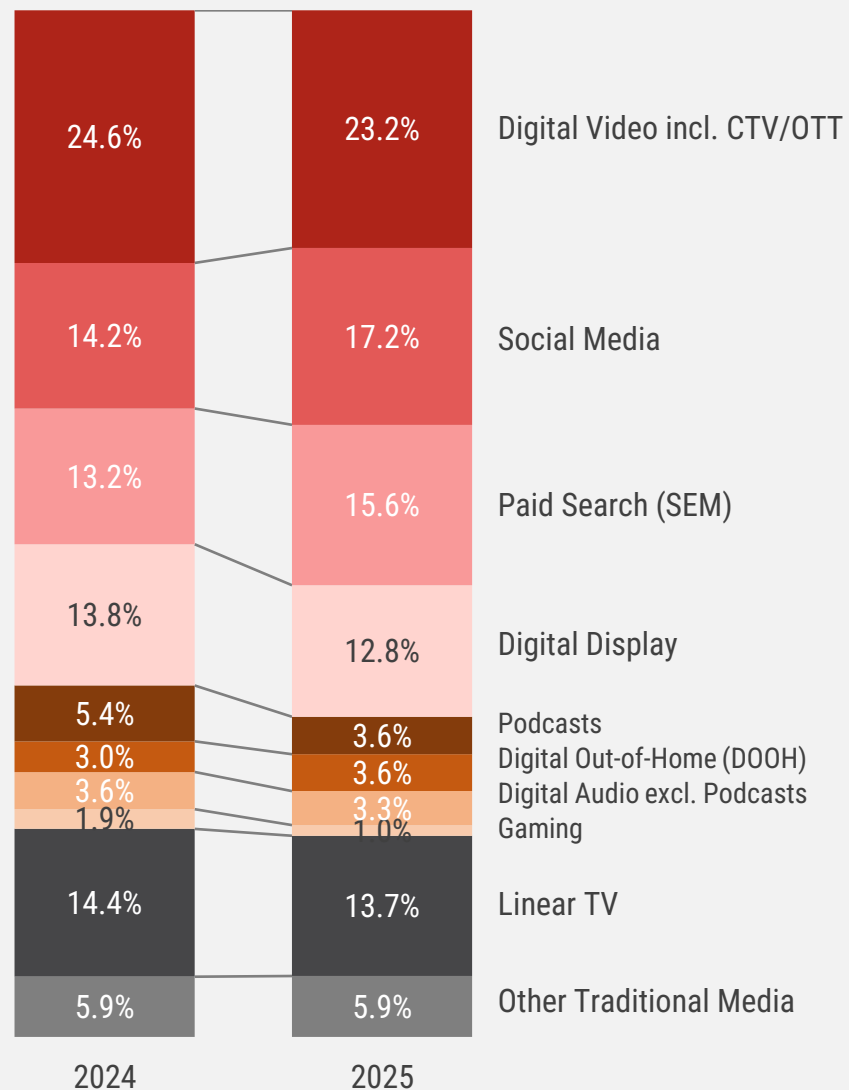


# ... The fastest-growing channels in 2025 will also command the largest market share

With CTV, social, search, and display projected to make up nearly 70% of ad spend in 2025, this reinforces buyers' interest in channels that deliver both addressability and measurability.



## PROJECTED % SHARE AD SPEND YoY, BY CHANNEL



2024: n=200; 2025 n=200  
 Q: Please provide your estimated PERCENT SHARE BY CHANNEL in projected media spend for FULL YEAR 2025 (Jan to Dec).



⋮⋮⋮ **Although retail media continues to grow, its slowing pace signals a need for improvements to sustain momentum**

Retail media is projected to be the fastest-growing channel in 2025, 2x the rate of ad spend overall, but its growth rate is expected to drop the most YoY (down 10% pts.).

This indicates that while buyers still value benefits like proximity to commerce, closed-loop measurement, and integration with broader retailer buys, challenges such as ecosystem fragmentation, lack of standardization, and rising costs are likely prompting pullbacks\*.

To maintain its strong growth, continued efforts are needed to ensure consistency in measurement and standard definitions.

**PROJECTED % CHANGE  
RETAIL MEDIA AD SPEND YoY**

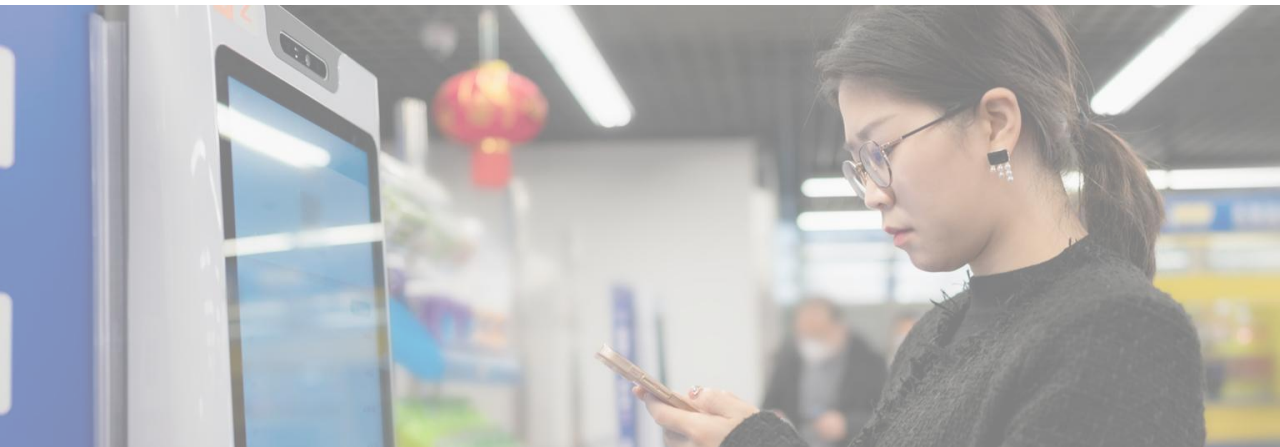
*(Primarily CPG/Beauty)*

**+25.1%**

2024 (vs. 2023)

**+15.6%**

2025 (vs. 2024)



2025: n=107; 2024: n=88; \**Digitay\_2024*  
Q: Please provide your estimated percent change (+/- %) in projected total media spend for FULL YEAR 2025 (Jan to Dec) compared to FULL YEAR 2024 actuals BY CHANNEL - Retail Media

## 02 Investment Goals



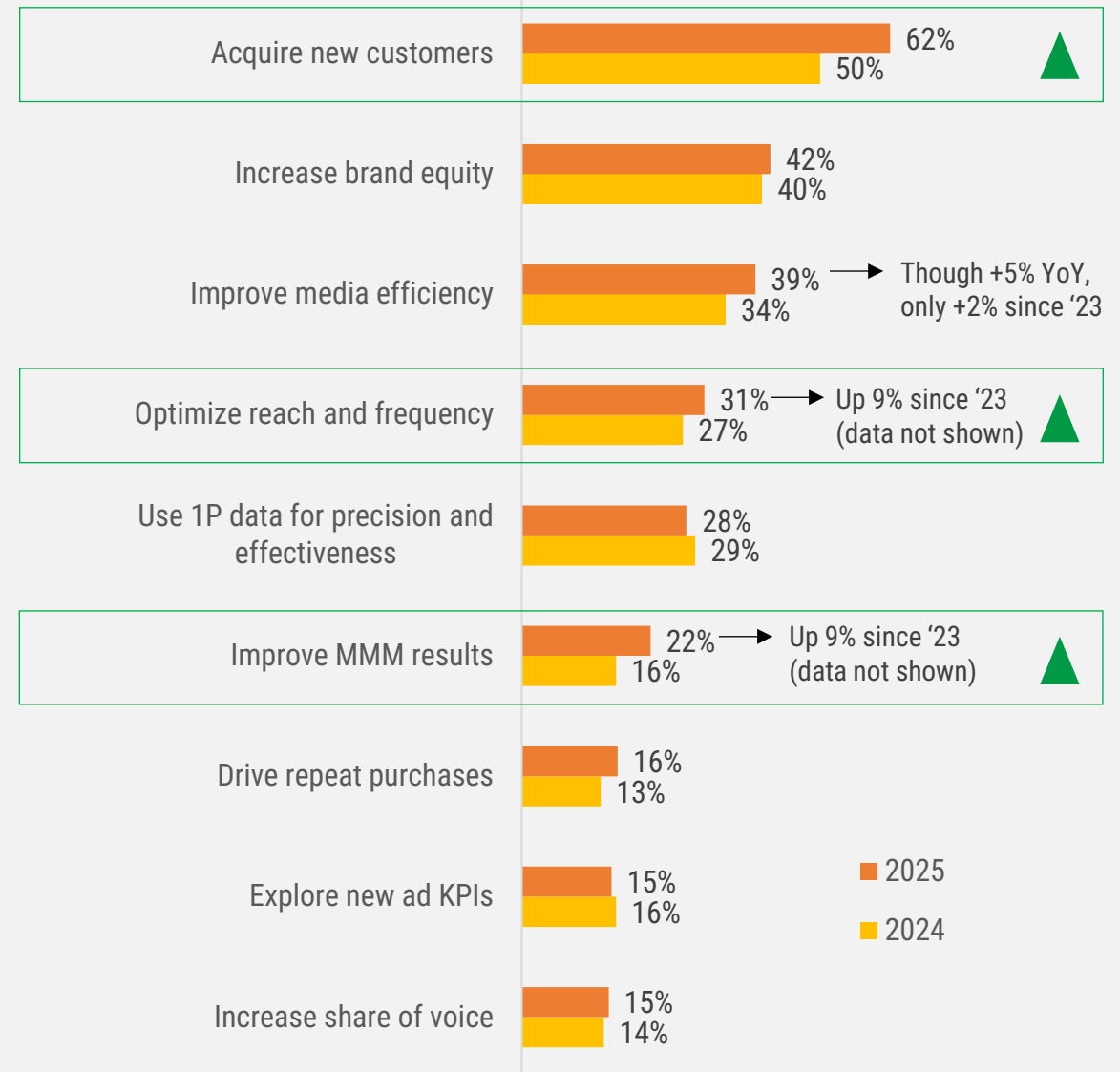
# Buyers are prioritizing customer acquisition and optimizing R/F and MMM amid product inflation and ad ecosystem fragmentation

An increased focus on customer acquisition suggests that brands are looking to generate more revenue to compensate, among other things, for smaller margins stemming from persistent product inflation.

The increasingly fragmented ad ecosystem compounded by signal loss and the proliferation/heightening of walled gardens has the buy-side revisiting and evolving marketing mix models (MMM) along with tactics to improve reach and frequency.



## TOP 3 GOALS FOR MEDIA INVESTMENTS YoY



2025: n= 200; 2024: n=200; Responses below 15% not shown.  
Q: What are your top three goals for your media investments in 2025?

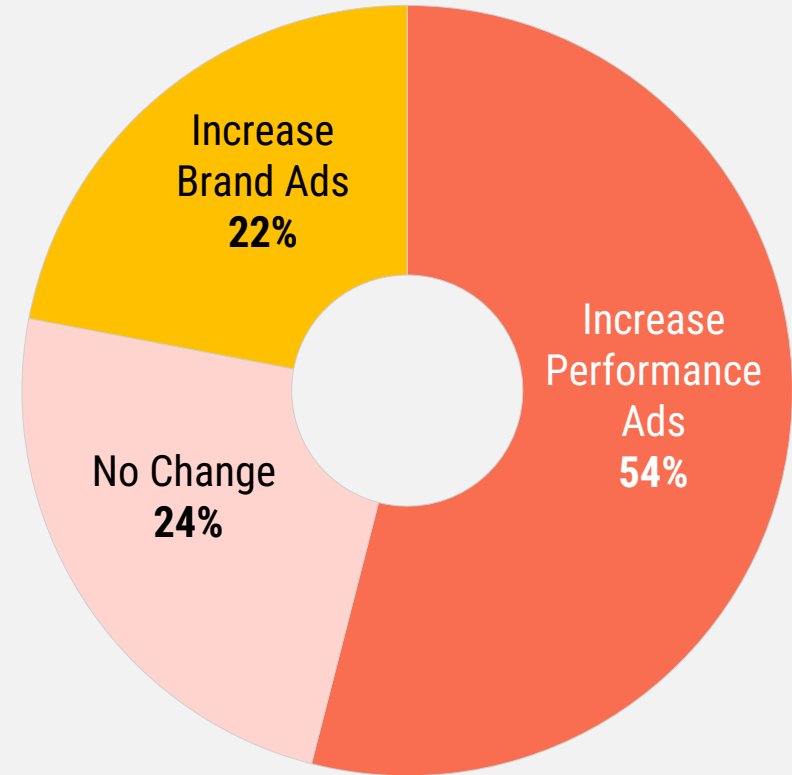


**In prioritizing customer acquisition, buyers are increasing their performance advertising initiatives**

Only 1 in 5 are increasing their branding, while more than half are increasing performance ads.



**2025 SHARE OF SPEND ON PERFORMANCE VS. BRAND ADVERTISING**



n=200  
Q. Thinking about your media investments in 2025, how will your share of spend on performance advertising change compared to your share of spend on brand advertising? In 2025, I will spend...

# Fueling performance marketing's momentum are demands for immediate, measurable results

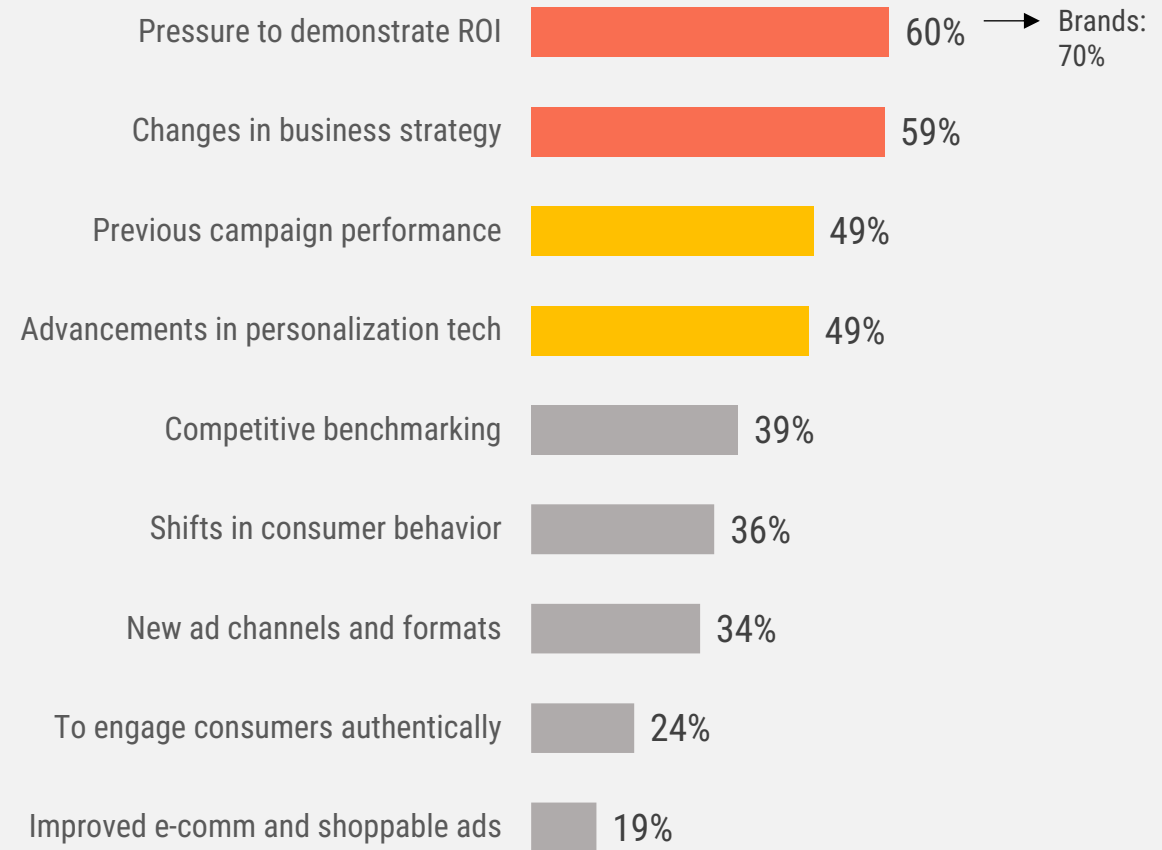
Changes in business strategy designed to demonstrate ROI are key factors driving the shift to performance advertising.

This is further reinforced by the importance of previous campaign performance as a top factor, demonstrating that buyers are actively analyzing results to identify what is and isn't performing.



## FACTORS DRIVING SHIFT TO PERFORMANCE ADVERTISING

Among those increasing performance advertising in 2025



n=152, Among those increasing performance advertising in 2025; Responses below 15% not shown.  
Q: What factors are driving the shift in your performance vs. brand advertising spend in 2025?

# 03 Challenges & Growth Strategies





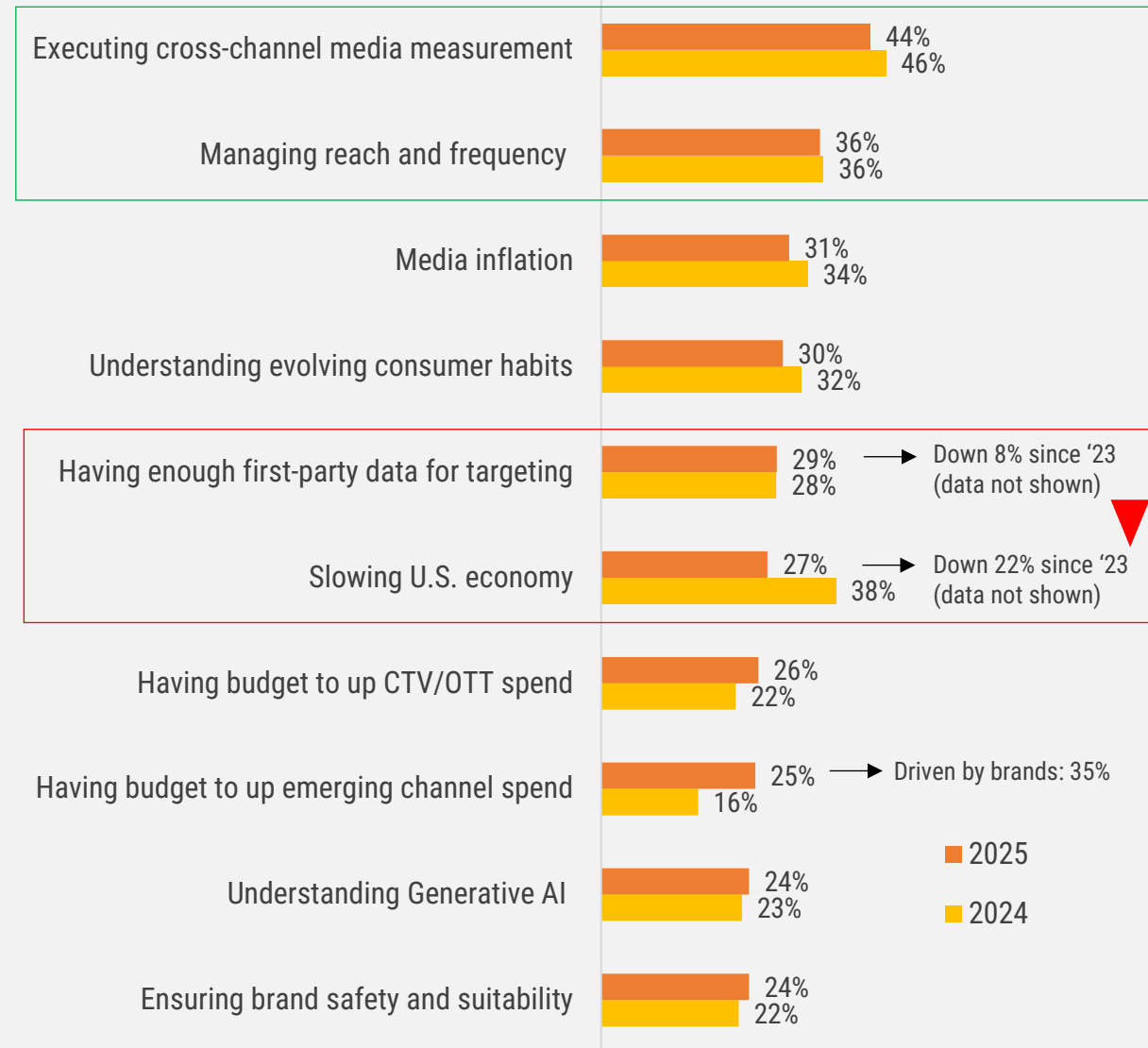
# Although concerns are widespread, cross-channel measurement and reach/frequency management remain the most cited

First-party data challenges are easing, suggesting that buyers feel more prepared after years of internal investment along with sell-side partnerships that leverage first-party data at scale.

Economic concerns are fading fast, but policies from the new administration, including potential tariffs and deportations, could impact businesses, making it a key area to watch.



## TOP 10 CONCERNS FOR MEDIA INVESTMENTS YoY



2025: n= 200; 2024: n=200

Q: What are your greatest concerns and/or challenges regarding media investment in 2025? Select all that apply.

# To combat concerns, buyers are most focused on AI and solutions that merge data with measurement

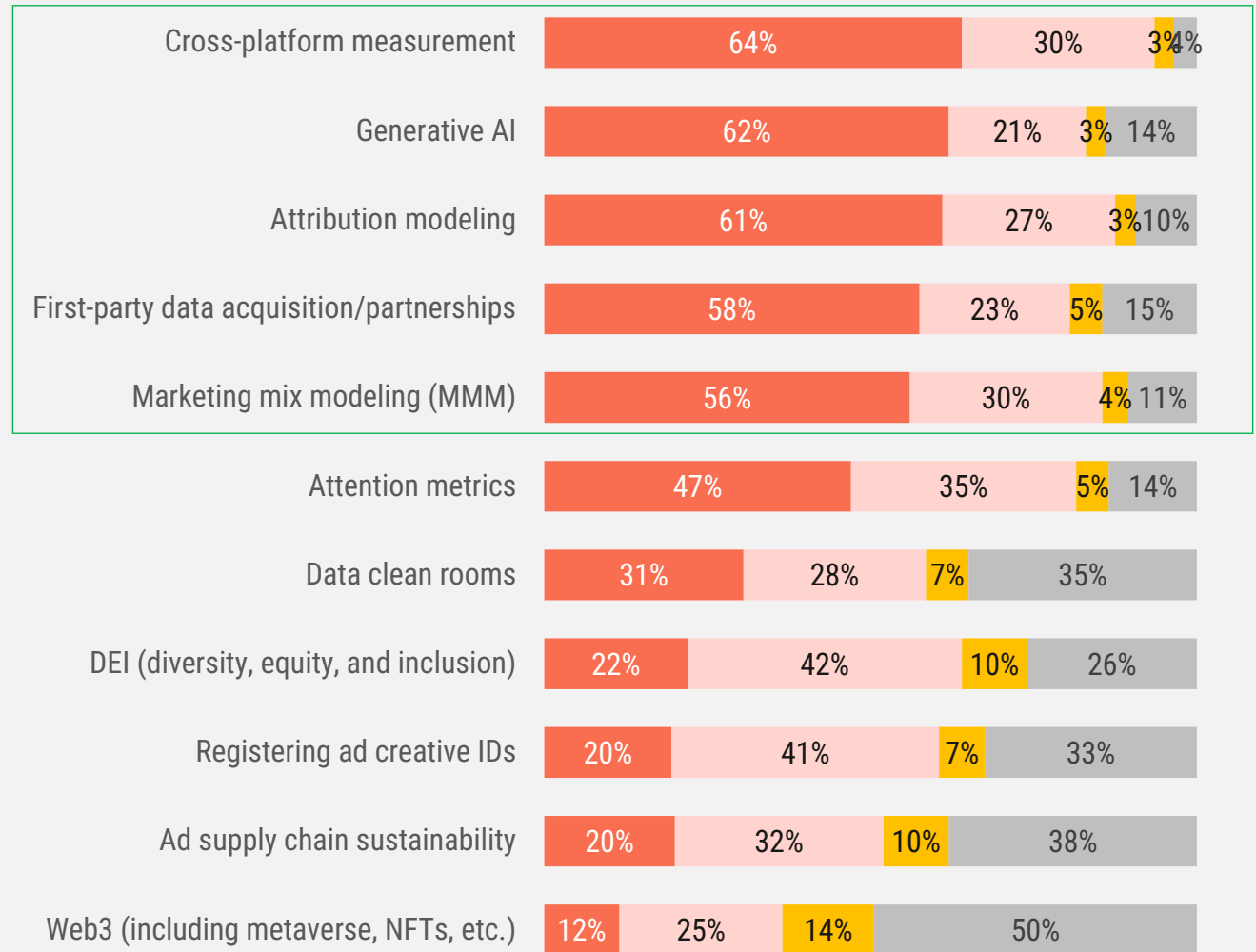
These efforts were also buyers' top areas of focus in 2024, reflecting their continued importance in helping them understand, track, and optimize campaigns as the industry continues to evolve.

In addition, large media spenders (\$50M+ annual spend) are 2x more likely than small media spenders (less than \$10M) to be focusing on data clean rooms to facilitate privacy-safe data collaboration.



## TOPICS / SOLUTIONS: LEVEL OF FOCUS IN 2025 vs. 2024

■ Significantly/Somewhat More   ■ Same   ■ Significantly/Somewhat Less   ■ N/A



n=200

Q: Do you expect to FOCUS more, less, or the same amount of time and/or resources in 2025 (vs. 2024) on the following?

# Buyers will focus on tactics to understand audiences and build authentic connections via creators

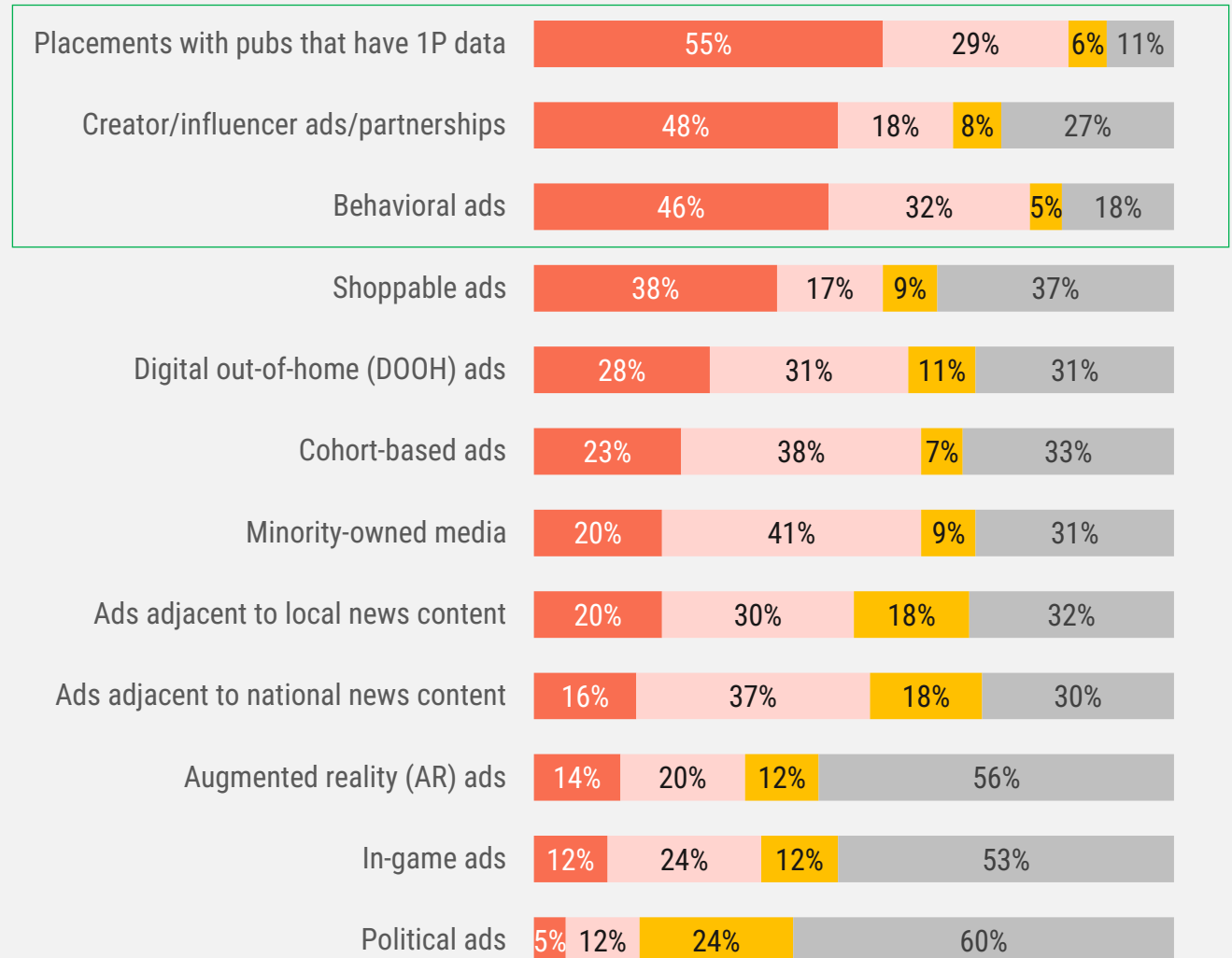
These tactics were also the top focus areas in 2024 as buyers continue to strive to gain privacy-safe insights via first-party data and build direct, authentic relationships with consumers.

In addition, large media spenders (\$50M+ annual spend) are 2x more likely than small media spenders (less than \$10M) to be leaning more into shoppable ads to meet consumers' evolving needs for opportunities to discover and purchase brands in one seamless experience.



## TACTICS / AD TYPES: LEVEL OF FOCUS IN 2025 vs. 2024

■ Significantly/Somewhat More   ■ Same   ■ Significantly/Somewhat Less   ■ N/A

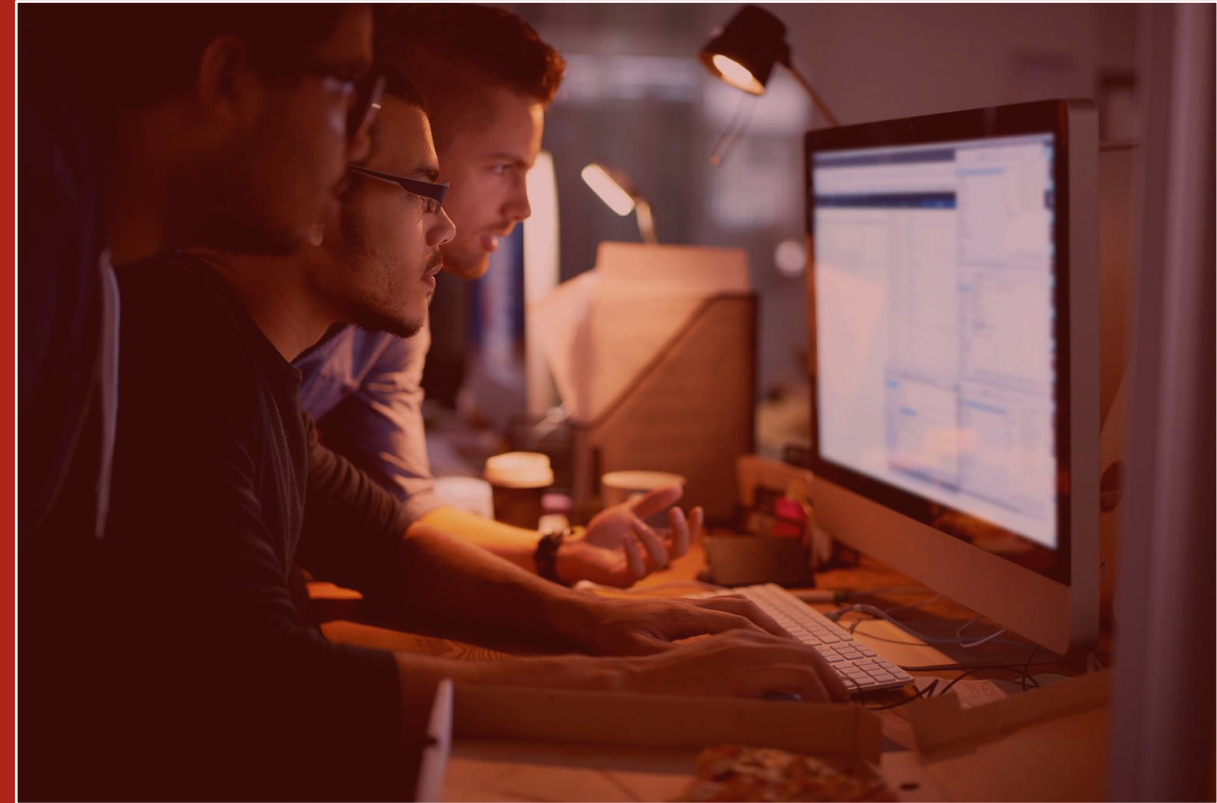


n=200

Q: Do you expect to FOCUS more, less, or the same amount of time and/or resources in 2025 (vs. 2024) on the following?



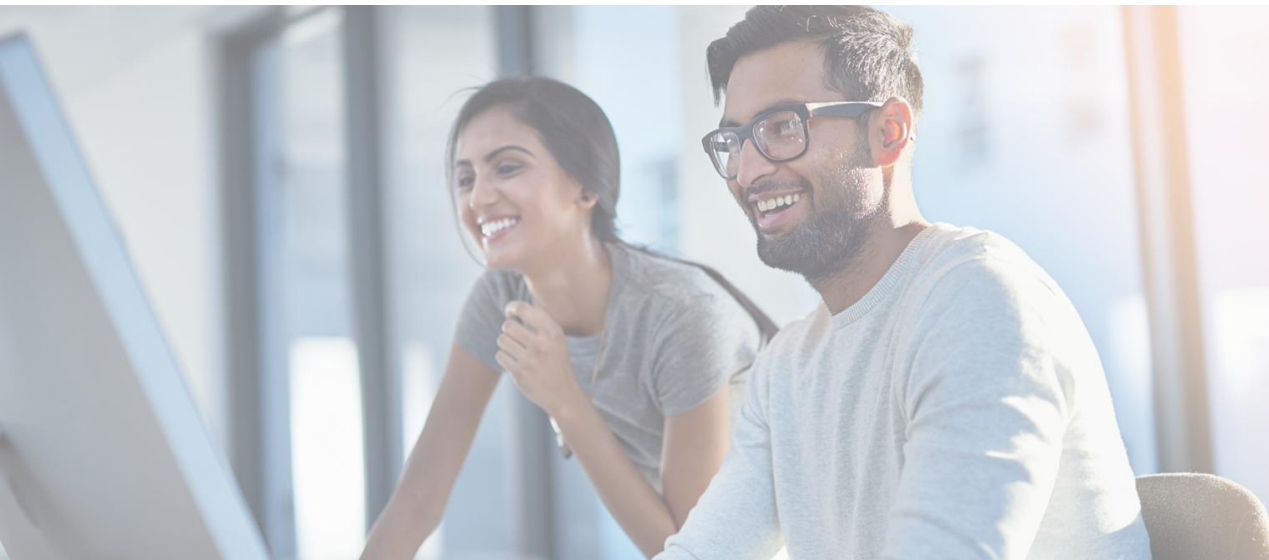
# 04 Using Generative AI for Media Planning & Activation



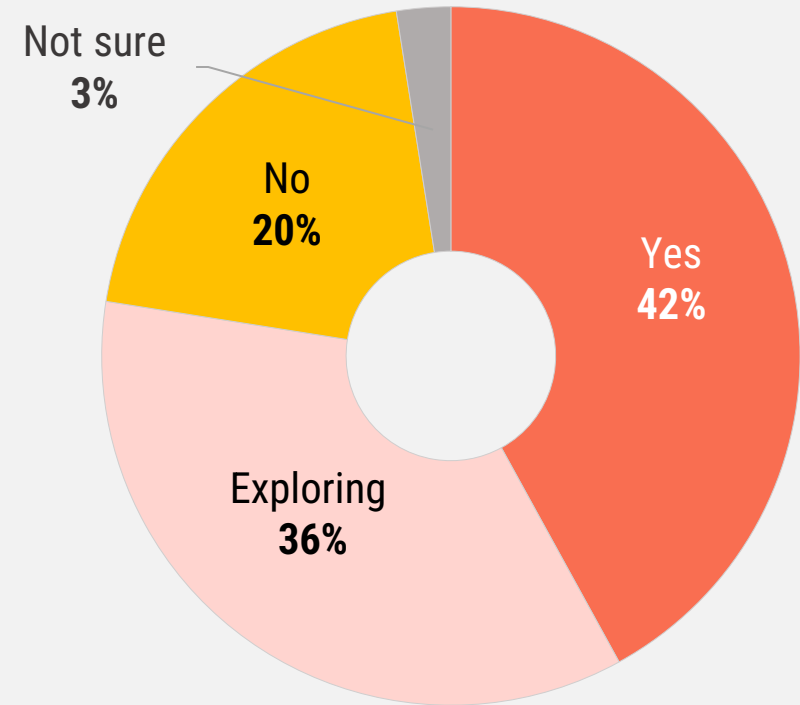
# Gen AI is now being leveraged or explored by 8-in-10 buyers for media planning and/or activation

Agencies are more likely than brands to be using or exploring gen AI technology (83% vs. 71%) to streamline workflows, enhance processes, and improve client asset and deliverable production, among other applications.\*

For detailed insights into how brands, agencies, and publishers are leveraging different types of AI across the media ad campaign lifecycle, stay tuned for IAB's upcoming State of Data report—to be published on March 18<sup>th</sup>.



## CURRENT USE OF GENERATIVE AI FOR MEDIA PLANNING AND/OR ACTIVATION



n=200; \*Forrester, 2024  
Q. Does your team/company currently use Generative AI tools (e.g., ChatGPT, Claude, Perplexity, Gemini, Copilot, etc.) for media planning & strategy and/or media activation & optimization?

# Half of those using Gen AI tools are mitigating risk by embedding human oversight and safety protocols

Buyers are recognizing the need for measures to regulate the usage of Gen AI to protect against misuse, inaccuracies and other risks.



## REGULATION PROTOCOLS INSTITUTED FOR GENERATIVE AI

Among those currently using Gen AI tools for media planning and/or activation

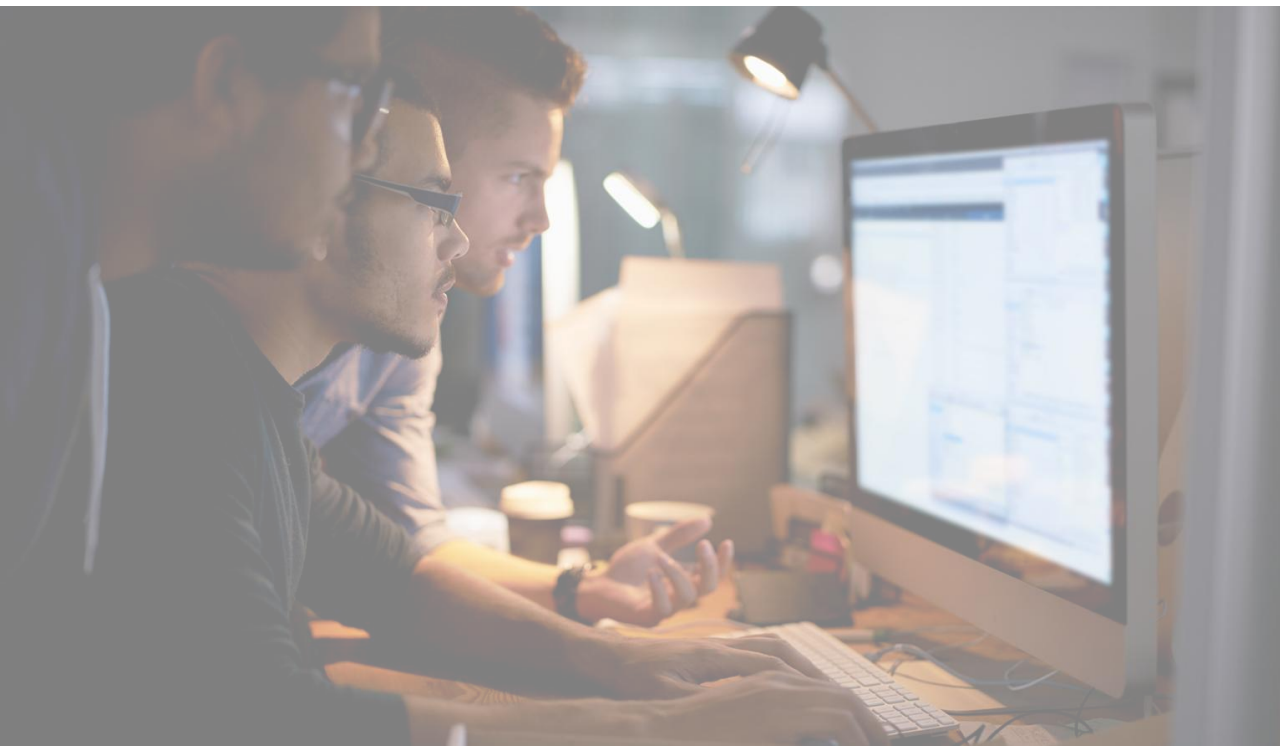


n=84, Among those currently using Gen AI tools for media planning and/or activation  
Q: Which of the following protocols has your company instituted to regulate the usage of Generative AI in order to protect against misuse, inaccuracies and other risks?



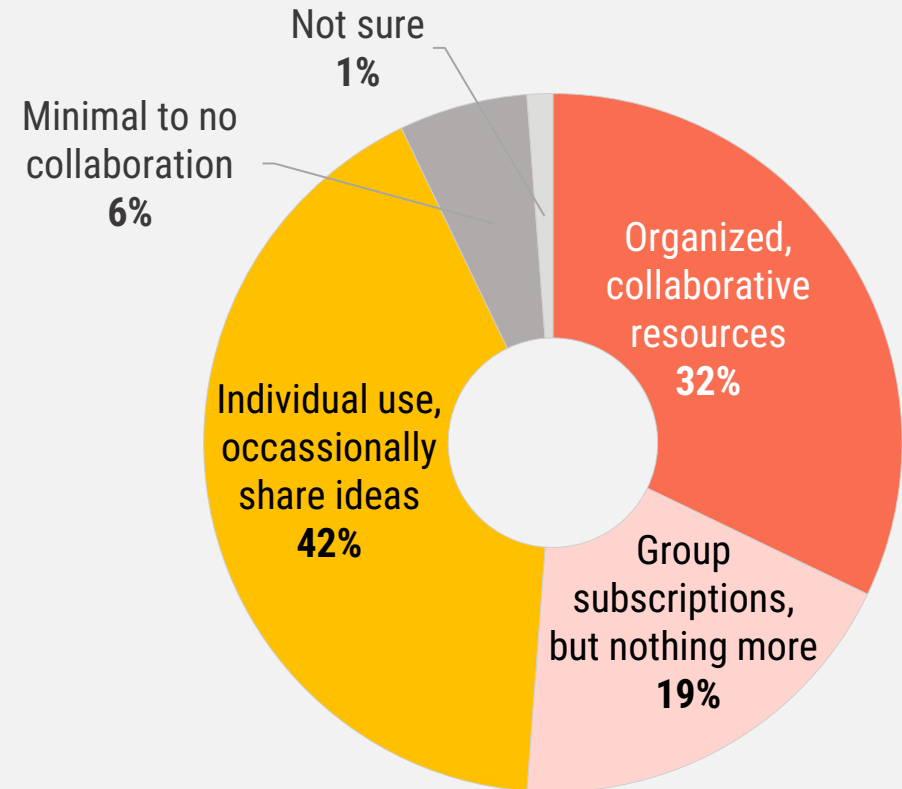
# Most Gen AI users have yet to establish collaborative resources for leveraging the tools

With only one-third of buyers having collaborative Gen AI resources within their companies—such as company-wide interfaces, subscriptions, and prompt libraries—there’s a significant opportunity for companies to drive efficiencies and growth.



## HOW FORMALLY TEAMS USE GEN AI FOR MEDIA PLANNING AND/OR ACTIVATION

*Among those currently using Gen AI tools*



n=84, Among those currently using Gen AI tools for media planning and/or activation  
Q. :Which of the following best characterizes how formally your team/company uses Generative AI for media planning/strategy and/or media activation/optimization?

# 05 Video Streaming: Excitement for & Concerns in 2025

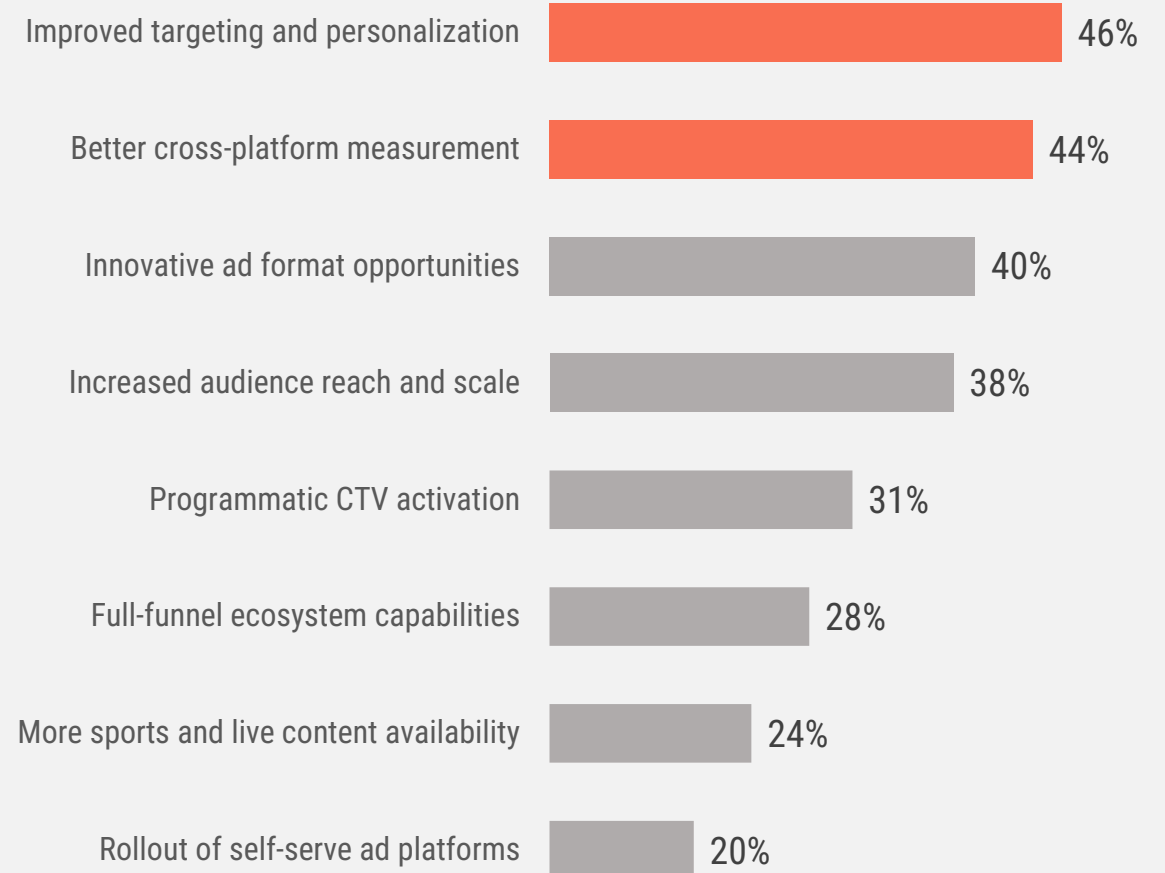


# Streaming video's future is tied to offering the personalization and measurement tools familiar to buyers in social and search

As buyers are keenly focused on demonstrating ROI above all other goals, they're increasingly looking for the video streaming ecosystem to enhance its capabilities in these areas, allowing it to rival the advanced tools and precision offered by social and search platforms.



## TOP AREAS OF EXCITEMENT AROUND THE GROWTH OF THE VIDEO STREAMING ECOSYSTEM



n=200; Responses below 20% not shown  
Q: What excites you most about the continued growth and evolution of the video streaming ecosystem (incl. TV / CTV / Online Video / Social Video)?

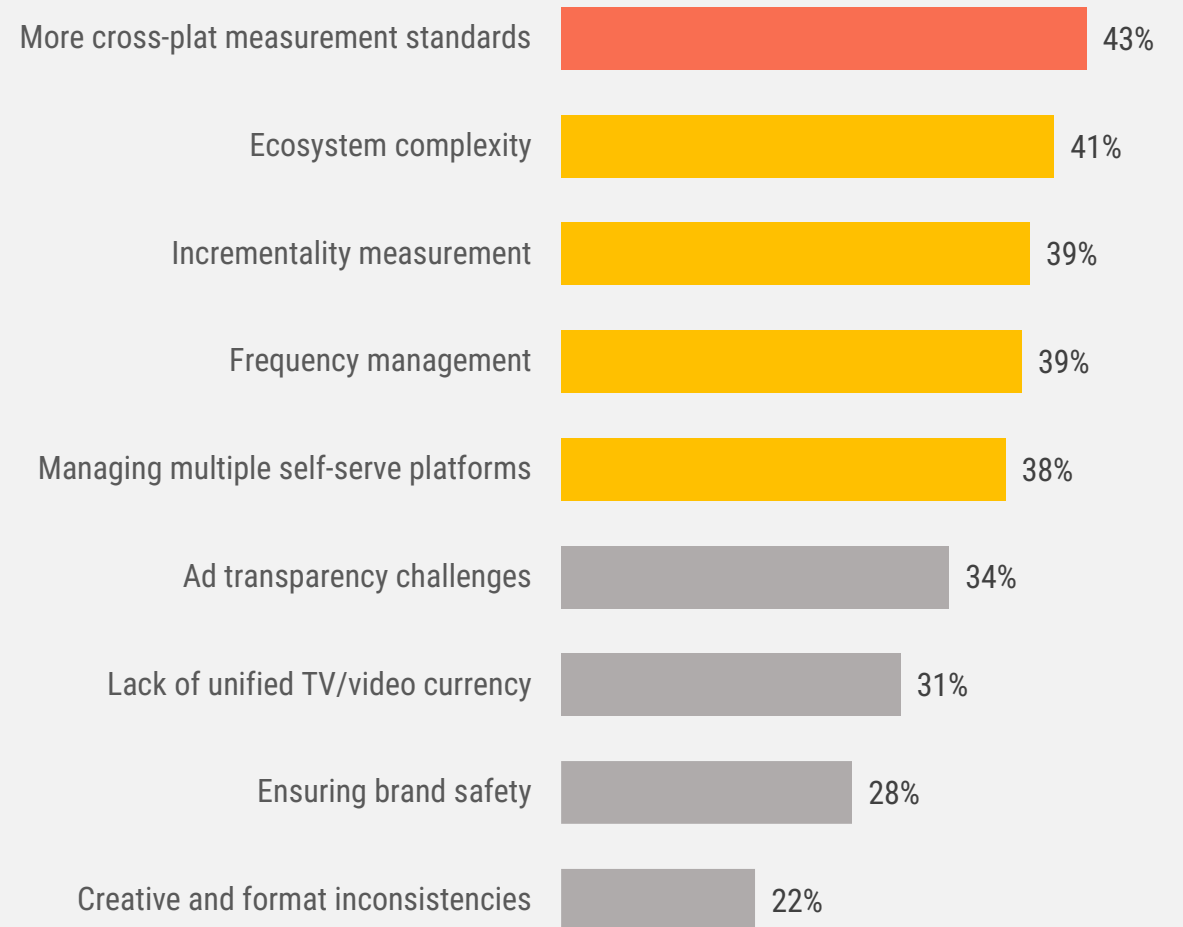
# Exciting buyers the most about streaming video is also the biggest concern: Cross-platform measurement

Buyers are also concerned about ecosystem complexity, compounded by challenges with managing frequency as well as managing buys across various self-service platforms.

Notably, the top concern for medium-to-large ad spenders (spending \$10M+ annually; 54%) is measuring incrementality as they're challenged with quantifying the value of having each specific video channel, platform, and/or partner on their plans.



## CONCERNS SURROUNDING THE GROWTH OF THE VIDEO STREAMING ECOSYSTEM



n=200; Responses below 20% are not shown  
Q: What concerns you the most about the continued growth and evolution of the video streaming ecosystem (incl. TV / CTV / Online Video / Social Video)?



# 06 Appendix



# Methodology and Respondent Profile

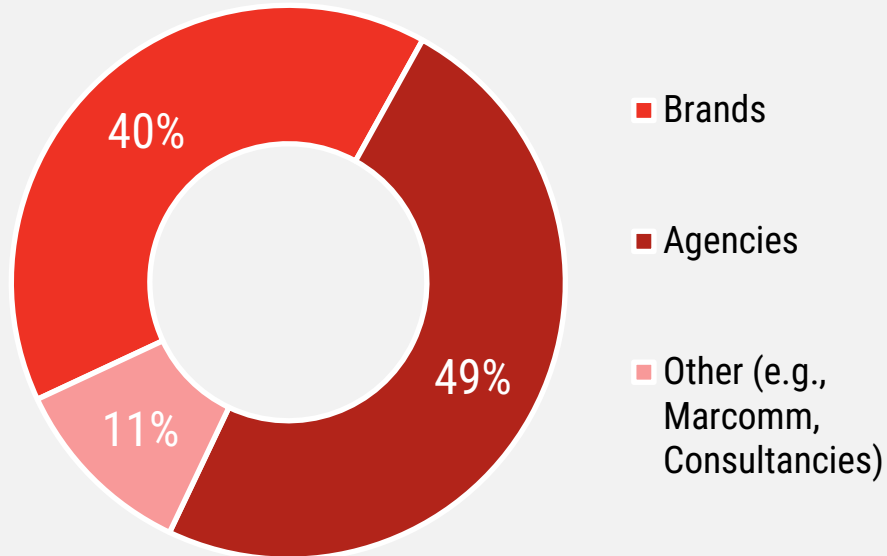
Email survey sent to U.S. buy-side ad investment decision-makers, primarily at brands and agencies

Field dates: 11/13/24-12/6/24

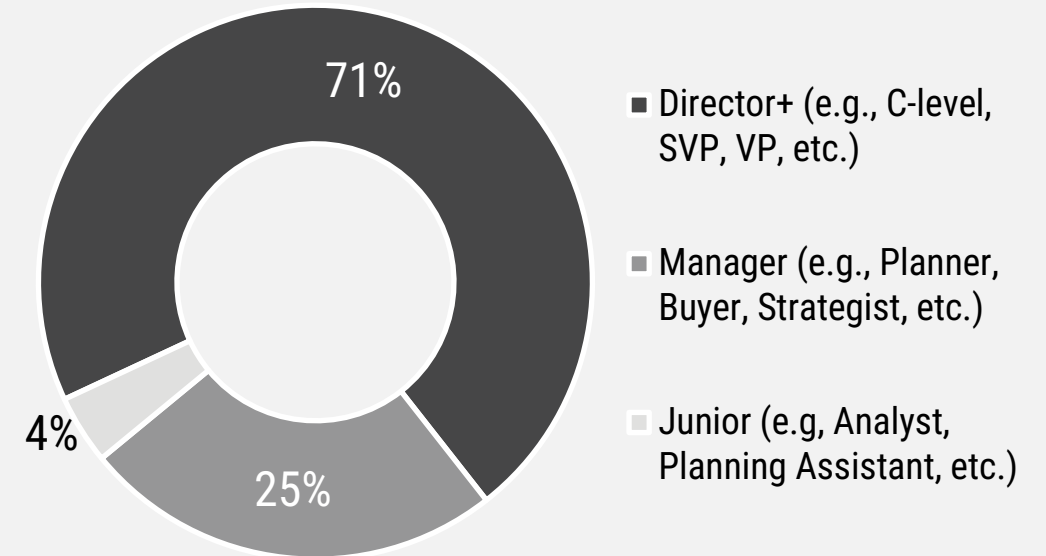
n=200



## COMPANY TYPE



## JOB TITLE





## 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 2006, IAB is headquartered in New York City.

[www.iab.com](http://www.iab.com)







# Report Contributors

**Chris Bruderle**

VP, Industry Insights & Content Strategy  
[chris@iab.com](mailto:chris@iab.com)

**Meredith Guinness**

Director, Research & Insights  
[meredith@iab.com](mailto:meredith@iab.com)

**Johanna Moscoso**

Head of Research, InsightNex  
[johannamoscoso@icloud.com](mailto:johannamoscoso@icloud.com)