2025 Outlook Study: September Update

A Snapshot of the Latest Ad Spend Trends, Opportunities, and Strategies for Growth

September 2025

Contents

Foreword

The **2025 Outlook Study: September Update** is a follow-up to the initial January 2025 release, providing an updated snapshot of projected ad spend, opportunities, and challenges for 2025.

The report delivers updated 2025 ad spend projections for the market overall and at the channel level, while offering insights into how buyers expect the imposed/proposed tariffs to affect ad spend. 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 2H 2025, benchmark their performance, and identify new opportunities to navigate today's rapidly evolving advertising ecosystem.

Key Insights

01 2025 U.S. ad spend forecasts are revised down 1.6 points to +5.7%, reflecting lower 2H expectations amid macroeconomic pressures.

02 Nearly all buyers are concerned about the impact of tariffs on 2025 U.S. ad spend, with worries centered on vulnerable industries including auto, retail, and consumer electronics.

03 Given these pressures, buyers cite “macroeconomic headwinds” and “changing consumer behavior” as their top 2 overall challenges for the rest of the year.

04 In response, buyers are most focused on bottom-funnel tactics to generate revenue/sales: customer acquisition and repeat purchases.

05 Buyers will continue to invest heavily in performance-driven media, social and CTV, while traditional media is projected to see steeper declines YoY.

01 2025 Ad Spend Outlook

2025 U.S. ad spend growth is slightly reduced vs. the previous forecast

With macroeconomic headwinds and tariff ramifications top of mind, buyers expect to spend less in the second half of the year than originally projected (see p. 7). As a result, we lowered our full-year growth forecast by 1.6 pts to 5.7%.

% CHANGE U.S. AD SPEND 2025 vs. 2024
(Jan '25 vs. Sep '25 Projection)

January 2025	September 2025
+7.3%	**+5.7%**

Sep '25: n=204; Jan '25: n=200
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.

The first half of 2025 met projections, but second-half changes are driving a lower full-year outlook

This suggests that in the first half of the year, buyers were not meaningfully impacted by the tariffs and/or were waiting for the macroeconomics to unfold—therefore they did not adjust their ad spend plans.

% CHANGE U.S. AD SPEND 1H 2025 vs. 1H 2024	% CHANGE U.S. AD SPEND 2H 2025 vs. 2H 2024	% CHANGE U.S. AD SPEND FY 2025 vs. FY 2024
+7.0%	+5.0%	+5.7%

Note: The full-year projection is not an average of 1H and 2H since the total amount spent in each half is not equal.

n=204
Q: Please provide your estimated percent change (+/- %) in total media spend actuals for the FIRST HALF OF 2025 (Jan to Jun) compared to actuals from the FIRST HALF OF 2024.
Q: Please provide your estimated percent change (+/- %) in projected total media spend for the SECOND HALF OF 2025 (Jul to Dec) compared to actuals from the SECOND HALF 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.

02 2025 Ad Spend Outlook: Impact of Tariffs

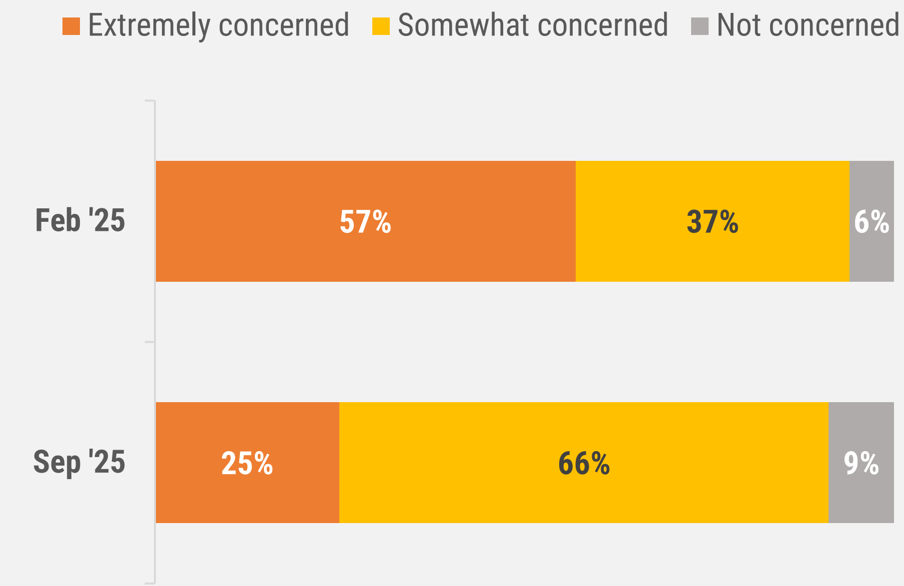
Nearly all buyers cite tariffs as an issue negatively affecting ad spend

When we surveyed buyers in February to capture their initial reactions to the tariffs, concern was just as widespread, but far more expressed **"extreme concern"** (57% vs. 25%) given the uncertainty at the time.

Today, most are **"somewhat concerned,"** with greater clarity on which industries will be most affected (see p. 10), and many are adjusting their plans by shifting toward bottom-funnel outcomes (see p. 13-14).

In fact, due to the tariffs, only 1-in-4 (23%) say they are operating **"business as usual"** (data not shown).

LEVEL OF CONCERN ABOUT THE CURRENT/POTENTIAL NEGATIVE IMPACT OF TARIFFS ON 2025 U.S. AD SPEND



Sep '25, n=204; Feb '25 n=100
Q. How concerned are you about the current/potential negative impact from tariffs on overall U.S. ad spending in 2025? (consider impact across all consumer categories, not just those you manage/oversee)

Auto, retail, and consumer electronics are the most negatively impacted sectors

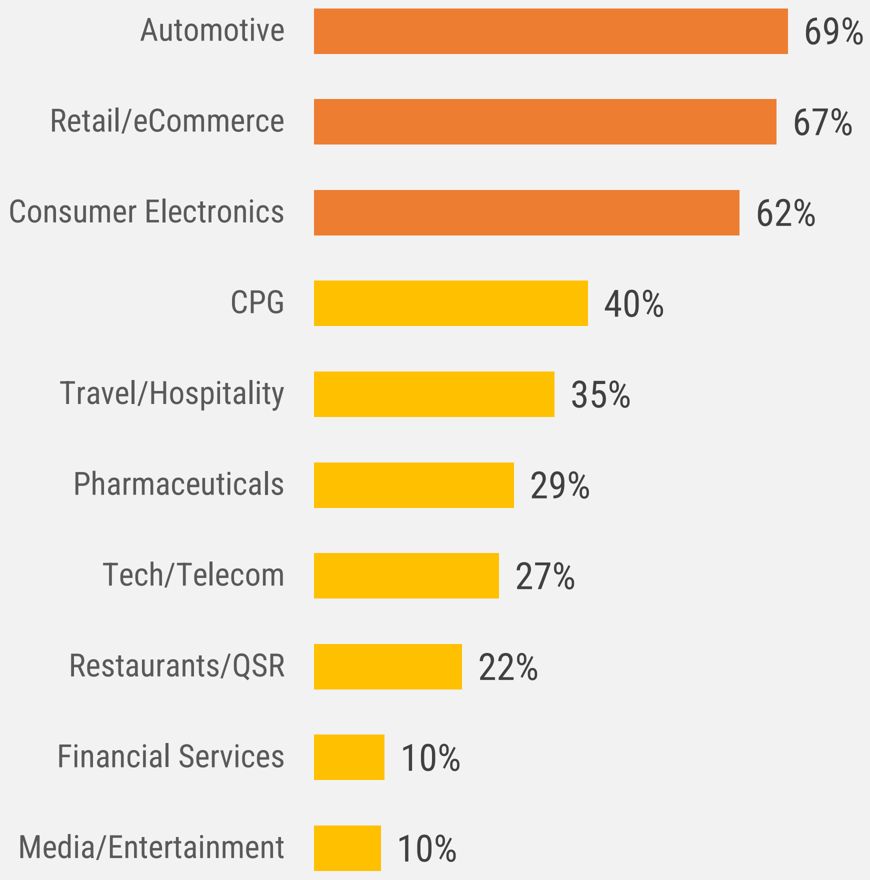
When we surveyed buyers in February, no category was cited by more than 40% as being impacted, reflecting the lack of clarity at the time (data not shown). Now that the macroeconomics have unfolded, categories heavily reliant on imported product/parts are expected to be hit hardest.

Auto makers have cited steep tariff costs affecting margins this year: GM ($1.1B), Ford ($800M in a quarter), and Stellantis ($350M). **Consumer electronics** and **retail brands** have faced similar hits: Apple ($1.1B in a quarter), Nike ($1B), and Adidas ($218M in 2H).*

As a result, companies across these categories are **raising or expecting to raise prices**, from AutoZone and Volkswagen to Best Buy, Macy's, Shein, Target, Temu, and Walmart, and consumer electronics brands Canon, Nikon, and Nintendo.*

CATEGORIES EXPECTED TO BE THE MOST NEGATIVELY IMPACTED BY THE TARIFFS IN '25 AD SPEND

Among those concerned about the negative impact of tariffs on ad spend

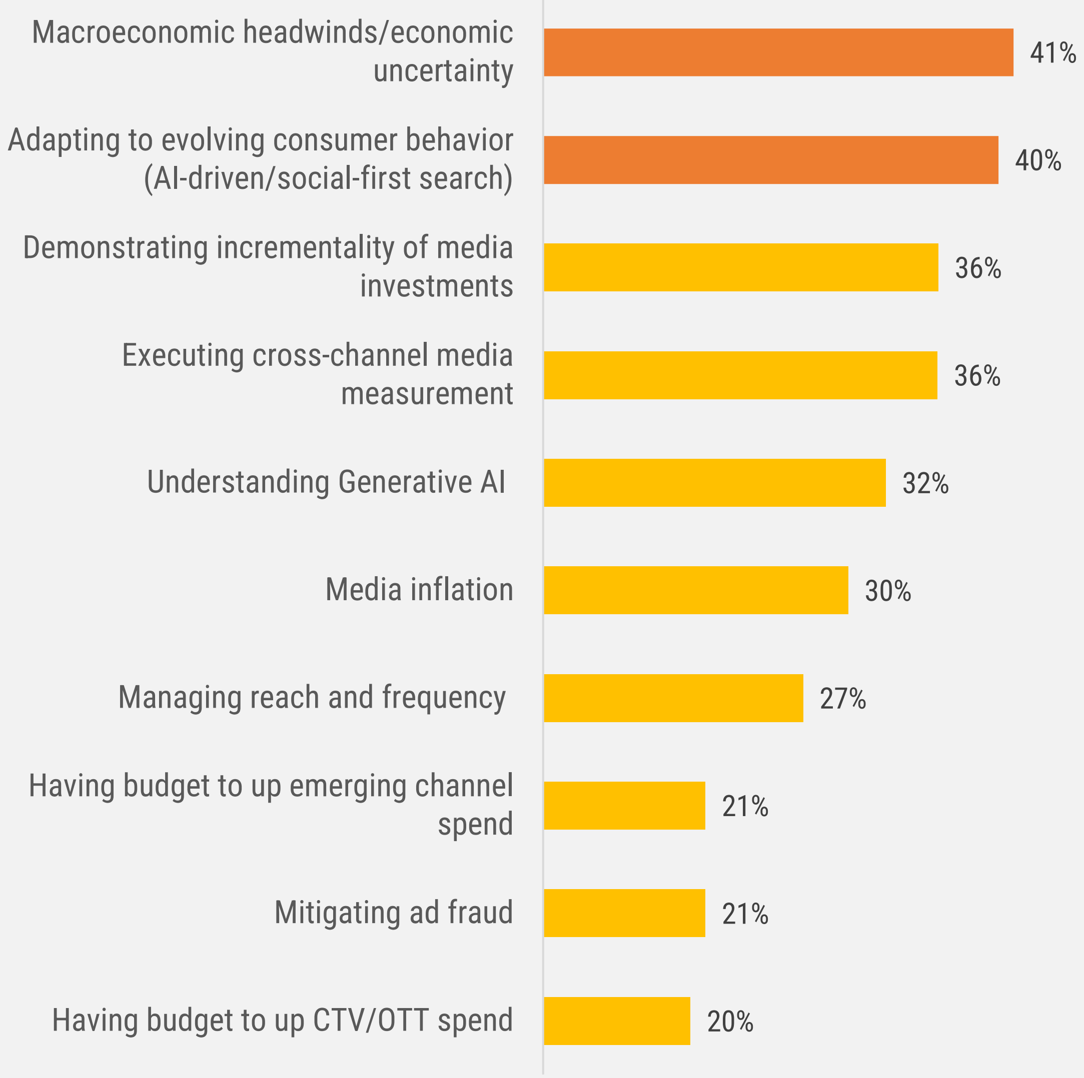


Among those concerned about the negative impact of tariffs on ad spend, n=186; Feb '25 n=100
**Business Insider, August 2025; Reuters, August 2025; CNN, July 2025; New York Post, July 2025; The Wall Street Journal, July 2025;*
Q: In terms of ad spend in 2025, which advertiser categories do you expect to be the most negatively impacted by the tariffs? Select all that apply.

Amid tariff concerns, buyers are most challenged by macroeconomic headwinds and changing consumer habits

Additionally, proving **incrementality** and **cross-channel measurement** are key pain points, as buyers under economic pressure need assurance that every ad dollar is working in today's fragmented measurement landscape.

TOP 10 CHALLENGES FOR MEDIA INVESTMENTS



n=204
Q: What are your greatest concerns and/or challenges regarding media investment in 2025? Select all that apply

03 Goals & Activation Strategies

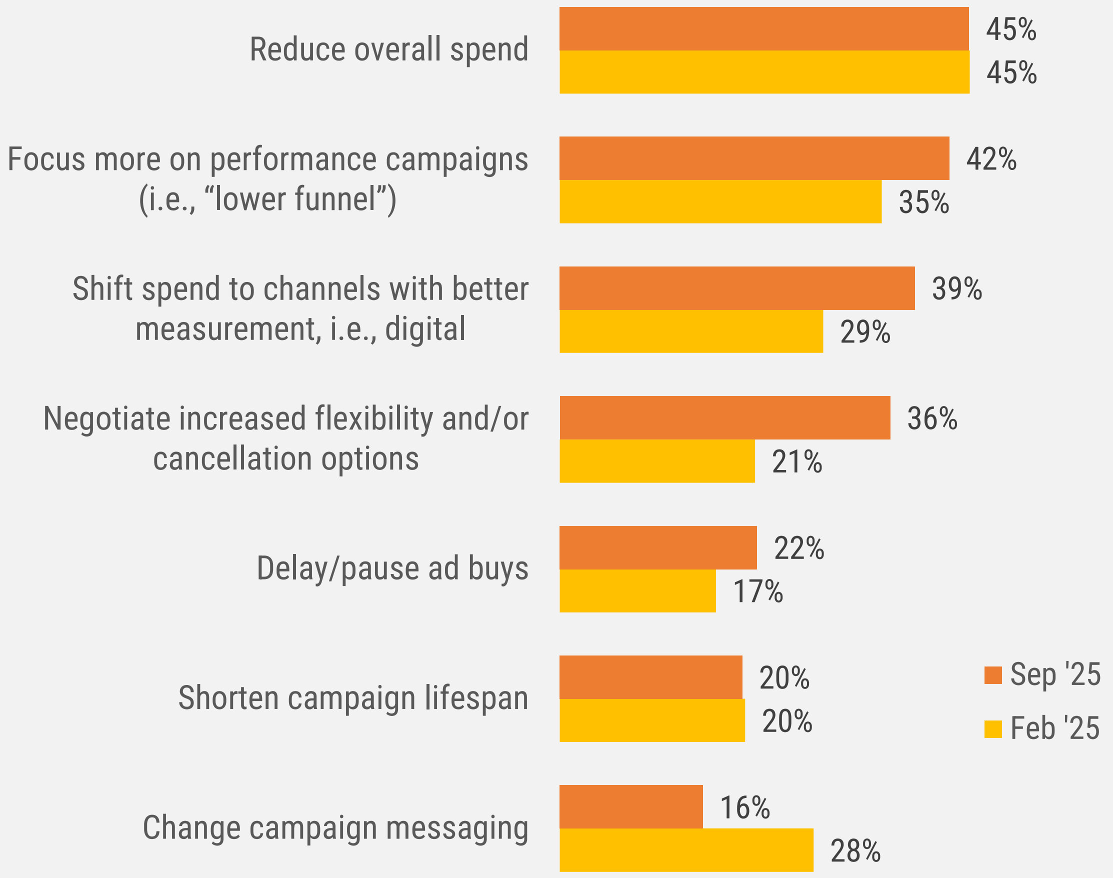
Buyers are responding to tariffs by cutting spend, shifting to performance and clearer measurement, and seeking more flexibility

Although fewer buyers now report “extreme concern” about the impact of tariffs—with most now “somewhat concerned” (see p. 9)—nearly half (45%) are still reducing ad spend, showing that while intensity has eased, concerns continue to drive pullbacks.

At the same time, the tariffs are accelerating the industry’s broader pivot away from traditional media towards performance-driven, measurable, and agile solutions.

ADJUSTMENTS TO AD SPEND MADE OR EXPECTED DUE TO THE TARIFFS

Among those concerned about the negative impact of tariffs on ad spend



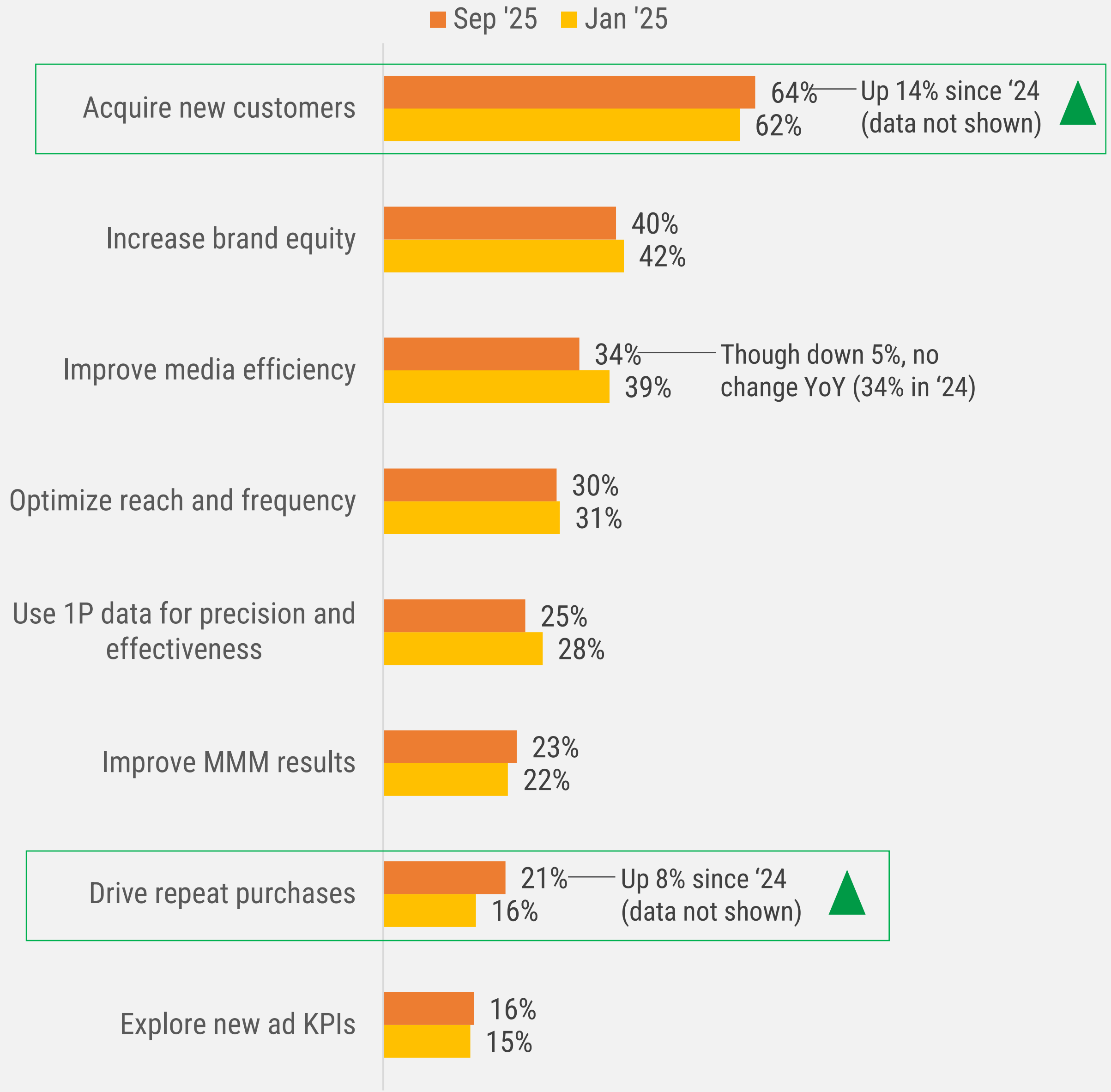
Among those concerned about the negative impact of tariffs on ad spend: Sep ‘25, n=186; Jan ‘25 n=94
Q: In which of the following ways have you adjusted or plan to adjust your ad spend strategy as a result of the tariffs? Select all that apply.

Buyers are focused most on bottom-funnel tactics to generate revenue

Keeping **customer acquisition** as the top priority, while putting more focus on **repeat purchases**, shows that buyers are doubling down on sales growth from both new and existing customers.

Although customer acquisition remains the top goal for both brands and agencies, **brands** are significantly more likely to prioritize it as their number one objective (74% vs. 58%).

TOP 3 GOALS FOR MEDIA INVESTMENTS



Sep '25: n=204; Jan '25: n=200; Responses below 15% not shown.
Q: What are your top three goals for your media investments in 2025?

Buyers continue to invest heavily in social and CTV while maintaining solid increases across other digital channels

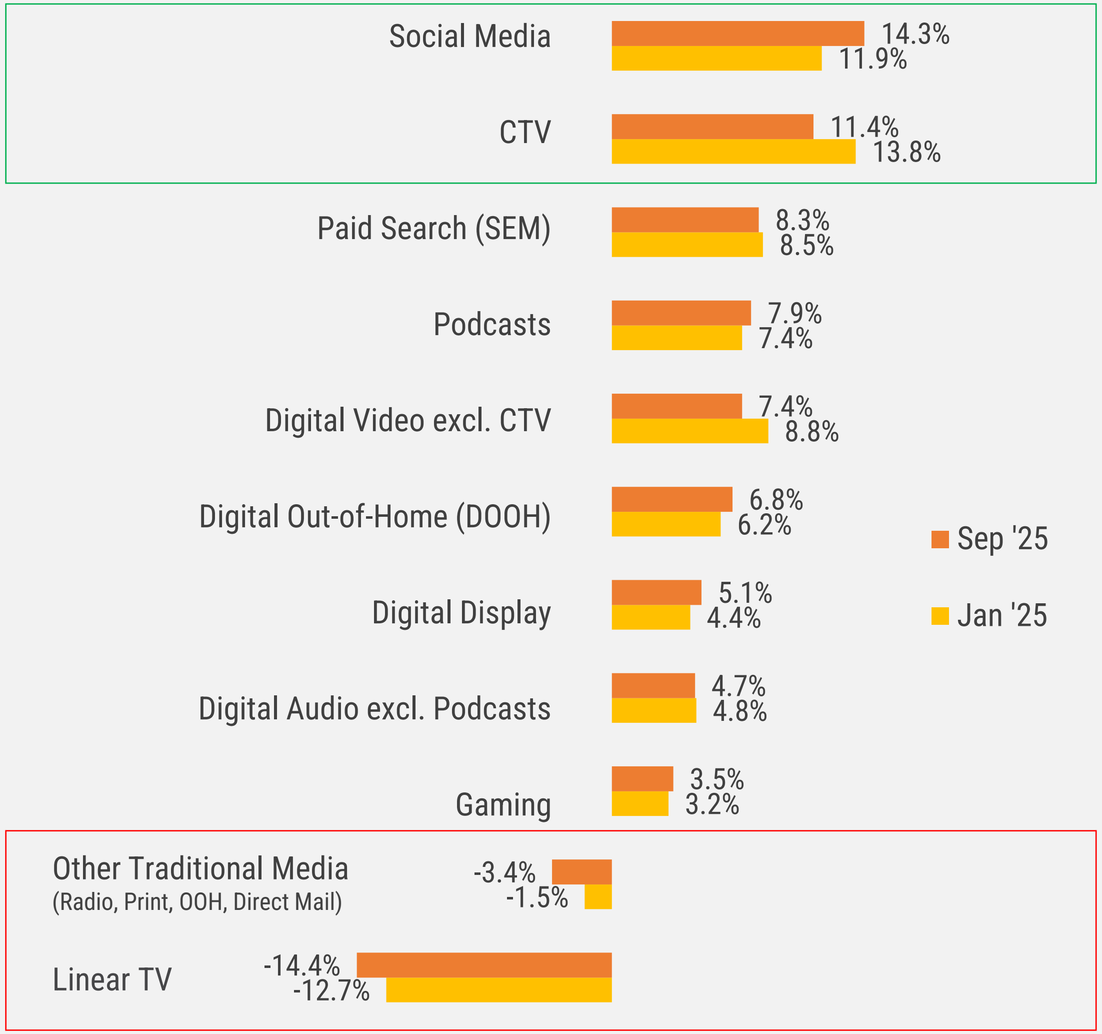
Though strong, slight pullbacks in **CTV** and **OLV** vs. previous projections are driven by small-to-medium ad spenders tightening budgets (data not shown).

Social's growth vs. previous projection is fueled by medium-to-large ad spenders drawn to its flexibility (data not shown).

With buyers focused on bottom-funnel outcomes and measurement, **Linear TV** and **traditional media** will continue to see steeper declines.

% CHANGE U.S. AD SPEND 2025 vs. 2024, BY CHANNEL

(Jan '25 vs. Sep '25 Projection)

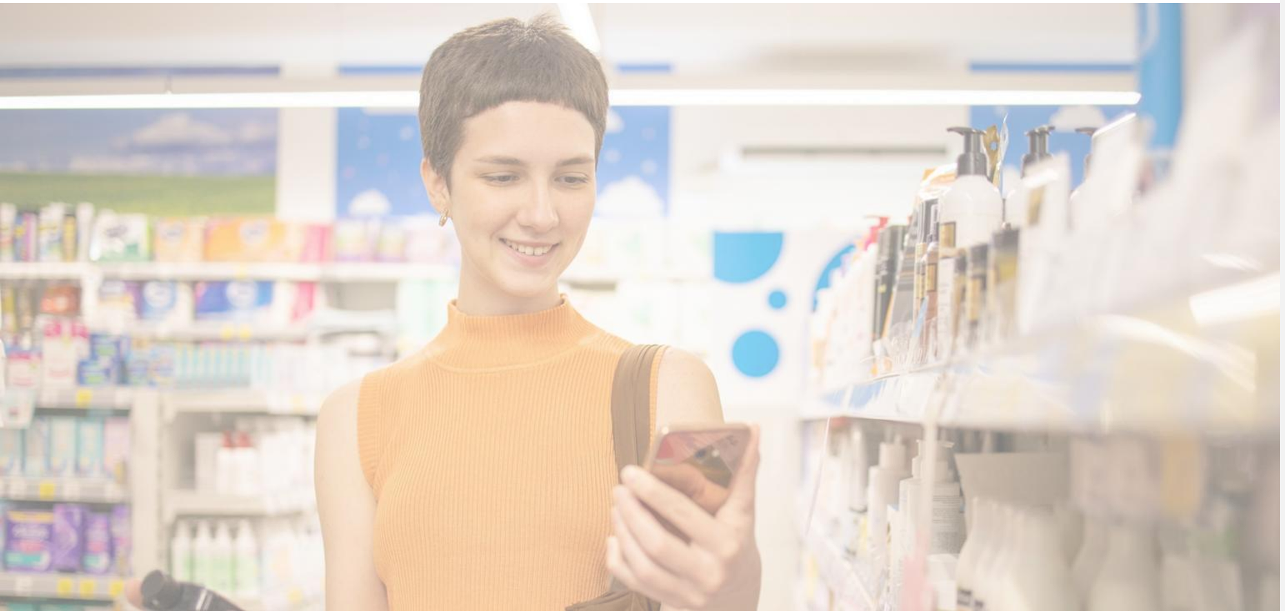


Small-to-medium buyers spend <$50M annually; Medium-to-large buyers spend >$10M annually
n=floating base
Q: Please provide your estimated percent change (+/- %) in projected total media spend for FULL YEAR 2025 (Jan to Dec) compared to FULL YEAR 2024 actuals BY CHANNEL.

Although commerce media remains one of the fastest-growing channels, its growth is continuing to decelerate

Commerce media is still expected to grow at a double-digit pace (+13.2%) in 2025, more than twice the overall ad spend rate, but nearly half of 2024's +25.1%.

The channel **continues to face challenges** with ecosystem fragmentation, limited and inconsistent measurement, and difficulties in proving incrementality—all of which are dampening broader adoption.*



% CHANGE U.S. AD SPEND 2025 vs. 2024 COMMERCE MEDIA AD SPEND

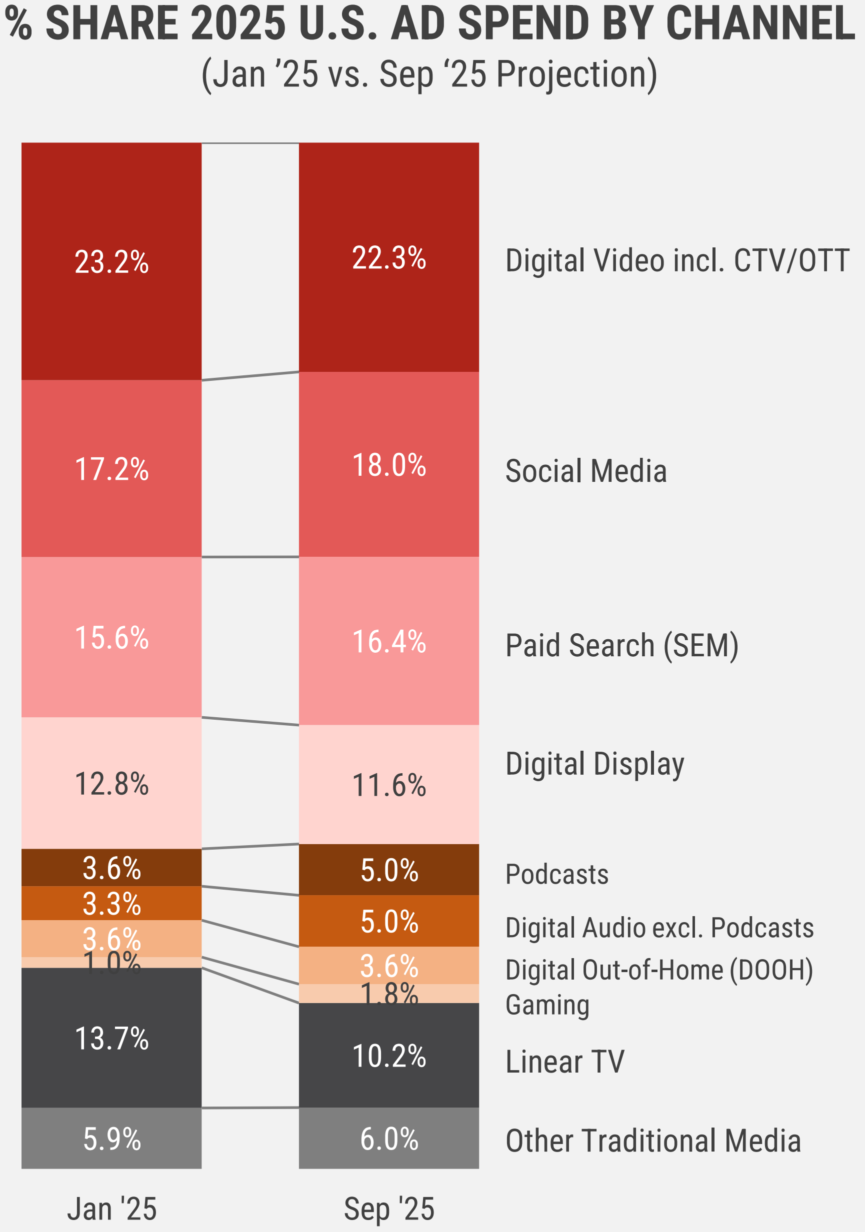
(Jan '25 vs. Sep '25 Projection)

(Spend driven primarily by CPG/Beauty)

+15.6%	+13.2%
January 2025	September 2025

Sep '25, n=128; Jan '25, n=107
**AdExchanger, September 2025; Digiday, July 2025; Adweek, June 2025; Skai, March 2025*
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

With Linear TV ad spend declining, its share of budgets is projected to shrink, while digital channels hold or gain share



Sep '25: n=204; Jan '25: n=200
Q: Please provide your estimated PERCENT SHARE BY CHANNEL in projected media spend for FULL YEAR 2025 (Jan to Dec).

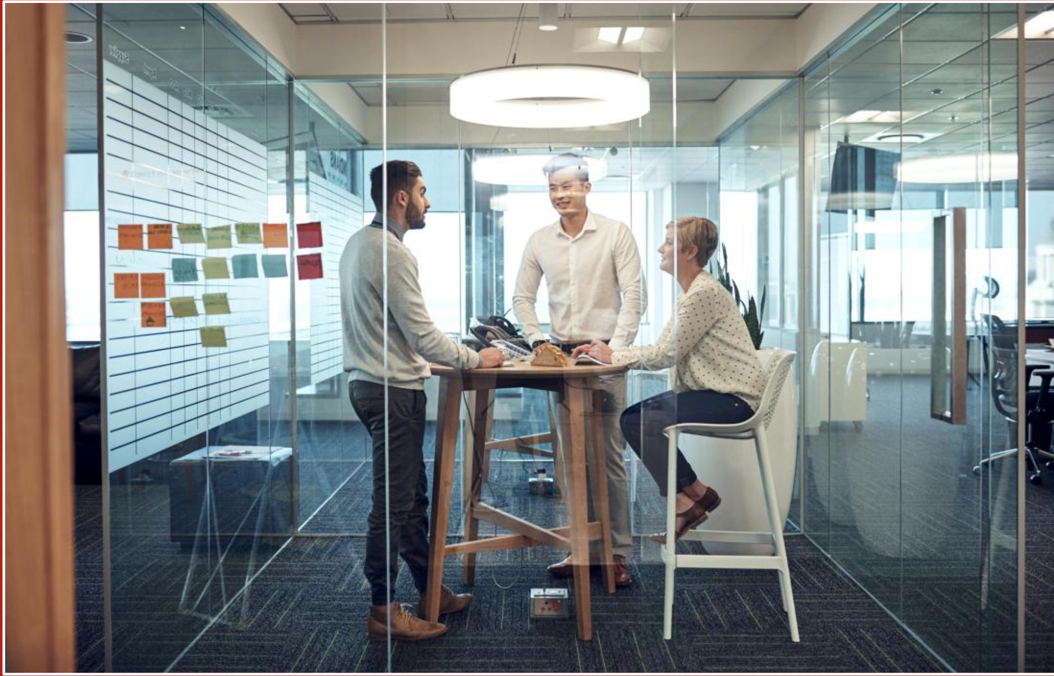
Recap & What's Next

U.S. advertising spend forecasts for 2025 have been tempered, with growth projections revised down 1.6 points to +5.7% amid mounting economic uncertainties. The shadow of imposed/proposed tariffs looms large, with nearly all buyers expressing concern about their impact on advertising budgets, particularly in vulnerable sectors like automotive, retail, and consumer electronics.

As brands navigate these choppy waters, "macroeconomic headwinds" and "changing consumer behavior" have emerged as the top challenges through year-end. This environment is driving a strategic shift toward bottom-funnel tactics focused on customer acquisition and repeat purchases, with heavy investment in performance-driven channels like social media and CTV.

What to Watch: Monitor how tariff discussions evolve and their effects on trade-sensitive industries. Expect intensified focus on measurable ROI as economic pressures mount, while the performance vs. traditional media divide widens.

04 Appendix



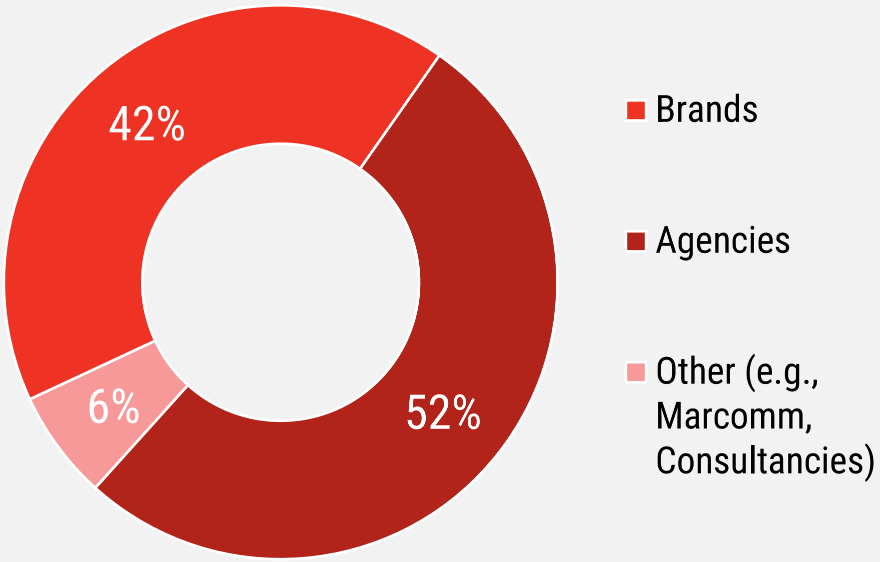
Methodology and Respondent Profile

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

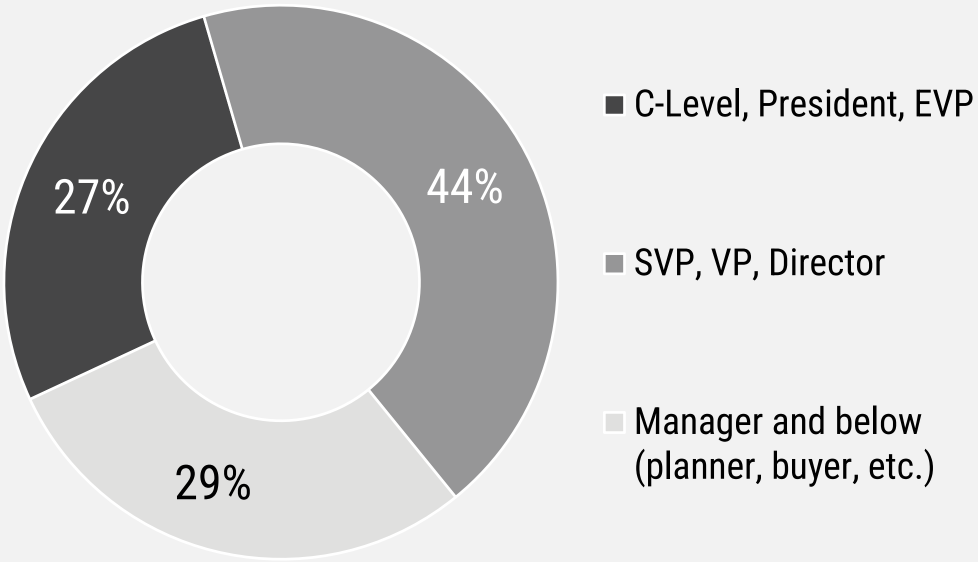
Field dates: 7/29/25-8/28/25

n=204

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.

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