

January 2024

2024 Advertising Outlook Report

Key insights on marketing trends that will impact the coming year, with data gathered from 1,000+ leading marketing industry professionals.



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Introduction

Thank you for reading Mediaocean's 2024 Advertising Outlook Report. These insights reflect input from more than 1,000 customers and partners, focused on key consumer and technology trends along with 2024 projected media investments. We primarily surveyed marketers and agencies, but also included perspectives from media companies, measurement firms, tech platforms, and other industry cohorts. This is the fifth in our series of biannual market reports, with the first published at the end of 2021. The most recent data points used in this research are based on surveys conducted in November 2023.



Foreword by Joanna O'Connell

We continue to weather uncertain storms as a global community, but there is light. While geopolitical strife and conflict continue to cast massive shadows, the COVID-19 pandemic has waned and the economic picture around the world shows signs of potential stabilization.

So, is cautious optimism warranted?

Certainly, we see confidence reflected in respondents' media investment expectations: they report plans to increase funding in a whole range of digital media channels with CTV, digital display/video, social, and search as standouts. Notably, this optimistic view is not new—the last three years of survey data reflect a very similar pattern. Why? For my part, I think several things are at play but fundamentally, to work in this business is to BELIEVE in this business—advertisers and agency professionals intrinsically understand the value of advertising in shaping consumer perception and behavior. Perhaps this is also why we see brand advertising given such weight in respondents' minds: now, nearly 50% of them note that investing in brand advertising is critical (topped, importantly, only by performance media and measurement/attribution), a number that's also been on an upward trajectory for several surveys in a row.

The overarching story I see reflected in these data points is one worth belaboring a bit as we begin a new year. The media community understands the intrinsic relationship among these things; if we over-rotate to short-term performance-oriented activities, we risk minimizing the longer-term benefits of investing in brand.



Foreword (cont.)

But effective measurement is fundamental to making strategic investment decisions, in the day to day and over time. So as global head- and tailwinds ebb and flow, long-term thinking is paramount. (I say this also seeing in the data that media and creative remain far too disconnected—this is a gaping hole, strategically and tactically.)

Speaking of optimism, if 2023 will be remembered as the year that we all learned about this newfangled thing called “ChatGPT”, 2024 will surely be known as the one where the technology truly went mainstream. It took just one year (Nov 2022 to Nov 2023) for the tool to grow from zero to more than 100MM active monthly users. And, according to parent company OpenAI, a staggering 90%+ of Fortune 500 companies are building on its products. This very real shift from theoretical to practical usage of Gen AI is evident in this latest round of data: while the Metaverse was the topic du jour in 2022 (34% of respondents called it out as the “most important consumer trend”), in this latest survey that percentage is down to just 16%. Gen AI, by contrast, captured 57% of respondents’ attention.

And while the use cases are near-infinite, respondents are moving cautiously when it comes to business applications—data analysis and market research top the list while other seemingly popular use cases like copywriting and image generation, much less so. Given the myriad open issues with Gen AI use—copyright questions, model opacity/transparency concerns, potential bias issues and more—this feels appropriate, at least today. In the absence of clarity, it’s incumbent upon employers to help guide their employees—through clear governance on when, how, and within what set of guidelines—they can most effectively and responsibly harness Gen AI applications at work.

For my part, I’m approaching this new year with optimism and curiosity—for the exploration we’ll continue to do as an industry, for the new questions we’ll ask, and for the progress we’ll make to ensure that advertising creates value for everyone it touches.

Joanna O’Connell

Research Analyst





Macro ad spend trends reflect industry optimism

In the dynamic world of advertising, understanding broader trends that dictate ad spend is crucial for informed decision-making. Our research indicates a wave of optimism sweeping across the industry heading into 2024.

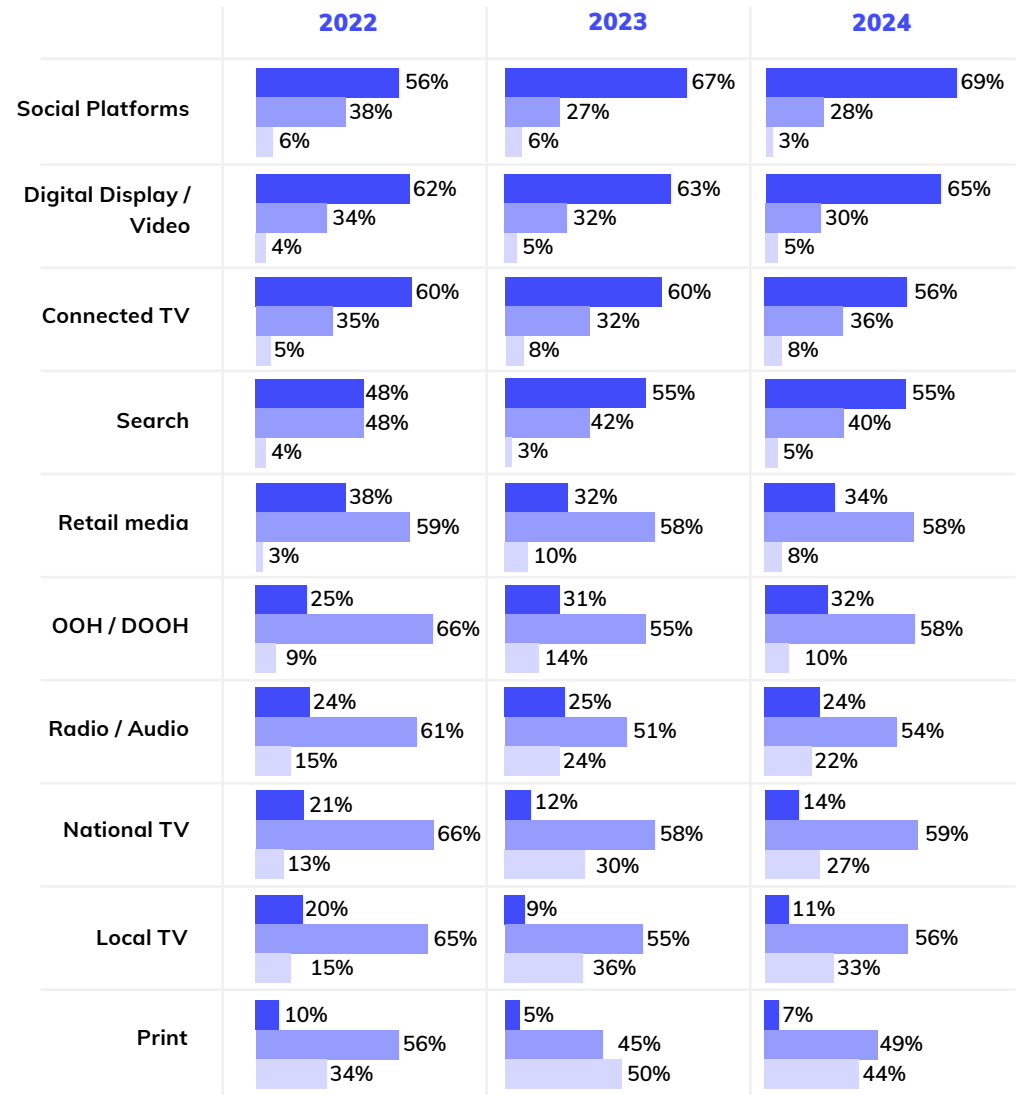
Marketers are gearing up for an active year ahead, with a substantial majority expressing their intent to either maintain or increase their spending in every channel. The only channels with more respondents indicating they are decreasing investment compared to increasing are Print and TV. Clearly this is a commitment among the advertising community to a diverse mix of media channels, and we've seen a focus on omnichannel execution emerge over the past few years.

While every channel holds its own significance, certain platforms are poised for exceptional growth in the coming year. Unsurprisingly, social media, digital display/video, and connected TV (CTV) emerge as the frontrunners, seeing a continued surge in investment that mirrors consumer engagement and time spent.

In 2024, 69% of survey-takers are planning to increase social media spending, 65% for digital display/video, and 56% for CTV in 2024. Meanwhile, the number of marketers maintaining their investments in these channels are 28%, 30%, and 36% respectively.

For each media channel below, do you expect to increase, decrease, or maintain your spend for the coming year?

● Increase ● Maintain ● Decrease



Source: Mediaocean 2024 Market Outlook Report
Methodology: Survey of 1,000+ marketing professionals conducted through TechValidate in November, 2023



Focus on AI comes at expense of Metaverse

In our October 2022 survey, when we first asked about the most important consumer trends, 34% cited the Metaverse. In April of 2023, we asked the same question and only 20% answered the Metaverse. As of our recent survey, the Metaverse is down to 16%.

Generative AI wasn't an option in our 2022 survey as it was not on anyone's radar as a top consumer trend. But it was the most popular answer in our latest survey, with 57% of respondents calling it out. It's clear that the rise of ChatGPT and other apps built on large language models have caught the fancy of marketers and resource allocation has followed. In turn, the focus of companies like Meta that were investing heavily in the Metaverse have shifted to AI.

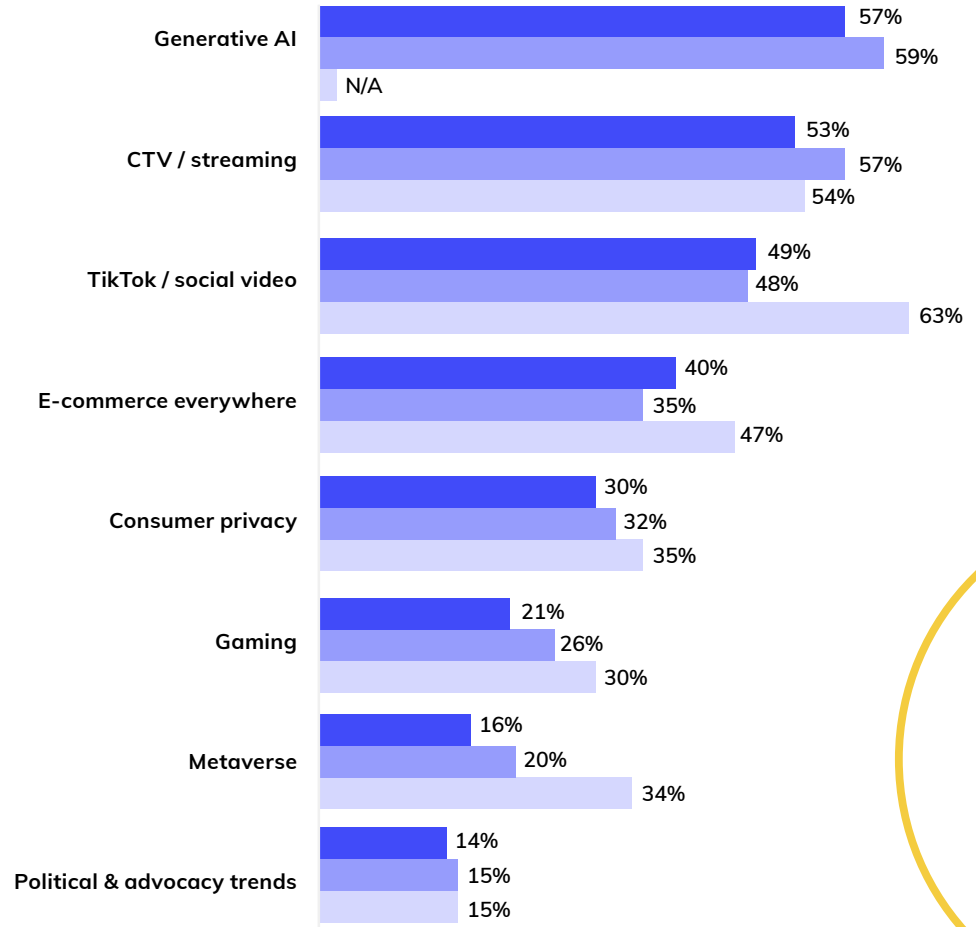
While the survey metrics suggest a declining interest in the Metaverse, new innovations and use cases abound. Mark Zuckerberg and Lex Fridman, for instance, recorded an entire podcast using photorealistic Kodak avatars, showcasing the creative potential of Metaverse technology. For that matter, the Meta Quest 2 remains a powerful platform for VR, while Apple's Vision Pro headset seamlessly blends the digital and physical realms.

As we move forward, let's heed the lessons of our survey's journey—a tale of trends, shifts, and the enduring quest for consumer engagement. The metaverse may be down, but it's certainly not out. And, as for Gen AI, if 2023 was the year it emerged, 2024 will be the year it breaks out.



What are the most important consumer trends you're watching for the coming year? (Select all that apply)

● November 2023 ● May 2023 ● October 2022



Source: Mediaocean 2024 Market Outlook Report
Methodology: Survey of 1,000+ marketing professionals conducted through TechValidate in November, 2023

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Current applications of AI focus on research and analytics over content generation

In a strategic pivot, we adapted our approach to AI questioning, transitioning from potential use cases to the practical, day-to-day applications that businesses and individuals are currently embracing. The results are illuminating, showcasing a shift in focus that mirrors the evolving landscape of AI utilization.

Our previous survey in April 2023 underscored the high expectations surrounding AI's potential in content generation, with 59% and 39% of respondents eyeing copywriting and image generation as key areas. However, reality paints a different picture. In the current AI landscape, data analysis and market research have surged to the forefront, claiming 39% and 35% of the spotlight, while copywriting and image generation have experienced a decline, landing at 26% and 16% respectively.

The intriguing shift in AI applications, particularly regarding content generation, brings us face-to-face with the notorious say/do gap. This gap exposes the disparities between the claims made by developers or providers about the capabilities of AI-generated content and the actual performance and impact of these systems—at least in a marketing context.

AI, despite its prowess, struggles with understanding context and tone, impacting the quality of generated content. Instances of misinterpreted context, inappropriate tone, or cultural insensitivity underscore the limitations for advertising. Further, the output of AI-generated content also lacks the nuanced creativity and emotional depth characteristic of human-created content.

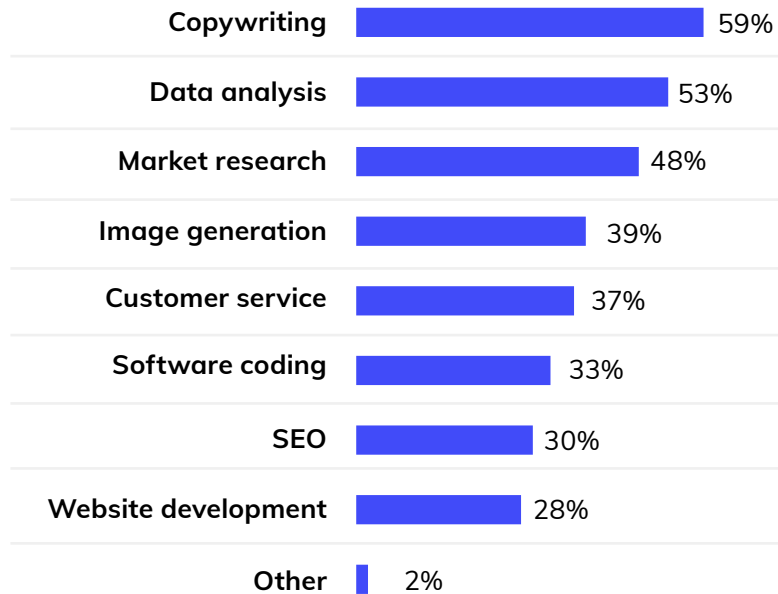
Recognizing the challenges posed by the say/do gap, OpenAI has taken a proactive step. Enter custom GPTs, a groundbreaking solution that allows users to tailor these powerful tools to their specific use cases and needs. This strategic move aims to bridge the gap and, over time, eliminate the discrepancies between what is promised and what is delivered in the realm of AI.

The journey to bridge the AI divide has begun, and the destination holds the promise of more accurate, context-aware, and creatively rich AI-generated content.



In which areas do you see the biggest potential with Generative AI in marketing? (Select all that apply)

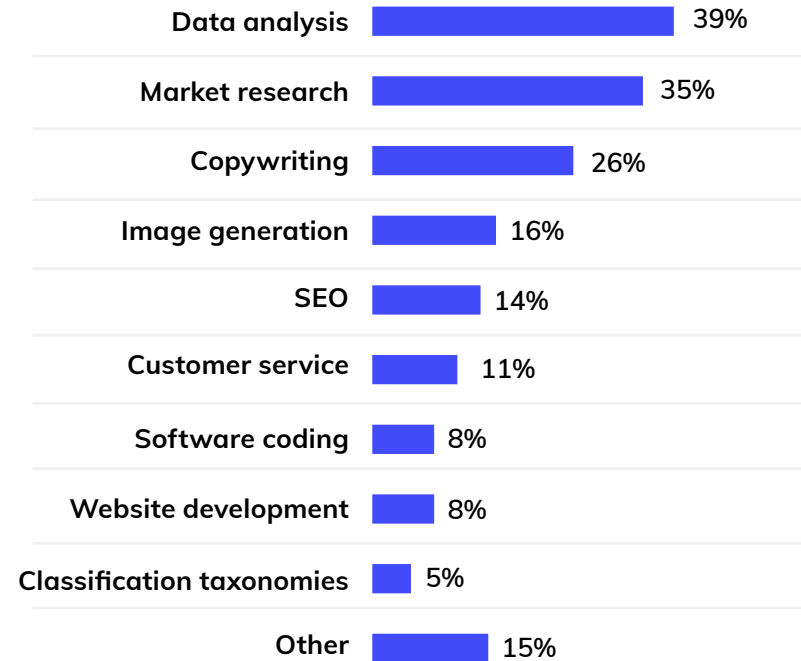
April 2023



Source: Mediaocean 2024 Market Outlook Report
Methodology: Survey of 1,000+ marketing professionals conducted through TechValidate in November, 2023

How are you currently using Generative AI in your marketing? (Select all that apply)

November 2023



Source: Mediaocean 2024 Market Outlook Report
Methodology: Survey of 1,000+ marketing professionals conducted through TechValidate in November, 2023



Brand advertising investment continues to accelerate

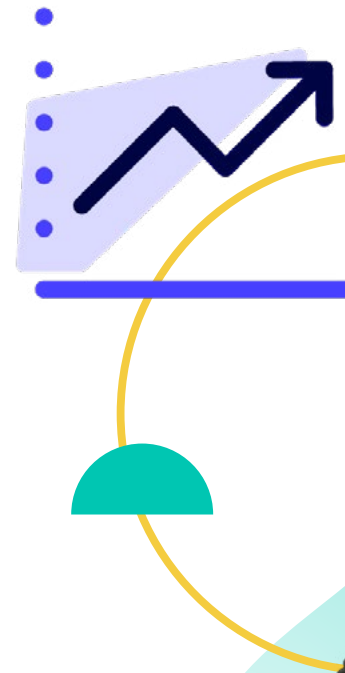
While performance-driven paid media continues to hold its ground as the most critical investment, a focus on brand advertising has steadily intensified over the past three surveys, painting a compelling narrative of shifting priorities.

In October 2022, our research showed that 36% of participants considered brand advertising a critical area of investment. By May 2023, this figure had risen to 42%, and in our most recent survey, nearly 50% now view brand advertising as an indispensable component of their advertising capabilities and media investments.

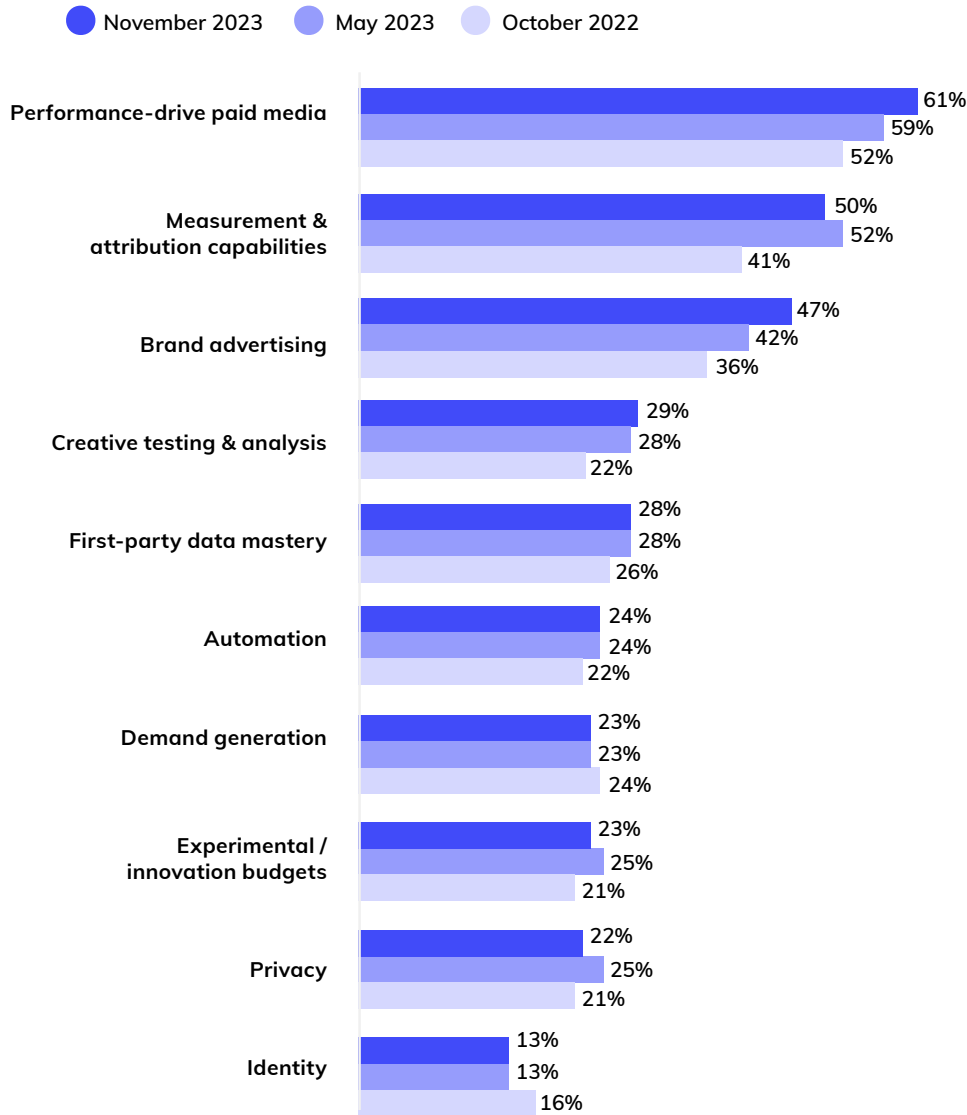
This surge in the importance of brand advertising aligns seamlessly with the positive outlook highlighted in our earlier insight. As the global economy rebounds post-COVID, brand advertising budgets are experiencing a resurgence, reflecting a renewed confidence in the market. Seasoned marketers understand that investing in the brand isn't just a short-term tactic; it's a strategic move for the long-term health of the business.

Across our surveys, participants consistently underscored the pivotal importance of measurement, with 52% expressing a belief that measurement and attribution stand as critical investments for 2024. Moreover, 43% of those surveyed are most concerned with the decline in their ability to measure the effectiveness of campaigns on tech platforms and the open web.

This signals the continued need for innovative solutions and improvements in advanced analytics, AI-powered attribution models, and omnichannel measurement solutions. These hold the promise of providing advertisers with the insights needed to bridge the gap between brand impact and tangible results.

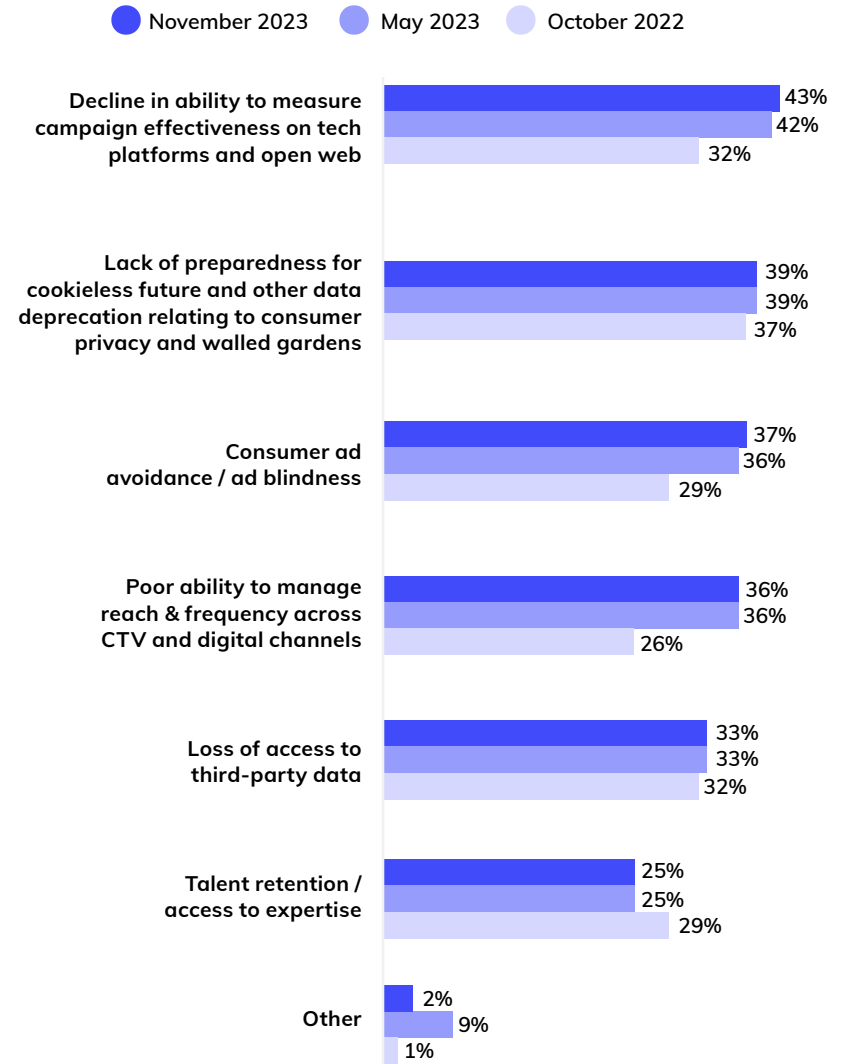


Given current macroeconomic conditions, which advertising capabilities and media investments are most critical? (Select all that apply)



Source: Mediaocean 2024 Market Outlook Report
Methodology: Survey of 1,000+ marketing professionals conducted through TechValidate in November, 2023

What are your largest areas of concern in your media and marketing initiatives? (Select all that apply)



Source: Mediaocean 2024 Market Outlook Report
Methodology: Survey of 1,000+ marketing professionals conducted through TechValidate in November, 2023

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The creative-media gap persists

In our research, 89% of respondents said they did not have fully synchronized media and creative processes and technologies. This aligns with a separate [September 2023 survey](#) of 100 marketers in which 85% reported a gap between creative and media execution.

This “creative-media” gap is caused by our industry over-indexing on media at the expense of creative, and its impact is enormous—especially in a world where consumers respond to and reward customized experiences. Solving this gap represents the largest growth opportunity for brands.

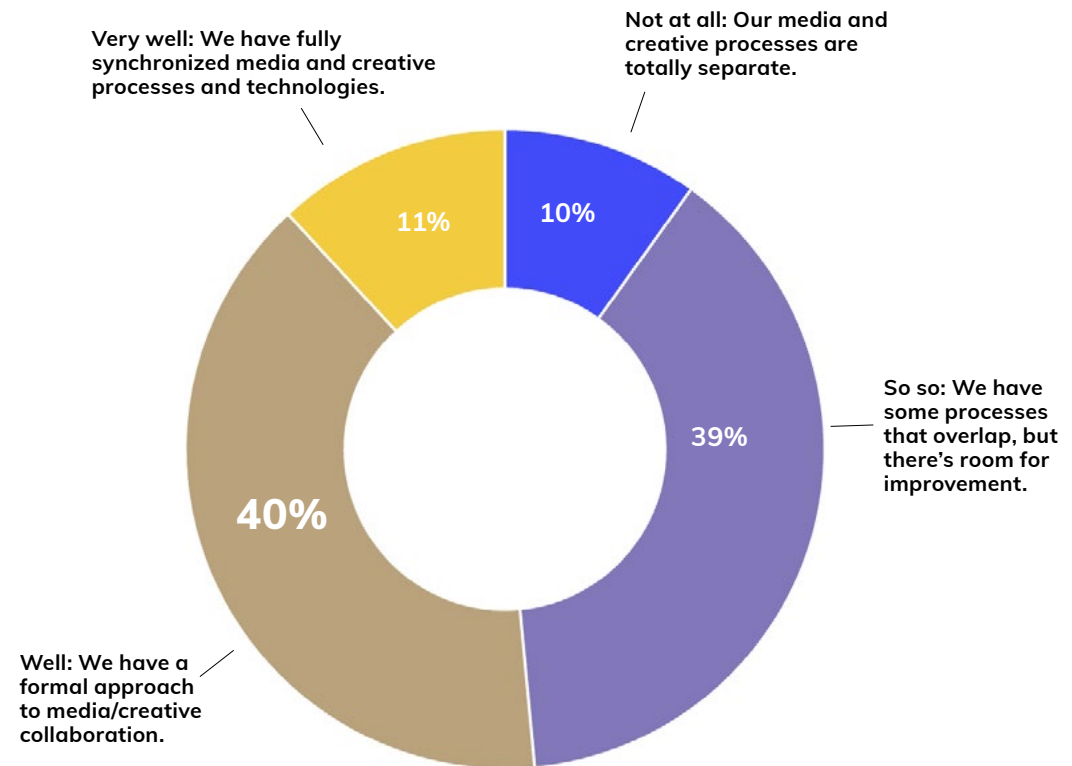
Today’s creative-media gap manifests itself in three distinct ways. First, siloed teams, process, and technology, creating inefficiencies with escalating costs and slow go-to-market. Second, repetitive and irrelevant messaging, numbing consumers and reducing their responsiveness. Third, the lack of creative intelligence, creating hurdles in learning what content resonates.

Addressing these gaps requires the implementation of independent ad tech platforms specifically designed for enhancing creative relevance and activation across diverse digital marketing channels. Essential to this solution are tools dedicated to providing a unified, omnichannel workflow supported by a consistent toolkit.

The ability to activate campaigns consistently across various devices, formats, and ecosystems is pivotal. A comprehensive Creative Ad Tech stack that seamlessly integrates with current platforms and collaborates with partners across both creative and media realms empowers teams to effectively bridge the existing creative-media gap.



How well synchronized are your media and creative efforts?



Source: Mediaocean 2024 Market Outlook Report
Methodology: Survey of 1,000+ marketing professionals conducted through TechValidate in November, 2023

Conclusion

2024 is shaping up to be a year of innovation and creativity.

Despite macroeconomic headwinds holding over from 2023, optimism pervades the advertising industry. Marketers are gearing up for an active year, expressing their intent to maintain or increase spending in every channel.

Generative AI, particularly ChatGPT, has captured everyone's attention, leading to a shift in focus and resource allocation. 2024 promises to be the year that AI moves from speculative use cases to practical, day-to-day application—particularly in the areas of data analysis and market research.

While direct-response campaign performance remains a top priority for marketers tasked with delivering tangible ROI, brand advertising is gaining momentum as companies take a longer-view approach to driving customer loyalty and lifetime value.

From an operational standpoint, a prevalent gap between creative and media execution persists, negatively impacting team workflow, messaging relevance, and market intelligence. Solving this gap emerges as the largest growth opportunity for brands in a year that will be marked by data deprecation, antitrust regulation, and privacy protection. This sets the stage for substantial progress, benefiting all stakeholders in the upcoming year.

Methodology

This survey was conducted via TechValidate in November 2023 and contains data from 1,085 respondents representing brands, agencies, media companies, measurement firms, tech platforms, and other marketing industry constituents.

About Mediaocean

Mediaocean is powering the future of the advertising ecosystem through technology solutions that empower brands and agencies to deliver impactful omnichannel marketing experiences. With over \$200 billion in annualized spend managed through its software, Mediaocean uses AI and machine learning to control media investments, optimize creative assets, and improve business outcomes. The company's advertising infrastructure and ad tech tools are used by more than 100,000 people globally for everything from planning, buying, ad serving, and creative personalization to campaign analysis, optimization, invoices, and payments. Visit www.mediaocean.com for more information.



About Flashtalking

Flashtalking unleashes the power of creative to make media work better. As the leading independent ad tech platform for personalization and intelligence across marketing channels, Flashtalking bridges the gap between creative and media. Flashtalking's solutions operate at scale across CTV, Video, Display, Social, Native, Audio, and Retail Media, and integrate with existing technology stacks to optimize campaigns through DSPs, DAMs, ad servers, verification providers, measurement tools, and more. As part of Mediaocean, Flashtalking is tied into the ad industry's core system of record for planning, buying, and billing. Visit www.flashtalking.com for more information.

