# The future of advertising: navigating an era of AI and digital transformation



Current trends indicate that the landscape of advertising is on the verge of transformation as businesses adapt to an era dominated by artificial intelligence (AI) and automation. Leaders in the advertising industry have shared insights predicting that expenditure on advertising in the UK will continue to rise amid these advancements, with growth forecasts varying from 5.7% to 8.4% for 2025.

In recent discussions, Vincent Letang, Executive Vice-President at IPG Mediabrands, and Richard Oliver, Managing Director at IPG, addressed the stabilisation of revenues for traditional media following a decline in 2023 and observed that digital platforms are increasingly attracting advertiser investments. They noted that while advertisers have faced challenges, particularly in the retail and hospitality sectors, growth prospects for traditional media companies remain steady thanks in part to digital advertising formats, particularly streaming media. They highlighted a forecast indicating that digital pure players are set to see ad sales grow around 13.5%, reaching £35.7 billion.

Additionally, the emergence of retail media as a significant channel is capturing attention, particularly as brands look to optimise their marketing budgets. Steve Bignell, Chief Executive of PMX UK, underscored the necessity for adaptability in the face of global challenges, suggesting that the evolving advertising landscape requires a strategic focus on identity-based marketing and data utilisation to support advertising efforts effectively.

The advent of AI technologies is anticipated to reshape marketing strategies across businesses. Will Swayne, President of Media for Dentsu, pointed out that marketing budgets are expected to rise globally, with a staggering 90% of Chief Marketing Officers (CMOs) believing this growth is feasible within the next year. Swayne predicts that within five years, a substantial portion of companies’ revenues will derive from products and services that do not currently exist, reinforcing the need for brands to be innovative.

Against this backdrop, Comcast is making strides to attract advertisers through its new ad sales platform, Universal Ads, designed to convert performance marketers into long-term brand builders. The platform, which aggregates ad inventory across major networks like NBCUniversal and Paramount, aims to tap into a previously overlooked market of digital-native companies seeking to expand their reach and audience through premium video advertising. James Rooke, Comcast President, remarked on the initiative's potential, stating that it aims to "unlock that [latent] demand" from thousands of advertisers who have not previously engaged with TV advertising.

Though digital marketing channels, particularly paid social media, remain crucial components of direct-to-consumer (DTC) advertising, market conditions are prompting a shift in strategy. Rising costs and a saturated market have raised concerns among advertisers about diminishing returns from these platforms. Industry professionals, including Katy Geisreiter from Media by Mother, expressed that traditional channels like TV and Connected TV (CTV) may offer more effective solutions for brands looking to diversify their advertising strategies.

As streaming services and digital advertising continue to accelerate, there are indications that the competitive landscape among digital platforms is intensifying. Kate Scott-Dawkins from Group M highlighted the significant growth of streaming TV, forecasting that this sector could grow by as much as 19.8% in 2025. This convergence of traditional and digital formats creates a new paradigm for brands working to effectively navigate advertising in an increasingly algorithm-driven marketplace.

The advertising industry stands at a crossroads, with technological advancements catalysing a movement toward greater efficiency and effectiveness. As brands reassess their advertising strategies in light of these trends, the importance of robust measurement techniques and modern attribution methods becomes paramount in ensuring that marketing investments yield tangible results. The challenges faced by performance marketers will demand continued innovation and a recalibration of traditional approaches to media planning and execution as they seek to adapt to this evolving landscape.

Source: [Noah Wire Services](https://www.noahwire.com)

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