# Meta faces backlash as automated ad system drains budgets with little payoff

Article

**The news:** Advertisers aren't happy with **Meta**'s automated ad system.

- Meta's AI-powered **Advantage+ Shopping Campaign** tool is under fire from advertisers who say that it inflates their costs by as much as 10x, per Ars Technica.

- The AI software automates the ad-buying process by setting up ads and spending companies' ad budgets with little human intervention. Yet customers say it devours daily ad budgets within hours and delivers few to no revenues in return.

- Some small businesses say their entire ad budgets have been wiped out by the system.

- A Meta spokesperson said that technical issues behind the automated ad spending spree were fixed, but advertisers are still complaining.

  **Meta's bigger picture:** The social media giant's ad-revenue performance has been robust this year, but there's growing concern about its AI investments.

- Its Q1 earnings beat estimates due to its ad performance, but the company lost $200 billion in market cap Wednesday due to spending billions on AI investments with sparse monetization plans for the technology.

- Meta is focusing on developing open-source AI models and weaving AI into its products and services, including its ad platform. Yet such moves don't generate direct revenues from the technology.

- Instead, Meta derives 98% of its revenues from digital advertising, per CNBC, which is precisely why its ad tools need to live up to promises.

- While it's expected that a bespoke automated ad tool would lean toward the liberal side on campaign spending, **exhausting entire ad budgets with nothing shown for it isn't a sustainable business strategy**.

- Exacerbating issues is that advertisers have been complaining about general glitchiness with Advantage+ but are experiencing difficulties getting issues addressed due to layoffs in Meta's customer service department.

  **An agent of whom?** The AI revolution promises cost-saving productivity gains, but the outcome is far from inevitable.

- Meta's automated ad system is one of many emerging AI tools that are supposed to increase efficiency and free up time and resources.

- The next phase of the generative AI (genAI) revolution is the proliferation of AI agents that take actions on behalf of people, such as spending money. **Meta's AI gives a hint that humans might not always be happy with these decisions.**

- The problem doesn't solely lie with AI's capabilities. Tech companies with their own interests build the tools that may or may not behave in line with consumer interests.

**Meta vs. Snap Artificial Intelligence (AI) Agent Ad Revenues Worldwide, 2023-2025**
*millions*

| Year | Meta | Snap |
|------|------|------|
| 2023 | $59 | |
| 2024 | $800 | $234 |
| 2025 | $6,670 | $686 |
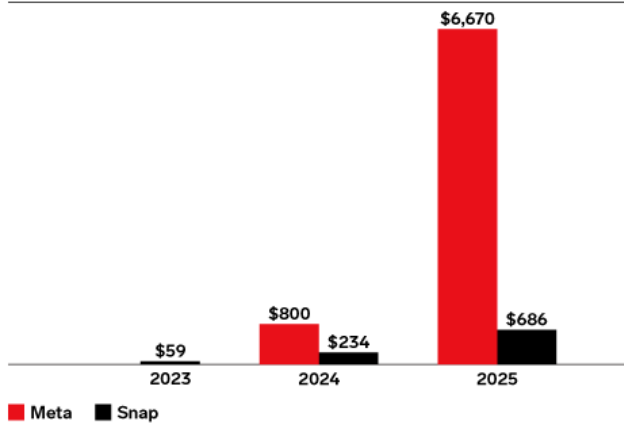
■ Meta  ■ Snap

*Source: New Street Research, "META & SNAP: How Much Ad Revenue Could Consumer AI Agents Generate?" cited by MediaPost, Jan 5, 2024*

284392                                    Insider Intelligence | eMarketer

**INSIDER INTELLIGENCE** | **eMarketer**