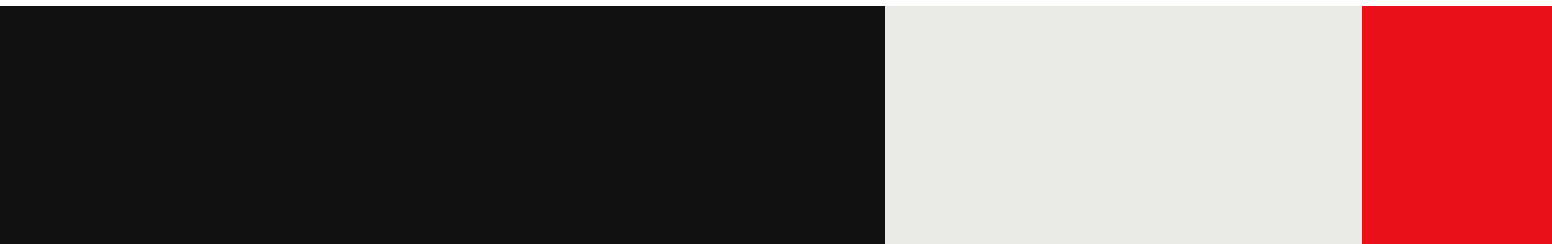



4 factors supercharging ad spend the rest of 2024

Article



Consumers may be concerned about the economy, but the outlook is good for ad spend in the final months of 2024. The share of advertisers concerned about a slowing US economy dropped 11 percentage points (from 49% to 38%) between November 2023 and August 2024, according to the Interactive Advertising Bureau (IAB). [Retail media](#)'s popularity, an influx of value-based messaging, high political ad spend, and [connected TV \(CTV\)](#) monetization will boost the ad industry the rest of 2024.

Ad spend forecasts look healthier now than in late 2023 and earlier this year. The IAB projects a US ad spend increase of 11.8%, up from 9.5% in November 2023.

Retail media networks are leading other digital ad platforms in ad share, according to Madison and Wall.

- The IAB revised its retail media ad spend growth forecast from 21.8% in November 2023 to 25.1% in August 2024 due to high consumer packaged goods (CPG) and beauty spend.
- Retail media networks can position themselves as an attractive solution for both concerns due to their rich first-party data and growing off-site partnerships.

Consumers are prioritizing value, especially CPGs As a result, brands are heavily advertising to capture cost-conscious consumers' wallets, boosting ad spend.

- “There is stress in particular at the low end of the income scale in North America, but also in select other geographies. And so, people are value-seeking. And hence, promotional intensity has been particularly strong,” Nestlé CEO Mark Schneider said on a conference call.
- The battle with private label brands is also boosting ad spend. “Private label brands continue to make inroads in the market as price-sensitive consumers have become exhausted with high prices driven by inflation,” said our analyst Oscar Orozco.

Political ad spend will be a major contributor.

- We forecast US political ad spend will reach \$12.15 billion this year, or 3.1% of total media ad spend. While that share isn't high, much of it will be focused around Q4's presidential election.
- Political ad spend and the Olympics have given linear TV a boost, according to the IAB.

CTV will be a benefactor of political ad spend.

- Platforms are expanding ad inventory to grab a share of the \$28.75 billion in US ad spend CTV will see in 2024, per our forecast.
- YouTube and smaller, non-Netflix platforms have demonstrated their success with advertisers.

One wildcard factor that could boost ad spend during the rest of 2024 is AI in search.

Microsoft had a very strong Q2, Google touted AI enhancements in search as a major revenue driver, and Amazon is adding ads to Rufus. This corner of the ad industry is still nascent, but it could be yet another contributor to a strong Q4 for advertising.

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