

The Big Four's mixed Q3 reflects digital advertising uncertainties

Article

The news: Ad agencies turned in **uneven third-quarter results**, reflecting an environment shaped by economic uncertainty and challenges in China, as well as client wins.

- Among the Big Four agencies, **Omnicom Group's** and **Publicis Groupe's** revenues grew 6.5% and 5.8%, respectively. **WPP Group's** revenues rose a more tepid 0.5%, while **Interpublic's**

revenues fell about 2%.

- Publicis raised its full-year revenue growth forecast to 5.5% from 5%. Omnicom kept its 4% to 5% outlook, and WPP said 2024 revenues could drop as much as 1%. Interpublic expects organic revenue growth of about 1%, toward the lower range of a prior outlook.

Puts and takes: The ad agencies have been paring costs and [adopting AI to improve campaigns](#) and provide efficiencies for their clients. But the companies said the economy's trajectory was a major wildcard. Omnicom told analysts that the US presidential election was a "significant market uncertainty," and WPP cited "continuing macroeconomic pressures."

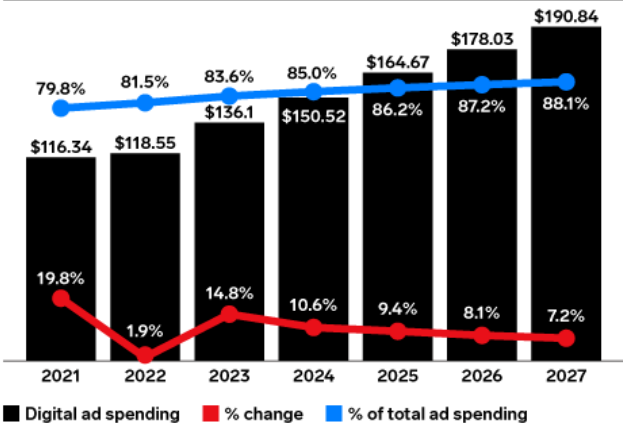
- Omnicom, parent of **BBDO** and **DDB Worldwide**, benefited from ad spending for the [Paris Olympics](#) and the [US presidential election](#). It also highlighted winning **Amazon's** media account in the Americas.
- WPP, parent of **GroupM**, **Ogilvy**, and **VML**, cited business wins including Amazon's media account outside the Americas but said China remained a difficult market: An October 2023 bribery scandal in Shanghai led to the arrest of a GroupM executive and caused client relationships to break down.
- Meanwhile, Publicis CEO **Arthur Sadoun** said the company's China segment grew 12.4%, outpacing the US and Europe. Publicis has expanded beyond traditional advertising with acquisitions in data tech and more recently [influencer marketing](#), boosting its capabilities and helping it outperform.
- Interpublic, whose brands include **Weber Shandwick**, **Golin**, and **McCann**, cited strength in food and consumer goods but weakness in transportation and technology due to 2023 account losses.

Our take: The Big Four firms' Q3 reports and cautious outlooks for the current quarter reflect the uncertain state of digital advertising.

- The neck-and-neck US presidential race means the immediate future of the ad industry is up in the air. Regulators under the Biden administration have called for new, [intense regulation of the digital ad space](#), but unclear antitrust agendas from both candidates throw a wrench into those plans.
- Uncertainty surrounding tariffs is also contributing to inconsistent results from China. Donald Trump has proposed tariffs as high as 20% on goods from China, which could cause **Temu** and

Shein—two of Meta and Google’s top ad spenders—to significantly reduce their US ad budgets.

Digital Ad Spending in China, 2021-2027
billions, % change, and % of total ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; excludes Hong Kong
Source: eMarketer, March 2023