

# Beyond the Buzzword

## The impact of AI on advertising

How brands and agencies are using AI to optimize advertising



**mntn**



**adexchanger**

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# Introduction

## Beyond the Buzzword—The Impact of AI on Advertising

### How brands and agencies are using AI to optimize digital advertising

MNTN and AdExchanger developed this study to understand how top brands and agencies are using Artificial Intelligence/Machine Learning (AI) to improve all aspects of their advertising programs. The goal is to go beyond the buzzword and uncover insights on AI usage throughout the industry, with a focus on:

- Quantifying the current role AI is playing with an outlook for the next two years
- Understanding how AI is being integrated into strategy and creative
- The state of AI usage for audience targeting and campaign optimization
- Advertisers' usage of AI for programmatic Connected TV campaigns
- Biggest opportunities, challenges and concerns – and other key areas

The analysis is based on a quantitative survey of leading brands and agencies serving a range of industry sectors. The survey was conducted in July and August 2023 and received 150 responses. Along with the full research findings, most of the survey results are broken out by respondents with digital advertising budgets over \$10 million compared to those with smaller annual spend levels.

*Basic definition of AI:* Artificial Intelligence (AI) is the ability of machines to perform tasks associated with human intelligence, such as learning, problem-solving and communication. AI applications include advanced search engines, recommendation systems, understanding and generating speech, self-driving vehicles, generative and creative tools, and strategic game play.

MNTN and AdExchanger thank all the respondents for their invaluable contribution to the study.



# Executive Summary

AI (Artificial Intelligence) has a decades-long history in academia and commercial sectors, but the emergence of easy-to-use and powerful (and free) language models such as ChatGPT has supercharged widespread adoption. Fascinatingly, AI's many current and expected uses seem nearly perfectly designed to impact almost every aspect of digital advertising and marketing. In fact, it's hard to think of another industry that may be more impacted in so many fundamental areas.

As shown throughout this report, most brands and agencies are optimistic and excited about the performance promises of AI. But a segment of the industry is also concerned about AI platform and algorithm output quality and accuracy, and the impact on IP and copyright protections. There are also serious concerns about the potential for misuse of AI, and many unknowns about the future impact on jobs. AI's influence on the advertising industry can be summarized as positive – indeed, there's significant “cautious optimism” as a number of ad professionals noted – with many big hopes and some major concerns as well.

The state of the industry in terms of AI is that advertisers and agencies have been initially using AI as a tool, and many are still experimenting. But the next phase will be embedding AI into various workflows. This will take time, although the very rapid adoption of AI tools this year, and the amount of attention and investment, suggests the next steps will happen fast. In fact, it's happening now.

## **The biggest AI challenges are opportunities – and vice versa**

The survey has quantified most all of the challenges, and many of the most often noted by industry executives include generative AI output accuracy and relevance; data privacy and ownership; fakes and legal issues; impact on creativity; establishing industry standards; bias in AI algorithms and systems; and job loss concerns. Another challenge which may actually be the primary opportunity is to build AI tools and capabilities specific to advertising and marketing.

The opportunity areas include improving efficiency in existing processes, increased productivity, expanding creative capabilities, and time and cost savings. Indeed, one C-level executive at an agency noted in the survey, “AI will bring greater insight across many of our functions, but it still needs human oversight. It will be very disruptive and create learning challenges and opportunities for the people working in the industry.”



*“This is the biggest thing to happen since digital media.” – Agency VP*



**Key Insight #1** Nearly everybody (and we mean everybody) in advertising is using or plans to use AI - and they expect to accelerate their AI use over the near-term.

Specifically, two-thirds of brands and agencies are currently using AI in some capacity related to advertising, and 19% are researching and discussing the use of AI. And over the next one to two years a huge 95% of the industry say they expect to use AI more in their work. AI is real and is here to stay.

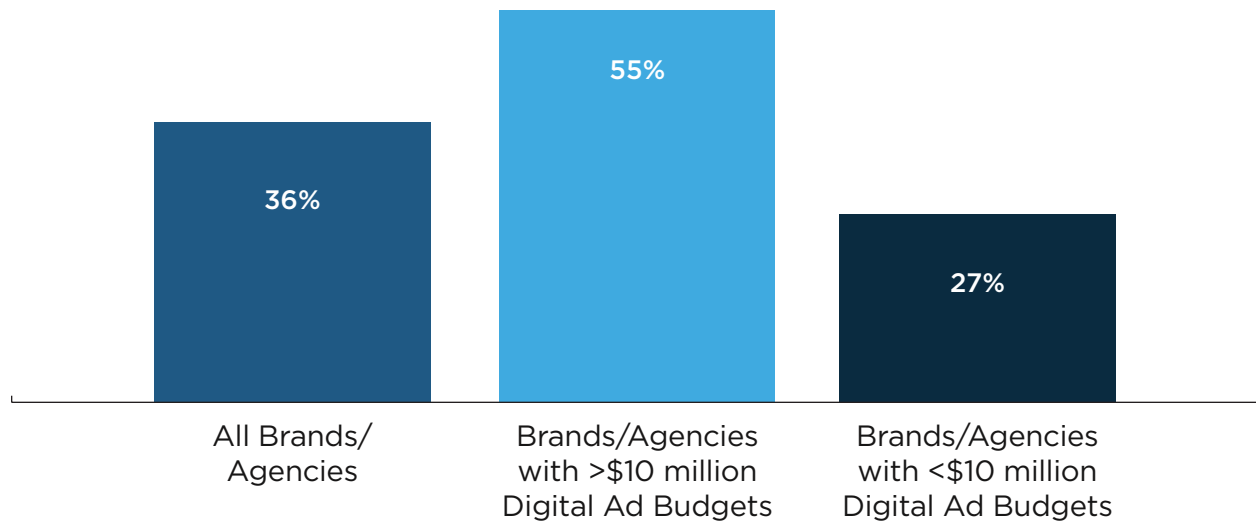
*Specifically, two-thirds of brands and agencies are currently using AI in some capacity related to advertising, and 19% are researching and discussing the use of AI. Over the next one to two years, 95% of the industry say they expect to use AI more in their work. AI is real and is here to stay.*



**Key Insight #2** More than half of the largest brands and agencies wielding the biggest budgets are using AI for audience formation and targeting.

But smaller groups with digital ad spend under \$10 million annually are not quite there yet, but they are on their way.

**Percentage of Brands and Agencies Using AI for Audience Formation and Targeting – With Digital Ad Budget Size Comparison**

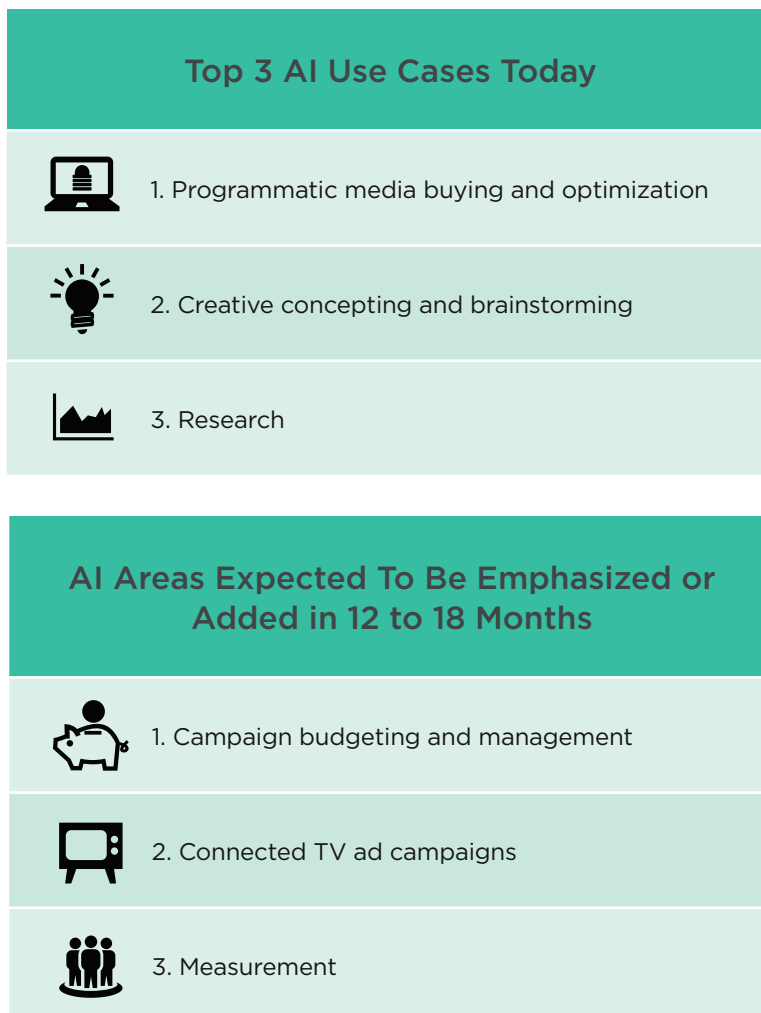


*Bigger is bigger: 55% of brands and agencies with digital ad spend over \$10 million a year say they are effectively using AI for audience formation and targeting – but this is still an emerging use case for 27% of smaller brands/agencies spending less than \$10 million*

**Key Insight #3** Programmatic buying has been the #1 AI advertising use case so far, followed by concepting and brainstorming. Over the next 12 to 18 months brands and agencies will use AI for campaign optimization, Connected TV campaigns, and measurement.

Currently, the top three ways AI is being used is for programmatic buying and optimization, as part of creative concepting, and research. Over the next one to two years, the respondents expect to add more emphasis on using AI in the ad campaign management process, to optimize Connected TV advertising, and measurement.

### Where AI Is Being Used Currently - and Expected in 2024/2025

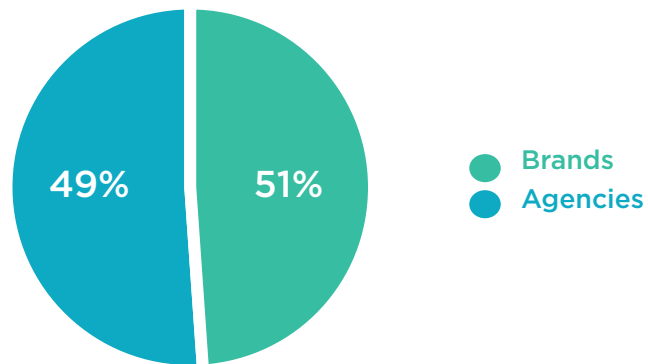




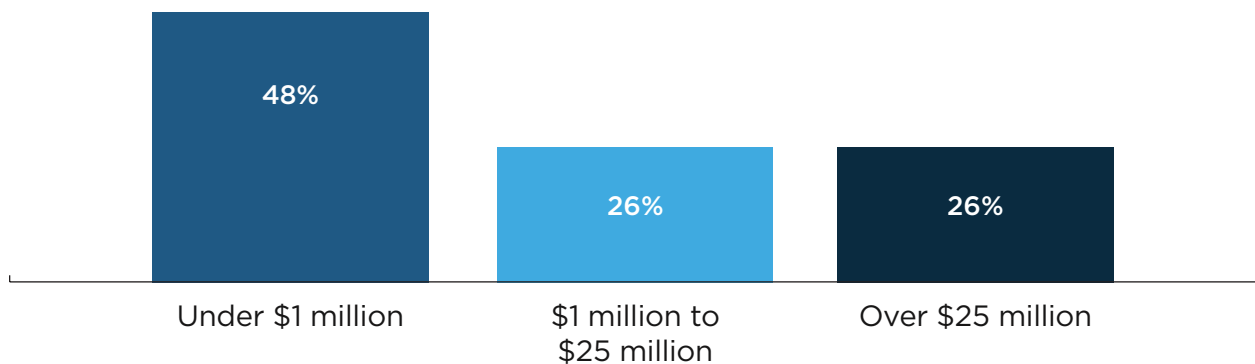
## About the Survey Respondents

Fifty-one percent of the respondents work for brands and 49% work for agencies. Twenty-eight percent of the survey respondents are C-Levels and 27% hold VP titles. A total of 37% are with companies with over \$100 million in revenue, and 22% are over \$1 billion.

### % of Survey Respondents: Brands & Agencies



### Respondents' Digital Advertising Budget



The findings in this Executive Summary provide only a portion of the research insights. The next section expands on additional findings with more benchmarks, analysis and comments from a range of industry brand and agency executives.



# Complete Survey Results

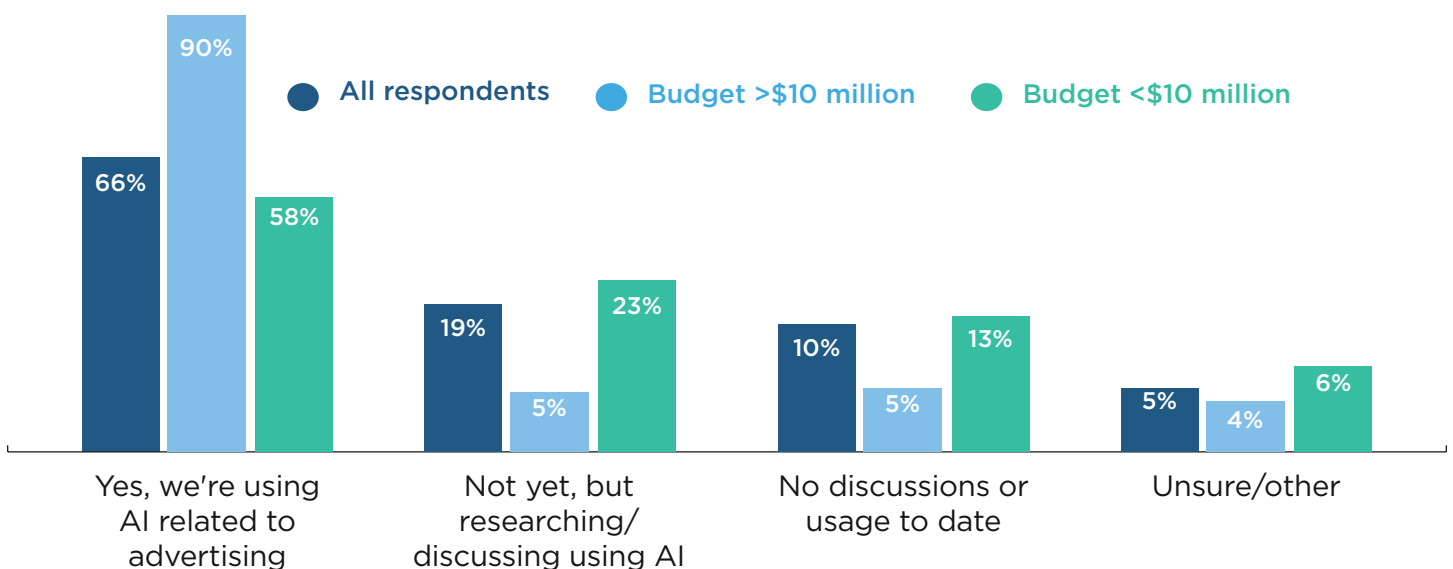
## Percentage of Brands and Agencies Using AI Related to Advertising Programs

**Survey Question:** Is your brand or agency using Artificial Intelligence/Machine Learning (AI) in any form related to advertising programs (from planning and concepting, content development and production, to campaign programming, etc.)?

Two-thirds of brands and agencies are currently using AI in some capacity related to advertising, and 19% are researching and discussing the use of AI. Only 10% of the industry has not had any internal discussion about AI, yet. In contrast, 90% of brands and agencies spending over \$10 million on digital ads annually are already using AI as a tool or part of their workflow.

*The Future Is Now – 85% of brands and agencies are using or considering using AI related to advertising programs*

## Percentage of Brands and Agencies Using or Researching/Discussing AI - All Brands and Agencies Compared to Groups With Digital Ad Budgets Over/Under \$10 Million



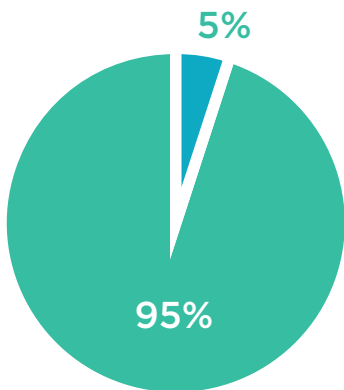
*AI is here to stay, according to everyone*

**Will AI Be Used More Over the Next One to Two Years? Yes!**

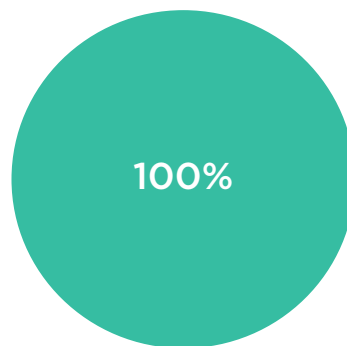
**Survey Question:** Over the next one to two years do you expect to use AI more, less or the same amount in your specific work roles?

A huge 95% of respondents say they expect to use AI more in their work in the near term. And every person that responded that works for the largest companies with the biggest digital ad budgets said they'll be using AI more in their work in the future.

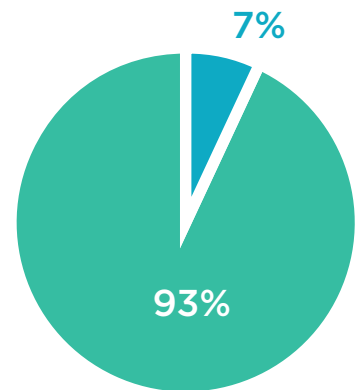
**Brands and Agencies' AI Usage Outlook - All Respondents**



**Respondents With Digital Advertising Budgets Over \$10 Million**



**Respondents With Digital Advertising Budgets Under \$10 Million**



● Will use AI more in advertising    ● Same

*Programmatic buying, creative concepting and research are the top AI uses today. Over the next 12 to 18 months, brands and agencies plan to focus AI to optimize campaign budgeting and management, Connected TV campaigns and measurement (and many other areas)*

## Where AI Is Being Used Currently - And Expected in 12 to 18 Months

**Survey Question:** In which areas of your advertising process and programs is AI currently being used - and which do you believe will be using AI in some form within 12 to 18 months?

Currently, the top three ways AI is being used is for programmatic buying, as part of initial creative concepting and research. Over the next one to two years, industry professionals expect to incorporate AI in the campaign budgeting and management process, to optimize Connected TV advertising, and measurement.

## All Respondents: AI Use Cases in Advertising Today - And Expected in 2024/2025

All Respondents	AI Used Currently	Likely To Be Used in 12 to 18 Months
Programmatic media buying and optimization	65%	35%
Creative concepting and brainstorming	60%	40%
Research	55%	45%
Audience formation and targeting	49%	51%
Other advertising and media buying	45%	55%
Audience/customer post-action/inquiry/sale communications	40%	60%
Audience data management	39%	61%
Strategic planning	36%	64%
Measurement	32%	68%
Connected TV (CTV) ad campaigns	32%	68%
Campaign budgeting and management	27%	73%

## Respondents With Digital Ad Spend Over \$10 Million: AI Use Cases in Advertising Today – And Expected in 2024/2025

Digital Advertising Budget Over \$10 Million	Digital Advertising Budget Over \$10 Million	Likely To Be Used in 12 to 18 Months
Programmatic media buying and optimization	72%	28%
Creative concepting and brainstorming	63%	38%
Audience formation and targeting	58%	42%
Other advertising and media buying	56%	44%
Research	53%	47%
Audience data management	47%	53%
Strategic planning	41%	59%
Campaign budgeting and management	41%	59%
Connected TV (CTV) ad campaigns	40%	60%
Measurement	38%	63%
Audience/customer post-action/inquiry/sale communications	35%	65%

## Respondents With Digital Ad Spend Under \$10 Million: AI Use Cases in Advertising Today – and Expected in 2024/2025

Digital Advertising Budget Under \$10 Million	AI Used Currently	Likely To Be Used in 12 to 18 Months
Programmatic media buying and optimization	58%	42%
Research	56%	44%
Creative concepting and brainstorming	53%	47%
Audience/customer post-action/inquiry/sale communications	45%	55%
Audience formation and targeting	44%	56%
Audience data management	36%	64%
Other advertising and media buying	35%	65%
Strategic planning	32%	68%
Measurement	21%	79%
Connected TV (CTV) ad campaigns	17%	83%
Campaign budgeting and management	14%	86%

*AI for audience formation and targeting is a promising but still emerging use case – AI promises powerful tools and some transformations*

## **Using AI for Audience Formation and Targeting Has Been Effective, But This Has Mostly Been Done By Larger Brands and Agencies**

**Survey Question: Has using AI for audience formation and targeting been effective?**

Thirty-six percent of the industry says using AI for audience formation and targeting has been effective, but 38% are unsure or likely haven't done much of this yet. The brands and agencies overseeing larger digital advertising budgets, those with over \$10 million annually, are much more likely to have been using AI for audience formation and targeting (55% vs. 27% of the groups with smaller budgets).

	All Respondents	Budget >\$10M	Budget <\$10M
Yes	36%	55%	27%
No	6%	5%	8%
Unsure	38%	30%	38%
Not Applicable	20%	10%	27%

## How AI Is Being Used Around Audience Formation and Targeting

**Survey Question:** Please explain how you or your colleagues are using AI related to audience formation and targeting.

This was an open-ended question and the key themes in many of the responses include:

- To improve ad bidding strategies
- Audience segmentation optimization
- Adaptive targeting
- Find lookalike audiences
- Behavioral characteristics and trends

Some of what your peers are saying:

- “AI is being used in optimizing audiences and bid strategies via custom algorithms.” – Agency VP
- “AI-powered bidding strategies.” – Agency VP
- “Applying deep learning pipelines to create and enrich valuable audiences.” – Agency Manager
- “Developing audience segments using first-party data and AI.” – Brand VP
- “It is effective to some extent, especially for audience augmentation/extension without relying on identifiers. Highly dependent on specific targeting and measurement requirements.” – Brand Director
- “Looking for trends in behavior.” – Biotechnology Brand Director
- “Machine learning and algorithms are used to develop audiences for targeting.” – C-level with Agency
- “Mostly for audience augmentation and extension, in the context of non-ID reliant. Effectiveness depends on various factors.” – Content Brand Executive
- “Natural language processing of human inputs to generate new audiences for targeting.” – Brand VP

- “Using AI and machine learning to identify visitors to sites that are more likely to convert on various visitor journey steps, from ad block recovery to paid subs. The AI can detect when visitor traffic is spiking to particular content and run specialized offers and calls-to-action during that window of time, in real time, to capitalize on the popularity and traffic surge.” – Brand Director with Software Company
- “Using predictive AI to find lookalike audiences with high likelihood to convert.” – Agency Director
- “We are leveraging a platform that uses natural language processing to identify contextual relevance of content and associate audiences with that content.” – Agency VP
- “We feed the formatted audience data to AI and ask for it to draft audience personas. We treat this as the first draft of personas and a human takes it forward from there. If we have any general knowledge questions, we may ask the AI for a quick summary before diving deeper from credible sources.” – Agency Director
- “We have a good deal of first-party data that we use to create lookalike audiences across programmatic and social platforms.” – IT Company Brand Manager
- “We’re leveraging it for adaptive targeting.” – Brand Director
- “Will ask for detailed consumer or household demographic prompts.” – Agency VP

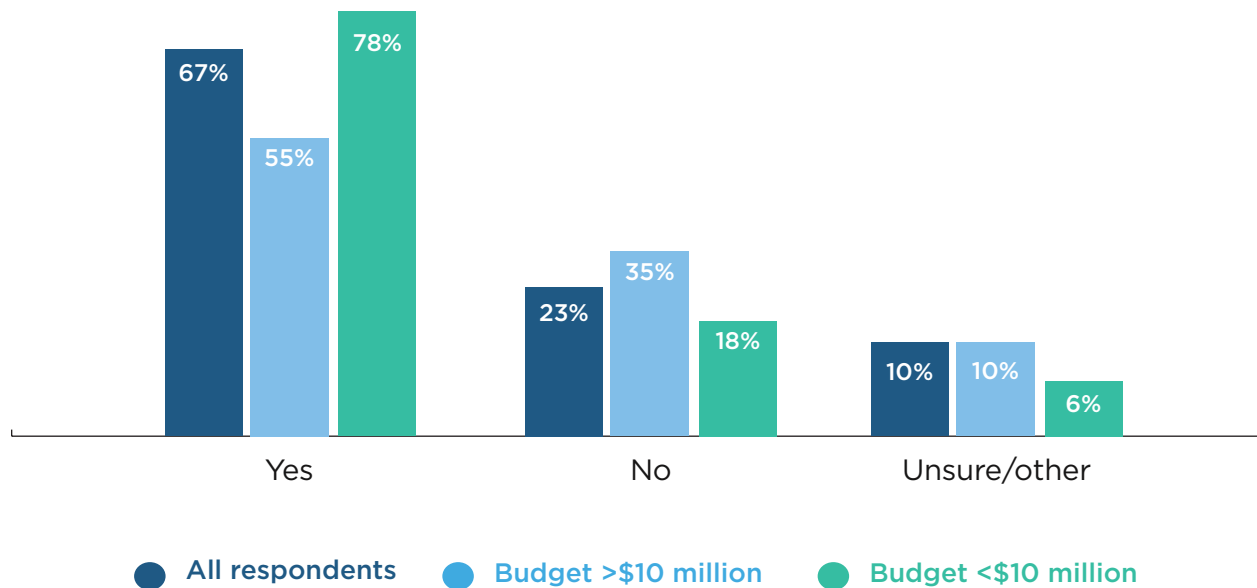


*Need ideas for basic pitches and concepts? You're not alone – using AI tools like ChatGPT is now common practice for advertisers and agencies*

### Percentage of Advertising Professionals Using AI Tools Like ChatGPT To Brainstorm and Develop Basic Pitches or Concepts

**Survey Question:** Are you or your colleagues using AI tools like ChatGPT to brainstorm and develop basic pitches or concepts?

Sixty-seven percent of brand and agency professionals are using tools like ChatGPT to brainstorm and develop basic concepts. It's interesting that a significant 78% of groups with ad budgets under \$10 million say they are using AI tools for brainstorming and to develop initial basic concepts, suggesting AI is powering low cost/no cost starting-point creative work. These language tools may be empowering smaller organizations that are more cost-conscious to do more early in-house creative conceiving.



**More Insight** Learn what incorporating AI into the creative process looks like. Check out this other exclusive research from MNTN. You're welcome!



*A (first draft) writer's dream – scriptwriting assistance is by far the primary AI use in the creative process, followed by visual generation*

## How AI Is Being Used in the Creative Process

**Survey Question:** How are you or your colleagues using AI in the creative process?

For creative, AI is mostly being used for scriptwriting (75%) and generating visuals (55%). The budget-size comparison shows that a larger percentage of groups with big digital ad budgets are using AI-generated visuals than those with smaller ad spend levels.

	All Respondents	Budget >\$10M	Budget <\$10M
Scriptwriting	75%	75%	72%
AI-generated visuals	55%	69%	47%
AI-generated voiceovers	14%	19%	13%
AI-generated music	12%	13%	13%
Other	12%	13%	13%

*Time for CTV to meet AI. Hello, opportunity*

## Percentage of Advertisers Using AI for Programmatic Connected TV Campaigns

**Survey Question:** Do you use AI for your programmatic Connected TV campaigns (for example, campaign optimization and ad buying)?

Sixteen percent of the industry say they have been using AI for their programmatic Connected TV campaigns. Larger brands and agencies are much more likely to be using AI as part of their programmatic Connected TV campaigns (35% vs. 5% of smaller groups). These comparative findings also suggest larger groups have been more likely to invest in programmatic Connected TV.

	All Respondents	Budget >\$10M	Budget <\$10M
Yes	16%	35%	5%
No	42%	35%	45%
Unsure	17%	25%	15%
Not Applicable	25%	5%	35%

## Efficiency, productivity and more creativity – what’s not to love?

### Biggest AI Opportunities

**Survey Question:** Looking out to the future, what are the biggest opportunities for your organization to use AI related to advertising programs? Check all that apply.

Ninety-two percent of respondents say the biggest AI opportunity is to improve efficiency in existing processes. This is followed by the related opportunity to increase productivity. And over half of the industry sees AI adding value to the creative process. Some of the “other” comments covered areas such as concepting, improved targeting and audience formation, and measurement.

	All Respondents	Budget >\$10M	Budget <\$10M
Improve efficiency in existing processes	92%	100%	88%
Increase productivity and output	82%	80%	84%
Expand creative capabilities	59%	65%	56%
Save on costs	50%	55%	49%
Other	17%	15%	16%

*AI has fast become a powerful efficiency tool for advertisers – the next step is deeper integration into platforms and workflows, while being mindful of the challenges and unknown impacts (when possible)*



*“I’m extremely positive about the impact of AI and feel that it will unlock new possibilities while delivering accelerated performance.” – Brand Director with a major consumer packaged goods company*



## *There's huge promise... but AI raises many issues*

### **Biggest Challenges**

#### **Survey Question: What are the biggest challenges or concerns related to using AI related to advertising programs?**

AI use raises a number of important issues and challenges (many of which, of course, are also major opportunities). This was an open-ended question and the key themes in many of the responses include:

- Generative AI output accuracy, relevance and precision
- Data privacy and ownership
- Transparency
- Legal risks and issues including intellectual property, copyright protections
- Fraud, fakes and nefarious use
- Bias in AI algorithms and systems
- Loss of creativity
- Job loss concerns
- Establishing industry standards
- Need for executive and staff awareness and training
- Time and resources to test and select the right tools and platforms
- Building and adopting AI tools and capabilities specific to advertising and marketing

Select industry executive comments:

- “Accuracy and ability to fully accomplish what we are looking for without much human intervention.” – C-level with Software Company
- “AI is still an emerging technology, especially when facts and precision are required.” – Esports Media C-Level
- “Consent and changing legal guidance.” – Telecommunications Brand Manager
- “Data ownership.” – C-level with Insurance Company
- “Data privacy.” – Agency Director
- “Double checking results to avoid ‘hallucination’ (i.e., false information) feedback.” – C-level with Agency
- “Fraud.” – Agency VP
- “Privacy and proprietary material protection.” – C-level with Agency
- “Inaccuracies with AI.” – Agency Director
- “Insufficient understanding of potential negative effect on user experiences or unpredictable/edge behaviors.” – Media Company Brand Director
- “Loss of competitiveness and differentiation among competitors. Potential for mass redundancies. Longer term the diminution of creativity and human intelligence in general.” – Agency VP
- “Loss of control. Existing optimization tools can’t handle the full breadth of advertising channels. Existing AI creative tools aren’t actually AI, they’re templated.” – Agency Director
- “Most advertisers are thinking of AI as a separate tool or feature instead of an accelerated facet of the workflow. There seems to be a belief in an AI revolution, where one day a switch will flip over to a new future world. The reality is that AI is best used progressively as an evolution that fits into a process or feature needing accelerated human input or consumption of an inhuman amount of data to succeed. Once a client realizes where they are already using AI today they can start to understand where and how they can integrate it naturally into their workflow.” – Consultancy VP
- “Privacy, new/competing technologies, transparency, bias, protecting IP.” – Brand VP
- “Reliability and hallucinations (false information).” – C-level with Agency

- “Security, originality, plagiarism, and reliance on the app rather than creativity.”  
– C-level
- “Staff training. Navigating the multitude of tools and programs.” – Agency C-level
- “The biggest issue is the concern from many in the industry that AI will eventually take over their jobs, which is why is not being pushed in some areas.”  
– Agency C-level
- “The lack of creativity from the machine. It can generate cookie cutter or way out there graphics and videos. The copywriting aspect has been good as the beginnings of a first draft. No matter how you cut it, you still need to read and edit the copy to make it sound like it was in your voice.” – Agency C-level
- “The technology is constantly improving, and increased use yields better results. However, we need to ensure we don’t let the ease of use replace our critical thinking about what is truly effective. Just like repetitive scripts in sales create consumer fatigue, inauthentic marketing that appears autogenerated will feel that way to the customer. AI is a valuable collaborator that should power up marketers allowing them to perform better.” – Brand Director
- “Transparency.” – Agency C-level
- “Unconscious bias and privacy.” – Brand Director

## *This time it's personal*

### **Brand and Agency Professionals' Personal Feelings About the Impact of AI**

#### **Survey Question: How do you personally feel about the potential impact of AI on your advertising work, the industry and audiences?**

This question asked for write-in comments from the brand and agency executives. Overall, there's excitement and a positive outlook for using AI as a tool to boost efficiency in many areas. The concerns, and some of these are well founded and serious, are mostly around the unknown impact on creativity, fakes and fraud, and jobs. Underlying many of the comments and a number of other results of this study are many unknowns related to a range of potential impacts and unintended consequences, both positive and negative.

Key themes in many of the responses include:

- Cautious optimism
- Excitement about learning new technology
- Efficiency and time savings
- Potential for negative impact on creativity
- Need for industry standards and ethics
- Concerns about impact on certain types of jobs

Select comments from brands and agencies:

- "AI is yet another nail in the coffin of creativity. Media fragmentation has minimized mass audience opportunities and resulted in an insatiable need for content and ad formats that has for the most part killed big brand campaigns. Procurement has triggered a race to the bottom in its never-ending quest for value and efficiency. AI will further diminish the creative industry as the personalities of our industry get replaced by the algorithms." - Agency VP
- "AI will bring greater insight across many of our functions, but it still needs human oversight. It will be very disruptive and create learning challenges and opportunities for the people working in the industry." - C-level with Agency
- "AI will lead to stronger performance metrics." - Agency Director



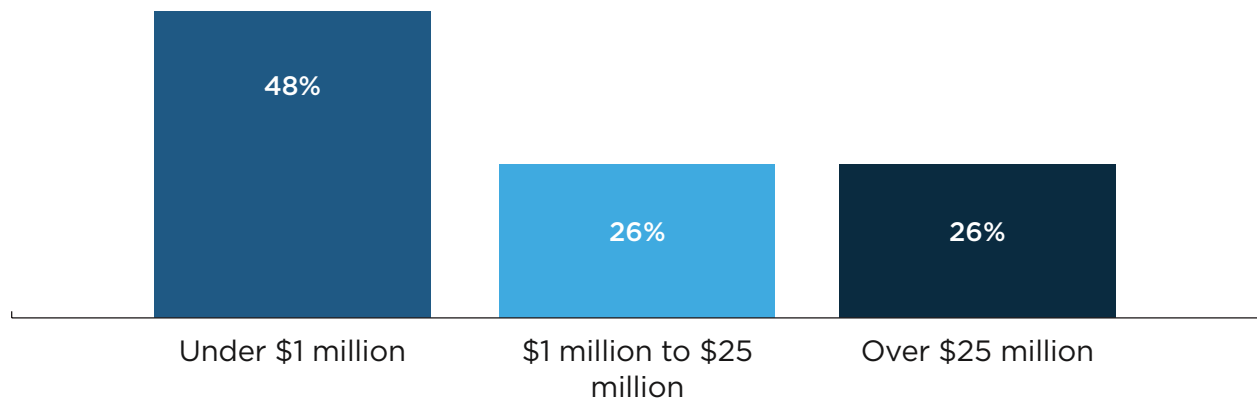
- “Cautiously optimistic.” – Brand Director
- “Excited. This is the biggest thing to happen since digital media.” – Agency VP
- “I am bullish on the impact that AI can have in terms of eliminating what amounts to busy work or areas that can have significant human error. I am not yet terribly worried on the impact on jobs, but it’s certainly something to monitor.” – Brand Manager with Technology Company
- “I am embracing it 100%. I want to master AI so I can use it effectively and not let it replace me.” – Agency C-level
- “I feel it will benefit in many areas. I don’t see AI replacing team members but making things more efficient.” – Brand Director
- “I think it is going to reduce the number of people employed by large numbers.” – VP with Agency
- “I think it will be helpful with efficiencies and deducing Natural Language models but increasing their effectiveness is something we’ve been working on for a long time. That being said, much caution around biases is needed.” – Director with Automotive Brand
- “I think it’s inevitable, and makes perfect sense, to use machine learning and AI to iterate on creative text/images/colors/position, to leverage real time information about visitor traffic patterns, and to better personalize every single experience since visitors can be across many different stages of a journey, with different preferences for how they want to engage and support each site.” – Brand Director
- “I think not all will be automated, but many fields like campaign optimization and content creation will be mostly AI-generated within a few years.” – Agency C-level
- “I’m extremely positive about the impact of AI and feel that it will unlock new possibilities while delivering accelerated performance.” – CPG Brand Director
- “I’m taking a wait and see approach until more is known about the reliability of AI.” – Agency C-level
- “It has the potential to really help us streamline and automate portions of the business so that we can scale quicker and easier.” – C-level with Software Company
- “It should help remove many of the repetitive tasks and focus on more strategic thinking.” – Agency VP
- “It’s fine for assistant functions but not for original full content creation.” – Brand Director

- “It’s exciting but a lot of work needs to be done from a governance and privacy standpoint.” – Agency Director
- “Mixed feelings, both exciting and threatening. Potential to boost productivity and improve working lives is huge. That said, efficiencies leading to large scale redundancy are a risk.” – Agency VP
- “Our audiences will become more selective in who they trust.” – Brand C-level
- “Positive about the potential for impact and efficiencies, especially related to supporting creative development, optimization, accelerating performance, and supporting client services.” – Agency C-level

# About the Respondents / Methodology

MNTN and AdExchanger surveyed a cross-section of leading brands and agencies serving a range of industry sectors. The survey was conducted in July and August of 2023 and received 150 responses. Fifty-one percent are with brands and corporations, while 49% work for agencies. Twenty-eight percent of the survey respondents are C-Levels and 27% hold VP titles. A total of 37% are with companies with over \$100 million in revenue, and 22% generate over \$1 billion.

## Respondents' Digital Advertising Budget



Job Level		Total Number of Employees in Organization		Gross Revenue	
	%		%		%
C-level	28%	Under 500	61%	Less than \$100 million	63%
EVP/SVP/VP	28%	501 to 1,000	7%	\$100 million to \$500 million	9%
Director	33%	1,001 to 5,000	4%	\$500 million to \$1 billion	6%
Manager	12%	Over 5,001	27%	Over \$1 billion to \$10 billion	22%
Other	17%				

# About MNTN

MNTN is the hardest working software in TV, bringing unrivaled performance and simplicity to connected TV advertising. Our self-serve technology makes running TV ads as easy as search and social, and helps brands drive measurable conversions, revenue, site visits, and more.



