



Outlook for Advertising, Marketing and Data 2026: **Continuous Evolution**

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About Winterberry Group

A specialized management consultancy that offers more than two decades of experience and deep expertise in the intersecting disciplines of **advertising, marketing, data, technology, media** and **commerce**.

Winterberry Group helps brands, publishers, marketing service providers, technology developers and information companies—plus the financial investors who support these organizations—**understand emerging growth opportunities, create actionable strategies** and **increase their value and global impact**.





Looking Back at 2025



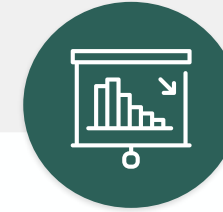
A Year of Tariff Shock, Moderate Inflation, the Impact of AI – But Surprisingly Stable Macroeconomic Conditions



Tension remained across an uncertain geo-political landscape



US GDP growth outperformed early-year forecasts as inflation moderated and consumer demand held up



Marketers prioritize performance, supply chains stabilize (by year end) – a very vertical specific year for spending

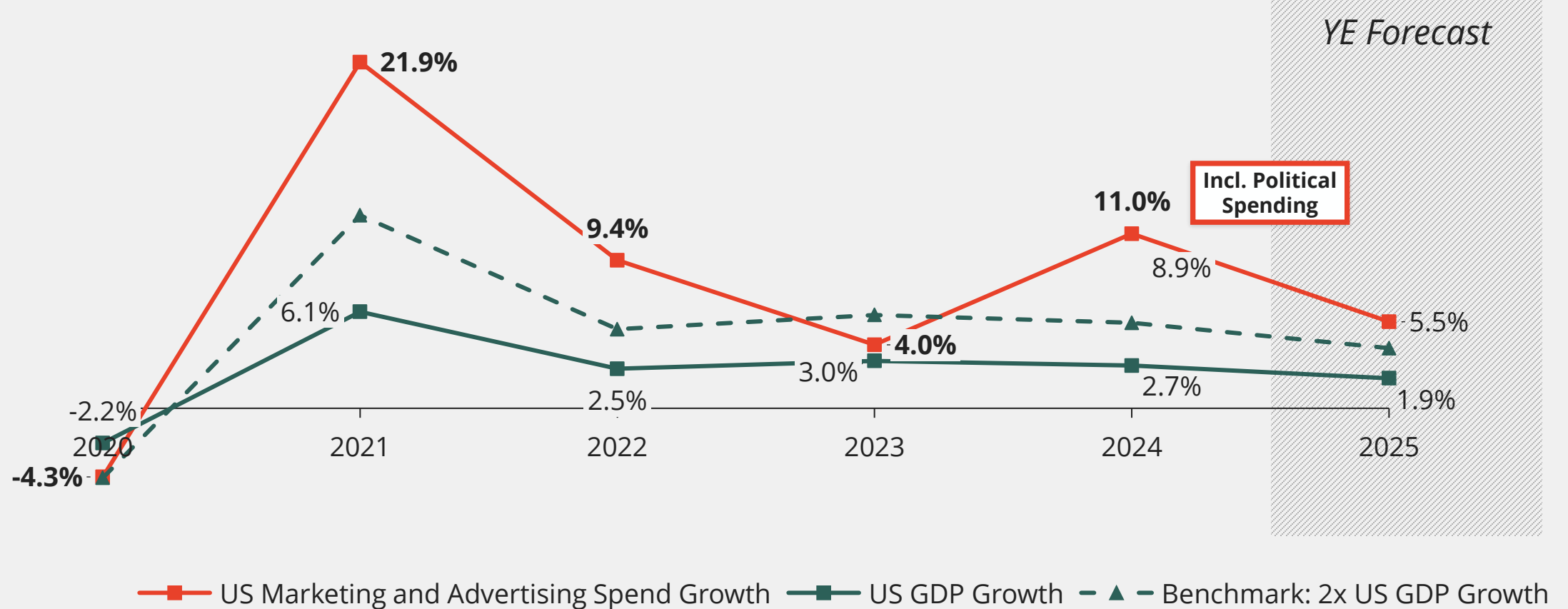
Disinflation progressed, as inflation slowed but prices rose

Fed eases $\frac{3}{4}\%$ across 3 rate cuts, but unemployment rises to 4.4% - What's a Fed to do?

A “do more with the same” with a fixation on short term budgeting. Stay nimble....

Marketing Spend Growth Normalizes Closer To Historical GDP Ratios, Spend Growth Beats Inflation, Typical Non-Election Dip

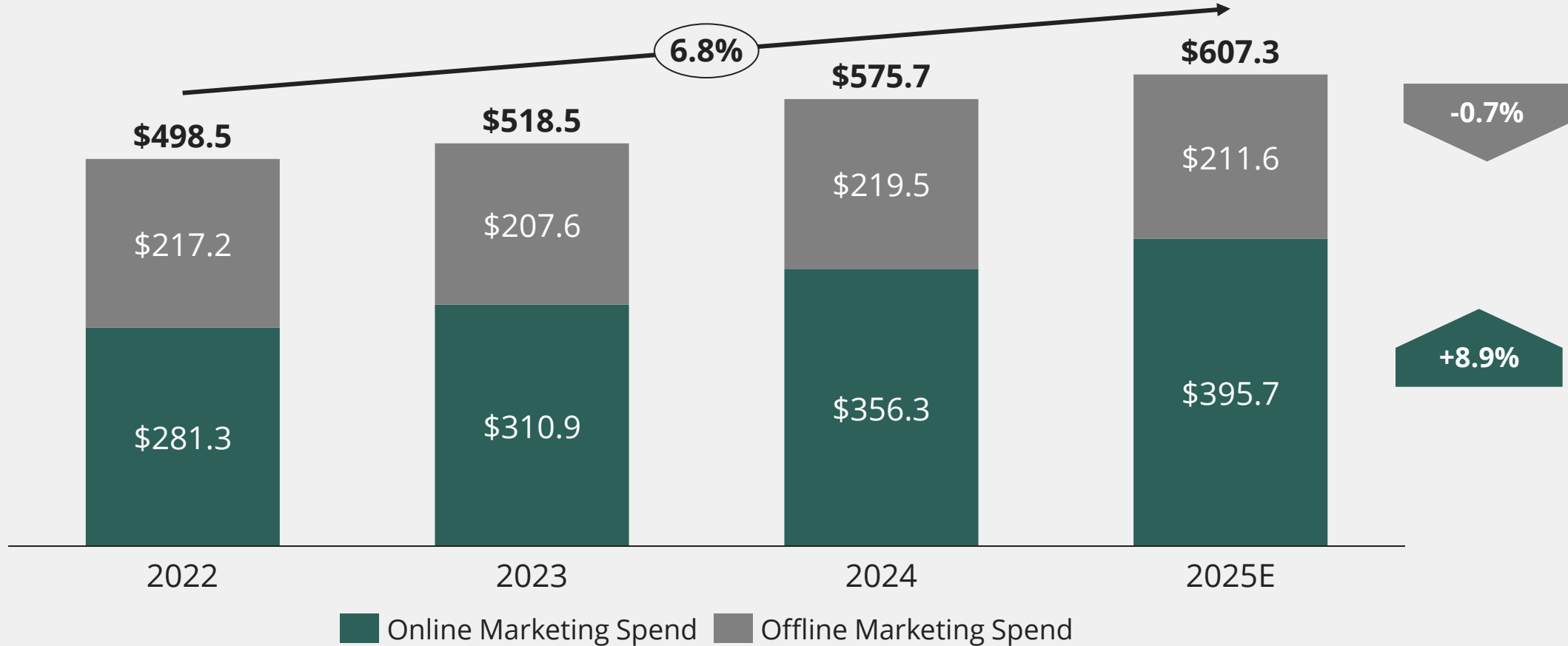
US Marketing Spend Growth Benchmarked to GDP Growth
(2020 – 2025E)



Review 2025: As Usual, Digital Drove Market Growth, Offline Decline – Most Importantly Spend Is Moving Between Channels

US Online and Offline Marketing Spend
(\$BB, 2022 – 2025E)

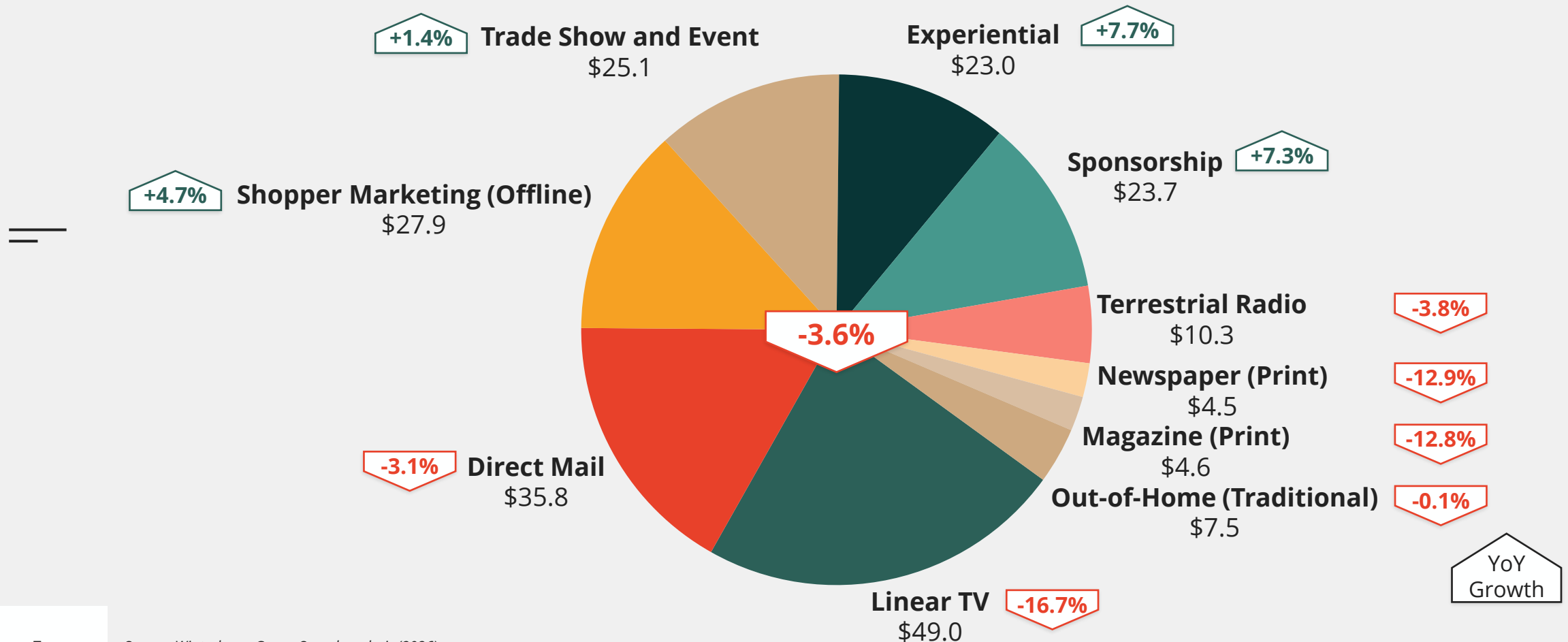
CAGRs
(2022 – 2025):



Review 2025: Offline Decline Driven by Linear TV and Print, While Experiential, Shopper and Sponsorship Deliver Good Growth

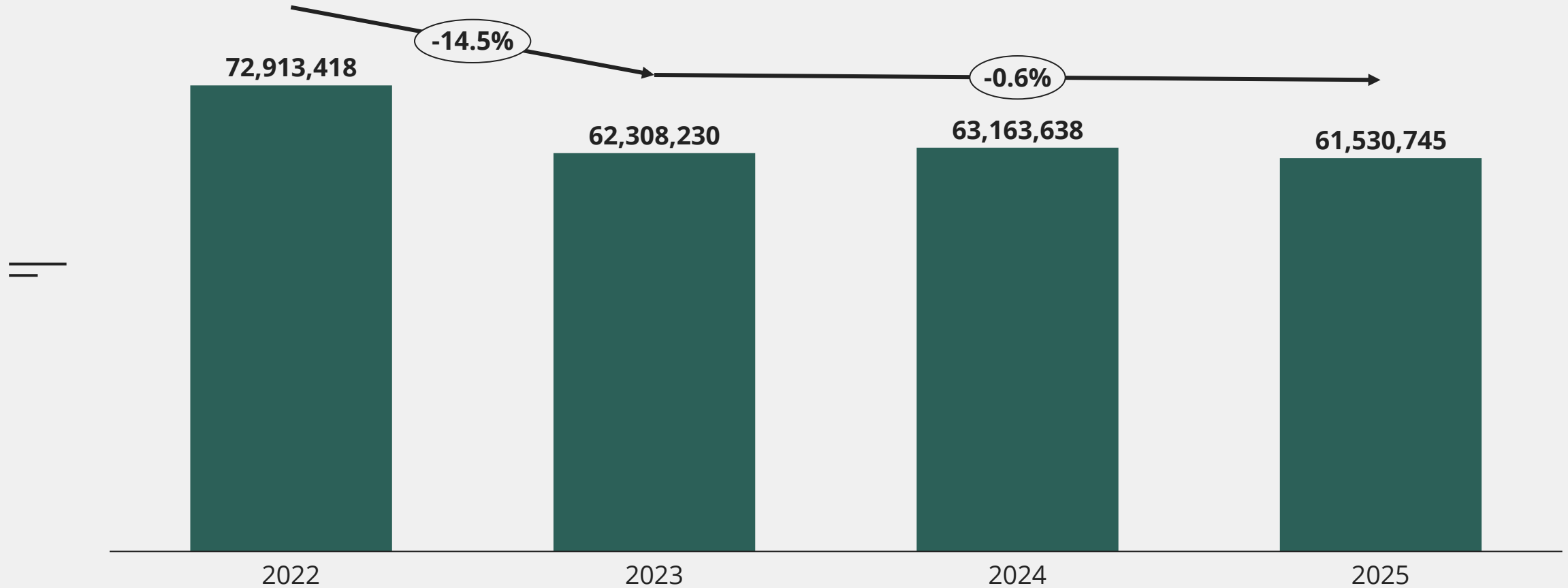
US Offline Marketing Spend
(\$BB, 2025)

TOTAL: \$211.6 BB



Review 2025: Direct Mail Volumes Largely Hold Steady Through 2025, With Political Mail Absent for the Year

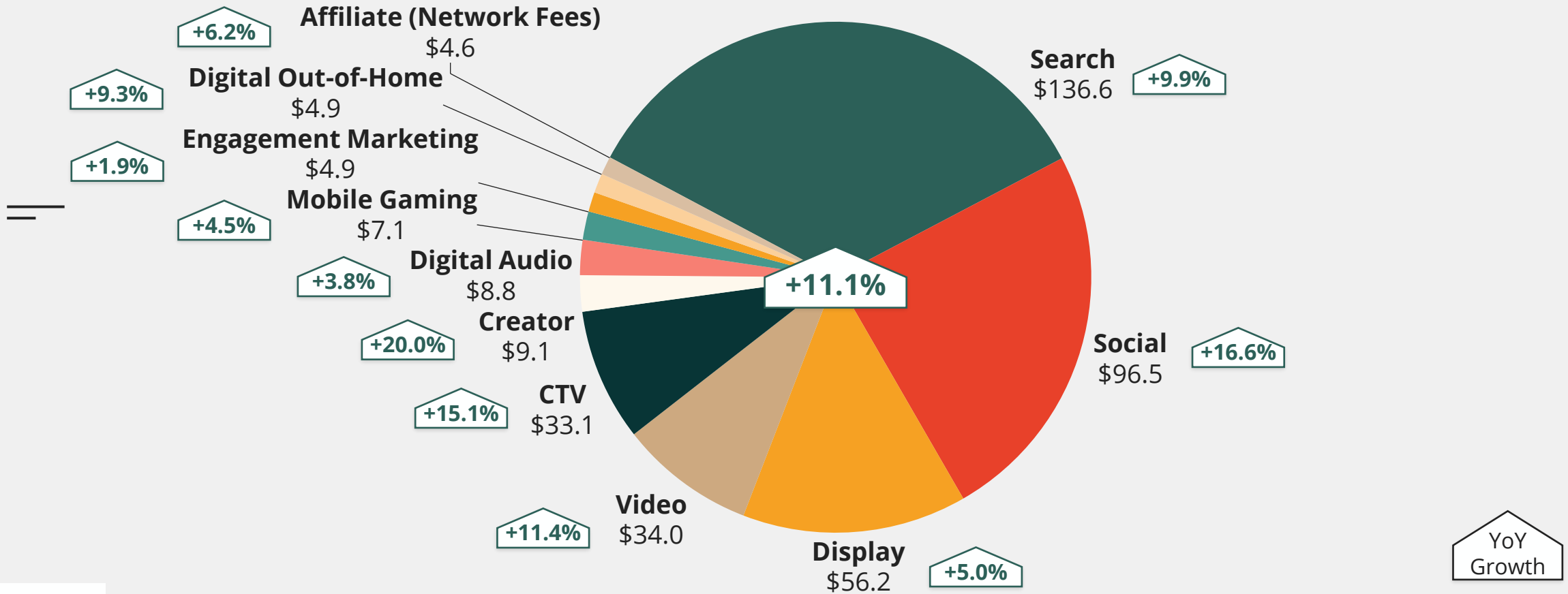
Direct Mail Volumes
(Thousands, 2022 - 2025)



Review 2025: Online Marketing Growth Remained Strong, Led by Social, Video, RMN Driven Search and Creator Spending

US Online Marketing Spend
(\$BB, 2025)

TOTAL: \$395.7BB



Source: Winterberry Group Spend analysis (2026)
Engagement Marketing includes Email and SMS/Push

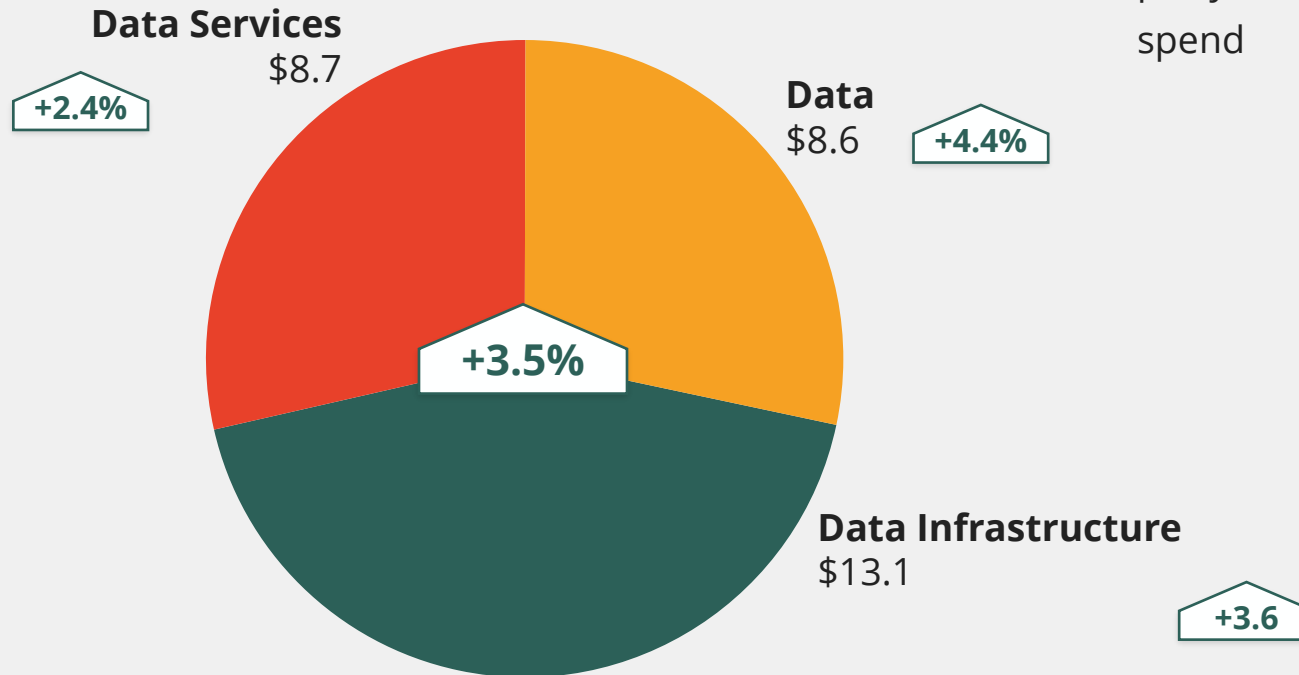
Review 2025: With Channel Spend Growing Slowly, Investment Focused on Data Infrastructure for Video and AI First Applications

US Marketing Data, Data Services and Data Infrastructure Spend (\$BB, 2025)

TOTAL: \$30.4B

Data Services: includes identity resolution analytics, measurement, attribution and data layer integration

Data: includes third-party data and identity spend



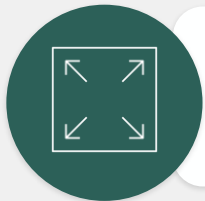
Data Infrastructure: includes audience data management for 1st, 2nd and 3P data, use of collaboration platforms and the investments in support for AI and data lakehouses

YoY Growth

2025 Marketing M&A Trends: Heightened Activity Span Marketing and Media, Financial Buyers Outspending Strategics

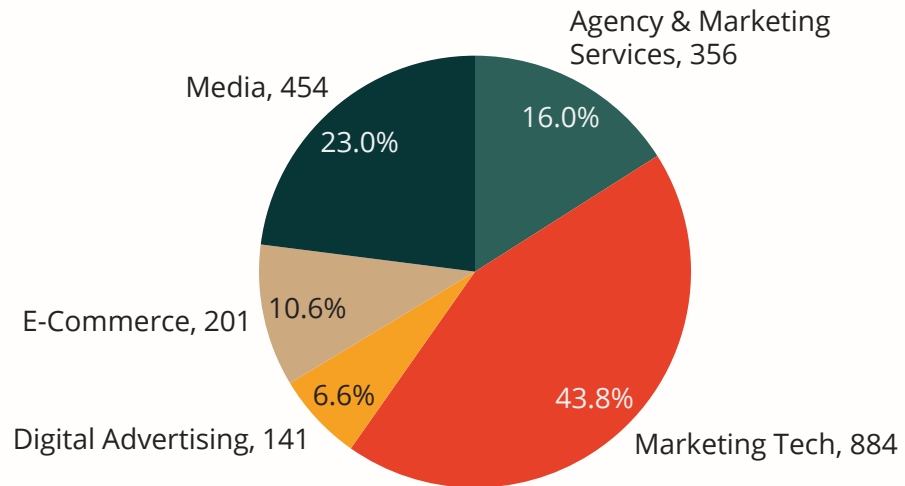


In 2025, global M&A deal value reached \$4.9 trillion, marking a 44% increase compared to 2024; highest value ever, other than the 2021 record

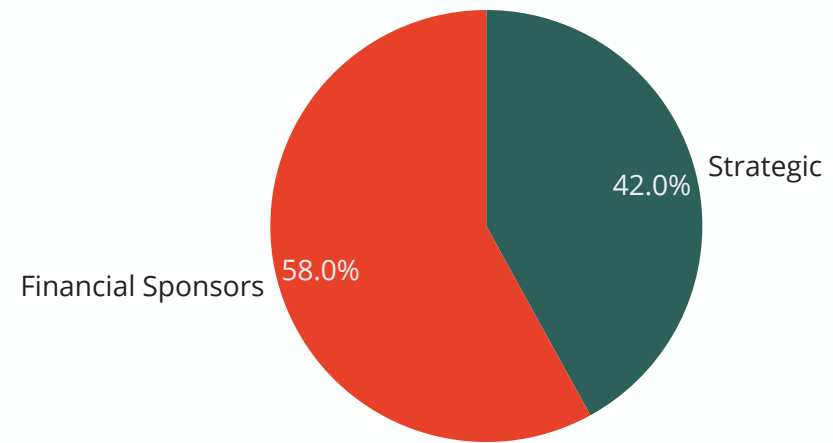


Agency, Media and Marketing Tech consolidation accelerates, reflects a shift toward scale, cost synergies and changing agency economics

2025 Number of Transactions by Segment



2025 Dollar Volume of Transactions by Buyer



2025 M&A Trends: Improving Market Conditions Reactivated Capital Across Buyers and Strategies



A **steady increase in transactions**, as improving financing conditions and stabilizing macro sentiment, with overall deal value growth outpacing transaction volumes in the back half of 2025



PE dry powder declined to ~\$880B in the U.S. from ~\$1.2T earlier in 2025, reflecting increased capital deployment, with sponsors remaining active for scaled, high-quality assets



AI was the dominant recipient of VC investment dollars, sustaining a record share of funding—over half of global and U.S. VC investment—through 2025, increasingly concentrated in outsized rounds



Fund-to-fund transfers gained further momentum across PEs, with secondaries transaction values accelerating through Q3 2025 and positioning the market for a record-setting year, driven by increased use of continuation vehicles amid extended exit timelines

2025 Notable Deals: Accelerating M&A Momentum Heading Into 2026 Across All Sectors

Strategic Transactions			Private Equity Transactions			
<p><i>May 2025</i></p> <p>Acquired</p> <p><i>For \$150MM</i></p>	<p><i>June 2025</i></p> <p>Acquired</p> <p><i>Data/AI</i></p>	<p><i>September 2025</i></p> <p>Acquired</p> <p><i>For \$100MM</i></p>	<p><i>March 2025</i></p> <p>Privatized</p> <p><i>For \$7.7BB</i></p>	<p><i>March 2025</i></p> <p>Acquired</p> <p><i>Creative & Content</i></p>	<p><i>June 2025</i></p> <p>Acquired</p> <p><i>Content Tech</i></p>	<p><i>August 2025</i></p> <p>Acquired</p> <p><i>Healthcare</i></p>
<p><i>October 2025</i></p> <p>Acquired</p> <p><i>For \$60MM</i></p>	<p><i>November 2025</i></p> <p>Acquired</p> <p><i>Creative & Content</i></p>	<p><i>November 2025</i></p> <p>Acquired</p> <p><i>For \$13.5B</i></p>	<p><i>August 2025</i></p> <p>Acquired</p> <p><i>Commerce</i></p>	<p><i>August 2025</i></p> <p>Acquired</p> <p><i>Measurement</i></p>	<p><i>September 2025</i></p> <p>Privatized</p> <p><i>For \$1.9BB</i></p>	<p><i>September 2025</i></p> <p>Acquired</p> <p><i>For \$637MM</i></p>

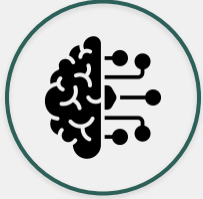


Macro Trends: What's Driving the Market



Trend: AI's Foundation Problem—Everyone Wants Agentic, Companies Are Still Trying to Get Their Data Ready

Trend



AI investments continued to move towards agentic solutions in 2025, yet **lack of clarity around use cases**, data silos and/or creative infrastructure slows transformation. Significant progress is shown in **agentic adoption for marketing use cases led by creative production and media**.

Impact

Data layer organization and creative asset management become mandatory prerequisites for AI deployments. Expect agentic investments to yield productivity gains that reduce process cycle time automating repeatable tasks, with **headcount reallocation in marketing vs reductions** in 2026.

Trend: Linear TV Becomes the Extension as CTV Takes Center Stage

Trend



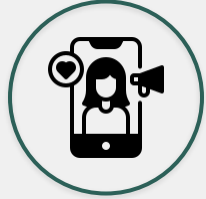
The power dynamic flipped in 2025: Linear now extends streaming strategies rather than CTV extending linear buys. The **spread between CTV and linear narrowed to ~\$8BB** as cord-cutting continues, streaming channel sign more sports contracts. Planning shifts from network first to audience buying across delivery media.

Impact

Media planning starts its **agentic shift** where **agents assist planners to merge audience and media strategy and activation** for *streaming, linear and creator led video* formats. Measurement frameworks are continuing to evolve with more complex cross-platform attribution solutions.

Trend: Social Commerce Accelerates—Creators Drive Direct Transactions

Trend



The shift from influencer to creator marketing accelerated in 2025, with *creators driving more unique content* that blends with social commerce adoption. **Creators generating content to drive engagement/conversion** gained ground over influencers focused on reach

Impact

Social commerce integration becomes table stakes for creator partnerships as brands prioritize **transaction capability over awareness metrics**. Revenue-sharing models supplement CPM-based agreements as platforms offering integrated commerce, measurement, and creator marketplace capabilities capture wallet share

Trend: Commerce Media Networks Expand Across Verticals— Measurement Challenges Continue to Dominate Conversation

Trend



Commerce media networks continued capturing share from open web display and “other” walled gardens as advertisers prioritize purchase intent audiences and closed-loop measurement. Market moves beyond retail as Marriott, Uber, AMEX, PayPal, etc. provide unique audience data and placement.

Impact

As mid and smaller footprint media networks (traffic and audience) face scale limitations, **expect platform consolidation to simplify buying complexity and frequency management.** Measurement and attribution remains fragmented and complex challenging future adoption

Trend: Search Shifts to GEO and AEO—Traditional SEO Strategies Become Obsolete

Trend



Search marketing transformed from SEO/SEM to Generative Engine Optimization (GEO) and Answer Engine Optimization (AEO) **as AI-powered search replaced traditional keyword strategies.** Search growth moves from link driven to AI content driven citations and zero -click behavior.

Impact

In short, we see reduced publisher traffic but limited impact to product listings. Watch for new optimization frameworks are expected to emerge for 2026 focused on **content optimization for AI training and answer engine snippets** vs. page rankings- effectively **feeding agent discovery to complement people-based discovery.**

Trend: Pressure for Ad Tech Optimization as Providers Compete to Streamline the Supply Path Between Advertisers and Publishers

Trend



Amazon DSP aggressively moved outside its walls, **providing significant price pressure** based on its **strong transaction data and lower overall take rates**. Meta Advantage+ and Google Performance Max gained share for the gardens. Independent SSPs and DSPs are rethinking the next phase of the AdTech model.

Impact

The Agentification of adtech planning and buying solutions, is enabling a shift to more custom digital audiences' **continuous optimization** across the full funnel with demand for transparency in pricing, tracking, and measurement as the digital media landscape rewires.

Trend: Agentic Adoption, Shift to Tech-Enabled Services Will Continue to Force the Redesign of Agency Business Models

Trend

Agentic AI adoption is reintegrating media, creative, and data—forcing agencies to restructure, eliminate silos and increase the tech adoption rate. As autonomous decisioning scales, agencies are increasingly attempting to redefine themselves as platforms vs. service providers.

Large Holding Companies:

Large holding companies are repositioning themselves as platforms, reframing media, creative, and data integration as a core source of differentiation and control



Challenger Networks:

Challenger networks are investing in technology to deliver solutions and structures to capitalize of the changing landscape, without the legacy of organizational redesign



Independents & Smaller Networks:

Independents and smaller networks are adopting off-the-shelf agentic solutions to enhance efficiency and performance, prioritizing orchestration and execution over technology ownership.



Trend: Entry-Level Hiring Declines—Creating Tomorrow's Talent Crisis

Trend



Entry-level hiring in advertising and marketing declined significantly as organizations anticipated AI replacing junior roles. However, AI handles only 60% of work versus anticipated 80%, and "AI slop" (low-quality output) requires expert review. **A critical gap emerges: without junior roles, who develops strategic expertise needed for senior positions?** Expertise is required to filter AI results, but expertise requires junior experience that's disappearing

Impact

The industry faces a looming skills crisis as senior strategist demand remains unchanged while training pipeline evaporates. Organizations must **develop new training pathways that combine AI tool proficiency with strategic skill development**

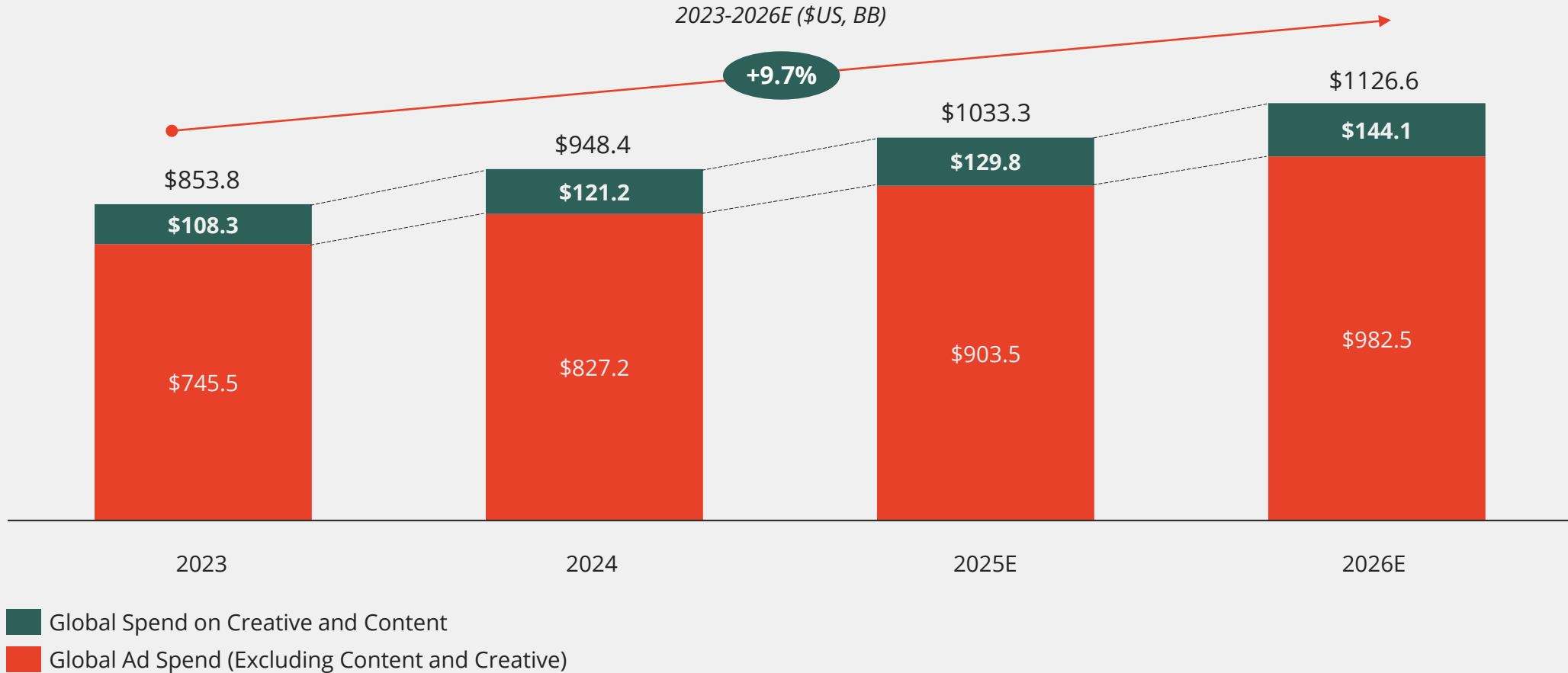


Spotlight: Creative Intelligence



The Opportunity: How to Make The One Trillion Dollars Plus Spent on Global Marketing More Effective (and Efficient)

Total Global Working Media Spend + Global Creative and Content Spend (Non-Working Media)



*Eliminate Artificial Barriers: – Optimize Full-Funnel Marketing, Combining **Media, Audience** and **Creative** Intelligence for Effectiveness*

Media Intelligence

Understanding where,
when,
and how creative is
delivered and consumed by
an audience

Audience Intelligence

Understanding who the
message
is for (a person or
segment) and applying
data from **their behaviors,
preferences and
motivations** for insights,
targeting, activation and
optimization

Creative Intelligence

Understanding why
consumers engage. *CI is the
ability to collect and analyze
data on creative performance
and apply insights—
contextualized by audience and
media—to measure and
continuously optimize assets for
effectiveness and engagement*

Creative Intelligence Solutions Encompass Six Core Capabilities Including Creative Data, Analytics, Activation and Measurement

Creative Intelligence Solutions



Creative Asset Ingestion

Ingest and normalize multiple creative formats including images, video, copy, audio, and design files through a central engine



Creative Performance Analytics

Analyze creative performance of assets alongside campaign, engagement, and conversion data to generate performance insights and optimization recommendations



Creative Data Conversion

Analyze creative assets to extract metadata, tags, and features; organize attributes into structured taxonomies



Activation and Optimization

Operationalize creative intelligence insights through omnichannel activation platforms to enable either real-time or post campaign analysis. Data may be integrated via API or MCP



Pre-Test

Embedded in the creative development solution and/or embedded into an activation test environment with real or synthetic audiences



Measurement

Internal or external performance analysis at the asset and campaign level (can be integrated for internal optimization and also the data provided to specialists in MMM integration against the broader channel portfolio)

Creative Intelligence Use Cases and Outcomes: Enabling AI-Driven Decisioning and Measurable Impact Across the Marketing Lifecycle



Pre-Testing: Strategic Planning and Asset Development



In-Flight: Real-Time Activation and Optimization



Post-Activation: Measurement and Learning



Improved Ability to Adjust Spend and Messaging Across Channels



Improve Measurable Outcomes Across the Funnel

Evolving Pricing Models: Creative Intelligence Pricing Is Fragmented but Is Likely to Converge Towards Retainer Plus Percent of Media

Pricing Today
(fragmented)

Technology / Platform Licensing

Asset Volume-Based Pricing

CPM / Impression-Based Models

Hybrid Approaches






Reflects differing points of value capture across creative, data, and media

Market Direction
(converging)

Creative Priced as a % of Working Media

Creative is shifting from a fixed production cost to a variable, performance-linked investment tied to media effectiveness

What Is Holding Back Faster Adoption?

Barrier	Considerations
 <p>Organizational Silo</p>	<ul style="list-style-type: none"> • Teams split by channel • Creative, media and analytics functions operate independently • Disconnect between creative development and audience data
 <p>Structural and Operational Gaps</p>	<ul style="list-style-type: none"> • Creative Intelligence is hard to scale due to silos, fragmentation, and outdated models • Lack of ownership and standards slows progress
 <p>Agency Model Challenges</p>	<ul style="list-style-type: none"> • Media and creative AORs work in isolation with conflicting incentives • Fee structures rewards volume, not performance • Resistance from creative agencies due to perceived threat to creative autonomy
 <p>Technology & Ecosystem Gaps</p>	<ul style="list-style-type: none"> • No central owner of the marketing tech stack • Walled gardens dominate closed-loop measurement • Open web lacks standardization for cross-platform creative analysis
 <p>Lack of Standardized Measurement Frameworks</p>	<ul style="list-style-type: none"> • No standard metrics make creative impact hard to measure or defend • CMOs struggle to justify spend without clear creative ROI or LTV

Outlook 2026: **Follow the Money**



Outlook 2026: From Volatility to Visibility—Growth Drivers Come Into Focus

Economic Indicators

- US GDP growth projected to increase to 2.3% driven by steady consumer demand, sustained investment, and easing monetary headwinds
- Inflation remains elevated (over target) at 2.4-2.7% as price pressures continue to cool, but services and shelter inflation slow the decline
- Political advertising expected to inject \$10.8B into ad market, inflating headline growth to 9.4% vs 7.6%

Other factors to consider:

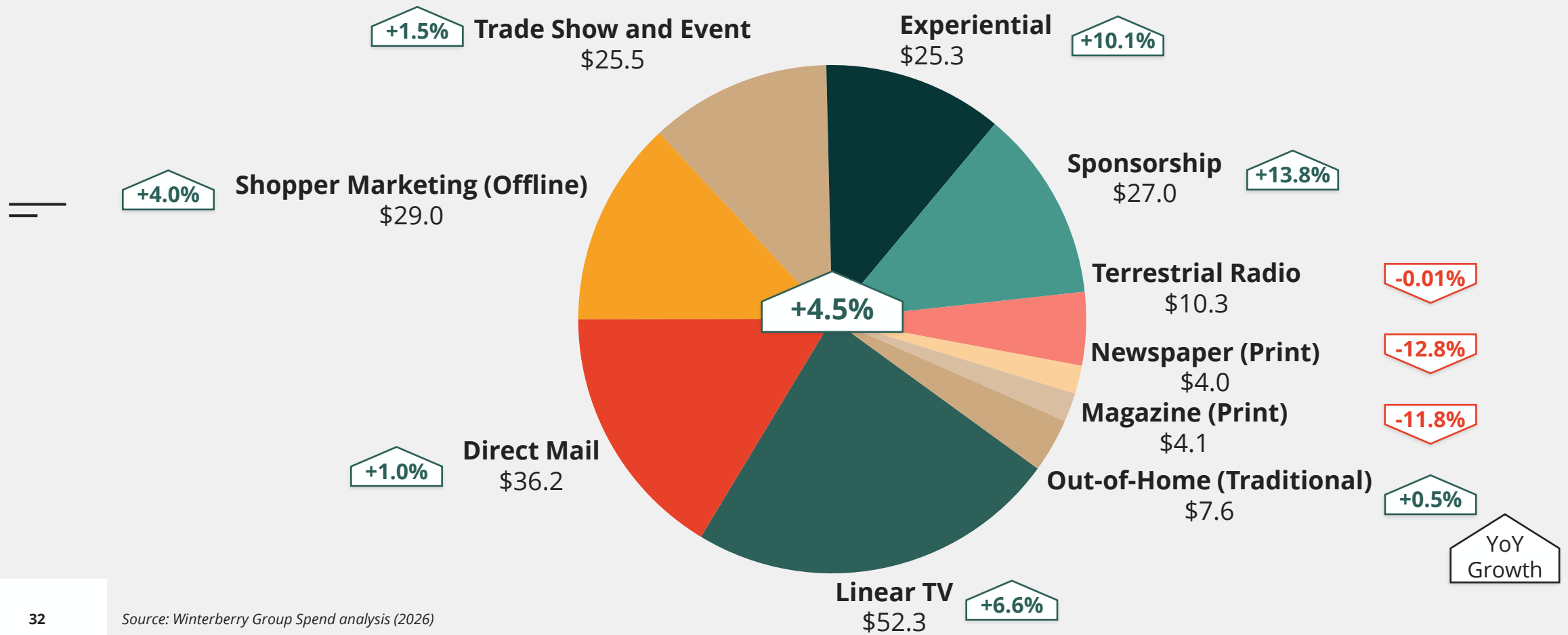
- Mid-term elections drive unprecedented local market disruption across all channels
- AI costs have stabilized, but productivity gains are proving incremental, pushing advertisers toward measured adoption and clearer ROI thresholds
- Privacy complexity is now multi-state by default, expect higher compliance load across identity, measurement, and consent/opt-out execution
- Federal AI direction is forming, yet state-level variation sustains compliance uncertainty

US Advertising and Marketing Spending (\$BB, 2022–2026P)

Year	Spend (\$BB)	YoY Growth (%)
2022	\$498.5	4.0%
2023	\$518.5	11.0%
2024	\$575.7	5.5%
2025	\$607.3	9.4%
2026P	\$664.2	

Outlook 2026: Offline Spend Returns to Growth, Led by Linear TV and Experiential Formats

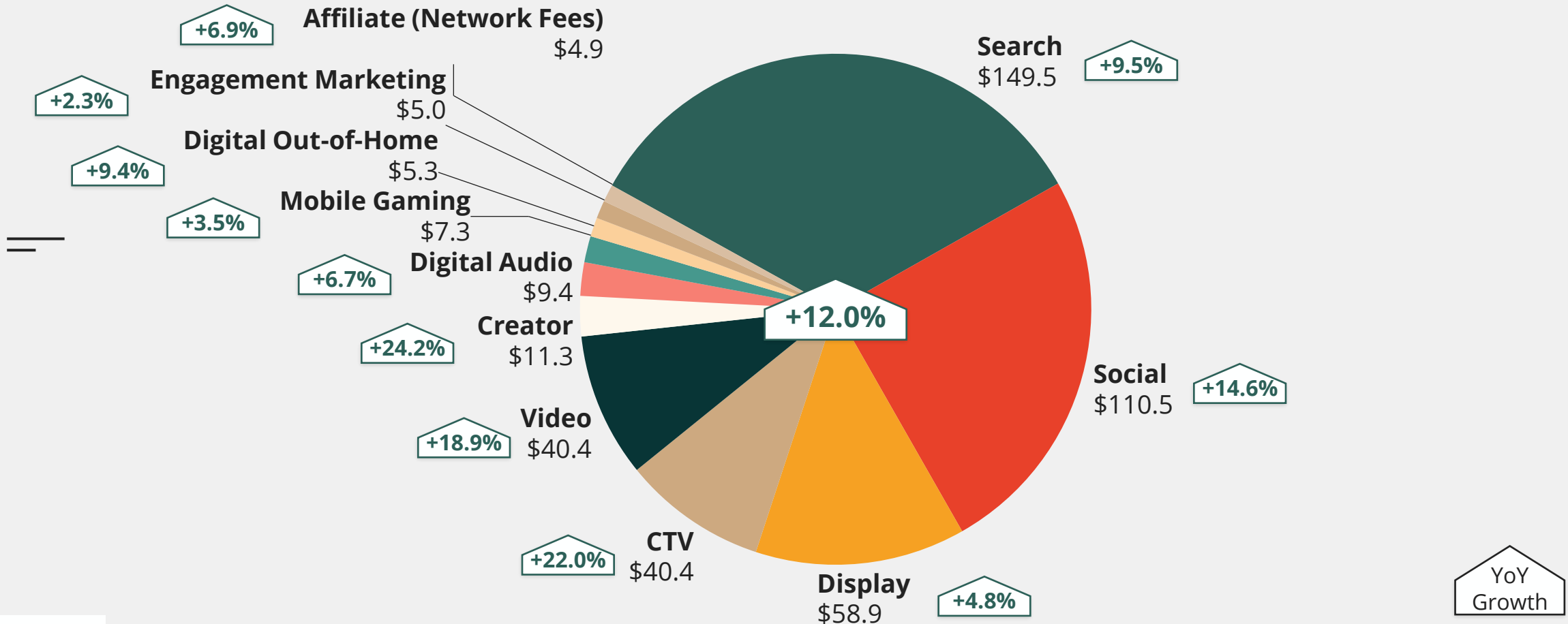
US Offline Marketing Spend
 (\$BB, 2026P)
TOTAL: \$221.2BB



Outlook 2026: In a Year of Tentpole Events (Olympics, World Cup, Elections) Video- and Social-Led Channels Drive Online Growth

US Online Marketing Spend
(\$BB, 2026P)

TOTAL: \$443.1BB



YoY Growth

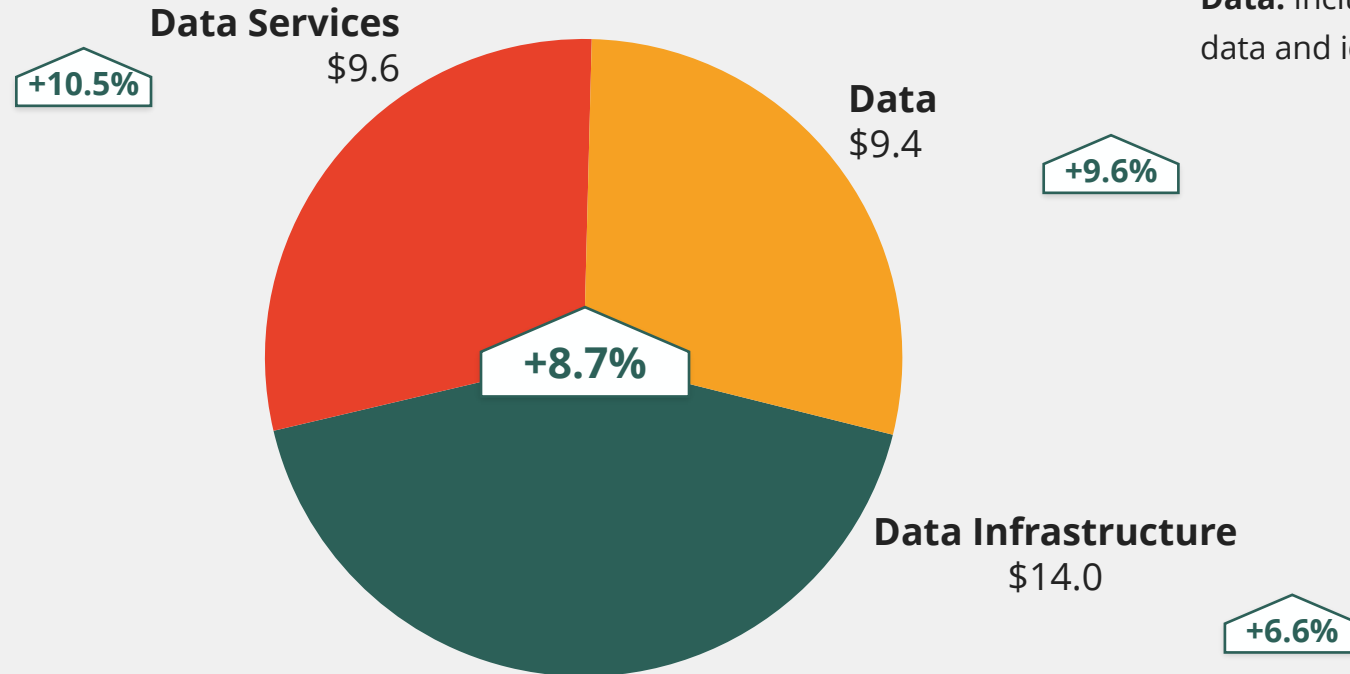
Outlook 2026: While the Rate of Infrastructure Growth Slows, Increased Marketing Spend and Demand for Integration Services Accelerate

US Data, Data Services and Data Infrastructure Spend (\$BB, 2026P)

TOTAL: \$33.0BB

Data Services: includes identity resolution, analytics, measurement, attribution and data layer integration

Data: includes third-party data and identity spend



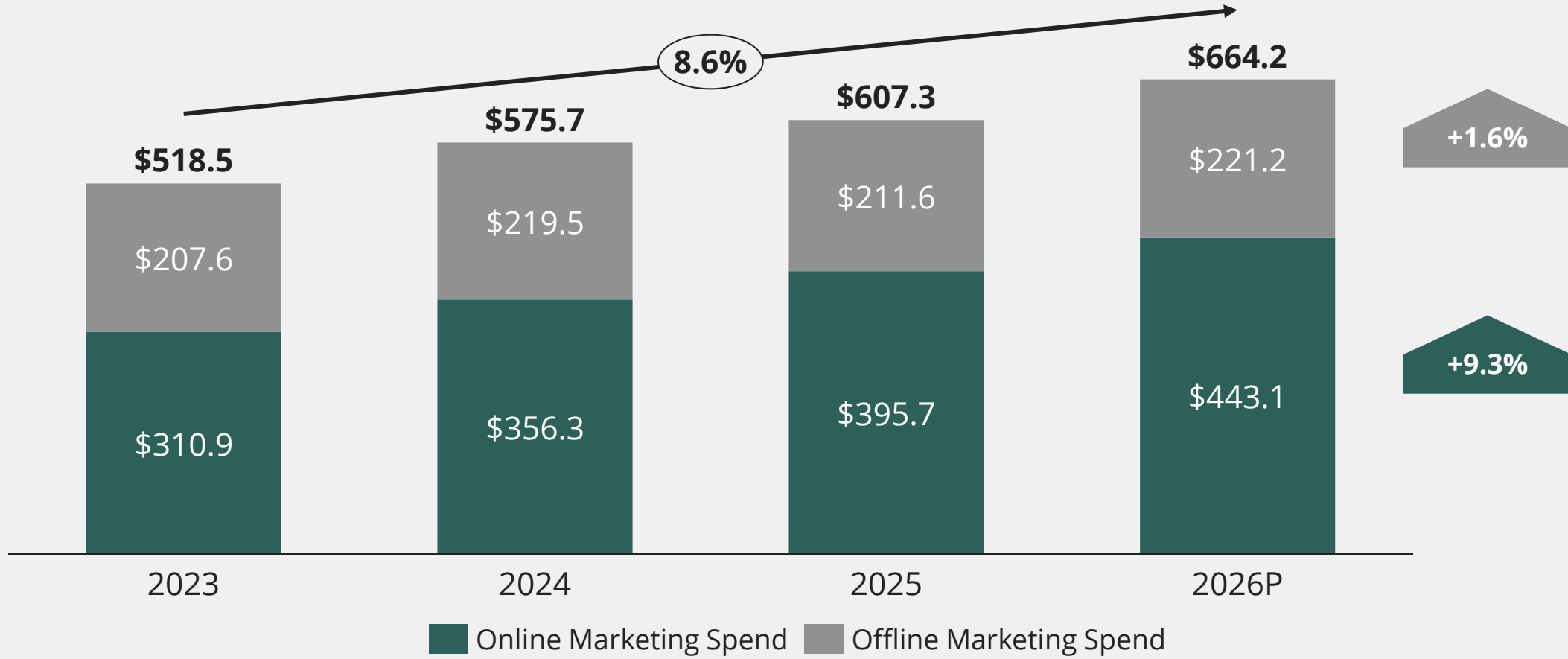
Data Infrastructure: includes data management and collaboration platforms

YoY Growth

Outlook 2026: Productivity Increases from AI Investments Drive a More Effective, Not Lower Spending year

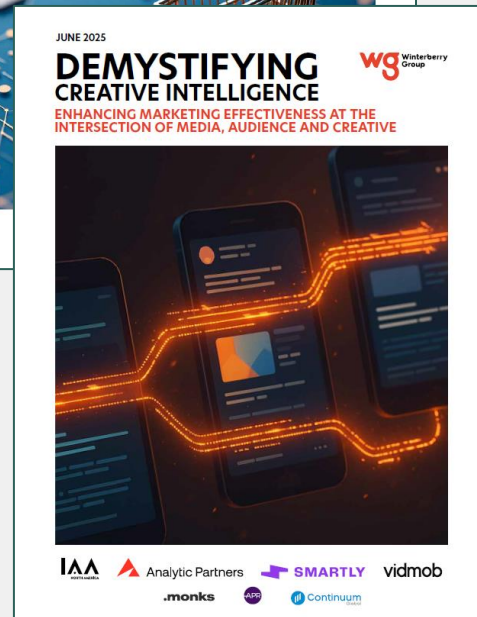
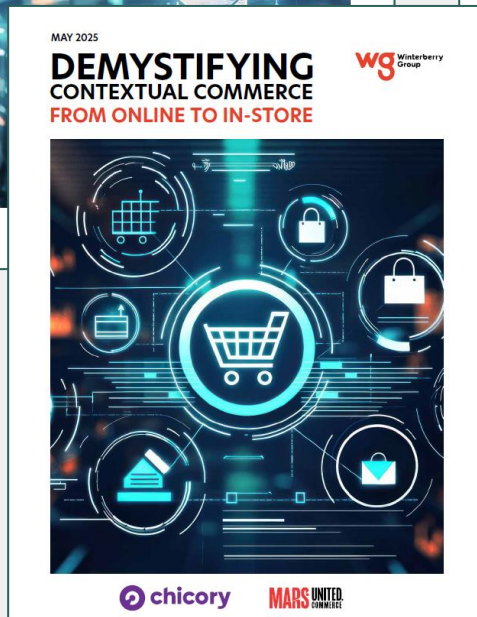
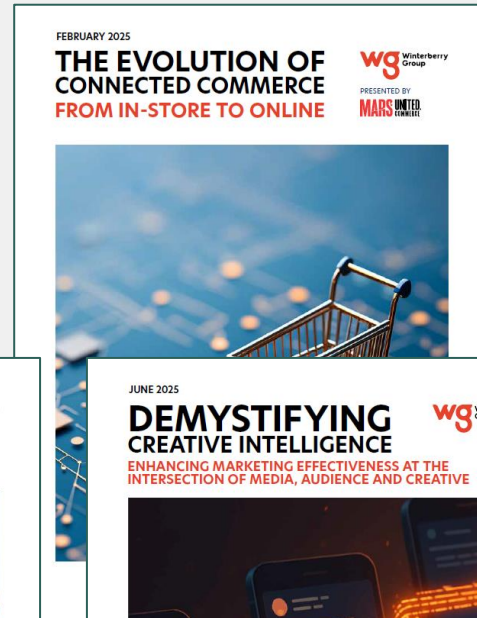
US Online and Offline Marketing Spend
(\$BB, 2023 - 2026P)

CAGRs
(2022 - 2025P):



Recent and Upcoming Winterberry Group Publications

Recently published whitepapers:



Coming Soon:

- **Creative Intelligence II**
(January 2026)
- **In-Store, Online-and
Everywhere: Out of Home
Media in the New Era of
Connected Commerce**
(January 2026)
- **Life Sciences** *(February 2026)*
- **Direct Mail** *(March 2026)*



Thank you.

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