# Advertising industry must shift focus from whales to krill as AI transforms market



The advertising industry is in the throes of transformation, yet its focus remains disproportionately fixated on major clients—the "whales"—while neglecting the networks of smaller enterprises, or the "krill," that are actually driving significant revenue growth. Recent discussions amongst industry leaders reflect a burgeoning recognition that a new model is required, specifically one tailored to serve the diverse needs of these small and medium-sized businesses (SMEs).

Jamie Credland, CEO of World Media Group, emphasised the immediate need for action rather than mere research, arguing that the sector is fully aware of its research findings but struggles to implement them. This sentiment underlines the industry’s pressing need to adapt to contemporary realities, especially given the decline in marketing budgets among traditional major advertisers. For instance, WPP recently reported a 4.5% drop in its U.S. revenue, a trend attributed to reduced spending from sectors traditionally known for robust advertising investments, such as technology and healthcare.

The central challenge lies in the structural inefficacies of the conventional agency model. Historically, agencies have been designed to pursue large accounts, leading to inflated retainers and a focus on prestigious awards, often at the expense of smaller clients. The current turbulence faced by industry giants like WPP, which is undergoing significant restructuring and attempting to streamline its operations, paints a clear picture of a sector in need of recalibration. As GroupM consolidates its offerings under WPP Media, the shift illustrates a response to these economic pressures, yet it still reflects a larger trend of pursuing bigger clients at the potential cost of smaller players.

According to projections, by 2024, it is estimated that more than two-thirds of advertising revenue will be 'AI-enabled,' a significant indication of where the industry is headed. The rise of artificial intelligence is expected to revolutionise ad targeting and creative content generation, potentially capturing up to 20% of the advertising market by 2029. As AI tools become increasingly integral to ad strategies—evidenced by WPP's investment of £250 million annually in AI technology—the traditional agency framework must adapt or risk obsolescence.

The reality is that these smaller businesses, unserved and often overlooked, are investing substantial sums into platforms like Google, Meta, Amazon, and TikTok. These enterprises are not only valid advertisers but form a substantial part of the economic environment. However, their self-service approach often leaves them vulnerable, as they lack the guidance and expertise that larger firms traditionally receive from agencies. The current ecosystem is devoid of sufficient infrastructure aimed at meeting their needs, leading to missed opportunities for effective brand engagement.

This is not merely a problem of service delivery; it speaks to a larger narrative of trust within the agency-client relationship. Agencies must become more than just facilitators of transactions; they need to act as trusted advisers, offering insights that genuinely benefit their clients rather than merely validating existing biases. As witnessed in recent discussions around platforms like Meta, there is a delicate balance between leveraging technology and maintaining client trust. A shift towards a model that integrates AI into marketing strategies has the potential not only to streamline operations but to fundamentally enhance the transparency and efficacy of advertising.

What is sorely needed is the establishment of an agency designed explicitly for the krill—those SMEs overlooked by traditional approaches. Such a framework could involve creating shared service platforms that provide benchmarks, performance insights, and negotiating power previously reserved for larger clients. The advantages would be profound, enabling these small players to compete more effectively in the market and ensuring their marketing efforts translate meaningfully to consumers.

Building this kind of ecosystem will undoubtedly prove challenging, as it will require the dismantling of long-held assumptions about what constitutes valuable business in the advertising world. Yet, the potential rewards are substantial—not just for the SMEs themselves but for the industry at large, which continues to grapple with its own identity and purpose in a rapidly evolving landscape. Rather than reinforcing the status quo, the focus should pivot to fostering growth among smaller firms, reflecting a more equitable distribution of resources and insights in the advertising sphere.

In conclusion, the advertising industry's future may not just depend on the whales that have historically dominated the conversation but rather on recognising and harnessing the wealth of opportunity represented by the krill. It is time for the establishment of an agency model that prioritises these enterprises, thereby fostering a healthy growth environment where all players can thrive.

### Reference Map

1. Article summarising the need for new agency models focusing on small businesses.
2. Insights on AI's anticipated impact on advertising by 2025.
3. Coverage of WPP's financial struggles and restructuring efforts.
4. Discussion on significant shifts in Meta's policies affecting advertising strategies.
5. Overview of The Brandtech Group's valuation and its disruptive potential through AI.
6. Exploration of generative AI's influence on the creative aspects of advertising.
7. Report on GroupM's prediction regarding AI-enabled advertising revenue growth.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://uk.themedialeader.com/what-if-the-next-great-agency-was-built-for-a-dry-cleaner/> - Please view link - unable to able to access data
2. <https://www.reuters.com/breakingviews/ai-will-become-madison-avenue-sensation-2025-2025-01-02/> - This article discusses the anticipated impact of artificial intelligence (AI) on the advertising industry by 2025. It highlights how AI is expected to revolutionize ad targeting and content creation, potentially capturing up to 20% of the advertising market by 2029. The piece also notes the rapid growth of digital platforms and the increasing dominance of AI in advertising strategies, emphasizing the need for the industry to adapt to these technological advancements.
3. <https://www.ft.com/content/ba51c6d2-ed8b-4928-b1dc-2a2b22fe257d> - This article reports on WPP's financial performance in 2023, highlighting a 4.5% decline in U.S. revenue due to reduced marketing investments from technology, healthcare, and retail sectors. Despite challenges, WPP plans to invest £250 million annually in AI tools and aims to generate £600 million in annual savings by 2025. The company anticipates growth in 2024, driven by events like the U.S. elections and the Super Bowl.
4. <https://www.axios.com/newsletters/axios-media-trends-225d9e30-caa5-11ef-8b21-a507291f21f4> - This newsletter discusses significant shifts in Meta's policies, including embracing free expression and ending its fact-checking program in favor of community notes. It also covers GroupM's restructuring to focus on 'predictive performance' using AI, reflecting the industry's move towards integrating advanced technologies to enhance advertising effectiveness.
5. <https://www.ft.com/content/4c7bee10-51d3-489b-873a-765157af8aac> - This article covers The Brandtech Group's valuation at $4 billion after raising $115 million from new investors. The company aims to disrupt traditional advertising by leveraging AI to create marketing campaigns, focusing on making marketing services faster, cheaper, and more efficient through technologies like machine-generated content and generative AI.
6. <https://www.axios.com/2023/05/30/generative-ai-comes-for-advertising> - This piece explores how generative AI is transforming the creative side of the advertising industry. It highlights WPP's partnership with NVIDIA to leverage generative AI capabilities, noting that AI-enabled marketing already constitutes 45% of global advertising and is set to increase further as agencies develop unique images and videos using AI prompts.
7. <https://www.wirenewsfax.com/groupm-predicts-more-than-two-thirds-of-ad-revenue-will-be-ai-enabled-in-2024> - This article reports on GroupM's prediction that over two-thirds (69.5%) of advertising revenue will be 'AI-enabled' by 2024. The focus is on ad buying and optimization across digital channels, particularly search, with GroupM forecasting that over 90% of ad buying will be powered by AI by 2029. The piece also discusses the expected growth of machine-generated content in advertising.