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Rapid Response

Q4 2025 Earnings Reporting

AI ad and commerce technology defining new models

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WE Create WHAT'S NEXT

The AI Turbine

WARC projects Alphabet, Amazon, and Meta will together reach 56.2% share of ad spend ex-China in 2026, up from 54.7% in 2025. Over the past 14 days each reported earnings for the full year 2025, illustrating what is driving revenue and innovations that will define 2026.

Product discovery and commerce is shifting from human-browsed interfaces to agent-assisted decisioning, where AIs decide what gets shown, recommended, and ultimately bought. Long-term, this will be AI agents acting autonomously.

The current focus is on AL-led retrieval-first ad delivery and native checkout inside AI surfaces.

The investment intensity of the hyperscalers continues to expand, even as worries of an AI bubble grow with them. The largest platforms are signalling USD c650bn infrastructure spend as they race to add capacity for AI inference, storage, and power.

Advertising revenue is the ultimate source of much of this investment (Google also released 100-year bonds). Two-thirds of a trillion dollars will not just continue to drive changes in consumer behaviours, agentic commerce capability and format effectiveness.

The advertising landscape is being rebuilt around AI auction models, semantic search protocols, and unified commerce layers that collapse the funnel from discovery to checkout into a single, real-time interaction.

Google reported annual revenue crossing USD 400bn for the first time, with Search, YouTube and Cloud all accelerating. Q4 reported USD 113.8bn revenue (+18% YoY). Search is being re-architected around AI-assisted experiences. Whilst over 1m YouTube channels are now using AI Creation tools.

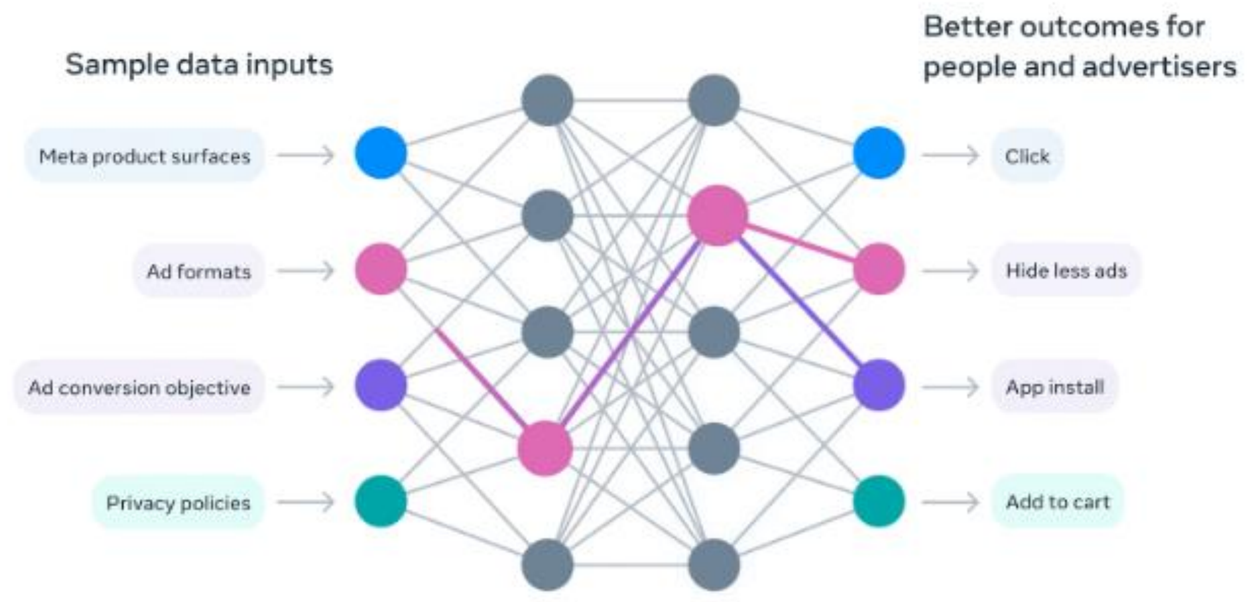
Gemini now has more than 750m monthly users, closing in on the 900m users of Chat GPT. The recently announced deal with Apple to make Gemini the basis of the next generation of Apple Foundation Models will further drive penetration.

AI Advertising Systems

Meta's total revenue in 2025 exceeded USD 200bn. Q4 saw USD 58.1bn in ad revenue (+24%). The trend of both ad impressions +18% and price +6% rising together continued. The past three years have seen annual 20% growth in ad revenues.

A rebuilt AI ads architecture was cited as a key driver of revenue growth, as a time when overall users are growing by around only 7% yr on yr.

Through Q4 Meta doubled the resources allocated to the Generative Ads Recommendation Model (GEM). As part of a suite of AI ad systems that expand candidate selection and improve personalisation before ranking. Driving up to 5% lift in ad conversions.



When considered together, these systems don't just represent a performance upgrade for advertisers and revenue growth for Meta. The parameters by which campaigns are structured, briefed and managed change significantly. On one side, audience targeting and creative adjustment are increasingly managed by the AI, whereas decisions about creative velocity, half-life and variant ratio are important performance levers.

A parallel, yet distinct, set of developments is driving Amazon's revenue as the ad business reached USD 21.3bn in Q4 (+22%) and USD 68bn for the whole of 2025.

The strategy is to turn media into an inventory-aware selling system, demonstrating that retail and media are now one optimization loop.

Ad growth is being powered by full-funnel tooling, including a unified Campaign Manager and agentic planning/production features announced at unBoxed in November.

Prime Video's ad-supported reach is now 315m+ average monthly viewers globally, giving Amazon a scaled upper-funnel surface that still closes to retail outcomes.

Platform focus has shifted towards AI ad systems connecting touchpoints, creative and outcomes through context, intent and structured data.

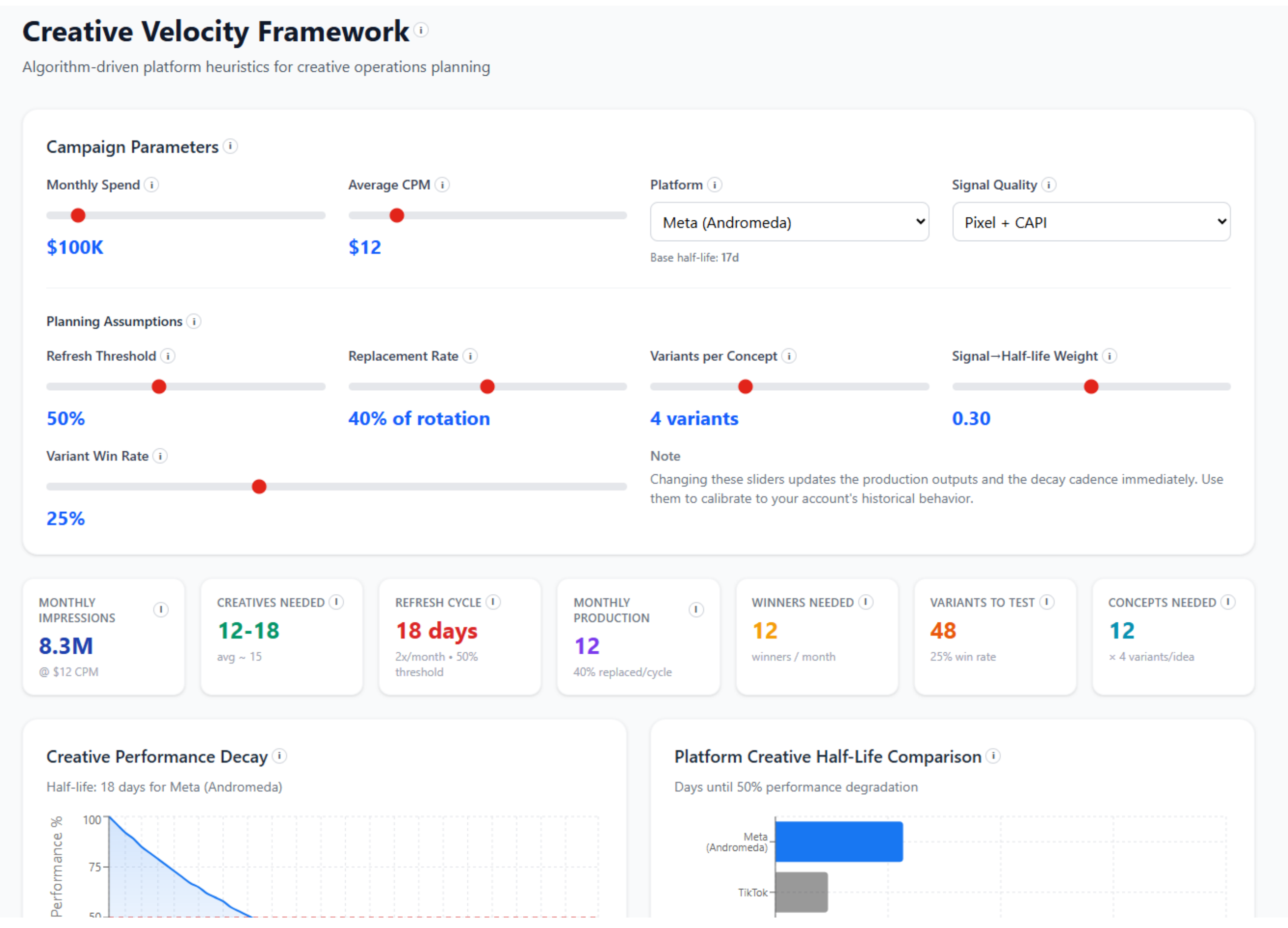
Competitive advantage for advertisers is moving from buying tactics to mastering the inputs that retrieval systems evaluate product truth, creative meaning, and feedback loops.

Changing Approaches

This fast-maturing phase of agentic ad disruption doesn't reward complexity, it rewards clarity of product truths, claims, and the signals creatives emit. Brands should think in terms of:

Treating product data as performance media. If AI Mode becomes the shelf, the product feed becomes the plan. Google is explicit that in Merchant Center accuracy and completeness determine eligibility and matching, especially as commerce becomes more automated. Missing attributes (compatibility, pack sizes, availability, fulfilment speed) become lost auction opportunities.

Assessing creative is targeting. Meta's AI system (GEM/Andromeda/Lattice etc) and Advantage+ automation increases the premium on diverse, semantically distinct creative. Operating changes are practical: broader audiences, fewer ad set partitions, and variants correctly flighted that let the model learn.



Hardening measurement for outcome markets. Platform automation increases the need for what we control: first-party event capture and incrementality. Meta's Conversions API remains foundational for privacy-safe attribution and model training. Amazon Marketing Cloud provides clean-room analysis to connect exposure to downstream outcomes.

Designing for interactivity and conversion moments. Amazon research positions interactive video as a measurable performance lever, including lifts in purchase intent and orders versus non-interactive formats. As Prime Video scales, the TV spot becomes a shoppable moment but only if creative is built for QR/remote responses.

Aligning media with operations. When retail media is outcome-optimised, supply chain variables (inventory placement, delivery promise, pricing) start to influence bidding decisions. Brands should treat these as controllable inputs.

Teams that industrialise feed quality, creative velocity, and privacy-safe measurement will outperform those still optimising legacy levers.

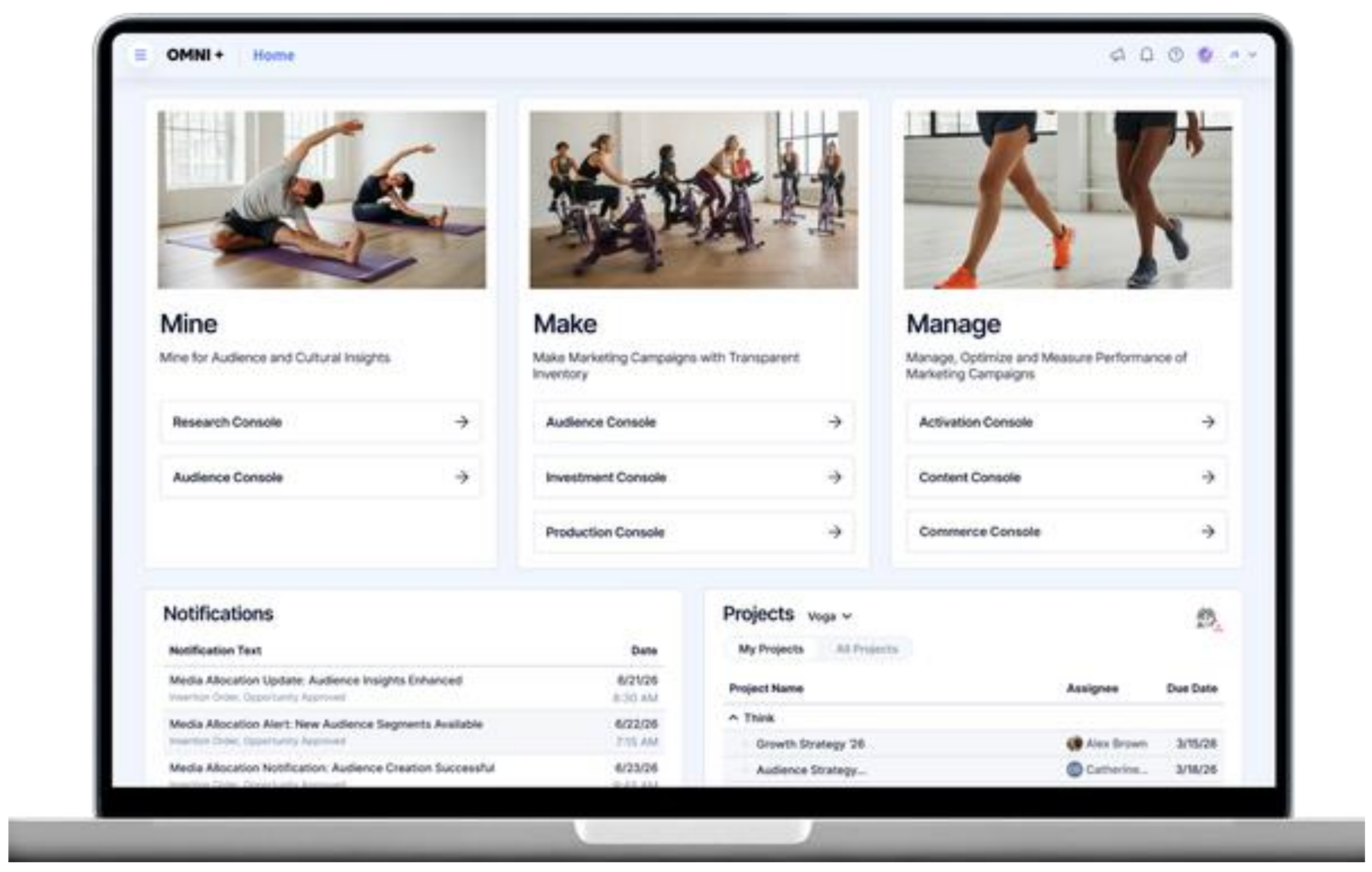
The New Model is Already Here

The twin innovations of AI optimized marketplaces and full-funnel connectivity have already had a significant impact, driving billions in new revenue above legacy growth curves.

Hundreds of billions of capital investment will scale these capabilities further, whilst consumer agents will potentially change both ad and sector markets.

Success comes from turning platform complexity into an operating model: identity, intelligence, commerce, and measurement in one connected system. Omni is designed to deliver against that challenge, positioned as an AI-driven marketing intelligence platform integrating data/identity, media, and commerce orchestration.

At the foundation sits Acxiom Real ID with 2.6bn verified global IDs and the ability to activate across ID-full and ID-less environments. In commerce, Flywheel brings retail media and digital shelf intelligence into the same loop, validated by independent analyst coverage of Omnicom's commerce capability.



The imperative is to invest now in agent readiness as an operational discipline, think semantic shelf, creative systems, and clean measurement. By waiting for standards to mature, first-mover advantage is ceded. WARC's concentration forecast suggests waiting will get more expensive, not less.

Emotion and empathy still win the customer, but only machine-readable truth wins the auction. Brands will need to navigate a world where the buyer is increasingly an agent, the shelf is an answer, and performance is defined by a richer set of outcomes.

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