omd

Rapid Response

Platform Earnings Reporting

Platform Insights and Innovation from Q2 Earnings

Updated: August 8th 2025

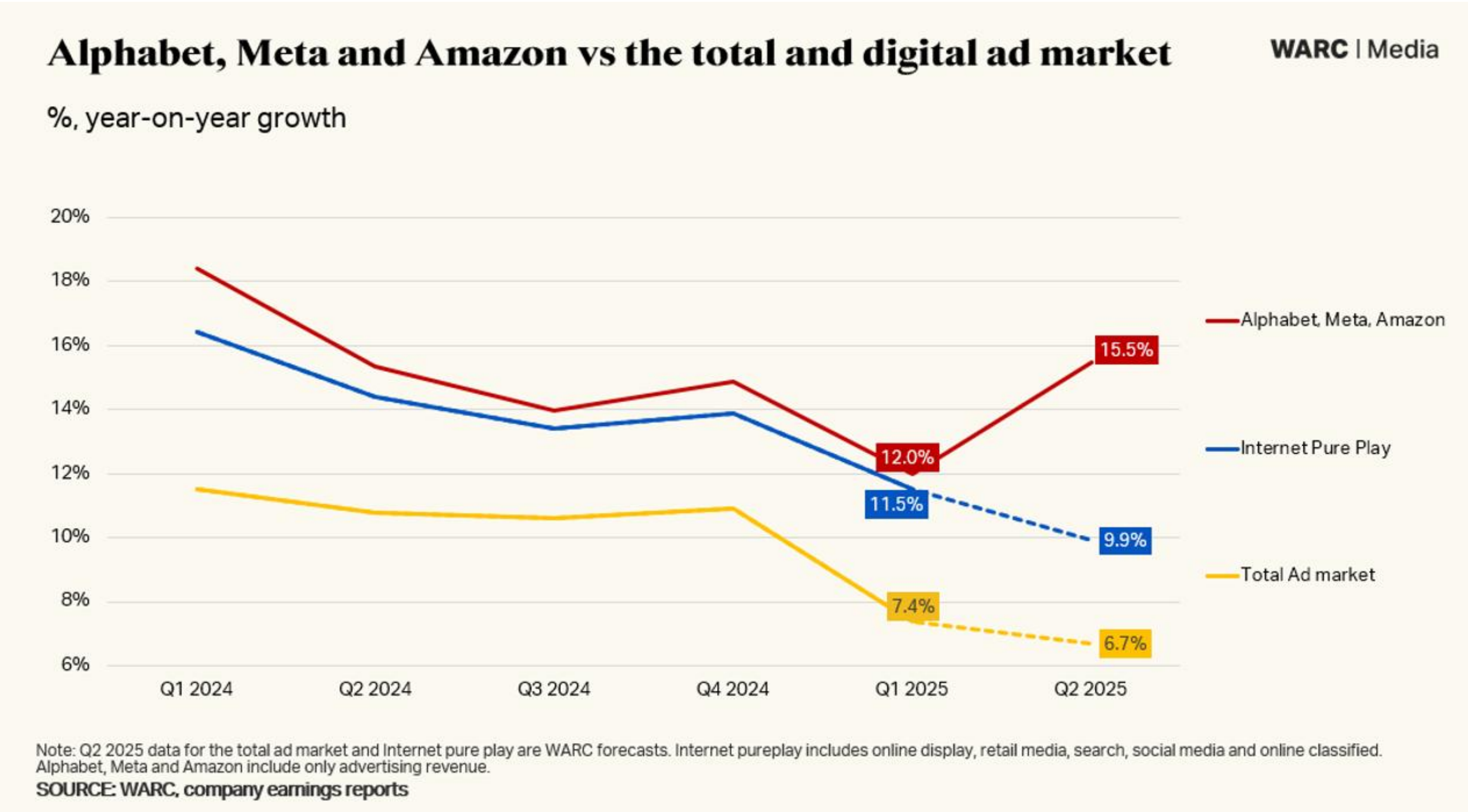
WE Create WHAT'S NEXT

Ad Markets Accelerate in AI's Slipstream

Major platform earnings reporting for Q2 2025 confirms that digital advertising revenues are growing even more quickly than seen recently, primarily driven by AI-driven lifts.

Aggregate ad receipts for Q2 across Alphabet, Meta, and Amazon reached USD 133.6 billion +15.5% YoY, the fastest collective growth since mid-2022.

The big three platforms continue to outpace wider digital ad growth and the global ad sector by over 50% and 150% respectively. As they reported higher revenue-per-impression or per-search, advertisers leaned into new Gen-AI creative formats that raise click-through and conversion rates.



Traditional media owners tell a more mixed story. Comcast beat forecasts on revenue (USD 30.3 billion) but cited only "mid-single-digit" ad-sales growth at NBCU as scatter pricing stayed soft; Peacock's 18% revenue lift to USD 1.23 billion was almost all ARPU, implying limited upside from its hybrid AVOD tier.

Paramount delivered a 1% revenue rise to USD 6.85 billion while warning that the Skydance sale may force "prudent ad load discipline" as it seeks to become a streaming-first company.

Disney reported revenue growth of 2% to reach USD 23.7 billion. It has recently finalized its USD 9 billion cash buy-out of Hulu and a deal to acquire NFL assets.

All to deliver the vision of a single-tech-stack ad marketplace across ABC, Hulu, and Disney, a structural bet on unified addressable inventory before ESPN's DTC launch on August 21st.

Around the world, broadcasters are seeing revenue declines, whilst overall investment grows 6.2% to USD 1.16 trillion this year. For example, UK broadcaster ITV saw a half-year revenue decline in ad revenue of 7% to GBP 824 million. The business is diversifying with new revenue sources, especially on new platforms, with hours viewed on YouTube up 180% and AVOD/FAST hours up 34% since last year.

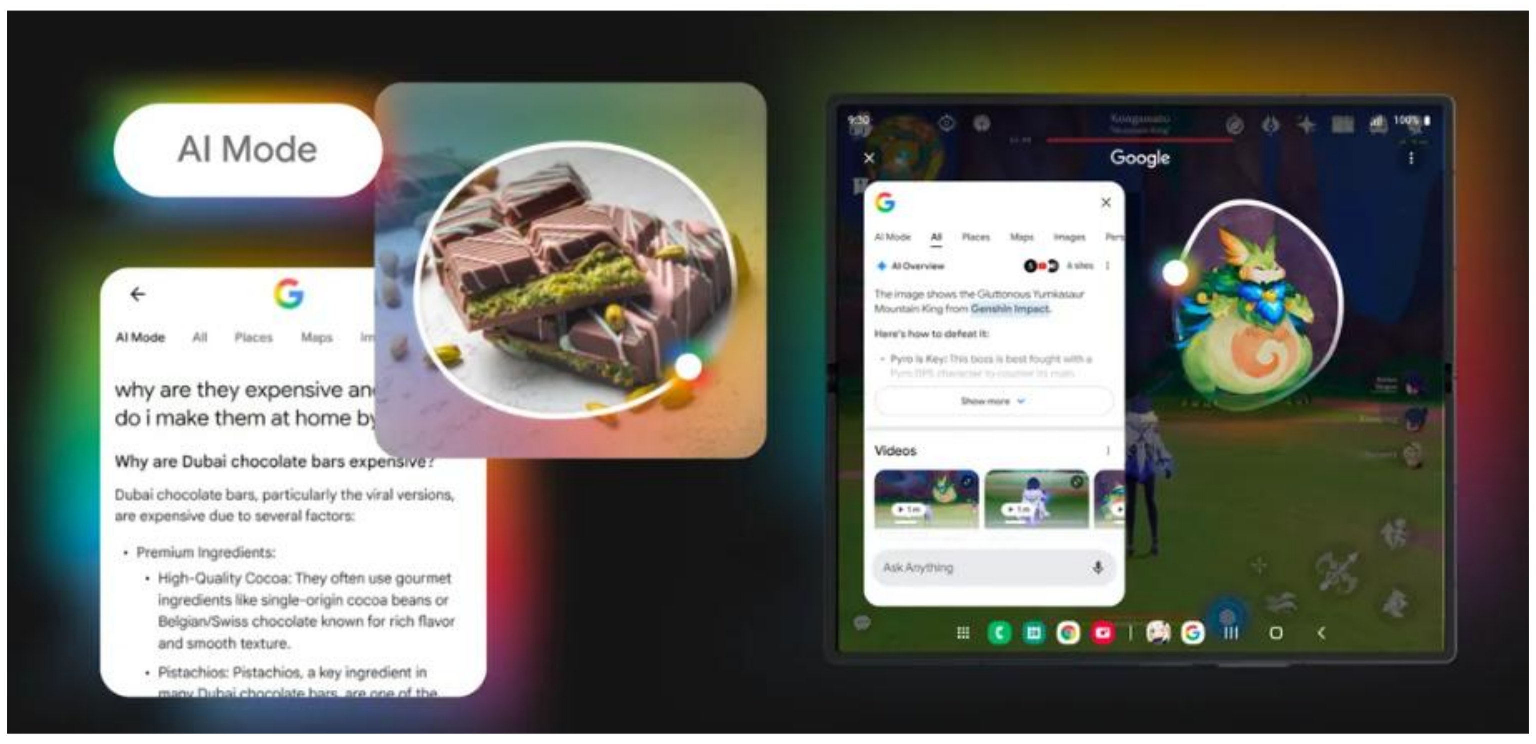
Q2 Ad Revenue Drivers

Google's Q2 ad revenue is USD 71.3 billion, up 10.4%.

Google is carefully managing its transition to AI-led search. Whilst AI overviews are reported to have a negative impact on click rates, they do drive 10% more queries, primarily as follow-up questions, leading to more qualified leads. A model that the mobile dev memo refers to as an engagement sink.

We are also starting to see ad solutions designed for this new search landscape, with the first AI Max search ads spotted in the wild. New features are quickly coming on stream, for example, 'Locations of interest' to target users who are searching for, or have an interest related to, specific geographic areas. This enables more strategic, intent-based targeting for sectors such as travel, local services, and events.

YouTube Ads climbed 13% to USD 9.8 billion in Q2, with Shorts monetization growing to a USD 4 billion annual run-rate. Demand Gen for YouTube and "Circle to Search" visual queries were highlighted as new ad-surfaces.



For example, gamers can now use Circle to Search while playing mobile games to see an AI overview or answers. This could lead to lots of new engagement opportunities for brands as mobile gaming takes a significant proportion of consumer time.

GenAI creative tools are growing in scale. Meta claims that 2 million advertisers use them in Advantage+ campaigns. A new IAB report states that 90% of US advertisers plan to use AI to create video ads in 2026.

Meta's 21% ad revenue growth to USD 46.6 billion was also driven to a significant degree by the impact of AI technologies on targeting, bidding, and creative. Ad impressions grew 11%, while price per ad rose 9%.

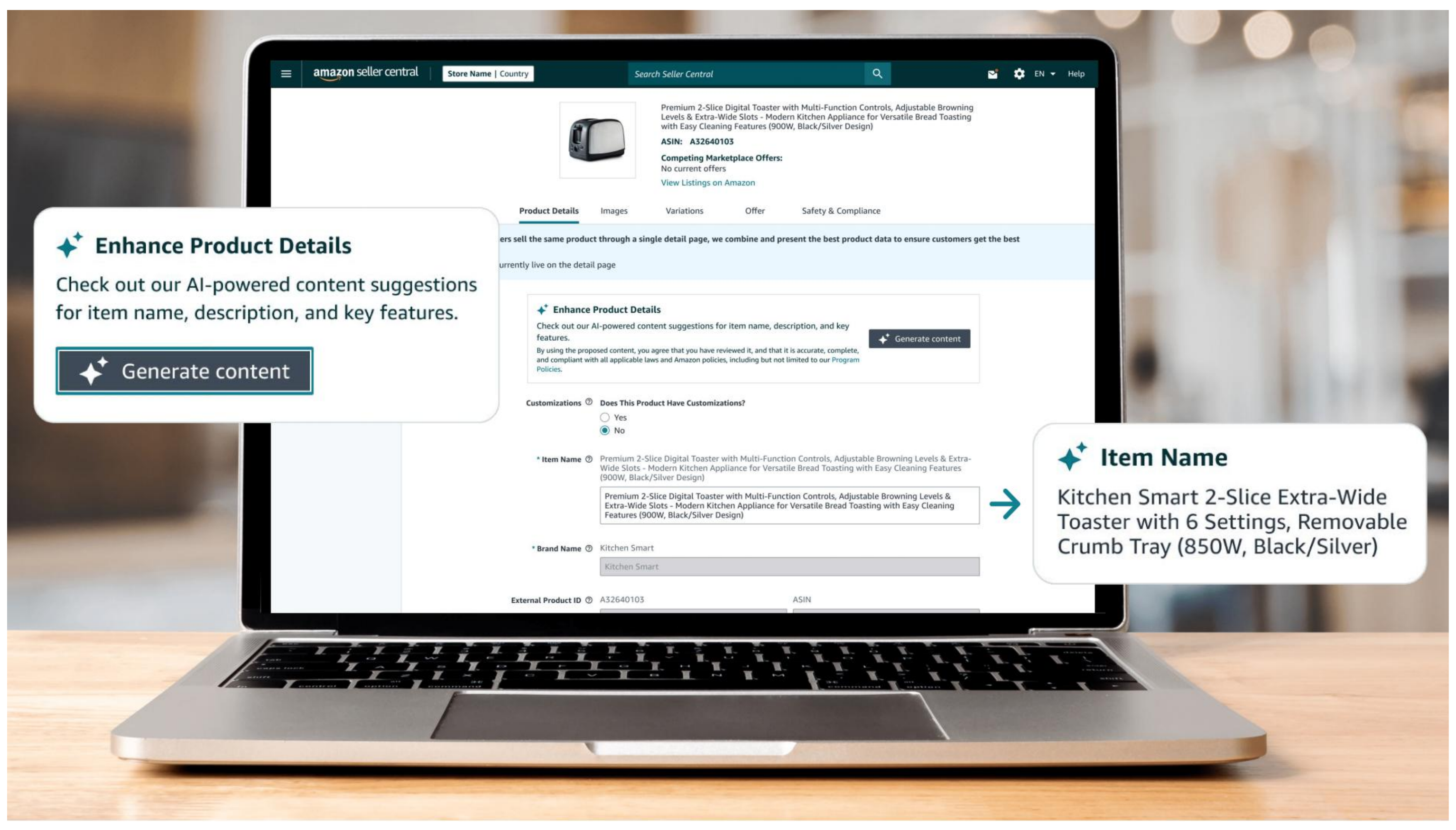
Meta claims that AI has driven 5% more conversions on Instagram and 3% more on core Facebook, primarily from mature machine learning models rather than LLMs. Whilst short-term incrementality is strong, long-term effects are weaker.

Ad-Product & Format Innovation

Amazon Ad revenue continues to grow at a faster pace than the retail business, with Q2 ad sales up 23% YoY to USD 15.7 billion. Driven by sponsored video and the expansion of Amazon Publisher Cloud, a clean-room solution that lets CPGs and studios overlay first-party purchase data on Fire TV inventory, an innovation that Omnicom has led in.

Amazon also plans future Alexa+ ad slots that insert product suggestions into multimodal chat, a conversational equivalent to Google's AI Overviews.

Over the past quarter, Amazon launched generative AI tools to enhance shopping experiences. On the consumer side, "Hear the highlights" turns product summaries and reviews into audio clips. Whilst sellers can "Enhance My Listing" to keep listings current and compelling.



It is not just the big three US-based platforms driving growth with AI. AI is supercharging creativity everywhere, as it unlocks new creative and commercial opportunities for advertisers.

TikTok owner Byte Dance does not deliver earnings reporting, but it is also committed to the AI advertising steamroller, through technologies such as Symphony.

Snap saw revenue grow 9% YoY, claiming that "ad platform improvements and foundational AI advancements contributed to 7-0 Purchase volume increasing 39% YoY for commerce advertisers", with total purchase-related ad revenue up over 25% vs. Q2 2024.

Reddit has seen an ad revenue renaissance recently, reporting Q2 revenue up 78%. As well as AI-powered ads that are more engaging and contextually relevant. Reddit also saw data licensing deals with AI providers grow 24% YoY, as the authority of its users is critical in delivering generative search capability.

In China, we see similar patterns in AI creative suites, AI assistants, and AI search, but also groundbreaking innovation such as Amap from Alibaba, the world's first AI native mapping application, positioned as a proactive travel partner.

Strategic Implications for Media

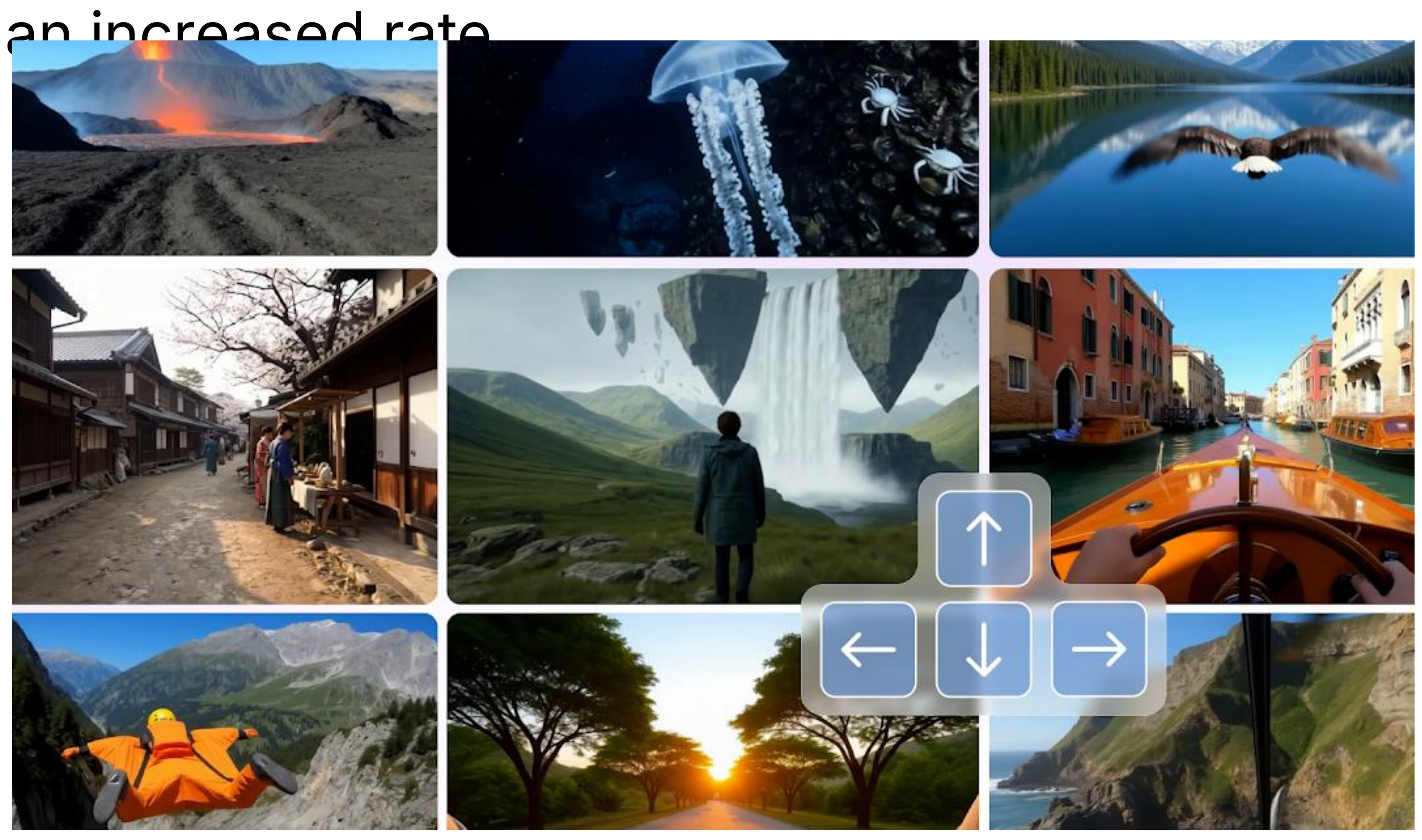
July's earnings prove that AI technologies are delivering revenue growth for the platforms, defined by the performance delta delivered to advertisers. The winners are those marrying model-powered creative with privacy-safe data collaboration.

Positive returns in advertising drive increased confidence to invest. This, in turn, is causing the gulf in AI capital intensity to widen. Alphabet lifted its 2025 cap-ex outlook to USD 85 billion, Amazon to USD 118 billion, and Microsoft will drop USD 30 billion in a single quarter, with each explicitly tying spend to AI advertising workloads.

The major platforms are banking on demand elasticity, with richer ad formats delivering higher ROI, driving higher bid density. If cap-ex outpaces revenue for long, investors will push for margin discipline, but CPM inflation is likely in premium AI-enabled inventory.

Over USD 1 billion per day is being spent on AI infrastructure this year, meaning an AI arms race will keep shifting inventory toward automated, performance-priced formats.

AI capital investment in part serves a growing user base, but also ever more sophisticated models and services. New AI innovations are being launched at an increased rate.



August is usually a very quiet month for tech launches, but not this year. This week, we saw Genie 3, a world model from Google DeepMind that will revolutionize immersive content experiences. Whilst the 3-level open source gpt-oss model from OpenAI will drive down costs and drive up security. Let alone (the just-launched at the time of writing) GPT5 from OpenAI, or ongoing quests for superintelligence.

These technologies will enable future rounds of ad innovation, which will continue to drive both disruption in the flows of investment and value creation for the advertising sector.

Jean-Paul Edwards
Managing Director, Product
OMD Worldwide