



The Exordian



A DECLINING ROAS

Regulations, dirty data, increased competition are all at work

META'S REVENUE JUMP

AI pulls in more money around advertising but be careful...

APPLE'S LEAKED DOC

Followed by a fresh lawsuit around false advertising



Image from a recent shoot with Guinness in Sydney

A changing advertising landscape



We're mixing up the style for this month's edit of the Exordi, merging three topics into one thread since they're so intertwined. This month, we're talking about a shaky advertising landscape.

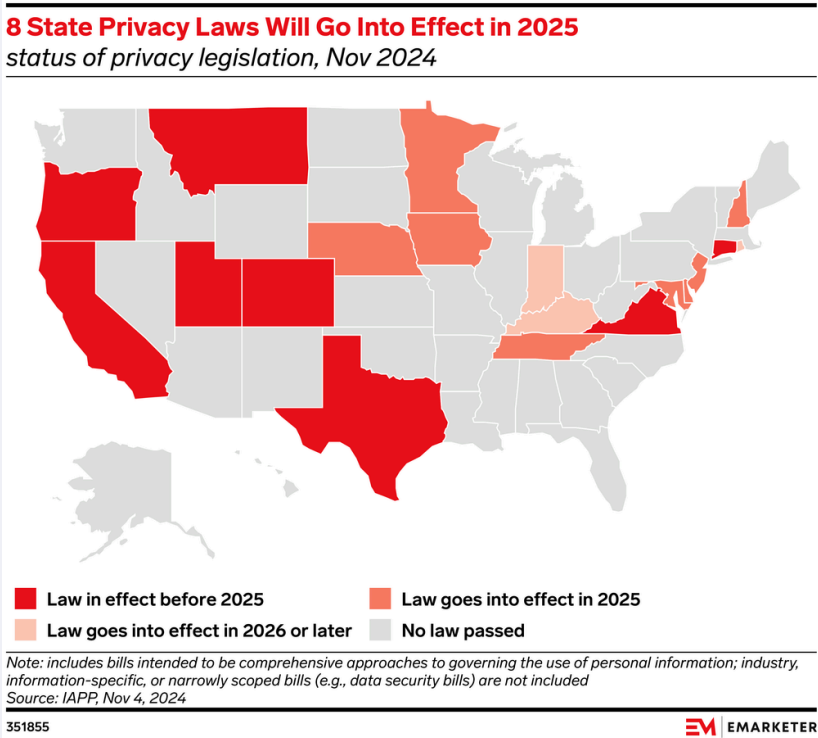
A revolution on the horizon

Return on ad spend (ROAS) — once the holy grail of digital marketing — is now in visible decline.

It begins with the basics: regulators have been putting a much tighter leash on data usage which kicked off with Apple’s 2021 iOS update that introduced app-tracking transparency and the EU’s now par for the course GDPR regulation. Then, last year, we saw Google’s third-party cookie red herring, where they claimed cookies were going away but they stayed; this, however, still drastically changed behaviour and pushed brands to focus a lot more on first party data.

Moreover, eight states, including California and Texas, are implementing privacy laws this year, following the International Association of Privacy Professionals. The only chance to fight this is a federal privacy law but that is unlikely to pass any time soon, which will make compliance even more difficult for advertisers needing to adhere to states’ varied standards.

These laws have made brand marketers re-think their strategies. They have begun pulling their money away from large agencies and started creating their own tech stack to own their spend. Indeed, the idea of ‘owning’ the advertising process is becoming increasingly important for brands. As Jack Campbell, founder of Wize Media, says “Your email list, your community, your events, your collaborations — that’s the stuff that’s future-proof,” because it gives brands first-party, clean data about their customers.



	Effective date
Delaware	January 1, 2025
Iowa	January 1, 2025
Nebraska	January 1, 2025
New Hampshire	January 1, 2025
New Jersey	January 15, 2025
Tennessee	July 1, 2025
Minnesota	July 15, 2025
Maryland	October 1, 2025

White & Case

The impact of AI on declining ROAS

However, it doesn't stop here. AI is clearly having an impact yet, it's not exactly painting a bright future. Meta, the world's largest social media platform, outperformed quarterly expectations as AI pulled in more money. They expected earnings of \$42.31 billion for the first quarter, compared with analysts' average estimate of \$41.40 billion. It also lowered its total expenses forecast for the year to be between \$113 billion and \$118 billion, from its earlier expectations of \$114 billion to \$119 billion.

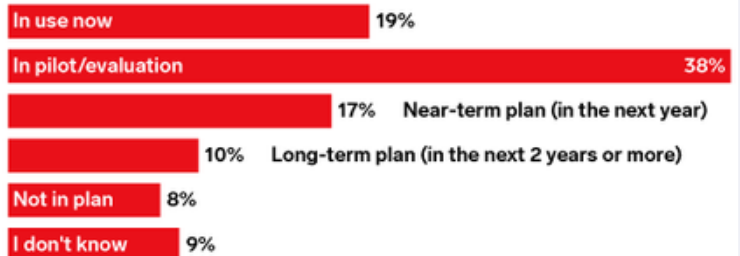
Don't be fooled though. A lot of AI advertising revenue is caused by the current experimentation phase and, so far, none of the AI enhanced ads have led to better performance. This begs the clear question: how long will advertisers keep trying them?

There's also one other crucial reason as to why this is a very uncertain moment. A 170-page internal playbook from Apple has been leaked, assessing digital assistant responses to user queries exclusively to Search Engine Land, allowing us to gain insight into how the company decides what is "good" or "harmful" to show. (Business Insider).

This was then linked back to Apple's promotion of its "Apple Intelligence" suite during the iPhone 16 launch in September 2024 claiming that features like Genmoji, Image Playground, and ChatGPT integration with Siri were "Available Now.". In truth, these features did not have the capabilities nor release times that Apple had promised, resulting in a lawsuit (read the lawsuit here) for false advertising around AI Capabilities.

Level of AI Adoption in Media Planning/Buying According to US Digital Ad Buyers, Aug 2024

% of respondents



Note: n=124; includes generative AI adoption
Source: EMARKETER Benchmark, "US Retail Media Networks Perception," Sep 2024



Death of traditional ads?

The above changes have had a profound impact on the ROAS attributed to digital marketing. Pia Mance, founder of Haven Accessories, was putting \$15 a day on Meta Ads and acquiring customers for \$2.50 yet “in more recent months, the digital advertising landscape has definitely become more competitive and less efficient,”. Therefore, we are seeing a decline of ROAS while these top players (Meta & Google) are still intact, but what happens when an anticompetition lawsuit eventually wins and breaks them up? It will greatly limit the “overlapping data and would likely mean less granular targeting options for media buyers” says [Amperity's Slager](#). Meta is facing yet another anticompetitive lawsuit that, despite it being weak, can drastically impact how marketers think about their ad spend. Especially since “a seven to tenfold ROAS seemed to be the norm, now we are lucky if it's a fourfold” says [Elena](#) Bonvicini, founder of Los Angeles-based label EB Denim.

We've said it before

Owning their advertising doesn't mean just building their own tech stack. Brands need to get in the trenches with their customers and connect with them at a personal level. “The flip side of this saturated digital world presents a very strong case for analogue or ‘antisocial’ marketing strategies,” says [Poppy Lissiman](#). “Shifting the brand away from exclusively URL to more IRL is going to be a big focus for 2025.”. This is becoming even more clear and brand owners are realising that “The brands that survive the next few years are going to be the ones that people genuinely want to be part of, not just the ones with the best retargeting” says [Slager](#).



The Exordian March Edition: the focus on IRL Pop-Ups



The Exordian October 2024 Edition: the rise of dinner parties

It's time for some:

EXORDI UPDATES

April was a good month of earnings, with 3 different clients paying for content produced across 12 different countries. We would be profitable if it weren't for lawyer fees which are being incurred to deal with an investor. Nonetheless, we have been able to maintain a 40% margin on each job which is good.

Revenue

\$17,700

Expenses

\$18,000

In April, we supported Born Social, a digital agency to deliver for Ford in France. A first test that can then scale across 5 more countries in Europe.

We also acquired 3 new warm leads, 2 of which being direct to brand and 1 being an agency. Should they go ahead, we are looking at an additional \$10,600 in revenue next month.

Thank you



The Exordian is about promoting the upmost talent and providing unhinged thoughts around the current creative landscape. Feel free to send us yours.

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