MEDIA & ENTERTAINMENT

The Performance Imperative

Part 2: Social, TV and Print Media Strategies Amidst Tariff Uncertainty

Turbulence in Markets

On April 2nd, 2025, a sweeping tariff policy was announced by the Trump administration under IEEPA powers, setting off volatility on the stock market and ambiguity, even insecurity, for business decision makers. In the weeks following the announcement, the stock market declined by 13%, its worst start for a year since 1993 [1]; consumer good prices increased on a variety of U.S. products including cookware, home goods and apparel [2]; and business investments were reevaluated, from the supply chain to marketing.

Though tariff policy and country-specific deals continue to be fluid, concerns about a recession are already impacting the ad industry outlook. Data and analysis company, Guideline, reported that a slowdown is already visible. While ad spending rose 7% in Q1 2025 compared to Q1 2024, their analysis of future bookings for Q2 2025 shows the market is already down 3% compared to last year [3]. Since the advertising industry generally moves in concert with the overall economy, tariff policy is expected to continue to upend forecasts, budgets and traditional strategies.

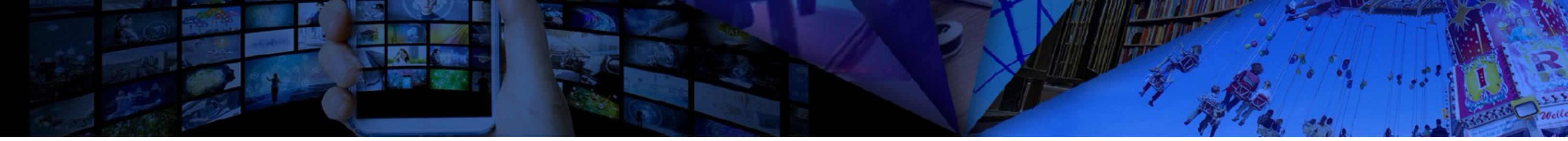
In times of turbulence, uncertainty or recession, marketers pull back on brand-building and focus more on performance and ROI. The shift from branding to performance strategies by advertisers will likely accelerate in the coming months given the uncertainty of tariff policy and market risk. Channels perceived as having weak alignment to direct ROI will be at the greatest risk when brands make significant budget cuts. We believe traditional channels and campaigns focused on awareness versus performance could be most vulnerable to ad budget cuts, even as brands must broaden their campaigns and tactics to compete for skittish customers who face higher prices on goods.

Tariffs create the ultimate conundrum for the industry: As increased costs and potential recession squeeze advertising budgets, brands face an even greater need for advertising effectiveness to reach and perform with consumers in a measurable way. In this environment, we believe that the defining business strategy is clear and is best characterized as the performance imperative.

U.S. ADVERTISERS CONCERNED ABOUT TARIFFS AND AD BUDGETS SOURCE: IAB, FEB. 2025	**94** percent

Winners and Losers

All participants across the advertising ecosystem will have to navigate a landscape shaped by inflation, tariffs and ongoing market instability. Against this volatility, performance-based solutions linked to business outcomes can increase their share and standing at the expense of traditional channels with less measurable outcomes.



Social Media Networks

With social media's large share of total ad spending, second only to search, the category remains sensitive to industrywide shocks and reductions in brand-driven, top-of-the-funnel campaigns. While performance marketers will continue leveraging their targeting and ROI capabilities, we expect a marked pullback in spending focused on awareness.

Compounding risk, some social platforms rely significantly on Chinese retail advertisers. Meta, for instance, reported that 10 percent of its 2023 revenue came from brands like Shein and Temu.[4] Due to geopolitical uncertainty and tariff risks, eMarketer forecasts that social media ad spend could decline by 10 percent — nearly twice the expected overall market drop.[5] However, even if there were a sizeable category decline, the threat of a ban on TikTok could reallocate some ad spend back to U.S. social media companies including Meta, Snapchat and others, thus offsetting some the decline.

Broadcast and Cable Television

After only a few days of tariff-related turbulence, analyst Moffett Nathanson revised its previous estimate and forecasted that TV ad spending could decline by 23 percent to $61 billion for 2025 if the economy slipped into recession. This is four times the overall estimated decline of 5.8 percent for the U.S. advertising market.[6]

TV advertising has been facing significant changes in the market, including audience fragmentation, challenges from the rise of search, programmatic buying and the pervasiveness of social media. While it maintains unique strength for its important cultural moments and one-of-a-kind viewership events, the need by advertisers for targeted, real-time and measurable solutions will likely increase in this period. TV could be at significant risk, with losses to revenue and share beyond the decline of the overall ad industry.

Print Media

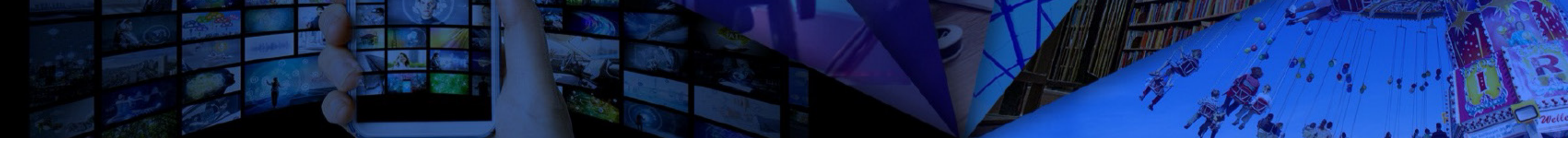
In January 2025, prior to the tariff-related commotion, S&P Global analysts predicted a decline for print advertising of 7% for 2025.[7] Trends impacting top- and bottom-line declines include an aging reader base, audience fragmentation, retail closures and related reduction in retail ad spending, as well as rising supply chain costs. This negative trend will be likely exacerbated as the industry combats April 2025 tariffs imposed on lumber and paper in Canada, as well as generalized tariff-related uncertainty and possible recession.

Even with their elevated prestige and trust, newspapers and magazines are likely to face renewed pressure from brands who seek accountability and immediate ad campaign ROI. Print media companies that integrate with and innovatively cross-sell digital touchpoints will be more resilient against negative trends. Capitalizing on their digital platforms and offering a multi-faceted ad sales approach with performance features will be key to maintaining share and mitigating any downward trends.

Part 1 Revisited – Retail Media and DOOH Networks

In Part I of the Performance Imperative, published by Alvarez and Marsal on April 24, 2025, the focus was on Retail Media Networks (RMNs) and Digital Out-of-Home Networks (DOOHs). The paper noted that for RMNs, tariff-induced inflation could reduce consumer spending, potentially affecting retail sales growth and, by extension, ad budgets to RMNs. For DOOHs, there could be both direct and indirect impacts from tariffs, primarily due to increased costs of hardware components like digital screens and media players, many of which are imported from tariff-affected countries such as China and Mexico. These higher costs could delay network expansions and new innovative placements and squeeze profit margins.

Please follow this **link** to read Part 1 on RMNs and DOOHs.



Tariffs create the ultimate conundrum for the industry: as increased costs and recession squeeze advertising budgets, brands face an even greater need for advertising to reach and perform with consumers.

Strategic Recommendations

Despite tariff-related challenges and ongoing market volatility, we believe areas of the advertising industry will be resilient. The channels that focus their solutions and messaging on performance and accountability will defend, even increase, share.

For brands that want to move beyond the performance imperative, there are strategies that carry increased risks and rewards. Throughout history, some brands have used market turbulence to wage market moves. During the Great Depression, Nabisco quadrupled its TV and Radio ad budget and introduced new brands, including Ritz which became the top-selling cracker within three years. McGraw-Hill Research published a report after the 1981-82 recession that highlighted that profits rose by 270% by 1985 for brands that actively marketed their products during recession.[8]

Though we expect the performance imperative to be the prevailing strategy for the market this year, those who flexibly serve clients and their shifting focus – including expansion planning – will win the day.

Tactical Planning

Social Media Networks

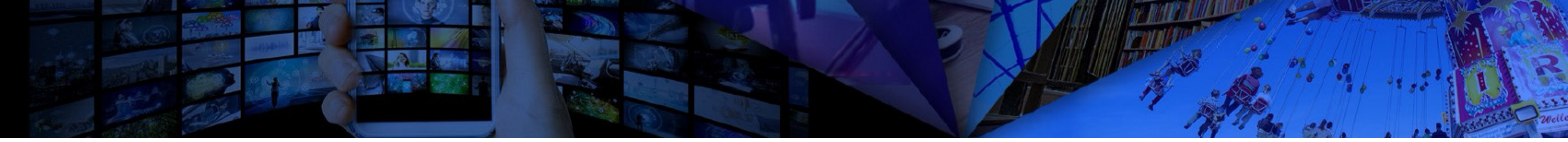
For social media networks, continued strength will hinge on enhancements in personalization, targeting, community engagement, direct response and data-driven alignment with business outcomes. While their topline may face pressure in a downturn — given their large share of overall spend, reliance on brand-focused campaigns and exposure to Chinese advertisers — we expect their share to remain more resilient than channels lacking accountability features. Revenue optimization programs – including the integration of new artificial intelligence (AI) and machine learning (ML) tools – will be paramount for effective personalization and targeting, creative testing, predictive forecasting and even fraud detection.

Broadcast and Cable Television

For television networks, their defense of advertising revenues will be linked to their ability to highlight cross-platform sales with robust performance-oriented components for apps, platforms and online. Their ability to message modernized metrics and integrated data partnerships will be more crucial this year than ever before. Concurrently, they can fortify traditional cash flow with product placement, compelling sponsorship opportunities and innovative packages for key cultural, sports and entertainment events that draw audience as nowhere else can. Against significant industry uncertainty, this will likely be a pivotal year for television advertising and may require a dual strategy of cost optimization in the traditional business, while investing in new revenue optimization and AI and ML tools – for direct response and measurable enhancements in digital platforms.

Print Media

For magazines and newspapers, their revenues will be linked to continued delivery of premium audiences while offering multi-faceted ad solutions that include digital platforms with performance-oriented features and measurability. With new



AI and ML tools, print media can focus on unique forms of targeting and segmentation with custom content, personalized pricing bundles, hyper localized merchant ads, enhanced conversion, ad optimization and more. For the bottom line, automation tools can bring production speed, distribution optimization, media planning support and more. Successful companies will focus on cost-efficiencies in a downturn as well as integrating new AI and automation tools to modernize and compete with digital-first companies.

Part 1 Revisited – Retail Media and DOOH Networks

For RMNs, their ongoing success and defense of revenues will hinge on enhanced measurement tools to address advertiser needs for ROI and incrementality. Further, with an ongoing focus on integrating data across platforms to provide seamless attribution models, they can emphasize flexibility for client campaigns and provide fast adaptation. With the help of new AI and ML tools, data models, predictive forecasting, campaign personalization and revenue optimization can propel the RMNs to the next level.

For DOOHs, there will be an immediate need to focus on supply chain and cost optimization, and to localize manufacturing. Though costly and disruptive, digital transformation, scenario planning and diverse investment strategies will be the foundations of renewed stability. Further success will hinge on doubling down on programmatic capabilities enabled by AI and ML, and interactive technologies like AR to differentiate offerings.

The Bottom Line

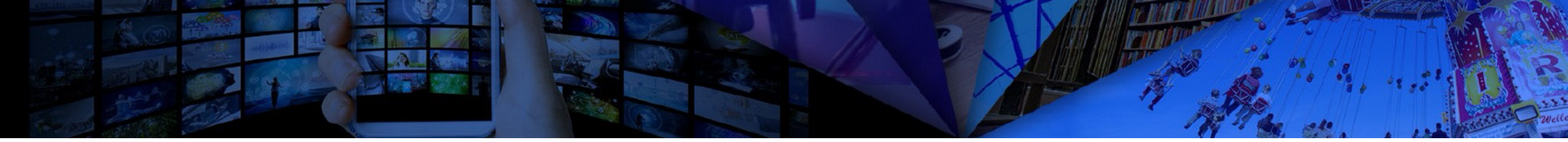
The tariff policies announced April 2, 2025, have roiled the markets, eliminating any lingering optimism in key sectors, from consumer brands to advertising, tech and beyond. As economic uncertainty deepens, organizations across industries must prepare for volatility, shifting demand patterns and new pressures on growth. Success for each player will depend on their ability to enhance, invest and solidify its performance levers and bring to market unique data- and results-driven solutions.

The Media & Entertainment team at Alvarez & Marsal has partnered with major media and advertising companies to tackle pivotal market moments and challenges. A&M helped one publisher grow average CPMs by 17% within 6 months and contributed to the 25% digital revenue increase through an analytics-driven pricing strategy and integrated, disciplined implementation. Similarly, the A&M team helped a television broadcaster garner greater transparency, visibility and discipline with managing campaign performance through AI-enabled reporting. With a results-oriented and systematic approach, A&M supports clients and their marketing, sales and operations through both surging and stormy market conditions.

Alvarez & Marsal brings deep advertising, media and entertainment experience, helping clients navigate disruption and unlock enterprise value. Teams work side-by-side with C-suites and boards to deliver high-impact transformation across revenue growth, cost optimization, operational agility and digital enablement. In today's AI- and automation-driven landscape, A&M is a trusted partner in architecting and delivering results. From investment thesis to enterprise execution, A&M helps clients deliver measurable results with speed, clarity and confidence. We understand the complexity of today's environment and stand ready to help clients shape what's next — through a lens of performance, resilience and sustained growth.

AVERAGE CPM INCREASE FOR AN A&M PUBLISHING CLIENT WITHIN 6 MOS

17 percent



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Founded in 1983, Alvarez & Marsal is a leading global professional services firm. Renowned for its leadership, action and results, Alvarez & Marsal provides advisory, business performance improvement and turnaround management services, delivering practical solutions to address clients’ unique challenges. With a worldwide network of experienced operators, world-class consultants, former regulators and industry authorities, Alvarez & Marsal helps corporates, boards, private equity firms, law firms and government agencies drive transformation, mitigate risk and unlock value at every stage of growth.

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