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# What Tariffs, Antitrust Legislation, and More Mean for Marketers and Advertisers



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# **What Tariffs, Antitrust Legislation, and More Mean for Marketers and Advertisers**

## **A G E N D A**

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- 2 What Tariffs Mean for Retailers**
- 3 What Tariffs Mean for Consumers**
- 4 Antitrust, Regulation, and TikTok**
- 5 Key Takeaways**

# What the current landscape looks like

- **Trump's new tariffs have destabilized the US retail and advertising landscape.** Major uncertainty around tariff scope and timing is making long-term business planning almost impossible.
- **The administration is cracking down on the de minimis exemption.** That poses a major threat to many online retailers and platforms.
- **Consumer confidence is plunging, dragging down retail and ecommerce growth.** Economic fears are pushing consumers toward essentials and discounts, while ecommerce faces rising prices, tighter margins, and disrupted global supply chains.

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**“The fundamental issue on tariffs is they cause uncertainty.”**

— **Martin Sorrell**

Executive Chairman, S4 Capital

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# What Tariffs Mean for Advertising

# We are evaluating three potential tariff scenarios

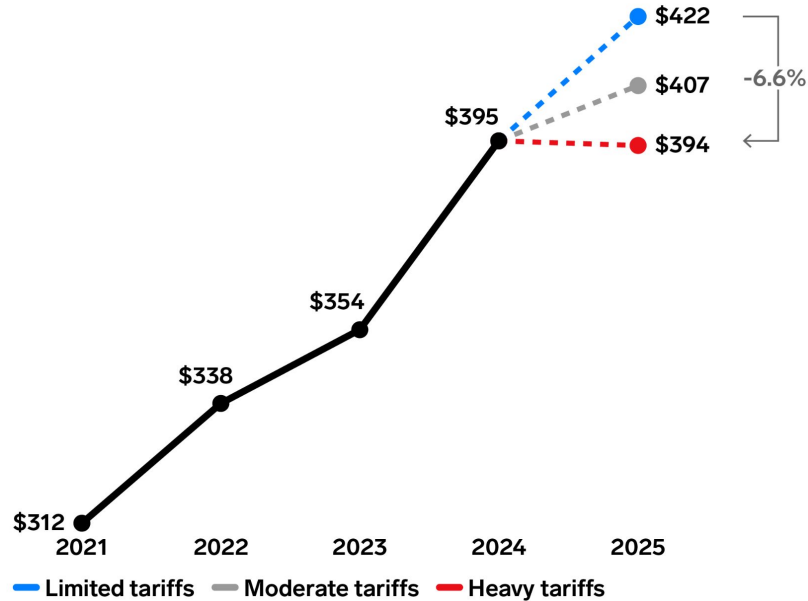
- **Limited Tariffs:** Our baseline scenario, assuming 25% blanket tariffs on global steel, aluminum, autos, and parts — impacting Canada, Mexico, the EU, Japan, and South Korea — along with a 20% blanket tariff on all Chinese goods.
- **Moderate Tariffs:** Partial tariff relief. The economy slows, but tariffs ease somewhat following positive negotiation outcomes with key trading partners, including China, the EU, Canada, and Mexico.
- **Heavy Tariffs:** Full global retaliatory tariffs are imposed across all trading partners, triggering a global recession, surging inflation, and a severe shock to business and consumer confidence. Unemployment is expected to rise sharply.

## WHAT TARIFFS MEAN FOR ADVERTISING

- Advertisers will shift spend to performance-driven digital channels while pulling back on brand building.
- Search and lower-funnel formats are likely to prove more resilient, while social, CTV, and traditional media face serious near-term risks.

## Tariffs Could Wipe Out All of the US Ad Market's Projected Gains This Year

billions in US total media ad spending, by tariff forecast scenario, 2021-2025



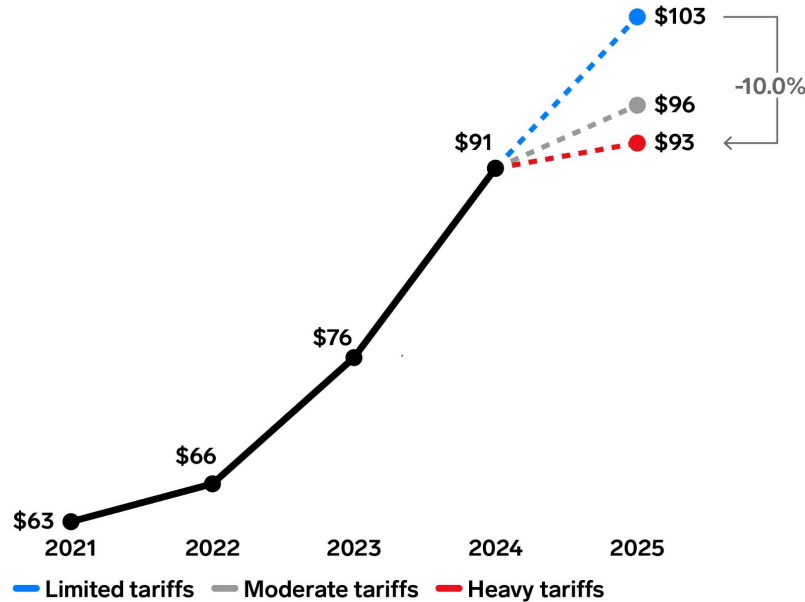
Note: limited tariff scenario assumes tariffs are more moderate and affect only a select group of trading partners; moderate tariff scenario assumes the economy slows, but downturn is mitigated by partial tariff relief; heavy tariff scenario assumes that a full implementation of universal and reciprocal tariffs triggers a global recession, as well as inflationary pressure, retaliatory measures, and a severe shock to both business sentiment and consumer confidence

Source: EMARKETER Forecast, April 2025

## WHAT TARIFFS MEAN FOR ADVERTISING

- Tariffs could wipe out billions from US social media ad revenues alone.
- If Chinese ecommerce brands like Temu and Shein pull back, US social ad spending in 2025 could fall by up to \$10 billion in a heavier tariff scenario.

## Tariffs Will Reduce US Social Ad Growth, as Major Spenders Like Chinese Retailers Cut Back billions in US social network ad spending, by tariff forecast scenario, 2021-2025



Note: limited tariff scenario assumes tariffs are more moderate and affect only a select group of trading partners; moderate tariff scenario assumes the economy slows, but downturn is mitigated by partial tariff relief; heavy tariff scenario assumes that a full implementation of universal and reciprocal tariffs triggers a global recession, as well as inflationary pressure, retaliatory measures, and a severe shock to both business sentiment and consumer confidence

Source: EMARKETER Forecast, April 2025

# Social media could be hit hardest by uncertainty

- **Social media is expected to be the hardest-hit ad channel from tariffs.** 41% of US advertisers said social platforms are most likely to face ad spend cuts in 2025 due to rising tariff-related costs and uncertainty.
- **Gaming and linear TV are tied as the next most vulnerable channels.** About 24% of advertisers expect gaming and linear TV to experience significant ad budget reductions.
- **Digital display and online video (OLV) also face notable risks.** 20% of advertisers flagged digital display and 17% flagged online video as areas likely to see ad pullbacks amid tighter marketing budgets.
- **Performance channels like paid search are seen as safer bets.** Only 16% cited paid search for major cuts, showing that more ROI-driven and measurable channels are expected to hold up better.

*Note: ages 18+*

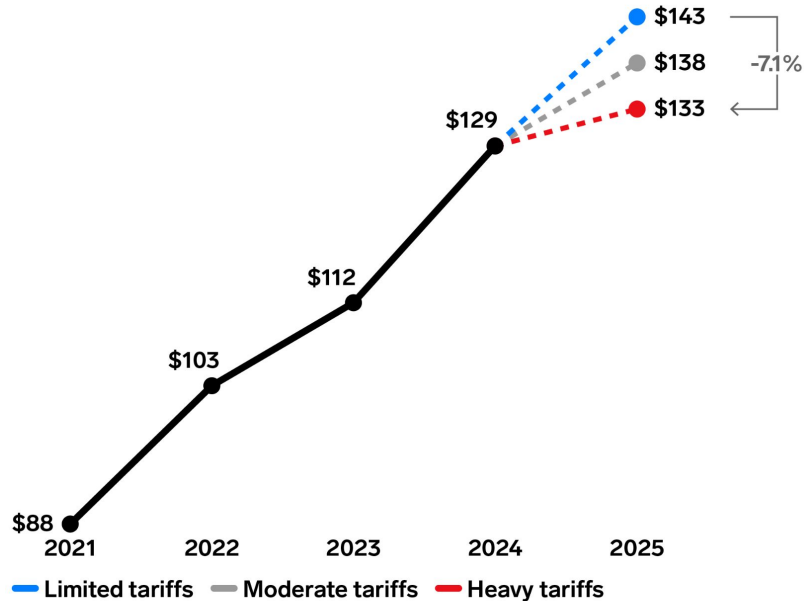
*Source: IAB. "94% of Advertisers Concerned About Tariff Impact on Ad Budgets," March 6, 2025*

## WHAT TARIFFS MEAN FOR ADVERTISING

- Search will be the most resilient channel, with only a 7.1% cut.
- Advertisers prioritize performance and ROI in uncertainty.
- Luxury, travel, EV, and appliance brands may cut search spend.
- Tariffs may force retailers to slow or pause search campaigns.

## US Search Ad Spending Could Drop 7.1% as Tariff-Affected Advertisers Pull Back

billions in US search ad spending, by tariff forecast scenario, 2021-2025



Note: limited tariff scenario assumes tariffs are more moderate and affect only a select group of trading partners; moderate tariff scenario assumes the economy slows, but downturn is mitigated by partial tariff relief; heavy tariff scenario assumes that a full implementation of universal and reciprocal tariffs triggers a global recession, as well as inflationary pressure, retaliatory measures, and a severe shock to both business sentiment and consumer confidence

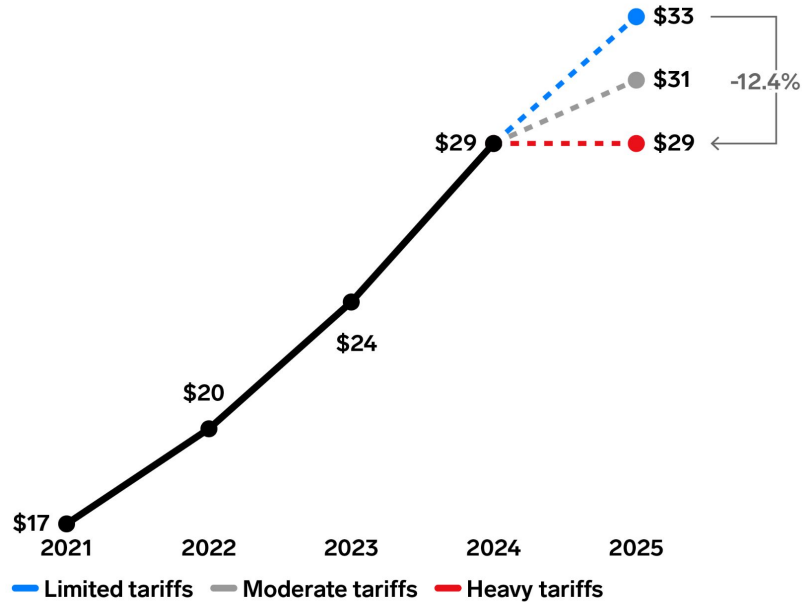
Source: EMARKETER Forecast, April 2025

## WHAT TARIFFS MEAN FOR ADVERTISING

- CTV ad spending is highly sensitive to economic uncertainty.
- CTV's branding focus makes it vulnerable to budget cuts.
- Smaller CTV and OOT platforms would be hit hardest in the near term.
- Larger CTV players could ultimately benefit as the market stabilizes.

## The Fast-Growing CTV Ad Market Could Become Stagnant Due to Heavy Tariffs

billions in US connected TV (CTV) ad spending, by tariff forecast scenario, 2021-2025



Note: limited tariff scenario assumes tariffs are more moderate and affect only a select group of trading partners; moderate tariff scenario assumes the economy slows, but downturn is mitigated by partial tariff relief; heavy tariff scenario assumes that a full implementation of universal and reciprocal tariffs triggers a global recession, as well as inflationary pressure, retaliatory measures, and a severe shock to both business sentiment and consumer confidence

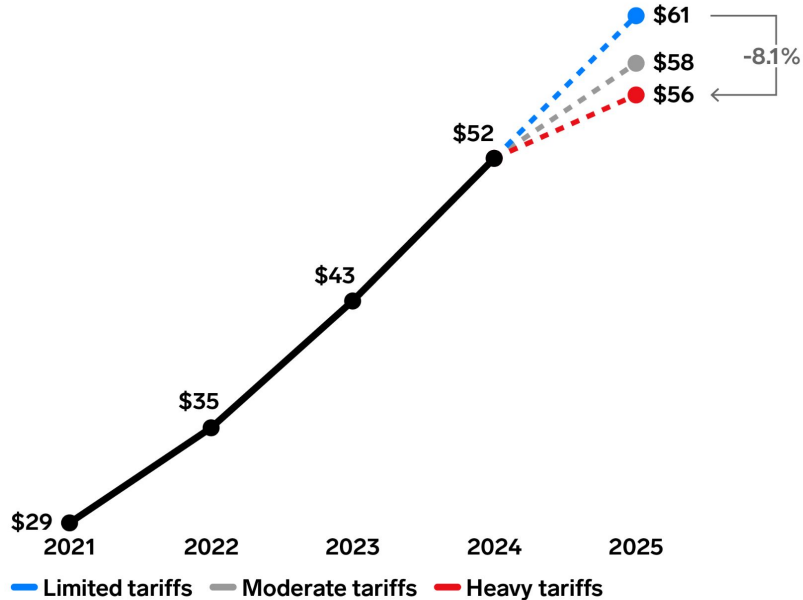
Source: EMARKETER Forecast, April 2025

## WHAT TARIFFS MEAN FOR ADVERTISING

- Retail media ad spending faces significant downside risk under heavy tariffs.
- Tariff-driven cost pressures could weaken retail media demand.
- Despite pressures, retail media remains a standout growth channel.
- Larger retail players are well-positioned to weather tariff impacts.

## US Retail Media Ad Spend Will Grow Even With Heavy Tariffs

billions in US retail media ad spending, by tariff forecast scenario, 2021-2025



Note: limited tariff scenario assumes tariffs are more moderate and affect only a select group of trading partners; moderate tariff scenario assumes the economy slows, but downturn is mitigated by partial tariff relief; heavy tariff scenario assumes that a full implementation of universal and reciprocal tariffs triggers a global recession, as well as inflationary pressure, retaliatory measures, and a severe shock to both business sentiment and consumer confidence

Source: EMARKETER Forecast, April 2025



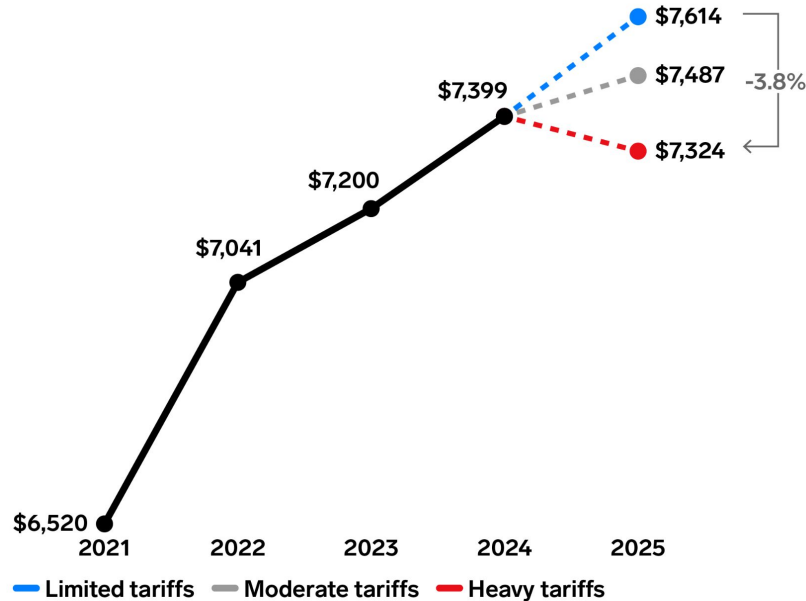
# What Tariffs Mean for Retailers

## WHAT TARIFFS MEAN FOR RETAILERS

- Retail sales are poised to drop sharply under heavy tariffs.
- In the worst-case scenario, US retail sales could fall by **nearly \$300 billion** compared to baseline forecasts.

## In the Face of Heavy Tariffs, US Retail Sales in 2025 Will Drop Below Last Year's Levels

billions in US retail sales, by tariff forecast scenario, 2021-2025



Note: limited tariff scenario assumes tariffs are more moderate and affect only a select group of trading partners; moderate tariff scenario assumes the economy slows, but downturn is mitigated by partial tariff relief; heavy tariff scenario assumes that a full implementation of universal and reciprocal tariffs triggers a global recession, as well as inflationary pressure, retaliatory measures, and a severe shock to both business sentiment and consumer confidence

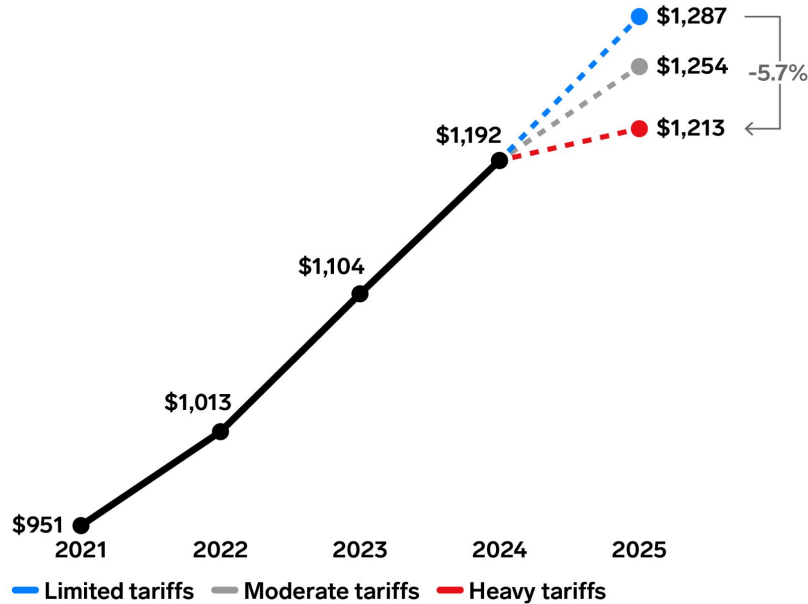
Source: EMARKETER Forecast, April 2025

## WHAT TARIFFS MEAN FOR RETAILERS

- Ecommerce growth will slow but remain positive even under heavy tariffs.
- Tariffs will raise ecommerce prices and disrupt cross-border supply chains.

## US Ecommerce Sales Will Be Hit Hard by Tariffs but Grow Even in the Worst-Case Scenario

billions in US retail ecommerce sales, by tariff forecast scenario, 2021-2025



Note: limited tariff scenario assumes tariffs are more moderate and affect only a select group of trading partners; moderate tariff scenario assumes the economy slows, but downturn is mitigated by partial tariff relief; heavy tariff scenario assumes that a full implementation of universal and reciprocal tariffs triggers a global recession, as well as inflationary pressure, retaliatory measures, and a severe shock to both business sentiment and consumer confidence

Source: EMARKETER Forecast, April 2025

# Auto and discretionary product categories will face the biggest impact on sales



Auto & parts

## High exposure

May reduce YoY growth from 2.8% to -5.0%



Apparel, footwear,  
and accessories

## High exposure

May reduce YoY growth from 4.0% to -1.7%



Computer and  
consumer electronics

## High exposure

May reduce YoY growth from 2.5% to -7.1%



Toys and hobby

## High exposure

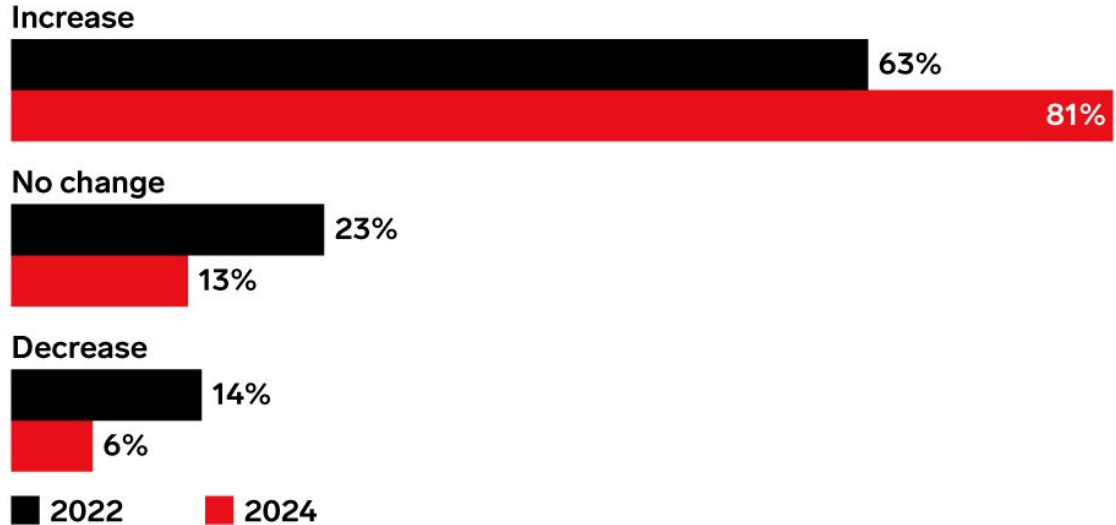
May reduce YoY growth from 3.6% to -3.4%

How are retailers restructuring supply chains to mitigate risk?

- Diversification of sourcing
- Onshoring/nearshoring

## Companies Accelerate Onshoring/Nearshoring Plans Amid Geopolitical Uncertainty

*% of C-level executives worldwide who reported onshore/nearshore supply changes, 2022 vs. 2024*



*Note: respondents were asked to assess their plans over the next three years  
Source: Bain & Company, "Not-So-Distant Shores," Nov 15, 2024*



# What Tariffs Mean for Consumers

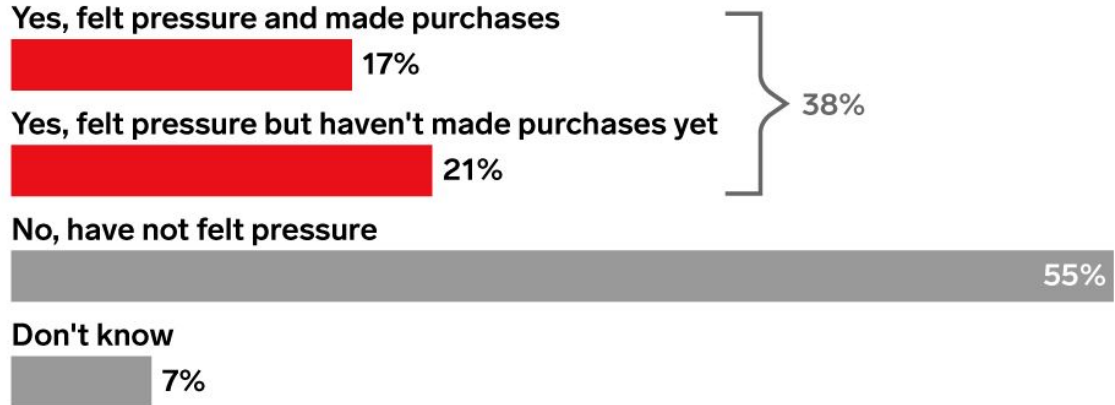
## WHAT TARIFFS MEAN FOR CONSUMERS

- Tariff fears likely caused a short-term pull-forward in consumer spending.
- The early spending spike could create a drag on retail sales later in the year.

## Nearly 40% of US Adults Feel Pressure to Buy Ahead of Potential Tariff-Related Price Hikes

% of US adults, March 2025

Q: Have you felt pressure to make purchases ahead of potential tariffs increasing prices?



Source: CNET, "Tariff Survey" conducted by YouGov, April 15, 2025

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WHAT TARIFFS MEAN FOR CONSUMERS

# Consumers have made changes to prepare for tariffs and increasing prices:



**60% made/plan to make budget changes to prepare for price increases**



**19% save more money from each paycheck**



**40% cut back on nonessential spending**



**9% increase income with a second job or side hustle**

*Note: ages 18+*

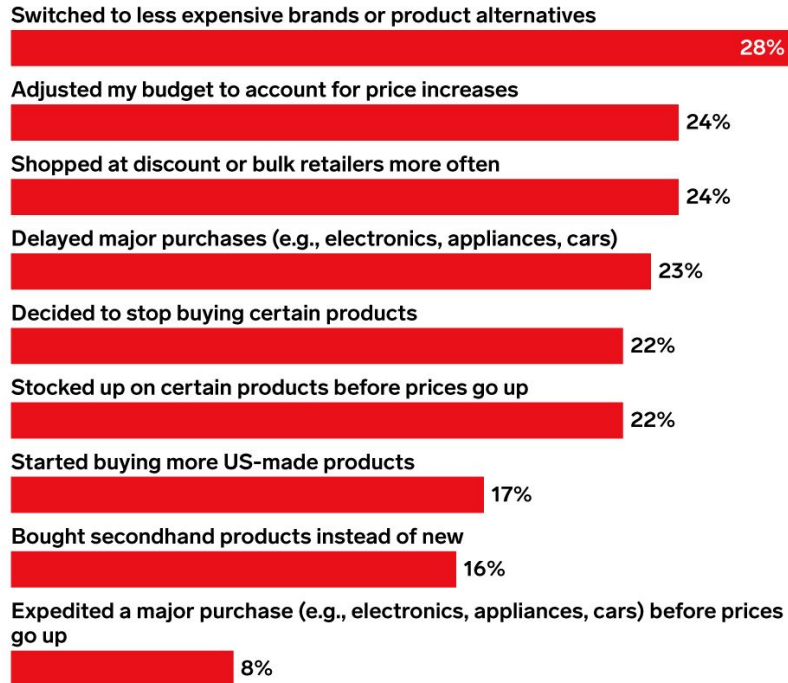
*Source: CNET, "Tariff Survey 2025" conducted by YouGov as cited in company blog, April 9, 2025*

## WHAT TARIFFS MEAN FOR CONSUMERS

- Consumers are proactively adjusting their behavior to cope with price increases.
- Private labels are gaining momentum as consumers seek savings.
- Cost-conscious behaviors are becoming widespread and sticky.
- Retailers with strong discount strategies and private label offerings are best positioned to win.

## Steps US Adults Have Taken to Prepare for Potential Price Increases Related to Tariffs, March 2025

% of respondents



Note: ages 18+; respondents could select multiple responses

Source: Collage Group, "Beyond the Price Tag: How Tariffs Are Reshaping Consumer Loyalty," April 2, 2025



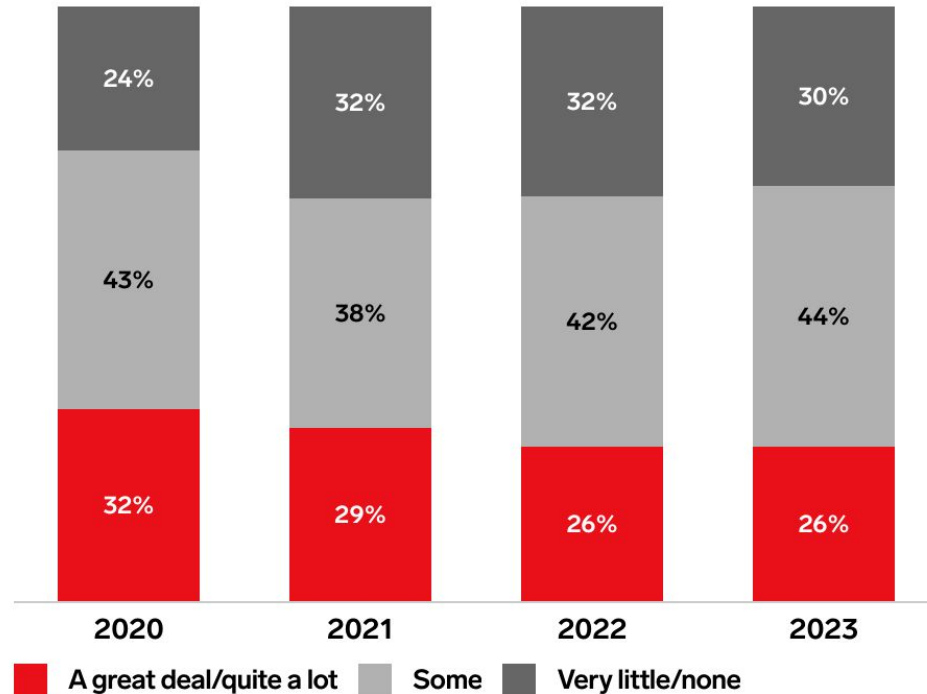
# Antitrust, Regulation, and TikTok

## ANTITRUST, REGULATION, AND TIKTOK

- Public trust in large tech companies continues to erode—and now regulators are catching up.
- Antitrust momentum is reshaping the tech landscape.
- Google's ad empire faces major risks, but competitors may benefit.
- Advertisers and marketers should prepare for more fragmentation.

## Over 3 Years, Fewer Americans Reported Having a Lot of Confidence in Large Tech Companies

% of US respondents, 2020-2023



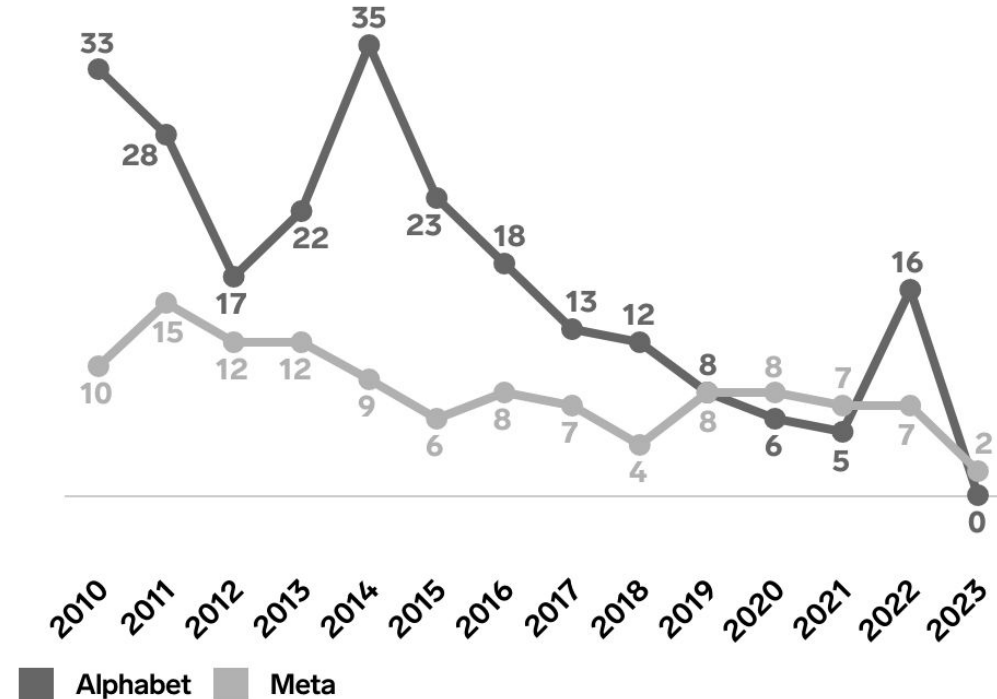
Note: ages 18+; numbers may not add up to 100% due to rounding  
Source: Gallup as cited in a company blog, July 6, 2023

## ANTITRUST, REGULATION, AND TIKTOK

- Alphabet and Meta have dramatically slowed their acquisition pace since the mid-2010s.
- Mounting antitrust scrutiny is reshaping growth strategies.
- Big tech consolidation is no longer business as usual.
- Expect more fragmentation and competition across tech sectors.

## Alphabet and Meta Have Both Pursued Fewer Acquisitions in Recent Years

*number of deals worldwide, 2010-2023*



Source: Luma Partners, provided to Insider Intelligence | eMarketer on Feb 15, 2024

# Key Developments Shaping the TikTok Debate

- **Trump's TikTok extension is a political and geopolitical maneuver.** The administration pushed the deadline to mid-June, aiming to boost favor with young voters while using TikTok as leverage amid new tariffs against China.
- **Support for banning TikTok has sharply declined.** Only about 32% of Americans now support a ban, down from 50% in 2023, with a growing share of the public—especially users—opposing it.
- **Creators are weary of the ban threats but have adapted.** Most have diversified onto Instagram Reels and YouTube Shorts, insulating themselves from major disruption if TikTok disappears.
- **Advertiser trust is slipping, even as TikTok offers reassurances.** While TikTok is pushing incentives to keep brands spending, ad rates have dropped by 80% year over year, signaling mounting unease.

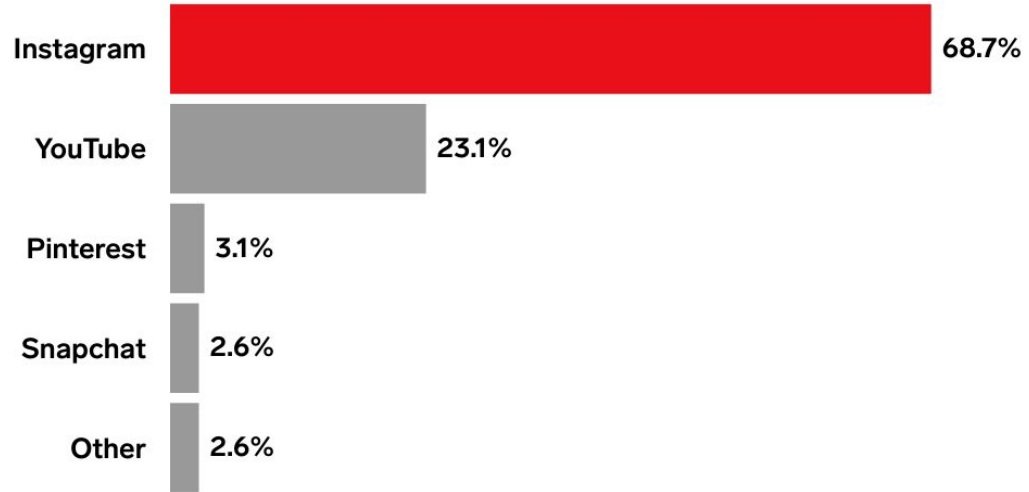
## ANTITRUST, REGULATION, AND TIKTOK

- Instagram is the top choice for US creators if TikTok is banned.
- YouTube is the distant second option for creators.
- Other platforms barely register as alternatives.
- A TikTok ban would likely strengthen Instagram's dominance among creators.

## US Creators Think Instagram Is Best for Growing an Audience if the TikTok Ban Takes Effect

*% of US-based TikTok creators, May 2024*

Q: Which platform do you see as your best alternative to TikTok for growing an audience?



*Note: n=200 who have at least 10,000 followers; numbers may not add up to 100% due to rounding*

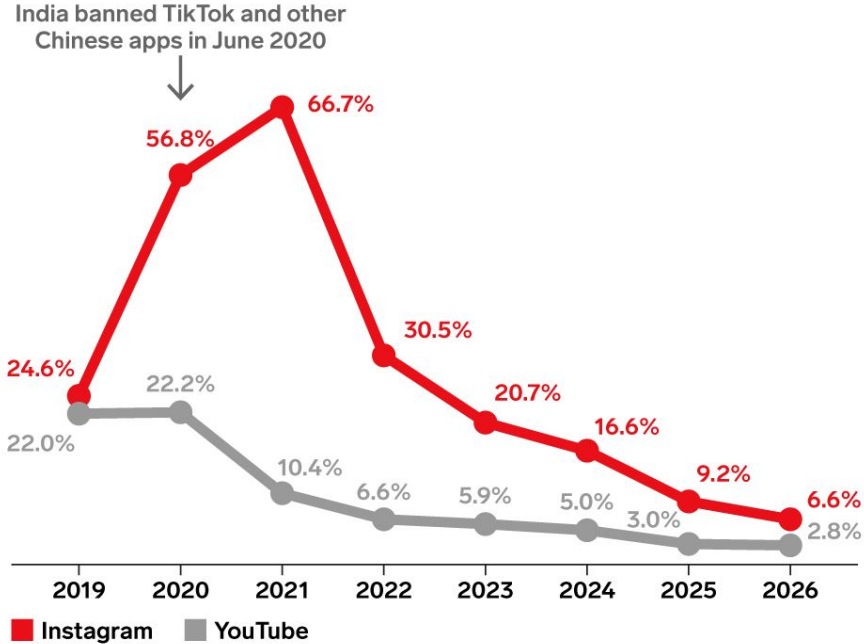
*Source: Fohr, Dec 18, 2024*

## ANTITRUST, REGULATION, AND TIKTOK

- India's TikTok ban in June 2020 triggered explosive Instagram growth.
- YouTube user growth remained modest during the same period.
- Instagram's growth moderated but stayed elevated for several years.
- TikTok's exit created a massive opportunity for Instagram to capture video-first users.

## India's TikTok Ban Drove Massive User Growth for Instagram

% change in Instagram users vs. YouTube viewers in India, 2019-2026



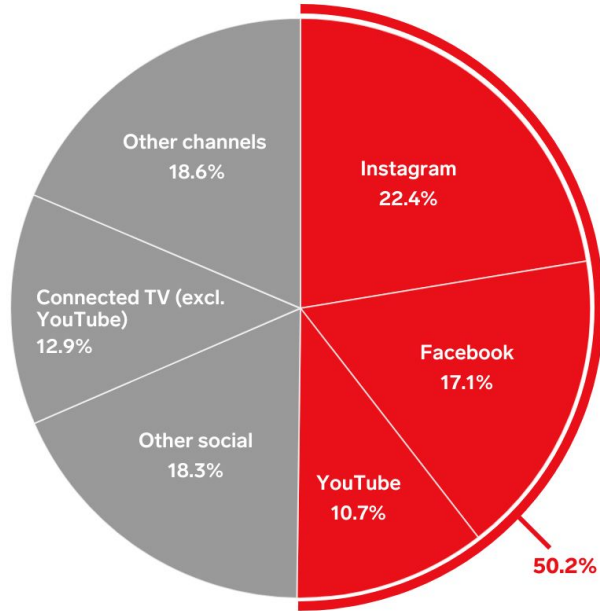
Note: Instagram users are internet users of any age who access their Instagram account via any device at least once per month; YouTube viewers are individuals of any age who watch YouTube via app or website at least once per month; Instagram forecast from May 2024  
Source: EMARKETER Forecast, Oct 2024

## ANTITRUST, REGULATION, AND TIKTOK

- Instagram and Facebook are best positioned to absorb displaced TikTok ad spend.
- YouTube would see the strongest revenue growth boost from a TikTok ban.
- Other platforms like Connected TV, Snapchat, and retail media will compete for remaining dollars.
- Marketers would likely diversify influencer budgets across multiple platforms.

## Meta and YouTube Could Capture About Half of Reallocated US TikTok Ad Dollars if Ban Is Enforced

average % of reallocated US TikTok ad spending, by platform/channel, 2025\*



Note: other social includes LinkedIn, Pinterest, Reddit, Snapchat, and X (formerly Twitter); other channels include other digital (e.g., display, search, and retail media ads) and traditional media ads; \*assumes the ban will go into effect on Jan 19, 2025; analysis is based on 2024 ad spending shares and 2025 growth trends from EMARKETER's Nov 2024 forecast; assumes TikTok ad spending will shift to platforms/channels based on audience alignment and overlap  
Source: EMARKETER Analysis, Dec 2024

The background features a series of red lines of varying thicknesses that flow from the left side towards the right. These lines start as thin, closely spaced lines on the left and gradually merge into a few thick, bold lines on the right, creating a sense of movement and depth. The overall aesthetic is modern and minimalist.

# Key Takeaways

# Reduced Consumer Confidence and Greater Business Uncertainty Will Have the Biggest Impact on US Digital Ad Spending and Retail Sales

*potential tariff implications and their level of impact on US digital ad spending and US retail ecommerce sales, 2025*

Potential tariff implications	Impact on digital ad spend	Impact on retail sales	Examples of likely winners and losers
<b>Consumer confidence decline</b>	<p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>Advertisers cut budgets in anticipation of reduced demand</li> <li>Travel and other discretionary sectors hit hard</li> </ul>	<p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>Automotive and electronics see early impact</li> </ul>	<p><b>Winners:</b> Discount grocery retailers, private label brands, resale platforms</p> <p><b>Losers:</b> Discretionary retailers</p>
<b>Business uncertainty</b>	<p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>Increased focus on measurable ROI and formats with proven ROAS</li> <li>Shift to flexible, performance-based advertising</li> </ul>	<p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>Retailers may limit inventory; more stockouts likely</li> </ul>	<p><b>Winners:</b> Essential goods retailers, ad formats, and publishers with proven ROAS such as paid search, CTV</p> <p><b>Losers:</b> Discretionary niche retailers, traditional media, brand-building advertising</p>
<b>Price increases</b>	<p><b>MEDIUM</b></p> <ul style="list-style-type: none"> <li>Brands scale back on ad budgets to preserve margins</li> </ul>	<p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>Leisure and discretionary spend will take an immediate hit</li> </ul>	<p><b>Winners:</b> Off-price retail, private label brands, performance marketing platforms</p> <p><b>Losers:</b> Traditional media, restaurants, entertainment venues, and discretionary retailers</p>
<b>Supply chain disruptions</b>	<p><b>MEDIUM</b></p> <ul style="list-style-type: none"> <li>Ad campaigns are paused to match product availability</li> </ul>	<p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>Increase in costs of goods sold will lead to lower demand</li> </ul>	<p><b>Winners:</b> Domestic manufacturers</p> <p><b>Losers:</b> Import-heavy retailers</p>

**Thank you!**

