# AINSIGHTS

# Accelerating the Pace of Change:
## AI Announcements from OpenAI and Google

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While the recent announcements from OpenAI and Google may not appear revolutionary at first glance, they signify an acceleration in the pace of change and the transformation of the advertising landscape. Among other improvements, models from both companies are increasingly becoming multi-modal (the ability to handle multimedia inputs such as text, voice and imagery and deliver similar multimedia outputs) and agentic (capable of complex multi-step processes to complete a desired task). These updates are not just incremental improvements; they point to a future where AI's role in advertising becomes even more pervasive and impactful.

## OpenAI's GPT-4o: A Leap Forward in AI Capabilities

OpenAI's launch of GPT-4o showcases a significant leap forward in AI capabilities. Key enhancements include:

1. **Enhanced Multimodal Capabilities:** GPT-4o's ability to process and respond to text, voice/ audio, and video/images seamlessly facilitates more dynamic collaboration between human and machine.

2. **Increased Accessibility and Speed:** By offering GPT-4o for free with certain usage limits, OpenAI is democratizing access to advanced AI tools. This move will likely accelerate the adoption of AI across various industries, including advertising, where speed and efficiency are paramount. It is also bound to accelerate consumer adoption.

3. **Improved User Experience:** The introduction of a dedicated desktop app for macOS, with Windows support on the horizon, integrates AI more deeply into users' daily workflows. This ease of access means that teams can brainstorm, draft, and refine content more fluidly, potentially transforming the pace at which ideas move from concept to execution.

## Google's AI Enhancements: Transforming Search and Optimizing Advertising Efficiency

While OpenAI focused on general-purpose AI, Google's announcements at I/O were more specific to its core offerings. Here are some highlights:

1. **Transforming Search:** Google's new "AI Overview" feature has potential to significantly change how people seek and find information, although the initial roll out has been plagued by misinformation and incorrect answers. Once the kinks have been addressed, AI Overviews will focus on delivering summarized, relevant and contextual answers at the top of search results while de-prioritizing the long list of links. The tech giant will reportedly soon introduce sponsored placements in Overview. A new dynamic ad experience may also trigger a Google AI assistant, which could request more information from a user to further refine product recommendations. And, brands will soon have the ability to develop visual profiles that appear at the top of Search results.

2. **Gemini enhancements:** Google announced new Gemini models, including 1.5 Flash which is optimized for speed and low latency. Gemini Nano, the smaller model built to run on-device

rather than in the cloud, got a significant multi-modal upgrade, which can "turn any input into any output," according to CEO Sundar Pichai. Gemini will also expand its presence across Google apps, including its Workspace suite of office tools.

3. **Image and Video creation:** Google also announced VideoFX, which can create high resolution videos based on text prompts. Similarly, ImageFX is a new high-resolution image generator that the tech giant claims will produce fewer unwanted artifacts. SynthID, Google's watermarking tool to help identify content made or modified with AI, also got some upgrades and will become an open source tool later this summer.

4. **Project Astra:** Builds on image recognition capabilities from platforms like Google Lens. Users can point their phone camera at theoretically anything and run a visual search via a conversational chatbot.

## Implications for Advertising Agencies: An Accelerated Transformation

The cumulative impact of these announcements from OpenAI and Google is an accelerated transformation of the advertising industry. Agencies may need to adapt quickly to stay competitive in this rapidly evolving landscape. Key implications include:

1. **Rapid Content Creation:** With tools like GPT-4o, VideoFX, ImageFX and more - agencies can generate high-quality content faster than ever before. This acceleration allows for more agile marketing strategies, where campaigns can be developed, tested, and iterated upon in real-time.

2. **Search is evolving:** Changes to the dominant search engine (and offerings from AI-first upstarts like perplexity.ai) in the US will fundamentally change consumer behavior, and are likely to require a shift in both paid and organic search strategies for brands. Agencies should pay close attention to these evolving capabilities and be prepared to advise clients on changes that will inevitably be necessary.

3. **Multi-modal inputs and outputs:** In the near term are likely to create more engagement for both consumers and agency staff. The use cases many in our industry are already experimenting with will become more and more compelling due to multimodal AI. And, new use cases are bound to emerge as the industry embraces these new capabilities. Lastly, this emphasis on multimodality will require further upskilling within agencies.

4. **Collaboration is key:** Both OpenAI and Google's announcements highlight the increasing importance of collaboration between humans and AI. Advertising agencies can use this technology to their advantage by focusing on strategy, creativity, and the human touch – the areas where AI currently falls short. By combining human expertise with the power of AI, agencies can develop highly targeted and engaging advertising campaigns that resonate with a wider audience.

While the recent AI announcements from OpenAI and Google may not introduce entirely new concepts, they significantly accelerate the pace at which these technologies are transforming both consumer behavior and the advertising industry. Agencies that embrace these advancements will be well-equipped to lead in this new era of AI-driven advertising.