

AI Adoption Challenges in the Advertising Agencies
Exploring Motivations, Barriers, Risks, and Best Practices

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Abstract

This paper presents an empirical study on the adoption and integration of Artificial Intelligence (AI) within advertising agencies, and how this technological shift is reshaping their operations, value propositions, and sources of competitive advantage in rapidly changing industry. Beyond operational efficiency and strategic transformation, the study also examines AI's impact on creative processes, exploring how automation, data-driven insights, and generative tools are redefining the nature and boundaries of creativity in Advertising practice.

Employing a mixed-methods design, the research combines quantitative surveys with qualitative, in-depth interviews conducted with key stakeholders across Advertising agencies. It explores the main barriers and perceived risks associated with AI adoption and implementation, identifies emerging best practices, and highlights new business models and strategic frameworks enabled by AI technologies.

Conducted in the Mexican market in collaboration with IAB Mexico, an organization representing companies in the digital Advertising ecosystem. The research benefits from privileged access to a diverse range of agencies (N=300), strengthening both its academic rigor and practical relevance. Findings contribute to the literature on AI adoption in professional services, business model innovation, and digital transformation in Creative Industries, while providing context-specific insights into the evolving Mexican Advertising landscape.

Keywords: *Artificial Intelligence (AI), Advertising Agencies, Business Model Innovation, Adoption Processes.*

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1. Introduction

The Advertising industry has undergone a profound transformation, from the straightforward print and broadcast campaigns of the 1960s and 70s, to today's dynamic digital ecosystem, where brands must navigate an explosion of digital channels, social media platforms, and user-generated content (Sands et al., 2024). In this fast-moving environment, Artificial Intelligence (AI) has emerged as the next major frontier of disruption, reshaping every stage of the advertising value chain. Despite ongoing concerns about steep learning curves and uncertain returns on investment, the pace of AI adoption is accelerating (Ford et al., 2023).

According to Forrester, by 2024, approximately 91% of U.S. advertising agencies were already experimenting with or implementing generative AI (Baar, 2024). These technologies are redefining creative production by delivering high-quality, hyper-realistic, and aesthetically compelling content—often surpassing human-generated alternatives in both effectiveness and cost-efficiency (Hartmann et al., 2025). Recent studies even show that AI-generated advertisements that emphasize rational appeals can outperform human-created content in consumer evaluations (Song et al., 2024).

Despite the growing importance of AI in Marketing and Advertising, academic research has paid limited attention to how agencies in emerging markets—such as Mexico—are adopting and adapting to these technologies. Much of the existing literature focuses on North American and European markets, leaving critical knowledge gaps regarding Latin American contexts. Recent studies have highlighted both the opportunities and challenges associated with AI implementation (Ionita et al., 2025). However, their findings may not be directly generalizable to the Mexican context, where the business environment, levels of digital maturity, and agency structures present distinctive characteristics.

For advertising agencies, the integration of AI presents a dual challenge: Operational and Cultural. On the one hand, AI offers efficiency gains in areas such as market research, content creation, campaign optimization, and resource allocation (Lin, 2024). On the other hand, it raises critical concerns regarding creative identity, potential job displacement, and the psychological effects of automation on professional roles and organizational structures (Osadchaya et al., 2024).

This study seeks to address these gaps by exploring how Advertising agencies in Mexico are navigating the AI revolution. Conducted in partnership with IAB Mexico, the leading organization representing the digital advertising ecosystem in the country, this research draws on a diverse network of companies, including 75 advertising agencies that serve major national and international brands such as Nestlé, Danone, Aeroméxico, Meta, TikTok, and Google.

Beyond providing industry insights, this study contributes to the academic literature by offering one of the first empirically grounded examinations of AI adoption dynamics within advertising agencies in an emerging market, expanding current understanding of technological adoption under conditions of resource constraints, creative identity tensions, and heterogeneous organizational capabilities.

Specifically, we examine the following research questions:

How are Mexican Advertising agencies adopting and implementing AI technologies?

What barriers, risks, and best practices are shaping AI integration in this context?

How is AI transforming value propositions and business models in the Mexican Ad sector?

By centering on the Mexican Advertising sector, this study offers a contextually grounded perspective on AI adoption within the creative industries, generating both theoretical insights and practical implications for scholars, industry professionals, and policymakers alike.

2. Theoretical Framework

2.1. AI & the Transformation of Creative Practices

AI is reshaping creative practices in advertising by challenging traditional conceptions of creativity and redefining human input in idea generation and execution. As AI systems increasingly support parts of the creative process, professionals must reflect on evolving boundaries between human ingenuity and technological invention (Inie et al., 2023). This emphasizes seeing AI as a complement that amplifies human creativity, (Amankwah-Amoah et al., 2024).

Generative AI automates repetitive creative tasks—content drafting or visual prototyping—while requiring human oversight for strategic and emotionally resonant outputs (Demsar et al., 2025). Rather than replacing creative professionals, AI creates opportunities for augmented creativity, workflow simplification, and accelerated production cycles. Effective use hinges on cultivating symbiotic collaboration between technological capabilities and human judgment.

In the Advertising sector, this human-AI collaboration is transforming the way agencies conceive, develop, and optimize campaigns. A recent bibliometric analysis by Gao et al. (2023) identified four core areas where AI is having a particularly strong impact: 1) Audience targeting, 2) Message personalization, 3) Content generation, and 4) Campaign optimization. These interconnected domains contribute to enhancing advertising efficiency and effectiveness, particularly through real-time data analysis, algorithmic content production, and adaptive distribution strategies.

2.2. AI Adoption Processes at the Organizational & Individual Levels

The successful adoption of AI goes beyond the availability of technical tools and instead depends heavily on an organization's socio-technical readiness. AI integration is influenced by factors across *micro* (individual), *meso* (organizational), and *macro* (institutional) levels (Robertson et al., 2025).

At the individual level, psychological and social dynamics are influential. Technology acceptance has long been examined through foundational models such as the Technology Acceptance Model (Davis, 1989) and the Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh et al., 2003). Applying the UTAUT, recent research has underscored that the successful adoption of AI within Advertising agencies is not solely determined by the availability of technological infrastructure, but also by a complex interplay of individual perceptions and organizational conditions. Professionals' willingness to engage with AI tools is influenced by perceived usefulness—how the technology improves job performance—and perceived ease of use—how intuitive or accessible it is within daily tasks (Iyer & Bright, 2024).

In Creative Industries ease of integration becomes particularly relevant. Moreover, access to adequate training and organizational support structures play a pivotal role in reducing resistance and facilitating adoption. The study highlights a growing psychological dimension in AI adoption,

where concerns about job displacement, erosion of creative autonomy, and identity threats are particularly salient.

These concerns are amplified in industries such as Advertising, where creativity is closely tied to professional self-concept. As such, the UTAUT model proves especially valuable for understanding AI adoption in contexts where the technological shift challenges not only operational routines but also the cultural and emotional fabric of creative work. Building organizational capacity requires fostering a culture of experimentation, encouraging collaboration, and developing trust among employees regarding the role of AI in their creative processes. Ad agencies must navigate the delicate duality between automation and authenticity, efficiency and originality, and disruption and continuity. Based on the theoretical insights discussed above and the context of the Mexican advertising market, this study proposes the following propositions:

Premise 1: Agencies that assign a higher strategic priority to AI - *through investment, leadership commitment, and alignment with core objectives* - will demonstrate greater adoption across multiple use cases (e.g. targeting, content creation, optimization).

Premise 2: Larger agencies, as *measured by scale of operations and organizational complexity*, will show higher AI adoption rates but will face more significant organizational challenges in integration and change management compared to smaller agencies.

Premise 3: Agencies currently implementing AI will primarily report benefits related to automation and process optimization, while perceived contributions to creative enhancement will be acknowledged but remain secondary.

3. Methodology

To explore these theoretical insights in practice, we implemented a mixed-methods including both quantitative and qualitative data collection methods. This will allow us to develop both breadth and depth in understanding the complex phenomenon of AI adoption in advertising agencies. A sequential explanatory research design is employed, wherein the survey responses are used to inform and guide the subsequent in-depth interview, allowing for more targeted and nuanced exploration of key themes.

3.1 Survey Design

The quantitative component consists of a structured survey distributed to advertising agencies operating in Mexico. The survey was developed based on existing literature on AI adoption and business model innovation, adapted to the specific context of the advertising industry. It includes sections on: Strategic prioritization of AI, current AI applications and use cases, implementation challenges and facilitating factors, perceived benefits and impacts, organizational readiness and capability development, budget allocation and investment patterns, and future plans and expectations, among others.

The survey incorporated a diverse set of question formats, including Likert scales, multiple-choice items, rankings, and a limited number of open-ended questions. It was designed to be completed in approximately 15 minutes, balancing respondent convenience with the need to obtain comprehensive and reliable data. The instrument was officially launched on July 10, 2025, and distributed to a database of 300 advertising agencies operating in Mexico. The sample included both members of the Interactive Advertising Bureau (IAB) and independent, non-member firms. We collected 97 valid responses have been collected, yielding a response rate of 32%.

To enhance participation, a systematic follow-up strategy was implemented, consisting of three reminder waves sent to non-respondents at strategically planned intervals. The data collection period concluded in August 2025.

3.2 Sampling and Data Collection

For the survey component, we employed a purposive sampling strategy targeting advertising agencies operating within Mexico. The sampling frame encompassed agencies of various sizes (micro, small, medium, and large), geographic reach (local, national, regional, and global operations), and specialization areas (full-service, digital, creative, media, etc.). This approach aimed to ensure a diverse and representative dataset reflective of the country's advertising landscape. The 97 responding agencies provide adequate diversity across size, specialization, and geographic reach, consistent with our sampling strategy.

A key strength of our sampling strategy lies in the strategic partnership with the Interactive Advertising Bureau (IAB) Mexico, an organization established in 2005 that represents companies within the digital advertising ecosystem. The IAB Mexico network includes agencies serving a broad spectrum of clients, enabling us to collect insights across different market sectors and operational contexts.

The responding agencies are diverse in terms of organizational scale and market reach. In terms of size, the sample includes large agencies with more than 100 employees (34%), small agencies with 11–49 employees (32%), medium-sized agencies with 50–100 employees (20%), and micro agencies with 1–10 employees (14%). More than 70% of respondents report regional (Latin American, 38%) or global operations (33%), while the remainder operate primarily at the national (24%) or local level (5%). This composition is consistent with the goal of capturing heterogeneous perspectives on AI adoption across the Mexican advertising ecosystem.

The study was officially launched in March 2025 during an IAB Mexico event attended by CEOs and senior executives from across the industry. At this event, we presented our research objectives and methodology, and invited agency leaders to participate. The launch generated considerable interest. The survey phase ran from July to August 2025, and the qualitative interview phase was completed in October 2025.

For the qualitative interview phase, we applied a maximum variation sampling strategy to ensure the inclusion of diverse perspectives. Selection criteria included agency characteristics (size, scope, specialization), AI adoption maturity (leaders, followers, late adopters), geographic distribution within Mexico, and client portfolio composition (e.g., B2B, B2C, public sector). This approach enabled the exploration of contextual nuances influencing AI integration across varied organizational settings.

3.3 Data Analysis

Quantitative survey data will be analyzed using descriptive statistics to identify trends in AI adoption, perceived benefits, and implementation challenges.

Qualitative interview data will be analyzed using thematic analysis, combining both inductive and deductive coding techniques to capture both emerging themes and those informed by existing frameworks.

The integration of quantitative and qualitative data will follow a complementary strategy, whereby each method informs and enhances the interpretation of findings from the other. This integrative approach will be applied throughout the analysis and interpretation phases to ensure a holistic understanding of AI adoption in the Advertising sector. Data collection is now complete,

the survey phase ran from July to August 2025, and the qualitative interview phase was completed in October 2025.

In addition to these analyses, we plan to conduct correlation and regression analyses to examine the relationships between perceived usefulness, organizational readiness, creative identity concerns, and adoption intentions. These analyses will allow us to formally evaluate the three theoretical premises and further strengthen the explanatory power of the mixed-methods design.

4. Preliminary Results

Survey results indicate that participants prioritized three key areas: the impact of AI on value propositions (71%), automation and process optimization (65%), and business model transformation (55%). Other topics of interest included AI-driven omnichannel media attribution, audience building, data privacy, and ethical considerations related to intellectual property.

Respondents described AI as a high or medium strategic priority in 97% of agencies, and in 55% of agencies most staff already work with AI tools in their daily activities. The most recurrent day-to-day applications are data analysis and content creation, with AI most frequently integrated into media operations (audience and budget optimization, 59%) and into consumer and cultural insight generation (51%). Across these use cases, efficiency and time savings emerge as the most salient realized benefits so far.

5. Theoretical and Managerial Contributions

This study advances theoretical and practical understanding of AI adoption in Advertising by shedding light on a region that has been largely underrepresented in the literature: Latin America. While most existing research emphasizes North American and European contexts, our work focuses on the Mexican Advertising sector, where cultural, market, and organizational dynamics shape distinctive pathways for technological integration. By applying a mixed-methods design, we uncover how creative professionals reconcile traditional values with AI-augmented workflows, challenging assumptions of universal adoption patterns.

Theoretical Contributions. Our findings contribute to business model innovation literature by illustrating how agencies in emerging markets reconfigure their value propositions, client relationships, and internal resource configurations when implementing AI. These insights enrich ongoing debates on digital transformation in creative industries, highlighting the contextual and non-linear nature of strategic adaptation. These patterns align with UTAUT-related constructs, particularly perceived usefulness, effort expectancy, and facilitating conditions, while also revealing context-specific factors, such as concerns over creative identity and job displacement, that extend current theoretical interpretations of AI adoption in creative industries.

Managerial Contributions. For practitioners, the study offers actionable guidance for agency leaders facing complex AI investment decisions. Our proposed framework helps executives assess organizational readiness, prioritize high-impact AI applications, and manage change across creative, strategic, and operational dimensions. By contrasting early adopters with late movers, we anticipate identifying barriers and enablers specific to the Mexican context. These insights are directly relevant to challenges in talent development, workflow redesign, pricing models, and value delivery in an AI-driven environment.

Policy and Education Implications. Policymakers and educators must modernize frameworks and curricula to prepare talent for hybrid AI-creative roles. In parallel, regulatory updates are needed around data privacy, intellectual property, and algorithmic transparency. Simultaneously,

Marketing, Communication, and Design programs in Mexico must evolve to prepare future professionals for hybrid AI-creative roles.

This research also supports the development of targeted training, certifications, and strategic guidelines by industry associations, fostering innovation while safeguarding Mexico's distinctive creative identity.

6. Limitations and Future Research

This study acknowledges important limitations that suggest future research. First, the study is focuses on advertising agencies, omitting perspectives from other stakeholders such as platforms, and advertisers. Including these actors would enrich our understanding of the AI adoption in the ecosystem. Second, the research centers exclusively on Mexico—a valuable case given the scarcity of studies in emerging markets. However, this constrains generalizability to other Latin American countries or developing economies. Further research could compare different context to explore how cultural, institutional, and market differences shape AI adoption. Third, the current study is primarily focused on organizational-level dynamics, exploring how agencies approach and implement AI strategically and operationally. Future research would benefit from a more granular examination of individual-level adoption, analyzing how different roles—such as creative professionals, account managers, and executive leaders—perceive and respond to AI integration.

7. Conclusion

This study offers critical insights into how Mexican Advertising agencies are responding to the transformational impact of Artificial Intelligence. By examining how AI redefines creative processes, reshapes agency dynamics, and influences strategic differentiation, this research offers both conceptual clarity and actionable guidance for navigating digital change in creative industries. Rather than endorsing a one-size-fits-all approach, our findings underscore the decisive role of cultural context, market complexity, and human creativity in shaping AI integration.

As agencies negotiate the delicate balance between tradition and innovation, their choices will not only shape the future of Advertising in Mexico, but also generate valuable lessons for other emerging markets confronting the disruptive power of AI in the creative economy.

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