acronym
fast 5
BIG IDEAS IN SMALL BYTES

February 3, 2025

From Imports to Impressions

CPCs, ROAS, and Tariffs– Oh My!

POV BY STEVE WEZELMAN, CLIENT OPERATIONS MANAGER

1 WHAT'S HAPPENING?

In a move that he promised throughout his campaign, President Donald Trump announced a 25% tariff on imports from Canada and Mexico—two of the United States' largest trading partners. While these tariffs were originally set to take effect immediately, an agreement has been reached to postpone implementation for 30 days to allow for negotiations. But don't get too comfortable—if these tariffs do take effect, they'll send ripples across nearly every industry. The price of goods and services will rise, supply chains will be disrupted, and consumers will feel it in their wallets. And if Canada and Mexico retaliate with their own tariffs? Buckle up.

2 WHAT'S IT MEAN?

When the cost of imported goods increases, businesses don't just eat the extra costs—they pass them on. That means higher grocery bills, pricier electronics, and more expensive household items. For industries that rely on raw materials, manufacturing, and exports, these tariffs act as a tax that reduces profit margins, forces budget cuts, and increases layoffs. Even if your business doesn't import directly, you're still in the splash zone. Higher costs = lower consumer spending = weaker demand across industries. Suddenly, it's more expensive to do business while consumers tighten their wallets.

3 HOW WILL THIS AFFECT ADVERTISERS?

As brands fight over a shrinking pool of buyers, CPC and CPM will likely increase due to more aggressive bidding on high-intent audiences. With consumers spending less discretionary income, conversion rates could dip, making it harder to hit performance benchmarks. If wallets tighten, CTR and conversion rates may take a hit, especially for non-essential products. Brands may shift spend toward lower-funnel strategies, emphasizing retention and loyalty over broad awareness campaigns.

This means advertisers must get smarter about their targeting, creative, and budget planning. The brands that plan ahead will weather the storm. The ones that don't? They'll be the ones cutting spend when it's too late.

4 WHAT'S THE BIGGER PICTURE?

While most headlines scream about higher costs for everyday Americans, what's not being talked about is how this trickles down to entire industries—especially advertising. For example, Retail and E-commerce will get hit first, as product prices increase and consumer demand dips. Tech and Media Companies could face decreased ad revenue as brands pull back spend to offset rising costs. Luxury and High-End Brands may actually thrive, as their buyers are less price-sensitive, while mid-tier brands struggle to justify price hikes.

5 WHAT'S OUR READ?

From our perspective, we'd rate this a solid 7—the tariffs aren't officially in place, yet, but the potential impact is too big to ignore. So, what should advertisers do right now?

- Reassess your targeting: Focus on high-intent audiences and maximize first-party data.
- Shift budget wisely: Don't over-index on broad awareness; prioritize conversion-driven tactics.
- Diversify media spend: If CPCs skyrocket, explore organic strategies, influencer marketing, and emerging platforms where appropriate.
- Lean into value messaging: Consumers may hesitate on purchases—highlight value, savings, and urgency in ad creatives.

Bottom line? Be proactive, not reactive. The brands that adjust now will be ahead of the curve when the market shifts. Those that wait? They'll be left scrambling to recover.

THE ACRONYM CRYSTAL BALL

On a scale from 1 (just wait) to 10 (too late), how fast should you move on this?

Sources:

The Wall Street Journal
Financial Times
AdWeek

acronym

Acronym Media Inc. Proprietary & Confidential 2025