



## **WEF Outlook for 2024**

Macro-economic themes and technology concerns

Updated: January 19<sup>th</sup> 2024

**Better decisions, faster.**



## Views and data from Davos

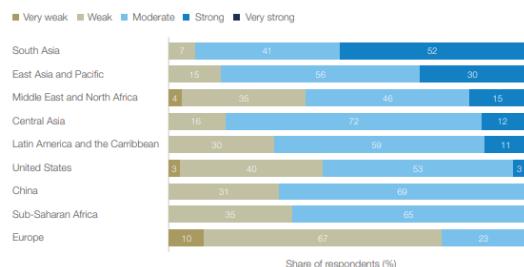
### A weaker economic outlook

Some may see the [World Economic Forum Annual Meeting](#) in Davos each January as a [sinister global cabal](#) or [past its peak](#). However, when useful information on economic trends, outlooks, risks, and opportunities is published, it can shape advertiser planning for the year ahead.

The [Chief Economist's Outlook](#) provides an expert consensus on ongoing economic trends. The overall theme is economic weakness and regional divergence. 56% of chief economists predict further weakening of the global economy.

This view is supported by a recent [World Bank prediction of 2.4% growth](#) in 2024, the third year of declining growth. However, the world economy has beaten gloomy early-year forecasts in the past three years. China claims to have beaten its [5% growth target](#) for 2023.

What is your expectation for economic growth in the following geographies in 2024?



Source: Chief Economists Survey, November-December 2023

The majority foresee [geoeconomic fragmentation accelerating](#), affecting global and stock market volatility, localization, and economic blocs, potentially widening the North-South divide.

Positive trends include [easing inflationary pressures](#) and [advancements in AI](#), and expectations of relaxed labor markets and financial conditions.

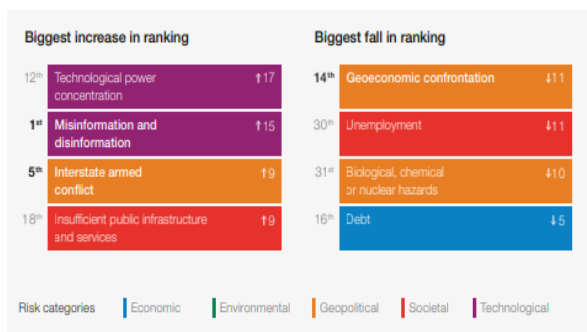
We are not returning to a pre-pandemic landscape, even as those challenges subside. [New weights define growth](#) as drivers and barriers with increases for global security challenges impacting supply chains and consumer confidence-led demand, while AI technologies are enabling new productivity gains.

These forces of change are shacking up markets, meaning that despite lower economic growth, marketing [investment growth is set to double](#) to 8.8% this year, [reaching over USD 1trn](#) for the first time.

### Growing risks and responses

Each year, the WEF publishes its [Global Risk Report](#), presenting a theme of increased exposure to risk and [increased capacity to respond to risk](#).

This [year's edition highlights](#) a significant change in risks over 2023 when the cost-of-living crisis was deemed the top 2-year risk.



Last year's risk exposures are [still in](#) climate change, global conflict, and the cost-of-living crisis; new risks dominate current thinking.

Technology, primarily in the form of AI, has suddenly delivered a whole series of tangible challenges. In 2024, misinformation and disinformation are deemed an immediate risk as around [3bn people go to the polls](#) to elect new leaders in 2024 and 2025.

We can expect numerous stories around [misinformation in elections](#), further driving down trust and causing people to increasingly question the content they receive. Platforms will also more [assertively moderate content](#). Meanwhile, [Open AI announced new policies](#) to combat election misinformation this week.

Risks are [more interconnected and mutually reinforcing](#) than before. While AI is likely essential to solutions to climate challenges, the explosion in AI computing is now a meaningful contribution to climate change. AI servers will use [0.5% of global electricity](#) by 2027, and computing in all forms now utilizes [6% of global electricity](#).

Brands must understand and model the 2<sup>nd</sup> order implication of their products and processes—understanding the constituencies impacted and the mitigation strategies, such as managing 'Scope 3 carbon emissions'. Yet marketing innovation also has [significant potential to shift perceptions](#) and adoption of innovative solutions.

## AI's productivity boost

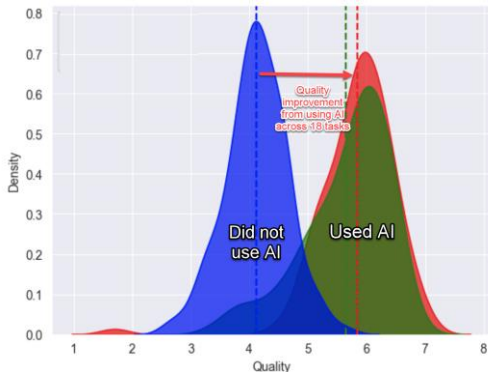
As with seemingly all gatherings over the past year, Generative [AI is the hottest topic](#). Focusing on the potential to boost productivity and, therefore, profitability.

One estimate suggests that generative AI alone could boost global productivity growth [by 1.5 percentage points a year](#) and increase global GDP [by 7% over a 10-year horizon](#).

McKinsey forecasts that AI can potentially increase corporate [profits by \\$4.4 trn annually](#) and that [USD 30trn in corporate revenues](#) will arise from products that are yet to reach markets.

[Manufacturing is likely to see significant improvement](#) through AI-led automation and optimization. This is part of the 4<sup>th</sup> Industrial Revolution thesis as manufacturing realizes [multiple double-digit improvements](#) through every supply chain step.

The IMF states that almost [40% of global employment is exposed to AI](#). Advanced economies will see the most significant impact, both positive in productivity and capability gain and negative regarding [job loss and inequality](#).



Multiple studies report [significant](#) productivity and output quality improvement when AI technologies empower human expertise.

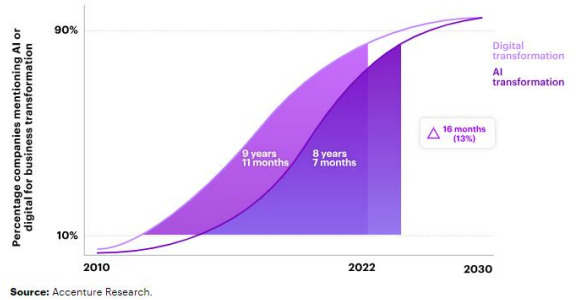
Nielsen Norman Group reports [66% improvements](#), especially for the most complex cognitive tasks. A call center study showed a [14% improvement in chat completion time](#) using a Gen AI interface.

Together, all these changes will shift both the relative pricing of goods and the buying power of different consumer groups. Delivering new winners and entirely new sectors.

## Implications for brands

Across [almost every business activity](#), AI technologies are being proven to have a positive impact in terms of [productivity](#).

Technological innovations in 2023 are being rapidly scaled in 2024. OpenAI's new [GPT Store](#) is one driver of this scaling.



Accenture paper projects that [AI transformation projects will take less time than digital transformation](#) projects, primarily as AI systems will be able to self-manage and preempt issues learning from previous implementations.

New challenges will arise in executing at scale to manage the new and developing skills required to build models, data sets, use cases, and best practices. A WEF study states that around [40% of working hours will be impacted by LLMs](#) harnessing AI to analyze more data more effectively, automate simple tasks, and deliver more personal customer experiences.

Successful AI transformation projects will also need to address [human and technical challenges](#). Bring stakeholders on-side to deliver breakthrough changes in practice and performance.

From a marketing perspective, we can expect AI tools to model consumer markets more accurately, empower creative delivery, and automate media placement.

The potential [risks associated with scaled use of AI](#) require us to address ethical implications and ensure the responsible use of AI. These principles have guided OMG's adoption of AI technologies as we seek to maximize the competitive potential of AI and minimize the risk.



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