
A 5W RESEARCH STUDY · APRIL 2026

AI and Israeli Marketing.

*How generative AI is reshaping
discovery, earned media, and
marketing spend in Israel.*

THE NUMBERS

35%

START AT AI

85.5%

CITATIONS = EARNED
MEDIA

5x

CONVERSION VS GOOGLE

\$1.58B

ISRAELI DIGITAL AD
MARKET

5W

BY RONN TOROSSIAN, FOUNDER & CHAIRMAN · AND THE 5W
RESEARCH TEAM

PREMIER AI COMMUNICATIONS
FIRM

AI and Israeli Marketing

How generative AI is reshaping discovery, earned media, and marketing spend in Israel

By Ronn Torossian, Founder and Chairman, and the 5W Research Team

Executive Summary

Generative AI has moved the top of the marketing funnel. In the United States, 35% of consumers now begin product discovery inside an AI tool, compared with 13.6% who begin inside a search engine. In B2B, 42% of decision-makers open the buying process with a query to an LLM. The shift is no longer a forecast; it is a measured change in consumer and buyer behavior.

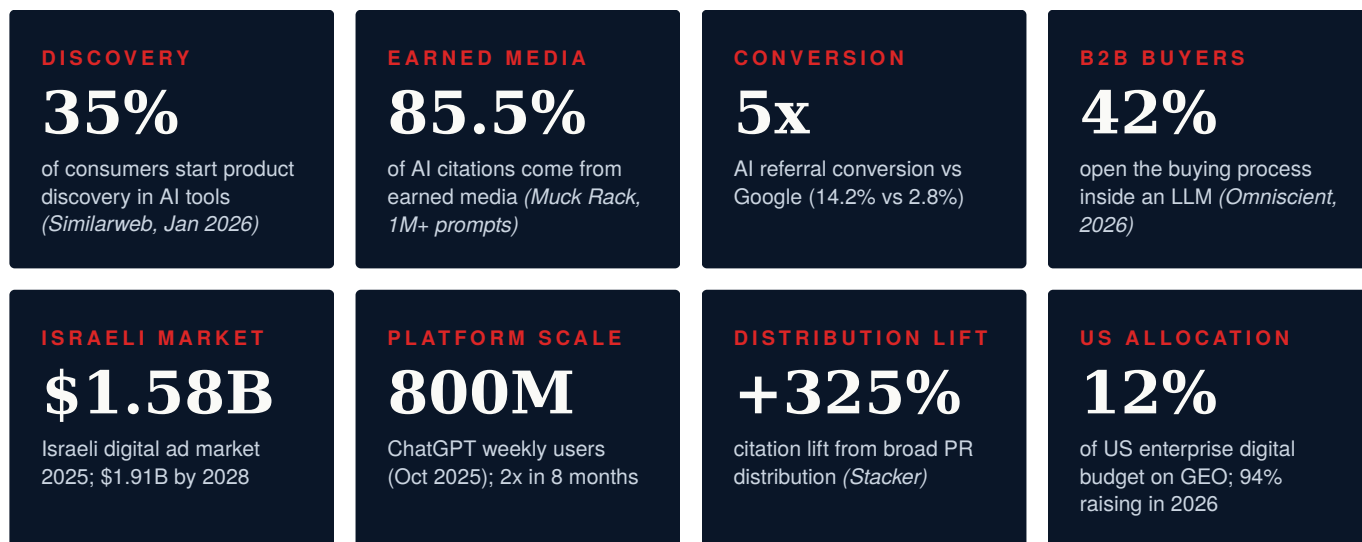
The most consequential single finding for communications and marketing leaders is that this shift rewards earned media at a structural level. Muck Rack's analysis of more than one million AI prompts found that 85.5% of AI citations reference earned media rather than brand-owned content. University of Toronto research puts the ratio at approximately five to one. Broad distribution can raise AI citation rates by up to 325%. A brand on four or more third-party platforms is 2.8 times more likely to be cited than one that relies on its own domain.

This reframes the role of public relations. The same earned-media placements, executive thought leadership, LinkedIn presence, Wikipedia accuracy, review-platform management, and community engagement that communications firms have always produced are now also the primary retrieval inputs to AI-generated answers. Work that historically read as reputational overhead now has measurable performance-marketing value.

For the Israeli market, the opportunity is unusually well-defined. Israel's \$1.58 billion digital advertising economy is concentrated on two platforms — Google at 46% of local digital spend and Meta at 15% — that are themselves becoming AI-answer surfaces. Israel's largest consumer categories are oligopolistic, so share of model translates directly into share of wallet. Israeli technology exporters operate in English-language AI environments where competition is already intense. And Hebrew, as a minority training language in every frontier model, has a thinner source pool — meaning a disciplined Hebrew earned-media program can capture disproportionate AI citation share while competitors wait.

Across the ten major Israeli sectors mapped in this study, a 15–25% reallocation toward earned-media-driven GEO implies a national reallocation opportunity in the range of **NIS 750 million to NIS 2.4 billion — roughly \$215 million to \$680 million — over the next 24 to 36 months**, before any net-new spending is added.

Key Findings



1. The Shift: Search to AI Answers

Generative Engine Optimization (GEO) is the discipline of structuring content, third-party coverage, and brand mentions so that generative AI systems cite a brand by name when answering a user question. GEO does not replace SEO. Approximately 99% of Google AI Overview citations still originate from the organic top 10. GEO layers a new requirement on top of SEO: the content must be cited inside the synthesized answer, not only ranked below it.

Adoption is faster than any previous channel shift

- ChatGPT reached 100 million users in 60 days after its November 2022 launch — the fastest consumer adoption in technology history.
- ChatGPT reached 800 million weekly active users by October 2025, doubling from 400 million in February 2025.
- Gemini grew 157% between April and September 2025 to 1.1 billion monthly visits.
- Perplexity processed 780 million queries in a single month as of early 2026, more than 3x growth in 18 months.
- 84% of businesses now consider AI their top strategic priority.

The traffic is small but disproportionately valuable

- AI search visitors convert 5x better per visit than traditional organic (14.2% vs 2.8%, Semrush 2026).
- AI-driven traffic to US retailers grew 4,700% year-over-year as of July 2025.
- Click-through rate on informational queries falls from 1.41% to 0.64% when an AI answer appears — a 55% decline.

THE TOP OF THE FUNNEL HAS MOVED

Where consumers start discovery now

% of US consumers, by first-touch channel for product research

AI Tools

ChatGPT, Gemini, Perplexity
Similarweb, Jan 2026



35%

Search engines

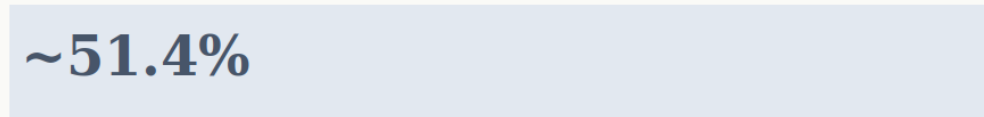
Google, Bing
Same panel



13.6%

Other / mixed

Social, retail apps, direct, friends



~51.4%

THE B2B SIGNAL

42% of B2B decision-makers now open the buying process inside an LLM.

Omniscient Digital, 2026 — analysis of 23,000+ AI citations

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Sources: Similarweb, Semrush, Capterra, Omniscient

Figure 1 · Where consumers start product discovery in 2026.

2. The Israeli Advertising Market

Israel's advertising economy has been digitizing steadily for a decade and is now structurally dependent on platforms that are themselves being reshaped by generative AI.

Channel	Israel 2025 (USD)	Trajectory to 2028
Digital total	\$1.58B	\$1.91B (+21%)
Search	\$597M	\$842M nominal; unit CTR eroding
Social	~\$460M	~\$800M (+74%)
Digital video	~\$280M	Growing
Influencer	~\$67M	\$97M by 2027
Traditional TV	~\$260M	Flat to \$286M
Programmatic share of digital	>82%	Rising
Government (LAPAM)	\$120M+	Rising

Five structural features amplify the Israeli GEO opportunity

Platform concentration. Google captures approximately 46% of Israeli digital ad spend; Meta captures approximately 15%. Roughly 61% of local digital advertising flows through two platforms that are integrating AI answers directly into the user experience.

Oligopoly structure. Israel's largest consumer categories are concentrated: five major banks, three cellular carriers, four HMOs, two dominant supermarket chains. In oligopoly, share of model maps more directly onto share of wallet than in fragmented markets.

Mortgage and credit cycle. Israeli banking sector assets grew 10–12% year-over-year through 2024–2025, driven by a mortgage lending boom. High-intent Hebrew financial queries are currently among the most valuable uncontested AI real estate.

Export dependency. Israel's largest corporates derive significant revenue from overseas. Their visibility inside English-language AI answers is a direct input to export demand. The English-language citation environment operates as a separate market that must be worked independently of the Hebrew one.

High digital engagement. Israeli consumers index above OECD averages on smartphone penetration, e-commerce adoption, and digital service use. AI-answer behaviors arrive earlier and faster than in peer markets.

3. Category Exposure: Where the Money Moves First

The shift from search to AI answers does not affect all categories equally. Exposure correlates with three variables: the share of consumer decisions that begin with an informational query, the financial value of a converted customer, and the maturity of the category's digital funnel.



Figure 2 · 10 Israeli sectors ranked by AI-discovery exposure.

Category observations

Banking. Hebrew AI answers to high-value financial queries default to generic guidance or aggregator content. Major Israeli banks rank well on traditional SEO but are rarely named inside AI responses, leaving significant uncontested share of model during a period of record mortgage origination.

Telecom. AI answers about Israeli cellular plans frequently cite Hebrew-language reviews containing outdated promotional pricing. Real-time plan updates do not propagate into the model's retrieval layer, creating a structural lag that reduces the efficacy of live acquisition campaigns.

Travel. Global aggregators dominate AI citations for Israeli hotel and flight queries. Direct-to-consumer hospitality and airline brands rarely surface in AI answers unless named explicitly, suppressing direct-booking revenue.

Tech and SaaS. The single most exposed category. 42% of B2B decision-makers now open evaluation inside an LLM, and the AI response functions as the shortlist. Israel's tech sector sells disproportionately into English-speaking markets where competition for AI citation is already intense.

Defense and industrial. A sovereign-level narrative dimension. Independent audits of leading AI models have documented uneven framing of Israel-related subject matter in English-language responses. The narrative inherited inside an AI answer is not controllable unless citation surface area is actively built on authoritative domains.

4. The Earned Media Imperative

The single most consequential finding in the body of 2025–2026 GEO research is that AI systems prefer earned media at a structural level. This reverses two decades of digital marketing orthodoxy. In the AI-mediated discovery environment, owned content is a secondary input. Third-party coverage is the primary input.

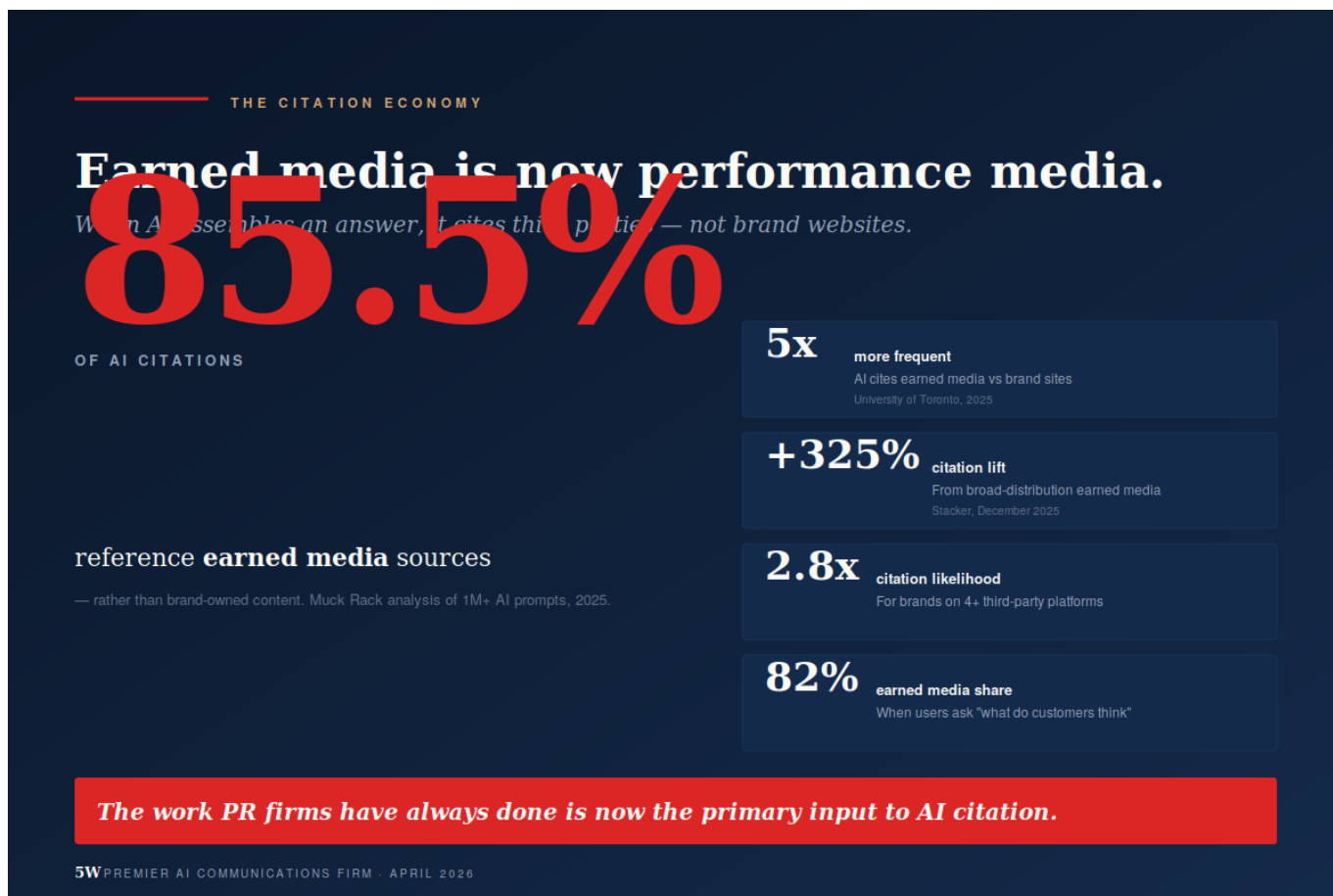


Figure 3 · The citation economy. Earned media has become performance media.

What the citation data shows

- Muck Rack analyzed 1M+ AI prompts: 85.5% of AI citations reference earned media sources.
- University of Toronto: AI engines cite third-party publications approximately 5x more frequently than brand websites.
- When a user mentions a brand by name in a query, earned media accounts for 48% of resulting citations.
- When a user asks what customers think about a brand, earned media accounts for 82% of citations.
- Owned content performs best only for functional and specification queries (~50% citation share).

Distribution mathematics favor disciplined PR

- Broad distribution increases AI citation rates by up to 325% (Stacker, December 2025).
- Brands on 4+ third-party platforms are 2.8x more likely to be cited in ChatGPT.
- Domains with 32,000+ referring domains are 3.5x more likely to be cited than domains under 200.
- Review platform presence (Trustpilot, G2, Capterra, Yelp) delivers a 3x citation multiplier.
- Average domain age of ChatGPT-cited sources: 17 years. Authority compounds.

"The work my firm has done for two decades — earned media, executive thought leadership, LinkedIn, Wikipedia, review-platform management, crisis response — is now the primary retrieval layer for the AI tools 35% of consumers and 42% of B2B buyers open before any other channel. The Israeli market sits at the intersection of three reinforcing tailwinds: a \$1.58 billion digital ad economy concentrated on AI-integrating platforms, oligopolistic consumer categories where share of model maps to share of wallet, and a Hebrew arbitrage window that closes inside 24 months. The firms that move now build citation surface area that compounds for a decade."

— RONN TOROSSIAN, FOUNDER & CHAIRMAN, 5W

5. The Israeli Tech Export Premium

Israel's technology sector is the single most AI-exposed segment of the Israeli economy. Over 300 Israeli SaaS companies operate internationally, with flagship firms reporting 2024–2025 revenues between \$150 million and \$1.1 billion.

Customer acquisition cost benchmarks

Segment	CAC (USD)	Payback (months)	Trend
SMB SaaS	\$300 – \$800	6 – 7	Rising
Mid-market SaaS	\$1,200 – \$2,000	12 – 18	Rising sharply
Enterprise SaaS	\$2,000 – \$15,000+	18 – 30	Rising
B2B paid search (avg)	\$802 per customer	n/a	+5.1% YoY
Fintech average	~\$1,450 per customer	15 – 24	Rising
Referral programs	\$141 – \$200	3 – 6	Stable

The AI invisibility premium

For an Israeli mid-market SaaS exporter with 500 new customers per year at \$1,500 CAC, total acquisition spend is approximately \$750,000 annually. If 42% of target buyers now open evaluation in an LLM, approximately \$315,000 of that spend is exposed to whether the brand is cited inside the AI answer during the initial shortlist stage. **A brand absent from AI answers is not absent at the click stage; it is absent at the shortlist stage, which is earlier and more consequential.**

For an enterprise-tier Israeli security or identity vendor, where CAC can exceed \$10,000 per customer and buying committees of 5–7 people each run independent LLM queries, AI absence functionally raises CAC by compressing the early funnel. Industry estimates put the effective CAC premium for AI-invisible B2B tech brands in the 15–35% range.

6. How Communications Programs Produce AI Citation

Every service line that public relations firms have historically sold is now also a direct input to AI citation. The work has not changed. The value of the output has.

Lever	AI citation mechanism	Manageability
LinkedIn program	Most-cited domain for professional queries across all major AI platforms.	Fully manageable
Wikipedia accuracy	Cited in 26–30% of B2B factual queries.	Highly manageable
Press release distribution	Wire services syndicate to hundreds of publications feeding AI training.	Fully manageable
Executive thought leadership	Bylines, op-eds, podcasts, conferences, expert quotes.	Highly manageable
Review platform presence	G2, Capterra, Trustpilot, Yelp deliver 3x citation multiplier.	Highly manageable
Earned media (tier-one)	Forbes, BI, WSJ, NYT, TechCrunch, Reuters, Bloomberg.	Relationship-driven
YouTube and podcasts	YouTube cited in 16% of LLM answers; ~200x other video.	Manageable
Awards and rankings	"Best of" content drives 32.5% of AI citations.	Manageable
Crisis & AI-answer audit	New service: continuous monitoring and remediation.	Manageable

What 5W audits and reports

- **Share of Model (SoM):** percentage of AI answers to a defined query set that name the brand, monthly in Hebrew and English.
- **Citation source mix:** which domains are feeding the AI's answer about the brand.
- **Sentiment in citation:** positive, neutral, negative when named.
- **Prompt-level movement:** each query tracked from absent to cited, with domain attribution.
- **Competitive benchmark:** top 3–5 category competitors, producing a share-of-model leaderboard.
- **Platform split:** ChatGPT, Gemini, Perplexity, Google AI Mode tracked separately — only 11% of domains earn citations across both ChatGPT and Perplexity.

7. Sector Spend Economics

The figures below are estimates built from published Israeli advertising data, sector revenue disclosures, and applied international marketing spend benchmarks; they are indicative ranges, not audited figures.

Sector	Est. annual spend (NIS)	AI-exposed	Indicative GEO reallocation
Banking	600M – 900M	40 – 55%	40M – 125M
Insurance & pensions	500M – 700M	45 – 60%	35M – 100M
Telecom	350M – 500M	55 – 70%	30M – 85M
Retail & FMCG	1.2B – 1.8B	30 – 45%	55M – 200M
Travel & hospitality	250M – 400M	55 – 75%	20M – 75M
Pharma & health	350M – 500M	35 – 50%	20M – 60M
Automotive	400M – 550M	45 – 60%	30M – 80M
Energy & utilities	150M – 220M	25 – 40%	8M – 25M
Tech & SaaS (export)	5.5B – 8B	60 – 80%	500M – 1.6B
Government	450M+ (LAPAM)	40 – 55%	30M – 65M

National reallocation opportunity: Summing across sectors, the 15–25% reallocation toward earned-media-driven GEO over 24–36 months equates to **NIS 750 million to NIS 2.4 billion** — roughly \$215 million to \$680 million — before any net-new spending is added. The tech & SaaS export component alone accounts for the majority of the upper bound.

8. The Hebrew Data Gap and the First-Mover Window

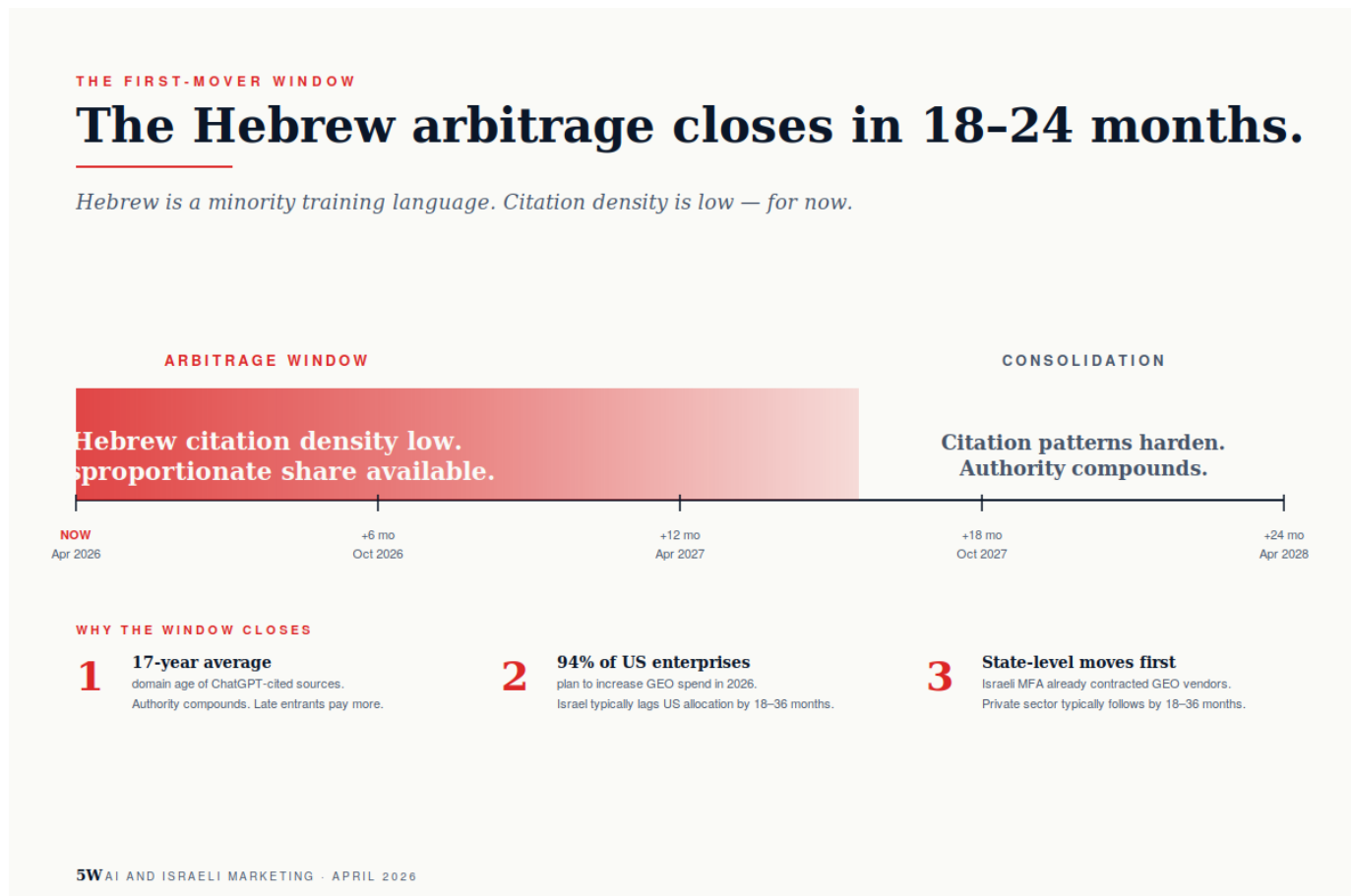


Figure 4 · The first-mover window. Hebrew arbitrage closes in 18 to 24 months.

Hebrew is a minority training language in every major frontier AI model. The Nagel Committee's August 2025 report to the Israeli government identified the absence of a Hebrew national language model as a digital sovereignty issue.

Effect one — thin source pool, low competitive floor. A disciplined Hebrew earned-media program can capture disproportionate share of model quickly because citation density is lower. The first 12–24 months represent the maximum arbitrage window.

Effect two — inherited English-language narratives. For Israeli corporates with international revenue exposure, the narrative inherited inside an English-language AI answer is not under the company's control unless citation surface area is actively built on high-authority English-language domains.

Why the window closes. AI systems reinforce their own citation preferences over time. The average domain age of ChatGPT-cited sources is 17 years. Brands investing during the 2026 window are building citation surface area that compounds. The current competitive floor is unusually low: 47% of brands have no GEO strategy, 26% have zero mentions in AI Overviews. The arbitrage is available now. It will be substantially smaller in 18 to 24 months.

Frequently Asked Questions

How are consumers using AI to discover products?

35% of consumers now start product discovery in AI tools, vs 13.6% who start with a search engine (Similarweb, Jan 2026). 58% have already replaced traditional search with AI for product discovery (Capgemini, 2025). 64% are willing to purchase products suggested by AI.

Why does earned media matter more in the AI era?

85.5% of AI citations reference earned media sources rather than brand-owned content (Muck Rack, 1M+ prompts). University of Toronto puts the ratio at ~5x. Broad distribution lifts citations up to 325%. Brands on 4+ third-party platforms are 2.8x more likely to be cited.

How big is the Israeli digital advertising market?

Israel's digital advertising market is projected at \$1.58 billion in 2025, rising to \$1.91 billion by 2028. Search alone is ~\$597M; social ~\$460M. Google captures ~46% of Israeli digital ad spend; Meta ~15%.

What is the AI reallocation opportunity in Israel?

Across the ten sectors mapped in this study, a 15–25% reallocation of AI-exposed spend toward earned-media-driven GEO implies a national reallocation in the range of NIS 750 million to NIS 2.4 billion — roughly \$215M to \$680M — over 24 to 36 months.

What is Generative Engine Optimization (GEO)?

GEO is the discipline of structuring content, third-party coverage, and brand mentions so that generative AI cites a brand by name. It does not replace SEO — 99% of Google AI Overview citations still come from organic top 10 — but layers a new requirement on top.

Which AI platforms matter most?

ChatGPT (~79% of generative AI web traffic, 800M weekly users), Gemini (1.1B monthly visits, +157% Apr–Sep 2025), Perplexity (780M monthly queries). Each reports separately because only 11% of domains earn citations across both ChatGPT and Perplexity.

What does a 5W AI Communications program look like?

Earned-media placement, LinkedIn executive programs, Wikipedia accuracy, review-platform management, structured content, and monthly Share of Model reporting in Hebrew and English. First measurable Share of Model lift typically appears in 60–90 days; durable category share builds over 12–18 months.

How do you measure ROI on a GEO program?

Published benchmarks: +22% ROI vs equivalent SEO investment (Incremys); +40% brand visibility on AI surfaces; 4.4x higher qualified-traffic share from AI; 5x per-visit conversion advantage on AI traffic. Tracked via Share of Model, citation source mix, sentiment, prompt-level movement, competitive benchmark, platform split.

Who is this study for?

CMOs, heads of communications, agency leaders, public-affairs and government-relations leaders, equity analysts covering Israeli tech, board members, and Israeli founders selling into US and European markets.

Methodology and Sources

This study synthesizes published data from industry research, academic research, regulatory filings, and platform analytics disclosed between 2023 and April 2026. Sector spend estimates in Section 7 combine Israeli advertising market data with published international marketing allocation benchmarks; these are indicative ranges, not audited figures.

Sources consulted include: Similarweb, Semrush, Ahrefs, AirOps, Stacker, Muck Rack, University of Toronto, Omniscient Digital, Tinuiti, Profound, Superlines, Bluefish, SaaS Capital, First Page Sage, Benchmarkit, Paddle, SimplicityDX, Nielsen, Statista, Gartner, Conductor, Princeton University, Incremys, Capgemini Research Institute, Master of Code Global, eMarketer, GetLatka, Bank of Israel Annual Report 2024, Israel Marketing Association, Nagel Committee Report on Accelerating AI in Israel (August 2025), public Foreign Agents Registration Act filings, Calcalist, Globes, Times of Israel, Ynet.

About 5W

5W is the premier AI communications firm in the United States, with approximately 275 professionals. Founded in 2003 by Ronn Torossian. Led by CEO Matt Caiola. Recognized as a top U.S. agency by O'Dwyer's, named Agency of the Year in the American Business Awards, and honored as a Top Place to Work in Communications in 2026 by Ragan. The firm serves more than 250 clients across consumer, corporate, crisis, healthcare, technology, and public affairs communications.

5W's AI Communications and Generative Engine Optimization practice partners with growth-stage and enterprise clients on AI-era brand, reputation, and growth strategy.

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