

MAGNA

US Verticals Report

Fall 2024: Powered by AI

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Industry Verticals US Vertical Report

- This is a summary/sample of MAGNA's US Vertical Report
- The Full Report includes 350 pages of analysis, forecasts, ad spend patterns and trends.
- Ten key industry verticals are analyzed: automotive, entertainment, food/drinks, retail, finance/insurance, personal care, pharmaceuticals, technology, restaurants, and travel.
- Plus, focuses on emerging verticals (DTC, Fintech, Betting, AI...)

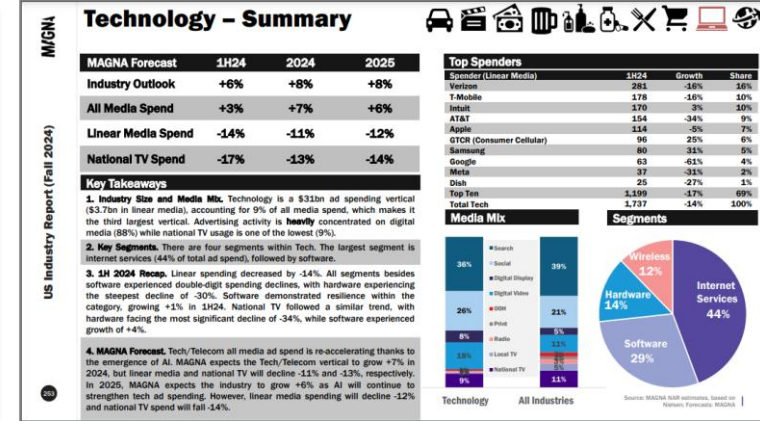
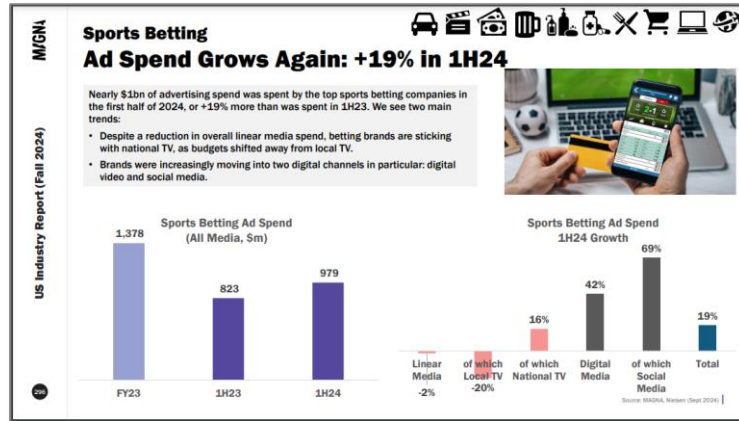
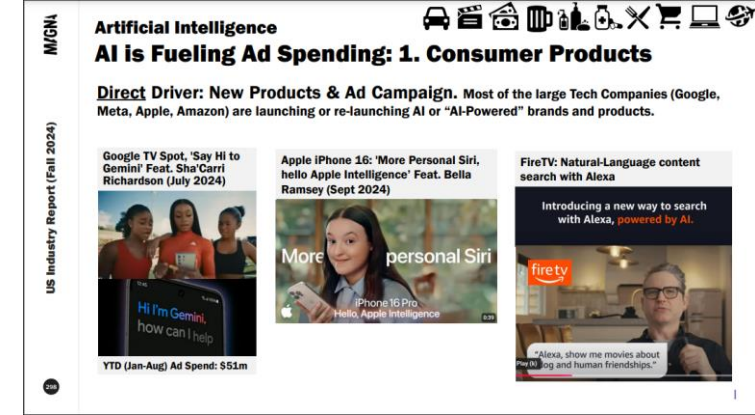
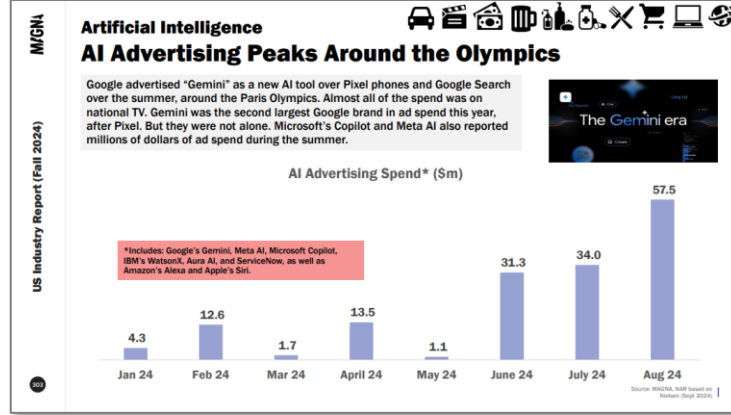
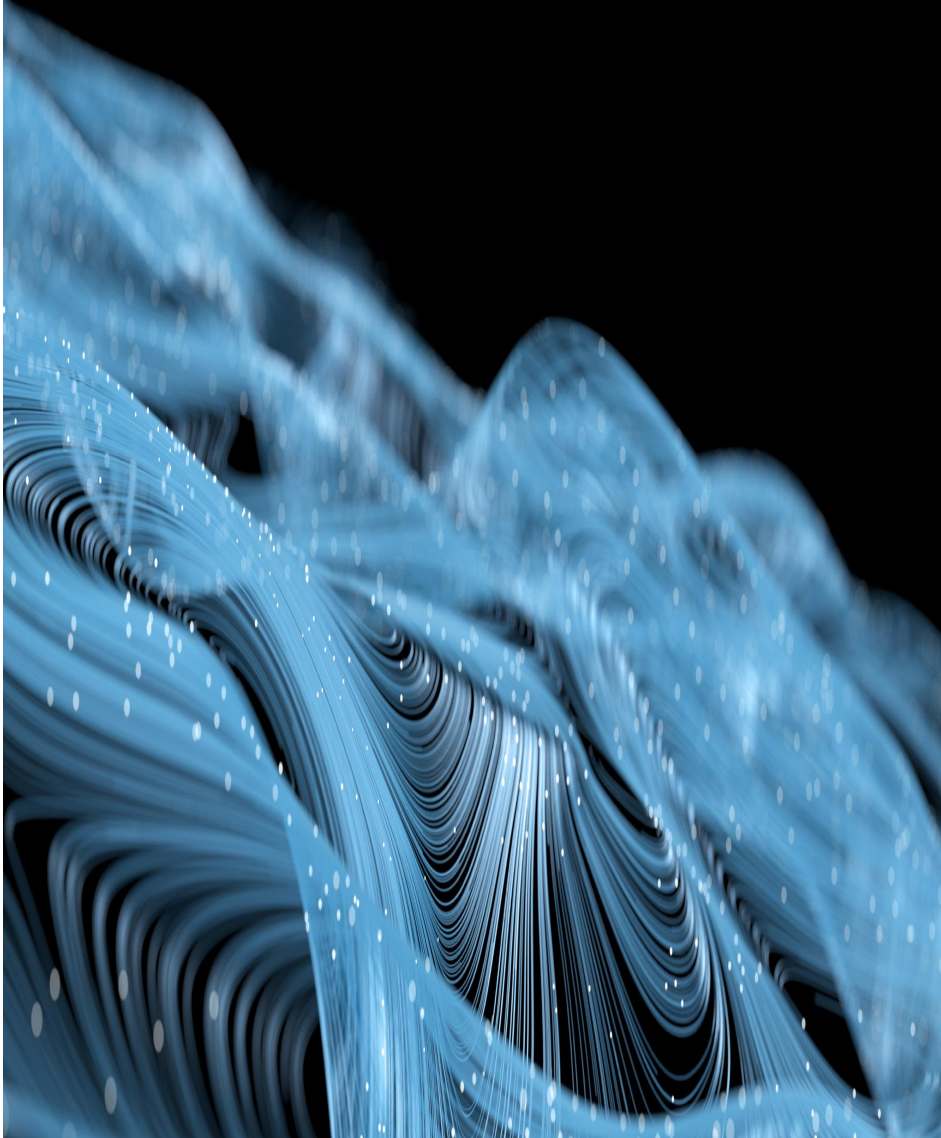


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-



AUTO



MEDIA



**FINANCE
INSURANCE**



**FOOD
BEVERAGE**



**PERSONAL
CARE**



PHARMA



RESTAURANTS



RETAIL



**TELECOMS
TECHNOLOGY**

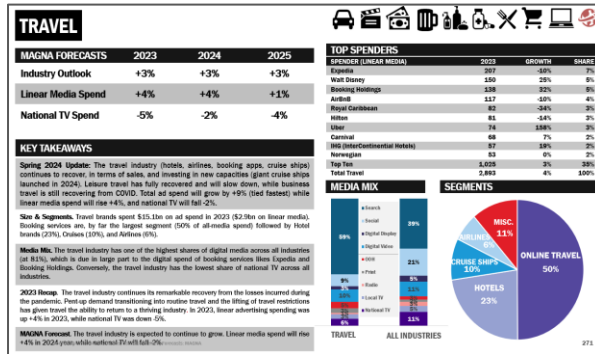


TRAVEL

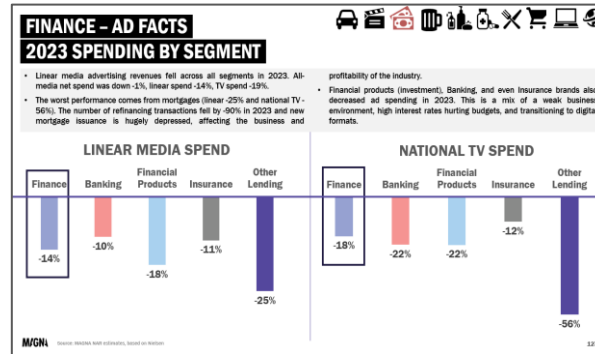
About This Report Key Report Topics

- The US Verticals Report analyzes the advertising spending trends and patterns of ten key industry verticals that represent approx. 60% of total ad spend in the US, and up 80% of national TV spend.
- For each industry vertical, the report provides insights and data on the following aspects and topics:

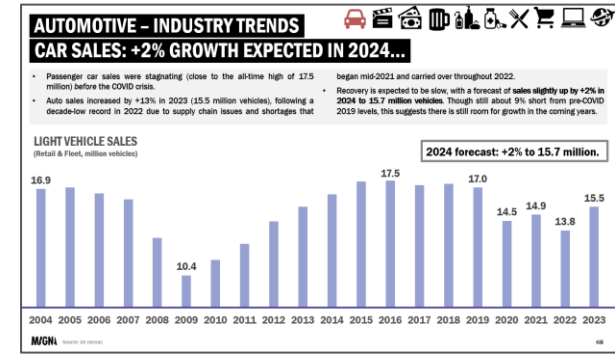
Dashboard



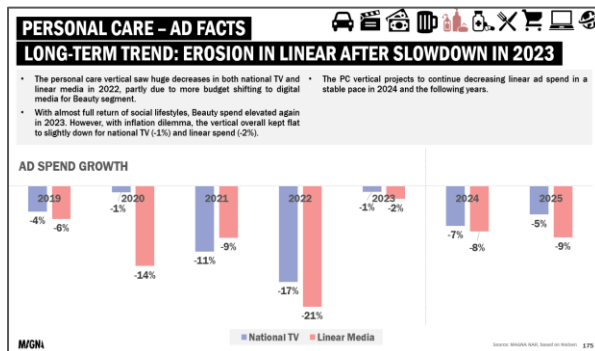
Key Segments



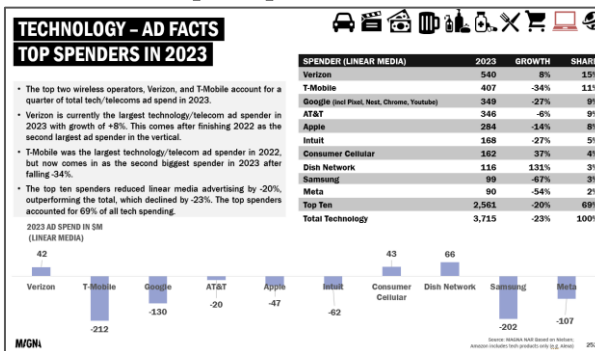
Industry Trends



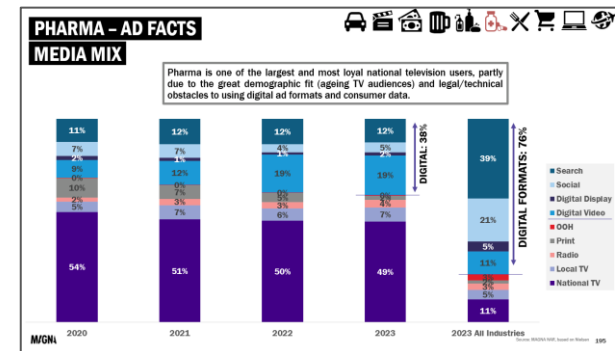
Ad Spend Trends



Top Spenders



Media Mix

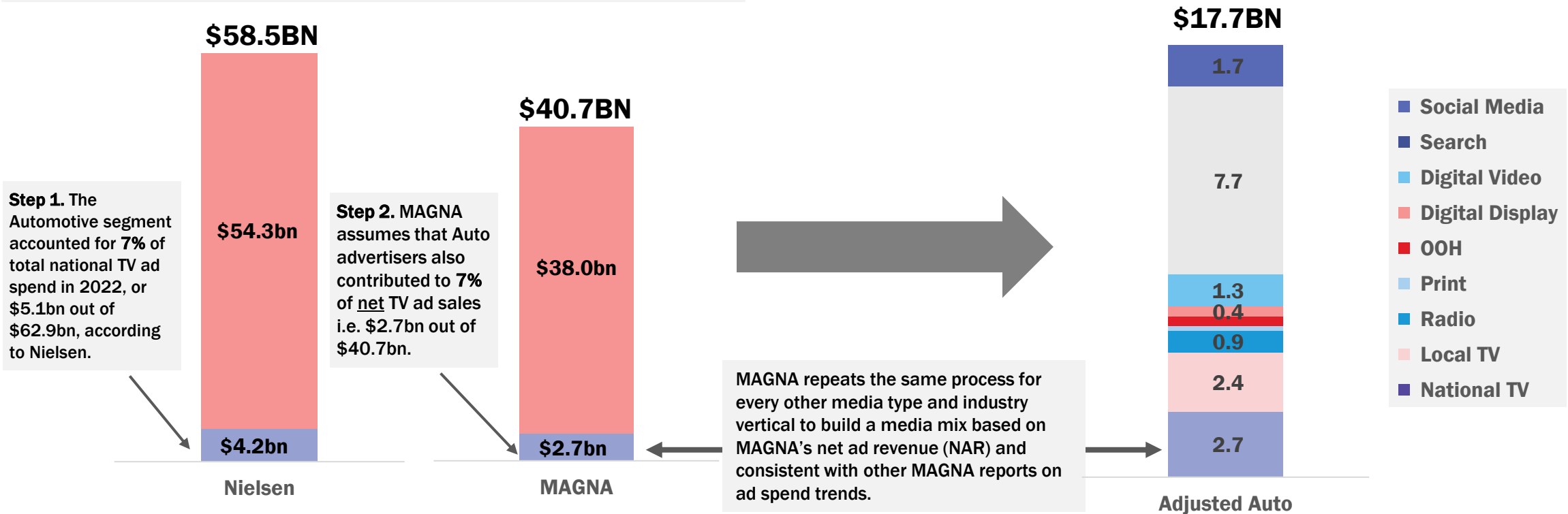


About This Report

Methodology

Example: Auto Share of National TV

National television ad spend was \$58.5bn according to Nielsen in 2022, *but* TV media owners reported net ad revenues (NAR) of \$40.7bn according to MAGNA's bottom-up analysis of financial publications. MAGNA thus scales Nielsen's national TV numbers down to reflect the actual net media spend.



Automotive Media Mix

This adjustment allows MAGNA to estimate realistic media mixes for each spending vertical. Using *raw* ad monitor data for that purpose would typically lead to overestimating the share of spend going into TV and other linear media and under-estimate the share of digital formats.

US Industry Verticals

Key Facts



- **Looking at all-media spending, the largest industry verticals in the US** are Retail (\$55bn or 16% of total ad spend in 2023) followed by Finance/Insurance (\$35bn, 10%) and Technology (\$31bn, 9%). The top three account for 36% of total ad spend.
 - **Looking at national TV ad spend**, the top verticals are Finance (12%), followed by Food & Beverage, Pharma and Retail (all 9%). Conversely, Travel is the smallest, accounting for only 2% of national TV spend.
 - **Within local television**, Automotive is the top spending vertical, with nearly 20% share of total spend. Meanwhile, Retail tops the radio list, with 13% share.
 - **Amazon was the largest ad spender again in 2023**, with approx. \$6.2bn, ahead of P&G's (\$5.4bn).
 - **However, P&G remains the top national TV advertiser**, with \$1.2bn of net ad spend in 2023. In fact, it was the only company to spend more than \$1bn on national TV (#2 AbbVie spent \$740m).
- CPG-like industries - Food/Drinks 32%, Pharma 49% and Personal Care 26%, - while digital ad formats capture the vast majority of spending in Tech, Retail, and Travel.
- **Fourth quarter is typically the strongest quarter for advertising spending**, as it is for retail sales. It accounts for 28% of annual ad spending on average, 30% for Retail and Technology. 1Q is the weakest quarter (23% of annual spend).
 - **The level of concentration of ad spend within industry verticals is extremely variable**, in Personal Care 65% of total industry spend from the five largest advertisers reflecting the concentration in the CPG industry. Retail is the *least* concentrated industry, with just 14% of ad spend coming from the top five advertisers which explains the focus of Retail on local media and digital.

US Industry Verticals

Ad Spend Forecast: Key Findings



Key industry verticals can be categorized in three bucket based on the advertising spending relative to the all-industry average:

- In the **market outperform** bucket we have Auto (+16%), the most dynamic vertical in 2024, followed by Finance (+15%) and Food & Drinks (+12%).
- In the **market perform** bucket we have another three verticals. We forecast both Entertainment and Restaurants to grow by +9% this year. Importantly, we expect Tech to gain +7%, which is welcome growth following more than a year of stagnation.
- Finally, four verticals are in the **market underperform** bucket. Both Personal Care and Retail will rise by +6% in 2024. Pharma will gain +3%, while Travel will grow +1%.

Alongside large mature verticals, some small verticals or sub-verticals are emerging or accelerating this year.

- [AI products and tools](#) are increasingly being advertised against, especially around the recent Summer Olympic games. Year to date (Jan-Aug 2024), companies like Meta, Google and Microsoft have spent \$155m advertising these products.
- [Luxury goods](#) advertising tripled ad spend in the last three years to reach \$3 billion.
- [Betting](#) continues to grow in the US (\$121 billion in 2023). Ad spend plateaued in 2023 but national TV spending grew because of the near-national legalization of sports betting. With Florida finally allowing sports betting this year, ad spend is growing again.
- [Fintech](#) ad spend fell in 2023 as the industry is convalescent from the Crypto bust but cryptocurrencies have recovered and Fintech is broader than Crypto. Marketing activity is recovering in 2024-2025.
- Finally, [emerging ecommerce platforms](#) like Temu and Shein continue challenging Amazon and traditional fashion brands on US soil with intense advertising.

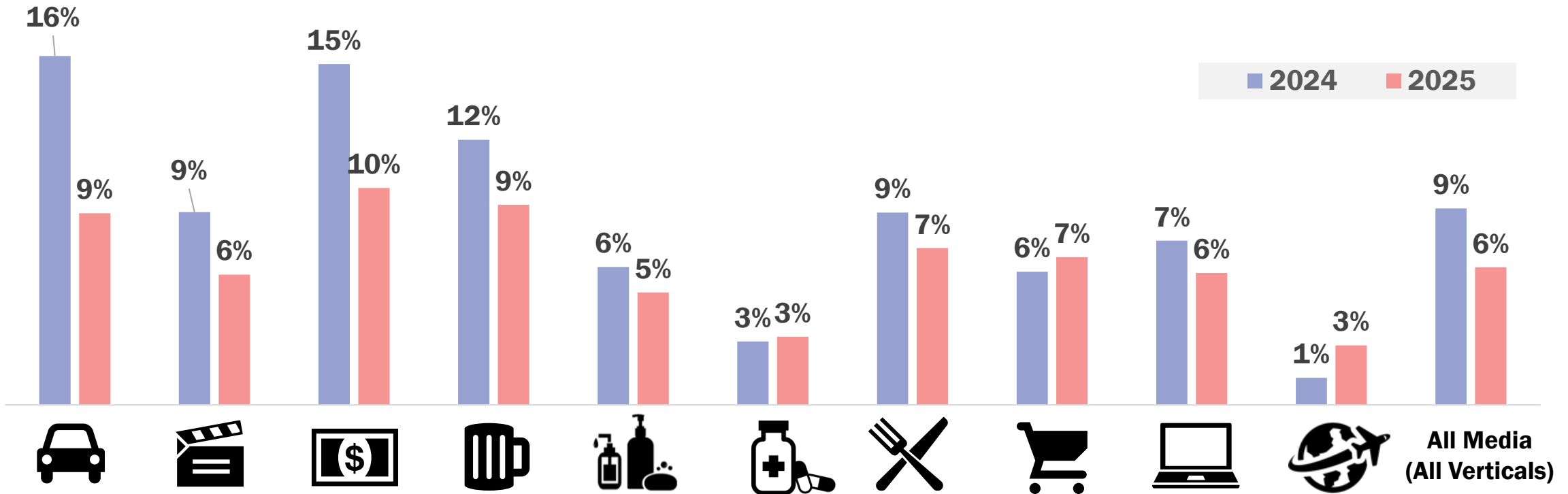


MAGNA Forecast

All Media Spend: Auto, Finance, and Food Top Forecast

- Automotive, Finance and Insurance, and Food and Beverage will lead growth in 2024 thanks to strong digital growth in the first half of the year.
- They are also expected to be the most dynamic verticals in 2025 with 9% to 10% growth in all-media ad spend.

Net Advertising Spend (All Media)





Key Findings Outperform



The US car market is stagnating this year but as stocks pile up at dealerships, dealers and brands need to advertise to support sales volumes. With interest rates finally coming down, car loans and car leases will become more affordable again. All-media ad spend is predicted to grow by +16% this year (driven by digital media) and +9% in 2025. [Read More.](#)



The Insurance industry (largest segment) is profitable again, which unlocks ad budgets this year. Banking/mortgage businesses have been struggling with high interest rates (e.g. slow refinancing). Fintech, including Crypto, is recovering too. Overall, MAGNA expects F&I to be one the most dynamic with total ad spend to grow by +15% in 2024 and by +10% in 2025. [Read More.](#)



Linear ad spend is down -9% so far in 2024 (national TV -6%) but digital spend led to an all-media spend increasing +19%. More and more brands are supporting eCommerce sales through retail media's digital ad formats, as part of their trade marketing deals with retailers, thus increasing total spend without necessarily cannibalizing traditional media budgets. MAGNA expect F&D ad spend to grow +12% in 2024 and +9% in 2025. [Read More.](#)



Key Findings

Market Perform



Restaurants (\$9.5bn)

QSR brands make more than half of ad spend overall and almost all of national TV spend. Linear ad spend is expected to decline by -4% in 2024, while national TV will fall by -8, but with growth in digital media, total ad spending will increase by +9% in 2024 in line with other verticals. In 2025, total all-media spending will further increase by +7% but linear ad spend will fall by -5% and national TV by -9% in 2025. [Read More.](#)



Entertainment (\$16bn)

Ad spend was slow in the first half of 2024 (e.g. national TV -12% yoy) because of fewer new releases on streaming platforms and theaters, due to the 2023 strikes and Entertainment companies permanently reducing content investment as streaming market shares are stabilizing. Growing digital ad spend bring the overall 2024 growth to +9% and MAGNA expects +6% in 2025. [Read More.](#)



Technology (\$31bn)

Tech/Telecom ad spend was slow in the last two years but re-accelerating this year thanks to the AI-powered products and services being marketed to a broader audience by all the Tech giants and AI specialists. Total ad spend will grow +7% in 2024, but linear media and national TV spend may still decline -11% and -13%, resp. In 2025, MAGNA expects the industry to grow +6% as AI will continue to strengthen tech ad spending. However, linear media spending will decline -12% and national TV spend will fall -14%. [Read More.](#)



Key Findings

Underperform



Retail sales growth has been slow for most of 2023 and 2024, especially for premium brick-and-mortar chains losing market share to ecommerce specialists like “fast-fashion” DTC apps, and discount stores. MAGNA expects total ad spend to grow +6% but linear ad spend will fall -5% this year. We forecast similar growth for 2025 at +7% for all media spend. [Read More.](#)

Personal Care

~~(\$10.5bn)~~

Linear ad spend was flat in the first half while national TV spend was down -3%. All-media ad spend, driven by an increase in digital media spend, increased +6%. PC brands will continue to diversify towards digital media and retail media, which will be the key driver behind all-media spend growth. Linear ad spend is expected to slightly grow (+1%) in 2024, while national TV decreases -2%. Total ad spend will increase by 6% in 2024 and +5% in 2025. [Read More.](#)



New prescription drugs (weight loss, cancer, mental health) drive marketing and advertising activity in 2024. For the full year linear media will outperform digital media, as Pharma brands continue to invest in national TV. As such, MAGNA expects +3% all media growth in 2024 and a further +3% rise in 2025. [Read More.](#)



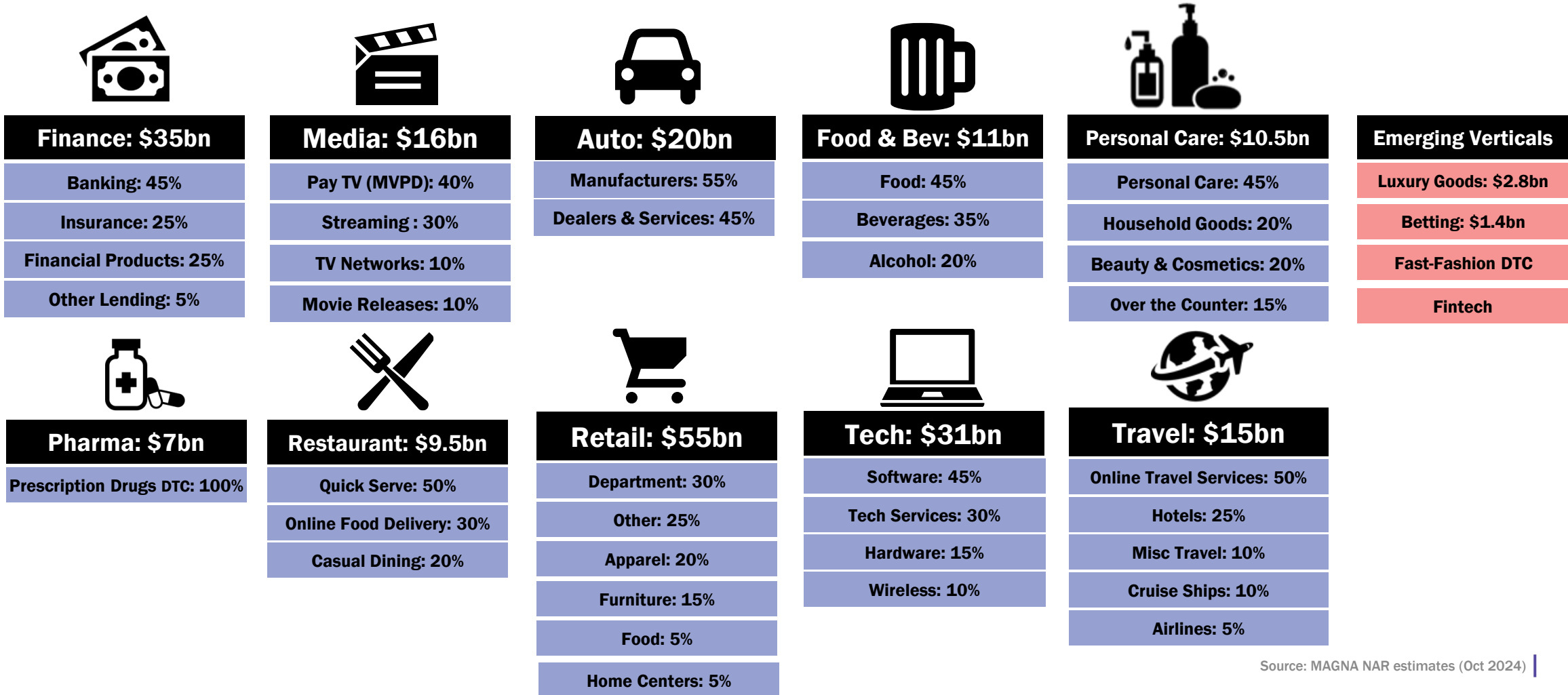
Leisure travel has now fully recovered from COVID and revenue growth rates are thus slowing down, while business travel is still recovering. New products and capacities (e.g. giant cruise ships launched in 2024) keep fueling marketing activity. Now that consumers have come back to traveling, Travel brands are slowing down marketing investment and growth rates are below average Total ad spend will grow by just +1% this year, and +3% in 2025. [Read More.](#)

Top Verticals

MAGNA Groupings



Here are the ten key industry verticals and 35 segments analyzed by MAGNA in this report, with estimated net ad spend in 2023, in billions of dollars. **Highlighted in pink:** some of the *emerging* segments and product categories. Within classic verticals (eg Fintech, Fast Fashion) or outside our 10 key verticals (Betting, Luxury).



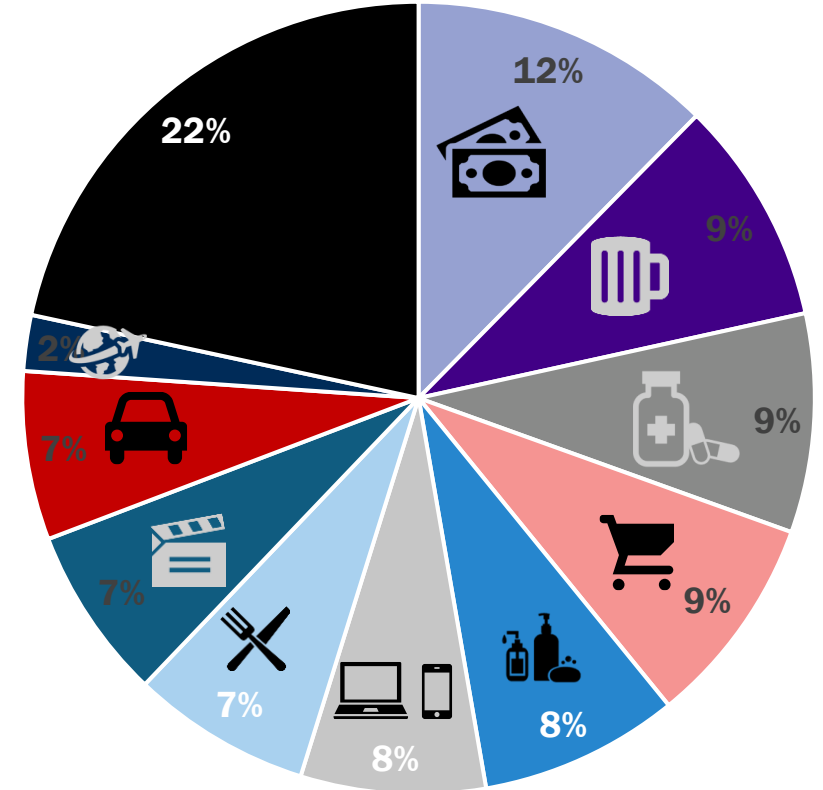
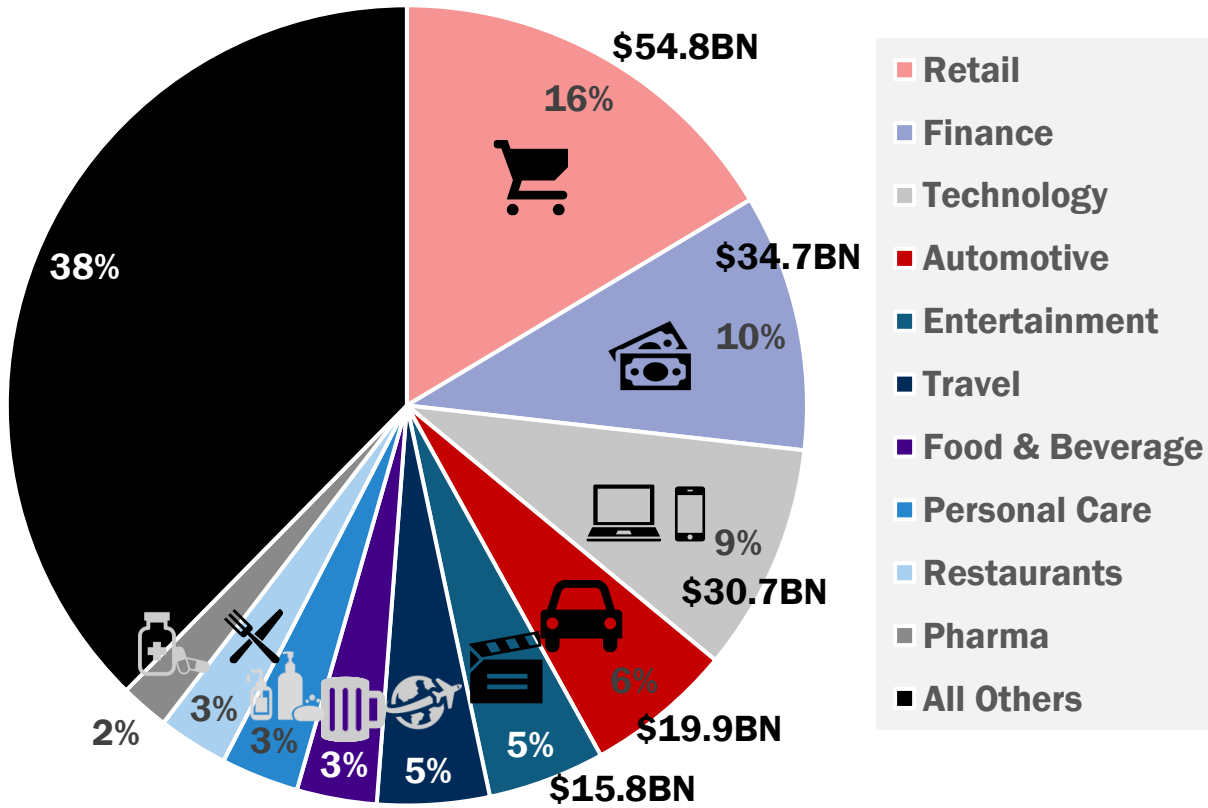


Top Verticals

Finance, Retail and Tech Dominate Spend

All Media (2023: \$337BN)

National TV (2023: \$37.6BN)



The ten key verticals analyzed in this report accounted for 62% of total advertising spend in 2023 and 78% of national television spend. Retail is the largest vertical overall (\$55 billion or 16% of all-media spend) while Finance/Insurance is the second largest (#1 on National TV).

Source: MAGNA NAR estimates, based on Nielsen (Feb 2024)

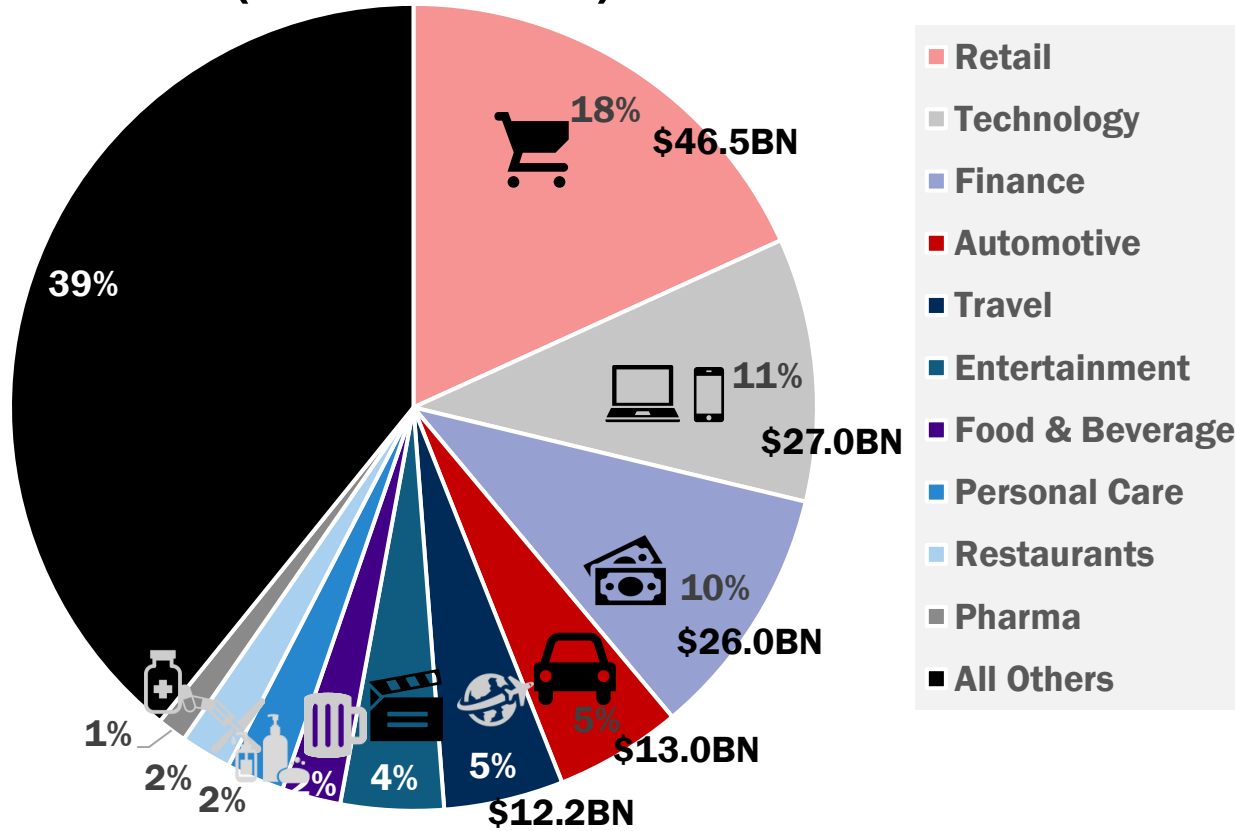


Top Verticals

Retail, Tech, Finance on Top for Digital

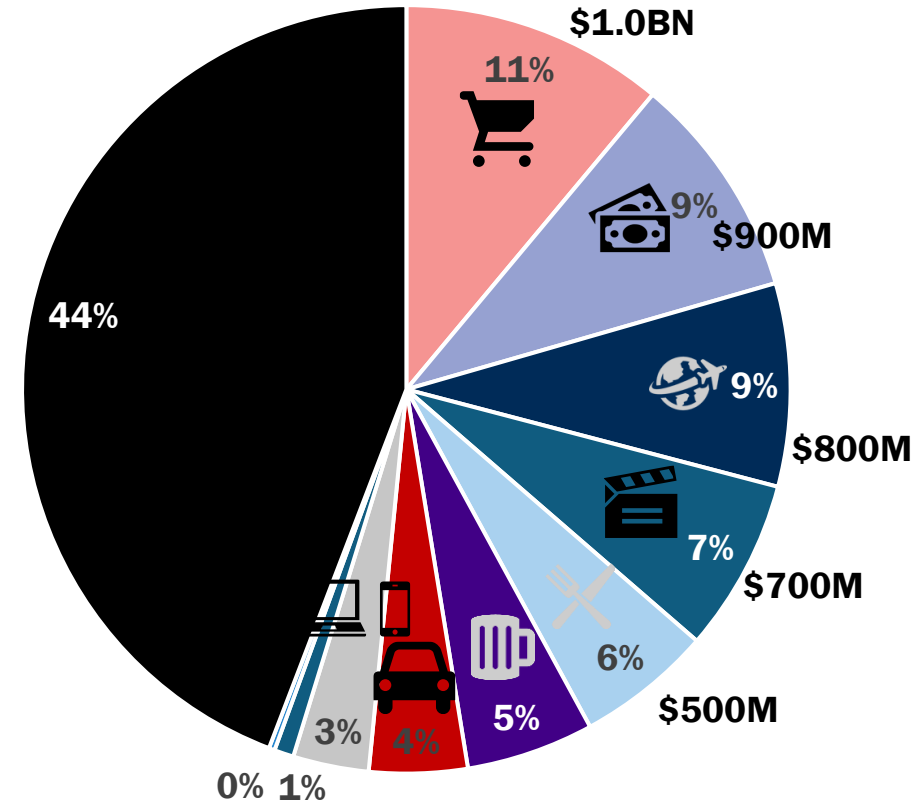
Digital Media

(2023: \$258BN)



OOH

(2023: \$9.2BN)



The ten key industry verticals account for 61% of digital media ad sales and 56% of OOH ad revenues. Retail is the largest vertical for both with 18% and 11% of total ad sales, respectively.

Source: MAGNA NAR estimates, based on Nielsen (Feb 2024)

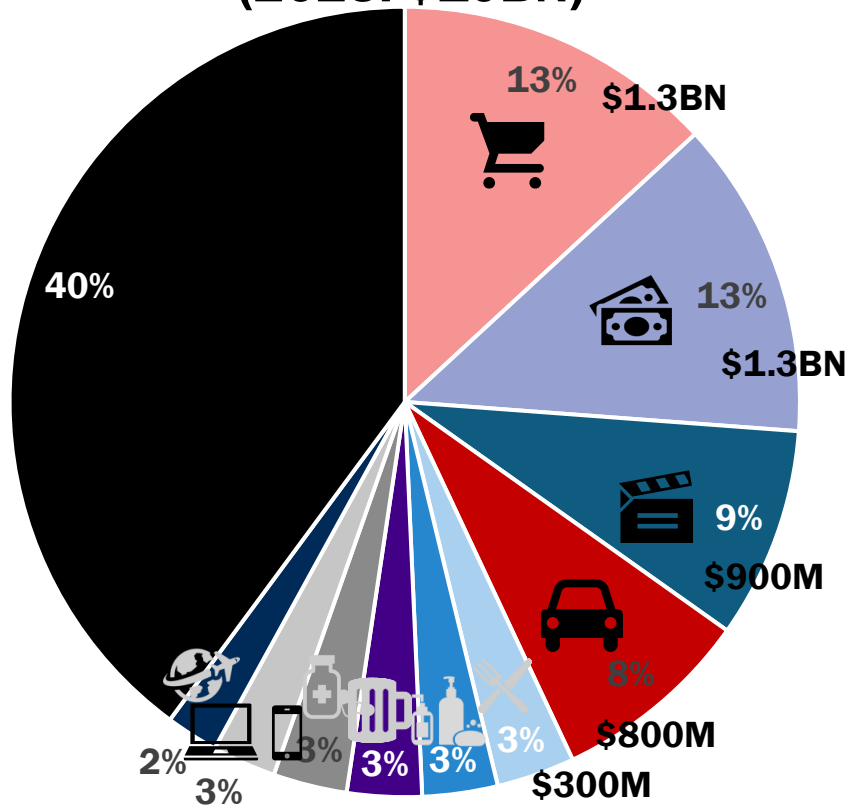
Top Verticals

Auto Dominates Local TV Spend



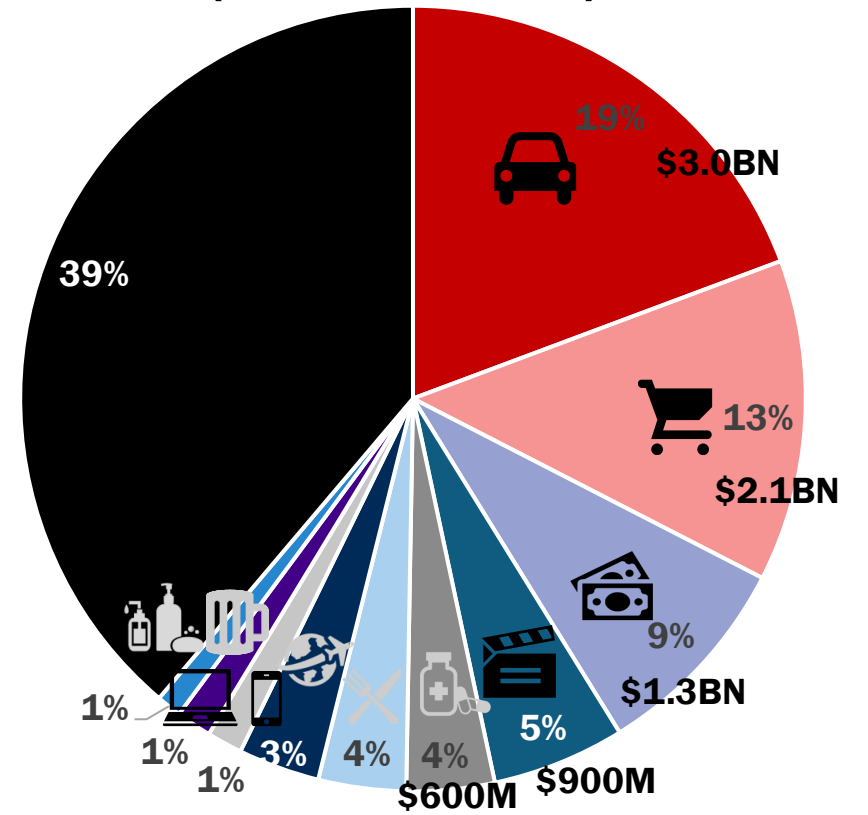
Radio

(2023: \$10BN)



Local TV

(2023: \$15.7BN)



- Retail
- Finance
- Entertainment
- Automotive
- Restaurants
- Personal Care
- Food & Beverage
- Pharma
- Technology
- Travel
- All Others

The ten key industry verticals account for 60% of total radio and local TV spend. Retail is the largest spender in radio and second largest in local TV, while Auto is the largest in local TV. "Other" is significant for both local TV and radio due to local advertisers.

Source: MAGNA NAR estimates, based on Nielsen (Feb 2024)