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Dissecting Magna's declining ad revenues forecast amid 'uncertain times'

Article

The news: **Magna's** updated spring 2025 ad spending forecast lowered its ad revenues outlook for the year ahead due to "uncertain times."

- The forecast **reduced its 2025 ad sales growth prediction to 4.3%**, down from the 4.9% growth projected in December.
- The firm anticipates that ad revenues for traditional media owners, excluding cyclical ads, will decrease 1% from 2024 to $103 billion in 2025, including a 3.7% decline in local TV and a 5.9% decrease in linear—but offset by a 14.3% gain in streaming, reaching $12.4 billion.
- Ad revenues for digital pure players in retail media, social media, search, digital audio, and digital video are still expected to grow nearly 10%, reaching $293 billion. Retail and search ad formats will also grow 10% to reach $167 billion, and social media formats will grow 11% to $92 billion.

The news comes after one of the highest-performing years of ad sales growth in recent history. 2024 sales reached **$380 billion**, per Magna, growing 12.4% YoY—or 9.9% when excluding cyclical events like elections—and rising 13% in Q4.

Behind the uncertainty: Looming economic volatility is affecting the ad market and causing many advertisers to pull back.

- Magna anticipates that a lack of visibility into the future of the US economic landscape will lead to marketing and advertising budget cuts and freezes.
- The "risk of a trade war" and subsequent inflation that could follow **President Donald Trump**'s wave of tariffs is also predicted to contribute to these changes, per Magna—especially for industries vulnerable to global trade issues, like consumer-packaged goods, food, and automotive.
- The forecast mentioned a "deterioration" in consumer confidence that could contribute to slowing growth. "Confidence plays a crucial role in marketing and advertising investment decisions," Magna noted, and the "dip in confidence has already dampened the dynamics of the ad market."

TikTok's role: Another factor could be the fast-approaching deadline for a **TikTok** sale. Despite senators urging Trump to extend the deadline—and despite nearly 70% of US adults opposing a ban, per Pew Research—TikTok's future in the US is far from certain.

As a consistent source of ad revenue growth, the possibility of a US ban is causing advertisers to spend less on the platform and CPMs to fall 80% YoY. While advertisers are shifting their ad spend to other platforms in the meantime, many of these platforms struggle to duplicate

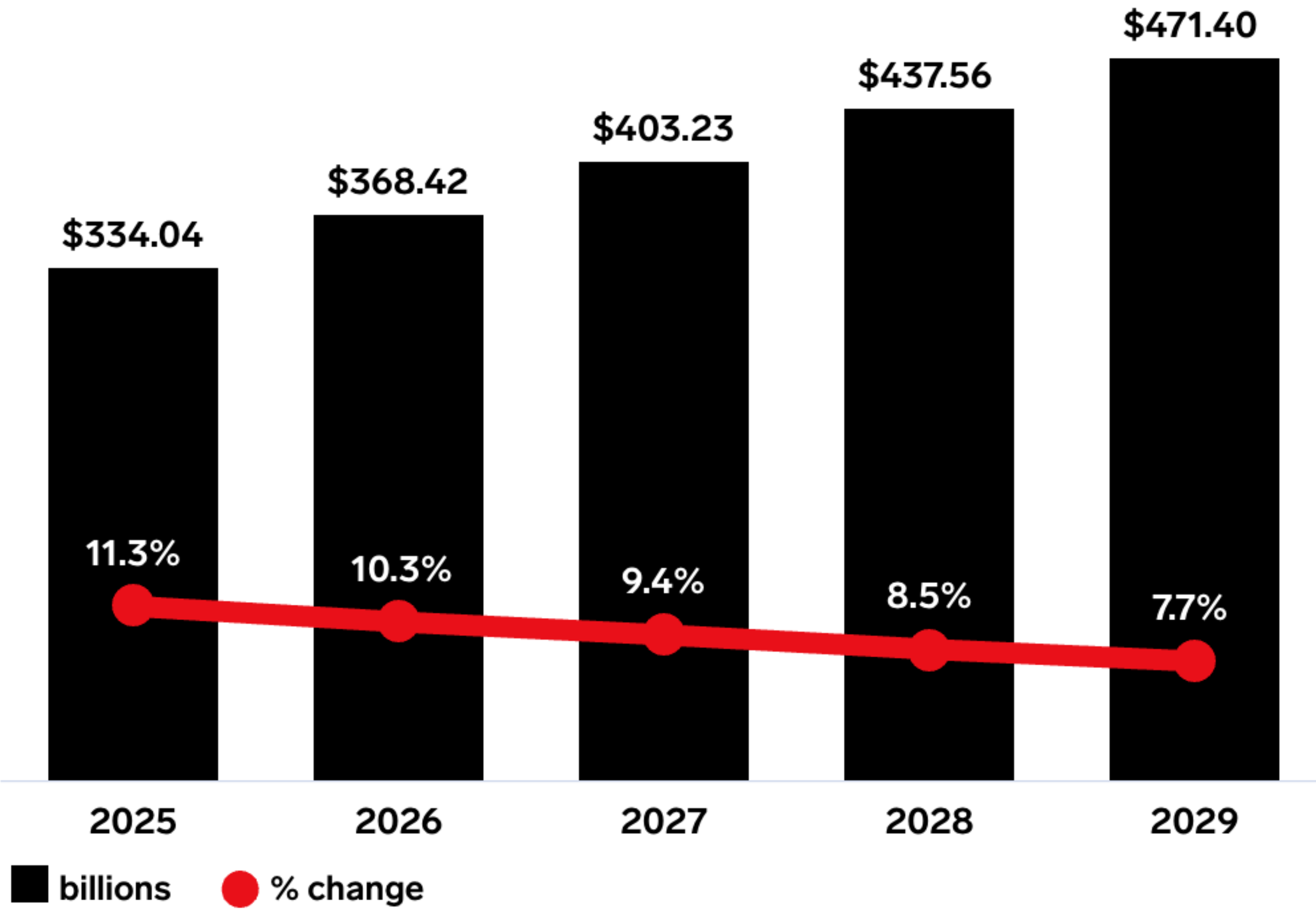
TikTok's engagement levels—and advertisers may invest less than they otherwise would on TikTok as a result.

Our take: Advertisers are naturally feeling the pressure to adapt to an increasingly uncertain future—but there are steps that can be taken to mitigate the damage.

- Advertisers must prioritize initiatives with a **clear return on investment**. Digital channels like social media and paid search effectively engage target audiences and have a measurable ROI for increased marketing precision.
- Implementing a multi-platform advertising strategy to **diminish platform-specific risks** and **avoid being overly dependent on any single channel** will be critical, especially in light of a possible TikTok ban.
- Marketers must remain closely informed about **emerging economic indicators, trade policy changes, and regulatory shifts** that will continue affecting ad spending—and maintain **flexible marketing budgets** and financial agility to adapt to the shifting economic and political landscape.

Digital Ad Spending

US, 2025-2029



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms

Source: EMARKETER Forecast, March 2025

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