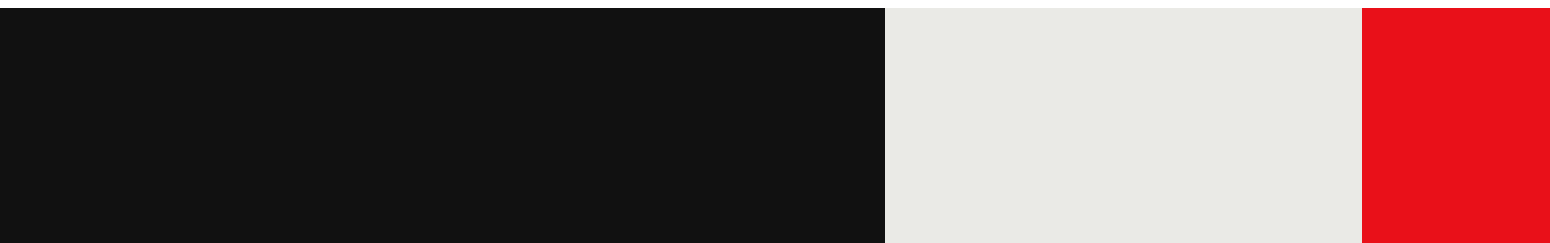



Even without recurring events, the US ad market is surging

Article



The news: Ad spending in 2024 is receiving a major boost from recurring events like the US election and the Olympics, which will add tens of billions to the ad market. But underneath this surge, noncyclical advertising is performing extremely well.

- A recent **Magna** forecast expects noncyclical US advertising to rise 8.9% this year, per Marketing Dive, revised upward from June's 8.2% projection. That makes 2024 one of the best years for noncyclical advertising in two decades. First-half noncyclical ad revenues grew 11%.

Zoom out: Pure-play digital advertising is fueling the vast majority of 2024's noncyclical ad spend growth, per Magna.

- Search, retail, short-form video, and social advertising sales will climb 13.6% to \$264 billion, making up **nearly three-fourths (72%) of the total market**. Connected TV (CTV) growth is slowing somewhat, having firmly established itself as a digital ad market staple. **Now it's retail media's turn to fuel growth:** The channel will account for 14.1% of total US media ad spending this year, rising to nearly 25% by 2028.
- Short-form video's strong performance also reflects increased advertiser reliance on the channel. The potential for a US TikTok ban in early 2025 could disrupt spending somewhat, but advertisers are likely to divert budgets to two major competitors: **YouTube Shorts** and **Reels**.
- Ad-supported streaming is another driver of 2024 growth. **Amazon** kicked off the year with the launch of advertising on **Prime Video**, converting 80% of its about 163 million US viewers into ad-supported streaming consumers.
- Amazon's market shakeup is attracting spending, but competitors like **Netflix** are also drawing increased interest, securing much stronger upfront commitments than in years past. Ad-supported streaming spending was up 20% in H1 2024.

The US presidential election and other recurring events are giving traditional media a much-needed boost after years of decline. But unfortunately for those ad channels, removing cyclical advertising from the equation turns 5.1% ad spend growth into a 1.5% decline—a sign that the struggle isn't over.

Our take: Beneath the boost from recurring events, the US ad market shows healthy growth. Though retail media is displacing CTV as one of the fastest-growing ad sectors, CTV's ability to deliver highly targeted advertisements is also getting its moment in the spotlight thanks to political ad spending.

US Total Media Ad Spending and Growth, by Format/Media, 2023-2024

billions and % change

	2023	2023 growth	Q1 2024 growth	2024 growth	2024 previous*
Digital pure play owners (excluding cyclical)	\$234.8	10.7%	17.0%	12.9%	11.1%
Digital pure play owners (including cyclical)	\$235.0	10.4%	17.3%	13.5%	11.7%
Core search	\$93.2	9.0%	15.0%	12.0%	10.0%
Social media	\$70.9	13.9%	20.3%	15.5%	13.4%
Short-form pure play video	\$19.6	8.7%	18.6%	15.6%	12.2%
Digital audio	\$3.1	5.0%	10.6%	7.5%	4.4%
Traditional media owners (excluding cyclical)	\$102.7	-4.1%	-1.3%	-2.0%	-3.0%
Traditional media owners (including cyclical)	\$103.3	-8.5%	0.3%	4.4%	3.5%
National TV	\$46.8	-4.3%	-2.1%	-3.0%	-4.7%
—Linear networks	\$37.6	-7.6%	-6.2%	-7.5%	-8.8%
—AVOD, CTV, FAST	\$9.2	12.2%	19.8%	15.3%	12.9%
Local TV (excluding cyclical)	\$18.0	-4.7%	-3.3%	-3.6%	-3.8%
Local TV (including cyclical)	\$18.5	-22.3%	4.2%	24.9%	25.6%
Publishing	\$15.4	-6.8%	-0.6%	-2.8%	-4.2%
Radio	\$13.0	-5.5%	-4.6%	-3.7%	-3.3%
Out-of-Home	\$9.2	2.1%	6.5%	5.9%	5.3%
Cinema	\$0.4	4.5%	5.7%	5.9%	5.8%
Direct mail	\$17.0	-2.5%	0.0%	-2.0%	-4.0%
Total media (excluding cyclical)	\$337.6	5.7%	10.8%	8.2%	6.7%
Total media (including cyclical)	\$338.4	3.7%	11.6%	10.7%	9.2%

Note: estimates are based on media owners' net advertising revenues; cyclical ad sales includes elections and cyclical sports events; numbers may not add up to total due to rounding; *full-year growth forecast from March 2024 update
Source: Magna Global, "Global Ad Forecast," June 16, 2024

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