

2021 AD-TO-SALES RATIO BENCHMARKS BY INDUSTRY

Schonfeld & Associates, Inc. has released the latest edition of its annual study, **Advertising Ratios & Budgets**. The new research report covers more than 2,300 individual companies within 310 industries that spent on advertising in fiscal 2021. Over 300 non-U.S. headquartered firms whose stock is traded on U.S. stock exchanges are included.

The study reports fiscal 2020 and 2021 advertising spending as well as revenue reported for 2021, advertising-to-sales ratios for 2021 and annual growth rates for ad spending and sales by company as well as by industry so users of the study can monitor competition and evaluate their own marketing strategies.

Advertising by catalog and mail-order houses, the top spending industry, increased to over \$38 billion and the industry saw an increase of over 20% in revenue. Online powerhouse Amazon continued to grow its advertising budget by over 40 percent. Because of the pandemic, online commerce has become an integral part of every retailer's survival efforts. JD.com, a major Chinese retailer as well as internet company, also increased ad spending over 40 percent.

The pharmaceutical industry reported spending exceeding \$19 billion in 2021, up 39% from 2020. Within the U.S. there is continuing support both for and against direct-to-consumer pharmaceutical advertising. It is now the most common form of health information encountered by the public. As in other industries, use of social media has become integral to the marketing strategies of pharmaceutical companies.

Growth in advertising by telecommunication service companies was up over 14% in 2021 with spending of \$10 billion worldwide. Cellular phone service providers upped their ad budgets almost 20% to \$2.4 billion. Motor vehicle manufacturers increased their ad budgets over 12% and reported flat revenues.

Cable and pay TV services, such as Comcast, increased their ad spending by 18% to \$13.3 billion. In the entertainment industry, on demand binge watching has become the popular option.

Large, diversified food companies spent a total of \$2.5 billion in 2021, up over 12 percent from 2020. After most activities outside the home came to a halt during 2020 and slowly started to reappear in 2021, the beverage industry spent \$9.3 billion, a 21% increase, and saw sales up 13%. Beer companies spent almost \$1.4 billion, a 22% increase. The 44 separate restaurant chains in the Schonfeld study spent a total of \$3.4 billion in 2021, a increase of over 15% from 2020 and saw a 20% increase in sales.

Variety stores, led by Wal-Mart, increased their ad budgets over 14% for a total of over \$5.8 billion, with revenues increased by over 3%. Interestingly, Target's ad spending remained flat while revenues were up 13%. Traditional bricks and mortar department stores, such as Macy's, saw increased sales of more than 35% with increased ad spending of 28%. Travel related industries saw significant revenue gains in 2021 and increased advertising spending as pandemic restrictions began to be lifted.

Advertising Ratios & Budgets is widely used for strategic planning by ad agencies, monitoring competitors, planning ad budgets, and identifying new business prospects. It is also used for selling advertising space and time, and for planning by publishers and broadcasters in developing new media vehicles. Information is grouped to show all competitors within an industry. Excel datafiles from the study are also available. Additional information is provided within the datafiles to allow for further analysis.

Advertising Ratios & Budgets is compiled from a variety of sources such as 10-K Reports. Since reporting may vary from company to company, careful use of the findings is advised. Caution is urged when: (1) financial events such as mergers, acquisitions, and divestitures may distort spending patterns; (2) private ownership of very large companies in specific industries may mean that some advertisers are omitted; (3) multi-industry companies are reported only in their primary industry based on sales of their dominant line of business.

Copies of the 150-page study are available in PDF format for \$ 395. Data files from **Advertising Ratios & Budgets** are also available for all companies and industries in Excel format. Five years of revenue, ad spending and ratio information is provided within the datafiles to allow for additional analysis. The 2022 edition of the PDF study along with Excel datafiles is \$ 495. Contact Schonfeld & Associates, Inc., 1932 Terramar Lane, Virginia Beach, VA 23456. Call for more information: 800-205-0030 or visit the company's web site at www.saiBooks.com under the Area of Expertise: Advertising Spending.