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Internet | North America

The Morgan Stanley Agentic Playbook

We detail our agentic playbook/frameworks across leading platforms and downstream players (e-com, travel, gig). META/AAPL/AMZN/EBAY/SHOP among cleanest winners. We also size META Muse and explain why GOOGL needs to ship products to avoid disruption, OTAs seem oversold, CHWY and the rideshare industry more at risk.

The Agentic Debate is Back: The recent launch of Meta's Muse agent (see here) and Instinct's rise in popularity have pushed the agentic debate back to the forefront...as consider that "agentic battleground" names like the online travel agencies have fallen 6%-12% over the past ~2 weeks as fears of agentic disruption have re-ignited across the market.

We Think Muse is an Important Development as it **1)** Is garnering adoption (9 straight days in the top 5 downloaded apps), **2)** Is doing a good job at driving personalized interactions and potentially monetizable behavior while leveraging its FB/IG and other data sets (see here) **3)** Is integrating mobile web browsing and interaction into its use cases (see Exhibit 8 - Exhibit 10 showcasing how Muse navigates to transact) and **4)** Is high utility and free, with 100mn free weekly tokens (which could likely support 100+ queries per day). Many of these capabilities have been possible in the past with other tools (with Gemini, Grok and others)...but **META's go to market seems (for now) to be hitting stride.**

So What is the Morgan Stanley Agentic Playbook? In Internet: Agentic Shoppers Are Coming... Who Could Win or Lose? we detailed our views and frameworks for how we think about agentic winners and those at risk. Given Muse is here, we want to remind investors of 7 key points about our agentic frameworks and thoughts.

1. What is the Addressable Market of Consumer Spend? We see roughly **$30trln of consumer spend** to be digitized through agentic offerings across online advertising, e-commerce, travel, food delivery, rideshare, etc...so the dollars are real (and roughly the same size as the GenAI knowledge work enterprise TAM)

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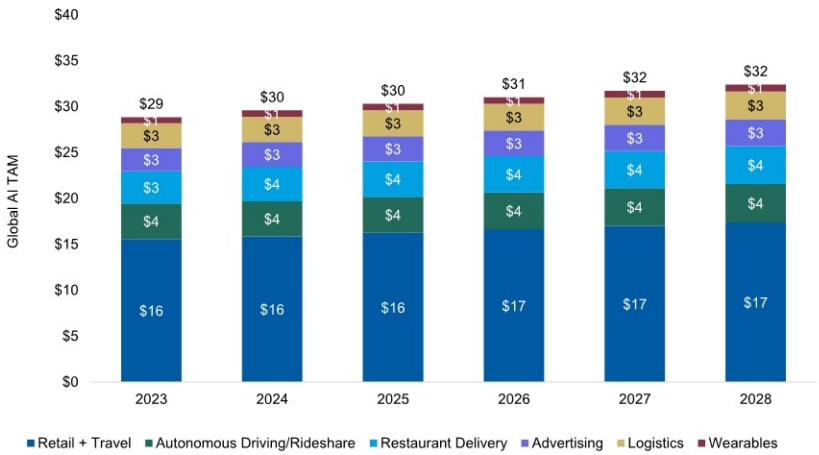
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Exhibit 1: We identify ~$30tn of Total Consumer Spend as the Main Addressable Market for Agentic Offerings



Source: Company Data, Morgan Stanley Research

2. Which Platforms are Best Positioned to Drive and Benefit From the Rise of Horizontal Agents? We see scaled distribution and large unique data sets as being critical to personalized agentic offerings and adoption, and continue to believe leading tech platforms like **META**, **GOOGL, and AAPL** are among the best positioned. AAPL (covered by Erik Woodring) and GOOGL's software to hardware integration (iOS and Android) gives them an edge in enabling applications and capabilities across their ecosystems, while META's advantage lies in personalization powered by its own 1P data. **Driving adoption is ultimately a change management and behavior modification exercise**, so go to market execution and showcasing sources of utility will matter too. It's early (<10 days in) but META's Muse has shown some encouraging traction so far.

3. How Big Could Meta Muse Be? Every 100mn Users Could Add 1% to '28 EPS: While Muse could monetize with subscription revenue (charging $20/month for 500m weekly tokens and $100/month for 3bn weekly tokens), in our view, t**he larger opportunity is around monetizable behavior and transactions.** We expect META to eventually charge a commission for Muse enabled transactions. While we don't know the commission percentage, we think search is a helpful analogy as search CPCs are effectively real-time advertiser bid-based commissions.

Putting numbers behind the scalability of this, consider that if Muse can reach 100mn users and generate 5 queries per day, 10% of them monetizable (vs. 5 per day on GOOGL and 20% of them monetizable)...and charge an effective CPC that is 20% of GOOGL search, it is likely to generate over $1bn of annual revenue and ~ $0.35 of EPS (1% upside). Continued strong go to market, new transactional partnerships to remove friction, and incrementality will be key, but our sensitivity work shows the scalability of this high margin business...with the potential for 15%+ upside to '28 EPS. Agentic commercial behavior seems to be budding too with Instinct reportedly running $1,300/month in purchases per user through Instinct,

admittedly biased given early tech adopters tend to be higher income consumers. ***Please let us know if interested in our interactive Meta AI search model, which we hope will be helpful as we learn more about adoption, monetizable behavior and commission rates.***

Exhibit 2: Even conservative math shows how 100mn Muse users could add 1% to '28 EPS...

Meta Muse	2028
(+) MAUs (mns)	100
(X) META Queries per MAU per Day	5.0
Note: GOOGL Queries per MAU per Day	*5.0*
(=) Total Meta Muse Queries	182,500
(X) Meta Muse Commercial Query Rate	10%
Note: GOOGL Commercial Query Rate	*20%*
(=) Total Meta Muse Commercial Queries	**18,250**
(X) META Monetization per Commercial Query	$0.07
% of GOOGL Monetization of Commercial Query	20%
Note: GOOGL US Monetization per Commercial Query	*$0.36*
(=) META Muse Global Revenue ($ bn)	**$1.3**
Upside to '28 Revenue	*0%*
(=) Incremental Search EPS	**$0.35**
Upside to '28 EPS	*1%*

Source: Company data, Morgan Stanley Research. Note: we assume 80% incremental margins on new Muse-based revenue.

Exhibit 3: ...while our sensitivity work speaks to the paths to $8bn+ of Muse transactional revenue.

META Upside to '28 Revenue from Muse ($bn)

		Meta Muse MAUs (mn)				
		1,000	1,500	2,000	2,500	3,000
Commercial Queries per MAU per Day	0.5	$1	$2	$3	$3	$4
	1.0	$3	$4	$5	$7	$8
	1.5	$4	$6	$8	$10	$12
	2.0	$5	$8	$11	$13	$16
	2.5	$7	$10	$13	$17	$20

META Upside to '28 EPS from Muse ($bn)

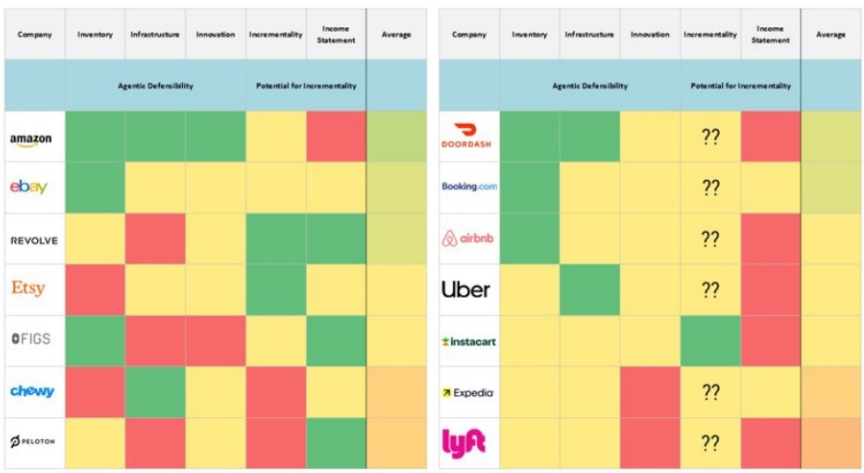
		Meta Muse MAUs (mn)				
		1,000	1,500	2,000	2,500	3,000
Commercial Queries per MAU per Day	0.5	1%	2%	2%	3%	3%
	1.0	2%	3%	4%	5%	6%
	1.5	3%	5%	6%	8%	9%
	2.0	4%	6%	8%	10%	12%
	2.5	5%	8%	10%	13%	15%

Source: Company data, Morgan Stanley Research, Note: We hold commercial query rate and monetization rate constant at 10% and $0.07 per commercial query, respectively

4. Which Downstream Players are Best Positioned and Which Face The Highest Agentic Disruption Risk? Our "5 Is" framework highlights the risks and opportunities of partnering with next generation horizontal platform agents.

- **E-commerce,** AMZN and EBAY screen among the best positioned while others like PTON, CHWY, and FIGS screen as being most at risk. For more on EBAY vs ETSY's agentic positioning, see EBAY & ETSY: EBAY and ETSY in the Agentic Era: Underappreciated Advantages?.
- **Enablers:** Our software team (led by Adam Wood) detailed why **SHOP is strongly positioned** to drive and benefit from this agentic transition as they enable their fragmented supplier base to adjust and optimize to the agentic future. For more on this please see Shopify Inc: Laying the Rails for Agentic Commerce: How Does Shopify Win in Agentic? (18 Nov 2025).
- In **Online travel,** players like BKNG/ABNB/EXPE have access to unique, fragmented, scaled, and growing real-time inventory which is a key differentiator…but direct traffic trends and these players' ability to capture users and transactions through their own on-platform agentic offerings will be important to the long-term multiples. For more on this please see Online Travel: New Itinerary; Assuming Coverage of Online Travel.
- In the **Gig Economy**, scaled courier and delivery networks are critical to successful agentic rideshare and food delivery offerings…meaning horizontal agents will need UBER/LYFT/DASH's "infrastructure" to build out consistent agentic delivery services.

Exhibit 4: Our "5 I's" Retailer Agentic Commerce Framework Applied to our E-Commerce, Online Travel, and Gig Economy Coverage



Source: Company Data, Morgan Stanley Research

5. Smaller Ticket Commodity Sellers More at Risk than Larger Ticket, Aspirational Purchases: In our view, **the rideshare industry faces more disruption risk than food delivery or travel,** given rideshare is more of a commodity (where price matters)…as opposed to food delivery and travel which require more visual browsing, exploration, and product discovery. We acknowledge food delivery does have some risk here worth monitoring (repeat orders, etc.). Furthering the point around travel, we argue exploration, planning, and product discovery are arguably a competitive moat for the category, with recent survey data serving as a good reminder of the high value consumers place on the full travel experience…and even on learning and exploring through the travel process (see here).

6. What Are We Watching for with Partnerships and Strategies to Come?: Given the pace of technological change, we remain focused on how these down-funnel players (like the OTAs and gig economy players) respond and interact with these horizontal agents. **Strategic actions should move around multiples.** Combining our "5 I's" framework with potential business outcomes in industries with limited players, in Exhibit 5 , we lay out 3 strategies, risks, and execution keys we believe management teams should be held accountable to.

Exhibit 5: Online Travel and Shared Economy Agentic Partnership Scenario Analysis

Online Travel and Shared Economy: Scenario Analysis

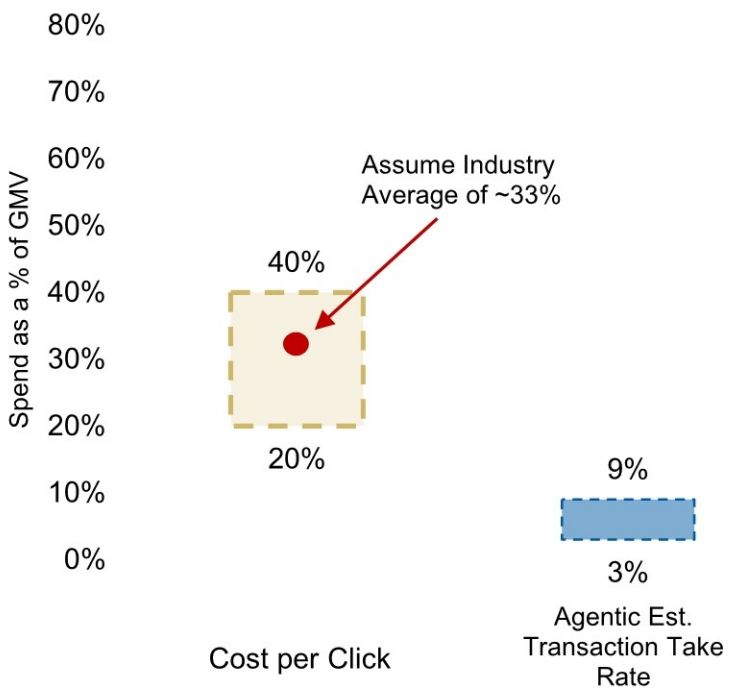
SCENARIO	DESCRIPTION	NEAR-TERM IMPACT	LONG-TERM IMPACT
1. Hold Rank	Industry players withhold structured agent access to mobile browsers and apps and build their own domain-specific agents.	Neutral No incremental agent-sourced traffic, but no long-term risk to existing business or traffic flow	Positive and Execution Key Maintain control of customer and top of funnel and execute on strategy of using 1P domain-specific agents and loyalty to drive stronger platform.
2. Status Quo	No commercial deal with horizontal agents but continue to allow agents to browse and book via browser use and existing app hooks.	Slightly Positive Incremental business as agents drive incremental transactions	Negative Risk Agents grow in top of funnel and when traffic share is material begin to charge commissions to platforms for transactions. Loss of the customer leads to potential further price competition. Execution Key Leverage loyalty, product differentiation and on-platform agents to build stronger 1P platform/direct business as funnel expands
3. Partner With Agents	Formal distribution agreements with horizontal agents like fee or revenue share in exchange for placement and access.	Positive Incremental volume at established unit economics that may be better than current ad spend % of bookings.	Negative Risk Traffic cost becomes permanent and rises over time as agents grow in the top of funnel. Execution Key Optimize returns on spend and discoverability in the new agentic channel, like traditional search. Leverage loyalty, product differentiation and on-platform agents to bring users direct.

Source: Company Data, Morgan Stanley Research

7. Could GOOGL Search Face Headwinds From An Agentic "Take-Rate" Transition?: As detailed here, we think the launch of these improving agents makes it even more important that GOOGL ships next generation agentic products across its leading base of search users. This is because if other scaled platforms like META (or other private players) are able to scale agentic offerings and capture meaningful commercial behavior and dollars away from Google Search, GOOGL may be forced to disrupt its current leading search monetization model to adapt.

Consider that we estimate current search per transaction "effective take rates" (ad spend as a percent of GMV) are ~5-10X higher than early agentic take rate offerings from earlier this year. We acknowledge take rates may change, but this in our view speaks to the monetization risk if GOOGL losses share of traffic.

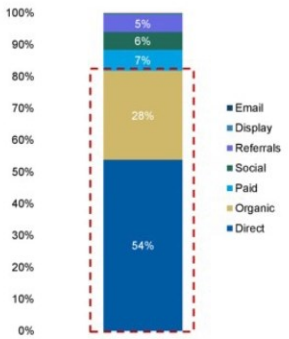
Exhibit 6: We Believe Current "Effective Search Take Rates" are 5-10X Higher than Early Agentic Commission Offerings



Source: Company Data, Morgan Stanley Research

Given this dynamic, it's critical that GOOGL continues shipping next gen products and agentic offerings across its leading corpus of users (and leveraging its leading data) to stay at the top of the agentic funnel… and drive more transactions for advertisers. But as a further offset, **consider that 80%+ of retailer online traffic is still unpaid/direct**. We expect this to fall over time as agentic offerings scale…and our sensitivity shows how shifting unpaid traffic toward paid commission traffic can offset lower "per transaction take rates". As an example, a 500bp shift in unpaid to paid traffic can offset a 1,400bp decline in effective take rates. However, it would require a 3,800bp shift from unpaid to paid channels for GOOGL to break even at a 5% take rate. This again speaks to how retailers need to focus on incrementality, transaction profitability, and preserving their high margin direct business…because GOOGL's incentive to use its next generation agents to eat into that high margin direct business is likely to only grow over time.

Exhibit 7: ...But 80%+ of Retailer Online Traffic is Still Free, So An Agentic Traffic Shift Toward Paid Channels Can Offset Lower Take Rates. A 500bp Shift in Direct/ Unpaid Retailer Traffic Toward Paid Channels can offset a 1,400 bp Decline in Net Effective Take Rate

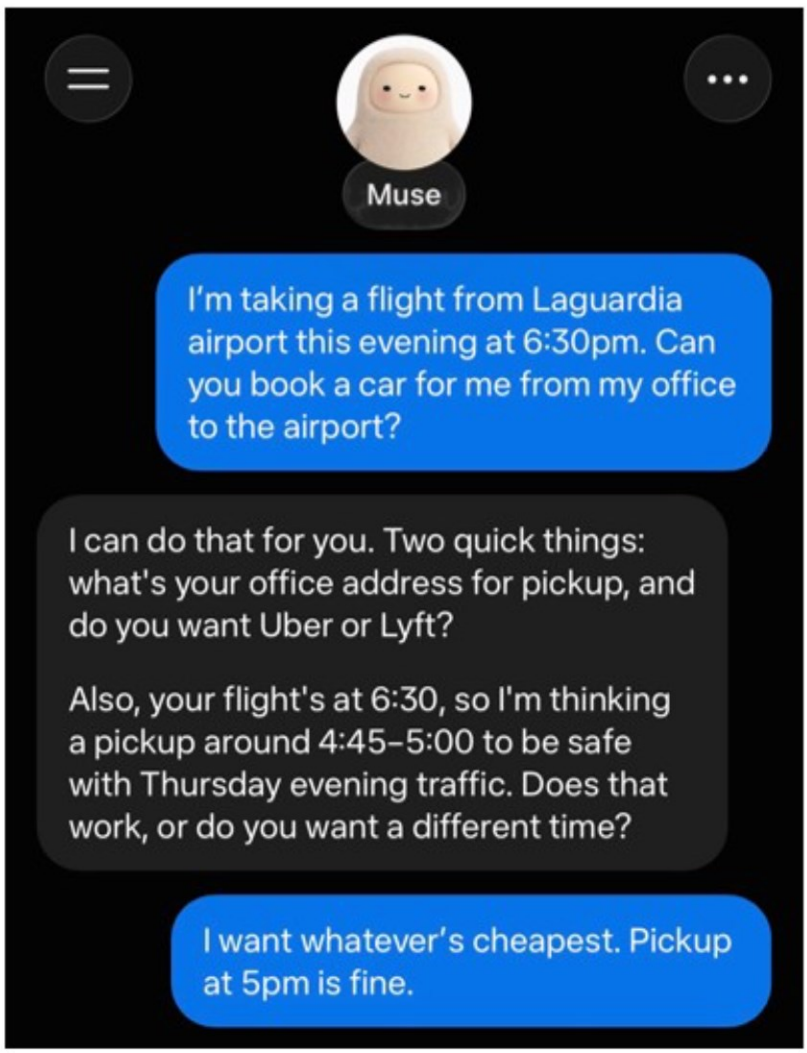


% Change in Search E-commerce Revenue						
		New Effective Search Take Rate				
		33%	26%	19%	12%	5%
bp Shift in Free Traffic to Paid	500 bps	75%	38%	0%	-37%	-74%
	1000 bps	151%	97%	44%	-10%	-64%
	1500 bps	226%	157%	87%	17%	-53%
	2000 bps	302%	216%	130%	44%	-42%
	2500 bps	377%	275%	173%	71%	-31%

Source: SimilarWeb, Company Data, Morgan Stanley Research; Note: Traffic is measured as monthly visits

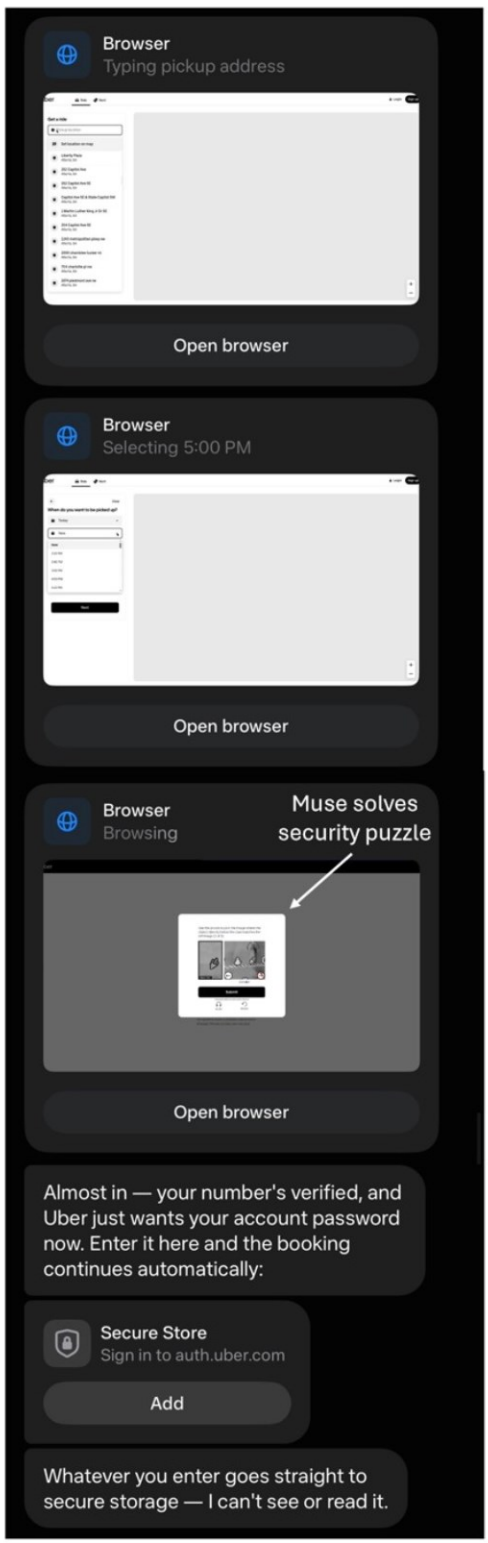
Exhibits

Exhibit 8: We believe industries that do not require significant visual browsing, exploration, product discovery, or time from search to book face the most risk....



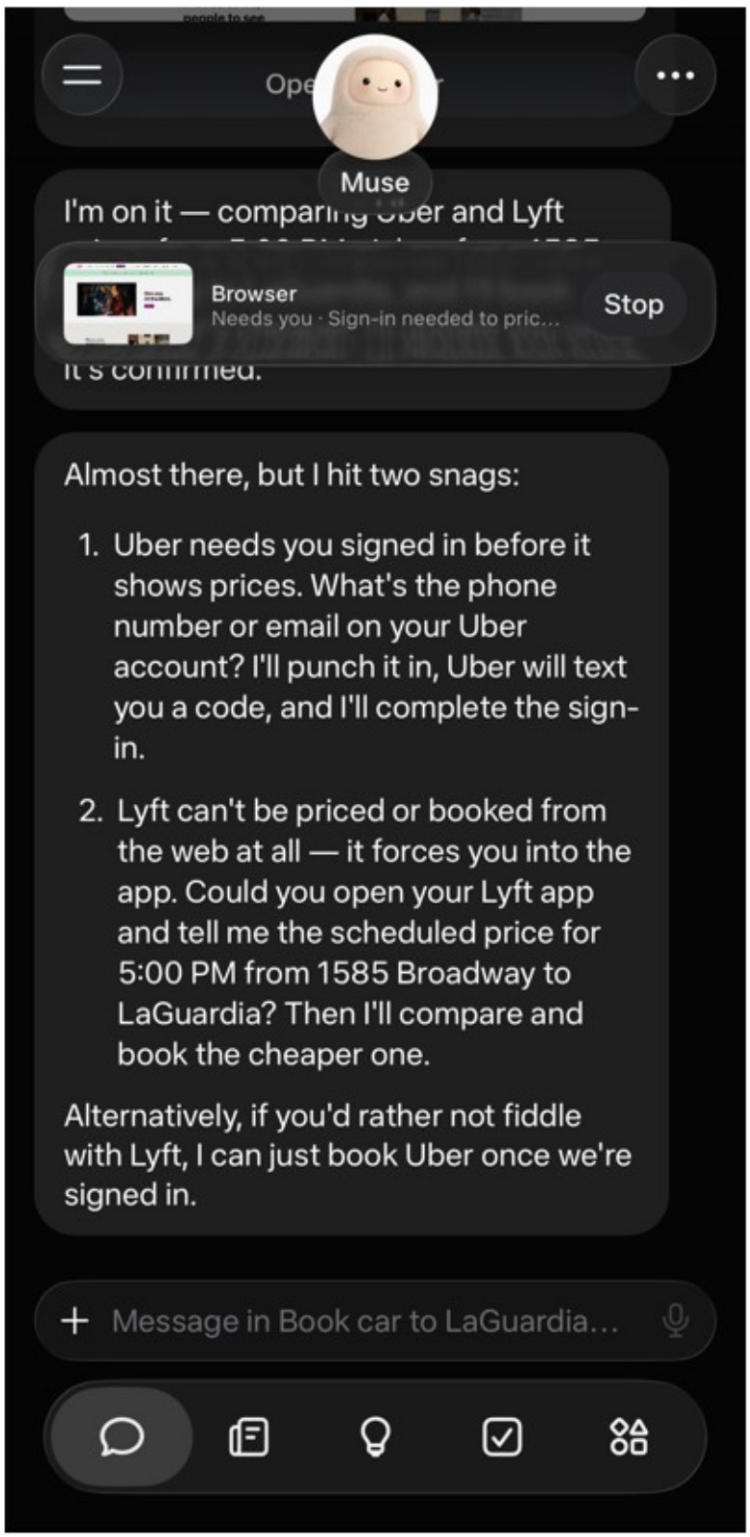
Source: Company Data, Morgan Stanley Research

Exhibit 9: ...and are impressed with Muse's ability to navigate the web via browser to complete tasks....



Source: Company Data, Morgan Stanley Research

Exhibit 10: ...and note browser transactional friction points, barriers (and partnerships) will be important to monitor



Source: Company Data, Morgan Stanley Research

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Equal-weight/Hold	1577	43%	395	42%	25%	770	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	559	15%	93	10%	17%	216	12%
Total	3,694		939			1754	

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INDUSTRY COVERAGE: Internet

COMPANY (TICKER)	RATING (AS OF)	PRICE* (09/17/2026)
Brian Nowak, CFA		
Alphabet Inc. (GOOGL.O)	O (08/11/2015)	$347.33
Amazon.com Inc (AMZN.O)	O (04/24/2015)	$251.19
DoorDash Inc (DASH.O)	O (02/21/2024)	$194.56
Instacart (CART.O)	E (01/29/2024)	$45.43
Lyft Inc (LYFT.O)	E (10/24/2019)	$15.50
Meta Platforms Inc (META.O)	O (03/20/2023)	$682.31
Pinterest Inc (PINS.N)	O (07/20/2025)	$18.31
Reddit Inc (RDDT.N)	O (12/08/2024)	$152.83
Snap Inc. (SNAP.N)	E (07/22/2024)	$5.65
Uber Technologies Inc (UBER.N)	++	$70.87
Matthew Cost		
Airbnb Inc (ABNB.O)	E (09/16/2026)	$165.93
AppLovin Corp (APP.O)	O (04/10/2025)	$321.60

Booking Holdings Inc (BKNG.O)	O (02/23/2026)	$170.52
Compass, Inc. (COMP.N)	E (01/12/2026)	$10.48
Criteo SA (CRTO.O)	E (01/26/2016)	$16.90
DoubleVerify Holdings Inc (DV.N)	E (06/25/2024)	$13.47
Expedia Inc. (EXPE.O)	U (09/16/2026)	$284.55
Liftoff Mobile Inc. (LFTO.O)	E (06/29/2026)	$17.42
MNTN Inc (MNTN.N)	E (06/16/2025)	$11.33
Opendoor Technologies Inc (OPEN.O)	E (07/24/2023)	$2.56
Playtika Holding Corp (PLTK.O)	E (11/27/2022)	$2.31
Roblox Corporation (RBLX.N)	O (11/04/2024)	$47.50
Take-Two Interactive Software (TTWO.O)	O (02/01/2018)	$210.62
Trade Desk Inc (TTD.O)	E (09/10/2025)	$14.26
Unity Software Inc (U.N)	O (09/02/2024)	$41.84
Webtoon Entertainment Inc (WBTN.O)	E (07/22/2024)	$10.34
Yelp Inc (YELP.N)	U (01/10/2019)	$20.27
Zillow Group Inc (Z.O)	E (04/18/2018)	$30.10
Nathan Feather		
Bumble Inc. (BMBL.O)	E (03/08/2021)	$2.96
Chewy Inc (CHWY.N)	O (10/31/2023)	$20.90
Duolingo Inc (DUOL.O)	E (02/27/2026)	$147.10
eBay Inc (EBAY.O)	O (04/18/2024)	$112.90
Etsy Inc (ETSY.N)	E (07/20/2025)	$72.34
FIGS, Inc. (FIGS.N)	E (02/29/2024)	$13.06
Grindr Inc. (GRND.N)	O (07/01/2026)	$15.45
Match Group Inc (MTCH.O)	E (04/18/2024)	$43.77
Peloton Interactive, Inc. (PTON.O)	U (09/08/2026)	$4.90
Revolve Group Inc (RVLV.N)	E (10/20/2024)	$20.92
WW International Inc (WW.O)	E (08/01/2025)	$16.04

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