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Digital Marketing
Quarterly Trends Report
Q1 2022

Executive summary

Top line:

Overall, spending decreased from Q4 to Q1 as the market recovered from the holidays, but compared to the previous year, spending continued to grow and extended many of the fundamental trends established over previous quarters.

Retail media spending growth accelerated in Q1 as advertisers increased spending on Amazon and broadened their programs to other retail media networks.

Paid search and paid social grew, but at a slower rate, with paid search reaching the tail end of last year's "growth spurt" and paid social continuing to face Identifier for Advertisers (IDFA) headwinds even as advertisers began implementing solutions to data loss.

Highlights:

Growth in video and product ads in paid social demonstrate how advertisers can make use of data signals within the social media sites themselves to seed targeted audiences later.

The sharp increases in search spending have slowed largely as a result of click prices flattening out over the last six months, particularly for non-branded keywords.

Newer retail media networks accounted for 40% of the year-over-year (YoY) growth in that channel.
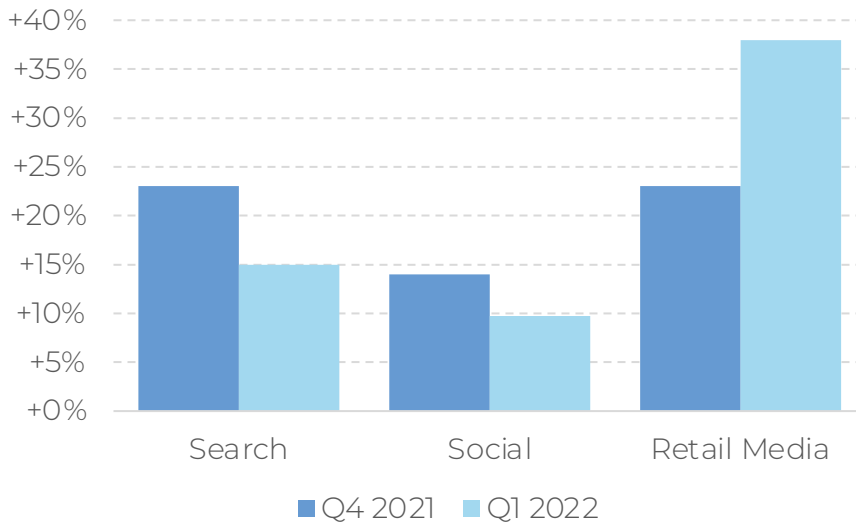
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Channel growth continues

Year-over-year (YoY) Spending Growth


■ Q4 2021 ■ Q1 2022

- Retail media spending growth accelerated in Q1 over the previous quarter while paid search and paid social grew, but at a slower rate
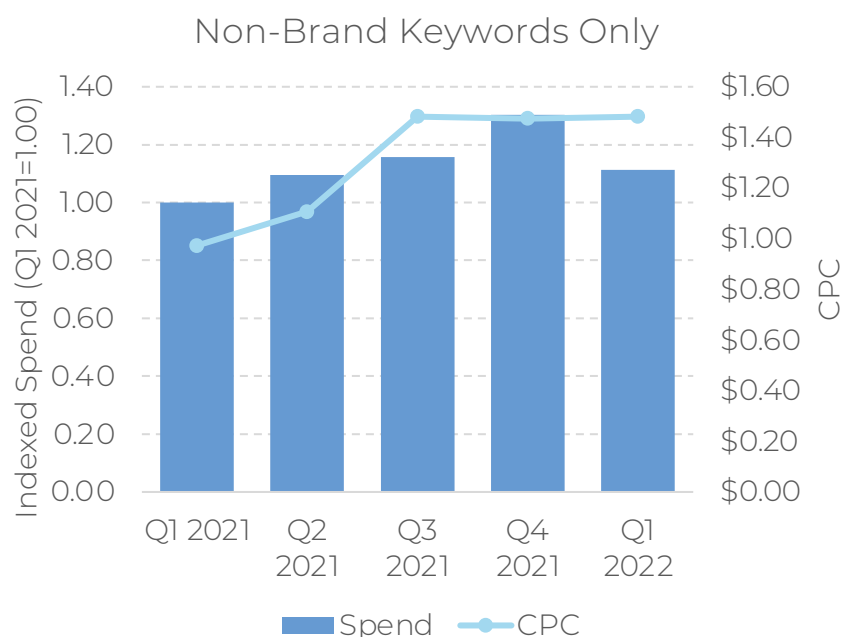
Big spenders

- At least one out of 10 search and social accounts doubled ad expenditures YoY

- Retail media nearly doubled that rate at almost one out of every five accounts

Spending Increases Over 2X YoY

■ Accounts ■ Spend
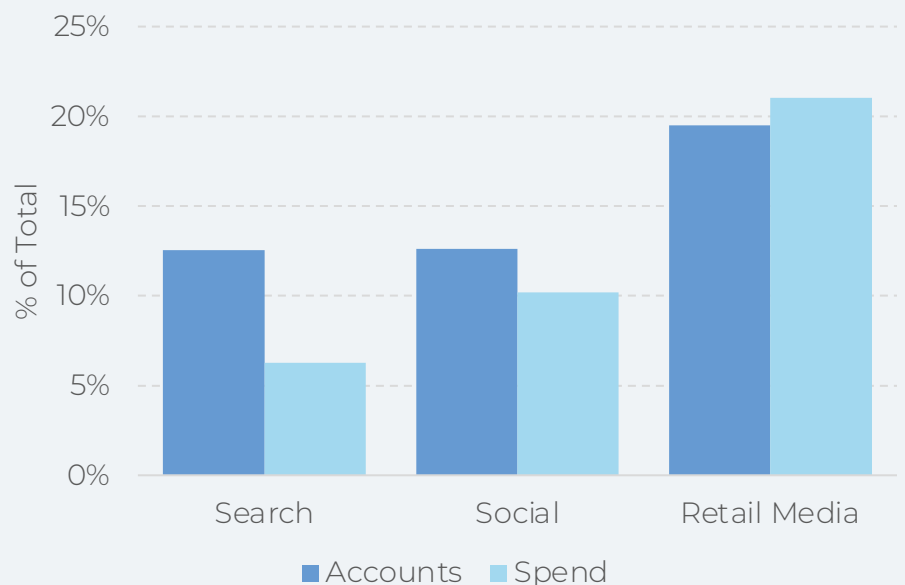
Non-branded search keyword prices

Non-Brand Keywords Only

- Average cost-per-click (CPC) for non-brand search keywords has remained flat for the last three quarters after rising over 50% from Q1 to Q3 of last year

- Spending in this segment grew 11% YoY, less than the overall channel
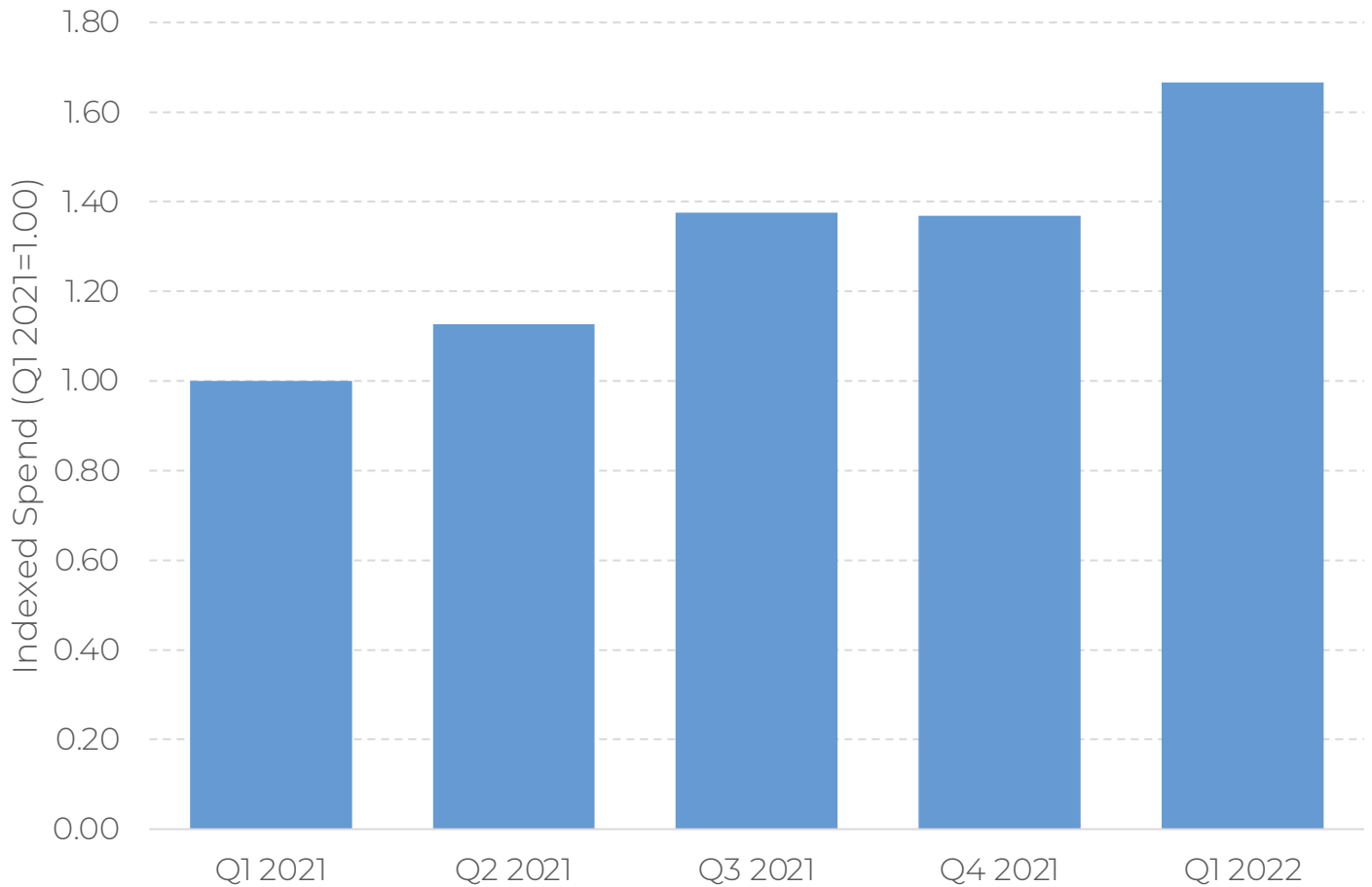
Social video grows over last quarter

- Across all volume metrics, social video ads picked up from Q4 to Q1 both as an ad format and as a campaign objective

- This may be related to both post-IDFA (for better targeting) and as a response to the emphasis on Reels
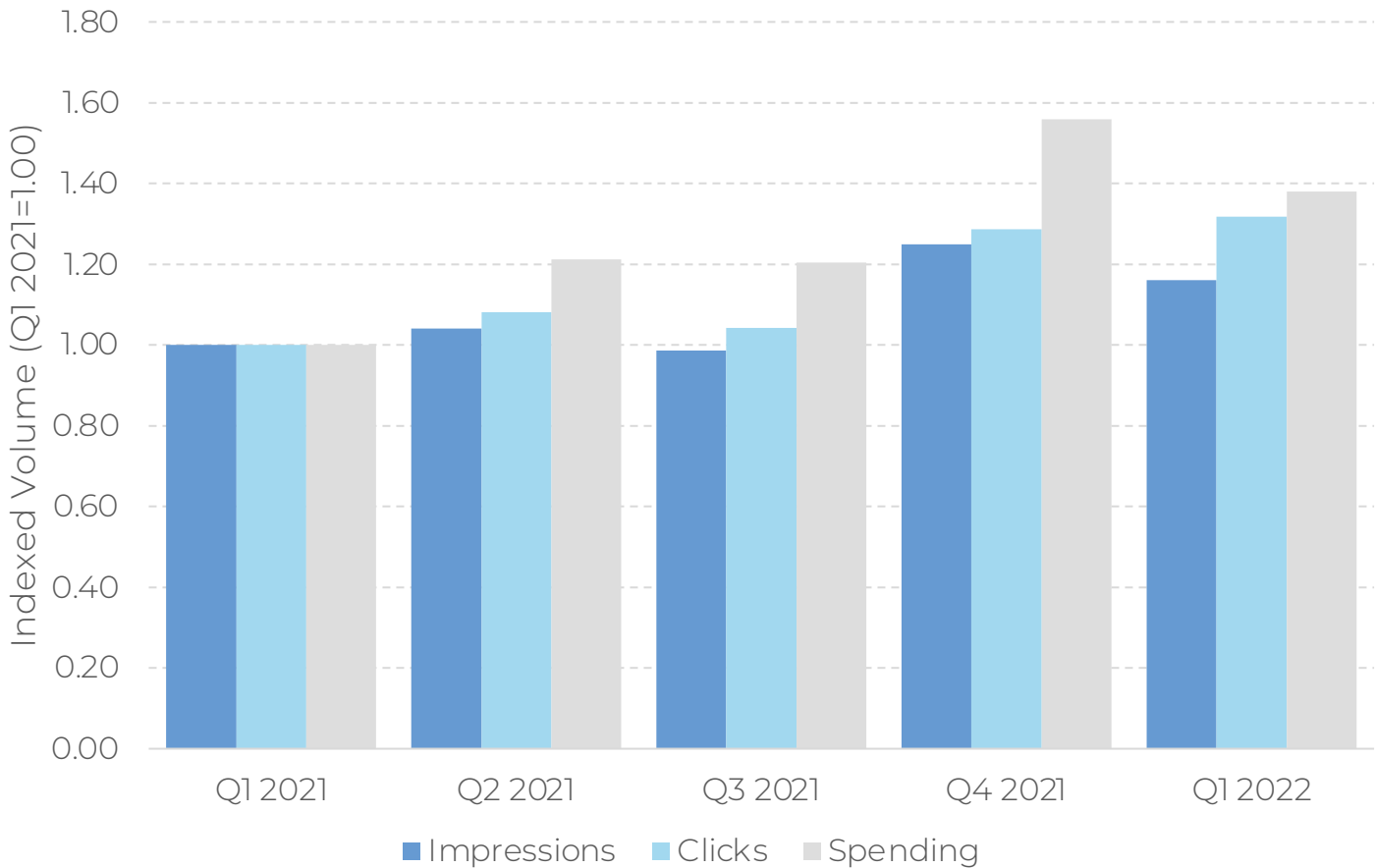
% Change Quarter-over-Quarter (QoQ)
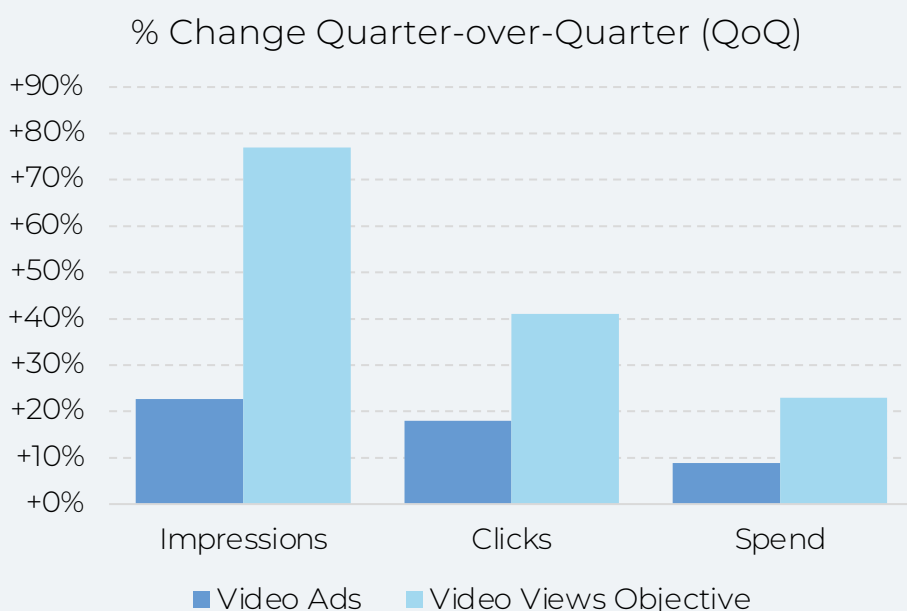
Apple Search Ads growth

Same-Advertiser Spending Growth

- Same-advertiser spending on Apple Search Ads grew 67% YoY

Retail media trends

Indexed Volume (Q1 2021=1.00)

Legend: ■ Impressions ■ Clicks ■ Spending

- Growth rates are back up after Q4 appeared softer primarily due to unique circumstances in late 2020

- Amazon is still in the driver's seat, but new retailers are helping drive spending growth

	QoQ	YoY
Impressions		
	-7%	+16%
Clicks		
	+2%	+32%
Spending		
	-11%	+38%

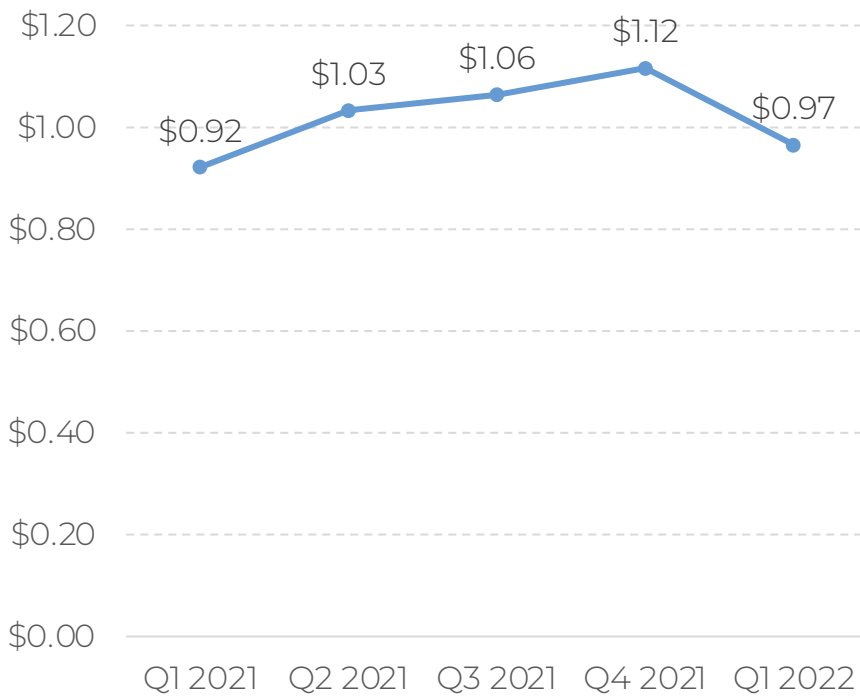skai

Retail media spending drivers

How to read this chart: YoY spending growth is on the x-axis. Share of total spend over five quarters is on the y-axis. Smaller segments tend to be more dynamic.
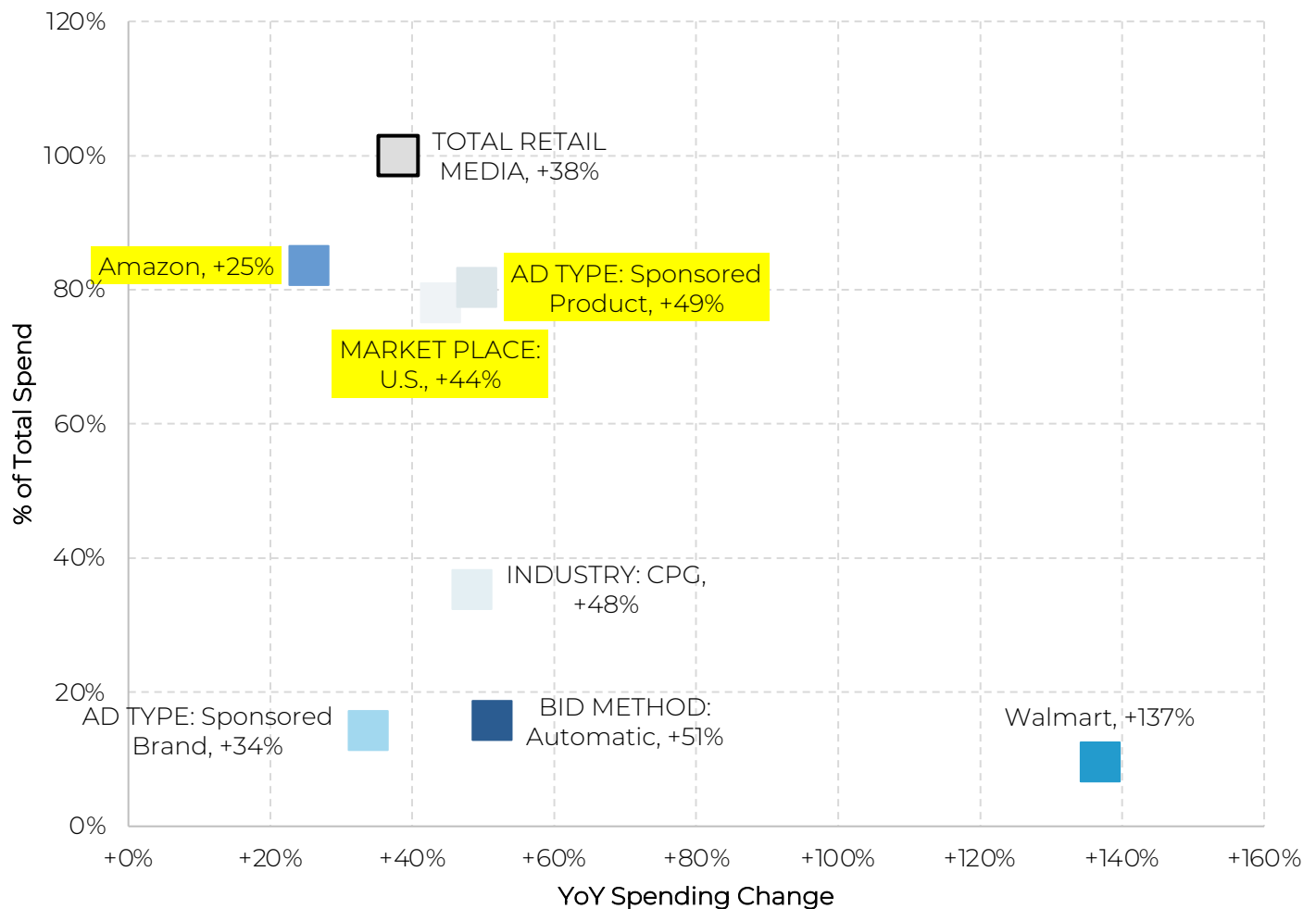
- The core of retail media, and retail media spending growth, is clustered around Sponsored Product ads on Amazon in the United States
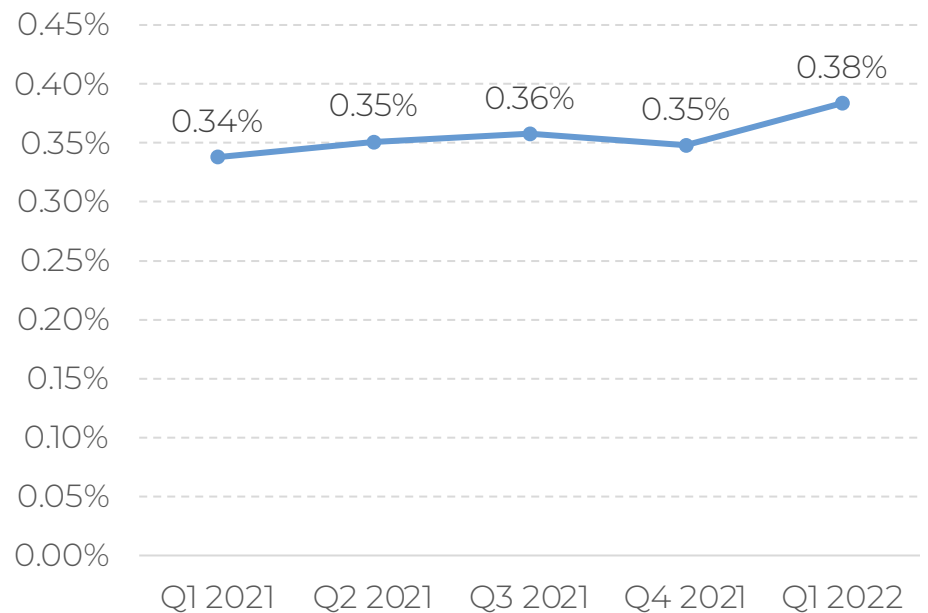
Retail media CPC and CTR trends

Average CPC

$1.20
$1.00
$0.80
$0.60
$0.40
$0.20
$0.00

$0.92 $1.03 $1.06 $1.12 $0.97

Q1 2021   Q2 2021   Q3 2021   Q4 2021   Q1 2022

- Seasonal ad price premiums receded in Q1 to the lowest level since the beginning of last year

- CTR ticked up both compared to last quarter and the first quarter of 2021

| QoQ	YoY
CPC	
-14%	+5%
CTR	
+10%	+14%

Clickthrough Rate (CTR)

0.45%
0.40%
0.35%
0.30%
0.25%
0.20%
0.15%
0.10%
0.05%
0.00%

0.34%   0.35%   0.36%   0.35%   0.38%
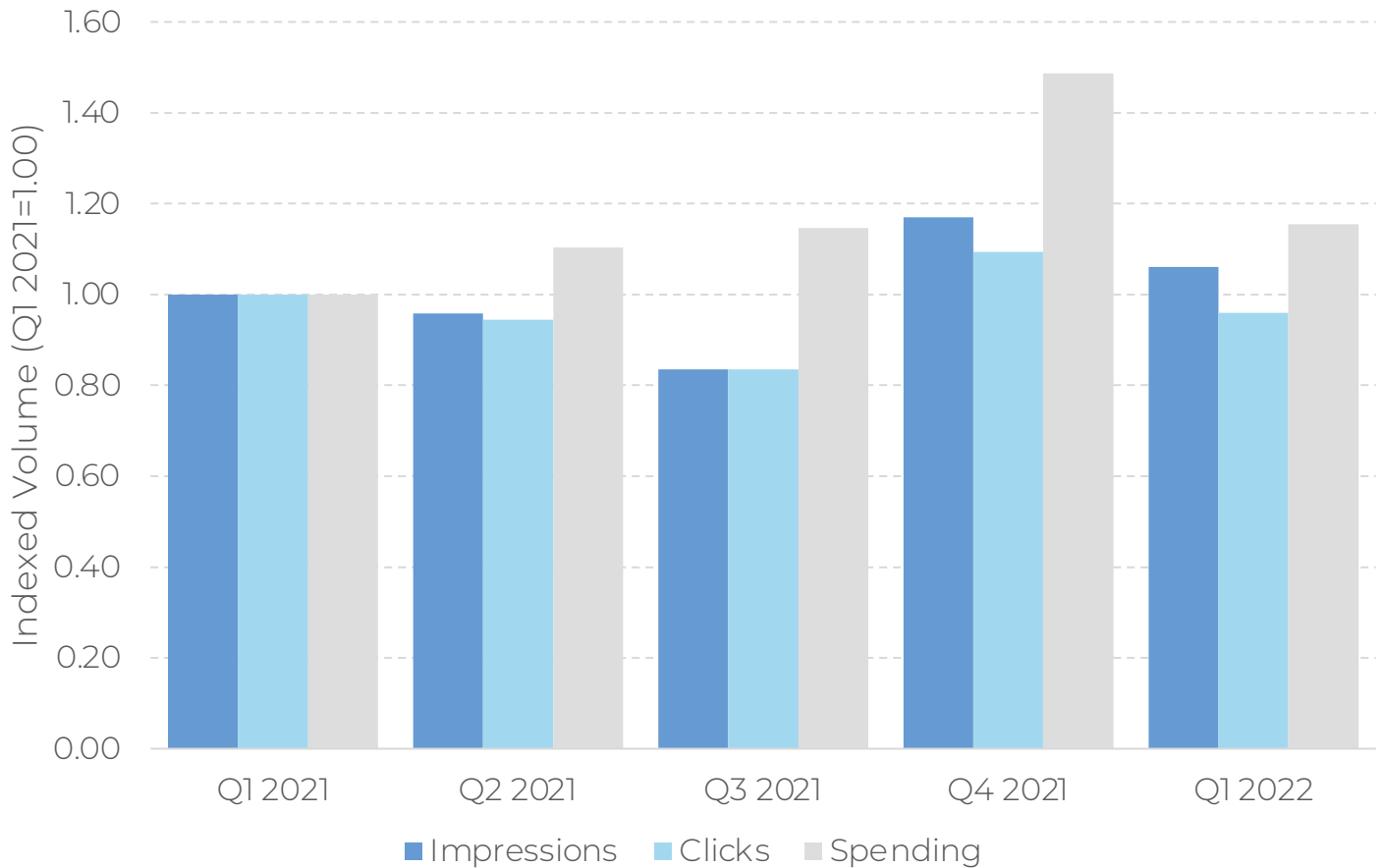
Q1 2021   Q2 2021   Q3 2021   Q4 2021   Q1 2022

Retail media growth by retailer

As the largest destination for retail media advertising dollars, Amazon still provided the largest contribution to YoY growth, but the rapid growth among the next wave of retail media networks provided additional lift.
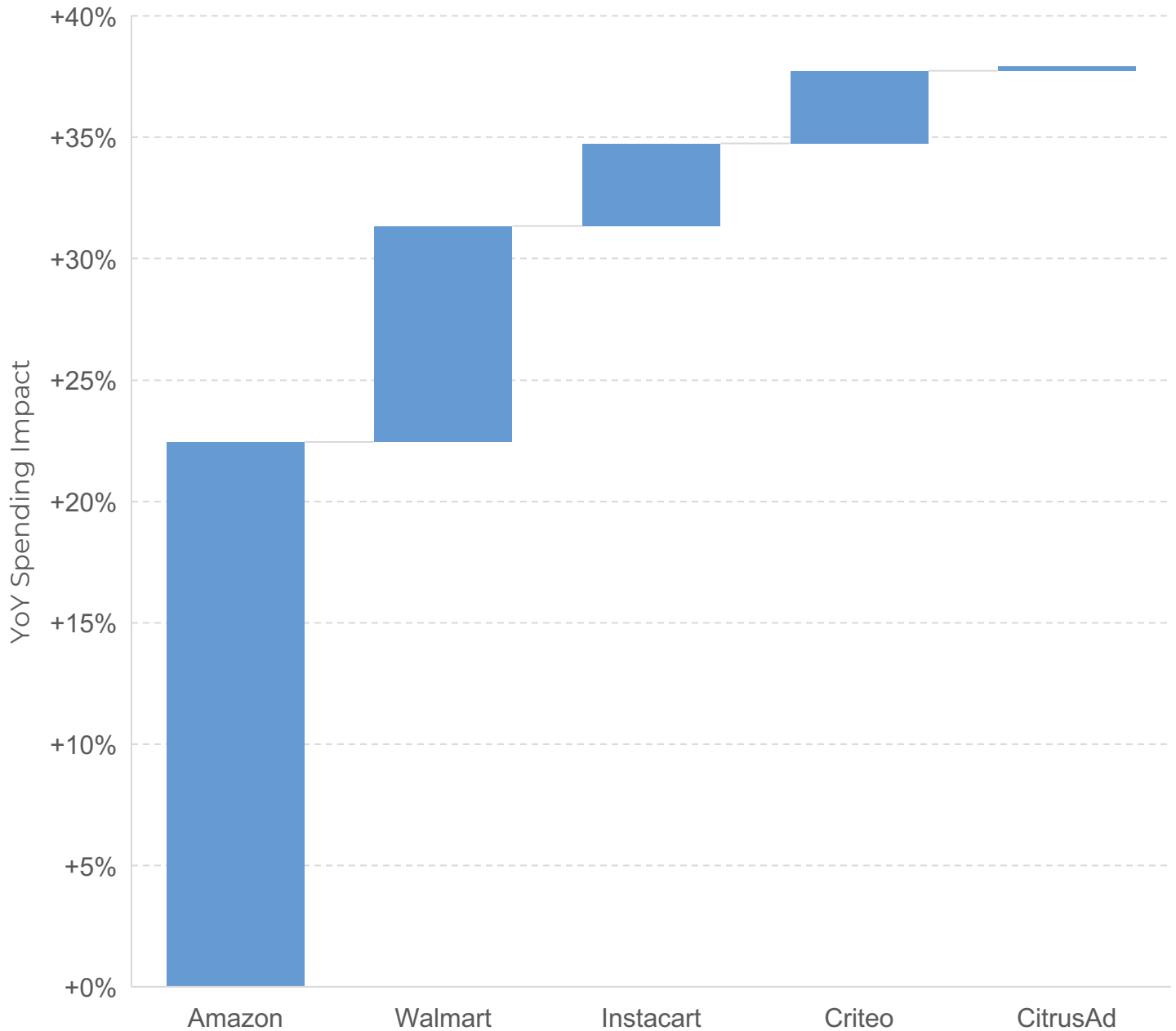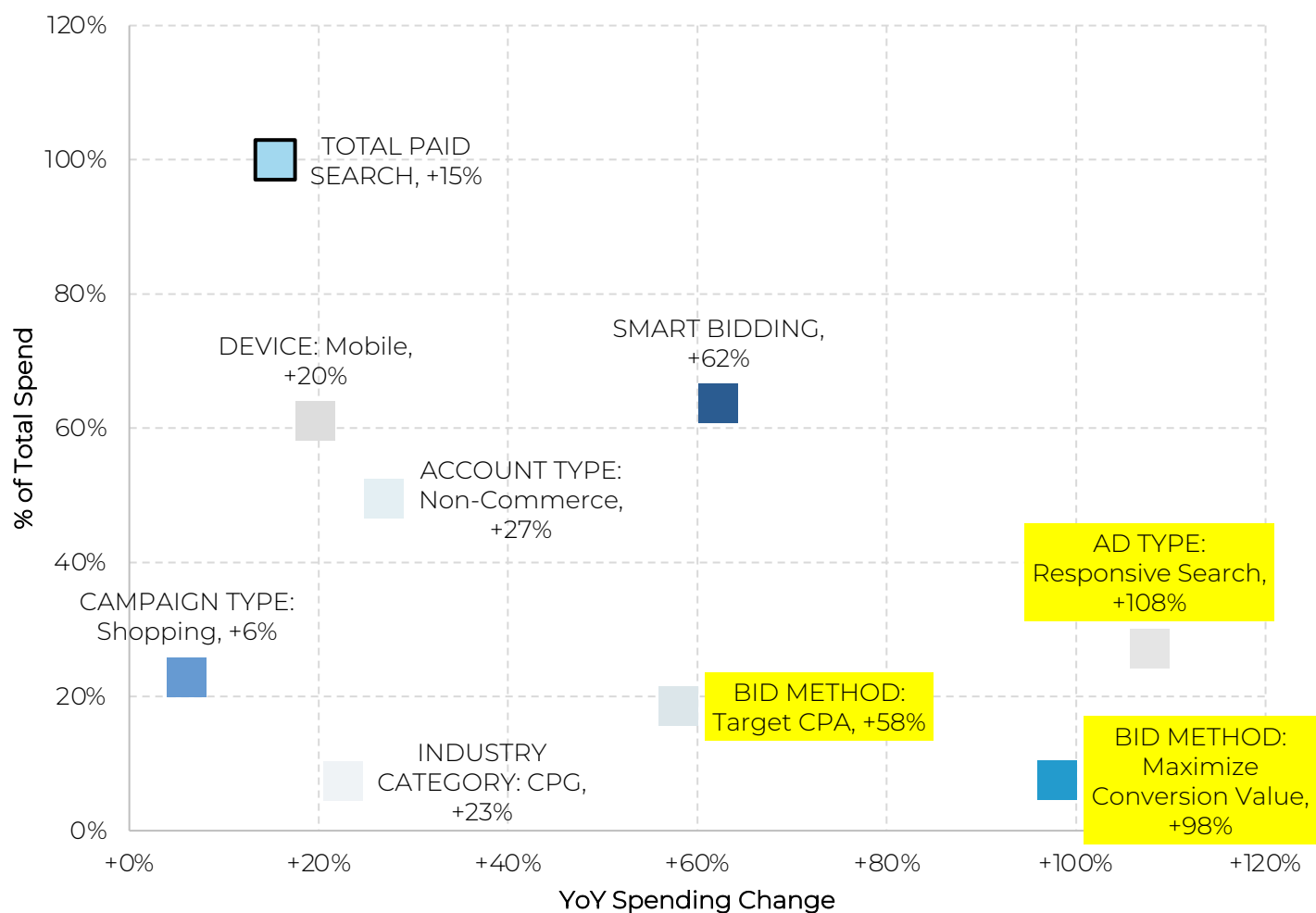
Paid search trends

- The massive acceleration of paid search spend is starting to ease, resulting in slower YoY growth rates

- One big reason for the slowdown is that ad prices have stabilized over the last three quarters, particularly for non-branded keywords

| QoQ	YoY
Impressions	
-9%	+6%
Clicks	
-12%	-4%
Spending	
-22%	+15%

Paid search spending drivers

How to read this chart: YoY spending growth is on the x-axis. Share of total spend over five quarters is on the y-axis. Smaller segments tend to be more dynamic.

A scatter plot titled with axes "% of Total Spend" (y-axis, 0% to 120%) and "YoY Spending Change" (x-axis, +0% to +120%). Data points plotted:
- TOTAL PAID SEARCH, +15% (~100%)
- DEVICE: Mobile, +20% (~60%)
- SMART BIDDING, +62% (~63%)
- ACCOUNT TYPE: Non-Commerce, +27% (~48%)
- AD TYPE: Responsive Search, +108% (~30%)
- CAMPAIGN TYPE: Shopping, +6% (~22%)
- BID METHOD: Target CPA, +58% (~18%)
- INDUSTRY CATEGORY: CPG, +23% (~5%)
- BID METHOD: Maximize Conversion Value, +98% (~8%)

- Responsive Search Ads continue to grow as they move toward being the default option for keyword search

- Target CPA and Maximize Conversion Value are largely replacing CPC-based bidding
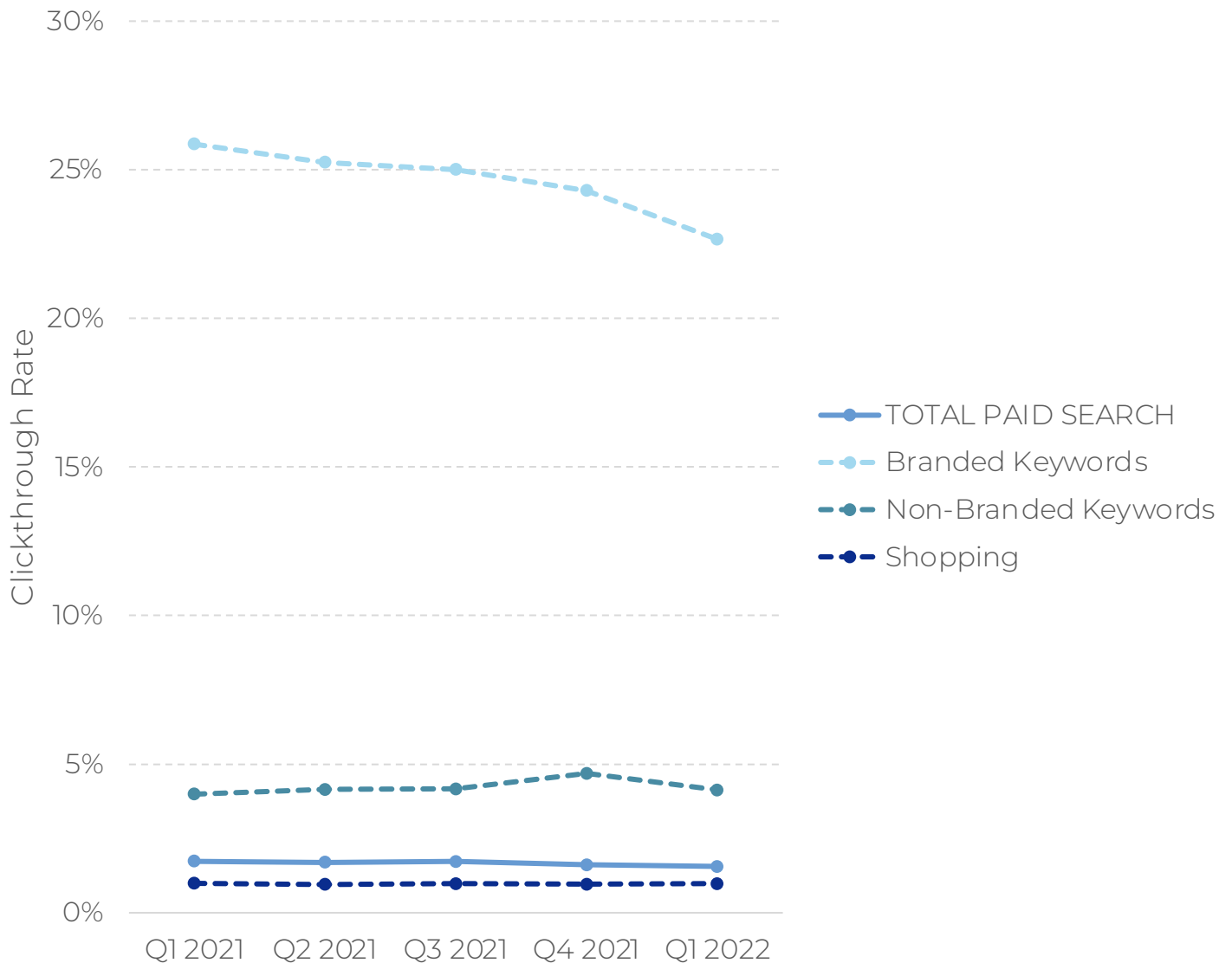
Paid search CPC by type

■ Taking search segmentation one step past just keywords versus shopping campaigns shows how non-branded keywords drove much of the CPC increase from last year
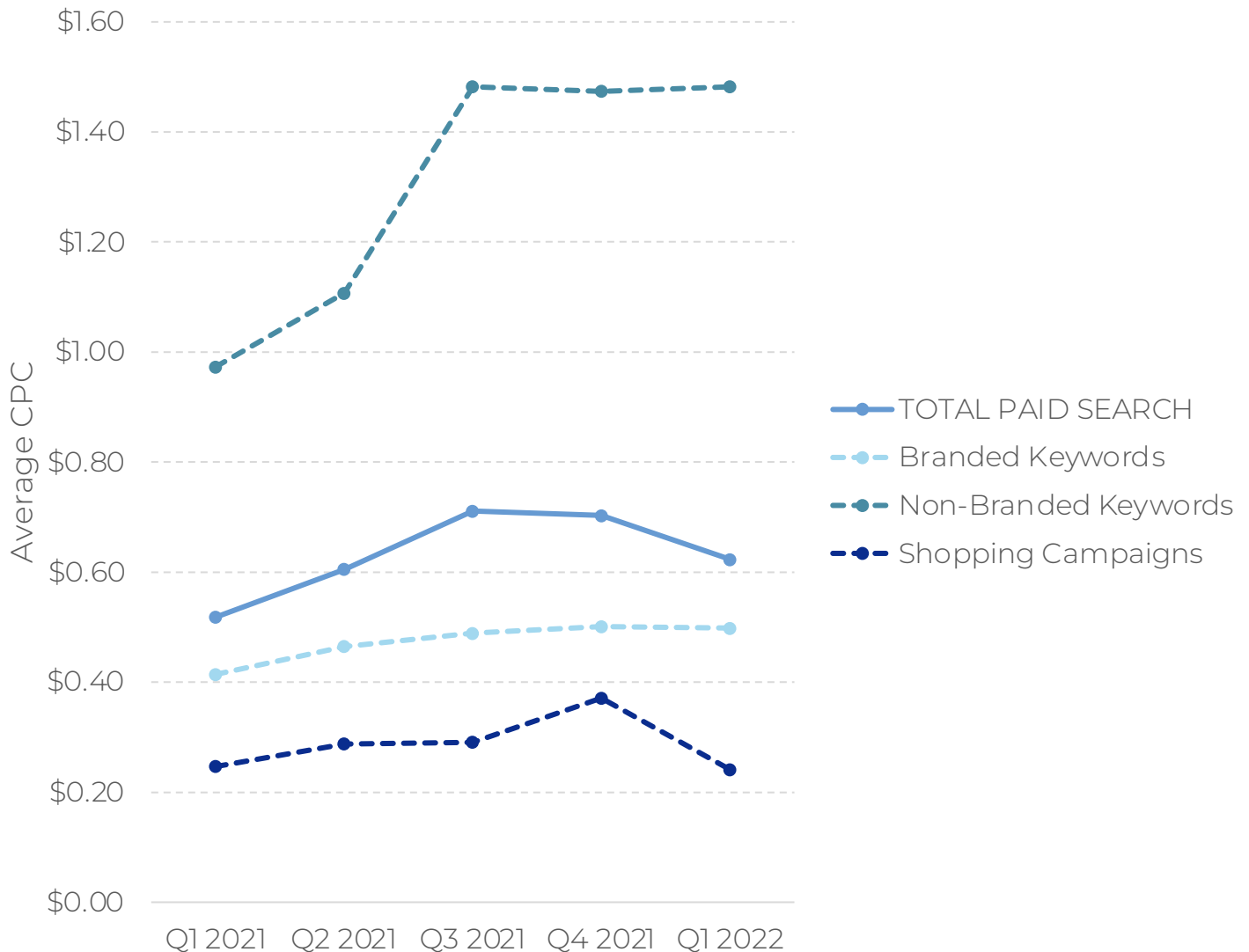
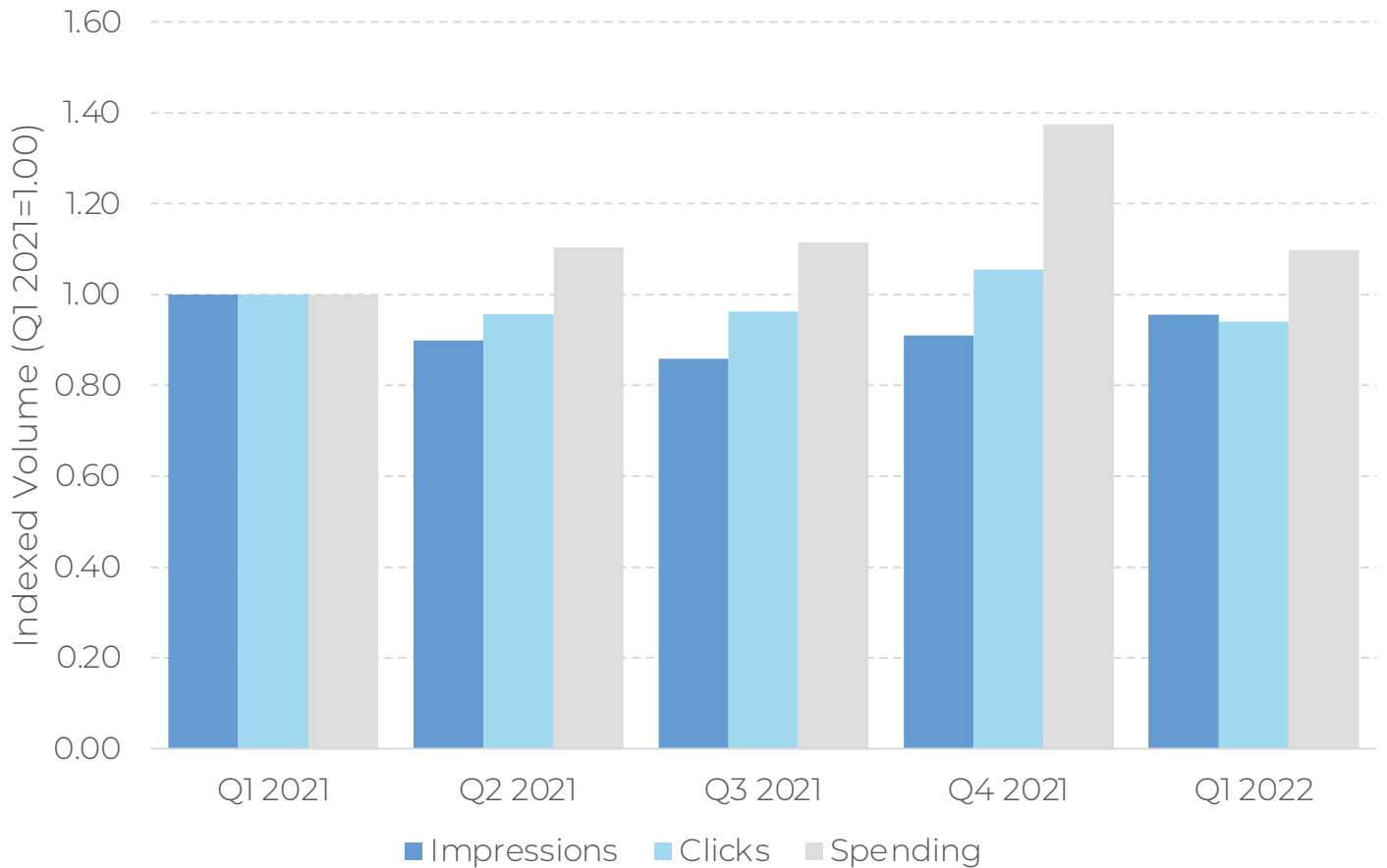■ Overall, CPC decreased 11% QoQ and increased 20% YoY

Paid search CTR by type

■ Branded keywords have historically had dominant clickthrough rates due to high relevance and navigational searches

■ Overall, CTR dipped 3% QoQ and declined 10% YoY

Paid social trends

Indexed Volume (Q1 2021=1.00)

|	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
■ Impressions	■ Clicks	■ Spending

- Overall spending growth continues to slow, which is generally accepted to be a result of IDFA disruption

- Spending on both video ads and shopping ads have outpaced overall social growth; both are areas where advertisers can operate within privacy constraints

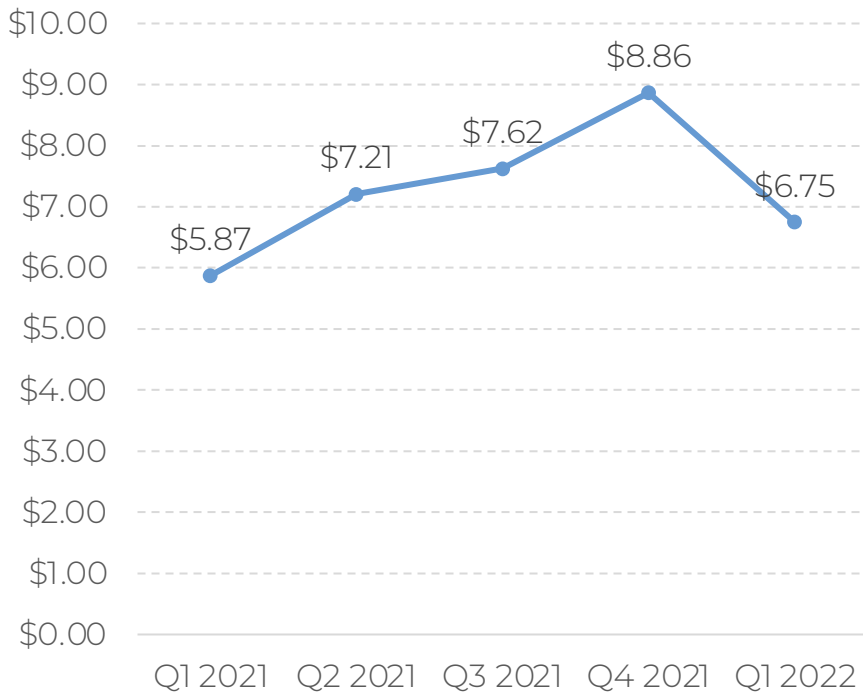| QoQ	YoY
Impressions	
+5%	-5%
Clicks	
-11%	-6%
Spending	
-20%	+10%

Paid social spending drivers

How to read this chart: YoY spending growth is on the x-axis. Share of total spend over five quarters is on the y-axis. Smaller segments tend to be more dynamic.
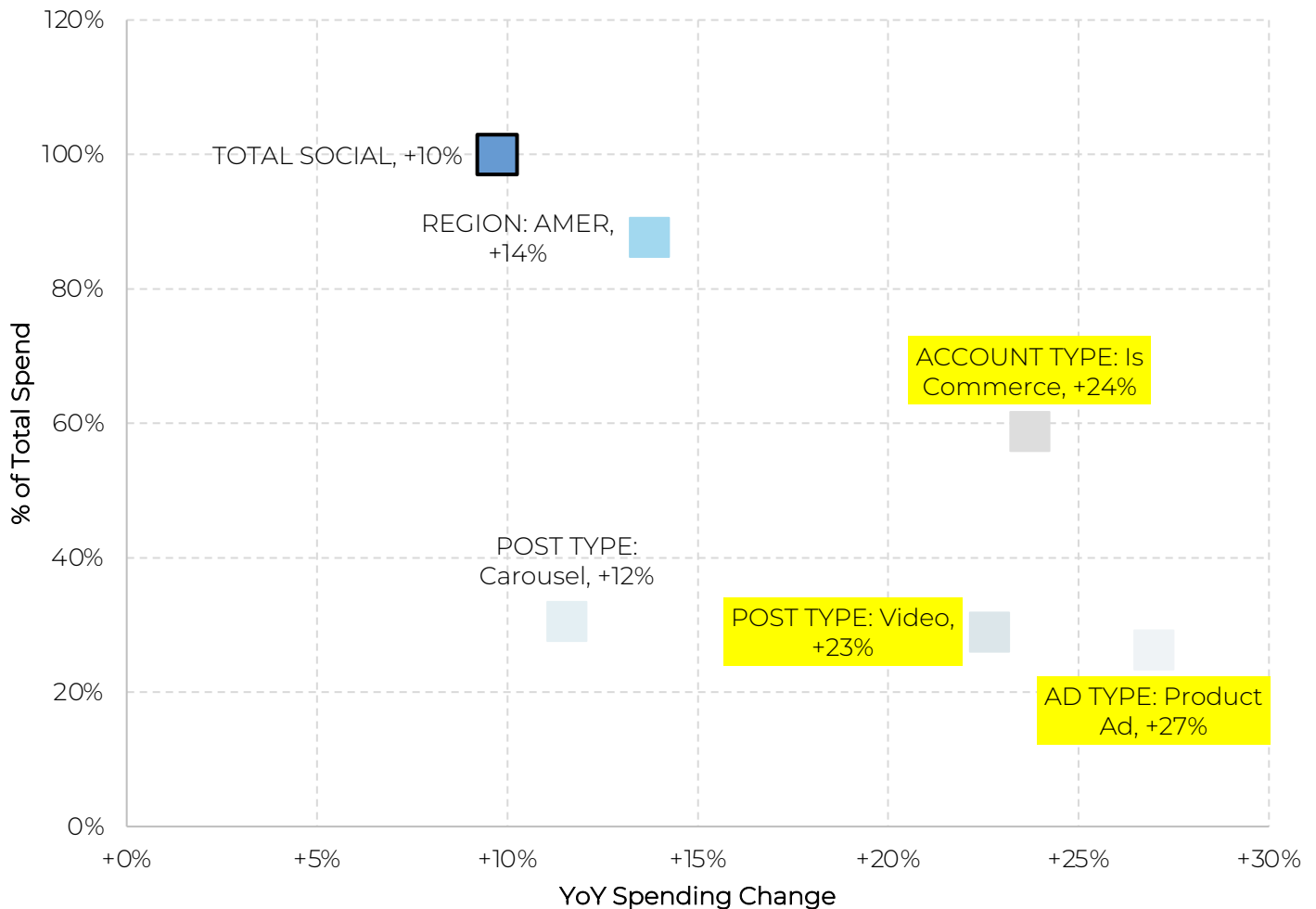
- Social commerce had a strong quarter whether defined by account or by shopping-specific ad types

- Video ad spending grew at more than double the overall rate of the channel, which may reflect video completion as a retargeting seed or as the green shoots of Reels strategy
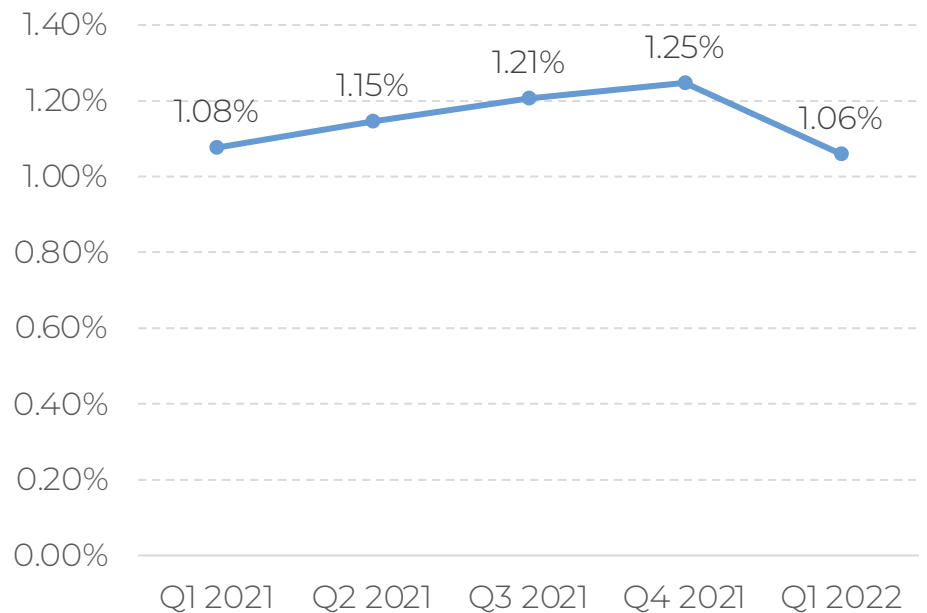
Paid social CPM and CTR trends

Average CPM

Q1 2021: $5.87
Q2 2021: $7.21
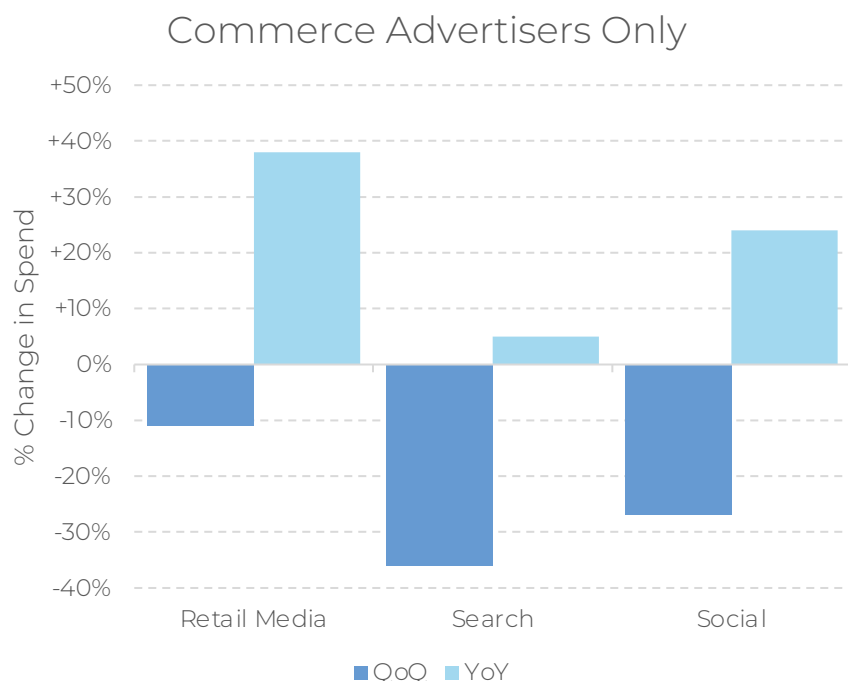Q3 2021: $7.62
Q4 2021: $8.86
Q1 2022: $6.75

- While ad prices are higher than at this point last year, there was a large drop from Q4 to Q1 as seasonal effects receded
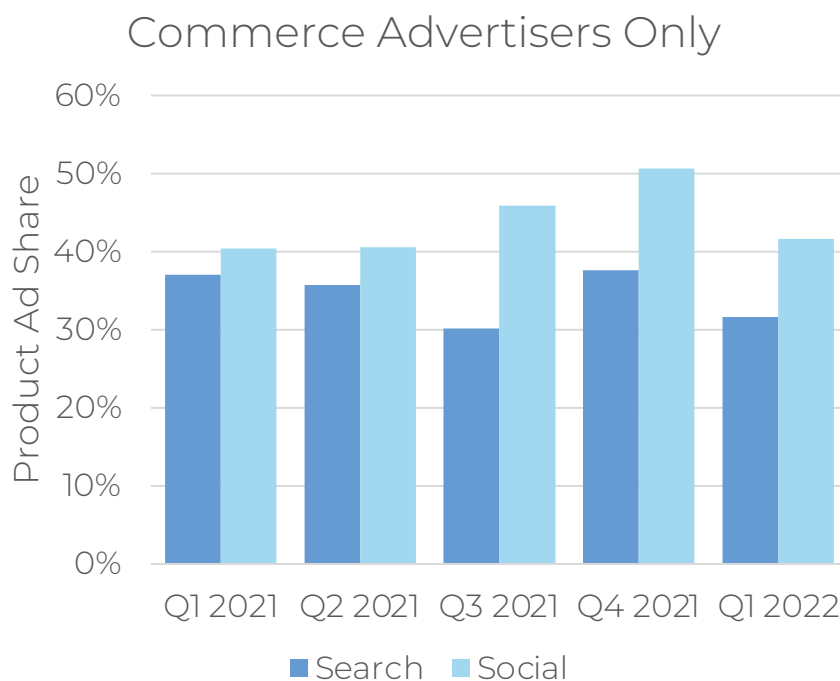
- CTR saw a similar sequential pattern

QoQ	YoY
CPM	
-24%	+15%
CTR	
-3%	-10%

Clickthrough Rate (CTR)

Q1 2021: 1.08%
Q2 2021: 1.15%
Q3 2021: 1.21%
Q4 2021: 1.25%
Q1 2022: 1.06%

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Commerce spending across channels

Commerce Advertisers Only

% Change in Spend

- Retail Media
- Search
- Social

■ QoQ ■ YoY

- Retail media saw the least drop-off in advertiser spend after the holidays, which led to the largest YoY increases

- Paid search was the opposite

- For commerce-focused advertisers, dedicated shopping ad formats are becoming more concentrated in paid social

Commerce Advertisers Only

Product Ad Share

- Q1 2021
- Q2 2021
- Q3 2021
- Q4 2021
- Q1 2022

■ Search ■ Social

About the data

- Analysis is based on advertiser campaign data managed through the Skai platform on Google, Microsoft Advertising, Yahoo!, Yahoo! Japan, Baidu, Yandex, Facebook, Instagram, Pinterest, Snapchat, Apple, Amazon, Walmart, Instacart, and Criteo.

- Sample is drawn from a total population of over 1 trillion impressions, 12 billion clicks, and $7 billion in spending across multiple countries and industry categories.

- Advertisers must have 15 consecutive months above a minimum spending threshold in the channel to be included in the analysis. Additional outliers have been removed, as necessary. Some analysis may use different filters and are labeled accordingly.

- Ad spending and CPC are translated to common currency before aggregation and do NOT use Ex-FX or "Constant Currency" adjustments.
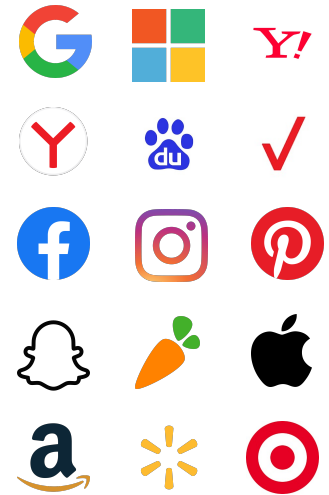
Additional resources
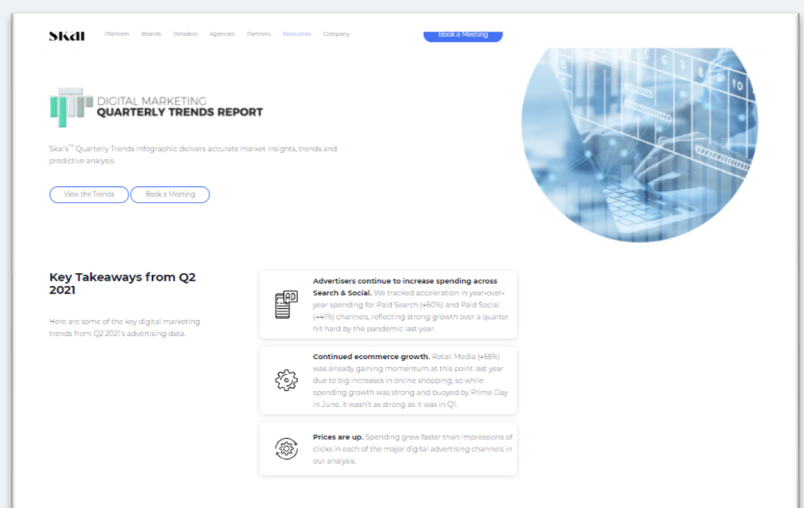
Quarterly Trends Hub
View the current infographic, long-form report, and highlights, along with previous quarters, all in one place.

Other insights are posted regularly to:

Skai's Blog

Case Studies

@skaicommerce

About Skai™

Skai™ is a marketing intelligence platform that powers brand insights, decisions, and execution for faster, more predictable go-to-market outcomes. Skai's platform includes a suite of data-driven products for market intelligence, omnichannel media activation, testing and measurement, enabling product, insights, and marketing teams to accurately plan strategies and benefit from connected omnichannel launches.

Skai™ merges the former Kenshoo and Signals Analytics capabilities, and for more than a decade, has been trusted by an impressive roster of global brands including Procter & Gamble, PepsiCo, Nestle, Johnson & Johnson, Mars, and others.

With its expanded product suite, Skai™ is unifying data and helping companies better understand their consumers in real time. It has seven international locations and is backed by Sequoia Capital, Arts Alliance, Tenaya Capital, Bain Capital Ventures, Pitango, and Qumra Capital. For more information visit skai.io.