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# 2024

# THE STATE OF RETAIL MEDIA

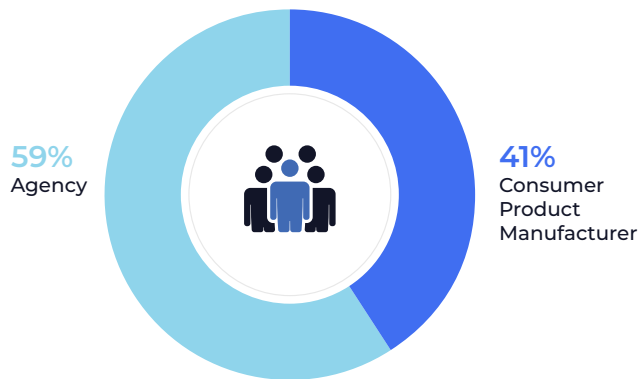
## THE COMPLETE RESULTS



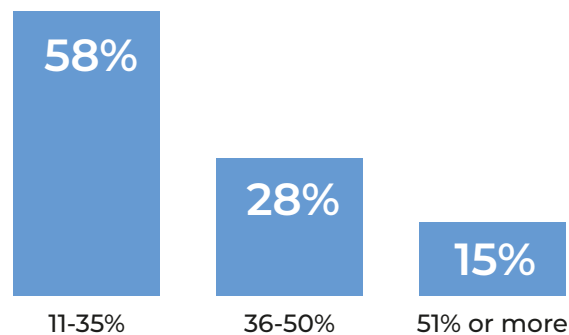
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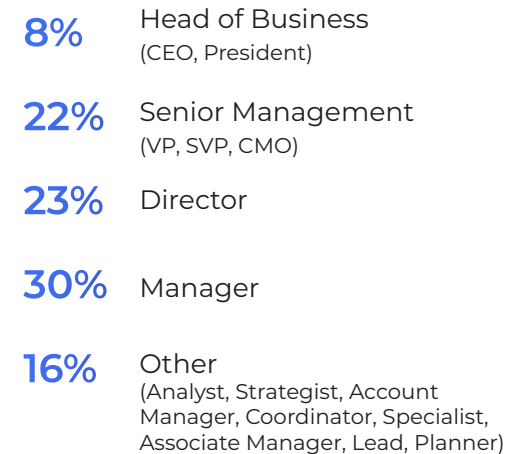
## PARTICIPANT PROFILE



### % of Total Media Budget Allocated to Retail Media Among those in CPGs



### Seniority Level



Data Source: Skai x P2PI State of Retail Media Survey, December 2023

S1: What type of organization do you work for? [Base: Total Respondents, n = 98]

S2: Approximately what percentage of your organization's total marketing budget is allocated to retail media this year? [Base: Those working for Consumer Product Manufacturers, n = 40]

S3: Which of the following best describes your job level? [Base: Total Respondents, n = 98]

# INTRODUCTION

## WELCOME TO SKAI'S 2024 STATE OF RETAIL MEDIA

Unless you've been living under a rock for the past 12 months, it was impossible to avoid the hype around retail media. However, it wasn't all a tale of optimism. Critics claimed that retail media was just having its moment and that it wouldn't last. Others believed its growth could be hampered by unaddressed data and competition challenges—and that a lack of standardization was standing in the way of it being able to fulfill growth projections. In a notable move, Insider Intelligence even downgraded retail media's 2024 spend forecast from \$61 billion to \$55 billion in June of 2023.

The good news is that we can take the negativity with a pinch of salt. Every emerging channel experiences growing pains, and retail media is no exception. The outlook, however, remains incredibly positive. Retail Media claims the top spot on the list of the most important marketing channels, with 81% in our survey considering it very important or extremely important in 2024, and 77% of respondents attest to retail media driving good or excellent results for their businesses in 2023. Notably, Insider Intelligence actually revised its spend forecast back up to \$59.6 billion for 2024, signaling a bright future ahead.

This is our third annual State of Retail Media study, tracking the growth and trajectory of retail media as it twists, turns, and matures. We hope you will find some compelling insights to help navigate this ever-evolving space.

### THIS YEAR'S STUDY TOPICS:

Importance of retail media in overall marketing channel strategy

Components of today's retail media strategy

Expected budget changes in the coming year

Accelerators and barriers to more investment in retail media

Retail media measurement

Expected impact of AI on retail media strategy

Ecommerce tech stack solutions used today

# KEY TAKEAWAYS FROM THE SURVEY

## RETAIL MEDIA'S PROMISING FUTURE

While 77% reported good/ excellent campaign results for last year, the inverse is even more telling. Only 3% of marketers reported poor results with their retail media campaigns — and none said they had terrible results. As long as retail media keeps delivering consistent value, marketers will continue investing.

## EVOLUTION OF CHANNEL COORDINATION

As retail media expands into other channels (social commerce, display, streaming TV, etc.), we've seen a significant uptick in channel alignment in this year's survey. In our 2023 State of Retail Media Study, only 17% reported good alignment between their different channels. This year, that number increased significantly to 47%. And it's not just the advertisers aligning; in 2023, Amazon formed what, once upon a time, would have been unlikely partnerships with Snap and Meta.

## INVESTMENT IS DRIVEN BY PERFORMANCE

Two of the top three factors in budget allocation decisions are results-driven: following measurement performance (56%) and setting annual budgets based on previous year's performance (48%). While less emphasized, 12% of respondents cite Google's deprecation of third-party cookies as a driver accelerating the investment in retail media—a number we think is significantly underestimated given the value from retailers' first-party data in a post-cookie era.

## TECHNOLOGY IS A CRITICAL COMPONENT IN THE EVOLUTION OF RETAIL MEDIA

The more prioritized retail media becomes, the more willing marketers are to invest in technology to protect and boost those investments. Tech is integral for managing the complexities of retail media, with 58% relying on business intelligence tools. The rise in retail media networks — now over 50 in the US alone — has increased the reliance on data & analytics platforms and third-party management tools. AI is expected to play a significant role in optimization and targeting strategies, but despite the hype around them, adoption of data clean rooms remains limited.

## MISALIGNMENT BETWEEN BRANDS AND AGENCIES

Discrepancies exist between brands — who see retail media as just part of broader retailer strategy — and agencies — who manage it as they would another channel in the media plan. For example, agencies prioritize campaign performance in retail media budget allocation (66%) more than brand advertisers (43%). Conversely, consumer product manufacturers place higher importance on retailer recommendations, with 45% considering them crucial, compared to only 16% of agencies.

## INCREMENTALITY IS STILL A SIGNIFICANT CHALLENGE

While advertisers have gotten more sophisticated with using non-advertising metrics and data sources, one pressing area of need remains: figuring out the right approach for measuring incrementality. Common tenets of incrementality include evaluating new-to-brand conversions (56%), targeting customers who haven't purchased before (48%), and serving ads where products don't appear in organic results (47%). Without an industry-wide approach, marketers must continue educating themselves on what incrementality means to each stakeholder and conduct tests with as much scientific rigor as possible.

# TRENDS

## WAYS RETAIL MEDIA WILL EVOLVE IN 2024

2024 is going to be an important year for retail media. Advertisers have seen the power of retailer data and are eager to find new ways to leverage it throughout the media plan. This year, retailers will push the envelope to make the most of the opportunity with new ad formats, placements, partnerships, and ways to leverage commerce data outside their walls.

As a marketer, it's essential to stay up to date with retail media's evolving landscape to stay ahead of the competition and drive successful campaigns.

## RETAIL MEDIA CONTINUES TO MOVE UP THE FUNNEL

While retail media ads above the bottom funnel aren't new, offering more mid- and upper-funnel ad inventory is certainly where retail media networks (RMN) roadmaps are headed. Complete funnel solutions enable brands to engage consumers using retailer first-party data at all stages of their journey, from awareness to purchase. For brands, this will bring new efficiencies to buy, target, and measure their media. For retailers, this means they'll be able to garner a bigger slice of budgets and drive growth.

## RETAIL MEDIA IS GROWING OUTSIDE OF ITS OWN DIGITAL WALLS

Part of the push to a full-funnel retail media roadmap will include more off-site ad placements and a renewed focus on expanding existing ad formats like DSP, CTV, and streaming audio ads. Retailers will also unveil more digital signage in-store to integrate online and offline experiences. This convergence of traditional shopper marketing and retail media connects both sides of the house, helping brands and retailers streamline their business relationships. Also, in 2024, we may start seeing early entries in stand-alone shoppable ad units that can be placed in any digital environment. It will one day be commonplace for consumers to purchase directly from ads without having to actually visit a retailer.

## RETAIL MEDIA IS BRANCHING OUT WITH PARTNERS

Everyone's trying to get in on the success of retail media! Last year, Amazon announced partnerships with Meta's Facebook and Instagram, while Microsoft inked deals with TikTok — and they both now work with Snapchat. In-app checkout and sales tracking will integrate retail media with social media, creating opportunities for both sides. Not only will this be a big win for retail media networks to grow into new arenas, but it will finally help get social commerce off the ground, which never reached its potential. Look for more of these bridges to be built in 2024.

## RETAIL MEDIA DATA WILL BE EVERYWHERE

It's no secret that the most critical ingredient to retail media success is the commerce data that powers it. The big event in 2024 is when Google deprecates the third-party cookie this year, making retailer first-party commerce data even more valuable than it is now. As retailers continue building data integrations within the ad ecosystem, marketers will be able to utilize these signals to drive decision-making to enhance each phase of the campaign lifecycle: researching, planning, creative, targeting, bidding/ buying, measurement, and optimization.

## RETAIL MEDIA IS EVOLVING INTO COMMERCE MEDIA

Taking a few steps back and connecting the dots on these key growth areas indicates a more expansive and robust transformation for retail media. This new designation refers to any media strategy/buying that ties back to some form of commerce data to facilitate a transaction.

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In 2024, retail media will evolve beyond a channel to become 'commerce media,' a layer across any channel that can leverage commerce data signals to target audiences.

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Recognizing this organic evolution to commerce media is essential for brands to understand the significant potential beyond retail media and how they must re-align their approach with the greater commerce media opportunity. Because commerce data is a connecting layer across channels, devices, and platforms, commerce media is inherently:



**Full-funnel**



**Omnichannel**



**Programmatic**

Thus, commerce media requires a holistic approach. In 2024, marketers will need to evolve their processes, measurement/data frameworks, and platforms to be successful in this emerging area.

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# RETAIL MEDIA OUTLOOK & SPENDING




# 2023 RESULTS

How would you describe the results retail media has driven for your organization this year?

 **0%**  
Terrible it had a negative impact on our desired objectives

 **3%**  
Poor it had little to no impact on our desired objectives

 **20%**  
Fair it did not quite meet goal KPI expectations

 **53%**  
Good it has met goal KPI expectations

 **24%**  
Excellent it has exceeded goal KPI expectations

**77%**



Over two-thirds of those surveyed said that retail media has driven positive results for their organizations this year.

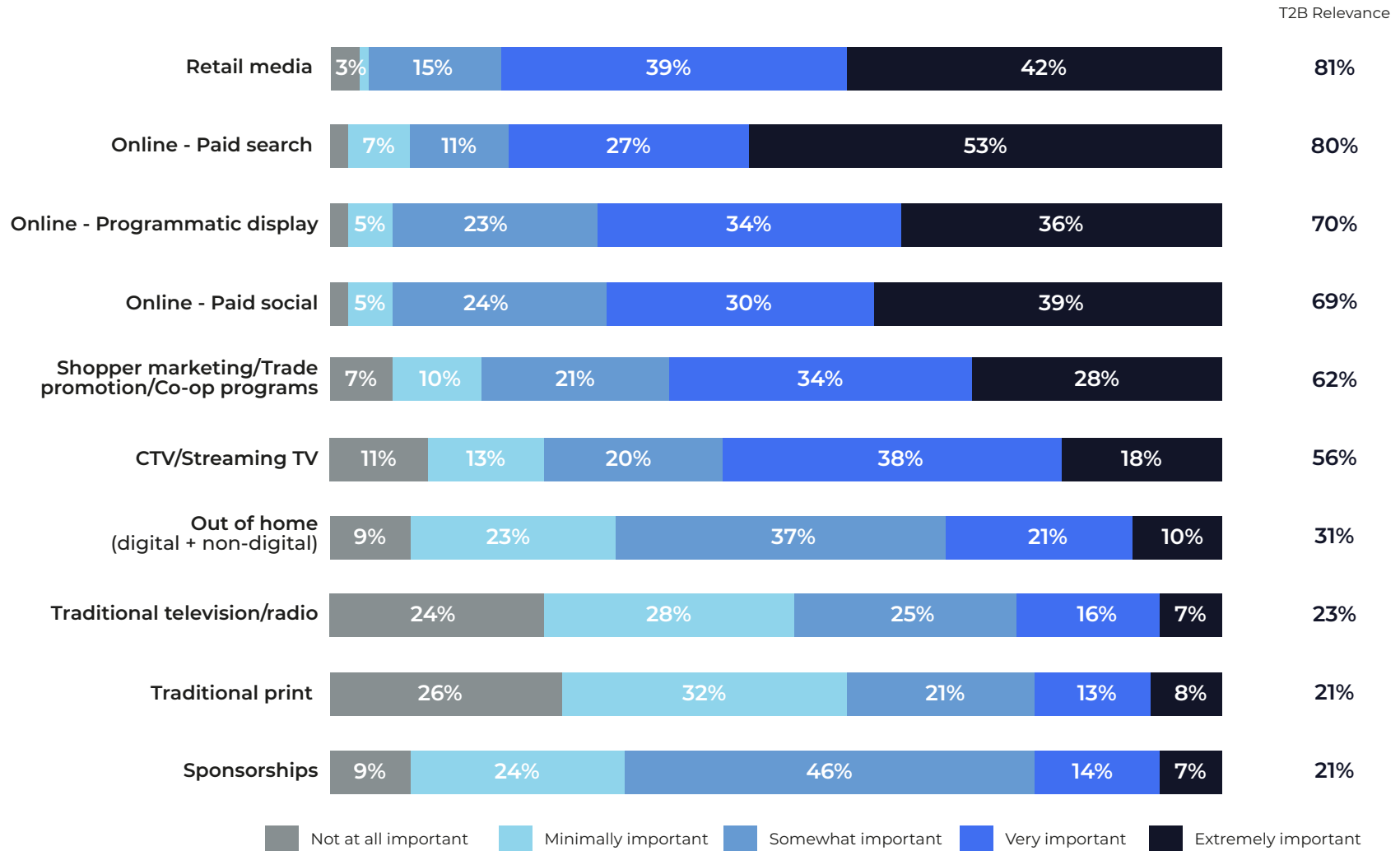
Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
Q2: Overall, how would you describe the results retail media has driven for your organization this year?  
Base: Total Respondents, n = 98



# CHANNEL IMPORTANCE

Retail media and paid online search are the most important marketing channels to consumer product manufacturers and agencies today.

How important are each of the following marketing channels to your organization?



Data Source: Skai x P2PI State of Retail Media Survey, December 2023 Q1: How important are each of the following marketing channels to your organization?  
 Base: Total Respondents, n = 98

# PROGRAM COMPONENTS



Organizations are leveraging a variety of components in their retail media strategy today, most often on-site ads, paid search shopping ads, social commerce, and off-site ads.

Which of the following components are part of your organization's retail media strategy today?

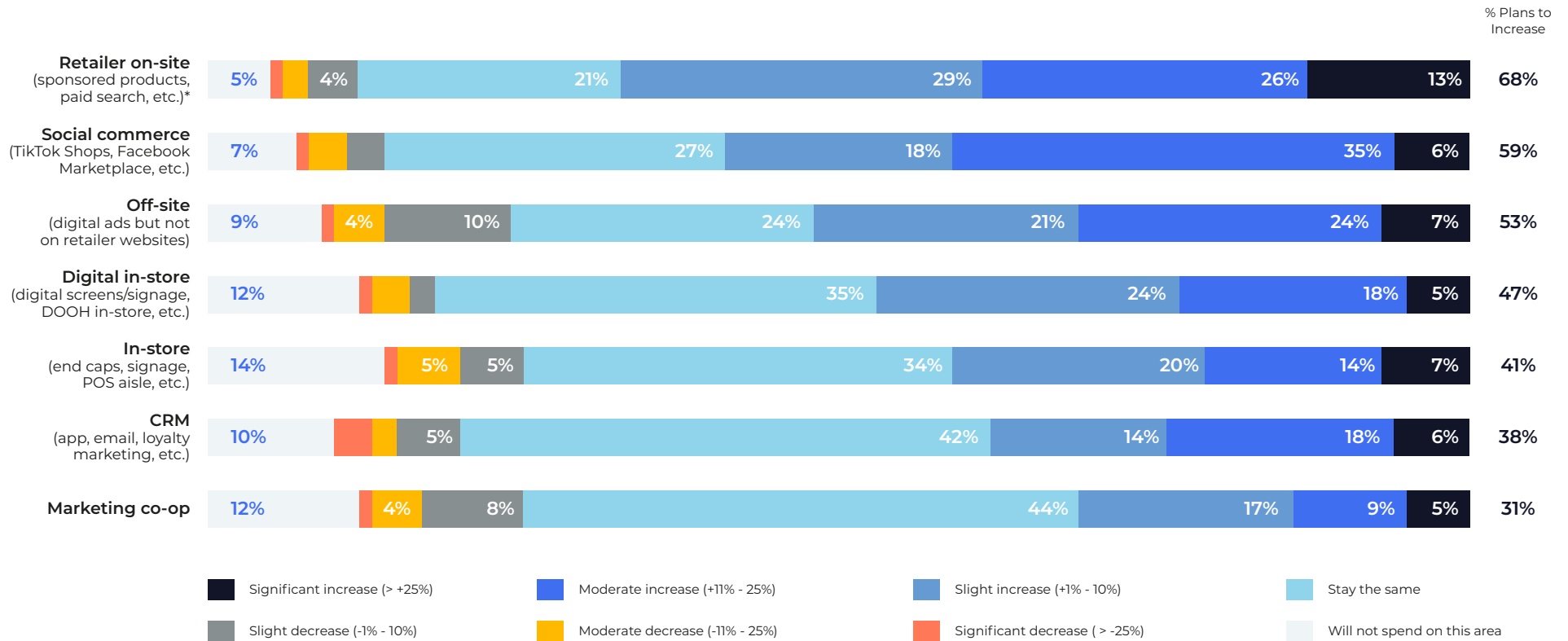


On average, organizations are using **5** of these components in their retail media strategies today.

Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
 Q3: Which of the following components are part of your organization's retail media strategy today?  
 Base: Total Respondents, n = 98

# 2024 BUDGET PRIORITIZATION

## How will your organization's 2024 budget plans differ across these forms of retail media compared to 2023?



\*Represents combined weighted average of "Paid search shopping ads (Google Shopping, etc.)" and "On-site (digital ads on retailer websites)" | Values <3% not displayed

Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
 Q4: Looking ahead to 2024, how will your organization's budget plans differ across these forms of retail media compared to 2023?  
 Base: Total Respondents, n = 98

Many respondents say their 2024 budgets will increase for the components of retail media they are leveraging most often today, particularly paid search shopping ads and on-site ads.

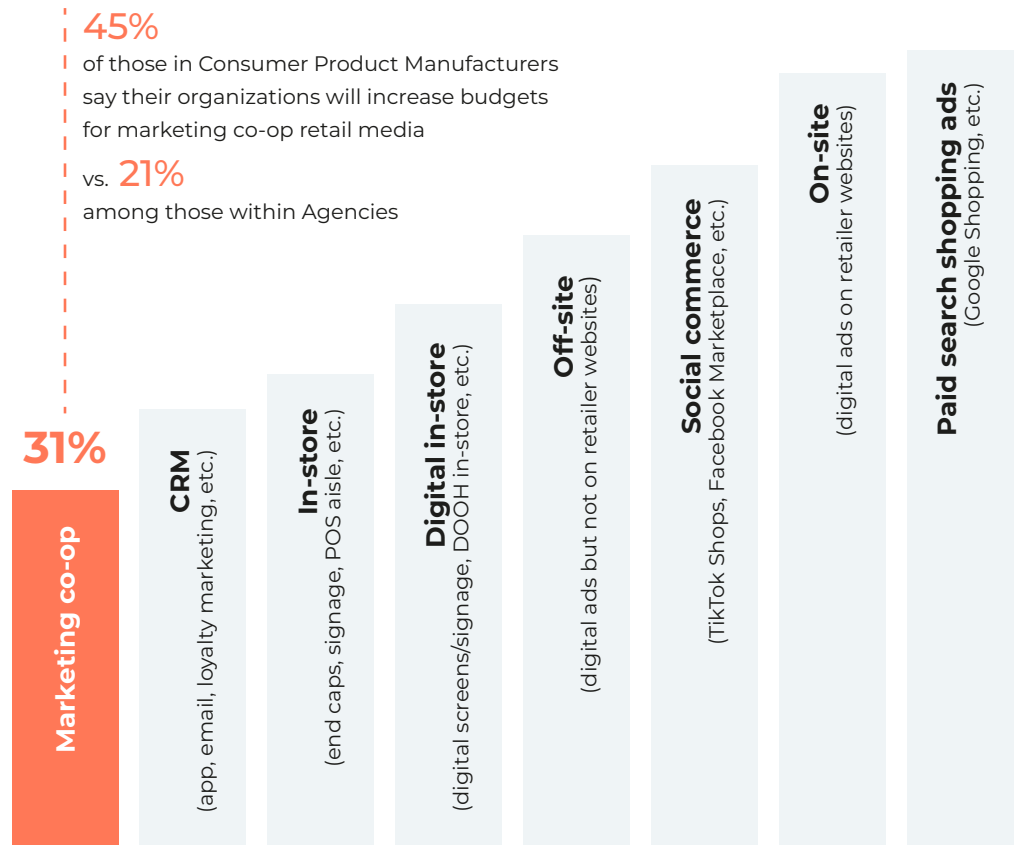
# 2024 BUDGET PRIORITIZATION (CPGS)



Those working in consumer product manufacturer organizations are more likely to report plans to increase budgets for marketing co-op as part of their retail media efforts in 2024 compared to those in agencies.

## How will your organization's 2024 budget plans differ across these forms of retail media compared to 2023?

Showing Total % Increase (Slight, Moderate, or Significant Increase)

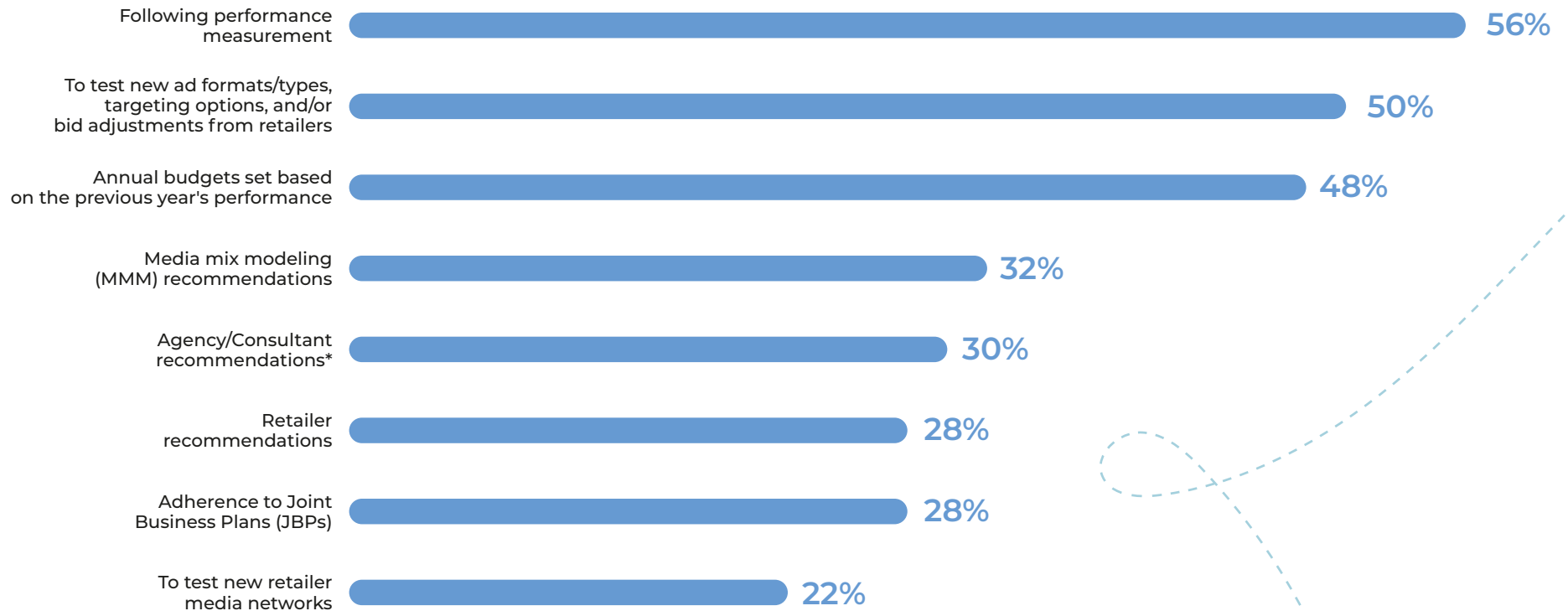


Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
 Q4: Looking ahead to 2024, how will your organization's budget plans differ across these forms of retail media compared to 2023?  
 Base: Total Respondents, n = 98

\*Represents combined weighted average of "Paid search shopping ads (Google Shopping, etc.)" and "On-site (digital ads on retailer websites)" | Values <3% not displayed

# RETAIL MEDIA BUDGET ALLOCATION

Which of the following factors are most important in your budget allocation decisions for retail media?



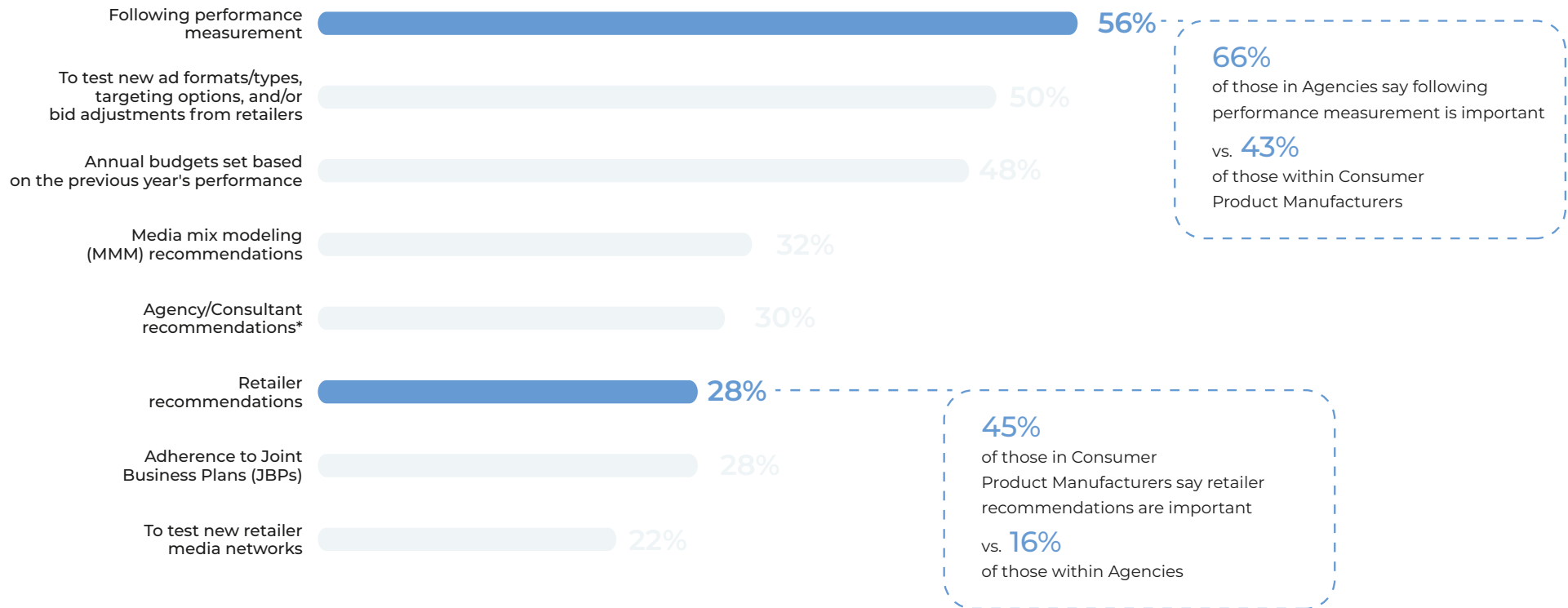
\*Only shown to those working at Consumer Product Manufacturers

Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
 Q5: Which of the following factors are most important in your budget allocation decisions for retail media?  
 Please select, up to, the top three areas for your organization.  
 Base: Total Respondents, n = 98; Consumer Product Manufacturers, n=40

Retail media budget allocations are most often driven by performance measurement, an interest in testing new ad formats/types, targeting options and/or bid adjustments from retailers, and annual budgets set on performance in the previous year.

# RETAIL MEDIA BUDGET ALLOCATION (BRAND VS. AGENCY)

Which of the following factors are most important in your budget allocation decisions for retail media?



\* Only shown to those working at Consumer Product Manufacturers

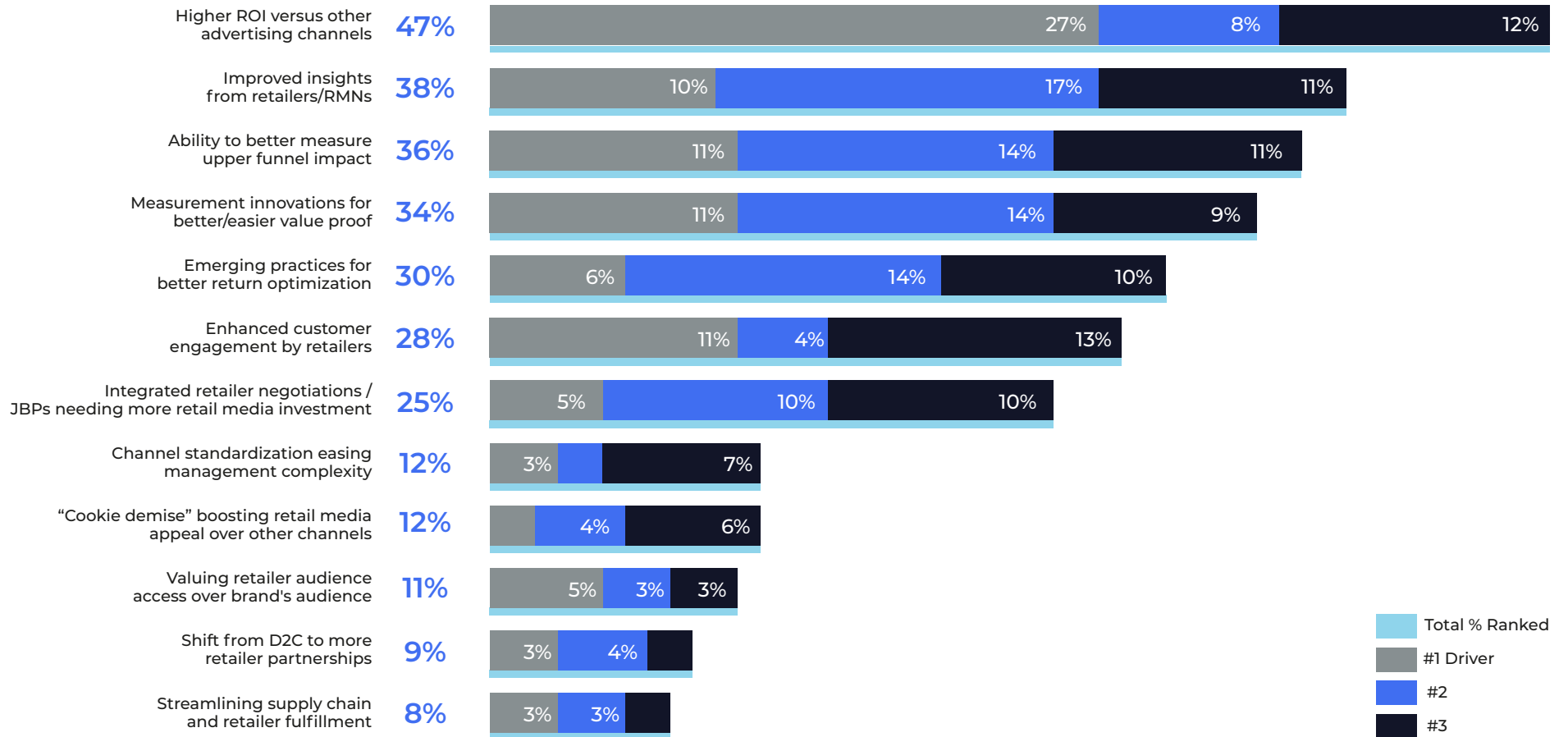
Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
 Q5: Which of the following factors are most important in your budget allocation decisions for retail media?  
 Please select, up to, the top three areas for your organization.  
 Base: Total Respondents, n = 98; Consumer Product Manufacturers, n=40

Agencies are significantly more likely to follow performance measurement when determining retail media budget allocations, while consumer product manufactures more often look to retailer recommendations.

# INVESTMENT ACCELERATORS

Nearly half of those surveyed said their organizations would accelerate investments in retail media if it delivered a higher ROI compared to other channels. Additionally, networks offering improved insights and measurement capabilities would lead to an acceleration in investment.

## What would accelerate your organization's investment in retail media in the future?

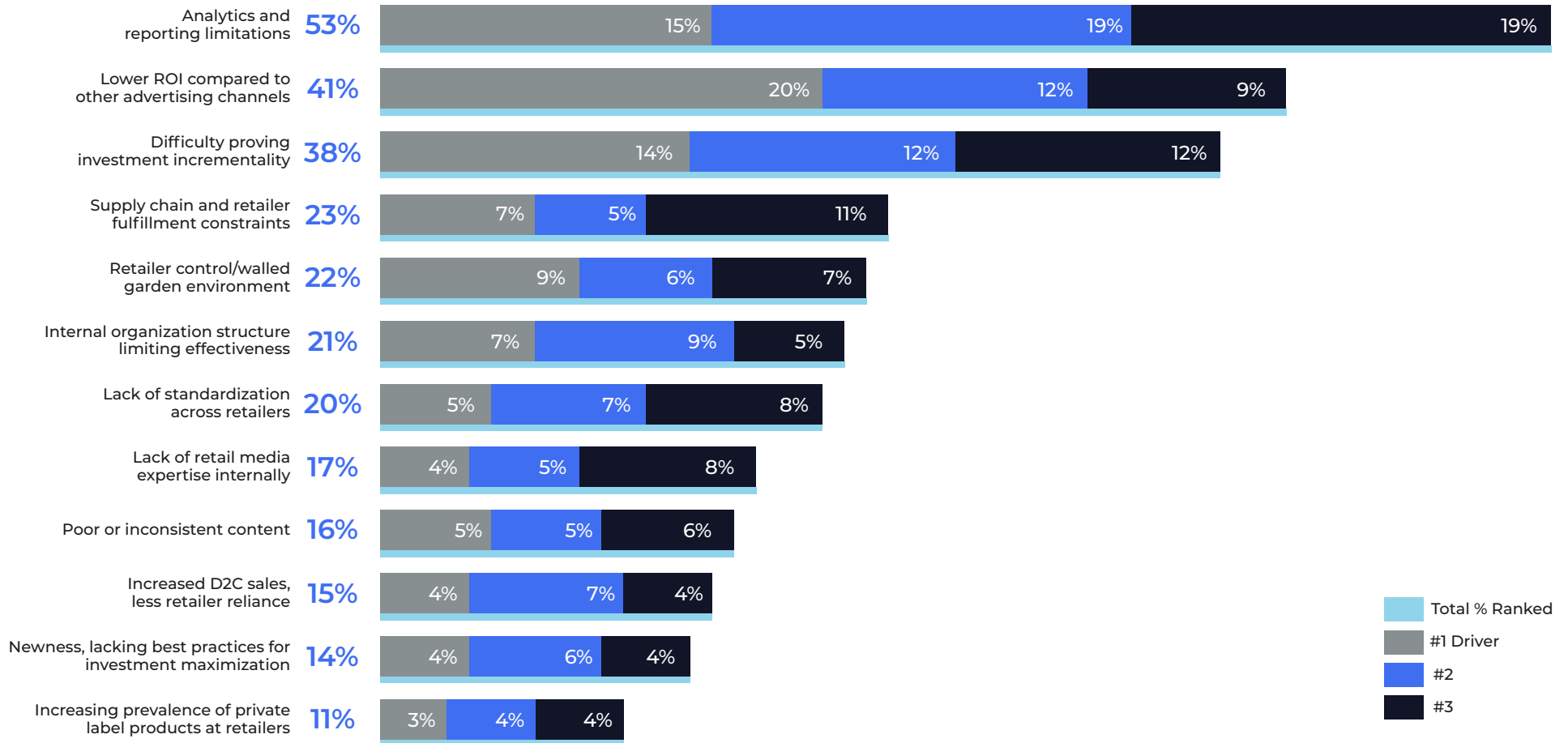


Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
 Q6: What would accelerate your organization's investment in retail media in the future? Please rank up to the top three things that would drive your organization to invest more in this channel.  
 Base: Total Respondents, n = 98

# INVESTMENT DECELERATORS

Analytics & reporting limitations are the primary challenge that might drive organizations to invest less in retail media going forward. Other top-of-mind challenges relate to the ROI that retail media delivers and to the difficulty in proving investment incrementality.

What are the critical challenges that might drive your organization to invest less in retail media in the future?

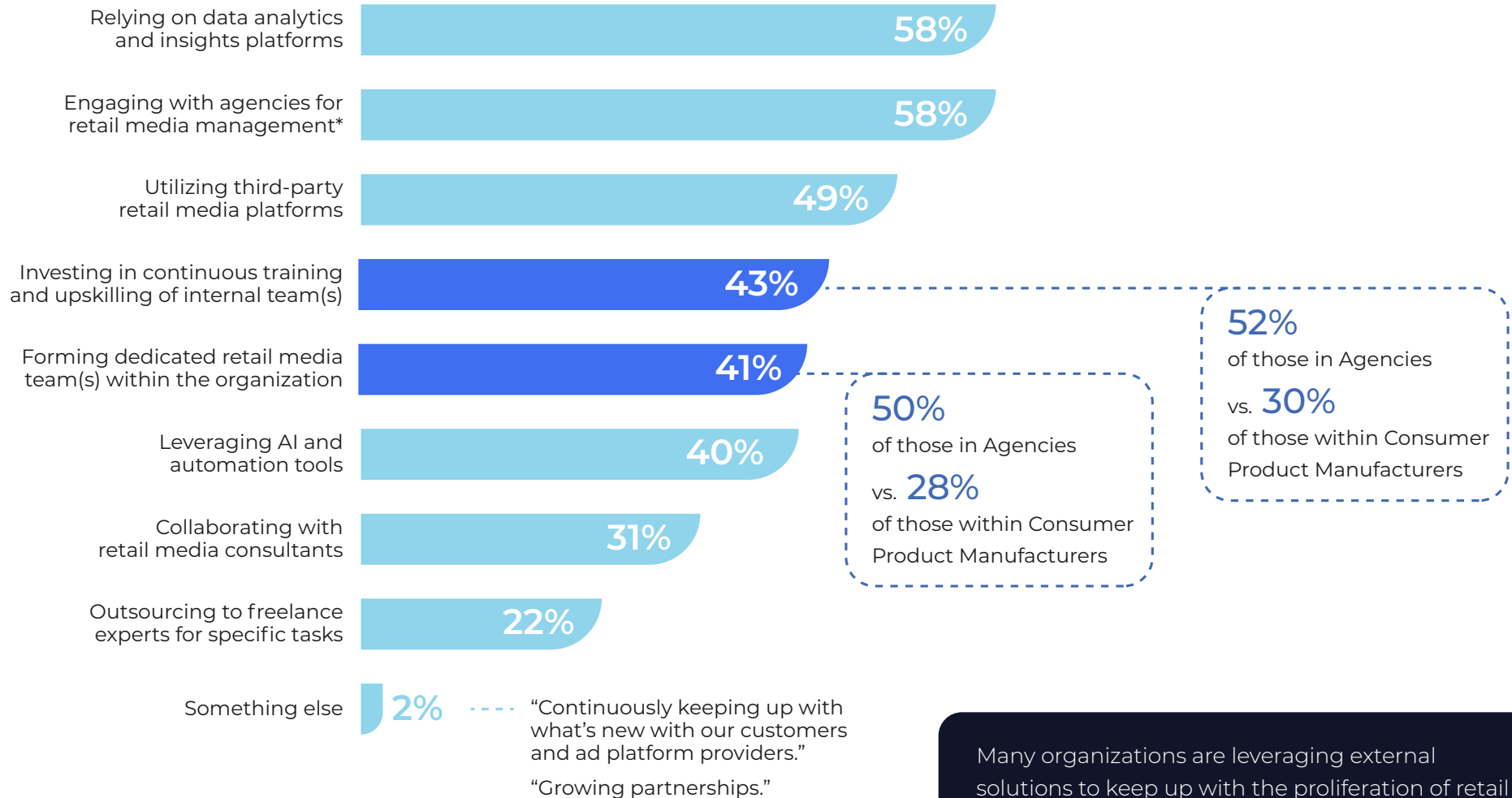


Data Source: Skai x P2PI State of Retail Media Survey, December 2023 Q7: What are the critical challenges that might drive your organization to invest less in retail media in the future? Again, please rank up to the top three areas from the list below or write in your own response. Base: Total Respondents, n = 98



# INVESTMENT DECELERATORS

How are you and your organization keeping up with the continued proliferation of retail media networks?



Many organizations are leveraging external solutions to keep up with the proliferation of retail media, including analytics & insights platforms, engaging with agencies (within consumer product manufacturers), and utilizing third-party retail media platforms.

\*Only shown to those working at Consumer Product Manufacturers  
 Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
 Q8: With only so much human capital, how are you and your organization keeping up with the continued proliferation of retail media networks? Base: Total Respondents, n = 98; Consumer Product Manufacturers, n=40

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# RETAIL MEDIA MEASUREMENT

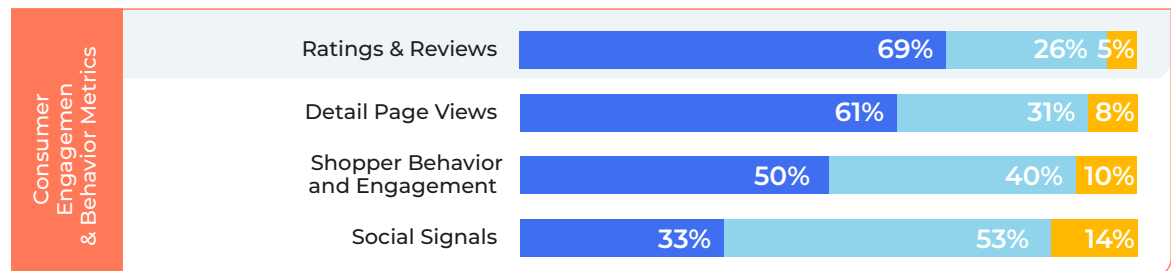
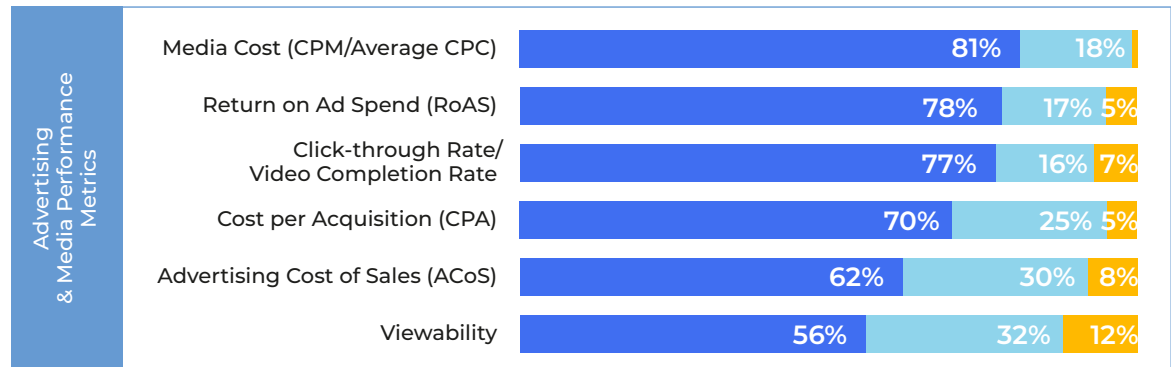
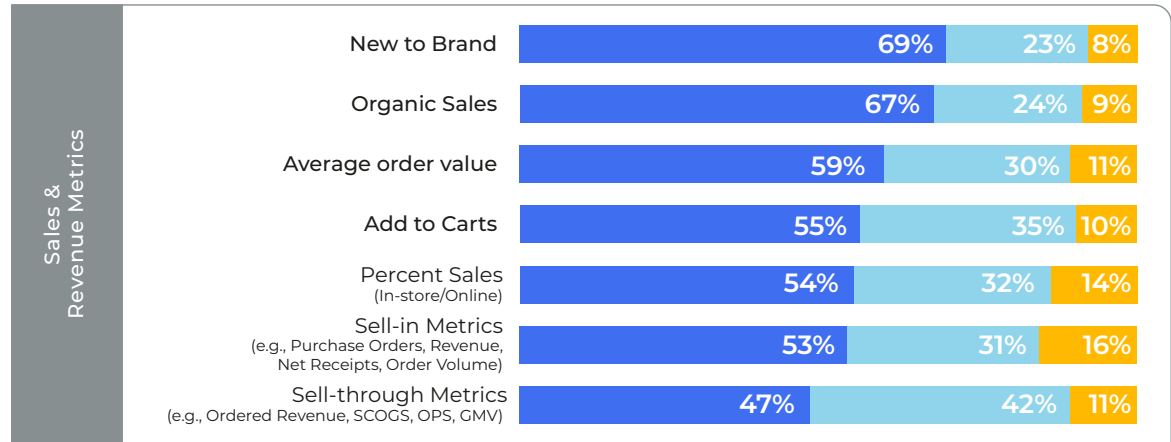


# METRICS & KPIs



The most used metrics to inform retail media efforts include media cost, return on ad spend, click-through/video completion rate, cost per acquisition, and new to brand metrics, as well as ratings and reviews.

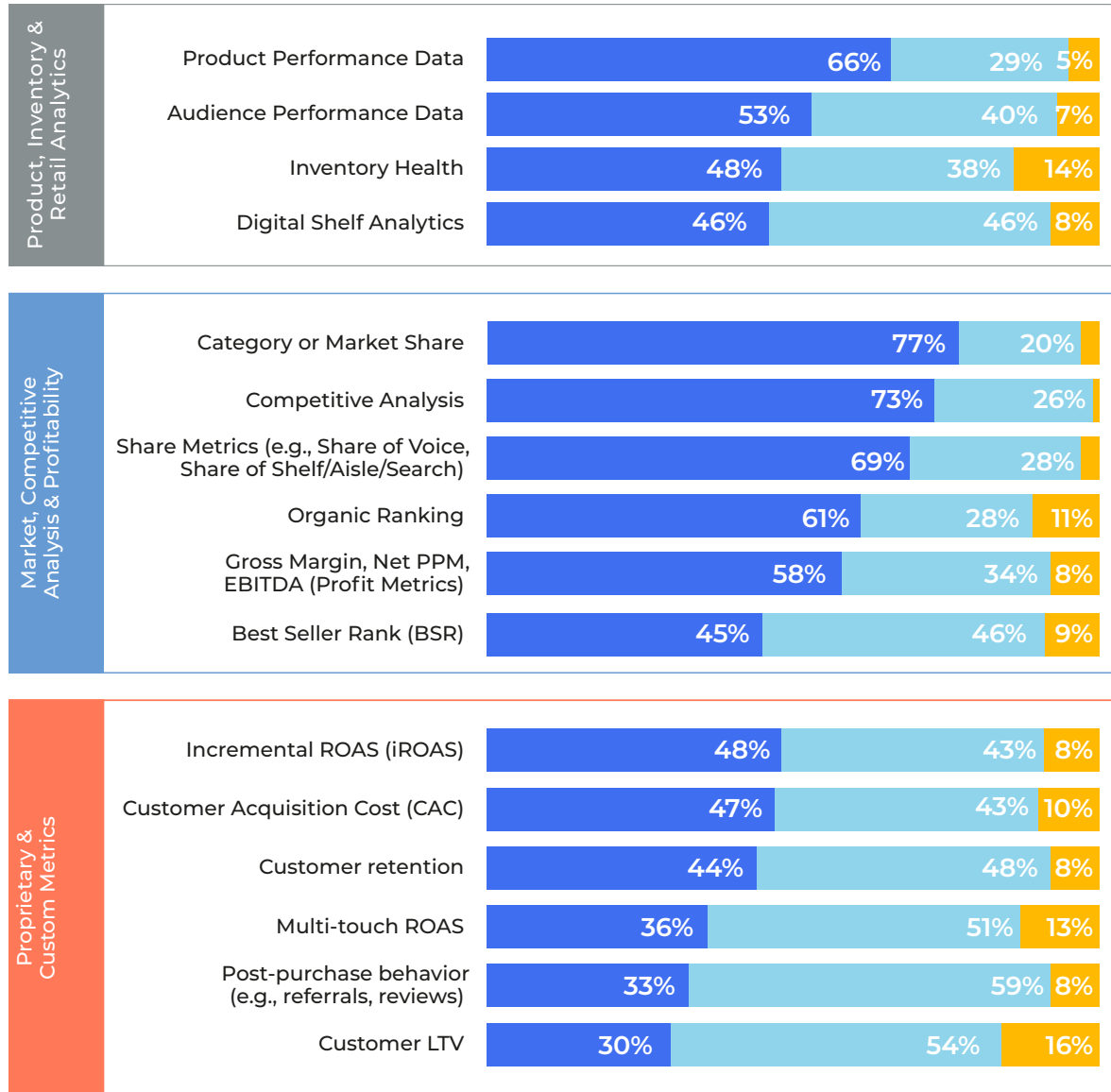
## Which of the following metrics does your organization use today to inform its retail media efforts?



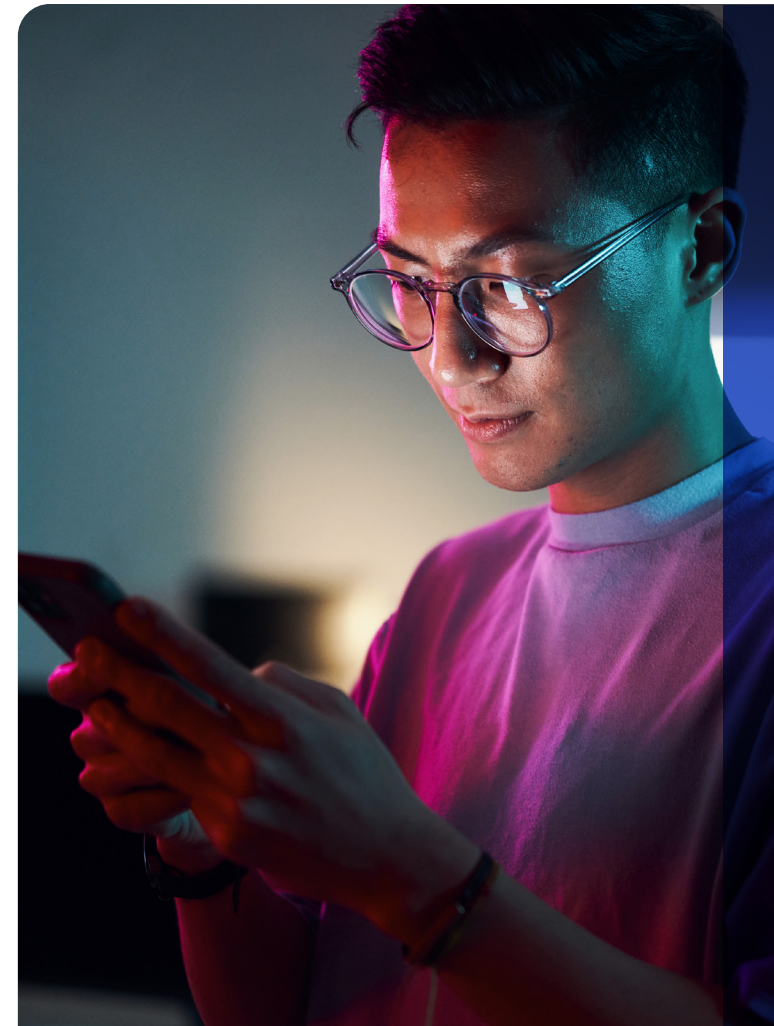
Data Source: Skai x P2PI State of Retail Media Survey, December 2023 Q9: Please indicate which of the following metrics your organization uses today to inform its retail media efforts. For any that are not currently being used, we'd like to know if you have any plans to use them in the future. Base: Total Respondents, n = 98

## METRICS & KPIs (cont.)

Which of the following metrics does your organization use today to inform its retail media efforts? (cont.)



■ Currently using
 ■ Would like to use in the future
 ■ No plans to use

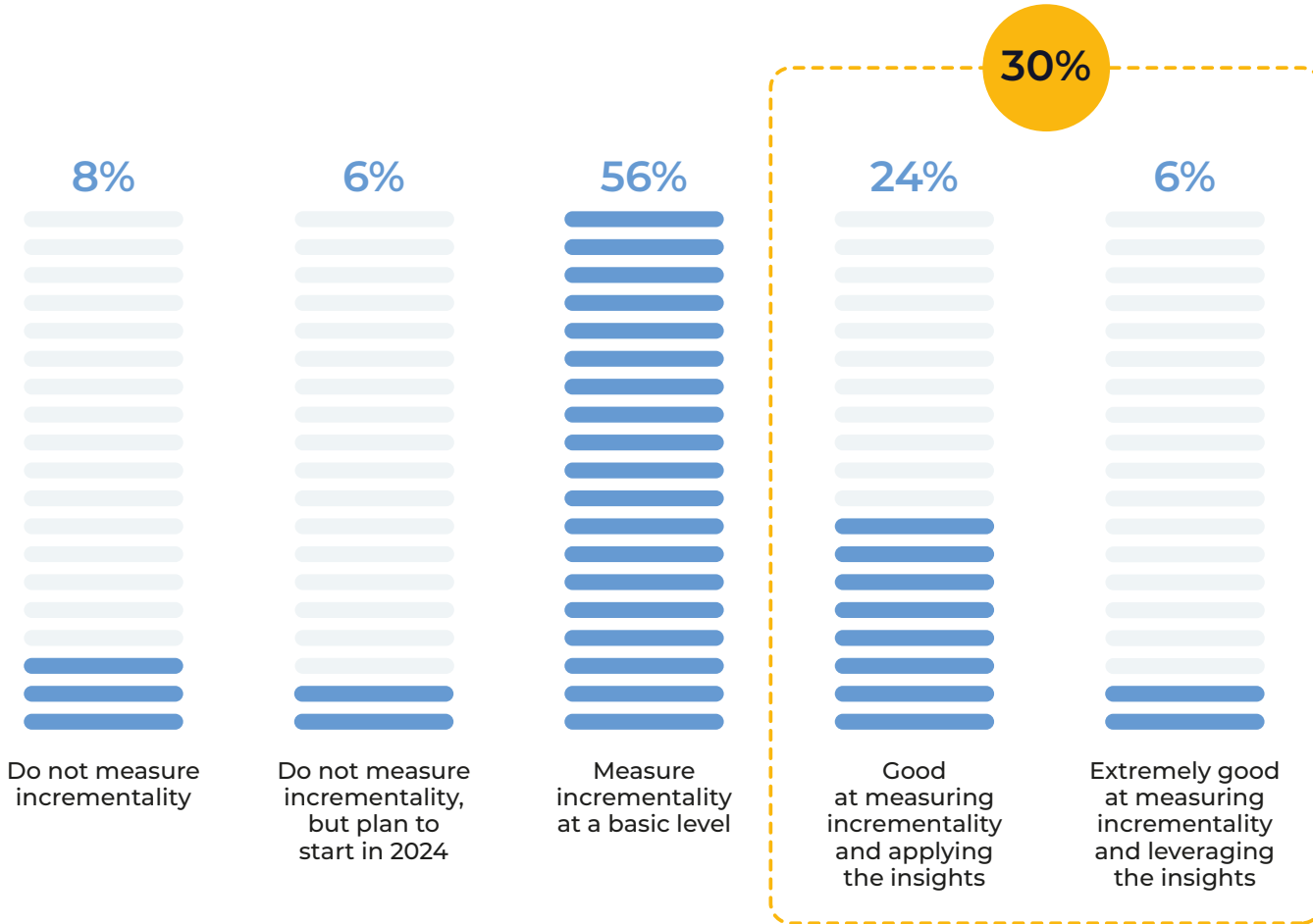


Additionally, category/market share, competitive analyses, and share metrics are commonly used by consumer product manufacturers and agencies to measure retail media efforts.

Data Source: Skai x P2PI State of Retail Media Survey, December 2023 Q10: Similarly, please indicate which of the following metrics your organization uses today or whether you would like to use them in the future to inform your retail media efforts. Base: Total Respondents, n=98

# INCREMENTALITY PROFICIENCY

Which of the following best describes your organization's proficiency in incrementality measurement for retail media?



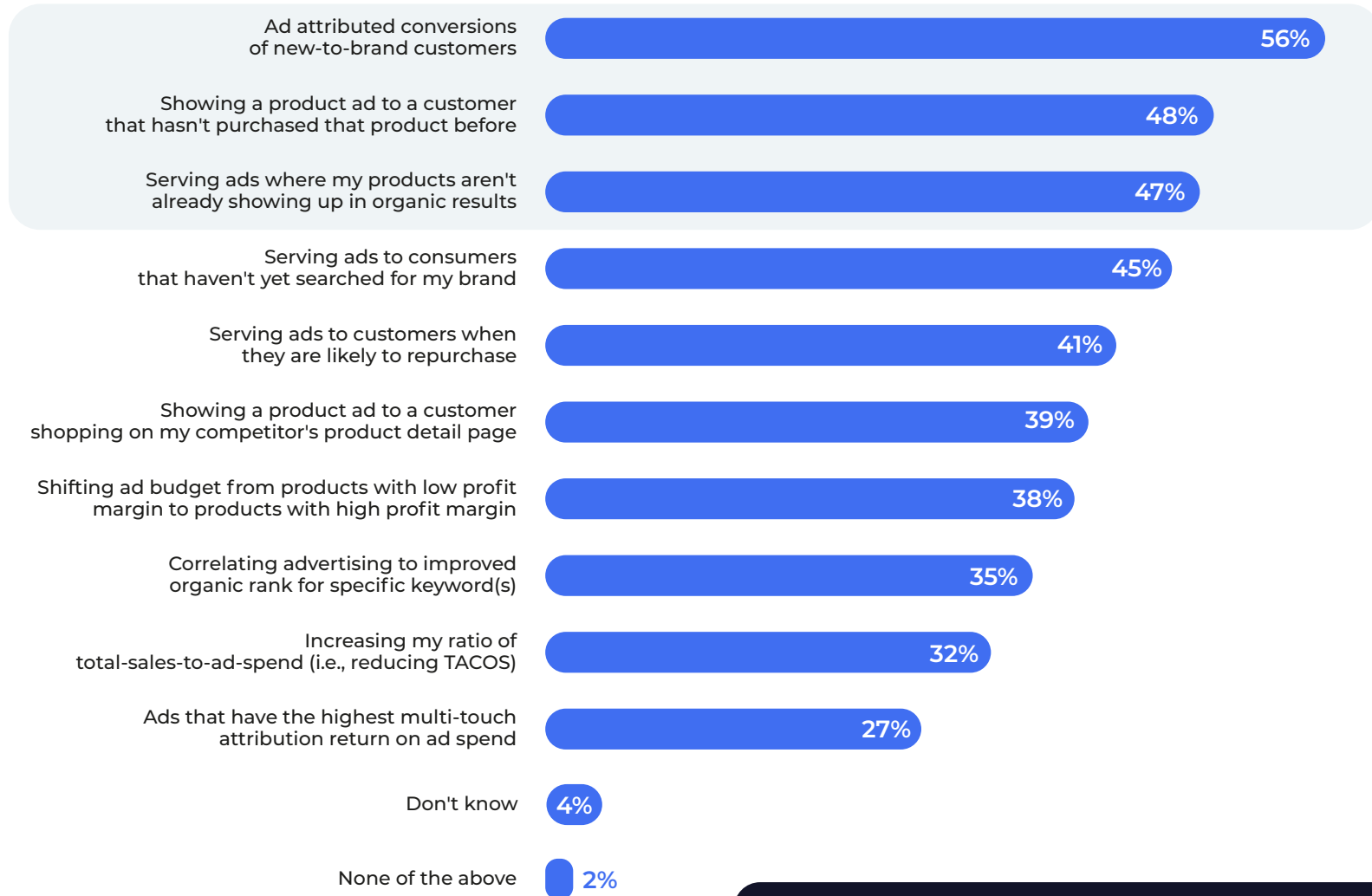
While most organizations are measuring incrementality in retail media today, less than one-third say they are proficient in measuring and applying/leveraging the insights.



Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
 Q12: Which of the following best describes your organization's proficiency in incrementality measurement for retail media?  
 Base: Total Respondents, n = 98

# INCREMENTALITY COMPONENTS

## How does your organization define incrementality in retail media?

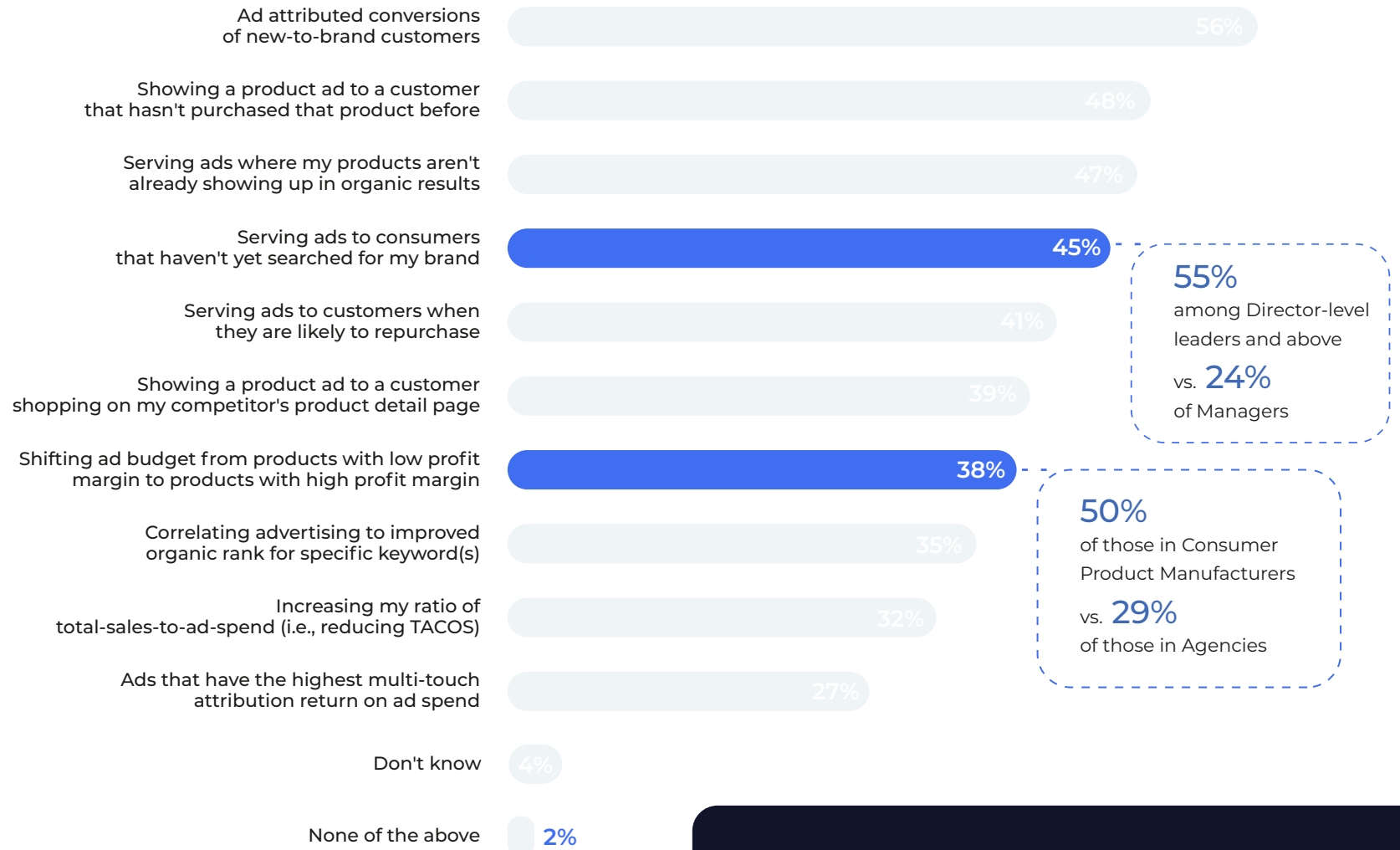


Organizations define incrementality in retail media in a wide array of ways. The most common definitions look at new-to-brand conversions, showing ads to customers who have not purchased before, and serving ads where products are not showing in organic results.

Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
 Q11: Below are several ways organizations may define incrementality in retail media. Which, if any, are most relevant to your organization? Base: Total Respondents, n = 98

# INCREMENTALITY COMPONENTS (ANALYSIS)

## How does your organization define incrementality in retail media?

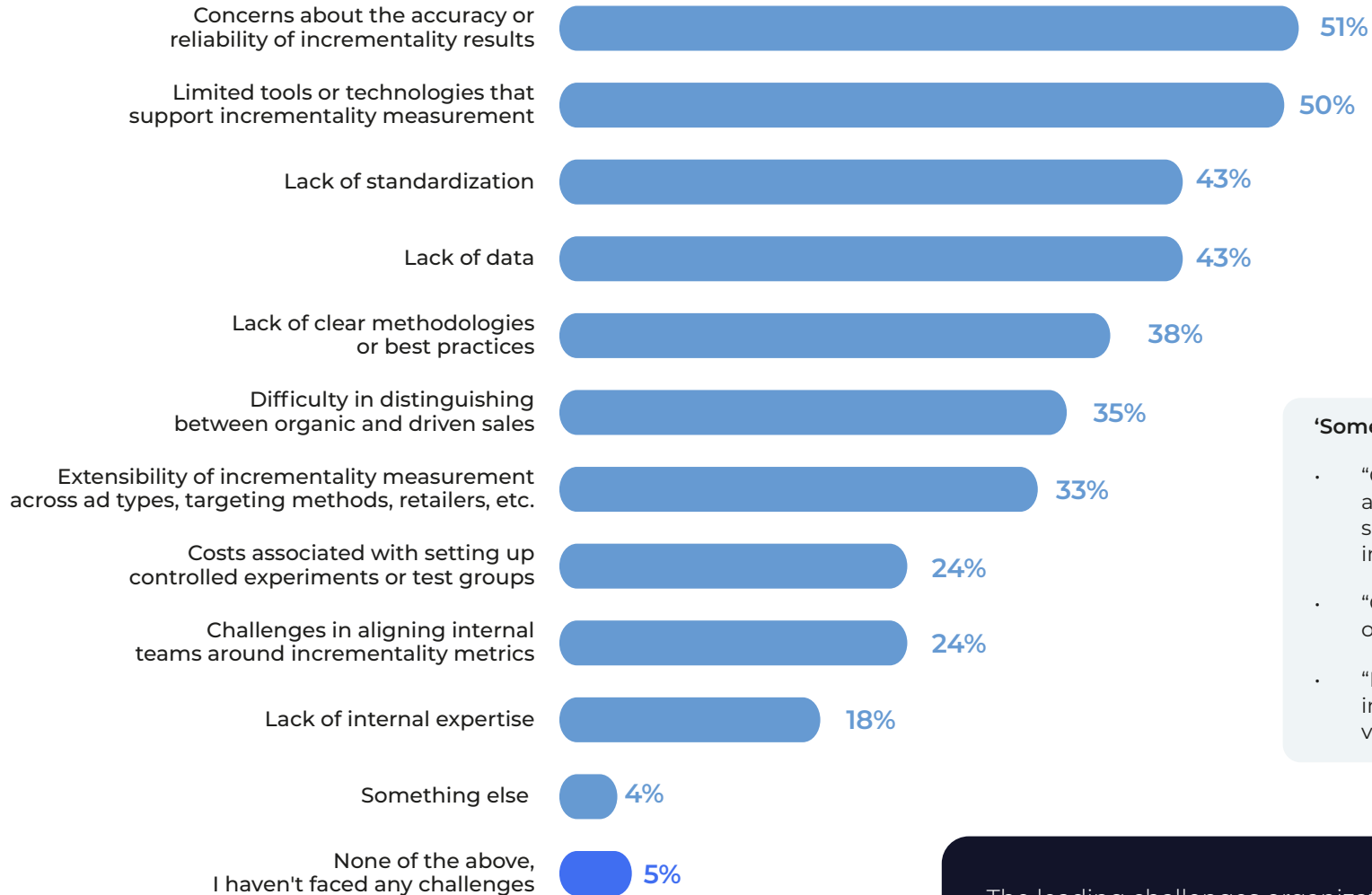


Director-level leaders and above are more likely to include 'serving ads to consumers that haven't yet searched for my brand' in their definition of incrementality. Those in consumer product manufacturers are more likely to look at 'shifting ad budget into high profit margin items' as part of retail media incrementality.

Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
 Q11: Below are several ways organizations may define incrementality in retail media. Which, if any, are most relevant to your organization? Base: Total Respondents, n = 98

# CHALLENGES TO INCREMENTALITY

What challenges have you faced when trying to implement incrementality measurement in your retail media strategy?



**'Something else' responses:**

- "Current models aren't accounting for all possible sources/ touch points that influence incremental sales."
- "Capability of RMNs to act on results."
- "Every retailer is asking for investment and we are a value brand."

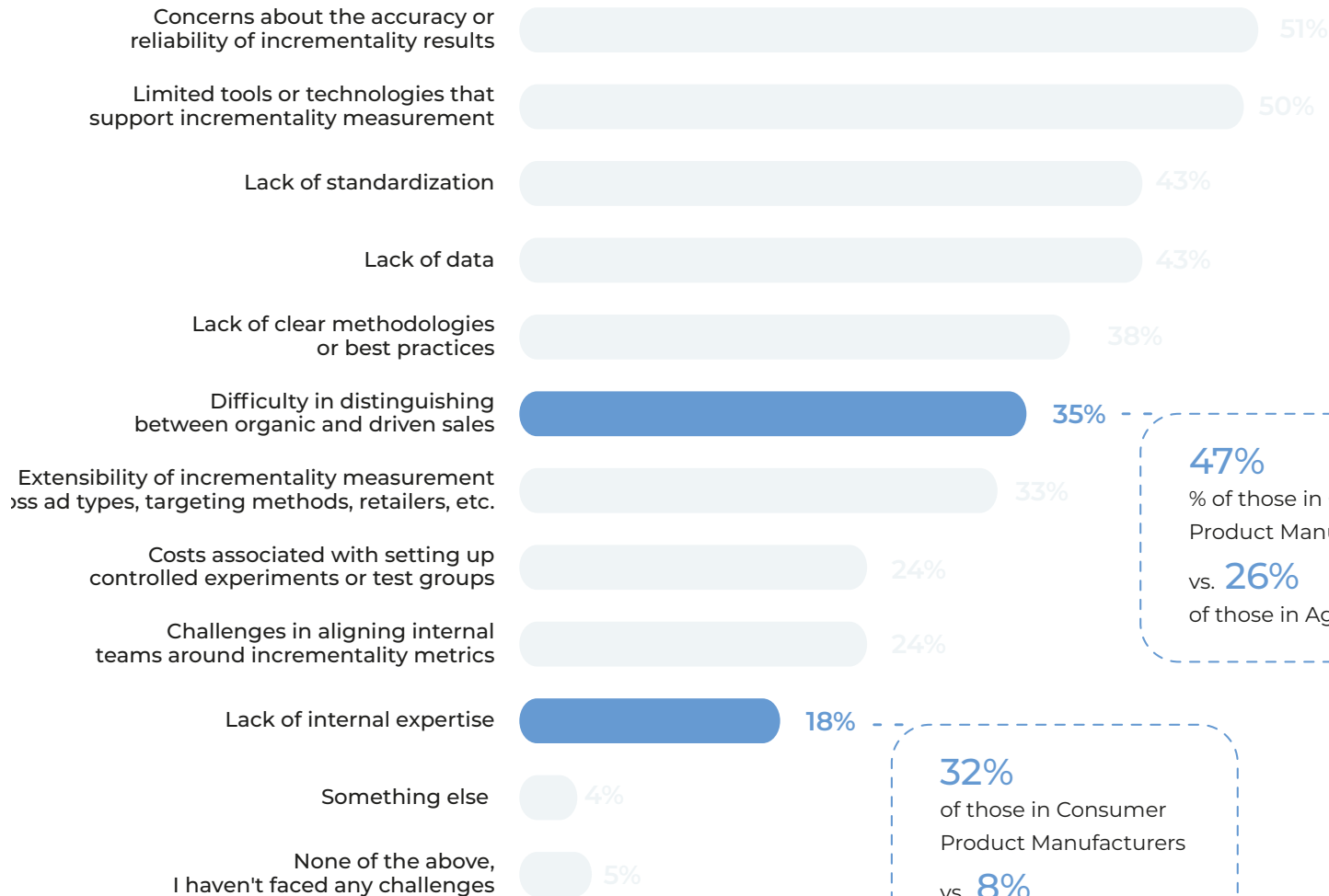
The leading challenges organizations face when it comes to incrementality measurement are concerns about the accuracy or reliability of incrementality results and limited tools or technologies to support the measurement.

Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
 Q11: Below are several ways organizations may define incrementality in retail media. Which, if any, are most relevant to your organization? Base: Total Respondents, n = 98



# CHALLENGES TO INCREMENTALITY (BRAND VS AGENCY)

What challenges have you faced when trying to implement incrementality measurement in your retail media strategy?



Those in consumer product manufacturer organizations are more likely to say they have difficulty distinguishing between organic and driven sales when trying to implement incrementality measurement. They also more often report challenges due to a lack of internal expertise.

**47%**  
% of those in Consumer Product Manufacturers  
vs. **26%**  
of those in Agencies

**32%**  
of those in Consumer Product Manufacturers  
vs. **8%**  
of those in Agencies

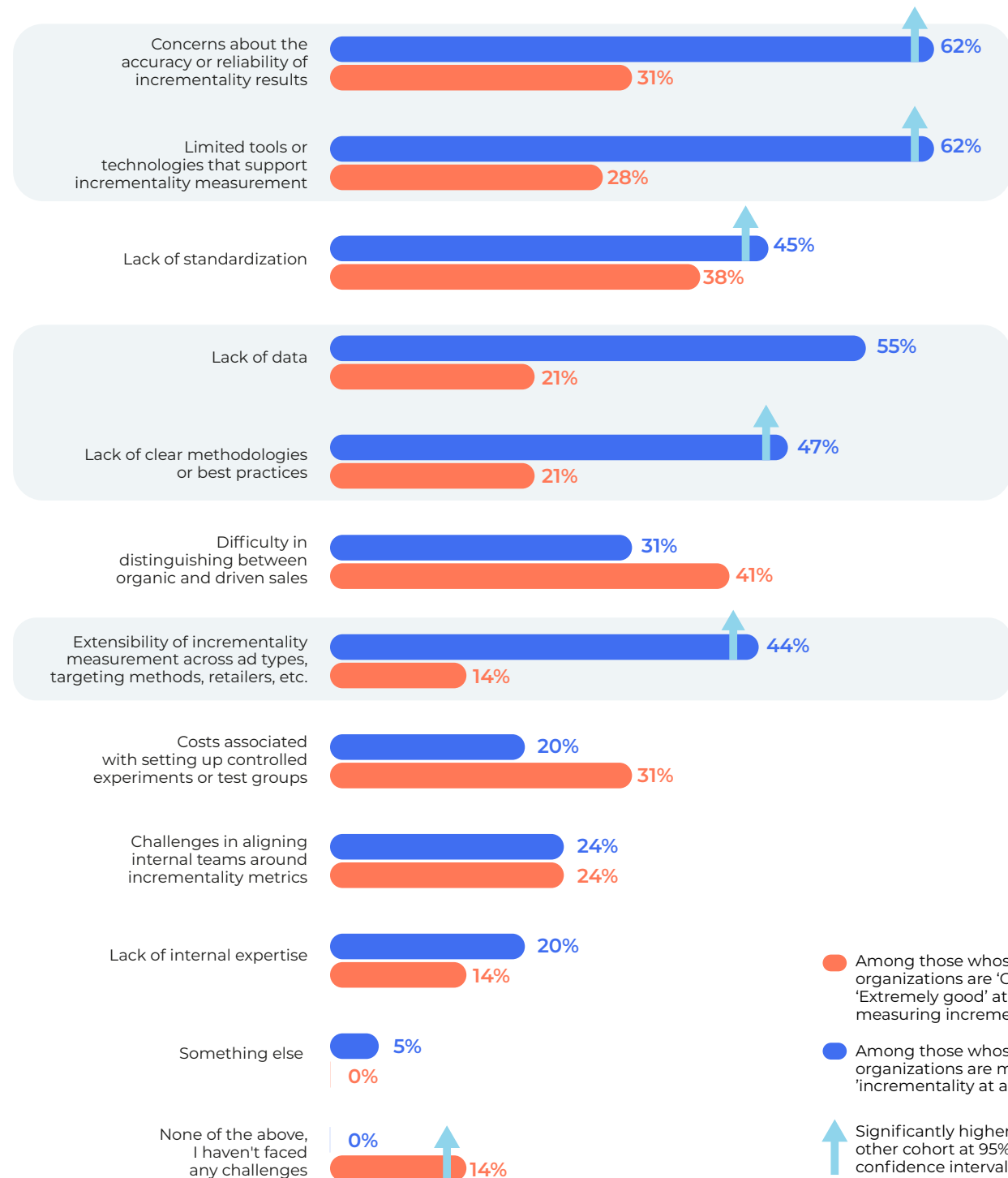
Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
 Q13: What challenges have you faced, if any, when trying to implement incrementality measurement in your retail media strategy? Base: Those who are measuring incrementality for retail media, n = 84

# CHALLENGES TO INCREMENTALITY

## (HIGH PROFICIENCY VS. BASIC PROFICIENCY)

### What challenges have you faced when trying to implement incrementality measurement in your retail media strategy?

For organizations with only a basic level of incrementality measurement in place today, a lack of data, lack of clear methodologies or best practices, and the extensibility of incrementality measurement across ad types, etc. pose additional challenges.



- Among those whose organizations are 'Good' or 'Extremely good' at measuring incrementality
- Among those whose organizations are measuring 'incrementality at a 'Basic level'

↑ Significantly higher than other cohort at 95% confidence interval

Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
 Q13: What challenges have you faced, if any, when trying to implement incrementality measurement in your retail media strategy?  
 Base: Those who are measuring incrementality for retail media, n = 84

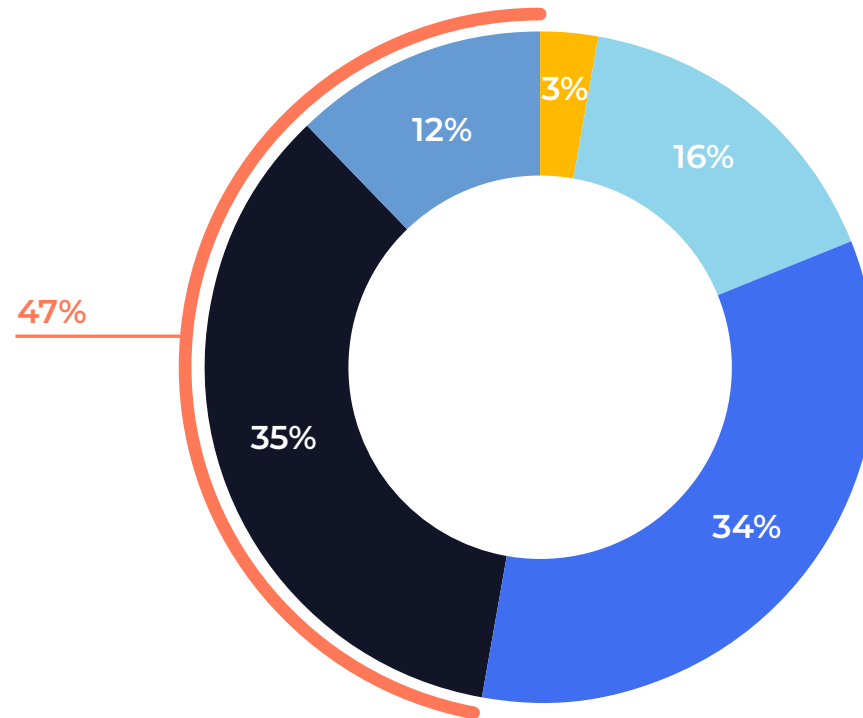
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# INTEGRATIONS & TECHNOLOGY



How coordinated/integrated is your organization's retail media with other digital ad channels?



Nearly half say their organization's retail media is coordinated/integrated with other digital ad channels, while one-third say there are notable gaps in coordination.

**Operates independently,** with no coordination with other digital ad channels

**Limited alignment,** with distinct strategies and messaging for each channel

**Sometimes aligns** with other channels, with notable gaps in coordination

**Largely aligns** with other channels but has occasional discrepancies in messaging or strategy

**Seamlessly managed** alongside other channels, with consistent messaging and strategy

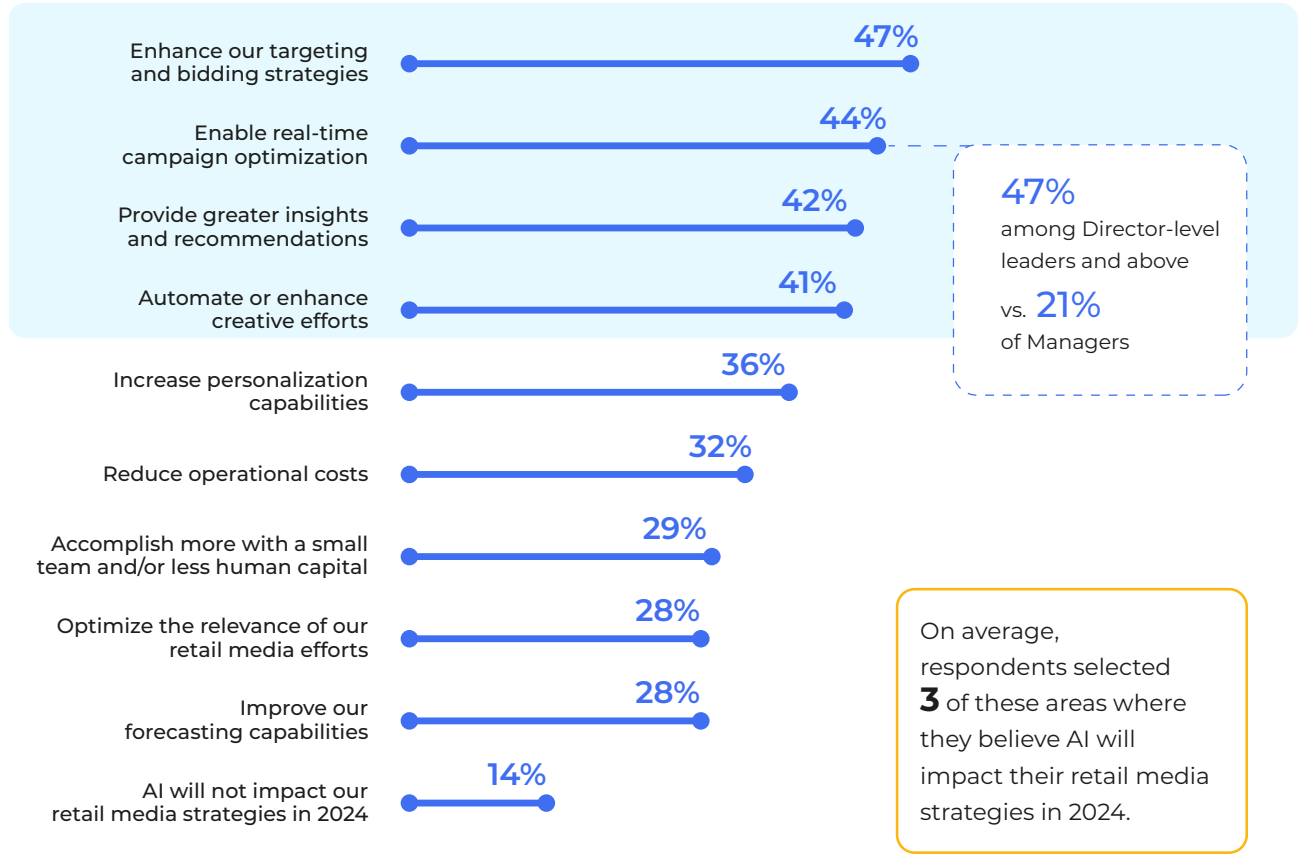
Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
 Q14: How coordinated / integrated is your organization's retail media with other digital ad channels?  
 Base: Total Respondents, n = 98

# IMPACT OF AI

Respondents anticipate AI impacting their retail media strategies in a variety of ways in 2024, including their targeting and bidding strategies, campaign optimizations, and creative efforts. Many also expect AI to provide greater insights from retail media efforts and deliver recommendations.



## How do you anticipate AI impacting your retail media strategies in 2024?



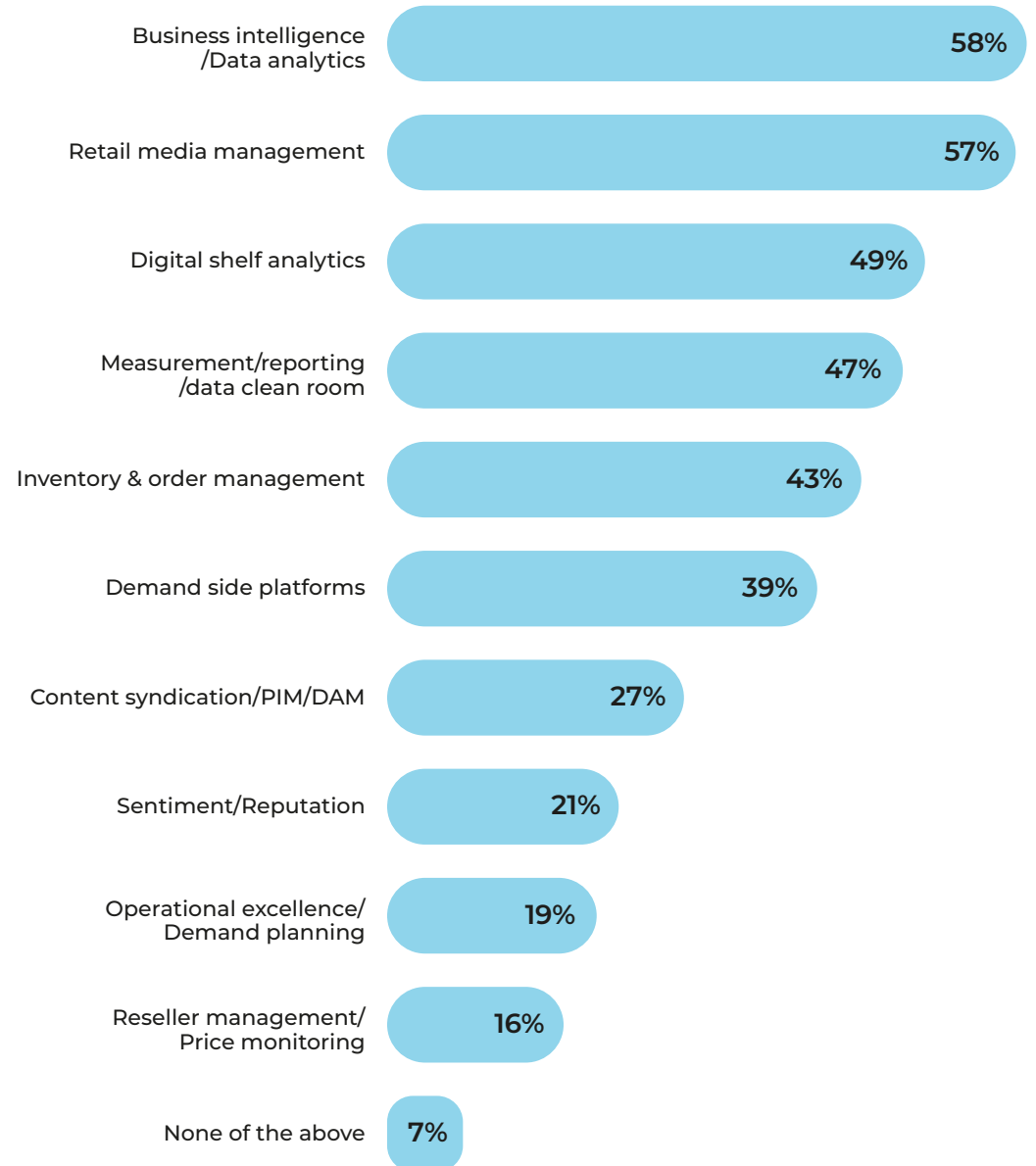
Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
 Q15: How do you anticipate AI impacting your retail media strategies in 2024, if at all?  
 Base: Total Respondents, n = 98

# ECOMMERCE TECH STACK



Nearly 3-in-5 respondents said their organizations have business intelligence/data analytics and retail media management solutions in their ecommerce tech stack.

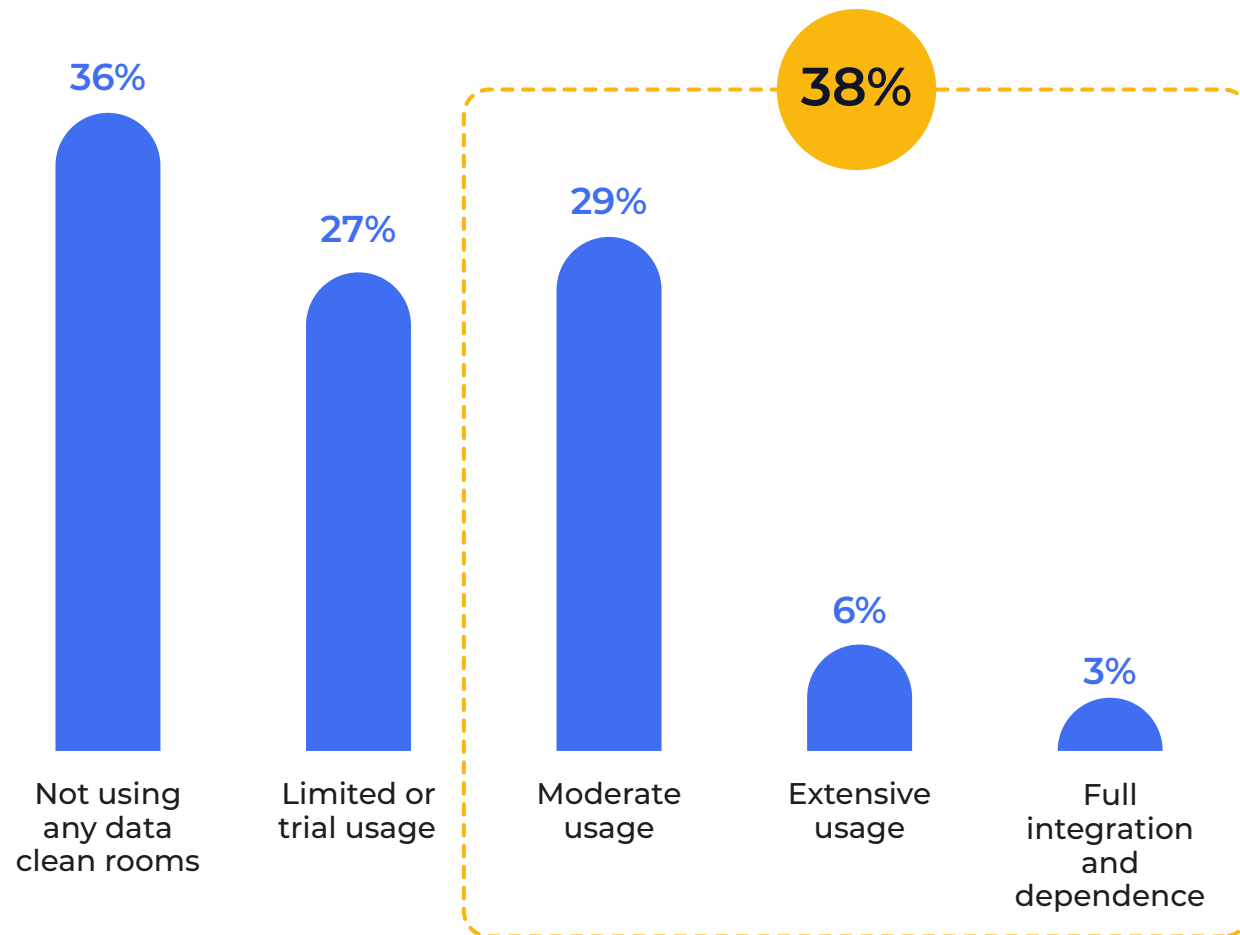
## Which of the following solution categories are in your ecommerce tech stack?



Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
 Q16: Which of the following solution categories are in your ecommerce tech stack?  
 Base: Total Respondents, n = 98

## DATA CLEAN ROOM USAGE

How would you describe your organization's current usage of data clean rooms?



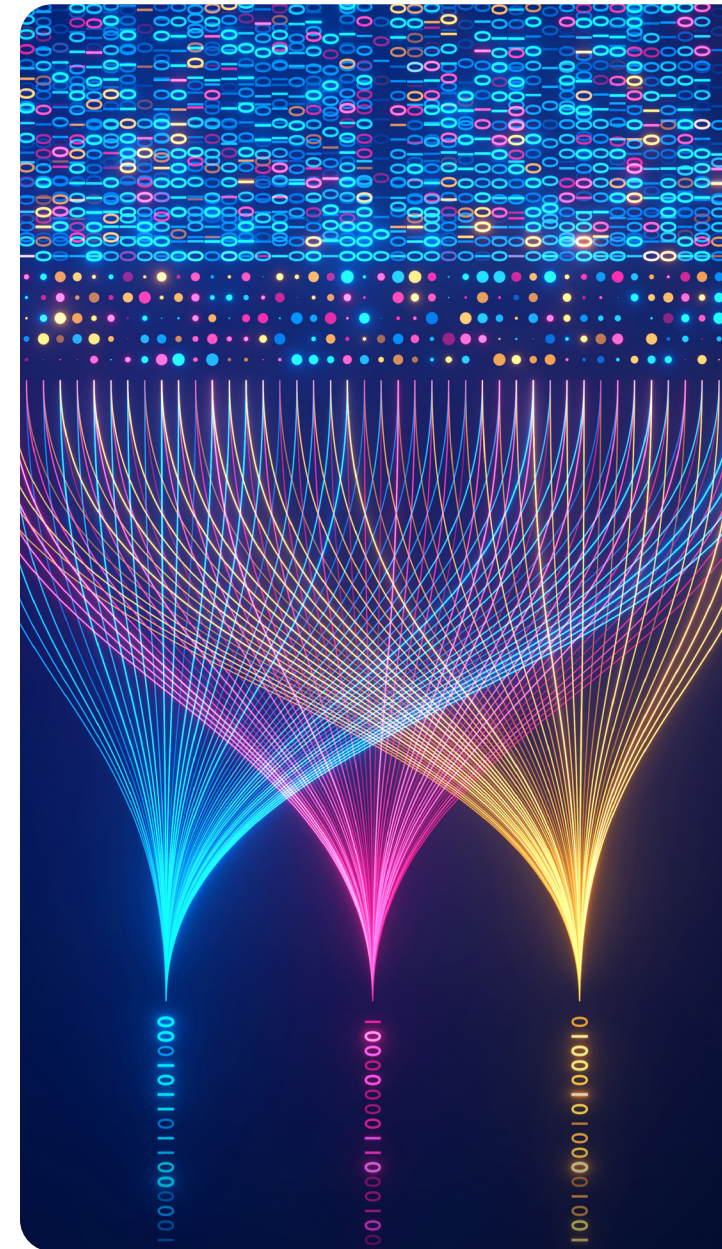
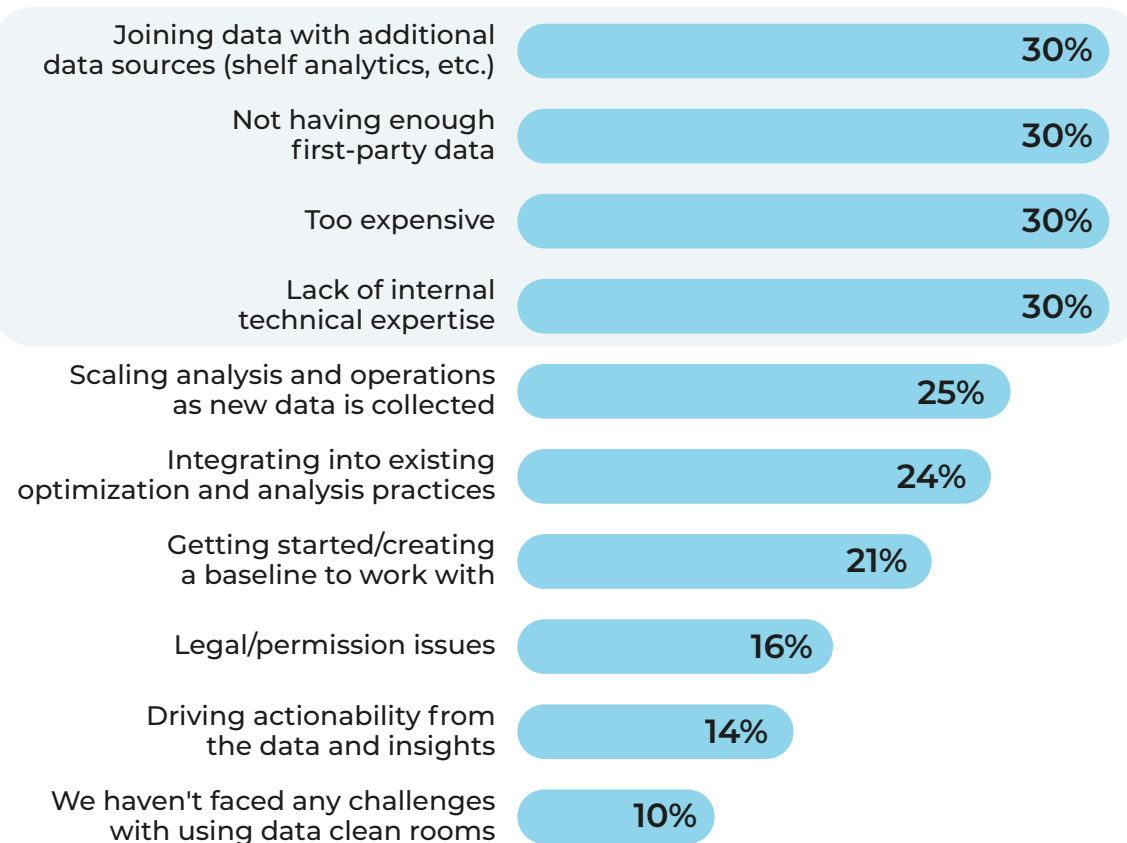
Data Source: Skai x P2PI State of Retail Media Survey, December 2023  
 Q18: How would you describe your organization's current usage of data clean rooms?  
 Base: Total Respondents, n = 98

Most organizations are not using data clean rooms extensively today. Around 2-in-5 say they are using data clean rooms in some capacity, but less than 10% say this usage is widespread or integrated.

## DATA CLEAN ROOM CHALLENGES

Among those leveraging data clean rooms in some capacity today, top challenges include joining data with additional sources, not having enough first-party data, costs, and lacking internal technical expertise to manage the solutions.

### What challenges have you faced with data clean rooms?





## ABOUT SKAI

Skai is an omnichannel advertising platform, uniquely enabling brands and agencies to run data-driven programs across walled garden media. It empowers both media leaders and activation teams to drive impactful results from their advertising program with AI-powered decisioning, activation and optimization solutions. Its partners include Google, Amazon Ads, Microsoft, Walmart Connect, Apple Search Ads, Instacart, Criteo, TikTok, Snap, Pinterest, Meta and more.

For over a decade, Skai has earned trust from notable brands such as Reckitt, Doordash, Sony, Philips, and L'Oreal. Renowned for innovation and a values-driven culture, Skai is headquartered in San Francisco and Tel Aviv with eight international locations.

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