

skai®



Q3 2024

Retail Media Trends Report

Key Insights and Actionable Strategies



Executive Summary

Q3 is a crucial turning point for retail media marketers, marking the final stretch before the holiday season. It's the time when advertisers analyze the year's trends, optimize their strategies, and position themselves to capture consumer spending during key shopping events. The insights from Q3 provide a clear picture of what's working, what's changing, and where growth opportunities lie, helping brands make smarter decisions heading into Q4 and beyond. From leveraging major retail events to refining ad formats for greater impact, these insights equip marketers to navigate a competitive landscape and lay the groundwork for a stronger retail media program.

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Introduction: Q3 2024 Retail Media Insights to Fuel Your Holiday and 2025 Plans

Retail media experienced steady growth in Q3 2024, with overall ad spend across major retail media platforms including Amazon and Walmart increasing by 28% year-over-year, based on spending from Skai clients. Walmart, in particular, saw a 31% rise in spending, driven largely by the strength of its grocery and CPG categories. As we approach the holiday season, understanding the drivers behind this growth is key to refining strategies and capturing opportunities during this critical time of the year.

In this report, we'll break down the shifts in spending, CPC, and ad format performance that shaped the retail media landscape in Q3. Amazon, while continuing to dominate in overall ad spend, saw an increase of CPC (+4% YoY), signaling a modest rise in competition on the platform. The data also highlights how event-driven spikes, such as Prime Day, can drive meaningful growth, with daily spending on Amazon increasing by 496% during the event when compared to the previous 30 days.

For marketers, there are several key takeaways for planning the remainder of 2024. Allocating more budget to Walmart may be a smart move given its strong growth, signaling more of your peers are finding it a useful channel. Meanwhile, leveraging lower-CPC platforms could help manage rising costs and drive better ROI. Preparing for event-driven spikes, like Black Friday, with a flexible budget will ensure brands are well-positioned to capture peak consumer demand.

Finally, the insights from Q3 2024 don't just offer guidance for immediate holiday planning—they also provide valuable context for shaping your 2025 retail media strategy. By analyzing platform-specific trends, cost shifts, and ad format performance, brands can put the finishing touches on next year's plan, ensuring that resources are allocated to the right platforms, categories, and events to maintain a competitive edge in an evolving market.



Key Takeaways From Q3 2024

Q3 is a crucial turning point for retail media marketers, marking the final stretch before the holiday season. It's the time when advertisers analyze the year's trends, optimize their strategies, and position themselves to capture consumer spending during key shopping events. Based on spending from Skai clients, the insights from Q3 provide a clear picture of what's working, what's changing, and where growth opportunities lie, helping brands make smarter decisions heading into Q4 and beyond.



Key Takeaway #1 - Diversification Is Essential for Growth

While Amazon and Walmart remain dominant players, smaller platforms are emerging as valuable, cost-effective options. The -14% YoY drop in CPC on these platforms, compared to the +4% increase on Amazon and +9% on Walmart, based on spending from Skai clients, highlights the opportunity to reduce competition and reach new audiences more efficiently. Brands that diversify their spending across networks can better manage costs while maintaining strong results.



Key Takeaway #2 - Event-Driven Strategies Are Critical for Success

Major retail events like Prime Day led to a 496% increase in daily advertising spending over the previous month, underscoring the value of planning around seasonal and event-driven surges. Allocating flexible budgets for events such as Black Friday and Cyber Monday can significantly boost returns during high-demand periods. Preparing for these moments ensures brands are well-positioned to capture consumer attention when it matters most.



Key Takeaway #3 - Ad Format Optimization Yields Better Results

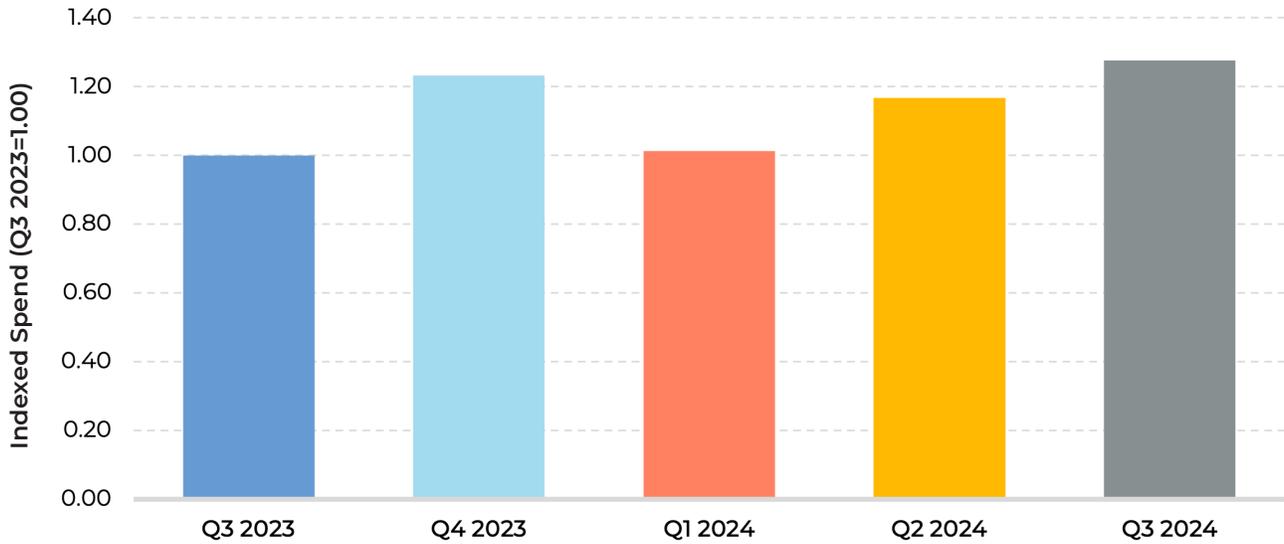
Different ad formats perform uniquely across platforms, and changes to ad inventory for some segments can exacerbate those differences further. For example, Amazon Sponsored Display saw a +22% increase in CPC, while Walmart Sponsored Display declined by -41% YoY, based on spending from Skai clients. To maximize returns, advertisers should tailor their ad mix based on performance data, focusing on formats that drive both brand awareness and conversions. Refining ad formats ensures brands stay competitive and responsive to platform-specific strengths.

These takeaways offer just a glimpse of the valuable insights Q3 2024 holds for retail media marketers. For a deeper understanding of how these trends can shape your strategy, dive into the full report. Discover how to refine your approach and prepare for what lies ahead in Q4 and 2025.



Retail Media's Continued Growth: Diversify for Success

Retail Media Spend by Quarter



Retail Media YoY Trends: Last 9 Quarters



By the Numbers, Based on Spending From Skai Clients:

- Total retail media spending grew +9% QoQ and +28% YoY
- Walmart saw higher YoY growth (+31%) compared to Amazon (+28%)
- Clicks increased +25% YoY, and impressions were up +27%, indicating greater consumer engagement.

THE BIG PICTURE

Retail media continues to expand, solidifying its position as a core channel in digital advertising. Amazon remains dominant, but Walmart's faster YoY growth highlights its increasing ability to attract advertisers, particularly in grocery and CPG categories. This consistent growth across platforms suggests that retail media is no longer just seasonal but a year-round strategy for advertisers looking to capture consumer attention.

However, the variance in platform performance reveals the importance of diversification. Relying too heavily on one platform—especially one experiencing rising CPCs like Amazon—can lead to inefficiencies. Advertisers who diversify their budgets across multiple platforms, including smaller retailers with lower CPCs, can reduce competition and optimize performance. As retail media becomes more competitive, a balanced, multi-platform approach will be key to sustained success.

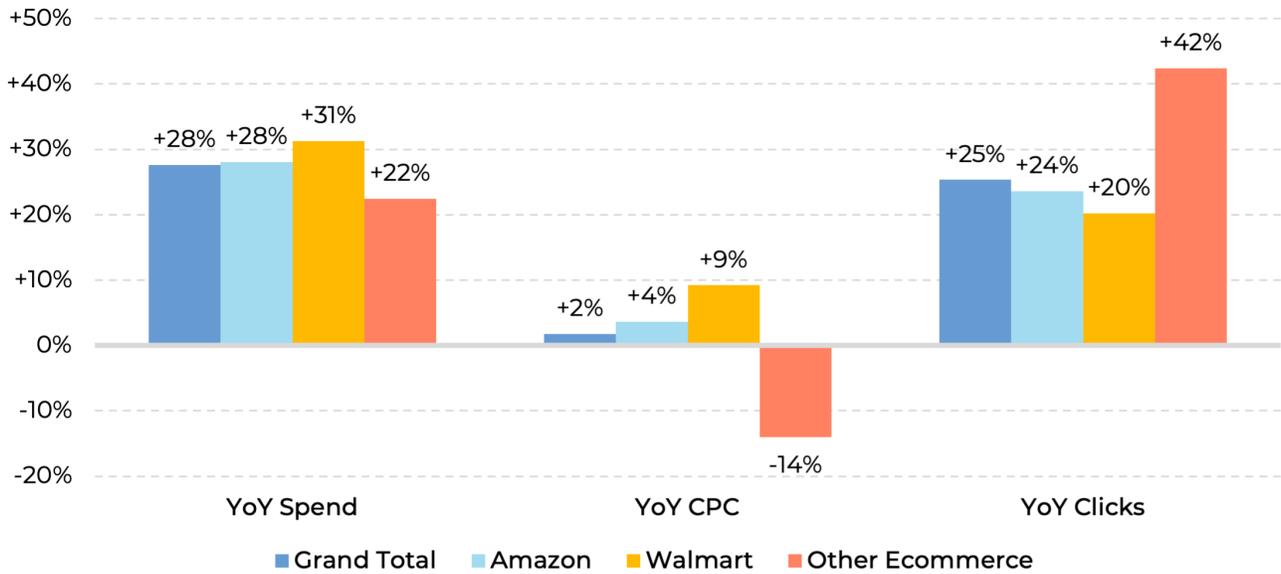


Action Plan

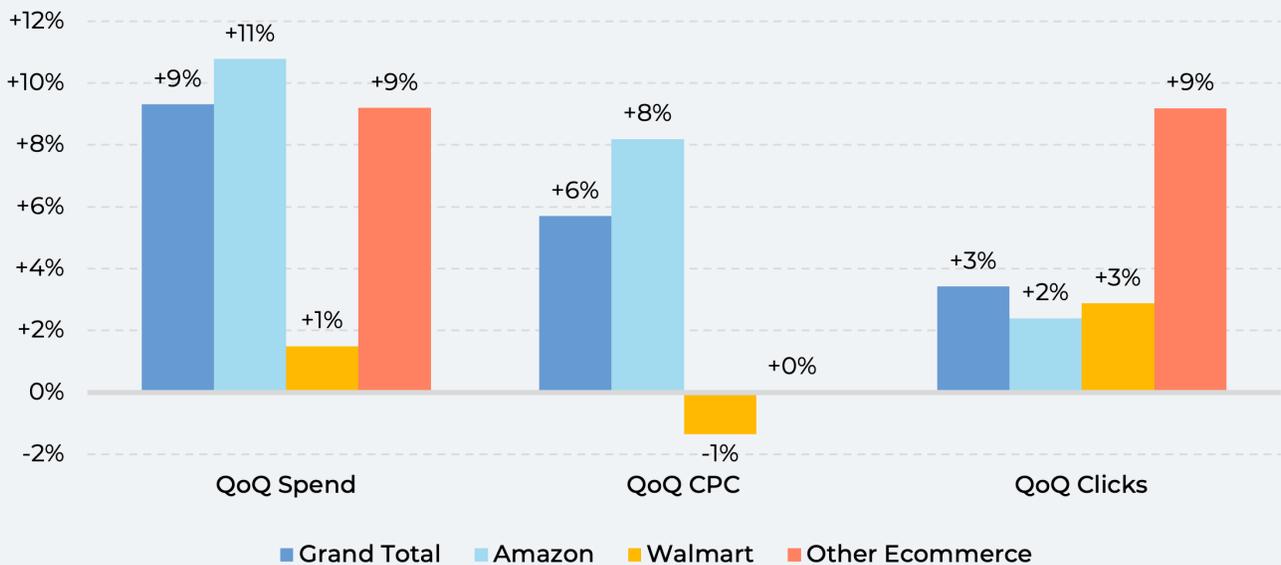
- **Increase your Walmart budget.** Walmart's +31% YoY growth, based on spending from Skai clients, was particularly felt in grocery and CPG categories, indicating that advertisers are finding value there. It may be beneficial to consider increasing Walmart's budget allocation to capitalize on its rapid growth in these key areas.
- **Diversify spending across platforms.** Smaller retailers saw a -14% YoY drop in CPC and higher click growth than Amazon and Walmart. Exploring smaller platforms with lower CPCs could open up new audience opportunities while reducing competition on major platforms.
- **Plan for seasonal and event-driven spikes.** The 496% surge in average daily spend during Prime Day highlights the importance of timing. Consider planning for high-impact retail events and adjusting budgets accordingly to maximize peak consumer activity.
- **Tailor strategies by platform.** Walmart's CPG growth and Amazon's performance during major events, like Prime Day, indicate that different platforms excel in different areas. Aligning strategies with platform strengths—focusing on grocery for Walmart and event-driven promotions for Amazon—could yield better results.
- **Monitor platform-specific CPC trends.** Amazon experienced a +4% YoY rise in CPC, while Walmart saw a higher increase of +9%, based on spending by Skai clients. Keeping an eye on these trends and shifting budgets toward platforms with more favorable CPCs could help maintain cost efficiency over time.

Stabilizing CPC and CPM: Balancing Costs and Efficiency

Retail Media YoY Performance by Retailer

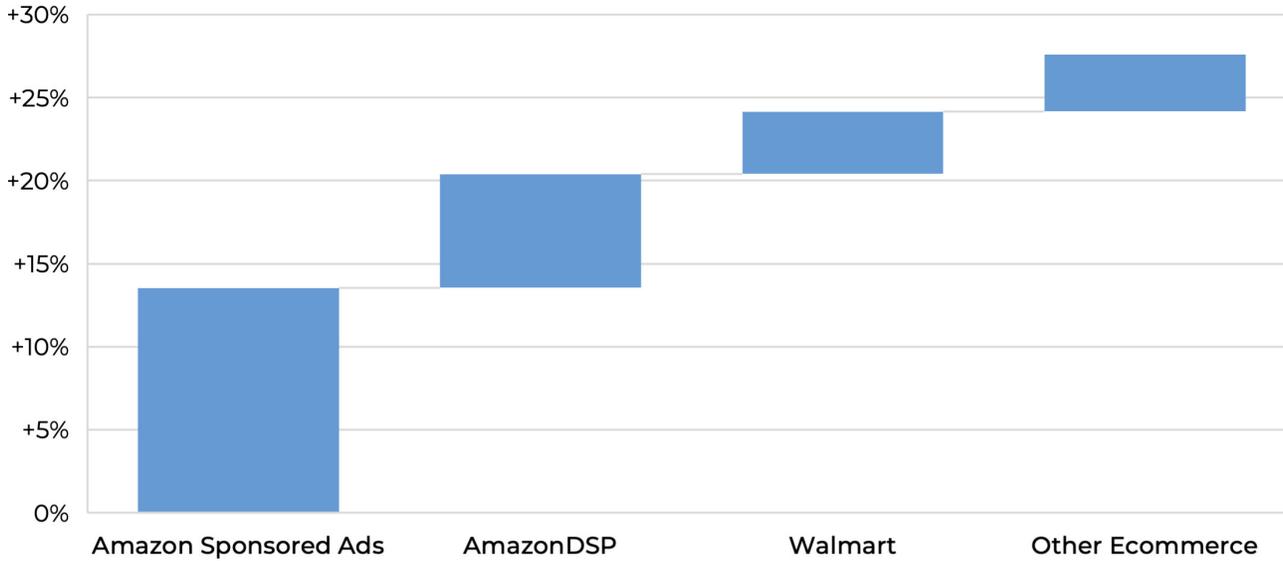


Retail Media QoQ Performance by Retailer



Stabilizing CPC and CPM: Balancing Costs and Efficiency

Retailer Contribution to YoY Retail Media Spend Growth



YoY Price vs Volume by Retailer



By the Numbers, Based on Spending From Skai Clients:

- Overall CPC increased +2% YoY, led by Amazon (+4%) and Walmart (+9%).
- Smaller retailers experienced a -14% decline in CPC, which contributed to higher click growth.
- CPM increased +7% QoQ while remaining flat YoY.

THE BIG PICTURE

CPC growth has stabilized compared to previous quarters, but there is still noticeable variance across platforms. Amazon and Walmart saw increases in CPC, based on spending from Skai clients, while smaller retailers provided an opportunity for cheaper clicks and higher engagement. This shift reflects a growing divergence between the larger, more competitive platforms and emerging retail networks offering advertisers more cost-effective options.

While larger platforms have offered scale, their cost increases over the past four quarters have made budget balancing a priority. This quarter, however, the price growth wasn't as steep, giving advertisers the chance to purchase more clicks. By shifting some focus to smaller platforms with lower CPCs, advertisers can stretch their budgets further while still driving conversions. As more advertisers diversify beyond Amazon, the demand for Amazon clicks may ease, helping to slow price growth there as well. It's a smart move that leverages supply and demand to optimize performance.

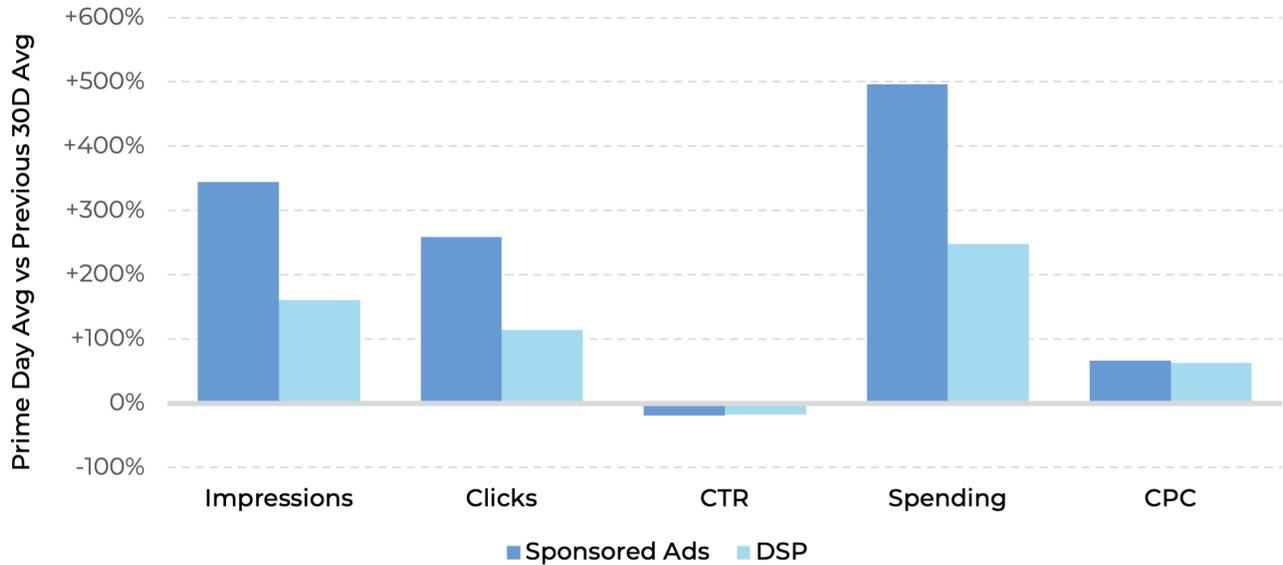


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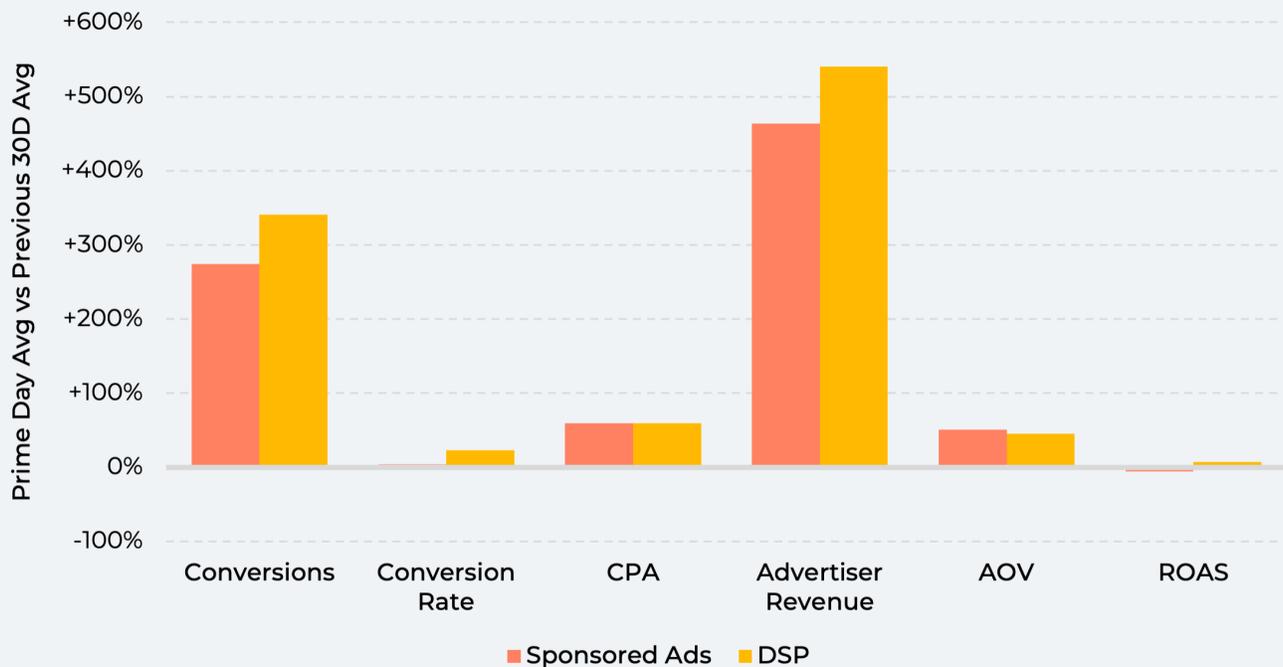
- **Monitor CPC trends across platforms.** Track and frequently compare CPC changes across platforms, making bid adjustments to maximize cost efficiency. Amazon and Walmart saw increased CPC in Q3, which can affect budget allocation strategies. It might be useful to regularly assess these trends and adjust bidding strategies to maintain efficiency while staying competitive.
- **Leverage smaller retailers' lower CPCs for cost-effective traffic acquisition while boosting click volume.** Smaller retailers saw a significant drop in CPC, leading to higher click growth. It could be helpful to explore these platforms to acquire more cost-effective traffic, offsetting the higher costs on major platforms.
- **Adjust creative for rising CPMs.** The +7% QoQ increase in CPM suggests that pricing for display ads is also fluctuating. Optimizing creative to align with rising costs could help maintain ROI and improve overall campaign performance.
- **Maximize ROAS by focusing on high-value clicks.** As CPCs rise, there is potential for fine-tuning targeting and creative strategies to maximize the value of each click. This could help maintain strong returns, even with higher costs.
- **Use historical CPC data to predict future costs.** The YoY trends in CPC and CPM provide valuable insights into future cost increases. It may be helpful to factor these trends into planning and proactively adjust budgets to mitigate future price surges.

Prime Day 2024: Unprecedented Growth Fuels Record-Breaking Ad Spending

Prime Day Short-Term Lift: Delivery Metrics



Prime Day Short-Term Lift: Conversion Metrics



By the Numbers, Based on Spending From Skai Clients:

- Compared to the previous 30 days, Amazon Prime Day ad spending surged by an astounding +496%, driven by heightened competition and consumer demand.
- CPC increased +66% YoY, signaling higher competition for ad placements.
- Advertiser-attributed sales revenue spiked by +468%, reinforcing the event's ability to drive consumer spending.
- Sponsored ads spending nearly sextupled during Prime Day, while DSP spending was up 3.5x.

THE BIG PICTURE

Prime Day 2024 reinforced its role as a key driver of growth in retail media, with both ad spending and consumer sales hitting new highs. Across the quarter, event-driven spikes like Prime Day played a crucial role in boosting overall performance, with advertisers significantly ramping up their budgets to capture peak demand. Amazon Sponsored ads remained the top choice for many brands, but Amazon DSP also saw strong growth, based on spending from Skai clients, showcasing the platform's ability to support both brand-building and conversion-focused efforts.

A key shift observed in Q3 was the changing landscape of category performance. Home & Garden emerged as a standout, surpassing historically dominant categories like Computers & Consumer Electronics with a massive +903% lift in average daily ad spend during Prime Day. This shift likely reflects broader seasonal trends and consumer interest in higher-priced items during sale events. These evolving category dynamics suggest that staying flexible and closely monitoring market trends is essential for advertisers to make the most of emerging opportunities throughout the quarter, not just during marquee events.

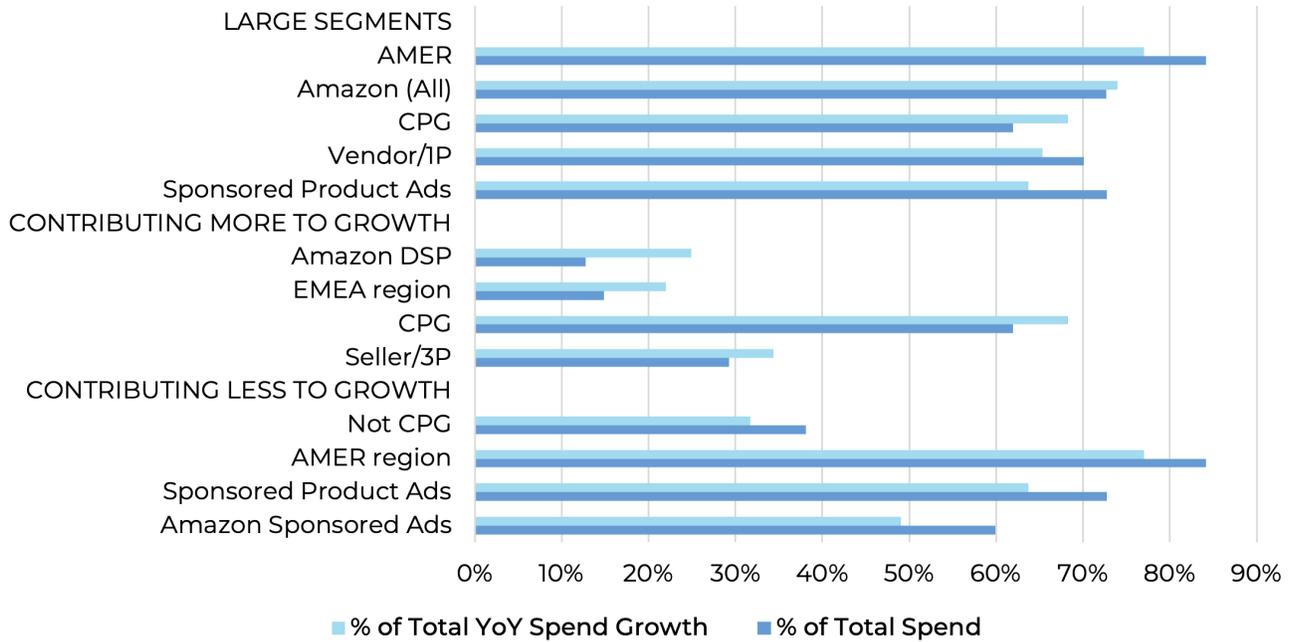


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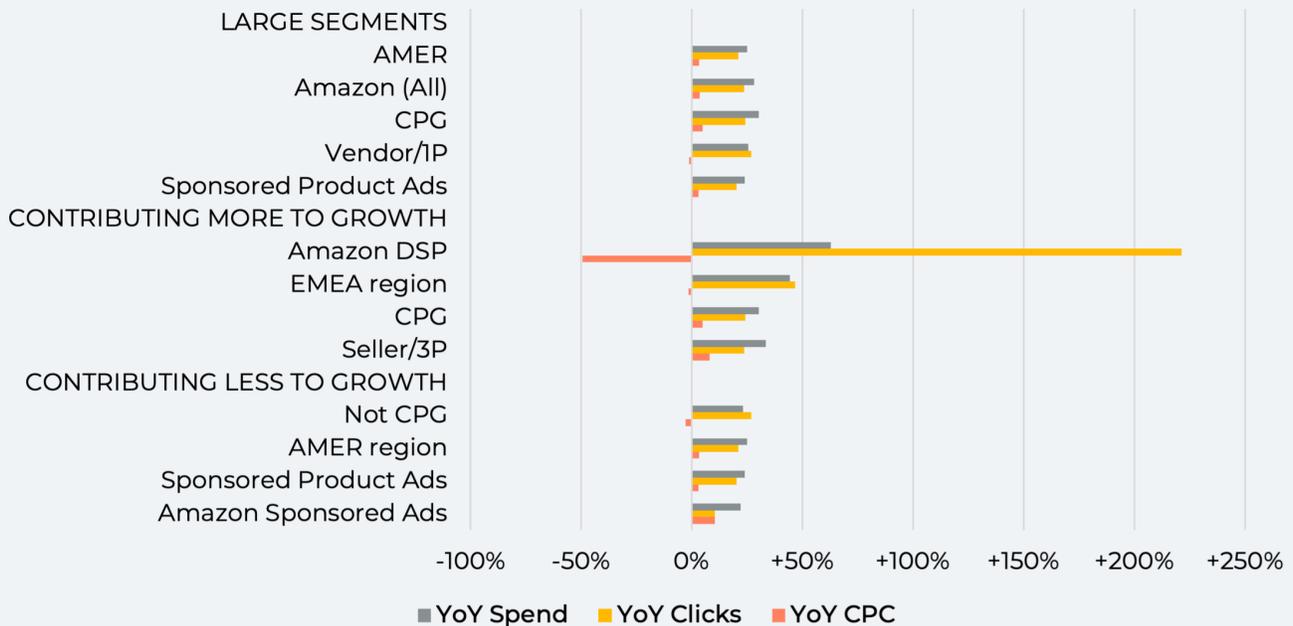
- **Prepare for major retail events:** Prime Day once again proved the importance of event-driven strategies. Brands might find it helpful to allocate flexible budgets during high-demand events to maximize returns.
- **Leverage Amazon DSP for full-funnel success:** Sponsored ads and DSP together proved powerful in boosting conversions. Incorporating DSP into your event-driven campaigns could enhance upper-funnel engagement and deliver long-term brand value.
- **Focus on high-performing categories:** Home & Garden saw a dramatic +903% lift in spending, making it a standout category for 2024. It may be worth targeting high-growth categories like this to capture incremental gains during future events.
- **Monitor CPC trends and adjust accordingly:** With a +66% increase in CPC for Prime Day, competition was fierce. Keeping an eye on rising CPCs and adjusting bid strategies might help balance costs while staying competitive.
- **Analyze post-event performance:** Reviewing Prime Day results provides valuable insights for optimizing future campaigns. Analyzing lift across Sponsored ads and DSP can help refine strategies ahead of other major events like Black Friday and Cyber Monday.

Ad Formats: Balancing Between Performance and Branding

Retail Media Key Drivers

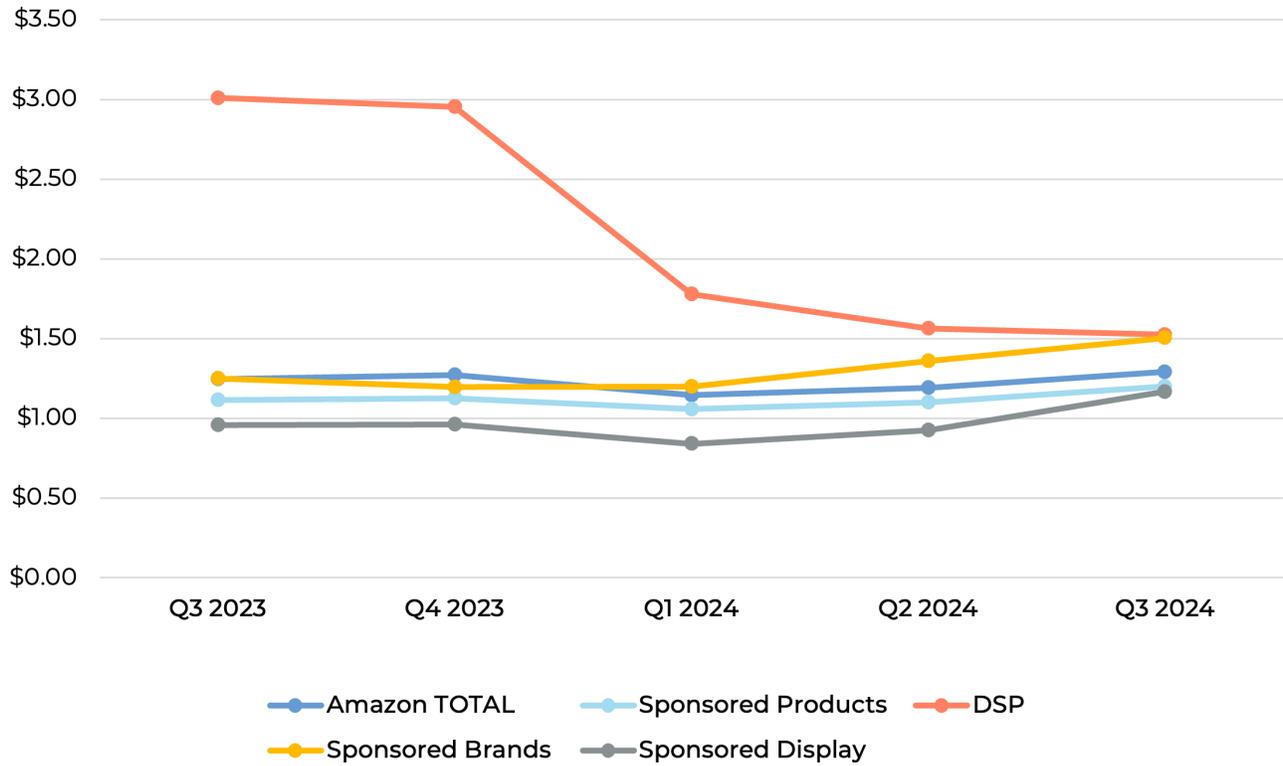


Retail Media Key Drivers



Ad Formats: Balancing Between Performance and Branding

Amazon CPC by Ad Type



By the Numbers:

- Amazon Sponsored Products saw +8% YoY CPC growth, while Sponsored Display increased +22% YoY.
- Walmart Sponsored Products CPC grew +7% YoY, with Sponsored Display showing a -41% YoY decline.
- Sponsored Brands saw +20% CPC YoY growth on Amazon, providing a strong middle-ground option for advertisers.

THE BIG PICTURE

Retail media continues to evolve, with different ad formats showing unique strengths depending on campaign goals. Sponsored Products, while still the go-to option for conversion-driven campaigns, saw moderate growth in CPC (+8% YoY on Amazon and +7% on Walmart). However, more visually engaging formats, such as Sponsored Display and Sponsored Brands, are emerging as critical tools for advertisers looking to balance performance with branding. Sponsored Display saw notable growth on Amazon (+22% YoY), but interestingly, it experienced a significant decline on Walmart (-41% YoY), signaling platform-specific differences in ad performance and consumer behavior that could also reflect changes in how and where these ads are served.

These shifts suggest that advertisers—and the retailers themselves—are beginning to experiment with a more diverse mix of formats to reach shoppers at various stages of their purchase journey. Walmart's growth in Sponsored Products, combined with the steep decline in Sponsored Display, indicates that while conversion-focused formats remain key, there is increasing interest in finding the right balance between lower-funnel tactics and brand-building efforts. As competition intensifies across platforms, successfully managing ad format diversity will be essential for sustained growth.

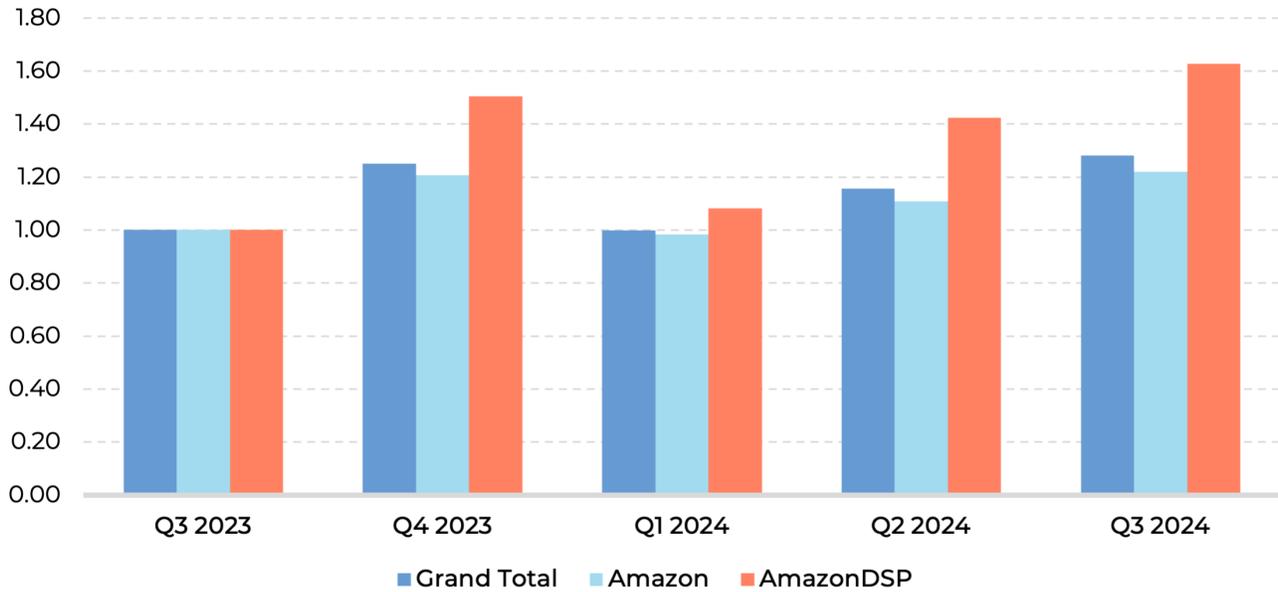


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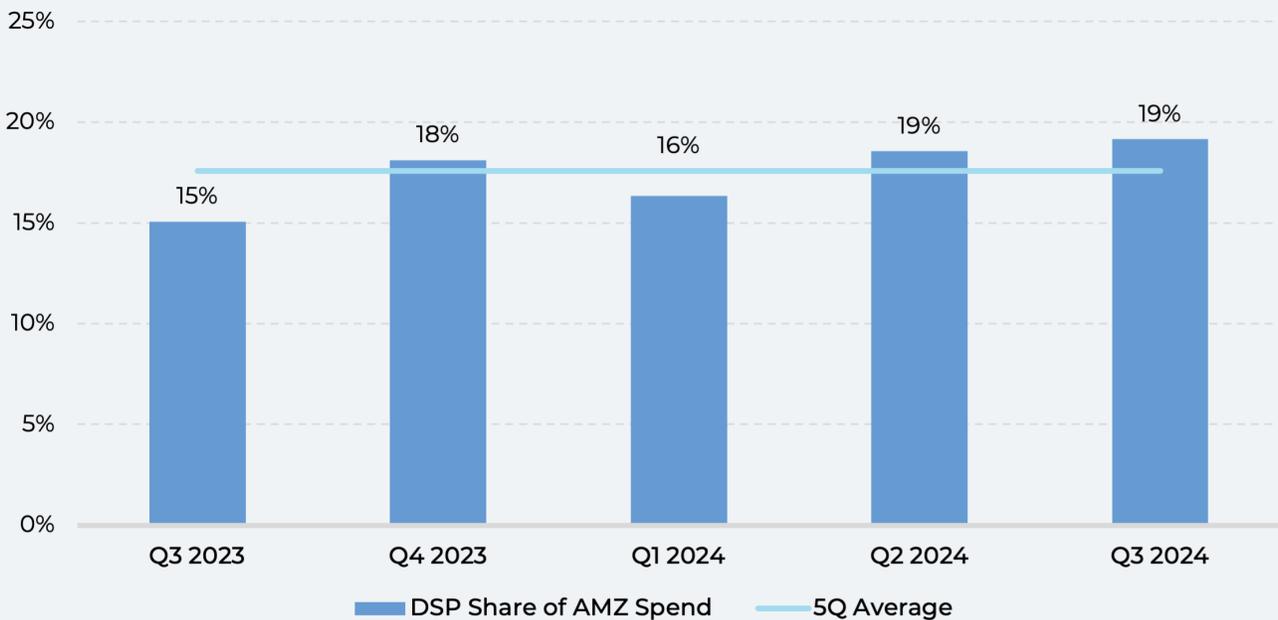
- **Incorporate Sponsored Brands for balanced campaigns:** Sponsored Brands, which saw +20% YoY CPC growth, offer an effective middle ground between branding and performance. It might be helpful to use this format to capture attention while driving measurable results.
- **Optimize your ad mix based on platform-specific trends:** The significant differences in Sponsored Display performance between Amazon (+22% YoY) and Walmart (-41% YoY) highlight the need for platform-specific strategies. Evaluating performance by format on each platform may help refine the ad mix for better efficiency.
- **Capitalize on Walmart Sponsored Products for conversions:** With a relatively low +7% CPC growth on Walmart Sponsored Products, it may be worth focusing more budget here to drive conversions cost-effectively, particularly as other formats experience higher CPC increases.
- **Consider testing Amazon Sponsored Display for increased engagement:** The +22% YoY CPC growth reflects growing competition higher up the funnel, as more retail media advertisers focus on building awareness. This signals an opportunity for brands to engage users earlier in their journey, despite the higher costs, by tapping into this competitive space.
- **Monitor shifting CPC trends to optimize budget allocation:** With varying CPC growth across formats and platforms, regularly reviewing trends can help ensure that budgets are allocated efficiently, targeting formats that offer the best balance of cost and performance.

Amazon DSP: Building Brand Awareness with Premium Inventory

Amazon Spending Growth: Sponsored Ads vs DSP

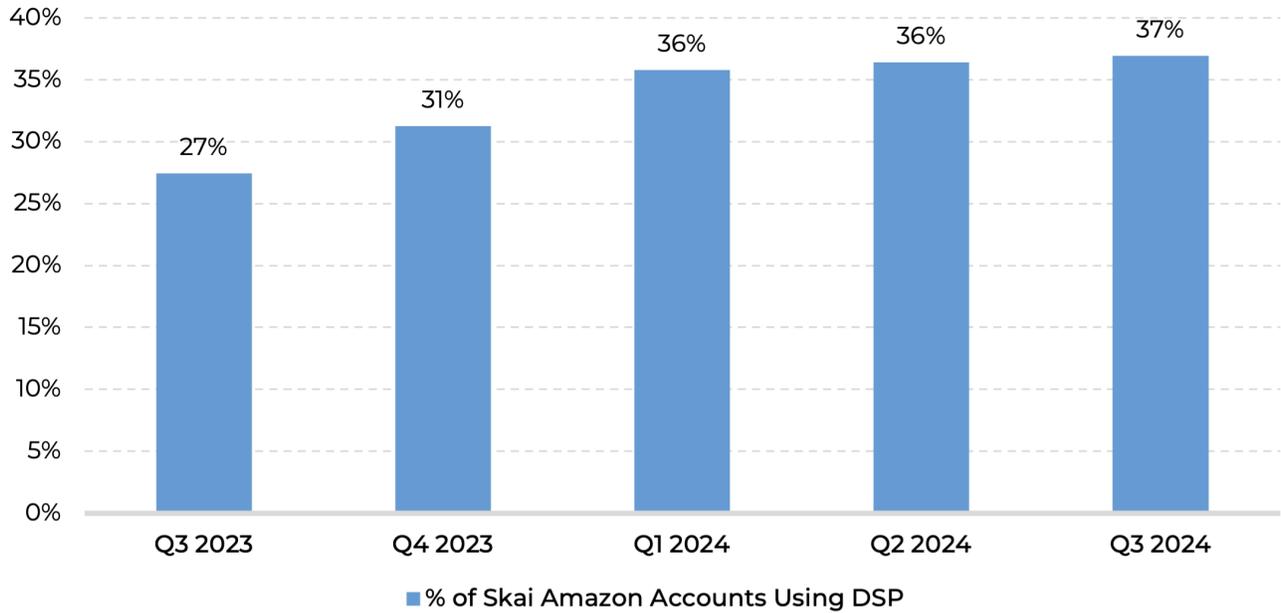


DSP Share of Total Amazon Spend

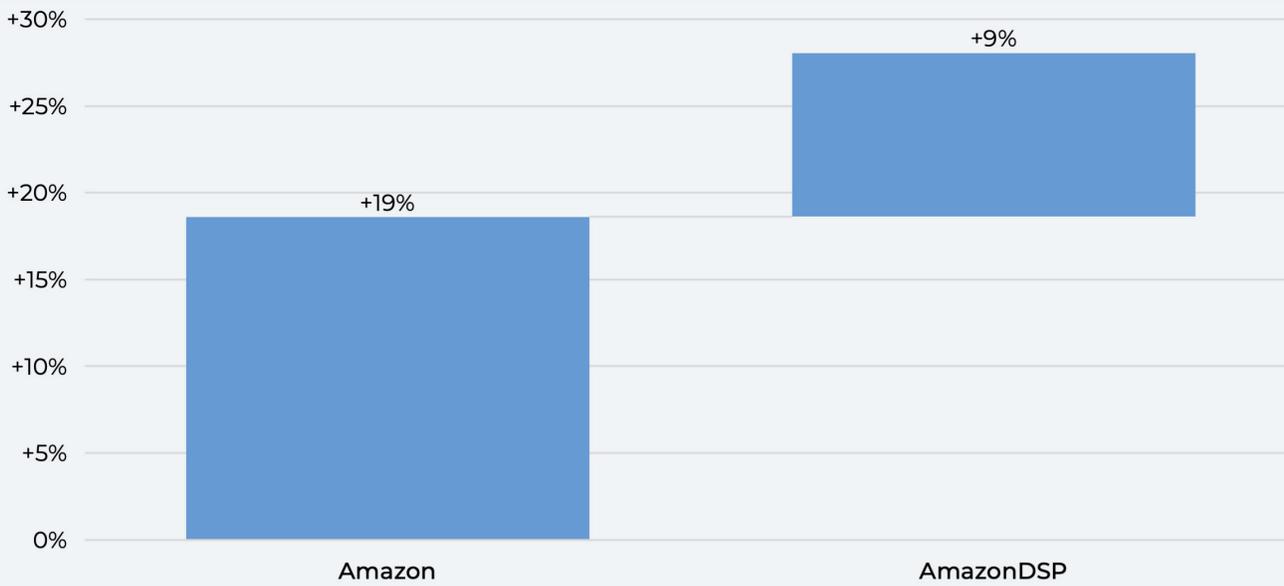


Amazon DSP: Building Brand Awareness with Premium Inventory

DSP Share of Amazon Accounts

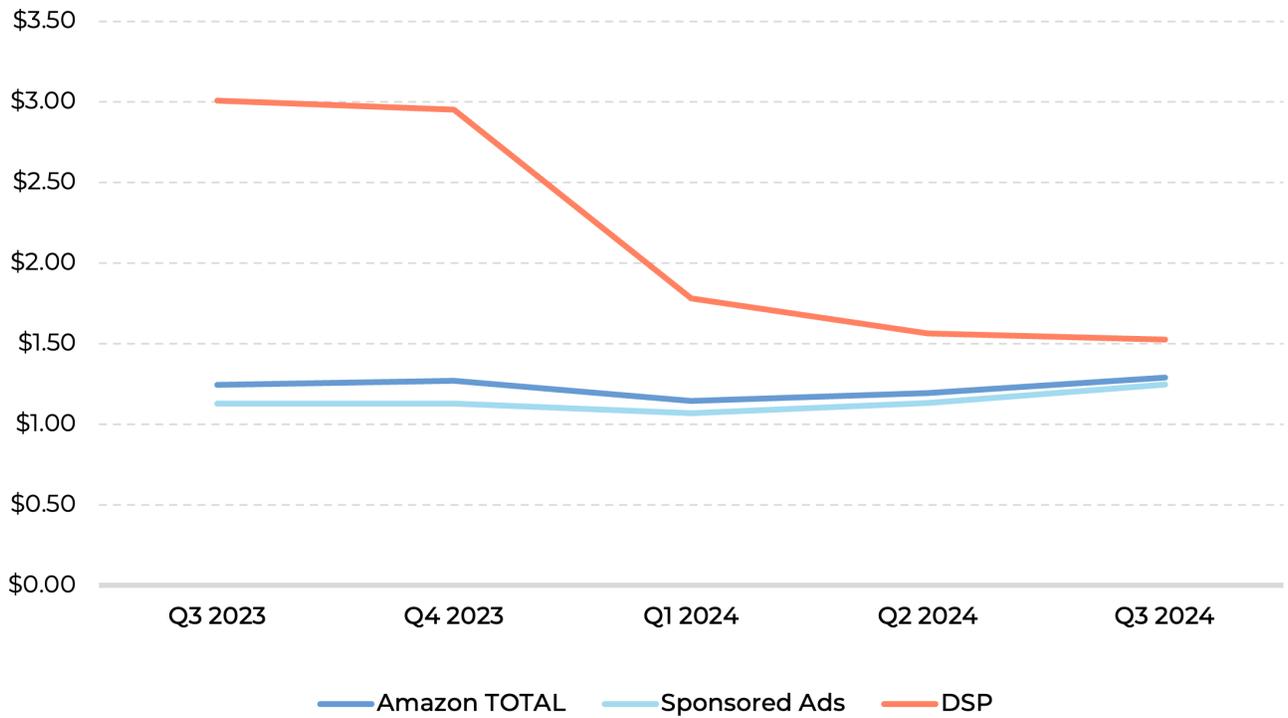


Sponsored Ads vs DSP Contribution to Amazon YoY Growth



Amazon DSP: Building Brand Awareness with Premium Inventory

Amazon CPC: Sponsored Ads vs DSP



By the Numbers, Based on Spending From Skai Clients:

- Amazon DSP spending grew +63% YoY, now representing 34% of Amazon's total ad growth.
- DSP CPC stood at \$1.52, higher than Amazon Search's CPC of \$1.24 in Q3.
- DSP clicks more than tripled YoY as Amazon evolves its upper-funnel focus.

THE BIG PICTURE

Amazon DSP has solidified its role as a key component in full-funnel advertising strategies, with +63% YoY spending growth now accounting for one-third of Amazon's total ad growth. This increase reflects a growing focus on upper-funnel campaigns to build awareness and drive early engagement. And starting in January of this year, that focus has included connected TV via Amazon Prime Video. Despite its higher CPC of \$1.52 compared to Amazon Search's \$1.24, DSP's more than threefold increase in clicks demonstrates that the platform is capturing high-intent audiences and delivering significant value for advertisers.

As Amazon continues to evolve its upper-funnel capabilities, DSP has become increasingly attractive for brands aiming to build brand equity and nurture prospects long before conversion. Its advanced targeting options and access to premium inventory allow advertisers to reach relevant audiences and shape their customer journey. This shift toward holistic full-funnel strategies underscores the growing need to balance awareness-building and conversion-driving efforts in retail media

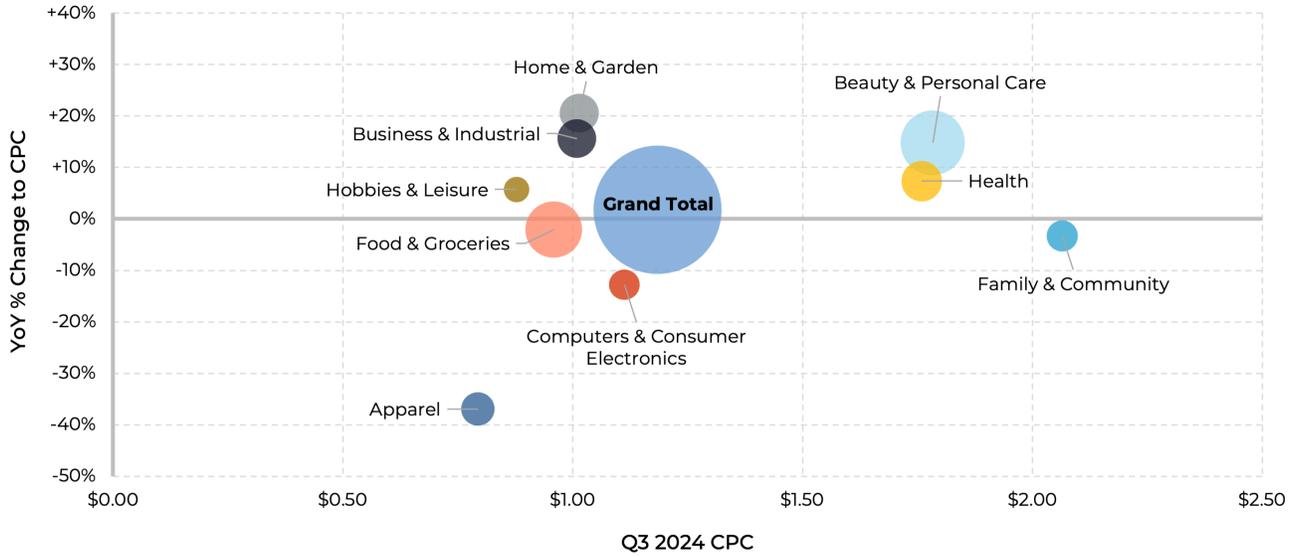


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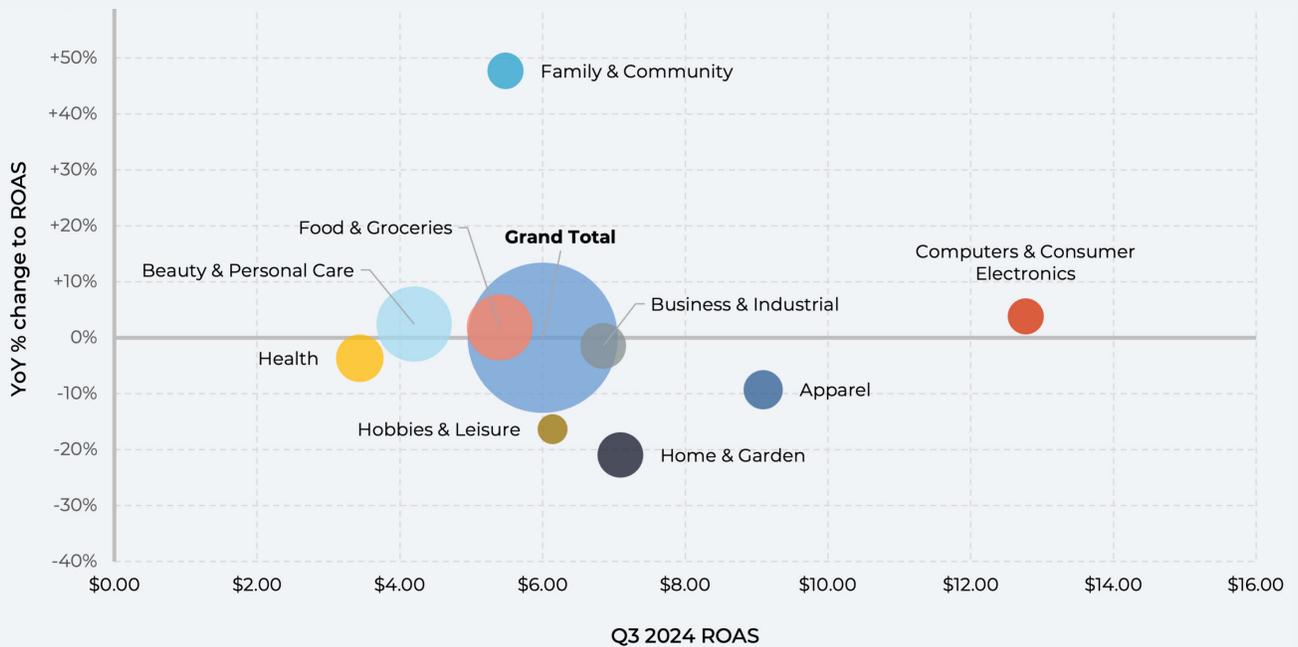
- **Prioritize Amazon DSP for upper-funnel campaigns:** With strong growth in both spend and clicks, DSP's effectiveness in upper-funnel engagement suggests it could be helpful to allocate more budget to campaigns focused on brand awareness and early-stage customer interactions.
- **Utilize DSP's advanced targeting for more precise segmentation:** The platform's advanced targeting capabilities allow advertisers to fine-tune audience segments, ensuring that messaging reaches the right consumers. This could help improve the relevance and impact of DSP campaigns.
- **Pair DSP with lower-funnel formats for full-funnel success:** Combining DSP's upper-funnel reach with lower-funnel formats like Sponsored Products can create a more integrated customer journey. This blended approach may increase the likelihood of conversions while nurturing prospects earlier in the funnel.
- **Monitor CPC trends to optimize cost-efficiency:** With DSP's higher CPC compared to Amazon Search, it may be beneficial to regularly review CPC trends and adjust bids as needed to maintain cost-effective performance while still driving strong results.
- **Continuously optimize DSP campaigns based on performance data:** Regular performance analysis of DSP campaigns could provide valuable insights for fine-tuning targeting, budget allocation, and bidding strategies. Adjusting campaigns based on these insights might help maximize return on investment (ROI) and improve overall campaign effectiveness.

Industry and Category Analysis: Prioritize High-ROAS Categories

CPC Profile by Category

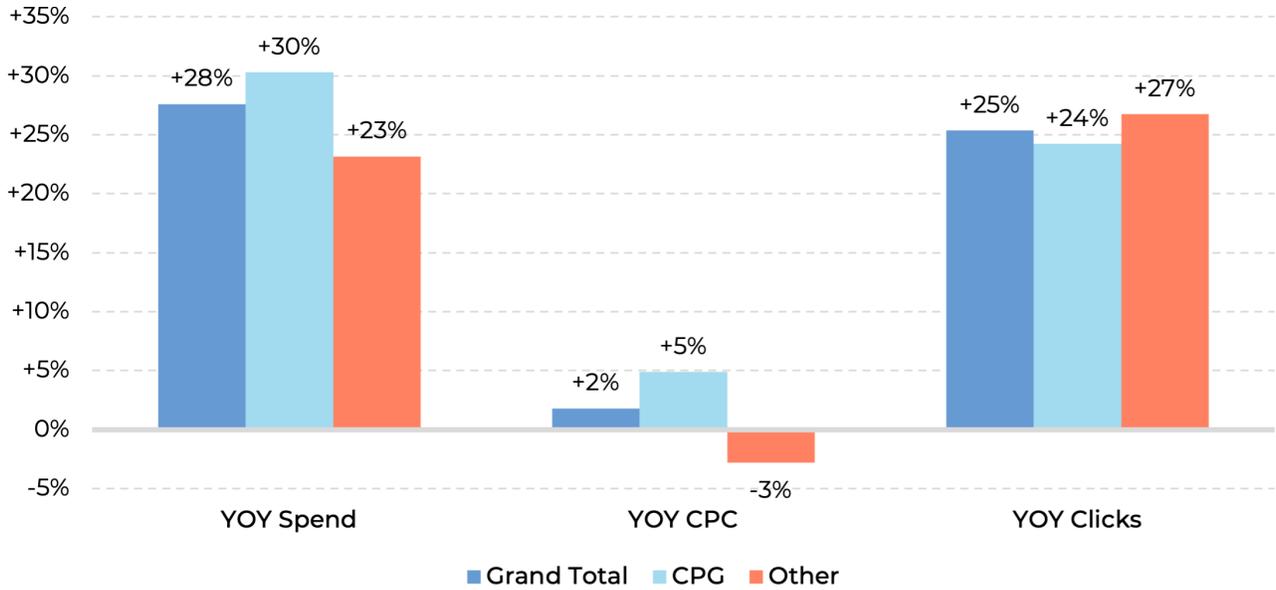


ROAS Profile by Category

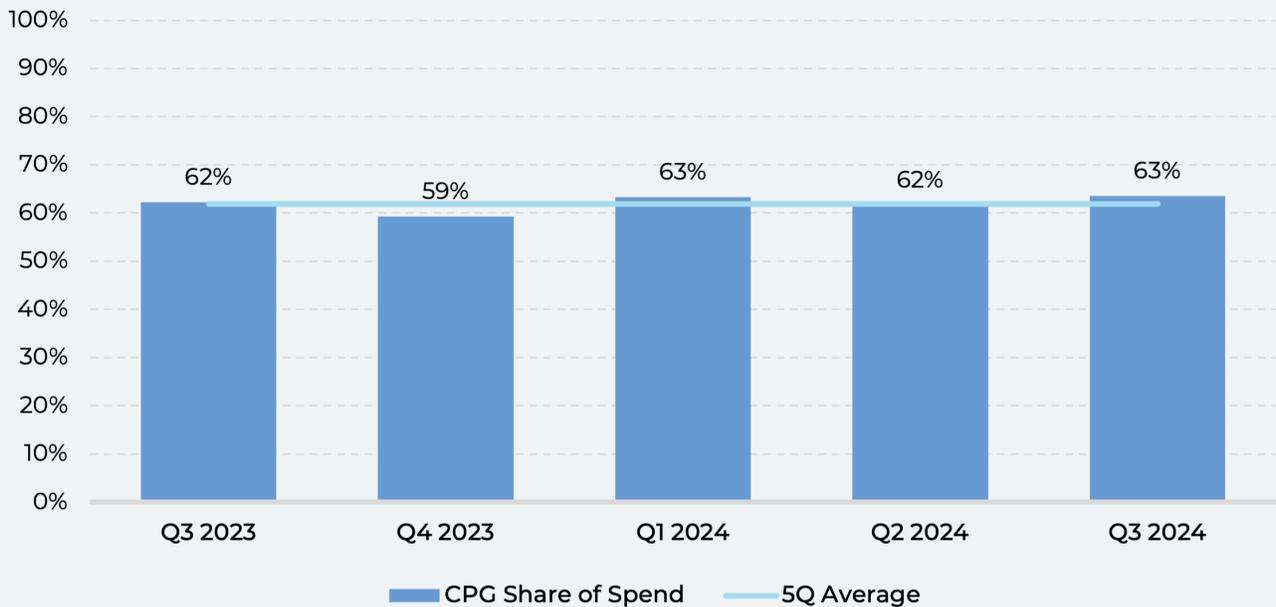


Industry and Category Analysis: Prioritize High-ROAS Categories

Retail Media Performance: CPG vs All Others



CPG Share of Total Retail Media Spend



By the Numbers, Based on Spending From Skai Clients:

- CPG category spending grew +30% YoY, making up 63% of total Q3 retail media spending.
- Premium CPCs were seen in Beauty, Health, and Family & Community categories.
- ROAS was relatively flat YoY overall, with Family & Community (which includes baby products) seeing notable growth

THE BIG PICTURE

The Consumer Packaged Goods (CPG) category continues to anchor retail media spending, now making up 63% of total ad spend with a +30% YoY growth rate. CPG remains a reliable driver of revenue, particularly on platforms like Walmart and Instacart, which cater to everyday consumer needs. Premium categories like Beauty, Health, and Family & Community are also showing strong momentum, with higher CPCs reflecting the competitive nature of these spaces. These premium sectors offer great potential for brands willing to invest in reaching engaged, high-intent audiences.

This largely reflects a “second wave” of retail media growth, after a first wave that was rooted in larger, less-frequent purchases like Computers & Consumer Electronics and other consumer durables. While those segments are still important to the channel, they have taken more of a secondary role as CPG has ascended.

However, the overall return on ad spend (ROAS) has remained relatively flat across categories, signaling the need for more strategic budget allocation. Family & Community, which includes baby products, stood out with notable growth, while categories like Home & Garden struggled, experiencing a decline in ROAS. This mixed performance indicates that advertisers should continuously evaluate their category-level investments and prioritize areas that offer the highest returns.



Action Plan

- **Reevaluate underperforming categories like Home & Garden:** The decline in ROAS for Home & Garden suggests it may be time to reconsider investments in this category. It might be helpful to shift budgets toward more profitable sectors showing stronger growth.
- **Invest in high-ROAS categories like Beauty, Health, and Family & Community:** These categories are seeing higher CPCs but also strong performance, making them prime targets for increased ad spend. Focusing on these sectors could improve overall campaign efficiency and returns.
- **Use ROAS trends to refine future campaigns:** Given the flat overall ROAS, continuously reviewing and adjusting campaign performance based on ROAS data could help optimize future budget allocation and increase profitability.
- **Monitor category-specific trends to stay ahead:** Keeping a close watch on category performance and shifting consumer behaviors can provide valuable insights for better targeting. Adjusting campaign strategies based on these trends may improve efficiency and lead to better results across different verticals.

Conclusion: Leveraging New Opportunities in a Competitive Landscape

As retail media continues to evolve, one critical insight from Q3 2024 stands out: diversification across platforms is key for maintaining cost efficiency and unlocking growth. While major players like Amazon and Walmart remain strongholds, emerging platforms with lower CPCs and increased engagement present attractive alternatives. By adopting a more balanced approach across multiple platforms, brands can mitigate rising costs on dominant networks while capitalizing on new opportunities.

Additionally, as CPCs stabilize and event-driven surges like Prime Day reinforce their importance, brands should prepare flexible budgets for high-demand periods. Optimizing ad formats based on platform strengths and refining creative strategies to align with fluctuating CPM trends will be essential for maximizing performance.

As you approach the holiday season and plan for 2025, marketers who are proactive in testing new platforms, fine-tuning their ad mixes, and staying agile will be well-positioned to thrive in an increasingly competitive landscape. By taking action based on these insights, brands can achieve more effective retail media strategies in the months ahead.

We wish you luck in Q4 and beyond.

Skai

Methodology

Quarterly analysis reflects Skai accounts with 15 consecutive months of retail media spending. Some outliers have been excluded. Prime Day analysis comprises all Amazon advertisers on the Skai platform over a 32-day period. This quarterly analysis is based on spending from Skai clients only and should not be interpreted as a fully accurate representation of channel or individual publisher performance.



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 HP, DoorDash, Sony, Philips, and L'Oreal. Renowned for innovation and a values-driven culture, Skai is headquartered in San Francisco and has eight international locations.