

skai®



Q3 2024

Quarterly Trends Report



Introduction

One of the most pressing issues of 2024 across digital marketing has been increasing ad prices. In Q2, prices didn't come down so much as they didn't go up significantly, which was still an encouraging sign for advertisers. The big question then became whether or not this was just a blip, or an indication that the cost of those clicks and impressions was truly starting to moderate.

Now that the third quarter has concluded, the latter seems to be true, to the likely relief of many marketers. Retail media and search cost-per-click (CPC) grew more slowly than in the previous quarter in part because those increases started in Q3 of last year – and paid social CPM dropped year-over-year (YoY) after two quarters of increases.

Each channel seems to have responded differently to softening prices. Retail media saw a big spike in clicks, which helped maintain the robust spending growth that channel has enjoyed since its inception. Search saw little change in click volume, resulting in slower growth. And social media saw enough of a surge in impressions to keep spending growth positive at the channel level, and break even over Q3 of last year for Meta, where CPMs dropped a bit more.

That isn't to say that price vs volume was the only story of Q3. The biggest walled garden publishers – Amazon, Google and Meta – all continue to expand their footprints with DSP, Performance Max, and Advantage Shopping Campaigns+, respectively. Upper funnel social ads driven by short-form video formats and awareness goals grew annually, while the lower funnel is poised to make waves in Q4 for the first holiday season where new campaign objectives are in full effect. And retail media advertisers actually spent more across the two days of the Amazon Prime Day event in July than they did across the Cyber Five back in November.

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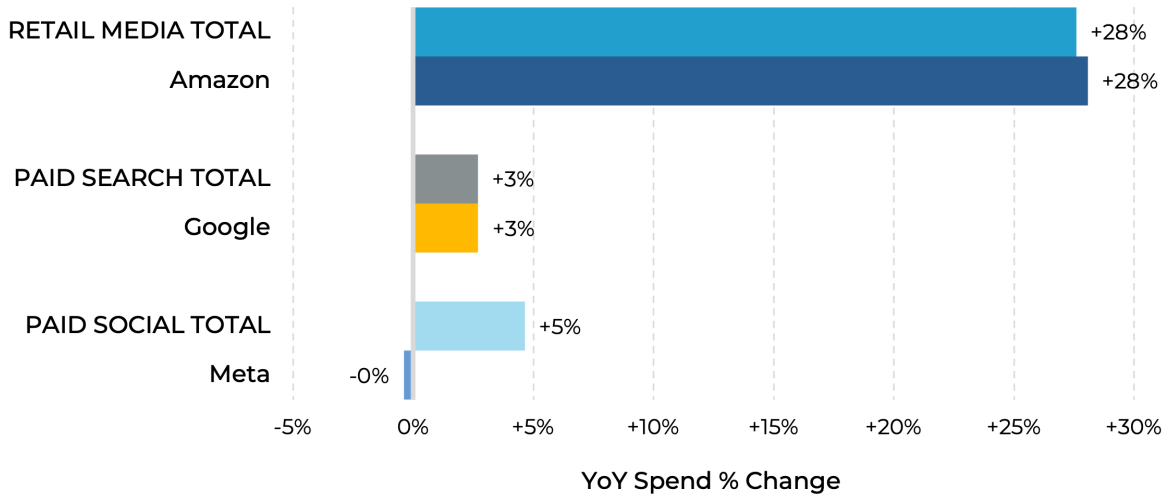
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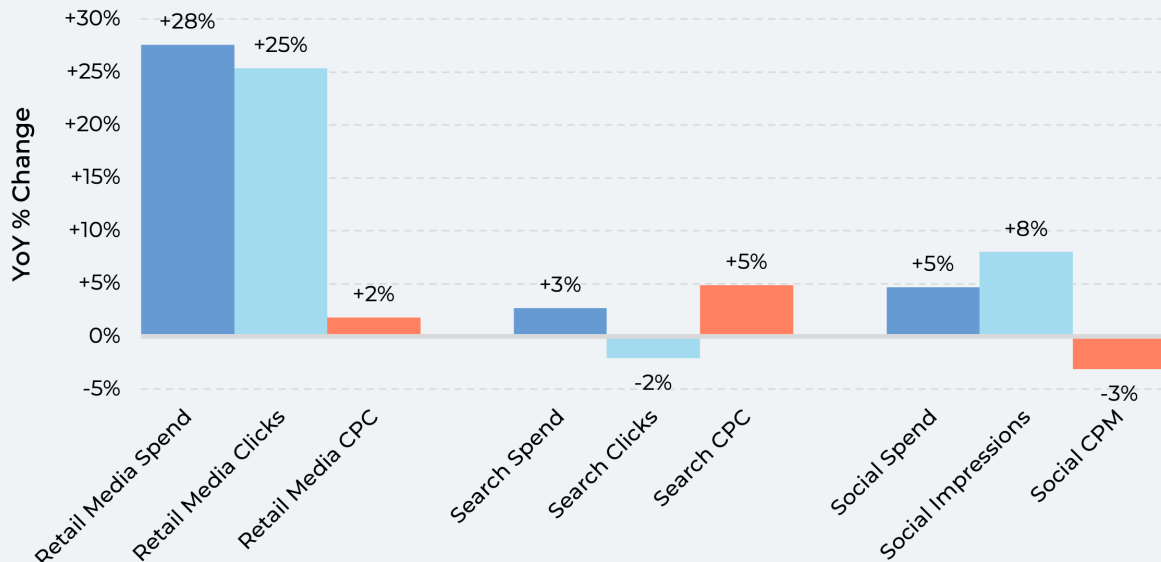
Topline spending growth by channel

Retail media spending showed healthy year-over-year (YOY) growth, while search and social were generally flat. Skai social data is heavily lower-funnel, which can result in additional growth headwinds when those tactics are less prominent outside of the fourth quarter, particularly for Meta.



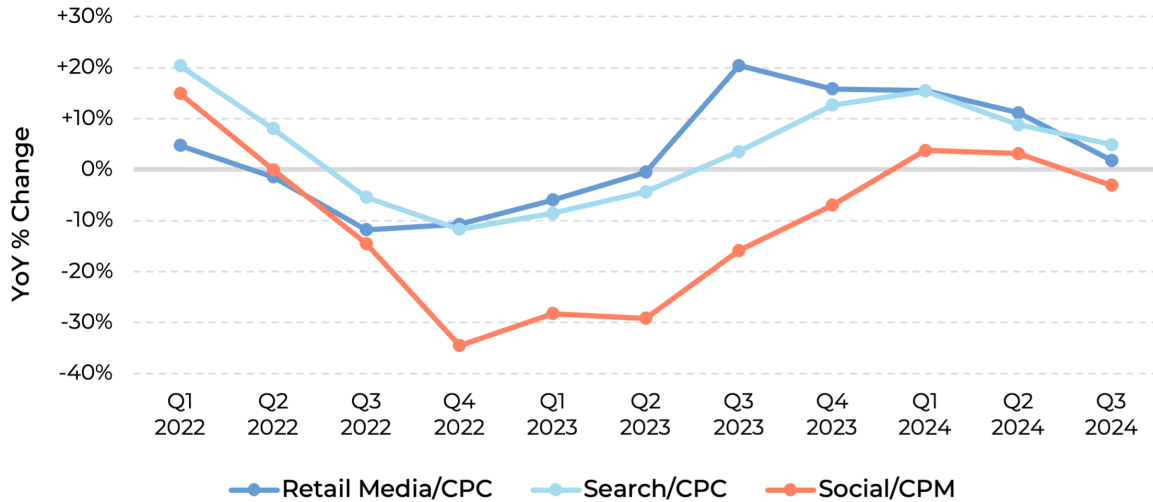
Pricing vs volume

Retail media spending growth was buoyed by a large increase in click volume. On the other hand, search and social saw a tradeoff between pricing and volume, with CPC driving growth in search and impressions moving the needle in social.



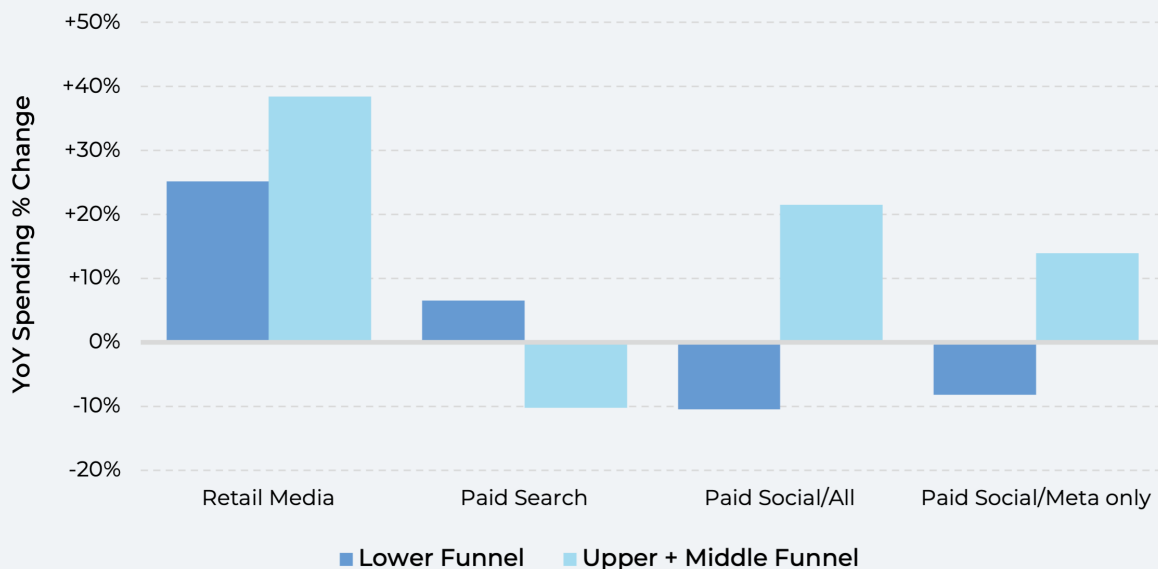
Changes in ad prices over time

Ad price growth continued to trend downwards across all channels in Q3, continuing the pattern established earlier this year. This resulted in headwinds for spending growth in search and social, where ad volumes did not offset the price changes enough to maintain previous growth levels.



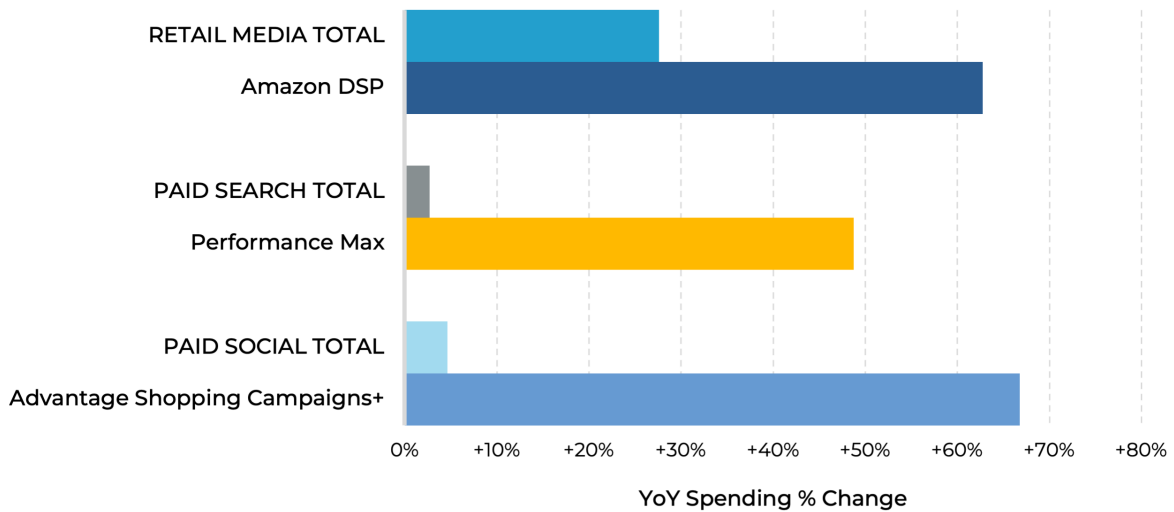
Spending differences by campaign strategy

Segmenting by position in the traditional purchase funnel, based on campaign goals and other signals, reveals big differences across channels. This shows how Amazon DSP has grown the upper-funnel impact across the retail media channel, and may help explain why topline social growth was flat for Meta in our data, as a similar pattern occurred at this time last year.



New formats and features drive growth

Across channels, new formats and features have grown rapidly, providing incremental spending growth. For Amazon, this was a move up the purchase funnel and into realms like connected TV. In the cases of Performance Max and Advantage Shopping Campaigns+, these newer campaign types leverage the expanding universe of properties and placements within the walled garden publishers to allow ads to be seen in more places without requiring marketers to pick and choose from an ever-expanding list of options.



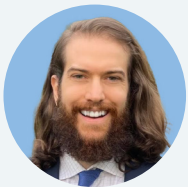
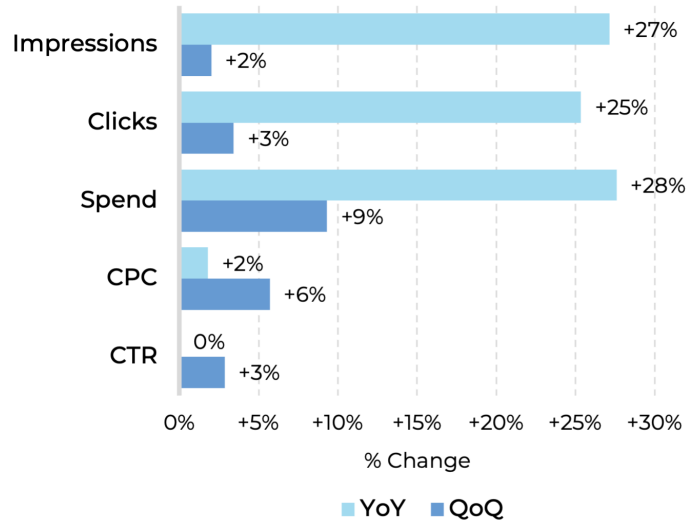
RETAIL MEDIA

Retail media Q3 summary

After four quarters of double-digit CPC inflation, price growth may have hit a ceiling, rising just 2% overall and 4% for Amazon. Q3 growth was almost entirely a function of increased volume, with impressions and clicks growing at comparable rates to spending, and CPC being less of a factor.

And while DSP was certainly a driver for growth, it was not the only driver. Walmart spending grew faster than Amazon as a whole. Meanwhile, the remaining retailers saw a large uptick in clicks while CPCs dropped year-over-year, effectively providing brands with a lever to keep overall prices in check by diversifying.

+28% YoY Spend



“With clicks being flat on Amazon search, but CPCs up, it shows advertisers are becoming more competitive. They’re looking at things like share of voice and trying to correlate that to larger sales goals.”

Rich Sireno
Growth Director

Retail media by the numbers

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Impressions*	1.00	1.23	1.07	1.25	1.27
Clicks*	1.00	1.2	1.09	1.21	1.25
Spend*	1.00	1.23	1.01	1.17	1.28
CPC	\$1.16	\$1.20	\$1.08	\$1.12	\$1.18
CTR	0.36%	0.35%	0.37%	0.35%	0.36%

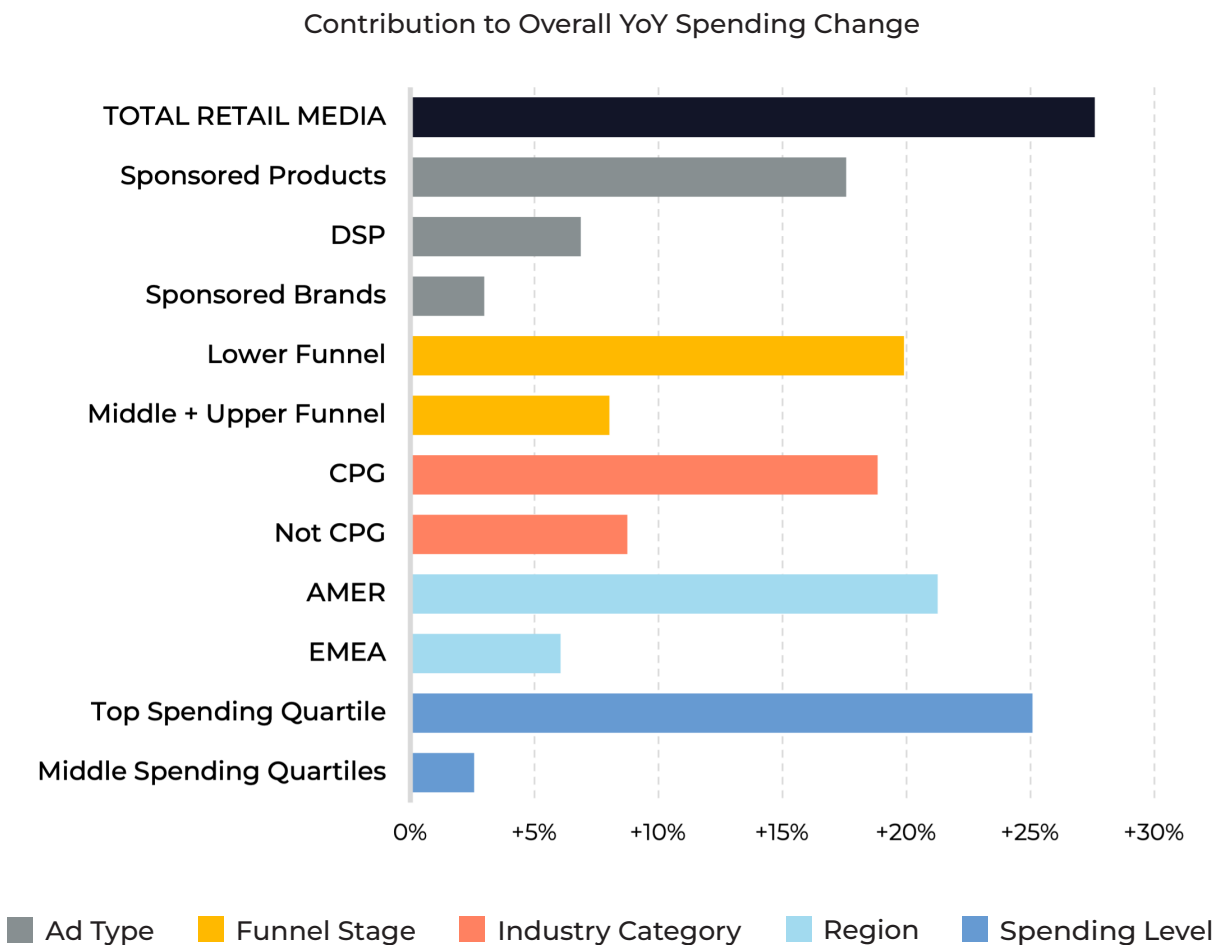
*Indexed volume (Q3 2023=1.00)

Retail media key growth drivers

This quarter we look at what drove spending growth by looking at the contribution to overall channel growth. This effectively weights YoY growth based on the size of the segment. For example, Amazon DSP spending grew 63% YoY, but only makes up 13% of total spending. As a result, it contributed 7% to the 28% growth across all of retail media.

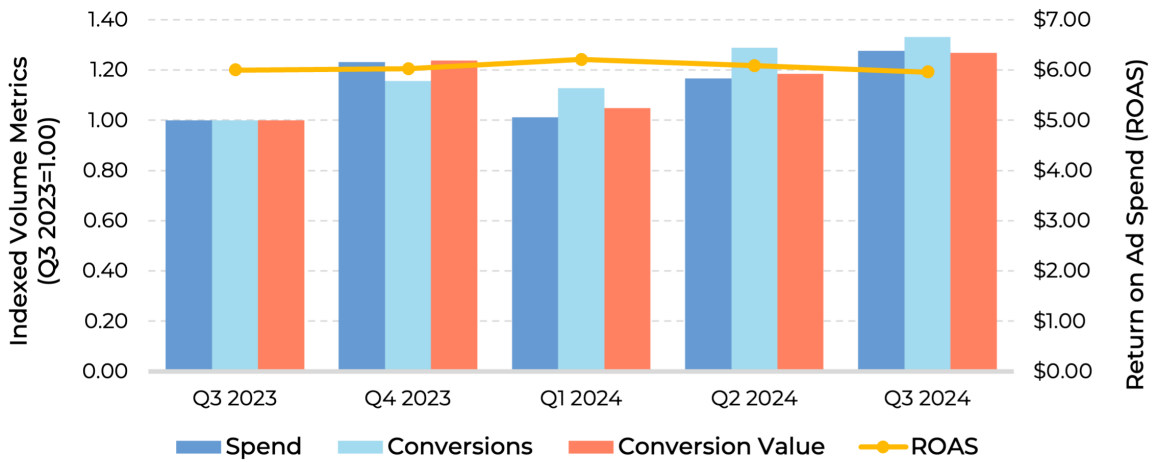
In addition to identifying the largest drivers of growth, this also allows us to identify segments where their contribution to overall growth was much higher than their share of total spend. In Q3, those included DSP, upper- and middle-funnel strategies, and the EMEA region. While these segments did not contribute the most to growth, they “punched above their weight” when it came to driving that spending increase.

We also segment accounts by their behavior. In this case, we separate accounts into quartiles based on overall spending across all five quarters of the analysis.



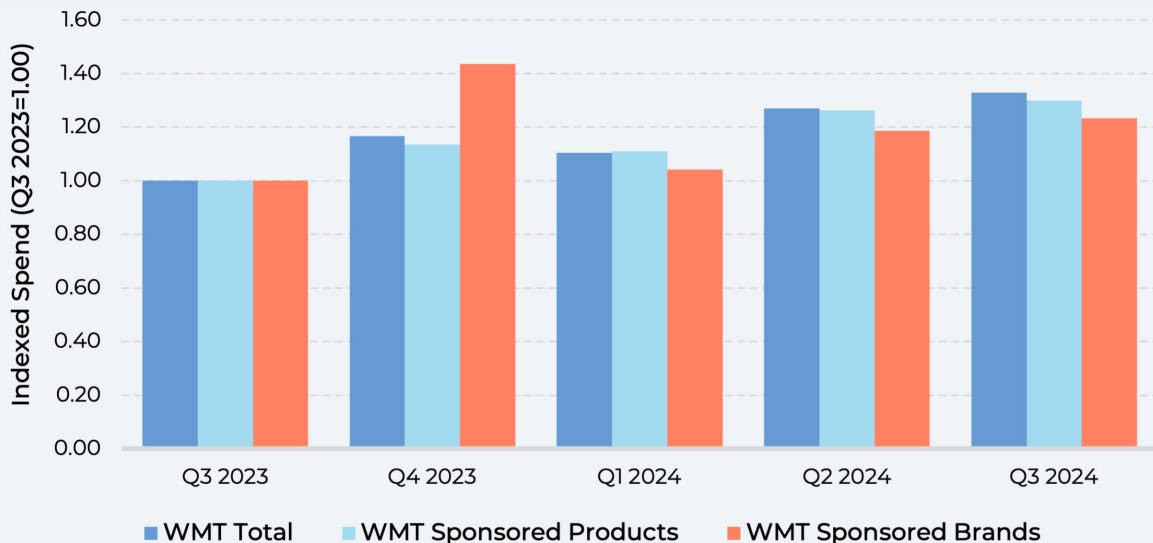
Retail media spend vs ROAS

As we have seen in previous quarters, increases in spending have not resulted in any material change in conversion metrics. In fact, year-over-year ROAS was unchanged. The fact that retail media has continued to grow in spending without yet reaching a clear point of diminishing returns is one of the reasons this channel has been such an attractive new option for brands.



Focus on: Walmart

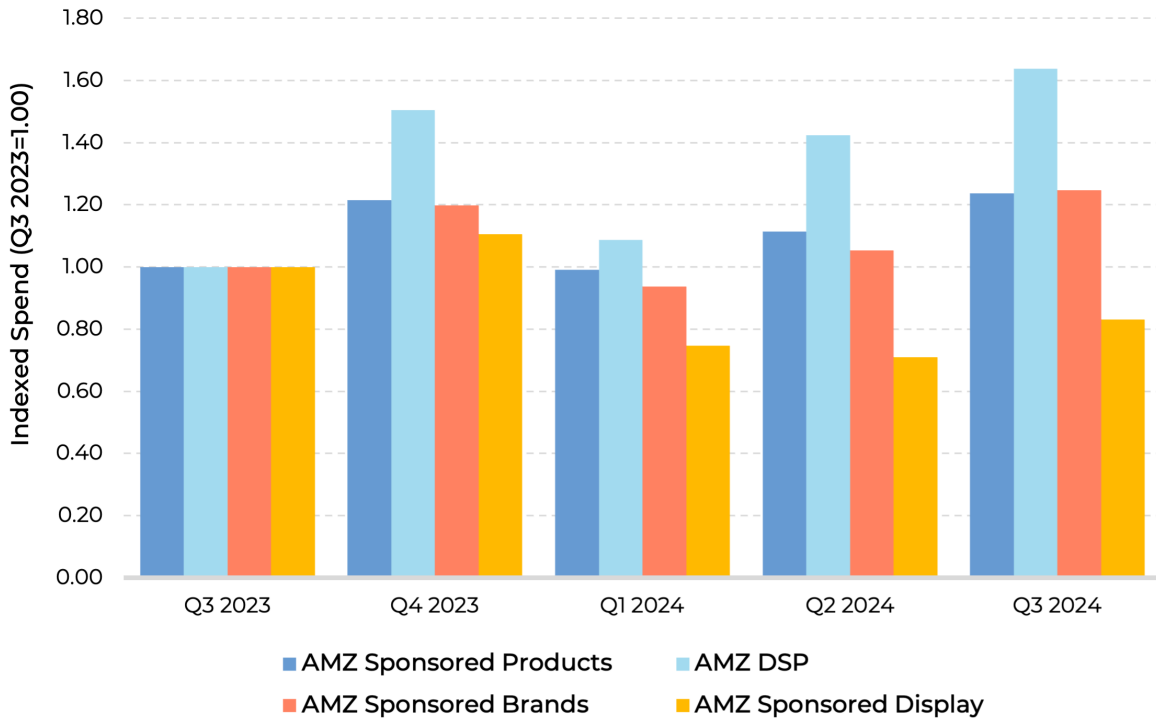
Sponsored Product ads on Walmart had a slight edge in YoY spending growth in Q3, but Sponsored Brands spiked in Q4 last year and likely will do so again.



This 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.

Focus on: Amazon

Amazon DSP has grown faster than other Amazon ad types and is now the second largest segment by share of spend. In January, ADSP started to include ads from the ad-supported tier of Amazon Prime Video, which became the default option for all users.



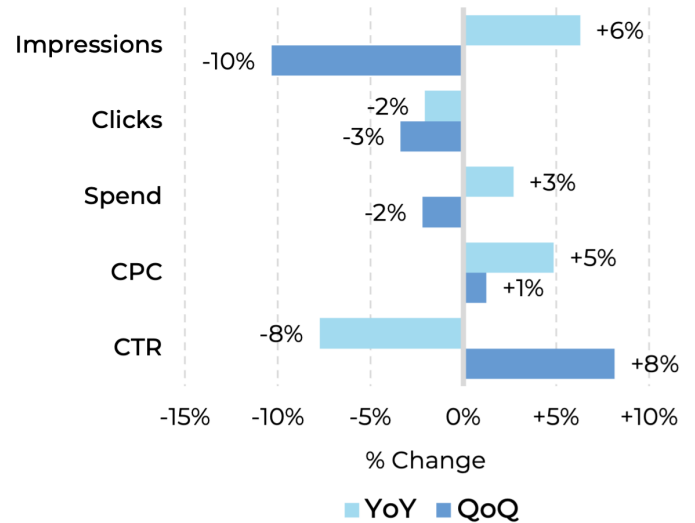
PAID SEARCH

Paid search Q3 summary

Spending on paid search grew 3% over last year, half as fast as the last two quarters.

Prices continued to increase YoY but at a slower rate than recent quarters, while clicks shrank slightly. Much of these trends are still being defined to the establishment of Performance Max as the replacement for legacy Smart Shopping campaigns, and the QoQ drop in impressions hints that PMax may be starting to pull from Standard Shopping as well.

+3% YoY Spend



“As more advertisers face increasing competition, they’re asking for more ways to measure how they stack up, especially in the face of rising CPCs. We’re hearing continued excitement around Google’s Competitive Analysis, particularly the share of voice data.”

Nofar Hochberg
Senior Director, Product

Paid search by the numbers

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Impressions*	1.00	1.3	1.11	1.19	1.06
Clicks*	1.00	1.16	0.94	1.01	0.98
Spend*	1.00	1.27	0.98	1.05	1.03
CPC	\$0.79	\$0.86	\$0.82	\$0.81	\$0.82
CTR	2.45%	2.19%	2.07%	2.09%	2.26%

*Indexed volume (Q3 2023=1.00)

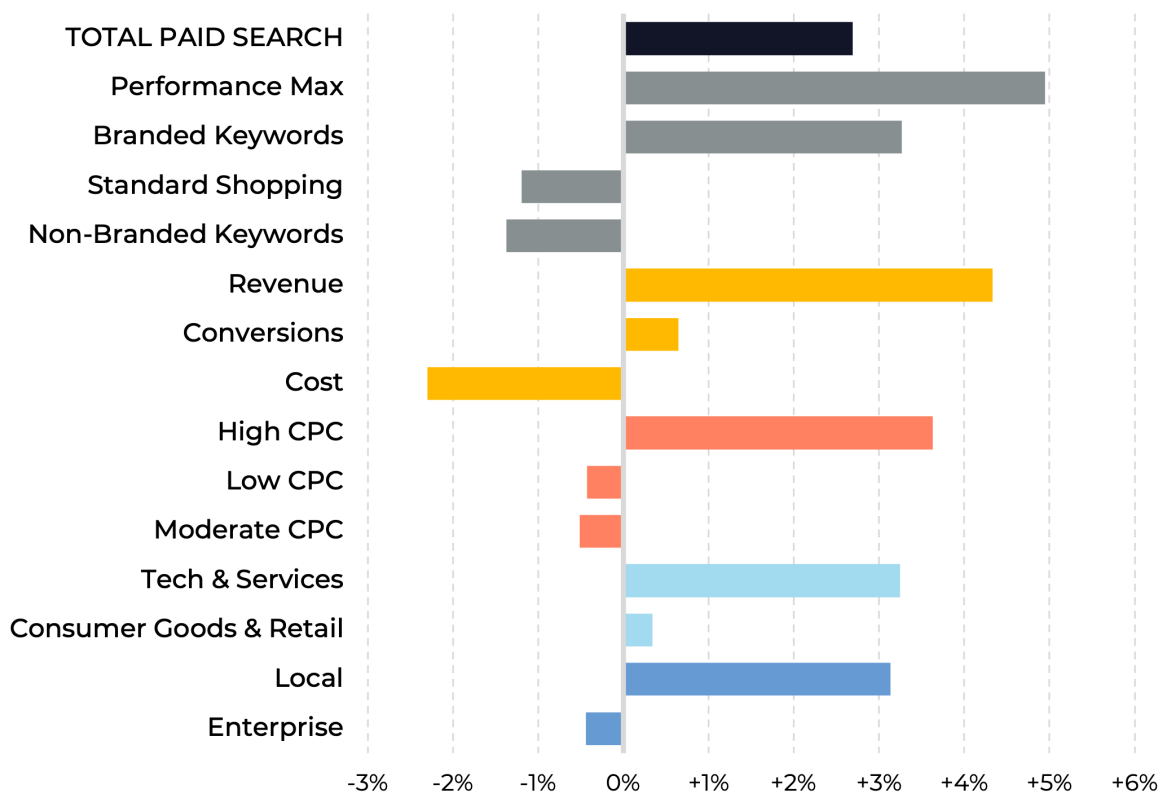
PAID SEARCH

Paid search key growth drivers

Once again, by focusing on contribution to the overall YoY spending change for the channel, we can control for the size of each segment. As with retail media, we have also begun to include behavioral segments, and here we see accounts broken out by overall CPC levels into high, medium, and low categories corresponding to the top quartile, the middle two quartiles, and the bottom quartile.

Performance Max was the largest contributor to total growth, and this segment overlaps with Revenue-based bidding. Similarly, local search advertisers tend to have higher CPCs, so they may have overlap with the high CPC quartile as well. Local search can be considered a broad proxy for SMBs and other multi-location businesses rather than, say, Google Maps ads.

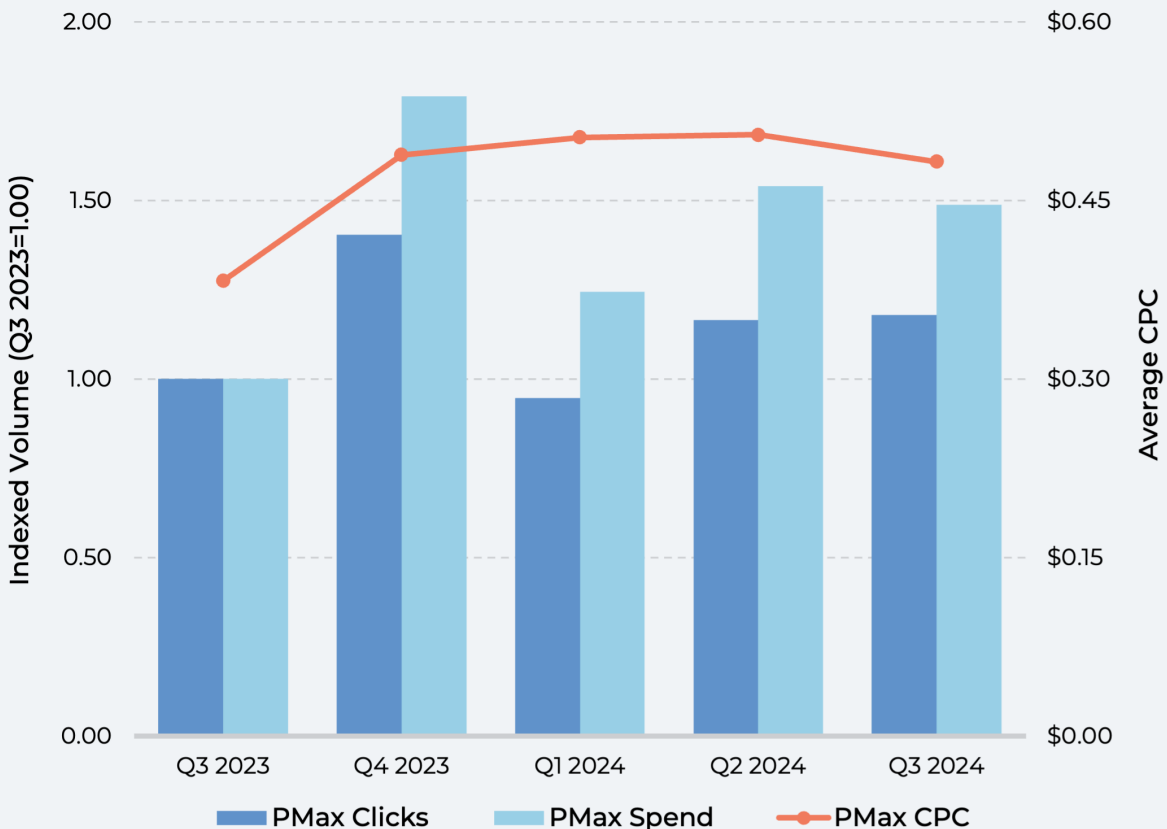
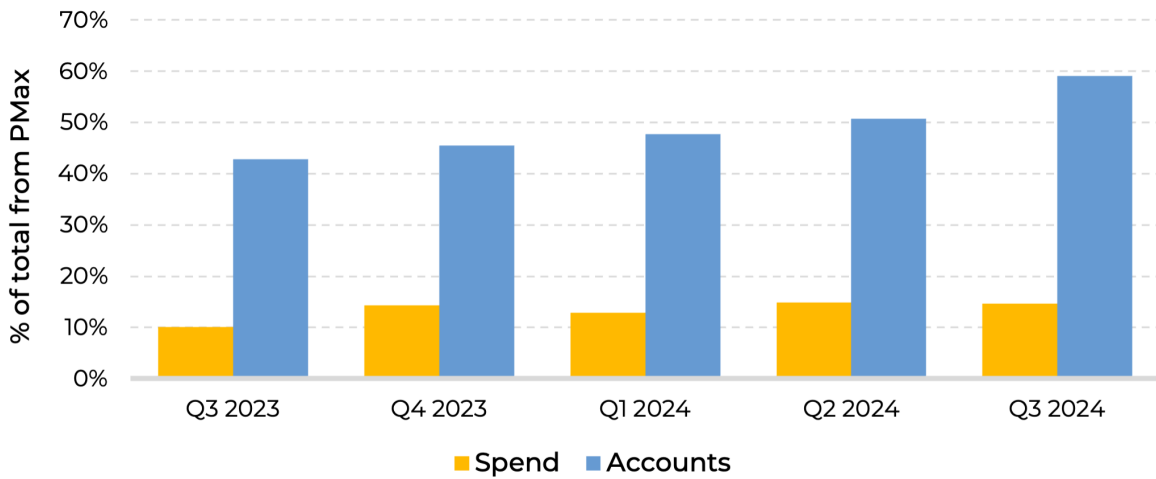
Contribution to Overall YoY Spending change



■ Campaign Type ■ Bid Strategy Target ■ CPC Band ■ Commerce Status ■ Program Scope

Focus on: Performance Max

While overall adoption grew from 51% to 59% over the last quarter, PMax spending share was unchanged from Q2 to Q3. One reason is that CPC has dropped sequentially, although prices are still higher than last year. The increase in adoption likely reflects Q3 preparations for the Q4 shopping season, while spending may not start to increase until shoppers actually start shopping in earnest in the fourth quarter.



PAID SOCIAL

Paid social Q3 summary

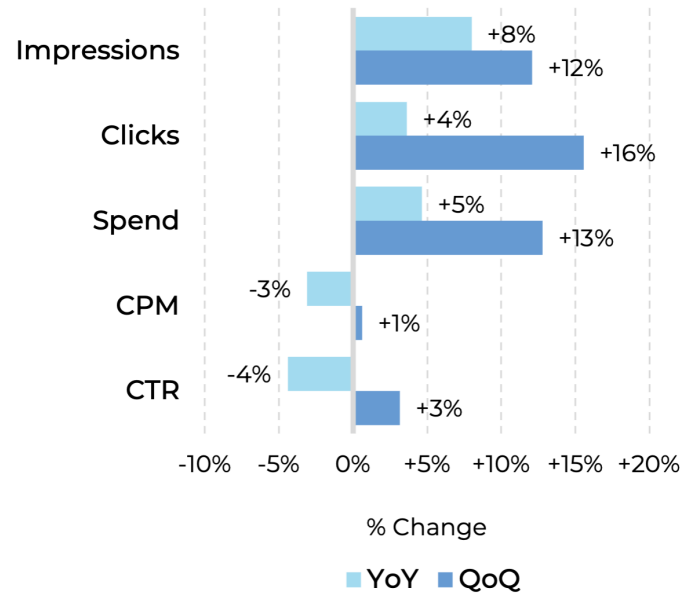
Fundamentally, social spending growth decelerated from last quarter both overall and for Meta. While Meta spend was flat YoY, alternate measures show that the drop might not be quite so severe.

Strong sequential growth, particularly for lower funnel segments, suggests that the YoY softness across social is related to both structural and seasonal tactics.

Similar to other channels, the prevailing price and volume trends reversed course in Q3, with impressions growing YoY while CPM dropped.

With all the complexities present in ad campaigns across social publishers, these opposing trends rarely offset each other evenly, and this can lead to bigger swings in overall performance from quarter to quarter.

+5% YoY Spend



“Second-guess the way you are looking at Meta performance right now because comparing performance year-over-year can be tricky with the Conversion Objectives switch. The baseline has changed, so decisions for 2025 should be made with that in mind”

Celine Santos Levy
Head of Industry Leads, Search, Social, & App

Retail media by the numbers

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Impressions*	1.00	1.22	1.11	0.96	1.08
Clicks*	1.00	1.26	0.99	0.9	1.04
Spend*	1.00	1.36	1.02	0.93	1.05
CPM	\$5.31	\$5.93	\$4.91	\$5.11	\$5.15
CTR	0.68%	0.70%	0.61%	0.63%	0.65%

*Indexed volume (Q3 2023=1.00)

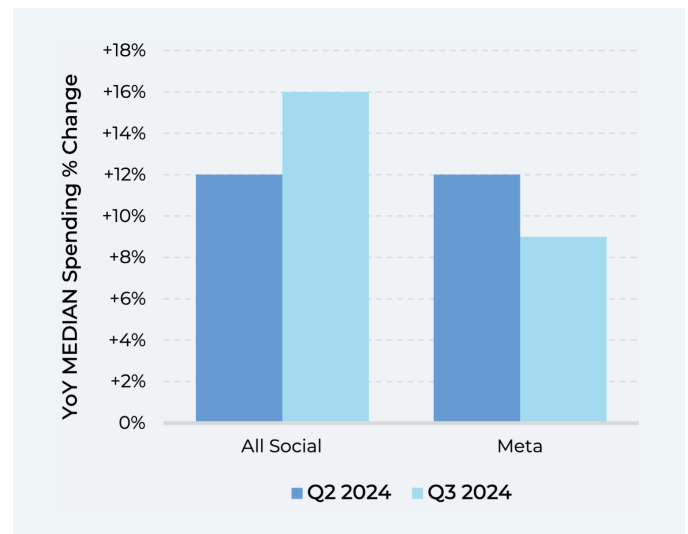
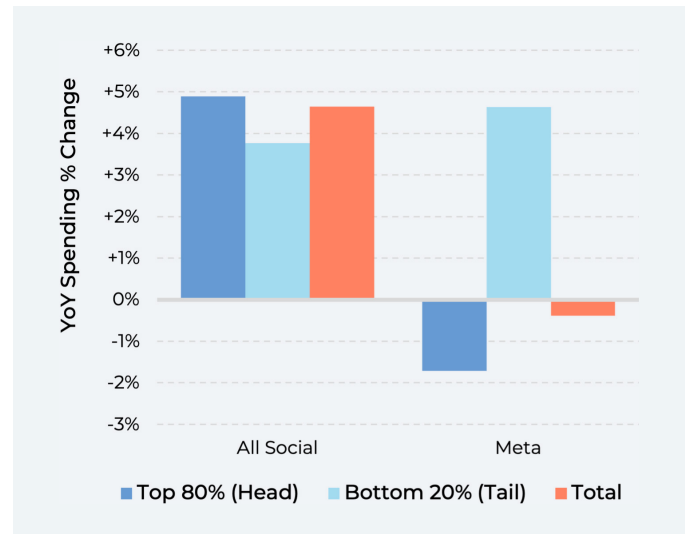
PAID SOCIAL

Alternate views of social spending growth

Another way to look at social spending is through the lens of account size. If we apply a traditional head vs tail analysis where we group the largest accounts that comprise 80% of total spending in the channel, we see that these clearly had a negative impact on overall Meta spending.

This implies that there may be a few large accounts dominating Meta spending trends that may not have done anything so exceptional as to warrant being removed as an outlier. To accommodate this, we can look at the *median* spending change across all Skai accounts, and here we see that the overall channel actually grew from +12% to +16% as non-Meta publishers like TikTok saw relatively large increase, and it also shows a more modest change for Meta, decelerating from +12% to +9%.

Taken together, these findings demonstrate that the drop in Meta spending growth does seem real, but not as severe as the topline aggregate spending number might indicate.

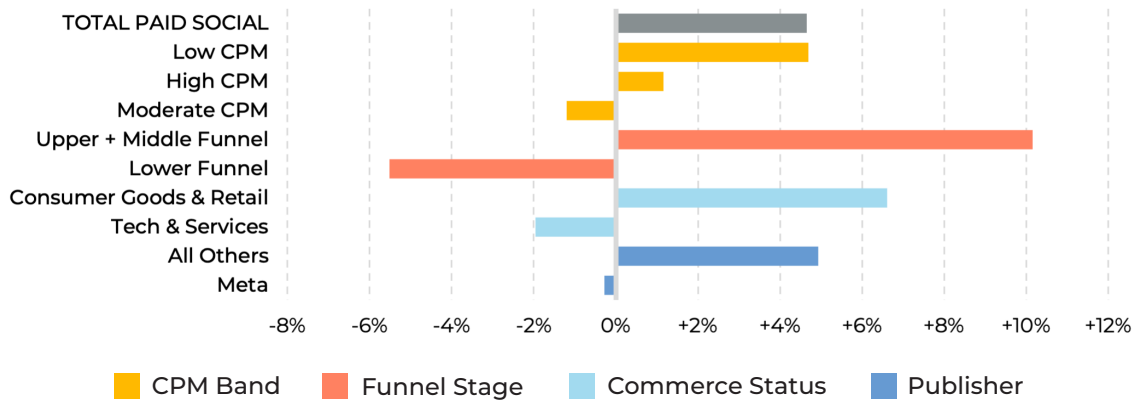


Paid social key growth drivers

The biggest impact on YoY social spending came from upper- and middle-funnel strategies, even as Consumer Goods & Retail saw its contribution outpace the overall channel growth.

This supports the idea that even for performance marketers, changes to both the publisher makeup and some of the internal campaign settings for those publishers have been focused higher up the funnel, which amplifies the impact of upper funnel during non-holiday quarters.

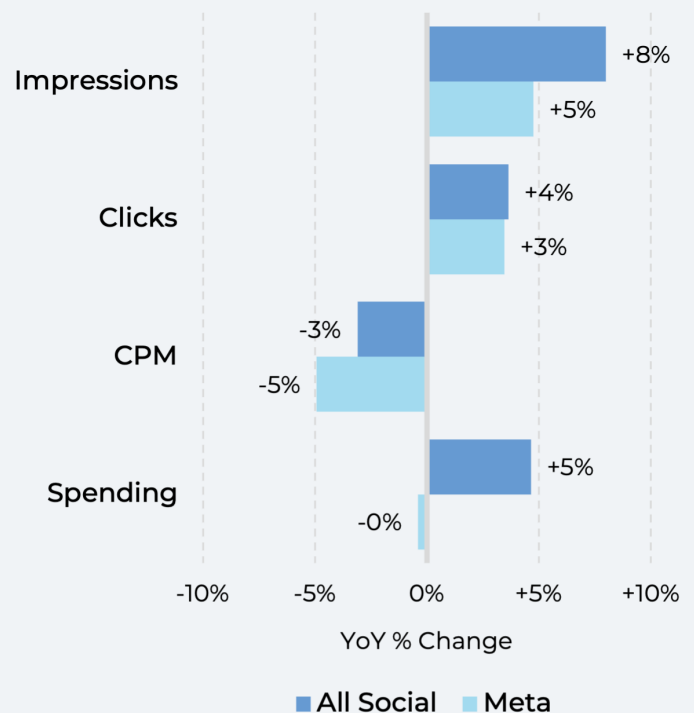
Contribution to Overall YoY Spending change



Focus on: Meta

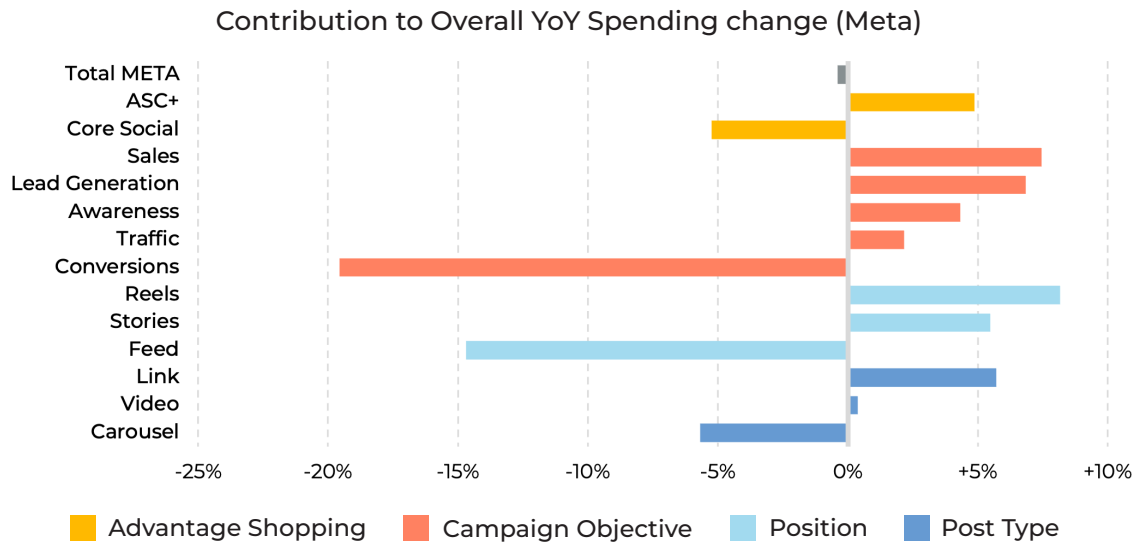
When we put the spotlight on Meta, we see both a larger drop in YoY CPM and a smaller increase in impression volume, which resulted in spending breaking even rather than continuing YoY gains. Keep in mind that campaign objectives underlying Meta advertising have been completely overhauled, and it is only in the last few quarters where we have seen most spend coming from the newer offerings.

This sets up many transitional effects on our data, where growth in impression volume for upper funnel goals might be at lower CPM, so the effects of that growth on total spending may be constrained. As the lower funnel comes to the forefront in Q4, that balance may begin to change, at which point our year-over-year comparisons will be more “apples-to-apples,” reducing the impact of this transition.



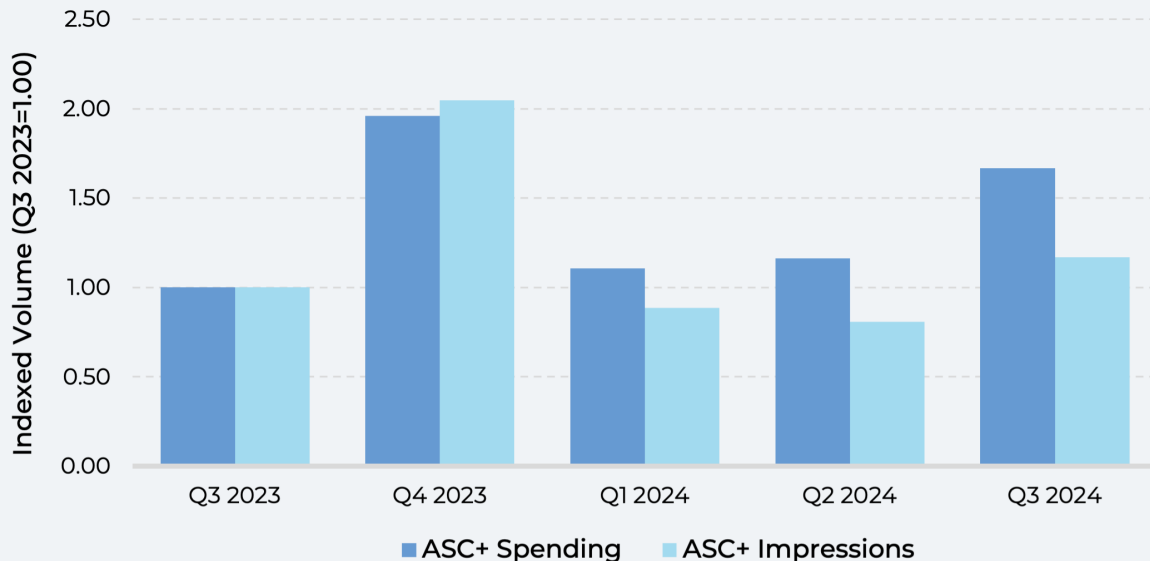
Meta key growth drivers

Most of the growth factors for Meta offset each other: The growth of Sales & Lead Generation objectives offset the deprecation of Conversions, Reels & Stories offset Feed placements, and Link ads offset Carousel ads, which also may be a proxy for ASC+ gradually replacing legacy product ads, which use the Carousel post type.



Focus on: Meta Advantage Shopping Campaigns+

As expected, spending levels for ASC+ jumped in Q3 as advertisers started preparing for the holiday season. Unlike paid search, ASC+ performance has already started to increase, as once these campaigns are in market, they are actively spending, and do not need to wait for user behavior like a search query to trigger when an ad gets shown.



Conclusions

Once again, digital marketing is poised to make a big impact on fourth quarter holiday spending. While lower ad prices have been a headwind towards spending growth in some channels, we have also seen those lower prices unlock greater ad volume closer to the bottom of the purchase funnel in retail media. Both search and social ads will gravitate towards the bottom of the funnel in Q4, and will likely follow suit.

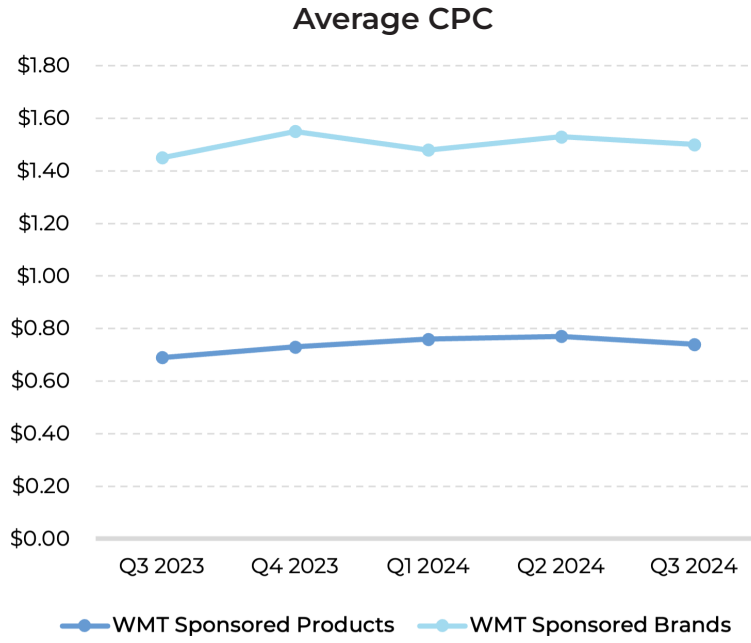
Within the walled gardens, major publishers are trying to keep audiences from leaving those gardens as Amazon is doing with the expansion into DSP that leverages first-party data outside of the core Amazon ecommerce site and app, or give marketers greater exposure across all the different elements of those walled gardens as Google and Meta are doing with Performance Max and Advantage Shopping Campaigns+. These are providing engines for spending growth on each of these platforms, which can be either incremental, or a shift from earlier forms and formats.

As we have in the past whenever these major digital platforms increase in both reach and complexity, Skai is committed to help you navigate through these changes by empowering you as a marketer to manage your campaigns and channels more effectively and efficiently in one place and by giving you context and visibility that helps you understand exactly how your programs are performing.



Walmart CPC by type

Sponsored Brand ads on Walmart command a higher premium over Sponsored Product Ads. Both types are priced slightly lower than last quarter but are up over last year.

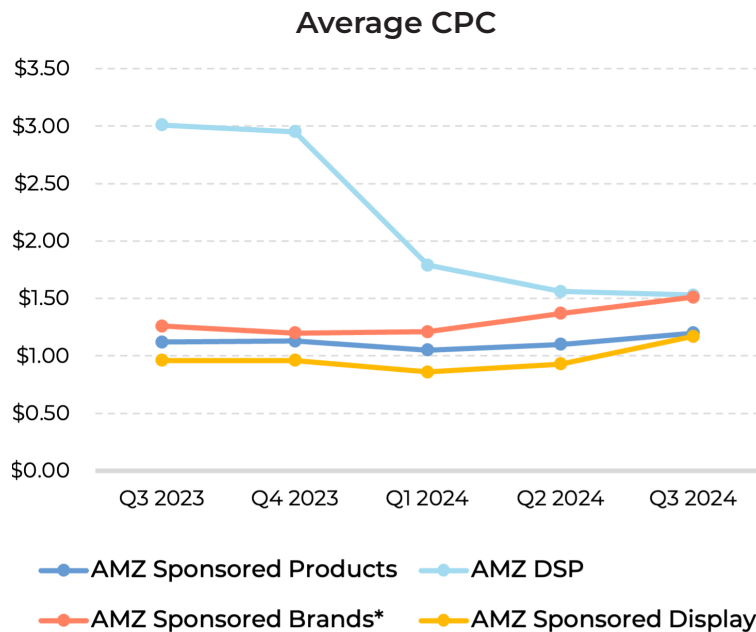


	Sponsored Products	Sponsored Brands
Q3 2023	\$0.69	\$1.45
Q4 2023	\$0.73	\$1.55
Q1 2024	\$0.76	\$1.48
Q2 2024	\$0.77	\$1.53
Q3 2024	\$0.74	\$1.50
QoQ	-3%	-2%
YoY	+7%	+3%

Amazon CPC by type

As DSP has gained adoption, click prices have become more aligned with other ad types across the Amazon ecosystem. Q1 also marked the introduction of the default ad-supported tier on Amazon Prime.

And while CPC was up across non-DSP types, prices for Sponsored Products grew only 7% compared to an 11% increase last quarter.

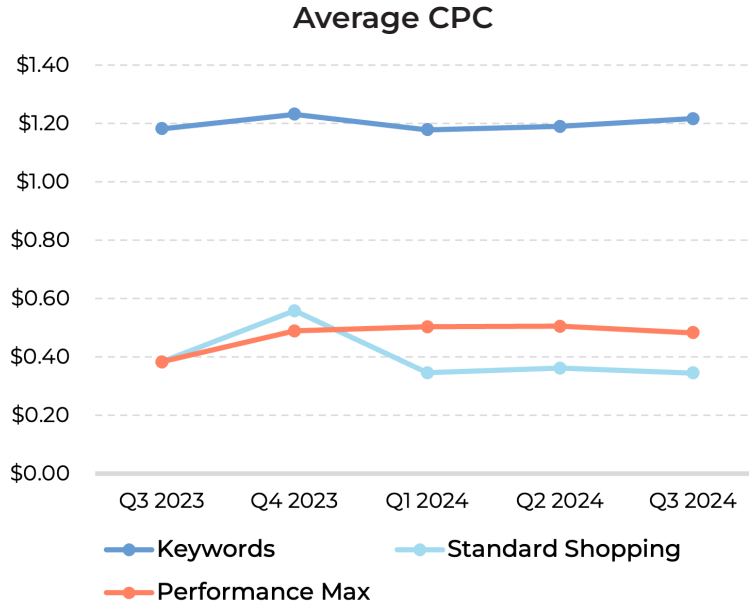


	Sponsored Products	DSP	Sponsored Brands*	Sponsored Display
Q3 2023	\$1.12	\$3.01	\$1.26	\$0.96
Q4 2023	\$1.13	\$2.95	\$1.20	\$0.96
Q1 2024	\$1.05	\$1.79	\$1.21	\$0.86
Q2 2024	\$1.10	\$1.56	\$1.37	\$0.93
Q3 2024	\$1.20	\$1.53	\$1.51	\$1.17
QoQ	+10%	+10%	+25%	+10%
YoY	+7%	-49%	+22%	+20%

*Sponsored Brands includes Sponsored Brand Video

Google CPC by ad type

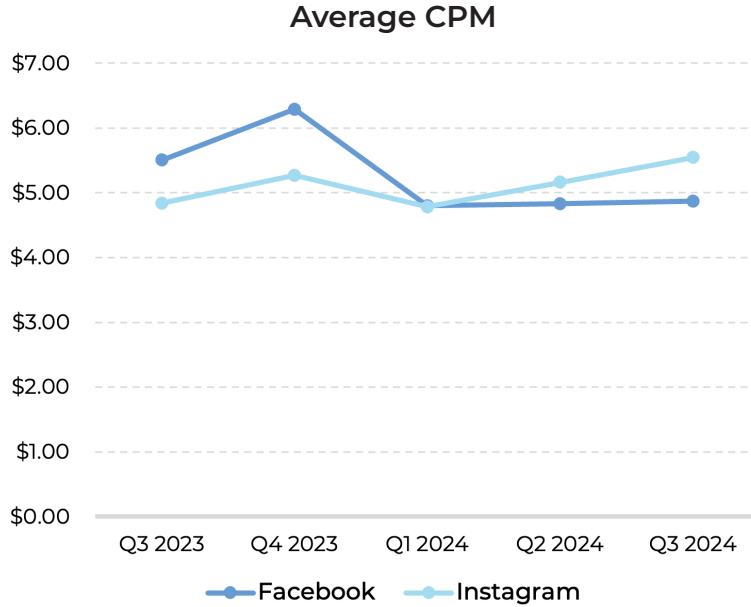
While branded keywords provided some upwards pressure, overall keyword CPC only grew 3% YoY. Performance Max CPC has been higher than Standard Shopping all year, but still conforms to the long-standing trend where search shopping ads are priced lower than keywords, on average.



	Keywords	Standard Shopping	Performance Max
Q3 2023	\$1.18	\$0.38	\$0.38
Q4 2023	\$1.23	\$0.56	\$0.49
Q1 2024	\$1.18	\$0.35	\$0.50
Q2 2024	\$1.19	\$0.36	\$0.51
Q3 2024	\$1.22	\$0.34	\$0.48
QoQ	+2%	-5%	-4%
YoY	+3%	-10%	+26%

Meta CPM by platform

Since the first quarter, the cost of one thousand impressions has been higher for Instagram than for Facebook, marking a big change in how those audiences are valued.

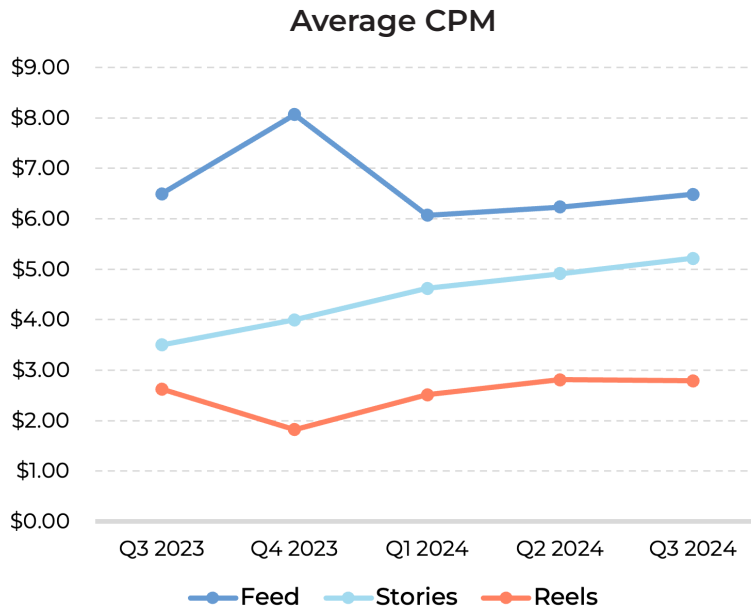


	Facebook	Instagram
Q3 2023	\$5.50	\$4.84
Q4 2023	\$6.29	\$5.27
Q1 2024	\$4.80	\$4.78
Q2 2024	\$4.83	\$5.16
Q3 2024	\$4.87	\$5.54
QoQ	+1%	+7%
YoY	-11%	+15%

This 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.

Meta CPM by position

The main news feed, which commands 84% of total spending on Facebook and 57% on Instagram, is still the highest-priced placement position across the Meta ecosystem. This likely reflects that the main feed is less “sticky” than either Stories or Reels, which are more immersive due to their highly visual nature, making it harder for advertisers to interrupt that experience.



	Keywords	Standard Shopping	Performance Max
Q3 2023	\$6.49	\$3.50	\$2.63
Q4 2023	\$8.07	\$4.00	\$1.82
Q1 2024	\$6.07	\$4.62	\$2.51
Q2 2024	\$6.23	\$4.91	\$2.81
Q3 2024	\$6.48	\$5.22	\$2.79
QoQ	+4%	+6%	-1%
YoY	-0%	+49%	+6%

This 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 THE REPORT

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.



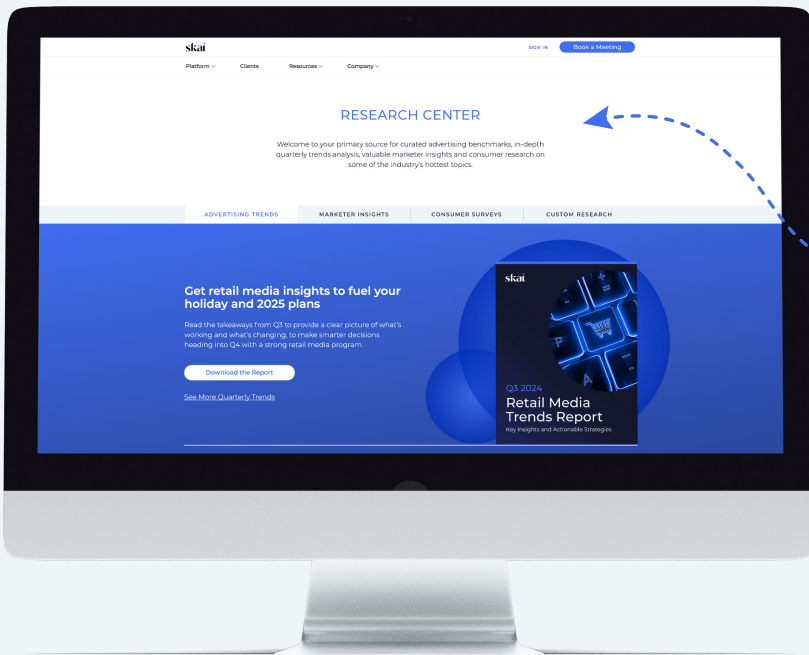
Sample is drawn from a total population of over 1 trillion impressions, 14 billion clicks, and approximately \$8.6 billion in spending over five quarters, across multiple countries and industry categories.



Advertisers must have 15 consecutive months above a minimum spending threshold in the channel to be included in the analysis. Additional outliers will be removed, as necessary. Some analyses 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

[Skai Research Center](#)

Curated advertising benchmarks, in-depth quarterly trends analysis, valuable marketer insights and consumer research on some of the industry's hottest topics.

- ✓ Advertiser Trends
- ✓ Marketer Insights
- ✓ Consumer Surveys
- ✓ Custom Research

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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. Visit skai.io for more information.