

skai®



Q4 2024

# Quarterly Trends Report



## Introduction

Thanks to the holiday shopping season, the fourth quarter is typically marked by big increases in ad spending versus both the previous quarter and the previous year, But due to a later-than-usual Cyber 5 and subsequently a shortened period between Thanksgiving and Christmas, there was some uncertainty heading into Q4 2024.

But despite the calendar and the plethora of deals throughout the entire year, Q4 ad spend still surged across retail media, paid search, and paid social versus the previous quarter, with retail media also enjoying growth more broadly, with nearly every segment up and the only differences between them being how much.

The contours of the high-level trends in search and social were actually quite similar. Prices were stable, clicks and impressions were relatively flat, and year-over-year trends were also positive for paid social, albeit at a less impressive rate than retail media.

Other bright spots across channels included relatively new commerce offerings seeing consistent growth as Amazon DSP, Performance Max, and Advantage Shopping Campaigns+ helped drive spending for retail media, paid search, and paid social, respectively.

*Note: 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.*





# TABLE OF CONTENTS

01

What you need to know

02

Retail media

03

Paid search

04

Paid social

05

Conclusions

06

Appendix

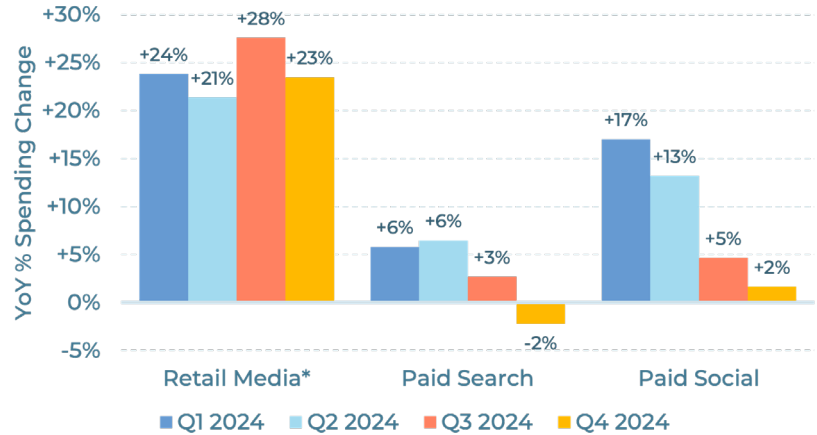
07

About this report

## Spending growth by channel over time

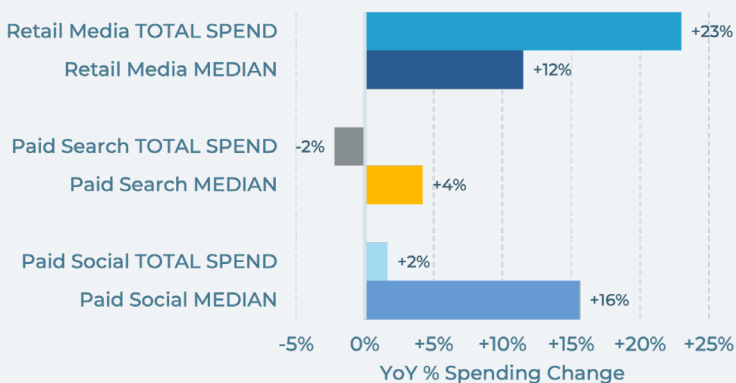
Retail media spending growth was roughly on par with previous quarters and reflected a generally strong holiday season, although the lateness of Thanksgiving may have led to slightly lower growth when compared to last quarter.

The deceleration of growth in paid search and paid social over the past year, however, suggests more than just a short holiday season. Both of these channels have experienced big changes in the fundamentals of how direct response campaigns work, and there should be no expectation that these new features and functions would behave in exactly the same fashion as what they replaced.



Please note that retail media analysis includes Amazon and Walmart DSP campaigns starting in Q3 2024.

## Total vs median growth by channel

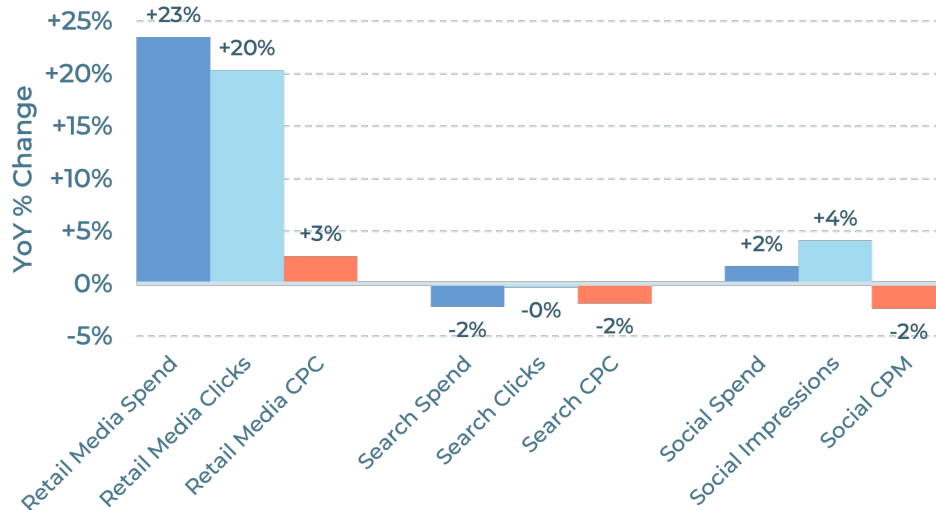


It is also important to remember that this is not a random sample of accounts, and so their distribution can be non-normal in ways that can shed more light on performance. For instance, using the median YoY growth—the point where half of accounts are higher and half are lower, independent of their size—reveals more strength in search and social than their total spending numbers would indicate.

What this means is that there are likely a handful of large accounts that are negatively skewing the topline numbers in those two channels, but they are not exhibiting any drastically different behavior that would make them an outlier that needs to be removed. In retail media, the situation is reversed, where the skew looks to be pushing the topline growth number higher.

## Pricing vs volume by channel

Ad prices remained relatively stable in all channels, ticking up slightly in retail media and down slightly in paid search and paid social. Retail media, however, was the only channel that drove a higher volume of ad units year-over-year to maintain growth in an environment where ad prices were mostly flat. This is a big hint that the structural changes to inventory and ad load in search and social were a factor in overall spending trends.



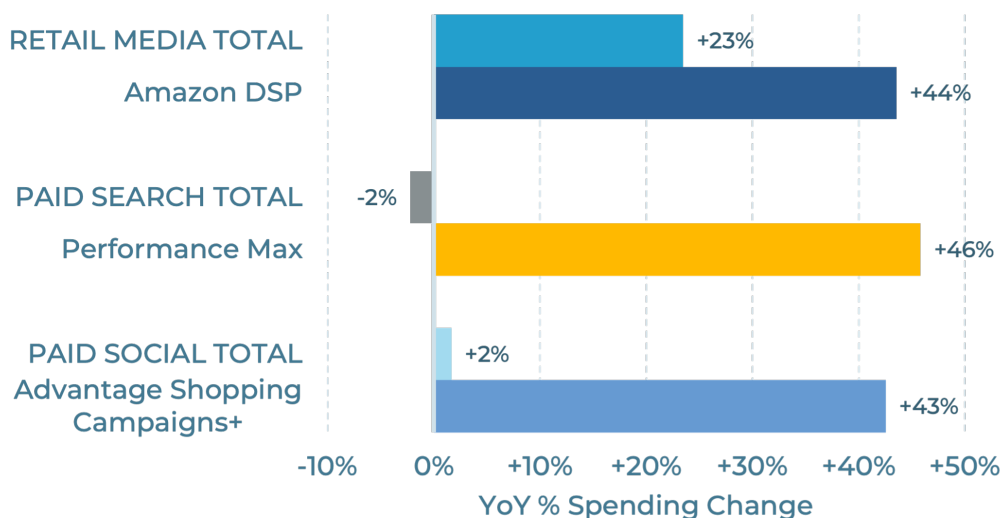
## Changes in ad prices over time

Ad prices have gotten considerably less volatile in the last two quarters across all channels. Some of this is attributable to new ad types and campaign formats becoming more established, smoothing out the transitional changes, but as we have already seen, this can effectively act as a headwind when ad volumes do not grow over time.



## Newer commerce formats and features drive comparable growth

One area that has shown consistent growth across channels has been the newer entrants into each channel on the retail and shopping front. Amazon DSP, Performance Max in paid search and Advantage Shopping Campaigns+ on Meta all grew spending between 40% and 50% over last year. In the context of total channel growth, it is important to consider that Amazon DSP is largely incremental growth, while PMax and ASC+ are both replacing legacy formats.



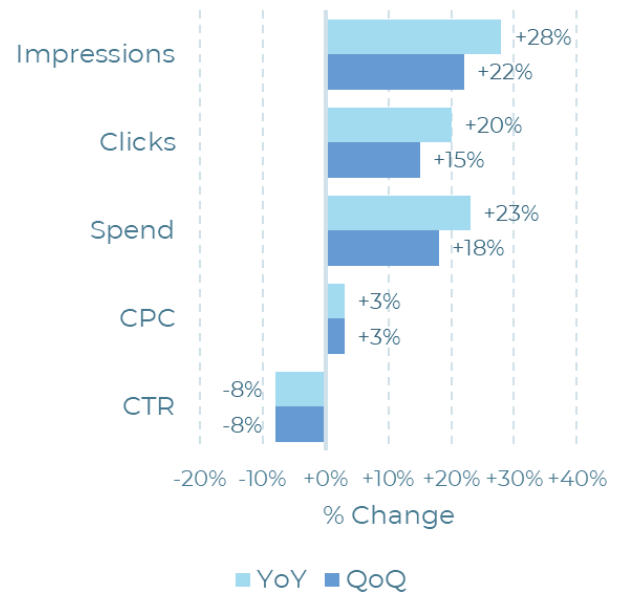


## Retail media Q4 summary

Retail media spending grew at a healthy pace in Q4, with total expenditures up compared to both last year and last quarter. Clickthrough rate for the channel fell as retailers—Amazon in particular—emphasized upper-funnel tactics with DSP and other offerings.

Similar to last quarter, the majority of retail media spending growth came from more clicks rather than higher CPCs, which only grew 3% YoY.

**+23% YoY spend**



“Retail media continues to be effective for both conversions and brand-building. Marketers should test a mix of Sponsored Products and DSP campaigns to balance immediate sales goals with upper-funnel engagement.”

**Joshua Dreller**

Senior Director Content Marketing, Skai

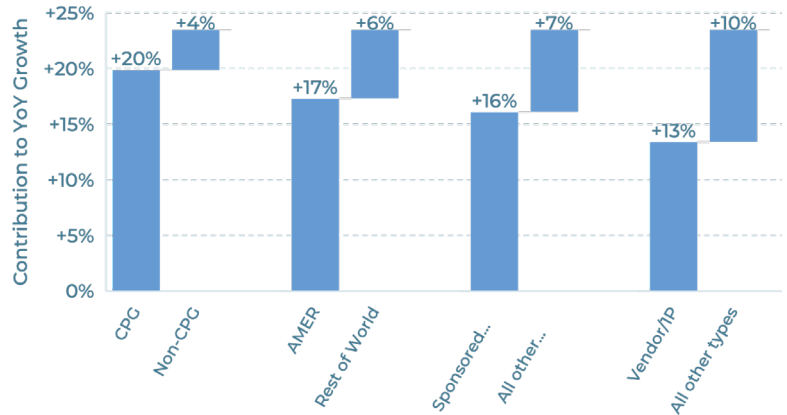
## Retail media by the numbers

	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Impressions*	1.00	0.87	1.03	1.05	1.28
Clicks*	1.00	0.90	1.01	1.05	1.20
Spend*	1.00	0.82	0.97	1.05	1.23
CPC	\$1.19	\$1.09	\$1.13	\$1.19	\$1.22
CTR	0.36%	0.37%	0.35%	0.36%	0.33%

\* Indexed Volume (Q4 2023=1.00)

## Retail media key growth drivers

Rather than look at how much spending in any particular segment grew relative to last year on its own, it is more instructive to look at how much that segment contributed to overall growth in the channel. Retail media is unique in this analysis in that nearly every segment is growing, so this line of reasoning highlights segments that grew more than the rest of the channel, rather than growing while other segments fall.

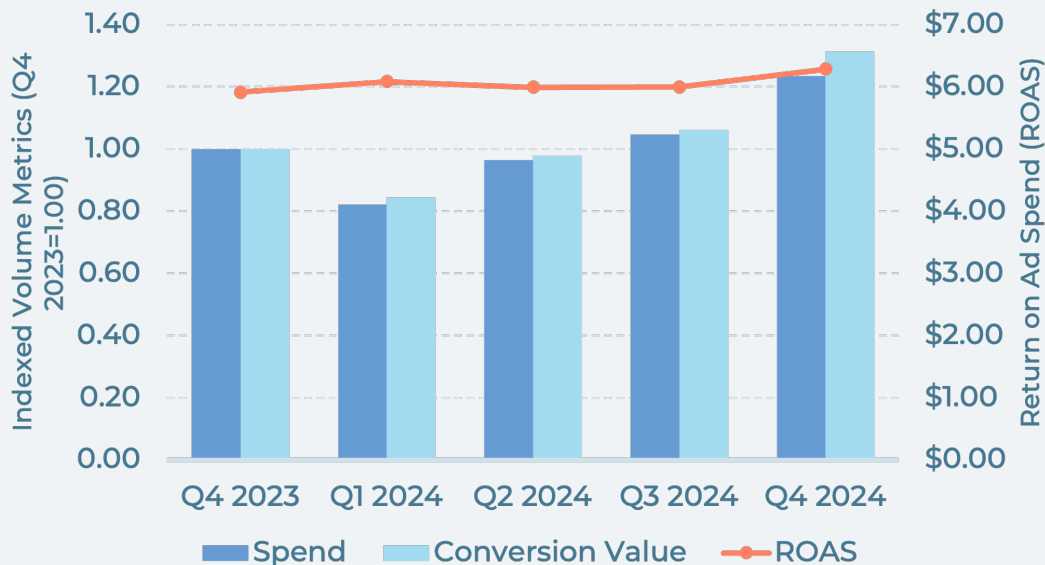


As a result, the largest segments tend to contribute the most to growth. CPG, North American advertisers, Sponsored Products and First-party Vendors range from 65% to nearly 85% of retail media spending, and have considerable overlap.

The bottom line is that while newer, smaller segments like DSP are driving growth higher, it is the core of retail media that continues to do most of the work.

## Retail media spend vs ROAS

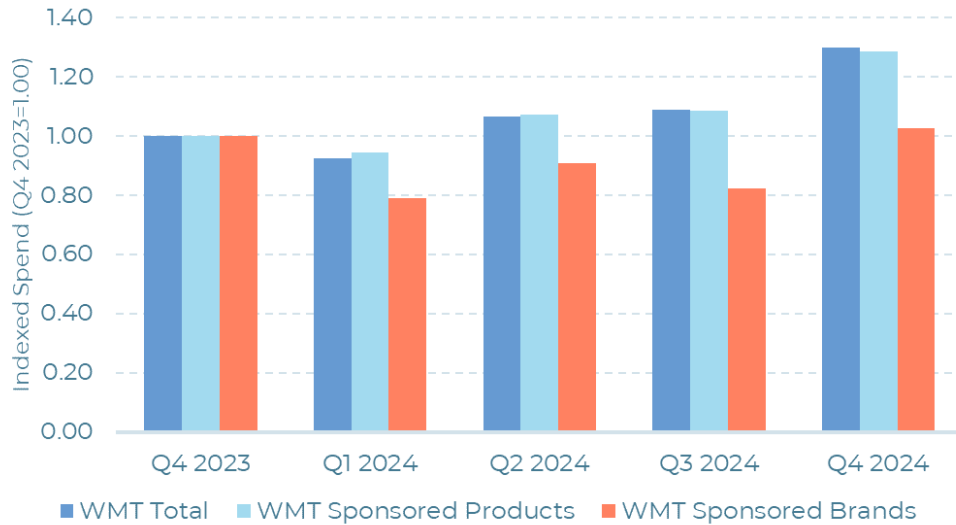
To date, growth in retail media spending has not led to diminishing ROAS, as conversion value has kept pace. This has been remarkably consistent during the meteoric rise of the channel, and is a primary reason there has been so much activity and excitement around it.





## Focus on: Walmart

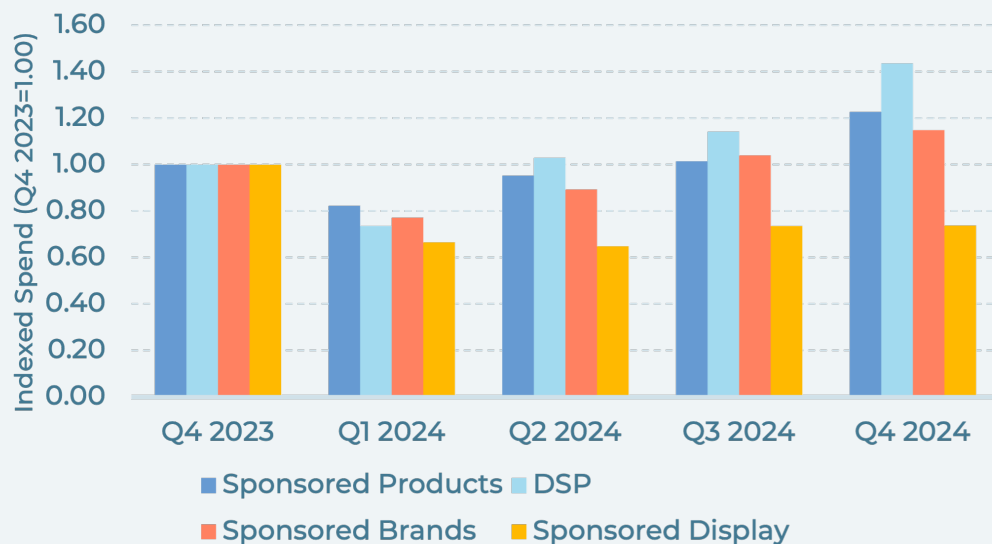
Sponsored Brand ads on Walmart were relatively flat YoY compared to Sponsored Product ads, but grew faster QoQ (+25% vs +18%).



*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 spending grew 40% YoY, faster than other Amazon ad types and solidified its position as 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.



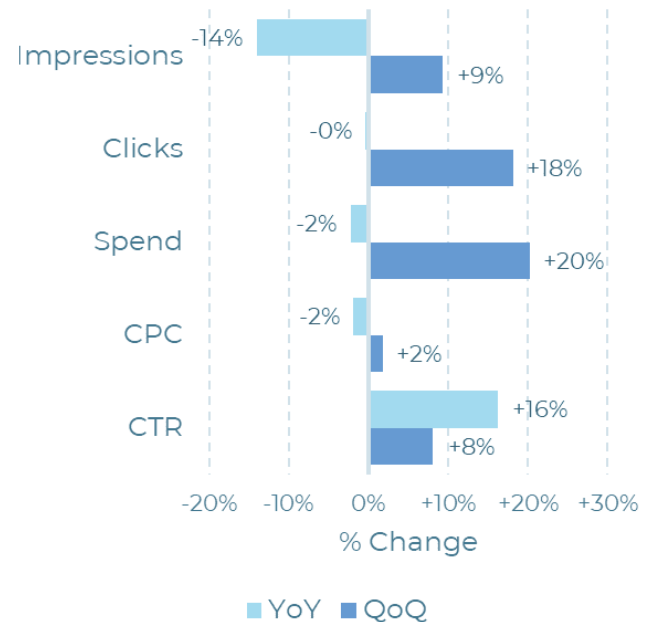
## Paid search Q4 summary

Despite a 20% increase in paid search spending over last quarter, total expenditures in the channel actually shrank by 2% YoY. There seem to be two primary factors at play in this slowdown. First, the transition to Performance Max continues to be disruptive to long term trends, with a different formula of clicks and prices than its predecessor, Smart Shopping. This has been a headwind for search growth across retail and commerce throughout most of 2024 and has been compounded by evidence that PMax might be starting to win budget from Standard Shopping campaigns and even keyword search.

Second, that headwind means that when non-commerce advertisers take their foot off the gas while everyone is shopping for the holidays—a trend that may also be exacerbated by PMax starting to replace keyword search—that boon from shopping ads wasn't there to maintain overall growth to the same extent as in previous years.

All that said, there may be some unique properties of the client base running search campaigns on Skai, particularly larger, non-commerce advertisers who may have slowed their search budgets more than others in that space. In fact, the median YoY increase was +4% when controlling for the size of the advertiser budget, so that drop in total spending may not be the whole story.

**-2%** YoY spend



## Paid search by the numbers

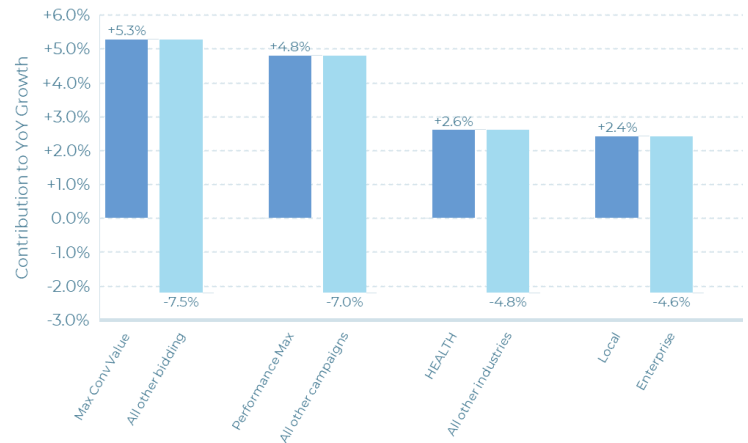
	Q4 2023	Q1 2023	Q2 2023	Q3 2024	Q4 2024
Impressions*	1.00	0.91	0.89	0.79	0.86
Clicks*	1.00	0.86	0.88	0.84	1.00
Spend*	1.00	0.79	0.85	0.81	0.98
CPC	\$0.57	\$0.53	\$0.56	\$0.55	\$0.56
CTR	1.60%	1.53%	1.59%	1.72%	1.86%

\* Indexed Volume (Q4 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. The biggest contributor to search spending growth was where Maximize Conversion Value was the bidding method for the campaign. This includes ROAS targeting, which used to have its own setting, and this is one reason why the “all other” category swings harder in the negative direction.



Performance Max also moved the needle, but the biggest headwind across other campaign types was non-branded keywords, which comprised 51% of total search spend and where CPC dropped 15%, which raises the possibility that advertisers are starting to try PMax in place of those higher-priced keywords.

The Health category, and Local/SMB advertisers also saw positive spending growth in the channel, only to be offset by their opposites.



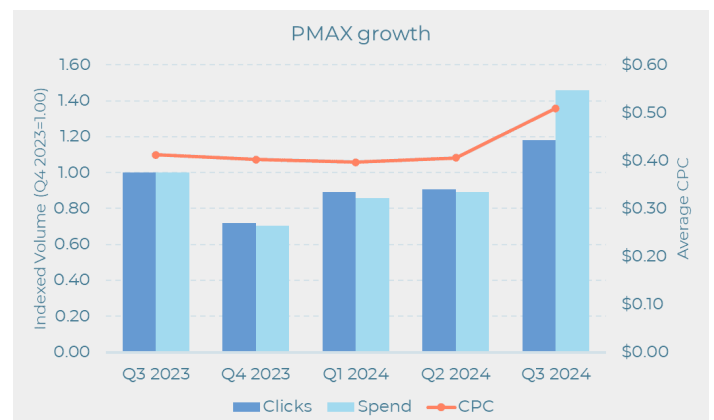
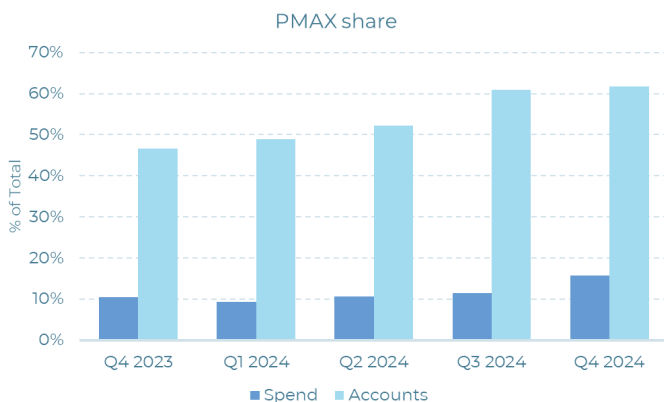
“A shortened holiday season and lower year-over-year CPC for non-branded keywords were key factors for paid search’s performance in Q4.”

**Joshua Dreller**

Senior Director Content Marketing, Skai

### Focus on: Performance Max

The share of accounts using Performance Max did not change from Q3 to Q4, which emphasizes that search advertisers had their holiday PMAX programs in place back in the third quarter. Spending increased 64% QoQ and 46% YoY as both click volume and CPC increased.

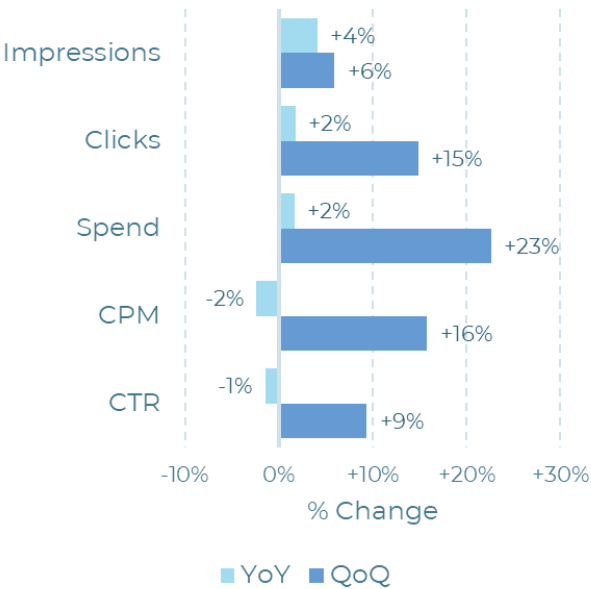


## Paid social Q4 summary

The animating forces behind trends for social data on Skai did not fundamentally change since last quarter. In total, Meta spending shrank while the rest of the social channel, led by TikTok, brought overall spending higher by a modest 2%.

Two factors stand out in Meta’s 5% slide. First, there were a small number of large accounts that cut spending levels, and that did seem to skew overall spending. Looking at the median change across all accounts tells a much different story, with Meta up 11% and the full social channel up 16%. While this effect may be unique to this analysis of these accounts, these are not advertisers who are behaving badly and need to be excluded from the analysis.

Furthermore, the shift to Outcome-Driven Ad Experiences or ODAX changed the dynamic for direct response campaigns across both commerce and non-commerce advertisers. Specifically, the spending volume from the more general “conversion”-based objectives that were deprecated earlier in 2024 did not rematerialize elsewhere.



“TikTok’s ability to connect with younger audiences has made it a go-to platform, but with its long-term future in the US still unclear, brands should be prepared to be flexible with their social budgets.”

**Joshua Dreller**  
Senior Director Content Marketing, Skai

## Paid social by the numbers

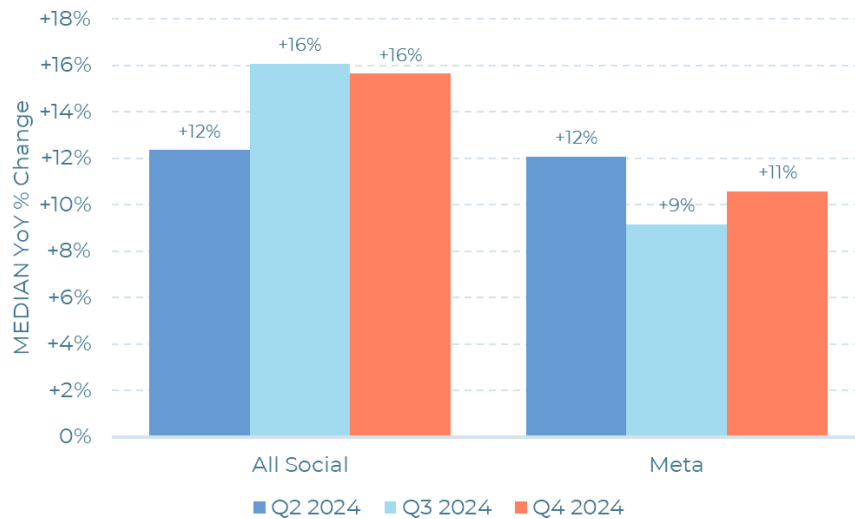
	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Impressions*	1.00	1.00	0.88	0.98	1.04
Clicks*	1.00	0.86	0.86	0.89	1.02
Spend*	1.00	0.78	0.74	0.83	1.02
CPM	\$5.83	\$4.52	\$4.90	\$4.91	\$5.69
CTR	0.71%	0.61%	0.70%	0.64%	0.70%

\* Indexed Volume (Q4 2023=1.00)

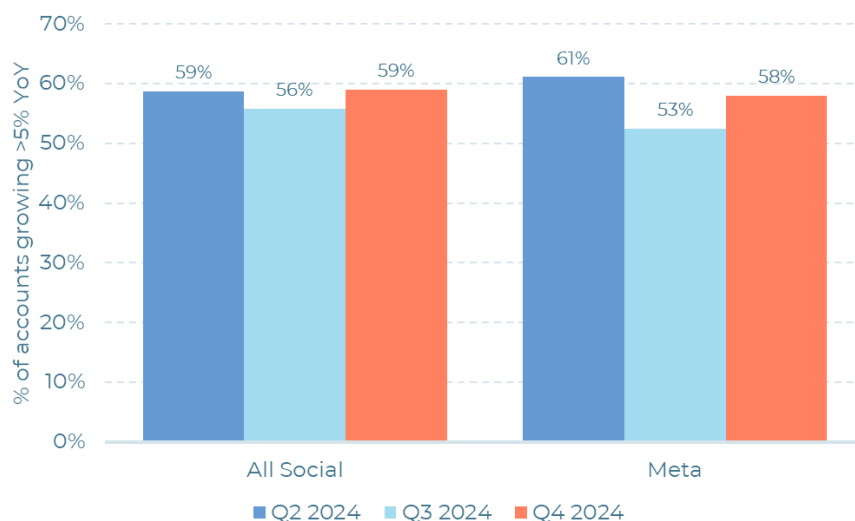


## Distribution of social spending growth

As with paid search, considering the median YoY increase in spending—the point where half of accounts were higher and half were lower—shows a stronger quarter for the overall social channel and for Meta.

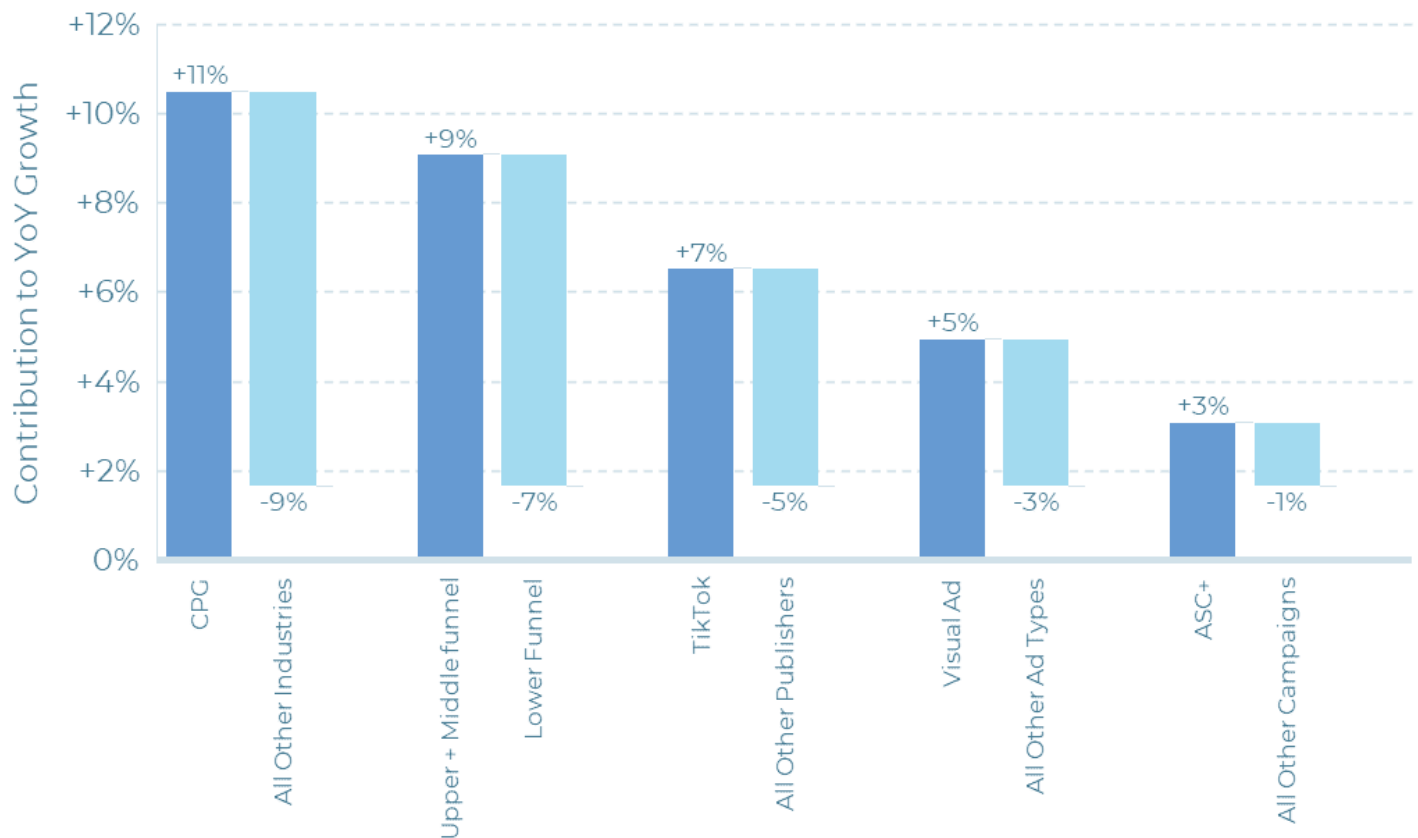


A median is a measure of distribution, but it is not the only one. We can go further in this direction by categorizing advertisers by whether they increased or decreased spending by at least 5% YoY. Here, again, we can see a more positive outcome than the topline spending number, as more than half of advertisers in the analysis grew spending levels.



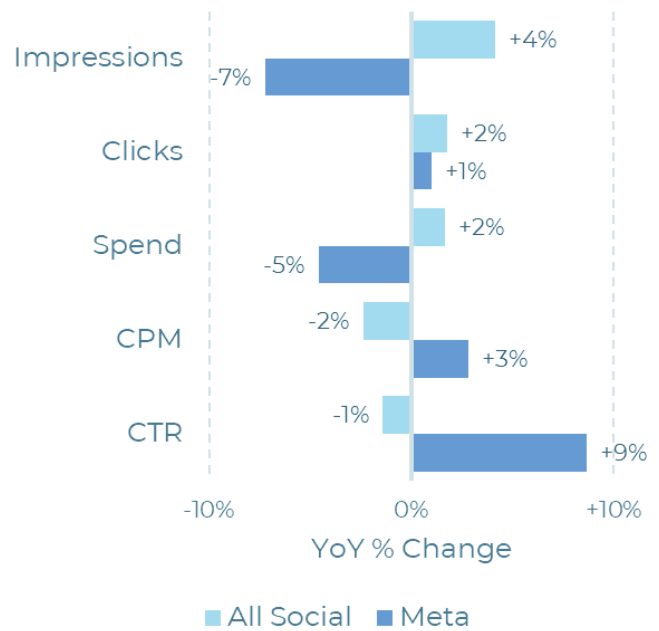
## Paid social key growth drivers

There were some clear bright spots across paid social even when considering total spend rather than distribution metrics. CPG grew sharply compared to other categories, and upper/middle funnel strategies grew as well. TikTok drove spending growth in the channel, although the future of that platform remains uncertain as this report is written, and spending has already begun to drop off. Visual ads, broadly, were a tailwind, and Advantage Shopping Campaigns+ on Meta had a positive impact even on the entire social channel.

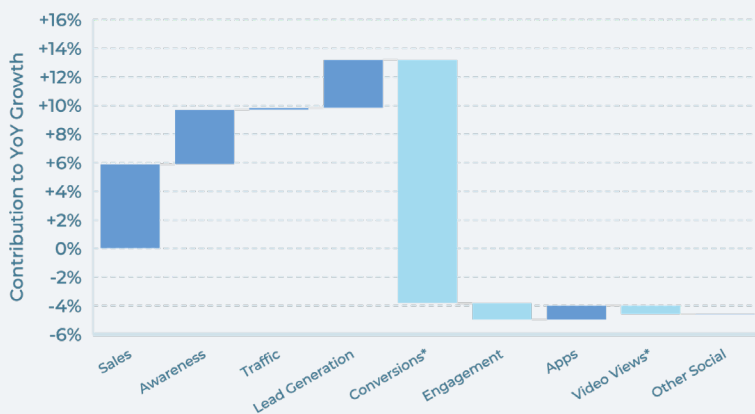


## Focus on: Meta

What is immediately apparent when comparing Meta to the entire social media channel is not only the difference in total spending growth, but also the volume of impressions. This, again, points to shifting ad inventory patterns as a key factor in the overall trends for Meta in particular, especially considering the small movement in ad pricing.



## Deprecation of legacy objectives



With the introduction of Outcome-Driven Ad Experiences or ODAX, the number of campaign objectives available to Meta advertisers was reduced. For strategies like Awareness or Traffic, there was both a legacy objective and a new objective to which it was logically mapped. However, the large, undifferentiated “Conversions” objective no longer exists in the new structure. Using a waterfall chart, it becomes clear that these dollars did not find a clear new home in ODAX objectives like Sales or Leads, and this ultimately was a major headwind for total Meta spending across Skai accounts.



## Conclusions

Retail media continues to thrive, and it isn't surprising that such a commerce-focused quarter would reward that channel. As for paid search and social, with so much going on under the hood at Google and Meta, ad inventory patterns seem to be a major reason spending hadn't grown in the fourth quarter as it had in previous years. And now that elements like Performance Max and ODAX are the "new normal," marketers can start to focus more on optimizing and growing their programs.

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.



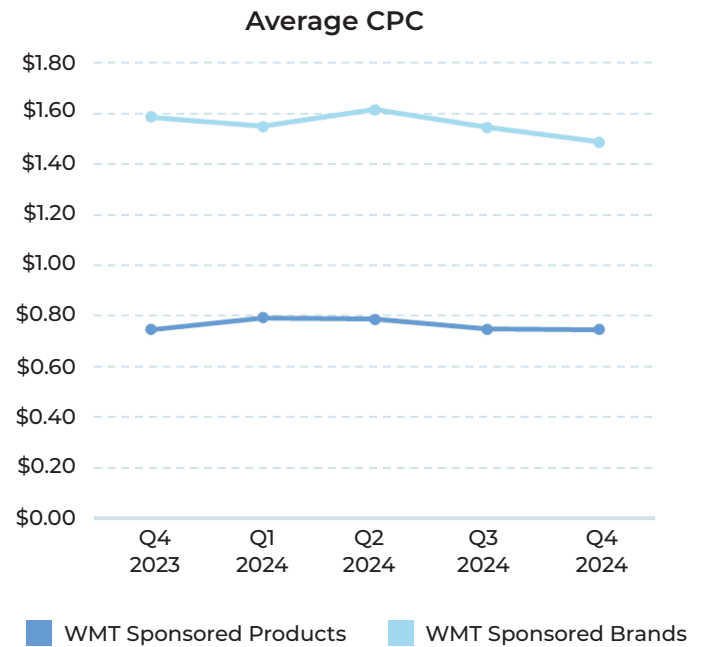


# Appendix

## Walmart CPC by ad type

Sponsored Brand ads on Walmart command a higher premium over Sponsored Product Ads on cost per click basis, but lower clickthrough rates are a factor in that difference.

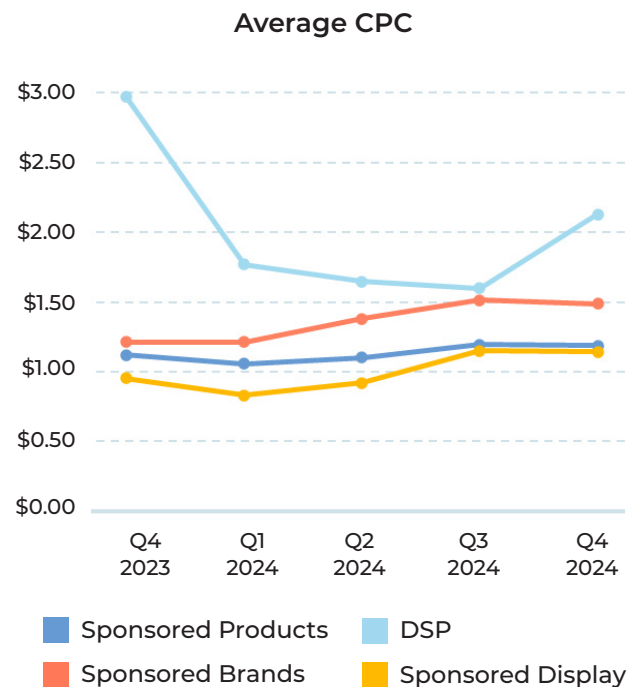
	Sponsored Products	Sponsored Brands
Q4 2023	\$0.75	\$1.59
Q1 2024	\$0.79	\$1.55
Q2 2024	\$0.79	\$1.62
Q3 2024	\$0.75	\$1.55
Q4 2024	\$0.75	\$1.49
<b>QoQ</b>	<b>0%</b>	<b>-4%</b>
<b>YoY</b>	<b>0%</b>	<b>-6%</b>



## Amazon CPC by ad type

Amazon DSP appears to have had a much larger seasonal increase than other campaign types, with prices up by one-third over the previous quarter, while structural changes with Prime Video may account for the big YoY drop.

	Sponsored Products	DSP	Sponsored Brands*	Sponsored Display
Q4 2023	\$1.12	\$2.97	\$1.21	\$0.95
Q1 2024	\$1.06	\$1.77	\$1.21	\$0.83
Q2 2024	\$1.10	\$1.65	\$1.38	\$0.92
Q3 2024	\$1.19	\$1.60	\$1.51	\$1.15
Q4 2024	\$1.19	\$2.13	\$1.49	\$1.14
<b>QoQ</b>	<b>0%</b>	<b>+33%</b>	<b>-2%</b>	<b>-1%</b>
<b>YoY</b>	<b>+6%</b>	<b>-28%</b>	<b>+23%</b>	<b>+20%</b>



\* Sponsored Brands includes Sponsored Brand Video

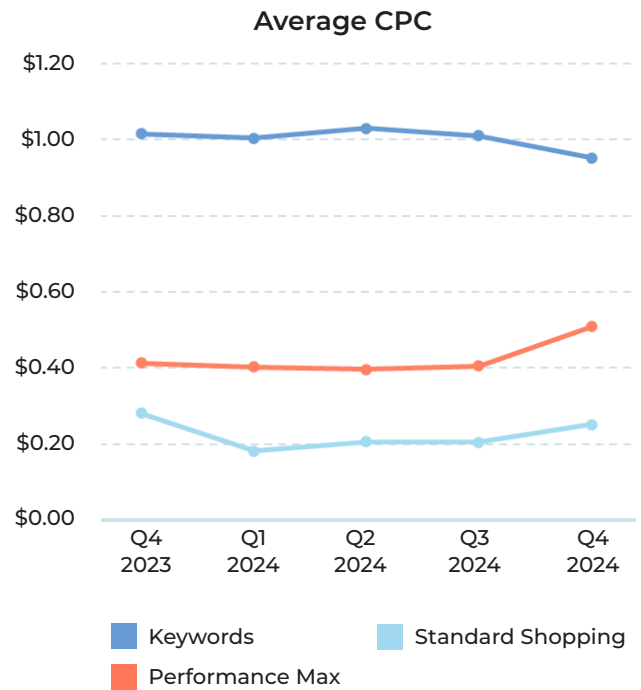
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## APPENDIX

### Google CPC by ad type

Both Standard Shopping and Performance Max increased in price from Q3 to Q4, but PMax was the only major campaign type to increase in price YoY. And while branded keyword CPC grew by nearly 20%, non-branded keywords, which make up a larger share of volume, drove total keyword CPC down 6% both QoQ and YoY.

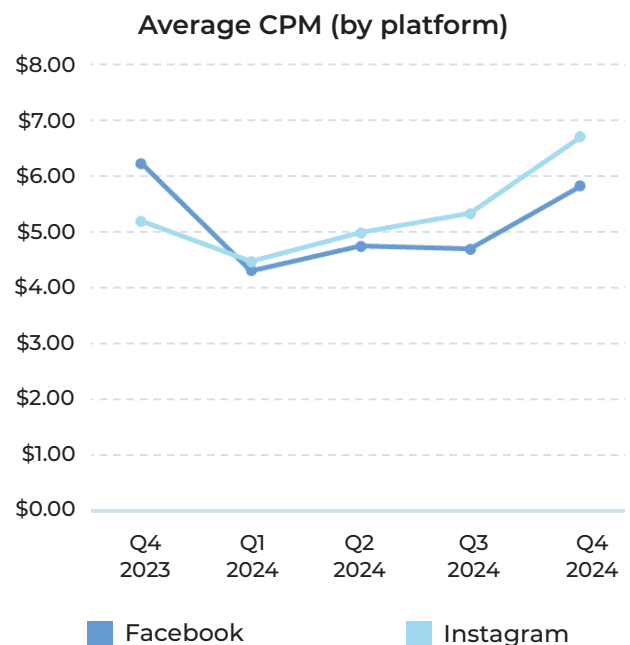
	Keywords	Standard Shopping	Performance Max
Q4 2023	\$1.01	\$0.28	\$0.41
Q1 2024	\$1.00	\$0.18	\$0.40
Q2 2024	\$1.03	\$0.21	\$0.40
Q3 2024	\$1.01	\$0.20	\$0.41
Q4 2024	\$0.95	\$0.25	\$0.51
<b>QoQ</b>	<b>-6%</b>	<b>+23%</b>	<b>+25%</b>
<b>YoY</b>	<b>-6%</b>	<b>-11%</b>	<b>+23%</b>



### Meta CPM by platform

After establishing itself as the more expensive platform, Instagram has started to put space between its CPM and that of Facebook. Both platforms saw similar price increases from Q3 to Q4.

	Facebook	Instagram
Q4 2023	\$6.23	\$5.20
Q1 2024	\$4.31	\$4.48
Q2 2024	\$4.75	\$4.99
Q3 2024	\$4.70	\$5.33
Q4 2024	\$5.83	\$6.71
<b>QoQ</b>	<b>+24%</b>	<b>+26%</b>
<b>YoY</b>	<b>-6%</b>	<b>+29%</b>



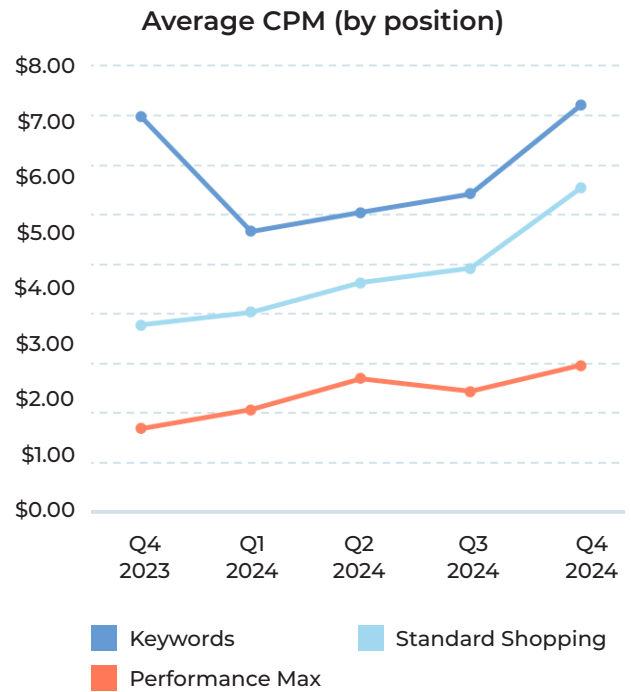
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## APPENDIX

### Meta CPM by position

The main newsfeed across both Facebook and Instagram had a major price drop from Q4 of last year to Q1 of this year that coincided with the deprecation of Conversion objectives. And while Stories and Reels saw big YoY increases in CPM, Feed dominated the trend by virtue of being a much larger segment (72% of total spend) and higher-priced.

	Feed	Stories	Reels
Q4 2023	\$7.99	\$3.78	\$1.69
Q1 2024	\$5.67	\$4.04	\$2.07
Q2 2024	\$6.04	\$4.63	\$2.70
Q3 2024	\$6.43	\$4.93	\$2.44
Q4 2024	\$8.21	\$6.54	\$2.96
<b>QoQ</b>	<b>+28%</b>	<b>+33%</b>	<b>+21%</b>
<b>YoY</b>	<b>+3%</b>	<b>+73%</b>	<b>+75%</b>



## 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.



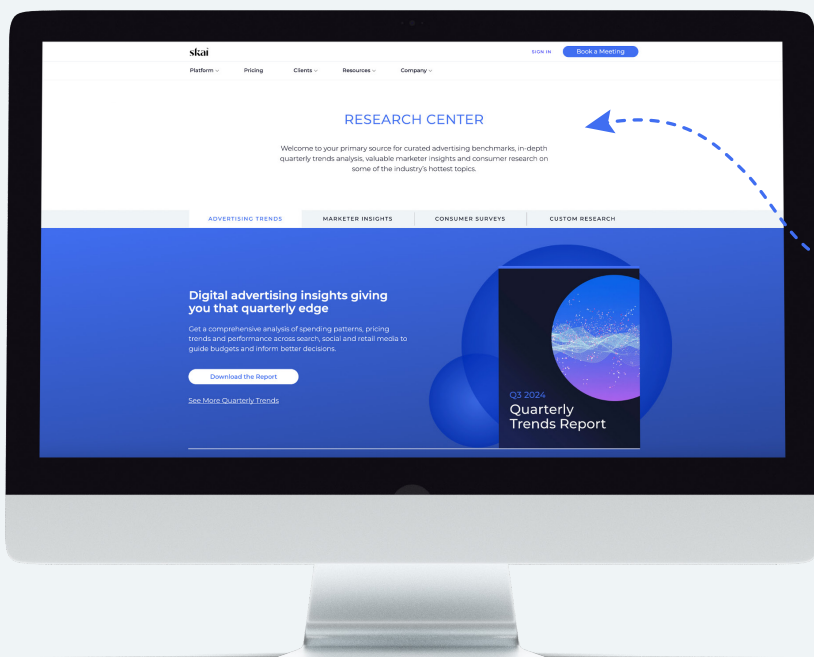
Sample is drawn from a total population of over 1 trillion impressions, 14 billion clicks, and approximately \$8.6 billion in spending over five quarters, across multiple countries and industry categories.



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](https://skai.io) for more information.