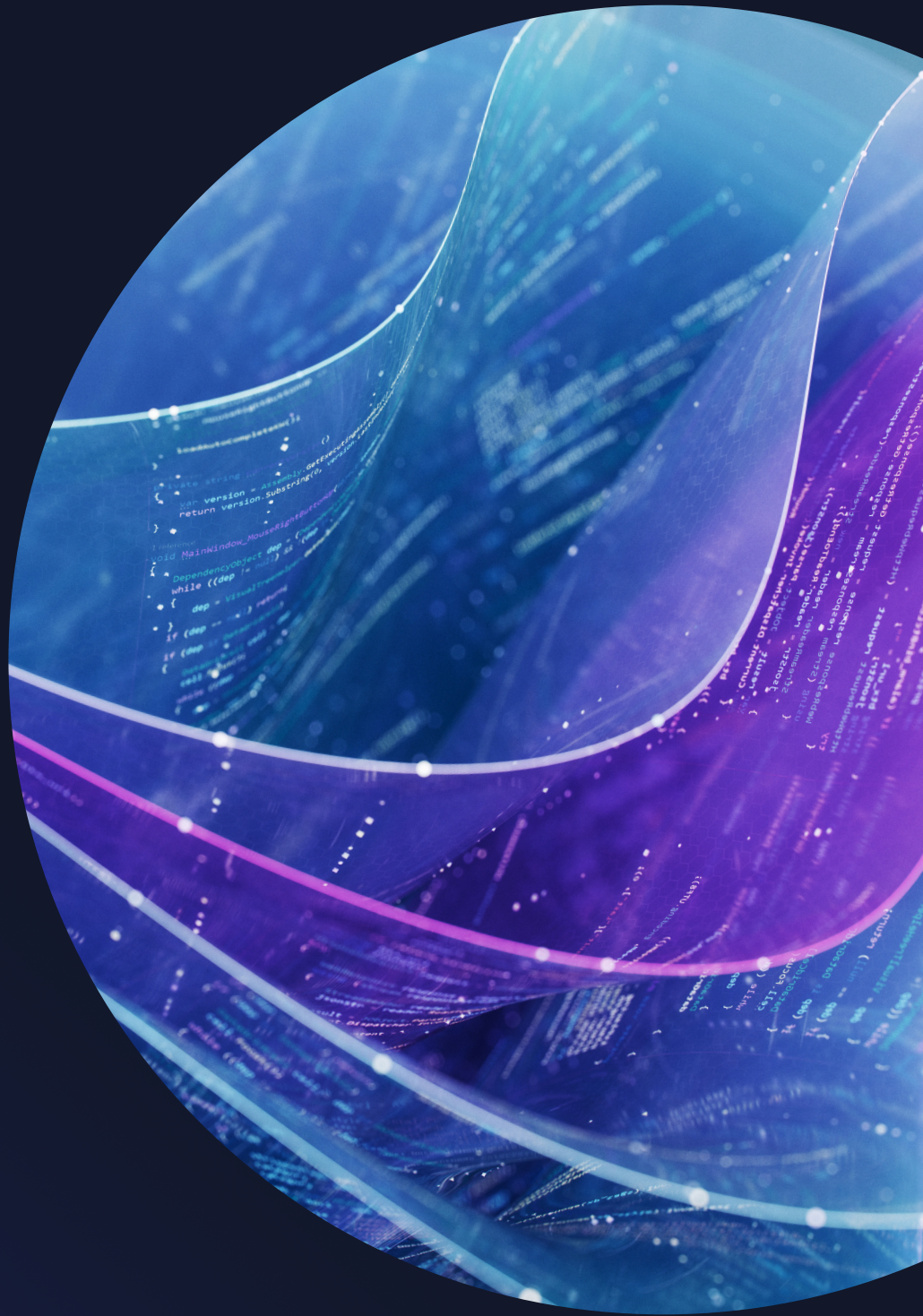


skai®



Q1 2026

Quarterly Trends Report

Introduction

Q1 SETS THE TONE FOR THE YEAR

Q1 is where annual plans meet reality. The strategic bets, the format shifts, the retailer diversification conversations that happened during fall planning sessions... they all show up in Q1 spending.

When marketers locked their 2026 budgets last fall, they made a clear choice about where to place their confidence. Retail media got the biggest vote, with spend climbing 27% year over year while clicks surged 38% and CPCs dropped 8%. Paid social delivered its strongest efficiency quarter in recent memory. Even paid search, where costs continue to climb, showed signs of strategic pruning rather than retreat.

What makes these results remarkable is the backdrop. The [IAB's 2026 Outlook Study](#) found that 9 in 10 ad buyers expressed concern about tariffs' impact on advertising budgets, and there is a roughly 1-in-3 chance of a domestic recession still hanging over the market. Yet marketers didn't pull back. They leaned harder into channels with closed-loop measurement and clear lines between ad spend and business outcomes. Performance channels are winning the uncertainty trade.

Meanwhile, the shopping landscape itself is being rewritten. In January, Google CEO Sundar Pichai took the stage at NRF to unveil the [Universal Commerce Protocol \(UCP\)](#), an open standard for agentic commerce developed alongside Shopify, Walmart, Target, Etsy, and Wayfair. AI agents aren't just recommending products anymore. They're comparing, carting, and completing purchases.

During the 2025 holiday season, [AI-driven interactions influenced \\$262 billion in global online sales](#), with 20% of all orders involving agent-driven recommendations or conversational customer service. [Early signals are already emerging. AI-driven traffic to U.S. retailers rose nearly 4x in Q1 2026](#). Retail media sits closer to the moment of purchase than any other advertising channel, which is exactly why marketers are building their 2026 strategies around it.

This report breaks down what happened in Q1 2026 across retail media, paid search, and paid social. It examines what the numbers mean for your programs, where the opportunities are opening, and what to focus on as you plan Q2, Q3, and the road to Q4.





What you'll find in this report

Skai's Q1 2026 Quarterly Trends Report analyzes performance across retail media, paid search, and paid social advertising. The data in this report is drawn from Skai's managed platform data using a 15-month same-store methodology, meaning only accounts active for the full comparison period are included to ensure consistency and eliminate the impact of account churn.

IN THIS REPORT:

- Long-term channel performance trends spanning seven years of data across all three channels
- A deep dive into retail media performance, including Amazon, Walmart, DSP, and category-level benchmarks
- Paid search and paid social trends, including Performance Max adoption and TikTok investment
- Proprietary research from Skai's advertiser survey on AI campaign adoption
- A quarterly AI watch section covering agentic commerce developments
- Actionable guidance for Q2 2026 planning

High-level takeaways

DSP is now cheaper per click than Sponsored Products on Amazon.



A year ago, DSP cost nearly twice as much. In Q1, it dropped to \$0.86 while Sponsored Products sat at \$0.96. This pricing inversion changes how you should allocate across the funnel. The upper-funnel tax is gone.

CPCs fell across every single retail media category.



A first in the data. Whether you're in Health, Apparel, Electronics, or CPG, the cost to compete dropped year over year. That creates a broad-based efficiency window for testing new retailers, new formats, and new categories.

ROAS held steady for FIVE straight quarters of rising spend.



Retail media continues to defy the diminishing returns curve that eventually catches every other channel at scale. Spend keeps climbing and returns keep holding.

Paid social posted a rare efficiency trifecta.



Clicks grew 42% year over year, CPCs fell 22%, and CTR climbed 27%. The channel is delivering significantly more engagement at lower cost.

Paid search CPCs matched their all-time high.



Costs have nearly doubled in two years, hitting \$1.10 per click. The margin for waste in paid search is shrinking fast. Every underperforming query in your account costs more to carry than it did a year ago.





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The macro backdrop for Q1 2026

The ad market shrugged off the anxiety. The [IAB projects U.S. ad spend will grow 9.5% in 2026](#), boosted by the Winter Olympics, FIFA World Cup, and U.S. midterm elections. Even excluding those cyclical events, baseline growth sits between 7.1% and 7.8%. Commerce media specifically is expected to [grow 12.1% in 2026](#), nearly 30% faster than the rest of the ad market.

The competitive landscape at the top is shifting. [eMarketer projects](#) that Meta will overtake Google in global digital ad revenue for the first time in 2026, reaching \$243.5 billion versus Google's \$239.5 billion. Together with Amazon's projected \$82 billion, the three platforms will capture 62.3% of all worldwide digital ad dollars. For marketers, diversification across these three is table stakes. The real strategic question is allocation within and beyond them.

And AI is accelerating faster than most 2026 plans accounted for. Two-thirds of ad buyers are now [focused on agentic AI](#) for campaign execution. Google's UCP, Amazon's MCP Server going open beta, and OpenAI's Instant Checkout all launched within months of each other. The infrastructure for AI-mediated shopping is being built right now, and the brands with the cleanest product data and the strongest full-funnel presence across retailers will be the ones AI agents recommend.





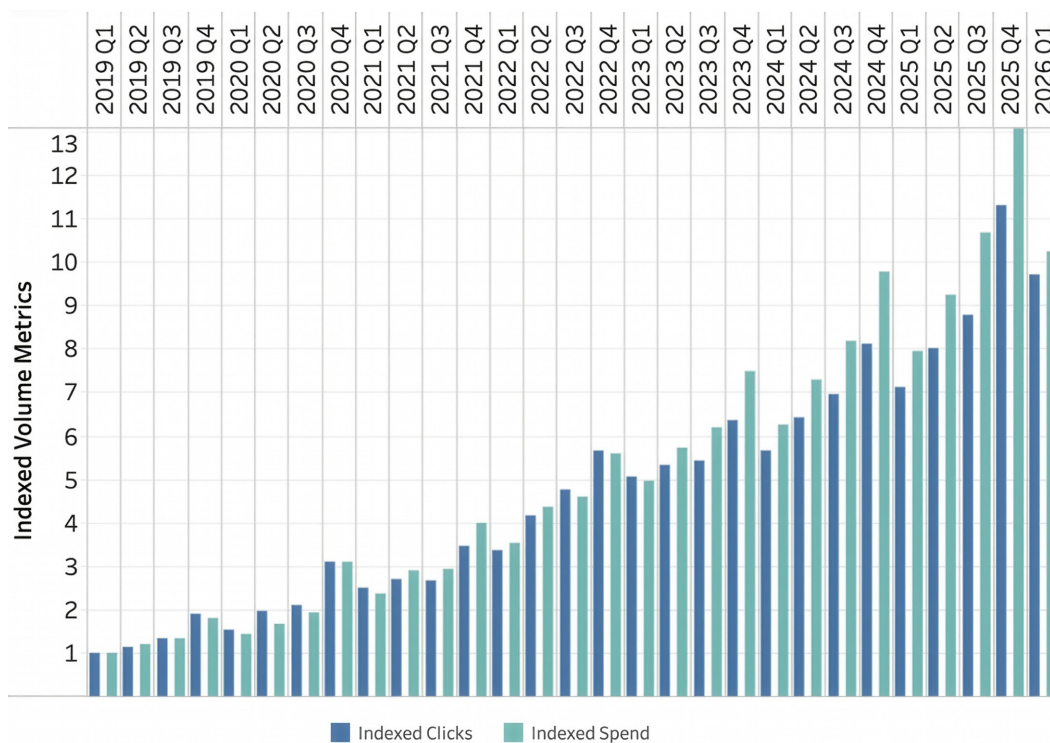
Commerce media long-term trends

The six charts in this section tell a story that no single quarter can. Seven years of indexed data across retail media, paid search, and paid social reveal the structural dynamics underneath the quarterly swings. Where is growth sustainable? Where are costs compressing? Where are they accelerating? These are the trends that should inform your annual planning, your channel mix decisions, and your conversations with leadership about where to invest next. The quarterly data tells you what happened. These charts tell you what's been happening, and where the trajectory points from here.

Retail media: spend & clicks

Retail media spend has grown roughly 10x since early 2019, with clicks tracking close behind at just under 10x. Seven years in, the two lines still haven't diverged meaningfully, which is the real story. In most channels, spend eventually outpaces engagement by a wide margin as costs inflate. Retail media hasn't followed that script.

Retail media long-term YoY trends: spend & clicks

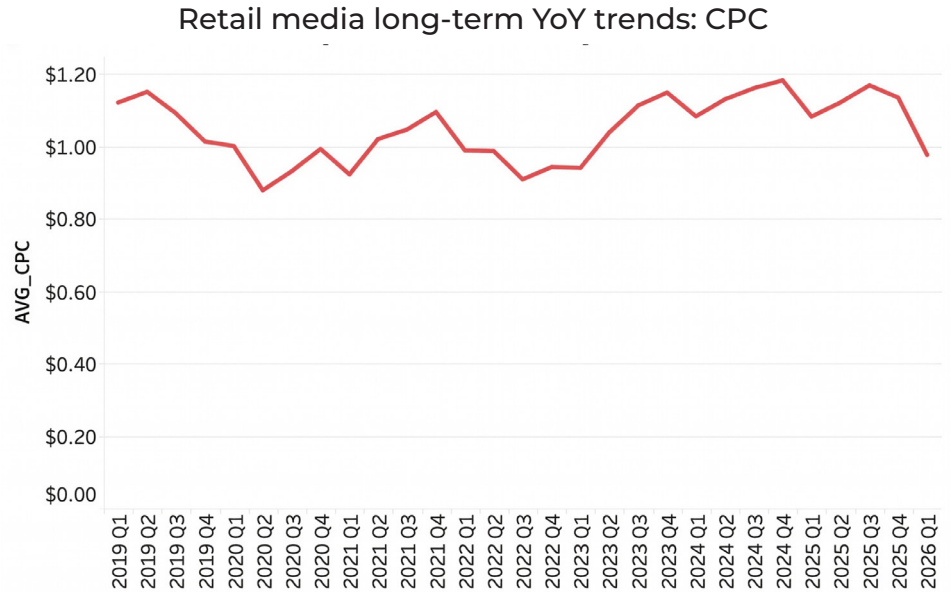


What's also notable is the shape of the curve. After seven years of sustained growth, the trajectory continues to climb steeply rather than flattening. The last four quarters represent the steepest sustained climb in the dataset. This channel is still accelerating, with no clear signs of approaching a ceiling. If you're building your 2027 business case for retail media investment, this is the chart to put in front of your CFO.

Retail media: CPC

CPCs dropped below \$1.00 in Q1 2026, a level not seen consistently since 2020. Spend has grown roughly 10x over that same period. The fact that costs are actually falling while investment scales at this rate is extraordinary.

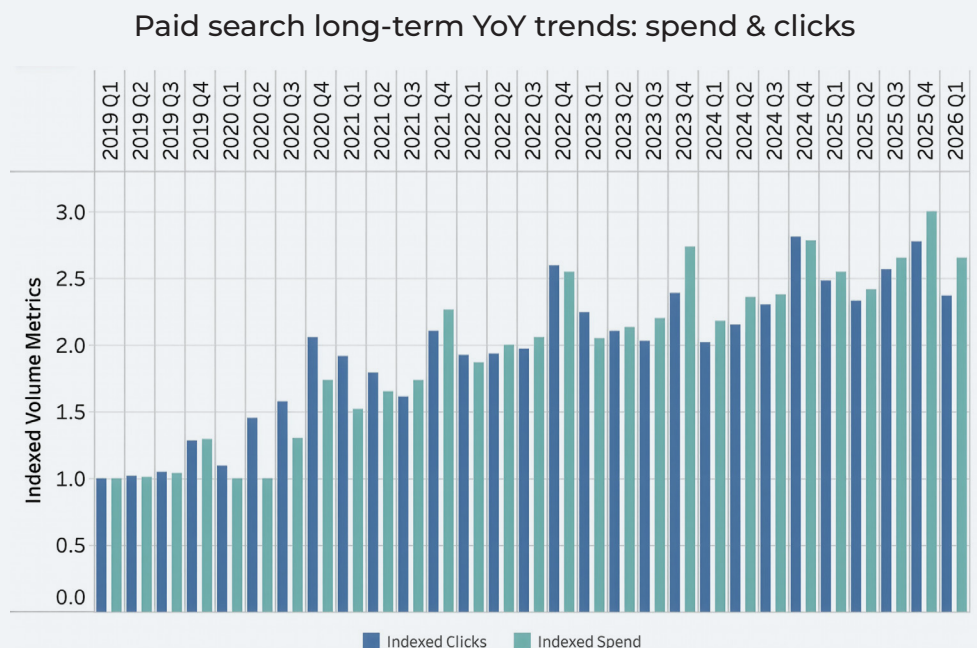
This chart is the simplest answer to the question “is retail media getting too expensive?” Seven years of data say no. And Q1 suggests the channel may actually be getting cheaper at scale, which changes the calculus for any brand still questioning how much to allocate. The next time cost inflation comes up in a budget meeting, share this chart.



Paid search: spend & clicks

Paid search has roughly tripled since 2019, but look at Q1 2026: spend and clicks are starting to diverge. Spend is up while clicks dipped, the widest gap between the two lines in the dataset. Advertisers are paying more per click and getting fewer of them.

This serves as an important signal. As AI-powered search reshapes how users find answers, the available click pool may be contracting while the value of each remaining click goes up. For planning purposes, this is a channel where cost discipline and conversion rate optimization matter more than ever. If you’re running search alongside retail media, this chart should inform your channel mix conversation heading into H2.

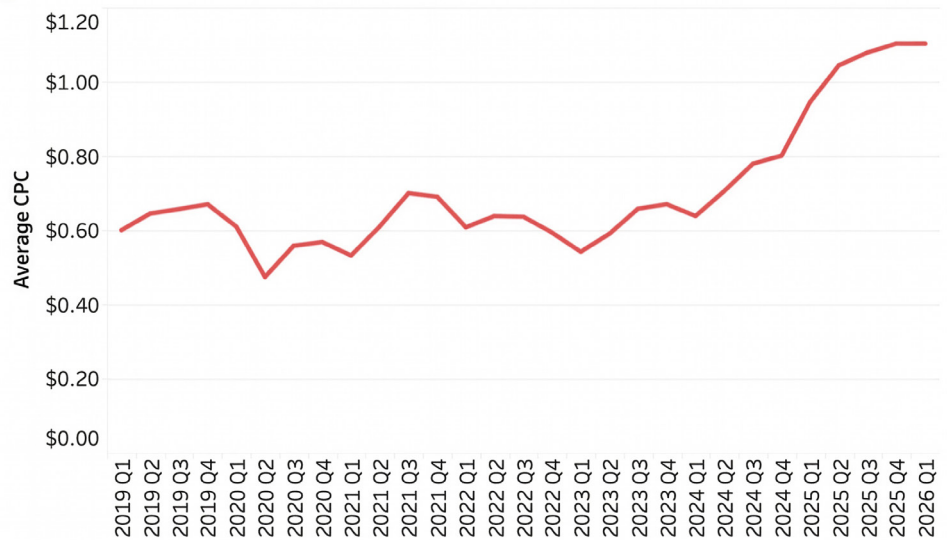


Paid search: CPC

Paid search CPCs held at \$1.10 in Q1 2026, matching Q4's record high. For context, this metric sat between \$0.50 and \$0.65 for nearly five years before breaking out in 2024. It's nearly doubled in under two years.

The plateau at \$1.10 is worth watching. Costs may be stabilizing at this level or preparing for further increases. For marketers, the message is the same either way: queries that don't convert are more expensive to carry than ever, which puts a premium on tight keyword strategies and continuous performance auditing. Run a wasted spend analysis on your search program this quarter. At these cost levels, the savings are meaningful.

Paid search long-term YoY trends: CPC

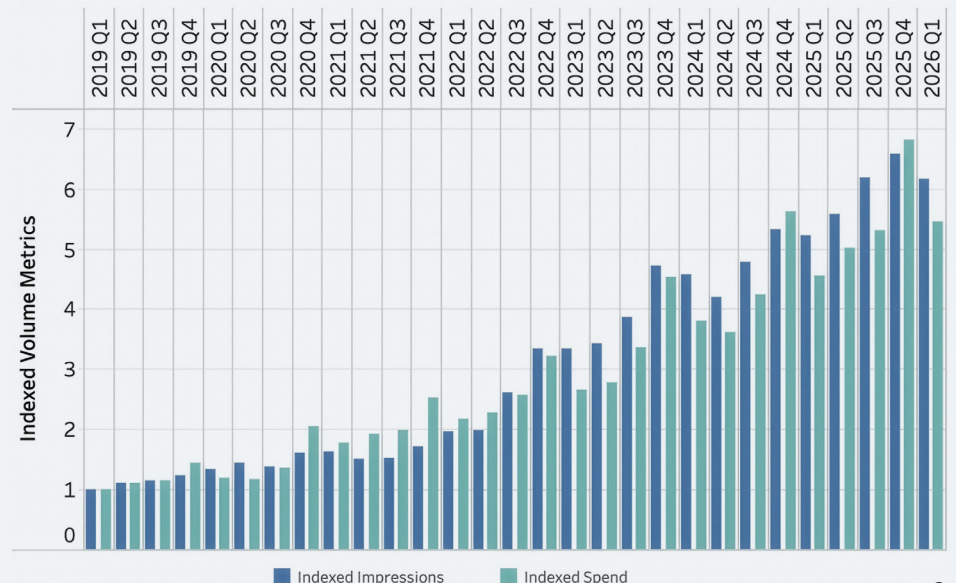


Paid social: spend & impressions

Impressions grew roughly 6x since 2019, spend about 5.5x. Impressions still lead, meaning each dollar continues to buy more reach than it did at the start. The trajectory since 2023 is the notable part. Both lines entered a steep, sustained climb after being relatively flat from 2021 through early 2023. Paid social found a second gear.

Unlike paid search, where spend is growing faster than engagement, social is still scaling reach ahead of cost. That dynamic makes social one of the more scalable channels in the mix heading into the back half of the year. If your media plan treats social as a fixed-budget line item, this data argues for more flexibility.

Paid social long-term trends: spend & impressions



Paid social: CPM

Paid social CPMs have settled into a remarkably stable range after years of wild swings. The \$9.50+ peak in late 2021 feels like a different era. Since mid-2023, CPMs have held between roughly \$5 and \$6, and Q1 2026 came in right in that band.



For a channel that spent 2021 and 2022 whipsawing between \$5 and \$10, this kind of consistency is new. It means you can plan social budgets with confidence that costs won't spike unpredictably, something that wasn't true even two years ago. Use that predictability to your advantage in Q2 and Q3 testing.





Retail media deep dive

Q1 2026 revealed what marketers actually believe about retail media when annual budgets hit the market. Spend climbed 27%, clicks surged 38%, and CPCs fell 8%. But the real insights are in the details: which retailers are earning growth and why, how format allocation is shifting, and where the category-level efficiency windows are opening. This section breaks it all down.

Q1 2026 AT-A-GLANCE

+27%

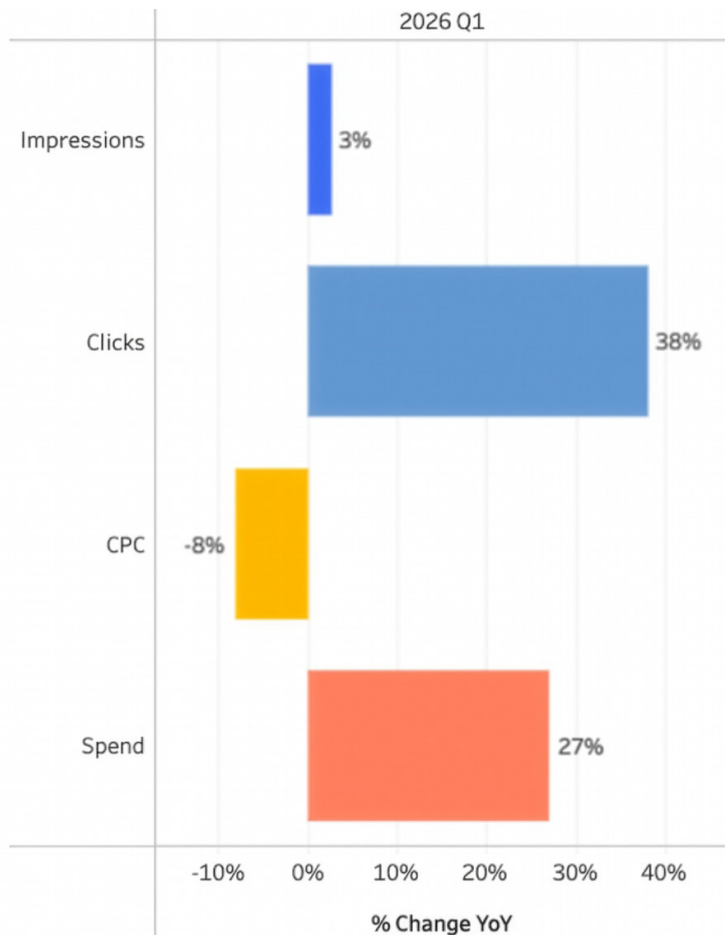
YoY Spend

+38%

YoY Clicks

+35%

YoY CTR



Retail media spending growth

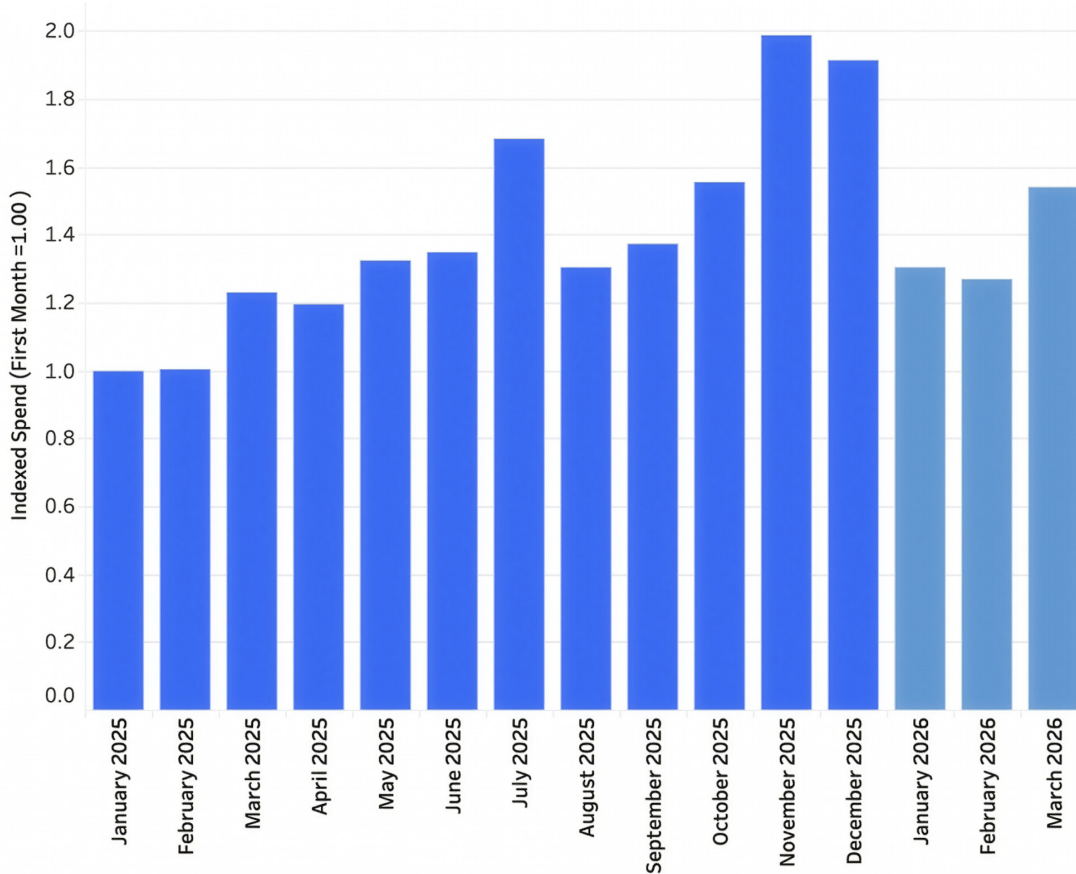
A 35% jump in click-through rate is the number worth anchoring on this quarter. It means the ads themselves are doing more work, earning more clicks from roughly the same impression pool. Brands refining creative, tightening keyword targeting, and optimizing product detail pages are seeing it show up in the data now.

Spend grew 27% and clicks grew 38%, so budgets went further in Q1 than in any recent quarter. If your program is scaling spend but CTR is flat, the gap between you and the peer average is widening. The primary lever right now is the quality of what shoppers actually see, rather than budget alone.

Monthly spending

All three months came in above 25% year over year, with January leading at 30%. The slight deceleration into March reflects a tougher comp, not a slowdown.

Retail media spending by month



YoY SPENDING GROWTH

- +30%**
January
- +27%**
February
- +25%**
March

The bigger story: the typical Q1 pullback after holiday barely happened. The gap between Q4 and Q1 spending has narrowed, a sign that brands are treating retail media as always-on rather than resetting each quarter. If your program still cycles down in January and ramps back up in March, you're giving competitors two months of uncontested inventory.

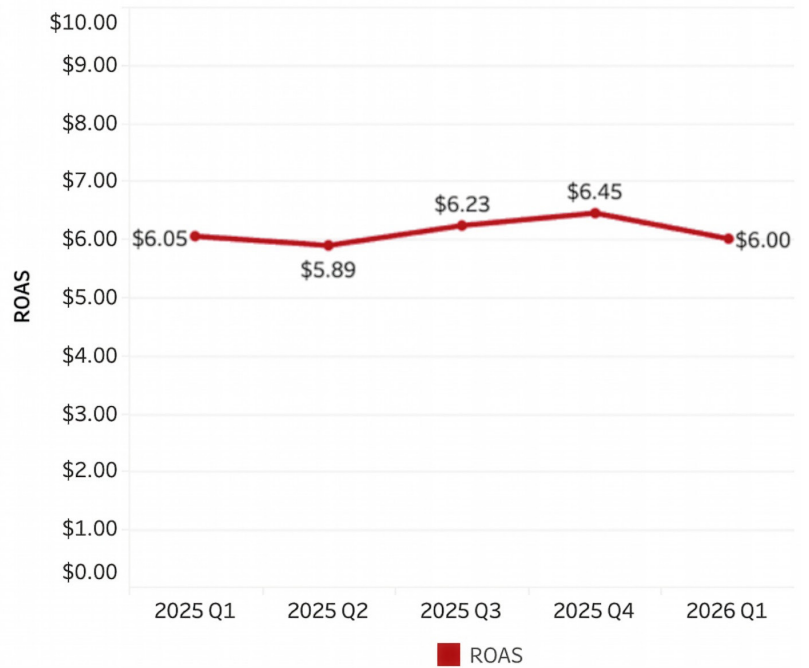


ROAS

Five straight quarters. Spend keeps climbing and ROAS refuses to budge. That's the story. Q1 came in at \$6.00 against Q1 2025's \$6.05 despite 27% more investment flowing into the channel. In most media, returns erode as budgets scale. Retail media keeps defying that pattern quarter after quarter.

The QoQ dip from Q4's \$6.45 is seasonal, not structural. Holiday conversion rates naturally inflate Q4 returns. The bigger picture is that ROAS has held in a tight band above \$5.89 for five straight quarters while spend has climbed aggressively. If you need to justify increasing your retail media allocation to leadership, this is the durability story that makes the case.

Retail media aggregate ROAS



Retailer comparison

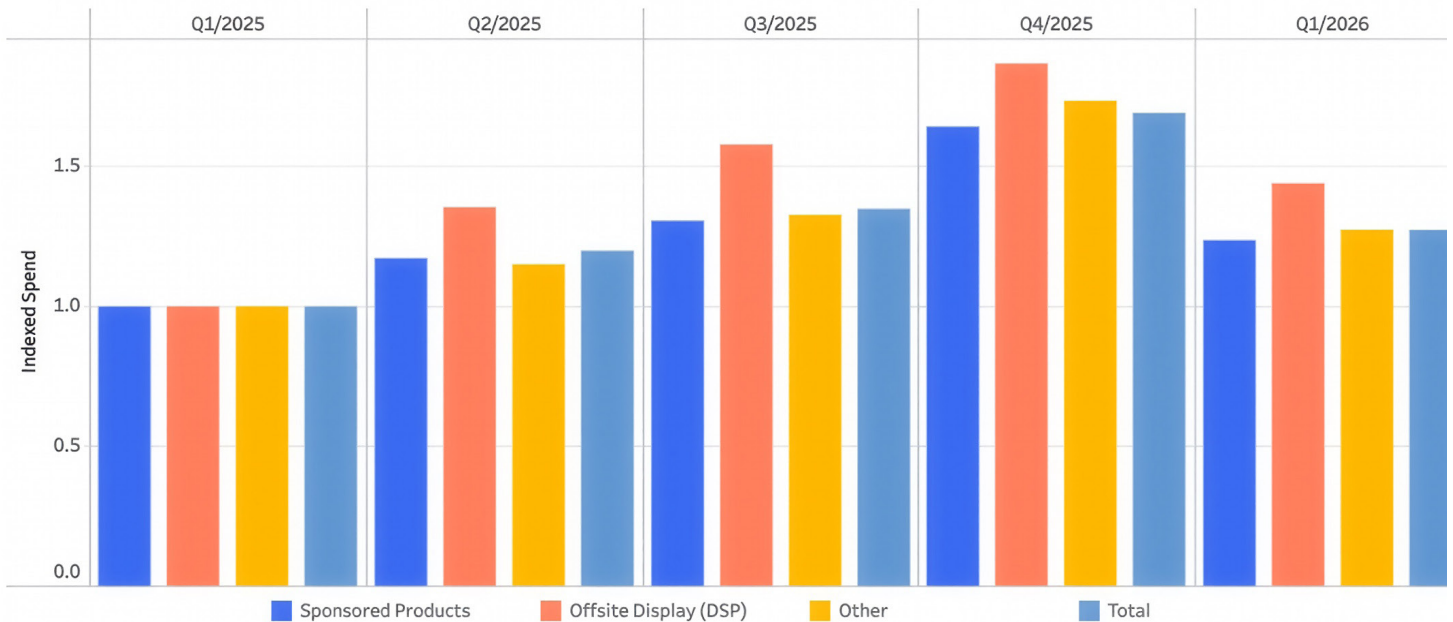
Each retailer is earning budget growth for a different reason. Amazon delivered 40% click growth with CPCs down 11%, making it the volume play. Walmart grew spend 30% with steep CPC declines, sharpening its value case. Emerging RMNs attracted 41% more spend as they compete on price to win share.

The portfolio math is getting clearer. Each tier offers a distinct advantage, which makes diversifying across the ecosystem stronger than it's been in recent quarters. If you're still running a single-retailer strategy, Q1's data makes that a risk, not a strategy.

Spending trend by format

DSP spend held its ground in Q1 after surging in Q4, which answers a question many teams were asking: was the upper-funnel investment a holiday play or a permanent shift? The data says permanent. DSP remains the highest indexed format heading into 2026.

Spending trend breakdown



Sponsored Products and Other Formats are tracking closely together, meaning most programs now run a balanced allocation across the funnel. If your budget is still heavily weighted to search ads alone, the peer set has moved on. Check your DSP allocation as a percentage of total Amazon spend. That's the number to benchmark.

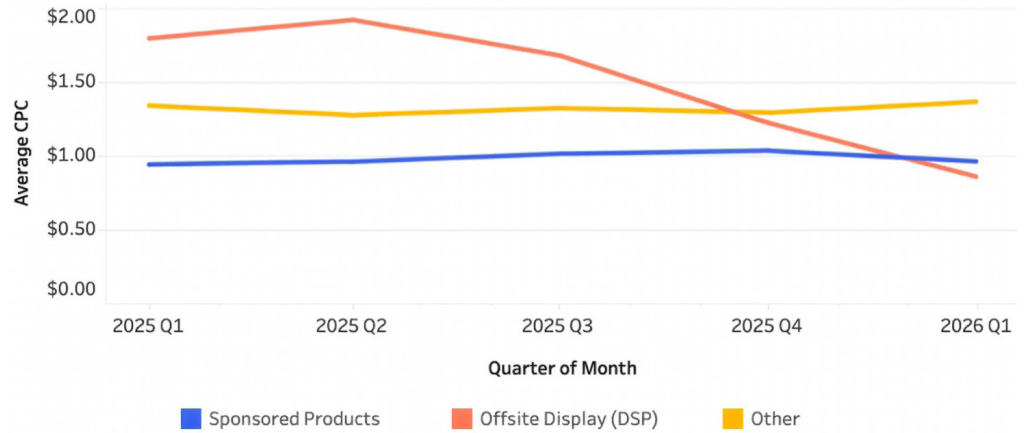


CPC trend by format

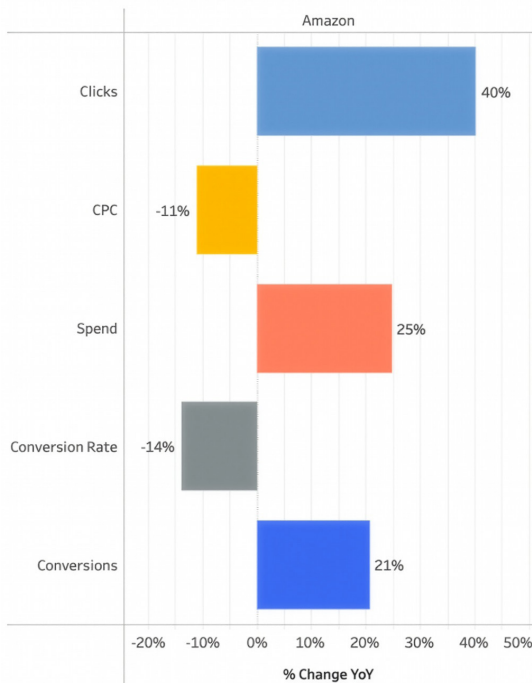
For the first time in the data, DSP is cheaper per click than Sponsored Products. DSP dropped to \$0.86 while Sponsored Products held at \$0.96. A year ago, DSP cost nearly twice as much. That pricing inversion changes the budget conversation entirely.

If your team still treats DSP as the “expensive upper-funnel play,” the data no longer supports that. Show this chart to whoever owns your Amazon format allocation. The cost advantage has shifted, and programs that rebalance accordingly will stretch budgets further across the full funnel.

Average CPC by campaign type



	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1
Sponsored Products	\$0.94	\$0.96	\$1.01	\$1.03	\$0.96
Offsite Display (DSP)	\$1.79	\$1.92	\$1.68	\$1.22	\$0.86
Other	\$1.34	\$1.27	\$1.32	\$1.29	\$1.36
GRAND TOTAL	\$1.06	\$1.09	\$1.13	\$1.09	\$0.98



Amazon key metrics

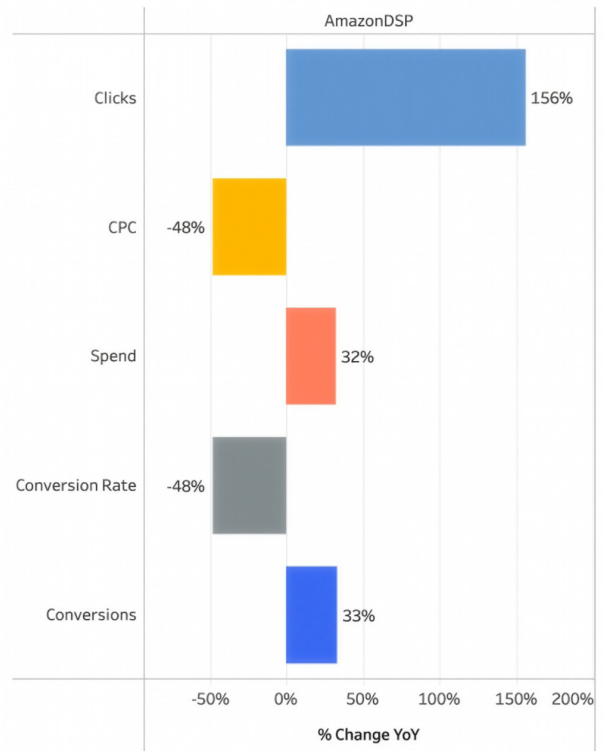
Clicks grew 40% while spend rose only 25%. Amazon is delivering significantly more traffic per dollar than a year ago. That 15-point gap between clicks and spend is the clearest sign of improving efficiency on the platform. It means CPCs fell enough to absorb a meaningful budget increase and still deliver outsized traffic growth.

Conversions grew 21%, closely tracking spend growth. That means the incremental dollars going into Amazon are converting at roughly the same rate as the base, not diluting. Your spend is scaling and your returns are keeping pace. For anyone building the internal case to increase Amazon investment, this is the proof point.

Amazon DSP

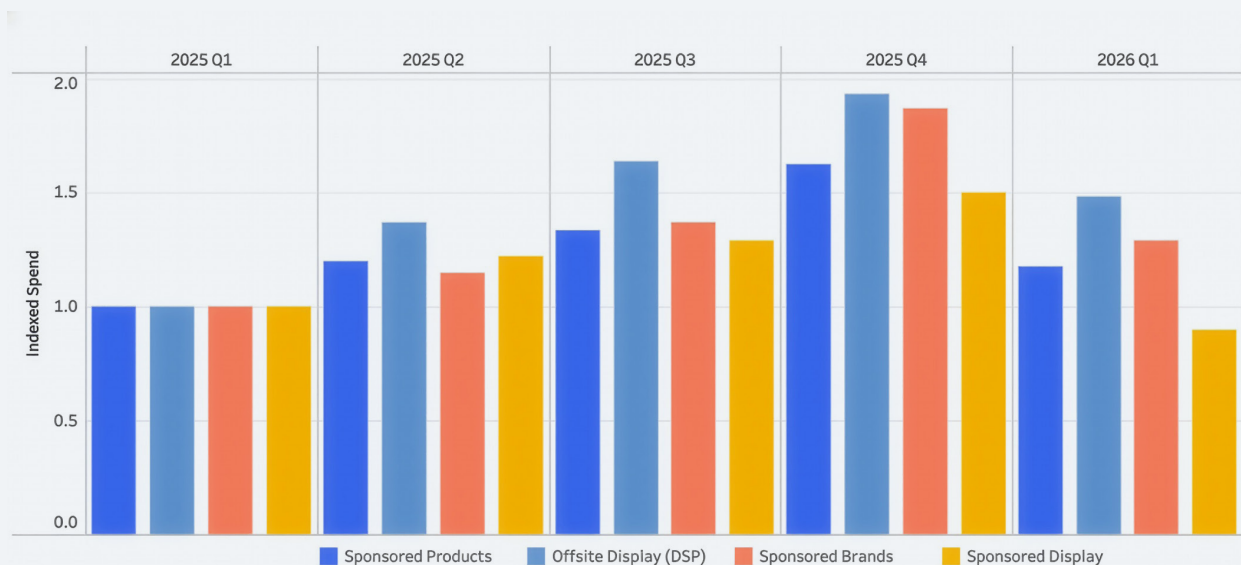
DSP clicks grew 156% year over year. That’s not a typo. CPCs dropped 53%, so a 32% spend increase generated more than double the traffic. No other format on any platform delivered growth remotely close to this in Q1.

Conversions grew 33%, keeping pace with spend, even as conversion rate dropped. That’s expected when you’re pulling in that much new upper- and mid-funnel traffic. The clicks are working. If DSP isn’t a meaningful line item in your Amazon strategy yet, the cost of waiting just got quantifiable.



Amazon spending by format

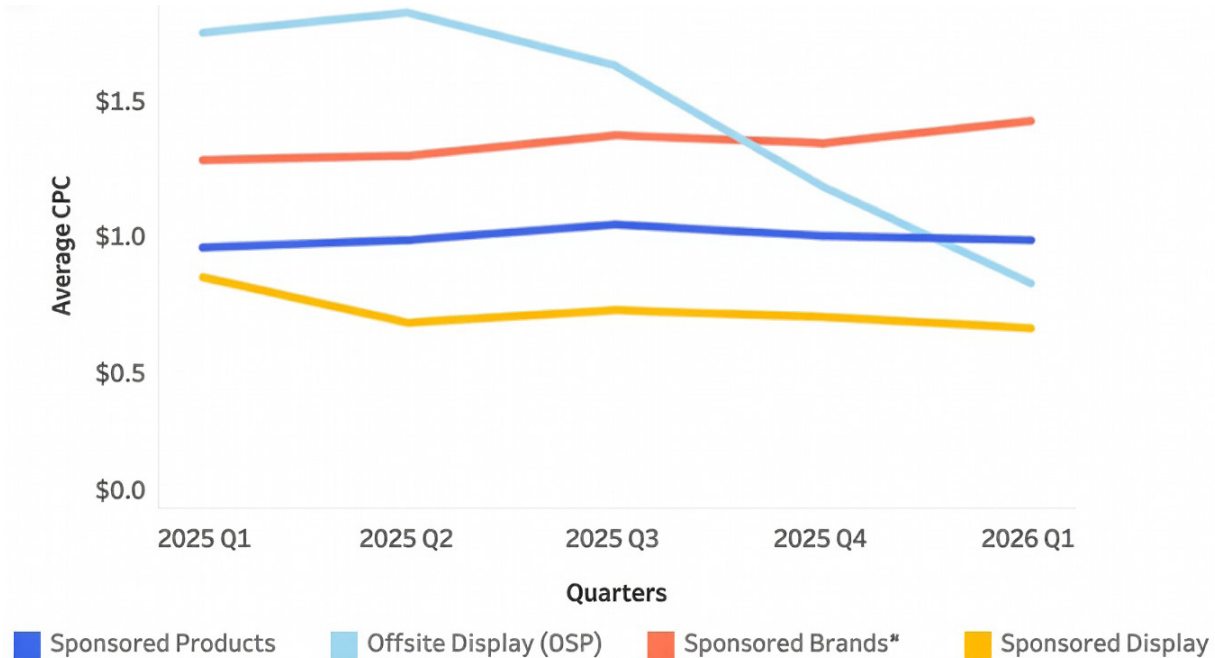
Sponsored Display is the only Amazon format below its year-ago level. That budget moved to DSP, where reach is broader, audiences are richer, and CPCs are now lower. The migration is essentially complete. If your team is still running meaningful Sponsored Display budgets, check whether those dollars would perform better in DSP.



Meanwhile, Sponsored Brands held steady alongside Sponsored Products. Brands are protecting their share of branded search results on Amazon as category pages get more competitive. That’s a smart defensive move. Losing branded placement means losing the click to a competitor who’s bidding on your terms.

Amazon CPC by ad type

Three of four Amazon formats now cost under \$1.00 per click. A year ago, only Sponsored Display was below that line. The cost floor across Amazon has dropped meaningfully, giving advertisers more room to diversify across formats without budget tradeoffs.



	Sponsored Products	Offsite Display (DSP)	Sponsored Brands*	Sponsored Display
2025 Q1	\$0.96	\$1.76	\$1.29	\$0.85
2025 Q2	\$0.99	\$1.83	\$1.30	\$0.68
2025 Q3	\$1.05	\$1.64	\$1.38	\$0.73
2025 Q4	\$1.00	\$1.19	\$1.35	\$0.71
2026 Q1	\$0.99	\$0.83	\$1.43	\$0.66
CPC QOQ	-1%	-30%	6%	-6%
CPC YOY	3%	-53%	11%	-22%

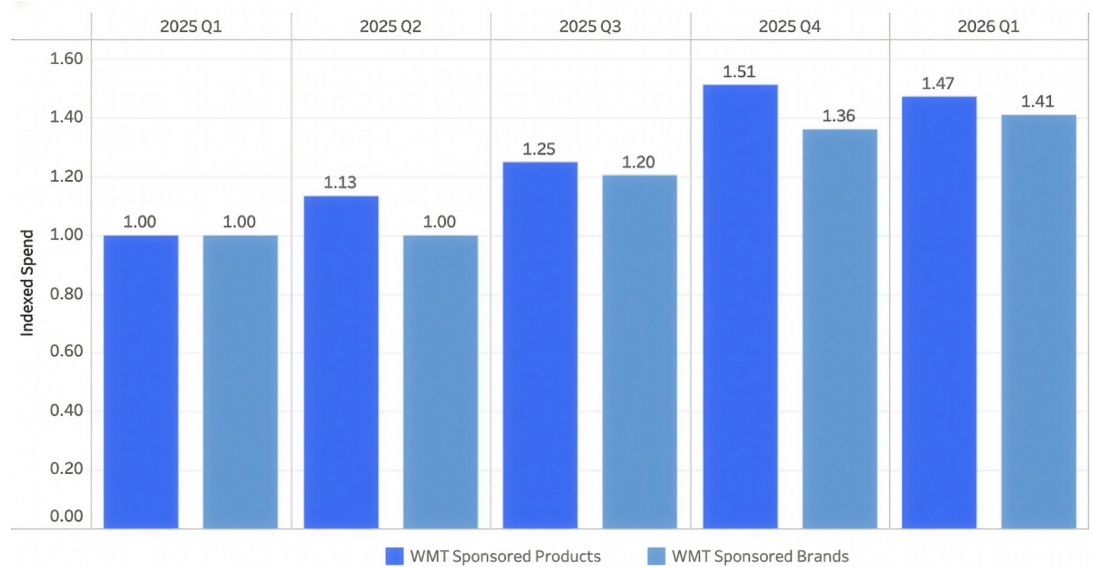
*Sponsored brands includes sponsored brand video

Sponsored Brands is the exception, climbing to \$1.43. That's the clearest signal of where competition is intensifying on the platform: the top of the search results page. If your Sponsored Brands costs are climbing faster than your conversion rates, tighten your targeting before increasing bids.

Walmart: spending by format

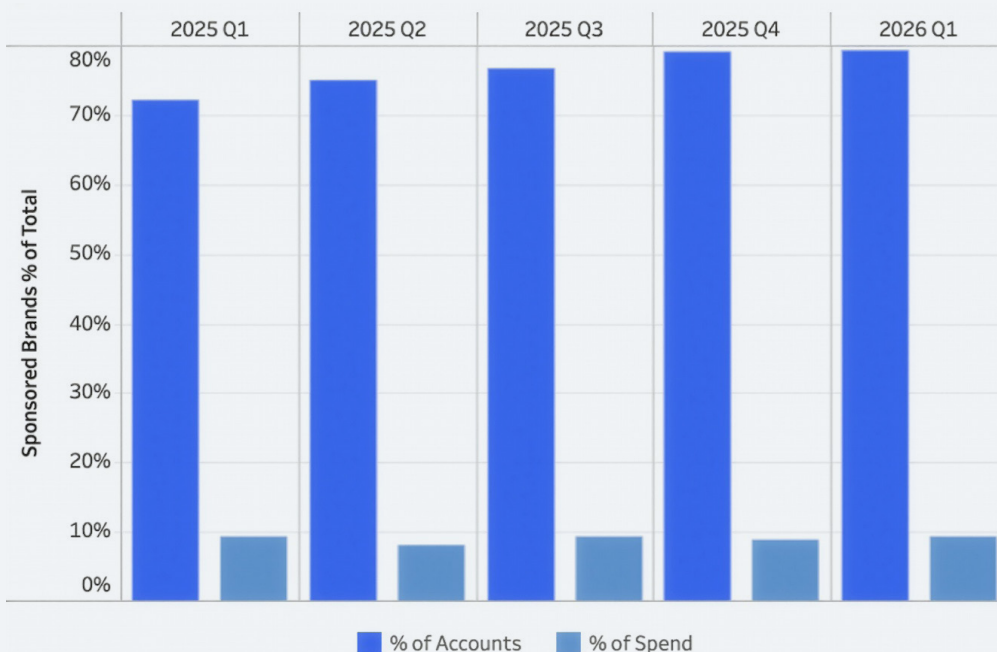
Sponsored Brands is catching up. The gap between the two formats narrowed from 15 points in Q4 to just 6 in Q1. Walmart advertisers are putting more weight on brand visibility, not just conversion, as the platform's ad ecosystem matures.

Both formats still sit well above their year-ago baselines, with Sponsored Products up 47% and Sponsored Brands up 41%. If your Walmart investment is still Amazon-leftover budget, the peer set has moved past that.



Walmart: sponsored brands adoption

Around 75% of Walmart advertisers run Sponsored Brands, but the format still captures less than 10% of total Walmart spend. That's a wide gap between adoption and investment, and it suggests most programs are still treating Sponsored Brands as a supplementary tactic rather than a core budget line.

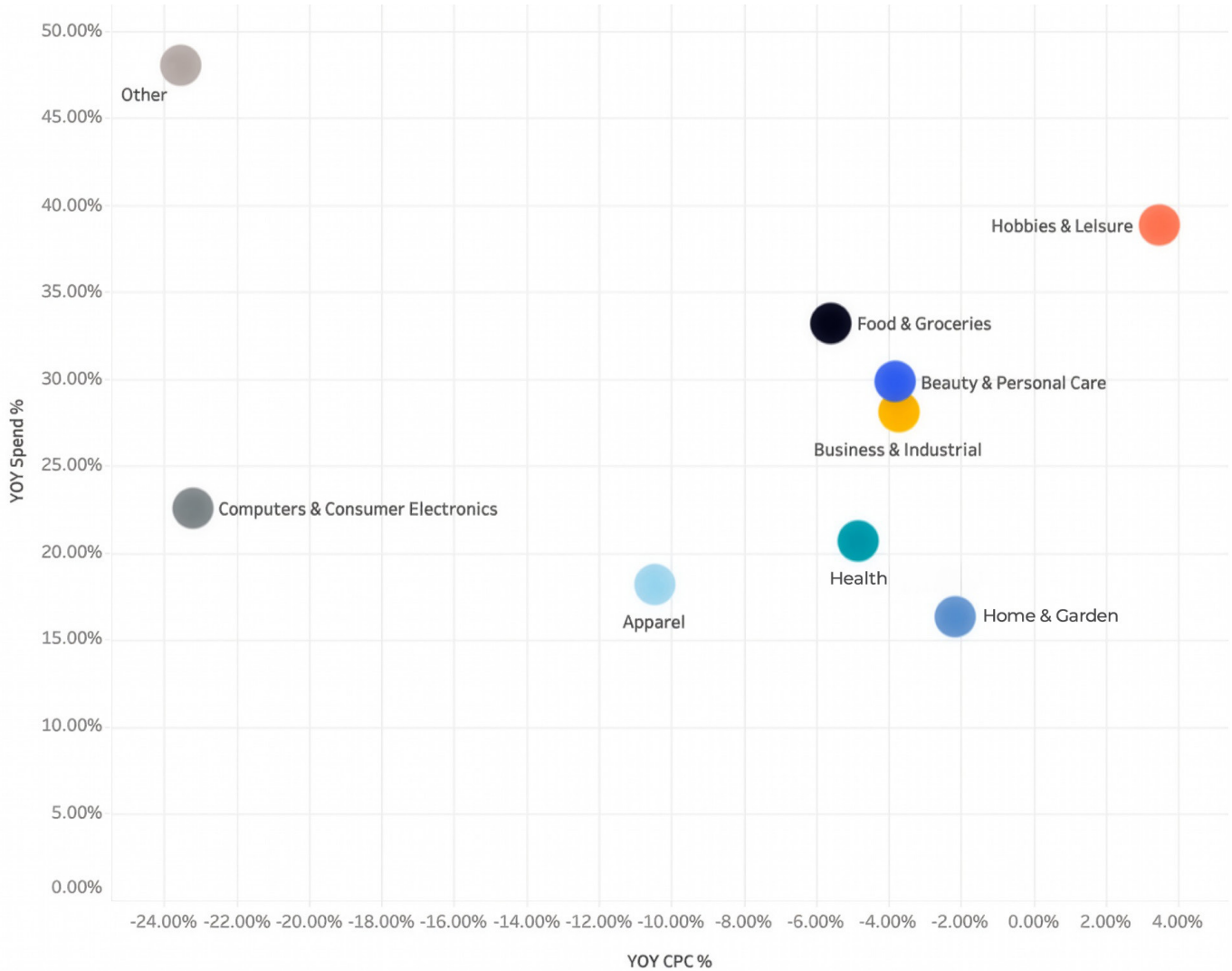


Given that Sponsored Brands CPCs fell 20% year over year on Walmart, there's room to push more budget into the format without cost pressure. The accounts that close the gap between adoption and allocation first will own more branded real estate on the platform.

Category insights: spend vs. CPC

The scatter plot tells a clear story: almost every category scaled spend while CPCs declined. That kind of broad-based efficiency usually only shows up in one or two verticals. In Q1, it's the norm. If your category is in that upper-left cluster (growing spend, falling CPCs), this is the quarter to push. The economics favor expansion right now.

Retail media by industry

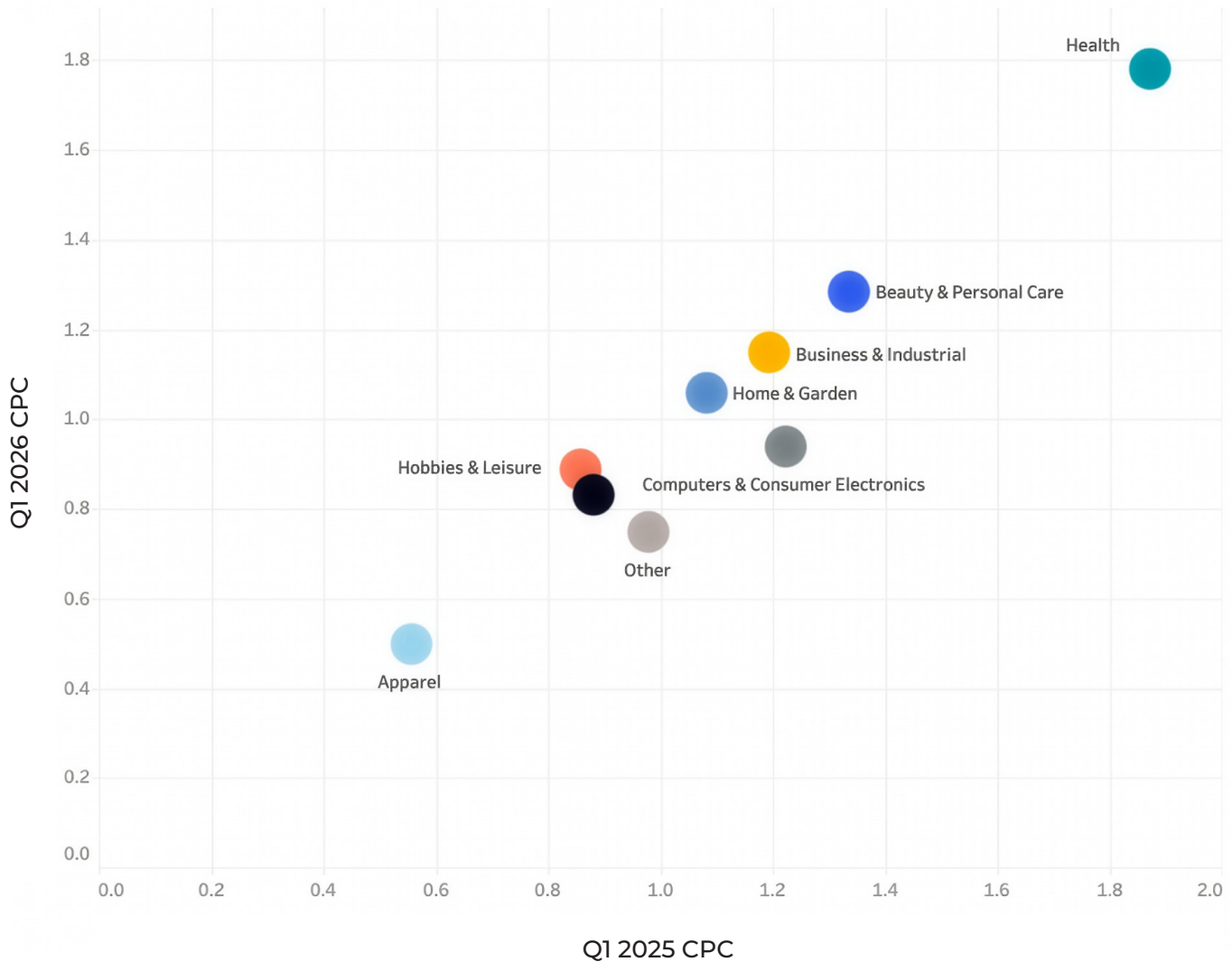


Hobbies & Leisure stands out as the exception, posting the highest spend growth alongside rising CPCs. That's a category where competition is heating up fast. If you're in that space, bid management and keyword precision matter more right now than budget increases.

Category insights: CPC year over year

Every single category saw CPCs drop year over year. That's a first in the data, and it gives advertisers across the board more room to scale or reinvest. The efficiency gains aren't isolated to one or two verticals anymore. Whatever category you're in, the cost of a click went down. Use that headroom.

Retail media CPC by industry



The spread is worth knowing: Health remains the most expensive click at \$1.80, while Apparel sits at \$0.43. If you're in a high-CPC category, the gap between you and lower-cost verticals has widened, which strengthens the case for cross-category testing where your brand has adjacency.



Paid search trends

Retail media doesn't operate in isolation. Paid search captures high-intent demand that retail media can't always reach, and the two channels increasingly inform each other. The search story in Q1 wasn't about growth. It was about discipline. Advertisers pruned low-value queries, concentrated spend on what converts, and let March's acceleration signal where they found opportunity. Here's how it played out.

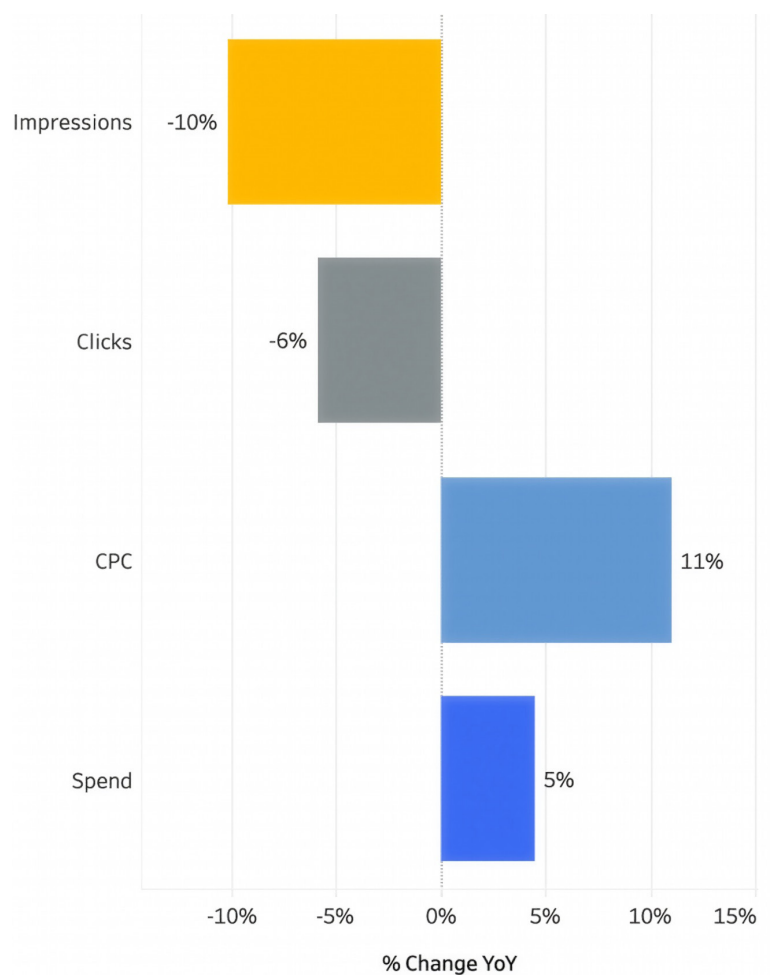
The pruning quarter

Spend grew 5% while impressions dropped 10%, which reflects a deliberate pruning strategy rather than broad contraction. Advertisers cut low-value query volume and redirected budget toward the searches that actually convert. The result: clicks only fell 6% on 10% fewer impressions, so the remaining inventory is working harder.

+5% YoY spend



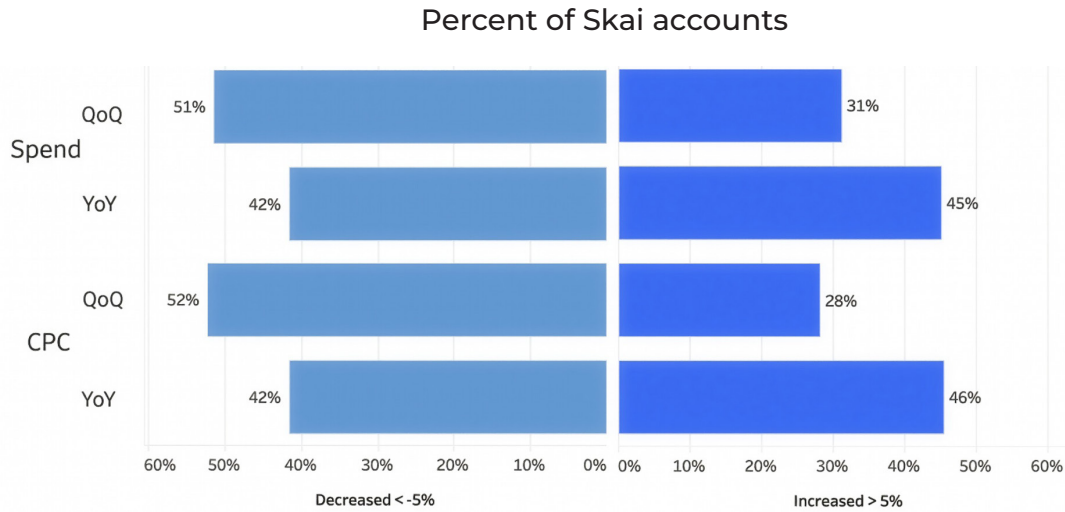
Paid search spending growth



CPCs rose 11%, reflecting what happens when more advertisers compete for a smaller, higher-intent pool of queries. This is what intentional optimization looks like. If your search costs are climbing, check whether your conversion rates are climbing with them. For most programs, they should be. If they're not, the pruning hasn't gone deep enough.

Account distribution

The paid search market is splitting. Year over year, 45% of accounts grew spend while 42% pulled back. This indicates a channel where individual program strategy matters more than the aggregate trend. When the market is this evenly divided, benchmarks are less useful. Your own quarter-over-quarter trajectory matters more than the market average.



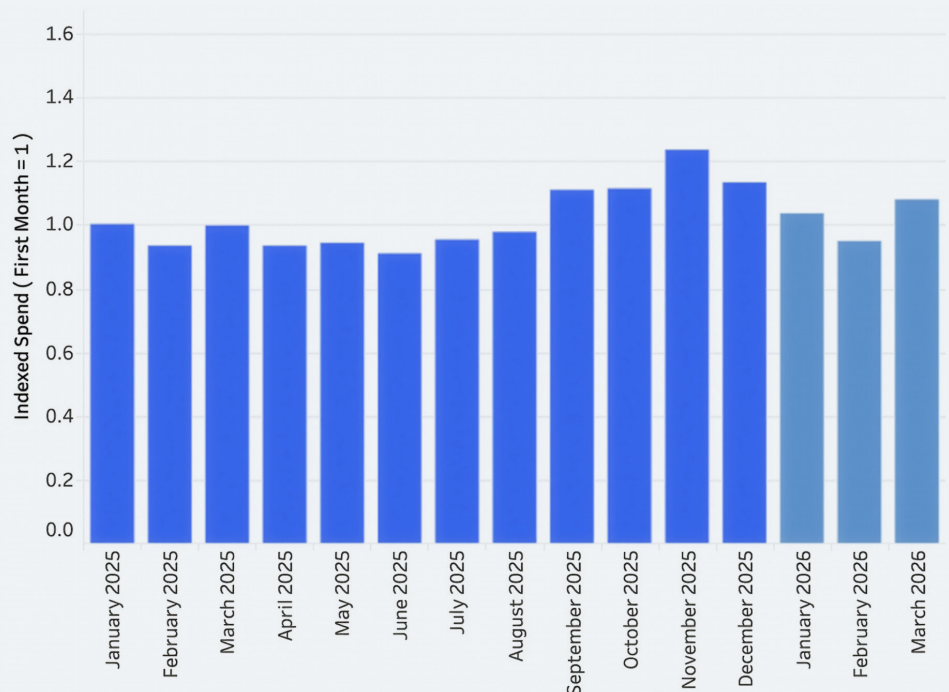
Meanwhile, 56% of accounts saw CPCs rise YoY. If your costs are climbing but your competitors pulled spend, you may be bidding against yourself. Pull a competitive auction report before you escalate.

Monthly spending

March stood out at 8% YoY growth after January (3%) and February (2%) came in nearly flat. Paid search spend is building momentum heading into Q2, which mirrors a pattern we've seen before: advertisers test and calibrate early in the year, then start scaling what's working by late Q1.

If your March spend didn't accelerate, it's worth asking whether your competitors found something in Q1 testing that you haven't yet.

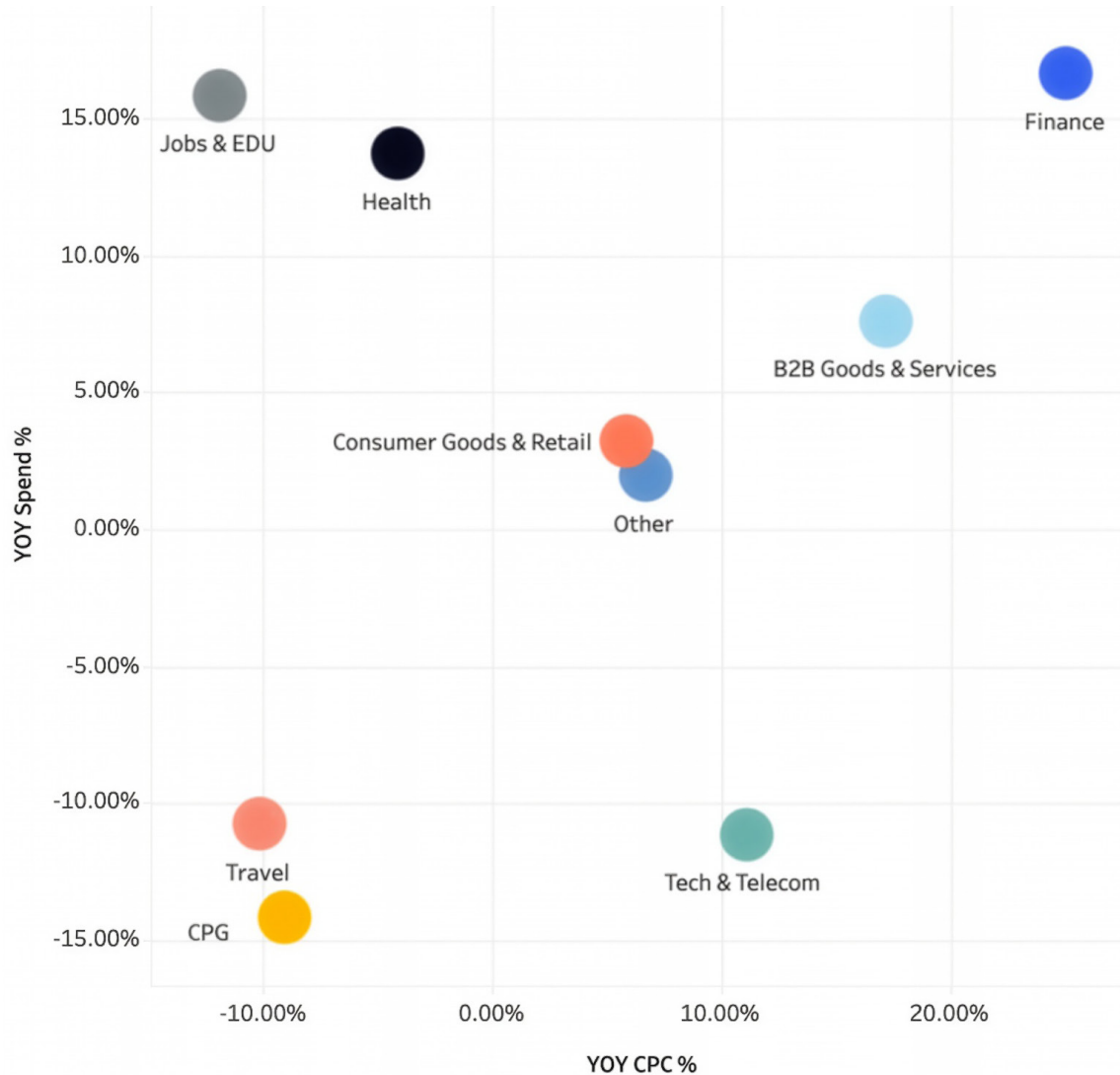
Paid search spending by month



Industry insights: spend vs. CPC

Paid search is a tale of two halves right now. Finance, Jobs & EDU, and Health are all investing aggressively, betting that high-intent search queries are worth the rising CPCs. At the other end, CPG and Travel cut spend by double digits, signaling a real pullback from the channel. If you operate across multiple verticals, these two groups require completely different search strategies right now.

Paid search by industry

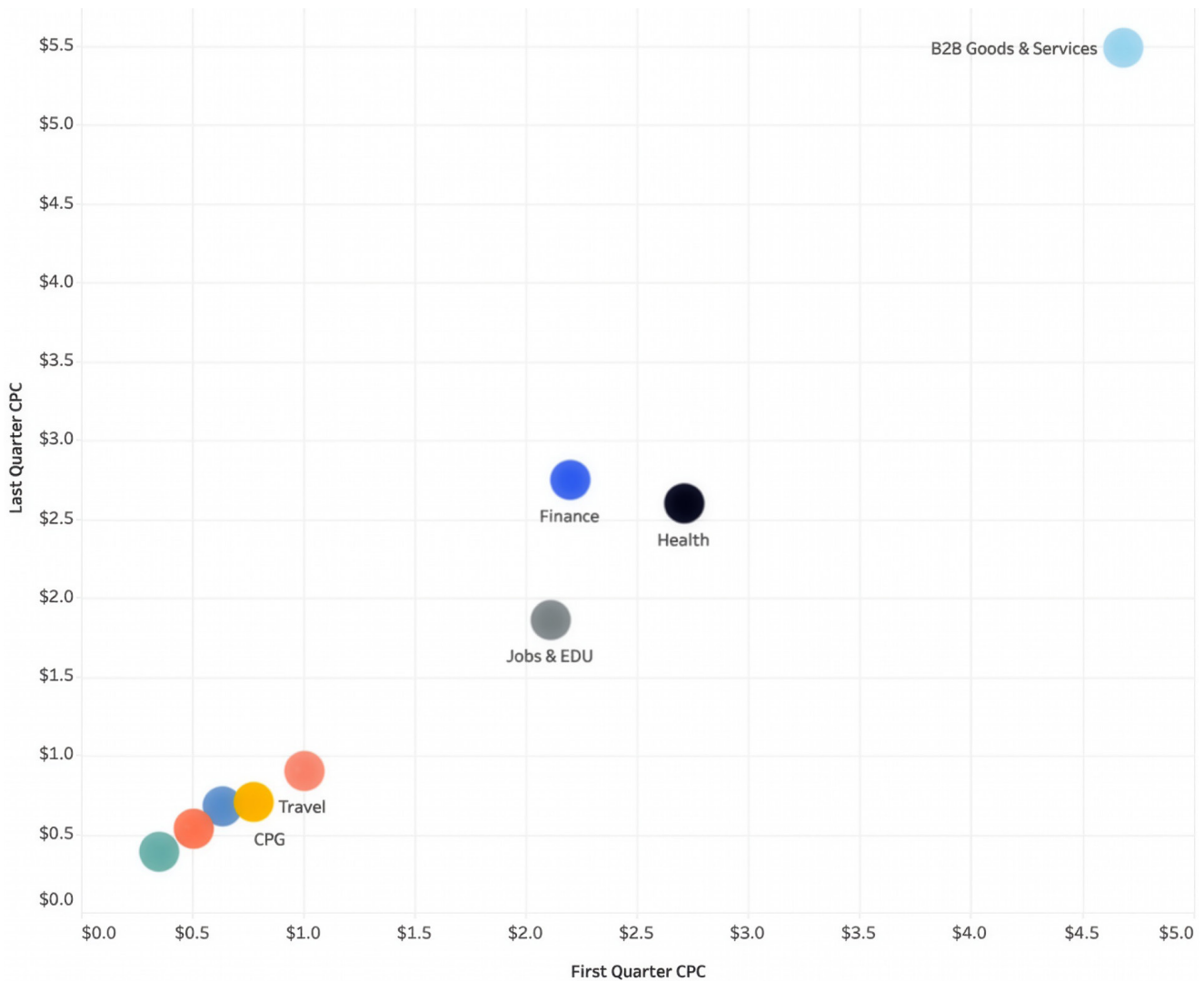


The middle tells its own story. B2B Goods & Services grew spend modestly while absorbing 20%+ CPC increases, a sign of categories where search remains essential but is getting more expensive to compete in. The question for B2B marketers: is your conversion value keeping pace with those cost increases?

Industry insights: CPC

B2B Goods & Services sits alone at \$5.50, and it's still climbing. That's a category where the cost of a click reflects the lifetime value of a closed deal, so the math can still work. For everyone else, the takeaway is that even the sub-\$1.00 categories saw costs rise year over year. Nobody got cheaper.

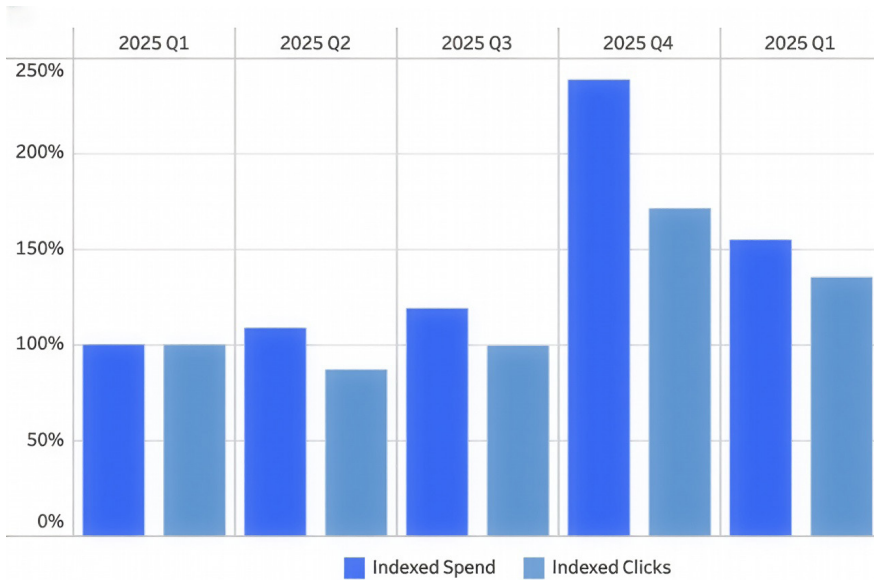
Paid search CPC by industry



The gap between the top and bottom of this chart is widening. If you compete in a high-CPC vertical, precision targeting, negative keyword hygiene, and bid strategy are now table stakes. At \$5.50 per click, every wasted impression has a real cost. If you're in a lower-CPC category, recognize that the floor is rising and factor that into your H2 forecasts.

Performance Max

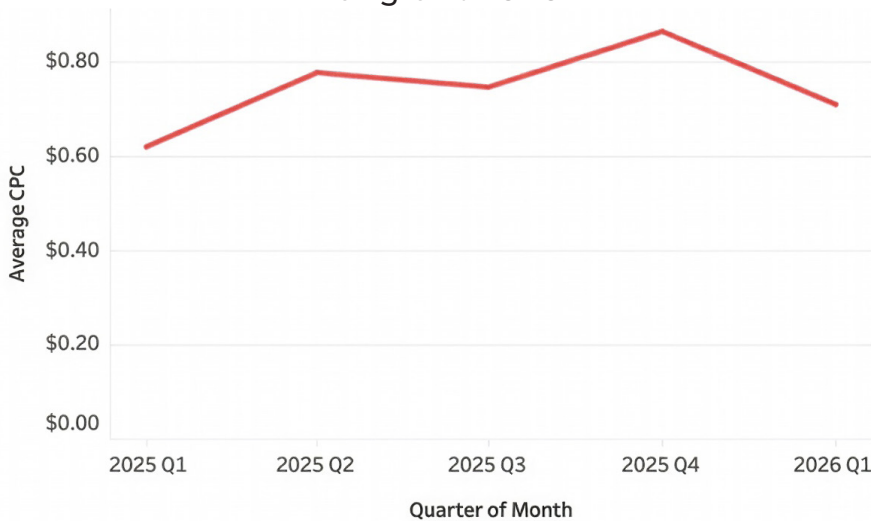
Performance Max spend and clicks pulled back from Q4's holiday peak but remain 35%+ above year-ago levels. The format has staying power. More importantly, CPCs dropped, suggesting that as more inventory flows through PMax, the cost to compete is stabilizing.



The timing matters. Google shipped its [biggest PMax transparency updates](#) in Q1 2026, including channel-level performance reporting, first-party audience exclusions, and budget pacing tools. In early April, Google added a [channel performance timeline view](#) that shows exactly how each channel (Search, YouTube, Display, Discover, Gmail, Maps) contributed to campaign performance over time. Advertisers finally have real visibility into where PMax dollars go.

If you've been hesitant about PMax because of the black box, the box just got a lot more transparent. The advertisers who act on this data earliest will carry a meaningful edge into Q2.

Pmax growth CPC





Paid social trends

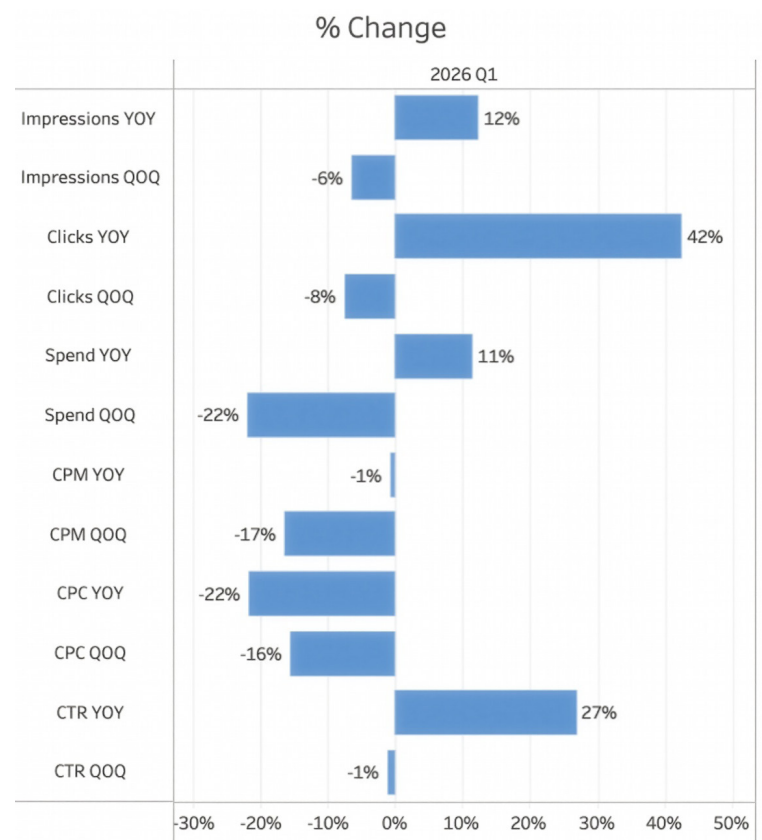
Paid social is the top-of-funnel engine that feeds both search and retail media downstream. When social efficiency improves, the entire omnichannel system benefits. Q1 delivered exactly that. Clicks surged, costs dropped, and the post-holiday window gave marketers a rare opportunity to test at lower cost. Here's what the data shows and where to focus next.

The efficiency trifecta

Paid social delivered the strongest efficiency numbers of any channel this quarter. Clicks jumped 42% YoY while CPCs fell 22% and CTR climbed 27%. Advertisers are reaching more people, getting more clicks, and paying less for each one. That's a rare trifecta.

+11% YoY spend

Paid social spending growth

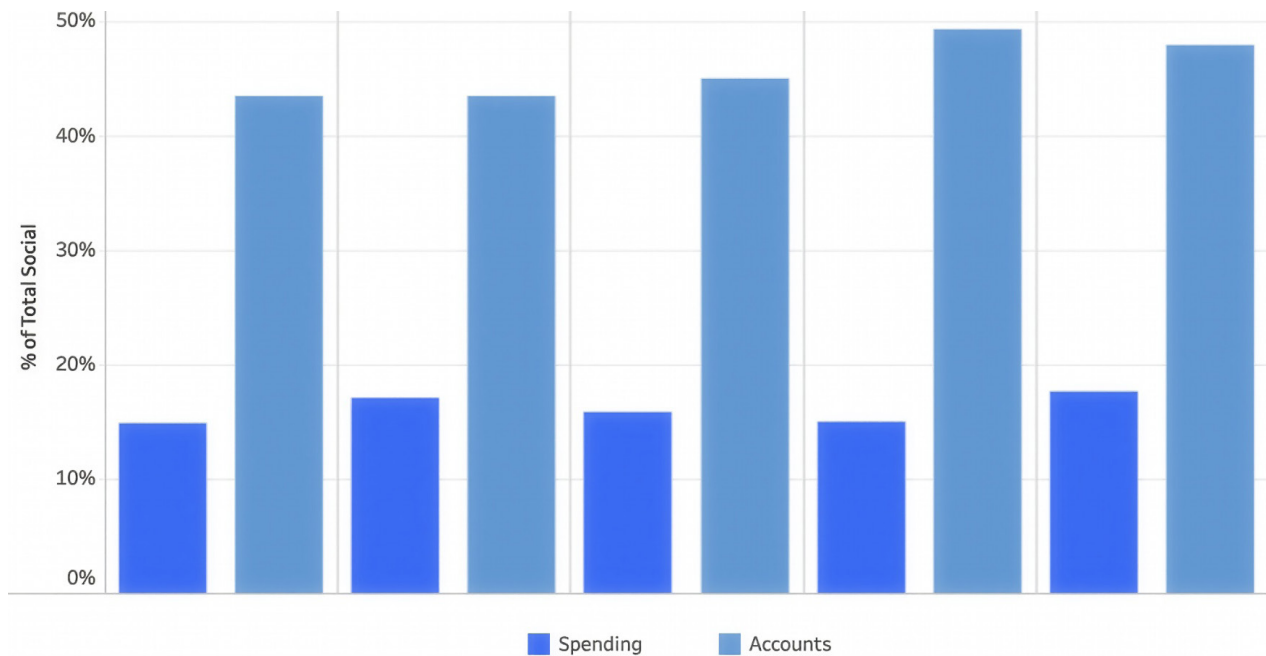



The QoQ declines are seasonal and reflect typical patterns rather than underlying changes. Q4 is always the high-water mark as brands flood the feed during the holiday period. A key takeaway is that CPMs and CPCs also fell QoQ, meaning the post-holiday period came with lower costs. This is your creative testing window. New formats, new audiences, new messaging. Lock in what works now so you can scale it confidently when costs rise again in Q3 and Q4.

TikTok adoption and investment

Spend share climbed to roughly 18% in Q1, the highest in five quarters, while account adoption held near 48%. The gap between adoption and investment is finally starting to close. The testing phase is ending. Nearly half of advertisers run TikTok, and the ones who believe in it are giving it meaningful budget. If your TikTok allocation is still a rounding error in your social mix, you're underfunding a channel where the peer set is investing aggressively.

TikTok adoption and share-of-wallet



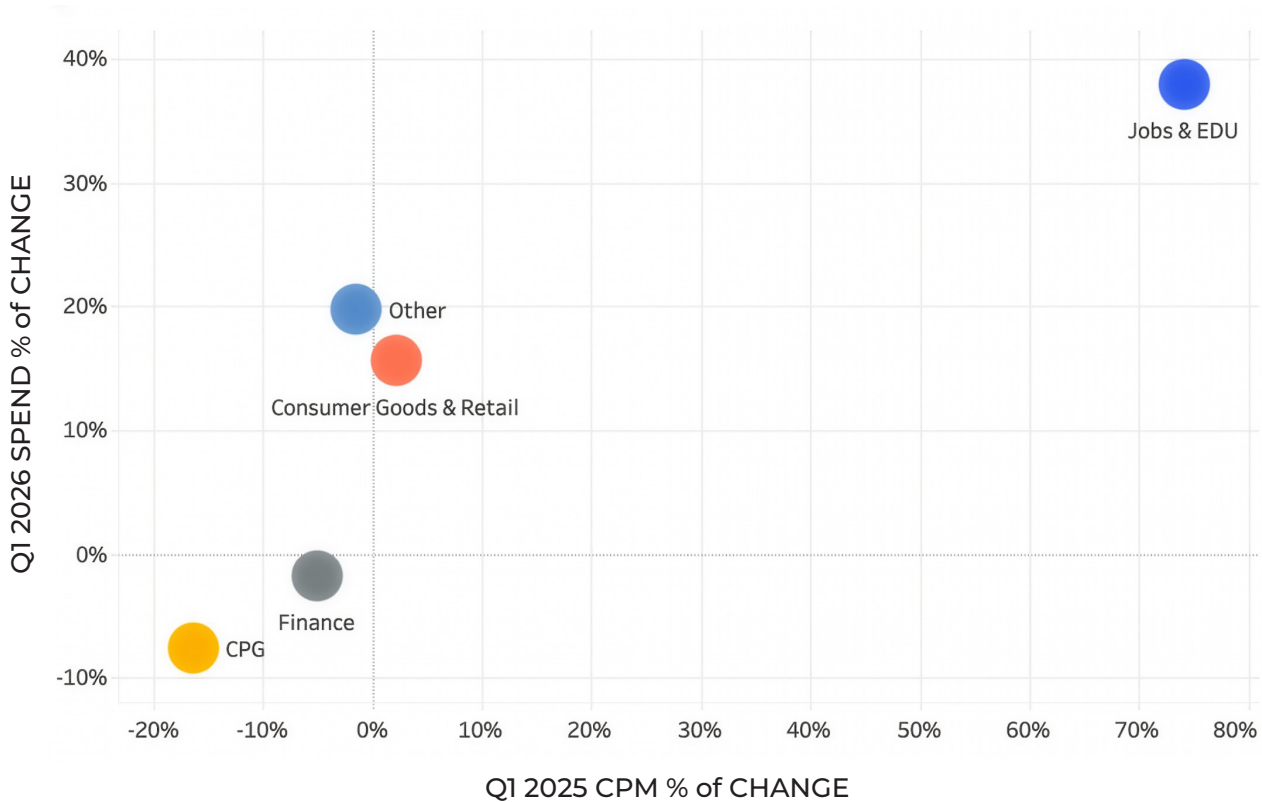
 **Note:** quarter-over-quarter shifts in these figures partly reflect our 15-month same-store methodology, where only accounts active for the full period are included. As the advertiser mix evolves, so do the baselines. The trend direction matters more than the precise point estimates.



Industry insights: spend vs. CPM

Jobs & EDU is the clear outlier, growing spend 40% while absorbing a 75% CPM increase. That's a category making a deliberate bet that social reach is worth paying up for right now, likely driven by enrollment cycles and hiring competition. They're buying attention at a premium and believe the LTV justifies it.

Paid social by industry



The rest of the market is more measured, which is actually the smart play for most categories right now. Consumer Goods & Retail and Other grew spend in the 15-20% range with modest CPM shifts. CPG held flat on both axes. Finance pulled back on spend despite rising costs, a sign that the ROI math tightened in Q1. Know which camp your category falls in and plan accordingly.



Industry insights: CPM

Finance CPMs climbed from roughly \$22 to \$28 year over year while every other category held between \$4 and \$10. Paid social is now a two-tier market: Finance, and everyone else.

Paid social CPM by industry



For non-Finance advertisers, that cluster is good news. CPMs are stable and accessible. If your category sits in that \$5-\$10 range, you're not in a bidding war. You're in a creative quality war. The brands winning in this price band are the ones refreshing creative faster, testing more variations, and leaning into platform-native formats. At these CPMs, the ceiling on your social performance is your creative, not your budget.



Quarterly AI watch: agentic media buying

The way campaigns get planned, bought, and optimized is heading for a structural overhaul. Agentic AI in media buying means AI agents that can autonomously negotiate, execute, and optimize ad transactions, potentially cutting out layers of the programmatic supply chain in the process. [Two-thirds of ad buyers plan to increase their focus on agentic buying this year](#), according to the IAB's 2026 Outlook Study. That's not early-adopter territory. That's mainstream intent.

But there's a meaningful gap between intent and readiness, and three pieces of research from Q1 help define exactly where the industry stands.

TWO VISIONS, NO WINNER YET

A recent [eMarketer report on agentic media buying](#) (April 2026) frames the central tension clearly. Two competing standards are emerging: AAMP, which upgrades existing programmatic infrastructure, and AdCP, which rebuilds the buying layer from scratch. Neither is ready for scale. And the walled gardens that control roughly 80% of US programmatic display have no incentive to open up to either standard yet.

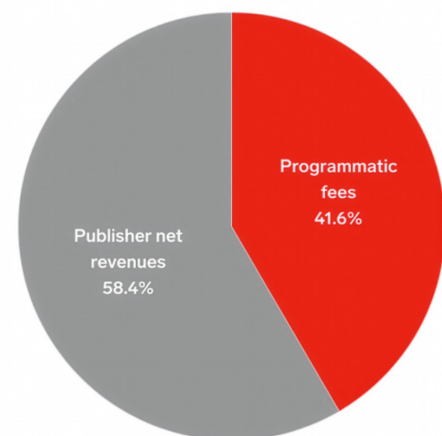
For marketers, the practical implication is straightforward: experiment now, commit later. Build internal familiarity with agentic tools before the standards lock in and force your hand.

THE EFFICIENCY CASE IS REAL

Intermediaries currently capture nearly half of every programmatic dollar before it reaches the publisher. Agentic buying compresses that. Direct agent-to-agent negotiation removes layers from the supply path.

- **Intermediaries capture nearly half** of every programmatic dollar before it reaches the publisher
- **Agentic buying compresses that** Direct agent-to-agent negotiation removes layers in the supply path
- **PubMatic reported 5x cost efficiency** in early agent-to-agent test buys
- **New formats unlock too** Agentic transactions can access nonstandard inventory that programmatic can't touch today

Programmatic Fees Take More Than 40% of Gross RTB Ad Revenues Away From Publishers
% of US real-time bidding (RTB) digital display ad spending, fees vs. net revenues, 2026



Note: RTB includes native ads and ads on social networks like Facebook and X (formerly Twitter); programmatic fees are the portion paid to tech and software intermediaries that execute the transaction before the publisher receives the spending as ad revenues
Source: EMARKETER Forecast, Dec 2025

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PubMatic has already reported 5x cost efficiency in early agent-to-agent test buys. The format implications are worth watching too. Agentic transactions can potentially access nonstandard inventory that programmatic pipes can't touch today, opening new surfaces for advertisers willing to test early.



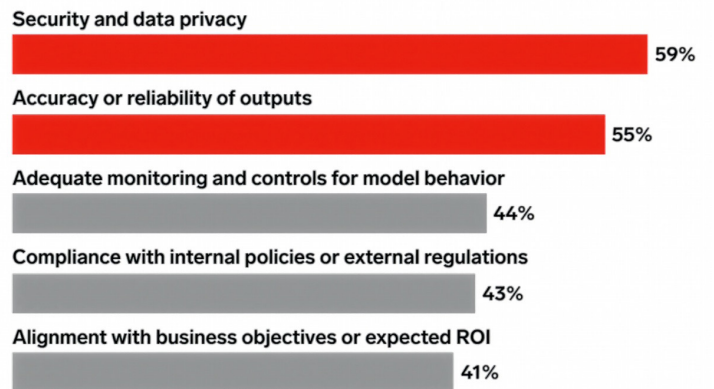
THE BARRIERS ARE REAL TOO, BUT THEY'RE SOLVABLE

Security and data privacy (59%) and accuracy of outputs (55%) are the top criteria organizations need to meet before moving agents from pilot to production, according to a Dynatrace survey of nearly 920 agentic AI leaders.

Monitoring, compliance, and business alignment round out the top five. These aren't existential blockers. They're engineering and governance problems that will get solved. But they do mean that mass adoption of agentic media buying is likely a 2028-2030 reality, not a 2026 one. The opportunity right now is building the internal capability and organizational fluency so your team is ready when the infrastructure catches up.

For AI Agents, Security and Accuracy Are the Top Criteria to Meet Before Moving to Production

% of agentic AI leaders worldwide, on criteria for moving agentic AI from pilot to production, Dec 2025



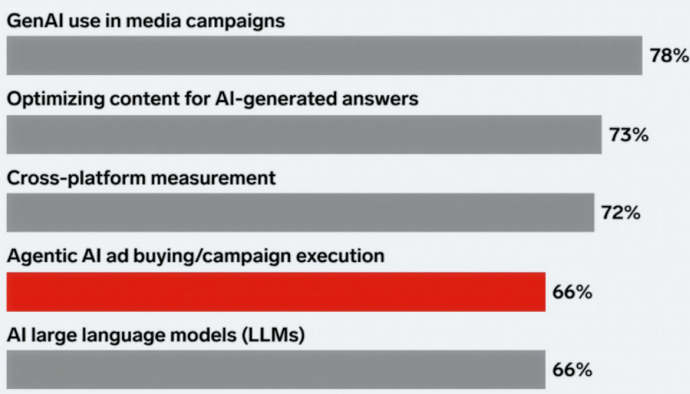
Note: n=919 senior leaders and decision-makers directly involved in or responsible for agentic AI development and implementation at large enterprises with annual revenues of \$100 million or more; top 5 responses shown
Source: Dynatrace, "The Pulse of Agentic AI," Jan 22, 2026

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About Two-Thirds of Ad Buyers Plan to Focus More on Agentic Ad Buying in 2026

% of US ad buyers, on areas where they expect to focus more time or resources this year, Jan 2026



Note: n=205; vs. previous year; top 5 responses shown
Source: Interactive Advertising Bureau (IAB), "2026 Outlook Study," Jan 28, 2026

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WHERE MARKETERS ACTUALLY STAND TODAY

The IAB's survey of over 200 buy-side decision-makers paints a clear picture of priorities. GenAI in media campaigns tops the list at 78%, followed by optimizing content for AI-generated answers (73%) and cross-platform measurement (72%).

Agentic AI for ad buying and campaign execution sits at 66%, tied with LLM adoption. The pattern is telling. Marketers are investing heavily in AI for analysis, content, and measurement. Letting AI actually execute transactions is the next frontier, and the comfort level drops once the agent has its hands on real budget.



Key marketer takeaways

- 1 Agentic media buying is a strategic priority, not a 2026 deployment.**

66% of ad buyers are focused on it, but the competing standards, walled garden dynamics, and security concerns mean the infrastructure isn't ready for scale yet. Use this year to build internal capability.
- 2 The efficiency math is compelling.**

Nearly half of programmatic spend goes to intermediary fees. Agent-to-agent buying compresses that dramatically. When the pipes are ready, the cost advantage will be significant.
- 3 Security and accuracy are the gatekeepers.**

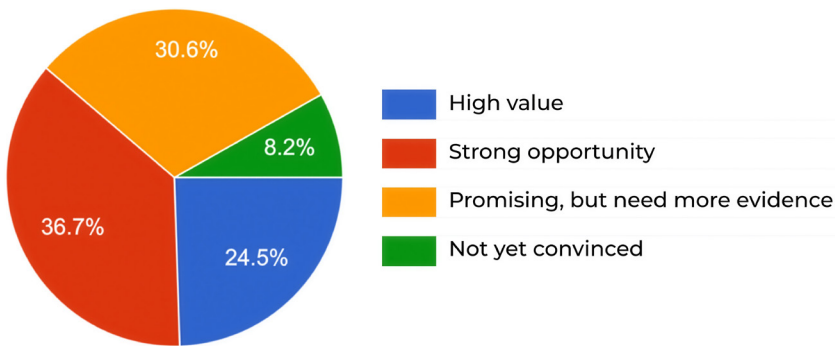
59% and 55% of agentic AI leaders cite these as the top criteria before moving to production. Until those are solved, expect human-in-the-loop to remain the standard.
- 4 The real action in 2026 is AI-adjacent, not fully agentic.**

GenAI in campaigns (78%), AI-generated answer optimization (73%), and cross-platform measurement (72%) are where budgets are actually flowing. Build these capabilities now while agentic buying matures.

THE NEW DATA REALITY AND CHALLENGES OF AGENTIC AD BUYING

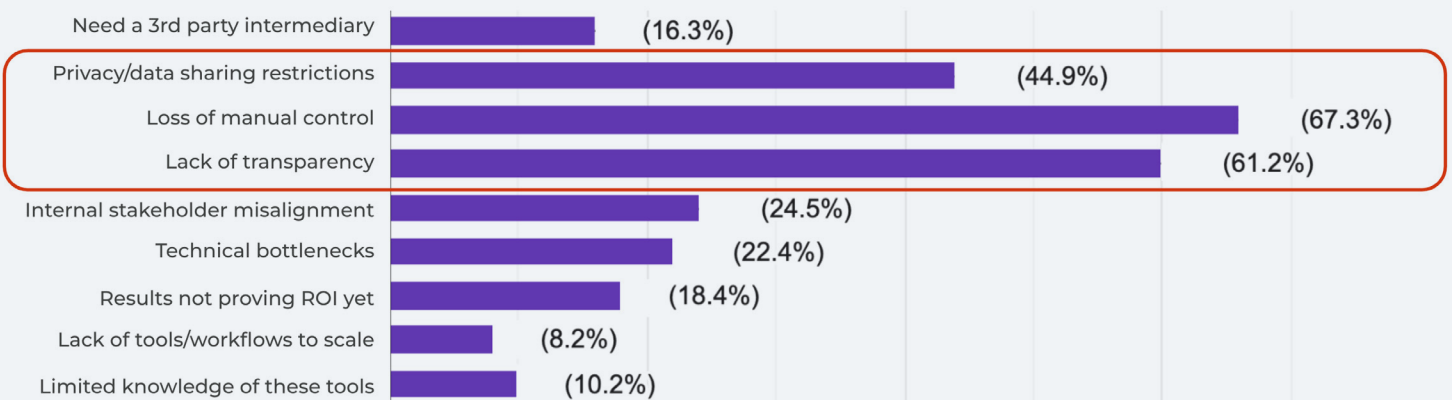
Skai conducted a proprietary survey of paid search clients in March 2026 to understand where AI campaign adoption actually stands. The findings confirm the IAB’s broader signals but go deeper into the specific barriers holding advertisers back. The headline: marketers believe in the upside of AI-powered campaigns, but three forces are bottlenecking adoption.

What is the potential performance of Google’s AI campaign tools?



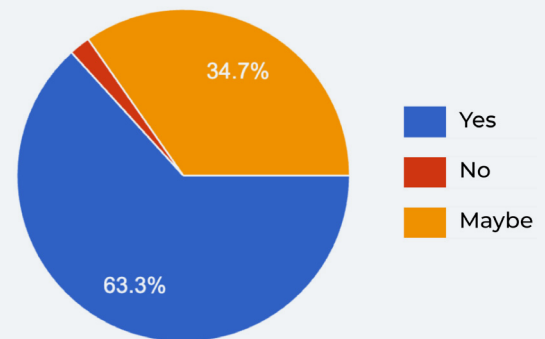
The barriers aren’t surprising, but their persistence is. Advertisers cite the need for transparency into how AI makes decisions, the fear of losing control over campaign execution, and restrictive internal data-sharing policies. These aren’t new concerns. They’re the same objections that surfaced when automated bidding first launched years ago. What’s different now is the stakes: AI-driven formats are becoming the default, and the brands that can’t clear these hurdles will lose access to the most effective campaign types on every major platform.

Barriers to using Google AI features?



The path forward is clear from the data. When asked what would happen if these barriers were resolved, the response was overwhelming: The vast majority of advertisers said they would increase adoption of AI campaigns, and a significant portion would increase spending substantially. But they need confidence-building infrastructure, such as A/B testing frameworks that let marketers validate AI decisions before scaling, trusted intermediaries who handle data governance and compliance, and transparent reporting that shows what the AI actually did. These dynamics aren't unique to Google. As Amazon, Meta, TikTok, and retail media networks push deeper into AI-driven formats, every publisher will face the same question: how do we get advertisers comfortable sharing the data these systems need to work?

If the barriers you identified were resolved, would that increase your adoption of Google AI campaigns?



Key marketer takeaways from this research

1 Advertisers believe AI campaigns have real potential value.

The upside isn't in question. When asked about the potential performance of AI-powered campaign tools, the sentiment is strongly positive. The primary gap lies in the question of trust.

2 Three specific forces are bottlenecking adoption.

The need for transparency into how AI makes decisions, the fear of losing control over execution, and restrictive internal data-sharing policies. All three are solvable. None are being solved fast enough.

3 Data governance has become the gatekeeper.

Most advertisers now have formal policies governing what they share with platforms. The gap between what AI systems need to perform and what advertisers are comfortable providing is significant and widening.

4 A/B testing is the unlock.

Advertisers overwhelmingly want the ability to test AI-driven campaigns against their existing campaigns before committing. If your platform or partner doesn't offer this, you're asking advertisers to take a leap of faith they won't take.

5 Trusted intermediaries could break the logjam.

When asked if a trusted third party handling data governance and compliance would make them more comfortable sharing data, the response was strongly affirmative. This is where partners like Skai sit in the value chain.

6 Resolve the barriers and the budgets follow.

When asked what would happen if their concerns were addressed, the vast majority said they'd increase both adoption and spending on AI campaigns. The demand is there. The infrastructure of trust is what's missing.

Looking ahead: Q2 2026



Amazon Upfront

May 11, NYC

New ad tech, AI tools, and Prime Video/live sports portfolio.



Mother's Day

May 11

Second-biggest gifting event of the year. Beauty, flowers, and jewelry categories peak 2-3 weeks prior. Plan creative and budget pacing accordingly.



ShopAble 2026

May 13, NYC

Skai's flagship commerce media conference. 300+ brand and agency leaders, expert panels, product reveals, and networking built for the agentic era.



Google Marketing Live

May 20

Annual product cycle. Expect AI Max expansion, PMax updates, and agentic commerce tooling.



Cannes Lions

June 22-26, Cannes, France

Global advertising festival with a growing commerce media presence. Where 2026 partnerships get made.



ShopAble in the Park

June 18, London

Skai's outdoor networking experience returns. Fresh air, fresh thinking.



FIFA World Cup

June 11 through July 19, US/ Mexico/Canada

CPG, beverage, sports apparel, and streaming all see lift. Plan CTV and social spend accordingly.



Prime Day

expected June

Lock product pages, creative, inventory, and DSP campaigns before May ends.

Conclusion

Q1 2026 revealed what marketers actually believe about retail media, paid search, and paid social when annual budgets hit the market. The message was clear: performance channels with closed-loop measurement earned the biggest budget increases, and the data validated those decisions within the quarter.

Three priorities for the rest of 2026:

- 1 Rebalance your format mix**
DSP is cheaper than Sponsored Products on Amazon. The pricing has inverted. Programs still running the old allocation are leaving efficiency on the table.
- 2 Expand while CPCs are falling**
Every retail media category saw cost declines in Q1. The window for testing at lower risk is open now, and it's the widest it's been in years. New retailers, new formats, new categories. Do it while the math works in your favor.
- 3 Prepare for AI-mediated shopping**
20% of all holiday orders last year involved AI-driven recommendations. Google, Microsoft, and OpenAI are all building checkout directly into their AI interfaces. The brands visible to AI agents will win the next phase of commerce. The brands that aren't visible won't just lose share. They'll lose discoverability entirely.

Marketers who committed in Q1 saw strong results. Continued success in 2026 will depend on how quickly teams adapt to upcoming changes.

Methodology

The metrics in this report are based on a pool of Skai client campaigns with consistent data over the period measured (Q1 2025 through Q1 2026), using a 15-month same-store methodology to ensure consistency and eliminate the impact of account churn. Year-over-year (YoY) and quarter-over-quarter (QoQ) comparisons are based on accounts active in both comparison periods. Survey results, industry benchmarks, and external data sources are cited where applicable.



About Skai

Skai is the leading omnichannel platform for commerce media, enabling brands and agencies to connect data, insights, and execution across the world's largest publishers and retailers. Built for the agentic era, Skai's platform unifies planning, activation, measurement, and retail operations in a single integrated system. With its open architecture and AI capabilities, including commerce media agent Celeste AI and support for custom AI agents via its Model Context Protocol (MCP), Skai enables organizations to drive smarter decisions, greater efficiency, and improved performance across every channel.

Trusted by over 8,000 brands and agencies, such as PepsiCo, Sanofi, Estée Lauder, Publicis, Tinniti, and WPP, Skai integrates with more than 300 publishers and retail media networks, including Amazon Ads, Walmart Connect, Criteo, Google, Microsoft, Meta, and TikTok, and is headquartered in San Francisco with nine international offices.

Ready to see how Skai can help your programs? [Schedule a quick demo.](#)