EMARKETER

JUN 2024
Max Willens

Retail Media Ad Spending Forecast H1 2024

Off-Site Ads' Rise Sparks a New Era

Retail media ad spending in the US will reach almost $55 billion in 2024, as advertisers' focus on off-site spending intensifies. This EMARKETER analyst report explores how retail media has become integral to advertisers' plans, how first-party data is driving retail ad spending, the role of connected TV, and more.

Presented by

/LiveRamp

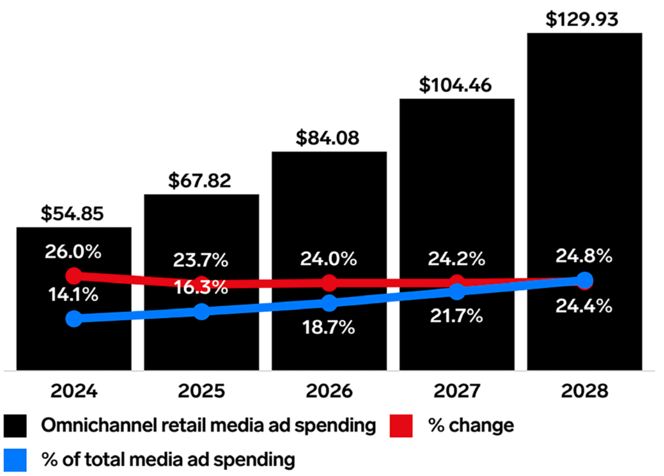
Content

Retail Media Ad Spending Forecast H1 2024

- **Retail media's value is only growing for advertisers.** According to December 2023 data from Skai and the Path to Purchase Institute, 81% of advertisers felt that retail media is at least "very important" to their organizations, higher than any other marketing channel.
- **But its challenges aren't going away, either.** Advertisers are constrained by difficulties measuring effectiveness, complications comparing results across retail media networks (RMNs), and other issues. Nearly half of advertisers recently told Turbyne that they would not work with additional RMNs over the next two years.
- **These challenges will be heightened by budgets going off-site.** Four in 10 brands and 5 in 10 agencies worldwide will increase their ad spending on off-site retail media in 2024, according to Criteo. We forecast that off-site retail media ad spending will exceed $10 billion this year.
- **We have significantly revised our retail media forecast.** We now expect retail media to account for a significantly larger share of CTV ad spending overall due to major new partnerships—such as Roku and Walmart's—as well as Amazon Prime Video adding ads.

Omnichannel Retail Media Will Account for Almost a Quarter of All US Media Ad Spending in 2028

billions in US omnichannel retail media ad spending, % change, and % of total media ad spending, 2024-2028



Note: digital advertising that appears on a retailer's on-premise signage, either in-store or in the immediately adjacent exterior (e.g., parking lot), appears on websites or apps that are primarily engaged in retail ecommerce, or is bought through a retailer's media network or demand-side platform (DSP)
Source: EMARKETER Forecast, March 2024

351144 EMARKETER

US retail media ad spending will grow at a torrid pace

Retail media will be one of the largest, fastest-growing ad spending channels in the US through 2028. Advertisers trust retail media, and retailers are giving them more reasons to spend money, even after a modest downward revision to our forecast.

Advertisers will spend $54.48 billion on retail media in 2024

- **About $1 of every $7 US ad dollars will go to retail media in 2024.** This year, we revised our retail media ad spending forecast for 2024 down by 4.3% in light of newly public information about Amazon's ad business. We also made softer downward revisions to our predictions for previous years as well. But even with that change, US retail media ad spending will enter a new phase of scale and influence over the next few years. In 2025, retail media ad spending will surpass linear TV ad spending; in 2026, retail media ad spending will exceed all of traditional media ad spending combined.

- **Retail media is on its way to becoming a centrally important ad spending channel.** While much of retail media ad spending remains concentrated on Amazon, retail media ad spending is becoming more and more diversified. Rather than a standalone channel, the first-party data that underpins retailers' ad businesses is driving ad spending across social, search, and the open web.

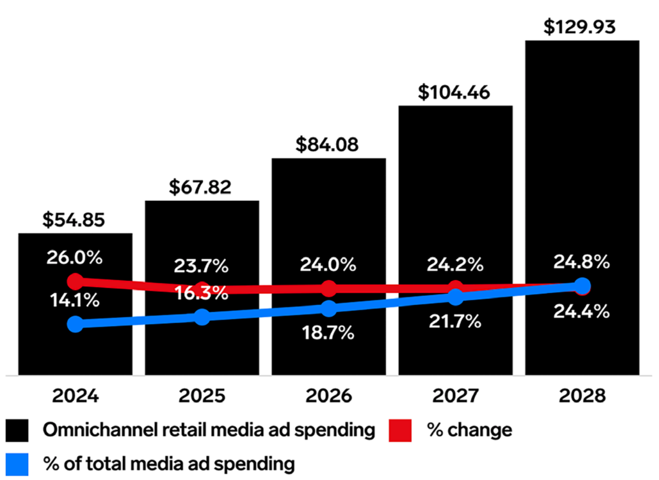
Retail media has become integral to advertisers' plans

- **Retail media is considered highly important to a large majority of advertisers.** A December 2023 Skai and Path to Purchase Institute survey found that 81% of advertisers think retail media is at least "very important," higher than any other ad channel. Paid search came in a close second with 80%.

- **Diversification has helped make retail media essential to advertisers.** After years of work to add components such as social media audience extensions and CTV to their RMNs, retailers are beginning to reap the rewards. There were five different retail media components—besides on-site—that were used by at least half of retail media advertisers polled in the Skai and Path to Purchase Institute survey.

Omnichannel Retail Media Will Account for Almost a Quarter of All US Media Ad Spending in 2028

billions in US omnichannel retail media ad spending, % change, and % of total media ad spending, 2024-2028

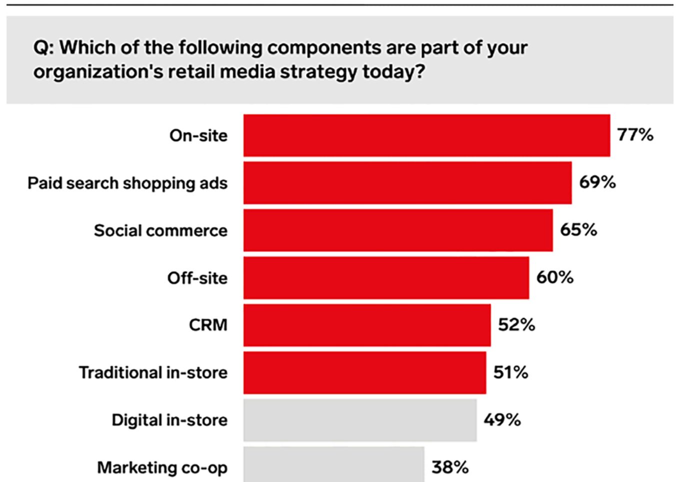


Note: digital advertising that appears on a retailer's on-premise signage, either in-store or in the immediately adjacent exterior (e.g., parking lot), appears on websites or apps that are primarily engaged in retail ecommerce, or is bought through a retailer's media network or demand-side platform (DSP)
Source: EMARKETER Forecast, March 2024

351144 EMARKETER

Six Different Formats and Tools Are Part of a Majority of Retail Media Advertisers' Strategies

% of US retail media advertisers, Dec 2023



Note: n=98 agency professionals (59%) and consumer product manufacturers (41%)
Source: Skai and Path to Purchase Institute, "The State of Retail Media 2024," Feb 7, 2024

351146 EMARKETER

But the challenges of spending in this channel haven't gone away

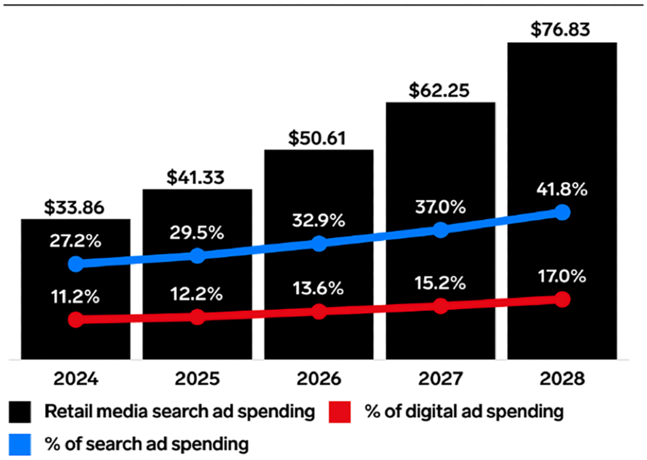
- **More than one-third (35%) of advertisers say buying retail media is too complicated.** The same Turbyne research that found 44% of advertisers will not work with additional RMNs in the next two years also found that large percentages of advertisers find the process of buying retail media complicated. A plurality of advertisers (40%) indicated that having to buy from each RMN individually was their top challenge. Manpower challenges factor in as well. Nearly a quarter of respondents to the Turbyne research said they did not have the team to manage yet another RMN.

Retail media will account for more than one-quarter of search ad spending in 2024

Retail media search continues to grow healthily and will remain the channel's bedrock. Retail media search ad spending will account for 62.2% of retail media ad spending in 2024. That share will decline to 59.6% by 2028, but only because of the meteoric growth of retail media display ad spending, which is poised to grow 152.4% between 2024 and 2028.

Retail Media Search Will Capture More Than $1 of Every $6 Spent on Digital Ads in the US in 2028

billions in US retail media search ad spending, % of digital ad spending, and % of search ad spending, 2024-2028



Note: digital advertising that appears on websites or apps that are primarily engaged in retail ecommerce or is bought through a retailer's media network or demand-side platform (DSP); examples of websites or apps primarily engaged in retail ecommerce include Amazon, Walmart, and eBay; examples of retail media networks include Amazon's DSP and Etsy's Offsite Ads; includes ads purchased through retail media networks that may not appear on ecommerce sites or apps
Source: EMARKETER Forecast, March 2024

351142 EMARKETER

Search will continue driving retail media ad spending

- **Advertisers will spend $33.86 billion on retail media search in 2024.** Fueled by continued growth at Amazon and Walmart, retail media search ad spending will more than double over the next five years, climbing to $76.83 billion. It will grow a relatively modest 18.6% YoY in 2024, then climb at least 22% YoY every year through the end of our forecast period.

- **Competition among advertisers for placement in retail media search results is likely to heat up.** While many retailers are continuing to increase search ad inventory, eventually the battle among buyers to be included in results will intensify. In April 2024, Walmart announced that advertisers could begin bidding on brand keywords, allowing them to competitively conquest inside the second-largest player in retail media search.

For more on how retail media is affecting search ad spending, read "Search Ad Spending Forecast and Trends H2 2023."

Retail media search will be a key element of overall search ad spending

- **Retail media search will account for 27.2% of search ad spending in 2024.** Google and Bing are about to shake up their search ad businesses with the incorporation of generative AI (genAI) that could limit the number of search ads its users will see. That foray into genAI, combined with steadily increasing retail ecommerce penetration, will cause retail media search to grow more than twice as quickly as nonretail media search through 2028. By 2028, retail media will represent nearly 42% of US search ad spending.

Retail media display's balance has begun to shift off-site

Display is growing faster than search, but it still represents a minority of retail media ad spending. And more and more of the spending on display ads will start happening away from retailers' websites.

Advertisers will spend nearly identical amounts on on-site and off-site display ads in 2024

- **Off-site and on-site display ad spending will each more than double over the next five years.** On-site display ad spending—what we refer to as ecommerce channel display ad spending in our forecasts—will climb to $9.98 billion in 2024, then grow at least 24% YoY every year through 2028.
- **But off-site display ad outlays will grow faster.** Until now, retail media display ad spending has largely been concentrated on retailer sites. But off-site retail media display ad spending will grow 163.6% between 2024 and 2028, when it will reach $28.05 billion.
- **Third-party cookie deprecation will continue to fuel this spending.** Google may have delayed its deprecation of support for third-party cookies again, but advertisers will nonetheless gravitate toward advertising partners that offer robust first-party data.

Off-site retail media ad spending blooms as advertisers' options grow

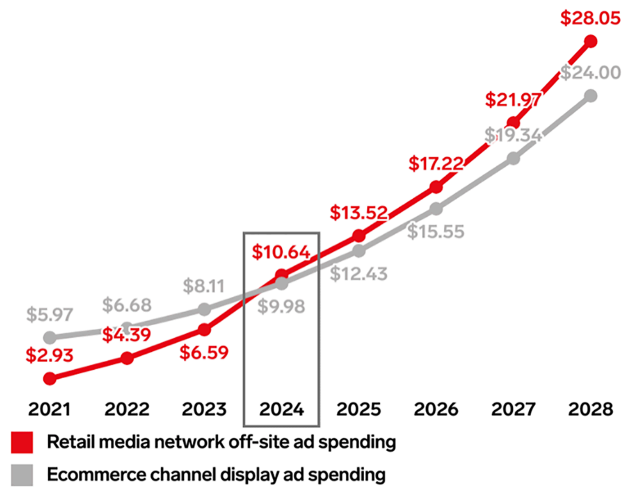
Advertisers are embracing the opportunity to hunt for retailers' customers across different digital channels. And retailers are motivated to open up inventory because their owned properties cannot match the scale of the open web.

Thanks largely to CTV, off-site retail media ad spending will grow 61.5% YoY in 2024

- **Retail media will begin to play a major role in the ads that consumers see online.** Sixty percent of retail media advertisers will spend on off-site ads in 2024, per the Skai and Path to Purchase Institute survey. According to our forecast, in 2019, advertisers spent $800 million on off-site retail media. In 2028, that figure will hit $28.05 billion.
- **Advertisers' questions about off-site ads are not keeping them from spending.** While the connection between on-site ad spending and results is cleaner to measure, significant numbers of advertisers have gotten comfortable with connecting the dots off-site. Fifty-

Off-Site Retail Media Ad Spending Will Surpass Ecommerce Channel Display Ad Spending in 2024

billions in US retail media network off-site vs. ecommerce channel display ad spending, 2021-2028



Note: retail media network off-site ad spending is digital advertising that is bought through a retailer's media network or demand-side platform (DSP); examples of retail media networks include Amazon's DSP and Etsy's Offsite Ads; includes ads purchased through retail media networks that may not appear on ecommerce sites or apps; ecommerce channel display ad spending is display advertising that appears on websites or apps that are primarily engaged in retail ecommerce; examples include advertising on Amazon, Walmart, and eBay; excludes advertising on social networks or search engines
Source: EMARKETER Forecast, March 2024

351145 EMARKETER

three percent of advertisers plan to spend more money on off-site ads in 2024, according to Skai and the Path to Purchase Institute.

For more information about the evolution of in-store retail media ad spending, read "**In-Store Retail Media 2024.**"

Partnerships and acquisitions powered a significant revision to our retail media CTV forecast

Roku, Disney, and The Trade Desk are just some of the large CTV players fueling growth in this vital segment of off-site retail media.

Retail media CTV will make up 39.4% of off-site retail media ad spending in 2024

- **Retail media CTV ad spending will more than double from 2024 to 2028.** The figure will go from $4.19 billion in 2024, to $10.44 billion in 2028.

- **But its share of retail media ad spending is not going to change.** Advertisers are clearly intrigued by the combination of retailers' data and CTV inventory. But retail media CTV's share of retail media ad spending will rise less than half a percentage point over the course of our forecast period.

Select company snapshots: Amazon will remain atop the pecking order

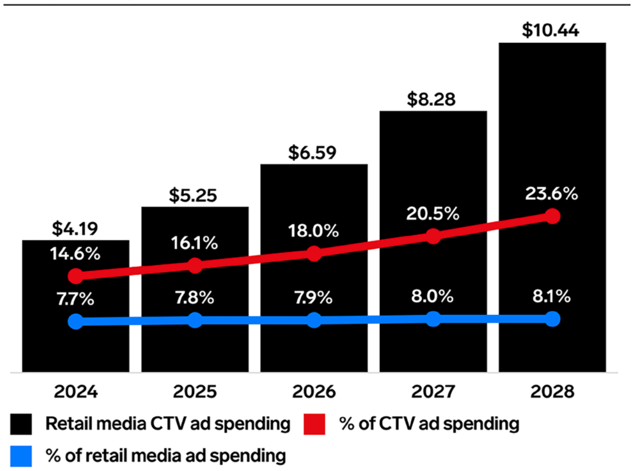
While many RMNs are growing healthily, the rising tide is lifting the boats in uneven ways.

Amazon will protect its market share

- **Amazon will collect 77.0% of retail media ad spending in 2024.** While Amazon's market share has been eroding slowly over the past few years, it will effectively remain flat through 2026.
- **The company is adding more off-site offerings to protect market share.** Amazon boasts a sizable advantage in on-site scale. It has begun making moves to expand its off-site presence, recently inking a deal with TripleLift.

Retail Media CTV Ad Spending Will Make Up More Than One-Fifth of the CTV Ad Market in 2027

billions in US retail media connected TV (CTV) ad spending, % of CTV ad spending, and % of retail media ad spending, 2024-2028



Note: digital advertising that appears on websites or apps that are primarily engaged in retail ecommerce or is bought through a retailer's media network or demand-side platform (DSP); examples of websites or apps primarily engaged in retail ecommerce include Amazon, Walmart, and eBay; examples of retail media networks include Amazon's DSP and Etsy's Offsite Ads; includes ads purchased through retail media networks that may not appear on ecommerce sites or apps
Source: EMARKETER Forecast, March 2024

351143 EMARKETER

Walmart Connect expands its customer base

- **Walmart will claim 6.8% of retail media ad spending in 2024.** While Walmart's share will remain flat from 2023 through 2024, it will inch up ever so slightly to 7.0% by 2026.
- **The retailer is expanding access to its RMN to a range of advertisers.** In April 2024, Walmart Connect announced a clutch of moves designed to boost the number of ad buyers who can use it. These included letting small advertisers buy on-site display through its self-serve platform, and allowing non-endemic advertisers such as automakers and restaurants to advertise on its platform. Walmart Connect also announced in May that it will provide data to help target ads across Disney+.

Target takes more control as it loses ground

- **Target will account for 3.2% of retail media ad spending in 2024.** This is a full percentage point lower than the 4.2% that Target claimed in 2020. By 2026, it will drop to 2.9%.
- **Target has taken buying search ads in-house.** In March 2024, Target changed the way advertisers can buy search ads, bringing more advertisers into direct contact with Target's ad sellers. Search ad sales had previously been handled by Criteo.

This sponsored article was contributed by LiveRamp.

Lori Johnshoy
Industry Strategy Director,
Global Retail & CPG, LiveRamp

At the midpoint of 2024, it's evident retail is undergoing a transformation where innovation is no longer optional but essential for survival. By embracing and adapting to four key trends, retailers can thrive in this dynamic landscape.

Invest in the Consumer Experience

Declining sales growth has made it clear the traditional model of retail is unsustainable, prompting retailers to reimagine physical stores as immersive experiences. The concept of "retail-tainment" is gaining traction and turning stores into hubs for entertainment and brand showcases.

Nike and Apple have embraced transforming their stores into destinations that provide interactive experiences, personalized services, and exclusive events. These companies are creating lasting customer connections that drive foot traffic to their stores.

To replicate these concepts, retailers must understand their shoppers on a deeper level. Identity technology can create the unified and consistent customer view enterprises need to deliver differentiated experiences that meet shoppers' evolving preferences.

Embrace "Phygital" for Growth

The convergence of physical and digital retail experiences, known as "phygital," is emerging as a top growth opportunity for retailers looking to encourage more customer loyalty, according to Deloitte's 2024 US Retail Industry Outlook report.

For example, Sephora and IKEA are enhancing the in-store shopping experience with AR and VR. These digital integrations allow customers to visualize products before making a purchase, increasing sales and reducing returns.

Access to unique second- and third-party data is essential for creating personalized "phygital" experiences. Retailers should engage a vast ecosystem of data partners to gain customer insights and deliver tailored experiences that drive loyalty.

Transform Returns Into Loyalty-Drivers

Product returns now cost retailers $642 billion annually, according to nShift. To combat this significant challenge, retailers can connect more online and offline data and use AI-driven insights to improve product descriptions, steer advertising away from shoppers most likely to return certain products, and offer return incentives like free shipping or discounts if shoppers opt for in-store credit.

Nordstrom and Zappos have implemented innovative policies offering free returns and hassle-free exchanges. By leveraging data to understand customer preferences and streamline the return process, these companies have created loyalty to their brand.

Seamless data connectivity across all touchpoints is crucial for retailers looking to reduce return rates. By feeding robust data into AI algorithms, retailers will gain the insights needed to fuel customer retention and satisfaction.

Harness the Power of Data Collaboration

By sharing their highly valuable data with suppliers, retailers can not only help partners succeed but also monetize their own assets. Collaborative tools like data clean rooms enable retailers to enhance measurement, analytics, and innovation while securely navigating the post-cookie landscape.

CVS, Pinterest, and LiveRamp [launched a clean room solution] to deepen measurement and improve performance without relying on cookies. Walmart and Target have embraced similar initiatives, partnering with brands to leverage data for targeted advertising and product assortment optimization.

By harnessing the power of retail data, companies can drive awareness, implement strategic pricing strategies, and enhance the overall customer experience with data privacy in mind—ultimately unlocking new opportunities for growth.

EMARKETER Interviews

EMARKETER research is based on the idea that multiple sources and a variety of perspectives lead to better analysis. Our interview outreach strategy for our reports is to target specific companies and roles within those companies in order to get a cross-section of businesses across sectors, size, and legacy. We also look to interview sources from diverse backgrounds in order to reflect a mix of experiences and perspectives that help strengthen our analysis. The people we interview for our reports are asked because their expertise helps to clarify, illustrate, or elaborate upon the data and assertions in a report.

Mike Brunick
Senior Vice President, Head, Commerce Media
Yahoo
Interviewed May 6, 2024

Lynne Kjolso
Vice President, Global Partner and Retail Media
Microsoft
Interviewed May 16, 2024

Shawn McGahee
Head, Retail Media
Google
Interviewed May 3, 2024

John Paquin
Senior Director, Brand Activation
Association of National Advertisers (ANA)
Interviewed May 3, 2024

Sherry Smith
Executive Managing Director, Americas
Criteo
Interviewed May 8, 2024

Jordan Witmer
Associate Director, Omnichannel Retail Media
Kenvue
Interviewed May 3, 2024

Read Next

In-Store Retail Media 2024

Power your next move with clear and credible insights.

Stay informed with daily newsletters

Keep up with timely digital trends delivered straight to your inbox.

Learn More

Get the bigger picture

Our research is trusted by industry leaders. Over 100,000 business decision-makers, including many of the Fortune 1000 and most major media companies and agencies, subscribe to EMARKETER research.

Learn if your company subscribes.

Learn more about retail media trends

For more coverage, visit our website.

We are here to help.

If you are an EMARKETER research client and have questions, please contact ii-help@emarketer.com.

If you are not a research subscriber, please send inquiries to ii-sales@emarketer.com.

To learn about advertising and sponsorship opportunities, contact advertising@emarketer.com.