

# Retail media is the fastest growing ad channel, but 'is not invincible,' our analyst warns

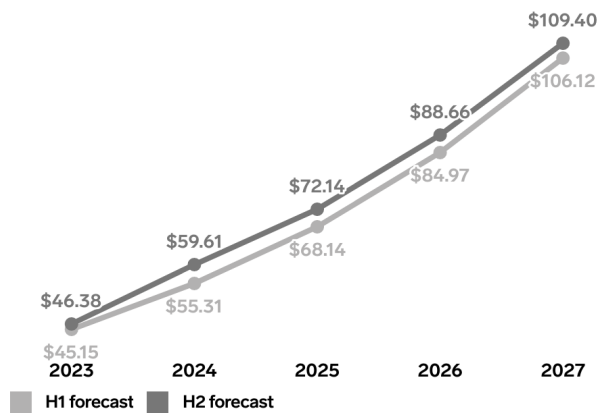
Article

Retail media just got even bigger. We recently updated our [US retail media ad spend forecast](#) to show higher growth than previously estimated, culminating in \$109.40 billion in spend in

2027.

- Retail media is going to be the fastest growing ad channel across media through 2027, growing by more than 20% each year, according to our forecast.
- By 2027, retail media will nearly tie with social media as No. 2 ad spend channel, second only to search.
- Retail media will be bigger than connected TV, digital audio, traditional television advertising combined in 2027.

**Our 2024 US Retail Media Ad Spending Forecast Is Over \$4 Billion Higher Than It Was This Spring**  
billions, 2023-2027



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 e-commerce, or is bought through a retailer's media network or demand-side platform (DSP)

Source: Insider Intelligence | eMarketer Forecast, Nov 2023

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Insider Intelligence | eMarketer

“The reality is that retail media is not invincible,” said our analyst Max Willens during a recent webinar. Nearly half (42%) of advertisers worldwide don't plan to change their retail media ad spend through 2026, according to a June 2023 Epsilon report. Reasons for the hesitation to increase spend include:

- Lack of **standardization of measurement** across retail media networks
- Lack of **standardization of ad formats** across retail media networks
- Difficulty coordinating spend when using **retail media networks** to advertise via programmatic display, social media, and connected TV (CTV)

**That said, retail media networks leverage a winning positive feedback loop.** “Increasingly, people are turning to websites and turning to online retailers to purchase basics,” said Willens. That puts a lot more power into the hands of multichannel retailers like Target, Walmart, and Amazon.

- More site visits means more ads are served.
- Increased ad impressions means more transactions on those ads.
- Those transactions offer more data for retail networks.
- More data drives more efficient ad targeting.
- Better ad targeting means advertisers build better relationships with retail media networks and are willing to spend more.

**Most retail media ad spend is being driven by Amazon.** In 2023, Amazon makes up 75% of the US retail media market, and even though it’s losing share, it will continue to be the biggest retail media player for the foreseeable future, per our forecast.

- Prime will prevent Amazon’s share from dropping quickly by serving as a “lock-in” for Amazon’s massive audience with the promise of free shipping, noted Willens.
- Amazon’s introduction of ads into Prime Video will also boost the entire retail media market, said Willens.

**But outside of Amazon, retail media looks a bit different.** On Amazon, search spend is **growing** faster than display, but the two formats are growing at a more even clip on other platforms.

**Who else matters?** “Walmart, to my mind, has been one of the most under-discussed media success stories of the last several years,” Willens said. Between this year and 2025, Walmart will double its ad business from \$3.19 billion to \$6.18 billion, according to our forecast.

“The companies that are really going to achieve escape velocity and drive tons and tons of revenue for themselves with retail media are the companies that are going to have lots and lots of repeat business and lots and lots of repeat customers,” Willens said, pointing to the likes of Walmart, Target, and Instacart.