

# Retail media ad spending is on track to surpass TV

Article

There's no stopping the retail media juggernaut. At \$45.05 billion in US spending in 2023, it's already far ahead of connected TV (CTV) and closing in on traditional TV.

## US Connected TV (CTV), Retail Media, TV, Social Network, and Search Ad Spending, 2023

billions



Note: search ad spending includes contextual text links, paid inclusion, paid listings, and SEO; social network ad spending includes paid advertising appearing within social networks, social network games, and social network apps; TV ad spending includes broadcast TV (network, syndication, and spot) and cable TV; excludes digital; retail media ad spending includes 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); CTV ad spending includes digital advertising that appears on CTV devices  
Source: eMarketer, Oct 2022

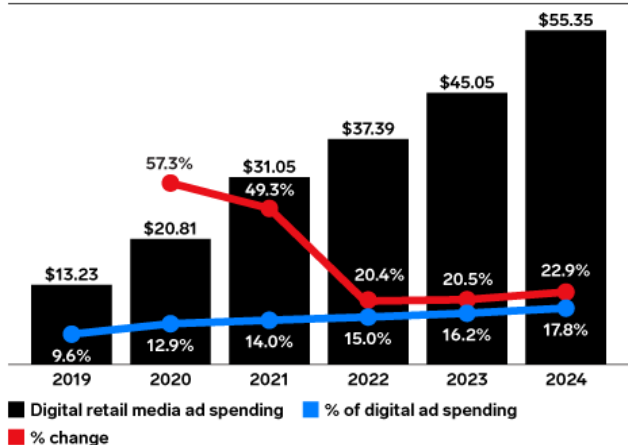
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And the latter tipping point is closer than it might seem from a glance at the state of play in 2023. Consider that retail media is forecast to grow by more than 20% both this year and next, reaching \$55.35 billion in 2024.

## US Digital Retail Media Ad Spending, 2019-2024

billions, % change, and % of digital ad spending



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 advertising on 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, Oct 2022

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By contrast, US TV ad spending will fall by 7.7% to \$62.42 billion this year and flatline through the end of our forecast period to 2026. So, while our retail media forecast stops at 2024, if current trends hold, retail media should surpass TV by around 2025. In fact, even if retail media slows to 12% growth in 2025, it will still overtake TV that year.

To better understand the relationship between retail media and TV, it's worth looking at where retail media budgets are coming from.

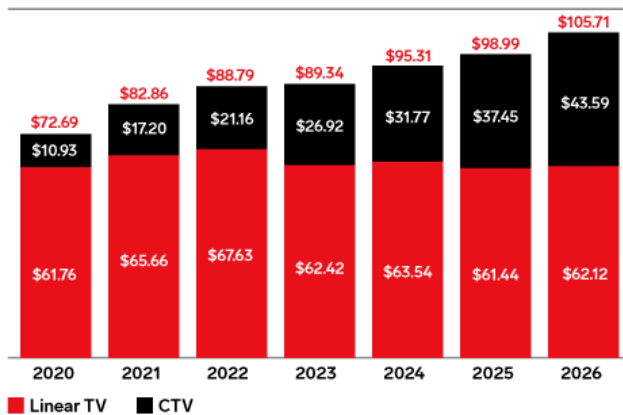
Between 60% and 70% of retail media dollars in 2026 will be “net new to retailers,” according to estimates from a March 2022 study by Boston Consulting Group and Google, with the remainder coming from existing retail revenues like trade budgets, sponsorships, events, and promotions. Organic growth in digital, shifts from other digital channels, and shifts from traditional spending (especially TV) will fuel the “net new” spending.

The migration of ad dollars from linear TV to retail media is happening mostly because some of the biggest retail media networks are muscling into the CTV space. Amazon is doing it organically through its ad-supported video content, including its exclusive license for the NFL's Thursday Night Football franchise and its ad-supported Freevee streaming service. Other retailers are getting there through partnerships, notably Walmart with The Trade Desk and The Kroger Co. with Roku.

As these ventures continue to bear fruit, retail media networks will be on the receiving end of the flow of dollars from traditional to CTV—a trend that's been playing out over years and shows no sign of abating.

### Combined US Linear and Connected TV Ad Spending, 2020-2026

billions



Note: linear TV includes broadcast (network, spot, and syndication) and cable TV; excludes digital; connected TV (CTV) includes digital advertising that appears on CTV devices; examples include display ads that appear on home screens and in-stream video ads that appear on CTVs from platforms like Hulu, Roku, and YouTube; excludes network-sold inventory from traditional linear TV and addressable TV advertising  
Source: eMarketer, Oct 2022

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Report by Paul Verna Feb 16, 2023

# Retail Media Explainer

