

# Instacart's ad business reportedly soared 30% last year

## Article

**The news:** Instacart's retail media business generated roughly \$740 million in 2022, up 30% year over year, per The Information.

- That's roughly in line with our [Retail Media Ad Spending, US](#) forecast, which expects Instacart's retail media revenues to reach \$1.14 billion this year.

**Why it matters:** Instacart's ability to generate high-margin retail media dollars could help the company offset a slowdown in its core grocery delivery business.

- But it isn't a cure-all. After all, the advertising business is dependent upon the growth of its delivery business.
- **Instacart's transaction volume growth reportedly slowed to between 5% and 10% in Q1**, down from 16% a year earlier, per the Information. While the report didn't share the advertising revenues, it seems likely that the advertising revenue growth would have also slowed unless the company increased its ad load.

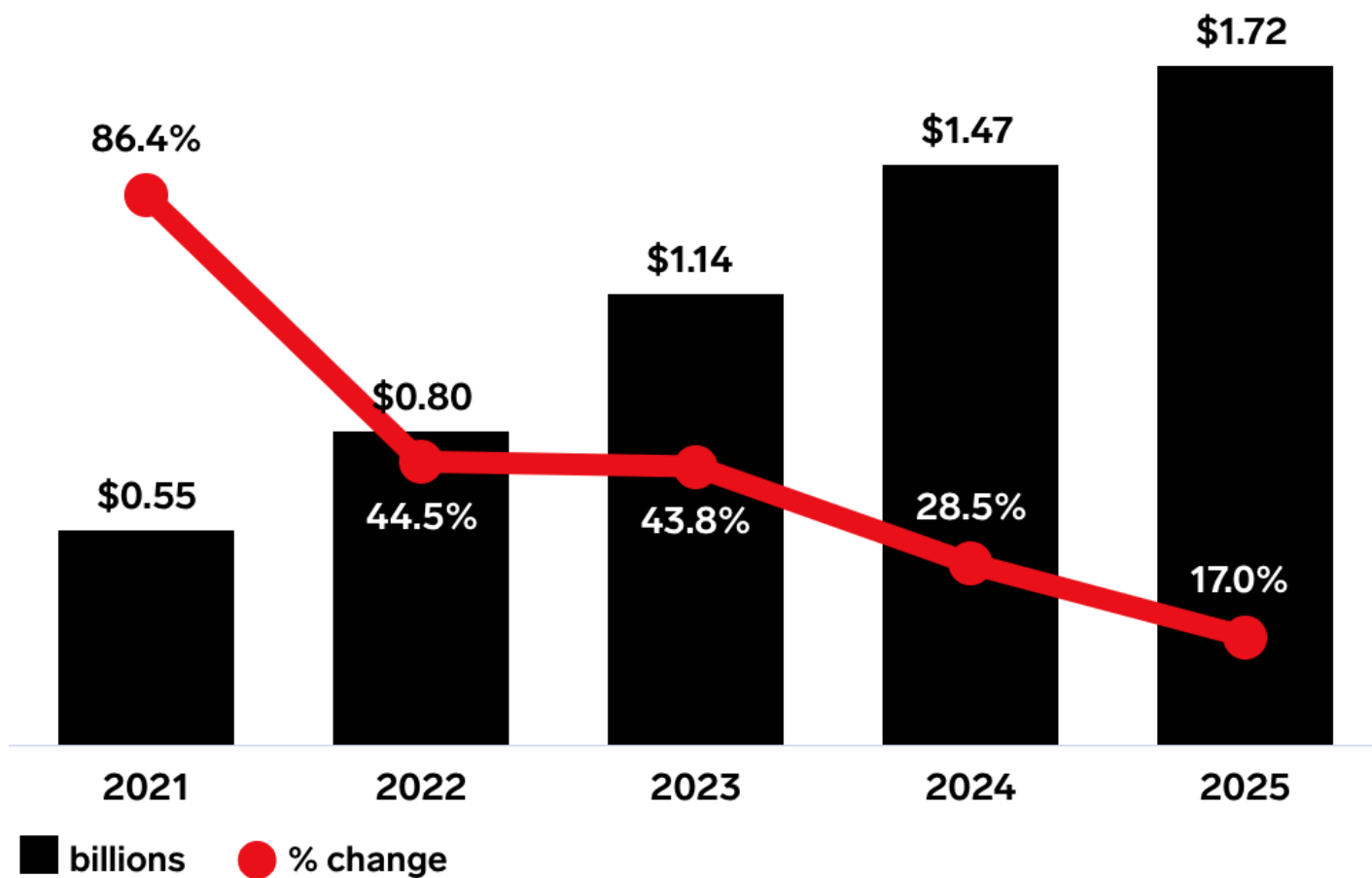
**The big takeaway:** In relatively short order, Instacart built a massive retail media business that's more than a quarter of the size of **Walmart's** advertising business. That enabled it to operate with a take rate that's significantly lower than similar companies such as **DoorDash** and **Airbnb**.

- The company needs to walk a delicate line as it continues to build its retail media business. If it increases its ad load to boost its retail media sales, it runs the risk of producing a subpar customer experience that frustrates shoppers.

**Go further:** Check out our latest [\*\*Retail Media Ad Spending Forecast\*\*](#).

## Instacart Ad Revenues

US, 2021-2025



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites

Source: eMarketer, March 2023

eMarketer | [InsiderIntelligence.com](https://www.insiderintelligence.com)