

Brands boosted their spending on Walmart Connect in Q4

Article



The data: Walmart Connect, the retail giant's ad tech platform, made big strides in Q4, [according](#) to a new report by Pacvue.

- Ad spend on Walmart's various sponsored ad formats jumped 31% year-over-year (YoY).
- Return on ad spend rose 83% YoY to \$6.06 from \$3.32.

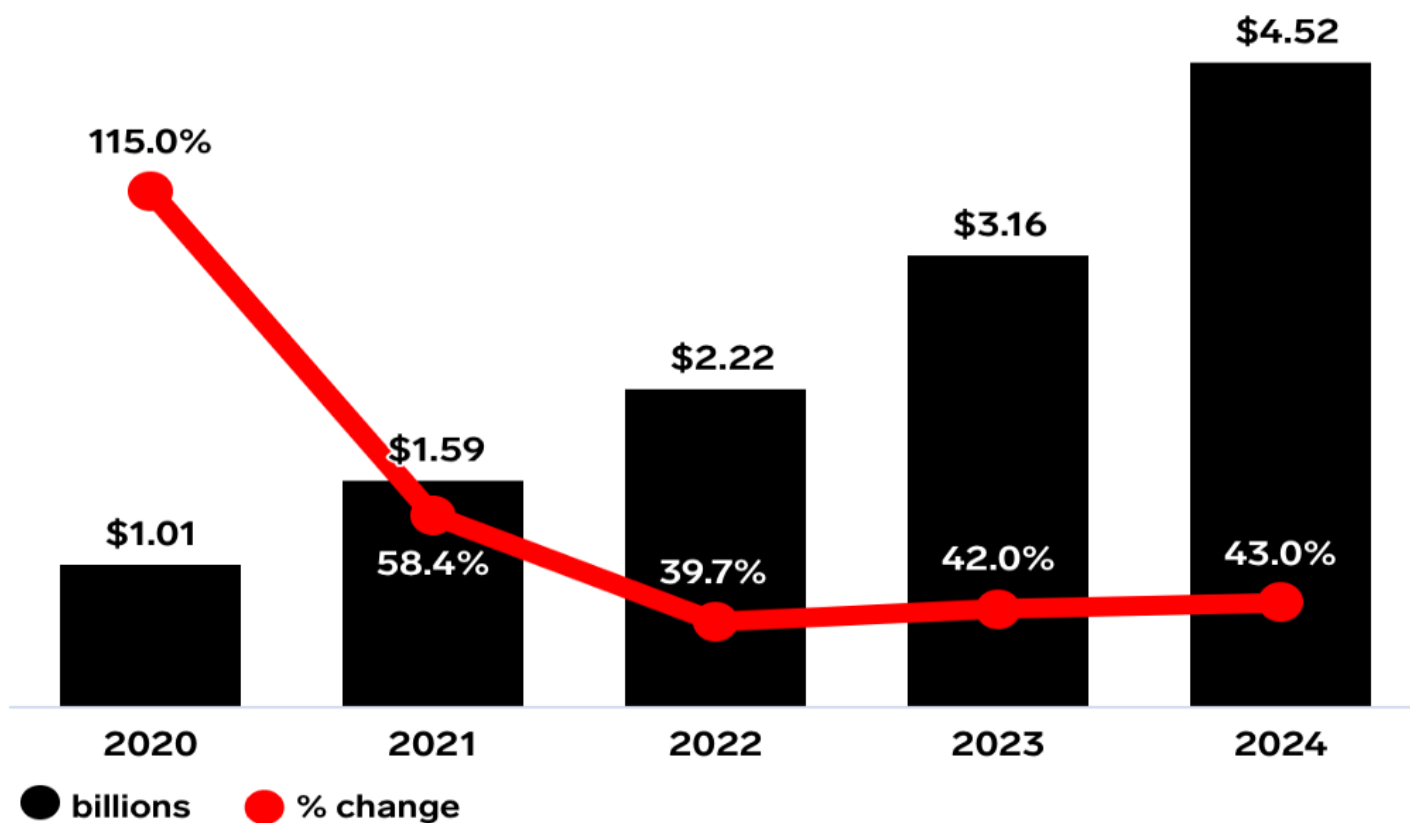
- Click-through rates more than doubled to 0.62% from 0.30% a year earlier.
- Cost per click (CPC) fell 25% to 65 cents from 87 cents a year earlier.

Building a sizable revenue stream: Walmart has been on a pronounced push to build up its fledgling retail media business and distinguish itself from the vast number of [retail media networks](#) competing in a growing market. For example, last year it established a second-price auction model for its ads (under which the highest bidder pays just one cent more than the second-highest bid), a move that helped [reduce its average CPC](#) and improve its return on ad spend.

- It also [struck](#) deals with several ad-tech vendors that specialize in areas such as ecommerce ads, ad optimization, and cross-channel advertising.
- The efforts helped **Walmart grow its advertising revenues nearly 40% last year**, per our [forecast](#).

Walmart Ad Revenues

US, 2020-2024



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, October 2022

eMarketer | InsiderIntelligence.com

The big takeaway: Walmart Connect's strong Q4 reflects several key decisions the retailer made throughout last year, most notably its introduction of the second-price auction model to reassure brands they aren't bidding against themselves or overpaying for impressions.

- Walmart is well-positioned to gain a larger share of US digital ad spending given the deprecation of cookies and third-party identifiers, plus growing privacy legislation and regulatory constraints.

- We expect that Walmart's US net ad revenues will account for an 8.2% share of US retail media digital ad spending by 2024.