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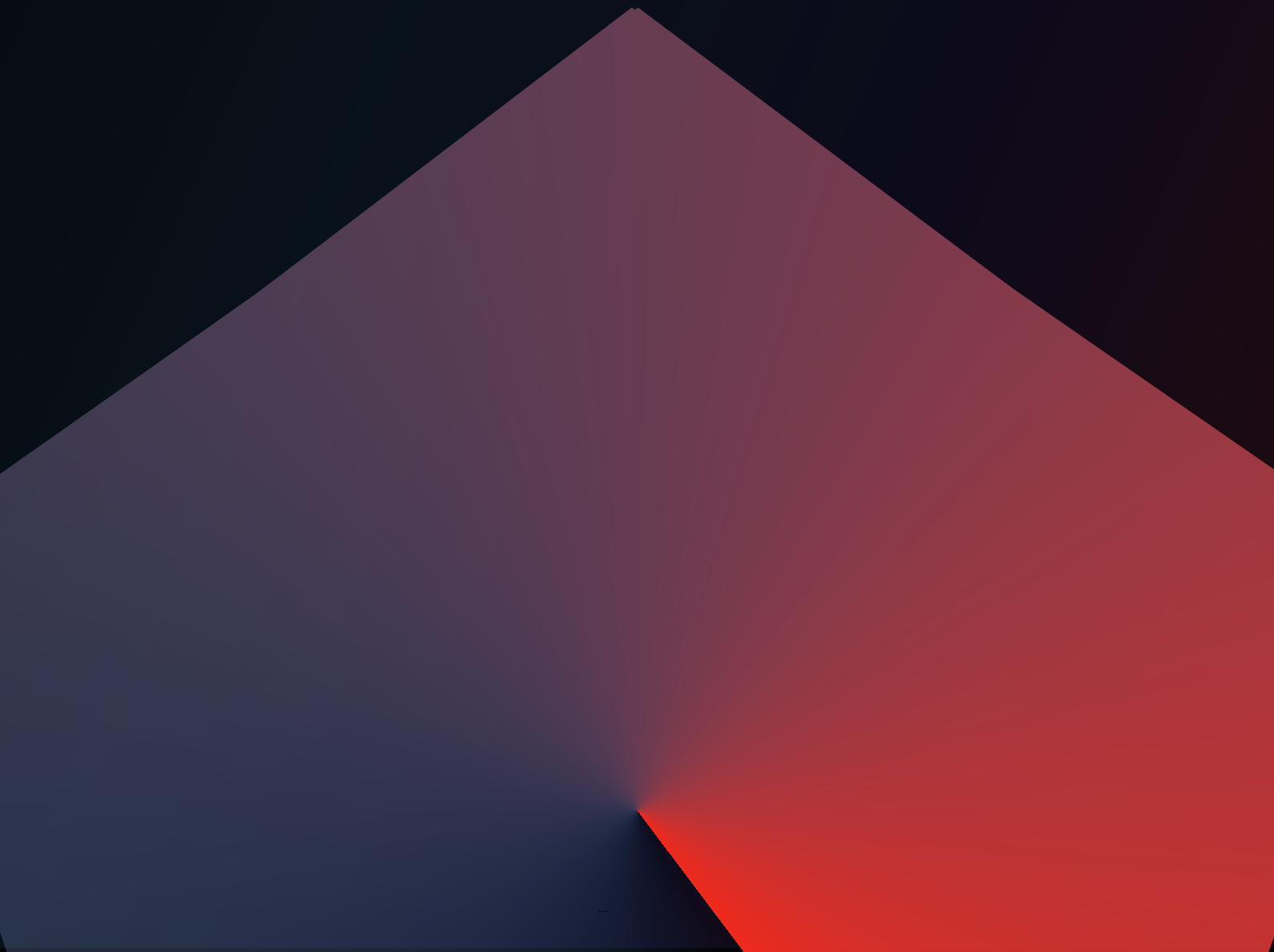
H2 2024

Sponsored Products Benchmarks Report

SUCCESS FACTORS TO UNLOCK **ONSITE RETAIL MEDIA REVENUE**



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Introduction

Over the past eight years, I've worked to address two major issues in retail media: the static ad serving model, which clutters websites and impacts eCommerce performance, and the dominance of monolithic tech solutions, which create an inefficient and closed ecosystem. Today, I'm proud to see the industry moving toward a democratized ecosystem, powered by ads that respect users' pursuit of a frictionless shopping experience.

U.S. leaders like The Home Depot are pioneering dynamic, fluid ad serving, while Amazon is adapting to this flexible approach. In Europe, Zalando has matched Amazon's advertising impact, showcasing how fluid ad placements are reshaping retail media globally.

This report provides a data-backed view into on-site ad placements, highlighting key trends and actionable insights. Examining ad coverage, placement strategies, and engagement metrics reveals what sets market leaders apart and drives their success.

To bring additional depth to this analysis, we partnered with Keith Bryan's Colosseum Strategy. Keith, a trailblazer in retail media, leads a team including Andrew Lipsman and Daniel Knapp, whose expertise helped turn Pentaleap's data into actionable insights, fueling industry innovation.

As the industry matures, true innovation will emerge at the intersection of three key areas: inspiring shoppers to buy, enabling advertisers to see measurable returns, and helping retailers future-proof their businesses with high-margin ad revenue.

With new IAB standards for retail-media-specific RTB on the horizon, fragmentation may finally ease in 2025, fostering interoperability and collaboration. I anticipate shifts with Google entering the space, Microsoft re-emerging, and Criteo doubling down on its demand-side capabilities and brand relationships. These changes mark an exciting new chapter for our retail media landscape.

Enjoy the insights!

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Executive Summary

We collected in-grid, carousel, and video ad data from 10 leading retail media networks (RMNs) across the US over Q4 2023-Q3 2024 and documented a few major trends:

1. Onsite Monetization as a Core Revenue Driver

By investing in onsite media, retailers leverage high-intent shopper moments to drive revenue growth. Sponsored product placements and branded content have become essential tools for maximizing onsite monetization.

2. Fluid Ad Placements: The New Standard in Retail Media

Fluid ad placement strategies, in which ads shift based on bids and relevance, have emerged as a retail media trend, with click-through rates doubling. Staples, Amazon, and Best Buy demonstrate different strategies, from fluid to blended approaches.

3. Tapping into the Longer-Tail: The Push Toward Advertiser Inclusivity

Larger networks like Amazon and Walmart support a longer tail of advertisers, enabling a more diverse ad presence. Smaller, specialized RMNs such as CVS depend heavily on a few major advertisers, increasing their risk profile if these advertisers pull back spending.

Methodology

- Between Q4 2023-Q3 2024, we collected publicly available desktop search results from 10 leading retail media networks across the United States.
- Data is based on a representative set of 2500 keywords in selected categories: grocery, pharmacy, beauty, fashion, electronics, office and furniture.
- This edition also includes data from +3500 brands and the following sponsored ad units: in-grid, carousel, brand carousel and video.

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PART

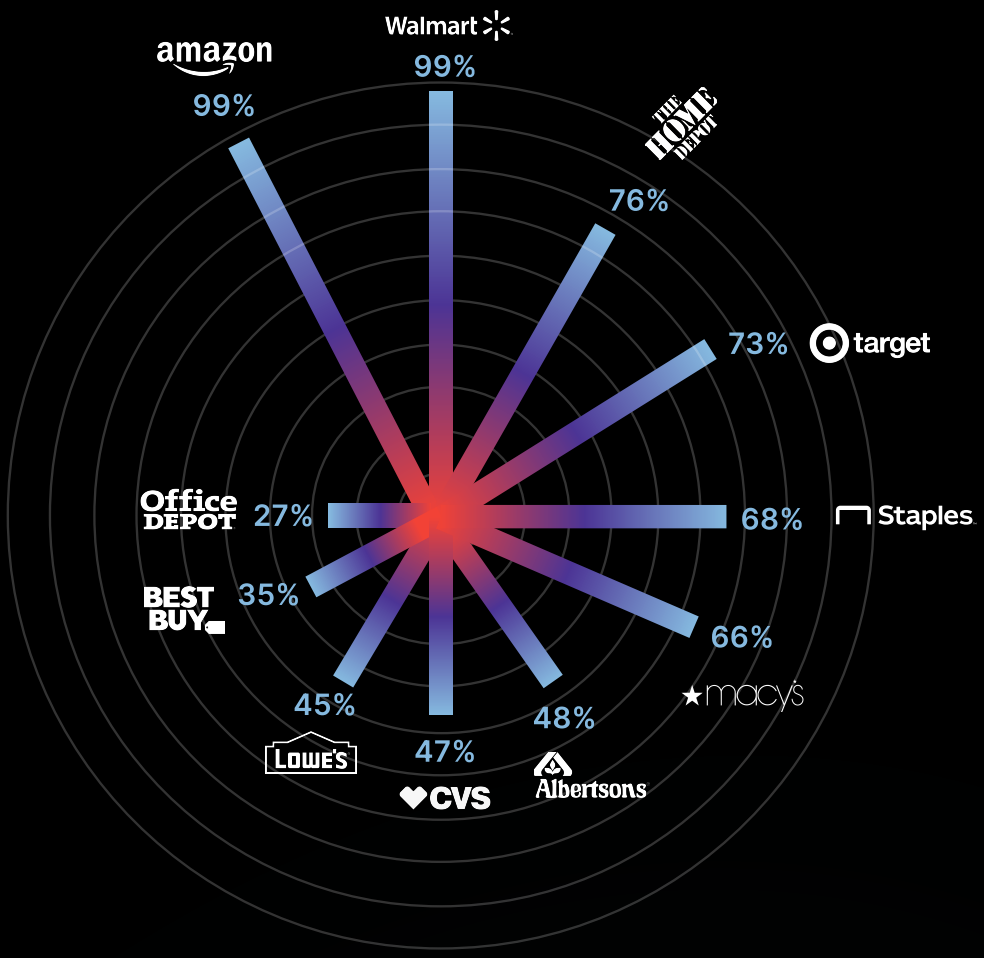
1

Prevalence of Sponsored Products Across Leading Retail Media Networks (RMNs)

Amazon and Walmart continue to maximize coverage with sponsored ads on almost every page, while others are slowly picking up the pace.

Percentage of Searches that Show Sponsored Products

How many searches show sponsored products by retail media network?



Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

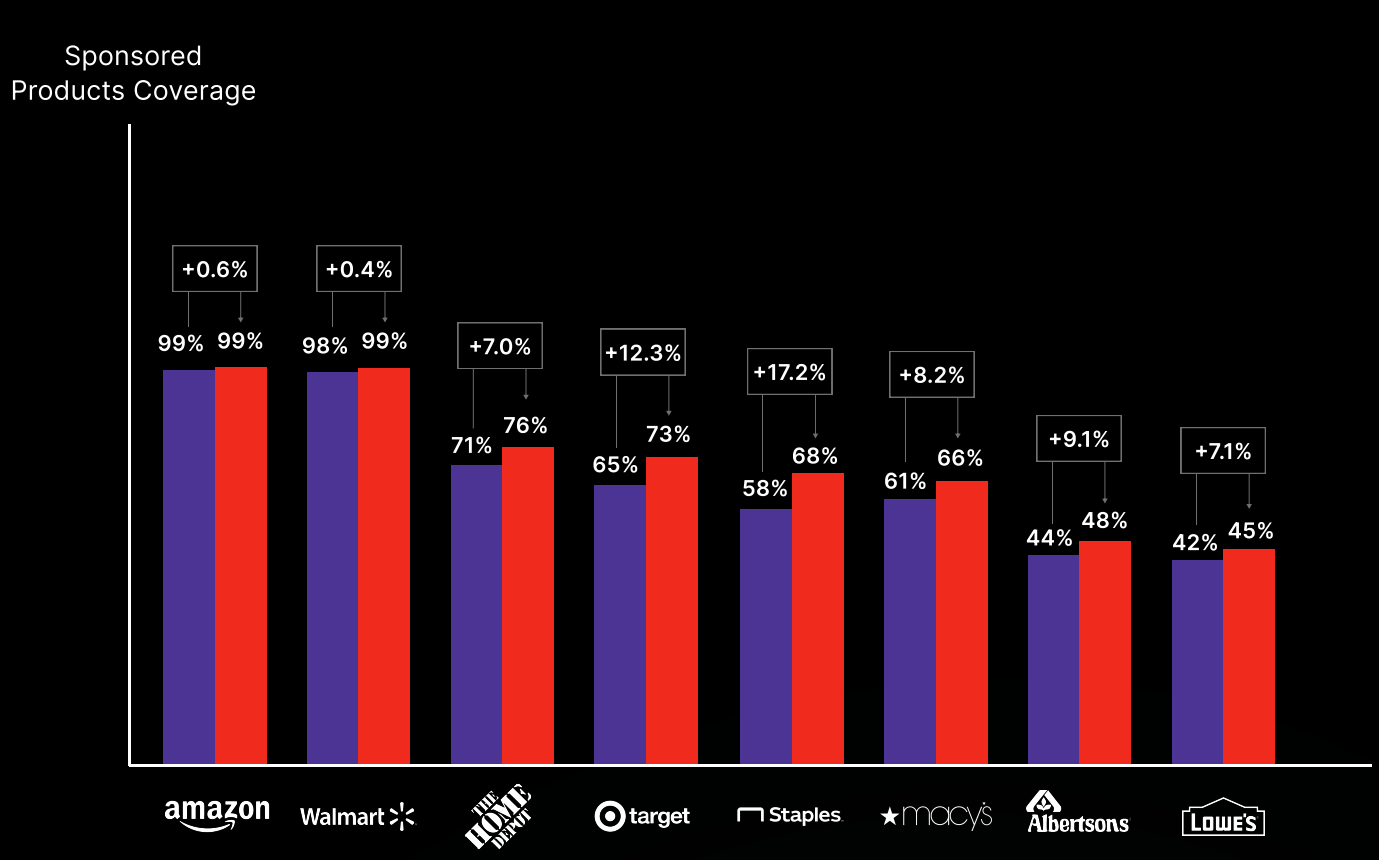
Insights

- Amazon and Walmart are tied leading with top sponsored products coverage (both at 99%).
- Target and The Home Depot marginally increased coverage (+12% and +7% change respectively) since H1 2024.
- Best Buy saw a significant decrease of -20% change since H1 2024.
- Lowe's and Albertsons' sponsored products coverage increased slightly, within +5-10% change of their H1 2024 results.

Sponsored products growth increases 10% on average over the last quarter.

Percentage of Searches that Show Sponsored Products Q1 2024-Q3 2024

How has ad coverage evolved so far this year?



Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q2 2024-Q3 2024)

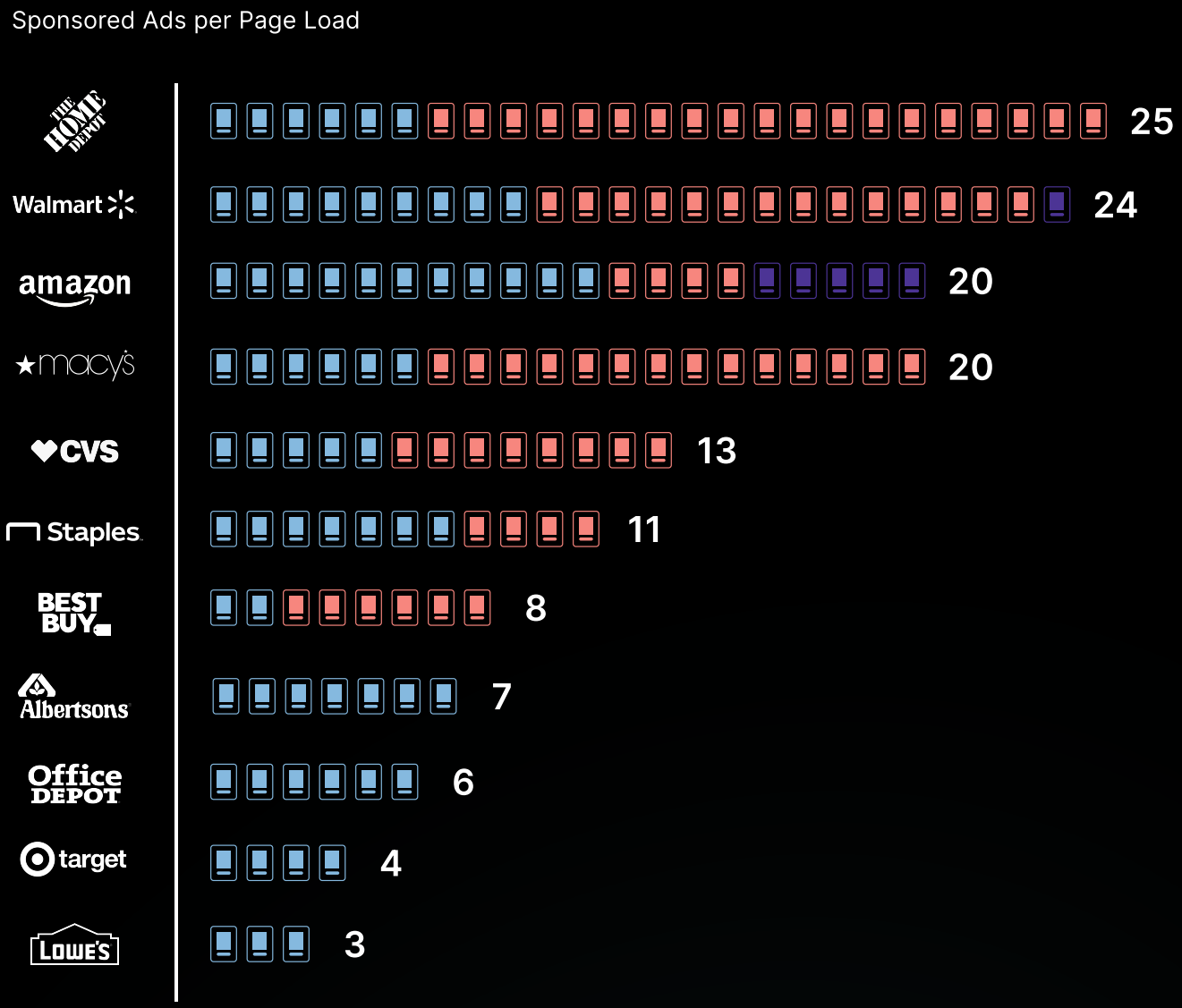
Insights

- Staples leads with an impressive increase in sponsored products coverage compared to last quarter (+17%) followed by Target (+12.3%).
- Amazon and Walmart maintain their nearly perfect coverage score (98-99% respectively).
- For the retailers included in this analysis, sponsored products coverage increased on average 10% over the past three quarters.

The Home Depot leads with 25 sponsored products per page load.

Average Number of Sponsored Products Per Page Load

How many ads (and in which formats) are displayed per page load?



Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

Insights

- The Home Depot and Walmart have both added more ad slots since Q1 2024 and continue to lead with the highest number of ads per page load, at 25 and 24 respectively.
- Macy's and Amazon are not far behind, having added a few more ads over the past quarter, bringing their totals to 20.
- Lowe's and Target haven't opened any additional sponsored products space since Q1 2024.

"Amazon is delivering 2X the ads in their search results in one second than what they deliver in an average hour of Prime Video. This demonstrates the power of sponsored ads for retailers but may shock traditional brand marketers used to relatively low advertising loads in other mediums.

Comparing these results to the H1 2024 report there seems to be relative stability for the top RMNs, which could suggest a ceiling. If that's the case there's still head room to grow revenue in the SERP for many retailers at the lower end of this spectrum. That said, all retailers need to strike a balance of ad revenue growth with the perceived and measured effectiveness of the ads themselves. Increasing ad load can't be done in a vacuum."

Lee Dunbar
Senior Vice President, Head of Retail Media, Starcom

In-grid search ads are universal; carousels are also popular. Amazon and Walmart have the most advanced inventory.

Formats of Sponsored Products

Which sponsored formats are RMNs using?

	In-Grid	Product Carousel	Brand Carousel	Video
amazon	✓	✓	✓	✓
Walmart	✓	✓	✓	✓
Staples	✓	✓	✓	
BEST BUY	✓	✓		
CVS	✓	✓		
macy's	✓	✓		
THE HOME DEPOT	✓	✓		
Albertsons	✓			
LOWE'S	✓			
Office DEPOT	✓			
target	✓			

Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

Insights

- Amazon and Walmart lead, experimenting with all ad formats for the optimal set-up.
- Best Buy, Macy's and The Home Depot continue to depend on in-grid and product carousel ads.
- Target, Lowe's and Albertsons keep it simple with in-grid format.

"Retail media hinges on automation, relevance, and ease of scale. This data shows that half of the 10 leading retail media networks (ex-Amazon) still lack Sponsored Product Carousel formats. This is emblematic of the chasm that exists between Retail Media Networks and machine-learning powered recommendation algorithms. Particular Audience retail clients that bridge this gap gain up to a 14:1 upside over those only offering keyword targeting to their advertisers."

James Taylor
Founder & CEO, Particular Audience

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PART

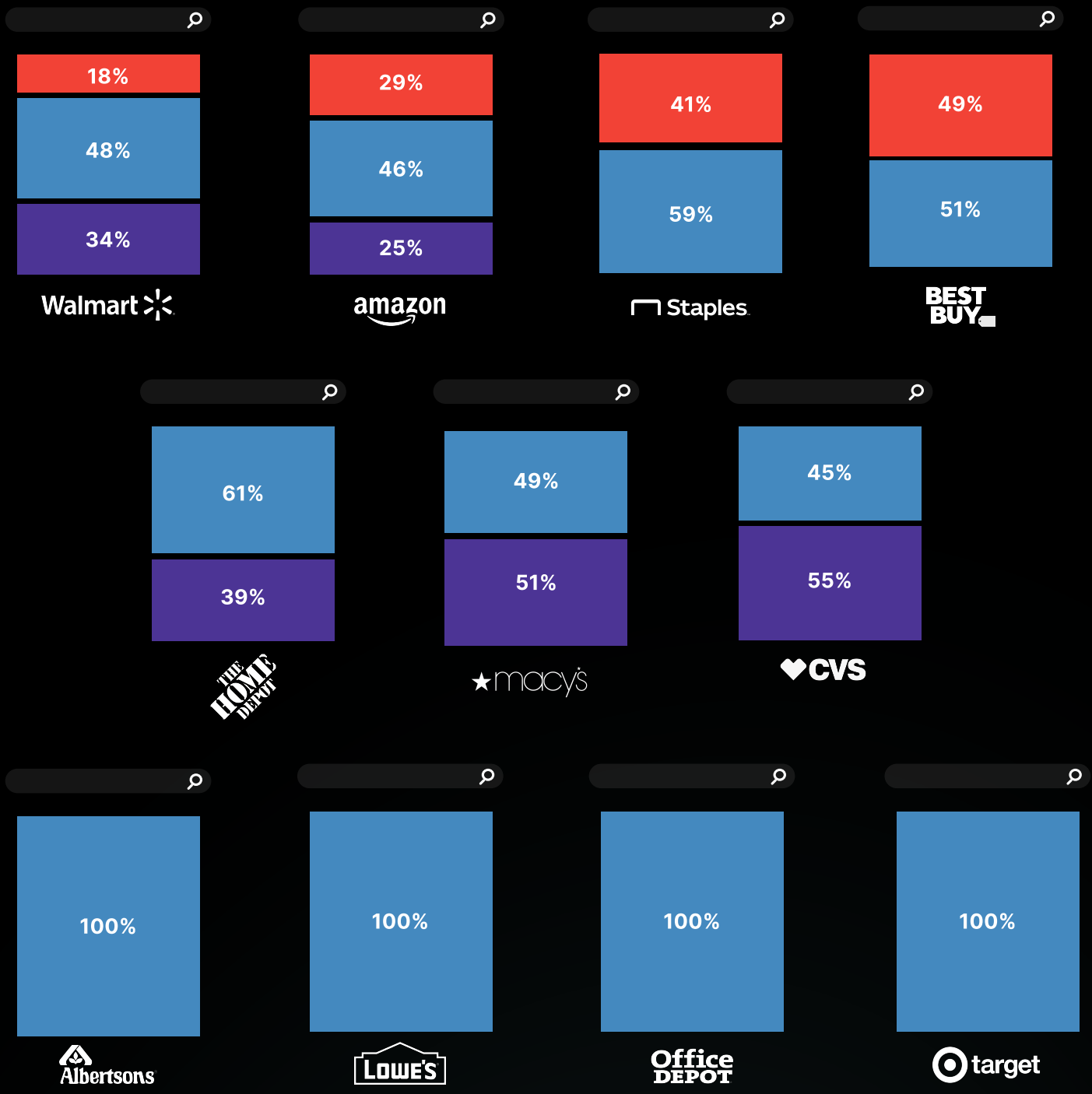
2

Ad Inventory Allocation: Visibility and Relevancy

Most RMNs prioritize center-of-the-page sponsored products placements.

Location of Sponsored Products

Where do RMNs place sponsored products on the page?



Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

Insights

- There has been little change in how retailers are arranging ad placements across the page since Q1 2024.
- Most RMNs prioritize center-of-the-page sponsored products (between 50-100%).
- Leaders like Walmart and Amazon tend to monetize the entire page from top to bottom.
- Best Buy and Staples prioritize top-of-page ads, while CVS, Macy's and The Home Depot tend to place more at the bottom of the page.

"Our Sponsored Products Benchmarks reveal that by optimizing the balance of ad relevance and inventory, retail media networks can unlock far more revenue growth from their onsite experiences without having to rebuild the whole thing. This new, solid foundation gives them the breathing room to then invest their time and efforts in other growth areas. It's about revisiting the basics to fuel a better business overall."

Lars Djuvik
CRO, Pentaleap

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3

Fixed vs Fluid Ad Strategies

Fixed vs Fluid Ad Strategies

Since we began tracking ad coverage across grid positions in Q3 2024, we see two distinct approaches emerging when it comes to how retail media networks monetize with sponsored products: fixed versus fluid ad units.

Throughout this section, we'll examine how a handful of retailers follow the more traditional approach to fixed positions (Best Buy), while others are fully dynamic (Staples).

Amazon is somewhere in between, with a mix of fluid and fixed ad positions. Over the last 4 quarters, we see Macy's and Lowe's beginning to experiment by adding more placements to the grid.

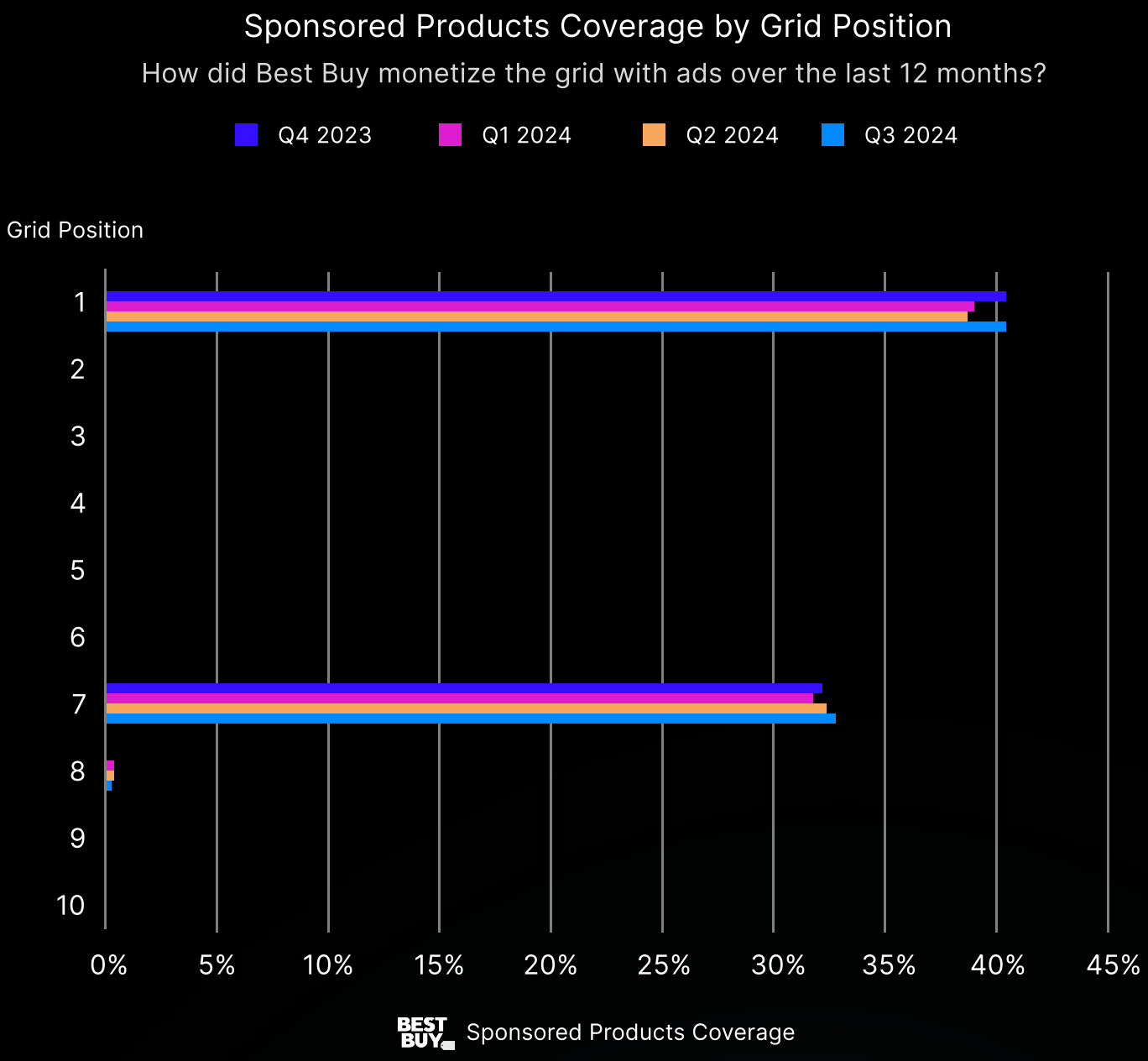
Fixed Ad Units:

- **What is it:** Traditional, static ad placements, such as grid tiles or banners, where ads are served based on simple metrics like bid values.
- **Pros:** Easy to set up and allows advertisers to push their products to specific placements for guaranteed visibility.
- **Cons:** Limited in relevancy, weak personalization, and the potential risk of dragging down the site's overall conversion rate due to less relevant ads.

Fluid Ad Units:

- **What is it:** A modern, machine-learning method that integrates sponsored products directly with organic listings, optimizing placement based on user behaviour and contextual data.
- **Pros:** Highly relevant placements, increased click-through rates, and scalable inventory through a user-friendly interface.
- **Cons:** Requires products to be contained in the organic ranking. While some may see this as a limitation, it is a powerful feature that ensures only relevant products are boosted, enhancing user experience and ad effectiveness.

Best Buy prioritize the top carousel over in-grid placements and have not experimented much in previous quarters.

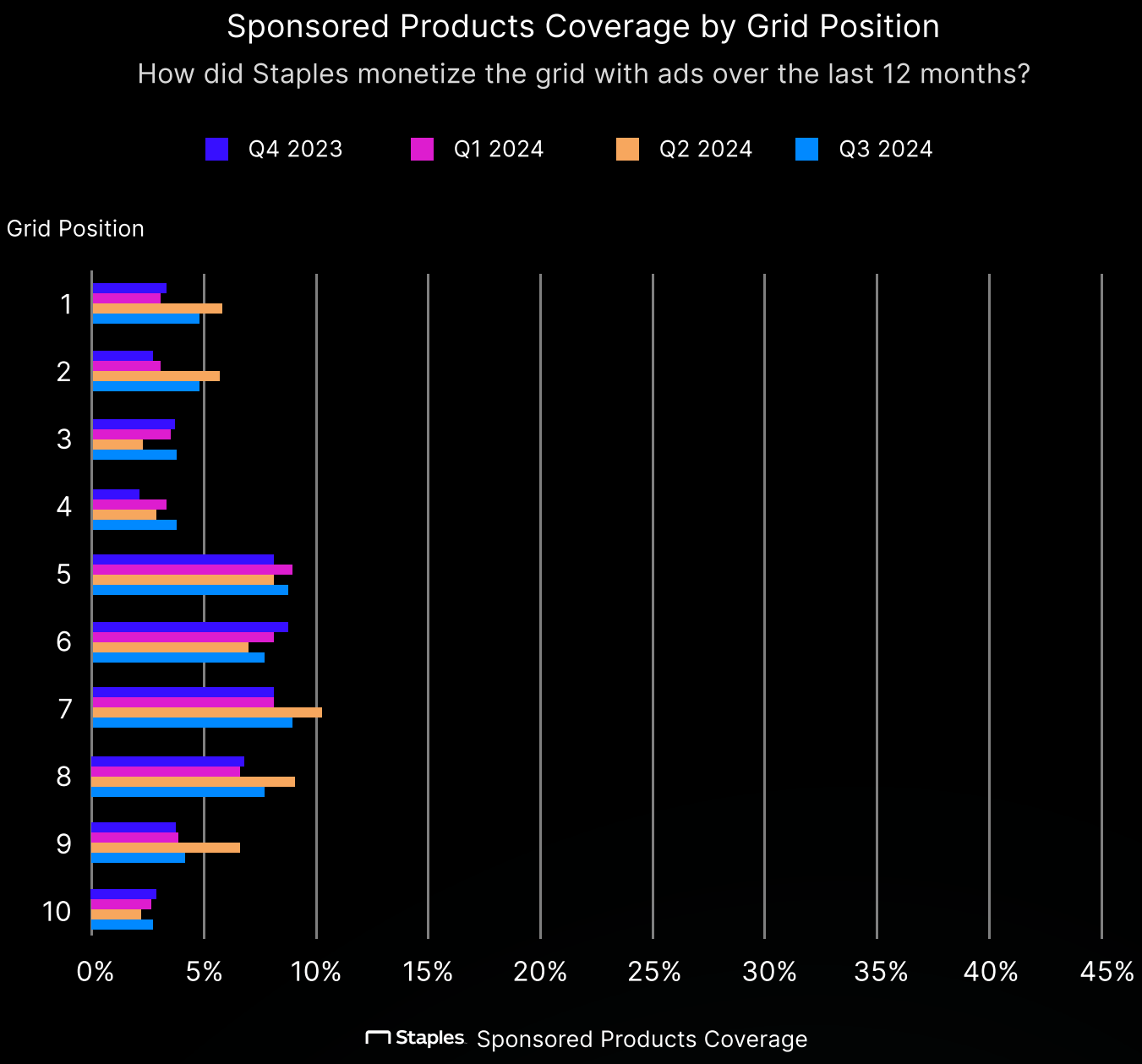


Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

Insights

- Best Buy is an example of a retailer who depends on a few fixed positions (1 and 7) and hasn't experimented from this traditional approach over the past 12 months.
- It is worth noting that nearly half their sponsored product placements appear in a top-of-page carousel, so arguably the grid may be less of a priority.

Staples uses scattered positions across the grid.



Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

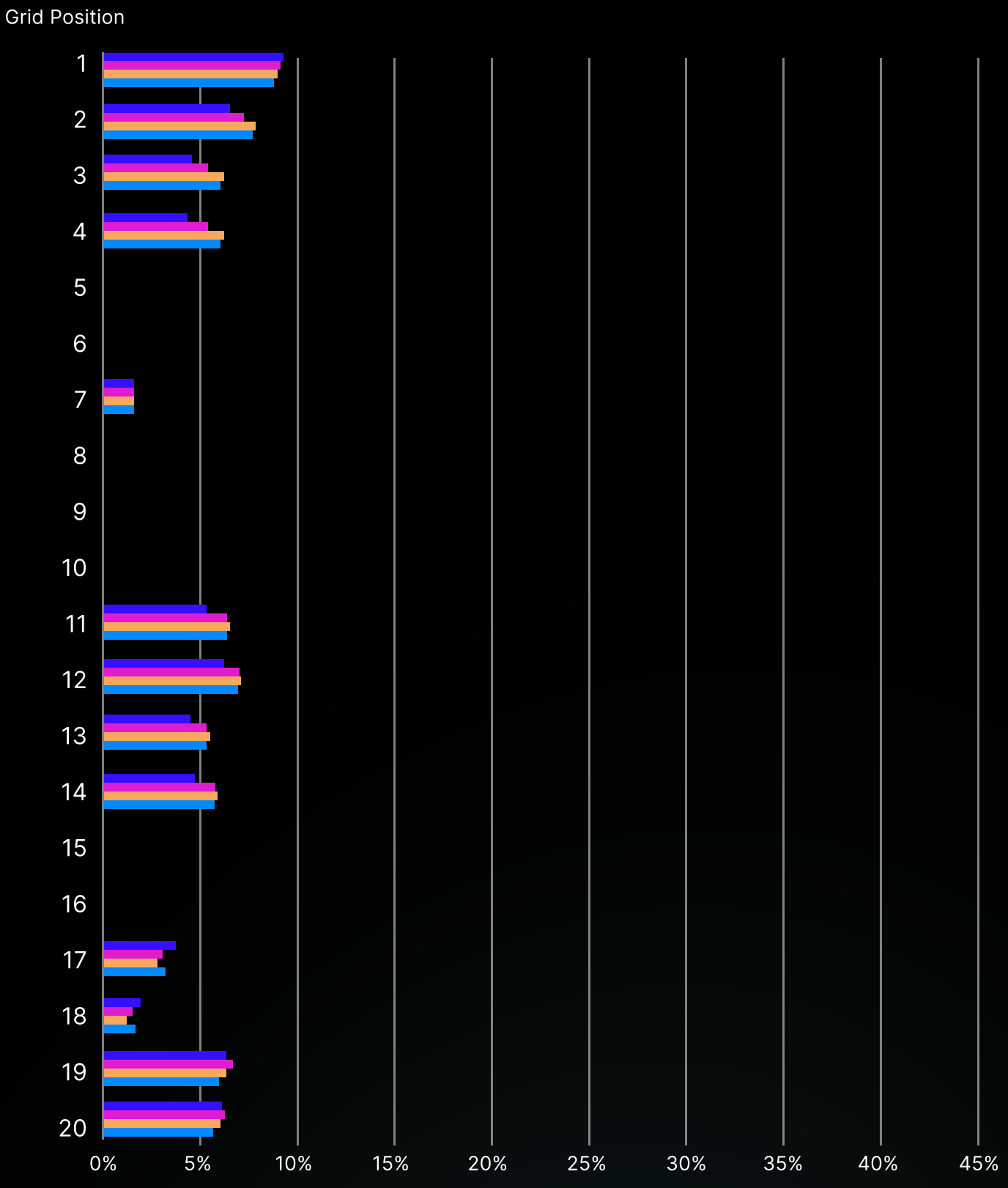
Insights

- Staples is an example of a retailer who, over the last year has opened up dynamic ad slots across the grid.
- Instead of only appearing in predictable slots, sponsored products appear across all positions.

Amazon spans ads across the grid, reserving a few key organic placements.

Sponsored Products Coverage by Grid Position

How did Amazon monetize the grid with ads over the last 12 months?



Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

Insights

- Amazon features significant ad real estate across positions 1-20 but holds to some strict rules, keeping positions 5-6, 8-10 and 15-16 available for organic products.
- While these strict organic product placement rules indicate a traditional mindset, Amazon's advertising clout gives them liberty to open up a high volume of ad slots without negatively affecting customer experience.
- Other retailers who attempt to take a fully fluid approach without a strong relevancy-informed ad server may run the risk of over-advertising.

"As we analyzed sponsored product placements across the grid, it was fascinating to dive into retailer psychology.

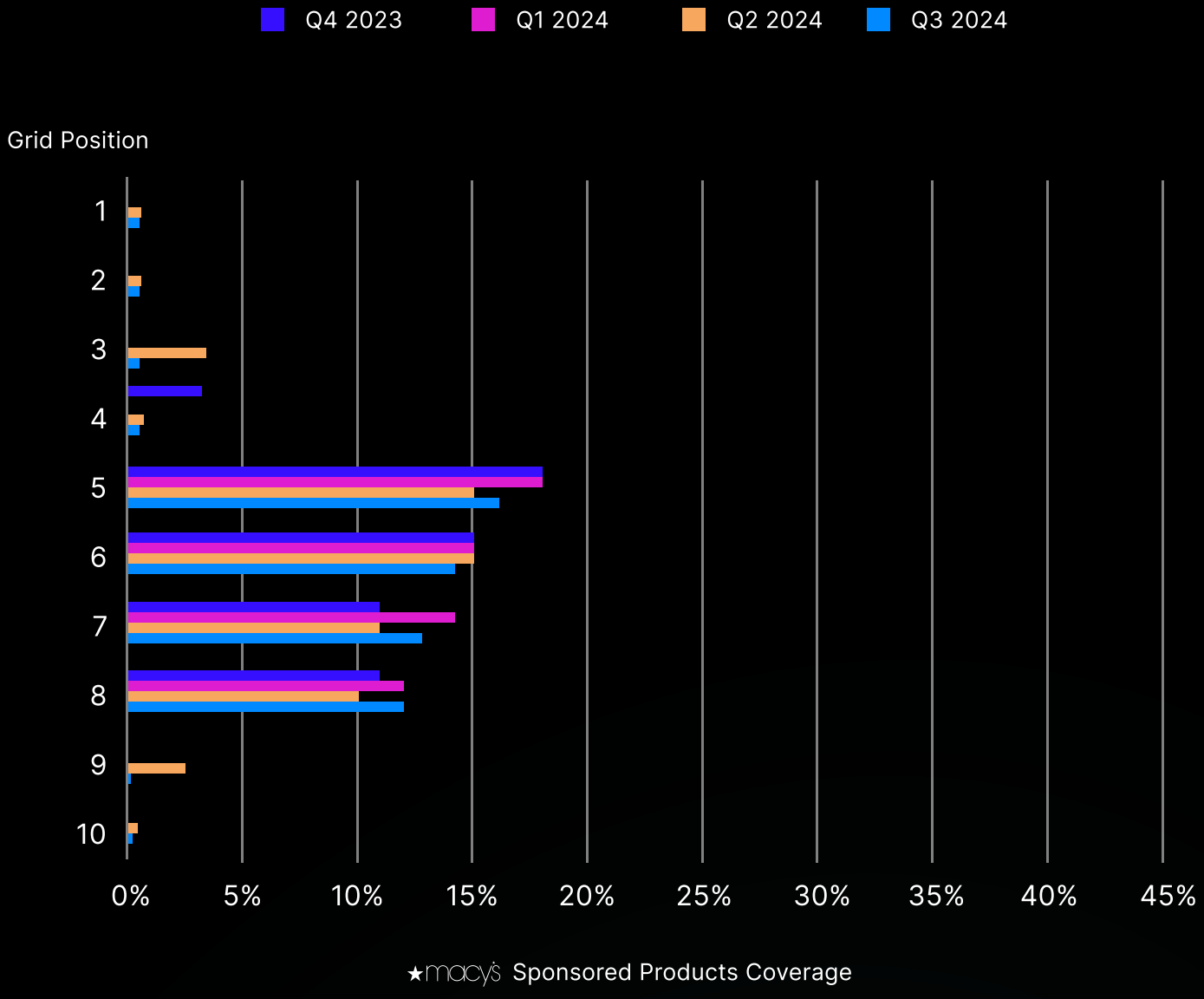
Over the last two quarters of data, we could clearly demarcate moments of experimentation and breaking from established practices. Continuing to run this analysis lifts the curtain on where the retail media industry is headed and how we, as tech providers, can make it more transparent for everyone."

Ali Sasso
Senior Marketing Analytics Consultant, Pentaleap

Macy's experimented with more sponsored products Q2-Q3 2024.

Sponsored Products Coverage by Grid Position

How did Macy's monetize the grid with ads over the last 12 months?



Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

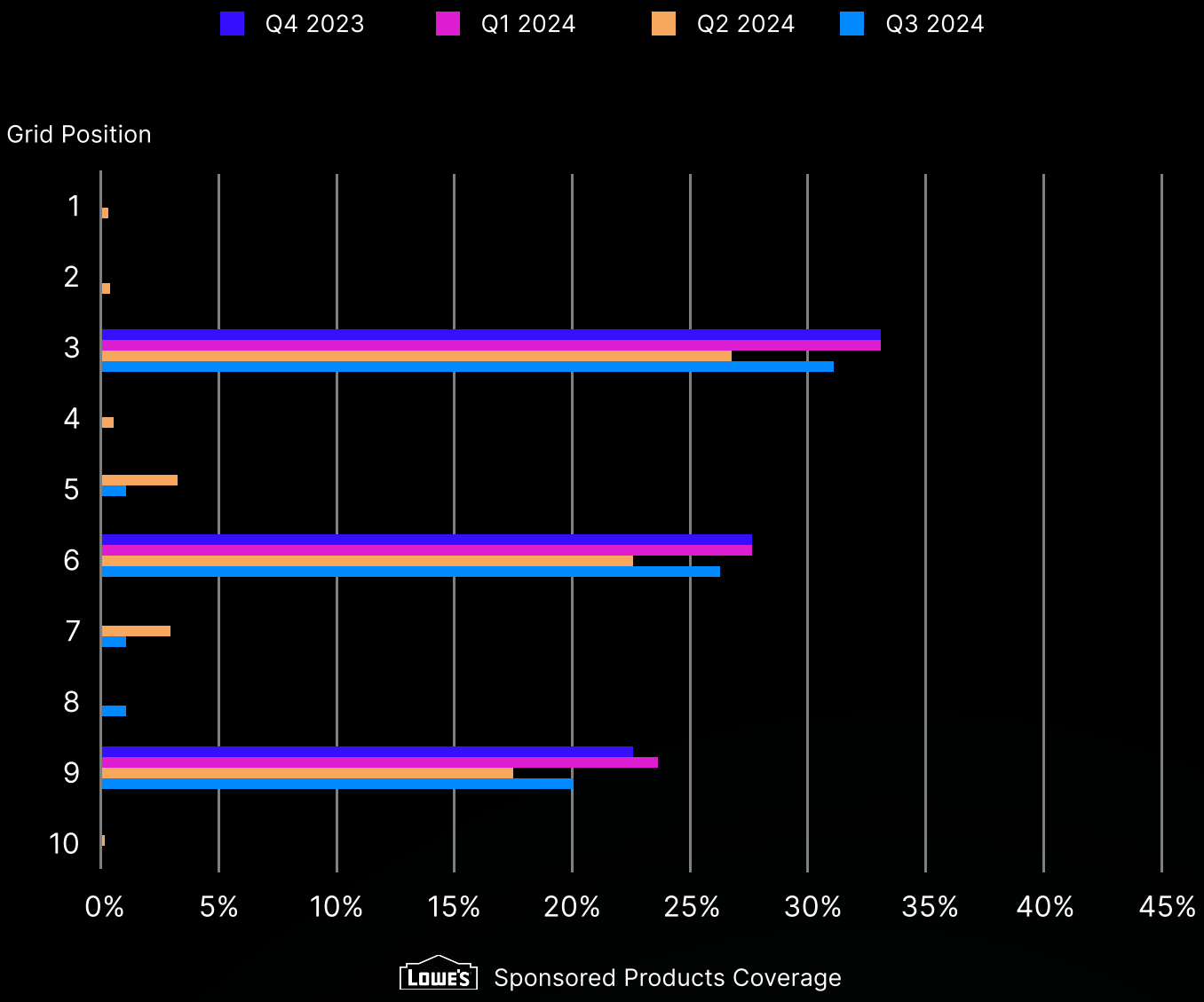
Insights

- In the past, Macy's has taken a fixed approach to monetizing grid positions 5-8 with sponsored products.
- Over the past 2 quarters, we see that the retailer experimented opening up slots 1-4 and 9-10.

Lowe's added 7 more sponsored products, then retracted in Q3 2024.

Sponsored Products Coverage by Grid Position

How did Lowes monetize the grid with ads over the last 12 months?



Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

Insights

- In the past, Lowe's has taken a fixed approach to monetizing grid positions 3, 6 and 9 with sponsored products.
- In Q2 2024, they experimented by adding positions 1-2, 4-5, 7-8 and 10, but retracted some of those slots by Q3 2023.

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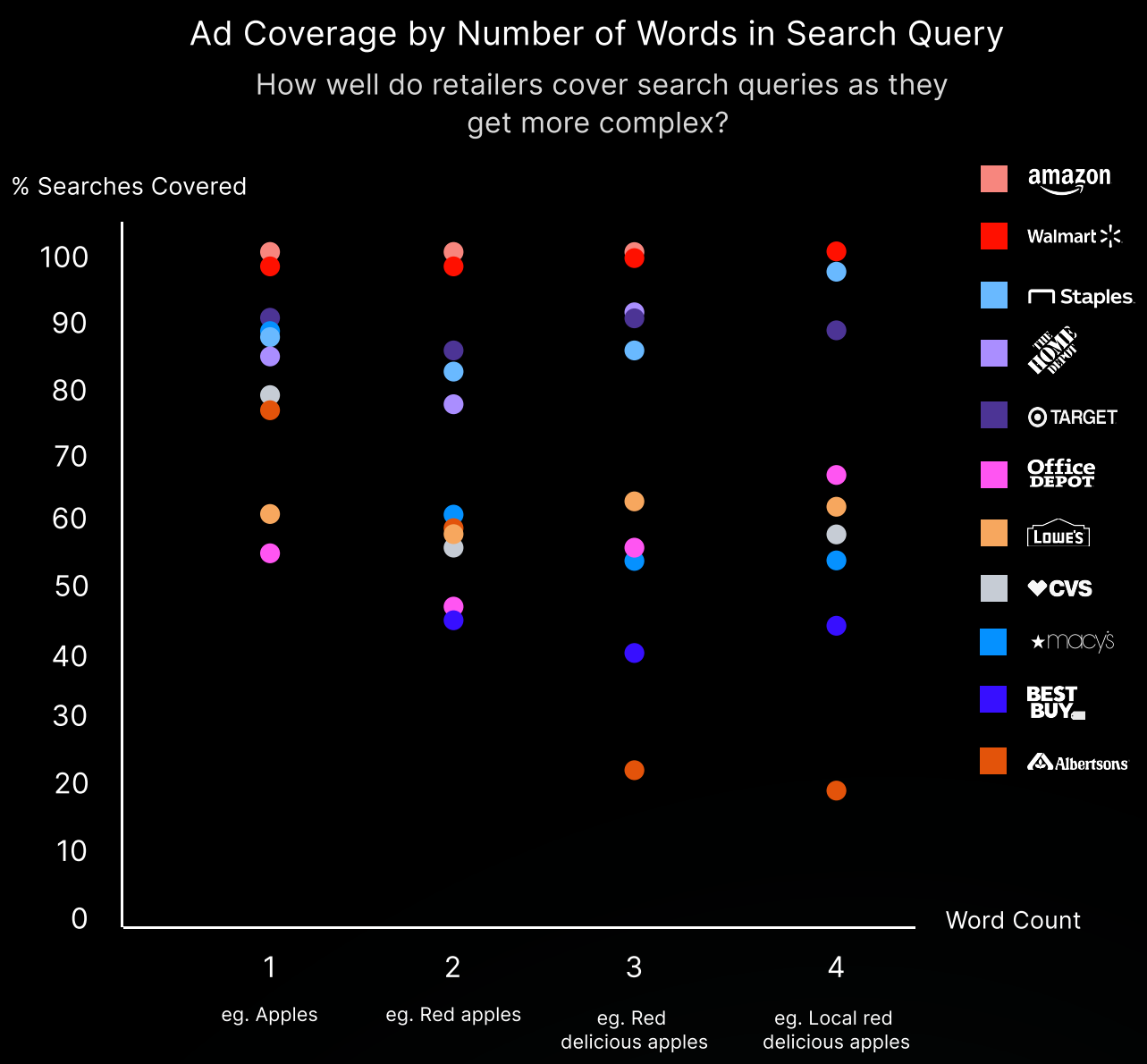
Ad Coverage by Search Complexity

Walmart, Amazon and Staples cover long-tail searches most effectively. Albertsons and Best Buy show room for improvement.



Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

Insights

- Walmart and Amazon have the highest ad coverage (nearly 100%) for longer, more complex search queries (eg local red delicious apples).
- Target follows close behind with 80-90% coverage for up to 3-word queries, then is beat out by Staples for 4-word searches.
- Albertsons coverage for 1-word searches sits at 80%, but drops significantly for 3 and 4-word queries.

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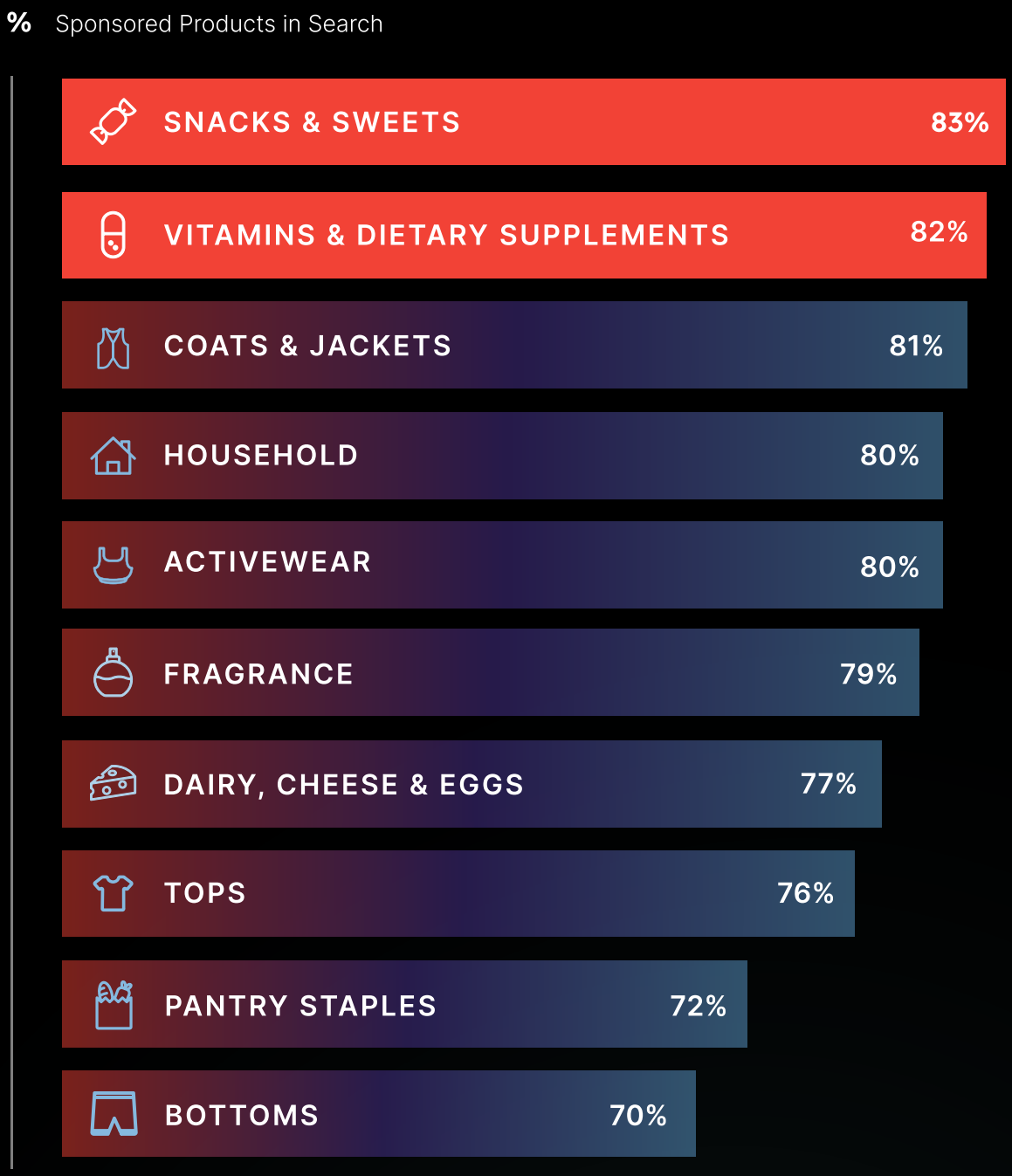
5

Competitive Subcategories

Snacks & Sweets lead with 83% coverage, Vitamins & Supplements follow close behind.

Top Ten Subcategories Maximizing Sponsored Products

Which subcategories are maximizing sponsored products?



Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

Insights

- Snacks & Sweets leads the subcategories with 83% coverage, with Vitamins & Dietary Supplements (82%) not far behind.
- The majority of searches for all top 10 subcategories show sponsored products.

"Fluid ad strategies are making a big impact; retail media networks who serve ads dynamically with our Fluid Ad Server see a 30-40% boost in click-through rates.

Still, as this report shows, many RMNs are sticking to fixed placements and there's plenty of room for growth.

This shift to more flexible, relevant ad positioning offers a clear opportunity for higher engagement and revenue."

Emma Helsloot
Director Sales Retail Media, Pentaleap

Home Decor, Hair and Nail Care have the biggest growth opportunities.

Top Ten Sponsored Product Opportunities by Subcategory

Where are the biggest coverage gaps by subcategory?

Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

Insights

- The biggest opportunities for improving sponsored products coverage lie in Home Décor, Hair and Nail Care searches.
- The majority of searches for these subbcategories show no sponsored products.

"Despite consumers saying they don't like ads, Pentaleap's data shows that product ads on retailer sites convert very well, particularly when they are personalized — not only in terms of content, but also placement. Fluid ad placements are a win-win for the retailer and the advertiser."

Kiri Masters
Retail Media Enthusiast | Independent Retail Industry Analyst & Commentator Top 100 Retail Influencer by Rethink Retail | Ad Age 40 Under 40

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6

Brand Investment Across RMNs

Note on Classification

1. **We classified Head / Torso / Tail brands as follows:**
   - **Head:** Brand appears in ad slot at a frequency of 1.0%+
   - **Torso:** Brand appears in ad slot at a frequency of 0.2%-0.99%
   - **Tail:** Brand appears in ad slot at a frequency of 0.19%-0.00%
2. **We classified Head / Torso / Tail brands as follows:**
   - **Marketplace:** Amazon, Walmart, Target, The Home Depot, Albertsons, Macy's, Lowe's.
   - **Non-marketplace:** Best Buy, Staples, CVS, Office Depot.
3. What we call **Impressions** in this report is actually brand appearances as a proxy for impressions. In other words, the frequency at which a brand appears on a search results page.

"Smaller, specialized RMNs are at risk of concentration with a small number of advertisers. These RMNs need to better market themselves to advertisers. This includes meeting 'table-stakes' requirements like self-serve ad buying, and adhering to industry measurement standards.

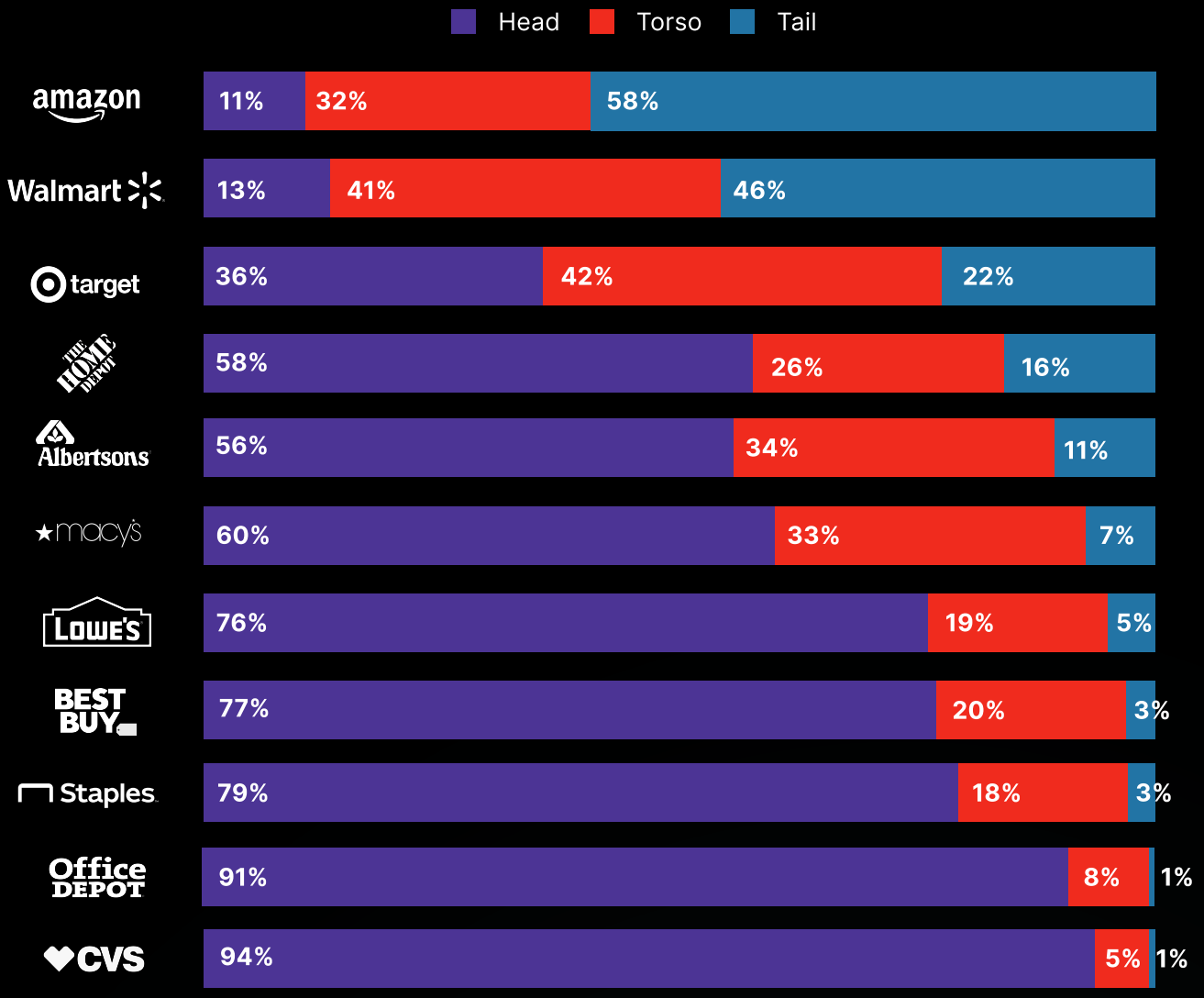
The competition for brand ad dollars is exceptionally high. Specialty retailers need to innovate their ad product and become more approachable in order to chip away at Amazon and Walmart's significant lead."

Kiri Masters
Retail Media Enthusiast | Independent Retail Industry Analyst & Commentator
Top 100 Retail Influencer by Rethink Retail | Ad Age 40 Under 40

The bigger the retail media network, the longer the tail.

Percentage of Head-Torso-Tail Impressions by RMN

What is the breakdown of large to small advertisers by retailer?



Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

Insights

- The bigger the retail media network, the longer the tail. For example, Amazon and Walmart have the infrastructure to enable them to onboard more smaller brands.
- With more specialized retail media networks like CVS, there are just handful of brands competing, hence a shorter tail.
- A shorter tail opens up RMNs to more risk, since their ad revenue is reliant on a few big advertisers and any changes could have a serious impact.

"While it's not surprising that retail media leaders like Amazon and Walmart are monetizing almost 100% of their searches, it's also the ability of these scaled marketplaces to maximize revenue from the long tail of smaller advertisers that really sets them apart.

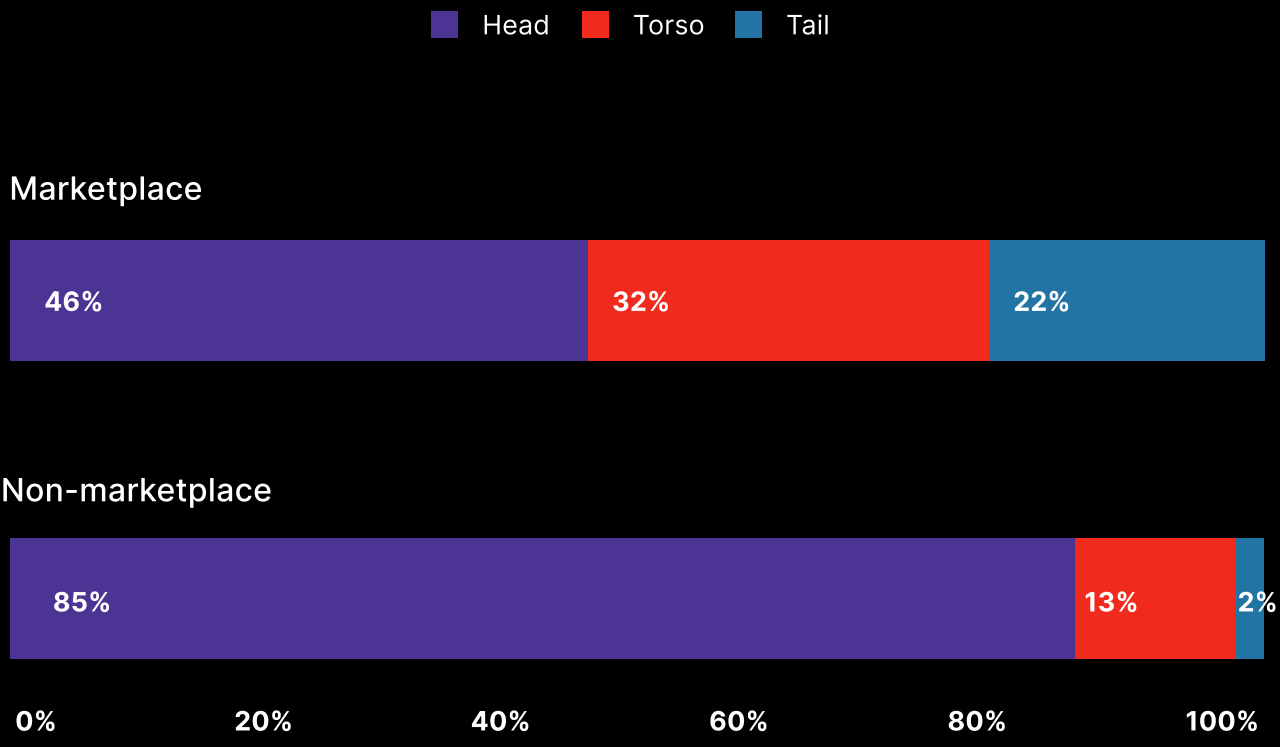
The Pentaleap benchmarks clearly show that most other RMNs have plenty of untapped potential and a range of levers to deliver it – they can monetize more searches, create simplified workflows to unlock the long-tail, and introduce new ad formats like product carousels & video units for new growth opportunities."

Roger Dunn
Global Lead Retail Media, Diageo

A small brand portfolio is risky for RMNs.

Percentage of Impressions in Head -Torso -Tail for Marketplace vs. Non-marketplace

What is the breakdown of large to small advertisers across marketplaces vs non-marketplaces?



Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

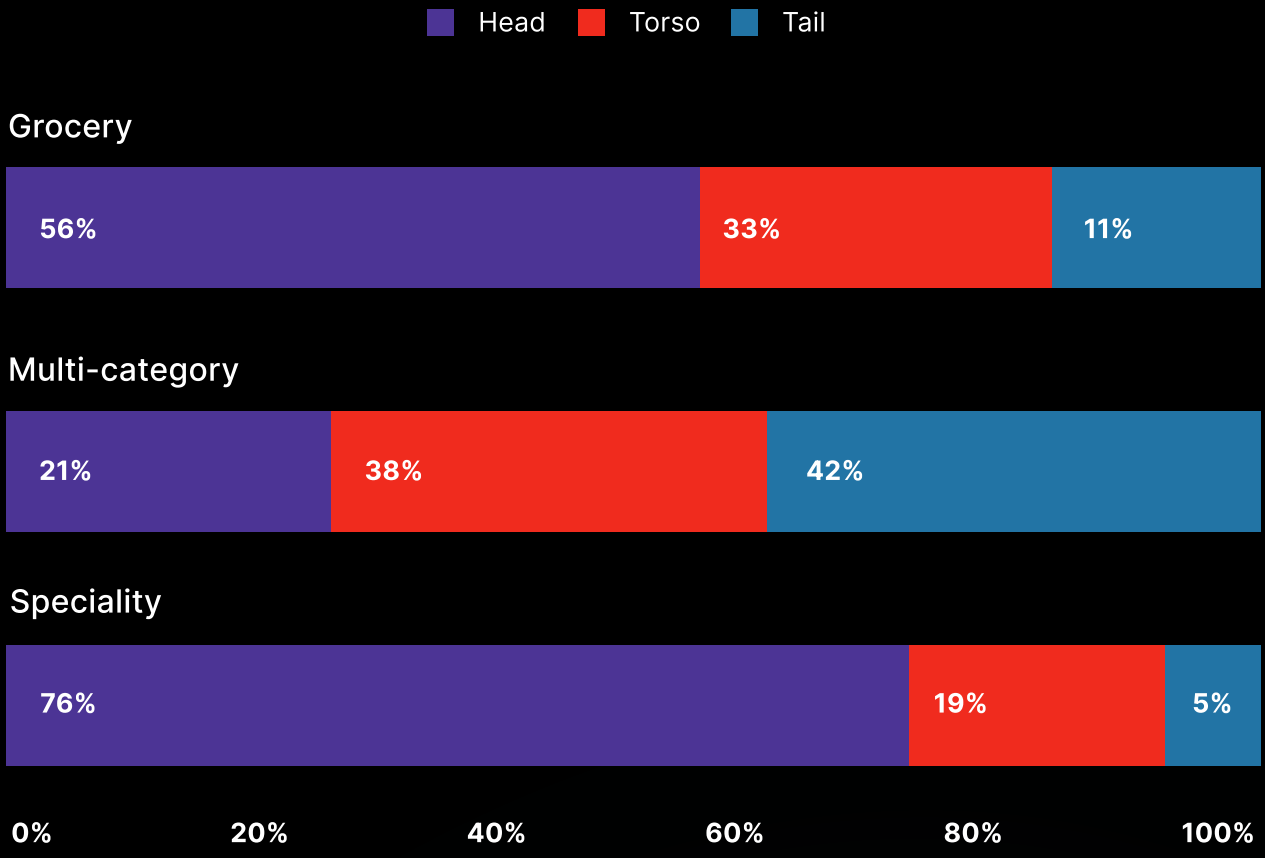
Insights

- Marketplaces with a robust brand portfolio are set up to weather hard times much better than non-marketplaces that rely on a handful of big brands to fund their retail media networks.
- Exposure to a small set of brands creates risk for retailers should these brands reduce their overall ad spend, exert pressure on prices or change their allocation of retail media budgets across retailers.

Speciality retailers are the most “head-heavy” and therefore, vulnerable.

Percentage of Impressions in Head -Torso -Tail for Grocery vs. Multi-Category vs. Specialty

What is the breakdown of large to small advertisers across different categories of retailers?



Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

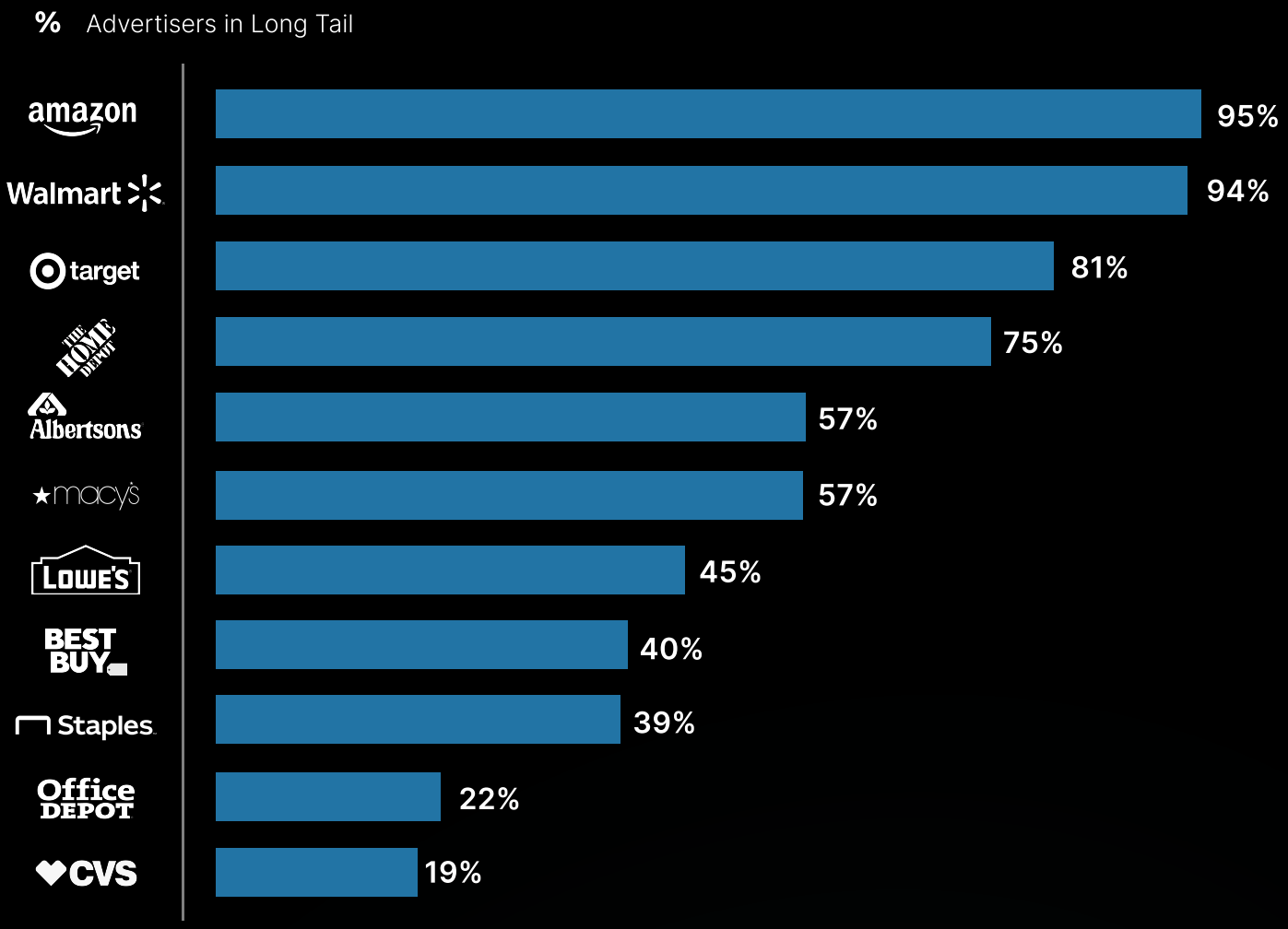
Insights

- Large, multi-category retailers attract a wide pool of advertisers, particularly in more competitive categories like CPG.
- More advertisers concentrate in the torso and tail, making them more resilient to individual advertiser shifts.
- Specialty retailers, which begin with a narrower pool of category-specific advertisers, see a greater concentration of impressions in the head. This could leave them more vulnerable to quarter-to-quarter fluctuations in revenue if major advertisers pull back on their spend.

Amazon and Walmart maximize the long-tail of brands.

Percentage of Impressions in Long Tail by RMN

Which retailers are maximizing the long tail of brands?



Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

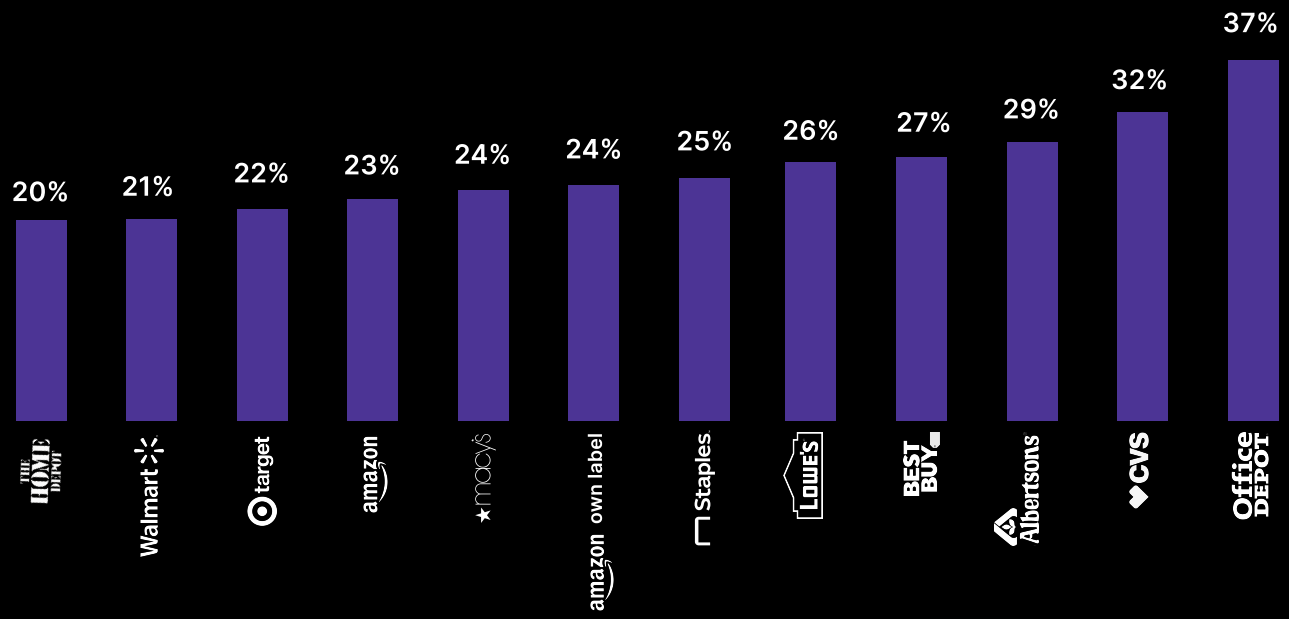
Insights

- Amazon and Walmart lead with the highest percentage of long-tail advertisers.
- Comparing competitors within categories, we see that The Home Depot (75%) monetizes nearly 30 percentage points more long-tail brands Lowe's (46%).
- Similarly, we see Staples (39%) with monetizing 17 percentage points more long-tail brands than Office Depot (22%).

80/20 rule applies in retailer reliance on brands to fill ad slots.

Percentage of Brands that Account for 80% of Aggregate Impressions

What volume of advertising activity is generating the majority of impressions?



Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

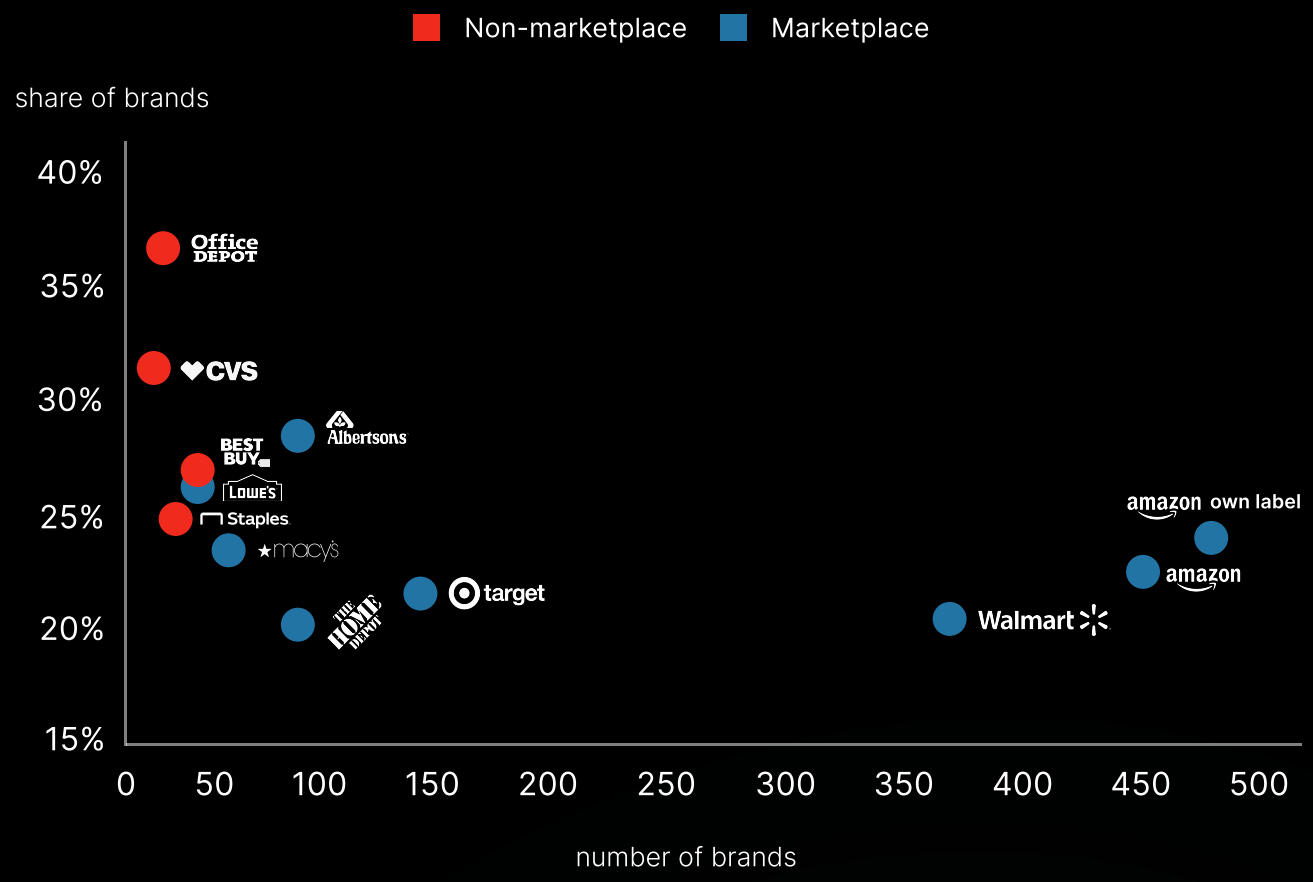
Insights

- The 80/20 rule broadly applies to retailers' reliance on brands, with over 50% of studied retailers relying on 20-25% of brands to fill 80% of their ad slots.
- Specialist category retailers, most notably CVS and Office Depot, deviate from this rule due to stronger reliance on a smaller set of advertisers who are more evenly distributed in terms of frequency.

Marketplaces rely on a larger brand portfolio to generate 80% of impressions.

Number and Share of Brands to Reach 80% Impressions

What is the brand count per marketplace vs non-marketplace retailers to reach 80% cumulative impressions.



Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

Insights

- Marketplaces typically are closer to the 80/20 rule than non-marketplaces irrespective of the number of brands advertising on marketplaces. Only Albertsons is a moderate outlier.
- In contrast, non-marketplaces exhibit a higher share of brands needed to reach 80% of filled ad slots. These retailers fluctuate more strongly in the required share of brands to reach 80% than marketplaces and have among the lowest number of brands occupying ad slots.

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PART

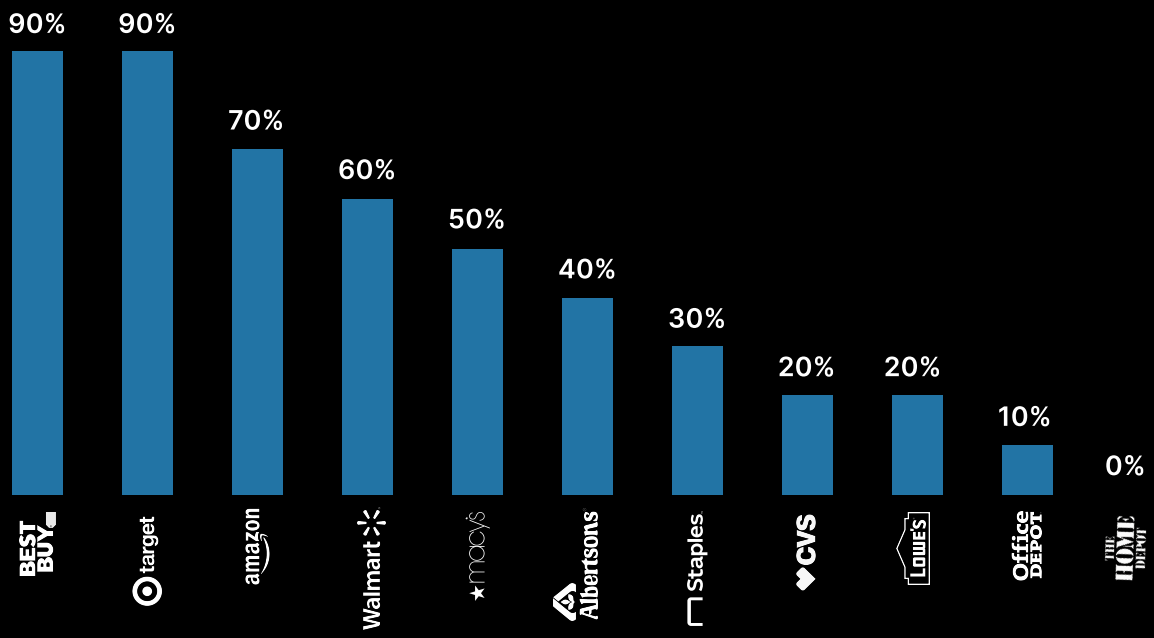
7

Always-on Advertising Strategies

Best Buy and Target see the most always-on advertising; seasonality affects some retailers.

Percentage of Top 10 Brands with Always-On Advertising by Retailer

Which retail media networks rely most on always-on campaigns?



Source: Pentaleap H2 2024 Sponsored Products Benchmarks Report (data collected Q4 2023-Q3 2024)

Insights

- The frequency with which the top 10 brands per retailer advertise is an indicator for the level of predictable ad spend and the strategic role that a retailer plays for brands.
- Retailers vary considerably in attracting always-on advertising from brands, from 90% of top brands on Best Buy and Target to 20% and less for Office Depot and The Home Depot.
- Nuance is important; for instance, home improvement is a highly seasonal category compared to generalist marketplaces and technology.

Pentaleap

Pentaleap is leading retail media towards an open, efficient ecosystem. Its modular retail media platform delivers stellar shopping experiences, makes advertisers happy, and drives hundreds of millions in revenue for world-class retail media networks like Staples, The Home Depot and Pague Menos. For more information, visit: www.pentaleap.com

COLOSSEUM STRATEGY

We're a team of professionals who are battle-tested in planning, starting and growing media networks and other facets of commerce media. All of us helped shape early aspects of today's ecosystem.

This landscape is evolving fast. That's an understatement. The way products and services are advertised and sold will be much different a few years from now.

It is imperative for brands, retailers and others to make the right moves to compete successfully and justify their investments. For more information, visit: www.colosseumstrategy.com/

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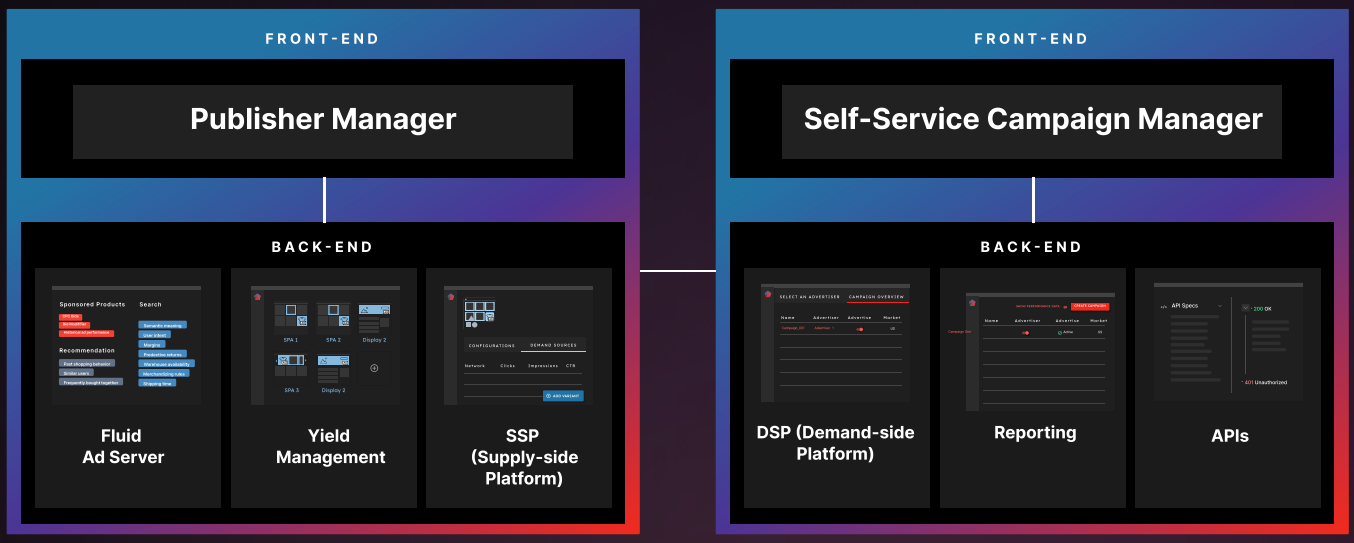
Retail Media Tech You Don't Hate. Open, Transparent and Kind.



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