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Retail Media for Small-Mid Sized Retailers in the US:

Key Insights for 2025

Contents

Introduction

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Having spent two decades in retail media, I've seen its transformation. While Amazon mainstreamed it 12 years ago and still leads, small-mid sized players are now making their mark. Yet, industry data largely focuses on giants. This report brings much-needed insights into small-mid sized retail media networks.

A few key trends that stand out for small-mid sized RMNs:

1. **Retail Media is Not Just a Performance Channel -** Unlike Amazon, where product ads drive 75% of ad revenue, small-mid sized RMNs have a more even distribution between product and display ads
2. **The Future of Retail Media is Powered by Growing Brands –** Smaller, high-growth companies fuel long-tail ad revenue. While this trend mirrors Amazon and Walmart, their share of long-tail revenue is significantly higher
3. **AI-Driven Optimization is Reshaping Campaign Performance –** Self-serve tools alone aren't enough—machine learning-powered recommendations and bid strategies will be key to ensuring ROI, especially for 'growing brands'
4. **Immense Scope for Further Monetization –** Amazon's Ad Revenue/GMV is now over 10%, but small-mid sized retailers remain well behind this benchmark

This report leverages internal data from retailers with GMV between $1 billion and $20 billion to examine how small-mid sized retail media networks operate in the U.S. While we recognize our own biases, we believe these insights are crucial to the future of retail media.

We hope this report not only informs but also sparks meaningful discussions about the road ahead. *(And, as my team insists—hope you enjoy reading it as much as we enjoyed creating it!)*

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Executive Summary

We analyzed Osmos' internal data to examine the retail media ad spend patterns of US advertisers and identify key drivers of ad revenue for RMNs.

Here are a few trends that emerged:

1. **Small-Mid Sized RMNs are Used for Full-funnel Advertising**
   While TOFU advertising contributes to a small proportion of ad revenue for giant RMNs, both awareness and performance are key ad revenue drivers for small-mid sized RMNs
2. **Automated Campaign Management is Crucial for US Advertisers**
   The majority of product ad spend is driven by fully automated, AI-managed campaigns, where product selection, keyword targeting and bidding require no manual intervention
3. **Awareness Plus Performance Drives Ad Revenue**
   The degree of closeness to the product ad experience, especially search ads, determines the value of display ad format & inventory
4. **Growing Brands Contribute a Significant Proportion of Ad Spend**
   Established brands may lead in ad spend; however, growing brands are key contributors, with a preference for product ads

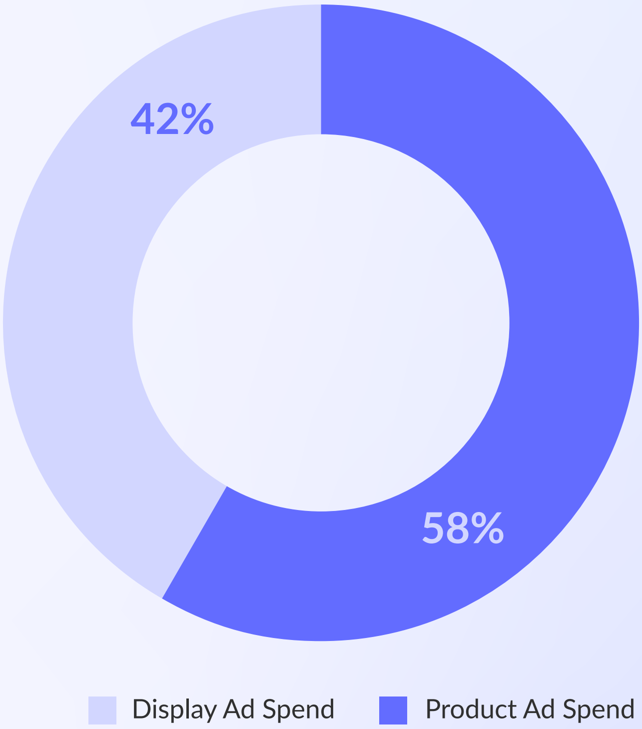
Part

1

Product vs Display Ads

Product ads drive the majority of the ad spend, but not by a huge margin

Percentage Split of Ad Spend
Product Ads vs Display Ads



Source: Osmos Internal Data (data collected from January 2024 to December 2024)

Insights

- While product ads lead on ad spend, **display ads** drive a sizeable **42% of the ad spend**
- Display ads make up only **20% of Amazon's ad revenue***. Comparison with the above number indicates a stronger advertiser preference for display ads on small-mid retail media networks

**Source: Emarketer*

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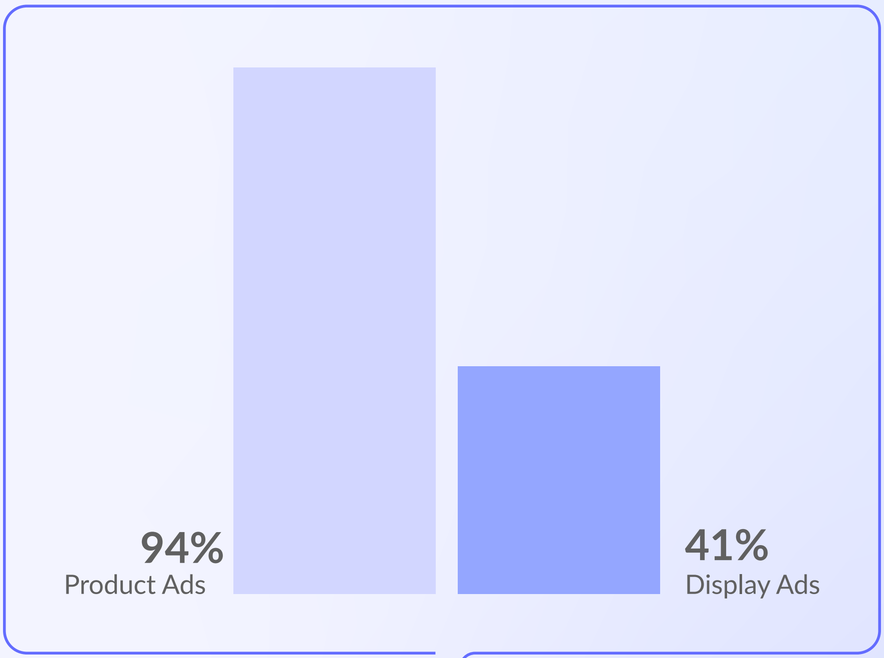
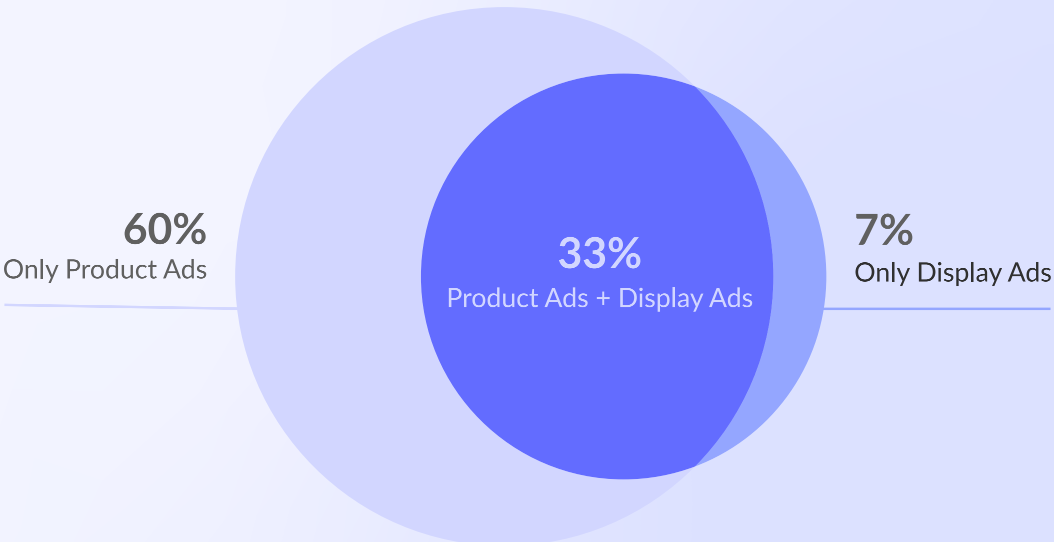
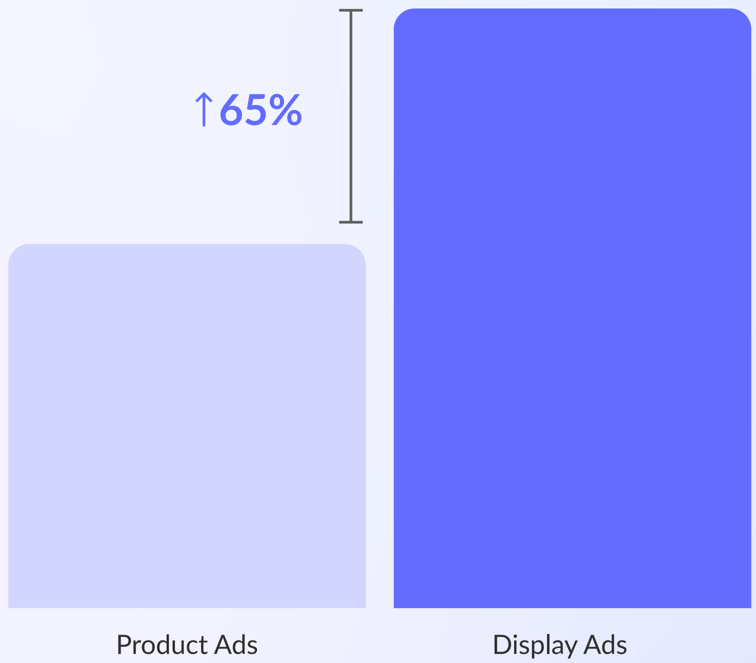
Product ads dominate in volume, display leads in spend per advertiser

Number of Advertisers That Run
Product Ads vs Display Ads





Ad Spend per Advertiser
Product Ads vs Display Ads



Source: Osmos Internal Data (data collected from January 2024 to December 2024)

Insights

- There are **2.3x** more advertisers running **product ads** than display ads
- **60%** of advertisers focus **exclusively on product ads**
- While **41%** of advertisers run display ads, only 7% rely solely on them
- However, **ad spend per advertiser** for **display ads** is **1.6x** higher than for product ads

Part

2

A Deep Dive Into Product Ads

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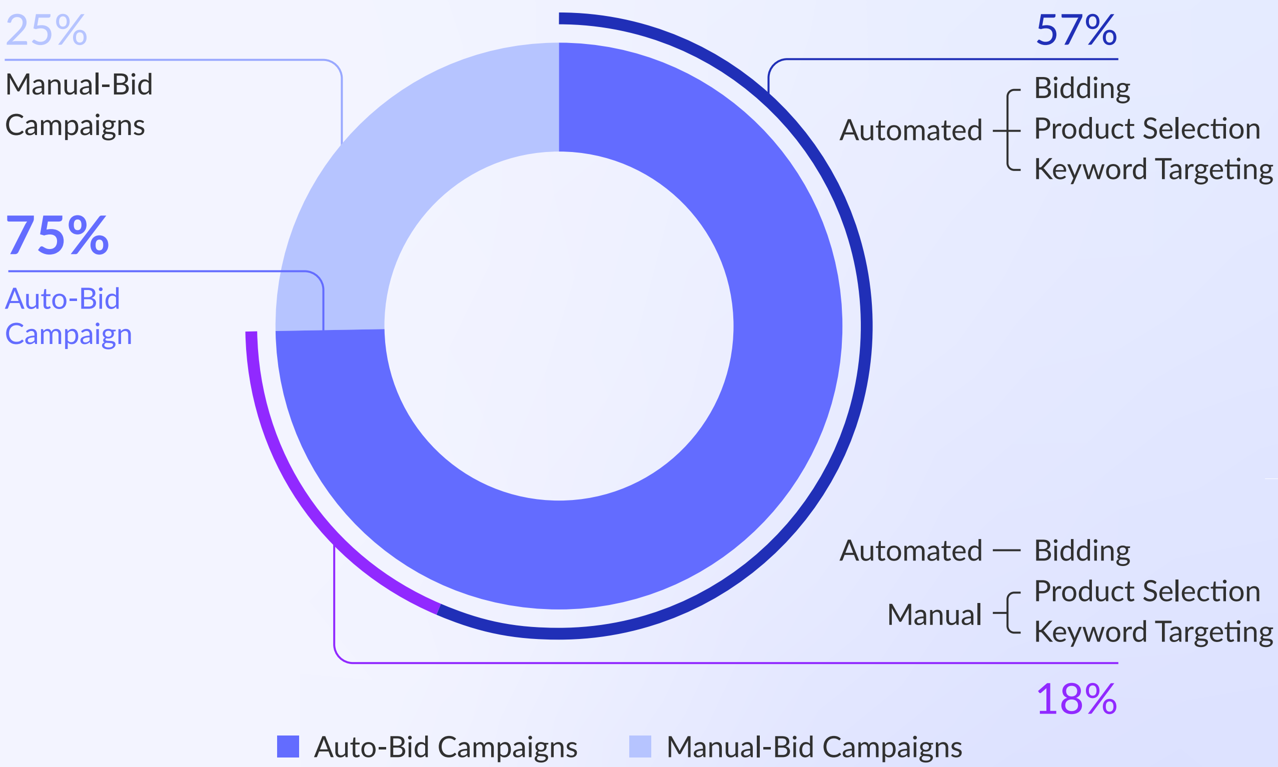
AI-powered, fully automated campaigns drive majority of the product ad spend

Percentage Split of Product Ad Spend between
Manual-Bid Campaigns, Auto-Bid Campaigns, and 1-Click Campaigns



Source: Osmos Internal Data (data collected from January 2024 to December 2024)

Insights

- **Auto-bid campaigns** contributed to **75%** of product ad spend
  - Of this, **57% of the ad spend** came from **1-click campaigns,** where bidding, product selection, and keyword targeting are fully automated
  - **18%** of the auto-bid campaign ad spend was from campaigns with **automated bidding** but manual product selection and keyword targeting
- Manual bidding accounted for just **25% of total product ad spend**
- Advertisers prefer AI-driven decisions for product ad campaigns, which include bidding, product selection, and keyword targeting

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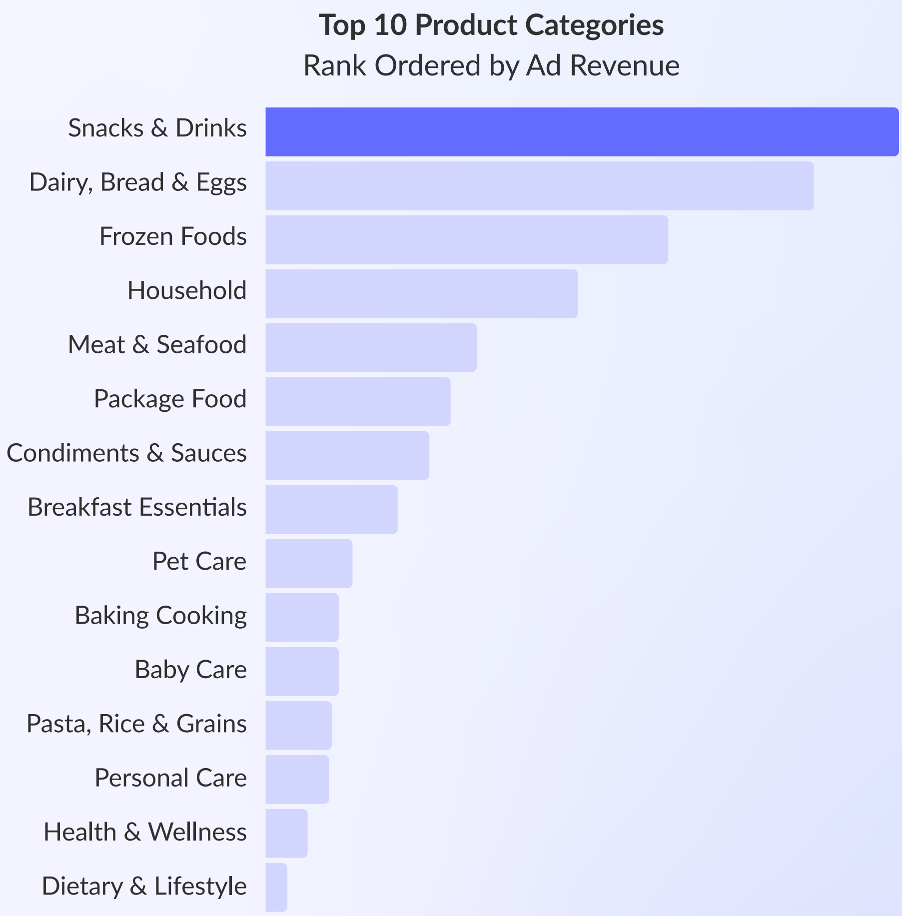
Fast-moving consumables make up the majority of ad revenue



Source: Osmos Internal Data (data collected from January 2024 to December 2024)

Insights

- Impulse purchases like **Snacks & Drinks** drive the highest ad revenue among all categories
- Staple perishables like **Bread, Dairy & Eggs, Frozen Foods,** and **Meat & Seafood** make up 27% of the ad revenue
- In contrast, long shelf-life cooking staples like **Pasta, Rice & Grains** contribute only **1.5%** of the ad revenue

Personal Hygiene products generate the highest ad revenue

Top Products Driving
Ad Revenue

Source: Osmos Internal Data (data collected from January 2024 to December 2024)

Insights

- **Personal Hygiene Products** generate the highest ad revenue, nearly **1.5x** more than the second-highest **(Bacon & Breakfast Meats)**
- Breakfast groceries such as **Bacon & Breakfast Meats, Cereal, Cheese and Yogurt** make around **10% of total ad revenue**

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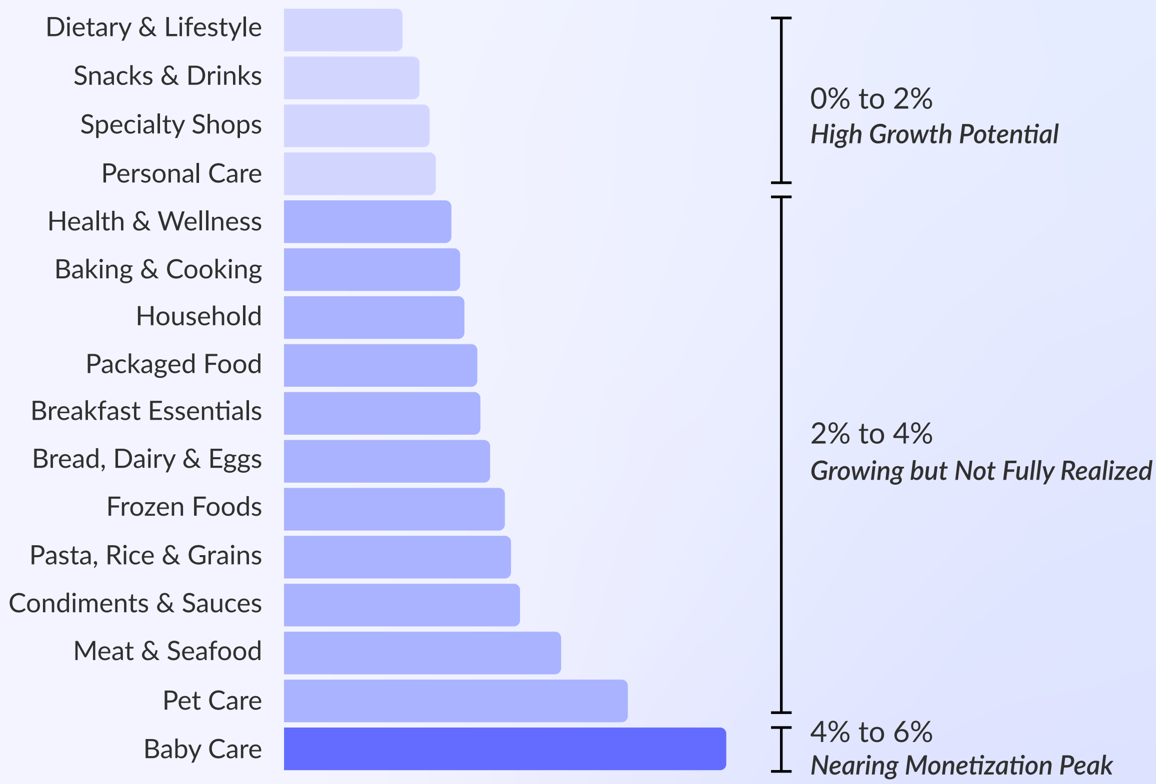
Snacks & Drinks, despite being the highest ad revenue driver, have significant room for growth

Rank-Ordered Categories for Growth Potential Mapping
Based on Ad Revenue as % of GMV



Source: Osmos Internal Data (data collected from January 2024 to December 2024)

Insights

- **Snacks & Drinks** generate the highest ad revenue, but with an ad revenue/GMV of **less than 2%,** there's plenty of room for growth
- **Pet Care & Baby Care** are the most well monetized categories, with ad revenue/GMV of **~5% & 6%**, respectively
- Among traditional Grocery categories, **Meat & Seafood** is the most monetized category, with **Ad Revenue/GMV close to 4%**

Part

3

A Deep Dive Into Display & Video Ads

Display ad inventories ranked by ad spend

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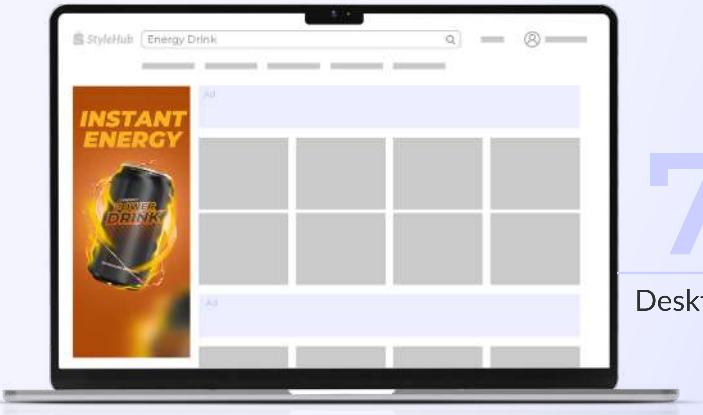
Desktop | Search | Leaderboard

6

Mobile | Search | Below The Fold 3



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Desktop | Search | Skyscraper

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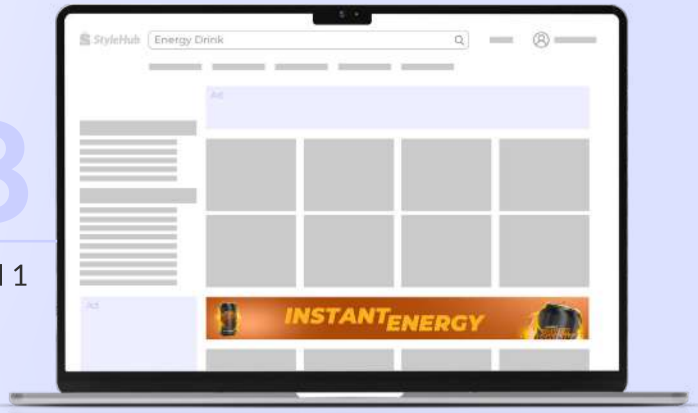
Desktop | Search | Below The Fold 1



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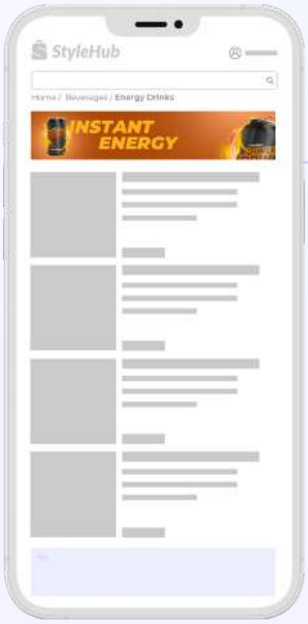

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Mobile | Category | Leaderboard

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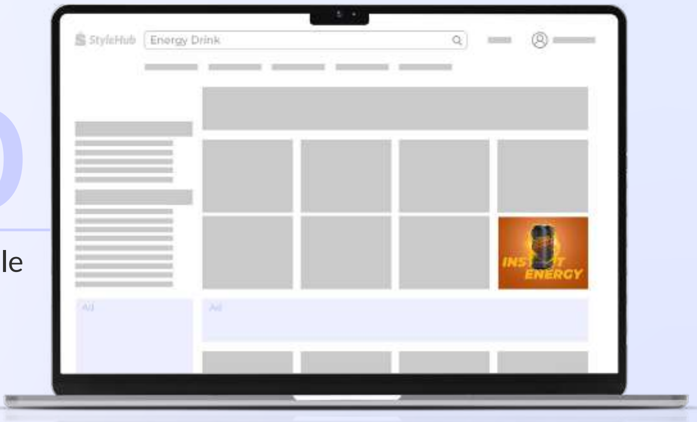
Desktop | Search | Tile



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Desktop | Search | Below The Fold 2

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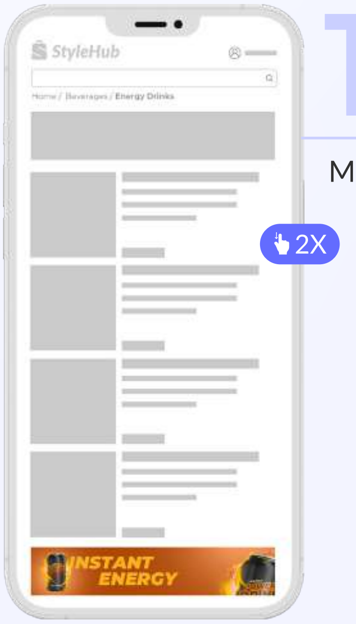
Mobile | Category | Below The Fold 1



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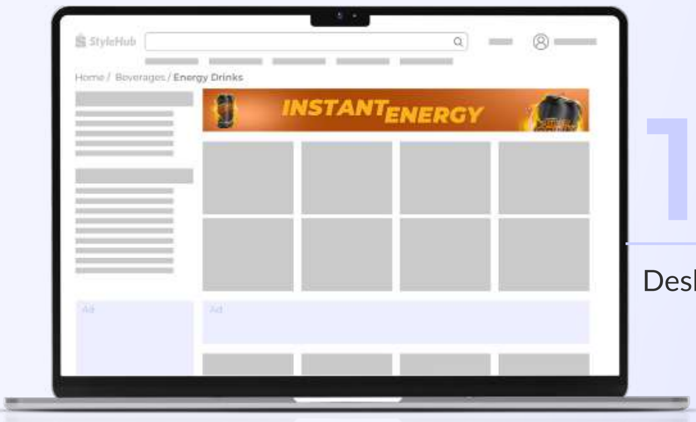
Mobile | Category | Below The Fold 2

14

Mobile | Category | Below The Fold 3



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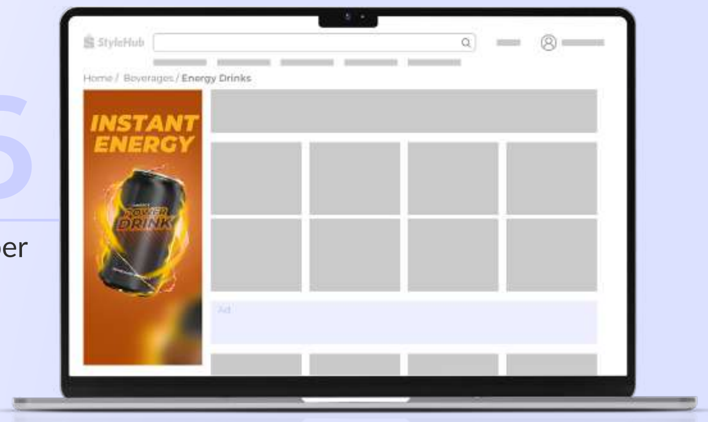
Desktop | Category | Leaderboard



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Desktop | Category | Skyscraper

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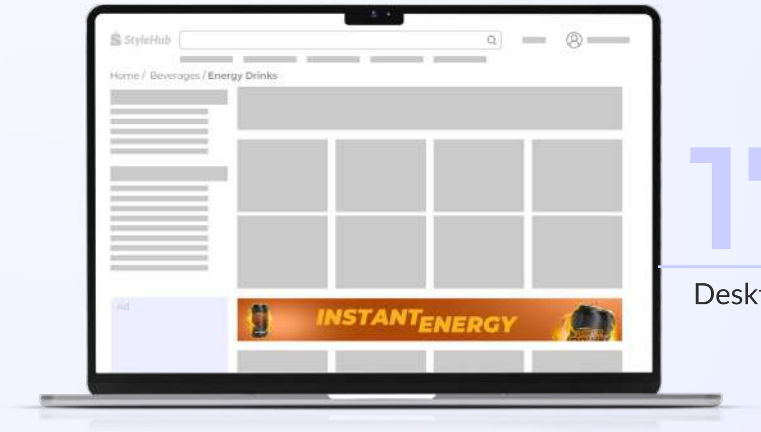

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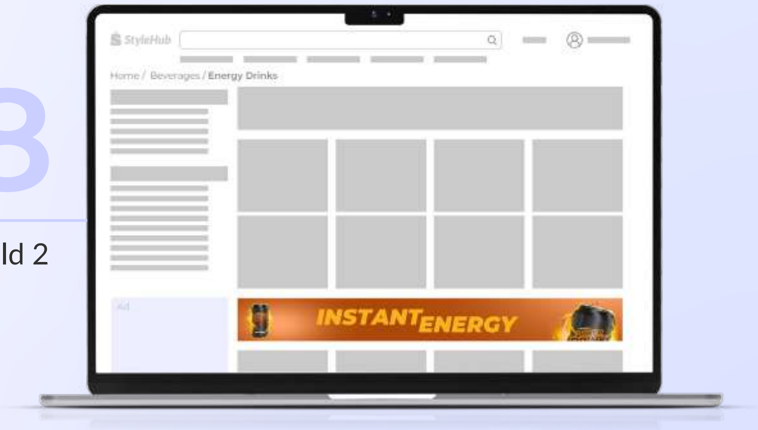
Desktop | Category | Below The Fold 1



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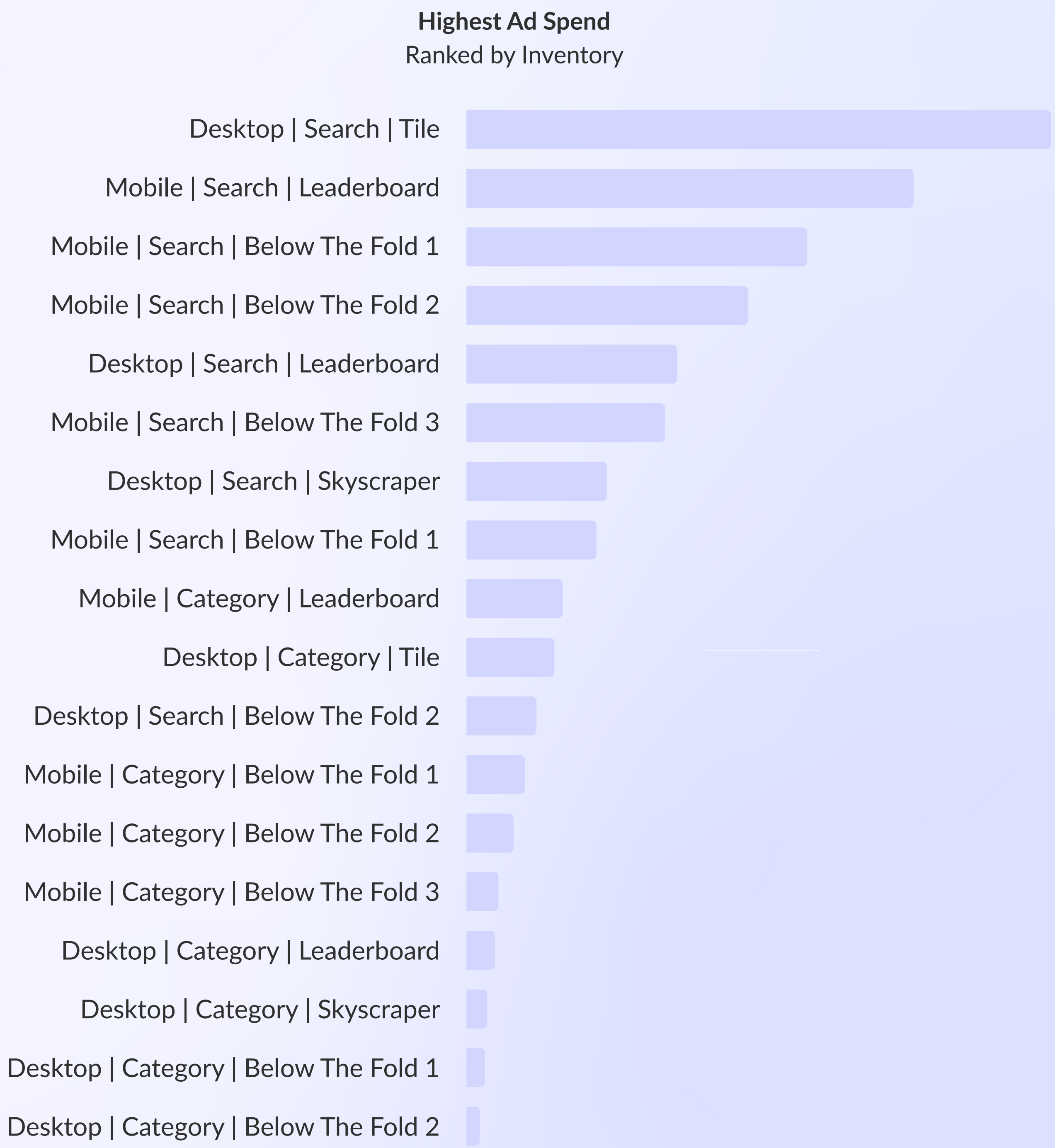
Desktop | Category | Below The Fold 2

Desktop | Search | Tile inventory has the highest ad spend by a significant margin



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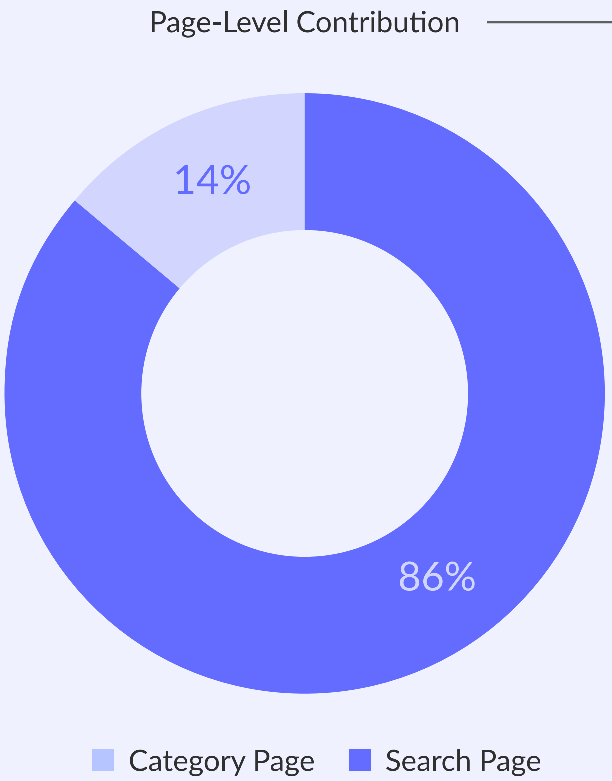
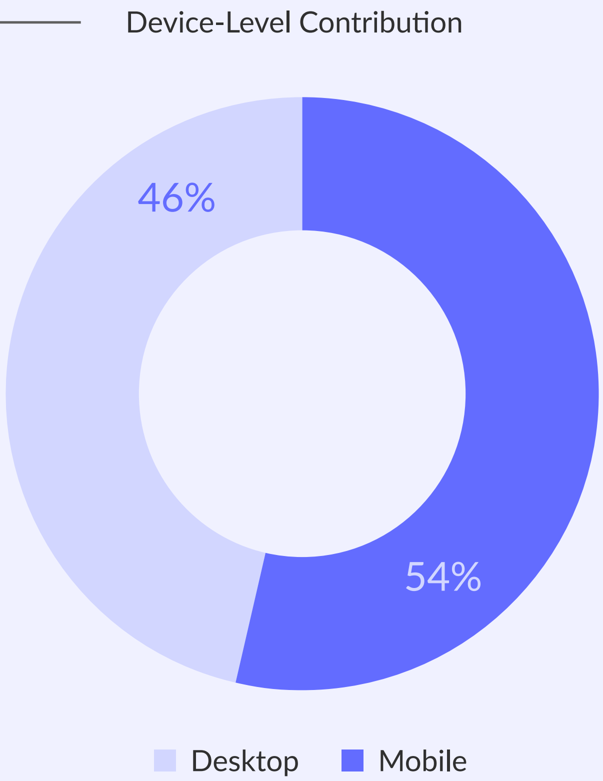
Display Ad Spend Split



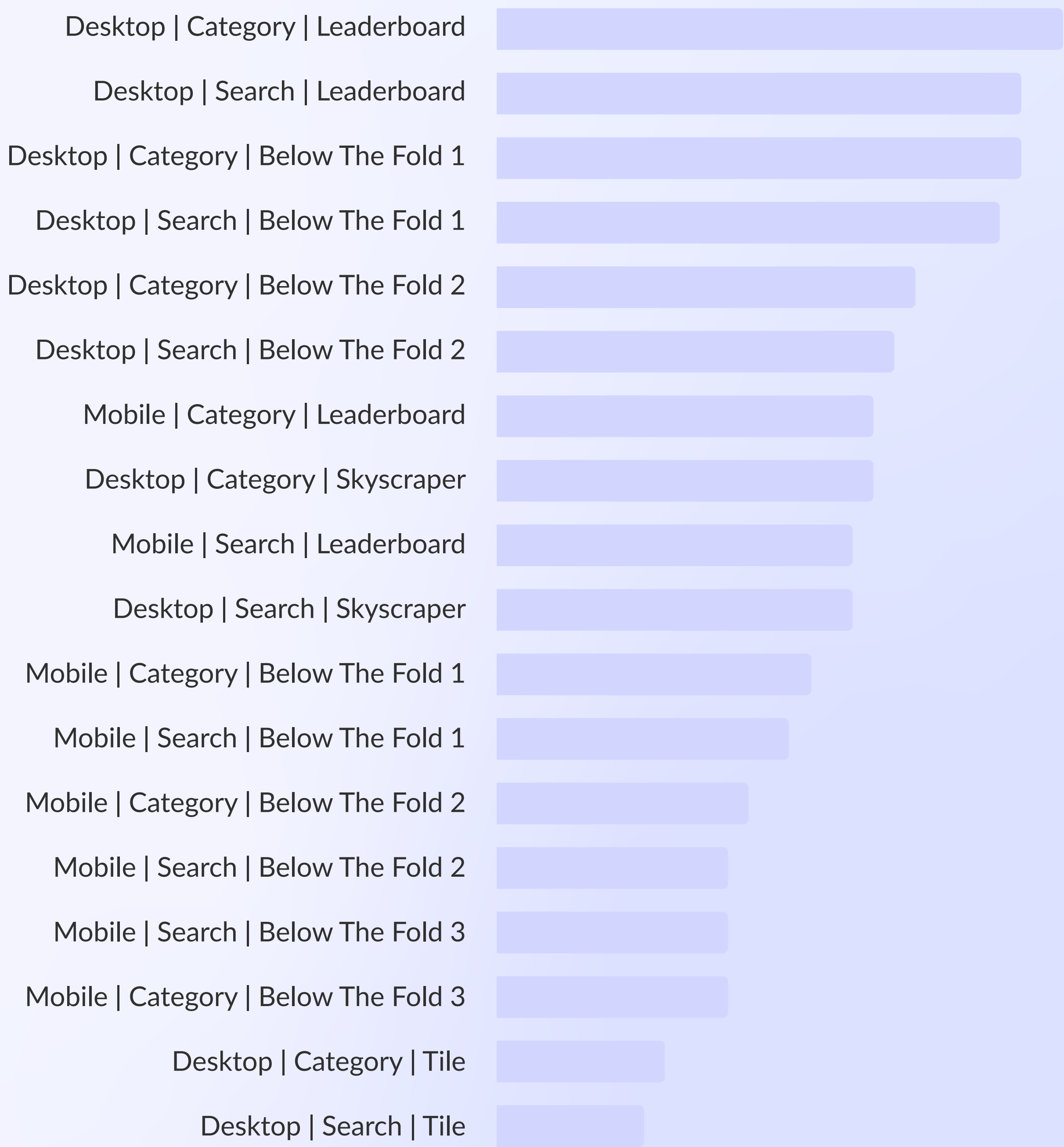


Insights

- **Desktop | Search | Tile** drives the highest ad spend, **31%** more than the second-highest inventory, Mobile | Search | Leaderboard
    - **Tile** inventory seems as native as a product listing ad, plus it is on the Search Results Page, making it highly contextual, which encourages advertisers to spend relatively more on this inventory
- **Search page inventories** contribute **86% of total ad spend**
    - This is **6.3x higher** than the ad spend from **category page inventories**
- **Mobile inventories** account for **54% of the ad spend,** very slightly exceeding desktop ad spend

Most advertisers prioritize leaderboard inventories on desktop for display ads

Number of Advertisers
Using the Inventory



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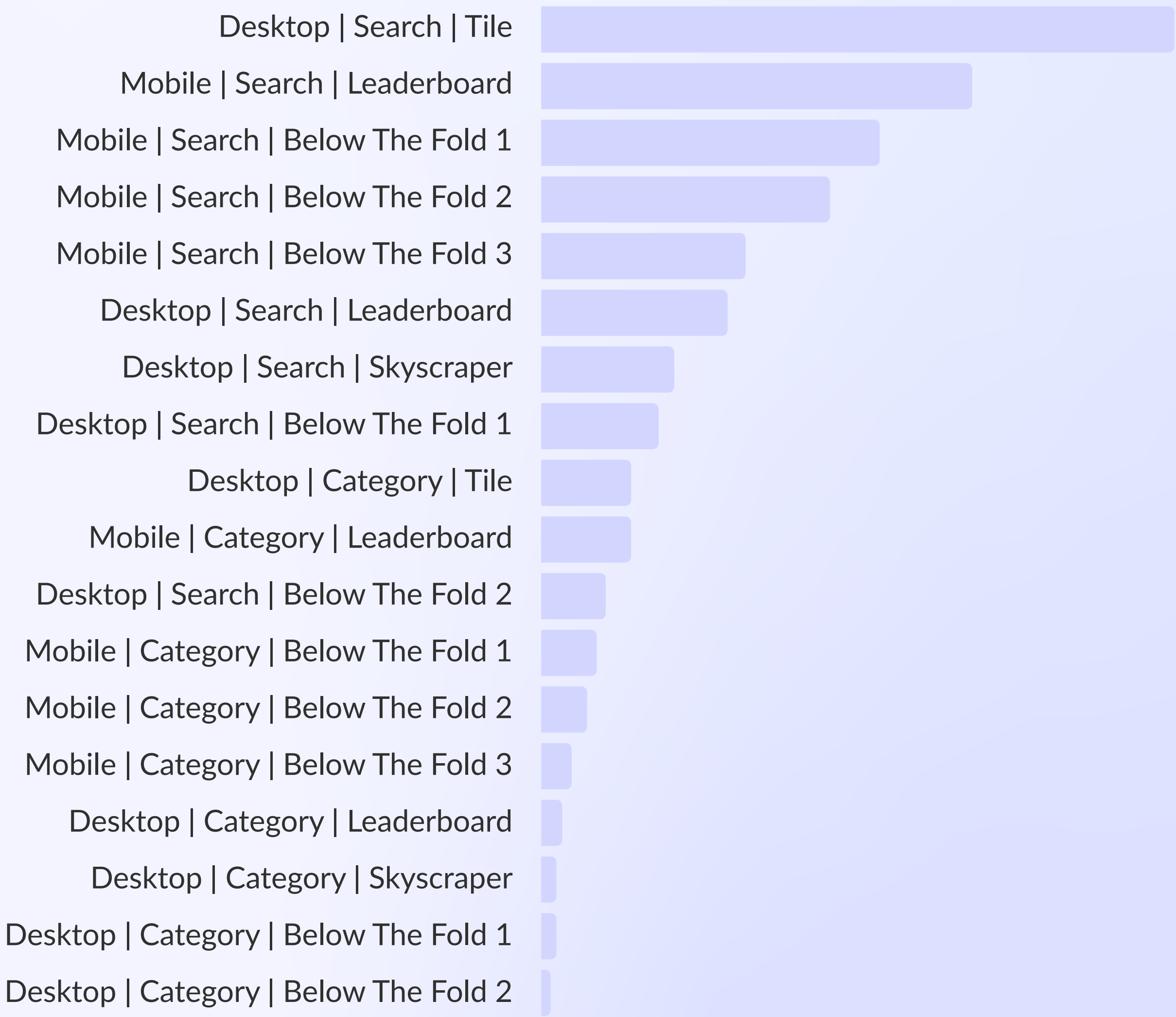
Insights

- **24% more advertisers** use **Desktop | Category | Leaderboards** than Desktop | Search | Tile (which has the highest ad spend)
  - The Leaderboard format is likely the most popular among advertisers because it offers the highest visibility
- **The Desktop | Search | Tile inventory** has the lowest number of advertisers using it
  - Having the **highest ad spend** but **lowest amount of advertisers** points to the inventory being a premium inventory that is valuable to established brands
- **Category and search inventories** are equally popular among advertisers

Desktop | Search | Tile inventory gives the highest ad spend per advertiser

Highest Ad Spend per Advertiser

Ranked by Inventory



Source: Osmos Internal Data (data collected from January 2024 to December 2024)

Insights

- The yield from **Desktop | Search | Tile** is **1.5x** higher than Mobile | Search | Leaderboard, which drives the second highest ad spend per advertiser
- The higher cost of **Desktop | Search | Tile** could be a key factor in fewer advertisers running ads on this inventory

Part 4

Established vs Growing Brands' Advertising Behavior

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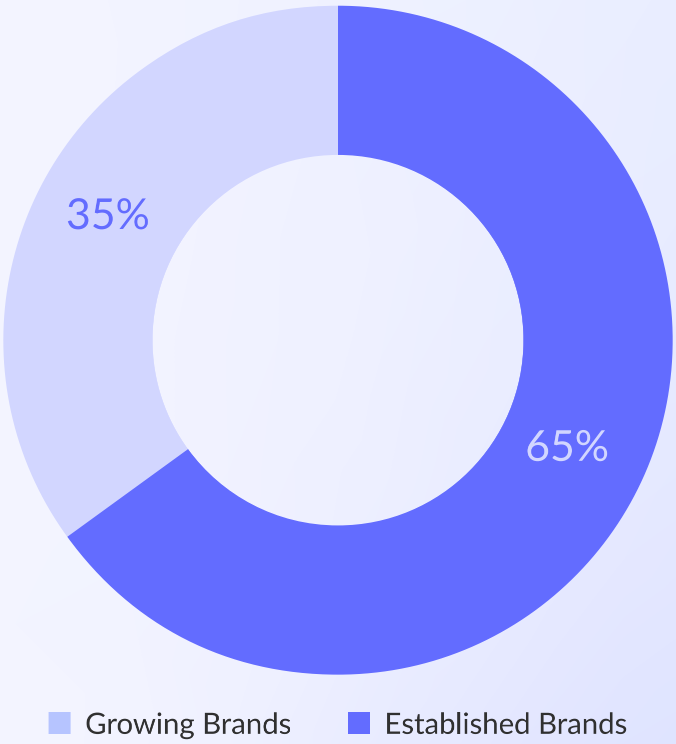
Growing brands contribute a significant share to overall ad spend

Percentage Split of Ad Spend
Between Established Brands and Growing Brands



Source: Osmos Internal Data (data collected from January 2024 to December 2024)

Insights

- **35%** of all ad spend comes from **growing brands**

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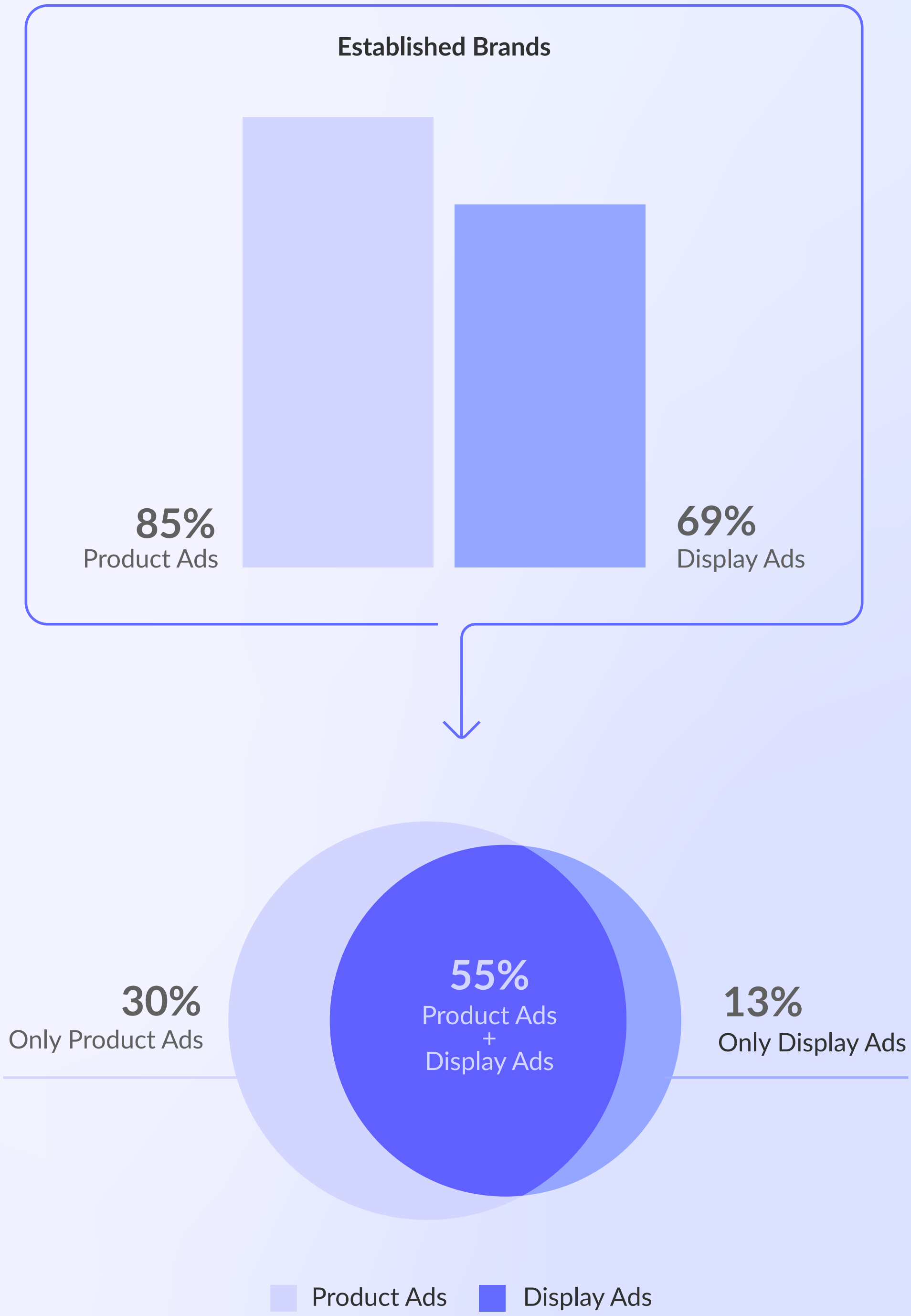
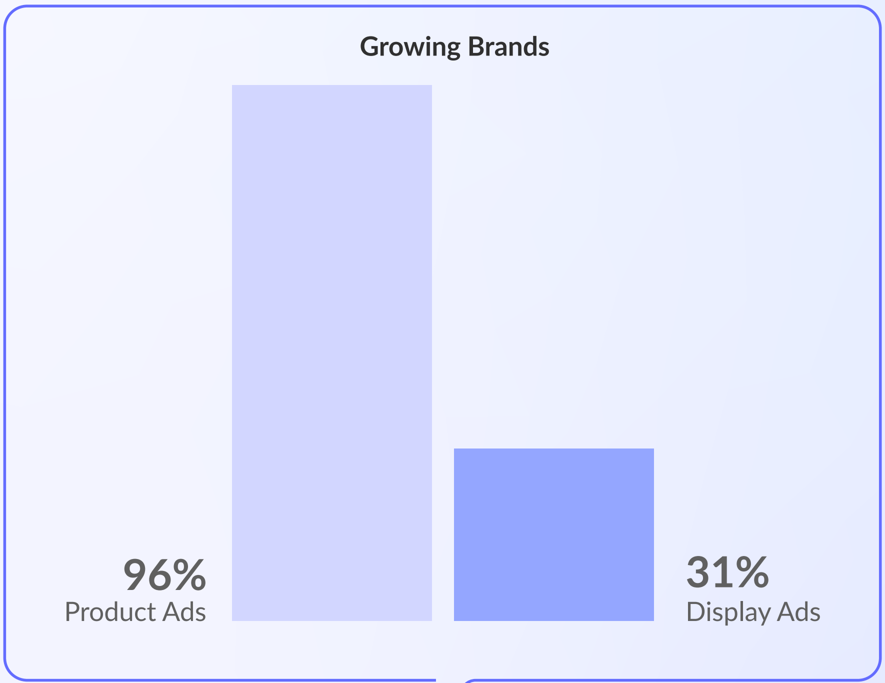
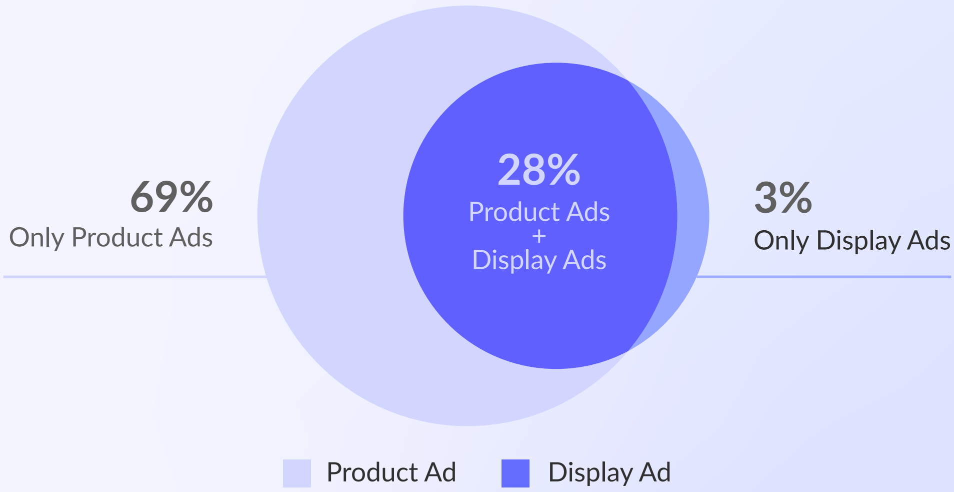
Retail media powers bottom of the funnel for growing brands, full-funnel for established ones

Percentage of Advertisers That Run Product Ads vs Display Ads
Between Established Brands and Growing Brands







Insights

- **96% of growing brands** run **product ads,** while only **31% run display ads**
  - This indicates that growing brands view retail media primarily as a performance channel
- Comparatively, **85% of established brands** run **product ads** and **69%** of them run **display ads**
- **55% of established brands** use **both product and display ads,** compared to just **28% of growing brands**
  - Established brands are leveraging retail media for both awareness and performance