



Q2 2023

Digital Ads Benchmark Report

QUARTERLY TRENDS
ACROSS GOOGLE, META,
AMAZON, AND MORE

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The Tinuiti Digital Ads Benchmark Report is based on anonymized performance data from advertising programs under Tinuiti management, with annual digital ad spend under management totaling over \$3 billion. Samples are restricted to those programs that have remained active and maintained a consistent strategy over the time periods studied. Unless otherwise noted, all figures are based on same-client growth. The trends and figures included are not meant to represent the official performance of any advertising platform or the experiences of every advertiser.

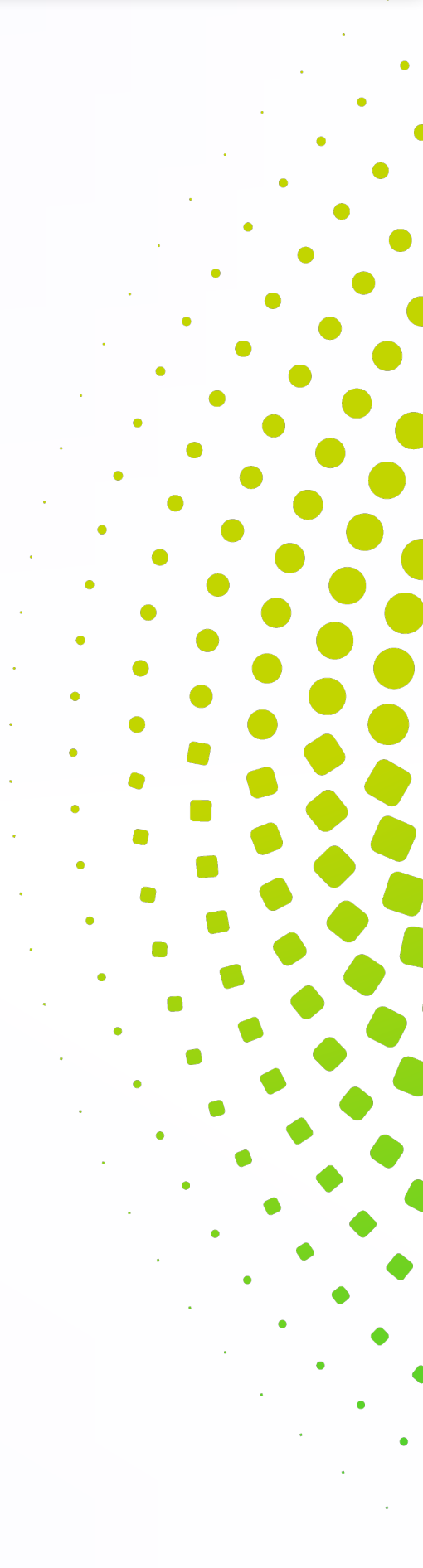
→ About Tinuiti

Tinuiti is the largest independent performance marketing firm across Streaming TV and the Triopoly of Google, Facebook, and Amazon, with \$3 billion in digital media under management and over 1,000 employees.

Q2 2023

Overall Trends

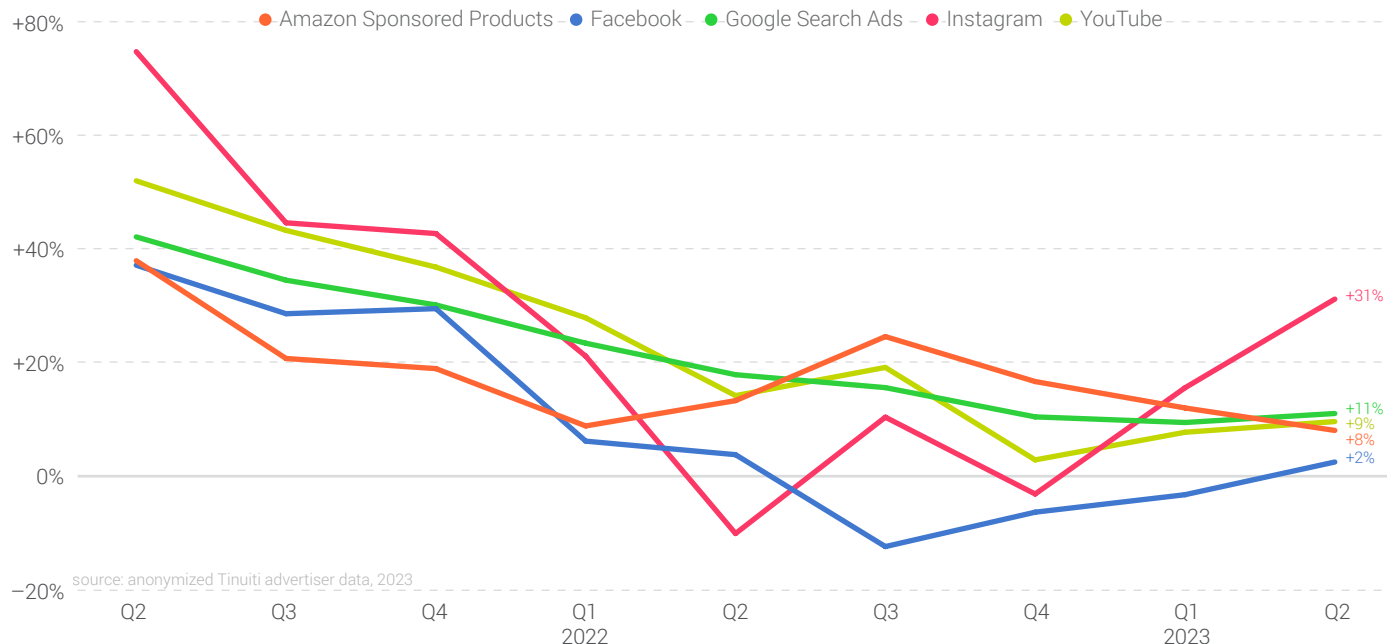
**SPEND GROWTH ACCELERATES
ACROSS PLATFORMS**



➔ Instagram leads the way as spend growth accelerates across platforms.

With inflation coming down and unemployment rates remaining historically low in the US, the possibility of a soft landing for the economy has seemed more probable in recent months, with trends in the digital advertising industry reflecting that more positive outlook. Most of the major digital ad platforms saw an acceleration in spending growth in Q2 2023, with Instagram leading the way with a 16-point improvement in growth compared to a quarter earlier.

US Ad Spend Y/Y Growth by Platform



Meta is also seeing stronger results out of Facebook, which delivered its first positive spending growth in the last four quarters among US Tinuiti advertisers. Both Facebook and Instagram have been bolstered from newer inventory sources like Reels while current growth rates for Meta and the larger advertising industry are benefiting from weaker year-ago performance comparisons.

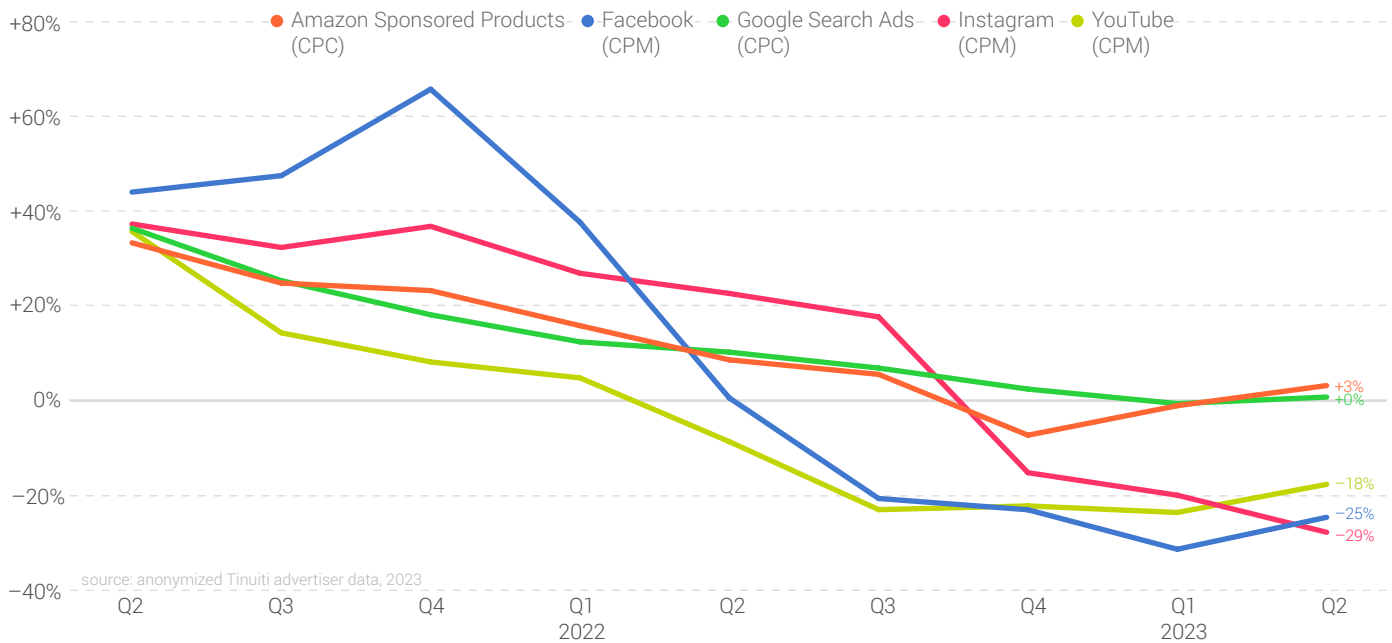
Spending growth for Google search ads has been steadier over the last two years than it has been for most digital channels, but search has not been immune to the forces negatively affecting the industry. Even against relatively weak comps, Google search spending growth bottomed out over Q4 2022 and Q1 2023, but is now picking back up. In Q2 2023, Tinuiti advertisers increased their Google search budgets by 11% year-over-year.

With many brands having run its predecessor, Smart Shopping campaigns, Google's Performance Max campaigns are not delivering purely incremental traffic compared to a year ago, but they are drawing in substantial video and app inventory, while still performing fairly well next to standard Google Shopping campaigns. Between standard Shopping campaigns and PMax, Google Shopping investment was up 11% Y/Y, with PMax campaigns delivering an ROAS within 10% of standard Shopping campaigns.

YouTube has seen wilder swings than search for Google, but it too is moving in a more positive direction. According to Google's official quarterly numbers, YouTube revenue growth has ranged from an 84% increase to an 8% decline in the last two years. Tinuiti's same-site growth measures haven't varied quite that much, but do show YouTube spending growth hitting a low in Q4 2022 before improving to reach 9% Y/Y in Q2 2023.

Amazon's core ad format, Sponsored Products, was the most significant segment to not see an acceleration in spending growth between Q1 and Q2 2023, but it had also been an exception in seeing spending growth increase between Q1 and Q2 2022. Amazon's two other Ad Console formats, Sponsored Brands and Sponsored Display, did see stronger growth in Q2 2023 compared to a quarter earlier.

US Ad Pricing Y/Y Growth by Platform



From Amazon Sponsored Products to Facebook, Google Search, and YouTube, most major digital ad platforms and formats saw an acceleration in pricing growth between Q1 and Q2 2023, even though pricing is still down in year-over-year terms in many cases.

Instagram saw a 29% year-over-year decline in CPM and was an exception in seeing greater declines in Q2 2023 than in Q1. This isn't necessarily bad news for Meta, however, as Instagram is seeing tremendous growth in impressions from sources like Reels and Explore Grid Home placements, which will likely see improved monetization over time.

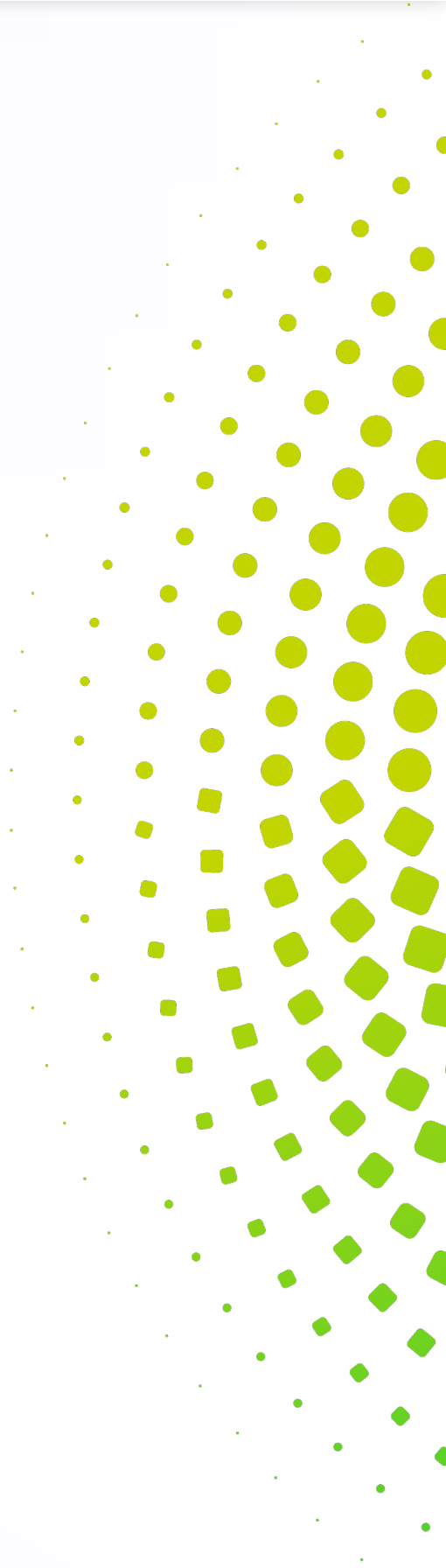
YouTube did see stronger pricing growth in Q2, but its CPMs were still down 18% Y/Y. Like Instagram and Facebook with Reels, Google is looking to wrest users away from TikTok and generate incremental impressions for advertisers, but it too will need to determine how to best monetize that traffic over time, something Google has said is a top priority.

Growth trends for Amazon Sponsored Products CPCs have largely tracked with changes in the sales per click that advertisers have been able to generate, such that the typical brand has seen its return on Sponsored Products ad spend hold steady since early 2022. For Q2 2023, Sponsored Products CPCs were up 3% Y/Y, compared to a 2% decline a quarter earlier.

Q2 2023

Paid Social

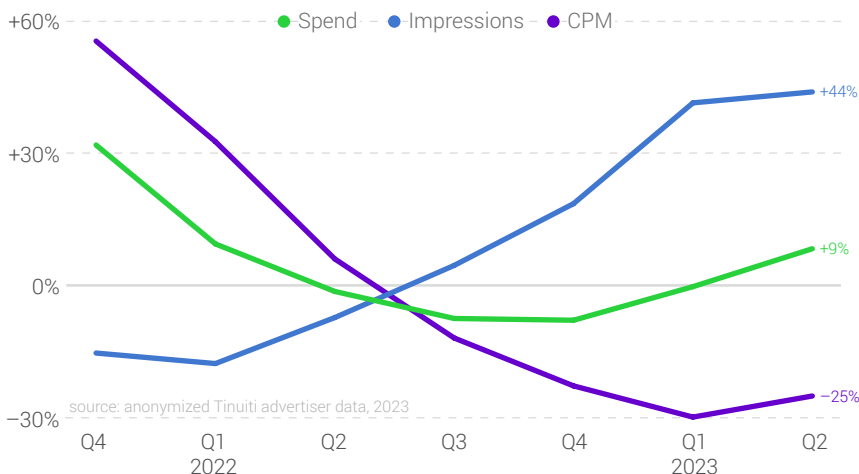
FACEBOOK, INSTAGRAM,
AND TIKTOK



➔ **Meta Ads spend growth strongest since Q1 2022 as impressions soar.**

Advertiser investment in Meta properties rose 9% year over year in Q2 2023, a continuation of the rebound that began the quarter before and the strongest increase of the last five quarters. Impressions rose 44% year over year, helped along by newer inventory sources like Reels across both Facebook and Instagram. CPM fell 25% year over year and the cost of ads has now declined year over year by more than 20% in each of the last three quarters.

Meta Ads US Y/Y Growth Across All Properties

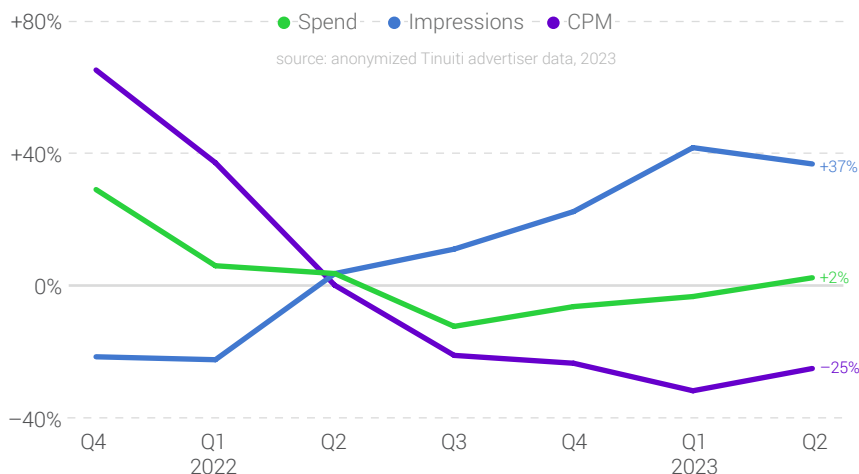


➔ **Facebook ad spend grows year over year for the first time since Q2 2022.**

Advertiser investment in Meta’s flagship app Facebook rose 2% year over year in Q2 2023, a rebound from the 4% decline observed in Q1 and the first positive growth out of the last four quarters. CPM declined 25% year over year, a smaller dip than the 32% decline in Q1, as advertisers ran up against much softer year-ago comparisons when it comes to pricing. CPM rose 37% year over year in Q1 2022, but was flat in Q2 2022. Impression growth remained strong in the second quarter at 37%.

Facebook Ads US Y/Y Growth

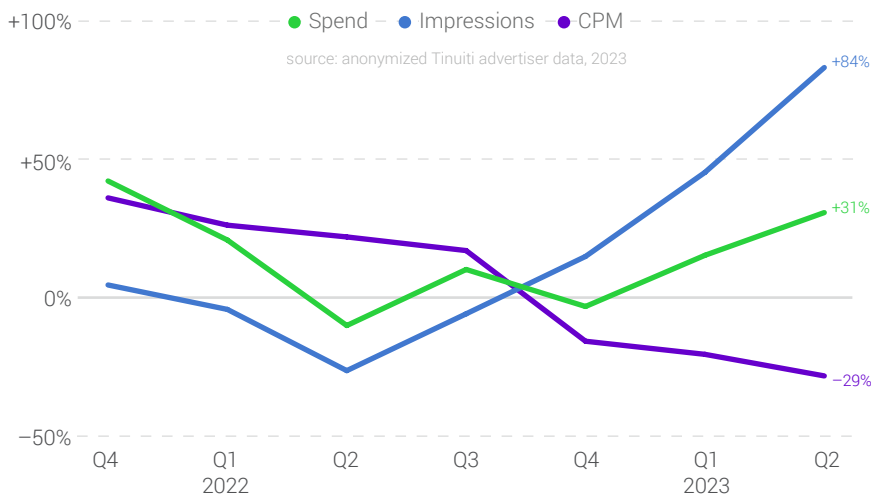
Excluding Instagram, Messenger and Audience Network



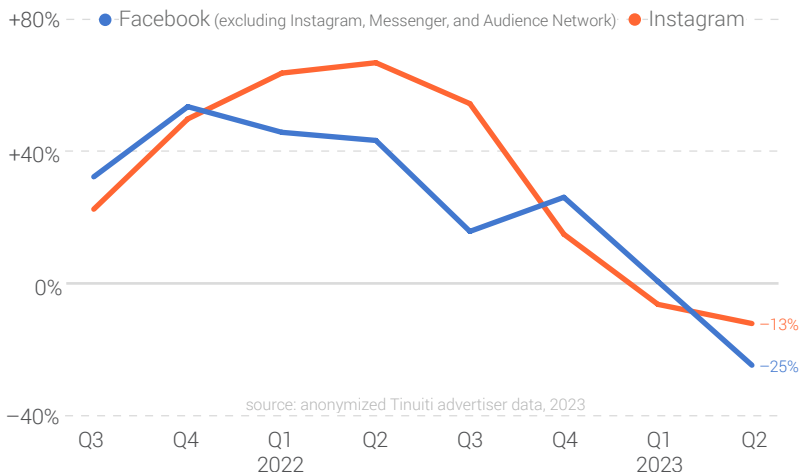
➔ **Instagram ad spend growth more than doubles Q1 to Q2.**

Impressions grew a whopping 84% year over year for Instagram advertisers, as spend growth on the platform more than doubled from 15% in Q1 to 31% in Q2. Impression growth continues to be aided by newer inventory sources such as Instagram Reels and Explore Grid Home placements, which are providing advertisers with incremental new opportunities to get in front of Instagram users. CPM declined 29% year over year, the third straight quarter of double-digit declines.

Instagram Ads US Y/Y Growth



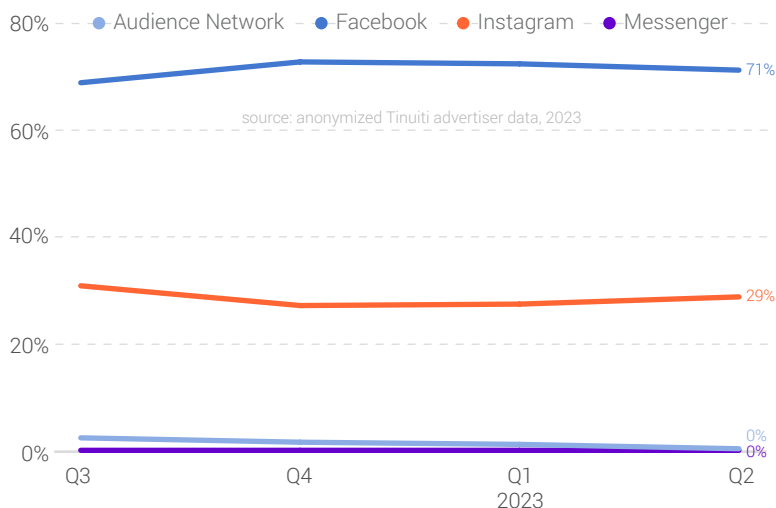
Meta Ads Two-Year CPM Growth by Quarter



➔ **Meta CPM significantly lower than two years ago across both primary platforms.**

Facebook CPM was 25% lower in Q2 2023 than it was two years before, while Instagram CPM was down 13% over the same time frame. Both platforms have seen an influx of ad impressions from newer inventory sources in recent quarters, such as Reels and Reels Overlay ads, which have a significantly lower CPM than more established placements like Feed. These differences in CPM are partially the result of differences in performance for newer placements, as well as auctions for newer placements having not fully matured.

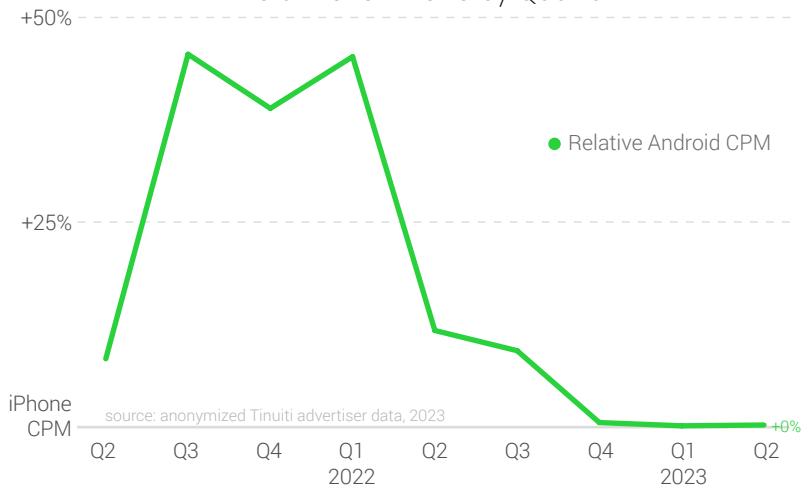
Meta Ads Spend Share by Property



➔ **Instagram spend share up in the second quarter as Audience Network slides.**

Instagram accounted for 29% of all Meta ad investment in Q2 2023, up from 27% in Q1 2023. The Audience Network, which was the platform most impacted by the roll-out of Apple’s App Tracking Transparency (ATT) prompt, dipped to just .3% of Meta ad spend. After users began opting out of targeting and tracking through ATT, the share of Audience Network ad impressions coming from iOS devices dipped below 5%, compared to over 50% of Facebook impressions and 75% of Instagram impressions coming from iOS. Messenger continues to account for only a tiny fraction of a percent of Meta ad spend.

Meta Ads US Android Smartphone CPM Relative to iPhone by Quarter



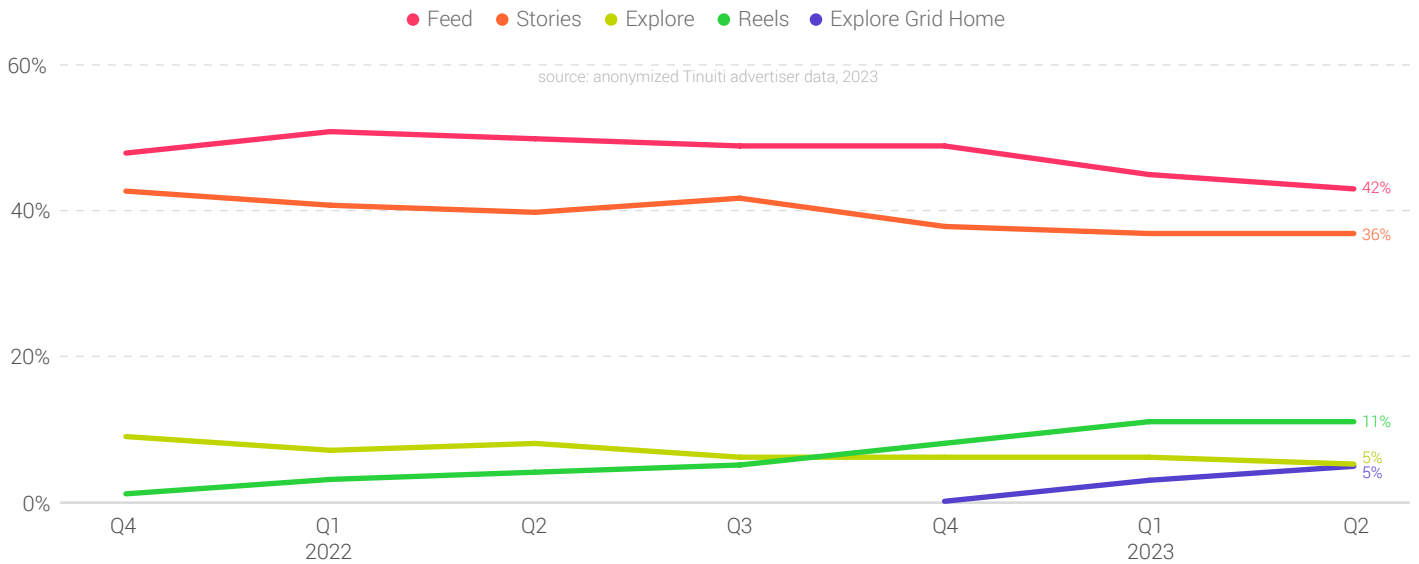
➔ **CPM for iPhones and Android smartphones nearly identical for third straight quarter.**

In the immediate aftermath of Apple’s April 2021 roll-out of the App Tracking Transparency (ATT) prompt, the cost of ad impressions on Android devices far outpaced that of iPhone impressions for about a year, as there was relatively more demand for those users who could still be targeted using mobile IDs. That gap started to narrow in Q2 2022 and CPMs for Android smartphones and iPhones have been nearly the same for the last three straight quarters.

➔ **Explore Grid Home placements now account for 5% of Instagram impressions.**

The biggest story when it comes to new inventory sources on Instagram continues to be Reels, which accounted for 11% of all ad impressions on the platform in Q2 2023. That said, the Explore Grid Home placement, announced in October 2022, now accounts for 5% of all Instagram ad impressions. The placement allows brands to place ads in the grid that users see when they first land on Instagram Explore, and 10% of impressions were attributed to either this or traditional Explore tab placements in Q2 2023.

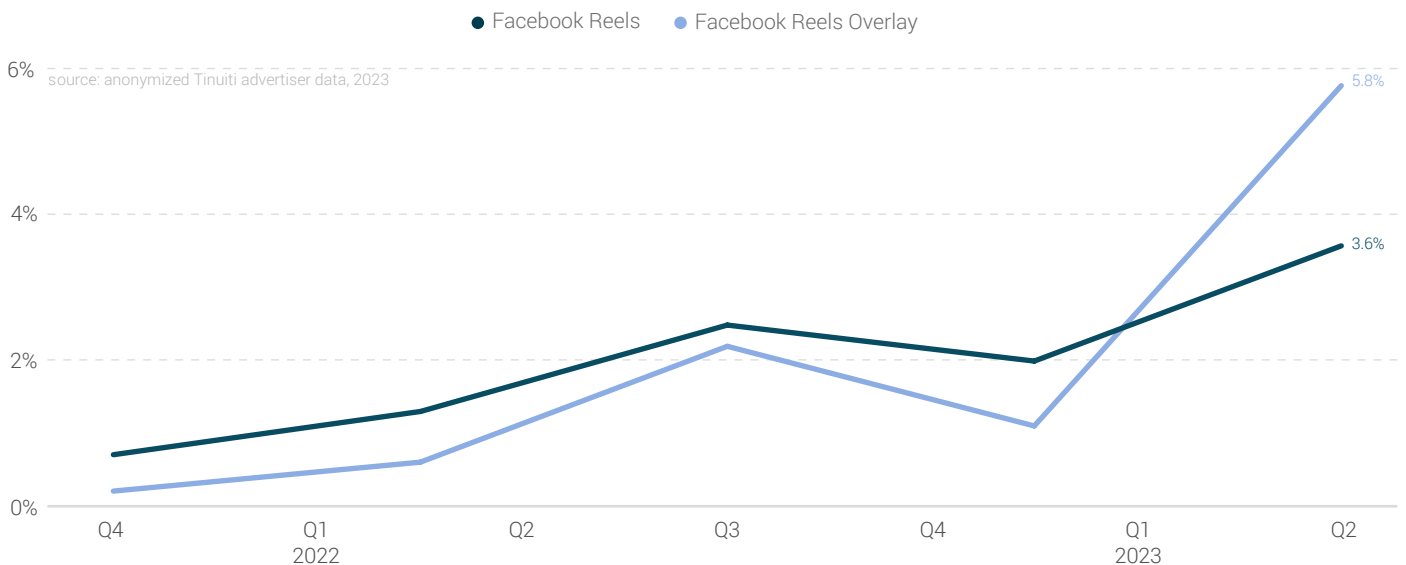
Instagram Ads Impression Share by Placement



➔ **Reels and Reels Overlay ads combine for 9% of Facebook ad impressions.**

Reels has clearly been an important part of Meta’s strategy over the last several quarters, not only for Instagram but also for Facebook. In Q2 2023, the Reels placement accounted for 3.6% of Facebook impressions, while Reels Overlay ads accounted for 5.8%. The overlay format, which was only just rolled out to Instagram in Q2 2023, allows advertisers to place static image banners or image carousel ads at the bottom of Reels videos. With Reels Overlay already driving more than 5% of Facebook as impressions, the potential for advertisers on Instagram is substantial.

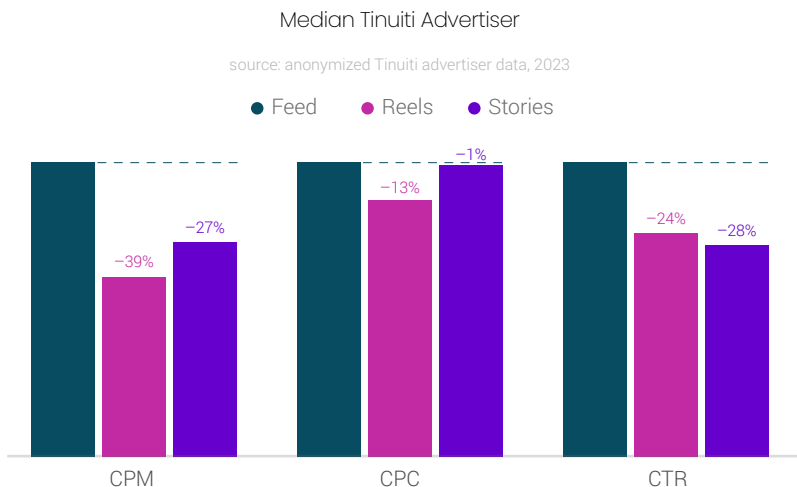
Facebook Ads Impression Share by Placement



➔ **Instagram Reels CPC creeps closer to Feed CPC in Q2.**

The cost of Instagram Reels ad clicks was 13% lower than that of Instagram Feed ads, a narrower gap than the 19% observed in Q1 2023. Reels CPM is nearly 40% lower than that of Feed, but this is largely the result of the expected value of those ad impressions relative to the Feed, as the click-through rate (CTR) of Reels is 24% lower than the Feed. Stories ads, which have had longer to mature than Reels, have a 27% lower CPM than the Feed but just a 1% lower CPC, and Reels and Feed CPC should continue to converge as the Reels placement matures.

Instagram Reels and Stories Ad Performance Relative to Feed Placements

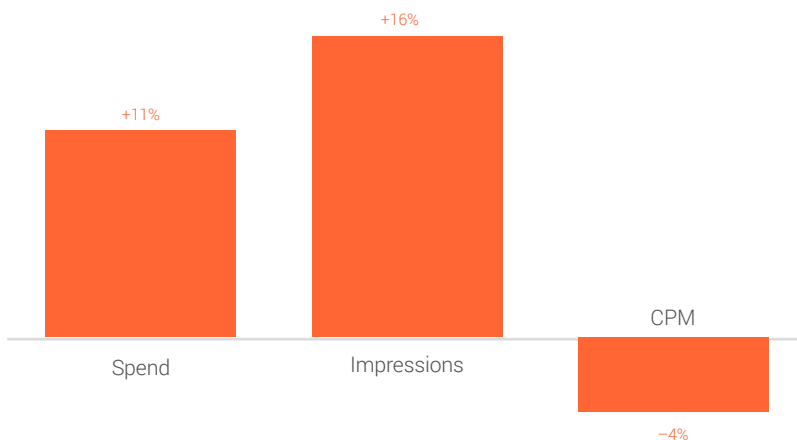


➔ **TikTok spend rises 11% in Q2 as CPM dips year over year.**

Many advertisers on TikTok experienced significant year-over-year CPM growth in Q1 2023, but that growth slowed in the second quarter and the median Tinuiti advertiser saw a 4% decline year over year. Impression growth rebounded from a 13% decline in Q1 to a 16% increase in Q2, as spend growth slowed from Q1 but still remained strong at 11%. These figures reflect only those advertisers active on the platform in both Q2 2022 and Q2 2023, and do not represent the additional ad dollars coming from advertisers new to the platform since Q2 2022.

TikTok Ads Y/Y Growth

Q2 2023 • Median Tinuiti Advertiser
source: anonymized Tinuiti advertiser data, 2023

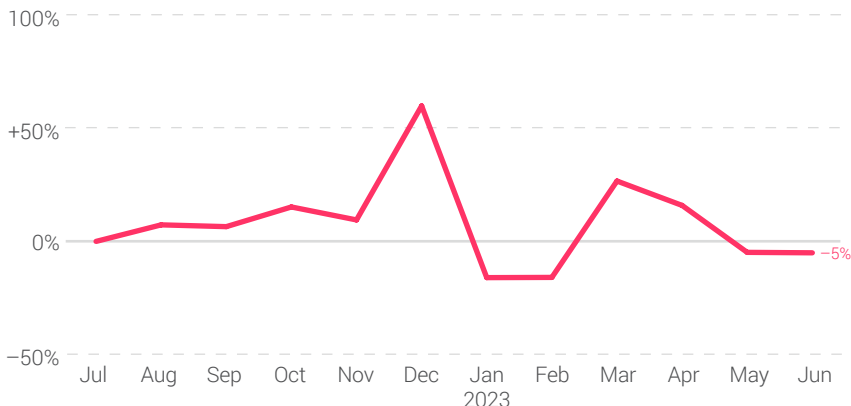


➔ **TikTok CPM dips back down in Q2 after March rebound.**

TikTok CPM peaked at 61% higher than July 2022 levels in December of last year, as demand for ads heated up during the winter holiday shopping season. Ad pricing fell back down to earth in January and February before picking back up in March, but has since dipped again with CPM 5% lower in both May and June than it was in July 2022. Metrics like CPM are impacted not only by demand for ads, but also by the roll-out and adoption of newer ad formats and placements over time.

TikTok Ads CPM Relative to July 2022

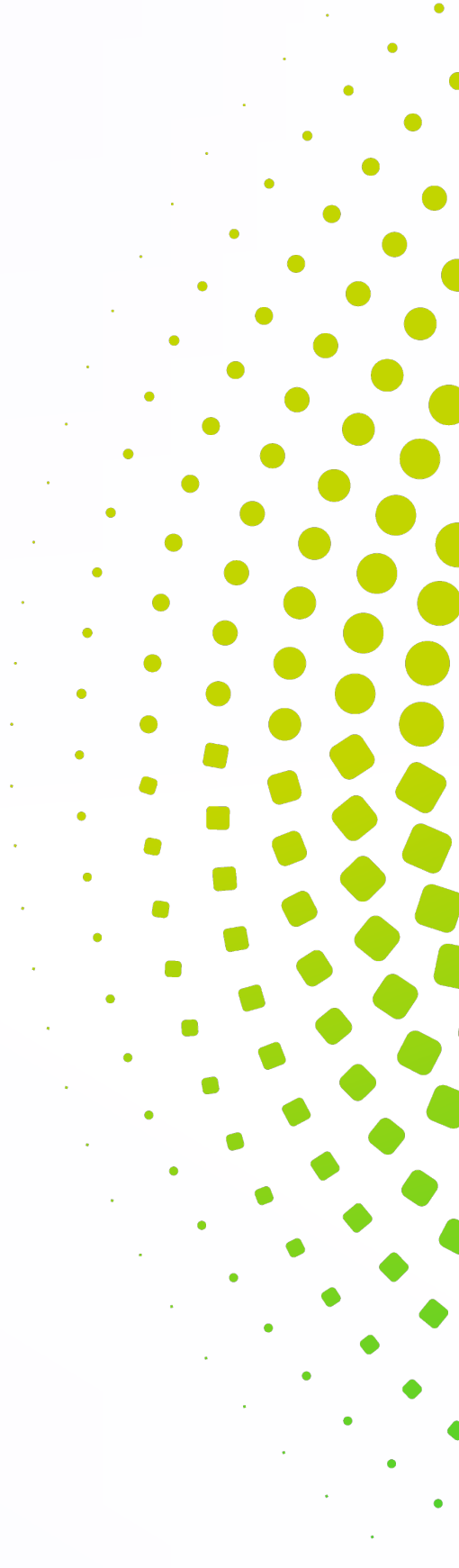
Median Tinuiti Advertiser
source: anonymized Tinuiti advertiser data, 2023



Q2 2023

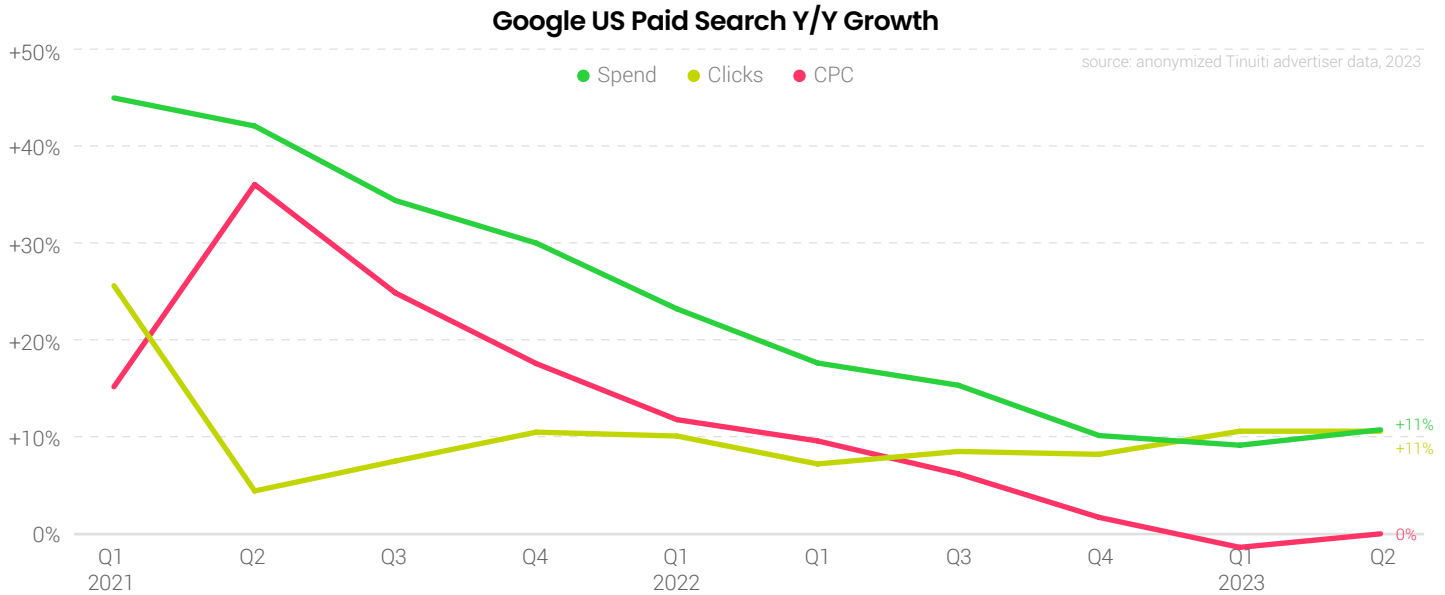
Paid Search

**GOOGLE SHOPPING, PERFORMANCE MAX
AND TEXT ADS**



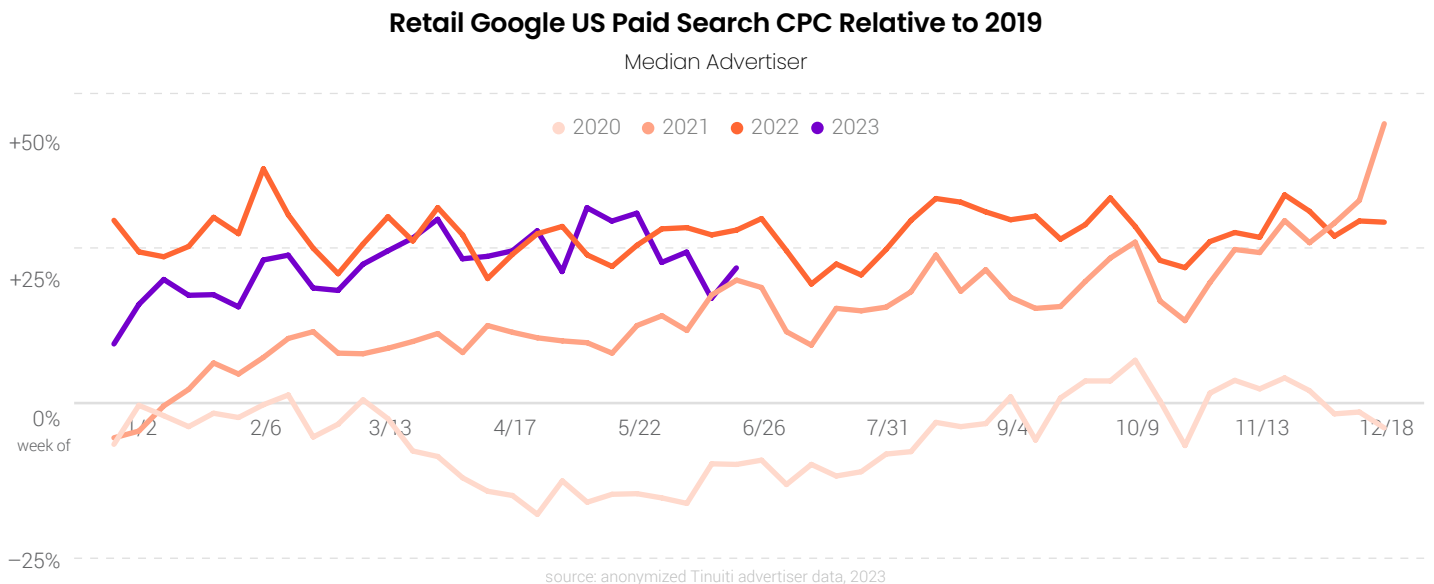
➔ **Google search ad spending growth picks up as CPC deceleration finally reverses.**

Spending on US Google search ads grew 11% Y/Y in Q2 2023, up from 9% a quarter earlier, marking the first acceleration in growth since early 2021. Click growth held steady at 11% Y/Y, but average cost per click was flat in Q2, compared to a 1% decline in Q1. Google click growth has operated within a solid and fairly narrow range of 7-11% since late 2021. It is on the pricing side where Google has seen weakening results in the last two years, but that trend may be reversing as the worst fears for the macroeconomic picture have not played out..



➔ **Retail Google search CPCs back up to a 25% gain over pre-pandemic levels.**

Taking a historical view of the retail vertical, Google search CPCs were up by an average of 25% over 2019 levels in Q2 2023, compared to a 20% gain in Q1. While retail CPCs shot up over the course of 2021, Google failed to see any gains over the course of 2022. Retail CPCs were down considerably year over year in January 2023, before recovering to close out Q1. While retailers saw a bit of a dip in CPC growth to close out Q2 2023, CPC levels were in line with a year earlier for the bulk of the quarter.



➔ **Google search CPC growth limited by weak trends for average order value.**

The average order value generated by Google search ads was up just 1% Y/Y for retailers in Q2 2023, as inflation growth has cooled generally in the larger US economy. Google AOV growth had peaked in Q2 2021 at 14% Y/Y, but fell all the way to zero by April 2023, before improving slightly to close out the quarter. Slower AOV growth has limited sales per click growth and served as a check on CPCs for advertisers looking to maintain a steady ROI from search ads.

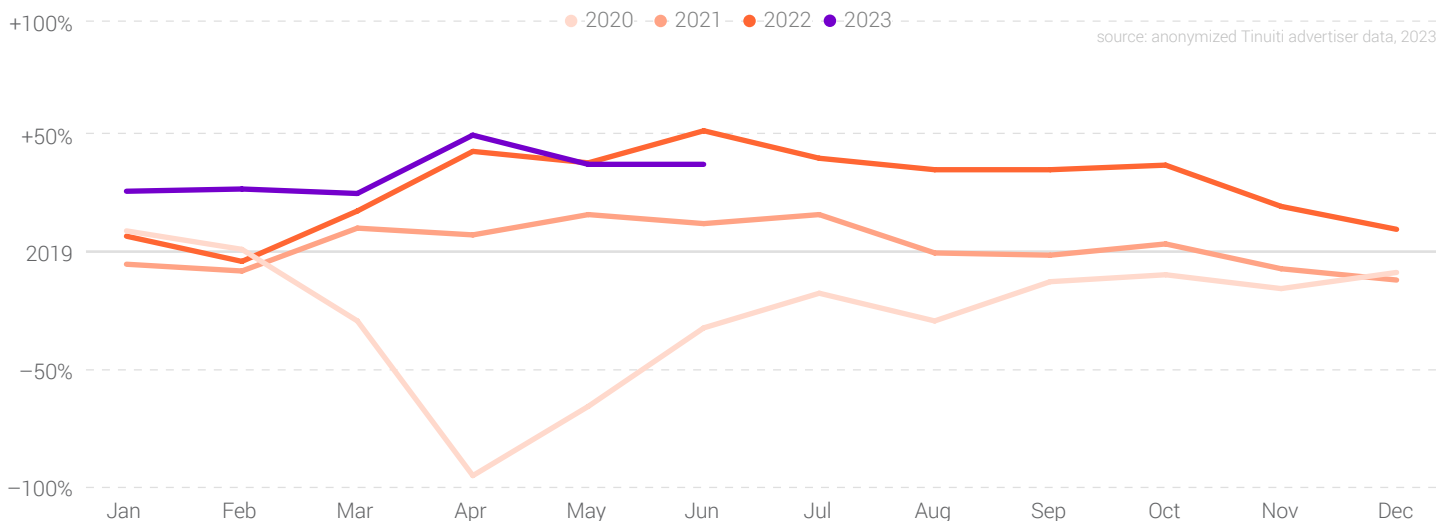
Retail Google US Paid Search Y/Y Average Order Value Growth



➔ **Google Get Location Details clicks up 43% over 2019 levels, but back in line with 2022.**

After running significantly higher to start the year, consumer interest in advertisers' physical store locations settled more in line with 2022 levels over the course of Q2 2023. From a historical perspective, though, Get Location Details clicks were 43% higher in Q2 2023 than in Q2 2019, up from a 27% lift in Q1. Get Location Details clicks had previously seen little to no gains over 2019 levels in Q1 due to the varying impacts of the pandemic from 2020 through 2022.

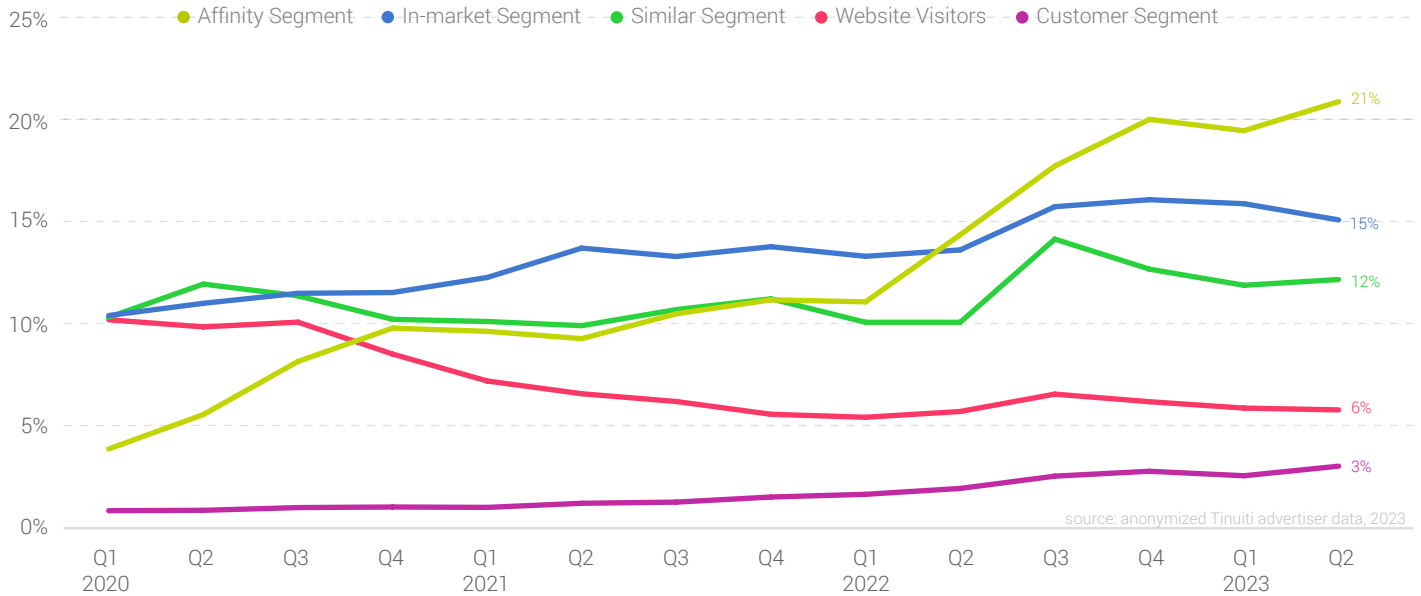
Google Maps - Monthly Get Location Details Clicks vs. 2019



➔ **Similar audiences still a significant traffic driver after sunset process begins.**

While Google stopped generating Similar segments for new first-party audience segments beginning in May, the Similar audience segment remained a significant traffic driver in Q2 2023, accounting for 12% of total Google search ad clicks. Similar audiences were beat out only by the Affinity and In-market segments in traffic share in Q2, but Google plans to remove Similar segments on August 1, 2023.

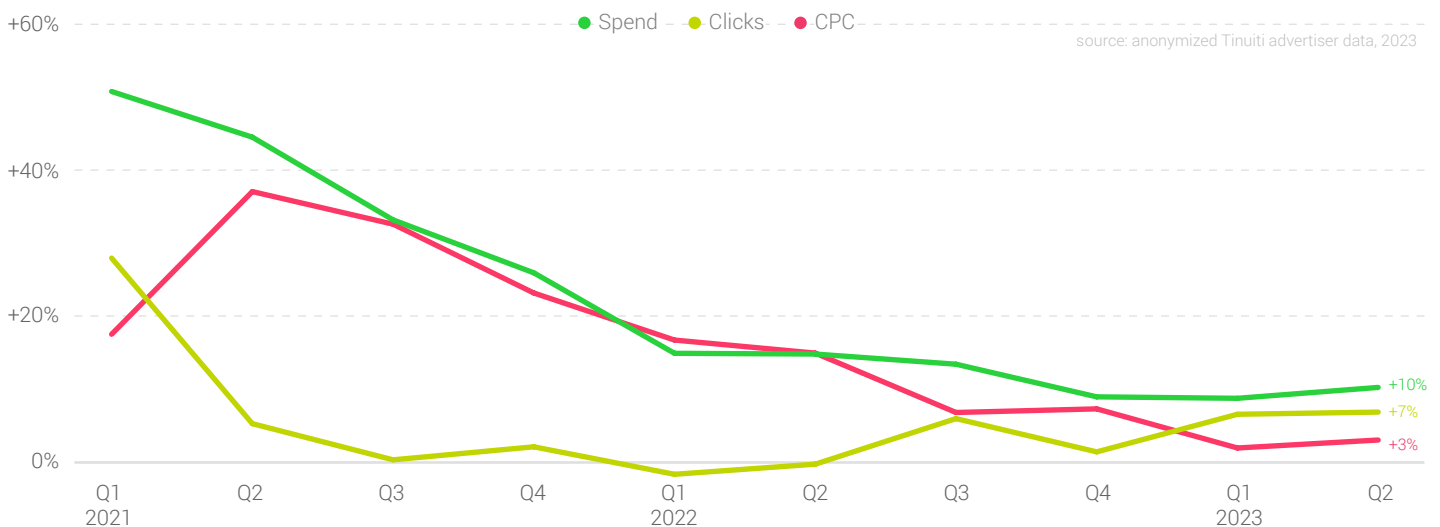
Google US Paid Search Click Share by Audience Type



➔ **Google text ad spending growth rises to 10% Y/Y as pricing picks up modestly.**

Spending on Google text search ads was up 10% Y/Y in Q2 2023, compared to 9% a quarter earlier. Text ad click growth held steady at 7% Y/Y, while CPC growth rose from 2% Y/Y in Q1 to 3% in Q2. For the past two years, Google’s text ads have trailed its Shopping ads in terms of click growth, but have seen larger average CPC increases.

Google US Text Ads Y/Y Growth

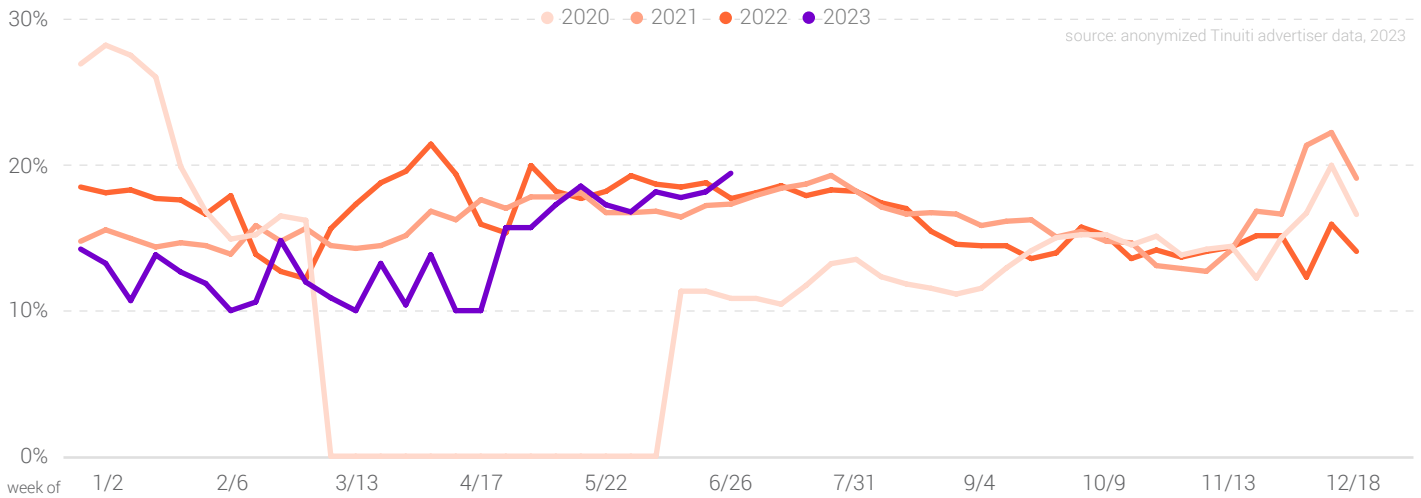


➔ Amazon share of Google text ad impressions jumped in the middle of Q2.

After starting 2023 at its lowest levels in years, Amazon’s share of Google text ad impressions jumped during the final week of April. For the rest of Q2, Amazon’s presence in text ad auctions was roughly in line with where it stood during the same period in 2021 and 2022. Even so, Amazon’s share of text ad impressions remains well below where it stood prior to the pandemic.

Amazon US Google Text Ads Impression Share

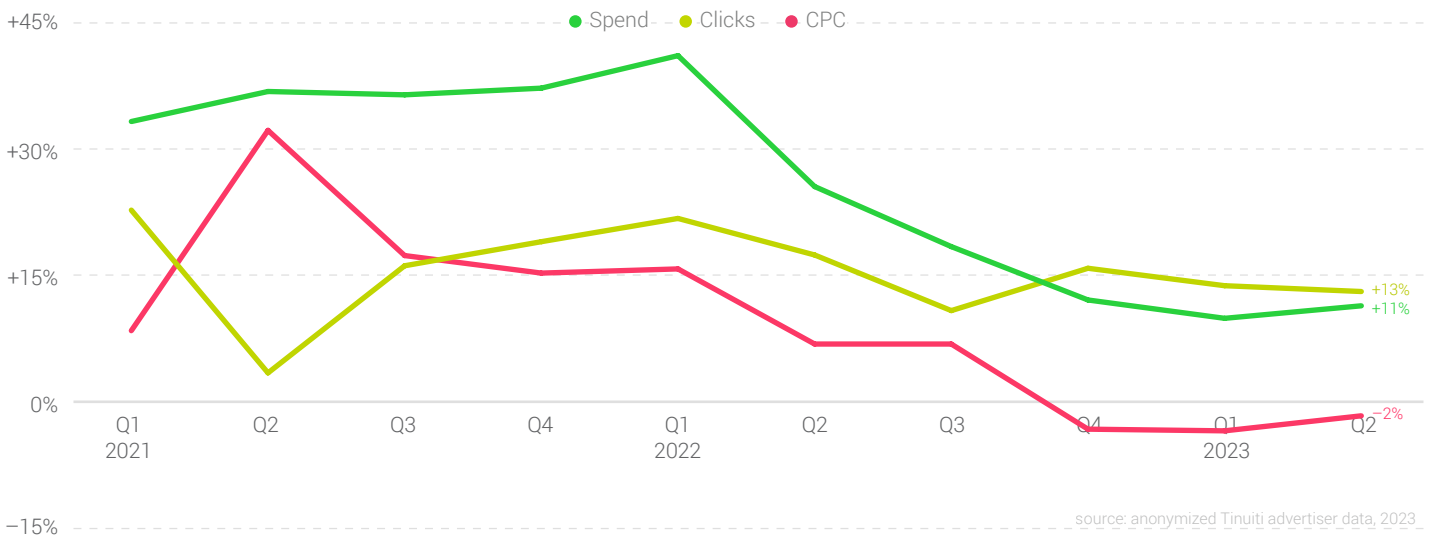
Median Amazon Competitor



➔ Spending growth for Performance Max and standard Google Shopping campaigns rises to 11%.

Spending on Google Shopping ads, including Performance Max campaigns, rose 11% Y/Y in Q2 2023, up from 10% in Q1. Shopping click growth decelerated slightly to 13% Y/Y, but CPC growth was nearly two points higher at a 2% Y/Y decline. Most Shopping advertisers hadn’t adopted Performance Max campaigns until Google transitioned to them from Smart Shopping campaigns in Q3 2022, so year-over-year growth for PMax remains primarily driven by that adoption effect.

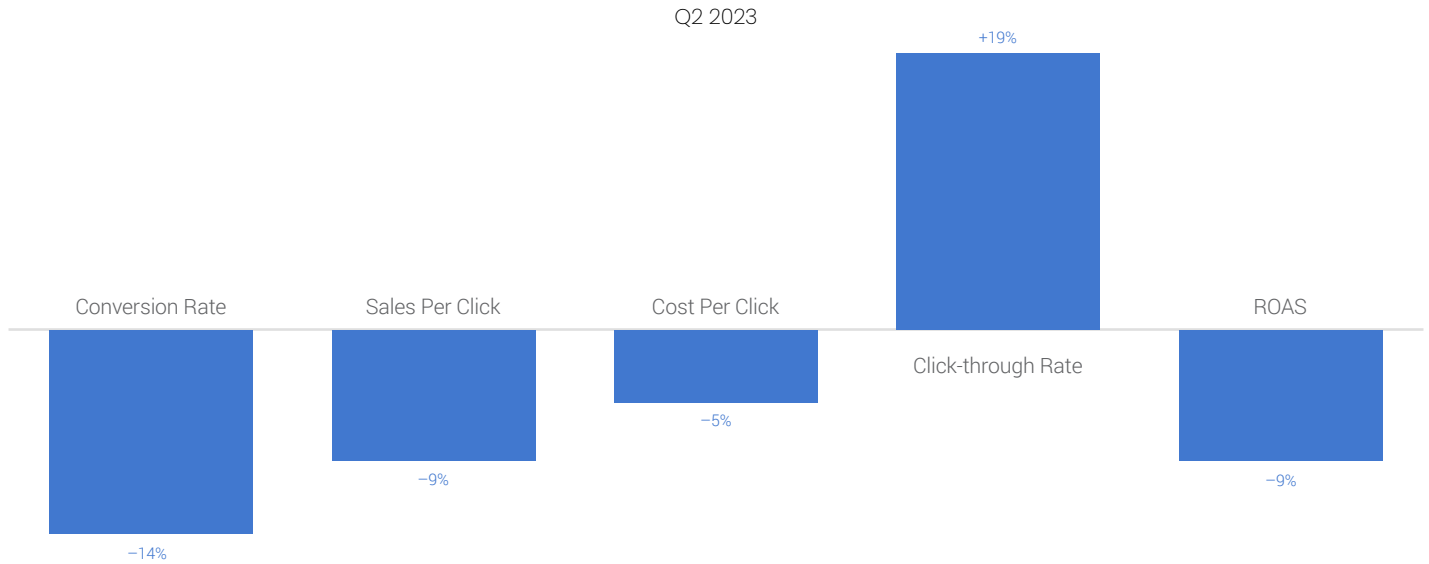
Google US Shopping Ads Y/Y Growth



➔ **PMax sales per click and ROAS slip compared to standard Shopping campaigns.**

Given the incremental inventory Performance Max is meant to draw in, including from apps, video, and other non-shopping sources, key metrics for these campaigns have generally fared well compared to standard Shopping campaigns. Between Q1 and Q2 2023, though, Google advertisers did see a bit of a slide for PMax in some of the most important metrics. In Q1 2023, both sales per click and return on ad spend for PMax campaigns was just 1% lower than that for standard Shopping campaigns. In Q2, PMax sales per click and ROAS were nearly 9% lower.

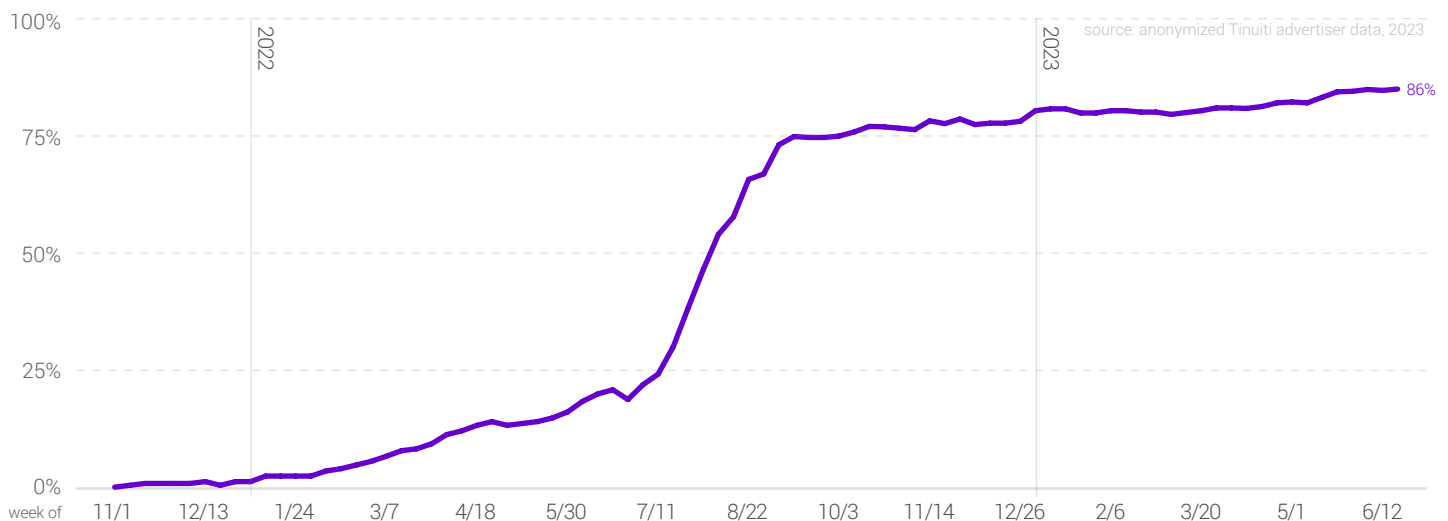
Google PMax Performance Relative to Standard Shopping Campaigns



➔ **Performance Max adoption rate rises another five points during Q2 2023.**

Among advertisers running shopping listings with Google, just over 86% included Performance Max campaigns in the mix at the end of Q2 2023. That was up about five points from a quarter earlier. Performance Max campaigns enjoy higher adoption rates than the Smart Shopping campaigns they replaced in Q3 2022, which were in use by about 75% of shopping advertisers before they were transitioned to PMax campaigns.

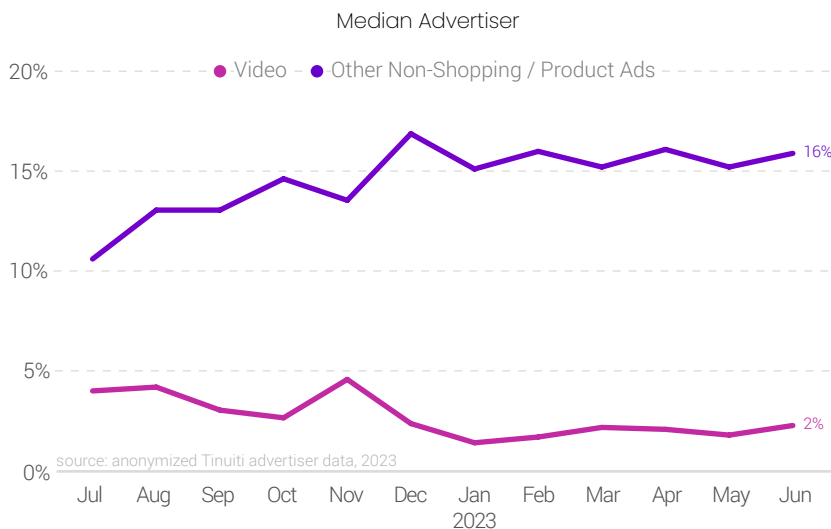
Google Performance Max Adoption Rate among Google Shopping Advertisers



➔ **Non-shopping inventory sees only marginal Performance Max spend share gains.**

Video inventory across YouTube and display sources accounted for just over 2% of Performance Max spending in Q2 2023, a rate that was only slightly higher than in Q1. Other non-shopping inventory also saw only marginal spend share gains between Q1 and Q2 2023, generating about 16% of Performance Max spend in Q2. Combined, non-shopping inventory generated 18% of PMax spending in Q2, up a little less than a point from a quarter earlier.

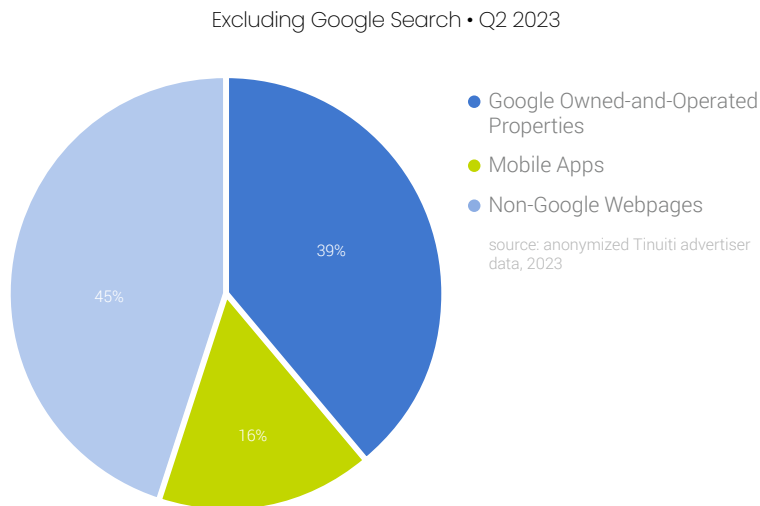
Google Performance Max: Share of Cost by Ad Type



➔ **Mobile app share of non-search PMax impressions rises to 16%.**

Of the Performance Max impressions not generated by Google search, 39% were attributed to other Google owned-and-operated properties in Q2 2023, which was down a point from a quarter earlier. Mobile app share of Performance Max impressions rose four points from Q1 to Q2, coming in at 16%. Non-Google webpages again generated the largest share of non-search PMax impressions at 45% in Q2.

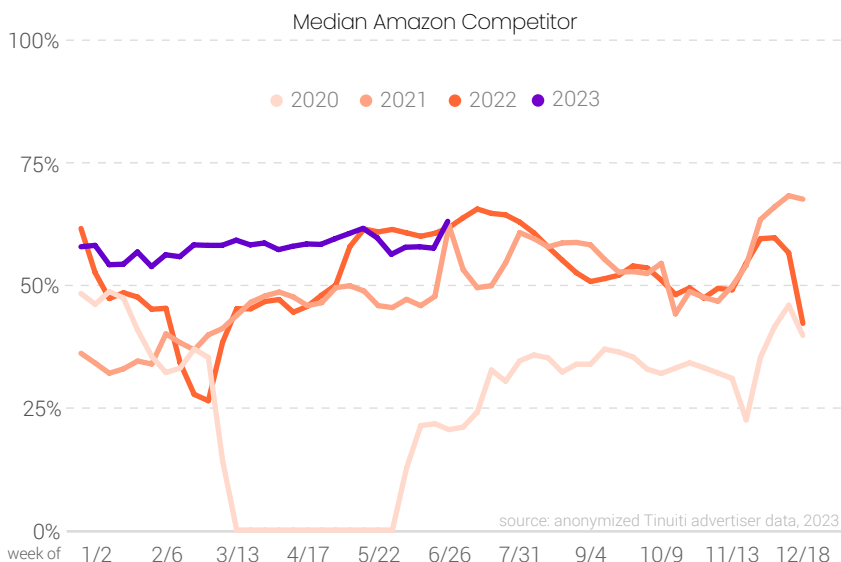
Google Performance Max: Share of Impressions by Placement



➔ **Amazon share of Google Shopping impressions dips for second half of Q2.**

While Amazon appeared to get more aggressive in Google text ad auctions during the second half of Q2, its share of Google Shopping impressions slipped to close out the quarter. Amazon's share of Shopping impressions was up by 20 points Y/Y to close out Q1, but by June its share was running down a few points compared to a year earlier. Amazon's Shopping impression share jumped in May 2022, while it fell several points in late May 2023.

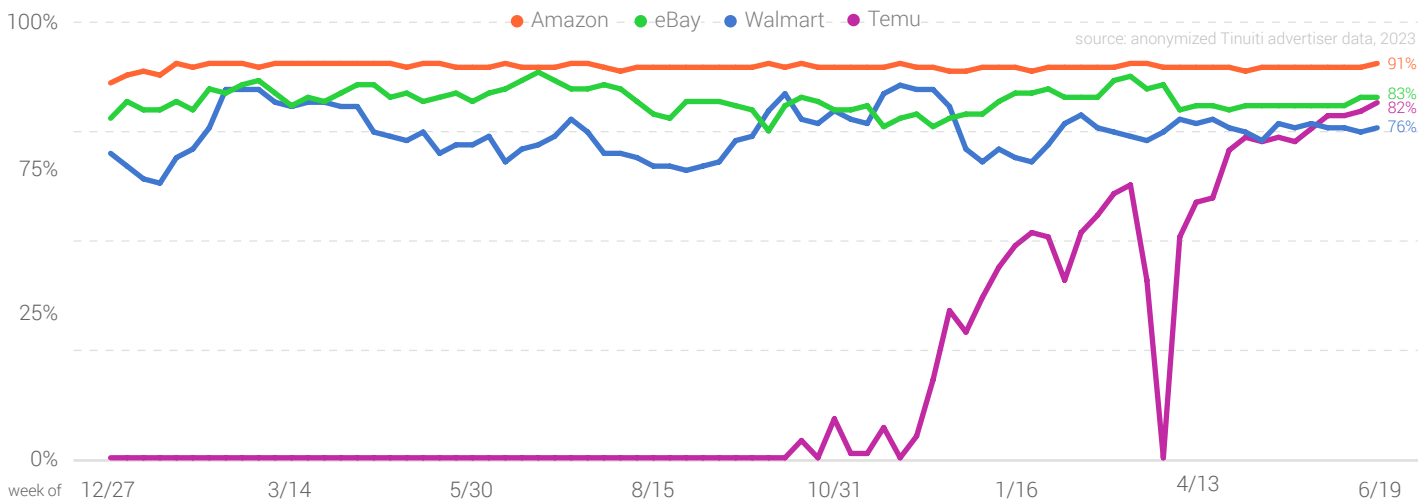
Amazon US Google Shopping Ads Impression Share



➔ **Temu became a major player in Google Shopping auctions over the first half of 2023.**

Google’s auction insights report shows advertisers the competitors that are participating in the same auctions as they are. To be listed, the competitor must also meet a minimum impression share threshold. Given these parameters, Amazon consistently appears in Shopping auction insights reports for just over 90% of retailers. eBay and Walmart have historically had the next highest Shopping auction insights appearance shares, but Temu has made a major splash in Google Shopping auctions this year and recently surpassed Walmart.

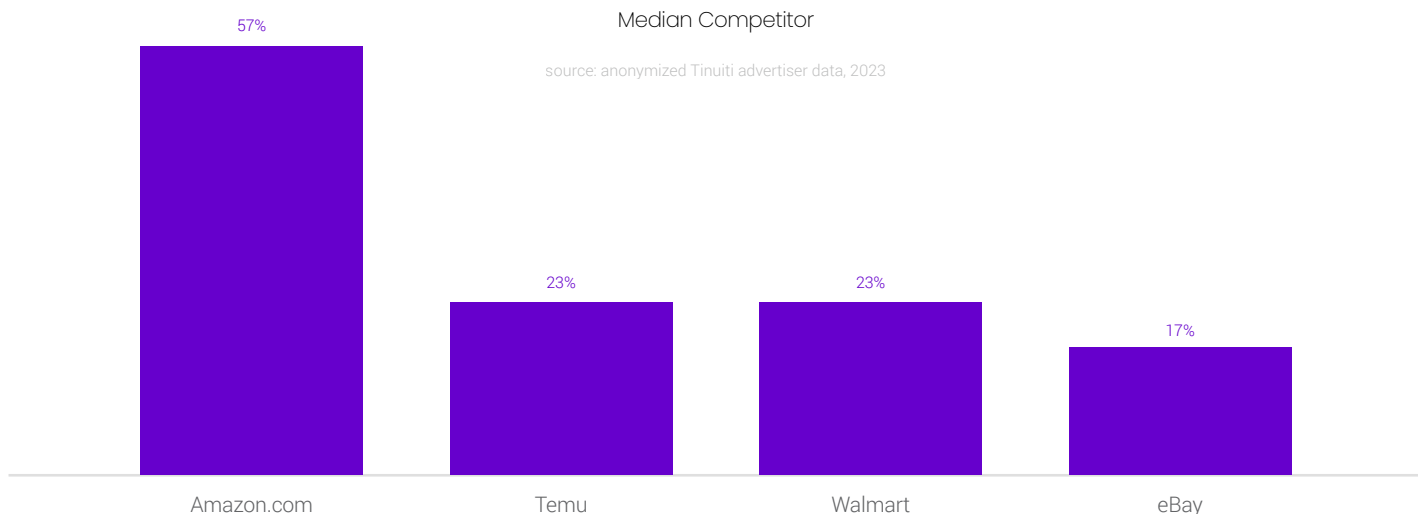
Share of Retailers Seeing Each Site as a Shopping Ad Competitor in Google Auction Insights



➔ **Amazon still dominant in share of Google Shopping ad impressions it receives.**

While Temu isn’t far behind Amazon in the share of retailers that see it listed as a Shopping competitor in Google auction insights, it has much further to go to catch up to Amazon in the share of eligible Shopping impressions it actually receives. In June 2023, Amazon received 57% of the impressions it was eligible for against the median retail competitor. By the same measure, Temu’s impression share was just 23%. Importantly, multiple advertisers usually receive impressions for any given auction, so impression share is more of a relative measure of an advertiser’s prominence in Google auctions.

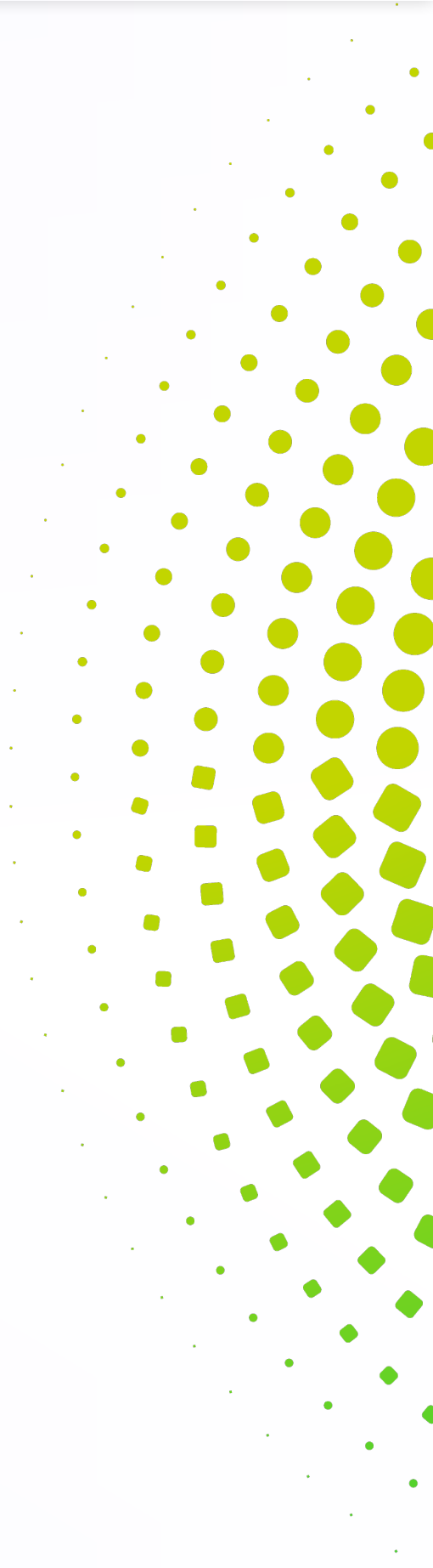
June 2023 US Google Shopping Ads Impression Share



Q2 2023

Marketplaces

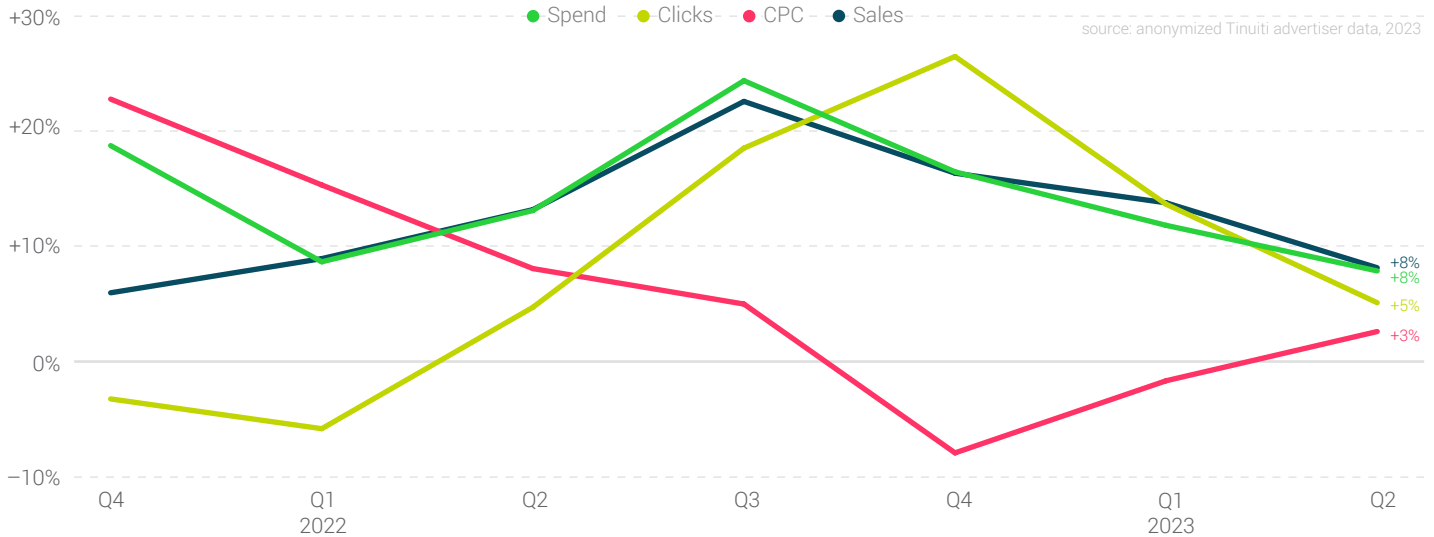
AMAZON AND WALMART



➔ **Amazon Sponsored Products spend growth slows in Q2 even as CPC increases.**

Advertisers increased Sponsored Products spend 8% year over year in Q2, with sales attributed to the format also growing 8%. CPC growth rebounded from two straight quarters of year-over-year declines to rise 3% compared to the second quarter of last year. While spend grew slower in Q2 than in Q1, two-year growth was roughly the same from Q1 2023 to Q2 2023 as spend growth accelerated from Q1 2022 to Q2 2022.

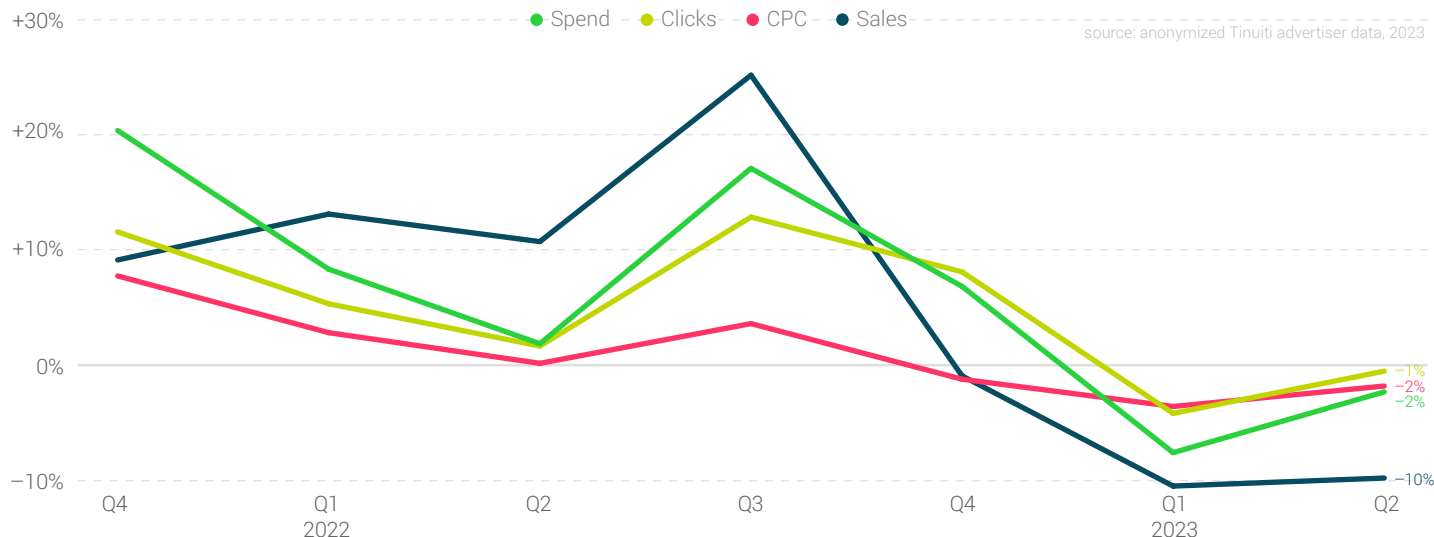
Amazon US Sponsored Products Y/Y Growth by Quarter



➔ **Sponsored Brands spend decline softens against easier year-ago comparison.**

In contrast to Sponsored Products, Sponsored Brands saw an easier year-ago comparison in Q2 than in Q1, and spend declined 2% year over year in the second quarter compared to an 8% decline in the first quarter. Much like Sponsored Products, this meant that two-year growth was roughly the same from Q1 2023 to Q2 2023. Sponsored Brands CPC declined year over year for the third straight quarter.

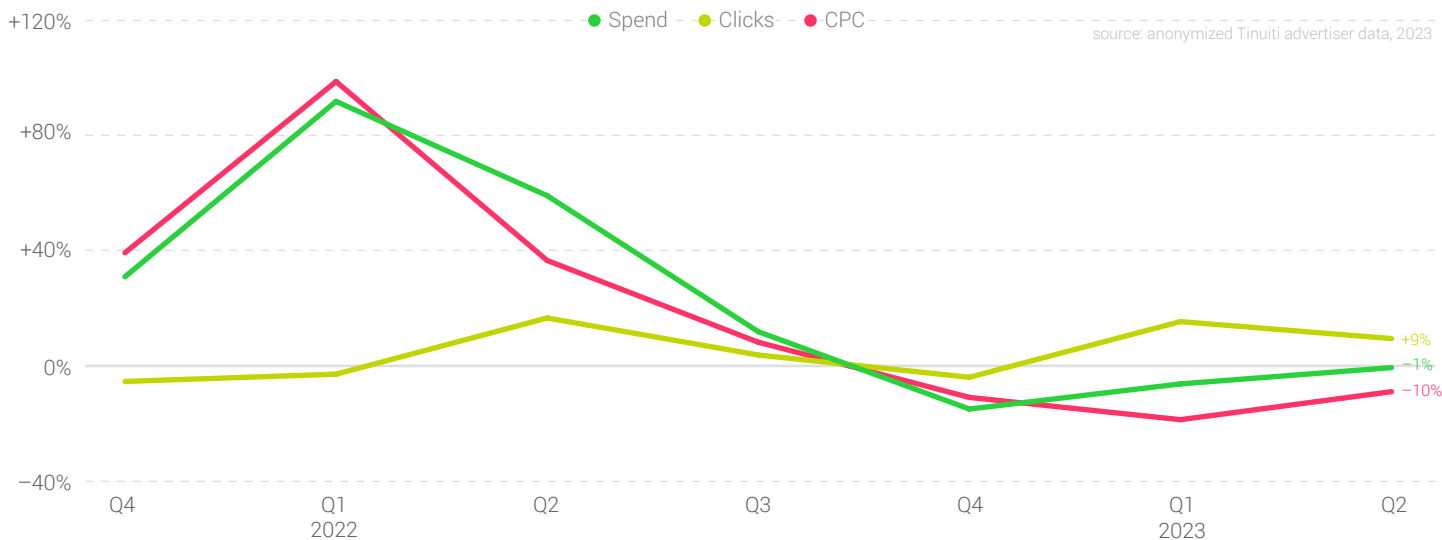
Amazon US Sponsored Brands Y/Y Growth by Quarter



➔ **Amazon Sponsored Display spend declines 1% year over year in Q2 2023.**

While advertisers reduced Sponsored Display spend slightly in Q2 2023, this represents a rebound from the two quarters prior, as spend fell 16% year over year in Q4 2022 and 7% in Q1 2023. Notably, spend growth fell from 92% in Q1 2022 to 59% in Q2 2022. CPC fell 10% year over year in Q2, the smallest decline of the last three quarters, though not all Sponsored Display campaigns are bought on a pay-per-click basis.

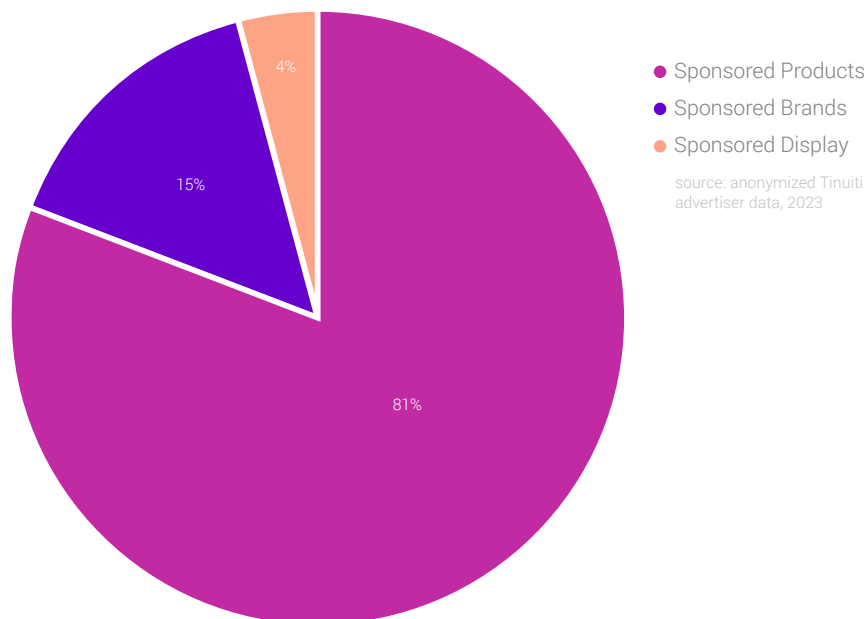
Amazon US Sponsored Display Y/Y Growth by Quarter



➔ **81% of all Amazon Ad Console investment goes to Sponsored Products campaigns in Q2.**

Sponsored Products share of Amazon Ad Console spend ticked up year over year, rising from 79% in Q2 2022 to 81% in Q2 2023, as spend growth for the format has outpaced that of Sponsored Display and Sponsored Brands each of the last four quarters. Sponsored Brands, including Sponsored Brands Video, accounted for 15% of spend, with the remaining 4% going to Sponsored Display ads.

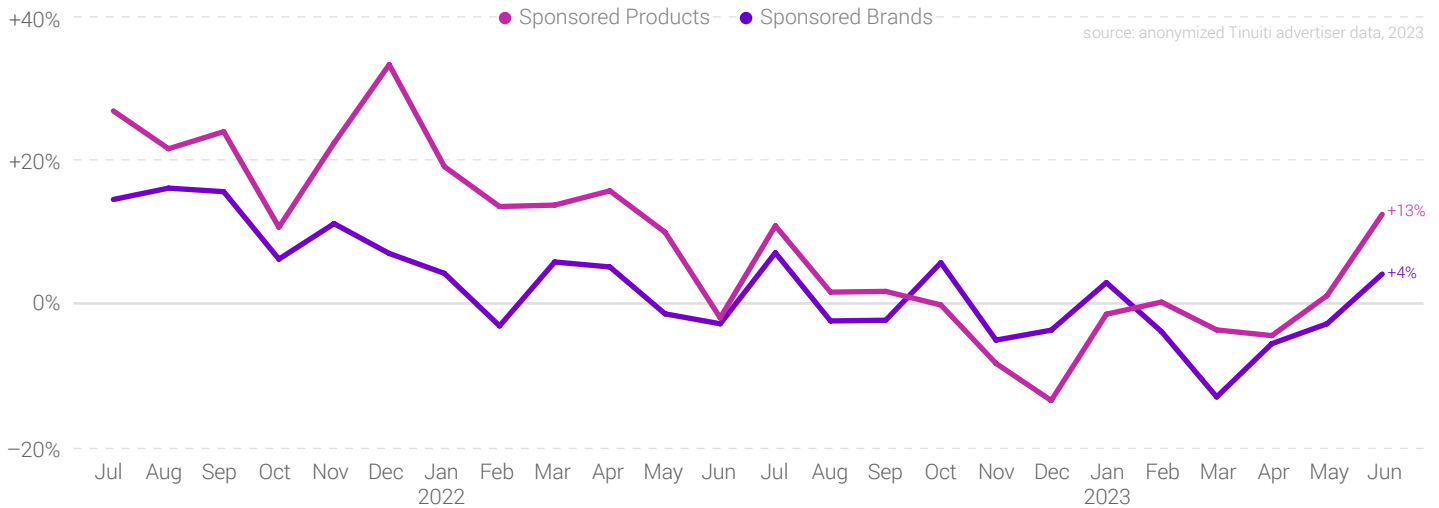
Amazon US Ad Console Spend Share by Ad Format
Q2 2023



➔ CPC growth rebounds in June for both Amazon Sponsored Products and Sponsored Brands.

CPC growth improved throughout the second quarter of the year across both of the two largest Ad Console formats. Sponsored Products CPC went from down 4% year over year in April to up 13% in June, while Sponsored Brands CPC rebounded from a 5% year-over-year decline in April to 4% growth in June. In the case of Sponsored Products, recent changes in CPC growth have largely tracked with changes in sales per click, such that return on ad spend has remained relatively steady in year-over-year terms since Q1 2022.

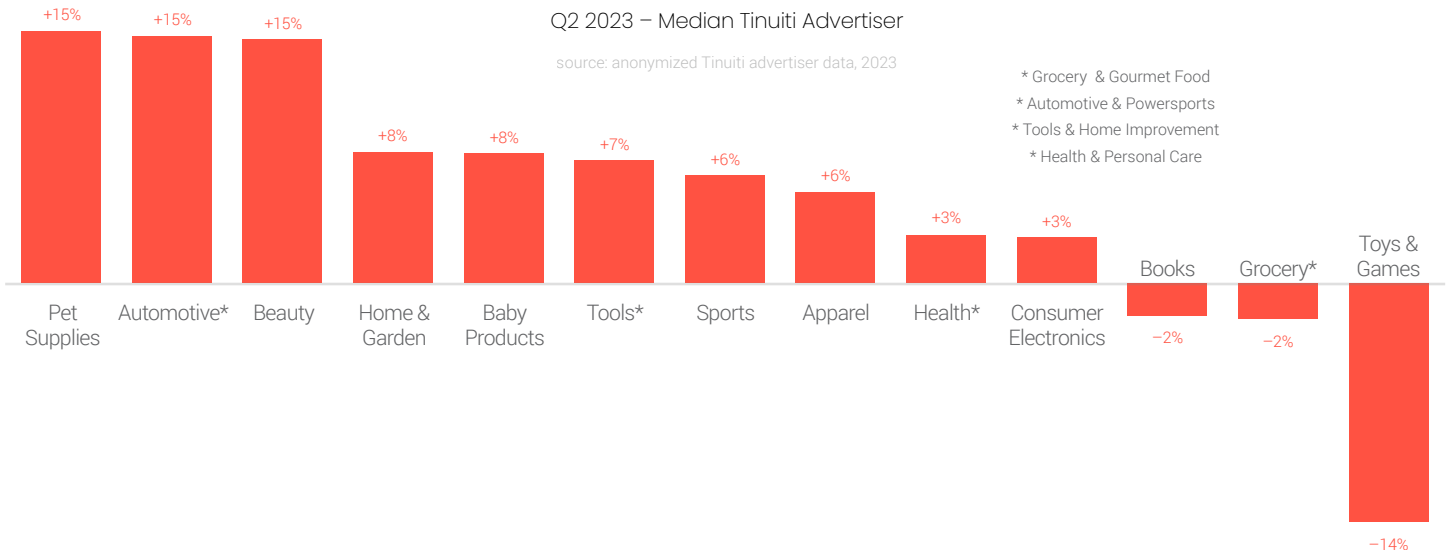
Amazon US Ads CPC Growth by Month



➔ Amazon advertisers in most categories are now seeing positive Sponsored Products CPC growth.

While Amazon Sponsored Products CPC declined year over year in Q4 2022 and Q1 2023, growth rebounded to positive territory in Q2, and the median advertiser in ten out of the thirteen product categories studied for this report saw positive growth. Changes in Amazon Sponsored Products ad pricing over the last six quarters have largely tracked with changes in the value of ad clicks as measured by sales per click. Thus, year-over-year changes in CPC have not meant year-over-year changes in return on ad spend for Amazon Sponsored Products.

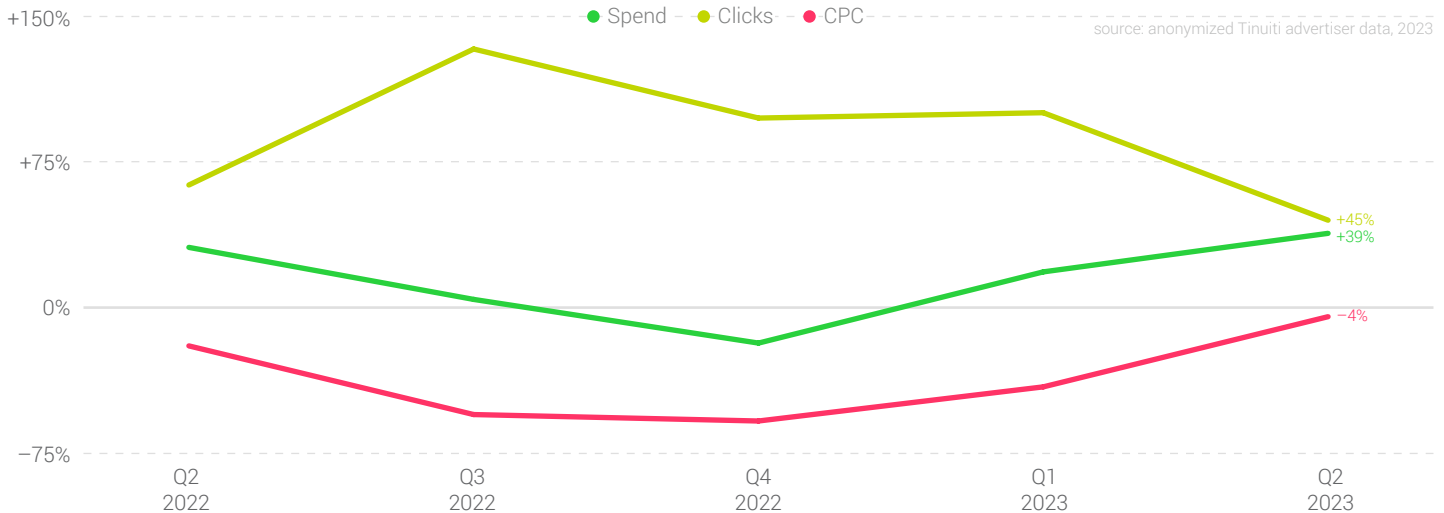
Amazon US Sponsored Products Y/Y CPC Growth



➔ **Walmart Sponsored Products spend growth jumps to 39% year over year.**

Year-over-year spend growth for Walmart Sponsored Products more than doubled from 19% in Q1 to 39% in Q2, as advertisers are finally starting to lap Walmart’s June 2022 change to a second-price auction. The update immediately dropped the price paid for ad clicks, as advertisers no longer had to pay the full cost of their bids but rather just enough to beat the competitor directly below them in auctions. After declining 41% year over year in Q1, CPC declined just 4% in Q2.

Walmart Sponsored Products Y/Y Growth by Quarter

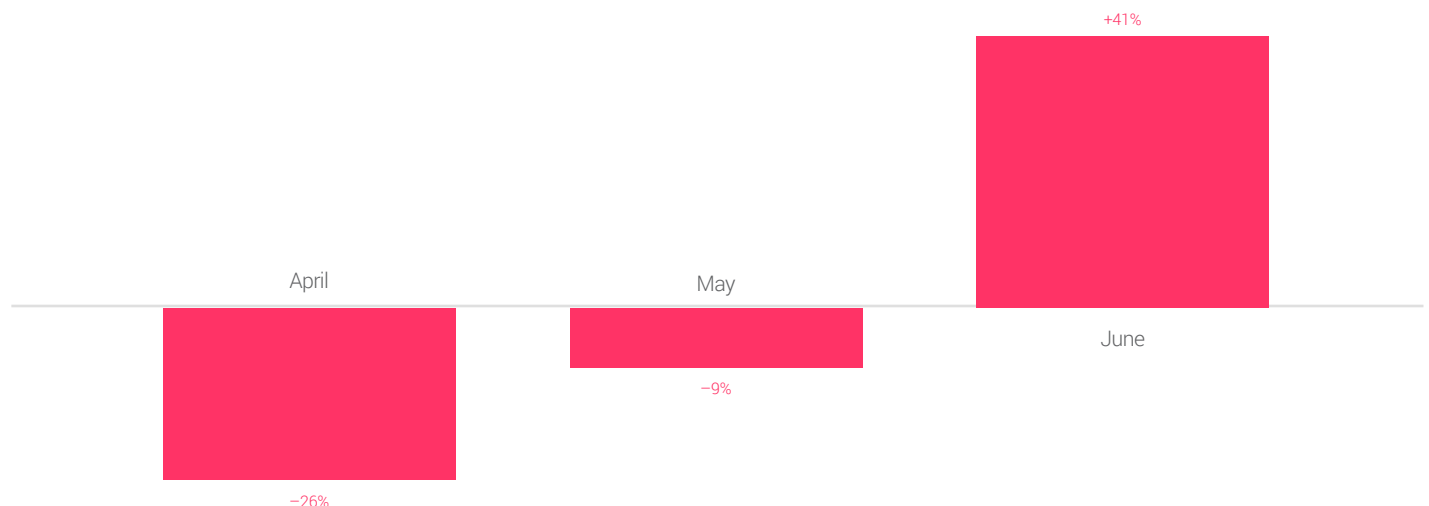


➔ **Walmart CPC growth soars in June as advertisers lap update.**

Average CPC for Walmart Sponsored Products was 41% higher in June 2023 than it was a year prior, as advertisers came up against soft pricing comps spurred on by Walmart’s June 2022 update from a first-price auction to a second-price one. This represents a huge rebound from the 26% year-over-year decline observed in the first month of Q2, and brands will likely continue to see large CPC growth throughout the rest of the year as CPC fell by more than 50% year over year in each of the last two quarters of 2022.

Walmart Sponsored Products Y/Y CPC Growth by Month

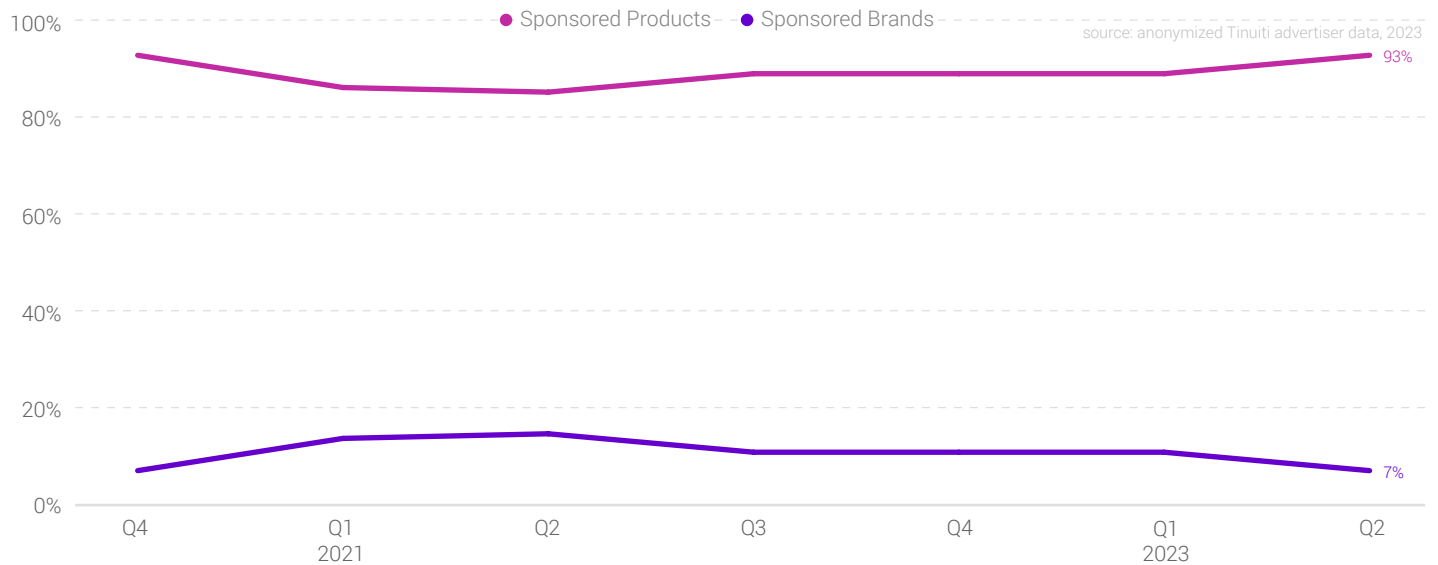
source: anonymized Tinuti advertiser data, 2023



→ Sponsored Products remains the dominant campaign type for Walmart search advertisers.

93% of all Walmart search spend went to Sponsored Products in Q2 2023, with the remaining 7% attributed to Sponsored Brands, formerly known as Search Brand Amplifier. Both campaign types were updated in Q2 2022 to use second-price auctions, abandoning the first-price auction format that originally resulted in advertisers paying the full cost of bids. Walmart continues to innovate its search formats with beta tests beyond Sponsored Brands and Sponsored Products.

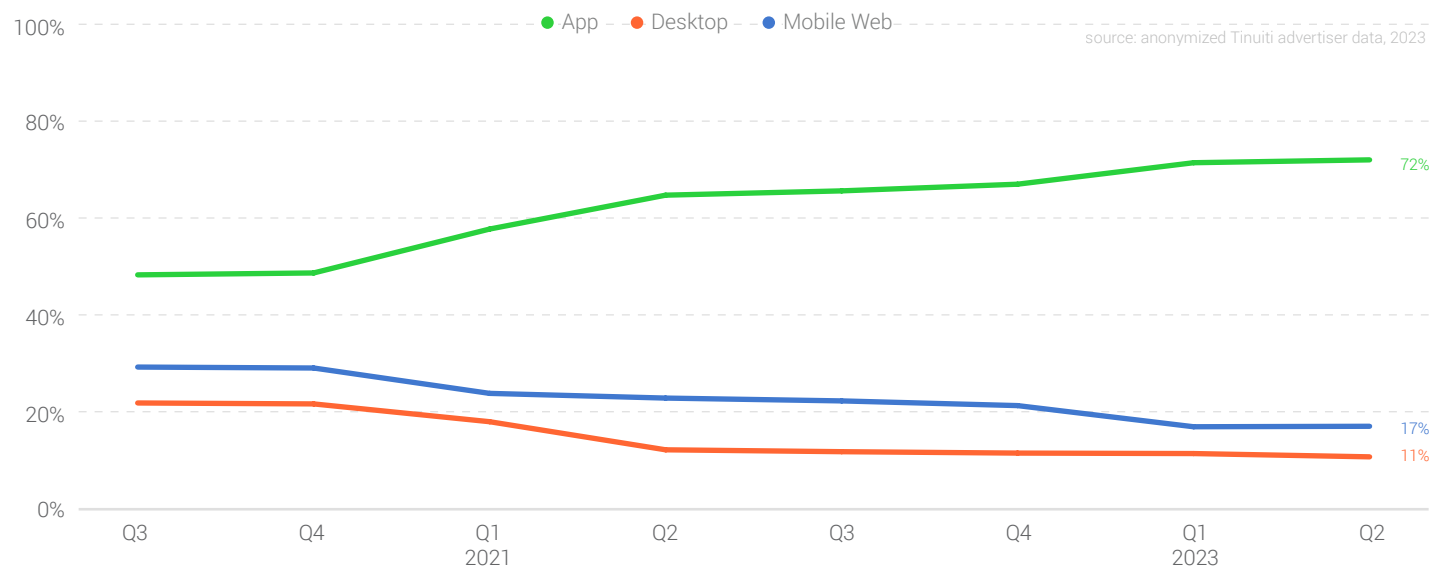
Walmart Search Ad Spend Share by Campaign Type



→ Nearly 90% of Walmart search ad clicks attributed to mobile devices.

Just 11% of all Walmart search ad clicks were attributed to desktop computers in Q2 2023, with Walmart's app and the mobile web combining to account for the other 89%. The app is far and away the biggest driver of Walmart search ad clicks for brands, holding steady from Q1 to Q2 at 72% of all search ad clicks. This represents a huge increase from two years ago, when app click share was below 50%, as consumers appear to increasingly turn directly to the Walmart app for product searches.

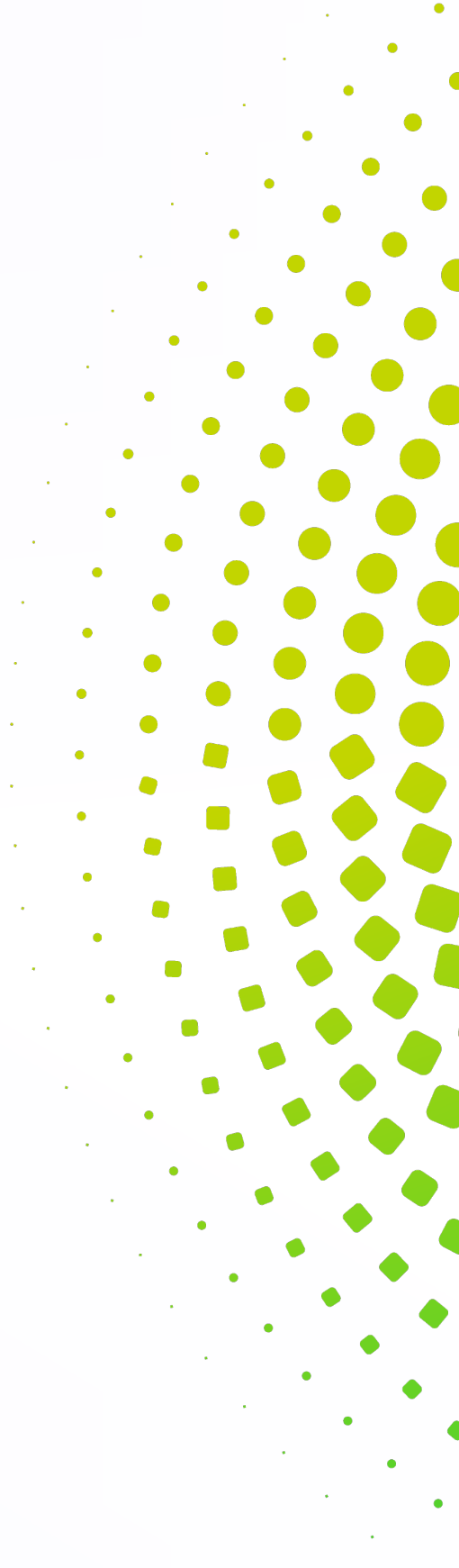
Walmart Search Ads Click Share by Device Platform



Q2 2023

Video and Display

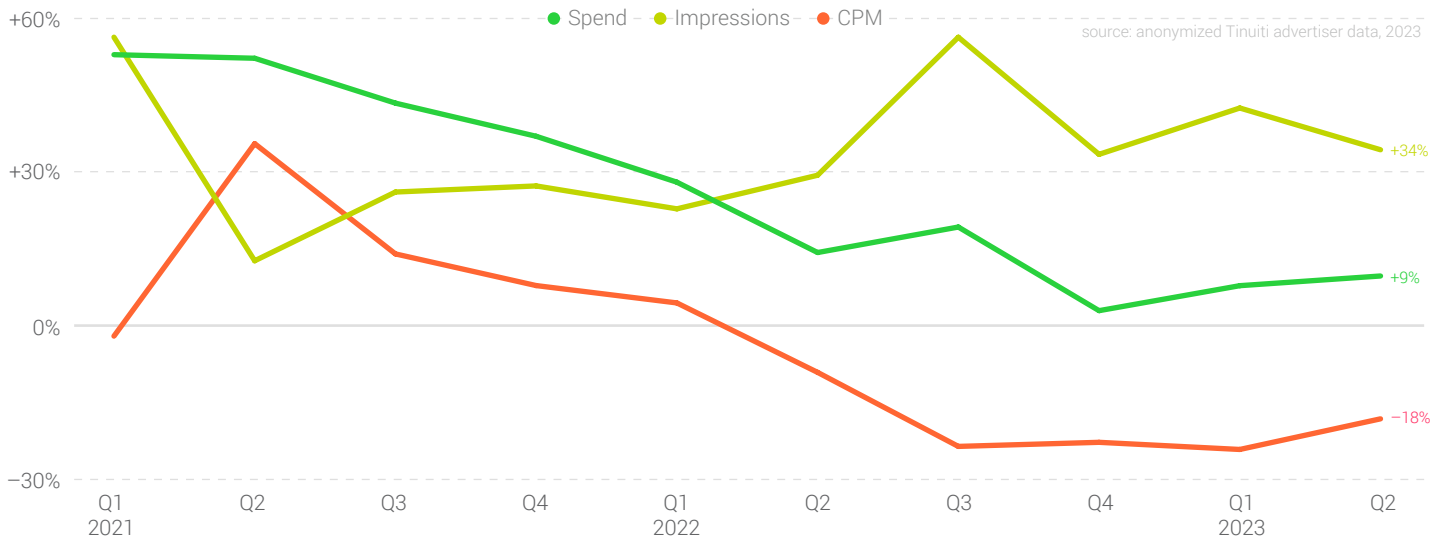
YOUTUBE, NETFLIX, DV360,
AND MORE



➔ **YouTube spending rises 9% as CPMs start to reverse their declines.**

For YouTube advertisers that were active in both Q2 2022 and Q2 2023, spending on the platform rose 9% Y/Y in the second quarter, up from 8% in Q1. YouTube ad impression growth remained strong at 34% Y/Y, while the average CPM fell 18% Y/Y. While YouTube pricing growth remains negative, it does appear to be turning a corner. In the back half of 2023, year-ago CPM growth comps will be particularly weak and Google has made closing the monetization gap between YouTube Shorts and long form a top priority.

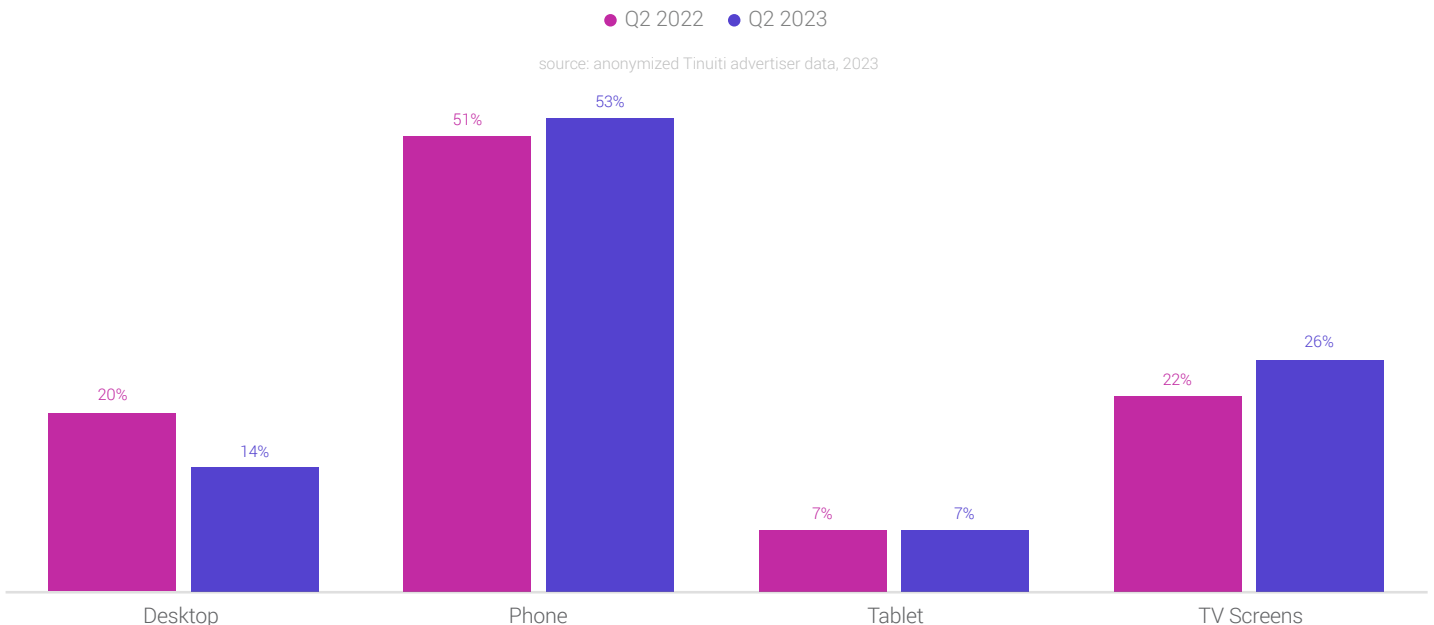
YouTube Ad Campaigns Y/Y Growth



➔ **YouTube spending on connected TVs rises 31% Y/Y while desktop spending falls.**

Connected TVs remained a growth driver for YouTube in Q2 2023 with spending up 31% Y/Y and share of spend increasing from 22% to 26% between Q2 2022 and Q2 2023. Phone spend share increased two points to 53% in Q2 2023, while tablet share held steady at 7%. Desktop YouTube spending fell 27% Y/Y in Q2 2023, with desktop share of YouTube spend falling from 20% to 14% over that period.

YouTube Spend Share by Device Type



→ Streaming video ad CPM growth trends are stronger outside of YouTube.

Advertiser spending on streaming video ads outside of YouTube rose 6% Y/Y in Q2 2023 with impressions growing 2% and average CPM increasing 4% Y/Y. Streaming CPMs have benefited in recent quarters from a mix shift from RTB-purchased inventory to more premium inventory sources. Weak demand in the scatter market in late 2022 had initiated that shift while the arrival of ad-supported tiers of major streamers like Netflix has also bolstered streaming CPMs.

→ CPMs for traditional streaming ads 47% more expensive than RTB-purchased ads.

Traditionally-purchased streaming video ads carried a 47% CPM premium over RTB-purchased inventory on average in Q2 2023, down from 59% a year earlier. Weak demand in the ad market generally in the past year has allowed the advertisers that have remained active to find discounts on some of the most sought-after video inventory. This trend may have pushed down traditional CPMs relative to RTB, but it has helped to drive up CPMs for streaming overall.

→ HBO Max and Max commanding substantial spend share for active advertisers.

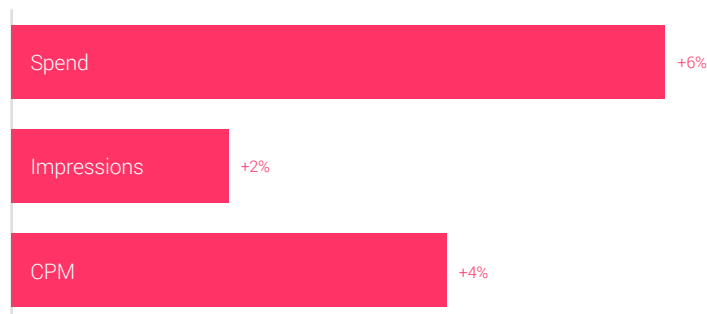
Warner Bros. Discovery merged HBO Max with Discovery+ toward the end of May under the name Max. For the full second quarter, HBO Max and Max accounted for a substantial share of streaming spending among the subset of brands running ads on the two platforms. HBO Max/Max generated a little under 13% of traditional streaming ad spend in Q2 and 5% of impressions for active brands. Going forward, WBD is hoping the combined Max platform will be greater than the sum of its parts one way or another.

→ Netflix enjoying relatively strong CPMs for its ad-supported tier.

Netflix launched its ad-supported model in early November 2022 with the tier attracting five million global monthly active users by mid-May 2023. Compared to other traditional streaming video ads, Netflix has enjoyed relatively high CPMs to date. In Q2 2023, Netflix CPMs were nearly three times as high as the rest of traditional (non-RTB purchased) streaming ad industry, a level roughly in line with Max ads.

Streaming Video Ads Y/Y Growth

Q2 2023 • Excluding YouTube



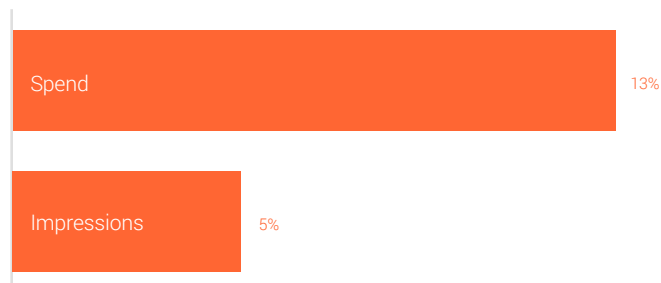
Streaming Video Ads

Traditional CPM vs. Real-Time Bidding CPM



HBO Max Share of Traditional Streaming Video Ads

Q2 2023 • Median Among Participating Brands



Netflix CPM

Relative to Other Traditional Streaming Ads



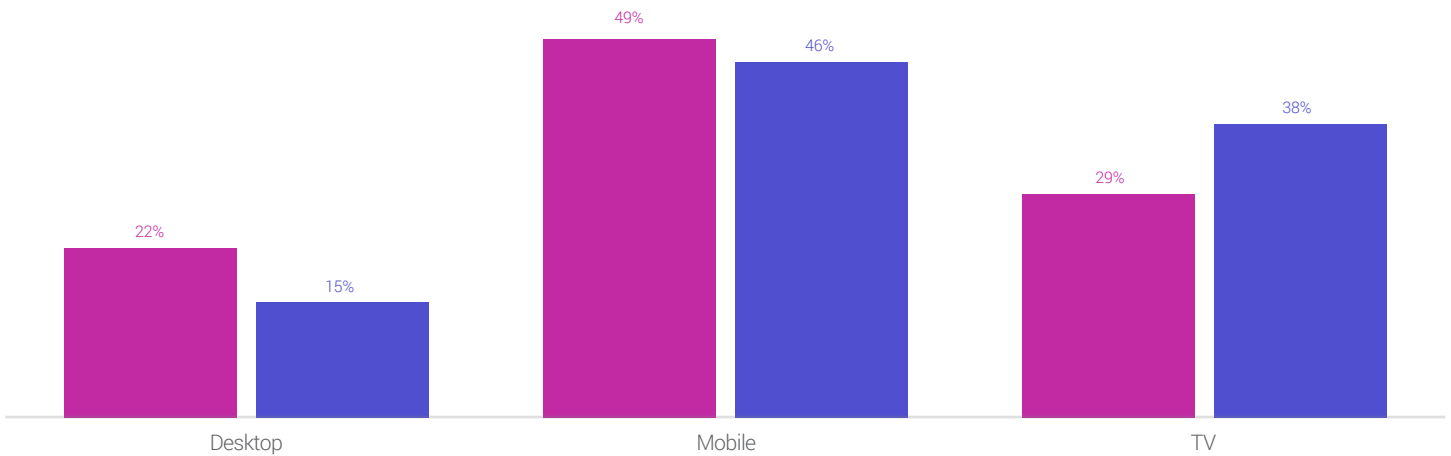
➔ **Strong CTV streaming ad spending gains offset by weak desktop results.**

Similar to results for YouTube, other streaming video ads saw strong year-over-year spending growth for connected TVs, but large declines for desktop. Outside of YouTube, connected TV streaming ad spending was up 37% Y/Y with TV spend share increasing from 29% to 38%. Desktop spending fell 28% Y/Y and desktop spend share slipped to 15%. Mobile spending rose 1% Y/Y with phones and tablets accounting for 46% of streaming spending.

Device Share of Streaming Video Ad Spending

Excluding YouTube

● Q2 2022 ● Q2 2023



➔ **Discovery campaign adoption rates running down following Performance Max transition.**

The rise of Performance Max campaigns may be diminishing the appeal of standalone Google Discovery campaigns as adoption of Discovery campaigns has run down compared to a year earlier since August of 2022. Google transitioned Smart Shopping campaigns to Performance Max beginning in July 2022 and PMax listings are able serve on Google Discover. Discovery campaign adoption has largely held steady since January 2023, however, with most of the recent decline occurring at the tail end of 2022.

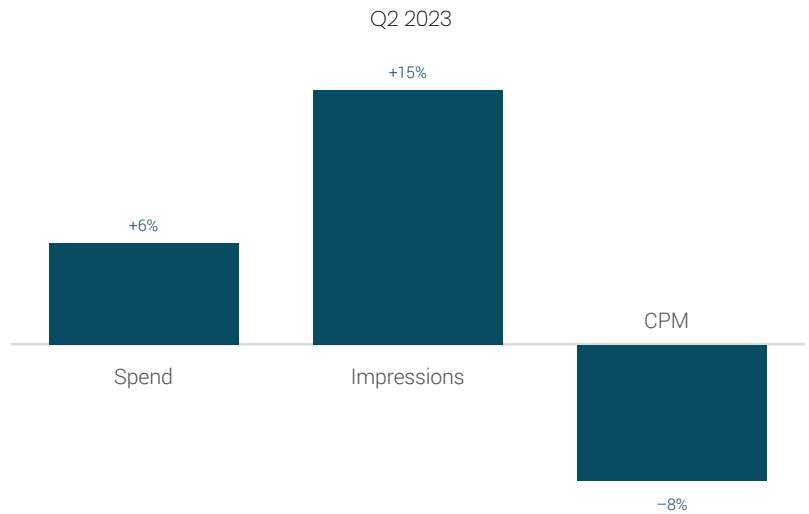
Discovery Campaign Advertisers Relative to January 2020



➔ **Google Discovery campaign spending growth slows among active advertisers.**

For the brands that were active with Discovery campaigns for both periods, spending rose 6% in Q2 2023 compared to a year earlier. That was down from 15% Y/Y growth in Q1. Discovery impression growth rose from 12% Y/Y in Q1 to 15% in Q2, but CPMs fell 8% in Q2 2023 compared to a 2% increase in Q1 2023.

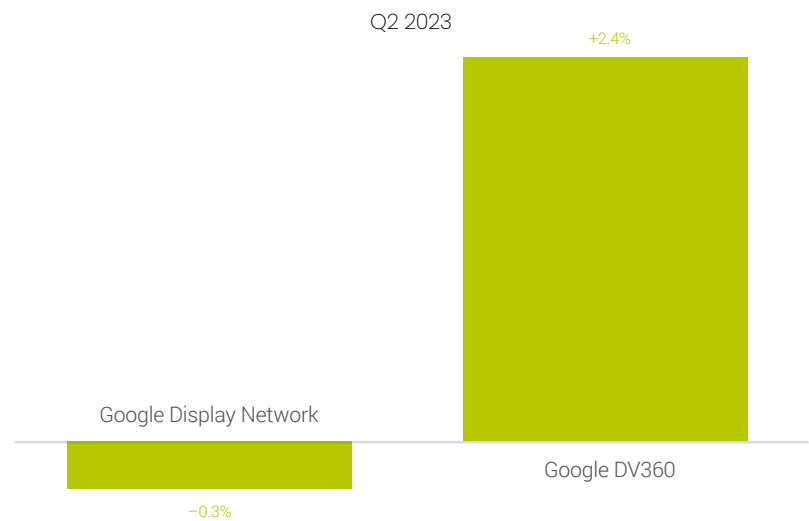
Discovery Campaigns Y/Y Growth



➔ **Google display inventory sees stronger CPM growth trends in Q2.**

Both the Google Display Network and Google DV360 display placements saw stronger CPM growth in Q2 2023 compared to recent quarters. Average year-over-year CPM growth for the GDN was just slightly negative in Q2, up from a 5% decline in Q1. Google DV360 placements saw a larger turnaround in growth with CPMs up 2% Y/Y in Q2, compared to a 10% decline in Q1.

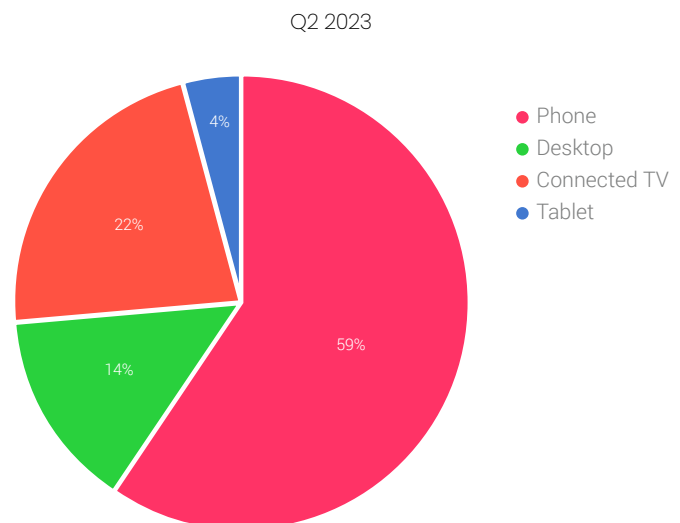
GDN vs. DV360 CPM Growth Y/Y



➔ **Connected TV drives 22% of spending through Google DV360.**

Connected TV generated 22% of Google DV360 spending in Q2 2023, up from 17% a quarter earlier. CTV spending through DV360 does benefit from YouTube placements and other video inventory. Phones still account for the majority of DV360 with a spend share of 59% in Q2. Desktop contributed another 14% of spend, while the remaining 4% was produced by tablets.

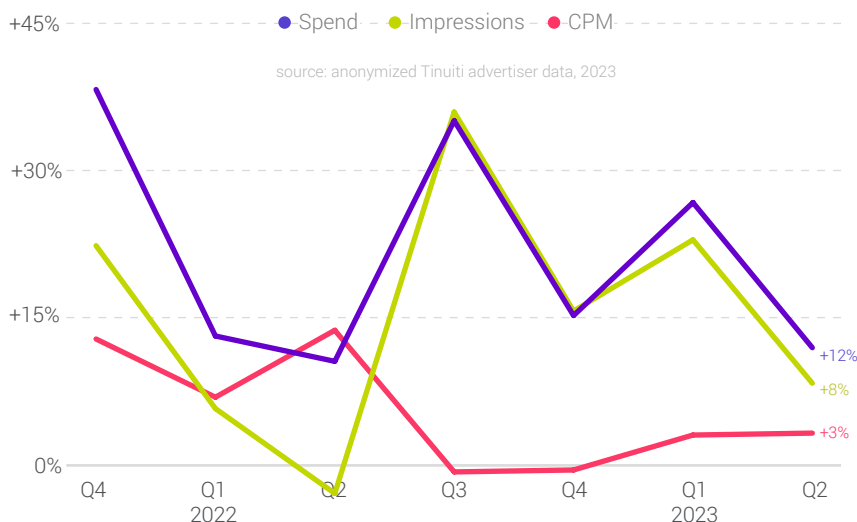
Google DV360 Spend Share by Device Type



→ Amazon DSP spend growth holds strong at 12% in the second quarter.

Spend growth for the Amazon demand-side platform (DSP) slowed from Q1, but remained faster than Amazon Ad Console campaign types in Q2, with DSP investment rising 12% year over year compared to 8% Sponsored Products spend growth. Impression growth slowed from 23% in Q1 to 8% in Q2, while CPM growth held steady at 3% year over year. Pricing growth can be impacted by changes in format and device spend share, which has occurred over the past year for the Amazon DSP.

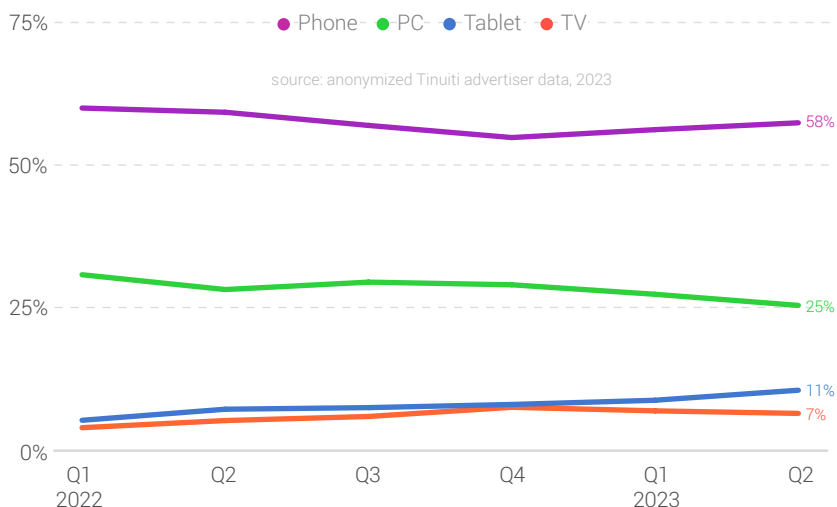
Amazon DSP Y/Y Growth



→ Q2 connected TV share of Amazon DSP spend up over the past year.

The share of Amazon DSP spend attributed to televisions rose from 5% in Q2 2022 to 7% in Q2 2023, as video continues to grow in importance for many DSP advertisers. Tablet share also grew over the past year, rising from 7% of spend in Q2 2022 to 11% in Q2 2023. PC spend share saw the biggest decline over the same time frame, falling from 28% to 25%, while phone share also slipped from 59% to 58%.

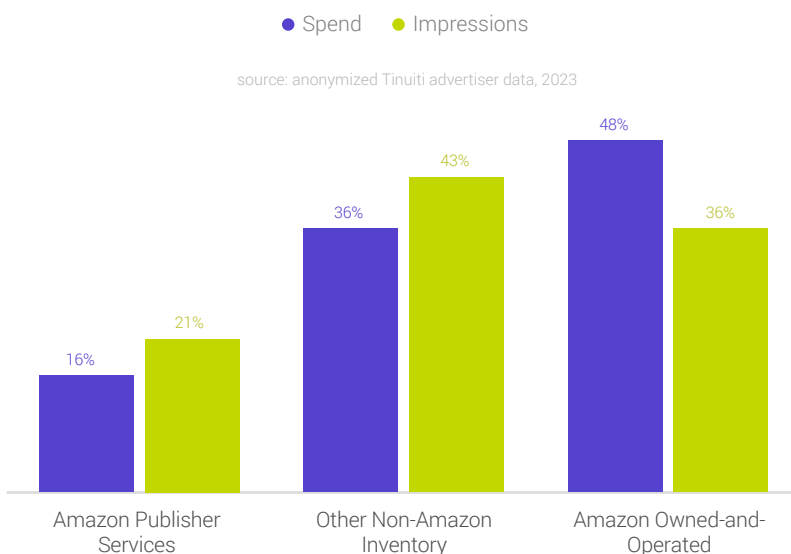
Amazon DSP Spend Share by Device Type



→ Amazon owned-and-operated properties share of DSP spend slides in Q2.

48% of Amazon DSP spend was attributed to Amazon owned-and-operated (O&O) properties in Q2 2023, down from 55% spend share in Q1. Amazon O&O properties accounted for 36% of all DSP ad impressions in Q2, as the CPM of O&O inventory outpaced that of both Amazon Publisher Services impressions as well as other non-Amazon inventory. The share of impressions coming from Amazon properties typically goes up during Prime Day as shoppers flock to Amazon's site and app.

Amazon DSP Spend Share by Property Type



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