



# IAB EUROPE'S GUIDE TO SPONSORED PRODUCTS

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## Introduction

Retail media in Europe has experienced exponential growth, nearly quadrupling the rate of the total ad market with a 22.1% increase compared to the ad market's 6.1% growth in 2024. The catalyst behind this surge is Sponsored Products, a trend driven by 67% of brands and agencies reallocating their performance ad budgets towards retail media. However, despite this rapid expansion, there remains a significant gap in clear and concise information regarding Sponsored Products, their acquisition, and proper measurement techniques.

This guide, authored by experts from IAB Europe's Retail & Commerce Media Committee, seeks to fill that gap. It provides the buy-side with a thorough overview of Sponsored Products, exploring their mechanics, usage, best practices, and the pros and cons of different buying models.

## Section 1 - What is a Sponsored Product (SP) and What are the Different Components of an SP

### What is a Sponsored Product Ad?

A Sponsored Product is a type of paid advertisement where a brand pays to promote a singular product within a retailer, marketplace, search engine, or website. These ads help increase visibility and drive sales by appearing in prominent locations, such as search results or product pages, often blending seamlessly with organic (non-paid) content.

Sponsored Products operate mostly on a Pay-Per-Click (PPC) model, where advertisers bid on keywords or product categories. There are innovations on the market to allow other types of targeting such as Audience-based, cross-sell, up-sell or broad.

### What are the Components of a Sponsored Products Ad?

Sponsored Products ads consist of several key components that make them effective for driving visibility and sales. They are a form of native advertising and seamlessly integrate into the shopping experience by appearing alongside organic search results and product recommendations.

Unlike traditional display ads, Sponsored Products do not require additional creative assets. Instead, they automatically pull elements from the product listing, including the product image and title. A small "Sponsored" or "Ad" tag is displayed to indicate that the placement is paid. The ad also features the product's price and, depending on the retailer, its star rating and the number of customer reviews, helping shoppers make informed decisions. Some ads may include promotional messaging, such as discounts or fast shipping eligibility. Additionally, depending on the retailer, the ad may display a call-to-action (CTA) like a link to the product detail page or an "Add to Cart" button.

One key benefit of activating Sponsored Products is the real-time connection with the retailer product catalogue, making sure Sponsored Products are well listed and in stock for the shopper.

## Section 2 - SP Placement on Retailer Sites / Pages

### What are the Types of Sponsored Product Placements on Retailer Sites?

Here are some of the most common placements for Sponsored Products on retailer sites (see examples in section 6):

#### Search Results page:

- One of the most prominent placements
- Ads at the top, within the middle of organic results, or at the bottom
- Target shoppers actively searching for relevant products

#### Category pages:

- Shoppers encounter ads matching their interests and browsing patterns
- Ads at the top, middle, or bottom of category pages
- Reach shoppers actively browsing within a relevant product category

#### Product Detail pages:

- Ads in a carousel under the product description
- Visibility for similar or complementary products
- Positioned near "Add to Cart" or "Buy Now" buttons, or near customer reviews or related item recommendations

In some cases, Sponsored Products also appear later in the shopping process, such as on the shopping cart or checkout pages. Certain retailers show them in a "You Might Also Like" section during checkout, providing additional opportunities for discovery.

Others incorporate these ads into post-purchase recommendations, suggesting complementary products to customers who have already made a purchase.

## Section 3 - What to Use an SP For and How to Buy / Bidding Strategies

### What Objectives Should a Sponsored Product Be Used For?

Sponsored Products are most commonly used to:

- Boost visibility for new product launches
- Attract new shoppers
- Stay top-of-mind with loyal customers
- Amplify seasonal promotions
- Claim increased category ownership
- Drive additional, profitable sales

Think of them as the digital equivalent of moving your product from the bottom shelf in a store to eye level, making it more visible to shoppers ready to buy. But it's not just about being seen, it's about being seen by the right customers.

### How Can Sponsored Product Ads Be Bought?

If your retail partner uses a relevancy-based system, the process can be straightforward: set your products, bids, and optimise. If you need to bid on search terms, focus on identifying the most relevant ones for your products rather than casting a wide net. Targeted bidding drives higher-quality clicks and, ultimately, better conversions. If you're less experienced with CPC-based advertising, consider publisher automated bidding; many offer ROAS-based systems that auto-adjust bids to hit your target.

## Section 4 - How to Measure SPs Effectiveness (Including KPIs)

### Key Considerations for Measuring Performance

#### Understand KPI Calculations

- Check how each retailer defines key metrics—differences in attribution windows, impression counting (loaded vs. viewed), and ROAS formulas can impact results.
- Standardising your measurement approach across platforms ensures accurate comparisons. [IAB Europe's Measurement Standards for On and Off-Site Retail Media](#) have been created with this in mind to provide media buyers with a framework for consistent metrics to compare retail media investment.

#### Prioritise Performance Metrics

Sponsored Products are CPC-based and designed for performance. While they can contribute to awareness, their primary role is driving lower-funnel outcomes like clicks and conversions.

- Click-Through Rate (CTR) – Measures how often shoppers click on your ad after seeing it. A strong CTR indicates your ads are appearing in relevant, high-visibility placements and resonating with the right audience.
- Conversion Rate (CVR) – Measures the percentage of clicks that result in a purchase. A strong CVR signals that your ads are not just attracting interest but also driving sales.

## Section 5 - Best Practices

### Key Questions for Brands to Ask their RMNs and Ad Tech Partners

#### Understanding Metrics & KPIs

- What are the standard KPIs used, and how are they calculated?
- Do you adhere to IAB Europe's Measurement Standards?
- Is there a glossary available that defines these metrics?
- Given that advertisers work across multiple platforms, how can we ensure an apples-to-apples comparison of performance?

#### Auction Mechanics

- How does the auction work?
- Is it a first-price or second-price auction?
- What determines the winning bid? (e.g., bid amount, relevancy, ad performance, targeting, audience modifiers)
- What factors beyond bids influence ad placement?

#### Retailer-Specific Differences

- What ad formats does the retailer offer, and how do they compare to similar formats on other platforms?
- Are naming conventions consistent across retailers, or do they differ (e.g., "Sponsored Brand" vs. a similar but differently named format)?
- How do variations in metric calculations impact reporting and optimisation?

#### Other Best Practices for Advertisers

##### Understand Organic Relevancy

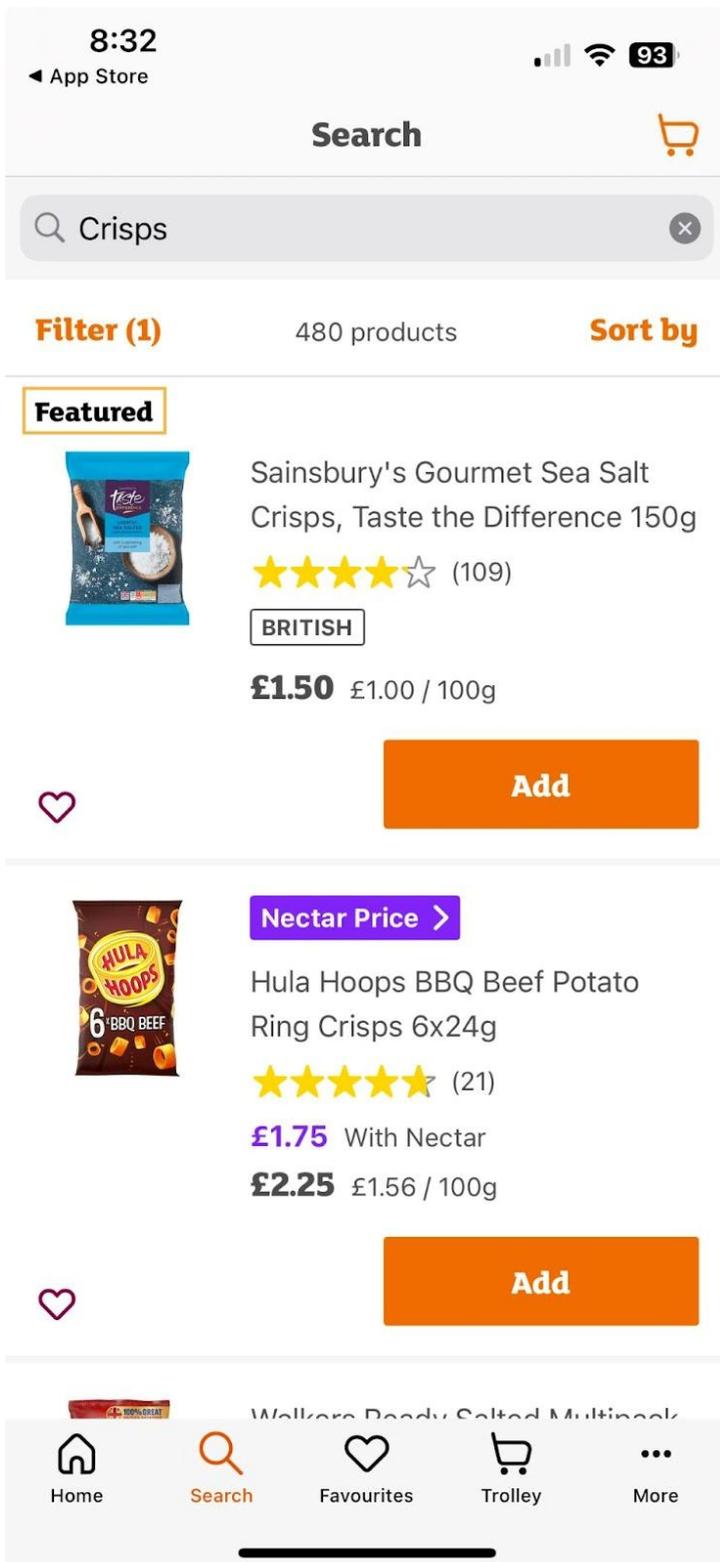
Retailers' ad systems often prioritise relevancy. If you know which of your products perform well organically, you can maximise returns by focusing on them and using sponsored products to amplify their visibility.

##### Ensure Cross-Platform Consistency

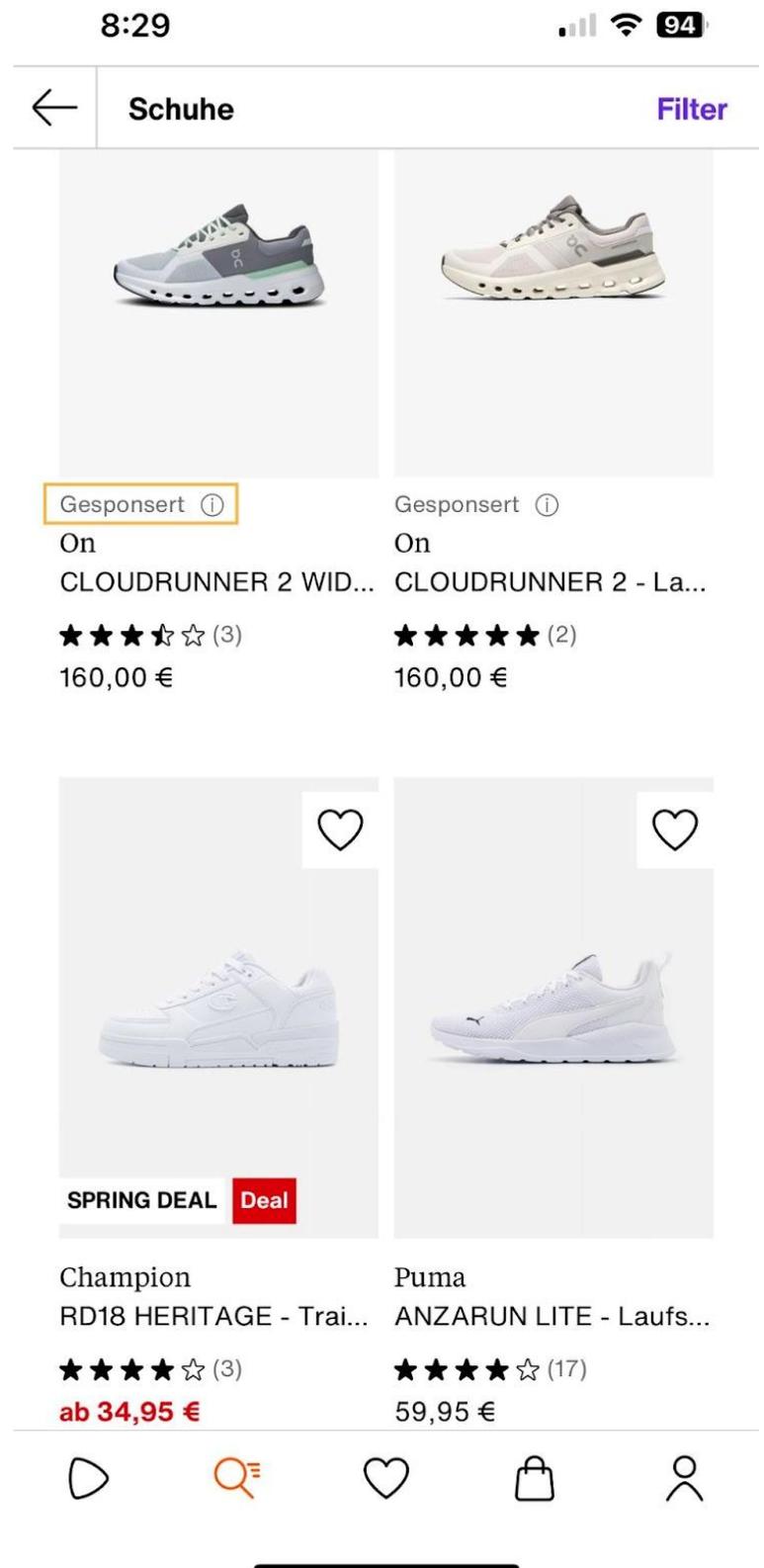
Since small differences in metric definitions and auction dynamics can impact performance results, advertisers should seek clarity to make informed, data-driven decisions.

## Section 6 - Examples and Case Studies

Brand: Sainsbury's Crisps  
 Format type: Sponsored Product in keyword search  
 Retail Media Network: Nectar 360



Brand: On  
 Format type: Sponsored Product in keyword search



## Section 6 - Examples and Case Studies

Brand(s): ecovacs and Worx

Format type: Sponsored Recommender on Product Detail Page

Retail Media Network: OBI First Media

Beratung & Services    Zubehör    Alternativen    **Empfehlungen**    Gesponsert    Ratgeber    Verwandte Suchen

### Andere Kunden kauften auch

<p>Worx Garage für Mähroboter Landroid - WA0194 ★★★★★ (87) ● Online verfügbar ● Nicht vorrätig in Köln-Niehl</p> <p>UVP 159,99 € <b>119,89 €*</b></p>	<p>Worx Ersatzklingen WA0190 für Landroid ★★★★★ (24) ● Online verfügbar ● Nicht vorrätig in Köln-Niehl</p> <p><b>15,49 €*</b></p>	<p>Worx Heringe für Landroid ★★★★★ (26) ● Online verfügbar ● Nicht vorrätig in Köln-Niehl</p> <p><b>13,99 €*</b></p>	<p>Worx Begrenzungskabel WA0177 für Mähroboter Landroid 200 m ★★★★★ (13) ● Online verfügbar ● Nicht vorrätig in Köln-Niehl</p> <p>UVP 119,99 € <b>79,99 €*</b> 0,40 € / m</p>	<p>Worx Kabelverbinder WA0198 für Landroid Mähroboter ★★★★★ (1) ● Online verfügbar ● Nicht vorrätig in Köln-Niehl</p> <p>UVP 15,79 € <b>11,99 €*</b></p>	<p>Worx Spike Räder WA0198 für Mähroboter Landroid M-Modelle ★★★★★ (20) ● Online verfügbar ● Nicht vorrätig in Köln-Niehl</p> <p>UVP 108,89 € <b>84,99 €*</b></p>
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### Von unseren Partnern empfohlen

Gesponsert

<p><b>Gratis Zubehör</b></p> <p>Worx Landroid Mähroboter M700 Plus - WR167E ★★★★★ (45) ● Online verfügbar ● Nicht vorrätig in Köln-Niehl</p> <p>UVP 1.199,00 € <b>769,00 €*</b></p>	<p><b>Gratis Zubehör</b></p> <p>Worx Mähroboter Landroid Vision S250 WR202E ● Online verfügbar ● Nicht vorrätig in Köln-Niehl</p> <p><b>1.199,00 €*</b></p>	<p>Segway Mähroboter Navimow ohne Begrenzungskabel i105E für Mähfläche 500 m² Grau ★★★★★ (183) ● Online verfügbar ● Reservierbar in Köln-Niehl</p> <p>UVP 999,99 € <b>989,00 €*</b></p>	<p><b>Gratis Zubehör</b></p> <p>Worx Mähroboter Landroid Vision M800 ★★★★★ (67) ● Online verfügbar ● Nicht vorrätig in Köln-Niehl</p> <p>UVP 1.799,00 € <b>1.628,00 €*</b></p>	<p><b>Gratis Zubehör</b></p> <p>Worx Landroid Mähroboter M500 Plus - WR165E ★★★★★ (44) ● Online verfügbar ● Nicht vorrätig in Köln-Niehl</p> <p>UVP 1.029,00 € <b>697,00 €*</b></p>	<p><b>heyOBI VORTEIL</b>    Registrierung erforderlich</p> <p>Ecovacs Mähroboter G1-800 bis 800 m² ★★★★★ (53) ● Online verfügbar ● Reservierbar in Köln-Niehl</p> <p>ohne heyOBI Vorteil: 1.099,00 €* <b>heyOBI Vorteil 899,99 €***</b></p>
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### Tipps & Anleitungen im „Alles machbar“ Magazin

→ Mähroboter – Wissenswertes vor dem Kauf

→ Gardena-Mähroboter im Vergleich

→ Dieser Garten wird smart!

## Section 6 - Examples and Case Studies

Brand(s): ecovacs and Worx

Format type: Two Sponsored Product Listings and One Sponsored Display Ad

Retail Media Network: OBI First Media

The screenshot shows the OBI website search results for "märoboter". The search bar contains "märoboter" and the results are filtered by "Marke", "Grundfarbe", "Flächenempfehlung bis max. (m²)", "Flächenbegrenzung", "Verfügbarkeit", and "Preis". There are 84 results. The results are displayed in a grid of five columns. The first four columns show sponsored product listings for various robotic mowers: Worx Landroid M500 Plus, Ecovacs Mähroboter GOAT G1-800, LUX Mähroboter A-RMR-300, and Worx Landroid M700 Plus. The fifth column shows a sponsored display ad for Ecovacs with the headline "Smart mähen, clever sparen - mit ECOVACS!". Each listing includes a product image, name, price, and a "heyOBI Vorteil" badge.

Brand(s): various

Format type: Sponsored Product Carousel on search page

Retail Media Network: Staples

The screenshot shows the Staples website search results for "office chair". The search bar contains "office chair" and the results are displayed in a grid of four columns. The first four columns show sponsored product listings for various office chairs: La-Z-Boy Arcadian, La-Z-Boy Bradley, Beautyrest Duo-EX, and La-Z-Boy Arcadian. Each listing includes a product image, name, price, and a discount badge. Below the sponsored listings, there are 1076 results for "office chair". The results are displayed in a grid view. Below the grid, there are navigation options for "Chair Deals", "Computer & Desk Chairs", "Ergonomic Chairs", "Executive Chairs", "Big & Tall Chairs", "Find your Office Chair", and "Office Chairs Buying Guide". There are also filter options for "Pick up and Delivery", "Price", "Rating", "Furnishing Material", "Category", "Brand", and "Arm Type".

## Section 6 - Examples and Case Studies

### Case Study: Optimising Sponsored Product Ads on Bol for Maximum Performance Challenge:

In the challenging and competitive toys market, maximising advertising efficiency is crucial for continued growth. With increasing competition and changing consumer behaviour, VTech had to adjust the advertising approach to ensure optimal visibility and return on investment.

#### Solution:

To improve campaign efficiency, a strategic approach was implemented:

#### 1. Campaign Consolidation & Keyword Optimisation:

- Existing campaigns were merged to streamline ad management and improve budget efficiency.
- Ensured no keyword overlap across campaigns, allowing the most relevant product to match each search query and maximise ad relevance.
- Campaigns are divided by placement (search, product, category) to allow for more precise bidding based on each placement's performance. This segmentation ensures that budget allocation is optimised by focusing spending on the highest-performing placements, ultimately maximising return on investment and overall campaign efficiency.

#### 2. Optimising for Peak Visibility:

- Ad spend was strategically allocated by using dayparting (Pacvue) to ensure the highest visibility during key moments throughout the day when customers were most likely to convert.

#### 3. Pausing Ads for High-Performing Organic Products:

- Advertising was paused for products that already ranked highly in organic search results, ensuring the budget was used efficiently to drive incremental sales.

#### 4. Driving Incremental Sales:

- Focused on products with growth potential that would benefit most from increased exposure.

#### Results:

- The new advertising strategy led to an 11% increase in ROAS.
- Sales grew by 16%, demonstrating the effectiveness of optimized budget allocation and precise targeting.

## Contributors

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