



COLLECTIVE
MEASURES®

Maximizing Retail Media

Understanding today's retail media landscape and how to get the most out of your investment

AUGUST 2024



OVERVIEW

As marketers, we have a constant eye on trends to ensure we stay competitive and leverage the best tools to drive impact. It is hard to miss the explosive growth of retail media. Seemingly every retailer now has a Retail Media Network (RMN), and tech players new and old are jumping into the action to capitalize on the growth. We're here to help you unpack the nuances of RMNs, offering insight about why they have become a critical marketing tool, and how to properly utilize them for your organization.

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THE RISE OF RETAIL MEDIA

A PERFECT STORM

The creation of a retail media network requires a strategic organizational shift for retailers to diversify from their core competency of selling goods to becoming a media and data company. From the digital marketer's perspective, it may have seemed like an obvious synergy; however, standing up a media business is a challenging undertaking, requiring overcoming a tremendous amount of organizational inertia. Despite these challenges, large retailers like Amazon and Walmart have been paving this path for years, and now there are over 200 retail media networks and counting.

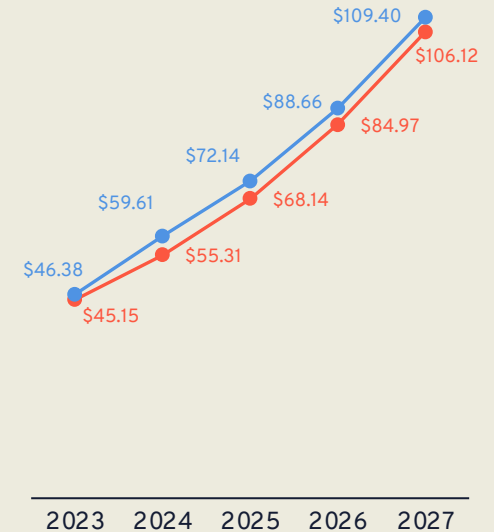
With 21.8% year-over-year growth in advertising spend, retail media is growing faster than any other media channel. This is the result of myriad changes in the marketing landscape, but the recent growth can be attributed to three primary factors:

- 1 Retailer readiness**
- 2 Updated data ecosystem**
- 3 Demand for attributable ROI**

2024 U.S. RETAIL MEDIA AD SPENDING FORECAST

(billions, 2023-2027)

—●— H1 Forecast —●— H2 Forecast



CAA

1

RETAILER READINESS

When COVID-19 hit, the global pandemic created the perfect environment for retail media to thrive, dramatically accelerating the prioritization of online shopping integrations and an increased need to drive revenue. Looking to both maximize retail sales and generate new income streams, retailers large and small ramped up their retail media efforts through the monetization of their website and leveraging their retail data across the digital ecosystem.



Retailers large and small raced to enhance capabilities such as:

- Buy online, pick up in store (BOPIS)
- Ecommerce / direct to consumer
- Online delivery of non-traditional ecommerce categories such as grocery or alcohol

Expanding these capabilities required thoughtful logistics and strong business infrastructure. But maximizing their effectiveness required underlying ad tech infrastructure, which has provided the foundation for retail media to thrive.

Uncertainty and challenges beget innovation. Not only were the retailers now ready, but they were also desperate to maximize revenue and ROI. Retail media not only helped maximize sales but brought forth a high-margin business opportunity for retailers to recoup the technology and infrastructure costs that had become a required investment in 2020.



2

AN UPDATED DATA ECOSYSTEM

In a cookie deprived, privacy-first world, the best opportunity for addressability is first-party data. This is something that RMNs have copious amounts of – particularly large retailers with an online presence. Retailer membership programs like Amazon Prime and Walmart+ not only drive loyalty and direct revenue, but they also create rich first-party datasets that fuel deterministic identity matching, and purchase behavior creates very strong shopping signals that help marketers get in front of potential buyers.

Doubling down, retailers are also creating or acquiring media entities. Services like Prime Video and Walmart's acquisition of VIZIO not only offer an ad platform, but also complement purchase behavior with media consumption data while also building bridges to IP addresses, unlocking household addressability for connected TV and improved measurement opportunities. The result of all these touchpoints with consumers is a data cocktail that is not only compelling for marketers, but future-proofed from cookie deprecation due to its deterministic underpinning on retailer first-party data.





3

RETAIL MEDIA UNLOCKS ATTRIBUTABLE SALES FOR CPG

PERFORMANCE MARKETING'S FINAL FRONTIER

CPG marketers continue to clamor for opportunities to demonstrate ROI, as traditionally, this category has been data poor, with limited scalability in direct-to-consumer selling opportunities and a lack of direct attribution for digital campaigns. The combination of these marketplace factors has put retail media at the right place and the right time to fuel rapid growth.

DIRECTLY ATTRIBUTABLE DATA IS NOW AT CONSUMER GOODS' FINGERTIPS

For CPG brands, retail media finally allows for quicker and more granular access to data. In turn, this means that reporting and optimizations can be done in real time – a stark difference from relying on lagging indicators like MMM or place-based measurement, which may or may not be indicative of sales.

RMN ATTRIBUTION VERSUS TRADITIONAL CPG MEASUREMENT



NEW MEASUREMENT OPPORTUNITIES FOR CONSUMER GOODS

1. More access to real-time data
2. Directly attributed versus modeled
3. Better revenue predictability than location data



CHALLENGES WITH RETAIL MEDIA MEASUREMENT

1. Not inherently incremental in methodology
2. Walled gardens create inconsistency across customers



STRATEGIC MARKETING CATEGORIES FOR RETAIL MEDIA

RETAIL MEDIA HAS EVOLVED TO A FULL-FUNNEL OFFERING

While the primary promise of retail media is sales generation, RMNs have now matured to achieve goals across the entire path to purchase, including brand building. While these capabilities exist, performance marketing remains the most effective use case for retail marketing capabilities.

AWARENESS

PRODUCT AWARENESS

Retailer partnerships, traditional shopper, connected TV, online video, and social media

CONSIDERATION

DRIVING TRAFFIC

Offsite display, online video, social media, and cross-category on-site retail media

CONVERSION

DRIVING SALES

On-site retail media search and commerce media



ON-SITE RETAIL MEDIA

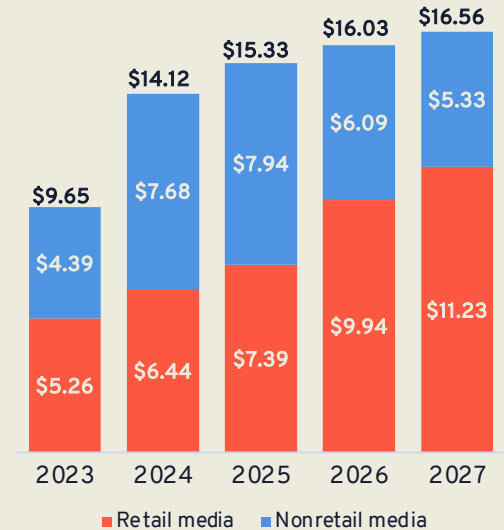
On-site media is when a retailer monetizes their own website inventory by creating ad slots to promote brands. These ad placements generally consist of search- and display-derived ad products.

The placements can be generated based on:

- User search queries
- Audience purchase data
- Contextual targeting
- Digital “aisles”

These products are the bread and butter of retail media. They typically generate the highest returns by capturing users right before their moment of purchase. And retailers love them, too – aside from the underlying technology, the media generated is pure revenue with no added media pass-through costs.

INCREMENTAL U.S. SEARCH AD SPENDING, BILLIONS, BY CHANNEL





OFFSITE RETAIL MEDIA

Offsite media can lend itself across the entire funnel, but it may be a less effective driver of attributable sales than on-site strategies. Offsite tactics leverage retail audiences and product feeds, but they exist off the retailer site. Offsite retail media's growth has been driven by adding awareness channels such as connected TV and online video.

Offsite media tactics leverage audiences and product feeds

- 1 Audiences are ported out via programmatic and social networks to be activated across channels.
- 2 Product feeds can be delivered across a multitude of shopping media executions, including Google shopping and social commerce.

These campaigns are either executed through a retailer's demand side platform (DSP) or in partnership with Google or social platforms.

AWARENESS

CONVERSION



CTV



Social video



Display



Catalog ads



Online video +
YouTube



Static social



Native



Shopping ads
(PLAs)

U.S. retail media ad spend on CTV will skyrocket in 2024, rising **335.5% YoY**, and will eventually reach **\$3.64 billion**. Representing just **6.1% of total retail media ad spend**, the money spent on retail media connected TV advertising will more than double by 2027, reaching **\$8.64 billion**.



RETAILER PARTNERSHIPS

KEY RETAILER PARTNERSHIPS



Television



FSI



CTV



eBlast



Social



In-store



On-site media

These efforts are 360-degree partnerships between a brand and a retailer and are typically the most complex types of retail media executions. They go beyond the basic RMN capabilities; however, they often also include hardworking RMN tactics such as commitments around sponsored search ads or offsite media.

These types of deals manifest in different forms, potentially as a trade deal that requires a merchant dollar commitment, or a co-marketing package that may provide a brand exposure in a retailer's holiday campaign or gift guide.

While retailer partnerships are certainly the most complex, they can unlock more integrated marketing elements and incorporate offline channels (like print or linear television) to maximize reach and really showcase a strong connection to the retailer.



INTEGRATING RETAIL MEDIA INTO YOUR MARKETING PLANS

Given the complexity of retail media, it may be unclear who “owns” retail media partnerships at your organization or which agency partners should be involved in planning and execution. While each organization is different, here’s an outline to help guide your approach to RMN partnerships.





RETAIL MEDIA'S ROLE WITHIN YOUR ORGANIZATION

Where does a RMN live in the plan?

Marketers should outline retail media's role as part of the overall marketing plan. Because it lives across multiple objectives, it should be considered alongside brand and product efforts to maximize overall organizational return.

Who should be involved?

Sales should always be looped into retail media activities. And on the flip side, marketing should be consulted on the media elements of all trade deals. This ensures brands have the right players at the table to maximize retail media's impact.

KEY RETAIL MEDIA PLAYERS

As the exact blend of teams may differ from organization to organization, here are the key considerations:

1 CUSTOMER SALES LEAD

Surface trade opportunities; help maximize value with both merchants and marketing.

2 MARKETING LEAD

Ensure retail media ladders up to broader communication objectives and that products/brand efforts are represented appropriately.

3 MEDIA LEAD

Ensure the "value" of media is aligned with expectations; guide the retail media mix strategically across the broader media investment.

4 SHOPPER MARKETING TEAM

Tie in promotional elements in-store and on-package to retail media efforts; ensure shopper-oriented plan elements are in alignment with the broader shopper marketing plans.



INTEGRATING RETAIL MEDIA EFFORTS WITH EXTERNAL PARTNERS

ON-SITE RETAIL MEDIA

Search + performance agencies

Garnering meaningful results requires close partnership with search and performance agencies. Performance marketers understand how to:

- Scale profitability – including testing the scale of individual SKUs or ASINs
- Ensure products are categorized with clear objectives (i.e., ROAS versus growth)
- Leverage deep knowledge of product feed optimization
- Utilize attributable approaches to drive agile optimization

OFFSITE RETAIL MEDIA

Full-funnel media agencies

Knowledge of managing multiple channels and objectives, social and programmatic expertise, and knowing how measurement strategies differ across the funnel is critical to offsite retail media success. Full-funnel media agencies have an astute knowledge of:

- Audience sizing and matching with addressable data segments
- Creative best practices across multiple formats
- Holistic media planning across the funnel
- Sense of how to manage “campaign” moments versus always-on marketing

RETAIL PARTNERSHIPS

Full IAT or media agency + shopping teams

Retailer partnerships are most effective when all parties are at the table. When this happens:

- Brand marketers guide how the brand shows up in marketing elements
- Shopper teams provide in-store tie-ins
- PR groups announce and amplify partnerships
- Media teams help shape the media plan



CHOOSING THE RIGHT INVESTMENT LEVELS

While RMNs clearly offer value, it can be challenging to determine the right investment level needed to drive results and the right tactics to deploy. And, given the nascent offerings across networks, it can be challenging to determine where RMN programs fit into a brand's overall media plan.

To best leverage retail media, it is ideal to incorporate it into annual planning processes. While it may be tempting to simply allocate retail dollars to the bottom of the funnel, it is much more nuanced given the strategic positioning of the various elements. Evaluating a brand's entire retail program alongside your brand's typical promotional calendar can ensure retail tactics are mapped to the appropriate objectives.

As marketers work through planning efforts, here are three key considerations:

1 DETERMINE INVESTMENT BY RETAILER

Evaluate your sales plan and consider the strategy for each customer and what distribution gains/losses may occur.

2 PERFORM A PRODUCT ANALYSIS

Do you need to defend SKUs or drive turns of something new? Answers to these questions will guide strategies and investment levels.

3 CONSIDER INVESTMENTS ACROSS THE FUNNEL

Are your general programs more rooted in branding or performance? What partners are you spending with and how does retail media complement your core plans?



THREE CRITICAL STRATEGIES TO INFORM RETAIL MEDIA INVESTMENT

- 1 GOAL ALIGNMENT**

Brand goals may vary, and these nuances can lead to dramatically different strategies. From driving velocities of certain SKUs to supporting sell-through and distribution, attempting to maximize topline revenue or trying to amplify return on ad spend or profit, these goals all likely require different measurement approaches and investment strategies.
- 2 MEASUREMENT STRATEGY**

RMNs have introduced walled gardens that are each equipped with their own measuring parameters (like attribution settings) that makes omni-channel measurement challenging. For this reason, it's important to align measurement approaches across networks to an overarching measurement strategy to ensure objectives can be achieved at a program and individual customer level.
- 3 DEFINE A SOURCE OF TRUTH**

Attributable performance is a critical optimization tool that outlines SKUs to prioritize and retail media tactics to utilize. However, it's just as critical to evaluate retail media performance alongside other media using tools like media mix modeling or regression models. Including retail in these models can help evaluate other targeting methods that leverage the same channels as RMNs, which is useful when measuring offsite media or allocating spend between different retailers or marketing programs.



CLOSING THOUGHTS

Retail media's accelerated growth is a clear indicator that marketers are driving success. And while it may feel like a shiny object to some, we believe it is here to stay. But, without the right strategic approach and executional expertise, your RMN investment may not go as far as it could. It's critical to bring the right players to the table and ensure you have an objective-based, measurable approach that can maximize the value of retail media.

Remember, the initial strategy and plans are just the beginning. Retail is dynamic, and as such, a perpetual state of evaluation and optimization is required. We recommend ongoing analysis at key moments throughout the marketing calendar. Think like a retailer and evaluate shopping patterns that may require increases or decreases in investment such as holidays, seasonality, or your brand's promotional periods. Keep an agile mindset and be ready move at the speed of retail.



READY TO GET STARTED?

Collective Measures is a 100% employee-owned media agency specializing in full-funnel connections strategy and advanced analytics. With origins rooted in search and an expertise in understanding consumer intent, we are a collective of media strategists, brand engagement experts, and data scientists who make the complexities of modern marketing simple. With numerous accolades for our client work across paid media, content marketing, search engine optimization, and marketing analytics, we are simply accountable to driving results.

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