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The Executive's Guide to Retail Media Mastery

What retailers and brands need to know to win with intelligent digital marketing in the post-cookies era.

About this guide

There is a gold rush underway among retailers and audience aggregators who are vying intensely to monetize their first-party shopper data.

It feels sudden, but in reality, it has been simmering for three decades in physical retail and boiling fast for several years across the omnichannel realm.

The astonishing revenues from digital advertising – **$355 billion reported from the big three Google, Meta and Amazon in 2021** – have opened the eyes of omnichannel retailers. At a time when the costs of selling are higher than ever due to consumer expectations for digital fulfillment and delivery, high-margin Retail Media revenues hold the potential to recalibrate the economic model and raise expectations for personalized shopping experiences.

Brand marketers are already accustomed to investing in trade marketing, consumer promotions, media advertising, and digital/social media to achieve their goals. They access shopper loyalty programs to deliver relevant personalized deals.

Now they confront new demands from the most powerful omnichannel retailers and other audience aggregators worldwide, who offer access to first-party shopper data in the context of the advertising buy.

For important retailers in the second tier – like regional supermarket chains and mass merchants – the Retail Media gold rush demands immediate action to remain competitive.

This Executives' Guide is intended to provide practical perspective for managers who occupy both sides of the Retail Media buying table. We define some essential concepts and terminology, and outline business practices and solution approaches that retailers and brands must adopt to make the most of the Retail Media imperative.

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Retail Media is essential subject matter today for retailers and brands. It is the object of intense scrutiny due to high levels of activity and structural changes in the industry.

- In the U.S., the Retail Media advertising market reached $31.5 billion in 2021 and is forecast to reach $52 billion by 2023 – a 53% two-year increase. That would account for nearly one fifth of all digital advertising spend. [eMarketer]
- Globally the 2025 opportunity is estimated at $100 billion [Boston Consulting Group].
- Retail Media revenues are fortifying profits for the largest retailers already in the game, with gross margins as high as 70% or more. [Forrester], [Adweek], [Epsilon]

For other successful omnichannel retailers who enjoy less scale (regional or second-tier), the Retail Media opportunity is also very significant, but the window may be narrowing.

Two powerful change drivers are in play today that make the Retail Media conversation essential for brand and retail leaders:

- **Shopping has been permanently, digitally transformed.** The pandemic-triggered surge in digital shopping has altered consumer attitudes and habits in enduring ways and raised their expectations around the shopping experience, while retailers wrestle with massive flows of new data and behavioral insights.
- **Cookies are being displaced by consumer privacy.** Google's announced "deprecation" of 3rd party cookies by 2023 has set off a cascade of actions by digital advertisers who must define ways to efficiently reach and motivate consumers while respecting contemporary shopper privacy expectations.

Retail Media Gold Rush

These developments have sparked dynamic change in the business of digital marketing. They set off what may be described as a "gold rush" among leading retailers, delivery companies, digital marketplaces, and other audience aggregators. All are competing mightily to "monetize" first-party shopper data that until fairly recently had been jealously guarded and under-utilized in digital vaults.

Interest from the investment community in these events is a significant influence. They are responding to eye-opening results from pioneering Retail Media networks worldwide who have garnered tens of billions of dollars in new high-margin revenues over the past few years. Investor bets in both the public and private markets indicate that they anticipate even greater value will be unlocked in the near future.

Brands drive spending

Follow the Money

Of course, Retail Media revenues come primarily from consumer brands, who are closely tracking these developments and actively rethinking how their media dollars should be best applied. Advertising, digital media, consumer promotion, shopper marketing, and trade marketing will all be affected as budgets shift in the name of greater efficiency and effectiveness.

While digital retail is capturing the lion's share of headlines these days, in grocery at least, 88% of sales (and a similar proportion of generated data) are still being concluded in physical stores [Insider Intelligence]. Now that the surge of the past two years seems to have settled down a bit, this proportion may be approaching some kind of equilibrium. In the supermarket sector, at least, Retail Media strategy cannot be only about the digital channel.

This report is conceived with brand and retail decision makers in mind, to help improve understanding and guide them in critical choices they must now make.

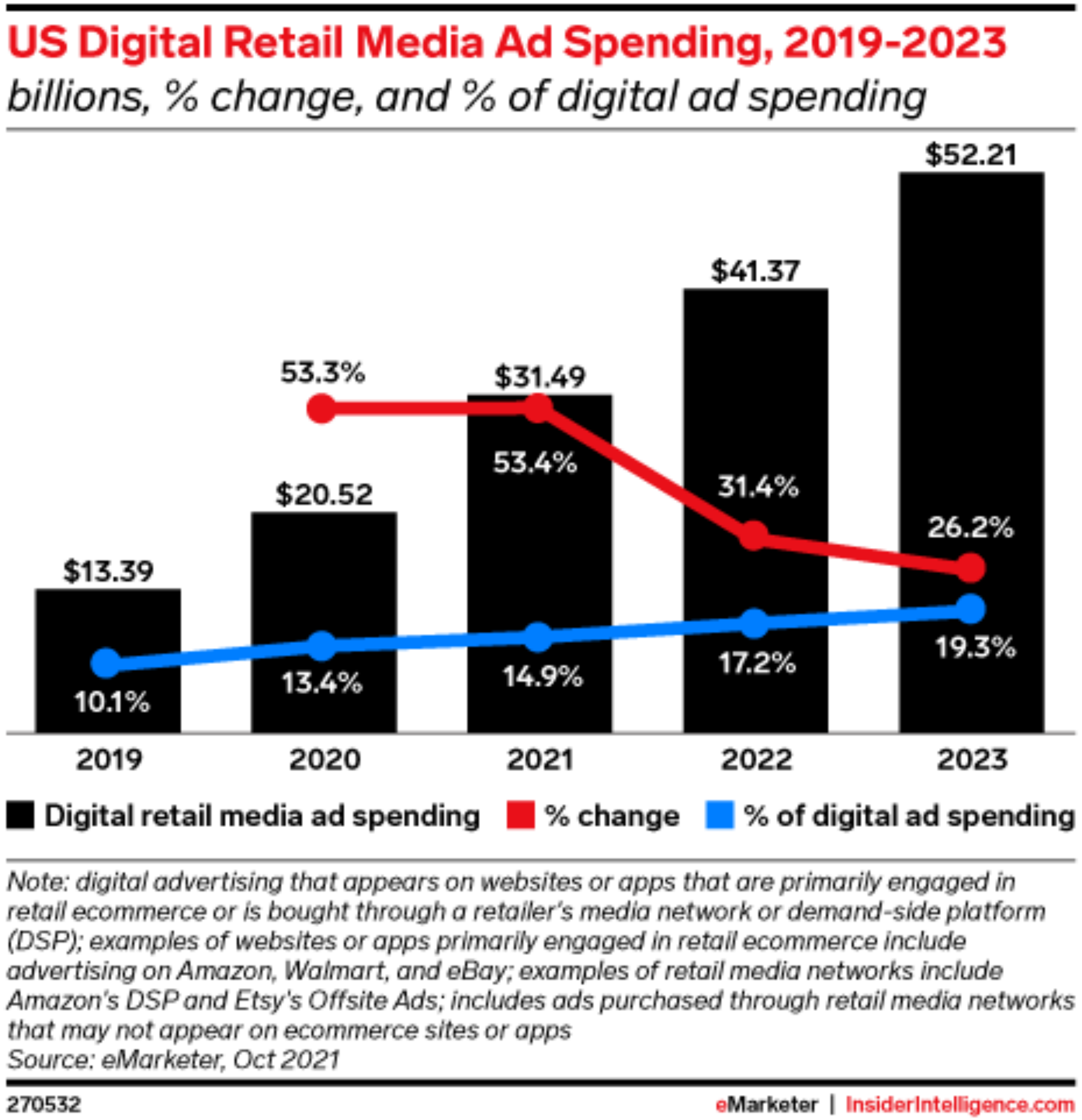


FIG. 1. Retail Media are expected to capture 19% of digital ad revenues in the U.S. by 2023. Source: eMarketer, Oct 2021.

2.

Retail Media advertising is an evolution of digital advertising

Retail Media advertising is an evolution of digital advertising

The present industry focus on Retail Media is embedded within a broader conversation around digital advertising and promotion, the business activity that enriched market leaders Google, Meta (formerly Facebook) and Amazon.com with a combined total of $355 billion in revenue in 2021 alone. [source: corporate filings]

While the mechanisms depend upon sophisticated ad-serving technology, the model is fairly straightforward:

- **Aggregate** enormous flows of omnichannel shopper data that are of interest to advertisers who want to reach key segments.
- **Segment** potential shoppers by behaviors, traits, search subject matter, product views, purchase history, and other relevant metrics.
- **Enable** brands to build audiences and deliver targeted messages that appear in the context of site visits or other digital interactions.

Measurable returns. It is very significant that digital ad platforms provide proof of message deliveries and link these to activations and conversions. This lets brands track and evaluate the outcomes of their investments. The ability to measure Return on Ad Spend (ROAS) in such ways has been a significant advantage over traditional broadcast advertising and consumer promotions that rely upon statistical “opportunities to see” with CPM (cost per thousand) pricing.

The new breed of Retail Media networks applies similar mechanisms to generate advertising revenues, with several primary differences that can make it very powerful:

- **Proximity to consumer traffic.** Retail Media messages arrive in the context of the hosts’ omnichannel shopper interactions. These happen digitally, in physical stores, and other points along the purchase journey – the so-called “moments of truth.”
- **Purchase history data and shopper profiles.** Retailers accumulate vast data from store POS and loyalty programs that can yield rich insights. Used intelligently, these insights can power precise personalization or hyper-targeting of offers and a “closed” loop process for evaluating offer performance and ROAS.

Retailers presently face an unfamiliar type and degree of competition over the brand dollars that are aimed at their shoppers, with very high stakes. The largest retail fast-followers are already driving hard to capture Retail Media revenues.

We are entering the fourth stage of evolution of the retailer-CPG-customer relationship, in which advertising across all channels will be powered by consumer data and analytics.

The fourth evolution of the retailer – CPG – customer relationship

FIG. 2. Decades of innovation have shaped Retail Media

	Late 1990s	**Late 2000s**	**Late 2010s**	**Today & Tomorrow**
Era	Trade **-vs-** Shopper/Brand	Mass **-vs-** Targeted	E-commerce **-vs-** Performance Media	Relevancy **-vs-** Retail Media
Needs	Organize in-store and flyer activities around lifecycles/stages	Reduce trade spend and drive engagement via digital channels Need to "keep up with The Joneses'"	The rise of e-commerce has thinned already narrow margins and enabled performance media across digital properties	Find balance between customer-centricity and commercialization strategies
Innovation	CRM & Shopper Marketing	3P Ecosystem and importance of personalization *(SM2.0)*	**Retail Media**	**Convergence of trade, shopper, and brand marketing** **Personalization at scale**

Chart: NielsenIQ

Focus: Retail Media moments of truth: a brief look back

Retail Media can trace its roots from several early in-store promotional channels and in-store video networks. While pre-digital, they shared one important trait – promotional messages located in close proximity to the shopper point of decision.

Walmart Smart Network lobby screen, 2012 [from company video]

Introduced in the mid 1990's, **the Actmedia Instant Coupon Machine** and **Catalina Marketing Checkout Coupons** were successful at attracting a slice of consumer promotion spending to the retail environment in thousands of stores. Earned revenues were incremental to the trade marketing spending that supermarket retailers customarily received, plus product sales lift and coupon redemptions.

The Wal-Mart TV in-store video network was the first high-profile attempt by a retailer to put brand advertising in front of shoppers using "digital signage". Introduced in the early 1990s, Wal-Mart TV leveraged the company's private satellite network to distribute programming to monitors mounted in stores. The network has persisted in several iterations to the present day. By 2012 Walmart Smart Network was reaching 140 million store shoppers weekly.

All these in-store channels were dogged by a similar issue – the implementation gap. When you don't know how many messages are actually delivered, where and when, it is very difficult to interpret performance results derived from the store transaction log.

Digital retail changes all that. Every click, every view, every dwell time, every product purchase and cart abandonment is recorded and measurable. It becomes far more realistic to connect confirmed delivery of the message to shopper activation or conversion in the moment.

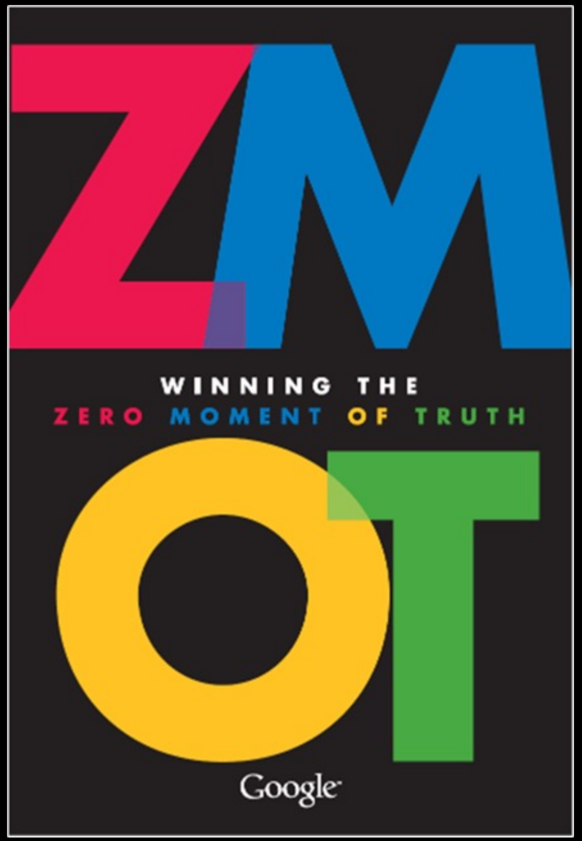
Focus: Retail Media moments of truth - a brief look back

Two In-Store Media Pioneers

Actmedia's Instant Coupon Machine and **Catalina Marketing's Checkout Coupon printers** delivered promotional offers at two supermarket shopper moments of truth: the shelf and the point of sale. Launched circa 1995, both succeeded in **capturing consumer promotion dollars** that had not previously spent within the retail environment without sacrificing a fair share of trade promotion revenues.

[Archive photos]

Focus: Retail Media moments of truth - a brief look back



Moments of truth

For the pioneering in-store media networks, the value proposition to brands was the ability to reach consumers while they shopped. Along with other in-store networks, like self-adhesive floor media, shelf talkers, and shopping cart ads, there was very limited ability to measure message delivery or activation. Analytics were confined to coupon redemptions and promotional “lift”.

For digital advertising, a pivotal moment occurred in 2011, when Google published a widely-cited eBook, “Winning the Zero Moment of Truth,” which offered a new theory about promotional messages delivered at the moment when shoppers were poised to buy. ZMOT, as the phrase was abbreviated, became one of the foundational justifications for embedding advertising within search and digital shopping.

Offers for related or competing items could be displayed within the *context* of product search or even within the check-out window. This was revolutionary because it used data about the shopper and the specific shopping trip to intelligently serve suggestions and offers.

For e-commerce sites the contextual nature of targeting shoppers has been the most prominent approach by far. This has been manifested widely in the form of paid search listings on Amazon.com, suggested links on Google shopping, related items in search, as well as suggested add-ons in the digital shopping cart, among other approaches.

3.

Retail Media fast-followers

Retail Media fast-followers

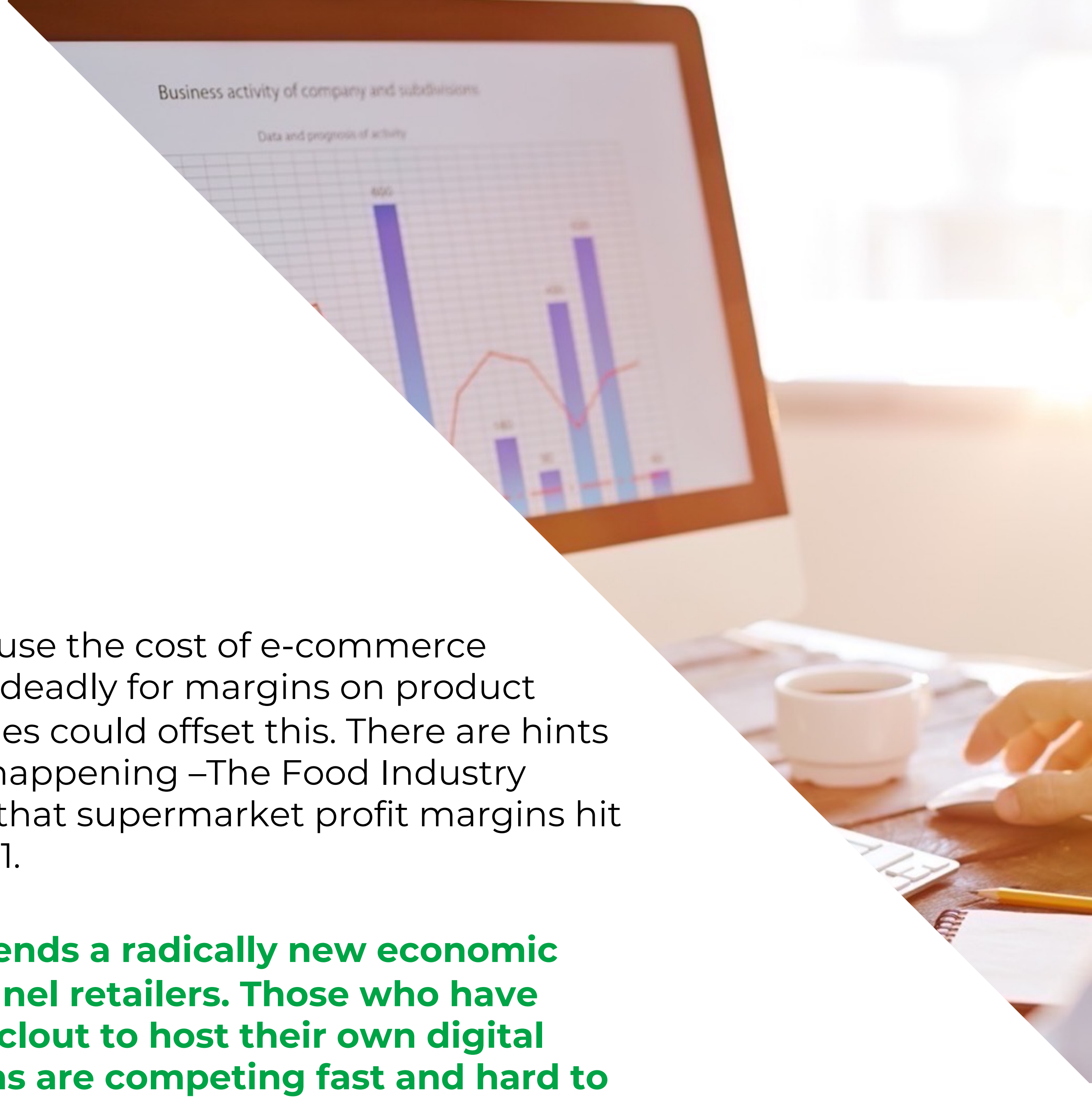
It may be no accident that high retail earnings reports of the past two years arrived concurrently with decisive moves by some of the world's largest retail companies to establish their Retail Media businesses.

Business news and analyst reports over the past 24 months document a growing number of high-profile Retail Media entries and expansions by major global retailers – especially in North America and Europe. Actions by Kroger, Walmart, Target, Best Buy, Lowe's, Nordstrom, Macy's, Albertsons, Loblaw, and Dollar General continue to capture investor attention and create headlines. Other notable omnichannel players worldwide include: Loblaw (Canada), Carrefour (France), Tesco (UK).

What do all these big retailers have in common? Massive scale, huge interaction frequency, and ability to deliver a national audience. This is critical for media buying. All have constructed platforms to capture retail media revenues.

FIG. 3. Selected global channel leaders in Retail Media

Realize value from first-party data



The new breed of Retail Media Networks (RMNs) seeks to capture significant incremental revenue from brand advertisers by "monetizing" first-party shopper data that was formerly locked in their databases.

This does not mean outright sale of their customer data (which would violate present and anticipated consumer privacy laws in many jurisdictions).

It does mean providing a media planning, buying and distribution mechanism that enables messages to be highly targeted to shopper segments based on a variety of relevant criteria. These can include purchase history and habits, geodemographics, lifestyle and lifestage, and more.

Globally, there are a few dozen established players so far and they are racing madly to establish their RMNs. That could be a good thing for brands – if it results in price competition for Retail Media ad rates.

New economic model?

Very large retailers establish RMNs with the goal of capturing high-margin digital ad revenue augment profitability, of course. They are further motivated by a desire to offset some of the high expenses they presently incur from their expanding digital retail fulfillment and delivery businesses. Many reason that it is essential to help keep those costs in line for their consumers.

Typically, grocery stores and other retail chains have very low (single-digit) profit margins on product sales; a media business, however, could have margins above 50% — making it a significant profit center.

This matters greatly because the cost of e-commerce fulfillment and delivery is deadly for margins on product sales. Retail Media revenues could offset this. There are hints that this may already be happening –The Food Industry Association (FMI) reports that supermarket profit margins hit an all-time high in 2020-21.

This revolution portends a radically new economic model for omnichannel retailers. Those who have sufficient scale and clout to host their own digital advertising platforms are competing fast and hard to preemptively capture market share ahead of their rivals and head off any new Retail Media contenders that arrive late to the game.

For less deep-pocketed retailers in the next tier, this sets up great urgency to try to capture a fair share of Retail Media revenues. The competition is coming from more than just the retail giants, however.

4.

Retail audience aggregators contend too

Retail audience aggregators contend too

The gold rush for **Retail Media** has preoccupied another cadre of consumer-facing businesses that may be described as “audience aggregators.” These fall into two primary groups:

Delivery Companies

Highest profile among these are third-party ordering and delivery firms like Instacart, GoPuff, DoorDash, GrubHub and Uber Eats. Owing to the large number of transactions the leaders manage, these companies also accumulate massive amounts of rich shopper data. Unlike some of the largest retailers they are digital-first business entities, so monetizing this data comes naturally.

Like omnichannel retailers, 3rd party delivery companies are working hard to attract Retail Media dollars to offset their high expense structure. Their view of the shopper may be more horizontal, in that they can bring together transactions across multiple retailers. This may be attractive to brand marketers who want a more complete picture of consumer behavior.

Instacart has publicly stated that it has committed to expand Retail Media revenues to support its core grocery delivery business, which is trending downward in profitability, due to the rising costs of gig-labor, fuel, and other expenses. Its relationships with its partner retailers are also evolving. Other delivery companies are responding to similar challenges.

E-commerce Marketplaces Worldwide

The sector pioneered by eBay circa 1995 has spawned numerous imitators and innovators, including the Amazon and Facebook Marketplaces. Because they assemble millions of individual sellers and hundreds of millions of buyers, their transaction data holds rich targeting potential for advertisers. As facilitators of the purchase process who collect clickstream and registration data from shoppers, their data may be considered “first-party.”

The prominent e-commerce host Shopify hosts more than a million merchants and it has many rivals around the world. Other digital marketplaces that also offer Retail Media ad channels include:

Who controls the audiences?

Pros and cons of intermediation

Retail marketplaces can aggregate very significant digital audiences with a type of data richness that some retailers cannot deliver individually. As intermediaries, however, establishing Retail Media platforms sets them up to be potential competitors with their retail partners – especially those in the mid-market.

In addition, the giant social platforms are determined to retain ad dollars that have been previously collected from 3rd party cookie-based marketing – and they have the means to drive hard on this. These efforts could constitute a threat if aggregators insert themselves between retailers and their customers – but successful collaboration is also possible.

Brand and retailer response

Faced with many competing choices of where to apply their digital advertising spending, brands and their agencies need to rapidly acquire skills and tools to make fact-based Retail Media planning decisions and evaluate the outcomes. A layer of solution providers has emerged to help with the intricacy of this, but they are not all created equal.

For strong regional retailers who don't possess the scale to establish Retail Media Networks on their own it will be very important to align with Retail Media partners who can provide both the technology platform to enable advertising sales, and the business consulting knowhow to design a RMN business.

Regional omnichannel grocery players need to begin now to define a strategy and a clearly articulated value proposition to advertisers. To delay risks being left behind as media buyers focus on nationwide audiences who may be reached more conveniently.

5.

Retail Media key points of convergence

Retail Media's convergence with loyalty, store and promotion data

Loyalty connection

As retailers with shopper loyalty programs moved decisively into omnichannel sales, they began to realize that enormous potential value was locked within their frequent shopper databases. The type of audience targeting for retail media on many other channels is not contextual but very much based on purchase history to target and convert 'ready buyers' for specific products and brands.

The next generation of Retail Media Networks now emerging is enabling effective retail marketing with technologies that automate and harmonize an always-on process for communicating with shoppers at the right moments, with the right messages/incentives in highly personalized ways.

Consumers: The center of everything

First-party data, accumulated from shopper loyalty programs and store transaction logs (TLOG), offers enormous statistical richness that can drive intelligent decision making.

Within a well-designed RMN collaboration platform, assembling audiences and hyper-personalization of messages can be achieved without sacrificing privacy or personal information.

To reiterate, Retail Media Networks are not about selling first-party shopper data to brands – or anyone. Marketers should not need to know the identity of individual shoppers to present them with effective, efficient, relevant offers and messages within the context of the RMN if the right platform and planning tools are in place.

Loyalty programs and Retail Media are converging however, as RMNs create a nexus connecting first-party data controlled by the retailer with consumer and product knowledge commonly within the domain of brand marketer.

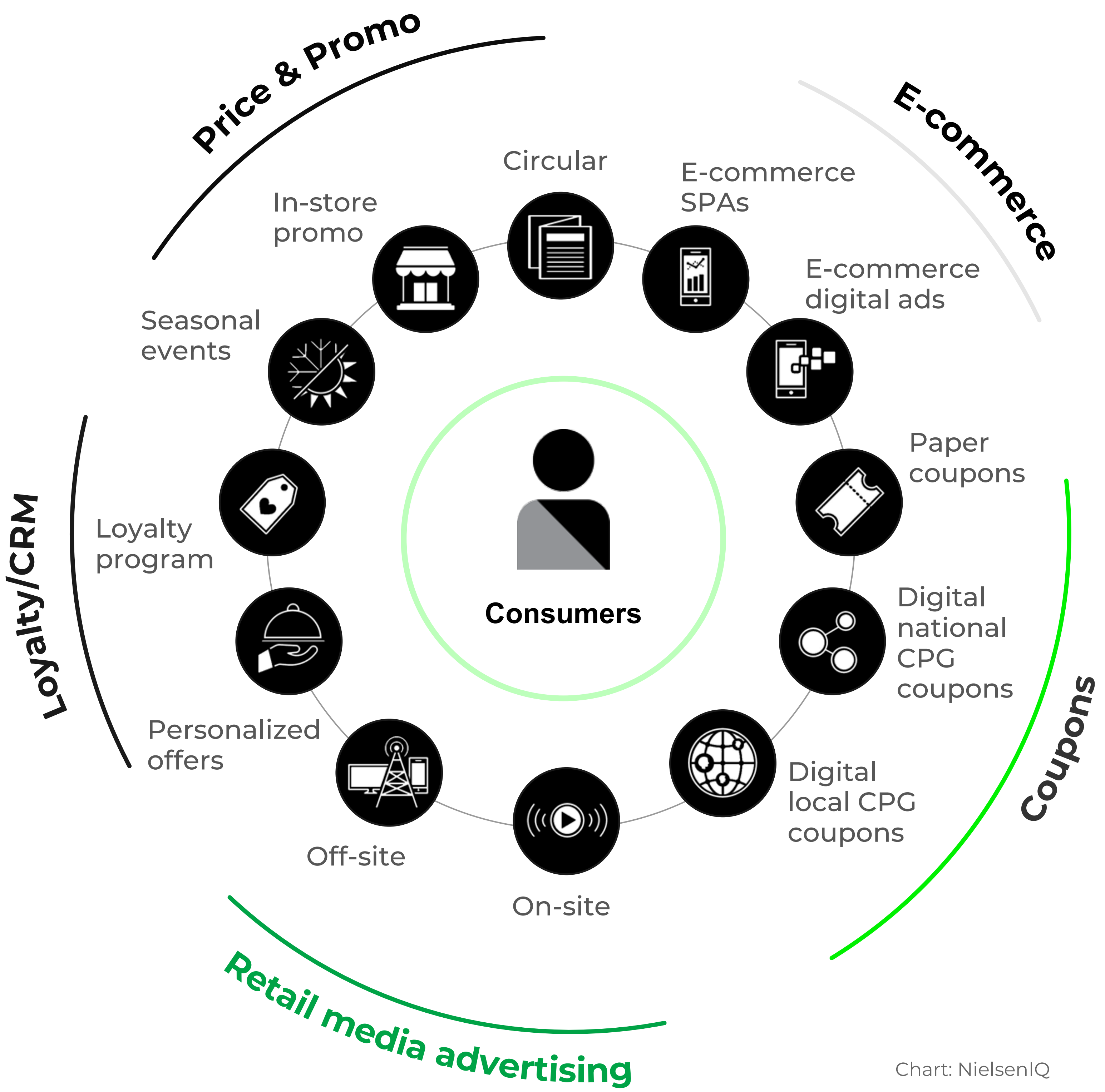


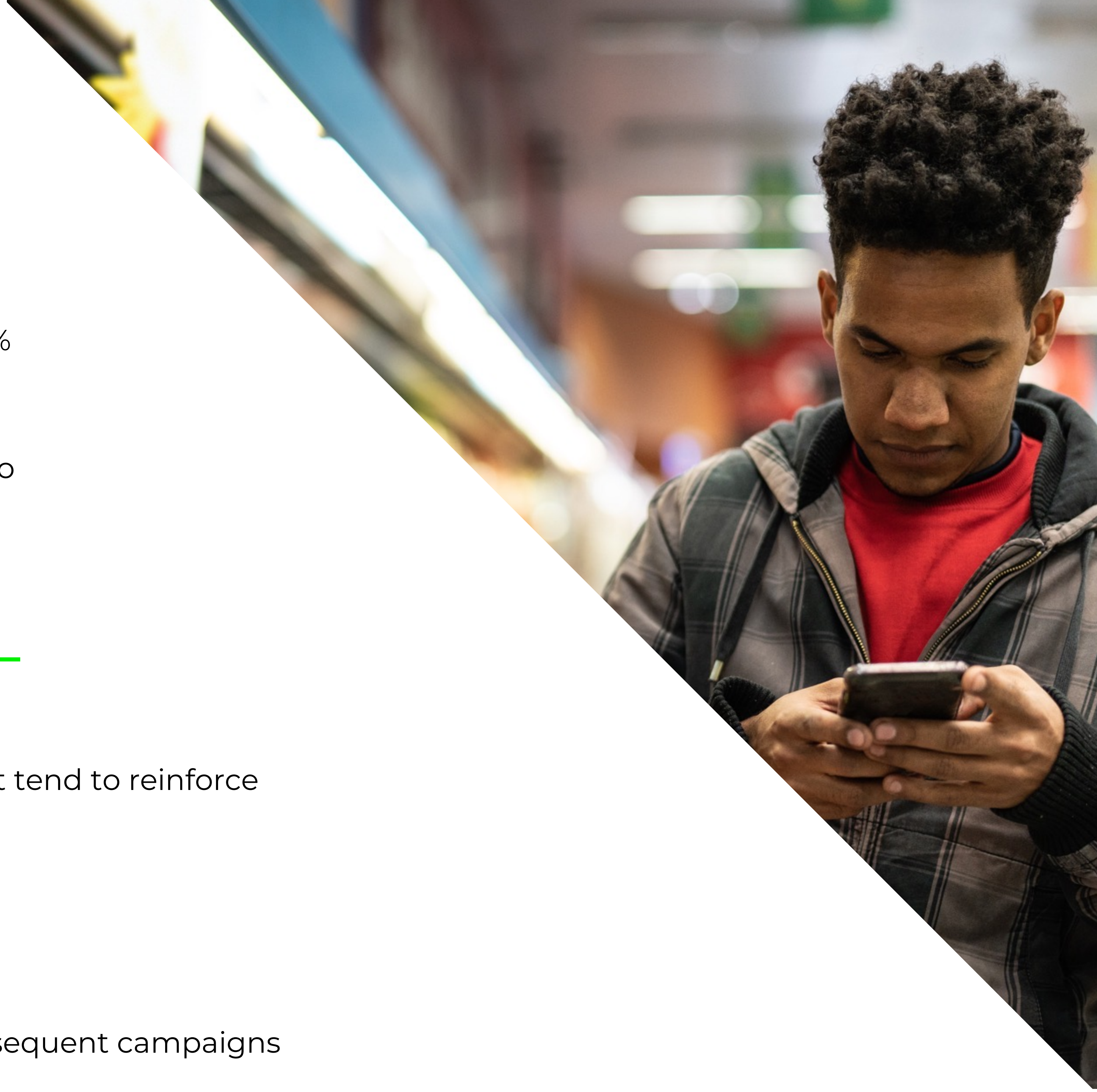
Fig. 4. Retail Media advertising is a core element in the ongoing convergence of loyalty, trade, shopper and brand marketing. Advertising across all channels will be powered by consumer data and analytics, with a central focus on the consumer.

Chart: NielsenIQ

Loyalty power

In this context, Retail Media advertising increases the power of loyalty offers. In a recent study, 38% of consumers indicated they are more likely to click on ads with “offers on products in which I’ve shown interest.” [Source: Innovid]

For retailers, ad programs give loyalty members more reasons/opportunities to respond, such as to add points, obtain personalized discounts, or take advantage of TPR promotions. Increased ad relevancy is enabled when personalization is extended into the media plan.



The convergence of loyalty and engagement with Retail Media yields benefits that tend to reinforce value creation over time:

- **Increases** customer and loyalty program engagement
- **Increases** sign-up rates for the loyalty program and reduces churn
- **Increases** shopping traffic, both in stores and online
- **Improves** performance of offers (ROAS), which feeds the appetite to fund subsequent campaigns
- **Enhances** the depth and quality customer data

6.

Monetization in Retail Media

Monetization in Retail Media

Retail Media is not about selling the retailer's shopper identities directly to brands. It is about providing access to first-party audience intelligence on a single platform that integrates campaign planning, implementation and analysis.

Revenues are derived from two broad classes of advertisers who want to communicate with their shoppers – those whose products are sold by the retailer, and those who merely want to reach the retailers' shoppers:

Endemic Advertisements

The primary advertising value proposition is for products sold by those retailers – sometimes called "endemic" advertising. For brands, this affords a means of persuading shoppers to purchase those products with very fine targeting, efficiency, and measurability. Retailers who do an excellent job at capturing longitudinal shopper behavior from their first-party transaction (TLOG) and loyalty data are in a strong position to monetize the effort.

Non-Endemic Advertisements

There are also secondary opportunities for RMNs to sell advertising for related brands or services not sold in their physical or digital stores. "Non-endemic" advertisers (warranties, insurance, and professional services are some examples) represent important sources of incremental revenues. Life-event "triggers" that may be signaled by their search or purchase behaviors may be of significant value to those advertisers.

Retail Media messages are delivered to shoppers in two primary realms, on-site (or owned channels) and off-site (or paid media):

On-Site Retail Media

This is the more familiar and intuitive scenario, where ad messages are placed within the retailers' e-commerce app and/or web site or communicated via the loyalty program. Major ad formats include display ads and sponsored product ads that are context and relevance driven.

Messages are delivered via the retailer's own properties – that is they are embedded in the digital storefront, on the mobile app or in the physical store. Rates and measurements are determined on a "cost per thousand" (CPM) basis for display ads. Sponsored product ads normally rely upon Cost Per Click (CPC), that is, only click-throughs are counted.

Off-Site Retail Media

A RMN may accumulate an audience of shoppers that may be reached through other un-owned channels they frequent, including social media or news sites.

Here, loyalty programs that enable identification of customer segments is becoming much more important as third-party cookies go away.

Finding audiences

Retailers are investing in the capability to build these audiences based upon shoppers past behaviors with the retailer. Revenue generation potential is a function of four primary factors:

1. **Campaigns.** The number of campaigns run across all selected channels. The ability to rapidly plan, implement, measure, and evaluate allows for greater quantity.
2. **Impressions.** The number of impressions served per campaign, which are a function of audience size (reach) and advertising frequency.
3. **Audience.** The ability to model audiences and look-alikes, which is highly dependent upon access to first-party data and advanced analytic tools within the planning platform.
4. **Channels.** The range of digital media options available, such as websites, mobile apps, display media, video, email, sponsored search, social media, connected TV and digital out of home.

Fig. 5. Retail Media Ad Revenue Opportunity Quadrant

	Endemic (products sold by retailer)	Non-Endemic (products and services not sold by the retailer)
On-Site (Owned Channels)	▪ Display ads ▪ Sponsored product ads ▪ Single-page applications (SPAs) ▪ Promote private label brands ▪ Personalized offers via loyalty program	▪ Display ads ▪ Shopping cart up-sell
Off-Site (Paid Media)	▪ Co-marketing campaigns on search and social channels ▪ Paid search ads ▪ Drive web site traffic ▪ Digital and paper coupons	▪ Co-marketing campaigns on search and social channels ▪ Trigger marketing tactics

Chart: NielsenIQ

7.

Retail Media imperatives for retailers and brands

Retail Media imperatives for retailers and brands

The rapid rise of Retail Media activity thrusts some important choices upon retailers who have yet to take decisive steps.

It is very important now to assess the strategic and economic consequences of pursuing the right actions, the wrong actions, or no actions at all.

For brands, it is becoming clear that the informed use of Retail Media advertising can be essential to competitiveness, marketing effectiveness, and a deep understanding of your consumers. Choosing retail partners who can deliver on the promise will be a key determinant of marketing success.

Call to action for brands

A recent article in Advertising Age stated that 81% of consumer-packaged goods brands plan to grow their investments in Retail Media networks within the next 12 months. [Ad Age]

Brands continuously search for greater efficiency of spend and they have been conditioned by past experiences on major digital platforms to expect detailed performance analytics. It is important to evaluate RMNs in terms of the quality and accessibility of their audiences.

Brand marketers should gravitate toward RMNs that let them:

- **Reach** the right shoppers in the moments of truth with high-quality traffic at sufficient scale
- **Design** and execute effective campaigns across multiple Retail Media and other digital channels
- **Obtain** consumer insights from Retail Media partners as part of the planning process
- **View** measurable outcomes (activations or conversions), and use data to understand your returns and adapt your media mix

Many solution providers and audience aggregators are jockeying for position – not all have reliable answers. Brands should choose their Retail Media partners wisely.

Retail Media imperatives

Call to action for retailers

Retailers who have not yet committed to a Retail Media strategy must recognize that nearly all of their large competitors and audience aggregators have already entered the mix and are aggressively pursuing shares of the digital ad spend.

Existing RMNs are already siphoning billions in brand dollars while capturing a disproportional share of attention from brands. They are establishing the quality and reliability of the first-party data they can bring to the equation for advertisers. They are building or refining their Retail Media Network platforms to conform to the ease of use, speed to decision, and analytic requirements of media buyers and agencies.

Earnings pressures from digital shopping fulfillment and delivery are universal challenges. Retail Media revenues have the potential to offset these with lower-friction, higher margin advertising sales, ensuring ongoing price competitiveness on merchandise sales.

Over time, a budgetary shift toward greater Retail Media spending may constitute a threat to retailer's trade marketing revenues. Retailers with strong RMNs will be positioned to divert some sales away from less sophisticated competitors as well. Retailers need to act swiftly to:

- **Compete** vigorously for a fair share of marketing/ad funds before more developed competitors outmaneuver you and corner the market
- **Establish** a state-of-the-art Retail Media platform that meets the expectations of brand marketers and media buyers – independently or in partnership with network vendors
- **Adopt** a collaborative process that brands can use with minimal friction to access and share first party data and evaluate activation performance
- **Converge** your Retail Media Network with your loyalty program to enable personalized messaging and enhance the value of the shopper experience
- **Demonstrate** empirically your audience's value to your brand partners to attract a vigorous book of endemic advertising
- **Present** a value proposition to non-endemic advertisers whose goods or services may be of interest to your shoppers
- **Amplify** digital offers using paid Retail Media to ensure shopper awareness of great deals or discounts that drive trips to the store

8.

How retailers should establish their Retail Media business

How to establish a Retail Media business

The convergence of Retail Media and personalized digital offers is strongly underway.

Brands know this and are moving rapidly to master Retail Media tactics. They are working actively with the largest RMNs who are establishing expectations for data and audience quality and self-service portals that enable planning, testing, measurement and analytics.

For retailers not yet in the game it is already too late to catch the leading edge. **It is essential to be a fast follower in the space or risk being left outside looking in.** Competition is fierce. Wait-and-see means "wait-and-never."

What does it take to get started? There can be peril in attempting to create an in-house RMN ecosystem – in terms of both investment and time lost. The complexity of stitching too many "best-of-breed" solutions together can drive up project uncertainty, costs and complexity.

There is an orderly strategic path for well-established retailers to join the Retail Media competition that takes advantage of lessons learned and methods already established by early adopters. A strong strategic partnership can greatly improve the implementation and assure success of the initiative.

Owned media checklist: how to implement a Retail Media Network platform

- ✓ Build loyalty data and grow the POS transaction-log user-identification rates to at least 30-40%. Ensure great data hygiene of product reference data mapped to the transaction data.
- ✓ Develop the digital properties, ensure high log-in rates and on-site personalization.
- ✓ Direct sell on-site banners (ideally native formats) ads on the mobile app and sites and target based on context and purchase behavior.
- ✓ Develop audience insights and ROI measurement approach
- ✓ If e-commerce is successful, and site traffic is strong enough, sell Sponsored Product Ads that allow brands to boost product position to higher on the page

Fig. 6. Three Primary Methods to Increase Revenue Via Paid Media

Extend media buying to off-site mobile media, driving back to on-site and in-store conversion.	Develop multi-channel media plans (social, mobile, desktop, DOOH)	Create data insights sessions with key brands, and longer-term media plans

Chart: NielsenIQ

Longer term, retailers will look to augment revenues from their RMN by extending media buying to off-site mobile media that drive back to on-site and in-store conversion. Some methods include programmatic mobile ad banners, real-time bidding (RTB), and mobile web banners.

In addition, they should develop multi-channel media planning capabilities for social, mobile, desktop, and in-store channels like digital signage. It will be important to create data insights sessions with key brands, and plan larger media plans with longer time horizons.

Self-service portals

The RMN platform should provide brands with views that enable intelligent media buys. Typically, this is achieved within the context of a collaboration portal.

Self-service is the coming norm. Retailers will not be acting as service bureaus for media planning.

Agencies will remain in the mix, but their role may evolve for larger brands that already have strong media buying expertise.

Solution providers and aggregators offer tools now that link to RMN APIs to enable planners to assemble the audiences they need.

Grow your Retail Media business: Essential tactics

People

Retailers building in-house media arms will need to set up separate functions such as:

- **Sales –** focused on generating demand and managing large accounts
- **Media planning –** focused on building recommendations and executing against advertiser's desired objectives

Retailers should set investment levels on an annual basis, leveraging insights on each advertiser's brands. Ideally use an always-on approach, monitoring results and usage of funds.

Tip: Ensure your teams get cross-functional support across the organization, including e-commerce, loyalty, merchandising.

Product

Identify and prioritize Proof of Concepts (POCs) to bring to market and evaluate short and longer-term technological capabilities required for success.

Develop clear end-to-end Retail Media playbook that articulates how to use the various media channels, tactics and audiences that are offered:

- **Establish** a multi-layered targeting strategy that ensures the right balance between performance and yield
- **Create** a differentiated offering based on the strength of your data (insights and measurement)

Prioritize improving owned channel reach & capabilities due to greater margins for retailers, although offsite campaigns can be leveraged too if owned channels have limited reach.

Approximately a third of retail media revenue can be invested into a retailer's own capabilities. For a $20 million media business, a team of 10-15 FTEs should be anticipated.

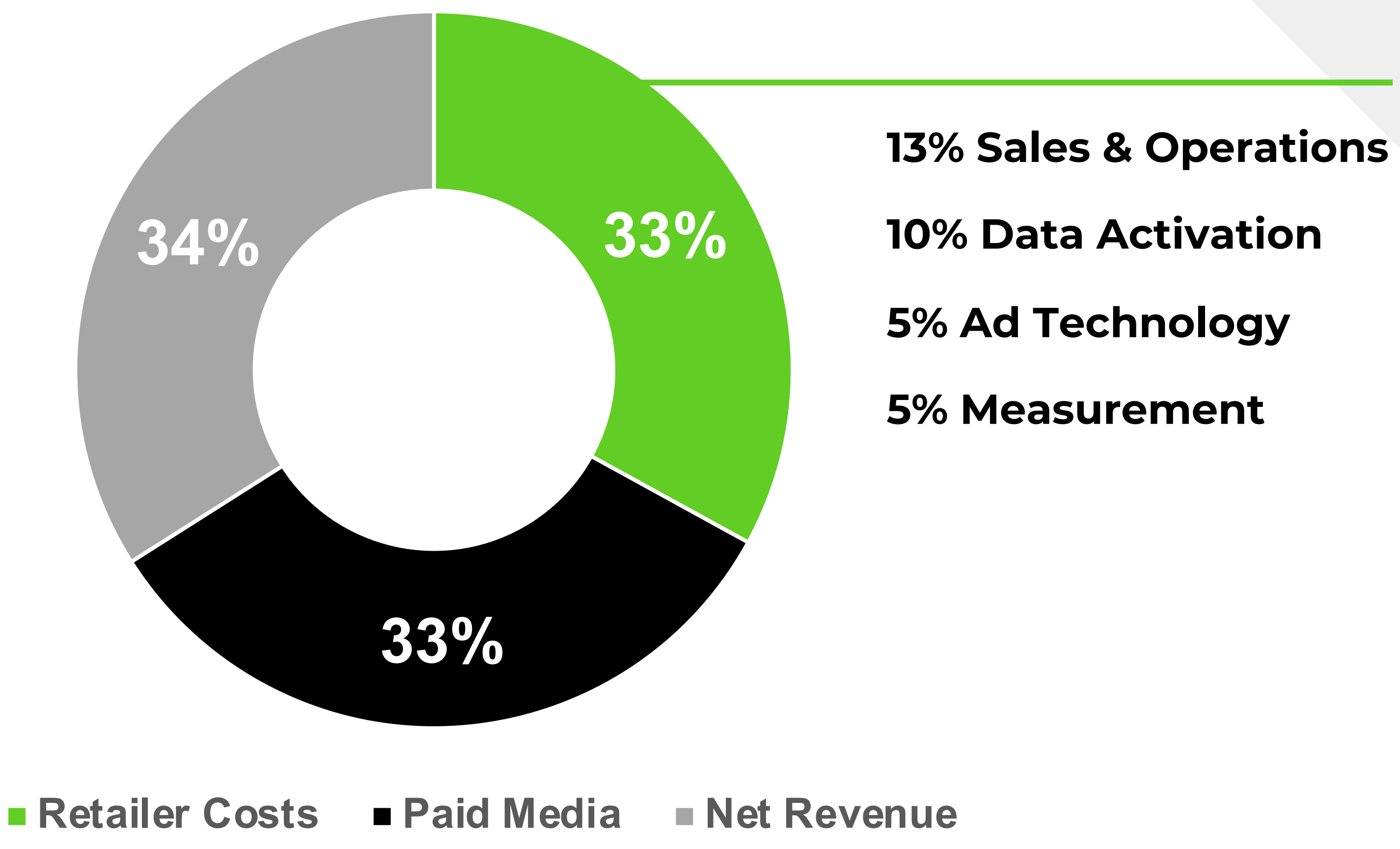
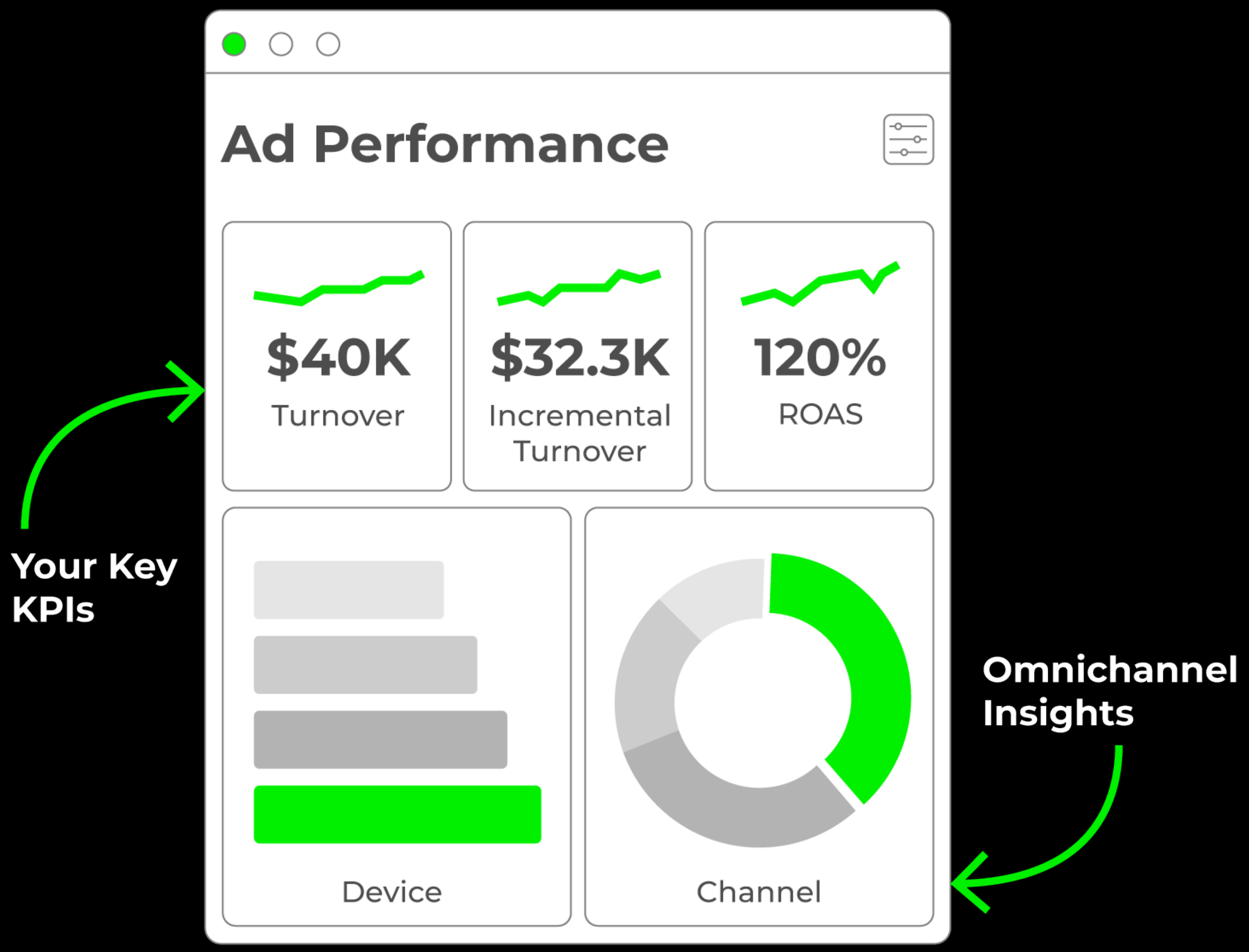


Fig. 7. Invest in your Retail Media capabilities

Chart: NielsenIQ

Focus: Can regional retailers play in RMN?

What if brands want to reach customers at strong regional retailers?



Brands can't afford to write them off. Retailers can't afford to build their own. The chase is on.

Retailers are on a steep learning curve about this. The large early movers have made progress, but strong regional players need to partner up – possibly join networks created by others.

Platforms enable buyers to assemble audiences and make targeted media buys.

What retailers need to know about how brands buy media:

- **Agencies are often gatekeepers**
- **Audience scale required**
- **Need for automation**
- **Need for efficiency**
- **Targeting desired**
- **Emphasis on metrics**

9.

Ten reasons why NielsenIQ Activate is your best Retail Media partner

Ten reasons why NielsenIQ Activate is your best Retail Media partner

1. **Benefit from NielsenIQ traditional strengths.** NielsenIQ consistently provides the most comprehensive and reliable brand and consumer data resources in the FMCG industry. Access to that ecosystem empowers every Retail Media plan, decision and analysis conducted in the Activate platform.

2. **Attract incremental revenues.** At NielsenIQ we have confidence in retailers' competency to attract trade and shopper marketing dollars as they have in the past, such as those from signage, display, in-store digital media, etc. Our solution enables you to bring in incremental brand dollars.

3. **SaaS platform is fast to implement and well-connected.** The NielsenIQ Activate software-as-a-service (SaaS) platform is integrated to the larger NielsenIQ ecosystem, with its comprehensive data sources and self-serve analytic tools.

4. **Retail Media is more than a CPM proposition.** NielsenIQ is not economically incentivized to sell the largest number of impressions. Instead, we focus on delivering the utmost efficiency and outcomes. Retailers use our platform to persuade even skeptical CPGs with a data-supported rationale.

5. **It lets you configure your own best solution.** Retail Media strategy does not mean following in the same mold for every retailer. Much will depend upon: store counts, locations, retail sector; many or few web site visitors; level of shopper loyalty knowledge.

6. **Senior managers protect their brands and reputation.** Our objective is to be a better partner, not just sell the NielsenIQ Activate SaaS solution. Retailers need credibility to offer more efficient and sophisticated value proposition to brands.

7. **Tap into non-endemic advertising**. Use Retail Media to sell services or other products not sold in your stores. Loyalty data from a large supermarket chain can be used to target their shoppers' readiness based on what may be inferred from the items they buy or their spending profile.

8. **Orchestrate off-site messaging.** Access your audience via many other media platforms – social media, google, Amazon, Facebook, etc. Retailers and brands can push out message distribution to multiple touch points to reach shoppers earlier and at key moments along the path to purchase, regardless of the transaction type (store, digital, click-and-collect).

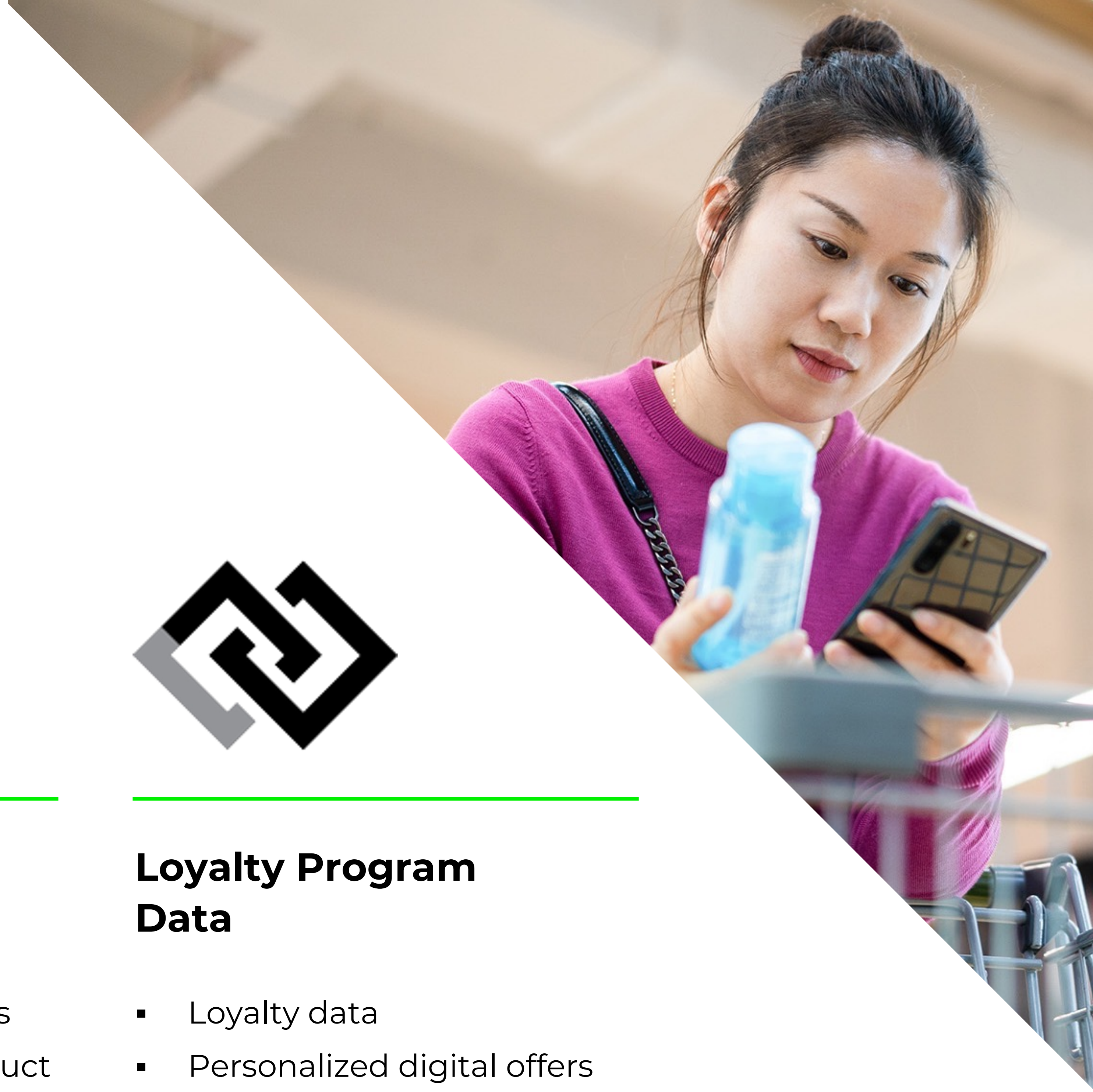
9. **Measure everything that matters.** Retailers and brand know how hard it can be to analyze media attribution and measure accurately. NielsenIQ has unequalled capabilities to capture the data that informs your marketing mix decisions.

10. **Enable powerful cross-channel programs.** Combine and coordinate: e-commerce ads. Dedicated e-commerce pages. Display ads on paid media sites. TPR, in-store displays. Promotion in circular. TV spots. Magazine ads.

10.

NielsenIQ Activate puts you out front in the Retail Media race

NielsenIQ Activate: Retail Media intelligence



NielsenIQ Activate: Solution Ecosystem

Retail Media Measurement

- Super-flexible and capable retail media and measurement platform
- Ad optimization and forecasting

Retail Media Segmentation

- Lifestyle/lifestage targeting, store level performance
- Audience builder enables varied approaches according to strategy
- Location intelligence

Personalized Offers

- Personalized digital offers
- Match audiences to product attributes

Loyalty Program Data

- Loyalty data
- Personalized digital offers
- Collaboration platform

NielsenIQ Activate puts you out front in the Retail Media race

With Retail Media, digital retail is finally delivering on its original promise to deliver targeted, relevant content to the right person, at the right time, in the right way. Very importantly, it accomplishes this with outcomes that are measurable and repeatable.

New value is being created every day by leveraging verified shopper data to deliver personalized digital content that's hyper-relevant — and resonant — all the way through the purchase.

The NielsenIQ Activate platform uses data science to power algorithms that create connections between the digital and in-store. We drive revenue for our customers, as well as savings and convenience for the shopper. That's the promise of digital.

By partnering with NielsenIQ , retailers leverage a comprehensive solution set and superior data quality and technology to take a position of leadership in this growing Retail Media landscape.

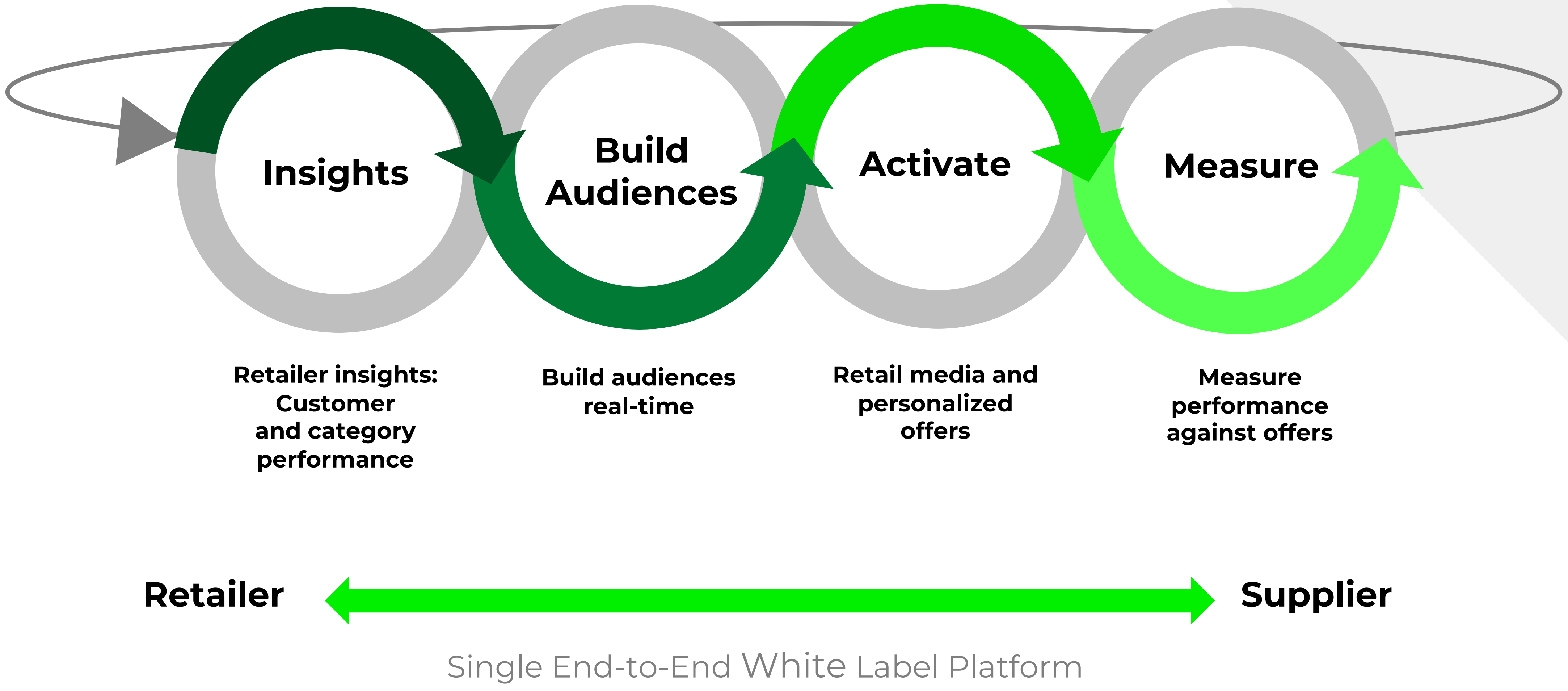


Fig. 8. A new level of collaboration to service a customer-led future

Chart: NielsenIQ

About NielsenIQ

NielsenIQ is the leader in providing the most complete, unbiased view of consumer behavior, globally. Powered by a groundbreaking consumer data platform and fueled by rich analytic capabilities, NielsenIQ enables bold, confident decision-making for the world's leading consumer goods companies and retailers.

Using comprehensive data sets and measuring all transactions equally, NielsenIQ gives clients a forward-looking view into consumer behavior in order to optimize performance across all retail platforms. Our open philosophy on data integration enables the most influential consumer data sets on the planet. NielsenIQ delivers the complete truth.

NielsenIQ, an Advent International portfolio company, has operations in nearly 100 markets, covering more than 90% of the world's population.

For more information, visit Nielseniq.com/retail.