



Demystifying Retail Media: Understanding the Landscape and Its Impact

Description

The world is evolving, and so are consumers' preferences when it comes to shopping both online and offline. With the wide and expansive use of retail media networks, brands have experienced a surge in the number of advertising tools and platforms. The influence of retail media is huge, and through this, brands are seeking new revenue streams and leveraging customer data in advertising across marketplaces. This blog attempts to emphasize breaking down retail media theory and understanding its impact in this eCommerce landscape.

WHAT IS RETAIL MEDIA?

Retail media can be defined as a form of [digital advertising](#) that takes place within an online retail environment. It allows brands to access vast amounts of consumer data, including browsing history, demographics, and purchasing habits, to create personalized marketing and recommendations. This data-driven approach enables brands to foster brand awareness, optimize product discovery, and drive conversions.

The key components of retail media include [sponsored product ads](#), display ads, video ads, native ads, and in-store advertising. These components allow brands to engage with consumers at various touch points during their shopping journey, enhancing the overall shopping experience.

DEMYSTIFYING RETAIL MEDIA

So, what is retail media marketing? Consider an online store, and a reader searching for the thriller genre on your site is provided with a carefully selected selection of bestselling titles, recent releases, and even a limited edition set from their favorite author. The **essence** of retail media marketing is this

experience: **personalized, engaging, and adapted to the individual reader's tastes and browsing behavior**. It is the art and science of using data to deliver tailored advertising on retail platforms, which benefits both retailers and brands.

The benefits of retail media marketing go beyond customization. It provides an additional revenue stream for retailers, improves customer involvement, and encourages brand loyalty. It educates consumers about retailers' new launches by showcasing the USP and effectively articulating it via retail media. It provides brands with visibility precisely where it matters most – at the time of purchase. Consider improving your brand equity and having your product featured on the very platform where people make purchasing decisions! That is the retail media's marketing power.

In this article, we will delve into the landscape of retail media, explore its various components, and understand its impact on businesses and consumers.

EVOLUTION AND IMPACT OF RETAIL MEDIA

Because of the retail industry's digital transformation, retail media has undergone significant change. The key milestones in its development include the advent of eCommerce platforms such as Amazon, Walmart, Shoppe, Flipkart, and a few more, which not only provided the brands an opportunity to directly reach their target audience but also provided the same opportunities to the consumer to reach their brand without any intermediaries. This direct connection offers the brand the opportunity to understand the audience's behavior in a more precise manner.

With the emergence of media networks, the platforms themselves started curating advertising platforms for vendors. Amazon Advertising, for instance, launched sponsored product ads and display ads, allowing brands to promote their products to relevant audiences on Amazon's website.

Retail media has had a significant influence on the retail industry, businesses, and consumers. Whether it be targeted advertising, data analytics, enhanced customer service, or increased sales revenue, retail media has impacted these metrics at all levels.

In this blog, we have tried to break down the impact of Retail Media at the Business and Consumer levels, along with the challenges and ethical concerns this space holds for the future.

Before heading to these, let's first emphasize the components of retail media. Retail media comprises a number of essential elements:

The screenshot displays the Amazon India homepage with a search for 'Misu Games Black Box Puzzle'. The top navigation bar includes the Amazon logo, delivery location (New Delhi 110015), and a search bar. Below the navigation bar, there are links for 'All', 'Today's Deals', 'Buy Again', 'Gift Cards', 'Customer Service', 'aakriti's Amazon.com', 'Browsing History', 'Sell', and 'Registry'. A secondary navigation bar lists categories like 'Toys & Games', 'Kids Gift Guide', 'Shop Toys by Character', etc. The main content area shows search results for 'Misu Games Black Box Puzzle', with three sponsored product listings visible. Each listing features a product image, title, description, price, and customer reviews. The left sidebar contains a 'Department' filter for 'Toys & Games' and an 'Avg. Customer Review' section.

Sponsored Products Ads, Source: Amazon

- Sponsored Product Ads:** Promote specific products on the retailer's website or app. When users have a search query, are navigating via categories, or land on competitors' product pages, sponsored product ads appear on the search result or product pages.
- Display ads:** Banner-style advertisements that appear on the retailer's website or app. They can be targeted at specific audiences based on their browsing and purchasing behavior. Banners help convey your brand's message effectively.
- Video Ads:** [Video advertisements](#) play within the retailer's website or app, either before or during the user's browsing experience. They offer an engaging way to showcase the USPs of the products and brand messages.
- Native Ads:** lend seamlessly into the retailer's website or app, resembling the surrounding content. They are designed to match the user experience and are less intrusive than traditional ads.
- In-Store Advertising:** In physical retail spaces, retail media includes in-store displays, product placements, and digital screens that showcase advertisements to shoppers.

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IMPACT OF RETAIL MEDIA ON BRANDS

It provides a fresh revenue stream for online merchants, which is significant given that CPG profit margins have been dropping. For the end user, this implies cheaper and more constant costs because retailers want to prevent unexpected price increases that could harm traffic and ad revenue. These highly targeted advertisements are more relevant and less obtrusive.

Retail media is also altering how customers and brands connect. While it will take some time for brands to adjust, the investment is well worth it because of all the unique benefits retail media provides. Brands can harness the power of retail media to unlock incremental growth by adopting the following best practices:



Data-Driven Strategy & Targeting

- **Data-Driven Targeting:** Leverage consumer data to create highly targeted and personalized ads that resonate with the audience, increasing engagement and conversion rates.

- **Cross-Platform Integration:** Integrate retail media efforts with other marketing channels like social media and search advertising for a cohesive and omnichannel approach.
- **Measurement and Optimization:** Implement robust measurement and attribution models to analyze the impact of retail media campaigns on sales and ROI. Optimize campaigns based on data-driven insights.
- **Innovative Ad Formats:** Experiment with innovative ad formats such as shoppable ads, interactive experiences, and augmented reality to create engaging and memorable brand experiences.
- **Localization:** Tailor content and ads to cater to regional preferences and languages, ensuring relevance and cultural resonance.
- **Diversified Revenue Streams:** Retail media networks can establish additional revenue streams by monetizing their digital properties. This diversification is especially beneficial in the highly competitive e-commerce landscape.
- **Access to New Audiences:** Through partnerships with retail media networks and other media platforms, brands can extend their reach and access new audiences. This expanded exposure can lead to increased customer acquisition and market penetration.
- **Measurable ROI:** brands can track the performance of their retail media campaigns and measure their return on investment (ROI) with advanced attribution models. This data-driven approach allows brands to make data-backed decisions and optimize their advertising spend.



Tracking the performance of the retail media campaigns.

MAJOR PLAYERS IN THE GLOBAL RETAIL MEDIA LANDSCAPE



- **Amazon Advertising:** As one of the pioneers of retail media, Amazon offers a comprehensive suite of advertising options, including sponsored products, display ads, and video ads. Brands can leverage Amazon's vast consumer data to effectively target audiences and increase sales.
- **Walmart Connect:** Walmart has also emerged as a significant player in the retail media space, partnering with social media platforms like TikTok and Snap to expand its reach and enhance ad targeting capabilities.
- **Alibaba Group:** In the Asian market, Alibaba Group, with its flagship platform Taobao, dominates the retail media landscape. Brands can access Alibaba's extensive consumer data to reach China's massive online shopper base.
- **Kroger:** As one of the largest supermarket chains in the US, Kroger has made strides in retail media, partnering with entertainment companies like Walt Disney to engage consumers through streaming media.
- **Other Regional Players:** Beyond the major global players, various regional retail media networks have emerged, catering to specific markets and consumer preferences.

2023: A YEAR OF PROMINENT PARTNERSHIPS

In 2023, a few brands took the phrase "Collaboration over competition" seriously, which resulted in powerful retail media partnerships. Let's have a look at them

1. Walmart & TikTok, @Roku, and Snap

Walmart Connect has forged strategic alliances with social media giants TikTok, @Roku, and Snap. This partnership enables Walmart to expand its reach and better measure how social media and connected TV (CTV) ads influence consumers' purchase decisions. With Walmart's digital ad revenue growth projected to surpass that of tech giants like Google, Meta, and Amazon this year, this collaboration represents a game-changer in the retail media landscape.

[Source: Globe Newswire]

2. Lowe's & Yahoo

Lowe's Companies, Inc. has joined forces with Yahoo to expand its advertising inventory and enhance omnichannel experiences on its One Roof Media Network. The collaboration offers advertisers off-site media placements, increasing brand exposure and engagement opportunities. With Lowe's projected to achieve \$11.06 billion in US retail eCommerce sales in 2023, this partnership further solidifies Lowe's position in the market.

[Source: Globe Newswire]

3. Kroger & Walt Disney

Kroger's partnership with Walt Disney empowers the retailer to engage its target audience through streaming media. Additionally, prominent brands like PepsiCo are beta-testing Hulu's streaming content within Kroger's ecosystem. Hulu's dominance in the CTV landscape, generating \$3.63 billion in ad revenues in the US in 2023, positions Kroger to capitalize on the power of streaming media advertising.

[Source: Globe Newswire]

These collaborations have reshaped the marketing landscape for brands and retailers. Moving ahead, let's discuss further the impact of retail media on consumers.

IMPACT OF RETAIL MEDIA ON CONSUMERS

Consumers enjoy leveraged opportunities through Retail Media Advertising. Brands invest a lot in improving their consumer journeys for smooth operations online. Retail media also influences consumers in various ways:

1. Personalized Shopping Experience:

Targeted ads present consumers with products and offers that align with their preferences and past behavior. This creates a more personalized and relevant shopping experience. Adding the relevant details of the product that are useful to the consumer and can help in conversions. These days, consumers make informed decisions by doing enough research before making a purchase.

2. Discovering New Products:

Retail media introduces consumers to new products and brands that they might be interested in, enhancing product discovery and variety.

Here, having a good SEO strategy for your brand will automatically make your products reach their audience.

3. Competitive Pricing and Promotions:

Retail media often promotes competitive pricing and special promotions, benefiting consumers with better deals and discounts. Thus, keeping a close eye on your competitors can help you reach a wider audience with better offers and promotional deals.

CHALLENGES AND FUTURE OUTLOOK

Despite its advantages, retail media faces challenges related to data privacy, ad fatigue, and the need for continuous optimization. The future of the retail media network looks promising, with continued growth expected in the coming years. As technology continues to advance, retail media will evolve further, offering brands more innovative advertising formats and data-driven insights. Additionally, as more retailers and brands recognize the value of retail media, the network will expand to cover new markets and regions worldwide. Striking the right balance between effective advertising and user experience will be crucial for its sustainability.

CONCLUSION

With the evolution of retail media, marketing strategies have evolved towards higher stages in the sales funnel. Collaborative partnerships between retailers and tech giants are enabling brands to engage with consumers earlier in their purchasing journey, fostering brand awareness and recognition. By embracing measurement approaches like retail media data clean rooms, multi-touch attribution,

sales lift analysis, and customer journey mapping, brands can unlock incremental growth from retail media, optimize their strategies, and drive greater success in the evolving retail landscape of 2023 and beyond.

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