



The Seven Challenges for Retail Media in 2024

www.retailmedia.works

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Introduction: Everything, Everywhere, All-at-Once

2023 was the year that Retail Media went from being the ‘side-hustle’ to the ‘main event’. Retail Media crossed the chasm from small industry journals to full-length feature articles in the Financial Times, the Wall Street Journal and the Australian Financial Review. Marketing conferences everywhere featured retail media on the main stage, not as content to be hidden in a workshop up a flight of stairs.

I asked my readers and network on LinkedIn for ideas and curated those submissions in addition to my own thoughts. Alongside are ideas and learnings that stood out from being on the ground in person with retailer and brand clients, analysts and industry stakeholders in the UK, Australia, New Zealand, France, Italy, Luxembourg, Ireland, US, Canada, Turkey, Chile, Brazil.

The seven challenges are not predictions. Instead, they are ideas with nuance to help shed some light on Retail Media that are meant to be both thought provoking and help you stay ahead of the curve. They are not a primer on Retail Media, nor a description of ad types (ask me for that content separately!)

*If you enjoy this, please do share – particularly for the (many) marketing and advertising types who believe Retail Media is just another performance media. **If you have any questions, insights or ideas about retail media please do get in touch.***

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Content Authenticity Statement

100% of this content was generated by me, a human.

OK, not all true: there are quotes from people some of whom I know, some of whom I don't – but I trust they did not use Chat GPT!

As Chris Penn of Trust Insights writes: “There are ethical considerations. You shouldn't claim work you didn't do. For example, if you use AI to write a blog post, you didn't write the post – a generative AI did. So there's an ethical responsibility to be transparent, so that your readers know what they're getting.

*“There are also legal reasons to disclose the use of generative AI. In several court cases, US courts have ruled that AI-generated content cannot be copyrighted. Only human-created works can be protected by copyright.” **



Quick Review of Last Year's 7 Challenges

*Here were the headlines of each of last years 7 Challenges for Retail Media.
Most of them are self-explanatory.*

- 1. The Peak of Inflated Expectations with Retail Media*
- 2. Space – The Final Frontier (as in store floorspace!)*
- 3. The Proliferation of Retail Media Advertising Networks*
- 4. Abstractions and Algorithms: The Role of the Digital Shelf*
- 5. Isn't Retail Media just Shopper Marketing and Shelf Wobblers on Steroids?*
- 6. The Real Game - New Forms of Collaboration*
- 7. Does Retail Media Drive Incremental Sales?*

I think we can say that many of these challenges are being addressed – apart from #1 and #5 – we still have not reached the 'Trough of Disillusionment' [arguably we are still at the 'Peak of Inflated Expectations' !] The growth of the number of networks is now acknowledged – and retail clients were clearly changing their propositions on the back of this. Signs of new forms of collaboration were evident in the UK, US, NZ and Australia – these were the ones that I knew of ! Finally, cynicism about Retail Media abounds – particular from marketers, agencies and marketing academia who continue to box Retail Media as mere shelf wobblers by any other name and are unable to recognise the real impact it is having on ways of working, brand budgets, team structures or TV advertising.



Challenge #1

What is Retail Media today?



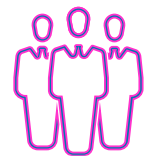
Retail is no longer about 'Performance Marketing'

Retail Media Propositions Today



Onsite

- Ad Units delivered on Retailer.com
- Main units – sponsored search, sponsored display
- Branded store



CRM

- Email
- SMS
- Loyalty programme



Digital Instore

- Instore screen network
- Instore POS at checkout, in queue



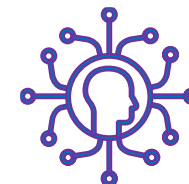
Instore

- POS in aisle, at shelf, end of aisle
- In store radio
- Magazine



Offsite

- Inventory targeted using custom audiences from retailer first-party data.
- Channels include social, web and digital screen networks



Other Media

- Influencers, events and any media channel that can be targeted using custom audiences from retailer first-party data.

Retailer Operating Model

Retailer operated

- Media sales team, category team and strategy, management 'embedded' as part of the main retail business.

Retailer operated, Sales outsourced

- External partner provides sales, operations and planning, acting as the sales arm.
- Retailer provides tech, data, reporting, category expertise.

Separate Business

- Media sales team, category team and management separated with distinct brand and operations.

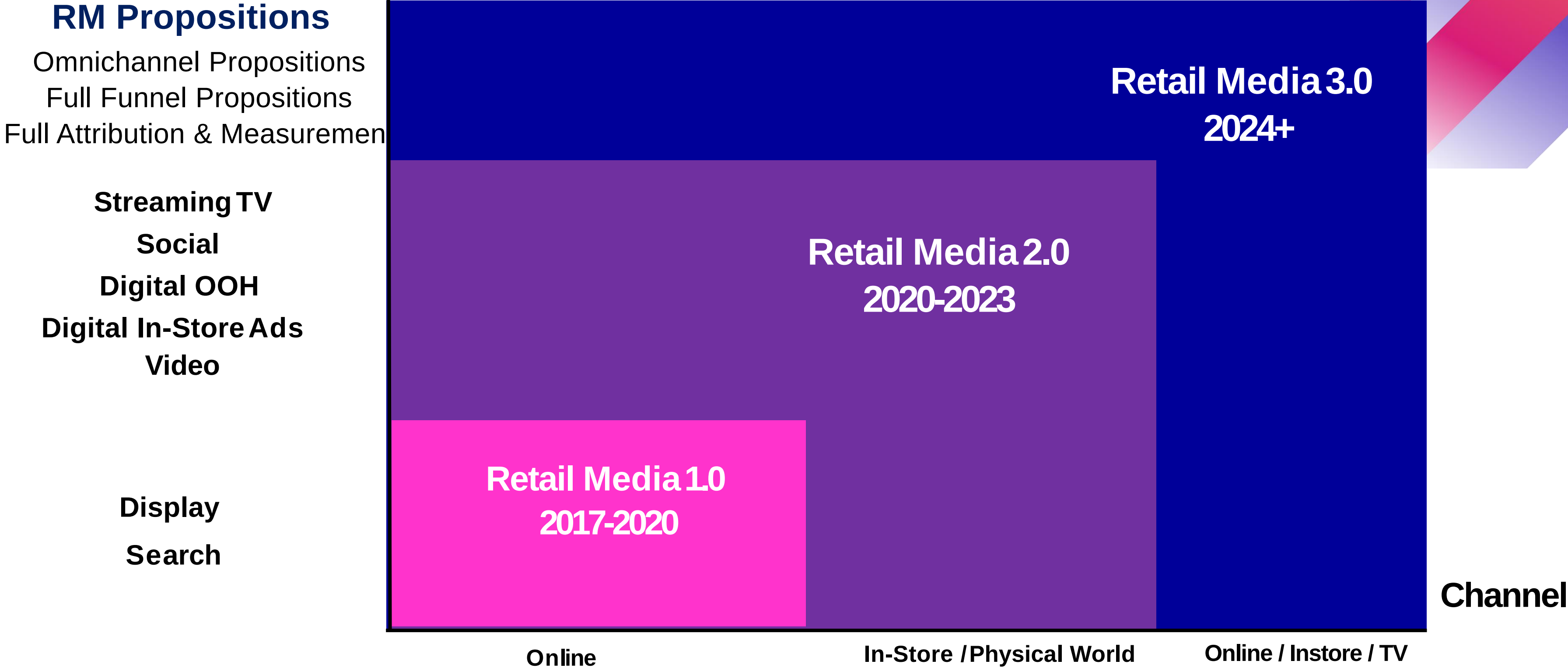
Talking about 'Retail Media' now requires specificity on proposition and model.

Retail Media is being influenced by other 'forces'

- ***Retail stores of the future:*** retailers are reshaping business models to address the challenges of supply chain, increased labour costs, fulfilment costs, capital investment in eCommerce and delivery technologies to drive new sources of revenue and profit.
- ***Tech Innovation:*** As with any other industry, new tools and technologies are being announced by vendors regularly
- ***Consumer tastes:*** Healthier, 'better for you' products that harness consumers desires around aging, immunity, energy, mental and gut health, hydration are changing stores layouts and path to purchase which in turn is changing how to build baskets. This is affecting how impulse purchases such as soft drinks, snacks, cookies, nuts, chocolate and even alcohol are purchased.
- ***Omnichannel:*** Shoppers want to shop for their groceries online, in an app, instore and pick them up or get them delivered to their home. This need for 'omnichannel' is rapidly expand the number the type and variety of Retail Media opportunities.
- ***Environmental and Sustainability Issues:*** instore displays already serve as excellent channels to inspire shoppers and close the sale, but the use of materials such as cardboard display that is used for a few weeks that is then thrown out is simply not reality-based thinking.
- ***AI:*** Artificial Intelligence is now both a 'layer' of capability being added to eCommerce and Retail Media and a 'lens' through which propositions are being developed and sold.



In store' + off-site formats scale Retail Media

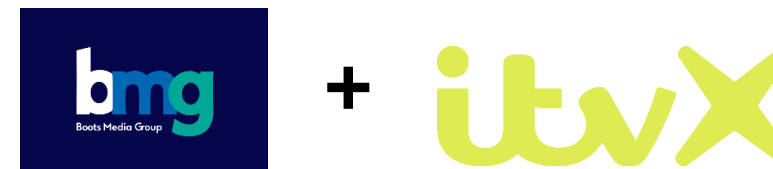
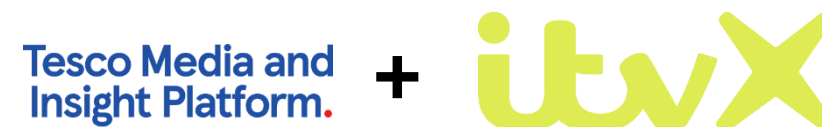
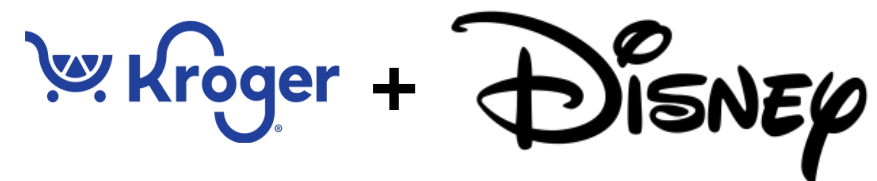


Source: Inspired by Andrew Lipsman and conversations with Retailers around the world.

Partnerships mean RMNs are media companies

- Retailers are now like media owners. Why? Media partnerships use 1st-party retailer data means they can tell advertisers their real shopper TV viewing patterns as well as sell connected TV audiences based on past behaviour, plus measure a sales impact of these campaigns.
- This will impact how TV is purchased in the future. Imagine the conversation a CMO can have with their CFO
 - *"I have a TV campaign that builds great measures on brand scores using fancy econometric and MMM measures"*
 - OR
 - *"I can advertise on a TV channel where I can measure the direct link with sales"*
- The use case is slightly tongue in cheek, but you can see a conversation like this happening!

Streaming TV Partnerships



Publisher Partnerships





RMNs will face both internal and external inertia as they look to expand their capabilities and scale into '24. While '24 could be the start of an even larger off-platform business, for many, inertia will hold them back.

Internally, they must manage a media business that is sometimes at odds with the core business (especially when moving off-site or working with non-endemics). Externally they will need to fight the inertia of how media has been purchased / measured historically.



Conor McKenna, Partner, LUMA Partners

Challenge #2

**Retail Media as the Trojan Horse
for Marketing Transformation**



Retail Media is not just about selling advertising

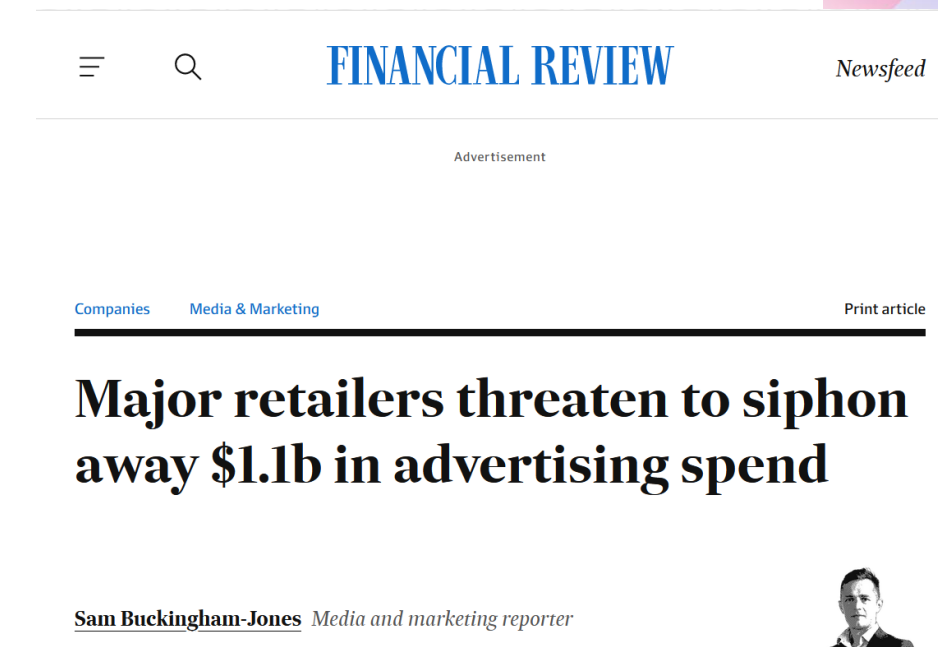
The city of Troy was laid siege for ten years by the Greeks. They were finally able to take the city by leaving a giant wooden horse with soldiers hidden inside at the gates of Troy. The Trojans, thinking it was a victory trophy, brought the horse inside their city walls. At night, the Greek soldiers emerged, opened the gates and Troy was conquered.

The metaphor of the Trojan Horse is apt for Retail Media.

One of my theses since Day One of working in Digital Commerce and Retail Media has been that they will fundamentally transform how consumer brands do business with their retail partners.

I am not the only one who believes in the impact of Greeks bearing gifts. Morgan Stanley in Australia recently downgraded their valuation of the five largest listed media stocks in Australia because of the “*not well understood*” threat of retail media.

And this is before we talk about the world of media agencies. In other words, Retail Media is the Trojan Horse for many things.



How retail media is disrupting marketing structures

WARC Digital Commerce

DIGITALSHELF INSTITUTE



Business Valuations, Team Structure, Media Agencies, Power Structures are changing.

The Fab Four of Marketing

In June 2023, I spoke at the Path to Purchase Retail Media conference in Chicago. I talked about the 'Fab Four of Marketing' – with a nod to John, Paul, George and Ringo. CPG brands typically break down their teams and budgets into the follow 'buckets':

- **Brand budgets** are to build and promote a brand - to enhance brand reputation and visibility to drive salience and consideration.
- **Trade budgets** are used as an investment tool to influence the performance of suppliers at retail.
- **Shopper marketing budgets** are about affecting shopper behaviour instore to generate purchase decisions.

Where does the Retail Media 'bucket' fit into all of this? Sure, Retail Media targets shoppers near the point of sale using first party data online or offline.

However, if Retail Media has ad units that can build brands, change trade terms and affect shopper behaviour in store and online, where does the budget actually sit?

Today, it's here, there and everywhere.



There is no 'Ringo Starr' to keep everyone in time.

A full-funnel approach is the future of Retail Media.

Retail Media: Who's in charge?

There is huge variety of different combinations used to run Retail Media within advertisers. The 2023 Retail Media Benchmarks from the Digital Shelf Institute and Stratably used a sample of 52 brands. They found 22 different functional combinations, with eCommerce typically ‘owning’ the agenda.

Stratably and DSI point out reasons why this is the case:

- Compared to alternative media offerings, retail media is relatively new, which means there isn’t one playbook approach that works for all companies.
- Many advertisers are experimenting by bringing different groups together in different ways.
- Advertisers find that it requires cross-functional teams to execute well.

More mature marketing teams with lots of experience in Retail Media are finding that they MUST change as different parts of the marketing team were often competing with for the same ad unit.

This has resulted in a wholesale change in approach (see the next page for a real example from a CPG brand in the US).

Organizational Functions Involved in Retail Media

Ecommerce	31%
Shopper marketing, ecommerce	10%
Brand marketing, ecommerce	10%
Digital center of excellence, ecommerce	6%
Trade marketing, ecommerce	4%
Shopper marketing, ecommerce, digital center of excellence, retail media center of excellence	4%
Shopper marketing, ecommerce, digital center of excellence	4%
Shopper marketing	4%
Digital center of excellence	4%
Trade marketing, brand marketing, ecommerce	2%
Shopper marketing, trade marketing, ecommerce, digital center of excellence	2%
Shopper marketing, retail media center of excellence, integrated marketing unit	2%
Shopper marketing, retail media center of excellence	2%
Shopper marketing, digital center of excellence	2%
Shopper marketing, brand marketing, ecommerce, digital center of excellence	2%
Shopper marketing, brand marketing, ecommerce	2%
Integrated marketing unit	2%
Ecommerce, digital center of excellence, retail media center of excellence	2%
Ecommerce, digital center of excellence, integrated marketing unit	2%
Brand marketing, ecommerce, integrated marketing unit	2%
Brand marketing, ecommerce, digital center of excellence	2%

Visual Source: (2023 Retail Media Benchmark, DSI and Stratably: Some organizations use combinations of functions to execute retail media, which is illustrated in the above chart by showing multiple functions

No one functional model of Retail Media management has emerged.



Our Conversation around retail media was the trigger for us to figure out how to be organized internally. We had to think about it in a holistic perspective as each part of the marketing team were often buying the same thing - even bidding for the same terms and beating each other up in an auction.

We needed a team that focused on media capabilities who the wider team consulted with when we are buying media. We moved all the media – brand, digital and retail media - under one person who looked at everything from a portfolio perspective and ‘integrated’ all our media.

US CPG Brand talking about the trigger for internal change.



The Trojan Horse meets the Agency world.

Last October, the Trojan Horse was brought inside the gates again - this time by Omnicom, one of the largest holding companies in the world.

The Chairman of Omnicom said at the time, *“The acquisition of Flywheel significantly broadens our reach and influence in the rapidly expanding digital commerce and retail media sectors”*.

London media legend, Nick Manning pointed out in his column in *The Media Leader* that *“we are witnessing the full-scale emergence of a new way to drive business and new marketing models, and this will have a profound influence on the marketing services industry and hence the agency world.”*

Manning pointed that Omnicom paid a handsome price as Omnicom recognized that *“the skill-sets within Flywheel are not available within their existing operating units and building an equivalent resource would take a long time and be very costly. Secondly, it has created an entirely new entity to sit horizontally within an organisation that has usually been structured vertically.”*



OmnicomGroup



Omnicom Acquires Digital Commerce Powerhouse Flywheel

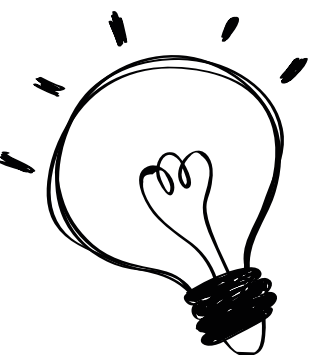
Expands Omnicom's reach in fast-growing e-commerce & retail media segments

NEW YORK, Oct. 30, 2023 — Omnicom (NYSE: [OMC](#)) today announced it has agreed to acquire Flywheel Digital, the digital commerce business of Ascential (LSE: ASCL.L), for a net cash purchase price of approximately \$835 million. Flywheel's services enable top brands to sell more goods more efficiently across hundreds of digital marketplaces, such as Amazon, Walmart, and Alibaba.

Omnicom/Flywheel: a milestone in marketing that will change the agency world

TAKEOUTS FOR BRANDS

- Digital Commerce and Retail Media are driving a hybridisation of brand, trade, shopper and commercial teams. Brands have realised that the most important thing is to maximise the whole company business and not just the channel.
- Think about how to structure teams to accommodate both the speed and complexity of competing and to break down of silos across the business. For example, Centres of Excellence are being used to take the lead in upskilling teams and facilitating collaboration. Other brands are completely restructuring teams.
- Develop clear governance around ownership, leadership and data standards, for example
 - 1. Leadership:** Brand, Shopper, Digital and Retail Media teams will always vie for budget. Instead of having multiple teams with multiple budgets, create ownership for media integration.
 - 2. Data:** Set initial standards you need for audiences and campaigns, knowing that more the deeper you get into using 1st party data, the most sophisticated your demands will be. At the same time, it will be a good idea to remember that the Retailers are often working out what they can deliver too!



Challenge #3

Retail Media Reckoning



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*As the foundation of limitless access to user data is challenged and potentially eradicated, the ground beneath the digital advertising ecosystem shifts, and new operating models emerge.... One of those new operating models is that everything becomes an ad network**

”

Retail Media Reckoning

A theme from last year's Seven Challenges was *"The Proliferation of Retail Media Advertising Networks"*.

This has happened right across the globe – not just in the US or UK. Proliferation means multiple consoles for marketers to work with, multiple different flavours of retail media networks and multiple different measures and attribution. As Eric Seufert wrote: 'Everything is an ad network'.

Advertisers are pushing back, They have to: budgets and bandwidth are not unlimited.

Choices will have to be made.

How can an advertiser choose out if each Retail Media network offers the same inventory, using the same retail media tech stack and the same products?

Having a differentiated audience will no longer be enough as power laws start applying.

What are power laws? Simple – the largest Retail Media Networks with the largest audiences, the best propositions in terms of both advertising propositions and analytics will receive most of the marketing budgets.

In 2024, launching just another Retail Media Network won't be enough.

What to do to counter any “Reckoning”?

‘Reckoning’ is too strong a word. In reality, competitive pressures are part of parcel of any market. Any Retail Media Network worth its salt will step up its game if it wants to win in the market.

We already have some knowledge from what has happened in other markets as to how things will pan out for Retail Media Networks.

Michael Porter, the doyen of competitive strategy in business talks about Cost Leadership, Differentiation or Focus as the strategies of maturing markets. Replace ‘cost leadership with ‘Size and Scale’, then you can predict some potential futures:

- **Size and Scale:** As mentioned, the largest network will always be on any CPG media plan due to size – think Amazon in the many markets, Walmart in the US, Tesco in the UK, Coles in Australia, Warehouse Group in New Zealand, Carrefour in France.
- **Focus:** Retail Media Networks with a speciality audience that is attractive can compete. For example, health and beauty retailers often have attractive, hard to reach shoppers with high margin products.
- **Differentiation:** Being different – and distinctive - is the ultimate commercial competitive weapon. In fact, as competition increases. How can you do this? Create your own Retail Media Flywheel.

Being different – and distinctive - is the ultimate competitive proposition



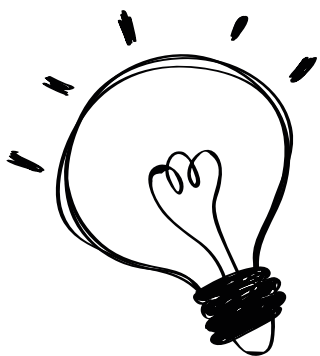
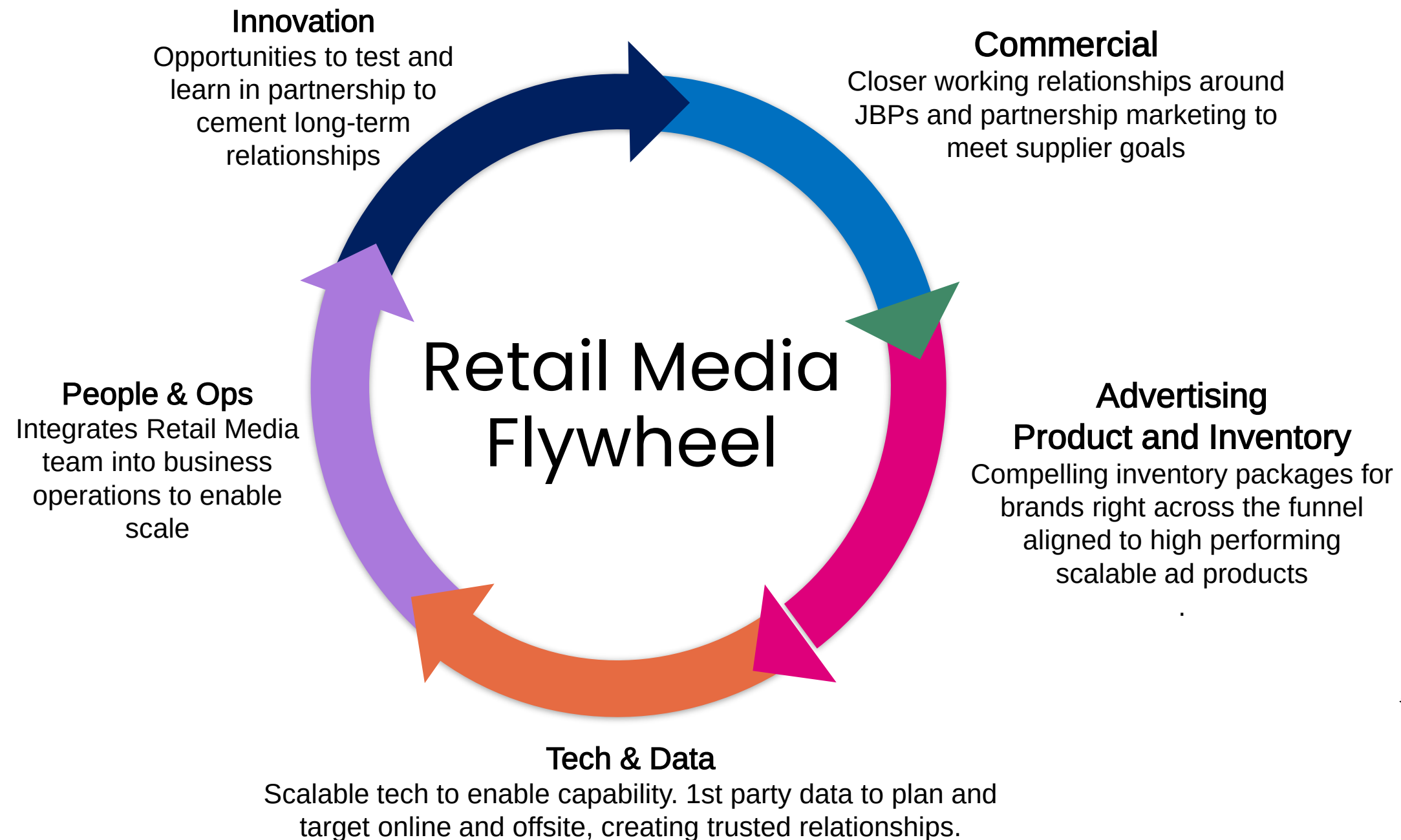
THOUGHTS FOR RETAILERS

Create your own Retail Media Flywheel to differentiate.

A flywheel effect happens when each initiative in a Retail Media Network build on each other over time. The network gains momentum so that growth happens by itself.

The Retail Media Flywheel cannot be unlocked through technology alone.

Differentiation occurs when the flywheel emphasises aligning teams, building on existing capabilities whilst developing new ones,



“


Retail Media Networks as a ‘Buying Group’: Aggregated consoles, aggregated measures and aggregated tools will be launched – particularly for smaller Retail Media Networks. Aggregating audiences is a natural progression - and is the perfect way to take on the might of Amazon. Of course, getting retailers to work together will be like herding cats – and might even raise the eyebrows of the competition authorities. However, retailers have been doing this for years as part of franchises or buying groups.

Michael Islip, Grace and Co

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Challenge #4

Measurement, Standardisation, ROI.



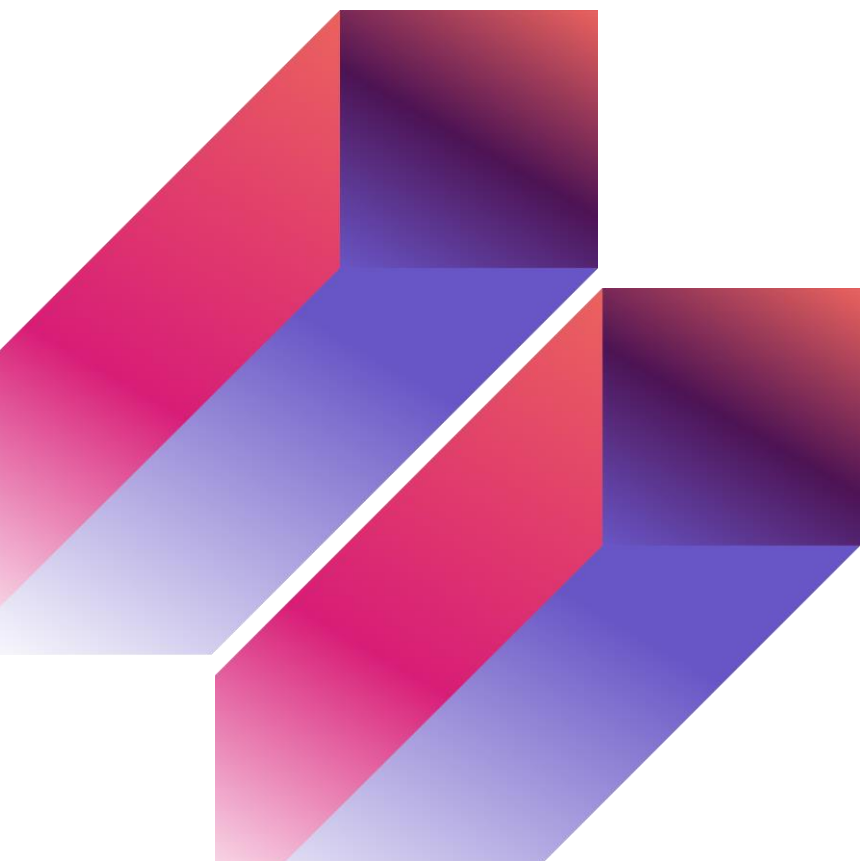
Measurement in Retail Media has changed radically in just one year. The various IAB chapters around the world have released new standards for retail media.

Lots of challenges remain.






“Retail media is moving up the funnel into streaming TV, instore retail media is rising and the impact of offline attribution data means that more measurement frameworks will need to be introduced. This will move the conversation away from just focusing on incrementality or conversion as being the most important measure.” Andrew Lipsman

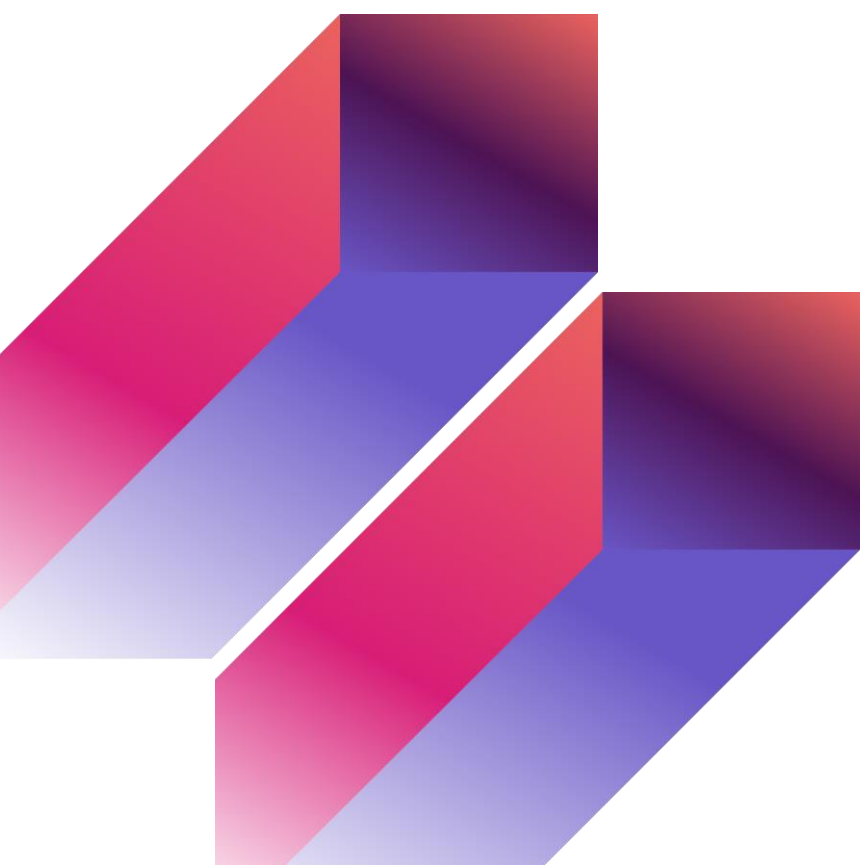


“As the market matures, I think one critical challenge is the ability, capability and desire of all parties to introduce greater consistency and standards, particularly in digital retail media. We were particularly pleased to contribute to last week’s ISBA launch. The Responsible Retail Media Framework, in conjunction with parties from all sides of the industry, is a massive step in the right ” Nick Ashley, Tesco



“One of the biggest challenges imho: embracing fragmentation. To navigate effectively, brands should focus on core business objectives, streamline operational requirements, and leverage partners to connect data and buying. Consolidation and convergence will come, but getting back to fundamentals is the best path forward.”

Frederic Clement, Co-founder – Mimbi.



“As measurement and complexity bedevil advertisers, don’t be fooled by the many who want to profit from the confusion by launching standardisation; treat each retailer like its own walled garden. There is no standardisation between Google, Meta, Amazon, YouTube, and the likes. Instead work with your key retailers: challenge, innovate and learn together faster.” John Greca

Russ Dieringer of Stratably points out:

“Retail media search does not operate in a vacuum: discounts, promotions, subscribe and save, seasonality, non-retail media investments, and other factors meaningfully impact retail media performance. Incremental has seen this occur during key selling periods like Prime Day, when a higher portion of sales are driven simply by the increased traffic of ready-to-buy shoppers compared to how much ads are estimated to have contributed based on LTA.”

Source: <https://stratably.com/takeaways-from-our-live-session-on-retail-media-incrementality/>



Is Retail Media incremental?

Advertisers are looking for measurements of incrementality, referred to as iROAS, to confirm the net impact of their Retail Media budgets. I asked on LinkedIn for input to the Seven Challenges – with one specific question about incrementality. The answers are very interesting!

“if the jury is still out on incrementality, it's because those folks aren't buying, applying data and measuring properly.

If I'm representing a CPG there is no scenario in which I can't create true profitable, incremental results for the brand when triangulating measurement between MMM – especially with what 'would have happened anyway'

Those of us who accept things like StatSig and Confidence Levels will beat those who chase perfect six days a week and twice on Sunday.”

Jay Friedman, CEO, Goodway Group

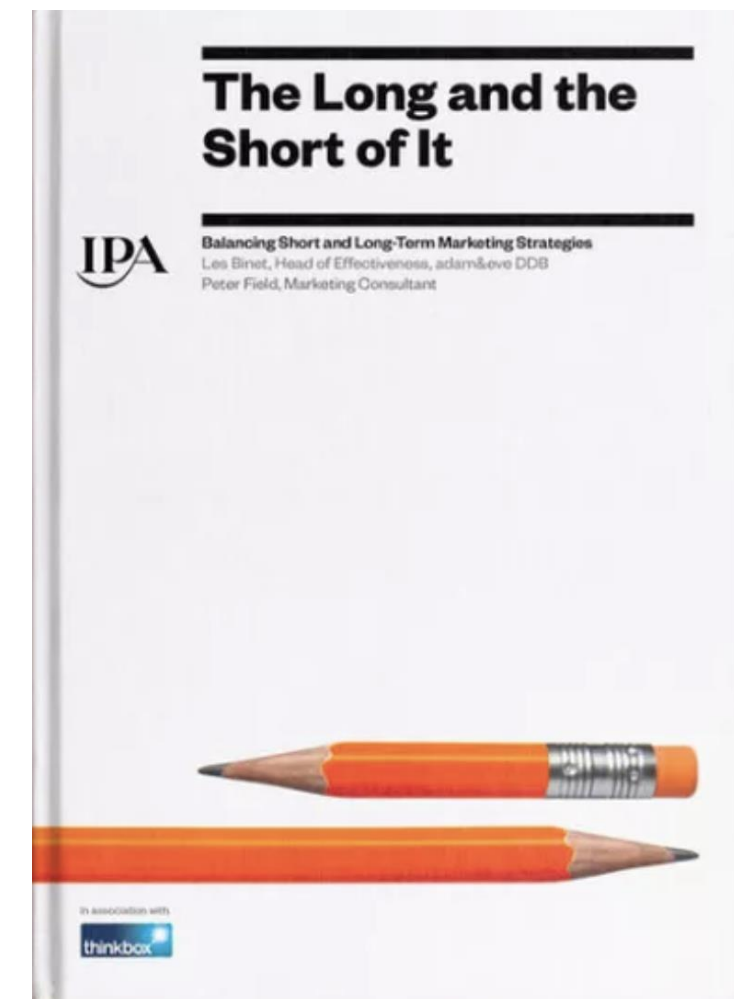
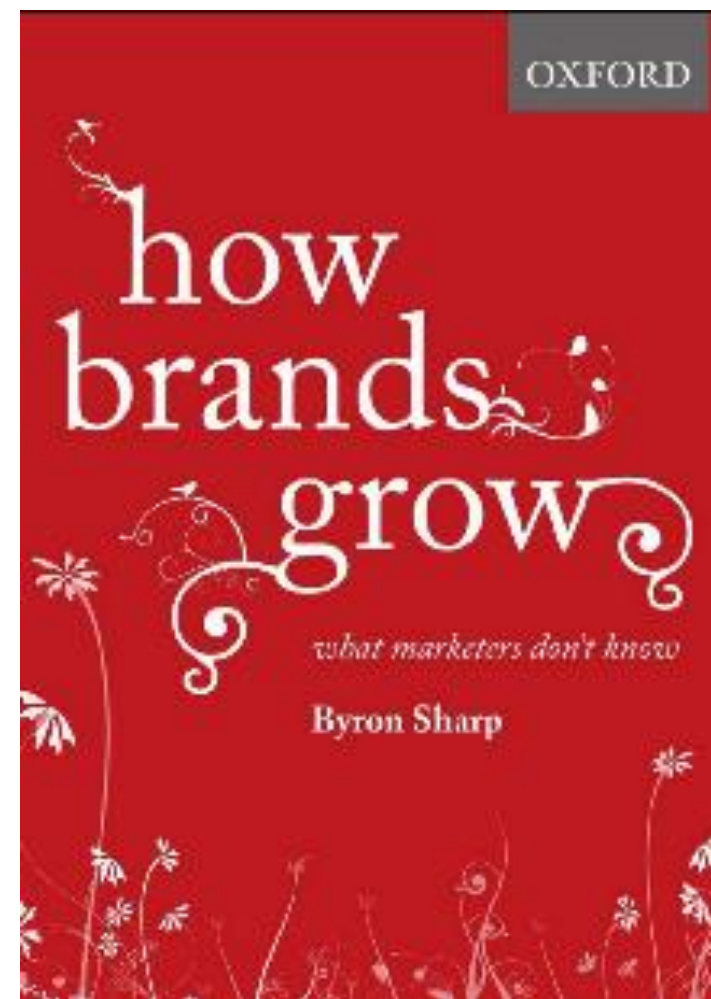
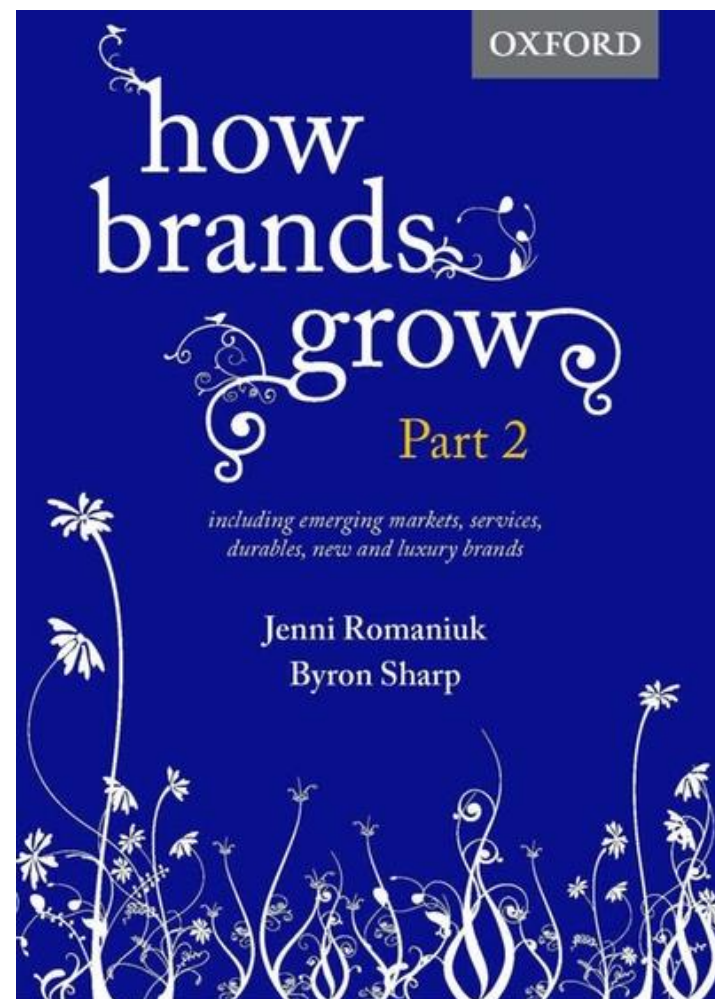
“We have some real data to prove it through experiments we've run in field. Incremental sales can be generated by focusing your retail media investments on keywords for which you have low brand strength (or conversely a high incremental potential since your brand is not showing up organically on that "shelf" when someone searches).

Based on your current share of voice, current ROAS on that keyword and a few other factors it's possible to predict with a pretty high degree of accuracy the incrementality of a marketing investment .”

Guru Hariharan, CEO at CommerceIQ

Is Retail Media effective?

The world of marketing has been radically changed in the last ten years by the focus on evidence-based marketing. The language of “How Brands Grow” and “The Long and The Short of It” are permeating marketing discussion in most CPG brands of scale. The question is – is Retail Media ‘effective’ - what is the evidence for this?



Introducing Professor Koen Pauwels

Marketing journals are where all the effectiveness data is buried. The journals use fancy words like *'Non-Gaussian'*, *'Diffusion Regression'*, *'Dual Causality'* and even *"Potential Endogeneity Bias"*!

Luckily for us, there is someone who uses everyday language and who also understands Retail Media. He is the Vice Dean of Research at the D'Amore-McKim School of Business at Northeastern University, former Distinguished Professor of Marketing at Northern Eastern University, Boston and also was the Principal Research Scientist at Amazon Advertising and Amazon Ads Research Awards programmes.

Professor Pauwels kindly pulled together some of the papers on Retail Media that matter.

Original Article | [Published: 03 August 2023](#)

Sponsored brands video rings up clicks and sales in the short and long run

[Koen Pauwels](#) , [Michael Peran](#), [Zee Shah](#), [German Schnaidt](#) & [Dauwe Vercamer](#)

[Journal of Marketing Analytics](#) **11**, 275–286 (2023) | [Cite this article](#)

70 Accesses | **2** Altmetric | [Metrics](#)



Retail Media Effectiveness Data

These are just some of the takeouts from Retail Media related paper in marketing journals.

Retail Media Synergy

Retail Media works across the online consumer decision journey - reduce time to revenue baseline by 24%.

3X Results

Retail media ads are 'content-integrated', i.e. directly related to the main objective of the website's user.. Content-integrated ads get about 3x the purchase conversion of content-separated ads.

ROPO

Shoppers who research more on Amazon, are more likely to buy, either on Amazon or off-Amazon. For every 10 customers who research on Amazon AND buy on Amazon, 17 other research on Amazon AND then buy off-site.

Retail Media helps new products achieve success

Amazon Ads com cut the time needed to reach success levels by more than half [search rank and conversion rate to time-to-15 reviews] compared to products that reach these same benchmarks without advertising.

FINAL THOUGHTS FOR BRANDS

Why the obsession with standardisation? The constant talk is about standardisation is a 'meme' worthy of Roger Dunn, SVP Asia-Pacific & Japan, Citrus who creates the best Retail Media memes on LinkedIn*. Perhaps we should look at this another way:

- ***Unfair comparisons with GAFA:*** Google, Meta, TikTok, Amazon do not have a standard metrics that are comparable. Indeed, it Google and Meta years to have anything but the most basic metrics. And they are platforms that work in every market in the world, as opposed to be tailored to an individual country.
- ***Get your own house in order!:*** The common theme among all the retailers I deal with is that each brand wants different things, each brand briefs differently, each brand measures success differently. Indeed, the retailer is – as we know from Challenge #2 is likely to be dealing with numerous different types of teams.
- ***Retailers are just that - retailers.*** They are not technologists; they do not have armies of highly paid data scientists on call. Their technology vendors don't provide them with the exact reports you want!

In other words, let's be realist here. Rome was not built in a day.



Roger Dunn from Citrus describing the dress code of your author 😊

Challenge #5

Coming to a store near you



“

Is delivering ads close to the point of purchase as **performance advertising** or **brand advertising**?

“Think about it this way: in-store digital media helps brands reach and influence consumers at scale, during opportune moments, in brand-safe contextually relevant environments.”

Andrew Lipsman, Media, Ads and Commerce

”

Instore: tapping the potential

Retail media is morphing into full funnel, with off-site, social, and streaming TV formats coming to the fore. However, the digitising of surfaces instore, including digital billboards, digital screens in store and at POS that is becoming 'front and centre'. This should not be surprising as we all know that shoppers instore are still 70-90% of traffic for many retailers – instore delivers 'audiences at scale'

This should not be surprising as digital in store is attractive to brands due to its dynamic and creative possibilities. In addition, pressures around sustainability mean that retailers and shopper marketing teams will have to adopt more digital options if they wish to keep their 'license to operate'.

New technologies now enable that the operational aspect of instore screens to be less hands-on and Retailers all over the world are embracing instore.

For example, the largest retailer in New Zealand, The Warehouse Group, installed digital screens right across their network with high impact, TV quality creative partnering with Australian retail media tech group, Zitcha to power the booking and delivery. Mimedia, the Retail Media agency within Turkey's biggest retailer has offered this capability for a few years. Hy-Vee in the US partnered with Samsung to offer advertisers a combined in-store digital inventory and connected TV (CTV) advertising.

But the challenge to the potential of instore are arguably than pure online Retail Media.

Instore has to do a lot to deliver on its promise



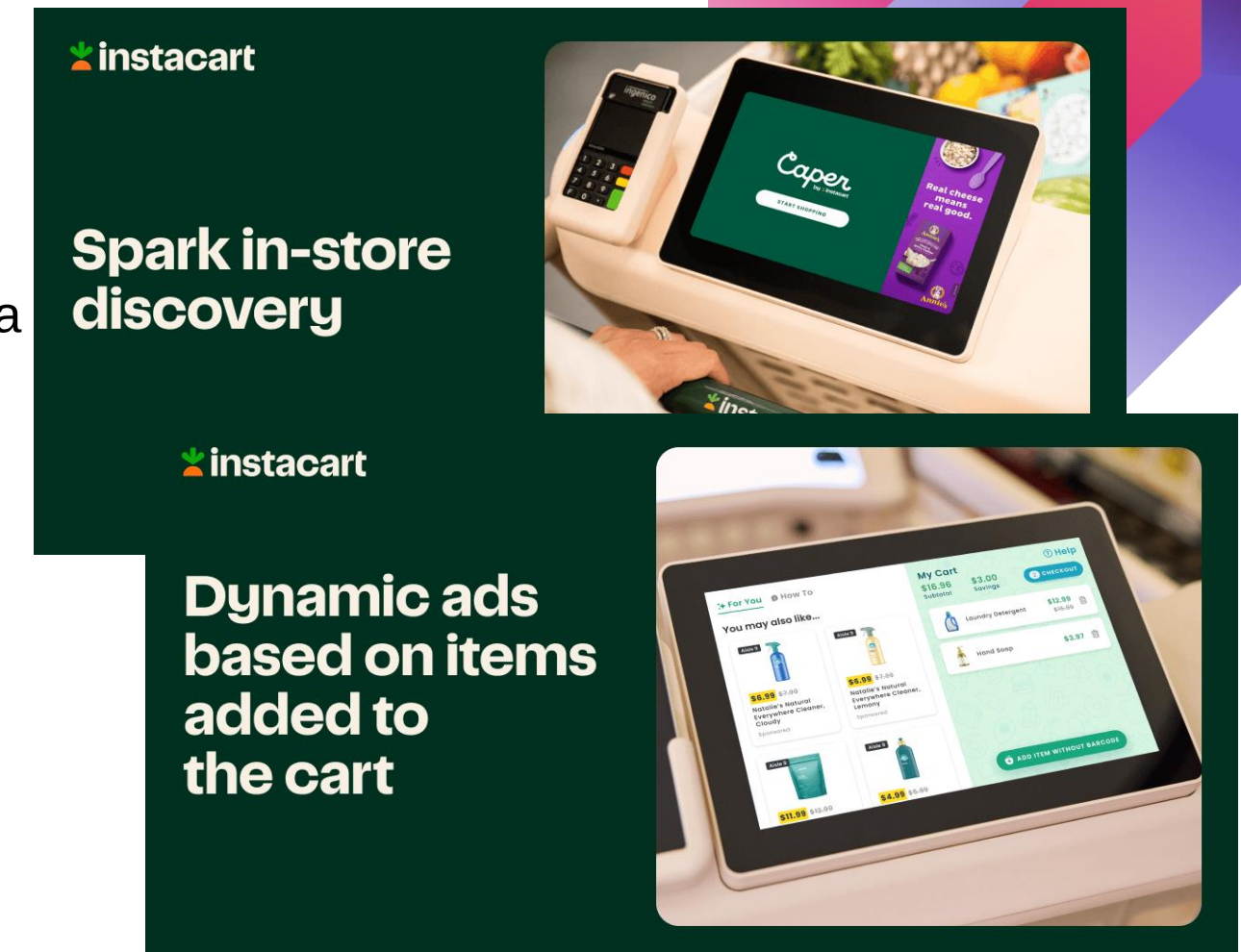
Instore: The dots need to be joined.

There are some fundamentals about instore retail media to be addressed:

- **Who is going to pay?** Screens are expensive to buy – are they capex or a opex item?
- **Who is going to maintain?** Screens require a CMS, Wi-Fi and a guarantee of uptime. Busy store managers do not see these as part of their role – nor should they.
- **Who or what is going to integrate with other Retail Media?** Advertisers want integrated media plans, and, as we know, excellent data if they are to invest in new channels.
- **What will be the impact on ways of working?** Instore is often the responsibility of trade marketing and or shopper marketing. How will these teams react if they are asked to hand them over to Retail Media teams?

All of these can be solved, but they are not easy. What can be done?

- **Discovery:** Focus on what instore is great at – product discovery - unlike online.
- **Partner:** Retailers will need to partner with screen vendors and CMS vendors. Choose tech that bridges the online and instore 'gap'.
- **Creative solutions:** Andrea Leigh, Founder & CEO, Allume Group asks the question about why are retailers not tapping into the one screen that everyone has – the smart phone in our pockets. Too often, there is a complete disconnect between the vouchers that are sent to our homes, the emails from the retailer in our inbox and the experience instore. It's as though these are two different worlds. Creative solutions means finding a way to get the shopper to the get the phone out of our pockets and used instore.



Instacart's Connected Stores technologies bridge the online and in-store shopping experience using computer vision and AI to automatically identify items as they are placed in the basket, allowing customers to bag as they shop and checkout directly from the cart.

Instore Media will need creative technology – and thinking.

“

Everyone already has a screen their pocket. Shoppers are already on the app instore. Surely, we can tie the screens in our pocket to what is instore, even with privacy rules.

Andrea Leigh, Founder & CEO, Allume Group

”

Challenge #6

**Retail Media Technologies:
A “Cambrian Explosion.”**



A Cambrian moment

10 Years ago on Jan 2014, The Economist wrote a very long article about how we were living in a "Cambrian Moment".

What is a *"Cambrian Moment?"*

Well, about 540m years ago something amazing happened: life forms began to multiply, leading to what is known as the "Cambrian explosion".

Until then sponges and other simple creatures had the planet largely to themselves but within a few million years the animal kingdom became much more varied.

The Economist argued *that "cheap and ubiquitous building blocks for digital products and services have caused an explosion in startups"* and that *"digital startups are bubbling up in an astonishing variety of services and products, penetrating every nook and cranny of the economy. They are reshaping entire industries and even changing the very notion of the firm. "*

They even quoted Marc Andreessen, the famed Silicon Valley venture capitalist: *"Software is eating the world"*.

The Economist talked about “*software that is eating away at the structures established in the analogue age. They are using “application programming interfaces (APIs), digital plugs tha allow one service to use another, for instance maps (Google) and payments (PayPal). The most important are platforms that can host startups’ offerings (Amazon’s cloud computing), distribute them (Apple’s App Store) and market them (Facebook, Twitter).”*

Retail Media is eating away at earlier ‘structures’ such as Trade Marketing, Shopper Marketing, Google and Meta.

The use of widely available tools and technologies that can be used as building blocks for new Retail Media capabilities is just starting.

[If you don’t believe me, the visuals on this page and the following page were created in Dall-E with the command “*create a visual in portrait form for use in a PowerPoint that shows the Cambrian explosion in a detailed and realistic style suitable for educational purposes.*” It took 30 seconds to create using this cheap, ubiquitous tool.]





The core retail media technology landscape has been dominated by Criteo and Citrus Ad.

However, there are a new generation of built-for-purpose RM technologies that are either seeking to replace these incumbents or to unbundle valuable component parts. These are needed as research from the IAB Australia and Europe shows that Retail Media Networks not being integrated with other tech is the top barrier to success.

There are lots of great examples – and they don't come from Silicon Valley – or even the USA.

They come from Turkey, they come from Australia, they come from France, they come from the UK.

The challenges of Retail Media, whether it is measurement, creative, analytics mean that a whole slew of new technology is inevitable.

Let's take inspiration from the last sentence of the original Economist article: *"Today's digital primordial soup contains the makings of the economy of tomorrow."*

Applied to Retail Media, today's primordial soup of Retail Media 1.0 and 2.0 contains the seeds of startups to solve these problems.

Challenge #7

The Big Kahuna: Amazon



Amazon Advertising: *'This is the way.'*

- ***Amazon shows the way:*** no matter what way you cut it, Amazon is still the 'big kahuna' in retail media. Comparisons with Amazon's capabilities are not a fair fight, but their commitment to offering ad units that are 'top of funnel' is deniable – and other RMNs are following their lead.
- ***Unboxing the future:*** At the Amazon Unboxed event in October 2023, Amazon unveiled lots of new products including tools to buy streaming TV ads, a clean room called Amazon Publisher Cloud that lets publishers analyse audience data. The pace of these new announcements make all other ad channels look asleep.
- ***'Brand Budgets':*** Capturing performance marketing budgets from Meta and Google is one thing, but offering propositions to capture brand budgets is the biggest unlock of all. Why? Because TV budgets are biggest of all media channels – and Amazon's move into sport and Prime TV advertising shows the way.



TECHNOLOGY MARKETING OPERATIONS MODERN RETAIL+ PODCAST

MEMBER EXCLUSIVE // AUGUST 24, 2023 ■ 7 MIN READ

Amazon Briefing: What's behind Amazon's slow and steady shift into a full-funnel marketing platform

Amazon's full-funnel approach shows the future of retail media.

Amazon Advertising showing the way in AI

By now, you are probably sick of statements such as *'AI Changes Everything'*.

However, the ability to create content at scale and on demand through generative AI is one of the best use cases of AI. True to form, Amazon Advertising launched a generative AI solution to enable brands to produce lifestyle imagery that helps improve their ads' performance. Amazon use the example of *"placing a toaster in a lifestyle context—on a kitchen counter, next to a croissant—in a mobile Sponsored Brands ad, click-through rates can be 40% higher compared to ads with standard product images"*. (1)

Other platforms such as Shopify launched Shopify Magic - AI-Generated Product Descriptions, which automatically generates blog copy for online store owners with a given tone of voice. (2)

All of these trends are already in motion – their implementation is inevitable. Where Amazon leads, others follow.

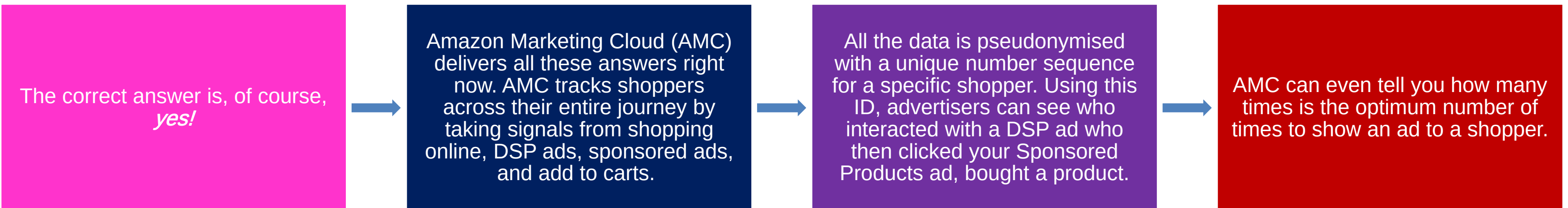
With the aforementioned 'Cambrian Moment' on its way for Retail Media tools and technologies, we can say that it is inevitable that Retailers and Brands will follow Amazon and other platforms and embrace these AI tools due to scalability, speed and cost.

Source: (1) www.aboutamazon.com/news/innovation-at-amazon/amazon-ads-ai-powered-image-generator - (2) <https://www.shopify.com/ie/blog/ai-product-descriptions>

Amazon Advertising showing the way in Insights

If you work in marketing, would you like to know the answer to the following questions:

- What is the impact of sales on Amazon for my non-Amazon media?
- How does paid search and display ad types work together
- How are physical store sales are influenced by Amazon retail media campaigns?
- What campaign type combination is most effective in driving engagement and conversion?
- What TV ad worked the best ?
- What was the incremental reach of my campaign?
- What was the customer journey?
- When did a potential shopper view my product page?
- When did a shopper add a product to a Wishlist?
- How many exposure to my ads is too many?



AMC is a gamechanger in the world of Marketing and Insights

Amazon Marketing Cloud

Data clean room solution empowering holistic analytics and deep insights

amazon ads

AMAZON CONFIDENTIAL

If Amazon Marketing Cloud is so good, why isn't everyone using it?

AMC is marketed very badly and is hard to use unless you know SQL. Their presentation and point of sale is unclear and is not framed in way that marketers understand.

This is a real pity as you can track all shopper activity on Amazon, and even connect digital ads to in-store traffic. If you have a physical store, you can see how your ads on Amazon are translating into actual foot traffic. You can also A/B test campaigns against shoppers who haven't been exposed to any ads in the previous 28 days.

TV advertising still measures viewing numbers with electronic meters that track what the televisions are where each member of the Nielsen household is given a special button that they turn on and off when they start and end a programme. Nothing has changed in years.

When you consider the investment that Amazon is making in sports and in putting ads on Prime TV, you quickly realise that Amazon has created a capability that you can't find anywhere else in the ad ecosystem.

All advertisers, media agencies, CMOs and retail media tech vendors need to keep a close eye on AMC. If Amazon decide to go 'all-in' on marketing AMC like they did with AWS, then AMC will be a behemoth.



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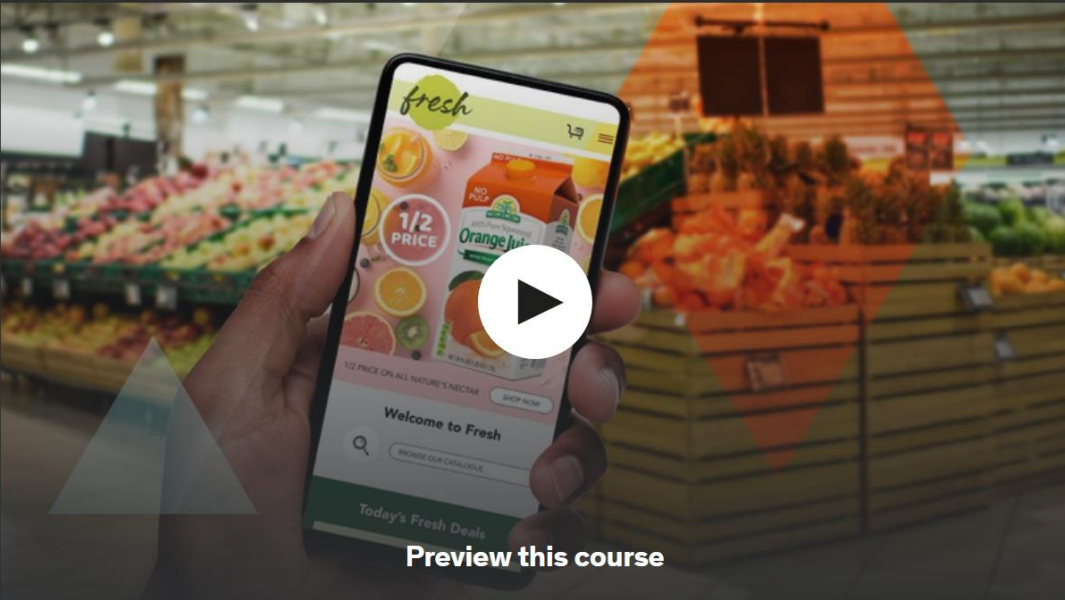
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- Retail Media Works has created eight best practice reports across Digital Commerce, Marketplaces and Retail Media.
- Retail Media Works has created numerous digital commerce capability programmes in person and online. These include the Retail Media Strategy course created in tandem with Advertising Week on Udemy.
- Retail Media Works has both Retail and Brand clients all over the world and has run in person programmes have been run in the UK, France, Italy, Luxembourg, US, Australia, New Zealand.
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