

Harness the power of Retail Media Networks to elevate the brand to consumer connection

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Reaching the right customers through new media channels

As brands face ever-increasing market competition, data privacy limitations, and tech changes associated with **the impending deprecation of third-party cookies**, Retail Media Networks (RMNs) have become a powerful tool to reach customers across digital and brick-and-mortar advertising experiences to generate new customers, and to bridge the gap from interest to sale. We recently conducted intensive research across 450 major US retail companies to uncover how RMNs are being implemented in today's business landscape. We found that retailers who are currently testing and implementing a RMN are more likely to meet the demands of today's customers—especially for important shopping experiences such as in-store signage, targeted email, and in-app advertising. Despite economic uncertainty, our research reveals that advertising investment is surging overall and expanding into new channels—such as RMNs. With the retail media market projected to **surpass \$100B by 2027**¹, retailers and advertisers alike would be wise to embrace this growth opportunity early on.

The retailer sits on the sell-side.

They own the customer transaction data, loyalty data, and onsite ad inventory. This creates a Retail Media Network.

The advertiser sits on the buy-side.

They invest media and shopper/trade dollars into the Retail Media Network. This enables the brand to reach customers who shop at that Retailer and to serve them relevant offers through ad inventory on the retail media network.

Seizing the high-intent purchasing mindset

A Retail Media Network is a type of Commerce Media Network (CMN). CMNs are advertising networks managed by companies that enable advertisers to buy advertising across the company's ad and marketing inventory, the open internet, social channels, addressable and connected television, out of home ad inventory, and more; using the company's first-party data to connect with consumers across the entire journey. Within the CMN space, RMNs are specifically operated by retailers that sell goods through digital and physical stores. This approach is of special interest to brands and advertisers, because when customers are served an ad while they are currently shopping, they are already in a high-intent purchasing mindset. Our research reveals that brands and retailers alike are seizing on the promise of this new advertising opportunity:



64%

of retailers are planning to implement a Retail Media Network by the end of 2024

78%

of retailers are planning to issue an RFP for an RMN platform provider by the end of 2024

Among brands that retailers have offered their RMN ad space to, **over 59%** have seized the opportunity to execute campaigns

Breaking down perceived barriers

For retail companies who do not currently offer these advertising capabilities for the brands that they carry, some understandable concerns and challenges stand in the way of making the leap. From data privacy regulations to staffing, our research uncovered what concerns are dominating the conversation amongst retail leaders today. However, the concerns of those who have not launched a Retail Media Network may be disproportionate to the actual experience of retailers who currently operate a Retail Media Network. For example, **74%** cite data security as a concern preventing them from adopting RMNs, while far less than that—**58%**—of those currently operating RMNs cite it as a real challenge.

Five top concerns companies have before launching a Retail Media Network

74%
Data security and privacy

70%
Complexity of technology

69%
Insufficient first-party data

68%
Unsure of value or benefit

70%
Perceived high competition

Five actual challenges companies face currently operating a Retail Media Network

58%
Ensuring data governance and security

57%
Staffing

54%
Media standards of campaign delivery

54%
Providing white-glove service to advertisers

53%
Transforming measurements into relevant, actionable insights

In reality, our research suggests that the perceptions and fears around implementing RMNs are more severe than the real-world challenges companies with RMNs actually face. The capabilities of RMNs help brands reach wider audiences and meet customers in the moments that matter.

Reaping the benefits

The robust capabilities of Retail Media Networks such as wide customer reach and loyalty opportunities help companies fill in shopper behavioral data gaps to better assist their brands in making lasting connections. RMNs bring together retailers and advertisers in a new way that closes the loop from segmentation to measurement—working with the advertisers to connect with specific audiences, and providing reporting capabilities that allow the retailer to monitor their ROIs and ROAs directly.

Safe data sharing is perhaps the most relevant, timely benefit that RMNs can provide advertisers for crafting a state-of-the-art media plan.



Benefits for advertisers



of retailers share or plan to share **loyalty data** with RMN advertisers



of retailers share or plan to share **store data** with RMN advertisers



of retailers share or plan to share **shopper data** with RMN advertisers

Benefits for retailers



of retailers report that they are *very or extremely effective* in conducting closed loop measurement, which is both essential to achieving efficient customer targeting and analysis, and is a key process to implement in order to have a successful Retail Media Network. Our research also reveals that retailers who are currently operating Retail Media Networks are more likely to have invested in first-party data pipelines, identity resolution tools, and data lakes or CDPs.

These benefits place both brands and retailers ahead of the competitive pack to reach more customers and position them for sustained success over the coming years amidst regulatory changes and beyond.

Looking ahead

The Retail Media Network space is ripe for opportunity for brands to match with more customers and for retailers to grow their brand portfolio.



With only **25%** of companies currently harnessing a built-in team dedicated to operating the RMN infrastructure, **65%** plan to engage a third-party consultancy to augment RMN operations by the end of 2024.



of retailers that have implemented an RMN both built and bought their platform, meaning that they have combined in-house and third-party capabilities.

As you can see, there are several ways to approach implementing RMNs. By ignoring the opportunities that RMNs provide, many retailers are missing out on future-facing strategies to help reach more customers on behalf of the brands they carry and to create memorable customer journeys. In fact, our research revealed that retailers planning to implement an RMN **underestimate how much annual revenue per brand that they'll earn** if they do so. Retail media advertising will only continue to rise, as **more than 1 in 4 digital ad dollars will be spent on retail media by 2027**¹. Examining which RMN tech stacks and deployment strategies could work best for your company and the brands that it serves is a worthwhile endeavor, as our research reveals that this space is not shrinking any time soon. The safe data sharing capabilities paired with the opportunity to connect with more customers that Retail Media Networks provide can set today's advertisers and brands ahead of the competition and create meaningful, lasting customer experiences.



Get in touch

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About the research

In spring 2023, we surveyed 450 Director-level (or above) leaders of US retail companies with 500 or more employees and \$250 million (or more) in annual revenue who use adtech platforms. Respondents did not know that Deloitte was the sponsor of the survey, which was carried out by Logit Group's B2B panel and both designed and analyzed by Lawless Research.

Sources

1. Sara Lebow, Retail media ad spend will reach over \$100B by 2027, Insider Intelligence, eMarketer Forecast, November 17, 2023, <https://www.insiderintelligence.com/content/retail-media-ad-spend-will-reach-over-100b-by-2027>

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