

A Brand's Guide to Retail Media

www.retailmedia.works

Colin Lewis

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7 Best Practice Reports on these topics

Ecommerce Best Practice - 160+ page, 54,000 word Guide to

Marketplace Best Practice Guide 48,000 word, 100+ pages

Amazon, Walmart, Kroger, Instacart,

WARC
AN ASCENTIAL COMPANY

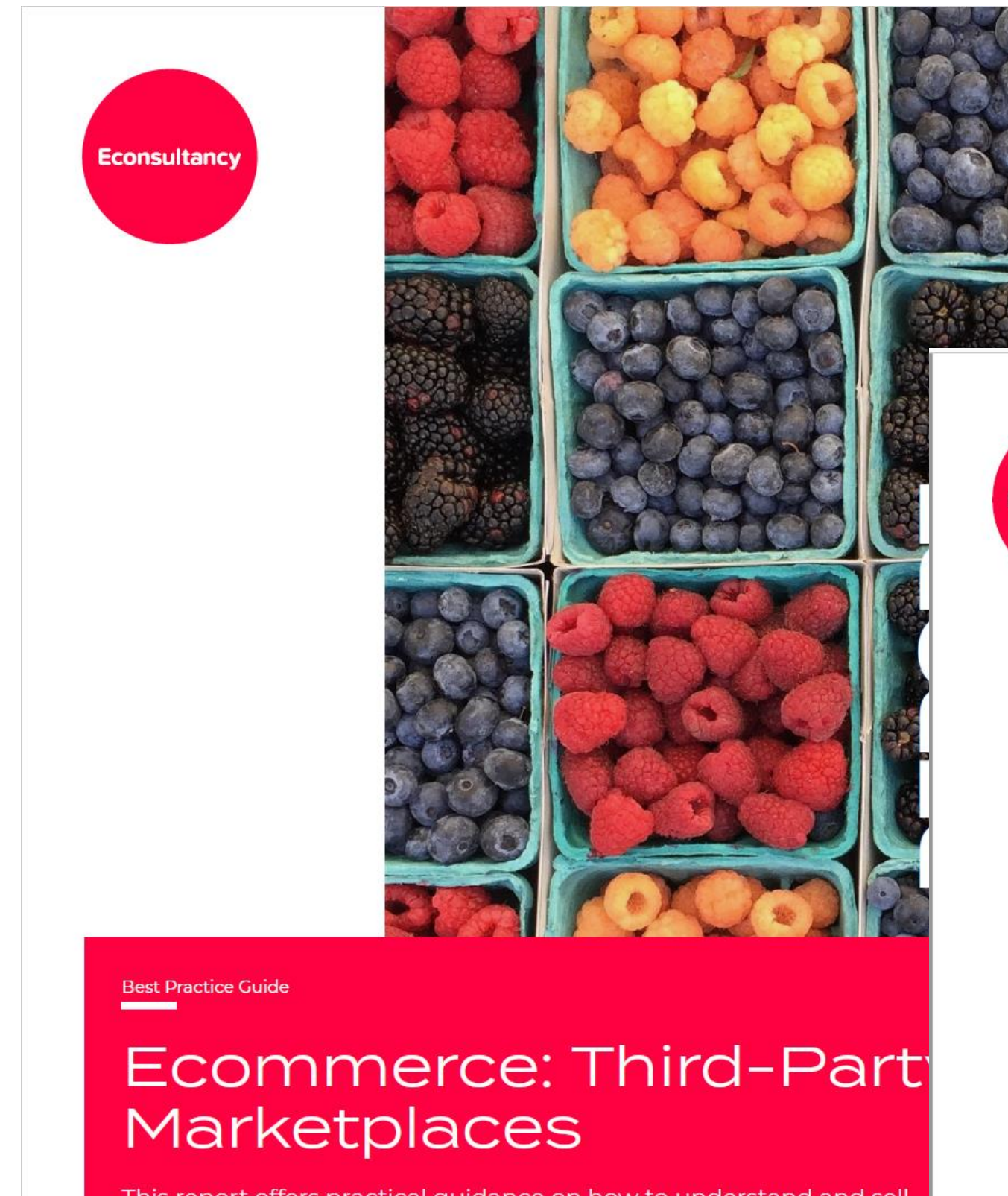
The Rise of Retail Media – and what this means for brands

Colin Lewis

Source: WARC Best Practice, September 2021

Downloaded from WARC

WARC



1. Retail Media Definitions

Definitions

“Retail Media is the digital advertising within a retailer’s eCommerce website and apps, and, increasingly, the whole of the retailer’s environment whenever and wherever customers come into contact with a brand.”



Ecommerce Channels

Retail Media

Brand.com / DTC

Apple.com
Nike.com
Huel.com
Butcherbox.com



Retailer.com / eRetail

Next.com
Tesco.com
Carrefour.com
Boots.com
Walmart.com



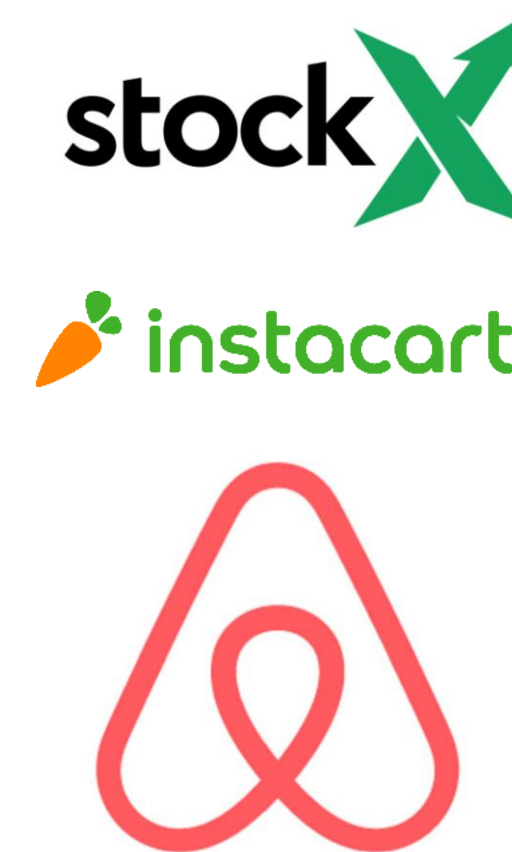
Marketplaces Horizontal

Amazon
eBay
Tmall
Allegro



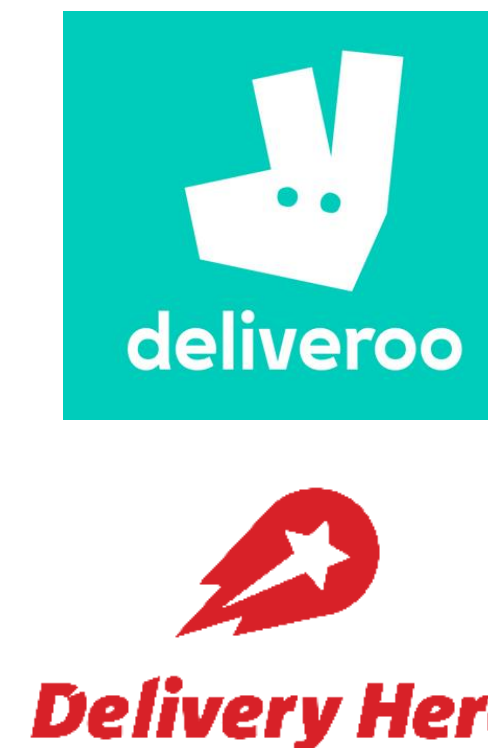
Marketplaces Vertical

Airbnb
StockX
Instacart



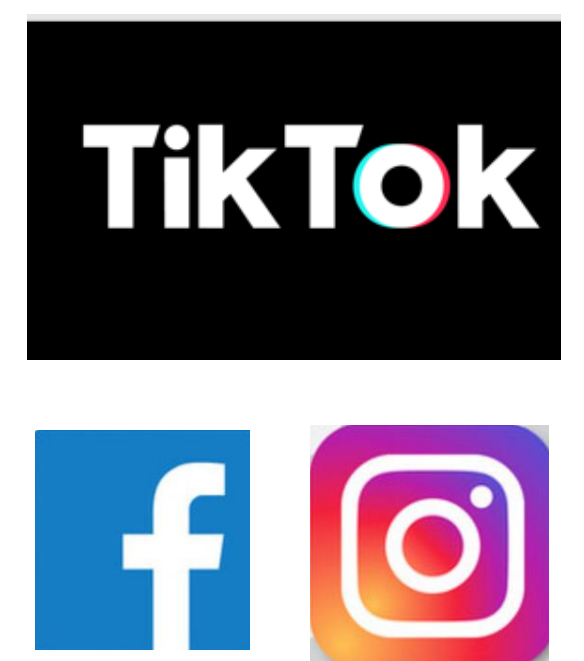
Quick Commerce

Getir
Deliveroo
Talabat



Social Commerce

Facebook
Instagram
YouTube
TikTok



2. Retail Media Drivers

Ecommerce Exponentials

UK ecommerce penetration is now 50% ahead of the USA.

UK non-food retail is now at 40% eCommerce.

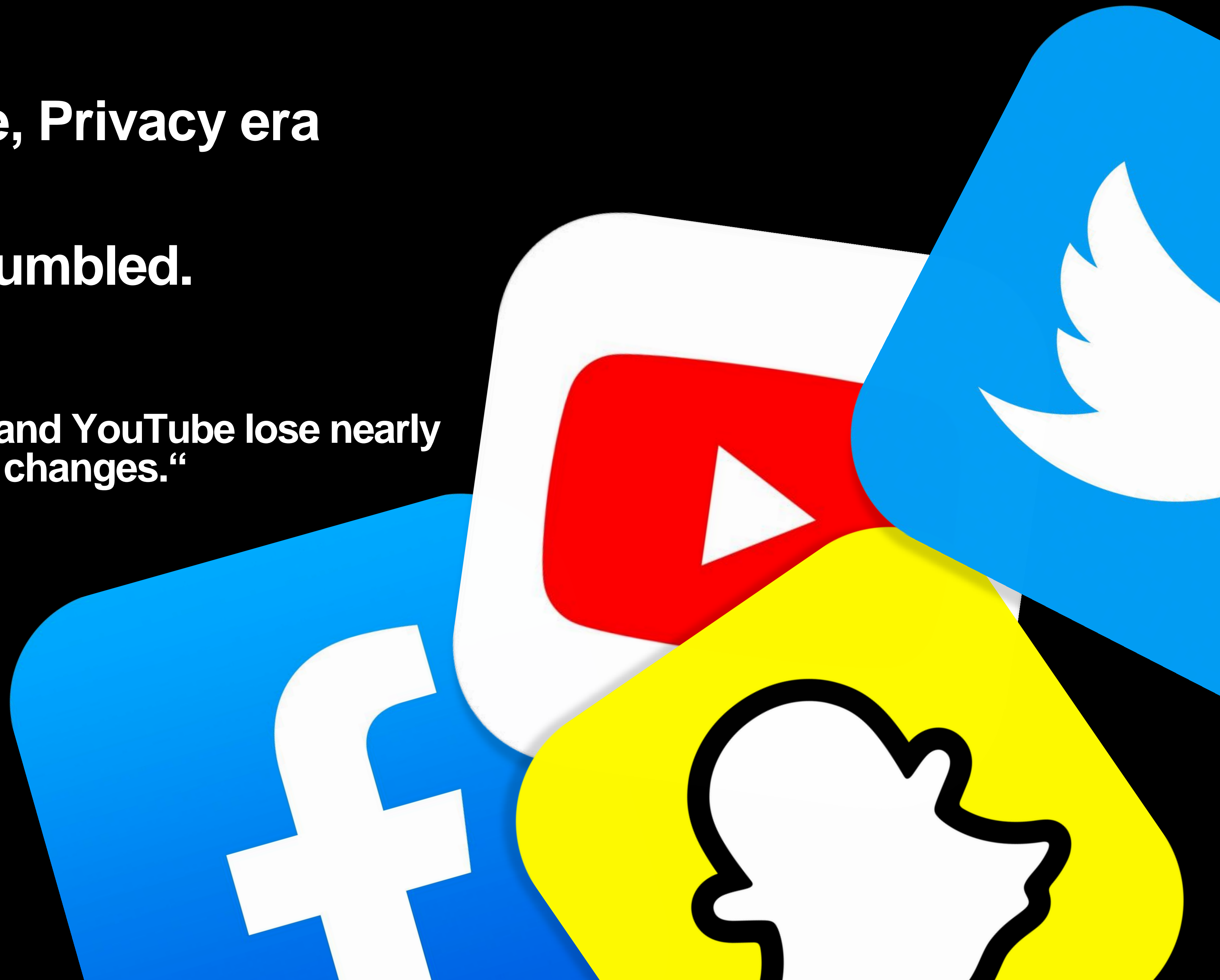
60% of all online retail purchases in the U.S. were done on Amazon last year.

Data: Post-Cookie, Privacy era

The Cookie has Crumbled.

“Snap, Facebook, Twitter and YouTube lose nearly 10Bn after iPhone privacy changes.”

First Party Data Wins.



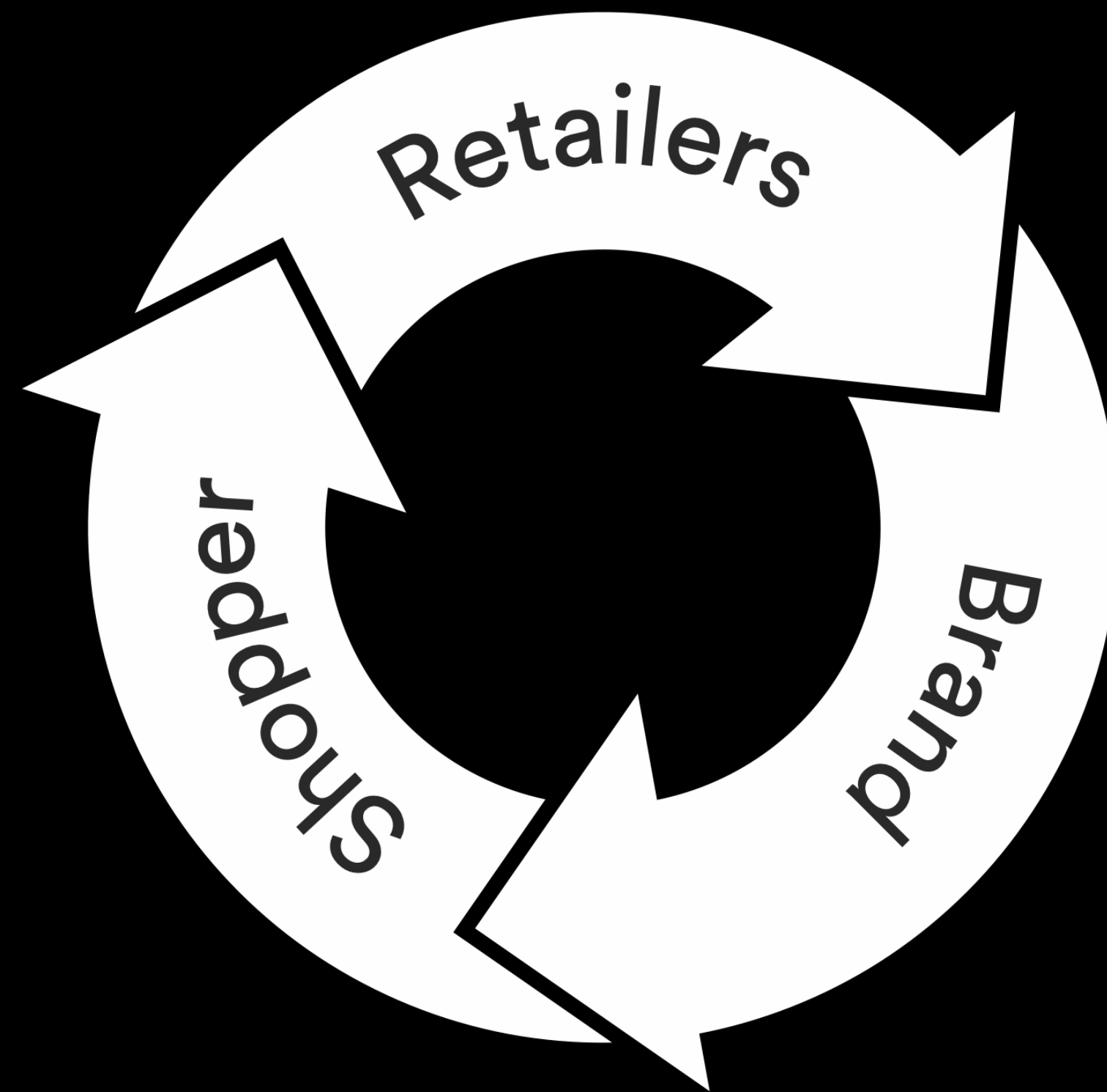
Amazon Advertising

\$31bn is roughly the same size as Google Display, YouTube, or the entire global newspaper industry's ad business.



The Power of Closed Loop Attribution

Brands can connect demand creation to demand capture and attribute the money spent using Retail Media with actual sales performance data to measure campaign effectiveness.



Target

Shoppers who are looking to buy.



Link

Media Investment to the Sale.



Measure

Effectiveness & Optimise.



Shoppers

Find the products they want.

Investors like Retail Media

“The rise of retail media, like the rise of trade marketing in the 1970’s, will create another vector of separation between leaders and laggards among CPG companies.”

The Merchant-Media Model:
A New Era for Retailers as Ad Platforms, Goldman Sachs

Consumer Staples

The Merchant-Media model: A new era for retailers as ad platforms

In their belated push into e-commerce, supermarkets and broadline retailers face significant investor concern over the rising cost to serve the customer. But we believe investors focused on this legitimate threat are overlooking a compensating upside – the growth of a new revenue stream from retailers’ own media businesses. As retailers harness their engagement with the customer to offer targeted advertising and marketing platforms for others, the new “merchant-media” model presents a largely unappreciated offset to e-com costs, with reverberations (often negative) up the value chain and into CPG manufacturers and their legacy media providers.

The largest gainers: AMZN, WMT & scaled grocery leaders (KR, ACI, TSCO, SBRY)

In the US alone we believe retailers are positioned to generate \$15-\$20 bn of e-com oriented retail media revenue from CPG manufacturers by 2025; the figure should be substantially larger when we contemplate the potential to tap into media streams from electronic, apparel, sporting goods and other manufacturers for some retailers. While AMZN (covered by Heath Terry) – the US vanguard in this area – has to date captured a disproportionate share of the income, we believe WMT, TGT, KR and ACI are brick-and-mortar leaders where the opportunity appears underappreciated, in our opinion. For **WMT** specifically, we believe this new media income stream from CPG could provide a 6-7% EBIT growth tailwind over the next few years (before contemplating incremental income from non CPG vendors). We believe its growth targets, which many investors view with skepticism, become reachable through this lens; bolstering confidence in our Buy rating.

US grocers also stand to benefit and the EBIT tailwinds could be even more robust given the industry’s low-margin starting point. Neutral-rated **KR** appears best positioned, though industry participants tell us that Buy-rated **ACI** is building capabilities in effort to close the gap. And both could benefit from accelerated industry consolidation once Covid demand tailwinds subside. Larger grocers are uniquely advantaged to capture the relatively new and growing media income stream, resulting in a competitive imbalance that is likely to see the large getting

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Consultants like Retail Media

“Big retailers are already racing toward a \$100 billion high-margin annual revenue prize in retail media.”

Retailers that want to seize significant share of a major new market need to start now.”

BCG



The \$100 Billion Media Opportunity for Retailers

MAY 19, 2021

TechCrunch+

What's driving the global surge in retail media spending?

AdAge

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WHY MORE RETAILERS HAVE MEDIA NETWORKS AND WHAT THE RISE MEANS FOR AGENCIES

Retailers: You're The Next Media Moguls

forrester.com • 1 min read

Retailers like Retail Media

*“Most retailers retail media margins range from 70-80%”**.

*Collin Colburn, Forrester

“A core strength of the Boots Media Group premise is the sheer amount of rich first-party data the retailer holds on its more than 17 million loyalty members.”

Pete Markey, CMO Boots Media Group

“From a marketing and communications standpoint, it’s enabling us to unlock the value of our first-party data - which is easy to say and not so easy to do.”

Luke Kugel - VP of Integrated Medi, Head of Walgreens Advertising Group

“We’re not selling pixels on a page, but a marketing program that helps you move product and adjusts the models within your business based on goals.”

Sven Lindell, Winning Group CMO, Australia

Why do Brands like Retail Media???



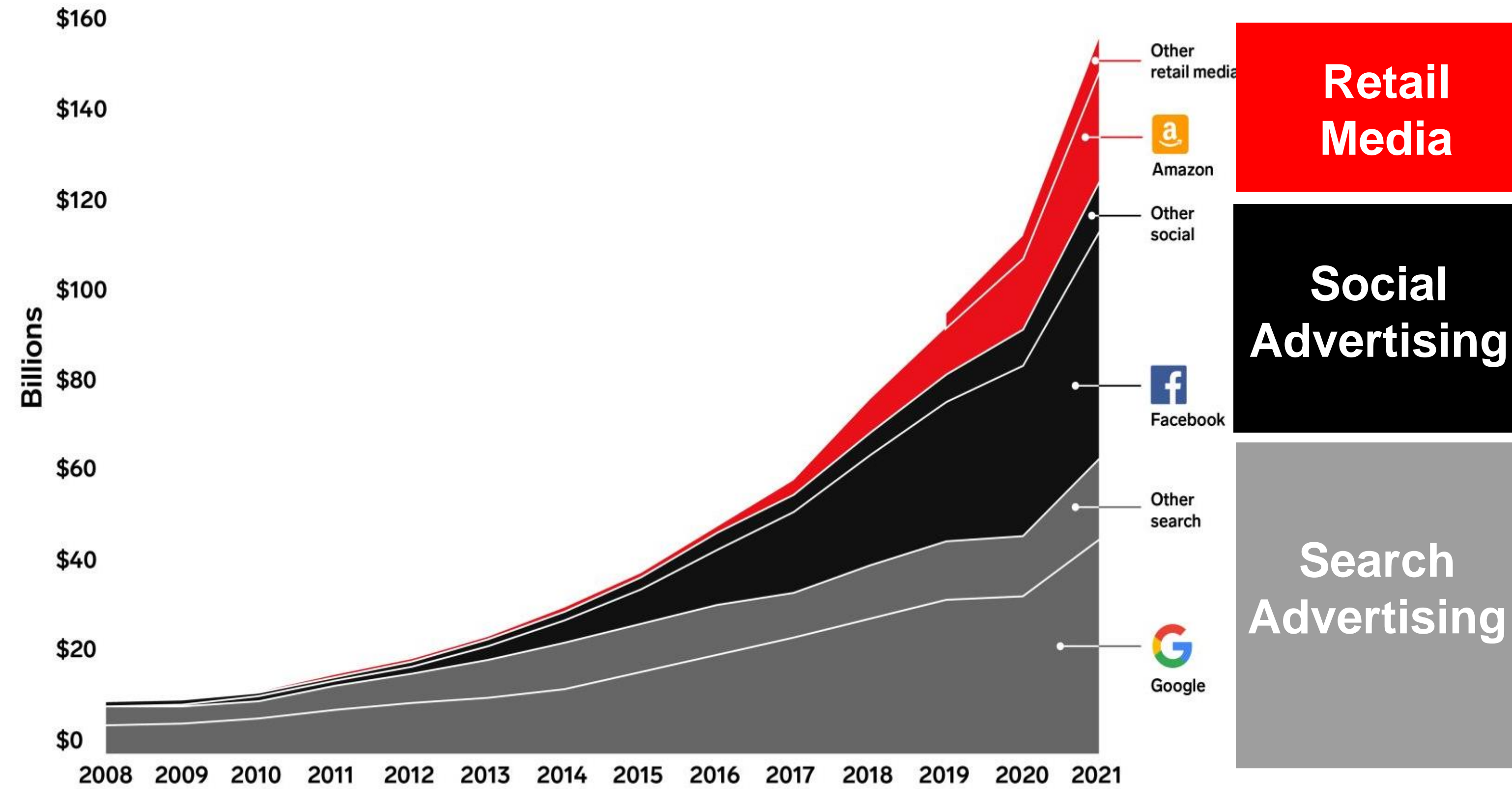
“What’s exciting about retail media is the ability to **measure everything that we’re doing and to **do real-time adjustments to the messaging** or to the creative and really **hold ourselves accountable** for every dollar that we spend.”**

VP Shopper Marketing at Coca-Cola US



Digital Advertising's 3rd Big Wave

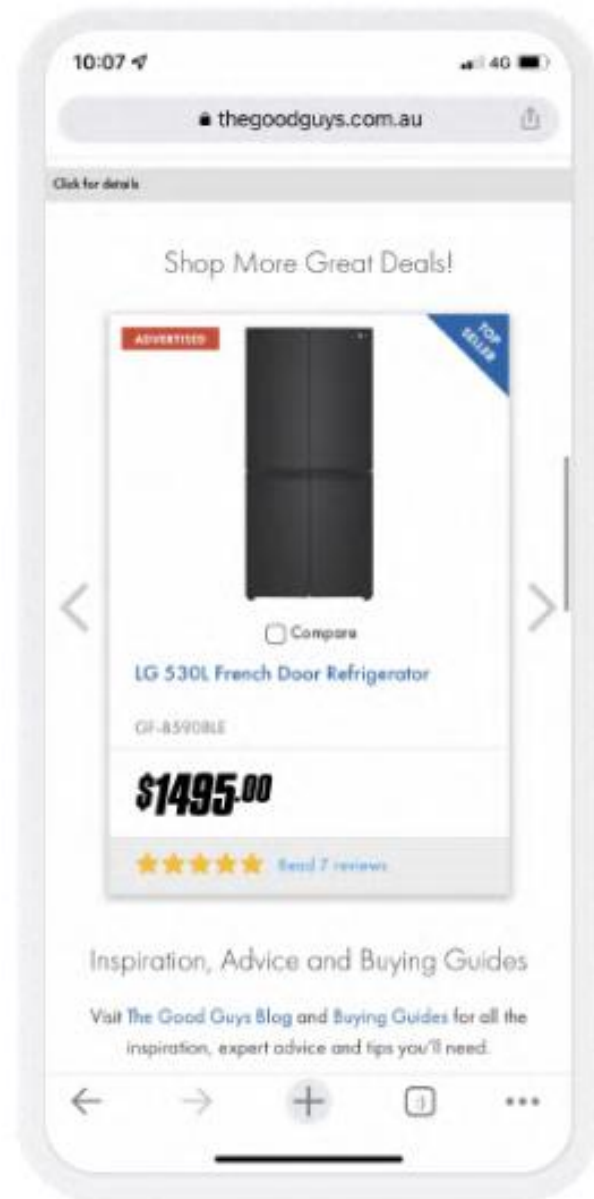
“Retail media is digital advertising’s third big wave.”



3. Retail Media in Action

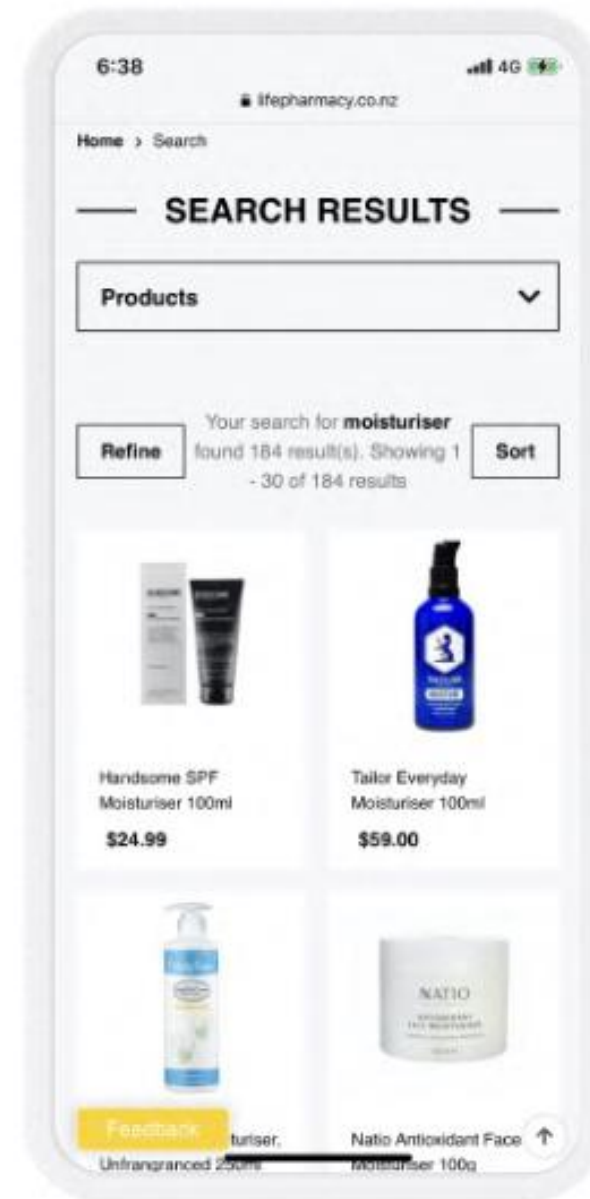
Retail Media in Action: Ads across the shopping journey

Landing Pages



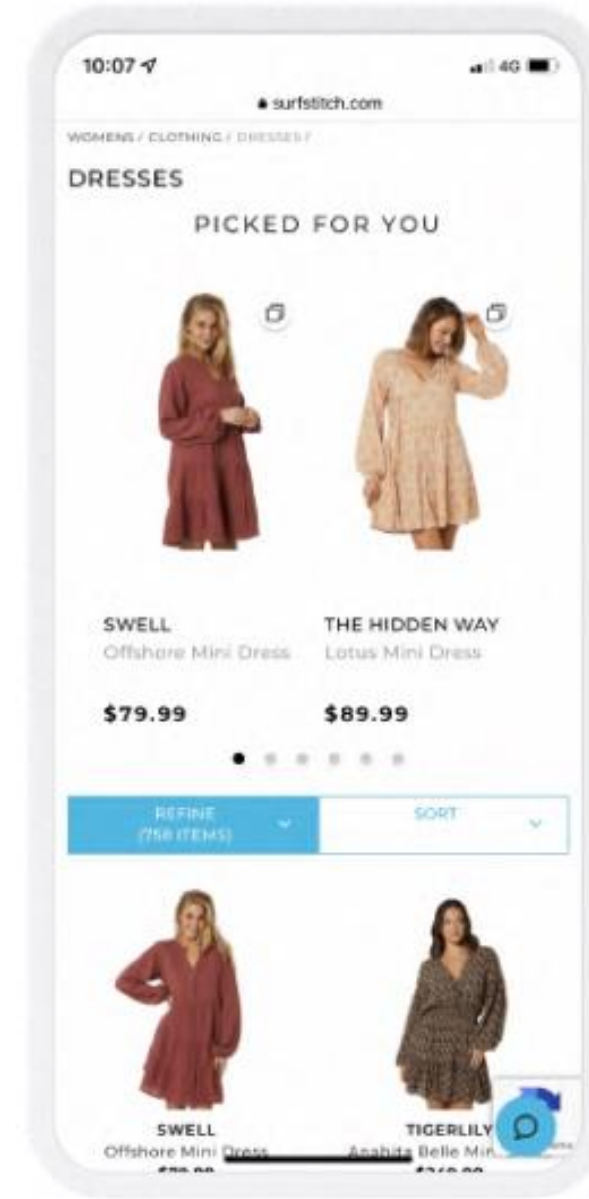
Brand
Awareness

SERP



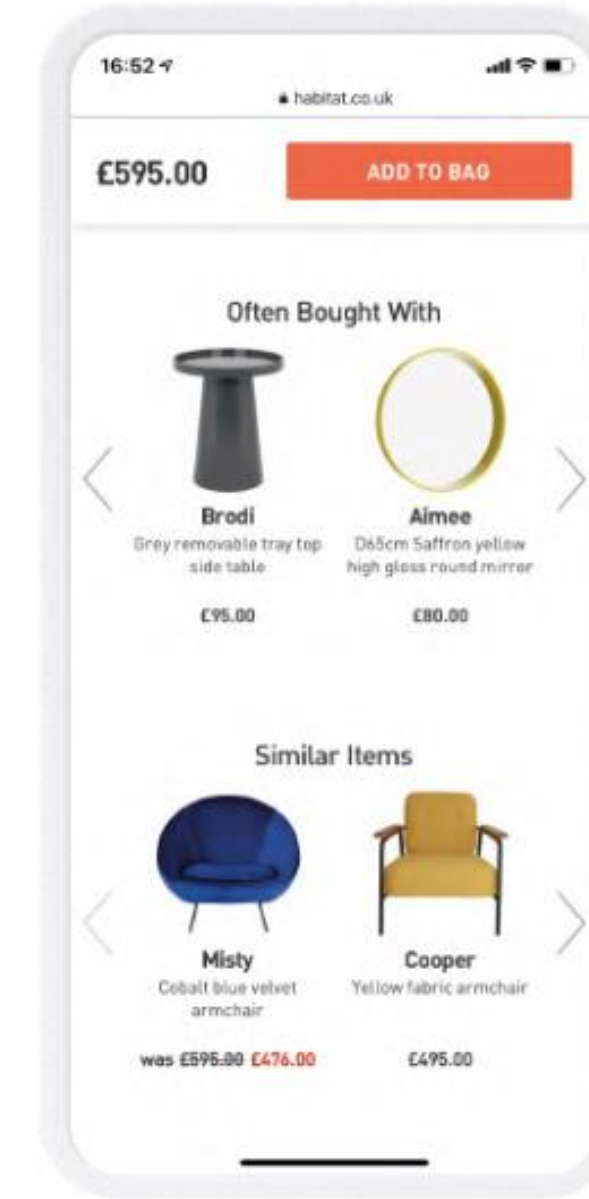
Search
Intent

PLP



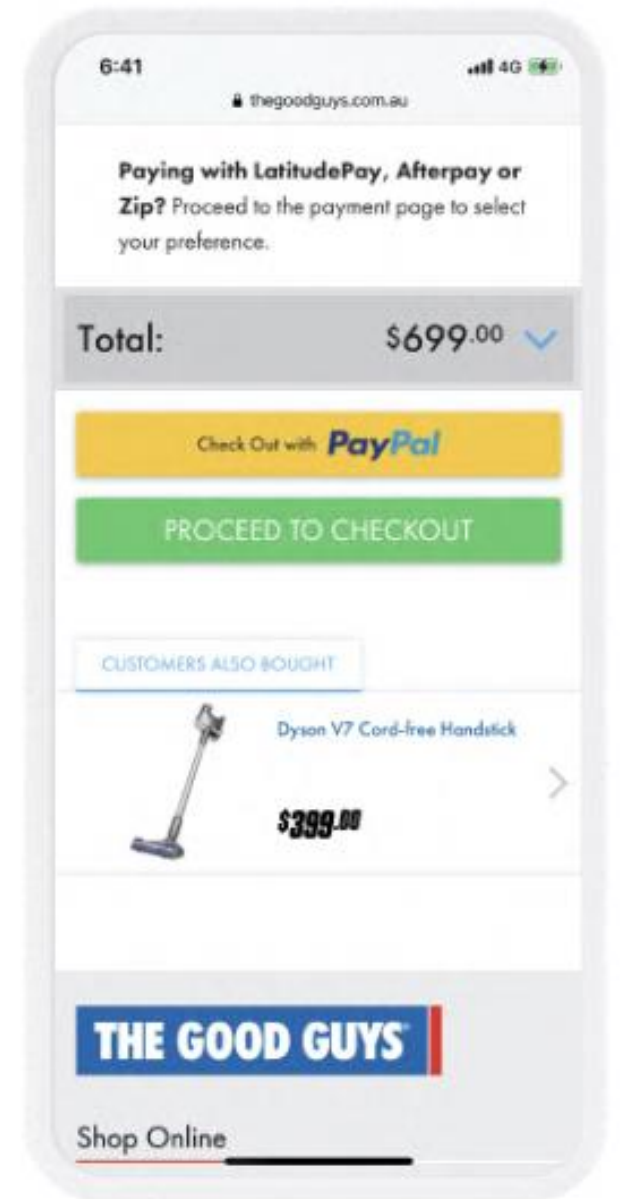
Category
Ownership

PDP



Cross Sell
Opportunities

Cart



Moment of
Purchase

1-48 of over 1,000 results for "hershey"

Sort by: Featured

Eligible for Free Shipping

Free Shipping by Amazon All customers get FREE Shipping on orders over \$25 shipped by Amazon

Delivery Day

Get it by Tomorrow

Amazon Local Stores

Amazon Fresh

Climate Pledge Friendly

Climate Pledge Friendly

Department

- Candy & Chocolate
Candy & Chocolate Bars
Candy & Chocolate Assortments & Samplers
Chocolate & Fudge Candy
Candy & Chocolate Gifts
Dessert Syrups & Sauces
Chocolate Dessert Syrups
Grocery Cookies
See All 9 Departments

Customer Reviews

- 5 stars & Up
4 stars & Up
3 stars & Up
2 stars & Up
1 star & Up

Brand

- HERSHEY'S
Reese's
SUNNY ISLAND
CRAZYOUTLET
Kisses
Jolly Rancher
Taboom
See more

Grocery & Gourmet Food Price

- Under \$10
\$10 to \$20
\$20 to \$30
\$30 to \$50
\$50 & Above

Min Max Go

Deals & Discounts

All Discounts

Specialty Food Type

- Gluten-Free
Kosher

Chocolate Tone

Sponsored Product

Shop your favorites from Hershey's
HERSHEY'S NUGGETS Assorted Chocolate Cand...
HERSHEY'S, KIT KAT and REESE'S Assorted Milk...
REESE'S, HERSHEY'S and KIT KAT Assorted Milk...

Sponsored Brand

Best Seller
HERSHEY'S, KIT KAT and REESE'S Assorted Milk Chocolate Candy, Gift Box, 27.3 oz Variety Box (18 ct)
HERSHEY'S and REESE'S Cupid's Mix Chocolate Assortment Candy, Valentine's Day, 23.67 oz Variety Bag
HERSHEY'S Assorted Snack Size Candy, Bulk, 33 oz Bag
HERSHEY'S Milk Chocolate with Almonds Candy, Bulk, 1.45 oz Bars (36 ct)

Organic Listing

HERSHEY'S Milton S. Hershey's Extraordinary Life of Wealth, Empire, and Utopian Dreams
REESE'S, HERSHEY'S and KIT KAT Assorted Milk Chocolate Candy, Individually Wrapped, 80.39 oz Bulk Variety Bag (265 Pieces)
HERSHEY'S SPECIAL DARK Mildly Sweet Dark Chocolate Candy, Valentine's Day, 1.45 oz, Bar Dark Chocolate - 1.45 Ounce (Pack of 24)
HERSHEY'S Milk Chocolate covered Marshmallow King Size Heart Candy, Valentine's Day, 2.2 oz (Pack of 24)

Sponsored Product

Dr. Bronner's - Magic All-One Chocolate (Variety Chocolate)
that fulfill chocolate's promise

Sponsored Brand Video

Retail Media in Action: Product Search

The Amazon mobile app interface shows a search for "soda". The search bar contains "soda" and is highlighted with a red box. Below the search bar, a sponsored product is featured in a red-bordered box: "poppi (12 Pack) Prebiotic Soda Infused with Apple". The product image shows several cans of poppi. The price is \$35.88 (\$2.99/Count) with "FREE Shipping" and a note that "Only 4 left in stock - order soon.". Below this, there is a banner for "Shop 'soda' with ultrafast delivery" and a "WHOLE FOODS MARKET" logo with the text "FREE delivery with Prime" and "More results for 'soda'". At the bottom, there are images of a "Lemon Lime" soda box and a "Club Soda" can.

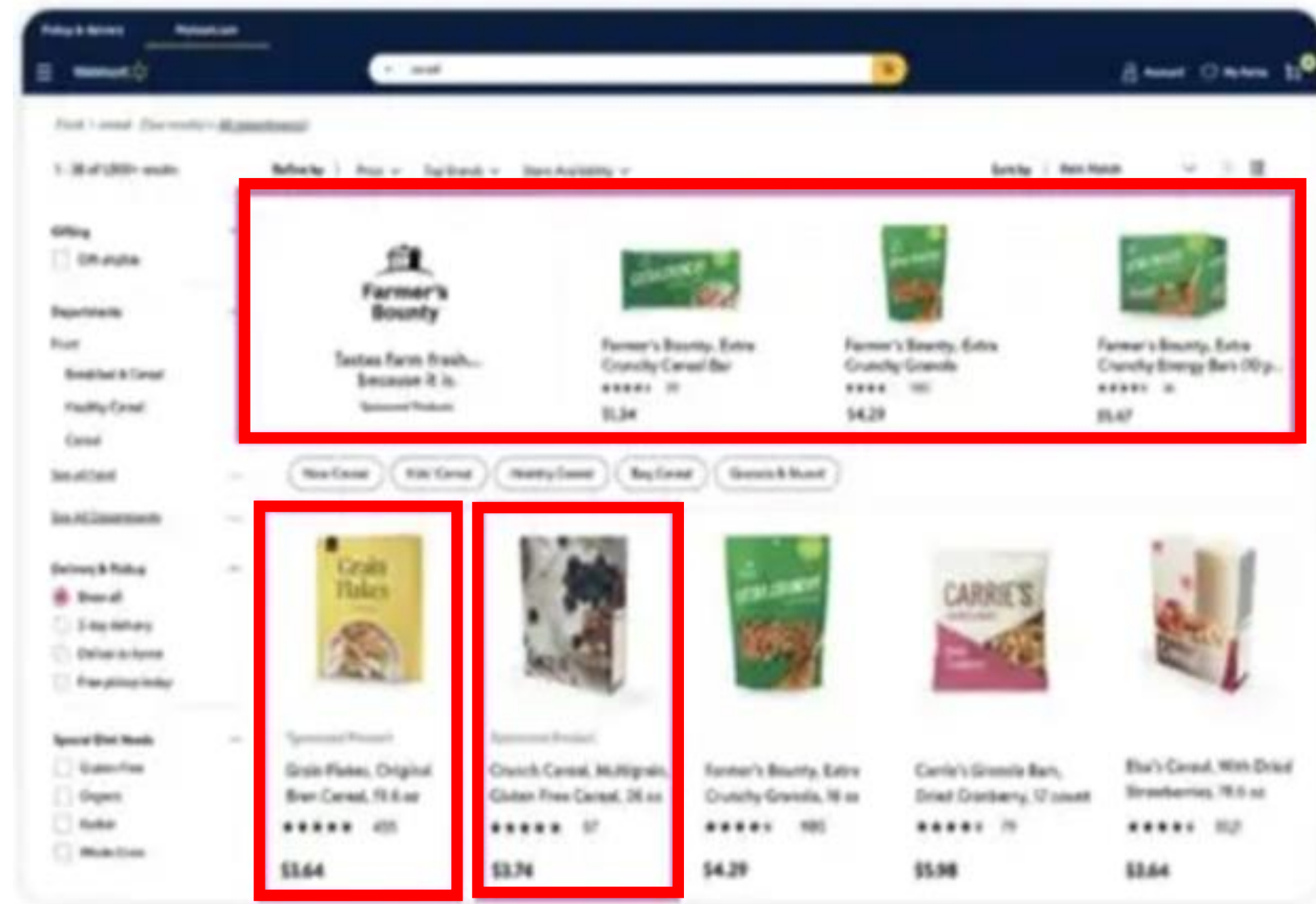
The Walmart mobile app interface shows a search for "puff snacks". The search bar contains "puff snacks" and is highlighted with a red box. Below the search bar, it shows "314 Items" and a "SORT & FILTER" button. The results are displayed in a grid of four items, each with an "ADD" button. The items are: 1. HIPPEAS Organic Vegan White Cheddar Chickpea Puffs, 5 Oz. for \$2.98 (59.6 cents/OZ). 2. Gerber Puffs Banana 1.48 oz. Canister for \$1.96 (\$1.32/OZ). 3. Gerber Puffs Bluberry 1.48 oz. Canister for \$1.96 (\$1.32/OZ). 4. Gerber Puffs Sweet Potato 1.48 oz. Canister for \$1.96 (\$1.32/OZ). The bottom navigation bar includes Home, Favorites, Department, Search, and Account.

The Target mobile app interface shows a search for "protein bars". The search bar contains "protein bars" and is highlighted with a red box. Below the search bar, it shows "ITEMS" and "TARGET CIRCLE" tabs. The results are displayed in a list of three items, each with a heart icon. The items are: 1. ONE Protein Bar - Maple Glazed Doughnut - 4ct for \$7.99 (9 stars, Aisle A17). 2. Power Crunch Protein Energy Bar - French Vanilla for \$5.99 (1 star, Aisle A17). 3. think! High Protein Chunky Peanut Butter for \$5.49 (at South Brunswick). The bottom navigation bar includes Target logo, Home, Favorites, Department, Search, and Account.

The Instacart mobile app interface shows a search for "bone broth". The search bar contains "bone broth" and is highlighted with a red box. Below the search bar, it shows "Showing results for bone broth". The results are displayed in a grid of four items, each with a "+" icon. The items are: 1. Pacific Organic Unsalted Chicken Bone Broth 32 oz for \$6.39. 2. Kettle & Fire Bone Broth Chicken 16.2 fl oz for \$6.89. 3. Kitchen Basics® Original Chicken Bone Broth for \$2.59. 4. Bonafide Provisions Organic Bone Broth made from Free Range for \$9.79. The bottom navigation bar includes Home, Favorites, Department, Search, and Account.

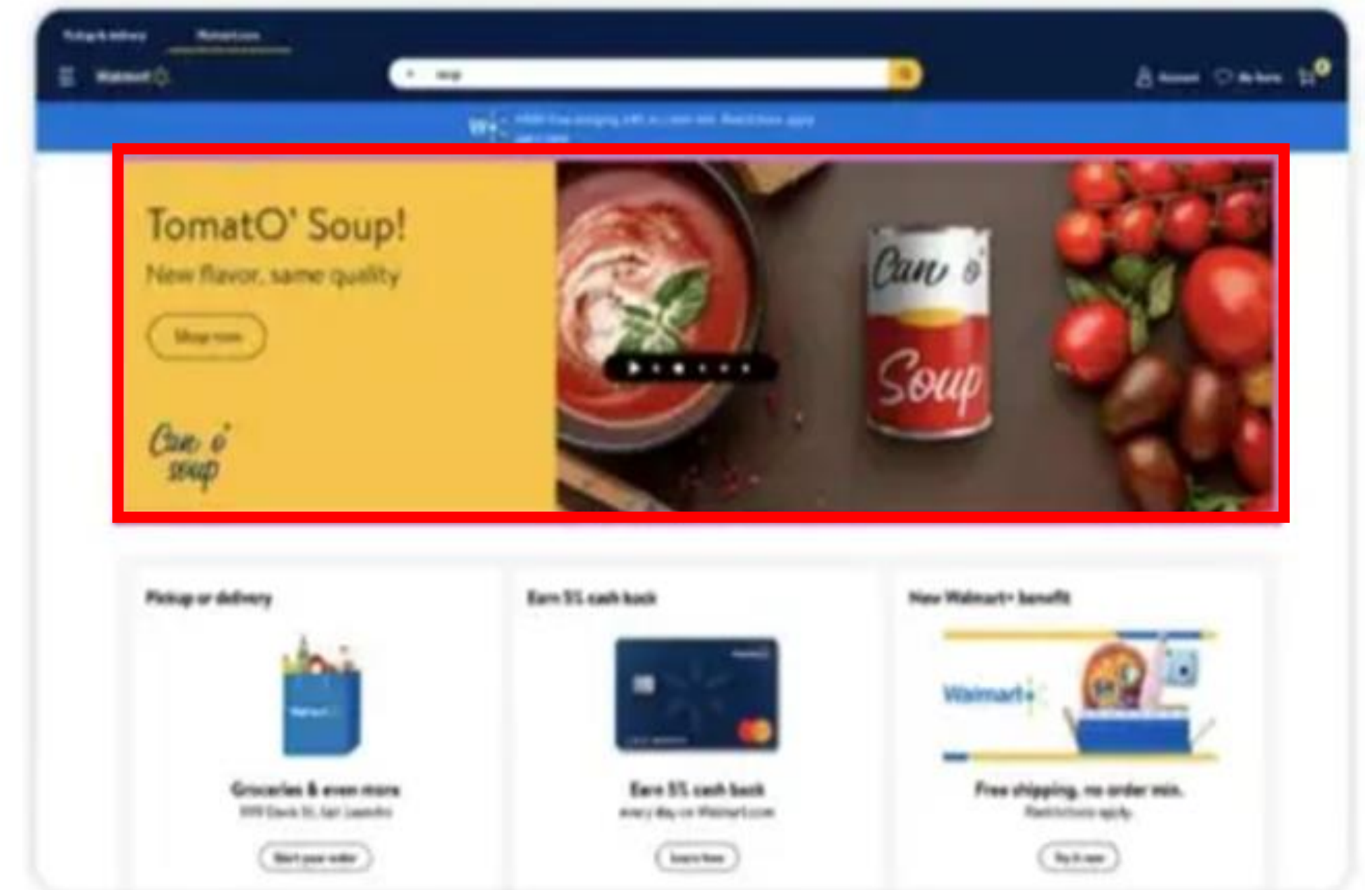
Retail Media in Action: Search and Display

Search



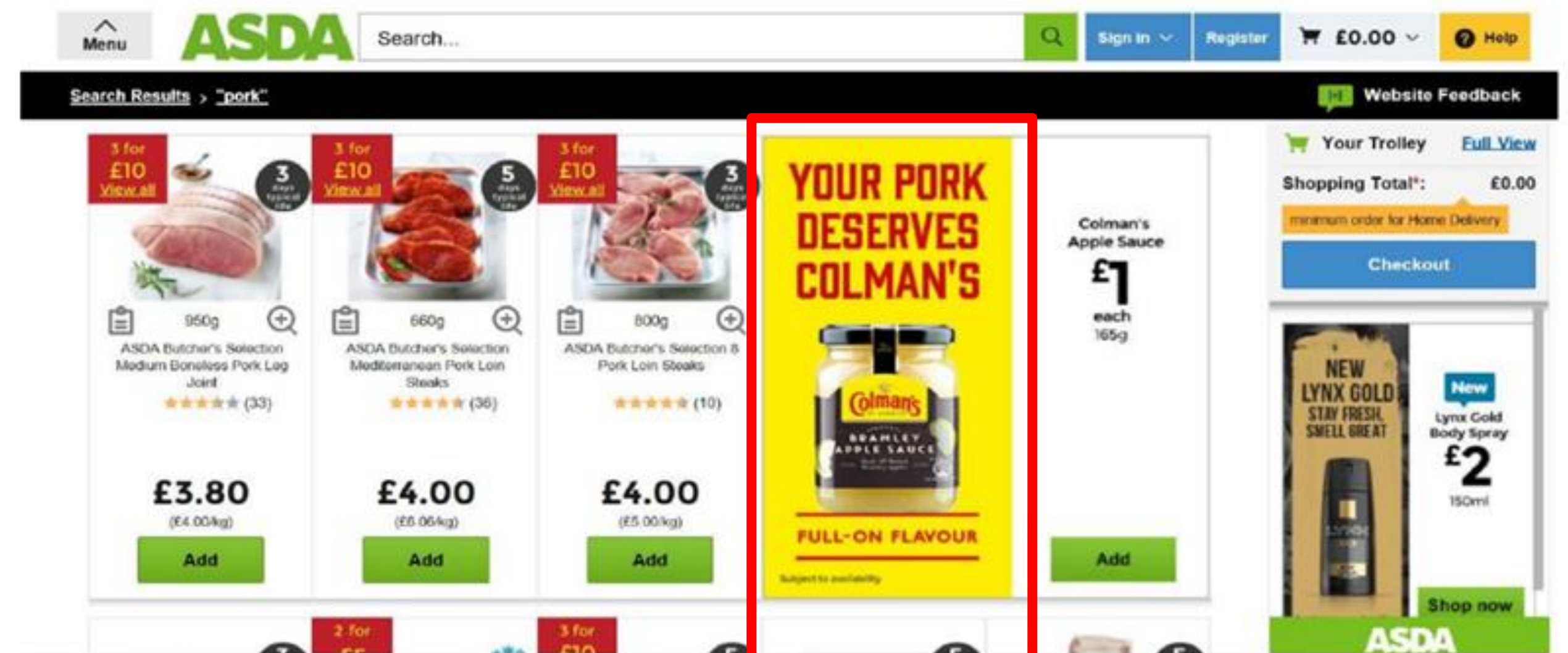
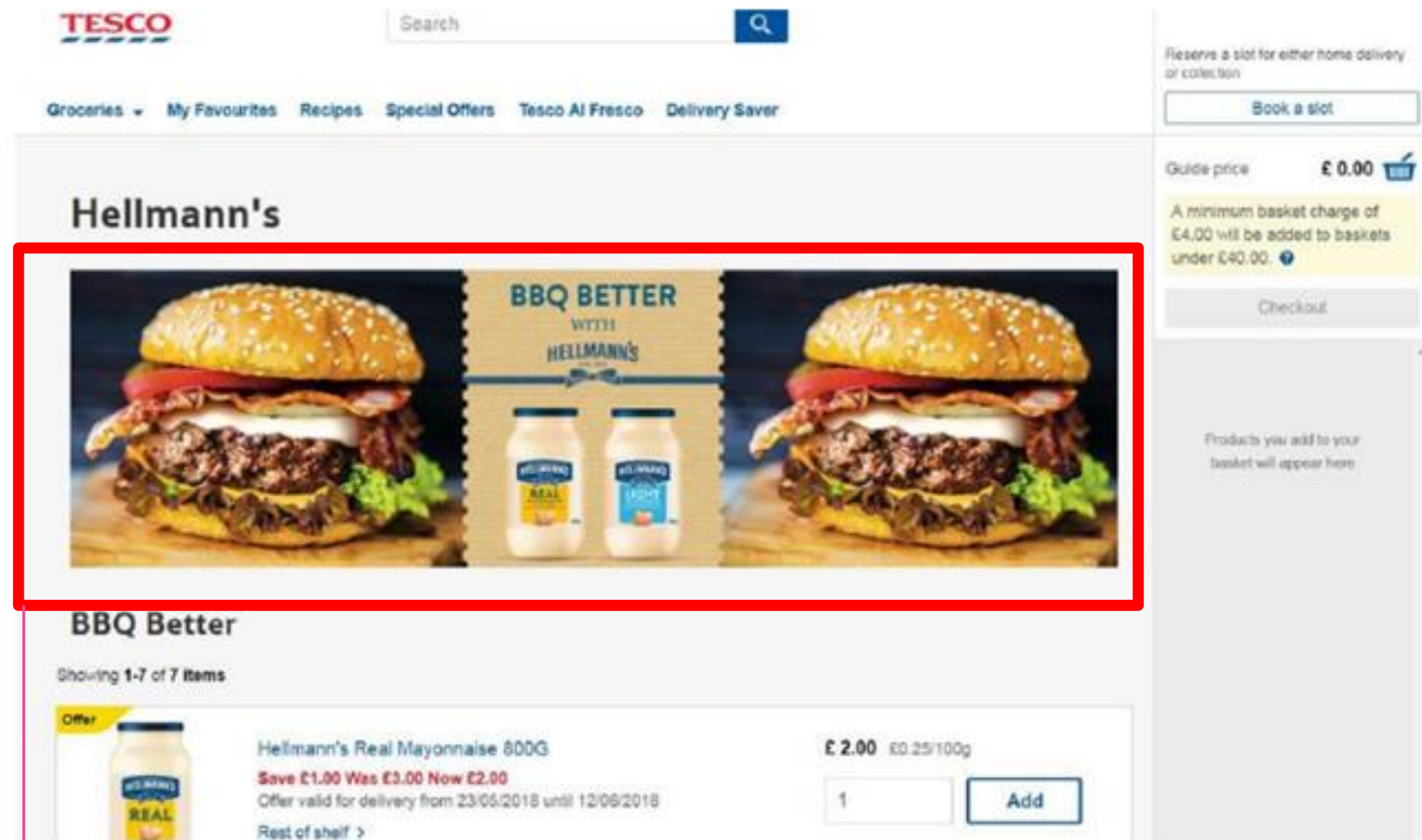
Targeting based on search and browse context

Display



Targeting based on consumer search history

Retail Media in Action: Tesco and Asda



Example: High impact header demonstrates the product among related purchases.

Example: Keyword out-of-category advertising Non-biddable placement triggered Colmans ad by the keyword *PORK*.

Retail Media Digital Advertising Formats

Sponsored Products: These are ads for individual products that help drive product visibility (and product sales) that appear on search results pages and product detail pages.

Sponsored Brands: Drive brand awareness by driving to dedicated brand focussed product detail page.

Sponsored Display Ads: Display products against competitors. Targets audience interests and shopping behaviours – not keywords

Retargeting: Brands can retarget customers who have previously viewed their listing(s) within the past 30 days

Video Ads: New – a format to stand out and build awareness and showing the product in action

Email: Buying slots in retailers email communications..

How does Retail Media 'work'?

- **Search:** Retail Media advertising formats are triggered by shoppers' searches and are optimised to drive sales
- **Algorithmic:** Retail Media is 'algorithmic' and biddable, which means that the platform chooses which ad gets placed based on their algorithm.
- **Formats:** The most common is sponsored products, also known as paid search or promoted listings that appear at the top of search results
- **Native:** The creative formats tend to be native to the individual retailer's eCommerce site
- **Targeting:** Retail Media opportunities can be controlled to target particular shopper groups, e.g. segment who have purchased product X, and limited to budget 'Y'
- **Promotions:** Targeted media, coupons and even sampling.

All Media Assets: Retail Media is rapidly moving from being purely focused on monetising onsite to packaging all the media assets that a retailer has: screens instore, magazines, email database, end-aisle.

Retail Media Players

US



UK



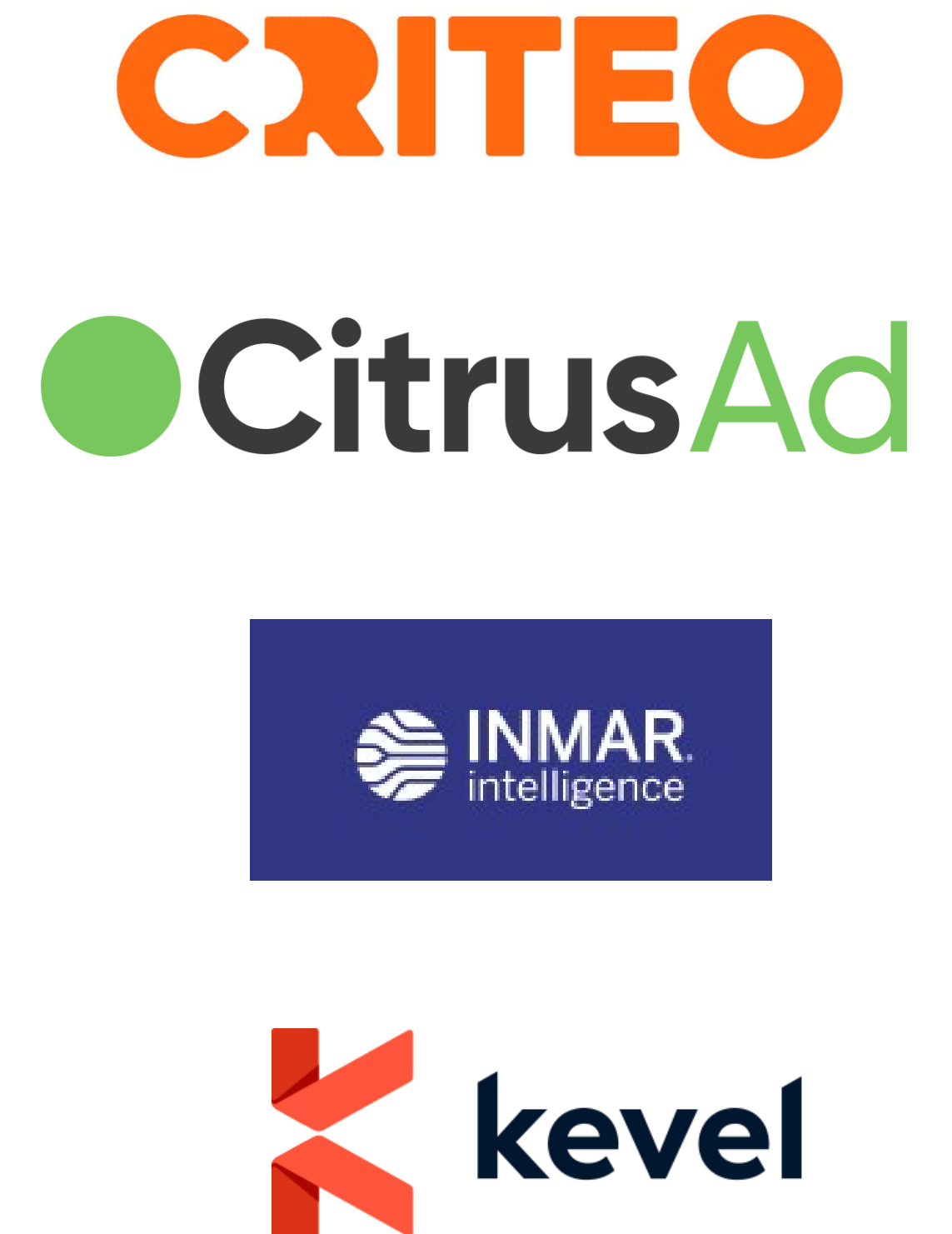
France



Germany



Advertising Tech Vendors



4. Retail Media and Data

Brands and Retail Media Networks Must Work Together

Retail Media Network Datasets

- Sponsored Products
- Sponsored Brands
- Sponsored Display
- Video
- Email
- Streaming TV (Amazon)
- Instore Digital Screens

Data Clean Environment

Brand Datasets

- Product Catalogue
- DTC Sales Data
- CRM
- DMP
- CDP
- Other Sales Data

5. Choosing a Retail Media Network

What Attributes to Choose?

1. Size of traffic
2. Quality of traffic
3. Audience targeting
4. Audience Relevance
5. First Party Consumer Insights Data
6. ROAS
7. Dashboard Metrics
8. Platform Self-Serve
9. Closed Loop Attribution
10. Variety of Ad Formats

Importance of Select Attributes When Deciding Which Retail Media Networks to Use for Advertising According to US Consumer Goods Advertisers, Nov 2021

scale of 1-5

1. Traffic scale (reaching a large enough audience)	4.35
2. Traffic quality (reaching the right audience)	4.32
3. Audience targeting capabilities (audience attributes/segmentation)	4.28
4. Advertising relevance	4.27
5. First-party consumer insights data (audience, advertising, category and shopper insights to inform marketing tactics and strategy)	4.24
6. Access to in-store/omnichannel purchase data	4.24
7. Return on ad spend (ROAS)	4.23
8. Reporting metrics and key performance indicators (KPIs) (including breadth/depth of measurements, customizable dashboards, ease of monitoring, etc.)	4.22
9. Platform ease of use (e.g., self-serve capability, etc.)	4.15
10. Closed-loop sales attribution	4.06
11. Variety of available ad formats (e.g., sponsored products, display, video connected TV (CTV), in-store media)	3.98
12. Advertising load (number of ad impressions consumers are exposed to per page or search result)	3.90
13. Off-site targeting capability (via third-party publishers)	3.81

Note: respondents were asked to rate 13 different attributes on a 5-point scale according to their importance in deciding which retail media networks to use for advertising, with 5="extremely important"

Source: Insider Intelligence, "Retail Media Networks Perception Benchmark 2022," March 2022

Brand's Retail Media 5 Point Plan



Seven Sample Questions to Ask Yourself

1. Who will own the Relationships? Marketing? Digital? eCommerce? Account Management?
2. Where is the budget coming from?
3. Are there existing capabilities in performance marketing and/or data and analytics?
4. How can you organise cross-functional teams to deliver?
5. How will data be passed efficiently and securely between stakeholders?
6. Will there be a 'clean-room' for brands to analyse data and compare?
7. What products will be offered initially to brands? (Sponsored Products followed by Sponsored Brands?)



Making Choices Among Retail Media Networks

Brands Goals

1. Know the goals for your brands and what you are aiming to do with the brand and category,
2. Different goals => Different tactics and spend

Example: Want to gain share? Grow sales through investing in non-branded targeting.

Retailer Capabilities

1. Know the capabilities of each retailer: these might either attract or detract from a brand's budget or goals.
2. Know Formats available and understand sales attribution business logic.
3. Rank retailers based on the brand's sales volume and capabilities: (sales, performance, etc.)
4. Ask yourself – does this retailer help me grow my sales? Does this retailer want to partner properly?

Example: a retailer with a small amount of the catalogue available, lower targeting capabilities should get a smaller less budget than a larger catalogue



Start with Sponsored Products

“Amazon and all of these retailers follow the same script— they start with the gateway drug of retail media with sponsored product ads, which are bottom-funnel, high intent, high-ROAS ads.

The way these retailers scale their advertising businesses is by slowly moving up the funnel to provide full-funnel strategies for advertisers.”



6. Funding Retail Media

Funding: trade spend

“50% of the CPG brands we work with are primarily using trade dollars as the funding source for retail media spend.”

Andrea Leigh, Ideoclick

Funding: Media or Shopper Marketing

“Many of the initiatives are increasingly being considered as broader drivers of awareness and interest in a product.

As a result, retail media budgets are increasingly being funded out of a vendor’s national media or shopper marketing budget

Goldman Sachs | Equity Research

24 February 2021 | 12:21AM EST

Consumer Staples

The Merchant-Media model: A new era for retailers as ad platforms

Funding: Shift from digital, traditional, trade

Exhibit 4 - About 60% to 70% of Retail Media Dollars Are Net New to Retailers

US commerce media market sources of growth (\$billions)






Funding: Trade

Total CPG brand spend

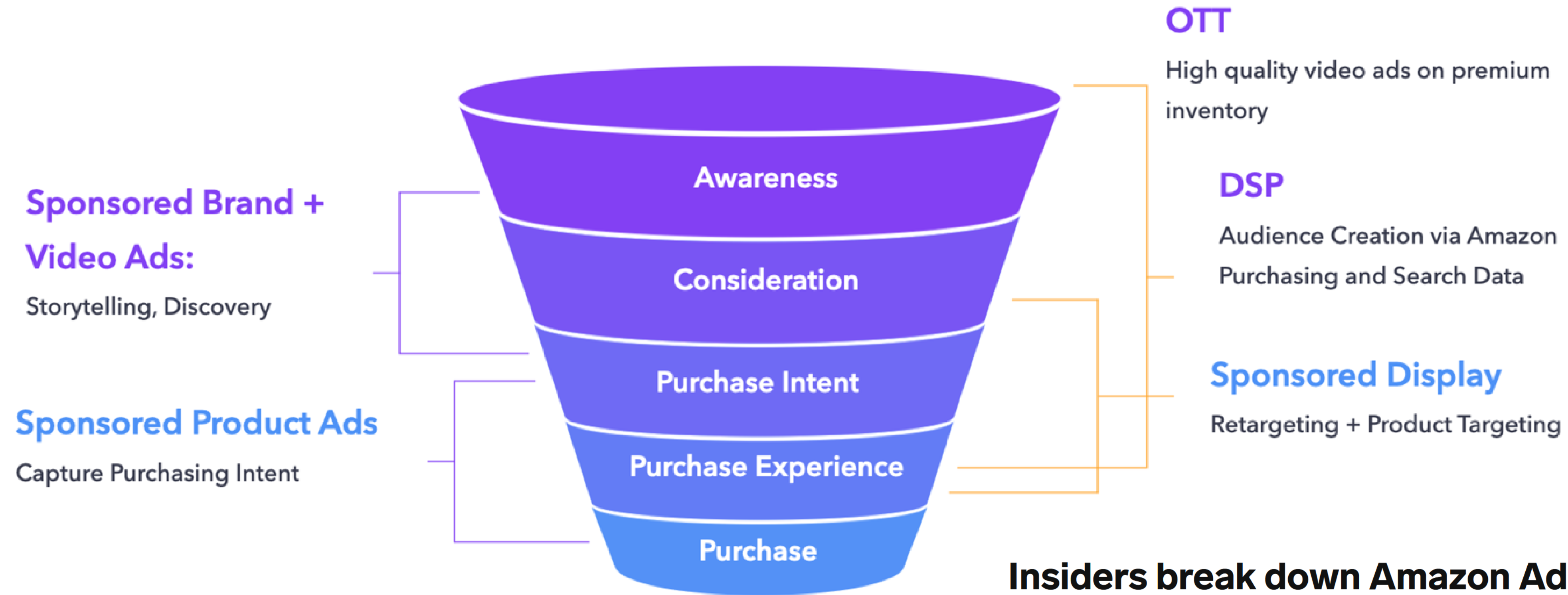
~\$250 Bn
25% of revenues

CPGs have begun shifting trade funds and investments from other channels to offset these new costs

Spend bucket	Brand investment focus	% of total spend			2-year shifts	Total 2021 spend (\$ Bn)
		2019	2020	2021E		
Trade	<ul style="list-style-type: none"> — Trade — E-commerce 	59%	57%	54%	 -5 pts	\$135
Digital	<ul style="list-style-type: none"> — Brand — E-commerce 	20%	23%	26%	 +6 pts	\$65
Traditional	<ul style="list-style-type: none"> — Brand 	15%	14%	14%	 -1 pts	\$35
Shopper	<ul style="list-style-type: none"> — Shopper 	6%	6%	6%	 0 pts	\$15

8. What's Next for Retail Media?

Retail Media aiming for Brand Budgets



Insiders break down Amazon Advertising's aggressive new push to win over big advertisers like P&G with a new sales structure and help from AWS



**If you want to know what to do with Retail Media, Clean Rooms and create your retail media strategy, please get in touch:
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@colinalewis



www.retailmedia.works



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