/LiveRamp

How Top-Performing Retail Media Networks Can Drive Growth in a Competitive Market
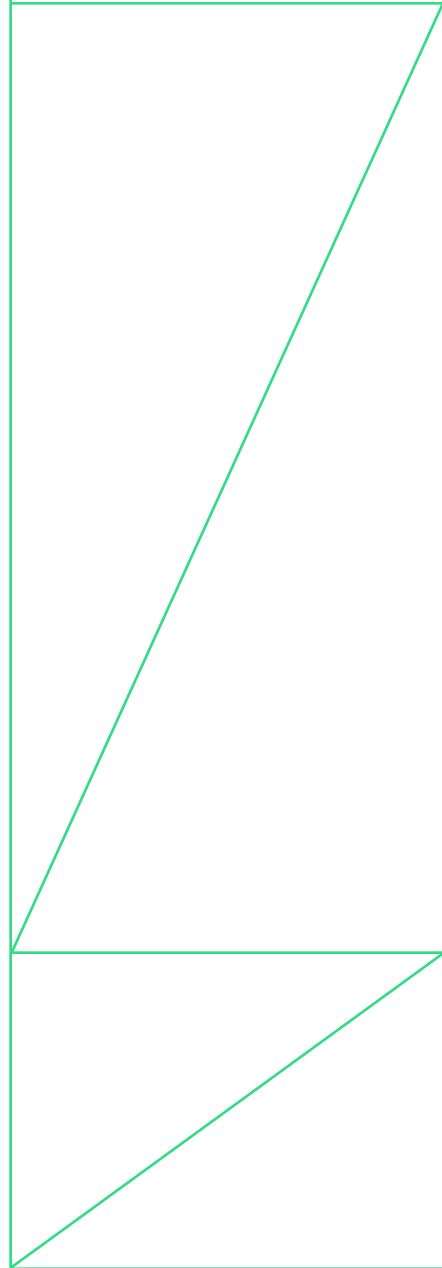
Together with

INSIDER INTELLIGENCE | eMarketer

Contents

Introduction

Retail media is exploding and evolving

Retail media networks (RMNs) are experiencing a period of rapid growth as more advertisers seek out first-party data to reach a more targeted, engaged audience.

Retail media ad spend has more than doubled in the past three years, increasing from $20.91 billion in 2020 to $45.38 billion in 2023, according to a March 2023 Insider Intelligence forecast. By 2027, that number will more than double again, totaling $107.00 billion.
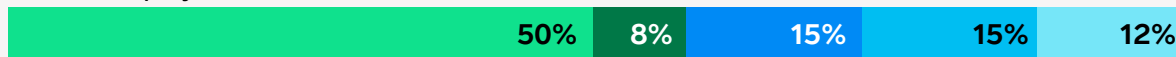
But to sustain this rapid growth and remain competitive, RMNs must evolve. This includes building out first-party data strategies, expanding measurement capabilities, exploring new ad formats and channels, and safeguarding against economic shifts.

Retail Media Channels* Currently Used by Retail Media Decision-Makers in North America
% of respondents, Jan 2023. Note: *Excluding sponsored search ads. Source: Skai and BWG Strategy, "The State of Retail Media: 2023," March 29, 2023.
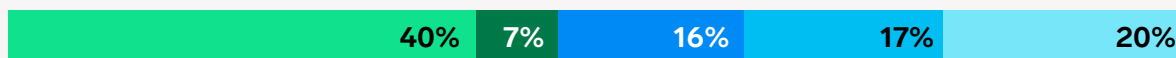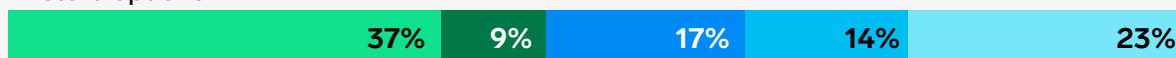
On-site display ads

| 50% | 8% | 15% | 15% | 12% |

Off-site display ads

| 44% | 12% | 19% | 11% | 14% |

On-site video ads

| 40% | 7% | 16% | 17% | 20% |

In-store options

| 37% | 9% | 17% | 14% | 23% |

■ Currently using and plan to continue
■ Currently using but plan to phase out
■ Not currently using but will be running
■ Not currently using but interested
■ Not currently using and no plans to

Where is retail media headed?

In 2023, display and search will account for nearly all of omnichannel retail media ad spend, according to a March 2023 Insider Intelligence forecast. However, advertisers are beginning to explore upper-funnel tactics like connected TV (CTV) and shoppable media, which will make up a larger portion of marketing spend in the coming years. Retail media CTV ad spend, for example, will grow from $810 million in 2023 to $5.62 billion by 2027.

RMNs are also improving performance through data collaboration, which can improve personalization and enhance media measurement by giving brands access to walled gardens and closed-loop measurement tools. Data collaboration partners, such as LiveRamp, provide the flexibility to collaborate where data lives in a safe and secure way.

In the past year, a variety of new retail media partnerships have emerged with a focus on data collaboration, including pairings between Walmart and Roku; LiveRamp and Dollar General; and The Walt Disney Co. and The Kroger Co.

Another element driving personalization and optimization in advertising is AI. New AI technologies can analyze large sets of data in a short amount of time, leading to near real-time insights and the ability to optimize campaigns faster. AI can segment customer data and create tailored messaging too, enhancing personalization and enabling the quick deployment of targeted campaigns.

But the foundation of retail media success will always revolve around first-party data, because it provides advertisers with customer purchase data that can be used for more accurate targeting and closed-loop measurement. The scale and quality of data is critically important for advertisers, so RMNs need an ongoing strategy to grow their first-party data.

This will only become more important as traditional digital signals fade and advertisers seek privacy-focused ways to learn more about their audiences. First-party data will remain a key differentiator for RMNs going forward—the deeper and richer the customer insights, the better advertisers can personalize and target their audiences and the better campaigns will perform. This will help RMNs retain the loyalty of current advertisers while also attracting new clients (including nonendemic advertisers).

Retail media is expanding beyond retail

Retailers may be the pioneers of media networks, but other industries are joining in, like travel and hospitality, as well as service providers including Uber and Klarna. Travel and hospitality brands, in particular, are well positioned for commerce media because of their access to rich customer insights and behavioral data. These companies have customers who are authenticated and have opted in to providing personal information, like a phone number or email, in exchange for increased value, like discounts or member-only offers.

As companies continue to jump on the media network bandwagon, the landscape will become increasingly competitive, putting pressure on existing RMNs to innovate faster.

In this report,
we explore five ways
that RMNs can drive
growth and rise
above competitors.

1. Upgrade Your First-Party Data Strategy

The success of an RMN is reliant on the value and scale of its first-party data. More robust and diverse data creates more targeted audiences, which will result in better media performance and stronger insights.

Here are three ways RMNs can build out and enhance their first-party data.

1. Optimize owned media channels

First-party data can be collected from a variety of owned channels, including email, website, and mobile apps. To boost first-party data, it's important to maximize ways that data can be pulled from these channels. For example:

- Embedding interactive content like quizzes or surveys into emails can help marketers learn more about customer preferences and needs.

- Adding live chat capabilities gives retailers insight into what consumers are looking for in realtime.

- Creating custom content hubs makes it easier to segment audiences based on topics and interests.

- Offering a mobile app deepens customer relationships with gamification or interactive features.

/LiveRamp

How top-performing retail media networks can drive growth in a competitive market:
1. Upgrade Your First-Party Data Strategy   7

2. Lean into loyalty programs

Loyalty and rewards programs are also a rich source of customer insights.

At the most basic level, loyalty programs help brands collect critical demographic data, including name, age, email address, and phone number. They can also be used to track customer purchases, which gives brands insights into customer habits, preferences, and spending patterns. Loyalty programs also provide insights into customer content preferences and enable brands to experiment with different personalization strategies to see what works best.

Similar to mobile apps, loyalty programs let brands talk to their customers in a more authentic way. Plus, loyalty members are already engaged with brands and may be more likely to fill out customer surveys or give feedback (another valuable source of data).

The success of an RMN is reliant on the value and scale of its first-party data. More robust and diverse data creates more targeted audiences, which will result in better media performance and stronger insights.

3. Enrich first-party data with data collaboration

Collaboration with third parties like technology providers and media platforms allows brands to enrich their data for a more accurate customer view. A strong data collaboration strategy may include:

- Using a customer data platform (CDP), which creates a centralized database that combines data from all customer touchpoints and interactions to be analyzed or segmented

- Securing second- and third-party data partners to provide additional customer context, including demographic and geographic information, propensity analysis, and brand affinities

- Combining data in a privacy-focused way through data collaboration, a third-party partner, or a data management platform (DMP)

- Solutions like a data clean room, that can help you safely and securely connect to these data sources

2. Build Out Measurement Capabilities

As advertisers diversify their spending across multiple RMNs, it's becoming increasingly difficult to measure campaign performance. Every retailer has its own way to analyze and measure data, and often there is little transparency into how they calculate campaign success.

Standardizing measurement has proven to be a challenge for advertisers and agencies. RMNs often employ their own unique methods for creating audiences, conducting tests, managing control groups, and measuring incremental results. Achieving standardization won't be an overnight process, especially because some of the requirements for standardization may not align seamlessly with all ecommerce platforms.

According to McKinsey & Company, advertisers are increasingly willing to invest more in measurement capabilities. In fact, in a survey, 95% of respondents expressed readiness to pay a premium of over 10% for additional features that could assist them in making well-informed and timely decisions regarding their marketing investments.

But that's not the only barrier to measurement for advertisers.

/LiveRamp

How top-performing retail media networks can drive growth in a competitive market:
2. Build Out Measurement Capabilities   9

Leading Challenges That Could Slow Investment Growth to Retail Media According to Retail Media Decision-Makers in North America

% of respondents, January 2023. Source: Skai and BWG Strategy, "The State of Retail Media: 2023," March 29, 2023.

Poor return on investment relative to other ad channels
58%

Proving incrementality of investment
37%

Selling more direct-to-consumer, less reliance on retailers
26%

The challenges of managing so many retailers
24%

Supply chain issues and specific retailer fulfillment constraints
22%

Poor or inconsistent content
10%

Missing talent or expertise for the retail media space
8%

Lack of product assortment for our desired audience
8%

Too new, not enough best practices to maximize the investments
7%
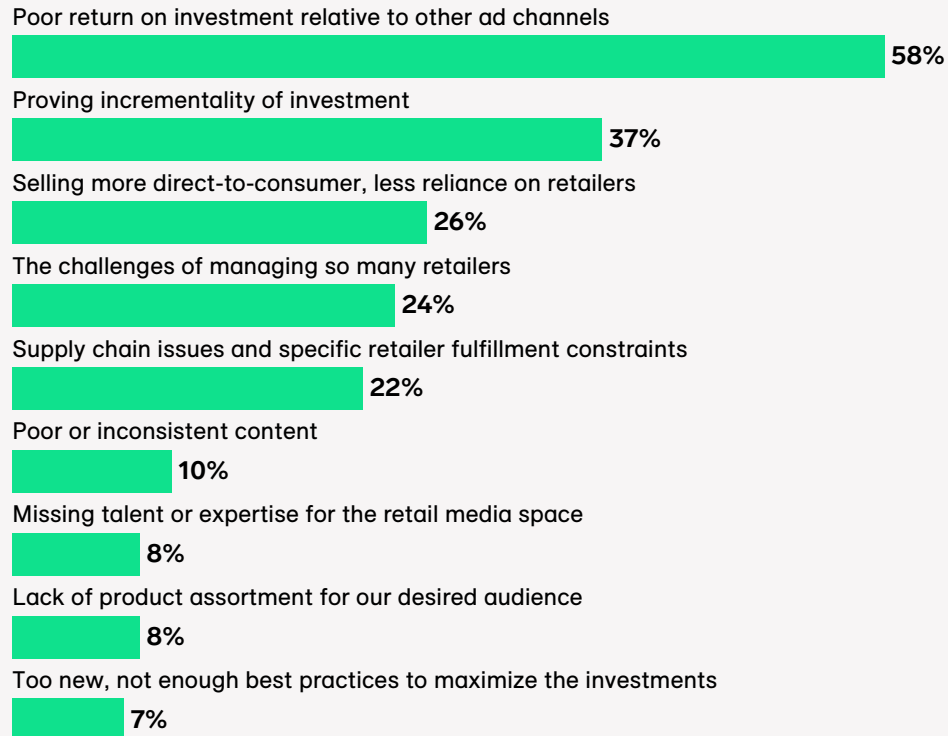
A lack of visibility into walled gardens and difficulty matching in-store and online conversions (closed-loop measurement) often leaves advertisers with an incomplete picture of the customer journey. Plus, third-party cookie deprecation is approaching in 2024, which will lead to further signal loss and even more difficulty connecting customer data.

To keep earning advertiser dollars, RMNs need to invest in building out their measurement capabilities and create a frictionless environment for advertisers that delivers on performance insights.

Here are a few strategies to think about.

1. Consider emerging measurement and standardization solutions

Trade groups, agencies, and RMNs have all begun to develop tools and frameworks aimed at standardizing measurement. Some of the latest include:

- **The Interactive Advertising Bureau (IAB) and Media Rating Council's Retail Media Measurement Guidelines:** Developed in collaboration with brands, agencies, and RMNs, these guidelines aim to help the industry achieve comprehensive standardization, enabling the retail media channel to grow.

/LiveRamp

How top-performing retail media networks can drive growth in a competitive market:
2. Build Out Measurement Capabilities   10

- **IPG Mediabrands' Unified Retail Media Solution:** The media and marketing solutions division of Interpublic Group has also begun to tackle retail media standardization and measurement with a dedicated business unit that will help advertisers see which RMNs are performing best and automate cross-retailer activation and optimization.

- **Albertsons Companies' framework for standardization:** The framework, which serves as a starting point for a unified approach to retail media, focuses on four areas—product characteristics, performance measurement, third-party verification, and capabilities. Albertsons has since announced that the IAB will assume responsibility for this framework and drive the standardization momentum forward.

To keep earning advertiser dollars, RMNs need to invest in building out their measurement capabilities, creating a frictionless environment for advertisers that delivers on performance insights.

2. Explore identity solutions

Identity resolution is another major piece of the measurement puzzle. The marketing industry is facing a significant challenge due to data deprecation trends, such as the degradation of third-party cookies and evolving data privacy regulations. These changes will heighten the difficulty businesses face in reconciling and analyzing customer behavior data across the digital ecosystem, hindering their ability to deliver personalized experiences. The idea of a single, out-of-the-box solution to signal loss is unlikely given the varying needs and policies of companies in the ecosystem. Advertisers will need to experiment with several identity resolution techniques. Consider:

- **Universal IDs** use a unique and persistent data signal (like an email address or phone number) to create an identifier, which can be encrypted and shared with advertisers, publishers, and ad tech platforms.

- **Persistent authenticated identifiers**, like LiveRamp's RampID, can recognize that two different emails belong to the same person, effectively connecting them to a single identity. So if a consumer has two emails for different purposes, a persistent authenticated identifier would recognize they're from the same person and assign just one ID for both systems.

/LiveRamp

How top-performing retail media networks can drive growth in a competitive market:
2. Build Out Measurement Capabilities 11

- **Hashed email**, which is a method of encrypting an email address by giving it a unique character code. This code remains the same no matter if the email address is being used across different platforms, browsers, or devices. While this is a low-cost solution, there are limitations on matching (as they only offer a single potential touchpoint to match on) as well as privacy concerns.

- **Data clean rooms** can be used in combination with identifiers or hashed email to help with identity resolution in an even more privacy-conscious way. These secure digital environments enable multiple parties to combine their first-party data to produce audience and campaign insights. Data clean rooms provide advertisers with in-depth analytics and an ability to stitch together data from multiple sources without relying on third-party cookies or risking consumer privacy.

3. Use AI and machine learning

Many retailers are already using AI and machine learning technologies to predict consumer behavior for things like inventory management. But they can take it a step further by using predictive analytics to uncover future consumer behavior and trends. In addition, it continually optimizes in realtime, leading to nearly immediate campaign improvements. RMNs that are able to implement AI for real-time optimization will have a clear advantage and differentiation over ones that can't.

"What AI is great at is being able to run through all possible optimizations and finding the exact optimal point of optimization," said Insider Intelligence vice president and principal analyst Andrew Lipsman. "So in this sense, it applies to any media optimizations: If you are running a retail media program, on-site and off-site, with different types of formats, AI can actually help you make better allocations."

4. Offer self-service capabilities

Self-service platforms help unify the ad buying process and create a more seamless post-campaign measurement strategy. For example, by moving its advertising platform in-house, Kroger gave advertisers more control to act on data and insights, as well as build reports based on deterministic retail data like sales lift and household penetration.

5. Provide media mix optimization and multitouch attribution

By offering analytics tools and dashboards, RMNs can help advertisers optimize their media mix or experiment with multitouch attribution.

Media mix optimization enables advertisers to evaluate the performance of their campaigns across different channels and media formats, which can help increase ROI. Multitouch attribution looks at all touchpoints across the customer journey to help marketers understand how each is contributing toward conversion.

/LiveRamp

How top-performing retail media networks can drive growth in a competitive market:
2. Build Out Measurement Capabilities   12

Retail Media Capabilities Ad Agency Professionals Worldwide Believe Are Must-Haves

% of respondents, April 2023. Source: Path to Purchase Institute, "What Your Agency Won't Tell You About Retail Media," June 27, 2023.

Transparency in how campaign performance is measured
| 81% | 15% | 4% |

Access to first-party data
| 66% | 30% | 4% |

Real-time campaign optimizations
| 63% | 35% | 2% |

Custom audience segmentation
| 51% | 42% | 7% |

Closed-loop measurement
| 49% | 43% | 8% |

Access to first-party data without media spend
| 48% | 43% | 9% |

Opportunity to test/pilot emerging capabilities
| 48% | 46% | 6% |

In-flight reporting
| 45% | 45% | 10% |

Managed service offerings
| 44% | 51% | 5% |

Live performance dashboards
| 43% | 45% | 12% |

Innovative offerings
| 43% | 55% | 2% |

Dynamic creative optimization
| 42% | 50% | 8% |

Access to insight products without media spend
| 34% | 57% | 9% |

Exclusive off-site offerings
| 31% | 55% | 14% |

Self-serve buying capabilities
| 29% | 57% | 14% |

■ Must have   ■ Nice to have   ■ Do not need this

Together, these methods can help brands better understand which channels they should invest in and where they should focus their efforts across the customer journey—which, in turn, makes campaigns more effective. Plus, these advanced analytics can help marketers who are investing beyond trade and shopper dollars gain critical insights that can be applied to national media campaigns, too.

3. Expand Ad Capabilities Beyond Search and Display

While search and display advertising on retailer sites will remain retail media's bread and butter for the foreseeable future, advertisers are looking to RMNs to provide more off-site opportunities, specifically across CTV, social media, and in-store.

What makes these channels so attractive to advertisers?

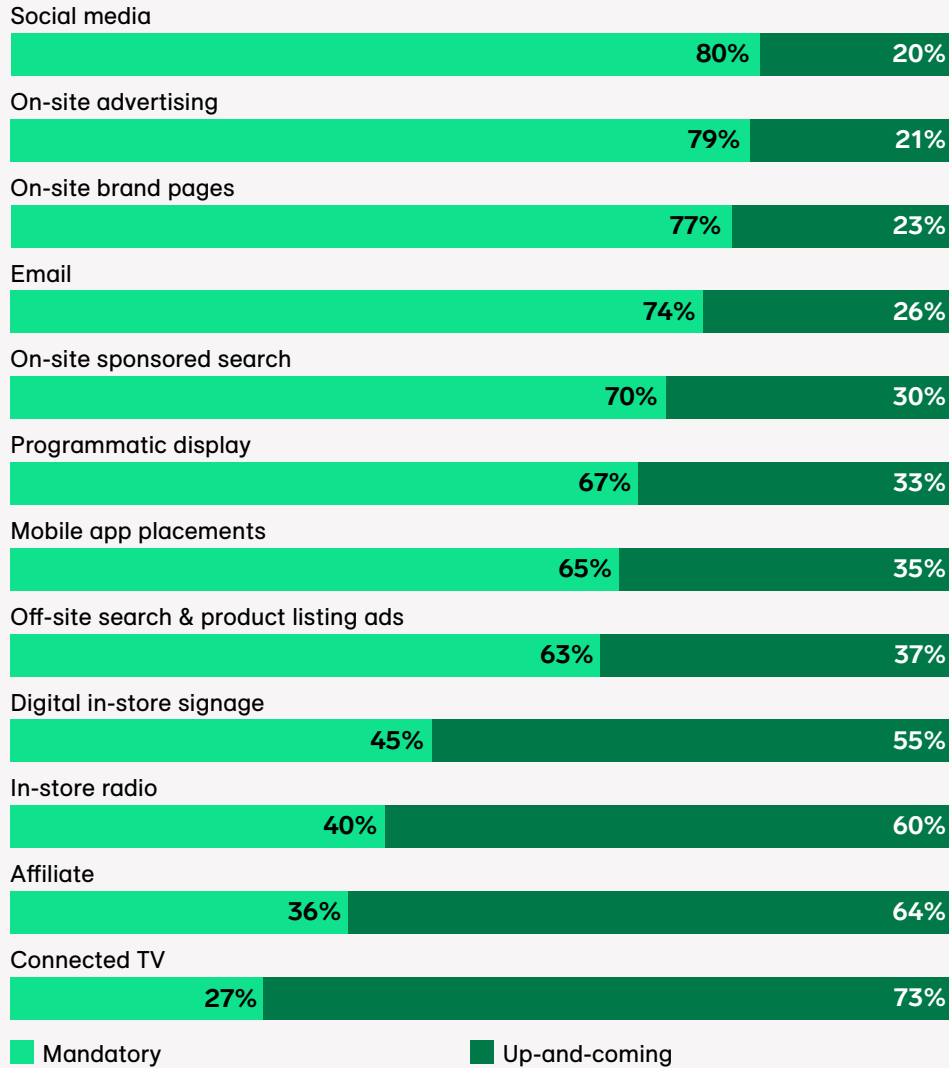### 1. Time spent watching CTV is on the rise

As time spent with traditional TV declines, time spent with CTV is on the rise. This year, US consumers will spend 1 hour and 55 minutes a day on CTV, a 9.3% increase YoY, according to a June 2023 Insider Intelligence forecast. This accounts for more than a quarter of daily digital time. CTV ads can be bought via streaming service or TV network; programmatic platforms; or CTV device-makers; like Roku, Fire TV, or Samsung.

Working directly with services or networks gives advertisers more clarity on where their ads will appear, but it also makes it difficult to scale media buying across several apps. On the other hand, third parties like programmatic platforms or device-makers offer brands less control over where ads are placed, but make it easier to scale.

CTV ads provided by media networks differ from traditional TV ads because they are "both for branding and performance," due to the targeting and measurement potential, said Lipsman. However, this type of advertising may lengthen the time from impression to purchase, so it's best used as an upper-funnel tactic.

/LiveRamp

How top-performing retail media networks can drive growth in a competitive market:
3. Expand Ad Capabilities Beyond Search and Display   14

Retail Media Channels That Ad Agency Professionals Worldwide Consider Mandatory vs. Up-and-Coming for CPG Clients

% of respondents, April 2023. Source: Path to Purchase Institute, "What Your Agency Won't Tell You About Retail Media," June 27, 2023.

Social media
| 80% | 20% |

On-site advertising
| 79% | 21% |

On-site brand pages
| 77% | 23% |

Email
| 74% | 26% |

On-site sponsored search
| 70% | 30% |

Programmatic display
| 67% | 33% |

Mobile app placements
| 65% | 35% |

Off-site search & product listing ads
| 63% | 37% |

Digital in-store signage
| 45% | 55% |

In-store radio
| 40% | 60% |

Affiliate
| 36% | 64% |

Connected TV
| 27% | 73% |

■ Mandatory   ■ Up-and-coming

2. Over two-thirds of the US population will use social media this year

US social network users will total 228 million in 2023, representing 67.2% of the population. These users will spend an average of 1 hour and 22 minutes per day on social media platforms, with Facebook making up the largest share of that time at 20 minutes per day, followed by TikTok (17 minutes), Instagram (15 minutes), and Snapchat (8 minutes), according to Insider Intelligence's forecasts.

Social media and retail media have a lot in common: engaged audiences, targeted advertising, and ecommerce integrations. By combining the two channels, RMNs can harness the power of social media's discoverability and retail media's ability to drive purchases.

/LiveRamp

How top-performing retail media networks can drive growth in a competitive market:
3. Expand Ad Capabilities Beyond Search and Display   15

Like CTV, social media combines brand awareness and performance to create a full-funnel approach for brands. But it can be difficult to measure performance without access to user data, which many social platforms are hesitant to share.

This is where third-party partners can act as intermediaries between social platforms and RMNs to help advertisers get closer to closed-loop measurement and identify what's driving engagement, traffic, and, ultimately, sale conversions.

3. In-store could be the next major media channel

In-store retail media ad spend will only amount to $240 million in 2023, according to a March 2023 Insider Intelligence forecast. However, it still presents advertisers with a massive opportunity to reach consumers that don't usually browse or shop online.

One advantage of in-store retail media is its ability to provide product sampling. Brands can leverage that in-person element to create more brand awareness and gather valuable customer feedback. Physical stores have numerous surfaces that can be used for in-store retail media experiences, including:

- TV walls
- Front-of-store kiosks
- Signage between aisles
- Digital shelving
- Checkout aisles

- Self-checkout terminals
- Smart carts
- End caps
- Cooler doors

Other media opportunities across retail include in-store audio and digital signage at gas station pumps or electric vehicle charging stations.

Measuring in-store media when it's not tied to loyalty or point-of-sale data could present a challenge in understanding performance for advertising brands. But the opportunity to impact a sale so close to the bottom of the funnel will still make it a channel primed for growth.

/LiveRamp

4. Use innovative technology to create more engaging ads

Enable shoppable content

CTV and social media offer opportunities for shoppable ads and content, which reduces the steps in the customer journey, making it easier for consumers to go from discovery to purchase. It also helps advertisers close the measurement loop, connecting the dots between impression and conversion.
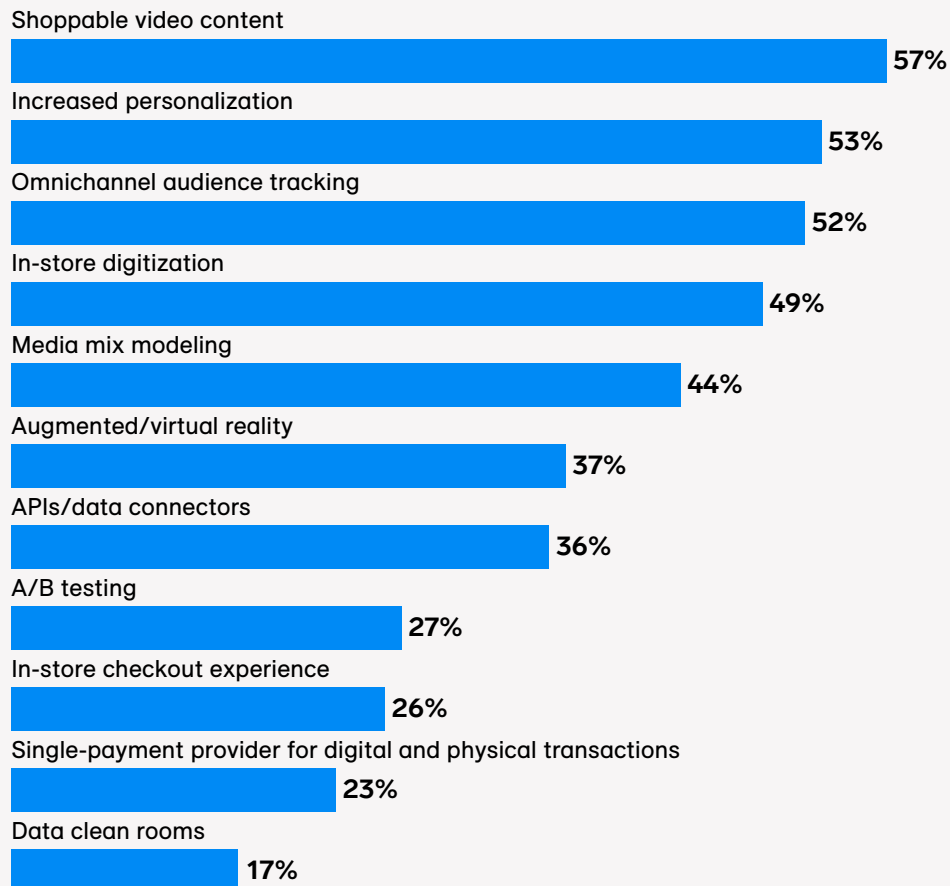
Explore AR and VR technologies

Younger generations, particularly Gen Z and Gen Alpha, expect digital-first experiences from brands. This includes the use of AR and VR within brands' marketing and advertising strategies.

AR and VR ad types aren't common among RMNs—yet. But as more networks begin to look for points of differentiation, this may be one way to stand out among the competition and capture advertiser dollars from brands looking to experiment and innovate.

Retail Media That Ad Agency Professionals Worldwide Think Will Be the Next Frontier
% of respondents, April 2023. Source: Path to Purchase Institute, "What Your Agency Won't Tell You About Retail Media," June 27, 2023.

Shoppable video content
57%

Increased personalization
53%

Omnichannel audience tracking
52%

In-store digitization
49%

Media mix modeling
44%

Augmented/virtual reality
37%

APIs/data connectors
36%

A/B testing
27%

In-store checkout experience
26%

Single-payment provider for digital and physical transactions
23%

Data clean rooms
17%

/LiveRamp

How top-performing retail media networks can drive growth in a competitive market:
3. Expand Ad Capabilities Beyond Search and Display   17

Try livestream commerce

While livestream shopping (i.e., live video streams where brands or influencers present products that viewers can purchase in real time) hasn't become mainstream in the US just yet, there are a number of brands and retailers trying to make it happen, including Amazon and Walmart, which have two of the biggest RMNs in the country.

Offer self-service and off-site placements

By offering advertisers a self-service advertising platform (like Kroger's), RMNs give them more control over their campaigns, making it easier to optimize and measure performance.

And by enabling off-site placements, like the ones offered by Amazon or Etsy, advertisers can extend their reach without having to spend their time or money on another platform. These types of ads can be served by search engines, social media platforms, or publishers. They resemble search ads and, when clicked, direct users back to the retailer's site to add the item to their carts.

5. Collaborate to win

RMNs may need to leverage one or many partnerships to offer expanded capabilities. Streaming services, publishers, social media platforms, and ad tech vendors are all potential partners.

- Walmart has teamed up with Roku on shoppable ads, enabling users to purchase items directly through their Roku remote. The two companies have since expanded their partnership to include premium inventory for CTV, available through Walmart's demand-side platform (DSP).

- NBCUniversal is experimenting with a shoppable ad format that allows viewers to shop items featured on Peacock TV shows.

- Giant Food partnered with Unilever and retail marketing platform Perch on digital end caps that use "lift-and-learn" technology to sense which products shoppers touched and respond with videos and information about that product.

/LiveRamp

4. Set Your RMN Up for Long-Term Success

To ensure long-term growth, RMNs need to have the right resources and technology to meet advertiser needs and expectations. And to do that, networks must find or create new revenue streams.

1. Score national media dollars

Often, retail media spend is pulled from existing trade and shopper budgets. But growth requires opportunities to earn share from national media budgets, too.

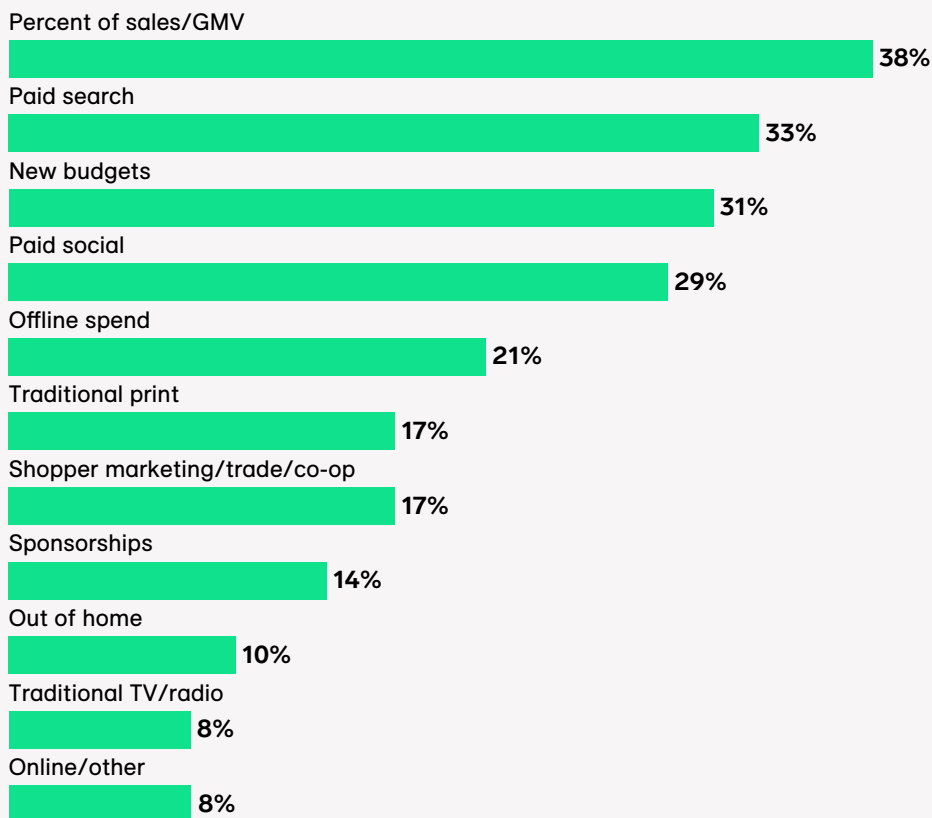This means RMNs need to act more like media agencies and less like retailers by:

- Working closely with agencies to understand their requirements for opening up national ad budgets
- Allowing advertisers to drive traffic from the media network to their own sites, even when those products are sold by the retailer
- Opening up third-party measurement to help brands understand the national reach of campaigns
- Creating self-service options for brands to access retailers' first-party data

RMNs must also embrace standardization, transparency, and accountability, giving brands the necessary metrics to make smarter budget allocations and gain more confidence in their retail media investments.

"Measurement underpins it all," said Lipsman. "There's no Nielsen TV ratings for in-store media, but there should be. That's how national media [networks are] used to allocating their dollars—they think about reach and frequency metrics. And if you don't have that common language for retail media, they're not going to invest."

/LiveRamp

How top-performing retail media networks can drive growth in a competitive market:
4. Set Your RMN Up for Long-Term Success 19

Channels From Which Retail Media Investments Are Coming According to Retail-Media Decision-Makers in North America

% of respondents, January 2023. Source: Skai and BWG Strategy, "The State of Retail Media: 2023," March 29, 2023.

Percent of sales/GMV
38%

Paid search
33%

New budgets
31%

Paid social
29%

Offline spend
21%

Traditional print
17%

Shopper marketing/trade/co-op
17%

Sponsorships
14%

Out of home
10%

Traditional TV/radio
8%

Online/other
8%

Pursuing national dollars should not come at the expense of trade and shopper budgets. To continue to drive spend from those budgets, RMNs must remain focused on delivering deeper customer insights and more accurate audience targeting.

2. Monetize first-party data

Traditionally, RMNs function like walled gardens, keeping their data closed off to everyone except paying partners. But one of the reasons retail media has taken off is because brands want access to first-party data, which means they are willing to pay for it.

- As cookie deprecation and the decline of device IDs approach, first-party data will only become more valuable to brands.

- RMNs can offer data in raw or packaged forms and could include operational, commercial, marketing, or behavioral data. A pricing structure can be created depending on the level of data, insights, and analysis.

- Customer privacy must be the top priority. The sharing of data may require the use of a data clean room, authenticated identifiers, or a trusted third-party partner to protect customer anonymity.

/LiveRamp

How top-performing retail media networks can drive growth in a competitive market:
4. Set Your RMN Up for Long-Term Success   20

3. Adapt and leverage shifting consumer trends

As prices remained historically high in 2023, consumers became increasingly cautious with their spending, forcing many retailers to adjust their strategies to keep the dollars coming in.
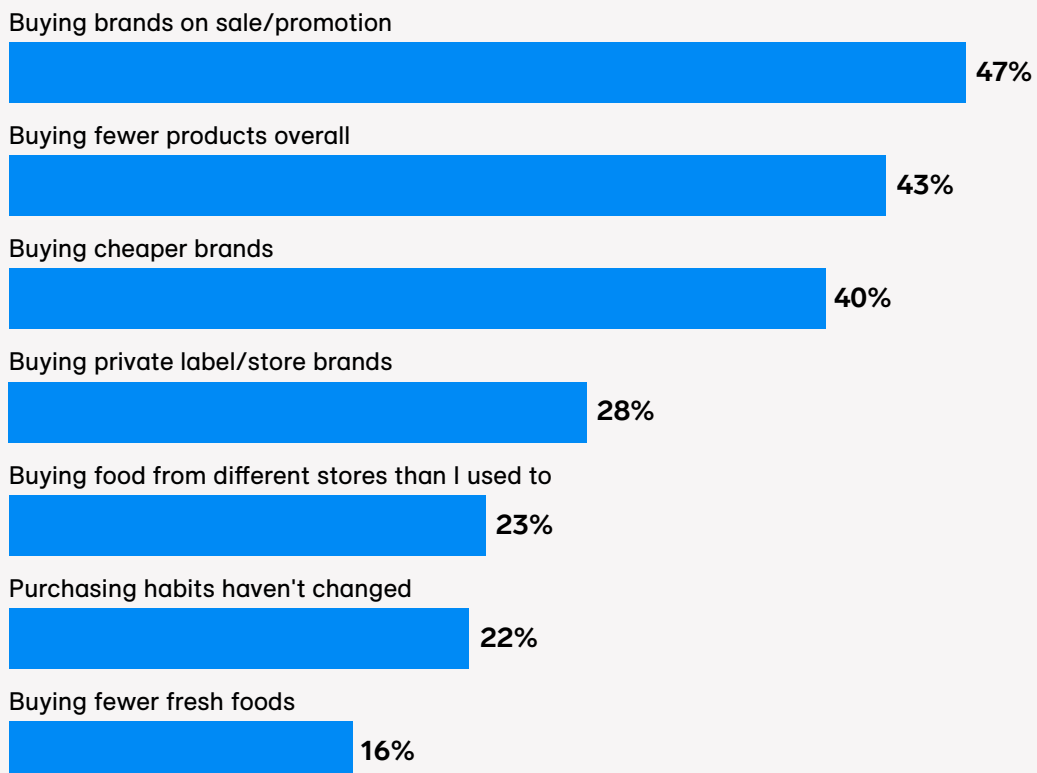
The leading categories US adults said they would cut down on spending included discretionary purchases or activities like restaurants, bars, food delivery services, electronics, travel, and apparel.

But even with essential categories like grocery, consumers were still trading down or buying less.

For example, nearly half (47%) of US adults said that they were buying more grocery brands on sale/promotion, per a May 2023 Ipsos survey. In addition, 43% of respondents said they were buying fewer products overall and 28% said they were buying private label/store brands.

Ways in Which Inflation/Price Increases Are Impacting US Adults' Grocery Purchasing Habits
% of respondents, May 2023. Source: Ipsos, "Consumer Tracker: Wave 76," May 26, 2023.

Buying brands on sale/promotion
47%

Buying fewer products overall
43%

Buying cheaper brands
40%

Buying private label/store brands
28%

Buying food from different stores than I used to
23%

Purchasing habits haven't changed
22%

Buying fewer fresh foods
16%

/LiveRamp

How top-performing retail media networks can drive growth in a competitive market:
4. Set Your RMN Up for Long-Term Success   21

To adapt to the price-conscious consumer, brands and retailers are reconfiguring their merchandising and pricing strategies, with a focus on private label brands, deep discounts, and personalization.

- Executives from both Walmart and Target have noted an increased demand for their private label offerings as consumers seek alternatives to pricier national brands.

- For its July 2023 Prime Day, Amazon used deep discounts on electronics, appliances, and home and furniture categories to entice customers to spend on items they wouldn't normally. And it seems to have worked: Amazon said its 2023 Prime Day event was its biggest sales day ever.

Ultimately, advertising dollars will follow consumer spending. Brands will focus their investments on retailers that are able to move products, and those that cannot may be left behind.

RMNs need to have the right resources and technology to meet advertiser needs and expectations. And to do that, networks must find or create new revenue streams.

4. Consider including nonendemic advertisers

Nonendemic advertisers are brands that aren't traditionally found at a specific retailer but offer complementary services or products. These types of advertisers (e.g., car companies, airlines, or subscription services) can contribute to revenues without cannibalizing sales—a win-win for RMNs.

There are a few ways for RMNs to work with nonendemic advertisers:

- To start, many brands may seek out a traditional programmatic ad experience, choosing keywords or categories they want to target.

- If that goes well, nonendemic advertisers may move to the next level, using the RMN's customer data to create targeted audiences or segmented campaigns (similar to how Gopuff is enabling brands like Hulu and diet app Noom to advertise their services on its platform even though it doesn't actually sell any products from them).

- From there, retailers and nonendemic brands can deepen their relationship, using data collaboration to boost targeting capabilities or creating fully integrated campaigns that expand beyond the retailer's website or stores (like Amazon and Buick's 2020 campaign to promote Amazon's Alexa being built into Buick vehicles).

/LiveRamp

How top-performing retail media networks can drive growth in a competitive market:
4. Set Your RMN Up for Long-Term Success   22

However, just because consumers can't purchase a nonendemic brand's product straight from the retailer doesn't mean ad campaigns should feel out of place.

Retailers and nonendemic brands can deepen their relationship, using data collaboration to boost targeting capabilities or creating fully integrated campaigns that expand beyond the retailer's website or stores.

Ideally, a successful partnership between a retailer and a nonendemic brand relies on identifying the overlap between the two and leveraging it, like Best Buy did when it teamed up with digital marketing agency PMG to drive sales of a client's holiday-themed pajamas.

- The agency created an in-store video campaign, which played via TV and PC monitor walls at Best Buy locations close to retail stores carrying the pajamas.

- The campaign generated 21 million impressions and saw a 42% increase in purchase intent, according to Best Buy. In addition, 81% of Best Buy customers who saw the ad said they were more likely to buy the holiday pajamas.

5. Invest in Your Tech Stack

To support advertisers' growing expectations, RMNs will need to build out their talent and technology capabilities, either internally or by contracting with a third-party partner to help with data collection or housing, audience building, measurement, and other needs.

There is no one-size-fits-all solution when it comes to building out a retail media tech stack. Retailers should think about what makes the most sense for their customer experience and business model.

Here are some essential components to a fleshed-out retail media tech stack:

- **Customer relationship management software** is already a workhorse for marketing departments, and can help businesses keep track of data across the customer life cycle, including interactions with sales, marketing, and customer service channels

- A **DMP** or a **CDP** collects and organizes customer data from both online and offline sources to build detailed customer profiles

- **Marketing automation platforms** handle routine marketing tasks across email, web, social, and SMS

- **Data enrichment tools** enhance an RMN's first-party data with external data sources

- **Marketing analytics solutions** help measure metrics like customer retention, engagement, ROI, and return on ad spend

- **Data clean room(s)** enable multiple parties to combine their first-party data to uncover in-depth analytics without relying on third-party cookies or risking consumer privacy

- **DSPs** let advertisers purchase programmatic inventory from multiple ad exchanges, ad networks, and supply-side platforms (SSPs) via a single interface

1. Third-party partners can fill in the gaps

Not all companies have the talent or resources to implement a top-to-bottom tech stack internally. RMNs can team up with third-party platforms and services to build out the capabilities they don't have the resources for internally. For example:

- Sam's Club partnered with LiveRamp to better target ads across the open web through the Sam's Club Member Access Platform.

- BJ's Wholesale Club turned to Microsoft for a ready-made retail media platform instead of having to build out its own infrastructure.

- Lowe's and Yahoo have teamed up to give advertisers on Lowe's One Roof Media Network access to more inventory, including off-site media placements, and to help improve omnichannel experiences.

/LiveRamp

How top-performing retail media networks can drive growth in a competitive market:
Conclusion: Critical Factors for a Competitive RMN   25

Conclusion: Critical Factors for a Competitive RMN

Retail media is evolving from its initial era of search-driven ecommerce into a new phase that will be just as much about branding as it is about performance advertising, according to Lipsman.

This shift will be marked by an even stronger focus on first-party data, which advertisers will need to ensure accurate targeting in a post-cookie world and a move into upper-funnel ad formats like social, streaming, and TV ads.

Measurement and standardization will also be at the forefront of this new era as advertisers want to understand how their efforts are driving sales. Bringing together online and offline sales will be especially important if RMNs want to secure more investment from brands.

To accomplish all this, collaboration will be key. By teaming up with streaming companies, publishers, social media platforms, and other third-party platforms, networks can help advertisers expand their reach from on-site to in-store and across the open web, as well as achieve closed-loop measurement.

/LiveRamp

How top-performing retail media networks can drive growth in a competitive market:
Conclusion: Critical Factors for a Competitive RMN   26

Here's your cheat sheet on the five attributes that RMNs need to rise above their competitors in this next phase of retail media:

1. A robust source of first-party data that provides advertisers with more targeted insights and audiences. A strong first-party data strategy results in better media performances, which can help retailers stay competitive and keep customers happy.

2. A comprehensive measurement strategy that helps brands understand and optimize campaign performance in a frictionless way. The easier and more transparent your measurement strategy is, the more investment you'll earn from clients.

3. An expanded selection of ad offerings beyond search and display, like CTV, social, and in-store. Also consider technologies like shoppable content, AR and VR, or livestream commerce to appeal to innovative and tech-savvy clients.

4. A way to diversify revenue streams to help secure current and long-term funding, whether from national media budgets, data monetization, or bringing on nonendemic advertisers.

5. A comprehensive technology stack to support advertisers' growing expectations. This may require a third-party partner that can fill in the gaps in talent or resources.

Build a high-performing media network

The world's most innovative companies partner with LiveRamp to build and expand their media networks

Build

- Unlock new revenue streams
- Deliver personalized experiences that boost customer loyalty
- Strengthen relationships with your suppliers

Expand

- Increase targeting accuracy by up to 30% with precise identity resolution
- Enrich and scale your data by 35% through improved addressability
- Advance your product offering through new partnerships

Unlock growth for you and your advertisers with a high-performing media network powered by data collaboration.

Explore the Possibilities

/LiveRamp

/LiveRamp

About LiveRamp

LiveRamp is the data collaboration platform of choice for the world's most innovative companies. A groundbreaking leader in consumer privacy, data ethics, and foundational identity, LiveRamp is setting the new standard for building a connected customer view with unmatched clarity and context while protecting precious brand and consumer trust. LiveRamp offers complete flexibility to collaborate wherever data lives to support the widest range of data collaboration use cases— within organizations, between brands, and across its premier global network of top-quality partners.

[Unlock the Power of Media Networks with LiveRamp.](#)

About this guide

This guide was compiled using interviews conducted by Insider Intelligence and reports, forecasts, and research by Insider Intelligence on retail media, connected TV, social media, and consumer behaviors, conducted between January and August 2023.

Research was compiled by members of the Insider Intelligence Content Studio team in partnership with LiveRamp.

Insider Intelligence forecasts used:

[US Retail Media Ad Spending, 2023-2027](#)

[US Time Spent with Connected TV](#)

[US Social Network Users](#)

[US Time Spent with Social Networks](#)

The following people contributed to this guide:

Arielle Feger - Analyst, Newsletters

Miri Kramer - Creative Director, Content Studio

Henry Powderly - Vice President, Content

Kristen Riebesell - Senior Director, Media Solutions & Strategy

Becky Schilling - Senior Director, Content

Rachael Taute - Program Manager, Media

Laura Williams - Art Director, Content Studio

James Wohr - Copy Editor, Content Studio