Retail Media Networks: Optimism Tempered with Caution

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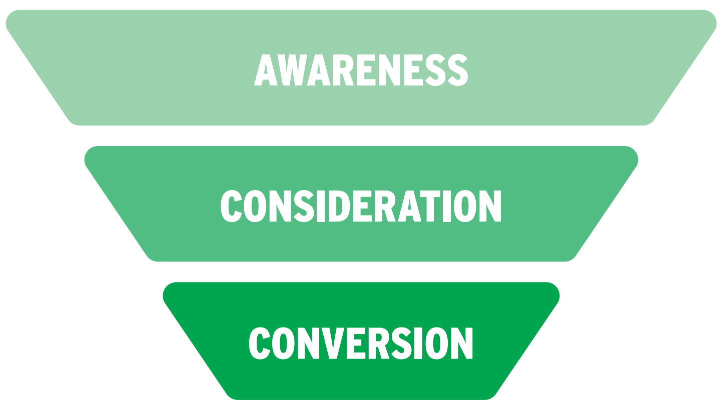
INTRODUCTION

While retail media networks (RMNs) have been around for well over a decade, with Amazon Advertising leading the charge back in 2012, they have really come into their own over the past three to four years. There are well over 50 retail media platforms in the U.S., with more than 30 launched since 2021[1]. RMNs are a source of newfound revenue, with fatter margins than retailers' on-shelf offerings, so retailers are rushing headfirst into the marketplace. Some RMNs even aspire to become full-fledged media companies.

Marketers have embraced RMNs, particularly CPG companies, first as a cost of doing business with their established retail partners, then as an effective and proven driver of sales, and more recently as potential "full-funnel" partners. The value of their rich first-party data cannot be understated.

Marketing Funnel Stages



What Is a Retail Media Network?

A retail media network is a network of digital channels owned by a retailer that allows marketers to purchase advertising space directed by the retailer's first-party data to targeted shoppers and prospects. Retail media advertising can include online display advertising and paid search across retailer assets, as well as off-site display, video, and social placements (i.e., to other web and social sites), again targeted by the retailer's first-party data. Retail media is now expanding to CTV, with Amazon Prime and Walmart's purchase of Vizio. And in the latest twist, even non-retailers are finding the potential revenue stream of their first-party data too hard to resist, with so-called "commerce media networks" such as Chase Media Solutions and United Airlines' Kinective Media joining the fray.

[1] Acadia, 8/24/2023.

INTRODUCTION

Retail media ad spending in the U.S. will reach almost $55 billion in 2024, according to EMARKETER.[2] Further:

- Retail media is the fasting growing ad channel, growing by more than 20 percent a year through 2027.[3]
- Retail media ad spend will make up over one-fifth of total U.S. ad spending by 2027.[4]
- Retail media will represent nearly 1 in every 3 dollars spent on digital advertising by 2028.[5]

What's driving all this growth? The adoption of retail media networks by advertisers has skyrocketed in recent years due to several significant shifts in society:

- **The steady rise of e-commerce.** A seismic shift in consumer shopping habits and buying options, driven by two years of COVID lockdown, has resulted in the proliferation of new and direct shopping channels with enormous traffic.
- **New consumer touchpoints, interactions, and intelligence for retailers to monetize.** With the rise in e-commerce, retailers experienced exponential growth in online interactions with their shoppers, amassing audience traffic comparable to many ad-supported digital media platforms. Retailers saw the opportunity to create new and high-margin revenue streams by selling audience access to their advertisers.
- **First-party data.** With all their site traffic, retail media networks own a treasure trove of first-party shopper data. Historically unavailable or only shared on a limited basis with brands, this data is now available to advertisers eager to build their own first-party databases.

For the retailers, the build-out of retail media networks has required an investment in new talent, skills, technology, and partnerships to create new businesses that operate as digital advertising platforms. As media sellers, RMNs have assumed accountability for driving sales volume and positive returns directly attributable to the brand investments on their platforms. They compete not only with other RMNs but with all other digital media options available to advertisers, and now seek to compete for national media dollars as well. All of this has meant a sharp learning curve for the retailers, with experience, time in market, refined offerings, and defined metrics providing a real advantage for some RMNs over others in an increasingly crowded marketplace.

[2] EMARKETER, Retail Media Ad Spending Forecast H1 2024, 6/11/2024.
[3] EMARKETER, Retail media is the fastest growing ad channel, but 'is not invincible,' our analyst warns, 12/4/2023.
[4] EMARKETER, Retail media grows its share of total US ad spend, but isn't overtaking social just yet, 12/29/2023.
[5] EMARKETER, Data Drop: Retail Media is the Growth Engine of Digital Advertising, 7/12/2024.

INTRODUCTION

For advertisers, the rise of RMNs has also created more marketing decision-making complexity, taxed internal resources, and further blurred lines between the responsibilities of internal sales, shopper, marketing, and media functions. The management and funding sources of retail media networks often vary greatly by advertiser, and business objectives and metrics for their usage can be quite different. As one marketer put it, “We are trying to plan our retail and brand activity more collectively, but it is a challenge.” On top of that, RMN tactics, data/metrics, and performance methodologies are inconsistent, making performance comparisons across RMNs and other media platforms challenging. Finally, ad safety is a growing concern with retail media, with off-site and even Made for Advertising (MFA) site placement becoming more common among retail media buys.

Recognizing the variability in how advertisers are approaching their RMN activity, and the steep learning curve many advertisers are experiencing, the ANA undertook a survey of its members over the summer of 2022 to determine how brands are managing and utilizing the channel. That resulted in **Retail Media Networks: A Forced Marriage or Perfect Partnership?** in January 2023. In late 2023, we followed with a second, refined questionnaire that provided our first look at trend data and the emerging marketplace dynamics.

The result is a robust and insightful report from a representative and varied cross-section of ANA members actively managing retail media network programs for their brands. We expect that the learnings here will provide valuable insight and benchmarking for our advertiser community regarding the utilization of retail media network programs.

We greatly appreciate the time and participation of all ANA members who contributed to this report.

INTRODUCTION

This report builds upon the work of the CMO Growth Council, which was established by the ANA and Cannes Lions to focus on driving enterprise growth. The CMO Growth Council has identified four global growth priorities and a 12-point industry growth agenda. This work is an important initiative for the Brand, Creativity, and Media priority of the ANA Growth Agenda, which provides a guide for the industry to build the foundation for long-term business growth and brand value. To remain competitive, today's marketers must stay current on all aspects of the rapidly changing media landscape, with the rise of retail media in particular providing both an opportunity to drive sales and brand growth and a risk for those arriving late to take advantage of the new platform.

BACKGROUND

Over the summer of 2022, the ANA conducted our first survey of members' usage and management of retail media networks.

This first study, **Retail Media Networks: A Forced Marriage or Perfect Partnership?**, published in early spring 2023, proved extremely popular and timely. Key points included:

- RMNs were well-established platforms, with 56 percent of survey respondents already using them.
- RMNs were credited with driving sales, but had not yet been proven for driving brand growth.
- Marketers saw retail media as a "have to buy" versus "want to buy."
- Lack of measurement standardization and transparency were roadblocks to greater use.
- Marketers were optimistic on RMNs' potential to become a valuable marketing tool.

With retail media continuing its phenomenal growth, and members' interest only increasing, we set out to field our second round of this important study, leveraging and building upon our own knowledge and experience. We refined and expanded our original questionnaire in key areas of interest and streamlined to eliminate redundancy. We were eager to capture evolving attitudes, perceptions, and behaviors in this incredibly dynamic marketplace. The survey responses, findings, and commentary are in the following report. **The complete survey questionnaire is available here**.

Round two was fielded on November 13, 2023 and closed on January 17, 2024. In all, 144 members participated in the survey, with 86 actively utilizing RMNs. A number of qualitative interviews with interested survey respondents followed.

EXECUTIVE SUMMARY

Marketers' Optimism Is Tempered with Caution

2024 is another watershed year for retail media, with U.S. ad spending projected to reach almost $55 billion, up 26 percent versus year ago.[6]

However, in the second wave of our survey on retail media, we found a more nuanced view among marketers.

Unlike the headlong rush to embrace retail media noted in our first study (and industry-wide) last year, the number of marketers adding RMNs to their plans, the average number of retail media platforms being used, and future plans for using retail media are all essentially flat versus a year ago. In fact, fewer marketers are expecting to spend significantly more on the platforms, with some respondents indicating they may actually spend somewhat less. The number of marketers expecting to add additional retail media platforms to their plans is also declining despite the growing number of RMNs to choose from, with just 35 percent saying they will be using more, down from 58 percent in our last survey. One bellwether in particular is worth noting: The number of survey respondents spending on Amazon Advertising, the industry's leading RMN (accounting for some 77 percent of all retail media spending), has declined since our last survey from 82 percent to just 61 percent.

Part of this rationalization may be due to the fact that the value of retail media remains grounded primarily in the transactional, with ROI, incremental sales, and lift being the most important measures and goals. Also, a clear majority still see RMNs as a "have to buy" versus a "want to buy," with a like number saying the retailers themselves have a lot or complete influence over their decision to spend. In fact, retailer control is seen as one of the bigger challenges among our respondents at 37 percent, up from 33 percent. Even looking toward the future, a majority (59 percent) feel directly driving sales is one of the most important question marks with retail media, along with the ability to truly leverage the valuable first-party data (57 percent) retail media platforms are able to provide. Directly driving sales has increased in importance year over year by 8 percent.

So why the caution? It appears to be all about the data — availability, reliability, and timeliness — and a commensurate concern over the growing cost and complexity of using RMNs. When asked about the biggest challenges with retail media, the number one concern in our survey (a big challenge) was lack of standardization across platforms (55 percent), followed by sales attribution (48 percent) and timeliness of data/analytics (40 percent). As one responder put it, "Very important to push retailers on measurement requirements to advertiser's standards to be on parity with other media outlets."

[6] EMARKETER, Retail Media Ad Spending Forecast H1 2024, 6/11/2024.

EXECUTIVE SUMMARY

With this work underway, another opportunity for RMNs is to become a more valuable marketing tool by extending value to upper-funnel activity. While still seen primarily as a sales driver, more marketers believe retail media may also be able to drive consideration and even generate awareness. Both objectives (awareness and consideration) showed a significant jump in importance to marketers year over year, with 86 percent now saying consideration is most or moderately important, and 30 percent saying as much for awareness. And while consideration is still ahead of awareness in importance, there's a clear migration up-funnel.

Marketers are optimistic to give RMNs the chance to prove themselves on full-funnel capabilities, and many already are. Two-thirds (68 percent) of the respondents currently using RMNs are already starting to use them for mid- and upper-funnel communications and as part of their national brand/equity plans. And with that, more than half of those surveyed (57 percent) are now spending from 10 to 39 percent of their marketing budgets on retail media, versus 48 percent surveyed a year ago.

We expect a bit of a slowdown in the growth in RMN spending as marketers challenge retailers' claims and capabilities, test the value of moving up-funnel, and sort out matters internally. But in the highly competitive environment that the retail media marketplace has become, we anticipate the best performers will address marketers' concerns, deliver on the promise they represent, and give them reason to more fully embrace this exciting channel.

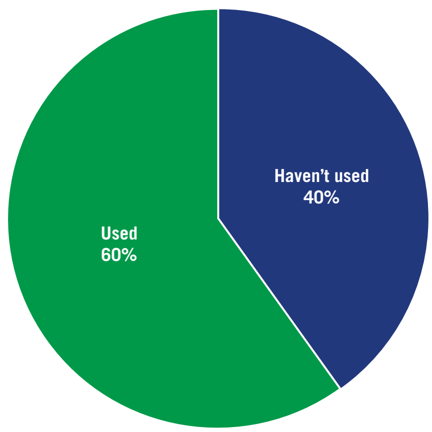
DETAILED FINDINGS

Retail media is not for everyone… yet.

Despite the hype and the extraordinary proliferation of new platforms over the past several years, incidence of use among our members has remained consistent year over year, from 58 to 60 percent of all members surveyed.

ANA Marketers Who Used Retail Media Networks in the Past Year

Base: 144



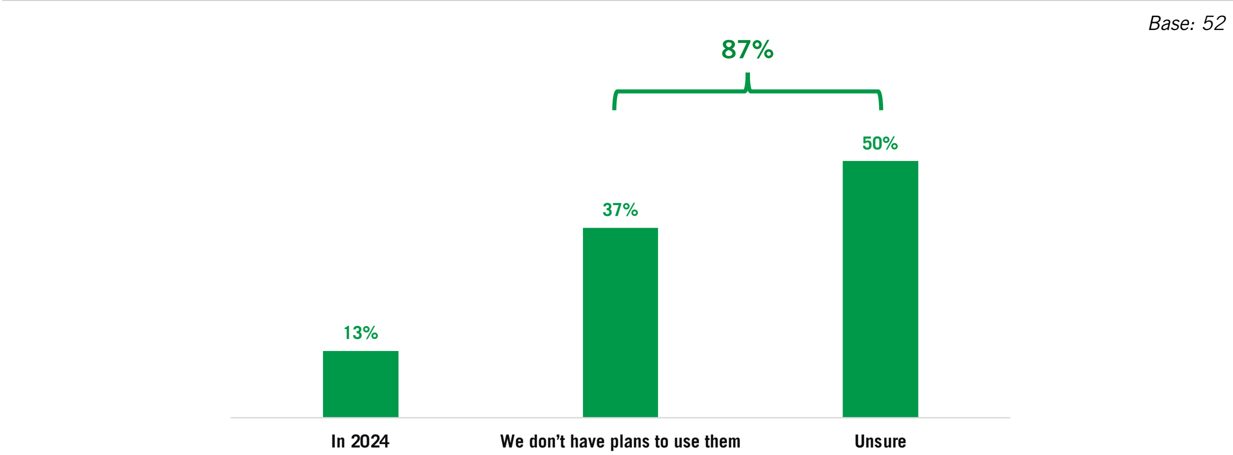
Q1: Has your company used Retail Media Networks in the past year?

DETAILED FINDINGS

RMN use remains centered among advertisers doing business with retailers.

Consistent with flat incidence of use, future plans for using RMNs have also not budged much, with 87 percent of those not currently using RMNs having no plans or being unsure when it comes to using RMNs, essentially flat from last year (90 percent). Survey results suggest that many of those unsure or without plans to use RMNs are in industries that do not do business with these retailers.

Among Marketers Not Currently Using RMNs: Plans to Use



Q2: Does your company have plans to start using RMNs?

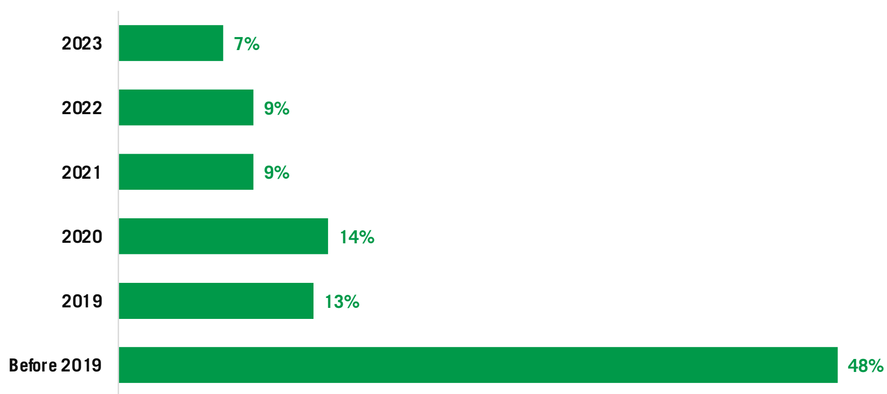
DETAILED FINDINGS

Marketers who started utilzing RMNs early remain the bulk of the users.

Nearly half of all RMN users started prior to 2019. Initial adoption continued at a solid pace through 2019–2020 at 13 to 14 percent, but slipped below 10 percent in 2021, a slower rate that continued through 2023.

When Marketers Started Using RMNs

Base: 69

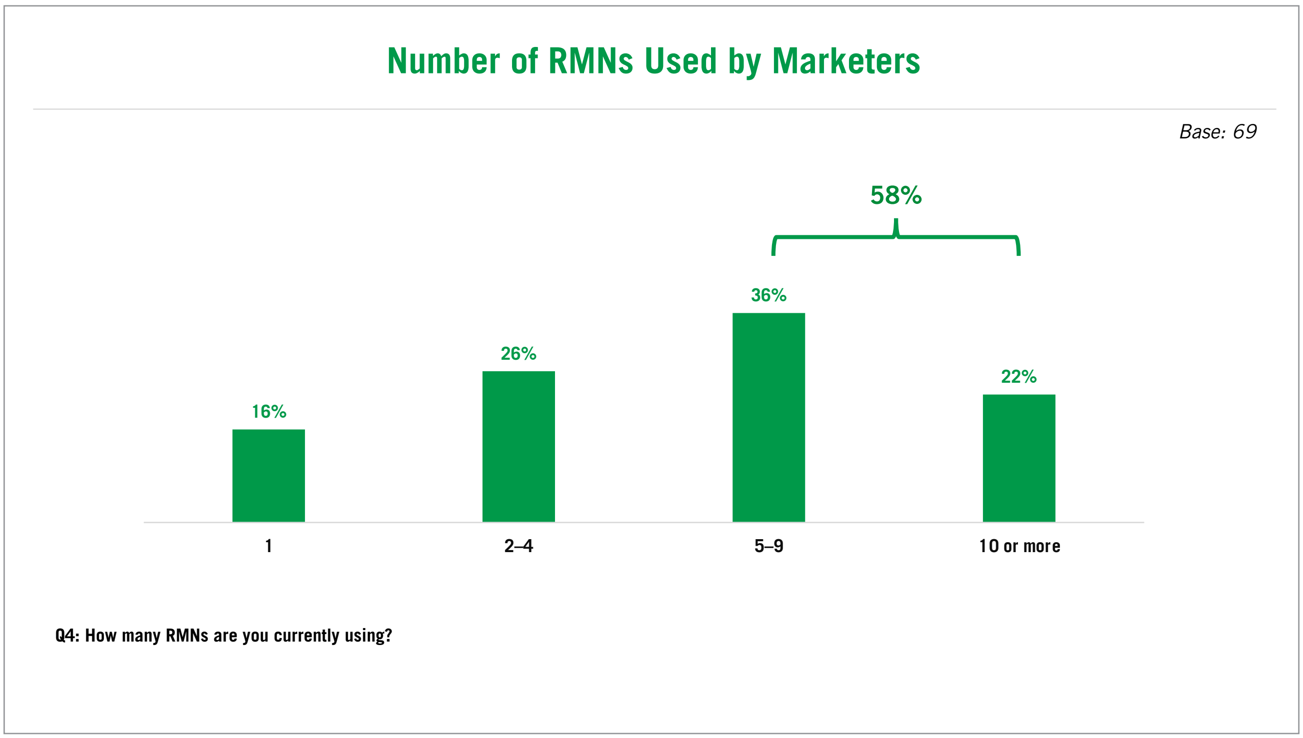


Q3: In what year did you start using RMNs?

DETAILED FINDINGS

Recent adopters may be dipping only a toe in the water, while early adopters charge ahead.

The average number of RMNs used by marketers has been essentially flat year over year, with some 58 percent using five or more versus 56 percent a year ago. However, it does seem like the early adopters may be benefiting from their experience with the platforms, with the number of companies using 10 or more now at 22 percent, up from just 16 percent last year.



DETAILED FINDINGS

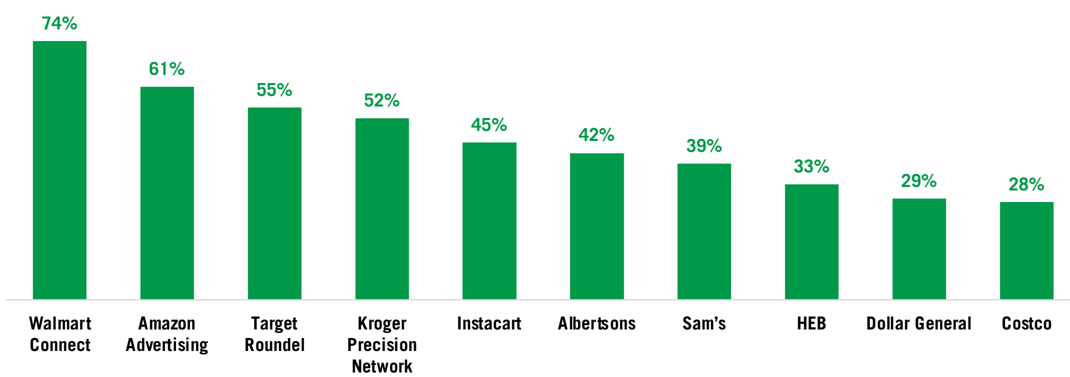
Amazon Advertising and Walmart Connect are the biggest winners so far.

Walmart Connect (74 percent) has surpassed Amazon Advertising (61 percent) as the platform most used by survey respondents, pushing Amazon to the number two position.

In terms of spending, however, Amazon is still the runaway leader (accounting for nearly eight of 10 retail media dollars spent[7]). With this year's list of survey choices expanding to 29 platforms from just 10, many of the newer entrants appear to be struggling to gain a foothold in the marketplace. This may reflect the slowing pace of growth noted earlier, along with fixed or limited marketing budgets, with marketers likely optimizing and consolidating their spending behind the most effective platforms.

Marketers' Use of Individual RMNs

Base: 69



Q5: Which of the following RMNs has your company used in the past year?

Note: These all under 25%: Walgreens 23%, Doordash Advertising 22%, CVS/CMX Media Exchange 20%, Shipt 19%, Family Dollar 16%, Home Depot/Retail Media+ 13%, Best Buy 12%, Lowe's 9%, 7-Eleven/Gulp Media 7%, Ulta 7%, Nordstrom 7%, Dollar Tree 7%, Macy's 6%, Kohl's 4%, Office Depot 3%, Staples 3%, Wayfair 3%, Newegg 1%, eBay 1%

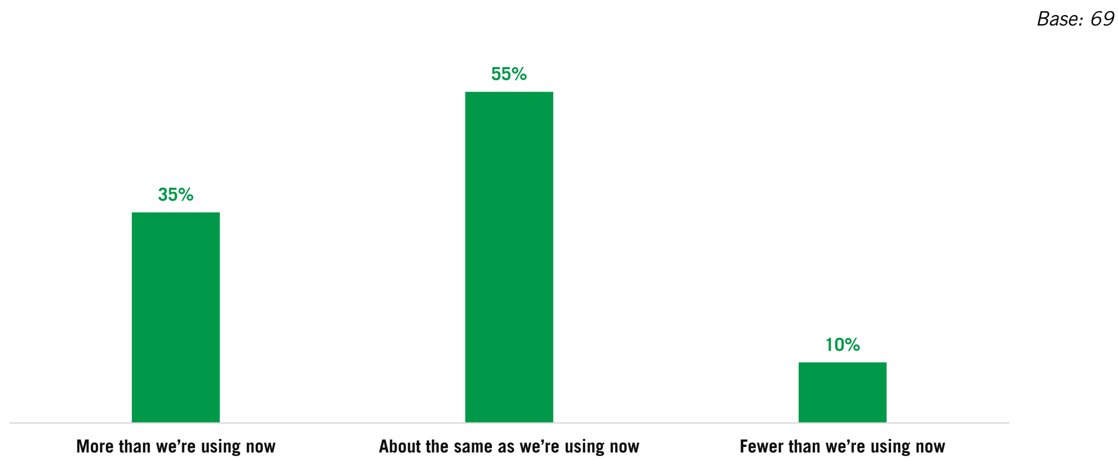
[7] EMARKETER, Retail Media Ad Spending Forecast H1 2024, 6/11/2024.

DETAILED FINDINGS

Marketers are “learning to swim” rather than diving in headfirst.

Just over a third of current RMN users (35 percent) expect to use more RMNs than they’re currently using in the next two years. This is down significantly from the 58 percent saying as much last year. The number of marketers saying about the same in the next two years is up commensurately, from 42 to 55 percent. While no one in our first survey expected to be using fewer RMNs in the next two years, that number is 10 percent in the current survey.

Anticipated RMN Use in the Next Two Years



Q6: In the next two years, how many RMNs do you anticipate using?

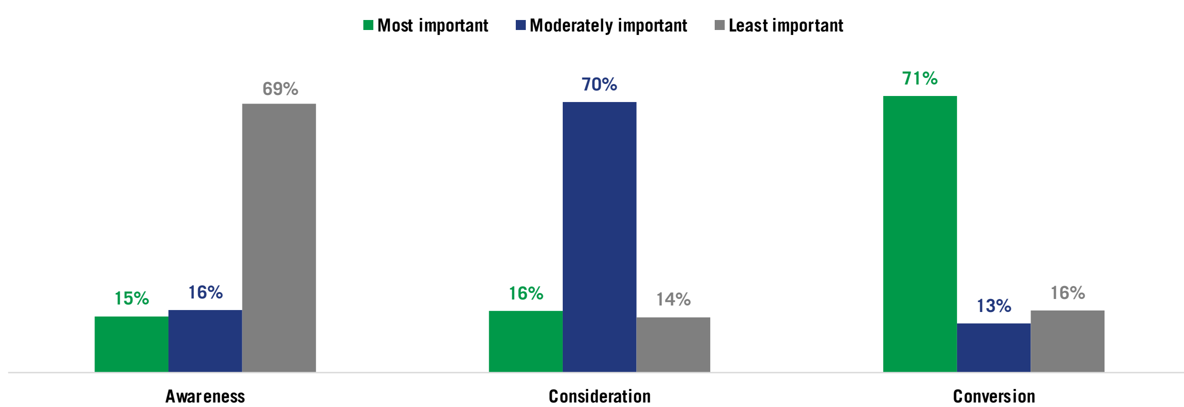
DETAILED FINDINGS

It may be all about the bottom of the funnel today, but marketers are looking to learn about and expand on RMNs' full-funnel possibilities.

Our latest survey does seem to bear out the anecdotal evidence that marketers are giving greater thought to using RMNs for mid- and upper-funnel objectives. Conversion still dominates, with 71 percent still saying this is their most important goal (essentially flat from a year ago), but mid-funnel (consideration) and upper-funnel (awareness) goals are gaining in importance, with 16 percent now saying consideration is most important, up from just 5 percent a year ago. We see a similar jump for awareness, at 16 percent for moderately important versus just 3 percent a year ago. As one respondent put it, "Optimize based on company's priorities, not on sales only."

Most Important Goals for RMN Campaigns

Base: 65



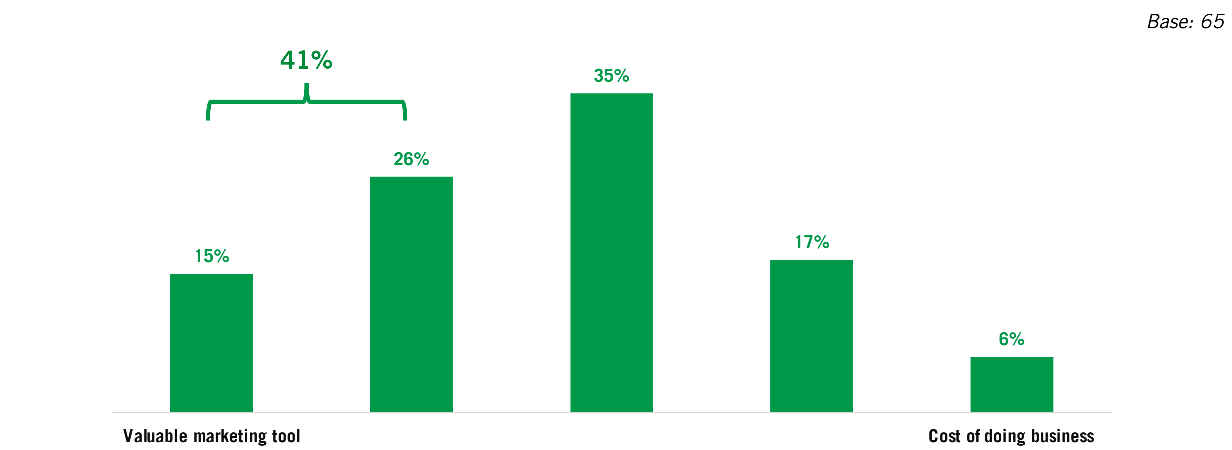
Q7: Please rank order the most important goals of RMN campaigns for your company.

DETAILED FINDINGS

RMNs must prove their full value...

Consistent with shifting perceptions of RMNs' increased utility beyond simple conversion, marketers are starting to think of their RMN investment as more than just the cost of doing business, with the top-two box score for valuable marketing tool at 41 percent, representing a significant jump from just 31 percent last year. But the simple bell curve shape of this chart also shows that marketers remain mixed on this question, despite real interest and movement up-funnel. This is likely an area where retail media platforms still need to prove themselves and their capabilities to marketers.

Current View of RMN Investment



Q8: Today, how does your organization view your investment with RMNs?

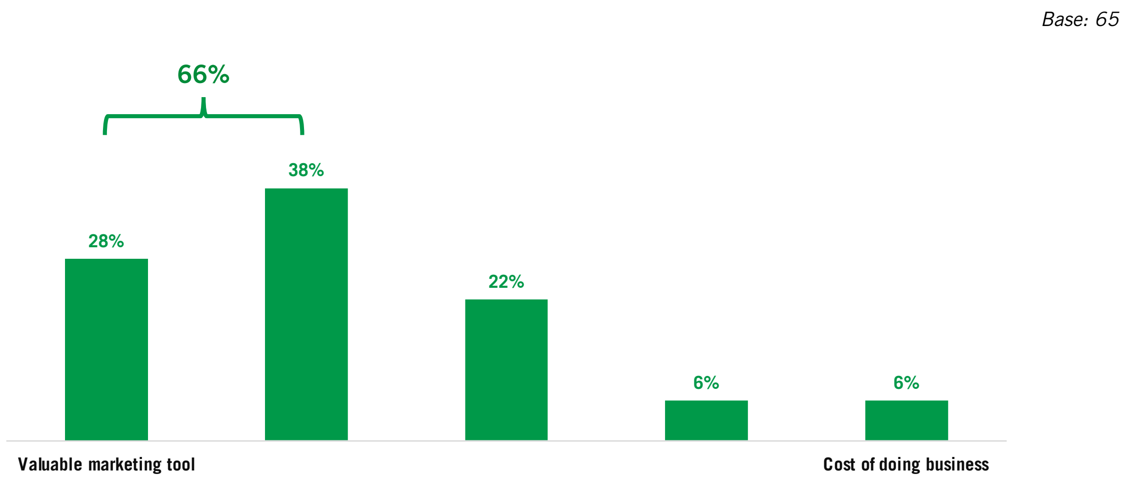
Note: Data may not add up to 100% due to rounding

DETAILED FINDINGS

...but marketers are open-minded.

Fully two in three marketers feel RMNs will be a valuable marketing tool in the future. This likely reflects an optimism and confidence that platforms will evolve to meet their needs, whether it be around measurement, more holistic marketing solutions, or delivery against mid- and upper-funnel objectives. The high value of first-party data also plays a role.

Future View of RMN Investment



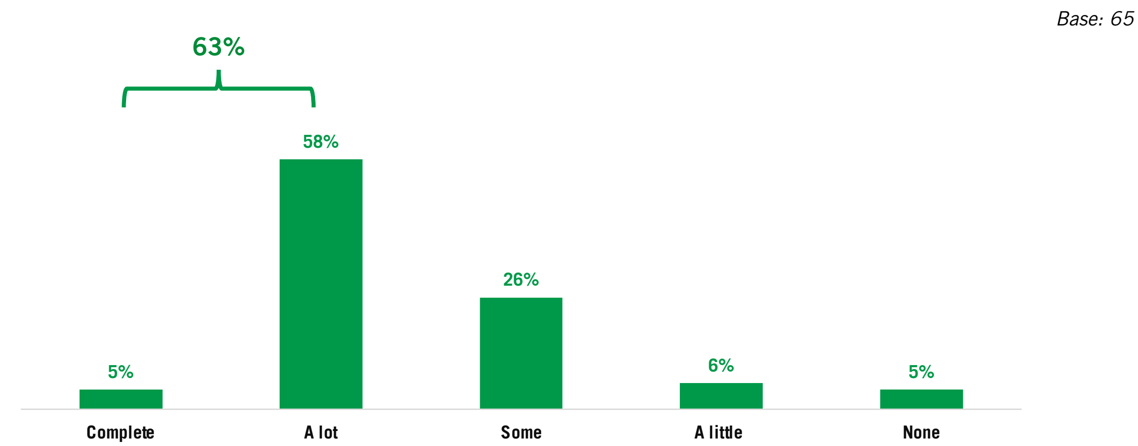
Q9: In two years, how do you think your organization will view your investment with RMNs?

DETAILED FINDINGS

However, the current relationship remains a pressured partnership...

Despite this optimism on the future potential of RMNs, nearly two-thirds of respondents still feel RMNs are a “have to buy” versus “want to buy,” with 63 percent saying retailers have a lot of or complete influence on a marketer’s decision to use various RMNs. This has increased significantly versus a year ago from just 47 percent. One respondent said, “In my business pay-to-play is becoming more significant.”

Retailers’ Influence in Deciding to Use RMNs



Q10: How much influence do retailers have in your decision to participate in RMNs?

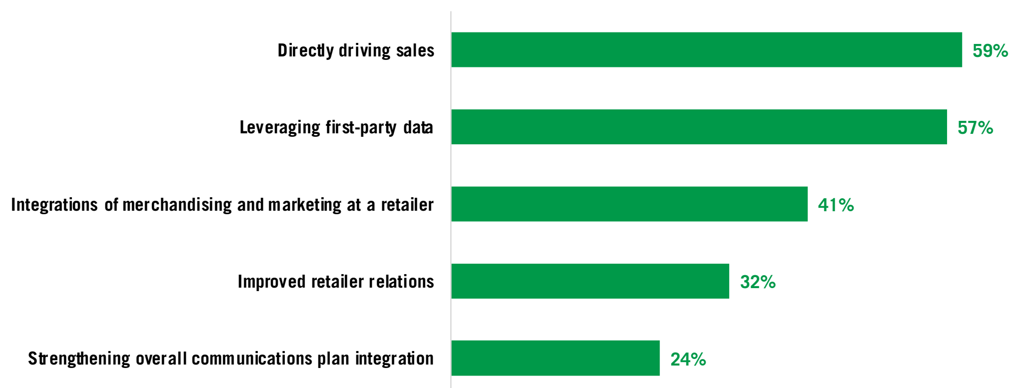
DETAILED FINDINGS

...and today's priorities remain fully grounded in the transactional.

Marketers' current priorities remain grounded in driving sales (59 percent say it's very important) and first-party data (57 percent say it's very important). In fact, directly driving sales has only increased in importance, from 51 to 59 percent year over year, reflecting the constant pressure to drive business. First-party data, while flat year over year, remains key. Finally, and again consistent with the increased influence of the retailers themselves, we see improved retailer relations at 32 percent being very important (versus 23 percent a year ago) and integration of merchandising and marketing at 41 percent (versus 35 percent a year ago) both increasing, suggesting that the importance of retail media as a traditional shopper tool remains essential.

Biggest Opportunities with RMNs

Base: 63



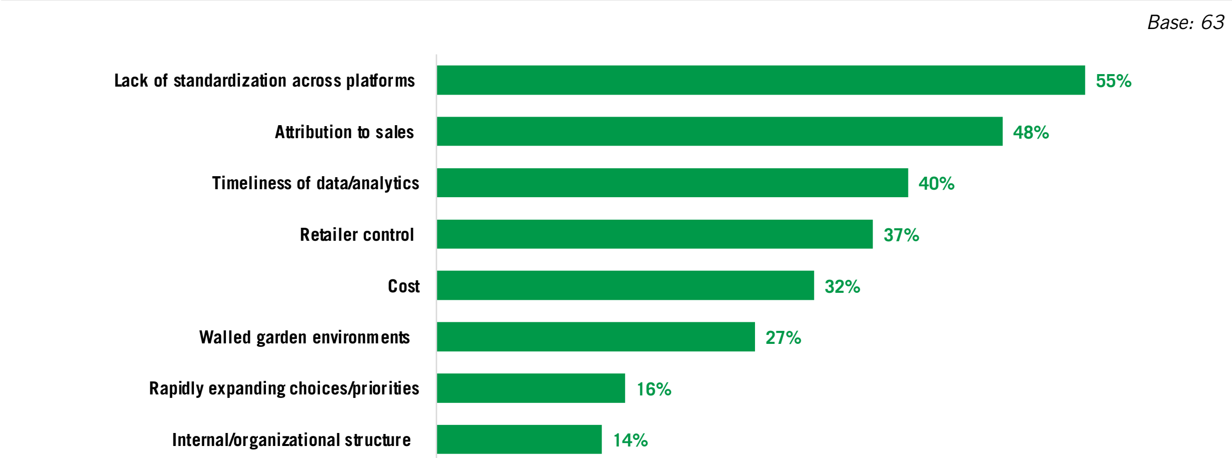
Q11: What are the biggest opportunities you see for your organization related to RMNs in the future?

DETAILED FINDINGS

It's still all about the data.

Data, analytics, and sales attribution remain of paramount importance to marketers when it comes to their retail media spending: The greatest challenge marketers see by a significant margin is lack of standardization across platforms at 55 percent, followed by attribution to sales at 48 percent, and timeliness of data/analytics at 40 percent. Retailer control ("Pay to Play"), at 37 percent, also remains a challenge as marketers seek to leverage this increasingly important platform.

Biggest Challenges with RMNs

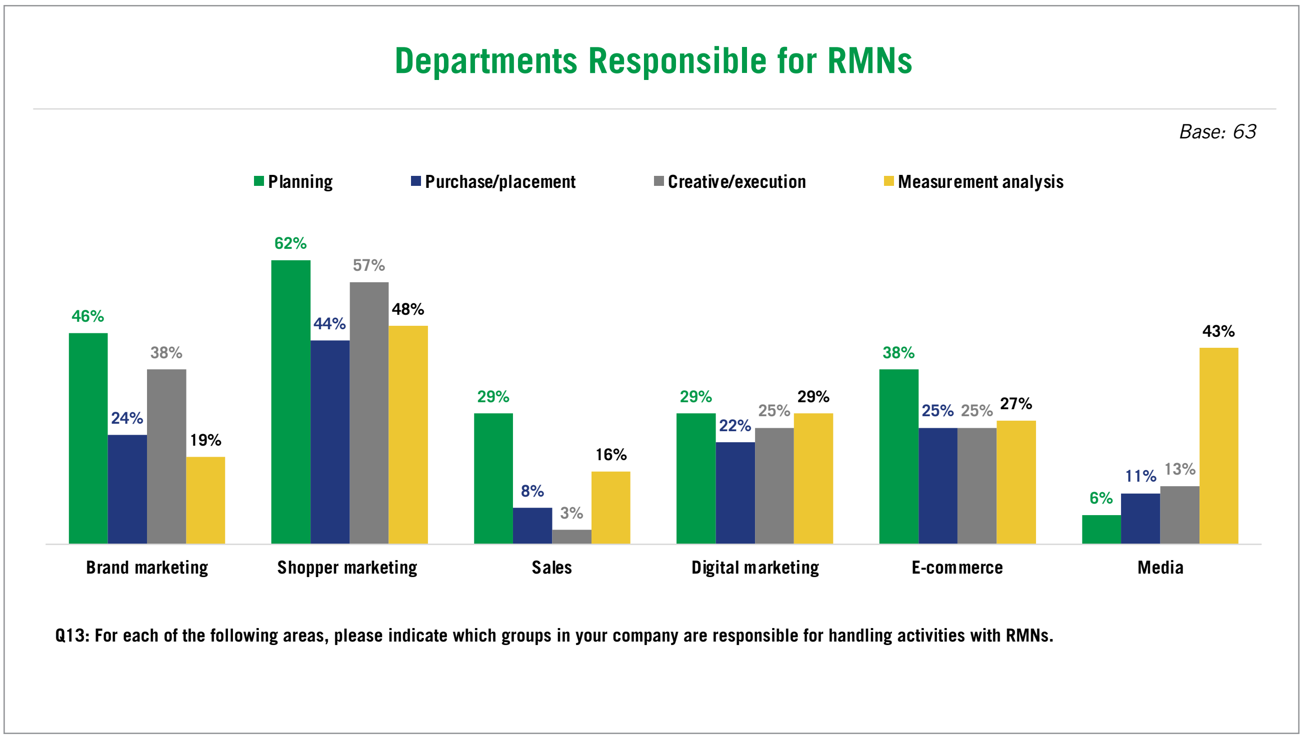


Q12: What are the biggest challenges for your organization you see related to RMNs?

DETAILED FINDINGS

The shopper team is still driving the bus, but brand marketers are getting on board.

The shopper marketing group still controls most RMN planning (62 percent), purchase/placement (44 percent), creative/execution (57 percent), and measurement (48 percent). Brand marketing is starting to play a significant role when it comes to planning and creative/execution, as we see retail media spending become increasingly more of a team sport and more fully integrated in the marketing plan.

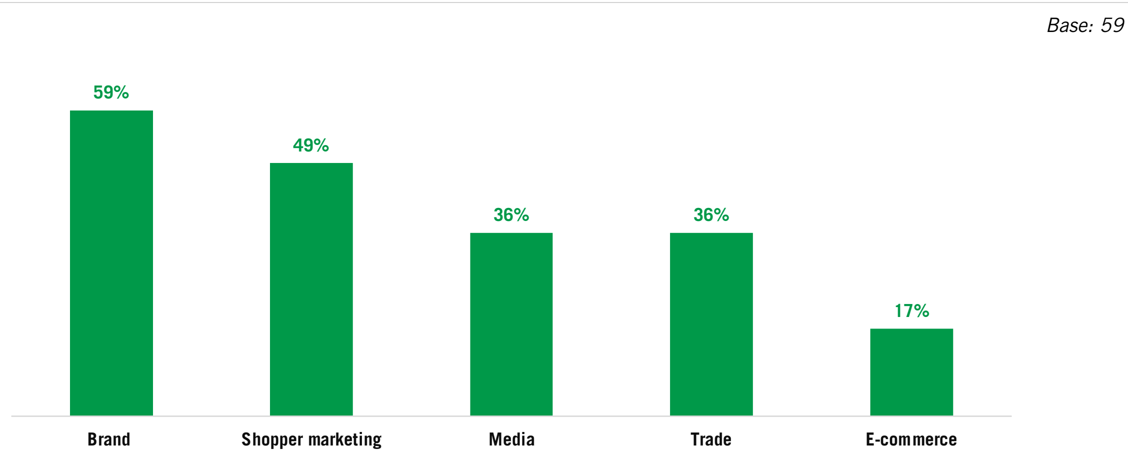


DETAILED FINDINGS

Brands are investing in growth.

As we see brand marketing's role increase in the planning and execution stage with RMNs, so does it become more important in the funding of RMNs. We see the brand and shopper marketing groups flip their positions as the source of funding for RMNs, with brand now leading at 59 percent (up from 45 percent a year ago) and shopper falling to second place at 49 percent (down from 53 percent a year ago). Consistent with Q13, both trends reflect marketers' desire to integrate RMNs into their plans more fully, their belief that RMNs can do more than just deliver the bottom of the funnel, and clear optimism in the networks' future potential.

Funding Source for RMNs

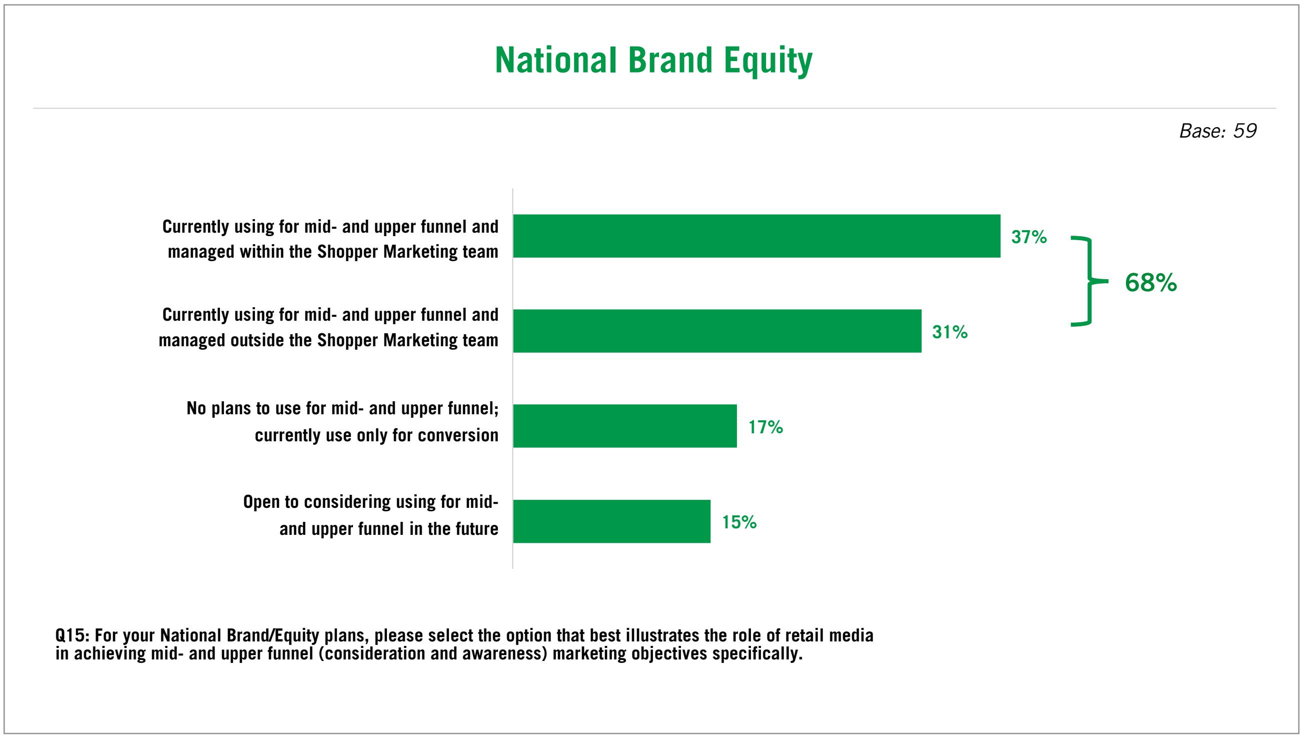


Q14: Where does the funding come from for your RMN budgets?

DETAILED FINDINGS

Brands are already exploring the potential for brand-building.

Two-thirds (68 percent) of our respondents are already using RMNs for mid- and upper-funnel communications, and as part of their national brand/equity plans. Some caution may be in order here, as this may simply reflect the earlier noted optimism and some test-and-learn or pilot programs.



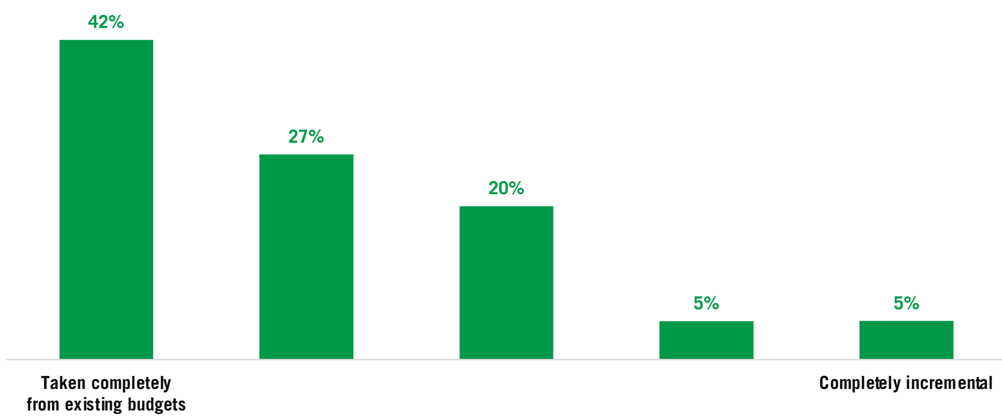
DETAILED FINDINGS

Funding for retail media remains a zero-sum game.

RMN funding remains a zero-sum game, with just 10 percent of respondents saying funding for retail media was somewhat or completely incremental, essentially flat from last year. This suggests a challenge ahead for the platforms, with the burden of proof on them to convince marketers to shift funds from other, proven channels. As one put it, "Budgets not increasing and competing priorities make it hard to dial up investments."

RMN Spending Incrementality

Base: 59



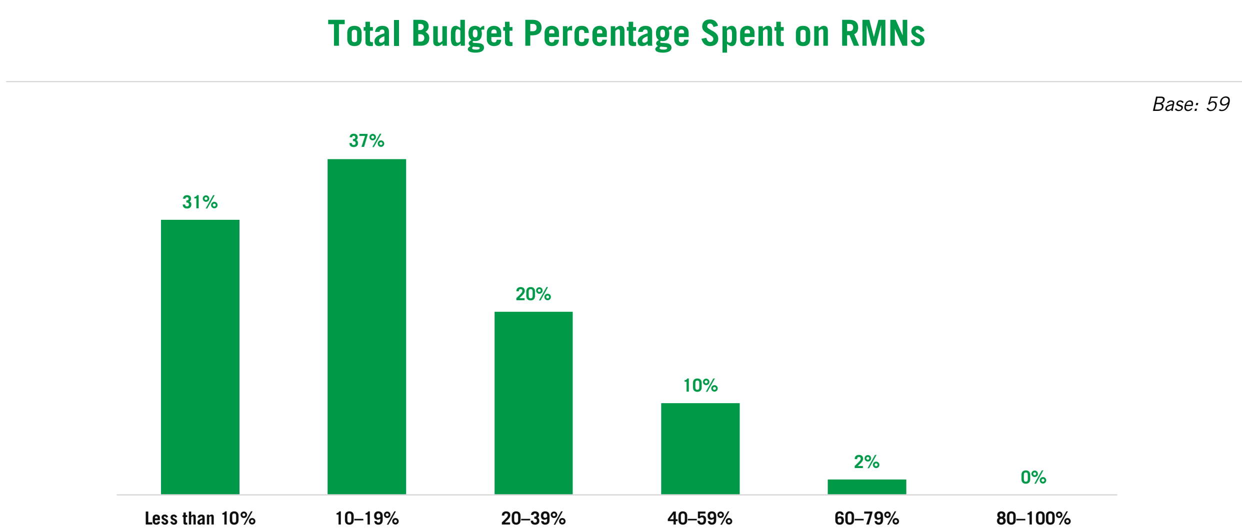
Q16: Is your organization's funding for RMNs incremental or is it taken from existing budgets?

Note: Data may not add up to 100% due to rounding

DETAILED FINDINGS

Retail media's increased role is translating to a good share of existing budgets.

Retail media networks command a respectable percentage of the total budget.



Q17: What percentage of your total budget do you spend with RMNs?

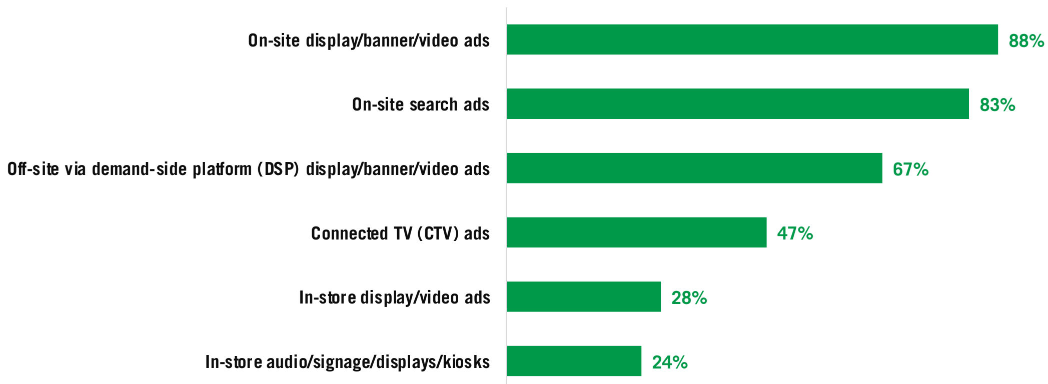
DETAILED FINDINGS

Tactics remain firmly rooted in the transactional.

On-site advertising and on-site search ads remain dominant (consistent with last year). In-store display, in-store video, etc. remain under-utilized, representing an opportunity for marketers as they seek to integrate retail media into their marketing plans and look to RMNs for holistic solutions.

RMN Tactics Used

Base: 58



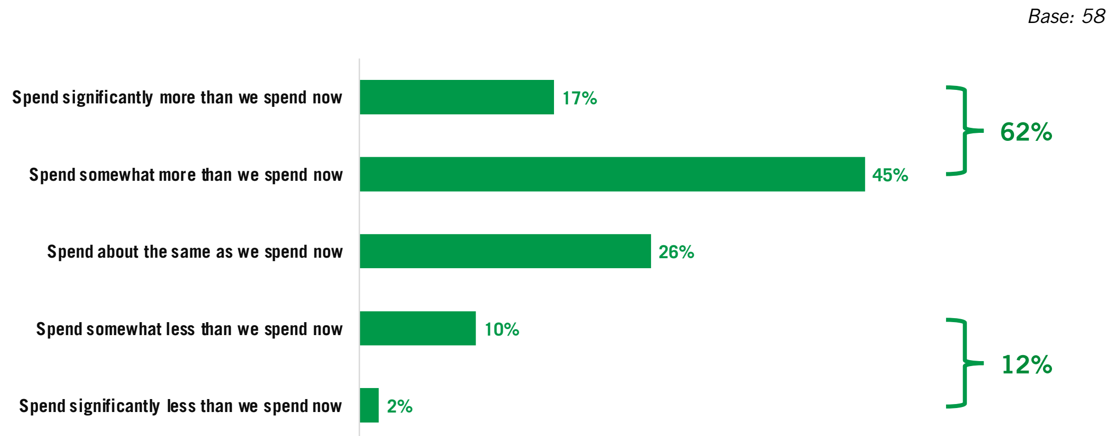
Q18: Please select the following tactics that your RMN budget is being spent on. Select all that apply.

DETAILED FINDINGS

Marketers may be easing back a bit on total spending...

While two-thirds (62 percent) say they will spend significantly or somewhat more, this is down from the 73 percent that answered this way last year. Marketers may be showing some caution as they gain experience and work to manage their spending. To be clear, those saying they may spend significantly more is up year over year from 12 to 17 percent, but at the same time we're seeing the number claiming they are spending less (somewhat/significantly less) is also up, from 7 to 12 percent. As one marketer said, "Marketers need to take a stronger stand on investment versus return given the growth in investment in this channel."

Marketers' Future Spending Plans



Q19: In the next two years, how much do you plan to spend with RMNs?

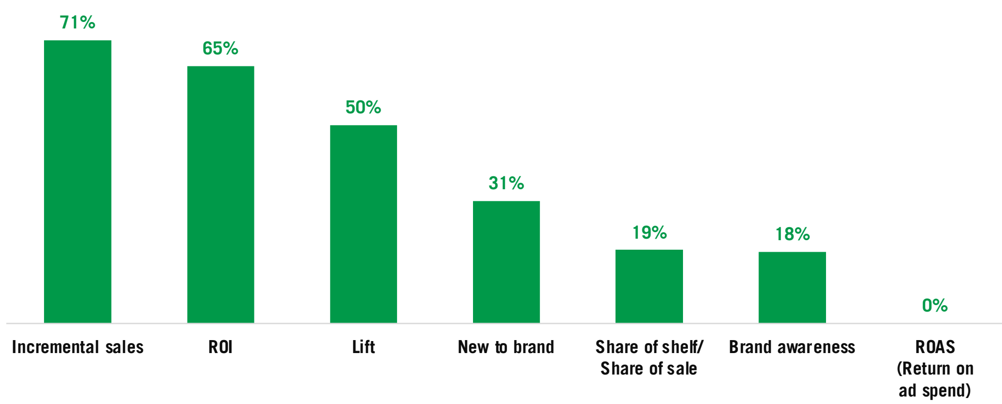
DETAILED FINDINGS

...as marketers look for proof of their investment.

The most important KPIs remain grounded in the transactional, with incremental sales (71 percent), and ROI (65 percent) continuing to lead as very important. While brand lift currently falls in the middle at 50 percent, we're seeing some shifts toward brand building, with new to brand at 31 percent, up from 22 percent, and brand awareness at 18 percent, up sharply from just 2 percent a year ago — consistent with the overall mid- and upper-funnel interest cited earlier and the recognition that new consumers must be brought into the franchise to sustain long-term growth.

Most Important KPIs for RMNs

Base: 58



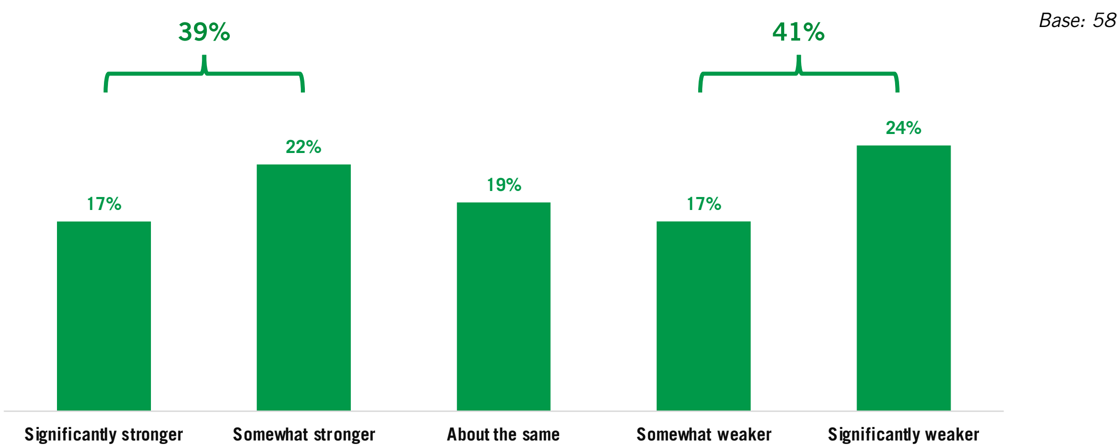
Q20: What KPI(s) do you use to measure your retail marketing efforts?
(Please rate each on a 1–5 scale where 1= Not Important and 5 = Very important. Percentages reflect score of 5)

DETAILED FINDINGS

Marketers are concerned about measurement attribution with retail media.

When it comes to RMNs' measurement capabilities, 41 percent of marketers say they are somewhat or significantly weaker than what is available in other channels. But as with some other key measures in our survey, we are seeing a positive shift, with that weaker number falling from 47 percent in the prior survey to 41 percent in the latest, and those seeing them as somewhat or significantly stronger growing from 33 percent to 39 percent. This is further indication that the platforms are making progress but still have some work to do in proving their value and reliability. As one respondent put it, "Share feedback constantly with RMNs and take nothing for granted."

Relative Measurement Capability for RMNs



Q21: How do you compare the measurement capability of RMNs with that of other options in the marketing mix?

Note: Data may not add up to 100% due to rounding

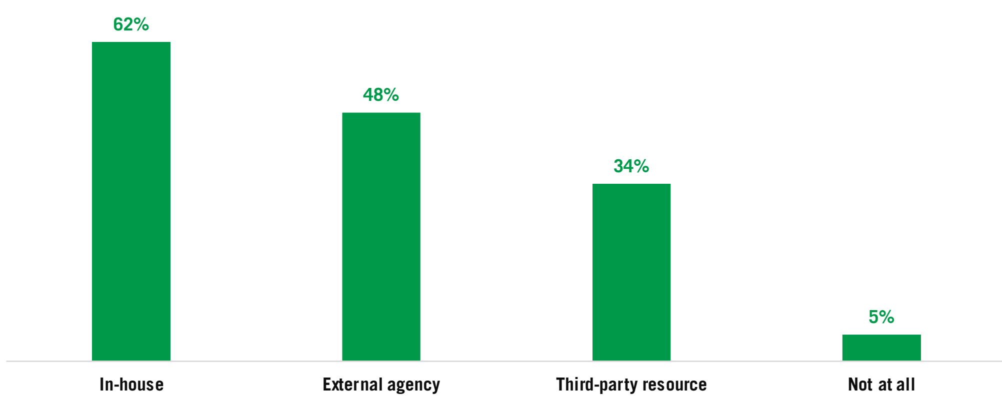
DETAILED FINDINGS

Marketers are baking in their retail media capabilities for the future.

Marketers are using a mix of in-house (62 percent), external agency (48 percent), and third-party resources (34 percent) to manage the measurement of RMN efforts. While in-house continues to be the No. 1 solution, all three means have increased year over year as marketers address this challenging area and seek the confidence to expand their use with measurable results.

Handling Measurement for RMNs

Base: 58



Q22: How is your organization managing measurement across RMNs? Select all that apply.

CONCLUSIONS

Marketers have embraced retail media networks, particularly CPG companies, first as a cost of doing business with their established retail partners, then as an effective and proven driver of sales, and more recently as potential "full-funnel" partners. While still seen primarily as a sales driver, more marketers believe retail media may also be able to drive consideration and even generate awareness. The value of RMN first-party data cannot be understated.

But retail media networks have a measurement issue.

Learnings from Marketer Survey
A substantial segment of marketers have concerns about measurement attribution with RMNs, yet perspective is mixed.

- 41 percent rate the measurement capabilities of RMNs as being weaker than other options in the marketing mix, yet 39 percent rate RMN measurement as stronger. (In discussions that the ANA has had with in-house retail media network specialists, the perspective is that RMN measurement is definitely weaker.)

Marketers are more aggressively managing measurement across RMNs, reflecting the importance of measurement.

- 95 percent are managing measurement in some form: 62 percent in-house; 48 percent via an external agency; and 34 percent with a third-party resource.
- Measurement management has increased across the board. In last year's survey, 89 percent were managing measurement in some form: 49 percent in-house, 38 percent via an external agency, and 29 percent with a third-party resource.

The biggest challenge with RMNs, per our survey findings, is lack of standardization across platforms. That is the top challenge by a significant margin.

- Lack of standardization across platforms was also the top challenge in our prior report, and that was also by a significant margin. So not much has changed — and not much has been done in the past year to address this issue.
- Meanwhile, there are more RMN players than ever before, and that heightens the importance of having standards across platforms that would enhance measurement and understanding ROI.

Action Steps on Measurement
Better measurement of RMNs is clearly required.

Retail media networks are walled gardens — i.e., ad ecosystems that don't share data — making it difficult to compare RMNs. To optimize investment, marketers need to be able to make apples-to-apples comparisons between RMNs. That could potentially lead to greater spending for the overall category, with a rising tide lifting all boats if RMN spending drives business outcomes, be that conversation, consideration, awareness, or some other desired outcome.

CONCLUSIONS

We appreciate the input from members of the **ANA Media & Measurement Leadership Council (MMLC)** on the issue of RMNs, and specifically the Retail Media Working Group of the MMLC. This group, led by the **ANA Measurement for Marketers** practice, is now collaborating with the **Media Rating Council (MRC)**[8] to advance measurement of RMNs.

The ANA and MRC support the reporting of common **baseline metrics** by RMNs, in accordance with MRC measurement standards. Such metrics include impressions, viewable impressions, clicks, and click-through rate (CTR), each filtered for IVT (invalid traffic), including Sophisticated Invalid Traffic. We encourage all marketers to require the reporting of such baseline metrics from their RMN partners to facilitate apples-to-apples comparisons between the various RMNs. Such common baseline metrics would also address the challenge of the timeliness of data/analytics. Currently, agencies are often asked to take on the job of comparing disparate metrics from RMNs, and that takes time.

The ANA is also working with the MRC to identify and define common **performance/evaluative metrics** for RMNs. Those could include:

- *Incremental ROAS*: A brand spends $X, and gets incremental sales of $Y.
- *Halo Sales*: Razor blades are advertised, and shaving cream sales benefit, as an example.

Such performance/evaluative metrics would provide the basis for campaign evaluation and optimization. Once these metrics are identified, we would encourage marketers to require their reporting from their RMN partners.

Finally, we strongly encourage all RMNs to be accredited by the MRC. Such accreditation provides a trusted third-party validation that measurement practices align with industry standards and are valid, effective, and reliable.

Currently, Amazon and Instacart are the only RMNs **accredited by the MRC** for certain metrics. Meanwhile, Criteo offers solutions for RMNs and is accredited, and Walmart is in the accreditation process. Note that it is possible that additional RMNs are in confidential, pre-audit discussions with MRC.

"IF YOU CANNOT MEASURE IT, YOU CANNOT IMPROVE IT."
— LORD KELVIN

[8]The MRC is a not-for-profit, industry self-regulatory body that audits and accredits media measurement products and data sources across various cross-media products.

CONCLUSIONS

Other Considerations

Our members' long-term view of retail media networks remains very positive, even optimistic on their potential, with a majority of brands expecting these platforms to become the valuable marketing tool they're looking for within the next two years.

Marketers' need to optimize their retail media spending today is balanced with a desire to continue to explore the platforms' future potential and promise to build brands, not just drive sales. Two-thirds of respondents are already testing retail media's ability to deliver on mid- and upper-funnel capabilities, and another 15 percent are open to considering this in the future. To quote: "We continue to test and learn with RMNs. Understanding incrementality is a focus for this year and we are testing brand budgets for upper funnel awareness/consideration."

The onus is on the platforms to prove themselves there, particularly as the shopper budgets are tapped out and other sources of funding, including national advertising dollars, are being targeted by the RMNs. While much of the initial growth behind retail media was driven by the brands' belief that this was the cost of doing business with their retail partners, sustaining retail media's upward growth trajectory will be dependent on the platforms' ability to deliver on the promise of retail media's capacity to drive long-term brand growth.

Considerations for brand markers are:

- **Be clear about your own business objectives and KPIs.** Before wading in, understand what you expect to get out of retail media, set clear KPIs, and communicate them unambiguously to any platform you may be considering.
- **Be equally clear about the retailer platform's ability to provide transparent results before committing.** The onus is on the platform to make a commitment to you on deliverables and KPIs. Hold the platform to it.
- **Look inward as well. Understand your own organization's capabilities, and take steps to optimize your organization and structure to make the most of your investment.** One of the key learnings we've gleaned from our members' experience is that RMNs bring with them a great deal of complexity and can tax internal resources. You may need to consider organizational changes to get the most out of your retail media spending. The ANA may be able to help, as our Media & Measurement Leadership Council is actively developing a position on how to manage retail media responsibilities internally given the many stakeholders involved.
- **Maximize your RMN investment by asking the retailer to offer holistic solutions.** This may include tying your ad spending to other, more traditional shopper programs, such as search, display, social media, and even seasonal promotions. The smart and more experienced RMNs are already doing this.

CONCLUSIONS

- **Consider the possibilities beyond the transactional, but with caution.** Many RMNs are promising full-funnel capabilities, but no two RMNs are alike, particularly in their offerings and capabilities, and retailers are in many cases new to the media game themselves.
- **As with any digital ad platform, take brand safety into account.** Brand safety is a real concern with any digital buy, and retail media is no different. While a platform's on-site assets may seem safe enough, off-site placement is a fast-growing part of retail media's desire for sales attribution and audience delivery. Even Made for Advertising (MFA) sites are now part of some RMN buys. Secure a platform's guarantees of brand safety, understand MFA activity, and require proof of performance.

And finally, remember: **you are in the driver's seat.** The rapid proliferation of retail media networks, along with the reality of fixed/limited funds available in an inflationary and tightening economy, mean it's a buyer's market. Remember that collaboration is also key. Strong relationships and trust matter, as the best solutions are when all parties win. Use the time and leverage the ANA to educate yourself, discuss, and engage.

Because retail media is here to stay.

ACKNOWLEDGEMENTS

ANA staffers who contributed to this report:

- Bill Duggan, Group EVP
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- Mike Kaufman, SVP
- Jason Trubowitz, SVP
- John Paquin, Senior Director
- Tori Carr, Director
- Amy Zeng, Manager, Creative Services

ANA Media & Measurement Leadership Council Members

We appreciate the input from members of the ANA Media & Measurement Leadership Council (MMLC). The MMLC is an activist group of brand advertisers' chief media and research officers, who are ultimately responsible for the effective deployment of media expenditures as well as the measurement and analytics to support those investments. The MMLC is grounded in the advancement of outcomes, bringing together the collective voice, muscle, and will of the advertiser's media and measurement communities to address industry barriers and shared issues that inhibit business and brand growth. The mission of the MMLC is to set the industry media agenda by identifying and solving pressing and important initiatives that unlock increased value for advertisers to accelerate business and brand growth.

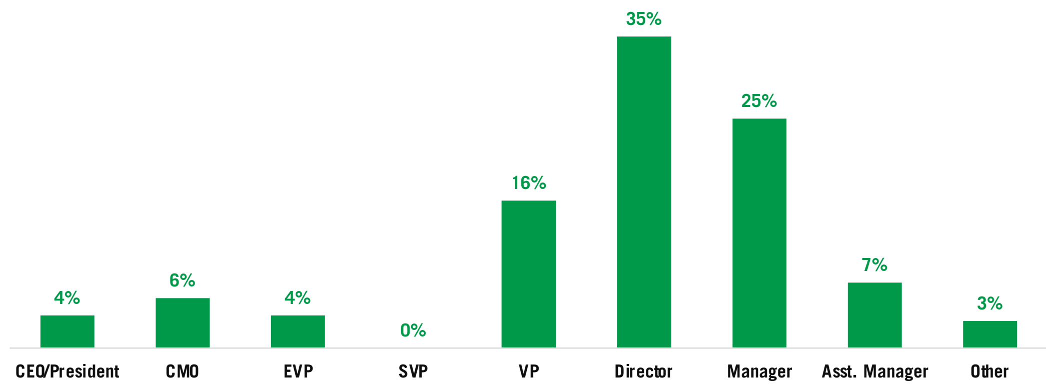
APPENDIX

APPENDIX

Profile of advertiser respondents who participated in the study

What Is Your Title?

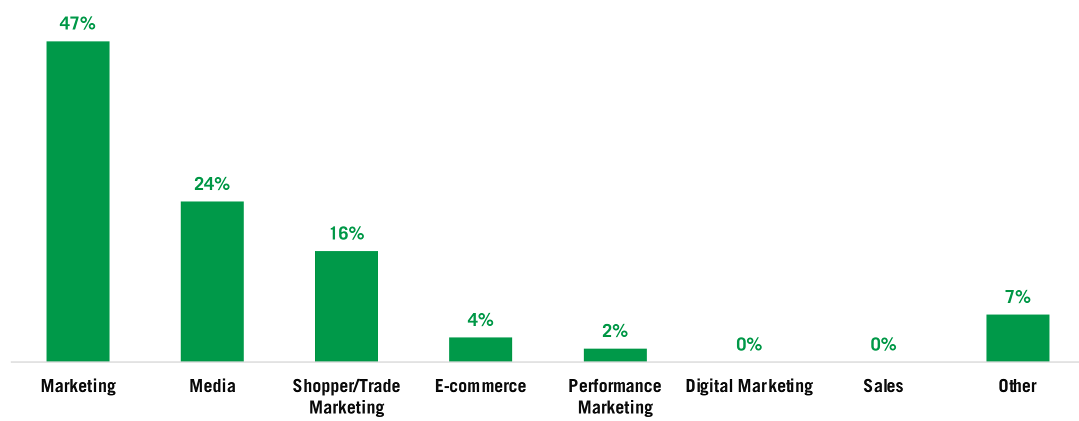
Base: 55



Q25: What is your title?

What Department Are You In?

Base: 55

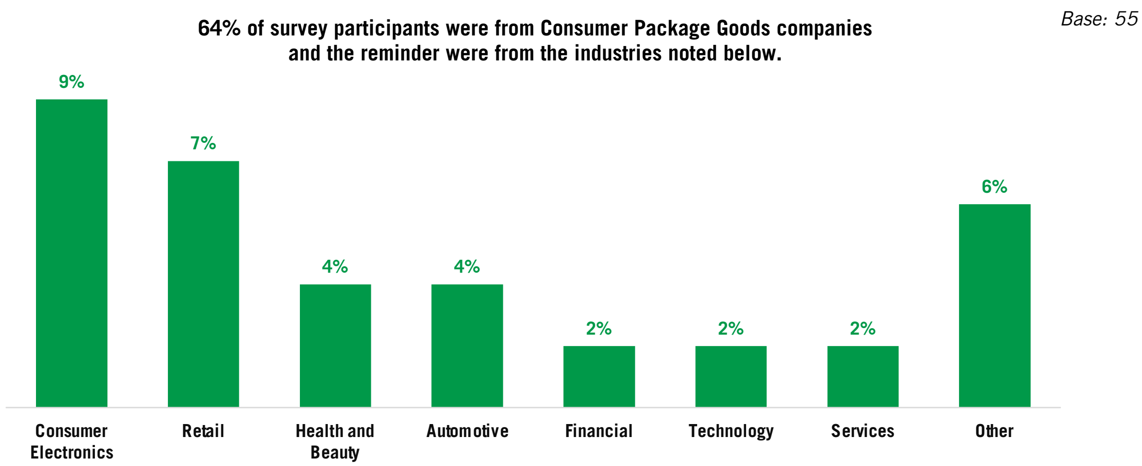


Q26: What department are you in?

APPENDIX

Profile of advertiser respondents who participated in the study

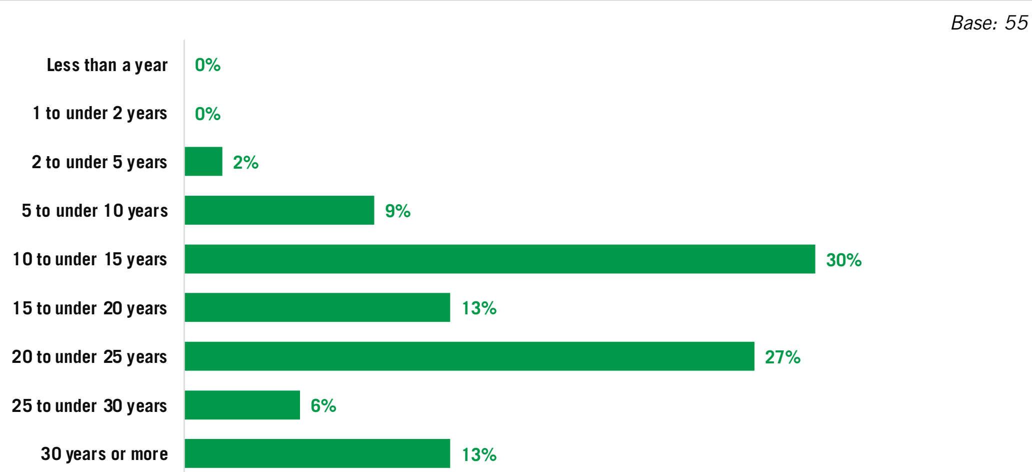
Company Industries



Q27: In what industry does your company compete?

Note: Data may not add up to 100% due to rounding

Years Working in Marketing



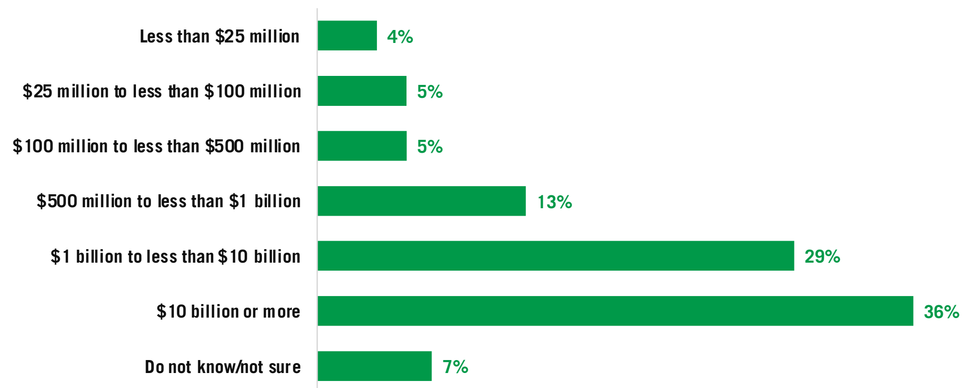
Q28: How many years have you been working in marketing?

APPENDIX

Profile of advertiser respondents who participated in the study

Company Annual Gross Revenue

Base: 55



Q29: What is the size of your company in terms of approximate U.S. annual gross revenue?

Note: Data may not add up to 100% due to rounding

Retail Media Networks: Optimism Tempered with Caution

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