

# The state of retail media

A global survey that explores the thoughts and feelings of brands and retailers



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## What brands and retailers can learn from each other

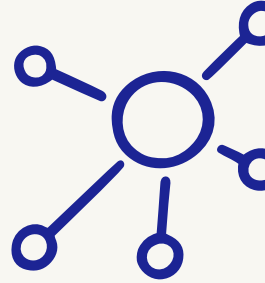
Retail media is a win-win-win for retailers, brands and shoppers. Retailers create better shopper experiences and generate more revenue; brands benefit from a new, untapped advertising channel to reach in-market customers; and shoppers enjoy more relevant and personalized advertising. The opportunity is huge. But you may feel like there are many difficulties that are stopping you from jumping in on the action.

We're not here to judge—we're here to help.

That's why **we surveyed brands and retailers around the globe to discover how they're feeling about retail media.** From this data, we pulled insights and takeaways that you won't find anywhere else. You may think that retailers and brands have completely different priorities, but you might be surprised by what we found.

In the end, you'll gain a better understanding of retailers' and brands' wants and needs—and get some guidance, too.





## Methodology

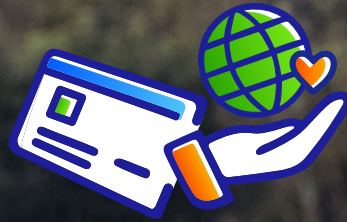
In partnership with global research and analytics firm Phronesis Partners, Epsilon conducted a survey of 689 executives, including retailers and brands from mid- to large-sized enterprises, to gain insights into their perceptions of retail media and the current and future state of the industry. The study was conducted in Q1 2023. Respondents were screened to be at least Director-level or above. Please note that in charts, percentages may not total 100% due to multiple choice selection.



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EXECUTIVE SUMMARY

# 5 retail media truths



**Our survey of hundreds of retailers and brands from around the world revealed that there's a lot on their minds. Here are 5 take-aways that stood out.**

- 1** Retailers are leaving money on the table when they offer limited channel strategies.
- 2** At least half of retail media networks don't target or measure efficiently.
- 3** Brands and retailers both recognize the value of retail media networks that offer data collaboration.
- 4** Retail media networks with multiple tech providers create inefficiencies for brands and bad experiences for shoppers.
- 5** Brands and retailers agree: Advertiser experience and inventory are key.

# 1. Retailers are leaving money on the table when they offer limited channel strategies.

**When retailers add off-site advertising to their network offering, they're giving brands—and themselves—more opportunities to increase revenue.**

Retail media is more than just on-site or off-site—it's about giving brands access to all the channels that retailers use to connect with more ready-to-purchase shoppers. Waiting for customers to visit a retail website isn't the most effective strategy; retail media networks that leverage an omnichannel approach reach customers wherever they are, allowing retailers to develop a true advertising business.

A unified retail media network has the power to follow the full shopper journey. That means off-site interactions can be tied to on-site activity, and vice versa.

Only **37%** of retailers currently offer **off-site programmatic advertising** as part of their retail media/monetization strategy

Only **45%** of retailers currently have **on-site ads** as part of their retail media/monetization strategy

Number of respondents (n) = 471

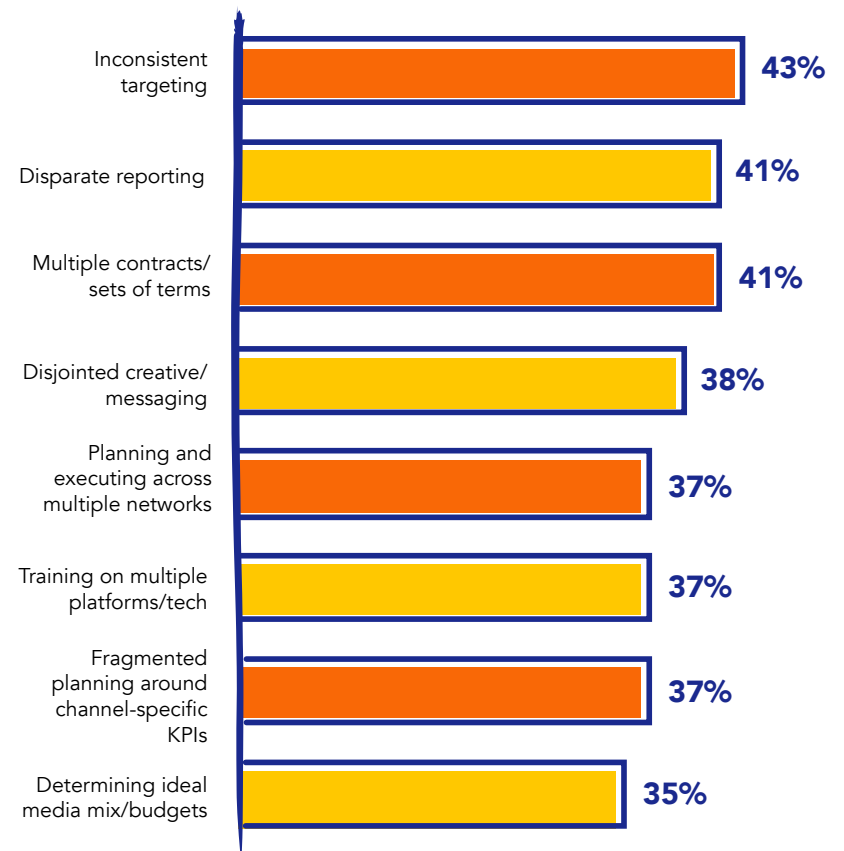
## 2. At least half of retail media networks don't target or measure efficiently.

**The good news: Effective cross-channel targeting of real people (instead of devices) solves for that.**

Performance improves when marketing is based on a comprehensive understanding of each shopper across every channel.

**Without the ability to see people at the individual level, there's a high chance of declining shopper experience due to over-messaging.** Savvy retail media networks must be grounded in a strong, people-based identity solution (not modeling) that spans multiple channels and devices if they're going to deliver the type of personalization, relevance and performance brands want. Brands want to message more unique in-market buyers to drive sales and performance in their retail media campaigns—not just drive more impressions.

Top sources of retail media inefficiency across channels & tactics



Number of respondents (n) = 689

### 3. Brands and retailers both recognize the value of retail media networks that offer data collaboration.

**Retail media can be an engine for growth, and retailers' first-party data is the fuel that makes it run.**

Data collaboration technologies such as clean rooms empower retailers to manage, organize and enrich their first-party data to make it more valuable to the brands they partner with.

Brands and retailers don't want retail media networks without ample extendibility. They want to be able to collaborate, activate and measure more holistically. And retailers want to be able to extend their targeted reach safely off-site.

70%

of respondents say **data collaboration is highly important** to their advertising strategy

47%

are **actively developing data collaboration partnerships**

37%

have **existing data collaboration partnerships**

80%

feel **retail media networks are important to improve collaboration** between retailers and brands

Number of respondents (n) = 689



## 4. Retail media networks with multiple tech providers create inefficiencies for brands and bad experiences for shoppers.

### Working with too many tech providers creates problems for retailers, brands and shoppers.

It can be hard to know which shoppers are in market and which ones have already been messaged (and which ones even want to hear from a brand in the first place) when working with too many different tech providers. This lack of knowledge can lead to wasted impressions and frustrated shoppers.

**Minimizing the number of providers improves consistency, measurement and the ability to sequence messages.**

64%

of respondents said retail media networks with multiple technology providers have a negative impact on shoppers

41%

consider multiple contracts or sets of terms to be extremely or very frustrating

38%

have experienced disjointed creative or messaging across tactics

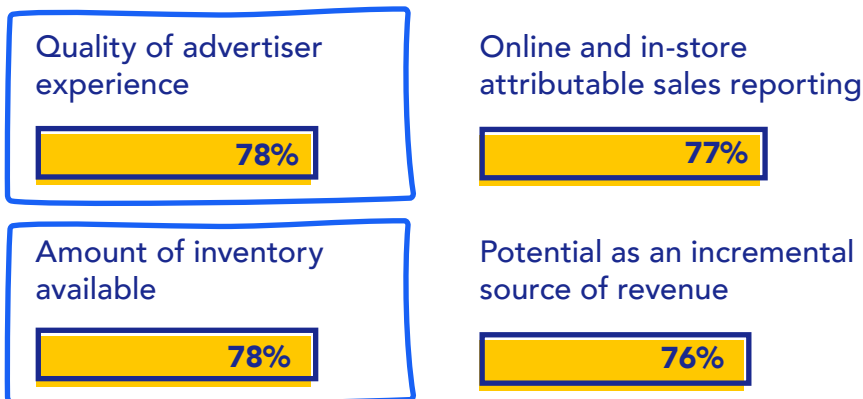
Number of respondents (n) = 689

## 5. Brands and retailers agree: Advertiser experience and inventory are key.

Brands want an easy-to-use retail media network with ample inventory—and retailers want to provide it.

The retail media market is evolving and best practices are still being defined. But for now, brands and retailers agree **they both need a solution that does a lot of things right.**

### Among the top priorities for retailers:



### Among the top priorities for brands:



Number of respondents (n) = 689

More than **3/4**

of respondents believe the quality of the advertiser experience and amount of inventory available are **the most important aspects of retail media.**

Number of respondents (n) = 689

# Want to take a closer look?

In the next sections, we'll dive into what brands and retailers are saying, and we'll provide guidance on how everyone can come together to create better experiences for shoppers and for each other.

Read on to discover how to have more positive, efficient and effective retail media experiences.





# A closer look at what brands said

# Return on ad spend and total sales are brands' top metrics

Brands want a tangible return on their retail media investment—one that they can see and trust. Reach is great, but it doesn't provide the transactional evidence that brands need, such as sales and return on ad spend.



## When measuring retail media campaigns, which metrics are most important to you?

Total sales



Return on ad spend



Total reach



Purchase intent impact



Brand lift



Incremental reach



Category share



Number of respondents (n) = 218

*Brands want their retail media partners to measure real performance and return on ad spend—not just reach.*

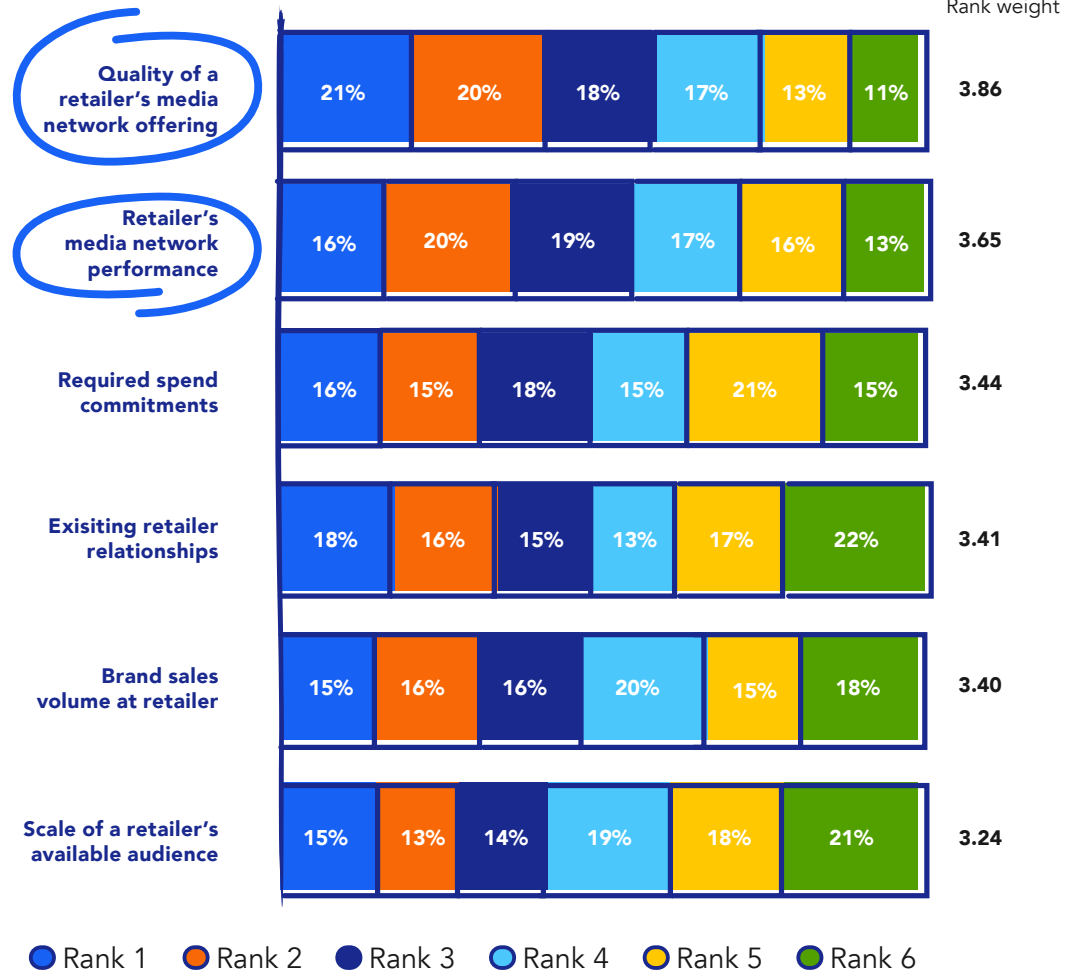
# Brands prioritize quality and performance

Quality and performance are the two most important factors when brands determine where to spend retail media dollars.

If overall quality of the network and performance are the top deciding factors for brands, retailers should prioritize both when building or making tech improvements to their network. This also highlights that retailers can't rely on their existing relationships with brands or name alone in retail media.



## How do you determine your retailer-by-retailer retail media spend?



Number of respondents (n) = 218

Ranking converted to scores, Rank 1 with highest scores and Rank 6 the lowest to calculate the total weighted average

# Privacy leads the pack for brand retail media concerns

Brands clearly care about the security and compliance of the partners they engage with. To properly address these concerns, retailers should be prepared to discuss it with their brand and tech partners.



## Please rate the following barriers to retail media network adoption.

Risk of data leakage/privacy



Developing or expanding first-party data



Budget considerations



Disjointed technology solutions



Limited staff to scale technology and operations



Partners are difficult to work with



Not a strategic fit



*For many brands, the risk of data leakage and privacy concerns outweigh the rewards of retail media.*

Number of respondents (n) = 218

# Brands want transparency and control

Brands want to control who their audience is and how they message them. They need retail media networks that let them control what they want and manage what they can't.

Retailers should consider how different pieces of their retail media tech stacks interact with one another and how easy it is (or isn't) for advertisers to navigate all those pieces.



## Please rate the importance of each of the following capabilities.

Percent rated as "extremely" or "very" important:

Transparency on up-to-date campaign performance reports

75%

Control over campaign delivery & pacing

71%

Control over campaign set up

73%

Ability to self-serve across multiple retail media networks

71%

Control over audience selection

73%

Ability to self-serve with a specific retail media network

69%

Visibility into pacing of campaign delivery

72%

Control over creative

66%

Brand choice to manage and service own campaigns

71%

Number of respondents (n) = 218



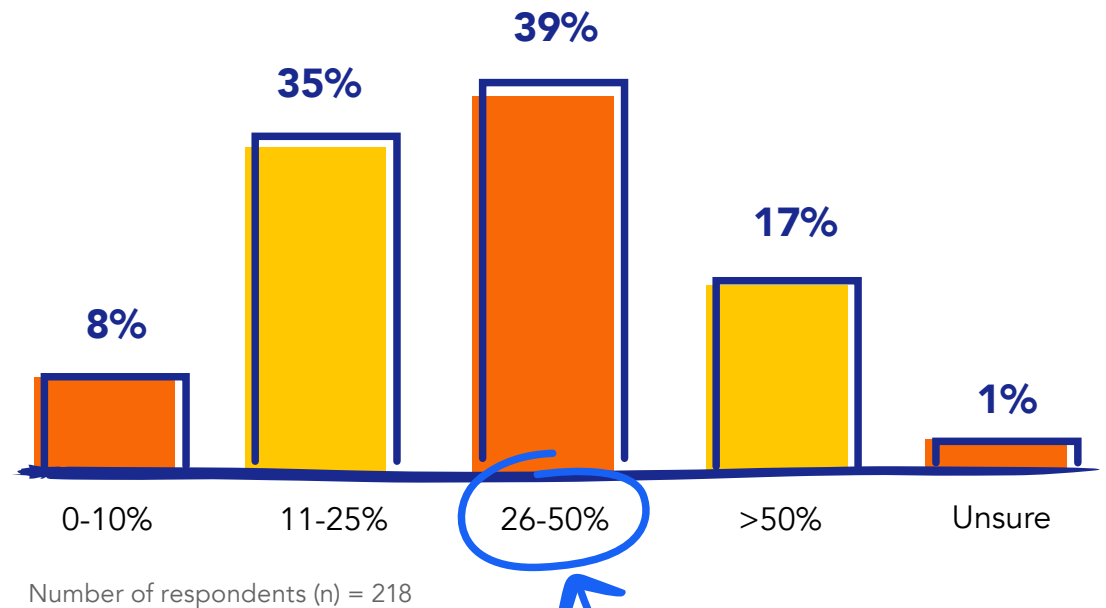
# Brands dedicate a lot of budget to retail media

With more dollars flowing to retail media, there will be more competition for funding across networks—making it increasingly important for each network to differentiate themselves.

More funding will also create higher demand for inventory and reach. To capture this growing share of spend, retail media networks need to think about increasing their reach, their inventory and the channels they offer.



## What percentage of your media budget is allocated to retail media activation?



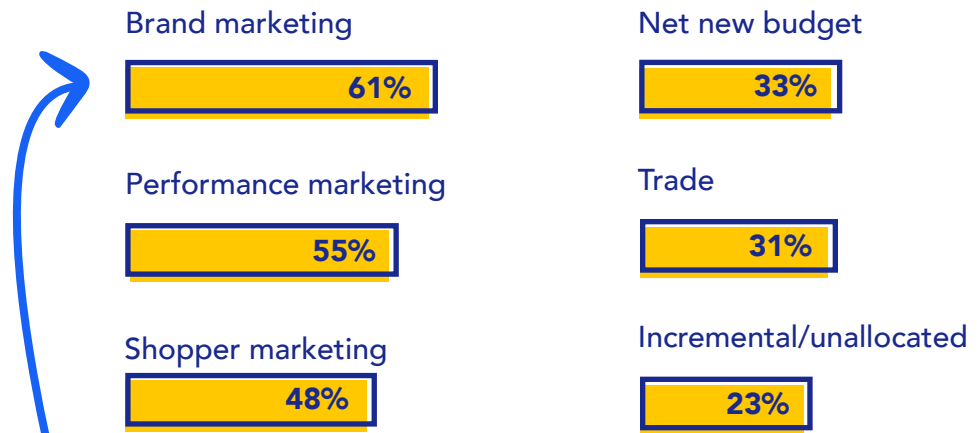
The largest percentage of brands dedicate 26–50% of their marketing budget to retail media activation (some do more, some do less), but that's still a huge percentage of their overall budget.

# Funding largely comes from brand marketing budgets

In the coming years, we'll either see an expansion of brand, performance and shopper marketing teams (and budgets) to support retail media, or a decrease as dollars are reallocated to new retail media-specific buying teams. As that changes, retailers need to know where retail media dollars are coming from so they can talk to the right people and pitch for reallocating funds where appropriate.



## Which teams at your company are typically responsible for funding retail media and/or retailer-specific campaigns?



Number of respondents (n) = 218

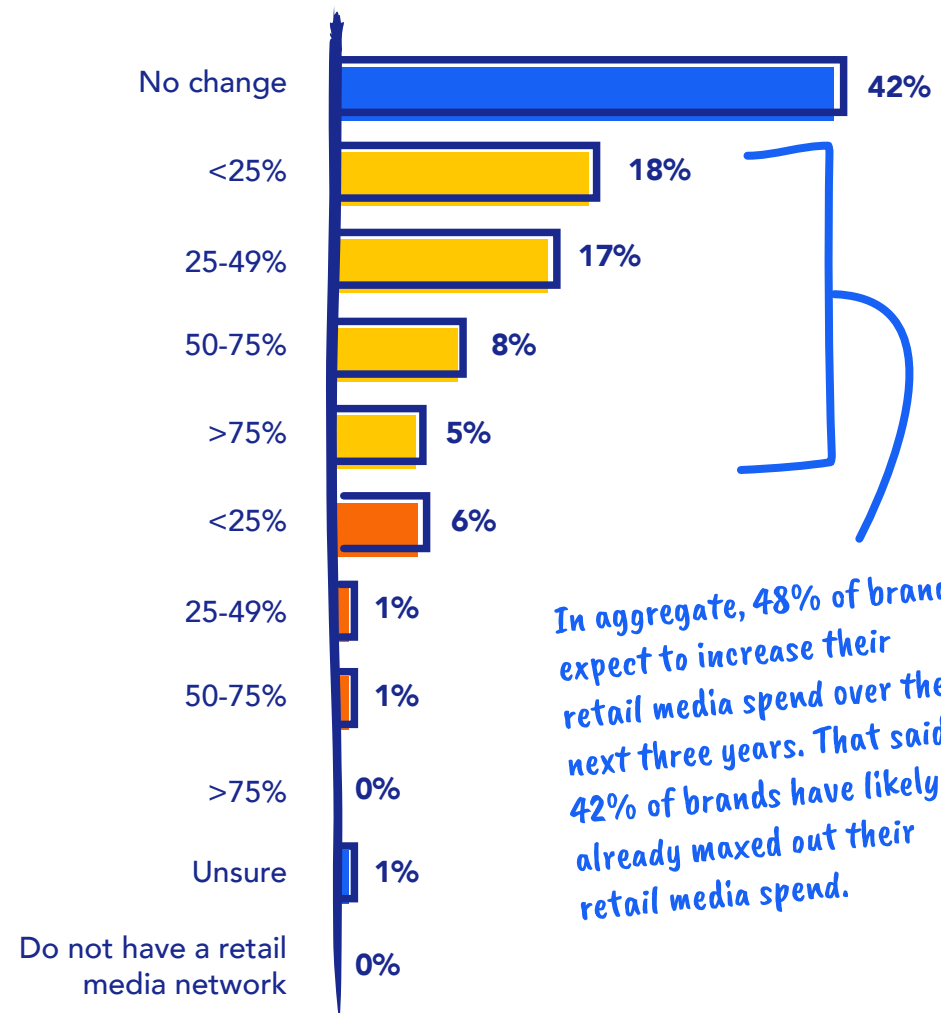
*The top three sources of retail media or retailer-specific campaigns are established teams: brand, performance and shopper marketing.*

# Some brand budgets are at capacity, but most expect retail media investment to grow

As brands look to do more with their existing or expanding budgets, they'll stack up their retail media options against one another more aggressively. Simply having access to a retailer's audience won't be enough anymore. Retail partners will need to tick the right boxes—or brands will take their business elsewhere.



## How much do you expect your investment in retail media to change over the next three years?



*In aggregate, 48% of brands expect to increase their retail media spend over the next three years. That said, 42% of brands have likely already maxed out their retail media spend.*

● Increase ● Decrease

Number of respondents (n) = 218

# Support services are necessary for brands

Brands have limited media staff and can't be expected to manage every activation across every retailer. That's where retail media networks can step in and provide support services.

Many brands want their retail media providers to offer some self-service features. Roughly the same amount want some support services, too.



## What is the importance of the aspects of retail media, relative to one another, for your organization?

Support services organization

71%

Quality of advertiser experience

70%

Online and in-store attributable sales reporting

69%

Amount of inventory available

68%

Potential as an incremental source of revenue for retailers

68%

Transparent, advertiser-verifiable measurement

68%

Access for brands to measurement that is tied to transactions

68%

Self-service capabilities for brands

68%

Access to in-depth first-party data for brands

68%

Media activation channels available

67%

Media activation jointly with other retail media networks

64%

Identity resolution

63%

Minimizing impact on the on-site user experience

61%

Number of respondents (n) = 218

# Brands need to know targeting will be accurate before they dive into off-site programmatic

Off-site programmatic advertising allows brands to reach shoppers wherever they are online—but only if it's done with high levels of accuracy. To achieve the best shopper reach and help drive the retail media market forward, brands should communicate their off-site programmatic needs to their retail partners.



## What barriers exist when considering expanding your retail media strategy to include programmatic off-site retail media providers?

Audience targeting customization/accuracy

42%

Distance from a consumer's purchase

40%

Low ROI compared to other retail media

39%

Inability to attribute sales to off-site media

33%

Low quality/unpredictable

29%

Lack of acceptance by advertisers

31%

Not a strategic fit

19%

Number of respondents (n) = 218

\* Along with distance from consumers' purchases, a high percentage of brands say audience targeting customization and accuracy are their top barriers to adopting programmatic off-site. \*



# A closer look at what retailers said

# Most retailers lean on traditional monetization tactics, like coupons and emails

If retailers lean more on traditional or indirect monetization strategies, they're really only scratching the surface of everything they could do to offer a more robust, omnichannel retail media network—one that also offers programmatic off-site and data collaboration in clean rooms.



## What, if anything, is your current retail media/monetization strategy?

Digital coupons/promotions

58%

Programmatic off-site

37%

Social (influencer, joint social...)

56%

Clean room collaboration

34%

Email

53%

No current offering but...

2%

On-site

45%

No current offering or strategy

1%

Audience data sales

40%

Number of respondents (n) = 471

\* Retailers are only just becoming media businesses. Most still rely on traditional or indirect monetization strategies such as digital coupons, promotions and emails. \*

# Scaling and growing retail media still presents challenges for retailers

The debate of “build vs. buy” is real. Both routes have major up-front investment and different long-term benefits. Retailers looking to buy need a partner that’s low-cost, privacy-safe and can help enrich and scale their first-party data.



## How relevant are the following challenges to your organization in terms of growing/scaling your retail media network?

Cost of new technology/partners



Developing or expanding first-party data



Risk of data leakage/privacy



Limited staff to scale technology and operations



Disjointed technology solutions



Limited sales organization



Partners are difficult to work with



Not a strategic fit



Number of respondents (n) = 471

*\* Retailers trying to grow their network face a lot of challenges. \**



# Retailers still don't know where to go for retail media dollars

To fully understand what their brand partner wants to accomplish, retailers need to understand the source of the brand's funds. If they have a dedicated retail media budget, they can assume the brand is more versed in retail media and should adjust accordingly.

Until retail media is a dedicated line item in brands' budgets (which is growing in popularity), retailers need to be nimble and efficiently pitch to brands about reallocating their budgets from anywhere.

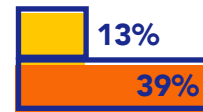


## As a retailer, where do you believe brand budgets for your retail media network are coming from?

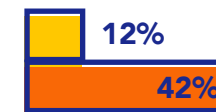
(single selection)

## As a brand, how are you shifting budgets to include new retailers? (multiple selection)

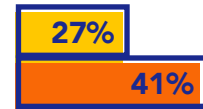
Shifted from other retailers' media network budgets



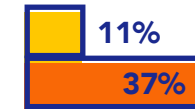
Shifted from non-retail media specific digital marketing budgets



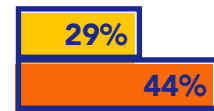
Funds already allocated to your retailer for other tactics



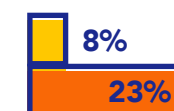
Shifted from non-retail media specific shopper marketing budgets



Entirely new marketing budget



Brands are not investing in new retailer media networks



Number of respondents (n) = 689

● Retailer responses ● Brand responses

\* Retailers believe brand funding for retail media is coming from several different sources. And they're right: brands are shifting budgets from all over to support retail media. \*

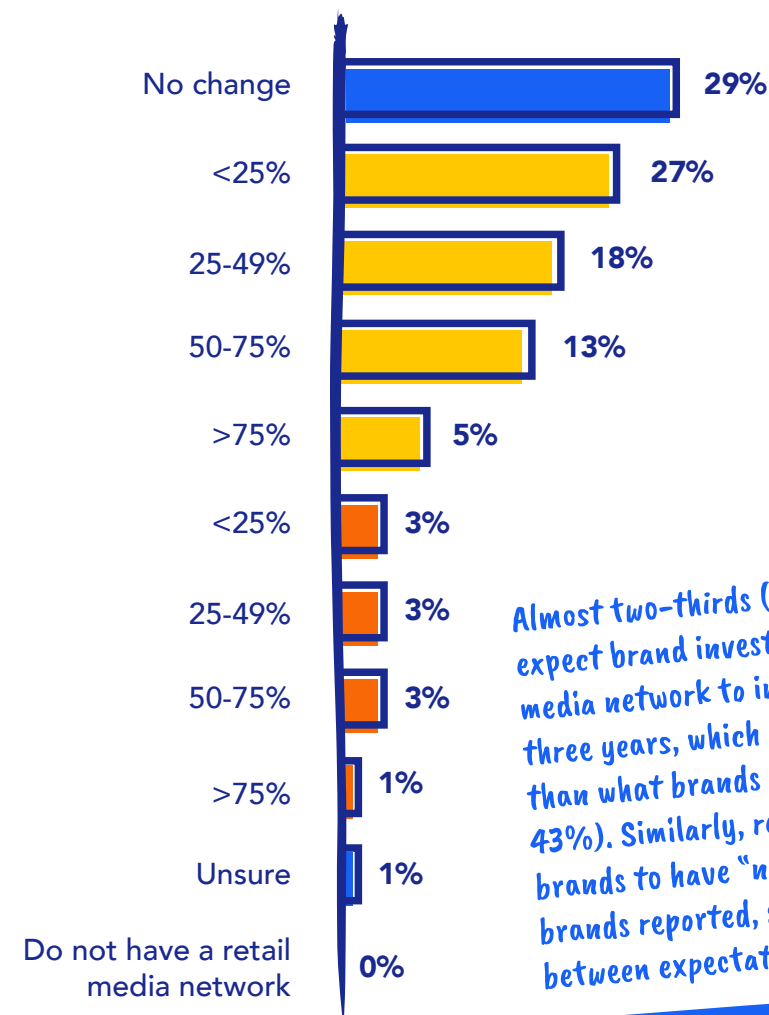
# Retailers' expectations and brands' projections for budget don't line up

Like brands, few retailers see a reduction in spend taking place, but retailers are more optimistic about how much budgets are going to grow. Retailers should expect to see some increase but need to reset their expectations to be more in line with what brands are saying.

And they need to keep innovating to capture a larger share of available budgets dedicated to retail media.



Over the next 3 years (36 months), how much do you expect brand investment in your retail media network to change?



Almost two-thirds (63%) of retailers expect brand investments in their retail media network to increase over the next three years, which is substantially more than what brands reported (at just 43%). Similarly, retailers expect fewer brands to have "no change" than the brands reported, showing a disconnect between expectation and reality.

● Increase ● Decrease Number of respondents (n) = 471



# You made it!

Now that you know about the thoughts and feelings of brands and retailers, what do you think about exploring how to improve your own retail media efforts?

Visit [www.epsilon.com/retailmedia](http://www.epsilon.com/retailmedia) to start your journey.

**Epsilon**  
Retail Media



## About Epsilon

Epsilon is a global advertising and marketing technology company positioned at the center of Publicis Groupe. Epsilon accelerates clients' ability to harness the power of their first-party data to activate campaigns across channels and devices, with an unparalleled ability to prove outcomes. The company's industry-leading technology connects advertisers with consumers to drive performance while respecting and protecting consumer privacy. Epsilon's people-based identity graph allows brands, agencies and publishers to reach real people, not cookies or devices, across the open web. For more information, visit [epsilon.com](https://epsilon.com).