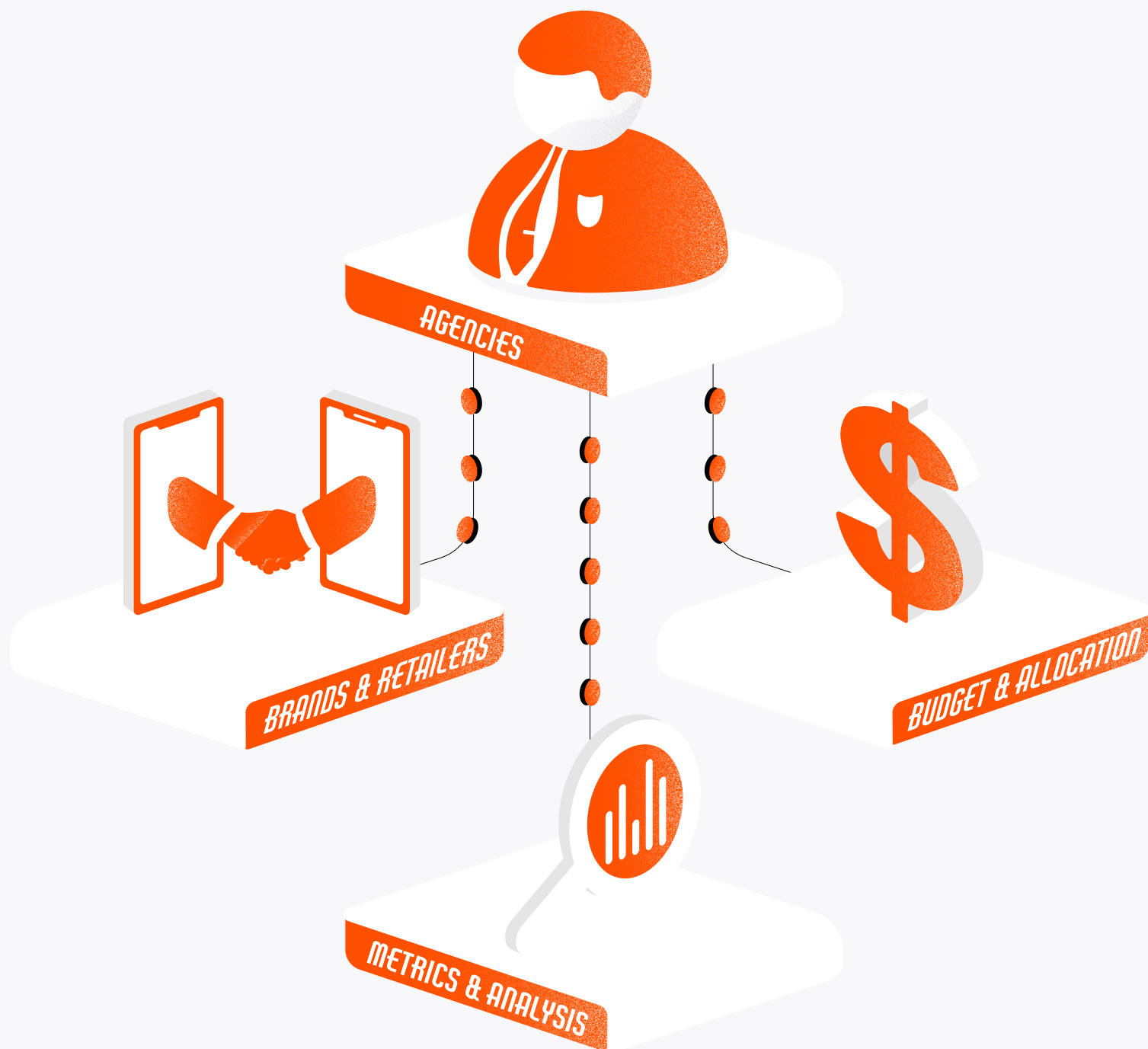


# The Agency's Guide To Retail Media

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Tactics & Insights in 2021



# What agencies know: An insider's guide to retail media in 2021

**Tactics for getting started,  
measurement, inventory  
and more**

Following more than a year of dramatic change and uncertainty, the retail media landscape has accelerated. Given a near future that includes [\\$100 billion in projected annual revenue](#) for retail media, an increasing number of brands and retailers are entering the space for the first time, creating more opportunities for engagement but also a competitive challenge for many, especially for those just getting started with retail media initiatives.

Moreover, as this acceleration takes effect it does so within a retail media space that is still relatively new — and with newness comes the need for trial and testing periods, success and error, and time for brands and retailers to put lessons learned into action.

“With retail media still in its infancy, there are lots of changes and problems to solve,” said Damien Lemaitre, global commerce director at Dentsu International. “It’s a very complex, very dynamic environment with tons of new technologies and new partners to work with to create solutions. It’s really the addition of multiple disciplines, agencies, media and partners — media data, measurement, content and retail

experiences — making a complex environment that is most of the time working in silos.”

At a root level, advertisers are still learning about the particular things retail media can do, and how retail media dovetails with longer-standing strategies across their marketing mix.

“[Advertisers] are treating it like regular media,” said Bryan Gildenberg, senior vice president of commerce at Omnicom, speaking about one of the challenges in play. “They aren’t understanding what media deployed in a retail ecosystem is, what it can do in terms of amplifying what’s going on that is already being executed for retail — and what it can’t do in terms of whether that’s transparency or data sharing.”

The retail media system offers many opportunities, and once teams understand what its capabilities are, they will flourish. Agencies have a special vantage point that is helping to resolve these complications and ease frustrations. They work to connect brands and retailers and serve in consultative ways to their brand partners in the process. From the

agency point of view, they can see the connection between testing and metrics, supply and demand, brand presence and performance — all in ways that the teams in the trenches and early stages of retail media initiatives might miss.

In this tactical guide, we’ll highlight what agencies are learning — and teaching — as they work with brands and retailers in the evolving retail media landscape.



## Retail media success starts with testing and metrics

From the agency point of view, successful retail media initiatives rely on brand and retailers setting shared goals and benchmarks, and then following through with strategic testing to evaluate and refine outcomes.

Andrew Ruegger, global president of commerce at GroupM, asks his clients the following questions to help determine what path to take them on at the start of a retail media program: “Are they trying to grow digital penetration? Are they at 8% and want to get to 20% to be at parity with the market numbers? Or, are they trying to sell 1,000 units through a particular retailer? Are they trying to increase the amount a certain retailer buys from them?”

The examples he gives are about defining success. From there, it’s about testing and re-testing to ensure the path takes brands and retailers in that defined direction. However, even when testing, it’s important to look for and adjust to variables that can affect the retail media campaign.

“Know that retail analytics on top of the media data can help to give the

full picture,” Ruegger said. “If the team is doing a massive promotion, maybe be more aggressive in the market — or don’t and let the promotion do all the work. Without the right data, however, they can’t measure properly and make the right choices in response to the promotions that are underway.”

And, of course, brands must make sure that the metrics in play can be applied consistently across all retail partners, which is where third-party partnerships can come into play for brands.

Alongside those elemental steps in the building and support of a new retail media program, there is the collateral effect of budget to consider. According to Gildenberg, investing enough in the retail media program itself helps it acquire its own gravity and command sustained attention. Insufficient investment and business leadership could relegate the program to a back burner. But with a budget that materially matters to the bottom line, the retail media program represents real stakes — and creates real impetus for the kind of sustained attention that helps retail media initiatives to grow.

Brands are leaving money on the table when it comes to retail media, with CPGs missing 68.7% of their revenue in Q2 of 2021, with apparel and consumer electronics at 50.2% and 58%, respectively.

“The probability that random fluctuation throws off your results is really high and it’s way higher in any company the less you’re paying attention to something,” said Gildenberg of Omnicom.

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So, invest enough so that you pay attention to it, so that you follow it through and that you are able to understand what it is.

— Bryan Gildenberg, senior vice president, commerce, Omnicom

## Tactics and insights:

- Brands that are succeeding at retail media are setting defined goals, down to the level of tactical outcomes and percentages of change they want to see.
- Measure outcomes against the set goals — ensuring that metrics can be applied consistently across retail partners.
- Allocate enough budget to the burgeoning retail media program to highlight its importance to the overall marketing strategy.

## Brands are rethinking the way presence and performance work in retail media

Many brands start with retail media as a sales driver. However, that approach is changing as the brand-building potential of retail media becomes increasingly evident.

“Most brands are considering and approaching retail media as a performance and revenue driver, focusing on the lower funnel of the journey, but when they do that, they’re missing so many opportunities,” said Lemaitre at Dentsu International. “They’re just capturing the demand that already exists and not building demand to capture new customers — they’re not building the brand.”

When branding and performance are planned together as one channel within the retail media program, a single view emerges. Within the framework of the customer journey, advertisers are seeing the link between brand awareness and performance, as well as other parts of the funnel, over time and across stages.

Through the retail media lens, measuring success for the brand presence side of campaigns centers on mid- and long-term performance indicators. And then, brands engaged in this way are often working with partners to understand how to refine branding assets and strategies so they work in tandem with

performance media, depending on their specific market. Finally, they can measure the impact the interrelated whole has on revenue.

“This test and learn approach is something we’re doing more and more,” said Lemaitre, “learning about performance and then based on the result, scaling the successes and pivoting the strategies and solutions when it’s not working. That’s a safe way to really help our clients invest more money in retail media and feel comfortable doing so.”

### Tactics and insights:

- In addition to a conversion channel, retail media presents the opportunity to create a full-funnel communication channel.
- Integrating performance analytics into brand presence campaigns is helping brands see the true impact retail media has on their revenue.



## How retail media is helping brands respond to supply chain challenges

Especially in light of acute inventory issues over the past 18 months — shifts in supply and demand during months of pandemic and quarantine — many brands and retailers have had to work through the fallout of supply-chain challenges and their impact on bottom lines.

“One of the biggest challenges over the past year has been in-stock rates and how to deal with a supply chain that has been very disrupted both in domestic and overseas manufacturing,” said Patrick Miller, co-founder of Flywheel Digital. “How do they adapt the media strategy to ensure that if a SKU goes out of stock that there’s no advertising to it? How do they create an agile strategy that is aware of what the supply chain constraints are, as well as the inverse of that?”

Retail media helps to unlock better inventory-to-customer matches with query intent, which then unlocks better strategies for brands and retailers.

“Part of it is recognizing the intent of the customer and then how that advertising can make it a better outcome for the customer,” added Miller. “Think about a query like ‘jacket,’ for example, is it men’s or women’s? Is it green, small, rain? People look for jackets every day of the year. By working closely with brands, we can ensure that SKUs align with the query intent and match with seasonal aspects of queries to best solve that for the customer.”

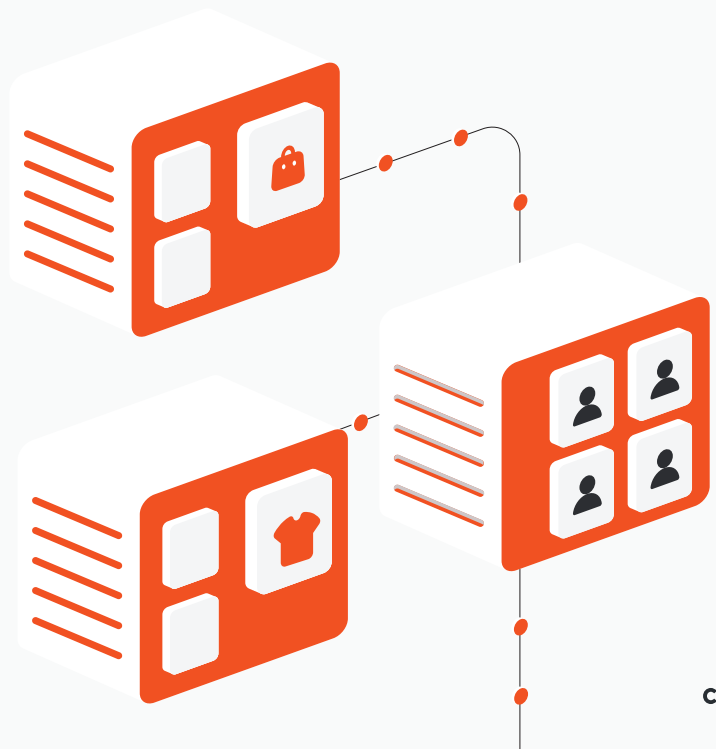
Retail media helps with brand goals such as launching new products, creating strong seasonal drives and promoting strategic bundles, and it also helps with inventory.

Furthermore, retail media is perhaps uniquely positioned as a conduit to more agile supply chain strategies, helping brands account for constraints but also move excess units when inventory requires.

“When a brand is long on an item, promote that, because one of the nice things within retail media is the ability to move units without relying on price discounts,” Miller said. “From the retailer’s perspective, and then for the brand, retail media advertising and ad tech platforms give them more control to drive the selection that they think will be most helpful to their business objectives. So, it’s sort of a commingling of advertising, retail, supply chain and value creation between long-standing partners and how they fit together in a way that ultimately helps everybody.”

### Tactics and insights:

- Brands and retailers who align their SKUs with query intent are unlocking better inventory-customer matches, ensuring the items customers are searching for match their results.
- Rather than discount excess inventory, brands are using retail media as one way to clear overstock and shift demand to in-stock items.



## Agency takes: Emerging channels in the retail media space

As retail media evolves, the focus on different digital environments is evolving as well. From the agency point of view, mediums to consider include mobile.

"Mobile represents about 50% to 55% of e-commerce and retail media revenue globally, so it's definitely a major channel that brands need to master," said Lemaitre at Dentsu International. Furthermore, there are two areas Lemaitre also sees gaining traction in the retail media space: Social commerce and [augmented reality](#) are on the rise.

"Most social commerce is very mobile, mobile first," said Lemaitre, "so social

commerce is a big area. And connected to that is live shopping and streaming from mobile applications. It's very important to really consider that as a retail media solution, and mobile is redefining that. The rise of technology and mobile has changed the virtual experience to a purchase, so we need to have augmented reality as a mobile solution to provide tons of value for consumers when they're shopping."

[In a 2020 study, 75%](#) of consumers surveyed said that augmented reality would play a role in retail within the next five years, and [57% said they would](#) increase their use of this technology after the pandemic,

demonstrating that this has applications for in-store as well as online channels.

"It's a good solution for home shopping — they can experience the product before buying it and see how it fits in their home," said Lemaitre. "Another benefit of this is the returns as it's a very big challenge for the retail leader. Offering solutions to pretest the products before buying really helps reduce the returns, which is a very costly space and barrier. So, augmented reality and social commerce are really drivers for mobile e-commerce in the future."



### Tactics and insights:

- Mobile is a retail media opportunity — brands that allocate to mobile retail media in 2021 and 2022 will claim share among e-commerce consumers.
- Social commerce is being redefined as a mobile-first retail media solution, with live shopping and streaming experiences that are providing brands with new opportunities for engagement and conversion.
- Augmented reality is an avenue to efficiency and cost savings for retailers in particular, but also brands, allowing both to reduce returns via virtual home try-ons.

## Agency leaders: The future of retail media

In the face of ever-changing trends, emerging technology and the unexpected, agencies are working with brands and retailers to help them plan and execute successful retail media campaigns. As our experts note, it's increasingly important to consistently evaluate the market and adjust strategies to take advantage of new tools to stay ahead of changes and challenges.

"Most clients don't know the intricacies of the supply and demand tech," said Ruegger at GroupM. "They're more worried that they're going to lose some type of marketing effectiveness."

And so, given the complexity of newer and evolving channels, Lemaitre at Dentsu said a key approach to the future of retail media is a push for streamlining and simplicity, where possible: "For many, simplicity comes with consistency — having consistent and simple processes, frameworks and tools across multiple marketers to activate and deploy retail media solutions consistently."

From flexible strategies built on tactics that evolve to enhance the customer journey, to the interoperability and eye

on new technology that the previous sections highlighted, to succeed in 2022 and beyond, brands and retailers will need to leverage partners in the retail media ecosystem to gain insight built on experience.

"For a beauty retailer, they need to know what's happening in the digital space — they need to understand the whole influencer ecosystem and how those influencers are turning influence into purchase," said Gildenberg at Omnicom. "They need to understand who they need to partner with, who is a competitor and how to leverage that. But for other retailers starting to get a feel for the broader ecosystem beyond their historic brick-and-mortar competitors and Amazon, knowing how the competition for human attention is changing for commerce and conversion is probably one of the most important things."



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