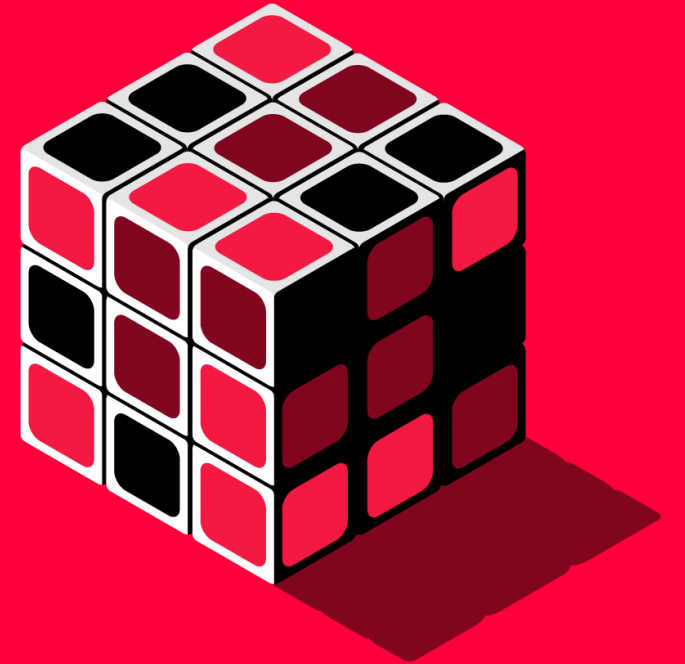


WFA Benchmark: Taking a Deeper Dive into Retail Media



13th January 2022

Background

- Earlier this year the WFA recently released a report focusing on [Delivering a Successful eCommerce Strategy](#).
- Through conversations with members and results from our recent priorities survey we decided to build on this report by taking a deeper dive into the retail media aspect to get a better idea of how advertisers are tackling this rapidly growing and changing environment.
- For the absence of doubt, we are defining retail media as:

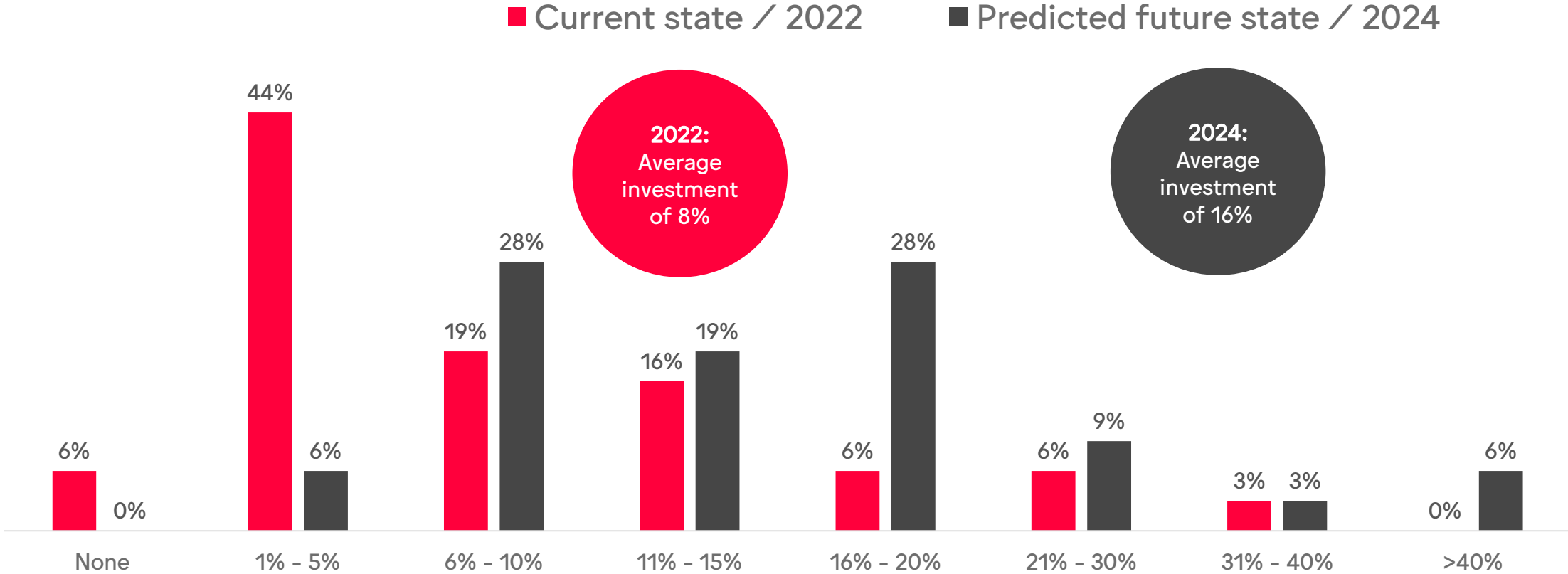
“Advertising within retailer sites and apps – usually by brands that directly sell products with retailers (though this is not necessarily the case). Retail media advertising can also come from non-endemic brands in verticals such as financial services or travel—ones that are interested in retailer audiences but don’t necessarily sell products on those retailers’ sites and apps.”

- 33 companies responded to the survey overall. The total global ad spend of advertisers that took part amounts to approximately \$53 billion per annum.
- Almost 75% of respondents described their area of responsibility as global

Executive Summary

- The share of global media budget being invested into retail media is set to double on average between 2022 and 2024, to **16% of media spend, driven by the opportunity to get closer to point of purchase**. The majority of growth is expected in North America and Europe.
- It's an area in which clients are seeking to increase their capabilities. And though nearly half of respondents use their media agency (or a specialist retail agency) to buy retail media, it's clear **there are many buying models in place, with in-house teams also often playing a role**.
- One thing that's clear is that retail media buying is a local business (73% of respondents). But this buying is supported by **global deals/JBPs, in place (or in development in 2023) for 77%**.
- Retail media is largely viewed as a lower funnel / short-term tactic for respondents. But, in spite of the increased spend in this area, **60% of respondents claim to have found ways to re-balance their mix of short-term and long-term marketing activations**.
- As ever, developing a measurement framework which includes both short and long-term measurement metrics is key. But **measurement of the retail media space is seen as a 'major challenge' for 73% of respondents**. This challenge is exacerbated by fragmentation in the space – identified as a 'major challenge' for 70%.
- A more prosaic challenge is the management of budgets. 60% of respondents are working on this and it's easy to see why – this survey finds **that there are no clear owners for retail media budgets, rather it sits 'between stools'**.

The share of global media budget being invested by respondents into retail media is set to double on average between 2022 and 2024, to 16%

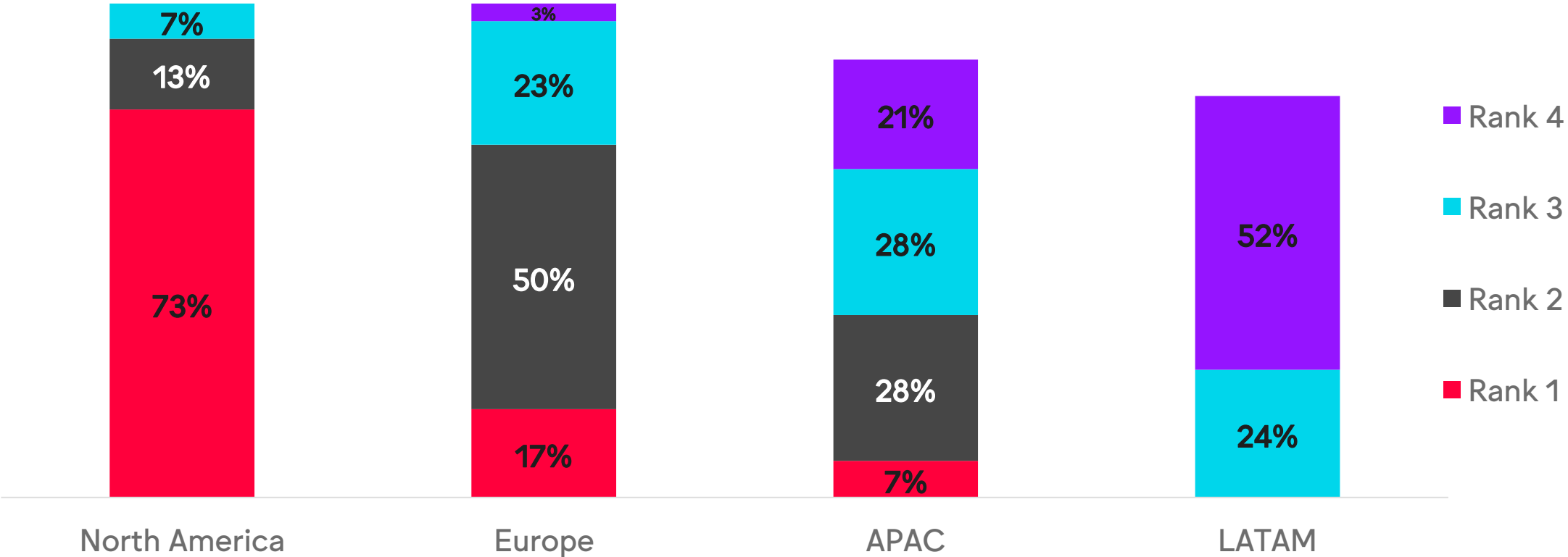


Q. Approximately what share of your global media budget is being invested into retail media? Please provide answers for your current state (today/2022) and your prediction in two years' time.

Source: WFA Benchmark: Taking a Deeper Dive into Retail Media; January 2023; Base = 33



Predictably, 73% of respondents rank North America as the region where they expect to see most retail media growth

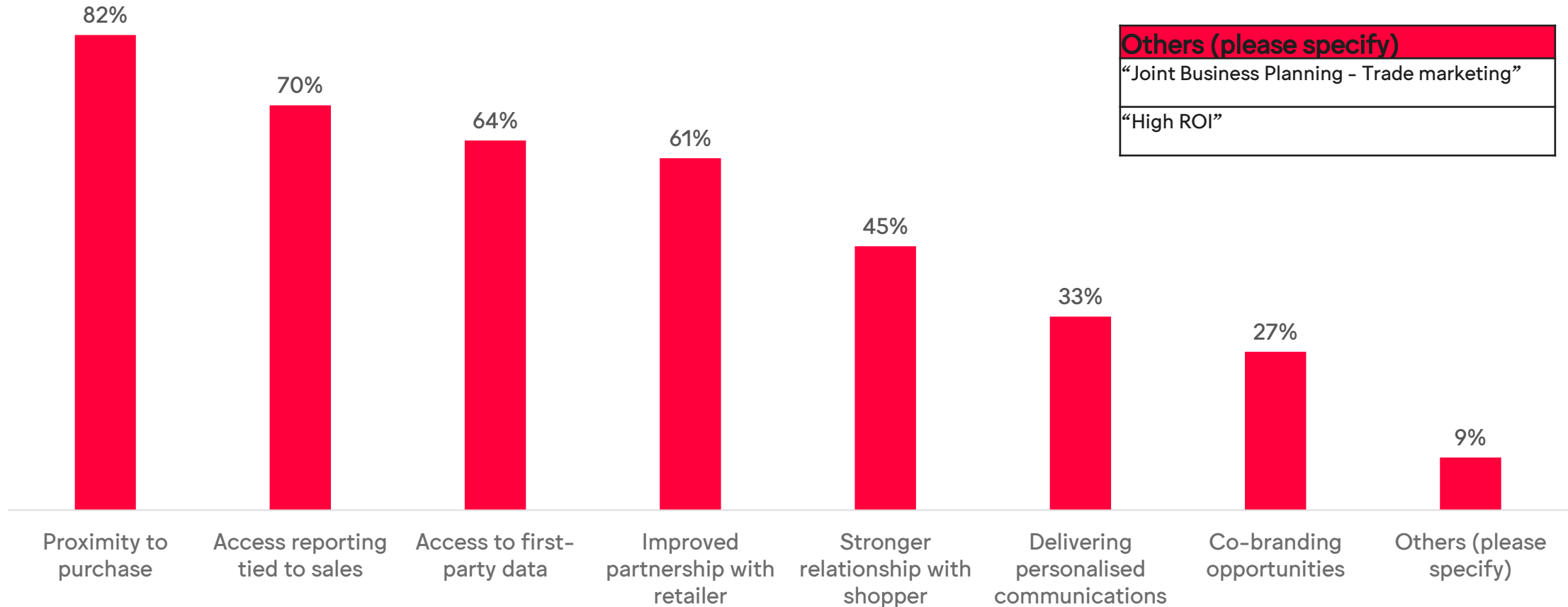


Q. Please rank the following based on where your organisation expects to see most retail media growth/focus.

Source: WFA Benchmark: Taking a Deeper Dive into Retail Media; January 2023; Base = 33



Proximity to purchase is seen as the key driver to increasing retail media spend

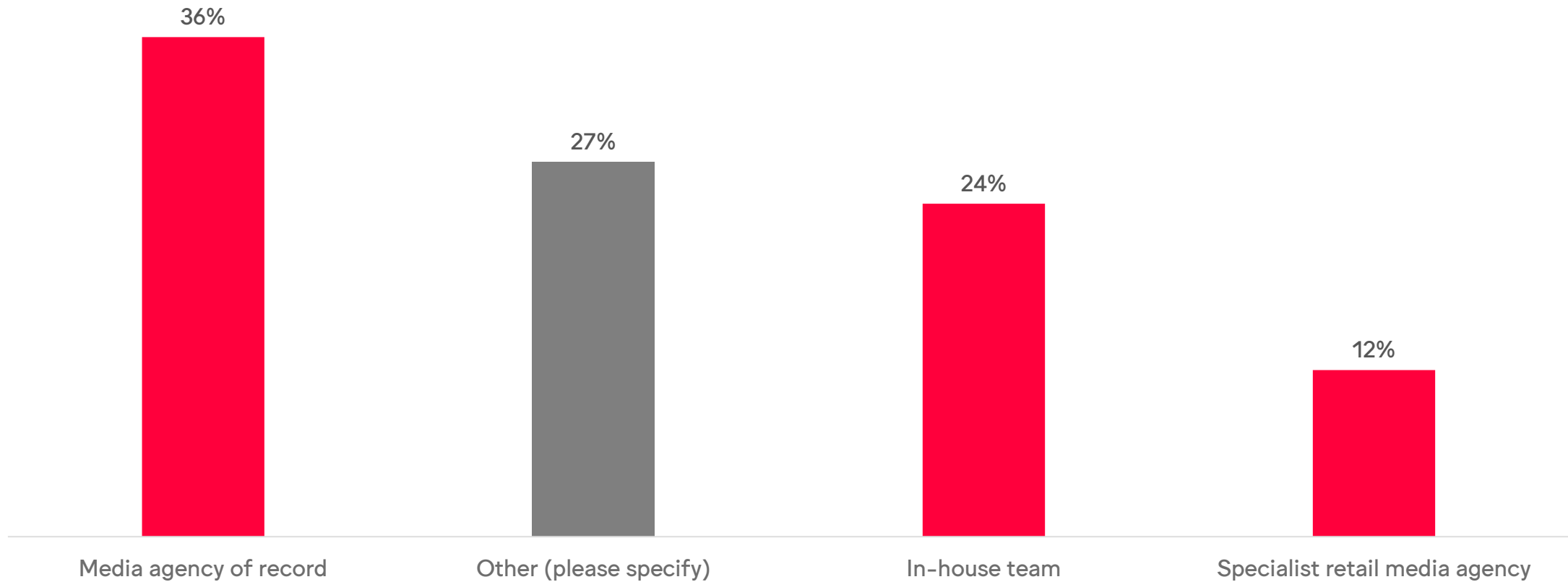


Q. Assuming that your organisation is increasing it's investment into retail media, please indicate which of the following benefits are driving this (select all that apply)?

Source: WFA Benchmark: Taking a Deeper Dive into Retail Media; January 2023; Base = 33



The largest proportion of advertisers tend to rely on their media agency to purchase their retail media



Q. Who buys your organisation's retail media?

Source: WFA Benchmark: Taking a Deeper Dive into Retail Media; January 2023; Base = 33

However, a large number of advertisers opt for a mix with their media agency and their in-house teams both doing the buying – (Other responses)



- “A mix of our media agency of record, our boutique agency and our in-house sales team”
- “A mixed of our media agency our media agency of recorded specialists for Amazon specifically”
- “A mix of all 3, depending on the retailer and channel”
- “Both our media agency and our specialist retail media”
- “Our local (sales) teams”
- “All of the above”
- “Mix of our media agency of record and in-house team”
- “Both our media agency of record and in-house team”
- “Most often the media agency of the retailer (or their in-house team). Very occasionally our global “brand” agency.”



Q. Who buys your organisation’s retail media?

Source: WFA Benchmark: Taking a Deeper Dive into Retail Media; January 2023; Base = 33

The buying of retail media is lead by exclusively local markets the majority of the time

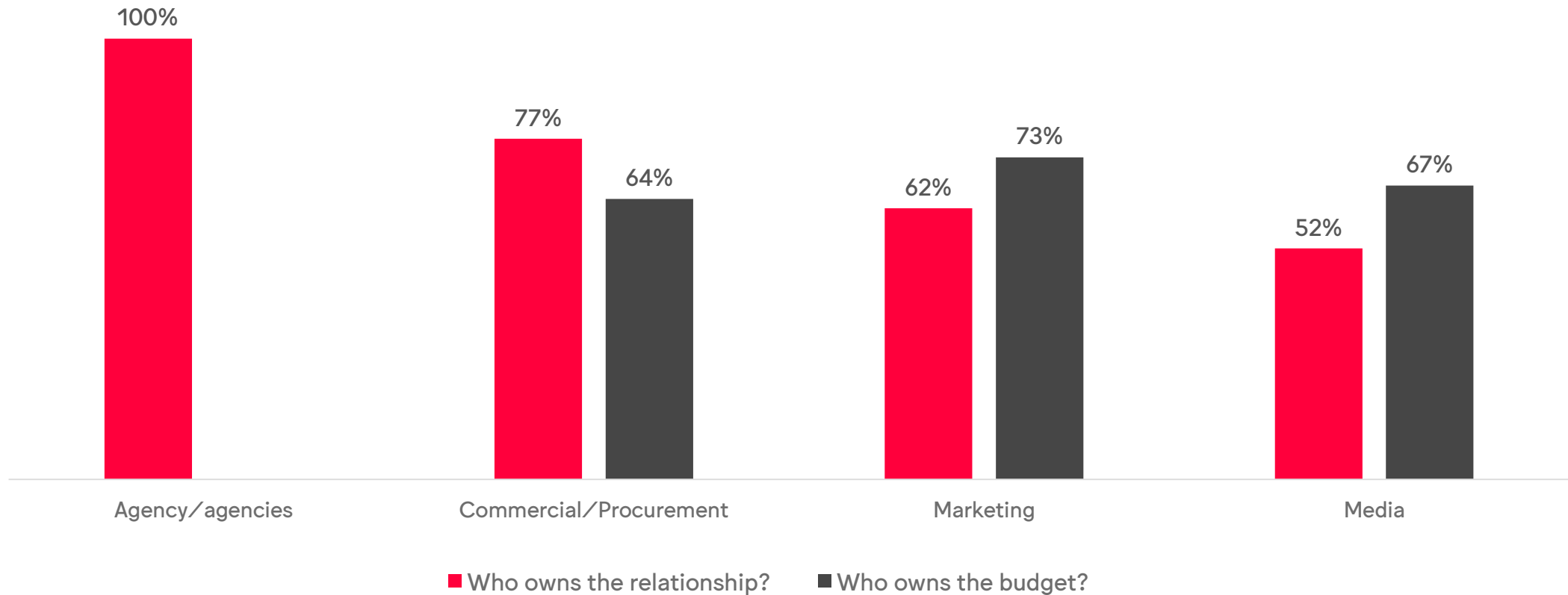


Q. Is buying led by local or global teams (client and agency)?

Source: WFA Benchmark: Taking a Deeper Dive into Retail Media; January 2023; Base = 33



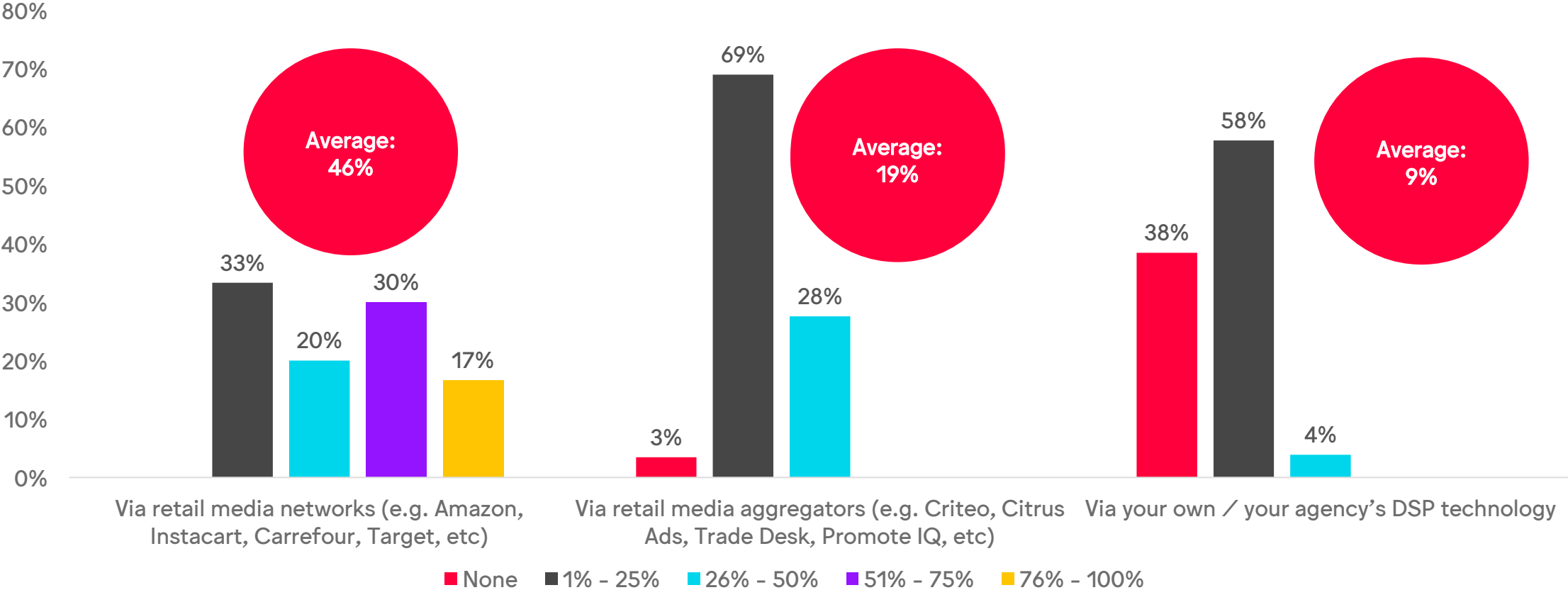
Agencies tend to always own the relationship with retailers (though this is often shared). Budget ownership is less clear...



Q. Please indicate which teams own the relationship and budget with retailers (you can select more than one option if responsibility is shared).

Source: WFA Benchmark: Taking a Deeper Dive into Retail Media; January 2023; Base = 33

The largest proportion of advertisers media budget goes through retail media networks with an average of 46%

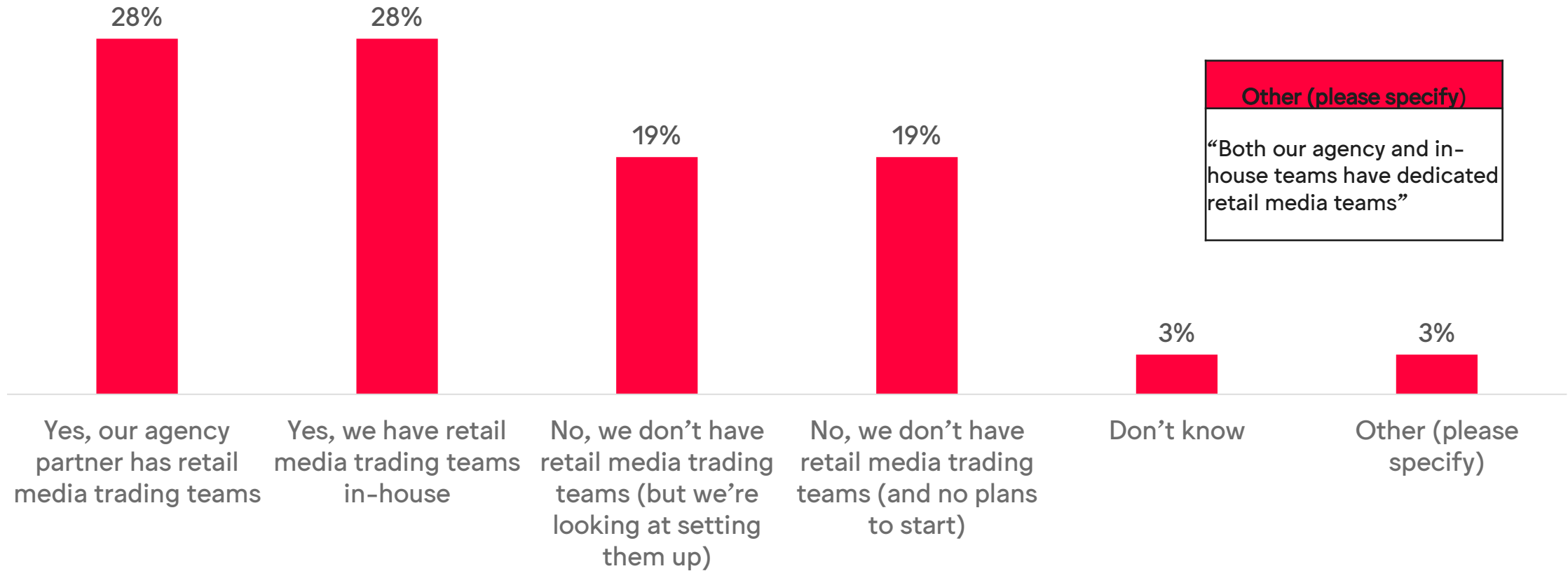


Q. Please indicate what proportion of your retail media spend goes through which purchase channel?

Source: WFA Benchmark: Taking a Deeper Dive into Retail Media; January 2023; Base = 33



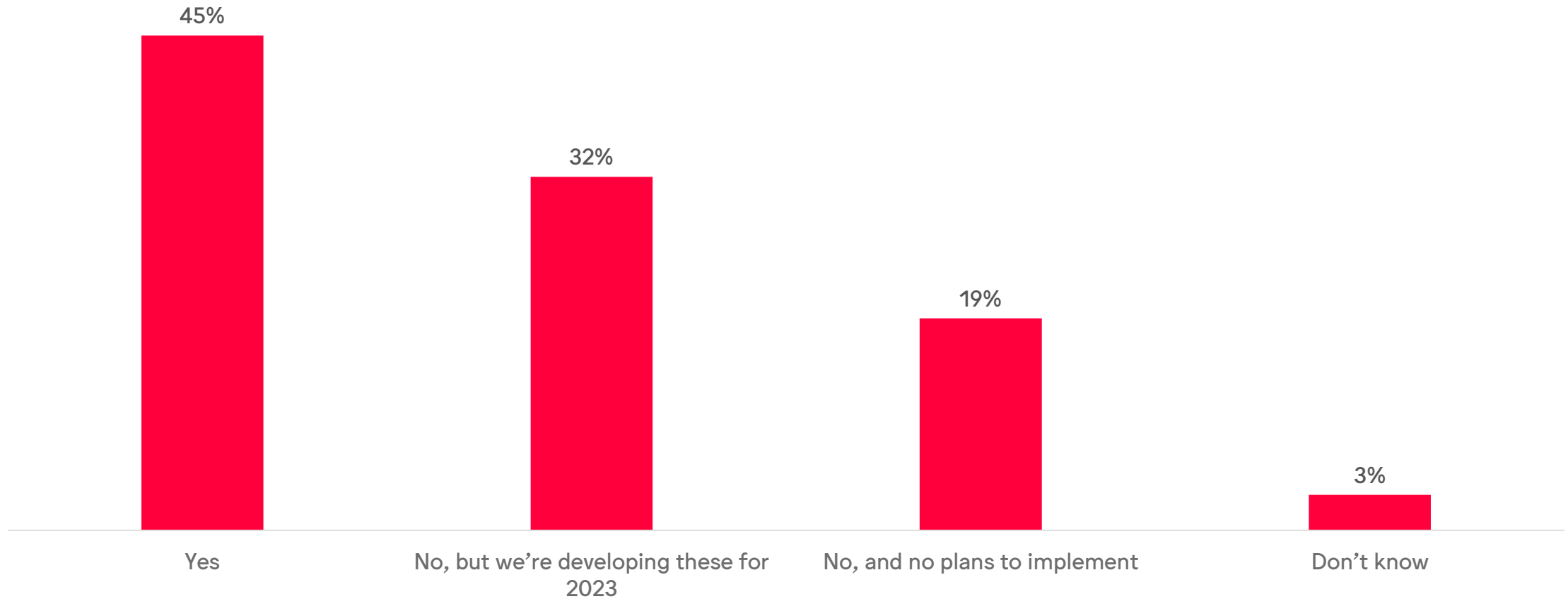
The majority of the retailer media trading teams tend to sit either with agency partners or in-house



Q. Do you have specific retailer media trading teams?

Source: WFA Benchmark: Taking a Deeper Dive into Retail Media; January 2023; Base = 33

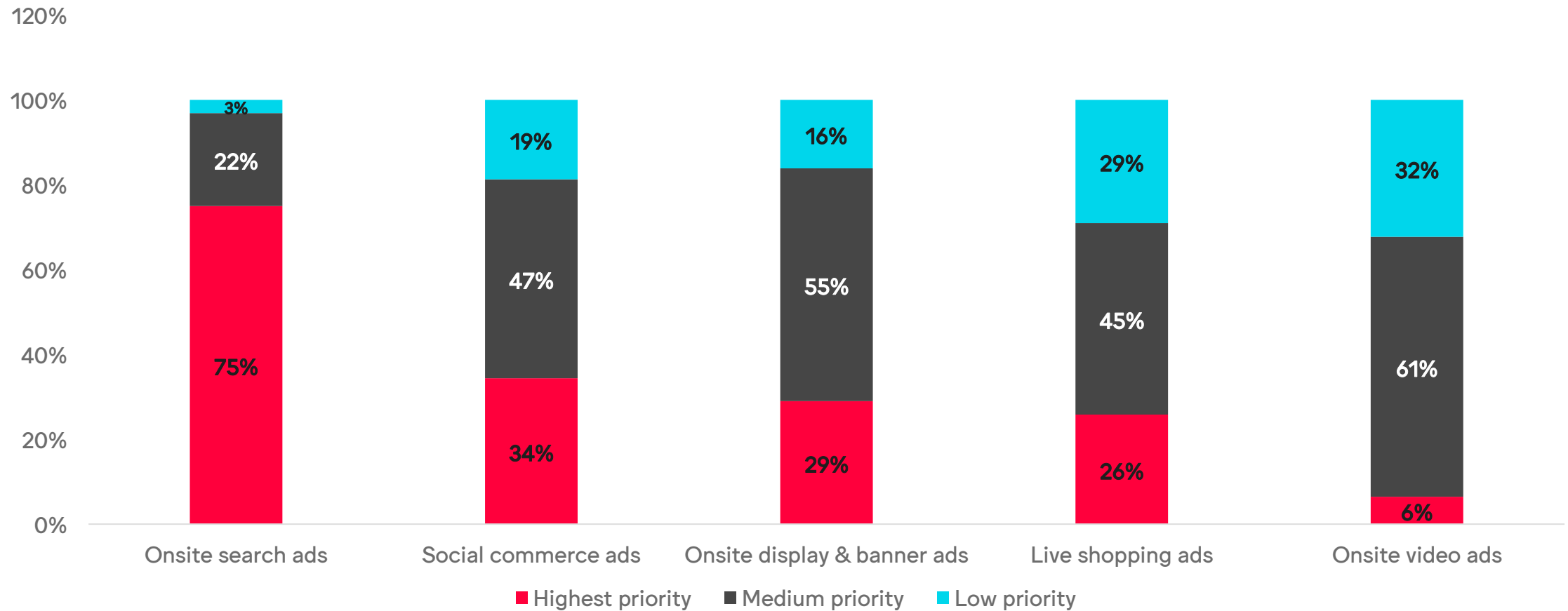
A large proportion of advertisers have global deals/JBPs with retail media networks



Q. Do you have global deals/JBPs with retail media networks?

Source: WFA Benchmark: Taking a Deeper Dive into Retail Media; January 2023; Base = 33

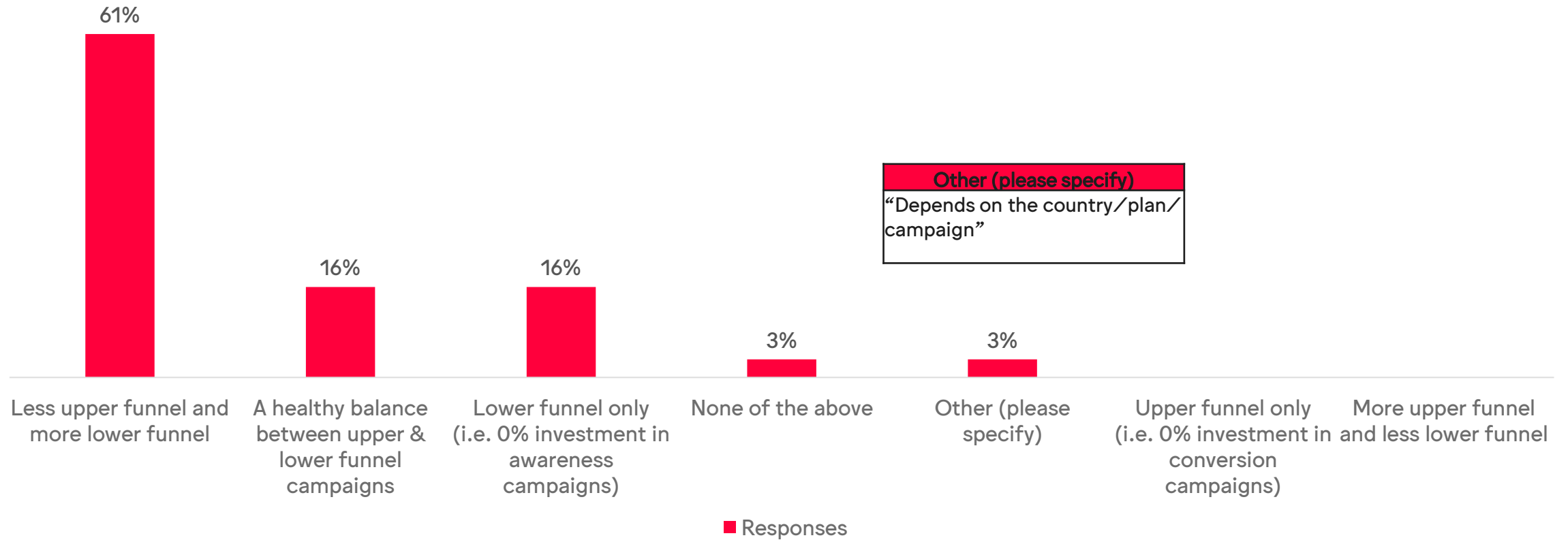
Onsite search ads are the highest priority amongst advertisers when it comes to formats prioritised across retail media networks



Q. What formats are you prioritising on retail media networks?

Source: WFA Benchmark: Taking a Deeper Dive into Retail Media; January 2023; Base = 33

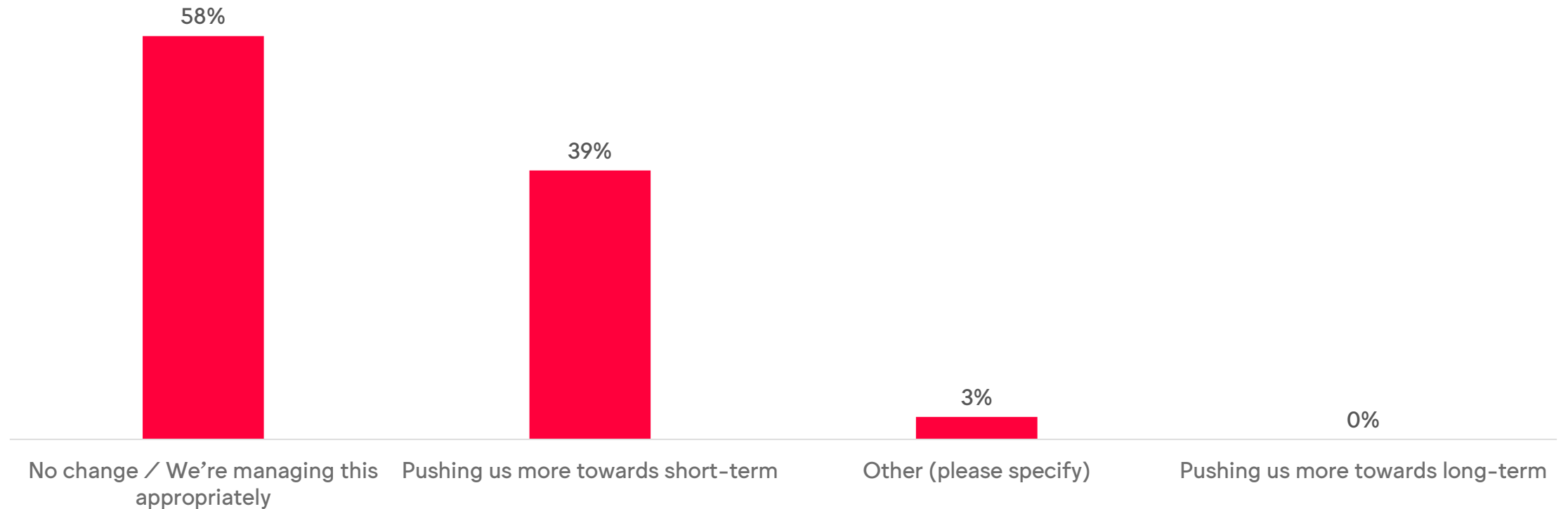
Retail media is seen as part of the lower funnel strategy for 61% of respondents...



Q. What role does retail media investment play in your purchase funnel?

Source: WFA Benchmark: Taking a Deeper Dive into Retail Media; January 2023; Base = 33

The drive to Retail Media is pushing two fifths of respondents towards more short-term activations, but the majority are finding ways to balance this



Q. How does your retail media investment influence your blend of long-term and short-term marketing activations?

Source: WFA Benchmark: Taking a Deeper Dive into Retail Media; January 2023; Base = 33

Advertisers use retail media to build brands in a number of ways e.g. by using the 1P data obtained from retail media activities to drive upper funnel messaging and brand awareness

- “We want to deliver more relevant communications based on actual purchase data rather than demos and affinities”
- “We are planning on connecting brand building with this type of media”
- “It’s a tricky one for us, and one we haven’t dedicated much headspace to given other priorities”
- “Not really a focus”
- “ We want to capitalise on higher relevancy with the right product proposition / promise to specific consumers. Brand building comes with product use experience”
- “1-to-1 relationships with shoppers allows us to create more personalised/relevant brand comms with consumers”
- “We will use first party data to measure effectiveness of upper funnel activities”
- “Through joint business plans, I am expecting to strengthen consumer facing activity investments to increase our short term sales, while convincing all stakeholders to invest in long-term brand building”
- “In my view, the retail media USP sits mainly in the demand gen / lower funnel space. Offerings from retailers in the awareness space tend to be more expensive than competitors and no more effective”

- “We plan on doing this by balancing upper and lower funnel media and using client 1P data to drive upper funnel messaging along with using the upper funnel to drive awareness to new to brand consumers ”
- “Retail media environments allow us to leverage data to prospects existing in category shoppers and in market category behaviours in a much bigger way. We anticipate this becoming more important as some 3rd party data sources become less reliable/available. We will continue to build on ways to leverage these prospects on and off property”
- “We are measuring the effect of retail media on both sales & brand KPIs”
- “It is dependent on the platform - Amazon allows us to utilise their whole universe to build brand and increase sales performance. With supermarkets it’s more lower funnel unless 1st party data is available to use on the open web”
- “Global JBPs with Amazon etc will provide better value for money”
- “We prefer to build our own brands (and 1st party data) on our own platforms in upper & mid funnels. Then sell via retail partners. But some retailers have extended platforms (Amazon is the easy example).”

Q. Please outline (briefly) how (if at all) you expect to take advantage of retail media environments to build brands?

Source: WFA Benchmark: Taking a Deeper Dive into Retail Media; January 2023; Base = 33

The CRM plays a “critical” role with regards to the success of retail media amongst advertisers due its ability to help re-target consumers and drive conversion



- “Where deals allow, combining data sets will be a powerful way to unlock win-win strategies with the retailer”
- “Critical”
- “No role yet. We have just started building our CRM and are currently only running in one country only”
- “The CRM team can help provide guidance and seed audience segments for additional targeting options on the retail media network”
- “None”
- “The CRM plays a very crucial role in defining personas/ behaviours/ subgroups etc”
- “Limited to date”
- “It helps us produce re-marketing lists, to drive conversion”

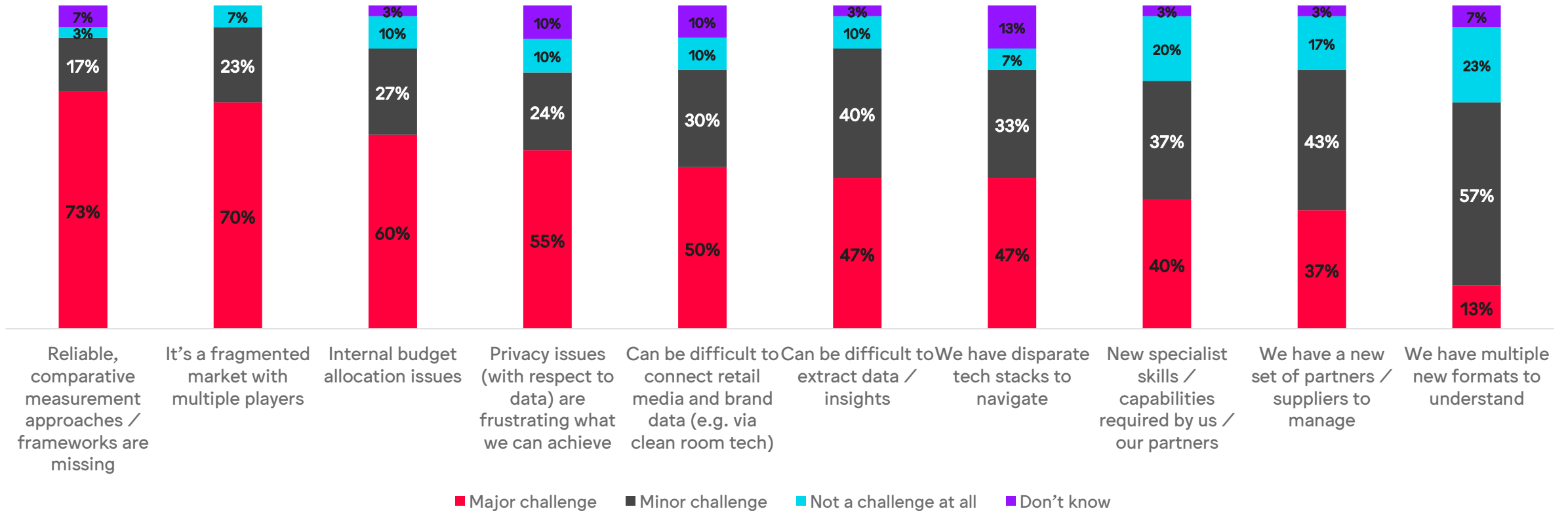
- “It allows us to undertake 1P data re-marketing, led by clean rooms ”
- “The retailer CRM teams are critical as we look to understand their audiences and opportunities. However, our CRM teams have not yet been as involved. With data clean room sharing it could open up additional opportunities for better learning and performance with consumers and shoppers that are in both databases”
- “Using 1PD to create look-a-like audiences”
- “None”
- “Very little. Retail contracts were negotiated by sales teams, and marketing & data had almost no input or place”
- “Closer integration across 1P activation”
- “No involvement for now”



Q. Please briefly outline what role (if any) the CRM team plays with regards to retail media?

Source: WFA Benchmark: Taking a Deeper Dive into Retail Media; January 2023; Base = 33

Measurement of success and the fragmentation of the market place are the biggest challenges for advertisers when it comes to navigating the retail media space



Q. Please indicate how much of a challenge the following issues represent for your organisation, with respect to retail media.

Source: WFA Benchmark: Taking a Deeper Dive into Retail Media; January 2023; Base = 33

Other resources



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[Delivering a Successful eCommerce Strategy](#)

[Spotlight: A Brand's Guide to Retail Media](#)



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Note: All benchmarks, survey results, agendas and minutes are reviewed by King & Spalding LLP, our competition lawyers

WFA Competition law compliance policy

KING & SPALDING

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