



The State of Retail Media 2022

Results from a Skai™ and BWG survey



Table of contents

| | |
|--|-----------|
| Introduction | 3 |
| Evolving to connected commerce | 4 |
| About the survey | 6 |
| State of Retail Media 2022 | 7 |
| Retail media programs are working well | 7 |
| Advertisers are investing heavily in the channel | 8 |
| Budgets can move fluidly between retailers | 9 |
| Proving ROI and measurement are cited as top challenges | 9 |
| Retail media requires myriad datasets for success | 10 |
| Programs are still not fully optimized | 10 |
| Connected commerce is taking hold | 11 |
| The outlook for retail media growth is high | 12 |
| Conclusion: Connected commerce marketing to align to the new omnichannel customer | 13 |
| About Skai™ | 14 |
| Skai's Retail Media solution | 15 |

Introduction



Facebook knows who your friends are. Google knows what you're interested in finding on the internet. Amazon knows what you've bought and has a pretty good idea of what you might want to buy."

- [Wired, 2012](#)

The rest is history.

Amazon Ads was the initial tip of the spear for what has now become retail media, the [third-largest digital advertising channel in the U.S.](#) It is forecasted to reach over \$30 billion domestically this year, or one in eight digital ad dollars, and [\\$100 billion worldwide by 2024.](#)

In a relatively short period of time, retail media has gone from a *nice to have* to an absolute necessity for any company selling products online. The digital shelf is endless, so product visibility is the new need for CPGs.

There is already a relatively big group of retailers offering media inventory for programmatic purchase, and it's growing. According to a report from Merkel, it seems like every [one to two months, a new retail media network is born.](#) Whether by building their own network like Amazon and Walmart or working with partner platforms like CitrusAd or Criteo, every sizable online retailer sees the retail media channel as a potential for ad revenue and a way to better engage their manufacturer clients. Retail media is highly profitable, unlike the slim product margins retailers have traditionally received.

"This is a growing beat that's going to provide a lot of competition to the global advertising markets,"

[said Collin Colburn, a senior analyst at Forrester.](#) "This is a category that is going to threaten Google and Facebook to a degree—it's not going to wreck their businesses, but it is going to make the dollars they get for advertising much more competitive because the retail media market overall will be sizable."

New money is pouring into the channel from all sides. Brands that have seen success are looking to invest more, aggregators and accelerators are betting big, and non-endemic brands that don't even sell products—but want to get to these valuable audiences—are anxiously looking to take their retail media programs to the next level.

Yes, retail media is booming, but this level of growth is also bringing new challenges. The first warning sign that things are changing for this channel has been the sudden rise of costs over the last 12 to 18 months. Some industry reports about Amazon ads show that CPCs are rising quickly, [as much as 50% year over year.](#)

Retail media is entering its second phase. The new challenge: how to evolve programs to remain competitive and successful amid higher prices and more competition. It's going to require a new way of thinking about marketing, where and how it works best, and how to stay ahead.

Evolving to connected commerce

Competition is rising, and we've been hearing from marketers that the old way of doing things isn't enough. Marketing organizations know they need to rethink their approaches and strategies to maintain performance in retail media.

At Skai™, we spend a lot of time speaking with clients, prospects, and industry experts on this topic. Only by knowing where retail media is going can we develop the next generation of innovative technology to support practitioners in their efforts.

While the specific ways that retail media marketers are considering how they plan to evolve certainly differs from company to company, we've seen some commonalities take shape. They are rethinking the way they organize their teams, the strategies they choose, and how they measure success. More integrated. More focused.

Winning strategies will rely more on finding ways to connect unique data with powerful media to meet the full circle of marketing needs and win every shoppable moment. At Skai™, we're calling this new way forward **connected commerce marketing.**

Rethinking silos

- **The old way: Offline/online.** "There are disparate online and offline marketing programs. Sometimes we're able to integrate and measure these efforts together, sometimes we're not. But we do what we can."
- **The connected commerce way: Omnichannel.** "Omnichannel is no longer an 'ideal,' it's a necessity. Our customers are seamless, omnichannel shoppers influenced by online and offline signals/media during their purchase journeys. Whether the actual transaction happens digitally or within brick and mortar doesn't matter to us, just that it happens."

Rethinking strategy

- **The old way: Experienced assumptions and reactive tactics.** "Being data-driven is the gold standard for decision-making. Which data (and how much) is less important, just that we use some kind of data in our choices."
- **The connected commerce way: Intelligent. Data-driven, predictive, and validated.** "We need intelligent insights illuminating decision-making at every stage of the operation to be more proactive and predictive. It will require new datasets that we don't necessarily have today, but we're going to get it, get good at it, and we believe it will be our competitive advantage."



Rethinking channels

- **The old way: Channel-centricity.** “The bulk of our operations are siloed teams managing different publishers or retailers. This may not be ideal, but it works.”
- **The connected commerce way: Consumer-centricity.** “We will align with the customer, even if it means doing things differently than before.”

Rethinking influence

- **The old way: Branding.** “We can’t influence online shoppers once they enter an online retailer to purchase, so building up our CPG brand to carry that influence into the store is the role of marketing.”
- **The connected commerce way: Full-funnel, relevant, and consistent.** “Retail media has opened up new, full-funnel opportunities. Now we need to take on the full-funnel playbook and get savvier with the way we nurture consumers through their purchase journeys—including within online stores—and not just rely on branding alone.”

Rethinking measurement

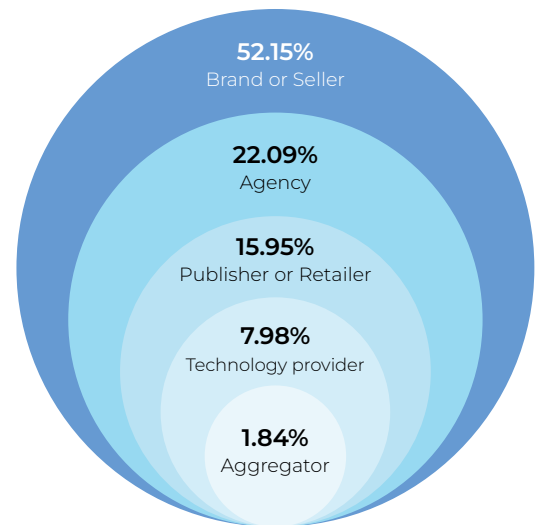
- **The old way: Traditional attribution.** “It’s hard to figure out what’s working and what isn’t. Attribution modeling isn’t perfect, but it gives us a granular understanding of marketing performance.”
- **The connected commerce way: Incrementality to understand true impact.** “New policies and regulations are limiting the viability of attribution. Other measurement approaches—such as incrementality testing—are needed.”

About the survey

To get a better understanding of the trends driving this channel, Skai™ and [BWC Strategy](#) surveyed mid-level and senior-level decision-makers who spend a key portion of their week involved in retail media.

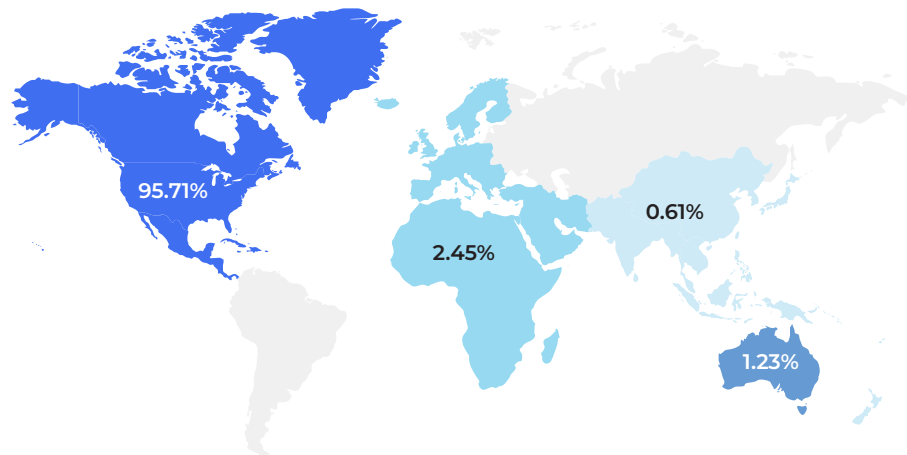
Conducted in January 2022, this first annual **State of Retail Media Survey** captures feedback from 163 of the world's leading agencies, brands, aggregators, technology providers, publishers, and retailers.

Business description:

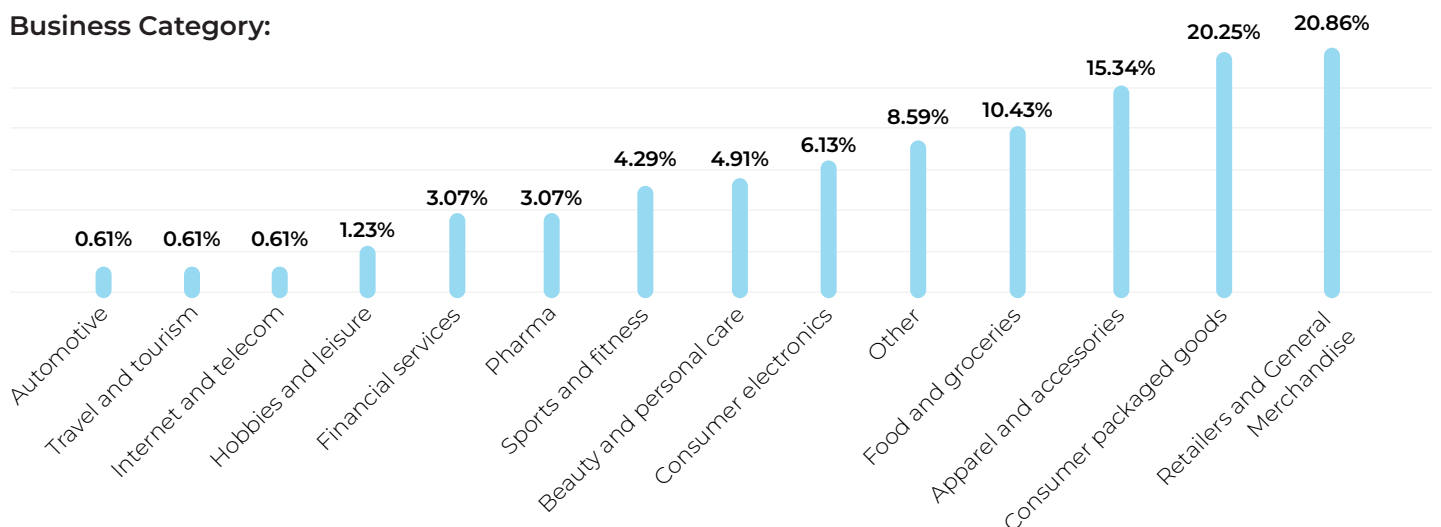


Respondent location:

- North America
- EMEA
- Australia
- APAC



Business Category:



In addition, respondents to this survey are largely experienced marketers:

- The Director/VP level (45%), Supervisor/Manager (31%), C-Suite (15%)
- 63% have 11+ years of marketing experience: 6-10 years (17%), 3-5 years (11%)
- 63% have 5+ years of retail media experience: 3-4 years (16%), 1-2 years (15%)



State of Retail Media 2022

It's been well-documented that the COVID-19 pandemic pushed ecommerce years ahead of its trajectory. Suddenly, CPG companies whose online sales represented a mere fraction of their total revenue saw those digital sales skyrocket.

Certainly, retail media has been a key growth area in advertising during that time. But, even as the pandemic winds down, the effects on consumer behavior persist with regards to online shopping for everything they used to buy in stores. Retail media is poised to remain one of the most important channels to product companies moving forward.

What is the state of retail media today?

Retail media programs are working well

More than seven out of 10 retail media marketers report having achieved or exceeded their retail media expectations last year. Just 2.4% of respondents said they had poor results.

Overall, how would you describe the results driven by retail media in 2021?



Poor

2.42%



(Little to no impact on brand or desired objectives)



Fair

25.81%



(Achieved desired brand impact, but did not meet goal KPI expectations)



Good

49.19%



(Achieved desired brand impact and met goal KPI expectations)



Excellent

22.58%

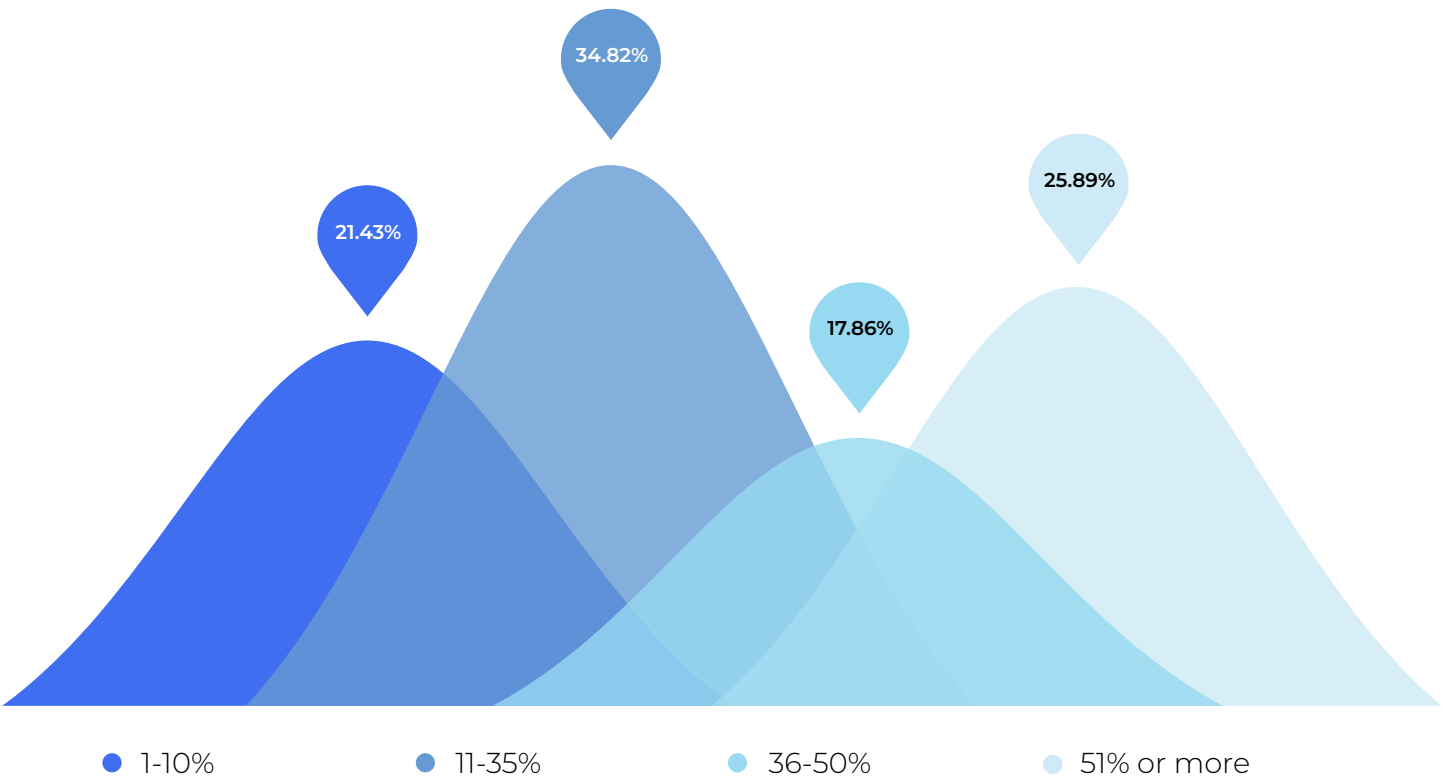


(Achieved desired brand impact and exceeded goal KPI expectations)

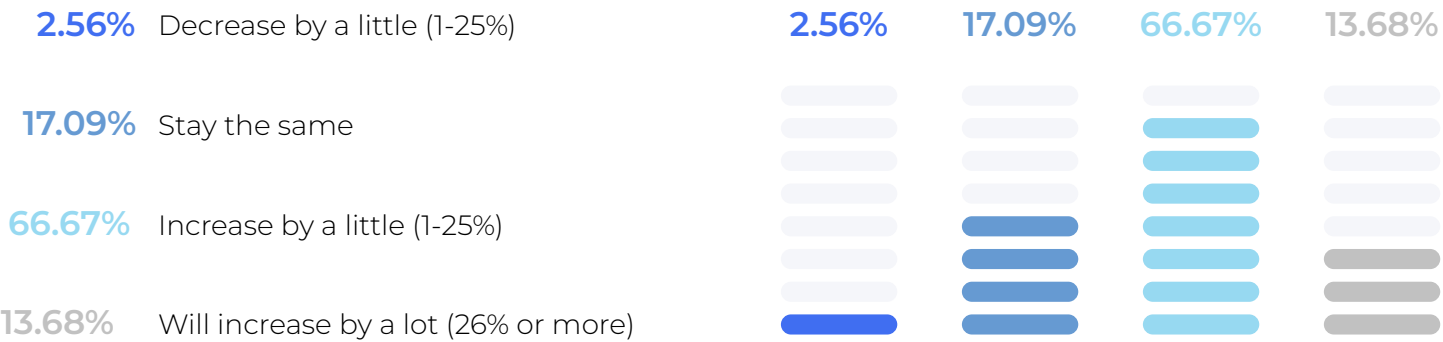
Advertisers are investing heavily in the channel

Nearly 80% of respondents reported that at least 11%+ of their total marketing budget is retail media. A similar percentage say that they will be increasing their retail media spending next year.

Approximately what percentage of your total marketing budget is retail media?



How will your retail media ad spending change next year versus this year?



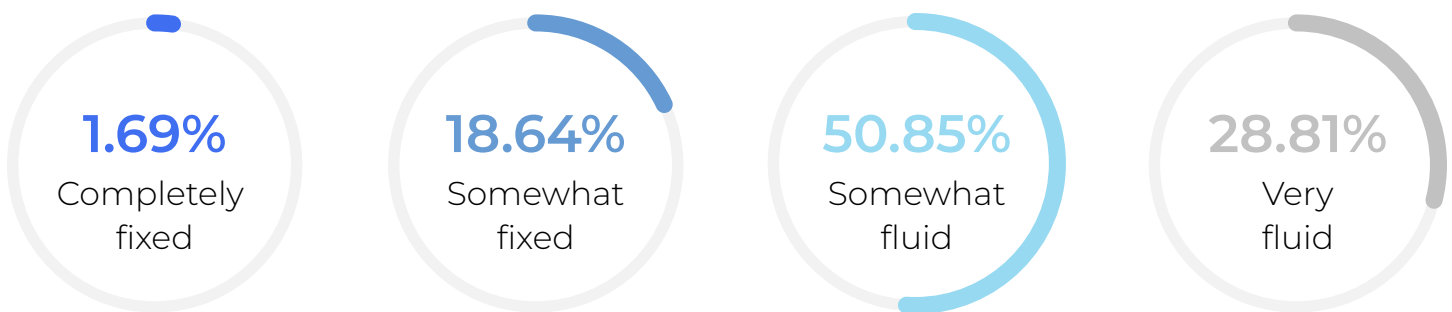
Budgets can move fluidly between retailers

Only a small percentage of respondents report that they aren't able to move retail media budgets within the channel.

Connected commerce spotlight: Customer-centricity.

Retail media marketers are following consumers to the retailers that work best for them.

Which of the following describes your team's ability to move retail media budgets across retailers throughout the year?



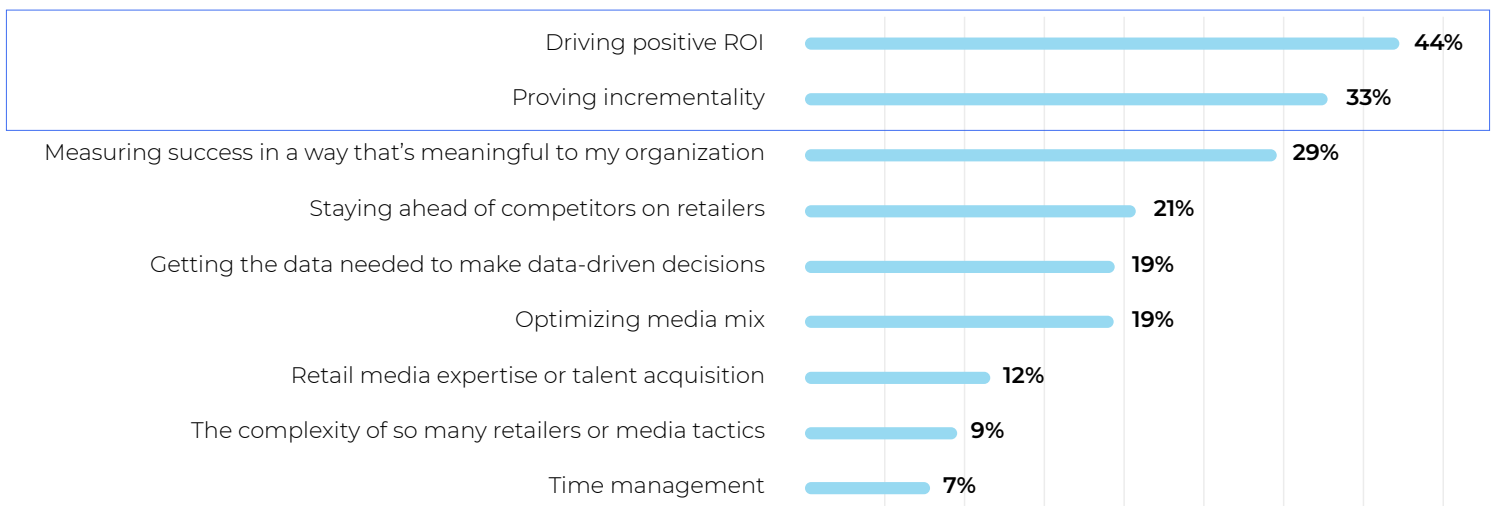
Proving ROI and measurement are cited as top challenges

The biggest challenge reported by retail media marketers? Driving positive ROI.

Connected commerce spotlight: Measurement

Just behind driving sales/profit are two measurement issues, proving incrementality and measuring success. Marketers know that they need to get better in this area.

What are your two biggest retail media challenges?



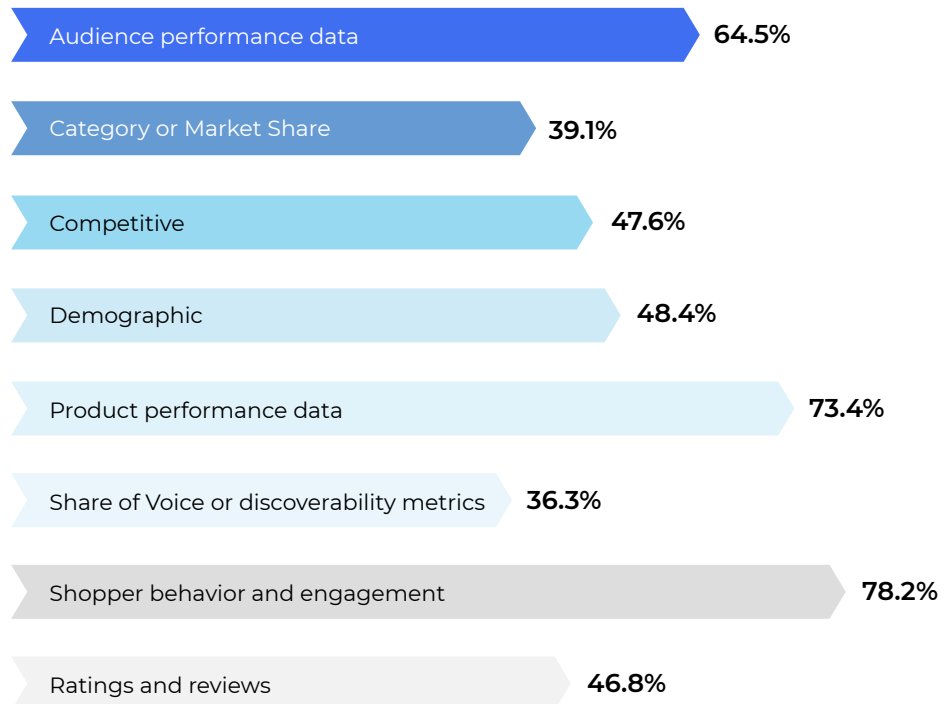
Retail media requires myriad datasets for success

Many respondents report using at least eight different datasets to guide strategy and budget decisions.

Connect commerce spotlight: Intelligence

Retail media marketers are stretching their data wings to enable a clearer understanding of the dynamics of the channel.

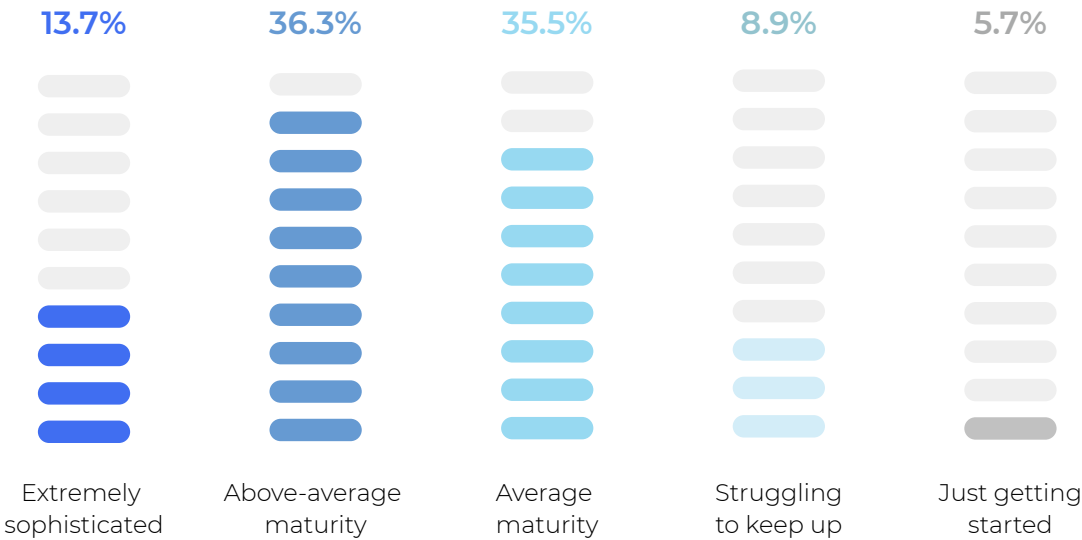
What types of data do you use to inform your retail media strategy and budget decisions?



Programs are still not fully optimized

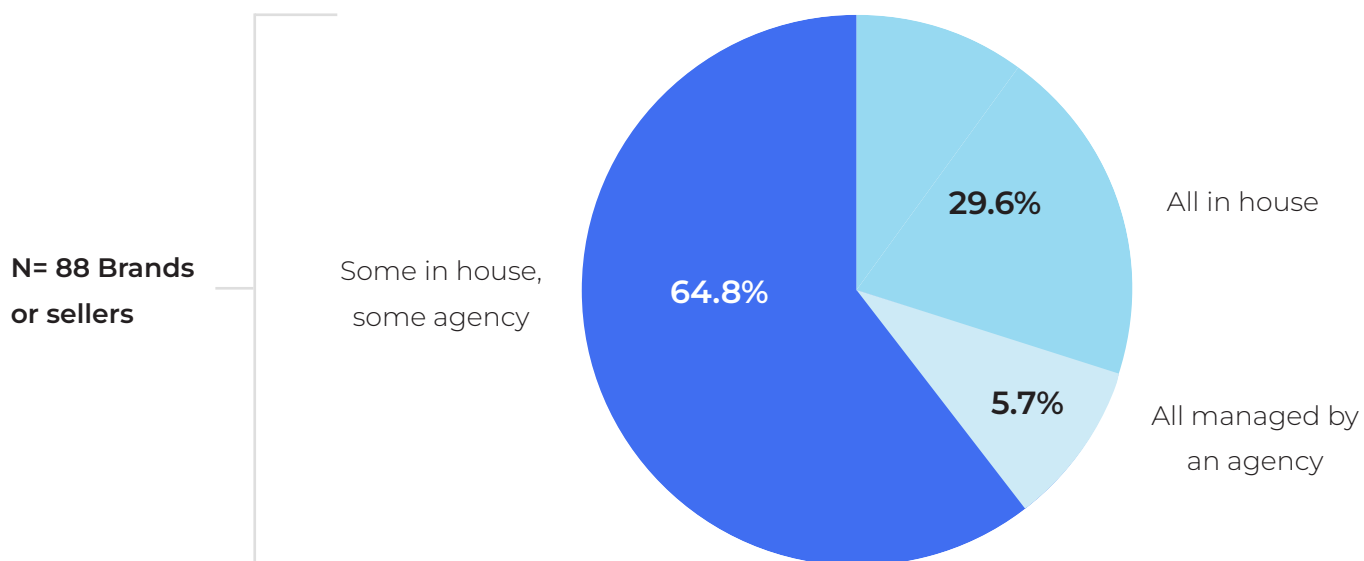
Only half of the respondents report that their teams are above average or extremely sophisticated. There's still room for improvement in this rather young channel.

Which of the following best describes your team's retail media maturity?



And most are using a combination of in-house expertise and agencies to manage the channel.

Do you use an agency or manage retail media programs in-house?



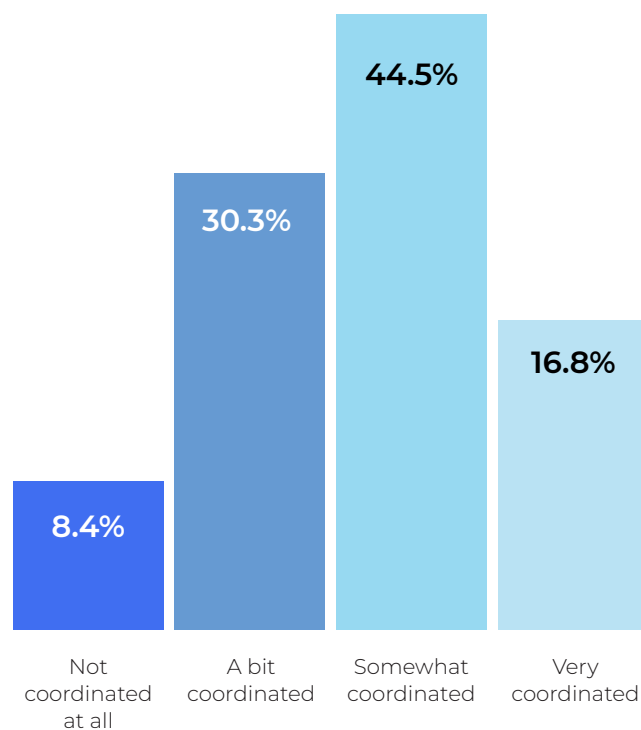
Connected commerce is taking hold

91%+ of respondents indicate that they are coordinating retail media at some level with other channels.

Connected commerce spotlight: Full-funnel

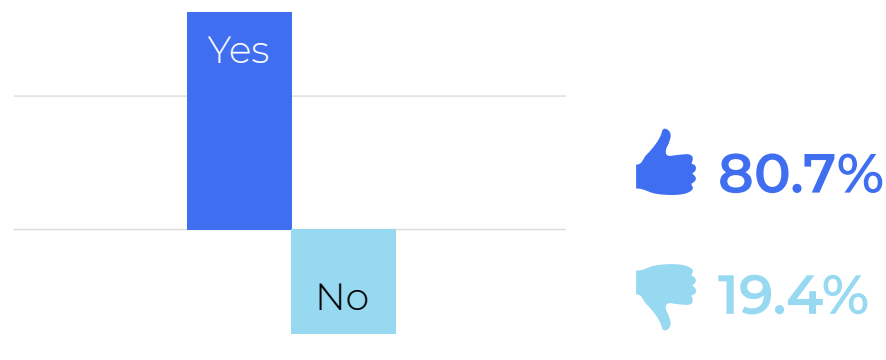
Coordinating channels is a key trend of connected commerce marketing. More than 60% say that their other digital ad channels are either Very or Somewhat coordinated.

How coordinated/integrated is your retail media with other digital ad channels?



And, with regards to digital advertising's two largest channels, more than eight out of 10 retail media marketers say that they are using paid social and/or paid search as part of their coordinated efforts.

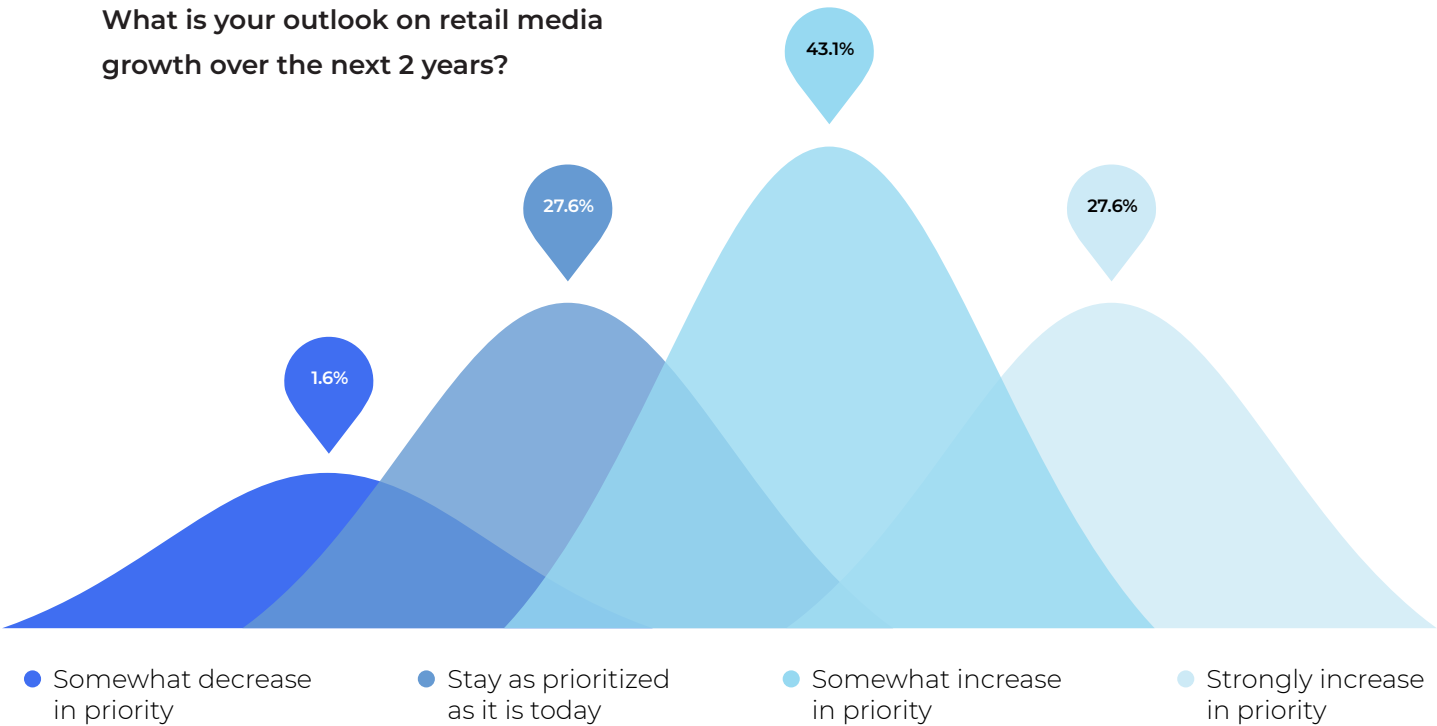
Are you currently using channels like Paid Social and/or Paid Search to drive traffic to [and sales through] retail partners? If not, why not?



The outlook for retail media growth is high

Over 70% of respondents believe that retail media will increase in priority over the next two years.

What is your outlook on retail media growth over the next 2 years?



Conclusion: Connected commerce marketing to align to the new omnichannel customer

Shopper marketing, the predecessor and offline equivalent of retail media, has been a mainstay of product companies for decades. CPG companies invest [nearly \\$100 billion annually on shopper marketing programs](#) such as in-store displays and features in retailer ads.

But, online, their influence stopped at the home page of digital retailers.

That's why, before retail media, the online CPG marketing playbook was to frequency cap branding ads, push recipes and coupons, and focus on the top and mid-funnel. But today, retail media has opened up the bottom of the funnel for CPG marketers and has kicked off a completely new way of thinking about how to go to market.

In a matter of a handful of years, CPG marketers are now leading the pack in terms of digital marketing sophistication and evolution. And, because of that, retail media's impact on CPG marketing cannot be overstated.

We're seeing **connected commerce marketing** approaches take hold as a way to rethink and reimagine digital advertising. Online, the shopper journey is compressed, non-linear, and totally unpredictable. Marketers are moving beyond treating each channel as a silo where digital ads are bucketed by channel into a particular type of consumer response like awareness, engagement, conversion, and influence.

We're living in this commerce-everywhere world, and the goal should be to provide a consistent and relevant experience across all any and all of these ad touchpoints, driving product sales and not vapid vanity metrics.

Stay tuned. We will be keeping a close eye on retail media. We will continue to run this **State of Retail Media Survey** in upcoming years to watch how this unique channel develops and compare results throughout the years to track its evolution.

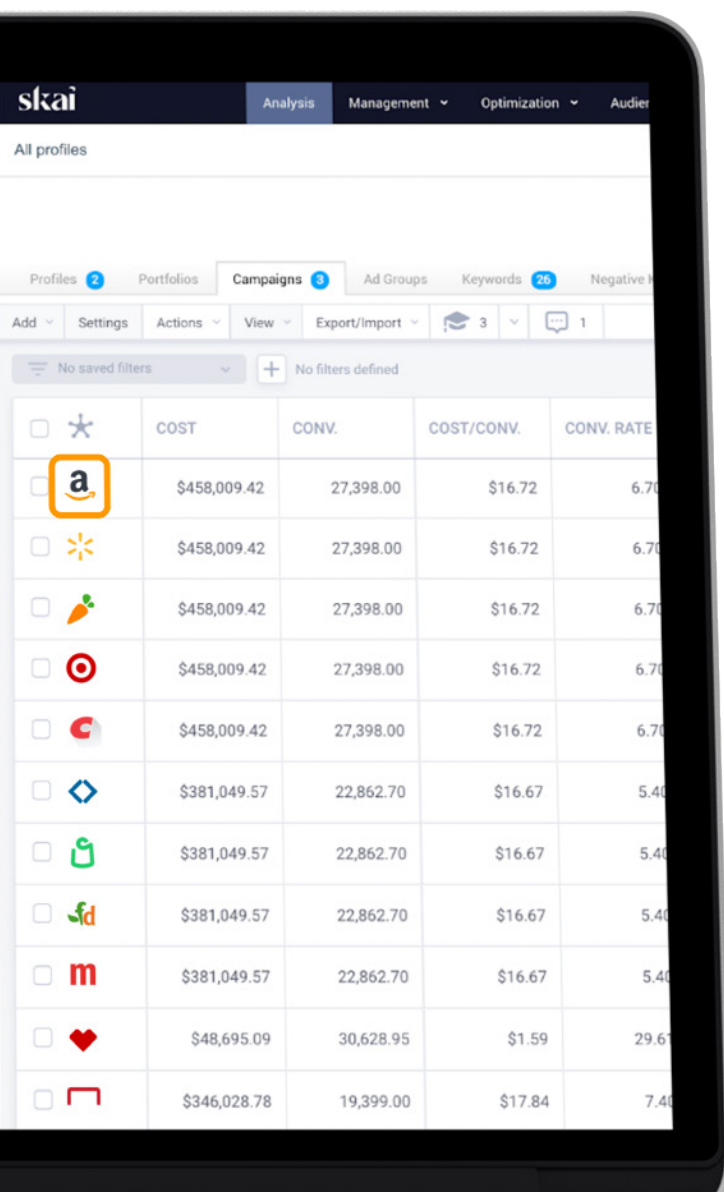


About Skai™

Skai™ is a marketing intelligence platform that powers brand insights, decisions, and execution for faster, more predictable go-to-market outcomes. Skai's platform includes a suite of data-driven products for market intelligence, omnichannel media activation, testing and measurement, enabling product, insights, and marketing teams to accurately plan strategies and benefit from connected omnichannel launches.

Skai™ merges the former Kenshoo and Signals Analytics capabilities, and for more than a decade, has been trusted by an impressive roster of global brands including Procter & Gamble, PepsiCo, Nestle, Johnson & Johnson, Mars, and others.

With its expanded product suite, Skai™ is unifying data and helping companies better understand their consumers in real time. It has seven international locations and is backed by Sequoia Capital, Arts Alliance, Tenaya Capital, Bain Capital Ventures, Pitango, and Qumra Capital. For more information visit skai.io.



skai












Analysis Management Optimization Audier

All profiles

Profiles 2 Portfolios Campaigns 3 Ad Groups Keywords 26 Negative 1

Add Settings Actions View Export/Import 3 1

No saved filters No filters defined

| | COST | CONV. | COST/CONV. | CONV. RATE |
|---|--------------|-----------|------------|------------|
| <input type="checkbox"/>  | \$458,009.42 | 27,398.00 | \$16.72 | 6.70 |
| <input type="checkbox"/>  | \$458,009.42 | 27,398.00 | \$16.72 | 6.70 |
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| <input type="checkbox"/>  | \$381,049.57 | 22,862.70 | \$16.67 | 5.40 |
| <input type="checkbox"/>  | \$48,695.09 | 30,628.95 | \$1.59 | 29.6 |
| <input type="checkbox"/>  | \$346,028.78 | 19,399.00 | \$17.84 | 7.40 |

Skai's Retail Media solution is a powerful tool to help marketers fight Amazon Ads inflation

Skai™ clients have access to cutting-edge, advanced functionality to stay efficient.

Dayparting, task automation, keyword harvesting, budget handling, and other must-have ad tech solutions enable advanced Amazon Ads campaign management and keep ACoS in check.