

The State of Retail Media **2023**

The Complete Results

Understand the challenges, methods, investments, and cross-channel strategies in the next era of retail media advertising



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Welcome to Skai's 2023 State of Retail Media Survey

Retail media has rapidly become the third-largest digital advertising channel behind paid search and social advertising. Forecasts predict it will reach \$160 billion by 2027, making up 18% of global digital advertising and 11% of total advertising. Digital's newest channel allows marketers to influence shoppers within online stores and closer to the point of purchase, expanding the customer journey and driving higher conversion rates.

In this year's survey, we asked 167 retail media brand/seller marketers more than 35 questions covering areas of interest such as:

- **Spending.** Planned growth, investments sources
- **Success.** KPIs, last year's results, multi-year outlook
- **Operationalization.** Challenges, data sources, budget fluidity
- **Team structure.** Outsourced vs. in-sourced, use of third-party tools
- **Omnichannel.** Coordination with shopper marketing, search/social integrations

KEY TAKEAWAYS FROM THE SURVEY

Retail media continues to deliver. 96% of surveyed individuals confirmed that their retail media programs achieved desired brand impact last year, with only 4% reporting little to no effect on objectives. In addition, 54% met, and 9% exceeded, their goal KPI expectations for 2022.

The outlook is high. 87% of marketers reported that their organizations plan to maintain or increase spending on retail media in the coming year, while 93% believe it will remain a priority for the next two years.

Economic conditions are being felt. When asked how the current economic conditions have affected their 2023 retail media budgets, nearly two-thirds of respondents reported a strong or slightly negative impact.

Marketers are quickly adapting. 89% of marketers say their retail media programs are average, above average, or excellent in maturity.



TRENDSPOTTING: FIVE WAYS RETAIL MEDIA WILL EVOLVE IN 2023

As a marketer, it's essential to understand how retail media will evolve in 2023 so that you can plan accordingly—especially this year when every bit of the budget must count!

The proliferation of ad formats: While keyword-triggered listings in retailer search engine results pages have been the bulk of retail media advertising, retailers are looking to support the adoption of display, video, and CTV advertising to reach consumers further up the funnel. Marketers can also leverage retailers' rich browser/buyer-targeting data across the web, extending beyond online ads to out-of-home ad formats within physical stores.

Non-endemic advertisers will enter the auctions: Retailers are now reaching out to brands that don't even sell products, with non-endemic retail media advertising that drives users to destinations away from the online store. For example, an Italian restaurant may advertise a dinner promotion to someone searching for spaghetti sauce on a retailer's website.

Deeper insights into the online-offline retail relationship: Omnichannel retailers like Walmart and Target offer brands the opportunity for closed-loop measurement, providing a better understanding of how offline shopper marketing and online retail media complement each other to unlock the next era of growth for CPGs.

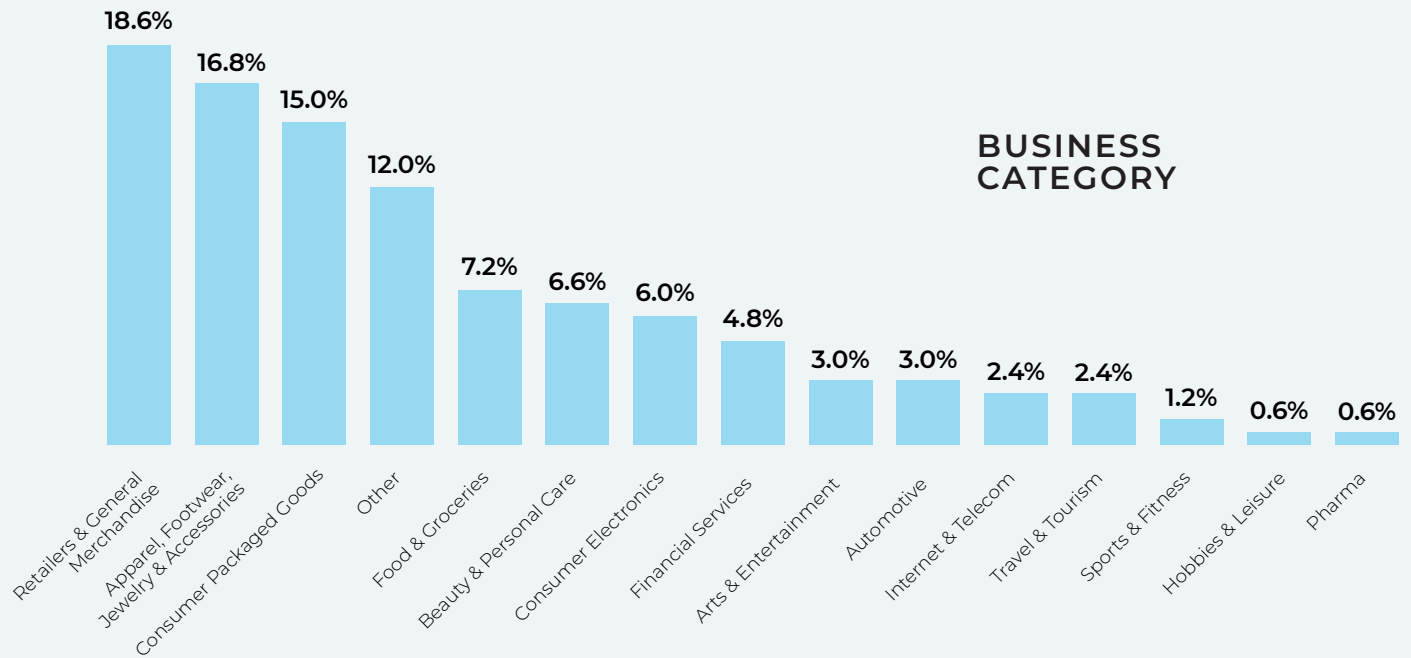
Data as added value: Brands will strive for profitability in 2023, and retailers will be pressured to make more data available to optimize programs. Some retailers are exploring clean rooms, such as Amazon Marketing Cloud, to safely co-mingle proprietary back-end data with highly granular insights.

Programmatic to reduce market friction: With over 100 retailers globally offering retail media programs, it's important for the channel to become more programmatic and easier to buy across platforms. In addition, retailers outside of market leaders must make it easier for marketers to work with them to accelerate budgets and drive growth.

The retail media channel is young, but its growth is off the charts and changing the face of ecommerce. As a result, investments will increase, competition will rise, and retailers must innovate to become true advertising publishers.

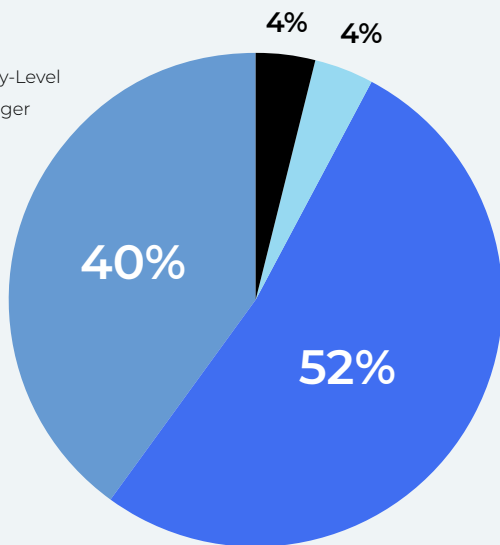
As a marketer, it's essential to stay up to date with retail media's evolving landscape to stay ahead of the competition and drive successful campaigns.

This survey captures responses from
167 brand/seller marketers in North America

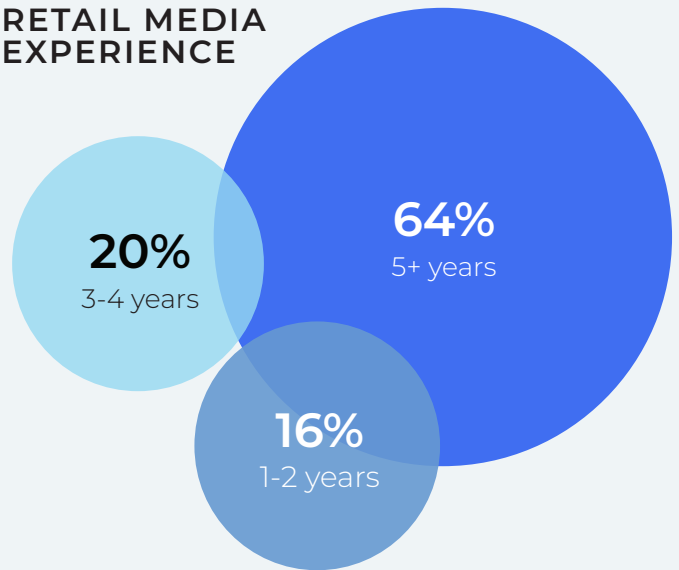


SENIORITY LEVEL

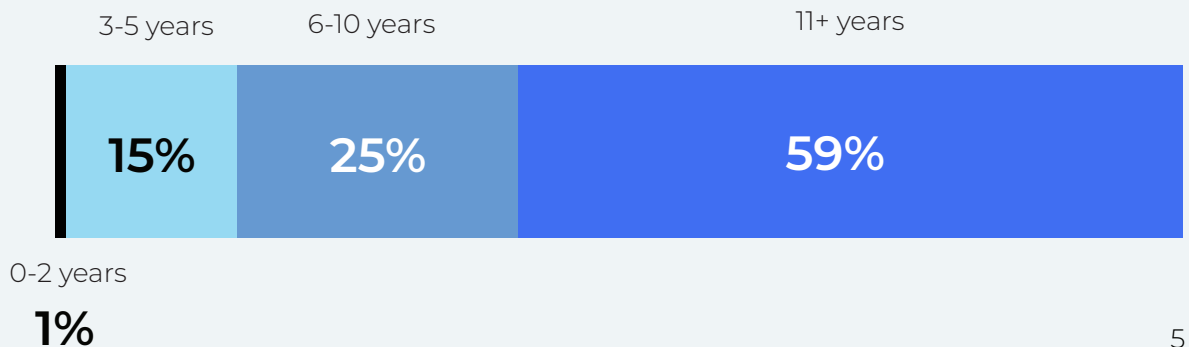
- Practitioner/Entry-Level
- Supervisor/Manager
- Director/VP
- C-Suite



YEARS OF RETAIL MEDIA EXPERIENCE



YEARS OF MARKETING EXPERIENCE



DESIRED IMPACT

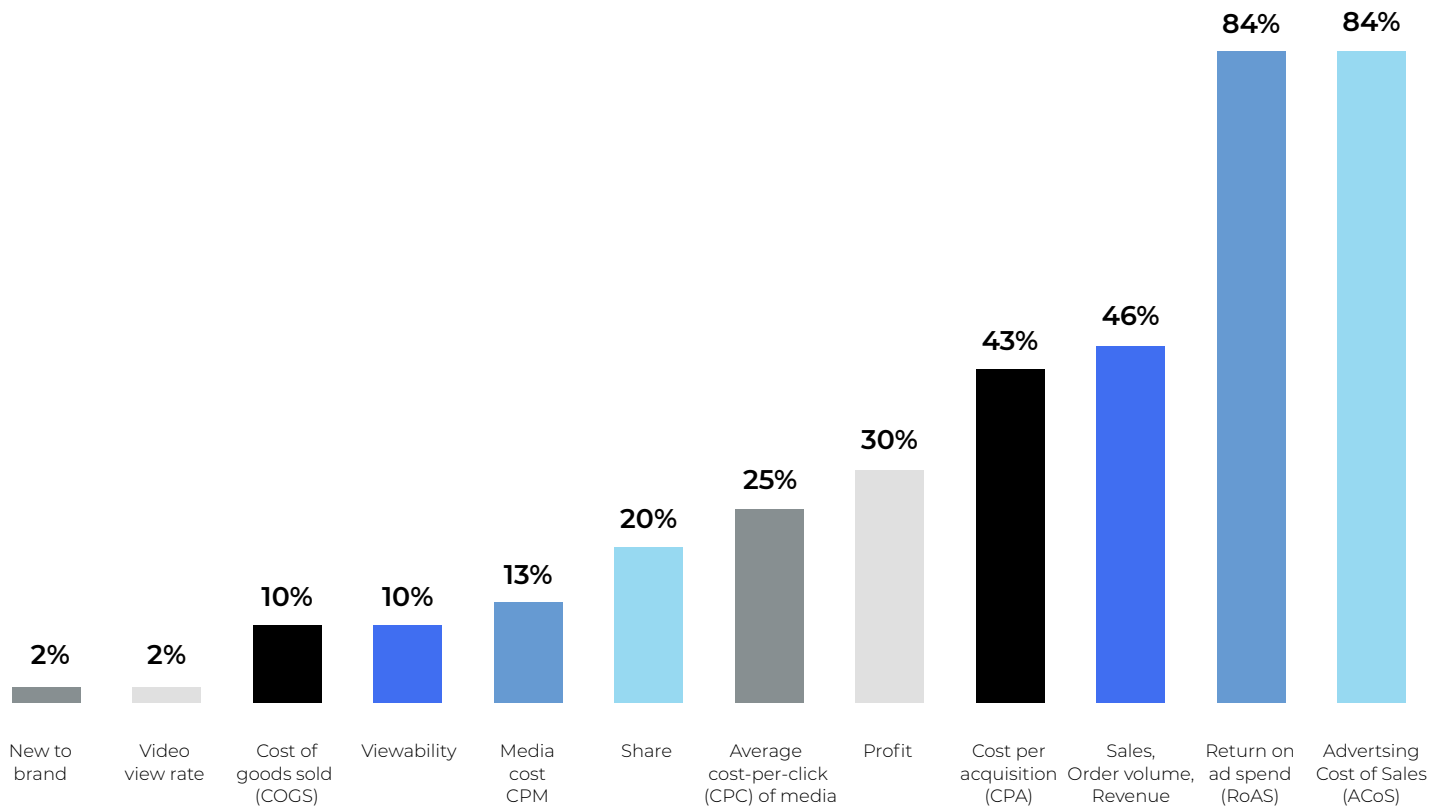
How would you prioritize the desired impact of retail media for your organization?



Respondents indicated that Brand sales & conversion was the most desired impact from retail media spend, followed by Brand awareness, Brand engagement, Brand discoverability, and Brand loyalty.

MEASURING SUCCESS

Which of the following KPIs are most important to measure retail media success?

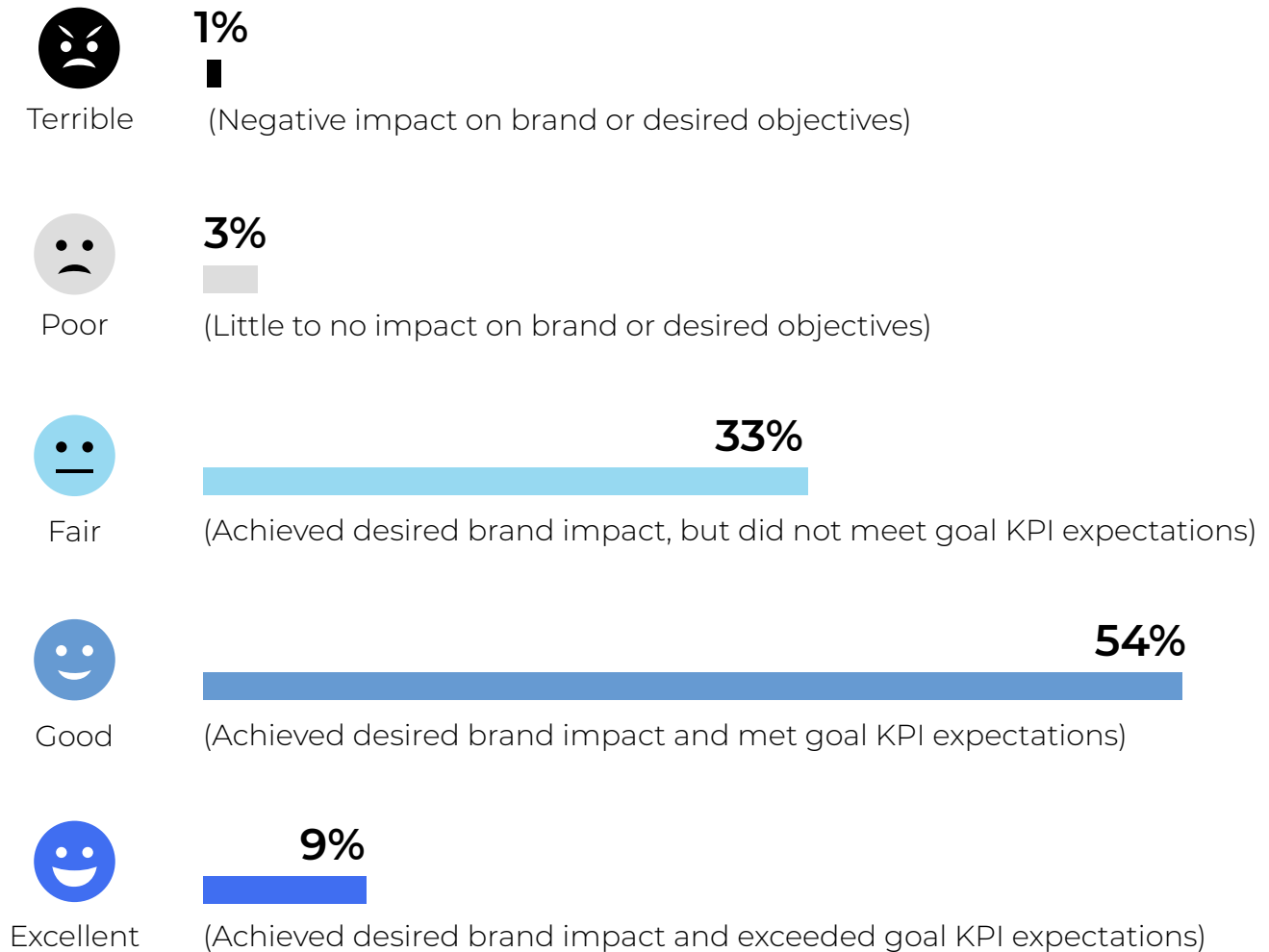


Respondents indicated that the **three most important KPIs** when measuring retail media success were:

1. Advertising Cost of Sales (ACoS)
2. Return on ad spend (ROAS)
3. Sales, order volume, revenue

2022 RESULTS

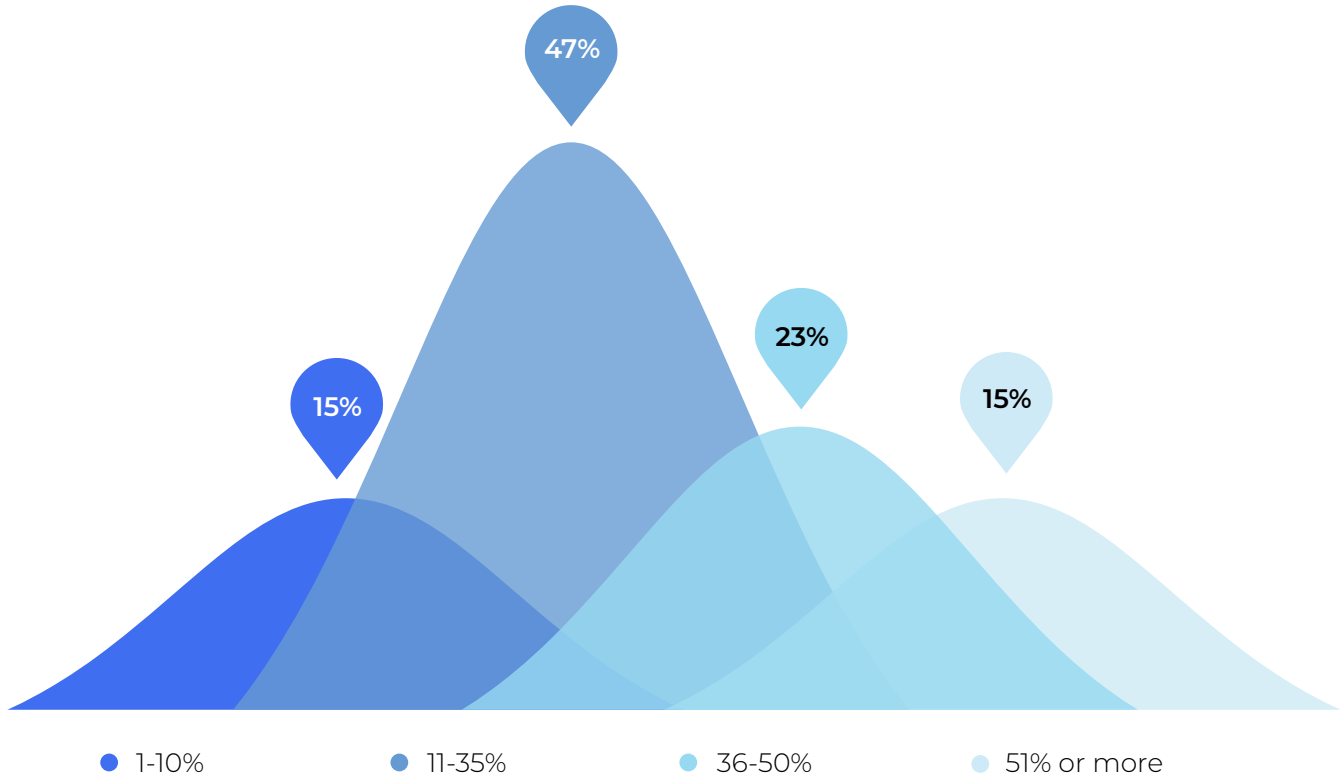
Overall, how would you describe the results driven by retail media in 2022?



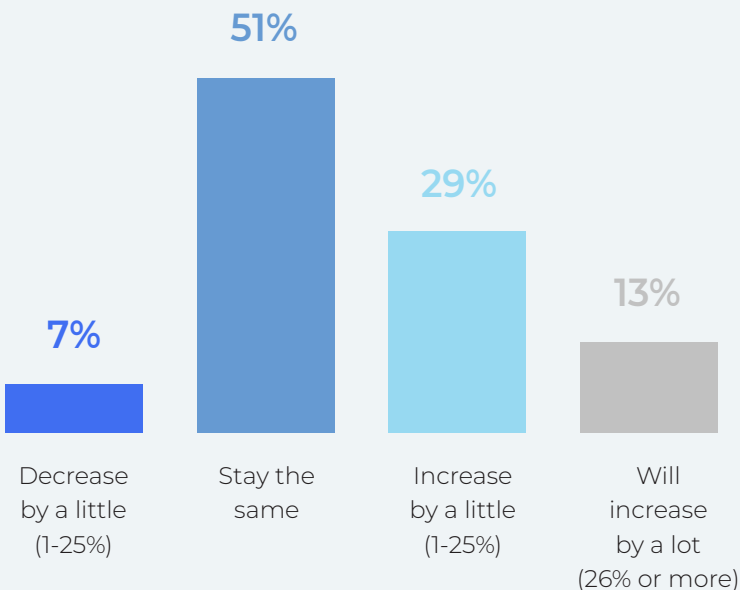
Overall, 96% of those surveyed said that their retail media programs achieved desired brand impact last year. Retail media largely achieved desired brand impact and either met (54% indicated) or exceeded (9% indicated) goal KPI expectations in 2022 for the vast majority of respondents. Only 4% saw little to no impact on brand or desired objectives.

INVESTMENT TRENDS

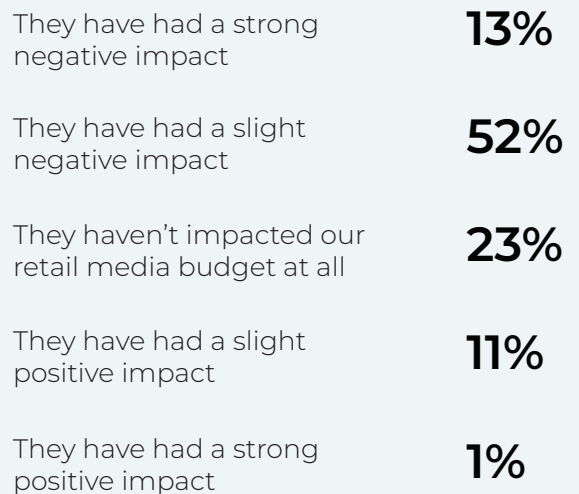
Approximately what percentage of your total marketing budget is retail media?



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

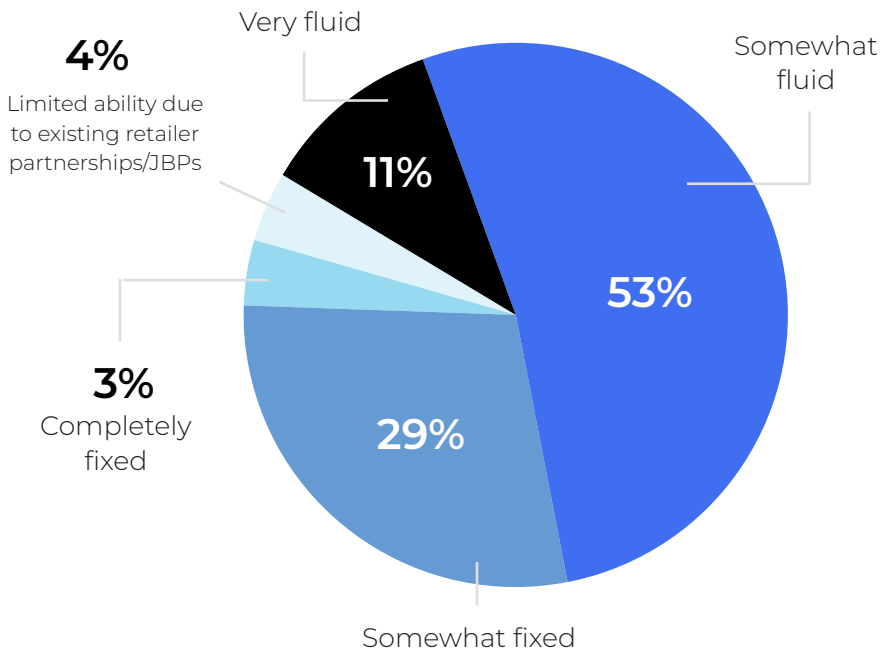


How have the current economic conditions affected your 2023 retail media budget?



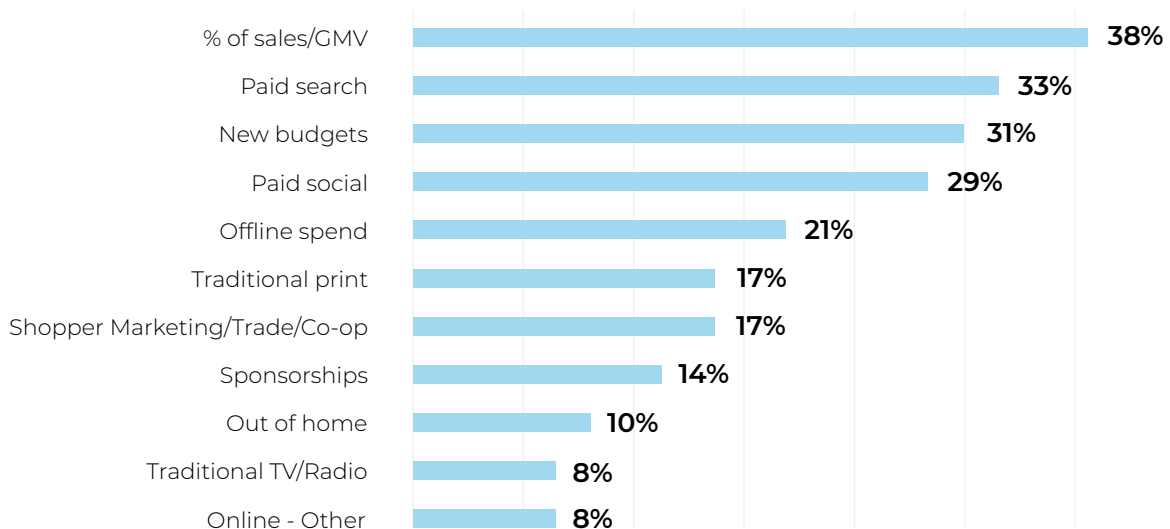
BUDGET FLUIDITY AND SOURCES

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



Over 64% of respondents have a moderate to highly flexible retail media budget, allowing swift adaptation to market changes, while only 7% report fixed budgets, potentially limiting their responsiveness to evolving consumer needs.

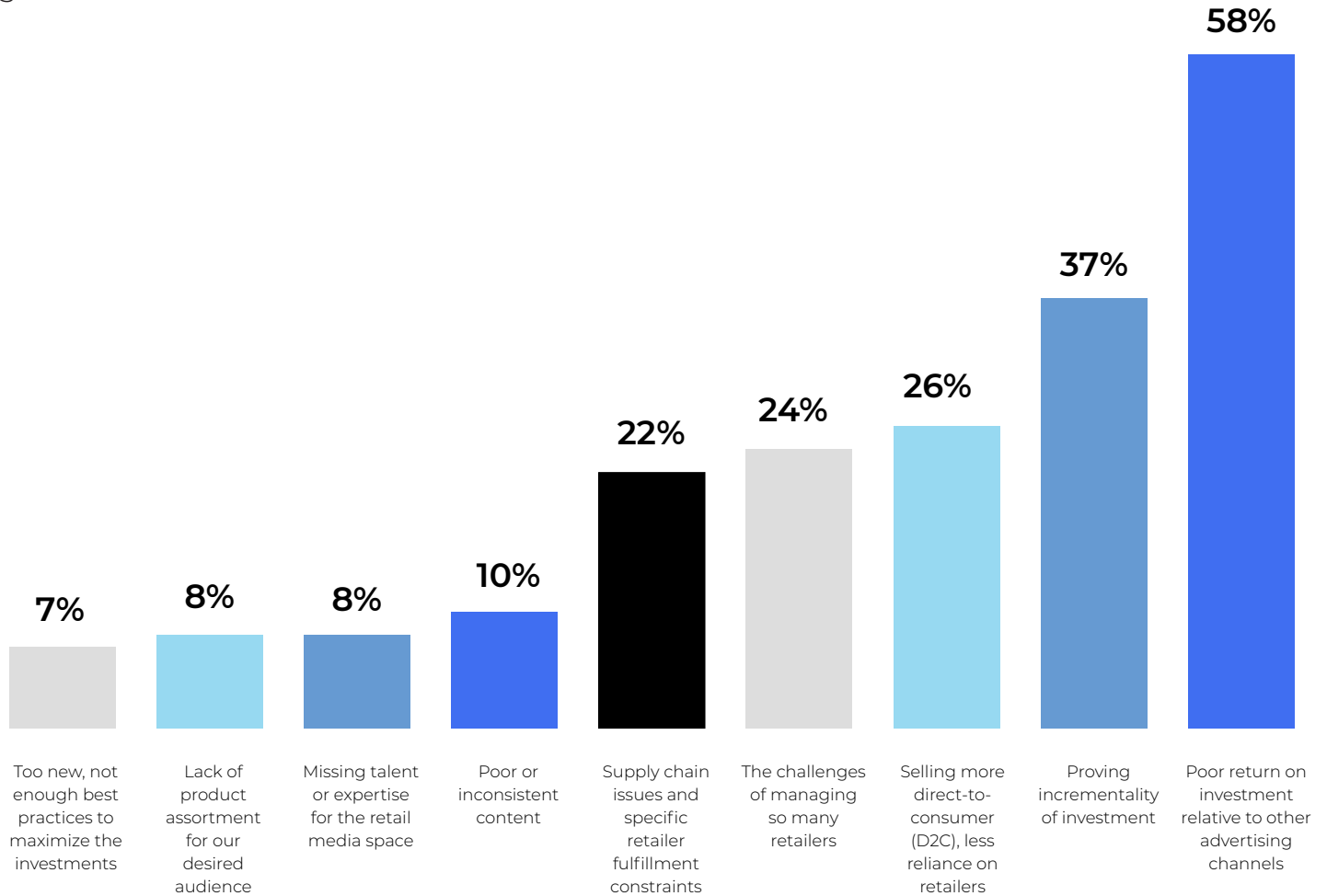
Where are retail media investments coming from?



Retail media budgets pose the greatest threat to existing paid search (eg. Google Search) investment (33% indicated that search is a source of spend). 31% indicated that retail media budgets are new and not disruptive to any existing channel, while 29% indicated that they are coming from paid social (eg. Facebook).

CHALLENGES

What are some of the critical challenges marketers face that could slow investment growth to retail media?

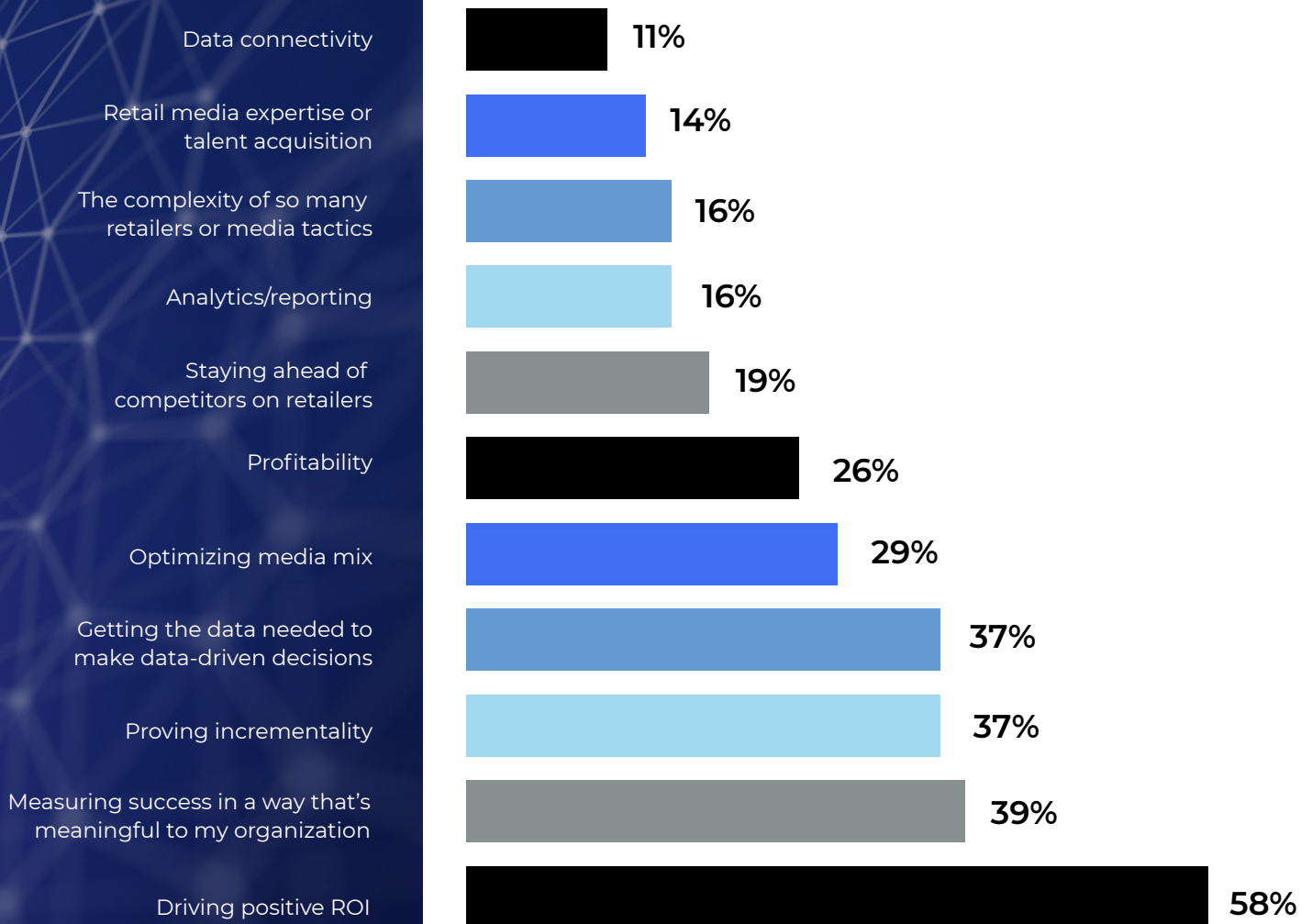


The challenges to scaling retail media investment included:

1. A poor ROI relative to other channels
2. Proving incrementality of investment
3. Selling more D2C, less reliance on retailers

CHALLENGES

What are your three biggest retail media activation challenges?

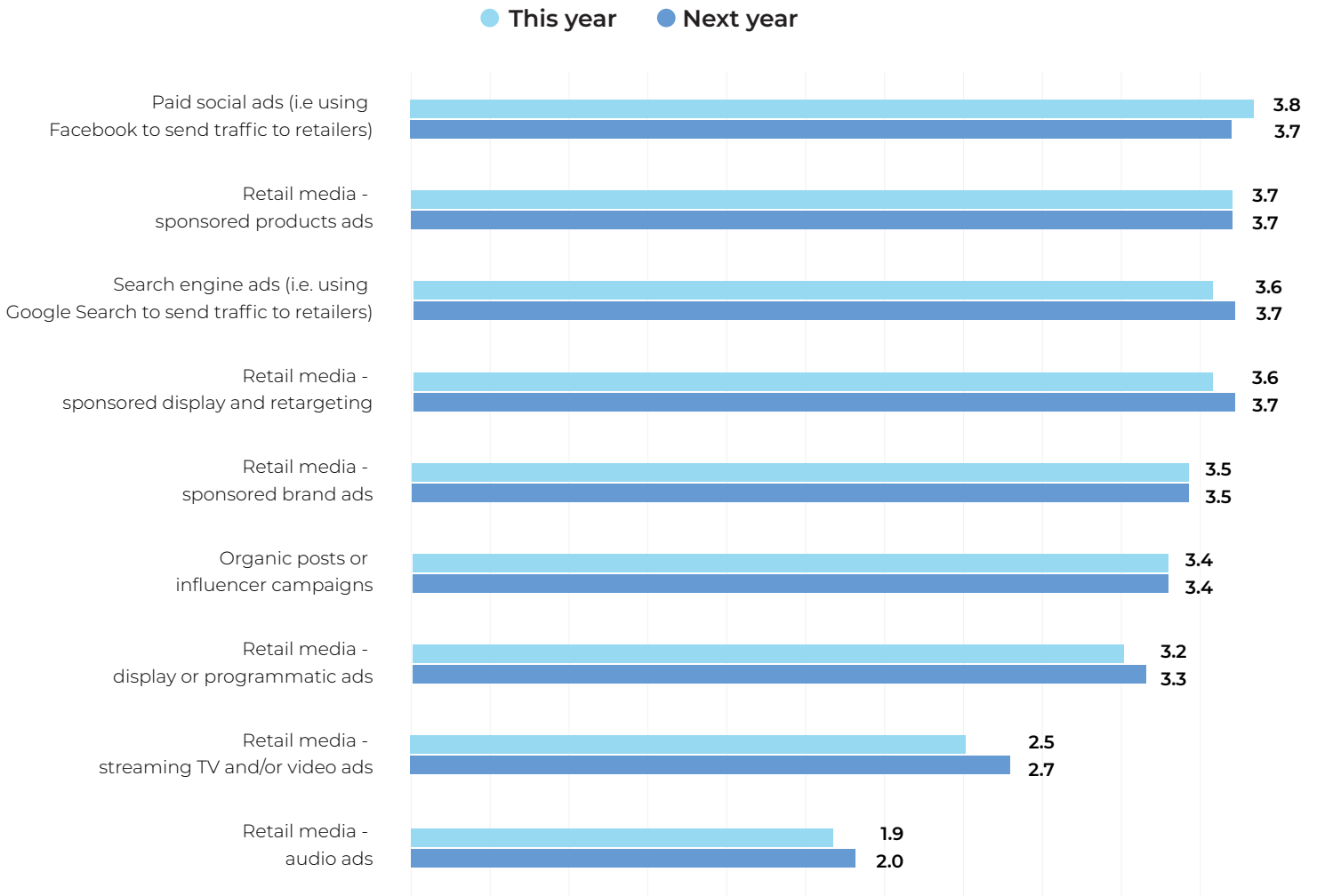


The three biggest challenges that retail media marketers face today

1. Driving positive ROI
2. Measuring meaningful success
3. Proving incrementality

AD FORMAT PRIORITIZATION

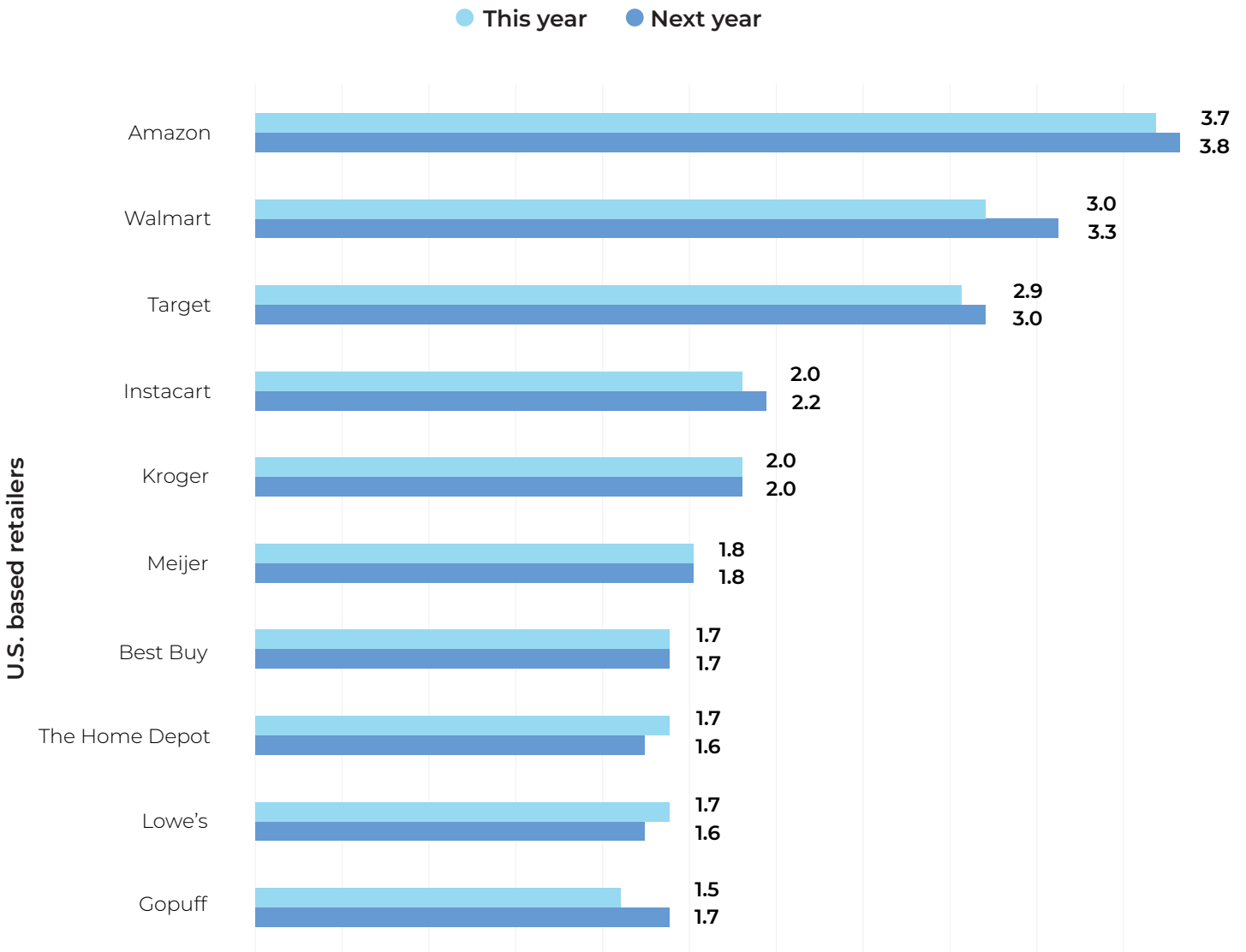
On a scale of 1 to 5 (1 = not at all prioritized, 5 = very prioritized), how important are each of these ad formats to your retail media programs this year versus next year?



As a sign of how retail is evolving, paid social ads are the most prioritized ad format for retail marketers this year. Ad formats that will be on the rise next year include Retail media - streaming TV and/or video ads, Retail media - display or programmatic ads, Retail media - sponsored display and retargeting, and Search engine ads

RETAILER PRIORITIZATION

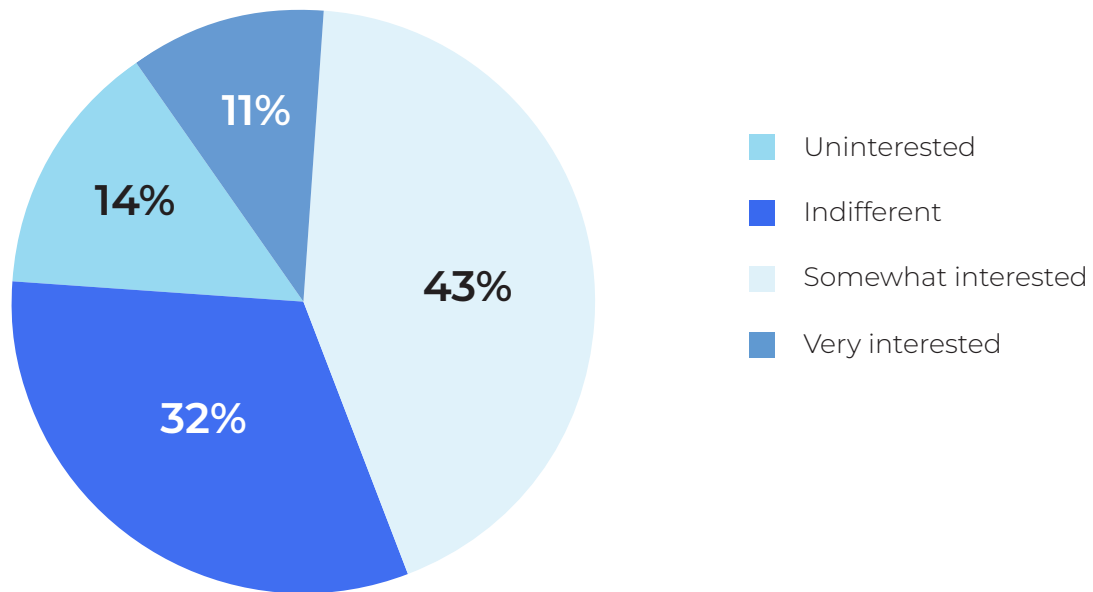
On a scale of 1 to 5 (1 = not at all prioritized, 5 = very prioritized), how important are each of these retailers to your retail media programs this year versus next year?



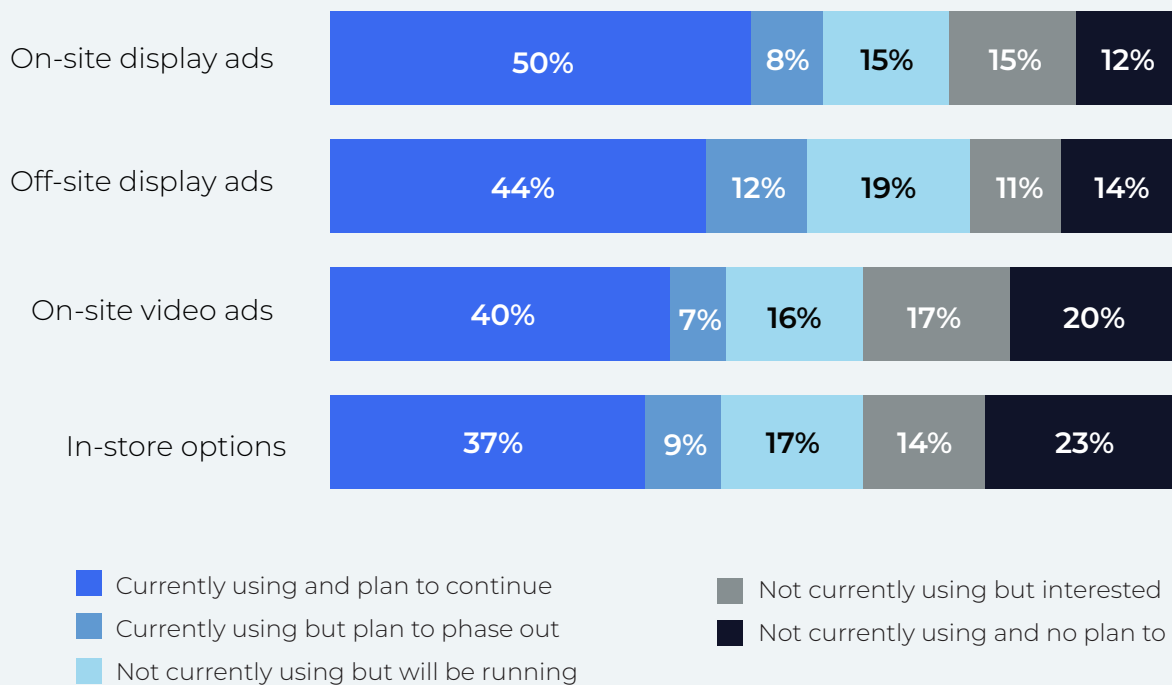
Most U.S.-based retail media networks are anticipated to increase in prioritization in 2023 with Amazon being the most prioritized followed by Walmart, Target, and Instacart.

PROGRAMMATIC DISPLAY INVESTMENT

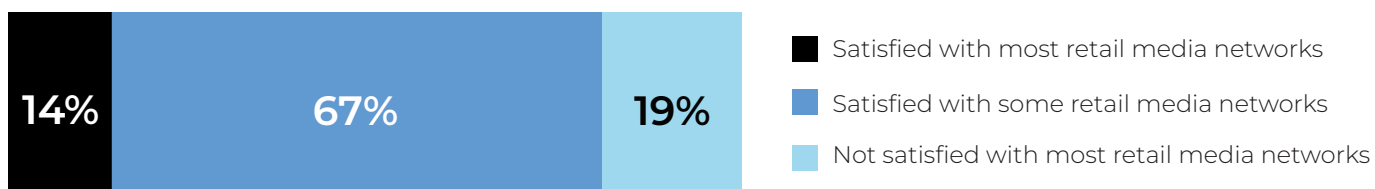
How interested are you in investing in a retailer programmatic display network to allow on-site and off-site advertising experiences?



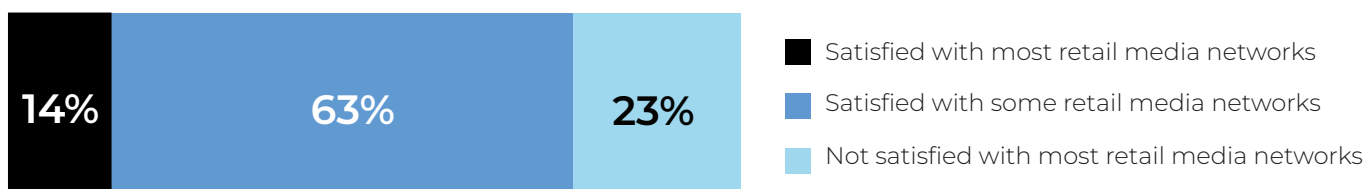
Which forms of retail media—beyond sponsored search ads—will make your 2023 plan?



In general, how would you rate your satisfaction with the **measurement capabilities of today's retail media networks?**

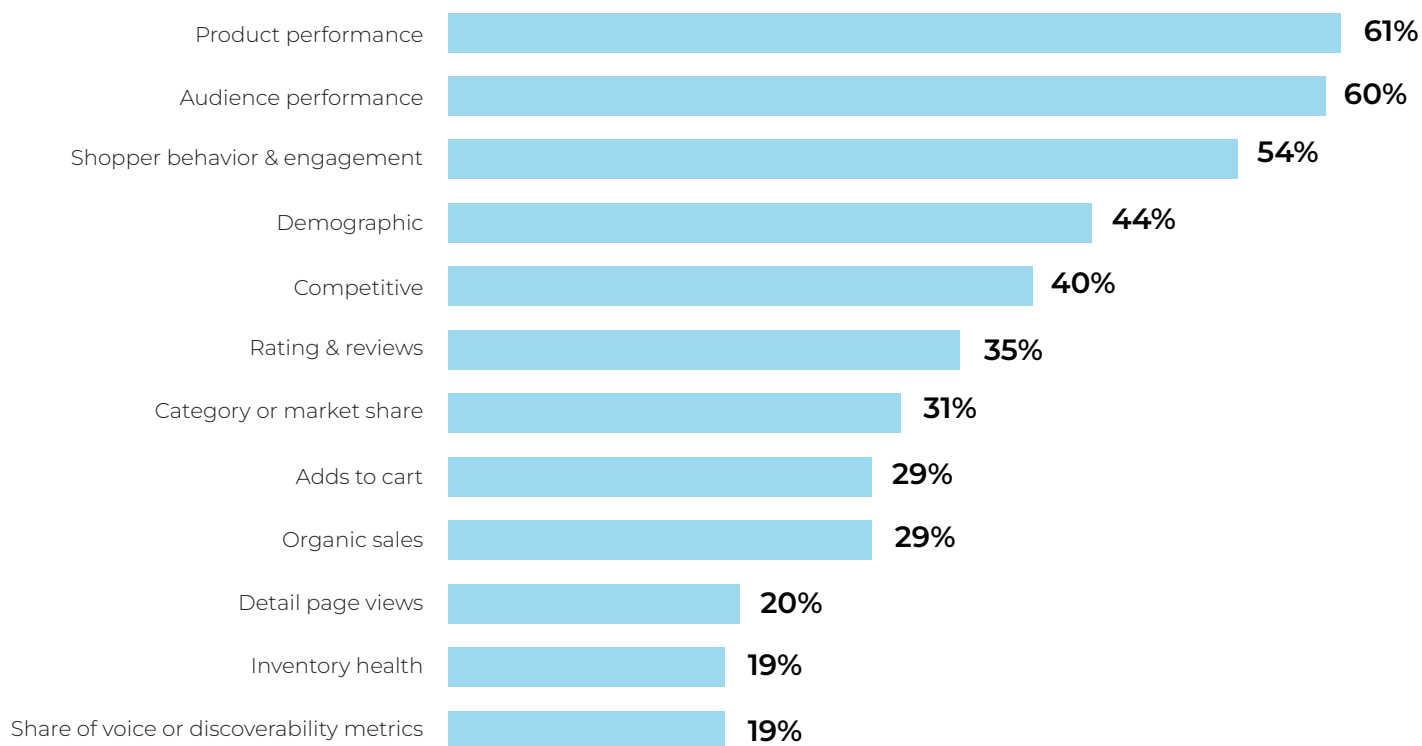


In general, how would you rate your satisfaction with the **data sharing capabilities of today's retail media networks?**

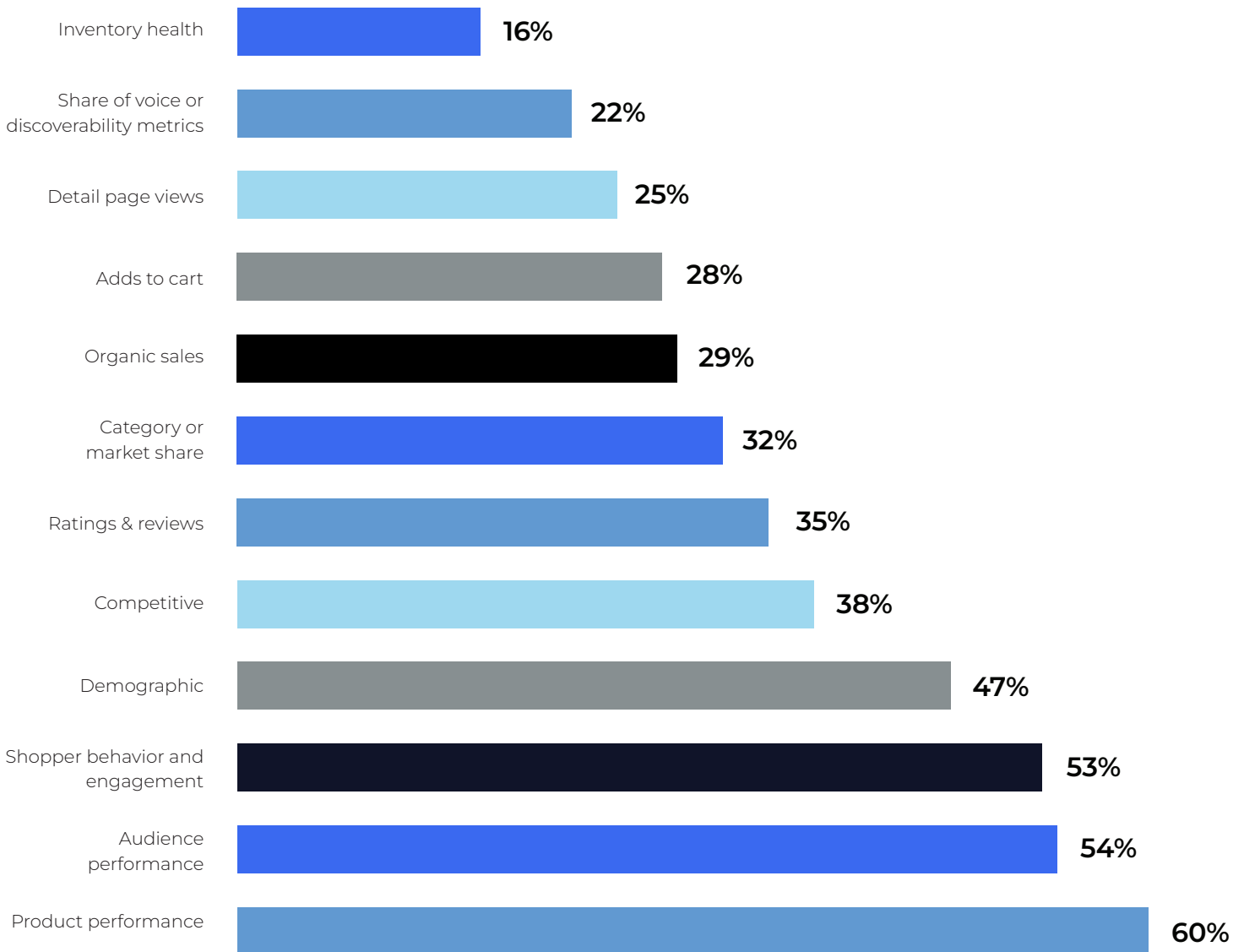


DATA USAGE

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



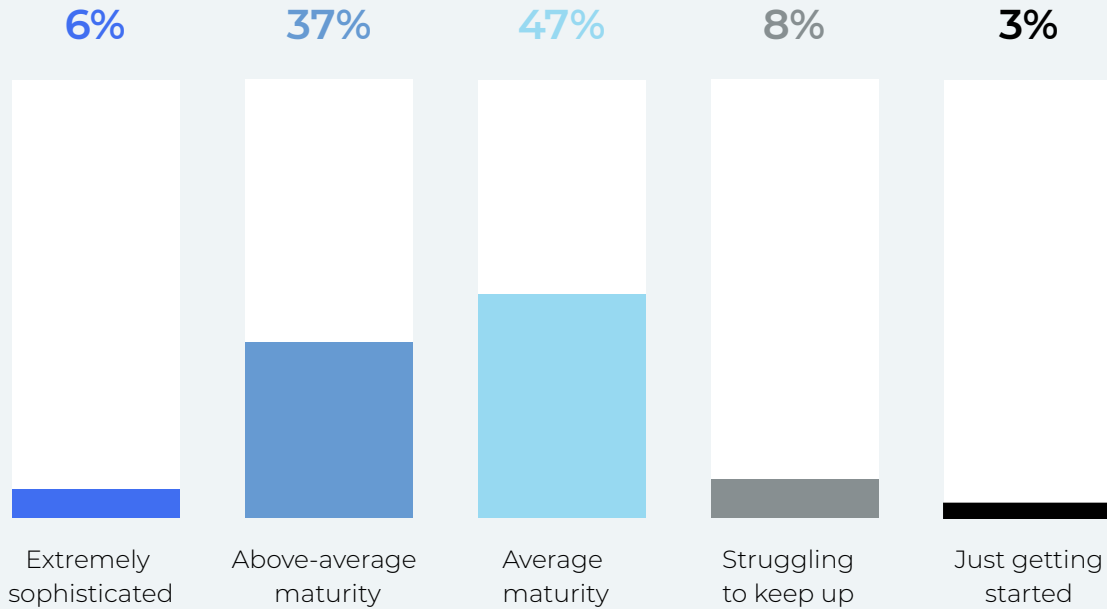
What types of data do you use to inform your retail media execution and optimization efforts?



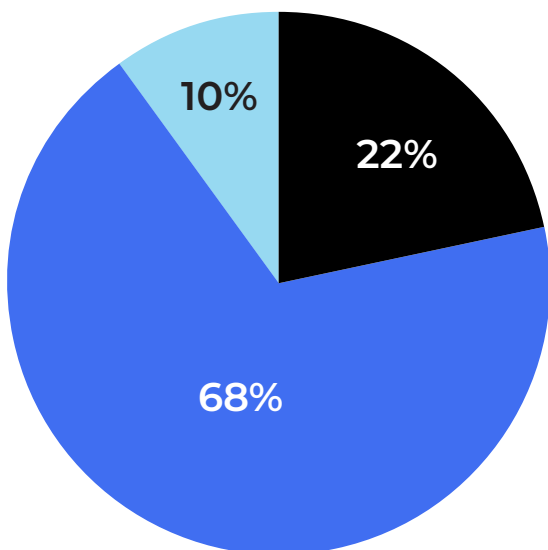
Advertisers are primarily using shopper behavior and engagement data, product performance data and audience performance data to inform retail media strategy and budget decisions, as well as retail media execution and optimization efforts.

RETAIL MEDIA PROGRAM MANAGEMENT

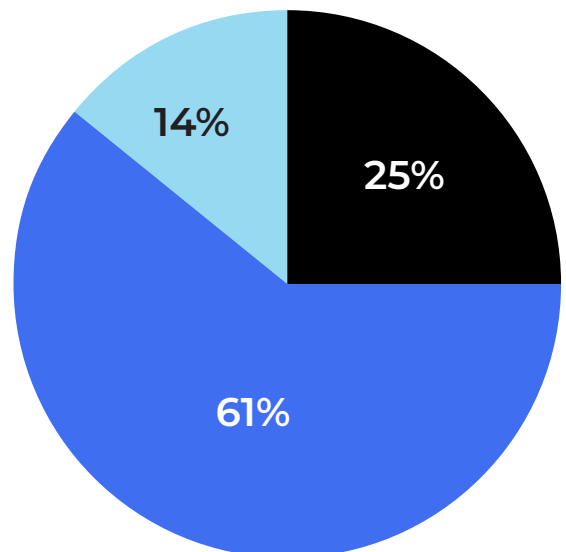
Which of the following best describes your team's retail media maturity?



In 2022, did you outsource (agency/consultant) or manage retail media programs in-house?

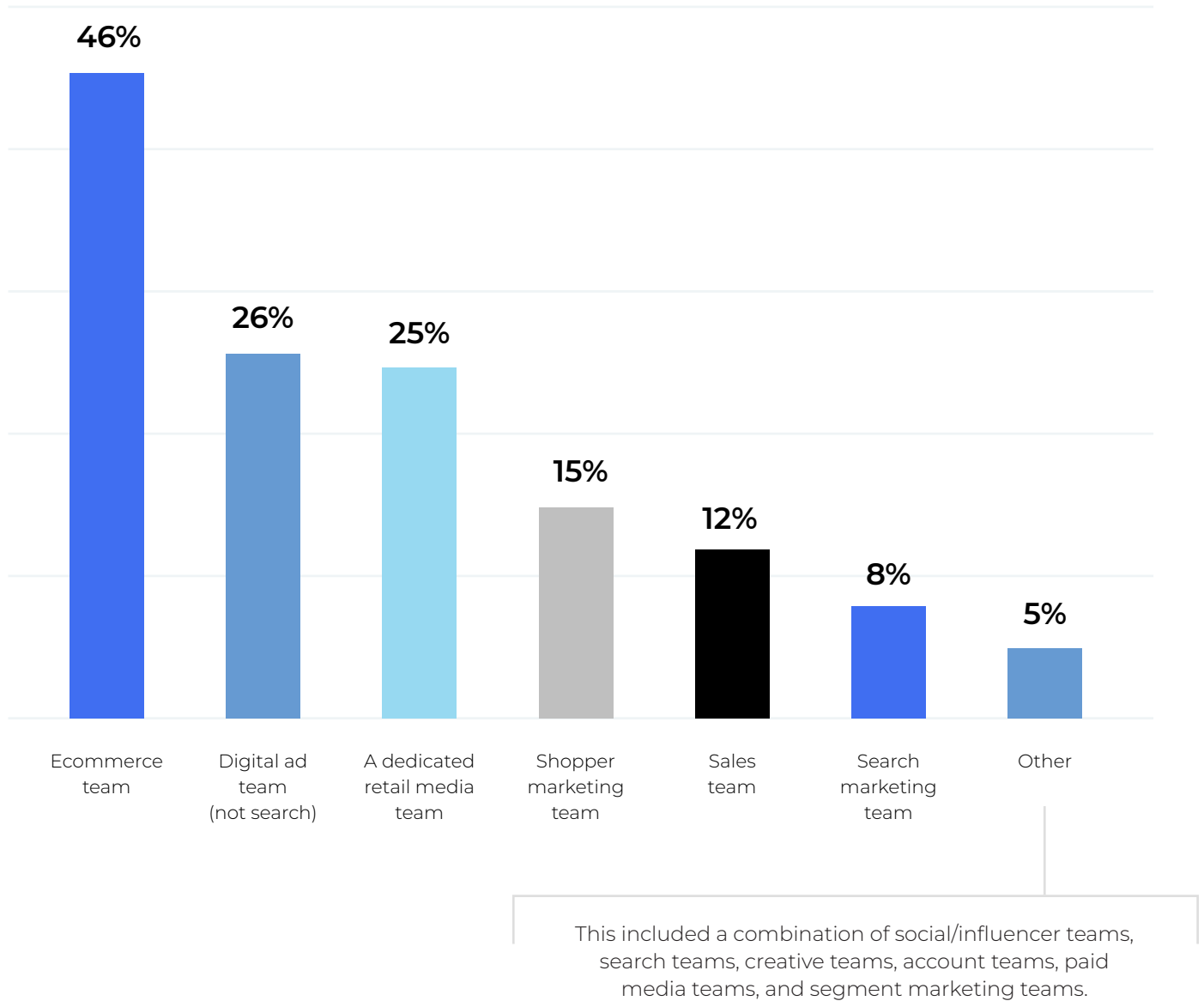


In 2023, do you plan to outsource (agency/consultant) or manage retail media programs in-house?



All in-house
 Some in-house, some outsourced
 All outsourced

Which team(s) oversees retail media investments in your organization?



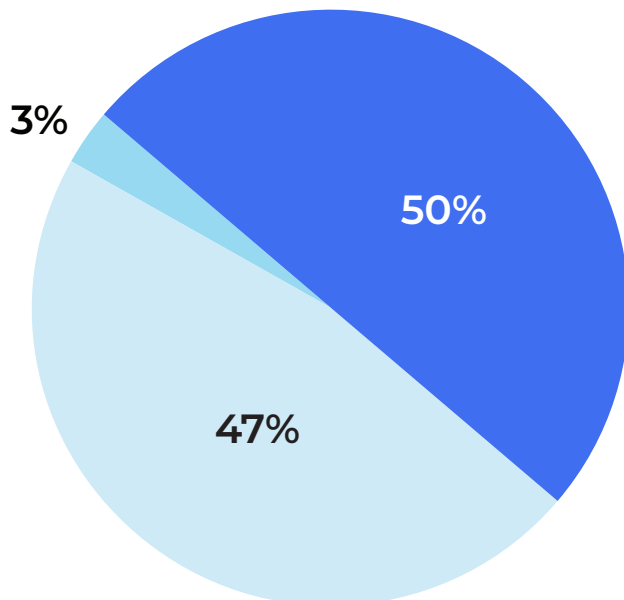
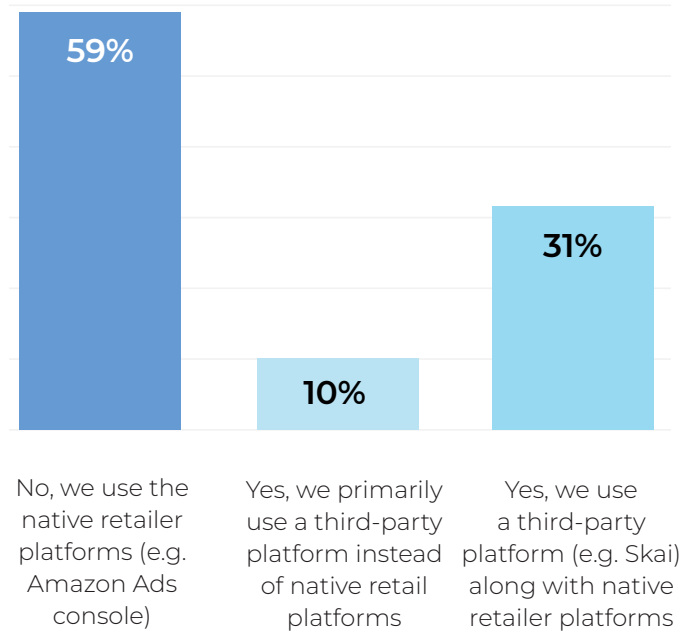
Brands are primarily leaning on their ecommerce teams to manage their organizations retail media investments. When asked which team oversees retail media, 46% of respondents indicated an ecommerce team, 25% indicated a dedicated retail media team, 15% indicated a shopper marketing team and 26% indicated a digital ad team (ex-search).

THIRD-PARTY PLATFORM USAGE

Do you currently use a third-party campaign management platform to manage your retail media programs, and if so, do you use it along with or instead of native retailer platforms?

The majority (59%) of respondents are not using third-party campaign management platforms to manage retail media programs and are instead using the native retailer platforms like the Amazon Ads console.

Of those not using a third-party platform, half have no plans to use one in the next 12 months, and half say they do plan to evaluate them this year.

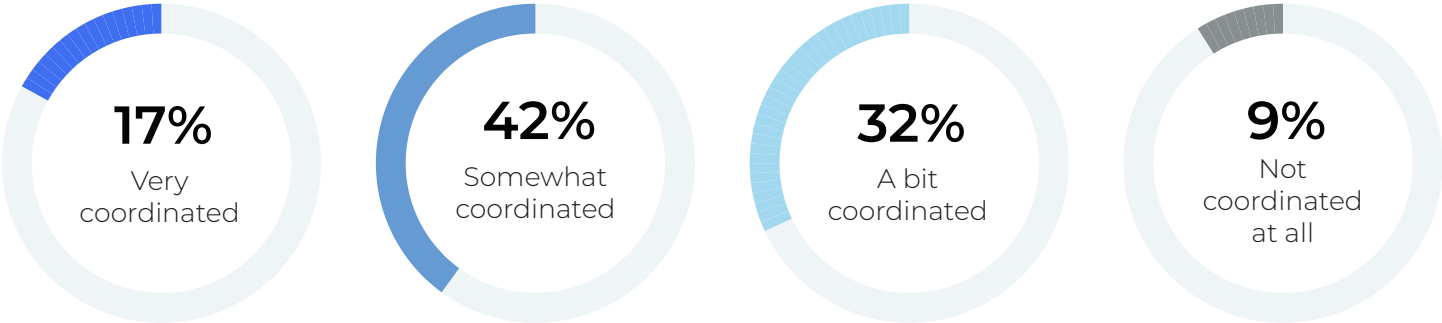


Do you plan to use a third-party platform in the next year?

- No plans to use/evaluate in the next year
- Will evaluate third-party platforms in the next year
- Will use a third-party platform in the next year

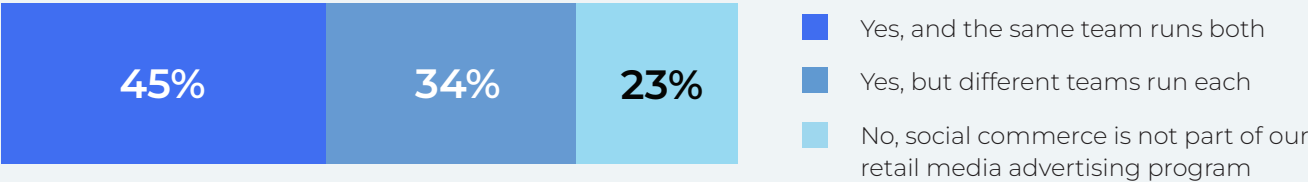
RETAIL MEDIA COORDINATION

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

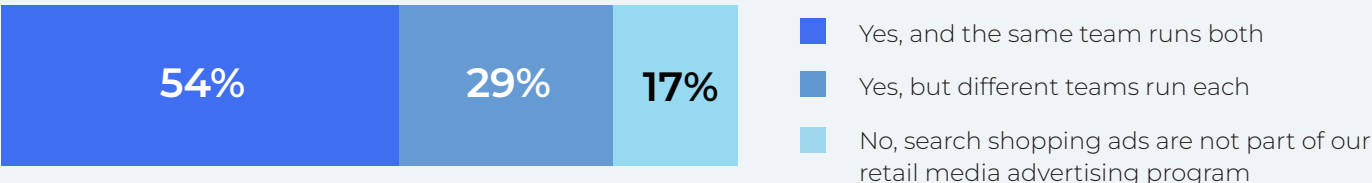


Coordinating retail media programs with other digital ad channels seems to be the norm. 9% of those surveyed indicated that they don't have any level of coordination.

Does your organization consider “social commerce” part of your retail media advertising program?

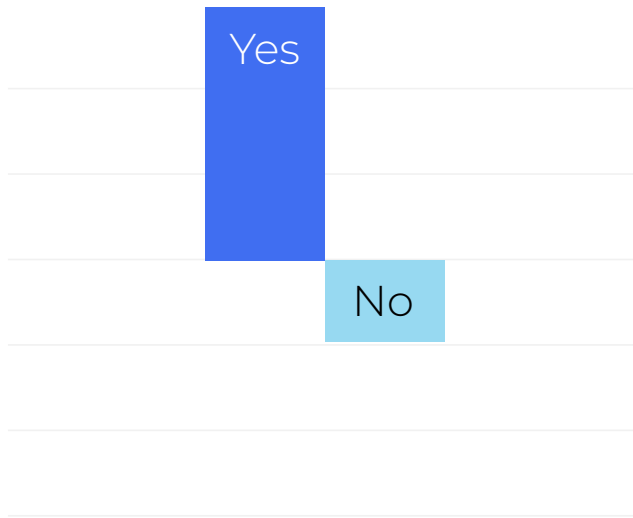


Does your organization consider “search shopping” ads (e.g. Google Shopping Ads) part of your retail media advertising program?



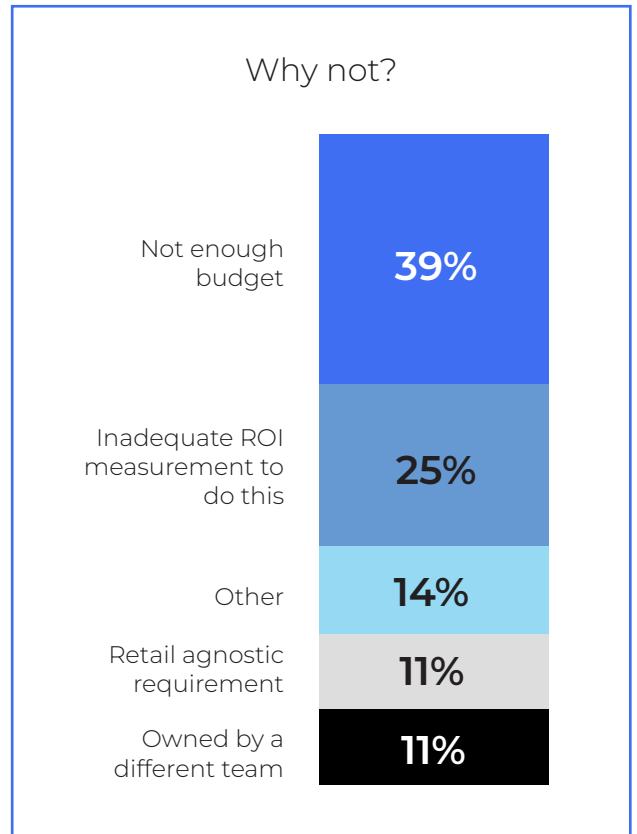
PAID SOCIAL AND PAID SEARCH USAGE

Are you currently using channels like paid social and/or paid search to drive traffic to (and sales through) retailer partners? If not, why not?

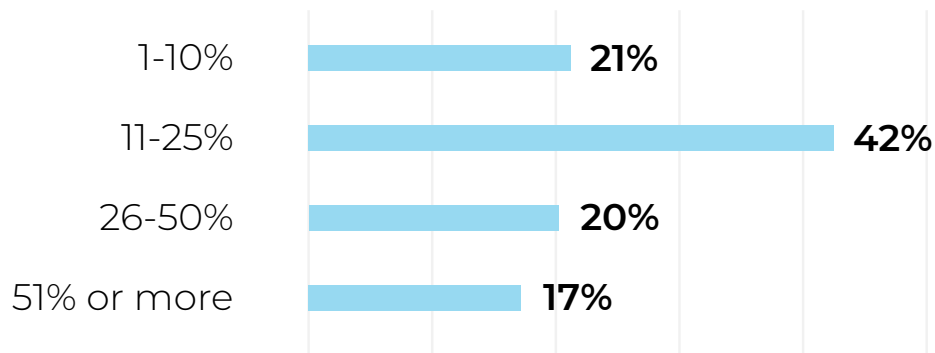


 **76%**

 **24%**



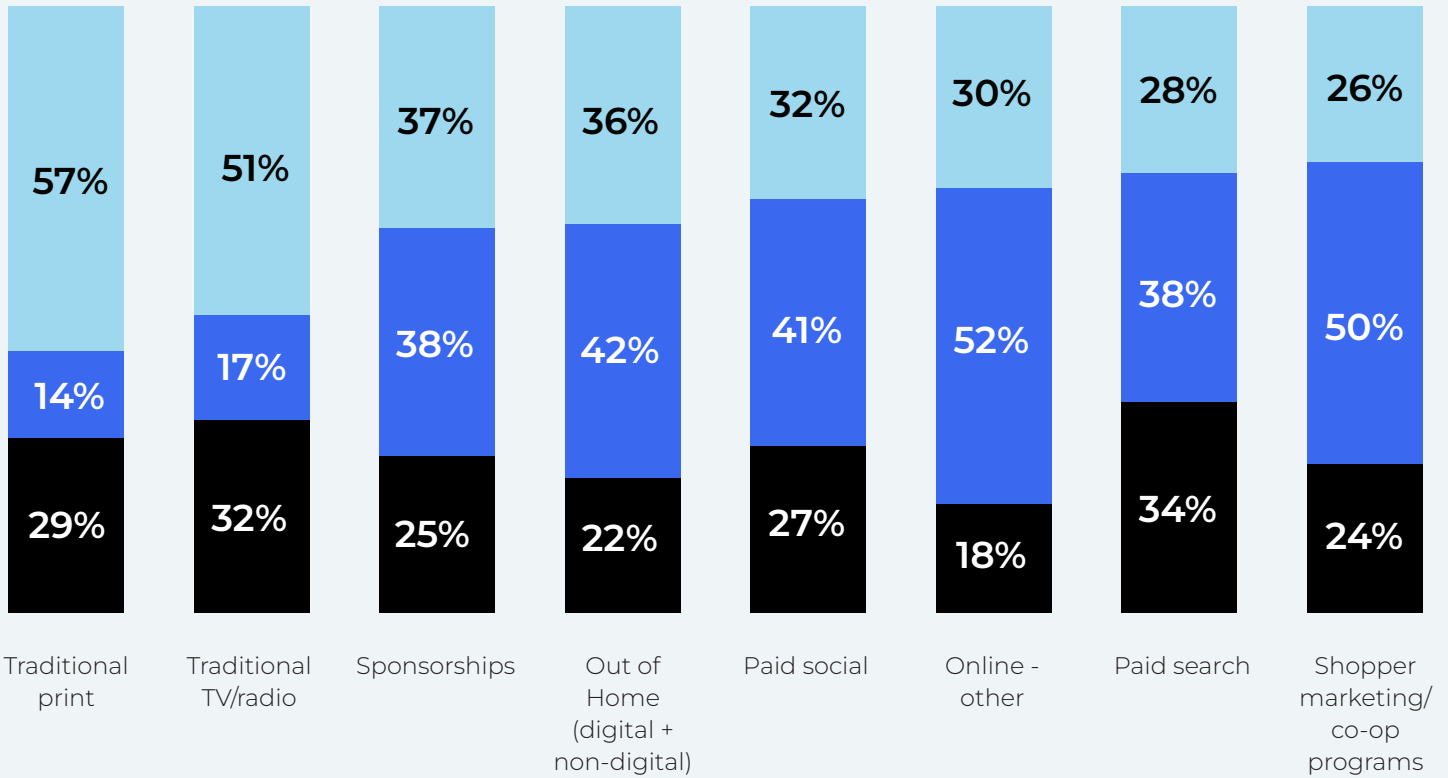
Approximately what percent of your paid social and/or paid search budget is being used to drive traffic to retailer partners?



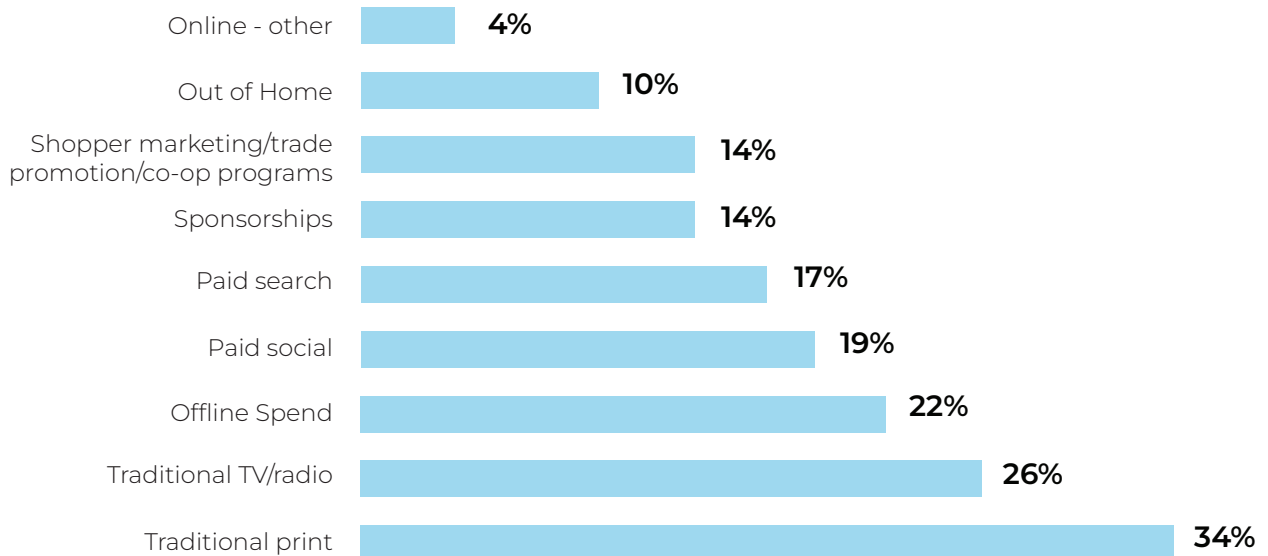
CONNECTED COMMERCE

Compared to these marketing channels, how important is retail media to your organization?

- Retail media is more important
- Retail media is about the same importance
- Retail media is less important

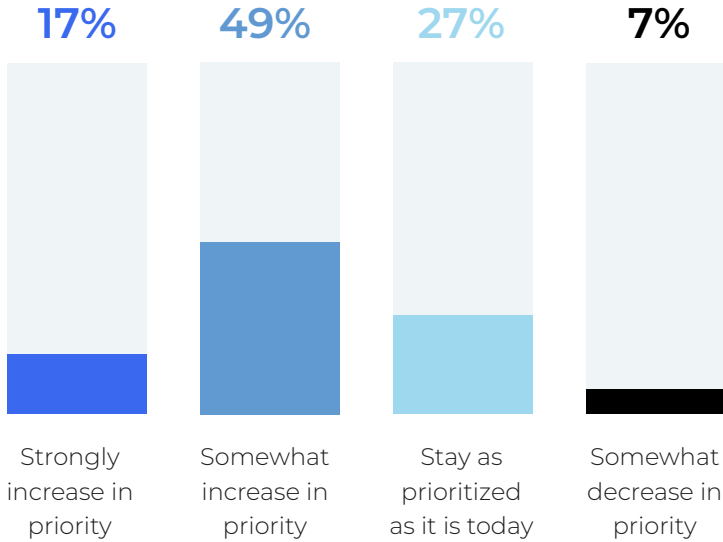


If you had to pull money from a channel to fund retail media, which would likely be the channel most affected?



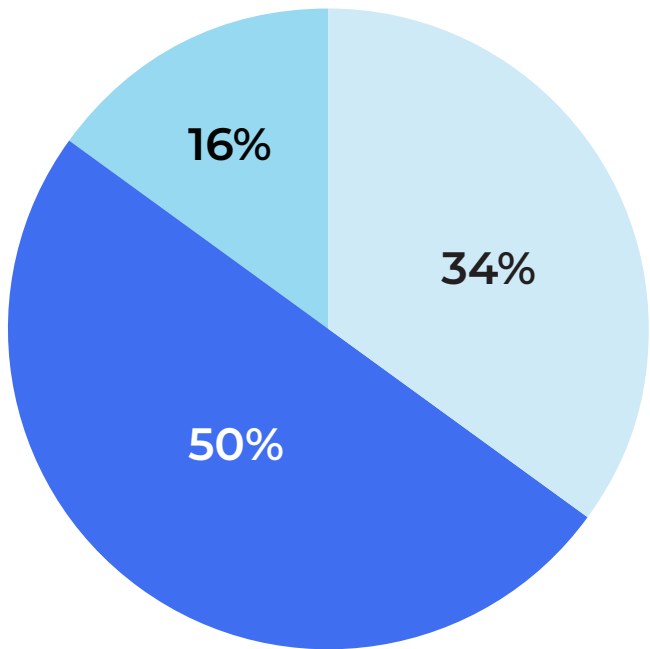
RETAIL MEDIA OUTLOOK

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



Two-thirds (66%) of respondents believe that retail media will increase in priority over the next two years; 49% believe that it will somewhat increase, while 17% believe that it will strongly increase.

Despite the optimism, respondents believe that there is a low likelihood that retail media spend overtakes paid search or paid social in the next five years.



With the influx of investment in retail media, costs have gone up. Would you say that retail media is worth the cost?

- Yes, for access to first-party shopper data/targeted audiences
- Yes, for incremental merchandising space and other return-on-relationship benefits
- No/it's complicated

About Skai™

Skai (formerly Kenshoo) is a leading omnichannel marketing platform that uniquely connects data and performance media for informed decisions, high efficiencies, and optimal returns.

Its partners include Google, Meta, Amazon Ads, TikTok, Snap, Walmart Connect, Instacart, Roundel, Criteo, CitrusAd, Pinterest, Microsoft, Apple Search Ads, and more.

For over 15 years Skai has been trusted by an impressive roster of brands including Pepsico, Michaels, Reckitt, Daimler, LG and Vodafone. The company is headquartered out of Tel Aviv, with seven international locations, and is backed by Sequoia Capital, Arts Alliance, Tenaya Capital, Bain Capital Ventures, Pitango and Qumra Capital. Visit skai.io for more information.