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MARKETING

Retail-owned media spending increases 25pc in 2023: report

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A new report by online marketing service LiveIntent shows that a majority of advertisers rank the promotional avenue as more effective than other digital avenues. Image credit: Placer.ai

By ZACH JAMES

Across all industries, digital marketing is seeing an increase in one trend, retail media networks (RMNs).

The networks are retailer-owned advertising systems that allow for the brand to own all advertising space within their own internet domains. A new report by online marketing service LiveIntent shows that a majority of advertisers rank the promotional avenue as more effective than other digital avenues."Retailers know the audience that visits their website is visiting for a reason," said Adam Berkowitz, chief of staff at LiveIntent.

"When someone visits a retailer's site, it's because they want something the retailer may offer," he said. "Retailers know that the audience will be more appealing to advertisers because advertisers are getting in front of people with intent."

LiveIntent's "2023 Retail Media Market Report" is a four-part project that examines trends in the market through the perspectives of those advertising within it. Through surveying more than 200 marketers over an unspecified amount of time, the firm came to several conclusions about RMNs and their adoption among top retailers.

Growing pains

Among the marketing service's key findings is that brand marketers prefer RMNs over other digital channels, including social media, email and display advertising.

Of those surveyed, 63 percent view the networks as far more effective than other means. With that, spending among marketing agents on RMN advertisement placements has gone up by 25 percent so far this year, but there's a massive problem in retailers' hands.

There's just not enough inventory within the systems to satisfy demand.

Although demand is high for advertising spots, supply has to catch up. Image credit: K11 Musea

"Retailers view their retail media channels as being perfect fits for advertising dollars, but there's not enough inventory," Mr. Berkowitz said.

"That's why retailers are expanding into other owned and operated channels where they can extend the campaigns, like their email newsletters and alerts," he continued. "In this report, we see that advertisers expressed interest in video, connected TV/streaming, off-site media and email-based newsletters, alerts and receipts as part of retail media networks."

"This indicates that retailers have barely begun to scratch the surface of maximizing their inventory for their retail media networks."

While there's certainly room for RMNs to grow, 47 percent of marketers have grown frustrated with the limited availability of premium slots.

Exacerbating their headaches is the wait to have placements go beyond just "ads on site," with 64 percent wanting video support, another 57 percent wanting slots on smart TVs and streaming platforms and a tertiary 54 percent endorsing promotional email sponsorship.

Better branding boosts and high performance among participants are what have drew campaigns into the prospect, but if inventory cannot increase, tides will shift out of retailers' favor.

Luxury shopping on New Bond Street in London. Image credit: Walpole

"Marketers have clearly expressed that retail media inventory is too limited, especially given the high performance of retail media," said Mike Pisula, vice president of product development at LiveIntent, in a statement.

"For this category to continue growing and succeeding, retailers need to offer a wider variety of addressable inventory with targetable audiences and improved measurement, including incrementality to secure dollars."

Growing, thriving market

It's a booming market with tons of potential to grow, with spending and adoption increasing more and more as time progresses.

The vast majority of advertisers surveyed, 84 percent, predict an increased embrace of the medium within the next 12 months. Because of this, overall spending will go up.

Nearly three-quarters of all ad placers, 73 percent, plan to more heavily invest in the retailers' ad placements by next year, with only 8 percent planning to divest.

With 42 percent of respondents definitively committing to furthering their support of RMNs and another 50 percent "leaning toward it," the promotional channel is in a great place going into the immediate future.

Alongside this advancement, the luxury sector is expected to see further spending from the vast majority of consumers in 2024 (see story), potentially going hand in hand with RMNs' rise.

While the economy may be holding for now, upholding the advertising systems' relevance, HNWIs are relocating at record levels, potentially in preparation for a coming recession (see story).