The 5 Minute Guide to Retail Media Networks
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Introduction

Why retail media networks (RMNs) are arguably the next biggest thing to happen to advertising since open exchanges.

With the rise of media networks, retailers are expanding their sphere of influence, diversifying their revenue streams, and transforming their ability to reach new and valuable audiences. According to a recent eMarketer report, after almost 50% growth in e-commerce channel ad spending during 2020, advertisers will increase those allocations by another 27.8% this year. One in eight digital ad dollars will go to advertising on e-commerce properties. Further, Boston Consulting Group has stated in a recent report that, “big retailers are already racing toward a $100 billion high-margin annual revenue prize in retail media.”

In this e-book, we’ll explore five reasons why retailers are building retail media networks (RMNs), and three critical steps to making them a successful reality.

1 in 8  Digital ad dollars will go to advertising on e-commerce properties.

$100B  High-margin annual revenue prize in retail media.
Why are retailers investing in RMNs?

You've already seen successful retail media networks from Target, Carrefour, CVS, and Boots, among others. RMNs are advertising platforms and infrastructure that provide access to consumers via a retailer’s website, app, and other digital platforms within their network. It can also include offline channels such as in-store and direct mail. For advertisers, a retailers' owned and operated (O&O) are attractive because consumers are typically more receptive to advertising, and more likely to buy while they are actively shopping.

At a time when customers are demanding more from the retailers and brands they interact with, leveraging data collaboration effectively can be a key way to connect with consumers more efficiently and personally. Similarly, as the ad-tech industry continues to evolve, closed-loop measurement and data security are becoming table stakes for advertisers who want to reach valuable customers directly without relying on third-party cookies.
Five benefits of building a retail media network

Retain shopper marketing dollars

Shopper dollars have historically been spent on end caps or in-store marketing. With the rise of delivery and on-demand services, those methods become less valuable and effective. Retailers can maintain and grow those shopper dollars by diverting spend to their online placements. Even better, by using first-party data, both retailers and brands benefit from delivering more accurate and relevant marketing to shoppers. With a media network, retailers are in a position to take advantage of this shift in where dollars are spent.

Capture consumers where they shop

Through placements on a retailer’s O&O, brands can reach their buyers in a digital context. Not only does on-site advertising drive new site traffic, but retailers and brands can also reach existing customers at the most opportune time—while they are shopping.

Additionally, retailers can help brands find and connect with new customers. Targeted off-site advertising helps identify and reach new online shoppers, ultimately providing more brand-customer touchpoints and conversions.
Increase e-commerce profitability

With the rise of free shipping, many retailers are in the red with online sales. Retailers can make e-commerce a profit center again by selling product placements and ad inventory on their O&O site. Retail media enables retailers to establish new and high-margin revenue streams.

Drive product development

Retailers benefit from brand data to enhance customer intelligence and better understand changing consumer needs. More than ever, today’s consumers expect personalised products and messaging that serve their interests. Ultimately, retailers and brands are able to meet shopper preferences with tighter research and development. Trail-blazing partnerships will be able to iterate quickly, reaching interested markets with innovative offerings and products.
Deepen supplier relationships

Retailers can surface unparalleled insights to increase sales and grow brand relationships. For example, brands can leverage closed-loop measurement to improve persona profile definition, audience targeting, and campaign optimisation, which will lead to:

A. Enhanced awareness of brands and products sold in retail stores, driving traffic to stores and online properties

B. Greater levels of consumer loyalty and membership

C. Increased consumer share of wallet and shopping cart
Three critical steps to building a retail media network

Define success

What are your company’s strategic priorities for developing a retail media business? The best first step is to consider building your media services, products, and go-to-market strategy based on what is most important to your business.

- In-store sales
- Are you trying to drive customers in-store? Or trying to increase overall product sales?
- Expanding relationships with brands
- Secure an advertiser’s current investments and grow your share of their marketing wallet
- Deepen relationships with strategic suppliers to influence category management and product development, or make improvements in the supply chain.
- Customer management
- Customer retention, driving incremental shopping carts and trips, increasing acquisition, growing loyalty programs
- Boosting margins
- With the right tech and people investment, retail media can become a stand-alone profit center for a retailer
Three critical steps to building a retail media network

2 Invest strategically

Success will not happen overnight, but retailers can start monetising one channel or one media placement at a time. In many cases, monetisation of placements like end caps and in-store signage is happening already. With the rise in spending across digital channels, retailers have new opportunities to leverage first-party data in partnership with their suppliers to deliver more relevant ads to shopper segments. Closed-loop measurement, something retailers are in a unique position to provide, is a new requirement to capture dollars and show the value of the supplier’s media investment.

Marketers cannot do it alone. Retail companies will need to identify the required skill sets and determine if the right expertise exists within the organisation—sales, operations, technology, media, creative, and data analytics—or if these skill sets need to be hired. The size of your team will likely be directly related to the demand for your first-party data. The larger the demand, the more resources are needed to get the initiative off the ground successfully. Building the infrastructure for a RMN is a significant investment. However, it’s one that will deliver consistent revenue year-over-year, further engage shoppers, and improve your competitive advantage.
Perform a data and technical audit

The lifecycle of building a retail media business, no matter the size and scale of the company, is fairly consistent. Marketers are sitting on great data assets, but they may not be valuable and actionable out of the gate. This next step requires true objectivity about your organisation’s current assets and capabilities.

Does your company have enough transactional data identified, and is it ready for a potential partner to leverage for one or more campaigns? If not, your company may need to collect more first-party data through a loyalty program, for example, and resolve it through identity resolution strategies to more accurately connect it to the right consumer. Great data is needed when building a retail media business, but the data must be scalable and actionable.

**Other questions to understanding your first-party data include:**

- Where does your data reside?
- What access do you have to your first-party data?
- Are there restrictions on how the data can be used?
- What is the level of segmentation you can offer?
When building an advertising business and performing a technical audit, find technology partners who aren’t redundant and can navigate the intricacies of consumer data. They should be partners who not only understand that privacy is not one-size-fits-all, but are also innovating and pushing the industry forward. At a foundational level, any partner should be able to engage with your IT, information security, and legal teams to explain how their technology protects consumer privacy while preserving data utility and allows for configurable privacy controls so you can tailor data access based on trust.

Finally, it’s essential to think strategically for the long term and be able to answer:

- Where does your team expect to generate revenue?
- How will your team serve ads on your website?
- What technology will your team need, from media to operations to data, and will you buy or build?
- Will your team focus only on owned and operated digital properties, off-platform, or both?
How LiveRamp can help

Keeping data safe and secure is critical to the success of retailers and their brand partners. LiveRamp Safe Haven enables retailers to monetize their data while providing robust, configurable privacy controls that allow retailers to maintain complete autonomy over who can access their data and for what purpose. Safe Haven is more than a clean room in that it is not limited to analytics and measurement, but also delivers controlled data collaboration and activation capabilities, interoperability with walled garden solutions, and closed-loop measurement.
Here are some of the ways LiveRamp works with retailers today:

• GDPR- and CCPA-compliant platform for data collaboration

• Data connectivity with 550+ ecosystem partners to activate data across programmatic, social, and retail

• Retail media sales and go-to-market strategy consulting services

• Identity resolution of first-party data (transaction, online, CRM) for segmentation and audience building, all tied to RampIDs with no PII in environment

• Data collection opportunities through pixels and platform integrations

• Advanced audience building

• Closed-loop measurement across in-store and online powered by identity-resolved ad exposure data

• A standard data organisation philosophy and taxonomy for retailers to help organise data assets

• Pre-packaged consumer insights and category management reports
Retailers have a variety of new tools at their disposal to improve profitability and customer engagement that drives higher rates of loyalty and overall spend. With a focus on building infrastructure that gives them more control over the customer experience and better visibility into their actions and trends, retailers can develop greater competitive advantage. It’s not a question of if, but when.
About LiveRamp

LiveRamp is the leading data connectivity platform for the safe and effective use of data. Powered by core identity resolution capabilities and an unparalleled network, LiveRamp enables companies and their partners to better connect, control, and activate data to transform customer experiences and generate more valuable business outcomes. LiveRamp’s fully interoperable and neutral infrastructure delivers end-to-end addressability for the world’s top brands, agencies, and publishers.

For more information, visit  [www.LiveRamp.com](http://www.LiveRamp.com)