

Walmart Connect exec dishes on retail media gains

Article

Walmart's **US digital ad revenue growth will outpace** Google, Meta, and even Amazon this year, according to our forecast. This growth is driven in part by enhancements Walmart has made to its retail media network, Walmart Connect.

“You know [how they say] crawl, walk, run? We’re getting to that walk/run phase now where our platform is maturing,” Rich Lehrfeld, senior vice president and general manager at

Walmart Connect, said during our **virtual summit** on March 3.

System upgrade: In the second quarter of 2022, **Walmart enhanced the search relevancy** of Walmart Connect and switched to a second-price auction model.

These updates led to a 41% growth in **Walmart Connect's business in Q4** and helped Walmart's global ad revenues reach \$2.7 billion in 2022. They also helped Walmart Connect **grow its US advertiser base** by 136% YoY.

“When you have more players on the platform, the customer will see more options. So discovery will go up, hopefully inspiration will go up. And your relevancy will go up because more players are in that second-price auction and more people are bidding on keywords,” said Lehrfeld.

Changing the channels: Walmart Connect starts with a digital perspective when building out its ad offerings.

“Marketers want more options, right? They want to reach customers where they are on the internet,” said Lehrfeld. “They’re going to social, they’re looking at news and information right on connected TV. So we wanted to build value propositions where we could reach those customers as they were doing those things.”

Through partnerships with platforms like TikTok, Snapchat, and Roku, Walmart can better target, activate, and measure consumers across the full marketing funnel.

The in-store opportunity: Walmart runs about 4,700 stores in the US, providing a huge opportunity for in-store retail media formats.

“The majority of our sales are happening in-store,” said Lehrfeld. “And we want to make sure we have value propositions that can reach customers in that mode.”

Walmart is building out new experiences, like demos, events, in-store screens, and other interactive ways to engage with consumers in-store. But the key is doing it in a customer-centric way.

“We’re not just going to pump more and more ads on things. It’s about experience, and where you’re going to see incredible growth is in the in-store experience,” said Lehrfeld.

Why retail media, why now? Retail media's meteoric rise can be attributed to four factors, said Lehrfeld:

1. **Continuing economic uncertainty.** As inflation goes up and margins are squeezed, retail media helps advertisers do more with less by targeting the customer at the point of purchase. “There’s probably nothing greater than to be able to do that,” he said.
2. **The growing importance of measurement.** As the call for accountability rises among advertisers, retail media provides a way to track when and where sales are made.
3. **An increased need for brand safety.** According to Lehrfeld, retail media is a brand-safe solution where advertisers don’t have to worry about the environment the ad will be placed in or how the data will be collected.
4. **The need for a full-funnel solution.** Retail media provides brands with multiple ways to connect with consumers from the top of the funnel to the bottom.

[Watch the full session now.](#)

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