

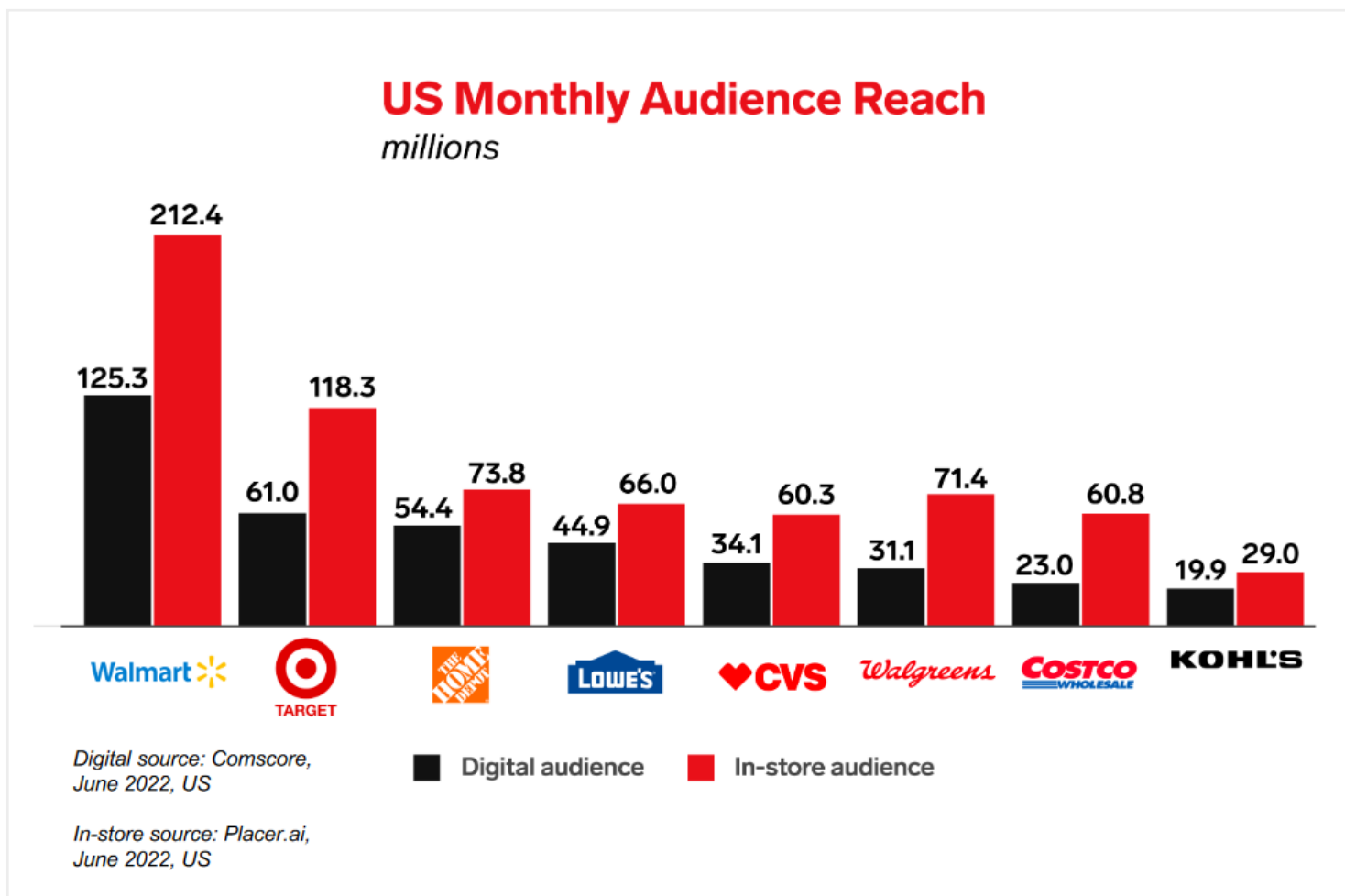
Why physical stores are the next major media channel

Article

The trend: Retailers are beginning to realize that their **physical stores are also monetizable media assets**.

- **Advertising is one element within the broader retail megatrend of the digitization of the physical store**, which is radically transforming retailers' ability to provide dynamic, interactive media experiences at store shelves, end caps, cooler doors, and checkout aisles.

- **The opportunity is massive.** US retail media—which only encompasses online media—will surpass \$40 billion this year and \$61 billion by 2024.
- **And the number of consumers who shop at stores far exceeds those who visit ecommerce sites and apps.** For example, 212.4 million visited a **Walmart** store in June, while only 125.3 visited one of the retailer's online properties.



The vision: It's easy to imagine brands getting excited about delivering ads close to the point of purchase where roughly 85% of retail sales occur.

- In-store digital media holds the promise of an unparalleled performance advertising offering; it could enable a brand like **Kraft Heinz** to run an ad for Kraft Macaroni & Cheese in the grocery aisle and drive an incremental purchase of the brand during the store visit.

The pitch: In-store digital media will drive sales performance, but the bigger opportunity may be brand advertising. The channel could help brands reach and influence consumers at scale, during opportune moments, in brand-safe, contextually relevant environments. It's akin to traditional TV advertising, and it may be even better in the following ways:

- **Top retailers offer brands the ability to reach a mass audience.** Brands can reach tens of millions of shoppers every week and more than 100 million every month. That's a national scale that TV rarely achieves anymore, and far outpaces their huge ecommerce audiences.
- **Stores enable brands to reach the unreachable.** It's getting harder to reach the coveted 18-49 year-old "money demo" on linear TV, but this audience does shop in stores.
- **In-store shoppers are also more likely to notice a brand's ad.** Linear TV audiences "second-screen" on their phones during commercial breaks, making attention even less scarce than it already was. In stores, most shoppers put their phones away and keep their eyes on the aisles.

The big takeaway: In-store digital media offers a win-win. For retailers, treating stores as a media channel could unlock brands' national media budgets rather than just shifting spend from trade and shopper marketing. For brands, this represents a major solution for the rapid deterioration of linear TV advertising and other mass-reach vehicles.

- That said, there will likely be issues to navigate along the way, such as operational challenges in implementing and trafficking in-store ads as well as finding the right place for them within the customer experience.
- Execution will matter, but it's too big an opportunity for retailers to ignore.

*This article originally appeared in Insider Intelligence's **Retail & Ecommerce Briefing**—a daily recap of top stories reshaping the retail industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.*

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