Christina Obolenskaya

Q&A: Behind the surge in retail media with MikMak

Article

Rachel Tipograph

Founder and CEO of MikMak

Insider Intelligence spoke with Rachel Tipograph, the founder and CEO of MikMak, an ecommerce marketing platform for multichannel brands, about retail media in the US market.

Insider Intelligence: What's propelling the rise in retail media?

Rachel Tipograph: Retailers make incredible margins from selling advertising compared to their core business of selling physical goods. Jeff Bezos was the first to understand how to improve his margins with retail media, and as people saw Amazon's advertising business build, they realized it was a winning strategy.

In addition, the war between Apple, Google, and Facebook created a positive tailwind for retail media. When Apple started to monetize the traffic that happens in its hardware, the company recognized it could steal market share from Google and Facebook when it came to advertising. That's when Apple decided to make changes to iOS 14, following Google's move to a cookieless internet.

If tried-and-true places like Meta and Google are no longer working for marketers, you have to move to other channels. Amazon, Target, and Walmart sit on a ton of first-party data and know when you're more likely to buy a product than anyone else. This has now propelled direct-to-consumer brands to end up on the shelves of Amazon, Target, Walmart, Ulta, Sephora, and Whole Foods—because that's where reach and qualified shoppers exist.

II: What are the challenges with retail media?

RT: The only retailer that's truly built out a self-serve retail media platform today is Amazon. The industry needs to mature and build out more self-serve capabilities for small and medium businesses to be able to play with.

One of the reasons why retail media is expensive is that there is not enough inventory—there are only so many different forms of advertising space Amazon can create within its platform. In order for retail media to become more affordable, retailers need to create more supply.

Secondly, there's no consistency across these retailers. When you look at other forms of advertising, whether it's programmatic, search, connected TV, streaming, or social, we now have consistency in formats.

Lastly, there's no third party that's completely agnostic to saying what is standard and verifying metrics. Third-party governance needs to come to life in retail media.

II: Shifting gears, why is livestream shopping gaining slow traction in the US market?

RT: There have been several entrepreneurs over the last decades that have tried to modernize QVC and HSN for the younger generations and failed. In the US, shopping has become an on-demand, highly personalized experience.

In comparison in China, because of the government, life is much more censored and people turn to social media for very different reasons. Over social media then shopping becomes a peer-to-peer activity and it is about buying products from your friends. In the US, shopping is all about highly curated experiences and buying from lifestyle brands or fashion stylists or influencers.

Live shopping could work in the US, but it would be around key shopping moments like Black Friday, Cyber Monday, or limited-edition releases. Platforms that can be successful at live shopping on a more ongoing basis are the retail platforms, such as Amazon or Target.

This was originally featured in the Retail Daily newsletter. For more retail insights, statistics, and trends, subscribe here.