

Amazon, Walmart Connect's recent moves signal a return to basics for in-store retail media

Article

Amazon is ditching Just Walk Out in favor of Dash Carts. Not only will the move satisfy customers' desire for familiar technology, but it's also creating more ad inventory. Walmart

Connect also emphasized its in-store retail media potential last week, with a focus on expanding familiar strategies like sampling and TV screens. This back-to-basics approach might spark more in-store retail media ad spend.

In-store retail media spend is growing quickly. Just \$370 million will go to US in-store retail media ad spend this year, or 0.7% of omnichannel retail media ad spend, but by 2028, that figure will more than double to \$1 billion, per our March 2024 forecast.

In-store retail media spend is comparatively low despite a massive audience. There's limited space and limited inventory. The need for robust equipment makes it difficult for retailers to test and learn. **Measurement** of in-store ad effectiveness is difficult.

“There's a big financial investment for retailers who want to make these part of the in-store shopping experience, and a lot of them aren't very tested or proven just yet,” said our analyst Sarah Marzano on our **“Behind the Numbers: Reimagining Retail”** podcast.

Shoppers are also hesitant about new in-store tech. “Some of the buzzy, really high-tech ways that we can bring retail media into physical spaces are likely to be at risk of being the most disruptive to the customer's experience,” said Marzano. “Do you want to put something in front of the customer that they don't know how to use?”

Walgreens' 2022 test of Cooler Screens, which showed ads on cooler doors, was unpopular because shoppers said physical pop-up ads and malfunctioning screens blocked them from products. Smart shopping carts like Dash Carts could also run the risk of consumer rejection because they are a departure from traditional shopping carts, but because customers are already used to carts, it's likely the screen—and any ads that eventually run on it—will blend more smoothly into the shopping experience.

Using in-store retail media to educate shoppers. In-store demos and sampling like **Ulta Beauty's smart vending machines** help consumers try new products, giving brands visibility. These programs can also be low lift and measurable, which is likely why Walmart said it was expanding its sampling offers.

Activations that leverage existing hardware like TV walls and audio systems are also key to in-store retail media. In-store audio specifically presents a low-stakes environment for testing ads and promotions because customers are already used to it and it doesn't require new hardware.

And ads served via retailer apps can also serve as a form of in-store retail media advertising, even if purchases or product discovery takes place in-app. Consumers use these apps in-store, and retailers can use geolocation data to offer exclusive deals and information.

The best approach will come from “layering some of those activations together to see the behavior that it inspires,” said Marzano.

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