

# Why retail media is the future of TV advertising

Article

Retail media partnerships are the future of TV, according to our analyst Andrew Lipsman on a [recent webinar](#).

**Key stat:** US retail media connected TV (CTV) ad spend will total \$813 million this year, but will grow by nearly seven times to \$5.63 billion by the end of 2027, according to our forecast.

**Why work together?** CTV has benefited from a slew of recent retail media partnerships and increasing ad spend. These partnerships benefit all parties.

- Retailers can expand their reach through off-site advertisements on major media networks.
- Streamers get first-party data from retail media networks to target ads more effectively.
- Brands can move up the funnel beyond search ads to reach customers earlier in their shopping journey.

“We have not fully realized the opportunity just yet,” said Lipsman, pointing to the growth potential in this young ad area.

**The playing field:** As retailers and streamers buddy up, the web of retail media CTV partnerships is growing more connected—and more complicated.

- Roku is one of the biggest players in retail media CTV advertising, partnering with **The Kroger Co.**, **Instacart**, and **Best Buy**.
- **The Kroger Co. also announced a partnership** with The Walt Disney Co. in April.
- **Walmart is working with NBCUniversal** in a retail media partnership.
- Although not a partnership, Amazon’s streaming platforms Prime Video and Freevee also offer the ecommerce giant a massive CTV ad opportunity.

**Breaking with tradition:** Retail media CTV ads differ from traditional TV ads because they are “both for branding and performance,” due to the targeting and measurement potential, Lipsman said.

- TV ads are historically for branding. This is still the case, with acquiring new customers being the leading goal of retailers using CTV (54.4%), according to MNTN.
- But driving ecommerce traffic and physical store traffic are the No. 2 (46.8%) and No. 3 (45.6%) biggest retailer goals, respectively, which are both lower-funnel initiatives.

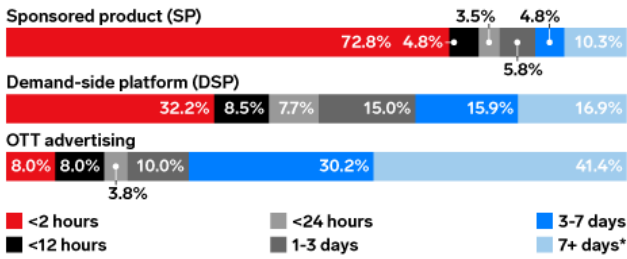
**The flip side:** Streaming advertising takes longer than sponsored product ads to actually drive conversions on different formats of Amazon advertising, according to Q4 2021 Perpetua research.

- For sponsored product ads on Amazon, 72.8% of conversions took place within the first 2 hours.
- In comparison, 8.0% of conversions from OTT advertising took place within the first 2 hours.

So while retail media CTV partnerships drive lower-funnel activity better than traditional TV advertising, search and display ads on retailer websites are still the best bet for driving rapid conversions.

### Time Between Ad Interaction and Purchase Among US Consumers on the Amazon Marketing Cloud, by Campaign Type, Q4 2021

% of respondents in each group



Note: based on a Perpetua analysis, broader industry metrics may vary; read as 72.8% of people who interacted with a SP ad made a purchase less than 2 hours later; numbers may not add up to 100% due to data based on average percentages across individual campaigns in order not to bias results by campaign size; \*Amazon Marketing Cloud provides a 14-day attribution for OTT and DSP ads and a 30-day attribution period for SP ads  
 Source: Perpetua and Warc, "Amazon Marketing Cloud Benchmark Report: Q4 2021"; Insider Intelligence calculations, Feb 9, 2022

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