

Retail Sites Are Becoming Some of the Most Valuable Real Estate in Digital Advertising

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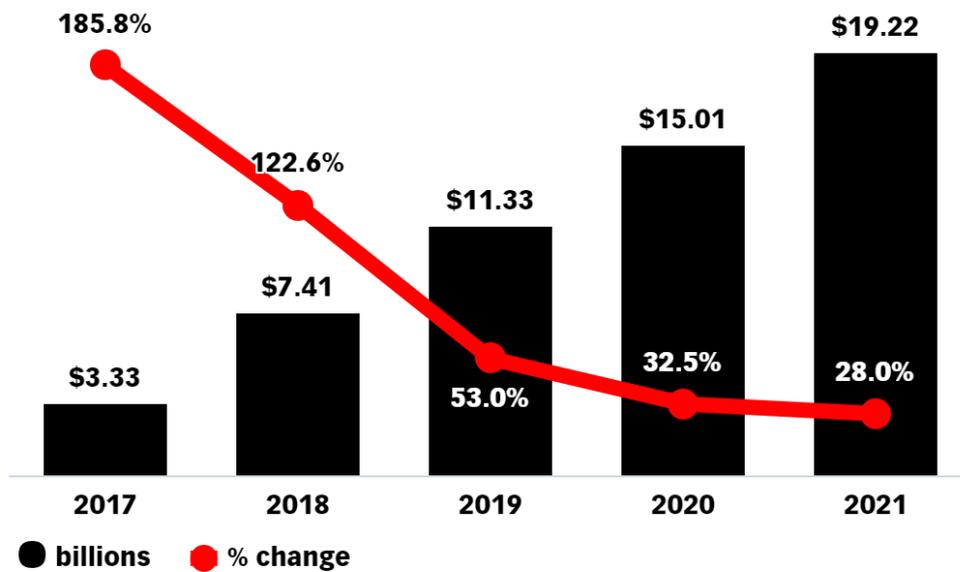
Blake Droesch

Retail media has turned Amazon into an advertising behemoth, allowing the ecommerce giant to become a significant player in the US digital ad market.

While not all of Amazon's ad business is retail-related—the company also [sell ads on properties like IMDb TV](#) and Twitch—the majority of ad revenues come from sponsored product and search ads on its retail channels. Amazon's US ad revenues will grow 53% this year, reaching \$11.33 billion, or 8.8% of total digital ad spending in the US.

Amazon Ad Revenues

US, 2017-2021



Source: eMarketer, February 2019

www.eMarketer.com

Amazon isn't the only one making use of its valuable real estate. In May 2019, Target said it was remodeling its ad business to resemble [something reminiscent of Amazon](#). Earlier this year, [Walmart announced](#) it would bring its digital ad business in-house—[just as eBay did in 2017](#)—in order to take advantage of first-party shopper data. While the biggest players in ecommerce are in-housing these efforts, ad tech companies have facilitated partnerships that link brands with networks of smaller retailers across the web.

As part of eMarketer's [Global Ecommerce 2019 PRO View](#) report collection, we spoke with Geoffroy Martin, general manager and executive vice president of retail media at ad-tech platform Criteo, about the unique aspects of retail media.

How do you define retail media?

In its simplest form, retail media is the placement of brand-funded ads on retail or ecommerce sites. But it's a very broad spectrum; it's a huge

field. We estimate the current retail media market to be between \$15 billion to \$25 billion worldwide.

Any retailer that sells goods from third-party brands has some sort of retail media revenue stream already.

Why are retailers investing in retail media offerings?

There is a very strong migration of eyeballs from traditional media and TV toward online. If you look at time spent on retail websites these days, this makes retailers some of the biggest media out there. So naturally there are ways to leverage the eyeballs that are engaged with the retailers and brand.

It's a space that's being pioneered by Amazon. They built a very successful retail media program, and it's now a field where more retailers have an interest financially and strategically.

In the larger scope of digital marketing, what makes retail media unique?

Retail media is one of the frontiers of ad marketing. It helps traditional retailers create a system that brings value to their brand partners and customers. Retailers are 100% in control of their data, and they are able to talk one-to-one with their customers without relying on third-party data. That's truly a big differentiator between what retail media is about compared with other marketing areas.

Does retail media only work for large ecommerce players, or can smaller retailers benefit?

We are technology based, so we build a platform depending on retailers' needs. If retailers want to operate the platform by themselves and go after the demand, great. We have some big partners doing that. There's also a syndicated network solution that integrates the demand and spreads it over many retailers. A smaller retailer might not have enough inventory or traffic to attract a major brand, but if we combined the demand of two to four smaller retailers, then we will get the attention of larger brands and spread the budget across.