

Privacy, measurement, and undeveloped relationships hinder success of retail media

Article

The next big thing: Retail media is going to be digital advertising's "third big wave," following search and social as "must-haves" for marketers. But some marketers are struggling with how

to implement and optimize, shared Nikhil Lai, senior analyst at Forrester, during an Advertising Week session on Tuesday.

Here's where we are:

- We forecast that US retail media ad spend will grow 31.4% this year to reach \$40.81 billion, more than triple 2019.
- This is just the tip of the iceberg, according to our analyst Andrew Lipsman, as many retail media ad formats remain untapped.

And here are the roadblocks up ahead:

Privacy regulations. Nearly half (47%) of marketers report that growing privacy regulations are a barrier to optimizing their retail media practice, said Lai, citing Forrester data.

- A number of privacy laws have or will shortly come into effect across **certain states**, and a **federal privacy law is looming**.
- Meanwhile, the effects of **Apple's AppTrackingTransparency** are still being felt and shifting the mobile advertising landscape by making it harder to track and measure user data.
- Luckily, Lai said, retail media is "fairly invulnerable" to near-term threats of data deprecation that other media channels are facing.

Organizational misalignment. Almost 30% of marketers said that organizational silos make it challenging to share insights and learnings across teams, said Lai, while over one-third reported their organizations lack standardized measurement across teams, geographies, etc.

- Brands need to find better ways to organize themselves to create complementary goals for teams, said Lai. Otherwise it creates an unwillingness to share data insights, which ultimately hurts the entire organization.

Poor retailer relationships. More than a third (37%) of marketers say that their retail media partners don't spend the time to help them overcome challenges.

- The same amount claim they don't trust the accuracy of the data from some retail media partners, while 34% say they don't trust the quality of the data.
- "Sometimes retail media can feel like a tax on brands," said Lai, noting that it should be up to retailers to convince brands it's worth the budget.

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