

# Why retail media standardization may take a while

Article



US omnichannel retail media ad spend will increase by 22.6% next year for a total of \$55.64 billion. One thing that could unlock spend even further? Standardization.

With so many ad dollars coming in, big players like Amazon and Walmart don't have much incentive to provide standardization. "Right now, oil is erupting out of the ground. They're not

going to do much to disrupt it at the moment,” our analyst Max Willens said on an episode of our [“Behind the Numbers”](#) podcast.

Here are six key questions surrounding retail media standardization.

### **What do we mean when we talk about retail media standardization?**

Standardization in retail media (or any ad channel) refers to the ability to compare ad metrics across two platforms using compatible measurements.

For example, two retail media networks (RMNs) may offer “conversion window” as a metric, but that could refer to different periods of time. “That disparity can create wildly different pictures of the effectiveness of the ad spending,” said Willens.

### **Who is pushing for standardization?**

The [Interactive Ad Bureau and Media Ratings Council](#) released a set of proposed retail media standards in September, as did [Albertsons Media Collective](#) back in June. We’ve written about [other emerging solutions](#) as well.

### **What are retailer incentives for standardization?**

RMNs don’t have much incentive for standardization right now. “Everybody is just seeing their numbers point up and to the right very sharply,” said Willens, meaning they aren’t interested in making competition easier.

The motivation for standardization is unlocking more spend and taking share from Amazon, which accounts for about 3 in 4 US retail media ad dollars spent this year, according to our forecast. “[Standardization] is, to a certain extent, going to determine the pace at which Amazon's market share deteriorates,” Willens said.

As for Amazon, it also has little incentive to participate in standardization.

### **When will retail media achieve standardization?**

“I’m a little bit skeptical that we ever will [see retail media standardization], or I’m skeptical of how widespread it will ever be,” said [Nicole Perrin, vice president of business intelligence at Advertiser Perceptions](#).

A slowdown in retail media ad spend could increase urgency around the conversation, but our forecast shows retail media ad spend growth speeding up through 2027, so that slowdown

could still be a ways away.

### **Where does that leave advertisers?**

Advertisers can't compare RMNs with ease. Instead, they have to adopt their own strategies and technologies—or stick with the best network for their products. Advertisers are still spending, even without standardization. Some 87% of marketers reported that their organizations plan to maintain or increase spending on retail media in the coming year, according to Skai's State of Retail Media Report.

“For advertisers to develop a very clear picture of which RMNs are driving the best results for their businesses, some measure of standardization is going to have to take place. But the absence of standardization probably isn't going to keep people on the sidelines,” said Willens.

### **How does a lack of standardization rank among existing retail media challenges?**

RMNs may be walled gardens, but that's an issue advertisers have already seen within connected TV (CTV) and social media. “This is an era where more companies are essentially setting up new walled gardens within digital media,” said Perrin.

Challenges comparing metrics aren't new within retail either. “Advertisers, or I should say, brands are really used to working with several retailers that are their partners for selling their products and using them to buy promotions, advertising, slotting fees, and so forth,” said Perrin.

Retail media also includes a lot of mid-funnel marketing, which Perrin noted is notoriously difficult to measure.

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