

In-store retail media doesn't need personalized ads

Article

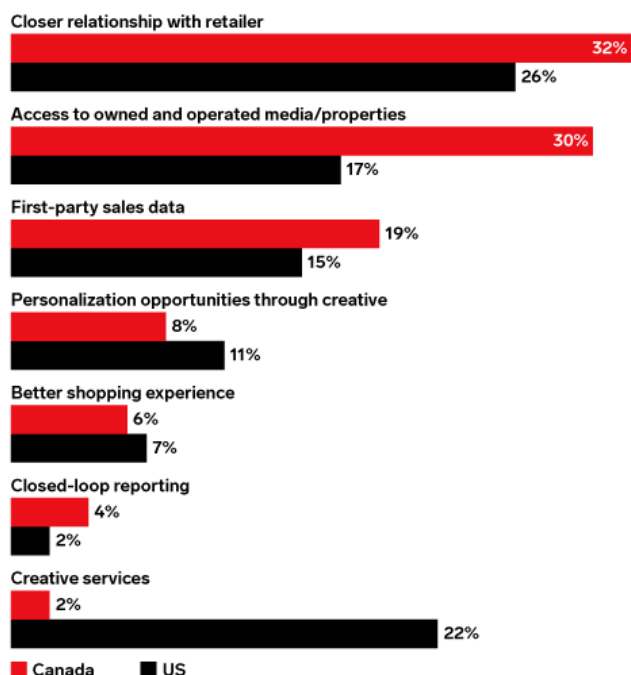
The trend: Perspectives on technology's role within in-store retail media are shifting away from personalized one-to-one messaging in favor of leveraging technology to measure an ad's impact.

- That's a departure from just a few years ago when our [Q3 2021 Retail Media Report](#) speculated that "[in-store retail media] will need supporting technology to enable

personalization. The promise of retail media is predicated on a one-to-one relationship, where the individual user's purchase habits can be used to target them with relevant messages. That's possible only if the display can recognize the shopper in its vicinity through some form of proximity-based communication with the shopper's mobile device."

Most Important Benefit That Retail Media Networks Offer According to Retailers/Brands in Canada and the US, Aug 2022

% of respondents



Note: numbers may not add up to 100% due to rounding

Source: Merkle, "2022 Retail Media Research Report," Oct 12, 2022

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What's behind the shift: How brands approach in-store retail media is evolving.

- **Prioritizing the customer experience is essential for in-store retail media to achieve its potential.** Individually targeted in-store ads conjure up images of Minority Report that make a lot of customers recoil. Marketers may dream of this future, but I don't think many shoppers do. Consumers' general comfort with brand messages in a commercial setting like a physical store is a huge advantage for the medium and there's no need to squander that opportunity with ads that might be deemed creepy or overly intrusive.
- **Personalized ads will create a performance trap for brands.** The more personalized the ad experience, the more brands will optimize ad messages, offers, and promotions to the

individual to stimulate sales. But this tendency toward over-optimization inevitably becomes a race to the bottom on margins and can materially erode brand equity. Brands have a lot more to gain with more scaled campaigns with a cohesive message that appeals to mass shopper segments without resorting to discounts.

- **In-store retail media should emphasize branding first.** The format boasts massive scale, contextual relevance, brand safety, and incremental reach for hard-to-reach audiences. This is what TV advertisers covet, and what in-store retail media can deliver on as TV ratings continue their decline. Importantly, retailers stand to benefit more when dollars migrate from national media budgets instead of from existing trade and shopper marketing funds.

The big takeaway: There are several ways that first-party customer data can and should play a role in in-store retail media. For example, computer vision technology like **Amazon's** Just Walk Out or mobile proximity technology can help close the loop between in-store ad exposure and sales. Those types of tools can help brands better measure ads' effectiveness.

Go further: Read our [*Retail Media Ad Spending Forecast 2022*](#) report.

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