

Why retail media, and why now? Exploring this burgeoning channel

Article

Retail media spans a broad and growing merchant list, from marketplaces (Amazon) to department stores (Macy's) to ride-sharing apps (Uber).

In fact, 40% of US retailers are offering some inventory through their retail media platforms, according to Publicis Groupe's retail media platform CitrusAd, powered by Epsilon.

“Theoretically, any retailer with a captive audience that’s open to seeing ads could start a retail media network (RMN), but realistically, RMNs take time and money, and advertisers tend to support the ones that reach a big audience,” our analyst Paul Verna said during a recent [webinar](#). “And even those that do have scale have to answer some existential questions, like ‘Why retail media, and why now?’”

- Retail media is the second-fastest-growing major ad format we track this year, after connected TV (CTV).
- Starting in 2024, and through at least 2027, it will be the fastest-growing format.
- In 2025, it will surpass linear TV ad spending.
- The two fastest-growing digital ad business this year, Instacart and Walmart, will be RMNs.

While some companies might not have the scale to launch their own networks, there may still be room for them to play in the retail media ad space.

“When we look at the top-line numbers of the retail media space, they are shaped largely by Amazon and Walmart,” said our analyst Max Willens. “When you think of the retail media ecosystem as a whole, a lot of players are going to rely pretty substantially on middlemen to help make the most of their first-party data and retail media opportunities.”

Those players include retail media ad servers and supply-side platforms on the sell side, and demand-side platforms and advertiser ad servers on the buy side.

As marketers test and learn, many are discovering that managing media buys across multiple networks can be costly and time consuming, Verna said. More than half of US marketers were using at least five RMNs in mid-2022, according to an Association of National Advertisers survey.

The rapid rise of retail media is bringing about pain points and challenges:

- Attribution is more of a promise than a reality.
- Higher-funnel opportunities are also aspirational.
- There are no measurement standards.
- A walled garden approach could alienate advertisers.
- A gold rush among retailers could result in a shakeout.

What marketers need to know:

- Retail media is huge, growing fast, and unstoppable.
- In-store and CTV retail media will pay dividends, though it will take time to scale.
- There are problems to be solved, mainly with measurement, attribution, and the complexities of managing multiple RMNs.
- Waiting is not a good option. Marketers sitting on the sidelines would be wise to start experimenting now, Verna said.

[Watch the full webinar.](#)

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