

Why CTV and retail media need each other

Article

Consumers are more ready for shoppable TV than ever. “The opportunity around shoppable TV is changing due to significant advancements in technology and shifts in consumer behavior,” said David Cohen, CEO of the Interactive Advertising Bureau (IAB), in its recent Retail Media Goes to the Movies report.

- Embedded product links and QR codes as well as dedicated areas on services like the Roku’s home screen are turning connected TVs (CTVs) into conversion-drivers.

- TV users are comfortable with purchasing directly through a television interface, per the IAB report.

The rise of shoppable TV creates partnership opportunities for [retail media networks](#) and [CTV](#) platforms.

- US [retail media](#) CTV ad spend will increase by 86.6% this year and over 25.0% every subsequent year we forecast through 2028, per our March 2024 forecast.
- In 2027, 1 in 5 CTV ad dollars will be retail media spend.

CTV needs retail media's data. The [third-party cookie](#) is going away this year, which means CTV needs retailer data to [target ads](#) efficiently and effectively.

- “With retail media data, [CTV advertisers are] able to get that closed-loop measurement that doesn't just tell you if someone saw the ad, but it also tells you what they did after they saw the ad,” said Jeffrey Bustos, vice president of measurement, addressability, and data at the IAB.
- CTV ads can also target with increased granularity. Bustos described this as paying a premium to reach the right audience. Rather than advertising a product like baby food to a presumed audience of adults aged 18 to 49, platforms can leverage retailer data to make sure they're reaching parents.

Retail media needs CTV's reach. Ads on retailer websites are powerful bottom-of-funnel tools, encouraging shoppers to buy certain products when they're ready to make a purchase. But for a full-funnel approach, retailers need to meet consumers where they spend their time.

- US adults will spend 28.1% of their time with digital media watching CTV this year, per our February 2024 forecast.
- US adults are increasingly viewing ads on CTV platforms as free ad-supported TV (FAST) becomes more popular and more streaming platforms introduce ads.

The IAB encourages location-specific ads, clear calls to action, and seamless shopping experiences to make the most out of shoppable ads.

- Calls to action like “scan to learn more” or “add to cart” should be visible and easy to understand.

- Incorporate a countdown so customers understand how much time they have to scan a QR code.
- Adapt campaigns based on real-time data and be willing to make changes mid-flight.
- Reduce friction points for the consumer. Any data entry or steps to purchase should be automated to reduce churn.
- Ads that mention brick-and-mortars should display the nearest store locations so consumers don't have to search for them.

This was originally featured in the Retail Media Weekly newsletter. For more marketing insights, statistics, and trends, subscribe [here](#).