

Can social media and retail media be friends?

Article

We've entered **the third wave of digital advertising**: retail media. The first two waves—search and social—aren't going away and have even blended. Search is already a major component of retail media; social is the next integration. But in order to evolve, social media platforms and retail media networks need to work together to serve advertisers.

Full-funnel approach: Advertisers still view social media as a discovery medium and retail media as a conversion-driver. But both platforms are “potentially full-funnel,” according to Liz Cole, executive director and US head of social at VMLY&R, speaking at our **“Attention!” summit**.

- Social media and retail media are both “environments where you can get very clear digital signals from consumers,” said Cole.
- They share engaged audiences, targeted advertising, and ecommerce integrations.

Better together: “In some cases, retail media and social media are partnering together,” said our analyst Debra Aho Williamson. “Microsoft has partnered with Meta. Pinterest has an agreement with LiveRamp and Albertsons.”

These partnerships enhance closed-loop measurement. Brands “want to understand if those ads not only drove great engagement and traffic, but also ultimately conversion,” said Melanie Zimmermann, vice president and head of Macy’s Media Network.

“It seems like budgets are being diverted not directly from social to retail, but from everywhere to retail,” said Cole. “The bigger trend that we’re seeing is dollars from traditional mass media and broadcast being diverted into both social and retail media.”

But there are hiccups. Much like at the onset of social media, retail media advertisers struggle with a “lack of standardization from one platform to another,” said Cole.

- Across ecosystems, a video view may be a different number of seconds, or a unique user could be defined by differing criteria. “It makes it very difficult to compare things directly and make smart decisions,” said Cole.
- Retail media platforms gain a competitive advantage through silos. They can show their unique offerings.

Retail media has work to do, according to Zimmermann. “When competing for those upper-funnel media budgets, retail media networks need to provide many self-service solutions to agencies.”

Like any good relationship, both sides need to contribute, which they can do by improving measurement and standardization across formats.

Watch the full session.

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