

5 retail media networks worth watching

Article

“There’s a lot of **new digital ad spend coming into retail media**,” said Insider Intelligence principal analyst Andrew Lipsman during our **virtual summit** earlier this month. “That’s why we have seen every single retailer develop their own retail media network over the last couple of years.”

But which networks should brands be paying attention to as they refine their retail media strategy? From the king of them all to the ones that are just catching up, here are five retail media networks to keep an eye on this year.

Amazon: Amazon is the king of retail media, with US ad revenues projected to reach \$34.59 billion this year, according to our forecast. That's a growth of nearly 19% over 2022.

As consumer search behaviors shift, **Amazon is taking a greater share of the market**. Google still captures most US search advertising dollars, but its share has declined by 7 percentage points over the past four years to 53.9%, while Amazon has increased its share by nearly 10 percentage points to 22.5%.

Walmart: No retailer comes close to challenging Amazon's retail media dominance, but Walmart is working its way up the ladder.

Last year, Walmart **made several improvements** to its retail media network (including expanding search relevancy and switching to a second-price auction model) and developed partnerships with TikTok, Snapchat, and Roku to better target, activate, and measure consumers across the full marketing funnel.

Walmart will grow its US digital ad revenues by 42% this year, outpacing Google, Meta, and even Amazon, according to our forecast. In addition, its massive physical footprint gives it an edge over Amazon when it comes to in-store retail media opportunities.

Albertsons Companies/The Kroger Co.: Yes, currently these are two separate companies. But if their planned merger receives regulatory approval, it could result in a **physical footprint of around 5,000 stores**.

The companies' combined retail media network would be capable of reaching 85 million US households, creating one of the **largest in-store media channels in the US** and giving them an edge over Amazon, Instacart, and Walmart.

However, even on their own, the companies' digital capabilities are still worth keeping an eye on. **Albertsons' digital sales surged 33% YoY in its fiscal Q3** (ending December 3, 2022), while **Kroger's digital sales grew 12%** in Q4 2022. Though less impressive in comparison, we forecast Kroger's grocery ecommerce sales will represent only 12% of total company sales this year, meaning there's plenty of room to grow.

Instacart: Will this be the year that Instacart goes public? It's a **strong possibility** considering the company's success in Q4 2022, during which it grew revenues more than 50% YoY and gross profits by more than 80%.

Instacart will grow its ad revenues by 41.3% this year, according to our forecast, outpaced just slightly by Walmart. Among **grocery delivery intermediaries**, Instacart remains dominant, capturing 73.0% of 2023's digital grocery sales.

Klarna: While not a retailer, **Klarna's media network** is also uniquely positioned to reach consumers at the point of purchase through in-app and in-feed ads, sponsored search placements, and shoppable video content.

The number of US **buy now, pay later (BNPL) users** will reach 88.2 million this year, representing over a third of US internet users. We expect that number to grow to 104.6 million by 2026, driven by growing merchant acceptance and increased usage among younger generations.

Klarna is **pushing further into in-store BNPL services**, giving advertisers a chance to reach consumers in-store as well as online.

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