

AI can help with targeting, but it can't do the whole job, retail media execs say

Article

Targeted, relevant advertising that motivates shoppers to buy is the goal of any retail marketer. But with retail media advertising sitting so close to the point of purchase, the

potential upside is even greater.

“Retail media has always tried to solve for getting the right message in front of the right consumer,” said Melanie Zimmermann, vice president at Macy’s Media Network, at Advertising Week New York 2023. “But [right now] there’s still a lot of linear targeting.”

Luckily, new AI capabilities can help marketers more accurately—and more creatively—target consumers, but only if there’s a rich source of customer data behind it.

AI will enhance ad targeting when the data is rich

Zimmermann sees AI helping to make targeting a much more precise, effective process.

“We can bring things more down to the individual to inspire them and delight them with things that they find meaningful,” she said.

More relevant ads could help to declutter the current shopping experience, which has become “quite overwhelming,” according to Elizabeth Buchanan, chief commercial officer of Rokr.

But a more relevant shopping experience requires more than just AI technology, said Evan Hovorka, vice president of product and innovation at Albertsons Media Collective.

“AI is going to be as intelligent as the environments in which it’s deployed,” he said. “[Retail media networks] have immutable customer behavior tracked over years, decades. And in some cases, that’s never going to be replaced by the best machine learning model [that is making decisions] in the moment when someone’s on that [specific] page.”

The most effective use of AI is in combination with a rich source of customer data, particularly from retailers who have loyalty and payment information.

“Then you can tell the full customer journey story across the spectrum of channels in which you’re trying to communicate,” said Hovorka.

The power of video for discovery

The ecommerce experience is often seamless for shoppers who know exactly what they want from a retailer. But for the customer that wants to browse while they shop, online shopping may not really fulfill that need.

“Think about the last time you went to a store and just browsed and found something you loved that you weren’t supposed to buy,” said Zimmermann. “That’s what I keep thinking

about. How do we bring that into retail media? How do we help customers discover something unexpected but still relevant?”

One way to do this is through more engaging ad formats like video.

“If we bring video advertising—which typically tends to be more upper funnel—into a shopping environment and allow brands to tell their story, we [can] create a meaningful, inspirational moment of connection,” said Zimmermann.

For Albertsons, video can be used as both an in-store and online tool to help customers find inspiration or discover new products.

“If you’re [at a specific store] for XYZ, maybe there’s a trending video in your area [that we can show you] or if we know you’re a sensitive shopper, there could be a video that plays off to the side while you’re searching for ingredients that are relevant [online],” said Hovorka.

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