

5 lessons for getting your retail media network right from the start

Article

US omnichannel retail media ad spend will more than double between this year and the end of our forecast period in 2027, reaching a total of \$107.00 billion. In 2027, retail media will account for over a quarter (26.9%) of US digital ad spend, per our forecast.

To get in on that growth, you have to avoid mistakes that could hurt your retail media network (RMN) before it matures. Here are some challenges to keep in mind.

Make sure you're in the right business

Gap Inc. made this mistake when it attempted to build a retail media network for mostly nonendemic advertisers. Though nonendemic advertising from sources like film studios can be vital to RMNs, it was unclear how much pull Gap actually had to attract these buyers, according to our analyst Andrew Lipsman.

Nonendemic ads can give RMNs new revenue streams, but ads featuring products you can buy on the retailer's site are better suited to building out media networks because they are so close to the point of purchase.

Leverage existing relationships

"If you are a company that sells power tools, you're going to advertise on The Home Depot's RMN unless you're crazy. That's just a sensible, natural place to spend your money," said our analyst Max Willens. Those companies that are already selling with a retailer are the perfect place to start courting ad spend.

Recognize the lift of in-store retail media

If you're a newcomer to in-store retail media, it's easy to overlook how robust your hardware needs to be. **Walgreens had this issue** when using electronic cooler doors from the company Cooler Screens, which showed the wrong prices and items, according to court documents.

"Stores are a very harsh environment," said Susie Opare-Abetia, co-founder and CEO of digital signage company Wovenmedia, pointing to shoppers, carts, and industrial equipment. "You have to have very robust hardware, so that it doesn't break just at the push of a shopping cart."

Get your search in order

Poor search functionality can destroy a retail media business before it's even started. Any **solid ecommerce business should already have top-notch search** functionality. But this is doubly important for retail media, since 64.8% of US retail media ad spend will come from search next year, according to our forecast.

Make sure you have a solid tech stack

Some 51% of decision-makers at US and UK retail and travel organizations say they plan to bring their commerce media tech stack in-house, and 49% plan on switching technology

partners, according to a Forrester Consulting study conducted on behalf of PubMatic.

Attribution and measurement are two ways to boost retail media spending, so having the right tech sorted out from the start is key to seeing quick returns on retail media ad spend.