

# How to build in-store retail media from the ground up

Article

The brick-and-mortar side of retail media is about to explode. **We've said it**, and Mike Hiatt, president of consulting firm Dynamic Retailing and former head of in-club digital signage at Sam's Club, agrees. "In the next three to five years, it's going to happen," he said.

We project US in-store retail media ad spend will nearly quadruple by 2027, but that's starting from a fairly small base of \$240 million this year, according to our forecast. Here are tips from

experts on building an in-store retail media network.

## **Understand the importance of brick-and-mortar**

“Of all the retailers I’ve talked to, 50% to 80% of retailer customers don’t have a digital relationship with the brand,” said Hiatt. Nearly 85% of total US retail sales still take place in stores, according to our forecast.

That means a majority of retailers’ customer bases are not being monetized by online-only ads. “You’ve got to start thinking about the store. It’s like a walk-in website. It’s a three-dimensional, walk-in website,” said Hiatt.

## **Pay attention to all of your stakeholders**

Stakeholders can be divided into three main buckets, said Susie Opare-Abetia, co-founder and CEO of digital signage company Wovenmedia: the media group, the merchants, and the marketing team.

- The media group’s aim is working with retailers to boost ad revenues.
- The merchants are focused on getting products sold.
- The marketing team has a focus on brand and product awareness. Brand marketers have less of a priority on lower funnel advertising, but as retail media moves up the funnel, marketing dollars will follow.

“If you build this right, you’re satisfying a number of different stakeholders, you’re driving brand equity and supporting marketing efforts, you’re selling product,” said Opare-Abetia.

## **Think about network design from the beginning**

You can’t build a retail media network off of cheap tech, because the store environment is not easy on tech. “You have to have very robust hardware so that it doesn’t break just at the push of a shopping cart,” said Opare-Abetia.

It’s also important your tech is able to meet advertiser needs from the beginning, and those needs can be complicated. In-store retail media tech should be able to target ads to specific

geographies and time periods so that they can, for example, feature a local college football team, or celebrate a specific event.

### **Start with what's already there**

In the case of Sam's Club and Walmart, it all started with electronics. Hiatt was part of the team at Walmart that turned its in-store TV screens into an ad opportunity.

Moving from electronics into different departments allowed the company to get started with screens that were already showing brand-safe content in stores and build out from there.

### **Approach measurement strategically**

Measurement is one of the more difficult aspects of retail media from a brand perspective. It's hard to compare measurements and attributions across networks.

"Properly measuring the audience is a big challenge," said Hiatt. "Most of the measurement devices we have for measuring audiences are terrible." And accounting for privacy makes this even more difficult.

Until a standard is widely adopted, the job of a retail media network is to be as clear as possible when communicating their return on ad spend.

### **Keep your finger on the pulse**

Hiatt and Opare-Abetia are both bullish on in-store retail media innovations. In a future state, retailers could offer personalized ads, tether screens to mobile devices, and create individualized offers. Measurement also has tons of potential to improve and could potentially lead toward closed-loop attribution.