

How retail membership programs harness first-party data for advertisers

Article

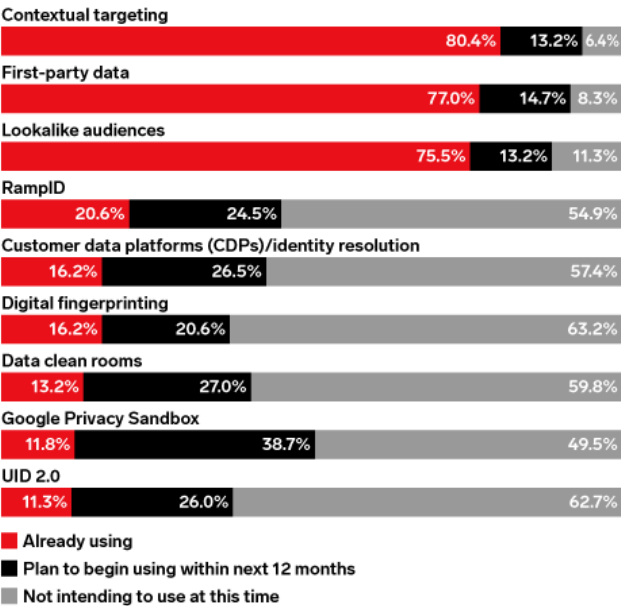
With third-party cookies on the way out, marketers are leaning more heavily on first-party data to help power their digital advertising strategies. Retailers that want to increase their share of ad dollars should leverage customer data to help advertisers enhance campaign performance via measurement and attribution capabilities.

Here are five charts that highlight the importance of first-party data in digital advertising and how retailers can use membership programs to build out their first-party data collection.

1. First-party data is critical to marketers

Current and Future Usage of Cookieless Solutions According to US Marketing and Advertising Professionals, Nov 2023

% of respondents



Note: n=204; numbers may not add up to 100% due to rounding
Source: Basis Technologies, "Identity vs. Privacy: Digital Advertising in a Cookieless World," Jan 24, 2024

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Advertisers' reliance on first-party data will only increase as third-party cookies deprecate and advertisers require privacy-compliant ways to collect and validate customer insights, create more relevant campaigns, segment audiences, and **measure** campaign effectiveness.

Over three-quarters (77.0%) of US marketing and advertising professionals use first-party data as a cookieless solution, according to November 2023 data from Basis Technologies. Another 14.7% say they plan to begin using first-party data to supplement third-party cookie loss within the next 12 months.

2. Membership programs provide data, revenues for retailers

Which Retail Membership Services Do US Adults* Pay For?

% of respondents, April 2021-April 2024

	April 2021	April 2022	April 2023	April 2024
Amazon Prime	67%	61%	69%	57%
Walmart+	6%	15%	13%	24%
Costco Wholesale	30%	22%	27%	23%
Sam's Club	25%	26%	26%	21%
DoorDash DashPass	-	11%	11%	13%
Instacart+	3%	7%	5%	10%
Best Buy	-	9%	8%	9%
Uber One	-	-	5%	8%
Sephora	-	-	-	2%
Shipt	2%	4%	2%	2%
FreshDirect DeliveryPass	1%	1%	0%	1%
Other	6%	3%	3%	1%
None of the above	18%	17%	16%	21%

Note: ages 18-65; Sephora added in Feb 2024; *or any member in the household
Source: "EMARKETER Ecommerce Survey" conducted in April 2024 by Bizrate Insights, May 1, 2024

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Because membership programs require customers to opt-in, they may be more comfortable sharing data beyond purchase history, like communication or product preferences.

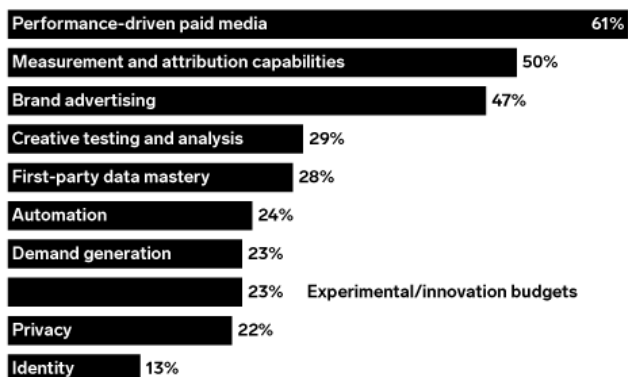
Over half (57%) of US adults are members of [Amazon](#) Prime, according to our April 2024 survey conducted by [Bizrate Insights](#). About a quarter (24%) of adults belong to [Walmart+](#), followed by Costco Wholesale's membership program (23%) and Sam's Club (21%).

Over a fifth (21%) of consumers don't belong to any of the membership programs listed, suggesting there's lots of room for growth.

3. Retail media networks can use data to enhance campaign measurement and attribution

Advertising Capabilities and Media Investments Most Critical to Marketing Professionals Worldwide, Nov 2023

% of respondents



Source: Mediaocean, "2024 Advertising Outlook Report," Jan 4, 2024

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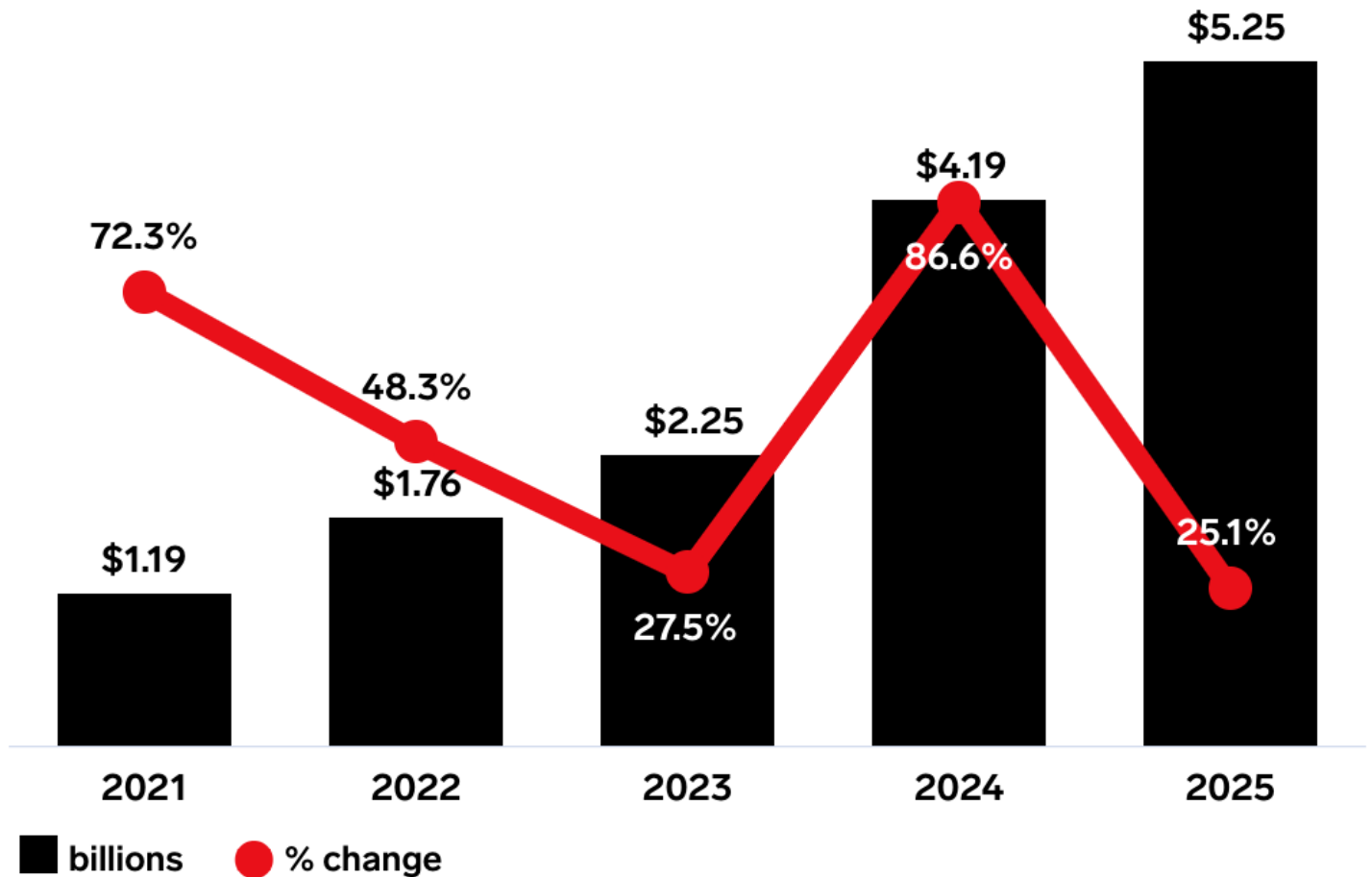
Half of marketing professionals worldwide say that measurement and attribution capabilities are most critical to them, according to November 2023 data from Mediaocean. Without access to the right data and analytics solutions, this can be difficult to achieve, especially when it comes to connecting online and offline sales.

[Retail media networks](#) have an opportunity to leverage the massive amounts of customer data they possess to help advertisers better understand campaign performance across digital and physical channels.

4. Data helps retail media move up the funnel

Retail Media Connected TV Ad Spending

US, 2021-2025



Note: digital advertising that appears on websites or apps that are primarily engaged in retail ecommerce or is bought through a retailer's media network or demand-side platform (DSP); examples of websites or apps primarily engaged in retail ecommerce include Amazon, Walmart, and eBay; examples of retail media networks include Amazon's DSP and Etsy's Offsite Ads; includes ads purchased through retail media networks that may not appear on ecommerce sites or apps

Source: EMARKETER Forecast, March 2024

As the [retail media](#) channel evolves, advertisers have begun to explore off-site channels like [connected TV](#) (CTV), which will garner \$4.19 billion in retail media ad spend in 2024, up 86.6%

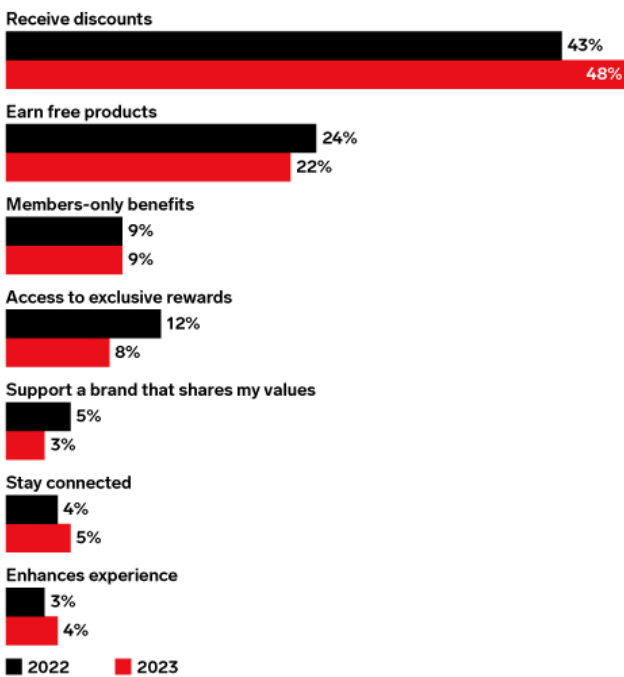
YoY, per a March 2024 EMARKETER forecast.

Through CTV partnerships, retail media networks enable advertisers to expand their reach and boost brand awareness. First-party data is key here, too, providing more accurate ways to target and measure across off-site channels.

5. Access to customers' data hinges on keeping them engaged

Leading Reasons That US Adults Currently Participate in a Loyalty or Rewards Program, 2022 & 2023

% of respondents



Note: ages 18-65

Source: Merkle, "2024 Loyalty Barometer Report," Feb 14, 2024

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To ensure first-party data stays fresh, retailers need to keep customers engaged in membership programs by identifying which features or services are most valuable.

As prices for goods and services increased from 2022 to 2023, so did the percentage of US adults that cited discounts as the leading reason they participated in a [loyalty](#) or reward program, according to February 2024 data from Merkle. However, the percentage of customers who wanted free products decreased, as did those who wanted access to exclusive rewards.

This was originally featured in the Retail Daily newsletter. For more retail insights, statistics, and trends, [subscribe here](#).