

What you need to know about non-endemic retail media advertising

Article

When retailers allow non-endemic brands to advertise, it benefits both sides. “Retailers can further monetize their data, while non-endemics, who have an appetite to expand their reach, are able to leverage that data,” our analyst Sarah Marzano said on an episode of the [“Behind the Numbers: Reimagining Retail”](#) podcast.

What's in it for retailers: Opening up ad inventory to non-endemic brands is profitable, Marzano said. Adding a new revenue stream may be smarter than attempting to squeeze more dollars out of existing advertisers, especially amid tightening budgets.

What's in it for advertisers: The success seen from retail media networks over the past few years has proven the value of first-party data, Marzano said. And now, “non-endemics, looking to future-proof their advertising investments amid the impending deprecation of third-party cookies are able to take advantage of that data.”

3 best practices in running non-endemic retail media ads:

1. Make the products make sense together. Non-endemic partnerships only work if the products complement each other. The more relevant your products are, the likelier you are to capture consumers when they're in the purchasing mindset.

2. Ensure the products have a shared customer profile. “If you are allocating real estate to advertisers that are really irrelevant to your customer base, then you run the risk of eroding the customer's experience,” on top of the risk of not seeing campaign results, Marzano said. A discount store, for example, may not want to display ads for luxury cars—even if it's in the automotive aisle.

3. Triple check that the brands truly don't compete. For mass retailers such as **Amazon** or **Walmart**, it can be a challenge to identify brands that are really non-endemic. That's why we're going to see a lot of non-endemic activations go toward services including those in the financial, insurance, or health sectors—the type of things that truly sit outside of the retailer ecosystem but are certainly a part of their consumers' day-to-day lives, Marzano said.

Driving the trend: “Retailers who have more mature, developed **retail media networks** are recognizing that they might be reaching a level of saturation among their endemic brands,” Marzano said. “So even though they might be looking at growth from those programs over the next few years, it's not as significant of growth as they might like to see.”

- Last month, Walmart opened up its retail media business to non-endemic advertisers, starting with automotive, entertainment, financial services, quick-service restaurants, and travel.
- Home Depot made the same move in March to expand its retail media offerings, betting on unique segmentation, based on customers' home improvement goals, to draw non-endemic advertisers.

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