Retail data is changing the game for U.S. advertisers

But the market needs to deliver more transparency and control as usage grows

theTradeDesk Intelligence

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Introduction

The Trade Desk Intelligence conducted an advertiser study with Material+ and surveyed 201 marketers in the United States. The respondents' teams were responsible for media planning, strategy, and buying; national/brand marketing; e-commerce marketing; SEO; and/or shopper marketing. All respondents held the rank of manager or above and played either a significant or sole role in deciding where advertising dollars were spent. Fieldwork was conducted between April 11 to May 10, 2023.

The following research is focused on the growing opportunity and use of retail data, retail media and retail media networks (RMNs) by advertisers in the U.S. For clarity in this report and to maintain consistency with the definitions that survey respondents were given, we are defining these as follows:

Retail data

Data that retailers collect about their business and consumers, such as sales and loyalty card data. Retailers can share these insights with advertisers to help them reach their target audiences and measure sales at those retailers. Note: retail data can be offered via a third-party platform or via RMN depending on the retailer. Note: retail data can be offered via a third-party platform or via a RMN depending on the retailer.

Retail media

The inventory owned and operated by retailers on their e-commerce sites, such as display ads and sponsored search results.

Retail media networks (RMNs)

An advertising platform provided by retailers that gives advertisers access to the retailer's first-party data (retail data), allowing them to reach more targeted audiences and measure sales at the retailer, and to their on-site inventory (retail media), and to their on-site inventory (retail media).

Disclaimer: Unless specified otherwise, all results reflect the proprietary research conducted by the Trade Desk Intelligence and Material+. The Trade Desk provides this information for general knowledge and does not make any representations or guarantees of any kind with regards to the future performance of the information set forth.

E-commerce giant Amazon launched the first modern retail media network in 2012. In recent years, dozens more networks have popped up from virtually every major U.S. retailer, offering advertisers countless options to tap in to retailers' first-party data to better inform their digital media buys.

This phenomenon was only reinforced by the COVID-19 pandemic, which had the knock-on effect of boosting e-commerce and, in turn, making e-commerce sites some of the most valuable online real estate. But retailers quickly ran out of online monetization opportunities on the properties they owned and operated and began to look for revenue elsewhere.

At the same time, advertisers started preparing for regulatory and identity changes — most notably, Google's planned deprecation of third-party cookies from Chrome by 2024. Retailers' need to grow their media businesses beyond their e-commerce platforms, combined with advertisers' aim to future-proof their activations and hold media accountable, led to a win-win opportunity: global retailers extending their media business to the open internet. Advertisers are now able to leverage retail audience segments in a self-service manner to reach verified category buyers and eliminate waste from consumers who would never buy their product. This is especially true for premium inventory such as Connected TV (CTV), which is increasingly bought programmatically.

Off-site retail solutions can also help advertisers close the loop between digital ad exposures and actual sales, allowing them to hold brand ad spend accountable to outcomes that truly matter.

Advertisers are set to leverage these offerings

According to a new national survey-based study from The Trade Desk Intelligence, 91% of U.S. advertisers plan to maintain or increase their investment in retail data in the next few years.

This includes 38% of U.S. advertisers that expect to keep the same investment and over half (53%) who say they will increase their spend.

What's more, nearly three-quarters (68%) of advertisers that do not currently use retail data say they plan to use retail data in the future.

The former group say they expect to increase their investment in retail data by an average of 27% and intend to allocate additional funds to their digital media planning and strategy teams as well as their e-commerce teams.

This could indicate that these advertisers will continue to use retailer solutions to reach specific audiences, as well as to activate campaigns across digital media channels — including CTV — and to control frequency across digital media channels.

Other ways these advertisers can potentially use retail data include gathering insights about customers and leveraging machine learning to help optimize campaigns mid-flight.

Potential benefits of using
retail data in omnichannel
advertising campaigns

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1— Benefits

Benefits

Benefits

efits

Benefits

Retail data is particularly valuable since it comes from verified purchases and loyalty programs. This can be especially crucial for brands in industries such as CPG, which may not have their own robust first-party datasets and are looking for better ways to reach their target audiences.

Retailers have years — or even decades — of purchase data, which allows them to build relevant, predictive lifestyle and life stage segments. These customer targets can often replace third-party browsing-based cookie segments and help brands reach consumers based on their actual purchases within their lifestyles or stages of life, furthering their ability to tie ads directly to results. This is true of both endemic and non-endemic advertisers.

So far, many marketers are using retail data to reach customers throughout the path to purchase and to make more informed ad buys, help spend their advertising budgets more efficiently, and maximize ROAS, among other potential benefits.

In addition to retail loyalty and purchase data, around half of all advertisers report that entertainment data (48%) or customer loyalty data (71%) would be useful to their business.

Meanwhile, as consumer attention continues to fragment across channels, it's more important than ever for advertisers to implement omnichannel marketing strategies. This is where retail data can come in handy — it helps advertisers reach the right consumers, no matter where they consume media.

Some advertisers are also increasingly seeking out easier ways to work with retail data partners, such as through platforms like The Trade Desk, which works with a marketplace of top retail data providers in the U.S. and across the globe (The Trade Desk Data Partners).

2— Opportunities

Opportunities

How sweet it is

Take the ice cream newcomer Halo Top as an example. This 11-year-old brand is owned by frozen treat giant Wells Foodservice, which also manufactures ice cream brands such as Blue Bunny.

Wells wanted to reach potential Halo Top customers at different stages on their paths to purchase with a more effective media plan. Not surprisingly, most Halo Top sales take place in stores. This is why Wells needed to understand how its media investment contributed to store sales to drive the highest ROAS.

By using Kroger's retail data offering via The Trade Desk for audience targeting and sales measurement, Halo Top was able to target current ice cream buyers, lapsed ice cream buyers, and buyers who had purchased ice cream from competitors.

The subsequent omnichannel campaign included display, mobile, online video, audio, digital out-of-home (DOOH), and CTV.

The result?
470% ROAS and 117% media savings. When the latter was reinvested in further placements, Halo Top drove a four-to-sixfold increase in frequency.

'It just fits'

Clothing manufacturer Fruit of the Loom is another brand that relies heavily on brick-and-mortar sales.

However, as e-commerce continues to grow, the clothing brand looked to reach consumers who shopped through other channels as well.

For its 2023 back-to-school campaign, Fruit of the Loom worked with The Trade Desk and Walmart's DSP, Walmart Connect, to reach potential customers where they consume media.

What's more, to maximize ROAS, in-flight measurement and optimization allowed the brand and its agency to understand how display and video ads were performing.

Fruit of the Loom also benefited from Walmart's first-party data and predictive audience segments, which ultimately resulted in ROAS that was 20% higher than previous back-to-school campaigns.

Unique audience segments

The benefits of retail data are not limited to endemic advertisers or those that sell products on-site or in-store.

While the majority of advertisers surveyed by The Trade Desk were associated with retail brands, about 20% represented other verticals. Many of these non-endemic brands have worked with The Trade Desk to tap in to the power of retail data as well.

For example, cruise line companies could use retail data to target families who purchase sunscreen frequently, while an auto manufacturer with a new truck model could reach out to consumers who often purchase home improvement products.

It's not all theoretical — one insurance brand wanted to use retail data to drive quote requests. By working with a large retailer and its first-party data, the brand created audience segments to target new parents, auto enthusiasts, home improvers, technology enthusiasts, and gamers.

In the end, this insurance brand was able to exceed its historical paid media benchmarks by more than 160%.
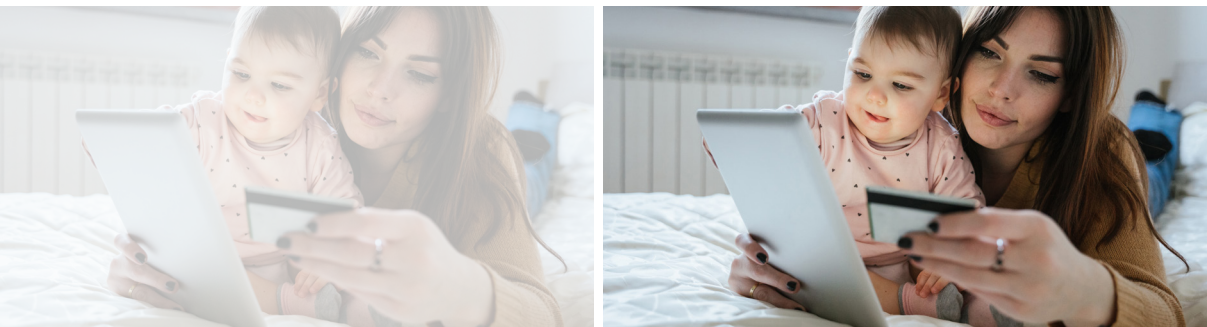
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3— Challenges

Challenges

Challenges

In order for U.S. advertisers to truly avail of all the benefits retail data has to offer, the industry must first address several challenges.

There is a market need for more education about how retail data can help brands.

While 81% of U.S. advertisers are reportedly using retail data, The Trade Desk found that less than half (44%) consider it data that is collected directly from retailers about their business, such as sales and loyalty card information.

This gives marketers an opportunity to educate themselves and feel more empowered to tap in to the full potential of a retailer's first-party data set by implementing this data across marketing campaigns. According to eMarketer, there are over 40 U.S. retail media networks in operation as of June 2023.

In the U.S., 57% of advertisers say that they were willing to use up to a maximum of four retail data partners. Furthermore, 35% say they are currently using four or more, a percentage that has more than doubled from 15% in 2021.

This proliferation of networks has also created a few pain points. For example, advertisers also reported feeling overwhelmed by the number of potential retailers to activate against.

This is in part why 57% say they prioritize working with the biggest and/or most relevant retail media networks. Amazon Advertising (57%) and Walmart Connect (45%) are the top two retail media networks that advertisers report advertising on in the last year. This is followed by eBay (24%), Etsy (19%) and Target Roundel (18%).

Meanwhile, advertisers say that their biggest challenges with retail media networks are they are not interoperable; there's no visibility into campaign performance; and they lack self-serve programmatic tools. However, this may come down to perception, as some platforms (including The Trade Desk) enable visibility, transparency, and self-service tools.

In addition, 95% of advertisers report having challenges related to the walled-garden environments of retail media networks. In addition, 63% of U.S. advertisers say that "a centralized self-service platform that includes integrated planning and buying tools" would be a motivating factor when activating retail audiences and/or measurement on a DSP.
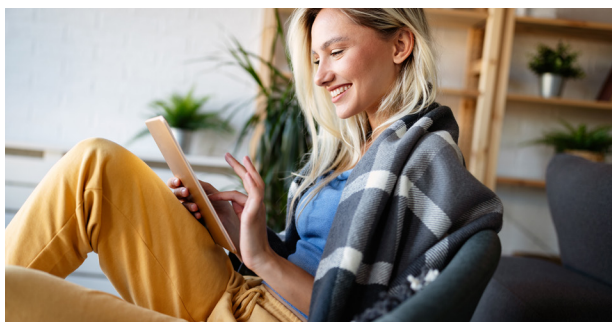
Brands should think about the return on investment (ROI) of retail data — not just ROAS.

While the adoption of both retail data and retail media networks is expected to increase in the coming years, price remains a concern for 51% of U.S. advertisers.

Seventy-three percent of U.S. advertisers currently use a DSP to activate retail data told The Trade Desk that retail measurement is too expensive, while 66% agree with the following sentiment: "My team does not have budget or resources available to allocate to activating retail data on DSPs."

However, working with DSPs could lead to cost savings in the long run, as they typically have more control over reaching the right audience across different media channels and connecting these touchpoints to sales outcomes to prove ROI. What's more, media platforms can help advertisers control ad frequency and optimize campaigns across all digital channels.

As a result, retail data may prove to be a worthwhile investment for capitalizing on high-quality data typically derived from verified purchases.

Because retailer data is of high quality and deterministic, it is well-positioned to remain future-proof even as cookie deprecation looms. This can provide another level of value for advertisers looking to reach people who are in the market for their products and services. Some advertisers found that once they began activating with a self-service retail data solution, they saw better performance across a variety of KPIs, along with the flexibility to optimize and manage frequency, which can lead to greater efficiency and keeping media costs low.

When a retailer data marketplace lives on a centralized platform, it can allow for the cost-efficient, closed-loop measurement of retail data.

Top 5 challenges involved in using RMNs

Challenge	Percentage
Only effective for lower-funnel marketing	61%
Lack of campaign performance visibility/transparency	57%
Lack of self-serve programmatic tools	55%
RMNs' lack of interoperability	54%
RMNs are too expensive/costs are increasing	54%

Retailer 1	Retailer 2	Retailer 3	Retailer 4	Retailer 5	Retailer 6
CTV	CTV	CTV	CTV	CTV	CTV
Audio	Audio	Audio	Audio	Audio	Audio
OOH	OOH	OOH	OOH	OOH	OOH
Display/video	Display/video	Display/video	Display/video	Display/video	Display/video
F-cap = 10x	F-cap = 10x	F-cap = 10x	F-cap = 10x	F-cap = 10x	F-cap = 10x

Individual shoppers can see your ad up to 60x a week

vs.

Retailer Marketplace: Target | Optimize | Measure

Retailer 1	Retailer 2	Retailer 3	Retailer 4	Retailer 5	Retailer 6

CTV
Audio
OOH
Display/video
F-cap = 10x

Individual shoppers can only see your ad up to 10x a week

Full-funnel marketing strategies benefit from retail data

Only 37% of survey respondents say that they don't expect to use retail data to measure upper-funnel tactics in the future.

This ultimately limits the impact retail data can have for these advertisers, as they may use it as a last-touch attribution tactic rather than a core component of their full-funnel marketing strategies.

Retail sales measurement data can also provide valuable signals for brands looking to optimize creative, device type, audience segments, etc. using nearly real-time sales data to maximize ROAS. Closed-loop measurement from retailers also enables brands to ensure that their omnichannel digital media spend results in corresponding increases in online and in-store sales, including TV ads that are served via CTV.

The brands that do activate retail data via a DSP, however, they see the benefit that the self-service marketplace of retailer data can bring to their omnichannel campaigns.

Advertisers look to DSPs for their centralized self-service approach.

Motivations for activating retail data on DSPs*

Motivation	%
DSP is a centralized self-service platform	63%
Real-time data to make campaign optimizations mid-flight	59%
Omni-channel inventory offerings	57%
Brands can activate first-party data	57%
Audience data from multiple retailers	56%
Data security/privacy	55%
Availability of quality data at scale	53%
Easy-to-use industry leader	51%
Best-in-class customer support	50%

*Among respondents currently activating retail data on a DSP

Advertisers are eager for innovation in the space.

Many brands clearly state that they want a centralized solution with more transparency and control. They also anticipate using retail data in an increasingly omnichannel way to help reach customers throughout the funnel, make informed ad buys, spend their advertising budgets more efficiently, and maximize ROAS.

The Trade Desk can meet advertisers' increasing needs for applying retail data, solving current roadblocks, and increasing transparency.

Top future retail data use cases for advertisers

1 Use first-party data to activate/ target audience

2 Activate campaigns across channels

3 Gather customer insights

4 Measure campaigns across channels

In order to do so, advertisers would likely benefit from additional tools to help them better reach their target audiences and optimize their campaigns. They also want to exert more control over the execution, citing a centralized self-service platform and real-time reporting as advantages of using DSPs, according to The Trade Desk's study.

4— What's next

What's next

In the not-so-distant future, we expect to see an increase in the use of retail data in channels like CTV.

Meanwhile, brands will likely learn to leverage multiple retailers' data to maximize the efficiency of their campaigns and reach the right consumers.

At the same time, shoppers' expectations of brands and retailers are only likely to increase, and retail data can help meet their needs. Soon, shoppers may demand online/offline shopping experiences, such as immersive virtual reality (VR), as well as personalized ads that make

it easier for them to find relevant products. Retailers have the opportunity to provide an equal-value exchange to their consumers, giving loyalty members the choice to opt into (or out of) marketing. This means that consumers who are part of a retail audience have agreed to be there, resulting in a more intentional audience.

This addressability is why retailers' purchase data is so valuable and why it's expected to become the backbone of effective identity solutions as advertising moves away from its dependence on third-party cookies. In addition, retail data can help advertisers build long-term digital strategies.

Brands that meet consumers' expectations with cohesive, seamless experiences informed by data will thrive in the next era.

theTradeDesk®   **A media platform built for the open internet**

The Trade Desk helps brands and their agencies advertise to audiences across millions of ad-supported apps, websites, and streaming providers all around the world. Our media buying platform is focused solely on the buy side, empowering advertisers with the data, transparency, and precision they need to reach and grow their audiences everywhere. We help power the content that fuels the free and open internet.

For more information, contact us here.