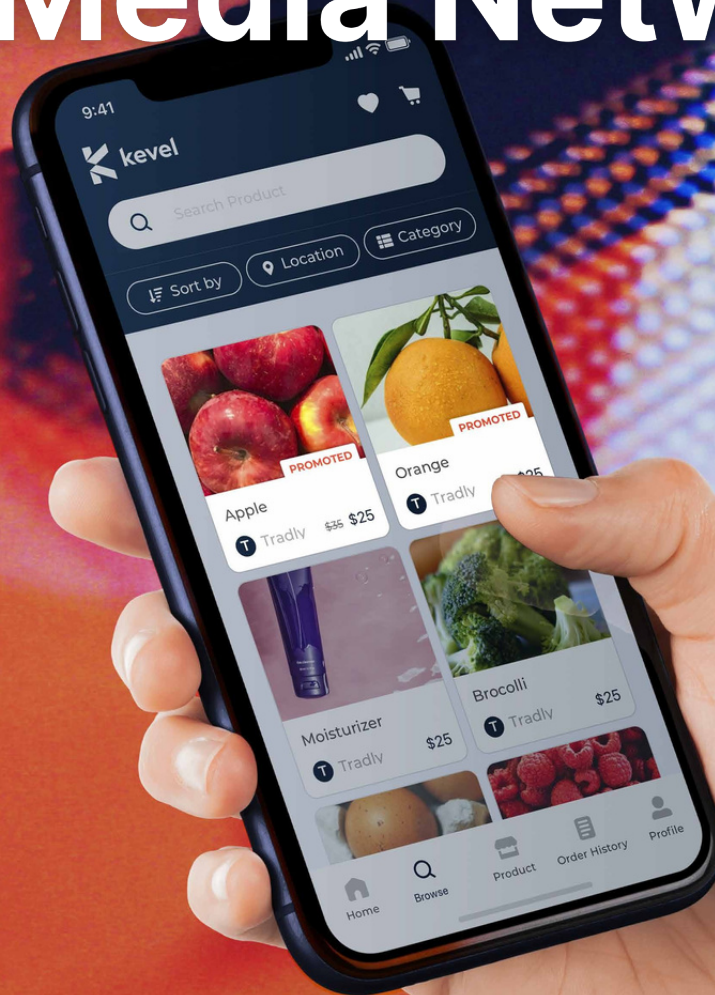


The 2023 Guide To Launching Your Own Retail Media Network



What's inside

- ▶ What is Retail Media? Who uses it?
- ▶ How to best utilize retail media for monetization
- ▶ Case studies
- ▶ In-depth Retail Media targeting review
- ▶ Retail Media solution comparisons

Introduction

“Retail media” is an ad tech buzzword for good reason: this \$100 billion dollar industry is worth the investment.

Many retailers, however, either don't monetize their site/app at all, or rely on ad networks to serve imperfect banner ads at the expense of user experience. Such ads also slow down page load times, impacting sales substantially.

Fortunately, retailers are increasingly launching retail media ad platforms for integrating user-friendly ads that target using first-party data, search terms, geo, and more. These ads include sponsored listings in search results, brand ads within homepage carousels, and even in-store ads on digital screens like smart TV displays and freezer doors.






Smart display ad example

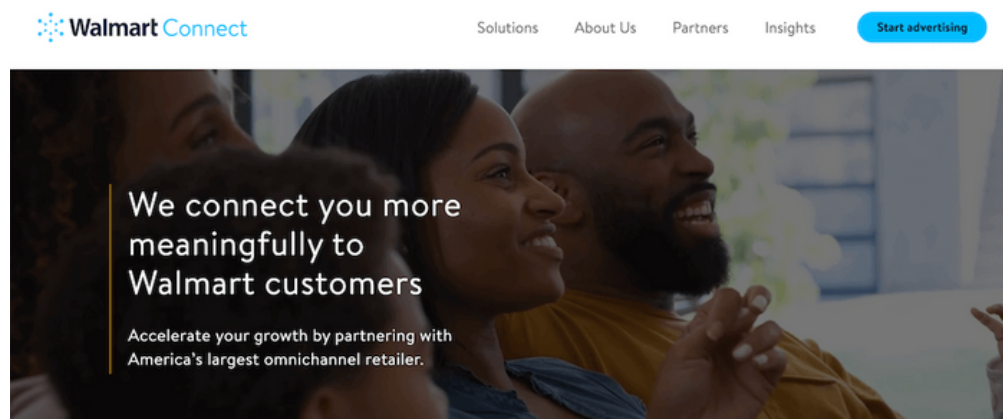
This guide takes a deep dive into what retail media is, why you should monetize with it, and how to launch your own retail media platform.

What is Retail Media, and Who Uses It?

Retail media means monetizing your digital space, whether online or in-store, by allowing your partners to promote their products throughout the user's browsing experience. Target's retail media platform, for example, enables vendors like Coca-Cola, Keurig, and Apple to buy premium ad placements across Target's site, app, and in-store screens. Retail media is effectively the digital version of [Shopper Marketing](#).

Many companies have retail media offerings, such as:

-  **Amazon:** Amazon's retail media ad product, including their Sponsored Products in search results, is booming. In Q2 of 2023, it saw a 23% year-over-year growth and totaled \$9.51 billion.
-  **Walmart:** Walmart's retail media platform, [Walmart Connect](#), is also quite successful, with 95% quarter-over-quarter revenue growth in Q2 2021.
-  **Chairish:** Smaller marketplaces can also monetize with retail media. Chairish, a vintage furniture and art marketplace, launched a [retail media solution in 2016](#) that allows their sellers to pay for promoted listings in search results, gaining an 18x return-on-investment — Kevel paid for itself within the first month.



Walmart's retail media platform, Walmart Connect

Why Monetize with Retail Media?

Retail media is a growing industry with high revenue potential for retailers that adopt it. With 67.4% of ad spend going digital and a valuation of \$629.9 billion as of 2023, it's time that all retailers launched their own retail media ad platforms.

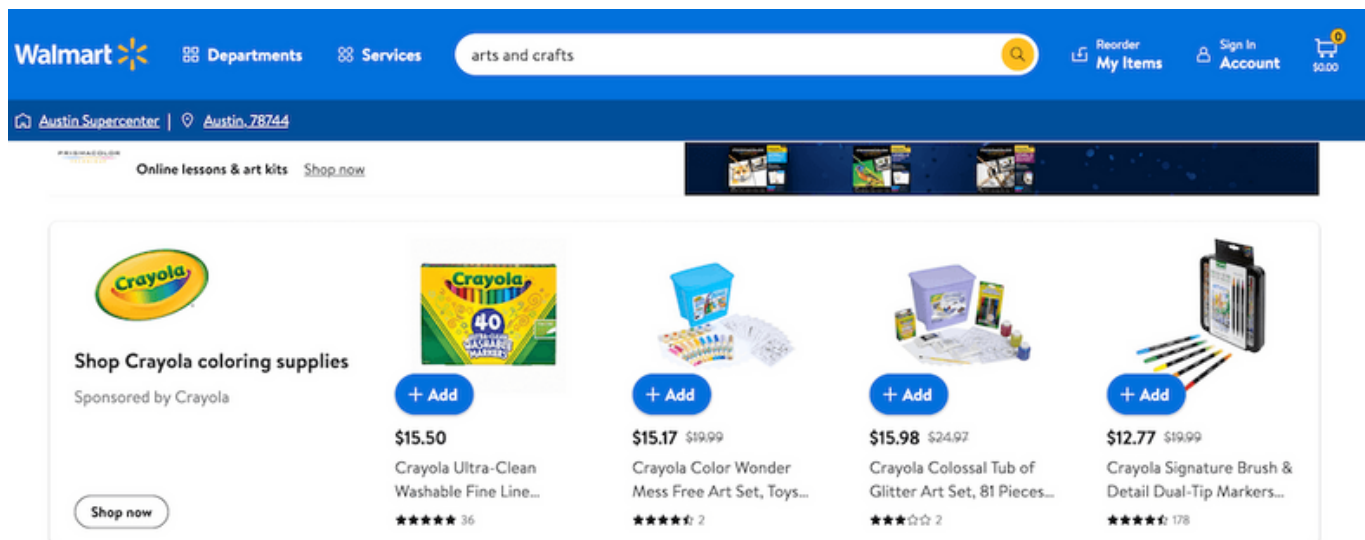
Indeed - why not have vendors pay for premium website and in-store visibility? You could offer ad units like:

Sponsored Listings

When users search for products, a relevant vendor can pay to be at the top of the search results. For example, if someone searches for soda, Coca-cola can pay to be the #1 result. This is especially valuable if a competitor, like Pepsi, would have been the #1 organic result.

Drop-down Menus

As users browse, ads could appear in the navigation tab. For example, Crayola pays Walmart for featured product photos on the arts & crafts drop-down.



Drop-down menu ads example

Other Screens

If you have any other digital screens — such as model phones, TVs, and so on — you could integrate ads that users would see when they test or walk past them.

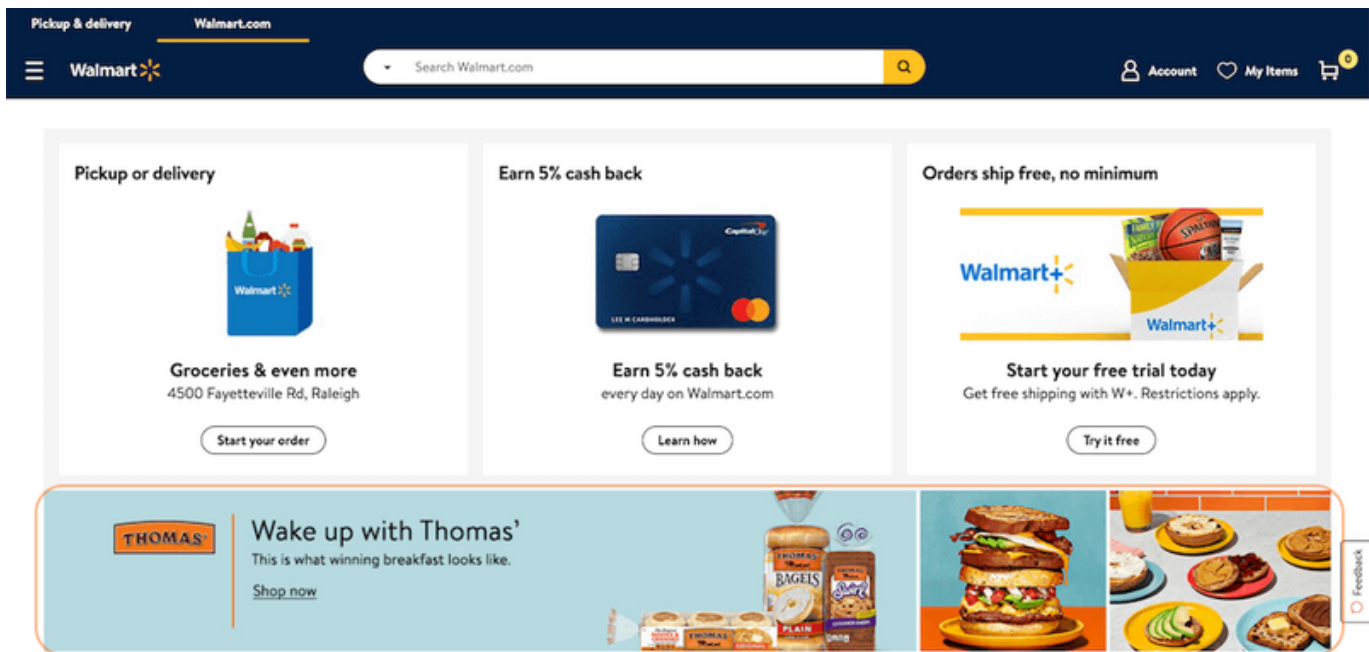
Check-out Aisle Screens

Often, in check-out aisles, there are screens over the cashier. Why not advertise here?

Why Monetize with Retail Media?

Homepage Carousels

You can add a rotating carousel of sponsored products on your homepage. Below, Thomas pays Walmart for premium product placement on the homepage.



Homepage carousel example

Refrigerator / freezer screens

These smart screens can display ads targeted to whomever is walking past.

Audio Ads

There is usually background music playing in stores. You could offer ads targeted by day/time, weather, geolocation, and more in between songs.

Beacon Ads

If your store uses beacons, you could send ad alerts to users who have your app downloaded on their phones.

What Targeting Do Retail Media Platforms Offer?

Retail media not only generates new revenue, but also enhances the user experience, especially if you incorporate first-party data into your targeting, such as browsing history, purchases, and other data you've collected on them. More targeted ads means more relevant shopping experiences for users, as well as increased product discovery. Meanwhile, vendors appreciate this targeting because it leads to more ad-driven purchases.

Successful retail media programs employ advanced targeting options to deliver the best results for their advertisers, like:



Day/Hour

You can target ads based on the local day and hour. If someone visits your site in the morning, for example, Keurig may choose to bid more to win that ad placement.



Geolocation

You can target brands/products based on the user's location. Local products could be targeted just to relevant shoppers.



Weather

Adding weather targeting lets advertisers show ads based on the user's local weather, something of interest to, say, a raincoat or sunscreen manufacturer.



Frequency Capping

Add this to ensure your users don't see the same ad over and over. This is good for advertisers and your UX.



First-party Data

As mentioned above, you could personalize ad experiences based on data you have on shoppers, such as demographic (gender/age), behavioral (browsing and purchase history), and more.



Search Targeting

Let advertisers choose what search terms they want their sponsored products to be promoted for.

Options for Retail Media Solutions

There are multiple ways you could launch a retail media program, effectively boiling down to “build vs buy.” Let's dive into these options.

Retail media network

Retail media networks enable you to integrate sponsored products relatively easily. Generally, they provide advertisers for you and bring their own advertiser self-serve portal. Integration can either be through JavaScript-tags or APIs. CitrusAd, Criteo, and PromoteIQ are some of the major names here.

When to consider:



You want quick access to advertisers. Networks bring demand and connect you with advertisers, without you needing to pitch the program directly to your vendors.



You need a fast launch time. You can usually implement these in days.

When to reconsider:



You want full customization. These are more of a plug-and-play solution; you're limited to just their offered features, nothing more.



You want transparency and control. Integration is simple and drives revenue, but you often lose control over who appears and have limited direct relationships with buyers.



You don't like revenue sharing. These solutions operate under an opaque rev share model.



You want to do in-store advertising. There's no digital-out-of-home targeting with a sponsored product network.








You want to harness your first-party data. Walmart and Amazon are making billions from their ads by using first-party data to target. This is not something that's possible with an ad network.

Options for Retail Media Solutions



Build Your Own Solution

Amazon, Walmart, and Instacart built their own retail media solutions from scratch without using a third-party ad network. Building requires vast resources and time, but has its benefits.

When to consider:

-  **You want something you own 100%**
-  **You want control over what features are prioritized.** Since you are building it, you get to decide what features to design.
-  **You don't want to pay vendor fees.**
-  **You want transferable first-party data targeting.** With an ad server built in-house, you can use data collected online for your in-store targeting, and vice-versa.
-  **Fast page load times and no ad blocking.** Many retail media networks require JavaScript ad tags, which slow down page load times and get ad blocked.

When to reconsider:

-  **You can't wait years.** Every day your platform isn't live means lost revenue, and building from scratch can take years.
-  **You don't have engineering resources.** Amazon, Facebook, and others all have hundreds of ad engineers to build and optimize their ad products.

Options for Retail Media Solutions

Build Faster with Ad APIs

An alternative to building from scratch is using an ad infrastructure platform that provides all the tools to launch a full-featured, custom ad program in weeks, not years. Similar to how Twilio cuts down the time to launch a custom communications platform, these solutions provide the best of all worlds: the customization of an in-house build with the ease of third-party software.

When to consider:



You want to quickly launch a custom retail media ad platform. Infrastructure ad APIs let you build what you want, on your terms, in just weeks. You get the flexibility of an in-house build, but in a fraction of the time and cost.



You want pricing transparency. These often employ SaaS pricing, based around # of ad requests, and don't take a percent of media.



You want all the benefits of an in-house build. Unlike third-party retail media networks, infrastructure APIs come with all the benefits of building from scratch: no ad blocking, first-party data activation, DOOH targeting, and more.

When to reconsider:



You don't have advertisers. Ad APIs provide the infrastructure, not the demand, so you'll need existing advertiser relationships.



You want to launch in days without engineering help. Integration with infrastructure software does require some engineer resources, and it'll likely take a few weeks.

Options for Retail Media Solutions

Compare Retail Media Solutions

Features

	Retail Media Network	Build From Scratch	Build With APIs
Built-in Demand	✓	✗	✗
Launch in Days	✓	✗	✗
Launch in Weeks	✓	✗	✓
Automated Security Updates	✓	✗	✓
Small Dev. Resource Cost	✓	✗	✓
Full Customization	✗	✓	✓
Full Data Transparency	✗	✓	✓
In-Store Advertising	✗	✓	✓
Harness 1st-party Data	✗	✓	✓
No Revenue Sharing	✗	✓	✓
Full Tech Ownership	✗	✓	✓
No Vendor Fees	✗	✓	✗
Fast Page Load Times	✗	✓	✓
Bypass Ad Blockers	✗	✓	✓



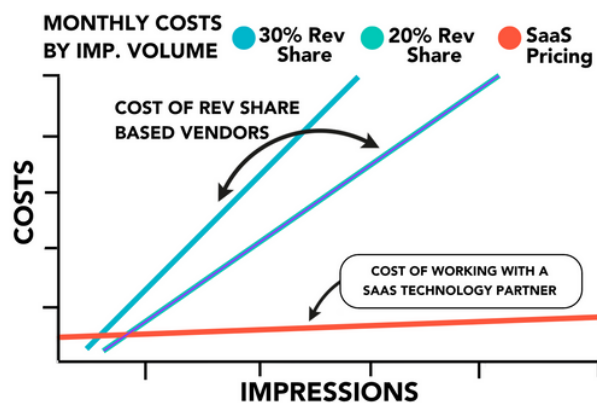
How Much Can I Make with Retail Media?

Your ad revenue is dependent on many factors, including your traffic size, product, amount of ads, fill rate, etc. Below provides our analysis of average CPMs for various units, as well as educated guesses on the CPMs that major retail media ad platforms drive. (“CPM” stands for “cost-per-mille” and refers to the revenue you make for every 1,000 ad impressions).

Sponsored Listings/ Retail Media		eCPM
Google Search		\$40
Walmart		\$40
eBay		\$3
Amazon		\$2.50

Ad Unit	Average CPMs
Retail Media	Varies; Amazon at \$2.50, Walmart at \$20
Sponsored Listings (B2B or B2C Marketplace)	\$5-\$15; niche \$50+
Sponsored Listings (P2P Marketplace)	\$2-\$5
DOOH Ads	\$6-\$12

It's important to not be short-sighted with your plans and account for future growth and scaling. To that end, ensure you account for costs from vendors if you choose to get some help in your build. Here is a chart comparing revenue share pricing vendors and SaaS pricing vendors as you grow and scale.



Case Studies

We've partnered with select customers to bring you details about how they achieved success with retail media. After all, it's a \$45 Billion market, so there are plenty of opportunities for everyone to find success!

Chairish

Chairish built a bespoke, complex sponsored listings platform in just weeks — with only one engineer on the project. Their ad response times as low as 50ms, even at scale.

[Read More](#)

“Kevel is perfect for marketplaces looking to add sponsored listings, especially if engineering resources are limited.”

Senior Software Engineer, Chairish

everli

Everli offers advertisers sponsored placements across their sites and app. Using targeted keywords and search terms, advertisers serve their ads to the right user at the right time. With Kevel's APIs, Everli's ads are aligned with buyer intent. In weeks, Everli has seen increased CTRs and user engagement with Kevel. The ad units blend seamlessly into Everli's sites and app, maintaining consistency across the end user's browsing experience.

[Read More](#)

slickdeals®

Slickdeals created a Featured Deals section that incorporates first-party data to personalize what sponsored deals appear for each user. These are actual deals and are sponsored by brands/retailers whom Slickdeals already works with.

[Read More](#)

We chose a backend API solution because minimizing ad latency was important to us. We're seeing less than 100ms response times with Kevel — an order of magnitude faster than other ad servers.

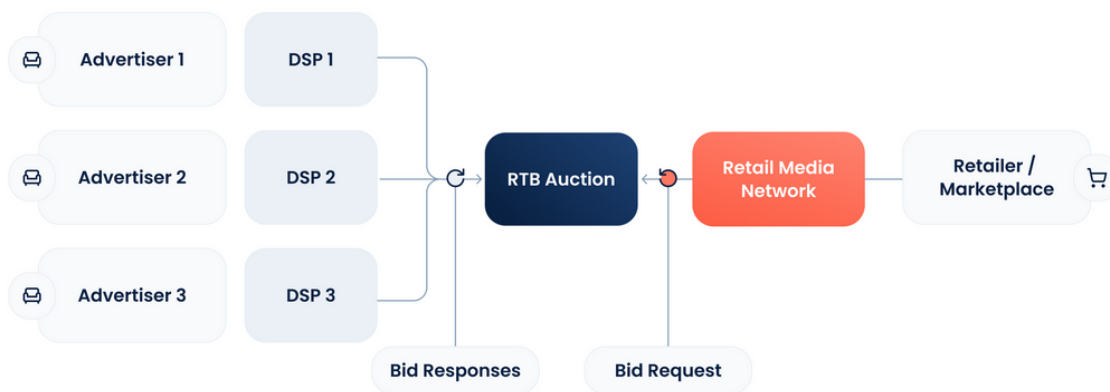
VP of Ad Operations, Slickdeals

Kevel helped minimize the time it took to integrate ads and allowed us to start earning revenue almost immediately. The sponsored ad units have already shown great success for merchants, and we plan on adding more ad units in the near future with Kevel.

What's next?

Kevel's CEO, James Avery, believes the future of retail media is programmatic. He writes:

"Retail media has exploded in popularity the last few years but is now at a tipping point. With every retailer spinning up their own network, advertisers are becoming frustrated in this fragmented digital media market. But as advertisers now have to go to each individual retailer to buy inventory, and as the sizing and ad specifications can look different from walled garden to walled garden, advertisers are losing time and missing out on valuable inventory. The absence of a standardized framework hinders retail media's true revenue potential and scale for buyers, sellers, and technology stakeholders alike."



Programmatic Retail Media Network

Read more about why the future of retail media is programmatic and even volunteer to join our working group to establish a standard for programmatic Retail Media [here](#).

[Chat With One of Our Ad Tech Experts](#)



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