

US Retail Media Networks & Commerce Trends Update

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 **TRANSACTION**
An Omnicom Commerce Company

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Retail Media Growth Continues to Accelerate in 2024

Per the latest eMarketer numbers, Retail Media Ad Spending is expected to hit almost \$60 Billion dollars in 2024 and is forecasted to grow by more than 20% annually over the next three years. Additionally, almost 27% of all search ad dollars will be spent on retailer properties in 2024, growing to 37% over the next three years. In 2024, we anticipate that CTV, offsite ad formats, expansion from non-endemic advertisers, and budget shifts resulting from cookie deprecation will be key contributors of Retail Media growth.

2

Generative AI Search will Reshape Retail Search

Onsite/Retail search has been the foundation of Retail Media spending, driving both efficacy and efficiency for brands, as well as profitability for the RMNs. As onsite search evolves from keyword queries to solution-based queries, we anticipate there will be a huge opportunity to cross sell and upsell across categories.

At CES we learned that [Walmart](#), through their partnership with Microsoft, is launching Generative Search using AI. Instead of searching by a keyword, users can search for a scenario and get multi-category recommendations, instead of searching “chips” and “paper plates” separately and getting two separate results, you could instead search “things for a Superbowl party” and get multi-category/product recommendations.

In a similar vein, Amazon also recently announced [Rufus](#), their new generative AI-powered conversational shopping assistant. Rufus is trained on Amazon's product catalog and information from across the web to answer customer's shopping needs. It makes product comparison recommendations based on context and facilitates product discovery in the same Amazon shopping experience customers use every day. While it is still in beta with a small customer set in Amazon's mobile app, this new shopping assistant is likely to expand in 2024. In a recent [WIRED](#) interview, Alphabet's Sundar Pichai touches on the parallel pathing of chatbots vs. search engines, and we see why this might be top of mind. If Rufus (one example) allows customers to have their informational and discovery questions answered in one portal, there is one less reason to begin research outside of Amazon.

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Increased Focus on Retail Media Measurement Standardization, Transparency & Incrementality

The IAB, ISBA, Advertisers, Retailers and Agencies have been collaborating on various standardization initiatives, the most notable of which is the [IAB's Retail Media Measurement Guidelines](#). In 2023 OMG announced the launch of the Retail Media brand of its Council on Accountability and Standards in Advertising (CASA) – which helps create transparency into each RMN's capabilities around tracking and measurement. A key component of both the IAB's Retail Media Measurement Guidelines and OMG's CASA initiative is the call for a standardized approach to Incrementality measurement, to help advertisers understand the value of their investments.

"The retail CASA effort focuses especially on incrementality — the ability to attribute growth from a particular marketing effort — as it pertains to the use of retail media data to inform connected TV campaigns." said Frank Kochenash, CEO of Omnicom TRANSACT ([Digiday](#)). While Retail Media industry standardization is a long way off, we expect advertisers to push for more data and reporting transparency in 2024.

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1P Data Sources Become even more valuable as Google Cookie Deprecation Begins

On January 4th, Google disabled third party cookies for 1% of Chrome users, translating to roughly 30 million users impacted, with the goal of making their browser completely third-party cookie free by Q3 2024. As a result, the more mature and established retail media networks such as Amazon and Walmart, stand to benefit significantly from their wealth of available first party data. Additionally, Brands who have built their own first-party data sets stand to gain a competitive advantage over their peers as they can combine their 1P data sets with Retailer 1P data via clean room solutions.

Omnicom clients can benefit from the Omni ID, which is a transparent and open identity solution that takes a holistic, people-based approach to connecting media and outcomes in an ethical way, including integration with walled garden clean rooms like Amazon Marketing Cloud (AMC) and the use of neutral clean rooms like Snowflake and Infosum, for industry-first measurement solutions with retailers including Instacart, Walmart, and Albertsons.

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Retail Media Networks Push into Full Funnel with CTV & Video Ads

RMNs are touting the positive impact of CTV & Video advertising on lower funnel sales performance, repositioning themselves as "full-funnel" marketing and brand-building platforms. In a notable move, Amazon has now enabled ads on Prime Video, allowing brands of all sizes to reach 115MM+ viewers with highly targeted and measurable CTV ads.

Analysts at [MoffettNathanson](#) estimate this latest move for Prime Video could generate incremental U.S. ad revenues of \$1bn in 2024 and climb to \$2.8bn in 2027 (excluding existing offerings such as Freevee, Twitch and TNF). And according to [eMarketer](#), Amazon's STV ad revenue will nearly double in 2024, reaching \$4.75bn and accounting for an estimated 10.7% of total ad revenue.

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Social Commerce is Poised to Gain Traction in 2024

Social Commerce will surpass \$100B by 2025, per latest [eMarketer](#) forecast. TikTok continues to double down on their efforts, with the launch of TikTok Shop in the US. While other social platforms look to drive direct revenue to retailers with the formation of strategic partnerships. Meta, Pinterest, Snap all have partnerships with Amazon, providing users with the ability to purchase items without leaving their feed.

The recently announced partnership between [Meta and Amazon](#) and the launch of [TikTok](#) Shops sends a strong signal that social commerce, which has been mainstream in APAC for years, will gain significant traction this year in North America.

This creates a massive opportunity for social platforms and retailers to boost social commerce adoption while offering advertising opportunities for brands to reach a desirable younger demographic and capture in-market consumers.

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Retail Media Networks expanding to include Off-site & In-store Ad Placements

Retail Media Networks understand today's consumer is omnichannel, in response they are creating off-site and in-store ad placement opportunities to help brands reach shoppers beyond owned platforms and maximize revenue potential.

Retailers ([like Amazon](#)) are starting to expand their ad inventory to include off-site placements on sites such as Pinterest and BuzzFeed. Amazon Sponsored Products currently automatically show up when Amazon thinks a customer is likely to be interested in a product and will only appear when advertised items are in-stock, helping drive discoverability against highly targeted audiences for advertisers.

Department stores and Specialty Retailers have all launched RMNs, yet their physical footprint and in-store traffic is one of their biggest assets and still drives a sizable percentage of their total sales. In 2024, retailers will be looking to monetize stores in a meaningful, measurable and data driven way, leveraging technology such as [Cooler Screens](#).