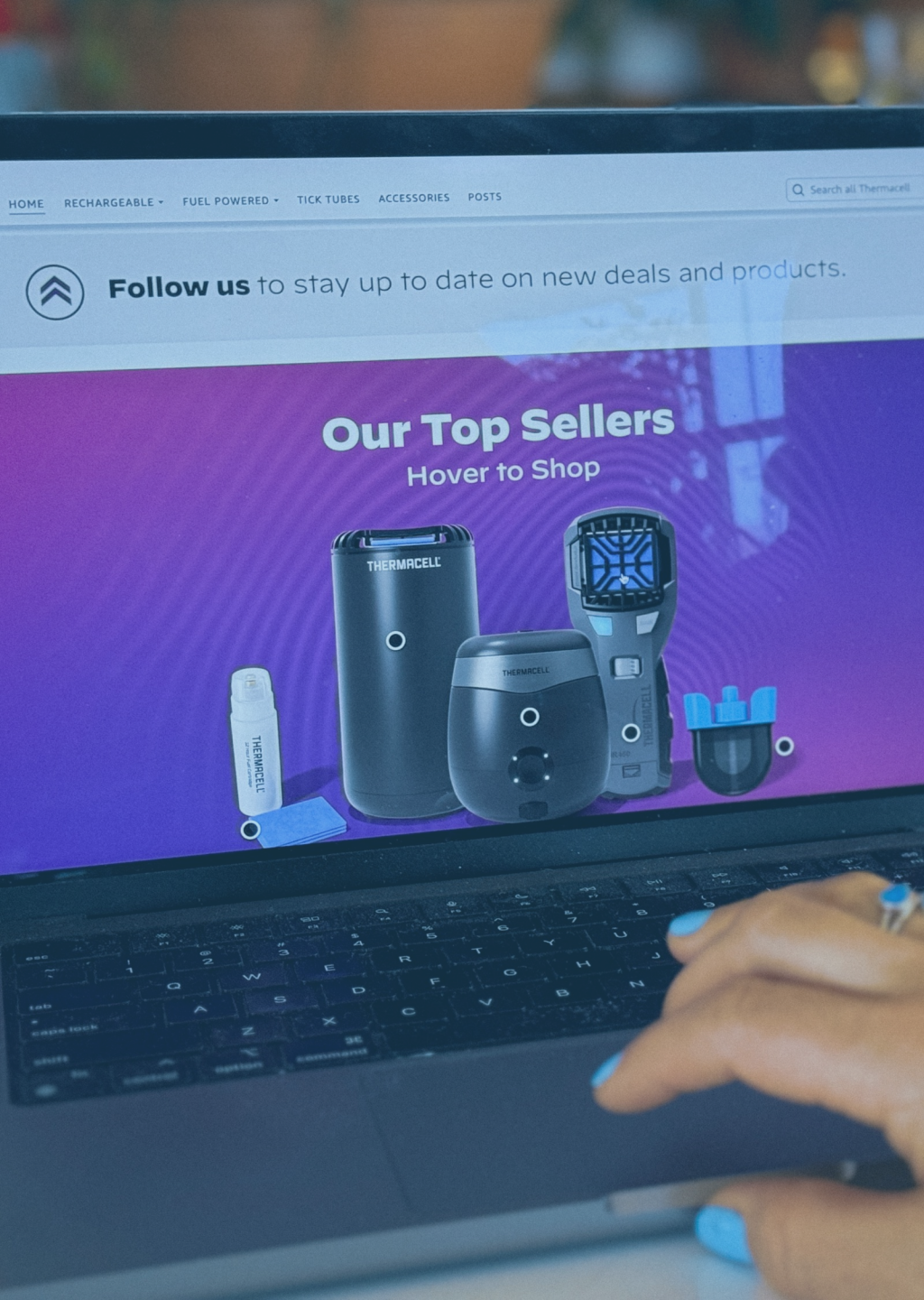


RETAIL MEDIA UNPACKED

A breakdown of retail media concepts, trends, and practices, for those looking for clarity and depth.



2024



Welcome to The Bluebird Group's Retail Media Unpacked

The rapid rise of retail media networks marks a significant pivot in how brands engage with their consumers. Retail media, particularly through giants like Amazon Ads and Walmart Connect, is not just growing—it's fundamentally transforming the paradigms of advertising. These platforms have transcended their roles as mere sales channels, morphing into comprehensive ecosystems where insight meets action. The ability of these networks to offer granular data on consumer behavior, coupled with the sheer volume of touchpoints, provides brands incredible access to reach consumers in ways previously unimagined.

Amazon Ads, with its intricate understanding of shopping behaviors and a vast repository of consumer data, continues to lead the charge in innovation. This year, we've seen Amazon Ads not only refine its targeting capabilities but also expand its suite of advertising solutions like streaming TV. The introduction of more sophisticated tools for measuring ad effectiveness and consumer engagement signals

a shift towards a more nuanced understanding of the consumer journey. This is not just advertising; it's about crafting experiences that resonate on a personal level, thereby elevating the brand-consumer relationship to new heights.

Walmart Connect is rapidly emerging as a formidable contender, capitalizing on its physical retail dominance to offer a unique blend of online and offline consumer insights. The integration of its in-store and online data points allows for a holistic view of the consumer's shopping journey, presenting opportunities for brands to engage with customers in highly relevant and contextual ways.

As we march through 2024, the shift towards more integrated, experience-driven advertising strategies underscores a broader trend in marketing—where understanding and meeting the consumer's needs is not just good practice; it's a necessity of sales conversion.



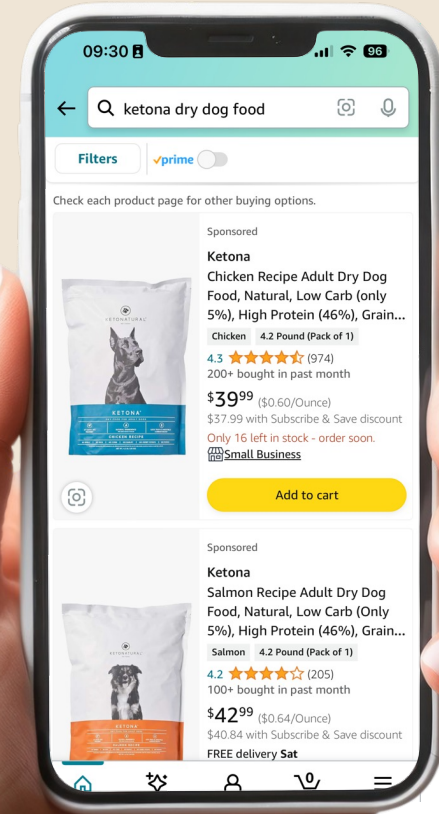
Jacob Snelson
Chief Media Officer, The Bluebird Group

Topics Unpacked

01 Measurement & Incrementality

02 The Rise of Generative AI

03 Video and Streaming TV



01 Measurement & Incrementality

The biggest challenges brands and agencies face are education and measurement.

In 2024, the evolution of the retail media sector presents brands with novel challenges in effectively gauging the impact of their advertising campaigns.

This growth spurt brings with it a blend of promising new capabilities alongside intricate measurement complications.

Amidst this complexity, there's a notable shift in focus among brands and retailers. They're actively moving away from relying solely on conventional metrics like return on ad spend (ROAS) to embrace more concrete indicators of business success, such as acquiring new customers and enhancing customer lifetime value. This shift underscores the pressing need for a comprehensive strategy that can accurately measure the genuine effects of retail media investments across the highly varied and segmented technological ecosystems.

Echoing this sentiment coming out of Amazon Ads unboxed event, Chief Media Officer Jacob Snelson remarks, "The greed of retail media is that it is a fast dopamine hit of low spend to acquire a customer at a high conversion rate and ROAS. Rightfully so, as the consumers are searching to buy most likely in that moment. So as brands and advertisers we have been falsely led to believe to expect the same return from DSP to streaming TV."

This statement encapsulates the industry's journey towards refining its approach to measurement, aiming for a deeper understanding of advertising's true value in the retail media landscape.

Insider Insights

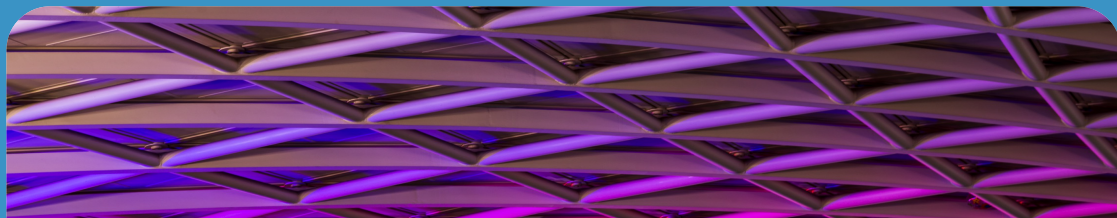
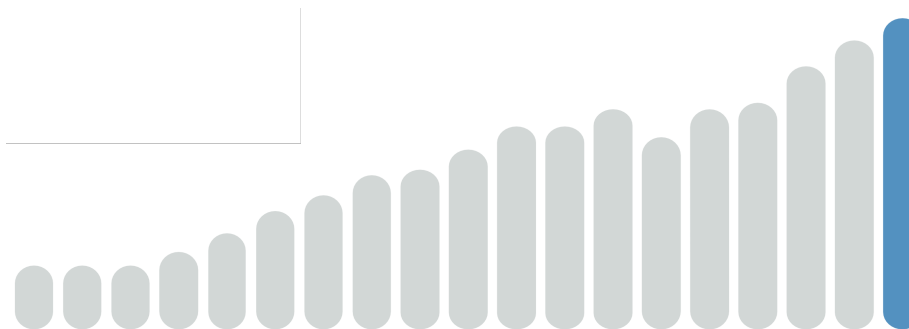
We asked our team: Many brands still tend to rely on media metrics like reach and frequency and ROAS, while brand marketers focus on business outcomes such as new to brand, share of voice and digital shelf analytics as key performance indicators. What do you suggest?

Connect your performance KPIs to what you are targeting. Overarching KPIs of reach or ROAS are doing a disservice to the dollars that were invested with other goals in mind. Look at reach for your most upper funnel activations, CTR or DPVR for your consideration tactics, and ROAS and SNSSR for your most conversion-focused advertising. To think of your advertising investment in tandem with long-term strategy, look at metrics like TROAS, Lifestyle Value metrics, and SOV over month-long look-back windows. That will be the most accurate picture of the impact of advertising.

- Anna Bever, Sr. Director of Retail Media

Regardless of where your Retail Media ads serve, they're still Retail Media ads and most brands fixate on bottom of funnel KPIs and metrics. I believe there's still a lot of unlearning to do in the way we think about Retail Media measurement. By fixating on bottom-of-funnel metrics, you sacrifice growth. By focusing on top-of-funnel metrics, you sacrifice efficiency. A sweet spot can exist. The key is tying brand building activations to reach, audience growth, and awareness focused KPIs. Inversely, ROAS/CVR/SnSS are suitable product marketing KPIs.

- Chase Arnold, Retail Media Manager



Metrics That Matter



Measuring success involves tracking a variety of key performance indicators (KPIs) that align with your business objectives, whether they are increasing brand awareness, driving sales, or enhancing customer engagement.

Here's an overview of crucial metrics and KPIs to consider>>



Standardization of the media measurement will be the biggest challenge in 2024 to get all retailers and platforms on the same playing field.

- Brett Kasten, Retail Media Manager

>> Return on Advertising Spend (ROAS)

- **Definition:** A measure of the revenue generated for every dollar spent on advertising.
- **How to Measure:** Divide the revenue derived from the advertising campaign by the cost of the campaign itself.

>> Conversion Rate

- **Definition:** The percentage of users who take a desired action (e.g., making a purchase) after interacting with your retail media.
- **How to Measure:** Divide the number of conversions by the total number of visitors and multiply by 100.

>> Customer Acquisition Cost (CAC)

- **Definition:** The cost associated with acquiring a new customer through a specific channel or campaign.
- **How to Measure:** Divide the total costs of acquisition (including advertising spend, salaries, commissions, bonuses, etc.) by the number of new customers acquired.

>> Click-Through Rate (CTR)

- **Definition:** The percentage of people who click on an ad after seeing it.
- **How to Measure:** Divide the total clicks by total impressions and multiply by 100.

>> Average Order Value (AOV)

- **Definition:** The average amount of money each customer spends per transaction.
- **How to Measure:** Divide total revenue by the number of orders.

>> Customer Lifetime Value (CLTV)

- **Definition:** The total revenue a business can reasonably expect from a single customer account throughout the business relationship.
- **How to Measure:** Multiply the average purchase value by the average purchase frequency rate, and then multiply that number by the average customer lifespan.

>> Brand Awareness

- **Definition:** The extent to which consumers are familiar with the qualities or image of a particular brand of goods or services.
- **How to Measure:** Surveys, social listening tools, search volume data, and social media mention tracking can provide insights.

>> Cost per Click (CPC) and Cost per Thousand Impressions (CPM)

- **Definition:** CPC is the cost for each click in a pay-per-click campaign, while CPM is the cost per 1,000 impressions.
- **How to Measure:** Both metrics are typically provided by the advertising platform.

02 The Rise of Generative AI

Generative AI in retail media is set to revolutionize shopping as we know it, transforming every click into a tailored, immersive journey that not only anticipates what consumers want but crafts the very future of retail engagement.

The integration of Artificial Intelligence (AI) into the retail media landscape is fundamentally altering the approach to consumer engagement and campaign management. AI's role is twofold, focusing on both anticipating consumer behaviors to deliver timely, relevant messaging and on generating creative content that resonates deeply with targeted audiences.

This technological advancement enables more efficient and effective marketing strategies, automating

processes such as ad placement and audience segmentation to ensure maximum impact. Furthermore, AI-driven tools like visual search and chatbots are revolutionizing how consumers discover products, offering personalized recommendations that streamline the shopping experience.

This shift towards AI-enhanced retail media is not just optimizing current practices but is also paving the way for innovative advertising models and deeper, more meaningful consumer interactions.

How this impacts tomorrow.

Today, many brands strive for top placement in search results. Tomorrow, they might find themselves competing for prime real estate in the world of Generative AI shopping agents. The dynamics of brand visibility are shifting, and it's time to start thinking about the strategic implications.

- Chase Arnold, Retail Media Manager



How Amazon and Walmart use Generative AI

Walmart

Walmart has introduced a GenAI-driven search feature, revolutionizing the way customers interact with their shopping platform. This innovation, promises to streamline the shopping process.

Leveraging GenAI, Walmart's new search experience allows customers to effortlessly find products across various categories by simply inputting their shopping scenario, such as planning for a "football watch party." This approach not only delivers more accurate and cross-category results but also significantly reduces the time and effort spent on multiple searches. The system smartly incorporates factors like location, search history, and other relevant contextual details to refine search outcomes further.

By combining Walmart's proprietary data, advanced technology, and large language models from Microsoft Azure OpenAI Service, along with retail-specific models developed by Walmart itself, the platform is able to offer a curated selection of products that best match the shopper's needs, marking a significant step forward in personalized online retail experiences.

Amazon

A more conversational Alexa with generative AI

A new, optimized large language model (LLM) tailored for voice interactions enhances Alexa's contextual understanding, enabling seamless, back-and-forth conversations without repetition for smoother flow.

Generative AI creates more engaging advertisements

Previously displayed against a white background, a toaster might now sit on a kitchen counter alongside fruit and muffins. Brief text prompts aid in image refinement, allowing users to efficiently generate and test multiple versions to enhance performance.

Generative AI improves product listings

Generative AI streamlines information input for sellers, consolidating multiple product data entries into a single step. This saves time, improves product listings, and boosts customer confidence in purchase decisions.

Review highlights with generative AI

Customers can swiftly gauge product feedback through review highlights, powered by generative AI. These highlights offer a concise paragraph on the product detail page, spotlighting key features and prevalent customer sentiments extracted from written reviews. This text enables customers to make rapid assessments regarding the suitability of a product for their needs.



03 Video and Streaming

As Amazon Ads and Walmart Connect venture into streaming video advertising services, brands have a unique opportunity to leverage these platforms' expansive reach and data capabilities. To prepare effectively, brands should adopt a strategic approach focusing on understanding the medium, audience insights, and creative excellence.

As we move into 2024, the integration of video ads into retail media plans represents a transformative shift for brands looking to deepen engagement and drive conversions in an increasingly digital marketplace.

The dynamic nature of video content, combined with the precise targeting and vast reach of platforms like Amazon Ads and Walmart Connect, enables brands to deliver compelling narratives and product showcases directly to their ideal consumers at critical moments in the purchasing journey.

This evolution not only enhances the visibility and appeal of products but also leverages advanced analytics and consumer insights to optimize ad performance in real-time.

As a result, brands that effectively harness the power of streaming video advertising are set to achieve unprecedented levels of personalization and impact, marking a significant evolution in how retail media strategies are conceived and executed in 2024.

How this impacts tomorrow.

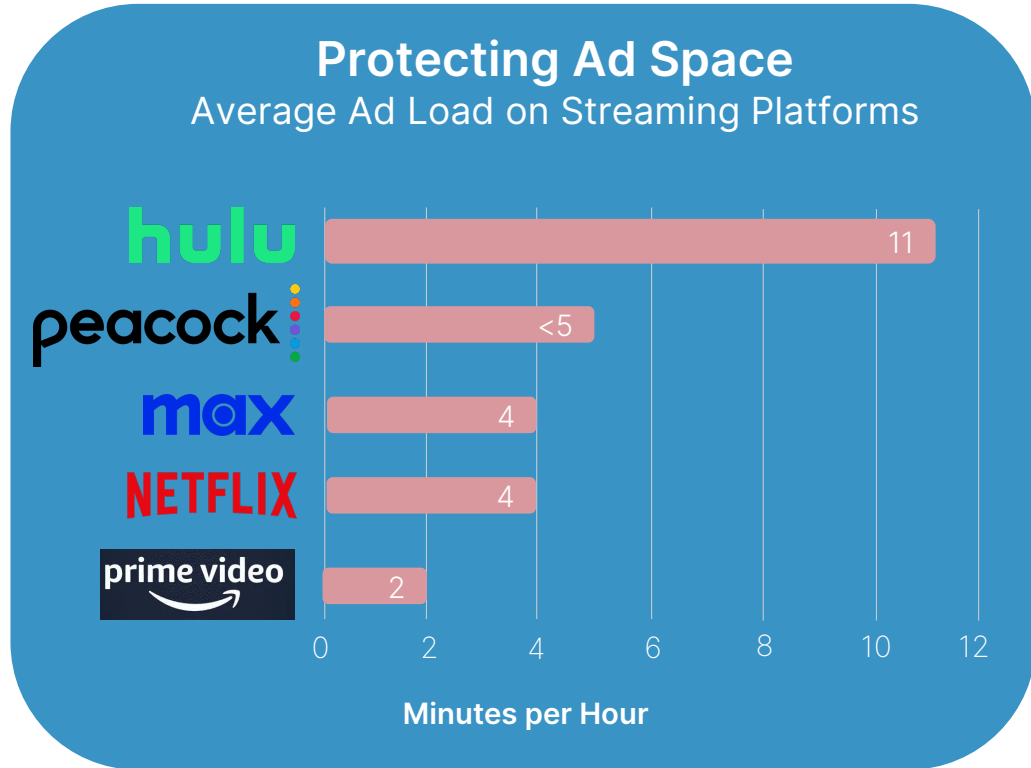
More brands will begin testing and taking advantage of the upper funnel opportunities that Amazon provides.

- **Tony Hall, Retail Media Manager**

Streaming TV as upper funnel should be considered an introduction that connects back to a sale. You may not capture an audience watching Thursday Night Football who will purchase then, but you will be able to capture the journey to see if they convert later.

Consumers live a lot of their life around Amazon via shopping, sharing, and watching. The influence is strong and as advertisers it's up to us to build a relationship that leads to a purchase. Wherever it is and wherever they are.

- **Jacob Snelson, Chief Media Officer**



Prime Video ads have a **3x higher ad recall** than other streaming.

This is due to lower ad frequency and premium quality content.

Source: An Evening With Amazon Ads Feb 2024

56% of 18 to 34 year olds do not watch linear tv.

Source: An Evening With Amazon Ads Feb 2024



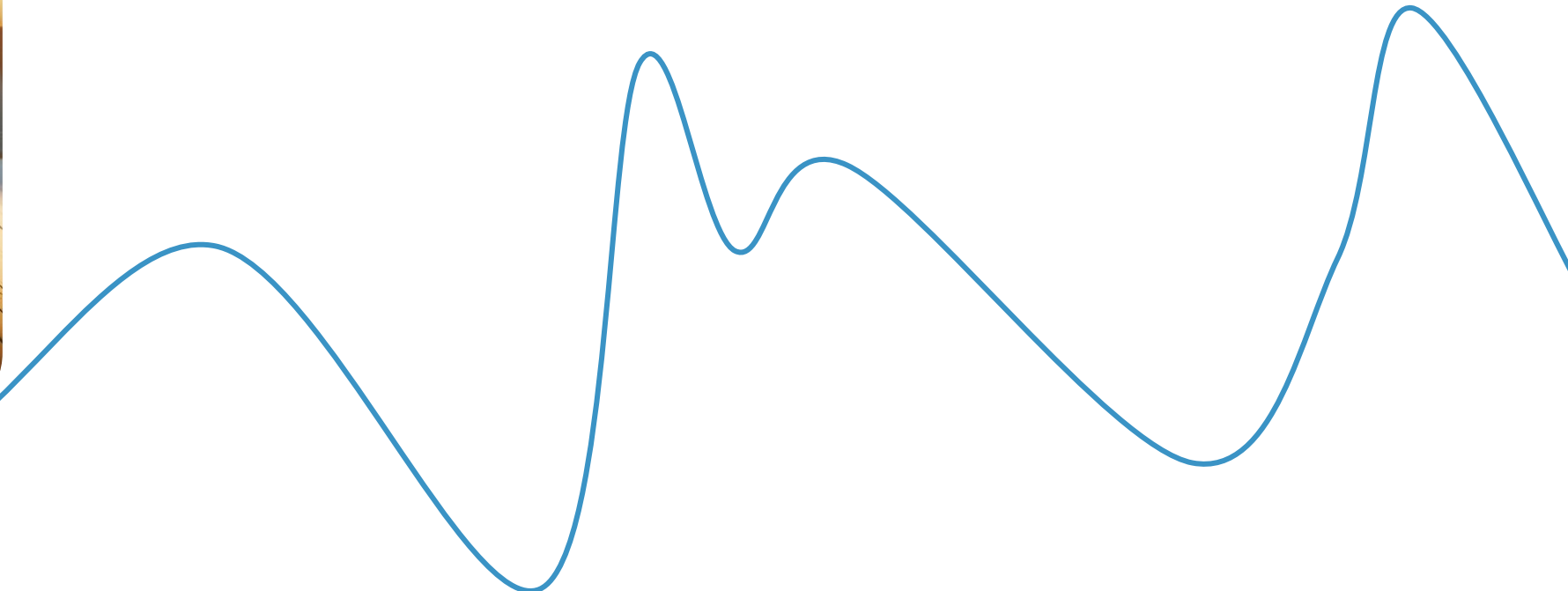
By acquiring Vizio, Walmart can now sell ads through streaming services on television. Vizio's Smart TV operating system, SmartCast, has more than 18 million active accounts.

The deal gives Walmart more ways to offer ads through Vizio televisions, as well as create entertainment options exclusively for customers with Vizio TVs.



**In 2023, we turned off
OTT/Streaming TV because
ROAS wasn't meeting our goals.**

Read what happened next...



The Strategic Shift Back to Upper Funnel Advertising

In 2022, one of our brands made a significant pivot by allocating a portion of its advertising budget to OTT/Streaming TV, aiming to broaden its reach and capture a larger audience. However, the decision to engage in this medium was met with skepticism as the initial Return On Ad Spend (ROAS) fell short of the finance team's benchmarks. Consequentially, the brand decided to withdraw from OTT/Streaming TV advertising in 2023, guided by a focus on immediate ROAS metrics which seemed to underperform.

This decision led to an unforeseen downturn in brand visibility. By the end of 2023, the brand observed a 16% decline in brand searches, a key indicator of consumer interest and brand awareness. We also found that competitors had capitalized on the absence. This shift allowed them to capture market share and visibility that our brand had vacated.

The moment came with the realization that the brand's evaluation metrics, primarily ROAS, did not fully encapsulate the value of upper funnel advertising. ROAS, by its nature, offers a narrow view focused on direct returns and fails to account for longer-term brand building and awareness benefits.

These benefits, as we learned, often materialize beyond the short-term windows traditionally used to measure advertising success.

In response, the brand re-engaged with OTT/Streaming TV advertising in 2024, reinstating its commitment to upper funnel marketing efforts. The results were immediate and profound, with a 100% increase in traffic and brand searches year-over-year.

This brand's experience underscores a broader lesson for digital advertising strategy: the importance of balancing short-term conversion metrics with long-term brand building. The initial misstep was not in the choice of OTT/Streaming TV as a medium but in relying solely on ROAS as the measure of success. This approach overlooked the crucial role of upper funnel advertising in cultivating brand awareness and engagement, which are essential for sustained growth and competitiveness.

Furthermore, the brand's largest growth periods were consistently aligned with robust upper funnel advertising efforts. This correlation highlights the fact that while immediate sales are important, the foundation of long-term success lies in brand visibility and engagement. The insights from this experience offer a compelling case for a more holistic approach to advertising strategy, one that considers the full spectrum of benefits that upper funnel advertising can offer beyond the immediate returns captured by ROAS.

Bluebird Brief:

ROAS, by its nature, offers a narrow view focused on direct returns and fails to account for longer-term brand building and awareness benefits.

In 2023, we turned off OTT/Streaming TV because ROAS was below our benchmark. Brand searches decreased -16%.

We turned it back on in 2024 and year-over-year traffic and brand searches have increased 100%.

Video that speaks volumes.

Don't: Use video to only showcase products

Do: Tell a compelling story that resonates with your audience, driving engagement and conversion in

Don't: Create a one-size-fits-all video.

Do: Create video content specifically to cater to the unique demands of each omnichannel format.



Find the right shoppers wherever they are.

For omnichannel growth, we blend data, tech, and creativity to drive results. Our integrated retail media strategies have turbocharged partner sales, surpassing basic advertising metrics. With deep expertise in physical and digital retail, we optimize total sales across major retailers.

We are The Bluebird Group - an omnichannel retail partner that's all-in on growth for your brand to reach your shoppers wherever they are.

**Retail media across
40+ retailers with ad
technology driving
profitable growth for
ambitious brands all
under one roof.**

Driven by data, led by experts.