

THE BLIND SPOTS SERIES



Retail Media for Non-Endemic Brands

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Introduction

In the fast-moving commerce sector, there is always something new to try. At KINESSO Commerce, we use the term “blind spot” to highlight untapped sources of growth hidden in your current marketing plans or demystify a capability that could make a big difference to your bottom line.

Previously, we examined Blind Spots as shoppable moments that materialize outside of the traditional funnel model of shopper behavior. By exploring these areas, brands can spark a moment of connection between the audience and the product before the customer even knows they need it. Once a prospective customer arrives on a brand.com or retailer site, the goal is to use commerce-ready content to drive conversions. Our second installment of the Blind Spots series examined how to maximize impact with Product Description Pages (PDPs).

In this third installment, we examine potential Retail Media blind spots for non-endemic brands – those that don’t sell via retailers – as few have explored the possibilities to target their high value audiences using Retail Media data.

Where is the Retail Media Industry Now?

The speed at which Retail Media has grown is well documented, but it continues to exceed expectations, with more than 20% of worldwide digital ad spend going to Retail Media this year.

Its success has followed a series of legal and technological changes to data privacy, beginning with the introduction of GDPR to the EU law in 2018 and followed by CCPA legislation being passed in the US.

Due to this legislation, platforms began protecting their data assets. Apple launched ITP2.2 in 2019, and Google introduced new privacy controls to Chrome shortly after. Google's plans to phase out third-party cookies further curtailed brands' abilities to monitor people's browsing behavior.

Retailers moved quickly to fill this hole, investing heavily in advertising platforms and ad inventory for brands to buy. With the use of data clean rooms, retailers also began enabling brands to use anonymized first-party data to run more sophisticated campaigns.

The Non-Endemic Blind Spot

Brands that sell through retailers – known as endemic brands – quickly realized the power of Retail Media. It enables them to run ads close to the point of purchase and tap into customers with a clear intent to buy.

But for most non-endemic brands – brands that do not sell through retailers – Retail Media is still a blind spot. The reality is Retail Media is for every advertiser, and many non-endemic brands have been overlooking this source of shopping data for far too long.

Endemic Vs. Non-Endemic Brands

What's the Difference?



Endemic brands

sell their products directly on a retailer's properties, e.g. clothing, health & beauty

Non-Endemic brands

don't sell via retailers, e.g., credit card providers, auto manufacturers, insurance providers



Since the online commerce boom of 2020, Retail Media has been coming of age. It can be hard to label because it has developed to include every part of a planning flowchart; it's a channel, it has its own tactics, and it has nuanced and highly differentiated audience data.

The foundation of Retail Media's power comes from owning sales data along with a detailed understanding of each customer's profile.

Retailers have always known the value of this 1st party shopper data, but only recently has technology advanced far enough to make it available to brands outside of physical retail.

Most retailers started out by offering ads and promotional visibility close to the cart, and the emphasis was therefore placed on converting sales. That approach is still the bedrock of Retail Media, but capabilities have diversified and become more nuanced over time.

This is why many non-endemic brands have a blind spot on this topic – they simply aren't aware of the possibilities. For example, a pharmaceutical company that has developed a new drug to control cholesterol could use grocery data to target customers who have previously bought low cholesterol foods.

Four Questions Brands are Answering with Retail Media

Key scenario
questions
that brands
can resolve
using retail
media

01 How can Retail Media help me reach incremental consumers?

Using retailer data, brands can target specific audience types offsite, casting a wider net and bringing in new customers who previously had no contact with their brand and products.

02 How can I find hard-to-reach customers for my niche product?

Retailer data points include browsing attributes, keywords and purchase data. Brands can analyze this data to build new, more detailed pictures of their customers, how they search, and what they buy.

03 How can I extend the reach of my own consumer database even though it's small?

Data clean room technology enables brands to combine their own first-party data with insights from a retailer's data, supplying aggregated and anonymized, privacy-compliant data sets to target offsite.

04 How can I anticipate the moment when people might need my product so I can beat my competitors to it?

Retailer data can illuminate previously unseen connections between a brand's products and any other products in a shopper's basket. Targeting these high-affinity adjacencies increases the likelihood of a brand's products being purchased alongside others.

Scenario 01

The Upper-Funnel Campaign Explosion

Any brand – including non-endemic brands – can use Retail Media Networks to reach highly-qualified segments across various content properties owned by that retail network.

As a market leader, Amazon has assembled a large and diverse line up of content properties, including streaming services such as Prime Video, Twitch, Amazon Music and FireTV. Many retailers are now following in Amazon's footsteps, recognizing the power of content properties for the dual purposes of collecting data and serving their audiences adverts.

Walmart has acquired smart TV manufacturer Vizio for this reason – the acquisition will strengthen Walmart's Retail Media capabilities and enable them to expand their data pool.

Search ads are a big part of Retail Media's offering, because search is still

an intuitive way for people to shop, but much of Retail Media's future growth will come from display, video ads and other innovative formats retailers are inventing.

These added content properties allow retailers to collect data from a wider range of demographics and serve viewers with highly relevant advertising based on their content preferences, purchase history and behaviors. For brands, that translates to greater reach, and that's a powerful tool for upper-funnel campaigns where brand awareness is key.

If you're an advertiser that is new to this space, you should be looking at this upper funnel marketing with much more granular data. Think of a hard-to-reach segment and see if you can find it using these new partners.

Scenario 02

Finding Hard-to-Reach Shoppers

Some shoppers are harder to reach than others, but retailer data can help brands to connect with these people, reinstating competitive intelligence as your own advantage.

For example, an insurance company may want to reach people who have recently purchased a house in order to sell them home insurance while they are in an optimal need-state. Typically, this is a difficult audience to reach, but by investing in a Retail Media provider from the home improvement vertical, the brand can identify purchasing behaviors such as paint, furniture or DIY tools that suggest a recent house move.

Using retailer data, brands can discover new relevant connections

to the product they wish to sell, anticipate a customer's need-state for the product, and target them with relevant content.

Non-endemic brands can use this data to serve ads which, rather than directing the customer to a product page on a retailer's property, can instead take the customer to their own websites.

Of course this isn't the only way to reach homeowners, but it is a highly qualified and durable way of doing it without cookies. As the privacy landscape shifts further toward privacy-conscious laws and policies, this targeting practice will grow in significance.

Scenario 03

Extending In-House Audience Data

Data clean rooms provide a valuable service in today's privacy-conscious landscape. Using a clean room – a secure environment where multiple parties can gain insights from sensitive data without compromising its confidentiality or integrity – brands can layer and augment their in-house data using retailer data.

The upshot is a greater level of granularity; retail data often includes useful extra context, competitive insight, and a range of attributes that are useful for planning and strategy.

This area of Retail Media is underutilized by brands – particularly those in a growth phase – who may not know how layering over retailer data can uncover a

whole new audience with a relevant need-state.

A typical pen portrait might identify a customer's age, salary and location, but by layering over retail data, the same customer's purchasing behaviors could reveal them to be vegan, have a specific allergy, or be in the process of planning a party.

This additional data enables a surgical level of targeting that might otherwise be impossible with purely in-house data. Retailer data helps consumers find exactly what they want, when they want it, by better analyzing their qualities, interests, behaviors and immediate purchase intentions.

Questions Brands Should Ask when Mapping their Audience Pen Portraits

The key is to incorporate shopping throughout the journey, not just at the end

Augment your audience journey from consideration to shopping

WHO

- › Who are the most important people buying my brand's products?
- › Can I reshape and refine more dimensions of high-value audiences?
- › Are they repeat buyers or new buyers?

WHAT

- › What do they buy today?
- › What are their needs and interests?
- › What else are they comparing?
- › Are they cross-shopping products?

WHEN

- › When are they shopping (i.e., days, times and frequency)?
- › Are they shopping for a life event or everyday consumption?

WHERE

- › Where do they shop?
- › Which stores?
- › Online or in-person?

WHY

- › Why do they shop as they do?
- › What patterns do they follow?
- › Do they combine missions?
- › Are they led by convenience or price?

HOW

- › How do they engage with different media channels?
- › Are they self-directed or can they be nudged?

Retail Media Networks also now exist across a broad spectrum of verticals, from **grocery and pharmacy, to beauty and fashion, travel, and food.**

This means brands can explore a wide range of potentially complementary data sets to add to their in-house data, so it's important to have a thorough understanding of the data landscape.

How to Differentiate Data

Sourced Firsthand

Collected by the brand directly from its customers

- Best source for existing customers
- Controlled by the brand – clear basis for processing
- Limited to existing customers
- Accuracy and scope dependent on the brand

Sourced Secondhand

Collected by the partner of the brand and then passed on to the brand for its own use

- Supplementary knowledge source; may contain useful extra context or competitive insight
- Sometimes the only source of existing customers
- Can be expensive and require partnership agreements

Sourced From a Provider that is not Limited to the Brand's Customers or Business

Often compiled from multiple sources and sold to all comers – not exclusive to a brand

- Range of attributes invaluable for planning and strategy
- Flexible usage (Pay-as-you-go)
- Data marketplaces can be difficult to navigate
- Potential transparency issues affecting basis for processing

Scenario 04

Anticipating a Shopper's Need-State to Drive Sales

One of the greatest strengths of retailer data is the ability to see cross-shopped products which can illuminate more of the behaviors taking place around or close to purchasing a brand's product.

Beauty and Fashion were the first categories to capitalize on this method, because as an expandable category, people often buy more than one item at a time and keep an assortment of products (such as color variations of the same item).

Brands selling in these kinds of categories use retailer data to identify 'friendly' items in a shopper's basket and provide a

nudge to remind people to buy something else.

As an endemic or DTC advertiser, Retail Media is intuitive for closing sales. Retail data enables brands to find exact buyers of a given product and people who are frequently shopping in-category for very clear on-purchase, high-intent, high-conversion prospects.

Key Takeaways for Non-Endemic Brands Considering Retail Media

1

There are many ways to get into the space – don't be too strict about trying to guide which budget your Retail Media buy comes from. You will likely find Retail Media data and tactics popping up across the media plan including upper funnel video, social and programmatic, as well as retail search which is still the dominant channel in the space.

2

Do get involved early. The next 1-2 years will see a flood of new retailers and new capabilities will be launched which means hundreds of different ways to leverage Retail Media ecosystems. In addition, non-endemic brands can get first mover advantage.

3

Do seek out Retail Media data when creating your pen portraits. Don't give up on a highly lucrative need-state simply because it wasn't possible to target before. Find those blind spots and see what could work for your brand.

How can KINESSO Commerce help your brand?

At KINESSO Commerce, we focus on generating profitable revenue growth for *all* brands.

We have developed a Unified Retail Media Solution to help both endemic and non-endemic brands break into this emerging Retail Media space with confidence.

Using our solution, we unify audiences, planning, activation and measurement to help brands unlock incremental sales.

Our team of retail experts can support your brand's revenue growth every step of the way.

Please get in touch to find out more.



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Thank You