

FUTURE OF COMMERCE

Introducing Retail's Chief 'Monetisation' Officers

Exec Summary

Criteo's latest Future of Commerce report finds Chief Marketing Officers (CMOs) within retail businesses are doubling down on first-party data strategy, partnerships, and matching technologies, with a year-on-year increase in total marketing budget investment of 26%.

Motivations for the growing investment are largely linked to urgent business growth objectives. Among them, 45% of CMO respondents listed the revenue potential of monetising their first-party data as a key driver, prospectively earning them a new Chief 'Monetisation' moniker.

Overwhelmingly, 92% of respondents felt their commerce data (i.e. transactional insights such as purchases, shopping behaviour and loyalty cards), has increased in value recently. When this kind of first-party data is deployed in advertising campaigns, 86% of CMOs anticipate the return on investment (ROI) surpassing benchmarks previously set with big tech companies, such as Facebook and Google.

Among the primary barriers for these new 'Chief Monetisation Officers' is publisher willingness to match first-party identifiers – an integral step in the effective targeting and measurement of advertising campaigns. Many CMOs (85%) also reported a lack of understanding of the potential of first-party data among the wider C-Suite.

Monetising first-party data effectively comes down to alignment among retailers, publishers, brands and agencies on the requirements and potential of commerce media to extend the first-party data and closed loop measurement practices of retail media, and scale these across the open web.

Introduction

The world of commerce is evolving rapidly. Years of remote work and online living have permanently changed the way we consider and purchase products. One notable trend has been the growing appetite for experiences across the open web, beyond the bounds of the largest online platforms.

Meanwhile, changes proposed by the largest players within the advertising sector have redefined the way in which brands collect and manage data. The greatest challenge now facing brand marketers is how to find and engage new audiences in a compliant, privacy-conscious manner.

This has driven renewed interest in the value of first-party data. With consumers now frequenting a growing number of retailers across the open internet, Chief Marketing Officers within these businesses are in a unique position to leverage this consumer interest data, package it up as an audience, and offer advertisers access to the rich commerce data required to reach and engage their desired target audiences.

To better understand how CMOs are responding to this opportunity, we surveyed 251 CMOs within consumer facing retail businesses across the UK.

46%

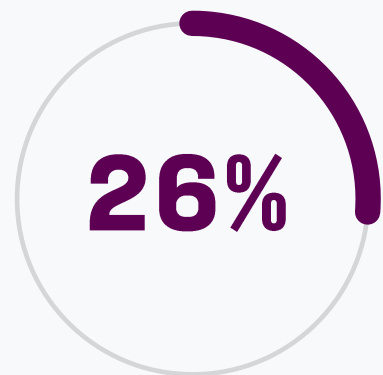
of UK shoppers now start a product search on the retailer or brand site they know they can buy it from

Just

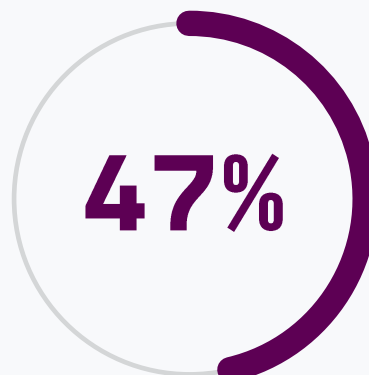
25%

start a search via online marketplaces

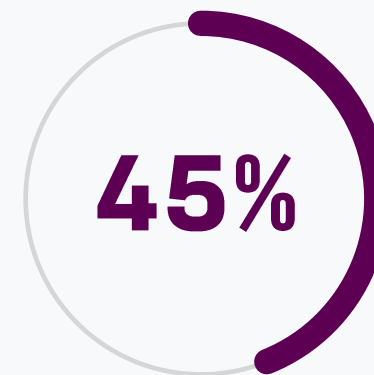
The surging value of first-party data



According to our respondents, marketing investment into first-party data strategy, partners and matching **technologies has risen by 26% in the last year.**



Similar to how other sectors have been disrupted by changing advertising regulations and consumer privacy concerns, **47% of those surveyed at least partly attributed the increase in first-party data investment** to managing these changes.



However, for marketing leaders that handle vast volumes of shopper traffic, the shake-up also presents new opportunities. **45% of CMOs listed the revenue potential of monetising first-party data as a key driver in investing more in first-party data management.**

“Retail media is enabling retailers to create personalised advertising experiences on their owned digital assets or digital in-store content. They’re using their own first-party data to inform that experience and closed loop measurement to demonstrate outcomes.

In fact, the opportunity can be taken further and deployed among non-retail media owners. ‘Commerce Media’ is the broader ability to monetise anywhere consumers spend their time, using first-party commerce data to enable advertisers to attract, convert and retain consumers across the open internet.”

Brendan McCarthy
Chief Marketing Officer
Criteo



Benchmark busting

Embracing their new role as Chief 'Monetisation' Officers, 86% of UK CMOs anticipate the return on investment from advertising based on their first-party data will surpass previous advertising performance benchmarks set with big tech companies. With audience insights drawn from proprietary commerce data, retailers can immediately scale advertising campaigns, identifying in-market, new shoppers for advertisers.

To this end, this year's report finds that 92% feel commerce data i.e. the retailer's transactional, shopping intent and contextual signals, has increased in value. Two in five CMOs now say commerce data is either the most or second most valuable type of data they hold for enabling sales growth.

Joe Pascoe, Chief Marketing Officer, Victorian Plumbing, says: "Commerce media has been a sleeping giant in the advertising space. With insight into what consumers actually buy and how they consider various products, retailers are in an unrivalled position to inform brands about their audience. In many places, retailers are only beginning to scratch the surface of what they can achieve by effectively monetising their sites. When you think about how commerce data can then be applied across the open web, this new direction in the advertising landscape holds limitless possibilities."

Criteo's first 'Future of Commerce' report showed Media agency professionals say open web retail media has greater impact than traditional digital advertising channels in:

Relevance to the actual purchase **58%**

Sales growth **53%**

Audience targeting **51%**

Hurdles to overcome

First-party data is part of the mosaic of data marketers have at their disposal. It can complement, enhance, and reduce the need for other types of data, but one company's data on its own rarely captures a full view of the whole purchase journey of several different audience groups.

Success relies on retailers and publishers opening up to the idea of data collaboration. To this end, 41% of CMOs identified publisher willingness to match identifiers that unlock the value of first-party data as a major hurdle to overcome.

The same proportion of respondents (41%) also flagged understanding among internal stakeholders as an inhibitor. 43% of respondents agreed 'many hands make light work' when it comes to the involvement of other members of the business leadership in first-party data strategy, although 25% admitted 'too many cooks' can cause unnecessary risks.

The problem appears to stem from the fact 85% of CMOs feel their peers within the C-Suite don't fully understand the potential of first-party data. More than one in five (22%) feel opportunities are being missed due to the involvement of other members of the business leadership in first-party data strategy, suggesting misalignment between members of the C-Suite.

Benefits of a first-party focus

Beyond creating a new revenue stream, the findings reveal additional opportunities to be realised include improved customer experiences (53%) and better audience engagement (36%) with onsite and offsite media.

As first party data management and matching strategies are pursued further, better frequency capping (35%), accurate audience definitions (32%), and easier data privacy compliance (30%) will enable retail businesses to move up the marketing maturity ladder.

To date, many CMOs within retail businesses have been reliant on third parties to enhance their view of the customer and drive improvements in these areas. 59% reported their reliance on existing walled gardens presents the greatest barrier to understanding the business' audience across all touchpoints in the customer journey.

When asked how upcoming regulatory measures such as the UK CMA's recent intervention on Google's Privacy Sandbox might further shake up traditional digital advertising dependencies, 84% of CMOs 'somewhat agree' the measures will ensure healthy competition in the digital advertising landscape.

Should such measures prove successful, 43% feel return on ad spend will increase and 41% believe ads will become more relevant as a result of the changes the measures will bring to the data being used to create audiences and display ads.

A brighter future

Commerce media is the next wave of digital advertising. The latest figures from McKinsey research indicate that over \$1.3 trillion of enterprise value (EV) is at stake in the United States by 2026.

Joe Pascoe, Chief Marketing Officer, Victorian Plumbing, concludes: “Monetising valuable first-party data is an enormous opportunity and not a task to be taken on lightly. Unlocking its value takes time, careful planning and the right technological support. Nevertheless, marketing leaders in the retail space have a fantastic opportunity to help set a new course for the advertising industry, enabling better data practices, sharpening measurement and finally connecting offline and online worlds.”

With the commerce transformation driving forward, CMOs need to be thoughtful of the partners they are working with if they want to take advantage of the commerce media opportunity across the open internet.

A future that works better for everyone is one where businesses, big or small, can continue to be heard, seen and discovered. Where independent content creators and small publishers have a chance at sharing their ideas and content, small business owners and emerging DTC brands can attract customers to their website, and people have free and uninhibited access to content.

Key takeaways

- 1** Retail CMOs are in a unique position to offer advertisers the commerce data they need to grow their addressable audience.
- 2** The opportunity goes further when the retailer extends its advertising reach offsite and across the open internet via non-retail media owners.
- 3** Effective monetisation relies on retailers and publishers opening up to the idea of data collaboration.
- 4** A future that works better for everyone is one where businesses, big or small, can continue to be heard, seen and discovered.

Citations:

**Future of Commerce – Retail’s Chief ‘Monetisation’ Officers, 251 B2C CMOs who are working in a consumer facing business and familiar with the collection and use of first-party data as part of a marketing strategy

Criteo Shopper Story, UK, November 2021, N=1001. Survey respondents are consumers who use the internet at least once every month.

Criteo Future of Commerce – Rise of Retail Media on the Open Web, February, 2022, Criteo interviewed 250 brand marketers and 250 decision makers in media agencies.