

# How DSPs unlock the power of retail data



Centralised retail data platforms overcome key challenges to deliver value in an evolving landscape.

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# Introduction

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The Trade Desk Intelligence conducted an advertiser study with Material+ that surveyed 150 marketers in the United Kingdom. Respondents' teams were responsible for media planning, strategy, and buying; national/brand marketing; e-commerce marketing; SEO; and/or shopper marketing. All respondents held managerial positions or above and had either a significant or exclusive role in deciding where advertising dollars were spent. The fieldwork was conducted between April 17 and May 2, 2023.

The research discussed here focusses on the growing opportunity and use of retail data, retail media on-site, and retail media networks (RMNs) by advertisers in the U.K. For clarity in this report and to maintain consistency with the definitions that survey respondents were given, we define these terms as follows:

## Retail Data

Data that retailers collect about their business and consumers, such as sales and loyalty card data. Retailers can share these insights with advertisers to help them reach their target audiences and measure sales at those retailers. Note: retail data can be offered via a third-party platform or via a RMN depending on the retailer.

## Retail Media On-Site

The inventory owned and operated by retailers on their e-commerce sites, such as display ads and sponsored search results.

## Retail Media Networks

Advertising platforms provided by retailers that give advertisers access to retailers' first-party data (retail data), allowing them to reach more targeted audiences and measure sales at the retailer, and to their on-site inventory (retail media on-site).



Disclaimer: Unless specified otherwise all results reflect the proprietary research conducted by the Trade Desk Intelligence and Material+.

“Retail Media”, a term that encompasses the definitions, ranks as one of the trendiest terms among marketers and advertisers this year — and for good reason.

According to new survey-based research from The Trade Desk Intelligence and global strategy and customer experience consultant Material+, *more than three-quarters of U.K. advertisers expect to maintain or increase (by nearly 30%) their investment in retail data in 2023.*

**Additional research shows that retail media spend in the U.K. hit GBP 2.7 billion in 2022 and is expected to grow by more than 20% per year until 2027.**

For retailers and brands, shopper data was perhaps once nice to have, but that is likely no longer the case. As media consumption across digital channels grows, the anticipated deprecation of third-party cookies means that brands may soon lose a significant source of consumer data and 1:1 targeting capabilities. Retail data has emerged as one of the most prominent replacements to help advertisers continue to understand consumer behaviour and optimise campaigns. Retail data can also help advertisers reach relevant audiences across channels and understand how each contributes to sales.

According to The Trade Desk Intelligence’s 2023 Retail Research, industry changes like the rise of connected TV (CTV) and e-commerce, as well as the emergence of new media, are ushering in a new era of digital advertising. Consumer data can aid in decision-making and optimisation to help improve the accountability of media dollars and make them work harder.

This is why more advertisers are realising the value of retail data and looking for new ways to unlock its potential. Retail data solutions are not perfect, however. Silos and costs remain two big hurdles. Some lingering misconceptions still remain, but marketers clearly state that they want better tools and insights.

As the ease of use and use cases expand, it’s vital that marketers understand the full value of retail data and its return on investment (ROI) and tap into centralised data marketplaces.



Here's a closer look at how retail media is evolving in the U.K.

How DSPs unlock the power of retail data for U.K. advertisers

# 1 — Status quo

Status quo

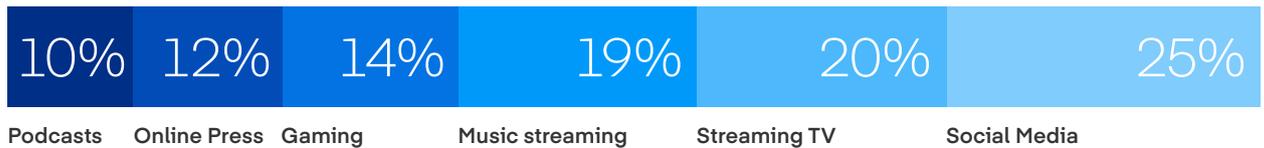
Status quo

Status quo

# Targeting, Optimisation, and Measurement

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## Share of daily time spent: U.K. consumers [GWI]



How DSPs unlock the power of retail data for U.K. advertisers

## Omnichannel Strategies

Retail data isn't just about audience targeting.

As consumer attention continues to fragment across channels, it's now more important than ever for advertisers to implement omnichannel marketing strategies.

This is yet another example in which retail data can come in handy – data from audience-targeting company Global Web Index Core show that retailers provide access to nearly 9 in 10 British consumers who have visited shopping websites in the last 30 days.<sup>1</sup>

As a result, both endemic brands – those that sell products at a given retailer – and non-endemic brands – those who do not – can use retail data to enhance reach and awareness, as well as to be more data-driven and targeted in their omnichannel approaches.

What's more, retail data can reflect actual in-store purchases, which can allow brands to connect their advertising dollars directly to their consumer spend.

More than half of advertisers use retail data to easily upload or activate first-party data (55%) and drive the sales of their own product or service (53%).

This explains why one top U.K. retailer, Ocado, has partnered with [The Trade Desk](#) to make its own first-party retail data available to brands to identify and reach more relevant audiences, optimising campaigns in real time.

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<sup>1</sup> Global Web Index (GWI), U.K. Q2 2022–Q1 2023.

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## Investment

Almost half of marketers surveyed expect to increase their investment over the next two years by 26%

That marks a 10% increase from 2022, according to [research from consulting firm WARC](#).<sup>2</sup> The research also places retail media fourth among the largest growing advertising mediums overall.

As part of this trend, 76% of digital advertisers in the U.K. plan to keep or grow their investment in retail data in 2023. Of this figure, 43% expect to increase their investment while 33% plan to maintain the same investment, per The Trade Desk Intelligence Retail Advertising Study.

The Trade Desk Intelligence also found that U.K. advertisers that plan to increase spend expect to do so by 26%. Respondents said that they planned to further invest in digital media planning and strategy, as well as e-commerce – they expressed a desire to think about their marketing strategies more holistically and deliver more personalised ad experiences to help consumers discover relevant products.



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<sup>2</sup> WARC, “The Future of Digital Commerce” in *The Marketer’s Toolkit 2023*.

## Marketing Functions

While retail media has historically fallen under the umbrella of shopper marketing (broadly focussed on driving sales at the point of purchase at specific retailers), far more marketing departments are now using retail data throughout the funnel. In fact, The Trade Desk Intelligence found that digital media and planning teams invest in retail data the most (61%), followed by e-commerce (57%), shopper marketing (47%), and brand marketing teams (36%). This potentially gives the brands that tap into retail data a competitive advantage over those who do not. The brands that realise the opportunity of this data can increase their investment in the data to inform top-of-the-funnel campaigns and most effectively reach their target audience.

Growth in retail media is also fuelled by non-endemic advertisers discovering the value of these new ad spaces.

For example, a large U.S.-based insurance brand wanted to see if retail data could help

increase quote requests from prospects.

It conducted a test by building audience segments with retail data from The Trade Desk to target new parents, auto enthusiasts, home improvers, technology fans, and video gamers. This resulted in the brand exceeding its historical benchmarks by more than 160%.

Moving forward, both endemic and non-endemic advertisers expect to use retail data even further in a variety of functions, including controlling frequency across digital media channels, measuring upper-funnel tactics, increasing awareness and consideration of a brand and/or product, and gathering insights about customers.

This expansion is already taking place. Stacy Gratz, regional managing director for media at data science company Dunnhumby, told *The Current*<sup>3</sup> that it has seen a 77% increase in the number of campaigns that have run in the last year, with nearly 500 advertisers tapping into retail media in a variety of ways – and 150 using Tesco Media for the first time.

## Top 5 ways advertisers plan to use retail data in the future



<sup>3</sup> Zac Wang, "Tesco Pushes Further Into Retail Media as British Retailers Bet the Cart on Digital Advertising's Third Wave," *The Current*, 21 December 2022.

For growth to continue, the industry needs to address some of the biggest challenges advertisers face in terms of retail media.

# 2— Challenges

# Challenges

Challenges

Challenges

# Challenges

## Perception

While the use of retail data and media networks is on the rise, The Trade Desk Intelligence’s 2023 Retail Research found that not all advertisers are on the same page about what these terms mean.

In fact, 79% of U.K. advertisers use retail data directly from retailers, but less than half (45%) correctly identify the retailers as the source of this data. This suggests that some marketers may be missing out on the opportunity to augment their first-party data strategies simply because of a lack of awareness.

distant future, they plan to use retail data more for upper-funnel strategies and measurement as they seek to reach consumers beyond the point of sale.

Per The Trade Desk Intelligence, half of advertisers use retail data to measure upper-funnel tactics or plan to do so in the future. Slightly more than half – 52% – want to control frequency across digital media channels to help increase ROI.

Nevertheless, 55% of U.K. advertisers still believe that retail data can only be used for lower-funnel marketing tactics. Only half of U.K. advertisers currently use retail data to measure upper-funnel tactics, and nearly half don’t expect that to change.

## (Un)limited Potential

In 2023, one of the top ways advertisers use retail data is to drive sales. However, in the not-so-

This limits the impact retail data has for advertisers that use it as simply a last-touch attribution tactic. Instead, savvy brands should be thinking about their marketing strategies more holistically.

## Top 5 challenges when using RMNs



## Walled Gardens

Research shows that U.K. advertisers are also frustrated by retailers' walled gardens, which can make it difficult to understand the impact of their spend across retail platforms.

Almost all (97%) digital advertisers claimed that these silos impacted their ability to track campaign performance and to make strategy adjustments. In fact, 60% cited a lack of interoperability as the biggest challenge they experienced with retail media networks.

As a result, 56% of retailers said that they had to work with external partners to understand the impact of their spend across retail media networks. Fifty-two percent said they used media-mix modelling to make investment decisions across retail media networks.

Nearly half (49% and 48%, respectively) claimed to prioritise working with the biggest retail media networks as a result – and actively seek out partners that prioritise data transparency and portability.

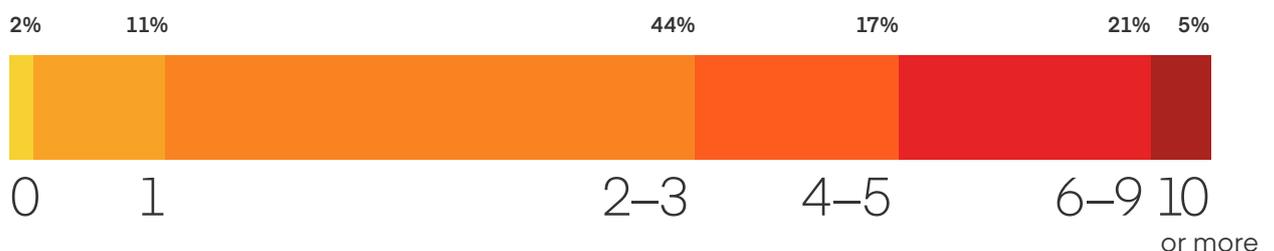
## Centralised Access

So far, many brands – and CPG brands in particular – have partnered with retailers to tap into the latter's first-party data. However, as the number of retailers offering this data grows, many advertisers understandably feel overwhelmed. In fact, this is largely why nearly half of survey respondents said they simply gravitate towards the biggest retail media networks.

The Trade Desk Intelligence's 2023 Retail Research found that 43% of U.K. advertisers are using four or more retail media networks. This, however, is unlikely to continue, as 47% said they are willing to use a maximum of one to four retail media platforms/partners. What's more, these advertisers are showing increasing interest in more centralised, transparent platforms that offer greater control.

About two-thirds of U.K. advertisers said "a centralised self-service platform that includes integrated planning and buying tools" would be a motivating factor for activating retail audiences and/or measuring on a DSP.

## Number of RMNs that U.K. advertisers are currently using



## Transparency and Self-Serve Tools

Advertisers also cited lack of self-serve programmatic tools as a challenge with retail media networks.

This is in part why The Trade Desk supports a centralised data marketplace that prioritises data interoperability, as well as control, transparency, and the ability to measure performance. In fact, DSPs address many of the current challenges of retail media networks with their centralised, transparent environments. On top of that, as more retail networks open their offerings to programmatic platforms, brands should be better able to control frequency and adjust for overlapping audiences.

This is why 63% of U.K. advertisers are motivated to use DSPs to activate retail data, which can make it easier to facilitate an omnichannel strategy without having to partner with multiple retail media networks. DSPs can also give brands access to the reporting and campaign management tools they are accustomed to from any previous programmatic partnerships.

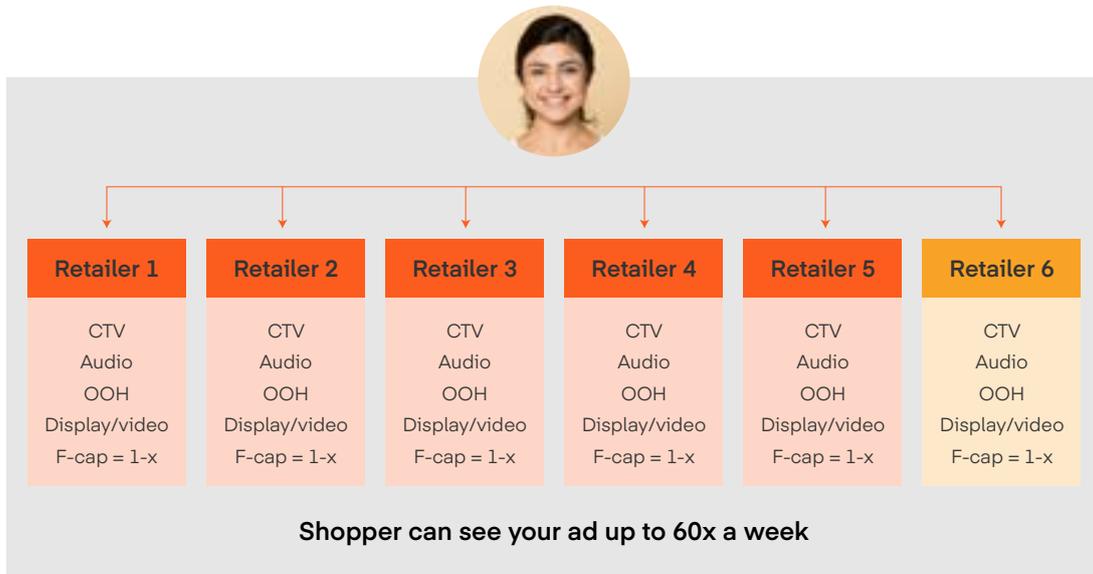
Current DSP users cite the ability to streamline workflows by accessing retail audiences in a single platform as one of its biggest benefits (55%). They also like the abilities to use retail audiences and measurement across digital off-site media buys (56%) and to access real-time reporting to understand how campaigns are performing while being able to adjust midflight (53%).

## Percentages of retailers currently using a DSP to activate retail data for audience targeting and/or closed-loop measurement

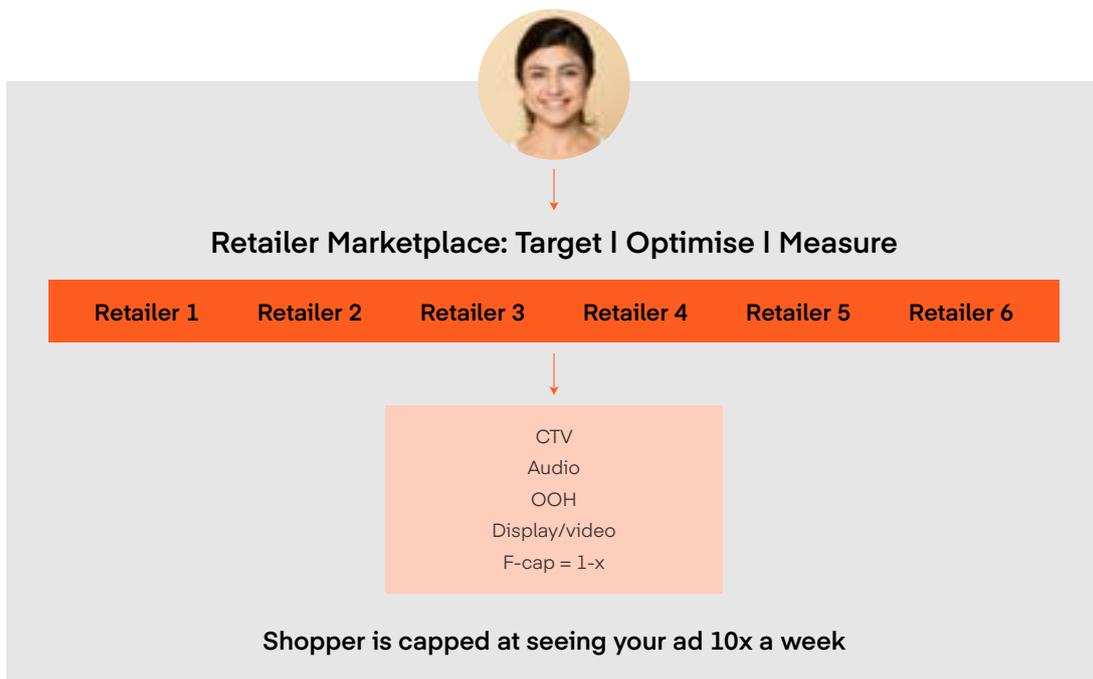


- Yes, for audience targeting only
- Yes, for closed-loop measurement only
- Yes, for both audience targeting and closed-loop measurement

## Frequency-capping diagram showing the inefficiencies of utilising multiple decentralised platforms vs. one centralised platform



VS.



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## Cost

The price tag of retail data and media networks also remains a concern for many advertisers.

In fact, 61% U.K. advertisers cited cost as a top challenge, and 69% of U.K. advertisers using a DSP to activate retail data said, “My team does not have budget or resources available to allocate to activating retail data on DSPs.”

However, another benefit of centralised platforms is that they can allow for cost-efficient, closed-loop measurement of retail data.

That means advertisers need to better understand the full value of retail data, including how it helps them reach the right audience across different media channels, and connect these touchpoints to sales outcomes to prove out ROI. What’s more, media platforms help advertisers control ad frequency and optimise campaigns across all digital channels. As a result, retail media networks are worthwhile investments to help capitalise on high-quality retail data typically derived from verified purchases.



# 3— What's

# What's next

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Moving forward, consumers will expect different shopping experiences – and retail data can help advertisers keep pace with these evolving expectations.

This includes a desire for blended online/offline shopping experiences, such as immersive digital experiences and digital-first real-life experiences like virtual reality (VR) as well as personalised ads to help discover relevant products.

Consumers will likely increasingly expect brands to meet their expectations. This means that brands should consider creating advertising that is cohesive and seamless. And use closed-loop measurement to gauge and optimise their efforts. This, of course, is where retail data and retail media once again can save the day.



 **theTradeDesk** A media platform built for the open internet

The Trade Desk helps brands and their agencies advertise to audiences across millions of ad-supported apps, websites, and streaming providers – all around the world. Our media buying platform is focussed solely on the buy side, empowering advertisers with the data, transparency, and precision they need to reach and grow their audiences everywhere. We help power the content that fuels the free and open internet.

For more information, contact us [here](#).