# The Power of First-Party Data in Retail Media Networks

November 26, 2024

Retailers and brands need powerful, privacy-compliant ways to reach engaged audiences—enter first-party data. Leading brands are rising above the current advertising limitations by prioritising first-party data audiences to optimise their marketing efforts.

In fact, Walmart Connect (https://www.marketingbrew.com/stories/2022/03/08/walmart-made-usd2-1-billion-in-advertising-last-yearhere-s-how) is already reaping the benefits from their immense retail media network, generating \$2.1 billion in ad revenue in 2023 and is now aiming to achieve \$6 billion in annual ad revenue by 2025.

"This shift isn't just a fad," says Daniel Levy, Co-CEO of Flow, "it's a strategic move addressing the limitations of traditional advertising."

Retail media is just the starting point, signaling a shift toward the broader trend of commerce media.

# Retail Media: Digital advertising's third "big wave"

Retail Media is the act of retailers leveraging their own customer data (first-party data) on their websites, apps and in-store screens to offer brands a way to advertise to consumers directly. This type of advertising is the fastest growing channel, ever - beating Search and Social for the top spot and growing from \$1b to \$30b in just 5 years. To understand the true value of first-party data is to realise that retailers sit on an untapped goldmine of consumer data. Based on

direct website interactions and searches, first-party data is the 'looking glass' that connects brands and advertisers with high-intent customers actively searching for specified products.

#### **Retail Data: A Goldmine for Brands** From baby formula to luxury, high-ticket products, shopping carts reveal a lot about ourselves. Think buyer preferences, popular

products and searches, shopping history, a customer's lifetime value, average basket size and much more. These direct interactions offer highly profitable customer data points. Data points that brands and agencies would, without hesitation, pay top-dollar to rent from retailers. According to AdExchanger, global retail media revenue is forecast to grow by 8.3% in 2024 and 58% of media decision makers are

already using retail media to inform their media strategies. By 2028, GroupM predicts that retail media revenue will surpass the combined revenue of linear TV and CTV. On local territory, South African ad revenue and growth (https://www.groupm.com/2023global-end-of-year-forecast/middle-east-africa/) is forecasted to increase by 16.4% in 2024. And so, retail media networks have emerged as digital marketing's third wave and a direct solution to providing immense value to

retailers, advertisers and brands - and even consumers.

### **Unlocking Revenue with Retail Media** Much can be told from a retailer's first-party data and in fact, much can be done with it with minimal upfront investment. By

leveraging existing consumer data, retailers are able to boost subscriptions to their media network by offering targeted, personalised, and effective advertising solutions such as automated social media ads, otherwise known as offsite ads. Off-site ads are an omni-channel solution that unlocks an entire new audience of customer and revenue streams by driving your

first-party data traffic back to your website for increased sales. Ads appear in contexts where consumers are already shopping, making them more impactful. Retailers can connect ad exposure to actual purchases, providing clear attribution for ad spend. Flow's Smart Feed integration offers off-site ads automation that provides a limitless inventory to deliver product listing ads

automatically across the web, apps and social media. This powerful advertising solution is an attractive subscription offering to core clients in addition to onsite advertising.

#### **Networks** For retailers, a media network represents a growing revenue stream of monetising their audience data and allowing other brands

How Retailers and Advertisers Benefit from Retail Media

to advertise within their ecosystem. Monetising their audience data means advertisers utilising this data to send traffic directly back to their storefront both online and in-store. For advertisers, accessing a retailer's first-party data presents a powerful way to reach consumers at crucial moments in their

average, campaign performance sees up to 50% higher conversion rates and 10 times the average Click-Through-Rate. Retail media campaigns are also highly trackable, enabling brands to measure ROI through direct sales uplift and customer engagement metrics. When compared alongside direct data from a retailer's platform instead of through third-party cookies or data brokers, it's easy to

buying journey. Ad targeting and campaign performance is vastly improved to deliver relevant and personalised ads, and on

understand the uptick in sales and similarly, why customers would enjoy this personalised shopping experience of relevant advertising to their needs.

1. Create Highly Targeted Campaigns: Unlock purchase history, browsing patterns, and demographics to zero in on shoppers

5 Immediate Ways Brands Can Use First-Party Data on a Retailer's Platform

- most likely to convert. Think precision targeting that drives higher CTRs and faster conversions. 2. Increase Personalisation: Win shoppers over with ads that speak directly to their needs. Use first-party data to tailor messages, offers, and recommendations for every stage of their buying journey.
- 3. Re-engage Lapsed Shoppers: Don't lose customers to competitors identify customers who haven't shopped recently and target them with reactivation campaigns or exclusive offers. This can drive repeat purchases and recapture lost revenue.
- 4. Cross-Selling and Upselling: Maximise every basket with smart recommendations. Promote complementary or premium products to boost AOV while enhancing the shopping experience.
- 5. Measure and Optimise Campaigns in Real-Time: Retail media campaigns are highly trackable, enabling brands to measure ROI through direct sales uplift and customer engagement metrics. Adjust strategies on the fly to achieve the best return on ad spend (ROAS).
- The future of Retail Media

## There is a significant trend of consumers turning to websites and online retailers to purchase even the most basic of consumables.

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This puts a lot of power into the hands of retailers offering retail media networks. The shift to privacy-centric advertising is reshaping how brands engage with consumers, and first-party data is at the heart of this transformation. Retail media provides a powerful opportunity to leverage this data effectively, offering brands a more targeted approach to serving relevant customers relevant ads. First-party data marketplaces extend this potential further, allowing brands to access POPIA-compliant, high-intent customers data

customer experiences and driving meaningful results in digital marketing. "By joining our Data Marketplace, (https://flowplatform.com/flow-enterprise/) any company with quality audience data can start earning from the world's largest digital brand budgets. Best of all, no major capital is required – you're just repurposing data you

as a future-forward solution that offers both brands and retailers alike the ability to stay ahead of the curve, delivering better

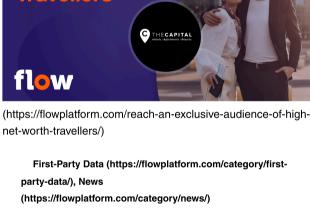
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#### First-Party Data **Product** Commerce Media News

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