

The Retailer's Guide To A Year of Transformation:

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Commerce Media Tactics for 2021



Marketing in a year of transformation: The commerce media guide to 2021

It is hard to conceive of a brand or retailer that hasn't had to adjust its business model to match the pace and transformations of the e-commerce boom in 2020.

"This past year required retailers to be laser-focused on consumers and to transform the way they marketed to them," said Rory Mitchell, executive managing director, Americas, at Criteo. "The consumer has more control than ever over where they want to buy, how they want to buy and how they seek the products they need."

Aside from supply chain disruptions, the experience of control, choice, speed and convenience became baseline expectations during a year of e-commerce. As vaccines allow shoppers to step safely back into the aisles, a surge of in-store transactions is guaranteed. However, the brands and retailers that greet those returning consumers are again facing transformation.

For one thing, e-commerce expectations around control and convenience are likely to continue. Some brick-and-mortar buying behaviors replaced

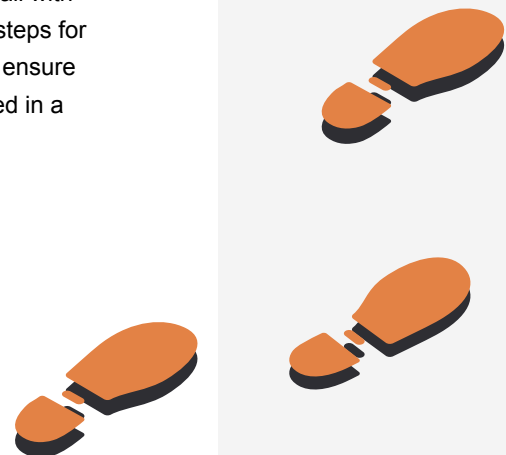
in 2020 by online transactions won't change back. And while those outcomes can benefit both buyers and sellers, in 2021, brands and retailers are working on stitching two environments together in the right measure.

"There's a lot of balancing to do," Mitchell said. "How do they drive more people into stores in a safe way that doesn't undo all of the focus that they had in 2020 around pushing everybody to online and to e-commerce? What's at stake is growth. If you don't show up back on the street with your goods, someone else is going to be there. And we aren't competing in just an ecommerce space anymore; now we're competing in a true omnichannel environment."

For brands and retailers, this guide can help. In the following sections, experts put a lens onto commerce media tactics, including connected TV activations, in-store integrations that dovetail with digital shopping journeys and steps for working with first-party data to ensure that all these steps can succeed in a cookie-less future.

Commerce Media

Commerce media is digital advertising that combines commerce data and intelligence to target in-market audiences throughout their shopping journey, helping brands and retailers drive commerce outcomes — from sales to revenue to leads.



Why the CTV gates have opened, and what to do

For advertisers, the price of advertising on CTV transformed in 2020. Streaming took center stage, and then flexibility around deal sizes and prices took a dramatic turn — [dipping 10%–20%](#) in some cases. In 2021, these changes have created a competitive crunch. Even last fall, [streaming inventory was sold](#) out before Thanksgiving. Advertisers are taking steps this year in response to that landscape.

The video marketing campaigns that succeed in 2021 will reapproach audiences by diversifying the number of environments in which advertisers buy inventory. For marketing teams, that means looking at CTV, OTT and video as a collective ad format and then vying for high-quality content under that rubric regardless of the glass.

Advertisers will also drive video-campaign and TV success in 2021 by

testing. With data and working with partners, they will iterate, measure and modify across channels as the campaign unfurls.

In one recent example, Lamps Plus launched its CTV and OTT campaign during the streaming surge in 2020. The marketing team tested and adjusted creative against more than 35 billion daily historic browsing and transaction events. Using what they learned, they drove [a video completion rate of 92%, CTR of 0.54% and exceeded industry benchmarks with a 6.39 return on ad spend](#).

Beyond diversifying, testing and iterating, the 2021 advertiser must also remember action. Direct responses from the audience — i.e., audiences clicking and visiting and converting are the same baseline competitive requirements as geotargeting and tangible metrics.

The video metrics evolution

Metrics are making the video ad campaign work differently in 2021. Although advertisers are operating in an increasingly complex and fragmented space, technology has made significant strides in frequency management, measurement and attribution for digital video, including [in-demo impression metrics](#) in OTT, and CTV impressions-tracking capabilities expected later this year.

Tactics summary: CTV and video in 2021

- **Diversify to capture quality inventory**

With competition for quality inventory a constant and TV advertising prices likely to rise again in 2021, marketing teams should view CTV, OTT and video environments in general as a collective ad format in which all glass types work together for shared outcomes.

- **Test and iterate**

Data is enabling scale when it comes to testing creative, and case studies are showing benchmark-breaking results. Marketers should start testing now, as change is the new normal and audience behaviors are unlikely to achieve anything like constancy in the near future.

New steps for in-store shopping in 2021 (and beyond)

How people shopped changed so significantly in 2020 that consumers' expectations of speed, convenience and personalization are not likely to change back anytime soon. The e-commerce boom helped prove that omnichannel experiences are the future for the consumer. For advertisers, omnichannel solutions that were already in place helped businesses stabilize and survive during the crisis.

Jessica Ramirez, research analyst at Jane Hali and Associates, told Modern Retail that a benchmark of survival and success for some — apparel, for instance — turned on how well they pivoted to online sales. “The ones that did hit 50% were the ones that had omnichannel all the time,” she said. As Modern Retail reported, Walmart took heed of that goal, expanding its subscription services, and Best Buy did too, converting its physical shopping footprints into pickup and fulfillment hubs.

“We saw a lot of activity around connecting online and offline touchpoints,” said Mitchell at Criteo.

“Pre-COVID, retailers were already thinking through how to do that — to really decouple from categorizing their customers. A lot of times, you hear, ‘Oh, they’re an online shopper for us, or they’re a store buyer.’ That segmentation is going away,” he said.

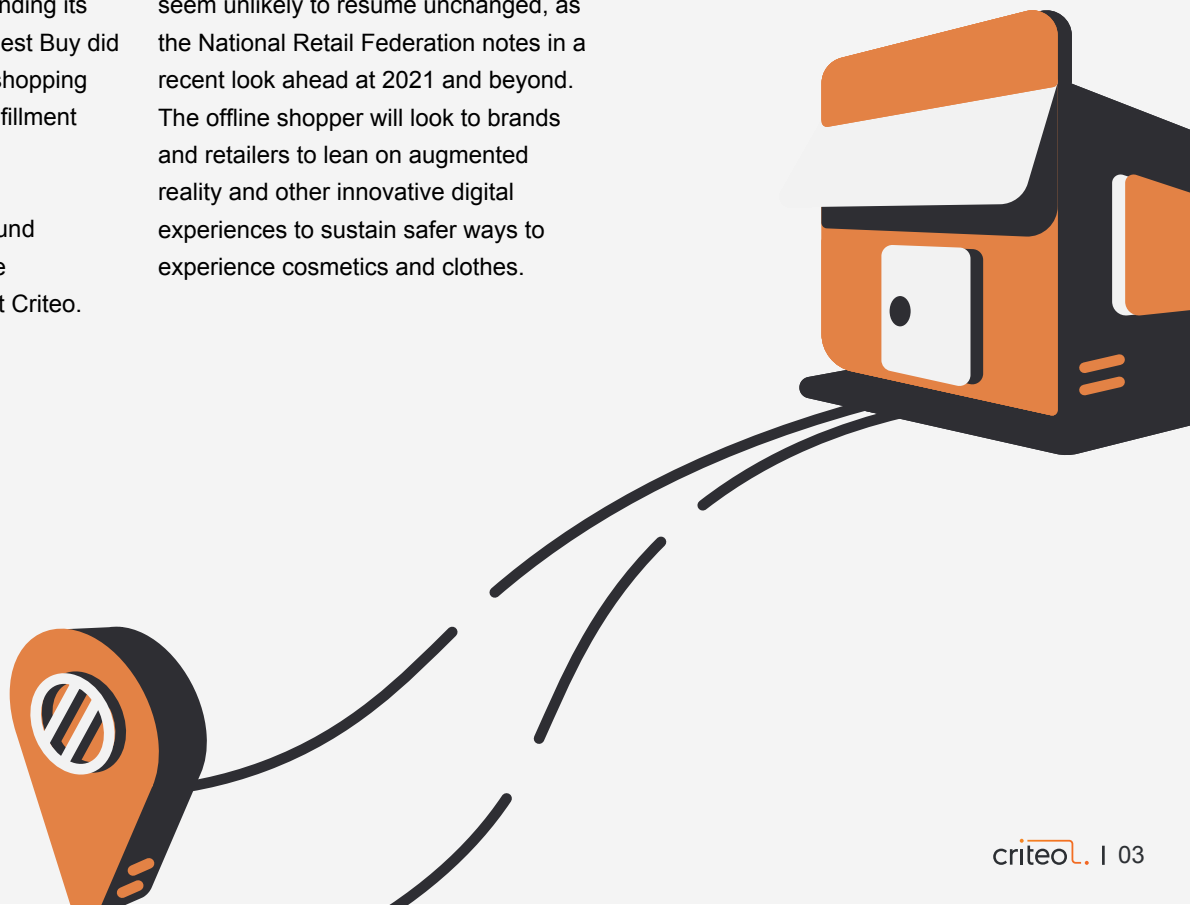
Shoppers in 2021 will carry some of their pandemic and quarantine behaviors with them — prompting even more transformation.

In general, if core in-store experiences have been geared to browsing and discovery, the digital device's role will overlap with those expectations in profound ways for the foreseeable future. For example, when it comes to experiential retail traditional approaches to makeup testers and dressing rooms seem unlikely to resume unchanged, as the National Retail Federation notes in a recent look ahead at 2021 and beyond. The offline shopper will look to brands and retailers to lean on augmented reality and other innovative digital experiences to sustain safer ways to experience cosmetics and clothes.

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— **Jessica Ramirez**
research analyst, Jane Hali and Associates





Furthermore, after a year of inspiration and discovery happening across social media, live streaming and other online channels, the in-store experience will be an increasingly fluid environment.

Retailers and brands are already moving to right-size inventory, staffing and floorspace to reflect the shopper's new normal and strike competitive margins. Slower movers are doing so in the context of players that have already made big moves, such as Walmart and Best Buy.

The customer data platform and associated technologies will be essential to these efforts, especially as competition accelerates in 2021. Every touchpoint in the new in-store shopping is a data resource, of course, and that data drives brick-and-mortar experiences as well as on-screen moments.

Seizing these omnichannel opportunities can unlock loyalty-driving outcomes. Retailers and brands that offer personalized in-store appointments and

real-time personalized messaging and offers, for example, will be sewing online and offline experiences together in meaningful ways.

In between appointments, data and the platforms marketing teams use to act on it can further leverage channels such as emails and SMS, allowing marketing and customer-experience teams to reach out, to re-prompt that next in-person visit — and to build an ongoing cycle of loyalty and reward.

Tactics summary: In-store and online convergence



- **Revisit online-offline sales benchmarks**

Brands and retailers that have learned from what worked during the pandemic will spread sales benchmarks across digital and in-store for the future — and so future-proof their business.



- **Decouple from obsolete customer models**

The online customer, the offline customer — these are elements of the same customer now.



- **Rebuild for browsing and discovery as an online-offline mix**

As always, the tactics for 2021 will turn out to be data-focused. Brands and retailers will need a capable CDP, solid partnerships and an eye for creating meaningful experiences from screen to store and back to screen again.

Pivoting for the future — Putting first-party data first

The era of the retail–technology partnership is just beginning (again). With the phasing out of third-party cookies in 2022, first-party data — and networks that allow advertisers to scale their data across the widest reach of retailers and publishers are the most significant piece of marketing teams’ puzzles in 2021.

“First-party data will be key for privacy-safe personalized advertising in a world without third-party cookies because it’s given with direct consent from consumers to the brands and publishers they care about,” said Mitchell at Criteo.

“The current guidance has been practical and sensible enough and won’t change at its core,” he said. “Marketers need to ensure each touchpoint creates trust through valuable and relevant experiences, so that customers will want to hear from your brand. That said, it’s challenging to create those solutions quickly enough at scale.”

Without an expansive bench of data experts in-house, putting that piece into place will take partnerships.

Successful commerce media, including tactics that fall under its umbrella and all permissions-based targeting and marketing, will require networks that can support advertisers in the near term.

Advertisers are going to need a way to unify their first-party data in privacy-compliant ways, enrich and grow that data, and be able to activate that data across different audience targeting scenarios and be able to effectively measure their performance.

The right partner ideally also helps advertisers build trust, by providing consumers with transparency and tools to manage how their data is shared.

Picking partnerships takes vetting and assurances. The following questions are the kind that successful marketing teams are asking their prospective partners as they prepare for the cookie-less future across 2021.



Is the partner already leveraging first-party data? How are they working with it?



What audience targeting solutions will the partners work with when third-party cookies are phased out?



How does the partner handle consumer consent and privacy compliance?

Finally, as Mitchell noted at the start of this guide, time is of the essence and change is the new normal for marketers in 2021; waiting is not a strong strategy.

As shoppers, brands and retailers head back out for a new normal that mixes aisles and iPhones in new ways, fast movers will be there to capture market share.

Slower iterators and not-testing-yet competitors risk the loss of consumer awareness and missing out on their top-of-mind picks.

About Criteo

Criteo (NASDAQ: CRTO) is the global technology company powering the world's marketers with trusted and impactful advertising. 2,600 Criteo team members partner with over 21,000 customers and thousands of publishers around the globe to deliver effective advertising across all channels, by applying advanced machine learning to unparalleled data sets.

Criteo empowers companies of all sizes with the technology they need to better know and serve their customers. For more information, please visit www.criteo.com.

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