

TRANSFORMING RETAIL MEDIA THROUGH STANDARDIZATION

Albertsons Media Collective Introduces Best Practices Framework

Summary

Retail media networks (RMNs) are at a pivotal moment in their growth. In the last two years, advertiser investment in these platforms has surged, and marketing industry analysts predict growth to continue in the near term. While RMNs offer multiple benefits—including the ability to deliver customized messages that connect with consumers at the point of purchase—they also have significant challenges. Among the largest: no industry-wide standardization. The lack of common standards puts a costly burden on advertisers and agencies to meet the requirements of varying RMNs. Without overcoming these challenges, RMNs put their future success at risk.

To address this issue and unlock the full potential of retail media, Albertsons’ retail media network, Albertsons Media Collective, has created a framework for industry-wide standardization and to further support key initiatives by the IAB. Working with marketers, agencies, other RMNs and industry associations, Albertsons Media Collective drafted a standardization proposal encompassing four priority areas: product specifications, performance measurement, third-party verification and capabilities. Albertsons Media Collective has issued a call to action for stakeholders to join the conversation for the guidelines to be scrutinized, pressure-tested, formalized and implemented by retail media stakeholders to create an efficient, effective and growing industry for decades to come. To join please email mediacollective@albertsons.com.

Marketers have been vocal with their criticisms, putting the retail media industry’s continued growth—and overall success—at risk.

“There’s a lack of standardization on the retail side,” Vinny Rinaldi, head of media analytics, data, and technology at Hershey’s, said at AdExchanger’s 2023 Industry Preview conference. “That’s a problem if you want to be looked at the same as other media networks.”

A January 2023 Association of National Advertisers (ANA) report on RMNs supports the urgency for standardization. “With most advertisers using between five and nine different RMNs in their overall marketing programs, not surprisingly...

‘Lack of standardization across platforms’ was the biggest challenge for brands in terms of managing RMNs, with 57% of (survey) respondents considering this a big challenge,” said the report.

It’s critical for RMNs to meet marketer needs to truly capitalize on the potential for growth. During these uncertain economic times, companies are scrutinizing ad spending and deciding where to make cuts. In addition, many marketers and ad buying agencies have reduced staff, further fueling the need for effective, efficient systems.

All this comes as RMNs are both seen as a value add and a tax by advertisers. The tax comes into play for product manufacturers who feel they must buy ads on a retailer’s RMN because they depend on those same retailers for prime in-store shelf placement.

Almost a third of marketers (31%) viewed their RMN investment as a “valuable marketing tool,” while a nearly equal amount (28%) saw the investment as the “cost of doing business,” according to the ANA retail media report.

And as RMNs enter this critical juncture, they already have a vote of confidence, as ANA respondents saw their value increasing. When asked how they think their organizations will feel about RMNs in two years, just 18% said it would be a “cost of doing business,” and just over half (52%) said it would be a “valuable marketing tool.”



FUTURE-PROOFING THE INDUSTRY THROUGH INDUSTRY-WIDE STANDARDIZATION

To remedy these issues, Albertsons’ retail media network, Albertsons Media Collective, has spearheaded the creation of a framework to drive standardization across the retail media landscape. Those who accept the call to join will additionally allow for expanded input and overall support of the key industry-wide initiatives of the IAB.

Albertsons Media Collective is working with marketers, agencies, RMNs, and advertising industry associations to address the most pressing pain points by developing mutually agreed-upon standardization guidelines. These standards will enable competitive differentiation amongst RMNs while creating a common baseline to foster greater synergy, efficiency, and growth for all.

“One of the things we’re hearing loud and clear from our clients is that it’s too complicated for every one of us to have our own little walled garden and our own unique platform that they have to go to in order to transact.”

Kristi Argyilan, Albertsons SVP of Retail Media
2023 POSSIBLE marketing conference panel

Argyilan and her team have put forth a call to action for retail media stakeholders to join their initiative. In conjunction with supporters, Albertsons Media Collective has introduced a Retail Media Standardization Framework. This framework is designed to be a starting point for the creation and implementation of industry-wide standardization.

“Standardization is critical for retail media’s continued growth. As we’ve learned from past endeavors, standardizing digital ad processes and practices benefits all parties involved. We’re excited to partner with Albertsons Media Collective and other members to shape the future of retail media. We believe the framework Albertsons has created will complement the work IAB and MRCs Retail Media Measurement Guide Working Group is developing in addition to identifying other standardization opportunities like ad size and placement, third party verification and transparency of product offering.”

David Cohen
CEO of IAB

The potential upside of adopting standards is immense. In an estimated three years, implementation could lead to approximately \$5 billion to \$15 billion in incremental value across RMNs, marketers, and agencies, according to an analysis from McKinsey & Company.

That figure incorporates the ad spending increase that will likely come with greater transparency from retail media networks. The estimate also includes expected efficiencies in data analytics and creative operations where less time would need to be spent on duplicative tasks and more time could be spent on strategic work.

RMN industry benefits consumers who now expect to see relevant product recommendations. Customized ads on RMS help shoppers quickly find products that align with their needs and desires. In turn, those shoppers save time while also discovering new products that may be of interest.

A STANDARDIZATION FRAMEWORK THAT FOSTERS EFFICIENCY AND DRIVES GROWTH

The Retail Media Standardization Framework concentrates on four high-priority areas: product characteristics, performance measurement, third-party verification, and capabilities. The overarching goal is to standardize specifications, methodologies, terminology and disclosures across RMNs.

The framework draft incorporates insights from advertisers, agencies and other RMNs, and will evolve based on feedback and continued innovation in the marketplace. Every aspect will be pressure tested for feasibility and adjusted as necessary.

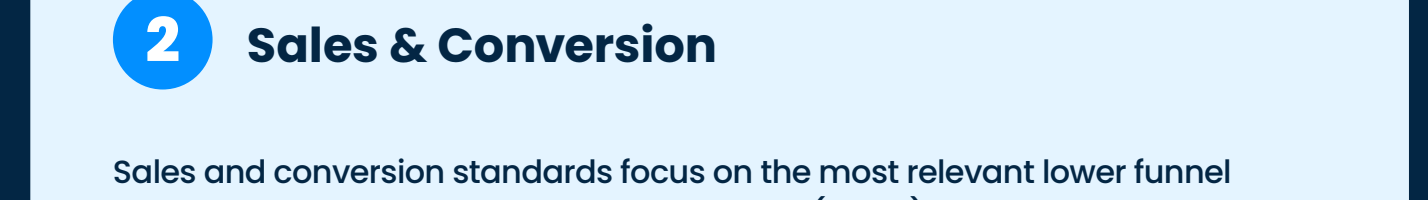
4 PRIORITY AREAS

1 PRODUCT SPECIFICATIONS

In a bid to stay at the forefront of technology, RMNs introduced their own versions of digital advertisements. These offerings encompass a wide range of formats, file sizes, animations, and video specifications. However, this innovation had unintended consequences — it created barriers for agencies and brands seeking to utilize this media channel. Without consistent specifications, it takes effort to ensure an ad is compatible with each platform, will display correctly, and effectively engage its customized audience.

To simplify adoption, the Retail Media Standardization Framework recommends RMNs adhere to existing digital media guidelines published by the Interactive Advertising Bureau (IAB) for all applicable channels.

To date, the IAB maintains product guidelines on:



Ad formats specific to individual RMNs (e.g., sponsored brand videos and digital in-store experiences) will maintain non-standardized specs under the Retail Media Standardization Framework to ensure that retailers can continue to innovate, compete, and maintain flexibility in their value proposition.

By standardizing product characteristics with common product specifications, advertisers and agencies would realize thousands of hours in staff time savings per year, according to McKinsey’s research. At the same time, RMNs would increase overall sales by lowering the bar to transact across their channels.

2 PERFORMANCE MEASUREMENT

Currently, there are no clear standards for how crucial RMN metrics are calculated. Making matters more complicated, each RMN’s methodology is typically proprietary, so it’s difficult for advertisers to understand how a campaign performs across platforms. Marketers often create their own internal models or work with agency partners to better understand results, but this approach is far from optimal.

The Retail Media Standardization Framework aims to solve measurement issues by creating consistent measurement across two critical categories of metrics:

1 Media Delivery & Engagement Metrics

Media delivery and engagement standards are based on key upper-funnel awareness and interaction metrics, such as impressions, viewable impressions, reach, frequency, clicks, click-through rates, and video views.

The framework provides standard definitions and calculation methodologies for all delivery and engagement metrics to ensure maximum comparability. These proposed solutions leverage the well-established IAB and Media Rating Council (MRC) definitions for broad adoption.

2 Sales & Conversion

Sales and conversion standards focus on the most relevant lower funnel metrics, such as return on advertising spend (ROAS), incremental ROAS (IROAS), conversion rate, and new-to-brand households. The proposed standards for sales and conversion metrics have two components:

- Standardized definitions and calculation methodologies, especially for metrics such as conversion, ROAS, and repeat customers.
- Definitions of the elements for which RMNs need to provide disclosure, for instance, are the type of attribution window, the statistical model used to calculate incrementality, and the cash gross-up methodologies.

The Framework allows RMNs to adapt sales and conversion metrics to category or product-specific needs—for instance, shorter attribution windows for grocery versus longer attribution windows for electronics—while supporting advertisers’ need to compare performances across RMNs.

3 THIRD-PARTY VERIFICATION

Many advertisers want external verification of ad placement, fraud prevention, and brand safety. To meet this demand, The Retail Media Standardization Framework identifies areas where RMNs should provide third-party verification.

It recommends RMNs disclose the list of third-party providers used and the type of verification offered for each of the following areas:

- Ad placement and viewability
- Fraud detection
- Brand appropriateness and safety
- Competitive separation
- Geo-targeting

RMNs should also disclose any additional areas for which third-party verification is provided (e.g., tagging and tracking), as well as the vendor used for verification.

To enable maximum adoption, the framework leverages the existing IAB Guideline for the Conduct of Ad Verification and additional Guidance on Social Media and User Generated Content included in the MRC Supplement to IAB Guidelines for the Conduct of Ad Verification: Enhanced Content Level Context and Brand Safety.

4 CAPABILITIES

The previous pillars included prescriptive directions on definition, calculation methodologies, and standards to apply consistently across RMNs. Capability standardization, in turn, focuses on creating transparency about the value-add services an RMN offers.

By disclosing staffing, processes, and data-technology-oriented services provided, marketers and ad buyers can better plan, buy, optimize, and measure their ad buys. RMN disclosures should include its:

- People
- Processes
- Technology for campaign planning
- Inventory management solutions
- Targeting offerings
- Creative management options
- Self-service offerings

By fully understanding the human expertise and resources dedicated to managing and optimizing the ad buying process—as well as the operational procedures, workflows, infrastructure, tools, and technologies used by RMNs—advertisers can gain efficiencies and make more informed and efficient decisions.

This framework aims to facilitate transparency between the RMN and the advertiser on the level of capabilities offered at different stages of the purchase process rather than making all the capabilities identical. This standard will encourage RMNs to expand the level of sophistication across capabilities based on their strategic goals and resources. At the same time, marketers and ad buyers will have greater ease in buying, placing, measuring, and managing their retail media investment while reaping cost savings and the ability to increase speed to market.

STANDARDIZATION AREAS AND METRICS/PARAMETERS



WORKING TOGETHER TO UNLOCK THE FULL VALUE OF RETAIL MEDIA

Standardization is a “win-win-win” for RMNs, advertisers, agencies, and consumers alike.

On the ad buyer and seller side, less complexity and greater transparency will lead to enhanced measurement and analytics, reduced costs, and room for greater innovation, among many other benefits. On the consumer side, shoppers will get a more customized experience that saves them time and effort.

Retail media is at a critical juncture. The upside is immense. Yet, if inefficiencies remain, the momentum may be lost. To unlock the true value of retail media, all stakeholders must work together to create and enact an effective standardization framework.

For more information, please email mediacollective@albertsons.com