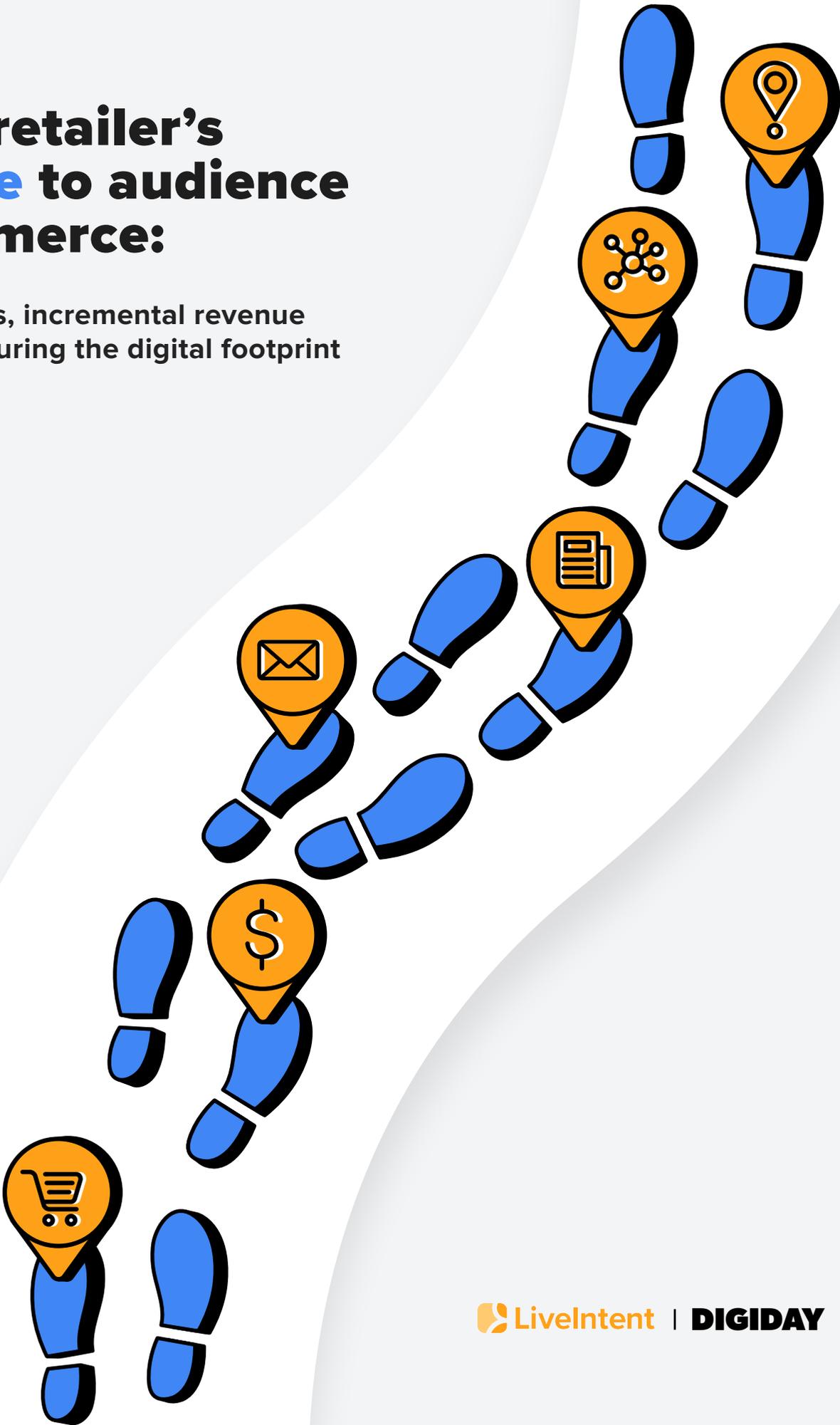


The retailer's **guide** to audience commerce:

Networks, incremental revenue and capturing the digital footprint



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The e-commerce surge has unlocked a range of opportunities for retailers to monetize an influx of online customers and shopper data. Despite the urge to simply jump in with both feet, however, retail marketers and revenue teams are discovering that monetizing involves a nuanced and challenging process. But when it works it opens new channels to significant incremental revenue.

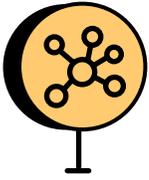
Whether it's an e-commerce giant such as Amazon, Walmart, Target or a smaller player in the space, retailers are striving to create a media business of their own without harming their existing commerce business. Brands and retailers are monetizing in different ways along these lines, from General Mills'

legacy of story and close-to-consumer relationships via Betty Crocker to younger, more nimble examples, such as Groupon, that know a particular cohort will respond well to e-commerce ads in their already highly engaging emails.

The process of capturing value with this process can be termed audience commerce — an approach in which retailers turn to audience data to determine if an interaction is more valuable to them or to partner brands. When there is a match, the partnering brand benefits from shopper engagement and the retailer making that match gets the revenue that results from selling access to its audience over time.

The potential is lucrative: Overall, the global data-monetization market is expected to be worth nearly [\\$12 billion by 2026](#), a prediction that includes e-commerce and retail in the mix.

In this micro-report, the first in a series of three, LiveIntent and Digiday highlight several essential audience commerce tactics. From networks to newsletters, from affiliate programs to the partnerships that help make all these steps work, this guide provides actionable advice and tips for asking the right questions and identifying the real parameters of successful audience commerce approaches in 2021.



Retailers are building retail media networks

Retailers are seeking to emulate media companies in the ways they monetize their audience. The approach is similar to the way a publisher identifies and activates each of their audience segments under different verticals.

“Retailers are becoming media companies in the sense that they need to figure out ways to monetize their data and sell to their audiences, or sell the knowledge that they have around the intense interest that their shopper base exhibits,” said Nick Bolt, senior product marketing manager at LiveIntent.

But publishers and retailers are not taking the same approach to driving ad revenue. Retailers can’t necessarily replicate a publisher’s traditional method of advertising — literally having an ad-sales team selling advertising space. Instead, retailers must create demand through creative campaigns that not only drive traffic to their sites but also create demand around specific brand partners’ products — in other words, advertising other advertisers.

“Retailers are realizing the value of their inventory and audiences and the incremental revenue they can generate,” Bolt said. “One of the stabs at monetization they’re taking is building retail media networks.”

One example of how a retailer uses such a network is [The Home Depot](#), which allows its vendors to tap into the home-improvement giant’s social media channels for featured placement. At higher tiers, partner brands can also leverage The Home Depot’s experts to build custom campaigns for omnichannel reach.

By building their own media networks, and working with data onboarding platforms or demand-side platforms that can transform insights into segmented audiences for brands to use in paid advertising, retailers are generating audience insights that drive actionable strategies.

Not every retailer, of course, is resourced at the level of The Home Depot.

“It’s not without its challenges, though — scale, media-sales acumen and partner evaluation are key challenges,” said Bolt. “Retailers are still trying to navigate how to do that effectively and there’s a lot of internal restructuring that has to be done to make it work and to generate attraction.”

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How retailers build internal structures for audience commerce

When it comes to creating audience commerce resources, retailers are turning to the following tactics.

1.

Hiring a media sales team to promote their inventory, assess the data that is of value and grow relationships with manufacturing partners.

2.

Carving out retail media as a new business unit or adding that function to an already existing department.

3.

Setting up the necessary technology infrastructure to allow for media buying either through demand-side platforms (DSPs) or by working with advertising partners directly.

4.

Making the investment in content that supports the products and services brands sell. For example, The Home Depot's DIY Projects and Ideas help engage customers high up in the funnel, developing relationships that ultimately drive business.

Apart from these personnel and infrastructural moves, there are other tactics that come into play, including a one-to-one channel that almost any retailer already has in place — the email newsletter.

Applying audience commerce to email newsletters

Unlike other channels (like social media platforms, for instance), email newsletters are a far less noisy, less cluttered environment in which marketers can capture customer attention. Because customers opt-in to email newsletters, they are typically more engaged with the content, especially if it speaks to their specific interests or needs. For these reasons, email newsletters are a powerful channel for leveraging audience commerce strategies.

For example, Overstock uses its trusted and consented customer lists to sell products to consumers via emails carrying ads from partner brands. The e-commerce exchange is turning the tactic into a revenue generator.

"They sell their own goods and services through their newsletters, featuring a bunch of Overstock products that you can choose from," said Bolt, "but they also see the value in adding ad units into those email newsletters. By allowing third-party



advertising demand to flow into those ad spots, they will make incremental ad revenue."

Not without watching the inventory, ads and the entire process with a careful eye, however.

As one membership-only retailer said in an interview about its audience commerce initiatives for this report, speaking on the condition of anonymity, "All creative is reviewed and approved by our in-house marketing teams to ensure the best experience for our customers. Thus, any monetized creative would complement the content in design and appeal."

In other words, incremental revenue via audience commerce can't rely on a set-it-and-forget approach. It takes monitoring and human decision-making to get it right — to make the match that drives action and conversions.

Knowing if the newsletter is the right audience commerce step

For retailers that are still growing their first-party digital footprint, it's not necessary to be a giant like Overstock, but it is important to audit shopper data and look for opportunities to segment shoppers based on their interests. Important questions to ask in that process include the following.

How many readers is the retailer reaching with its newsletters?

How many active subscribers does it have and what are the open and click-through rates?

What products does the retailer's audience like to buy and how do they like to engage with its properties?

What are the retailer's brand partners looking for? What are the goals of its manufacturing partners and what trends can be identified in shopper behavior that speak to those goals?

What is the team's safety threshold?



When retailers answer these questions, the resulting insights help them to design an ad experience that is more relevant to the consumer, nudging shoppers further down the funnel. And then the process iterates again, deepening the partnership between the advertiser and the retailer.

Following the digital footprint — closing the gap

Email newsletters are an effective way to help drive audience commerce strategies, but they're just one element of the digital footprint. The more first-party data a retailer gathers, the more insight that emerges about shopper behaviors and their interests.

"Gathering data that enriches your understanding of your customers and using those insights to create revenue strategies helps retailers compete with e-commerce behemoths like Amazon," said Jessica Muñoz, senior vice president of product marketing at LiveIntent. In addition to newsletters, retailers employ many options to round out the data that is essential to audience commerce.

Creating a customer loyalty program that gives coupons and in-store discounts to shoppers that register an account using their email or phone number helps connect in-store (offline) purchases to a digital customer. For many retailers and grocers, the [majority of sales](#) still happen in physical store locations.

"Offline shopping behaviors are as vital to a retailer's first-party data asset as online purchases. Retailers who can combine these datasets are in a great position to create an ads business that boosts sales for their brand partners," said Muñoz.

Another helpful tactic for retailers is offering personalized shopping experiences via a mobile app or site. [Grove Collaborative](#),

for example, encourages their shoppers to set a schedule for how often they'd like to replenish household staples, like toilet paper and dish soap. Grove automatically adds those scheduled staples to a cart and sends a push notification to ask shoppers to prompt a restock.

"This approach does help the retailer understand shopping behaviors, and it's successful because consumers get a personal shopper right at their fingertips," says Muñoz.

Tying all of these together can roughly recreate the digital footprint of the consumer that the third-party cookie previously promised.



Defining the digital footprint

A digital footprint is a trail of data that is created when a user browses the internet. There are two kinds of digital footprints — active and passive. An active digital footprint is data that the user intentionally leaves behind: an email that is sent, or a form that is filled. A passive digital footprint encapsulates users who have not intentionally left behind their information (such as web browsing data.)

First-party data solutions remain a work in progress

When a consumer opens an email, clicks on a linked product and then is directed to the advertiser's site — and then they purchase the product — not only have they progressed all the way through the marketing funnel, but also this information can be invaluable to retailers as they seek to translate first-party data into a growing and loyal network of brand partners and incremental audience commerce revenue.

It's part of a "larger trend of going back to direct-ad sales relationships, rather than monetizing across the open exchange," said Bolt. "There are other reasons why that's moving, but having a stockpile of first-party data that can be used in conjunction with first-party data that an advertiser has, is

much more appealing. It's more brand safe — and now with third-party cookies going away, retailers need to do more of that versus solely relying on ad revenue from an open exchange."

For many, it's still a work in progress. Brands and retailers may have to try several options at the same time, implementing a trial-and-error approach. At the moment, there isn't a one-size-fits-all solution for gathering first-party data, but there are partnerships, and this is a tactical solution to which many retailers are turning to develop their audience commerce programs.

Unlocking audience commerce with adtech and martech partnerships



Many retailers are building audience commerce as they run the rest of their revenue and marketing programs, and not all teams have a deep enough bench to master all the tactics that audience commerce requires.

Adtech and martech partnerships are essential, and picking a strong partner is crucial to the success of all the tactics highlighted in the previous sections. In the process of vetting one, there are critical questions to ask.

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What is their audience reach?

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What is the quality of demand they are bringing to the partnership via their exchange?

—
How flexible are their blocking and creative control options?

—
What monetization options do they provide and do they align with how the team wants to sell inventory?

—
What audience solutions do they provide? Can they help put audience data to work in new ways?

—
Do they offer autonomous control of data, reporting and performance?

—
Are they privacy compliant and in step with the GDPR and CCPA regulations?

Approaches to audience commerce monetization may take several iterations, and will increasingly incorporate multichannel and omnichannel approaches.

However, by constantly tweaking methods of building an audience and monetizing it, retailers can incrementally achieve new insights into the elusive digital footprint, and the incremental revenue that audience commerce is already generating will continue to grow. That's a positive outcome for every retailer.



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