

DSI AND STRATABLY REPORT

HOW BRANDS 'DO' RETAIL MEDIA

Insights on Organizational Structure, Team Size, and
Funding Approaches for Retail Media Success

DIGITALSHELF
INSTITUTE 

 **Stratably**

Retail media has quickly become a significant component of the overall media landscape, on pace to reach nearly \$45 billion in the U.S. in 2023, according to [eMarketer](#). Today, retail media is top of mind for every retailer looking to improve their margins, as well as every brand that wants to efficiently grow their business and partner effectively with their most important accounts.

Yet, because retail media fundamentally transforms how consumer brands do business with their retail partners, it presents unique challenges. To do it well, businesses need to blur the lines between sales and marketing and employ incremental staff. Also, retail media reporting varies by retailer, making it difficult to access standardized data.

These challenges have led to a lack of clarity on how brands should “do” retail media.

- ✓ How should they organize their operational structures to support retail media?
- ✓ How can they integrate it into their organization?
- ✓ How can they budget for it?

To help brands answer these questions, Stratably and the Digital Shelf Institute (DSI) undertook a qualitative and quantitative study of leading brands to understand their organizational structure around retail media and how they are — or aren't — integrating retail media into their broader marketing efforts.

In particular, we conducted an in-depth survey to benchmark 52 large and mid-sized consumer brands, two-thirds of which compete in the consumer packaged goods (CPG) market and all others in the consumer hardlines and softlines categories.

We primarily focused on these brands' retail media execution, including who leads their efforts, the size of their teams, what functions are involved, and what departments fund ad spending. We also interviewed more than a dozen practitioners in the space to better understand how brands are adapting to the unique challenges associated with retail media.

The following report outlines key takeaways from our research, along with insights that brands can use as they formulate their strategic plans for implementing retail media.



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What Is Retail Media?

When we asked the digital leaders in our sample to define retail media, we surprisingly received many different answers. All of their responses, however, centered on paid search and other media offered by retailers. Most agreed that the sponsored product ads and programmatic activations that retailers offer are central to retail media.

Another common theme in our interviews was the importance of retail media, with nearly all of those interviewed indicating that retail media should be part of a brand's holistic marketing strategy — even if they don't yet have a clear vision of what that strategy looks like.

For the purposes of this report, we define retail media as the advertisements placed on a retailer's website or offsite using retailers' programmatic capabilities.

Organizational Structures for Deploying Retail Media

Who Leads Retail Media?

Retail media is an integral component of doing business with most retailers today, and it represents a large portion of the overall media environment. Given this magnitude, a senior leader should be responsible for a brand's retail media efforts.

Our survey showed brands staff a wide variety of leaders from many different departments and roles to lead retail media. The head of ecommerce was the most common option, which isn't surprising considering retail media is inherently part of ecommerce.

The fact that heads of ecommerce lead the retail media charge across many brands, however, might indicate that these organizations aren't making fundamental changes to their retail media management or haven't yet integrated retail media into their broader media operations.

Compared to firms in which the chief marketing officer (CMO) leads retail media efforts — which was the second most popular option — firms relying on their heads of ecommerce were:

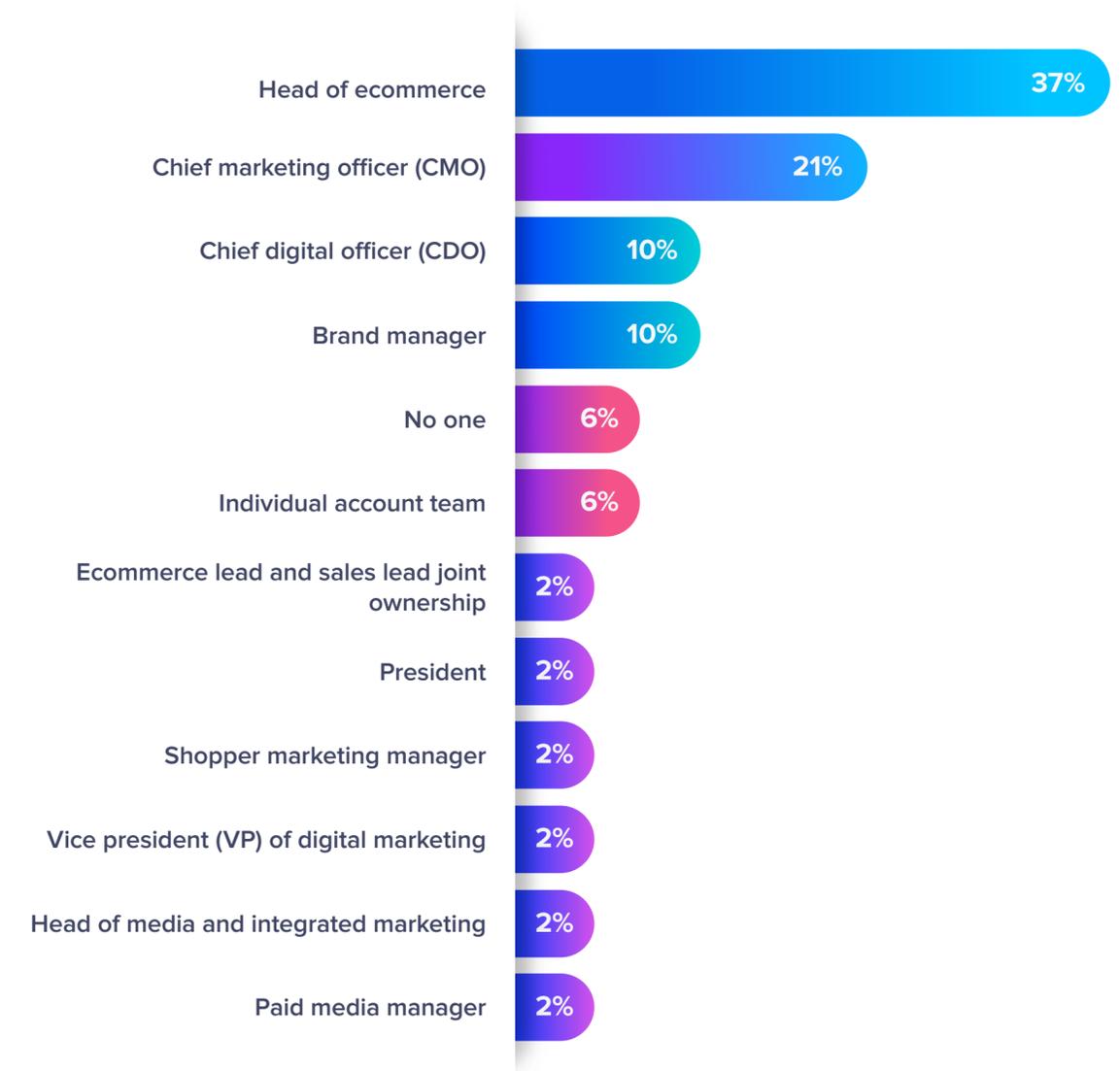
- More likely to have an active strategy on a greater number of retail media networks;
- More likely to have one fewer staff member dedicated to their retail media effort, but also have plans to quickly grow their staff in 2023;
- More likely to have only one department involved in retail media, compared to the more cross-functional setups of CMO-led teams; and
- About as likely to have funding from multiple sources versus funding from a single department.

Our research also revealed a positive correlation between the size of a business and its leadership choice: Larger firms often appointed their CMO or chief digital officer (CDO) to lead retail media, while smaller firms stuck with their heads of ecommerce.

Larger businesses’ increased operational complexity likely catalyzes them to shift responsibility to the CMO or CDO to manage the difficulty of integrating retail media into broader initiatives.

Twelve percent of firms indicated that either no single role is responsible for retail media at their organization or that responsibility falls to individual account teams. This is a suboptimal structure that often inhibits the firm’s budget optimization, restricts best practice sharing, and keeps retail media siloed from the rest of the brands’ media efforts.

FIGURE 1: ROLES ULTIMATELY RESPONSIBLE FOR RETAIL MEDIA



Source: 2023 Retail Media Benchmark, DSI and Stratably



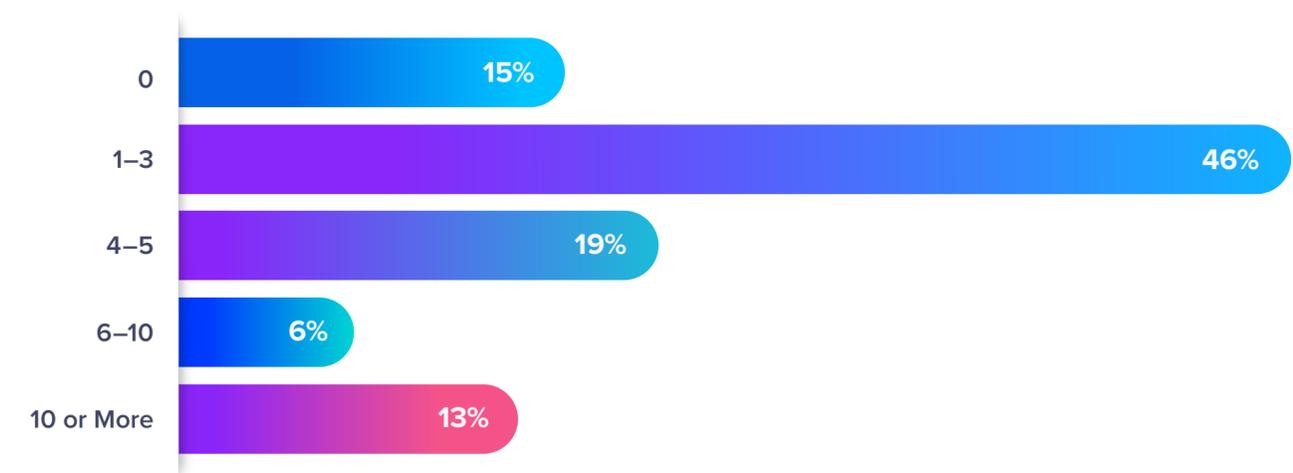
Brands should ensure one senior leader is responsible for retail media performance. The larger the organization, the more likely that senior leader will be the CMO.



How Big Are Retail Media Teams?

Just a few years ago, consumer brands typically had no individuals dedicated to retail media. Today, the brands in our survey now employ about four individuals — though 15% still have no dedicated staff.

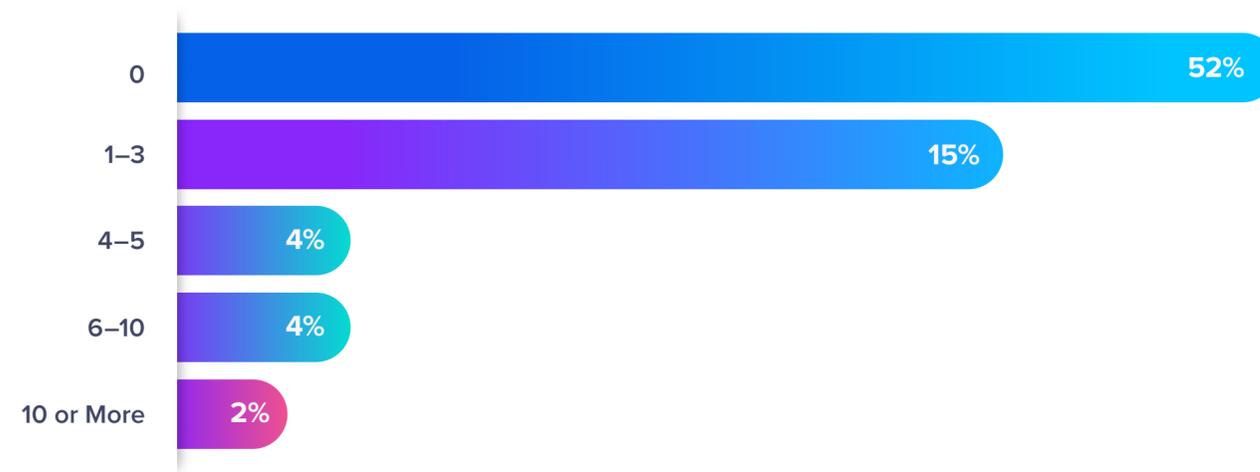
FIGURE 2: NUMBER OF PEOPLE IN THE ORGANIZATION DEDICATED TO RETAIL MEDIA



Source: 2023 Retail Media Benchmark, DSI and Stratably

Additionally, brands are planning to hire one to two individuals on average in 2023, translating to a 38% increase in team size.

FIGURE 3: NUMBER OF PEOPLE BRANDS PLAN TO HIRE FOR RETAIL MEDIA IN THE NEXT 12 MONTHS



Source: 2023 Retail Media Benchmark, DSI and Stratably

As expected, business size correlates to the size of a brand’s retail media team, according to our research. While brands earning less than \$300 million per year in sales had an average of two individuals on their retail media team, brands earning \$300 million to \$2 billion had an average of four, and those earning more than \$2 billion had an average of seven.

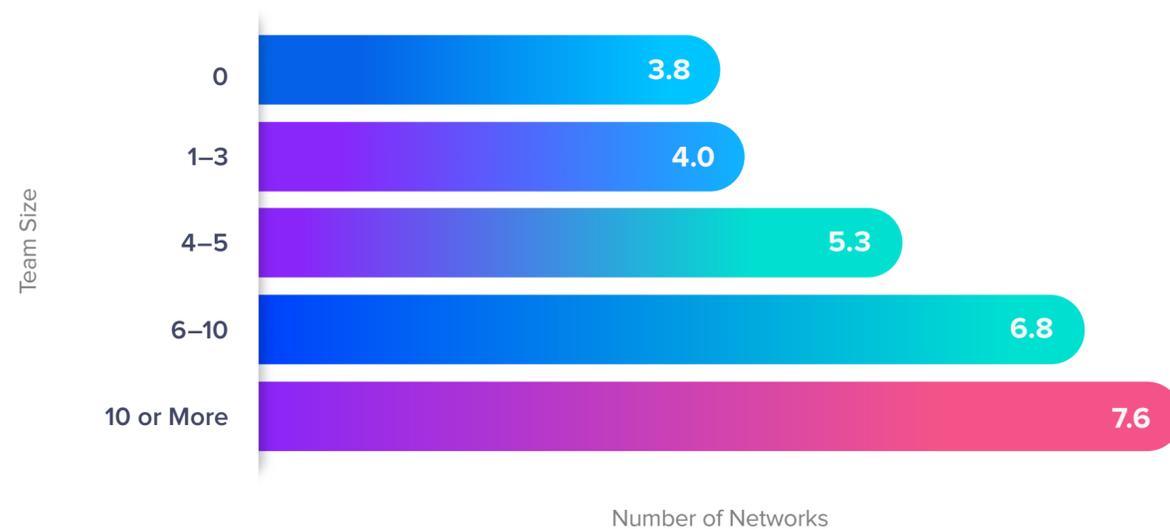
Brands with no dedicated staff — those that typically rely on an agency partner — are active on three to four networks. And this number increases as the brand adds more staff, with teams of 10 or more being active on about seven or eight networks, on average.



Our research showed little difference in these numbers between brands in the CPG category compared to those in other categories.

The takeaway: If brands want to expand to more retail media networks, they will need to invest in staff.

FIGURE 4: AVERAGE NUMBER OF ACTIVE RETAIL MEDIA NETWORKS BY TEAM SIZE



Source: 2023 Retail Media Benchmark, DSI and Stratably



To keep pace with their peers, brands should have four to six individuals dedicated to retail media by the end of this year. These individuals should focus on the highest-impact retail media accounts that feature robust, top-performing, and reliable reporting.

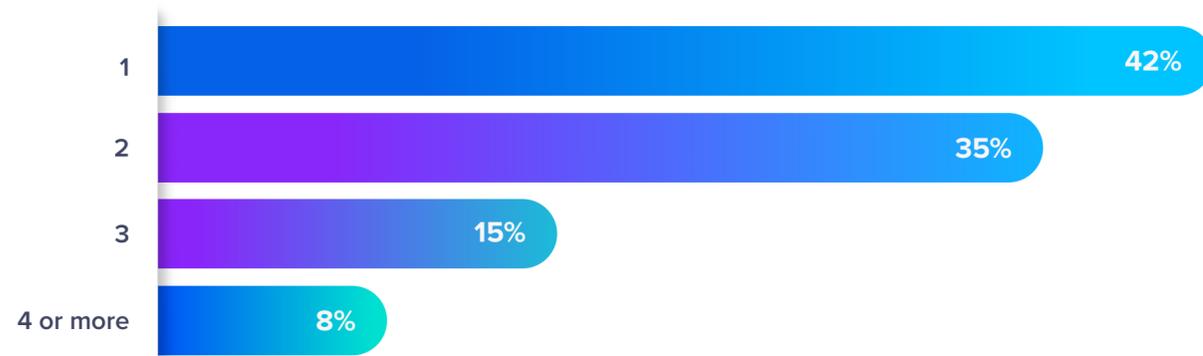
Brands can anticipate needing to hire more staff if they plan to expand to more retail media networks in the future.

What Functions Do Retail Media Teams Include?

Nearly one-third of brands require only their ecommerce team to execute retail media, which aligns with most brands appointing heads of ecommerce as team leads.

However, 58% of brands rely on multiple functions for execution, with consumer packaged goods companies more likely than hardlines companies to use four or more functions to execute retail media.

FIGURE 5: NUMBER OF FUNCTIONS INVOLVED IN RETAIL MEDIA EFFORTS



* Functions include shopper marketing and ecommerce teams, among others.

Source: 2023 Retail Media Benchmark, DSI and Stratably

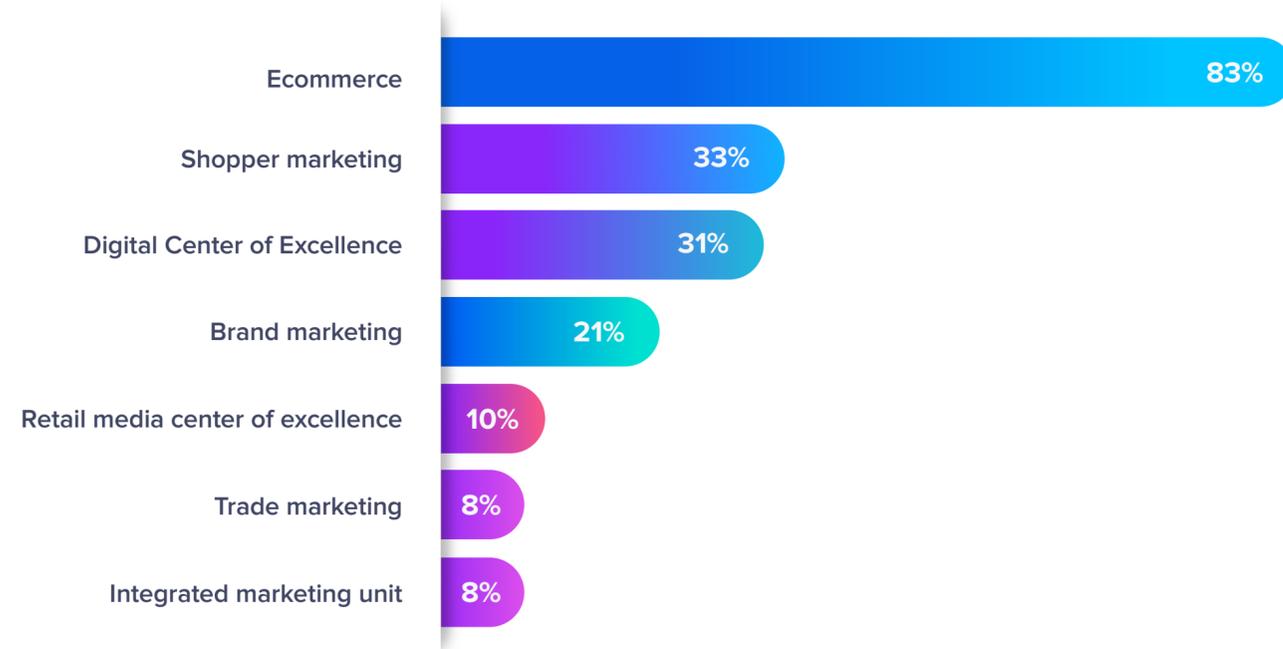
FIGURE 6: ORGANIZATIONAL FUNCTIONS INVOLVED IN RETAIL MEDIA

Ecommerce	31%
Shopper marketing, ecommerce	10%
Brand marketing, ecommerce	10%
Digital center of excellence, ecommerce	6%
Trade marketing, ecommerce	4%
Shopper marketing, ecommerce, digital center of excellence, retail media center of excellence	4%
Shopper marketing, ecommerce, digital center of excellence	4%
Shopper marketing	4%
Digital center of excellence	4%
Trade marketing, brand marketing, ecommerce	2%
Shopper marketing, trade marketing, ecommerce, digital center of excellence	2%
Shopper marketing, retail media center of excellence, integrated marketing unit	2%
Shopper marketing, retail media center of excellence	2%
Shopper marketing, digital center of excellence	2%
Shopper marketing, brand marketing, ecommerce, digital center of excellence	2%
Shopper marketing, brand marketing, ecommerce	2%
Integrated marketing unit	2%
Ecommerce, digital center of excellence, retail media center of excellence	2%
Ecommerce, digital center of excellence, integrated marketing unit	2%
Brand marketing, ecommerce, integrated marketing unit	2%
Brand marketing, ecommerce, digital center of excellence	2%
Brand marketing, digital center of excellence	2%

* Some organizations use combinations of functions to execute retail media, which is illustrated in the above chart by showing multiple functions.

When looking at functions individually, the research shows that 83% of brands surveyed have eCommerce involved in retail media either alone or in concert with other functions, far outpacing all other functions.

FIGURE 7: RETAIL MEDIA INDIVIDUAL FUNCTIONS



Source: 2023 Retail Media Benchmark, DSI and Stratably

The wide variety of functional combinations across brands illustrates two elements of the current state of retail media:

- Compared to alternative media offerings, retail media is relatively new, which means there isn't one playbook approach that works for all companies. Many brands are experimenting by bringing different groups together in different ways. Our sample of 52 brands showed 22 different functional combinations.
- Since retail media straddles retail and media, most brands find that it requires cross-functional teams to execute well.

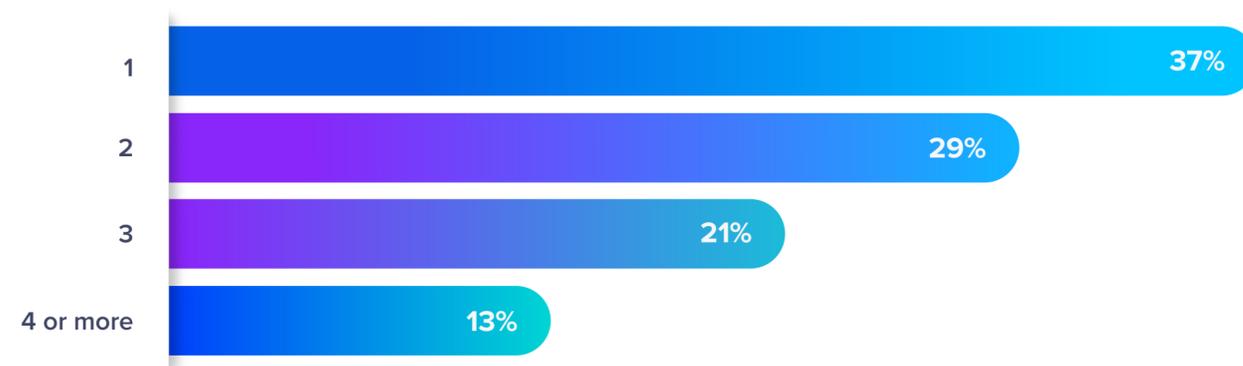


Brands are increasingly including multiple functions in their retail media work because of its cross-functional nature, though no one “right” combination exists.

What Departments Fund Retail Media?

How dollars flow through a firm is often dependent on the structure of the organization — and it’s no different with retail media. Similarly to the variety of functions involved in executing retail media, the brands surveyed reported a wide range and combination of departments that fund their retail media efforts.

FIGURE 8: NUMBER OF DEPARTMENTS THAT FUND RETAIL MEDIA



* Departments include shopper marketing and ecommerce, among others.

Source: 2023 Retail Media Benchmark, DSI and Stratably

The 52 brands in our survey reported a collective 28 different combinations of departmental funding structures. Thirty-seven percent fund retail media from one department, while 63% use two or more. CPG companies were more likely than hardlines to use multiple departments.

While the ecommerce department was the most common selection, it only comprised 17% of brands in the survey. This reveals that the only common funding trends among the surveyed brands is the need for cross-departmental sourcing.

FIGURE 9: TYPE OF DEPARTMENTS THAT FUND RETAIL MEDIA

Ecommerce	17%
Sales	8%
Digital marketing	8%
Shopper marketing, ecommerce	6%
Shopper marketing	6%
Sales, integrated marketing unit	6%
Digital marketing, sales	6%
Shopper marketing, trade marketing, digital marketing, ecommerce	4%
Digital marketing, integrated marketing unit	4%
Trade marketing, ecommerce, integrated marketing unit	2%
Trade marketing, digital marketing, ecommerce, sales	2%
Trade marketing, digital marketing, ecommerce, digital center of excellence	2%
Trade marketing, digital marketing, ecommerce	2%
Shopper marketing, trade marketing, ecommerce	2%
Shopper marketing, digital marketing, ecommerce, sales	2%
Sales, integrated marketing unit	2%
Ecommerce, sales	2%
Ecommerce, integrated marketing unit	2%
Digital marketing, ecommerce, sales	2%
Digital marketing, ecommerce, integrated marketing unit	2%
Digital marketing, ecommerce, digital center of excellence	2%
Digital marketing, ecommerce	2%

* Some organizations have multiple functions fund retail media which is illustrated in the above chart by showing multiple functions.

Our research also showed a positive correlation between the number of functions involved in retail media and the number of departments funding it.

Fifty-nine percent of brands with one function involved use only one department — typically ecommerce — to fund retail media. That’s compared to the 20% of brands with multiple functions involved that use only one department.

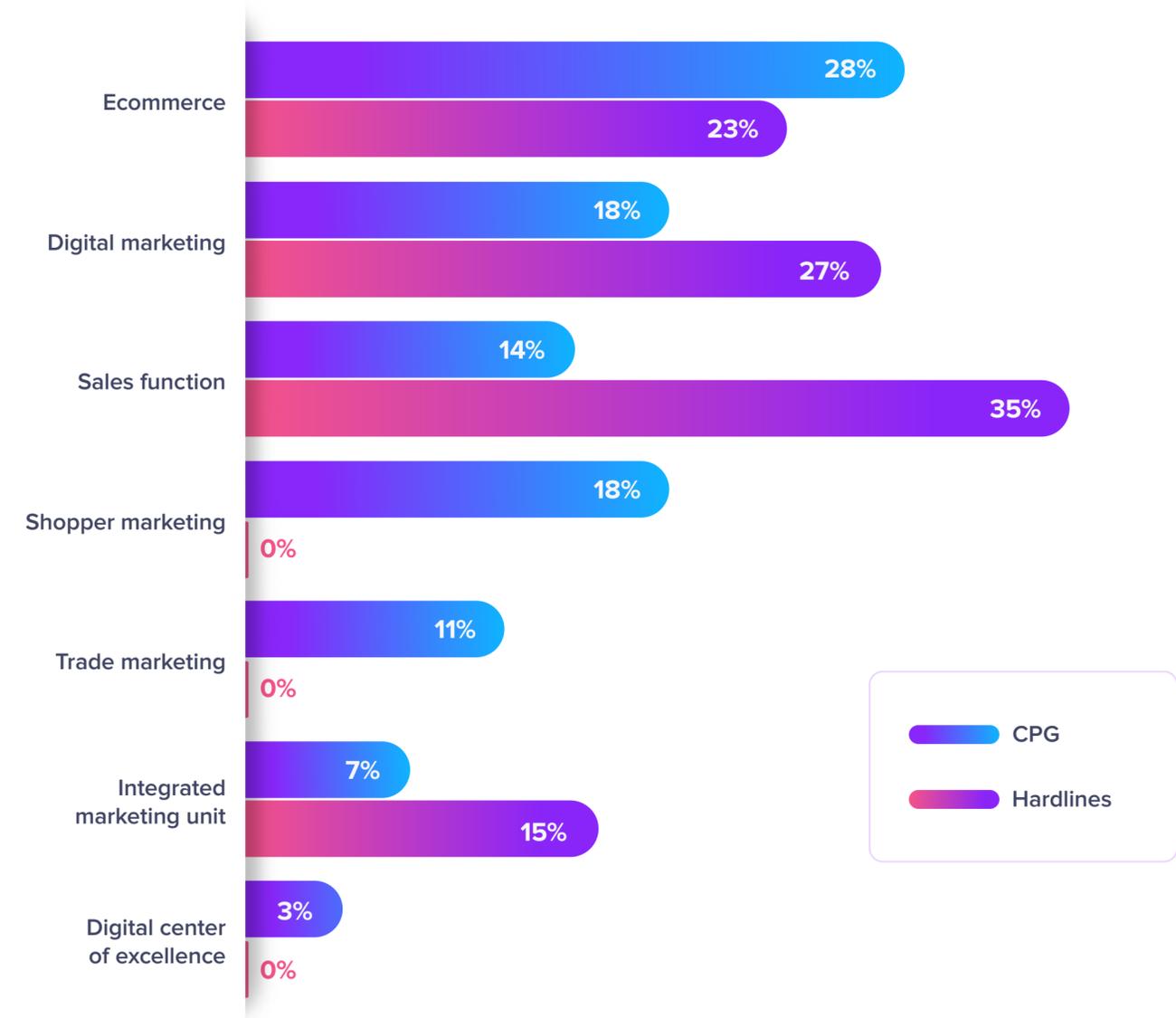
This data reveals that when organizations send funding for retail media from multiple departments, they likely send staff and oversight, as well.

Additionally, CPG firms are more likely to rely on ecommerce, shopper marketing, and trade marketing departments to fund retail media, while hardlines brands are more likely to rely on sales and digital marketing teams.



Because retail media ads influence both online and in-person shopping behavior and omnichannel retailers are increasingly integrating media spend into joint business plans, brands are increasingly funding retail media from a variety of sources.

FIGURE 10: DEPARTMENTS FUNDING RETAIL MEDIA BY BRAND CATEGORY

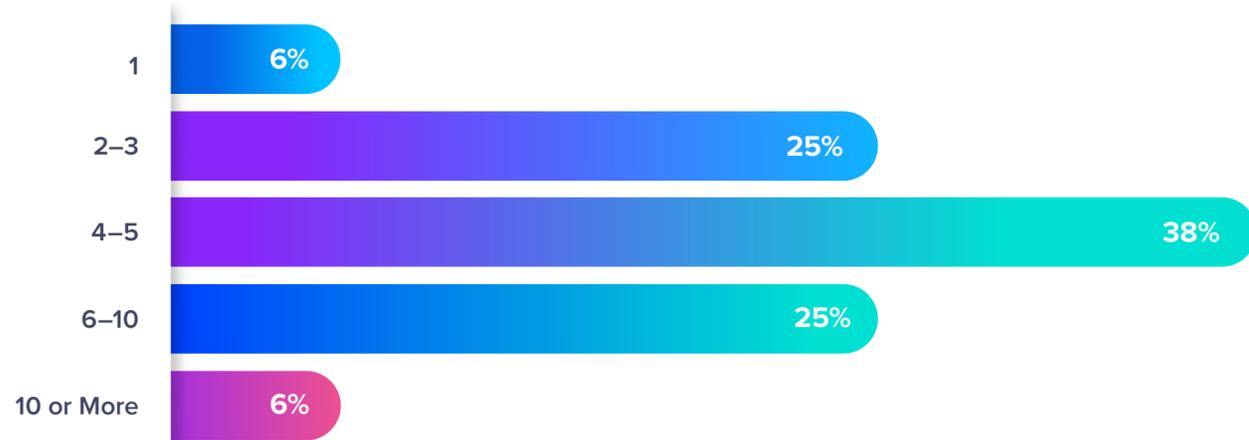


Source: 2023 Retail Media Benchmark, DSI and Stratably

How Many Retail Media Networks Are Brands Active On?

Two-thirds of respondents indicated they have an active strategy on five or fewer retail media offerings. While this data point is higher than in prior years, it illustrates the challenge longer-tail retail media networks face when trying to attract brand dollars and attention.

FIGURE 11: NUMBER OF NETWORKS WITH AN ACTIVE RETAIL MEDIA STRATEGY

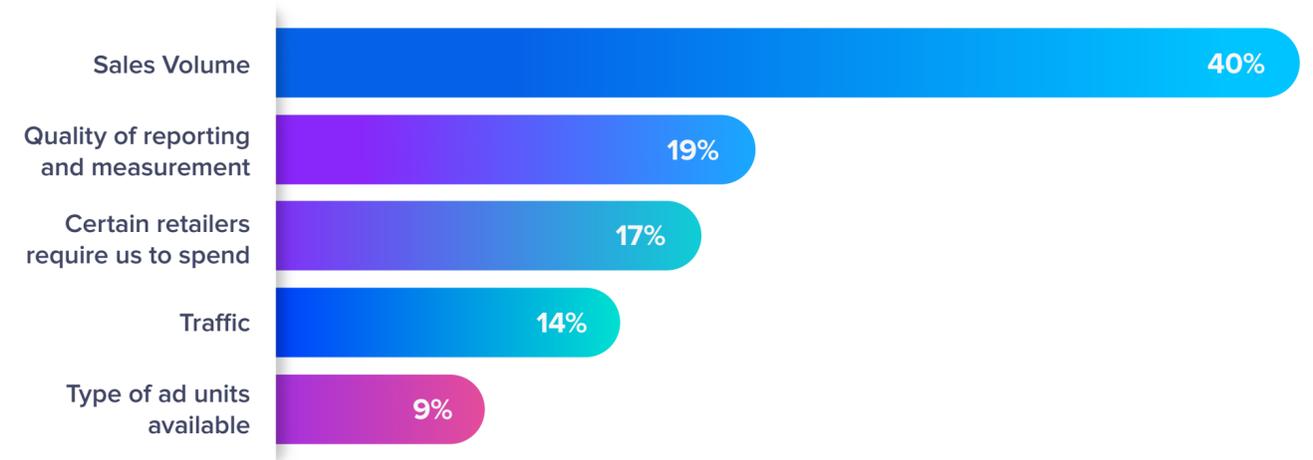


Source: 2023 Retail Media Benchmark, DSI and Stratably

The data showed a positive correlation between team size and the number of retail media networks with an active strategy, but didn't demonstrate any major differences between brands across categories.

When determining where to concentrate their efforts, brands often look at sales volume, quality of reporting, traffic, and whether the retailer requires them to spend money on retail media.

FIGURE 12: FACTORS THAT INFLUENCE BUDGETARY DECISIONS FOR RETAIL MEDIA NETWORKS



Source: 2023 Retail Media Benchmark, DSI and Stratably



It can be overwhelming to do retail media well on every account, and most brands are only able to execute on a handful by prioritizing those with scale and reliable reporting.

Retailers with smaller sales should focus on advanced reporting to attract the attention of capacity-starved brands.

How To Better Integrate Retail Media Into the Business

Why Is Retail Media Not More Integrated Into the Business?

Retail media's journey over the past three years has been similar to that of ecommerce as a whole. Ecommerce adoption skyrocketed during the COVID-19 pandemic, accelerating progress by 5–10 years. The economic shifts we are seeing today are having a similar impact on the retail media space.

At a time when consumers are stretching their money and cutting discretionary spending, causing both brands and retailers to hyperfocus on profitability, retail media enables retailers to ask brands for more dollars.

Today, there are more than 600 retail media networks globally, according to the Walton College of Business, and new ones pop up almost monthly.

The proliferation of retail media poses a challenge for brand manufacturers with a set amount of dollars allocated to it or those that lock in budgets at the beginning of the year, according to multiple departments' input.

This rapid change in retail media has forced organizations to evaluate not only their team structures but also how they're integrating retail media into their business processes.

While 80% of respondents say that ecommerce leads their retail media teams, other organizations include a number of other functions: 30% include shopper marketing, 20% include brand marketing, and 30% house retail media in a center of excellence.

In organizations where retail media sits firmly within ecommerce, understanding and decision-making around this type of media might not include other functions. To be successful, however, brands need to view retail media as a connected web of touch points across the business.

- If a brand runs an Amazon ad without first connecting with the digital content team, for example, they might drive consumers to a product detail page (PDP) with poor content that hinders conversion.
- Similarly, if a retail media team doesn't communicate with the shopper marketing team when running dual promotions, they run the risk of inflating metrics for a specific SKU or causing competition within their own brand.

Like ecommerce, retail media is challenging how brands operate internally. Survey respondents shared that they grapple with educating more teams on the importance of retail media, needing unified measurements, and splitting budget that's already been locked in.

How To Break Down Silos Between Functions

One major challenge digital leaders in our survey identified was handling departmental silos that make it difficult to budget and measure effectively.

Many respondents recognized a need for internal education to push their organizations in the right direction. One digital leader indicated a large part of her role as a retail media leader is understanding what's available, what retailers want, where the best opportunities are, how to evolve their internal structure and strategy, and how to educate her colleagues on these items.

To address these challenges, many organizations have created internal education programs and curriculums that are required for sales, marketing, ecommerce, and shopper marketing functions.

This education helps teams build a philosophy for growing in the future and tailoring content and messaging to the right audience. Some digital leaders have taken this a step further by instituting shared goals and accountability across teams.

Some organizations are ensuring cross-functionality by involving finance teams early and often. These teams can help understand where budget is coming from, why retail media is an important focus for the organization, and how it will continue to drive profitability.

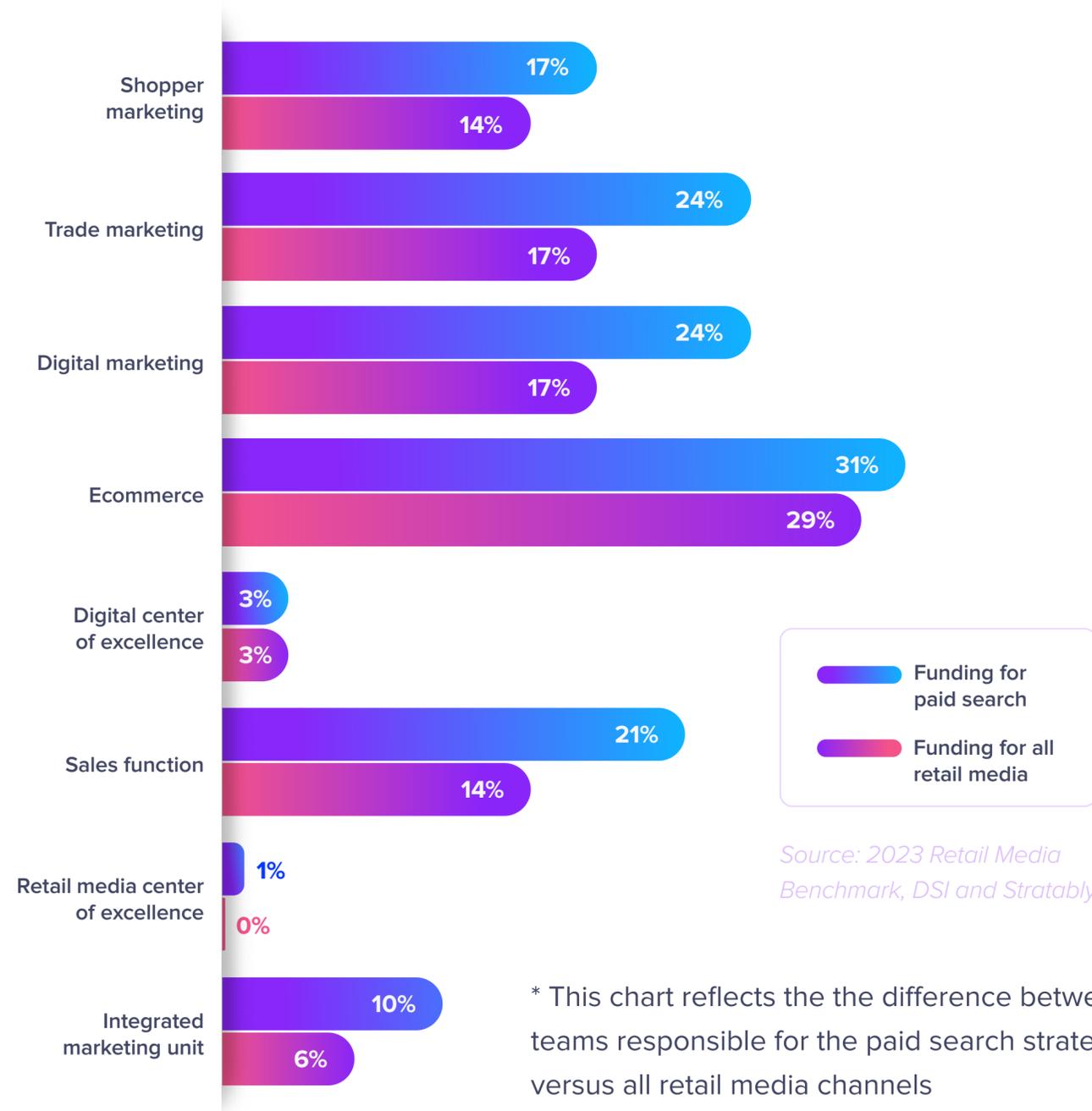
In some cases, retail media brings to the surface a natural tension between the ecommerce and brand marketing teams, often in the form of budget allocation between the two teams. Currently, most brands treat retail media as a retailer-specific activity rather than a core part of the broader marketing strategy, but that will need to shift if brands want to execute on omnichannel plans.

Another way brands can bridge gaps is by integrating paid search and organic search teams and strategies — two entities that brands need to use in conjunction in order to be successful.

Typically, ecommerce teams own organic search, while shopper marketing teams own paid search. In the complicated web of retail media integrations, however, teams need to be aligned to give consumers positive experiences.

When asked what departments fund retail media paid search advertising, 54% of brands said ecommerce, 31% said digital marketing, and 26% said shopper marketing.

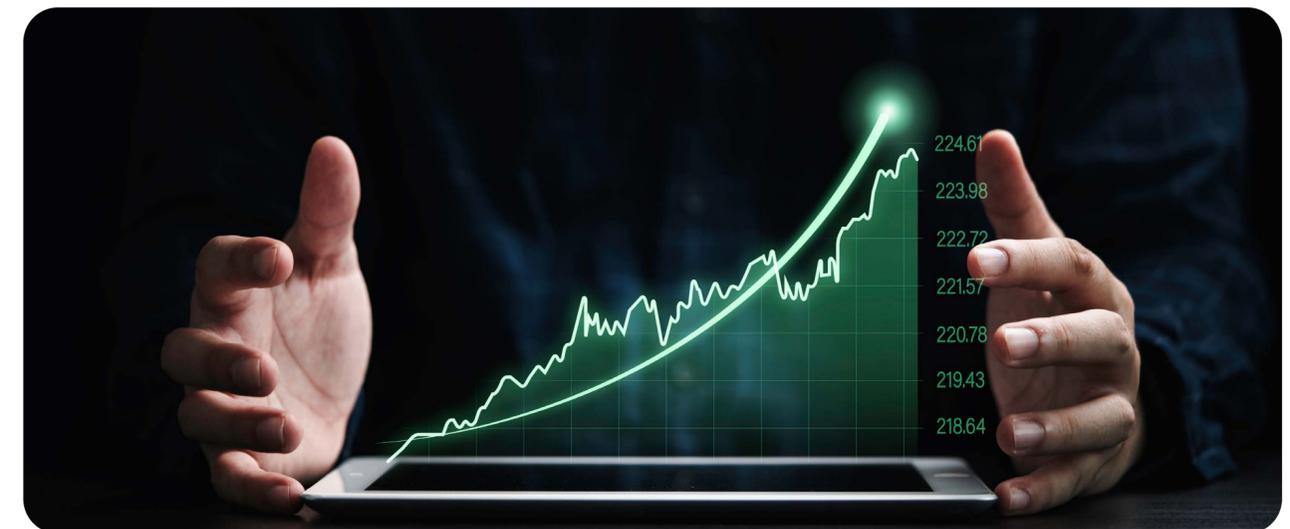
FIGURE 13: DEPARTMENTAL BREAKDOWN OF PAID SEARCH VERSUS OVERALL RETAIL MEDIA FUNDING



Brands tend to view paid and organic search as two separate things with them residing on separate teams. Organic search is typically included in the overall digital shelf team while paid search might sit in a different function entirely. The teams that own organic and paid search need to have an open line of communication to foster an aligned strategy.

Organizations can take these actions now to break down silos:

- Create shared goals;
- Integrate organic and paid search teams;
- Create open lines of communication between teams;
- Educate each function on the importance of retail media; and
- Involve finance early and often.



How To Integrate Retail Media Into Joint Business Planning

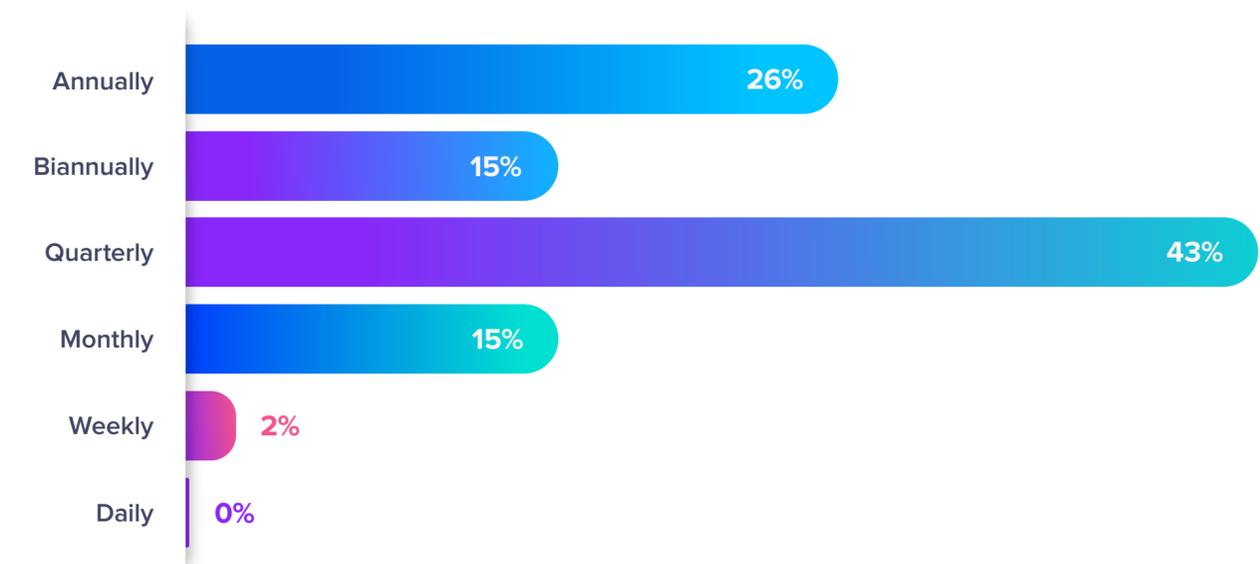
Brands can use joint business planning to help integrate retail media into the business overall. While many organizations have historically conducted joint business planning annually, some have shifted to quarterly check-ins to better evaluate their retailer relationships.

One executive from a leading beauty company shared that they meet with all of their retailer partners regularly to discuss retail media investment, support, and flexible planning.

Successful brands are approaching their retailers collaboratively to find solutions that work for both sides. When asked how often brands adjust retail media budgets, 43% said quarterly, 26% said annually, 15% said biannually, and 15% said monthly.

FIGURE 14: FREQUENCY OF ADJUSTING RETAIL MEDIA NETWORK BUDGETS

(For example: If you plan to spend \$1 million on Amazon advertising and \$300,000 on Walmart connect at the beginning of the year, when will you adjust those numbers?)

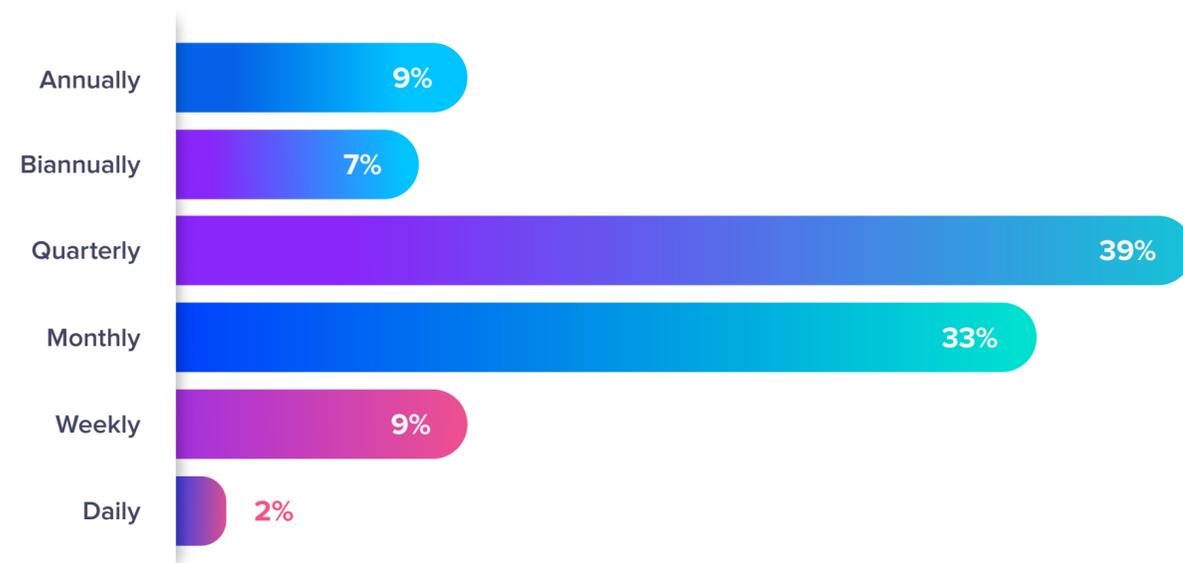


Source: 2023 Retail Media Benchmark, DSI and Stratably

With retail media networks popping up frequently and shopper behaviors continuing to shift, it's imperative brands be agile in their approach to retail media planning. When asked how often brands re-evaluate spend across ad unit types within a retail media account, 39% said quarterly, 33% said monthly, 9% said annually, and 9% said weekly.

FIGURE 15: FREQUENCY OF REEVALUATING SPEND ACROSS AD UNIT TYPES WITHIN A RETAIL MEDIA ACCOUNT

(For example: A brand was spending 90% of their Amazon advertising budget on sponsored products, and they adjusted that after a quarterly check-in to 80% so they could do more demand-side platform.)



Source: 2023 Retail Media Benchmark, DSI and Stratably

While most brands are still budgeting and planning quarterly, many digital leaders understand the value of assessing plans throughout the year as things change. Some organizations have set up standing meetings to ensure those conversations happen.

For example, one brand executive noticed that as the economy shifted, their customers' behavior did as well. Consumers who typically shopped at grocery stores started shopping at Walmart to be more price-conscious, causing the brand to adapt by shifting inventory and retail media dollars to where consumers were. Rather than waiting for a planned quarterly review, the brand observed these shifts in its metrics and pivoted as needed.

While joint business planning has historically been a central part of brand and retailer collaboration, there are emerging planning areas and questions that brands should incorporate today.

BEST PRACTICES FOR PLANNING AND COLLABORATION

- Be transparent with your total cost-to-serve to enable retailers to understand your perspective.
- Ask the retailer about their economics and how they plan to win in the coming year.
- Ask for a clear return on investment and data from retail media investments, and explain how additional insights can unlock more funding.
- Use first-party data to help showcase your understanding of the customer.
- Ask how to collaborate more efficiently to find the best outcome for investments.
- Ask where retailers are investing and if you can be part of any test-and-learn programs.

What Does This Mean for Brands?

Many brands see retail media as a large, unwieldy beast. But to succeed with their retail media efforts, it's critical for brands to know their customer and where and how they shop to make the best targeting decisions.



Key Takeaways

- 1 Brands need to establish clear ownership of retail media strategy and performance to drive effective change.
- 2 Brands need a dedicated retail media team with a clear focus on priority accounts to successfully keep pace with their peers.
- 3 Retail media is a cross-functional effort, so multiple functions — including sales, marketing, ecommerce, and shopper marketing — need to be involved in the strategy and process.
- 4 Brands need to rapidly prioritize retail media networks via a clear decision and evaluation framework. While brands don't need to be on every retail media network, they do need to be where their consumers are.
- 5 During joint business planning, brands and retailers need to have transparent conversations about spend, return on investment, and managing shifts throughout the year. They should partner to find the best outcomes for both sides.
- 6 Involve finance early and often to gain a clear picture on budget and profitability and build in budget flexibility and assessment through the year.
- 7 Continue to focus on building resources and processes to support an omnichannel path to purchase.

Digital Shelf Institute

The Digital Shelf Institute (DSI) is a community dedicated to developing and sharing the best actionable insights and strategies for brand manufacturers to win on the digital shelf.



Stratably

Digital commerce will contribute more than half of all retail growth over the next 10 years, yet 95% of the organization knows very little about how it works and where it's headed. Stratably closes this eCommerce Knowledge Gap with its enterprise membership program that delivers impactful, practical, and easy to digest insights, live events and personalized education to smart enterprises each and every week.

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