

Takeaways from our Live Session on Retail Media Incrementality

By Russ Dieringer // October 18, 2023 // Research, Webinars

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Stratably hosted Skye Frontier from Incremental to share three counterintuitive lessons from his research on retail media incrementality.

Key topics:

1. Why retail media is challenging to measure
2. Different approaches to retail media measurement
3. Counterintuitive findings
 - Ad-attributed sales are uncorrelated with incremental sales
 - Branded keywords drive incremental sales for brands/products with low awareness
 - Non-retail media investments meaningfully impact retail media performance

[Watch The Recording Here](#)

Action items for brands:

1. **Plan to expand to more retail media networks:** Stratably's work highlighted 73% of brands plan to expand the number of retail media networks they invest in next year, compared to just 1% reducing their networks.
2. **Gain alignment on incremental modeling methodology:** eCommerce leaders should build consensus on incremental ROI models in order to avoid paralysis by analysis and constant debates about the accuracy of the findings.
3. **Measure AND work cross-functionally:** Accurate measurement requires a cross-channel approach. This means brands also need to operate cross-functionally, taking a holistic

approach to marketing, while also incorporating sales elements like in-stocks and promotional planning.

4. **Limit decision making based on last touch attribution (LTA):** Marketing leaders should take a cautious approach to important decisions based on LTA given the lack of correlation to incrementality.
5. **Reevaluate financial plans:** Holistic, granular, cross-channel reporting means new information on which levers to pull and in which combination, fundamentally altering previous assumptions on where and how much to invest.
6. **Use Branded search surgically:** Branded search has largest impact on low awareness products and brands, including new product launches.

Here's what we found most interesting:

1. **Last touch attribution is uncorrelated to incremental sales:** Based on a sample of 140 retail media campaigns across a range of brands, there was little correlation between last touch ad attributed sales and incremental sales. This is driven by limitations from last touch models which are often single-channel and ignore other factors like seasonality and discounts. There *was* stronger correlation between new-to-brand metrics and incremental sales, particularly for lower awareness brands/products.
2. **Single channel measurement under-reports sales by 20-40%:** Since consumers shop across channels, reaching them in one channel might result in a sale in another channel. Single channel measurement ignores this shopping reality, thereby underestimating the impact advertising is having on the business and masking the true role each channel plays. For a health and wellness brand, the incremental impact from Amazon ad campaigns was 1.6x higher than single channel measurement, and TikTok, Google Search, and Meta also all had a bigger impact than what single channel measurement suggests.
3. **Branded keyword campaigns drive sales for low awareness brands:** Upper funnel campaigns done offsite can effectively drive consumers to retailers, but these shoppers are likely to lack brand preference as they just learned about your product or brand. Thus, playing defense on brand keywords can drive incremental sales in this type of low awareness scenario, compared to the lack of incremental impact for products and brands with high awareness and brand equity.
4. **Retail media search does not operate in a vacuum:** Discounts, promotions, subscribe and save, seasonality, non-retail media investments, and other factors meaningfully impact retail media performance. Incremental has seen this occur during key selling periods like Prime Day, when a higher portion of sales are driven simply by the increased traffic of ready-to-buy shoppers compared to how much ads are estimated to have contributed based on LTA.

