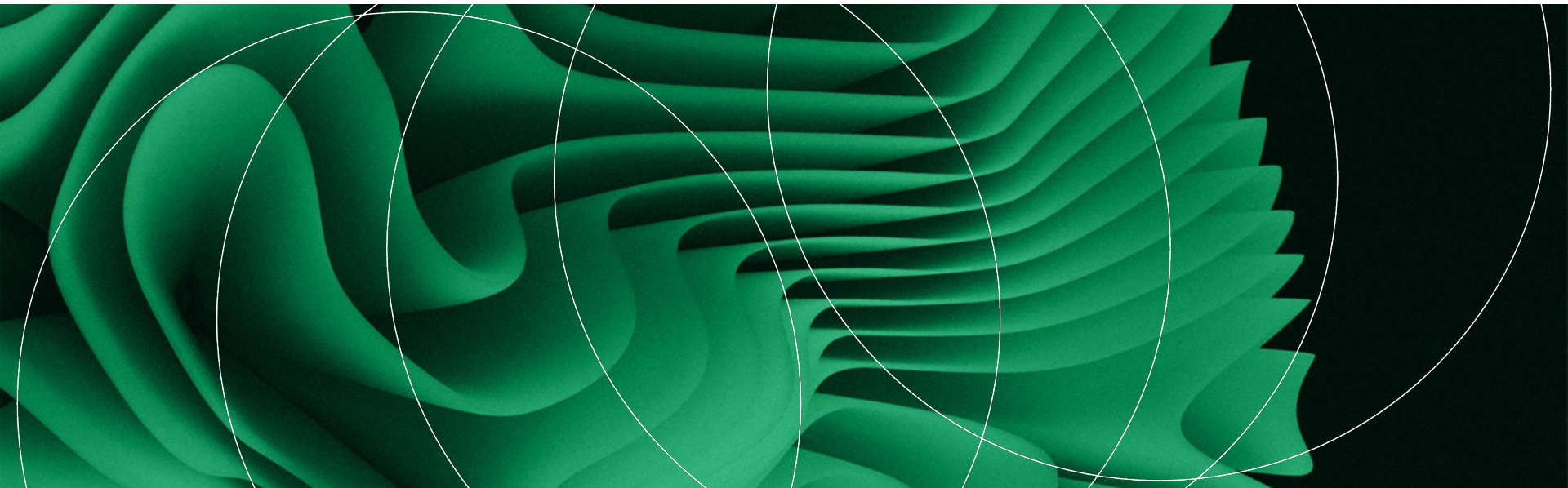


# Who Will Win Their Fair Share Of Commerce Media?

A COMMISSIONED STUDY CONDUCTED BY FORRESTER CONSULTING ON BEHALF OF PUBMATIC, SEPTEMBER 2023



# Executive Summary And Key Findings

The retail landscape is undergoing rapid change, and retailers need to adapt or risk falling behind. Changes in customer expectations, increased need for high-margin revenue streams, and the devaluing of third-party cookies have led retailers to turn to commerce media as a significant part of their future strategies and a significant source of revenue going forward.

In August 2023, PubMatic commissioned Forrester Consulting to explore what the commerce media landscape looks like today, what challenges retailers are facing, what there is to be gained from expanding or beginning commerce media programs, and what the keys are to a successful commerce media network. We found the following:

1. Commerce media is growing rapidly. Data shows it nearly doubling in a two-year span, and retailers are hoping to nearly double it again going forward after that.
2. Commerce media offers transformational benefits to the business. Retail leaders see commerce media as a way to significantly increase high-margin operating income, diversify their revenue streams, improve CX for end customers with more relevant ads, and improve relationships with brands.
3. Early returns are exceedingly positive. Ninety-five percent of retailers that have adopted commerce media say their programs are exceeding or meeting ROI expectations. However, there are still varying levels of success. This study examines what separates retailers with the greatest ROI from their lower-success peers to understand what effective commerce media looks like.
4. Retailers face significant barriers to success. Despite commerce media programs performing well compared to expectations, retailers still struggle with considerable challenges across technology, processes and logistics, and people and organizations.
5. Knowledge and strategy are key. The most consistent issue retailers face is a lack of internal expertise to deploy their commerce media programs strategically, which leaders cited as the greatest key to success. Going forward, organizations are turning to their technology partners to fill in knowledge and expertise gaps and to help retailers build their commerce media networks in both tactical and strategic ways.

# 1. The Current State Of Commerce Media

## 2. Challenges

## 3. The Future Of Commerce Media

# 1.1 The Commerce Media Landscape

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How is commerce media growing?  
Why now? What successes are retailers seeing?

## Commerce media:

Media that enables both retail and non-retail advertisers to connect with audiences throughout the buying journey on retailers and publishers across the open internet, leveraging large-scale commerce data to improve experiences, and tying ad spend directly to outcomes



# The retail landscape is evolving ...

**87%**



say their organization needs high-margin income from advertising to support its overall business.

**87%**



say times of economic uncertainty have increased their organization's urgency to diversify its revenue streams.

Retailers are feeling the need to adapt by diversifying their revenue streams and creating more personalized customer experiences.

**87%**



say the first-party data retailers collect has more value today than ever before.

**86%**



say customers want and expect more personalized advertising and shopper experiences than they did in the past.

Base: 309 commerce media strategy decision-makers at retail and/or travel organizations based in the US and UK  
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023

... and this has resulted in a significant increase in demand for commerce media over the past 12 months.



**90%**

say demand from advertisers for commerce media has increased significantly during the past 12 months.

Base: 309 commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK  
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023

# Retailers have been able to turn this demand into a reasonably large increase in revenue, but there is still significant work to be done.

“What percentage of your overall revenue comes from commerce media ads **today**? What would you expect this percentage to be **12 months from now**? What percentage was it **12 months ago**? What percentage would you **ideally like it to be**?”



Base: 190 commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK

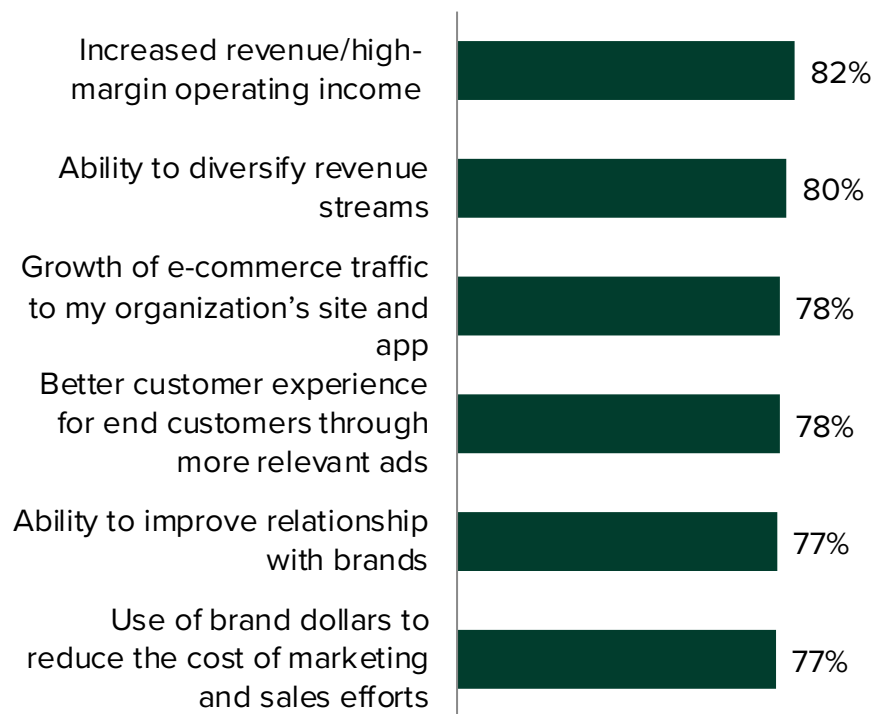
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023

# Effective commerce media networks can create transformational benefits to retail organizations.

Decision-makers expect significant or transformational benefits to key areas of focus, like higher margin income, better CX, and diversification of revenue streams needed to compete in the evolving retail landscape and times of economic uncertainty.

**“To what extent can your organization achieve the following benefits from having an effective commerce media network?”**

■ Significant/transformational benefit



Base: 309 commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK  
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023

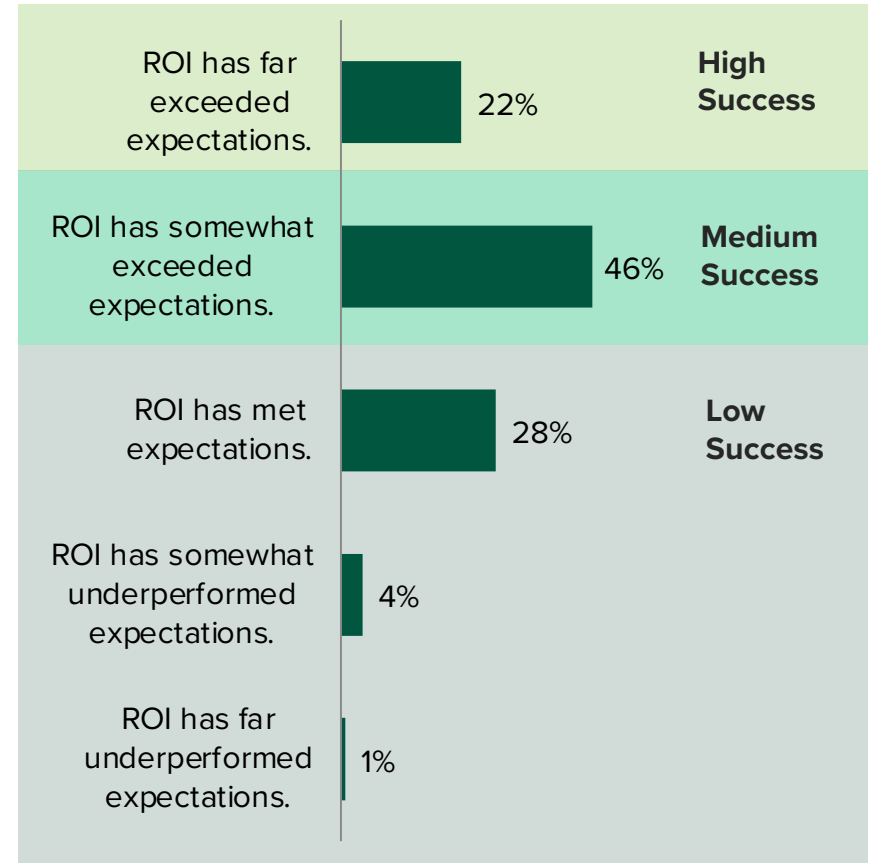


# Return on investment for commerce media thus far has been great, although there are varying levels of success.

In this study, we will compare retailers with “high success” in commerce media to those with “low success” to better understand what a mature commerce media program looks like.

What separates organizations that are already thriving from those that are just beginning their commerce media journeys?

“Thus far, how has your organization’s return on investment (ROI) for its commerce media network compared to your expectations?”



Base: 257 commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK  
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023

**High-success retailers are more focused on improving relationships with suppliers and consumers and monetizing first-party data.**

**Low-success organizations are more focused on finding revenue streams or they are just piloting commerce media.**

**“Which of the following are motivating factors behind your organization expanding its use of commerce media?”**

■ High Success ■ Low Success



Base: 309 commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK

Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023

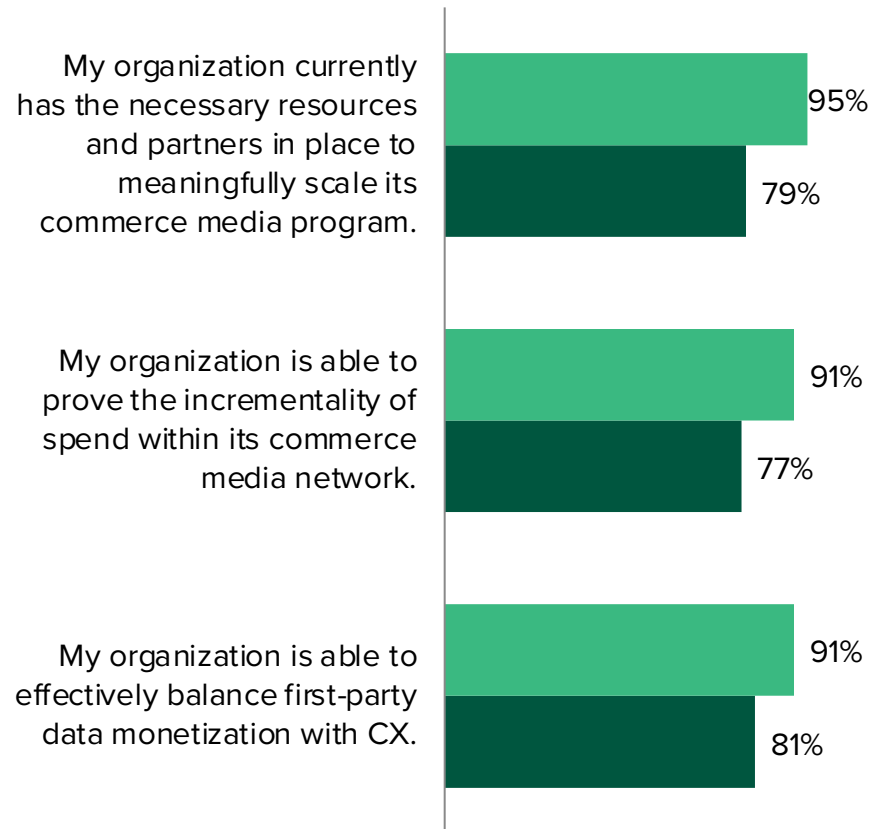
# High-success organizations are considerably more effective in three core components of commerce media strategy:

1. Securing the necessary resources and partners to scale
2. Ability to prove ROI
3. Ability to balance monetization with CX

## “To what extent do you agree with each of the following statements?”

(Showing percent “Agree/completely agree”)

■ High Success ■ Low Success



Base: 309 Commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK  
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023

## 1.2 Commerce Media Offerings And Buyers

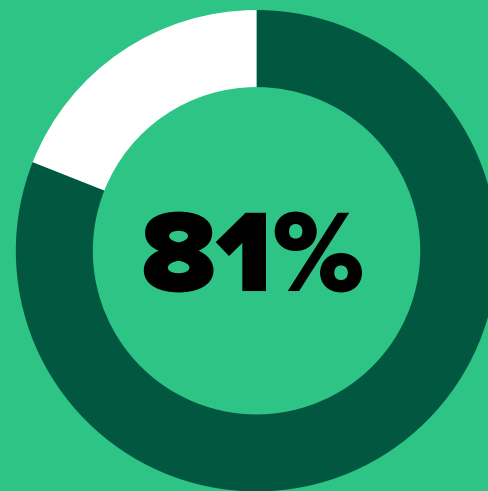
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What do commerce media offerings look like today? How are they changing? What do commerce media buyers look like today? Where are they sourcing their budgets? What do they care about? How many buyers are retailers selling to?

While most revenue today comes from onsite search, there is a significant push toward offsite going forward.



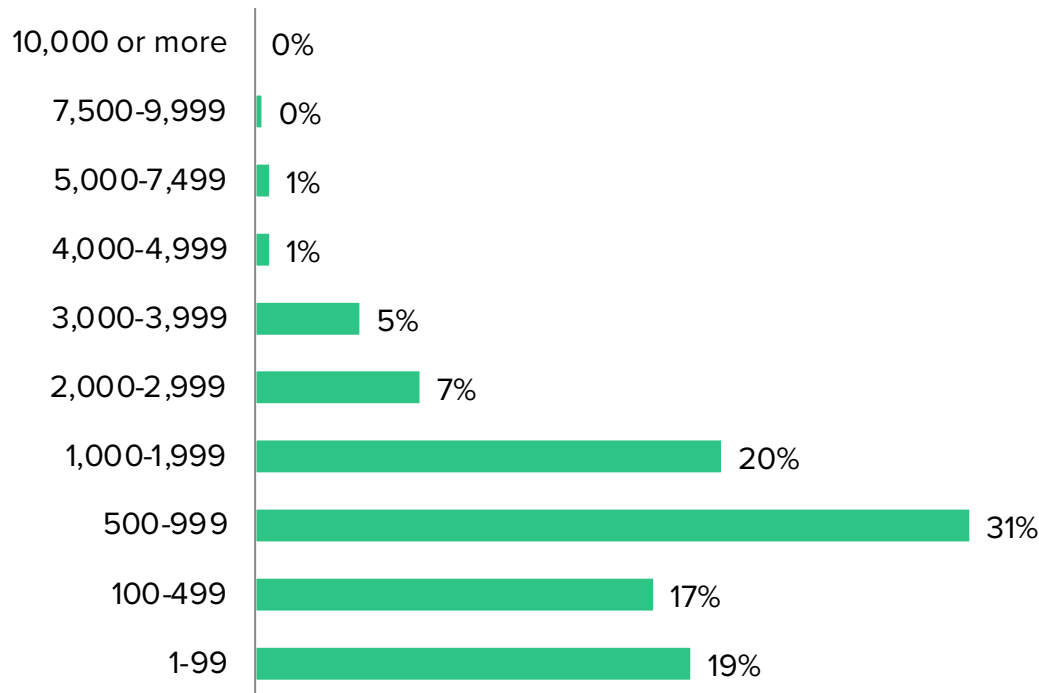
Say most of their organization's commerce media revenue comes from **onsite** search.



Expect the proportion of their commerce media revenue that comes from **offsite** to grow significantly during the next year.

# Retailers are managing an average of more than 1,000 end clients as part of their commerce media networks ...

“How many end clients does your organization manage as part of its commerce media network today?”



Base: 309 commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK  
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023

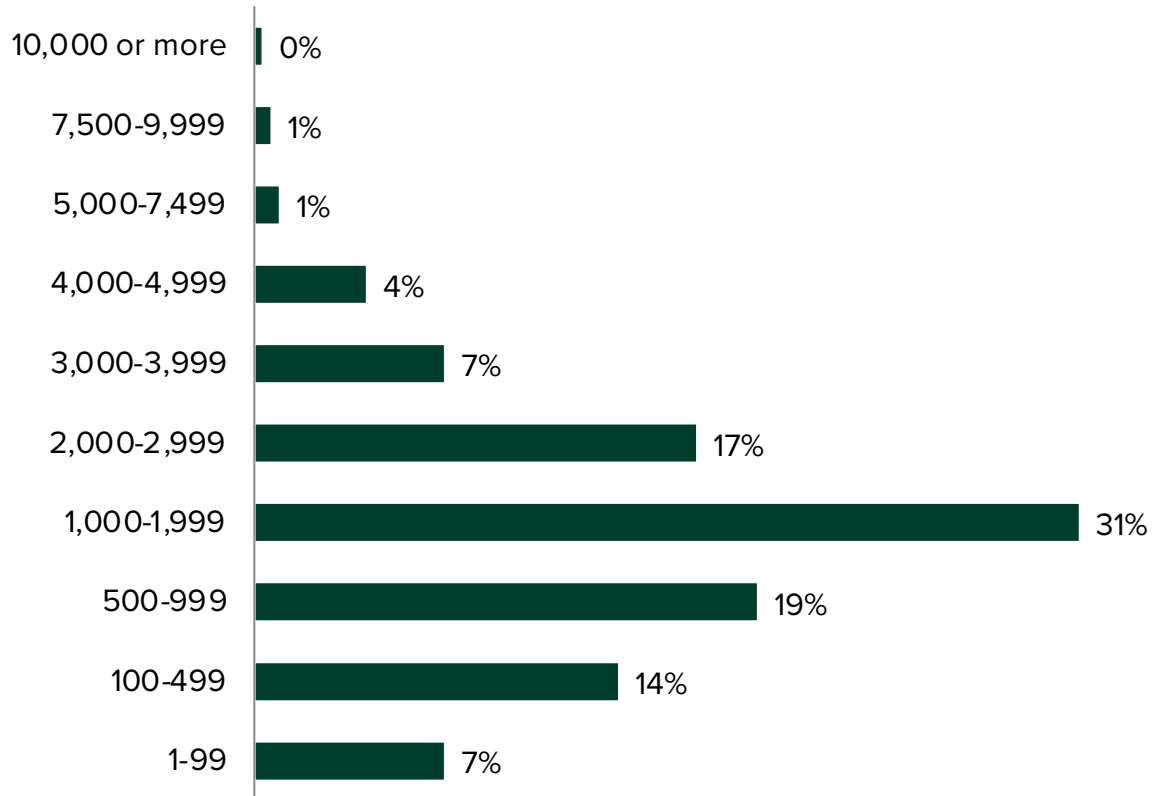


# 1,035

Average number  
of end clients

## ... and that number is only increasing.

“How many end clients does your organization expect to manage 12 months from now?”



Base: 309 commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK

Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023



# 1,660

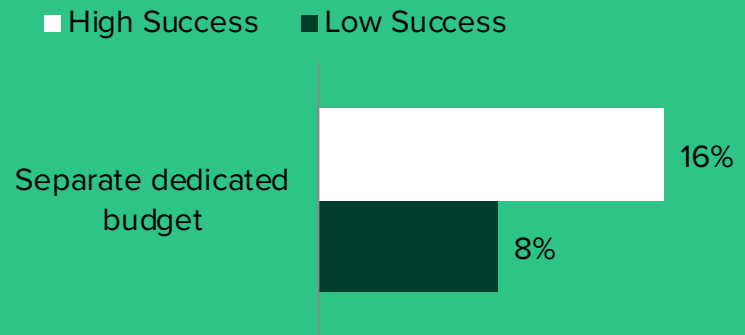
Average number of end clients expected 12 months from now.

Today, advertisers mainly pay for commerce media with existing digital media, trade marketing, and shopper marketing budgets. Very few have separate dedicated budgets.

“How are your organization’s advertisers most commonly sourcing their budgets for commerce media today?”



High-success orgs are twice as likely to work with buyers with access to a dedicated commerce media budget, although percentages are still low.



Base: 309 commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK  
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023



# Advertisers want more transparency than retailers want to offer when it comes to first-party data.

The balance with this data can be challenging, and this may inhibit the ability to unlock dedicated budgets and incremental funds.

This conflict, among others, creates friction in the relationship with advertisers.

“To what extent do you agree with each of the following statements regarding first-party data use within your organization’s commerce media network?”

Advertisers want transparency with first-party data.

**92%**

Advertisers demand more transparency with first-party data than my organization wants to offer.

**87%**

My organization prefers to limit advertisers’ use of first-party data to onsite placements.

**85%**

There is significant tension between my organization and our advertisers.

**51%**

Base: 309 commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK

Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023

1. The Current State Of Commerce Media

**2. Challenges**

3. The Future Of Commerce Media

## 2.1 Areas Of Improvement

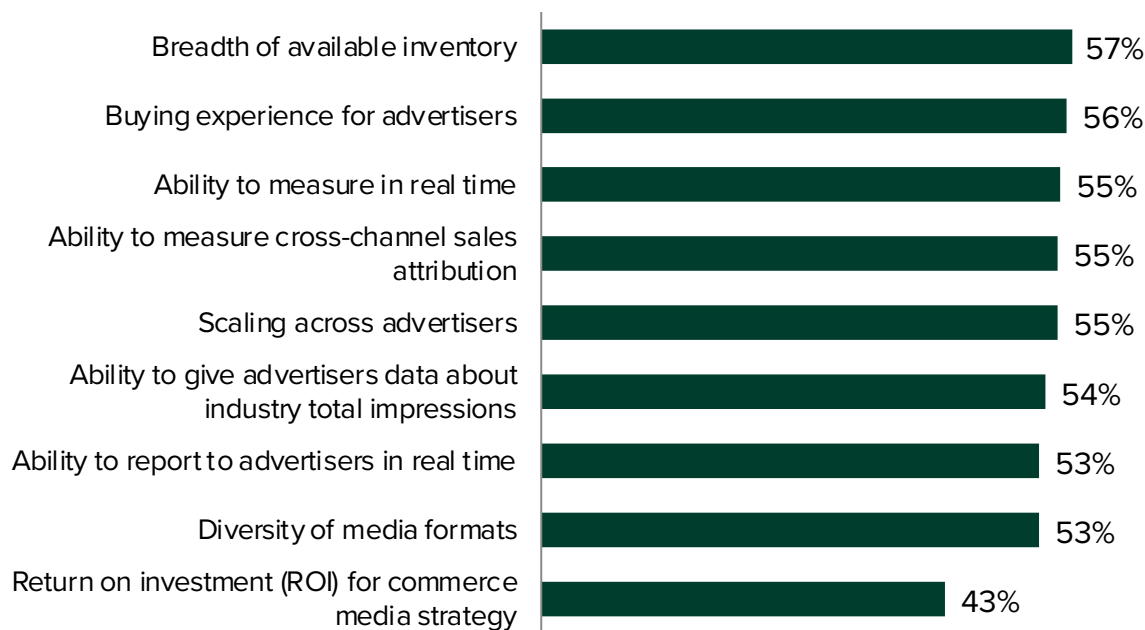
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Where are retailers falling short today?

# The majority of organizations fall short of where they need to be with their commerce media strategies.

“To what extent do you feel your organization’s current commerce media offerings fall short of where you believe they need to be for success?”

■ Fall somewhat/significantly short of where we need to be



Base: 309 commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK  
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023

## Top challenges fall under three main categories:

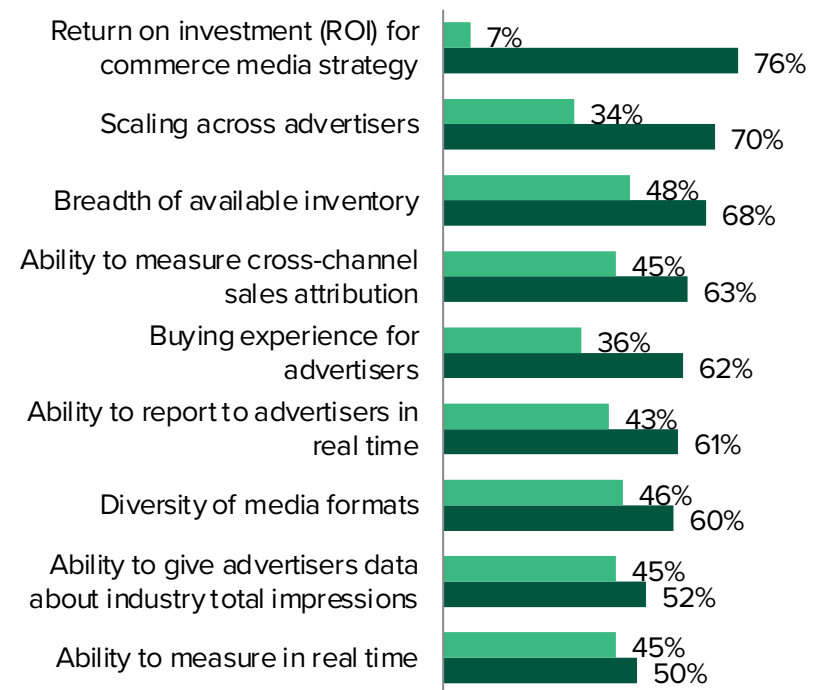
1. Inability to scale and sufficient inventory
2. Providing advertisers with positive buying experiences
3. Being able to measure and provide data to advertisers

**Low-success retailers are more likely to fall short with their ability to scale and provide sufficient inventory, which damages the buyer experience.**

**“To what extent do you feel your organization’s current commerce media offerings fall short of where you believe they need to be for success?”**

(Showing percent falling short)

■ High Success ■ Low Success



Base: 309 commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK  
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023

## 2.2 Road Blocks

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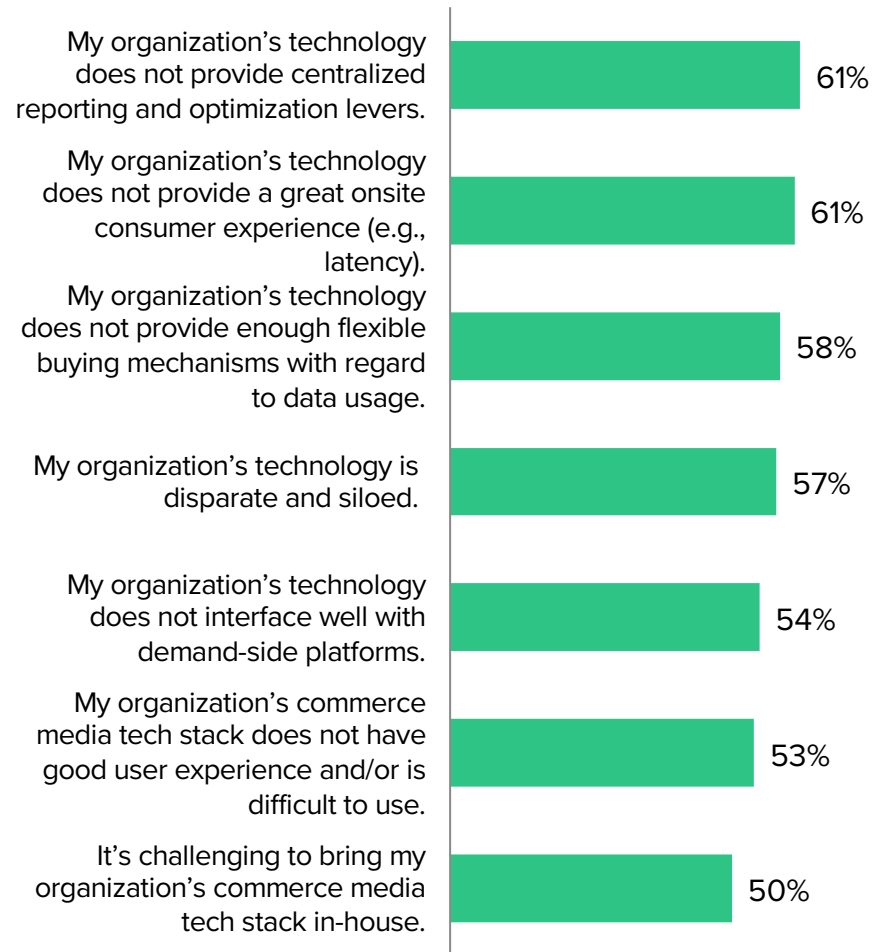
What technology, process, and people challenges do retailers face with their commerce media networks today? What holds retailers back from improving?



# Technology Challenges

The current technology retailers use for their commerce media networks (often a combination of point solutions and repurposed tech) falls short of their needs.

“Which of the following technology challenges does your organization face with its commerce media network?”



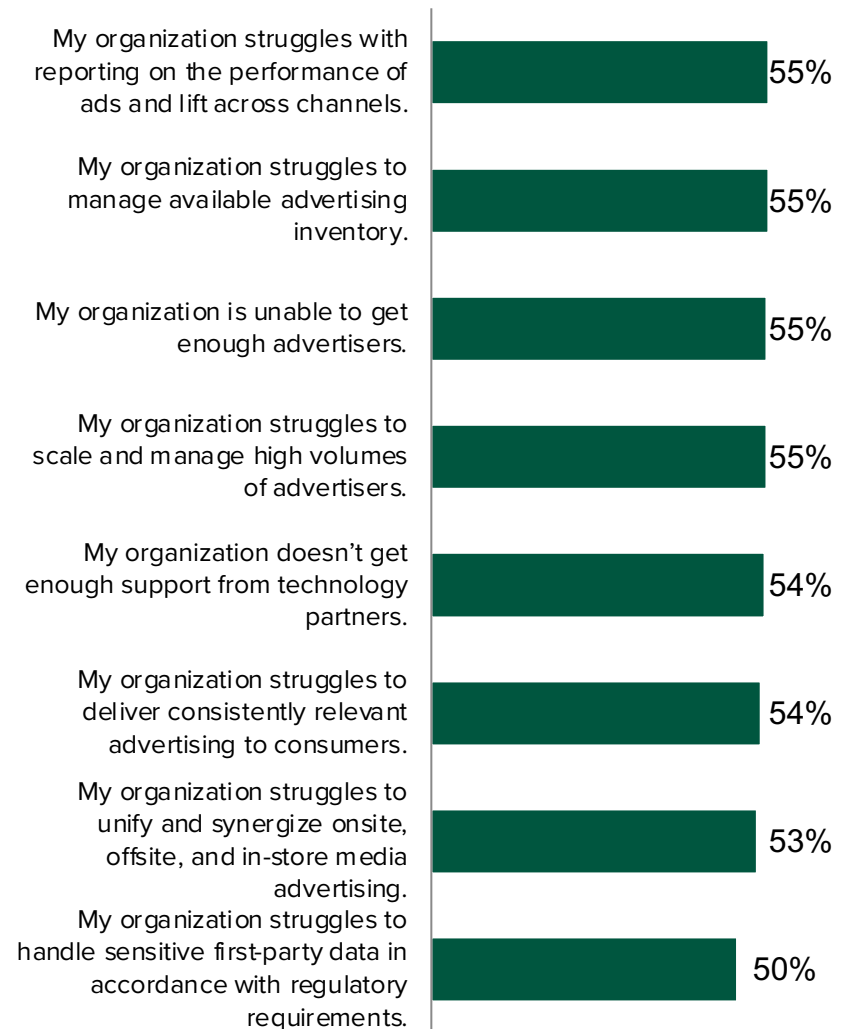
Base: 309 commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK  
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023



# Process & Logistical Challenges

Retailers face numerous process and logistical challenges, each with drastically different solutions. This creates even more problems in solving these issues because no one initiative will address each problem.

## “Which of the following process/logistical challenges does organization face with its commerce media network?”



Base: 309 commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK  
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023 24





# Organizational & People Challenges

Retailers lack the resources and expertise needed to drive effective commerce media outcomes and struggle to prove their value.

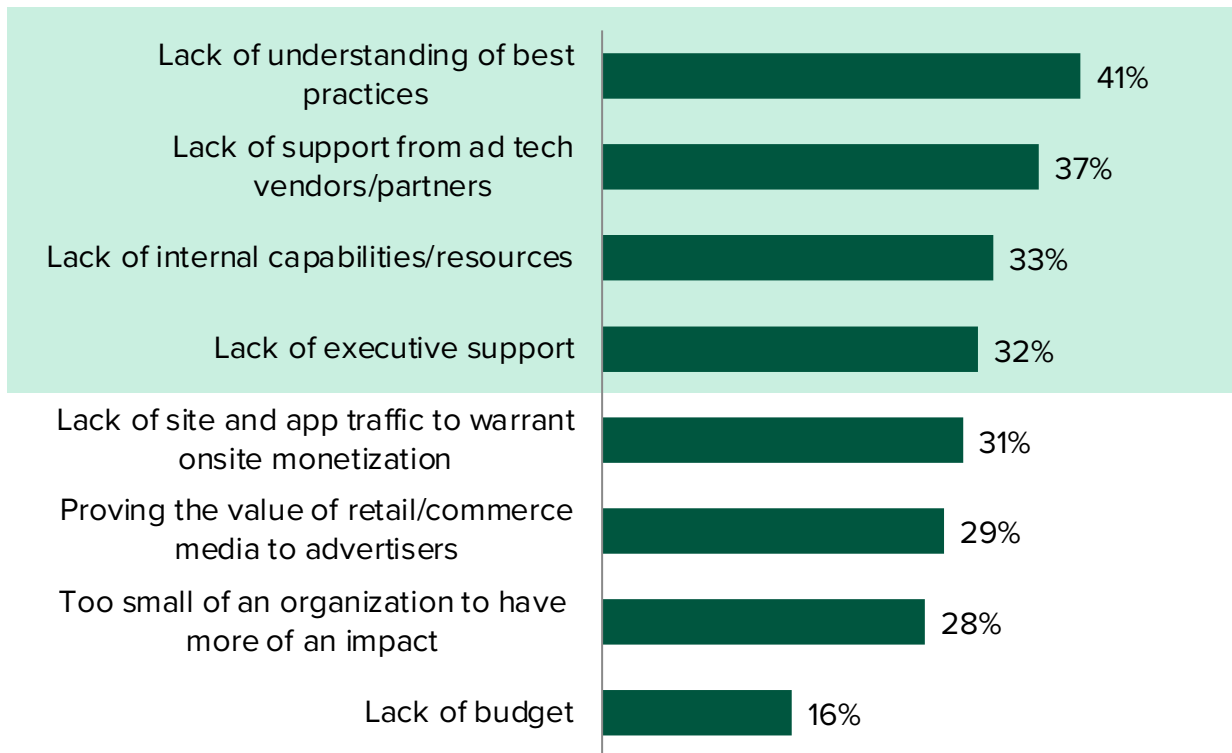
“Which of the following organizational/people does organization face with its commerce media network?”



Base: 309 commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK  
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023

# Retailers struggle to improve their commerce media networks without the resources they need.

“What barriers have held your organization back as it has worked to improve/implement its commerce media network?”



Base: 309 commerce media strategy decision-makers at retail and/or travel organizations in the US and the UK  
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023



Organizations are particularly held back by a lack of the knowledge, and they support needed to improve their commerce media.

They don't feel like their tech partners are supporting them here.

1. The Current State Of Commerce Media
2. Challenges
- 3. The Future Of Commerce Media**

## 3.1 Future Strategies And Plans

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Is commerce media going to play a significant role in retailers' strategies going forward? What are retailers' plans for commerce media networks in the future?

**The vast majority agree that commerce media networks are a fundamental component of retailers' future strategies.**

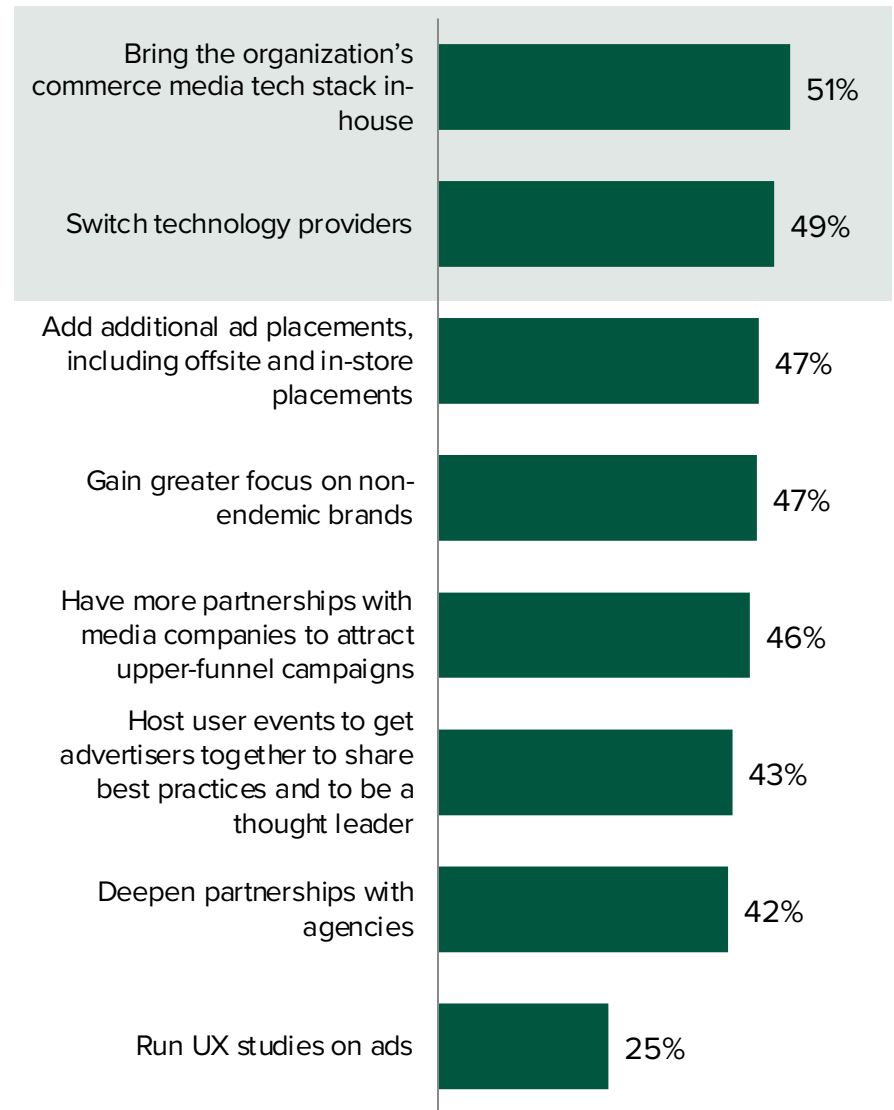
**83%**

of decision-makers say their organization's commerce media network is a critical part of its strategy going forward.

Going forward, organizations are looking to change the way they are handling their tech either by moving it in-house or switching partners.

Either way, the message is clear: Retailers feel they need more out of their commerce media technology.

## “What does your organization plan to change about its commerce media strategy going forward?”



Base: 309 commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK  
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023

## 3.2 Keys To Success

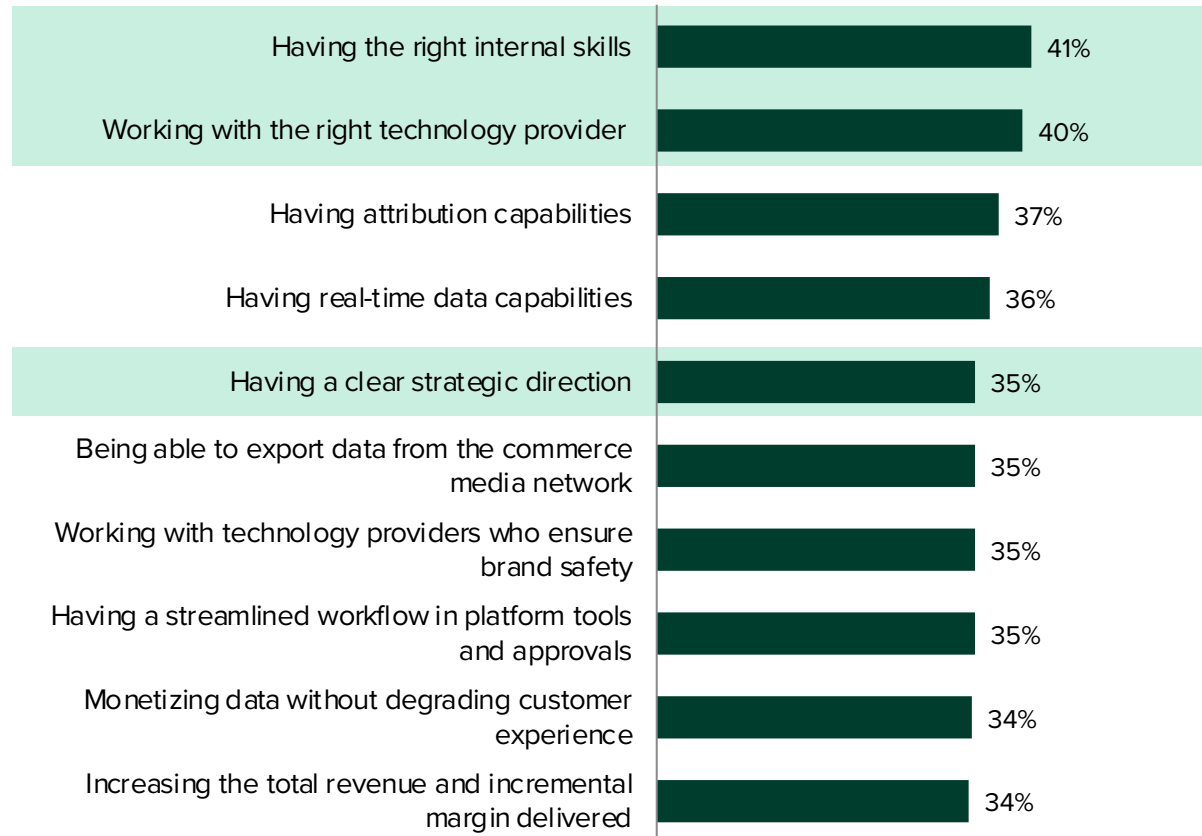
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What are the most important factors in commerce media success? What differentiates high-success organizations from low-success ones? What are the keys to choosing a good technology partner?

# Having the right skills and strategy are critical for commerce media success.

“How important are each of the following for commerce media success?”

■ Very important



Decision-makers say having the ability to execute commerce media programs strategically and with the right expertise and partnerships is more important than using a particular capability or tool.

Base: 309 commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK

Note: Showing top 10.

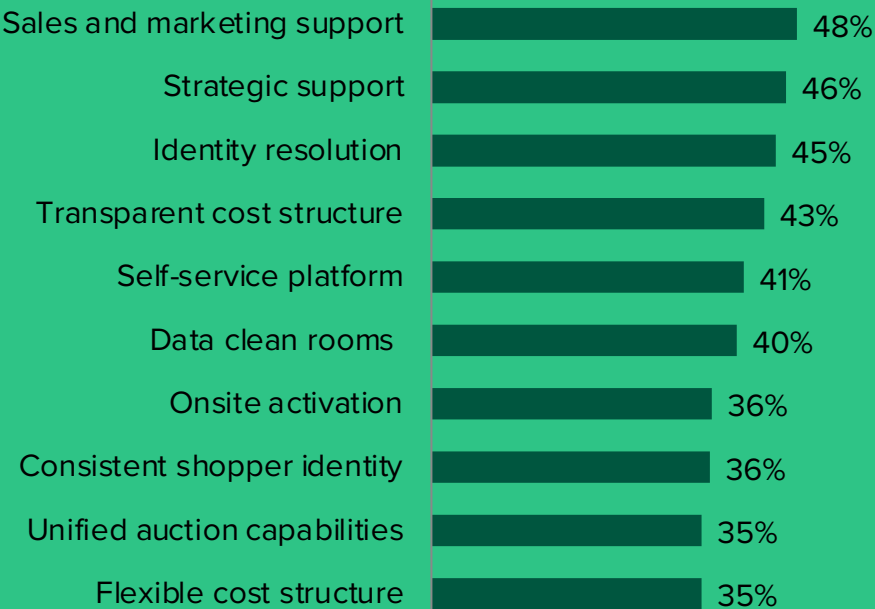
Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023



# Knowing the importance of expertise and well-planned program execution, retailers are turning to their technology partners to provide them with strategic support.

“Which of the following commerce media capabilities would you most like your organization’s commerce media technology provider(s) to add?”

■ Top 3 Ranked



Choosing the right technology partner and taking advantage of their strategic support plays an enormous role in success.

**Low-success organizations are nearly twice as likely to lack sufficient support from technology partners.**



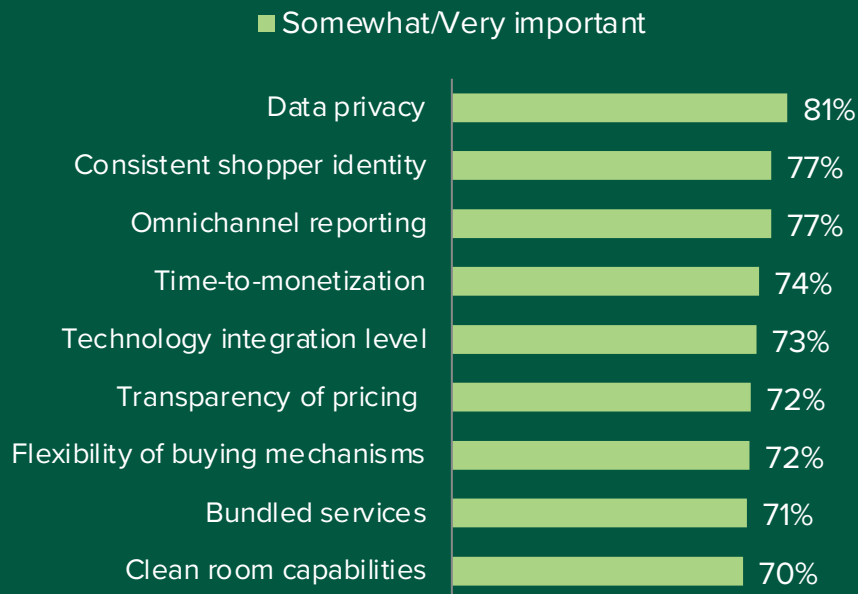
**60%**  
COMPARED TO  
**38%**

of low-success retailers don’t get enough support from their technology partners  
of high-success retailers.

# What capabilities do retailers look for in their technology partners?

## Data privacy is top of mind ...

“How important are/were each of the following when evaluating commerce media technology providers?”



Base: 309 commerce media strategy decision-makers at retail and/or travel organizations based in the US and the UK

Source: A commissioned study conducted by Forrester Consulting on behalf of PubMatic, August 2023

## ... as are unified auction solutions, flexibility, customization, and scalability.

**86%**

say their organization needs a unified auction solution across its properties to drive monetization and acquisition across multiple tactics and data sets.

**82%**

say their organization needs a flexible yet custom commerce media network solution that provides seamless CX to drive multiple tactics in one place.

**81%**

say their organization would like a tool to enable advertisers to buy across retailers because it is too small to scale.

# Key Recommendations

**Commerce media networks should outsource technology where possible.** Agility and features are key to successful media networks, and many of these solutions (e.g., measurement, audience targeting, auctions) are readily available from best-in-class partners. Commerce companies don't have the talent or time to develop these capabilities in-house.

**Sophisticated measurement will be key to commerce media growth.** Merchants must have well-constructed customer data platforms to provide true incrementality metrics to brands and advertisers. Improved measurement is also likely to reduce tension during joint business planning meetings.

**Offsite inventory is a promising commerce media frontier.** As third-party cookies disappear, large commerce players are well-positioned to serve relevant ads. Offsite and in-store ads are much larger advertising opportunities than current onsite solutions.

**Commerce media companies should align their monetization teams and e-commerce.** When goals are aligned and reporting structure is linear, ad placement is less likely to clutter pages, new ad formats are tried, and additional site traffic becomes even more important.

**Generative AI can address talent limitations.** Because tests and different creative iterations can be limited by people who can create and run those tests, generative AI promises an infinite amount of copy and images for testing, personalization, and experimentation.

**Small commerce media networks should aggregate and form a supply-side cooperative.** Most commerce companies are not large enough to warrant being a walled garden. By joining a larger network and sharing relevant insight, they function like long-standing catalog-marketing cooperatives.

# Methodology

In this study, Forrester conducted an online survey of 309 commerce media strategy decision-makers at retail and/or travel organizations that are based in the US and the UK and generate \$500 million or more in annual revenue. Respondents were asked a series of questions related to their organizations' current commerce media programs, their challenges with these programs, and their plans for the future. The study began and was completed in August 2023.

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## Project Team

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## Contributing Research

Forrester's Consumer & Digital research group

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## RELATED FORRESTER RESEARCH

[“The Marketer’s Guide To Retail Media,”  
Forrester Research, Inc., February 2, 2023](#)

[“The State Of Retail Media,” Forrester Research,  
Inc., July 11, 2022](#)

[“The Trifecta That Makes A Best-In-Class Retail  
Media Network,” Forrester Research, Inc.,  
October 25, 2022](#)

Get in touch with [\*\*PubMatic\*\*](#) best-in-class team to learn more about how they can help you strategically grow your commerce media programs.

