

2023



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Commerce Media Market-Altering Trends to Watch



The Forces Shaping Shoppable Moments Everywhere



The past year saw a reckoning for commerce.

Consumer confidence turned a corner, marked by signals like increased air travel, lower unemployment levels, and fully booked restaurants. Optimism was quickly eclipsed by prudence as the onset of war rocked the world economy, upending energy prices and an already tenuous relationship between global supply and demand.

While disruption continues to impact citizens on every continent, creativity in the tech space is skyrocketing (see ChatGPT), retailers are realizing their position as media heavyweights, and advertisers are gaining more chances to reach their customers everywhere shoppable moments happen.

At Criteo, we couldn't be more energized about the commerce media potential unfolding. Our unique position at the center of commerce means we have more than 22,000 profound sources of inspiration and intel: our clients. What follows are key trends we've identified based on our conversations with them.

We're committed to enriching the entire advertising ecosystem by building solutions that help our clients capture every opportunity that commerce media enables. Together, the future is ours for the taking.



Brian Gleason

Chief Revenue Officer

CRITEO

2023

Commerce Media Market-Altering Trends to Watch

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TREND 1

Omnichannel Becomes Essential:

Retailers and brands will forge powerful partnerships to unlock the impact of every customer touchpoint and deliver seamless experiences.



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CHECKOUT

TREND 1

Consumers couldn't care less about channels

The blurring intersection of online and offline will require retailers and brands to step on the gas toward a fully integrated commerce future.

Key drivers:

- **ROPO (research online, purchase offline)**
Digital teams lose budget when sales happen in store, making a unified view of conversion mandatory.
- **Cross-channel attribution**
There is an increasing need for last-mile control and understanding, detailed measurement, and pricing insights.
- **Exponential potential**
Advertisers can no longer silo any format, channel, or touchpoint and hope to keep up. Tighter omnichannel today translates to huge benefits tomorrow.
- **Phygital attraction**
Pre-store visit user research habits and adoption of wearable tech, which can ping shoppers with in-real-life recommendations, are increasing.

Omnichannel and phygital isn't ONE strategy, it's the ONLY strategy.



Customer retention rate for businesses that have a robust omnichannel strategy.
- [Invesp](#)



of consumers want to pick up a purchase they made online.
- [Shopify](#)



85%

of consumers say that before making a purchase, they search online for promotions, discount codes, and offers.
Criteo Shopper Survey, Global, Q4 2022 - Q1 2023, N=24,561

+14% YoY

The increase in share of in-store buyers who visit a retailer's website.*

1.72x

Shoppers who buy in-store purchase 1.72x more often when they also visit a retailer's website.*

*Criteo Data, US, 2023. Retailers who generate sales online and in stores.



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TREND 2

Data Monetization Redefined:

Retailers will rally around the power of their assets and expand data capabilities for measurement.

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TREND 2

Retailer data is changing the programmatic paradigm

As retailers and marketers begin to innovate together, retail media networks will compete against Amazon beyond digital by contributing to in-store sales.



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Key drivers:

- **First-party, closed-loop features**
Without these truth sets, everything is off the table for digital advertising.
- **Alternate identifier risk**
Third-party cookie replacements will be vulnerable to [growing privacy regulations](#).
- **The promise of programmatic retail**
With retail media expanding offsite, closed-loop campaigns run outside of retailer environments will bring awareness and sales closer together.

Moving forward, the best bet is a retailer data set.



>\$40 Billion

US retail media ad spend in 2022, more than triple its 2019 pre-pandemic total.

– [eMarketer](#)



>\$80 Billion

Projected US retail media spend by 2026.

– [Statista](#)

TREND 3

Brand Budget Goldrush:

Retail media will move up funnel, taking a greater share of brand spend.



TREND 3

Brand and performance are now one

Marketers will shift focus from standard KPIs (ROAS, incrementality) to more decision-oriented, forward-looking metrics (Profitability by SKU, Forecast of Demand) in order to optimize every outcome toward sales.

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Key drivers:

● The Great Reorganization

Unilever and others have restructured such that support functions, like marketing, now report directly into sales.

● A collapsed funnel

Consumers today often go from awareness to click in a few seconds. Marketers increasingly need to brand as they sell and sell as they brand.

● Eyes on margins

All paid media must show that it's moving the needle for online or in-store sales, and quickly.

In 2023, revenue trumps everything.

+30% efficiency

+10% top-line growth

Gains reported by companies who get a clearer understanding of consumer preferences and behavior at the early stages of their buying journey – without increasing the marketing budget.

– McKinsey

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TREND 4

Agencies Retool to Become Masters of Commerce:

With media campaigns accountable to more granular reporting and tactics, comprehensive campaign management will become even more critical.



TREND 4

A new breed of commerce expert is in demand

In 2023, agencies will go beyond platform reliance and help clients bridge retail and media with bilingual commerce specialists (a.k.a. media and ecommerce experts).

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Key drivers:

- **Non-creative stakeholders**

Commercial and shopper marketing leads with sales incentives expect deeper reporting that demonstrates growth, not just ROAS.

- **Media planning complexity**

Masters of commerce capable of executing across retail and the new media landscape are most-wanted talent.

- **Commerce divisions**

[Dentsu](#), [Omnicom](#), [Publicis](#), [IPG](#), and [WPP](#) have created dedicated commerce teams and solutions to capitalize on the momentum.

- **Fewer full-time employees**

Agencies are taking a holistic approach to multichannel campaigns with the help of AI and automation.

New commerce models will shortcut operations and distill outcomes.



\$1.3 trillion

Enterprise commerce media value at stake in the US by 2026

\$5 billion

Revenue potential for ad agencies by 2026 that deliver high-efficiency performance marketing for clients or help firms set up media planning and buying capabilities.

— [McKinsey](#)

TREND 5

Massive Media Budget Migration Continues:

2023 will define fluid campaign and budget allocation, with spend moving across and between sources and partners as new media inventory becomes available.



TREND 5

New and emerging channels are gaining ground

Driving revenue this year will require shifting funds out of lower performing and/or less measurable channels to ones where positive impact can be directly reported up the chain.



Key drivers:

● Economic environment

Uncertainty across the tech industry means that while testing new channels is still possible, every dollar must count.

● CTV advertising

With little to no incremental budget assigned to streaming services like Paramount+, Disney+, and Netflix, dollars will have to come from another pocket.

● In-market shoppers

Finding audiences with high intent to purchase is king in 2023. [Retail media](#) marks the emergence of the next essential channel for advertising.

In 2023, budget migration is THE growth opportunity for media buyers.

|| In 2022, global investment in retail media platforms amounted to \$110.7 billion, which will rise to \$121.9 billion in 2023, according to GroupM. ||

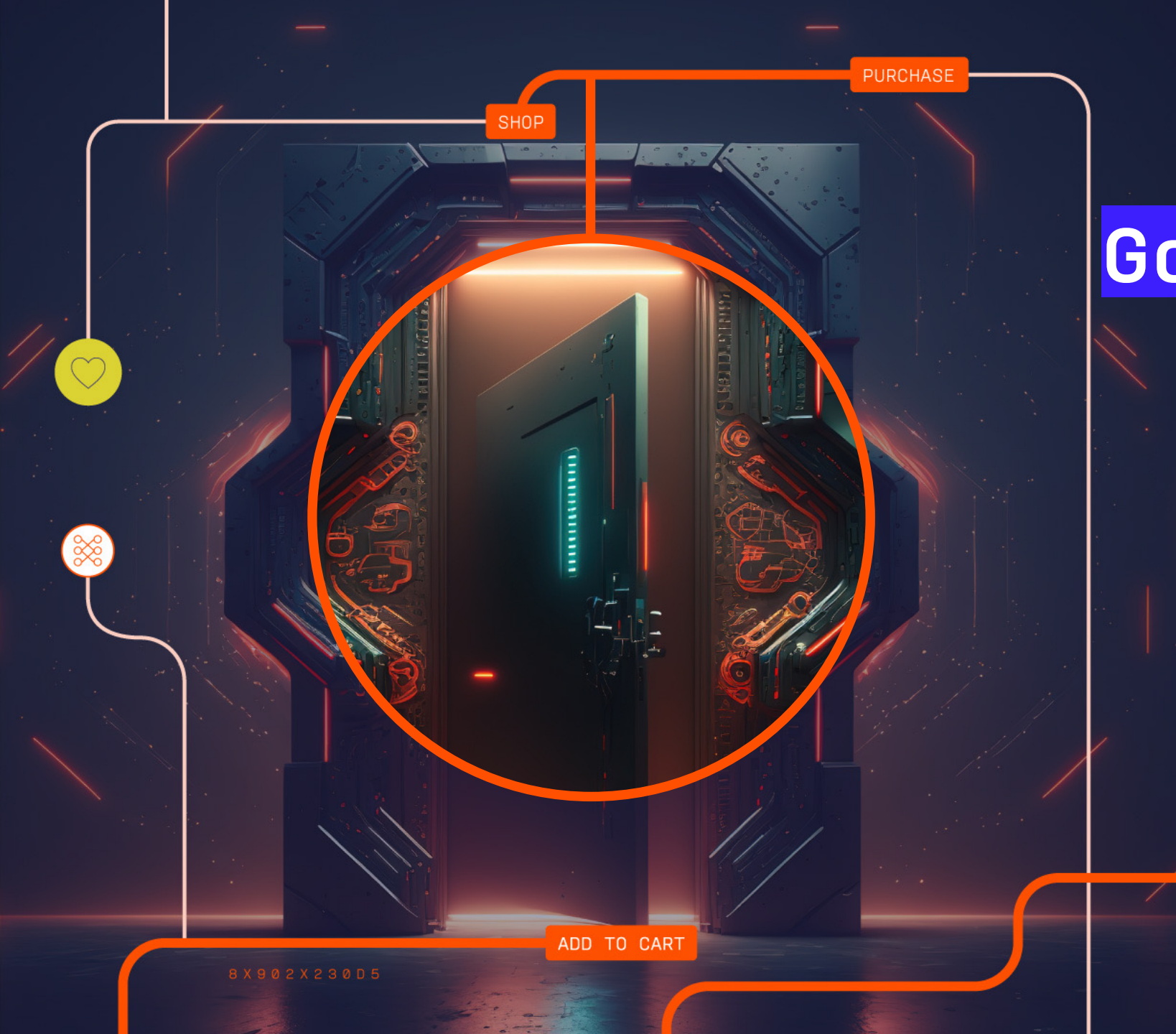
– [AdWeek](#)



61%

of senior agency professionals agree that newer digital channels like retail media will deliver greater ROI than search or social.

– [Criteo Agency Survey](#) Q4 2022, N=842



TREND 6

Going Offsite into the Open Web:

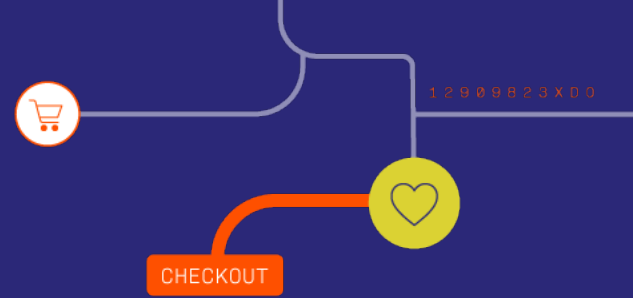
In search of scale, retailers will provide new solutions and packages to support offsite advertising.

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TREND 6

Into the great wide open

Retailers will enable brands to reach their audience on the open web to light up more revenue opportunities.



Key drivers:

- **Onsite inventory capping**
Monetizing digital assets on retailer sites (video, display, sponsored ads) offers valuable yet limited placement opportunities.
- **Upper-funnel needs**
Offsite allows for upper-funnel tactics, without losing the lower-funnel metrics.
- **Video and CTV**
Retail media's scope is growing as networks move up funnel into brand-oriented CTV campaigns, as well as shoppable video.

For retailers, offsite is the next frontier.



\$6.54 billion

The projected spend on offsite retail media ads in 2023, or 14.5% of retail media ad revenues. In 2020, offsite spend was only \$1.83 billion or 8.8% of the total.

— [eMarketer](#)

TREND 7

Generative AI:

ChatGPT and new algorithmic tactics will begin to apply almost-human capabilities to wider digital interactions, including search and ads, and gain a permanent seat in the ad tech agenda.



TREND 7

ChatGPT is rewriting marketing and retail playbooks

In 2023, retail-specific generative AI tools will help retailers and brands transform the shopping experience.

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Key drivers:

- **Creative disruption**
ChatGPT is already changing how copywriting, design, coding, and editing gets done (e.g. content updates, 3D models, image mockups, personalization).
- **Enhanced customer assistance**
Conversational AI can improve customer service in chats, phone calls, and social media.
- **No links, fewer ads**
Instead of providing an infinite list of links and SKUs as Google does, ChatGPT sifts through sources to deliver a single answer.
- **More signals, better recommendations**
[Instacart](#) and other retailers are experimenting with AI tools that account for shopper-specific concerns like budgets and seasonality.

The AI revolution is in full force, and those who don't join risk being left behind.



68%

of consumers say that their loyalty to a brand increases when they can communicate with automations like chatbots to resolve issues sooner.



60%

of consumers ages 18 to 24 prefer to interact with a chatbot over a human to discover a product.

– [Live Person](#)

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TREND 8

Cracking the Gen Z Code:

Gen Zers will get deserved attention beyond TikTok as advertisers seek growth.





Gen Z's new spending power is changing commerce

Marketers will leverage a combination of tactics and platforms to sell more efficiently to the world's most conscientious consumers.

Key drivers:

- Grown-up spenders**
 Most (58%) of [Gen Zers](#) in the US are now adults no longer beholden to their parents' pocketbooks.
- Intentional consumerism**
 Sustainability, affordability, diversity, and inclusion are among Gen Z's criteria and value assertions when shopping.
- Digital payments**
 Contactless options and new partnerships with brands are reaching critical mass, making it easy for Gen Z to transact freely.
- Influencers and livestream shopping**
 With sway over what Gen Z buys, influencer marketing has reached maturity on performance. [Uniqlo](#), [Walmart](#), and others are capitalizing on the momentum.

The adult version of Gen Z is here, and brands should care. A lot.



What's important to Gen Z when buying from a retailer or brand:

68%

say brand values

62%

say eco-friendly options



42%

of Gen Zers are willing to pay more for sustainable products, a higher share than any other generation.

- [Criteo Shopper Survey](#)

Q4 2022 - Q1 2023, Global, N=24,561

TREND 9

Product SKU Precision Creates New Outcome-Based Media:

Advertisers will go granular on product-level sales and competitions against private labels and other DTC brands.

BRAND

RETAILER



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TREND 9

Hail to the SKU

Product SKU-level reporting and targeting will become more attractive for advertising outcomes.

Key drivers:

● Cookie deprecation

With Google planning to phase out support for third-party cookies by the end of 2024, "SKU" and "store" are becoming key targeting criteria.

● The rise of shoppable moments

Accurately recognizing when consumers are in the act of shopping online will become more challenging.

● A retail media mindset

Many progressive marketers, influenced by shopper and trade marketing, will focus on moving more products off shelves quickly and profitably.

2023 is the year everything goes granular, and profitability comes first.



4 billion

The number of **product SKUs** that Criteo is integrated with across **22,000 advertiser clients**, including **~1800 brands**

|| [Retail Media Sellers] are transforming the advertising landscape in a positive way with vast amounts of permissioned first-party data, including SKU level transaction data that can be used to create closed looped measurement that validates the advertisers' investments. ||

– [AdExchanger](#)

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TREND 10

Sustainability in Advertising:

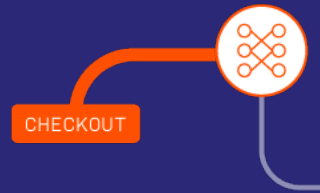


With climate change now at everyone's doorstep, industry players will accelerate actions that reduce their environmental impact.

TREND 10

Campaigns that see more green

In 2023, media buyers and owners will prioritize eco-conscious practices across every aspect of their business.



Key drivers:

● Carbon-neutral campaigns

Yahoo, OpenX, GroupM and others are tapping into [planet-first products and PMPs](#) and [carbon calculators](#) that measure carbon output and incentivize offsets.

● Net-zero emissions marketplaces

Enterprise [climate platforms](#) are emerging, capable of connecting companies to networks of vendors that help clean up operations, literally.

● Attention-monitoring tech

Eye-tracking and other advanced measurement and optimization solutions are making it easier to understand the relationship between [attention and ad effectiveness](#).

In 2023, sustainability includes both the front office and the back end of advertising.



Emissions fell 63% and attention increased 40%

on average by removing ads consumers paid attention to for less than half a second.

– [Playgroundxyz](#)

|| "Interestingly, it turns out that some of the ad experiences that consumers find the most annoying are also bad for the environment." ||

– Marty Krátký-Katz, CEO of Blockthrough, quoted in [Digiday](#)

About Criteo

Criteo (NASDAQ: CRTO) is the global commerce media company that enables marketers and media owners to drive better commerce outcomes. Its industry leading Commerce Media Platform connects 22,000 marketers and thousands of media owners to deliver richer consumer experiences from product discovery to purchase. By powering trusted and impactful advertising, Criteo supports an open internet that encourages discovery, innovation, and choice.

For more information, please visit www.criteo.com.

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