

Unlocking New Revenue Streams with **Retail Media** for Ecommerce



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Key Takeaways

- Learn how to turn search and browse experiences into revenue-generating opportunities through Sponsored Listings and more with retail media
- Explore strategies for balancing monetization with great shopper experience
- Discover best practices for revenue optimization
- Determine if retail media is right for you

Why is retail media such a hot topic in the world of ecommerce? It's the fastest-growing advertising channel in digital marketing, and it's not slowing down. Retail media is [anticipated to jump](#) from 16.3% of US media ad spend in 2025 to over 24% by 2028 as brands look to diversify ad spend and "be where the customers are."

Retail media gives advertisers the opportunity to improve their visibility within a retailer's owned and off-site brand properties through a variety of ad unit options, including sponsored listings within Search, Browse, and Recommendations.

Both sides have a lot to win by participating in retail media — retailers can unlock a new revenue stream (with [margins greater than 50%](#)), and advertisers can tap into targeted traffic that leverages a popular retailer's first-party data.

Despite the opportunity, many merchants have valid concerns around the impact of sponsored listings and other ad types on customer perception, conversion rates, and revenue. The good news is there are new approaches that can mitigate the tradeoff between revenue generation and customer experience, which we'll explore in this ebook.

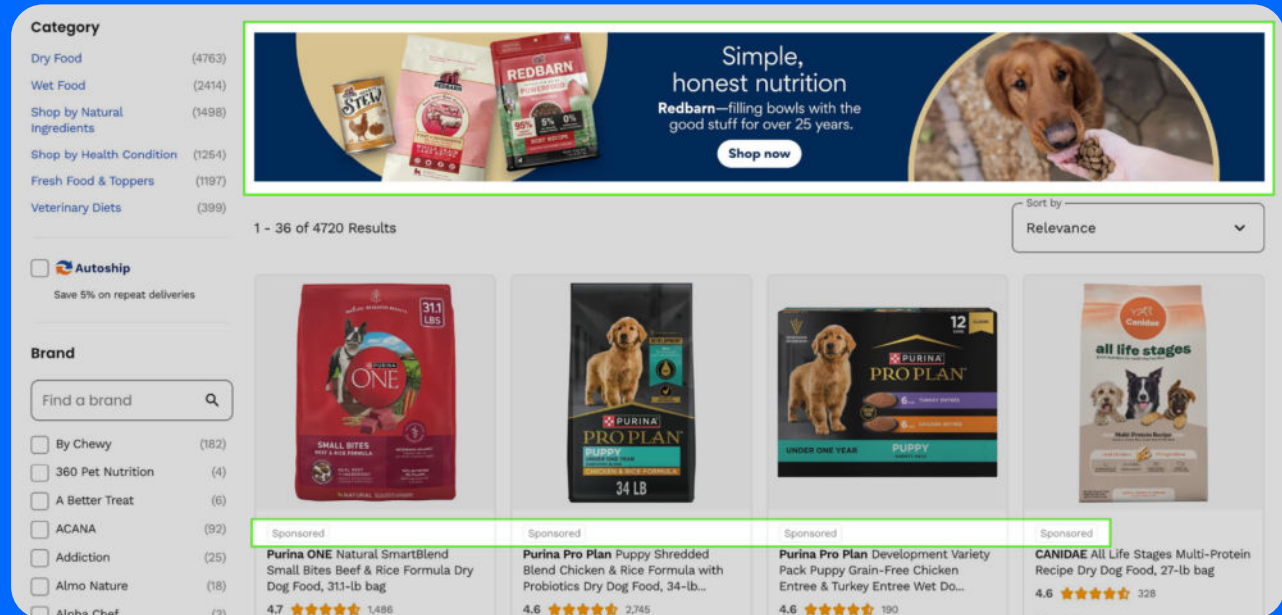


How Retail Media Works

Most commonly, retail media is served through a Retail Media Network (or RMN) that connects retailers with advertisers and facilitates the management of campaigns, bids, ad units, and inventory, and handles the serving of ads based on a real-time ad auction.

Retail media ad unit formats

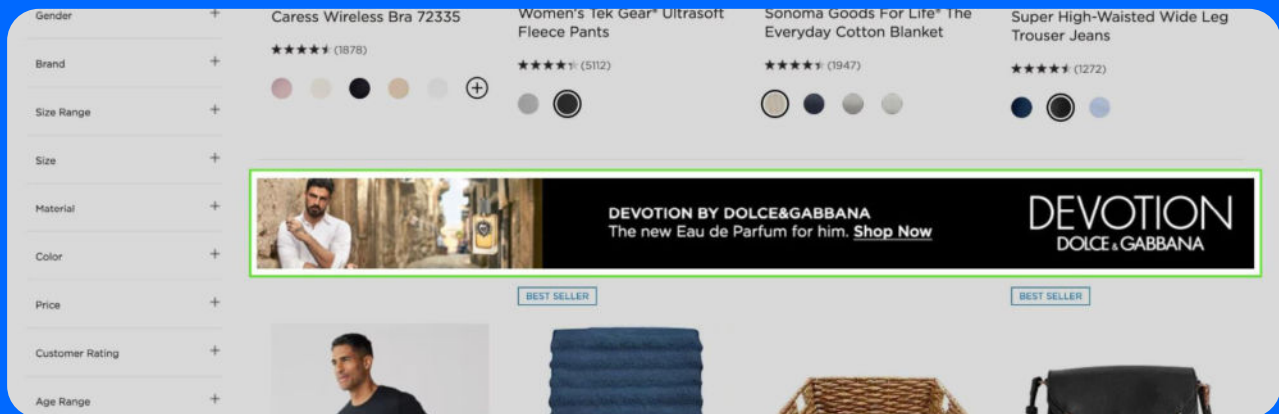
While you can turn any cluster of pixels on your website into a retail media ad unit, the most common types are sponsored banners and listings within search and browse results.



A product list using both sponsored banners and sponsored listings within the product grid

Sponsored banners don't have to appear at the top of the grid – many retailers insert multiple ads

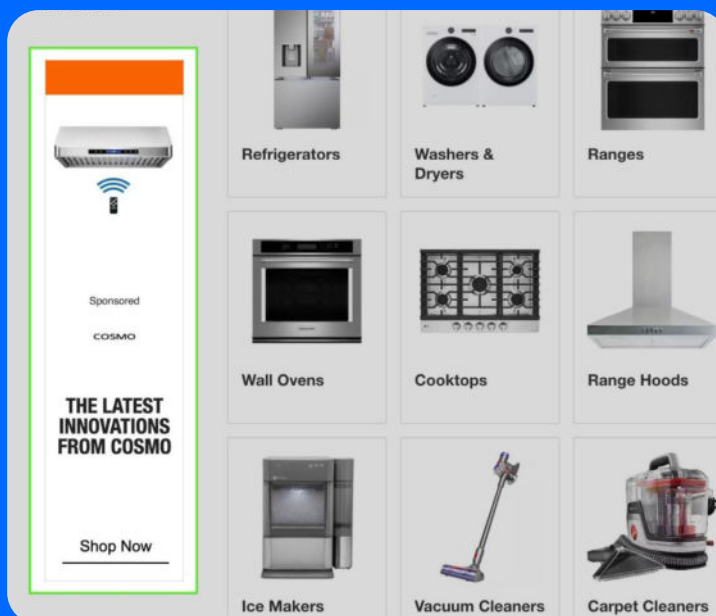
between rows and below results as well.



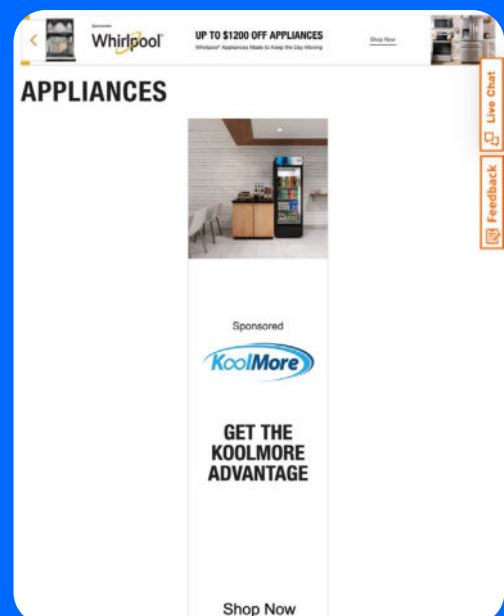
A sponsored banner appearing mid-grid on a browse page

Some merchants include vertical (skyscraper) ad units in their left-rail sections. Just beware that

skyscrapers may not be optimal for mobile users.

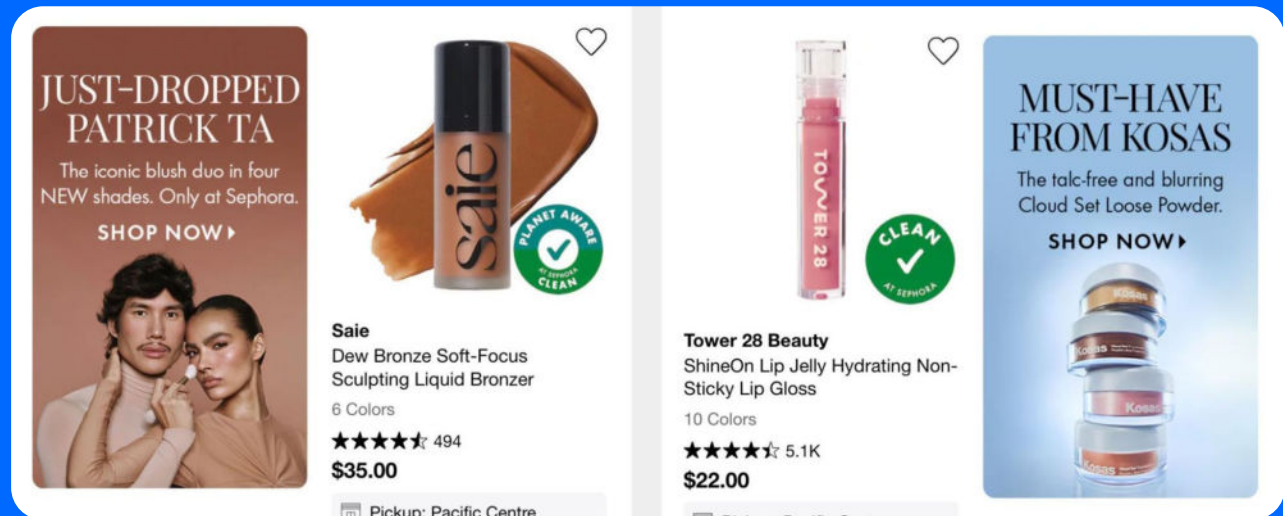


A product list with a skyscraper banner in the left-rail of the browse page on desktop



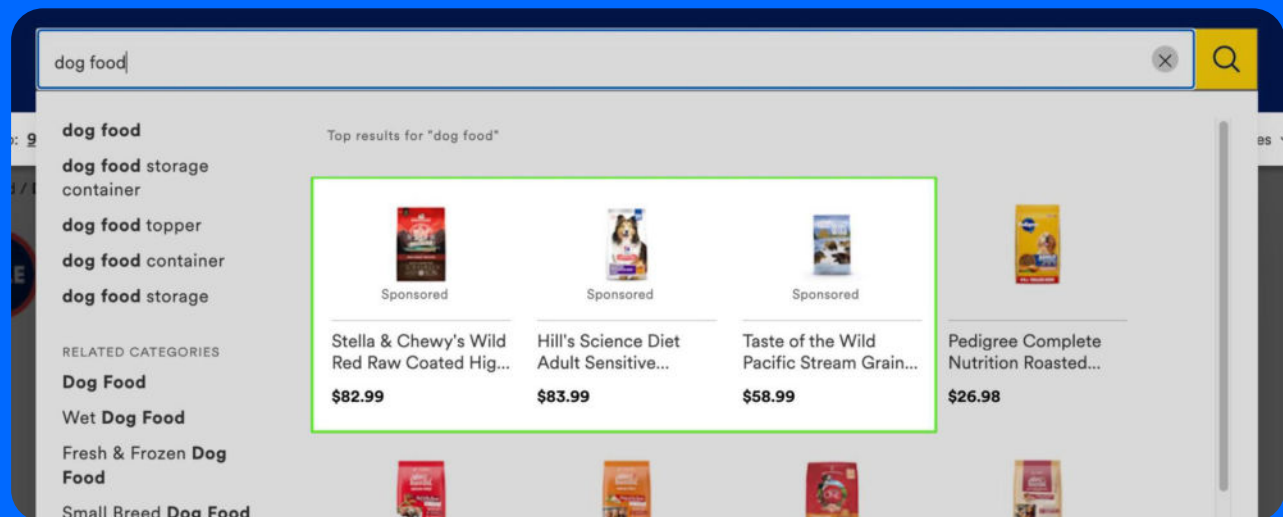
A skyscraper banner displayed on mobile

A growing trend is sponsored banners within your product grid, shown side-by-side with product listings.



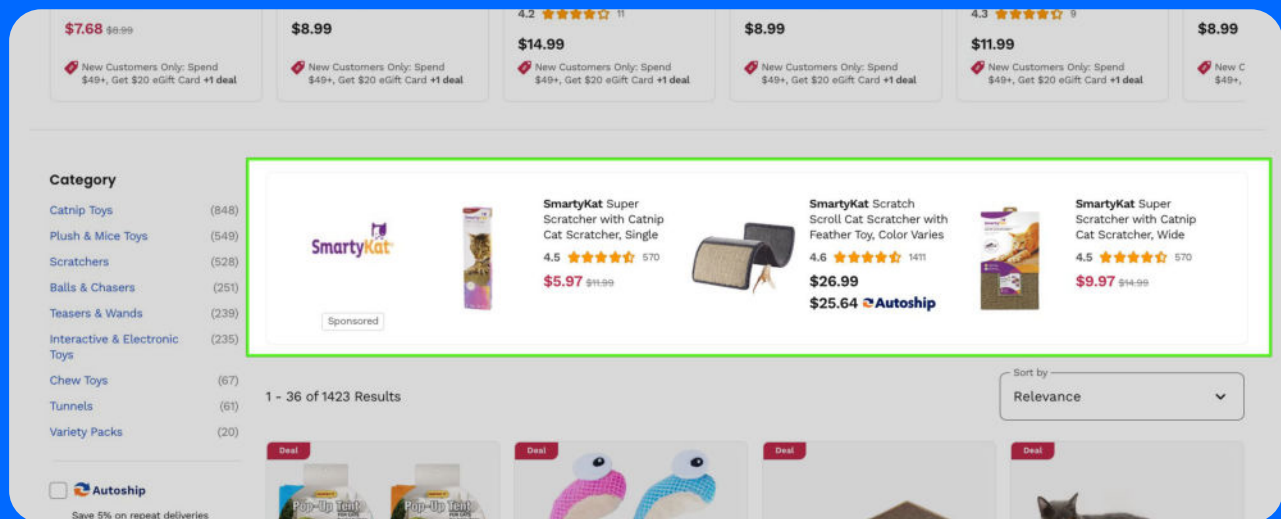
Content cards within product grids can hold sponsored banners

Sponsored listings can even be slotted within autocomplete results.



Sponsored listings within the autocomplete widget

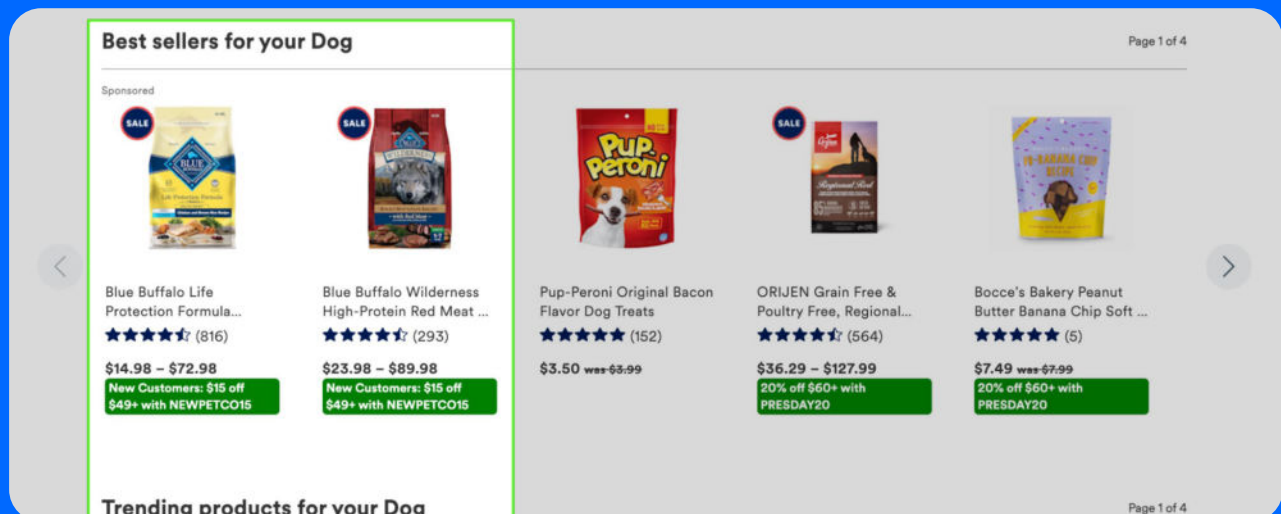
Sponsored recommendation pods can be served on any page, including search, browse, and product pages.



Sponsored recommendation pod shown between rows in a product list page

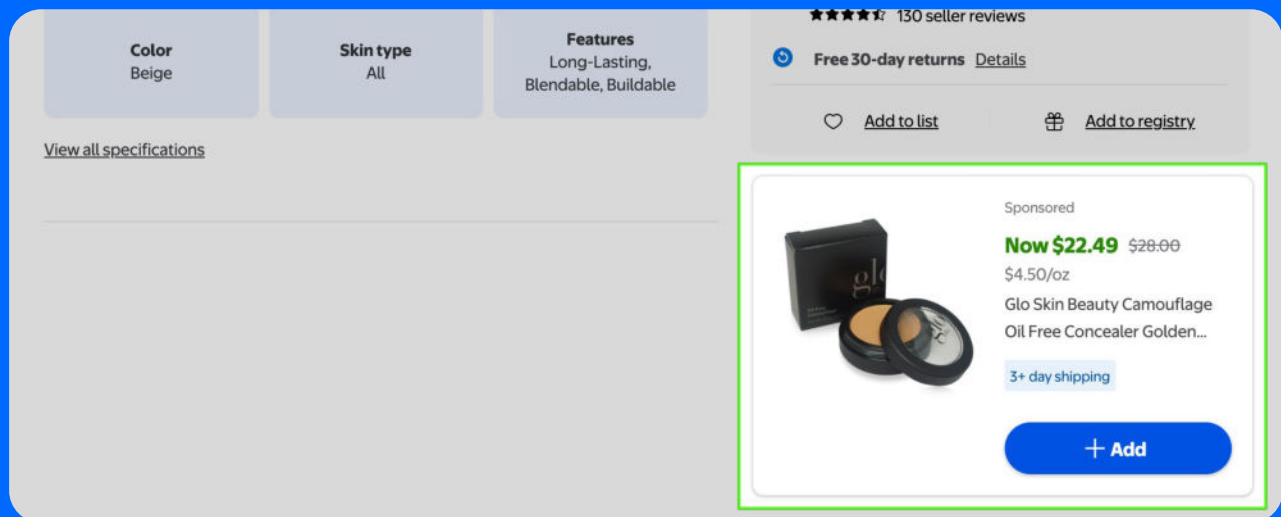
On product pages, sponsored pods can be served in a variety of ways. Any or all slots within the pod can be dedicated to sponsored listings, and pods

can be stacked to display different merchandising strategies (such as Best Sellers and Trending Products).



Stacked recommendation pods on a product page containing sponsored listings

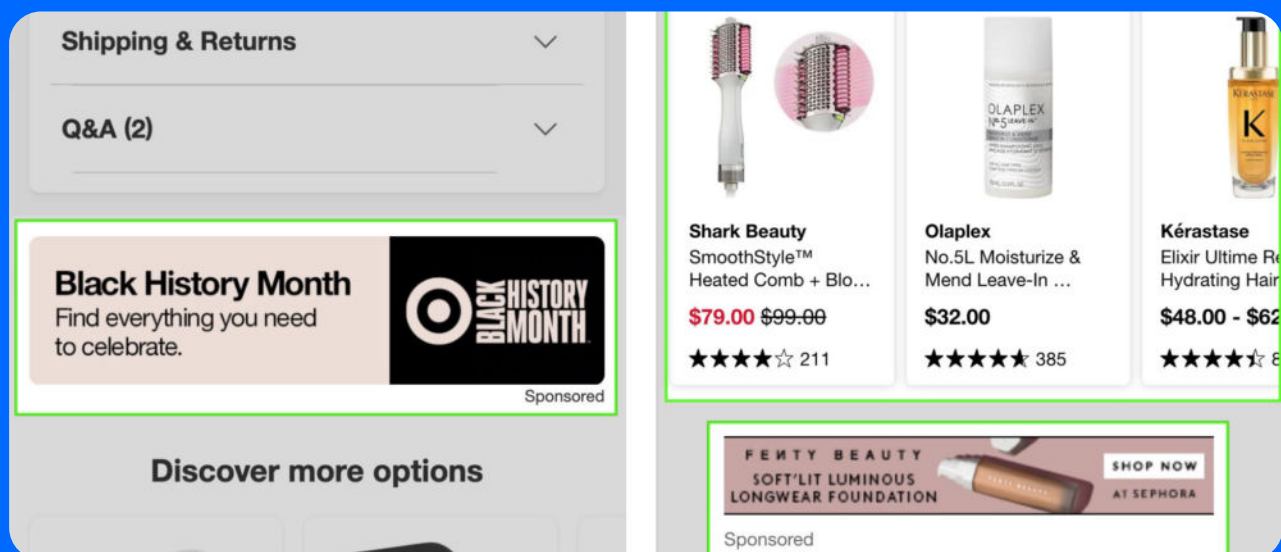
Some sites show single product cross-sells on product pages within the "Buy Box" section.



Sponsored cross-sell recommendation on a product page

Sponsored banners can also be placed anywhere within a product page, even in combination with

sponsored recommendation pods.



Banner ads on product pages

Retail media cost models

Depending on the ad unit type, advertisers may pay per-click (CPC), per-thousand impressions (CPM), or negotiate a fixed rate for placements. Cost models can vary across individual Retail Media Networks, and retailers and advertisers may negotiate their own terms together.

Preferred deals and **programmatic guaranteed deals** are two common types of negotiated agreements.

Preferred deals are manually negotiated with a fixed price, typically based on CPM or CPC. Ad inventory is "unreserved," giving flexibility to both parties.

Programmatic guaranteed deals are similar to preferred deals but with reserved ad inventory and a commitment from the advertiser to purchase a fixed number of impressions.

Retailers are increasingly including Retail Media Network spend commitments as part of their general partnership agreements with suppliers. This trend has led to a greater emphasis on brands' spend within the retail media channel to secure premium shelf space and other perks.



The Retail Media Network Landscape

Today, there are four ways to participate in retail media, including two new modes developed by Constructor:

- Roll-your-own RMN
- Use an RMN vendor
- Serve sponsored listings through Search
- Use a combination of RMN and Search

Roll-your-own RMN

Large retailers like Amazon, Walmart, and Target have built their own homegrown Retail Media Networks. Unsurprisingly, the “build” approach is costly to set up and maintain, and it’s best suited to retailers with sufficient budget and highly unique requirements. Most merchants can meet their retail media needs with commercial off-the-shelf solutions.

Use an RMN vendor

Commercial RMN vendors like Criteo and CitrusAd provide retailers and advertisers with various capabilities, including core ad products such as sponsored listings, display ads, retargeting, category and brand page sponsorships, and custom ad units, as well as campaign management and reporting.

For brands and agencies, they also centralize media buying across multiple retailers and provide retailers a turnkey way to recruit and onboard advertisers.

Serve sponsored listings through Search

Retailers that want to include sponsored listings within Search, Browse, and Recommendation experiences without using an RMN can now do so directly through native Search [with retail media capabilities](#). Retailers can onboard and manage campaigns on behalf of advertisers, or enable self-serve campaign management with full analytics and reporting.

Use a combination of RMN and Search

Retailers that wish to use an RMN and retail media enabled Search together can now do so with Constructor through a mediation layer. Advertisers manage their campaigns through the RMN with Constructor selecting sponsored listings from inventory within the RMN.

This enables advertisers to stay within the platform they’re already onboarded to and familiar with, and retailers to support a broad range of ad unit formats outside of sponsored listings.*

*At Constructor, we’re continually evolving our retail media capabilities to incorporate additional ad unit types. [Visit our website](#) for more information on current features.

The value-add of Search-powered sponsored listings

Serving sponsored listings through Constructor can enhance your ability to preserve great customer experiences in several ways.

1. Personalized ad targeting

A sponsored listing is really just a different kind of search result, and Search's superpower is the ability to optimize product rankings and personalize them to each individual user.

By including historical clickstream and conversion data into the slotting decisions for both organic and sponsored listings in tandem, Search can apply the same optimize-for-revenue logic to experiences that contain retail media as those that don't.

2. Improved web performance

Constructor's mediation layer simplifies your integration code and reduces the amount of JavaScript in your DOM (Data Object Model). This speeds up web performance in two ways:

1. Your browser has less work to do when populating search and browse results
2. Your backend systems don't need to "de-dupe" your organic listings from incoming sponsored listings across pages of results — they're all served from the same application

These optimizations can shave several milliseconds (or longer) off your page load time. Even small delays in web performance can result in higher site abandonment and lower conversion rates.

3. No ad block risk

Ad blockers sniff for clues like third-party tracking pixels, specific HTTPS requests, and JavaScript used for bid processing, as well as CSS classes commonly associated with ads.

If they detect anything block-worthy, users will see empty slots in their product lists, which shoppers might interpret as the page hasn't finished loading.

Serving sponsored listings directly from your native Search application eliminates these elements that trigger ad blockers.

4. Reduced revenue cannibalization risk

Although retail media is generally high margin, it's important to factor the potential revenue cannibalization from showing sponsored listings where an organic result would be more attractive to a given customer.

Remember that you've worked hard (and often invested in your own ad budgets) to acquire visitors. You have your own return on ad spend to optimize for and your own customer loyalty to earn. Relevance drives revenue.

At Constructor, we believe you should have the option to optimize your retail media program for ad revenue or ultimate revenue (from completed purchases) and configure your retail media solution accordingly.

Optimizing for Ultimate Revenue

Online shopping is dynamic, and there are many cases where an individual customer can be better served by organic listings, even when sponsored slots are available and advertisers have healthy bids.

For example, this retailer serves ads in its first four grid slots for "valentine gift." Each of these products may be unsuitable for any reason, but particularly slot 4, which would only be

purchased by a specific gifting segment (mothers gifting to sons, and of a specific faith).

Results for "valentine gift" (321)

Uses external data. Price when purchased online ⓘ



Options

Sponsored ⓘ

\$959

Beutirer Love Heart Stud Earrings for Women, 925 Sterling Silver Earrings with Heart Crystal, 18K White Gold Plated Ange...

★★★★☆ 1

Save with W+

Shipping, arrives in 2 days

Only 2 left



Options

Sponsored ⓘ

\$4999

Options from \$49.99 - \$89.99

To My Valentine Necklace for Wife Anniversary Gifts for Her Girlfriend Valentines Day Gift Valentine's Day Jewelr...

Free shipping, arrives in 3+ days



Options

Sponsored ⓘ

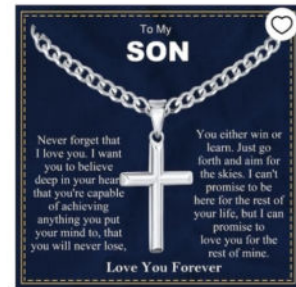
Now \$1899 \$79.99

Juwaliy Women Dangle Earrings January Birthstone Earrings Garnet Red Hanging 925 Sterling Silver Leverback Tail Jewelry...

★★★★★ 87

Save with W+

Shipping, arrives in 2 days



Options

Sponsored ⓘ

Now \$1399 \$25.99

Silver Cross Necklace for Men 316L Stainless Steel To My Son Gift Cross Pendant Necklace First Communion...

★★★★☆ 71

Save with W+

Shipping, arrives in 2 days

Example product results for "valentine gift"

It's a great choice when clickstream and customer data support the slot decision, but detrimental when it doesn't. And the opportunity cost of showing poor results doesn't just hurt present-session revenue. It can lower the chances a given customer returns.

The risk of cannibalizing organic revenue with ads is especially high for searches and browse pages with smaller ad inventory. If your system is set up to serve ads for ads' sake, the problem scales quickly.

The importance of context awareness

Native Search has the home court advantage of full context awareness — not only to slot the best products the first time, but to also continue to personalize across the rest of the customer's journey.

Scrolling past a sponsored listing gives Search even more data on an individual that can be applied to next-page sponsored results, be they on a search or browse page, in recommendations on a PDP or in the cart, or what's included in a retargeting email.

With full visibility across catalog, ad inventory, and behavioral data, Constructor can predict likelihood of both clicks and purchases for each individual user and choose between organic and results from the RMN feed based on predicted overall revenue.

If you prefer to optimize for ad revenue (or strike a balance between ad and organic revenue), you can override this default tuning in [Constructor](#).

It's not just about clicks

Remember, there are many post-click factors that influence product suitability and attractiveness to a given user. For example:

- The product doesn't have many customer reviews or user-submitted images
- The product variants have dwindling inventory or are stocked out of the user's usual size
- The product has shipping restrictions or doesn't qualify for free shipping
- The product is excluded from current discounts or sale events
- The product is nearing the end of its seasonality
- The brand is lesser known or has a slower sell-through rate
- The product's attributes or specifications don't match the user's search, browse, and purchase history

Third-party RMNs may have their own network data of how a given product performs across its network of retail-publishers, but they can't account for these post-click factors on your website in real time the way native Search can.



How Constructor chooses sponsored listings

Constructor uses a dynamic process to determine which products to promote within sponsored listing slots when there are multiple advertiser bids. This process is designed to maximize both the efficiency of ad placements and fairness to all advertisers.

Minimum bids

Constructor determines a default minimum bid for eligibility to be shown across various search and browse conditions included in the advertiser's campaigns. This minimum bid is calculated based on a combination of performance metrics and potential organic revenue loss.

Minimum bids can fluctuate throughout the day based on real-time auction dynamics, including all advertisers' current bids, inventory availability, user interactions, and budgets. Note that advertisers can only bid on conditions where their products would normally appear organically.

Maximum CPCs

Constructor will auto-calculate a suggested bid, which an advertiser can accept or set their own maximum cost-per-click values. In Constructor, a retailer can also manage campaigns and bids on a brand's behalf. The advertiser will never be charged more than their maximum CPC bid.

Available placements

The retailer can specify which positions sponsored listings can be placed. These positions are set at the global level and will apply to every product list page.

If the retailer has applied searchandising rules such as boosting or slotting to a given search or browse condition, these rules will override sponsored listing slots.

Placement decision

Constructor determines the winning sponsored item using a combined calculation of bid amount and the attractiveness of the item (relative to all available ad inventory and organic candidates), using metrics like purchase probability and potential missed organic revenue.

Advertisers cannot bid for or reserve specific positions on a page. This ensures fairness to all advertisers and preserves the best ranking relevance for each user.

Sponsored Listing Tips and Strategies

If you use Constructor, your first decision is whether you want to optimize for click revenue, ultimate revenue, or strike a balance between the two. We can help you fine-tune this strategy within your account setup.

Next, you want to look at how to display your sponsored listing disclosures within your UI and decide which grid slot positions to reserve for sponsored listings within your overall merchandising strategy.

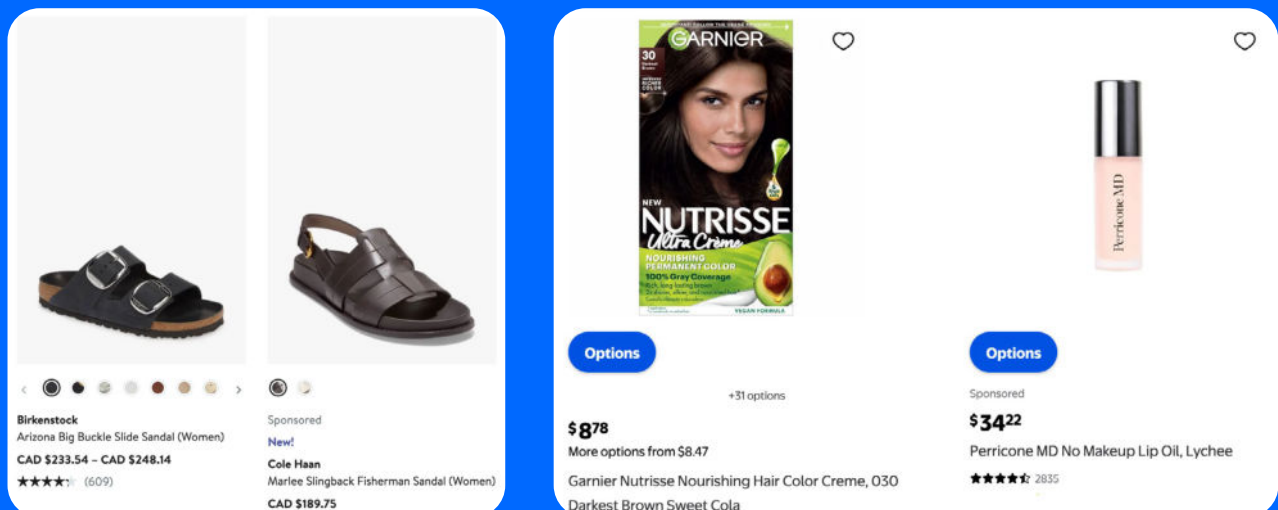
Remember, you can always A/B test these strategies to ensure they're the right approach for your web experience and do not negatively impact revenue.

Regardless of which method you use to serve retail media (through Constructor or a third-party RMN), there are tactics you can employ to optimize their performance and revenue-generating muscle.

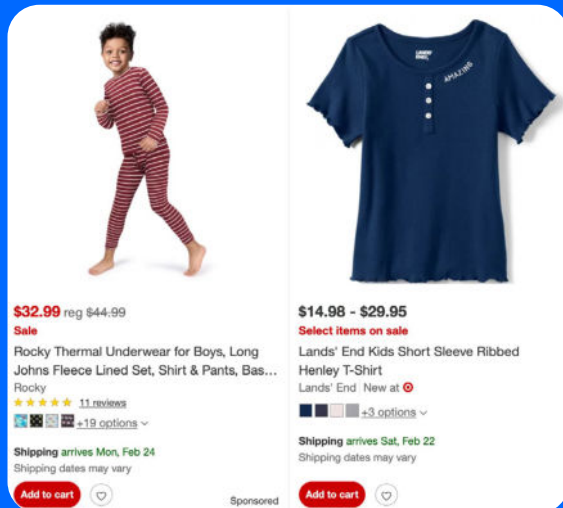
Styling your Sponsored tag

In the U.S., the Federal Trade Commission (FTC) requires visible disclosure for sponsored ads, but how you display your sponsored tags is up to you. However, it's important that your tag doesn't add visual clutter or compete with more important product detail information within your grid slots.

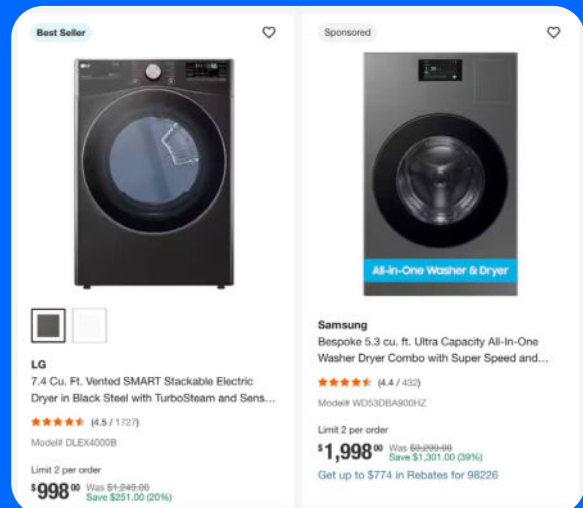
The most common approach is to simply add the text "Sponsored" discreetly somewhere within your product listing card using a small font size and black or gray font color.



Sponsored tag placed inline with product information using gray font

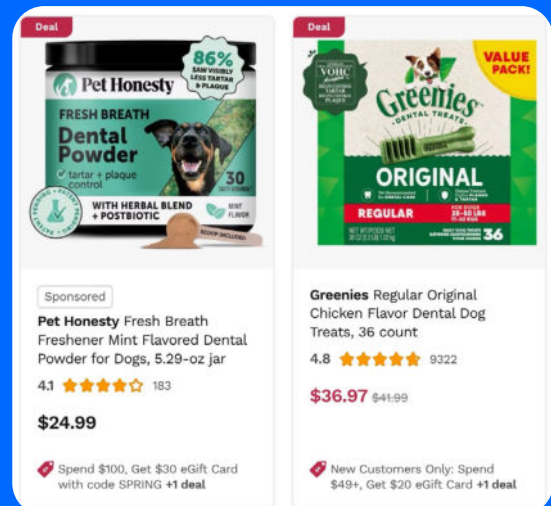


Sponsored tag with bottom right placement



Sponsored listing badge placed near product image

Some merchants use "badge" styling, making the sponsored placement more bold. Consider A/B testing this against more discreet styling to ensure conversion rates are not impacted.



Sponsored listing badge below product image

Slot position strategy

If you're optimizing for ad revenue, you may be tempted to dedicate as many prime slots to sponsored listings as possible. For example, some retailers reserve the first and third rows of product to ads while others pepper their slots more randomly throughout the grid.

However, when you're just starting out with retail media and don't have a large advertiser inventory, more sponsored slots aren't better. Consider starting with fewer slots and increasing them as you demonstrate revenue and expand your program.

Remember, with Constructor you can opt to have our AI algorithm determine when an organic listing

is a better choice for any individual user in any given search or browse experience. This provides a safeguard against poorly matched ads.

But you can also choose to opt out of this to optimize for click revenue. In such case, it's important to start conservatively and collect data to ensure you're not negatively impacting user experience. It's always a good idea to run an A/B test with and without sponsored listings, and test every change to your sponsored slotting strategy.

The same goes for sponsored slots within recommendation pods. Start with a single slot within the pod, run A/B tests, and graduate to fully sponsored pods as you gather data and grow your advertiser pool.



Is Retail Media Right for Your Organization?

Retail media is low-hanging fruit for retailers that carry multiple brands within their catalogs that want to leverage their existing traffic and brand equity to unlock new streams of revenue.



Whether you use a commercial Retail Media Network, a retail media enabled Search solution like Constructor, or a combination of both, you can participate in the fastest-growing digital marketing opportunity.

If you already use a Retail Media Network, there's no need to rip-and-replace to get the benefits of personalization, speed, user experience, and revenue optimization that serving sponsored listings through Search provides by integrating with Constructor.

And if you're new to retail media, you can get up and running quickly with Constructor's turnkey

solution that provides your advertisers with self-serve campaign and bid management with robust analytics, or you can manage campaigns on brands' behalf.

The key to successful retail media lies in striking a balance between monetization and the shopper experience. Whether you choose a roll-your-own RMN, use a vendor solution, or a search-powered approach with Constructor, remember to prioritize relevance, personalization, and a seamless user journey. By focusing on both ad revenue and customer satisfaction, you can build a sustainable and profitable retail media program.

Ready to harness the power of search-driven sponsored listings?

Contact us today to learn how our solution can help you win with retail media.

constructor.com