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## DON'T BE SEDUCED BY THE SIREN SONG OF RETAILER AD PLATFORMS

### PLANET PROPAGANDA FOUNDER CALLS OUT RETAILER NETWORKS AS 'ANOTHER TAX ON UNDIFFERENTIATED, UNINTERESTING BRANDS THAT HAVE TO PAY-TO-PLAY'

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Planet Propaganda founder calls out retailer ad networks as "another tax on undifferentiated, uninteresting brands that have to pay-to-play."



Credit: Walgreens

Last week, Lowe's Home Improvement announced that it was joining the crowded list of retailers offering an advertising platform to brand marketers. Amazon may boast the most successful of these (arguably predatory) services, but Walgreens, Walmart, CVS, Kroger, Best Buy, and Home Depot are among the many players who have taken this route.

Almost no consumer brand category is safe.

This trend should worry any consumer brand that hopes to make a dent at retail, online or in-store. With 85% of brands planning to move more marketing dollars to retail networks, it is time to reconsider what's at stake.

### **They're not minding their (four) Ps and Qs**

These retailers are hoping marketers will foolishly devote more of their ad dollars to low-funnel, "performance" tactics out of fear that they will get lost in the ever-crowded landscape. The retailers already generate revenue from "place" and "promotion" through co-op arrangements, and now they want to usurp even more of that second marketing "P" by elbowing out traditional advertising media.

It's hard to blame them.

Performance marketing (which certainly has a worthy place in the media mix) has conditioned too many marketers to forget an important lesson: If you generate demand at the brand level you don't need to fight for scraps at the shelf.

Faulty attribution models conflating measurability with efficacy have misled a generation of marketers, turning otherwise smart brands into the proverbial "shop owner handing out coupons to people in line." The confusion between "selection effect" (paying to capture sales that would have happened regardless), and "advertising effect" (paying for ad-driven conversions) is at an all-time high.

Some brands, like Adidas, have recognized that starving their brand efforts to feed performance marketing is not a long-term strategy. Simon Peel, Adidas VP Global Media at the time, told Marketing Week: "The reason for that [mistake] is short-termism because we are trying to grow sales very quickly. We had a problem that we were focusing on the wrong metrics, the short-term, because we have fiduciary responsibility to shareholders."

### **Accelerating a downward spiral**

These retailer networks are the logical next (and perhaps ultimate) manifestation of that overreliance on hyper low-funnel advertising. Retailers are seducing desperate brand

marketers with promises of “closed loop reporting tools,” downplaying the steps of the path-to-purchase that happen outside their ecosystem.

If marketers were successfully building brands people believed in before they stepped through the door, they would see these retailer networks for what they are: another tax on undifferentiated, uninteresting brands that have to pay-to-play.

Praying at the altar of clicks and “conversions” is not going to bring brands to the promised land. These tactics have their place, but they can’t replace the important and difficult work of building a strong brand.

Before investing in these insular placements, ask yourself:

If these retailers have so much data, and are so great at pinpointing who should buy my product and when, won’t I end up paying extra for customers who were going to purchase from me anyway?

Do I want to contribute to the erosion of media brands by diverting ad dollars to retail platforms, leaving fewer credible places to reach consumers?

Brands don’t have to be complicit in a death spiral that ends with the only “media” inventory being Google, Facebook, and retailer networks.

### **Tell stories, don’t sell your soul**

For your brand, the answer might be that it’s worth the opportunity to break ties at the shelf (digital or physical) with retailer ads. But consider opportunity costs. What else could you have done with those advertising dollars? Could you have caught even more attention through a breakthrough creative campaign? And would that necessarily have resulted in more people seeing your product?

Wouldn’t you prefer to connect with consumers on your terms, in venues that allow for richer storytelling and better relationship building? A retailer website or in-store video screen doesn’t offer that opportunity.

If you believe your existence hinges on adding retailer platforms to your media mix, then these new platforms will happily take your money. Just remember, if they capture enough of those ad dollars across the board, rates will rise and competition for eyeballs will reduce to a handful of players who already have power over who sees your product and when.

Beware. Once every brand is in a bidding war just to stay in the game, it may be too late to step away and rebuild yours. Savvier competitors may have kept their focus on fundamentals while you lined the retailer's pockets.

Inline Play

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