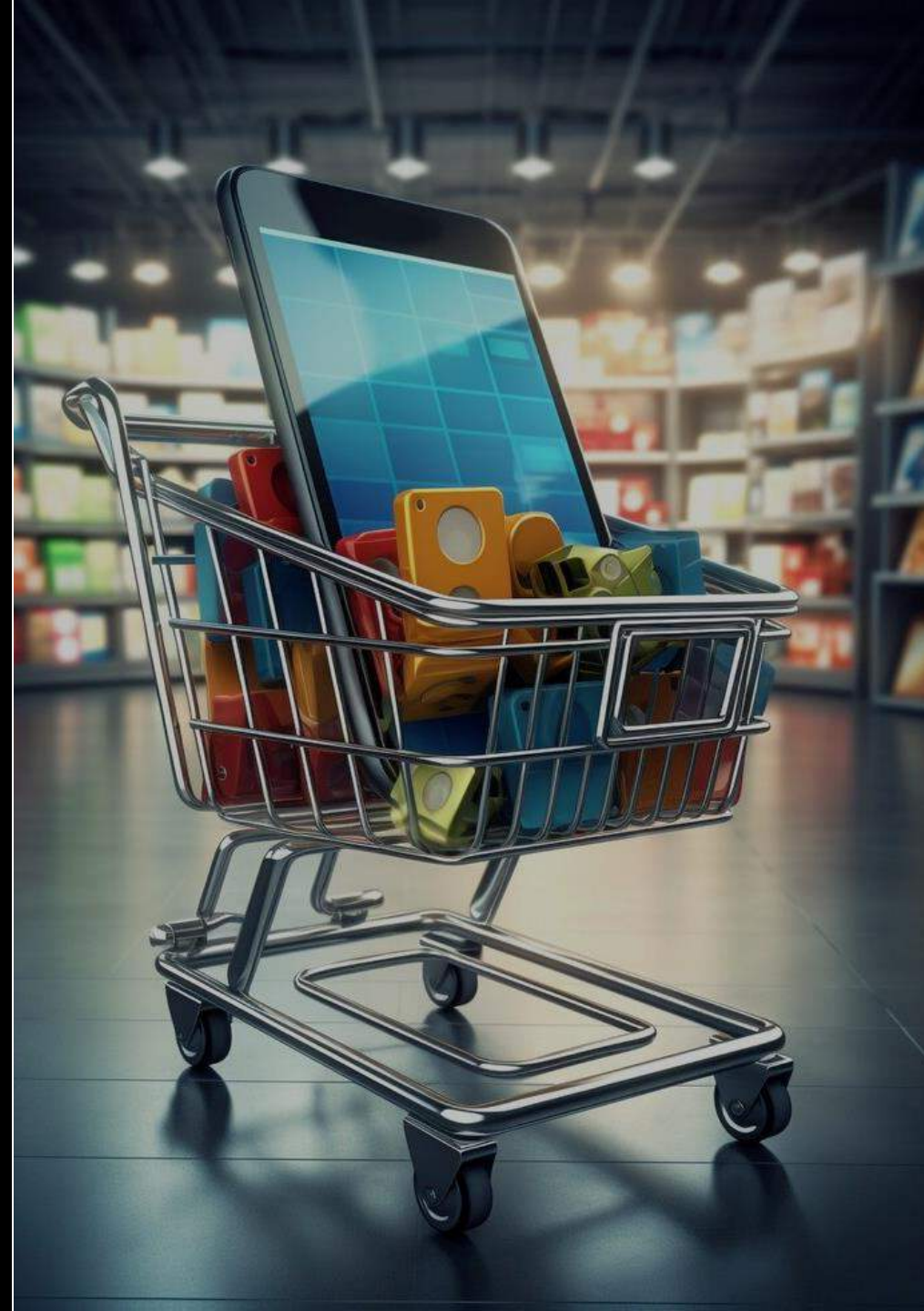


# THE RETAIL MEDIA REVOLUTION:

LEVERAGING DATA FOR SUCCESS



# WHAT THIS DOCUMENT COVERS

Retail Media Network spend is reshaping the advertising landscape, emerging as a powerful channel for brands to connect with consumers at the critical moment of purchase.

In this document we look at the evolution of this channel and the trends in market driving growth.

1. EVOLUTION & GROWTH
2. RETAIL MEDIA LANDSCAPE
3. FORCES IMPACTING GROWTH
4. TRENDS & PREDICTIONS
5. BEST IN CLASS: CASE STUDIES



*Note: this document was prepared with supporting research accurate as of July 2024.*

## Think 'Digital Shelf Space'

Retail media lets you advertise directly where shoppers browse - think prime placement on a virtual shelf. You can target high-intent customers and measure the impact of your ads on actual sales. It's like having a superpower to influence shoppers at the perfect moment

**Get closer to shoppers, drive sales, and build brand loyalty – all within the trusted retail environment.**

Retail media is exploding, offering brands and marketers a unique opportunity to target high-intent shoppers across the entire purchase funnel





# WE ARE IN THE AGE OF THE DIGITAL-FIRST CONSUMER.

**"Consumers tend to respond to uncertain and recessionary economic environments in one of two ways: spending extensive time on product research before purchase, or making impulse decisions when standing in front of the shelf. They will continue to shop in many channels, not necessarily rejecting physical stores, and while digital is here to stay, consumers are switching brands at unprecedented rates, putting pressure on brands to ensure availability and what they stand for."**

*- McKinsey*

# THE EVOLUTION OF RETAIL MEDIA

**Before supermarkets, hypermarkets, and discounters existed, a local store owner knew his customers by heart, their aspirations, and preferences...**

Initially rooted in traditional in-store advertising, retail media has undergone dramatic expansion.

The digital revolution, alongside advancements in data analytics and technology, has transformed retail media into a data-driven, personalized marketing channel.

This evolution reflects a shift from generic ad placements to highly targeted campaigns based on consumer behavior, preferences, and purchase history.

## Historical Context:

Retail media began in the 1950s with P&G's brand management and the first UPC code in 1965.

## Technological Milestones:

Developments in the 1990s included the first clickable banner ad (1994) and Google's launch (1998).

## Retail Evolution:

Retail solutions since the 1970s moved from personal customer knowledge to data-driven insights.

## Retail Media's Growth:

Post-2010 advancements include programmatic advertising, CDPs, and social ads

## Digital Transformation:

2005-2010 saw the rise of social networks, cloud computing, and retail media services from Google and Amazon.

## Data and Analytics:

Dunnhumby revolutionized retail data use for Tesco in 1994; the dot-com bubble recovery emphasized shopper insights.

## Consumer Behaviour:

Digital-first consumers research products extensively or make impulsive purchases; multi-channel shopping is crucial.

## Strategic Shifts:

Retailers expand through media partnerships to stay competitive in a digital-first market.

# RETAIL MEDIA LANDSCAPE:

## GEARING UP FOR GROWTH

**Current Global Spend:** Digital retail media spend is currently at \$95 billion worldwide, with \$41 billion of that coming from the US.



### Predicted Spend Forecast:

Growth is driven by the increasing importance of RMNs in media strategies and the shift towards more targeted and measurable advertising campaigns.

Retail media ad spend is expected to rise by 10.1% reaching approximately \$122 Bn

Global retail media spend set to surpass \$150bn in 2024

Spend is projected to balloon by \$100 billion by 2025 and grow over 20% annually through 2027, making it the advertising world's fastest-growing channel.

South Africa's retail media market is predicted to experience significant growth, fueled by rising internet penetration, smartphone adoption, and increased e-commerce activity.

# RETAIL MEDIA LANDSCAPE

## KEY GROWTH DRIVERS

Technological breakthroughs are reshaping the retail media landscape, enabling more personalized, efficient, and sustainable shopping experiences



### AI: Powering Personalization and Efficiency

- **Personalization:** Utilize AI algorithms to deliver tailored product recommendations and advertising based on customer behavior and preferences.
- **Chatbots:** Enhance customer service through AI-powered chatbots, providing instant support and resolving queries.
- **Predictive analytics:** Analyze customer data to forecast demand, optimize inventory, and prevent stockouts.



### Frictionless Payments: Boosting Conversion

- **Mobile wallets:** Offer convenient and secure payment options like Apple Pay, Google Pay, and Samsung Pay.
- **Biometric authentication:** Enhance security and user experience with fingerprint or facial recognition.
- **Fraud prevention:** Employ advanced fraud detection technologies to protect customer data and prevent financial losses.



### Sustainability: A Competitive Advantage

- **Eco-friendly products:** Highlight sustainable product offerings and certifications to appeal to environmentally conscious consumers.
- **Transparent supply chains:** Demonstrate commitment to ethical and sustainable sourcing practices.
- **Circular economy initiatives:** Showcase efforts to reduce waste and promote recycling.

# RETAIL MEDIA LANDSCAPE

## CHANGING CONSUMER BEHAVIOUR

**South African consumers are becoming increasingly price-sensitive due to economic pressures, and the lines between online and physical shopping continue to blur with consumers expecting a seamless experience.**



### **Value-Conscious Shopping = Creating Relevance**

**Increased targeting precision:** Retail media networks allow brands to reach price-sensitive consumers with highly targeted ads, optimizing ad spend and increasing ROI.

**Performance-based advertising:** By focusing on metrics like click-through rates and conversion rates, retailers can offer advertisers more effective and measurable campaigns, aligning with the value-conscious mindset.

**Promotional opportunities:** Retail media networks provide platforms for retailers to promote price reductions, discounts, and loyalty programs, directly addressing consumer demands for value.

### **Omnichannel Experience = Frictionless Shopping**

**Unified customer view:** Retail media networks can leverage data from both online and offline channels to create a holistic customer profile, enabling more relevant and personalized advertising.

**Cross-channel campaigns:** By coordinating advertising across different touchpoints, brands can reinforce their message and drive conversions, meeting consumers' expectations for a seamless experience.

**Enhanced measurement:** Retail media networks offer advanced analytics to track customer journeys across channels, providing valuable insights for optimizing campaigns and improving the overall customer experience.





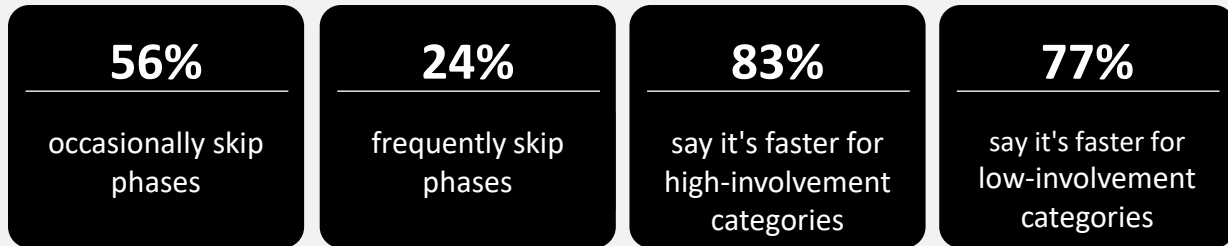
**THE FUTURE OF RETAIL MEDIA IS 'FULL-FUNNEL'  
ADVERTISING THAT WORKS RIGHT ACROSS THE  
CUSTOMER JOURNEY:  
ONLINE, OFFLINE, SOCIAL AND IN-STORE.**

*- Colin Lewis, Founder, Retail Media Works*

# THE TRADITIONAL PURCHASE FUNNEL IS OUT

Today's consumers navigate a dynamic shopper landscape. They seamlessly transition between inspiration, research, and acquisition, empowered by the presence of touchpoints across social media as well as physical stores.

Consumers are skipping the traditional research phase and heading straight to purchases fueled by in-store discoveries and social media promotions:

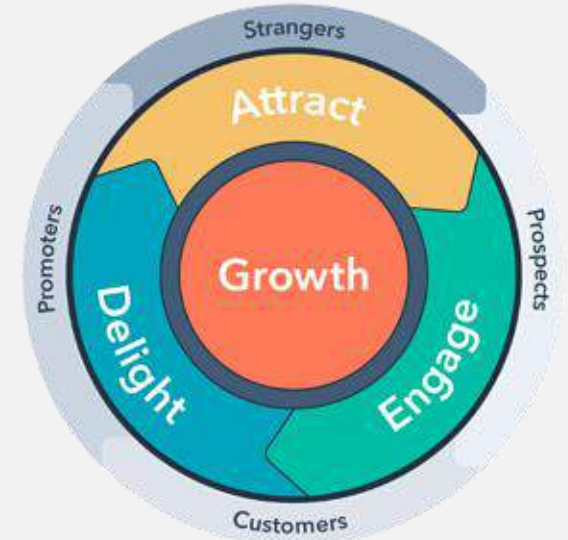


Since the path to purchase is no longer linear, brands and retailers need to focus on providing a positive customer experience at every touchpoint. This includes a user-friendly website, helpful customer service, and a streamlined checkout process.

**Then = Funnel**



**Now = Flywheel**



*"Your customers can also be at many stages of their customer journey at once. The process to get, keep, and grow the right customer is an ongoing, infinite process. Customer-centric organizations know this! They focus on lifetime relationships with a customer, far beyond the initial acquisition."*

*- The Pedowitz Group*

# THE MODERN RETAIL MEDIA LANDSCAPE:

## GROWTH IS BEING DRIVEN BY OFF-SITE APPLICATION

Today, retail media advertising is a sophisticated, data-driven practice that combines various advertising formats, such as sponsored products, display ads, and video ads, to engage consumers at different stages of their purchase journey:

To maximize retail media's potential, leverage both onsite and offsite strategies. With third-party cookies' decline, first-party data from retail media is crucial.

Combining onsite and offsite ads creates a synergistic effect, boosting conversions and monetizing first-party data, thus enhancing retailer and brand value and fostering deeper relationships.

### **Audience Segmentation:**

- Utilize detailed customer segments provided by the retailer to identify high-value target audiences.
- Create lookalike audiences based on these segments to expand reach beyond the retailer's customer base.

### **Cross-Channel Campaigning:**

- Develop integrated campaigns that seamlessly transition from retailer sites to external platforms.
- Employ consistent messaging and creative elements to reinforce brand identity and drive recall..

### **Dynamic Creative Optimization:**

- Leverage retailer-provided product feeds and real-time data to create personalized ad creatives.
- Adjust messaging, imagery, and offers based on consumer behavior and preferences.

### **Measurement and Attribution:**

- Implement robust tracking and attribution models to measure the impact of offsite campaigns on overall sales and ROI.
- Utilize closed-loop attribution to connect online and offline conversions.

# THE MODERN RETAIL MEDIA LANDSCAPE:

## NEW VERTICALS ENTERING THE RETAIL MEDIA NETWORK SPACE

Industries such as financial services, telecommunications, and travel are recognizing the potential of retail media networks to reach targeted audiences and generate new revenue streams. These new entrants bring unique datasets and customer insights to the table, offering advertisers fresh opportunities.

### Factors driving expansion:

- **Access to valuable first-party data:**  
These industries possess rich customer information that can be leveraged for precise targeting.
- **Diversification of revenue streams:**  
Retail media offers a new revenue channel beyond core products or services.
- **Enhanced customer engagement:**  
By offering relevant advertising, these new verticals can improve customer satisfaction and loyalty.

### Key Trends & Implications:

#### Financial Services:

Banks, credit card companies, and fintech firms are exploring retail media opportunities. They can offer targeted financial products and services to a captive audience.

#### Telecommunications:

Telcos are entering the retail media space to offer bundled deals, device upgrades, and other services directly to consumers at the point of purchase.

#### Travel and Hospitality:

Airlines, hotels, and travel agencies are exploring partnerships with retailers to offer exclusive deals and packages to shoppers.

#### Media and Entertainment:

Media companies are leveraging their content libraries to create engaging ad experiences within retail environments.

#### Increased Competition:

The influx of new players will intensify competition for ad inventory, potentially driving up costs and requiring more sophisticated targeting strategies.

#### Data-Driven Innovation:

Success in this space will depend on the ability to harness and leverage first-party data to deliver personalized and relevant advertising experiences.

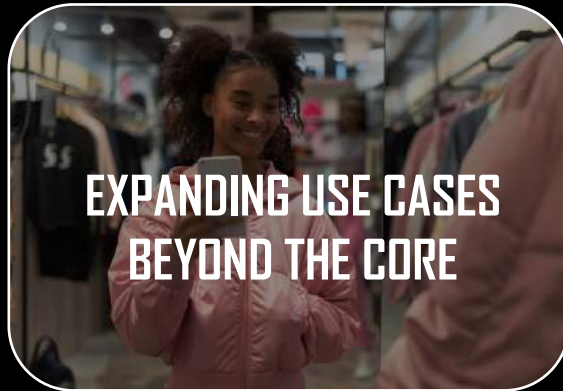
# TRENDS IN RETAIL MEDIA

Standardization and advanced features are driving growth, while in-store media and offsite targeting expand reach. Leveraging first-party data is key as third-party cookies decline. This creates new opportunities for brands and retailers to connect, measure, and optimize campaigns across channels.

**Actionable Insight:** Prioritize data-driven, omnichannel strategies to maximize retail media's potential.



Retail media networks are poised for a growth explosion in 2024. Thanks to 2023's standardized metrics from the IAB, advertisers will gain easier campaign comparisons and management, boosting confidence and fueling investment. Get ready for a new era of data-driven retail advertising.



Retail media networks are maturing beyond basic ads, offering advanced features like data sharing, cross-channel insights, and predictive planning. Expect 2024 to see more sophisticated, data-driven campaigns as these features become mainstream.



Retail media will bridge the omnichannel gap in 2024, with targeted in-store advertising and dynamic digital displays, such as personalized product recommendations, or product usage in video ads in relevant aisle or depts. This will enhance the shopping experience, increasing engagement and driving sales.



Retail media networks have a powerful edge with their rich data, enabling precise ad targeting beyond their own platforms, particularly in CTV and the open web. Experts predict this "offsite" boom to be a 2024 game-changer, letting brands connect with customers everywhere online, not just their own stores.



**CASE STUDIES: BRANDS SUCCESSFULLY  
IMPLEMENTING RETAIL MEDIA**

# GLOBAL: PEPSICO – RETAIL ACTIVATION WITH DOLLAR STORE

## The Challenge: Break Down Media-buying Silos To Help Improve Campaign Performance

PepsiCo had historically executed media buying for its upper- and lower-funnel marketing strategies separately, and wanted to explore the potential benefits of an omnichannel approach.

### Insight:

Consumers exposed to both brand-building (upper-funnel) and direct response (lower-funnel) ads are more likely to convert, showing the importance of a cohesive, full-funnel strategy.



## Campaign Approach: Reach Consumers At Every Stage Of The Marketing Funnel

PepsiCo leveraged The Trade Desk to launch a #BetterWithPepsi campaign. Targeting consumers across the purchase journey, the campaign featured "pizza is better with Pepsi" messaging and a "buy one, get one free" Dollar General coupon for Pepsi and pizza combos.

- Premium omnichannel video and display ads via The Trade Desk.
- AI-powered optimization.
- First-party and Dollar General syndicated retail audience data.

### Results:

- 69% higher conversion with exposure to both upper- and lower-funnel ads.
- 283% higher ROAS for upper-funnel; 208% for lower-funnel.
- \$7.68 ROAS from Dollar General audiences.



# GLOBAL: MCDONALD'S - ELEVATING GAME DAY

McDonald's cohesive media strategy, based on extensive audience research, shows the importance of aligning media placements with audience insights to maximize impact

## Insight:

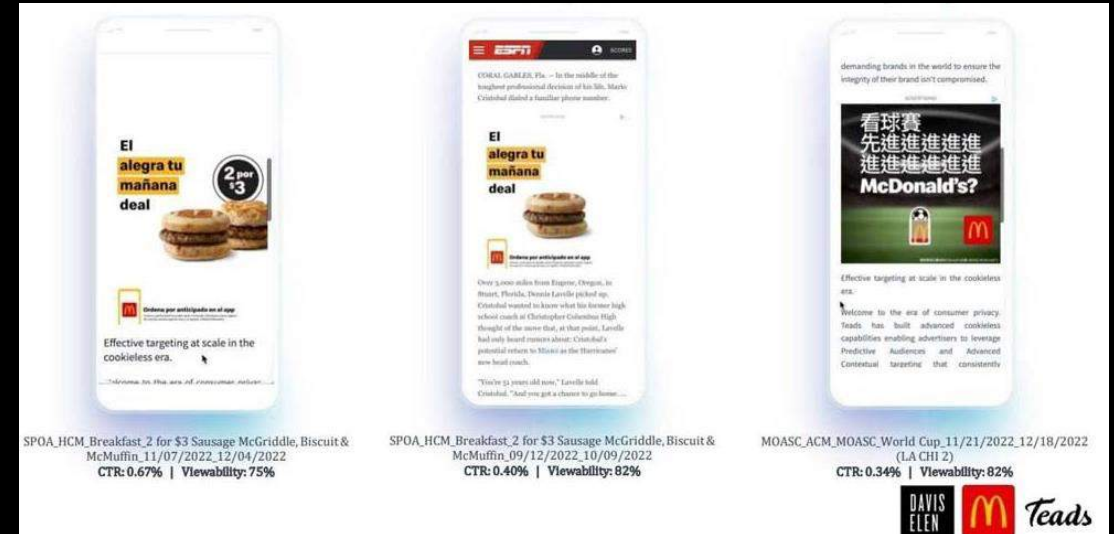
Gen Z and millennial males prefer seamless and personalized experiences.

## Campaign Approach:

McDonald's utilized a mix of digital platforms, traditional media and experiential marketing, which included a blend of social media advertising, influencer partnerships, outdoor billboards and immersive events, and conducted extensive audience research.

## Results:

The campaign resulted in a 25% sales increase, over 63m impressions, more than 224k clicks, a 40% rise in website traffic, and a 15% improvement in brand sentiment.





# GLOBAL: PRIMARK – FROM PHYSICAL HIGH STREET TO VIRTUAL SHOPPING

Primark, a high-street fashion retailer, launched its first paid media campaign to support a new website and drive in-store footfall amidst declining high street presence and a competitive online environment.

## Insight:

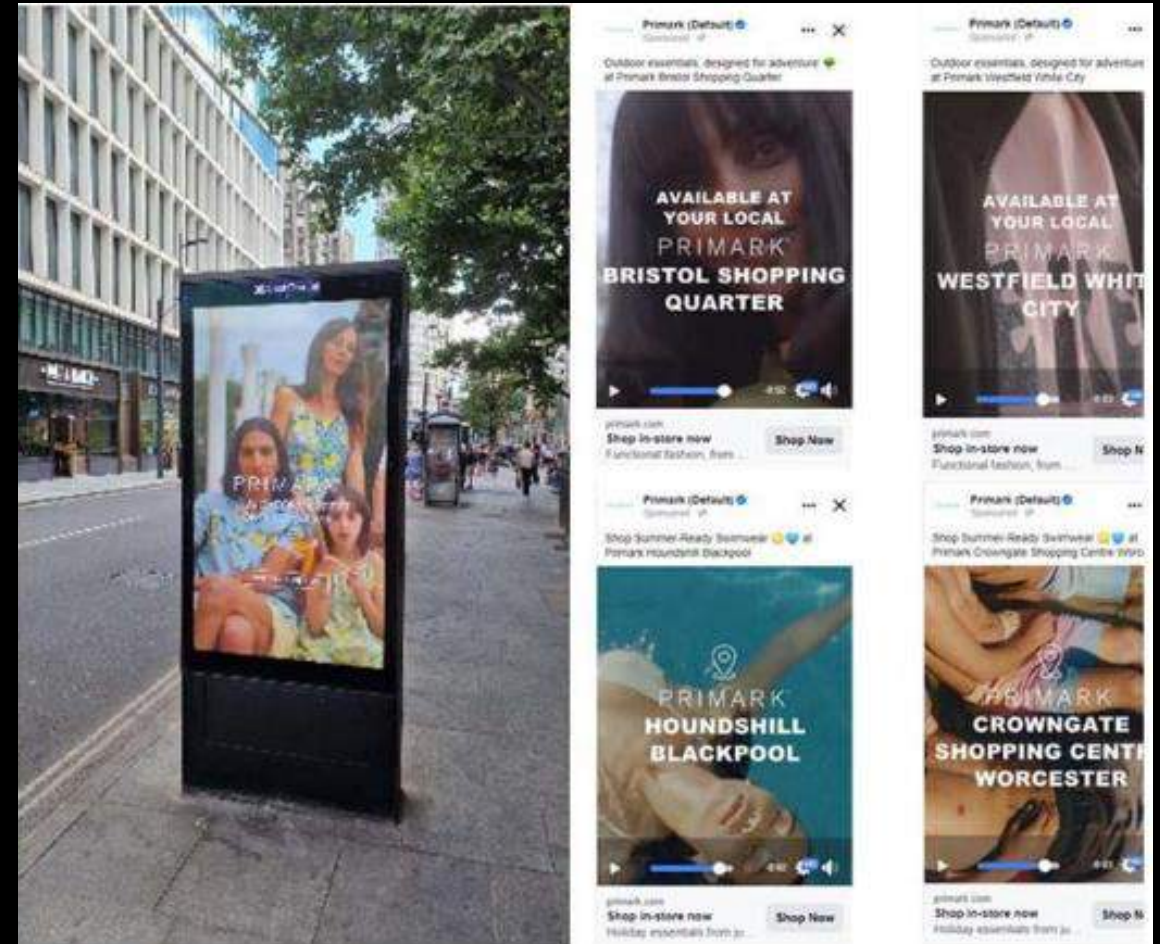
Despite strong brand recognition, Primark faced challenges due to the COVID-19 pandemic and growing e-commerce competition. They aimed to intercept online browsing and convert it into in-store visits without selling products online.

## Retail Media Strategy:

- High-Reach Platforms: Leveraged Meta, TikTok, YouTube, and Snap to target frequent online shoppers with broad audience targeting, using engaging content to drive interest.
- Dynamic Creative Optimization: Utilized data-driven insights to tailor ads dynamically, ensuring relevance and maximizing engagement.
- Geo-Targeting: Implemented geo-targeting to direct ads to users within proximity of Primark stores, increasing the likelihood of in-store visits.

**Results: Revenue ROI 20% above target**

Generated 91 million impressions & £1.7 million in incremental sales.



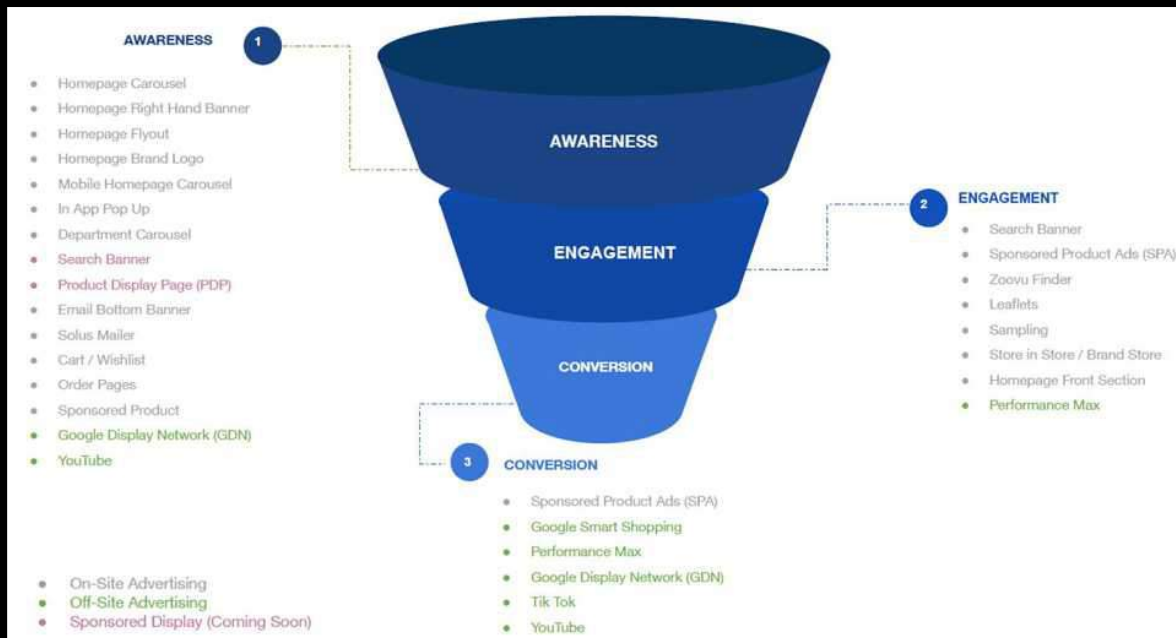
# LOCAL: TAKEALOT – UTILIZING THEIR AD FUNNEL TO OPTIMIZE ENGAGEMENT

Takealot's retail media network is delivering strong ROI for merchants.

- 40% of merchants on Takealot's network have seen a 20% ROI on their advertising investments.
- 17% of merchants have seen a 50% ROI or more.

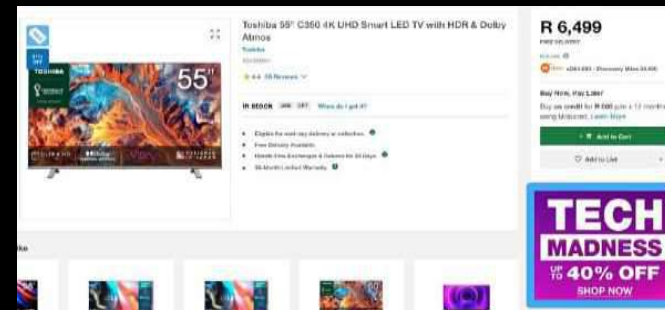
Takealot offers a variety of advertising solutions to meet the needs of merchants at all stages of the sales funnel.

“Our cutting-edge platform connects brands with their target customers through our retail media network. Harnessing the power of data-driven insights, we deliver impactful ads that drive real results”

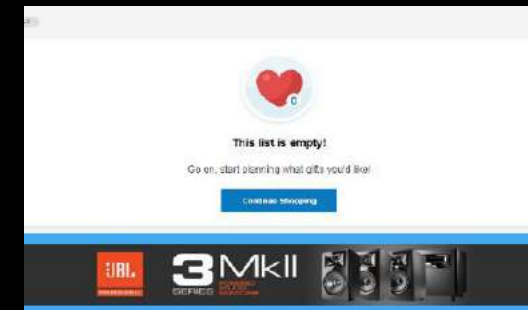


- Merchants can use Takealot's advertising solutions to drive awareness, consideration, and purchase intent.
- Takealot offers a variety of top-of-funnel offerings, such as banner ads, fly-outs, and product page ads.
- Takealot also offers bottom-of-funnel activities, such as search-based sponsored product ads, keyword strategies, and personalized pop-ups

## PRODUCT DISPLAY BANNER



## CART BANNER



# KEY TAKEOUTS:

## Capitalizing on Rapid Growth

Retail Media Networks (RMNs) are on a trajectory of explosive growth, with ad spend expected to surpass \$150 billion in 2024.

**Actionable Insight:** Brands should strategically allocate more advertising budget towards RMNs to harness their growth potential and gain a competitive edge.

## Leveraging Rich Audience Data

RMNs provide access to valuable first-party audience data, crucial for precise targeting and campaign optimization, especially with the decline of third-party cookies.

**Actionable Insight:** Utilize detailed customer segments and first-party data from RMNs to enhance audience targeting, create lookalike audiences, and improve the overall effectiveness of advertising campaigns.

## Seamless Omnichannel Experiences

Consumers expect a seamless shopping experience across online and offline channels, blurring the lines between them.

**Actionable Insight:** Implement Omnichannel Strategies - Develop unified customer profiles and cross-channel campaigns to provide a consistent and personalized shopping experience, meeting consumer expectations and driving sales.

## Harnessing AI for Personalization

AI and predictive analytics are revolutionizing RMNs by enabling highly personalized and efficient advertising.

**Actionable Insight:** Utilize AI algorithms to deliver tailored product recommendations and advertising, enhancing customer engagement and conversion rates.

## New Verticals Expanding RMN Potential

Industries such as financial services, telecommunications, and travel are entering the RMN space, bringing unique data and customer insights.

**Actionable Insight:** Explore New Partnerships - Brands should seek collaborations with these new entrants to leverage their rich customer data for more precise targeting and enhanced advertising opportunities.

# RESEARCH SOURCES:

WARC

GWI

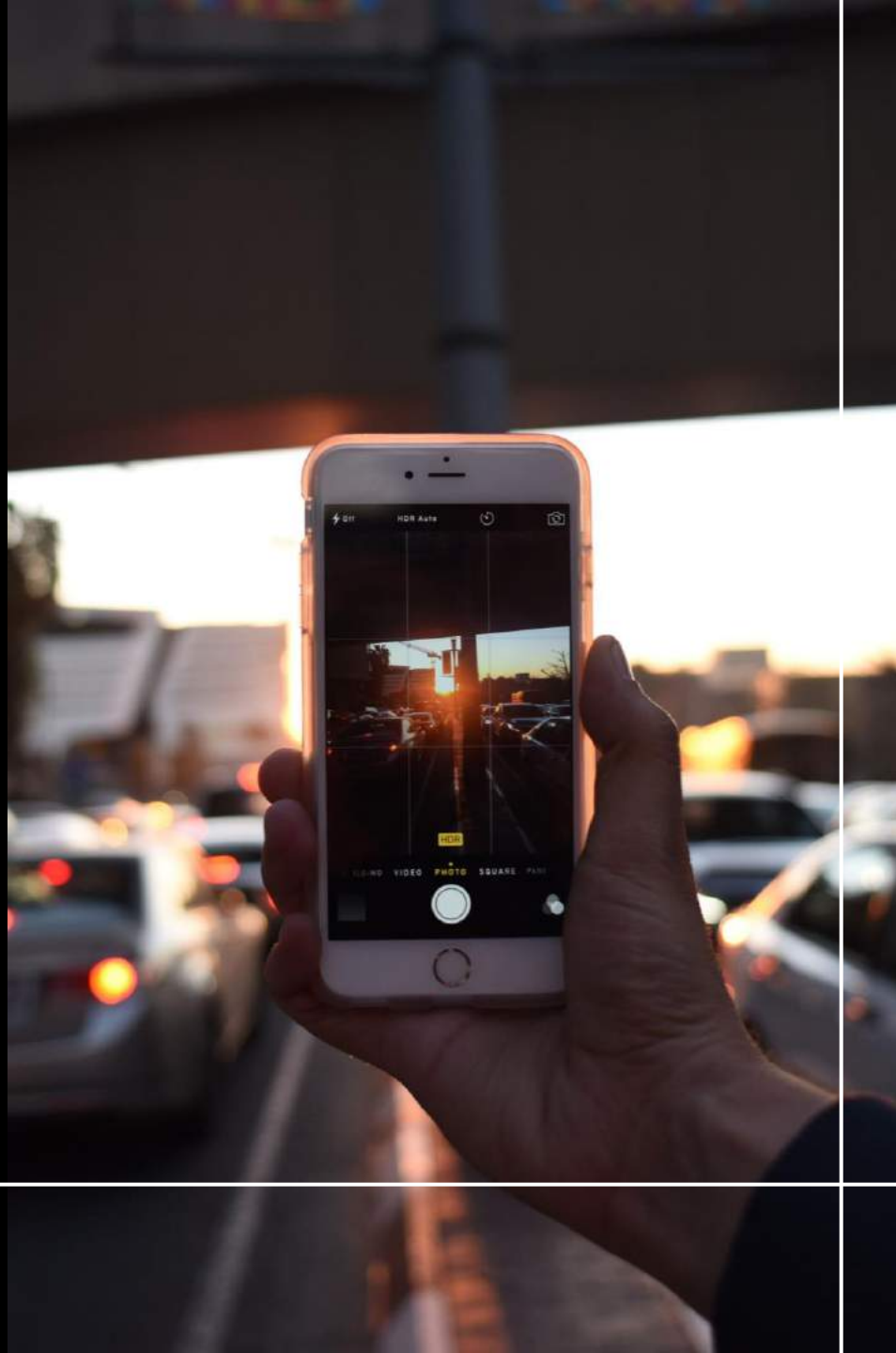
IAB

LINKEDIN

ECONSULTANCY

TRADE DESK





# THANK YOU

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