



clarity

STRATEGY - STRUCTURE - PEOPLE

The Rise of Retail Media: A New Era in Advertising

Introduction

- Retail media refers to the advertising space within online and physical retail environments
- Retailers are leveraging their online presence and customer data to offer brands a new way to advertise directly to consumers at the point of sale
- Estimated to surpass \$160 billion globally by 2027



SONY

Treat yourself to a new TV!

[Shop Sony >](#)

Made to Entertain
BRAVIA XR



Sony BRAVIA | KD-43X75WL | LED | 4K HD...

★★★★★ 21

✓prime

Results



Featured from Amazon brands

Toshiba UF3D 43 Inch Smart Fire TV 109.2 cm 2.1, Bluetooth, Airplay)

4.2 ★

Top Deal

£259.00 RRP: £349.00

✓prime Get it Thursday 7 Sep

FREE Delivery by Amazon

Options: 4 sizes

Enr

Res

4K



Featured from Amazon brands

Introducing Amazon Fire TV 43-inch 4-series 4K

4.4 ★

£299.99 RRP: £429.99

✓prime Get it Thursday 7 Sep

FREE Delivery by Amazon

Enr

Best Seller



RCA Roku TV 32" Screen Smart TV, RR32HD HDMI 2 x USB Port, Ideal Television for S/n

4.3 ★

£129.99 RRP: £135.00

✓prime Get it Thursday 7 Sep

FREE Delivery by Amazon

Options: 16 sizes

Key Drivers Behind Retail Media Growth

- **Shift to eCommerce:** Retailers like Amazon dominate online shopping, allowing them to tap into their vast digital ecosystems
- **First-Party Data Advantage:** With third-party cookies phasing out, retailers have access to rich customer data, giving them a competitive edge
- **High Intent Audiences:** Customers on retail platforms are often further along in the purchase journey, leading to higher conversion rates for advertisers
- **Controlled Ecosystem:** Retailers control the shopping journey, enabling seamless integration of ads without disrupting user experience

Case Study: Tesco & Pepsi

- Tesco partners with data science company dunnhumby to offer media and insight solutions
- Ad offering includes digital and in-store advertising, personalized offers, and targeted communications through their loyalty program, Clubcard
- Uses extensive customer data to provide brands with insights and targeted advertising opportunities
- Tesco performed “store wraps” which turned entire stores into giant Pepsi adverts



Case Study: Tesco & Pepsi

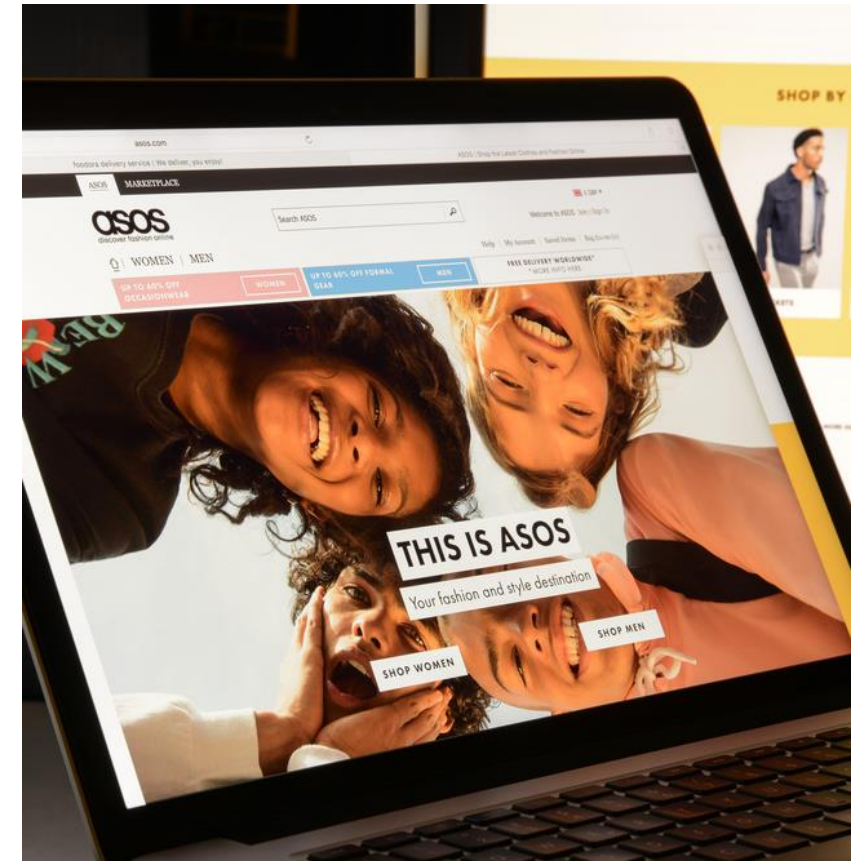


“As retail media continues to grow and expand, Tesco is leading the way. “We use insights from our growing Clubcard base to build refined audiences, offering precision at scale. Along with our expanding creative canvas, we’re able to create immersive omnichannel brand activations that enhance the customer experience and drive business growth.” –

Tash Whitmey, Tesco Media Managing Director

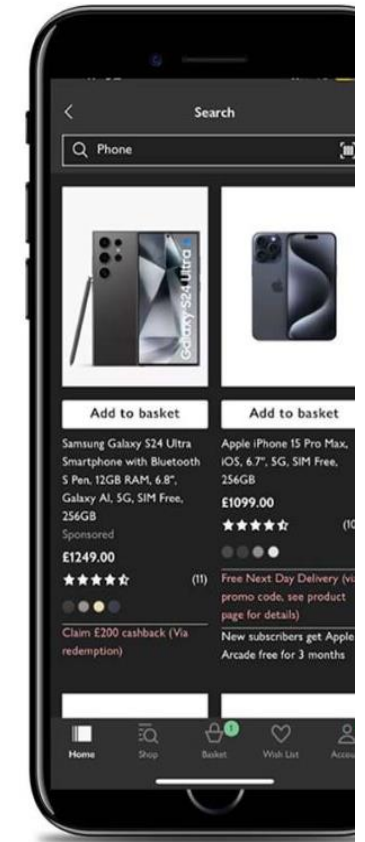
Other Examples of Retail Media

- Asos have used homepage takeovers, social media events and targeted email and push notifications
- Physical stores can use
 - Tannoy announcements
 - End of aisles
 - Floor stickers
 - Adverts in the car park



Economics of Retail Media

- **Model:** Retail media acts as an additional revenue stream for retailers, they sell advertising space to brands
- **Market Growth:** Retail media in the UK is expected to grow from £3.4bn in 2023 to around £7.88bn by 2027, GroupM forecasts sales through the channel will be bigger than TV advertising by 2027
- **Share of Digital Ad Spend:** Retail media already accounts for a significant share of total digital ad spending in the UK, projected to grow to nearly **20% by 2027**
- **Higher Margins:** The advertising margins on retail media are considerably higher than traditional product sales margins (sometimes as high as 75%), contributing to retailers' profitability
- **Higher ROI:** The precise targeting possible with retail media means brands are seeing a 20-40% increase in conversion rates, making it an attractive option compared to broader digital channels like search or social media.



Challenges in Retail Media



- **Managing Privacy and Data Regulations:** With increasing scrutiny around data use, retailers need to balance personalization with consumer privacy
- **Competition Among Brands:** As more brands advertise, it's harder to stand out, leading to ad fatigue
- **Ad Relevance:** Ensuring that ads remain relevant and don't overwhelm or annoy the customer

Future of Retail Media

- **Expansion into New Platforms:** Retail media will expand into new channels like voice commerce (Alexa, Google Assistant) and connected TV (CTV)
- **AI and Personalization:** AI will enhance ad relevance through predictive analytics and hyper-personalized shopping experiences
- **Omnichannel Integration:** More cohesive integration between in-store and online advertising to create a seamless customer journey
- **Retailer-Brand Collaboration:** Deeper partnerships between brands and retailers, with more co-branded content and shared data insights



Q&A and Discussion Points



- Will retail media really kill off / overtake tv advertising? What are the drawbacks of targeted advertising vs more traditional marketing campaigns?
- Will retail media provide a way for challenger brands to advertise more effectively or will it help to cement the dominance of larger brands with larger budgets?
- How will AI impact the future of advertising?