



**PUBLICIS
MEDIA**

The Retail Media Revolution

The Retail Media Revolution

Foreword



Steve Ricketts
Chief Commerce Officer

Across the 2024 advertising landscape, we're seeing consumer behaviour changes increasingly driven by macro factors: concerns about the rising cost of living, international conflicts, growing interest and inflation rates and the climate crisis.

At the same time, huge leaps forward in generative AI, media buying technology and the long-forecasted arrival of the cookieless future pose new challenges for brands and agencies.

However, this evolving landscape also represents new opportunities for brands to reach consumers. With landmark events including EURO 2024, the Paris Summer Olympics and a UK General Election all taking place within months of each other, brands can win big if they adapt quickly and decisively.

Retail media will be a key battleground, with huge opportunities for growth available to those that get it right.

However, its explosive growth means there are several challenges brands must consider carefully, including:

- Navigating the complexity caused by the emergence of new retail media networks.
- The increasing role of AI in expanding campaign planning and execution.
- Learning to use first-party data without compromising consumer privacy.
- The rise of non-endemic advertiser investment.
- New in-store retail media technology allowing targeted advertising and enhanced shopping experiences.

Amidst this disruption and the opportunities it creates, we're proud to share The Retail Media Revolution, a deep dive into how this critical discipline is developing in exciting new ways for brands.

Contents

01

The retail media landscape

02

Reducing friction in retail media planning, buying and measurement

03

The ongoing evolution of omni-channel shopper journeys

01



The retail media landscape

What's the shape of the retail media landscape in 2024?

Retail media's explosive growth shows no sign of slowing down, with **UK retail sales predicted to surpass £600bn in 2024** with the **penetration of eCommerce remaining steady at around 30% through to 2027¹**.

This is propelling the steady growth and expansion of retail media, as retailers monetise their data and platforms while brands increase investments to compete for their portion of the digital shelf.

With retail media providing attractive gains for retailers - boasting **up to 4x higher² Earnings Before Income & Taxes (EBIT) from selling ad inventory** compared to physical products - expect to see the growth of retail media networks and placements.

However, this rapid growth may also lead to increased fragmentation and complexity for advertisers.



“

This complexity will likely act as a barrier to brands increasing their investment in upper funnel retail media solutions, as they will be reluctant to invest further without clarity on the business impact of their existing activity.

The onus therefore falls on retailers and agencies to help brands navigate this complexity through intelligent solutions that tangibly tie retail media to business outcomes and can translate across retailers.

This will shift focus away from return on ad spend, which we know to be a proxy at best, towards measures of net new customers, media profitability and lifetime value. Connecting these metrics across what are often disparate retail media tech stacks will be key to retailers succeeding in this space.



Ian Black
Head of Retail Media

”

Full-funnel evolution

Despite the current challenges, we're likely to see an increase in the adoption of full-funnel retail media in 2024 as advertisers, agencies and retailers become more advanced in their understanding of the role and outcomes of retail data in traditionally 'brand-first' media environments.

This is likely to manifest in the following ways...

Advances in softer, media-focused KPIs for offsite retail media

Much of the testing of retail data in upper-funnel environments to date has been mistakenly focused on its ability to drive incremental short-term sales.

In many cases, this overlooks the nature of the inventory being targeted and the reduced likelihood that audiences are purchase-ready when browsing their social feed, for example.

In order for retail data to play a bigger role further up the funnel, retailers need to deliver the basics such as viewability, and pivot towards more appropriate KPIs such as brand lift/recall and indirect longer-term sales impacts, as they would when assessing more traditional digital tactics.

Increased importance of 1P data, clean rooms and DSPs

Retail first party (1P) data provides advertisers with data-rich insights that enable precise targeting and personalised advertising experiences that can be used to not only drive conversion but also build brands.

Increased sophistication in audience planning tools provided, such as Amazon's cross-channel planner, Tesco Dunnhumby's Insights Module and Nectar's Shopper Insights Platform, will make it easier for advertisers to justify upper funnel investment, whilst increased scale in data clean rooms and retail demand-side platforms (DSPs) will provide a secure environment for retailers and advertisers to collaborate on data analysis without compromising consumer privacy.

As privacy regulations tighten and consumer expectations for data protection grow, the role of clean rooms will become increasingly crucial in ensuring compliance and fostering trust between stakeholders.

Rise of non-endemics

Arguably one of the biggest opportunities for retailers further up the funnel will be the acceleration of non-endemic investment – where retailers sell advertising to brands who are relevant to their customers but whose products they don't sell.

Every point of sale presents a chance for advertisers to connect with consumers and for retailers to earn. There's a significant demand for growth, with **62% of brands wanting retail media offerings beyond just retail**³, e.g., airlines and hotels.

This will be facilitated by tailored pricing and buying models which recognise the differing value offered by their data and inventory for non-endemics.

We'll also likely see more planning functions created by retailers to assist agencies and advertisers in devising creative uses of retail media for non-endemics.

One ground-breaking example of this is the partnership between Vauxhall and Tesco.

This collaboration focused on creating unique audience experiences, with Vauxhall sponsoring electric charging stations at Tesco locations.

This innovative approach not only benefits both brands but also enhances the customer experience by providing a valuable service.



Consumer privacy and data collection

While privacy elements will depend on the specific consent mechanisms and clauses each retailer has in place, particularly when opening up their data for non-endemic advertisers, we expect to see more explicit value exchange communication for loyalty schemes.

These will increasingly be required as users become more aware of their data being used for targeted advertising.

This is already manifesting in exclusive pricing for loyalty card holders at Tesco and Sainsbury's, similar to what Amazon has done successfully for years with its Prime events.

Channel coordination and organising for omnichannel

The traditional consumer ‘funnel’ is broken, with multiple channels and media types now informing consumer purchases. However, coordination of media channels is not reflective of this, with **53% of organisations reporting limited alignment, internal silos, and notable gaps between channels⁴**.

This results in missed conversion and brand-building opportunities, and less impact of each advertising pound spent.

A big driver behind the lack of channel coordination is organisational design and channel funding. A recent benchmarking study by Profitero revealed⁵:

- **63% reported 1-2 company reorganisations related to eCommerce** had happened in the last two years, but **40% believe the change could have been handled better**.
- **52% increase in brands setting specific JBP goals to grow digital** but **41% still do not include eCommerce** in the discussion or do so sparingly.
- **56% of brands have expanded beyond the basics of content**, implementing active retailer site auditing but **only 15% are using analytical processes to identify content changes** that move the needle.



Case study focus: Leading CPG client

We held cross-stakeholder workshops and upskilling sessions which were instrumental in fostering discussions, achieving alignment, and developing a roadmap for integrated channel activation.

These efforts significantly impacted the bottom line for our client, who reported a **28% increase in sales value** and a **23% rise in sales units after a workshop**. Brands also grapple with the challenge of making informed investment decisions from diverse data sets.

The implementation of technology that provides a single source of truth for cross-channel investment decisions is crucial, with its advancement directly linked to the progress of retailer data offerings.

02

Reducing friction in retail media planning, buying and measurement

Measurement maturity

Traditionally, brands prioritise return on ad spend (ROAS) as the key KPI for retail media campaigns, with **78% of survey respondents ranking it above cost-per-click (CPC)**. However, **43% of brands wish to shift towards incremental ROAS (iROAS)** to measure additional sales from campaigns⁶.

Despite this, half of brands face difficulties incorporating incrementality measurement into their strategies due to inadequate tools and technologies.

Incrementality, or the additional sales generated by a campaign, can be assessed through iROAS (incremental return on ad spend). However, the context of a campaign and its impact on traditional media channels shouldn't be ignored.

As this space continues to grow, the 'mess' of retail data is going to get increasingly complex, and having lots of data solutions is as good as having none. Overcoming data silos from individual retail media platforms, assigning correct sales attributions, and getting a harmonised ROAS number across retailers will become more important, and brands will need to pivot towards an end-to-end retail data strategy.

Expect to see retailers, agencies and technology vendors begin to truly crack the incrementality nut in 2024 through sophisticated bridging of media and retail outcomes.

Increased prevalence of AI-based activation

We've already seen Google and Meta make significant pivots towards AI-powered campaign planning and execution with Performance Max and Advantage+ respectively. Additionally, Amazon have beta launched AI-generated creative in Sponsored Brand ads in the US market.

Expect to see more of this trend in retail media in 2024 as retailers begin automating the selection of audiences and placements to best achieve a desired output, such as short-term ROAS or new-to-brand growth.

The increase in generative AI being used by consumers to create recommendations will also put greater emphasis on brands, ensuring they have winning product content, strong organic visibility and a good number of positive ratings and reviews to be featured within the selection presented.

The key here for retailers will be deploying the correct balance between friction-reducing automation and controls for advertisers to tailor to their own specific requirements, all whilst continuing to create positive shopper journeys.



To compete effectively in today's competitive retail landscape, brands must broaden their focus to include a wider range of measurements and benefits. To truly understand the success of a retail media campaign, brands should consider a more holistic approach to measurement.

This involves re-evaluating a campaign's objectives and aligning them to broader business outcomes, such as increasing sales, raising brand awareness or increasing product consideration. To do this also means moving beyond the fixation on closed loops and short-term impact, as well as embracing a more comprehensive view of the retail media campaign's performance.



Justine Kroll
Partner – Commerce Strategy



03

The ongoing evolution of omni-channel shopper journeys

Social commerce expansion

'Social commerce' here refers to aggregating the wider trend of media formats becoming 'shoppable'. In-app checkouts, shoppable posts, virtual 'try ons' and 'live' shopping experiences are already becoming the norm within this space across social platforms.

However, we're now seeing large retailers integrating within these platforms to offer seamless shopping experiences, such as Amazon's tie up with Meta and Snap facilitating in-app checkout and sales tracking, initially in the US.

This was widely considered a direct counter to the recent developments of TikTok Shop. As social platforms continue to grapple with signal loss impacts, we forecast the continued trend of them forging closer connections with commerce platforms to fill these gaps for advertisers selling via retailers.

Along with platform innovations in Social Commerce, there is a growing trend of consumers leaning more towards socially created content, rather than brand content, to guide their purchase decisions.

User Generated Content (UGC), crafted by genuine brand consumers, significantly sways purchasing behaviour. In fact, **53% of shoppers say UGC makes them more confident in their purchasing decisions** than professional photography, and **40% of shoppers say UGC makes them more likely to buy a product from an ad**⁷.

The rise of in-store retail media

In-store retail media is poised to undergo significant expansion, with **47% of brands surveyed indicating they will be increasing their investment into digital in-store formats**⁸.

This is driven by technological advancements within the in-store retail space and shifting consumer behaviours wanting more immersive and connected in-store experiences.

Retailers are increasingly recognising the value of transforming their physical spaces into dynamic advertising platforms, leveraging innovative technologies such as digital signage, beacons and augmented reality to deliver targeted and interactive experiences to shoppers.

With the ability to capture real-time data on consumer behaviour and preferences, in-store retail media offers advertisers unparalleled insights into shopper demographics, and with the ability to buy this inventory programmatically, will allow for hyper-targeted advertising campaigns that drive engagement and conversion.

As consumers seek more personalised and immersive retail experiences, the integration of in-store media will become essential for retailers to differentiate themselves and enhance customer satisfaction.

This trend is expected to accelerate in coming years, with in-store retail media emerging as a vital component of the broader retail media landscape, delivering measurable ROI and driving increased foot traffic and sales for retailers.

Case study focus: Samsung

We've already started to see the positive impact of incorporating User Generated Content (UGC) into branded environments.

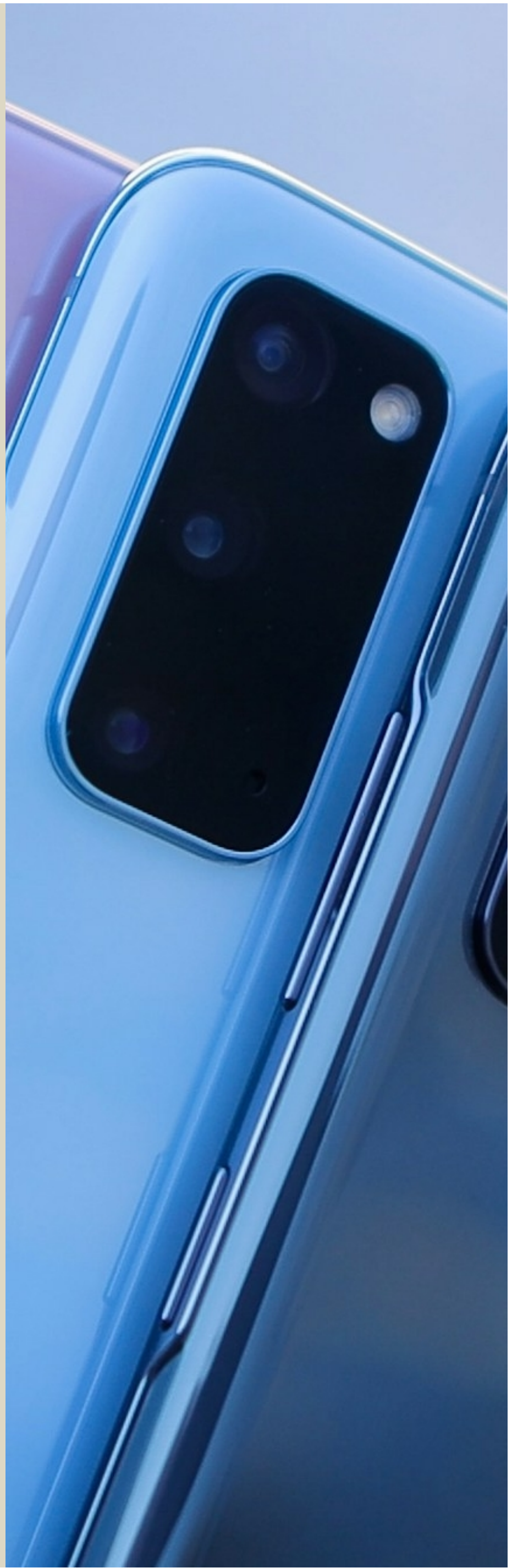
Samsung tasked Publicis Commerce with enhancing consumer journeys and conversion rates through innovative solutions and strategies.

With consumers prioritising authenticity over branded content, our challenge was standing out and delivering exceptional Samsung experiences on retail channels.

We made Samsung the first consumer electronics brand in the UK to incorporate UGC within product pages.

The campaign proved the value of UGC content, with an **average conversion rate increase of +6% for UGC-enhanced product pages**.

Additionally, **paid social campaigns using UGC assets as ad creatives delivered an average ROAS three times higher than previous campaigns**.





Retailers' best assets are their customers, and any negative user experiences caused by advertising can have lasting consequences.

This is where automation can be used to enhance retail media campaigns and lead to positive shopper experiences.

For instance, if a competitor's product goes out of stock, an automated trigger can be used to bid on their search terms and encourage consumers to try an alternative brand.

This strategy effectively bridges the gap between upper-funnel marketing and sales conversions for brands, whilst ensuring the consumer has their product need met.



Steve Ricketts
Chief Commerce Officer



Increased sophistication in “traditional media” channels becoming shoppable

Retail media is becoming commerce media, with opportunities to make every moment shoppable becoming easier for advertisers as technology evolves.

Retail media is stretching into traditional media channels such as TV and out-of-home (OOH). Developments in connected TV integrations using retailers 1P data and TV players (such as Channel 4, Sky and ITV), advertisers can target consumers with personalised messages based on their purchase history and preferences.

Similarly, OOH advertising presents a unique opportunity for retailers to engage with consumers in physical spaces, leveraging location-based data and insights to deliver targeted ads in high-traffic areas, from geo-targeted ads on Uber to shoppable QR codes embedded into OOH screens.

This evolution fosters a more dynamic and interconnected ecosystem where advertisers can leverage synergies between online and offline touchpoints to create seamless customer experiences.

Coupled with the closed-loop measurement provision, these integrations are enabling a greater level of sales reporting than previously was possible within these channels and, with advertisers increasingly under pressure to show return from advertising, this is likely to only increase in scale.

Publicis Media helps clients navigate the complexity of commerce by ensuring that investments drive sales, wherever consumers transact.

Our cross-functional Publicis Commerce team of subject matter experts delivers end-to-end commerce support and expertise for our clients.

We cover every aspect of commerce, from best-in-class retail media planning and activation, through to strategic client consultancy, capability development and outcomes-based commerce solutions.

Our strategic Groupe investments enable us to be active participants - not passive bystanders - in commerce.

We're leaders in identity and intelligence as rated by Forrester, and our deep partnerships with key retailers such as Amazon and Carrefour support the development of industry-first solutions, such as Publicis Warehouse and the Unlimitail Retail Media offering powered by CitrusAd.

We always advocate a holistic and connected commerce strategy, delivered at scale. We blend media, commerce content, order fulfilment, ratings and reviews, audience targeting and shoppable technology to maximise media return and market share for our clients and leave no dead-end experiences for consumers.

If you'd like to find out more about how working with Publicis Media and our Commerce team can provide you with superior service, best-in-class results, access to market innovation and ultimately a partner for growth, **get in touch with one of our experts today.**

References

1. eMarketer: Retail Media Forecast H2 2023 - [link](#)
2. McKinsey: State of Grocery – Europe 2023 - [link](#)
3. Criteo: The Great Defrag, Q4, 2023 - [link](#)
4. Skai x P2PI: The State of Retail Media 2023 - [link](#)
5. Profitero: 2023 eCommerce Organisational Benchmark Study - [link](#)
6. Skai x P2PI: The State of Retail Media 2023 - [link](#)
7. Bazaarvoice: Shopper Experience Index Volume 17 - [link](#)
8. Skai x P2PI: The State of Retail Media 2023 - [link](#)

Some content in *01. The Retail Media Landscape* originally appeared in eConsultancy's article, '[Retail media's full-funnel evolution: What can we expect in 2024?](#)'

Credits

Contributors

Steve Ricketts
Chief Commerce Officer

Ian Black
Head of Retail Media

Justine Kroll
Partner – Commerce Strategy

Anna Miller
Retail Media Lead

Astrid Lloyd
Head of eRetail Solutions

Executive editors

Rosie Shepherd
Growth Intelligence Associate Director

Greg Watson
Associate Marketing Director

Design

Yvonne Lau
Senior Designer

Contact

For inquiries about this report, please contact:

Nagmeh Taheri
Chief Business Development Officer
nagmeh.taheri@publicismedia.com

About Publicis Media

Harnessing the power of the modern media landscape to drive one-to-one consumer engagement at scale, Publicis Media creates value for clients through global media agency brands and scaled capabilities across investment, strategy, insights and analytics, data and technology, commerce, performance marketing and content.

publicismedia.com

This report is protected by copyright and all rights are reserved. This report, either in whole or part, may not be reproduced, transmitted whether by photocopying or storing in any medium of electronic means, without the written permission of the copyright owner. Every precaution has been taken to ensure the contents of this report are accurate at the time of publication, but Publicis Media does not guarantee nor can be held liable for its accuracy. This report has been produced to give Publicis Media's view and should not be relied upon or taken as giving advice.