

RETAIL MEDIA FOR BRANDS AND RETAILERS

Understanding the current
and future state of retail media
network industry





● Executive Summary

- Epsilon conducted the survey of brands and retailers to understand their perspectives on the current and future state of retail media.
- Respondents included retailers across departmental, grocery, off price and big box stores. Department stores are the predominant format for 36% of retailers, followed closely by grocery/supermarkets at 21%. The CPG (Consumer Packaged Goods) category emerged as the most common line of business, distantly followed by healthcare and electronics.
- The report reveals distinct roles and decision-making dynamics between CPG (Consumer Packaged Goods) and retailers. In CPG, decision-makers typically hold titles such as Director, Senior Manager, C-level executives, and VPs, with 36% having final authority over marketing and tech investments. Retailers, on the other hand, are led by Senior Managers, Directors, and VPs, with 18% making final decisions in similar areas. In both sectors over 60% of respondents work in marketing/advertising departments, and significant numbers are engaged in customer data/analytics.
- Revenue analysis shows that around 40% of retailers operate within the \$500-\$999.99 million bracket, slightly more than the 36% of CPG respondents in the same range. This highlights the nuanced differences in decision-making structures and operational focuses between CPG companies and retailers in today's market landscape.
- The Retail Media Report for Brands and Retailers presents these insights in a concise format, offering a comprehensive look at how businesses worldwide and in Australia are navigating and leveraging the expanding opportunities within retail media.

Retail media Brand and Retailer Perspectives





Key Findings

- Brands and retailers consider data collaboration essential in their advertising strategy.



- Brands and retailers prioritise retail media networks to enhance collaboration and boosting advertising performance.



- Brands find fragmented planning around channel-specific KPIs highly frustrating as a retail media inefficiency driver.



- Retailers attribute retail media inefficiency to inconsistent targeting across channels and tactics and find it extremely frustrating.



Challenges to Expanding Retail Media Networks



Key Challenges A Brand Perspective

- Developing or expanding first-party data is seen as a significant hurdle.
- Budget constraints is considered as another key challenge.
- Data leakage or privacy are other major concerns.

Australia

Global

57%

69%

50%

68%

43%

72%

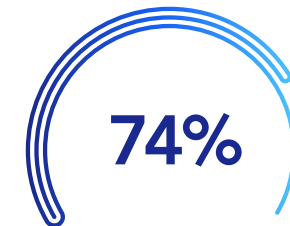
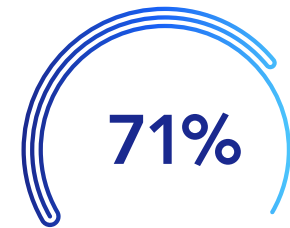
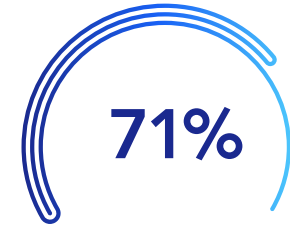
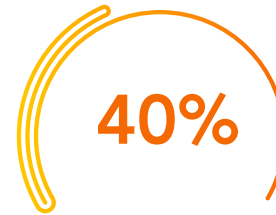


- **Key Challenges
Retailer Perspective**

- **Data leakage & privacy** is the primary challenge when expanding their retail media network.
- Developing or **expanding first-party data** is another significant challenge.
- **Cost of new technology, limited staffing** to scale technology, & **difficulties in collaboration with partners** are the other obstacles.

Australia

Global



Priorities and Success Metrics



Key Priorities & Success Metrics - A Brand Perspective

- Transparency in up-to-date campaign performance reports.



- The ability to self-serve across multiple retail media networks.



- Managing and servicing their own campaigns.



- Brands find purchase intent impact important when evaluating retail media campaigns.



- Return on ad spend (ROAS), incremental reach, and total reach are important metrics for assessing retail media campaign efficacy.



● Monetisation Strategies A Retailer Perspective

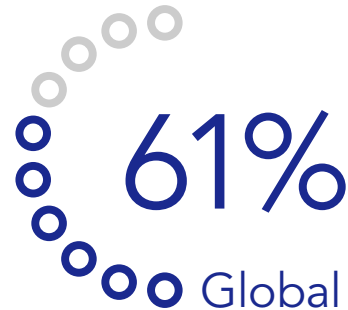
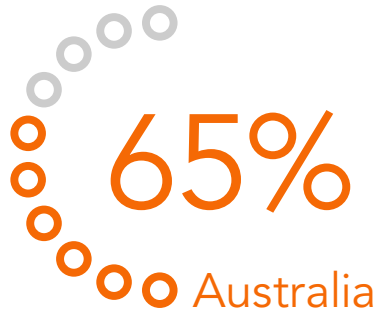
- Retailers are incorporating **on-site, social media (influencers, joint promotions) and email strategies** into their retail media or monetisation strategy.



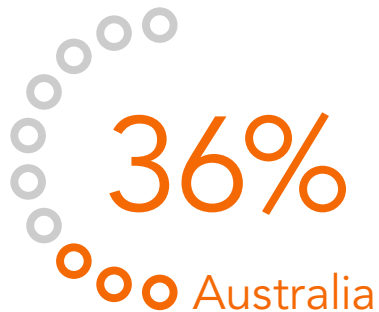
Funding Retail Media Campaigns



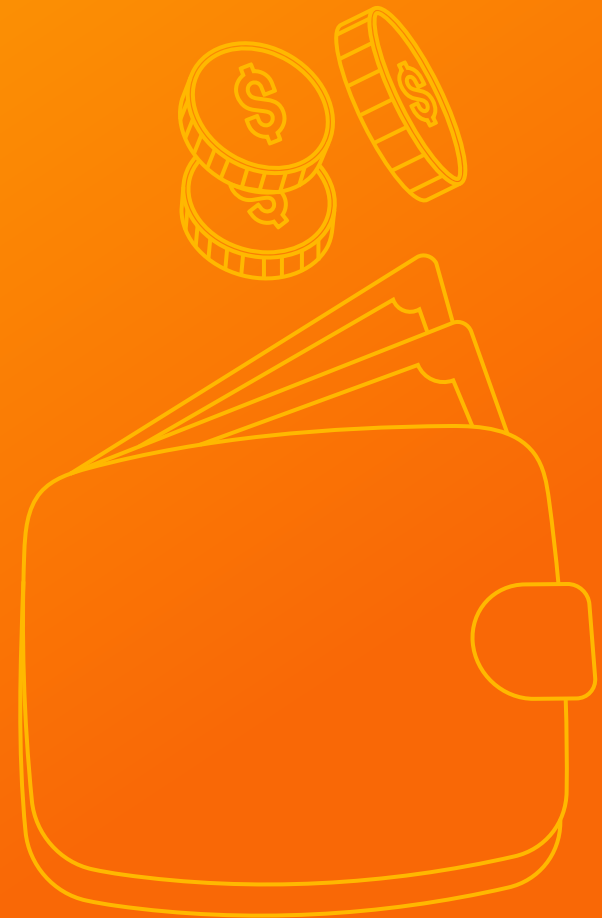
- Brands believe that the **brand marketing** team is primarily responsible for funding retail media campaigns, indicating a centralised approach to campaign financing among brands.



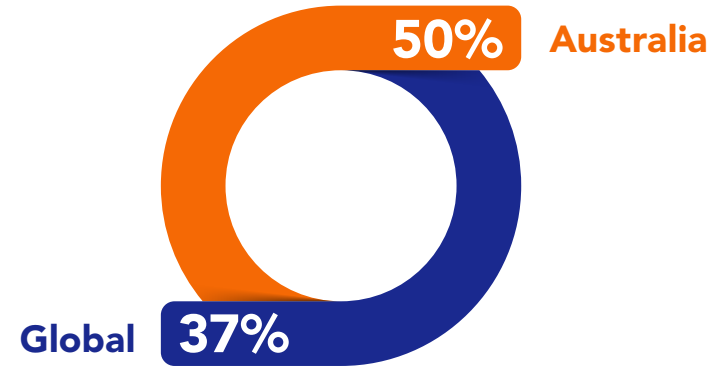
- Shopper marketing and performance** marketing teams are the other two departments considered for managing retail media funds.



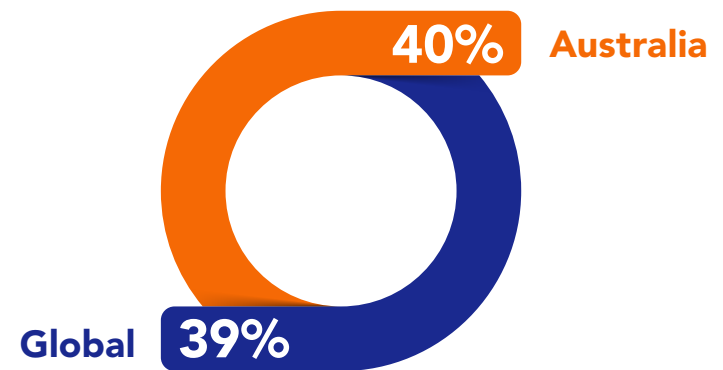
Shifting Budgets



Brands are considering reallocating budgets from non-retail media-specific shopper marketing budgets to include new retailers.



Brands are also contemplating reallocating funds from other retailers' media network budgets or shifting resources from non-retail media-specific digital marketing budgets to encompass new retailers.



Media Budget Allocated to Retail Media Activation



● Brands allocate a sizeable portion of their media budget (11-50%) to retail media activation, underscoring the importance of retail media in their overall marketing strategy.

Brands allocating 11-25% of their media budget to retail media activation

36%



Australia

35%



Global

Brands allocating 26-50% of their media budget to retail media activation

30%



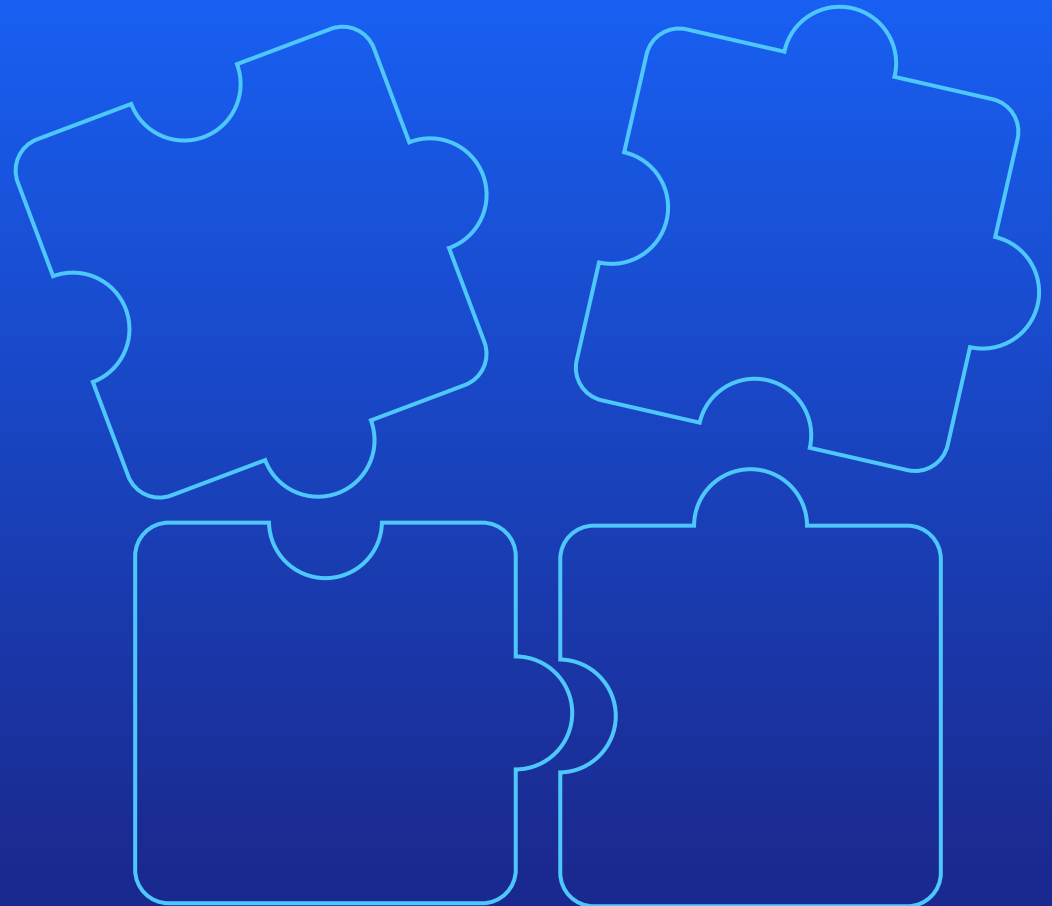
Australia

39%



Global

Conclusion



- The study's insights into the retail media landscape reveal strategic imperatives that will prepare brands and retailers for the future. Considering the changing privacy landscape and the move away from third-party identifiers, focus on customer data platforms will become a requirement, and investment in retail media will need to ramp up. These will drive not only brand visibility but also help optimize ROI through targeted, performance-driven campaigns.
- The adoption of a centralised funding approach by brand marketing teams underscores the significance of a unified strategy based on performance metrics and retailer network effectiveness. It allows for a proactive reallocation of budgets from traditional to emerging channels and demonstrates adaptability to changing market dynamics.
- Global trends towards data collaboration and transparency underscore the industry's drive to future-proofing advertising strategies. This forward-thinking approach, which emphasises self-service capabilities across multiple retail media platforms and prioritises metrics like purchase intent and ROAS, is a clear shift towards measurable outcomes and campaign effectiveness.
- To navigate the challenges and opportunities arising from the digital retail environment, brands and retailers must prioritise agility, innovation, and data-driven decision-making. This will help draft a roadmap to achieving sustainable growth and gain a competitive advantage within an increasingly complex market environment.



About Epsilon

Epsilon is a global advertising and marketing technology company positioned at the center of Publicis Groupe. Epsilon accelerates clients' ability to harness the power of their first-party data to activate campaigns across channels and devices, with an unparalleled ability to prove outcomes. The company's industry-leading technology connects advertisers with consumers to drive performance while respecting and protecting consumer privacy. Epsilon's people-based identity graph allows brands, agencies and publishers to reach real people, not cookies or devices, across the open web. For more information, visit epsilon.com/apac

