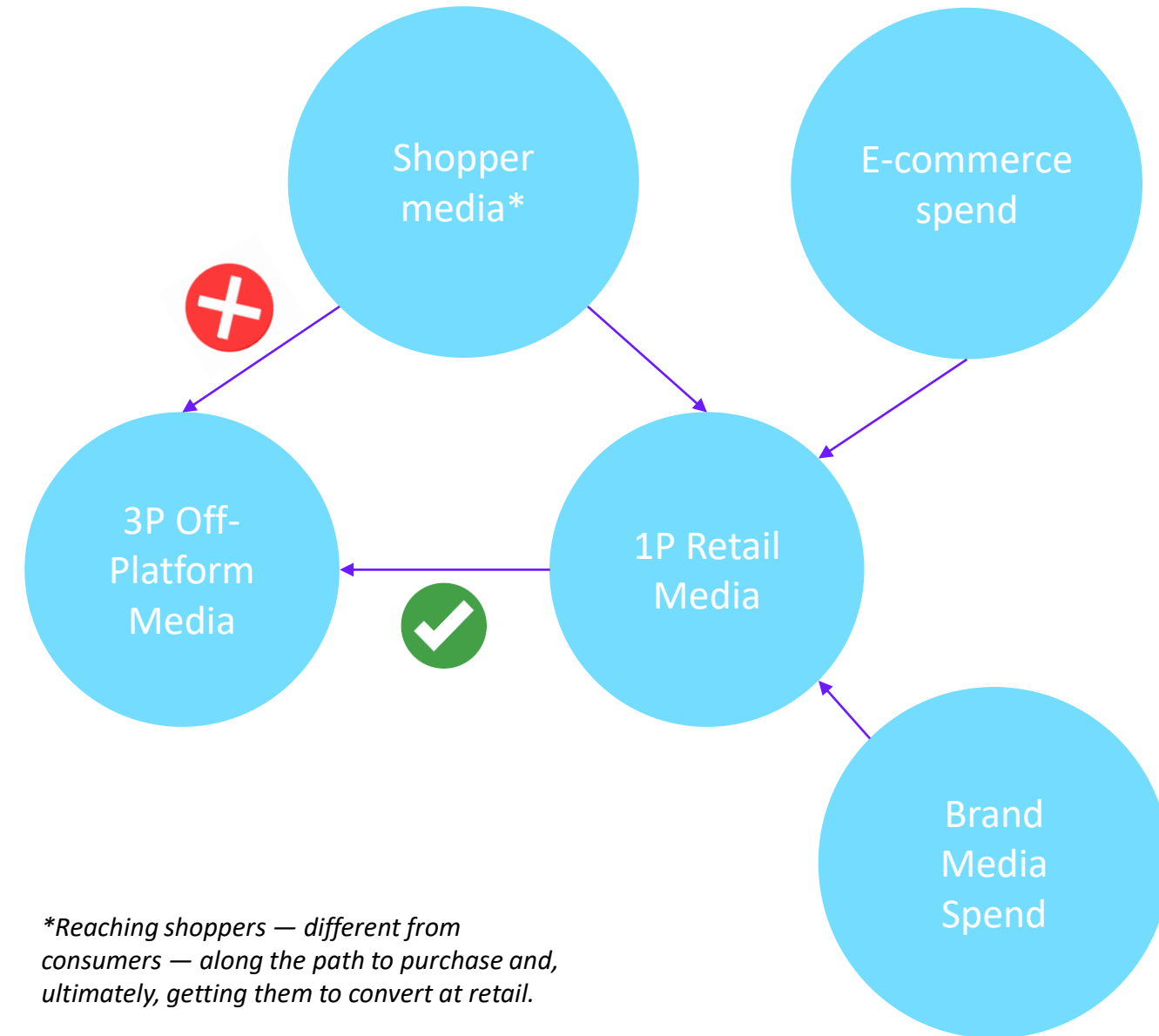


Retail Media – Megatrend for the next Digital Decade?

Dr. Daniel Knapp
Chief Economist, IAB Europe
25 May 2022



Evolving definition of retail media

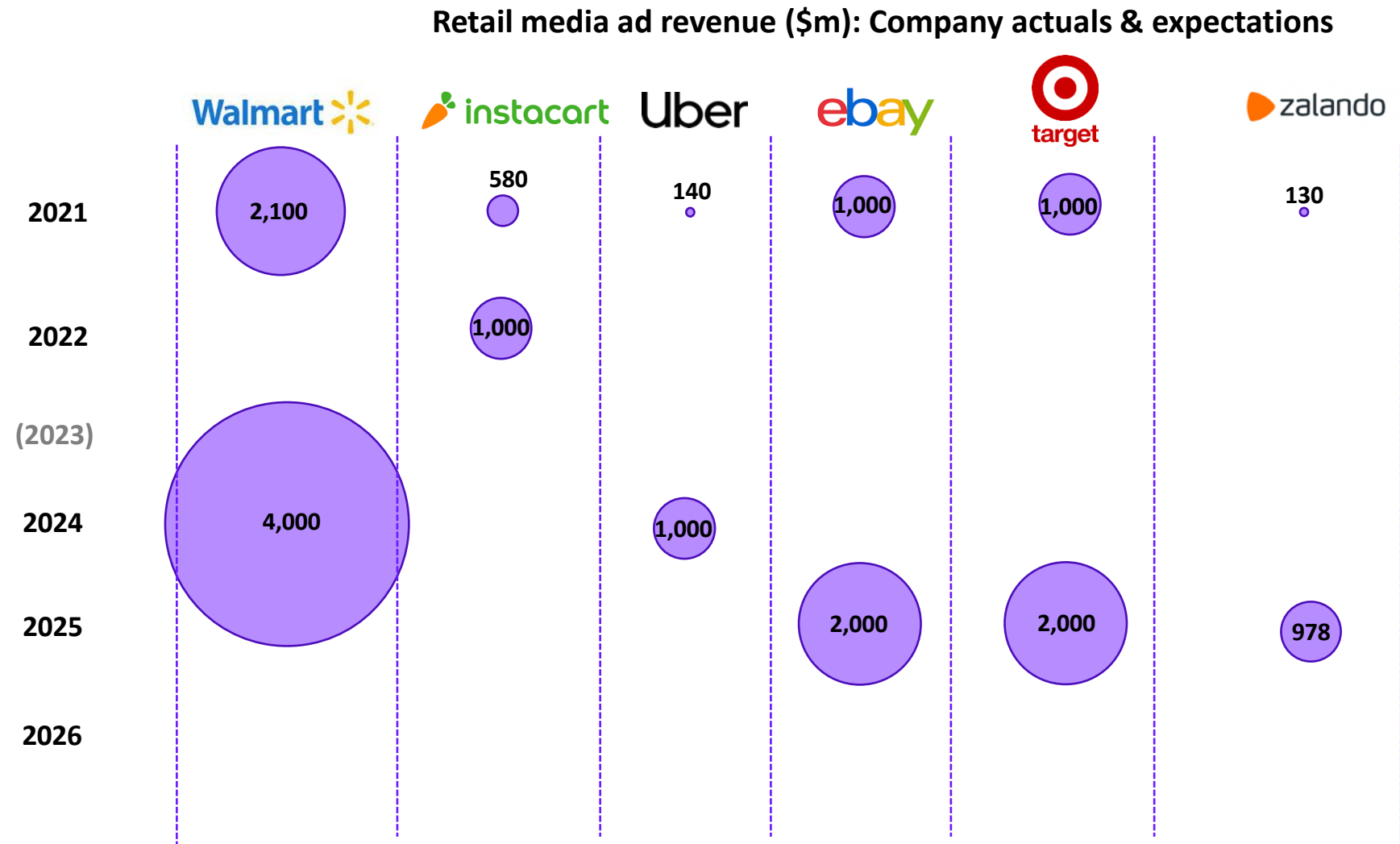


**Reaching shoppers — different from consumers — along the path to purchase and, ultimately, getting them to convert at retail.*

Retail media is ~~shopper~~ media bought directly from a retail media network, or in some cases directly from the retailer's dot-com team:

1. Proprietary first-party shopper data that can be used for targeting.
2. Unique on- and off-site inventory opportunities.
3. Closed-loop attribution capabilities for measurement.

US data and European company reports are bellwethers for size of opportunity

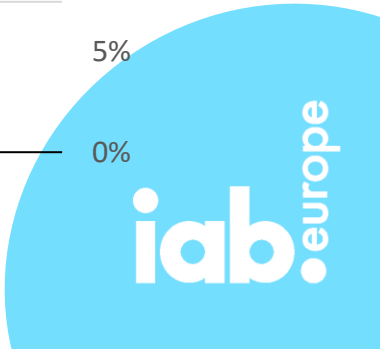
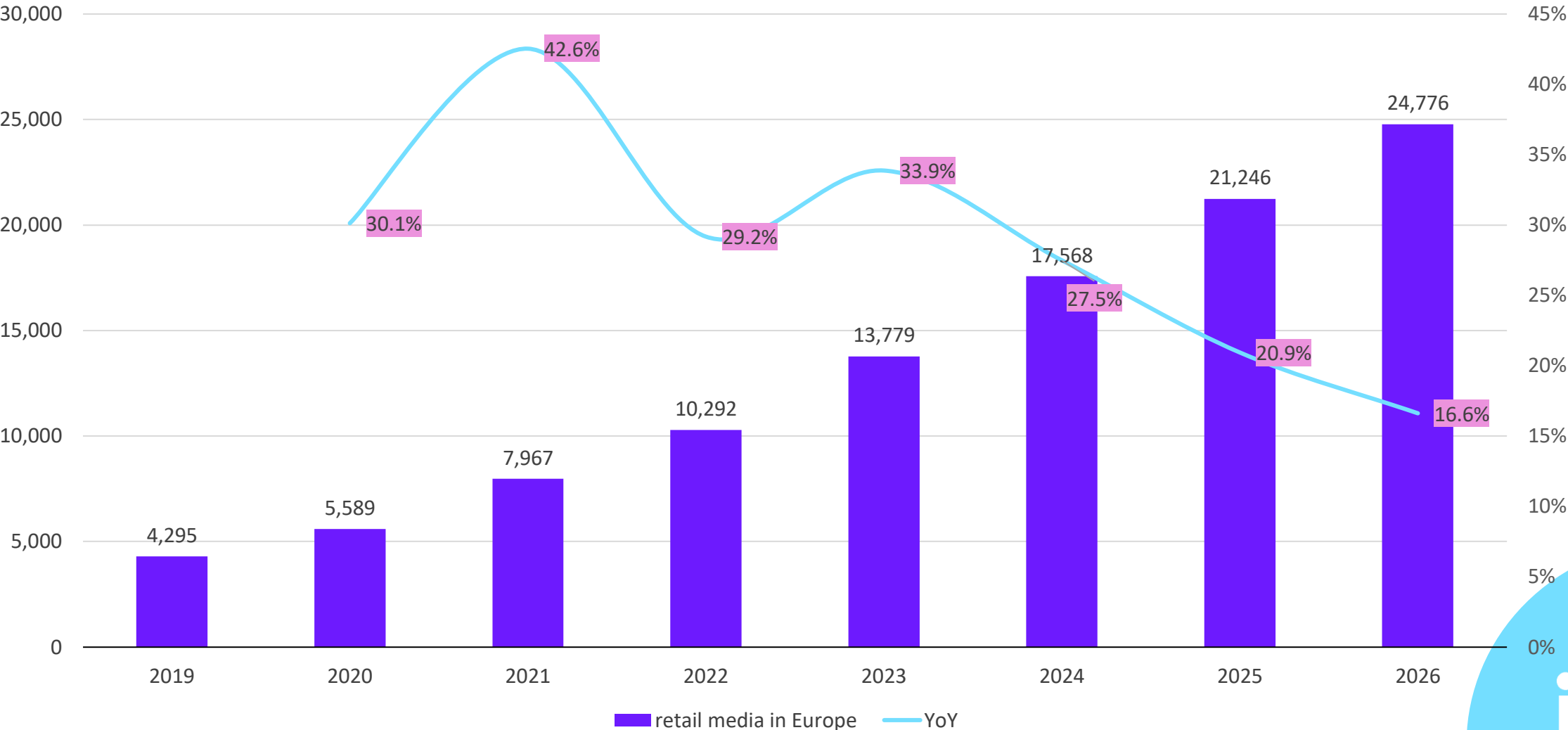


**includes other digital services such as AI, but we assume mainly retail media – driven by US market investment*
Source: company reports & investor conference call statements, press interviews



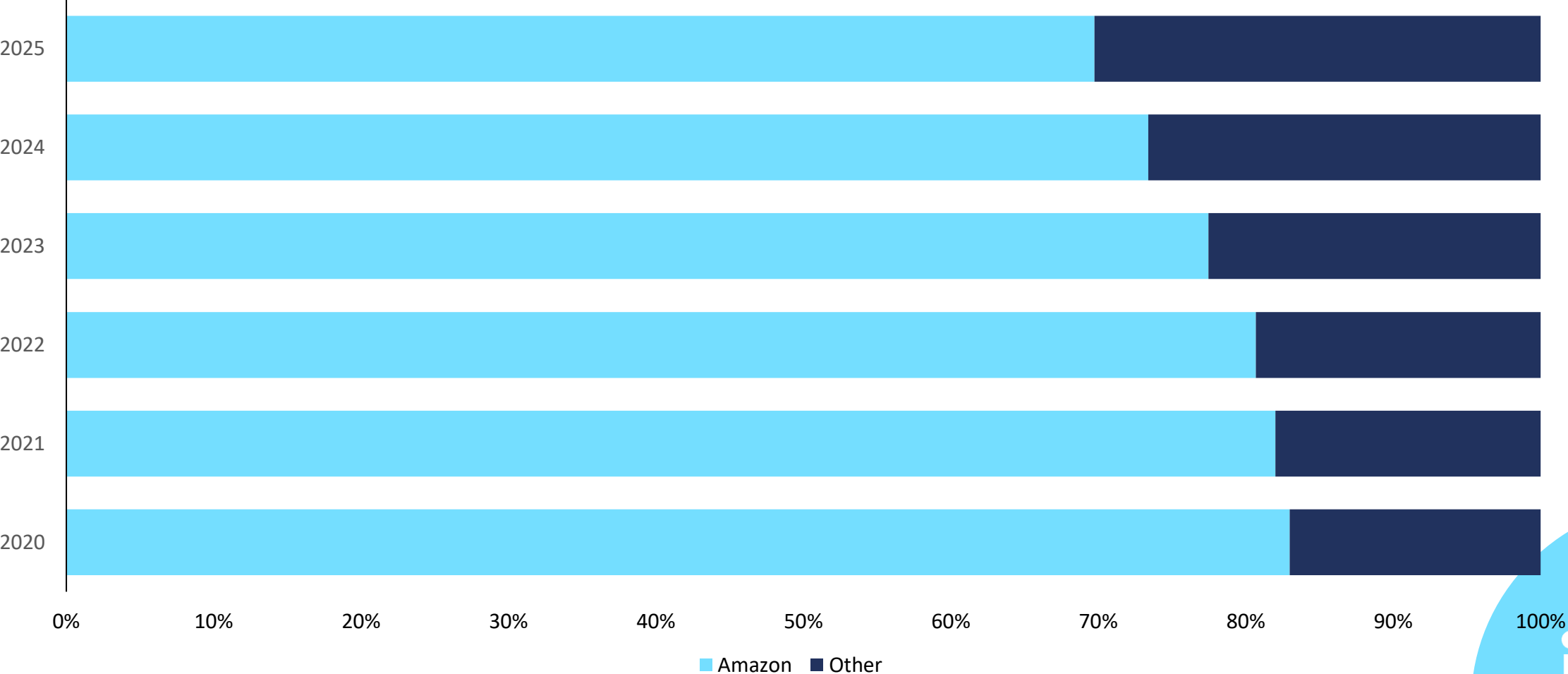
The European market is accelerating quickly

Europe: Retail Media Advertising (€m)



Significant opportunity outside Amazon

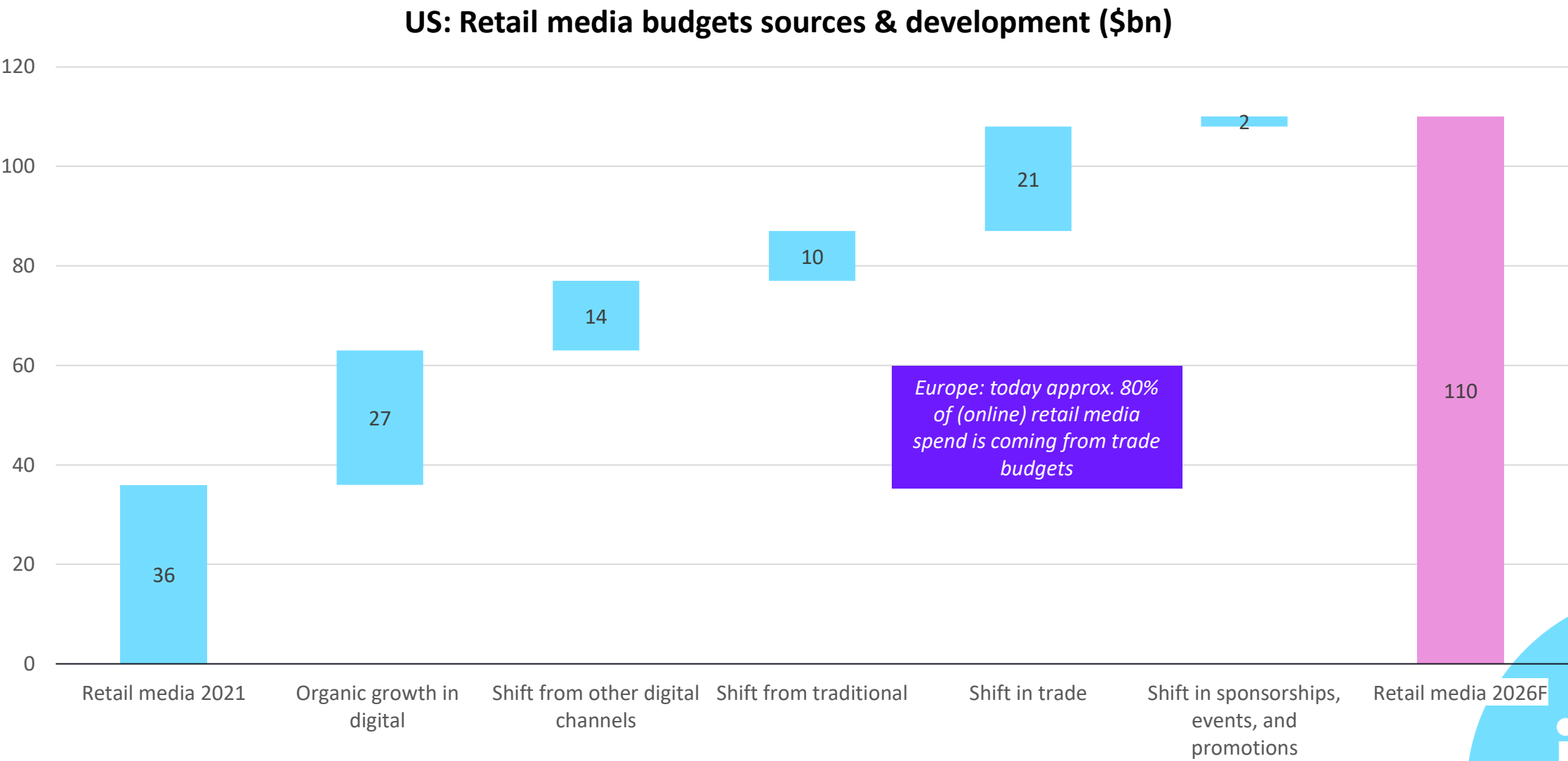
Europe: Retail Media Ad Spend: Amazon vs others



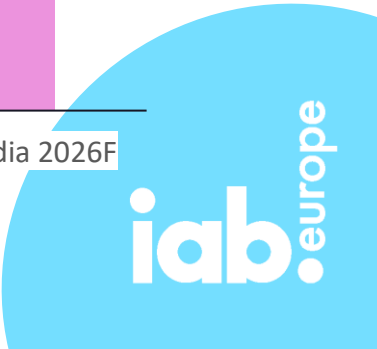
Source: IAB Europe



Where is the ad spend coming from?

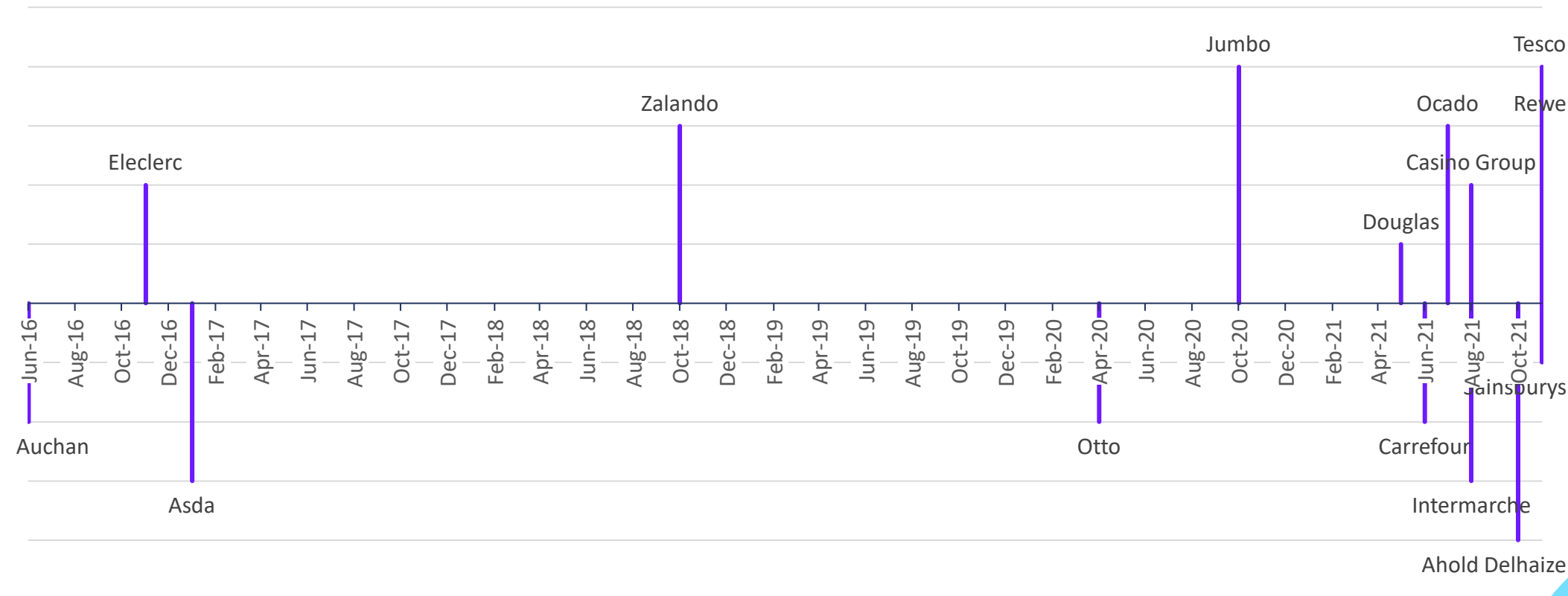


Source: BCG



2021 has been a firestarter year for retail media networks

Time line of retail media offering launches in Europe



Source: IAB Europe analysis of company data



How much do European retailers make from retail media, and how can we find out?

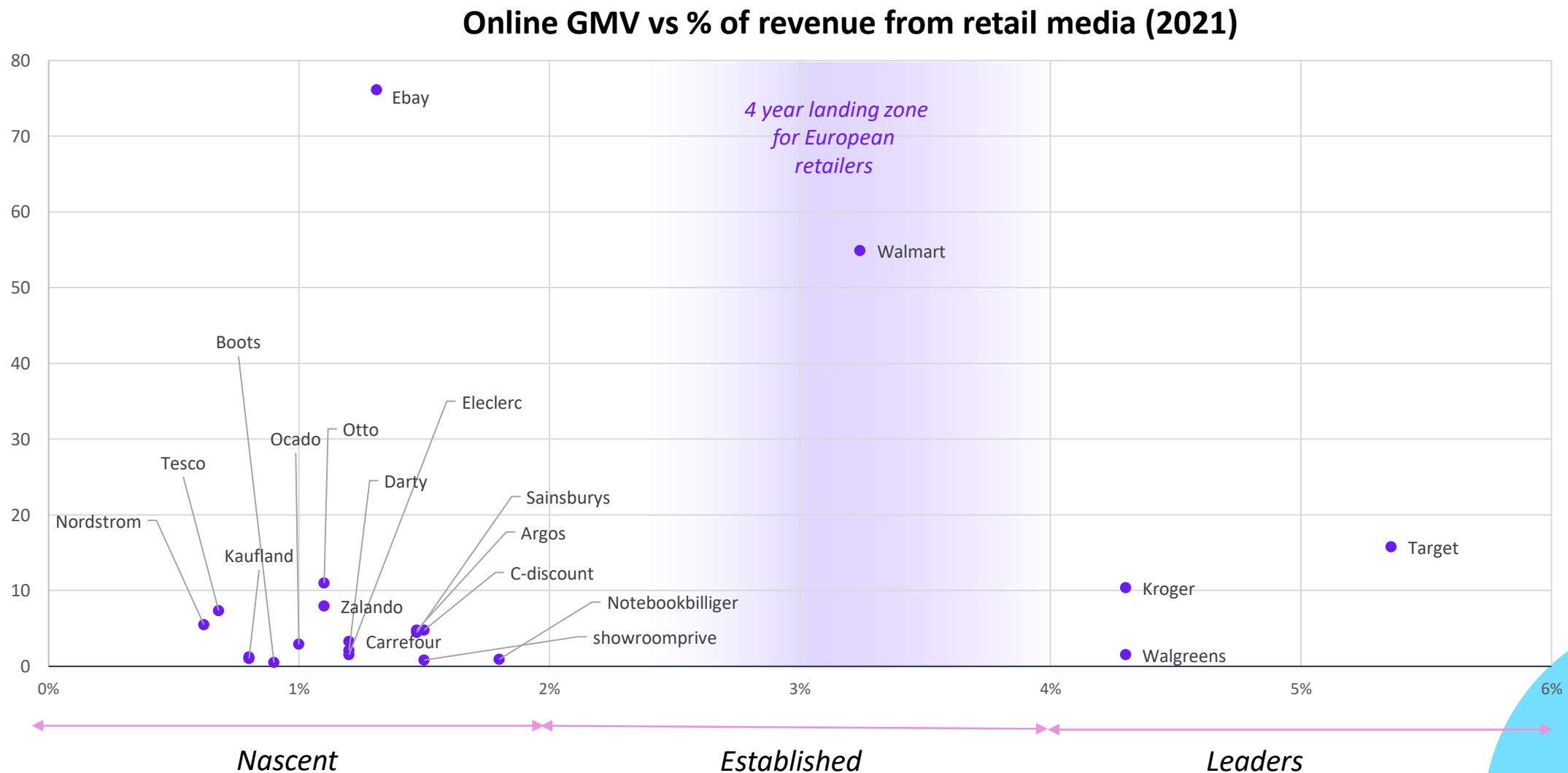
Projected % of e-commerce revenue made from advertising (example)

Retailer	Category	Online GMV (€bn)	Ad revenue (€m) as % of online GMV			
			0.5%	1%	1.50%	2%
Tesco	Supermarket	€ 7.33	€ 36.7	€ 73.3	€ 109.9	€ 146.6
Fnac Darty	Multi-sector	€ 2.09	€ 10.5	€ 20.9	€ 31.4	€ 41.8
Zalando	Fashion	€ 7.98	€ 39.9	€ 79.8	€ 119.7	€ 159.6
Ocado	Supermarket	€ 2.91	€ 14.6	€ 29.1	€ 43.7	€ 58.2
Otto	Fashion	€ 10.99	€ 54.9	€ 109.9	€ 164.9	€ 219.8
Ahold Delhaize	Supermarket	€ 4.94	€ 24.7	€ 49.4	€ 74.1	€ 98.8

ConservativeLikelyAggressive

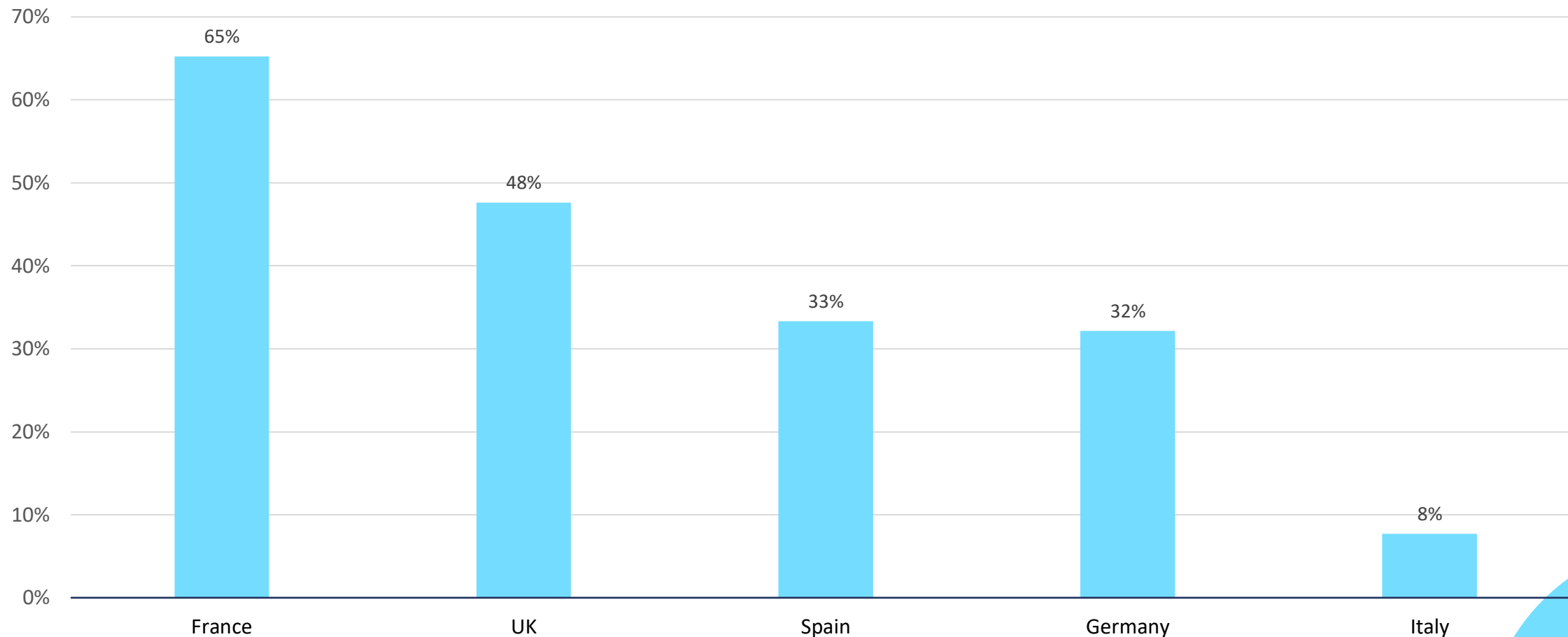
While more retailers break out retail media revenue, data remains scarce. We modelled revenue based on known relationship between online GMV and retail media. Actuals from European companies and US retailers gives us robust ranges. We added inflators and deflators taking into account country, ad market and a retailer's specific offering which we assessed qualitatively. The above snapshot shows key baseline assumptions.

Established retail media offerings are at 3%+ of online GMV



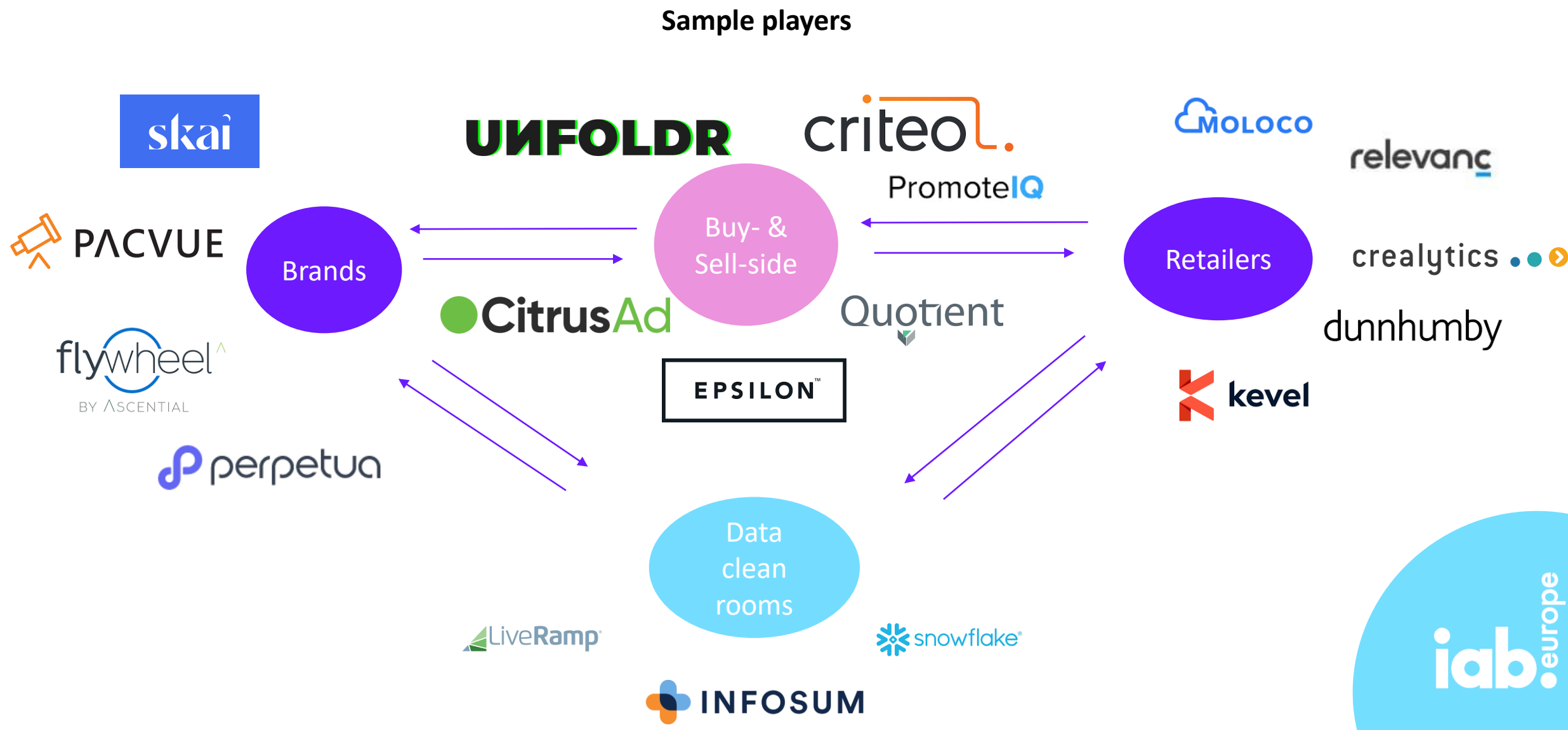
France and UK ahead of the rest

% of European retailers with a retail media offering by country

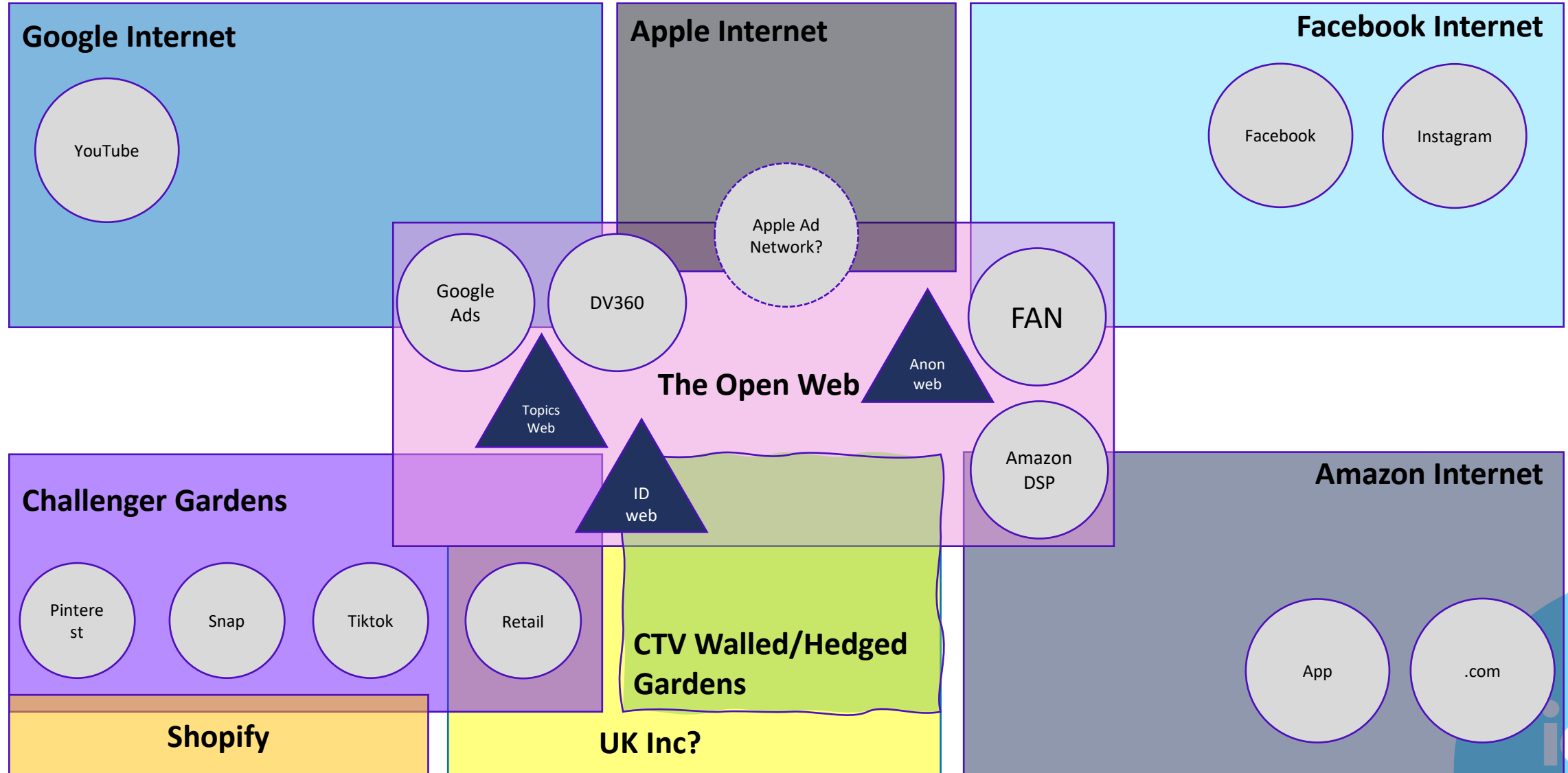


Source: IAB Europe analysis of top 91 retailers in terms of e-commerce revenue in Europe's Top 5 countries, in whether they have a retail media offering or not. Excludes retailers that do not sell third-party products. Multi-sector includes companies like Amazon that sell across categories.

Emerging ecosystem: industry innovation in a microcosm



Why now?



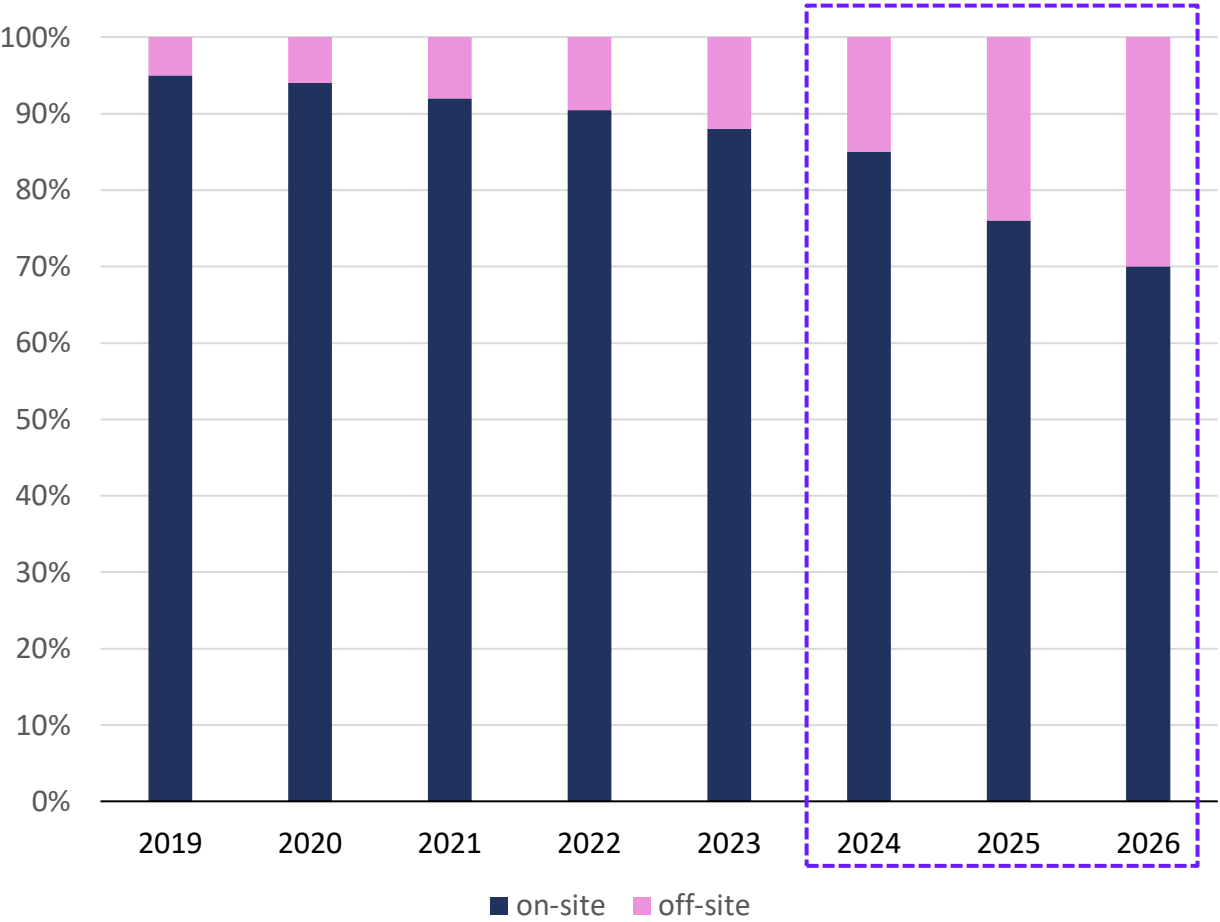
A close-up photograph of Jeff Bezos, the CEO of Amazon, speaking at a podium. He is bald, wearing a dark suit, white shirt, and dark tie. He is looking slightly upwards and to the right. The background is a solid blue color. A large white speech bubble is positioned to the right of his head, containing text.

“I wonder what unit
profitability was in
2017 without
advertising.”*

**Brad Stone (2021) “Amazon Unbound”, p.
246: recounting OP1 meeting in autumn 2017*

“Retailers must go from 30/70 to 70/30 in favour of off-site”

Share of retail media revenue (European
endemics)



From ‘Frontier’ to New Video

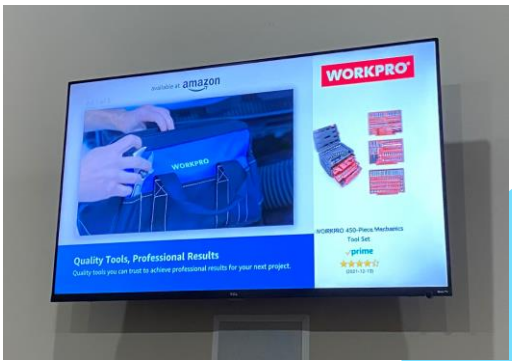
Social commerce
& Live Shopping



Search, SEO

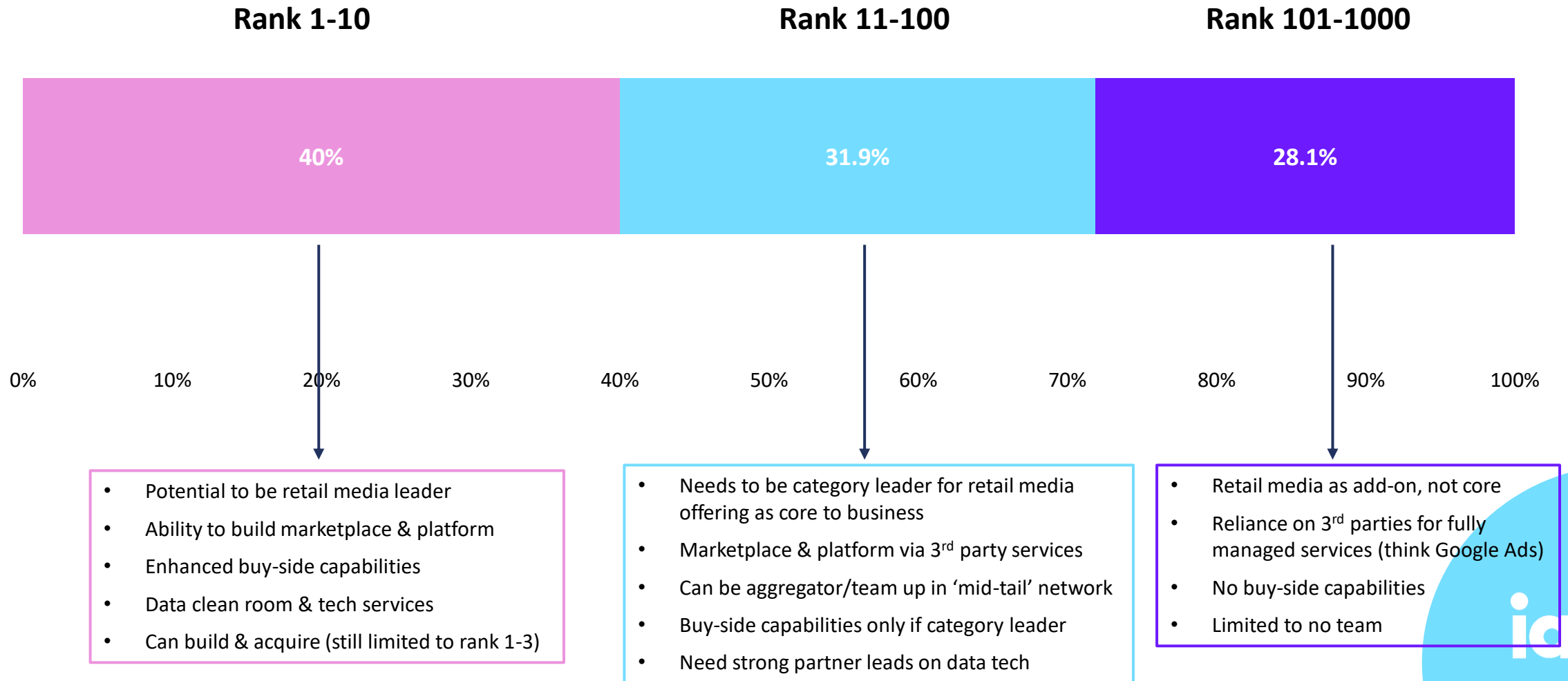


Programmatic
Display, Video, CTV



But can every retailer really launch their own network?

Germany: retailers ranked by share of national e-commerce revenue (2021)



Large players & sectors to enter the retail media game in new ways

1.



New industries such as airlines will tap into retail media to consolidate travel experience using existing loyalty schemes: \$100m opportunity in US for airlines by 2025 (McK)

2.



Shopify to enter the market with a buy-and sell-side ad product leveraging merchant data for post-ATT targeting

3.

Uber

Uber, Instakart et al will usher in a new wave of ad tech consolidation with ad tech acquisitions – LiveRail/Brightroll days revisited

4.

83% of B2B companies to increase digitalization budget

Large market in equal size to B2C market but with much lower digital maturity eyes a digital marketplace model to sell goods

Thank you!

communication@iabeurope.eu

