What's in Store for Retail Media

Nir Manor · Transformational Retail

15 April 2025

RMNs' future growth prospects

By 2030, Retail Media Networks:

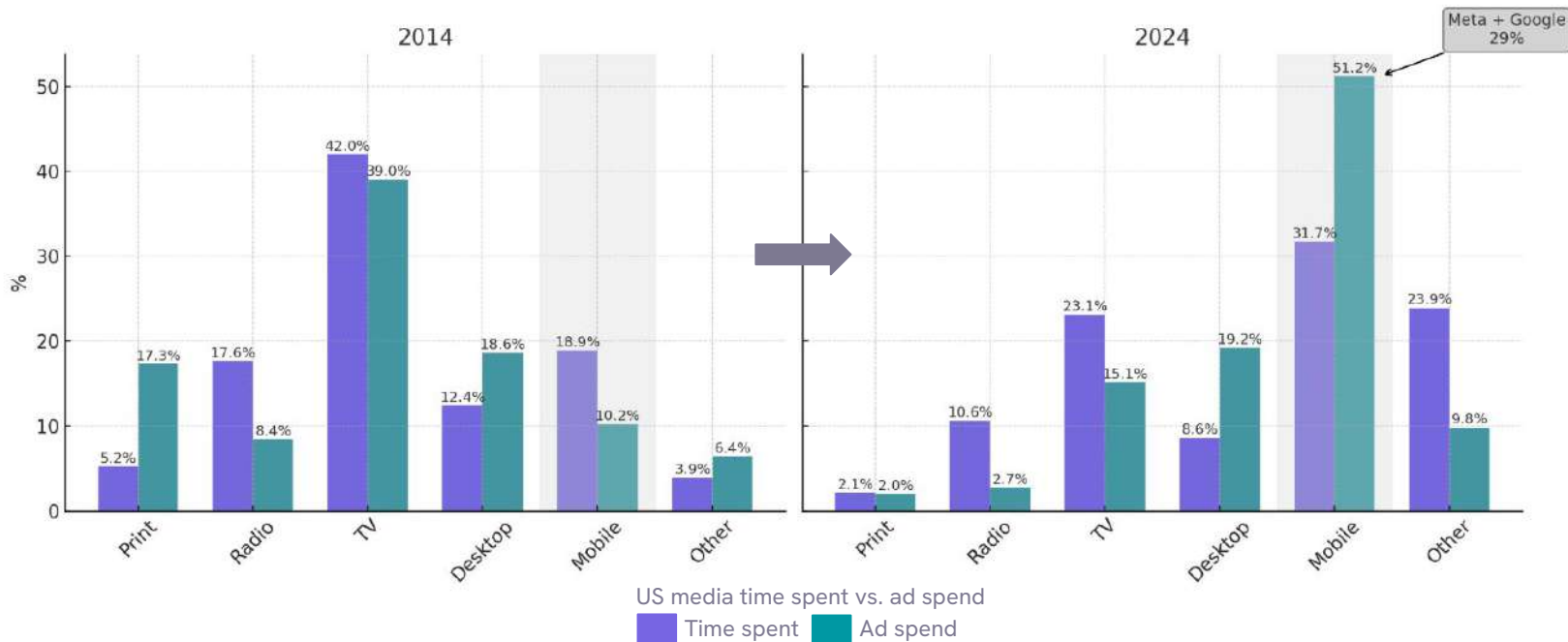Projected to account for **50% of total digital marketing spend**

Account for **25% of total ad spend**

Drive up to **35% of a retailer profits**

Source: IAB, Bain & Co., McKinsey 2024

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The media landscape has shifted dramatically in the past decade

once dominated by TV now by Meta and Google:
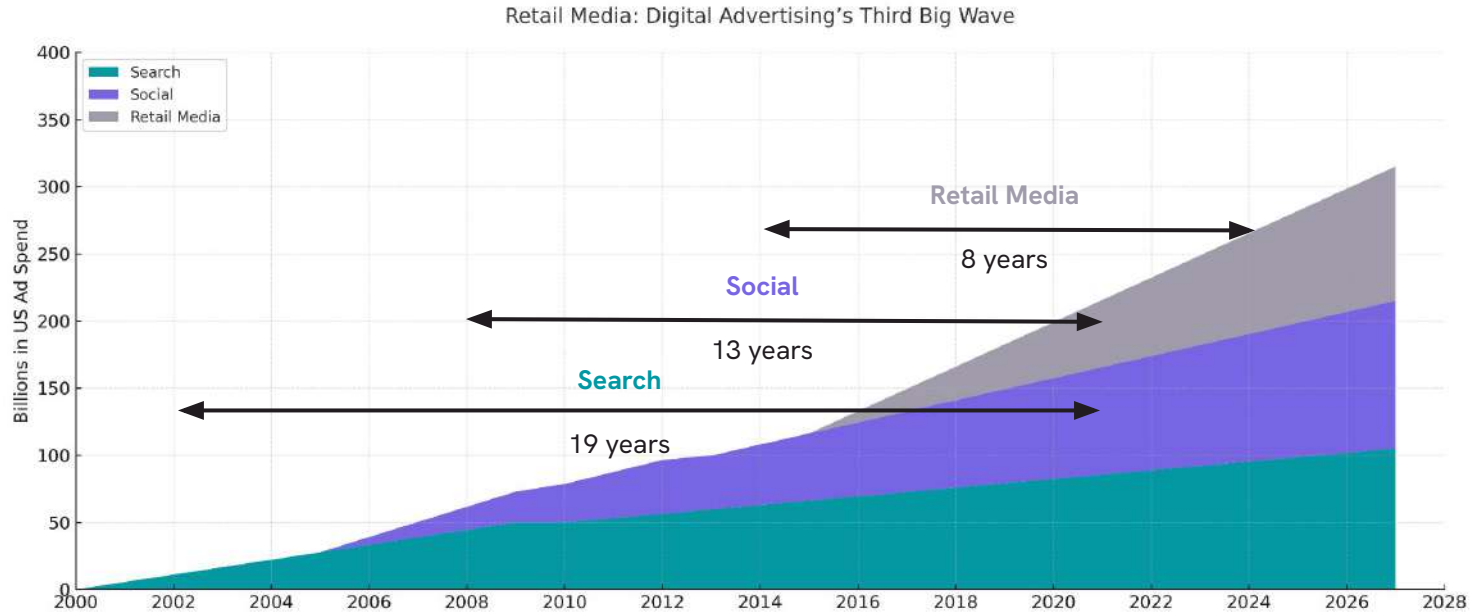

US media time spent vs. ad spend

Time spent Ad spend

Source: Emarketer

RM 3rd big wave reached $50bn in ad spend faster than previous waves

- Search and Social - and will surpass them

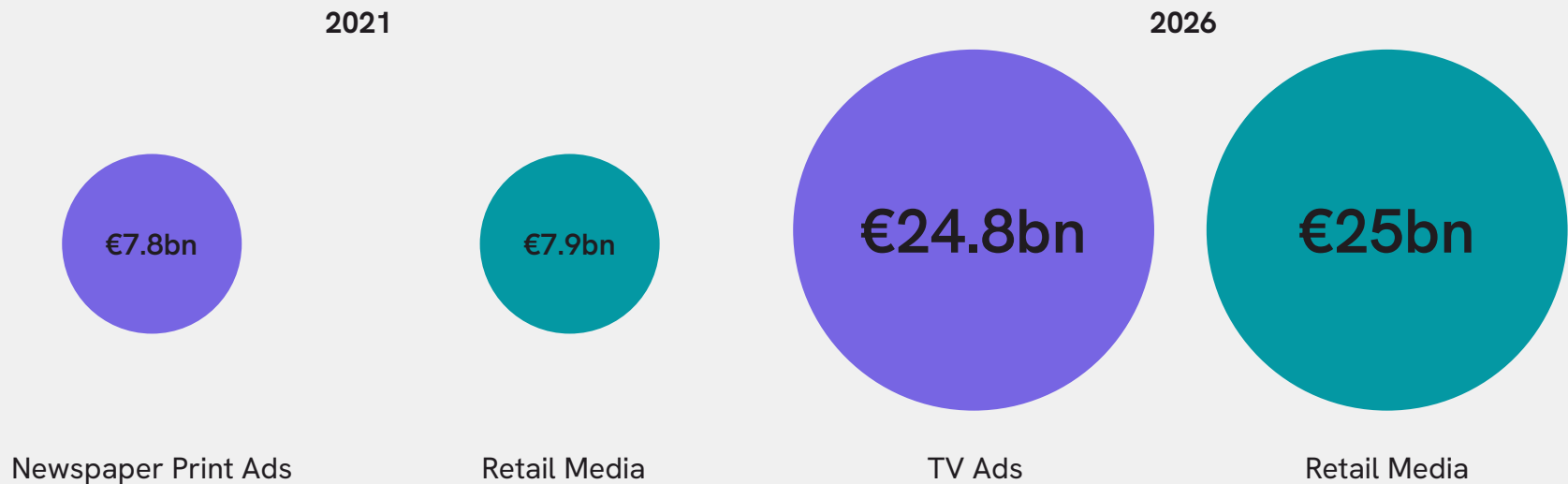Retail Media: Digital Advertising's Third Big Wave

Legend:
- Search
- Social
- Retail Media

Retail Media — 8 years

Social — 13 years

Search — 19 years

Y-axis: Billions in US Ad Spend (0 to 400)
X-axis: 2000 to 2028

Source: Emarketer

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RMNs' future growth sources

RM will access to budgets previously allocated to other media channels:
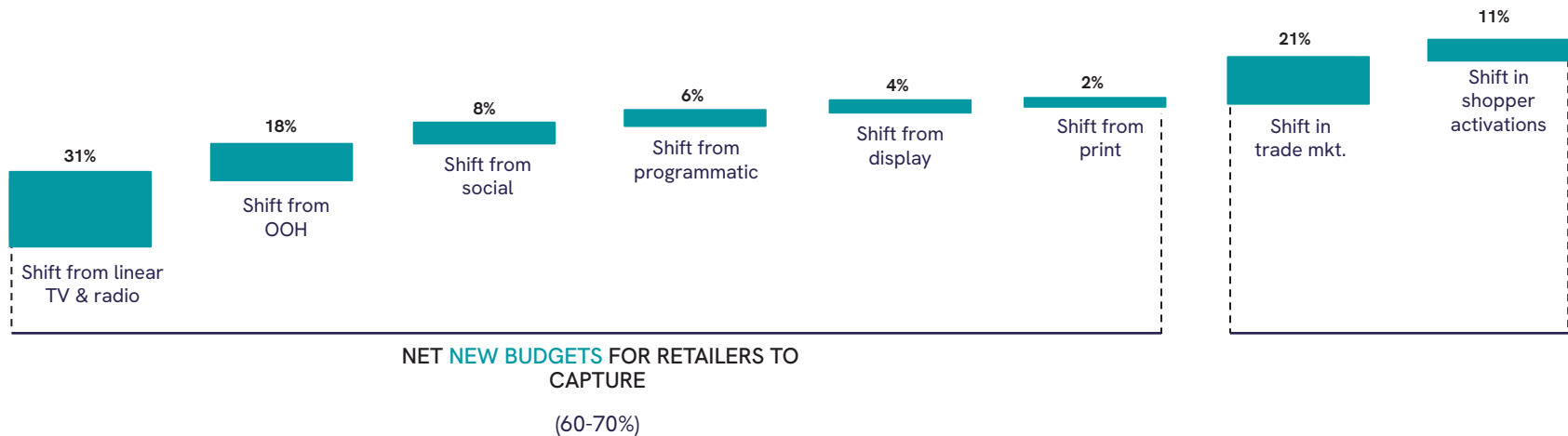
31%

Shift from linear
TV & radio

18%

Shift from
OOH

8%

Shift from
social

6%

Shift from
programmatic

4%

Shift from
display

2%

Shift from
print

21%

Shift in
trade mkt.

11%

Shift in
shopper
activations

NET **NEW BUDGETS** FOR RETAILERS TO
CAPTURE

(60-70%)

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Drivers of RMN growth

Rise of e-commerce

Shift to online shopping enable wealth of 1P data, as purchase behaviors, preferences, demographics.

Cookie deprecation

Retailers fuel RMN's with extensive 1P customer data to create more personalized ads.

Disruption of media channels

TV is irrelevant; Meta, Google become less efficient. RMN's target high-intent consumers at POP to increase CVR.

Non-endemic advertisers

Non-endemic advertisers - automotive, entertainment, financial services, fast-food, and travel see high CVR at RMN's.

Opportunity to improve margin

RMN can significantly improve retailers profitability (8%-15%)

Source: Emarketer

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RMNs' power and potential

Evolution into media platforms
Retailers are evolving into media platforms, creating high-margin revenue streams.

Leveraging 1P data
1P data enables better targeting and delivers more relevant ads to consumers.
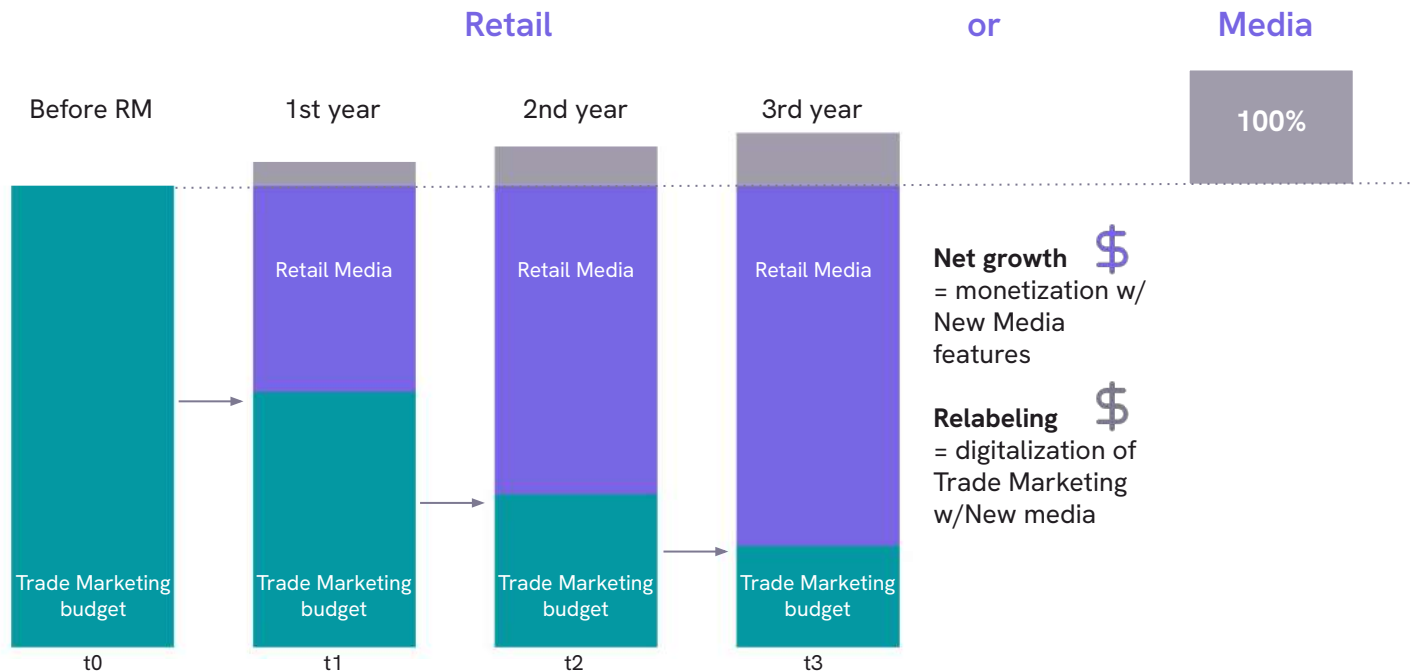
Closed-loop reporting
Offer closed-loop reporting, linking advertising directly to sales results.

Maximizing RM influence
Retail media now bridges the full funnel as in-store digital grows, closing the gap between inspiration and purchase.

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Schwarz Group analysis - YoY RM margins

Retail or Media

Before RM | 1st year | 2nd year | 3rd year | 100%

Retail Media

Retail Media

Retail Media

Trade Marketing budget

Trade Marketing budget

Trade Marketing budget

Trade Marketing budget

t0 · t1 · t2 · t3

Net growth $
= monetization w/
New Media
features

Relabeling $
= digitalization of
Trade Marketing
w/New media

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In-Store media status for Europe

Status (2024)

✔ In-store ad formats are variable between digital and physical, providing flexibility

✔ Market divisions between what qualifies as in-store Retail Media

✔ Measurement is based on before and after comparison, requiring A/B tests for accuracy

✔ Non-endemic brand investment is crucial to in-store becoming the 'new TV'

✔ 1:1 or 1 to many measurement carries scale and privacy limitations

✔ In-store is a huge growth opportunity to take TV and OOH budgets

Source: IAB Europe

RMNs' growth opportunity in CEE

✔ Ad spending in Europe is forecasted to **reach $211.17bn in 2025**

✔ The largest part is **Search Advertising**, with **$67.81bn in 2025**

✔ **Digital retail media** ads spending in Europe is estimated at **$13.83bn in 2025** (+6.5%)

✔ Within the advertising market, **75% of total ad spending** in Europe will come **from digital sources in 2030**

Source: IAB Europe

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What's in store for Retail Media?

Digital screens

Screens, shelf talkers, POP displays, LED wallpaper, hanging signs, interactive displays, banners, in-store kiosks, smart fridges.

Printed / static

End caps, shelf talkers, POP displays, hanging signs, banners, in-store kiosks, floor graphics, shelf blades, cart feature tables.

Experimental

Hand scanner, app-assisted shopping, smart carts, receipts.

Audio

In-store radio, in-store announcements.

Connected shopping

Demo station, DIY workshops, product sampling, events.

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The role of physical stores in food & beverage discovery

Key insights

- Physical stores are pivotal for brand discovery in food & beverage

- Consumers often rely on in-store experiences for new product exploration

- Physical presence is significant for product discovery

Influence of physical stores on product discovery
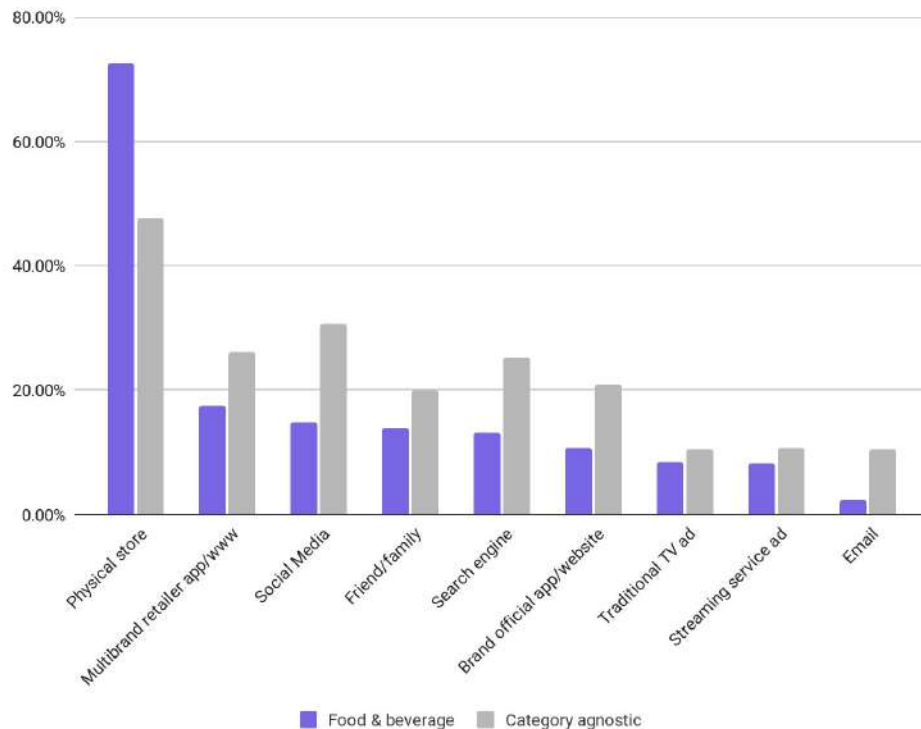
In-store RM is under-invested
despite its significant potential

It's no. 1 challenge quoted in the IAB's latest survey:

"Lack of measurement standardization is a significant barrier for nearly **60% of buyers** when considering investing in in-store Retail Media."

Challenges in RMNs Development

Blurring boundaries

Marketing and commercial teams struggle with overlapping responsibilities, leading to confusion and inefficiencies.

Skill development needs

Organizations require enhanced training programs to equip teams with necessary RM skills.

Slow standardization adoption

Many organizations face delays in adopting standardized practices across RMNs, affecting consistency.

Brand expectations

Brands expect RMNs to seamlessly connect with in-store experiences and drive sales.
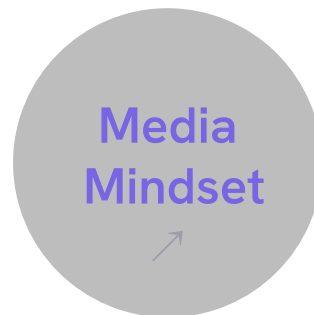
Performance improvement challenges

Difficulty in demonstrating incremental performance improvements hinders RMN credibility.

Real-time linking complexities

Complexities arise in linking ads with near real-time product availability, affecting efficiency.

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Overall mindset shift

Retailer Mindset

→

Media Mindset

From:

- Buying
- Merchandising
- Trade funding
- Operations / logistics

To

- Advertising platform
- Media sales
- Audiences
- Competing with other media channels
- Ad Tech

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The growth and challenges of Retail Media

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Retail media is the fastest growing source of operating income in many retailers, yet sustaining that requires deep integration into core retail operations like merchandising, finance, marketing, loyalty, and even supply chain.

Keith Bryan, CEO Colosseum, fmr President Best Buy Advertising

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In-store measurement and standards
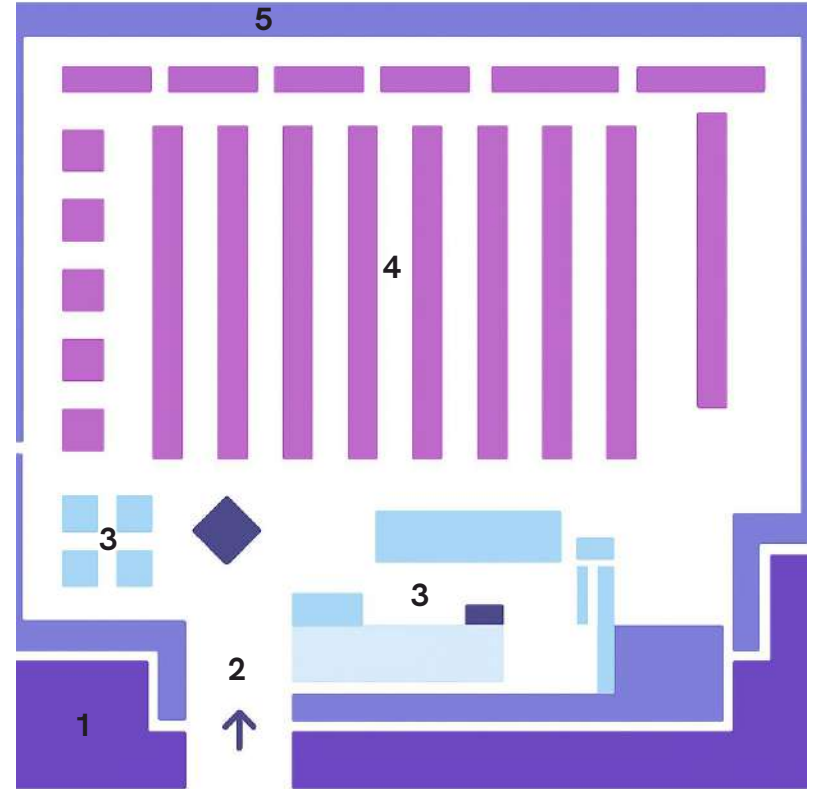
- a few examples

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Example in-store zones

Key zones:

- **ZONE 1: exterior to store**

- **ZONE 2: entrance & out of category**

- **ZONE 3: check out**

- **ZONE 4: in aisles**

- **ZONE 5: other**

Analytics

In-Store measurement and behavioral profiling

From anonymous visitors collecting anonymous visit behavior data via ambient connectivity (Wi-Fi, cameras, GSM Antennas), mobile sensors & payments

GSM
Network

CCTV
Network

POS Transactions

Wi-Fi
Network

Mobile Device
Sensors

To insights **individualized per visitor**

Customer Profile:

Gender: Female
Age Segment: 35-44 y.o.
Life Stage: Families with teens/young adults

Customer Behavior:

Searches

Purchases

Brand Affinities

Media Campaign

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In-Store media performance attribution

Real-time tracking

Track all transactions and sensors every second to know the number of customers present in-store.

Ad reach & impressions

Match every second of each ad to customers to calculate reach & impressions.

Sales uplift & CVR measurement

Match customers to transactions to understand sales uplift & CVRs. Use this data to measure the consumption and the cost for the in-store ad delivery.

ROAS and incrementality

Use this data to measure the consumption and the price for in-store ad delivery.

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Thank you!

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