

RETAIL MEDIA: SHAPING THE FUTURE OF SHOPPING & ADVERTISING

The ascent of retail media has been swift, paralleling the surge in online shopping trends. Retail media encompasses advertising embedded within a retailer’s own platform and spans both online and physical stores. An extremely shopping-centric media format, retail media excels in assisting consumers to discover tailored product solutions that align with their individual preferences. Eighty percent of shoppers indicate sponsored advertisements play a pivotal role in introducing them to new brands and products⁽¹⁾. As brands increasingly embrace retail media, the retail landscape is undergoing a profound transformation.

The Nexus of Key Players

At its core, retail media is the interaction between users, suppliers and online e-commerce platforms, serving as the cornerstone for generating sustained value. E-commerce platforms allow brands to generate new high-margin revenue without disrupting the user’s shopping experience. Retailers strategically partner with e-commerce platforms such as DoorDash and Instacart to

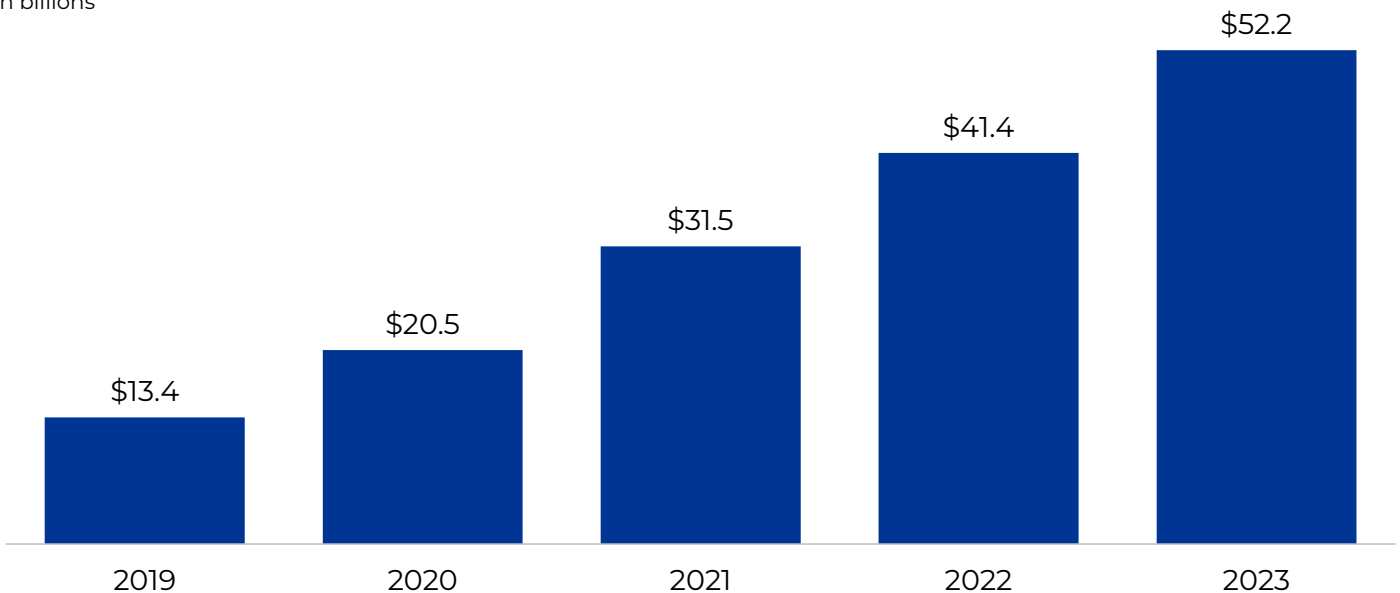
optimize marketing and sales efforts. Suppliers, or advertisers, leverage online e-commerce platforms as an effective channel to reach audiences and drive measurable outcomes.

In 2022, \$41.4 billion was spent in the United States on digital retail media advertisements, with keyword search advertising estimated to account for half of the current ad spend⁽²⁾. Users, or shoppers, interact with these other parties to personalize their shopping experience. Brands, equipped with unprecedented data access, remind the user of their needs and introduce them to new products.

Personalized advertising is effective: 81% of shoppers indicate that the online advertisements they encounter align with products they desire to purchase, with 69% of shoppers expressing agreement in their propensity to buy items recommended through advertisements⁽¹⁾. Maintaining omnichannel consistency is pivotal to delivering a seamless customer experience across both physical and online storefronts.

US DIGITAL RETAIL MEDIA AD SPEND⁽²⁾

\$ in billions



Trends in Consumer-Packaged Goods

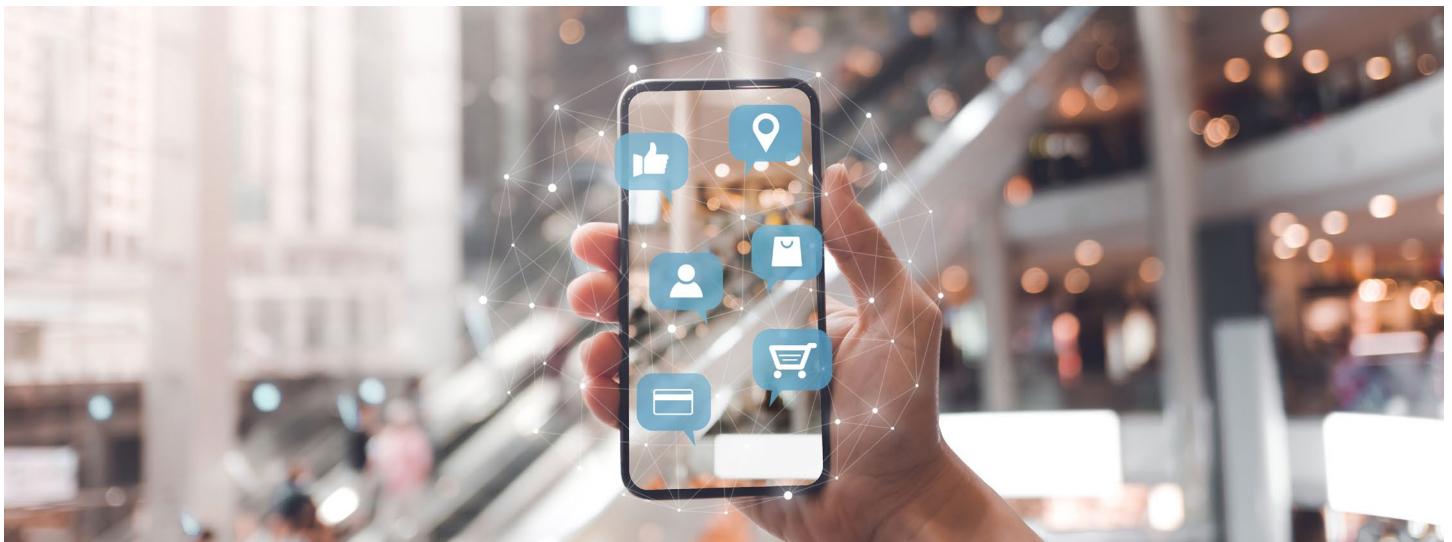
Shopper marketing teams for consumer-packaged goods (CPG) companies are reallocating larger portions of their budgets to retail media. Today, 35% of CPG advertising budgets is earmarked for retail media, with projections signaling a rise to 50% within the upcoming year⁽¹⁾. Social media, on-site advertising, on-site brand pages, email and on-site sponsored search are viewed as mandatory retail media channels for CPG clients. Meanwhile, connected TV, affiliate, in-store radio and digital in-store signage are viewed as up-and-coming channels. Capabilities that are now essential in CPG retail media include access to first-party data, real-time campaign optimizations, closed-loop measurement and transparent measurements of campaign performance.

Growth Prospects and Expansion Potential

The retail media landscape offers abundant opportunities for growth and expansion spanning shoppable video content, increased personalization, omnichannel audience tracking, and in-store digitalization. In most cases, in-

store audiences surpass online audiences, with 90% of CPG purchases still occurring in-store⁽³⁾. Forecasts anticipate US retail media networks will bring in \$106 billion in advertisement spending by 2027, more than doubling the ~\$50 billion expected to be spent in 2023⁽²⁾.

The challenge lies in standardizing retail media network metrics, as methodology typically varies for each network. This makes it difficult for advertisers to understand how a campaign performs across various platforms. Establishing a standard framework could create approximately \$5 billion to \$15 billion in incremental value across retail media networks, marketers, and agencies⁽⁴⁾. In an ever-evolving landscape where retail media serves as the bridge between brands, consumers and e-commerce platforms, the future holds strong potential. Retail media does not merely promise change; it heralds a complete reimagining of how shopping, advertising and engagement seamlessly converge in the digital era.



1. The Path to Purchase Institute; 2. GroupM; 3. Insider Intelligence; 4. Albertsons Media Collective

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Mark Boidman
Partner, Group Head

Christian Bermel
Vice President

Trae Smith
Analyst

Adam Jaffe
Managing Director

Blake McCann
Analyst

Ricky Yoo
Analyst

Damascus Thorpe
Analyst

Ben Zinder
Director

Christian Kasmikha
Analyst

Jared Rogers
Analyst