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THE MULTIPLIER EFFECT OF IN-STORE RETAIL MEDIA ON OVERALL ENTERPRISE VALUE

JANUARY 13, 2024

NRF'24
RETAIL'S
BIG SHOW

STRATACACHE

SOLOMON PARTNERS OVERVIEW

INVESTMENT BANK FOUNDED IN 1989

Solomon Partners continues to grow

180+
Investment Bankers

30+
Partners & Managing Directors

SECTOR EXPERTISE

- Business Services
- Consumer Retail
- Financial Sponsors
- FinTech
- Grocery, Pharmacy & Restaurants
- Healthcare
- Industrials
- Infrastructure, Power & Renewables
- Media
- Technology

PRODUCT CAPABILITIES

- Mergers & Acquisitions
- Activist Defense
- Financing Advisory
- Capital Transformation & Debt Advisory
- Special Committee & Fairness Opinion

GLOBAL MEDIA AND MEDIA TECH SERVICES GROUP

OVER \$50B IN COMPLETED TRANSACTIONS*

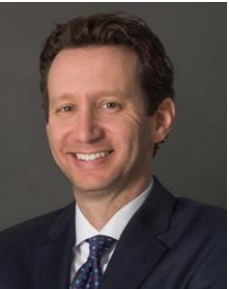
SELECT COVERAGE SECTORS

MARKETING & MEDIA

Advertising / Marketing Services
On-Premise & Connected Media Solutions
Professional Audiovisual
Retail Tech

MEDIA & ENTERTAINMENT

Content Creation, Distribution & Exhibition
Site-Based / Experiential Entertainment



Mark Boidman
Partner
Global Media
Group Head



Adam Jaffe
Managing
Director



Ben Zinder
Director



Christian Bermel
Vice
President



Blake McCann
Senior
Analyst



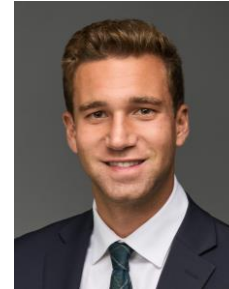
Christian Kasmikha
Analyst



Trae Smith
Analyst



Ricky Yoo
Analyst



Jared Rogers
Analyst



Damascus Thorpe
Analyst

* Includes transactions by Mark Boidman prior to Solomon.

SELECTED RECENT GLOBAL MEDIA TRANSACTIONS

PENDING
 ((SiriusXM))
 Merger with



Serving as advisor to the special committee of independent directors of the board of SiriusXM on the split-off and special merger of SiriusXM

PENDING



Has agreed to sell its Canadian business to



Serving as financial advisor to OUTFRONT Media

2023



Sold to

AmatoMartin

Served as financial advisor to Valpak

2023



Sold to



Served as financial advisor to VSS-Southern Theatres (The Grand Theatres and Amstar Cinemas)

2023



Growth capital raise led by



Served as financial advisor to Swingers

2023



Received a majority investment from



Served as financial advisor to New Tradition

2023



Sold to



Served as financial advisor to Scene75


2023

UBG

Sold a multi-decade lease of Times Square signage to



In partnership with



Served as financial advisor to Universal Branding Group

SELECTED RECENT RETAIL TRANSACTIONS

2024

chico's FAS^{INC.}

Acquired by



Served as financial advisor to Chico's FAS

2023



Strategic alternatives for



Served as financial advisor to lululemon

2023

Majority sale of

DRAPER JAMES

to



Served as financial advisor to Draper James

2023

VINCE.

Sale of intellectual property to



Served as financial advisor to Vince

2023



Served as financial advisor to Wahoo Fitness on its out-of-court restructuring and growth financing

2023



Sale of

BONOBOS to **WHP GLOBAL EXPRESS**

Served as financial advisor to Walmart

2023



Formed a China joint venture with and invested in



Served as financial advisor to DCP

2023

DESIGNER BRANDS 

Acquired

 from 

Served as financial advisor to Designer Brands

WHAT FUELS RETAIL MEDIA NETWORKS?

MEDIA FRAGMENTATION AND TECHNOLOGY



TV



Radio



Print

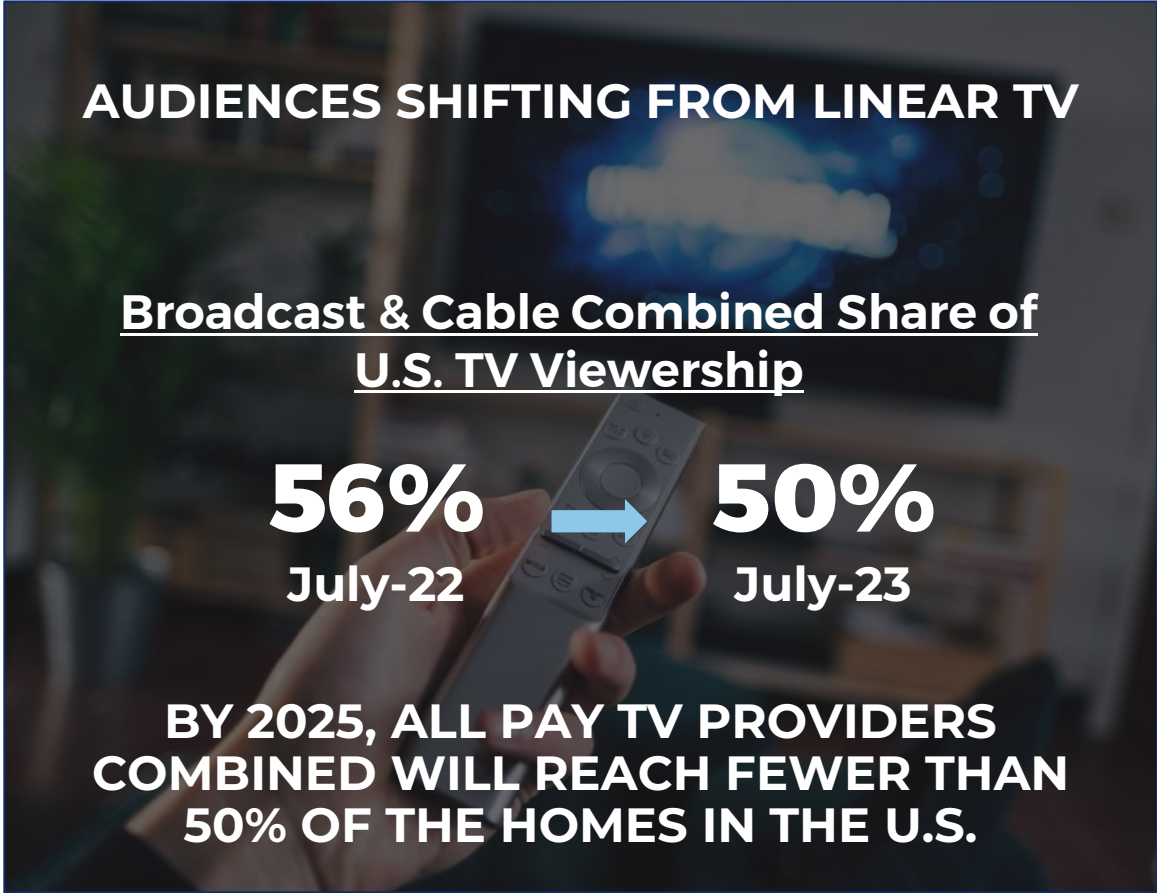
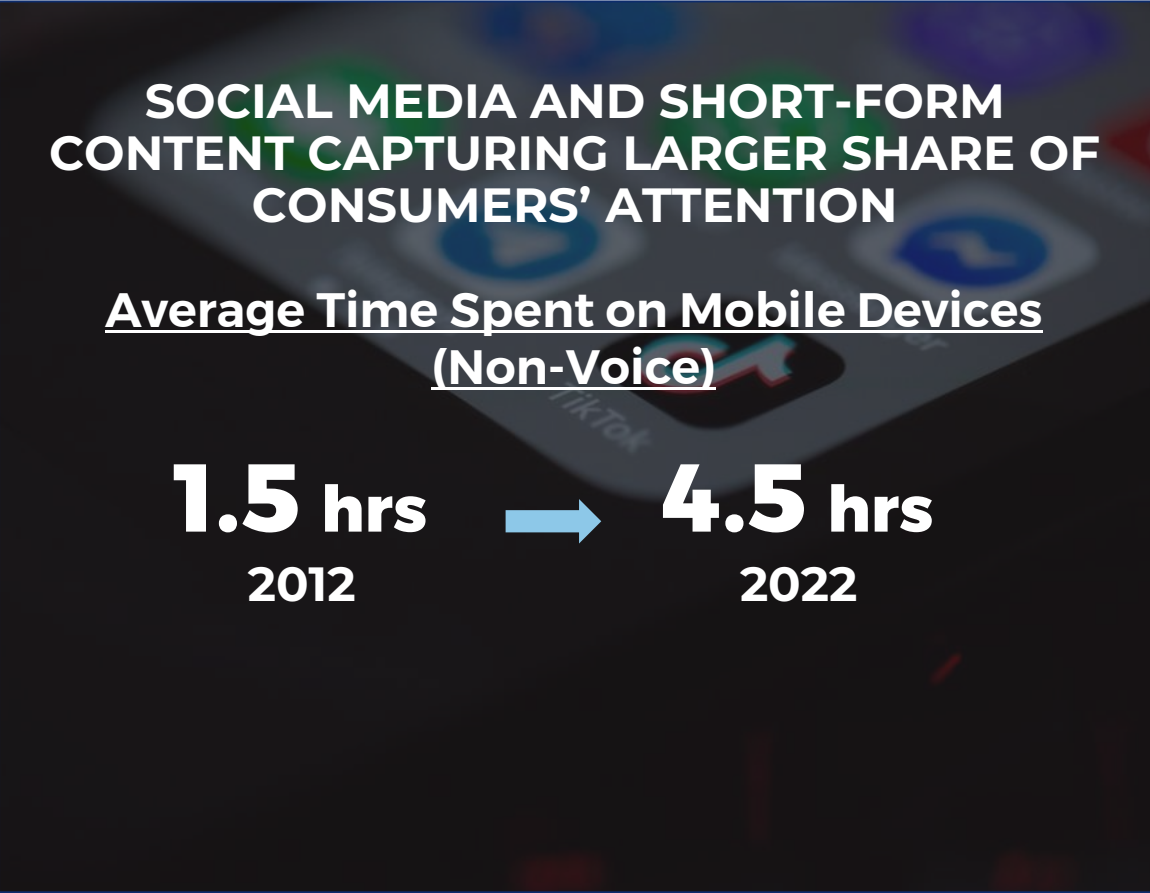


Digital /
Mobile Media



FRAGMENTATION OF MEDIA – CREATING CHAOS

INCREASINGLY DIFFICULT FOR ADVERTISERS TO REACH A MASS AUDIENCE



IN AN INCREASINGLY MOBILE SOCIETY, MEDIA IN THE PHYSICAL WORLD WINS

EVEN STREAMING'S MOMENTUM IS SLOWING

NOW THE LARGEST TV FORM, BUT MOST STREAMING COMPANIES ARE UNPROFITABLE

STREAMING & ADVERTISING SLOWDOWN



Lost **11.7M** subscribers in Q3 2023



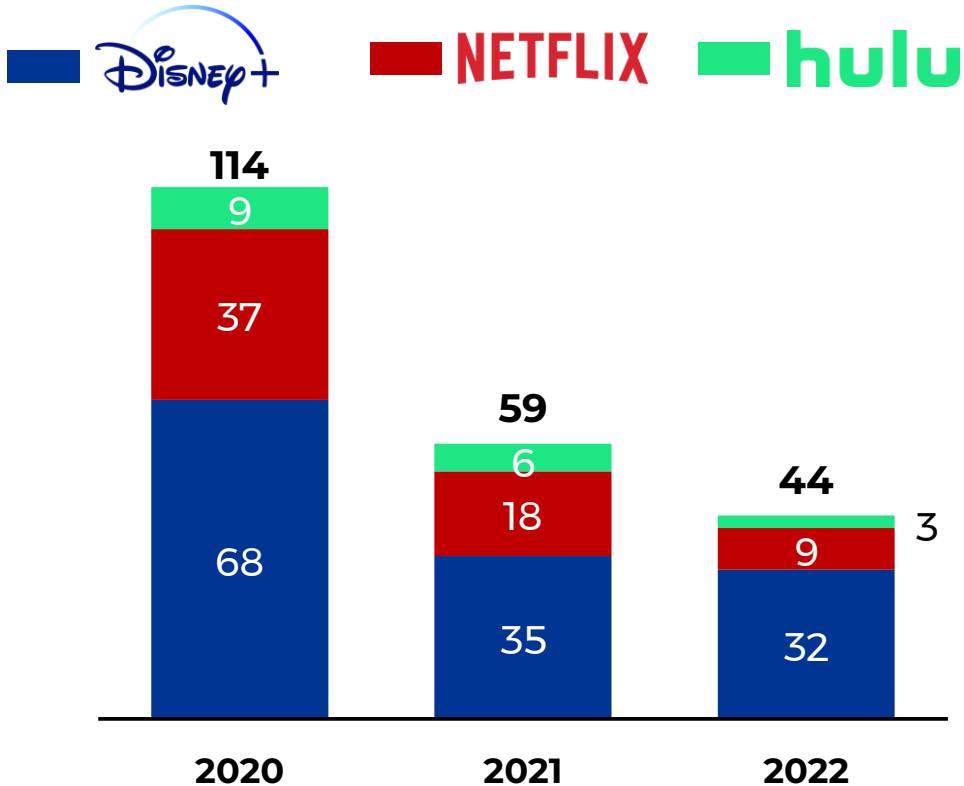
Lost **2.5M** subscribers combined in Q2 and Q3 2023



3 consecutive quarters of YoY ad revenue declines Q3 2022 - Q1 2023

STREAMING SERVICES ARE ADDING FEWER NEW SUBSCRIBERS EVERY YEAR

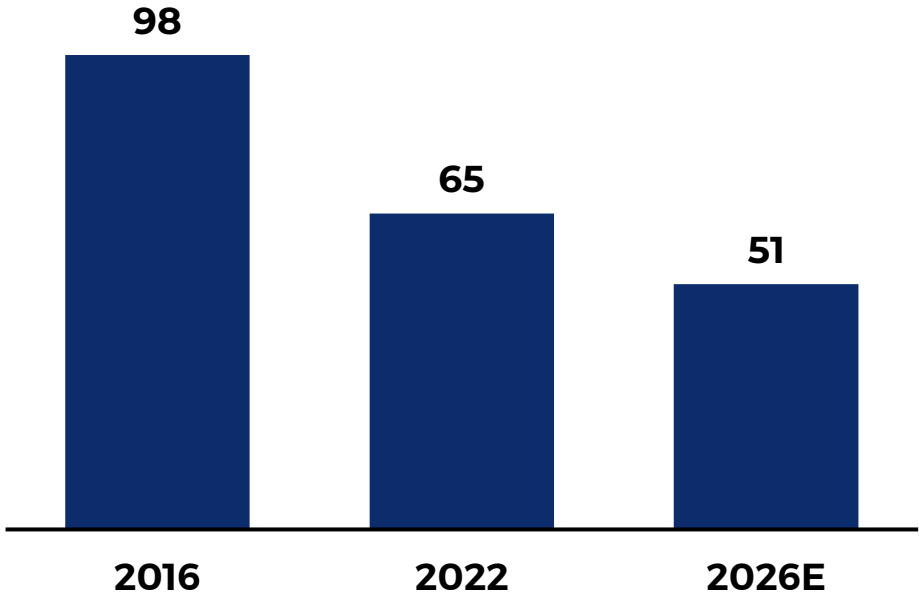
Annual Increase in Global Paid Subscribers
(*millions of subscribers*)



MEDIA COMPANIES ARE STRESSED WITH UNCLEAR FUTURE

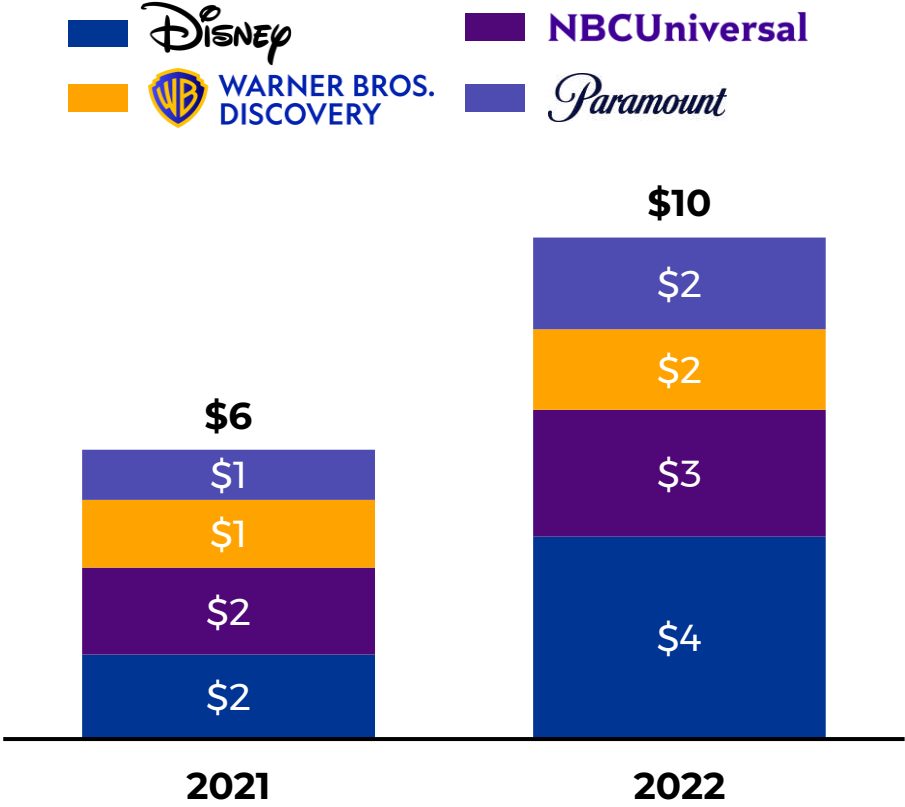
TV NETWORKS LOSING VIEWERS AND ADVERTISERS

Number of Pay TV Households in the U.S.
(*millions*)



STREAMING SERVICES LOSING BILLIONS OF DOLLARS

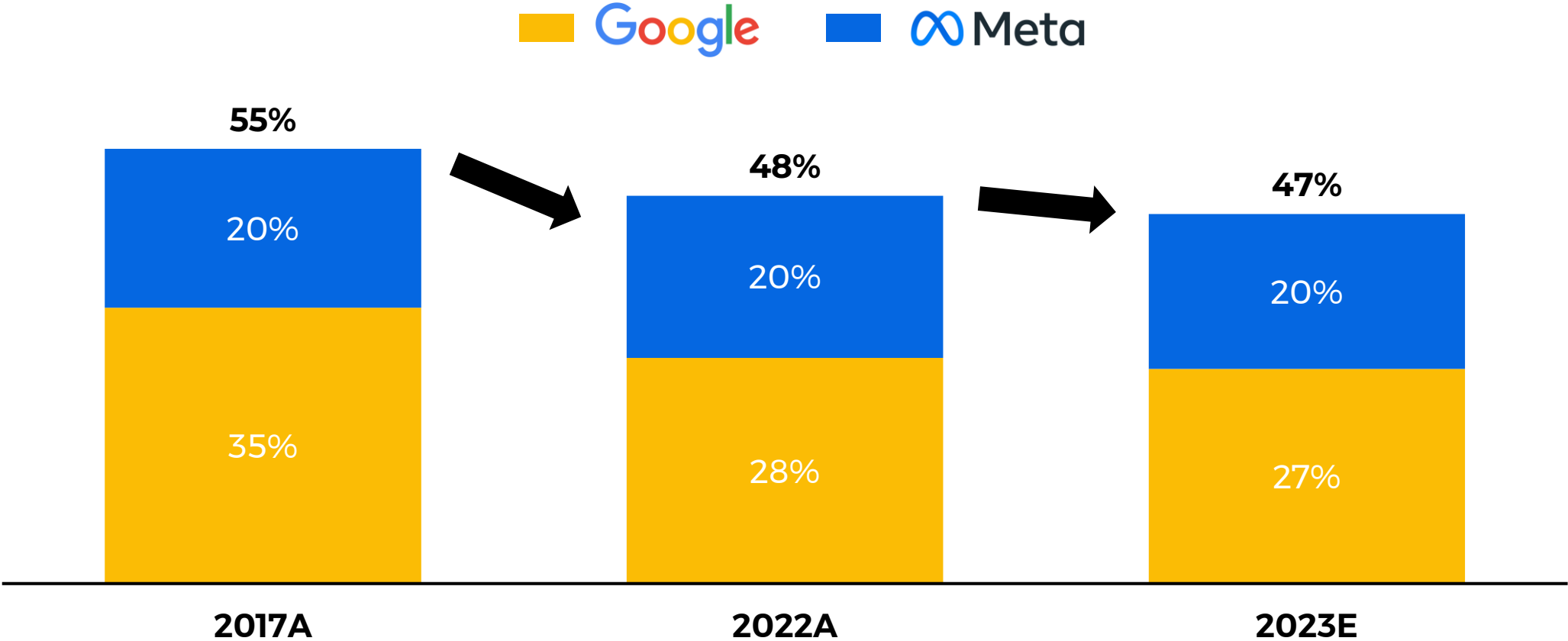
Losses on DTC Streaming Services
(*\$ in billions*)



GOOGLE AND META LOSING ADVERTISING SHARE

FOR THE FIRST TIME SINCE 2014, IN 2022 AND 2023 GOOGLE AND META ACCOUNT FOR LESS THAN 50% OF U.S. DIGITAL ADVERTISING REVENUE

SHARE OF U.S. DIGITAL ADVERTISING REVENUE



WITH AI CONTINUING TO SHAPE THE ADVERTISING WORLD...



Global market for Artificial Intelligence in advertising expected to hit **\$107B** by 2027



78% of companies already using targeted advertising. AI will amplify this usage through increased insights and personalization



Deepfakes will influence the next generation of AI-powered advertising, with **nearly half of consumers** reportedly unable to detect a deepfake video

COMPANIES ARE LOOKING FOR TRUSTED, SECURE CHANNELS TO REACH THEIR AUDIENCES

RETAIL MEDIA NETWORKS OFFER VALUE IN A CHANGING ADVERTISING WORLD

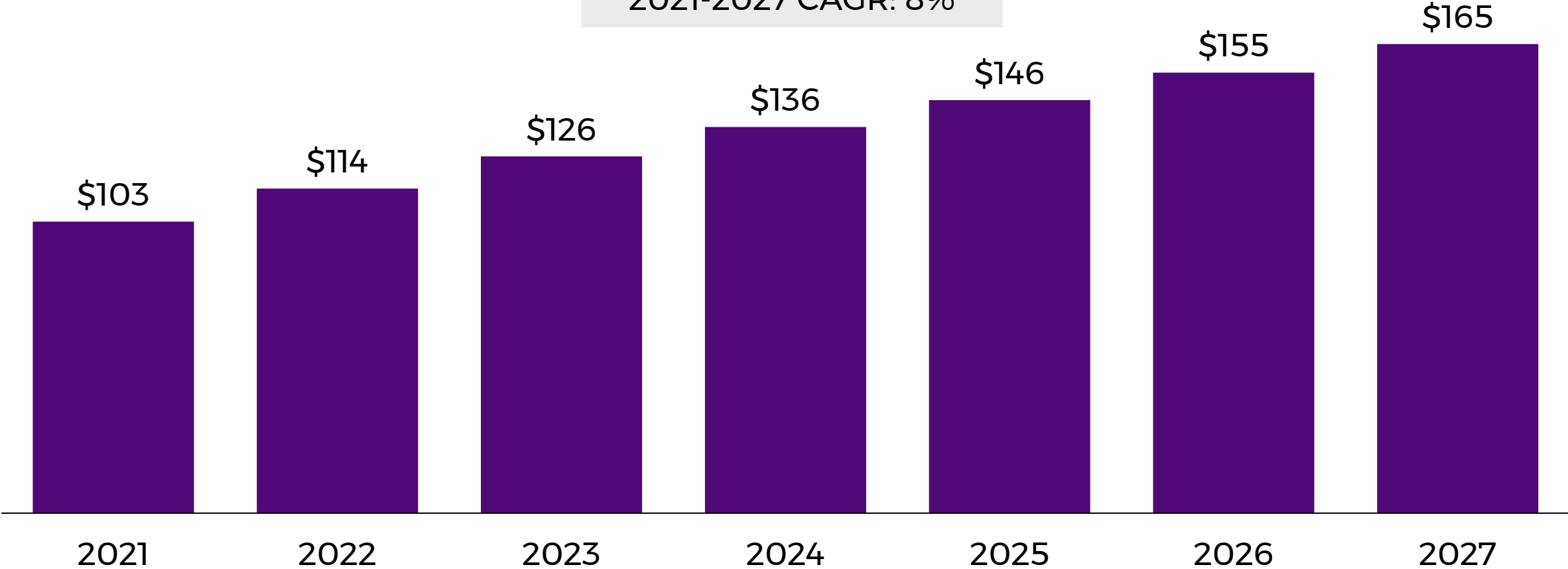


ONE OF THE FASTEST-GROWING AD MARKET SEGMENTS

GLOBAL DIGITAL RETAIL MEDIA SPEND FORECAST

(\$ in billions)

2021-2027 CAGR: 8%



THE RAPID GROWTH OF RETAIL MEDIA NETWORKS HAS ENABLED BRANDS TO TAILOR ADS TO AN AUDIENCE, DRIVING SALES AND ENHANCING CUSTOMER RELATIONSHIPS

RISING RETAIL MEDIA NETWORKS TAKING SHARE

RETAIL MEDIA NETWORKS NOW ONE OF THE FASTEST-GROWING AD MARKET SEGMENTS

ALMOST ALL MAJOR U.S. RETAILERS HAVE LAUNCHED RETAIL MEDIA NETWORKS



Best Buy. Ads



ROUNDEL™



NETWORKS LEVERAGE THEIR OWN FIRST-PARTY DATA AND ARE LESS VULNERABLE TO PRIVACY-BASED LIMITATIONS ON DATA USAGE AND TARGETING

GLOBAL RETAILERS ADOPTING RETAIL MEDIA

SELECT GLOBAL RETAIL MEDIA NETWORKS



Over **170,000** screens to grow the platform's revenue by **over 40%** in Q4 2022



Over **300 brand partners** powered by **8 billion** transactions and **80 million** customers worldwide



>100 million loyalty members and **9,000 physical stores**, reaching customers across **100 apps** and **10 supply-side platforms**

Tesco Media and Insight Platform.

>> Powered by dunnhumby

Launched in 2021, leveraging **>20 million U.K. households** within its loyalty program and **7 million regular app users**

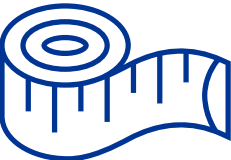
DRIVING ENTERPRISE VALUE CREATION

THE ABILITY TO REACH AUDIENCES AND ACCURATELY MEASURE ADVERTISING EFFECTIVENESS DRIVES ENTERPRISE VALUE FOR RETAIL MEDIA COMPANIES

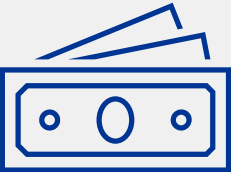
95% of advertisers are willing to pay over a **10% premium** for features that help them make **better-informed marketing spend decisions**



Implementing a framework for RMN measurement could lead to **\$5 billion to \$15 billion in incremental value** across RMNs, marketers and agencies



Over the next year, **73% of advertisers** anticipate **spending more on Retail Media Networks**



TAKING SHARE FROM TRADITIONAL OFFLINE CHANNELS

INDUSTRY EXPANSION



Retail media grew to 13% share of total ad spend in 2023, seeing double-digit growth in 2023 and 2024

CAPTURING SEARCH SPEND



U.S. search spend on retail media grew 19% in 2023, compared to 5% growth in search spend outside RMNs

AMAZON REPRESENTS THE LION'S SHARE OF DIGITAL RETAIL MEDIA

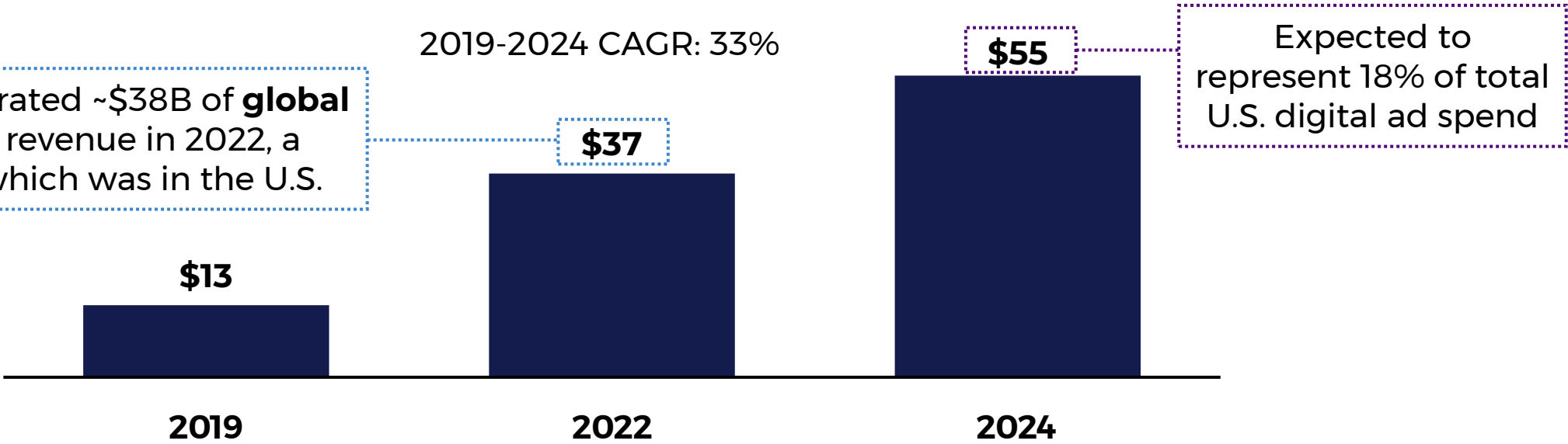
FAST-GROWING SEGMENT PLAYING A LARGER ROLE IN THE DIGITAL AD MARKET

U.S. DIGITAL RETAIL MEDIA AD SPENDING

(\$ in billions)

Amazon generated ~\$38B of **global** advertising revenue in 2022, a majority of which was in the U.S.

2019-2024 CAGR: 33%



“The third wave of digital advertising — retail media — is upon us, and it’s going to be the biggest we’ve seen”

- Insider Intelligence

CHANGING INDUSTRY DYNAMICS

SHIFTING INDUSTRY LANDSCAPE

Despite being the incumbent leader at 35% of global retail media spend, Amazon's growth is outpaced by others

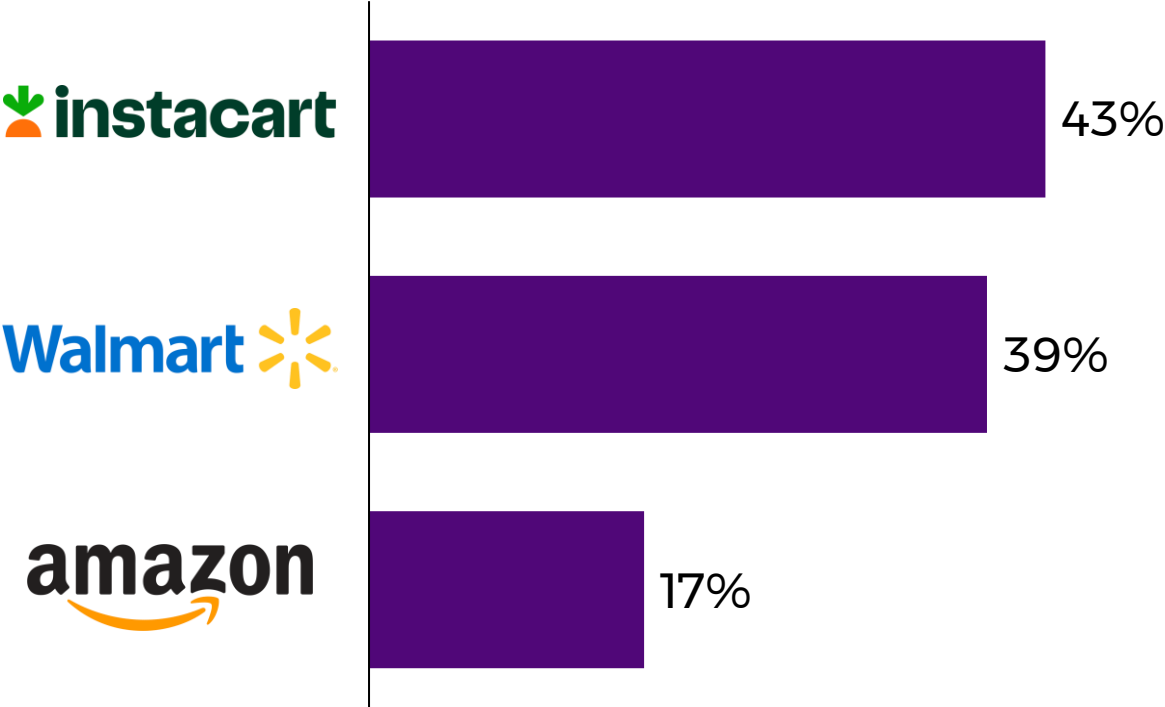
SHARE FROM EXISTING BUDGETS

Much of the increase in retail media spend is coming from existing trade and shopper budgets

EXPANDING FORMATS

Walmart is bringing ads to self-checkout screens and in-store audio, while Instacart is rolling out shoppable brand pages

2023 U.S. DIGITAL ADVERTISING GROWTH



INSTACART AND WALMART ARE PROJECTED TO BE THE TWO FASTEST-GROWING OPERATORS IN ALL OF U.S. DIGITAL ADVERTISING THIS YEAR, AHEAD OF ALL NON-RETAIL MEDIA COMPANIES

REACHING CUSTOMERS THROUGHOUT THEIR SHOPPING JOURNEY

ADVANCEMENTS IN MARKETING LEVERAGE SHOPPING HISTORY AND BROWSING PATTERNS TO ENHANCE OVERALL SHOPPING EXPERIENCE

USE DATA

Utilize comprehensive data to personalize ads

OMNICHANNEL CONSISTENCY

Ensure a unified and consistent customer experience across physical stores and online platforms

SHOPPERS WANT PERSONALIZED ADS

~80%

say they discover new brands and products through sponsored ads

~81%

say online ads they see are from products that they would like to buy

~80%

agree that they buy products recommended to them in ads

INCORPORATING IN-STORE DATA INTO RETAIL MEDIA OFFERS VALUABLE INSIGHTS INTO MORE EFFECTIVE STRATEGIES

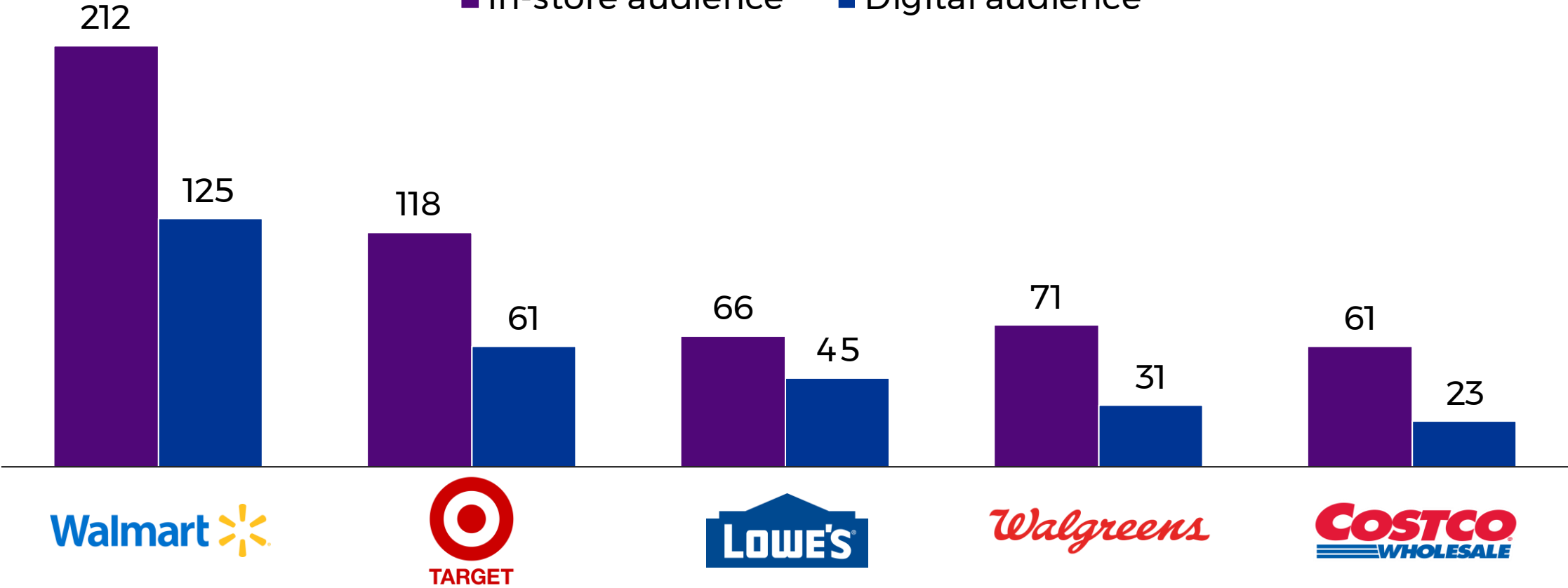
UNTAPPED POTENTIAL: CAPTURING IN-STORE AUDIENCES

IN-STORE AUDIENCES ARE GENERALLY FAR LARGER THAN ONLINE AUDIENCES, WITH 90% OF CPG PURCHASES STILL MADE IN-STORE

U.S. MONTHLY AUDIENCE REACH

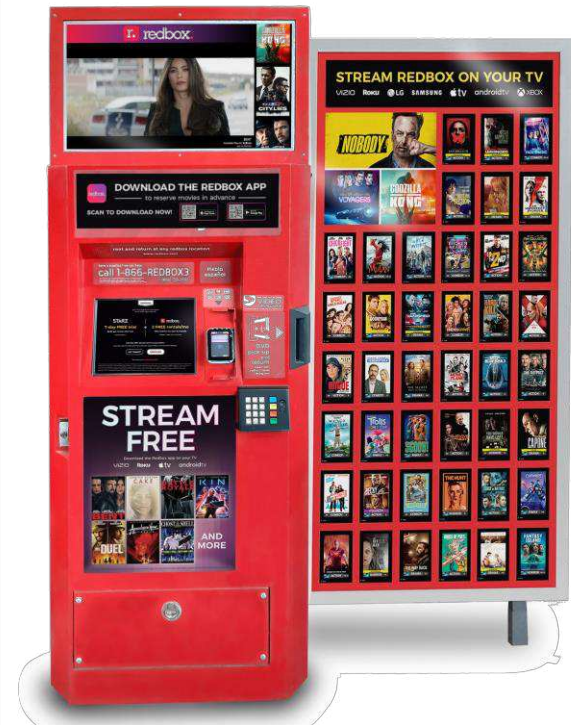
(millions)

■ In-store audience ■ Digital audience



RETAIL MEDIA OPPORTUNITIES IN UNDERUTILIZED RETAIL LOCATIONS WHICH AGGREGATE MASS AUDIENCES

REDBOX HAS AN UNDERUTILIZED RETAIL NETWORK WITH MORE IN-STORE KIOSKS THAN ANY CONSUMER-FACING COMPANY IN THE COUNTRY



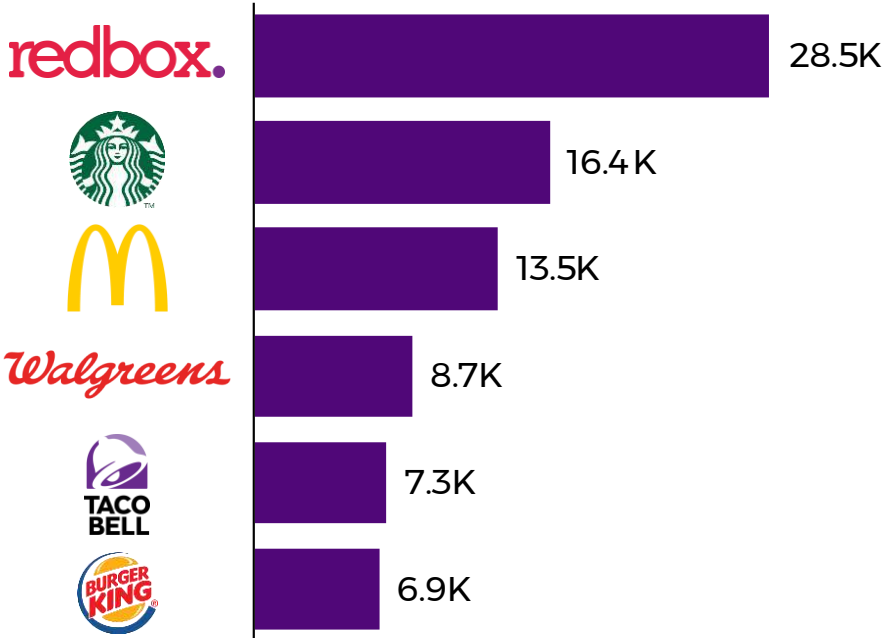
NETWORK SIZE

29K
Kiosks Nationwide

42M+
Loyalty Members

340M
Weekly Retail Impressions

U.S. KIOSK LOCATIONS^(a)

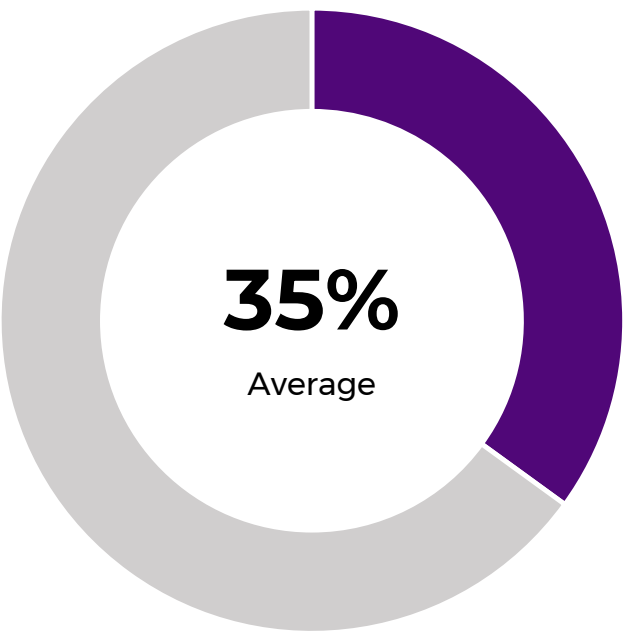


REDBOX HAS A PRESENCE AT THE MOST RECOGNIZABLE AND FREQUENTED MASS MERCHANT, GROCERY, DRUG AND CONVENIENCE STORES IN THE COUNTRY

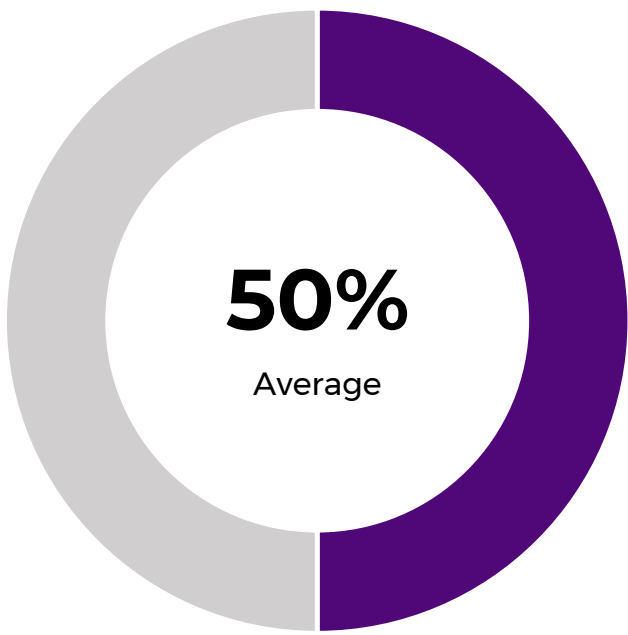
SHOPPER MARKETING TEAMS CONTINUE TO ALLOCATE MORE BUDGET TO RETAIL MEDIA

INCREASE IN CPG ALLOCATION FOR RETAIL MEDIA

PROPORTION ALLOCATED TO RETAIL MEDIA **TODAY**



PROPORTION ALLOCATED TO RETAIL MEDIA **WITHIN THE NEXT YEAR**

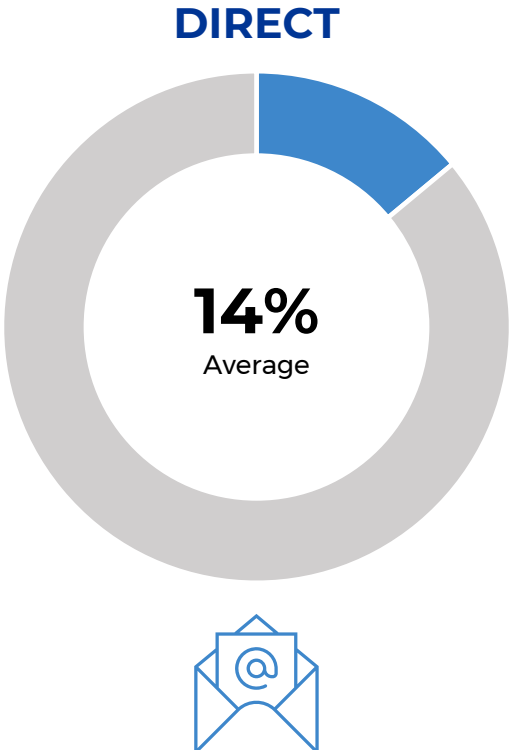
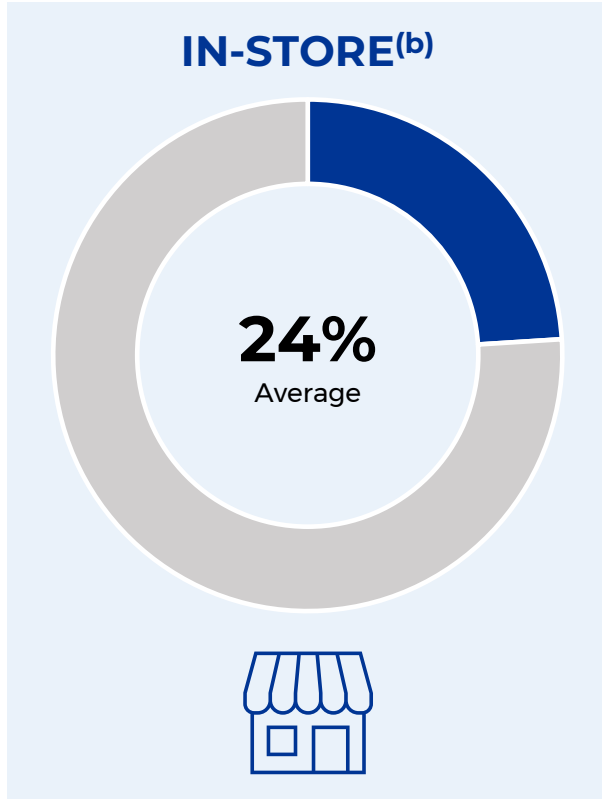
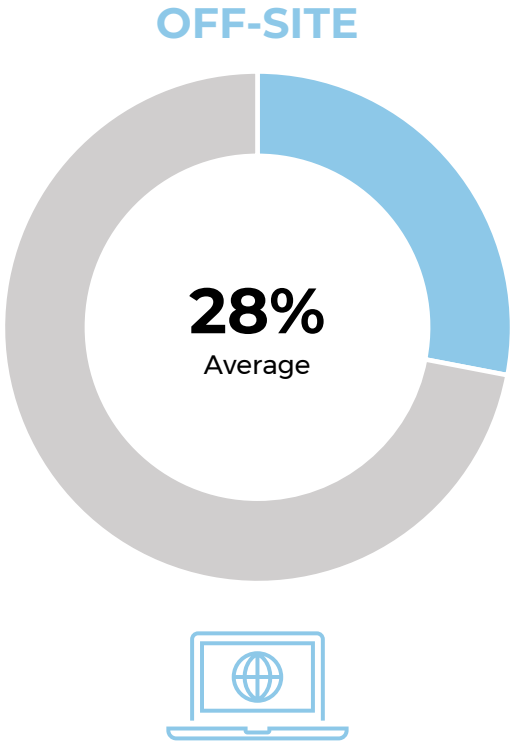
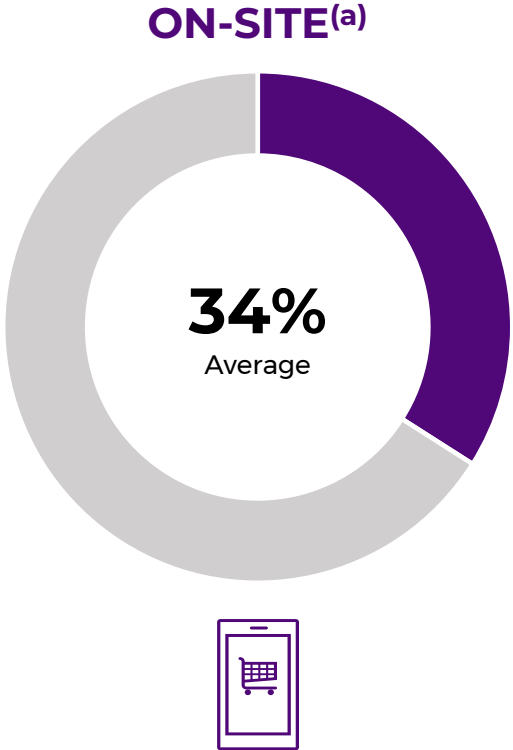


RETAIL MEDIA ALLOCATION WITHIN THE NEXT YEAR WILL BE 56% AMONG COMPANIES WHOSE CPG CLIENTS ARE PRIMARILY SHOPPER MARKETING TEAMS

RETAIL MEDIA AND CPG CLIENTS BY CHANNEL

CURRENT RETAIL MIX HAS HEAVIER FOCUS ON ON-SITE, WITH INCREASING IN-STORE OPPORTUNITY

CURRENT CPG RETAIL MEDIA MIX



INCORPORATING IN-STORE CURATORS REDUCES MEDIA BUY IMPRESSIONS BY ENABLING PRECISE TARGETING AT THE POINT OF PURCHASE

Source: P2PI x CMX Retail Media in CPG Study, March 2023, and Retail Media Summit Allume Group Presentation.

a) Advertising occurring directly on the retailer's own digital platform.

b) Advertising occurring inside the physical brick-and-mortar store.

FUTURE OPPORTUNITIES

NEW RETAIL MEDIA STRATEGIES OFFER GROWTH OPPORTUNITIES FOR SAVVY NETWORKS

NEW APPROACHES TO IN-STORE AD MANAGEMENT

Stores have become the next major media channel, as retailers leverage media and targeted advertising to seize consumer attention



IN-STORE NATIVE DIGITAL SURFACES

As stores digitize, opportunities for native retail media "at the shelf" expand, encompassing digital signage, TV walls, end caps, smart shelf labels and more





FOR MORE INFORMATION FOLLOW US

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