

THE RISE OF RETAIL MEDIA

MAY 2024

AN AFFILIATE OF

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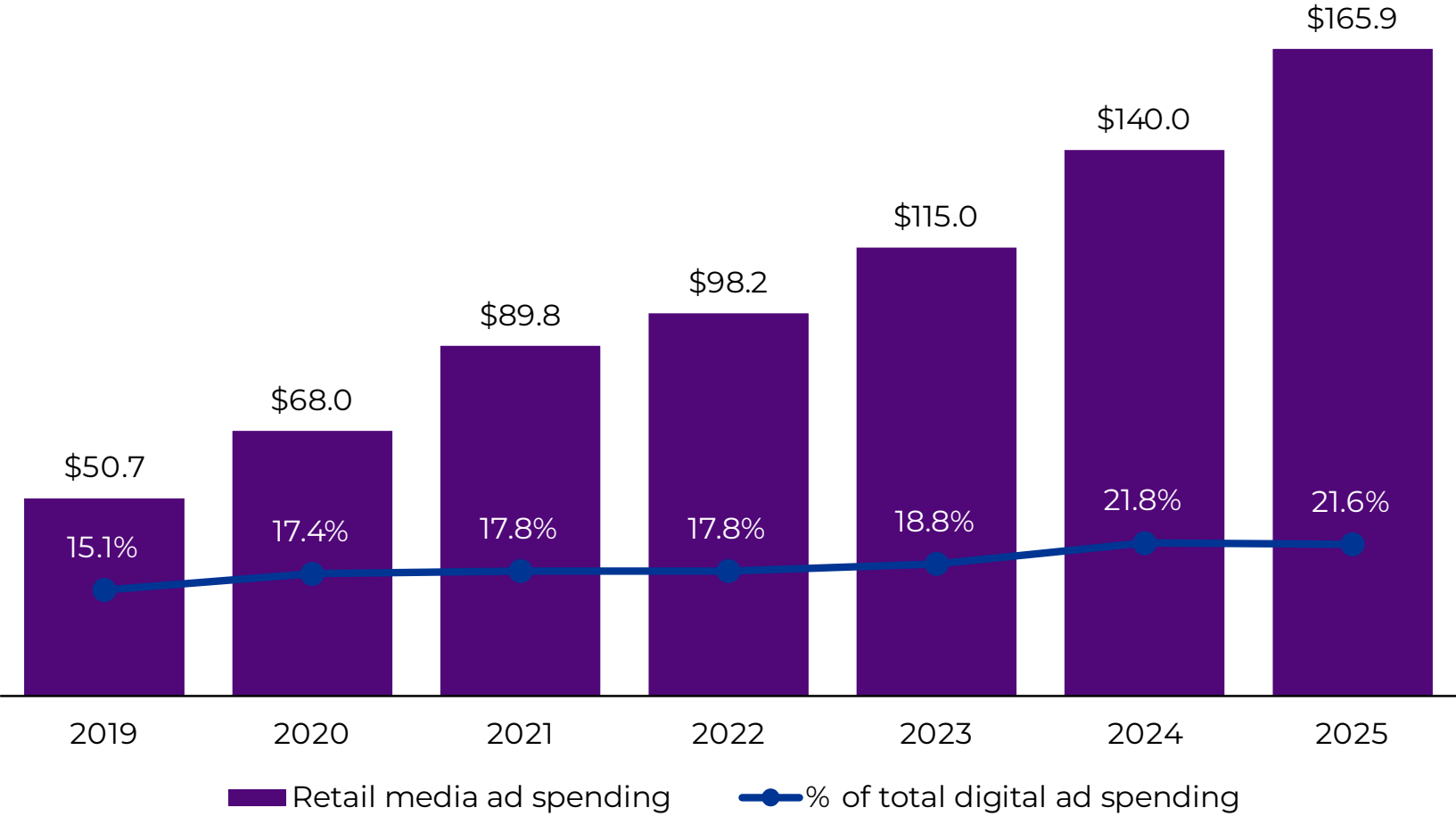
RETAIL MARKET OVERVIEW

RETAIL MEDIA IS A GROWING WORLDWIDE ADVERTISING POWERHOUSE

GLOBAL RETAIL MEDIA AD SPENDING

(Amounts in billions)

2019 – 2025 CAGR: 21.9%



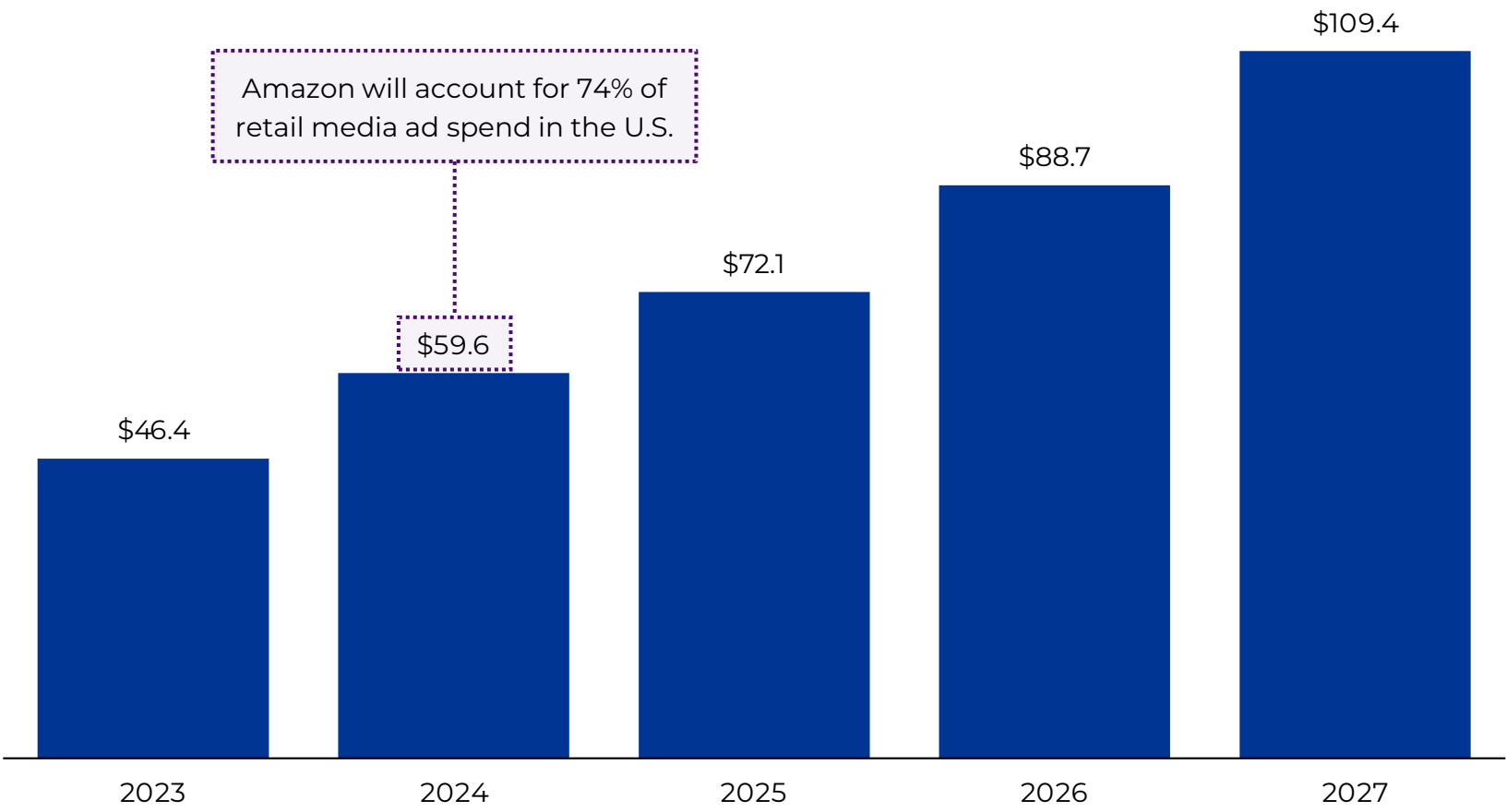
Retail media will make up one-fifth of worldwide digital ad spend in 2024

RETAIL MEDIA'S GROWING INFLUENCE IN THE DIGITAL ADVERTISING LANDSCAPE

U.S. RETAIL MEDIA AD SPEND

(Amounts in billions)

2023 – 2027 CAGR: 23.9%



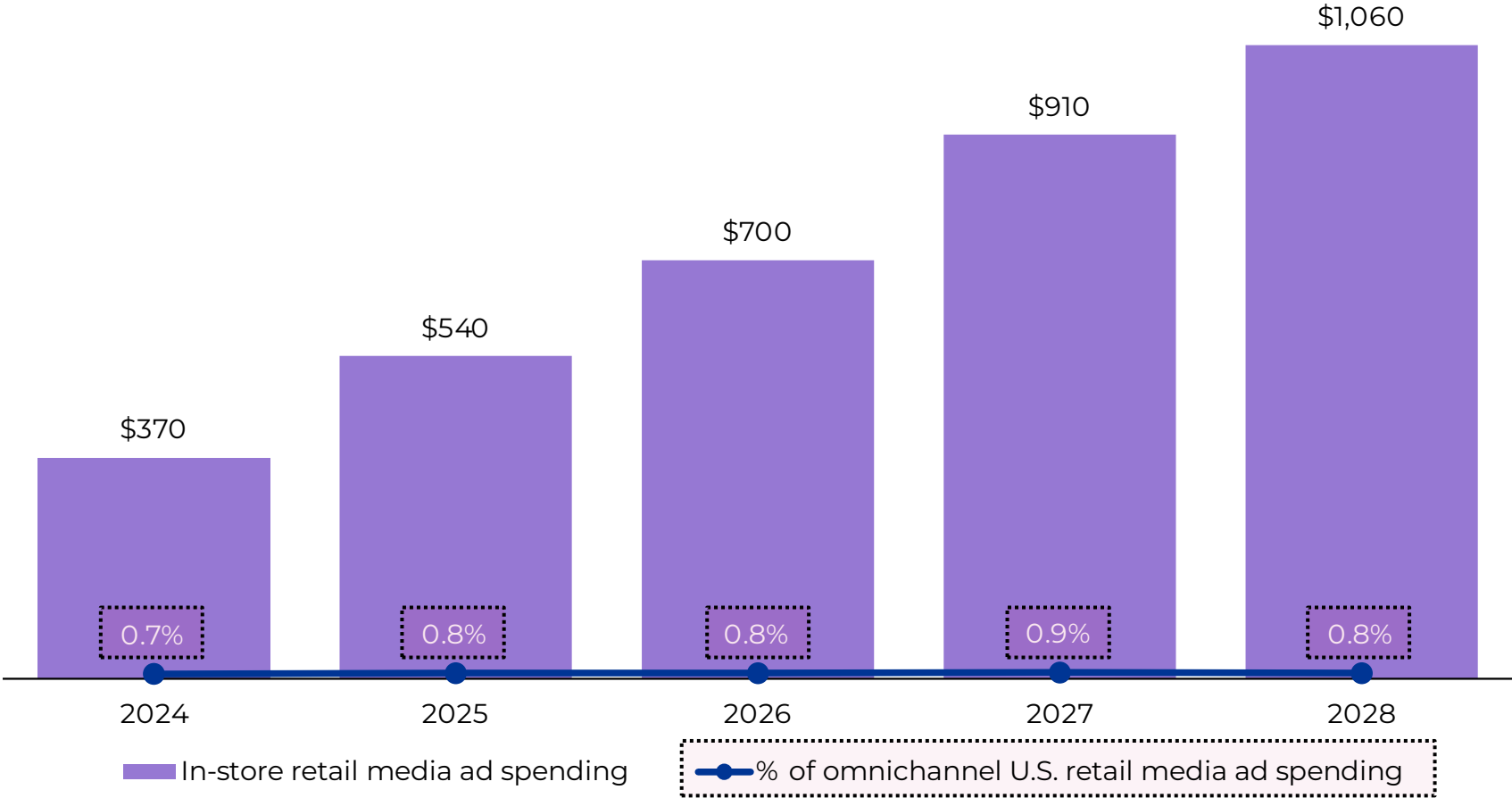
U.S. retail media ad spend will make up ~22% of total U.S. media ad spend by 2027

IN-STORE RETAIL MEDIA IS AN UNTAPPED MARKET

U.S. IN-STORE RETAIL MEDIA AD SPEND

(Amounts in millions)

2024 – 2028 CAGR: 30.1%



In 2024, ~\$370 million of U.S. retail media will be allocated to in-store advertising, which represents <1% of total retail media spend, showcasing the massive in-store opportunity

KEY RETAIL MEDIA OPERATORS AND PLATFORMS

RETAILERS CAN EITHER PARTNER WITH THIRD-PARTY PLATFORMS OR DEVELOP IN-HOUSE SOLUTIONS TO ENHANCE THEIR SERVICES WITHIN THE BROAD UNIVERSE OF RETAIL MEDIA

CATEGORY SPECIALISTS



DELIVERY SERVICES



DEPARTMENT STORES



DIGITAL-FIRST OPERATIONS



DISCOUNT WAREHOUSES



GROCERS



MARKETPLACES



MASS MERCHANDISERS





















THIRD-PARTY PLATFORMS



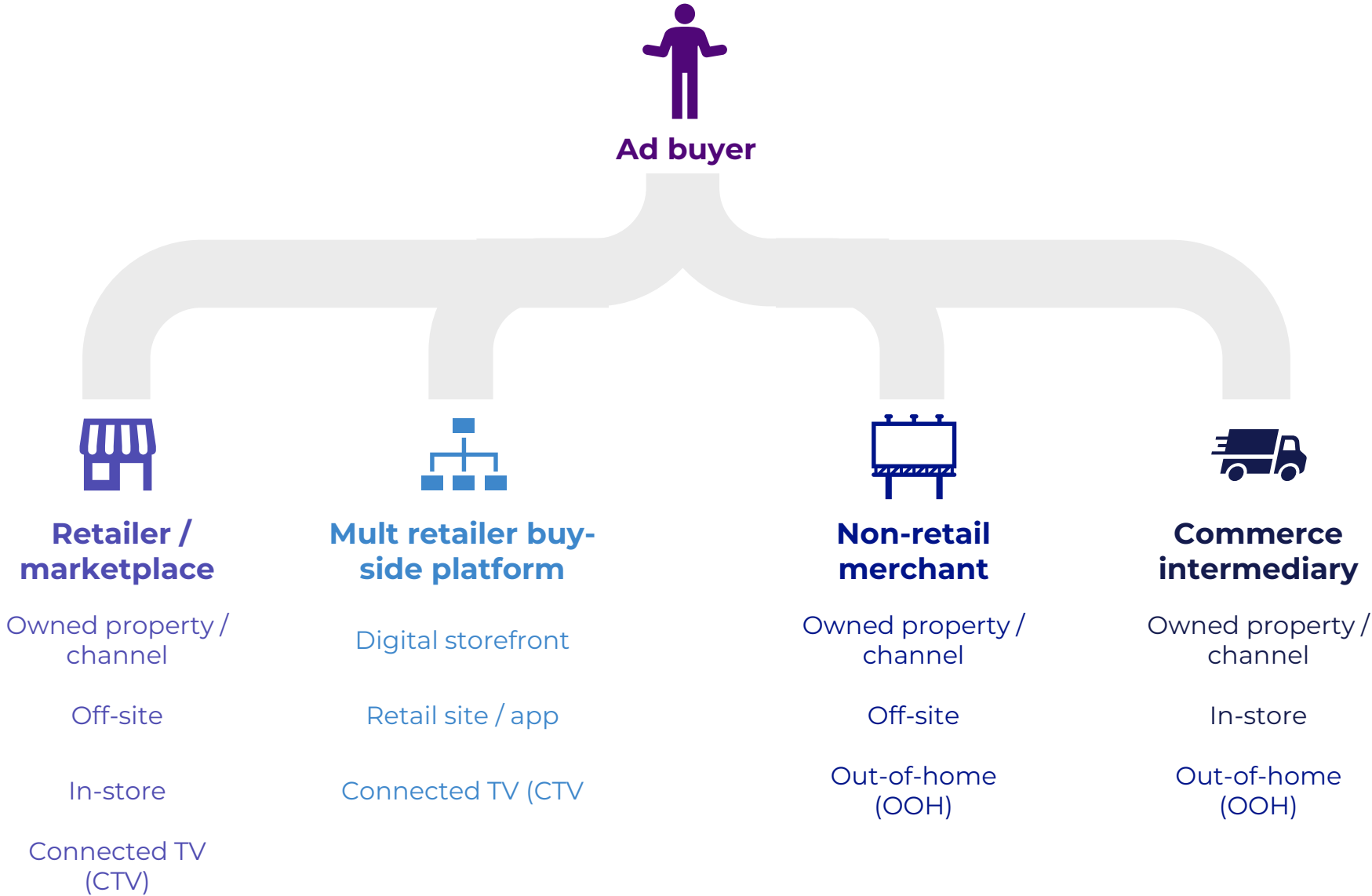
SCALED NETWORKS POISED TO BENEFIT FROM THE RISE OF RETAIL MEDIA

WE VIEW AND DEFINE IN-STORE RETAIL MEDIA NETWORKS AS ANY DOOH OR PLACE-BASED NETWORK WITHIN BRICK-AND-MORTAR RETAIL STORES OR IN RETAIL-ADJACENT ENVIRONMENTS

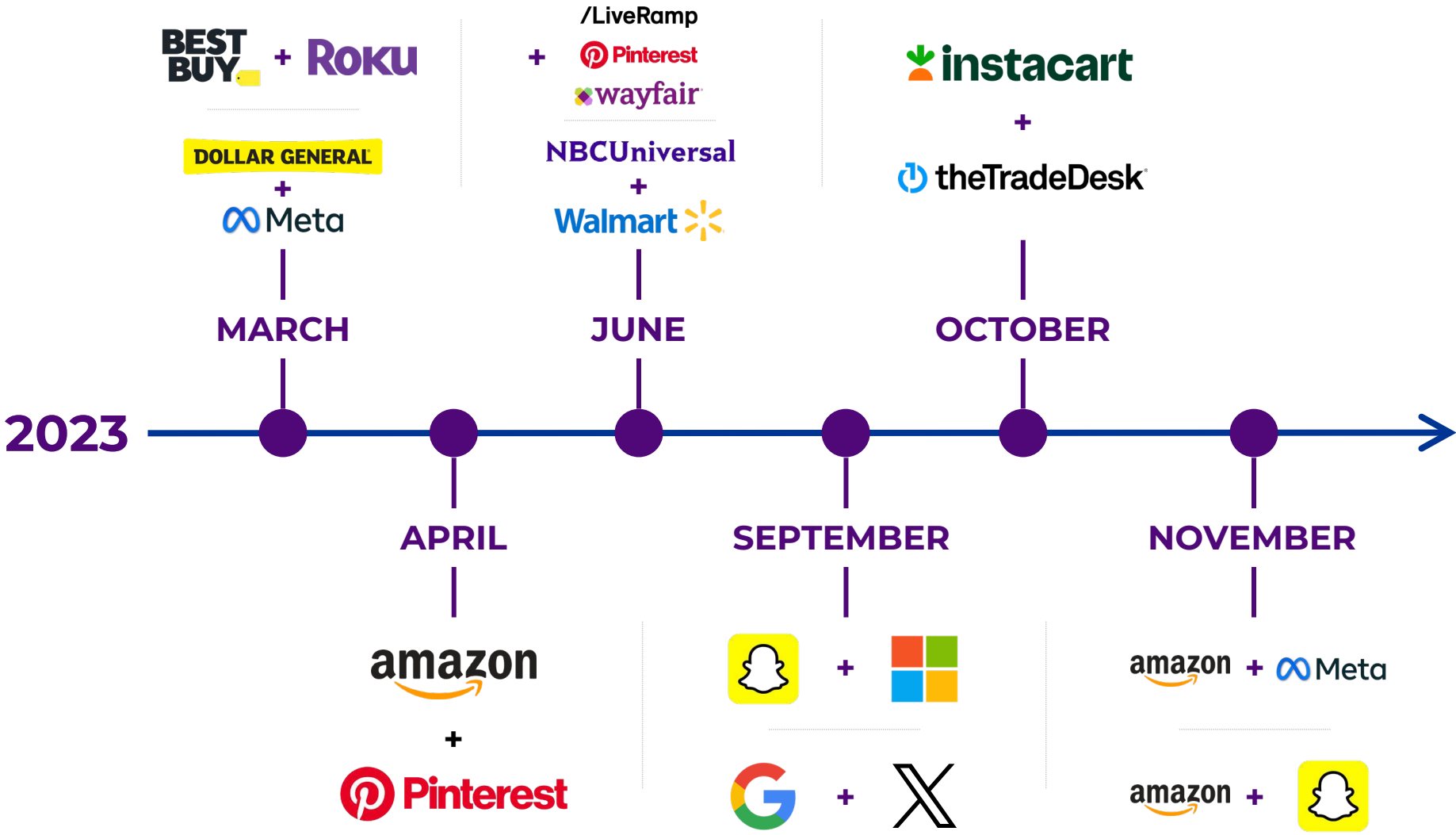
 <p>Digital Jukeboxes Global: 30k+ Locations</p>	 <p>Electronic Darts Machines^(a) Global: 30k+ Screens</p>	 <p>TV Advertising – Various Global: 65k+ Locations</p>	 <p>Office / Residential Global: 54k+ Screens^(b)</p>	 <p>OOH Advertising U.S.: 12k+ Airport Screens^(c)</p>
 <p>Retail – Grocery and Convenience U.S.: 10k+ Screens</p>	 <p>Retail – Grocery U.S.: 21k+ Screens</p>	 <p>Gas Stations U.S.: 220k+ Screens</p>	 <p>Cinema U.S.: 18k+ Screens</p>	 <p>OOH Advertising U.S.: 22k+ Transit Screens^(d)</p>
 <p>Retail – Various Global: 160k+ Screens</p>	 <p>TV – Airports Global: 2k+ Screens</p>	 <p>Movie Distribution U.S.: 28k+ Kiosks</p>	 <p>Cinema U.S.: 14k+ Screens</p>	 <p>Retail – Various U.S.: 120k+ Kiosks^(e)</p>
 <p>Digital Jukeboxes Global: 65k+ Locations</p>	 <p>Media – Various Global: 500k+ Locations</p>	 <p>Retail Media Network U.S.: 170k+ Screens</p>	 <p>Fitness Centers Global: 73k+ Screens</p>	

Source: Publicly available information and Solomon estimates as of April 2024, including Geopath.
 Note: Not all U.S. retail media networks (i.e., Albertson's, Kroger, Target) disclose digital screen counts or location counts.
 a) Arachnid 360 was acquired by TouchTunes in February 2024.
 b) Figure includes 20,755 screens in North America, as well as 33,778 screens in EMEA that display content only.
 c) Figure represents Clear Channel Outdoor's Airports segment display count in the U.S. and the Caribbean as of December 31, 2023, per 10K filing. Clear Channel has numerous assets in and around retail; however, this data summary focuses only on its U.S. Airports segment.
 d) OUTFRONT has numerous assets in and around retail; however, this data summary focuses only on its U.S. Transit segment.
 e) Majority of Terraboost kiosks are static (non-digital).

RETAIL MEDIA PURCHASING AVENUES



SELECT 2023 SOCIAL, RETAIL AND DIGITAL ADVERTISING PARTNERSHIPS



RETAIL MEDIA MARKET TRENDS

UPCOMING TRENDS IN RETAIL MEDIA

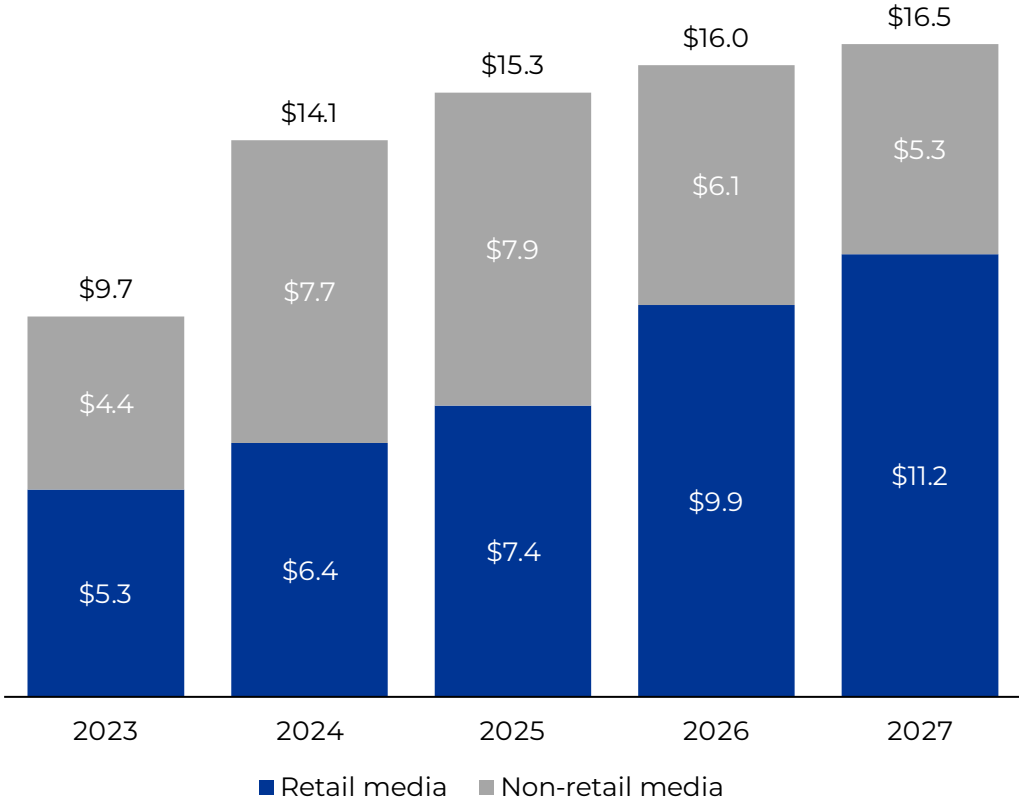
DIGITIZATION AND INCREASED COLLABORATION WILL TRANSFORM RETAIL MEDIA NETWORKS (“RMN’S”)

- 1 THE STORES DIGITIZATION**
Digital ads appear on various platforms such as end-cap aisle displays, cooler doors and shopping carts
- 2 STANDARDIZATION PUSH**
RMN's advocate for standardization to streamline operations and propose frameworks
- 3 SMALLER OPERATORS BOOST NETWORKS**
Local retailers increase competitive tension, although scalability is a challenge
- 4 INCREASED OFF-SITE PARTNERSHIPS**
RMN's, streaming companies and social media platforms collaborate to enhance off-site advertising efforts
- 5 COMMERCE MEDIA ON THE RISE**
Travel and payments firms establish their own media networks
- 6 AGENCY FOCUS**
Agencies prioritize retail media expertise to effectively build and measure campaigns for clients
- 7 AI'S PROMINENT ROLE**
AI plays a crucial role in RMN's for targeted advertising and creative strategy development

RETAIL MEDIA AD SPEND TRENDS: SEARCH DOMINATES AND DISPLAY EXPANDS

U.S. SEARCH ADVERTISING SPENDING BY CHANNEL

(Amounts in billions)



SEARCH DOMINANCE

- Retail media search ads are effective due to their proximity to the point of sale
- Search currently has the largest share of US retail media ad spend (61.7% in 2024)
 - Display is gaining market share

DISPLAY GAINING GROUND

- Retail media display advertisements differ from traditional display ads due to their use of first-party shopper data
 - Critical as third-party signals such as cookies diminish
- Display will make up 40.3% of U.S. retail media ad spend by the end of 2027
- Display ad spend is poised to benefit as retail media becomes a more useful tool for brand marketing
- RMN's are forming more off-site partnerships, expanding display ad format options

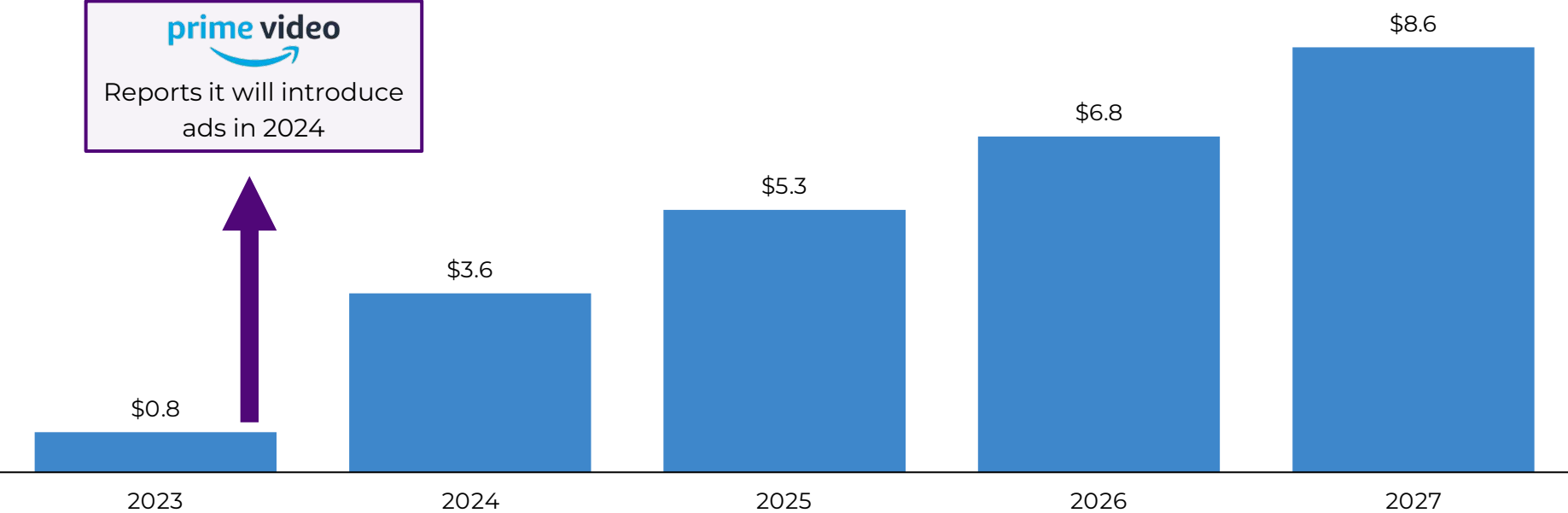
Retail media will account for most search ad spending growth by 2027

CTV IS A POWERFUL FORCE

- Retail media ads on CTV are delivered via owned platforms (e.g., Amazon Prime Video) or partnerships (e.g., Walmart and Roku)
- Retail media for CTV offers timely and engaging ads, precisely targeted to the audience

RETAIL MEDIA CTV AD SPENDING FORECAST

(Amounts in billions)



CTV advertising offers shoppable features or calls to action, shortening the path to purchase

BENEFITS AND NEAR-TERM CHALLENGES OF RETAIL MEDIA



BENEFITS

First Party Data

Offers access to valuable first-party shopper data, enabling advertisers to understand consumer preferences

Point Of Sale Proximity

Strategic placement facilitates easy attribution of ROI, allowing advertisers to track campaign effectiveness

Partnership

Data extends beyond stores and retailer websites, fostering strategic partnerships and enabling targeted advertising



NEAR-TERM CHALLENGES

Standardization Challenges

Lack of standardized ad measurement and formats impedes comparison and optimization

Number Of Networks

Challenging for advertisers to find the optimal retail media networks to partner with

Perception

Some advertisers view retail media as a pay-to-play tax, while retailers often underutilize its potential for brand marketing

Retail media presents lucrative opportunities for advertisers but requires addressing standardization challenges to maximize its effectiveness

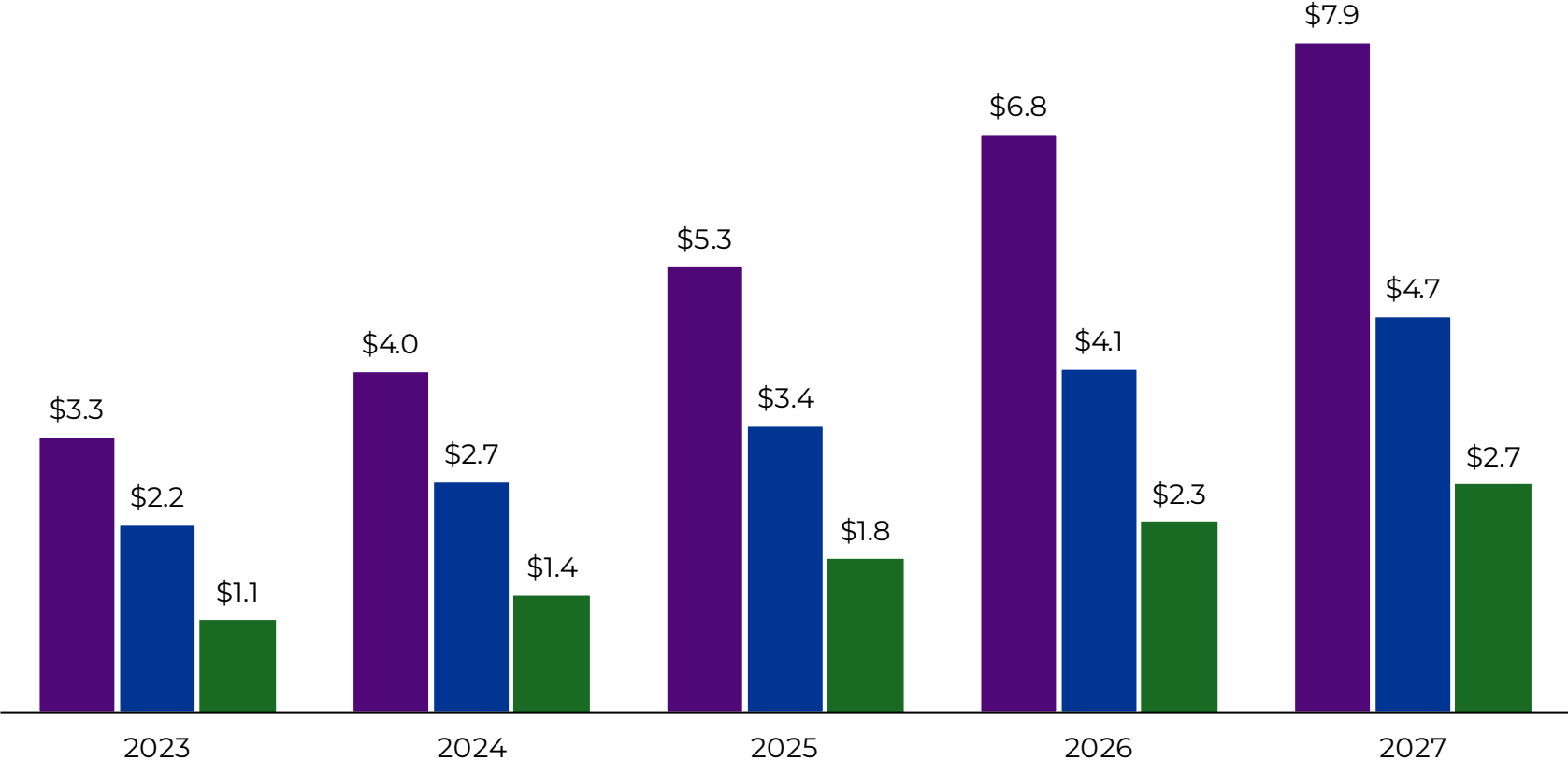
U.K. RETAIL MEDIA FORECAST

RETAIL MEDIA AD SPENDING: U.K. DOMINANCE

WESTERN EUROPE RETAIL MEDIA SPEND FORECAST

(Amounts in billions USD)

■ U.K. ■ Germany ■ France



The U.K. will retain its status as the largest market for European retail media ad spending, exceeding \$4 billion this year

RETAIL MEDIA LANDSCAPE IN THE U.K.: KEY OPERATORS

STRATEGIC PARTNERSHIPS AND INNOVATIVE PLATFORMS SHAPE THE FUTURE OF RETAIL MEDIA ADVERTISING IN THE U.K.



GLOBAL MARKET LEADER

- Owns 37% of the retail media market
- Ad sales increased 19% in Q4 2022 to USD \$11.6bn
- Exploiting its native e-commerce origins for maximum impact



EUROPEAN TRAILBLAZER

- Launched Carrefour Links retail media network in 2021
- Collaborate with Google, Criteo and LiveRamp
- Aim to triple GMV by 2026 with a €3bn investment



UK PIONEER

- Tesco Media & Insight Platform boasts 450+ leading CPG brands
- Average ROAS of £6.60 for multichannel campaigns
- Partnerships with ITVX and Pinterest to reach Tesco's 20 million Clubcard users

SELECT RECENT TRANSACTION

WALMART ANNOUNCES AGREEMENT TO ACQUIRE VIZIO



WALMART ANNOUNCED A \$2.3 BILLION DOLLAR ACQUISITION OF VIZIO TO ENHANCE ITS ADVERTISING CAPABILITIES AND ACCESS TO CUSTOMER DATA

VIZIO OVERVIEW

- VIZIO designs and sells low-price televisions and sound bars and owns WatchFree+, a free ad-supported video streaming service
- Owns and sells data for TV ad sales and viewership from their SmartCast TV operating system
- VIZIO makes up 8% of the operating systems in Connected TVs, with 18.5 Million SmartCast active accounts
- Historically the largest television brand sold at Walmart, by sales
- Nearly 70% of VIZIO TVs are sold at Walmart

VALUATION OVERVIEW

- VIZIO reported FY 2023 Revenue of \$1.7 Billion, with Adjusted EBITDA of \$75.7 Million
 - 2024E Consensus Street estimates are \$1.8 Billion for Revenue and \$94.5 Million for Adjusted EBITDA
- Under the all-cash deal, Walmart would pay \$11.50 per share for a total value of \$2.3 Billion
 - As of Q4'23, Walmart's cash balance is ~\$10 Billion

WALMART ADVERTISING GROWTH

- Walmart Connect, the Company's U.S. advertising business, has nearly doubled since 2021
- The segment generated ~\$3 Billion in sales in 2023
- VIZIO's advertising and data licensing business has also seen consistent growth in recent years, with the segment increasing its share of VIZIO's total revenue

ACQUISITION THESIS

- A CTV distribution platform provides Walmart with more avenues to leverage its first-party data and grow its advertising business
 - Solidifies position as a leader in the space, creating access to additional data and ad spend on CTV networks
 - Walmart may utilize VIZIO displays as forms of digital signage throughout their stores
 - VIZIO's platform, supported by Walmart's first-party purchase data, will be more attractive to advertisers and increase the platform's market share
- The transaction provides more opportunities for Walmart to interact with its customer base throughout their lifetime, as TVs are a larger purchase with a longer product lifespan

Walmart is focused on expanding and doubling down on retail media advertising business through the acquisition of VIZIO

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