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

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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\*

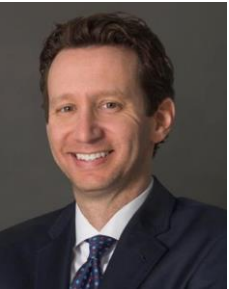
## SELECT COVERAGE SECTORS

### 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**<sup>INC.</sup>

Acquired by



Served as financial advisor to Chico's FAS

**2023**



**lululemon**

Strategic alternatives for



**Studio**

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?

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## MEDIA FRAGMENTATION AND TECHNOLOGY



TV



Radio



Print

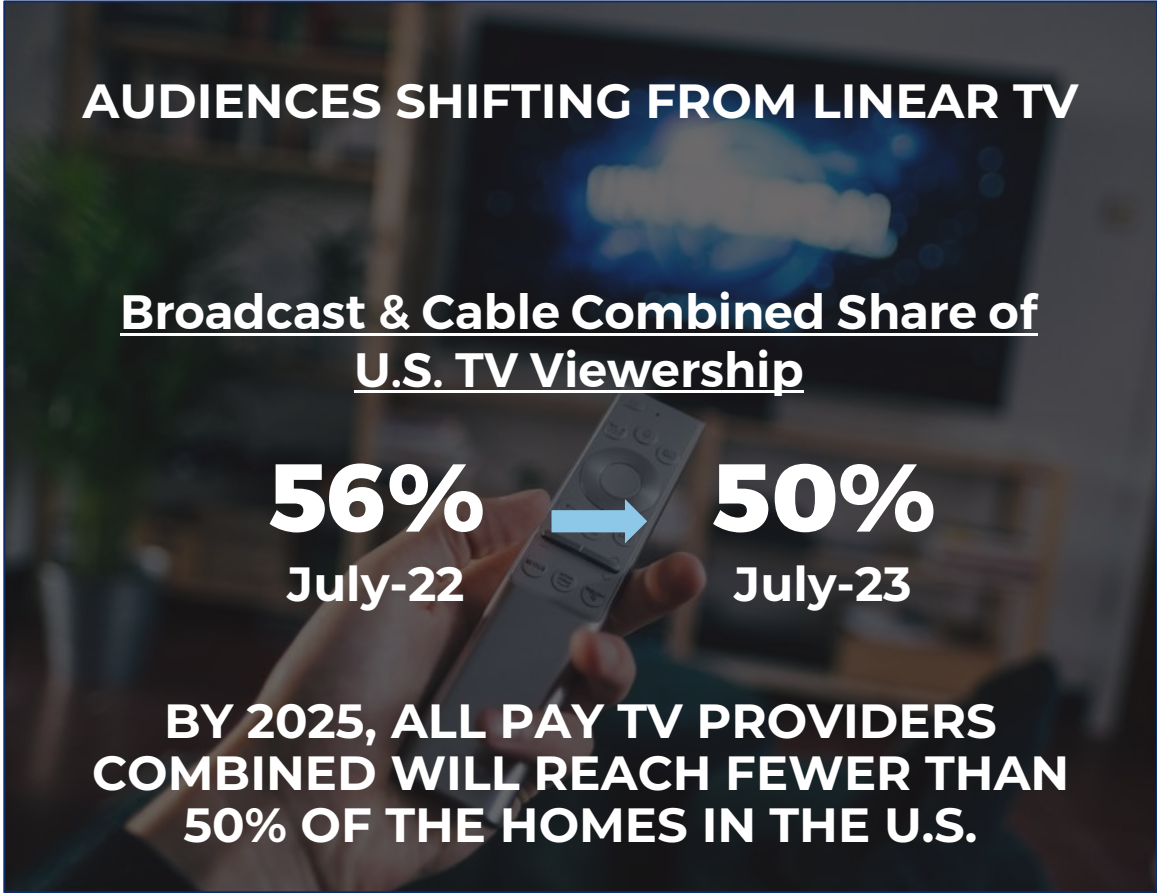
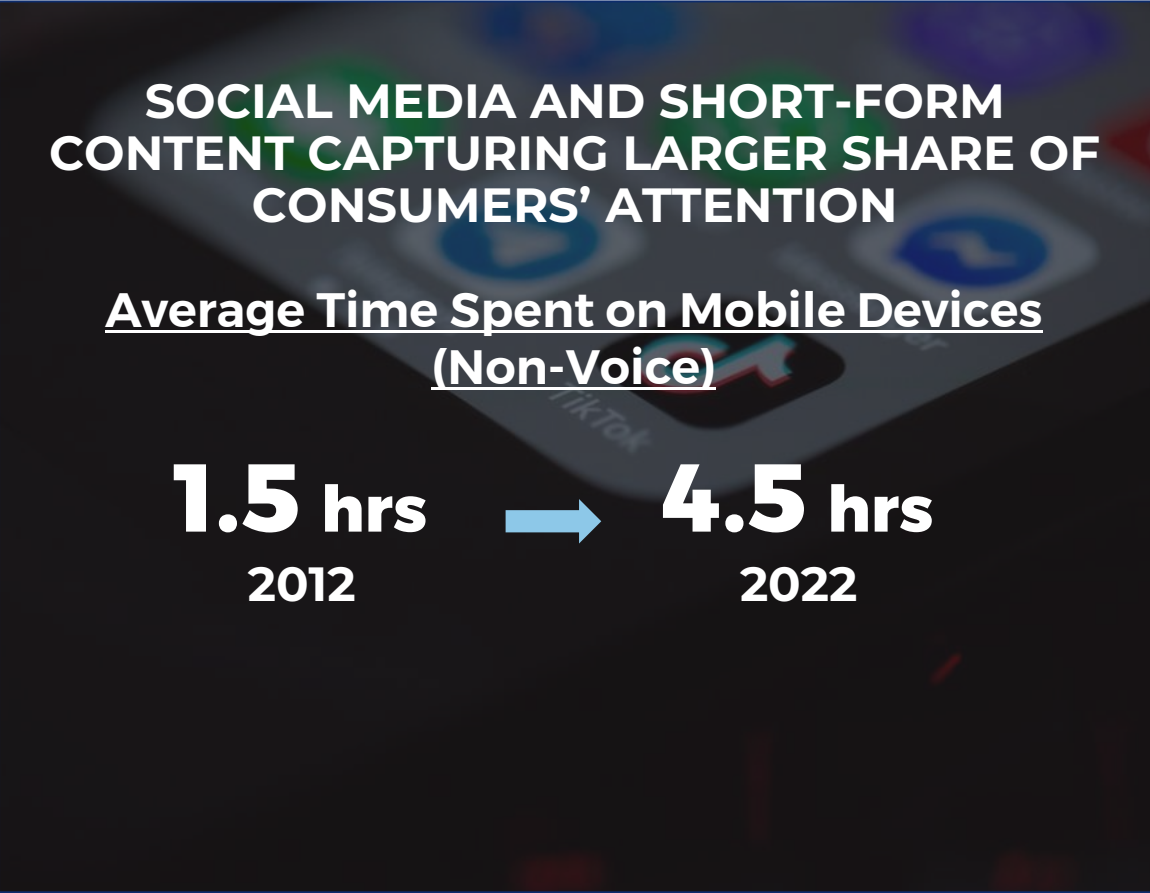


Digital /  
Mobile Media



# 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



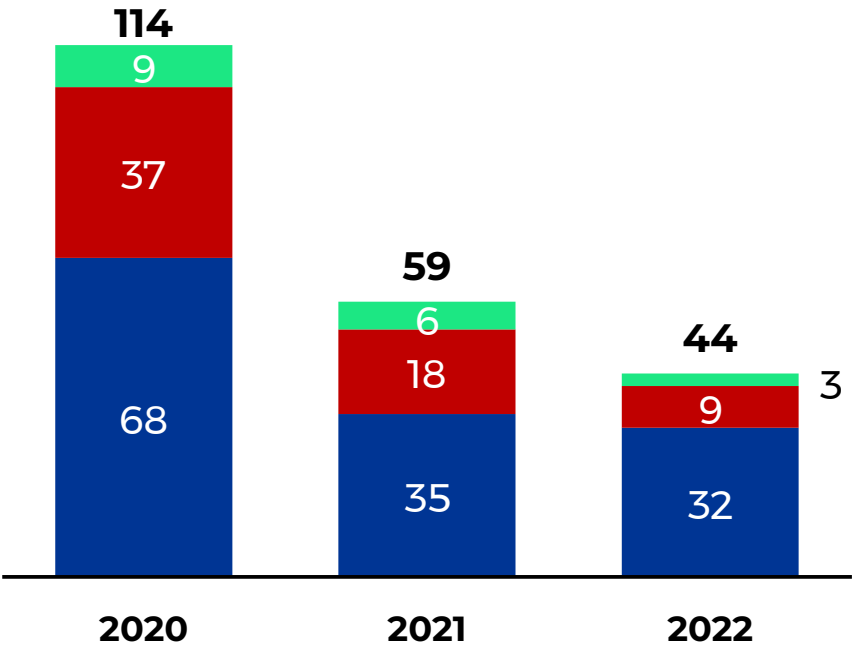
Lost **2.5M** subscribers combined in Q2 and Q3 2023



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

## STREAMING SERVICES ARE ADDING FEWER NEW SUBSCRIBERS EVERY YEAR

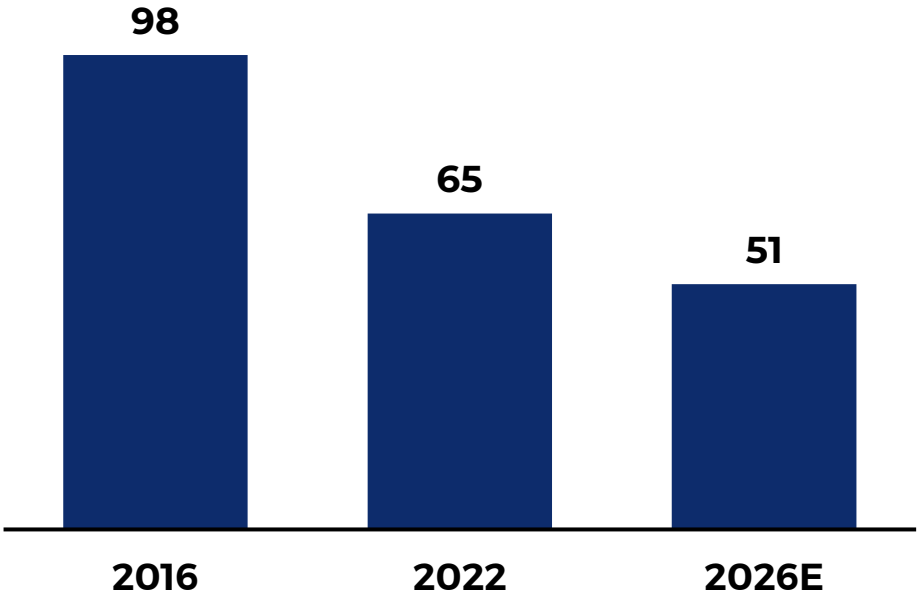
Annual Increase in Global Paid Subscribers (millions of subscribers)



# MEDIA COMPANIES ARE STRESSED WITH UNCLEAR FUTURE

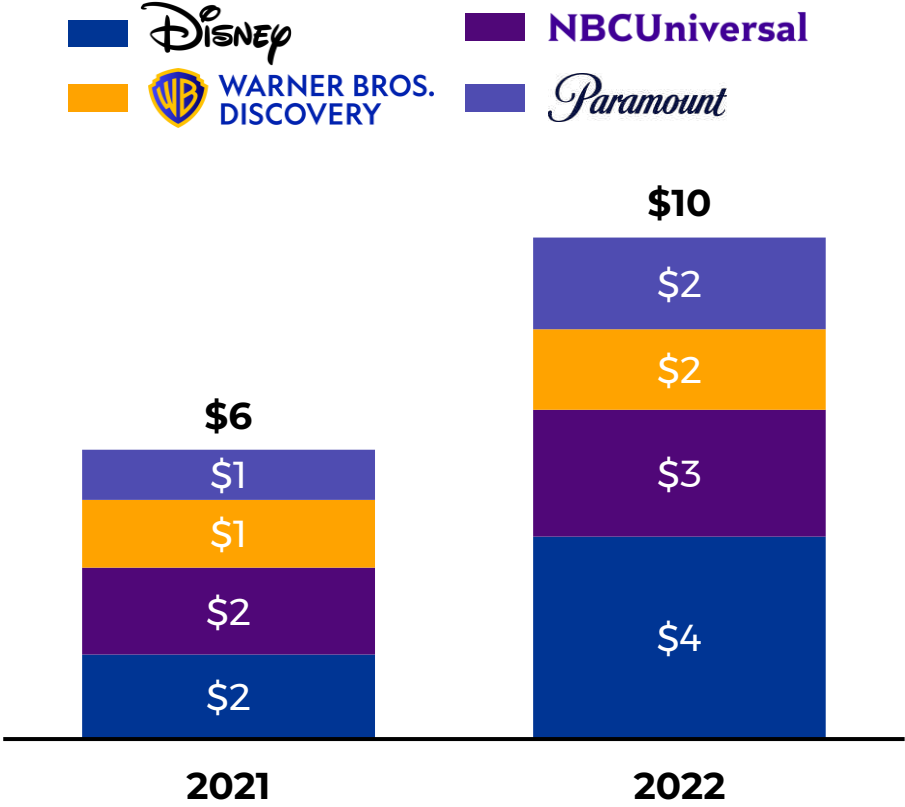
## TV NETWORKS LOSING VIEWERS AND ADVERTISERS

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



## STREAMING SERVICES LOSING BILLIONS OF DOLLARS

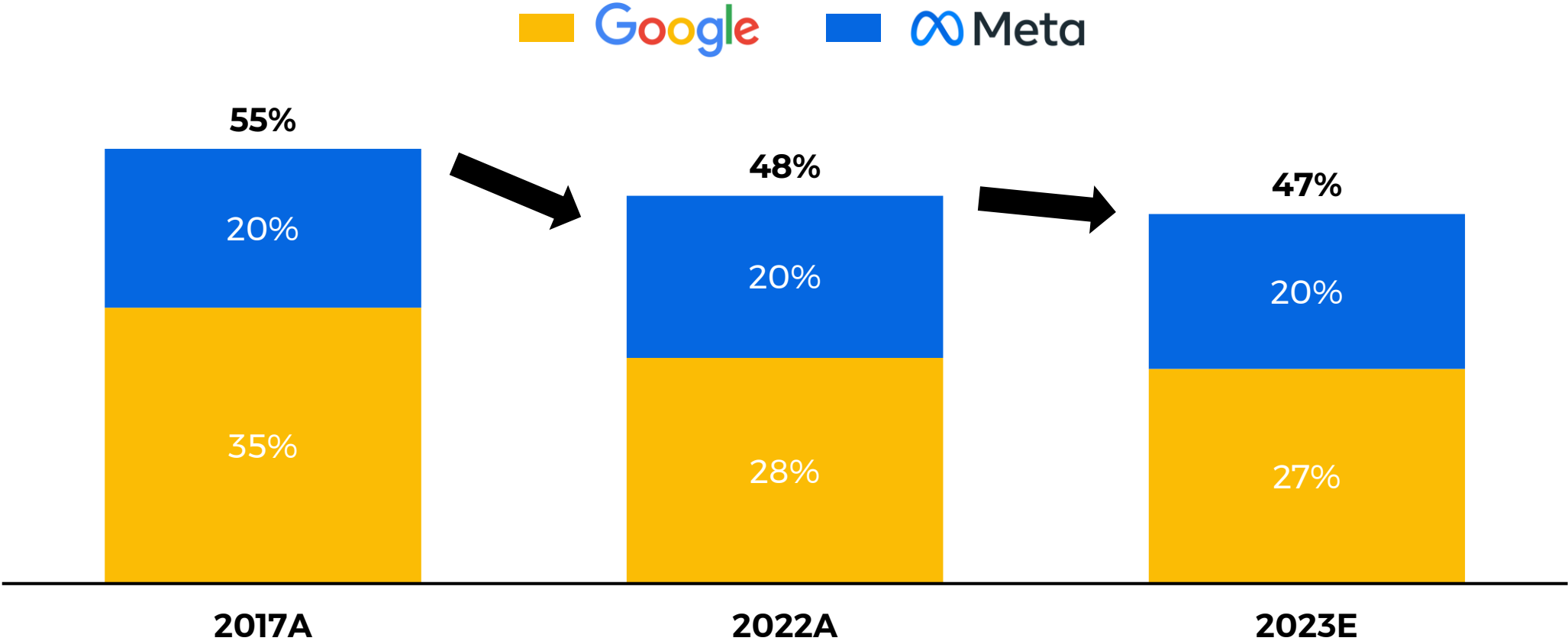
Losses on DTC Streaming Services (\$ in billions)



# 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**

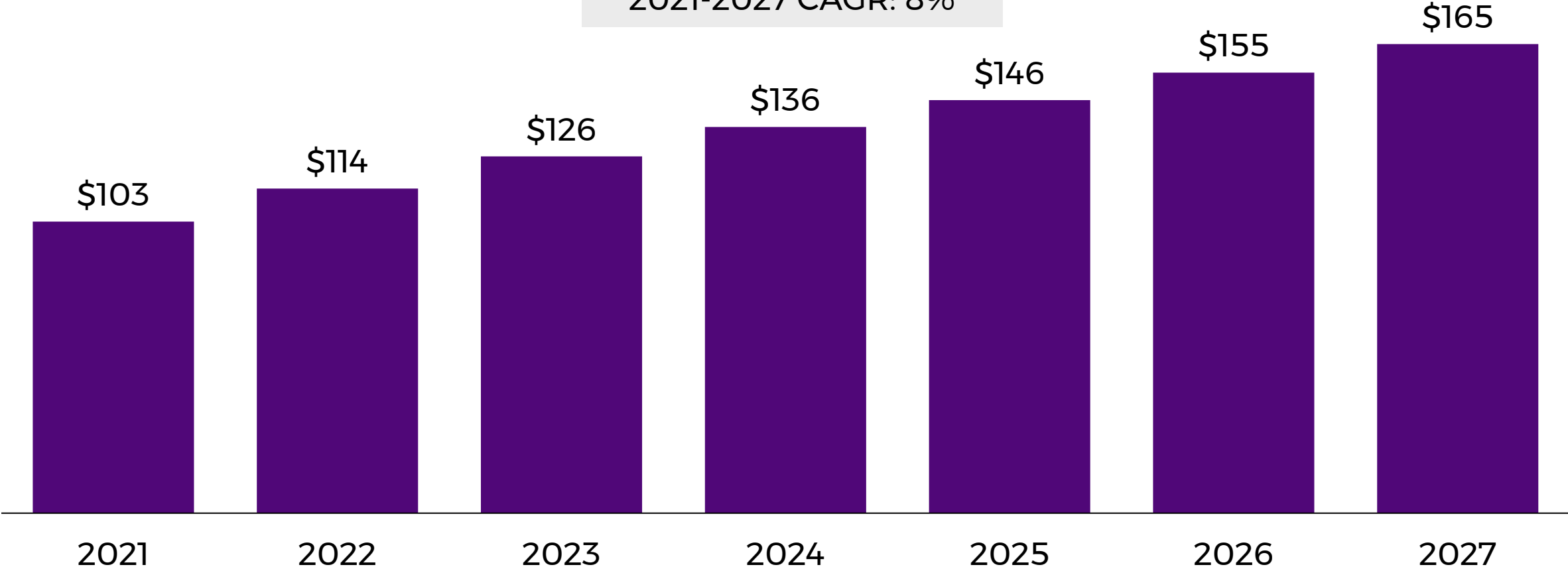


# ONE OF THE FASTEST-GROWING AD MARKET SEGMENTS

## 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**

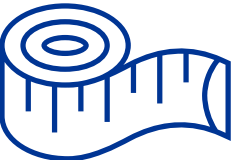
# DRIVING ENTERPRISE VALUE CREATION

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

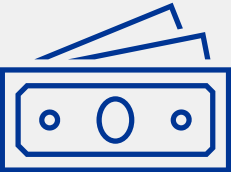
**95% of advertisers** are willing to pay over a **10% premium** for features that help them make **better-informed marketing spend decisions**



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

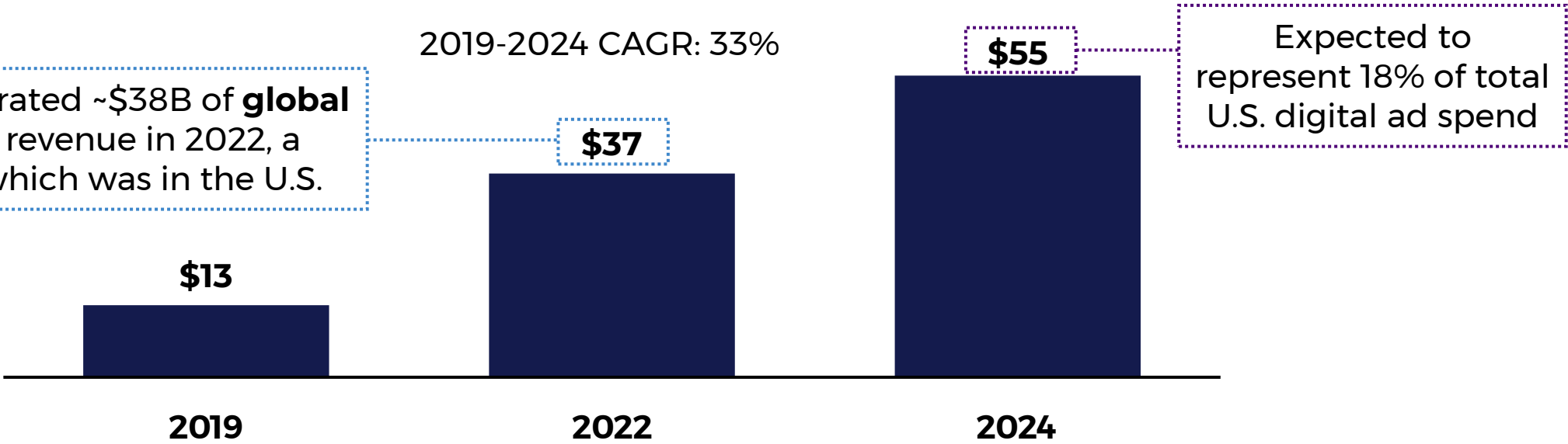
FAST-GROWING SEGMENT PLAYING A LARGER ROLE IN THE DIGITAL AD MARKET

## 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

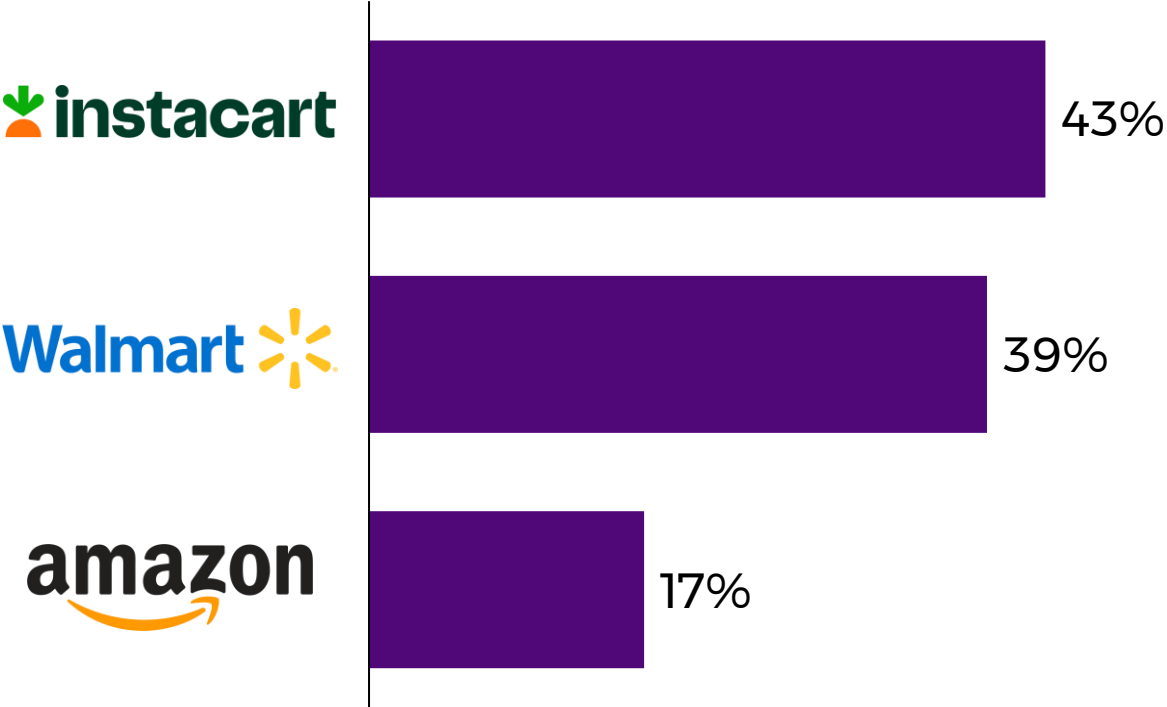
## SHARE FROM EXISTING BUDGETS

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**

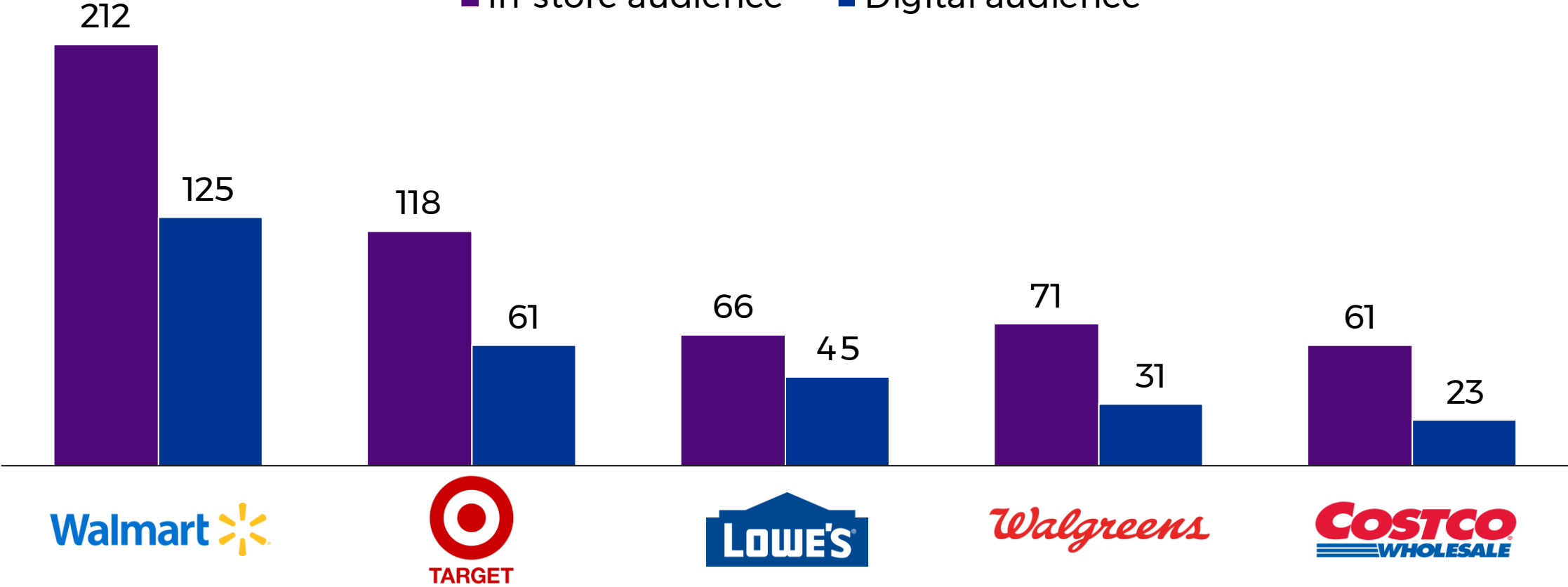
# UNTAPPED POTENTIAL: CAPTURING IN-STORE AUDIENCES

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



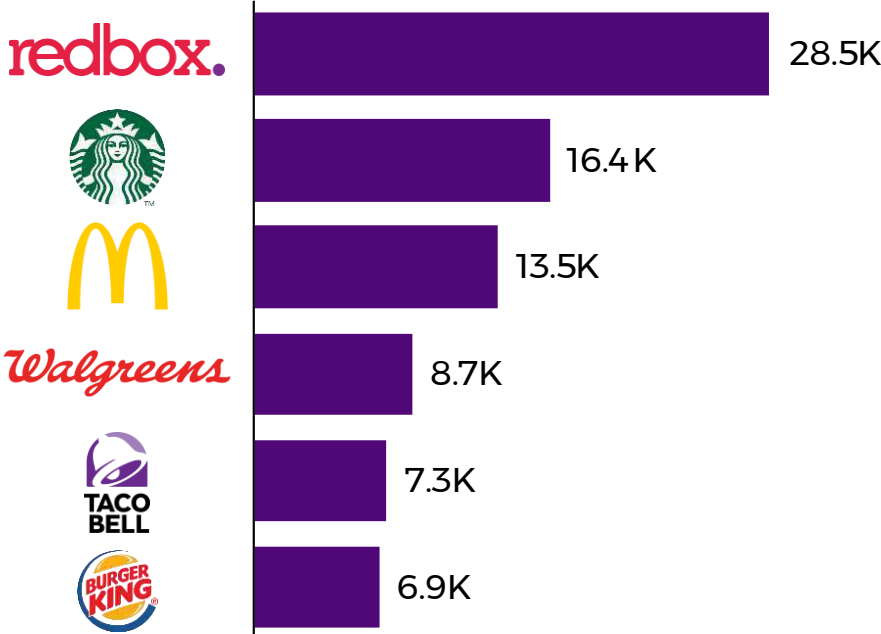
## NETWORK SIZE

**29K**  
Kiosks Nationwide

**42M+**  
Loyalty Members

**340M**  
Weekly Retail Impressions

## U.S. KIOSK LOCATIONS<sup>(a)</sup>

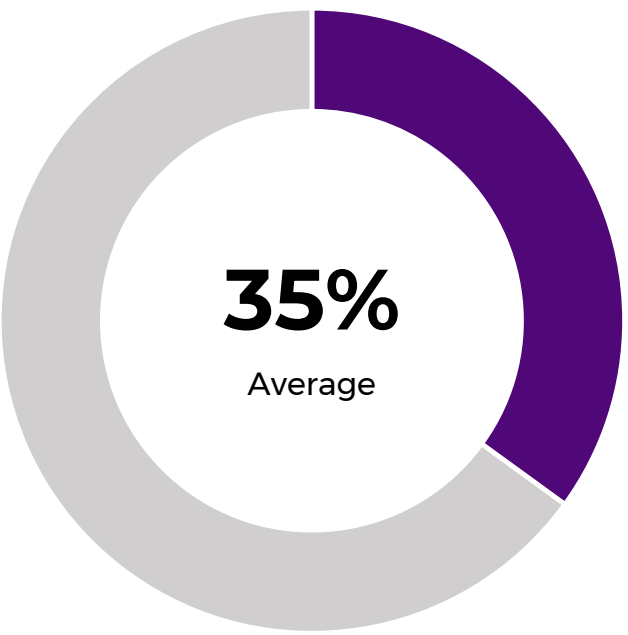


REDBOX HAS A PRESENCE AT THE MOST RECOGNIZABLE AND FREQUENTED MASS MERCHANT, GROCERY, DRUG AND CONVENIENCE STORES IN THE COUNTRY

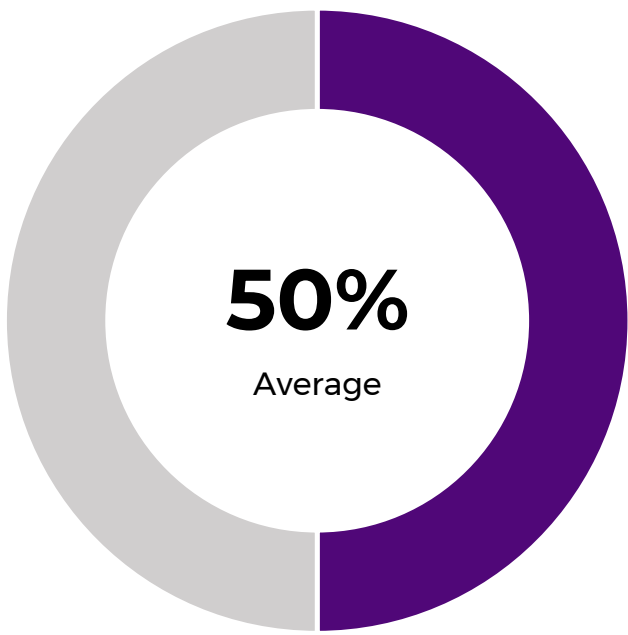
# SHOPPER MARKETING TEAMS CONTINUE TO ALLOCATE MORE BUDGET TO RETAIL MEDIA

## INCREASE IN CPG ALLOCATION FOR RETAIL MEDIA

PROPORTION ALLOCATED TO RETAIL MEDIA **TODAY**



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

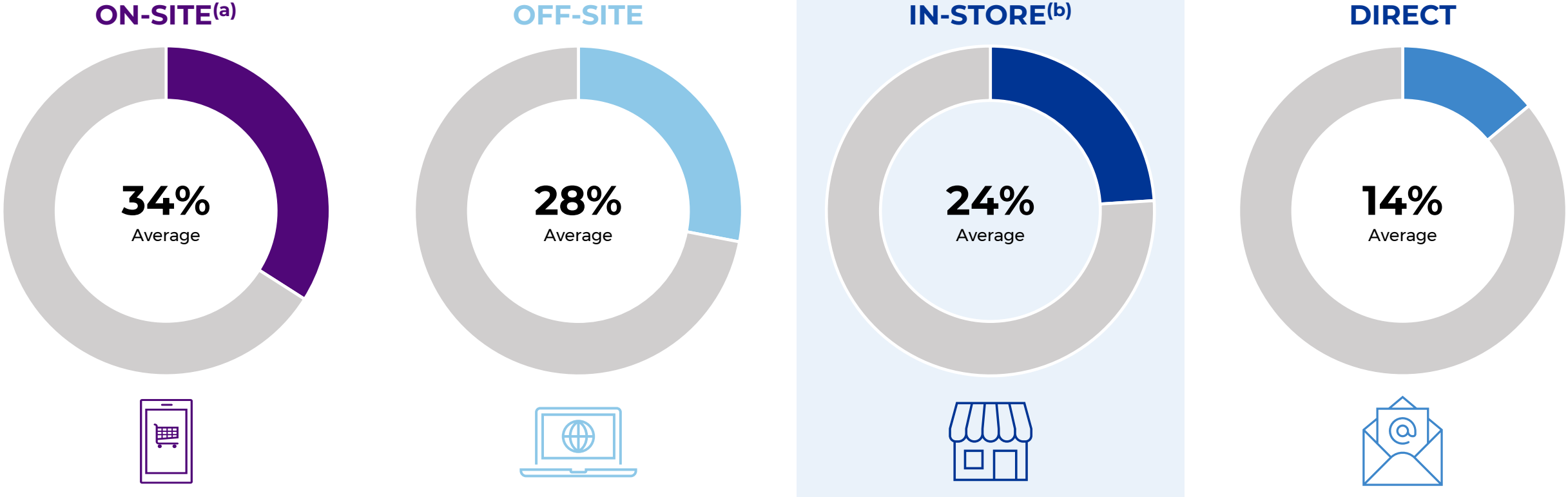


**RETAIL MEDIA ALLOCATION WITHIN THE NEXT YEAR WILL BE 56% AMONG COMPANIES WHOSE CPG CLIENTS ARE PRIMARILY SHOPPER MARKETING TEAMS**

# 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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