retail media
state of the nation report

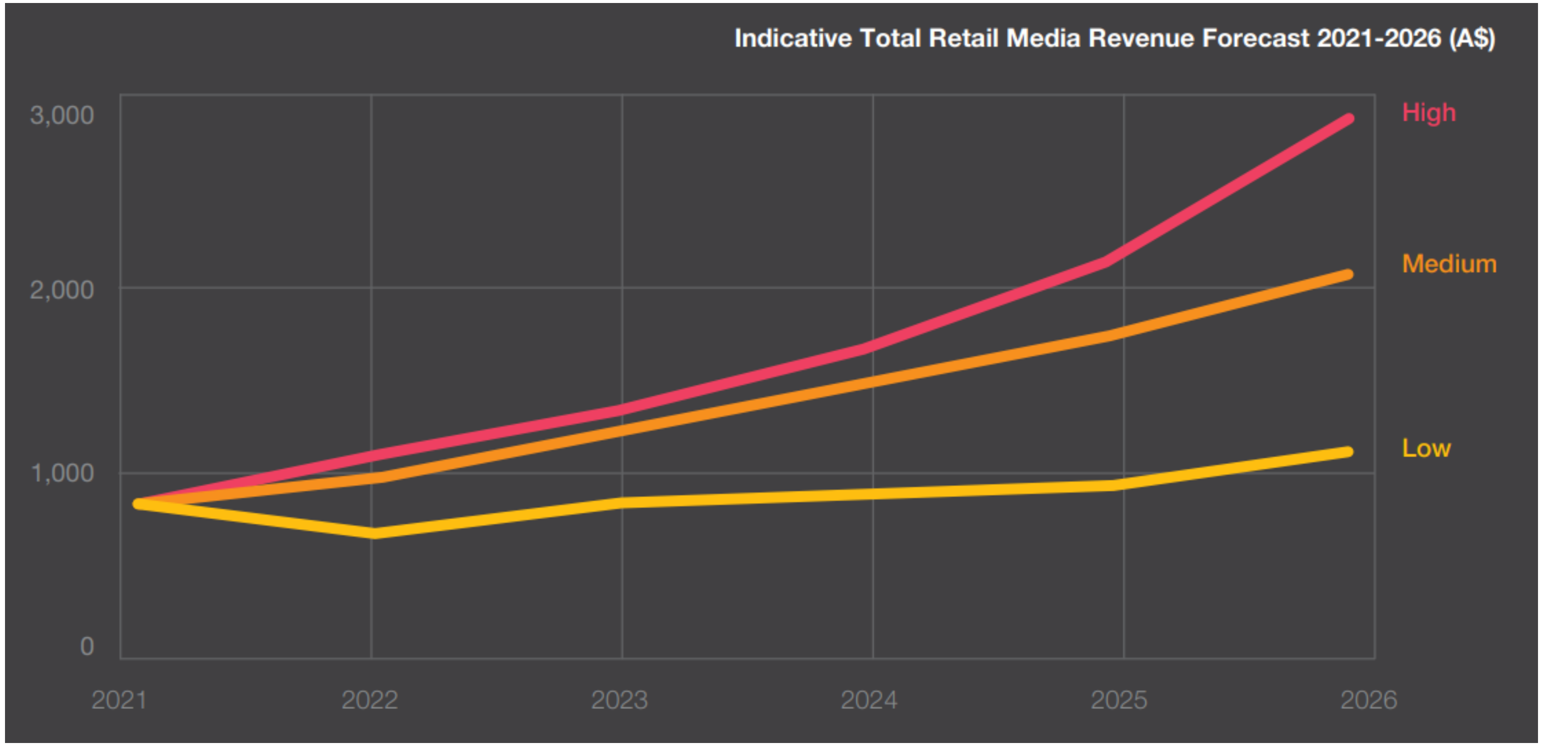
iab. australia

2023

retail media to be a $2b segment in 5 years.

PwC Entertainment and Media Outlook 2022 – 2026 forecasts that a combination of traditional retailers and Amazon Retailers, will build a $2bn retail media segment in the coming 5 years.

PwC forecasts up to A$1.2 billion in 'new' revenue will enter the Australian advertising market over the coming five years, taking a relatively nascent market from A$850 million to A$2.14 billion at a CAGR of 20.1 percent based on the mid-point forecast.



methodology

- This research was conducted by IAB Australia to gain insight into how retail media is being adopted and how it is fitting into local advertising strategies.
- The research design combines questions from other IAB Australia State of the Nation studies as well as IAB Europe and IAB SEA+India for channel and market comparisons.

Industry survey

The IAB Retail Media Working Group conducted an industry survey in February 2023 of 117 advertising investment decision makers or influencers. The survey was designed for those working in media agencies, agency trading desks, creative agencies, and brand-side.

81% of respondents had experience partnering with retailers to advertise to or reach consumers.

The insights in this report will help the IAB Retail Media Working Group prioritise industry education and training and identify the most pressing needs of marketers in relation to planning, buying and measuring retail media activity.

Source: IAB Retail Media Industry Survey 2023 n=117
Q - Which of the following best describe your organisation's experience in partnering with any retailers to advertise to / reach your consumers?

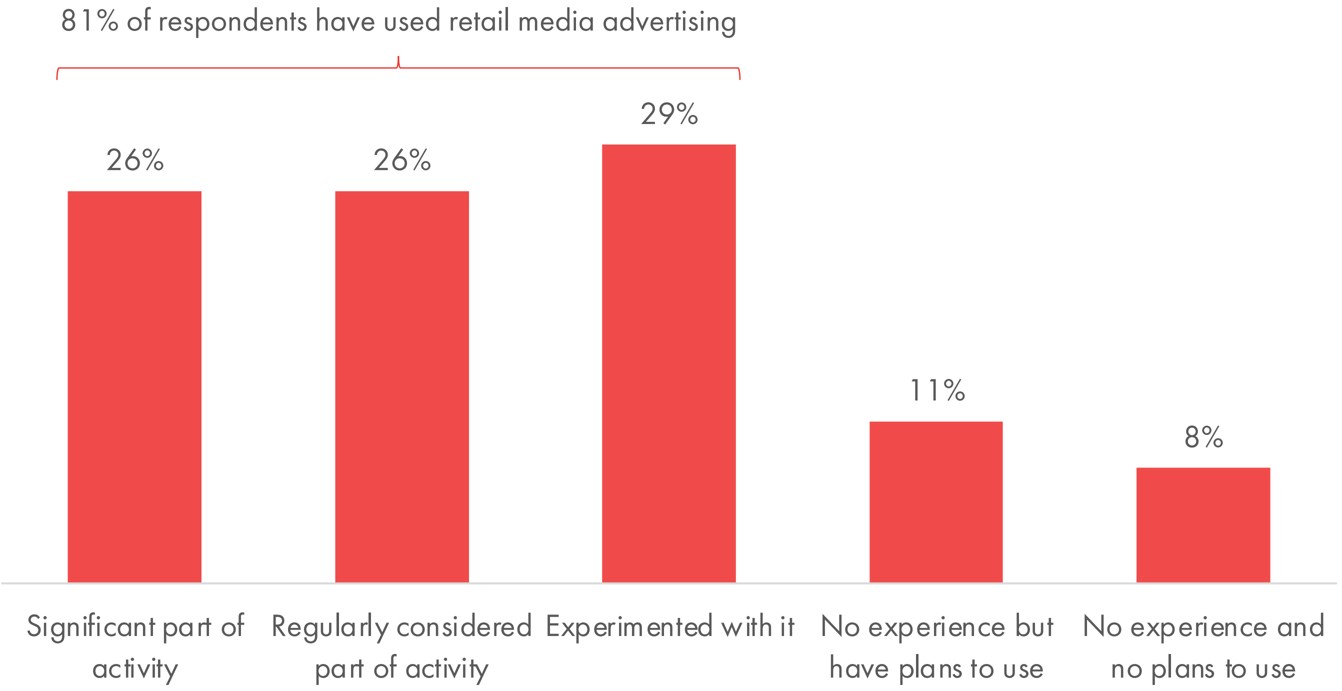
executive summary.

- **Experience with retail media is varied**. Those surveyed who had experience partnering with retailers were equally split across having it as a significant part of their activity, regularly considering it or still experimenting with it.
- Reaching shoppers at the point of purchase is see as one of the main opportunities. Retail media advertising campaigns are **focused on bottom of the marketing funnel objectives**. With nearly 9 in 10 respondents were using retail media campaigns to increase sales.
- The **top opportunity** of partnering with retailers for over half of respondents is **getting access to first-party data**. 6 in 10 see retail media as a key part of their advertising strategy following the deprecation of third-party cookies. It will be important for retailers to build trust, transparency and understanding of the data value exchange with consumers to ensure ongoing collection of data.
- Retail Media has **the potential to grow the advertising investment pie**, with 31% of investment coming from new budgets, while 69% is reallocated from other budgets (such as digital advertising and trade retail budgets).
- Currently retail media activity is **focused on search and display ads for retail-oriented advertisers**. Search and display ads are the most used formats, although there is high appetite to try in-store point of sale and off-site extension retail media options. Those advertisers and agencies currently participating in retail media activities are more likely in FMCG, retail, health & beauty, alcoholic beverage categories.
- Technological advancements are driving the retail media sector, however **retail media networks not being integrated with other tech** is the top barrier to partnering with retailers.
- Also, tech that provides accurate attribution is considered a key requirement. Attribution is currently seen as both opportunity and barrier for retail media. There are **high expectations for closed loop attribution** and true ROAS reporting.
- Agencies and advertisers also need a greater understanding of retail media products, how privacy laws are complied with and ways to manage multiple retail partners.

experience with retail media.

Amongst survey respondents 81% had partnered with retailers to advertise or reach consumers with over half saying they are at least regularly considering retail media.

experience in partnering with any retailers to advertise to / reach your consumers
amongst all advertisers and agencies

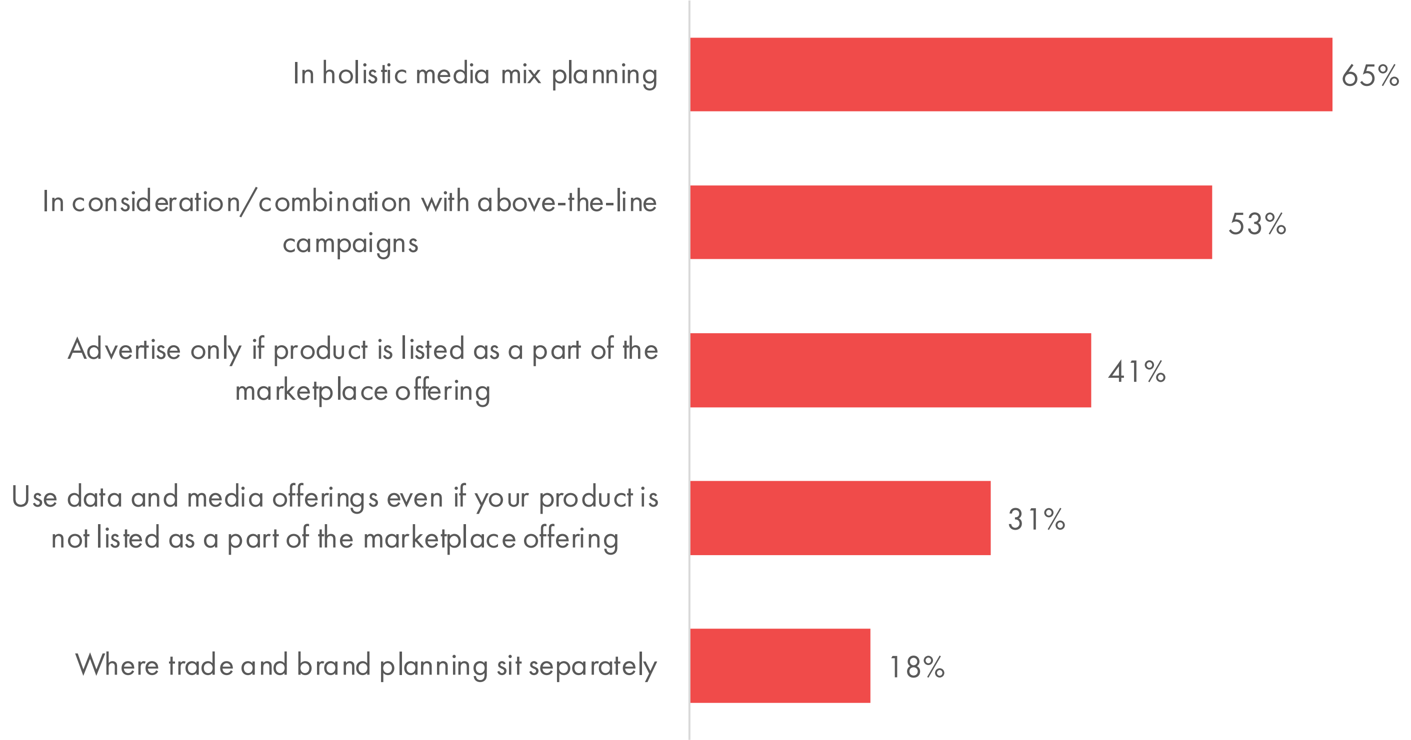


Source: IAB Retail Media Industry Survey 2023 n=117
Q - Which of the following best describe your organisation's experience in partnering with any retailers to advertise to / reach your consumers?

retail media is being planned as part of the holistic media mix.

mostly retail media is being planned as part of the holistic media mix and in combination with above-the-line campaigns.

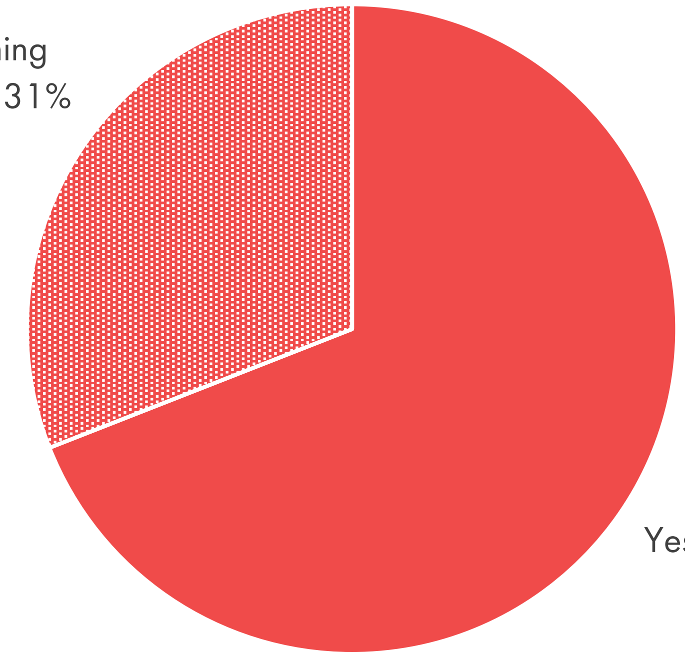
retail media consideration within media planning
amongst retail media advertisers



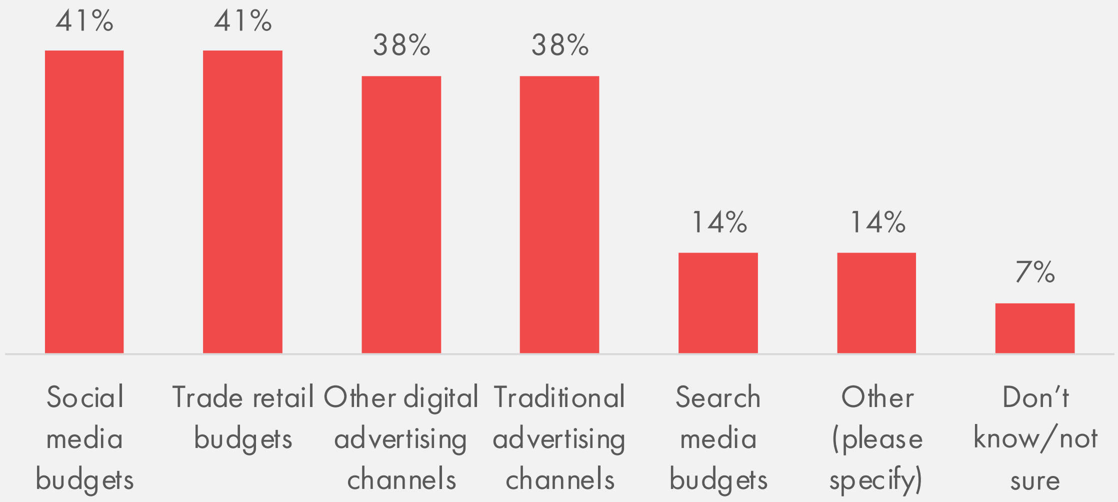
Source: IAB Retail Media Industry Survey 2023 n=117
Q - How have you mostly considered Retail Media within your media planning? (select all that apply)

31% of investment is from new budgets.

Re-allocation of budget for retail media advertising
amongst retail media advertisers



Channels budget being shifted from
amongst retail media advertisers



Global Comparisons

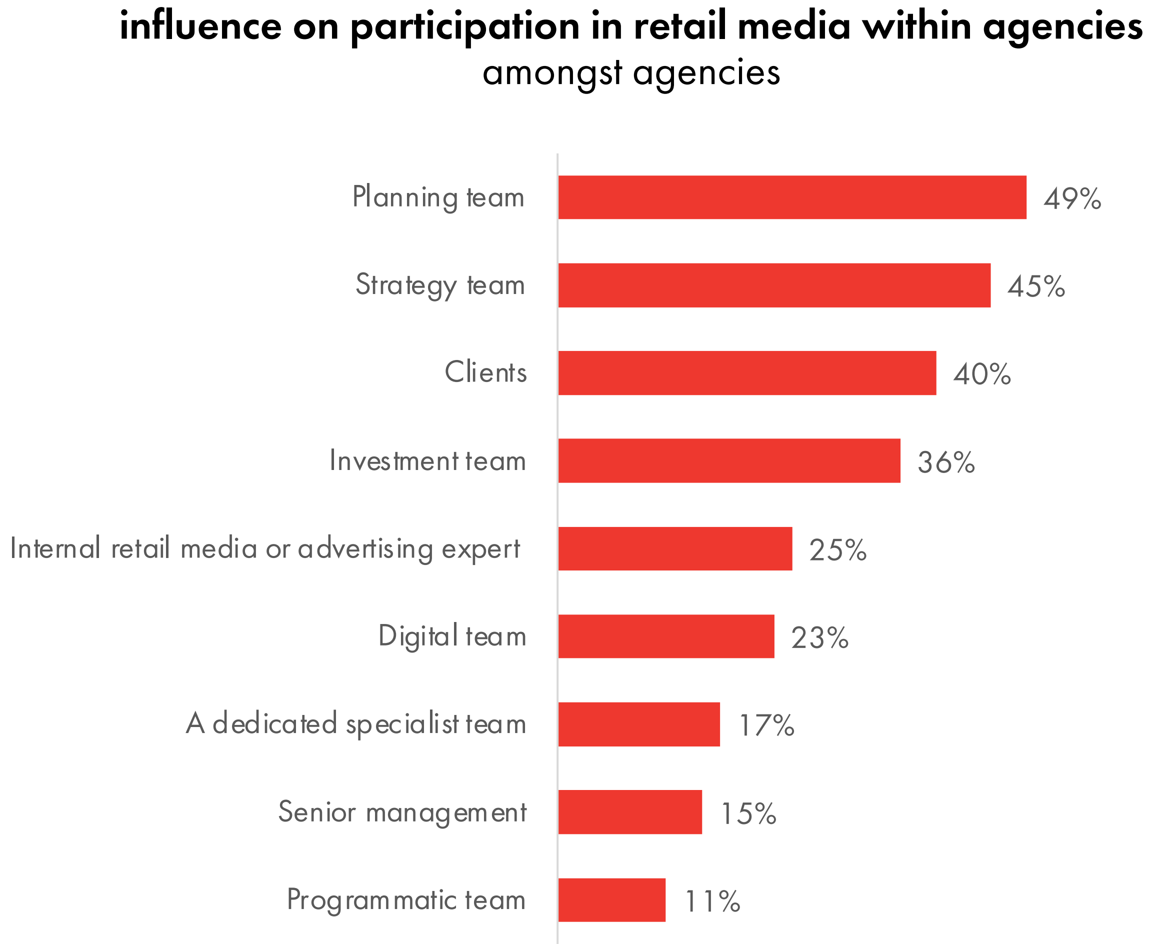
South East Asia	
Trade retail budgets	73%
Digital marketing	20%
Traditional marketing	6%

Europe	
Traditional marketing	52%
Social	34%
Other digital	31%

Sources: IAB Retail Media Industry Survey 23; IAB SEA+India Retail Media: Digital Advertising's Next Big Wave Jan 23, IAB Europe "The Retail Opportunity in Europe" Dec 2022 | Q - In terms of your spend on retail media advertising, are you re-allocating from other channels? Which channels is this spend being shifted from? (Choose all that apply)

retail media participation influenced by planning and strategy within agencies.

A range of internal teams and clients are influencing participation in retail media within agencies, most common influencers are the planning and strategy teams.

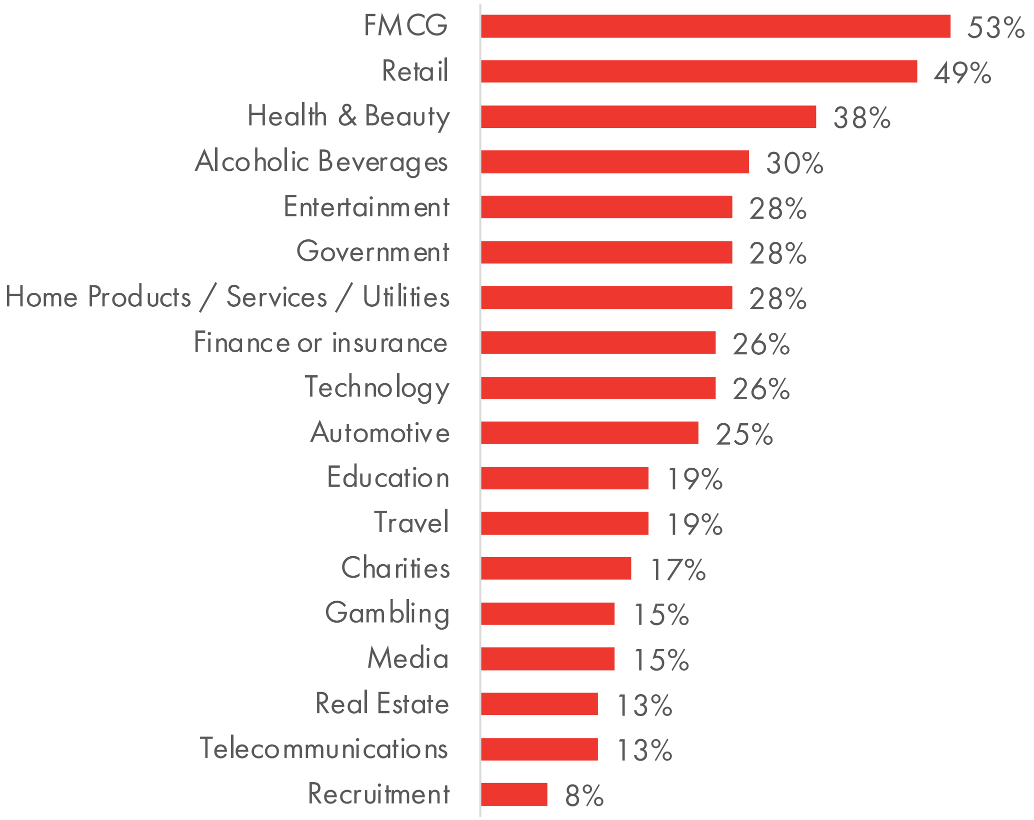


Source: IAB Retail Media Industry Survey 2023 n=117
Q - Within your agency, who is having the most influence on participation in retail media? (Choose all that apply)

retail media participation higher for FMCG, retail, health and beauty brands.

Respondents using retail media operate or have clients that operate in retail-oriented categories such as FMCG, retail, health & beauty, alcoholic beverages.

Categories retail media advertisers operate in

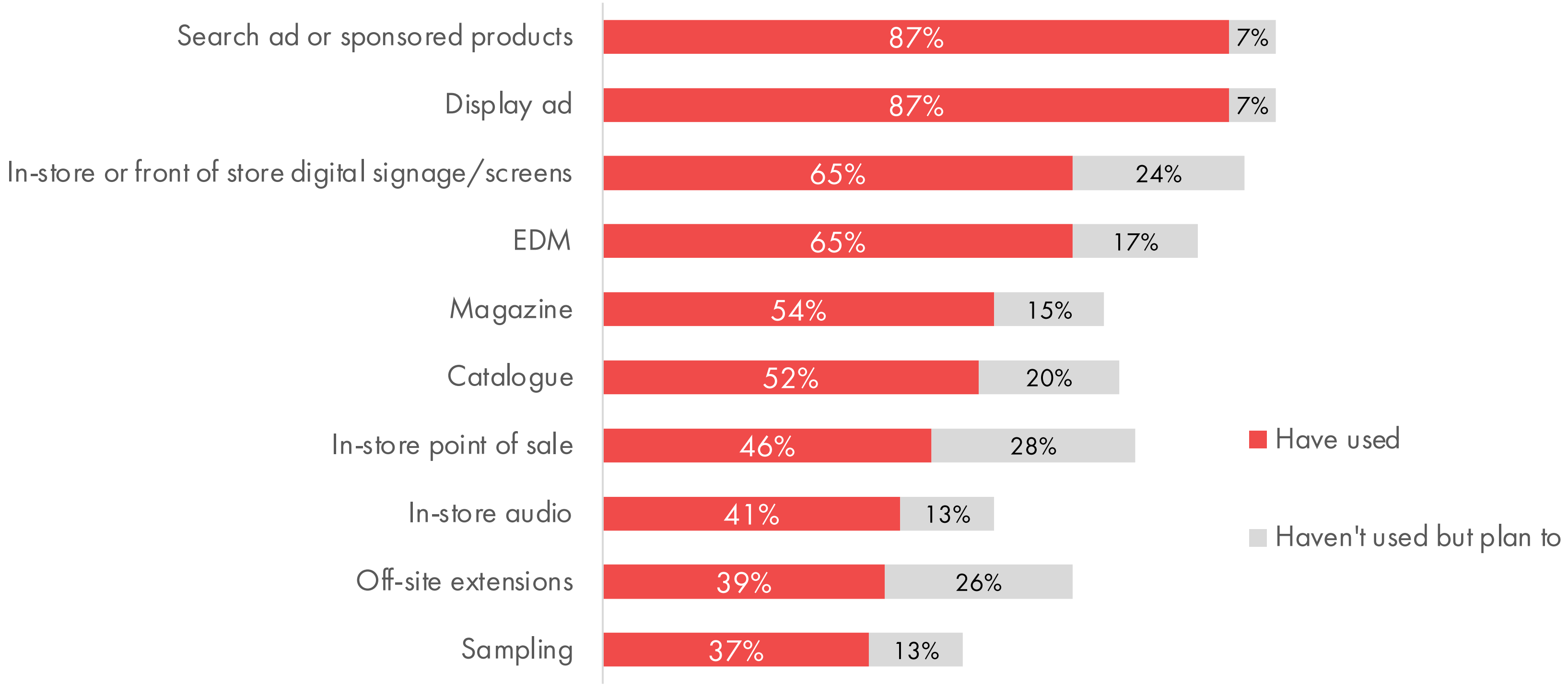


Source: IAB Retail Media Industry Survey 2023 n=117
Q - In which of the following categories does your company or your clients companies operate? (Choose all that apply)

search and display ads the most used retail media advertising formats.

There is high appetite to try in-store point of sale and off-site extension retail media options.

retail media advertising formats used, or plan to use
amongst retail media advertisers



Source: IAB Retail Media Industry Survey 2023 n=117
Q - Which of the following retail media advertising options have you used?

increasing sales is the predominant objective.

Campaign objectives for retail media advertising campaigns are focused on bottom of the marketing funnel.

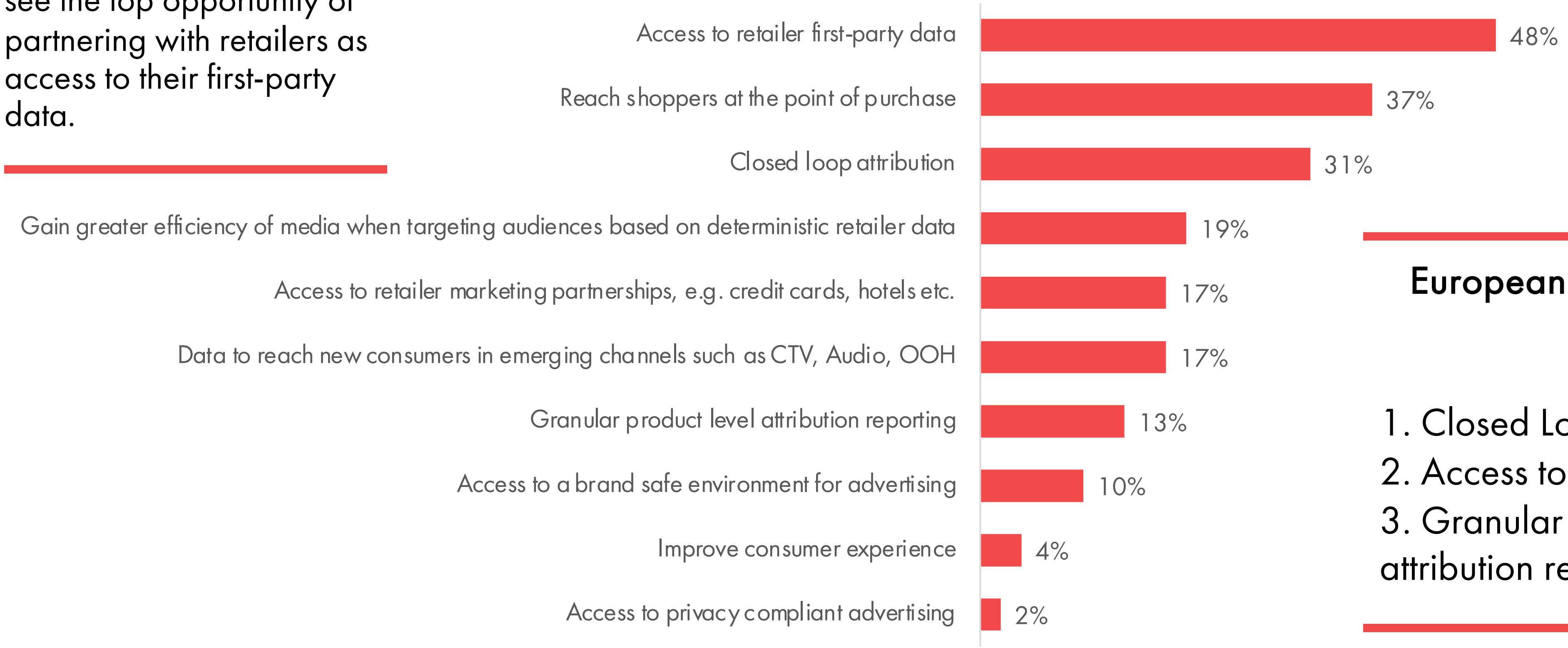
objectives for retail media activities
amongst retail media advertisers

Source: IAB Retail Media Industry Survey 2023 n=117
Q - What have been the objectives of your retail media activities you've been involved with over the past year? (Choose all that apply)

key opportunity is access to first-party data.

Nearly half of respondents see the top opportunity of partnering with retailers as access to their first-party data.

key opportunities of partnering with retailers
amongst retail media advertisers



European Top 3 Opportunities Identified

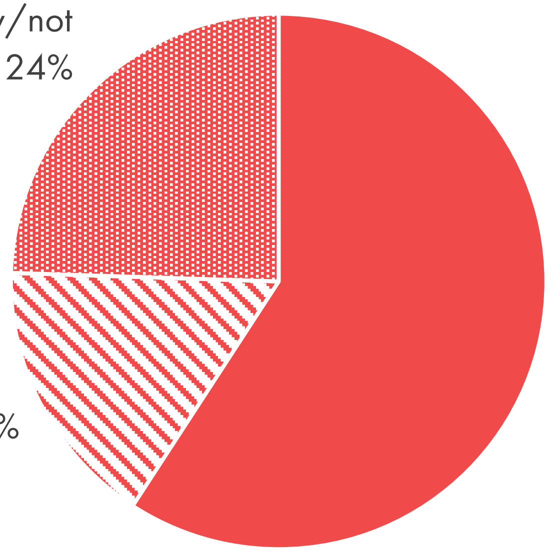
1. Closed Loop Attribution
2. Access to retailer first-party data
3. Granular product level attribution reporting

Sources: IAB Retail Media Industry Survey 2023 n=117, IAB Europe "The Retail Opportunity in Europe" December 2022
Q - What do you see as the key opportunities of partnering with retailers? (please select the top two)

retail media is seen as an opportunity for the post-cookie world.

6 in 10 see retail media as a key part of their advertising strategy following the deprecation of third-party cookies.

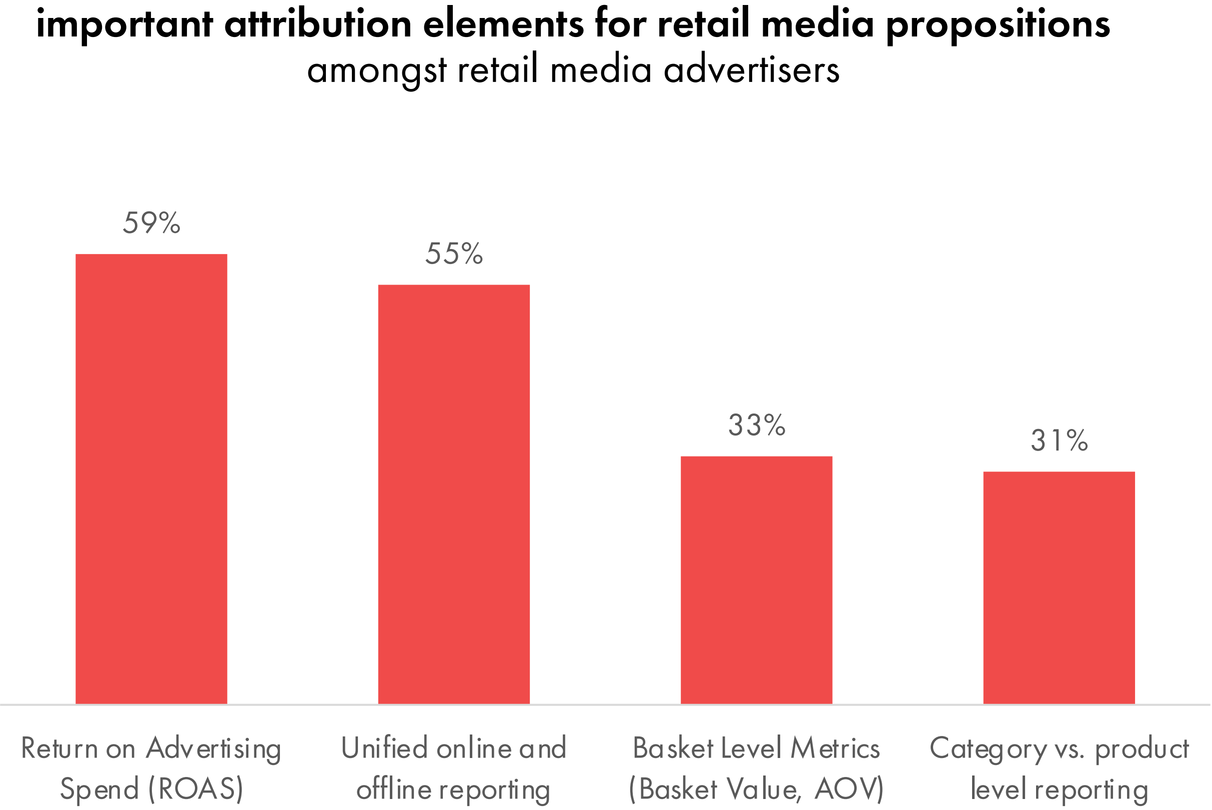
experience working with retail media partners
amongst retail media advertisers



Source: IAB Retail Media Industry Survey 2023 n=117
Q - Do you see retail media as a key part of your advertising strategy following the deprecation of the third-party cookie?

ROAS measurement important for retail media propositions.

31% of respondents said closed loop attribution was a key opportunity of partnering with retailers. Measuring ROAS is the most important element.



Source: IAB Retail Media Industry Survey 2023 n=117
Q - Thinking further about attribution, which elements are most important for an advertiser retail media proposition?

retail media networks need to be integrated with other tech.

Retail media networks not being integrated with other tech is the top barrier to partnering with retailers.

key barriers to partnering with retailers
amongst retail media advertisers

European Top 3 Barriers Identified

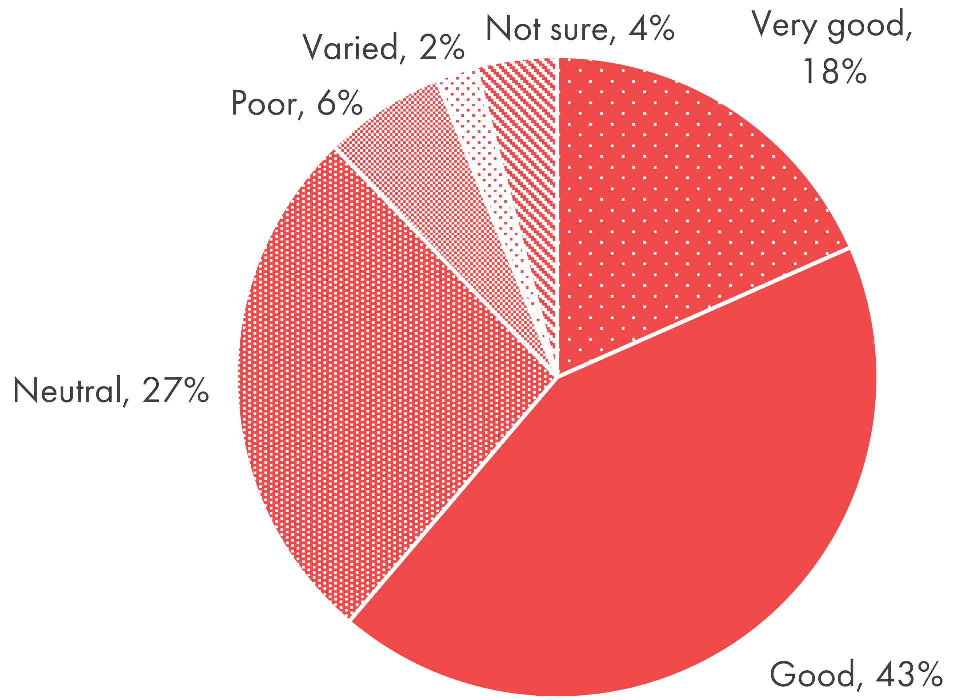
1. Retail media networks not integrated with other tech
2. Lack of data available
3. Lack of technology available

Sources: IAB Retail Media Industry Survey 2023 n=117, IAB Europe "The Retail Opportunity in Europe" December 2022
Q - What do you see as the key barriers to partnering with retailers? (please select the top two)

room to improve the retail media partner working experience.

6 in 10 have rated their experience working with retail media partners **good or very good.**

experience working with retail media partners
amongst retail media advertisers



Source: IAB Retail Media Industry Survey 2023 n=117
Q - Rate your experience working with retail media partners so far?

what would enhance retail media advertising?

proof of ad effectiveness

"provide information on the way consumers act / respond to marketing within the retail environment"

"some reports have very little detail, so it's difficult to attribute sales or anything to the campaign."

"which retail media strategies are most frequently used within the industry and what's found to be the most effective. As well as which metrics are most relied upon for reporting"

"tech that provides accurate attribution. Being able to see true ROAS. "

"detailed audience measurement is also a must to determine ROAS."

education/ training

"there should be more focused training around the integration of retail media into the broader mix."

"more in-depth training about the offerings that they provide."

"a map of the landscape - what is self-service vs what is managed by retailers. What tech is available to purchase."

understanding of privacy compliance

"third Party companies are often selling retail media solutions to the big retailers, however, there has been hesitancy to adopt due to how they could on-sell their data and the 3rd parties 'cut' in this ecosystem.

How do we navigate this conversation? Legal teams need support to understand."

product enhancements

"as an advertiser, more flexibility and agility is key. The opportunity to switch on/off, time/day target or work with agility pending business objectives, messaging and marketing goals"

"easy media inventory offering overview with the ability to add the inventory you prefer to your quote together with clear overview of eyeballs and historical engagement rates together with a time scheduler and easy overview of =campaign/promotion length."

ways to manage multiple retail partners

"would like to see Australian retailers open up to tools like perpetua to allow brands to better manage campaigns across multiple retailers"

"retail media networks could consider partnering together to make an offering that spans multiple networks. Instead of going to individual networks a high reach offering across multiple would make it an easy proposition to analyse and recommend."

Source: IAB Retail Media Industry Survey 2023 n=117
Q - What would be the most useful thing the industry could provide to help you further understand retail media networks?

appendix

retail marketing consumer view.

Pureprofile

wave 2 | june 2022

methodology

Surveys in field:

Wave 1 - June 2021
Wave 2 - June 2022

1,000

survey respondents each wave

The IAB are proud to partner with Pureprofile to produce the Australian Ecommerce Report based on research examining consumer attitudes, behaviours and influences driving ecommerce in Australia.

The consumer survey research is based on a nationally representative sample of Australians aged 18 to 70 who have shopped online at least once in the last 12 months.

An extract of the retail marketing section of this report is included following, the full report is available on the IAB website.

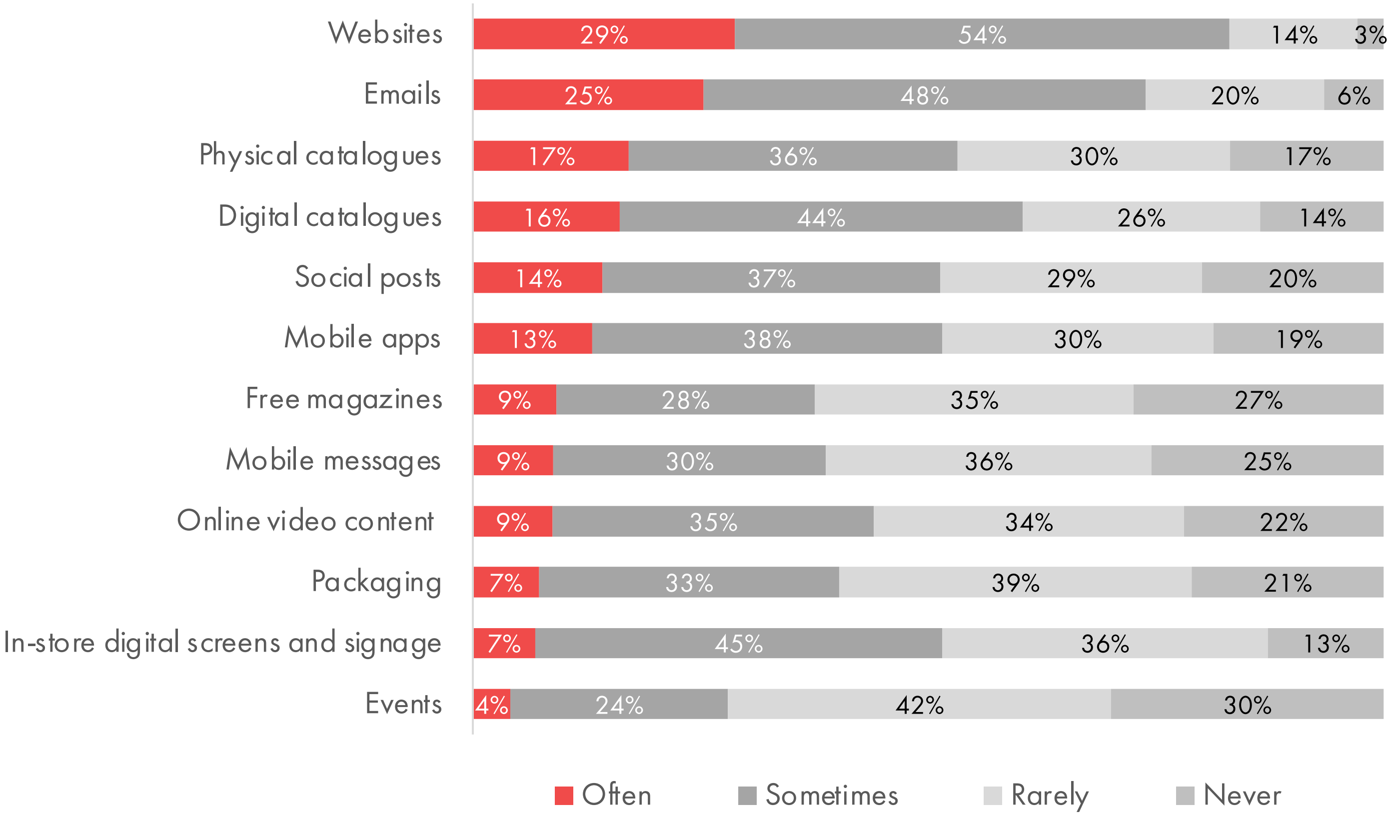
retailer communications consumed.

58% of online shoppers often read content produced by retailers.

- Retailer websites and emails remain the most frequently read content distributed by retailers
- The frequency of reading physical catalogues has declined year on year (often/sometimes reading -8).
- The frequency of reading free magazines has declined year on year (often/sometimes reading -5).

There is a dominance of digital touchpoints which also provide rich behavioural data for retail marketers.

frequency read content produced and distributed by retailers



Source; IAB Australia and Pureprofile Australian Ecommerce Report August 2022 (n=1,000 per wave)
Q - How often do you read content produced and distributed by retailers in the following ways?

rewards programs.

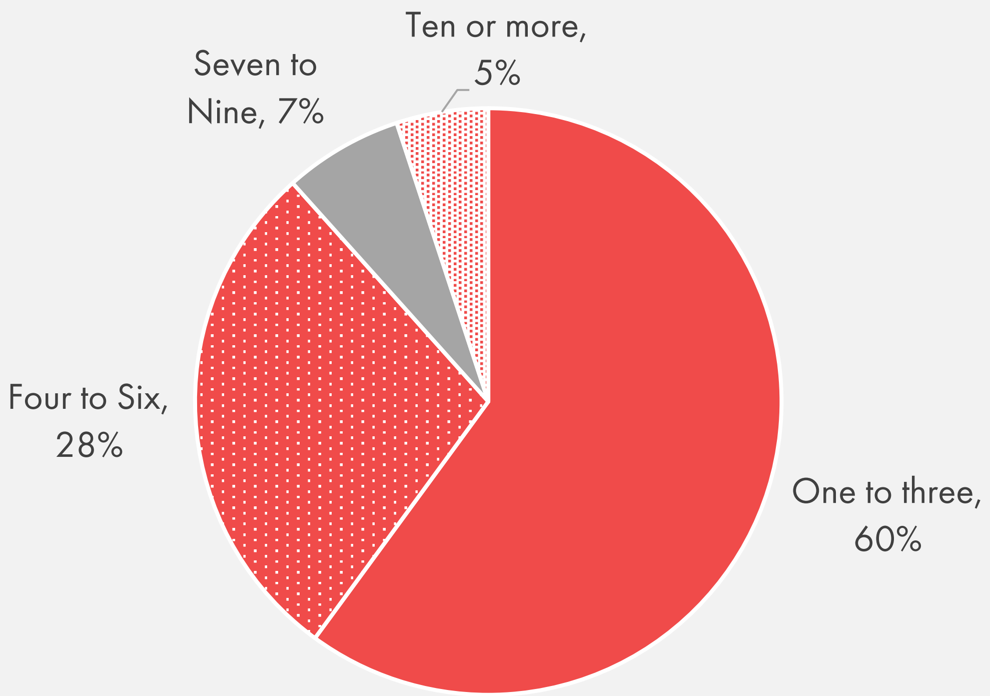
9 in 10 online shoppers remain signed up to at least 1 shopper rewards program.

40% of those signed up to a rewards programs have 4 or more cards (down from 45% last year).

Some profile differences amongst heavy rewards program users (4 or more cards):

- Heavy rewards program users are more likely to be female (49% of females have 4 or more cards, compared to 30% of males).
- Under 50's are more likely to be heavy rewards program users (42% with 4 or more cards), compared to over 50's (36% with 4 or more cards).
- More frequent online shoppers are heavy rewards program users (45% of weekly online shoppers have 4 or more cards).
- 46% of cost-of-living pressured online shoppers (those who strongly agree **"cost of living pressures mean I don't have as much to spend on less essential retail shopping")** are heavy rewards program users.

number of retail loyalty programs or shopper rewards cards signed up to



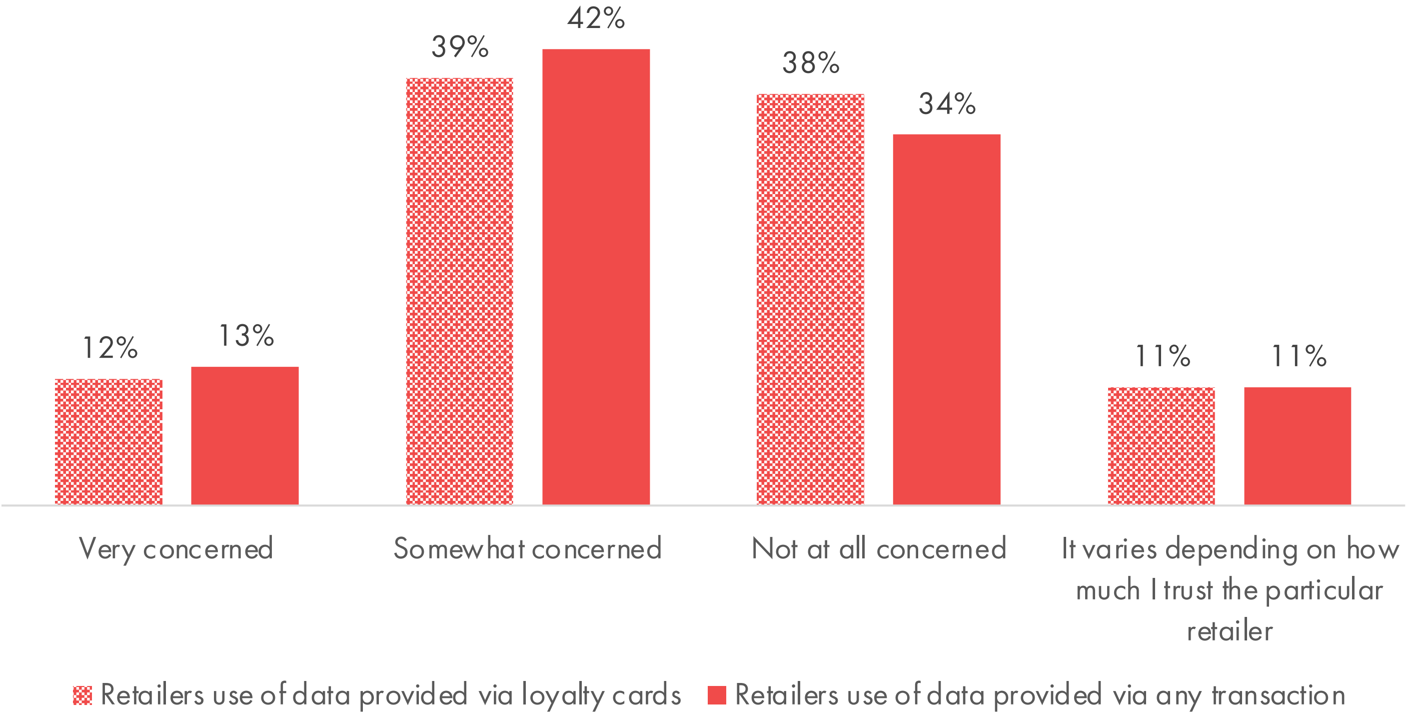
Source; IAB Australia and Pureprofile Australian Ecommerce Report August 2022 (n=1,000 per wave)
Q - How many retail loyalty programs or shopper rewards cards are you signed up to?

trust and transparency are key for retailers collecting shopper data.

55% of online shoppers are somewhat or very concerned about retailer's use of data provided via their transactions.

- Similarly, 51% are somewhat or very concerned about retailers' use of data provided via loyalty cards.
- For a further 11% online shoppers, their level of concern depends on how much they trust the particular retailer they are providing data to.
- Level of concern with providing data via loyalty cards has not changed over the last year.

level of concern about how retailers use personal data



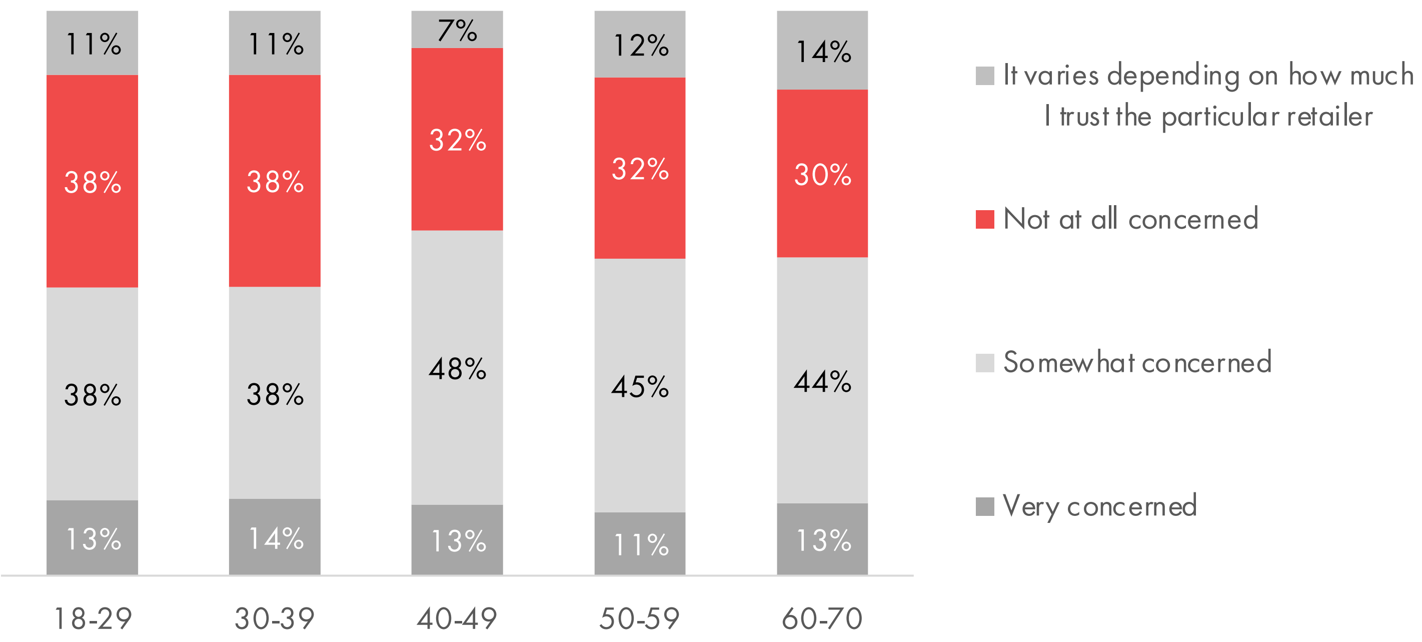
Source; IAB Australia and Pureprofile Australian Ecommerce Report August 2022 (n=1,000 per wave)
Q - How concerned are you about how retailers use the data about you that you provide to them via the loyalty program or reward card?

trust and transparency are key for retailers collecting shopper data.

Overall, 55% are somewhat or very concerned about retailer's use of data provided via transactions.

Under 40's, those who have grown up online, have lowered expectations of privacy than older generations. Concern peaks amongst 40 to 49 year olds at 61%.

level of concern about how retailers use personal data



Source; IAB Australia and Pureprofile Australian Ecommerce Report August 2022 (n=1,000 per wave)
Q - How concerned are you about how retailers use the data about you that you provide to them via the loyalty program or reward card?

retailer data usage.

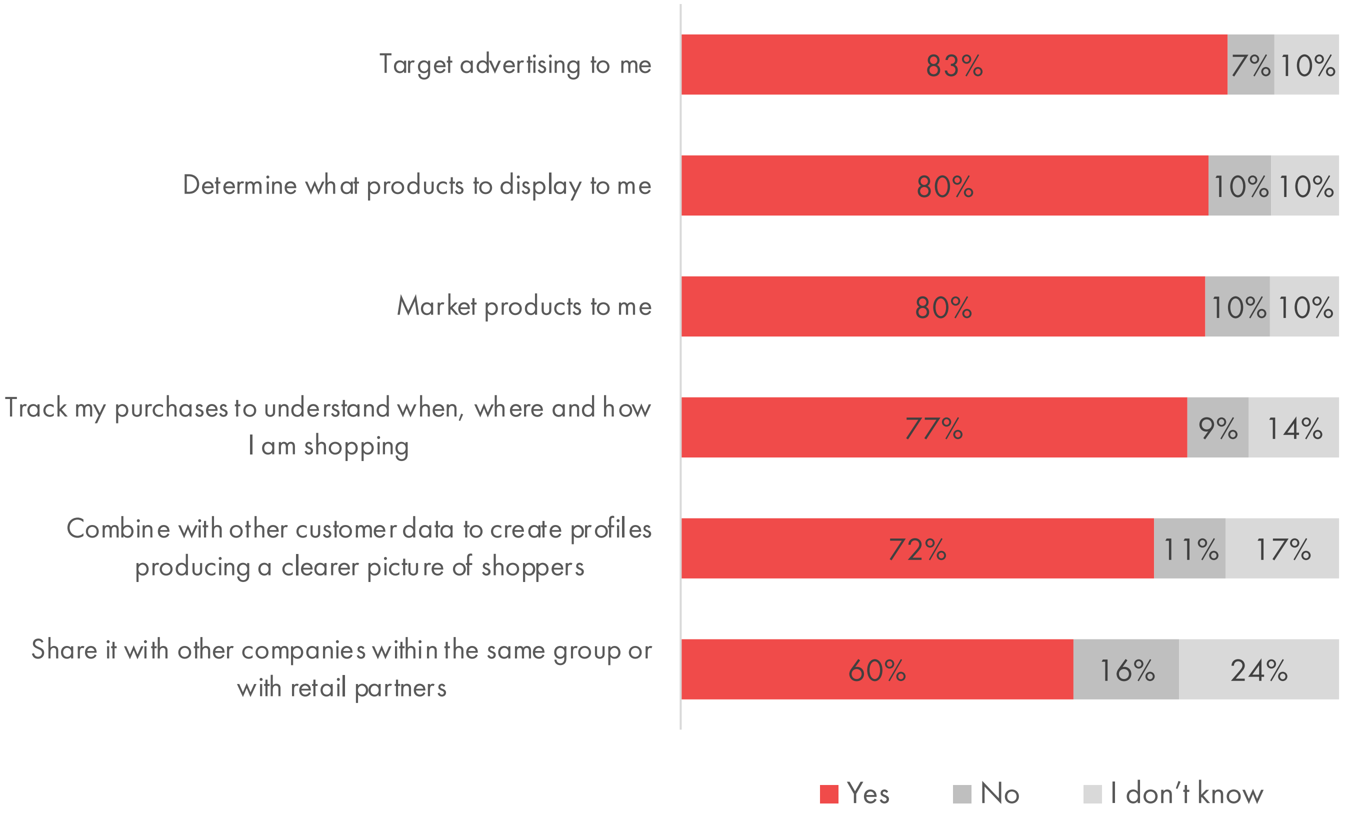
Most online shoppers do understand that their data is used for targeting advertising and marketing.

However, a quarter (24%) of online shoppers don't know whether retailers share their data with other companies.

- Older online shoppers aged 60- 70 are less sure whether their personal data is being shared with other companies (29%) but they are more knowledgeable about all other marketing practices.

Retailers need to ensure they are using clear communication around the data value exchange to make shoppers more comfortable to provide their data.

what do shoppers think retailers do with their data?



Source; IAB Australia and Pureprofile Australian Ecommerce Report August 2022 (n=1,000 per wave)
Q - What do you think the retailers do with the data you are providing them via loyalty cards, transactions or online behaviour?

other resources.

[australian ecommerce report](#)
(also see appendix)

[digital data exchange: the consumer view](#)

[1st party data handbook 2022](#)