

# retail media

## state of the nation

august 2024





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the iab thanks the retail council for their support of this research. More details of the retail media council can be found here.

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# methodology

**This industry survey was conducted to gain insight into how retail media is being adopted and prioritise the needs of marketers in relation to planning, buying and measuring retail media activity.**

- The IAB Retail Media Council conducted an industry survey in July and August 2024 amongst 134 advertising investment decision makers and influencers. The survey was designed for those working in media agencies, agency trading desks, creative agencies, and brand-side.
- Respondents are senior representatives across independent and major holding group agencies and brand-side representatives who make or influence advertising decisions for their company or clients and have experience with retail media advertising. 75% of respondents were from advertising agencies and 25% from brands/advertisers.
- These results from the 2024 survey have been compared to results from a similar survey conducted in February 2023 (previous report can be found on the IAB website).
- The research design combines questions from other IAB Australia State of the Nation studies, as well as IAB Europe's Attitudes to Retail Media study in July 2024, for channel and market comparisons.
- The insights in this report will help the IAB Retail Media Council understand industry needs and prioritise relevant thought-leadership, education and training.

# executive summary

## Retail media adoption is in its early stages

- Retail media adoption is still in its early stages however regular consideration amongst agencies and advertising is increasing.
- Those respondents having retail media as a significant part of their activity is up to 37% this year from 26% in early 2023.

## Reaching shoppers at the point of sale and accessing retailer data drives investment

- These continue to be the two most important drivers for investment in retail media, followed by influencing customers across the entire purchase funnel.
- In considering retail media activities most buyers are using data to inform their planning and are planning retail media as part of their holistic marketing mix.

## Spend is largely being diverted from other marketing budgets

- 60% of retail media investment is being shifted from other channels, including traditional media channels and social media.
- 40% of advertisers and agencies have secured new budget or non-media budget for retail media (up from 31% in previous survey).
- Morgan Stanley estimates retail media spending in Australia on in-house/owned ad platforms will grow to \$2.8 billion in 2027 from around \$1 billion in 2022.

## Increasing sales remains the key objective

- Other key objectives for retail media advertising include acquiring new customers and supporting promotions.
- Compared to the objectives of other digital advertising channels, retail media is being used more predominantly for increasing sales and significantly less for brand building or impacting brand measures.

## On-site opportunities dominate investment

- Search or sponsored product advertising on the retailer's own digital properties top the list of most used retail media formats, with around half of overall retail media investment currently being spent on these formats.
- There is a high proportion of advertisers intending to use retail media video on connected TV in the next 12 months.

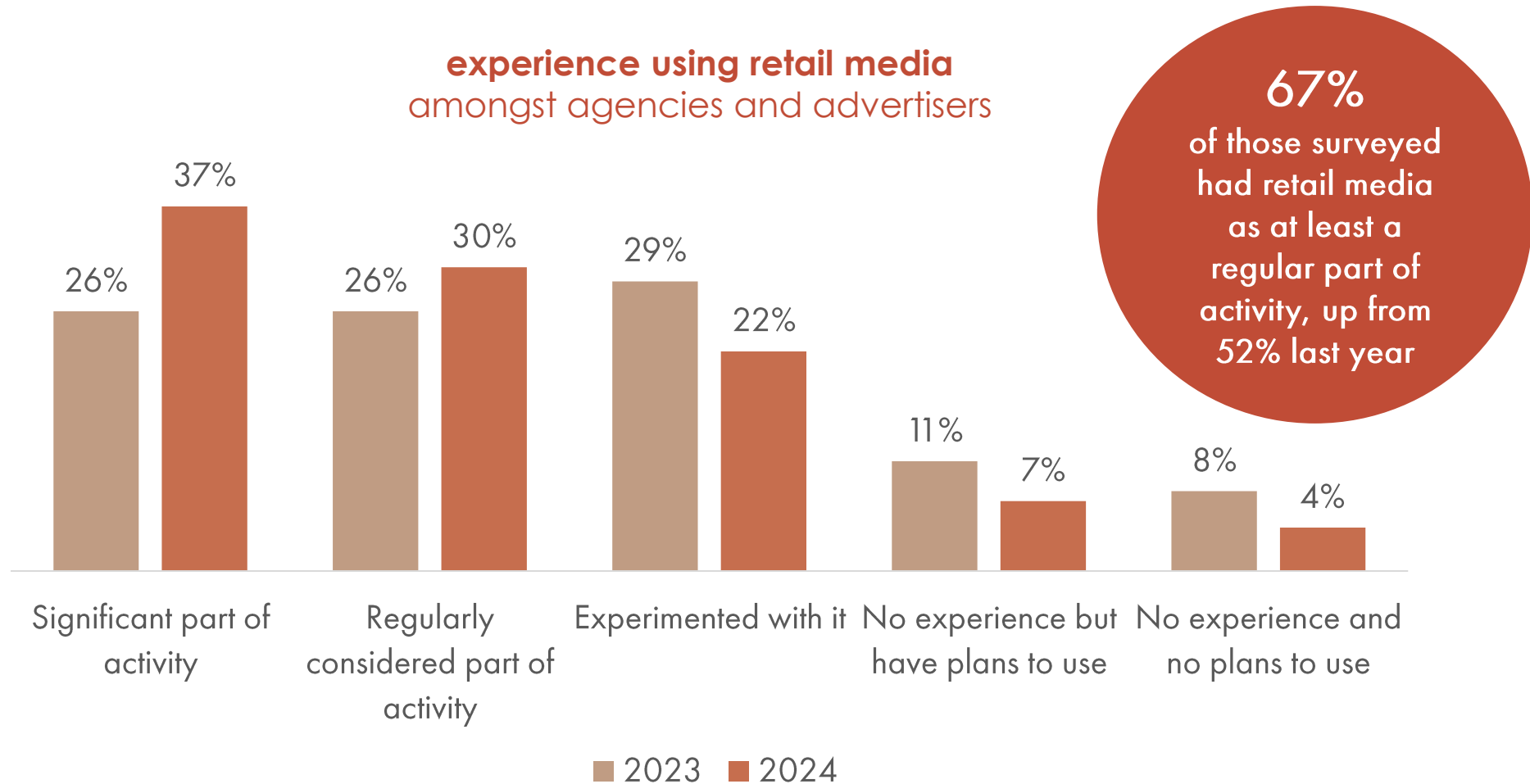
## Measurement and lack of standards hinder investment

- Measurement related barriers have increased over the last year and include the lack of standardised metrics, having proof of effectiveness and difficulties proving ROI.

## Increased transparency on use of shopper data is required

- Most ad buyers think retail media will be impacted by new Australian privacy legislation. With increased consumer concern on how retailers use their data, retailers must provide clear information and value exchange.

# survey sample: increasing usage and consideration of retail media advertising

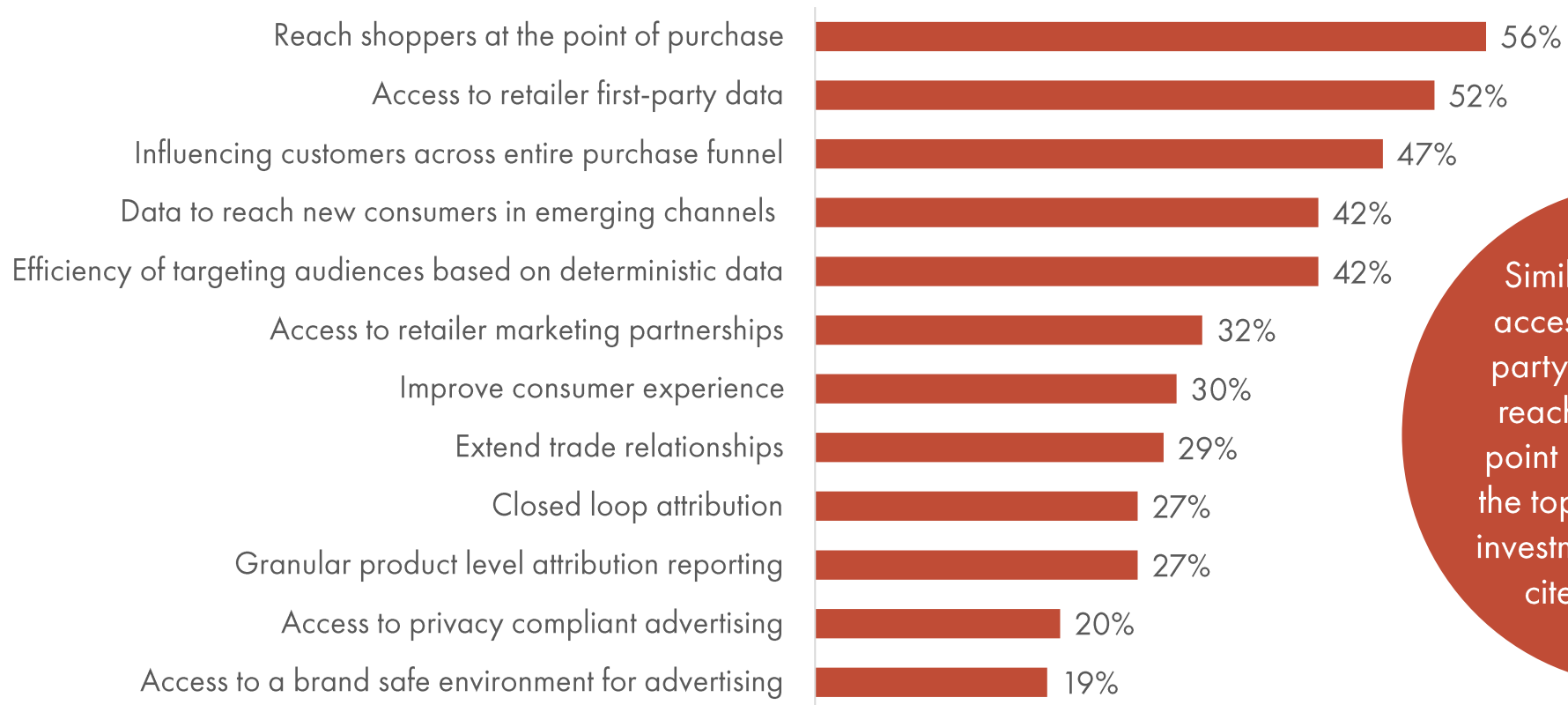


Source; IAB Australia Retail Media State of the Nation 2024 n=134 advertising decision makers or influencers with experience in retail media  
Q - Which of the following best describe your organisation's experience in using Retail Media to advertise to / reach your consumers? (Please select one)

# reaching shoppers at the point of purchase is seen as a key advertiser opportunity in retail media

Since the previous survey in 2023, there has been a switch of the top 2 drivers for retail media. In 2023, the opportunity of partnering with retailers for access to their first-party data was ranked #1 (48%) with reaching shoppers at point of purchase ranked #2 (37%).

## opportunities advertisers and agencies see in partnering with retailers on retail media activities



Similarly, in Europe, access to retailer first-party data (87%) and reaching shoppers at point of sale (74%) are the top two retail media investment opportunities cited by buyers.\*

Source; IAB Australia Retail Media State of the Nation 2024 n=134 advertising decision makers or influencers with experience in retail media

Q - What do you see as the key opportunities of partnering with retailers? (Please select all that apply) \*[IAB Europe's Attitudes to Retail Media Report July 2024](#)

# reach and data also drive advertisers to invest in other digital media channels

## top drivers for digital media advertising channels

### retail media

1. reach shoppers point of purchase
2. Leveraging retailer first-party data
3. influence across purchase funnel

### programmatic DOOH

1. data & targeting
2. flexible buying options
3. contextually relevant environments

### digital video

1. targeting & personalisation
2. reach audiences at scale
3. expanding linear tv reach

Source; IAB Australia Retail Media State of the Nation 2024 n=134 advertising decision makers or influencers with experience in retail media  
Q - What do you see as the key opportunities of partnering with retailers? (Please select all that apply)

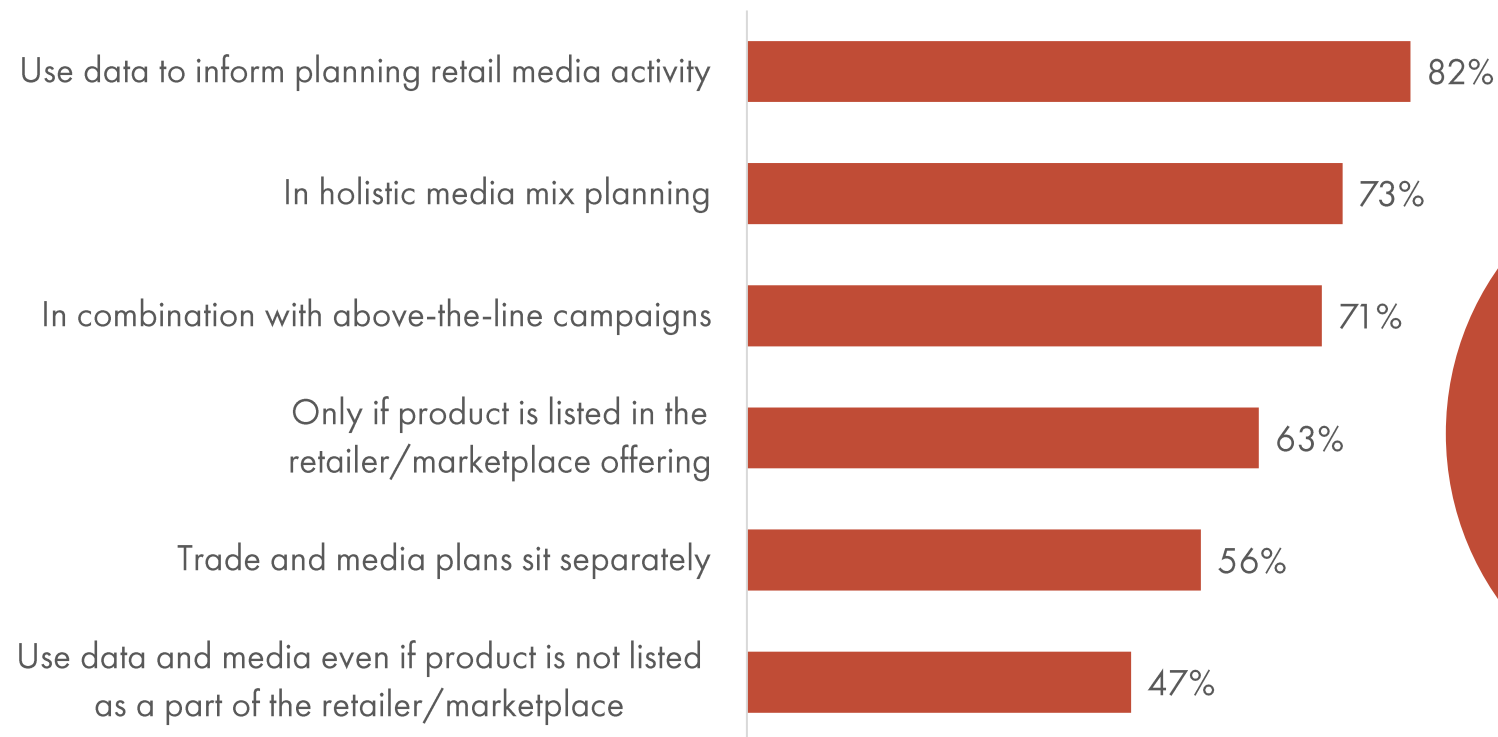
\* IAB Australia [Video Advertising State of the Nation 2024](#); IAB Australia [Attitudes to Programmatic DOOH Report 2024](#)



# 7 in 10 ad buyers consider retail media as part of holistic media mix planning

All areas of consideration have increased since previous survey (using data to inform planning added to survey for the first time in 2024).

## consideration for retail media in media planning



*"Ahead of innovation, it is paramount all stakeholders understand the role of retail media and its wider media impact."*  
agency respondent

# Advertising agency clients are having the most influence on participation in retail media

## influencers on participation in retail media amongst advertising agencies



*“Clients love ROAS – but we still need to prove the value of retail media with verifiable metrics” agency respondent*

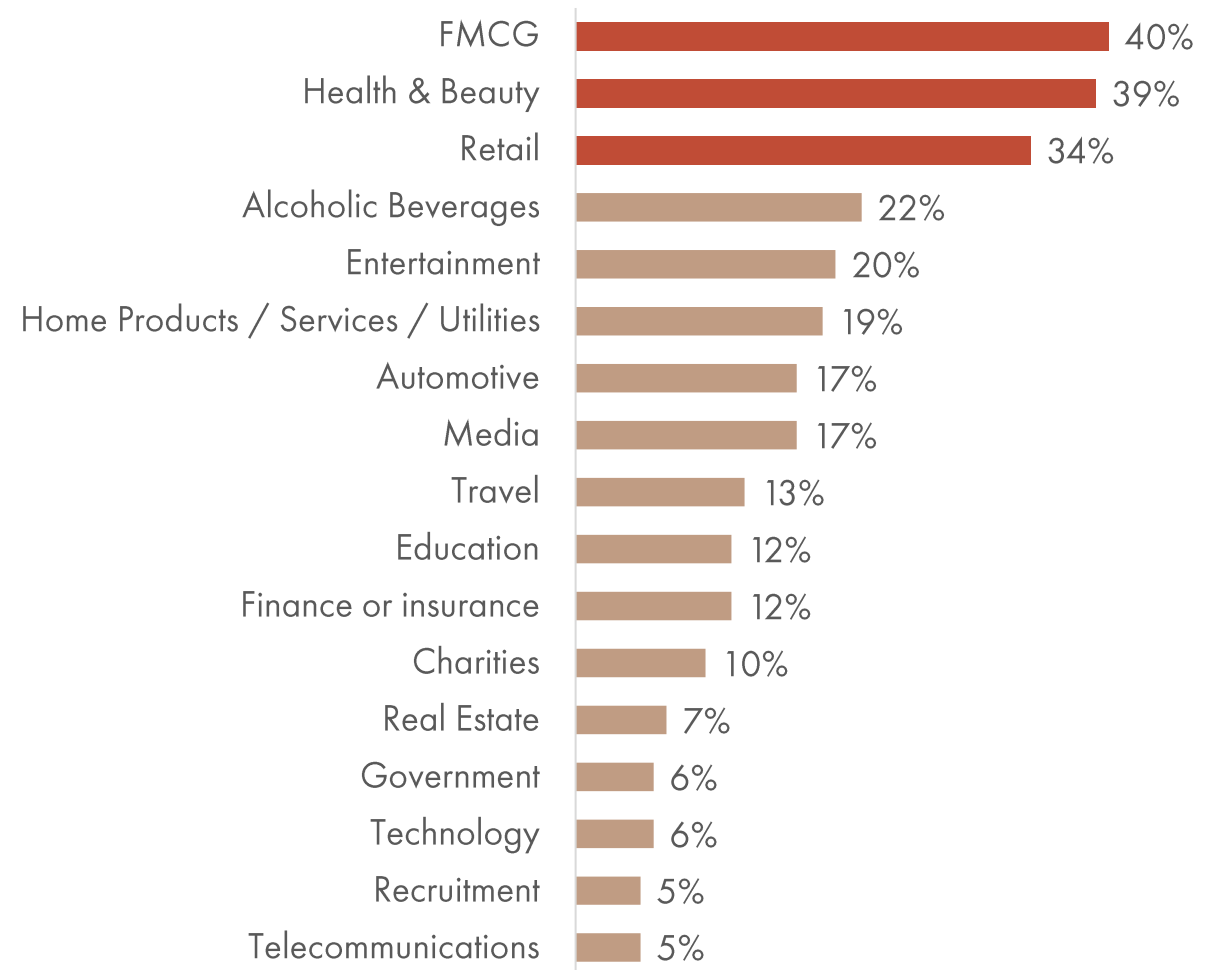
Source; IAB Australia Retail Media State of the Nation 2024 n=134 advertising decision makers or influencers with experience in retail media  
Q - Within your agency, who is having the most influence on participation in retail media? (Please select all that apply)

# Advertisers in a variety of categories are executing retail media campaigns

The top 3 categories remain the same as for previous survey in 2023; FMCG, Health & Beauty and Retail. These categories are amongst the top spending on digital advertising overall.

According to IAB Online Advertising Expenditure Report prepared by PWC for 2023, the top overall online ad spending categories are Retail, Automotive, Finance, Entertainment and Health & Beauty.

## categories of advertisers or agency clients executing retail media campaigns



Source; IAB Australia Retail Media State of the Nation 2024 n=134 advertising decision makers or influencers with experience in retail media

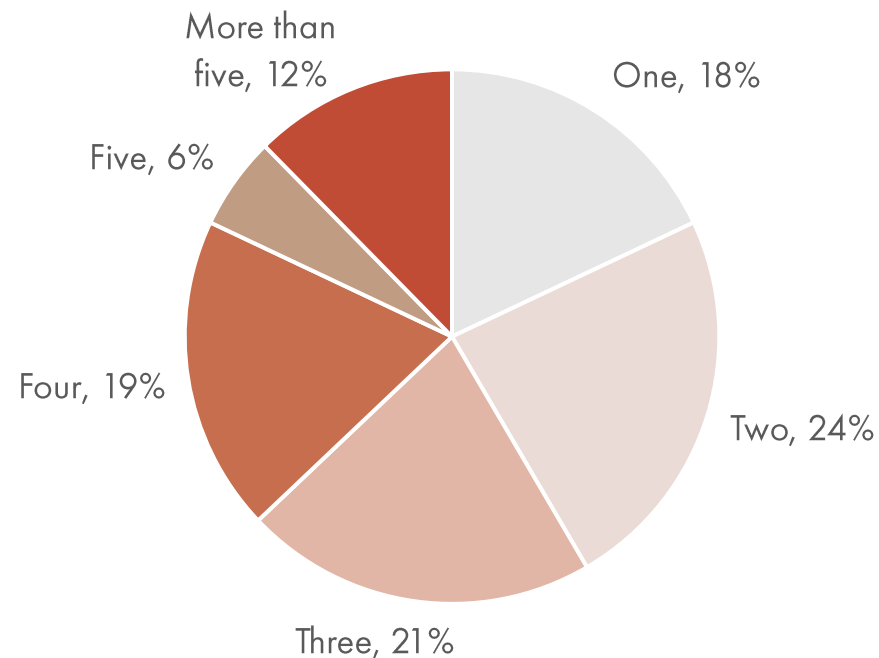
Q - In which of the following advertiser categories does your company or your clients companies execute advertising campaigns in Retail Media? (Please select all that apply)

[IAB Online Advertising Expenditure Report prepared by PWC CY 2023](#)

# advertisers and agencies are having a good experience with a diverse number of retail media partners

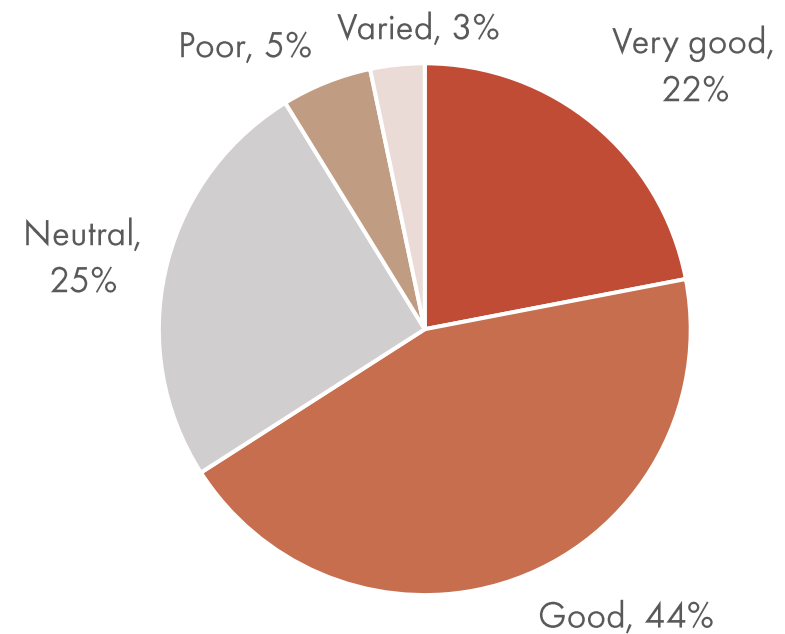
## number of retail media partners have worked with

58% of advertisers and agencies are working with 3 or more retail media partners.



## experience working with retail media partners

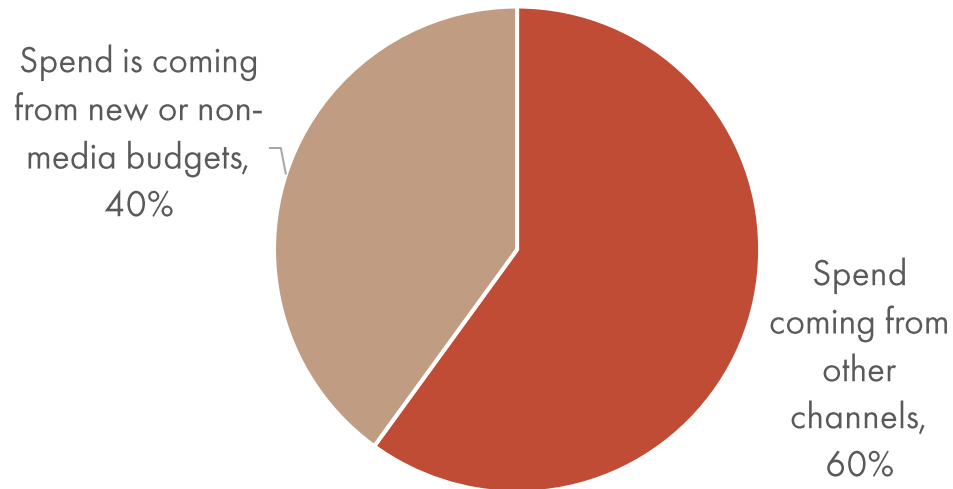
Two-thirds (66%) of advertisers and agencies rate their experience working with retail media partners as very good or good.



# 4 in 10 advertisers and agencies are securing **new budgets** for retail media investment

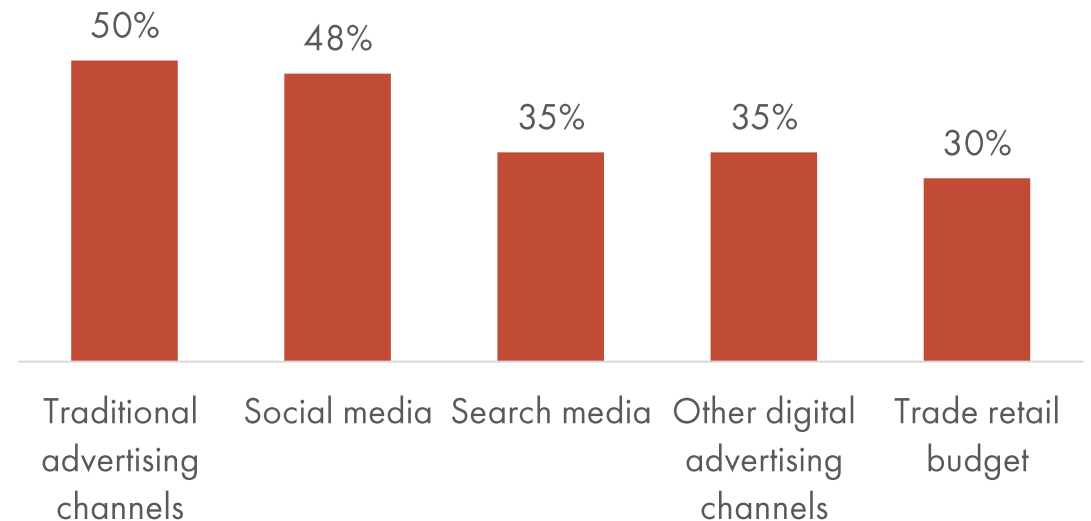
## spend on retail media being shifted from other advertising channels

40% of advertisers and agencies have secured new budget for retail media (up from 31% in previous survey).



## channels ad spend being shifted from to spend on retail media

Expenditure is most commonly being shifted from traditional media channels and social media to spend on retail media. Similarly, in Europe, spend is being shifted from linear TV (52%), closely followed by traditional advertising channels (48%).\*



Source; IAB Australia Retail Media State of the Nation 2024 n=134 advertising decision makers or influencers with experience in retail media

Q - In terms of spending on Retail Media advertising, is the expenditure being re-allocated from other channels? (Please select one); Which channels is this spend on Retail Media advertising being shifted from?

\*IAB Europe's Attitudes to Retail Media Report July 2024

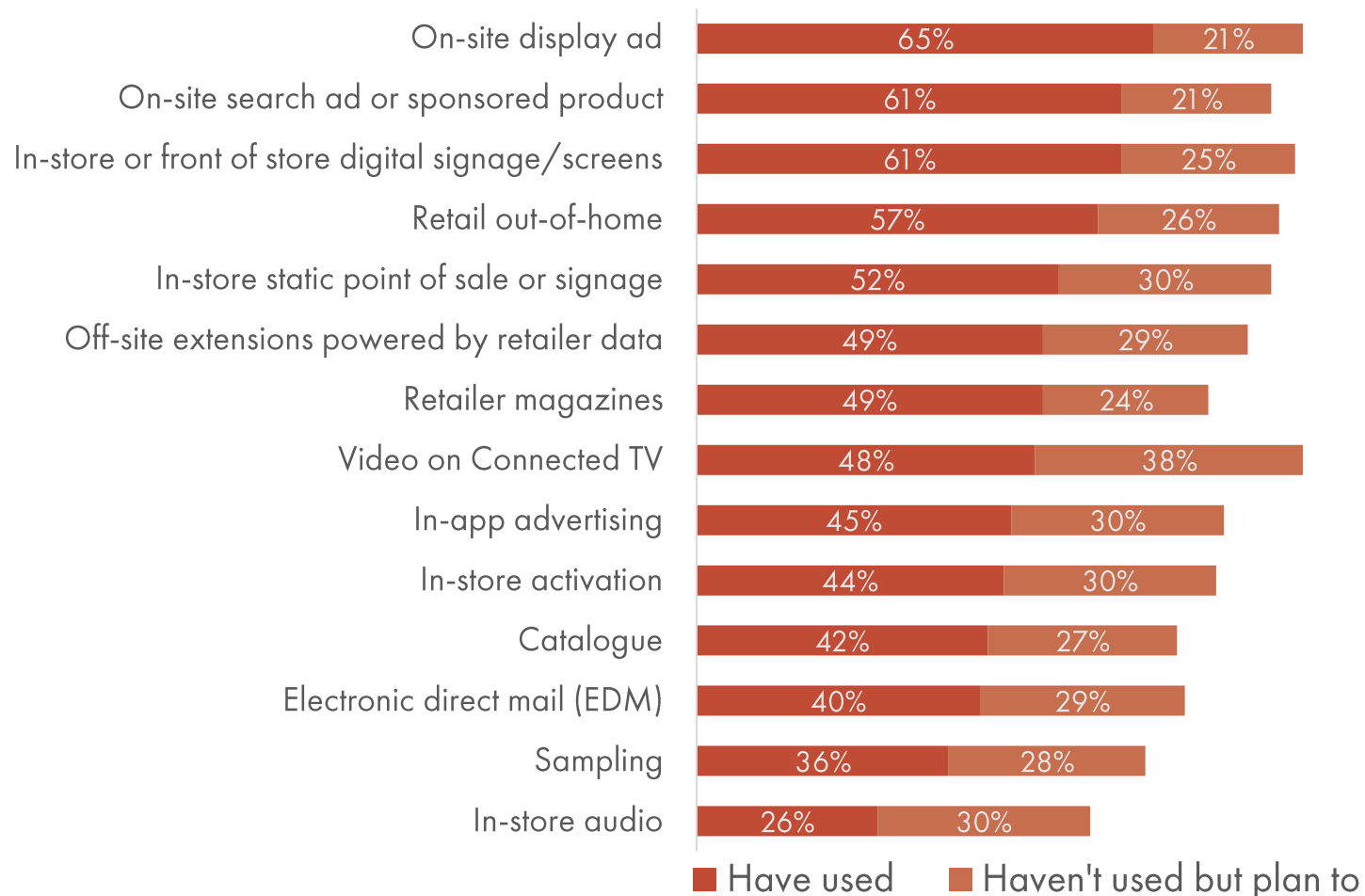
# display, search and in-store digital signage remain the most used retail media advertising products

On average amongst those surveyed, 49% of overall retail media investment is currently spent on search or sponsored product advertising on the retailer's own digital properties.

There is a high proportion of advertisers intending to use retail media video on connected TV in the next 12 months.

In the European market, on-site retail media ad products also dominate (more than 90% of buyers are investing more than 41% of their digital ad budgets into on-site whilst 83% are investing less than 20% in off-site).\*

## retail media advertising products used or plan to use



# increasing sales is the dominant objective of advertiser retail media activities

Increasing sales was more heavily the dominant objective in previous survey, this year the gap to other objectives is less, such as acquiring new customers and supporting promotions.

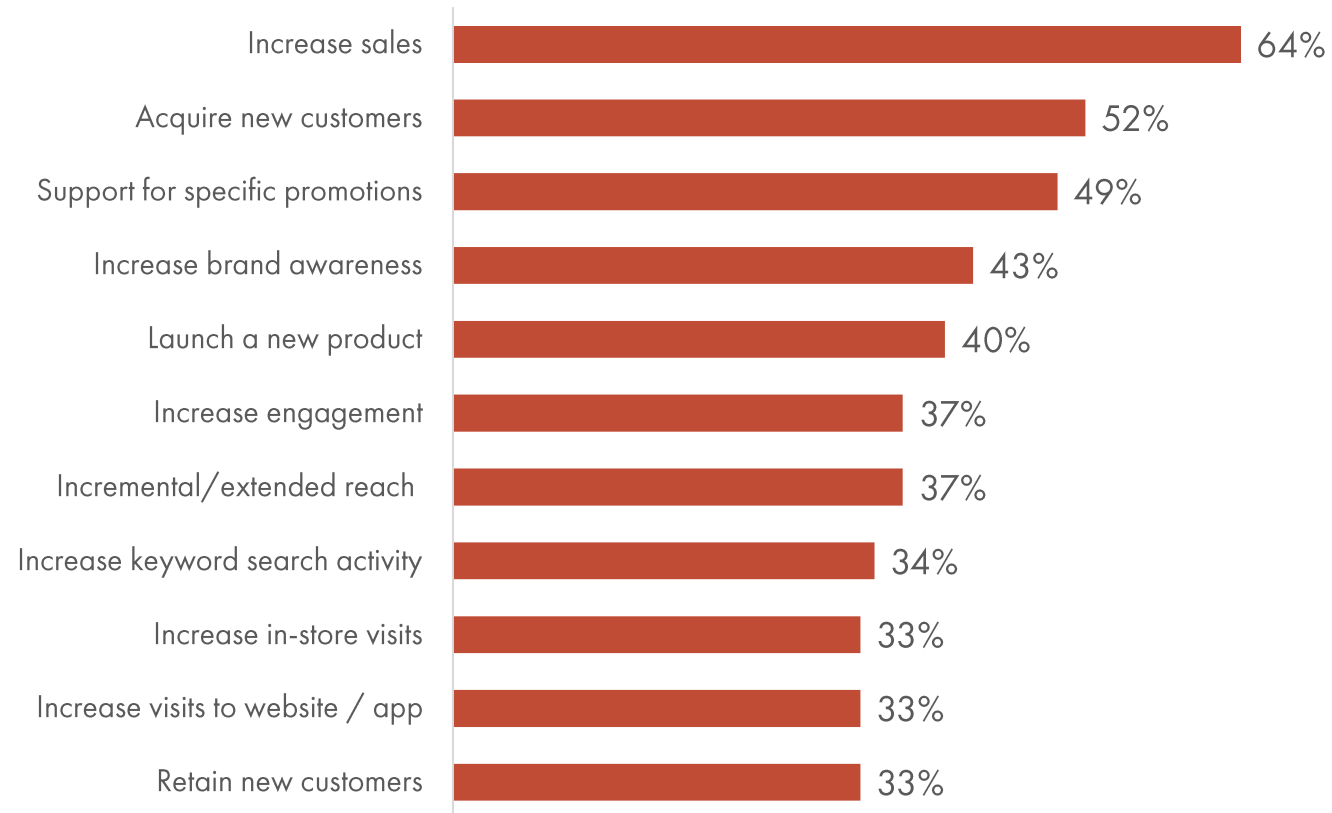
## objectives of retail media activities amongst agencies and advertisers



# increasing sales is the dominant objective for retail media

Compared to the objectives of other digital advertising formats (collected via IAB's other State of the Nation industry surveys), Retail Media is being used more predominantly for increasing sales and significantly less for brand building or impacting brand measures.

## objectives of retail media activities

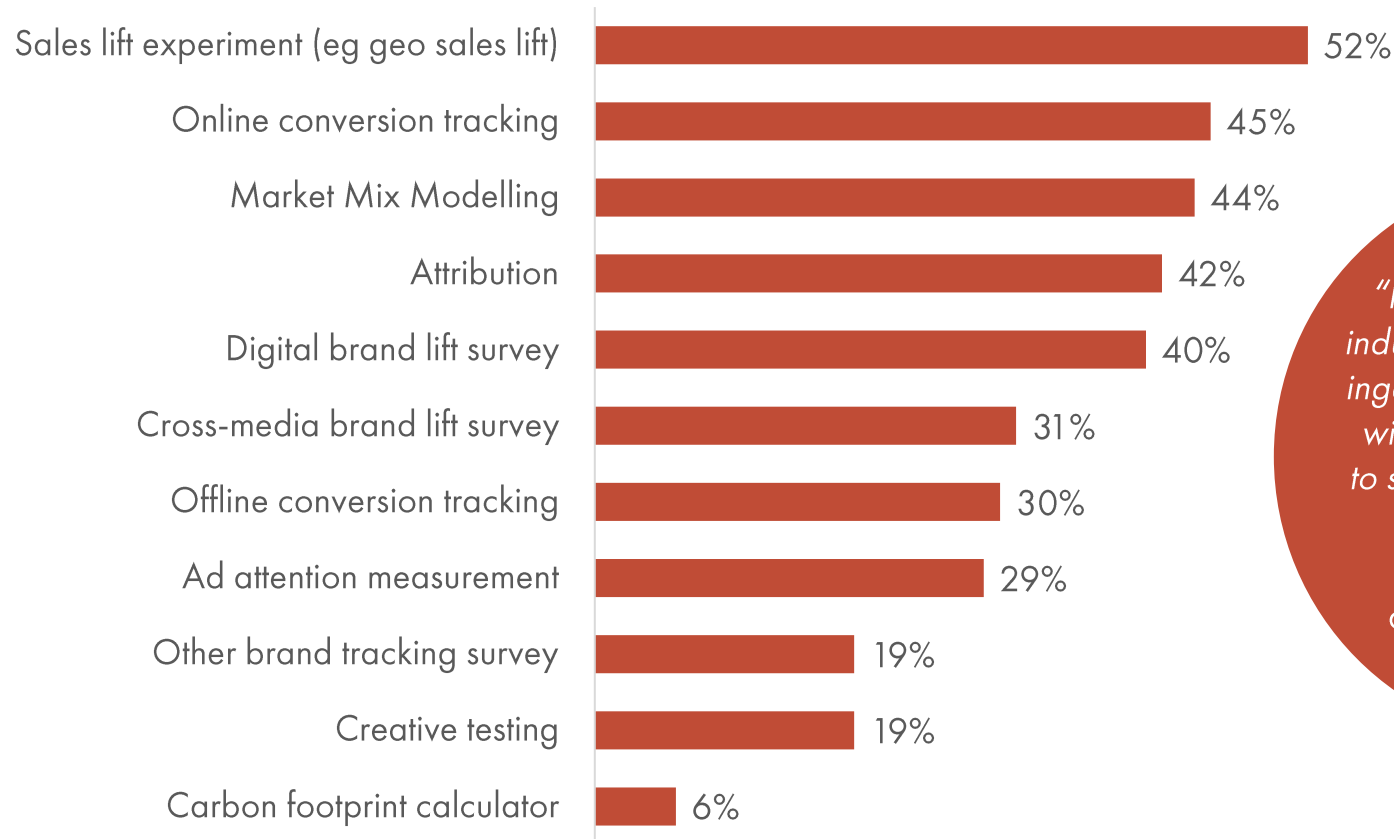




# sales and ROI measurement tools important to assess investments

This question was added to the survey for the first time this year, it has been aligned to the IAB's other State of the Nation industry surveys for comparison. The measurement tools of importance for Retail Media differ to those of importance for assessing other digital channels such as video, audio and OOH where brand lift is given greater importance and attribution, conversion tracking and sales experiments are rated of lesser importance.

## measurement tools important to assess effectiveness

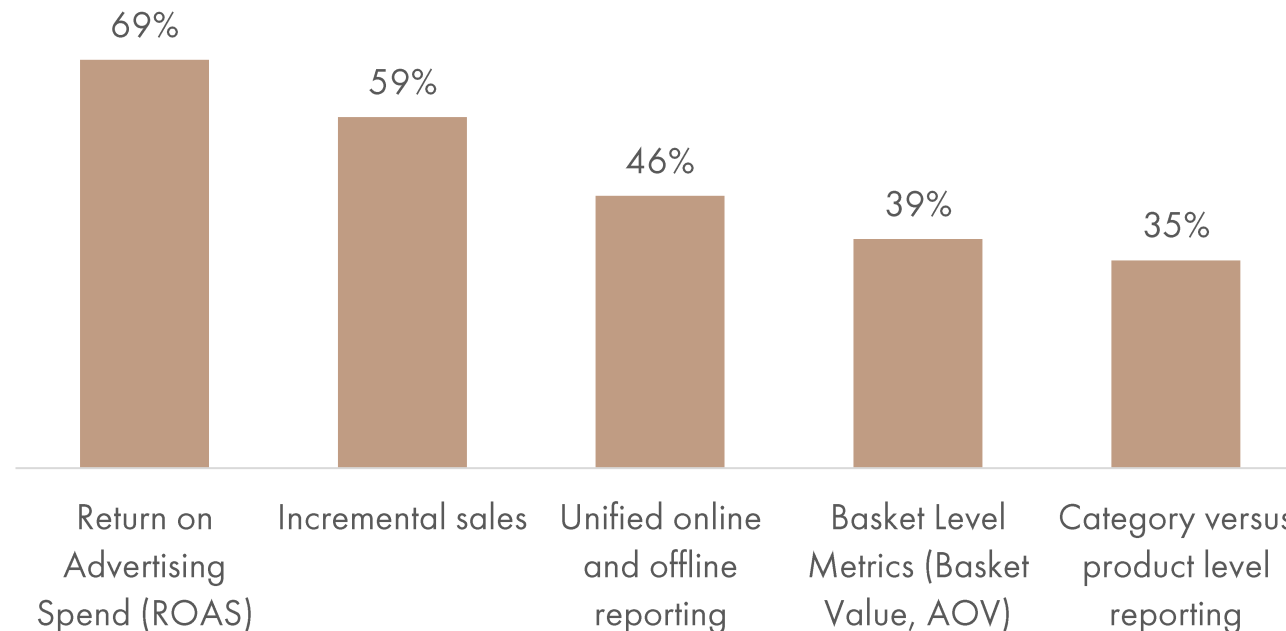


*"It would be useful for the industry to help being able to ingest retail media results into wider brand MMM studies to see how it contributes and compares with other marketing initiatives"*  
agency respondent

# ROAS and incremental sales important in attribution measurement of retail media activities

The importance of return on ad spend has increased 10% pts (from 59%) last survey. Incremental sales was added to the survey this year. European ad buyers when asked which measurement and metric options they are looking for, ROAS was the front runner by a long way (74%).\*

## important attribution elements for retail media assessment

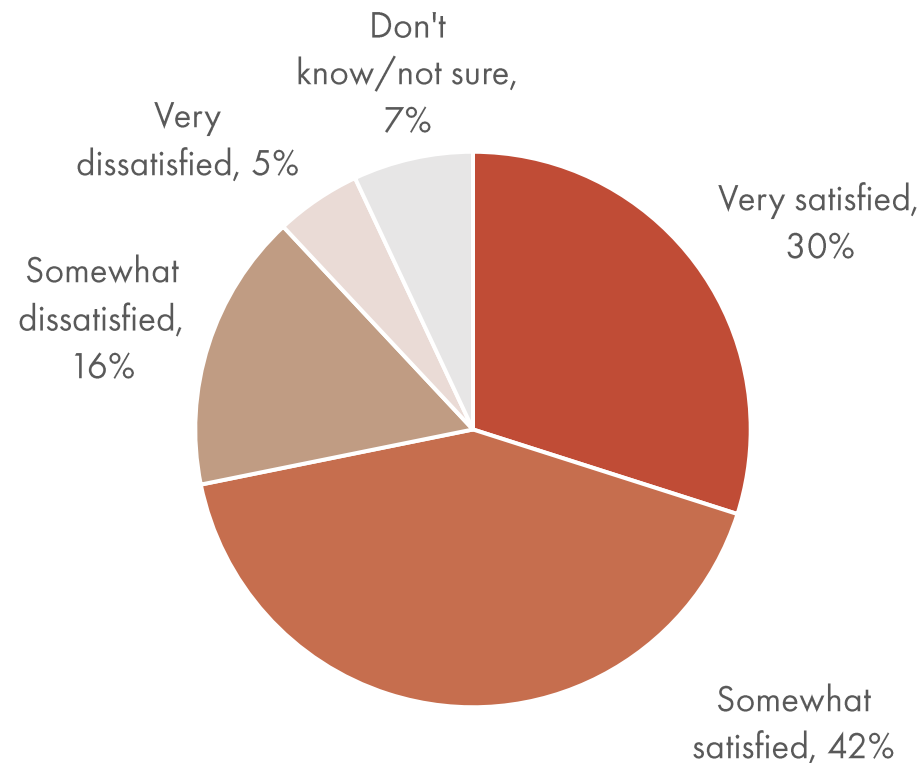


*"I understand the logic and placement of retail, but I don't think the retail teams have mapped a 'realistic' consumer journey in a day-to-day shop. It would be good to understand what some of their on-site metrics are, i.e. time on site, in-store dwell time, what % of people shop versus browse online etc"*  
agency respondent

# high **satisfaction with retail media** activities delivering on campaigns undertaken to increase sales

## satisfaction with retail media activities for **increasing sales**

72% of advertisers and agencies are satisfied with retail media activities undertaken to increase sales.



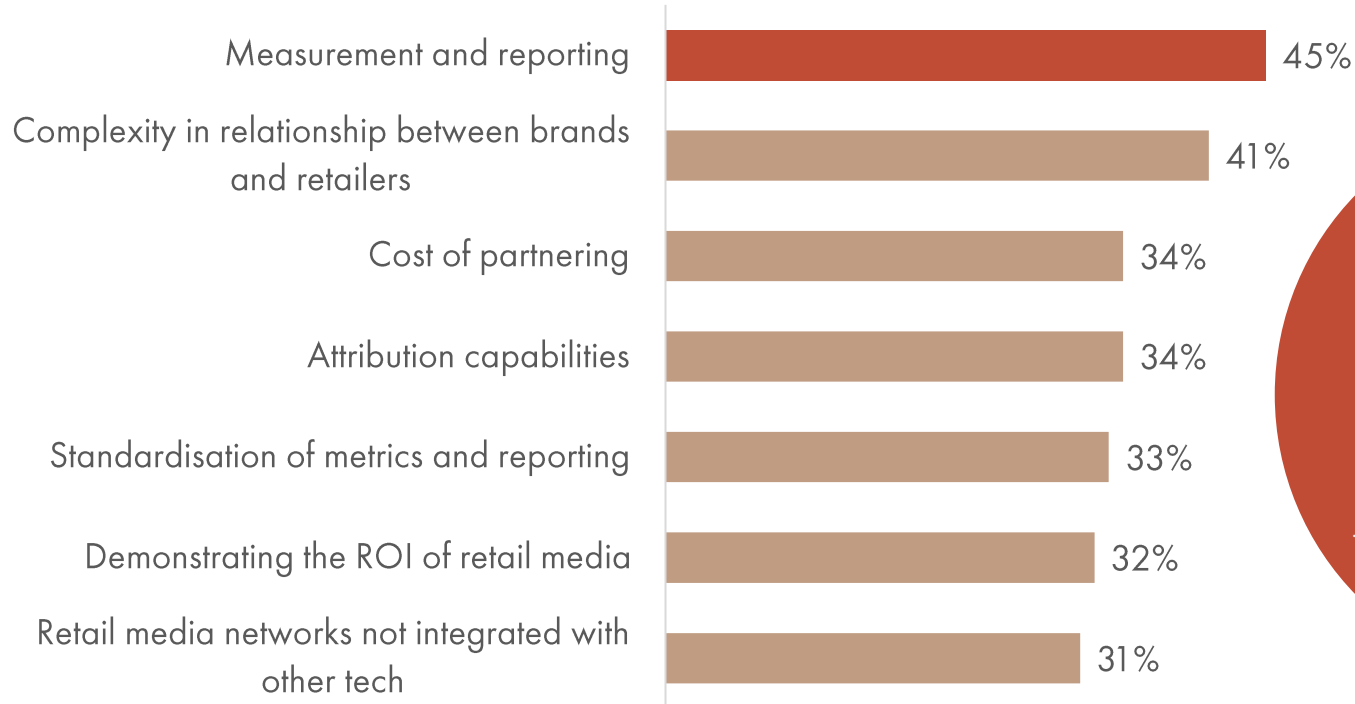
Source; IAB Australia Retail Media State of the Nation 2024 n=134 advertising decision makers or influencers with experience in retail media

Q - How satisfied are you with the Retail Media activities you've undertaken delivering on these objectives? <new question added to the survey this year>

# addressing challenges in measurement and managing relationships are needed to drive further investment in retail media

The list of barriers in this year's survey has been updated, however in previous survey retail media networks not being integrated with other tech was the top barrier to partnering with retailers (37%). Measurement related barriers have increased over the last year. IAB Australia has started to address this barrier with its 'Australian Retail Media Measurement Principles and Guidance'.

## barriers to partnering with retailers for retail media activities



In Europe, barriers are centered on fragmentation of retail media networks (58%) and the lack of standardisation (58%). Attribution measurement (78%) and media measurement (73%) are the top two areas that buyers cite as most in need of standardisation.\*

# understanding and collaboration needed in a range of areas

## proof of effectiveness

*Helping brands understand how Retail Media and other lower funnel media like Search work together for driving outcomes.*

*Proof of value to drive decisioning and protection of investment to stakeholders.*

*Some thought leadership and data points as other media platforms provide.*

*Case studies with a comprehensive results, how they measured success, and the learnings applied.*

*The biggest challenge is analysing ROAS without data bias. An independent source of metrics would provide confidence.*

## measurement and metrics

*Retail media networks need to provide better post campaign data to make measurement more possible.*

*A common set of metrics.*

*More transparency and helping agencies connect reporting with other digital activity.*

*Standardised reporting and measurement which can integrate with existing media reporting.*

*The industry should move to providing standardised actualised metrics that can be ingested into econometrics models.*

*Potential reach across retail and other OOH advertising options.*

## the landscape

*A greater breadth of network information and how it works in from both data and site locations.*

*Visibility on ad spend into retail media in relation to total ad spend in industry.*

*Simplified information on the landscape, lumerscape, the O2O ecosystem, getting started' and an overview on setting up either a SKAI or PACVUE, as well as offline support instore.*

## ad creative support

*Templates for creating compelling ad copy and visual assets for retail media.*

*Help building effective ad creatives.*

*Information on creative strategies.*

## education

*On legal and ethical considerations.*

*Education and insights into emerging technologies like augmented reality and virtual reality in retail media advertising.*

*On integrating offline and online retail media.*

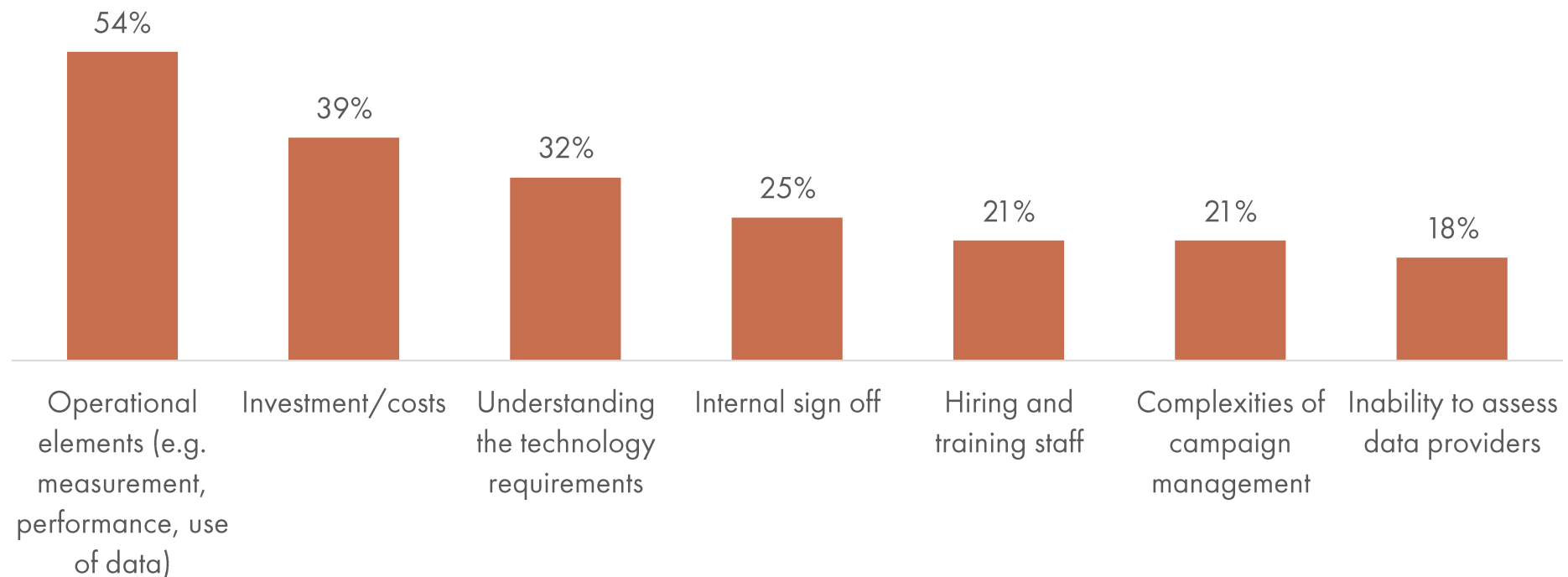
*On audience segmentation and targeting.*

*Trends and best practices of retail media advertising.*

# European retailers cite operational elements as key barrier to setting up retail media networks

On the sell-side, European retailers see the operational elements of setting up a Retail Media Network as key barriers, followed by the investment and costs needed. A third also struggle with understanding the technology requirements demonstrating that more education and upskilling is needed to develop the Retail Media Network.

## retailer investment barriers to setting up a retail media proposition



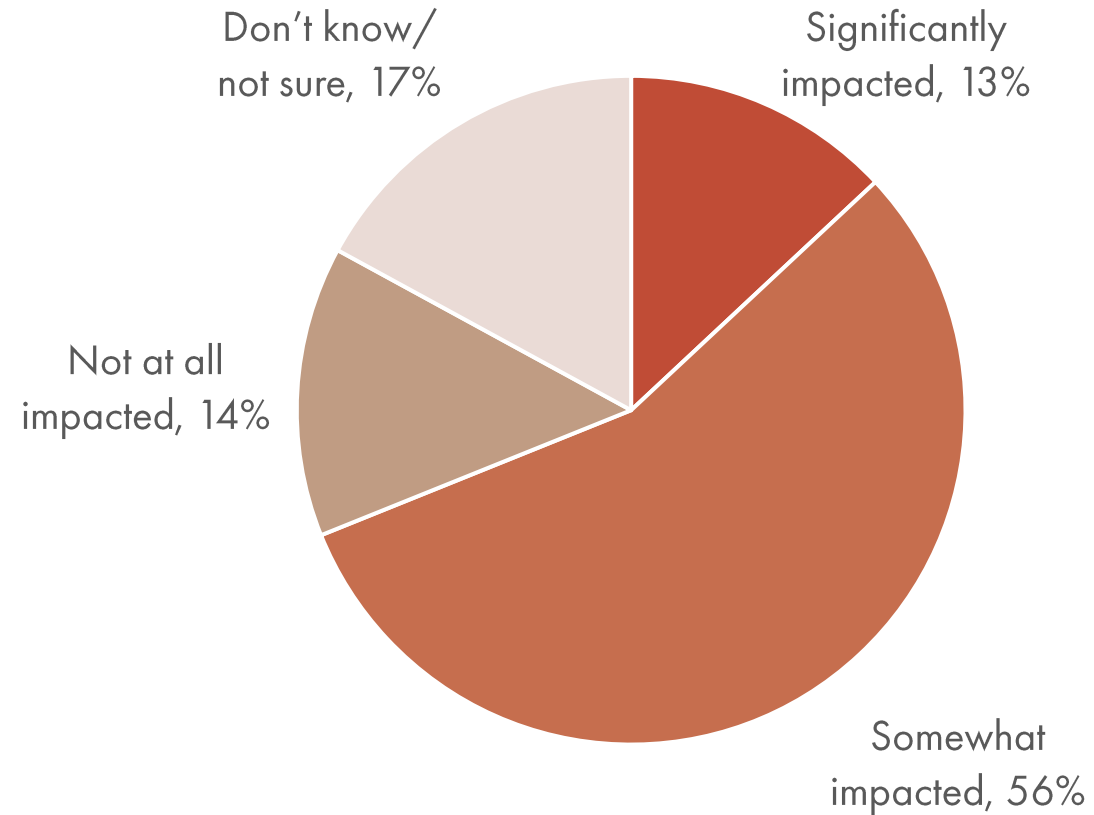
Source; [IAB Europe's Attitudes to Retail Media Report July 2024](#)

Q – What re the barriers hindering you investing in a retail media proposition? (amongst retailer sell-side)

# 7 in 10 think retail media advertising opportunities will be impacted by new Australian privacy legislation.

IAB Australia's [Ecommerce Report 2024](#)\* found that consumer concern about how retailers use online shopper data has increased significantly over the last two years (75% online shoppers very or somewhat concerned in 2024).

advertisers and agencies perception of the degree of impact on retail media advertising opportunities from impending new Australian privacy legislation



Source; IAB Australia Retail Media State of the Nation 2024 n=134 advertising decision makers or influencers with experience in retail media.

Q - How much do you think Retail Media advertising opportunities will be impacted by the impending new Australian privacy legislation?

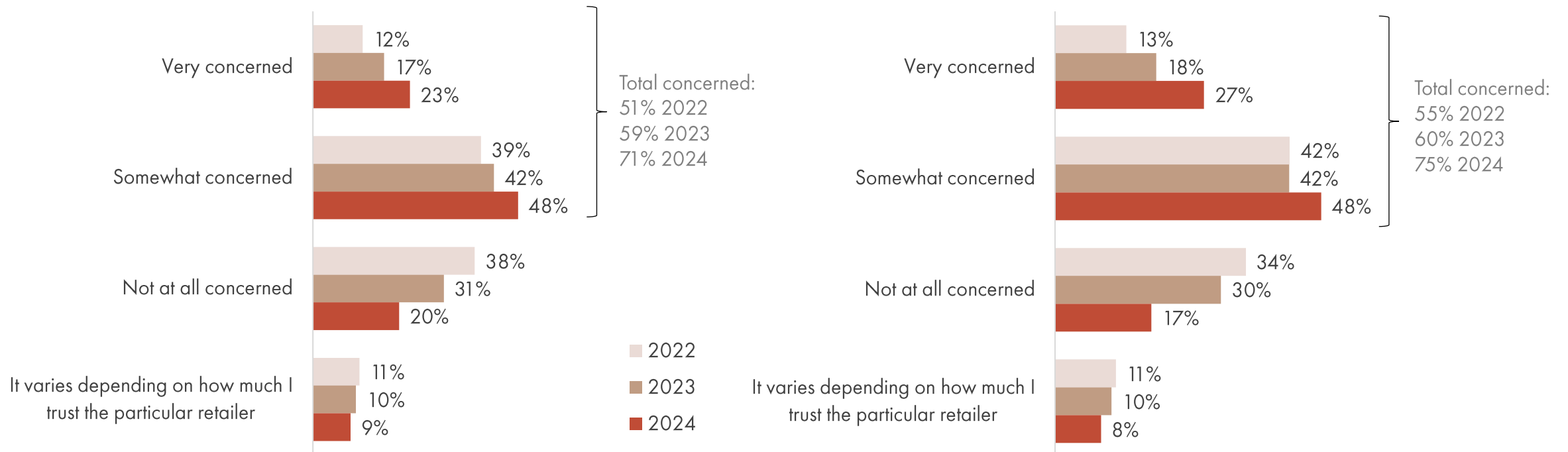
\*Source; IAB Australia and Pureprofile Australia Ecommerce Report 2024 (Australia n=1,000 per wave)

Q - How concerned are you about how retailers use the data about you that you provide to them via the loyalty program/reward card or general transactions?

# consumer concern with how retailers use australian shopper data has significantly increased over the last two years

Australian online shoppers level of concern about how retailers use data provided via loyalty cards

provided via any transaction



Source: IAB Australia and Pureprofile Australia Ecommerce Report 2024 (Australia n=1,000 online shoppers aged 18-75 per wave)  
 Q - How concerned are you about how retailers use the data about you that you provide to them via the loyalty program/reward card or general transactions?



# as retail media quickly evolves, look out for ...

## Innovation in retail media advertising products and propositions

### Development of ad products that move the proposition beyond direct response to become brand building opportunities.

- The demand of leveraging retailer data to enhance off-network opportunities will have a more prominent role.
- A data-driven approach combined with AI and machine learning, enables retailers to present the most appealing products in interactive shopping content and consumers to purchase without leaving environment.

### The boundaries between trade and media budgets fade.

- The integration of retail media's precise targeting and measurability with trade's broader strategies will create a more unified and efficient approach to reaching and engaging consumers.

## Roadmaps to enhanced transparency and consistency in measurement

### Industry measurement principles and guidance a first step.

- IAB Australia has leveraged guidelines established by MRC and other IAB global chapters to start to launch the 'Australian Retail Media Measurement Principles and Guidance', an actionable guide offering key strategies and best practices to navigate the nuances of retail media measurement effectively.

### Retailers investing in measurement capabilities.

- Currently there is a range of tech platforms deployed by individual retailers with varying maturity. Retailers are investing to develop retail media propositions that address advertisers needs to demonstrate the effectiveness of their investments. Ask your retail media partner about their roadmap.
- Measurement and metric standards will take time, investment and collaboration but can only be achieved once offerings have sufficient maturity.

### New privacy regulation for the Australian market is imminent.

- The new legislation is designed to enhance protection of individuals. IAB Australia will be working with our members to ensure they have clarity on the information covered by the new Privacy Act.

# other resources



[IAB Australia and Pureprofile Ecommerce Report 2024](#)



[Foundations of Retail Media Online Training](#)



[Australian Retail Media Measurement](#)



[Retail Media Glossary of Terms](#)