

Align Retail Media With ACV: A Challenge for Brands

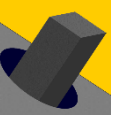
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Expert Storytelling Guru

Retail Media Conundrum

The continuing rise of retail media networks (RMNs) has profound implications for CPG marketers, as they seek workable **strategies** and **methods** for allocating their marketing investments.

Few possess the **resources** to make empirical buying decisions beyond the largest few RMNs. Typically, Walmart Connect, Amazon DSP, Albertsons Media Collective, Kroger, CVS Media Exchange, Target (Roundel), Costco, Home Depot dominate the list.

But these media distribution options align incompletely with brands' overall **ACV product distribution**.

How can brands achieve **proportionality** with respect to their retail media investments?

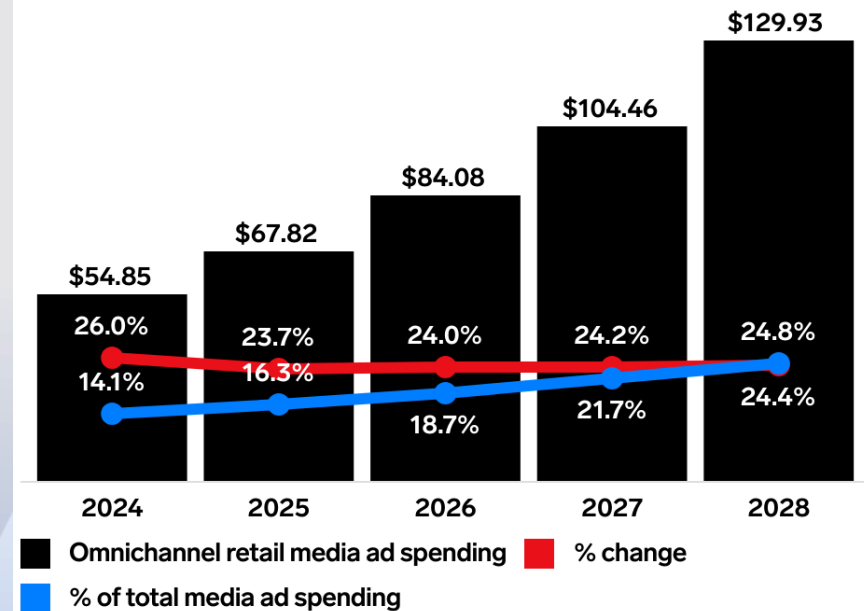


Eyes on a Growing Prize

- The U.S. retail media market is on the verge of reaching **\$55 billion** in 2024. [eMarketer]
- **Grocery RMNs** represent **\$8.5B** this year [Incisiv]
- **In-store** retail media revenue stands at **\$370 million** [eMarketer]
- **70%** of grocers plan in-store retail media deployments in the coming 18 months [Incisiv]
- 2027 Forecast: **\$104 billion** overall [eMarketer]
- Retailers report Retail Media **margins** north of 70% [Forrester]

Omnichannel Retail Media Will Account for Almost a Quarter of All US Media Ad Spending in 2028

billions in US omnichannel retail media ad spending, % change, and % of total media ad spending, 2024-2028



Note: digital advertising that appears on a retailer's on-premise signage, either in-store or in the immediately adjacent exterior (e.g., parking lot), appears on websites or apps that are primarily engaged in retail ecommerce, or is bought through a retailer's media network or demand-side platform (DSP)

Source: EMARKETER Forecast, March 2024

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Instant Poll Question #1

Are your brands reallocating any portion of their marketing investment from trade promotion into retail media advertising? [select a single response and press ENTER]

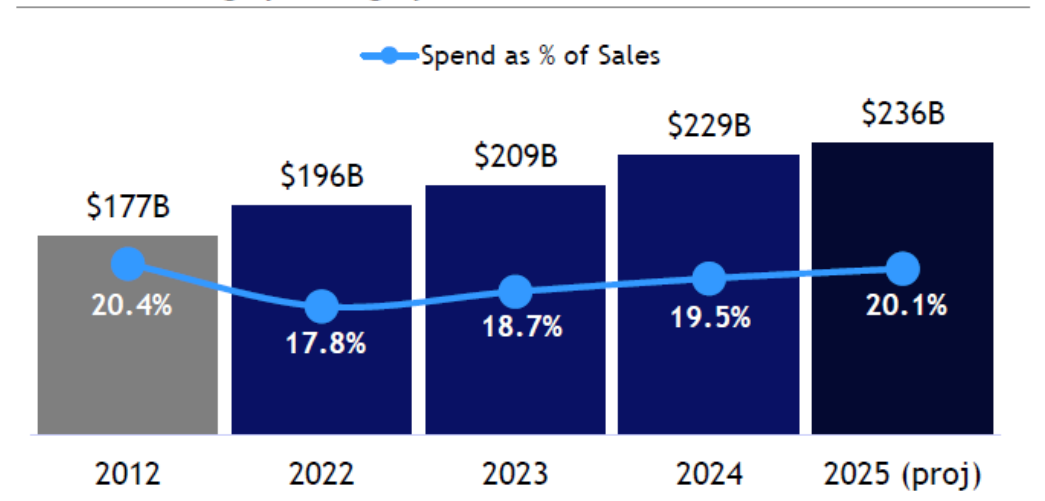


Where the Marketing Money is Moving

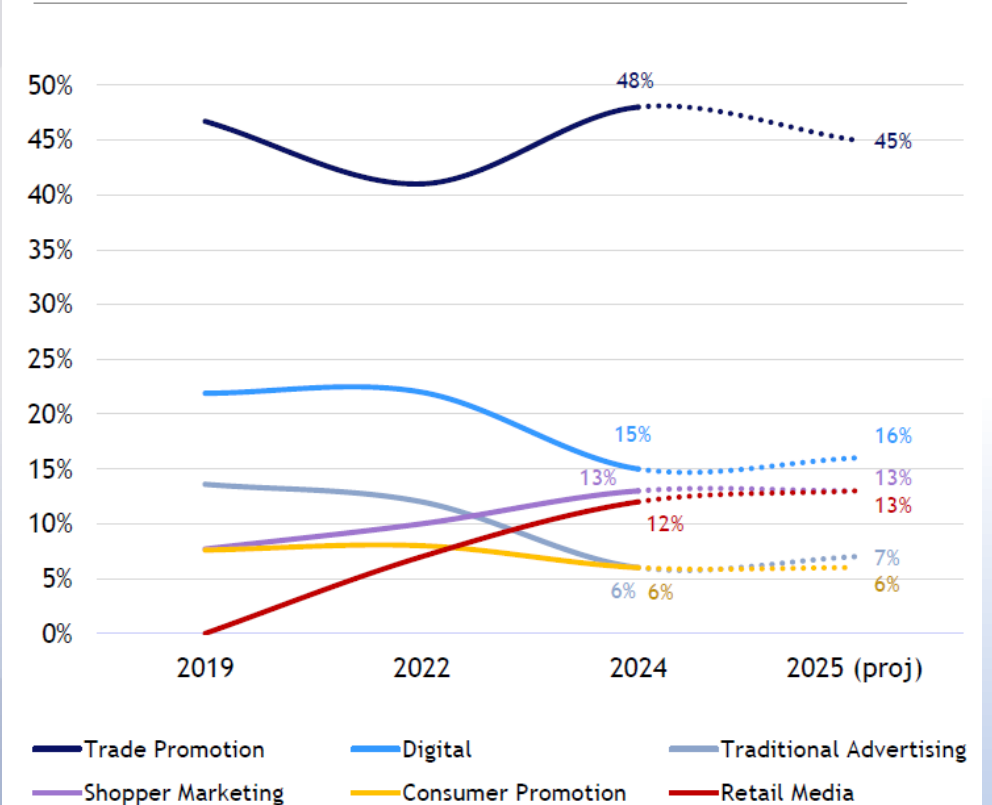
“73% of all spend is funneled through retailers today”

“Trade promotion is king, but retail media growth is squeezing funds”

U.S. Marketing Spending by Year



Share of Marketing Spending by Type:



Seem Complicated to You?

Retail media proliferation presents steep decision challenges for brands:

- Where should I invest?
- Which must I **ignore**?
- How do I support the many retailers who distribute my products?
- Do we possess the **expert bandwidth** to manage this effectively and fairly?
- What about **Robinson-Patman**?



THE OMNICHANNEL LANDSCAPE



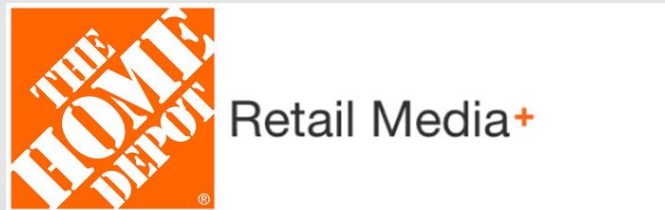


Instant Poll Question #2

Brand Marketers: How many retail media networks are you investing in today? [select a single response and press ENTER]



All the Oxygen in the Room...





Too Many RMNs?

57%

US advertisers say they're willing to work with a maximum of four retail data partners

Source: The Trade Desk Intelligence

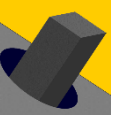
There are so many smaller retail media networks, it's difficult to keep track.

70%

of grocers plan in-store retail media deployments in the coming 18 months

Source: Grocery Doppio by Incisiv

Without measurement standardization, smaller retail media networks are difficult to compare.



How Can Regional Retailers Play?

How Brands Buy Media

- Agency gatekeepers
- Audience scale required
- Need for automation
- Need for efficiency
- Need for standards
- Targeting desired
- Emphasis on metrics

Retail Media Platforms

- Criteo
- NielsenIQ (ciValue)
- dunnhumby
- CitrusAd
- Quotient
- Skai
- Agencies



Standards are Wanting

Retail media networks do not have a standard for ad measurement or for ad formats, and they probably won't get standardization anytime soon.

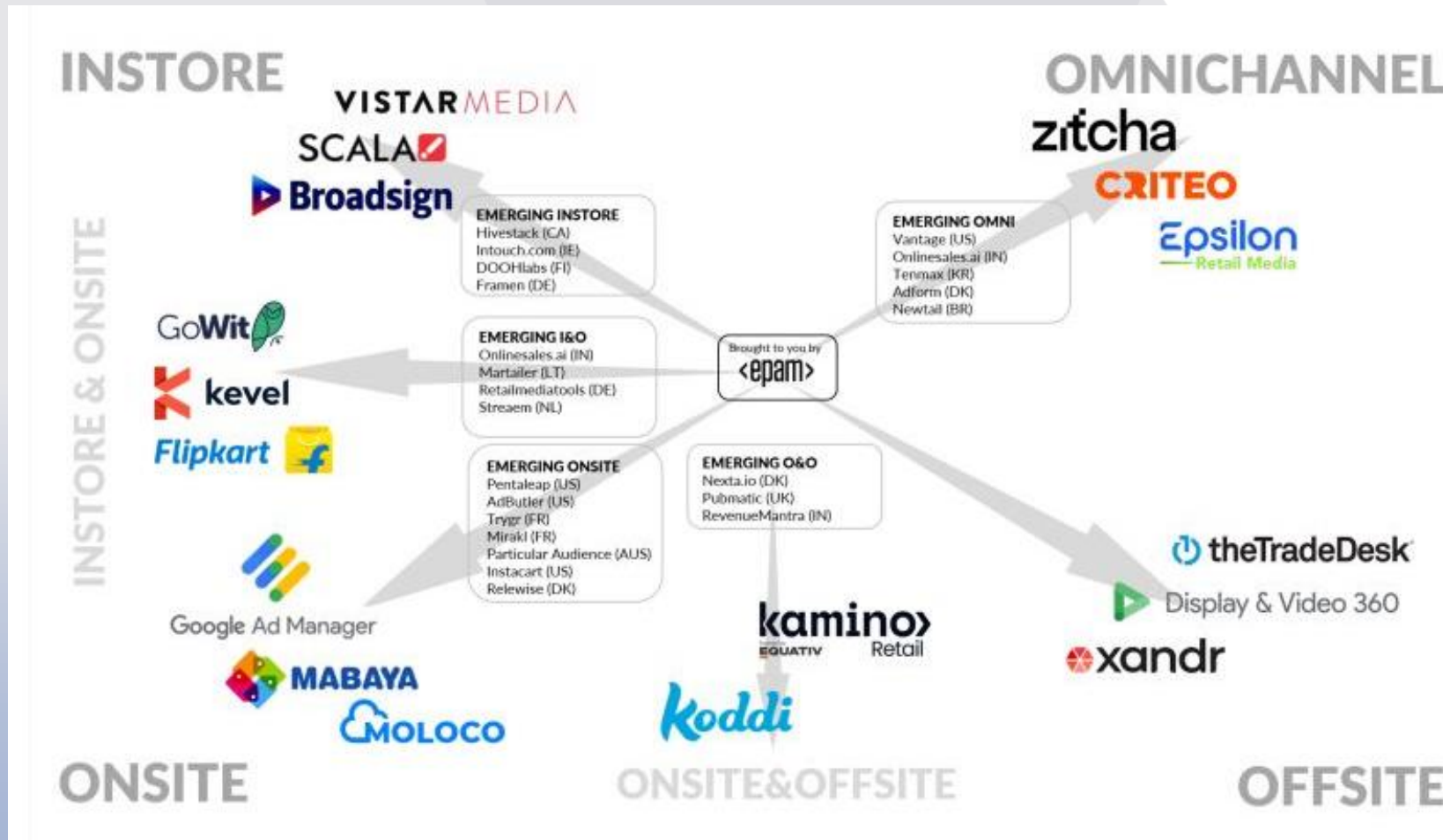
Standardization of measurement could unlock even more retail media ad spend and revolutionize retail media.

Several groups, including the Interactive Advertising Bureau, have proposed standardization models. But for now, the problem remains unsolved.

- eMarketer Guide to Retail Media, 2024



Retail Media Platforms



- In-Store
(AKA digital signage):
- GroceryTV
 - PRN – STRATACACHE



In-Store Networks on the Rise

Could these intermediaries (network consolidators) be an answer for regional chains?

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



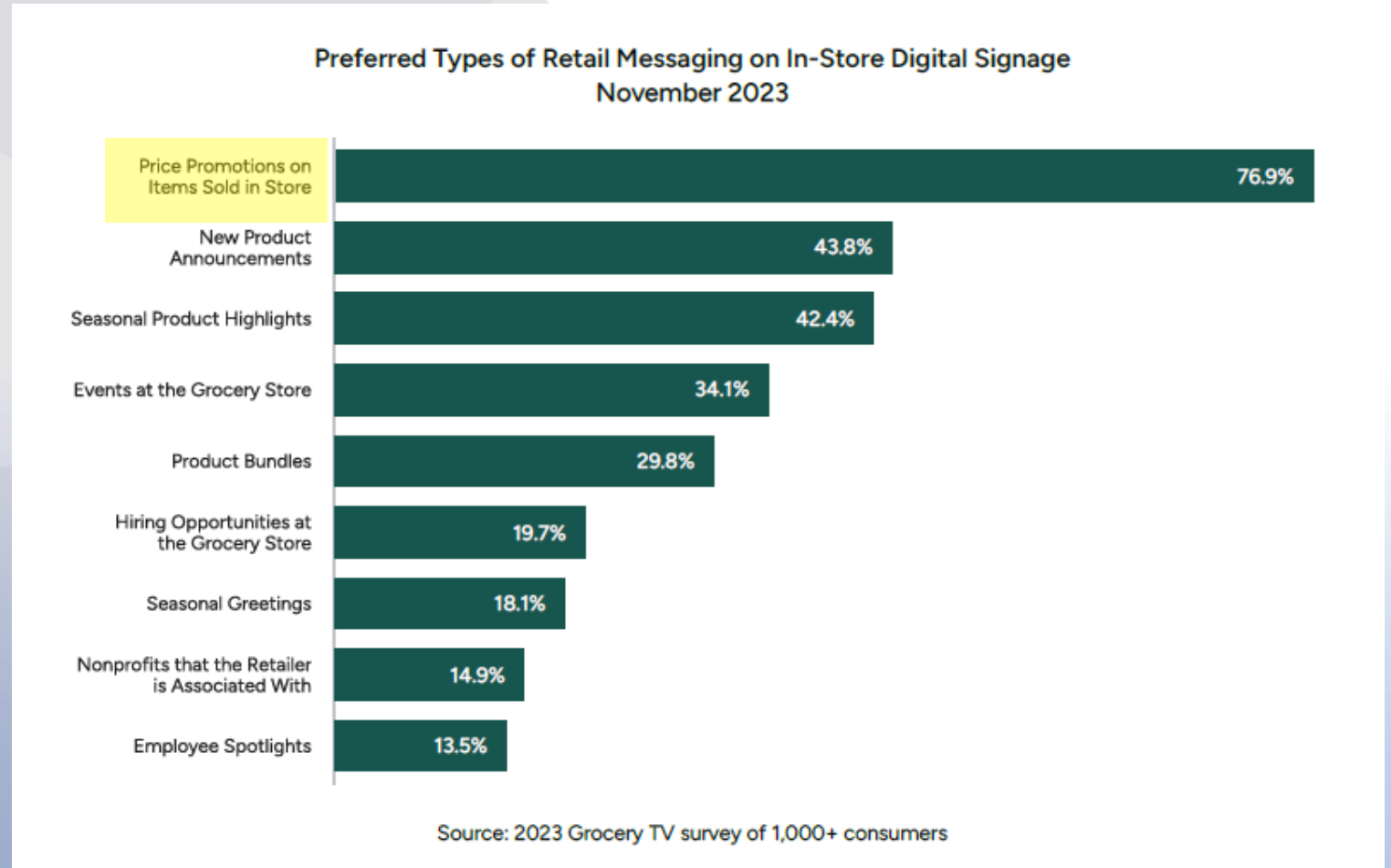


Price Promotions Still Rule

Within the stores, brands use retail media to communicate price promotions.

Shoppers seem to like it.

Can we distinguish this tactic from broad and/or personalized Trade Promotion offers?





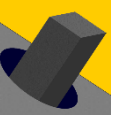
Instant Poll Question #3

Brand Marketers: Are your retail distributors asking you to negotiate trade promotion and retail media investments at the same table? [select a single response and press ENTER]



Does Fair-Share Matter for Retail Media?

- All Commodity Volume (ACV) is a principle that brand marketers have applied for many years to assess their product distribution across retailers, markets and geographies.
- ACV is the total dollar amount of sales for a retailer in a specific market, across all products and categories. It's a weighted (or indexed) measure of product availability, or distribution, and is often used to calculate how much of the market is covered.
- %ACV is a way to understand whether a brand is achieving its **fair share** of distribution.
- It's also a basis for **allocating promotional spending**.



Instant Poll Question #4

Brand Marketers: How closely do you align retail media spending with your product distribution (%ACV) across all your retail partners? [select a single response and press ENTER]



Robinson-Patman – A Quick Summary

The Robinson-Patman Act (RPA) is a 1936 federal law that prohibits certain types of discriminatory pricing and promotional practices:

Price discrimination

The RPA prohibits sellers from charging different prices for the same or similar products to competing buyers. *For example, a supplier must charge the same wholesale price to Walmart and a local corner store if they order the same amount of the same product.*

Promotional allowances and services

The RPA prohibits sellers from giving different promotional allowances or services to different customers or purchasers.

For decades, brand marketers have conducted their trade promotion activities in a manner that conforms with Robinson-Patman requirements, so that all retailers have access to the same price incentives.

Does the RPA apply similarly with respect to retail media spending?

I reached out to the FTC...

Does The RPA Apply?

Is a retail media investment considered as equivalent to a trade discount under Robinson-Patman?

*A seller may be liable under the RPA for discriminating against a disfavored buyer in (a) **providing advertising**, promotional, or merchandising services; or (b) paying **allowances** in connection with the resale of the seller's goods. For example, a seller cannot offer special packaging and marketing only to a favored buyer.*

RE: Query: Does FTC have POV regarding Robinson-Patman and Retail Media Networks?

GV Graham, Victoria <vgraham@ftc.gov>
To jtenser@vsstrategies.com

← Reply ↩ Reply All → Forward ⋮

Tue 10/22/2024 11:30 AM

Follow up.

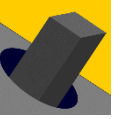
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Hi James,
We have no comment.

Vicky Graham
Public Affairs Specialist
Office of Public Affairs
Federal Trade Commission
o: (415) 848-5121



“No comment”



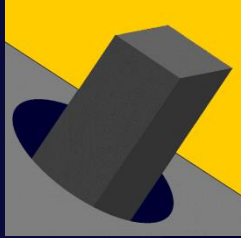
Challenges, Take-Aways, Future Learnings

“Discrimination (unintentional or not) is happening in the retail world due to retail media. There is definitely not a fair and equitable investment across the board.”

“Each RMN has its own systems, standards and ways of working. It’s very challenging for brands to master more than a few of them”

“Brands might consider offsetting the retail media spending imbalance by offering smaller retailers more trade marketing or shopper marketing.”

“FTC filings regarding the Kroger-Albertsons merger do not make any mention of retail media networks.”



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