



Turbyne™

RETAIL MEDIA MIRAGE

How the growing divide between retailers
and brands threatens retail media's potential



Introduction:

Like you, **we have been captivated by the rapid rise of retail media** and its potential to boost marketing efficiency for brands, while creating new revenue streams for retailers. However, while speaking to retailers and brands about their respective retail media experiences, **we noticed a high level of frustration coming from both sides.** These frustrations seemed to contradict the sweepingly positive retail media narrative we had been reading headlines about since its inception – something seemed off.

This disconnect inspired us to dig deeper into what we were hearing anecdotally. **We wanted to understand retailers' and brands' actual overall level of satisfaction with the retail media experience.** We wanted to identify the pain points that threatened the great potential of retail media and discover the solutions needed to move forward. **Our goal was to get to the truth beyond the mirage of retail media.**

We commissioned a study to look deeper, and our findings were surprising, to put it lightly. **The study uncovered a great divide between brands and retailers – one that represents a serious threat to the potential of retail media.** However, it also revealed a surprising consensus on the solutions that can put retail media back on the right path. To get to the core of these questions, we partnered with BWG Strategy to conduct a study of senior stakeholders who have direct exposure to and influence on retail media decisions for both retailers (n=225) and brands (n=87).

The insights unearthed catalyzed us to pivot and create a solution whose sole purpose is to simplify retail media for everyone – retailers, brands, and their partners. The promise of retail media's success up to this point has been somewhat an illusion, albeit one based on real potential. Now that we know where many of the challenges and disconnects are between retailers and brands, we can work on creating the solutions required to fix them.

The retail media ecosystem will need to evolve and bridge the divide before it can truly rise to the full potential we all know it has.

We are excited to share our findings because we know that they will help unlock the full potential of retail media.

Enjoy,
The Turbyne Team

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Retailer Demographics (n=225)

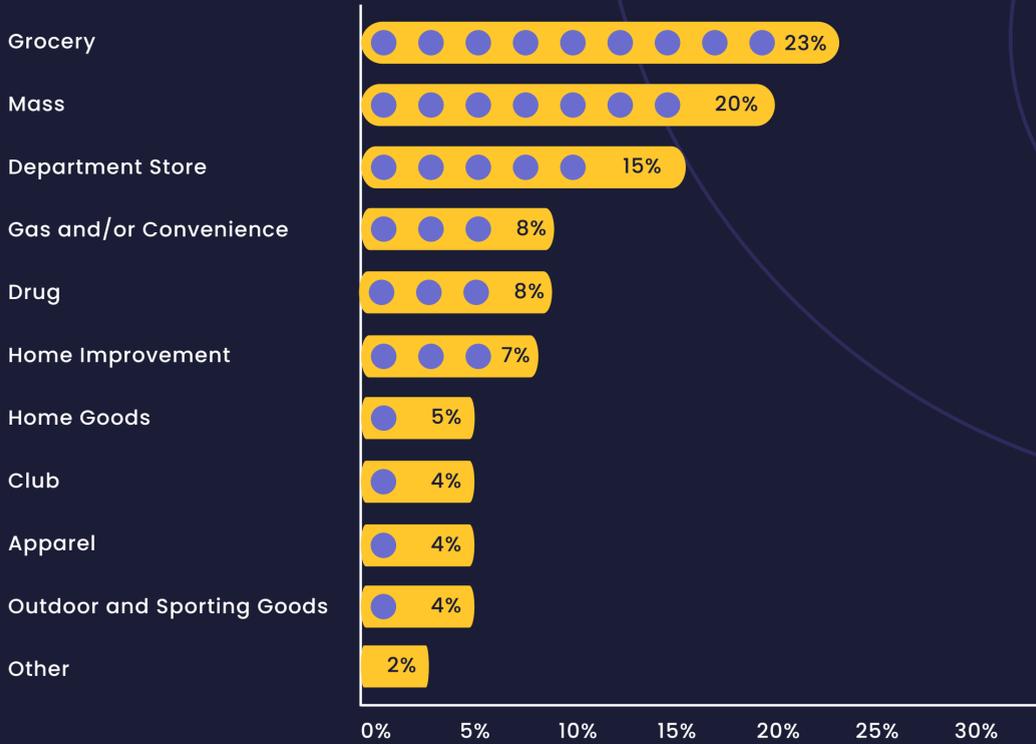
72% have significant role in retail media decisions



61%

Food Retailers

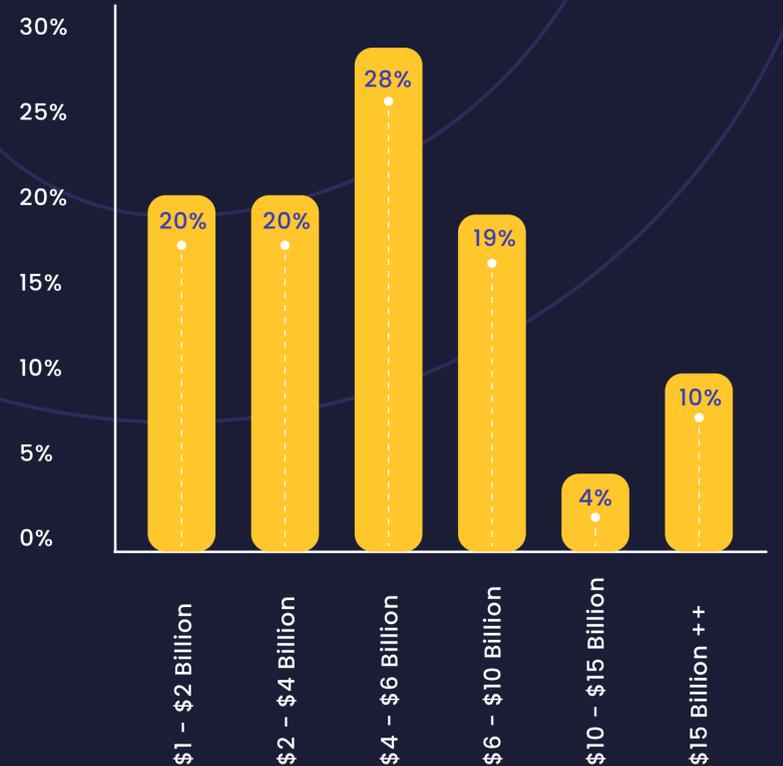
What type of retailer do you work for?



47%

Mid-Size Retailers

Approximately what was your annual revenue last year?



81% in media or marketing

What is the best description of your role as it relates to retail media?



12%

Digital Media



29%

Retail Media Monetization



29%

Brand Marketing / Strategy



11%

Shopper Marketing / In-Store Media



8%

Product Management



6%

Merchandising

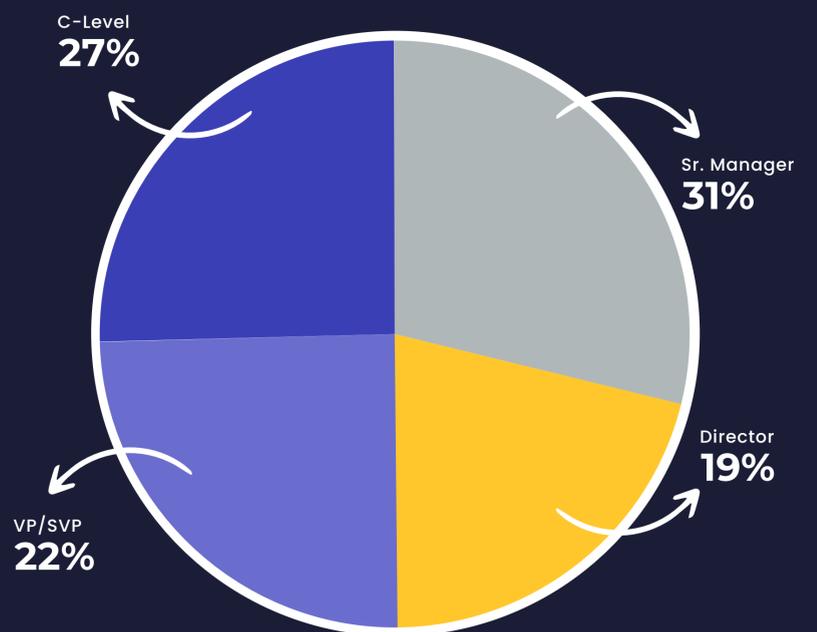


5%

Other

69% Director +

Which of the titles below is most representative of your level within your organization?



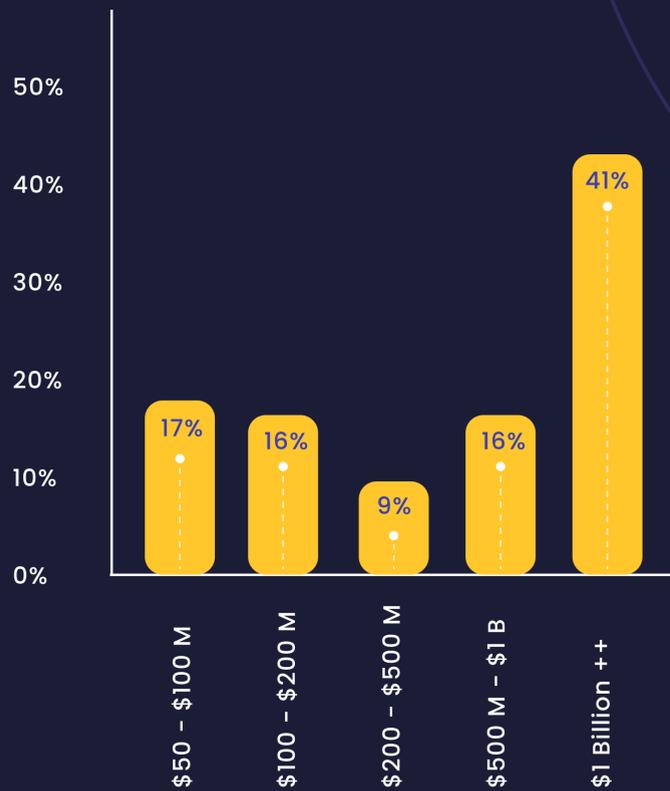
Brand Demographics (n=87)

67% have significant role in retail media decisions



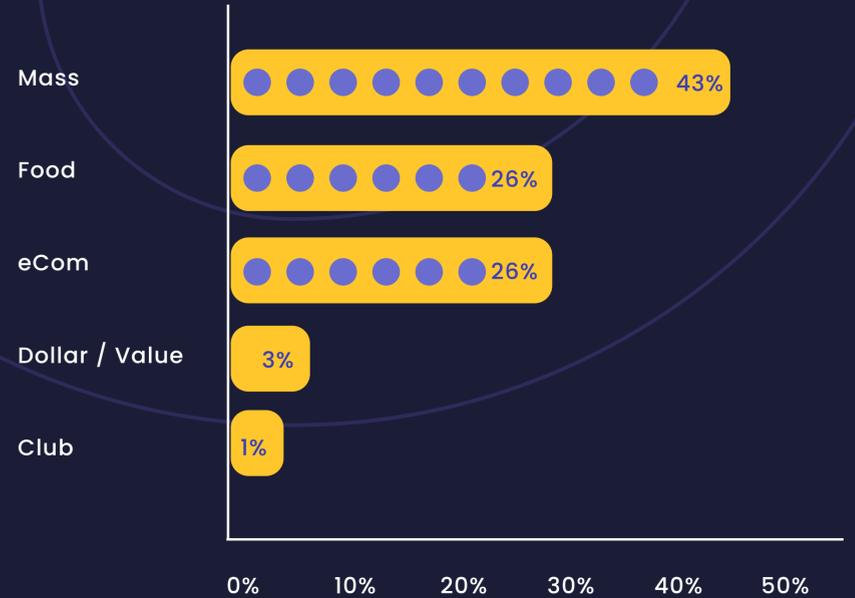
56%
\$500m+

Approximately, what was the annual revenue of your brand last year?



69%
Listed Mass/Food as Primary revenue channel

What is your top revenue channel?



64% in Brand/Shopper/Omnichannel

What is the best description of your role as it relates to retail media?



33%
eCom / Omni Channel



24%
Sales



23%
Brand Marketing / Management



9%
Shopper Marketing



5%
Innovation



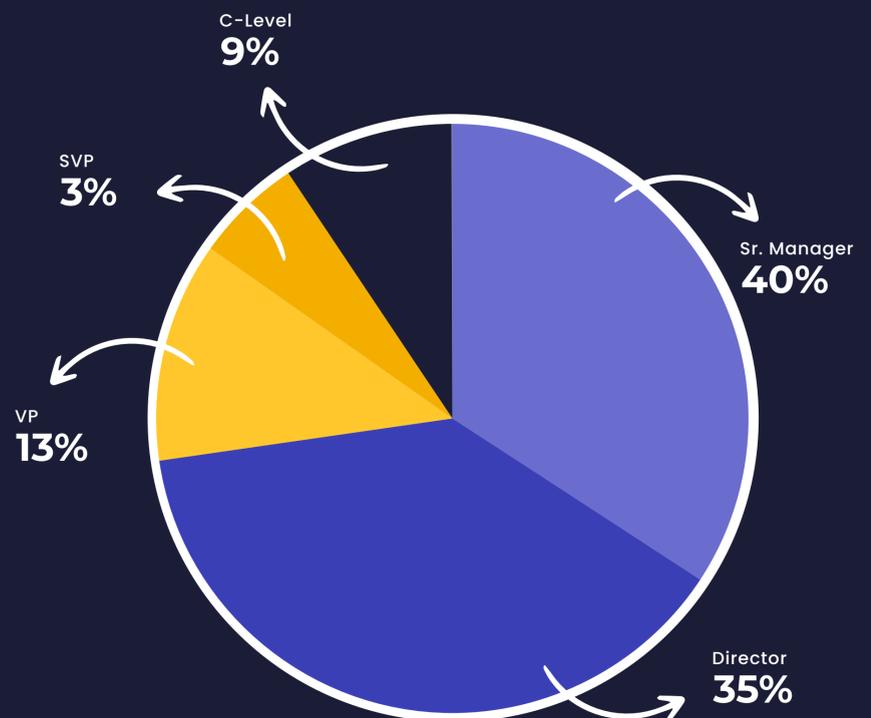
3%
Trade Marketing



2%
Digital / Social Media Buying

60% Director +

Which of the titles below is most representative of your level within your organization?



Executive Summary

Retail media has rapidly grown into one of media's most important channels. US retail media ad spend will hit \$45.15 billion this year, up nearly **20%** over 2022, according to Insider Intelligence. The research firm expects growth to continue accelerating each year through 2027, when it will reach \$106.12 billion¹.

But massive gains aren't inevitable. They may even be unlikely unless retail media rapidly evolves to address its biggest fundamental challenge: Brands aren't satisfied with the experience they're receiving when they invest in retail media. This is a holistic problem that runs all the way through from the buying process to account management to reporting. The situation is leading to frustrations that will hinder retail media's growth if they aren't addressed.

The big question: Can retail media deliver on its promise?

There's a concerning gap between retailers' perceptions of the value their retail media networks (RMNs) deliver and brands' actual level of satisfaction with those RMNs. Roughly two out of three (**65%**) of retailers believe that the largest brands (\$500m+ annual revenues) would grade their experience with their RMN an A. But that's a far cry from reality, as only **6%** of those brands would actually give their experience a top grade

That's just one of several indicators that RMNs are failing to deliver on their promise. In another example, most brands say "return on relationship" is a key driver of their RMN investments - yet a significant share pointed to "not enough return on their investment with merchandising" as a barrier discouraging them from increasing their spending. That's leading merchandisers to advise brands to avoid investing in retail media.

Perception vs Reality

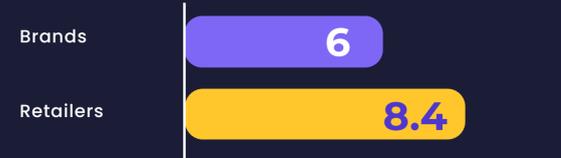
How would you/your biggest brands grade the retail media buying experience?

% who gave an 'A'



Is Retail Media living up to its hype?

on a scale of 1-10



Poor Return on Relationship



4 out of 5 brands brand say ROR has a significant impact on their RMN investment decisions



Half stated that "not enough ROR with merchandising" was a barrier to increasing future investment



4 out of 10 brands called out merchandising for recommending they allocate budget outside of retail media as one of the top reasons they do not work with new RMNs

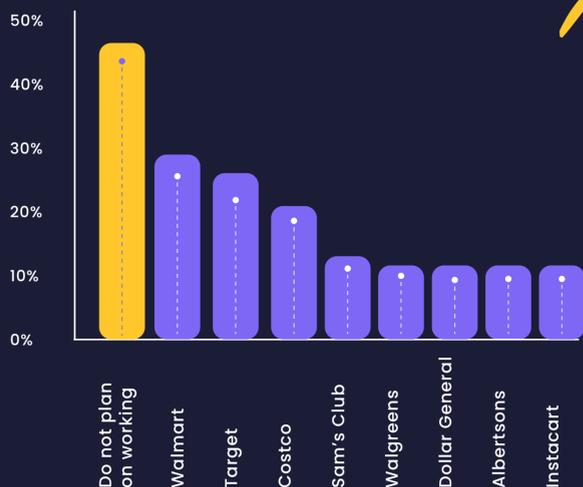
¹ <https://content-na1.emarketer.com/retail-media-ad-spend-will-more-than-double-by-2027>

All signs point to a significant disconnect between retailers and brands that needs to be resolved to ensure the channel meets its potential.

WHY?

Nearly half of brands do not plan on working with more RMNs in the next 2 years

RMNs you plan on working with in the next 24 months*



*Retailers with 9%+, CVS excl.

Larger brands say it is primarily due to lack of budget & resources. Many are also getting pressured by merchandising to spend elsewhere.

Reasons you don't work with additional Retail Media Networks (Brands \$500m+)



Meanwhile, other cracks in the foundation are beginning to emerge. **78% of brands say it is difficult or very difficult to justify increasing their investment.** That's troubling given that most brands work with just a handful of RMNs; **40%** of brands work with just one to three RMNs and another **42%** work with four to six RMNs. The channel's growth is dependent in part on brands expanding their spending to other RMNs.

We found that brands are valuing experience over results. Retailers need to recognize that their RMNs' long-term viability and success are dependent on their ability to better serve their customers (brands).

That starts by getting a better handle on what brands need and want.

Three primary challenges :



A buying experience that is inefficient and overly complicated.



A disconnect between physical and digital channels.



Reporting that lacks transparency and accountability.

Addressing those areas will enable RMNs to deliver a stronger value proposition. Otherwise, brands won't have, and will not be able to justify, the budget and teams necessary to make the platforms work well.

Challenge #1

Too much complexity

Retail media has rapidly evolved into one of media's most important channels. GroupM estimates retail media revenues will surpass television (including CTV) revenues by 2028, when retail media is expected to account for a **15.4%** share of total ad revenue².

Those numbers are hard to ignore, which is why an ever-growing number of players have entered the space in recent years. There are over 150 retail media networks (RMN) worldwide, per Mimbi³. Even more retailers are entering the space via partnerships. Criteo's RMN, for example, offered inventory from 210 retailers, as of August 2023⁴.

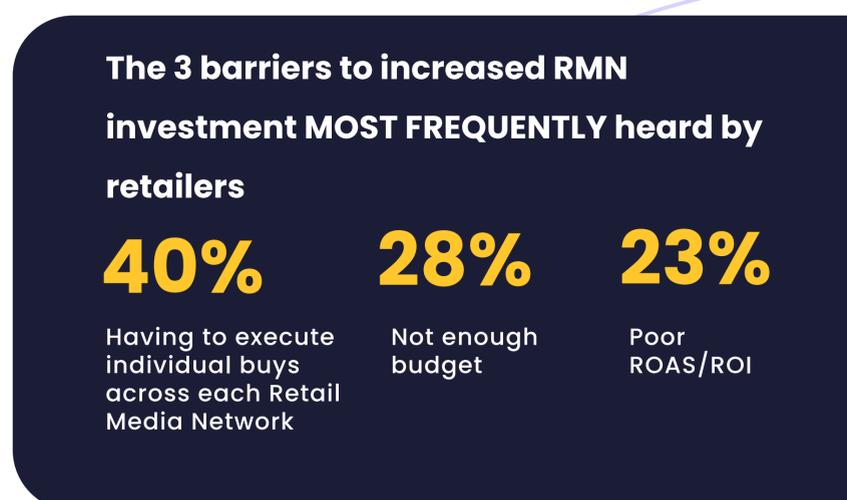


While it is understandable that both brands and retailers want to work a diverse array of partners to maximize their opportunities, each new relationship adds complexity because each partner brings its own idiosyncratic needs to be met. Given that every company has limited resources, the net result is that both brands and retailers' partnerships aren't as successful as they could be.

Those challenges are evident in brands' current frustrations, which include:

- **40%** of retailers said that brands expressed having to execute individual buys across each RMN as a primary barrier to increasing their retail media spend.
- **35%** of brands cited a process that is too difficult to manage as their top barrier to increased investment.
- Many brands find the overall buying process underwhelming. Well over a third (**38%**), would give the retail media buying process a grade of C or lower.

Those systemic issues are hindering RMN's growth potential. Brands don't have the time nor resources to devote to mastering each of the RMNs they invest in. That leads to lackluster results, which then stymies future growth.



² <https://www.groupm.com/mid-year-advertising-forecast-2023/>

³ <https://www.mimbi.io/retail-media-networks-list#:~:text=The%20retail%20media%20industry%20is,150%20retail%20media%20networks%20worldwide>

⁴ <https://seekingalpha.com/article/4622797-criteo-s-crto-q2-2023-earnings-call-transcript>

40% Brands work with 1-3 RMNs

42% Brands work with 4-6 RMNs

44% Do not plan on working with a new RMN

This means that the majority of brands do not plan on working with more than 5 or 6 RMNs.

What are the opportunities to drive investment in the 7th or 8th RMN?



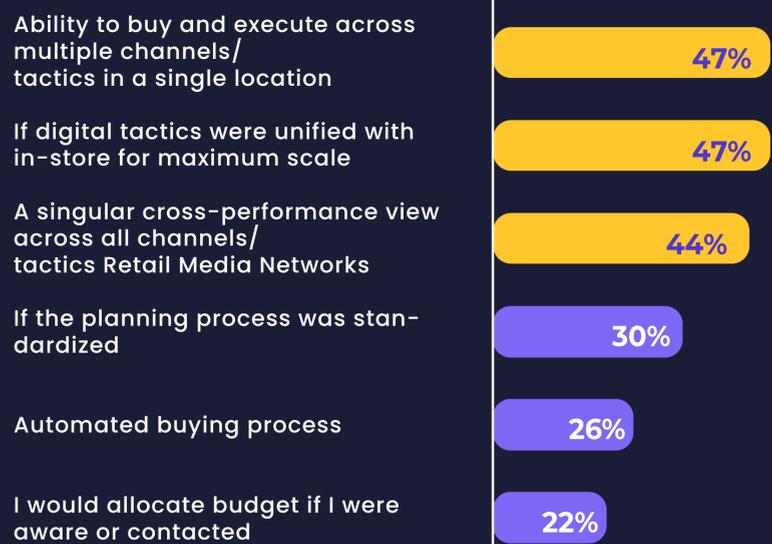
The opportunity:

Brands and retailers agree that simplifying the buying + selling process is the key to growth

Rank the biggest growth drivers for your retail media revenue



What would get you to spend budget with mid-size retailers?



Retailers

Brands

Despite their challenges, brands continue to recognize RMNs' potential; only **15%** of brands said it is "very difficult" to justify increased spend, which shows that there is opportunity to convert if retailers can improve processes and enable them to make a better case.

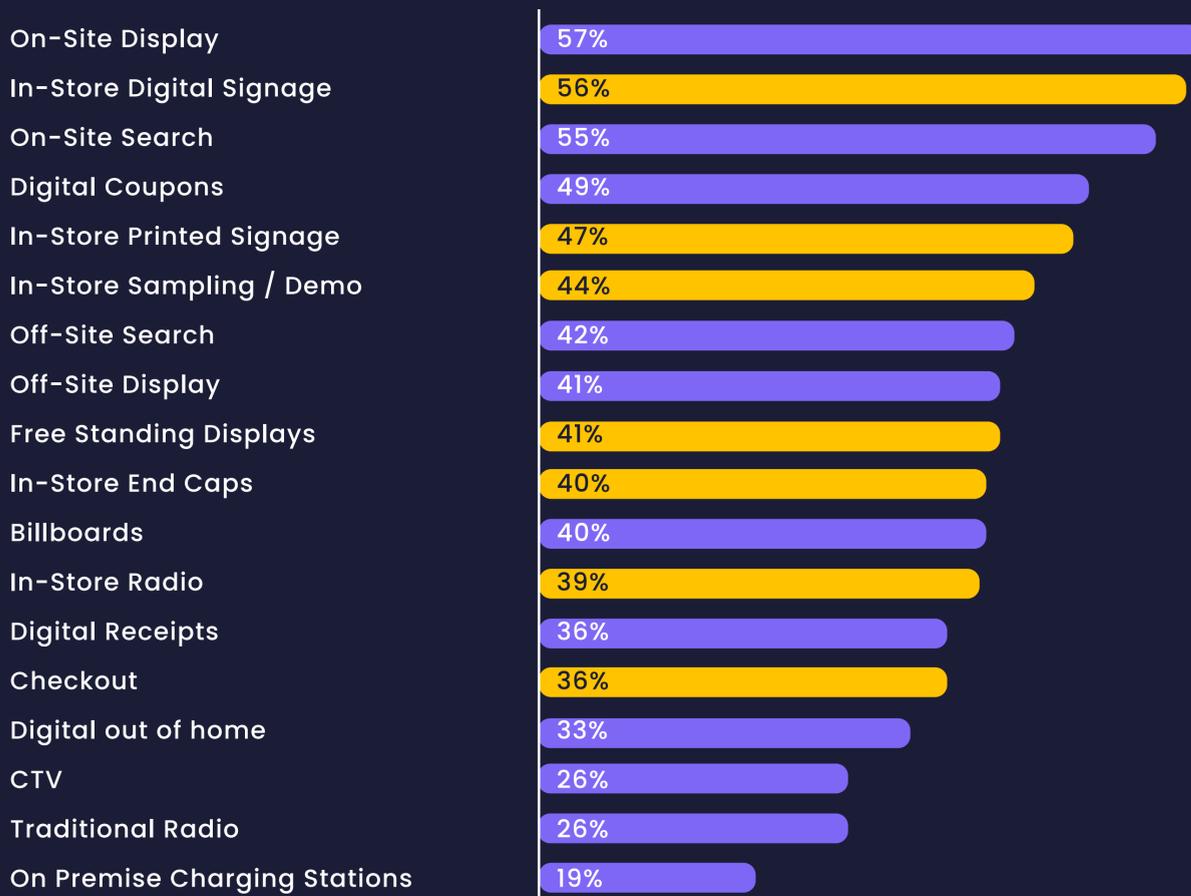
Challenge #2

Connecting in-store and online channels

While in-store retail media is still in its infancy, it is already clear that it offers an enormous opportunity. Physical stores account for over **84% of all retail sales and 70% of a retailer's reach, yet are typically not included in retail media offerings.**

As retailers augment their physical in-store media with digital tactics they are opening up a massive amount of potential inventory in locations such as checkout aisles, end caps, store shelves, cooler doors, and elsewhere. They can then use those bottom-of-the-funnel tactics at shoppers who are eager to make a purchase. This is driving a full-funnel, channel-agnostic POV on the tactics that should be included in standard retail media offerings.

Check all of the tactics that should fall into the definition of retail media



Both brands and retailers agree that in-store tactics belong in retail media.

There is consensus among brands and retailers about the necessity of integrating in-store into retail media platforms. But all too often today those connections do not exist. That's a major missed opportunity. Both parties feel that in-store tactics are essential to retail media.

That reflects both the continued importance of physical retail—particularly in certain categories that have seen fewer sales shift online such as grocery and convenience—and the influence that in-store retail

On a scale of 1 - 10, how strongly do you feel that in-store tactics should be added to your retail media offering?



Challenge #2

Given the key role that the in-store experience plays in consumers' purchase decisions, brands and retailers were aligned on allocating **43% of marketing budgets to in-store activities**. But that's dependent on their ability to easily allocate that spend.

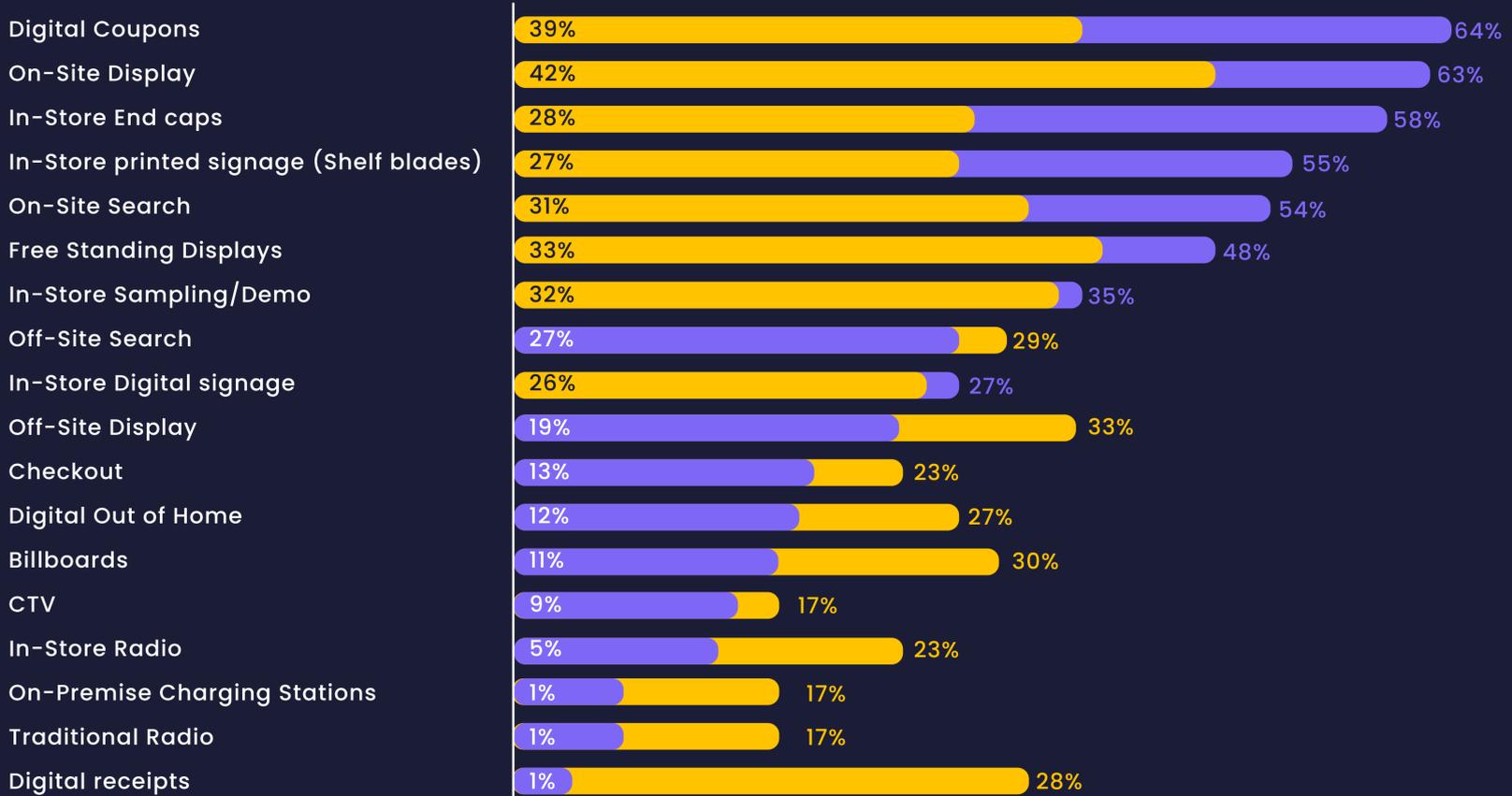
Nearly three-quarters (74%) of brands consider in-store media "effective" or "very effective."



Yet brands think in-store tactics are far more effective than retailers

Choose the top 5 tactics that are most effective at driving sales

Retailers Brands



The opportunity:

Despite the difficulty justifying the investment internally, most brands say:

A unified platform could drive significant growth. 70% of brands said they would increase their investment by an average of 23% if in-store tactics were combined with digital.

Nearly half (**47%**) of brands would start spending with midsize retailers if digital tactics were unified with in-store for maximum scale.



Lack of Transparency & Accountability in Reporting

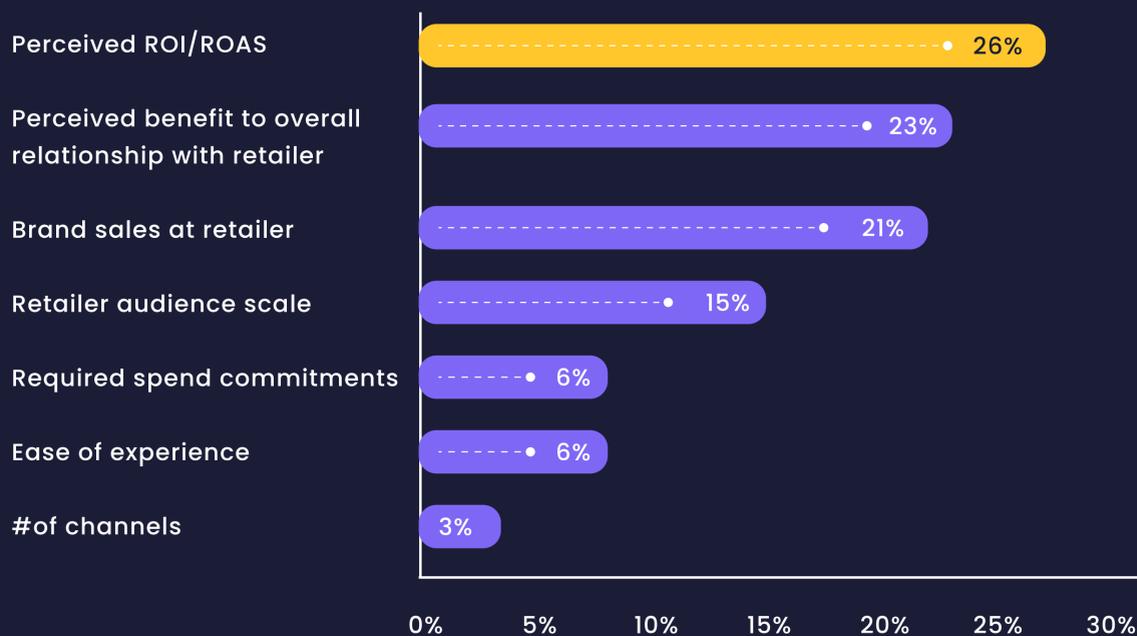
More than a quarter (**26%**) of respondents listed dissatisfaction with reporting as one of the top three barriers to increasing their retail media investment. Not only do many platforms have lackluster reporting structures, there's also little continuity between them, which can make it difficult to gauge success.

This is also evident in the finding that THREE IN FIVE brands noted ROAS/ROI as one of the top three barriers to increasing their retail media investment.

Brands have trouble navigating multiple reporting processes, which limits their ability to make necessary adjustments. Those challenges then result in brands failing to generate the returns they expect, which causes them to question the value proposition. **That stymies growth as nearly FOUR OUT OF FIVE BRANDS find it difficult or very difficult to justify increased spend.**

The opportunity:

26% of respondents choose the RMNs they work with based on ROAS/ROI.



While not surprising, that makes it clear that RMNs who streamline reporting can and should see investment rise.

Looking Ahead

Retail media has massive growth potential. **But it will only reach those lofty projections if retailers can get a better handle on what their customers (brands) need and want.**

There's a strong consensus among brands and retailers that **the key to growth will stem from unifying the channels and simplifying the buying and selling process.**

They don't have, and shouldn't require, significant bandwidth to learn the ins and outs of multiple idiosyncratic platforms.

Instead, brands and retailers both need an easy-to-navigate platform that ties together in-store and online retail media and that offers reporting that makes clear their ROI/ROAS.

There's a clear payoff for simpler platforms, as they offer a stronger value proposition, which, in turn, makes it easier for executives to buy into the need to invest in the platforms.

Nearly 75% of brands would likely spend more if a retailer had a single platform that made it easier to plan, buy and execute retail media across any channel or partner.



It is still early days for retail media, which means there are significant growth opportunities ahead. **The winners, who stand primed to reap the massive upside, will be those who are quick to learn and adapt to their customers' needs and wants, while the losers will be those who fail to do so.**

About Turbyne

What Does Turbyne Do?

Turbyne is the first solution built for retailers and designed to simplify retail media.

We make it easier for retailers to plan, sell and execute retail media across any channel and with any partner.

Why are we here?

Our promise is simple: we want to unlock the true potential of retail media for retailers who strive to deliver the most value through media.

We've already told you that we make it easier to plan, sell and execute media. But what truly sets us apart and drives us forward is our belief in the 'why' behind what we do. We've seen that as new ways to drive revenue through data and technology emerge, so do barriers, like managing a more complex ecosystem of channels, platforms, and stakeholders, often with conflicting priorities, and timelines. These complexities are inhibiting much of the progress that should come from all of the innovation.

That's why we, as a team with decades of experience in retail, media, and adtech took on the challenge of making it easier for retailers to connect with people and brands everywhere. While we are incredibly proud that Turbyne will help retailers drive incremental revenue and work smarter, we've only just begun. We're committed to pushing boundaries, constantly innovating, and unlocking even greater possibilities for retailers.

For more information visit www.turbyne.com or send us an email at inquiries@turbyne.com

Any Channel. Any Partner



One Campaign

One Workflow | One Contract | One Asset Location |
One Portal | One Bill | One Report



Retail Media Simplified