

WHITE PAPER 2026

Relationship Architecture: How FMCG brands are losing control of the consumer to retailers

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Report: DigitalFMCG Insights

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1. Retail Media

Retail Media has evolved from just another touchpoint into the third and fastest-growing wave of digital advertising.

- **The scale of the shift.** According to IAB Europe and WARC projections, global Retail Media spending surpassed \$140 billion in 2025, growing by more than 10% year-over-year. In Europe, Retail Media now accounts for over 20% of all digital advertising expenditures.
- **Touchpoint dominance.** McKinsey data shows that 72% of consumers begin their grocery searches directly on retailer apps or websites, bypassing general search engines altogether. For FMCG brands, this means being forced to pay a visibility tax just to reach their own customers.

2. The data monopoly

A retailer's greatest asset is owning a complete 360-degree transactional profile.

- **App Penetration:** Across the CEE region, leading retailers have reached loyalty app penetration levels of 65-75% among the active shopper population, according to NielsenIQ data.
- **First-Party Data:** While 85% of CPG manufacturers admit they struggle to collect granular data on individual consumers, retailers are building predictive models with over 90% accuracy in forecasting the next purchase (Boston Consulting Group).

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3. The private label strategic offensive

Retailers are no longer just distributors - they've become the most formidable competitors, leveraging manufacturer data to optimize their own portfolios.

- **Market share.** According to the 2024/2025 PLMA/NielsenIQ report, private label market share in Europe hit a record average of 38% in sales value. In specific categories like dairy and frozen foods, it now exceeds 50%.
- **Consumer trust:** Statista research shows that 64% of consumers no longer perceive private labels as inferior in quality to national brands. Furthermore, 42% of respondents report that retailer apps actively suggest cheaper private label alternatives the moment a brand-name product is added to the cart, utilizing so-called switching prompts.

Metric	FMCG Brand (Global Brand)	Retailer (Private Label)
Operating margin	Average 12-18%	Average 25-35%

Data acquisition cost	High (campaigns, sweepstakes)	Zero (transactional byproduct)
Control over exposure	Purchased (Trade Marketing)	Native (Owned)

4. The retail walled garden effect

Retailers are building closed ecosystems known as walled gardens where they control every stage of the sales funnel.

- **Price personalization:** Through dynamic pricing algorithms, retailers can offer different prices for the same FMCG product to different app users based on their individual price sensitivity. As a result, the manufacturer loses control over their brand's price positioning.
- **Platform loyalty:** Data from Polish and European markets show that consumers using advanced apps (e.g., Lidl Plus, Żappka, Carrefour) exhibit 25% higher retention toward the retailer than toward the specific product brands they purchase there.

Strategic recommendations: reclaiming sovereignty

1. **Loyalty Ecosystems 2.0:** Brands must create their own loyalty programs based on emotional values (e.g.,

ecology, education, community) that the retailer is unable to monetize.

2. **Retail Media Data Collaboration:** Utilizing technologies such as Data Clean Rooms to allow manufacturers to merge their data with retailer data in a secure environment, without relinquishing full control over the relationship.
3. **Brand Investment (Equity over Promotion):** Restoring the balance between Trade Marketing spending (sales support within retail networks) and Brand Building, which generates "pull" demand - the consumer must demand a specific brand before even opening the retailer's app.

Summary

In 2026, the battle for the consumer is no longer fought on the store shelf, but within the mobile app algorithm. FMCG brands that fail to build their own capabilities in data and direct communication risk being relegated to the role of "contract manufacturers" for major retail platforms.

Sources: NielsenIQ, BCG, IAB Europe, Statista, McKinsey & Co.

About DigitalFMCG

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