

# Look Forward to the Rise of Retail Media — Examining the Implications for FMCGs

Benjamin Audon, Partner and David Bishop, Partner





## INFOGRAPHIC

### L.E.K. Look Forward Into 2024

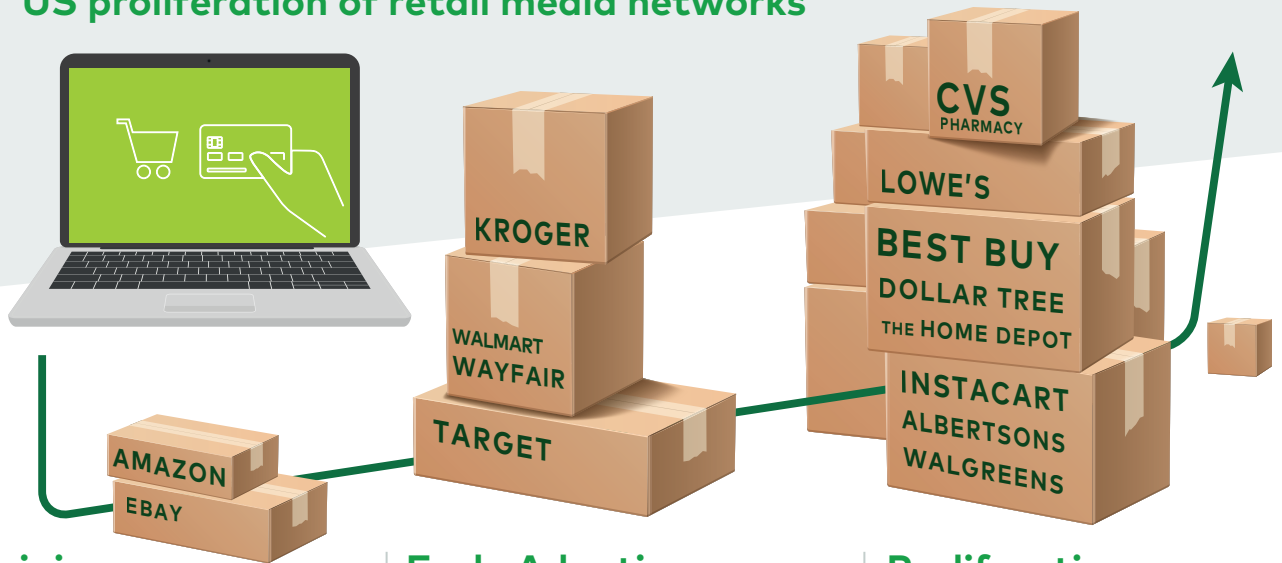
Welcome to Look Forward, L.E.K. Consulting's annual analysis of the challenges and opportunities in the year ahead. In this *Infographic*, partners **Benjamin Audon** and **David Bishop** explore the increasing number and importance of Retail Media platforms and the related strategic implications for fast-moving consumer goods (FMCG) companies.

## Look Forward to the rise of retail media — examining the implications for FMCGs

Advertising offered by merchants within shopping channels (often called retail media) is expanding rapidly in Western Europe, as operators look to emulate the success of Amazon and other US retailers in exploiting this new revenue stream.

Many leading retail players have now developed proprietary platforms, either in-house or in collaboration with advertising agencies. US retailers have led the way here, with Walmart, Target and CVS as leading examples.

## US proliferation of retail media networks



### Origins (2012-2014)

Amazon launches Amazon Ads in 2012 with its rich first-party data

eBay launches eBay Ads for its mobile app to allow advertisers to connect with users throughout their journey

### Early Adoption (2017-2019)

Major physical and online retailers unveil business units focused on retail media, most leveraging the growth of their ecommerce platforms

### Proliferation (2020-Present)

Retailers across the entire retail landscape announce their own retail media offerings, a number beginning with third-party Supply-side Platform (SSP) partnerships followed by the announcement of their own networks

Source: L.E.K. research and analysis

More recently, European retailers are moving to adopt the trend, with a flurry of recent announcements:

## Retail media network launches in Europe over the past 3 years

**All major UK retailers already operate their own retail media platforms**

**Nectar 360:** Sainsbury's loyalty and data program, also offering media services  
**Tesco Media and Insights Platform:** in partnership with Dunhumby  
**Boots Media Group:** offering retail media services for Boots UK

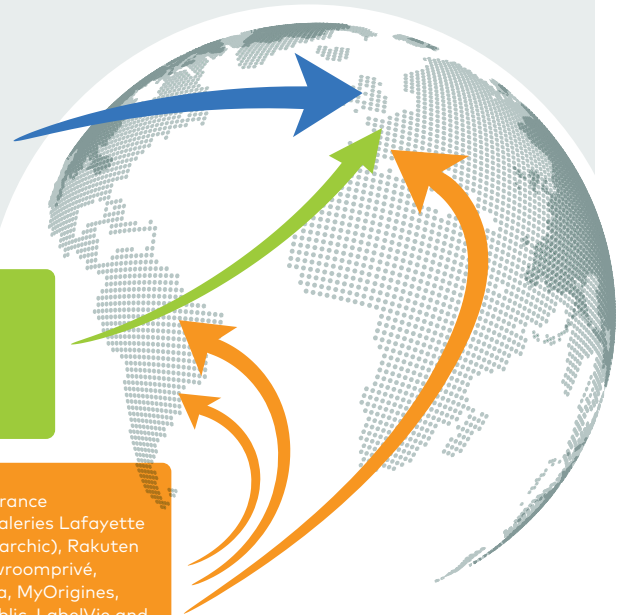
**Valiuz Adz**  
 Operational launch in January 2024 in France with key retailers from the Mulliez galaxy

**Key partners:** Auchan, Boulanger, Décathlon, Kiabi, Norauto, Leroy Merlin, etc.

**Carrefour x Publicis retail media platform Unlimitail**

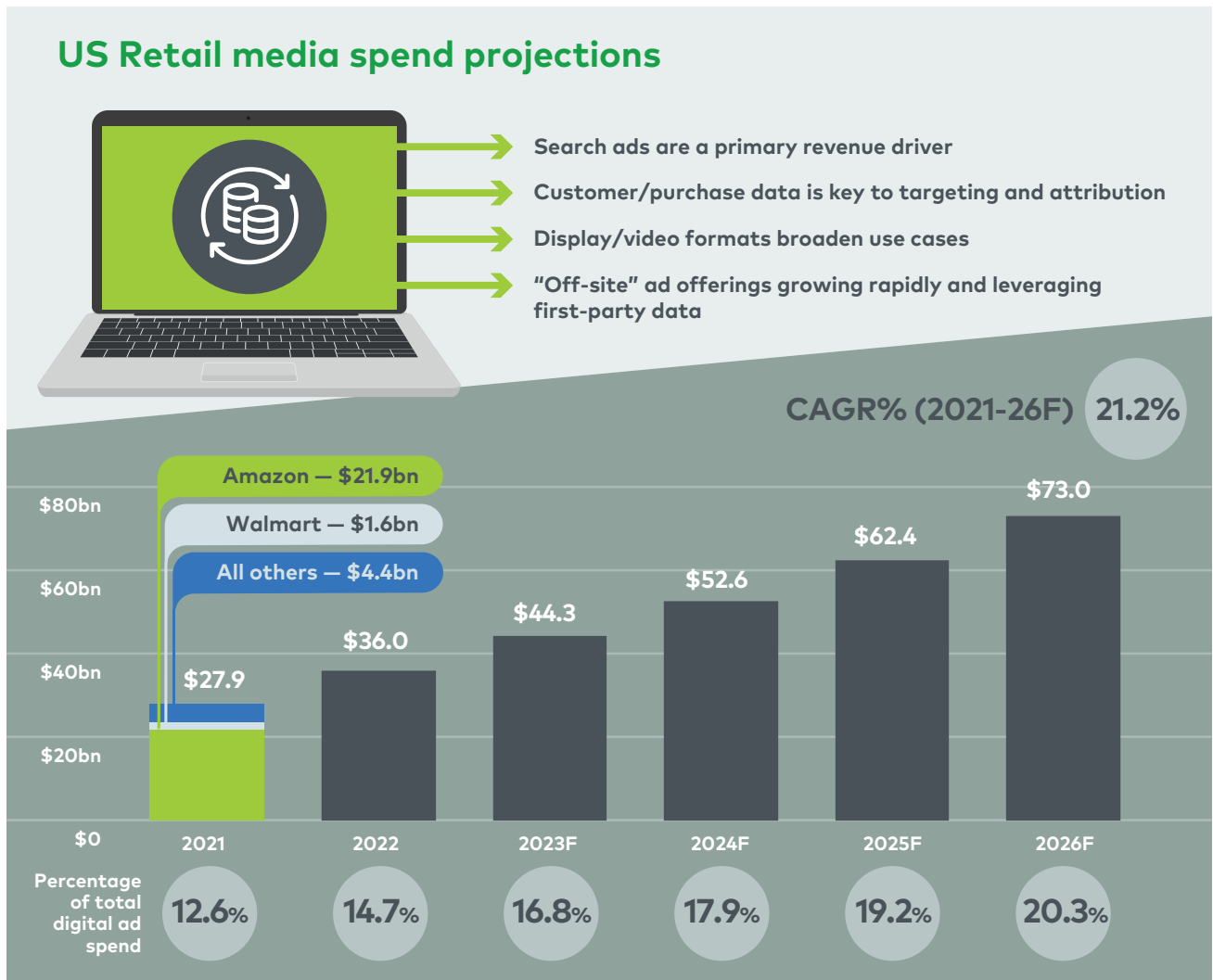
Operational launch in January 2024 in Western Europe, Brazil and Argentina with many partners

**Key partners:** Carrefour, Kingfisher France (Castorama, Brico Dépôt), Groupe Galeries Lafayette (Galeries Lafayette, La Redoute, Bazarchic), Rakuten France, Showroomprive Group (Showroomprivé, BeautéPrivée), İDKIDS, LuísaViaRoma, MyOrigines, Bringo, Maquillalia, Juguetilandia, Public, LabelVie and Electra Consumer Products



Source: L.E.K. research and analysis

There is substantial remaining headroom in the US and Europe alike, with retail media expected to gain significant share of digital ad spend in the years to come.



Source: eMarketer; L.E.K. research and analysis

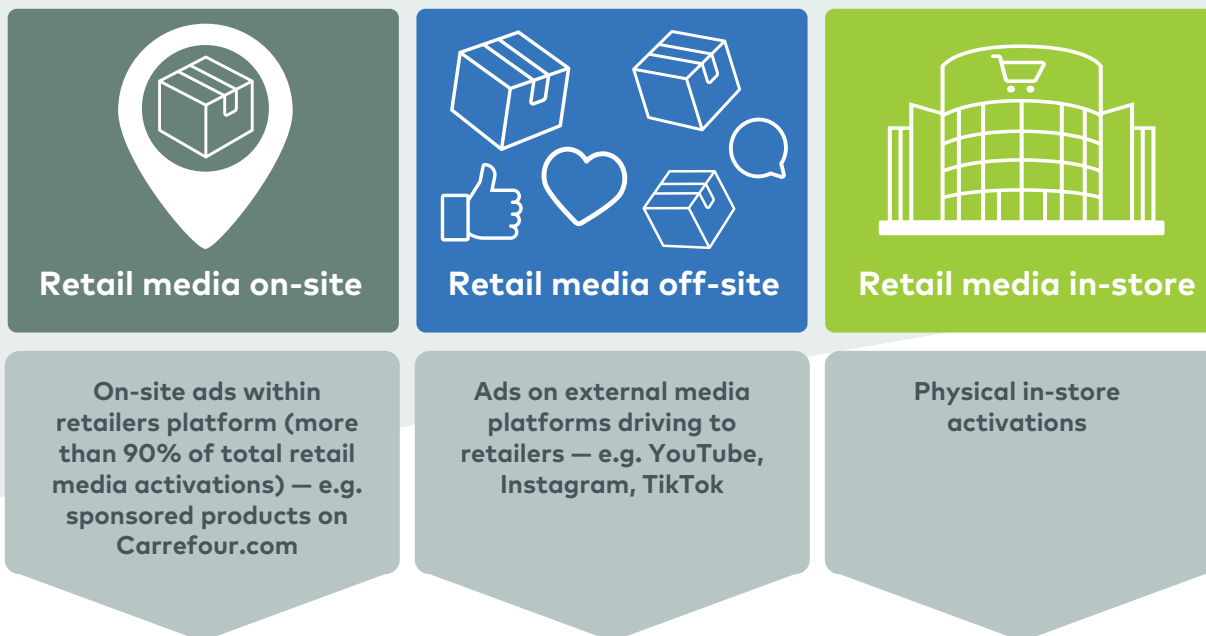
### Key implications for FMCGs

The proliferation of retail media platforms brings both opportunities and challenges for FMCG companies.

On the one hand, these platforms provide targeted, real-time advertising opportunities close to the point of purchase. On the other hand, brands will need to adapt to an ecosystem where marketing budgets are more closely tied to sales outcomes (pay-for-conversion).

There will be a pressing need for FMCG companies to revise and optimise their programmatic advertising strategies, enhance data analytics capabilities, and focus on the ROAS (Return On Advertising Spend) model.

## Key activation channels for retail media



Source: L.E.K. research and analysis

## 5 winning tactics and strategies for FMCGs to win in retail media



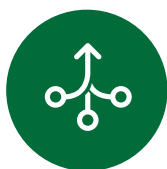
**Strategic partnership ecosystem:** Forge selective partnerships with high-potential retail media platforms to gain a first-mover advantage in cost-efficiency and innovation. Complementarily, engage media agencies for smaller-scale investments to leverage their specialised expertise and economies of scale.



**Advanced consumer segmentation:** Utilise the granular consumer data from retail platforms to augment your own data repositories. This enriched data pool enables hyper-targeted campaigns that achieve superior conversion rates.



**Dynamic spend allocation:** Leverage platform analytics to further pivot from traditional marketing metrics to a ROAS-based model — i.e. allocate and adjust your budget dynamically and more efficiently by continuously monitoring the impact of your campaigns.



**Think omnichannel:** Exploit the converging online and offline data streams and channel activation potential to implement a more consistent omnichannel strategy, with a more uniform experience across all touchpoints.



**Inventory and supply chain synergy:** Aim to integrate retail media advertising strategy with inventory management and supply chain metrics. However, understand that this will require a strong governance model and potentially significant changes to sales and operations planning processes to be effective.

Source: L.E.K. research and analysis

## Leverage virtuous data circle to enable a more efficient and effective retail media strategy

The massive volume of customer touchpoints that retailers have results in better first-party data that is valuable to advertisers aiming to improve ROAS

Effective and well-targeted ads improve the customer experience, driving conversion, loyalty and, ultimately, more touchpoints



Every shopper touchpoint increases the amount of first-party data retailers have on their customers

This first-party data allows better targeting and ad effectiveness, maximising attractiveness of inventory to advertisers

Source: L.E.K. research and analysis

## About the Authors



### **Benjamin Audon, Partner | [B.Audon@lek.com](mailto:B.Audon@lek.com)**

Benjamin Audon is a Partner based in L.E.K. Consulting's Paris office and a member of our Consumer practice. He has deep industry knowledge across a number of consumer and retail sectors, notably food and beverage and cosmetics, from ingredients to speciality retail.

In an era when the digital transformation of consumer purchasing is reshaping the retail and consumer products landscape, Benjamin advises incumbents, disruptors and investors, helping them craft strategies that are consumer centric, forward looking and adaptable.

His core capabilities include growth and efficiency strategy, portfolio management, channel strategy, go-to-market planning, and the design of robust strategy implementation frameworks.

Beyond his functional expertise, Benjamin is adept at understanding the implications of emerging consumer preferences, technological advancements and sustainability challenges for brands and retailers, helping clients remain relevant and competitive in a fast-evolving environment.

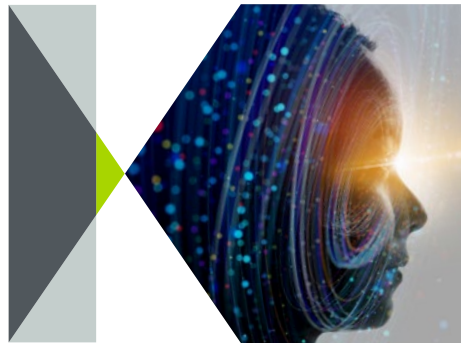
With a career in strategy and management spanning more than two decades, Benjamin has held pivotal roles in consulting, corporate strategy, innovation and business development, including stints at Pernod Ricard and Estée Lauder. This blend of experience gives him a unique perspective, combining analytical skills with leadership and project execution.

An alumnus of ESSEC Business School, Benjamin also holds executive credentials from INSEAD.



### **David Bishop, Partner | [D.Bishop@lek.com](mailto:D.Bishop@lek.com)**

David Bishop is a Partner based in L.E.K. Consulting's Paris office. David has more than 18 years of experience in strategy consulting in Australia, New Zealand, Europe and Asia. Since joining L.E.K., he has provided strategic advice to a wide range of leading companies in the telecommunications, sports and leisure, and retail industries. David received a Bachelor of Commerce with honours in economics and management accounting from the University of Auckland.



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