



IAB Canada/Retail Council of Canada

Barometer Report: The State of Retail Media in Canada

November 27th, 2024



The State of Retail Media in Canada

IAB Canada & Retail Council of Canada Member Survey

IAB Canada and the Retail Council of Canada announced a strategic partnership in September 2024 that was formed to help retailers and agencies navigate the burgeoning new channel of Retail Media Network advertising.

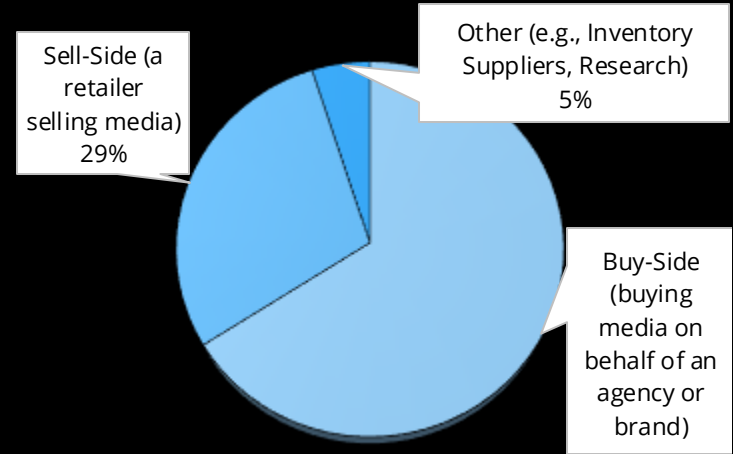
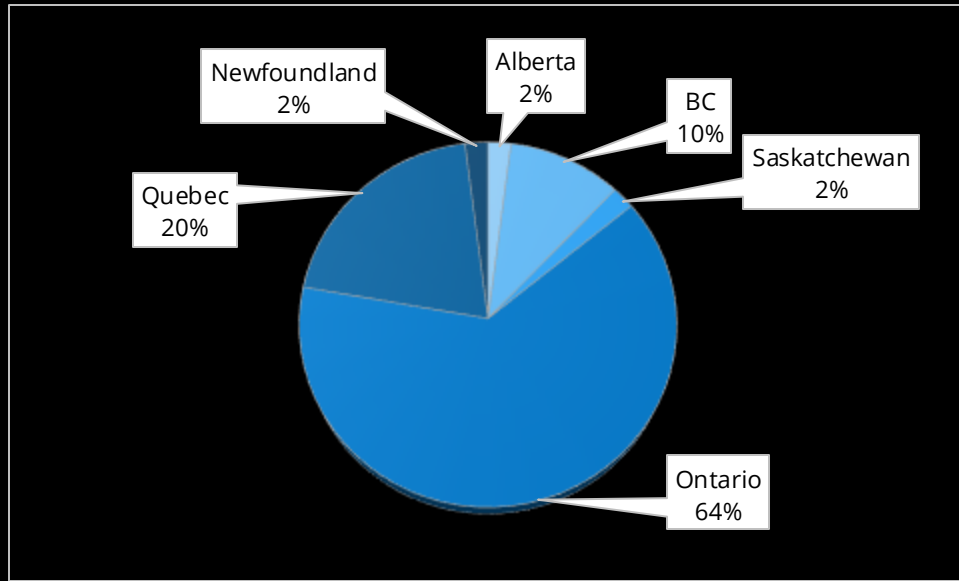
This report is the first joint output and aims to provide a snapshot of the current state of Retail Media in Canada.

The study includes perspective from the supply chain as well as the buyer community and provides valuable insights about the opportunities, challenges and general direction of this relatively new channel.

Key Findings

- Retail Media is still in its early stages.
- Most investments are derived from performance strategy budgets and funds are being diverted from overall digital expenditures (mostly from programmatic).
- Off-Site and In-Store retail media represents a major opportunity.
- Most agencies are beginning to integrate retail into their general planning teams leaving a learning curve on more nuanced retail opportunities.
- Accessing first party data and point of sale context is a primary motivator for retail media investment.
- Retailers are discovering the diversification of revenue through building up inventory to meet the moment.
- Standardization and measurement arise as the greatest accelerators for growth in this channel.

Cross-Canada Respondents *Agency/Marketer & Supply Chain



*Agency responses include strong representation from major holding companies

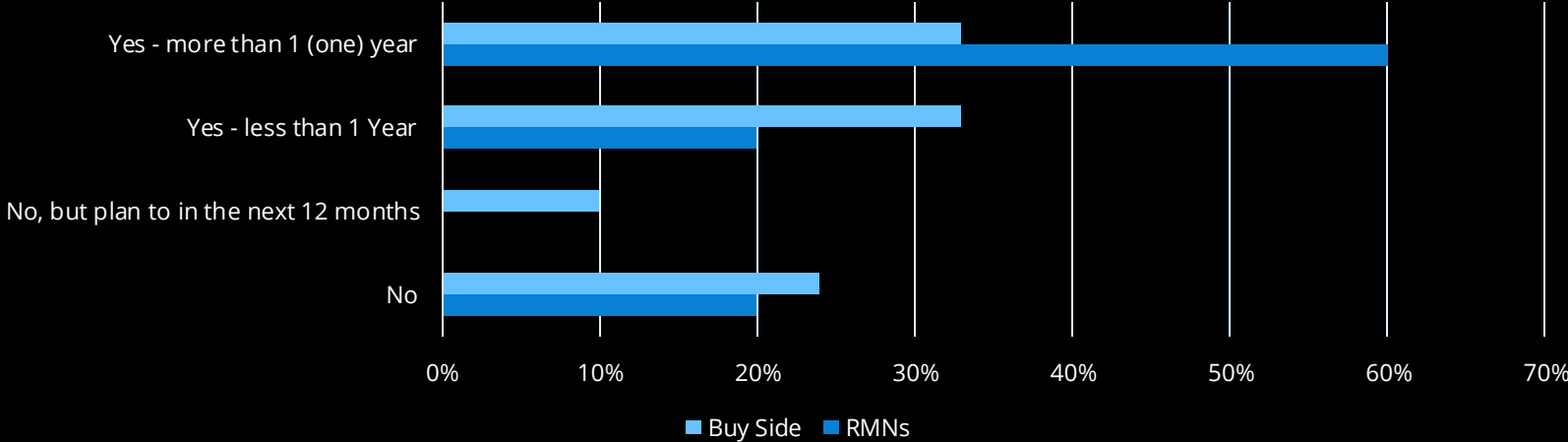


Agency/Marketer Insights

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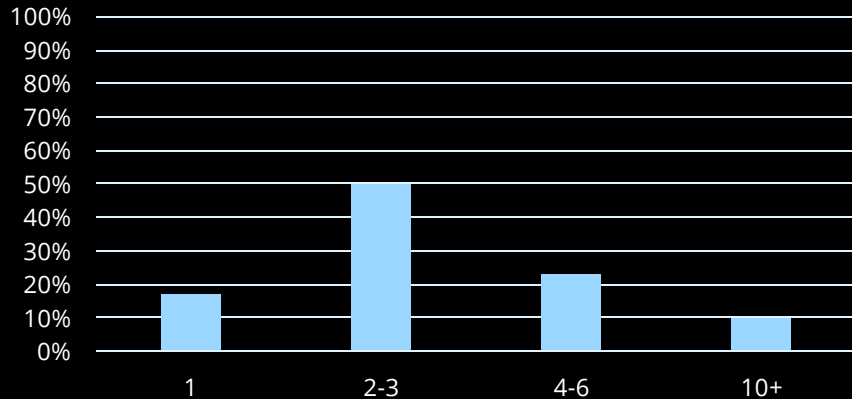
Over 60% of agencies & brands report working with Retail Media suppliers.

Are you working with Retail Media Partners/Buyers

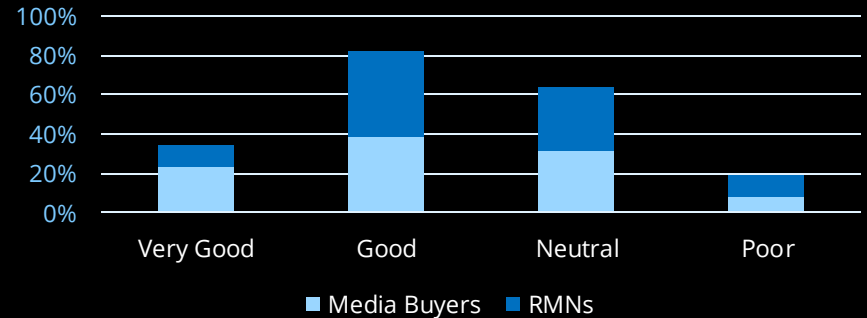


Media buyers report working with 2-3 Retail Media supply chain vendors and are feeling good about the interactions.

How many Retail Networks/Partners are you currently working with?

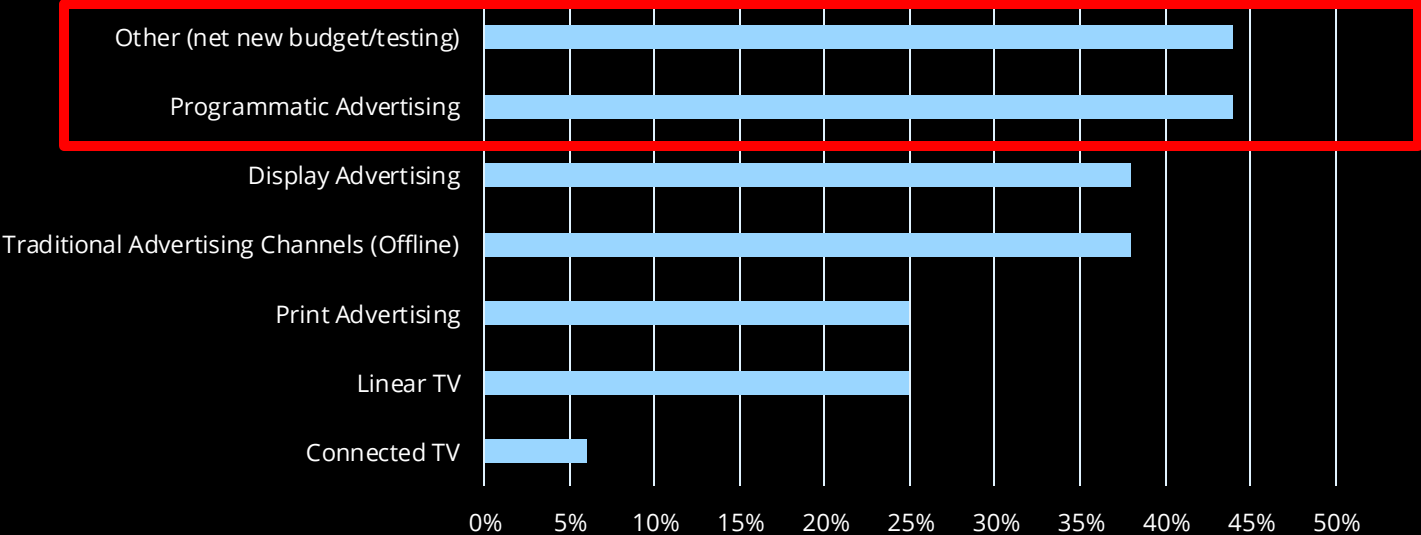


Outlook on Partnership Dynamics



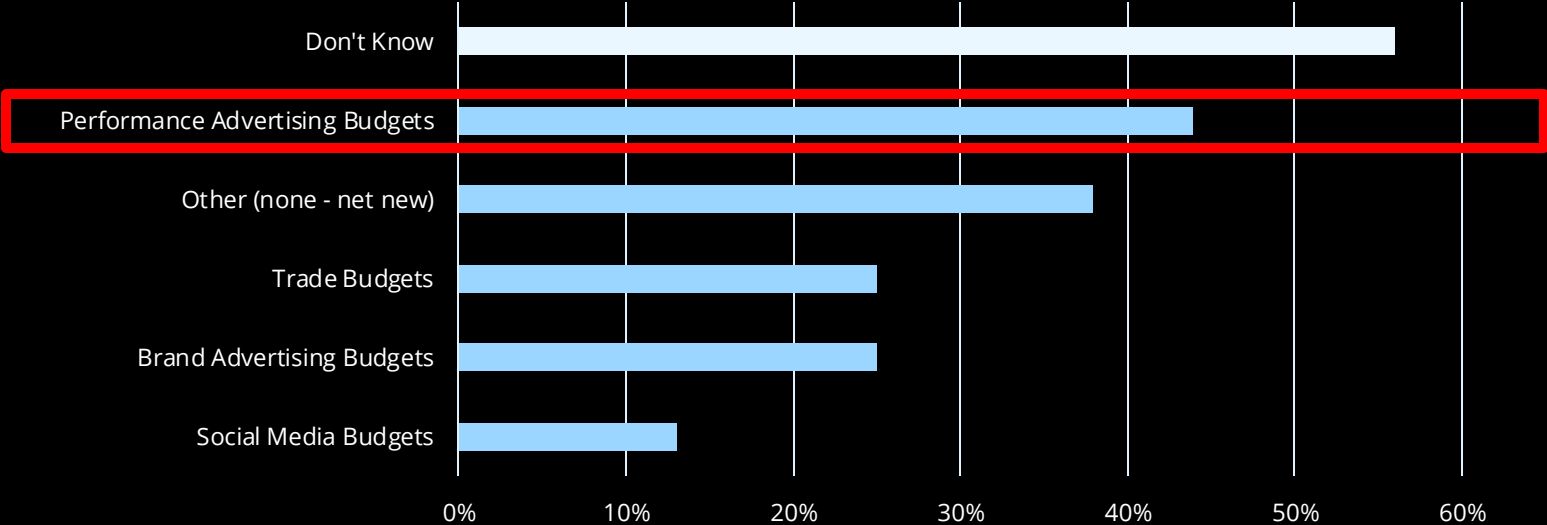
Net new dollars and programmatic are leading spend sources to fund Retail Media investments in Canada.

Which Channels are you shifting spend from for retail media investment?



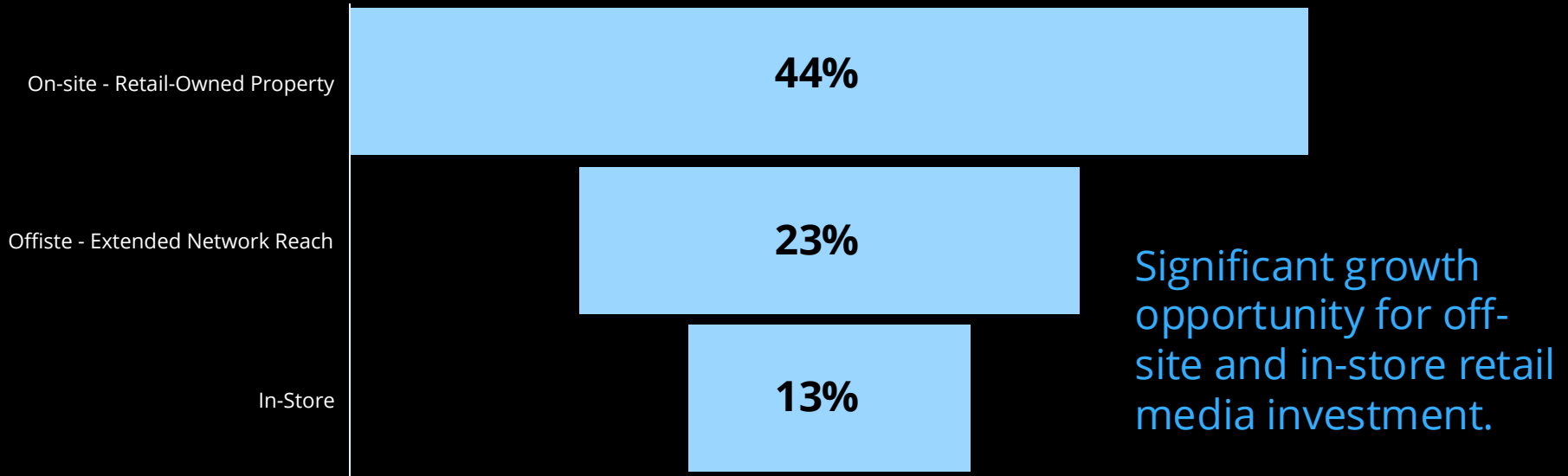
Strategically, Retail Media is being funded primarily from performance media budgets.

Which strategic budgets are you shifting from for retail media investment?



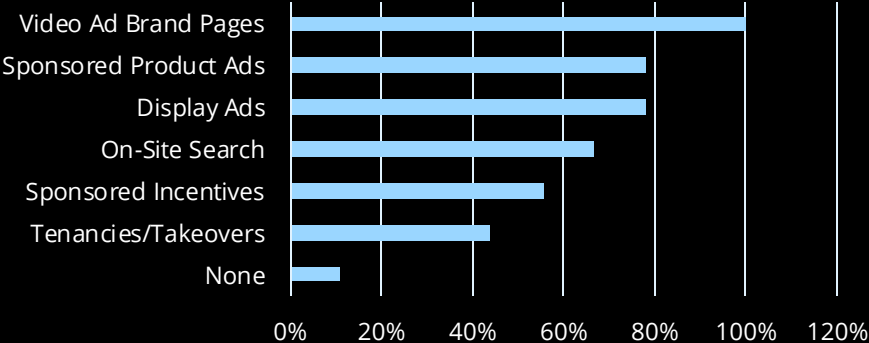
44% of digital retail media expenditure is on-site.

Retail Media Budget Allocation – Mean Allocation Reported by Agencies/Marketers

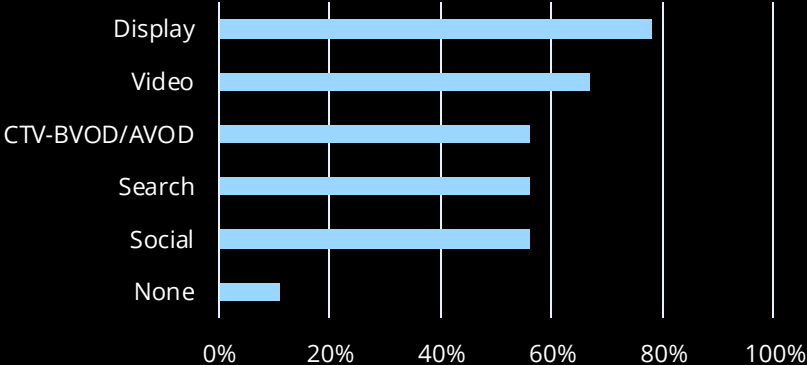


Video, display and sponsored product ads lead the charge in online advertising with retail media.

Which Retail Media **On-site** Channels are you Investing in?

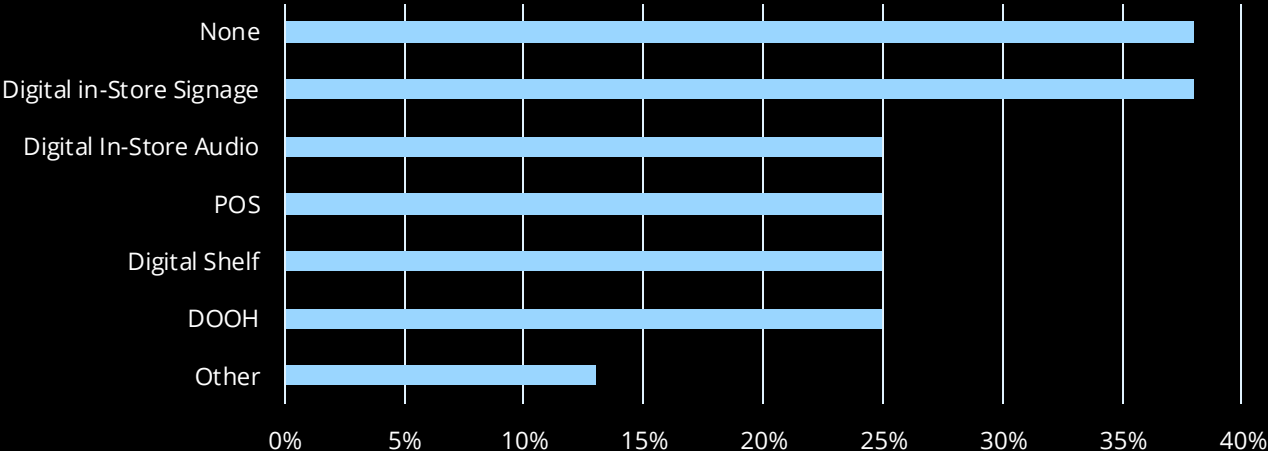


Which Retail Media **Off-site** Channels are you Investing in?



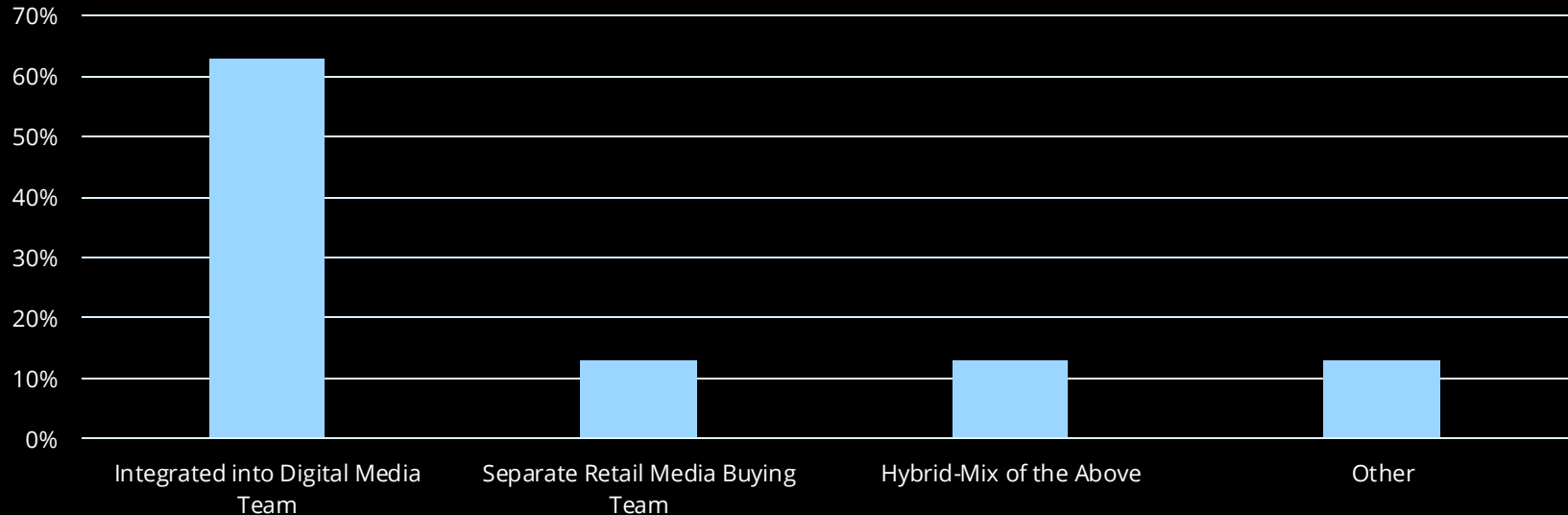
In-store, digital signage is leading format with audio, POS, digital shelf and other emerging opportunities surfacing as viable options.

Which Retail Media In-Store Channels are you Investing in?



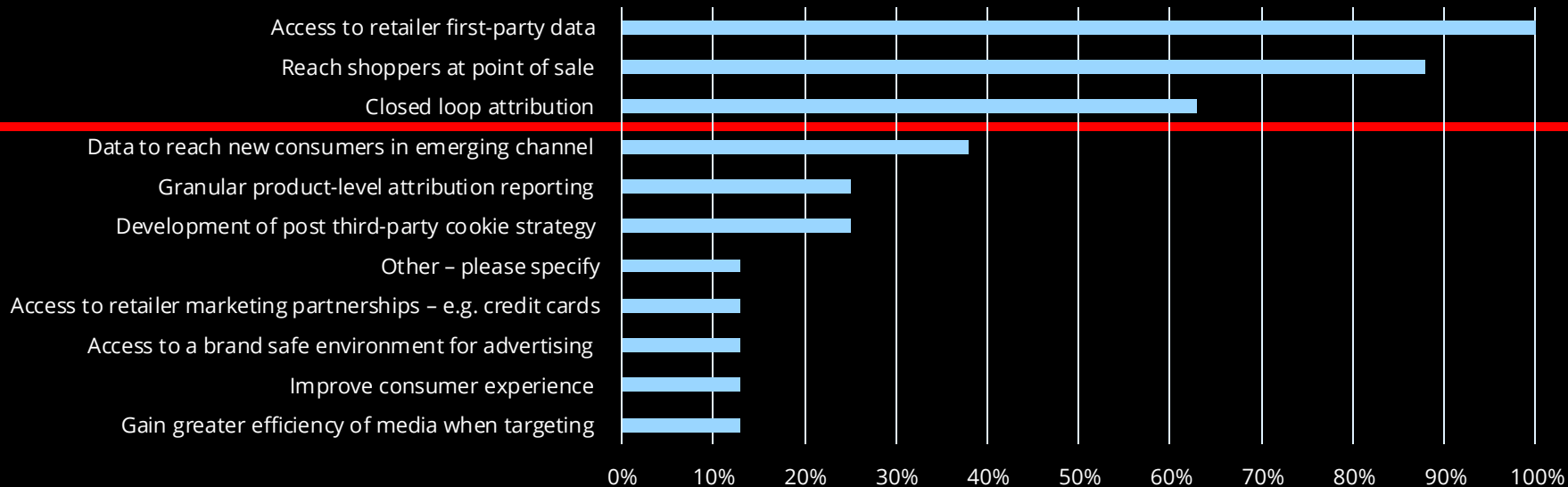
Agencies are integrating their retail media investment oversight into their digital media planning teams.

How are you structured to Leverage Retail Media Partnerships?



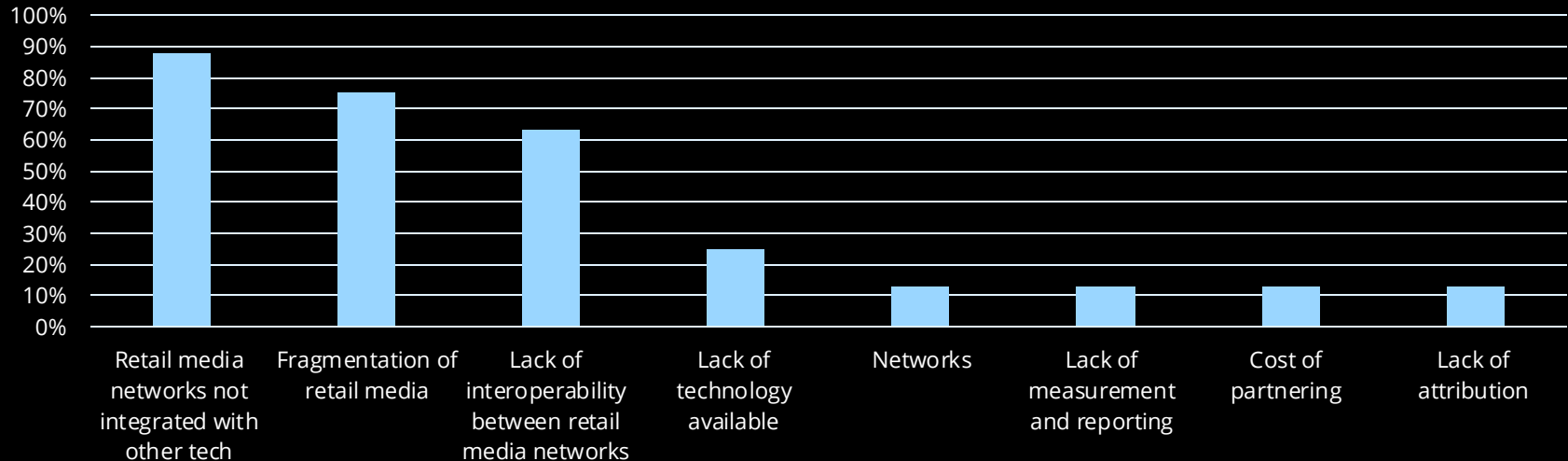
Advertisers see first party data, the POS context and closed loop attribution as the key strengths of retail media.

What do you see as being the key opportunities for investing in retail media?



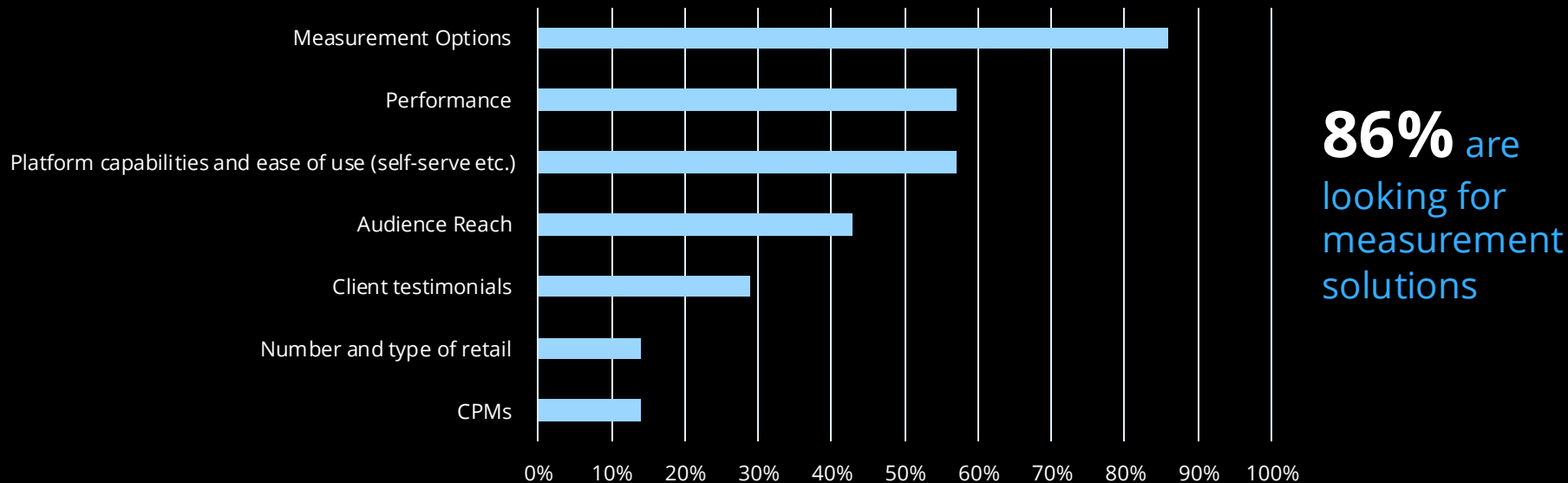
Integration & interoperability represent the largest barriers to investing in retail media.

What do you see as the key barriers to investing in retail media?



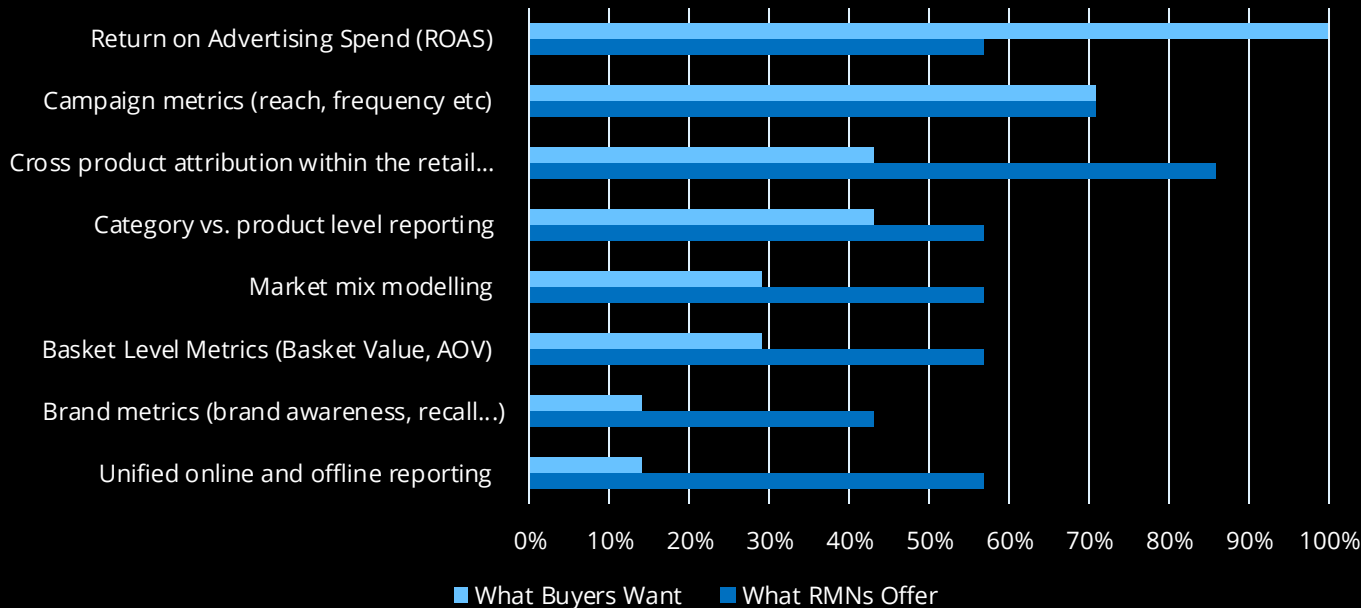
Agencies and marketers are looking for measurement above all other features from retail media partners.

Which elements are important when evaluating a retail media network?



Retail Media is over-delivering in measurement EXCEPT in ROAS – the #1 demand from buyers.

Meeting Measurement Demands



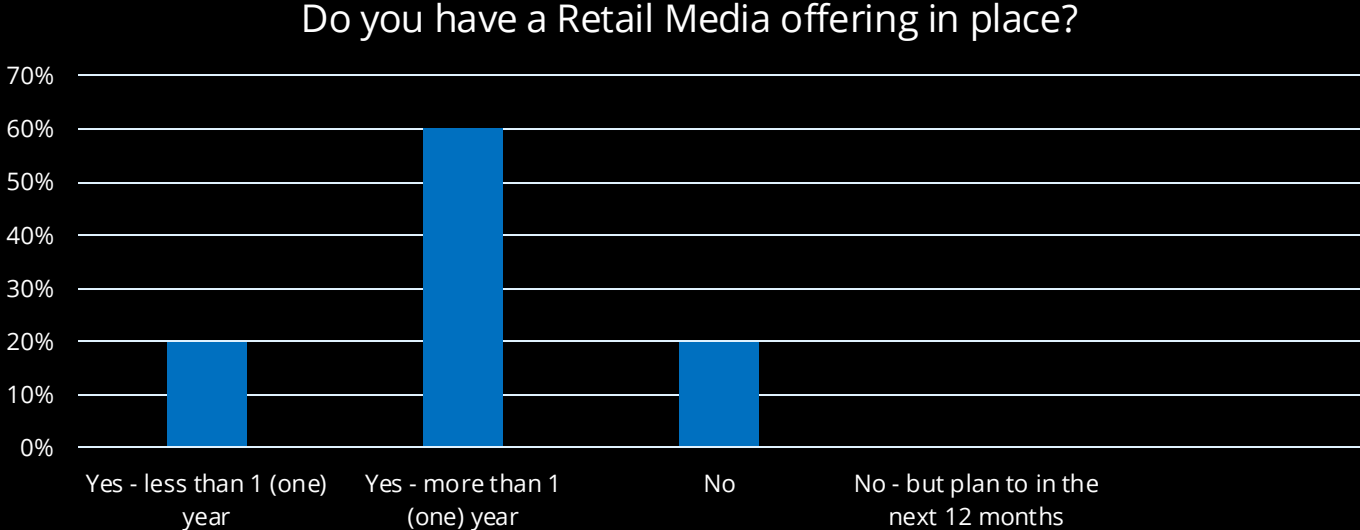
Retail Media offers extensive measurement – are digital media teams buying it?



Retail Media Supplier Insights

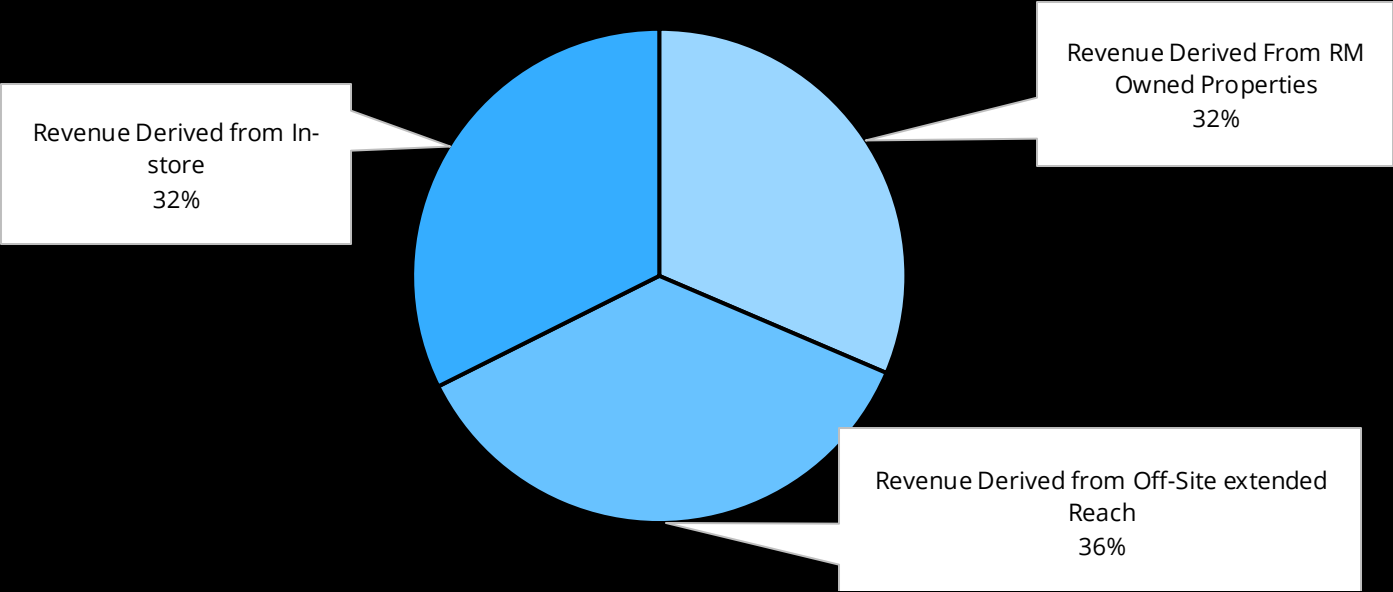
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Still in its infancy, retail media is gaining new entrants on the supply side.



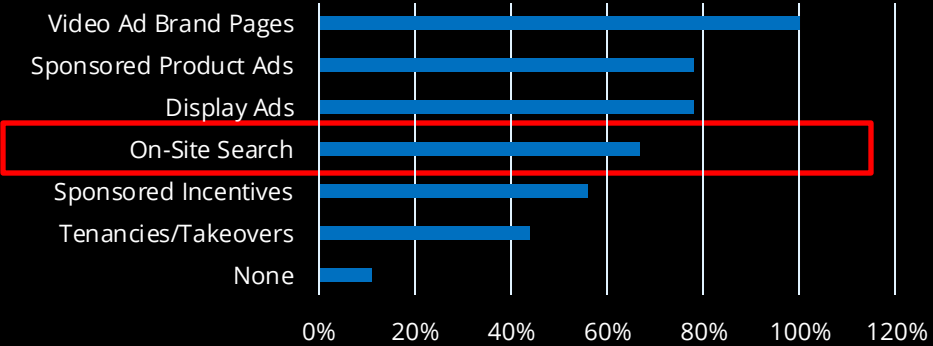
Revenue sources are evenly split across on-site, off-site and in-store inventory sold.

How much of your retail media revenue comes from on-site, off-site in-store?

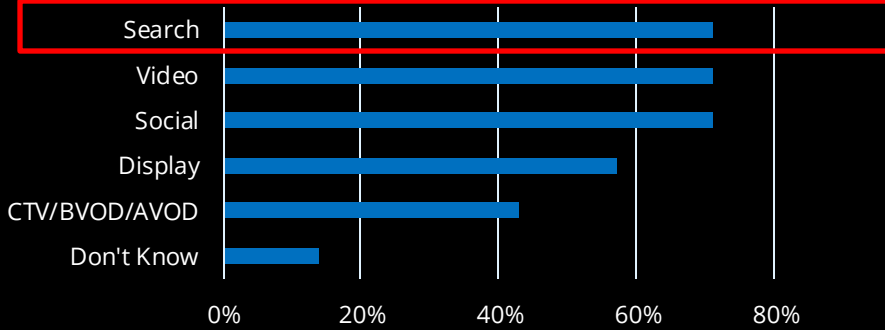


Search is among the highest drivers of revenue online for Retail Media both on-site and off-site.

Which Retail Media On-site Channels are you Investing in?

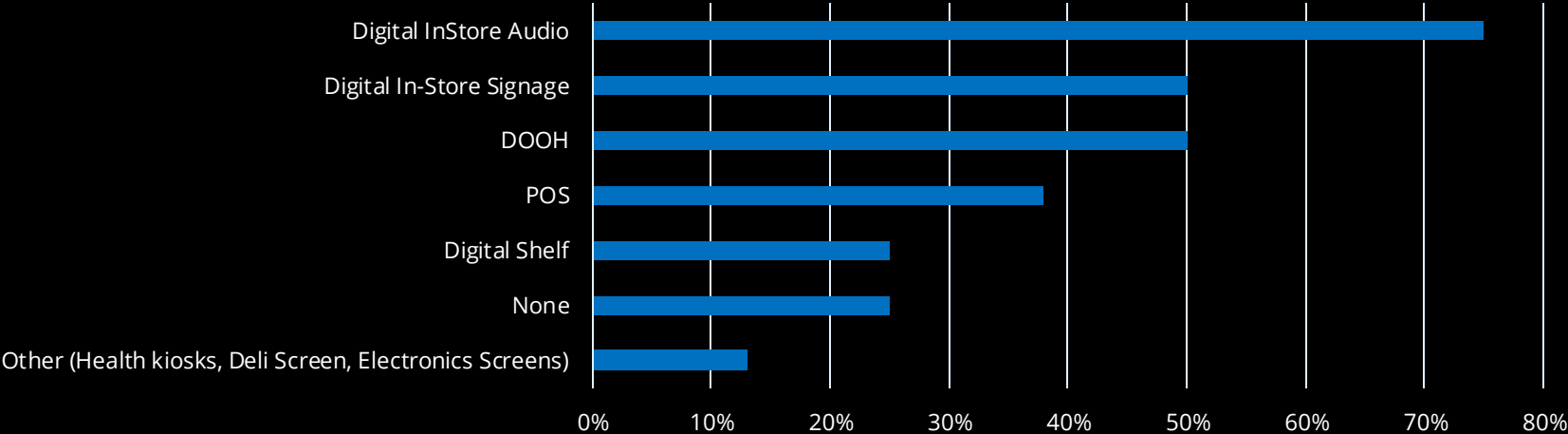


Off-Site Channel Revenue Sources



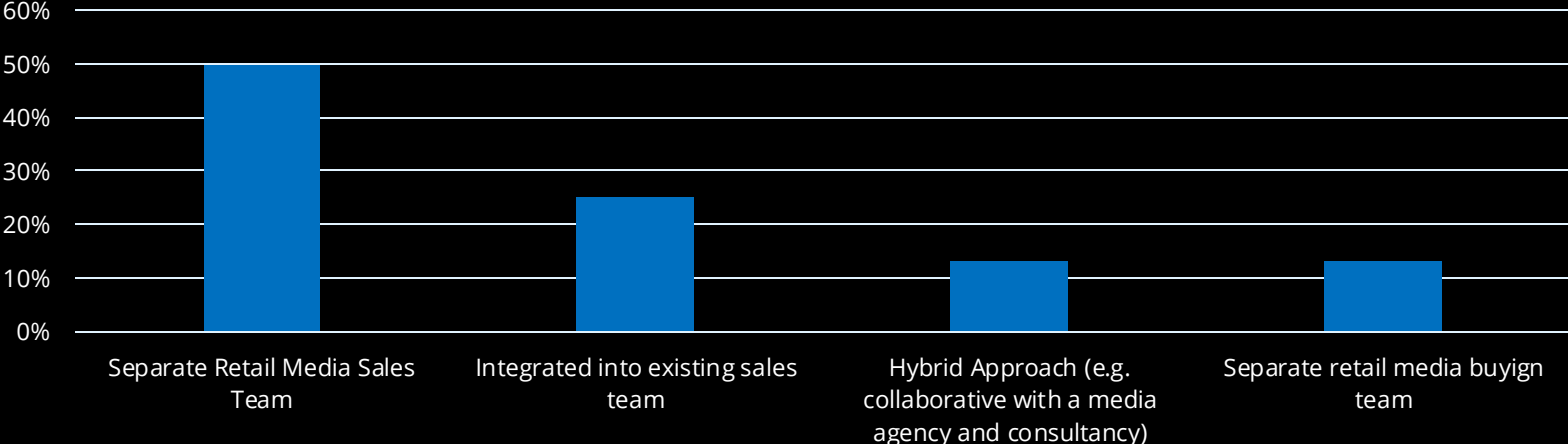
As new digital channels like Digital Audio make their way in-store, revenue is following.

In-Store Channel Revenue Sources



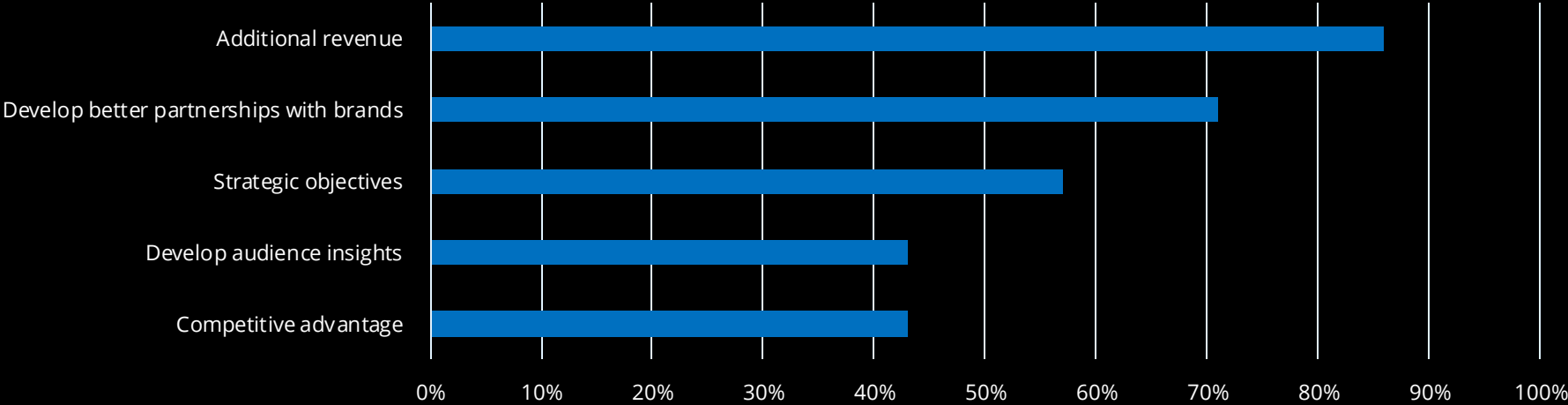
Retail media networks have predominantly opted for separate, specialized sales teams to sell their inventory.

How are you structured internally to develop retail media proposition?



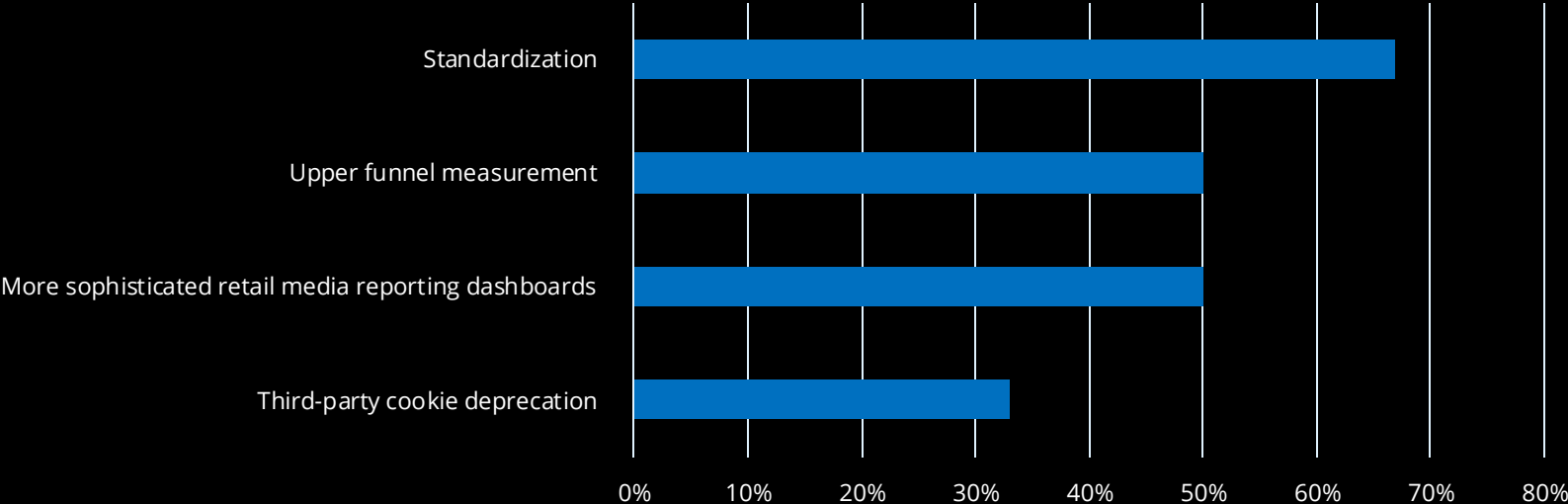
Retail media networks have attractive margins and offer a diversification or revenue. Retail media offerings also add depth to partnerships longer term.

What are your drivers/opportunities for investing in a retail media proposition?



Standardization represents the largest opportunity.

What do you think will be the key retail media growth areas over the next 12 months?



Conclusion

Retail Media Networks have made an impression on the digital media ecosystem. While most agencies are integrating capabilities into their existing teams, some are opting to build out fully specialized offerings to address the nuanced opportunities that are emerging.

IAB Canada internationally, has released standards for media units and measurement as a step towards addressing some of the demands voiced by investors.

There is much work to be done with regards to exploring how Retail Media fits into the overall marketing mix. While these early days define the medium as a lower funnel opportunity that is shifting performance budgets, IAB Canada's Retail Media and other complimentary committees like Audio and Out of Home, continue to share strong evidence that Retail Media has strengths across the entire path to purchase.



Thank you for Supporting IAB Canada & The Retail Council of Canada

Powerful Digital Leadership