

Quick action is needed to seize retail media's rapid growth opportunities



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The rise of the retail industry as a platform for digital advertising marks a significant shift in how brands connect with consumers. As retail evolves beyond traditional brick-and-mortar stores, it has increasingly become a hub for digital engagement, offering a rich environment for personalised marketing and real-time consumer interaction.

Retailers are leveraging their online channels, mobile apps, and even in-store digital displays to deliver targeted ads based on customer data, preferences, and shopping behaviours. Once an overlooked topic, retail media is the fastest-growing advertising channel, with revenues expected to grow by an average of +11% annually through 2028 to reach \$216 billion.

Retailers have unparalleled access to consumers' attention, reaching audiences on a scale that few other industries can rival, positioning themselves as leaders at the forefront of digital engagement. This opens up vast opportunities for ad sales, both



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in-store and online, as well as new data-driven services. For instance, Amazon is progressively emerging as a top contender, rivalling the largest global social media platforms for brands' advertising budgets.

But where Amazon leads, other retailers are following fast. They are also now keenly looking to capture this growing opportunity as the digital advertising landscape evolves, recognising the

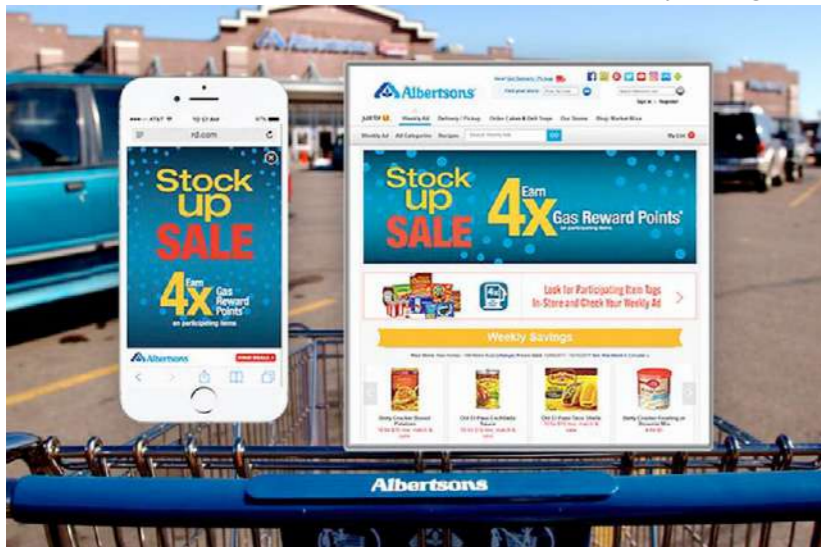
value of leveraging their platforms not just for sales but also as powerful advertising channels. Across Europe, Asia, and beyond, retailers are investing in technologies and strategies to harness consumer data, enabling the m to offer tailored advertising solutions to brands.

South African retailers are also exploring this approach, leveraging rich consumer data from their online and in-store platforms.

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This shift is especially evident in larger retailers who are investing in advanced technology and analytics to better understand their customers and refine their advertising strategies. For example, local retailers have been using loyalty programmes such as Pick n Pay Smart Shopper, Checkers Xtra Savings, Woolworths Rewards, Pepkor Plus More, SPAR Rewards, and more to gather insights on customers' purchasing habits.

Composite images: Bloomberg LP, Albertsons. <https://adage.com>



By combining this data with their online and in-store shopping behaviours, the retailer can offer hyper-targeted advertisements and personalised discounts through mobile apps, email campaigns, and even in-store digital displays.

By tapping into the wealth of consumer insights generated through online shopping behaviours, retailers can craft highly targeted advertising campaigns that speak directly to the interests and preferences of specific audiences.

This data-driven approach allows brands to deliver personalised, relevant ads that are more



Together, agencies and brands are applying what's new and what's next IRL (In Real Life) in one of the fastest evolving areas of advertising.

likely to capture consumer attention and drive engagement. With access to detailed insights into purchasing habits, browsing patterns, and even product affinities, retailers can fine-tune their marketing efforts, ensuring that every ad is tailored to the right person at the right time. This shift is reshaping the advertising landscape as retail media emerges as key players in the digital ad space.

What's driving such dramatic growth?

Put simply, it's all about the data. Retailers have been sitting on a goldmine of data about their customers' needs, wants, desires and behaviours. And because much of it is based on actual transactions, the data is often richer and more granular than that available in other sectors – even

including major ad-reliant technology players like social media platforms.

This granularity is exactly what advertisers need to provide targeted, personalised, compelling and relevant content. Not only that, retail media content is reaching customers much closer to the point of purchase. It means retailers can potentially give brands much better feedback, much faster, on the effectiveness of their campaigns.

These capabilities are becoming even more important as the third-party cookie enters its death throes and technology companies completely rethink their approach to user privacy. Delivering targeted advertising campaigns via digital channels is becoming increasingly difficult without access to first-party data, if not impossible.

A win-win-win

Done well, retail media offers something for everyone. Consumers can receive better, more relevant content, offers and promotions at a point in their purchasing journey when they're more likely to be receptive to the right message – and less likely to be annoyed by intrusive advertising.

“Retailers are able to generate new revenue streams, increase profitability, and get more insight into their existing customer base. With the economic outlook remaining uncertain around the world, this can provide a much-needed source of new revenue growth.”

And clearly, retail media is a win for brands too, who can provide far more targeted, cost-effective advertising, with more direct ways to measure purchasing uplift, whether online or offline.

What do retailers need to do to capitalise?

A retail media management system. This powerful tool allows retailers to design and execute targeted marketing campaigns, track and measure performance in real-time, and optimise their strategies for maximum impact. In some cases, the system can automate the billing process, streamlining financial operations and ensuring seamless transactions

Retailers need to adopt Gen AI as a key mechanism for customer engagement. By harnessing the power of generative AI, retailers can deliver



Retail media networks have become the next big thing in digital advertising – but will the momentum last? www.forbes.com/

highly personalised and dynamic interactions with customers, enhancing the overall shopping experience. Gen AI enables businesses to analyse customer data and predict preferences, allowing for tailored product recommendations, real-time customer support, and personalised marketing campaigns. This not only improves customer satisfaction and loyalty but also helps retailers stay competitive in an increasingly digital marketplace.

However, technology alone is not enough to establish a successful retail media strategy at scale. Achieving this requires a holistic, end-to-end business transformation. Retailers must develop

new ways of working across departments and integrate advertising functions seamlessly into their existing operations. This includes hiring or training for new skill sets that may not currently exist in the retail sector, such as ad sales teams, content producers, media buyers, and data analysts. These professionals are essential to help retailers move from being traditional merchants to becoming key players in the digital advertising space. The shift to becoming a retail media powerhouse requires a strategic overhaul that encompasses not just technology but also people, processes, and expertise across the business. **SR**

