



RETAIL MEDIA:

**DIGITAL
ADVERTISING'S
NEXT BIG WAVE**

iab.
sea+india

 **carousell**
Media Group

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FOREWORD

Dear reader

Retail media advertising is on the ascendency. Once the new frontier, it is now being hailed as the third big digital advertising wave following search and social.

The Carousell Group is Greater Southeast Asia's largest recommerce platform for driving the region's circular economy. Our marketplaces - Carousell, mudah.my, Chợ Tốt, Refash, Laku6, OxStreet and OxLuxe - are synonymous with shopping sustainably and social ethics. The Interactive Advertising Bureau Southeast Asia and India (IAB SEA+India) is the regional industry association for the digital advertising sector in Singapore, India, Indonesia, Malaysia, Thailand, Vietnam and the Philippines. Our research partnership has resulted in two major regional surveys to date - **Attitudes in Asia Towards Saving, Spending, Shopping and Sustainability** and **Millennials and Sustainable Purchasing**.

We are delighted to bring you this 2023 research report from a collaboration between The Carousell Media Group and the IAB SEA+India on the State of Retail Media Advertising in Southeast Asia.

The survey results show brands and agencies already have retail media advertising as part of their current media mix, with 99% of respondents planning to increase their retail media spend over the next 12 months. So powerful is retail media in fact, that **70% of advertisers** are seeing an improvement in performance from retail media networks over other channels.

Retail media advertising provides brands with a deeper understanding of consumer behaviour, the ability to deliver personalised offers and advertisements, the real time ability to track ad impressions to purchases so campaigns can



be tweaked on the fly; and - the Holy Grail of marketing - closing the transaction loop through the ability to transparently measure ad performance.

The largest retail media networks globally - Alibaba.com and JD.com - are in China where retail media spend represents **40.7% of all digital ad spend** within the country compared to 14.5% in the USA and there is strong growth within the APAC region including the Philippines (up 20%) and Vietnam (up 18%).

What is particularly interesting from our survey results is that 44% of respondents say they will advertise on a retail media network even if they do not have any products listed on that marketplace. For marketers, investing ad spend in a retail media network compatible with their own brand values, and those of their customers, is a major consideration.

For example, 95% of millennials in Southeast Asia and Hong Kong feel that **purchasing pre-owned items is more sustainable**. In fact, today's consumers of all ages are looking beyond the window dressing of products and back to the whole manufacturing process and logistics chain of brands. They expect to see sustainable practices and social responsibility so it is important for brands to align themselves with a brand suitable retail media network.

We would like to thank everyone who brought this third research report to fruition, in particular the respondents who took the time to share their current practices and future plans relating to retail media. Thank you also to the project teams from the Carousell Media Group and the IAB SEA+India.

If you wish to discuss retail media opportunities with the Carousell Group's marketplaces, please reach out to mediagroup@thecarousell.com. Questions or feedback about this report can be sent to hello@iabseaindia.com.

JJ Eastwood

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METHODOLOGY

1. Questions were developed by the IAB SEA+India Research Team and distributed to the IAB SEA+India digital industry network of brands, publishers, tech platforms, creative agencies, media agencies and consultancies in Singapore, Malaysia, Indonesia, India, Philippines, Vietnam and Thailand
2. The survey was conducted in October 2022
3. There were almost 2,000 responses to this survey from across the region
4. The IAB SEA+India Research Team analysed the data and developed the report, including additional research for context



KEY POINTS



The majority of respondents were from the Director, C-Suite and Vice President level with more than 5 countries in their remit.



A key feature of retail media is first-party consumer insights.



87% of respondents say they intend including retail media as part of their media plans within the next 12 months.



The biggest challenge for advertisers today is measurement of marketing outcomes.



88% of respondents are currently advertising on 1-3 retail media networks.

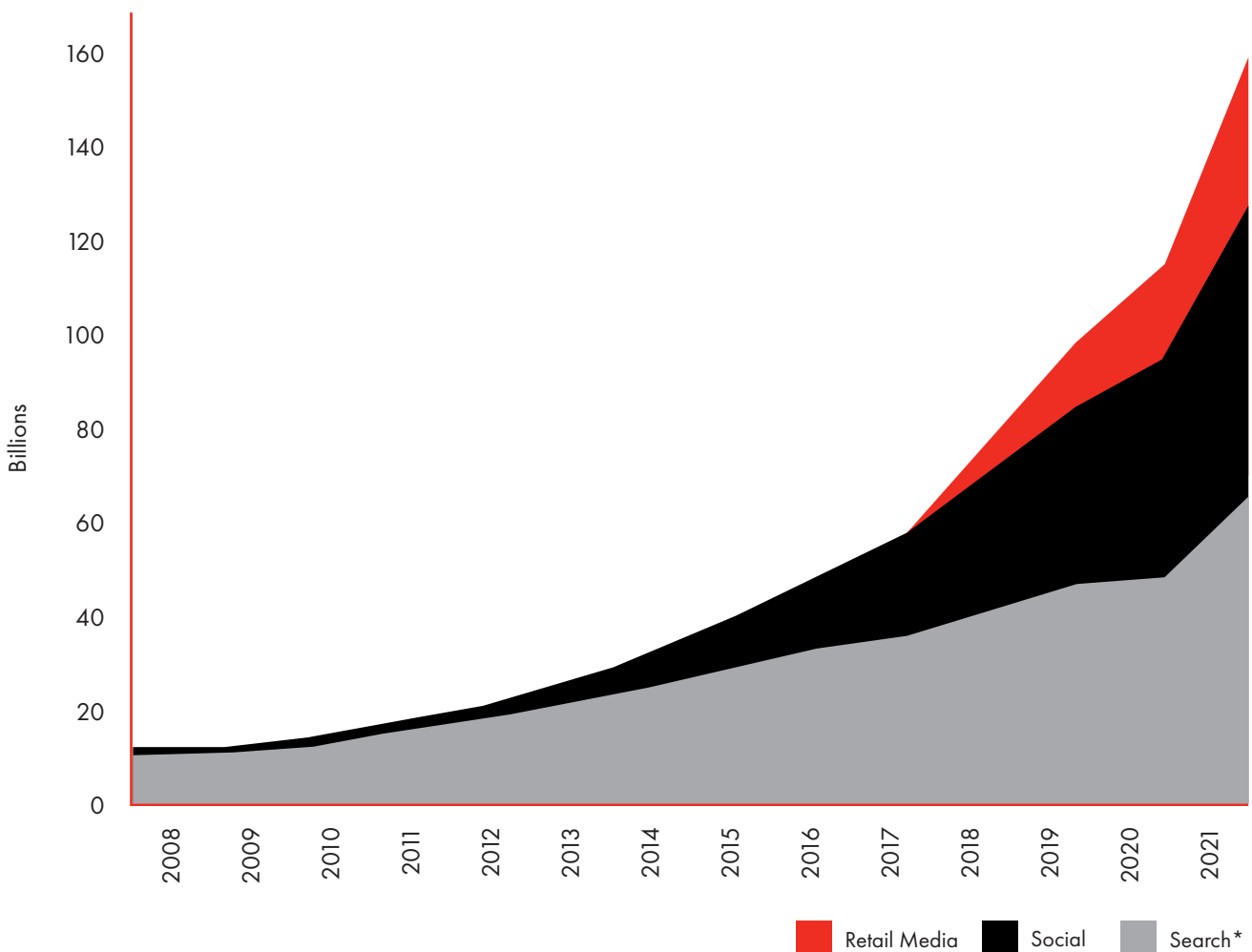


Nearly all respondents (99%) will increase their spend on retail media in the future.

EXECUTIVE SUMMARY

The 2000s was the search era for digital advertising, where advertising budgets were drawn from offline media into online. Building on this, from 2010 new growth came from social media, and from 2020 new growth is coming from advertising on retail networks. As you can see from the graph below, Google dominated the search era, Facebook the social era, and now retail marketplaces such as Alibaba and Amazon are becoming the dominant players in the era of retail media. The graph also illustrates how the growth is cumulative, each era laying the foundation for the next wave of growth, each layer still growing resulting in this exponential curve.

Retail Media: The 3rd Wave of Digital Advertising, by Top Player, 2008-2021



Note: *Excludes search ad revenues from retail media advertising

Methodology: Estimates are based on the analysis of various elements related to the ad spending market, including macro-level economic conditions; historical trends of the advertising market; historical trends of each medium in relation to other media; reported revenues from major ad publishers; estimates from other research firms; data from benchmark sources; consumer media consumption trends; consumer device usage trends; and eMarketer interviews with executives at ad agencies, brands, media publishers, and other industry leaders.

Source: eMarketer, Oct 2021

RETAIL MEDIA NETWORKS (RMNS)

Retail media networks are the next big advertising channel, driven by the explosive growth in ecommerce during the pandemic. Retail-owned digital platforms sell ad space giving advertisers access to the retailer's first-party consumer data. Advertisers can use this shopper data to connect with consumers across their buying journey and at the point of purchase.

In Southeast Asia alone, there are 460 million internet users so the opportunities for brands to leverage retail media to access new consumers is vast. Retail media represented 11% of global digital ad spend in 2021 and forecasts this to **grow by 60%** by 2027.




WHAT MAKES RETAIL MEDIA SO ATTRACTIVE?

- 1** Driven by first-party data built around consumer buying and shopping behaviours - real-time insights about consumer preferences that enrich a brand's connection to customers - the North Star for marketers.
- 2** In-built closed-loop attribution - ads delivered in context in a retail environment, connecting advertising impressions to purchases, enabling brands to measure real time ad performance and strategically adjust tactics.
- 3** Privacy-compliant replacement for cookies.
- 4** Ads can be delivered at the point of purchase, where consumers are making buying decisions.
- 5** Provides targeting capabilities such as personalised messaging which advertisers can send when a consumer is browsing or at point of purchase.
- 6** Provides for performance and brand-driven full-funnel campaigns.



What makes retail media so attractive?

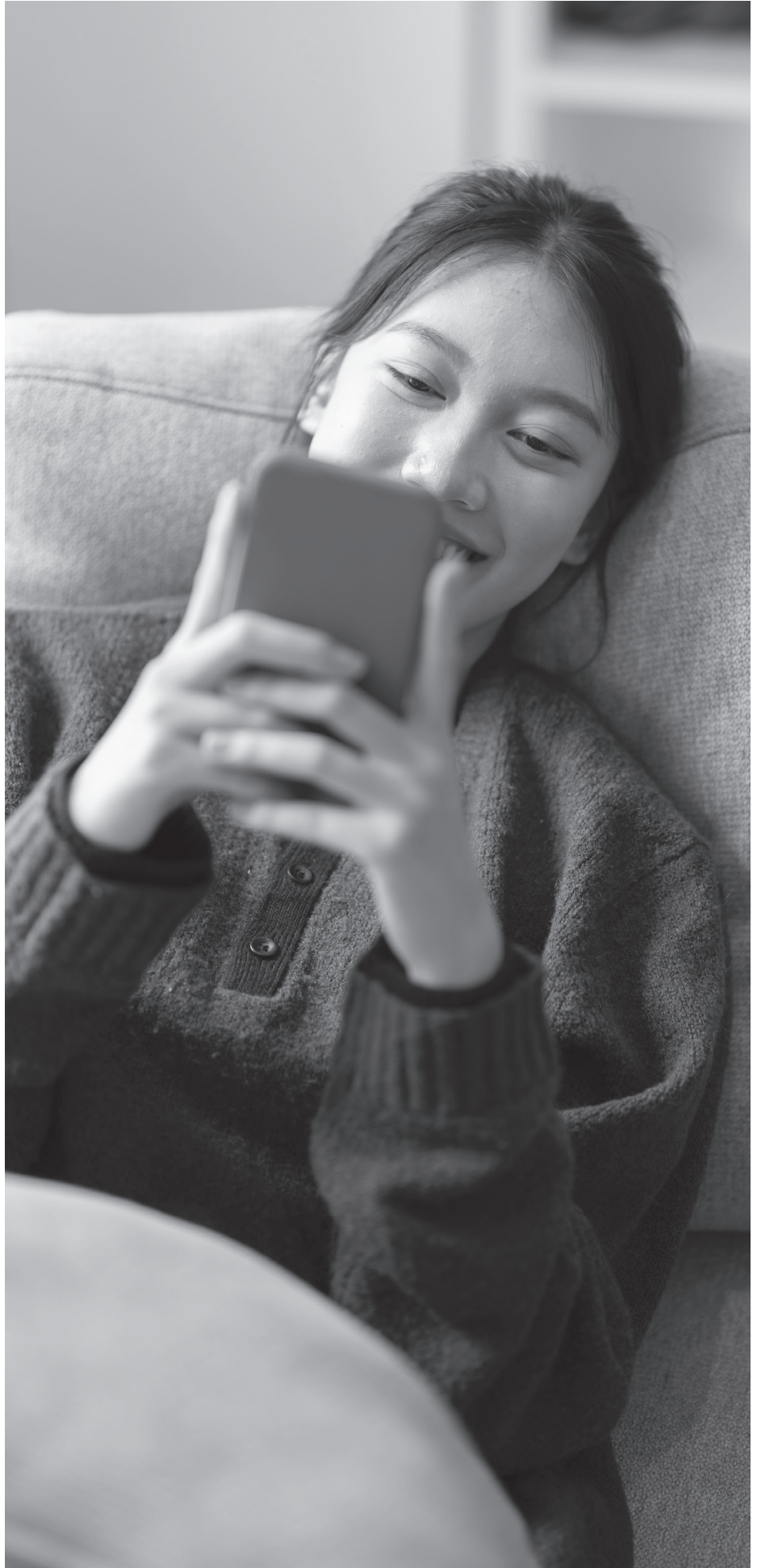
- 
- 7 Brand safe.
 - 8 Solves many needs of brands
 - TV ratings in decline, the same budgets chasing less and less inventory which is pushing prices up for ads - brands need to look elsewhere
 - Digital ads facing deprecation of third-party identifiers, cookies, mobile ad IDs
 - In-store digital media - more consumer data entering store environments creating opportunities for new digital applications and new media environments
 - For brands and businesses with minimal or no online presence, retail media provides a wide-reaching way to drive traffic to their businesses
 - 9 The varied inventory of retail media networks essentially matches brands to consumers - people have a range of needs and interests and retail media networks have a corresponding range of products and advertising inventory.
 - 10 In 2023 retail media ad spending will account for nearly 1 in 5 advertising dollars.

RETAIL MEDIA NETWORKS IN ASIA

In Asia, we have homegrown digital retail media networks including Carousell, Alibaba and Flipkart (these are part-owned by Walmart USA), JD, Grab, Lazada, Tokopedia and Shopee.

In culturally and geographically diverse and mobile-first Southeast Asia, the growth of retail media is driven by **super apps** as well as ecommerce platforms. Super apps can track a consumer's data signals throughout the day - whether they're browsing food, fashion or football - and deliver the right product or services in real time at the point where they are most receptive.

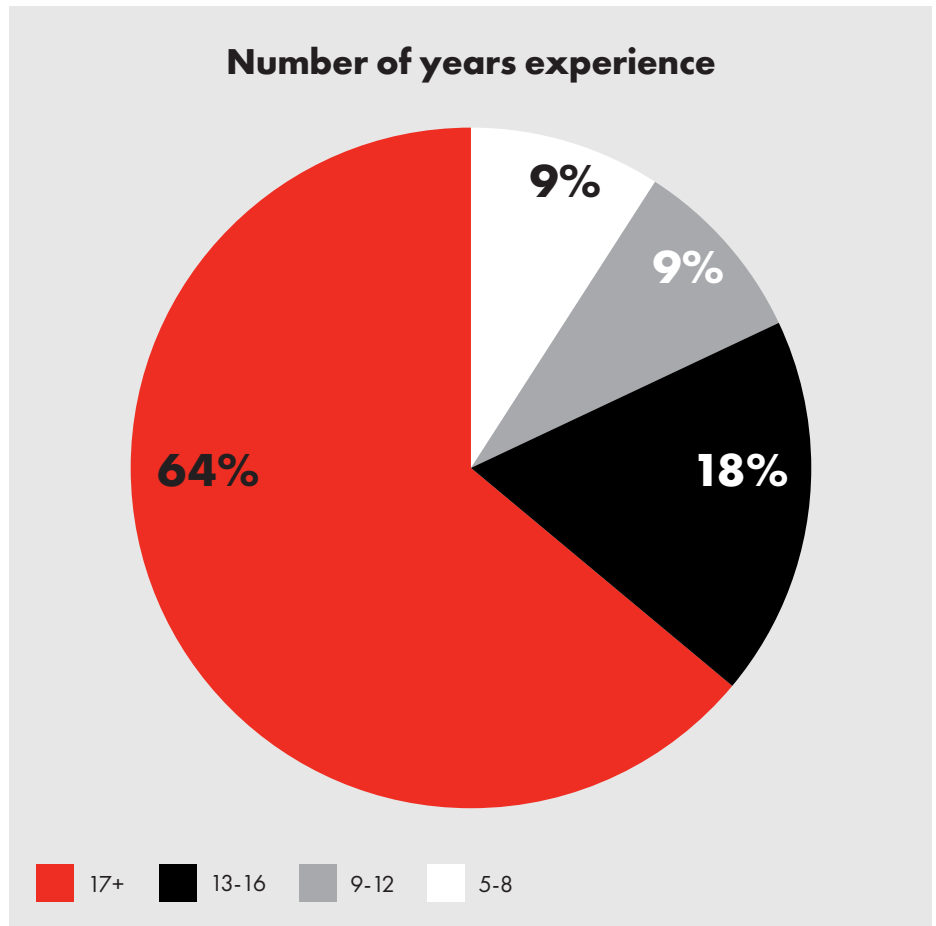
Non-endemic brands such as car manufacturers and financial services companies are increasingly accessing first-party data to reach the right audiences who are ready to purchase. Understanding people's shopping journey and purchasing behaviours can reveal milestones in life - such as a(nother) baby on the way - triggering the delivery of targeted advertisements for cars or minivans; or life insurance.



SURVEY RESULTS

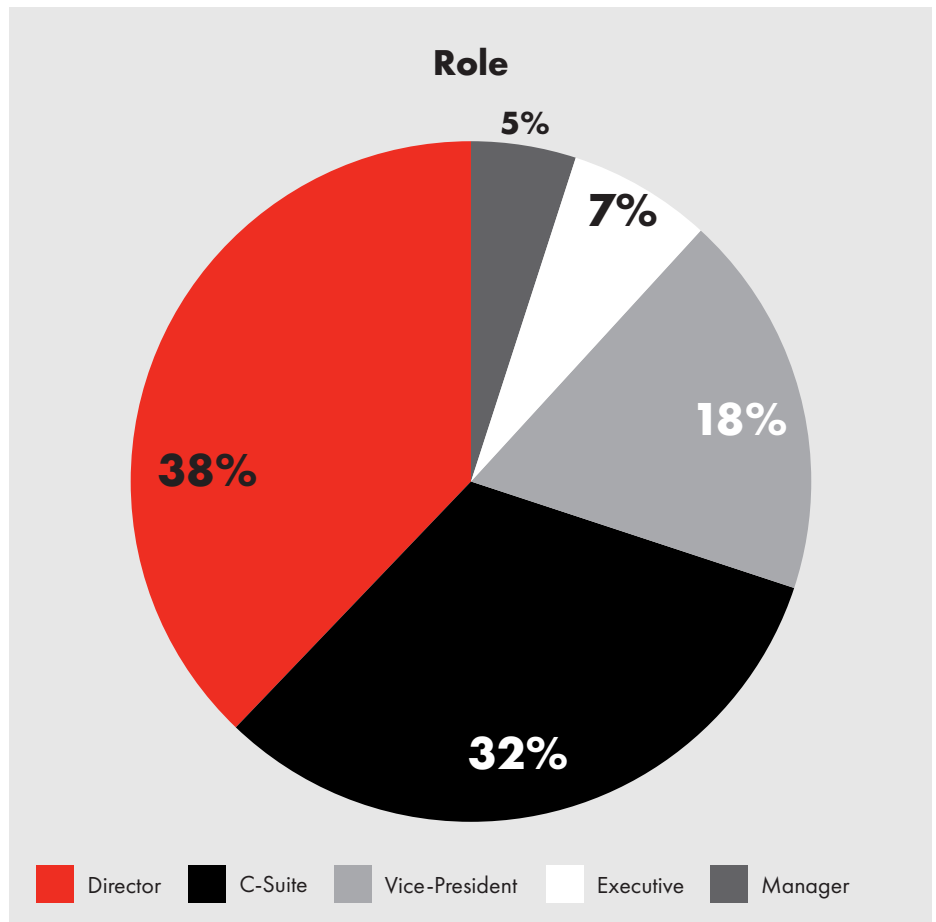
Years of experience in Advertising and Media

The majority of respondents (64%) have more than 17 years industry experience, followed by those (18%) with 13-16 years experience.



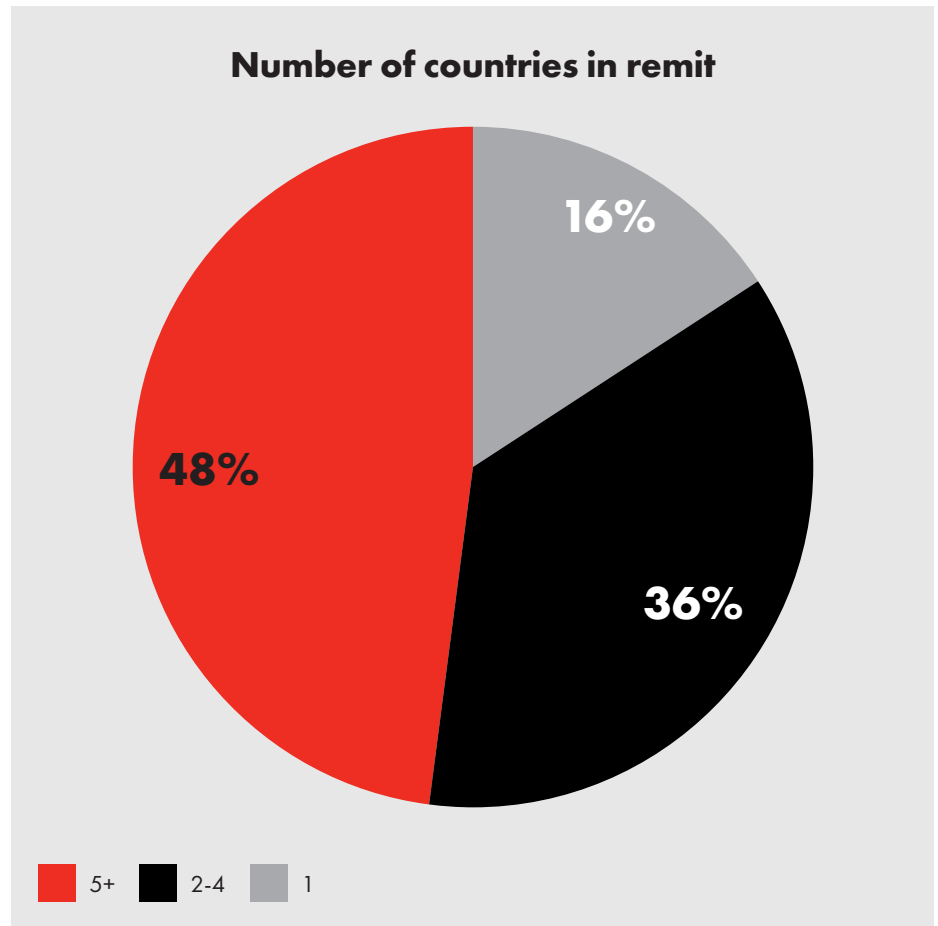
Role in organisation

Most respondents (70%) are at Director or C-Suite level, followed by Vice-President (18%).



Number of countries in remit

The majority of respondents (84%) have two, to more than five countries under their leadership.



The three biggest challenges for advertisers today

Measuring marketing outcomes, optimising cross-channel campaigns, and the deprecation of cookies are seen as the three biggest challenges.

Respondents could choose more than one option

Key features	
Proper measurement of marketing outcomes	91%
Ability to optimise cross-channel campaigns	67%
Removal of third-party identifiers (E.g. cookies)	61%
Siloed internal marketing, data and sales teams	32%
Lack of access to retailer data/walled gardens	14%
Decreasing marketing budgets	11%
Consumers' shift to online purchases	8%

What respondents consider to be the four key features of retail media

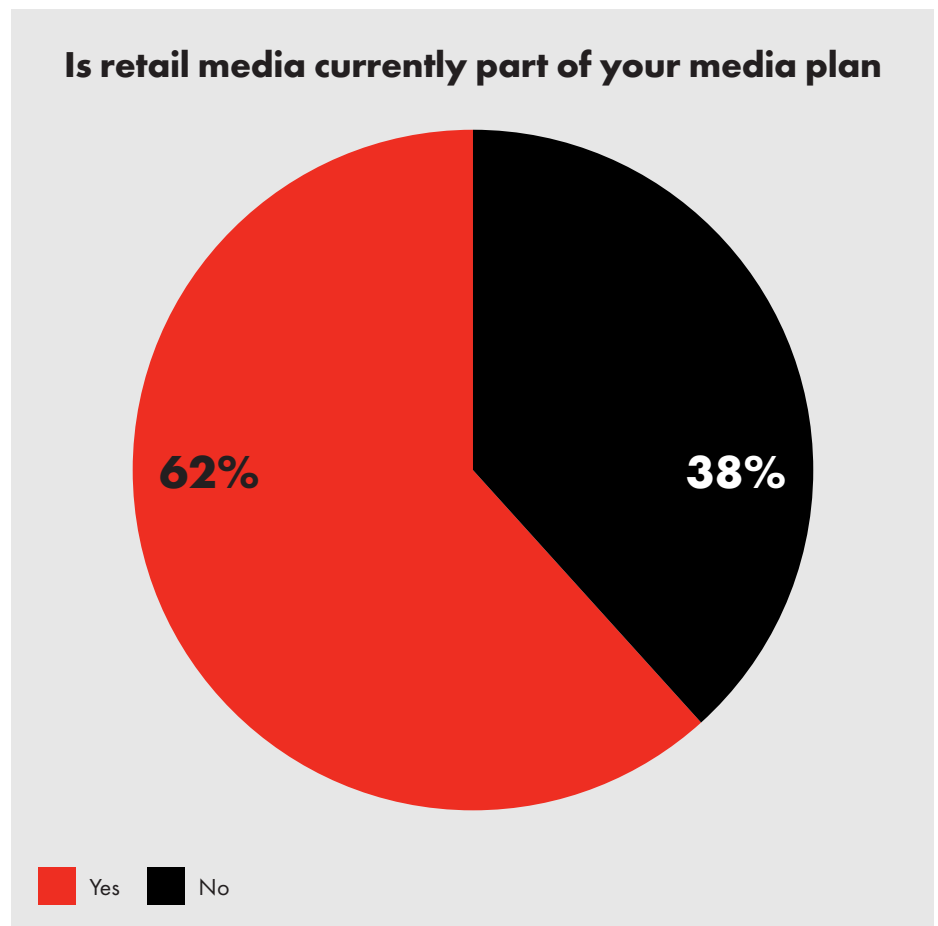
First-party consumer insights, purchase data, targeting and attribution are the four key features of retail media, according to respondents.

Respondents could choose more than one option

Key features	
Consumer insights - Audience, category, and shopper insights	82%
Purchase data - Omnichannel and in-store	73%
Targeting - Attributes and segmentation	64%
Attribution - Measurement of metrics and KPIs	55%
Brand safe environment	41%
Full-funnel campaigns - Branding and performance	38%
Variety of contextually relevant ad formats available - Display, in-page sponsored products, in-store media	27%
Audience - Scale and quality	26%
Self-serve platform	19%
Managed service	12%

Respondents with retail media as part of existing media plans

Six out of 10 respondents (62%) have retail media as part of their existing media plans.



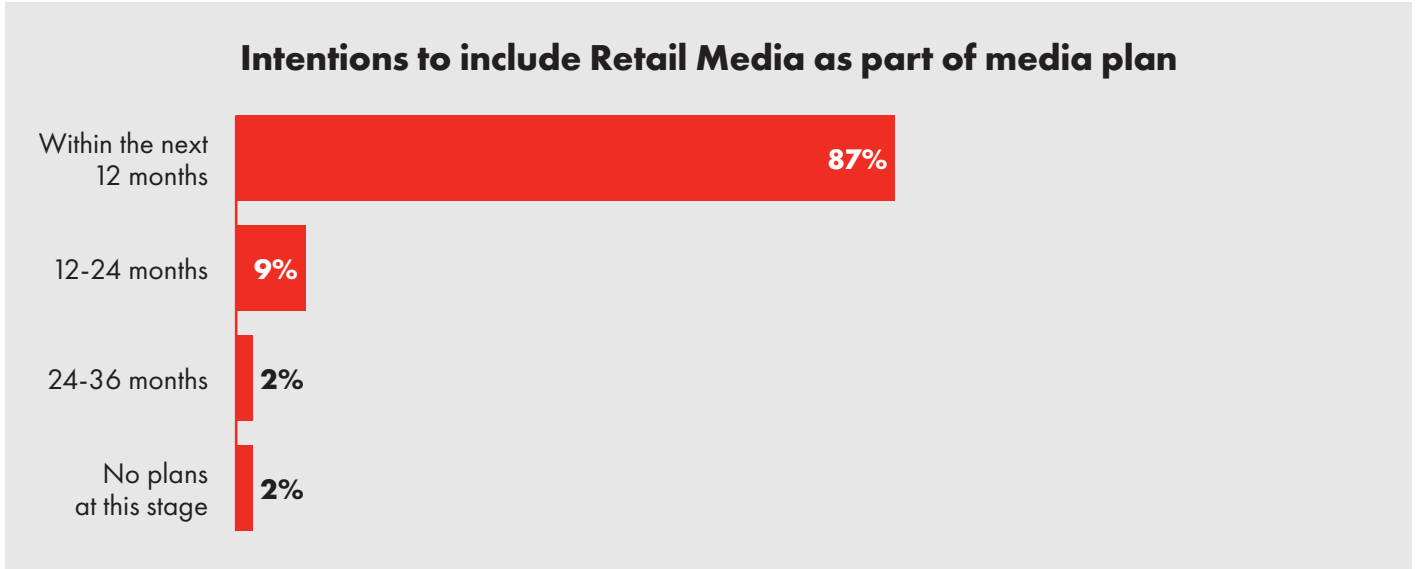
Use of retail media within marketing plan

More than four out of 10 respondents (44%) say they will invest in a retail media network even if their product is not listed as part of the marketplace offering, while 19% say they will advertise only if their product is also available.

Consideration of retail media within your media plan	
Use data and media offerings even if product is not listed as a part of the marketplace offering	44%
Advertise only if product is listed as a part of the marketplace offering	19%
Considered it but don't know how to engage	20%
Never considered it	17%

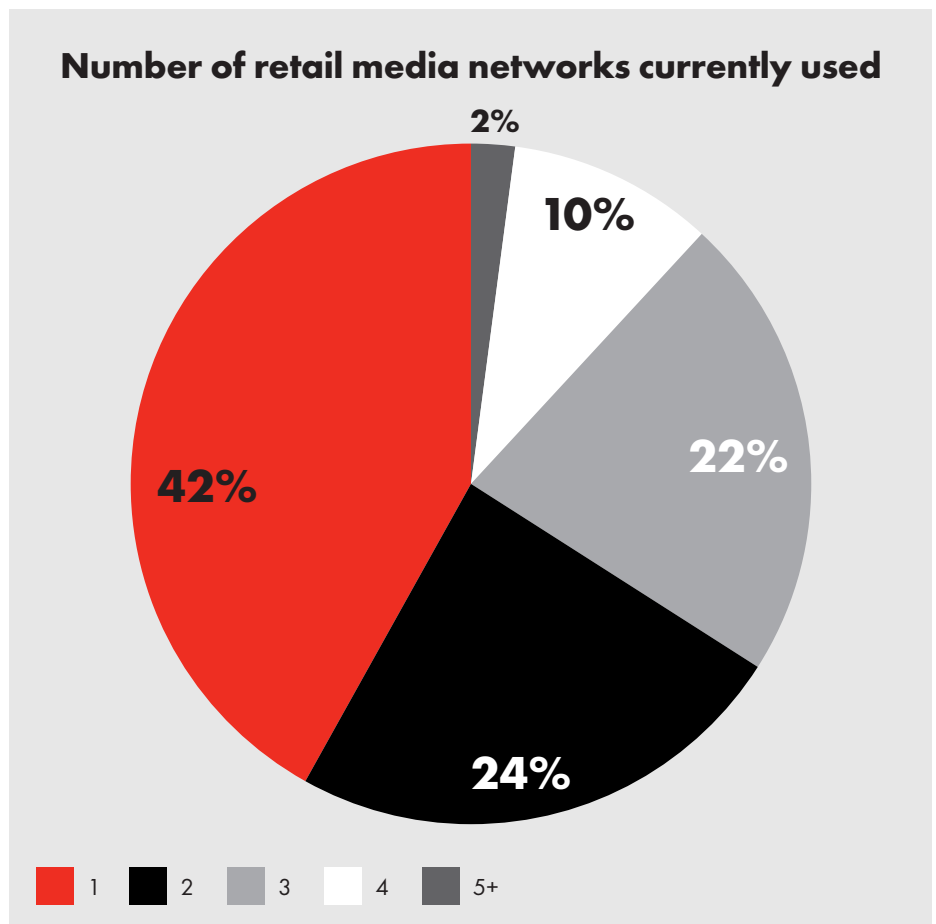
Future intentions to include retail media as part of media planning

Just under nine out of 10 respondents (87%) say they intend including retail media as part of their media plans within the next 12 months.



Number of retail media networks currently used

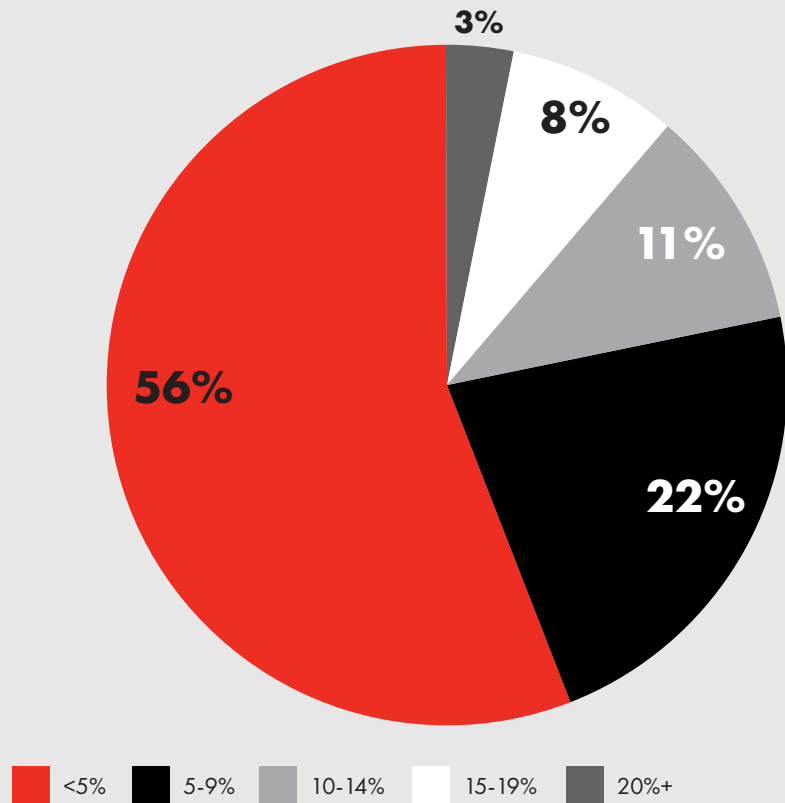
Four out of 10 respondents (42%) are currently advertising on one retail media network, while 46% of respondents are advertising on two to three networks.



Percentage of media spend allocated to retail media

At present, the majority of respondents have allocated less than 5% of their media spend to retail media. However, one-third of respondents (33%) say they have allocated 5-14% to retail media.

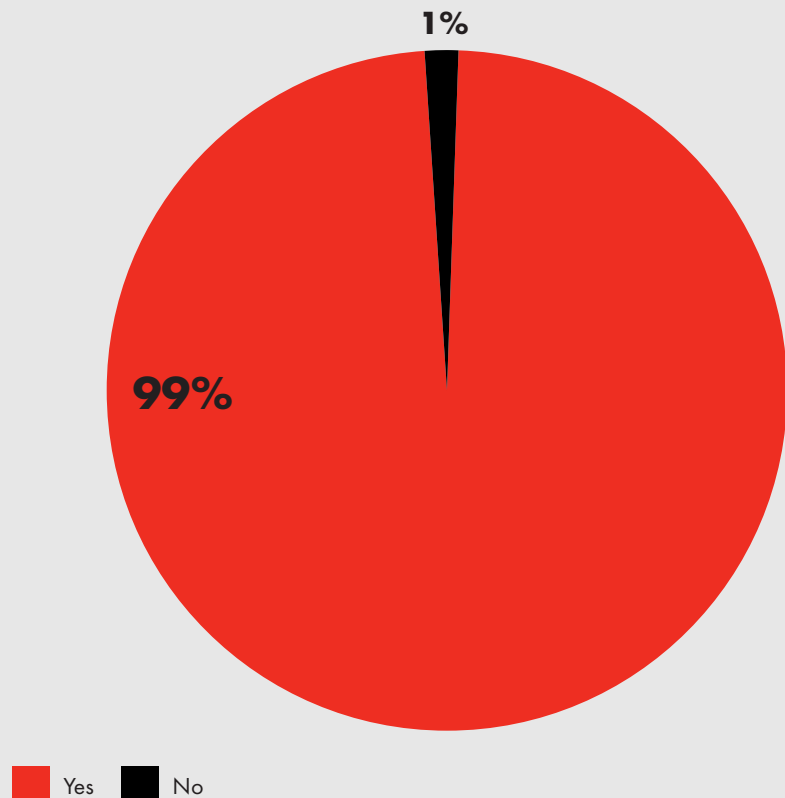
Percentage of media spend allocated to retail media



Plans to increase spend on retail media in the future

Nearly all respondents (99%) will increase their spend on retail media in the future.

Will increase this in the future



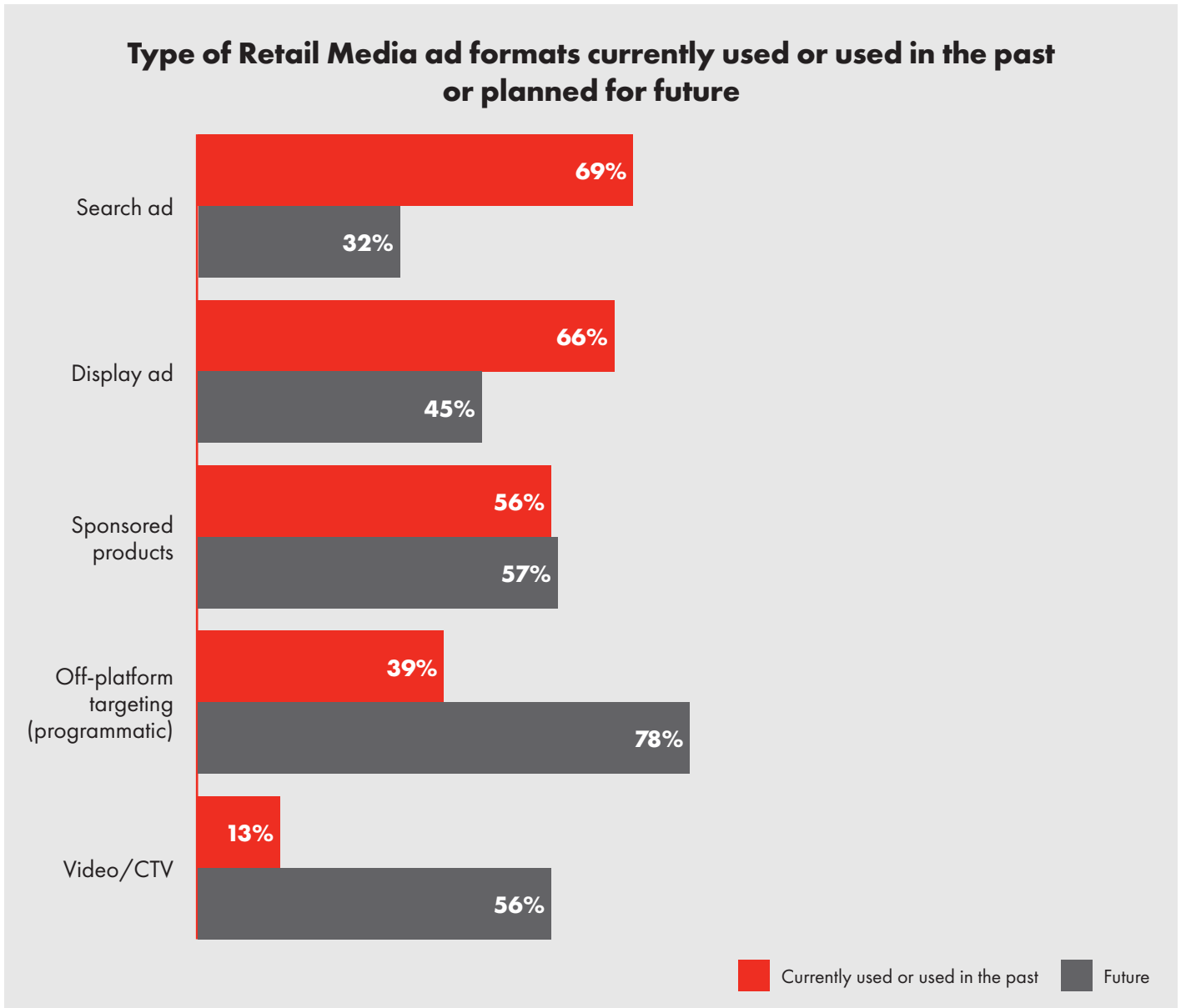
Retail media ad formats used now or in the past

At present, the majority of respondents have allocated less than 5% of their media spend to retail media. However, one-third of respondents (33%) say they have allocated 5-14% to retail media.

Retail media ad formats planned for the future

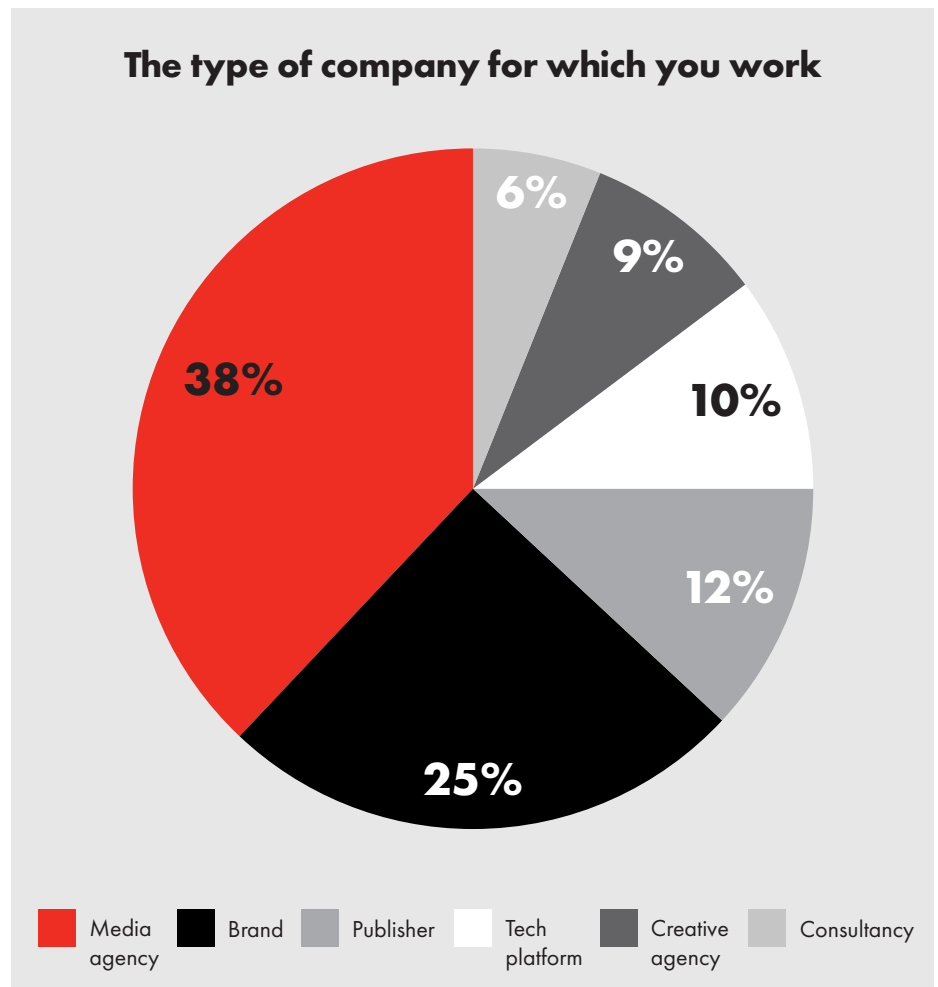
Eight out of 10 respondents (78%) plan on using off-platform programmatic targeting in the future, followed by programmatic ads (58%), sponsored products (57%) and Video/CTV.

Respondents could choose more than one option



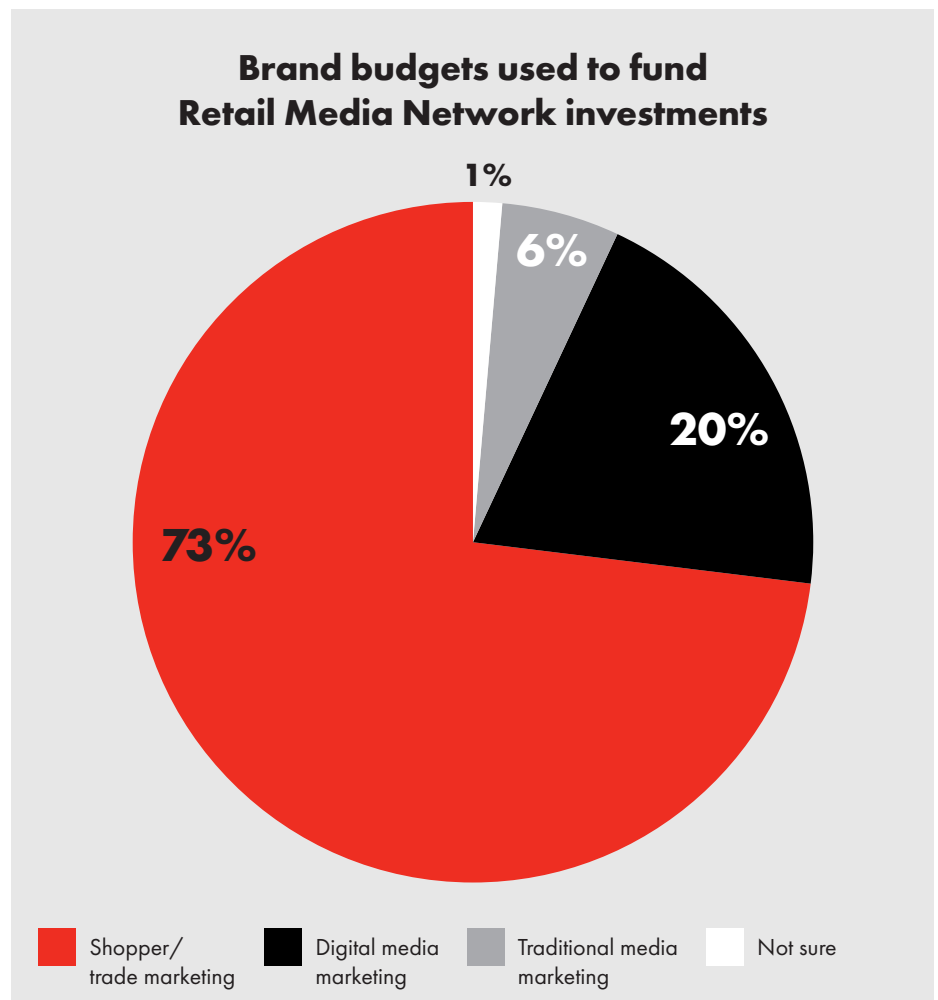
Type of company at which respondent is working

Four out of 10 respondents (38%) work at media agencies, while one-quarter (25%) work at a brand. The balance of respondents work at publishers, tech platforms, creative agencies or a consultancy.



Brand budgets used to fund retail media network investments

Seven out of 10 respondents (73%) fund their advertising investments in retail media through their shopper/trader marketing budgets.





About Carousell Media Group

The Carousell Media Group is today's leader in the Retail Media industry across Southeast Asia and Hong Kong. We operate eight online marketplaces across multiple industry markets in Singapore, Hong Kong, Malaysia, Philippines, Vietnam, Indonesia and Taiwan, with 100's of millions of product searches on our marketplaces every month. Our digital ad service, Shopping Ads, gives you access to the only retail media network in the region offering native shopping ads, brand awareness products and the ability to target our users off-platform for a closed loop retail tracking methodology.

Contact us for more information about how we can help you advertise on our retail media network



About IAB SEA+India

The IAB SEA+India is the not for profit industry association that unites the digital advertising industry across 7 countries in Southeast Asia and India. It represents its members to governments at all levels across the region. The membership, comprising brands, publishers, agencies and tech platforms, has grown twelvefold in the past eight years. With an active Regional Board and four specialist councils, it publishes industry discussions, white papers, research and guidelines for members as well as providing mentoring and education initiatives.

Visit iabseaindia.com for more information about becoming a member. Click [here](#) to connect with us directly.

