

# What to expect at *retail in 2024*

WHAT WILL HAPPEN / WHAT SHOULD HAPPEN

24

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## Kandi Arrington

*Group SVP,  
Customer Development*



The physical store has re-emerged as the key to driving retail, but recent advances in ecommerce and digital commerce aren't lessening — the two channels are becoming one.

Ecommerce used to primarily consist of an extended assortment online; now it involves livestreaming, virtual shopping in the metaverse, and for brands, digital media opportunities in the store.

## WHAT WILL HAPPEN



# The Merchant will become king again.



As these new opportunities arose, ownership was parceled out to different teams and people. But I expect true ownership to be consolidated back with the person who ultimately owns the sale — that the importance of the merchant having final say on strategy, on the asks of brands, on all commerce decisions, will become clear.

Specialists are still needed to own much of the work, whether that's finding more profit through retail media and data, or it's making decisions on live social commerce and the digital shelf. But the final say on strategy should start to ladder up to the merchant again.

► Continued...

## WHAT SHOULD HAPPEN

*(but probably won't)*

# Smaller grocers will combine retail media resources.



The collective impact of regional grocers on brand sales and growth opportunities is vast, but as individuals each one is too small for brands to be parsing out budget and other resources. If regional grocers, and maybe independent c-stores as well, could instead find a way to rally together and create a shared buying and targeting system, that would give brands something very powerful to consider.

Gen Z seeks adventurous, cross-cultural flavors and wants bold, spicy and diverse ingredients to satisfy their curiosity. In response, smart grocery brands will — or at least should — deliver hybrid product formulations and related experiences that add a bold twist to their more familiar offerings.



Self-checkout  
lanes will be  
removed as their  
usage declines.



(but probably won't)

#### WHAT SHOULD HAPPEN

Customer satisfaction would improve if grocery and mass retailers moved back to providing the more personal experiences delivered through traditional checkout. Brands would do well to support this effort.

Meanwhile, the jury is still out on whether or not the 2024 Olympics will be a bust. The cost-of-living crisis, wars, and a general malaise among the population could lead to lower sales lifts for brands with sponsorships. I'm hoping to see brands use the occasion to celebrate our global similarities and differences, using uplifting and inspiring messages.

## Craig Elston

*Group SVP,  
Strategic Planning*



#### WHAT WILL HAPPEN



Driven by Gen Z,  
the popularity  
of global flavors  
will grow.





**Ethan Goodman**

*EVP,  
Commerce Media*



This alignment will be enabled in two ways. The first is the ongoing expansion of retail media networks into offsite opportunities. Networks are either bringing their own demand side platforms online or partnering with existing DSPs like The Trade Desk to make their first-party shopper data available for offsite and programmatic buys. They're pushing into areas like social media and CTV, allowing brands to do more above-line-media planning and buying through the network.

We're running tests with clients right now where they're reallocating a portion of their national media buy that would typically run through national channels into a retail media network. We then retarget their retail media buy to reach audiences who have been exposed to the national campaign.



Brands will do  
a better job  
connecting their  
national and  
retail media  
activity.



The second enabler will be the proliferation of data clean rooms across networks, which basically accomplishes the same thing. Clean rooms let brands bring their own first-party data into the retail media network environment to match against the retailer's first-party data. You can find shoppers who saw the national media campaign and retarget them for the retail media campaign.

The ultimate benefit is better, more seamlessly integrated, more personalized experiences that do a better job of driving conversion by taking shoppers all the way through the funnel. Alignment can also deliver a lot of spending efficiencies.

► Continued...

## WHAT SHOULD HAPPEN

*(but probably won't)*

# The store will be the next frontier for retail media.



The promise is real, and the potential is very exciting. The scale and attention-level of the in-store audience makes this a very lucrative opportunity that would be extremely beneficial for both brands and retailers.

But the projections about how quickly this could happen and how extensive it might be a little premature, I'm afraid. The infrastructure just isn't there right now, despite the work of some third-party solution providers, and it's going to take a heavy investment for retailers to get there. So I don't see this happening right away.

We have witnessed a huge shift recently in how consumers shop, resulting in more forms of commerce than we could have anticipated even five years ago. And due to the growth of ecommerce, enhanced technology and expanding social media platforms, the latest trend of livestream shopping is a behavior — and experience — that is here to stay.

Estimates predict that live commerce could become a \$35 billion industry in 2024, so brands should be paying attention. Live shopping is a great way to authentically engage consumers in real time through an interactive experience that lets them discover products, get exclusive offers and immediately turn into shoppers. Live shopping is especially effective in helping brands reach younger consumers, driving engagement and loyalty with the next generation of shoppers.

Brands should embrace livestreaming in 2024, not just as an option to consider but as a critical way to connect with shoppers and drive growth. Work with your internal teams and agency partners to integrate live shopping into your broader ecommerce strategy to stay ahead of the curve.

► Continued...

## Meghan Heltne

*SVP,  
Customer Development*



WHAT WILL HAPPEN



Livestream  
shopping will  
surge.



## WHAT SHOULD HAPPEN

*(but probably won't)*

Livestream shopping will be offered by all retail media networks.



While Amazon Advertising, Walmart Connect and Sam's Club Member Access Platform are ahead of the curve and already offer livestream shopping as a media solution within their network opportunities, I don't think we'll see the capability roll out to most RMNs until 2025 at the earliest. However, this is a valuable new way to reach valuable shoppers that all retailers should make available as quickly as possible.

**Brian Hutchinson***VP,  
Production Services*

If 2022 was the year of the metaverse, and 2023 was the year of artificial intelligence, then 2024 will be the year of spatial computing and augmented reality — more specifically, web-based AR.

There is a perfect storm brewing across the three key factors needed to make this happen:

1. Wider adoption of the technology.
2. Software tools that facilitate great content storytelling becoming more powerful, with hardware and wearables (like Apple VisionPro & Quest3) keeping pace.
3. Frictionless and seamless activation methods emerging: consumers now can simply scan a QR code to become immediately immersed in an AR experience.



# Augmented reality will take center stage.



Brands need to get started. QR codes are by far the most effective tactic for launching immersive experiences, so put one on your packaging now. Include a strong call to action that can be evergreen as long as it's also dynamic — so the content to which you're driving shoppers can be updated from one campaign to the next.

Then, bring your brand story to life. There's only so much space for graphics and marketing copy on a print ad or in-store display, but your brand has a lot more to say. Creating immersive experiences at scale should be your goal in 2024.

► Continued...

## WHAT SHOULD HAPPEN

*(but probably won't)*

# Wearable head-sets will achieve mass adoption.



This won't slow down usage, since immersive WebAR environments can actually be experienced at greater scale on mobile devices. But pay close attention to when the Apple VisionPro becomes available publicly, because the device's adoption level will be a key indicator of what to expect in 2025 and beyond.

If your brand has already created AR and immersive experiences, it's time to double-down. If you haven't yet, now's the time to jump in before you fall behind the curve and have to play catch-up to competitors who've already figured out this technology.

## WHAT WILL HAPPEN



More data will  
deliver more  
revenue streams  
for retailers.

**Kelly Kachnowski**

*VP,  
Growth & Engagement, Data & Analytics  
Technology*



Similarly to the way we watched retail media networks grow exponentially over the last few years, we're starting to see more retailers offer data through custom, subscription-based platforms. Brands are hungry for granular, transparent data from their retailers, and retailers are starting to respond — but for a price.

Data sharing should already be part of a brand's retailer negotiations — and if it isn't, this is the time to start. Brands should continue to press retailer partners to get as much data as possible, and in a timely manner. At the end of the day, better data informs better shopper experiences, and that drives growth for both the brand and the retailer.

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## WHAT SHOULD HAPPEN

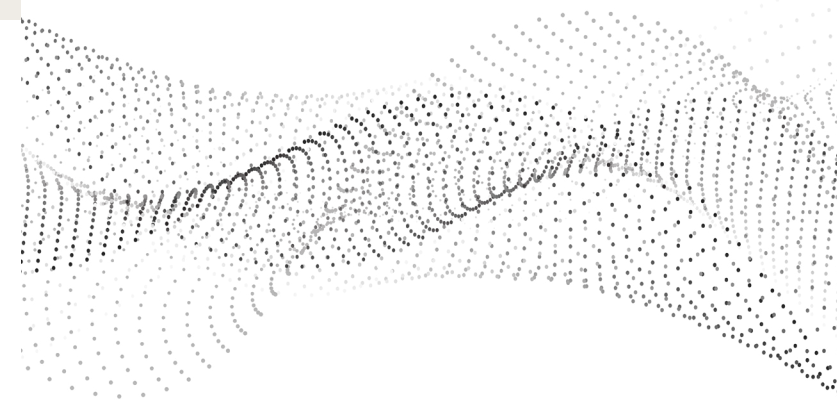
*(but probably won't)*

Retail media  
networks will  
immediately align  
on consistent  
measurement  
standards.



The hottest buzz in the last quarter of 2023 was around the IAB's recommendations for retail media network standards. The guidelines, which include contributions from retail media networks, brands, agencies and solution providers, have been a huge step forward. But more work is needed.

Brands now need to hold retail media networks accountable for timely, transparent reporting. This will happen in pockets, but with even the local corner store seemingly launching a network, it remains to be seen if anyone beyond the major players will invest in what's need to give brands robust reporting. Brands need to make it clear that this will be a requirement of their retail media spend.



**Julia Miller***Group VP,  
Commerce Media*

Retailers will seek opportunities to bring cultural moments into their stores as a way of attracting shoppers who value experiences more than coupons and offers.

A generation that's been able to turn movie theaters into concert venues — witness the transformation of Taylor Swift's Eras tour — also has the power to get brands and retailers rethinking audience engagement through shoppable moments. I expect to see a proliferation of short- and long-form shoppable content that can bridge the gap between what's trending on social media and what can be purchased in the physical world.



Culture-based experiences — both digital & IRL — will fuel the next wave of commerce media.



What's more, these moments can collect valuable first-party data that will enable long-term relationships. Having a defined data strategy in place will be critical to staying relevant in an age where signal loss is a real threat as we approach the cookie-less future.

Brands that are heavily invested in value-based incentives should, therefore, consider how flipping the value proposition to experiences can help them reach new audiences.

► Continued...

## WHAT SHOULD HAPPEN

*(but probably won't)*

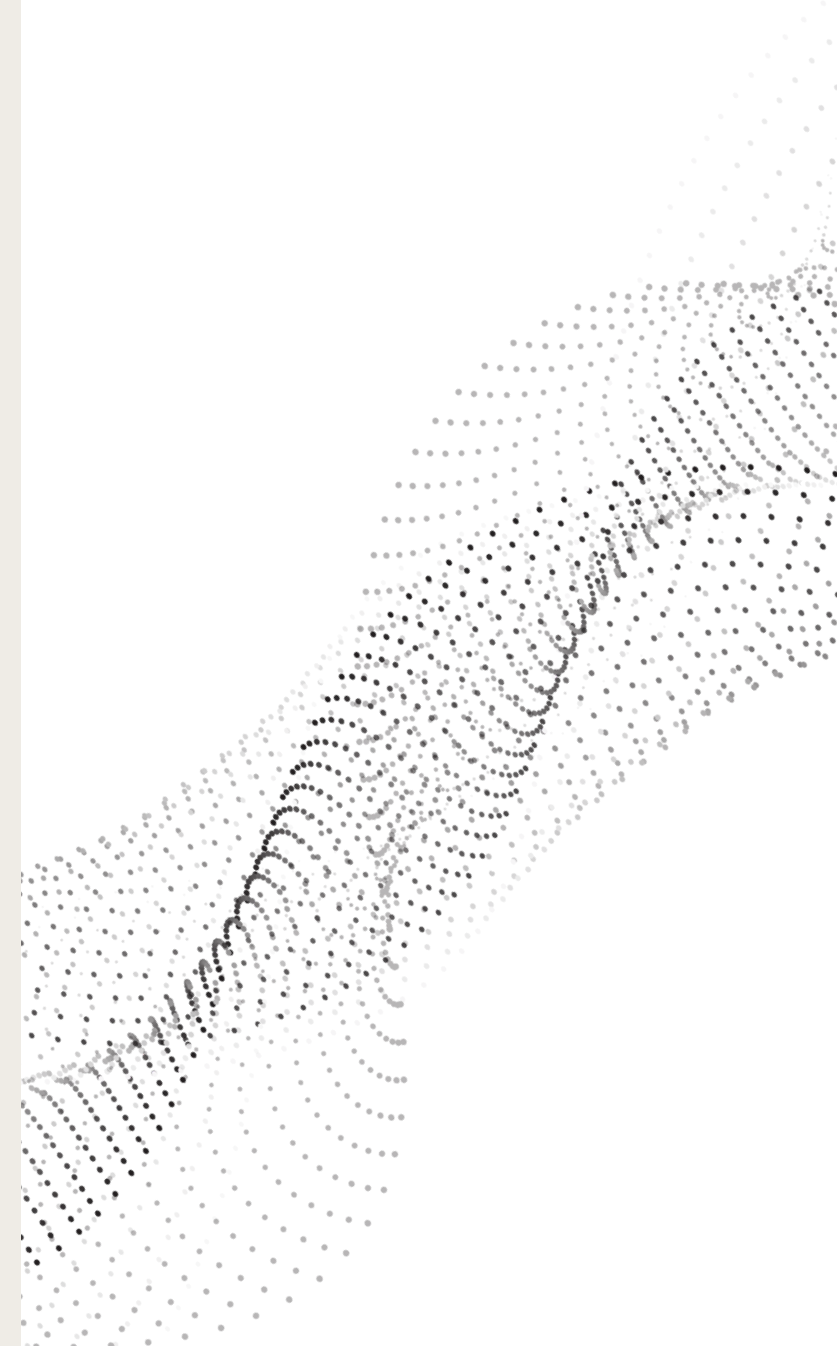
# Virtual assistants will do your shopping before you even ask.



As we witness huge advancements in AI/machine learning and other technology, we'll reach a place where virtual assistants seamlessly make purchases within the context of our daily lives. Predictive modeling will become so good that these "bots" will not only make personalized recommendations and buy your essentials based on past purchases and contextual signals, they'll proactively anticipate your needs for future occasions before you even prompt them.

We're not quite there yet, but brand marketers can start preparing by taking a measured approach to testing emerging technology — not just in the business context but personally, as consumers, to better understand the possible applications.

Also, ask your retail partners what they're doing from an innovation perspective, so you'll be considered for first-to-market opportunities, and also stay informed about how they're handling compliance and data security issues.



## WHAT WILL HAPPEN



Brands will  
shift focus from  
product to  
experience as  
consumer value  
perceptions evolve.



## Rob Rivenburgh

*Global CEO*



Consumers are adjusting their perception of value and, as a result, re-evaluating how to spend their money. In response, brands are shifting their emphasis from the products they make to the services and experiences they can deliver.

Buying behavior has moved in two directions, with little middle ground in between. Consumers are scrimping and saving to combat inflation on one end, but splurging on the other as they focus more on convenience than cost. Both groups, however, have become more choiceful in their spending. Even cost-conscious consumers are seeking an occasional indulgence, buying private label at the supermarket now so they can vacation in Europe next summer.

In this kind of environment, smart brands are building relationships, moving beyond the table-stakes product offer to create experiences that will provide the “mini-luxuries” consumers across all spending mindsets are craving. This will become more common in the coming year.

► Continued...

## WHAT SHOULD HAPPEN

*(but probably won't)*

Retail media  
networks will  
emphasize  
demand, not  
ad inventory.



As brand marketers continue to expect more from their investments, retail media networks need to quickly evolve to focus more on generating demand for their ad partners and less on selling ad inventory. We're seeing this happen at some of the leading networks, but not as quickly as it should across all networks.

As an industry veteran, it's still strange for me to see the roles reversed and retailers selling to brands. But they are, which means retailers should be responding to "customer need" by providing better audience targeting, freer access to data, and a greater overall focus on demand generation.

Brand organizations need to adjust their mindset as well, evolving their sales teams and other functions to address the day-to-day realities of commerce marketing — as one example, ecommerce success relies just as much on the work of data analysts than it does on marketing.

We're at the forefront of a move toward breaking down functional silos to develop better structures, better processes, and greater capabilities. But we need companies on both sides of the negotiating table to get us there a little faster.

**Brooke Roller**

VP,  
Customer Development



Personalization  
will be a key  
loyalty driver at  
c-stores.

With convenience stores having outperformed all multi-outlet channels in top sales categories for the last two quarters (per Circana), now is an ideal time for brands to capitalize on the new, younger buyers who are fueling the growth.

As these younger buyers make the choice to shop at their local c-store, it's more important than ever that retailers have the personalization tactics needed to effectively engage with them. Personalization enables engagement across the entire shopper journey and fosters stronger loyalty by leveraging the shopper's unique preferences.

Shoppers are more connected than ever, and they expect brands to show up consistently throughout their purchase journey, whether they're online, in the retailer's app, or in the brick-and-mortar store. Creating personalized offers, providing flexible redemption options such as gas rewards or loyalty points, adding gamification and simplifying the transaction process all play an integral role in creating more loyal shoppers. Brands and retailers must partner together to make this happen across an ever-expanding shopper footprint.

► Continued...

## WHAT SHOULD HAPPEN

*(but probably won't)*

C-stores will  
drive incremental  
growth by  
redefining  
foodservice.



As their foodservice strategies evolve, c-stores have joined QSRs and delivery services in a blurred landscape of fast, fresh food options for Gen Z shoppers. But while they might stop in for an in-between snack or a meal replacement, these younger buyers still don't really view c-stores as a mealtime destination. That perception has foodservice trips trending downward in the channel, but this is where the real growth opportunities are for c-store operators.

Redefining foodservice would mean evolving how the category is positioned both in and outside the store, adjusting the menu beyond the expected roller dogs, pizza slices and donuts. There is white space available between what foodservice is and can be for the channel: think larger packs of hot or fresh family-style meals, grab-and-go-home options, or healthy-snack meal replacements in the mid-afternoon.

Appealing to Gen Z's foodservice needs would also involve seasonal flavors to deliver "new news" and drive trips. Value menus are another important part of the equation for c-store retailers looking to convince Gen Z that they don't need to make another stop on their way home.



## Barb Seman

VP,  
Customer Development



Retailers need to develop meaningful engagement strategies with shoppers to drive traffic in-store or online — a key metric in 2024 for both drug and value chains. While new and exclusive product offerings are important, the key to success in the coming year will be relevant, targeted messaging and offers.

To deliver that, brands need to continue working with retail media networks in these channels to deliver the right messaging to their desired audience. And to make sure they're achieving those goals, they need to clearly state their measurement KPIs and identify the right engagement tactics to deliver them.

▶ Continued...

### WHAT WILL HAPPEN



Drug and value  
retailers will both  
drive engagement  
by delivering easy  
access to savings.



## WHAT SHOULD HAPPEN

*(but probably won't)*

Retail media networks will provide more comprehensive solutions and measurement. .



Single-source planning and reporting would generate complete omni-campaigns for brands seeking to engage across the retailer's various touch points to reach shoppers via in-store, online, email, text, etc. Delivering a comprehensive recap for a multi-touchpoint program would let brands understand both individual tactic and total campaign performance.

To continue supporting the ever-growing requests for marketing investment, brands will need to continue pushing retailers to deliver better, more transparent reporting metrics, more impactful targeting, and simplified engagement.

**Eric Haddad**

VP,  
Customer Development

**Dan Westendorf**

VP,  
Customer Development



## WHAT WILL HAPPEN



Winning  
grocers will  
build purposeful  
relationships with  
shoppers as food  
inflation subsides.



Food inflation is predicted to slow to about 3% next year, which is about half the pace we endured in 2023. Value will remain important to consumers who've tightened their budgets after watching their household debt soar, but other benefits like convenience, assortment, personalization, and discovery will drive shopper retention.

Brands should help enable retailers to develop these stronger relationships. Inspire the shopper's next meal with on-trend products and recipe solutions in-store and online; encourage her to try something new; or maybe highlight your sustainability efforts, showcasing how and where products are sourced or what you're doing to reduce food waste.

► Continued...

## WHAT SHOULD HAPPEN

*(but probably won't)*

A merged Kroger/  
Albertsons will  
implement a  
united go-to-  
market strategy  
for brands and  
shoppers.



We're not betting against the merger being approved by the FTC. And we're already seeing brands planning to consolidate their sales teams, assuming that a united Kroger-Albertsons will lead to redundancies in their organization. However, it's very likely that these two retailers will continue operating as separate systems and merchant teams during their first year together. As they prepare to engage with a retailer that will have approximately 5,000 stores, brands should for the time being continue working independently with their key contacts at each.

Also, as Kroger and Albertsons combine their operational power and leadership, brands should expect a rise in investment requests for retail media and other marketing operations. These are areas where the combined organization's competencies will grow.



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