Owned Media Market
Report & Ranking

FY'24

Owned media leverage goes mainstream

SONDER

The global authority on owned media

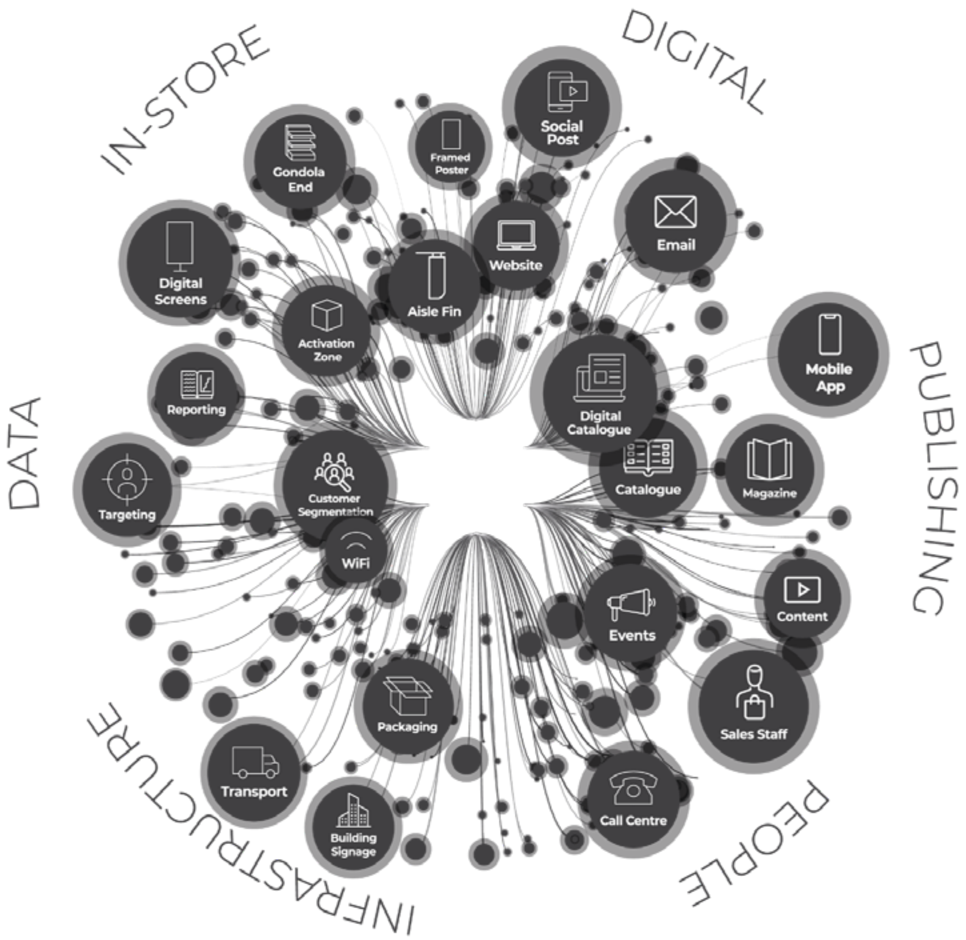
About the Authors

SONDER

Sonder is an independent owned media valuation business. Having unlocked over $10Bn in owned media value in the past 8 years, across 10 industry sectors, in 22 different countries, we are uniquely placed to produce this ranking and report.

Sonder has worked with the leading owned media organisations in the country and has deep insight into how owned media value is created and leveraged. For more information on Sonder services please visit: sondermedia.com

Owned media spans a vast array of channels and formats that an organisation controls and communicates through:



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Introduction

The past 12 months has witnessed phenomenal interest in owned media leverage across multiple industry sectors. The term 'retail media' has hit the mainstream and spawned growth in journalist column inches, marketing conference keynotes, consultant pivots, tech company provocations, media agency interest and marketer attention. In short, it's hot.

Our **inaugural report** last year laid out 7 years of knowledge and experience for the market to gain an understanding of the Australian owned media landscape, identifying the key players, the growth trends, the future challengers and analysed the key companies in categories of interest.

This year's report will still provide key stats on the size and profile of the market and deep dives on each sector, but to keep things interesting we have placed an emphasis on giving a voice to the organisations who own the media.

To-date many of the forums for owned/retail media have become echo chambers, focusing on the technology, data leverage and publishing practitioners, with very little airtime given to the decision-makers at the organisations which own and control the media. We have set about addressing that oversight by commissioning independent research with marketing leaders within Retail, retail media, Finance, Utilities, Home improvement, Hospitality/ Entertainment & Education sectors.

The future for owned media is bright. The critical question for the owners of the media is what do they want to achieve? It is up to the owned/retail media community to provide them the advice, tools and solutions on how best to get there.

Points to note:
No Artificial Intelligence was used in the creation of this report.
All numbers in this report refer to Commercial Potential which is the maximum value an organisation could expect to leverage in annual revenue from their owned media assets. To respect client confidentiality agreements, no proprietary IP, data or values from Sonder clients are shown in this report.

Executive Summary

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Executive Summary

Owned media leverage goes mainstream.

This year's report finds marketers' understanding of the owned media opportunity and the leverage use cases is much clearer than it was a year ago. The conversation has transitioned away from focusing exclusively on the Grocery & Liquor sector, to include department stores, banks and pure-play digital businesses.

The owned media market in Australia is worth $4.3Bn in commercial potential. An increase of just over 10% YOY. The Retail Aggregator sector is the largest and continues to grow as new entrants unlock existing retail media assets and new retailers enter the market. Representing 33% of the $4.3Bn market, a reflection of the high number of multi-brand retailers like department stores, home electronics, sport & leisure, beauty, pet care and pharmacies.

Finance is the highest growing sector increasing 19% YOY, as financial institutions realise the significant value of their vast media ecosystems and customer bases.

Amazon's ad revenue continues to grow at a phenomenal pace. A remarkable 63% YOY growth for AmazonAds, becoming the largest retail aggregator media business in the country. David Jones took the market by storm this year, launching Amplify, Australia's first luxury retail media business.

Grocery & Liquor businesses have the highest commercial potential at an average of $94M per business, per annum. Their status as the most advanced and sophisticated retail media organisations remains.

Owned/retail media is by default an omnichannel opportunity. Channels like instore, websites, email, custom magazines, apps, social and catalogues are pivotal when formulating owned/retail media strategies.

With increased pressure on marketing budgets to deliver a ROI, owned media channels will become increasingly popular amongst marketers and their media agencies. Primarily due to first-party data capabilities, which enable better targeting, conversion and reporting than any paid media channel.

Market Report

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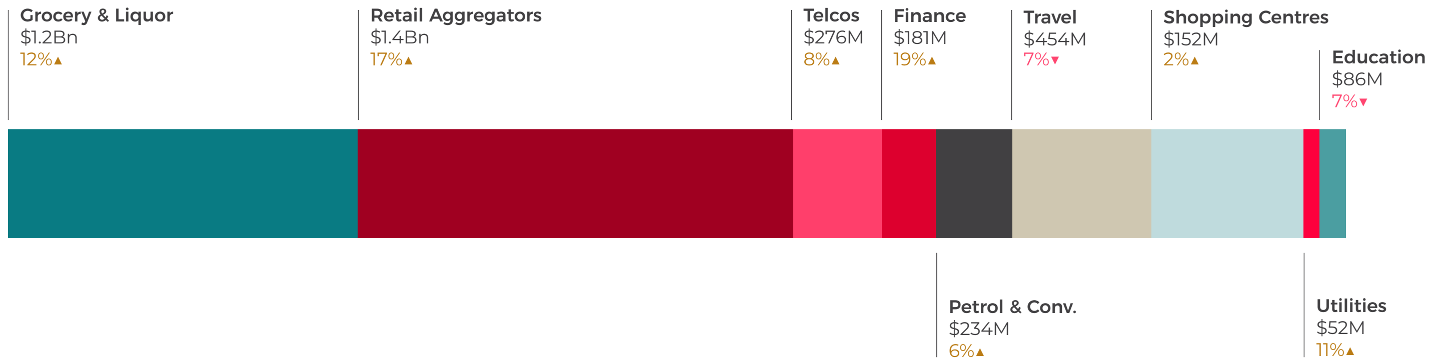
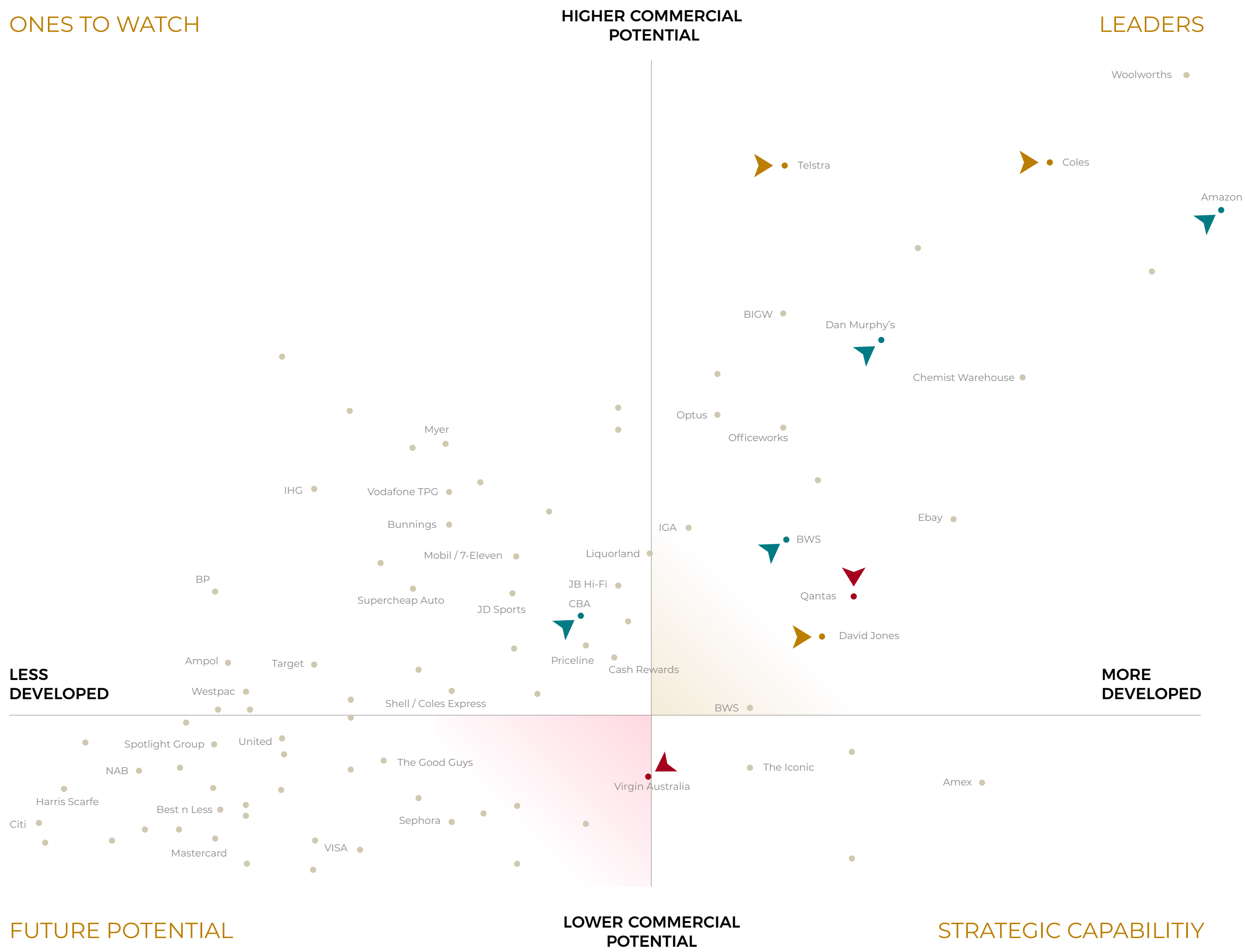


$4.3Bn

Market

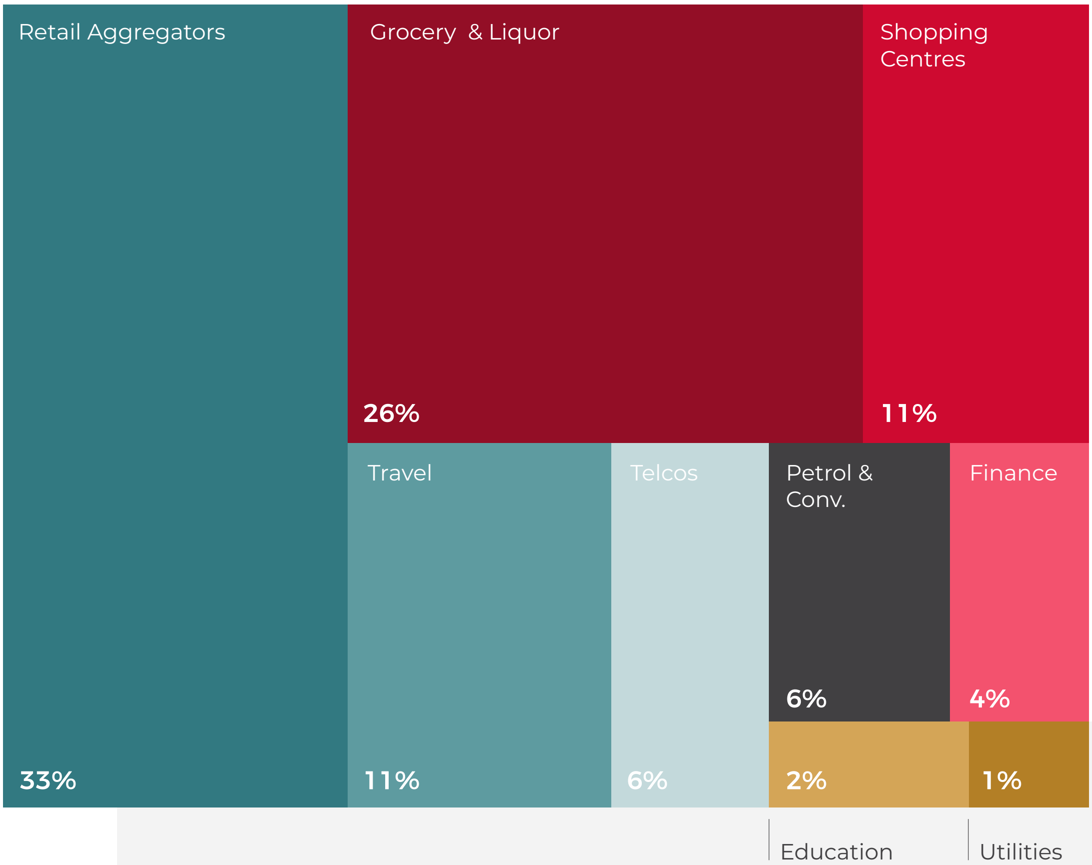
Key takeouts:

1. The FY24 owned media market in Australia is worth $4.3Bn in commercial potential, representing 10% growth versus FY23
2. Retail aggregators represent the largest sector, growing 17% year-on-year with a commercial potential of $1.4Bn. A reflection of more businesses embracing retail media opportunities and existing businesses leveraging more media assets
3. The Grocery & Liquor sector maintains the highest commercial potential per business at an average of $94M per annum, with the big 3 retail media businesses taking the lion's share of revenue
4. Finance is the highest growth sector increasing 19% YOY, as financial institutions realise the significant value of their vast media ecosystems and customer bases
5. The travel sector witnessed a 7% decline as airlines reduce their media footprint post-pandemic and traveller numbers dropped



Top 10 Movers

- David Jones took the market by storm this year, launching Amplify, Australia's first luxury retail media business. Offering premium formats, enhanced media sales, new digital screens and streamlined instore solutions
- Amazon continues to set the benchmark in digital retail media, which has translated into a phenomenal 63% YOY growth in reported revenue
- Woolworth's Cartology cemented its status as market-leader, bedding in the Shopper Media acquisition and ramping up sales resource significantly
- Endeavour Group's media arm MixIn gave Dan Murphy's and BWS a shot in the arm, increasing their stature in the landscape through a data & tech-led offering, growing revenue potential and efficiencies
- Coles360 had their first year in-market playing catch-up with Cartology which led to a huge shift in retail media capability
- CBA made some significant moves into the magazine publishing space which increases their owned media leverage opportunities
- Telstra reclaimed store ownership and invested in their store footprint, digitising many POS assets, thereby improving the instore solutions for handset partners
- Airlines Qantas & Virgin both witnessed a reduction in the strength of their owned media offering through a decrease in media assets and customers



Multi-brand retailers lead

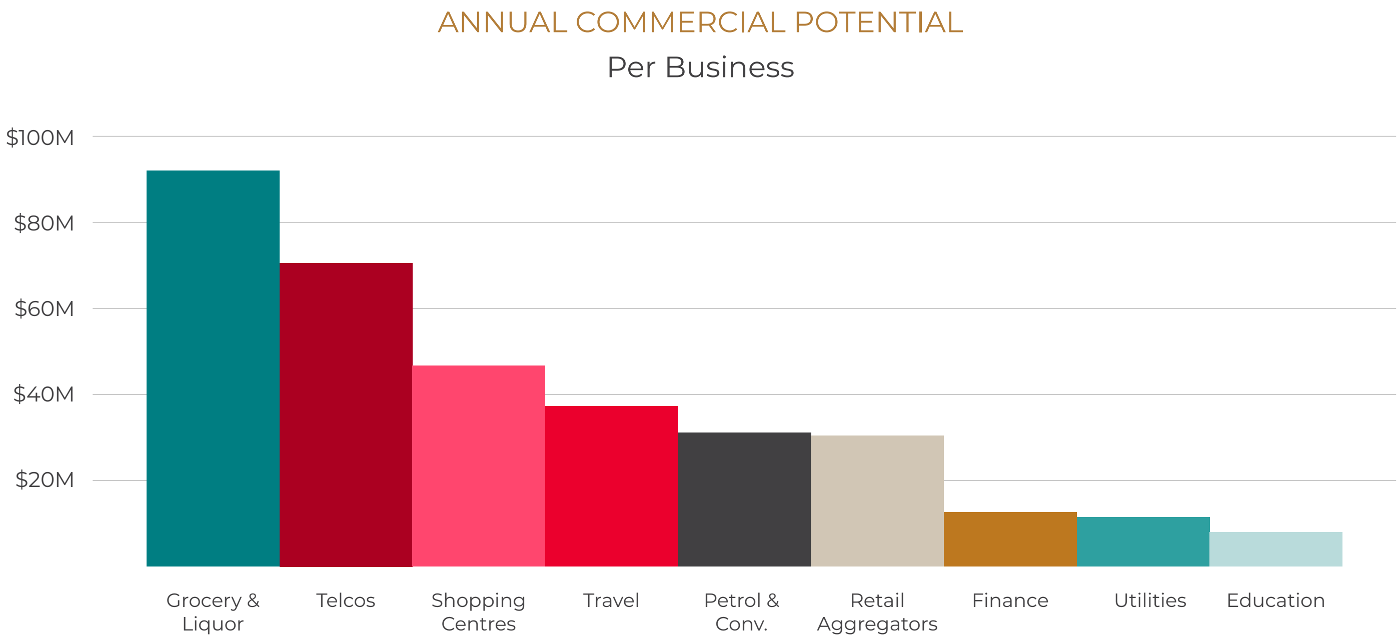
The Retail Aggregator sector is the largest and it continues to grow as new entrants unlock existing retail media assets and new retailers enter the market. Representing 33% of the $4.3Bn market, a reflection of the high number of multi-brand retailers like department stores, home electronics, sport & leisure, beauty, pet care and pharmacies.

The Grocery & Liquor sector comes in second in terms of overall size at 26%, however, the sector is home to the three largest retail media players in the country.

Travel and Shopping Centres each represent 11% share. Having commercialised their assets for decades they are both well established, highly leveraged players in the owned media landscape.

Telcos and Petrol & Convenience sectors each represent 6% of the market. A small number of powerful players in each sector with the potential to further leverage their media ecosystems.

Finance, Education and Utilities categories collectively make up the remaining 7% of the market, with Financial services expanding its interest in owned media leverage.



Grocery & Liquor businesses have the highest commercial potential at an average of $94M per business, per annum. Unsurprising given the thousands of suppliers, vast customer base, high visitation frequency, sophisticated data, scale of media network, technology stack and media sales maturity.

With their vast media networks and large customer bases, Telcos are significant players in the owned media market, able to extract nearly $70M per annum in commercial potential. Much of Telco revenue is indirect, meaning the owned media value provided to partners is included in commercial deals with partners rather than sold for money.

Shopping Centre, Travel, Petrol & Convenience and Retail Aggregator sectors all deliver an average $30-43M per business, per annum in owned media commercial potential.

Finance and Utilities businesses generate $13-14M per annum, a reflection of their utility status rather than their size. They tend to have fewer partners and commercialise their media sensitively.

Market Voice

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Owned Media Leverage Goes Mainstream

This year marked a tipping point in the owned/retail media sector as the conversation transitioned away from focusing exclusively on the Grocery & Liquor sector, to include department stores, banks and pure-play digital businesses.

We had the launch of David Jones Amplify, the first premium retail media business with a highly attractive advertising offer for endemic (suppliers) and non-endemic brands (products they do not supply). Cash Rewards launched Circuit, the first media business in the pure-play offers space.

CBA became a publisher with the launch of ad-funded Brighter magazine and a partnership with News Corp's commercial content operation. Joining the likes of Qantas, Bunnings, Officeworks, Coles & Woolworths who all have highly successful customer magazines.

Amazon's ad revenue continues to grow at a phenomenal pace. A remarkable 63% YOY growth for AmazonAds becoming the largest retail aggregator media business in the country.

We witnessed growth in tech platforms which enable owned media to be leveraged both within business's own ecosystem (onsite) and leveraging first party data into the paid media market (offsite).

Inaugural retail media conferences recognised the community for first time with speakers and case studies from around the world, fostering knowledge sharing and inspiring growth.

In such a dynamic marketplace, we wanted to get a perspective from the folk who are taking a leap into owned media leverage and those who are watching from the sidelines. We wanted to dig into the level of understanding, opportunities, challenges and different viewpoints.

We commissioned independent research with senior marketing leaders from Retail, Liquor, Finance, Utilities, Home improvement, Entertainment & Education sectors. The research was conducted by TRA (The Research Agency).

On the following pages are the core themes from the 12 deep-dive interviews.

Owned media is critically important in today’s marketing landscape. Marketers are facing storm clouds from the economic downturn, proliferation of channels and overwhelming complexities of data and MarTech. The pressure to deliver an ROI on marketing investment has never been more prominent. As one retail marketing leader explained, “The media proliferation is so much more diverse now than 15 years ago. Now you’ve got this explosion of digital, and you’ve got people dual or triple screening and you’ve got this audience that is completely proliferated. So therefore, the best way to talk to your qualified customer is when they are shopping, or when they are in the environment, and the headspace, and that’s in the in the moment of purchase. Everyone is so busy. You’ve got to talk to them when they’re in the moment.”

Owned media’s increasing importance for marketers has never been more evident. David Jones CMO James Holloman encapsulates it well, “owned media is experiencing a renaissance, as people recognise that their real estate is extremely valuable for communicating with and telling stories to their core customers. By talking to a qualified customer who is interested in that particular category, you reduce wastage caused by inefficient marketing strategies.”

Stuart Tucker, Chief Customer Officer, at Hi Pages agreed saying, “A lot of marketers get very distracted by the bright and shiny. Whereas things like owned media and getting your communications with your existing customers right, basic things like segmentation and personalisation, should really rank higher. But it’s not as sexy, so it often gets forgotten.”

Kate Blythe, CMO at beauty retailer Mecca is all-in on owned media’s potential, “The power of your owned media is pretty phenomenal in terms of how you build brand awareness, but also hook your customers in for long term loyalty as well. We absolutely evaluate owned media, it is a super important lever for the business. Our owned media is one of our unique differentiators.”

> Our owned media is one of our unique differentiators.

— *Kate Blythe, CMO, Mecca.*

For the Finance Sector owned media plays a critical role with both ANZ and CBA announcing an owned-centric approach this year.

Loud and clear from the research was that marketers' understanding of the owned media opportunity and the use cases is much clearer than it was a year ago.

Marketers are able to describe a clear delineation between 'using' and 'selling' their owned media and typically do both simultaneously. As one CMO put it, "How can we talk to our customers and talk to them in a more relevant way so that we don't have to pay externally to do so."

The research highlighted the dangers of using the term 'retail media' as a catch-all for owned media leverage in non-retail sectors. For example, financial marketers often dismiss leveraging their own channels for significant commercial gain as something exclusively for retailers when clearly that is not the case. In one instance a finance brand was found to be giving away over $1Bn globally in owned media value without realising!

> A great conversation is more important than just selling advertising. You need to find the right balance.

— James Holloman, CMO, David Jones

Operating at a premium brand department store David Jones, James Holloman understands the delicate tightrope of brand protection versus commercialisation very well, "I think that as long as those principles are there, that you remain customer centric for your primary business, because what you don't want to do is distract your primary business. The real art is to balance what will be commercial and what will be editorial, even on digital screens or billboards in stores, you still want to be talking about what's relevant at the moment. A great conversation is more important than just selling advertising. You need to find the right balance."

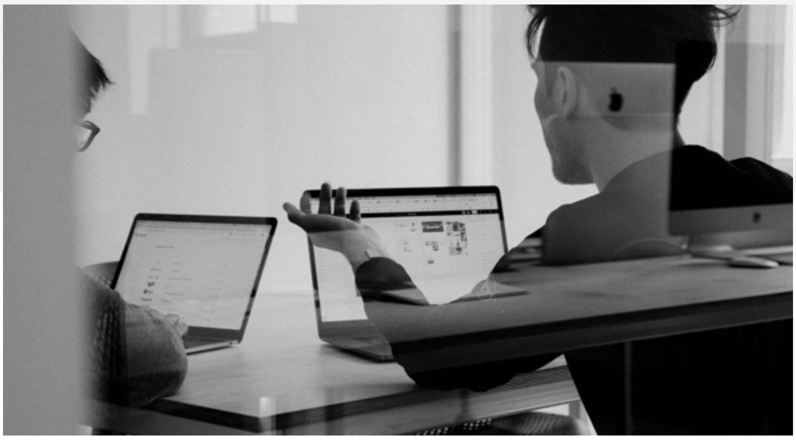
One of the often-cited benefits of using owned media for proprietary marketing is the efficacy of the channels for reaching customers already engaged with your product or brand and connecting with them at a relevant point in their purchase journey. As one retailer put it, "It's media that is frequented by your customers, where they're actually trying to buy something. And you're using that space to also advertise and maybe shape that transaction a little bit more, or direct it."

Owned media is a "smarter not harder" way of engaging with customers because it focuses on targeted communications with qualified customers which generates significant return for the business, in contrast to forms of paid media. An Entertainment marketer put it succinctly, "Using owned media is how you communicate smarter. It's always easier to get a customer to come back than to gain a new customer."

> I think owned media is super critical. Because if you can turn a first-time user into a repeat user and then an advocate, then it is the flywheel.

— Stuart Tucker, Chief Customer Officer, Hi Pages

The savings from effective use of owned media channels was a common theme with one retailer CMO saying, "I think it usually starts with cost efficiencies in terms of how can we talk to our customers and talk to them in a more relevant way so that we don't have to pay externally to do so."



Marketers are clear about the opportunities available in commercialising owned media. Those that are not yet commercialising are exploring the possibilities, like Stuart Tucker, "Your first priority should be your own customer base, and then once you've nailed that then maybe you need to open up to third parties. Because you've got finite opportunities to communicate with owned, so what is the right ratio between messages from the company versus messages from third parties? How can you make sure they're personalised and relevant?"

Our research identified Travel, Finance and Telcos as sectors where organisations are increasing commercialisation of their owned media assets. Never at the expense of customer communication but there is a vast array of physical and digital media formats which are available for leverage with partner brands. On average between 30-50% of media is being commercialised in these 3 sectors.

Between 30-50% of media is being commercialised

It is common amongst retailers for owned media to be leveraged through the merchandise department and managing the transition into marketing or media specialists takes careful consideration. As this Retail CMO explains, "Merch are primarily responsible for driving the commercial relationships of the business. You have merch selling something, and they're looking at it through their own lens of their own category or business unit, and return generation through that lens, as opposed to from a Marketing lens. It needs to have a really clear commercial and customer benefit. We tend to have fewer, bigger strategic partners but we're pretty protective. We are protecting our ability to talk to that customer exclusively."

Having recently launched a dedicated retail media business, David Jones Amplify, James Holloman has first-hand experience of how suppliers respond to commercialisation, "A brand that has purchased out-of-home advertising or television in the past knows that you have a billboard in front of your store that costs money. Brands that haven't invested in media are more likely to ask, why are you charging me for that? You'll experience tension if you don't have a media mindset."

The consensus amongst marketers interviewed was that whether you are using owned channels for your own communications or leveraging it with partner brands, you need to understand the value of your media ecosystem.

One retail media leader describes the internal interest once value is known, “The margin is the attractive point internally, in a lot of instances there’s not a great deal of capital investment if you’re already using certain assets for trade assets, to sell them in a different way. We have radio in our stores, so it’s relatively cost effective in those initial stages to put a minimum viable product together and start making money from it. That looks great to the business, because you can get a return quite quickly.”

> Independent valuation lends credibility.
>
> — *Lauren Bolling, NRMA*

Stuart Tucker at Hi Pages sees how placing a value on owned media changes attitudes towards it, “Valuation means that owned assets don’t get treated flippantly. In the old days, it used to be this spreadsheet and people would just get in it and would take all the assets. But it could have been a million dollars’ worth of value, and that should be treated with the same level of discipline as buying a million dollars’ worth of TV ads, but it doesn’t really happen that way.”

Lauren Bolling at NRMA described the importance of valuing owned media independently and was surprised at the value of their owned media, “Independent valuation lends credibility, because a lot of people would probably balk if we said, “this is how much an email is worth, and this is what you pay for it”, but the reality is that is what it’s worth. The value of the media across these different channels that we’re running for different partners, it’s extraordinary. It has helped to provide a tangible demonstration of what my team is doing.”

James Holloman was unequivocal in the importance of an independent audit, “Make sure to conduct a full audit of your owned media. It is extremely important to understand your inventory.”

The most common feedback on navigating internal management of owned media was that communication and processes between internal teams was often siloed and disjointed. One Retail Marketing Leader described the situation, “It’s still very much marketing sit here, and merchandising and retail media sit somewhere else. The problem is, there’s no gatekeeper who is rising above all of those different levels.”

Echoed by another retail CMO describing the challenge as follows, “Merch are primarily responsible for driving the commercial relationships of the business. You have merch selling something, and they’re looking at it through their own lens of their own category or business unit, and return generation through that lens, as opposed to from a marketing lens.”

As with any type of change, legacy behaviours and apathy exist within these large organisations. As another retail CMO put it, “The challenge is that you can bring people that understand the media side of things, but you also have to intimately understand the way our business works and the way our commercial terms work with trade partners. For it to succeed, it needs to be embedded in our business as opposed to something that happens off to the side.”

The foundation is laid for integrated owned media leverage

Increased sophistication in data and MarTech stacks have started to break down legacy structural issues and laid a foundation for integrated owned media leverage. Kate Blythe, CMO at Mecca, describes her experience, “We did a huge digital transformation project. We implemented a whole new tech stack, we re-platformed all our website, we built an app. So we were basically no longer a retailer with digital, it was less church and state, but is fully omni channel. So that was a gateway to doing things very differently.”

No doubt there are hurdles to overcome, however, as Woolworths, CBA, Coles, Endeavour Group and David Jones have proved, these are far from insurmountable.

James Holloman’s experience of internal change management with the merchandise teams is insightful, “We’ve created principles that align with our merchandising colleagues. Over the past two years we have collated the ownership of every single asset available into one place. We have empowered the team with a set of principles to place those assets. There will always be a phone call to say, why is that brand next to this brand? We have created a framework that enables us to adjudicate those moments that happen within the business.”

Owned media leverage models will be different for every organisation. About 50% of the market are leveraging value without charging cash money; for example to reduce investment in sponsorship deals or in paid media. The other half of the market are charging cash for owned media solutions provided to partner brands. Many organisations are doing both at the same time.

As a leading retail executive explained, “It’s going to be a different story in different categories. You’re going to have those brand partners that lean on the more conservative end of things, where they’re trying to extract the most bang for their buck, or they’re looking for media that has more accountability associated with it. I think that’s where retail media is going to be lightyears above the rest of the pack, because no one else is ever going to have that transactional data.”

“You also have marketers that would take the exact opposite approach, this brings me closer to trade, doesn’t it make sense that we collaborate more, and we get more bang for our buck? Aligning with our key distribution partners could be beneficial, we might get one plus one equals three.”

In the Utilities sector, membership growth is the main driver, as explained by Lauren Bolling at NRMA, “If we’ve got a new partnership, we put together a reciprocal marketing opportunity. We’re going to do X amount of promotion on your product or service to our membership base, and it might also include a contribution of $. In exchange for that, we might ask them to be doing similar marketing if they’ve got a sizable database, to acquire new members. Leveraging that value of what we can provide in our owned media to make it an opportunity for growing the member base.”

For David Jones Amplify, certain inventory was protected for their own communications and certain inventory was offered to partners for commercial leverage, James Holloman explains the importance of knowing when to charge, “You have to behave like a media owner, because someone in the primary benefit business will ask for it for free and you begin to erode its value. The opportunity cost is I could give it to you for free, but I have this person that wants to pay.”

Another retail executive explains the transition to structured monetisation, “Historically there’s always been brands within store, it’s just never been seen as a fiscal opportunity. Because everyone’s working in their own sections and merch were liaising with those people, then the opportunity to monetise that, to purchase marketing space, came up, and it was a bit ad hoc, no real process or planning. Now with the new supplier funded team, that just means there are guidelines, a strategy with how that maps out on the calendar year.”

In summary, all market sectors are finding their feet and excited about exploring what leveraging owned media means for *their* organisation.

Sector Rankings

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The global authority on owned media

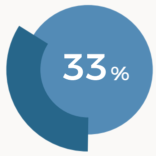
Category size:

$1.4Bn

YoY change:

17%▲

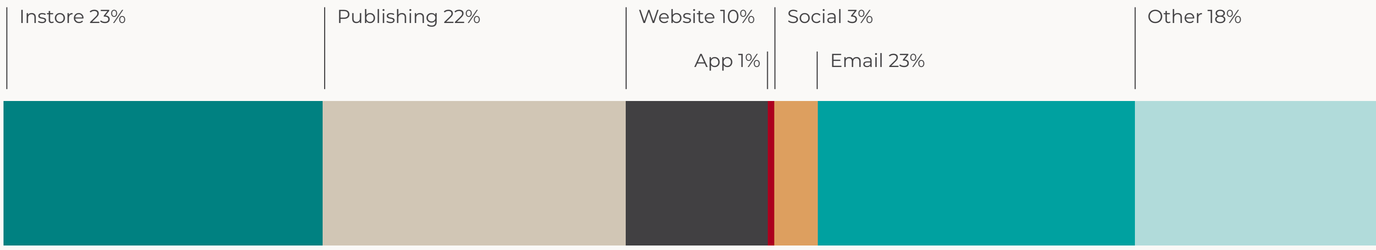
Market share:



Average commercial potential per business:

$30.6M

Owned media profile:



Top five businesses:

1 - Amazon
2 - BIGW
3 - Chemist Warehouse
4 - Officeworks
5 - David Jones

Ones to watch:

Bunnings
Accent Group
JB-Hi-FI
Mecca
Kmart

Sector development

Amazon is the year's big mover, jumping from 5th to 1st place in the rankings, with a phenomenal 63% growth in revenue. Recent quarterly revenue calls are indicating this level of growth will continue into next year at least.

As predicted in last year's report, David Jones moves from one to watch to 5th place following the launch of their retail media business Amplify. Accent Group and Mecca have emerged as one's to watch this year on the back of strong business and customer growth. Kmart have had more pressing priorities with the Target store changeovers but remain well-placed for the future.

Average commercial potential has dropped slightly YOY, a reflection of new, smaller retailers entering the retail media market.

> It is essential for retailers to understand the value of media
>
> *— James Holloman, CMO, David Jones*

Tips for Growth

Multi-brand retailers like department stores, home electronics, sport & leisure, beauty, pet care and pharmacies represent the biggest opportunity for growth. The time is now to size the prize and understand all leverage opportunities. Once executive engagement is secured, the next step is work with the merchandise department to align on the most effective model for leverage.

Non-endemic brands also represent an untapped opportunity for retail businesses. This approach relies on the ability to shape an audience solution equal to or better than the paid media offerings. It requires more sophisticated solutions, technology, data and resource, however, it does yield high margin revenue to businesses who get it.

Sector Challenges

Education of merchandise teams on the value of owned media and the significant growth opportunity is a critical challenge to overcome. Often Merch teams are simply not aware of the value of the media they are giving away. Our data states an average of $48M per business, per annum is being given away to suppliers.

What you need to know

- Amazon is the largest owned media player in the Retail Aggregator category
- Average commercial potential in the category is $30.6M
- Growth potential is greatest for this category
- Retail Aggregators need to engage Merchandise teams on the journey

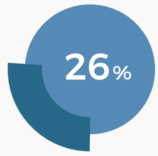
Category size:

$1.2Bn

YoY change:

12% ▲

Market share:



Average commercial potential per business:

$93.6M

Owned media profile:

Top five businesses:

1 - Woolworths
2 - Coles
3 - Dan Murphy's
4 - BWS
5 - Liquorland

Ones to watch:

First Choice
Vintage Cellars

Sector Development

The big themes in the Grocery & Liquor sector are improved sales capabilities & new budget sources. With the 3 main players (Cartology, MixIn and Coles360) all significantly bolstering their capabilities across resource, data and tech. The sophistication and proven efficacy of their retail media offerings has made them attractive to Brand marketers as well as Trade marketers, representing a growing revenue stream. According to McKinsey research[1], over 80% of retail media revenue is net new revenue made up by revenue from digital media, brand and media agencies.

Those organisations with dedicated retail media offerings have bumped others out of the Top 5 this year. The average commercial potential per business has reduced slightly YOY to $93.6M as new, smaller companies enter the market, bringing the average down.

> Content plus transactional capability and targeting equals a better experience for the customers.
>
> — *Retail Media Leader*

Reference:
[1] https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/busted-five-myths-about-retail-media

Tips for Growth

The Grocery & Liquor retail media businesses are the most advanced in the country by far. Their offering is superior to many paid media owners by virtue of the first-party data at their disposal, this is the key differentiator and what makes their targeting and reporting capabilities so compelling to partner brands. Continuing to give suppliers access to this valuable data is going to be a key growth driver.

Sector Challenges

As retail media businesses attract broader revenue sources, they also attract attention. One of the challenges is effectively working with media agencies who may have had their brand budgets reduced by brands going direct to the retailers. An effective working model doesn't seem to have materialised yet as traditional processes are disrupted. Ultimately, the onus is on the Trade and Marketing teams to identify the optimal way of working, either with retail media owners direct or via their media agencies.

What you need to know

- Average commercial potential is largest in the owned media market at $93.6M
- Woolworths' Cartology continue to dominate the sector, enhancing their position of retail media leadership
- Money continues to flow from multiple sources as data-driven solutions deliver results
- Fast growth always brings challenges and the agency model is a WIP

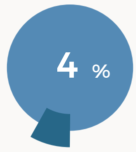
Category size:

$180.6M

YoY change:

19%▲

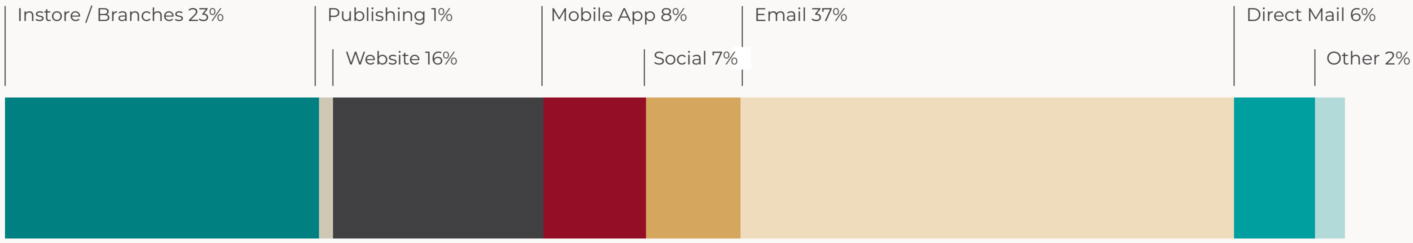
Market share:



Average commercial potential per business:

$13.9M

Owned media profile:



Top five businesses:

1 - CBA
2 - Westpac Group
3 - ANZ
4 - NAB
5 - Amex

Ones to watch:

VISA
Mastercard

Sector Development

Despite a record rate of decline in total physical bank branches, the Finance sector is the highest growth sector in the owned media market at 19% YOY. Growth is driven in part by new entrants, combined with the focus placed on owned media leverage by CBA. The customer pool is vast and the first party data is unparalleled so it was only a matter of time before brands started requesting access to such a desirable customer base. The launch of CBA's Brighter magazine feels like the tip of the iceberg for the sector.

The credit card businesses continue to explore how they can leverage their digital owned media networks as support given to Offers partners. With Amex, Visa and Mastercard all investing in Offers programs for targeted customer segments.

The finance sector is building owned media infrastructure

Tips for Growth

Whilst CBA dips its toe into commercialisation, the prevailing use case for the sector is in leveraging owned channels to connect with customers more effectively and efficiently. Immediate savings in paid media investment can be made by a better understanding of the size and value of an organisation's owned media network. Banks are realising they can adopt an 'owned-first' approach to their communication which generates positive brand metrics and growth in product cross-sell.

Sector Challenges

Reorganising marketing teams around an 'owned-first' approach requires a shift in mindset and roles. ANZ is the benchmark here, having recently restructured their entire team around leveraging owned data and channels as a priority. Marketers, however, are no strangers to restructures and should take such change in their stride.

What you need to know

- Average commercial potential is $13.9M with significant room for growth
- CBA are leading the way for other banks to follow with Amex leading the credit cards
- Data quality and leverage opportunities are unparalleled
- Adopting an 'owned-first' approach for proprietary marketing is the typical use case

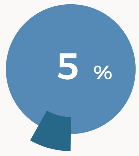
Category size:

$234.7M

YoY change:

6%▲

Market share:



Average commercial potential per business:

$31M

Owned media profile:

Top five businesses:

1 - Mobil / 7-Eleven
2 - BP
3 - Ampol
4 - Shell / Reddy Express
5 - United

Sector Development

The big news in the sector over the past 12 months is Viva Energy buying up 710 Coles Express service stations and slowly rebranding them to Reddy Express. This brings a change in the range of media inventory available to advertisers. All sector players are yet to add retail media sophistication to their legacy media leverage models which are typically focused on the convenience store and forecourt.

As the rollout of EV charging stations continue across the nation there will be more signage or digital screens available, which in turn increases the revenue potential for the sector.

Growth exists with operational change and minimal investment

Tips for Growth

More EV charging stations bring more media placements and it follows that these will be digital and in highly visible locations, which will be attractive to advertisers. Loyalty programmes continue to be the main direct 1-on-1 channel to customers, typically via app and email. Transaction data from loyalty customers is invaluable for the sector to add targeting smarts to their media offering and something convenience store suppliers will be familiar with from dealing with Cartology and Coles360.

Sector Challenges

Reorganising siloed structures around the future will be the key to unlocking the vast growth potential in this sector. Aligning merchandise, loyalty and marketing departments with a common goal around retail media will certainly drive change, as we have witnessed to phenomenal effect in the Grocery & Liquor sector. Decoupling arrangements with forecourt media sales partners will also be something to navigate if media sales is to be brought in-house.

What you need to know

- The P&C sector is yet to move on from legacy retail media models
- Average commercial potential is $31M per business
- Significant opportunity for media revenue growth exists with operational change and minimal investment
- First party data is highly leverageable as per Grocery & Liquor sector

Going Forward

As owned media leverage goes mainstream, our predictions from last year's report remain relevant:

- **Increase in non-retail businesses leveraging owned media**
  We have seen this with CBA, Cash Rewards and many more
- **Data-driven solutions to remain pivotal for sustained success**
  This will continue as suppliers demand targeted, no wastage access to customers
- **Retail media explosion to continue**
  David Jones was the big story this year, more are primed to follow
- **Owned media MarTech platforms to gain traction**
  Organisations will continue to strive for multi-platform integrations
- **Increase in number of Loyalty Programs leveraging media value**
  Organisations from all sectors are realising the appeal of their customer transaction data to partners

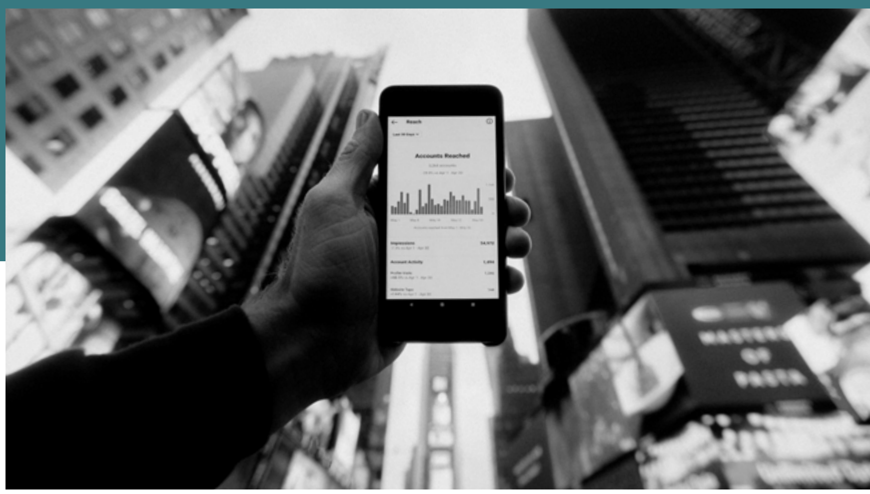
More sophistication
We predict owned media becoming more sophisticated and many of the capabilities in paid media transferring to owned media. James Holloman from David Jones Amplify shares this view, "If I consider the physical store, there might be different times of the day for certain brands. Is there a more mature audience on a Monday compared to a Saturday? Are there differences in audience composition between morning and night?" David Jones has already adopted retina engagement technology in their digital screens which is not found even in some paid media outdoor networks.

Owned/retail media to feature on more media plans
With increased pressure on marketing budgets (Trade or Brand) to deliver a ROI, owned media channels which can be targeted and reported on better than any paid media channel, will become increasingly popular amongst marketers and their media agencies. We have already seen this shift in the shopping centre digital screen market - why buy in-mall screens when you can buy store entrance screens? And the same applies in all digital channels, a trend which will be heightened by the long-promised third party cookie crumbling.

Beyond digital to true omnichannel media leverage

There has been a rush to commercialise websites first because it is familiar and systems may already be in place (CMS/Ad servers), however it is important to note that Display and Search contribute just 10% to the total owned media market revenue. In fact, bricks and mortar businesses are best placed for owned media leverage due to their vast array of instore media formats.

For the past decade the hottest topic amongst retailers has been creating omnichannel businesses and retail media is by default an omnichannel opportunity. Channels like email, custom magazines, instore, apps, social and catalogues cannot be overlooked when formulating retail media strategies. Supplier-funded sponsored search is not a fully leveraged retail media program, it is dipping a toe in the ocean.



Appendix

SONDER

The global authority on owned media

Definitions

Owned media
A media asset that attracts an audience and can be used as a media vehicle for partner marketing communications.

Retail media
Retail media refers to owned media monetisation in the grocery, liquor and retail sectors.

Partners
Partners is used in this report as an all-encompassing term including sponsorship partners, product partners, brand partners, vendors or suppliers.

Commercial Potential
The maximum value an organisation could expect to leverage in annual revenue from their owned media assets.

Grocery & Liquor combines supermarkets and liquor, partly due to liquor being sold in supermarkets in the advanced owned media markets of US & Europe and partly due to their similarities as high frequency purchase businesses.

Retail Aggregators refers to retailers which sell multiple brands. Included in Retail are department stores, electricals, beauty, fashion, home improvement, sport & leisure, pure-play ecommerce, pet and pharmacies. A retailer which only sells its own product is excluded as they have no partners to leverage.

Telcos refers to all telecommunications providers.

Finance includes all financial services, banks and credit card providers that have loyalty rewards programs and/or brand partnerships.

Petrol & Convenience includes all petrol stations and their convenience partners.

Travel refers to all Australian airlines, travel retailers and hotel groups.

Shopping Centres includes all shopping centres with media offerings.

Utilities refers to the retail and partner-based programs of postal and energy providers.

Education relates to tertiary education campuses and digital assets.

It is important to consider the following:

1. Rankings based on Commercial Potential

Owning media channels is distinct from leveraging those channels commercially. A business might have an extensive owned media network with vast audiences but choose not to commercialise it. This ranking and report highlights businesses that are commercialising their owned media network in some way. Businesses are ranked based on their existing owned media's commercial potential.

2. Direct vs Indirect Revenue

There are two ways an organisation can commercialise their media:

- *Direct revenue* is when money is charged to partners for using the host's media channels and accessing their audience. This is like the paid media market and is common in Retail & Grocery sectors.
- *Indirect revenue* is when value is represented to partners in commercial arrangements. For example, with sponsorship partners, merchandise vendors or loyalty reward offer programs. This is common in Telco & Finance sectors.

Some organisations commercialise exclusively via direct or indirect revenue models although many do both at the same time. This ranking and report includes both.

3. Commercialisation factors

There are a number of factors that contribute to a business's commercial potential:

- Partner demand for audience/offering
- Number of media assets
- Scale of media assets (audience traffic)
- Media sales capability
- Data leverage capability
- Media sales technology stack
- Number of media formats within channels
- Advertiser presence within formats (shared vs solus)
- Number of partners (this can range from several to tens of thousands)
- Frequency of partner presence within ecosystem (fill rates)

Rankings are based on an independent analysis of an organisation's performance in these areas.

If you would like more information as to where your business sits in the ranking, please contact us at: hello@sondermedia.com

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