ACTIVATE CONSULTING TECHNOLOGY & MEDIA OUTLOOK 2025

ECOMMERCE

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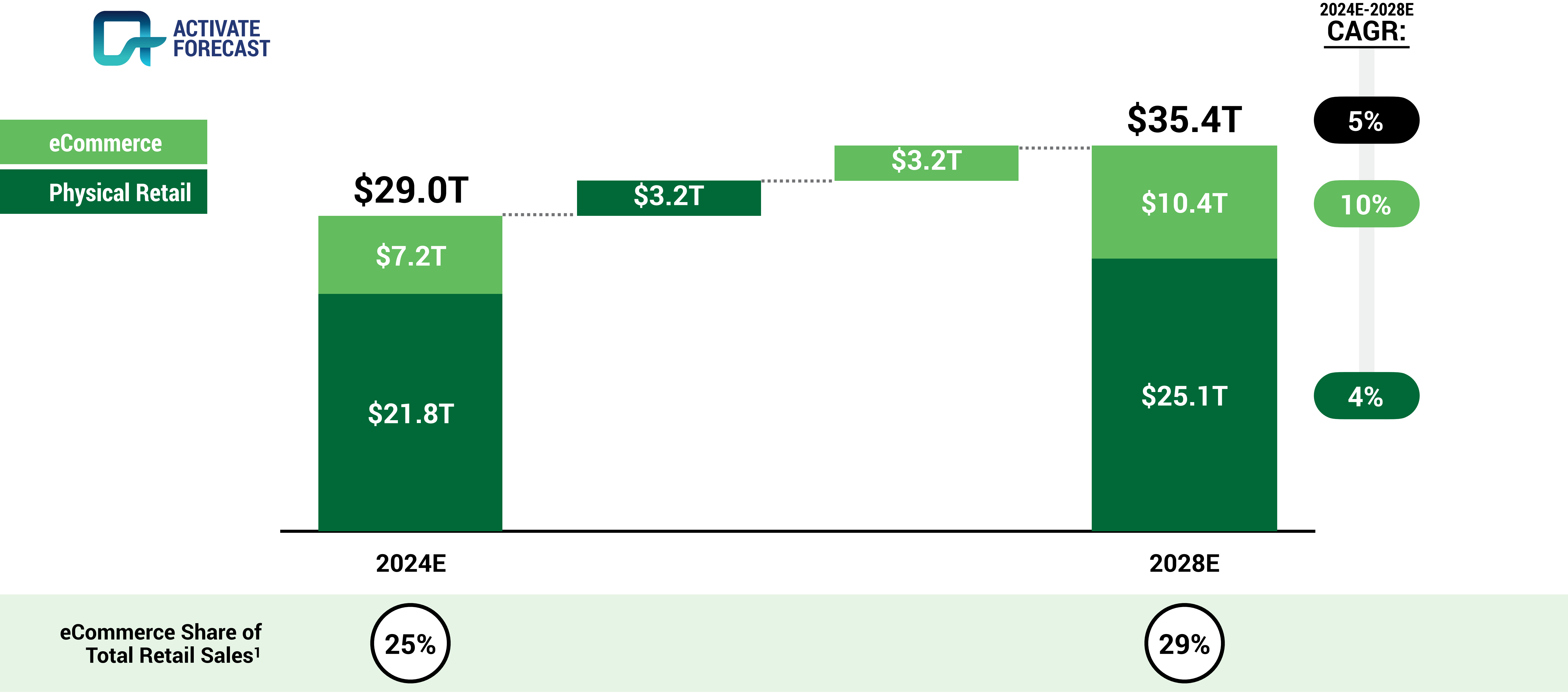
We forecast that global eCommerce and physical retail will each add over $3T growth dollars over the next four years; total eCommerce and physical retail sales will surpass $35T in 2028

RETAIL SALES[1] BY CHANNEL[2], GLOBAL, 2024E VS. 2028E, TRILLIONS USD

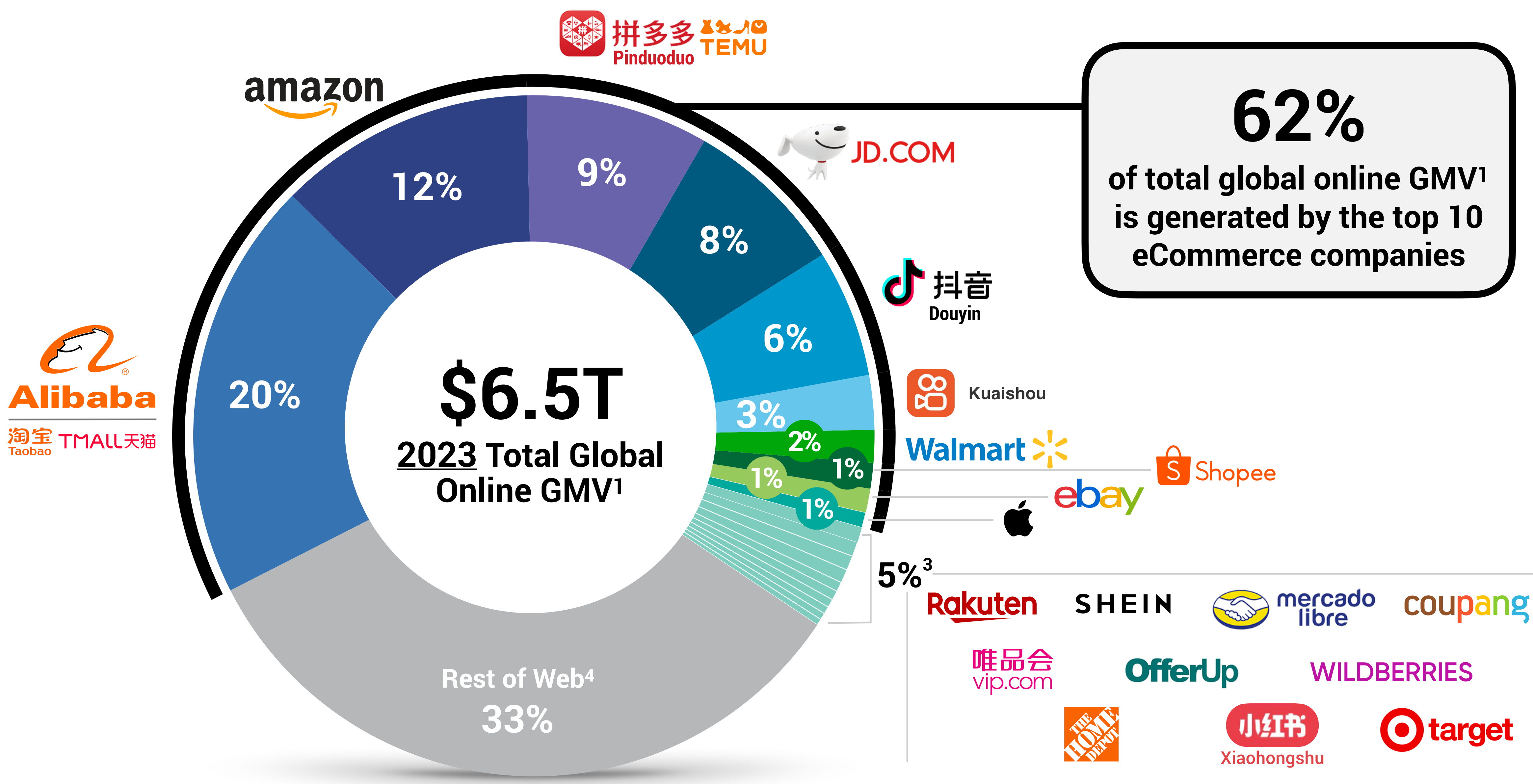
ACTIVATE FORECAST



1. Excludes travel and event tickets, food and drink services, and vice goods and activities.
2. Figures do not sum due to rounding.
Sources: Activate analysis, eMarketer, Research and Markets

Global eCommerce merchandise volume will continue to be dominated by the top 10 companies; nevertheless, we expect there will be opportunities for a large set of other retailers

SHARE OF ONLINE GROSS MERCHANDISE VOLUME (GMV)[1] BY COMPANY[2], GLOBAL, 2023, % TOTAL ONLINE GMV[1]



62%
of total global online GMV[1] is generated by the top 10 eCommerce companies

1. Excludes travel and event tickets, food and drink services, and vice goods and activities. 2. Figures do not sum due to rounding. 3. Each company accounts for less than 1% of the total online GMV. 4. Includes all of online GMV not covered by the top 20 eCommerce companies.
Sources: Activate analysis, Company filings, Company press releases, Company sites, Digital Commerce 360, eMarketer, The Financial Times, The Information, KrASIA, Research and Markets, U.S. Internal Revenue Service

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eCommerce is a marketplace business, with third-party sellers generating nearly 85% of online GMV for the top 10 eCommerce players

SHARE OF ONLINE GMV[1] OF TOP 10 ECOMMERCE COMPANIES BY SALES TYPE, GLOBAL, 2023, % TOTAL ONLINE GMV[1] OF TOP 10 ECOMMERCE COMPANIES

SHARE OF ONLINE GMV[1] BY SALES TYPE FOR TOP 10 ECOMMERCE COMPANIES, GLOBAL, 2023, % TOTAL ONLINE GMV[1] BY COMPANY

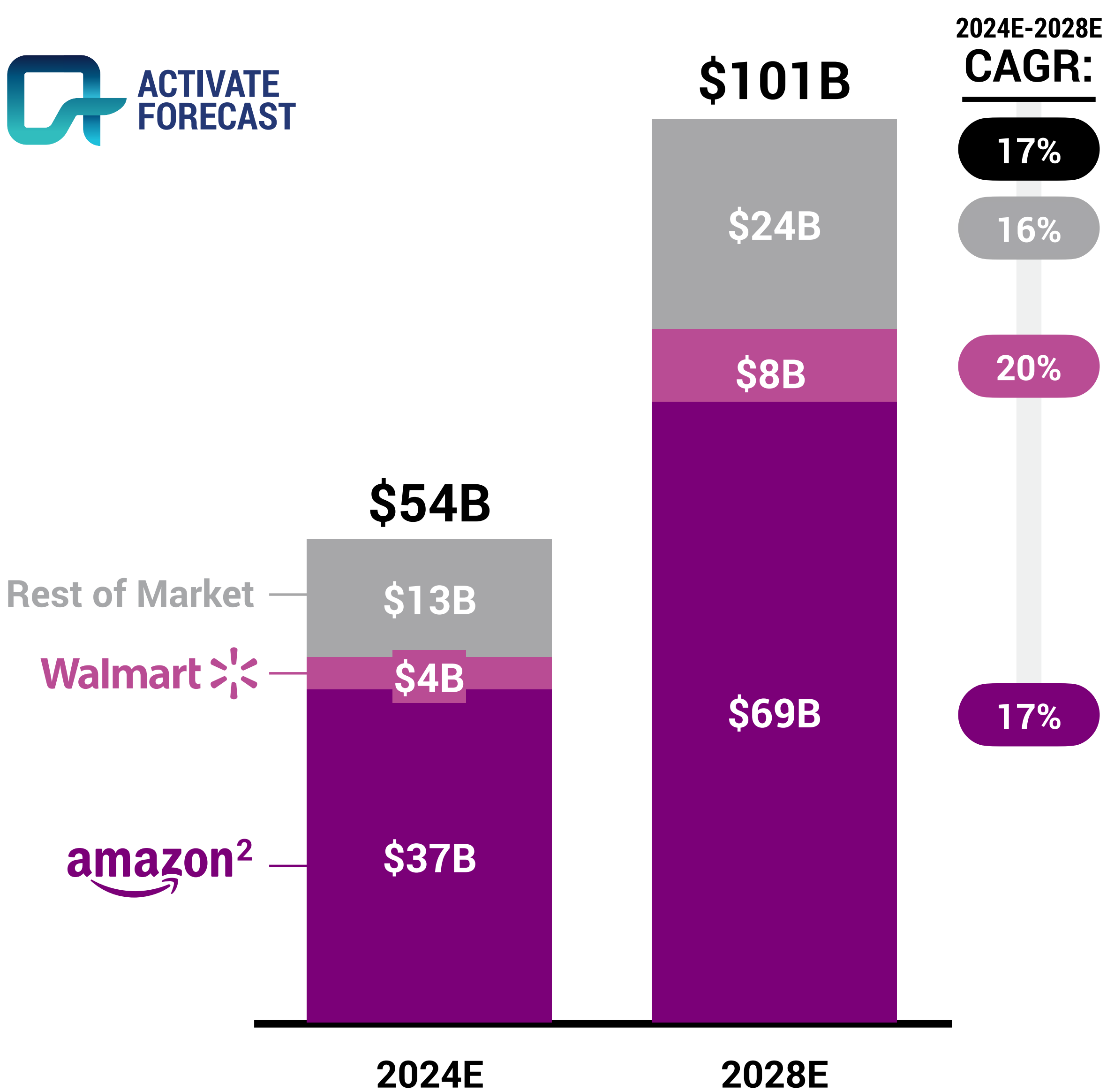
BUSINESS MODEL	ECOMMERCE COMPANY	MARKETPLACE LAUNCH YEAR	2023 GLOBAL ONLINE GMV[1]: MARKETPLACE	DIRECT RETAIL
MARKETPLACE ONLY	Alibaba	2003	100%	
	拼多多 Pinduoduo	2015	100%	
	抖音 Douyin	2018	100%	
	Kuaishou	2019	100%	
	Shopee	2015	100%	
	ebay	1995	100%	
HYBRID	amazon	1999	64%	36%
	JD.COM	2010	50%	50%
	Walmart	2009	12%	88%
DIRECT RETAIL ONLY		N/A		100%

9 of the top 10 global eCommerce players operate a marketplace

1. Excludes travel and event tickets, food and drink services, and vice goods and activities.
Sources: Activate analysis, Company filings, Company press releases, Company sites, Digital Commerce 360, eMarketer, The Information, KrASIA, Research and Markets, U.S. Internal Revenue Service

Retailers are becoming media companies; we forecast that U.S. retail media revenue will nearly double over the next four years, reaching over $100B by 2028

RETAIL MEDIA NETWORK ADVERTISING REVENUE[1] BY COMPANY, U.S., 2024E VS. 2028E, BILLIONS USD



EXAMPLES OF RETAIL MEDIA SOLUTIONS USED BY RETAILERS

Retail media solutions for retailers include:

- **Supply-facing solutions** (such as ad serving and monetization)
- **Demand-facing solutions** (such as ad sales and media activation)

EXAMPLES

CRITEO, Google, theTradeDesk, yahoo!, Epsilon / CitrusAd, Microsoft[3] / PromoteIQ, Neptune Retail Solutions / Quotient, Bridg / rippl, INMAR intelligence, instacart, SWIFTLY, ROKT, vibenomics, kevel, koddi, dunnhumby, PACVUE, skai, MOLOCO, TOPSORT, CommerceIQ, Flywheel, Stackline, Quartile

In addition to these retail media solutions, retailers will also need support with optimizing the holistic on-site shopping experience, across both sponsored and organic discovery

1. Includes revenue from on-site, off-site, and in-store retail media. 2. Excludes Amazon OTT ad revenue (e.g. from Prime Video, Twitch, Fire TV), as ads on these platforms are not typically purchased using retail media data. 3. While official announcements have not yet been made, reporting indicates that Microsoft will be shuttering PromoteIQ.
Sources: Activate analysis, Barclays, Company filings, Company press releases, Company sites, Digiday, eMarketer, GroupM, MAGNA

Today's consumers are multi-channel shoppers – using a range of online channels for shopping inspiration and research – including retail, social, and search

WEBSITES/APPS TYPICALLY USED FOR SHOPPING INSPIRATION AND RESEARCH, U.S., 2024, % ONLINE SHOPPERS[1]

Typical sources for shopping inspiration and ideas	WEBSITES/APPS	Typical sources for shopping research and consideration
79%	amazon	68%
57%	Walmart	47%
34%	target	29%
29%	Social media platform (e.g. TikTok, Facebook, Instagram)	24%
25%	ebay	21%
24%	Traditional search engines (e.g. Google, Bing, Yahoo)	38%
20%	YouTube	19%
15%	Membership warehouse club (e.g. Costco, Sam's Club, BJ's)	13%
15%	Specific brand's online store (e.g. Apple, Nike, Fenty Beauty)	12%
12%	Other online store that sells multiple brands (e.g. Best Buy, Foot Locker, Ulta)	9%
10%	Online delivery service (e.g. Instacart, Shipt, FreshDirect, DoorDash)	6%
8%	Other online marketplace that offers items from multiple sellers (e.g. OfferUp, Etsy, Poshmark, Wayfair)	6%

ACTIVATE CONSUMER INSIGHT

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1. "Online shoppers" are defined as adults aged 18+ who shopped online at least once in the last 12 months. Shopping includes browsing as well as making purchases.
Sources: Activate analysis, Activate 2024 Consumer Technology & Media Research Study (n = 4,004)

Younger online shoppers are more likely to use social platforms over traditional search engines for both inspiration and research

TOP WEBSITES/APPS TYPICALLY USED FOR SHOPPING INSPIRATION AND RESEARCH BY AGE GROUP,
U.S., 2024, % ONLINE SHOPPERS[1] BY AGE GROUP

	Top 5 websites/apps typically used for shopping inspiration and ideas			Top 5 websites/apps typically used for shopping research and consideration		
	Aged 18-34	Aged 35-54	Aged 55+	Aged 18-34	Aged 35-54	Aged 55+
1	amazon 71%	amazon 80%	amazon 82%	amazon 62%	amazon 72%	amazon 70%
2	Walmart 60%	Walmart 65%	Walmart 48%	Walmart 52%	Walmart 55%	Traditional Search (e.g. Google, Bing, Yahoo) 46%
3	target 43%	target 45%	Traditional Search (e.g. Google, Bing, Yahoo) 26%	Social (e.g. TikTok, Facebook, Instagram) 38%	target 38%	Walmart 38%
4	Social (e.g. TikTok, Facebook, Instagram) 40%	Social (e.g. TikTok, Facebook, Instagram) 38%	ebay 24%	target 38%	Traditional Search (e.g. Google, Bing, Yahoo) 36%	ebay 17%
5	YouTube 29%	ebay 27%	target 20%	YouTube 29%	Social (e.g. TikTok, Facebook, Instagram) 31%	target 15%

- Traditional search engines are being eclipsed, with younger online shoppers more likely to use social platforms for both product inspiration and research
- As a result, retailers are launching direct integrations with social platforms; most notably, Amazon is in the process of rolling out integrations with Meta, TikTok, Snap, and Pinterest
- Through these integrations, consumers can link their Amazon account and seamlessly purchase items from Amazon ads without leaving the social platform

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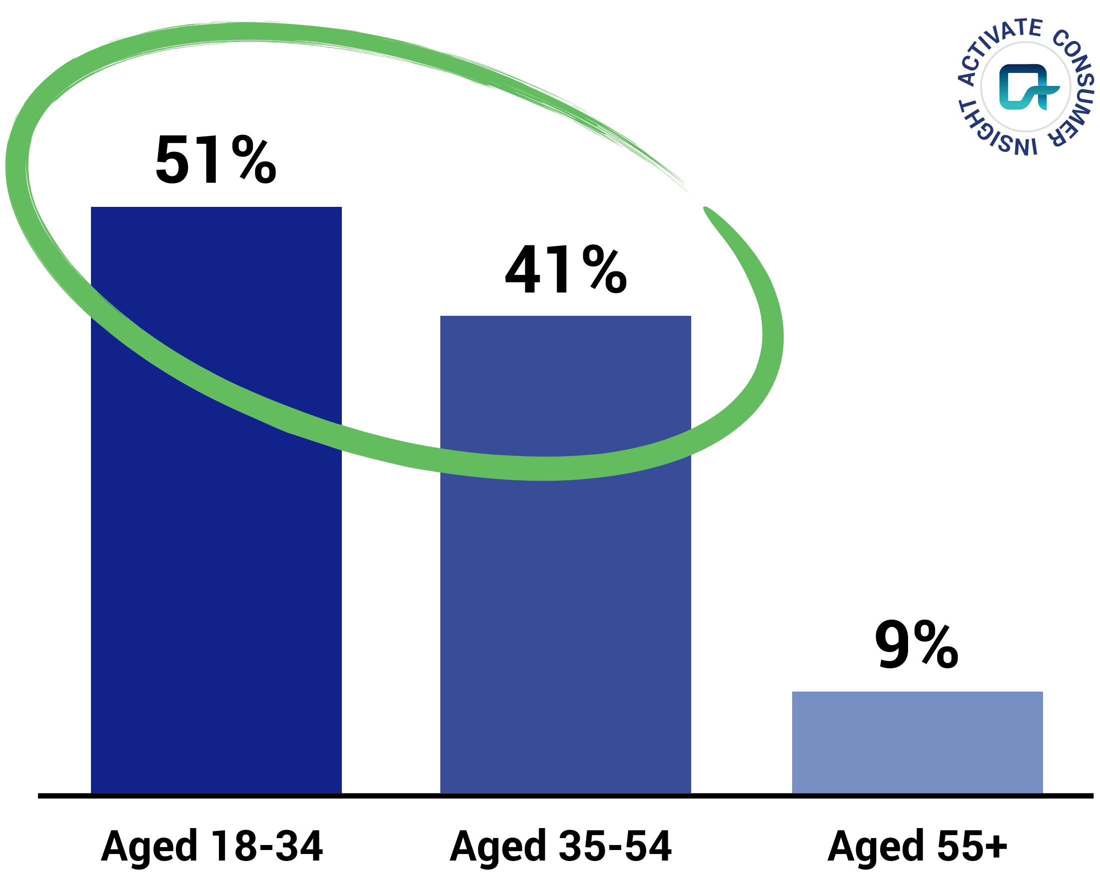
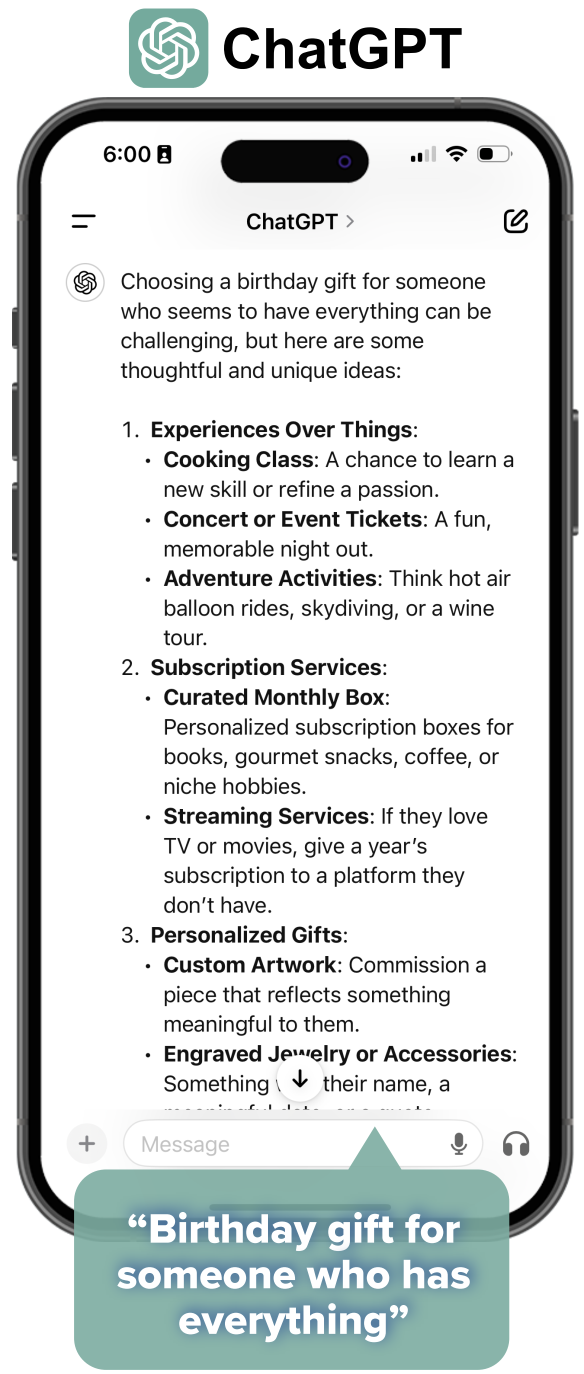
Sources: Activate analysis, Activate 2024 Consumer Technology & Media Research Study (n = 4,004), Company press releases, Company sites, The Information

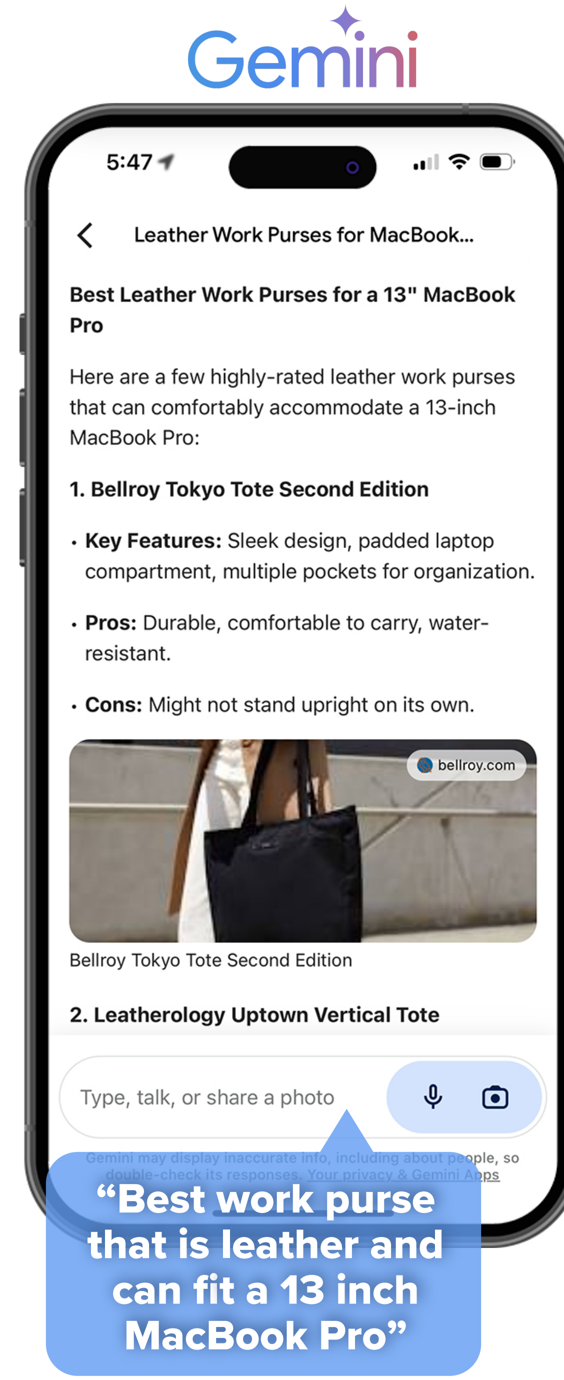
ChatGPT and other generative AI search services are quickly becoming a mainstream source for inspiration and research; looking ahead, all retail platforms will need to integrate generative AI shopping assistant tools

USAGE OF GENERATIVE AI SEARCH SERVICE FOR SHOPPING INSPIRATION OR RESEARCH IN THE LAST 12 MONTHS BY AGE GROUP, U.S., 2024, % ONLINE SHOPPERS[1] BY AGE GROUP

Share of online shoppers[1] that used a generative AI search service (e.g. ChatGPT, Google Gemini) **to find shopping inspiration and ideas or to do shopping research in the last 12 months**







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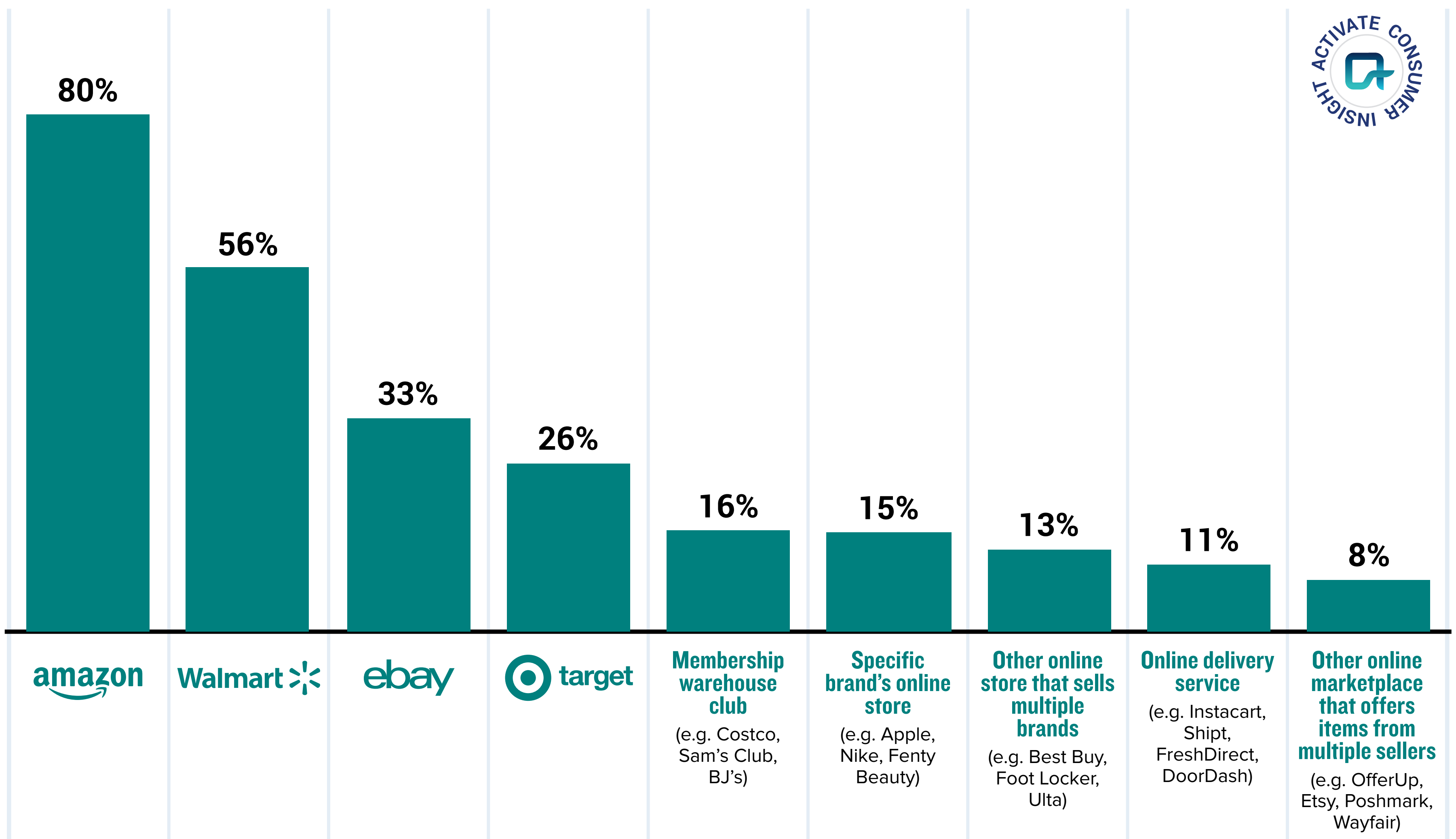
1. "Online shoppers" are defined as adults aged 18+ who shopped online at least once in the last 12 months. Shopping includes browsing as well as making purchases.
Sources: Activate analysis, Activate 2024 Consumer Technology & Media Research Study (n = 4,004), Company sites

As consumers purchase across a broad set of online channels, brands will need to pursue multi-channel sales strategies, including marketplaces and other retailers, as well as direct-to-consumer platforms

WEBSITES/APPS PURCHASED FROM IN THE LAST 12 MONTHS, U.S., 2024, % ONLINE PURCHASERS[1]



CHALLENGES OF MULTI-CHANNEL MANAGEMENT FOR BRANDS

- **BRANDING AND VALUE PROPS**
  Maintaining the same brand identity across online channels
- **DEMAND & SUPPLY PLANNING**
  Optimizing assortment and inventory allocation across online channels
- **PRICING**
  Ensuring consistent prices and promotions across online channels
- **RETAIL MEDIA**
  Determining the optimal ad spend allocation and tactics across online channels
- **EXPERIENCE**
  Coordinating across online channels to deliver a uniform customer experience
- **DATA ANALYTICS**
  Unifying customer data and insights across online channels

Brands cannot rely on D2C alone to scale; they will need to sell through marketplaces and other online channels

Winning brands will be those that can navigate the unique set of challenges related to multi-channel management

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1. "Online purchasers" are defined as adults aged 18+ who made an online purchase at least once in the last 12 months.
Sources: Activate analysis, Activate 2024 Consumer Technology & Media Research Study (n = 4,004)

To meet the needs of today's multi-channel shoppers and drive eCommerce growth, brands and retailers will integrate large commerce tech stacks across a range of enablement providers

ACTIVATE ECOMMERCE ENABLEMENT FRAMEWORK

CORE ECOMMERCE PLATFORMS
- Adobe Commerce
- commercetools
- shopify

CUSTOMER RELATIONSHIP MANAGEMENT
- HubSpot
- Microsoft Dynamics 365
- salesforce

MARKETING
- attentive
- braze
- klaviyo

SEARCH ENGINE OPTIMIZATION
- BRIGHTEDGE
- conductor
- SEMRUSH

FRONTEND & STOREFRONT BUILDING
- alokai
- shogun
- tapcart

CONTENT MANAGEMENT
- contentful
- CONTENTSTACK
- storyblok

SEARCH & DISCOVERY
- algolia
- bloomreach
- Constructor

PRODUCT INFORMATION
- akeneo
- inriver
- SALSIFY

PRICING
- Feedvisor
- Intelligence Node
- omniaretail

MARKETPLACE
- MIRAKL
- UNIRGY
- VTEX

VIRTUAL STORE CREATION
- byondxr
- EMPERIA
- Obsess

LIVESTREAM SHOPPING
- buywith
- CS
- talkshoplive

VIRTUAL VISUALIZATION & FIT TOOLS
- nextech3D.ai
- PERFECT
- TRUE FIT

SUBSCRIPTIONS
- recharge
- Recurly
- Repeat

CHECKOUT & PAYMENTS
- BOLT
- PayPal
- stripe

POS FINANCING
- affirm
- afterpay
- Klarna.

FRAUD PROTECTION
- FORTER
- riskified
- Signifyd

DEMAND & SUPPLY PLANNING
- ORACLE
- RELEX
- Toolio

FULFILLMENT LOGISTICS
- amazon
- Manhattan
- shippo

ORDER TRACKING EXPERIENCE
- aftership
- malomo
- narvar

CUSTOMER REVIEWS & CONTENT
- bazaarvoice
- Okendo
- POWER REVIEWS

RETURNS
- Happy Returns
- loop
- optoro

RE-COMMERCE
- ARCHIVE
- THREDUP
- TROVE

CUSTOMER SUPPORT
- freshworks
- gorgias
- zendesk

LOYALTY & REWARDS
- rise.ai
- Talon.One
- yotpo.

DATA ANALYTICS
- daasity
- Heap
- Numerator

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Note: Not exhaustive.
Sources: Activate analysis, Company press releases, Company sites

Shifting consumer habits, new retail formats, value props, and buying experiences will reshape the future of eCommerce

KEY CONSUMER ECOMMERCE TRENDS AND EXAMPLE STRATEGIES IN RESPONSE FROM MAJOR RETAILERS IN 2024

Deep-Discount Marketplaces

Consumers will shift spend to marketplaces, such as Temu and Shein, that specialize in extremely low-priced items by shipping directly from international manufacturers

Example Strategy: Amazon is reportedly launching a deep-discount storefront on its platform, allowing direct shipments from China-based manufacturers

Re-Commerce

Consumers will demand resale and rental options for greater sustainability, lower prices, and more frequent item refreshes

Example Strategy: Walmart debuted an expanded resale storefront and became the first third-party sales partner for resale platform StockX

Paid and Free Loyalty Memberships

Consumers will prioritize retail companies with strong paid shopping program memberships and free loyalty programs

Example Strategy: Target introduced a paid shopping program membership and upgraded the benefits of its free loyalty program

In-Game Shopping

Consumers will seek to do real-world shopping activities in their favorite immersive virtual worlds

Example Strategy: Roblox partnered with Shopify as its first commerce integration partner to enable in-game purchases of physical items

Omni-Channel Retail

Consumers will value retail companies that provide an omni-channel shopping experience, seamlessly blending online and in-store

Example Strategy: Best Buy made updates to its mobile app and physical locations specifically designed to better integrate the two for enhanced in-store shopping

Flexible Fulfillment

Consumers will require delivery and pickup optionality, including same-day and scheduled options

Example Strategy: Albertsons expanded its Instacart partnership (launching 30-minute convenience item delivery and extending pickup) and entered into a partnership with Grubhub (becoming its first national grocery partner)

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Sources: Activate analysis, Activate 2024 Consumer Technology & Media Research Study (n = 4,004), Chain Store Age, Company press releases, Company sites, Digital Commerce 360, The Information, Modern Retail, Retail Dive, Retail TouchPoints, Supermarket News, USA TODAY, Yahoo Finance

In this complex environment, eCommerce businesses will need to optimize against their key performance drivers

Marketing Effectiveness

Optimize marketing spend allocation (including data and segmentation, evaluation of existing solutions and partner ecosystems) **to maximize customer acquisition and retention**

Pricing

Build differentiated and dynamic pricing capabilities

Loyalty

Create rewards programs (including structure, tiering, and benefits) **and other loyalty initiatives to drive customer satisfaction**

Merchandising and Assortment

Implement a sophisticated approach to portfolio optimization and expansion to align with customer needs

Customer Experience and Service

Define the seamless customer shopping journey from inspiration to post-purchase, aligning with new discovery and buying habits

Channel and Ecosystem

Maximize market reach and commercial impact by identifying high-potential channels and strategic ecosystem partners

Brand

Differentiate positioning and showcase unique value propositions

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Source: Activate analysis

ACTIVATE 2025 DATA PARTNERS

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