# Redefining Retail Advantage

## Retail Proposition Index 2025

November 2025

OC&C Strategy consultants

uncommon sense™

## What causes a shopper to choose one retailer over another?

The OC&C Retail Proposition Index answers this through the sector's most comprehensive analysis of consumer attitudes

## The Retail Proposition Index in Numbers

First Launched

**2010**

Ratings analysed since launch

**76.3m**

Consumers surveyed in 2025

**39,436**

Countries included in 2025 survey

**8**

Number of retailers rated in 2025

**582**

# As the squeeze on consumer spending and price inflation ease, retailers are bringing focus back to strategic opportunities to future proof their models

## Retailers are once again looking at strategic opportunities to step-change their customer propositions and economics…

- Retailers have faced sustained structural pressures in recent years, with both volumes and margins squeezed by heightened consumer price sensitivity during the inflationary period
- Economic growth and inflation are now returning to steadier long-term rates creating a more stable macro backdrop
- However, business confidence remains low and retail/consumer margins are structurally depressed vs pre-2020
- Against this backdrop, retailers once again have the space to bring attention to longer-term strategic opportunities to re-invigorate volume growth and future-proof the customer proposition…
- …As well as enhance underlying margin profile. Profitable growth is more critical than ever given the softer starting point on margins than before the squeeze

## …And there are five consistent topics on the minds of retail leaders

**The Return of Loyalty**
*Customer repeat is once again front of mind, and loyalty schemes across markets are being revamped and relaunched to drive habitual behaviours and enhance returns on investment*

**Participating in the Resale Revolution**
*2nd hand is booming, driven by both mass market adoption and increasing frequency. This presents both a structural threat to first-hand volumes, and opportunity for first-movers to benefit*

**Marketplaces 2.0**
*Retailers are increasingly launching in-house marketplace propositions as a capital-light and margin-accretive lever to improve range authority and deliver incremental Ecomm growth*

**The Future Role of Agentic AI**
*AI adoption is progressing fast and has potential to fundamentally re-shape digital customer acquisition channels. While future state remains uncertain, retailers should prepare to respond quickly*

**Accessing the Retail Media Opportunity**
*As Retail Media models evolve, retailers are looking at both alternative ways to participate and how to unlock incremental pools of media income to fuel the next wave of growth*

Source: Capital IQ, OC&C analysis


The 2025 Champions

# Stability gives way to shake-up as sportswear giants Nike and Adidas dethrone traditional UK favourites M&S and John Lewis

## Top 10 Rated Retailers[1], UK 2016-25


1. Considering everything you know about the following brands / retailers, what is your overall opinion of each?

Source: OC&C Retail Proposition Index 2025, OC&C analysis

# UK Proposition Champions 2025 (1/2)

## Value for Money

*2025 Winner: Card Factory*

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | Card Factory | 84.9 |
| 2 | Vinted | 83.8 |
| 3 | Lidl | 83.7 |
| 4 | Home Bargains | 82.6 |
| 5 | The Works | 82.6 |
| 6 | Aldi | 82.5 |
| 7 | B&M | 81.8 |
| 8 | IKEA | 81.6 |
| 9 | Iceland | 81.4 |
| 10 | George at ASDA | 80.9 |

## Wide Choice of Products

*2025 Winner: Amazon*

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | Amazon | 87.7 |
| 2 | Waterstones | 87.1 |
| 3 | Vinted | 86.6 |
| 4 | IKEA | 86.5 |
| 5 | Lookfantastic | 86.3 |
| 6 | John Lewis | 86.3 |
| 7 | eBay | 85.9 |
| 8 | Etsy.com | 85.7 |
| 9 | Temu | 85.6 |
| 10 | Lush | 85.6 |

## Suited to Me

*2025 Winner: Waterstones*

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | Waterstones | 85.1 |
| 2 | Nike | 84.6 |
| 3 | Lookfantastic | 83.5 |
| 4 | John Lewis | 83.4 |
| 5 | Moonpig | 83.1 |
| 6 | Superdrug | 83.0 |
| 7 | Adidas | 82.7 |
| 8 | Vinted | 82.2 |
| 9 | Pets at Home | 82.2 |
| 10 | M&S Simply Food | 81.9 |

## Product Quality

*2025 Winner: M&S Food*

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | M&S Simply Food | 88.3 |
| 2 | Waterstones | 88.0 |
| 3 | John Lewis | 87.7 |
| 4 | Nike | 87.7 |
| 5 | Waitrose | 87.7 |
| 6 | Adidas | 86.6 |
| 7 | Lush | 85.8 |
| 8 | M&S | 85.3 |
| 9 | Space NK | 84.3 |
| 10 | Lookfantastic | 84.1 |

## Easy to Shop

*2025 Winner: Amazon*

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | Amazon | 86.2 |
| 2 | Pets at Home | 85.5 |
| 3 | Lush | 85.4 |
| 4 | Moonpig | 85.1 |
| 5 | John Lewis | 84.9 |
| 6 | Waterstones | 84.7 |
| 7 | Nike | 84.5 |
| 8 | Card Factory | 84.3 |
| 9 | eBay | 84.3 |
| 10 | Home Bargains | 83.8 |

## Reliability

*2025 Winner: John Lewis*

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | John Lewis | 86.2 |
| 2 | Waterstones | 85.3 |
| 3 | Nike | 85.2 |
| 4 | Moonpig | 84.5 |
| 5 | Lush | 84.5 |
| 6 | M&S Simply Food | 84.4 |
| 7 | M&S | 83.6 |
| 8 | Ocado | 83.1 |
| 9 | Adidas | 83.0 |
| 10 | Pets at Home | 82.9 |

1. Shopper rating indexed 0-100. Based on shoppers visiting or purchasing from that retailer in the last 3 months.

Source: OC&C Retail Proposition Index 2025, OC&C analysis

# UK Proposition Champions 2025 (2/2)

## Low Prices


*2025 Winner: Temu*

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | Temu | 85.0 |
| 2 | Home Bargains | 84.2 |
| 3 | Aldi | 83.5 |
| 4 | Shein | 82.5 |
| 5 | Card Factory | 82.4 |
| 6 | Vinted | 82.3 |
| 7 | Lidl | 82.3 |
| 8 | Primark | 81.3 |
| 9 | B&M | 81.1 |
| 10 | The Works | 80.9 |

## Fun to Shop


*2025 Winner: Lush*

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | Lush | 83.3 |
| 2 | Sephora | 81.4 |
| 3 | Vinted | 81.4 |
| 4 | Waterstones | 80.8 |
| 5 | Lookfantastic | 80.4 |
| 6 | Oliver Bonas | 79.4 |
| 7 | Space NK | 79.0 |
| 8 | Dr. Martens | 78.9 |
| 9 | IKEA | 78.9 |
| 10 | Vestiaire Collective | 78.7 |

## Fashionability


*2025 Winner: Nike*

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | Nike | 86.4 |
| 2 | Zara | 84.2 |
| 3 | Adidas | 83.9 |
| 4 | Net-a-porter | 82.5 |
| 5 | Lululemon | 82.4 |
| 6 | Gymshark | 81.8 |
| 7 | Burberry | 81.8 |
| 8 | Mango | 81.6 |
| 9 | Footasylum | 81.0 |
| 10 | Dr. Martens | 80.9 |

## Sustainability


*2025 Winner: Lush*

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | Lush | 82.4 |
| 2 | Vestiaire Collective | 79.6 |
| 3 | Vinted | 79.2 |
| 4 | IKEA | 77.2 |
| 5 | Burberry | 77.2 |
| 6 | Lululemon | 77.1 |
| 7 | Reformation | 77.0 |
| 8 | Trouva | 76.8 |
| 9 | Nike | 76.4 |
| 10 | Chainreactioncyles.com | 75.7 |

## Customer Service


*2025 Winner: Specsavers*

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | Specsavers | 83.9 |
| 2 | Lush | 82.0 |
| 3 | John Lewis | 82.0 |
| 4 | Richer Sounds | 81.0 |
| 5 | Waterstones | 80.4 |
| 6 | M&S | 79.8 |
| 7 | Pets at Home | 79.8 |
| 8 | Space NK | 79.5 |
| 9 | Naked Wines | 79.5 |
| 10 | Ocado | 79.2 |

## Loyalty Scheme

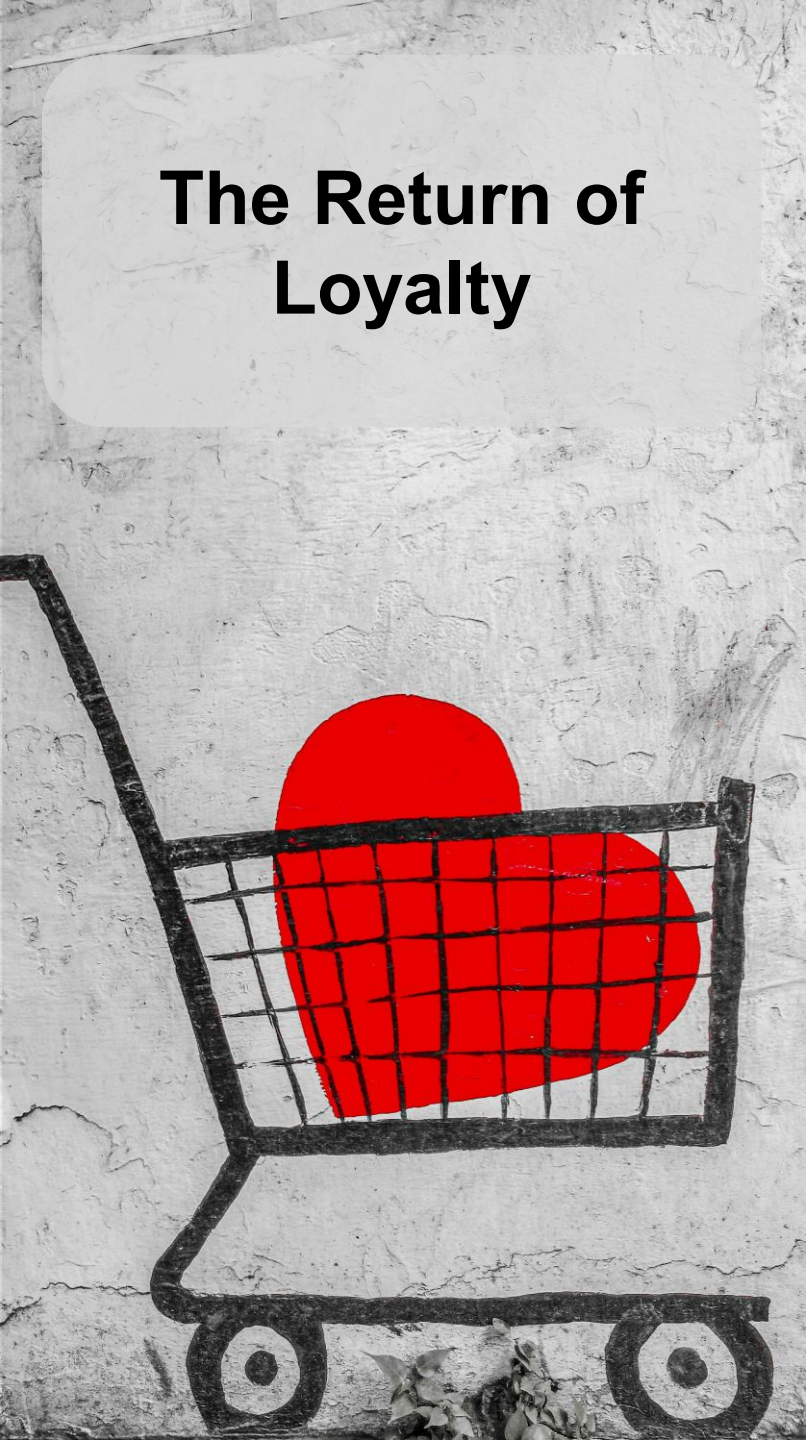

*2025 Winner: Sainsbury's*

| Rank | Retailer | Shopper Rating |
|---|---|---|
| 1 | Sainsbury's | 80.2 |
| 2 | Tesco | 78.9 |
| 3 | Ocado | 76.9 |
| 4 | Boots | 75.5 |
| 5 | Trouva | 74.6 |
| 6 | Naked Wines | 73.9 |
| 7 | Space NK | 73.2 |
| 8 | Burberry | 73.1 |
| 9 | Chainreactioncyles.com | 72.9 |
| 10 | Sephora | 72.3 |

1. Shopper rating indexed 0-100. Based on shoppers visiting or purchasing from that retailer in the last 3 months

Source: OC&C Retail Proposition Index 2025, OC&C analysis

# The Return of Loyalty

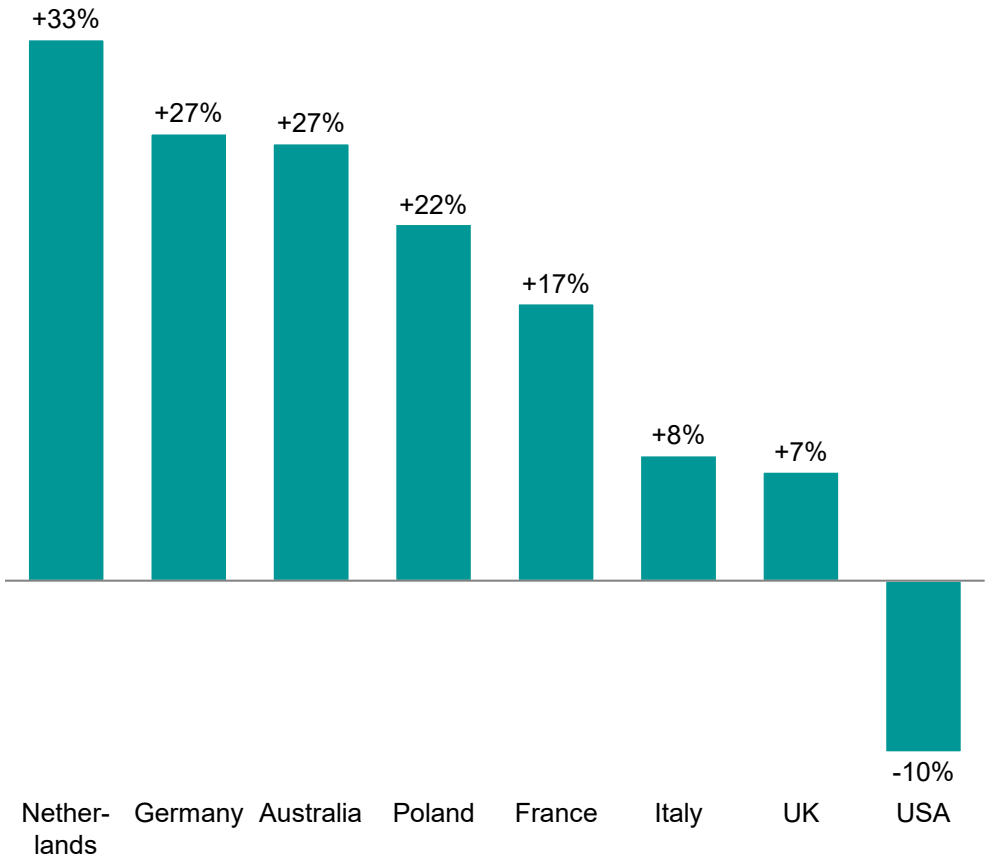


1. There are opportunities for retailers to focus on broader elements of the proposition as price inflation and pressure gradually eases
2. Loyalty schemes and repeat are receiving renewed attention from retailers supported by growing importance to consumers
3. Well-executed, and highly-rated loyalty programmes can become a material driver of customer loyalty and repeat
4. The most effective loyalty schemes ‘go with the grain’ of the underlying proposition and customer and are aligned to specific strategic objectives

# Loyalty programmes and repeat are receiving renewed attention from retailers which is supported by growing importance to consumers

## Renewed Importance and Focus on Loyalty Programmes

**Importance of Loyalty Scheme by Geography[1]**
% Respondents Stating as the Main Reason for Choosing a Brand (YoY Change, 2024 vs 2025)




**Case Studies: New and Re-vamped Retail Loyalty Schemes**

| | | | ***Loyalty Scheme Rating YoY*** |
|---|---|---|---|
| Morrisons | Re-launched 2024 | | +17% |
| LIDL | Expanded 2025 | | +6% |
| LUSH | Launched 2025 | | +21% |
| zalando | Revamped 2024 | | +11% |
| lululemon | Expanded 2024 | | +17% |
| JD | Launched 2023 | | +8% |

1. What was the main reason that you shopped with [brand]?

Source: OC&C Retail Proposition Index 2025, OC&C analysis

# Effective loyalty schemes are those which clearly link to underlying brand position, customer base and strategic objectives

## Loyalty Programme Archetypes

**Note: Many Programmes Deploy a Mix of Models**

| | Instant Reward | Earn and Burn | Tiered Benefits | Paid-for Benefits | Invite-Only |
|---|---|---|---|---|---|
| | *Easy access schemes that are free and openly available and deliver instant benefits to the customer (e.g. Member prices)* | *Members earn points that can be redeemed against future purchases or used to unlock certain other perks* | *Members achieve tier status through spend or behaviors which unlock access to increasingly attractive benefits* | *Members pay a set fee in return for access to transparent blanket discounts, products, services, or perks* | *Valuable customers are invited to exclusive schemes – often conditions are not transparent and achieving an invite is an aspirational status symbol* |
| **Best For…** | ***Bolstering core value proposition and participation (to support insight and retail media)*** | ***Driving frequency and engagement in the base*** | ***Trading up moderate users to higher frequency*** | ***Embedding sticky behaviours for high users*** | ***Rewarding high-rollers and building aspiration across all users*** |
| **Examples** | TESCO Clubcard, Woolworths, JD, Walmart, Sainsbury's | DECATHLON, Boots, JD, TESCO Clubcard, AMERICAN EXPRESS | SEPHORA, adidas, zalando, DOUGLAS, SELFRIDGES&Co, STARBUCKS COFFEE, MARRIOTT BONVOY | ocado, fnac, asos, prime, TESCO Clubcard Plus, Revolut | GUCCI Collectors Club, EQUINOX, Nando's |

**Best in class loyalty programmes 'go with the grain' of the underlying proposition and customer**

# In grocery, everyday value is a key anchor of loyalty programmes and there is an increasing move from earn-and-burn to instant reward

## Grocery Example: Shift to Gated Promotions

### Loyalty programmes are moving from the established earn-and-burn model to instant-reward gated promotions

- The first generation of grocery loyalty programmes were focused on earn-and-burn models, with consumers building points as they spend
- Many grocers are now pivoting to instant-reward models where customers receive immediate benefit at till
- This is enabled by a moving traditional shelf promotions into the loyalty model, gating access to discounts

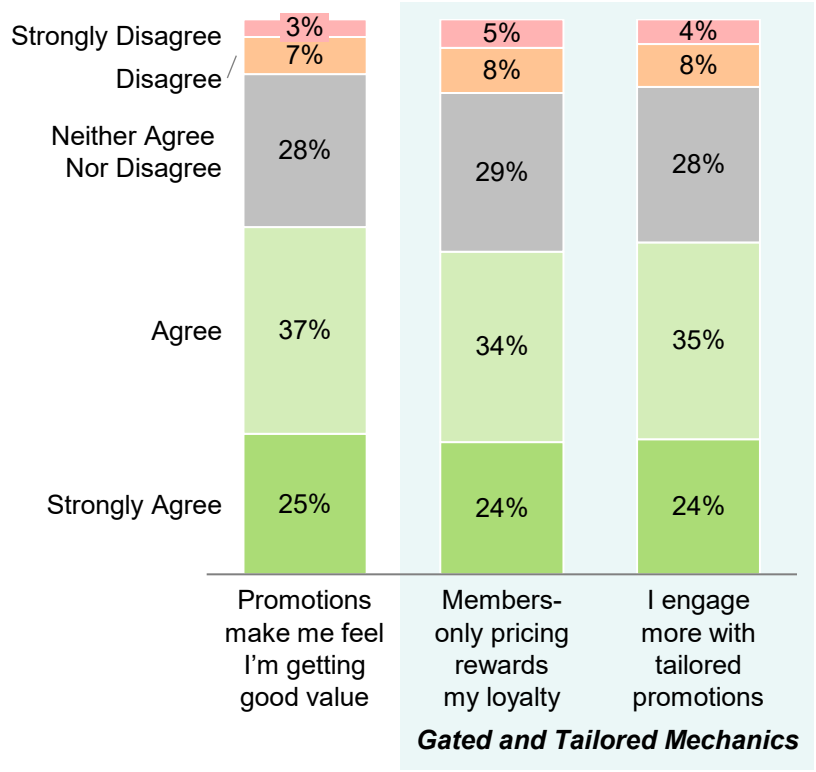
| Walmart rewards | Sainsbury's nectar prices | TESCO Clubcard Prices | Woolworths everyday rewards |
|---|---|---|---|
| *Digital version of typical US couponing model* | *All shelf promotions now exclusive to members* | *All shelf promotions now exclusive to members* | *Additional members-only prices communicated at shelf* |

- This allows overall promotional investment to be reduced, and better targeting of investment to groups/segments where it delivers most value

### …And this shift to gated discounting appears to be supported by consumer sentiment to different mechanics

**Consumer Attitudes to Promotions[1]**

% Respondents Agreeing with Statements (N=41,119)




1. To what extent do you agree with the following statements about retail promotions and discounts? Please answer on a scale of 1 to 5 where 5=Strongly Agree and 1=Strongly Disagree

Source: OC&C Retail Proposition Index 2025, OC&C analysis

# When (re-) designing loyalty programmes, we believe there are 5 key principles which should guide design and implementation

## 1 Start with the strategic objective

*Loyalty programmes must support and enhance business priorities, and have a clear customer focus*

## 2 'Earning' must be simple and demonstrate tangible value

*The best programmes offer a simple, 'universal' way to earn, while encouraging additional engagement to earn faster / more*

## 3 You want members to use their benefits!

*Benefits should appeal broadly, celebrate the individual and offer choice to address specific target customer segments*

## 4 The economics must be understood overall and by customer group

*Monetizing free / low-cost assets, minimizing cannibalization, and passing costs to partners (e.g. FS issuers) / suppliers are critical levers to managing cost, and increasing ROI*

## 5 Maximizing value requires integration across the business

*Loyalty cannot stand alone – it is essential to integrate across customer facing touchpoints and across business operations*

Source: OC&C analysis

# Participating in the Resale Revolution

1. Resale is mass-market proposition with high and growing participation across countries, generations and categories

2. Price and value for money, rather than sustainability, are the core purchase drivers for 2nd hand and have fuelled mass market adoption

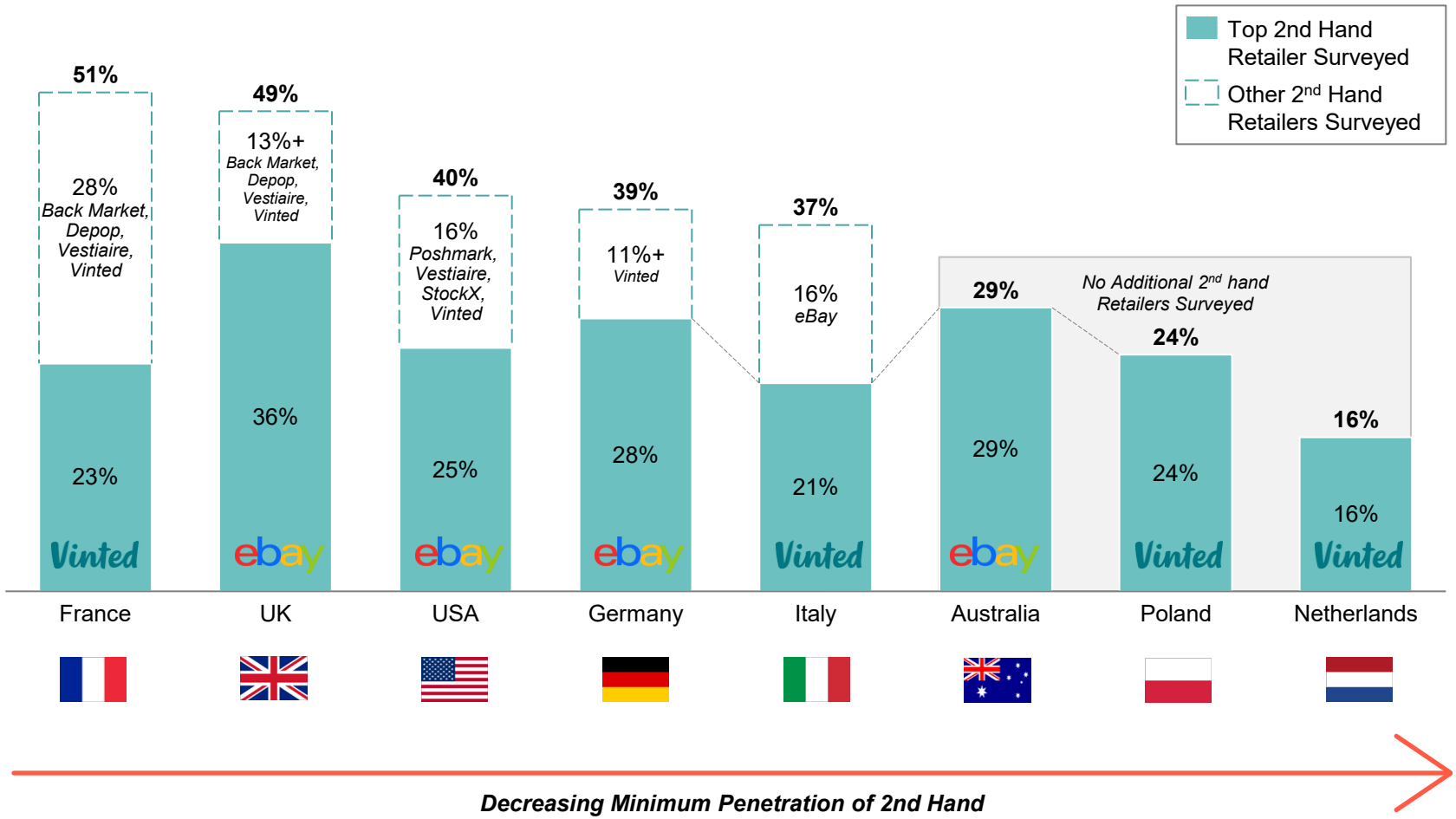
3. 2nd hand platforms/retailers have closed the gap with traditional retailers on trust and quality perception and headroom remains for further growth

4. 1st hand retailers should look for ways to participate or risk both volume loss and missed opportunities for incremental growth

# 2nd hand is a mass market proposition which is reaching >50% penetration of population in most established markets

**Penetration of Major 2nd Retailers by Market[1]**
% of Respondents Who have Bought From At Least One 2nd Hand Retailer in L3M

**Based on Major 2nd Hand Retailers Only[1]**
**Lower End Estimate of Penetration**



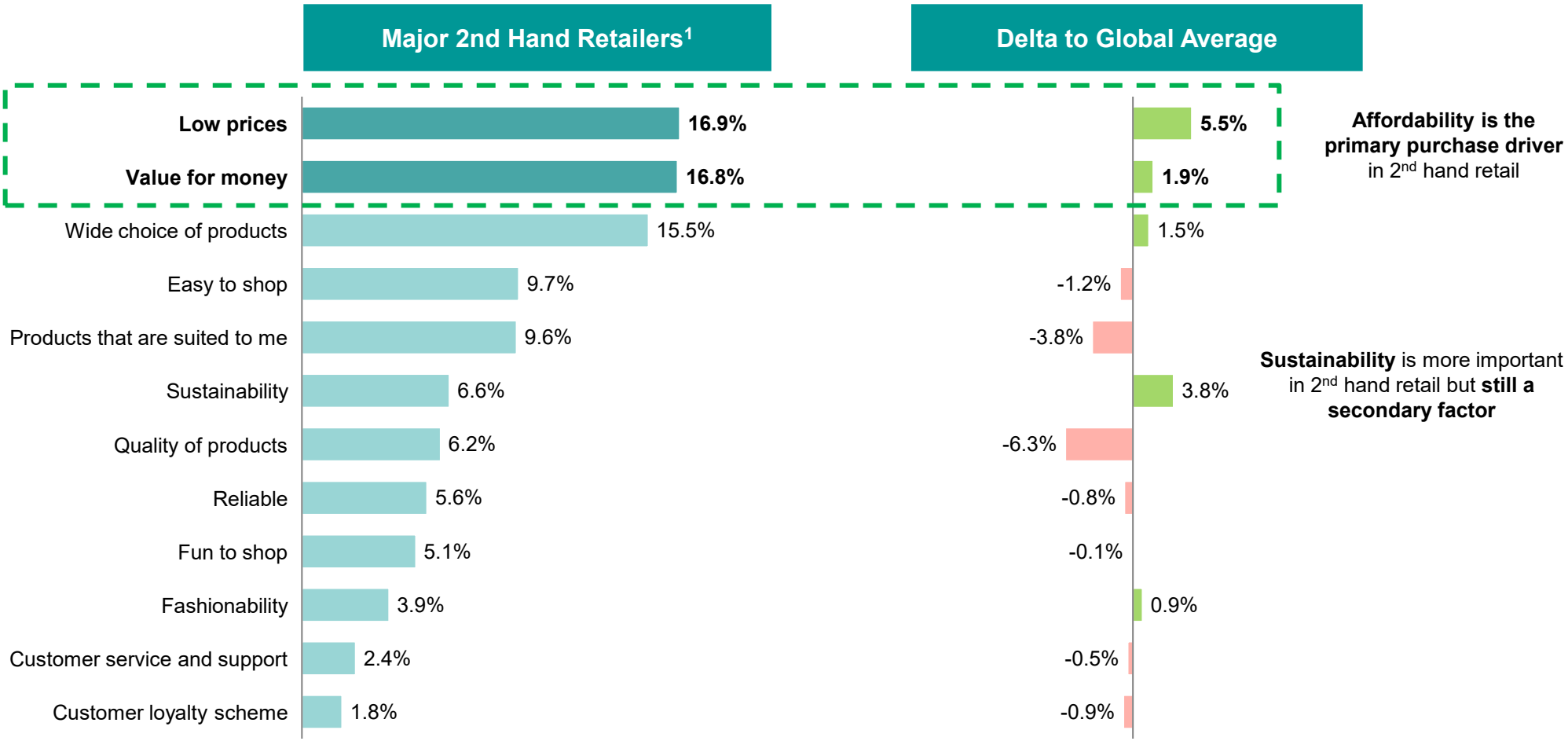

1. Of the following brands / retailers, which have you bought something from in the past 3 months?

Source: OC&C Retail Proposition Index 2025, OC&C analysis

# Demand for 2nd hand is driven primarily by price and value for money, with sustainability a secondary consideration for buyers

## Reasons for Purchase: 2nd Hand Retailers[1,2]

% Selecting as Main Reason




**Affordability is the primary purchase driver** in 2nd hand retail

**Sustainability** is more important in 2nd hand retail but **still a secondary factor**

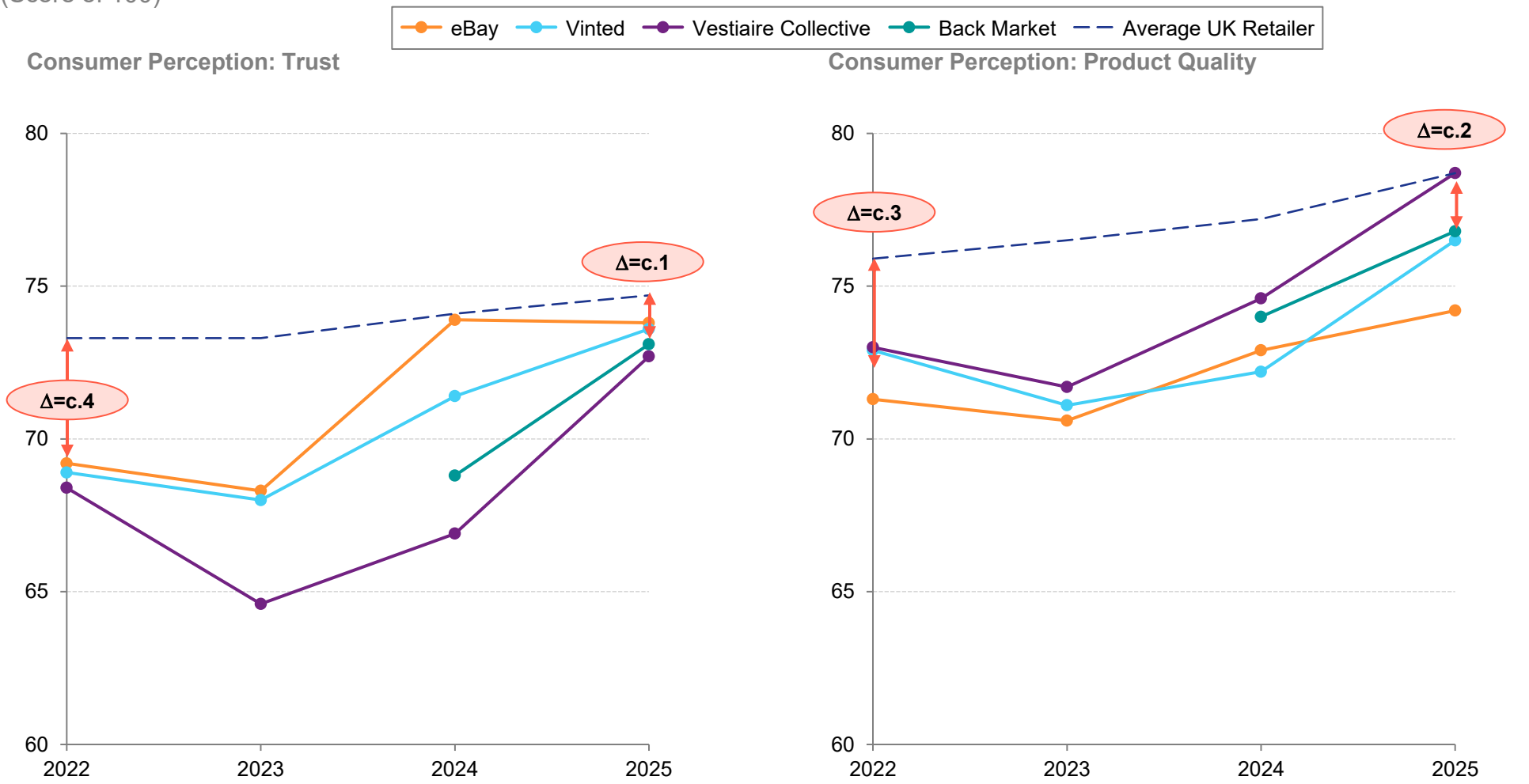
1. Back Market, Depop, eBay, Le Bon Coin, Poshmark, StockX, Vestiaire Collective, Vinted; 2. What was your main reason for choosing [brand]?

Source: OC&C Retail Proposition Index 2025, OC&C analysis

# 2nd hand platforms have closed the gap with traditional retailers on trust and quality perception, supporting mass-market adoption

**Ratings on Trust & Quality[1]**
(Score of 100)

**Consistent Trend Across Markets**




1. How would you rate [brand] on the following? Trust, Product Quality

Source: OC&C Retail Proposition Index 2025, OC&C analysis

# 2nd hand is large, growing and here to stay – 1st hand retailers' failure to act risks both volume loss and missing an opportunity for incremental growth

## There are multiple possible paths for 1st hand retailers to participate in 2nd hand…

### *Serve 2nd Hand Demand*

- **Proprietary resale platforms / propositions** can enable retailers to capture resale margins, control product presentation, keep existing customers within their own ecosystem, and capture new customers

### *Fuel 1st Hand Volumes*

- **Trade-in and buy-back programmes** (for credit/discounts) encourage value to flow back into 1st hand
- **Bolstering resaleability credentials of products** can prop up brand volumes and capture incremental customers (e.g. middle income customers buying into luxury brands on the basis of future resale)

### *Monetise the Value Chain*

- Physical infrastructure of retailers could be leveraged to create new income streams, e.g.:
  - **Repairs, alterations and refurbishments**
  - **Authentication service**
  - **Logistics and fulfilment** (e.g. drop-off / pick-up points)
- Success likely requires active monetisation rather than benefitting only through increased store traffic

Source: OC&C analysis

## Participating in the Resale Revolution


# Marketplaces 2.0

1. Marketplaces have been a structural driver of eCommerce growth and remain relevant for both consumers and operators

2. Incumbent retailers have narrowed the perception gap with leading marketplaces and have established areas of advantage

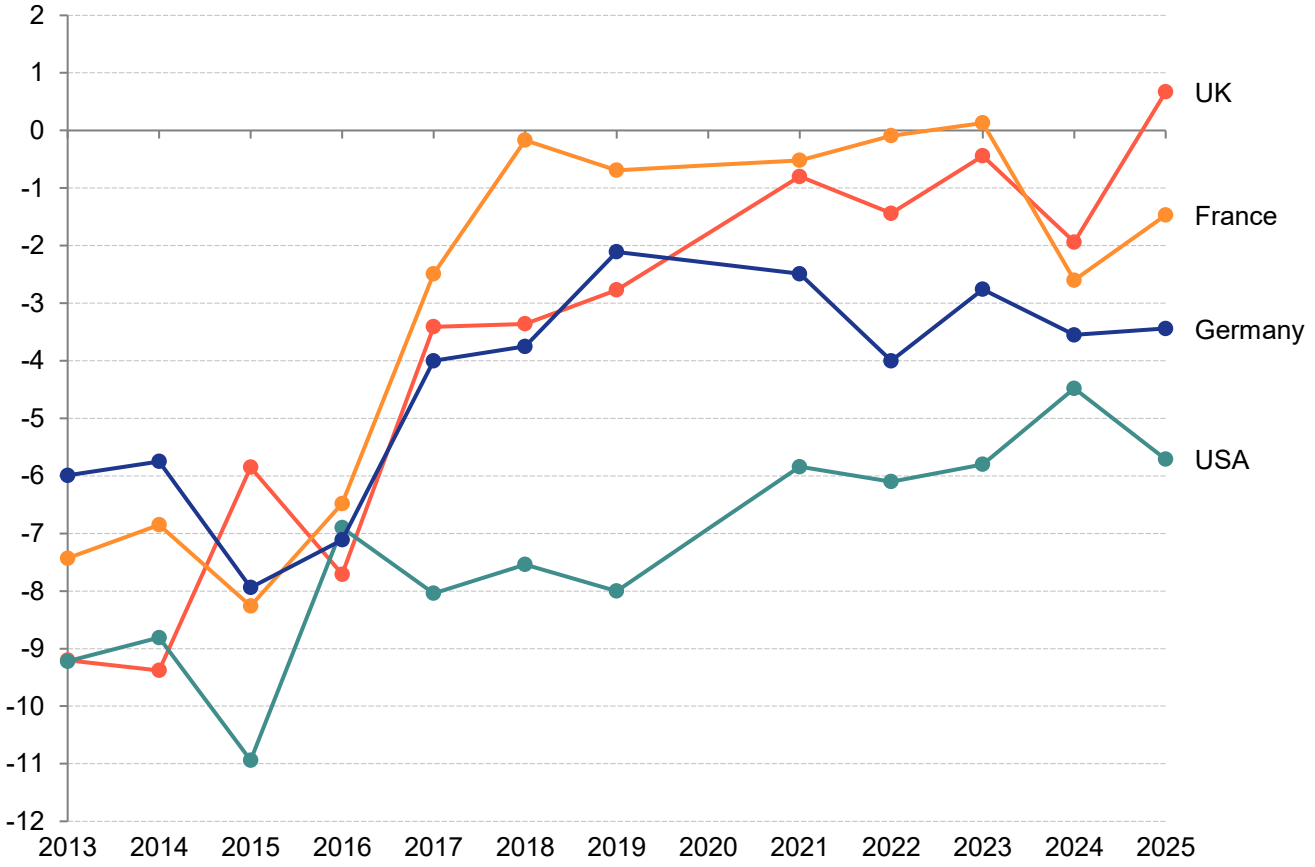
3. Retailers globally are increasingly launching marketplace propositions to enhance range authority and drive the next wave of Ecommerce growth

4. Past launches by incumbent retailers show that co-existence of 1P and 3P models is possible but it requires careful definition, preparation and launch

# Incumbent retailers have been playing catch up against leading marketplaces, but have been closing the gap over time

**Overall Ratings Delta - #1 Marketplace vs Top 30[1] Non-Marketplace Retailers by Market**

Rating out of 100, Delta Top 30 vs #1 Marketplace[2]




## Commentary

- The top 30 non-marketplace retailers have historically trailed the #1 marketplace in their respective markets (Amazon)
- However, leading incumbents are now steadily narrowing this gap as they continue to enhance and refine their propositions…
- …And market leaders are now starting to reclaim their perception advantage vs the marketplaces, although this varies by market

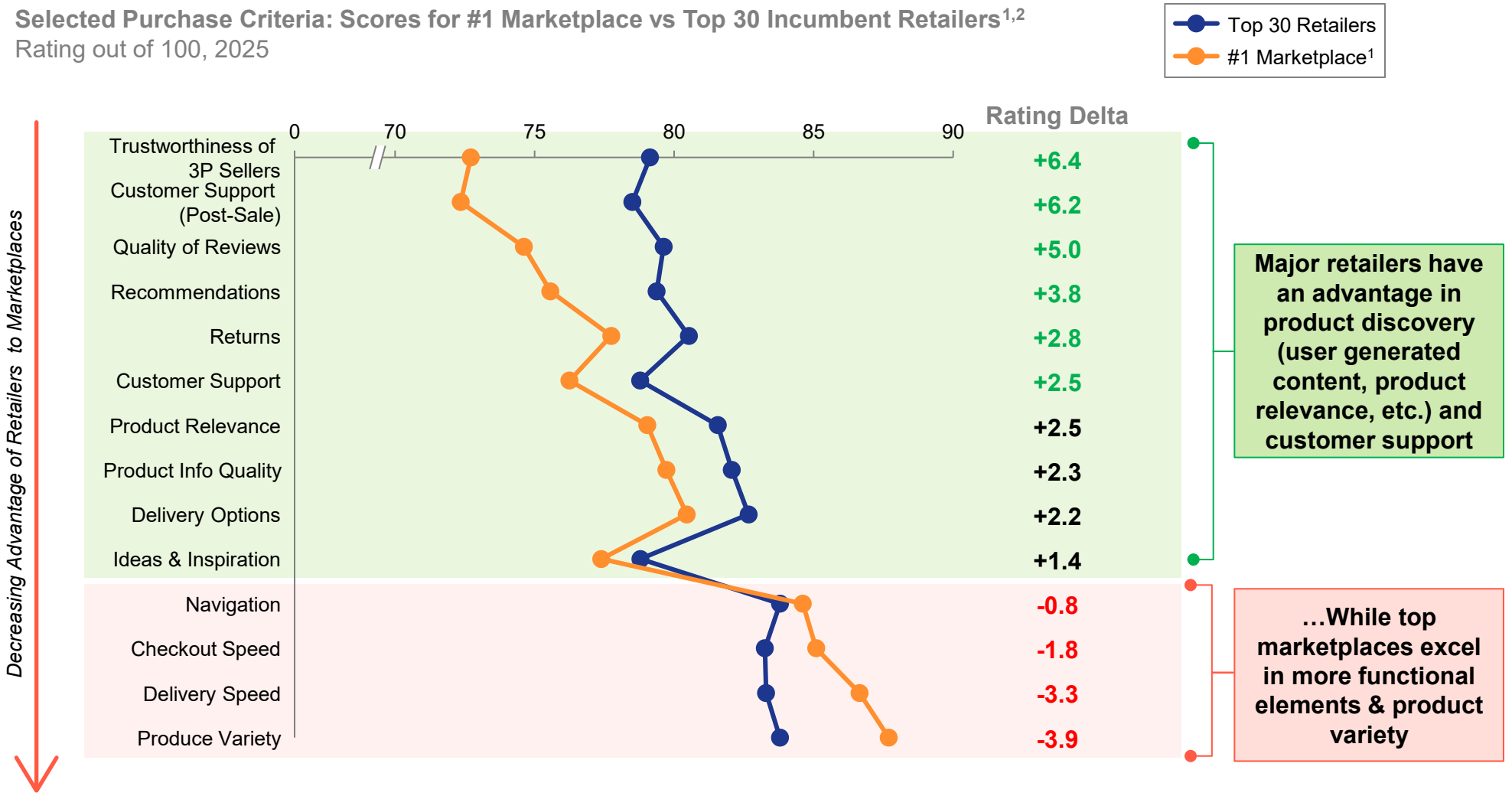
1. How would you rate [brand] on each of the following? Overall Rating; 2. Amazon is #1 marketplace in these markets

Source: OC&C Retail Proposition Index 2025, OC&C analysis

# Retailers have a credible point of difference online vs marketplaces, anchored on trustworthiness of products, reviews and recommendations

## Selected Purchase Criteria: Scores for #1 Marketplace vs Top 30 Incumbent Retailers[1,2]

Rating out of 100, 2025




1. Amazon is #1 marketplace 2. How would you rate [brand] on each of the following?

Source: OC&C Retail Proposition Index 2025, OC&C analysis

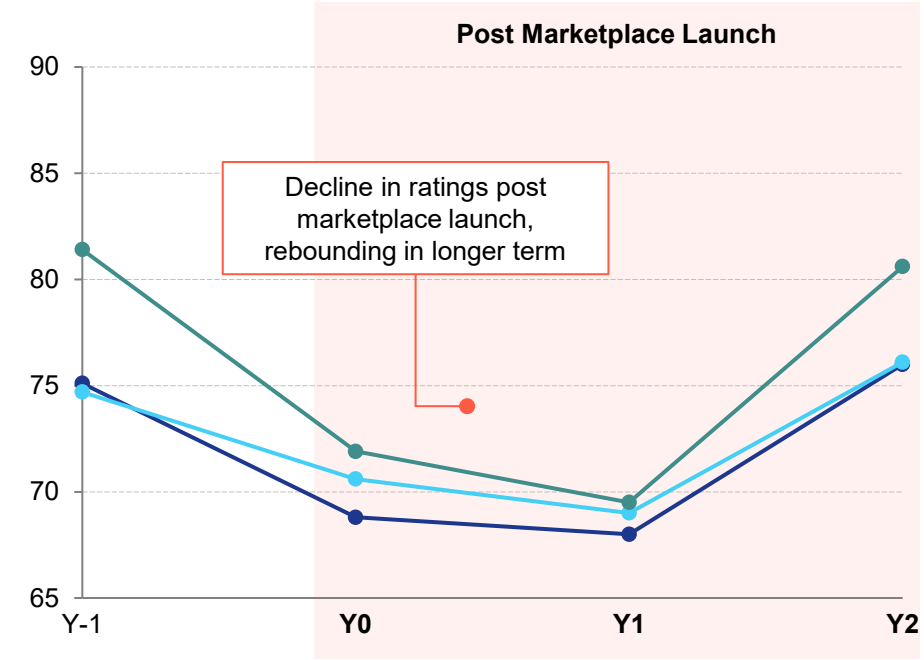
# Retailers launching 3P marketplace models are successfully managing consumer perception across 1P and 3P, although this needs careful management at launch

## Case Studies: Marketplace Impact on Online KPCs[1]

Rating out of 100

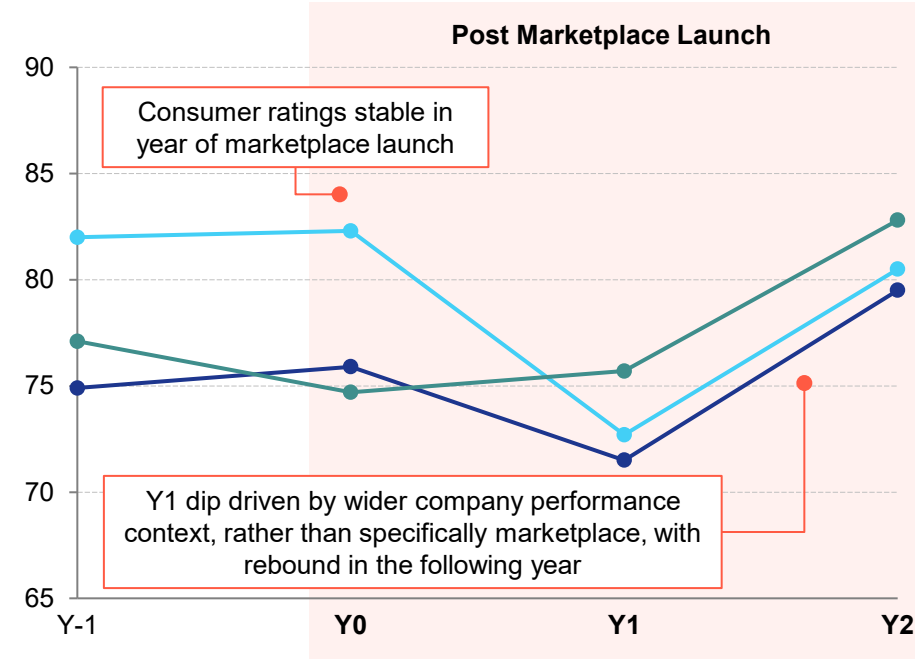
### Case Study A

Marketplace launch for Retailer A had an **initial detrimental impact** on perception of online service, but **optimising the model over time drove recovery** in consumer perception




### Case Study B

Retailer B was **successfully able to protect consumer perception around marketplace launch t**hrough careful definition and management of the model





1. How would you rate [brand] on each of the following?

Source: OC&C Retail Proposition Index 2025, OC&C analysis

# Retailers launching and developing marketplace propositions need to build clarity on how it intersects with and supports the core offer

**Key Questions to Consider**

| | |
|---|---|
| **Brand Fit & Positioning** | • Does launching a marketplace **align with our brand equity**, or risk confusing customers? |
| | • Are we expanding into categories **adjacent to our core strengths and identity**, or stretching too far? |
| | • How do you **balance curation with breadth** to avoid over-restriction or dilution? |
| **Customer Experience** | • Does your marketplace scope and execution **align with customer expectations**? |
| | • How do you ensure that marketplace UX feels **seamless with your core brand** and not fragmented? |
| | • Are you striking the right balance between **breadth of assortment and product / experience quality**? |
| **Capabilities & Ongoing Investment** | • How can you use **brand trust and traffic** to anchor your marketplace? |
| | • Do you have the **operational infrastructure** and **multi-channel capabilities** to scale a marketplace effectively? |
| | • How can you **capitalise on existing competitive advantages** to keep pace vs. incumbent pure-play marketplaces and build defensibility for the future? |

Source: OC&C analysis

# The Future Role of Agentic AI

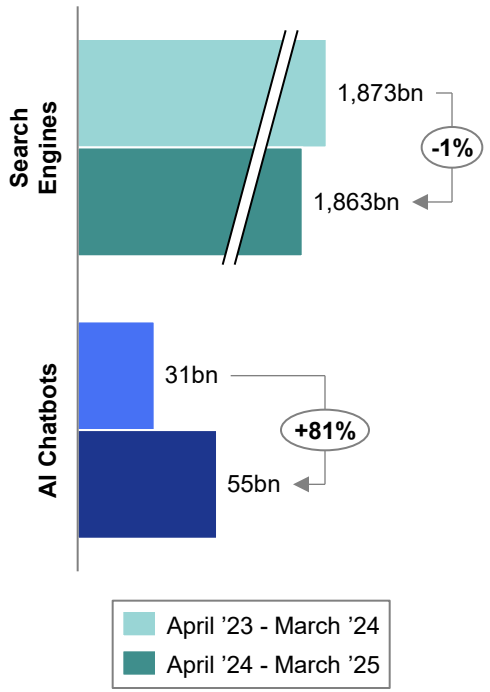
1. AI is at an inflection point, mirroring the early days of search, but drives only a small share of retail transactions today
2. Customer acquisition channels are likely to shift as AI reshapes digital inbound journeys
3. The impact on retailers will vary depending on the consumer missions and their reliance on specific customer sources.
4. Retailers must recognise their exposure and act now, watching for early signals of when AI begins to take a more central role

# Consumer adoption of current generation of chatbots has been exceptionally fast; this is the first meaningful disruption of Search since its creation

## Disruption to Traditional Search Engines

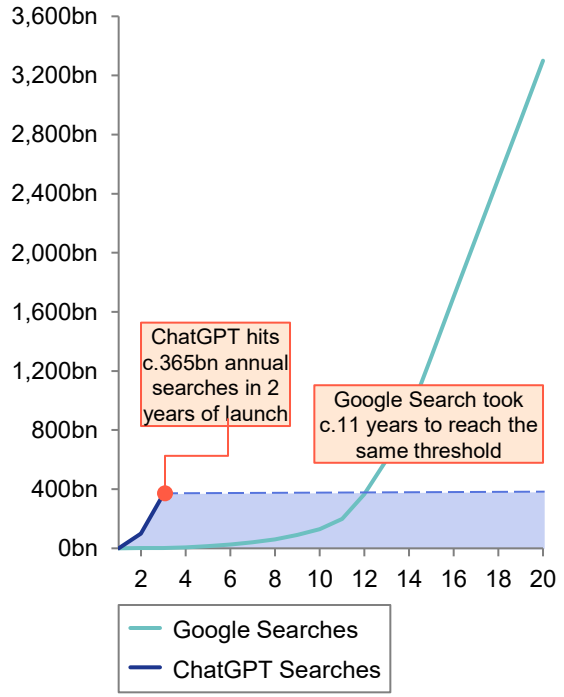
**AI Chatbots are gaining in total web visits, while traditional search engines are in slight decline**

Search Engine vs. AI Chatbot Web Visits (bn), April 2023-March 2025[1]




**In search volumes, ChatGPT (and other AI chatbots) are growing at a rapid pace (especially when compared to search engines historically)**

Google vs. ChatGPT Annual Searches (bn), by Years From Launch[2]




**There are several 'canaries in the coal mine' for Search – and we know that Chatbots are only the first mainstream application of this technology**

Google announced in May 2025 the US wide rollout of **AI mode search supplementing the traditional blue links** ~ willingness to do this despite lower margins seems to reflect an **acknowledgement that the writing is on the wall**

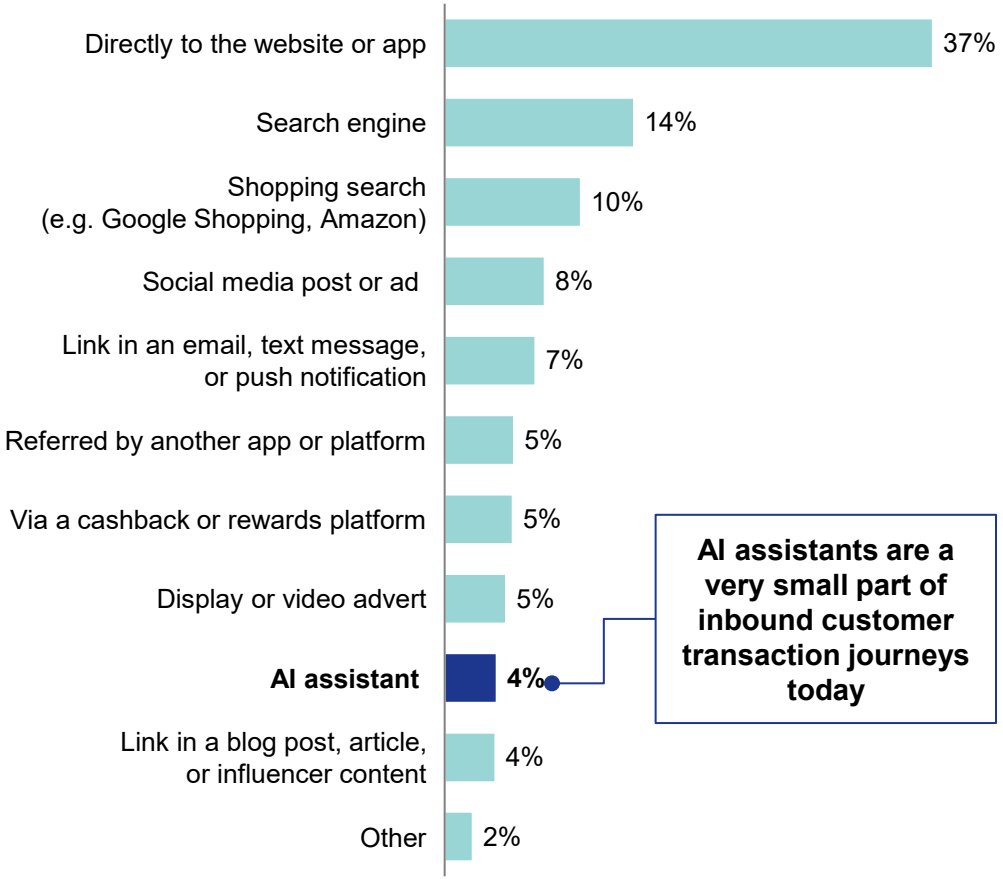
Apple testified in Google's antitrust trial that Google **search volume in Safari dropped for the first time in 22 years** in April 2025

1. AI Chatbots vs. Search Engines: 24-Month Global Usage Study (shown data from SemRush) 2. Bond Trends – Artificial Intelligence, May 2025 3. Data from Morningscore.io

Source: Desk Research, Expert Interviews, SEO.com OC&C analysis

# AI assistants currently drive only ~3–5% of online retail transactions, though they play a larger role in product and category discovery before purchase

**Route to Brand Website/App**
(% Purchased L3M Online)




**AI assistants connect consumers to the products they need, rather than relying on organic recall or ads**

- Traditional e-commerce search brings brands to consumers, through advertising or organic recall
- AI flips this model by **connecting customers to brands** whose products best meet their needs
- Discovery is **demand-led and starts higher in the funnel**; AI can convert vague intent ('What type of adaptor do I need for this camera?') into specific product matches
- AI-assisted e-commerce search is still relatively nascent – though major retailers like Walmart, ASOS, Zalando and Alibaba have begun to integrate **demand-led visual search and AI assistant tools** into their e-commerce platforms, and customers are increasingly using tools like **ChatGPT** to begin purchase journeys
- There is particular potential for AI assistants to improve **consumer connection with long-tail merchants**, **empowering small businesses** whose products perfectly match specific consumer demand

1. Q19: For that [last visit to / purchase from] *brand* which of the below best describes your mindset at the time?
2. Q20: For that last purchase from *brand* on their website/app, how/why you navigated to them?

Source: OC&C Retail Proposition Index 2025, OC&C analysis

# Agentic AI will re-define and replace current sources of digital customer recruitment – with greatest impact on traditional search

## Traffic Sources & Impact of AI

Excludes Other (2%)

| | Role Today | Share of Inbounds Today | Degree of AI intermediation | Potential Future Role |
|---|---|---|---|---|
| **Owned & Direct Channels** *Direct to website; email, text or push* | Primary gateway for loyal and repeat customers; reflects strong brand equity, habit, and CRM effectiveness. | 44% | Lower | Remains resilient; brands can double down on personalisation and loyalty programmes to maintain direct engagement |
| **Search & Discovery** *Search engine; shopping search; Ai assistant* | Key entry point for new customers and high-intent shoppers | 28% | Higher | Most vulnerable to AI assistants consolidating discovery, comparison, and purchase journeys; traffic may shift into conversational interfaces. |
| **Content** *Social media posts/ads; Blog posts, articles, etc.* | Supports inspiration and influence, particularly through social media, blogs, and influencer endorsements. | 12% | Lower | Platforms themselves remain resilient; AI will complement by directing or summarising, but not replace, social and cultural discovery |
| **Referred by Other App or Platform** | Gateway from ecosystems (e.g., food delivery apps, financial super-apps) where brands are integrated. | 5% | Medium | AI may aggregate these services, reducing referral flows. Survivors will be platforms that embed unique utility or exclusive partnerships. |
| **Cashback & Rewards Platform** | Attracts value-seekers motivated by monetary incentives and loyalty benefits. | 5% | Medium / Higher | At risk of being disintermediated as AI integrates deal-finding, discounting, and loyalty directly into shopping flows, potentially eroding relevance long term |
| **Display or Video Ads** | Paid exposure channel for reach and retargeting; less efficient at converting compared to direct/search. | 5% | Medium | At risk of declining if consumer journeys shift into AI environments with fewer ad slots. Role may pivot to awareness generation rather than direct traffic driver. |

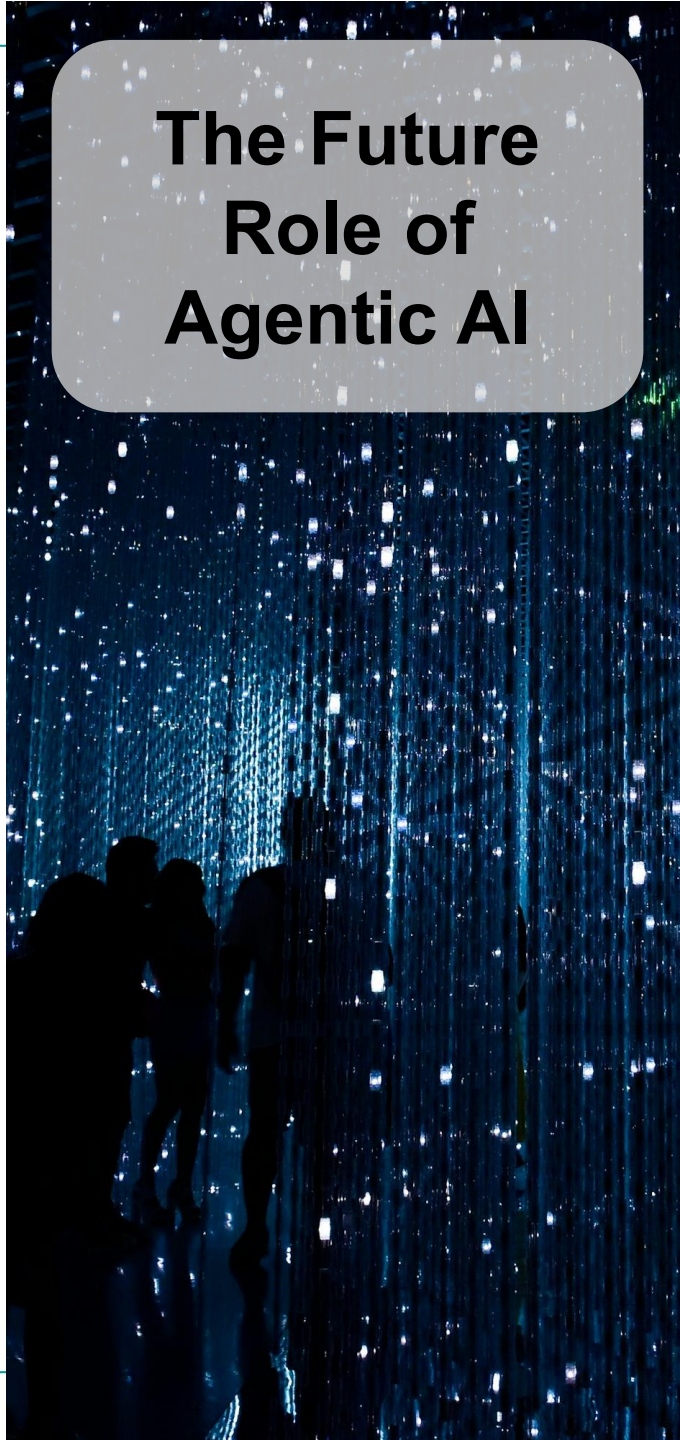
Source: OC&C Retail Proposition Index 2025, Desk Research, OC&C analysis

# While large-scale Agentic AI disruption is yet to materialise, change will be rapid and it is essential to closely monitor key bell-weathers

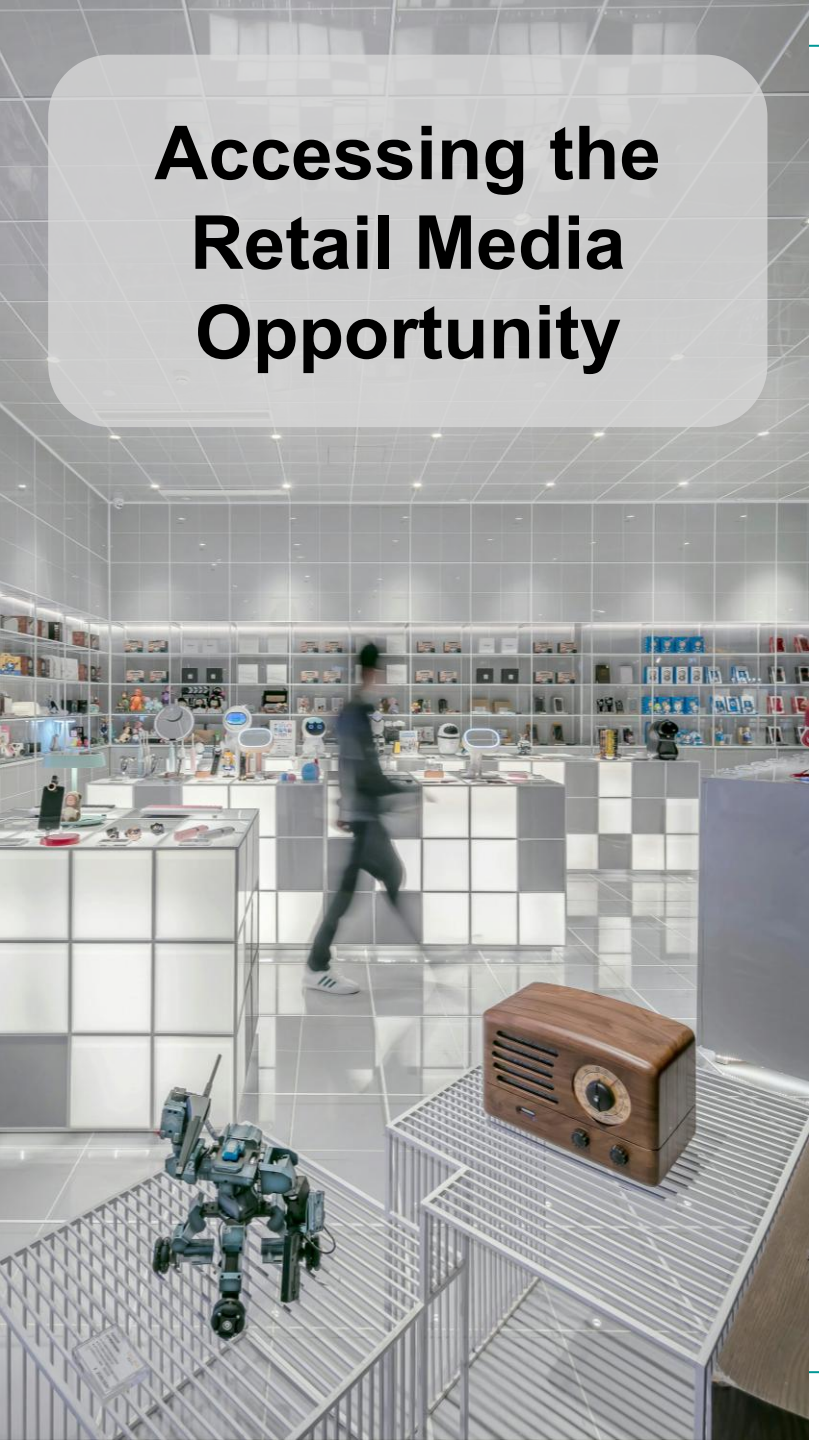
Key Questions for Retailers

| Factors / Metrics | Key Strategic Questions |
|---|---|
| **Declining direct traffic and search** | • Do we have strong **1P data and loyalty hooks** that protect **direct** access?<br>• What proportion of sales are truly **'owned' vs platform-mediated**? |
| **Conversion leakage to aggregators / marketplaces** | • Should we **integrate with new AI shopping APIs** or reinforce owned-channel checkout?<br>• What **differentiation** do we offer that aggregators can't (exclusive SKUs, service, membership? |
| **Shift in discovery touchpoints** | • Is our product content **structured** and **'AI-readable'**? How can our side become a go-to AI referral?<br>• What **branded content** can we create that AI cannot commoditise? |
| **Erosion of brand recall / consideration** | • How do we reinforce **brand storytelling** and community so **customers seek us out**?<br>• What are our irreplaceable propositional hooks (e.g. benefits of omnichannel? |
| **Relevant improvements in AI capabilities** | • How can we **plan for the game-changing capabilities**?<br>• Can we **proactively test / adopt emerging AI tools**, so that we benefit from disruption more than competitors? |

Source: OC&C analysis



# Accessing the Retail Media Opportunity



1. Retail media is in robust growth, underpinned by strong consumer trust and continued demand for personalised experiences

2. To date, the most successful cases have been mass-market, high-frequency retailers who have advanced through common stages of Retail Media development

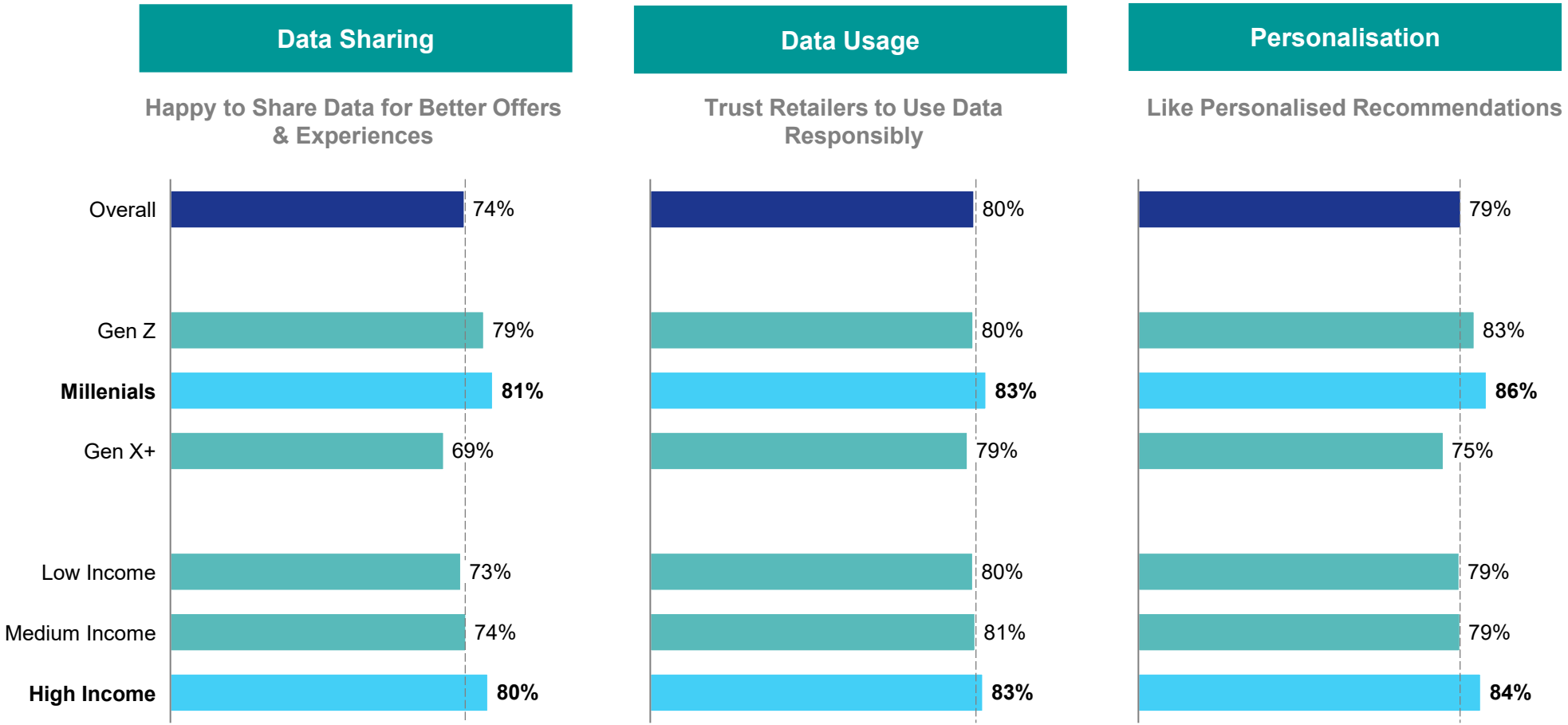
3. ...However, there is a wider set of archetypes with a right to play in this space

4. To maximise their potential, retailers must have clarity on their archetype and points of advantage, and prioritise the right enablers

# Retailers' permission to leverage customer data is underpinned by underlying customer trust and desire for personalised experiences

## Consumer Attitude to Data Usage: By Income & Generation[1,2]

% of Respondents Agree, Strongly Agree, or Indifferent




1. To what extent do you agree or disagree with the following statements about personalisation in shopping experiences?: I like when retailers personalise product recommendations based on my browsing or purchase history; I trust retailers to use my data responsibly when offering personalised content; I'm happy to share data with retailers if it leads to better offers or experiences. 2. Low income defined as £30,000 or below, Medium income as £30,001-£60,000, High income as £60,001+.

Source: OC&C Retail Proposition Index 2025, OC&C analysis

# Retail Media first-movers continue to develop the scope and sophistication of the model to access incremental pools of income

## Development stages of Retail Media

Indicative

| | Level 1<br>On-site excellence | Level 2<br>Emancipating performance media | Level 3<br>Polishing the edges |
|---|---|---|---|
| | 0.1-1% of GMV | 1-4% of GMV | 4-5%+ of GMV |
| **Channel focus** | • **On-Site** ads (search, display)<br>• Some **in-store** activations | • **Offsite performance**<br>• Offsite prospecting | • **Offsite** brand campaigns (via cleanroom) |
| **G2M focus** | • **Endemic suppliers** for on-site<br>• Regional / local marketers<br>• Adjacent brands (e.g. via agency) | • **Endemic suppliers** for off-site | • Branded **endemics / near-endemics**<br>• **Greater agency involvement** with cleanroom |
| **Steering incl. CLTV** | • **Incremental sales contribution** above trade spend<br>• Little to no effect on CLTV | • Offsets marketing & growth spend<br>• **Positive effects on CLTV** through higher rebuy rates and conversion | • Capture **willingness to invest in brand campaigns** without losing performance spend<br>• Additional **leverage in supplier negotiations** |

Source: OC&C analysis

# Retailers seeking to build and scale a Retail Media proposition should consider the underlying attributes of their model, customer base and data

## Retail Media Attributes

| | Relevance / Impact | Where do you sit on each scale? |
|---|---|---|
| **Channel Footprint** | *Channel presence and mix dictates the media assets available, and influences types and coverage of data held* | *Online pureplay* ⟷ *Offline pureplay* |
| **Reach & Traffic** | *Large scale and high frequency retailers (e.g. grocery, general merchandisers) have large traffic to monetise through media* | *Lower Traffic / Reach* ⟷ *Higher Traffic / Reach* |
| **Degree of Customer / Category Focus** | *Providing access to a specific, targetable customer base (e.g. demographic, life stage, category purchase intent) can be valuable as an alternative to mass-reach* | *Niche / hyper local* ⟷ *Mass market* |
| **Depth & Differentiation of 1st Party Data** | *Nature of the underlying data can be a differentiator to agency buyers for targeting if a retailer has a data or data-linkages which provides unique value* | *Unique Data / Attributes* ⟷ *Large Coverage of Core Stats* |
| **Mix of Endemic Suppliers** | *Retailers with a diverse mix of scaled, 3P branded suppliers can look to those for income; others will need to focus more on non endemics* | *Private label only* ⟷ *Large number of 3P brands* |

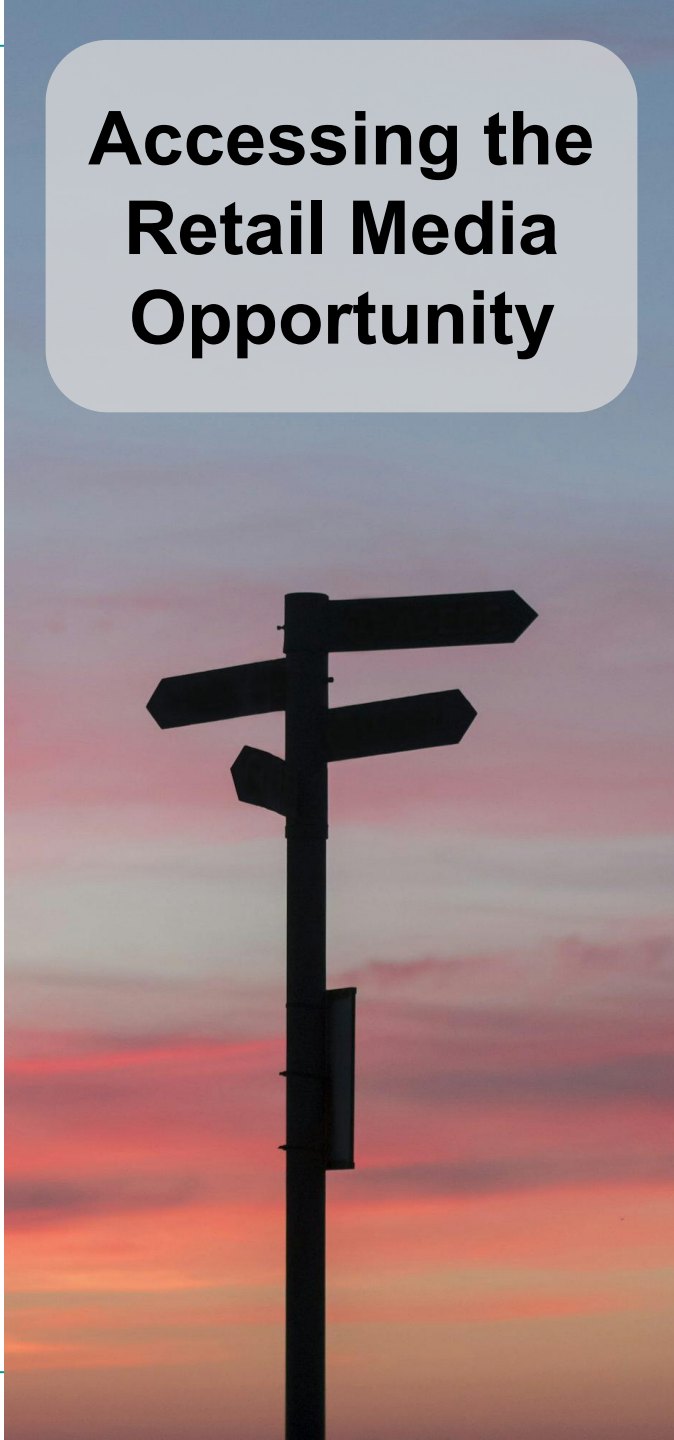
Source: OC&C analysis

# Those attributes should guide how retailers prioritise and pursue the Retail Media opportunity

Retailer Archetypes for Retail Media

| | Typical Retailers | Key Differentiators | Go-to-Market Priorities |
|---|---|---|---|
| Marketplace Giants | amazon, Alibaba, ebay | Massive traffic, owned ad stack, self-service native, able to scale across SPA, display, and DSP | Performance-first sales, API integration, global brands, scalable automation |
| Omnichannel Grocery & Big Box | Walmart, TESCO, Carrefour | Loyalty and POS data, in-store media, large CPG budgets, consumer trust, omnichannel reach across store and digital | Bundled media packs, hybrid sales model, closed-loop measurement |
| Category Specialist | ULTA BEAUTY, The Home Depot, Boots | High purchase intent, focused audience, deep vertical insights, premium targeting, strong domain authority | Premium inventory, content-led formulas, endemic brand activation, benefit from tailored managed-service sales |
| Quick-Commerce & Delivery | instacart, DOORDASH, Uber Eats | Mobile-first, geo-targeting, SKU-level granularity, immediacy-driven | Incremental sales reporting, franchise activation, low-entry budgets, focus on speed-to-customer |
| Vertically Integrated Retailers | IKEA, DECATHLON | Mostly private labels, limited 3rd-party brands, end-to-end customer control | Monetisation via non-endemics, branded content, loyalty monetisation |

Source: OC&C analysis



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