


Around the World: 2024 global predictions ('Shark Tank'-style)—Retail media rivals, metaverse shopping experiences, and more

Audio



On today's podcast episode, host Bill Fisher and our analysts Paul Briggs, Matteo Ceurvels, and Man-Chung Cheung each pitch their most dramatic predictions in their coverage regions for 2024, in hopes of securing "investment" from the other sharks. Can you be convinced to "invest" in their 2024 predictions?

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Episode Transcript:

Bill Fisher:

Hello everyone. Welcome to Behind the Numbers Around the World, and eMarketer Podcast. It's Monday, January the 29th, and I'm your host for today, Bill Fisher. And it's my absolute

pleasure to welcome you all to Around the World with 2024 global predictions, Shark Tank style.

Welcome folks to a Behind the Numbers show that takes you around the world looking at what various countries are doing in the worlds of commerce, media, and advertising. And as this is our very first episode of the year, we are going to make it into a very special edition. We're mixing things up. We're going to forego the three in three news segment this month. Instead, we're going to get straight into our predictions for the upcoming year and it's a Shark Tank style affair.

I have three guests and we're each, me included, going to pitch a prediction for our region and the rest of us we will discuss and decide if we are going to invest. So let's meet our pitchers for today. First up, we have our principal analyst covering all things Canada. It's Paul Briggs, everyone. Hi, Paul.

Paul Briggs:

Hey Bill.

Bill Fisher:

Next up, he's our principal analyst for Latin America. It's Matteo Ceurvels. Hello, Matteo.

Matteo Ceurvels:

Hello, Bill.

Bill Fisher:

And last but very much not least, he's our research analyst covering China and Japan. He's Man-Chung Cheung. Hey, Man-Chung.

Man-Chung Cheung:

Hey everybody.

Bill Fisher:

Do we have any local derivatives of Shark Tank in your regions or is it Shark Tank everywhere around the world?

Paul Briggs:

Well, I can tell you about the origin of the format. So Dragons Den is the name of the show that broadcast on the Canadian Broadcasting Corporation, CBC. And I believe it fore ran Shark Tank and some of the so-called Dragons that were on Shark Tank actually started on the Canadian version of the show and ended up on a Shark Tank. So, a little bit of an origin story for you there, Bill.

Bill Fisher:

I love it. And that's actually what it's called in the UK, Dragons Den, as well. So, snap. I don't know how long it's been running over here, but yeah, same name. And funnily enough, so we had a ... on the first season we had a guy on it called Duncan Bannatyne, he was this very stoic Scot and he had this very iconic way of saying he wasn't investing. So, he'd give the reasons why, "I don't believe the valuation," or whatever. And then he would say, "And for that reason I'm out." That means I'm out, if you need a translation. So, I'm hoping to use that today. What about elsewhere? Matteo, Man-Chung? You aware of Shark Tank in your regions?

Matteo Ceurvels:

Yes. So, there was a shark Tank, Mexico that debuted in June, 2016 and another shark tank, Brazil, which debuted in October of that same year, except that was called Negotiating With Sharks, in the English translation.

Bill Fisher:

Wow. I wouldn't try to negotiate with a shark.

Matteo Ceurvels:

No.

Bill Fisher:

Okay, before we get into our pitches, one segment that will remain for this special episode is culture shock. This is where I take you around the world and regale you with a quirky, culturally specific norm. And today it's business related of course. So if you are lucky enough to get a business deal and get some investment, take note of where in the world you are before you shake on it.

In an Arab or Muslim country, be very careful to shake with your right hand only. If you were to reach out with your left hand, it would be considered the ultimate insult. In these cultures, the

left hand is considered unclean and used strictly for body hygiene. So, seal the deal with the right-hand side. No handshakes on today's podcast, we're all in different parts of the world, but I'm ready for the pitches. So real quick, the ground rules, there aren't many, but here they are.

Each panelist will have 30 seconds to pitch their prediction. The rest of us will then discuss, we can ask some follow-up questions. The pitches will be able to give some more details and then we'll each decide if we are in or out.

And we're going to start with Matteo. What's your pitch?

Matteo Ceurvels:

All right, well good morning virtual sharks., So as we all know, retail media in my opinion will be the next battleground between Amazon in Mercado Libre in Mexico. So, we're going south of the border this time. Now we know that Mercado Libre overtook Amazon's share of retail e-commerce sales for the first time in 2020. And now, while the two companies have been neck and neck ever since, Amazon is finally meaning its match in an area where it's historically dominated globally, retail media. So, my specific prediction for this year is that advertisers are going to allocate more budget toward Mercado Libre for the first time this year and it'll remain Mexico's leading retail media player through the remainder of our forecast over the next few years.

Bill Fisher:

Okay. What do we think? Sharks or Dragons?

Paul Briggs:

Yeah Matteo, I'm curious about the relative shares that each have. I know in certain countries, including Canada for example, Amazon has 80% of the retail media ad spending market and it's similar in many other countries. What's it like in various LatAm countries?

Matteo Ceurvels:

Yes, it's definitely notably lower, which is one thing that has surprised me when looking at the two because it's rare to see Amazon not dominating something retail and e-commerce and retail media oriented. Now, I know when we look even in other countries in LatAm, I mean a country like Brazil, it's going to fall from 20% down to the low double digits, like 10%, 12%. So,

that is a surprising shift in where we see the Latin American e-commerce giant beating the global giant at its game.

Bill Fisher:

And that's in terms of e-commerce sales, is it?

Matteo Ceurvels:

That was in terms ... so that specifics that was in terms of retail media share. But in terms of when we're looking at actual e-commerce sales, in Mexico specifically, they both represent about 20% share of the market. It's just Mercado Libre's slightly a bit ahead in that realm when we're looking at e-commerce and then they're also slightly neck and neck ahead, about 30%, 40% share when we're looking at retail media. So, a bit more market share when we get down into that subsegment, but it's definitely gunning for it.

Man-Chung Cheung:

Matteo, I like this personally a lot because it reminds me of Alibaba how in the early days, they were able to actually kick out eBay and then Amazon as well. So, based on your knowledge, what is Mercado Libre doing better than Amazon in the region?

Matteo Ceurvels:

I think they've learned what it is that worked well for Amazon globally and were able to effectively localize it to the markets that they're in and really make it their own, in a sense. They understood the local challenges, which sometimes is a bit harder for a global company to do, and that's not to say Amazon isn't doing well. And I'll put a disclaimer and they are growing by double digit growth in reach of media revenues as well. It's just that Mercado Libre is growing faster with more ad revenue coming into their coffers.

So, I'd say it's definitely that local knowledge. It's definitely the very heavy investment, iterating on the formats, hearing exactly what local advertisers want and giving them what they need. And then I also think just brand positioning as well. You could have the best product, but as marketers, if we don't market ourselves as well to get ourselves out there in front of the decision makers, then it's really a lost cause. So, I think it's several of multi-pronged factors that they're doing quite well to position themselves as a leading retail media solution, but also the solution itself is fairly robust now.

Bill Fisher:

Just remind me real quickly, you're talking about Mexico here.

Matteo Ceurvels:

Yes.

Bill Fisher:

Has this already happened in the other regions? So Mexico is a follower?

Matteo Ceurvels:

So in Brazil, Mercado Libre leads retail media sales by a significant margin. I think it's about two thirds of retail media, of the retail media industry versus Amazon, it's this year about 12%. But in Mexico this year, so 2024 is the first year that Mercado Libre is going to overtake Amazon in Mexico. So, it already happened in Brazil because there always was the leader, but in Mexico specifically, that's always been a battleground market that Mercado Libre's been really investing heavily into. And so that's why I think the news is more noteworthy because it's definitely a mark competitive market than others.

Bill Fisher:

Okay, you've sold me. I'm in, what about the other two Dragons, Sharks, are you in?

Paul Briggs:

I'm in too and I guess I wasn't totally surprised by Matteo's prediction today. I've been reading what he's been writing about Mercado Libre for the last 12 months plus and it's all very promising news coming from that company, so I'm a believer.

Bill Fisher:

Cool. Man-Chung?

Man-Chung Cheung:

Yeah, I mean I'm in this as well. I think I really like the story of this David versus Goliath kind of story, where the local, smallish hero beat this global giant. So it's great.

Bill Fisher:

Well done, Matteo, you're a big winner. Three people investing in your pitch. Good on you. Okay, on to the next pitch then let's see if the next entrepreneur can match that. And next up it's going to be Man-Chung, what's your prediction?

Man-Chung Cheung:

Bill, I promise this is going to blow your mind. So we all heard about AI, how it is going to revolutionize everything. Of course it's going to change e-commerce plus we at the same time we are seeing the plethora of different extended reality devices being launched into the market with the Oculus 3 and then we have the upcoming Apple Vision Pro. So, all these devices that consumer weren't able to get a hands on in the past, there will be plenty of these gadgets around.

It's going to be a paradigm shift. I think the Chinese players are going to get in on the game and create these really immersive virtual shopping experiences. You can call it the Metaverse Shopping Mall if you will, but I think that they actually do have some experience in the past of creating this kind of technology. Alibaba in the past in 2016 and then also in 2021 had dabbled into the space in the single days launching virtual shopping mall and whatnot. And then also on launch day Temu and then ByteDance will be available on the Apple Vision Pro as well. So, these two players are also in the e-commerce space. Just imagine if you are in TikTok, you see videos pushing some kind of product. You push a button, you immerse yourself into the video and be showcased, touch the product, or whatnot.

Bill Fisher:

So your prediction is specifically that in 2024, one of the big Chinese retail players will launch a immersive metaverse shopping experience. Is that your prediction?

Man-Chung Cheung:

Yes, that is my prediction. Starting with the Chinese players.

Bill Fisher:

Okay.

Paul Briggs:

So Man-Chung, I have a question. So in terms of the announcements that you had just recently mentioned here about the availability of these shopping-like experiences on these VR devices

or mixed reality devices, are those actually forthcoming in the next couple of weeks, in the next couple of months? Does that qualify as a launch? What makes it a successful launch, I guess is another question?

Man-Chung Cheung:

Yeah, so the Apple Vision Pro will be available, it's already available for pre-order. It's going to launch on February 2nd. According to rumors, it's hard to get these data, but according to rumors, they already sold out 180,000 units of the product. It's hard to get the numbers in China, whether they are sold out in China as well, or if they sell in China at all. So, that remains to be seen. Of course we have local players like Pico in China, which is owned by ByteDance, the parent company of TikTok. And then the Oculus as well, you can actually get that in China.

Bill Fisher:

Yeah, I'm struggling a little bit more with this one. I think you might be right that something could be launched, but will it be successful? That's the question that I would've because I don't have a huge amount of experience in virtual worlds and VR and immersive experiences, but I remember five, six years ago, going to a few industry events and trying out some of this stuff when it was still quite new and it was rubbish, it was trash, really bad. I was having virtual meetings with these cartoon graphics and it was terrible.

I mean, obviously things have moved on and Apple's new device, very expensive. I can't see that getting mainstream for quite some time yet. We could see something launched, but is it going to be successful? I would question that it'll be valuable and we'll see lots of take up.

Man-Chung Cheung:

Yeah, I think that it's going to force ... the Apple Vision Pro is going to force brands and retailers to think about their strategy in terms of these immersive retail experiences. It's going to be a paradigm shift. Technologically, it's the next level, we're talking about. So I think that these Chinese players, like I said, they already have tried to hands on these experiences. Actually, AI-backed avatar is a thing in China. Brands and retailers are already using those for live-streaming. So, there is going to be interest there.

As far as how widespread is going to be, it's going to take some time I think. But I think the platforms and the brands are going to begin to take it seriously.

Bill Fisher:

Okay, what do we think, Dragons?

Paul Briggs:

Man-Chung, I think I'm going to put my checkbook away on this one. It's not because ... I think this is going to happen, I really do. I just don't think it's going to scale in 2024. I think we're looking at maybe 2025 or a year after that. So, it's really a timing issue for me. So I'm going to hold off on investing on this one.

Bill Fisher:

Okay, you're out, what about you Matteo?

Matteo Ceurvels:

Paul, you took the words right out of my mouth. While I do agree it will be a paradigm shift. I don't necessarily think the shift will be specifically this year, but I do agree 2025, 2026 when we see pricing for the devices come down and more adoption get widespread. That's what I would think. So, I'm unfortunately out as well.

Bill Fisher:

Nice attempt. I'm going to give you an investment Man-Chung you're sticking your neck up on the line. You're being brave, so I'll invest. So at least you get one.

Man-Chung Cheung:

Thank you, Bill. You're a first mover. I appreciate it.

Bill Fisher:

I want 100% of your business though. Okay, next it's going to be ... it's me. Okay, my prediction time. Right, I'm really going to stick my neck out on the line with this one. Okay. I believe that the UK's Online Safety Act will lead to a sizable fine before the year's out. And I'll even go out on a limb and predict that it'll be a Meta company that will be on the end of that fine.

So, the Online Safety Act ratified by the UK government at the end of last year, it's got quite a long rollout. It won't be fully rolled out until 2026, but it is being rolled out in phases. The first phase is the online harms part of the act. That will be in play by Q4 and the regulator Ofcom will be able to start finding people within that quarter. And I think the government is going to want to make a mark and it's going to fine our guests, Instagram, before the year's out.

Paul Briggs:

Question, Bill, how does the law get enforced in the UK? Is there a privacy commissioner or is there a body that monitors the activities of companies that deal with consumer privacy? Is it complaints based?

Bill Fisher:

So it will be Ofcom, the office of communications, which is a ... they're an independent but government appointed body that will police and impart the fines.

Paul Briggs:

So they're proactively monitoring company's activity, that's not something where ... I know in Canada there's some laws that are complaints based. So if there's enough complaints coming in about a certain type of activity from certain companies, then that will initiate a review. So, it's a little bit different in the UK?

Bill Fisher:

I believe that by the end of the year or within Q4, the code comes into force, services must comply and Ofcom can enforce against non-compliance. And although it's an independent body, the government can push them, compel them to act. And so, an interesting extra piece here in terms of why I think it's going to be Instagram probably, gets a fine. So this is government wording on the act.

"The act takes a zero tolerance approach to protecting children by making sure the buck stops with social media platforms for content they host." So, the government is essentially saying, "We're looking at social platforms because we know there's a lot of issues in social and it needs to be better policed and we're going to push Ofcom to police it properly and fine these social platforms if they're not complying to the act."

Man-Chung Cheung:

Yeah, so Bill, how heavy is the fine? Because if it's just like a slap on the wrist, then I don't think platforms would care about paying the penalty versus-

Bill Fisher:

Good point.

Man-Chung Cheung:

... undermining their revenues.

Bill Fisher:

Yeah, yeah, it's a really good point. Up to £18 million, \$22 million, or 10% of their global annual revenue, whichever is biggest. But this is another reason why I think Meta is going to be in the crosshairs of the government because they've got a bit of a war chest. I think they're expecting things like this and they purposely put aside a fund to cover things like this.

So, you make a fair point. It's a little bit of a slap on the wrist because I mean, what's 18 million out of the revenue of Meta? But it's still a marker, I think. And this will be just for one fine, for the online harms. And then there are three different parts to this act, which it can then go on and fine companies for as well.

Matteo Ceurvels:

So, what happens if there's non-compliance? Or what happens if they don't pay the fine, or a company doesn't pay the fine? Do you know offhand?

Bill Fisher:

I don't, I don't.

Matteo Ceurvels:

I'm just curious.

Bill Fisher:

There will definitely be ... I mean, the companies that are fined, will obviously appeal, we know this happens, right?

Matteo Ceurvels:

Of course.

Bill Fisher:

And it'll probably go into an appeals process and that could be quite long and you're trying to talk yourself out of an investment here, right? Because the fines will then happen in 2025. But

anyway, I think it's time for you guys to decide if you're going to invest. Of course you are, but go on, I'll let you speak for yourselves.

Matteo Ceurvels:

So since I was put on the spot with not investing, I actually am going to invest in the idea Bill, because I do agree with you. After seeing how Meta and Facebook were all fine with mishandling with GDPR and all the like, this wouldn't surprise me if Meta as a company, and specifically Instagram, get caught in the crosshair. So, I am in.

Bill Fisher:

Good man,

Paul Briggs:

Bill, I'm not going to invest. And the only reason is because I think I'm going to take the field, so the rest of the social media landscape, TikTok, Twitter, et cetera, and I would say it's more likely that another platform gets dinged by the regulator, in my view.

Bill Fisher:

Yeah. Man-Chung?

Man-Chung Cheung:

Got to be tough on this one. I think it's very hard to moderate the content and so company, it's going to be probably astronomical to implement this kind of enforcement. So, company might just want to take the fine and go on with whatever they're doing.

Bill Fisher:

So you're not investing? Man-Chung, I invested in yours.

Man-Chung Cheung:

I'm sorry.

Bill Fisher:

It's all right, that's your prerogative. Anyway, let's move on the final pitch. Make it a good one. Paul, what is your prediction?

Paul Briggs:

Right, now I'm a little worried because I've only invested in one of the three. So, my pitch may fall on deaf ears here, but here it goes. My prediction is that Shopify will launch a retail media network in 2024.

A little background, Shopify is based in Ottawa, Canada. They're a global player enabling D2C e-commerce and retail e-commerce. And they've built a first party data set called Shopify Audiences. So, that is a key part of launching a retail media network, is that investing in the data and making it available to partners. So, that data set is only available to a select few partners today. I think it's going to be made wide open in 2024 and the lucrative opportunity in retail media will be too hard to resist for Shopify.

Bill Fisher:

My initial question is why now? Why hasn't it already done this? Because it's been lucrative for a while and Shopify is incredibly well-placed. Why now?

Paul Briggs:

I think it is contingent upon the financial performance of the company. So, the stock has rallied in the last three months after a couple years of really difficult times in the open market. So, I could see financial pressures from the market to tap into a new revenue stream being a big reason for them to go ahead and do it. I honestly just think there's so much growth in retail media, it is such a large opportunity. It's the fastest growing digital format. I think it's going to be too hard to resist for Shopify.

Man-Chung Cheung:

Hi, Paul. I have a question. As far as you know, are they in other international market besides the US, Canada? And I think they operate in China as well.

Paul Briggs:

Yeah, they're a global player for sure. They have very explicit and expressing the type of footprints they have in various geographies in their quarterly results and they've managed to ... they obviously, they started in Canada and then the US was really where the hyper growths for the company was realized. But since then, they've spanned the globe.

Matteo Ceurvels:

So do you think on a format-wise, you think they'll probably go the traditional sponsored product route? Will they get a little bit more robust and go into the programmatic area? I mean, this is a bit more beyond the prediction, but I'm just curious at what level of retail media they'll try and get into. The basics are a bit more complex for advertisers.

Paul Briggs:

Yeah, so I would say they're participating in the basics right now with Shopify audiences that the ability for platforms like Meta Platforms, TikTok, Criteo, to tap into their first-party data to enhance targeting on those platforms. So, that's already built. So, I think that's fairly easy to expand.

When it comes to ad formats. I think it's the usual suspects. It's search, for sure. It's display and it's also video.

Bill Fisher:

This prediction, is this just come out of your mind or have you seen some clues, some tangible clues, that this is direction Shopify's headed?

Paul Briggs:

Yeah, no, I've been reading a few industry trade publications that follow Shopify pretty closely and there's speculation that this is coming at some point. The company has a message that they're not looking to do this right now. They're using Shopify audiences as a value add into their enhanced tier of customers, so Shopify Plus.

So if you're a Shopify Plus customer, which is like an enterprise product, you get the benefit of Shopify Audiences. So, at this point the question is, the speculation, is can they really open the tap on this new revenue stream? And I think they will.

Bill Fisher:

Yeah, okay. I think that was the only thing for me. Is it going to happen, as with all these predictions I guess, is it going to happen this year? I think you've convinced me, so I'm in. What about you guys?

Matteo Ceurvels:

I'm in. I'm just surprised I haven't done it sooner.

Bill Fisher:

Yeah, me too.

Matteo Ceurvels:

You got my money.

Man-Chung Cheung:

I'll give you my money as well, Paul.

Bill Fisher:

Wow.

Paul Briggs:

Excellent, all right.

Bill Fisher:

Another clean sweep. I didn't get to say I'm out that often at all. There was only one. Okay, some really, really good pitches there. Mixed investment fortunes. The big winners, Matteo and Paul, you've got investments across the board, so well done. You can be crowned our joint prediction pitch kings. Well done. But that's all we've got time for today, unfortunately. Thanks again, first of all to you Matteo, for your pitch.

Matteo Ceurvels:

You're very welcome, Bill. Always glad to be here.

Bill Fisher:

Thanks to you as well, Paul, and congratulations on your win.

Paul Briggs:

Thanks Bill. This was fun. I like the format this month.

Bill Fisher:

It was, it was great. And thanks also to you, Man-Chung, for joining in the fun as well.

Man-Chung Cheung:

Thanks, it was fun.

Bill Fisher:

And thanks to all of you for listening in today to Around the World, an eMarketer podcast. Tune in tomorrow for our Behind the Numbers Daily Show hosted by Marcus. If you want to ask us any questions, you can of course email us at the podcast @emarketer.com. I hope to see all of you next month for another edition of Behind the Numbers Around the World. But for now, I'm out.