Consumer packaged goods manufacturers are spending more — and looking for more in return.
Growing at an accelerated rate, retail media networks (RMNs) are riddled with complexity.

To optimize return on investment, consumer packaged goods manufacturers must make nearly real-time decisions about how much and where to invest.

The rise of RMNs — and their transformative impact on the grocery industry — are being pushed by a number of factors. We’re seeing:

A New Media Paradigm
As retailers’ cost of offering shoppers e-commerce options has increased, they’re looking to improve profitability by growing revenue from their media ecosystems, a move that is reverberating up the value chain to traditional trade media models. It’s why we believe so fully that the legacy media funnel has collapsed, and a new media paradigm based on a commerce-back, engagement-first approach is needed.

First-Party Retail Data
The value of first-party retail data is fast increasing, and with that data comes power. The ability to accurately measure conversion through retail media is much greater than through traditional media, pushing beyond return-on-ad-spend measurement.

E-Commerce Revenue
In the U.S. alone, retailers are positioned to garner $15 billion to $20 billion of e-commerce-oriented retail media revenue from consumer packaged goods companies by 2025.* For some retail channels, that figure is just the beginning, as electronics, apparel, sporting goods and other consumer goods manufacturers become key RMN partners.

Innovative Shopper Touchpoints
From connected TV to shoppable content, myriad new, innovative shopper touchpoints are available, but determining how to prioritize them at a time of increased expectations of RMN spending remains a tough question for many consumer goods companies to answer.

The Study
These rapid developments and others have many consumer packaged goods manufacturers asking, “What’s everybody else doing?” To help answer that question, foster industry collaboration on best practices and begin to establish benchmarks, we surveyed our consumer packaged goods clients.

*eMarketer

Representatives of more than 20 brands answered an online survey of 17 questions regarding their investments and measuring their return, strategies and tactics.
Retail Media Investments

We asked manufacturers how their 2022 investments compare to 2021, how they are sourcing their RMN investments and if they are moving from managed investments to self-service.

We found that most manufacturer investments will increase this year, with 76% of respondents saying they are investing more in 2022 as total RMN spends capture a greater share of total advertising and promotion budgets.

RMN Spending

Nearly 70% of manufacturers are spending over 10% of their advertising and promotion budgets on RMNs — nearly one-third are spending more than 20%.

While nearly half of respondents are planning and executing the majority RMN spends via managed service, more manufacturers are using self-service platforms more often.

We expect this uptick to increase as major players (Walmart, Target, Kroger) continue to push their self-service portals to small and midsize brands.

Budget Sourcing

The majority of respondents are sourcing RMN spends from shopper marketing budgets (50%), followed by brand advertising (22%) and to a lesser extent from e-commerce and trade budgets.
As retailers continue to ask manufacturer partners for increased investments, there is opportunity for brands to take a more strategic approach to investment sourcing and integration.

1. Conduct a thorough budget assessment that identifies total sales by customer and channel, size-of-prize opportunity and growth targets to reassess investment level and allocation of funds by channel in alignment with defined business KPIs. Need to understand true incremental performance of e-commerce.

2. Ensure internal teams and agency partners are fluent in self-service programmatic platforms for each retailer.

3. Work across departments to understand how RMN initiatives integrate with other elements of the marketing mix to optimize impact and reduce redundancies.

To foster a better understanding of how brands are strategically approaching RMNs, we asked if they’re integrating RMN investment with in-store and e-commerce initiatives, if they’re negotiating RMN investments as part of joint business planning, what RMN success looks like and what their biggest RMN challenges are.

There is opportunity for improvement when it comes to integrating RMN spending strategy with inventory levels. Only 25% are effectively synchronizing their media and in-store inventory.
As in-store and online sales and operations are seen more holistically, silos are being broken down between RMN budgets and e-commerce budgets, though half of RMN investments are still siloed in totally separate budgets.

![Degree of Integration Between Shopper Marketing and E-Commerce Budgets](image)

50% Totally Separate Budgets
25% Partially Integrated
25% Totally Integrated

Consumer packaged goods brands cited significant challenges in regard to RMNs. Among their top challenges: increased investment expectations, lack of viable reporting and measurement and lack of access to data.

![Biggest Challenges With RMN](image)

- Increased Investment Expectations: 52%
- Lack of Robust Reporting & Measurement: 48%
- Cost: 48%
- Lack of Access to Data: 48%
- Not Efficient (No One View Across Retailers): 38%
- Lack of Best Practices: 29%
- Lack of Performance Benchmarks: 24%
We found that brands are thinking of RMNs more strategically and are expanding their RMN goals, beyond traditional media metrics. Among our clients’ RMN goals for 2022 are:

- Greater linkage of quality merchandising to RMN activation; bigger bets on key pulse periods. Additionally, we are seeking to bring more buyer inclusion to the planning process. Many are still seeing the RMN investment as a ‘check the box’ versus leaning into the investment as a means to drive their business and learn about their shopper and how such an approach can drive more meaningful category growth, evolution and/or incrementality.

- Close the gap from impressions to purchase, nail the final mile to purchase, get better data!

- Integration with total marketing plan for a holistic omni approach, ROAS & SOV

- Increase Share of Voice

- Maintain base support with our priority 2022 retailers, continue to better understand ROI, align with trade and brand marketing efforts to ensure cohesive effort.

- Grow Sales Velocity

While brands are placing greater strategic priority on RMNs, the majority of brands (two-thirds) haven’t yet tried to negotiate RMN spending requirements with retailers. The one-third who have negotiated RMN spending requirements with retailers have had some success.

**Brands’ Success at Negotiating RMN Rates in 2021 as Part of JBPs**

<table>
<thead>
<tr>
<th>HAVE HAD SOME SUCCESS</th>
<th>HAVEN’T TRIED</th>
</tr>
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<tbody>
<tr>
<td>32%</td>
<td>68%</td>
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</table>

**Takeaways and Recommended Actions**

As brands discover the value of RMN investments, they’re focusing on being more efficient and maximizing investments via strategy planning and execution and budget allocation.

1. **Prioritize establishing an inventory-monitoring process and threshold tied to adjustments in RMN spend and product distribution.**

2. **Ensure e-commerce and digital teams are an active participant in joint business planning and customer marketing meetings with investments linked to availability of retail data that provides return on investment.**

3. **Customer planning and execution requires regular cross-function communication that effectively removes the silos. Subject matter experts can no longer work with each other on similarly defined objectives. Regular discussions need to occur between business units, agencies and activation teams — no exceptions.**
RMN Tactics and Innovation

Diving into brands’ tactics to push innovation and establish best practices, we asked them in what areas they’re investing and how they are approaching test-and-learns.

We found that brands are investing in different tactics for specific types of RMN campaigns. New product launches, for example, are being driven by investments in search, social media and digital coupons. Campaigns to support the core business include search, off-site programmatic advertising and digital coupons.

<table>
<thead>
<tr>
<th>RMN Tactical Heat Map</th>
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<tbody>
<tr>
<td>Search/Product Listing Ads</td>
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<tr>
<td>New Product Launches</td>
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<tr>
<td>Merchandising Drive Periods</td>
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<tr>
<td>Support Core Business</td>
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<tr>
<td>Total Usage</td>
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</tbody>
</table>

Brands are investing in **RMN Innovation**, with four in 10 saying they are investing significant funds for RMN innovation testing (11+% of budget).

As we plot brands’ goals for innovation along a continuum, 41% are focusing more on innovating with RMNs.
**Frictionless add-to-cart** features are getting the most attention by brands. One-fifth of brands are testing connected TV and social commerce.

<table>
<thead>
<tr>
<th>Top Innovations for Testing</th>
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<tbody>
<tr>
<td>Frictionless ATC</td>
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<tr>
<td>CTV</td>
</tr>
<tr>
<td>Social Commerce</td>
</tr>
<tr>
<td>Streaming Audio/Video</td>
</tr>
<tr>
<td>In-Store Digital Screens</td>
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<tr>
<td>Digital OOH</td>
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</tbody>
</table>

**Takeaways and Recommended Actions**

As RMNs evolve, so are industry and brands’ best practices.

1. Create an iterative best-practice blueprint for each retailer.

2. Consider test-and-learn and innovation sacred.

3. Create a roadmap for RMN innovation that sets goals, prioritizes investment levels and establishes short-, medium- and long-term action plans.
Measuring RMN Success

Few brands are confident in their return on their RMN investment, and few are leveraging retail data to the fullest. We asked brands how much they were leveraging retailer first-party data and how they are measuring RMN success.

Nearly one in 10 manufacturers responding to our survey said they were not leveraging first-party data at all. Almost 70% are leveraging the retail data “a little.”

Most brands are using return on ad spend to measure the effectiveness of their RMN spending, followed by ROI.

<table>
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<tr>
<th>KPIs Brands Are Using to Measure Effectiveness of RMN Spending</th>
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<tr>
<td>ROAS</td>
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<tr>
<td>ROI</td>
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<tr>
<td>Media Metrics</td>
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<tr>
<td>Share Gains</td>
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<td>Marketing Mix Analysis</td>
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<td>Media Tracking Study</td>
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</table>

Takeaways and Recommended Actions

We have only scratched the surface on leveraging rich first-party data and evaluating the value of RMN programs.

1. Expand the definition of success beyond ROAS.

2. Centralize learnings across campaigns and retailers.

3. Lean in on retailer first-party data that is available to inform media targeting and glean insights to build stronger, more strategic campaigns.
A unified approach to conversion media and promotion

More than ever, commerce is boundless, culture is shoppable and brand purpose must be infused into every consumer and shopper engagement.

Consumers demand we enable commerce at the most contextually relevant moments. Brand marketing is no longer about persuading shoppers and offering discounts, but about offering valuable, memorable experiences and frictionless, purpose-filled connections.

At the same time, retailers are now media companies, content publishers and tech companies. Their shoppers are both pushing and clicking on carts. They’re reaching your customers online, on social media, by livestreaming, at curbside and in-store.

These expanding ecosystems, coupled with a need for 0P to 3P data strategy, has led us to replace the traditional advertising funnel with a conversion-back approach. Creating retailer-by-retailer data strategies that seamlessly integrate e-commerce, search, shopper and trade into one activation is the multiplier effect for brands.

We’re here to solve for the disconnects in your commerce practice so you can unlock future growth.

To have a customized conversation for your business and category, please reach out.

And if you’re interested in sharing any questions you have on retail media to feed our next annual survey, we’d love to hear them.