



REPORT

Retail media: the buyer's view

dunnhumbymedia

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Introduction

Acquiring new customers. Inspiring existing ones. Raising awareness. Reducing churn. Whatever the objective, retail media gives consumer-packaged goods (CPG) companies and the media agencies that represent them a way to achieve it. Providing direct access to shoppers, and with data-driven insights helping to maximise reach and relevance alike, retail media offers a full-funnel marketing solution that delivers tangible, measurable results.

In grocery specifically, the opportunity is twofold. While much of the current discussion around retail media might centre on digital offerings from the likes of Amazon, the grocery sector provides advertisers with a significantly more nuanced landscape.

Coupons, point of sale displays, digital screens, radio, and more provide a way to engage with shoppers in-store, while the explosive growth of online grocery means that retailer-owned websites and apps now provide access to a larger audience than ever. Grocery-based retail media is the complete package, giving brands the ability to reach customers across a vast range of touchpoints both offline and on.

All of that counts for little, of course, if retail media doesn't do what those brands need it to. If it's too complex, too difficult to use, or just doesn't deliver on their expectations, retail media is unlikely to gain the lasting support it needs to become an integral part of the advertising landscape. Performance is paramount, particularly in an age where ad spend has never been more fragmented.

In this paper, we look at retail media through the buyer's eyes. Using insights from more than 300 brand marketing and media professionals across the globe, we paint an open and impartial picture of the current retail media landscape. From the channels they're investing in through to successes and failures, we explore buyers' current sentiment towards retail media – and their expectations for the future.

Priority channels

Who's buying what when it comes to retail media?

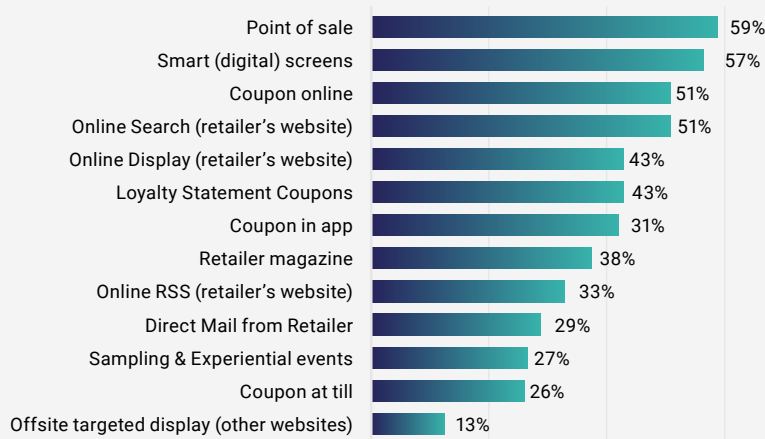
Of the many column inches that have been dedicated to retail media over the past few years, a good number have zeroed in on one thing in particular: the dramatic growth in spending.

In Europe, for instance, the IAB has suggested that the market's value could increase by almost €20bn between 2021 and 2026¹. In the US, some forecasts point to an increase of around 360% between 2019 and 2024². Retail media's irrepressible rise is being driven by an influx of investment from CPG (Consumer Packaged Goods) brands and agencies alike, begging one question in particular – where exactly is this money being spent?

The overarching answer is simple: in-store. Over the past year, CPGs and agencies have focused heavily on both point of sale (59%) and smart/digital in-store screens (57%). Ecommerce applications – online coupons (51%), online search (51%), and online display (43%) – see frequent use as well, but occupy a secondary tier in terms of spending priorities.

Retail media channels bought in past 12 months

Channel that attracted the most investment was Point of sale



While in-store spending might outstrip investment into digital channels, however, the overall suggestion here is that brands have a clear understanding that grocery-based retail media is a multifaceted opportunity. The healthy balance between in-store and online speaks to the fact that each provides its own unique way in which to engage with customers, with advertisers using both to good effect.

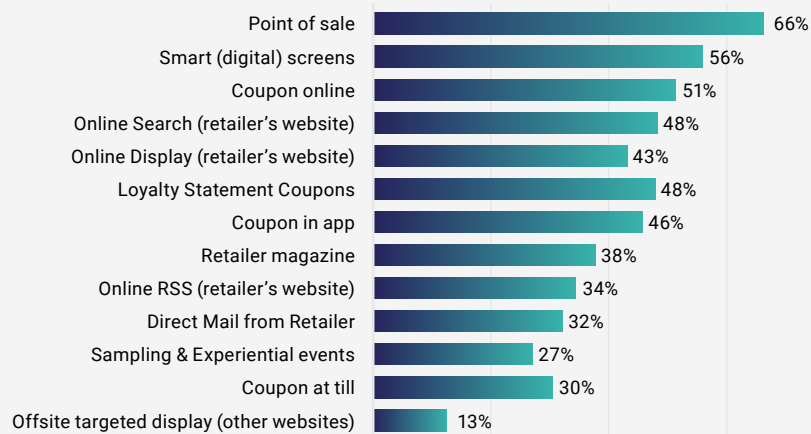
There are subtleties at play here too, though. A deeper look at the results here reveals a slight split between our two audiences – in-house CPG teams skewing mainly towards store-based channels, with their agency counterparts leading the charge around digital.

On the CPG side, point of sale is the clear priority; two-thirds (66%) of those polled have bought ad space in that channel during the past year. Use of in-store digital signage, meanwhile, remains broadly in line with the overall results (56%). For agencies, however, digital tactics like online search (59%), online coupons (50%), and online display (43%) all outrank point of sale.

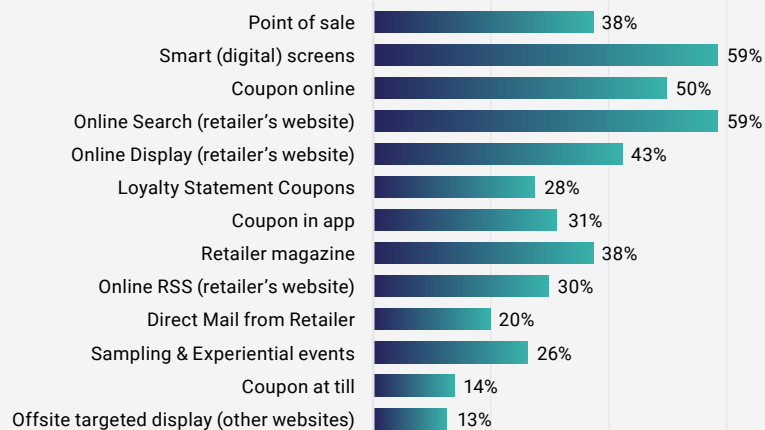
¹European Retailers Are Thinking More Like Publishers as They Expand Media Offerings – Videoweeek, 20th January 2022

²Retail Media Ad Spending Forecast 2022 – eMarketer, 8th August

Channels purchased by CPG Brands in past 12 months



Channels purchased by Media planning/buying Agencies in past 12 months



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These results echo what we see in the global markets in which dunnhumby operates, with in-house teams focusing on traditional channels while directing their agencies to manage digital campaigns. Not only have agencies invested heavily in training their teams on self-serve retail media platforms, they also have a wealth of experience in running and optimising digital initiatives.”

Catherine Bell - Retail Media & Customer Engagement Consulting Director, dunnhumby



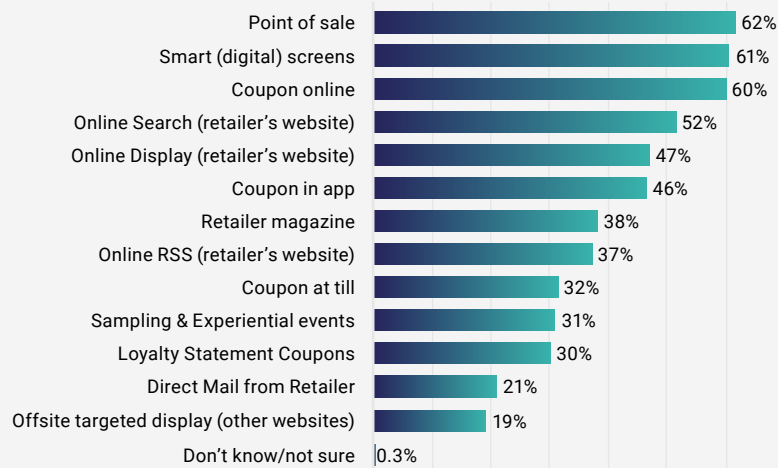
I Looking to the future

For the year ahead, stability appears to be the dominant theme – on the surface, at least. Investment into priority channels like point of sale and digital screens looks set to be relatively consistent across the next 12 months, though shifts elsewhere tell a deeper story.

Use of loyalty statement coupons could be subject to a relatively precipitous decline in the coming year, for instance, with spending intent falling by 12%. Direct mail has a similar trajectory, albeit not quite as steep, dropping from 29% to 21%. Crucially, these channels serve as the exception rather than the rule. Investment in every other channel is trending upwards, with coupon in app and relevant sponsored search amongst the likely gainers.



Retail media channels planned for purchase in the next 12 months



From a CPG perspective, one of the most significant changes over the next 12 months appears to be a sharp swing towards online coupons. Usage here is expected to rise from 51% over the past 12 months to 63% over the next, a potential reflection on the global cost of living crisis and a desire to communicate value to customers.

For agencies, the main development seems likely to be a reordering of priorities when it comes to online. Online display will usurp search as the primary ecommerce channel, though sponsored search will also see a healthy rise. Surprisingly, in light of last year's patterns, point of sale also looks set to increase. 53% of respondents plan to use the channel in the next 12 months compared to just 38% who did in the preceding period.

Benefits and barriers

Where does retail media deliver, and where does it come up short?

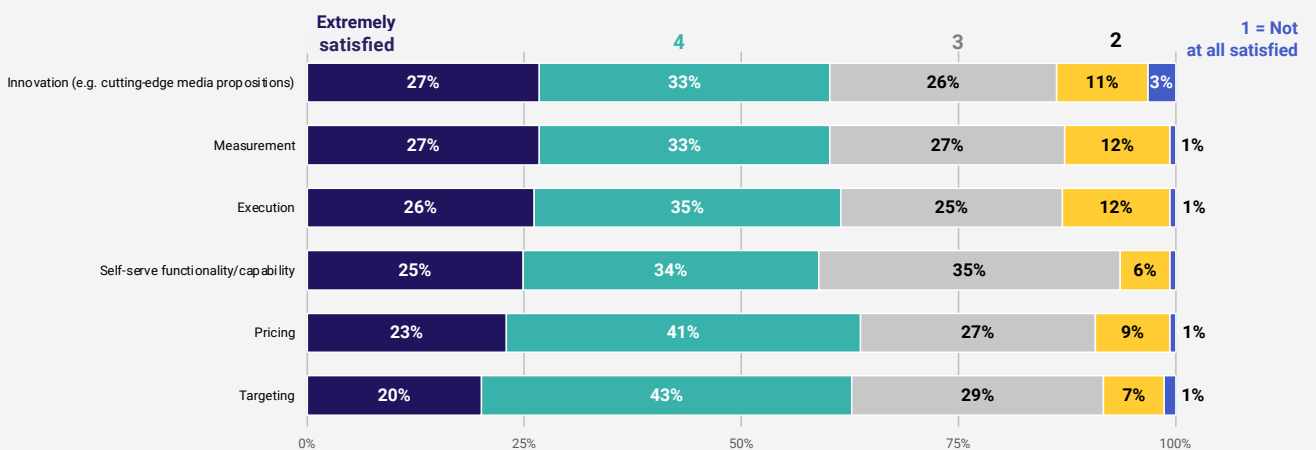
With respondents planning an almost unanimous increase in their use of retail media over the next 12 months, it stands to reason that they must be seeing at least some degree of success from their existing investments.

That theory is borne out when looking at current levels of satisfaction with retail media. Across areas including innovation, measurement, execution, and pricing, the vast majority of our study participants suggested that they were either “extremely” or “somewhat” satisfied with their experiences to date. Only a fraction of those surveyed noted complete dissatisfaction with any aspect of the discipline.

Of the six areas that we explored, innovation, measurement, and execution appear to be the most polarising. While these issues draw the highest responses in terms of “extreme” satisfaction, they also see the greatest levels of dissatisfaction – albeit to a far smaller degree.

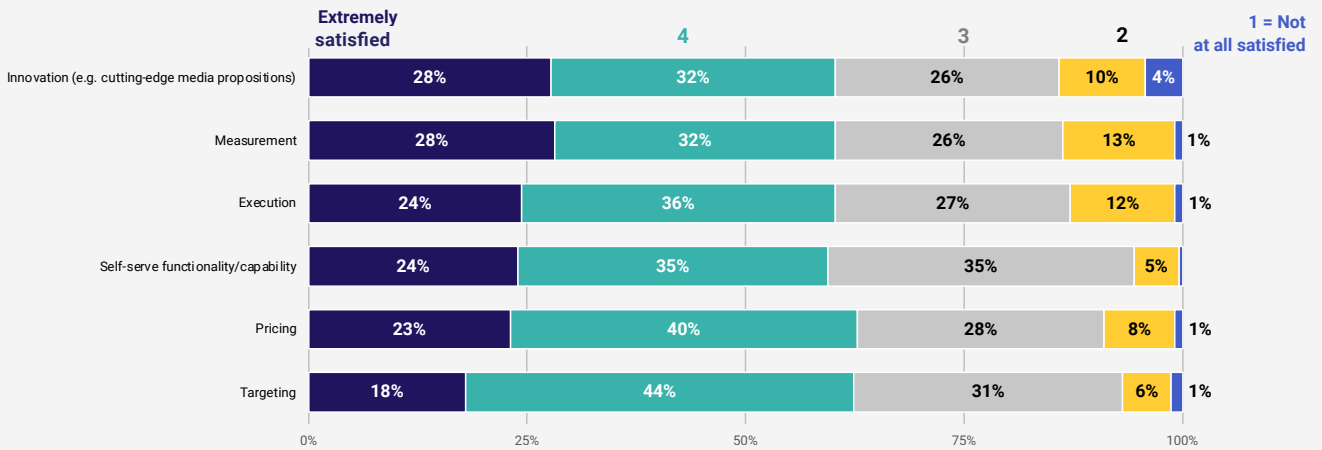
Satisfaction level of using retail media

CPGs and Agencies see greatest satisfaction with measurement and innovation while using retail media

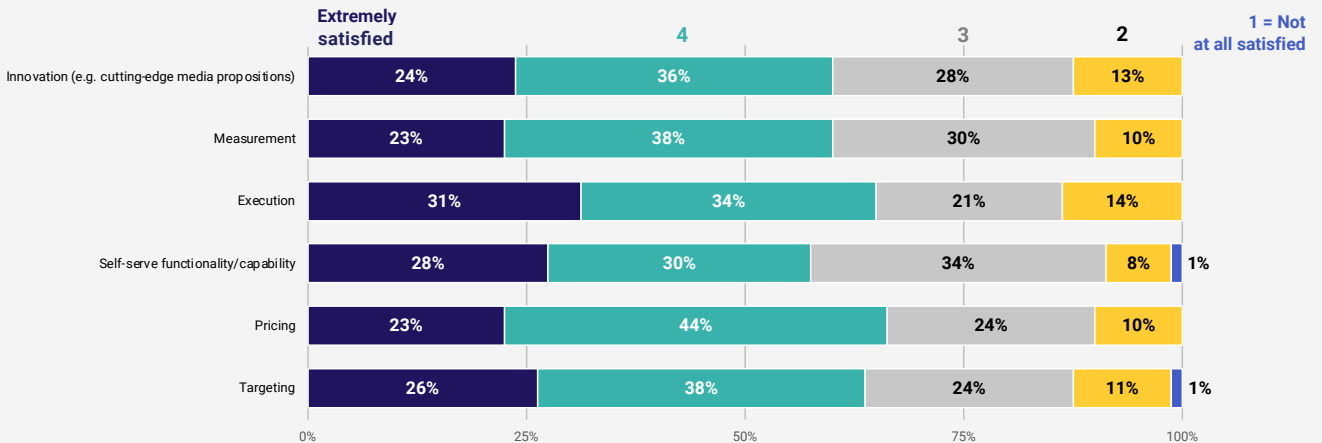


This trend carries over into the CPG and agency-specific results, though it does so in a slightly different way. While sentiment amongst CPGs matches that of our overall findings, agencies show much greater satisfaction (and the opposite) with execution, self-serve functionality, and targeting specifically.

CPG satisfaction level of using retail media



Media Agency satisfaction level of using retail media



Whether this is as a result of greater exposure to those aspects of retail media – or perhaps in response to differing objectives between the two groups – isn't entirely clear. Regardless, satisfaction amongst media agencies seems to be higher generally than it is for their clients.

I Pulling in, pushing away

Content though they may be, what brings brands and agencies to retail media in the first place? What do they feel they have to gain and what, if anything, might push them away?

For one of those questions, the answer falls in the midst of two interlinking issues. Asked what the most attractive aspect of retail media is for their business, respondents were tied between insights (44%) and the media inventory

(41%) itself – the latter, of course, offering numerous opportunities to communicate with customers at key points on their grocery journeys. Data (15%) follows in third.

That insights wins out here, albeit by a very slight margin, is interesting when we look back at current and future spending patterns. While brands and agencies put a premium on customer insights, the majority of their retail media activity continues to take place in (comparatively) untargeted channels like point of sale and digital screens.

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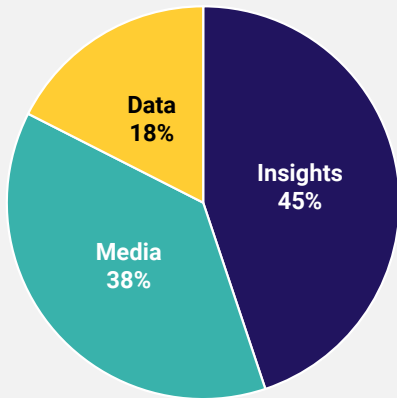
“I think that the demand for insights here goes deeper than just for the purposes of campaign targeting. To me, this is about CPGs wanting more insight and data at the planning stage to ensure that the channels they are investing in are right for their brand and can meet their specific campaign objectives.

“There’s also a clear link here with post-campaign measurement, with brands being increasingly keen to understand their return on investment and how best to optimise future activities.”

Catherine Bell - Retail Media & Customer Engagement Consulting Director, dunnhumby

Most attractive aspect of retail media

Insights comes out on top

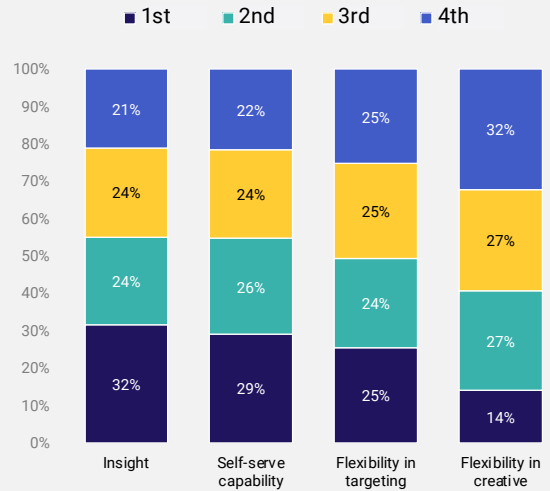


There are no major differences between the two audiences here, though media agencies do identify media inventory (51%) as their primary draw.

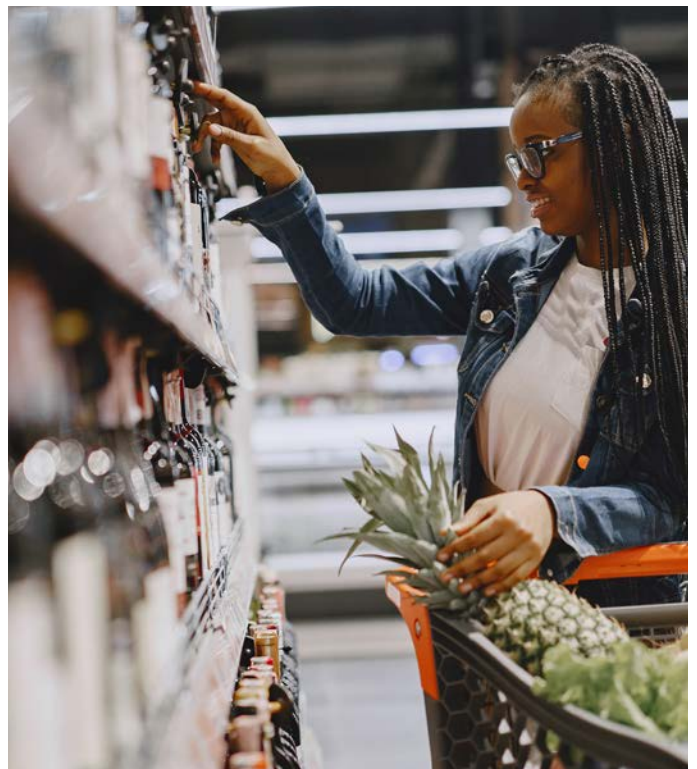
The true importance of insights becomes that much clearer when we look at what respondents say defines an attractive retail media proposition overall. A third (32%) of those questioned cited insights as a “tier one” priority, more than those who said the same of self-serve (29%), targeting flexibility (25%), or flexibility in creative (14%).

What could make retail media a more attractive proposition?

Insight and Self-serve capability were ranked by CPGs and Agencies as the top 2 most important aspects

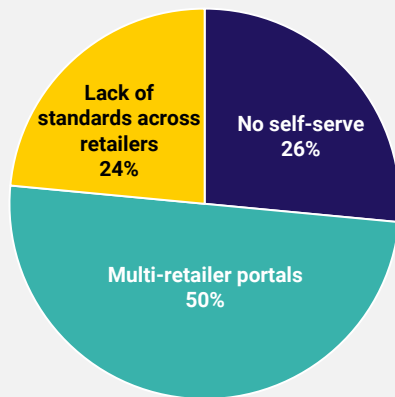


While results are consistent in terms of the positive elements of retail media, though, the same can’t be said when we look at the least attractive aspects. Here, while our two audiences are united in saying that an absence of multi-retailer portals presents a problem, agency-side respondents have much stronger sentiment. 60% of agency respondents say working across multiple platforms is a problem, compared to just 50% of CPGs.



Least attractive aspect of retail media

Having to access different platforms to book media campaigns across multiple retailers is a pain point



Other issues that respondents take umbrage with include the absence of self-serve capabilities (24%) and a lack of common standards across different retailers (23%). Self-service is seen to be a particular concern for CPG respondents, with more than a quarter (26%) saying that the inability to create and control their own campaigns is the least attractive aspect of a retail media proposition.



“There’s a clear demand for simplicity and efficiency here, which speaks to the fragmented nature of the retail media landscape to date. That said, the industry is definitely becoming more streamlined, thanks mainly to the rise of sophisticated and user-friendly retail media networks. Some companies are also beginning to step up to meet the demand for multi-retailer portals, albeit only for single channels at the moment.”

Catherine Bell - Retail Media & Customer Engagement Consulting Director, dunnhumby

Barriers to success

While respondents are quick to point out that certain aspects of retail media are less enticing than they should be, they’re equally clear that those elements aren’t necessarily obstacles in themselves. In total, less than a quarter (23%) of participants say they face actual barriers to using retail media effectively, dropping even lower (21%) amongst agency-side participants.

Are you facing any barriers to using Retail Media?

Yes 23%

No 77%

While not necessarily representative of our wider panel’s views, some direct comments do hint at the nature of these obstacles. “Complexity with various platforms,” wrote one agency respondent, while another pointed out that they were struggling to “find the right channels and... develop an effective media strategy”.

“Execution can sometimes be challenging” was a sentiment shared more than once.



Measuring the returns

How do CPGs and agencies evaluate success?



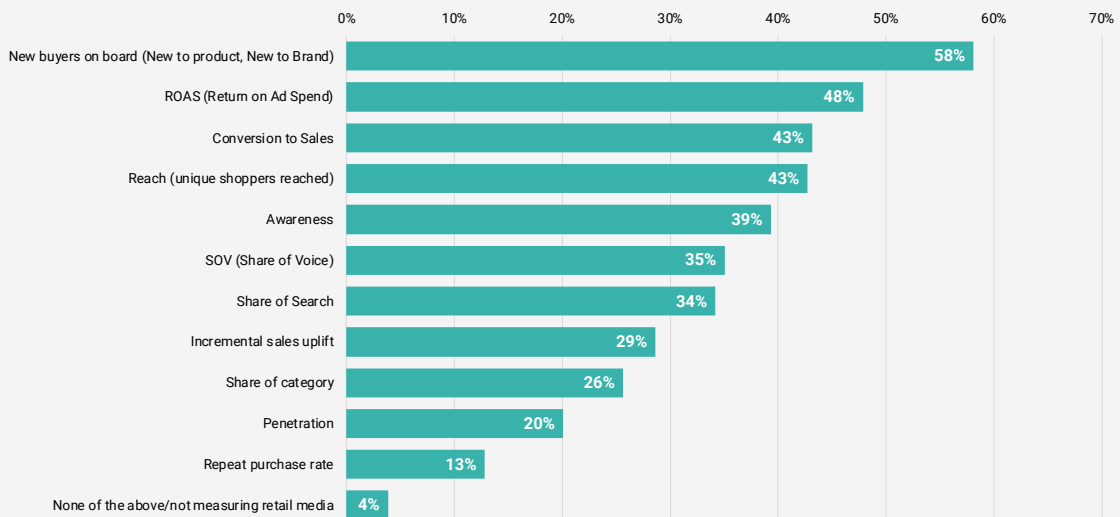
There's a big difference between satisfaction and success. They may be comfortable with retail media from a usage perspective, but what exactly does it do for CPGs and agencies –and how do they measure those returns?

One of the primary benefits offered by retail media in the grocery sector is its ability to influence shoppers all the way from sofa to store, including the actual point of purchase. Whether by drawing a customer's attention to a promotion at the shelf or delivering a relevant product recommendation when they're searching online, retail media gives brands the ability to grab a shopper's attention in a multitude of ways.

With that in mind, it's perhaps unsurprising that the main KPIs (Key Performance Indicators) used to measure retail media's impact are heavily sales-led: "new buyers on board" (56%), "return on ad spend (ROAS)" (48%), and "conversion" (44%) are the most commonly used metrics. "Reach" (43%) is comparatively well-used, though non-commercial benchmarks like "awareness" (37%) and "share of voice" (36%) fall behind. Only 4% fail to measure at all.

KPIs used in measuring retail media

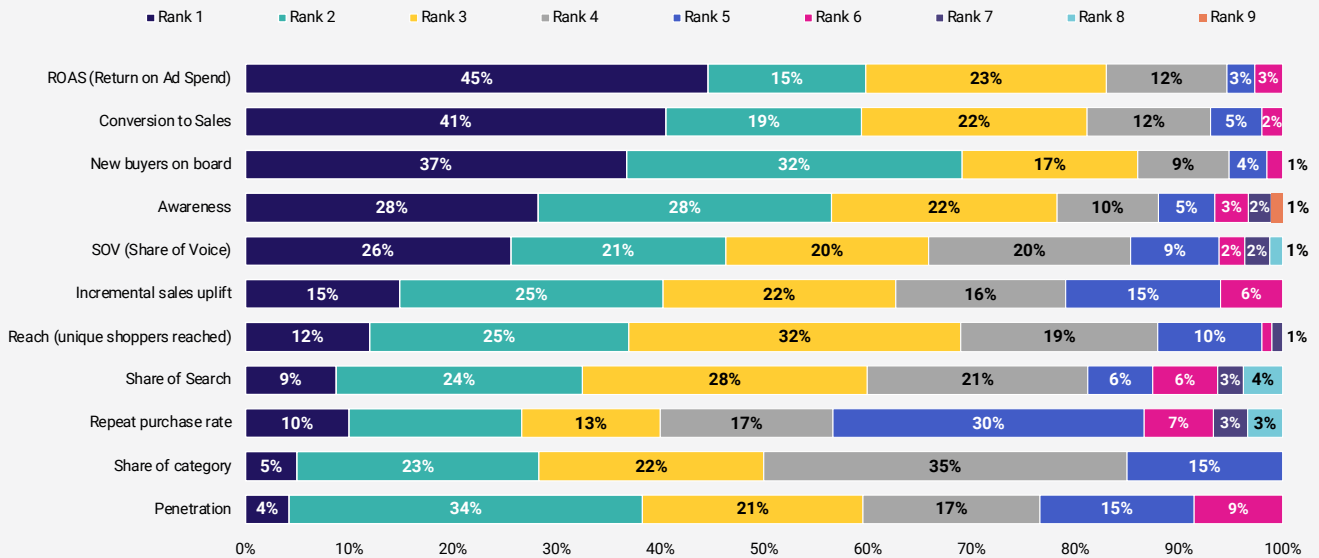
"New buyers on board" is the most commonly used KPI



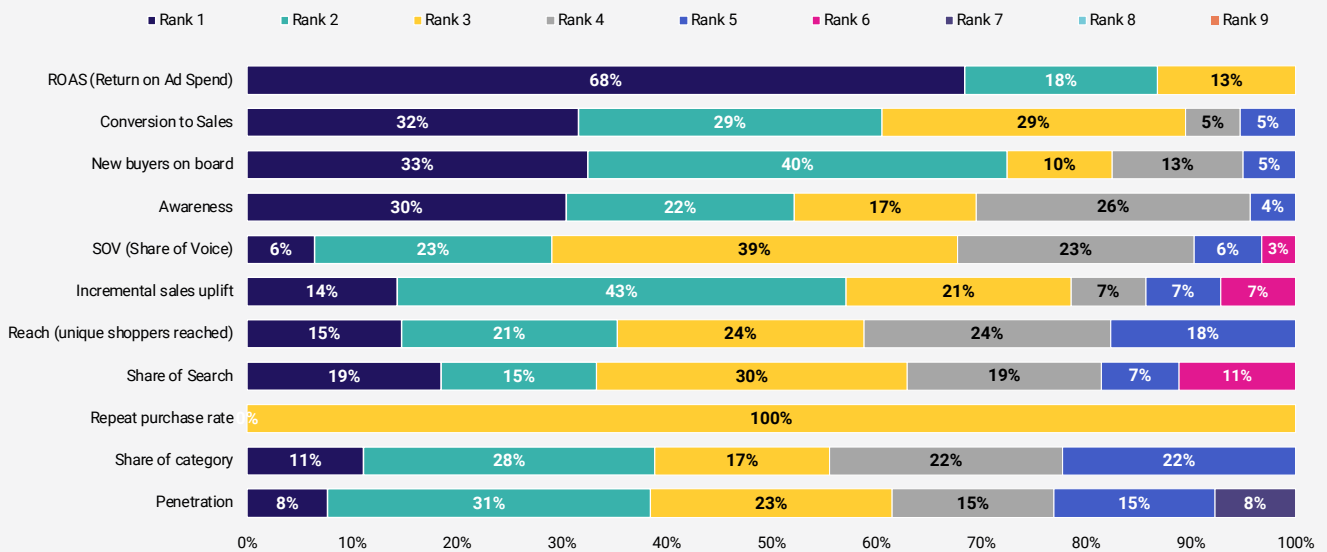
Brands and agencies are relatively well aligned here, with little difference in terms of overall priorities, with the two groups generally united from a measurement perspective.

This consistency of thought continues when looking at which KPIs are most important from the brand and agency perspective. ROAS, conversion, and new buyers are unanimously important, though the first of these is – understandably – seen to be significantly more so for agencies. "Share of search", another metric that agencies are likely to find themselves evaluated on, is also more relevant to that group.

Most important KPIs (Key Performance Indicators) for CPG Brands



Most important KPIs (Key Performance Indicators) for Media Agencies



“The main reporting criteria for most campaigns is always likely to be ROI, hence the focus on sales conversion here. Brands and agencies are definitely beginning to ask for more from measurement, though, particularly when planning full-funnel activations where the KPIs differ from stage to stage. The retailers that will win in this space will be the ones that evolve their measurement KPIs to match differing needs across the funnel.”

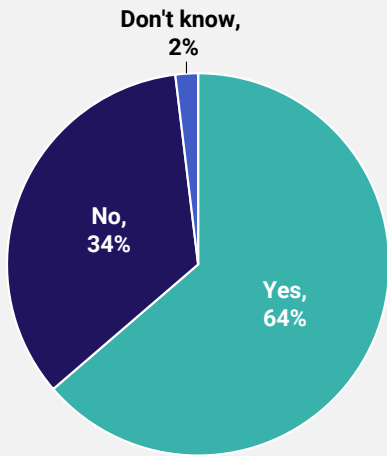
Catherine Bell - Retail Media & Customer Engagement Consulting Director, dunnhumby

I Realising ROAS

Both in terms of its usage and perceived importance, ROAS is clearly a critical yardstick for measuring the effectiveness of retail media activity. It's by exploring this area specifically that we can begin to see just how impactful retail media can be – particularly in comparison with the wider ad landscape.

Asked whether they received better ROAS from retail media or other channels, almost two thirds (64%) of respondents say that it is the former. Results here were unanimous between our two audiences.

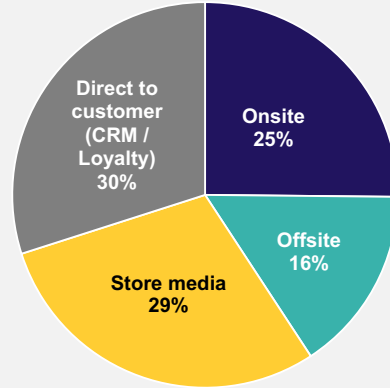
Is ROAS from retail media better than from other channels?



To further our understanding of retail media as a route to ROAS, we also asked respondents to tell us which channels they felt delivered the best returns. Running slightly counter to current (and future) investment strategies, "direct to customer (DTC)" (30%) is seen to provide the greatest value for money, though "store media" (29%) follows closely behind.

Best retail media channel with respect to ROAS

"Direct to customer" retail channel gives the best ROAS



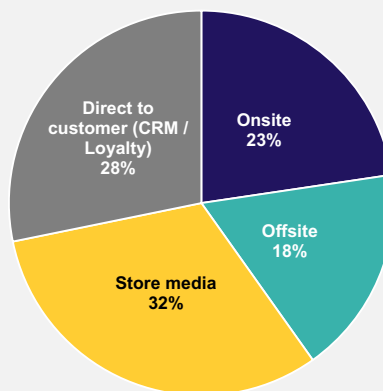
Responses to this question seem to be highly influenced by – or at least reflective of – the differing spending priorities of each audience.

CPG participants tend to have greater faith in store media, for instance, which tallies with their focus on point of sale and digital signage over the year ahead. Those from a media agency background put more stock in DTC and onsite channels, aligning with their plans to invest more in online display, search, and coupons.

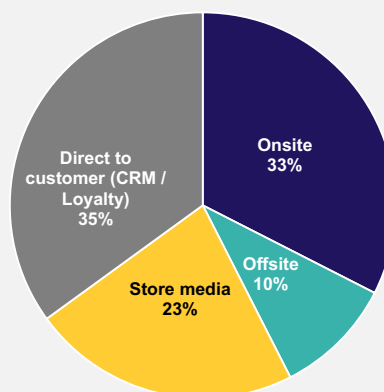




Best channel for ROAS for CPG Brands



Best channel for ROAS for Agencies



One slight discrepancy here seems to be the overwhelming support for DTC. While many brands and agencies cite coupons as an investment priority for the coming year, “traditional” CRM tactics like loyalty coupons and direct mail attract comparatively little support.

Not all activities need to be ROAS focused, of course. Results here may simply indicate that, while CPGs and agencies acknowledge the value of DTC in terms of generating returns, their planned future spend is tailored around a broader set of objectives.

Finding funding

Where do retail media budgets sit, and how are they evolving?

Retail media is a cross-discipline pursuit, one that can be as effective at brand building as it is at driving incremental sales. That's advantageous, since it can help brands meet multiple marketing objectives at once, but it can also lead to the question of who exactly "owns" – and therefore funds – a company's retail media initiatives.

The answer, according to our participants at least, seems to be "everyone". Questioned on where their retail media budgets originated, respondents pointed to shopper marketing, ecommerce, brand, and trade budgets, with each seeing a healthy amount of support. In most cases, there's a genuine sense that most organisations draw their funding from across the company.

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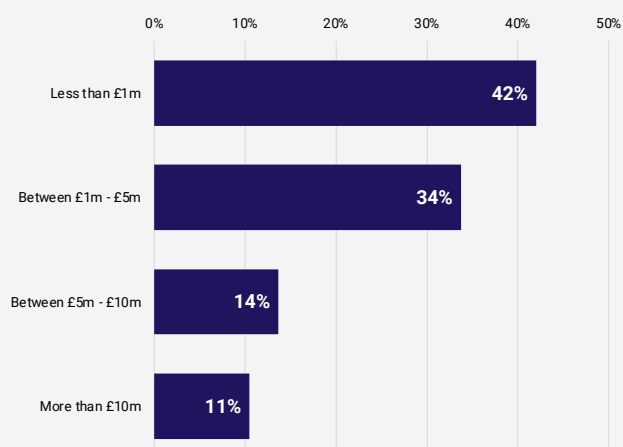
"In our own experiences around the world, the majority of retail media activity is funded by trade and shopper marketing budgets. Generally, I think there is more growth to come from brand investment particularly with the rise of new channels such as connected TV."

Catherine Bell - Retail Media & Customer Engagement Consulting Director, dunnhumby

The majority of budgets are increasing, too. While most (42%) organisations say that they spend less than £1m annually on retail media today, two thirds (65%) expect their retail media resources to increase over the next 12 months. For around a tenth of brands and agencies, that rise in spending looks to be significant.

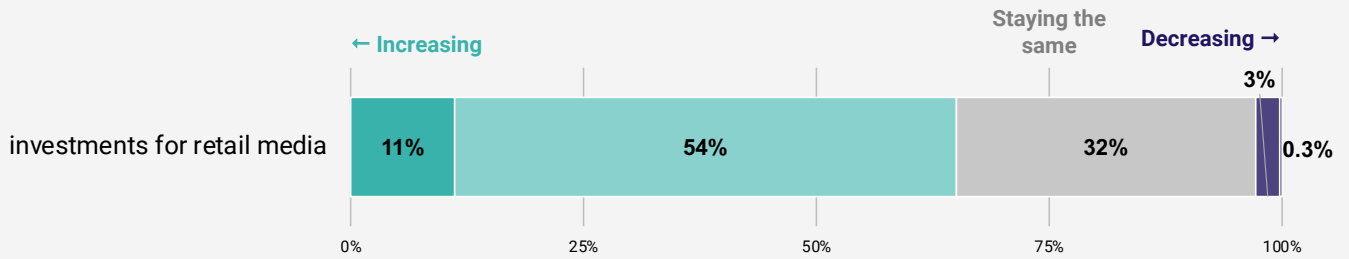
Current annual spend on retail media

Half of respondents spend less than £1million



How will your investment in retail media change over the next 12 months?

More than half the respondents are planning on increasing their retail media spend

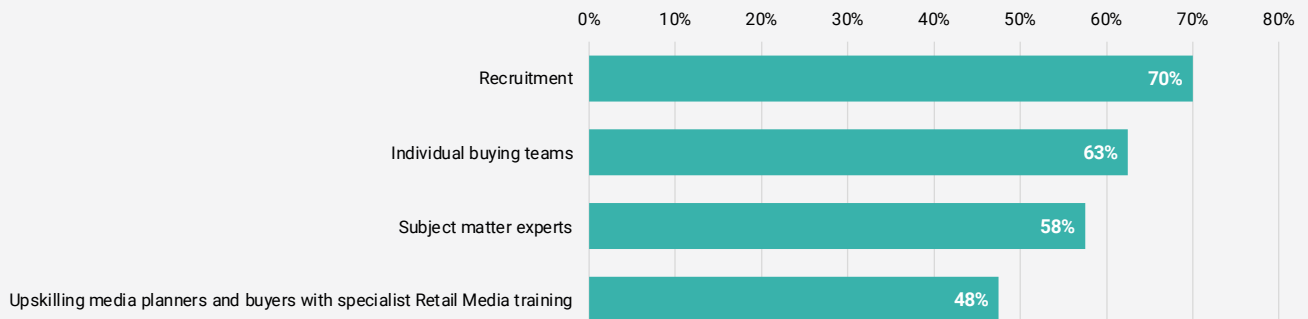


Agencies appear particularly optimistic here, with around a fifth (19%) expecting to see investment into retail media increasing by more than 30%. Across both audiences, only a fraction (3%) believe that budgets will decline.

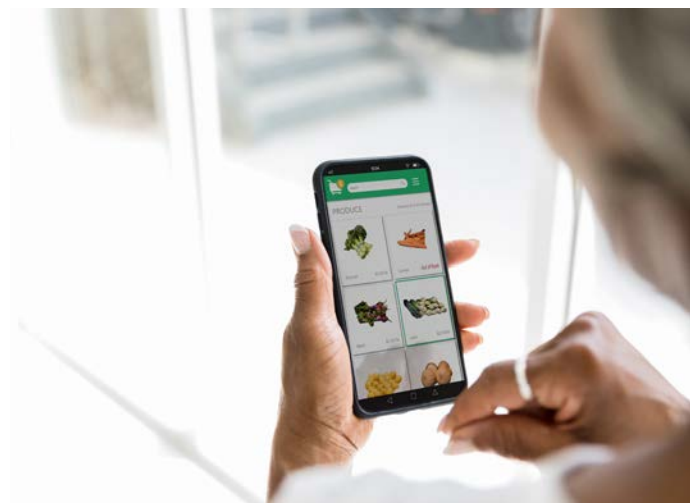
As well as spending on retail media activity itself, most media agencies also seem to be investing heavily behind the scenes. In an effort to maximise their capabilities, significant numbers are bringing in new personnel (70%), establishing individual buying teams (63%), hiring subject matter experts (58%), and upskilling existing staff via specialist training (48%).

Media Agency ambitions for growing retail media

“Recruitment” is the highest rated ambition for growing retail media



While they may be satisfied with their retail media experiences to date – and face few barriers in terms of engaging with it – agencies are clearly keen to improve their level of service nonetheless.



Conclusion

Above all else, the results of this study tell us two things. Firstly, retail media's continued growth is assured. Across the UK, Europe, US, and Canada, brands and agencies are planning to up their spend and embrace the wide range of opportunities that retail media presents. Some channels may be preferred over others, but the overarching trajectory is one of abundant growth.

Secondly, the views of our participants show us just how mature the industry has become. Respondents not only understand what retail media offers as a whole, they understand that grocery presents a specific opportunity to engage with shoppers across physical and digital channels at once. Grocery-based media gives brands the chance to deliver results across the marketing funnel, and it is one that they are grabbing with both hands.

This maturity isn't limited to the approach to channels, either. Brands have a well-defined view of what they want to achieve using retail media, and are setting a clear path forwards in order to deliver on their goals. Particularly promising is the nuanced approach to funding, where the inherent possibilities of retail media seem to resonate across the organisation as a whole, rather than just in pockets.

As always, there room for improvement remains. Sentiment towards self-service, standards, and a general lack of consistency between different networks suggests that retailers and technology providers have some way to go before users can be truly content. That said, these are addressable problems, and provide some helpful focus rather than cause for concern.

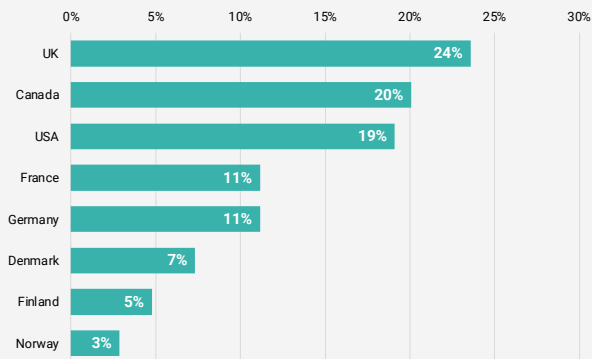
For retailers in particular, the message is clear: the appetite and budget for retail media is only getting bigger – but so too are expectations. The priority now must be putting in place a platform that not only meets, but exceeds the needs of your brand partners.



Methodology

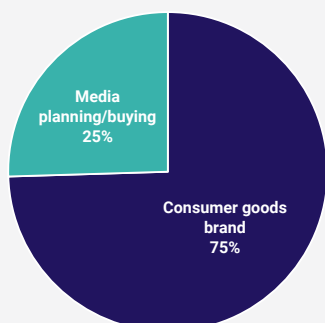
Fieldwork for this study was carried out by Phronesis Partners, an independent market research company, between May and July 2022. 314 respondents from across the United Kingdom, Canada, the United States, France, Germany, Denmark, Finland and Norway were interviewed as part of that process. All respondents confirmed that their business is currently using retail media, and that they have personal experience of planning, booking, or buying it.

Breakdown of respondents across countries



At the time that our research was conducted, three-quarters of participants held internal roles within CPG companies, with the remainder representing media agencies across the planning and buying functions. All respondents from a CPG background confirmed that their company's products were being sold through grocery retailers.

Breakdown of respondents across CPG Brands and Agencies

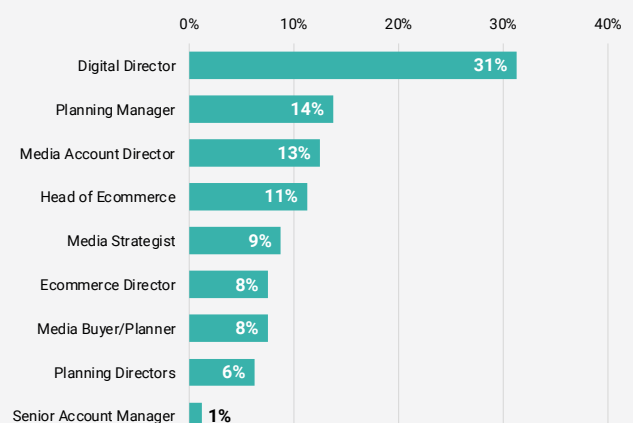


Across both groups, we interviewed across a wide range of roles. These ranged from Media Account Director to Director of Brand Management within CPG companies, and from Senior Account Manager to Digital Director on the agency side.

Breakdown of CPG respondents across job functions



Breakdown of Media Agency respondents across job functions



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dunnhumby is the global leader in Customer Data Science, empowering businesses everywhere to compete and thrive in the modern data-driven economy. We always put the Customer First. Our mission: to enable businesses to grow and reimagine themselves by becoming advocates and champions for their Customers.

With deep heritage and expertise in retail – one of the world's most competitive markets, with a deluge of multi-dimensional data – dunnhumby today enables businesses all over the world, across industries, to be Customer First.

The dunnhumby Customer Science Platform is our unique mix of technology, software and consulting enabling businesses to increase revenue and profits by delivering exceptional experiences for their Customers – in-store, offline and online. dunnhumby employs over 2,000 experts in offices throughout Europe, Asia, Africa, and the Americas working for transformative, iconic brands such as Tesco, Coca-Cola, Meijer, Procter & Gamble, Raley's and L'Oreal.



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