

grocery doppio
Powered by INCISIV

Industry Perspectives

State of Digital Grocery: In-Store Media Monetization

IN PARTNERSHIP WITH

nCountR



What's in the report?



DIGITAL MEDIA IS A \$8.5 bn. OPPORTUNITY

Retail media networks are a C-level priority for grocers. Executives see them as essential to growing their digital business and engaging shoppers more effectively.



OMNICHANNEL INTEGRATION IS KEY

Integration is the biggest impediment and opportunity. Grocers must connect their digital and store channels to build a closed loop and measurable platform.



LEADERS HAVE SEEN SIGNIFICANT BENEFITS

Grocers that have successfully deployed and can measure omnichannel retail media platforms have seen an increase in volume and customer engagement.

Research Overview:

Grocery Doppio conducted a survey of grocery executives that decide or influence digital media strategies to understand the current state of retail media networks with a focus on understanding how they were being integrated into the store.

Grocery

103

total no. of respondents

45%

respondents Director level or above

28%

respondents VP and above

31%

respondents represent companies with over \$1 Billion in revenue

Note: This report leverages data from other Grocery Doppio surveys



\$8.5 billion

projected size (2024) of the retail media network in Grocery



88%

say media monetization is a top growth priority



73%

rate media monetization as a C-level priority



Grocery Media Networks represent a \$8.5 billion opportunity to drive growth.

Grocers are actively seeking strategies to boost growth and margins during this uncertain business climate, and media monetization has emerged as a significant and strategic opportunity.

The Retail Media Network (RMN) market will be \$54 billion in 2024, of which grocery media networks will be \$8.5 billion. There is a lot of executive focus and push toward deploying media networks, and most grocers (73%) say it's a C-level priority for their firm.

Grocers believe media networks can strengthen their digital business by:

- Boosting sales volume
- Increasing the share of trade spend
- Attracting net-new Consumer Packaged Good (CPG) shopper marketing spend
- Building a competitive moat against third-party platforms
- Improving shopper engagement / satisfaction

While the size of the prize is large, execution isn't easy.

The path to successful media network implementation is fraught with challenges. Achieving seamless digital-store integration, compelling content, and measurable ROI demands meticulous strategy and execution, underscoring the complexity behind capturing this lucrative opportunity.



68%

of grocers say investment in a media network is high priority



70%

of in-store retail media deployment will happen in the next 18 months



97%

of grocers will deploy a white-label or third party solution



The number of retail media networks will double in the next 18 months.

Grocers aren't early adopters of technology, and nothing happens quickly, making the planned deployment of media networks stand out. This rapid expansion signifies a paradigm shift in how grocers approach advertising, consumer engagement, and revenue generation.

Grocers have recognized the immense potential of leveraging their digital and in-store real estate for targeted advertising. They also recognize that in the face of direct and indirect (third-party delivery) competition for these dollars, there is a short and closing window of opportunity.

Buy, not build:

A striking 97% of grocers intend to adopt white-label (73%) or third-party (24%) solutions for their media networks. The overwhelming consensus among grocers to opt for pre-built solutions reflects a pragmatic approach. By adopting established, market-tested technologies, they accelerate time to market, minimize development risks, and ensure that retailers can quickly capitalize on network effects. This also allows grocers to focus on the business strategy and building the business.

Extend to the store:

Investments will be focused on building robust omnichannel capabilities. 70% of grocers are planning in-store retail media deployments in the coming 18 months. This move signifies a strategic effort to bridge the online-offline gap, offering unified and enhanced digital marketing capabilities.



61%

of all shoppers said they found the media content useful



+38%

increase in shopper engagement with in-store media*

Age Bands	Positive Impact on their overall Experience
18 – 25 (Gen Z)	63%
26 – 41 (Millennial)	73%
42 – 57 (Gen X)	67%
58 – 76 (Baby Boomers)	59%

Source: Q2 '24 Grocery Doppio Shopper Study



Media networks have been positively received across all shopper demographics.

Media networks have notably increased in-store engagement, with grocers (who are able to track it) observing more time and attention devoted to areas near display screens. The universal appeal of media networks across all shopper demographics stems from several influential factors:

Digital Expectations: Shoppers expect digital and are accustomed to encountering multiple screens and digital advertisements daily. Their comfort with and expectation for digital interaction make media networks a natural extension of their shopping experience.

'New' Effect: The novelty of screens in grocery stores captures attention, drawing shoppers in with the unexpected presence of technology where they might not anticipate it.

Engaging Content: Media networks enhance the shopping environment by integrating social media elements and delivering captivating content that is directly relevant to the shopper, such as special offers and cooking tips. This relevance adds value to their shopping trip and encourages longer engagement times.

Precision Targeting: These platforms can deliver personalized content that resonates with individual viewers and tailor the advertising to each shopper's needs and preferences.



87%

say it's important to tie in digital channels and the store for media monetization



69%

in-store media helps us differentiate against third-party platforms



93%

of CPG brands want the ability to tie in digital and store engagement

Integrating digital channels and the store is critical to success.

Integrating digital channels with the physical store experience is the cornerstone for successful media monetization. A cohesive omnichannel approach is not just preferred but essential. This integration enables retailers to track a seamless consumer journey, enhancing engagement and boosting monetization opportunities through targeted advertising and personalized promotions.

Furthermore, 69% of retailers believe in-store media capabilities provide a competitive edge over third-party platforms. Unlike third-party platforms, physical stores can attract more foot traffic, increase consumer engagement, and integrate digital and physical interactions.

The demand for a unified digital and physical engagement strategy is echoed by 93% of CPG brands. They recognize the value of getting a complete view of the shopper journey and understand that a harmonized approach can significantly amplify the impact of their marketing efforts.

The ability to track and analyze online and in-store shopper behavior provides invaluable insights, allowing for more effective campaign planning and execution.



86%

have completely siloed or partially integrated systems of print circulars, in-store media network and digital media networks



92%

spent more effort than planned / budgeted to integrate their media network with their existing store and customer data systems

Top Challenges Faced in Extending Media Networks to the Store	Rank
Integration with store technology	1
Cost / Investment	2
Reliable in-store connectivity / networks	3



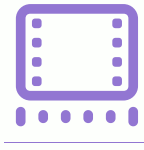
Extending to the store is hard. Integration and Infrastructure are the hardest to overcome.

Integrating digital, in-store, and print is necessary to build a seamless omnichannel platform. However, extending media networks into physical store environments presents substantial challenges.

These systems frequently operate in silos, with 86% of retailers reporting either completely isolated or only partially integrated setups across print circulars, in-store, and digital media networks. In addition, the customer data powering these networks is often siloed and not synchronized.

The financial aspect poses another formidable challenge. The effort and resources required to mesh media networks with existing store and customer data systems frequently exceed initial plans and budgets. This overextension can strain financial resources and impact the business case.

Another critical obstacle is ensuring reliable in-store connectivity to support these advanced digital solutions. In-store network reliability is fundamental to the consistent delivery of media content and the collection of consumer data. Grocers must test and upgrade their networks to ensure high reliability and low latency.



79%

don't have the talent needed to build and scale our media business



Only 13%

have third-party data relationships to augment our data



43%

don't have best-in-class media network platforms



Building a business from the ground up is harder still.

For digital media networks to thrive, they must be viewed as a holistic business initiative requiring skilled talent, strategic partners, robust omni-platform, and advanced analytics capabilities. Some key points of consideration are:

Talent: The success of these platforms depends critically on the foundation of skilled talent capable of navigating both the technical and strategic demands of media operations. Without the right team, even the most advanced media network platforms can fall short of their potential, struggling to adapt to the rapidly evolving digital landscape.

Technology and Data Infrastructure: Grocers will need to graduate from a set of starter tools to ones that support the store and digital channels, support advanced marketing and measurement capabilities, and ingest or integrate with multiple internal and external data sources.

Strategic Partners: The value of the media network is a function of scale (# of shoppers) and data richness (granularity, channels). Having partners to help address both of these is critical to capturing incremental marketing dollars.



Only 3%

of CPG firms have 'significant' additional budget to spend on grocery media in 2024



89%

of CPG firms want greater measurement accuracy for their marketing spend from grocer retail media networks



84%

of CPG firms want improved targeting capabilities from their grocery partners



CPG firms don't have extra dollars to spend, and demand precision.

Brands have limited budget flexibility and a high expectation for value from grocery media investments. They need to justify media spending with clear, quantifiable returns. A mere 3% of CPG firms report having 'significant' additional budget allocated for spending on grocery media in 2024.

While marketers understand the value of getting access to more and better first-party data in a cookie-less world, there is a heightened demand for precision in measurement.

We are seeing brands execute along our 2022 roadmap – a short-term spurt in building first-party data access, and deciding where and with whom (grocery retailer or third-party partner) to spend will come down to the following:

Access: Providing granular data on shopper behavior and media performance.

Accuracy: Confidence in media effectiveness methodology and accuracy.

Actionability: Ability to target more effectively and act more quickly.



<30%

can effectively measure how key KPIs are impacted by their in-store media effectively



+14%

increase in conversion for grocers that have deployed in-store media*



+27%

increase in impulse purchases for grocers that have deployed in-store media*



Grocers need to improve measurement and attribution. Those that can measure impact have seen significant gains.

The introduction of in-store media networks in the grocery sector has shown promising results for those able to measure their impact, highlighting the essential need for improved measurement and attribution methods. Despite the clear benefits, less than 30% of grocers can effectively gauge how their in-store media influences key performance indicators (KPIs). This gap in measurement capabilities is a significant barrier to realizing the full potential of media networks.

The results are compelling for those grocers who have implemented systems to track the effectiveness of in-store media. A notable 14% increase in conversion rates and a 27% surge in impulse purchases have been observed. These KPIs underscore the powerful influence of well-placed, targeted in-store media on shopper behavior, driving planned and spontaneous buying decisions.

The benefits extend beyond immediate sales increases. Effective in-store media can enhance the overall shopping experience, reinforce brand loyalty, and increase customer retention. However, most grocers haven't been able to take advantage of this due to inadequate measurement systems that can't track the entire omnichannel shopper journey.

Action Plan

Grocers need to focus on the following areas to build an end-to-end platform:

Omnichannel Integration



Monetizing retail media demands integration across all technologies and channels, including future media solutions, for effective network utilization.

To create a cohesive customer journey, grocers must seamlessly integrate digital and physical shopping platforms. This step ensures that shoppers experience a unified brand presence, whether they're browsing online or in-store, enhancing overall customer satisfaction and engagement.

Talent



Scaling and integrating retail media, along with building customer trust, hinges on having the right talent to manage platforms and develop cohesive strategies.

Success in today's digital retail landscape requires a team with the skills to manage complex retail media networks. Investing in recruitment and training builds a knowledgeable workforce capable of driving innovation and navigating the challenges of modern retail.

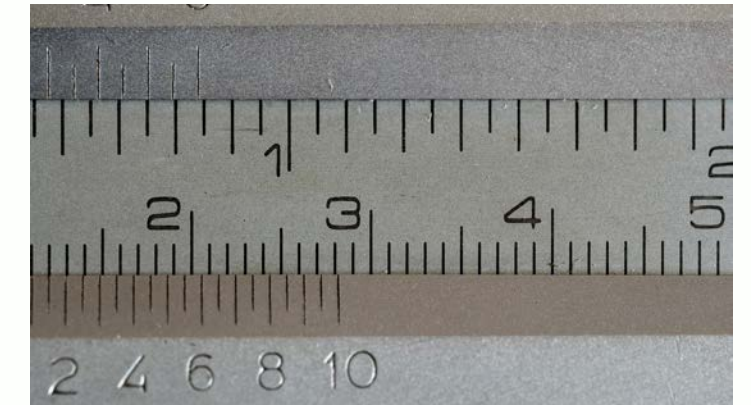
Data-Driven Personalization



Data-driven personalization enhances targeting, differentiates from competitors, strengthens data strategy, and boosts customer acquisition and efficiency.

Utilizing data for precision-based targeting allows grocers to attract more customers by delivering highly relevant and personalized content. This strategy not only improves customer acquisition rates but also positions grocers as preferred shopping destinations over competitors.

Measurement



Proper measurement across key areas is crucial for refining retail media strategies, identifying gaps, and guiding strategic decisions.

Measuring performance against key KPIs is vital to understanding the impact of retail media networks. Continuous analysis helps identify successful tactics, areas needing improvement, and opportunities to increase effectiveness, guiding strategic decisions and optimizations.

Executive Perspective



Hans Fischmann

Vice President & General Manager

RRD

In the rapidly evolving grocery sector, alongside the surge in eCommerce, a transformative shift within the in-store experience is underway. This shift has condensed a generational transition into a few short years. While the rapid adoption of online channels has opened numerous growth opportunities for grocers, it has also introduced a series of previously unfamiliar challenges. Simultaneously, enhancing in-store media experiences has become a critical investment area to enrich customer interactions and increase retention.

Recent initiatives provide a robust support system and valuable insights, designed to aid grocers in navigating these dual changes. The goal is to help grocers initiate, accelerate, and sustain growth amidst dynamic market conditions. This is crucial as the landscape of both digital and physical commerce continues to evolve, making adaptability and agility essential for survival and success. Areas of focus now include enhancing the in-store experience, a crucial aspect of business strategy, by integrating advanced analytics for better targeting, optimizing logistics and supply chain management to handle increased demands, and leveraging technology to improve both online and offline interactions.

Additionally, it suggests strategic partnerships with tech firms to leverage emerging technologies for improved operational efficiency and enriched customer satisfaction.

Lastly, while the rapid shift to eCommerce presents challenges, the opportunities for enhancing in-store media experiences also offer potential growth. Grocers who invest in understanding and adapting to this integrated digital and physical environment may enhance their chances of achieving long-term success and market leadership.



ABOUT GROCERY DOPPIO

Grocers have experienced a generational shift in eCommerce adoption within a condensed period of time, giving rise to both - new growth opportunities and unfamiliar threats.

Grocery Doppio is an independent source of insights and inspiration designed to help grocers jumpstart, accelerate and sustain growth in this dynamic new environment.

www.grocerydoppio.com

In partnership with



ABOUT RRD

RRD is a global provider of marketing, packaging, print and supply chain solutions. The company delivers end-to-end solutions, effectively targeting and transforming customer touchpoints into moments of impact. Through a global network of resources, creative execution, proprietary technologies, and measurable media, RRD influences engagement across the entire customer journey.

www.rrd.com