

Incrementality is ‘critical’ to unlocking retail media growth, CPG execs say

Article

In 2024, retail media ad spend will grow 28.6%, coming to just under \$60 billion, per our forecast. To reach that potential, **retail media networks** (RMNs) need to identify what attracts advertisers and set them up for success. Here’s how three consumer packaged goods (CPG) leaders are thinking about retail media.

1. Focus on the digital experience. RMNs looking to score more retail media investment from advertiser partners must be sure they're bringing the right capabilities to the table.

It starts with the basics, according to Francesca Hahn, vice president of US digital commerce at Mondelez International, who spoke at a session **during our virtual summit** earlier this month.

“The site needs to work effectively and efficiently for shoppers. If that doesn't work first, fundamentally, then retail media becomes a leaky bucket in a sense, putting money into something that's going to go right out the bottom.”

The search functionality has to be there too, said Hahn.

“There are certain capabilities that allow you to make sure that your money is leveraged as efficiently as possible,” like being able to exclude search terms from your campaigns, she said. “We're trying to avoid buying [ad space] where a product would show up automatically.”

- Being able to get more granular with search targeting would be a major benefit, according to Emily Frankel, senior vice president and head of ecommerce marketing at PepsiCo.
- “The ability to do audience targeting across media tactics has been around for a while. And I think that's something that could be interesting in a retail search environment,” she said, noting that knowing whether someone has bought a product via a certain platform before would change the media investment or message.

Ideally, RMNs help advertiser partners choose ad inventory based on what's going to be most effective at achieving brand objectives, whether it's incremental sales or promoting a new item, Frankel said.

2. Measure incrementality. Incrementality is “critical” to measuring effectiveness, said Paras Shah, director of digital media at Georgia-Pacific.

- “We're very squarely focused on the incrementality of our media and helping to achieve our brand objectives,” he said.
- Georgia-Pacific uses test and control groups to determine incrementality internally, according to Shah. But measuring incrementality across RMNs requires more work from its analytics team.

These measurement struggles aren't unique to Georgia-Pacific.

Frankel noted that because there's a lack of **standardization around retail media measurement**, "it falls on us as a company to kind of build our own measurement systems that put everybody as much as possible on an equal playing field. But that's challenging to do."

3. Think beyond performance. Retail media is generally **used as a performance marketing tool** at the moment, but it has the potential to be so much more.

"What's intriguing about retail media is that a lot of the retailers have the data and, as they start to build on **clean rooms**, they're going to be able to start sharing lifetime value [data]," said Shah. "That will change how we invest [in retail media], not just digitally, but in-store too. And it will completely change how we acquire customers and optimize our profit goals as well."

Shah also believes that retail media data can help to fill in the gaps left by **third-party cookie deprecation**.

"Historically, we've focused on how retail media drives sales at that particular retailer, because the value the retailer brings to the table is first-party data," Shah said. "But knowing that cookie deprecation is actually on the horizon and that first-party data will be more important in the future, we started to evaluate the rest of the market impact [of retail media] by leveraging third-party measurement solutions."

By weaving retail media into marketing mix models, advertisers can start to understand things like the halo effect or the impact of digital media over time.

"The holy grail to me is digitally influenced sales measurement over time," said Hahn. "I want to be able to link it all together, everything we've done and understand, [which levers are most effective]."