

# Value drives Dollar General's success, but retail media can give the retailer an extra boost

Article

Where many retailers struggled last year, Dollar General succeeded. Its value-focused proposition attracted cost-conscious consumers as prices continued to rise, and it managed

to expand while others like **Bed Bath & Beyond** and even **Amazon** were forced to close locations to cut costs.

- **Dollar General's net sales** increased 10.6% YoY to \$37.8 billion in FY 2022, driven by growth in consumables as consumers traded down in grocery.
- The retailer also opened 1,039 new stores in FY 2022 and plans to open another 1,050 in FY 2023.

But there's an additional opportunity for Dollar General to increase its revenues in the years ahead: **its retail media network**.

Dollar General's media network (DGMN) can reach more than 90% of customers through paid media, per the company. But what may give the retailer an edge over competitors is its ability to reach rural communities.

"We're able to bring access to a segment of the population that's really difficult to connect with," said CEO Jeff Owen on a recent earnings call. "And when you think about the rural population, 30% of the United States population, that's meaningful."

To capitalize on retail media's surge in popularity, **Dollar General made some big investments in DGMN** last year, including through partnerships with The Trade Desk, LiveRamp, Google Ad Manager, and Goodway Group. It also brought on board new advertising partners including Unilever, General Mills, Colgate-Palmolive, and The Hershey Co.

And additional investments may be on the way, according to Owen.

"We expect our DG Media Network to grow significantly in 2023 as we expand the program and enhance the value proposition for both our customers and brand partners," he said on a recent earnings call.

**Retail media's moment:** Retail media is one of the fastest-growing digital advertising channels because of its proximity to purchase and its ability to target using first-party data. We forecast US spend on retail media will reach \$45.05 billion in 2023 and rise by another \$10 billion next year, per our forecast.

A large part of this growth is driven by grocery and grocery ecommerce.

- The top 13 retail media networks used by brands (identified in a survey by the Association of National Advertisers) sell groceries and/or consumer packaged goods.

- According that survey, Dollar General is used by 38% of US marketers, making it the sixth most popular retail media network.

*This was originally featured in the Retail Daily newsletter. For more retail insights, statistics, and trends, [subscribe here](#).*