

Unlocking the Full Potential of Retail Media

STRATEGIES FOR DELIVERING TOTAL BUSINESS IMPACT



Best practices for making retail media an integral — and integrated — part of your overall marketing strategy

By Ethan Goodman &
Kandi Arrington

From The Mars Agency's vantage point as an end-to-end commerce marketing agency, we find that most brand organizations and agencies treat retail media like any other media discipline.

That mindset, however, is fraught with challenges and leads to sub-optimal outcomes. It leads organizations to adopt a general media approach rather than a nuanced retailer strategy, with media investment and channel selection decisions driven solely by traditional media KPIs like lowest CPM or highest ROAS, highly tactical executions, and measurement focused only on standard media results.

Our strong belief, and the strategy that guides our work with some of the world's largest CPGs, is that retail media has much more to offer and should be treated as an integral — and therefore integrated — part of your overall marketing strategy.

The following report presents The Mars Agency's perspective on how to prepare your organization to achieve that alignment. ■



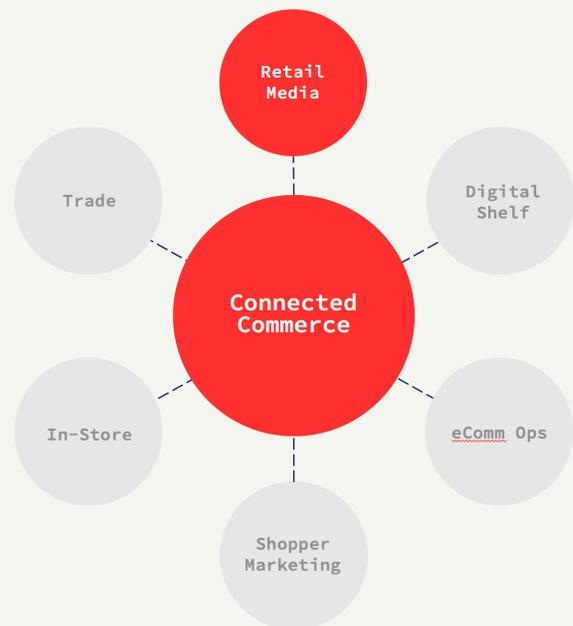
1.

Delivering Total Business Impact

You can't achieve maximum results from retail media when it's managed in a silo. A best-in-class approach requires deep expertise in, and tight integration with, the other key elements of not only your customer engagement activity — trade, shopper, ecommerce, merchant relationships — but your consumer promotion and brand initiatives as well.

Such a holistic, connected commerce approach treats retail media as just one lever in the overall machine — not the machine itself, despite its growing importance in the overall plan. Adopting this mindset can still deliver the expert media management your organization needs — but also a whole lot more:

- **the requisite retailer-level specialization, nuance and focus that's required to win.**
- **investment decisions that are driven by media and strategic considerations at the customer level.**
- **integrated omnichannel experiences rather than tactical executions.**
- **a more comprehensive view of measurement that goes far beyond media metrics.**



These additional elements add up to retail media activation that can play a major role in improving the total business impact of commerce marketing on your brands. It's not about winning with retail media but using retail media as a vital lever for winning bigger with your key customers and your business overall. ■

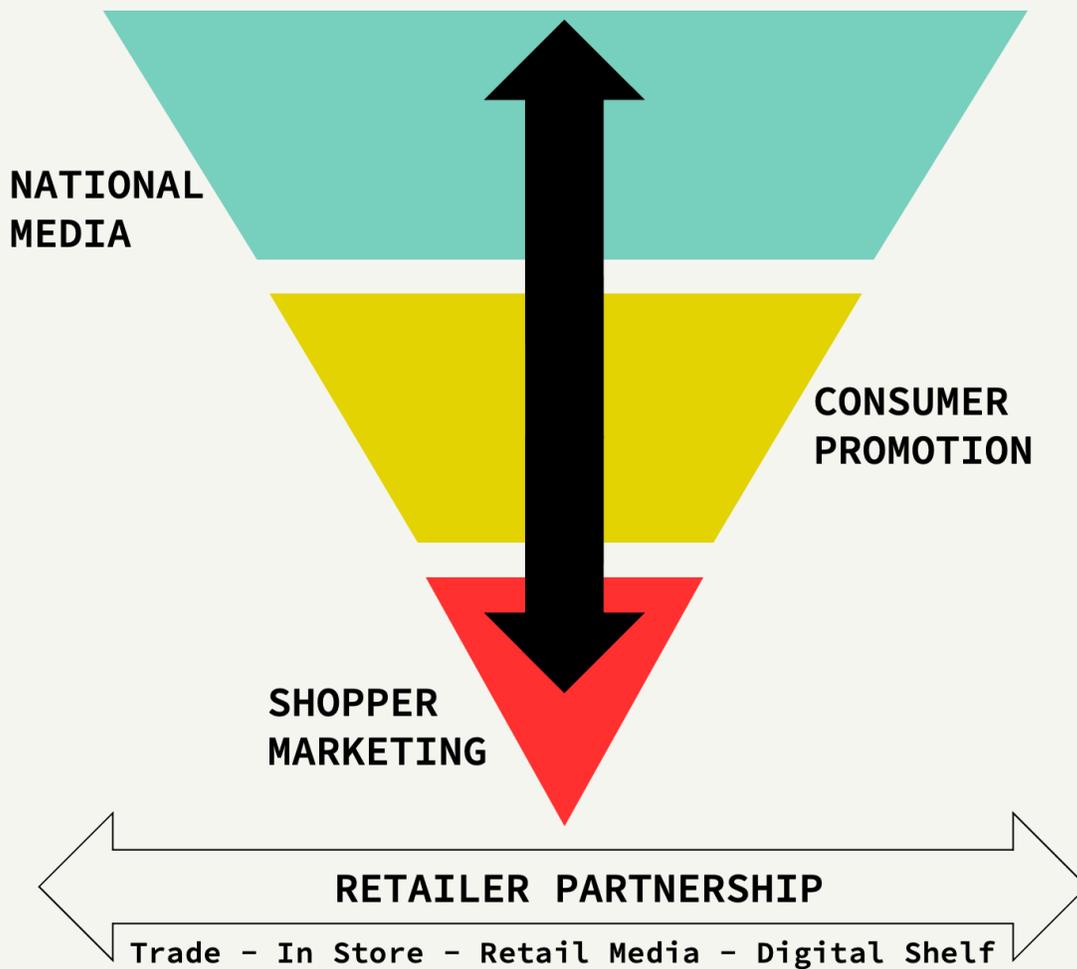
40% OFF

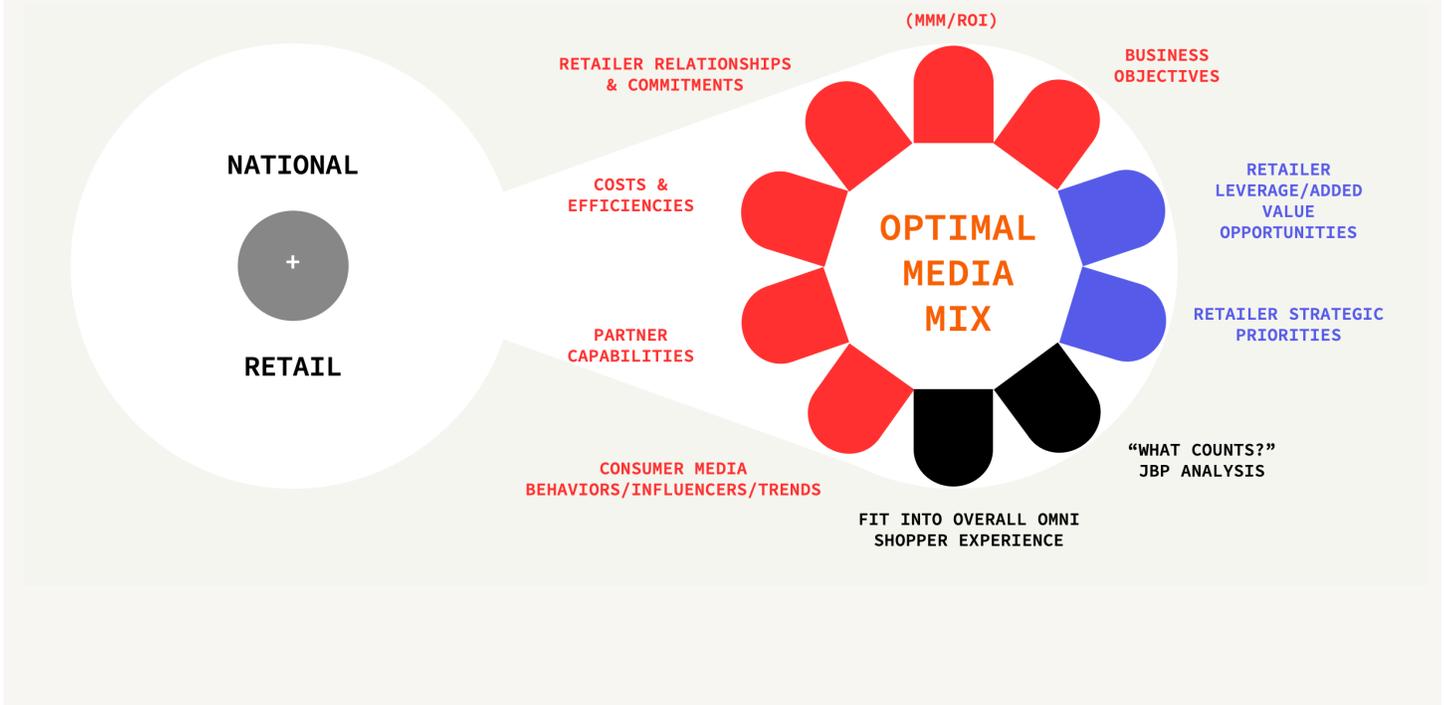
Making It Happen

To achieve this holistic vision of connected commerce, we endorse a two-pronged approach to integration. You need to make sure that your retail media efforts are integrated vertically (or top-down) to ensure a seamless connection all the way through “the funnel” from the brand’s national media efforts, through consumer promotion, to retail media.

Doing this will eliminate the potential for duplicated efforts, identify potential synergies that can make the total media investment work harder, and ensure that the plan is working harmoniously all the way through.

Success also requires a second, horizontal (or side to side) layer of connectivity across all activity with your retailer partner: what’s happening in the store, through trade promotion, shopper activation and e-commerce. This is where retail media really begins to shine. ■





The integrated approach leads to more informed, more strategic investment decisions at both levels of planning: when allocating your marketing dollars across national media, consumer promotion and customer marketing, and then when determining your tactical spending within the shopper marketing and retail media sphere.

You'll still evaluate the factors that typically drive media decisions, like historical media performance and consumer/shopper preferences and behaviors. But you'll also be informed by other important considerations, such as the retailer's strategic priorities and your total business relationship:

- Where does the retailer want its suppliers to invest?
- Where can you test & learn to improve the partnership?
- Where can you invest to earn added value elsewhere (like in-store)?
- Where can your investment impact joint business plans and/or upfront commitments in a more holistic way?

Gaining this level of understanding into the business requires CPGs to stop thinking about retail media as a distinct piece of the marketing plan and start building the necessary relationships internally across functions and externally with your retailer and retail media partners to make it happen. ■

By Kandi Arrington

2.

Driving Toward Joint Value Planning

The first critical step in developing an effective retail media plan is to have conversations with all the necessary cross-functional stakeholders to gain alignment on what you're trying to accomplish.

What business-level objective do you need to focus on? Is it share of category? Household penetration? Once you've aligned on the objective, you can identify the most effective and efficient way to achieve that goal.

And once you gain this clarity internally, you can shift the conversation with your retail media partners from a spend-focused negotiation to true joint value planning.

Note that we don't call it "joint business planning," because that exercise typically implies a formal contract and meetings with your merchant. Here, the goal is to jointly plan your business together with the retail media partner by explaining: Here's what I'm trying to accomplish. How can we solve this together?

This focus can really change the tone of the relationship. And it carries through to the measurement stage where, instead of looking at the retail media recap separately, you're evaluating the impact the media spend had on your business objective to see if it really helped achieve what you set out to do. ■



Here are the steps your team can use to plan your retail media spend more efficiently and effectively.



1. Find the Right Levers

Determine what key engagement channels and levers will best help you achieve your aligned business goal. You can do this by looking at the historical data you have about your target shopper's behavior — through the lens of your objective.

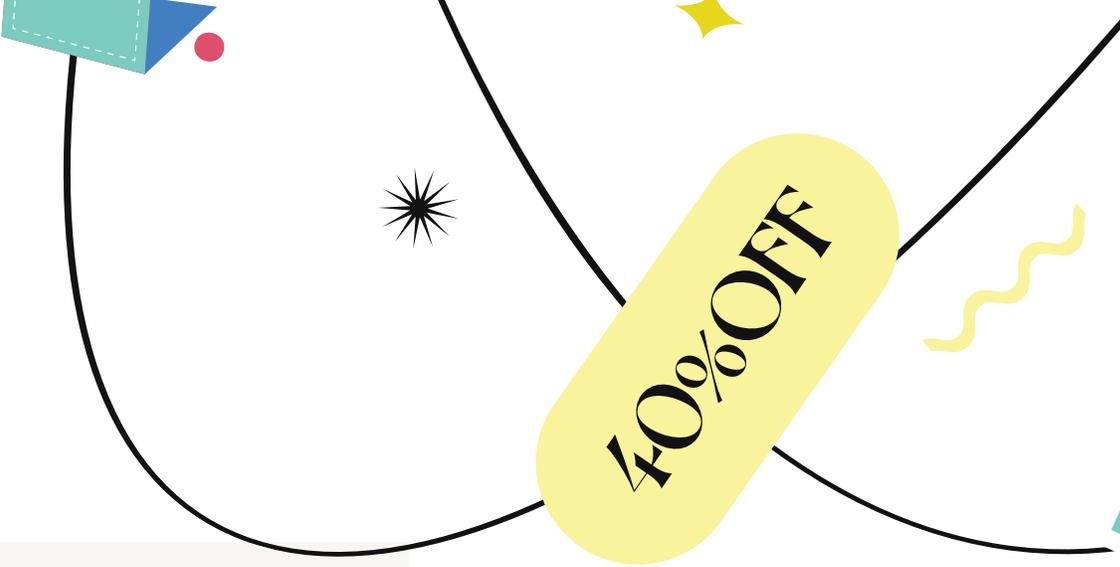
2. Pick the Right Partners

Take a look at the capabilities of your retail media network partners. Do they have those levers needed to achieve your goals? Not all networks will have the right tools, so you'll need to scorecard them to identify which ones do. (Our Retail Media Report Card can help.) This is not a personal exercise, it's strictly business (as the saying goes), and you need to objectively determine which ones are the right fit for your needs.

Based on your analysis, you can segment retail media networks into three general spending buckets:

- Invest more dollars because they are really helping you achieve business goals.
- Maintain your current investment level because the relationship is strategically important in other ways (like driving sales volume, for instance).
- Reduce the investment because they aren't able to deliver on your goals (at least until they upscale their offerings) and don't have much other strategic value.

sale



40% OFF

3. Build a Joint Value Plan

Now it's time to put your cards on the table by having an open conversation with your retail media network partners to explain what you're trying to achieve, the capabilities they have that you want to explore, and how you want to do things a little differently than you have in the past. Find out what's on their roadmap and how you can align your goals with theirs. Learn how can they help you measure the impact of your efforts.

This is also the time to meet with your merchant partners at the retailer to tell them what you're trying to achieve and how it fits into their category strategies. Make sure that you're aligned on business objectives here, too, and then bring this conversation back to your retail media network partners to make sure everyone's on the same page.

4. Set Your Final Budgets

Once you've had those conversations, you can really roll up your needs at each network and make a final decision on how to allocate the budget. Where will you invest to accomplish your goal, and where might you need to hold back a bit to accommodate spending elsewhere? This is where you'll meet with your partners to finalize contracts. The conversations might be hard, but they'll be well-informed and honest.

5. Align on an Impact Scorecard

A key step throughout the alignment process is developing what we call the Business Impact Scorecard. Identify all the business, media, and retail leverage metrics that you'll need to track to understand the full impact of your investment. (We'll explain this more later.)

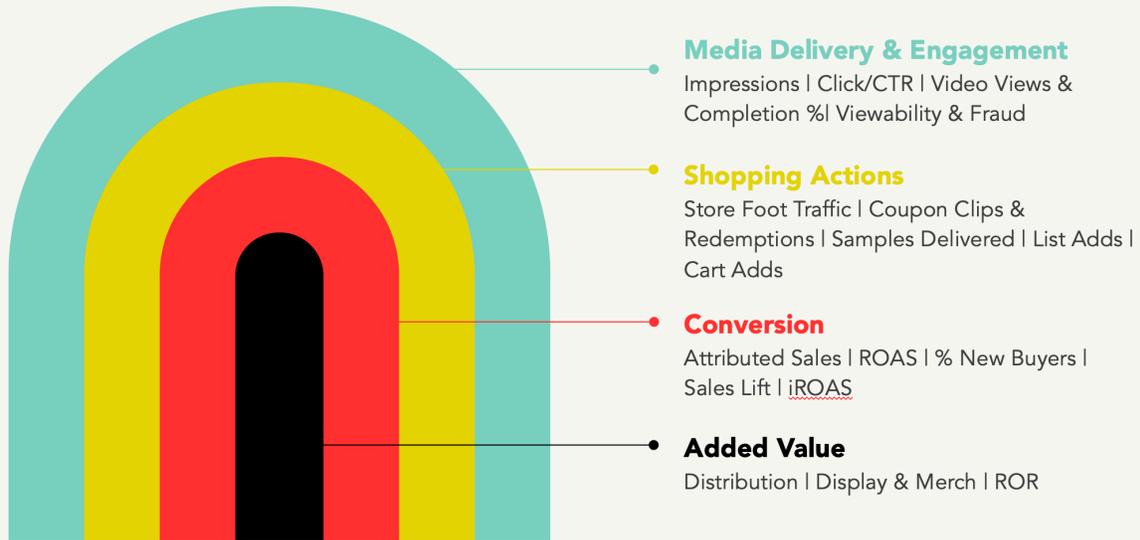
This is a great exercise to undertake not only with your internal data analytics team, but also with your network partners — since they're the ones who will do the reporting and often have their own data and insights people to work with. Have this conversation up front so that everyone knows how you'll be tracking and measuring success. This is a critical step.

6. Align on Results Tracking

As part of your scorecard planning, determine a cadence for your results tracking. Decide what you'll examine weekly, monthly, quarterly, and annually so that you're always learning, optimizing, and adjusting as you move the partnership forward. ■

Measurement Best Practices

When deciding on your measurement strategy, there are some key points to consider. As discussed earlier, there are four levels of impact that come together in retail media, as illustrated in the diagram below.



1. Media Delivery & Engagement: The range of possible KPIs for retail media starts with standard media metrics such as cost per thousand (CPM), click through rates, and impressions. Make sure that you're using the most efficient media that can drive engagement with the target audience.

2. Shopper Actions: Evaluating at this next level can help you start to understand if the media is achieving your business goals. Are you driving the behavior that you intended? Are you growing household penetration or maybe gaining back lapsed users?

3. Conversion: This level has always been an obvious one for shopper marketers but not for media buyers. Simply put, is the media driving sales? It's important here to drill down to the specific metrics you need, such as units per store per week. Ensure your partners have the necessary closed loop reporting available to correlate the impact.

4. Added Value: The final level is a bit less tangible but no less important. Did your retail media commitment earn you anything else with the retailer — like wider distribution or incremental merchandising in-store — that you wouldn't have received otherwise? It's critical to track this activity to clearly understand the total business impact of your investment. ■



3.

Working Principles of Connected Commerce

Here are the key principles for success that organizations can adopt to deliver on the promise of connected commerce by initiating the practices that we've discussed in this report.

1. Become Multilingual Existing functions and silos probably won't go away anytime soon at most organizations, but we expect a lot more blurring of the lines between them. Therefore, we'll need to develop hybrid skill sets, and that means moving outside of our comfort zones: as a salesperson or a marketer to talk the language of media, or as a media person to talk in the language of shopper marketing or trade promotion.

Subject matter expertise across these skill sets is going to become more important than ever. It won't be acceptable any longer to plead ignorance and say, "That's someone else's job."

2. Seek Scale This concept is related to the two-pronged integration strategy discussed earlier. Look for top-down, vertically connected opportunities between national and retail media to identify possible synergies

and avoid duplication. At the same time, collaborate horizontally with your key partners in sales and marketing to make sure your media efforts are closely linked to the rest of your activity with that retailer.

Doing this will build the scale you need to make your dollars work harder.

3. Act as One Team If you align correctly, you'll be acting as one team. More than ever, your sales, shopper, marketing and media teams — both internally and at your agency partner — will be working harmoniously, collaborating and communicating very often and very clearly. To win with your key customers, you need to operate and collaborate in a much more holistic way.

We're seeing this start to happen as our retail customers embrace the same approach, coming to the JBP negotiating table with representatives from the retail media network along with the merchants and key marketing people. Brands need to mirror that by bringing those same stakeholders to the table.

4. Design Experiences Within the typical retail media operating model, it's easy to become overly tactical. You talk about audiences, about tactics, about media in a silo. And those conversations are important, of course. But connected commerce is about creating a seamless omnichannel experience for shoppers across the physical and digital worlds, and about making sure that you're creating seamless connection points for them at every step of their journey.

5. Reduce Complexity To bring all these key stakeholders together internally and deliver that seamless external experience for shoppers, you need to drive as much complexity out of the system as possible. That might require tweaking — and in some cases, completely redesigning — your systems, processes, and ways of working. You need to remove any barriers to collaboration that might exist so you can unlock the full promise of connected commerce. ■

The Mars Agency is an award-winning, independently owned, global commerce marketing practice. With talent around the world, we connect people, technology, and intelligence to create demand and drive profitable, sustainable growth. Our latest MarTech platform, Marilyn,[®] enables marketers to make better decisions, create connected experiences and drive stronger results. Learn more at themarsagency.com and meetmarilyn.ai.



Kandi Arrington

SVP/GM-CUSTOMER DEVELOPMENT

Kandi leads an unrivaled team of more than 100 in-market commerce experts who simplify the complexity of retail for clients. Located in Bentonville, Minneapolis, Cincinnati, Chicago, Tampa and the “backyards” of other key retailers, the team provides deep knowledge of the retailer, expertise in key business areas (like strategy, media and creative), and door-opening personal relationships with key executives.

Kandi has more than 21 years of experience in the marketing field working with companies like P&G, Coca-Cola, Tracfone, Duracell and the complete portfolio of Mars clients.



Ethan Goodman

EVP-COMMERCE MEDIA

Ethan is a renowned retail media and marketing strategist with deep expertise in digital commerce and shopper marketing. He’s been named a “Young Influential” by Adweek and both a “40 Under 40” and a “Who’s Who in Shopper Marketing” by the Path to Purchase Institute, where he also serves as a Distinguished Faculty Member.

Prior to his current role, Ethan built, grew and managed The Mars Agency’s Ecommerce and Innovation practice groups, and also guided the team that created SmartAisle — the world’s first voice-powered shopping assistant for brick & mortar retailers.