

# Retail Media Holds The Key To The Future Of CPG Advertising

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## RMNs Are Increasingly Critical To CPG/FMCG Strategy

Retailers are increasingly urging consumer packaged goods (CPG)/fast-moving consumer goods (FMCG) organizations to invest in their retail media networks (RMNs) as a part of larger partnership negotiations. To do so, marketing leaders must determine how best to manage their budgets to include RMNs. However, challenges measuring RMN impact across channels inhibit leaders' ability to tie RMNs consistently and clearly to ROI. Likewise, internal data teams do not have the right data and insights to understand and optimize RMN investments. To maximize spend, CPGs must accurately test and measure their media investments with unbiased, analytic precision. In a study commissioned by Mastercard, Forrester Consulting surveyed 319 global leaders at CPG/FMCG organizations to learn more about their current and future RMN use and the analytics necessary to maximize their value.

## Key Findings



**Most respondent CPGs use at least two RMNs.** CPGs most commonly use RMNs for online search and in-store activation, but competitive differentiation and brand awareness will see the biggest jumps in use.



**Challenges with performance evaluation hinder RMN effectiveness.** RMNs are critical for first-party data access. However, respondents report difficulties measuring the efficacy of RMNs — especially offline.



**Partnerships are key to maximizing impact.** Most respondents say their organizations are building external partnerships to help with gathering objective data and generating insights around RMN performance.

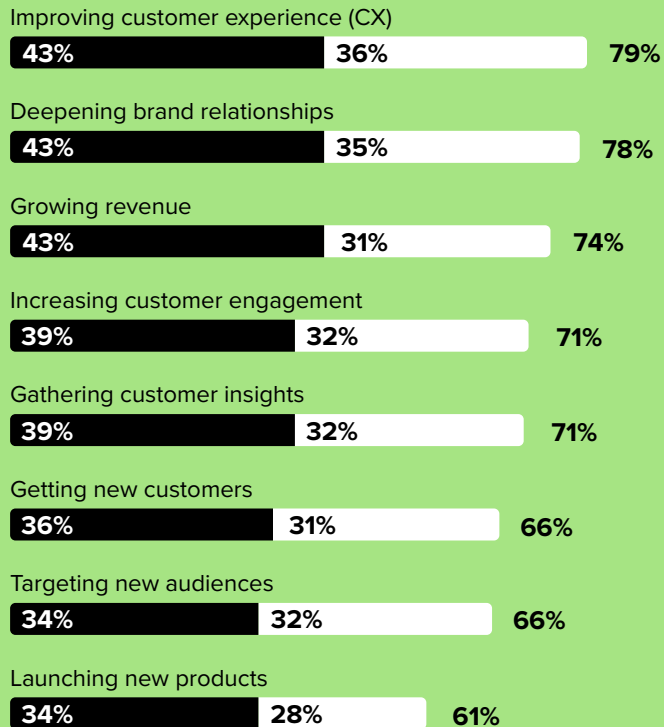
## RMNs Enable Organizations To Achieve Top Business Goals

Though they are newer to the marketing mix, RMNs are already helping marketing leaders and their CPG organizations achieve their top goals. Respondents believe RMNs are integral to achieving traditional business goals like improving customer experience (CX) (79%), deepening brand relationships (78%), and growing revenue (74%).

Seventy-one percent of respondents also ranked gathering customer insights as an important goal that RMNs can help them achieve. RMNs provide CPGs with valuable first-party data, to which they historically have had limited access. In turn, first-party data enables better targeting and personalization and improves customer engagement.

## Importance Of RMNs To Achieving Business Goals

● Important    ● Very important

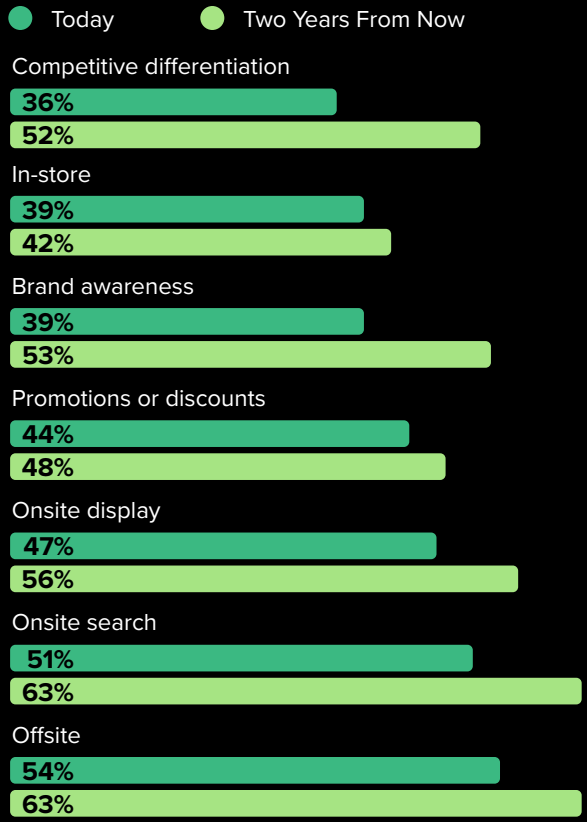


Base: 319 global B2C marketing leaders in the consumer packaged goods (CPG)/fast-moving consumer goods (FMCG) industries  
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 Source: A commissioned study conducted by Forrester Consulting on behalf of Mastercard, March 2024

## RMN Application Will Increase Across Tactics

Respondents believe their CPGs will execute more campaigns leveraging RMNs over the next two years. Offsite use, like adding a CPG ad to a website other than the retailer’s or showing an ad-network-powered video on connected TVs, is currently the top application with 54% of respondents using it today and 63% expected to use it two years from now. Onsite search, like showing a CPG ad when searching on a retailer’s site, is the second highest use case, with 51% of respondents noting current use and 63% anticipating it to be in place two years from now. The biggest increases between current and future use are competitive differentiation (36% to 52%) and brand awareness (39% to 53%).

## Current And Future RMN Tactics In Use



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## Prioritization Of Future RMN Tactics Vary By CPG Segment

Respondents' top tactic is offsite use. Medicine and healthcare respondents expect that offsite use will still be their organizations' top tactic two years from now. The remainder of respondents expect onsite search to overtake offsite in the next two years. The use case that will see the biggest increase in cosmetics and personal care (36% to 53%) and medicine and healthcare (32% to 56%) is competitive differentiation. Food and/or beverage expect to see the biggest jump in using RMNs for brand awareness (37% to 58%), while household and cleaning products will see this jump in onsite search (41% to 66%).

Most respondents say their CPGs spend over \$5 million per year on RMNs. However, more medicine and healthcare CPGs spend over \$5 million dollars per year on RMNs (73%) than the other respondents do, which all sit around 60%.

## Biggest RMN Tactic Increases By CPG Type

● Today ● Two Years From Now

### COMPETITIVE DIFFERENTIATION

Cosmetics and personal care

36%

53%

Medicine and healthcare

32%

56%

### BRAND AWARENESS

Food and/or beverage

37%

58%

### ONSITE SEARCH

Household and cleaning products

41%

66%

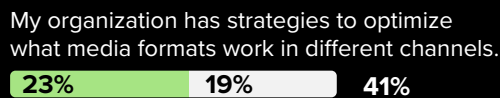
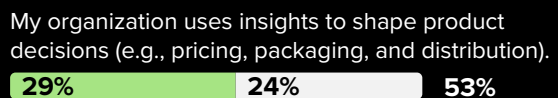
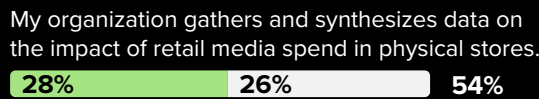
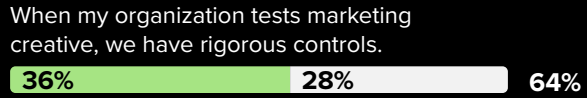
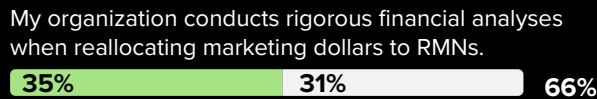
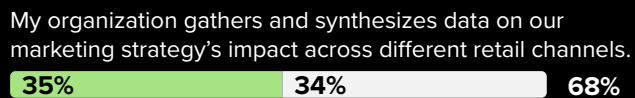
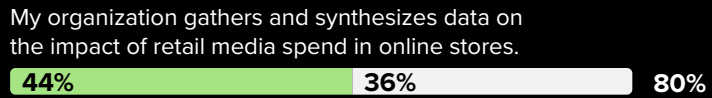
## CPGs Rely On Data To Understand The Impact Of Retail Media Spend

To better understand how to get the most value from their RMNs, respondents are analyzing at least some types of data as their organizations continue to invest. Most respondents (80%) report that their organization gathers and synthesizes data on the impact of retail media spend in online stores. However, far fewer (54%) are doing the same to understand RMN impact in physical stores. Even fewer respondents (41%) have strategies in place to optimize what media formats work in different channels.

As RMNs become a bigger part of CPG-retailer negotiations, adoption will continue to increase — as will the need for better analytics. To make the most of limited budgets, CPGs will need to make more data-driven decisions.

## CPG Data Sources And Analytics Approaches

● Agree      ● Strongly agree



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## Budgets Evolve To Make Room For RMN Investments

To add RMNs to their marketing mixes, 69% of respondents say their organization has reallocated existing funding from other marketing channels. More than half of respondents also have requested additional funding for RMN use (59%). In addition to evolving budgets, respondents' organizations have also developed unique or specific content for RMNs (55%), created new metrics to measure their value (48%), and hired additional employees to manage RMN strategies (38%).

For the 69% of respondents who reallocated existing funds to support their RMNs, 70% used money from both digital branding (e.g., social and digital media) and shopper marketing (e.g., in-store POS and display) budgets. Sixty-one percent of these respondents also used funds from their organization's trade marketing (e.g., coupons) budgets.

### How CPGs Add RMNs To Media Mix

Reallocate existing funding from other marketing channels



Request additional funding for RMN use



Develop unique or specific content for RMNs



### Top Sources For Budget Reallocation

Digital branding budget



Shopper marketing budget



Trade marketing budget

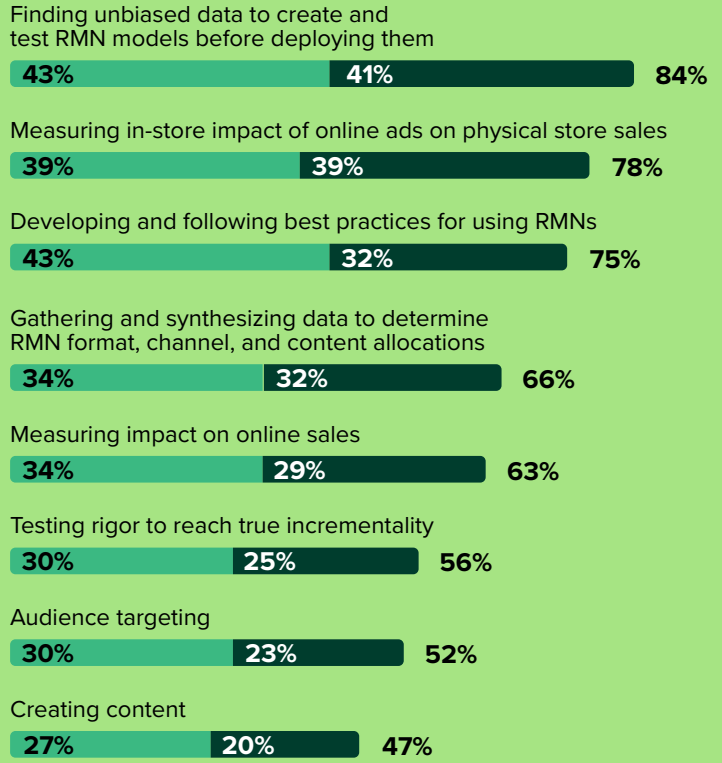


## Growing Pains Persist As CPGs Work To Understand RMNs

As CPGs continue to incorporate RMNs into their marketing strategies, they must contend with the growing pains that come along with new opportunities. For 84% of respondents, finding unbiased data for understanding and testing RMN effectiveness presents a big challenge. Respondents also report difficulties gathering and synthesizing data to determine RMN format, channel, and content (66%), which finding unbiased data would also solve. Measuring the in-store impact of online ads is also challenging or very challenging for 78% of respondents and 75% are having difficulties developing and following best practices for using RMNs.

## Challenges Optimizing RMN Strategy

● Challenging ● Very challenging



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## RMNs Enable CPG And Retailer Collaboration, But Have Room To Improve

Though respondents indicated their organizations are performing analysis to measure the value of their RMN strategies, they also see room to improve and increase the rigor with which their organizations approach and engage with RMN data. Nearly three-quarters (71%) of respondents believe that having more available self-service capabilities would aid in their ability to independently gather real-time data and insights. Likewise, 65% of respondents want their organization's retail partners to share more real-time insights so they can better understand the impact of RMN spend, and 76% want to better understand which creative works best in which format.

If manual processes were streamlined and data was easier to access, CPGs would have a better understanding of RMN effectiveness and develop more successful partnerships.

## Data, Analytics, And Process Challenges

● Agree      ● Strongly agree

We feel like we could improve RMN effectiveness if we knew which creative worked best in which format.



Retailers lack self-service capabilities that would enable my organization to gather data in real time.



Retailers don't share enough real-time data, insights, and results (i.e., impact) for my organization to determine the effectiveness of our RMN spend.



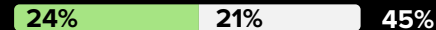
The manual, nonprogrammatic nature of RMNs makes it difficult to determine impact in real time.



It is difficult to determine if integrating advertising via RMNs negatively affects CX.



RMNs lack external data to generate effective spend insights and consumer profiles.



## Internal Challenges Make Understanding And Maximizing RMN Value Difficult

Having already had to reallocate or request additional funding to support RMN initiatives, marketing leaders are looking to establish workflows to better maximize ROI. Yet, 65% of respondents report difficulties doing just that. Similarly, 51% of respondents note that limited budgets are making it difficult to balance RMN investments with supporting other marketing initiatives. The lack of both data team bandwidth (55%) and skills (48%) are at least partially to blame for these shortcomings.

One potential solution? Developing partnerships with external organizations to help with RMN data gathering, testing, and measurement.

## People And Budget Challenges

● Agree/Strongly agree

It is difficult to determine how best to spend money on RMNs to maximize ROI.



65%

Our data teams do not have enough bandwidth to create and test RMN effectiveness (i.e., ROI) models before deploying them.



55%

Limited budgets make it difficult for my organization to balance RMN spend while also supporting our full marketing mix.



51%

Our data teams do not have the necessary skills to create and test RMN effectiveness (i.e., ROI) models before deploying them.



48%

## With The Right Insights, The Future Of RMNs Is Bright

As CPG organizations continue to work to understand and use RMNs to the best of their ability, they are also looking forward to future success. Seventy-six percent of respondents agree that retail media networks are growing and, with that growth, they need help understanding how to prioritize it among other marketing tactics. By optimizing their tactics, respondents will be able to demonstrate the value of RMNs at their organizations (70%).

To take advantage of the benefits that RMNs can offer, 76% of respondents agree that their organization must accurately and rigorously test and measure initiatives. By demonstrating the value of their investments through thoughtful business experiments, respondents can justify expanded budget allocation for RMNs.

## The Future Of RMNs At CPG Organizations

● Agree    ● Strongly agree

To take advantage of the benefits that RMNs can offer, my organization must accurately test and measure our initiatives with unbiased, analytic precision.



Retail media is growing, and my organization needs help understanding how to prioritize it among other marketing tactics.



Optimizing tactics for RMN spend through analytics will help demonstrate the value of RMNs at my organization.



Showing the value of RMN investment using unbiased data can help validate budget allocation or reallocation.



We expect to spend more on RMNs in the future as they grow in popularity.



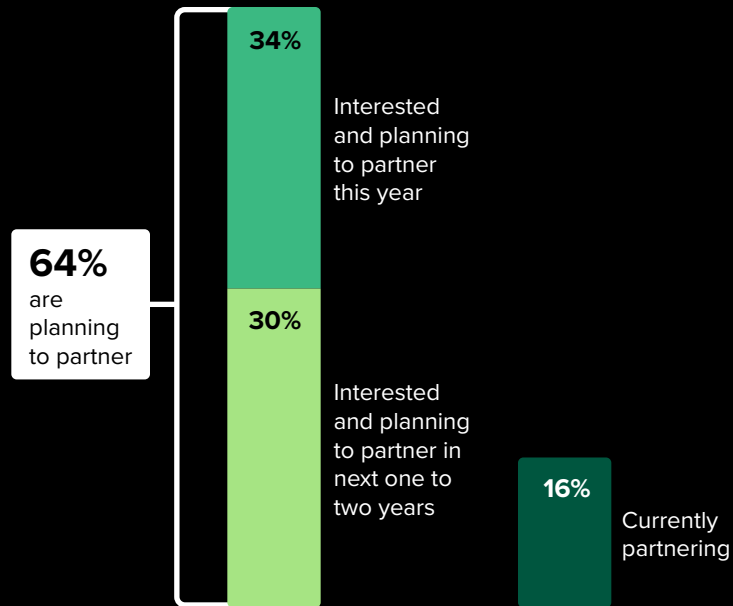
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## Partners Can Guide Successful RMN Strategy

The challenges respondents are experiencing with data team skill sets and bandwidth can be remedied by bringing on a partner that can fill in the gaps. Most respondents are keenly aware of this — 64% plan to partner with an organization that can help them gather, test, and measure current and potential RMN investments. However, just 16% are currently partnering, indicating that most respondents have a large opportunity to improve their organizations' RMN use through these partnerships.

Survey respondents from cosmetics and personal care and medicine and healthcare supplies companies note their organizations were more likely to have partners (20%) compared to other industries surveyed. Just 10% of respondents from household and cleaning products organizations currently have partnerships to guide RMN strategy.

## Opportunity To Build RMN Partnerships



## The Benefits Of External Partnerships For RMN Strategy Are Far-Reaching

On top of alleviating personnel challenges, working with an external partner could dispel some of the difficulties with testing, data, and insights. Key benefits of partnerships include a better understanding of the impact of brand advertising with RMNs on lift for specific products (69%), better and more frequent test deployment abilities (61%), and the ability to conduct more rigorous testing (53%). Over half of respondents (52%) note that partnerships could enable or are enabling their organization to determine how best to spend on RMNs to maximize ROI.

## Benefits Of Partnerships For RMN Optimization



**69%**

Better understanding of the impact of brand advertising with RMNs on lift for specific products both in-store and online



**61%**

Ability to test potential deployments more frequently and effectively



**59%**

Better understanding of tradeoff of RMNs vs. different media channels



**53%**

Ability to conduct more rigorous testing



**52%**

Ability to determine how best to spend money on RMNs to maximize ROI



**47%**

Ability to understand which creative is the most impactful



**46%**

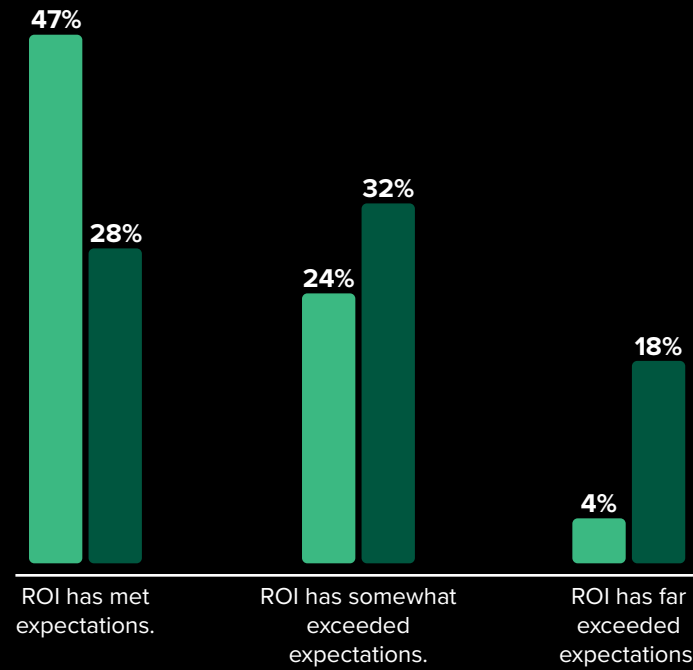
Ability to measure value of RMNs in physical stores

## CPGs With Partnerships Maximize RMN ROI

No strategy or partnership can prove its worth without demonstrating an impact on ROI. Though 43% of respondents felt the ROI for their RMN investments met expectations, fewer (32%) felt that it exceeded or far exceeded their expectations. However, respondents who established RMN partnerships were likely to see higher ROI. In fact, half of respondents whose organizations are currently partnering with a third party saw their ROI exceeding expectations. Measuring investments with unbiased, analytic precision is critical for the successful integration of RMNs in marketing strategy. Experienced partners can fill gaps in these processes and enable CPGs and retailers to build sustainable RMN strategies that benefit both their organizations and their customers.

## Maximize ROI On RMNs Through Partnerships

● Not currently partnering   ● Currently partnering



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## Conclusion

Retail media is one of the fastest growing areas in marketing, and rigorous testing and measurement are integral to adding RMNs to marketing strategies. For continued success, CPGs/FMCGs should:

- **Evaluate the performance of RMNs.** Well-designed tests with scientifically matched control groups can help CPGs accurately measure the incremental lifts of investments on both online and in-store sales.
- **Identify the most impactful use cases for retail media.** Unbiased analytics can help CPGs determine how to best leverage RMNs, whether for promotion, display, or in-store activations. With rigorous testing, CPGs can determine the most effective ad creatives and formats.
- **Maximize spend to drive growth.** With the right tools and partners, CPGs can determine optimal spend, where to spend, and when incremental returns begin to diminish. In turn, CPGs can improve ROI and make the case for expanded budget allocation for retail media.

### Project Team:

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### Contributing Research:

Forrester's [Customer Experience](#)  
research group



## Resources

### Related Forrester Research:

[Eight Actions To Grow Your Retail Media Network](#), Forrester Research, Inc., October 31, 2023.

[The Marketer's Guide To Retail Media](#), Forrester Research, Inc., February 2, 2023.

[The State Of Retail Media](#), Forrester Research, Inc., July 11, 2022.

[The Trifecta That Makes A Best-In-Class Retail Media Network](#), Forrester Research, Inc., October 25, 2022.

### Related Blogs And Webinars

Nikhil Lai, [How To Navigate Retail Media Mania](#), Forrester Blogs. December 7, 2023, [Predictions 2024: Retail](#) Webinar.

## Methodology

This Opportunity Snapshot was commissioned by Mastercard. To create this profile, Forrester Consulting supplemented this research with custom survey questions asked of 319 global B2C marketing leaders in the CPG/FMCG industry. The custom survey began and was completed in March 2024.

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## Demographics

COUNTRY	
United States	<b>32%</b>
United Kingdom	<b>18%</b>
Canada	<b>17%</b>
Germany	<b>17%</b>
Australia	<b>16%</b>

ANNUAL REVENUE (USD)	
More than \$5B	<b>31%</b>
\$1B to \$5B	<b>35%</b>
\$500M to \$999M	<b>34%</b>

ROLE	
C-level executive	<b>19%</b>
Vice president	<b>37%</b>
Director	<b>45%</b>

CPG TYPES	
Food and/or beverages	<b>59%</b>
Medicine and healthcare	<b>36%</b>
Cosmetics and personal care	<b>29%</b>
Household and cleaning products	<b>26%</b>
Pet supplies	<b>12%</b>
Other	<b>1%</b>

NUMBER OF RMNS	
6 or more	<b>21%</b>
4 to 5	<b>29%</b>
2 to 3	<b>31%</b>
1	<b>18%</b>

RETAIL MEDIA DECISION-MAKING AUTHORITY	
Final decision-maker for setting and/or executing strategy	<b>24%</b>
Part of a team making decisions for setting or executing strategy	<b>38%</b>
Influence decisions related to setting and/or executing strategy	<b>38%</b>

Note: Percentages may not total 100 due to rounding.



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