

[Trends Report 2023]

September 19-21, 2023
MANDALAY BAY, LAS VEGAS

Groceryshop 2023 - The leading event for Grocery & CPG

Groceryshop 2023 brought together leaders from across the grocery and CPG landscape to address key industry challenges.

This year Publicis Commerce showed up bigger than ever – with showroom floor booths from [Epsilon](#) and [CitrusAd](#), sessions featuring [Jason Goldberg](#), [Jessica Hendrix](#) and [Elizabeth Harris](#) and attendees across [Digitas](#), [Arc](#), [Saatchi & Saatchi X](#), [Profitero](#) and more. Below is a roundup of key trends from the event:



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People, Not Customers, are Foundational to Overcoming Challenges & Driving Growth



Matt Horton

SVP, Go-To-Market Strategy, Retail Media Networks

Publicis Commerce

Groceryshop 2023 brought together leaders from across the grocery and CPG landscape to address five key industry challenges:

- How do I deliver an outstanding, unified shopping experience?
- Which capabilities will drive game-changing efficiencies and future-proof my organization?
- Which new growth opportunities should my organization pursue to thrive long-term?
- How do I establish win-win relationships with new and existing partners?
- How should my organization evolve to win?

Throughout the three days of content, including panels, fireside chats, and rapid-fire discussions it was abundantly clear that the grocery and CPG landscape is increasingly difficult to navigate. With the introduction of new technology for both front of house (smart carts, walk out technology, pay with palm, computer vision) and back of house (generative AI, robots, RFID, blockchain) brands and retailers alike must consider new strategies to drive growth while maintaining a laser focus on efficiency across their respective businesses.

Ultimately these challenges and new technologies are an opportunity for the industry to think and act differently. At the same time, they are a driving force behind recent shifts in the marketplace such as the rapid growth of retail media, a continued focus on ecommerce for grocery, new loyalty and membership programs, and the seamless integration of it all through connected commerce.

Despite the trend, growth opportunity, or technology, what is more important than ever is no longer the customer, but rather a foundational connection to people and their needs – as customers, as associates, as tastemakers, and more. By prioritizing the human element, brands can meet unique needs, bridge the gap between scale and individuality, and be disruptive in an ever-changing landscape.

With people as our focus, key trends and takeaways emerged for driving growth and efficiency throughout Groceryshop.

KEY TAKEAWAYS

Balance Individuality & Scale: Gone are the days of ‘one size fits all’ and the concept of scaling one to many. As demographics and attitudes are changing this is having a greater influence on culture at large and requires brands and retailers to understand people at their core. ▶

People, Not Customers, are Foundational to Overcoming Challenges & Driving Growth

KEY TAKEAWAYS - Continued

- **Lean into People:** Evaluate the macro landscape to find emerging needs of people as humans in order to understand what can be disruptive for the category while also making connections that are authentic and individualized.
- **Build for Community & Business:** Find a human need and create a solution because it adds value to both people and business, not just business.
- **Scale the Business, Not the Solution:** Understand where there's opportunity within business processes to become more efficient and scale. Driving efficiency behind the scenes will free up dollars and resources for more individualized marketing solutions externally.

Solve a Problem to Build Loyalty: Given the abundance of loyalty and membership program options available in today's market, it's essential to pinpoint the connection between a brand and its audience.

- **Connect the Brand & People:** Be authentic in what's offered to people to solve an inherent problem or accentuate their experience with the brand.
- **Create a Ritual:** Recognize the everyday, weekly, monthly, or long-term needs of people and offer solutions that align with those requirements.
- **Foster an Understanding:** Enhance the understanding of the value and distinct benefits that individuals unlock through a brand's loyalty program, thereby boosting relevance and long-term engagement.

Embrace Frontline Workers & Culture: With the rapid change in shopping experiences and new in-store technologies such as smart shopping carts, smartphone apps, digital displays, checkout technology, and more understanding and embracing frontline workers is increasingly important to both employee satisfaction and culture.

- **Invest in Tech to Improve, Not Burden the Frontline:** New technology should make the lives of frontline employees easier. From helping them perform their jobs more efficiently to spending more time with customers, it is critical new technology can support employees to foster personal development and establish a people-first culture.
- **Revamp Training Tools & Materials:** Technology isn't built overnight and therefore neither is its execution. Remember the frontline is made up of people – and people are only as good as the information and training at hand. With the rollout of new technology, ensure people are given time to learn, test, and understand new ways of working.
- **People + Passion + Tech:** The combination of great people with a passion for the business powered with the right technology will go a long way in building culture and personal investment in the organization.

People are a foundational element to every brand and increasingly critical to how brands and retailers can effectively drive growth in a new world of grocery and CPG – as customers, associates, brand advocates, and beyond. ♦

The Retail Media Land Grab Moves In-Store



Jill Cruz
EVP, Commerce Strategy
Publicis Commerce

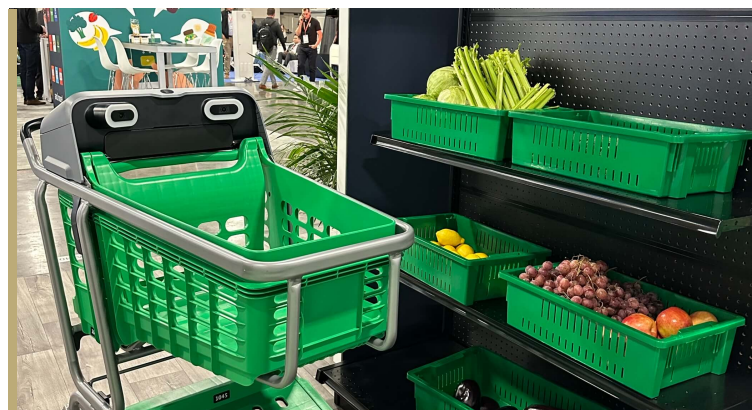
If you haven't grown weary of the Retail Media buzz, then Groceryshop 2023 was the place for you. This year's conference witnessed an impressive expansion, driven by fresh entrants such as A&D Media, Hyvee's Red Media, DGMN (Dollar General), Schnucks, and Fresh Market. Participants, including speakers, vendors, and retailers, were eager to highlight the evolving landscape of Retail Media, with a central theme of converging media and technology to usher in the next generation of in-store experiences.

KEY TAKEAWAYS

These are Not Your Mama's Grocery Stores - Next Generation Physical Stores: In today's retail landscape, customers anticipate a seamless and uninterrupted shopping experience that integrates both digital and physical. In line with the timeless adage, "The last best experience that anyone has anywhere becomes the minimum expectation for the experience they desire everywhere," shoppers now demand the pinnacle of self-service convenience alongside technology-powered personalization, complemented by engaged in-store staff.

Seamless and frictionless store components consist of:

- Consistent product information
- In-store retail media
- In-store navigation (mobile/app)
- Clienteling/video consult
- Inventory visibility
- Order collection
- Online returns
- Frictionless checkout



To help drive this personalization and the fusion of online and offline shopping behaviors required to enable such experiences, retail media can play a pivotal role in data capture, shopper identification, and digital activation.

Observations:

- The most significant breakthrough lies in providing continuous shopping experiences.
- Personalization will become the new norm for in-store shoppers.
- Mastery of new promotion automation is essential for generating ROI. ▶📄

The Retail Media Land Grab

Moves In-Store

KEY TAKEAWAYS - Continued

Retail Media is Influencing the Entire Purchase Journey: Digital retail media has expanded up the funnel into social and CTV as well as down the funnel to electronic shelf tags, cooler screens and digital in store sampling. The crucial element lies in the integration of these solutions. Bobby Watts, VP of Ahold Delhaize, discussed their strategy of incorporating retail media into an omnichannel approach, where it becomes an integral component of shopper marketing, loyalty initiatives, and merchandising, seamlessly integrated into their overall business planning process. Furthermore, as an increasing number of retailers broaden their technological capabilities, they are increasingly embracing digital store components.

Digitization of the store consists of:

- Smart shopping carts, personalized based on loyalty data
- Smartphone app (scan and go); time sensitive, location specific messages
- Electronic shelf tags
- Large digital displays w/ retail media
- Chilled doors w/ messaging - local store, time of day, geo location
- In-store sampling; link digital profile to in-store activity
- Digital screens at checkout

These media solutions are segmented and targeted, enabling the delivery of personalized messaging. However, a potential pitfall lies in becoming overly fixated on the point of purchase and neglecting the overall shopping experience. While shelf discovery and in-store experiences resonate with traditional consumers, younger demographics tend to discover new products where they invest their attention, primarily on social media.

Observations:

- Retail media should propel the evolution of interconnected store solutions through the digitization of in-store elements.
- Do not overlook the importance of top-of-funnel influence for increasing in-store visits, incorporating shoppable video to capture attention and engage younger consumers.
- Shifting priorities from a sole focus on ROI to prioritize the enhancement of overall shopping experiences and differentiation. ♦

Optimizing Your Ecommerce Sales Channel Mix



Jason Goldberg
Chief Commerce Strategy Officer
Publicis Commerce

This article was recently published by Brandie Feuer on [MediaVillage.com](https://www.MediaVillage.com).

During the open day of Groceryshop 2023 key topics centered around AI, data and how consumer behavior has disrupted the grocery industry. Before the pandemic, less than 3% of sales in this sector were digital. After three years of record growth, digital grocery sales have reached 12%. McKinsey projects almost 200% growth by 2025, with grocery reaching 35% of all retail sales. Some categories, like pet products, are projected to have 46% penetration.

Even with almost three times the average growth, Grocery is still primed for digital evolution and disruption. With so much rapid growth in the industry, there's no longer a playbook nor one-size-fits-all approach to the space.

There's no better conference to see how diverse this growing space is than Groceryshop. Taking place in Las Vegas, Nevada, Groceryshop is the largest event for innovation in grocery and CPG. This year, there were 400 sponsors and exhibitors, and an estimated 4,000 attendees from both established and startup CPG brands to grocery retailers to technology partners.

In one of the fireside chats, Optimizing Your Ecommerce Sales Channel Mix, Jason Goldberg, Chief Commerce Strategy Officer, Publicis Groupe sat down with Raquel Navarrski, Customer Vice President, eCommerce Pure Play, General Mills to discuss everything from partnerships with Amazon to attribution challenges and discovering "what's next" to what the leader of the future looks like.

"Our old playbooks don't work," said Goldberg in his opening monologue.

The digital grocery space is diverse, with three different segments - online pickup, home delivery, and central warehouse shipments. Each of these segments requires a unique marketing strategy.

For example, online pickup is dominated by omnichannel retailers like Walmart and Kroger, while home delivery is driven by digitally native grocers like Amazon, DoorDash, and Instacart. These different channels mandate tailored marketing approaches.

Additionally, "there's little product overlap," shared Goldberg. Perishable items, such as fresh produce, are more likely to be purchased from Walmart, while customers turn to Amazon for shelf-stable products. Marketers must consider these nuances when allocating their budgets and resources.

Coincidentally, [Instacart announced their public offering and](#) DoorDash recently shared they now have 100,000 non-restaurant stores across North America, further highlighting the importance and growth potential of the digital grocery space. The rapid development of the space has challenged marketers to rethink their playbooks and create fresh advertising approaches. ▶📄

Optimizing Your Ecommerce Sales Channel Mix

ARTICLE - Continued

One fresh approach is through authentic brand collaborations. A partnership Navarrski is particularly proud of is with Amazon for Thursday Night Football. General Mills' brands will show up in fun, authentic ways throughout the games like a "Cina Emoji" from Cinnamon Toast Crunch that will appear in unexpected moments and tackling game day meals with Old El Paso's ["So. Many. Pasobilities"](#) ad series. According to Navarrski the partnership is an opportunity to test innovative advertising approaches and gather valuable insights. Being able to test, at scale, with a national and credible media network like Amazon will help to inform the mix more broadly between national and retail media as well as other partners emerging in this space.

While "new" and "next" are important, Navarrski emphasized the importance of aligning any effort with the brand strategy. "We are in service to our brands," she said.

Goldberg asked how Navarrski and team choose where to focus next. Navarrski shared that while the team develops annual trend frameworks and big bets, they also stay agile to take advantage of changing trends and emerging opportunities. "In a rapidly evolving digital landscape, staying curious, humble, and open to learning is essential for success," said Navarrski.

While ideas that align with both the brand and customer drive the funding, Navarrski also keeps the team and leaders excited by bringing in key stakeholders early and often. "If you want to get buy-in for your big idea, you need to get your marketing team excited," said Navarrski. "You have to bring them along in the journey so that you are not the only one championing those ideas, but you have other voices in there helping to champion them for you."

The role of data in this ecosystem is also crucial. Retail media must work on standardizing data measurement and attribution across various channels to allow marketers to make informed decisions and optimize their marketing efforts effectively. Initiatives like the IAB's efforts in retail media measurement are instrumental in these discussions.

Lastly, a theme across panels was around building teams and talent. Navarrski shared that she envisions a future where leaders are focused on making silos disappear. Leaders of the future are "connectors of dots" that can translate business objectives across all teams.

While there's no one-size-fits-all framework for digital grocery marketing, creating spaces for agile innovation and teams with a curious, humble, learning mindset will be the key to future success. ♦

The Secret to Merchandising Innovation That Drives Category Growth: Understanding People.



Elizabeth Harris
Chief Strategy Officer
Arc Worldwide

Innovation in merchandising is nothing new, humans have been innovating as long as we have been merchandising. What is new is the rapid pace at which we are seeing innovation in merchandising accelerate. And as stores become digitized, screens become shelves and robots help navigation – innovation will continue to accelerate. A happy output of all this digital innovation is a robust data footprint that will aid in continuing this innovation acceleration because the more we know about people, what they need, what they want and what their pain points are, the more innovative solutions we can design for them.

KEY TAKEAWAYS

We are seeing innovation in all areas of the 4 Ps (price, product, placement & promotion)

Particularly in a Difficult Economy We Have Seen Lots of innovation in Pricing: one of the biggest and most interesting is dynamic pricing (think surge pricing for uber, hotels or airlines.) A [recent study from UC San Diego's Rady School of Management](#) found that only 25% of grocery stores use dynamic pricing. However, using dynamic pricing, grocers could adjust prices multiple times a day depending on their inventory and expiration date and reduce waste by 21% on average while increasing grocery chains' gross margins by 3%. We're also witnessing innovative pricing strategies in areas such as ancillary services (e.g., expedited shipping), fixed-rate pricing (such as bundled day passes at amusement parks), and even unique approaches like 'name your own price' strategies and reverse auctions, all designed to provide shoppers with a range of options.

The influx of Product innovation is in Turn Causing innovation in Store Placement: according to [Harvard Business School](#), over 30,000 new products are launched into the market every year, out of which approximately 80% of products launched in the grocery channel fail. Combine this influx of new product innovation with the fact that the average grocery store today has 33,055+ SKUs, (nearly eight times more than the average store of the 1970s) and it is easy to see that space is at a premium. Introduction of new categories, segments, brands and expansion of retailer brands are putting pressure on overall store and shelf space. The good news is that this lack of space is driving a whole host of [innovation](#) to help people shop and retailers provide a pleasant shopping experience. ▶📺

The Secret to Merchandising Innovation That Drives Category Growth: Understanding People.

KEY TAKEAWAYS - Continued

We are Observing Some of the Most Exciting innovations, at Least in My Perspective, in How we Market and Promote our Products: This is a result of the current era, where practically everything is turning into a shopping opportunity. Kraft Heinz's [TikTok Live](#) shoppable cooking shows and One Kings Lane's [shoppable content](#) are two of many examples of digital shopping opportunities. Dynamic out-of-home (OOH) advertising like Fresh Direct's [commuter campaign](#) combines the digital and physical worlds with fully shoppable videos tailored to connect commuters with the FreshDirect website, offering detailed recipes and a direct path to purchase the featured ingredients. These examples not only demonstrate innovative marketing promotions but also succeed in simplifying people's lives.

Leo Burnett's famous quote, "What helps people, helps business," perfectly encapsulates the concept of leveraging merchandising innovation to stimulate category growth. The better we comprehend people's desires, needs, and challenges, and can address these gaps with new products and innovative marketing solutions, the more we'll not only expand our categories and brands but also offer precisely what people desire and require simultaneously. ♦



Retail Media is Growing Up



Jaclyn Nix
EVP, Media Sales & Operations
CitrusAd

As retail media continues to mature, standardization is becoming more prevalent, and brands are looking beyond just ROAS. It is also becoming more of a diversified market, with new regional retailers standing up their own programs to compete against the larger, legacy players.

KEY TAKEAWAYS

Reporting & Standardization: Brands are excited about the recent [IAB/MRC retail media measurement guidelines](#). We heard from one of the world's biggest advertisers that they increasingly want retail media to be measured in similar capacities to standard media, including reach and frequency.

iROAS (incremental return on ad spend) is also an increasingly hot topic. All brands and agencies are searching for it, but there isn't a standard methodology. Brands are seeking iROAS because they understand that ROAS can be gamified (e.g., prioritizing branded keywords in search). According to our recent [global RMN study](#)*, 47% of brands identified return on ad spend and total sales as the most important metrics, over total reach and incremental reach. We've heard there are large swings in ROAS between partners due to varying attribution models and whether or not out-of-stocks/platform fees are included in the sales number. As an example, Epsilon and CitrusAd are very conservative in our attribution. We are a no-fee platform and do not count out-of-stocks. Our retailers' on-site ROAS may look lower than some marketplaces where these items are included.

Moving Beyond the Big 3 (Amazon, Kroger, Instacart): We saw an increased presence from regional grocers such as Ahold Delhaize (AD Retail Media) and HyVee (RedMedia). When JJ Fleeman, the CEO of Ahold Delhaize USA, took center stage, it sent a significant message to the market: Ahold is fully committed to retail media at the highest level. During his presentation, he emphasized the industry's requirement for standardizing reporting and underscored the importance of the omnichannel shopper for Ahold Delhaize.

Consumer as the North Star: Epsilon and CitrusAd hosted a variety of discussions at our booth, including one that featured Chad Bersie, Sr. Director of eCommerce from Cub Foods, and Barry Clogan, Chief Product Officer from Wynshop. They discussed the balance of on-site media performance and customer experience, agreeing on the importance of using the consumer as the "north star" when deciding what ad placements to monetize: "Value to the customer translates to value to the brand." According to that same [RMN study](#)*, 64% of respondents said retail media networks with multiple tech providers have a negative impact on the shopper experience. Too often, the most important player in the retail media ecosystem is overlooked: the shopper. In the end, we all serve the consumer, and so retail media networks must be consumer-focused to guide the best decisions. ♦

*Epsilon and CitrusAd partnered with Phronesis Partners to launch the largest, most comprehensive global retail media study in the market to-date, deployed across 12 international markets and a total of 689 respondents (471 retailers and 218 brands). These materials were created to capture market insights for both retailer and brand audiences and provide a comprehensive understanding of the current and future state of the industry. Read the full report: The state of retail media in 2023.

Mastering Shoppable Video



Jessica Hendrix
President & CEO
Saatchi & Saatchi X

Shoppable video is playing an increasingly significant role in the grocery space, so much so that an entire panel discussion was dedicated to discussing the topic at Groceryshop. I was fortunate to be a part of a lively discussion with Fresh Market's CMO Kevin Miller around the global adoption of shoppable video and its impact to retailers and shoppers in the US. Through both short and long form video alike, the format is increasingly driving results for brands and retailers by driving customer loyalty and boosting sales.

As shared by Nielsen IQ, the COVID-19 pandemic supercharged people's interest in using videos to learn about brands and products. In addition to this growth live video consumption is now experiencing significant growth with expectations that people will view 50 billion hours of live video by the end of next year. By focusing on the needs of consumers, retailers have a growing opportunity to connect with shoppers through various video channels and show both value and differentiation in the customer experience.

KEY TAKEAWAYS

As brands embark on shoppable video as an opportunity to own and win shoppable commerce, several key takeaways are critical to driving success:

Start with Focused and Specific Outcomes: The surge in video consumption has brought about a corresponding increase in shoppable video ad formats. These formats include QR codes, "click to buy" ads, interactive ads that enable users to explore products, as well as ads that dispatch additional information to a user's email or device. The realm of opportunities is vast. Nonetheless, for brands to make the most of these options, it is imperative to establish distinct, well-defined objectives. They must then construct the right content and distribution strategy to achieve their desired outcomes.

Content Strategies Must Deliver Value to the Shopper, Brand, and Retailer: When done correctly, content can create value for the shopper, brand, and retailer and it's important to strike a balance between the three. For a shopper, they are seeking information and showing interest in a brand or retailer – therefore, it becomes the responsibility of the brand or retailer to demonstrate distinctive value and differentiation. This ultimately creates value for the shopper while increasing interest, consideration, and ideally purchase for the brand and retailer.

Shoppable Video can Engage, Bring Joy and Connect with Consumers: As an advertising format, video offers a unique opportunity to engage and establish connections with consumers. By harnessing this format in innovative ways, brands and retailers can captivate and pleasantly surprise consumers like never before. For instance, through retailer-produced DIY videos, consumers can simultaneously watch, learn, and shop, enhancing their overall experience. Alternatively, brands can leverage exclusivity to drive a sense of urgency for conversions, utilizing live, real-time shopping experiences or enlisting celebrities to spark excitement. When combined, these strategies significantly enhance the ability to connect with consumers, not only bringing them joy but also educating them about the brand's value.

By blending the strengths of video as an advertising format with shoppable commerce brands and retailers can leverage shoppable video as a powerful tool in keep consumers educated, informed, and entertained. ♦



Top Tech from the Groceryshop Tradeshow Floor



Christa Klausner
SVP, Media Commerce Lead
Digitas

There's so much to be seen, heard and explored at Groceryshop across the retail and Commerce space. One of my favorite ways to spend time at the show is walking the tradeshow floor to explore the latest technologies and startups. Here's a look at some of the highlights.

KEY TAKEAWAYS

Ownit.com – This was one of the most impressive applications of generative AI I've come across recently. This technology generates shoppable articles from existing documents, Q&A sections, and consumer reviews. These shoppable articles empower consumers to browse products from multiple retailers simultaneously, complete with real-time pricing and product availability information. These pages can be hosted on your brand's website or on Ownit.com, and they're searchable and indexed by Google. This approach is designed to significantly boost search rankings and drive traffic back to your website.

Smart Carts – Amazon's Dash Cart and Instacart's Caper Cart were both showcased and available for demonstration! These technologies are designed to bridge the gap between digital and in-store shopping experiences, streamline the checkout process, and, of course, offer brands another opportunity to connect with shoppers while they're in purchase mode. Features include the ability to scan and weigh items as you add them to your cart, assistance with in-store navigation to locate products, and the option to check out immediately after shopping. Media opportunities are still under development and are gradually being introduced, including Sponsored Products available at select store locations.

Firework – Firework is one of the world's leading video commerce solutions, and a great Publicis media partner! By harnessing the power of shoppable and live-streamed videos, along with robust monetization features, Firework enables retailers, brands, and publishers worldwide to create captivating shoppable video experiences on their digital platforms and across retailer sites. ♦





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