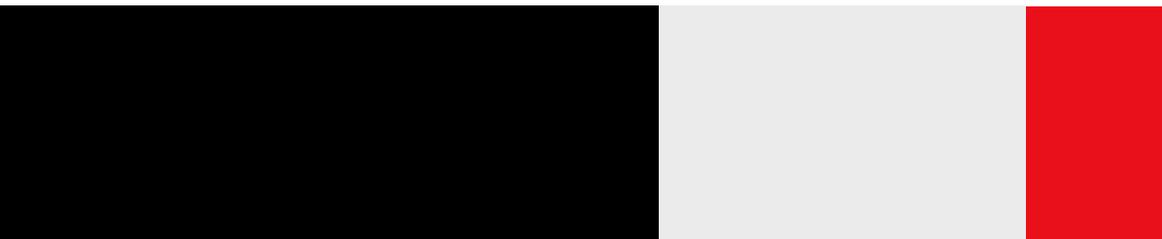


# The Digital Shelf for CPG Brands 2022

## Expert Strategies to Boost Growth—and Influence Brick-and-Mortar Retail

Mastering the right strategies for ecommerce visibility and discoverability boosts sales and improves long-term market share. This eMarketer report reveals the top content and advertising strategies for consumer packaged goods (CPG) brands, which retail media networks they should focus on, and top metrics to prioritize.



# The Digital Shelf for CPG Brands: Expert Strategies to Boost Growth—and Influence Brick-and-Mortar Retail

As grocery ecommerce approaches 10% of category retail sales, winning at the digital shelf is more critical than ever for consumer packaged goods (CPG) brands. Mastering the right strategies for ecommerce visibility and discoverability can boost sales and improve long-term market share.

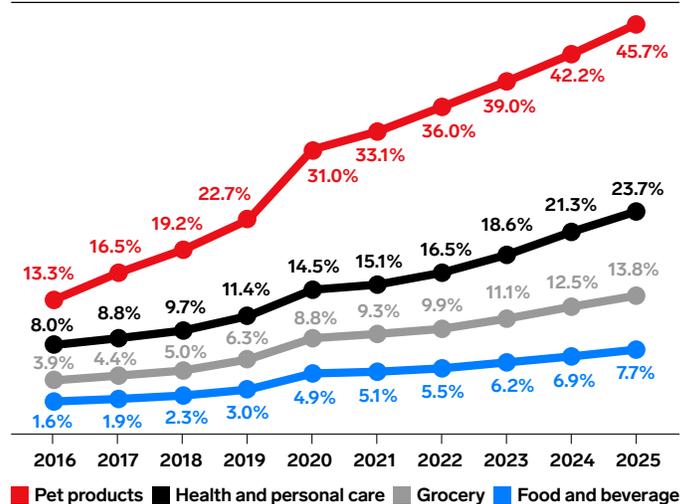
## 3 KEY QUESTIONS THIS REPORT WILL ANSWER

- 1 Which retail media networks should CPG brands focus on for ecommerce sales?
- 2 What are the factors affecting retail media ad performance, and who wins at the digital shelf?
- 3 What are the content and advertising strategies CPG brands should use to manage the digital shelf?

**WHAT'S IN THIS REPORT?** A look into the growing importance of digital shelf management for CPG brands and strategies to maximize sales in this fast-growing channel.

## Retail Ecommerce Sales Penetration of Grocery Products, by Category, 2016-2025

% of total retail sales in each group



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sales

Source: eMarketer, June 2022

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**KEY STAT:** US grocery ecommerce will approach 10% penetration of a \$1.410 trillion retail category this year, underscoring the critical importance of digital shelf management.

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# The Digital Shelf for CPG Brands 2022

## Expert Strategies to Boost Growth—and Influence Brick-and-Mortar Retail

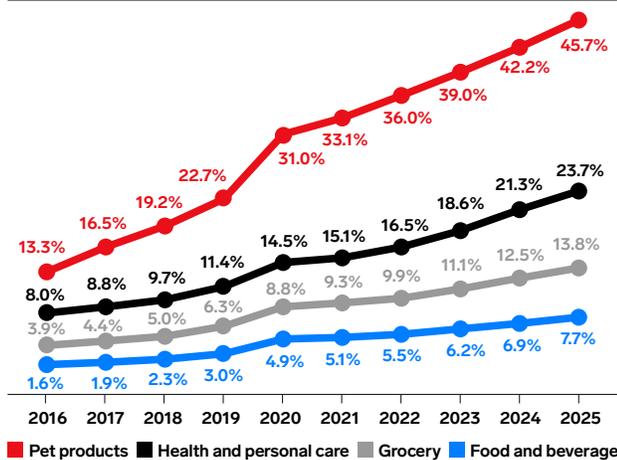
**How can CPG brands win at the digital shelf amid intensifying competition?** As grocery ecommerce approaches 10% of category retail sales, winning at the digital shelf is more critical than ever for CPG brands. Mastering the right strategies can help brands drive profitable sales growth and long-term market share.

### Key Stat

US grocery ecommerce will approach 10% penetration of a \$1.410 trillion retail category this year, underscoring the critical importance of digital shelf management.

#### Retail Ecommerce Sales Penetration of Grocery Products, by Category, 2016-2025

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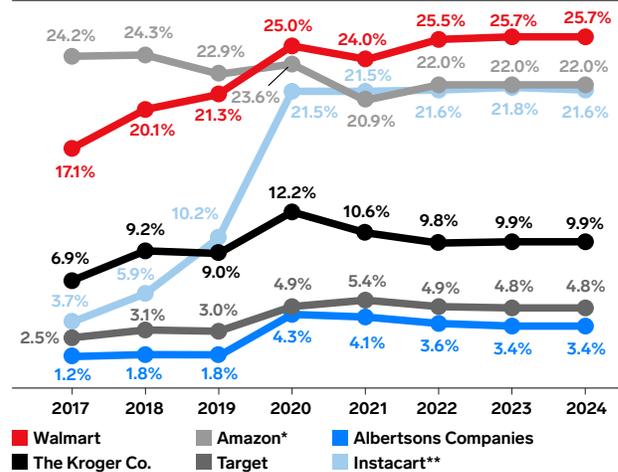
Source: eMarketer, June 2022

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#### US Digital Grocery Sales Share, 2017-2024

% of total grocery ecommerce sales



Note: represents the gross value of grocery products sold on the retailer site (browser or app), regardless of the method of payment or fulfillment; includes delivery and pickup, and sales from third-party delivery services; excludes fuel; sales for Instacart are double-counted with other retailers; \*includes Amazon Fresh, Amazon Pantry, and Whole Foods delivery and pickup; includes direct and marketplace sales; \*\*sales of grocery products ordered via Instacart's site/app; excludes taxes and tips

Source: eMarketer, Aug 2022

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### Our Findings

The digital shelf is a massive, fast-growing opportunity for CPG brands to win market share and influence physical retail.

- **Grocery ecommerce penetration will approach 10% in 2022** and grow at above-average ecommerce rates in the years ahead.
- **Retail media ad spend will jump 31.4% this year**, as CPG digital ad spend rises 15.1%.
- **Ecommerce is more than a sales channel.** It's a shopping tool that influences the 90% of grocery sales still transacting in-store.

### Your Opportunity

Effective digital shelf strategies go beyond search optimization to build brands in a way that improves ecommerce performance and in-store sales.

Here are digital shelf strategies that CPG brands should emphasize:

- **Focus on metrics that matter**, including share of voice and new-to-brand sales, plus core KPIs like ROAS.
- **Systematically refresh product content** to keep imagery fresh, keep up with consumer trends, and maintain seasonal relevance.
- **Optimize ads for performance and branding.** Digital shelf effectiveness is about more than just search—brand-building is also a key part of the equation.

Also in this report: **US grocery ecommerce forecast** | **retail media ad spend forecast** | **expert strategies for digital shelf success**

## Key Points

- **The digital shelf is a massive, fast-growing opportunity for CPG brands to win market share—and influence physical retail.** As grocery ecommerce approaches 10% penetration of a \$1.410 trillion category this year, brands are intensifying efforts to win the battle for mindshare and market share at the digital shelf. Via research and discovery, digital's further ability to influence the 90% of grocery sales in physical stores makes the stakes even higher.
- **CPG brands must adapt to the speed of digital to win at ecommerce.** While the digital shelf draws parallels to the physical shelf, it is faster, more dynamic, and tougher to navigate. Brands that don't build their digital IQ fast enough are most susceptible to disruption.
- **Brands must prioritize their investments—in time and money—to the right retail media channels and the right tactics.** Retail media networks are expanding faster than growing budgets can accommodate. Brands need a disciplined approach to digital shelf content and advertising strategies to defend their position and gain market share across relevant channels.
- **Sophisticated CPG brands get the basics right and use advanced digital shelf strategies to get an edge.** Brands that don't have a foundation of core key performance indicators (KPIs), inventory-management best practices, and product content best practices are falling behind the curve. Getting ahead of the competition entails using advanced analytics and advertising strategies to build their brands and grow market share at the digital shelf.

## The Digital Shelf Opportunity

Bai was perhaps the first major CPG disruptor at the digital shelf. The antioxidant-infused flavored water brand outperformed better known beverage companies like Coca-Cola and PepsiCo to emerge as the No. 1 selling beverage brand in its category and was named Amazon's vendor of the year in 2015. In 2016, Bai was snatched up in a \$1.7 billion acquisition by Dr Pepper Snapple Group.

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**Digital shelf:** the ecommerce equivalent of how a product is seen and discovered, incorporating elements that drive visibility including paid and organic search results, promotions, merchandising, and product information.

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**What was the secret of Bai's surprising success on one of the fastest-growing channels for CPG products?** In part, the brand tapped into an unmet customer need: the desire for a low-calorie flavored-water beverage without artificial sweetener. Part of the category's appeal was its perception as a better-for-you option, except most options either had high sugar content or used artificial sweetener. Bai uses naturally occurring stevia extract for sweetener.

While Bai invested in keyword search optimization—a useful tactic that takes advantage of category white space as shoppers search for “drinks with natural sweetener”—it also prioritized brand-building.

According to John Denny, vice president of digital commerce at CAVU Ventures and former vice president of ecommerce at Bai Brands, the team obsessively focused on the little things that drive consumer choice at the digital shelf.

“[Bai founder] Ben Weiss was fanatical about the appearance of the bottle, that every pixel was placed perfectly, the light placed perfectly. It was like an icon meant to be worshipped,” Denny said. This created emotional resonance reinforced through repetition in advertising. “When it stands out in a field of many images [on the digital shelf], that's a huge piece of success.”

**The story of the digital shelf begins, as retail and ecommerce stories so often do, with the power of the brand.** With endless aisles of competition and various ecommerce platforms to master, brand is the one thing that truly scales.

## Winning at the Digital Shelf

**Amid the recent surge in grocery ecommerce—and corresponding rise in retail media—CPG brands must now grapple with the reality of what it takes to succeed in the digital realm.** Here, the rules that determine who wins in-store no longer apply. The world of shopper and trade marketing exists in the physical store environment, where shelf space is finite and distribution matters. Grocery ecommerce offers shoppers an endless aisle where more brands can compete on a greater number of attributes.

"In a physical store, the consumer notices your brand because of where you've negotiated your shelf space or earned an endcap or off-shelf display," said Todd Hassenfelt, ecommerce director of strategy and planning at Colgate-Palmolive. "It's not because of the title on the tag. There are no bullet points, and shoppers have to pick up the packaging to see what's on there. Whatever copy is on your package is probably not going to be optimized for the algorithm [on the digital shelf] to get you on page one or above the fold for either paid or organic search results."

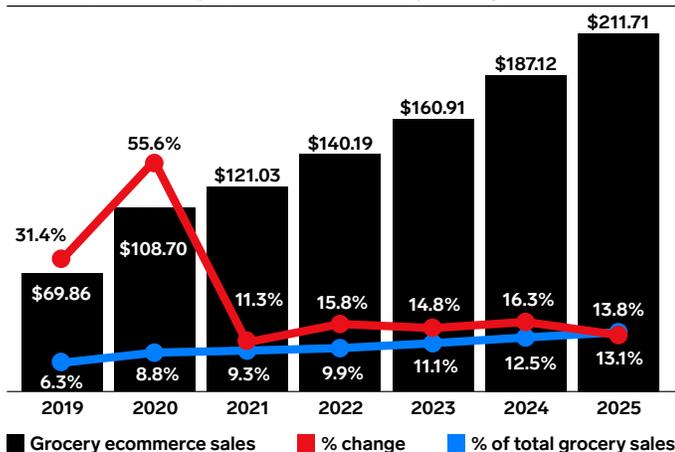
Brands encountering the complex, fast moving, and dynamic world of the digital shelf require new skills to compete against the growing number of disruptor brands. Amazon aggregators like Thrasio and Perch have infused these brands with fresh capital, intensifying the competition. Winning at the digital shelf has never been harder, but the rewards have never been greater.

## The Surging Grocery Ecommerce Market

Even pre-pandemic, grocery was consistently among the top-gaining ecommerce categories. That trajectory accelerated substantially in 2020.

### US Grocery Ecommerce Sales, 2019-2025

billions, % change, and % of total grocery sales



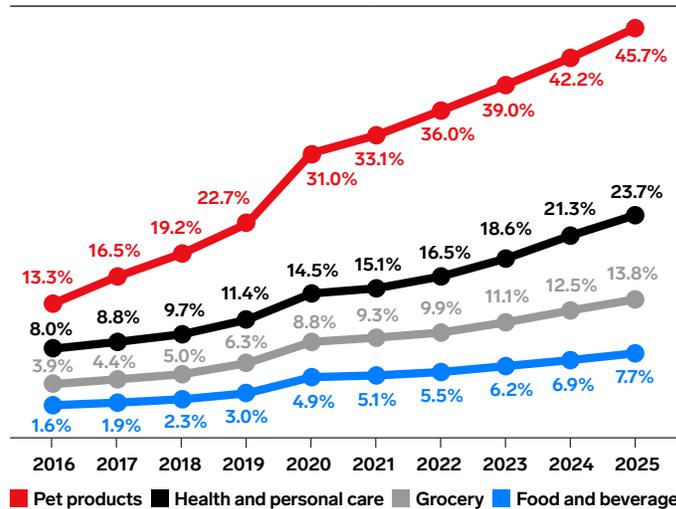
Note: includes food and nonfood grocery items ordered using the internet, regardless of method of payment or fulfillment; grocery items are products that people regularly buy from a grocery store, including food and beverages, pet food, household cleaning products, personal care products, and other household consumables; excludes restaurant sales  
Source: eMarketer, Aug 2022

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- **Grocery ecommerce has permanently accelerated and will continue to be a top-gaining category.** Even as most ecommerce categories revert to their pre-pandemic trendlines, grocery is one category exhibiting clear evidence of enduring acceleration. We expect the category to post above-average increases over the next few years, suggesting these gains will be sustained.

### Retail Ecommerce Sales Penetration of Grocery Products, by Category, 2016-2025

% of total retail sales in each group



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sales  
Source: eMarketer, June 2022

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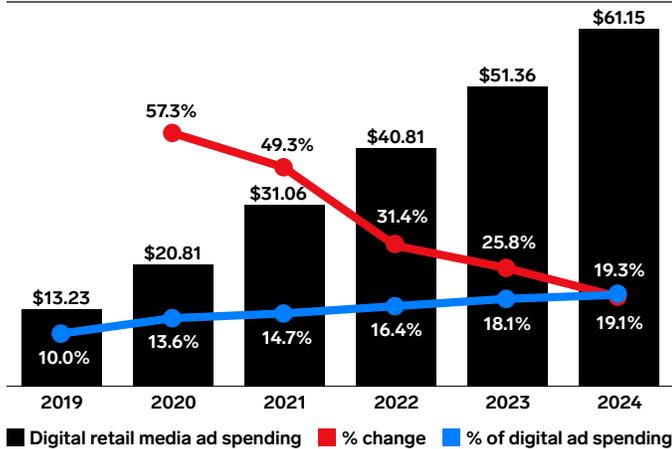
- **Grocery ecommerce will approach 10% penetration in 2022.** Ecommerce may still be a minor channel for food and beverage sales at 5.5% penetration, but the broader grocery market includes major sub-categories like pet products (36.0%) and health and personal care (16.5%), where ecommerce is a critical channel. As a result, total grocery ecommerce will approach the 10% milestone this year.

## The Rise of Retail Media Networks

Retail media advertising continues its rapid ascent as one of the fastest-growing channels of digital advertising.

## US Digital Retail Media Ad Spending, 2019-2024

billions, % change, and % of digital ad spending



Note: digital advertising that appears on websites or apps that are primarily engaged in retail ecommerce or is bought through a retailer's media network or demand-side platform (DSP); examples of websites or apps primarily engaged in retail ecommerce include Amazon, Walmart, and eBay; examples of retail media networks include Amazon's DSP and Etsy's Offsite Ads; includes ads purchased through retail media networks that may not appear on ecommerce sites or apps  
Source: eMarketer, March 2022

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- **Retail media will continue to surge beyond the pandemic.** Following massive gains in the range of 50% over the past two years, retail media is expected to add about \$10 billion in incremental spend during each of the next three years even as growth rates begin to taper down.
- **Retail media gains will be driven by advertiser demand and increasing supply.** The proliferation and advancement of retail media networks is opening more inventory for brands, including upper-funnel formats like display, video, and connected TV (CTV) ads.

To learn more about the latest retail media ad spending trends, read our August report, "[Retail Media Ad Spending Forecast 2022: The Market Weathers Economic Turbulence.](#)"

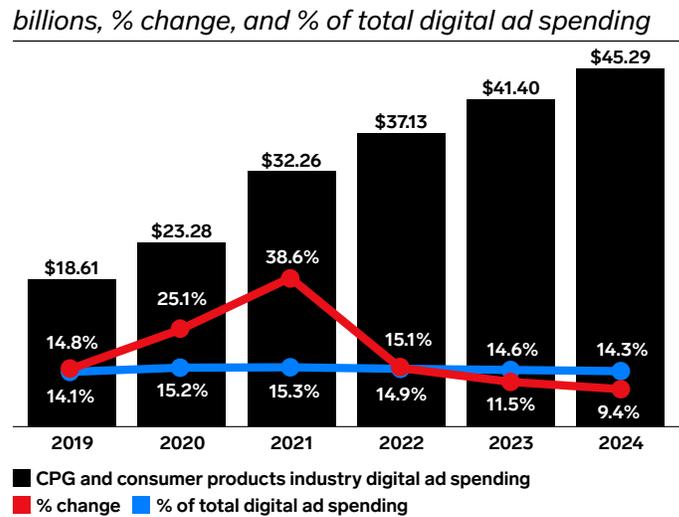
## CPG Ad Spend Migrates Online

CPG advertisers ramped up digital ad spend during the pandemic, and the momentum is likely to continue.

- **CPG digital ad spend will jump another 15.1% this year following two years of outsized gains.** Between 2019 and 2022, we forecast CPG digital ad spend to double, from \$18.61 billion to \$37.13 billion. Following a surge of 25.1% in 2020 and 38.6% in 2021, strong double-digit gains will continue.

## US Consumer Packaged Goods (CPG) and Consumer Products Industry Digital Ad Spending, 2019-2024

billions, % change, and % of total digital ad spending



Source: eMarketer, July 2022

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- **Nearly all CPG advertisers will increase retail media spend.** Eighty-seven percent of CPG brands and 87% of beauty brands anticipate increasing their retail media investment in 2022, per a March 2022 McKinsey & Company study.

## US Advertisers Who Anticipate an Increase in Spending Levels with Retail Media Networks, by Product Category, March 2022

% of respondents



Note: in the next year; \*includes food, beverage, and household products

Source: McKinsey & Company, "Busted! Five myths about retail media," June 7, 2022

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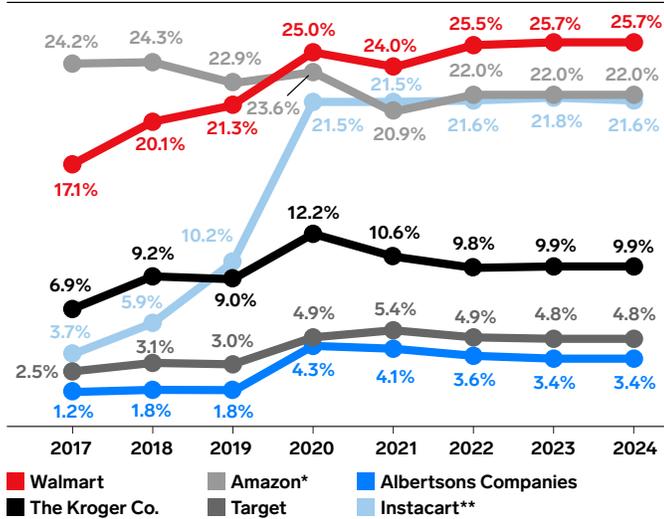
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# Key Players in the Digital Shelf for CPG Brands

Effective digital shelf management is as much about prioritization as it is about tactics. The multitude of digital shelves for CPG brands to manage—spanning digital pure plays, mass merchandisers, discounters, national grocers, regional grocers, drugstores, and convenience stores—can be overwhelming.

CPGs must ruthlessly prioritize their time and financial resources to the ecommerce channels they can reasonably accommodate, beginning with grocery ecommerce leaders like Amazon, Walmart, Instacart, and Kroger. (Note: As a multi-retailer platform, Instacart's market share is not mutually exclusive from retail partners like Walmart and Kroger.)

**US Digital Grocery Sales Share, 2017-2024**  
% of total grocery ecommerce sales



Note: represents the gross value of grocery products sold on the retailer site (browser or app), regardless of the method of payment or fulfillment; includes delivery and pickup, and sales from third-party delivery services; excludes fuel; sales for Instacart are double-counted with other retailers; \*includes Amazon Fresh, Amazon Pantry, and Whole Foods delivery and pickup; includes direct and marketplace sales; \*\*sales of grocery products ordered via Instacart's site/app; excludes taxes and tips  
Source: eMarketer, Aug 2022

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## Amazon

As the dominant player in ecommerce and retail media advertising, Amazon commands the spotlight in digital shelf management. It's the primary competitive battleground, the first channel for nearly every CPG brand, and the foundation for the prevailing digital shelf playbook and nomenclature today. Companies that can't compete effectively on Amazon are likely to struggle elsewhere.

Amazon pioneered many of the ad units that other retail media networks now model, including Sponsored Products (search), Sponsored Brands (keyword-based display and video), and Sponsored Display (audience targeting and retargeting). Amazon also has its own demand-side platform (DSP) for targeting ads off-site, plus a growing footprint of ad-supported CTV, including Freevee, Twitch, and exclusive rights to NFL Thursday Night Football.

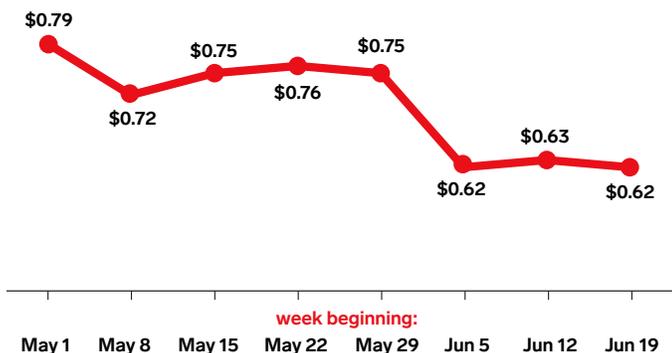
## Walmart

Walmart may be No. 2 to Amazon in ecommerce market share and retail media ad revenues, but it currently edges out the ecommerce giant in grocery ecommerce market share. The brick-and-mortar leader leveraged its physical store advantage for curbside pickup orders to pull ahead of Amazon in 2020—and hasn't looked back.

In 2021, Walmart Connect inked a major partnership with The Trade Desk to tap its first-party shopper data for targeting and measurement in off-site display, video, and CTV inventory. This year, Walmart implemented a second-price auction—finally bringing it to parity with Amazon and Instacart—that many brands considered critical for scaling their investment.

The second-price auction model—popularized by Google search, where the highest bidder pays 1 cent more than the second highest bid—ensures brands don't bid against themselves and overpay. After the company implemented the practice in early June, average advertising rates immediately came down, per data from Skai. Despite the near-term haircut to monetization, this will be to Walmart's long-term benefit, as it gives brands more confidence to invest in the platform.

## Average Cost per Click (CPC) for All Unfiltered Walmart Advertisers Worldwide, week beginning May 1, 2022-week beginning June 19, 2022



Note: represents data on Skai's platform, broader industry metrics may vary  
Source: Skai, "Digital Marketing Quarterly Trends Report: Q2 2022," July 27, 2022

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## Instacart

As the front door to grocery ecommerce for more than 750 national, local, and regional grocery retailers spanning 70,000 US locations, Instacart is a rising star at the digital shelf. Instacart's multi-retailer model delivers scale, unique customer insights, and incredible depth of visibility into physical grocery store sales. That makes for not only a competitive digital shelf environment but also a hugely promising retail media network. Instacart drew 25.7 million shoppers to its app and website in June 2022, per Comscore.

## Kroger

With nearly 2,800 locations, the nation's largest grocery chain is too big to ignore for most CPG brands—and certainly food and beverage brands. Kroger leans on its substantial first-party dataset from its loyalty card, which captures 97% of transactions, and its data science subsidiary 84.51° for powerful customer segmentation and targeting. Kroger's partnership with third-party publishers and Roku for CTV inventory provides brands with strong upper-funnel capabilities, making up for the fact many of Kroger's ecommerce transactions flow through Instacart rather than Kroger's web properties—which nevertheless attracted 27.7 million shoppers in June, per Comscore.

## The Next Tier

Several large grocery, mass merchandise, and drugstore retailers comprise the next tier of digital shelves. Target lacks the scale of Walmart in grocery but operates a best-in-class curbside pickup capability that offers better economics for CPG brands. Costco Wholesale is a huge player in grocery but is less digitally inclined than the competition and lacks a robust retail media offering. Albertsons Companies operates more than 2,200 supermarkets nationwide, including 1,700 in-store pharmacies. Walgreens and CVS are the two largest national drugstore chains, boasting larger digital audiences than leading national grocers, and are considered critical for health, personal care, and household essentials brands.

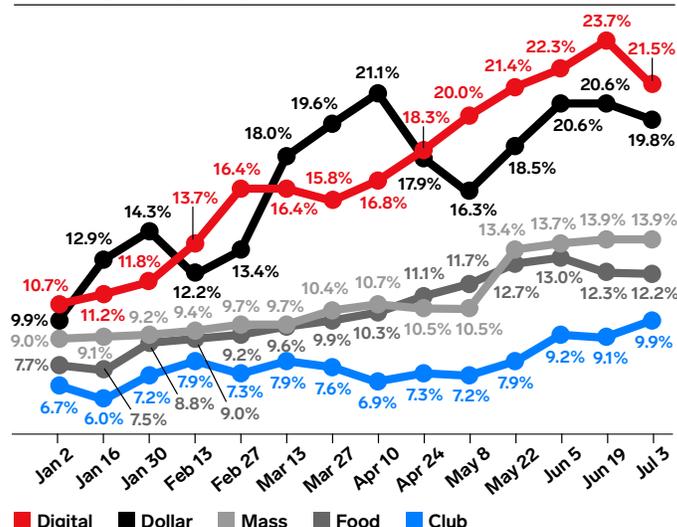
## Disruptive Trends and Opportunities

## Inflation Hits CPG Brands

Amid rising inflation, price-sensitive grocery shoppers are switching brands, trading down, and shifting back to brick-and-mortar. Grocery ecommerce has incurred the biggest spike in inflation this year, per Numerator, as shopping behavior swings back toward more cost-effective channels like club stores.

## Change in US Average Price per Grocery Item, by Channel, Jan 2022-July 2022

% change vs. prior year



Source: Numerator, "Price Pulse," June 6, 2022

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## The digital shelf gets more competitive at the same time consumers are turning their backs on national brands.

Within specific shopping channels, consumers are trading down to cheaper brands, particularly private label. The threat is substantial, as private label penetration on grocery websites runs above 20% in several categories, including home, deli, organic, and meat.

### US Private Label Penetration Across Retail Grocer Websites, by Product Category, March 2022

thousands of SKUs and % of total SKUs

	# of SKUs	% of total SKUs
Home	26,278	27.3%
Pantry	9,557	13.3%
Beauty and personal care	9,278	6.6%
Other foods	5,687	15.9%
Snacks	5,506	14.1%
Bakery and desserts	4,905	17.0%
Produce	3,483	17.9%
Alcohol and beverages	3,276	5.4%
Baby	3,247	17.5%
Meat	3,160	20.4%
Dairy and eggs	2,884	17.8%
Deli	2,603	23.4%
Pet supplies	1,597	6.8%
Canned goods	468	14.5%
Organic	402	21.1%

Note: among leading grocery retailers that sell over 20,000 SKUs  
Source: DataWeave as cited in company blog post, April 12, 2022

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## Retail Media Moves Up-Funnel

Retail media advertising is quickly shifting from sponsored search into upper-funnel formats like display, video, and CTV. As many brands battle over the search box, savvy players are looking up the funnel. They're using purchase-based targeting to drive long-term brand-building and make bottom-funnel placements more effective. Upper-funnel placements can be found within the owned-and-operated assets of retail media networks, as well as third-party media channels like Facebook and Pinterest.

A minority percentage of various grocery store customers are reachable on the retailer's website, while the majority can be found on the open web, according to May 2022 research from Epsilon. Hence, much of the ability to drive brand purchase via ecommerce or in-store resides outside the primary digital shopping channels.

## Brands' Reach of US Customers via Offsite vs. Onsite Advertising, by Retailer Type, May 2022



Note: based on data from Epsilon clients, broader industry metrics may vary; numbers may not add up to 100% due to rounding; \*has a strong click-and-collect program; \*\*percentage of retailer's customers that didn't visit retailer's site but are reachable on open web; \*\*\*percentage of retailer's customers that visited retailer's website  
Source: Epsilon, Aug 3, 2022

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## Offline Sales Attribution Data Is the Sleeping Giant of Retail Media

Synthesizing data could mean a ten- to twentyfold increase in attribution. Nearly 95% of food and beverage sales and 90% of total grocery sales transact in-store, but there's currently limited visibility into how retail media ads influence these sales. Even assuming that online ad exposure drives modest offline-sales lifts, total attributed sales could be several times higher than ecommerce data alone.

Citing recent research from Walmart, Mike Black, CMO at Profitero, said 82% of Walmart shoppers use their smartphones while shopping for groceries, and 43% use it to compare brands and products on Walmart.com.

"You realize that ecommerce isn't just a channel," Black said. "It's a shopping tool."

As the link between online and offline becomes better understood, grocery retailers with the biggest store footprints—Walmart and Kroger—will gain the upper hand. Walmart boasts the largest scale in grocery, but Kroger's loyalty card advantage could prove more important in the measurement footrace.

## Physical Stores Are the Next Major Media Channel

**Stores with big footprints offer audience reach similar to any scaled media channel**—even if retailers don't fully appreciate the opportunity just yet. In fact, physical store audiences for many leading multichannel retailers far outpace their digital audiences, in some cases surpassing 100 million visitors per month, according to recent analysis from Placer.ai.

As brands realize the value of reaching these audiences at contextually relevant moments close to the point of purchase, the tantalizing mix of branding and performance advertising should attract both national media and shopper marketing budgets.

### Acting on the Opportunities: How to Win the Digital Shelf

Several digital shelf experts weighed in on the relative importance of product content and creative, pricing, advertising, metrics, and inventory strategies. While few agreed on which were the most important, they reached broad consensus that all are important and interconnected.

Experts concur that certain strategies are foundational and essential for success, whereas other strategies could help brands go on offense.

## Focus on Metrics that Matter

**Keeping Up: Measurement is the most essential strategy**, according to Profitero's Black: "You can't manage what you don't measure." This sets a baseline for performance that encourages continuous improvement, even in the absence of category-specific benchmarks.

Julie Liu, national manager of commerce media at Ghirardelli Chocolate Company, agreed: "Create some sort of scorecard so that you can measure things, at least for Amazon, like glance views and conversion rate." Glance views of the product detail page indicate overall demand and interest for a product, while conversion rate is a signal of how well the page content communicates product benefits and attributes to drive purchase. Scorecarding can also establish baseline criteria and KPIs for things like product descriptions, product content, and ratings and reviews.

Beyond sales growth, the first metric most CPG brands manage is return on ad spend (ROAS)—and its close companion advertising cost of sales—which speaks the language of CMOs and CFOs by incorporating profitability into marketing spend.

### Amazon Key Performance Indicators (KPIs) Focused on Growing Market Share vs. Profitability for Consumer Brands Worldwide, Feb 2022

% of respondents in each group

	Market share	Profitability
Revenue growth	82%	74%
Return on ad spending or advertising cost of sale	61%	68%
Channel profitability	37%	62%
New-to-brand customer acquisition	29%	21%
Product sales rank or best seller rank	29%	32%
Share of voice	27%	9%
Cost per click	18%	19%
Cost per acquisition	14%	9%
Advertising impression share	2%	2%
No Amazon KPIs tracked	6%	6%

Source: Bobsled, "Amazon Maturity Benchmark 2022" as cited in Stratably and Bobsled, "4 Organizational Factors Driving Amazon Success: Lasting Change Can Only Come From Within," Aug 16, 2022

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**These performance marketing metrics are useful, but they don't capture the full picture.** Black likens the digital shelf to the physical store shelf, where the ultimate arbiter of success is market share. The digital shelf, however, requires brands to understand and apply leading indicators of market share, such as share of search, to ensure brands are visible and appearing on page one of search results. Similarly, share of voice accounts for all paid and organic brand impressions, including those above the fold.

**Getting Ahead: Smart brands look beyond ROAS**, which Bobsled founder Kiri Masters called a "blunt instrument." It's a short-term KPI that doesn't always align with objectives, nor does it necessarily maximize sales outcomes. Any brand can show a high ROAS if they bid only on the most niche keywords, but the return comes at the expense of volume.

**Brands should instead apply more relevant metrics and leverage various formats across different retail media networks to map against the right phases of the marketing funnel.** New-to-brand sales, for example, is a metric that helps brands manage toward long-term brand growth, even if at the expense of near-term profitability.

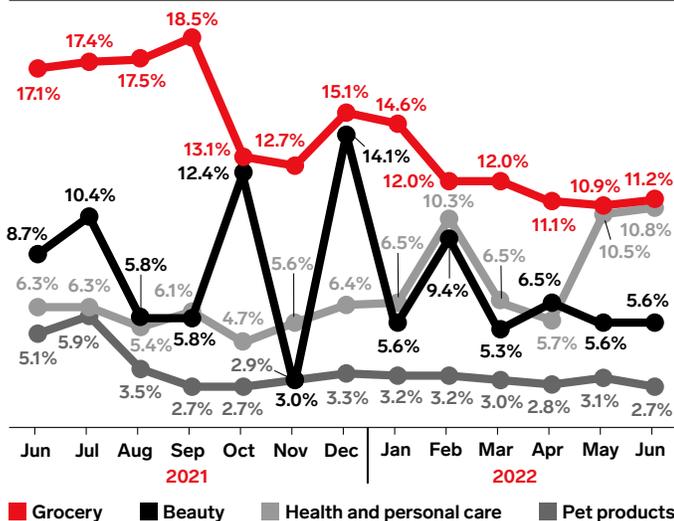
The most sophisticated brands are diving headfirst into advanced analytics tools like Amazon Marketing Cloud to quantify how various tactics perform and unearth new insights.

## Prevent Out-of-Stock Inventory

**Keeping Up:** Brands that fail to manage inventory can sink their entire digital shelf strategy. An out-of-stock product not only loses a sales opportunity but also damages the product's organic search ranking, which takes time to restore once the product is available.

The basic blocking and tackling of inventory management is simple: Keep eyes on the channel and make sure inventory doesn't get too low—if it does, stop running ads for those product listings to slow demand. CPG brands need to keep a more watchful eye than ever with out-of-stock rates on Amazon running the highest in categories like grocery, health and personal care, pet, and beauty, per CommerceIQ.

### Out-of-Stock Rates on Products From US First-Party Amazon Sellers, by Product Category, June 2021-June 2022



Note: based on data from CIQ clients; industry metrics may vary  
Source: CommerceIQ, July 29, 2022

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**Getting Ahead:** Avoid negative downstream effects of stockouts with dropshipping. Use the tactic as a safety valve to ensure 100% product availability, according to Patrick Miller, co-president of digital commerce at Edge by Ascential. Although dropshipping economics aren't as good as selling directly on marketplaces, it's better than going out of stock.

## Prioritize Your Brand's Visual Presence

**Keeping Up:** CPG brands that merely repurpose existing marketing and packaging content for their product listings will struggle on the digital shelf. At a minimum, brands should use content designed for thumbnail-sized viewing. Jehan Hamed, CEO at Vizit, said CPG should engage in “debranding” to reduce the complexity of brand logos and imagery to fit the smaller screen: “While these types of change result in packaging imagery that may be slightly different than in-store versions, testing has shown that these mobile-first alterations have a significant impact on conversions and consumer sentiment.”

To maximize impact and the likelihood of conversion for each product listing, CPG brands should include five or six images, at least one video, and enhanced content (“A+ content”) like 360-degree views and comparison charts to highlight product benefits.

**Getting Ahead:** Leading brands obsess over details.

They establish a “brand identity that’s going to stand out on the digital shelf,” CAVU Ventures’ Denny said. Debranding is a first step in the process, but true brand resonance comes from using the right visual elements in the right combinations.

Denny underscored the early importance of Bai establishing a strong brand, featuring a stark white background, colorful fruit, and simple text. “That tiny little image is going to be repeated millions of times on e-retail platforms, and it’s the ability of that tiny image to stand out, be colorful, vibrant” that carves out the brand identity.



Incidentally, Hamedi noted the importance of these exact same attributes on the digital shelf. Vizio's analysis of cough and cold medicine brands found products with strong visual representations of fruit, such as cherry or grape, outperformed the competition on visual engagement.

While these are useful, there is an art and science to which unique combinations of visual elements will resonate by brand, product, and category. Visual AI tools can help brands determine the optimal combinations in branding, packaging, and other product imagery.

## Systematically Refresh Your Product Content

**Keeping Up:** Brands should begin by getting the basics of product titles and descriptions right to increase visibility in paid and organic results and improve conversions. Colgate-Palmolive's Hassenfelt said brands should have at least one top keyword in the title, five bullet points, and a minimum of 50 ratings and reviews with a 4.2 to 4.8 rating.

Several experts said a common shortcoming is infrequent updates to product listings. Hassenfelt recommends quarterly. A stronger cadence of updating product listings encourages basic hygiene, better alignment with consumer trends, and use of more seasonal product content.

**Getting Ahead:** Ratings and reviews can show brands what customers want and don't want, like and don't like. This feedback can help brands see where their product descriptions are missing the mark and which attributes are worth emphasizing in product content. It's an untapped gold mine of information that reveals how consumers think about purchases in their category and how their brands measure up—for better or worse.

## Optimize Advertising for Branding and Performance

**Keeping Up:** Advertising is ideally an amplifier for great product content, but too often it functions more as a tax on subpar content. First and foremost, brands need visibility on the digital shelf.

"If you're not on page one or even now increasingly in the top five spots, you're not even considered to be on the shelf," Profitero's Black said. "Page one is how you grow your market share. It's about having your brands [visible] but also looking at those keywords that become new growth shelves."

**There's no getting around the imperative of organizational focus on search and SEO.** "There's just such a huge opportunity with search," Ghirardelli's Liu said. "We really need to make sure we're funded appropriately there before exploring mid- or upper-funnel tactics."

Brands need to have command of the most important keywords and keyword combinations for each product listing. There's potential for mining value in the long-tail of search terms, but resource-constrained brands should stick to the pareto principle.

"Ecommerce is all about granularity," said Russ Dieringer, founder and CEO at Stratably. "It's not just an endless digital aisle: It's endless digital aisles, plural, and each aisle is a keyword. Theoretically, there's an infinite number of keywords but probably 20 that really matter, depending on what you're selling."

In a thin-margin industry, it's critical to keep bid prices in check—hence, the importance of using a second-price auction. CPG brands should avoid bidding against themselves when they have multiple brands in the same category. Being mindful of broad search terms and ensuring cross-team coordination of keyword lists can minimize this wasted spend.

**Getting Ahead:** Effective use of branding and performance ads is where CPG leaders separate from the pack. The smart money in retail media ads is aggressively shifting the mix toward upper-funnel formats like display, video (both on-site and off-site), and CTV.

"I'm a big believer in building brand from day one, building a multisensory story and richer articulation of who you are than can appear in a text ad," CAVU Ventures' Denny said. "Anytime you can move beyond that, you're creating much bigger, longer-term impacts."

CPG brands should leverage “digital endcaps” by running sponsored brand display ads and video ads, using hero imagery above search results to establish brand-building and awareness among category-searchers. In addition to brand-building, they’re effective performance ads that deliver above-average ROAS—probably because a lot of brands have minimally invested in these formats.

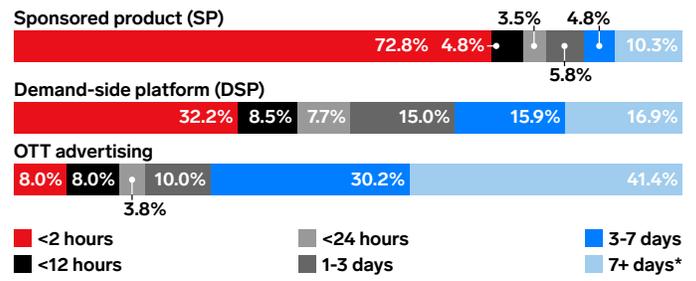
Brands can bring the digital shelf to their customers, outside the competition of ecommerce sites. CPG brands should be leveraging DSP offerings—like Amazon DSP, the Walmart–Trade Desk partnership, or Kroger’s private marketplace—to target customers on third-party publishers and CTV inventory. This extends reach to higher-value audiences with the benefit of closed loop attribution.

Display and video ad units like MikMak Commerce use click-to-cart technology to help shoppers directly add brands to their online grocery carts on Amazon, Walmart, Target, and others. This extends the digital shelf to shoppers outside of ecommerce sites, while essentially affording digital shelf exclusivity.

Use analytics to quantify the impact of branding and performance. Sophisticated brands and agencies are digging into Amazon Marketing Cloud and other analytics tools to understand advertising effectiveness across different formats. For example, most sponsored product ads that lead to purchase convert within 2 hours, whereas most streaming video ads convert outside of three days, according to a February 2022 study from Perpetua and WARC.

## Time Between Ad Interaction and Purchase Among US Consumers on the Amazon Marketing Cloud, by Campaign Type, Q4 2021

% of respondents in each group



Note: based on a Perpetua analysis, broader industry metrics may vary; read as 72.8% of people who interacted with a SP ad made a purchase less than 2 hours later; numbers may not add up to 100% due to data based on average percentages across individual campaigns in order not to bias results by campaign size; \*Amazon Marketing Cloud provides a 14-day attribution for OTT and DSP ads and a 30-day attribution period for SP ads  
Source: Perpetua and Warc, “Amazon Marketing Cloud Benchmark Report: Q4 2021”; Insider Intelligence calculations, Feb 9, 2022

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Taking it a step further, brands can analyze the interaction between branding and performance units to determine incremental impact and the optimal mix of impressions.

“There was always a question of how does upper-funnel impact lower-funnel, and Amazon Marketing Cloud helps shed light on that,” Stratably’s Dieringer said. “Once you have those insights, you can then start to optimize the mix. If one plus one equals three, then maybe 0.9 plus 1.1 could even equal four.”

## An omnichannel approach to marketing uncertainty

This sponsored article was contributed by [Mediaocean](#).



**David Berkowitz**

*Senior Vice President, Corporate Marketing and Communications  
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The pandemic caused chaos, but it was a more predictable breed of chaos than what came after. At the time, grocery spending was up while restaurant visits dropped. Air travel took a hit, but miles traveled by car spiked. Comfort food was in high demand, and so were baking supplies for preparing treats at home.

Now, the consensus is to prepare for the unprecedented. Macroeconomic indicators are all over the map. Employment, housing prices, inflation, and the stock market career one way or another. If that's all out of marketers' control, what's in their control?

During murkier times, the knee-jerk reaction for many marketers is to cut spending, freeze hiring, and postpone campaigns. Yet we know from past downturns that cutting spending doesn't work, and that brands with the foresight to maintain ad spend come out on top. So, what should marketers do now that can help future-proof plans and campaigns for their brands?

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**We know from past downturns that cutting spending doesn't work. [The] brands with the foresight to maintain ad spend come out on top.**

Two places to start are with technology and data, which marketers can use to develop new ways of working that are more agile, resilient, and capable of changing how marketing budgets are spent. By analyzing insights that show the current effectiveness of media spending, marketers can target consumers more precisely and proactively.

This brings opportunities to optimize your creative and campaigns rather than reduce budgets. Whether you're changing a marketing message, reconsidering the audience for a product, or looking at where and how a product is being marketed, these insights allow you to make more confident decisions and create a flexible omnichannel strategy for allocating resources more effectively.

It takes time to filter, aggregate, and analyze the data to get it right—but technology can help. Marketers should look at omnichannel platforms that use AI and machine learning to take control of marketing investments and optimize business outcomes quickly and efficiently.

Smart technology-based investments will pay financial dividends. It isn't just a business benefit; the people managing campaigns benefit too. By providing tools to support employees, companies can enable rapid upskilling, remove repetitive tasks, and empower teams to do their best work. This leads to a better experience for marketing talent that can be hard to attract and retain.

The way that marketers run these data- and technology-driven initiatives internally is almost equally important. The key is to ensure the C-suite is strategically aligned. In order for a brand to be successful, CFOs and CMOs in particular must have a thorough understanding of each other's roles and speak a shared language.

When brands make the right investments in data and technology, activate an omnichannel strategy, and bring their CMO and CFO together, they will be able to proactively guide their teams through uncertain times.

**The time is now to reassess plans, be agile, and build for the future.**

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Insider Intelligence and eMarketer research is based on the idea that multiple sources and a variety of perspectives lead to better analysis. Our interview outreach strategy for our reports is to target specific companies and roles within those companies in order to get a cross-section of businesses across sectors, size, and legacy. We also look to interview sources from diverse backgrounds in order to reflect a mix of experiences and perspectives that help strengthen our analysis. The people we interview for our reports are asked because their expertise helps to clarify, illustrate, or elaborate upon the data and assertions in a report.

**Mike Black**

CMO

**Profitero**

Interviewed August 5, 2022

**John Denny**

Vice President, Ecommerce and Digital Marketing

**CAVU Ventures**

Interviewed August 9, 2022

**Russ Dieringer**

Founder and CEO

**Stratably**

Interviewed August 8, 2022

**Jehan Hamed**

Founder and CEO

**Vizit**

Interviewed July 29, 2022

**Todd Hassenfelt**

Ecommerce Director, Growth Strategy and Planning

**Colgate-Palmolive**

Interviewed August 1, 2022

**Julie Liu**

National Manager, Commerce Media

**Ghirardelli Chocolate Company**

Interviewed August 4, 2022

**Patrick Miller**

Co-President, Digital Commerce

**Edge by Ascential**

Interviewed August 9, 2022

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