White Paper

The Race to Build an Advertiser-Centric Retail Media Network: The Strategic Guide for Retailers

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RETAIL MEDIA IS A MARATHON, NOT A SPRINT

Success in retail media requires building sophisticated new capabilities, transforming supplier relationships, and developing entirely new operational models. While the market opportunity is massive and growing rapidly, retailers must approach this as a long-term strategic investment rather than a quick revenue play.

Retail media is rapidly growing

Retail media networks (RMNs) are advertising platforms operated by retailers that enable brands to reach shoppers using the retailer's first-party customer data and insights. These networks allow advertisers to target audiences across the retailer's owned properties — websites, apps, and in-store displays — as well as through offsite channels.

Retail media is becoming ubiquitous, with almost 73% of retailers, brands, and agencies employing it and another 27% planning to invest within the next year (source: IDC's *Retail Media and CTV Survey,* 2025). IDC's consolidated advertising data shows that the retail media space has been growing at a rapid clip of over 15.8% CAGR from 2025 to 2030. Data has become the currency for advertising and both brand and performance marketing continue to shift toward data-driven evidence to support outcomes. Retailers and brands continue to focus on customer capture and engagement through targeting, identity, and first-party data. New retailers continue entering the space, driving growth toward an $88 billion market by 2029 (see Figure 1). Retail media growth exceeds every other advertising medium except connected TV (CTV) and is almost 2.5x the pace of change in overall advertising and 2x that of digital advertising (see Figure 2). Retailers must invest in retail media networks to keep up with retail media demand.

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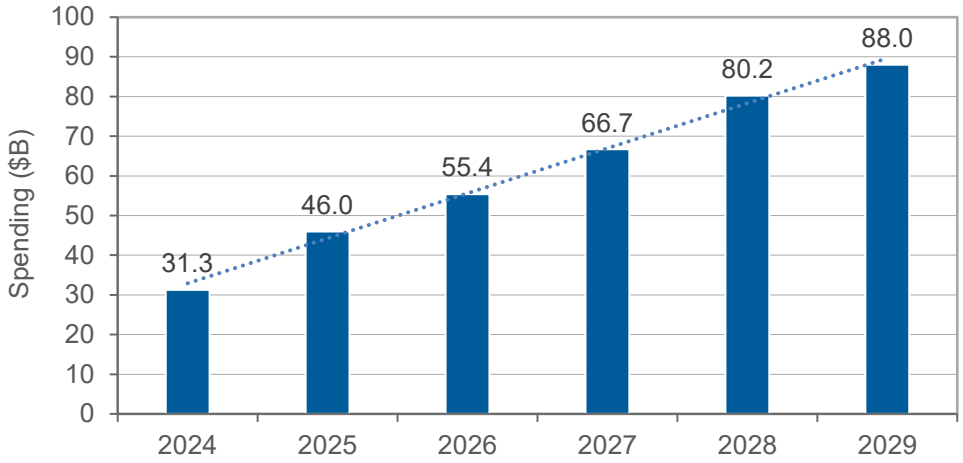
FIGURE 1

RMN spend, 2024–2029

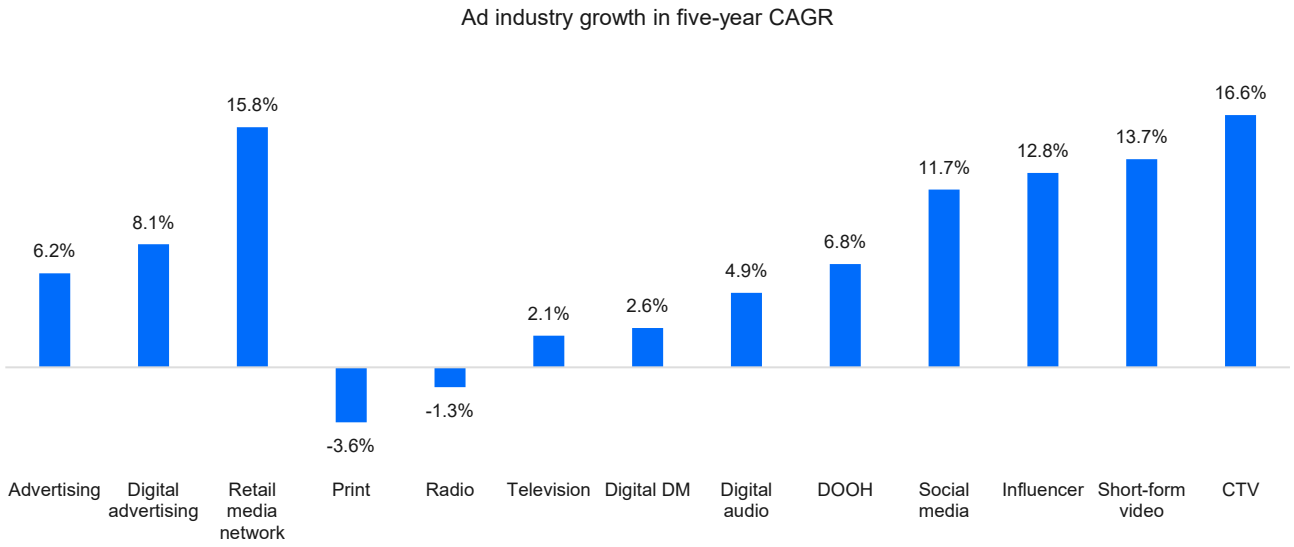


Note: For more information, see *Worldwide Retail Media Network and Connected TV Forecast,* 2024–2030 (IDC #US53661025, July 2025).

Source: IDC, 2026

FIGURE 2

Retail media growth



Note: Data is consolidated from IDC's worldwide advertising forecasts for 2024-2030.

Source: IDC, 2026

RETAIL MEDIA: A FUNDAMENTALLY NEW BUSINESS MODEL FOR RETAILERS

The retail media business is different from merchandising. Multiple factors emerge as retailers adopt or partner to deliver an RMN. Table 1 outlines key considerations.

Many retailers leverage partnerships, third-party consultants, systems integrators, and in-house solutions to launch an RMN (see *IDC MarketScape: Worldwide Retail Media Network Service Providers 2024 Vendor Assessment,* IDC #US52574122, September 2024). However, industry standardization remains elusive, limiting consistent performance measurement, campaign deployment efficiency, and market access. Launching an RMN means starting a new business that requires a fundamental shift in operational thinking — from suppliers as partners to advertisers as clients.

TABLE 1

Introducing retail media as a business

Considerations	Merchandising	Advertising
Media expertise	Retailers having immense knowledge across retail and merchandising	Retailers new to retail media, digital platforms, and adtech capabilities
Technical expertise	Focused primarily on store and operational tech, tools, and delivery	Experienced with ecommerce and social commerce but usually at odds with hosting ad placement
Business model	Primarily B2C, with marketing, sales, and business focus on converting individual sellers	Primarily B2B, with marketing, sales, and business focus on converting advertisers
Sourcing model	Products requiring physical transport, warehousing, distribution, and in-store partnering, usually through joint business planning with suppliers	Product requiring digital copy, creative, placement, rules, and digital engagement, usually through planning with agencies or advertising teams
Asset types	Primarily physical stores selling tangible goods and products	Primarily digital properties with limited capacities, selling intangible digital goods
Data dependency	Existing operational constraints, marketing to physical demographics	New digital constraints, targeting, and new forms of market segmentation including contextual
Operations	Variety of mercantile operations common to retailing	New operations for selling advertising, attribution, targeting metrics, and data delivery

Source: IDC Retail Insights, 2026

Customer relevance is contextual

At the heart of retail media's value proposition is contextual customer relevance — matching customer signals (behavioral data, purchase intent, and shopping context) with product offerings to deliver contextually helpful recommendations. The ad interest and conversion generated by this matching capability is why advertisers pay up to 7x more for targeted ads: they drive measurably higher return on ad spend (ROAS), especially when served during the purchase process. Retailers with rich first-party shopping data are uniquely positioned to deliver such contextual relevance at scale.

Retailers bring their suppliers to the table

Retail suppliers are evolving from long-standing partners into active retail media customers. Retailers are expanding beyond distribution to act as media partners, engaging top advertisers in joint business planning that now includes media investment, campaign optimization, and performance measurement alongside traditional topics like pricing, assortments, and shopper marketing. These partnerships make suppliers the core advertisers driving demand and measurable results across retail media networks.

This transformation requires a new mindset and greater fluency in advertising technology. Platforms such as SSPs, DSPs, and data clean rooms are essential to manage data effectively, ensure accurate targeting, and unlock value from digital assets. Without this shift, retailer-supplier discussions risk becoming transactional and fragmented, undermining collaboration and long-term value creation.

WHAT BRANDS NEED TO SUCCEED WITH RETAIL MEDIA

Advertising brands prioritize performance at the point of purchase, where conversion potential is highest. Retailers, in turn, are activating their supplier base to drive product-level sales directly within the shopping journey. Beyond conversion, brands seek deeper customer insights, often accessible only through retail partners, allowing refined targeting, enhanced engagement, and strengthened loyalty across channels.

Performance measurement and attribution

Brands are moving beyond basic customer data for targeting or pricing — they now demand clear performance visibility into their advertising investments. Metrics such as Incremental Return on Ad Spend (iROAS), incremental lift, and other attribution-based measures are essential to link specific retail media or display campaigns directly to sales and growth outcomes.

Performance data is invaluable because it provides the proof point connecting ad spend to measurable business impact. Yet multitouch campaigns present complex attribution

challenges, and legacy models like first-touch or last-touch attribution often yield incomplete insights. When accurate performance data is available, advertisers can validate creative effectiveness, optimize messaging, and refine future campaigns — ultimately driving stronger results and more efficient media investment.

Customer data and targeting

Retail media offers access to uniquely rich customer signals that extend far beyond traditional "in-market" indicators. Retailers with advanced data capabilities can interpret real-time shopping intent, revealing not only what customers are buying but also their brand preferences, price sensitivities, feature priorities, and purchasing patterns. This level of insight enables advertising at the point of purchase that both influences decisions in the moment and measures impact through precise attribution of incremental sales, new customer acquisition, and overall marketing effectiveness.

According to the 2023 *RMN Survey,* 80% of retailers operating retail media networks identified customer signals collected during the shopping journey as "very important" or "critical" to advertisers. For brands with few direct touchpoints, these insights are essential to understanding and influencing customers, strengthening relationships, and remaining competitive. To bridge the gap between product distribution and customer engagement, brands invest heavily in sponsorships, advertising, and direct-to-consumer initiatives while also partnering with retailers to activate targeted, measurable campaigns. Through privacy-safe collaboration tools such as clean rooms and aggregated data sharing, retail media empowers brands to reach the right audiences, optimize performance, and build long-term customer value.

Meeting brand requirements: What retailers must deliver

To meet brand expectations, retailers must offer three core capabilities: real-time performance tracking, closed-loop attribution linking ad exposure to sales, and standardized reporting across campaigns. Leading RMNs now provide self-service dashboards, on-demand reporting, and API integrations that connect directly to brand systems.

Building this infrastructure requires major investment in data pipelines, analytics, and clean room technologies. Brands will favor partners delivering transparent, actionable insights. Retailers that master closed-loop measurement will differentiate their networks and drive stronger outcomes in acquisition, retention, and customer value.

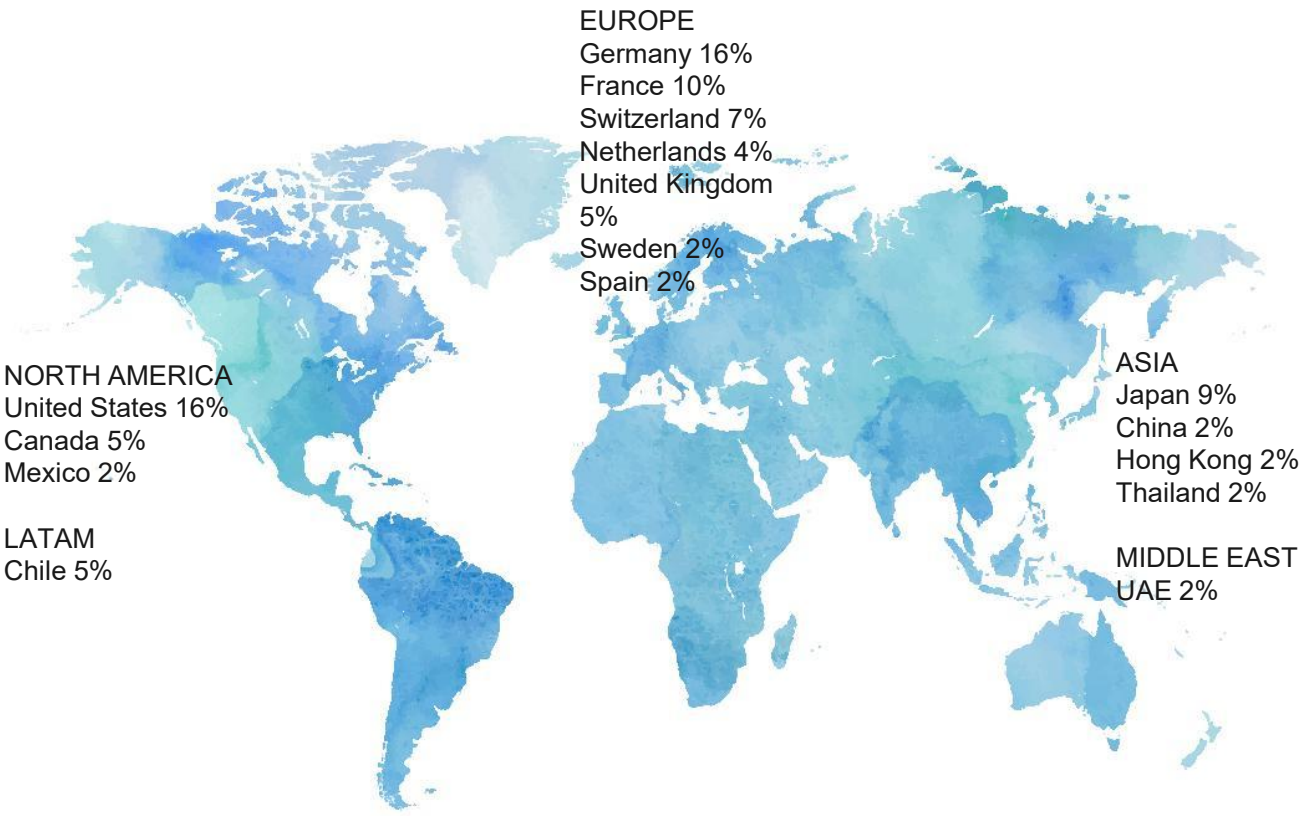
GLOBAL LEADERSHIP AND ADOPTION IN RETAIL MEDIA

Retail media continues its rapid ascent, with retailers, brands, and agencies allocating about 18% of total ad spend to retail media networks in 2024 and projecting nearly 28% in 2025 (see *Retail Media Network and Connected TV Convergence Spend, 2025,* IDC

#US53704825, August 2025). This growth reflects retail media's strong bottom-funnel performance and expanding strategic relevance. Leadership in adoption and innovation varies by vertical. For example, convenience and grocery retailers are introducing in-store retail media offerings, while others focus on optimizing digital ecosystems. The expansion is global, with 84% of the top 50 worldwide retailers and 82% of the top 50 U.S. retailers deploying RMNs, underscoring retail media's position as a key driver of advertising transformation (see Figure 3).

FIGURE 3

Global distribution of Top 50 retailers with RMNs



Note: Percentage represents the geographic distribution of the top 50 global retailers with RMNs by country.

Source: IDC Retail Insights, 2026

RETAILERS FACE SIGNIFICANT CHALLENGES

Despite the compelling opportunity, retailers face substantial hurdles in building successful RMNs across four key areas: monetization, demand generation, operations, and security.

Monetization

Retailers face three core challenges in monetizing retail media: data, assets, and partnerships. Advertisers expect access to high-quality, privacy-compliant first-party data that enables precise targeting and measurable results. Retailers must also unify digital and physical assets such as websites, apps, and in-store displays into seamless, data-driven ad experiences powered by modern adtech. Finally, success requires integrating retail media into supplier relationships and joint business planning, aligning on ad placement, creative strategy, and performance metrics to position retail media as a strategic growth driver.

Demand generation

Retailers face several critical challenges in executing effective retail media strategies. First, placement and attribution require robust technical infrastructure to serve ads accurately, avoid brand conflicts, and measure performance through closed-loop attribution. Without automated, accessible reporting, retailers risk losing advertiser confidence. Second, B2B sales capabilities must evolve. Retailers engaged in retail media are selling advertising solutions, not products, which demand new commercial models and dedicated sales teams to engage suppliers and external advertisers. These are fundamentally different teams and processes than traditional B2C merchandising. Finally, asset scale and relevance limit competitiveness for many retailers. Unlike high-traffic platforms such as Amazon, Walmart, or Kroger, most retailers must leverage first-party data such as loyalty, transaction, and behavioral insights to build compelling targeting models and justify ad value. Success depends on linking these data assets to measurable conversion and point-of-purchase outcomes that resonate with brand partners.

Operations

Once operational, a retail media network can unlock significant new revenue streams for retailers, create more engaging shopping experiences for consumers, and help brands reach targeted audiences with measurable results. Yet success brings operational complexity. Balancing ad placement with ecommerce experience is particularly challenging. Sponsored content often conflicts with algorithms that prioritize sales or pricing promotions. Achieving alignment requires AI- and ML-driven optimization tools and tighter coordination between merchandising and retail media teams. Retailers must also manage a growing variety of ad formats across digital and physical touchpoints. These range from display and sponsored ads to CTV, in-store digital signage, and digital out of home (DOOH). Each of these needs consistent execution, pricing, and performance tracking.

In addition, fragmented standards and limited scale present structural obstacles for retailers. Brands and agencies face inconsistent metrics and uneven closed-loop tracking across retailers, forcing ad programs to be manually unified despite emerging IAB and MCC frameworks. Smaller retailers, constrained by limited site traffic and data volume, often

compensate with offsite advertising to extend reach, resulting in further operational and technological complexity.

Security and compliance

Beyond operational hurdles, security and compliance present major risks for retailers launching retail media networks. Managing consumer identity has become increasingly difficult with cookie deprecation, stricter consent rules, and evolving privacy regulations such as CCPA and GDPR. At the same time, digital and ad fraud undermine transparency and trust, highlighting the need for strong attribution and third-party validation. Retailers must also uphold robust data governance to protect both brand and consumer information through secure infrastructure, data clean rooms, and governed privacy controls. The alternative is regulatory and reputational fallout. Finally, as AI becomes integral to targeting and programmatic ad delivery, vigilant oversight of these tools is critical to ensure data integrity, compliance, and secure automation.

OVERCOMING BARRIERS THROUGH DEMOCRATIZATION

While the challenges outlined previously are significant, the path forward lies in democratizing retail media access through standardization, automation, and accessible technology. By lowering barriers to entry and simplifying execution, the industry can unlock retail media's full potential for retailers and brands of all sizes. Three key strategies will drive this transformation.

Standardization: Enablement for advertisers

Standardization is essential to democratizing retail media and reducing friction across the ecosystem. Unified standards for ad placement, attribution, and measurement enable brands and their agencies to streamline campaign execution and evaluate performance consistently across channels. By aligning on common rules, configurations, and attribution models, the industry can open participation to smaller retailers, consortiums, and non-retailers. This expands reach, improves targeting precision, and connects brands with new audiences. In effect, standardized retail media creates a more accessible, efficient, and scalable marketplace that benefits both brands and emerging retail players.

Strategic partnerships: Unlocking value across the long tail

A level playing field in retail media opens access to high-value customer segments that many brands struggle to reach through traditional channels. Beyond niche markets, advertisers are actively seeking audiences outside their usual reach. Smaller and specialized retailers are uniquely positioned to unlock these opportunities by leveraging their distinct customer bases and data insights. For brands, partnering with these retailers requires a long-term perspective and investment in testing and validation, but the payoff is

significant: access to new-to-brand customers and incremental growth. For retailers, success depends on developing precise audience segments through advanced data tools and advertising capabilities that align with brand needs, enabling profitable engagement across the long tail of retail.

Automation: Removing barriers to entry

Programmatic automation remains a goal in retail media, but achieving it requires building the right tools for both brands and retailers. Effective retail media platforms must go beyond traditional SSPs and DSPs to deliver full-scale, integrated solutions that enable seamless campaign management across both large and small retailers. Self-service functionality paired with automation not only streamlines operations but also becomes a key differentiator, especially in separating industry leaders from those struggling to scale efficiently.

FUTURE ROAD MAP FOR RETAIL MEDIA

As retail media matures, several converging trends will reshape the landscape, each amplifying the core capabilities of closed-loop measurement, first-party data activation, and contextual relevance that separate market leaders from laggards. These emerging opportunities extend retail media's reach while reinforcing the fundamental requirement for robust attribution and performance visibility.

Offsite and DOOH

Capacity constraints continue to challenge smaller retailers, pushing many to explore offsite and digital out-of-home channels as growth opportunities. Offsite advertising is already here, and DOOH is rapidly emerging. Both can be *dilutive* to core retail media assets if not strategically managed. As retailers extend campaigns beyond their owned environments, audience quality, targeting precision, and attribution accuracy will determine whether these channels enhance or erode retail media value. Retail media leaders will focus on integrating and automating these offsite and DOOH capabilities to create scalable, cohesive ecosystems that drive reach while protecting the integrity and performance of their retail assets.

CTV

Connected TV is growing at an unparalleled rate and is overlapping closely with retail media. CTV is expected to reach $52 billion in ad spend sales by 2029, with a rapid growth rate, excluding the overlap with retail media (see *Worldwide Retail Media Network and Connected TV Forecast, 2024–2030,* IDC #US53661025, July 2025). As ads permeate the CTV environment, brands will seek ways to include short and long video mediums that capture ad placement as well as embedded ads within streaming TV for customers. RMNs

and CTV will share in closed-loop metrics that contribute to marketing campaigns and more specifically, with highly targeted focus based on first-party data. The overall convergence trend is highly in-tune with a data-driven ad performance — that both RMNs and CTV can potentially provide.

In-store

Retail media continues to expand in-store as retailers deploy digital signage, audio, and point-of-sale displays. While the process has been incremental due to high infrastructure costs, almost 80% of purchases are completed in-store for most retailers. Retail media will inevitably impact store environments, regardless of online adoption speed. Capturing this traffic represents an opportunity for higher-margin ad sales. Tools that reduce deployment costs for in-store retail media will lead adoption. Combined with omni-channel data capabilities, this creates opportunities for retailers and brands distributing across thousand-store chains.

AI and ML advancements

AI and machine learning are rapidly redefining retail media, driving smarter, faster, and more automated advertising. Real-time data tracking, programmatic bidding, and optimized ad delivery are becoming standard, while generative AI enables campaign creation through natural language prompts and automated rule sets — eliminating manual coding and accelerating execution. As AI powers seamless translation across languages and dialects, advertising will become truly global. The next leap, agentic AI, will autonomously refine targeting, attribution, and placement — continuously self-optimizing based on real-time customer behavior.

AND WE'RE OFF …

Retail media is accelerating rapidly as retailer participation and brand investment surge, yet the industry is still maturing. The landscape remains fragmented, with emerging opportunities across connected TV, in-store formats, and AI-driven personalization. Retailers are racing to modernize data and infrastructure to meet rising advertiser expectations.

While momentum is strong, challenges persist. Many retailers are navigating new business models, and advertisers still face inconsistent standards and limited access to unified attribution. Building effective monetization, operations, and data security requires significant investment and cross-functional alignment.

Even so, the outlook is promising. Growth will extend across offsite, digital out-of-home, in-store, and AI-enabled channels, driving a more connected and measurable media

ecosystem. Retailers that move decisively now will capture outsized value, while slower adopters risk falling behind in a fast-evolving market.

AMAZON PROFILE: RETAIL AD SERVICE

Amazon Retail Ad Service is purpose-built adtech to help retailers place engaging and performant ads on their sites, connect shoppers with relevant brands, and grow ad revenue. The solution leverages Amazon's two decades of adtech expertise driven by sophisticated machine learning models informed by trillions of shopping signals to deliver the relevant ads to shoppers at the right time.

By giving retailers the flexibility to customize how ads appear in their digital storefronts, it helps them enhance the overall shopping experience with highly relevant ads that aid product discovery. This is good for retailers and their shoppers, but it also enables highly performant ads for advertising brands. Advertisers can use the familiar Amazon Ads console to manage campaigns across multiple retailers, with access to the same powerful reporting tools they already know. Instead of juggling multiple systems, they can manage all their retail media campaigns in one place. This brings performance, consistency, scale, and standardized measurement and reporting into an otherwise fragmented landscape, which is good for retailers, as it enables brands to scale more quickly to their retail media networks.

Amazon's retail media experience, rich shopping signals, and deep understanding of purchase intent uniquely position it with the expertise needed to deliver nuanced contextual relevance at scale.

How does Amazon Retail Ad Service work?

Amazon Retail Ad Service is a cloud-based adtech solution that enables retailers to monetize their website and app traffic through advertising while allowing advertisers to access retail media ad space across retailers using familiar Amazon Ads interfaces.

- Retailers deliver contextually relevant ads for items sold on their website or app, leveraging Amazon's two decades of adtech expertise. Brands that sell on the retailer's website or app run ad campaigns to improve product discovery and increase purchases. Brands do not have to sell on Amazon to use the service.
- Shoppers see contextually relevant ads in a native format on the retailer's website or app across search, browse, and product detail pages. Shoppers complete their purchase on the retailer's website or app.

Why should retailers use Amazon Retail Ad Service?

- **Amazon's proven adtech, purpose-built for the shopping journey:** Amazon delivers contextually relevant ads to shoppers in the shopping journey by leveraging

Amazon's two decades of adtech expertise, driven by machine learning models trained on trillions of shopping signals. More relevant ads for shoppers lead to increased engagement and sales, which helps to grow revenue for retailers and their advertiser customers.

- **Easy access to advertiser demand:** Gain streamlined access to Amazon's extensive portfolio of advertisers and manage direct advertisers, within the Amazon Ads console, to grow advertising revenue.
- **Streamlined measurement:** Amazon brings streamlined measurement to a fragmented retail media environment. Amazon's targeting and measurement capabilities are widely accepted by the industry, increasing trust between brands and retailers. This consistency in measurement also results in standardized advertiser reporting across retailers.
- **Privacy safe:** Amazon Retail Ad Service is powered by AWS, which provides retailers control, access, security, and data privacy. The service uses a minimum amount of information needed to deliver relevant advertising and uses AWS Clean Rooms for campaign reporting where pseudonymous information is joined in a privacy-first manner.

About the Analyst



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Ananda Chakravarty is Vice President for IDC Retail Insights, responsible for the Retail Merchandising and Marketing Analytics Strategies practice. Mr. Chakravarty's core research covers in-store and digital retail merchandising, digital tools, artificial intelligence, intelligent store operations, retail marketing, and retail media.



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