

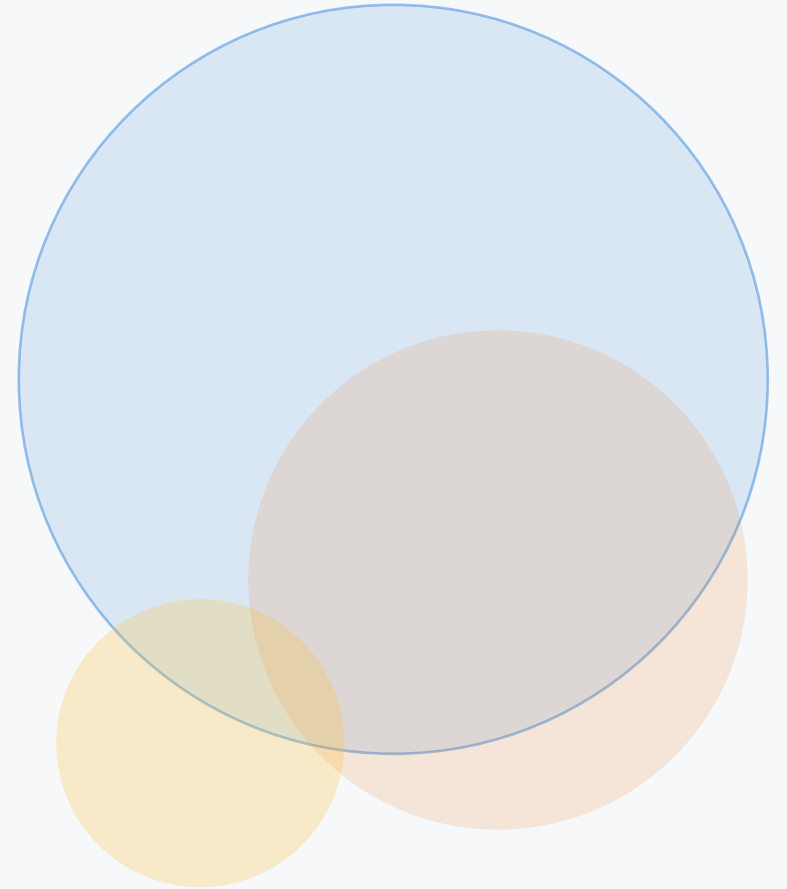
Retail Media Networks

A \$71 billion market that has become a scale game

Executive briefing for retail and consumer-brand leadership and private equity investors

Amazon and Walmart will take nearly nine of every ten new retail media dollars in 2026. Most other retailers should partner rather than build.

October 2026



Retail media is now a scale game, not a land grab

US retail media is a ~\$71B market growing ~18% a year, but nearly 90% of 2026 growth accrues to two players. For most retailers the right move is to partner, not build.

\$71.1B

US retail media spend forecast for 2026 — about 30% of US digital ad spend

~89%

Share of 2026 incremental US spend captured by Amazon and Walmart

\$196.7B

Global retail media spend in 2026 — roughly 16% of all advertising

70%+

Contribution margin on on-site retail media

- Concentration. Amazon (\$68.6B 2025 ad revenue) and Walmart (~\$6.4B) dominate; a strong second tier runs Target Roundel, Kroger, Instacart, Home Depot and Costco.
- Commerce media widens the field. Uber (>\$2B run rate), DoorDash, travel, banks and payments now compete for the same brand budgets.
- Economics are compelling. On-site media earns 70%+ contribution margins and helped Walmart and Kroger make ecommerce profitable; off-site margins are far lower.
- Winners share a pattern. Large identified audience, owned digital traffic, a separate P&L, proven incrementality, self-serve access, and off-site and CTV reach.
- Losers share one too. Sub-scale audiences, supplier-funded 'pay to play' revenue, weak measurement, over-outsourcing and in-store hardware bets without economics.

The decision

- Build only with a differentiated, high-frequency, highly identified audience.
- Partner-led: first ads in 6–9 months for a few million dollars; full-funnel scale takes 2–4 years.
- Owned stack: several times the cost and 1–2 years longer.
- Brands: run it as a measured portfolio funded by incrementality.

KEY TERMS

The working vocabulary for this briefing

Retail media is advertising sold by a business that owns a shopper relationship, targeted with its own first-party purchase data, and measured against its own sales.

Term	Definition	Why it matters to executives
Retail media	Paid advertising placed on or through a retailer's owned channels, bought mostly by the brands it sells.	Converts traffic and data into a high-margin revenue stream separate from merchandise margin.
Retail media network (RMN)	The organization, technology, data and sales team selling retail media as a product.	The RMN is the business unit; retail media is what it sells.
Commerce media	Any company with transaction data selling ads: delivery, travel, payments, banks.	Competition for these budgets extends well beyond retailers.
On-site media	Ads on the retailer's own site and app: sponsored products, brands, display.	The core of the market; search-like ads at the point of purchase.
Off-site media	Ads on external sites, social and CTV targeted with the retailer's data.	Scales beyond owned traffic; competes with Google, Meta and The Trade Desk.
In-store media	Screens, audio, endcaps and checkout placements inside physical stores.	Fastest-growing frontier; still hard to measure and standardize.
First-party data	Data collected directly from customers: loyalty IDs, transactions, logged-in behavior	The core asset; its value rose as cookies and mobile identifiers declined.
Closed-loop measurement	Linking an ad exposure to a later purchase by the same identified shopper.	The main selling point over traditional media.
ROAS vs. incrementality	Attributed sales per dollar, versus sales caused by the ad in test-and-control.	ROAS inflates value; iROAS is what CFOs now demand.
Data clean room	Privacy-safe environment to match data without sharing raw records.	Enables audiences and measurement while protecting customers.
Endemic vs. non-endemic	Brands the retailer sells, versus those it does not (banks, autos, telecom).	The key growth lever once the endemic base saturates.

HISTORY

A century-old practice, digitized and made measurable

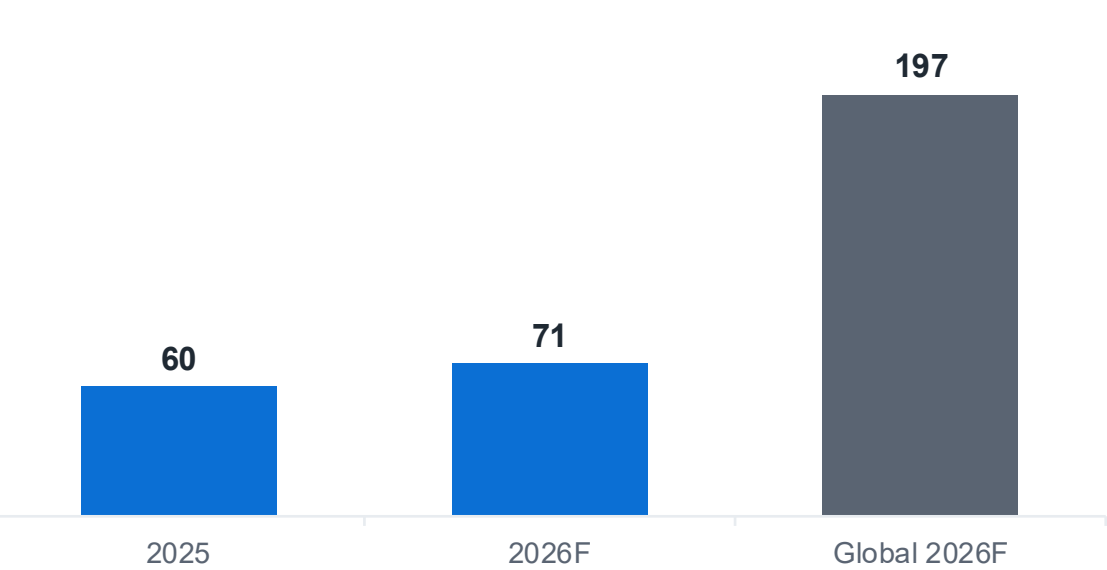
Every wave was driven by a retailer finding a new way to monetize shopper attention and data. Winners treated it as a product business serving advertisers, not a renamed trade-promotion fee.

	Period	What happened	Significance
●	Pre-2000	Slotting fees, co-op advertising, endcaps and circulars funded by brand trade budgets.	<i>Brands already paid for shopper attention — from trade, not media, budgets.</i>
●	2001–2003	Dunnhumby builds Tesco Clubcard analytics; Kroger forms the venture later renamed 84.51°.	<i>Proved loyalty data could be sold to suppliers as insight and targeting.</i>
●	2008–2012	Amazon launches sponsored products and display; Criteo emerges in retargeting.	<i>Pay-per-click ads on a product page became the modern template.</i>
●	2012–2018	Amazon Advertising consolidates (2018); Target launches Roundel; Walmart rebuilds its media group.	<i>Large retailers realize ads can subsidize low-margin ecommerce.</i>
●	2019–2021	Walmart Connect launches; Kroger, Instacart, Albertsons, CVS, Best Buy and Home Depot scale. Cookie deprecation announced.	<i>Pandemic ecommerce plus data loss made retail media the fastest-growing channel.</i>
●	2022–2023	Well over 100 US networks; IAB and MRC publish measurement guidelines; agencies protest fragmentation.	<i>Land-grab gives way to demands for standards, incrementality and self-serve.</i>
●	2024–2025	Walmart buys Vizio for \$2.3B; Amazon expands Prime Video ads; Uber, DoorDash, United and Chase push commerce media.	<i>Retail media converges with connected TV and the open web.</i>
●	2026	US spend reaches ~\$71B; Amazon and Walmart take most incremental dollars; AI shopping assistants emerge.	<i>Consolidation around scaled players; AI-mediated shopping is the next disruption.</i>

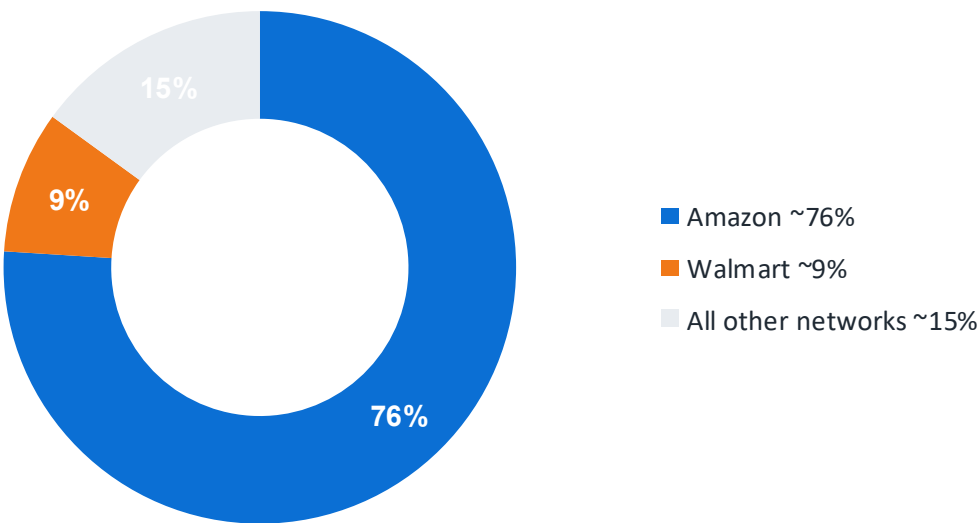
A \$71B US market — and a two-horse race at the top

eMarketer puts 2026 US spend at \$71.1B, ~30% of digital advertising; WARC forecasts \$196.7B globally. Amazon alone holds an estimated 75–77% of the US market.

US retail media ad spend (\$B)



Estimated US market share, 2026



89%

of the \$10.53B in new 2026 US spend goes to Amazon and Walmart

200+

networks worldwide — and brands are actively funding fewer of them

\$142B

projected US commerce media spend by 2030, ~24% of digital ad spend

Four tiers — and most players are not in the first two

Advertisers prefer few, large, self-serve networks with standard metrics. Each additional small network adds operating cost for brands, which is why the long tail is under pressure.

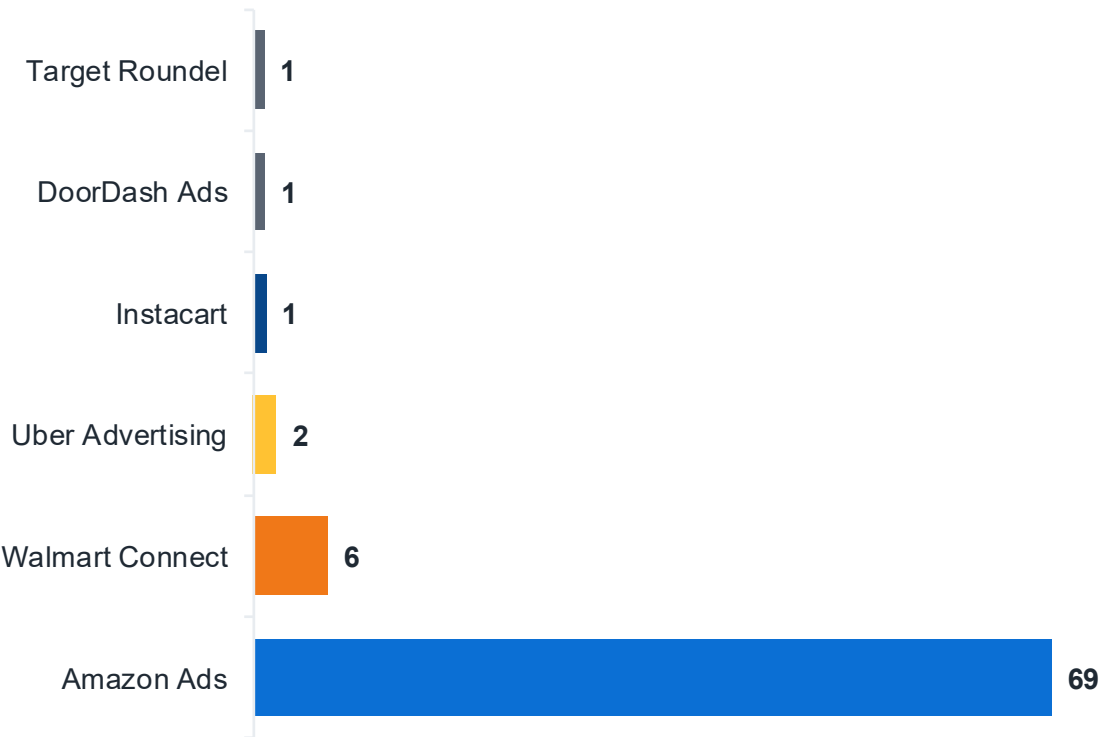
Tier	Who	Position	Strategic reality
1. Scaled platforms	Amazon Ads, Walmart Connect	Full-funnel: search, display, off-site, CTV (Prime Video, Vizio), self-serve DSP	Take most growth; set pricing and measurement norms; everyone else is benchmarked against them.
2. Large national networks	Target Roundel, Kroger Precision Marketing, Instacart, Home Depot, Costco, Albertsons, CVS, Best Buy, Lowe's, Ulta, Dollar General	\$0.5–2B revenue or high hundreds of millions; strong loyalty data in a category	Viable and growing, but must prove incrementality and offer self-serve and programmatic access.
3. Commerce media	Uber, DoorDash, Instacart, Lyft, United, Marriott, Chase, PayPal, Visa and Mastercard partners	Transaction data outside traditional retail	Fastest-growing challengers; compete for non-endemic and CPG budgets.
4. Specialty and regional	Grocers, pharmacies, specialty and department stores, convenience, fuel	Small audiences, usually run on a vendor platform	Under pressure; survive by being niche-essential or joining aggregated networks.
Enablers	Criteo, Epsilon, Carrot Ads, Koddi, Topsort, Kevel, Mirakl, Pacvue, Skai, Flywheel, LiveRamp, The Trade Desk	Technology, demand and measurement for networks and brands	A lower-risk way to play the trend — but exposed to retailers insourcing.

Forces shaping competition: scale economics favor few large networks · growth shifts off-site (retail-media-powered social \$7.76B, CTV \$6.10B in 2026) · only ~15% of marketers say they can measure retail media well, and brands discount reported ROAS 30–60% · AI shopping agents may disintermediate the sponsored search slot · consolidation through aggregators accelerates.

The leaders run advertising as a product business

Each leader treats advertising as a product line with its own P&L, technology and sales force — and extends shopper data beyond its own site. Amazon's 2025 ad revenue topped \$68B; Walmart's grew 46% to ~\$6.4B.

Annual advertising revenue / run rate (\$B, latest disclosed)



Approach

Amazon Ads

Sponsored ads from 1P vendors and 3P sellers, Amazon DSP, Prime Video, Marketing Cloud clean room.

Walmart Connect

Insourced ad sales in 2019, self-serve DSP, \$2.3B Vizio deal for CTV, in-store screens, seller ads.

Target Roundel

Built on Target Circle loyalty data, premium creative partnerships, early off-site extension.

Kroger / 84.51°

Decades of loyalty science, insights and media under one roof, Google and TikTok partnerships.

Instacart / Carrot Ads

Sponsored products across 1,800+ retailers, white-label platform, Caper carts, TikTok and YouTube reach.

Uber & DoorDash

Sponsored listings in delivery, Journey Ads in rides, Symbiosys and Criteo for off-site.

Lesson for entrants

Marketplace sellers are the biggest demand pool; premium video turns a shopping site into a media company.

Insourcing plus data control plus a CTV asset made it the clear #2 — ads are still only ~1% of sales.

\$915M in 2025, +55% in Q4 — ad revenue grew while merchandise sales fell.

Data-science heritage is a durable moat; media profit up 20%+ in Q1 FY2026.

Can be both a network and an enabler — aggregation solves small grocers' scale problem.

Daily-use apps can scale commerce media faster than many retailers.

Internationally the same pattern holds: Tesco and Nectar360 in the UK, Carrefour Links in France, Mercado Ads in Latin America, Coupang and Rakuten in Asia — loyalty data, a self-serve sponsored-products core, then off-site extension.

Winners pair a real audience with a real product organization

Successful networks earn budgets on proven sales lift rather than supplier obligation. Ten traits separate them from the long tail.

1

Audience scale and frequency

Millions of logged-in or loyalty-identified shoppers buying weekly or daily.

3

Owned digital traffic

A real site or app with product search to sell sponsored products against.

5

Proof of incrementality

Test-and-control lift studies, transparent reporting, IAB/MRC alignment.

7

Off-site and full-funnel reach

Audiences extended into CTV, social and the open web.

9

Shopper-experience discipline

Ad load capped and relevance-ranked so conversion and trust hold up.

2

High identification rate

A large share of transactions tied to a known customer, online and in store.

4

Separate P&L and sponsorship

Its own leader, targets, technology budget and authority to say no to merchants.

6

Self-serve and programmatic

APIs and integrations with Pacvue, Skai, Flywheel and the major DSPs.

8

Marketplace and non-endemic demand

Third-party sellers and non-endemic brands broaden the advertiser base.

10

Merchant-media alignment

Clear rules on trade funds, joint business plans, pricing and assortment.

Proof points: Walmart Connect ~\$6.4B after insourcing and buying Vizio · Roundel \$915M while store sales fell · Kroger media profit +20%+ on 84.51° loyalty science · Uber >\$2B run rate within ~3 years · Instacart \$1B+ by being both network and enabler · Home Depot leads home improvement with Pro/DIY audiences and non-endemic demand.

Failures are launched as a revenue line, not built as a business

Networks that fail are typically small, vendor-dependent, measured on ROAS rather than incrementality, and funded by supplier obligation rather than advertiser conviction.

Eight failure patterns

- Sub-scale audience — too few identified shoppers or too little digital traffic to matter in a media plan.
- 'Pay to play' demand extracted through joint business plans rather than earned on performance.
- Weak measurement: ROAS-only reporting, no incrementality, no clean room, opaque data.
- Over-outsourcing — the retailer owns little of the technology, demand or know-how.
- Poor shopper experience from excess ad load that clutters search and lowers conversion.
- Organizational conflict between merchants and media over the same supplier dollars.
- Hardware-heavy in-store bets without a proven measurement model or aligned economics.
- A weak parent business — a network cannot outlast the retailer it sells.

Cautionary cases

Case	What happened and what it teaches
Walmart's early outsourced model	An outside agency sold its media until Walmart insourced in 2019. Outsourcing gets you started but caps the upside.
Criteo's largest client	In 2025 it kept the technology but dropped managed services and demand sales — a \$75M 2026 headwind. Scaled retailers pull services in-house.
Walgreens and Cooler Screens	The in-store cooler-door program ended in 2023 amid performance and operations disputes, then litigation. Hardware, operations and economics must align.
Shell's Volta EV charging ads	Shut in 2025. Place-based screens without shopper data or purchase linkage are hard to monetize.
oOh!media's reo (Australia)	Retail media arm shut in 2026 after revenue fell 6%. Third parties without data ownership struggle as retailers insource.
Kroger in 2024	Media growth slowed to 17% on weaker advertiser spend before recovering. Even strong networks depend on supplier budgets.
Rite Aid, Bed Bath & Beyond	Networks disappeared with the parent's bankruptcy. Retail media cannot rescue a failing core franchise.

Build only with an audience brands cannot buy elsewhere

Most mid-sized retailers should partner or join an aggregated network instead. Score each dimension 1–5: 30+ supports an owned network, 20–29 a partner-operated model, under 20 means join or defer.

Strong candidates

- Grocers, mass merchants, drugstores, club and dollar stores with loyalty programs
- Category leaders — home improvement, beauty, pet, electronics, sporting goods
- Marketplaces and delivery or mobility apps with daily usage and transaction data
- Non-retail commerce with intent: travel, banks, payments, auto, telecom

Weak candidates

- Low digital traffic, weak customer identification, or few branded suppliers
- Infrequent-purchase categories, unless valuable to non-endemic advertisers
- Core retail franchise under financial stress

Scoring guide: 30–40 build owned · 20–29 partner-operated · below 20 join an aggregated network or defer the decision.

Readiness scorecard

Dimension	What a "5" looks like	Key question
Audience scale	Tens of millions of identified customers	Is the audience large enough to matter in a brand's media plan?
Identification rate	70%+ of sales tied to a known customer	Can we close the loop from ad to sale, including in store?
Digital traffic	Large ecommerce site or app with product search	Do we have on-site inventory to sell today?
Supplier base	Many national brands with media budgets	Who will buy, and what do they spend with us in trade today?
Data and technology	Clean, unified customer data; modern stack	Can we build or plug into ad tech within 6–12 months?
Organizational readiness	Executive sponsor; willingness to run a separate P&L	Will merchandising accept media as a partner, not a rival?
Differentiation	Unique audience or category authority	Why would a brand choose us over Amazon, Walmart or Instacart?
Shopper-experience tolerance	Clear ad-load rules and brand standards	Can we add ads without hurting conversion and trust?

Build, partner or join — choose on control, speed, margin and risk

Below roughly \$20–30M in annual ad revenue an owned stack rarely pays back. Most mid-market retailers should run a vendor platform with in-house sales and strategy.

Model	Description	Pros	Cons	Typical fit
Build (owned)	In-house technology, data science, sales and ad operations	Full margin and control; a strategic data asset	Highest cost, longest time, scarce talent	Tier 1–2 retailers; large commerce platforms
Partner (hybrid)	Vendor platform — Criteo, Epsilon, Koddi, Topsort, Kevel, Mirakl — plus in-house sales and strategy	Faster launch; lower capex; keeps brand relationships	Revenue share of ~15–30%; some dependence	Most mid-market retailers
Join (aggregated)	Inventory sold through Instacart Carrot Ads, a wholesaler or a co-op network	Minimal investment; immediate advertiser demand	Little differentiation; lowest margin share	Regional and specialty retailers

Evaluating the opportunity

- Size the prize. Benchmark ad revenue as a share of sales — Walmart's ~\$6.4B is about 1% of \$713B; Uber exceeds 2% of delivery gross bookings. A credible mid-market target is 0.5–1.5% of ecommerce plus in-store sales over three to five years.
- Separate net-new from relabeled money. BCG estimates 60–70% of retail media spend is net new over historical trade dollars; individual retailers can be far lower.
- Model margins realistically. On-site sponsored products run 70–90% contribution margin; off-site carries media cost at 20–40%. Blended margin falls as off-site grows.
- Test before scaling. Run a 6–12 month pilot with 10–20 lighthouse brands and measured incrementality, then

release funding against stage gates.



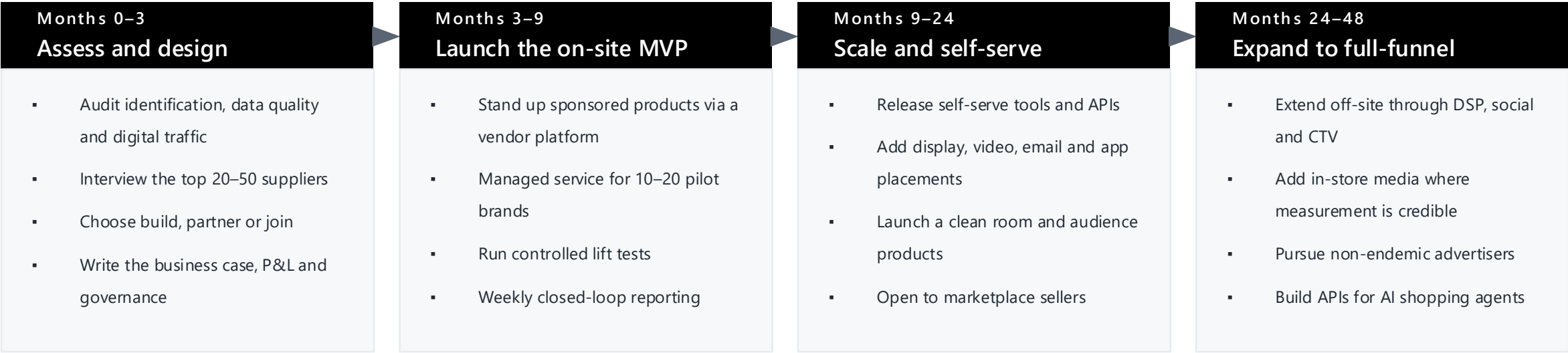
High-margin revenue, with risks that compound below scale

The economic case is strong: ad revenue needs no inventory. The risks are mostly strategic and organizational — and they are fatal below scale.

Benefits	Risks and mitigations		
High-margin profit On-site media often runs 70%+ contribution margin. Ad revenue equal to 5% of sales at ~65% margin can lift total profit 25–30% for a retailer at 8% net margin.	Risk	Description	Mitigation
Subsidizes ecommerce Walmart and Kroger both credit advertising with helping ecommerce reach profitability.	Scale disadvantage	Amazon and Walmart take ~89% of incremental spend.	Specialize, partner or join an aggregator — don't build an Amazon clone.
Earnings resilience Target's ad revenue grew 55% in Q4 2025 while merchandise sales were flat to down.	Cannibalized trade funds	Brands shift trade dollars rather than add new money.	Track net-new versus relabeled spend; align merchant and media goals.
Valuation uplift Investors value ad revenue at software-like multiples, well above retail multiples.	Supplier backlash	'Pay to play' perceptions invite regulatory scrutiny.	Prove incrementality; transparent pricing; no tying media to shelf.
Stronger supplier relationships Shared data and closed-loop measurement make the retailer a strategic partner.	Shopper experience	Too many ads reduce conversion, trust and loyalty.	Cap ad load; rank on relevance; monitor conversion and NPS.
Monetizes data already owned Loyalty and transaction data become a product, accelerating data infrastructure investment.	Privacy and regulation	State privacy law, FTC scrutiny, health data, EU/UK rules.	Clean rooms, consent management, privacy by design.
	Measurement credibility	Self-graded ROAS is discounted 30–60% by brands.	Third-party verification, MRC/IAB alignment, lift testing.
	Vendor dependence	Outsourced platforms take margin and control.	Own the data, relationships and contracts; plan for insourcing.
	AI disintermediation	Agents may bypass the sponsored search results page.	Build agent-facing formats and APIs; partner with AI platforms.

Selling in 6–9 months; full-funnel scale in 2–4 years

A partner-led network can be selling sponsored products within 6 to 9 months. An owned technology stack adds 12 to 24 months and several times the cost.



Continuously: protect the shopper experience with ad-load caps · publish measurement methodology · seek MRC or third-party validation · review ROI and release funding at each stage gate.

Stage gates that release funding



The organization and the money it takes

Cost, timing and team-size figures are indicative planning ranges drawn from industry practice, not audited benchmarks; they vary widely with scale and ambition.

Organizational components (early mid-market team)

Function	Role	FTE
General manager	Owns the P&L, strategy and the merchant–media relationship; reports to CEO, CDO or CMO	1
Sales and account management	Sells to brands and agencies; manages joint business plans and upfronts	3–8
Campaign and ad operations	Trafficking, optimization, managed service, QA	3–6
Product management	Ad formats, self-serve tools, roadmap	2–4
Data science and measurement	Audiences, attribution, incrementality testing, reporting	2–6
Engineering and ad tech	Ad server, catalog, identity and clean-room integration	2–5+
Insights and creative	Shopper insights packaged for brands; ad production and brand standards	2–6
Legal, privacy, finance	Contracts, consent, revenue recognition, trade-fund accounting	Shared
Governance council	Merchandising, ecommerce, marketing, finance and media leaders resolving conflicts	Part-time

Plan for the team to grow several-fold between MVP and full-funnel scale.

Indicative cost and economics

Item	Partner-led (mid-market)	Owned stack (large retailer)
Assessment and design	\$0.5M–\$1.5M	\$1M–\$3M
Year-one launch	\$3M–\$8M	\$15M–\$40M
Annual operating cost at scale	\$8M–\$25M	\$50M–\$150M+
Technology fees	Revenue share, commonly ~15–30%	Capitalized build plus maintenance
Time to first revenue	6–9 months	12–18 months
Time to contribution breakeven	12–24 months	24–48 months

Why scale matters: a vendor taking a 20% revenue share on \$25M of ad revenue keeps \$5M. Below roughly \$20–30M of annual ad revenue, an owned stack rarely pays back.

For brands: a measured portfolio, not a tax paid to each retailer

Retail media is now a core media channel for consumer brands. Winners manage it as a portfolio measured on incremental sales — advertisers average about four networks and shift spend between them each year.

Playbook for consumer brands

- Treat retail media as media, not trade. Move budget decisions to a joint commerce-and-marketing team with one view of trade, shopper and media spend.
- Build a tiered portfolio. Anchor on Amazon and Walmart; add the two to four networks where your category concentrates — Kroger or Instacart in grocery, Ulta or Sephora in beauty, Home Depot in home improvement; test Uber and DoorDash for impulse categories.
- Fund by incrementality. Require test-and-control lift studies, apply a haircut to reported ROAS, and move money toward networks that prove new-to-brand buyers.
- Use full-funnel options deliberately. On-site search for conversion; off-site and CTV for awareness and new households; in-store for impulse and launches.
- Exploit the data, not just the ads. Use clean rooms — Amazon Marketing Cloud, Walmart Luminate, 84.51° Stratum, LiveRamp — for pricing, assortment and innovation.
- Invest in tooling and talent. Cross-network platforms (Pacvue, Skai, Flywheel) plus a center of excellence or specialist agency.

Also applies to: marketplace sellers using sponsored products as their acquisition engine; retailers without a network buying off-site audiences; small and regional retailers joining aggregated platforms; and non-endemic advertisers using retailer audiences and CTV assets.

Metrics brands should demand

Incremental ROAS (lift-tested)

Separates caused sales from sales that would have happened anyway

New-to-brand customers

Shows growth beyond existing buyers

Share of shelf / share of search

Tracks competitive visibility on the digital shelf

Omnichannel sales attribution

Captures in-store sales driven by digital ads

Cost per incremental household

Compares networks on a common efficiency basis

Data access and timeliness

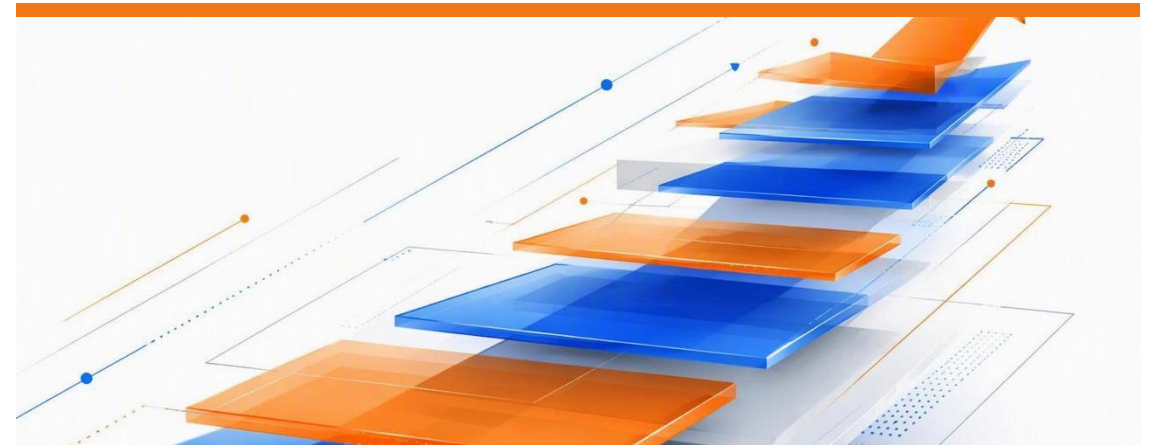
Determines whether campaigns can be optimized in-flight

A value-creation lever inside portfolios — and an investable sector

The sector is consolidating, which favors scaled platforms and enablers over new sub-scale networks. Inside a 3–5 year hold, partner-led models usually beat owned builds.

Value creation in portfolio companies

- Diligence the latent asset. Size customer identification, digital traffic, supplier base and existing trade funds; a credible network plan can add high-margin EBITDA within the hold.
- Prefer partner-led models inside a 3–5 year hold — revenue in under a year with modest capex; an owned stack may not pay back before exit.
- Underwrite conservatively. Model net-new versus relabeled trade dollars, haircut vendor revenue projections, and assume blended margins fall as off-site grows.
- Watch earnings quality. Buyers will test whether media revenue is advertiser-funded or repackaged supplier concessions, and how it is classified.
- Use it in exit positioning. A disclosed, growing ad line with proven incrementality supports a higher multiple.
- In brand portfolios: centralize buying and measurement, use the data for pricing and assortment, and reallocate from low-incrementality trade spend.



Key diligence questions

- What share of revenue comes from the top five advertisers or top two clients?
- How much of reported growth is incremental versus migrated trade spend?
- Is measurement independently validated?

Five themes across the retail media value chain

Audience ownership sits with a handful of retailers, so most investable value sits in the technology, measurement and infrastructure layers around them.

Investable themes

Theme	Investor view
Retail media technology platforms	Exposed to retailer insourcing, but benefit from mid-market demand
Brand-side commerce software	Fragmentation drives cross-network tooling demand; consolidation likely
Measurement, identity, clean rooms	Incrementality is the industry bottleneck; durable demand
In-store media and screens	Highest growth potential and highest execution risk
Agentic commerce infrastructure	Early; could reshape where retail media dollars land

Further diligence questions

- How exposed is the business to Amazon and Walmart policy or product changes?
- What happens if a retailer client insources the service?
- How will AI shopping assistants change the product's role?

What's next — and what to do about it

Four forces will shape the next three years. Each has a decision attached to it today.

Consolidation

Sub-scale networks fold into aggregators such as Carrot Ads, Criteo and Epsilon.

Decide now whether you are a buyer, a seller or a participant.

CTV convergence

Retail audiences power streaming inventory — Vizio, Prime Video and partner DSPs.

Secure off-site and CTV reach before committing to a full-funnel promise.

Measurement standardization

IAB and MRC guidelines plus third-party validation become table stakes.

Publish methodology and fund lift testing before brands demand it.

AI shopping agents

Assistants may bypass the sponsored search slot that funds the category.

Build agent-facing formats, clean feeds and APIs as a hedge.

Recommended actions

Retailers

- Run the readiness scorecard this quarter
- Default to partner-led unless you score 30+
- Pilot with 10–20 lighthouse brands on measured lift

Consumer brands

- Consolidate to roughly four funded networks
- Require lift studies and haircut reported ROAS
- Split trade from media budgets explicitly

Private equity

- Diligence retail media as a latent EBITDA asset
- Underwrite net-new, not relabeled, trade dollars
- Favor enablers and scaled platforms over builds

Bottom line: retail media is high-margin revenue for those with scale and a credible measurement story — and an expensive distraction for those without either.