



The Evolution of Retail Media: Decoding What Works— And What Doesn't

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Published by:
FMI-The Food Industry Association



2345 Crystal Drive, Suite 800
Arlington, VA 22202

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About FMI

As the food Industry association, FMI works with and on behalf of the entire industry to advance a safer, healthier and more efficient consumer food supply chain. FMI brings together a wide range of members across the value chain — from retailers that sell to consumers, to producers that supply food and other products, as well as the wide variety of companies providing critical services — to amplify the collective work of the industry. www.fmi.org.

About Nielsen IQ

NielsenIQ (NIQ) is the world's leading consumer intelligence company, delivering the most complete understanding of consumer buying behavior and revealing new pathways to growth. NIQ combined with GfK in 2023, bringing together the two industry leaders with unparalleled global reach. Today NIQ has operations in more than 95 countries covering 97% of GDP. With a holistic retail read and the most comprehensive consumer insights—delivered with advanced analytics through state-of-the-art platforms—NIQ delivers the Full View.

About Think Blue

Think Blue is a consulting firm dedicated to transforming businesses by blending digital innovation with traditional expertise. Founded by industry veterans with decades of experience in CPG, retail, and digital commerce, Think Blue operates at the intersection of consumer behavior, technology, brands, and retail. We specialize in delivering strategic solutions that drive growth, optimize operations, and create seamless omnichannel experiences. Our team is uniquely equipped to tackle complex challenges, leveraging deep insights and a collaborative approach to unlock opportunities for businesses. At Think Blue, we are builders, connectors, and amplifiers, committed to driving meaningful impact and sustainable success for our clients.

Introduction: Retail Media’s Timeless Influence — Shaped by Consumer Demand

Retail media is not merely a channel; it is an evolution deeply rooted in the history of commerce. Since the early days of retail, strategies such as shelf placements, in-store promotions, and circular ads have aimed to influence consumer purchase decisions. As consumer expectations have evolved, demanding convenience, personalization, and seamless shopping experience, retail media has transformed into a sophisticated ecosystem leveraging data and technology to meet these needs across every touchpoint.

Today, retail media encompasses advertising and marketing solutions within a retailer’s ecosystem, both online and offline, to create seamless shopping experiences. It includes tactics like paid search, on- and off-site display, basket-building programs, in-store media, audio, social, and Connected TV (CTV) ads purchased via the retailers directly or through a demand-side platform (DSP). By leveraging retailer first-party data, retail media enhances personalization and delivers against business outcomes that could include return on ad spend, new to brand, lifetime value, brand consideration, lift or awareness, and others.

“RMNs are at a pivotal moment in their growth cycle. The current media marketplace has been disrupted.” *CPG Company*

In the CPG grocery and retail space, this transformation has been fueled by significant shifts in consumer behavior, notably the growing demand for convenience, personalization, and seamless omnichannel experiences. These changes have pushed brands and retailers to innovate, integrate, and heavily invest in Retail Media Networks (RMNs) to meet consumers along their increasingly fragmented paths to purchase.

Over the past decade, e-commerce—amplified by the pandemic—has transitioned from convenience to an essential part of daily life. The adoption of these new tools, along with historical loyalty programs, has accelerated the ability for retailers to capture consumer behavior through the physical and digital shopping journey, adding powerful data to help RMNs. With this change, RMNs have unlocked remarkable opportunities. They have also introduced complex challenges that require thoughtful collaboration, strategic innovation, and bold leadership.

This paper examines the current state of RMNs, providing an analysis of what is working, what isn’t, and what the future holds.

Key Developments

The rapid evolution of RMNs has been shaped by fundamental changes in consumer behavior and advancements in technology. These networks have moved beyond traditional advertising to become strategic growth enablers for both brands and retailers. The following are key developments that have defined this transformation and are shaping the future of retail media:

1. **Fragmentation of the Consumer Path to Purchase:** As consumers increasingly shop across multiple channels—online, in-store, via apps, and even through social media, their path to purchase has become fragmented. This fragmentation is driving the diversification of retail media channels, requiring brands and retailers to engage consumers throughout their digital and physical journeys. RMNs must evolve to provide seamless and integrated experiences across these touchpoints.
2. **Omnichannel Integration:** The line between physical and digital retail continues to blur, with retailers monetizing touchpoints and building capabilities across both realms.
3. **RMN Investment Evolution:** RMNs have progressed beyond their traditional roots in CPG trade budgets to emerge as a legitimate and indispensable media channel, now capturing significant portions of endemic brand media budgets and creeping into non-endemic marketing dollars. This shift reflects the growing recognition of RMNs as strategic levers for both top-line growth and deeper consumer engagement.

The pace of this evolution is underscored by compelling projections. According to the latest forecasts from NIQ, which leverage historical and forecasted Omnichannel CPG sales, paired with expert interviews and microeconomic factors, CPG Retail Media Spend is expected to soar to \$27 billion by 2026. This growth is fueled by both Food and Non-Food Departments in omnichannel ecosystems. Within the Grocery Channel—a key pillar of this growth—spending will approach \$6.6 billion, with the Food Department commanding a dominant 87% share of total Grocery Channel spend.

The NIQ forecasts project for growth in both the Grocery and Non-Grocery retail Channels. While Grocery Channel RMN investment is expected to grow to \$6.6B, they are playing catch-up to Non-Grocery retailers, led by RMNs like Amazon and Walmart, who are expected to grow to \$20B and achieve a combined 75% of the RMN CPG investment by 2026. This is up from a 73% share in '25.

This illustrates the critical role RMNs play in activating consumer demand and influencing purchasing decisions in a fragmented, omnichannel retail landscape.

As RMNs increasingly tap into brand media budgets, brands and retailers must adapt to this new paradigm. Aligning investment strategies, leveraging advanced data-driven personalization, and integrating RMNs into broader business planning will be vital to fully unlock the transformative potential of these networks. RMNs are no longer just media channels but strategic growth engines reshaping media investment.

ESTIMATED RETAIL MEDIA SPEND

Retail Media Spend \$- % Total		2.3%	2.5%	2.8%	% Growth	
Product	Channel	2024	2025	2026	2025 vs 2024	2026 vs 2025
CPG	Omni	\$19.1B	\$22.3B	\$26.6B	16.3%	19.6%
Food	Omni	\$11.4B	\$13.2B	\$15.7B	15.8%	19.1%
Non-Food	Omni	\$7.8B	\$9.1B	\$11 B	17.0%	20.3%
CPG	Grocery	\$4.9B	\$5.6B	\$6.7B	15.1%	18.4%
Food	Grocery	\$4.2B	\$4.9B	\$5.8B	15.1%	18.5%
Non-Food	Grocery	\$629.8M	\$723M	\$851M	14.8%	17.7%
CPG	Non-Grocery	\$14.3B	\$16.7B	\$20B	16.7%	20.0%
Food	Non-Grocery	\$7.2B	\$8.3B	\$10B	16.2%	19.5%
Non-Food	Non-Grocery	\$7.1B	\$8.3B	\$10B	17.1%	20.5%

4. **Data-Driven Strategies:** Advanced analytics and AI are enabling more targeted, personalized, and effective consumer retail media campaigns.

“Data is a critical backbone to run the business. There is a need for the right systems architecture.” *CPG Company*

5. **Collaborative Models:** The shift in retail media’s scope and funding requires new partnership paradigms between brands and retailers. No longer can marketing teams invest with RMNs through just the lens of trade and shopper dollars. The walls need to be broken down so that marketing can look at investment strategies holistically as part of their marketing mix at the highest level.

“Sustainable media has become more important due to significant levels of wasted media impressions.” *Retailer*

Key Learnings from Industry Leaders: What's Working and What's Not

Through interviews with senior leaders from CPG brands, retailers, demand platforms, digital media, and agency partners, several overarching themes have emerged. These insights point to the current dynamics, barriers to growth, and opportunities for transformative change.

1. **Current State: Fragmentation Amid Growth**

- **Sustained Expansion:** RMNs have become a critical revenue stream for retailers, delivering strong margins in a business with historically low margins. This has prompted the establishment of senior leadership teams and sales personas to maximize their potential.
- **Budget Disruption:** Brands are still adjusting to this shift, as RMNs disrupt traditional budget silos like trade, shopper marketing, and media investments.
- **Lack of Strategic Alignment:** While RMNs have grown tactically, there is limited integration of these efforts into overarching business strategies, leaving brands and retailers operating in silos internally and externally.

“Core focus is to deliver accountable media.” Retailer

2. **Challenges: Building Bridges Across the Ecosystem**

- **Metrics and Measurement Gaps:** Without standardized ROI metrics, consistent attribution models, and that ability to provide true incrementality, brands find it difficult to evaluate RMN performance and allocate budgets effectively. This fragmentation hinders cross-retailer comparisons and trust.
- **Talent and Organizational Readiness:** Both retailers and brands face a lack of experienced talent with the right skill sets to navigate this complex and rapidly evolving space. Traditional marketing and sales teams often struggle to bridge their expertise with RMN-specific requirements.
- **Transparency and Trust:** Retailers and brands frequently encounter a lack of transparency in ad pricing, inventory performance, and data access. This opacity erodes trust and impedes the collaborative spirit needed to unlock RMNs' full potential. In addition, the perspective that RMNs are a cost of doing business needs to shift to an enabler of better performance and stand on their own investment.

“Trust and transparency is key to have a clear understanding of business outcomes.” CPG Company

3. Opportunities: Unlocking Consumer-Centric Growth

- Transforming Retailer Value: RMNs are uniquely positioned to help brands move beyond transactional sales to focus on consumer-centric outcomes like household penetration, loyalty, and retention. By leveraging first-party data, RMNs can deliver hyper-personalized experiences that enhance brand equity while driving measurable business results.
- Harmonizing Investments: The convergence of trade, shopper marketing, and media investments into a unified framework allows brands to align their resources more effectively. This harmonization simplifies decision-making and maximizes ROI for retailers and CPG companies.
- Scaling Through AI and Technology: AI-driven personalization and advanced analytics enable brands to optimize campaigns and consumer touchpoints. Data clean rooms and other privacy-first solutions offer secure ways to harness insights while respecting consumer privacy.

“There is a need to better understand the known and unknown shopper.” *Retailer*

Strategic Imperatives: Charting the Path Forward

To elevate RMNs from tactical tools to transformative growth engines, brands and retailers must focus on four key strategic imperatives:

1. **Build Unified Frameworks and Standards**

Establish standardized ROI metrics, create unified budget frameworks, and drive transparency to foster collaboration and trust.

“There is an industry-wide challenge with inconsistency, language, process and measurement.” *CPG*

“The dream is for everyone to use the same definitions and metrics.” *Retailer*

2. **Integrate RMNs Into Joint Business Planning (JBP)**

Embed RMNs as a cornerstone of JBPs, align on shared goals, and prioritize innovative strategies with regional retailers. Move away from investment as a percentage of sales volume and look to a larger understanding of total outlet impact.

3. **Transform Organizational Capabilities**

Develop cross-functional teams, upskill talent, and foster consumer-centric collaboration across marketing, sales, and merchandising functions.

4. **Leverage Technology for Scalable Innovation**

Harness AI and advanced analytics to deliver hyper-personalized campaigns and connect physical and digital retail seamlessly. Utilize 1P data from brands to augment retailer data to create more meaningful personalization.

INDUSTRY-WIDE CALL TO ACTION

To drive meaningful progress in RMNs, the CPG grocery and retail industry must align on critical priorities:

- Standardize metrics and attribution models for trust and comparability.
- Invest in talent development and upskill to build expertise.
- Foster consumer-centric collaboration between brands and retailers.
- Scale technological innovations to unlock new opportunities.

Retail Media Measurement Framework and Principles (Established by the Interactive Advertising Bureau (IAB))

KEY PRINCIPLES

1. **Transparency and Consistency**

- Define and disclose clear, standardized methodologies for measuring metrics like impressions, clicks, and ROI. Look to independent tools to verify success.
- When applicable, deliver consistent practices across platforms and campaigns to enable reliable comparisons.

2. **Accuracy and Reliability**

- Utilize robust tools and methodologies to reduce errors and account for factors such as invalid traffic (IVT) and viewability.
- Regularly update techniques to stay aligned with the evolving digital landscape.

3. **Shopper-Centric Metrics**

- Ensure metrics reflect the shopper journey with SKU-level attribution, closed-loop reporting, and other buyer-specific insights.

4. **Privacy and Security**

- Comply with laws like GDPR and CCPA, maintaining rigorous data protection measures such as encryption and access controls.

5. **Industry Standard Compliance**

- Align with established measurement standards to promote fair competition and stakeholder confidence.

MEDIA METRICS AND AUDIENCE MEASUREMENT

Primary Media Metrics

1. Ad Impressions

- Measure ads delivered and rendered on a device, though not necessarily viewed.

2. Click-Through Rate (CTR)

- Tracks user-initiated actions like clicks to product or brand pages.

3. Viewability

- Display ads: At least 50% of ad pixels visible for 1 continuous second.
- Video ads: At least 50% of ad pixels visible for 2 continuous seconds.

4. Video Completion Rate (VCR)

- Percentage of videos watched to the end.

5. Invalid Traffic (IVT)

- Filter out bots and fraudulent activity to ensure the integrity of metrics.

AUDIENCE MEASUREMENT

1. Demographic Segmentation

- Evaluate age, gender, income, and household composition.

2. Behavioral Segmentation

- Analyze purchase history, brand loyalty, and lifestyle preferences.

3. Geographic Segmentation

- Assess location data such as zip codes or metro/non-metro areas.

Audience insights enable precise targeting and optimization for higher campaign effectiveness. Advertisers should combine first- and third-party data to maximize audience understanding.

Measuring Incrementality and Impact

WHAT IS INCREMENTALITY?

Incrementality measures the causal impact of advertising efforts, such as the additional sales directly resulting from a campaign, independent of other influencing factors.

KEY METHODOLOGIES FOR MEASURING INCREMENTALITY

1. **Randomized Controlled Trials (RCTs)**

- Divide audiences into test and control groups to evaluate the lift caused by ad exposure.

2. **Synthetic Controls**

- Use first-party data to create unexposed groups with similar profiles to test groups, enabling lift analysis.

3. **Matched-Market Tests**

- Compare sales performance in two similar markets: one exposed to the campaign and one serving as a control.

4. **Incremental Lift Studies**

- Quantify the lift by directly linking ad exposure to measurable outcomes like sales or sign-ups.

ADVANCED TECHNIQUES FOR INCREMENTALITY MEASUREMENT

1. **Geo-Testing:** Geographic regions are divided into test and control zones to compare campaign performance.
2. **Holdout Groups:** Reserve a specific percentage of the audience as a control group to compare results against the exposed audience.
3. **Time-Based Experiments:** Alternate campaign exposure over specific time periods to isolate and measure the impact.
4. **Clean Room Analysis:** Use privacy-safe environments to analyze first-party data, ensuring accuracy and compliance without compromising user privacy.

TYPES OF DATA USED FOR INCREMENTALITY

1. **Deterministic Data**

- Collected from loyalty programs, user logins, or purchase histories for accurate, user-specific insights.

2. **Probabilistic Data**

- Leverages statistical models to infer user behavior across platforms.

3. **Synthetic Data**

- AI-generated data mimics real-world patterns, balancing accuracy and privacy.

RECOMMENDATIONS

1. **Retailers:** Adopt standardized measurement practices, prioritize viewability tracking, and disclose clear methodologies.
2. **Brands:** Demand transparency from partners, align attribution windows, and emphasize metrics like incrementality.
3. **Agencies:** Advocate for consistent practices and ensure data privacy and security standards are met.

Glossary of Retail Media Metrics

(Established by the Interactive Advertising Bureau (IAB))

- **Ad Impressions:** The number of ads delivered to a device that begins to render, not necessarily viewed.
- **Viewability (Display Ads):** At least 50% of ad pixels visible for 1 second to qualify as viewable.
- **Viewability (Video Ads):** At least 50% of video ad pixels visible for 2 continuous seconds.
- **Click-Through Rate (CTR):** The Ratio of clicks to impressions, measuring direct user engagement with the ad.
- **Video Completion Rate (VCR):** The percentage of video ads watched to the end, indicating full engagement.
- **Invalid Traffic (IVT):** Traffic from bots or fraudulent sources filtered out to ensure metrics integrity.
- **Frequency:** The number of times a user is exposed to an ad during a campaign.
- **Reach:** The total number of unique users exposed to an ad during the campaign period.
- **Demographic Segmentation:** Categorization of audiences based on age, gender, income, and household composition.
- **Behavioral Segmentation:** Grouping audiences based on shopping habits, loyalty, and purchase history.
- **Geographic Segmentation:** Targeting audiences based on location data like zip codes or cities.
- **Psychographic Segmentation:** Audience segmentation by lifestyle, values, attitudes, and preferences.
- **Category Share Growth:** Measures advertised brand growth against overall category growth during a media campaign. Methodology involves a before-and-after analysis for directional insights, accounting for factors beyond ad exposure.
- **Category Change:** Assesses growth or decline in total sales within a category over time. Methodology considers multiple factors like new entrants, seasonality, and market pressures, with retailer responsibility for reporting category trends and brand share shifts.
- **New-to-Brand/New-to-Category/Upsell/Cross-Sell:** Defines new buyers of a brand or in a category and those purchasing higher-priced or different products within the same brand. Methodology requires transparency on timeframe definitions and participation of brands/agencies in defining measured units.
- **Incrementality:** The additional sales or outcomes directly attributable to a campaign.
- **Incremental Return on Ad Spend (iROAS):** Incremental revenue generated by ad spend, e.g., \$20,000 incremental sales from \$5,000 ad spend = iROAS of 4.

- **Repeat Customers/Purchase Frequency:** Measures shoppers buying the same product within a defined timeframe but not in the same session. Methodology includes transparent timeframe definitions and attribution windows.
- **Return on Ad Spend (ROAS):** Total revenue generated per dollar spent on advertising.
- **Sales Uplift:** The increase in sales directly linked to advertising efforts.
- **Attribution Windows:** The time period for attributing a conversion to an ad, typically 7, 14, or 30 days.
- **Randomized Controlled Trials (RCTs):** A test-and-control methodology to measure the causal impact of advertising.
- **Matched-Market Tests:** Comparing performance in regions exposed to ads versus control regions.
- **Synthetic Controls:** Using unexposed groups modeled on test group data to measure ad impact.
- **Data Clean Rooms:** Privacy-compliant environments for analyzing and sharing secure data.
- **First-Party Data:** Data collected directly from consumers via loyalty programs or online interactions.
- **Third-Party Data:** External data sources used to enhance audience insights.
- **Deterministic Data:** Data directly linked to specific identifiers like email addresses or logins.
- **Probabilistic Data:** Data inferred through statistical modeling to predict user behavior.
- **Synthetic Data:** AI-generated data that replicates real-world patterns while protecting privacy.
- **Cross-Channel Attribution:** Assigning conversion credit across multiple advertising touchpoints, such as search and social ads.
- **Deduplication:** Removing duplicate data across platforms to ensure accurate metrics.
- **Halo Attribution:** Recognizing sales uplift across associated SKUs or categories beyond the targeted product.
- **Attention Metrics:** Measurement of active user attention on ads, moving beyond impressions or clicks.
- **Engagement Rate:** The total interaction rate, including clicks, swipes, and taps on an ad.
- **Lifetime Value (LTV):** The total revenue a customer is expected to generate over their engagement with the brand.

Methodology

This whitepaper is based on insights gathered through a comprehensive process, including:

- **Industry Expert Interviews:** Discussions with senior leaders from CPG brands, retailers, demand platforms, and digital media and agency partners to capture diverse perspectives on RMNs.
- **Data Analysis:** Examination of market trends, including RMN investment patterns, and the use of predictive analytics to project future RMN investment opportunities.
- **Feedback Loops:** Iterative reviews of findings to ensure the recommendations are actionable and aligned with real-world challenges and opportunities.

This multi-faceted approach ensures the whitepaper provides a balanced, data-driven, and actionable view of the current state and future potential of RMNs.