

Whitepaper

# The Future of Retail Media: Opportunities, Challenges, and What Comes Next

*by Partha Mazumder*





## Executive Summary

Retail media once was limited to flyers, pamphlets, and in-store promotions. But as consumers began shopping online, brands across the globe turned to Retail Media Networks (RMNs) to ride this transformative wave smoothly. What began as a digital marketing trend has now become a winning player in the advertising ecosystem. Major players like Amazon, Target, Roundel, Walmart, and CVS Media Exchange leverage first-party buyer data to create personalized marketing experiences and enhance ad performance to drive higher returns. According to industry forecasts, the retail media industry is expected to grow to \$130 billion by 2026, accounting for approximately 25% of digital ad spends.

This paper looks at the structure, benefits, challenges, and future of RMNs, including insights from 2024 and 2025.

## Introduction: What are Retail Media Networks?

Retail media networks (RMNs) are advertising platforms and channels for retailers to sell advertising space to brands, allowing them to target niche audiences through personalized advertising campaigns. RMNs use their websites or apps to run ads for brands and use first-party buyer data to identify the right customers based on their buying habits. While retailers utilize their online platforms for brand advertising, these brands more effectively target and sell to particular customers. This creates a 'win-win' model where retailers can tap into new revenue streams and brands gain access to high-return marketing opportunities.



## Key Components and Ad Formats

A successful RMN is built on a foundation of robust data, advanced targeting capabilities, and diverse ad formats. Together, these elements ensure relevance for customers and measurable returns for advertisers. The core components are:

### Retailer-Owned Channels:

All digital channels, such as mobile apps, websites, in-store digital displays, and newsletters, are turned into retail media platforms.

### First-Party Data:

First-party data, or the retailer's customer data, is based on demographics, shopping history, shopping behavior, and the latest customer trends.

### Ad Space:

Brands purchase ad space on retail media channels to tap into the retailer's valuable customer data and sell to specific audiences.

### Technology Providers:

They provide tools like ad-servers, analytics dashboards, automation, and AI engines for hyper-personalization.

## Ad Formats



Native display ads on digital platforms



Sponsored product listings on the retailer's site



Digital screens inside stores and out-of-home (OOH) ads



Email, push notifications, and search placements



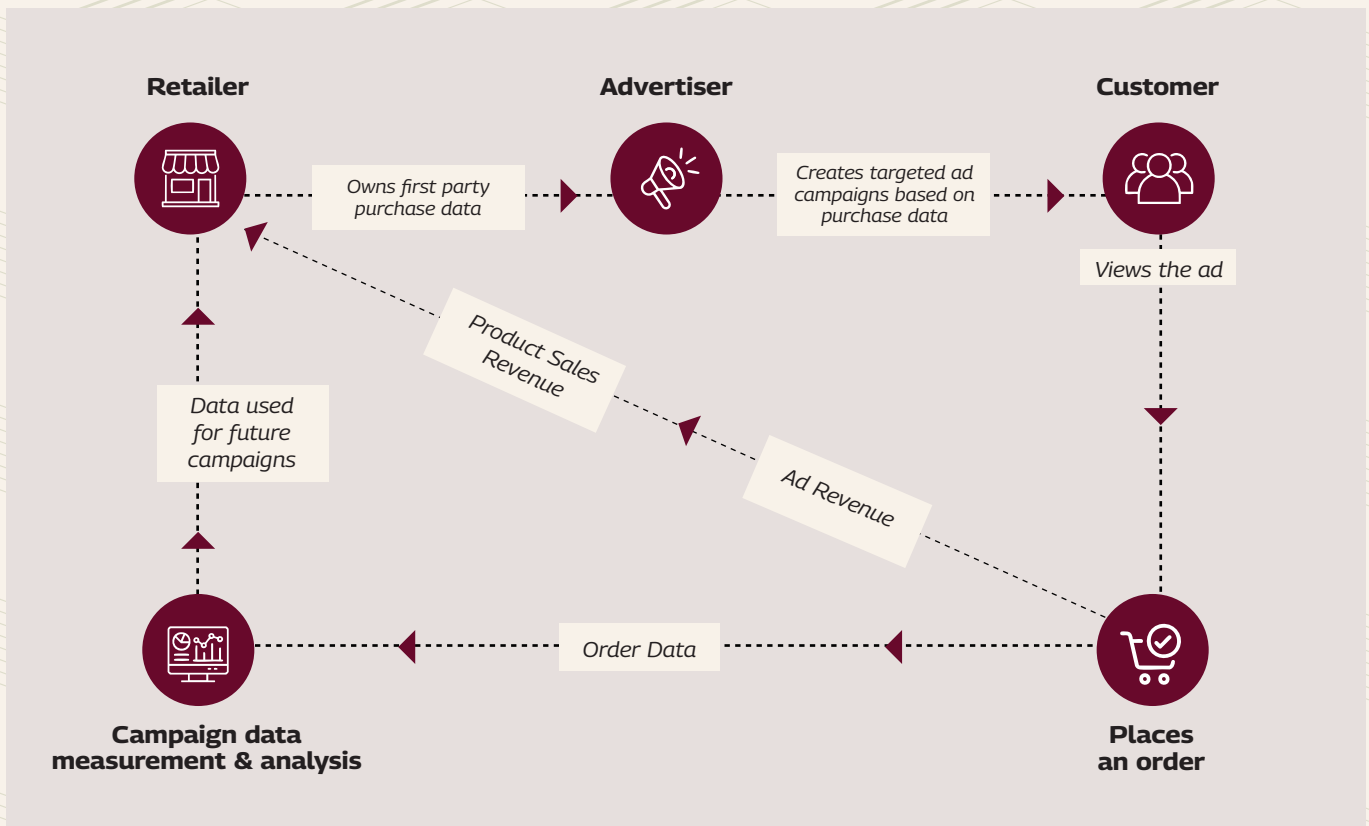
Offsite programmatic ads (like on Connected TVs through DSPs working with retailers)





## How do RMNs work?

It's a known fact that RMNs operate by leveraging a retailer's first-party data to create a closed-loop advertising ecosystem that connects brands directly with shoppers. The workflow can be broken down into four key stages:



## Benefits of Retail Media Networks

Retail Media Networks create value across the ecosystem—delivering tangible advantages for retailers, brands, and consumers alike.

### For Retailers

#### New Income Sources:

Retailers leverage the first-party data and sell ad space on their websites, apps, and other retail media channels to generate high profits.

#### Better Customer Experience:

With the use of customer data, such as shopping behavior and purchase history, brands can run targeted offers, which positively influence purchase decisions and help improve customer experience.

#### More Value from Data:

Retailers can build high-value partnerships with brands by using shopping insights.

## For Brands/Advertisers

### Reaching High-Intent Shoppers:

By identifying customers who intend to buy and customers who actively purchase certain products, brands can run targeted campaigns to sell more effectively.

### Precise Targeting:

With the use of first-party data, brands can create personalized ad campaigns that are also compliant with privacy regulations.

### Measurable Results:

Brands can assess the effectiveness of ad campaigns by tracking purchases and conversions through RMN dashboards. Also, measurable, real-time data helps brands make strategic changes to the

### Brand Awareness:

Brands can become more visible to large customer sets, and increased brand awareness among targeted audiences can mean higher conversion rates.

## For Consumers

### Relevant Offers:

Customers receive personalized offers and messages that help improve their shopping experience, free from irrelevant ads.

### Experience More Relevant Ads:

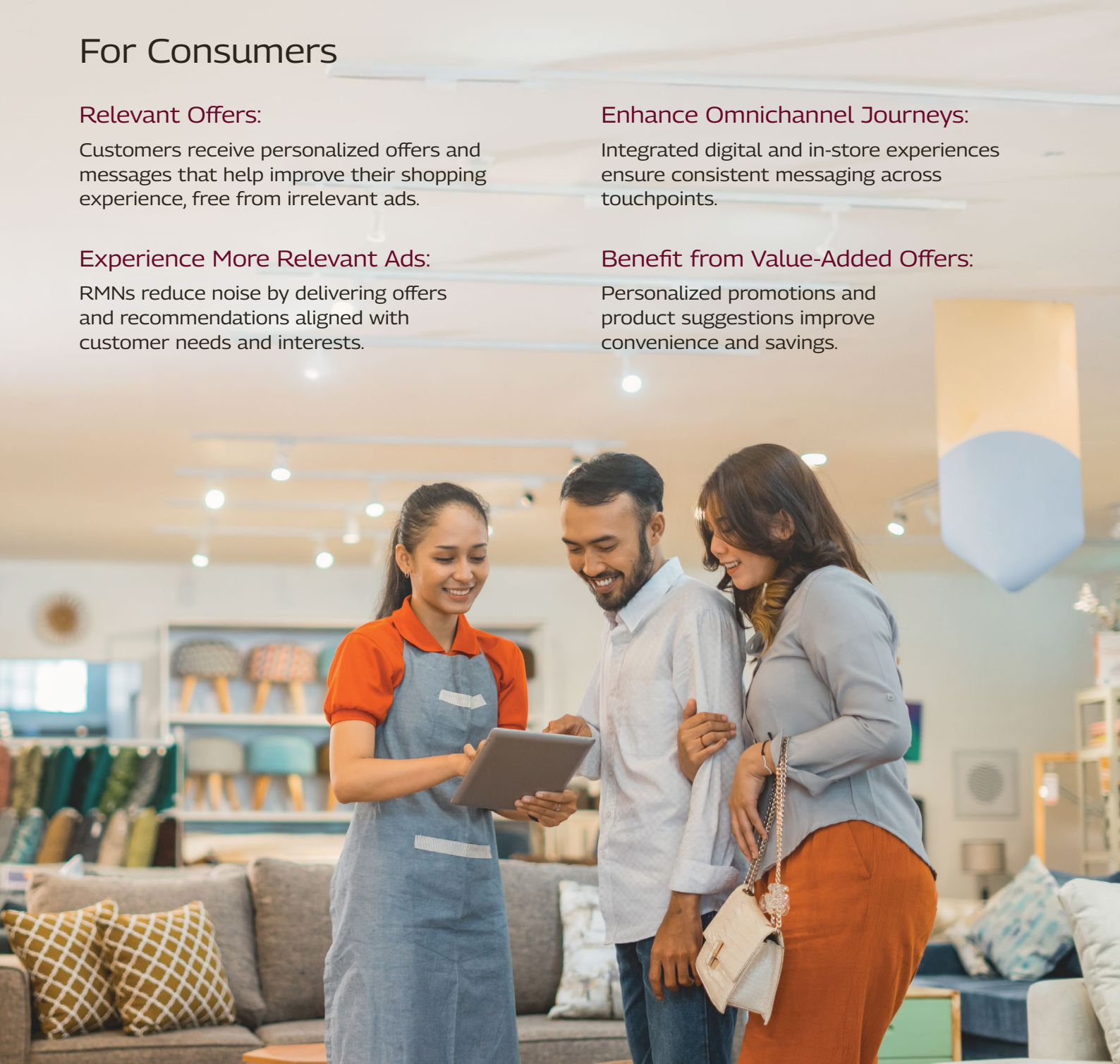
RMNs reduce noise by delivering offers and recommendations aligned with customer needs and interests.

### Enhance Omnichannel Journeys:

Integrated digital and in-store experiences ensure consistent messaging across touchpoints.

### Benefit from Value-Added Offers:

Personalized promotions and product suggestions improve convenience and savings.





# Challenges Facing Retail Media Networks

Despite rapid growth, RMNs face structural and operational hurdles that could limit their scalability and effectiveness.

## Standardization and Fragmentation

Lack of standardization, for example, multiple ad types, dashboards, and reporting patterns, makes cross-network buying impractical. There's no single framework for multi-retailer campaigns. Moreover, brands working with different RMNs and attribution models can face challenges related to redundancy and inefficiencies.



## Measurement and Attribution

Many RMNs use last-click attribution to understand the impact of ads, which may not reflect the complete customer journey. This can make it difficult to gauge whether an ad drove a sale. Moreover, brands can leverage closed-loop attribution onsite to track conversion data, which becomes difficult, and sometimes impossible, to track offsite or on omnichannel advertising channels.

## Operational Complexity

Smaller RMNs, compared to giants like Amazon and Target, risk lagging as they lack the expertise, tools, and scale to gain a competitive advantage. Moreover, it may be difficult to manage overall retail media efforts for brands with different budgets and e-commerce goals.



## Shopper Experience

Balancing ad personalization with consumer consent remains a challenge as navigating cookie deprecation and GDPR requires strict compliance frameworks. Moreover, too many or irrelevant ads can disrupt the shopping journey, leading to trust issues among customers.

## Translating Industry Hurdles into Scalable Solutions: Tech Mahindra's Capabilities

Tech Mahindra's extensive experience in retail and e-commerce was demonstrated when one of the world's largest online marketplaces asked us to reimagine its RMN. Using our expertise in data, AI, and customer experience, we collaborated with the client to tackle industry-wide challenges such as fragmented attribution, operational complexity, and the risk of overwhelming shoppers with irrelevant ads. The engagement not only strengthened the client's advertiser relationships but also showed how a well-designed RMN can deliver measurable ROI while improving customer journeys. This case highlights how the right technology foundation and governance can turn RMNs from a promising idea into a scalable, trusted, and future-ready growth engine.





## Future Trends to Look Out for in 2025-26



Using loyalty programs to create better value for retail media networks



Expanding into larger retail media marketplaces



Offering programmatic sell-side retail media inventory



Creating closed-loop measurements for retail media by adding in-store touchpoints



Transitioning to retail media network platforms led in-house



Improving customer data quality through customer data platforms (CDPs) and customer 360 profiles



### Expansion Beyond Digital Shelf

In the future, we will observe the growth of connected TV (CTV) and audio integrations. The idea is to allow digital and physical touchpoints to converge, blurring the lines between online and offline shopping. This will be possible through omnichannel retail media.

### Standardization

In the coming years, there will be a significant focus on interoperability, which means that retailers and tech bodies will push for standard measurement metrics to enable cross-RMN purchases. Common standards, cross-platform measurement, and third-party verification will dramatically enhance measurement practices.



### Commerce-Driven Ecosystems

Fulfillment services, loyalty programs, and payments will merge with retail media. Advertisers in travel, hospitality, finance, and other industries will leverage retail media networks for audience reach.

### AI and Automation

Automation will become key in creative optimization and real-time campaign adjustments. While generative AI will support hyper-personalized campaigns within retailer environments, predictive AI will help build futuristic campaigns based on changing market and shopping patterns.





## Conclusion

Retail Media Networks have become a key part of the digital advertising ecosystem, allowing retailers to create new business models and helping brands reach shoppers in a more targeted way.

While their fast growth comes with challenges like setting standards, accurately measuring performance, and managing complex operations, innovative teamwork and the use of strong technology are helping build a more efficient, effective, and customer-focused RMN environment.

### The future will be shaped by:



Keeping the connection between online and offline experiences strong



Developing stronger data tools and analysis



Working together across the industry to set common standards and best practices



Always focusing on what matters most to customers: relevance and great experiences

RMNs are set to change the way retailers, brands, and customers interact — creating more value across the entire shopping experience.

## About the Author



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Partha is a seasoned strategic innovator and leader with over 25 years of global experience, presenting and implementing digital, marketing, technology & analytics strategies and solutions for multiple fortune 500 companies. By integrating marketing analytics and AI, Partha along with his team, has empowered organizations to create exceptional customer experiences and adopt cutting-edge technologies that redefine the landscape of digital engagement.

## About Tech Mahindra

Tech Mahindra (NSE: TECHM) offers technology consulting and digital solutions to global enterprises across industries, enabling transformative scale at unparalleled speed. With 152,000+ professionals across 90+ countries helping 1100+ clients, Tech Mahindra provides a full spectrum of services including consulting, information technology, enterprise applications, business process services, engineering services, network services, customer experience & design, AI & analytics, and cloud & infrastructure services. It is the first Indian company in the world to have been awarded the Sustainable Markets Initiative's Terra Carta Seal, which recognizes global companies that are actively leading the charge to create a climate and nature-positive future. Tech Mahindra is part of the Mahindra Group, founded in 1945, one of the largest and most admired multinational federation of companies. For more information on how TechM can partner with you to meet your Scale at Speed™ imperatives, please visit <https://www.techmahindra.com/>.



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