



## THE RISE OF RETAIL MEDIA NETWORKS - IMPLICATIONS FOR BRANDS AND ADVERTISERS IN A COOKIELESS WORLD

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### **Abstract**

*Retail media networks (RMNs) advertising platforms run by retailers that leverage first-party shopper data across on-site and off-site channels are rapidly reshaping digital media budgets and measurement. This paper synthesizes market evidence and academic frameworks to examine why RMNs are growing, how they perform in a landscape where third-party cookies are being deprecated, what strategic choices brands must make, and what research questions remain. Key findings: RMNs offer closed-loop attribution and high-intent contexts that reduce reliance on third-party identifiers; however, fragmentation, governance, and measurement standardization are material challenges for brands and agencies. Practical guidance and a research agenda are provided.*

### **1. Introduction**

As privacy regulation intensifies and browsers phase out third-party cookies, advertisers face a future with weaker cross-site identifiers and greater measurement uncertainty. Simultaneously, retailers with large e-commerce and loyalty footprints (e.g., Amazon, Walmart, Instacart, Target) are monetizing their shopper data by selling ad inventory and analytics services resulting in the rapid rise of retail media networks (RMNs). RMNs promise first-party data targeting, closed-loop sales measurement, and contextually relevant placements, positioning them as a strategic substitute (and complement) to open-web programmatic buys. Market forecasts show sustained RMN growth and meaningful share shifts in digital ad budgets.

Why this matters now. With cookie deprecation timelines (and privacy APIs like Google's Privacy Sandbox) creating measurement gaps, brands must reallocate budgets, redesign measurement, and rethink creative and assortment strategies for retail contexts. RMNs are not just another channel; they change the advertiser-retailer relationship and introduce new governance, data, and operational requirements.

### **2. Objectives**

This paper aims to:

1. Define RMNs and map current market growth and structure.
2. Explain how RMNs address (and create) measurement and privacy challenges in a cookieless environment.
3. Analyze strategic implications for brands and agencies across media allocation, measurement, creative, and retail partnerships.
4. Propose a research methodology to empirically test RMN effectiveness and identify future research directions.

### **3. Literature Review & Market Background**

**3.1 Definitions and typology:** An RMN is “an asset owned and operated by a retailer that publishes advertisements, or a third-party publisher with ads that leverage a retailer's first-party shopper data.”



RMNs range from on-site search and category ads, to on-receipt/off-site programmatic placements orchestrated with retailer data, to in-store digital signage and CTV/paid social extensions.

### 3.2 Market Scale and Growth

Industry forecasts expect retail media spending to grow at double-digit rates over the next several years, capturing a rising share of total digital ad budgets. Analysts project large incremental ad spend moving into retail search and retail media categories as buyers chase high-intent audiences and closed-loop measurement. Major retail RMNs (Amazon Advertising, Walmart Connect, Target Roundel, Instacart Ads, and others) has reported strong revenue growth, demonstrating commercial traction.

### 3.3 The Cookie less driver

Third-party cookie deprecation (and parallel regulatory pressure) reduces the effectiveness of cross-site tracking and programmatic frequency/attribution models. RMNs, by contrast, hinge on **first-party** shopper signals (transaction histories, loyalty IDs, basket behavior) that remain usable under many privacy regimes when properly consented. This makes RMNs attractive as privacy-compliant, results-oriented channels. However, uncertainty about privacy APIs and ad measurement standards means RMNs sit within a broader, unsettled measurement landscape.

### 3.4 Academic and Practitioner Insights

Prior research into walled gardens (e.g., platform advertising) and first-party data strategies suggests benefits in targeting precision and measurement, but also warns about **market power**, **measurement** opacity, and standardization issues. Industry surveys highlight fragmentation (many RMNs to manage), limited self-service tooling, and inconsistent off-site reach as current buyer pain points.

## 4. Research Methodology (Proposed Empirical Approach)

### 4.1 Design

A mixed-method program evaluation combining:

1. **Quasi-experimental impact analysis** (difference-in-differences / synthetic controls) using retailer panel and brand sales data to estimate incremental sales lift from RMN exposure.
2. **Randomized field experiments** (A/B tests) within RMNs for creatives, pricing, and offer formats.
3. **Qualitative interviews** with brand media leads, retailer RMN product managers, and platform partners to surface operational constraints.
4. **Survey & attribution triangulation**: consumer surveys to validate self-reported ad recall and purchase intent, and cross-platform matching where feasible.

### 4.2 Data sources

1. Retailer transaction logs and ad exposure logs (impressions, clicks, search rank).
2. Brand POS and syndicated scanner data for category effects.
3. Agency/adtech logs (DSP/SSP) for cross-channel exposures.
4. Privacy & consent metadata to ensure compliance and for subgroup analysis.

### 4.3 Key metrics

1. Incremental sales lift (short-term and 90-day windows).
2. Return on ad spend (ROAS) and contribution margin after slotting/fee costs.
3. Cross-channel spillover (does RMN lift branded D2C or offline sales?).
4. Longitudinal brand equity impacts (awareness, consideration).
5. Measurement fidelity indicators (match rates, deterministic vs probabilistic attribution).



#### 4.4 Identification strategy

Exploit natural experiments (e.g., RMN rollouts by geography, phased feature launches) and use instrumental variables where ad spend endogeneity is a concern (e.g., use exogenous retailer inventory constraints or platform outages as instruments).

### 5. Analysis Strategic Implications for Brands & Advertisers

#### 5.1 Budget allocation: capture vs. defend

1. **Capture:** Brands selling on a retailer should allocate incremental media to RMNs to capture high-intent demand, win digital shelf positions (search and category), and monetize promotions.
2. **Defend:** For categories where private labels are aggressive, incumbents may need RMN spend to maintain visibility and price positioning. Evidence shows retailers' ad revenues are growing faster than many traditional publishers, signaling budget reallocation.

#### 5.2 Measurement & Attribution: Closed Loop, But Beware Bias

RMNs enable near-deterministic attribution for on-site conversions (impression → add to cart → purchase), improving ROAS clarity. Yet this closed loop can create biases if brands over-credit RMN exposures for sales that would have converted via other channels (cannibalization). Brands must use control groups, holdouts, or third-party econometric models to estimate true incrementality.

#### 5.3 Data Strategy & Governance

RMNs require brands to rethink data partnerships: clean rooms and privacy-preserving matching are central for cross-retailer measurement while protecting PII. Consent capture, purpose limitation, and transparent audit trails must be established to meet regulatory expectations. Retailers offering clean rooms strengthen advertiser trust but introduce governance and cost tradeoffs.

#### 5.4 Creative & Assortment Optimization

Ads in retail contexts should be **commerce-native**: SKU-level creatives, price/availability overlays, deal badges, and localized bundles perform better than generic brand ads. RMNs also allow quick assortment tests and NPI pilots with immediate sales feedback, enabling agile merchandising.

#### 5.5 Channel Strategy & Offsite Expansion

To avoid being constrained by on-site inventory limits, many RMNs are expanding offsite (programmatic, CTV, social) using retailer signals to target shoppers beyond the store. This increases scale but also reintroduces measurement complexity and partner management.

#### 5.6 Organizational Capability Needs

Brands need new skills: **retail media trading desks**, SKU-level analytics, creative teams optimized for commerce formats, and legal/data privacy teams to manage RMN contracts. Agencies need RMN integration capabilities, and procurement must handle diverse RMN SLAs and pricing models.

#### 5.7 Risks & Open Issues

1. **Fragmentation overhead:** multiple RMNs raise operational costs and complicate cross-retailer planning.
2. **Measurement standardization:** inconsistent metrics and lack of independent verification can erode trust.
3. **Margin pressure:** slotting fees, premium placements, and promotional mixes can reduce net margins if not carefully managed.
4. **Competitive dynamics:** retailer incentives may favor private labels or higher-margin partners.



## 6. Results — Managerial Framework & Recommendations

From the above analysis, we propose a practical four-pillar RMN playbook for brands:

1. **Assess & Prioritize:** Score each retailer by (a) share of category transactions, (b) RMN maturity and ad product breadth, (c) data access & measurement options, (d) commercial terms. Allocate incremental budgets where score is highest.
2. **Test for Incrementality:** Run holdout tests or geo-A/B tests for major RMN campaigns to establish baseline lift and ROAS before scaling. Do not rely solely on platform-reported conversions.
3. **Operationalize SKU-Level Creative & Merchandising:** Build a creative factory that produces commerce-native assets (price overlays, thumbnails, quick copy). Co-ordinate SKU availability and dynamic pricing with trade planning.
4. **Govern Data & Measure Transparently:** Use clean rooms, standardized reporting templates, and third-party verification where possible. Maintain consent provenance and minimize PII exchange.

Implementation checklist: RMN scorecard, experimental calendar, SKU creative templates, RMN contract playbook, and clean-room onboarding plan.

## 7. Future Research Directions

1. **Long-run brand equity effects:** Does reliance on RMNs for short-term conversion impact brand salience and premium in the long term?
2. **Cross-retailer instrumentality:** How do exposures across multiple RMNs and offsite retailer-powered placements interact?
3. **Pricing & margin dynamics:** Quantify net margin impact after slotting, promotional funding, and delivery costs in RMN campaigns.
4. **Privacy treatment heterogeneity:** How do different consent regimes (EU vs US vs India) affect RMN targeting efficacy?
5. **Measurement standardization:** Field experiments comparing platform-reported conversions vs external ground truth (panel or POS) to develop industry benchmarks.

## 8. Conclusion

Retail media networks represent a structural shift in digital advertising: they couple high-intent shopper signals with transaction-level measurement in a privacy-sensitive era. For brands, RMNs are both an opportunity (precision, conversion, closed-loop insight) and a challenge (fragmentation, governance, potential margin squeeze). The correct strategic posture is pragmatic — test, measure incrementally, and builds the data and operational capabilities to treat RMNs as core commercial channels rather than tactical outlays. As the cookieless landscape matures, RMNs will be a central battleground for consumer attention and category economics.

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