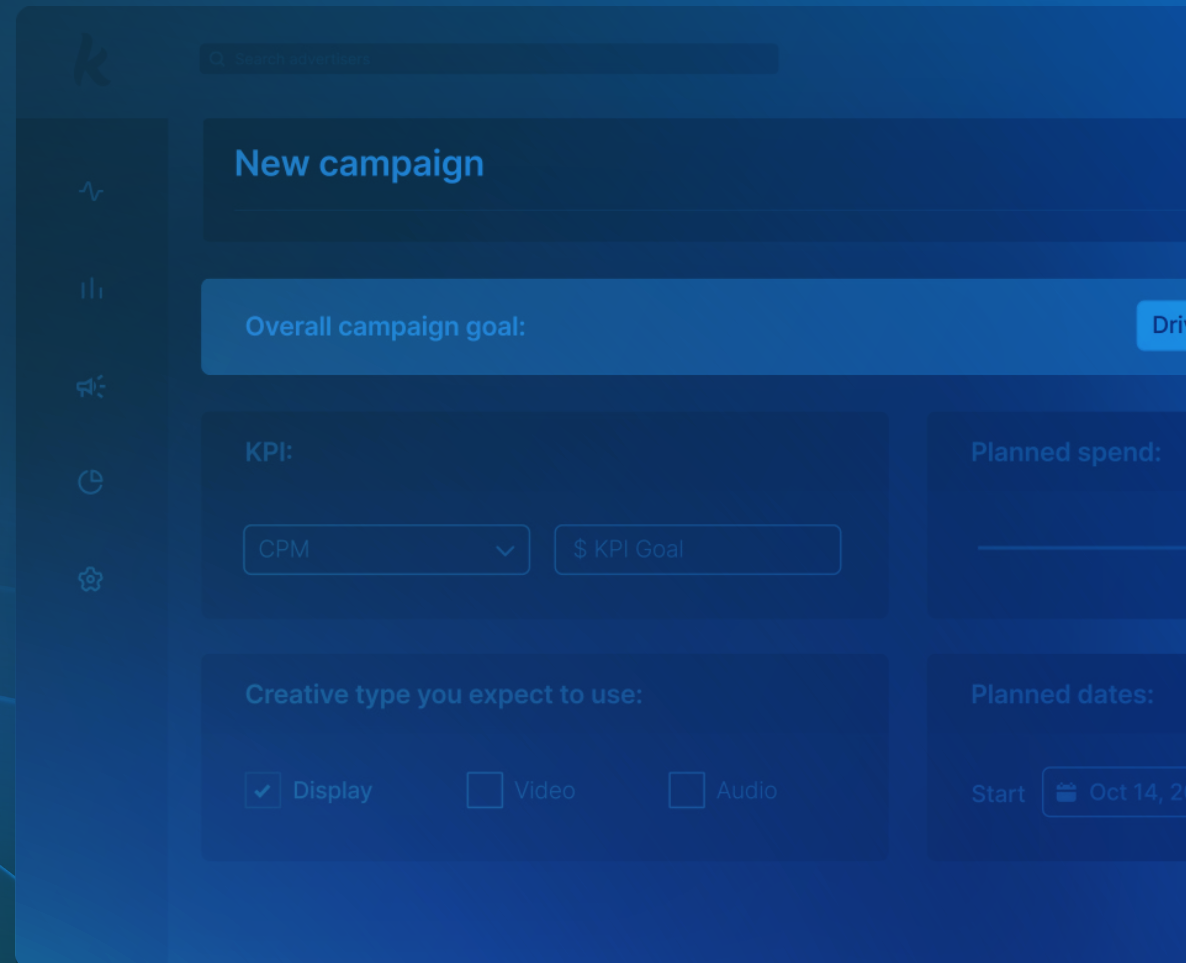# The state of programmatic retail media

EXPLORING OPPORTUNITIES FOR RETAILERS, BRANDS, AND AGENCIES

May 2025

koddi

Contents

01

Introduction

Programmatic buying has long been a path to scale and efficiency in digital advertising. As new channels emerge and grow, they often join the programmatic ecosystem, just as traditional publishing did during the shift from print to digital formats, and more recently, as CTV evolved from linear formats. Today, it's happening in retail media.

As the worlds of programmatic and retail media begin to merge, retailers have a healthy degree of skepticism. Retail media began with Amazon and Walmart, which today dominate retail media with $56.2B and $4.4B in annual ad revenue, respectively. In an attempt to replicate their success, over 200 retail media networks (RMNs) have emerged, often with their own unique ad formats, targeting parameters, and ad buying experiences. While Amazon and Walmart built custom, in-house ad platforms, most of the 200+ additional RMNs utilize third-party technology in an effort to launch, scale, and compete for ad spend quickly.

Despite providing access to on-site, off-site, and in-store inventory within their own "walled gardens," many RMNs still struggle to match the capabilities and demand commanded by the leading players. The current model—built around direct spend and bespoke self-serve platforms—is now slowing growth. According to eMarketer, Amazon and Walmart will account for a combined 84.2% of retail media ad spend in 2025, leaving hundreds of other retailers to compete for just 15.8%.

To maintain a relevant, consumer-friendly shopping experience, many retailers initially avoided programmatic activation, defined as using demand-side platforms (DSPs) for buy-side access and supply-side platforms/ad servers (SSPs) for supply aggregation. After all, sponsored media activation requires server-side integration, strict creative and brand controls, custom auction optimization, and relevancy algorithms tailored to retail-specific environments. At the time, the only way to guarantee yield performance and protect the user experience was to build proprietary solutions and rely on direct joint business plans (JBPs) or retailer-specific self-serve platforms.

But today, advertisers express concerns about persistent friction in the retail media buying process. Despite retail media performance, fueled by access to high-fidelity first-party data and high user engagement and intent signals. Advertisers want transaction level data they can plug into their own mixed media modeling (MMM) to understand true incrementality.

They face limitations in platform usability, targeting flexibility, and measurement transparency. Campaigns are often executed through a patchwork of managed services, self-serve platforms, and retail media marketing tools. Scaling these across disparate RMNs requires constant adaptation, which creates operational inefficiencies and muddles performance evaluation. While retail media continues to remain highly performant, that success is at risk if buying complexity and fragmentation increase.

At the same time, RMNs are struggling to expand advertiser demand, manage yield effectively, and deliver high-quality user experiences. Shopper marketing budgets—long the primary fuel for retail media—are increasingly stretched, expected to support not only lower-funnel activations but also broader objectives, like in-store media, digital content, and co-branded campaigns. This fragmentation limits the channel's growth potential.

The solution: Using programmatic technology to grow retail media
There are two reasons why programmatic advertising accounts for over 90% of US digital display advertising and 75% of CTV advertising: it's efficient and it's effective. Knowing this, advertisers are calling for that same simplicity in retail media. Agencies and brands increasingly want a single point of access to reach audiences across multiple retail and publisher environments without the burden of managing dozens of fragmented, separate buys. At the same time, retailers want to unlock new ad spend and drive growth.

For retailers, enabling programmatic access unlocks incremental demand and streamlines advertiser access to ad placements while preserving their existing ad serving controls. To break into national budgets, retail media must appeal to a broader set of advertiser goals by demonstrating that retail media can deliver results across the full funnel—from discoverability and awareness to conversion and loyalty. Retailers that offer measurable outcomes, precision targeting, and seamless activation through programmatic access can move beyond dependence on trade dollars and position retail media as a core part of omnichannel brand strategy.

Such a shift allows RMNs to capture budgets from media teams focused on scale, efficiency, and reach, unlocking new streams of investment while maintaining control over the shopper experience. When paired with guardrails around data, exclusive formats, and curated deals, this approach drives differentiation without compromising the retailer-controlled experience, whether through direct or self-serve platforms.

For advertisers to sustain and increase their retail media investment, retailers need to make on-site and in-store inventory available through programmatic channels. This allows brands to activate on-site sponsored ads and in-store inventory with all the capabilities they expect (frequency capping, targeting, measurement) alongside other DSP-accessible inventory.

To better understand the demand and viability of programmatic activation in retail media, Koddi partnered with insight and strategy consultancy The Human Instinct. In March 2025, they spoke with more than 120 brand and agency decision-makers who purchase retail media on behalf of Fortune 1000 companies.

The goals of the survey were to:

01.
Assess the value of using programmatic buying via DSPs in retail media

02.
Identify challenges and opportunities for advertisers

03.
Determine whether advertising budgets would increase if programmatic buying was available

This report unpacks these trends, helping readers understand the current retail media programmatic landscape, how programmatic can address brand and agency goals and challenges, and how the integration must accommodate both the buy-side and sell-side requirements. Within this report, you'll gain experienced buyer insights concerning challenges, opportunities for improvement, and the path towards programmatic.

You'll discover how, according to our research, 80% of buyers view programmatic as the key to solving fragmentation. As a result, most buyers are open to buying retail media through a DSP to eliminate manual tasks, enable more precise targeting, optimize efficiency, and simplify automated ad buying.

While this research primarily focuses on the more established retail media space for national media buyers, its insights also extend to other commerce media verticals, including travel, automotive, finance, and quick-service restaurants.

Merging the worlds of retail media and programmatic

While the promise of programmatic, namely, scale and efficiency, is appealing, it hasn't come without challenges for publishers and advertisers. The open ecosystem of programmatic has led to risks like ad fraud, viewability issues, data privacy concerns, and brand safety threats. For retailers, these risks can outweigh the benefits, making revenue growth through programmatic feel less secure.

For retail media to fully embrace programmatic buying, there needs to be a new path in the ecosystem specific to this channel. This approach should preserve what makes retail media effective, like first-party data, privacy, and relevant user experiences, while adding the scale, cross-channel management, and standardized measurement that programmatic offers.

The second half of this report addresses exactly this: how retailers can enter the programmatic ecosystem without sacrificing the unique attributes and controls that set their platforms apart. It includes practical solutions for retailers to enact change, diving into technical solutions to help retailers access national brand budgets through programmatic access to on-site and in-store inventory. This section outlines:

1. A retail media-focused supply-side platform (SSP) model and how it works within the programmatic buying ecosystem.

2. Best practices for ad serving, targeting, and measurement strategies within programmatic channels.

3. Key configurations to promote privacy, control, and relevancy within your RMN.

Learn about all this and more in the following report.

02

Key takeaways and predictions

01.

Despite retail media's popularity, buying is challenging

It's no surprise that despite major friction within the retail buying process, the majority of brands and agencies plan to increase their retail media spend, with 77% of agencies and 67% of brands responding accordingly. However, brands claim they are forced to accept trade-offs. 61% of brands and agencies concurred that although buying retail media can be a painful process, as long as it continues to perform well, brands will continue to increase their spend on it.

02.

DSP access unlocks operational efficiency and advertiser confidence

96% of agencies and 92% of brands say they are open to buying on-site retail media through a DSP. From cost-efficiency to centralized reporting and better targeting, programmatic access via DSPs offers the seamless workflows advertisers already expect from the rest of their media mix.

03.

DSP integration is the gateway to bigger budgets

Programmatic buying doesn't just improve execution, it influences strategy. Eight in ten respondents say it would be easier to shift more budget to DSP-enabled retailers. Nearly half say it would trigger a significant shift in spend. Retailers who act stand to win national, full-funnel dollars.

04.

The right SSP integration connects retailers to national brand budgets without losing control

Retailers can tap into new demand by integrating with DSPs through a retail media-built SSP. This enables seamless buying of on-site, off-site, and in-store inventory while maintaining control over data, creative, and auction dynamics. Done right, it enhances, rather than erodes, scale and differentiation.

05.

Privacy, governance, and control are foundational to programmatic success

Retailers must preserve their first-party data advantages while meeting strict privacy standards. SSPs need to be configured for data privacy, bidder transparency, and private marketplace-level control. A secure, retailer-owned architecture ensures that scale and safety go hand in hand.

03

Our research methodology and sample

Although retail media is enjoying rapid and sustained growth as a powerful and effective way for brands to target consumers, it is not without its complexities. As a leading global commerce media technology company, Koddi continually seeks feedback from brands and agencies on how we can help them overcome challenges and strengthen the medium for the future.

Research approach
In March 2025, Koddi commissioned insight and strategy consultancy The Human Instinct to conduct detailed interviews with more than 120 senior executives from leading brands and agencies buying media across the United States. We reinforced our quantitative research methodology with a series of in-depth, qualitative discussions with senior retail media buyers. We wanted to better understand:

1. The core challenges media buyers face, including fragmented buying experiences, campaign management complexity, lack of transparency, and mounting pressure to drive stronger return on ad spend.

2. Media buyer satisfaction with current buying methods, especially regarding how on-site retail media is purchased today, and what solutions buyers believe would most effectively streamline the retail media supply chain.

3. The appetite for unification whereby on-site retail media sits alongside multiple other channels within the programmatic buying experience.

We believe that by understanding and addressing these challenges, retail media networks can capture incremental ad spend while providing media buyers with the control and efficiency they expect.

Research sample
All 126 executives who participated in our survey are based in the United States and work either at media agencies purchasing retail media on behalf of brands (n=74, or 59%), or directly for brands (n=52, or 41%).

Two-thirds of our respondents work for, or on behalf of "brands considered to be a Fortune 1,000 company."

Our respondents are senior decision-makers, with 70% saying they are the final decision-maker on retail media spend and/or programmatic advertising for their brand or their clients. Furthermore, 27% are heavily involved in planning or recommending retail media advertising strategy.

Among respondents, programmatic media buying is most commonly a shared responsibility between agency and in-house teams, with 58% reporting a hybrid approach. Meanwhile, 29% manage programmatic buying entirely in-house, and just 13% rely solely on agency partners to handle this function.

Figure 1 (right) shows the industry sectors for which our sample buys media, highlighting strong representation across the six highest-spending vertical markets and providing a breakdown by agencies and brands.

Consumer Tech and Media & Entertainment is slightly overrepresented on the agency side, and Automotive is largely overrepresented on the client side. But overall, **our sample effectively represents the six leading industry categories, both agency- and client-side.**
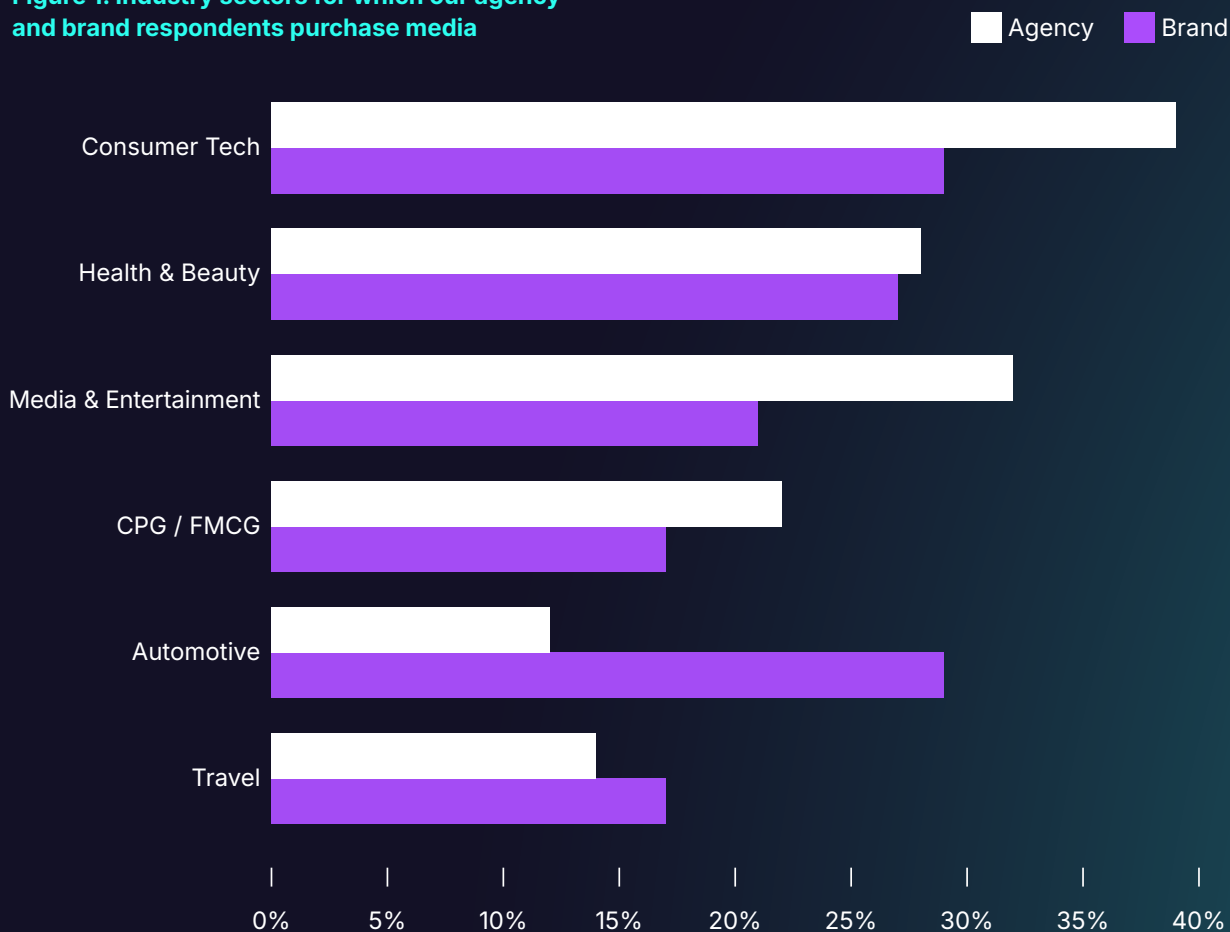
Our respondents outspend the global estimated average
Two-thirds of those we spoke to spend between a quarter and three-quarters of their total ad budget on retail media. Specifically, **34% invest 26-50% of their total spend in retail media, 32% invest 51-75%**, with just 25% investing 11-25%. At the extreme ends, 6% invest between 76-100% of their total ad spend in retail media, while only 3% invest 10% or less in this channel.

Note: This indicates that our sample invests even more heavily in retail media than the global average. According to eMarketer[1], retail media will account for 21.6% of total global ad spend by the end of 2025.

1. https://www.emarketer.com/content/retail-media-accounts-one-fifth-of-worldwide-digital-ad-spend

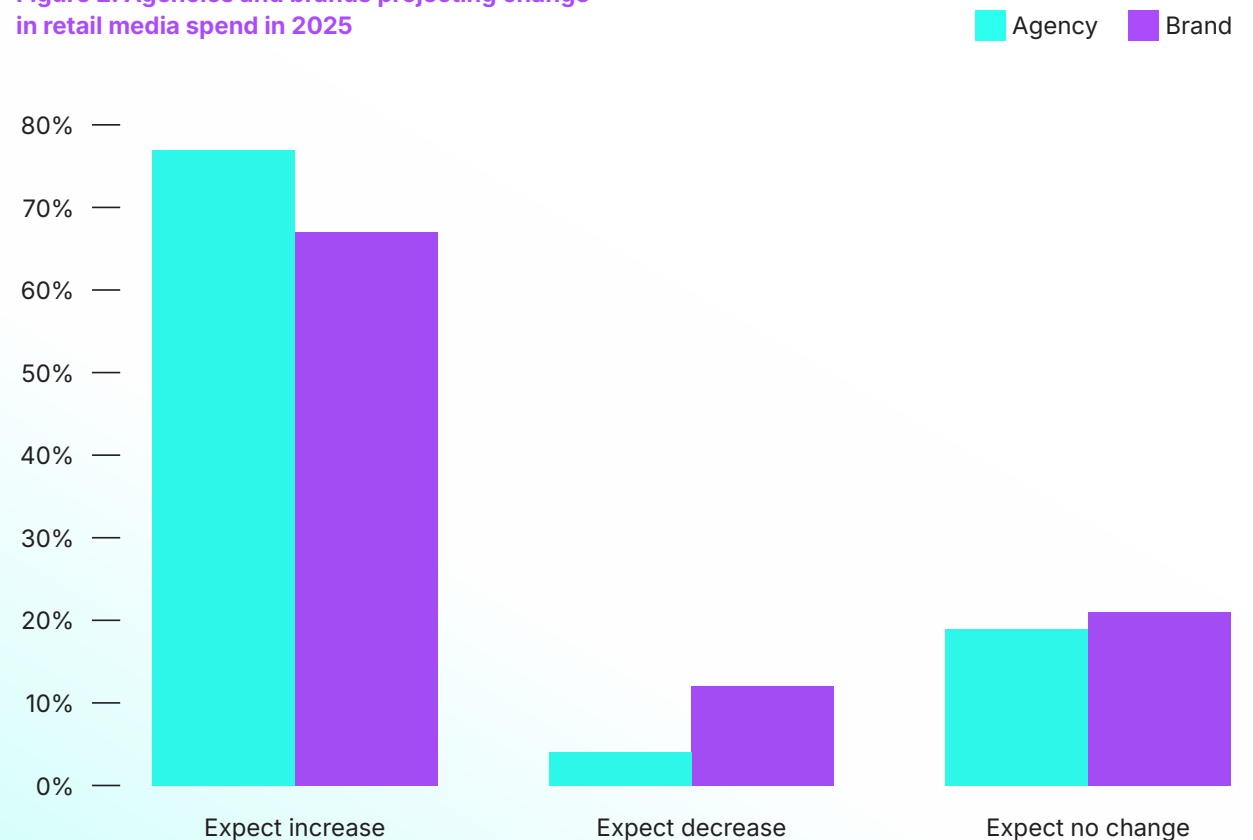**Figure 1. Industry sectors for which our agency and brand respondents purchase media**

Legend: Agency (white), Brand (purple)

Categories (top to bottom): Consumer Tech, Health & Beauty, Media & Entertainment, CPG / FMCG, Automotive, Travel

X-axis: 0% 5% 10% 15% 20% 25% 30% 35% 40%

04

Programmatic retail media: Trends and insights

Overall retail media spend trends

Big increases this year with bold ambitions
The overwhelming majority of agencies and brands anticipate investment to go up in the coming year. **73% said they expect retail media to increase as a proportion of their total ad spend in 2025**, with those working in agencies even more likely (77%) than brand owners (67%) to predict a hike. Meanwhile, 20% believe it will remain the same (no difference between agencies and brands), with only 7% projecting a decrease (just 4% of agencies but 12% of advertisers). See Figure 2 (right). Of the 73% who believe that retail media spend will increase, **brands are in fact more bullish than agencies in their projections of the scale of increases**–no doubt because they are even closer to budgets and the planning cycle than their agency partners.

Figure 2. Agencies and brands projecting change in retail media spend in 2025

Legend: Agency (teal), Brand (purple)

X-axis categories: Expect increase, Expect decrease, Expect no change

"I think sometimes awareness can be overlooked, and people are just trying to get sales. They might not see that retail media can help achieve that."

Strategy head
Global media agency

The most frequently projected increase in retail media spend was in the range 11-25% of spend, chosen by 33% of our industry sample (40% of agencies versus 20% of brands). Agencies and brands were equally likely to predict an increase of 26-50% of spend (21% / 20%). By contrast, **brands were more likely than agencies to predict higher increases in spend**, with 23% of brands choosing a 51-75% increase (versus 14% of agencies), and 11% of brands citing growth of 76–100% (versus 9% of agencies).

What's more, while no agency respondents predicted increases of 101-200%, 9% of brands did. At the other end of growth projections, agencies (16%) and brands (17%) were tied on their prediction of more modest increases of just "up to 10%" of spend. Another boom year for retail media is summarized in Figure 3 (right).

**Figure 3. Projected increase in retail media spend in 2025, by agencies and brands**

Agency ▮ Brand ▮
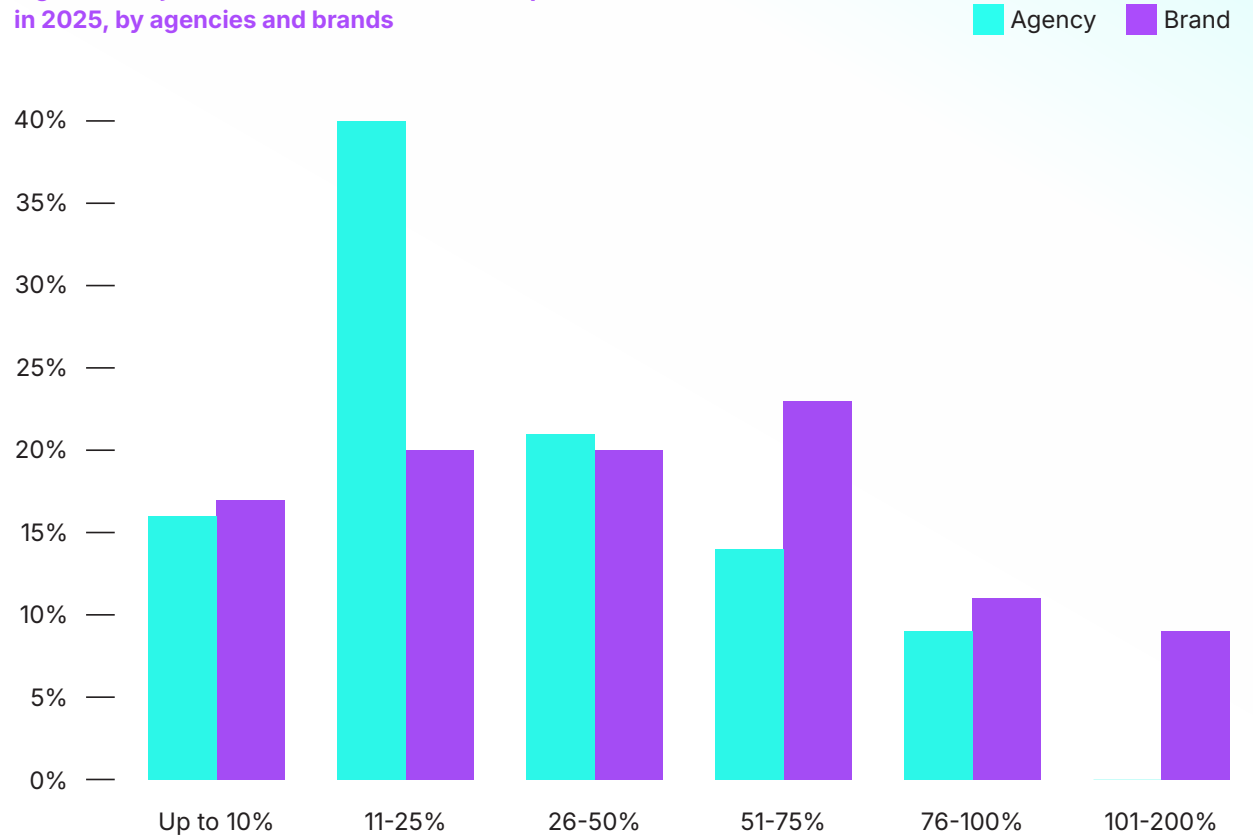
Factors driving increased retail media investment

We asked our sample what principal factors drive their decision to use retail media as part of their brands' marketing strategy. Unsurprisingly, buyers choose to use retail media for bottom-of-the-funnel activations, reflected in the second, third, and sixth most popular answers, all cited by around half of our sample ("To directly drive product sales," 58%; "To improve customer targeting," 52%; and, "To increase sales conversion ratios," 44%). See Figure 4 (right).

Somewhat unexpectedly, half of the top reasons cited were upper-funnel, brand-building objectives. The most common response was "to increase brand awareness" (69%), followed by "to increase brand satisfaction" (45%) and "to generate deeper customer engagement" (44%)—ranked fourth and fifth, respectively.

Agencies were more likely than brands to cite several key drivers for using retail media: "To increase brand awareness" (+13% versus brands), "To improve customer targeting" (also +13%), "To increase sales conversion ratios" (+12%), and "To generate deeper customer engagement" (+11%). The only remarkable difference in the other direction was brands choosing "To increase customer brand satisfaction" more often than agencies (+8%).

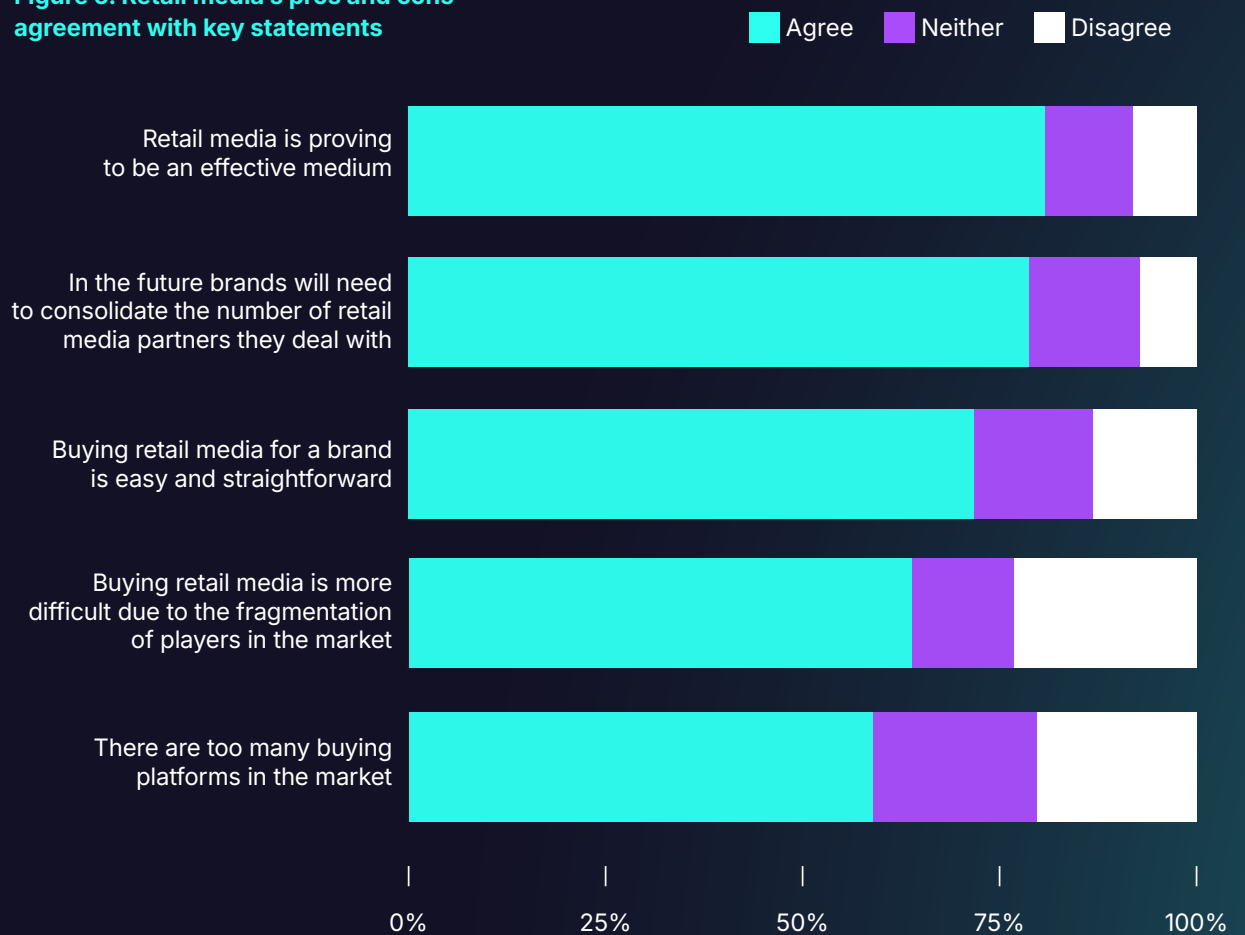**Figure 4. The main factors driving the decision to use retail media**
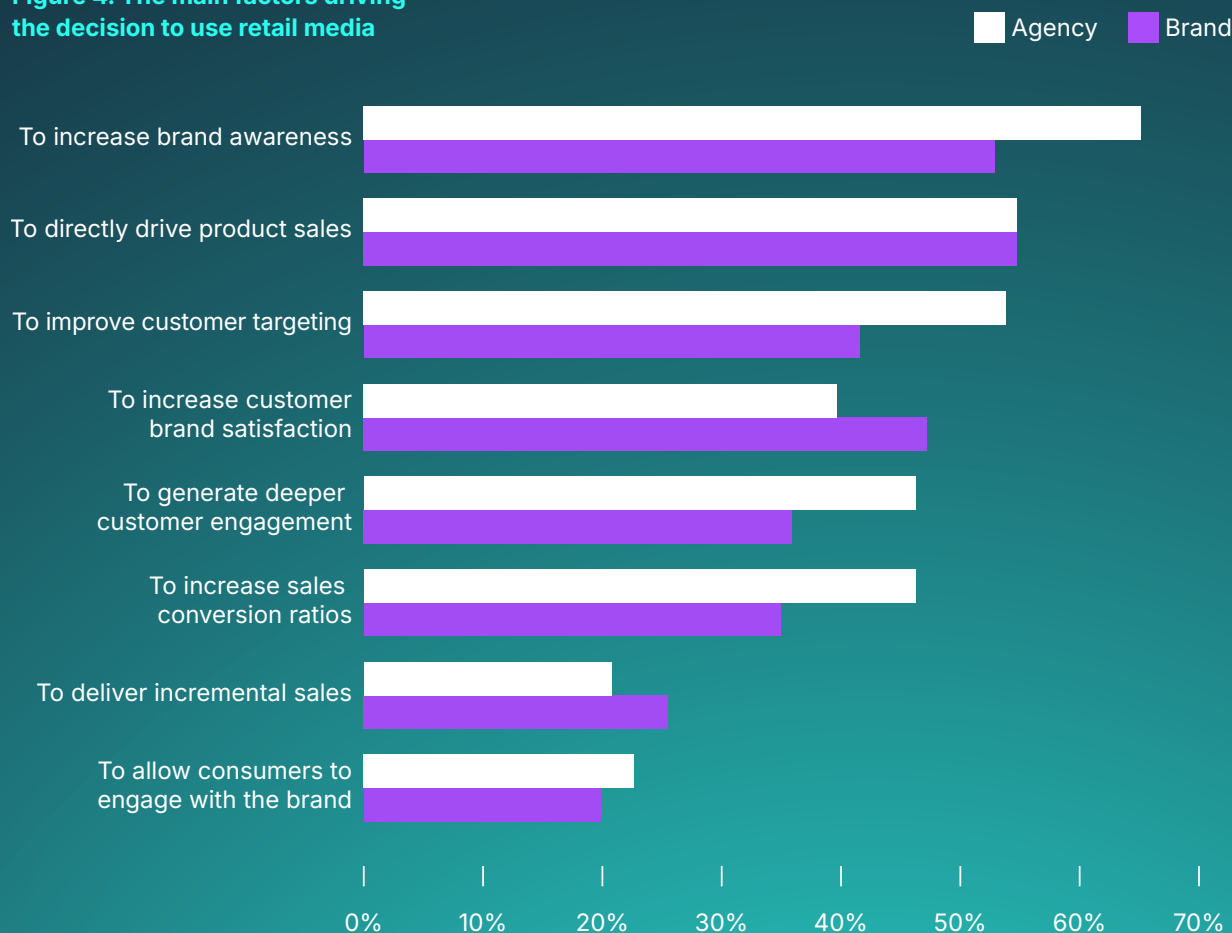
**A rapidly growing medium,
but with clear challenges to address**

Retail media is proving itself to be an appealing and effective advertising medium for leading brands and agencies, today attracting more than a fifth of global ad spend. According to eMarketer and numerous other industry analyst reports, it's growing faster than any other media channel. Our research also found further strong support for retail media.

81% of our sample either completely or strongly agree with the statement that "retail media is proving to be an effective medium" (with just 8% disagreeing). This is because of the unique features that set retail media apart: advanced targeting, personalization, and ad formats. 72% agree that buying retail media for a brand is straightforward, with 13% disagreeing. Brands were more likely to agree with both statements than agencies. Figure 5 (right).

This doesn't mean, however, that those that use it are entirely happy with the status quo. As it's currently set up, **there's an extent to which advertisers and agencies are prepared to accept trade-offs** as 61% of our sample chose the statement "Buying retail media can be painful but as it performs well, brands' spend on it will continue to grow" as the most accurate reflection of their opinion on the state of retail media purchasing today.

**Figure 5. Retail media's pros and cons–
agreement with key statements**

Legend: Agree (teal) | Neither (purple) | Disagree (white)

- Retail media is proving to be an effective medium
- In the future brands will need to consolidate the number of retail media partners they deal with
- Buying retail media for a brand is easy and straightforward
- Buying retail media is more difficult due to the fragmentation of players in the market
- There are too many buying platforms in the market

X-axis: 0% | 25% | 50% | 75% | 100%

"I think the market has just become so saturated. I feel there are so many [platforms, agencies] that we're not even exposed to, just because of how crowded it is."

Strategy head,
Global media agency

What's more, **there is evident dissatisfaction with the complexity of the retail media supply chain**– from the sheer number of players in the market, the fragmented media buying processes, and the need to navigate individual retail media networks on a case-by-case basis.

Top ten challenges and concerns in retail media buying today

We went on to ask what our industry sample believes are the most important issues to address about retail media. Interestingly, no singular issue stood out, with results of 26% to 43% suggesting a range of different issues causing similar levels of concern, as summarized in Figure 6 (right).

**Figure 6. Hierarchy of issues and challenges in retail media today**

Ability of AI to provide personalization of ads

More effective and accurate campaign measurement

Improved engagement across the customer journey

Expansion to multiple channels and platforms

Ability to accurately measure ROAS

Ability to leverage first-party data to deliver more targeted ads

Increased efficiency of advertising spend

Influence of RMNs like Amazon, Target, Walmart

Integration of digital displays and smart screen tech in-store

Greater transparency in advertising spend

0%   10%   20%   30%   40%   50%

On-site retail media deep dive

DEFINING ON-SITE RETAIL MEDIA

Ads that appear directly on a retailer's website or app, including sponsored product and display ads, banners on a retailer's homepage or product pages, and videos embedded within a retailer's app. On-site retail media uses the retailer's own customer first-party data, targeting shoppers already engaged with the retailer's platform.

Retail ⌄

Sponsored

Wireless noise cancellation
Lorem ipsum dolor

●●●●●   £442
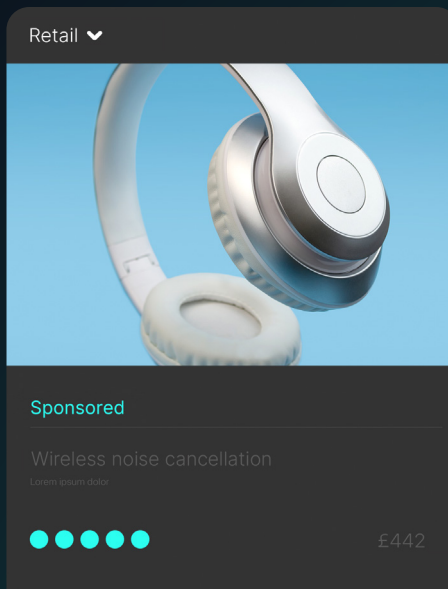
On-site buying today

Currently, **the most popular way for brands and agencies to buy on-site retail media is directly, via the retailer's own self-serve platform** (48% of our sample), followed by buying via a third-party that gives access to multiple retailers (33%), and lastly via a DSP to buy programmatically (20%).

Transitioning to buying retail media via DSPs

Retailers' individual media networks (RMNs) have driven the explosive growth of retail media over the past five years, with agencies and brands typically dealing directly with RMNs on a retailer-by-retailer basis. This allows retailers to easily showcase their unique attributes via owned self-serve platforms, including first-party targeting segments and ad formats. Over time, the key to growth for RMNs has been ensuring differentiation between one another and amongst digital media channels at large. At the same time, agencies and brands buy much of the rest of their digital media inventory programmatically via DSPs, which aggregate inventory from a wide variety of different publishers and vendors.

"If you can go directly to a retailer via a DSP, it'll be a great solution, even if they have to give some money to an agency or vendor because it's all about building a relationship."

Global head of marketing
Food & beverage

While retail media has increased the effectiveness of many brands' media spend, this has come at a cost in terms of efficiency. Buying retail media from multiple different RMNs, each with their own protocols, systems, and data, makes the process laborious and more time intensive than it should be, creating inconsistencies and errors between networks. While the following data makes a compelling case for enabling on-site inventory access through programmatic channels, it's important for retailers to note that programmatic does not equal generic. Retailers must still preserve their unique value through the right execution; DSPs can extend access without diluting what makes each retailer unique.

Accordingly, we wanted to know how willing agencies and brands would be to buy on-site retail media via a DSP. We found strong support from both agencies and brands for this approach. Agencies were slightly more enthusiastic than brands, perhaps because of their extensive DSP buying experience buying on behalf of multiple clients. See Figure 7 (below).

Overall, **more than nine in ten agencies and brands said they "will certainly buy" (31% agencies versus 25% brands) or "will probably buy" (65% versus 67%) on-site retail media via a DSP**. Just 5% said they "will probably not buy" in this way, and no respondents at all said they "will definitely not buy" on-site retail media via a DSP. **This provides conclusive evidence of the attractiveness of buying on-site retail media programmatically.**

96%

of brands and agencies report they will certainly buy or will consider buying on-site retail media via a DSP

Figure 7. Willingness to buy on-site retail media via a DSP

Agency ■ Brand ■
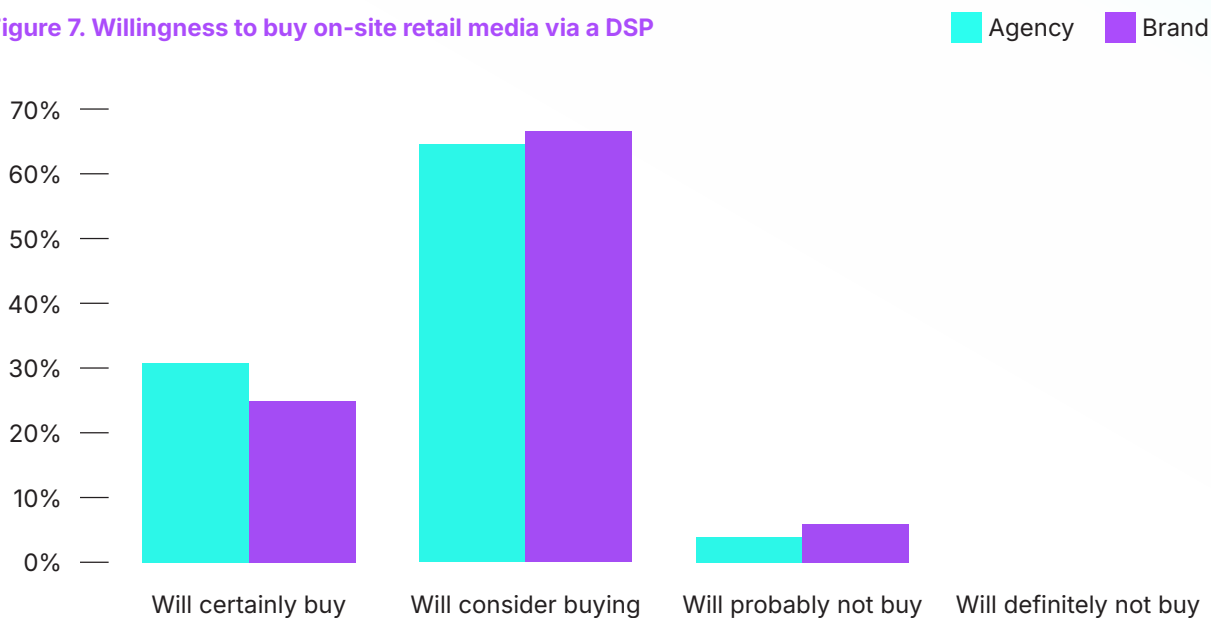
Reasons behind the lure of the DSP

We went on to ask our respondents to identify the perceived advantages of buying on-site retail media from retailers via a DSP. We offered ten different potential advantages, shown in Figure 8 (right). These can be clustered into three, broad, overarching factors:

1. Operational efficiency and cost savings
2. Expanded reach and media inventory
3. Advanced targeting and measurement capabilities

Figure 8. Perceived advantages of buying on-site retail media from retailers via a DSP
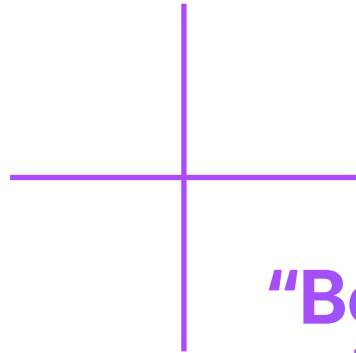
"Being able to buy through a third party is going to be far better for some because our media buying people only have so much time in a day."

Head of media planning
Global experiential agency

Operational efficiency and cost savings was the most important overarching factor, accounting for the first, second, and sixth most popular choices ("More cost-efficient buying," "A centralized, simpler buying process," and "Consolidated analytics and reporting").

By far the most popular advantage selected was "More cost-efficient buying," selected by two-thirds of our sample overall. This was more important for agencies (74% chose this option) than brands (just 54%). More than a third of our sample also chose: "A centralized, simpler buying process" (44%), "Ability to utilize first-party data for improved targeting" (38%), "Better quality ad placement" (36%), and "Access to a wider portfolio of publishers of RMNs" (34%). There were no differences between brands and agencies here.

Given the possibility of buying on-site retail media inventory via a DSP, we probed deeper, asking our respondents what additional benefits they could see if on-site retail media inventory were available for purchase programmatically. We've summarized their responses in Figure 9 (right).

Figure 9. Additional benefits if on-site retail media inventory were available via DSPs
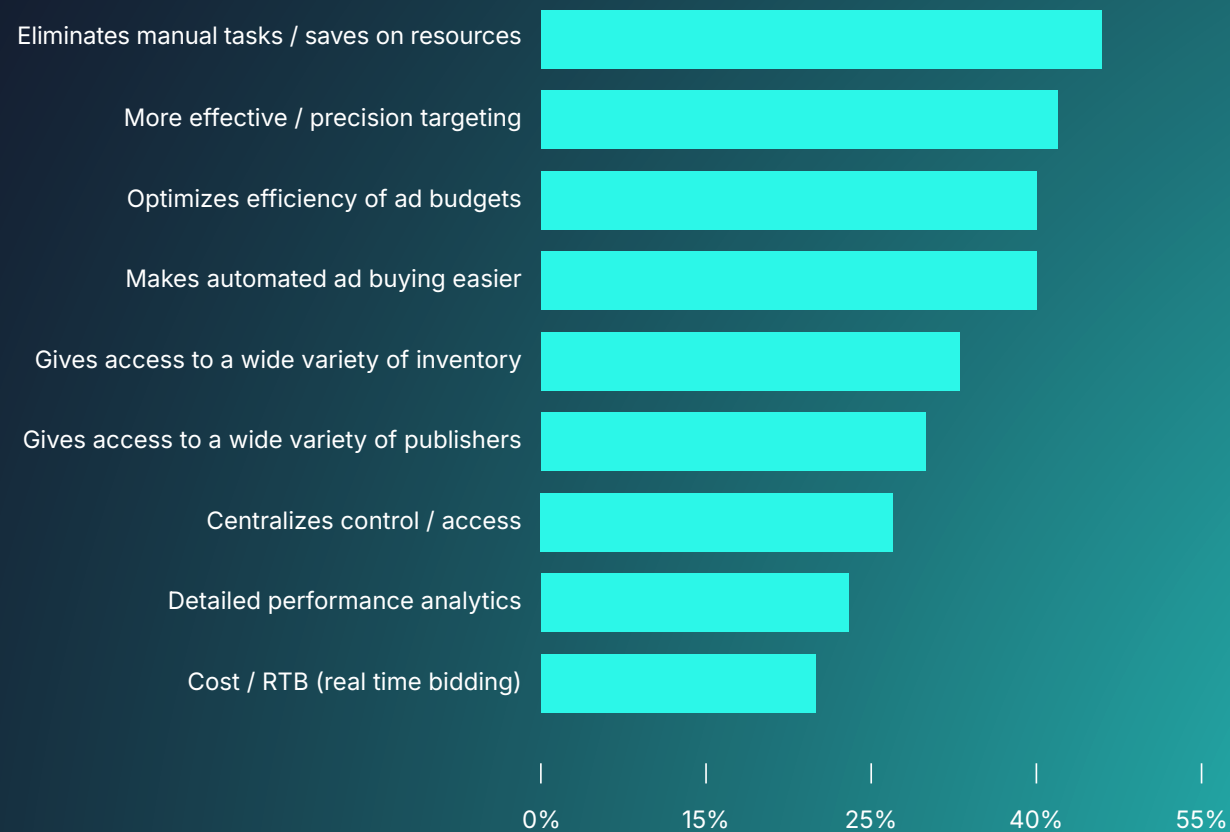
The nine available responses can be clustered into three, higher-order factors:

1. Operational efficiency and automation
2. Cost efficiency and budget optimization
3. Expanded inventory and improved targeting

The four most popular choices were: "Eliminates manual tasks / saves on resources" (51%, with agencies choosing this option 58% of the time, brands just 40%), "More effective / precision targeting" (47%, no difference), "Optimizes efficiency of ad targeting" (45%, with agencies choosing this option 54% of the time, brands just 33%), and "Makes automated ad buying easier" (45%, at parity). **In this further probing, operational efficiency is again the most important factor.**

Being able to buy on-site retail media through a DSP wouldn't just simplify the process—it would unlock greater investment. **Eight in ten respondents said they would find it easier to shift a larger share of their retail media budgets to DSP-enabled retailers if on-site media could be purchased programmatically**, with 32% saying it would be "significantly easier" and another 48% saying "somewhat easier."

Retailers that enable DSP buying stand to gain a greater share of retail media budgets. Delivering operational efficiency for brands and agencies will be rewarded with increased investment.

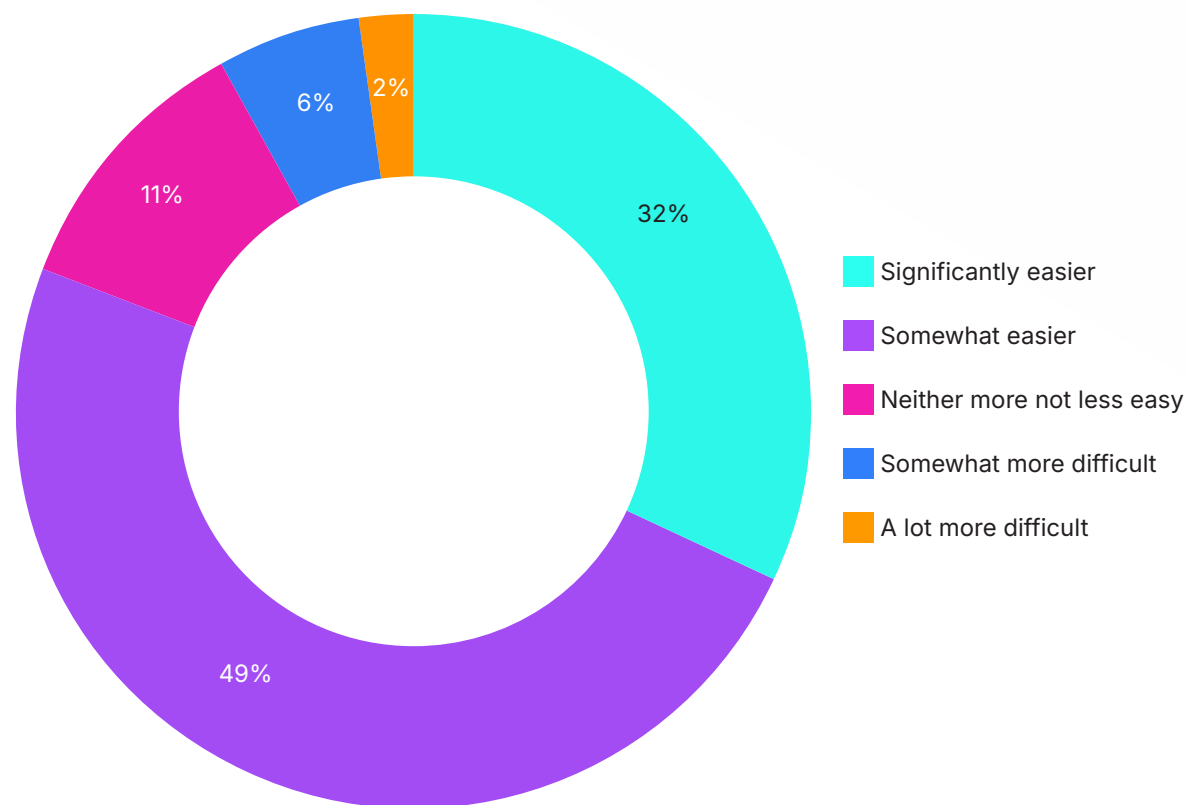# Operational efficiency is the key advantage of buying on-site retail media via a DSP for media buyers.

"Ideally, a DSP would make it easier for us to justify moving more of our non-retail media budgets into retail if we can prove there's a better ROI by doing it all in one place."

Strategy head
Global media agency

Finally, we wanted to know the scale of the shift in budgets that such a transition would bring about. Again, brands and agencies were of one mind: this would represent a major shift. More than nine in ten of our respondents said either "It will encourage a significant shift towards retail (49%) or "It will encourage some shift towards retail" (44%) See Figure 10 (right).

Retailers, stand to unlock significant new media budgets by enabling their on-site retail media inventory to be bought programmatically through DSPs while still maintaining differentiation throughout their offerings.

Figure 10. Ease of moving higher percentage of retail media budget to DSP-enabled retailers

- Significantly easier
- Somewhat easier
- Neither more not less easy
- Somewhat more difficult
- A lot more difficult

32%
2%
6%
11%
49%

Shifting non-retail media budgets to retail media

It's not only that advertisers would be willing to move existing retail media spend to DSP-enabled retailers. The overwhelming majority of both brands and agencies also said that the DSP option would encourage them to move more of their non-retail media budgets into retail media. More than half of agencies (51%) said "it would encourage a significant shift towards retail media" spend, an opinion shared by more than four in ten (42%) of brands, while 46% of agencies and 48% of brands claimed it would encourage "some shift". Fewer than one in ten (7%) of both brands and agencies said the DSP option "would have no real impact". It is clear there is pent-up demand for this means of trading. See Figure 11 (right).

49%

of respondents said the ability to buy via a DSP would encourage a significant shift of non-retail media budgets to retail media

Figure 11. The extent to which respondents believe this would encourage brands to move more of their non-retail media budgets with retailers via a DSP

49%

44%

6%

■ It would encourage a significant shift towards retail media

■ It would encourage some shift towards retail media

■ It would have no real impact
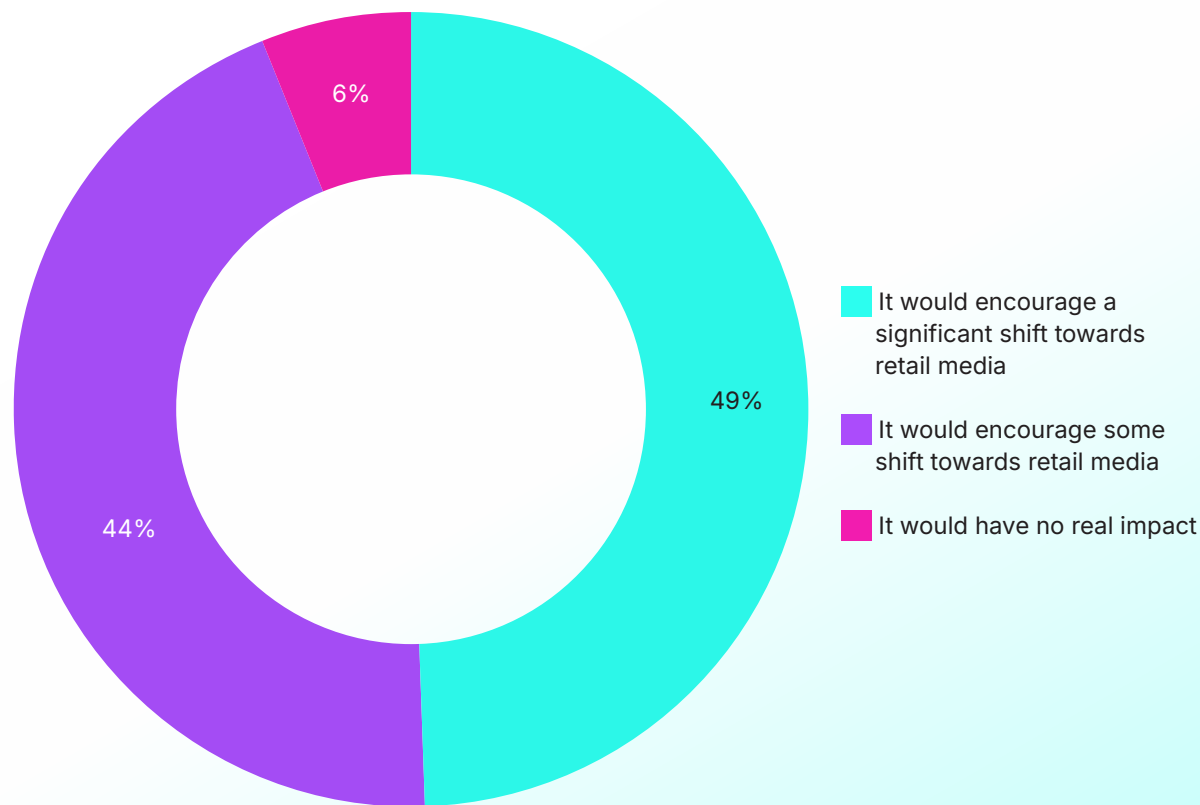
Growing through programmatic without losing competitive differentiation

As retailers evaluate the benefits of offering programmatic access to their on-site sponsored and display ads, there's a natural concern about maintaining what makes their RMNs distinct. However, differentiation and programmatic scale are not mutually exclusive—retailers who invest strategically will see the greatest returns. When executed thoughtfully, programmatic can enhance the uniqueness of each retail media offering while unlocking greater advertiser investment.

Retailers can retain their competitive edge by placing guardrails around data, preserving exclusive ad formats, and offering curated deals tailored to their audiences. Rather than commoditizing retail media, DSP access can serve as a strategic extension of a retailer's value proposition, bringing scale and efficiency without losing what makes each platform stand out.

Advertisers aren't looking for uniformity—they're looking for access, flexibility, and the ability to manage campaigns at scale. Retailers who strike the right balance between control and accessibility are best positioned to capture the next wave of retail media growth.

When executed thoughtfully, programmatic buying via a DSP can enhance the uniqueness of each retail media offering while unlocking greater advertiser investment.

The programmatic unlock: Bringing national budgets to retail media

Overview

Historically, most retail media investment has come from trade and shopper marketing budgets, funds that are closely tied to retailer relationships, short-term sales goals, and cooperative programs. While these budgets have fueled the rapid rise of retail media, they come with limitations: they're often fragmented across retailers, tied to promotional windows, and constrained by legacy planning cycles.

Meanwhile, the majority of digital advertising dollars, particularly national brand and performance budgets, flow through programmatic buying channels. These dollars are managed centrally by brand and agency teams focused on full-funnel outcomes, efficiency, and unified measurement. Today, retail media is largely disconnected from that infrastructure. The goal of this section of the report is to demonstrate how to close that gap.

By activating retail media programmatically, meaning making on-site sponsored inventory and in-store media available via DSPs, retailers can tap into a much larger pool of brand and agency investment. This strategy brings retail media into the same workflows, planning cycles, and measurement frameworks as display, CTV, social, and video. It creates a path for growth that doesn't rely solely on trade dollars.

Crucially, this can be done without compromising what makes retail media valuable. Done right, programmatic access doesn't require giving up control or differentiation. In the next section, we'll explore how retailers can implement programmatic access while maintaining the precision and personalization that define this channel.

Bridging the technical worlds of retail media and programmatic

The divide between retail media and programmatic advertising isn't just operational—it's architectural. Retail media's unique needs, including SKU-level targeting, first-party data activation, and controlled ad formats, weren't built into the original programmatic infrastructure. As a result, many retailers have remained siloed from the systems that power most digital advertising.

To integrate effectively, retailers need an SSP tailored to retail media complexity. Such an SSP acts as a translation layer, enabling programmatic access while preserving retailer-specific requirements. It integrates directly with ad servers or mediation layers to manage inventory and enforce business rules around prioritization, yield, and creative delivery.

While the opportunity is significant, the shift demands careful implementation. Retailers must align their SSP setup with stringent ad serving logic, targeting strategies, and measurement frameworks. Doing so ensures control over user experience, data privacy, and monetization while opening the door to larger, scalable advertiser demand through DSPs.

Here are the technical components required to make this work.

Integrating an SSP with an ad server or mediation layer

A retail media SSP is a technology layer that provides retailers with the capabilities to make their inventory available to multiple buyers through DSPs and marketing platforms. It gives them control over how that inventory is monetized—including auction rules, pricing floors, and private marketplace management.

Unlike a standard SSP, a retail media SSP must support retail-specific functionality: strong privacy controls, product targeting, and the ability to manage publisher-hosted ad formats.

To successfully enable programmatic buying, retailers need to configure their ad server and/or mediation layer to work with the SSP. There are two key steps in this setup:

1. **Send ad calls**: Retailers must send existing ad requests—used in direct or self-serve buys—to the SSP with defined parameters. These are then transformed into the RTB bid requests. See figure 12 for a diagram of the ad call to the SSP and Ad Server (Direct).

2. **Prioritize demand**: Retailers must ensure programmatic demand adds value without channel conflict. Through retailer-defined configurations, SSP demand can be carefully managed within a mediation layer. This setup helps acquire new budgets while protecting direct relationships. See figure 13 for how demand from the SSP is prioritized alongside other demand.
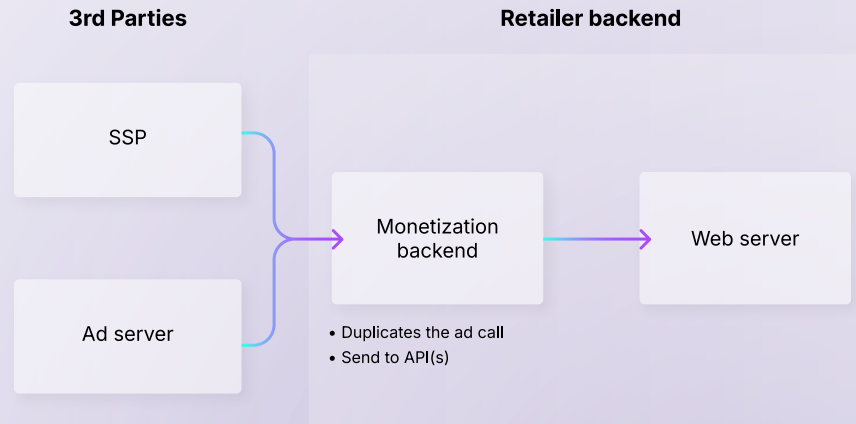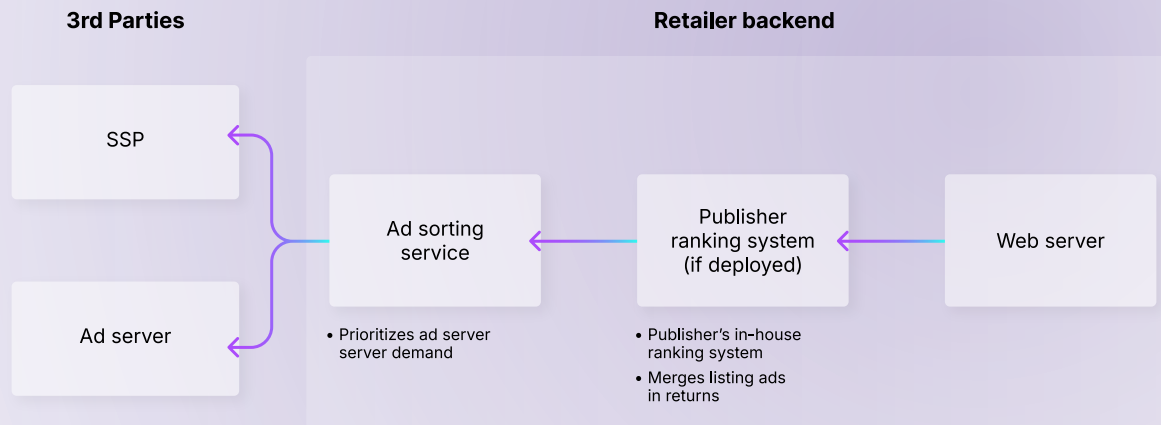
Figure 12. SSP ad call diagram

3rd Parties

Retailer backend

SSP

Ad server

Monetization backend

- Duplicates the ad call
- Send to API(s)

Web server

Figure 13. SSP ad response diagram

3rd Parties

Retailer backend

SSP

Ad server

Ad sorting service

- Prioritizes ad server server demand

Publisher ranking system (if deployed)

- Publisher's in-house ranking system
- Merges listing ads in returns

Web server

Effective targeting strategies
To succeed with programmatic retail media, retailers must balance precision targeting with user experience and platform control. Retailers should lean into accurate and scalable methods, including audience and SKU-level targeting.

Audience targeting allows retailers to activate first-party data through SSPs, routing audience segments to DSPs via secure, permissioned signals. When implemented effectively, this enables retargeting, sequential messaging, and full-funnel campaign strategies all while preserving shopper privacy and on-site relevancy.

SKU-level targeting gives advertisers the ability to bid on specific products, improving purchase relevance and aligning with real-time inventory and merchandising priorities. This not only enhances performance but also enables dynamic creative and deeper insight into campaign impact.

Ultimately, these targeting strategies offer buyers the granularity they need and retailers the control they require so that programmatic growth doesn't come at the cost of relevance or differentiation.

Measurement and attribution
As advertisers look to retail media as a performance channel, transparent measurement and attribution are essential. Retailers should be sure to maintain:

1. **Cross-channel measurement**: SSP integrations allow retail media to be measured alongside other digital channels, enabling unified reporting, frequency capping, and performance comparison across the media mix.

2. **Attribution**: Programmatic setups support impression- and click-level tracking, with integrations into DSPs, CRMs, and clean rooms to enable standardized, privacy-compliant, closed-loop attribution.

3. **Incrementality**: Retailers can isolate specific campaigns or tactics to measure true lift.

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Privacy, control, and relevancy in programmatic retail media

As retail media allows programmatic buying for their on-site and in-store inventory, the stakes for privacy and control are high. What makes retailers unique is their first-party data, and safeguarding that data from purchase behavior, loyalty programs, and personally identifiable information is paramount.

If retailers begin to look to programmatic for increased demand scale, they'll need to navigate both monetization and data stewardship in order to maintain credibility and differentiation. Any introduction of third-party technology—especially platforms that facilitate real-time bidding—must operate within strict boundaries that both safeguard on-site experiences and first-party data. Retailers must have control over the advertisers accessing their ecosystem, the inventory being monetized, and the signals exposed during transactions.

In this section, we outline clear safeguards to make sure the introduction of programmatic buying promotes user trust, brand safety, and commercial strategy.

Maintaining auction control and relevancy with an SSP

Control must be embedded into every layer of a retail media SSP. Retailers should retain full authority over who accesses their inventory, how pricing is managed, and which campaigns run. In a well-structured SSP, the retailer—not the platform—determines what appears on their site, how it's placed, and how it's served. This control is enforced through tools like a private marketplace, yield settings, bidding visibility, and activation gating.

Private marketplace setup
A core mechanism for control is a private marketplace. In this way, retailers avoid open exchange dynamics, instead, operating curated, permission-based auctions. This allows them to approve campaigns before they go live, restrict access to endemic brands, and maintain creative and brand standards.

Yield optimization settings
Dynamic yield tools, including adjustable floor pricing, let retailers manage monetization without black-box algorithms. These settings integrate with mediation layers to ensure programmatic demand competes fairly with direct or managed service deals while also allowing for adjustable floors that respond to seasonality, category trends, or advertiser competition.

Bidding visibility
Retailers should also retain visibility into the full chain of custody: which DSPs are bidding, which advertisers are winning, and what inventory is being monetized. This transparency is essential for compliance, internal reporting, and forecasting.

Activation gating
Retailers must be able to whitelist or blacklist demand partners, pause campaigns instantly, and set caps or pacing limits as needed. This ensures they can mitigate risk in real-time—whether due to technical issues, brand safety concerns, or changes in business strategy.

With these stringent controls, retailers are able to preserve their unique value: relevant, user-friendly ad experiences leveraging first-party data. A privacy-first, control-centric SSP architecture allows retailers to embrace the scalability of programmatic without sacrificing the integrity of their consumer experience or commercial priorities.

If retailers begin to look to programmatic for increased demand scale, they'll need to navigate both monetization and data stewardship in order to maintain credibility and differentiation.

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What this means for the future of retail media

The Koddi point of view

By Eric Brackmann
VP of Commerce Media

We commissioned this research to hear directly from those shaping the future of retail media, on both the brand- and agency-sides, about their goals, challenges, and what they need to unlock greater impact. What we uncovered was more than just data on current pain points: our research revealed tangible insights and actionable solutions for improving the retail media ecosystem. As we outlined in the second half of this report, we believe there is a clear path forward for retail media with a promising programmatic future that joins retail media differentiation with standardized buying.

A growing market with untapped potential
Retail media has reshaped the digital advertising landscape, now accounting for more than one-fifth of global ad spend. This growth has been fueled by retail media's unique ability to deliver measurable return on investment and precise attribution through the use of retailer first-party data—close to the point of purchase.

While retail media is no longer new, with the global market nearing $200 billion, it still holds immense untapped potential. McKinsey estimates that, in the U.S. alone, retail media could generate over $1.3 trillion in enterprise value, calling it a transformative opportunity on a par with the rise of programmatic advertising.

Opportunities for further growth
Despite rapid growth, retail media continues to face challenges—particularly around fragmentation and complexity. Many media buyers struggle with the operational overhead of managing multiple RMNs separately, which can hinder their ability to scale investments efficiently.

To unlock the next phase of growth, retail media must evolve toward a more flexible and integrated model. This includes embracing programmatic in a way that drives scale and efficiency with the unique value of differentiated, retailer-led experiences.

DSPs and differentiation
Buyers are increasingly comfortable using DSPs to manage cross-channel campaigns—including retail media—alongside video, display, audio, and connected TV. When thoughtfully implemented, DSP integration can simplify operations, improve targeting, and unlock incremental demand.

However, DSPs do not mean generic media buying. Retailers can maintain and even enhance their distinct value by placing the right guardrails around data use, offering exclusive formats, and creating curated deal packages tailored to their audiences and inventory.

With these strategies, brands and agencies gain:

- Simplified access to on-site and in-store inventory through the DSPs they already use
- Integrated measurement, frequency capping, and cross-channel attribution
- The ability to increase retail media campaigns strategically without giving up targeting precision

And RMNs can gain:

- Incremental demand from national brand budgets and DSP-driven spend
- Improved auction yield and bid density without displacing direct relationships
- Governance over data use, buyer access, creative formats, and pacing

Programmatic doesn't mean loss of control. In fact, the most successful retailers will be those who implement the right SSP and ad serving infrastructure—designed to support privacy, prioritization, and performance measurement at scale.

A call to action

This survey shows that brands and agencies are still committed to retail media. **If retailers embrace multiple buying solutions, including via DSPs, they stand to gain substantial incremental budgets from agencies and brands.**

There is strong demand among media buyers for easier access to on-site sponsored and display ads through preferred DSPs, which offer essential buying features. These include first-party data integration, custom measurement frameworks, and advanced attribution.

For too long, retail media has operated separately from mainstream programmatic advertising strategies. Now, as retail media matures and assumes a central role in many marketing strategies, it's time to integrate it fully.

Eric Braukmann

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Glossary

DSP
Demand-Side Platform, a type of software that allows advertisers, agencies, and brands to buy advertising inventory and / or impressions automatically. See also **DSP vs SSP**.

DSP vs SSP
In programmatic advertising, a DSP (Demand-Side Platform) helps advertisers, agencies, and brands to buy ad inventory across multiple sources, while an SSP (Supply-Side Platform) helps publishers sell their ad inventory to the highest bidder.

Incrementality
A measurement approach that assesses the true lift or additional impact generated by an ad campaign, beyond what would have occurred without the ad exposure.

Mediation layer
A system or process that prioritizes and routes ad requests across multiple demand sources (direct sales, SSPs, ad networks), based on business rules like fill rate, yield, or priority.

On-site retail media
Ads that appear directly on a retailer's website or app, including sponsored product listings, display ads or banners on a retailer's homepage or product pages, or videos embedded within a retailer's app. On-site retail media uses the retailers' first-party data, targeting shoppers already engaged with the retailer's platform.

Off-site retail media
Ads that appear outside of a retailer's website or app but still use retailer first-party data for targeting combined with third-party data sources. This can include social media (Facebook, Instagram, and TikTok), programmatic display or video, connected TV, and digital out-of-home.

Programmatic advertising
The automated buying and selling of digital advertising through real-time bidding systems, typically using demand-side platforms (DSPs) and supply-side platforms (SSPs).

Retail media
Digital advertising that takes place on retailers' owned and operated media platforms, including websites, mobile apps, and in-store displays. It enables brands to target shoppers close to the point of purchase, online and offline, by using retailers' first-party data, including browsing behavior and purchase history, to deliver highly relevant ads. Common formats include sponsored product listings, on-site display banners, and search ads.

Retail media networks (RMNs)
Advertising platforms developed and operated by retailers (e.g. Amazon, Target, Kroger, Walmart) that enable brands to promote their products across the retailer's owned channels. These include websites, apps, and in-store displays. RMNs are powered by first-party shopper data, enabling brands to enjoy highly targeted, measurable advertising at or near the point of purchase, driving sales and brand visibility. They benefit from closed-loop attribution.

SSP
Supply-Side Platform, a tool used to coordinate the supply and distribution of ad inventory to and from advertisers. See also **DSP vs SSP**.

SKU-level targeting
A granular targeting method that enables ads to be shown for specific product identifiers (SKUs), ensuring alignment between promoted products and inventory availability.
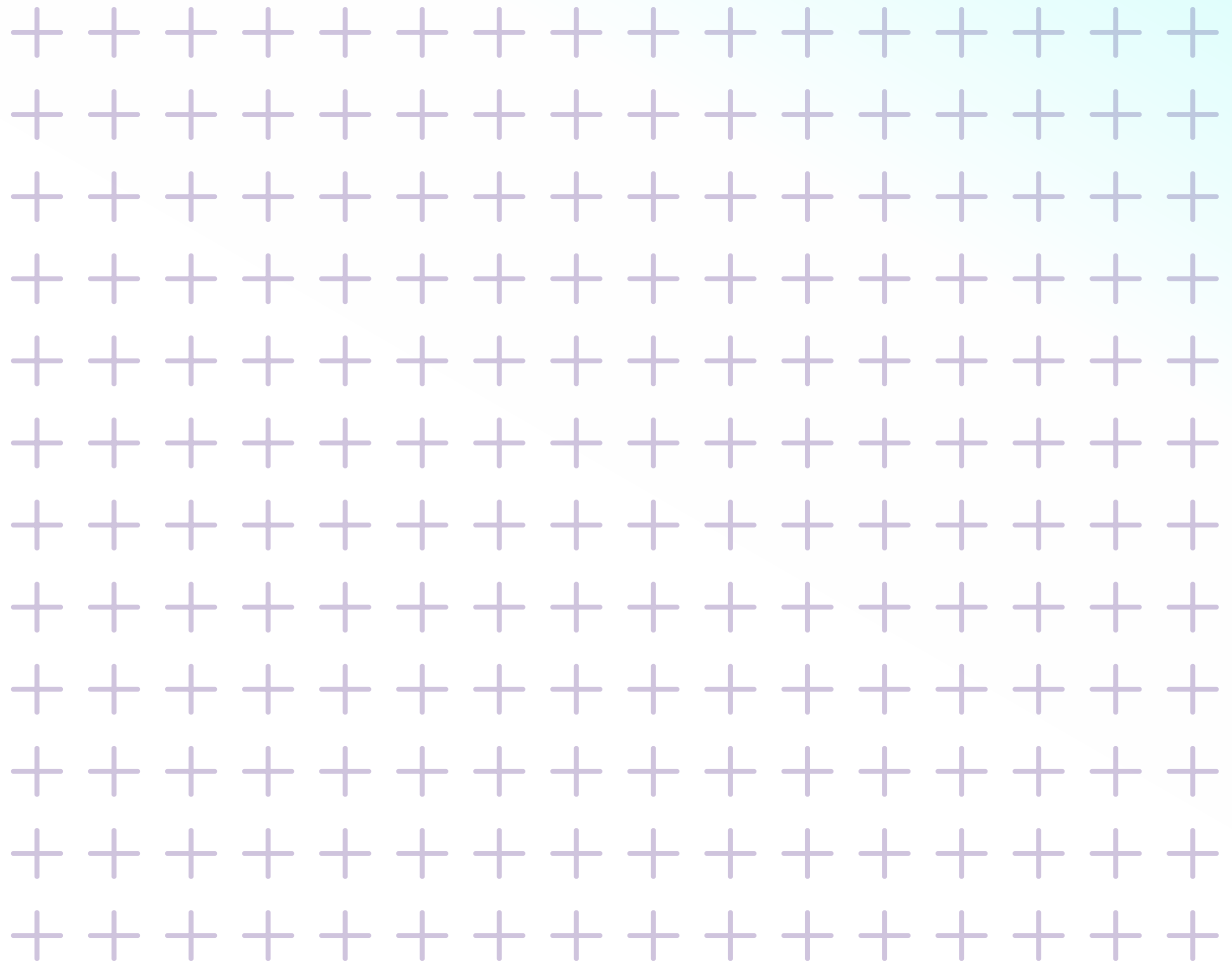
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About Koddi

Pioneering commerce media
Koddi is a global technology company specializing in commerce media solutions. Our platform suite empowers commerce media networks to monetize their unique assets through high-performance software and expert services. Built for scale and powered by advanced AI, Koddi's enterprise solutions leverage first-party data and a robust partner ecosystem to deliver seamless user experiences and precision targeting across the entire purchase journey.

Our story
In the early 2010s, quick internet searches were replacing travel agencies and booking agents. Top-tier hotels were suddenly finding themselves on page 3 of a Google search – a place very few travellers would ever see. As more and more brands struggled to stand out in a sea of competitors, the need for stronger advertising strategies and tools skyrocketed.

That's when two serial entrepreneurs decided that the travel industry deserved more.
We built a platform to simplify and personalize ad creation, targeting, management, and execution. Over time, it became clear that this approach could benefit more than just the travel industry. Since then, Koddi has grown to support both the buy- and sell-sides of media for multiple verticals such as retail, quick-service restaurants, automotive, and financial services. Our Koddi Ads suite of products enables companies to easily scale the monetization of their digital properties, while keeping control of their tech.

Today, Koddi pioneers the commerce media movement
Companies get all the tools, support, and flexibility they need to grow and scale their programs – no matter where they are in their commerce media journey. That's why so many industry leaders rely on Koddi.

Koddi. For all commerce media.™
For more info visit koddi.com
or get in touch via hello@koddi.com

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About The Human Instinct

This research study was conducted by The Human Instinct.

Where insight, data and wisdom meet.
The Human Instinct is an insight and strategy consultancy based in London that helps brands to overcome challenges that data analysis alone cannot solve. By providing innovative qualitative and quantitative intelligence, we stimulate new ideas, better thinking, and more informed decision-making that help brands understand what people really want. Incorporating AI analysis and building on today's increasingly data-driven environment, The Human Instinct represents the place where insight, data, and wisdom meet.

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