

White Paper

Identity Drives End-to-End Retail Media Outcomes

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IDC VIEW

Retail media has matured to a point where most retailers are in the game in some capacity. The retail media sector continues to expand at a clip of ~30% YoY. Today, 90% of the top 20 retailers already enable retail media sales operations through their own operations or partner engagement. Figure 1 shows a breakdown of retail media across a sample of retail subverticals based on IDC collected data.

This heightened level of competition means that retailers can no longer rely on force-fitted tech stacks and onsite visitor retargeting; it's time to purpose build for retail media. This white paper offers recommendations for retailers to set themselves up for long-term success.

FIGURE 1

Retail Media Examples Across Retail and Retail Subverticals

Notable Retail Media Networks (RMNs)												
CVS Media Exchange	Amazon Advertising	Walmart Connect	Best Buy Media Network	Roundel	Walgreens Advertising Group	Unlimitail (Carrefour)	Kroger Precision Marketing					
Orange Apron Media	Chesapeake Media (Dollar Tree)	Macy's Media Network	Hy-Vee RedMedia	Albertsons Media Collective	Northeast Grocery	AD Retail Media	Costco Retail Media					
Global Retailers Using RMNs				Delivery Companies Using RMNs								
Sainsbury's	Tesco	Carrefour	Boots	Ocado	Alibaba	Castorama	Brico Depot	Instacart	Shipt	DoorDash	Uber Eats	Peapod
North America Retailers Using RMNs												
Smart & Final	Albertsons	Kroger	Ahold Delhaize	Hy-Vee	Publix	Price Chopper	Peapod					
Meijer	Aldi	Piggly Wiggly	Wakefern	ShopRite	Walmart	Ulta	Sephora					
Lowe's	Home Depot	Macy's	TJX	Kohl's	Nordstrom	CVS	Walgreens					
Apple Store	Staples	Office Depot	Best Buy	Dollar General	Dollar Tree	7-Eleven	Rite Aid					
Target	Costco	Amazon	eBay	Wayfair	Chewy	Petco	DICK's Sporting Goods					

 Food and grocery	 Health and beauty	 DIY and garden	 Apparel, footwear, accessories	 Office supply/ electronics	 Discount/ thrift	 General merchandise	 eCommerce	 Other retail
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Source: IDC, 2025

Why Identity Matters

Despite balancing an ad portfolio, a key challenge for retailers and advertisers alike remains identification of the customer. Retailers have not lost the importance of targeting when building retail media networks (RMNs). Many retailers cobble together a variety of tools and martech to build a reasonable customer base to enable targeting. This might mean martech tools such as a CDP, loyalty management tools, PIM systems with adtech automation tools to drive ads on fixed ad space, and tools to capture variable ad space and customer personalization. With the deprecation of cookies, systems demand more compute resources for identification in real time. Tools for identity fingerprinting, capturing customer behavior, and AI have become critical parts of a martech toolbox. Person-level Identity is key to targeting, attribution, and data within the retail media ecosystem. It is also critical to both brand and performance conversion.

Effective Targeting

The retail media space offers advertisers a way to reach a unique set of customers ready to buy. At this decision-making point, consumers are also more receptive to branding messages. Advertisers are looking to target the right people at the right time, and this requires person-level identity information.

Person-level identity ensures a consistent identifier for consumers across multiple accounts and platforms they engage in. Retailers must achieve unique reach to achieve true scale. Only person-level identification offers this capability for unique matchmaking between customer and advertiser.

Accurate Attribution

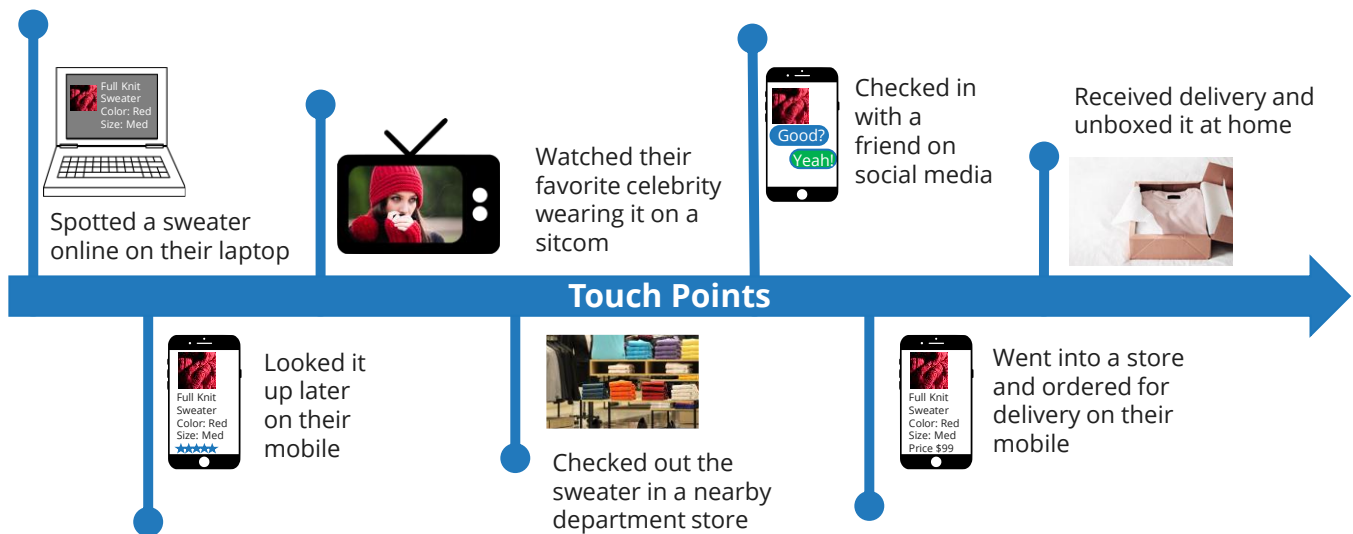
Attribution is highly dependent on identity because once a customer is identified, closure of a transaction must be recorded to assign value to the ad campaign, the ad itself, the customer, and the tools or channel used to deliver the ad. Attribution is, however, not an exact science, but more of an art. Attribution windows can be contested, and external factors can go unforeseen or just not considered. However, with AI, we will be seeing more external factors considered such as competitive impacts, coinciding promotions, and even weather influences on branding and performance of ads.

Tracking across all touch points becomes a compute challenge requiring strong attribution modeling and decisioning. Most retailers are unable to keep the promise of high attribution accuracy because of the nature of shopper buying. Customers purchase in a myriad of ways, and there is rarely a straight funnel process to a purchase (see Figure 2.)

FIGURE 2

Touch Points Convolute Attribution

FIFO, LIFO, and even averaging across attribution can be a challenge to process



Source: IDC, 2025

Actionable Data

When asked how much more valuable first-party retail data is over nonretail data, 87.9% of retailers responded over 10%, while 50.0% of retailers responded over 20%. The ability to target customers with first-party data is the backbone of the retail media transformation.

Data is key to establishing identity but, in many cases, data collected is incomplete, unclean, or irrelevant. This is especially true with customer information, where even with data enrichment solutions, the data doesn't necessarily build the identity necessary for optimal targeting. Tracking techniques track online behavior, IP addresses, and pre- and post-visits and noticeable patterns, but identity remains an inexact science.

Scaling Personalization

Personalization is the future trend for retailers, especially in improving customer engagement and loyalty. Targeting, attribution, and data can leverage AI tools and capabilities to focus on retail business metrics, but understanding the customer is the final leg in the process and scaling personalization across volumes of customer profiles is key.

Predictive and generative AI techniques can help fill in the incomplete customer gaps, correct manual errors, and categorize more effectively. Retailers work with partners to generate a complete profile of the customer en masse, leveraging AI. Rather than relying on traditional audience building tools using segments, AI capabilities are invaluable to retailers as they attempt to extend and optimize the volume of data they can monetize. Likewise, advertisers are more confident in targeting.

Future Proof RMNs with End-to-End Services

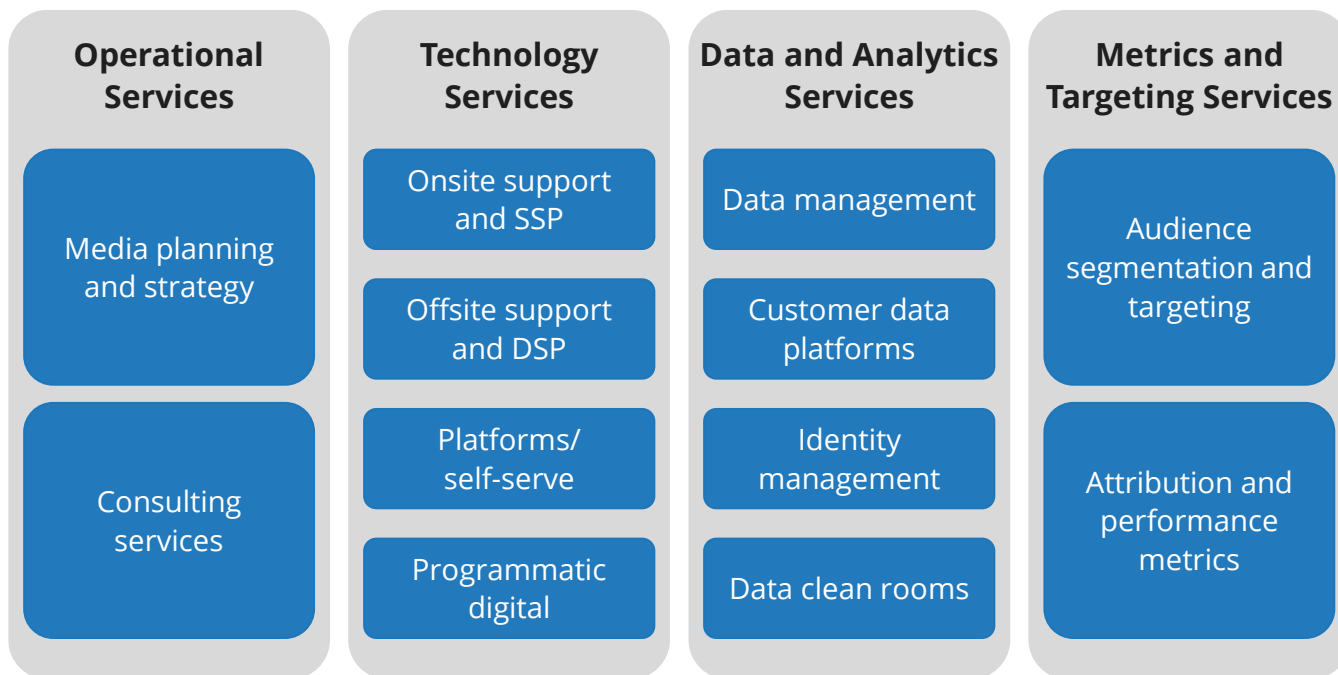
While providers design many RMNs on the back of complex combinations of martech and adtech tools, the most successful services strive toward a seamless holistic service (see Figure 3). The pros of end-to-end (E2E) service offer a more attractive, single point of engagement with high value:

- A typical end-to-end retail media service can rapidly scale up or down as retailers introduce new media or old media assets shift.
- The E2E system offers reliable control and visibility into the entire ad ecosystem, purchasing and displaying process.
- The system also ensures locked-in revenue and competent execution, especially when offered by a veteran retail media firm.

The cons also exist, including reliance on a single vendor and some dilution of revenue. The advantages clearly outweigh the disadvantages. The smart retailer will build for quality.

FIGURE 3

Components of an RMN Service






Source: IDC, 2025

RMN Maturity Shifts Effort

A mature retail media network can earn billions of dollars per year. Even those that aren't quite at the level of a highly advanced RMN can generate substantial value. The IDC Crawl-Walk-Run model for RMNs is shown in Figure 4. The model captures the critical components of building and deploying an RMN in various stages. As retailers and RMNs become more sophisticated, they may require additional modules more specific to their business, for instance, multichannel partnerships or technical integration with proprietary software for data access. Practitioners design the most mature E2E systems to grow with the retailer and enable the shifting changes, not quite making it future proof, but definitely future enabled.

FIGURE 4

Crawl-Walk-Run for RMN Maturity

Capabilities	 Crawl	 Walk	 Run
Onsite/offsite	<ul style="list-style-type: none"> Onsite Display Sponsored search 	<ul style="list-style-type: none"> Onsite Sampling Email/push Digital out of home Personalization 	<ul style="list-style-type: none"> Offsite/open web Social media Retargeting Onsite Localized pricing Coupon data Offsite/open web Predictive ad placement OTT/CTV Influencers
Channel	<ul style="list-style-type: none"> Digital focused 	<ul style="list-style-type: none"> Third party, standardize to CPG Ad process 	<ul style="list-style-type: none"> In-store, multichannel, external partnerships, exchange standards
Data	<ul style="list-style-type: none"> Localized Sourced: Site registrations, T-Log, commerce 	<ul style="list-style-type: none"> Enterprise Sourced: Multilevel loyalty programs 	<ul style="list-style-type: none"> Sourced: Distributed customer feedback, multilevel loyalty programs, aggregate category mgmt.
Metrics	<ul style="list-style-type: none"> Walled garden — aggregate reporting 	<ul style="list-style-type: none"> Closed loop 1:1 data Segment and ROAS reporting 	<ul style="list-style-type: none"> Programmatic (RTB, self-service) Product-level tracking, paid and organic Dayparting Bulk optimization
Adtech	<ul style="list-style-type: none"> Partner SSP DSP or none Inventory mgmt. Strategy, planning, and buying 	<ul style="list-style-type: none"> Partner DSP 	<ul style="list-style-type: none"> In-house SSP Inventory mgmt. Strategy, planning, and buying Partner Non-endemic strategy, planning and buying Clean room tech In-house DSP (optional)
Delivery	<ul style="list-style-type: none"> Sites Apps 	<ul style="list-style-type: none"> Audio/radio Streaming 	<ul style="list-style-type: none"> In-store checkout Digital signage Audio/radio Streaming In-store checkout Digital signage

Source: IDC, 2025

Technology and Application

The E2E approach offers RMN developers a special advantage when it comes to technology. Specifically, this approach allows the most advanced RMNs flexibility to integrate with legacy and underlying tech stacks by being technology agnostic. This capability sets the stage for continued growth as well as integration options across unique technology considerations specific to retailers and advertisers.

In-Store Advertising

A key growth opportunity remains in-store ad placement. The significance is tied to the 80% of retail sales that occur in the physical store. While this is a critical factor, few RMNs have been able to leverage in-store ad placement — but it remains high on the retailer's list. Almost 67% of respondents to IDC's *Retail Media Survey* identified that their RMN can or is expected to enable purchasing of in-store ad inventory. The focus on the store is critical as a future effort and domain builder for retail media. Even organizations such as the IAB announced in December 2024 a set of guidelines on In-Store Retail Media: Definitions and Measurement Standards.

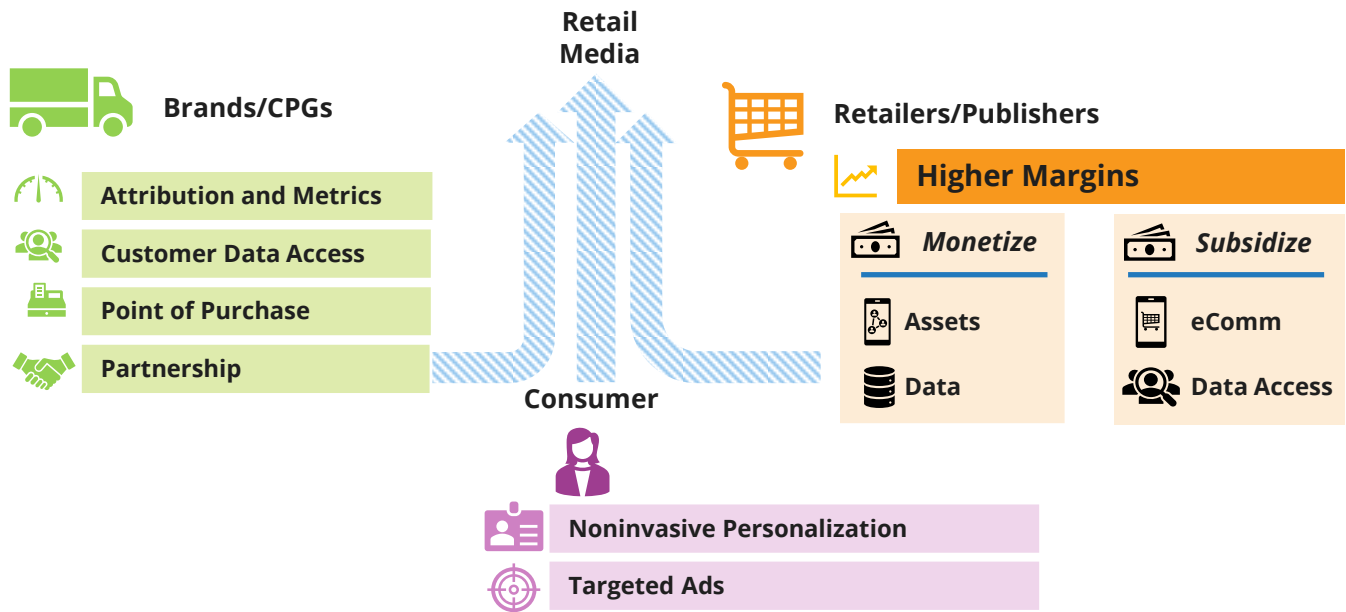
Just having the ambition to place in-store ads is not enough to activate ads for audiences. The foremost challenge for in-store is customer identity. Customer tracking usually takes place after product selection and customers complete their purchases. We see successful examples in just walk out technology and club stores where customers provide information before they buy. In addition, in-store digital ads require more infrastructure, power, digital signage, edge technology, and usually network connectivity to offer up even generic ad placement for customers. The in-store effort is plagued with several current headwinds, and hence it's not ready for prime time, regardless of retailer demand, but modern technologies, including AI, will help expedite this process. Such technologies will begin to show signs of value in the store as retail media evolves.

Launching and Growing a Retail Media Network

So what does it really take to launch an RMN? Starting up an RMN is a highly strategic decision and takes more than just a desire to monetize retail digital assets. The entire process needs to be thought of in terms of building a new business. The effectiveness of the business must consider the implied details from earlier — about maturity, data, attribution, market, market focus, and more. The crawl-walk-run model is a great starting point to thinking about retail media networks, but it's not set in stone. As modern technologies, new mediums, and even AI continues to change, RMN needs will change accordingly. More effective ways of reaching the client will be critical. What's important to consider is that the RMN will continue to be a marketing tool for advertisers, a monetization mechanism for retailers, and a personalization method for consumers. Figure 5 captures the three forces pushing retail media adoption.

FIGURE 5

Retail Media Forces



Source: IDC, 2025

New Business Isn't Old Business

The best RMNs establish themselves as a start-up business. A set of factors constrain retailers, however:

- New to media
- Purveyors of merchandise
- Sell to consumers, not businesses
- Source across a diverse set of products
- Own a limited set of digital assets
- Borrowing personal data from customers
- Sell tangible goods (versus intangible or digital goods)
- Encumbered by existing operations
- Limited native advertising talent

All of these factors cause friction in building and launching a successful RMN. The retailer is launching a completely new type of business and will use existing assets of the parent company such as first-person loyalty data, customer understanding of the market, existing supplier/advertiser relationships, and digital assets owned by the

parent. All of these are potentially landmines that can instantly send retailers into a tailspin as they try to manage their merchandising B2C business with their advertising B2B business. Retailers must understand their shopper, their data sets, and find partnerships to build their RMN. The advertising space is unique and retail media business units will mostly operate independently of retail operations.

Shopper and Data Understanding Is a Prerequisite

Critical to retailers is the need to think in terms of data and data relationships. While many retailers have already begun moving in this direction, much of retail is still far behind the curve in understanding their new B2B customers as well as how their offering plays a part in the broader ecosystem and strategic marketing mix of advertisers. CPGs and brands continue to leverage agencies that in many cases are given full decision-making powers over the funding allocated for advertising with value expectations. The retailer must understand the nuances of the CPG-agency relationship as well as ensure that the offering can solidly fit within broader strategy plans that encompass not only retail media but traditional and other digital media as well.

Retail Outcomes

Ahold Delhaize USA, one of the world's largest food retail groups, sought to understand how media drives in-store and online transactions. Disconnected solutions and measurement practices, along with inconsistent attribution models, made it difficult to measure media impact.

Partnering with Epsilon, the retailer implemented a new standard for shopper data onboarding, identification, and attribution. The retailer developed an attribution model using person-level identity mapping, enabling a complete picture of campaign influence on sales.

Ahold Delhaize USA unlocked stronger reporting for its brand partners.

Transactions were now trackable and omni-channel, allowing for precision campaign effectiveness. Results:

- 50% for halo sales across onsite display banner ads
- 50% for same SKU sales across sponsored product ads and onsite display banner ads combined.

"We are pleased to see how this more comprehensive, unified approach to measurement delivers stronger results with more consistency to allow for omni-channel digital campaign optimization." — Margit Kittridge, Retail Media Technology lead, Ahold Delhaize USA

Challenges and Expectations Don't Match

The top 3 factors for retailers in building their RMN are:

- Data issues at 36.2%
- Technology limitations in building and automation at 35.7%
- Staff/consultant expertise at 32.1%

These challenges don't correspond to the 66.0% of retailers that plan to develop their RMN business internally, while another 28.5% believe they will initially partner with a third party but later bring the business in-house. Only a tiny 4.5% are expecting to fully leverage partners and managed services.

Retailers can't just throw more resources at this disconnect between their challenges and expectations. The basic capabilities to deliver on the goals of their retail media network will require technology, data, and expert knowledge to bridge the gap.

Person-level identity is key to targeting, closed-loop attribution, data, and personalized scaled activation of ads. Without such capabilities, technology and staffing are rendered useless. Retail media requires retailers to work with partners that not only offer a broad set of services but also bring identity infrastructure, experience, and expertise to deliver results.

Even when retailers have plans to bring their RMN in-house, long-term, early partnerships with experienced providers differentiate successful efforts. Identity allows RMNs to tap into the key to advertising — targeting the right customer from the start, delivering performance and outcomes.

Outcomes Are Key

Retailers must focus on an end-to-end holistic view of their RMN operations. Separate business functions will stand out with some overlaps with IT teams for establishing online retail media assets and ad inventory. The end result must be business driven with a high reliance on initial partners in the field. Partners should support building and management of the network but also drive business value and smarter sales acquisitions and help transfer operational capabilities to the retailer. Identity at the core helps establish appropriate value targets, measure results, and offer an efficient transfer of management at the right time.

For retailers to realize the gains of retail media, across broad competition, there must be a focus on outcomes. Focus on outcomes means revenue from media sales, operational efficiency, and clear proof of added value. The joint business planning session with suppliers will be insufficient. Retailers establish a dedicated team and

resources to grow this new business, complete with targeting, metrics, and a media planning that leverages identity.

When considering retail media, retailers must consider strategic impact combined with tactical execution. Effectively, retail media is shifting retailers from tangible consumer merchandising to intangible business advertising offerings. The shift in the business model drives higher monetization, uses identity data, and enables user engagement. A well-oiled retail media machine will require internal retailer change management and external partner collaboration. With the right combination of both, retailers can realize media sales, higher profit margins, and use of first-party data across digital and physical environments.

Epsilon Profile

Epsilon helps retailers maximize their retail media potential with data-driven solutions that build a deeper understanding of each shopper and optimize outcomes across every channel. Through its comprehensive Epsilon Retail Media offering, Epsilon enables retailers to deliver precise, consistent, and scalable shopper engagement by combining advanced technology with practical application.

Today's retailers need to build meaningful connections with real shoppers while managing the complexity of omni-channel engagement. Epsilon addresses this need by offering a complete suite of retail media solutions that bring together activation, optimization, and measurement into a single, integrated platform powered by connected identity. This end-to-end approach empowers retailers to make data-driven decisions with confidence and deliver personalized experiences that drive results.

Epsilon Retail Media empowers retailers to:

- **Uniquely reach individuals:** Maximize their monetization opportunity by making all of their shoppers identifiable and reachable across their owned and operated properties and the open web — not just the shoppers that are easy to reach.
- **Activate smarter retail media:** Achieve real retail results through AI integrated in the company's ad server, SKU-based audience optimization and targeting, and identity-driven onsite capabilities.
- **Leverage a complete solution:** Integrate seamlessly with existing systems and tools through a more complete and flexible retail media offering that provides everything needed to build and scale retail media, with modular solutions that can also be plugged into existing stacks as required.

- **Optimize cross-channel visibility:** See the full picture of their retail media impact via identity-driven omni-channel standard attribution, from onsite to the open web.
- **Get honest measurement:** Measure outcomes holistically, with brand and SKU-level reporting, to track performance honestly and transparently across channels and optimize campaigns with confidence.

By uniting advanced technology with flexible integration, Epsilon Retail Media delivers a complete solution that retailers can use as an integrated platform or modular offering. Whether building on existing capabilities or deploying a full retail media strategy, Epsilon provides the tools needed to expand audiences, optimize inventory, and drive sustainable growth. In a fast-paced retail environment, Epsilon helps brands forge lasting connections with shoppers through intelligent, data-informed decisions.

Challenges/Opportunities

Regardless of the partner, not everything turns out perfect or smooth, especially when considering advertising across thousands of products and multimodal capabilities. While we outlined some of the steps to march on a path toward growing an RMN, two inherent challenges must be addressed:

- **Change management:** As mentioned previously, for retailers, media is a new business, and many teams have a limited number of employees experienced working with retail media, targeting, attribution, and ad marketing goals. There is also significant attention on digital website management that keeps new ad inventory in line with retail style, visuals, and site placement. Retailers must test customer impact as well as address concerns from ecommerce, merchandising, and promotions teams before rolling out sponsored ads. Last, technical challenges will be paramount if customer data is not easily available. Sometimes, the retailer must fill in the gaps, especially with respect to data for identity tracking and ad placement.
- **Marketing mix:** In addition to building out the RMN, steps must be taken to engage advertisers through a selling platform that connects the advertiser (or their proxy such as ad agencies) within the context of advertiser marketing planning. Typically, smaller retailers usually can't find enough ad inventory. Eventually, they rely heavily on offsite ad placement that dilutes the internal customer targeting without identity metrics to support advertiser results. A typical CPG or brand marketing mix will include top RMNs first, and newer or smaller ones will be given smaller pieces of the pie — and only if the compatibility and administration between systems is flawless. The advertising challenges don't vanish. Keeping your eyes on the prize is critical in yielding appropriate results, and that means building, testing, and selling.

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