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AI IN RETAIL AND COMMERCE MEDIA GUIDE

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INTRODUCTION

AI adoption across the advertising and commerce ecosystem is accelerating rapidly, reflecting a broader economic shift with widespread productivity gains rather than large-scale displacement.

Accelerating Adoption

Most companies already use AI-based tools, with no signs of reduced investment and strong expectations for continued growth. AI revenue is projected to rise from $200 billion in 2023 to around $1.4 trillion by 2029, and 61% of jobs in Europe are expected to be augmented by generative AI.

Governance Gap

Despite strong adoption, governance remains inconsistent. While most companies have general AI guidelines, fewer than half have policies specific to marketing and advertising. Privacy concerns are the most significant barrier to wider use, followed by skills gaps.

The Direction of Travel

AI is becoming a foundational capability for commerce media. As adoption grows, the industry will need stronger standards, clearer governance and shared best practices to ensure responsible, effective and interoperable use across the ecosystem.

Within marketing and commerce media, targeting and content generation are currently the most common AI applications, delivering measurable KPI improvements for many ad tech firms and agencies. Findings from **IAB Europe's 2025 AI Adoption Report** highlight that publisher benefits are emerging more gradually, but interest in new AI-driven environments is high, with more than 80% of organisations exploring opportunities to buy or sell media on consumer-facing AI platforms.

This Guide, developed by members of IAB Europe's Retail and Commerce Media Committee, provides practitioners with practical and actionable direction on how AI is being applied across retail and commerce media today, and how to use these capabilities responsibly and effectively across key use cases.

SECTION 1 - WHY AI MATTERS IN RETAIL & COMMERCE MEDIA TODAY

AI revenue is projected to grow from roughly $200 billion in 2023 to around $1.4 trillion by 2029, reflecting the scale of the emerging commercial ecosystem. For labour markets, the outlook is similarly significant: 61% of jobs in Europe are expected to be augmented by generative AI, with only a small proportion likely to require long-term transition.

Within retail and commerce media, AI has already become a foundational capability because it addresses the scale, complexity and speed that now define the ecosystem. Programmatic environments already generate enormous data volumes—"20M impression opportunities every second, 10 milliseconds to decide, and thousands of variables per campaign"—creating decisioning challenges far beyond human capacity. Commerce data compounds this further due to the diversity and complexity of product selection, making AI essential for extracting value from these vast, fast-moving datasets.

"20M impression opportunities every second, 10 milliseconds to decide, and thousands of variables per campaign"

From a paid media perspective, AI enables significant efficiency gains. It helps maintain or grow business outcomes even as budgets come under pressure, particularly in categories where competition from own-label brands is intensifying. AI-driven optimisation can reduce waste, improve targeting accuracy and support more effective planning across increasingly fragmented channels. However, objectivity remains critical: "AI systems are only as objective as the incentives they're built around", meaning marketers must ensure that optimisation aligns with their business outcomes rather than competing interests within the ecosystem.

AI is also reshaping earned and consumer-facing environments. Shoppers are increasingly using AI to search, compare and validate choices in real time, often at the point of purchase. Research shows that "67% of AI-using grocery shoppers switch brands after checking their phone in store", signalling a shift from linear decision-making to dynamic, AI-mediated evaluation. This compresses the traditional funnel: discovery, comparison and choice now occur simultaneously, with price transparency, reviews and perceived value acting as immediate triggers for change. Early forms of agentic commerce are also emerging, with AI assisting in tasks such as list building, price tracking and reordering, influencing consideration even when shoppers retain final control.

"67% of AI-using grocery shoppers switch brands after checking their phone in store"

In physical retail, AI is enabling a transition from selling screen time to selling verified impressions. Real-time audience intelligence—powered by computer vision and probabilistic profiling—turns in-store screens into addressable, measurable media inventory. As this guide notes, this shift allows brands to target "real shoppers rather than relying on location or time-of-day proxies", integrating physical retail into omnichannel programmatic strategies. This reduces fragmentation and supports unified audience-based planning across on-site, off-site and in-store environments.

On the industry side, AI is improving operational efficiency for retailers, commerce media networks and media buyers. It is already delivering value in forecasting, anomaly detection, campaign recommendations, natural-language reporting, workflow automation and relevance ranking. These capabilities help teams manage growing complexity, surface insights faster and make better decisions across formats and channels. For networks, AI can enhance monetisation without compromising customer experience; for buyers, it can reduce wasted spend and identify opportunities more quickly.

As AI adoption accelerates, responsible practice and shared standards become essential. Trust depends on transparent data use, clear governance, human oversight and interoperability across partners and systems. Without these foundations, AI risks increasing fragmentation rather than reducing it. The real opportunity is not full automation but the practical application of AI in ways that are "useful, measurable, responsible, and clearly linked to better outcomes."

Overall, AI matters in retail and commerce media today because it enhances consumer experiences, improves operational efficiency, enables more precise and scalable media activation, and supports better decision-making across an increasingly complex ecosystem. It is reshaping how shoppers discover, evaluate and choose products, while giving industry stakeholders the tools to meet rising expectations with relevance, transparency and trust.

SECTION 2 - KEY AI DEFINITIONS FOR RETAIL & COMMERCE MEDIA

CORE AI CAPABILITIES

Predictive AI

Predictive AI refers to using machine learning models to analyse data and estimate what is likely to happen next. In retail and commerce media, these models may support forecasting, bidding, inventory planning, audience modelling, or performance prediction.

Generative AI

Generative AI refers to the use of prompt-driven models that produce outputs such as text, images, summaries, recommendations, or code by processing natural language. In retail and commerce media, these models may be used for reporting, creative support, natural language analysis, or workflow assistance.

Agentic AI

Agentic AI refers to systems that are driven by large language models and have integrated capabilities to perform actions.

AGENT CONCEPTS & WORKFLOWS

Agentic workflow

An agentic workflow is a multi-step process run by an AI agent. For example, an agent may detect an underperforming campaign, analyse the cause, recommend changes, and prepare the next action for review.

AI agent

An AI agent is a goal-directed system that autonomously selects actions based on its observations and internal state to influence an environment through actions. Advanced systems can carry out tasks of increasing complexity depending on their instructions.

USER INTERACTION & INTERFACES

Context window

A context window is the amount of information an AI model can consider at one time. A larger context window may help the model understand more history, instructions, or supporting material in a single interaction.

Conversational interface

A conversational interface allows a user to interact with a system through natural language rather than standard menus, filters, or dashboards. This can make complex platforms easier to use, especially for non-technical users.

ACCESS, PERMISSIONS & CONTROLS

Read access

Read access means an AI system can view and analyse data, but cannot change anything. This is often the safest starting point for AI in reporting and analysis.

Write access

Write access means an AI system can take action, such as changing settings, updating budgets, or launching workflows. This usually requires stronger controls, approvals, and monitoring.

Role-based access control, or RBAC

RBAC is a permissions framework that determines what a person, system, or AI tool is allowed to see and do. In AI-enabled environments, RBAC is important because it helps ensure that access and actions remain appropriate to each role.

Evals

Evals, short for evaluations, are the tests used to assess how well an AI system performs. They help teams measure whether the system is accurate, reliable, safe, and useful for a specific task. In retail and commerce media, evals may be used to assess things like reporting quality, recommendation accuracy, workflow consistency, or whether an AI system follows business rules correctly.

ARCHITECTURE, INTEGRATION & PLATFORM CONCEPTS

Vendor lock-in

Vendor lock-in happens when a company becomes too dependent on one provider's models, tools, or infrastructure, making it difficult or costly to switch later. This is an important issue as AI capabilities are changing quickly.

Model Context Protocol (MCP)

MCP is an emerging standard for connecting AI systems with external tools, data, and services in a more consistent way. The goal is to make integrations more portable and reduce dependency on one provider's closed setup. Adoption is still developing and implementation may vary.

Progressive capability

Progressive capability describes the idea that, as the underlying platform, API, or connected tools improve, the AI system can take on more useful tasks over time. This allows organisations to start with lower-risk use cases and expand carefully.

AI engine optimisation, or AIEO

AIEO is a developing term used to describe how brands, retailers, and publishers improve their content and data so AI-driven systems can better discover, interpret, and recommend them. The exact definition is still evolving, so organisations should use the term carefully and explain what they mean in practice.

SECTION 3 - AI USE CASES ACROSS THE RETAIL & COMMERCE MEDIA WORKFLOW

AI is increasingly embedded across the retail and commerce media workflow, supporting both consumer-facing experiences and industry operations. While broader applications such as planning, workflow orchestration and general optimisation continue to mature, several use cases are emerging that are specific to retail and commerce environments.

Audience Insights, Segmentation and Activation

AI enhances the ability to identify patterns in customer behaviour, purchasing signals and campaign performance that would be difficult to detect manually. This supports more effective audience discovery, segmentation and targeting, particularly when working with large volumes of first-party retail data.

Agentic tools can translate complex audience patterns into clear, actionable segments—for example, generating audiences optimised for incremental sales or aligning new AI-generated segments with the original targeting intent. AI can also help match media strategy to business outcomes, such as adjusting bid strategies across multiple retailers to maximise ROAS.

Media Planning and Cross-Retailer Coordination

AI can streamline planning by estimating budgets, predicting likely outcomes and recommending optimal channel or format mixes. This is especially valuable when planning spans multiple retailers or combines on-site, off-site and in-store media. By turning fragmented data into clearer recommendations, AI reduces manual effort and helps teams navigate the complexity of a multi-retailer ecosystem.

Although AI cannot replace the need for shared standards and interoperability, it can make cross-retailer planning, buying and measurement more consistent and scalable.

Creative Generation and Dynamic Optimisation

Generative AI supports the rapid creation of copy, imagery and creative variations, enabling marketers to tailor assets to different placements, formats and audiences. It can also help bridge the gap between scaled programmatic activations and retailer-specific creative requirements, such as unique sizes or guidelines.

Combined with performance data, AI can dynamically optimise creative by identifying which formats or messages are most likely to drive engagement or sales. Human oversight remains essential to ensure brand consistency, compliance and consumer trust.

Product Discovery, Search and Shopping Agents

AI is reshaping how consumers discover and evaluate products. It improves search relevance, enhances recommendations and interprets natural-language queries more effectively. This is increasingly important as conversational interfaces and AI-assisted search tools—both retailer-specific and general-purpose—become part of the shopping journey. Retailers and commerce media networks must adapt how products, ads and recommendations are surfaced, particularly as AI-driven search becomes a gateway to monetised discovery. Some aspects of this space remain uncertain, including whether consumer-facing AI tools will adopt subscription or advertising-funded models.

Inventory Forecasting, Pricing and Yield Management

AI can estimate future demand, available inventory and expected campaign performance, improving forecasting for sponsored placements and broader media supply. It also supports pricing decisions by analysing patterns in demand, competition and seasonality. These capabilities help retailers and networks manage inventory more effectively and plan commercial strategies with greater confidence.

Campaign Optimisation, Measurement and Reporting

AI can detect pacing risks, delivery issues, budget inefficiencies and performance opportunities more quickly than manual processes. It also enhances reporting by summarising large datasets, identifying key drivers of change and supporting more advanced measurement approaches such as incrementality testing and attribution analysis. These capabilities help advertisers reduce wasted spend and improve performance across on-site, off-site and in-store channels.

Across all these use cases, the greatest value comes from combining AI with high-quality data, clear workflows and responsible governance. AI can significantly improve efficiency, relevance and decision-making, but its impact depends on how well it is integrated into real operational processes and aligned with transparent, trusted industry standards.

SECTION 4 - PRACTICAL TIPS FOR IMPLEMENTATION

Effective AI adoption starts with a clear business problem. Teams should identify the workflow challenge—such as forecasting, reporting, audience analysis, creative production or optimisation—before selecting tools or models.

It is useful to distinguish between predictive and generative AI. Predictive AI is well-suited to structured tasks like forecasting, pacing, bidding, pricing and inventory planning. Generative AI is more effective for reporting, summarisation, creative support and conversational interfaces. Both create value, but they require different evaluation criteria and controls.

Many predictive use cases are mature today, including forecasting, anomaly detection and optimisation support. Generative AI is also practical for reporting and workflow assistance, though it typically requires stronger review and governance. Over time, organisations are likely to progress from AI-assisted analysis to more agentic workflows that can recommend or prepare actions within defined limits.

Deciding whether to buy or build depends on context. Buying is often faster and more reliable for common capabilities, while building may be appropriate for highly specific workflows or where tighter control over data and interfaces is required. Most organisations will adopt a hybrid approach.

Before implementation, several foundations must be in place: high-quality data, clear processes, cross-functional alignment, defined workflow integration and clear permissions. Success also depends on defining measurable business value early—such as time saved, improved accuracy, better media performance or reduced manual errors.

Pilots should test technical performance, usability, trust and operational fit. If successful, a controlled rollout with clear ownership and regular review helps ensure stability before scaling.

Governance

Strong governance is essential. Organisations should define what AI can do, who is accountable, which actions require approval and how quality will be monitored. This may include accuracy, pacing stability, creative compliance or adherence to business rules.

Vendor Evaluation

When evaluating vendors, teams should look beyond AI claims and assess whether the solution solves a real workflow problem, how quality is measured, what guardrails exist, how portable the setup is and how easily it can scale.

Common Pitfalls

Common pitfalls include poor data quality, weak alignment, unclear success criteria and over-reliance on immature capabilities. The most successful programmes start small, measure value clearly and scale only when operational foundations are ready.

SECTION 4.1 - PRACTICAL TIPS FOR AGENTIC SEGMENTATION, MEASUREMENT AND OPTIMISATION

AI can support stronger business outcomes in commerce media by improving how audiences are defined, budgets are allocated and impressions are evaluated. Several practical considerations can help teams implement agentic segmentation, measurement and optimisation effectively.

01

Configure the Right Level of Control

AI systems typically offer a spectrum between full automation and full user control. In commerce media, flexibility is important: teams may want automation for some tasks (e.g., time-of-day adjustments) while retaining manual control for others (e.g., inventory selection). Choosing platforms that allow granular control on a per-activation or per-use case basis helps ensure AI is applied where it adds value.

02

Use AI to Enhance Segment Creation

Beyond manually built segments, AI can generate audiences based on campaign goals, free-text descriptions of target personas or behavioural signals such as purchase recency, value or category engagement. Blending human-defined and AI-generated segments often produces the strongest results.

03

Optimise Budgets Toward Business Outcomes

Commerce media should be optimised not only to media metrics but also to expected business results such as incremental sales or ROAS. AI can help align bidding and budget allocation with ideal customer profiles and long-term value indicators, provided the optimisation logic is objective and outcome-driven.

04

Use AI to Evaluate and Filter Impressions

Because available supply typically exceeds demand, selecting the highest-value impressions is critical. AI can analyse large volumes of opportunities in real time to identify those most likely to deliver business impact. Allowing AI to evaluate all available supply—rather than restricting inventory arbitrarily—helps maximise ROI.

05

Apply AI-assisted Identity for Measurement and Frequency Management

Privacy-safe identity resolution is essential for measuring commerce media across channels and avoiding over-reliance on last-touch attribution. AI can help map pseudonymous signals to understand cross-channel influence—for example, how in-store exposure interacts with CTV or digital ads—and support frequency capping and deduplication across environments.

SECTION 4.2 - PRACTICAL TIPS FOR AI SEARCH AND SHOPPING AGENTS

In the age of AI, the digital "store shelf" is shrinking. As AI assistants and summarised search results take over, brands are finding it harder to be seen. For retailers, this is a massive opportunity: they are becoming the new gatekeepers of visibility. However, to succeed, retailers must move beyond just selling ads; they must become high-tech data powerhouses.

The following is a checklist for retailers and commerce media networks to review as part of this transformation.

Data Foundations: Clean, Structured, Machine-Ready

Data Hygiene — Audit and clean product, customer and behavioural data; remove duplicates, fix taxonomy, enforce structure.

Outcome: Higher AI accuracy, better targeting, reduced wasted spend.

Structured Catalogues — Ensure product feeds are complete, consistent, and machine-readable (attributes, images, descriptions, pricing, availability).

Outcome: AI agents can "understand" and recommend your products.

Quality Monitoring — Set up ongoing checks for accuracy, freshness and completeness.

Outcome: Continuous improvement in prediction and personalisation.

Replacing the "Missing Shelf" in AI Search

AI-First Ad Inventory — Create premium placements designed for AI-summarised search and conversational commerce.

Outcome: Brands can buy back visibility lost in AI Overviews.

Attribution Proof — Provide transparent measurement linking AI-driven placements to conversions.

Outcome: Stronger brand trust and increased budgets.

Performance Benchmarks — Share clear metrics (incrementality, ROAS, uplift).

Outcome: Easier justification for brand investment.

Preparing for AI Agents & "Robot Shoppers"

Machine-Readable Inventory — Optimise feeds for ingestion by external AI agents (Gemini, Siri, Alexa).

Outcome: Your products surface in automated shopping flows.

Intent Understanding — Use AI to interpret natural-language queries, not just keywords.

Outcome: More relevant product recommendations for complex queries.

API Accessibility — Provide structured access points for AI agents to query stock, price and availability.

Outcome: Higher inclusion in agent-driven shopping journeys.

Aligning Tech + Business

Cross-Functional Teams — Integrate marketing, product, data science and engineering.

Outcome: Faster iteration and better AI-driven outcomes.

Pilot → Scale — Start with one high-impact use case (e.g., search, recommendations, pricing).

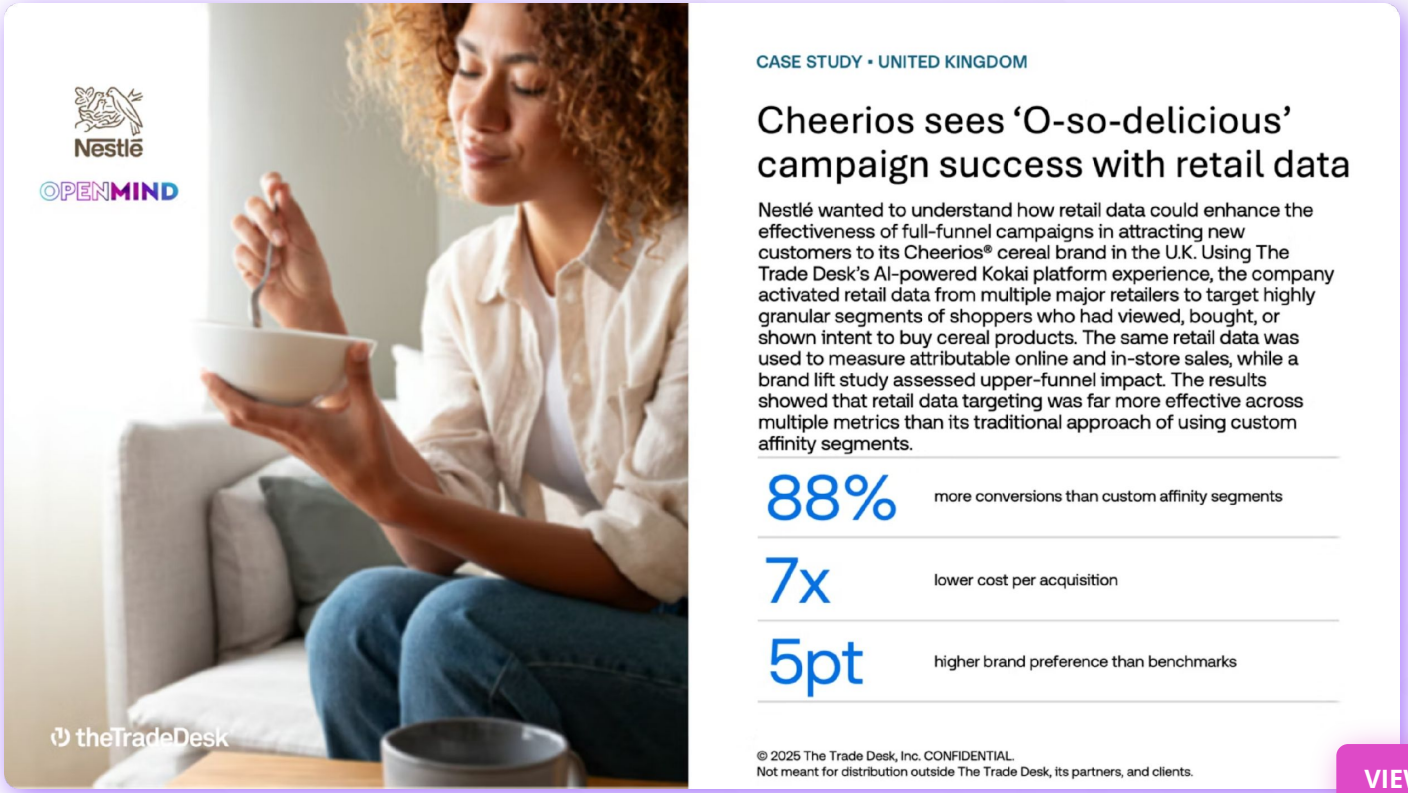
Outcome: Quick wins that build internal momentum.

Business-Friendly AI Communication — Translate AI outputs into simple commercial language.

Outcome: Better decision-making and stakeholder buy-in.

SECTION 5 - CASE STUDIES

Case Study: The Trade Desk — Nestlé uses retail data and AI to measure conversions and lower CPA by 7x



VIEW CASE STUDY

Case Study: The Trade Desk — Campari uses AI-driven omnichannel optimisation to boost conversions

CASE STUDY • GERMANY

Campari boosts conversions by up to 260% with omnichannel optimisation

To strengthen its summer brand presence in Germany's competitive aperitif market, Campari sought to connect its previously separate channel campaigns into a single, data-driven strategy. Working with its agency, Mindshare, the brand launched its first omnichannel campaign using The Trade Desk's omnichannel optimisation feature on Kokai. This enabled dynamic delivery across connected TV, online video, display, and digital out-of-home, supported by retail data-driven targeting and cross-channel retargeting. The result was a unified and efficient campaign that drove measurable improvements in brand awareness, conversions, cost per acquisition, and other key performance metrics.

260%	increase in household conversions with three channels, compared to display only
32%	lower cost per acquisition for optimised impressions versus non-optimised impressions
5.5%	increase in unique household reach due to frequency capping

VIEW CASE STUDY

Case Study: Advertima — From Screens to Performance Media: A Global First (Audience-Based Programmatic Case Study)

Audience-Based Programmatic Activation & Measurement Case Study

Global First Proof: Online-Like In-Store Performance Media

Carrefour

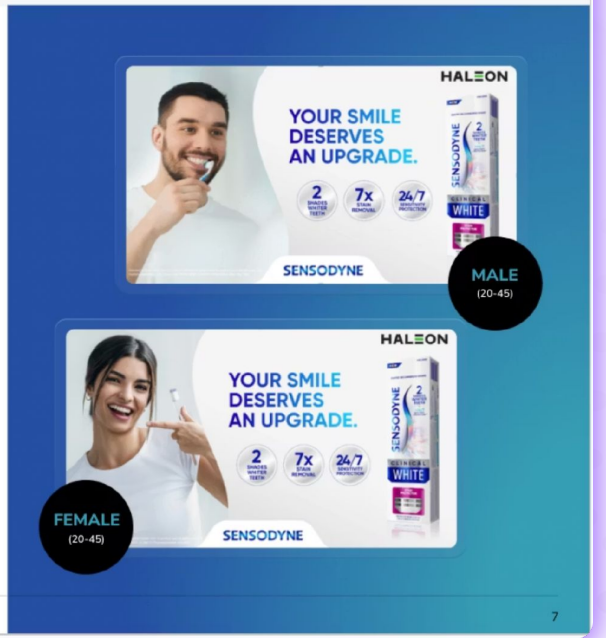
HALEON

Executive Summary

THE CHALLENGE	Sensodyne (Publicis) wanted to precisely engage shoppers aged 20–45 in Carrefour UAE.
THE STATUS QUO	Traditional "loop-based" ads play to empty aisles or the wrong demographics, wasting budget.
THE GOAL	Prove that Audience-Based Programmatic Activation yields better sales and efficiency than mass broadcasting.

Advertima Intervention

THE TECH	Advertima integrated with The Neuron (DSP) and PlaceExchange (SSP) to enable audience-based in-store bidding.
THE MECHANISM	The system detected and targeted shoppers (Gender/Age) in front of screens in real-time.
THE ACTION	Specific creative assets (e.g., "Whitening" vs. "Stain Removal") were triggered programmatically only when the target audience was present.



Advertima

7

AI Audience-Based Programmatic Activation & Measurement Case Study

Impact: Record Sales Uplift & 3x Efficiency

Benefits & Outcome

+68% — **SALES UPLIFT**
Incremental SKU Sales (Programmatic Targeted vs. Baseline).

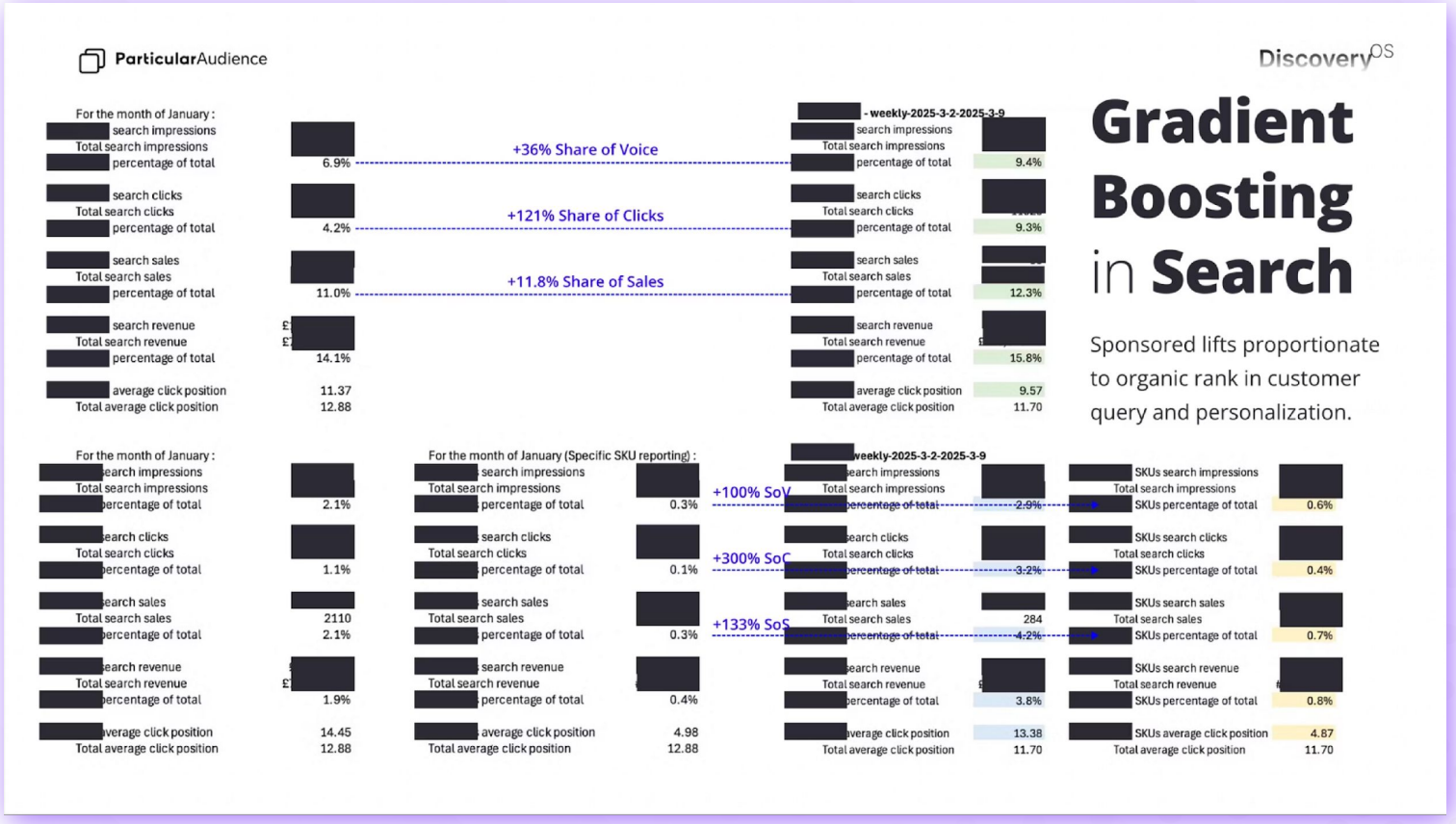
+300% — **MASSIVE EFFICIENCY**
Mass targeting required 3x more impressions to generate the same 1% sales lift.

+44% — **SPEED TO REACH**
Faster to reach the target audience volume compared to standard delivery.

The Enablers

Retailer	Carrefour UAE
Agency	Publicis
DSP	The Neuron
SSP	PlaceExchange
CMS	Grassfish
Audience Intelligence	Advertima

Case Study: Particular Audience - Gradient Boosting in Transformer (Vector) Search for Appliance Retailer & Two Major White Goods Suppliers



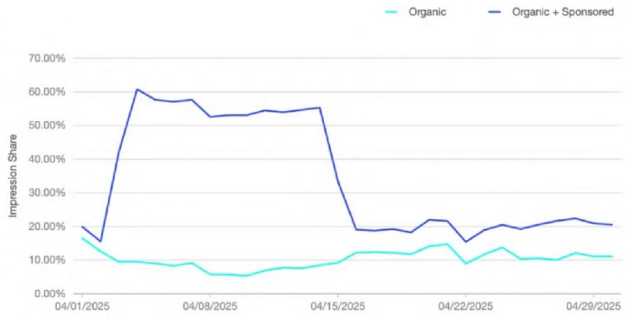
Case Study: Particular Audience - With & Without Predictive AI in Retail Media Sponsored Product Placements

ParticularAudience

Discovery[OS]

A Cautionary Tale: Bid vs. Relevance

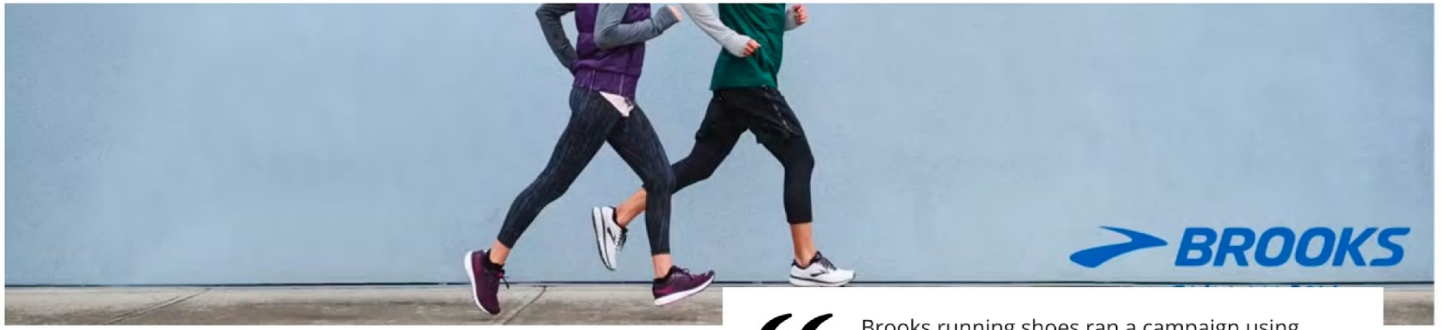
A Trade-Off in Scale vs. Performance



1. turning **off** Relevance in favour of Bid increased ad scale +9x
2. retail media CTR drops **-87.3%**, spend **+2x**, ROAS volatility spikes
3. overall CTR drops **-82.5%** on desktop and **-59.9%** on mobile

> This beauty retailer enjoys an average 2.2% CTR (click through rate) on promoted item (merchandise boost + retail media) campaigns. In order to drive scale, they tested Bid strategy instead of Relevance. CTR plummeted to an average of 0.28%.

Case Study: Particular Audience - Cross-Selling Using Predictive AI for Retail Media Sponsored Product Placements



+102.7%

Increase in sales for sponsored items

16.6x

Return on investment

2.5%

Sponsored click through rate

1.13%

Sponsored click conversion rate

> Brooks running shoes ran a campaign using Carousel / Relevance strategy achieving 84% of sponsored impressions and 80% of clicks occurring on complementary and competing supplier brand product detail pages.

Circa half of sponsored product sales occurred as cross-sells to complementary items as referrer, with half of sponsored sales coming from competitive conquests. Asics, followed by New Balance, were the brands most negatively impacted by Brooks' sponsored product campaign.

Powered by ParticularAudience

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