

THE CONVERGENCE AND COEXISTENCE OF TRADE AND MEDIA IN RETAIL MEDIA SERIES

THE CASE FOR BREAKING DOWN BUDGET SILOS

As trade and media continue to blur, both retailers and brands are realising that rigid budget structures are holding back performance. True growth will come from embracing fluidity – while finding new ways to manage the operational and political complexity that comes with it. This short guide outlines the rationale behind the need and complexity associated with it.

IAB US and IAB Europe surveyed some of the largest retailers across both continents. Respondents show partial convergence of trade and retail media budgets: clear agreement on some media (on-site sponsored products, on-site display) as Retail Media, but many activations remain ambiguous and are treated variably across organisations. The main frictions are differing KPIs, internal budget ownership/politics, and inconsistent reporting standards. What can help them is standardised definitions, P&L mapping, and unified measurement to accelerate convergence.

HOW ARE BRAND ACTIVATIONS QUALIFIED TODAY?

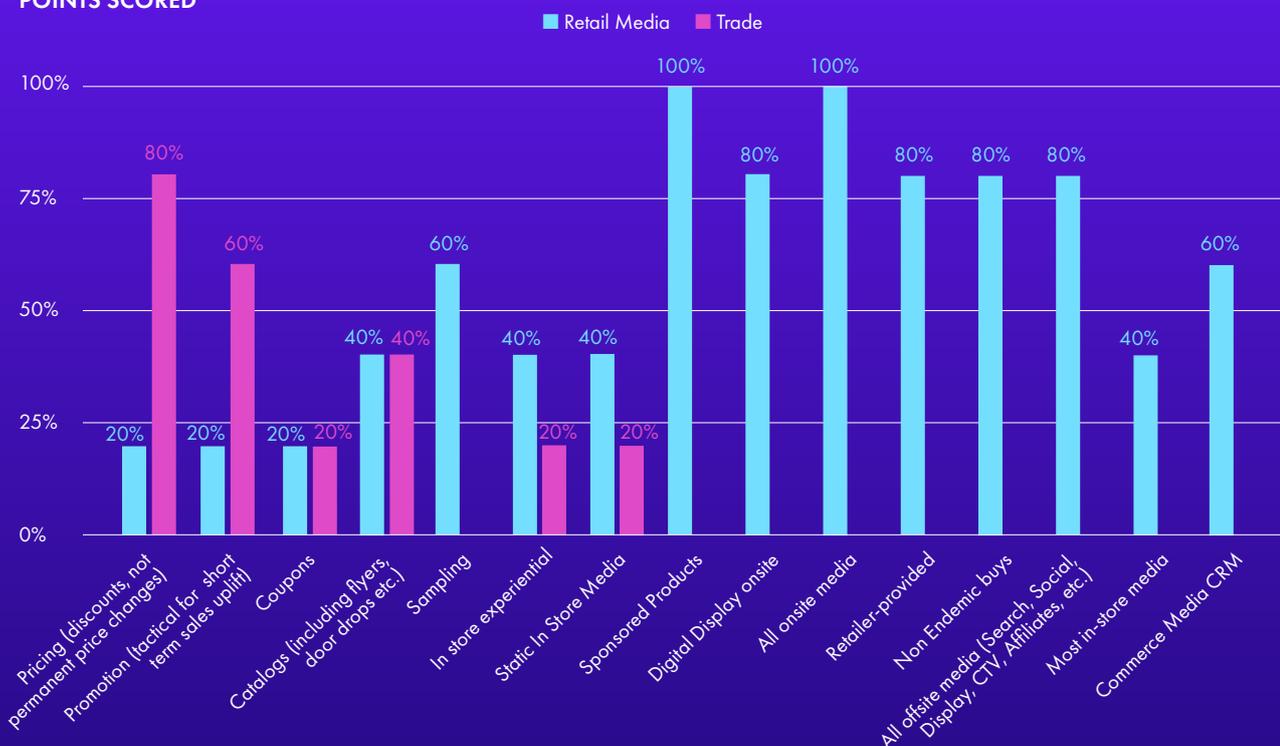
When asked how they qualify each brand activation today, responses were diverse. Some items (Sponsored Products; All onsite media; Digital onsite; Retailer analytics) are clearly classified as Retail Media, while pricing, promotions, and coupons skew toward Trade or Grey Area – many items remain ambiguous.

HOW ARE MEDIA INVESTMENTS REPORTED ON

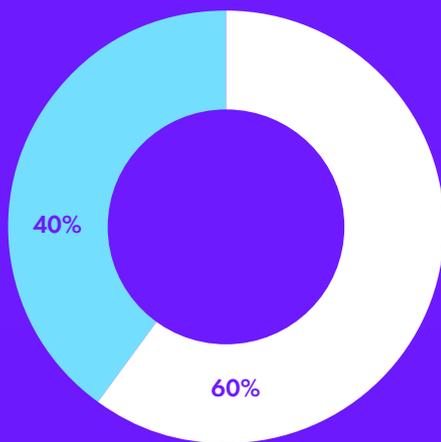
The survey results reveal that most retailers report Retail Media and Trade as separate – or largely separate – investment lines, even though allocation decisions are typically managed jointly. In terms of P&L ownership, Retail Media sits in different parts of the organisation, with responses split across Commercial teams, Retail Media teams, joint ownership, and centralised budgets.

FOR EACH LINE ITEM BELOW, PLEASE SELECT HOW IT IS CLASSIFIED INSIDE YOUR ORGANISATION

POINTS SCORED

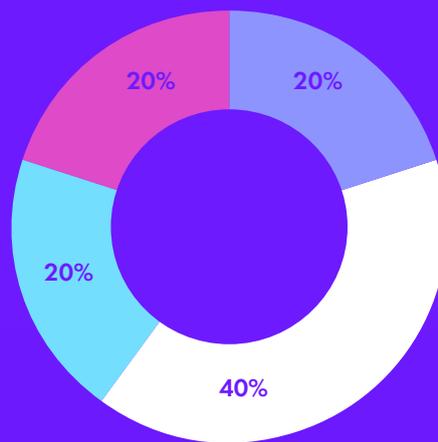


ARE REVENUES FROM RETAIL MEDIA AND TRADE/COMMERCIAL TREATED AS SEPARATE CATEGORIES INSIDE YOUR ORGANISATION



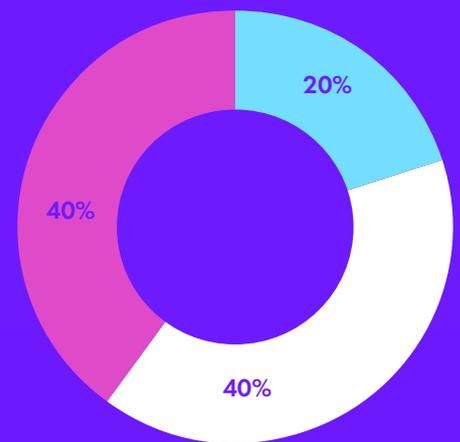
- Yes
- Mostly Yes with some exceptions

IF YOU ANSWERED YES OR MOSTLY YES TO QUESTION 5, WHICH P&L DOES RETAIL MEDIA FLOW INTO?



- Retail Media teams
- Commercial teams
- Both
- We don't explicitly allocate to a P&L (e.g., centralised budgets, holding company, globally held)

ARE YOU SEEING BRAND BUDGETS ACROSS TRADE, SHOPPER, AND RETAIL MEDIA CONVERGE?



- Yes
- In some cases
- No

Based on a number of interviews and feedback from our retailer council members, the following is a more qualitative summary of our findings.

WHY IS BUDGET FLUIDITY NEEDED?

COMMERCE SIDE (SUPPLY)

- Retailers need flexible budgets to optimise toward both retailer and brand outcomes.
- In negotiations, brands will increasingly demand this flexibility—the momentum is already underway, and retailers must choose whether to lead or follow.
- Allowing spend to flow outside your Retail Media Network weakens its value and competitiveness.
- Greater flexibility ultimately fuels overall commercial growth.

BRAND SIDE (DEMAND)

- Brands want fluid budgets to optimise for broader marketing objectives, not just retail KPIs.
- Flexibility will be a central negotiation point – this shift is already happening across the industry.
- Budget fluidity supports total business growth.
- It also enables a unified view of investment and clearer insight into the full shopper journey.

WHY IS BUDGET FLUIDITY HARD?

COMMERCE SIDE (SUPPLY)

- Budget ownership is often shaped by internal politics or legacy structures, making it difficult to determine who gets credit for performance.
- Teams may allocate budgets in ways that unlock incremental funds rather than in ways that best serve outcomes.
- Boundaries between commercial and media budgets are blurred, and some components are too complex to attribute cleanly.
- When budgets are consolidated, performance inevitably maps back to a fixed percentage of GMV, limiting flexibility.
- JBP funds from brands are treated as a profit lever, creating resistance to changing the model.
- Rate cards and reporting vary by category, making standardisation and comparison challenging.

BRAND SIDE (DEMAND)

- Media investment is designed to deliver specific outcomes; losing optimisation levers reduces effectiveness.
- Being tied to a GMV-based allocation restricts the ability to build an optimal media strategy.
- Limited flexibility to shift budgets across channels or retailers undermines efficiency and responsiveness.
- Brands need to separate media and commercial negotiations to maintain leverage and ensure each conversation delivers its intended value.