

Building a Scalable and Measurable Retail Media Network

INTRODUCTION

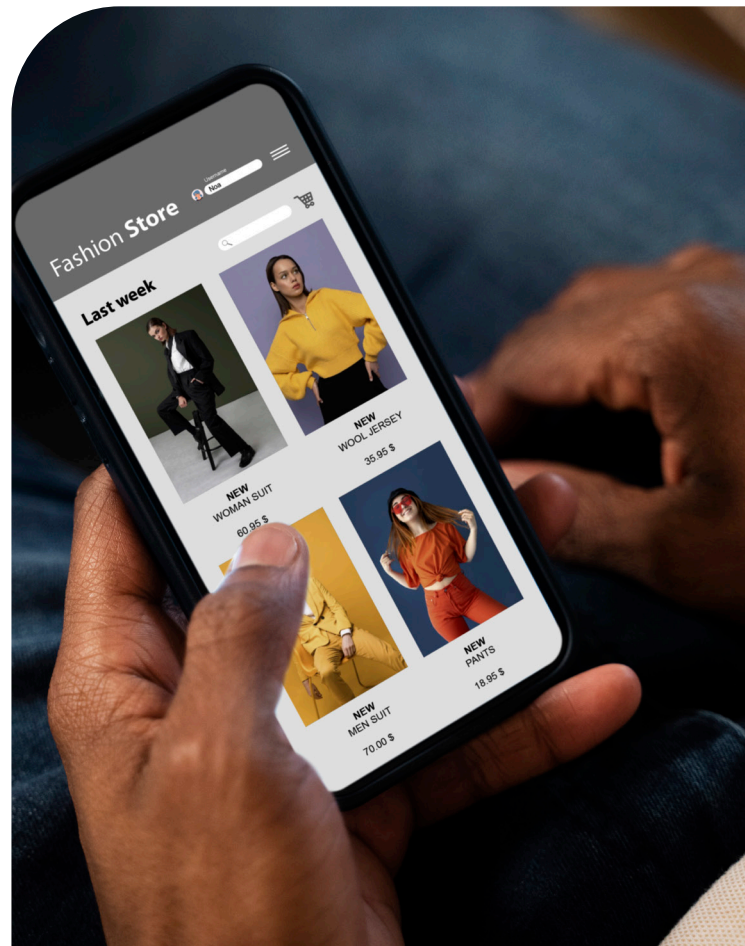
The advertising landscape is rapidly evolving, and retail media networks (RMNs) have emerged as a significant growth engine in digital media. Retailers, sitting on a wealth of first-party customer data, are increasingly recognizing the potential to generate high-margin revenue by offering targeted advertising placements to brands looking to reach their customer base. This whitepaper provides a technical blueprint for any brand considering the development of a successful RMN, focusing on key architectural decisions, essential components, and strategic considerations for long-term growth and profitability.

THE GROWING IMPORTANCE OF RETAIL MEDIA NETWORKS

Retail Media seems to be getting popular YoY with IAB estimating projections in Europe to reach €31 billion by 2028 (IAB). As per Emarketer, US retail media network ad spending is estimated to reach \$106 billion by 2027. Over 200 companies, from major players like Walmart and Amazon to a growing number of other retailers, are now monetizing their first-party data through RMNs. This surge in popularity is driven by several factors:

- **New Revenue Streams:** RMNs offer a high-margin revenue stream, crucial for retailers facing increasing competition and evolving customer behavior.
- **Enhanced Value for Brands:** Brands can leverage rich first-party data to reach high-intent consumers on retailer properties and beyond, leading to improved targeting and return on ad spend (ROAS).
- **Leveraging First-Party Data:** In a privacy-conscious world with the decline of third-party cookies, first party data has become a critical asset for effective advertising.
- **Closed-Loop Attribution:** Onsite retail media offers the powerful advantage of closed-loop attribution, providing a clear understanding of campaign performance.

The question for retailers today is not whether to launch an RMN, but how to design one that can scale effectively and drive long-term profitability.



ARCHITECTURAL APPROACHES: VENDOR-FOCUSED VS. DATA-CENTRIC

Fundamentally, there are two main approaches to building a retail media network:

1. Building Around Vendors: This approach relies heavily on third-party vendors for various capabilities like ad serving, offsite expansion, campaign reporting, and revenue collection. Data is moved from the retailer's systems to these external platforms for activation and measurement. While this can offer a quick initial setup, it often leads to:



Excessive Data Duplication: Increased storage costs and security risks due to data residing on multiple external platforms.

Integration Complexity: Managing numerous data pipelines across different vendors and in-house solutions, leading to a brittle and hard-to-manage system.

Limited Flexibility: Vendor-defined schemas can force the retailer's unique business model into rigid structures.

Fragmented Measurement: Disconnected systems result in inaccurate and incomplete reporting.

High Cost of Ownership: Maintaining disparate systems and custom pipelines requires dedicated resources.

2. Building Around Your Data (Composable Architecture): This approach centers the RMN on the retailer's existing cloud data warehouse, where first-party data already resides. By leveraging a composable architecture, retailers integrate best-in-breed solutions for specific functionalities directly with their data warehouse. This offers several key advantages:



Minimal Data Copies: Data is pushed directly to activation platforms as needed, reducing storage costs and security risks.

Reduced Complexity: All operations, from audience building to measurement, occur within a unified ecosystem, minimizing data movement.

Improved Security: Fewer data transfers enhance data protection within the retailer's infrastructure.

Centralized Governance: A single source of truth ensures consistent and accurate reporting and simplifies compliance.

Flexibility: The data warehouse can accommodate the unique relationships within the retailer's data, enabling highly personalized segmentation.

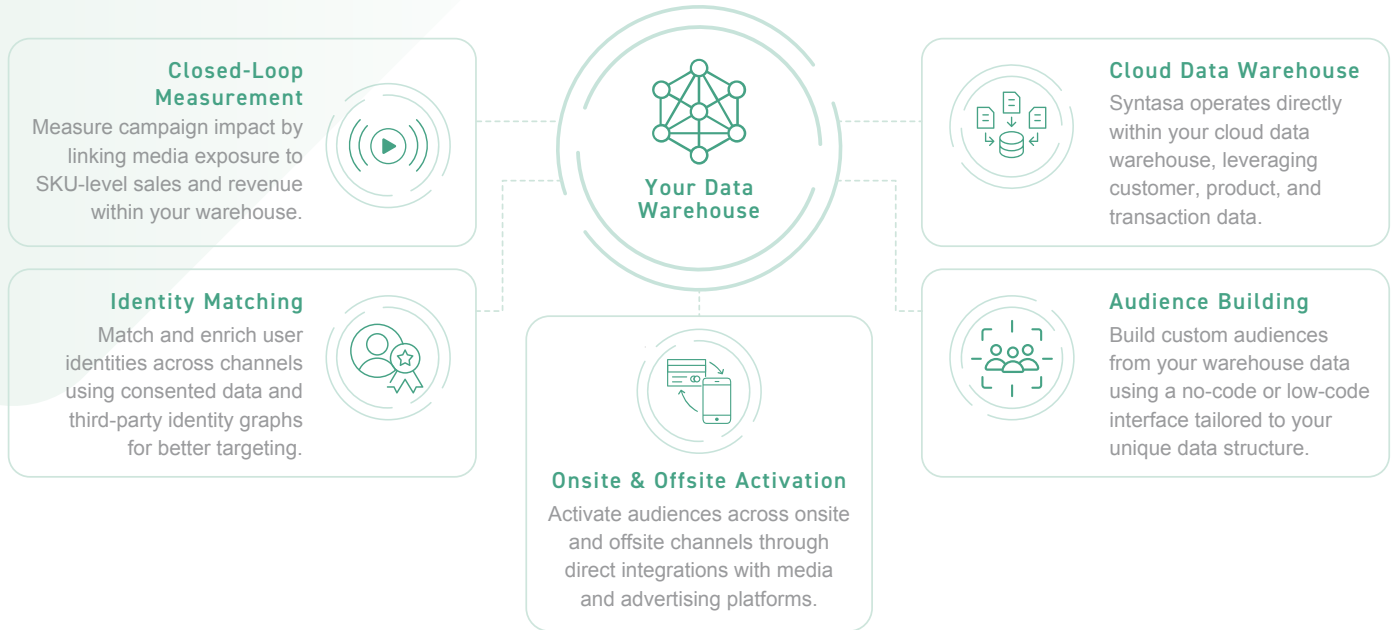
Lower Costs: Eliminates the need for duplicative third-party systems for storage and processing.

For long-term scalability and agility, building a retail media network around your data warehouse using a composable architecture is the recommended approach.

/// Solution Overview

To build a scalable and effective RMN on your data warehouse, Syntasa can accelerate your journey by offering several core elements:

BUILDING A SCALABLE RETAIL MEDIA NETWORK WITH SYNTASA



EXPANDING TO OFFSITE MEDIA

While starting with onsite advertising is common, retailers should also consider the significant opportunities presented by **offsite retail media**. This involves extending advertising beyond your owned properties to channels like social media, paid search, and email. Offsite media offers virtually infinite scale and the ability to reach loyal customers across the web. Leveraging your data warehouse and activation capabilities on it will be crucial for effectively managing and activating audiences for offsite campaigns.

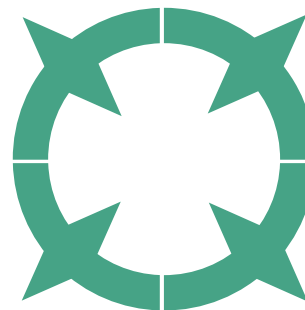
BENEFITS OF IMPLEMENTING A RETAIL MEDIA NETWORK

Monetize your first-party data to unlock a new, high-margin revenue stream—built on your existing data warehouse for seamless scalability as demand grows.

This approach lets you generate value efficiently without adding complexity to your infrastructure.

Enhance Advertiser ROI
Boosts revenue by improving advertiser campaign performance.

Improve Customer Experience
Enhances customer satisfaction with minimal revenue impact.

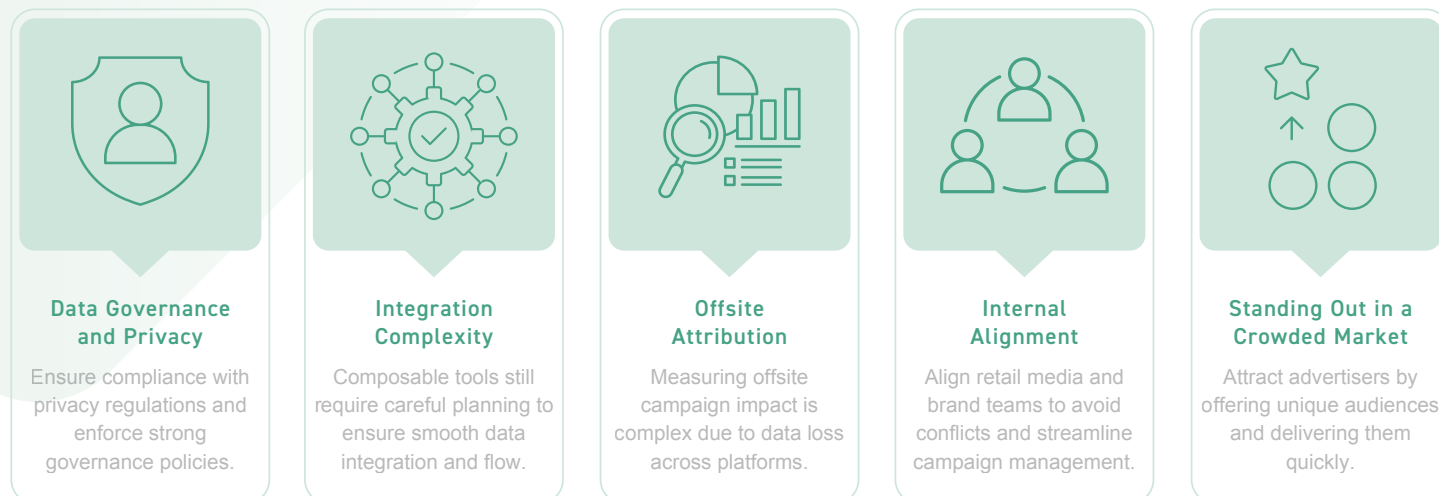


Monetizing First-Party Data
Maximizes revenue through controlled data monetization strategies.

Gain Control & Flexibility
Increases control over data without significant revenue gains.

KEY CONSIDERATIONS AND POTENTIAL CHALLENGES

While the benefits are substantial, consider these challenges when building your RMN:



CONCLUSION

For retailers embarking on the journey of creating their first Retail Media Network, **adopting a data-centric, composable architecture built on a cloud data warehouse is the most strategic path.** This approach minimizes complexity, maximizes flexibility, and lays a strong foundation for long-term growth and profitability in the evolving retail media landscape. By focusing on leveraging your first party data effectively and choosing the right composable tools, new RMNs can offer valuable advertising solutions to brands and generate significant new revenue streams for the retail business.

SYNTASA®

Syntasa's Composable CDP: A warehouse-native, modular platform that captures and unifies customer data to enable personalization, segmentation, insights, and AI models with full transparency and scalable data architecture.

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