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# Defining Commerce Media and Its Ecosystem



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## Introduction

As businesses seek new revenue sources, improve customer experience, and adopt privacy-compliant advertising, many are embracing a new approach: commerce media.

Commerce media transforms a company's assets—websites, stores, first-party data, and customer relationships—into measurable advertising opportunities. A grocery chain might monetize its eCommerce site; a bank could use loyalty data for targeted ads; and a travel platform may sell ad space on its booking engine. Companies in various industries are launching Commerce Media Networks (CMNs) to expand beyond their core business.

For brands, commerce media offers the ability to more closely engage with and influence customers across their diverse journeys. Marketers can deliver relevant ads at key decision points in unique settings.

Commerce media represents a shift in advertising. It's built on trust, real transactions, and proximity to purchase. This paper defines commerce media, how it differs from traditional models, and how companies can navigate its expanding ecosystem.



## Many Businesses Are Considering Commerce Media Monetization For Growth

Commerce media refers to the growing practice of retailers, travel firms, financial institutions, and other companies turning their physical assets, digital properties, first-party data, and proximity to customer journeys into integrated media opportunities. Instead of only selling goods and services, these businesses have built Commerce Media Networks (CMNs) to complement their core businesses while selling ad space to brands that reach the CMNs' customers across their journeys.

Commerce media has turned into a key strategic business endeavor to:

- **Boost revenue.** Businesses are always searching to diversify revenue and find new growth. Commerce media checks that box for many. Instacart's Carrots Ads business grew 10% in 2024 and nearly eclipsed [\\$1 billion in revenue](#). And the overall pie is growing as well: US commerce media ad spending is projected to exceed \$100 billion by 2028, according to [eMarketer](#).
- **Drive bottom-line growth.** It's no secret that commerce media can be a serious profit driver. McKinsey famously [projects](#) operating margins of 50-70% for retail media networks. Based on those projections, that would mean Amazon's ad business accounted for at least 40% of its total operating income in 2024.
- **Aid the customer experience.** Commerce media networks are incentivized to balance monetization with customer experience - if they lose the trust of their customers, they lose the entire business. For some businesses, commerce media offerings directly support the customer experience. Mark Williamson, AVP of Retail Media at Costco, shared, "It starts and ends with the member: we reinvest every dollar of profit from retail media into delivering member value."



## Commerce Media Is Reshaping Digital Advertising

Commerce media is a structurally distinct advertising model grounded in commerce-first environments and consumer trust. CMNs are built on transactions, loyalty, and verified consumer behavior. This makes them uniquely positioned to deliver advertising that is inherently addressable, accountable, and attributable. Several qualities set commerce media apart from conventional digital media, which also make it uniquely attractive to advertisers:

- **Commercial environments.** Commerce media networks operate physical and digital spaces - like marketplaces, apps, stores, and booking platforms - where people shop, bank, and travel. Advertising is contextually integrated into these spaces, often adjacent to or embedded within each stage of the customer journey, including at the moment of purchase.
- **Direct relationships.** These businesses maintain millions of consented, authenticated customer relationships, which enable the use of first-party data for precise targeting, personalization, and performance measurement.
- **Merchant-of-record status.** CMNs typically own the transaction, fulfillment, and/or payment of goods and services. This provides advertisers with deterministic data such as purchase history, loyalty membership, and financial behavior to reduce ad waste.
- **Privacy resilient.** Commerce Media offers a durable and compliant solution built on first-party data. This is especially important as advertising has shifted away from third-party cookies and toward stricter data regulations.

## Commerce Media Is In A State Of Transformation

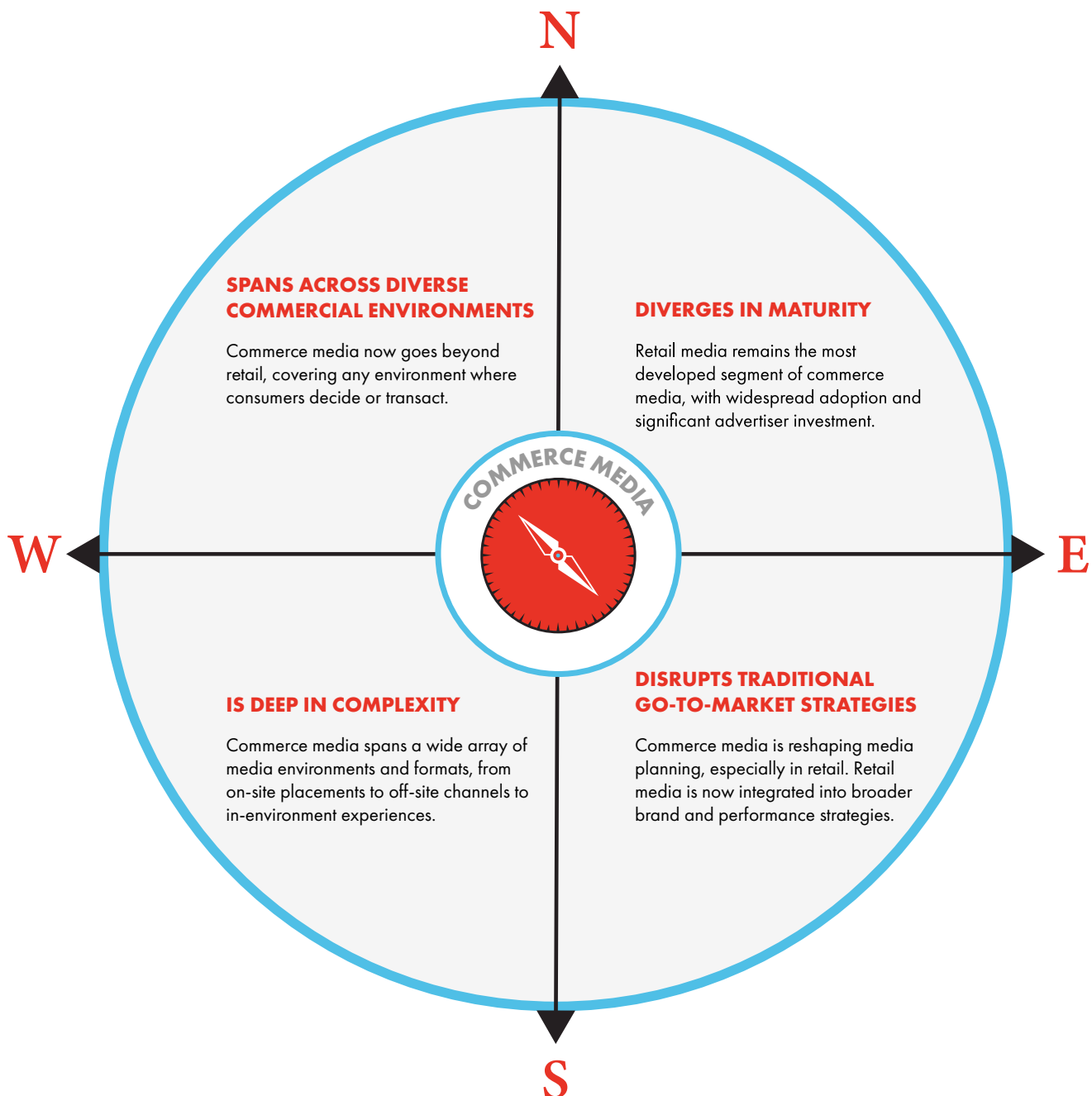
The commerce media ecosystem is evolving rapidly and transforming how companies make money and market themselves. Specifically, the current state of the commerce media ecosystem:

- **Spans across diverse commercial environments.** Commerce media is no longer confined to traditional retail experiences. It now encompasses a wide array of commercial environments where consumers make decisions or complete transactions - including travel hubs, financial institutions, automotive dealerships, telecom providers, and B2B platforms. These environments each offer distinct consumer behaviors, monetization strategies, and points of influence, broadening the scope of commerce media well beyond product-based retail and into service-driven and relationship-centric contexts.
- **Diverges in maturity.** Retail media remains the most developed segment of commerce media, with widespread adoption and significant advertiser investment. However, even in retail, meaningful standardization - particularly around measurement, reporting, and transparency - is still evolving. Travel and financial services are slowly entering a development phase, with more structured offerings and network formation underway. But for a vertical like financial services media, privacy, and compliance concerns limit its ability to offer first-party activation beyond its own walls. Sectors such as automotive, telecom, and B2B are in early exploratory stages, experimenting with new monetization models and seeking viable frameworks for scale.





- **Is deep in complexity.** Commerce media spans a wide array of media environments and formats, from on-site placements to off-site channels to in-environment experiences. This breadth introduces operational complexity, especially as companies navigate targeting, creative formats, and measurement methodologies.
- **Disrupts traditional go-to-market strategies.** Commerce media is changing how brands plan and allocate media budgets. This is acutely felt in the developed sector of retail media. Historically funded through trade, shopper, or co-op budgets, retail media is increasingly being integrated into broader brand and performance strategies. This shift is breaking down silos between media, marketing, and sales teams - prompting organizations to reimagine their go-to-market frameworks with commerce at the center.



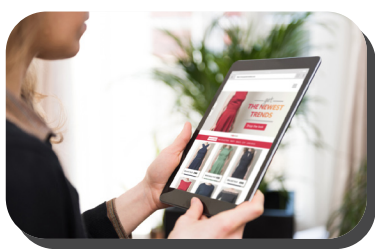




## Various Verticals Comprise The Commerce Media Ecosystem

As commerce media expands beyond retail, a growing number of verticals are developing media businesses. While each vertical is at a different stage of maturity, together, they signal a broader transformation: the monetization of first-party data, transactional proximity, and commercial real estate into scalable advertising ecosystems. These verticalized commerce media networks are supported by an ecosystem of third-party technology and service providers for digital infrastructure, ad serving, and measurement. Below is an overview of the primary verticals shaping today's commerce media landscape:

### Retail Media



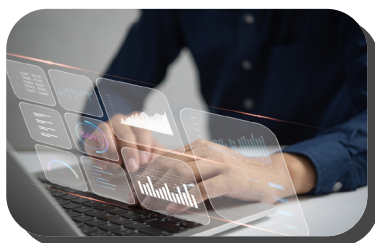
Retail media remains the foundational pillar of commerce media and the most established in terms of advertiser adoption and network proliferation. Retail Media Networks monetize their physical stores, websites, and mobile apps by delivering advertising that leverages high-intent shopper data and point-of-sale proximity to drive omnichannel sales outcomes. This vertical spans grocery chains, big-box retailers, eCommerce pure plays, and large-scale marketplaces. Retail media's dominance is also guiding industry-wide conversations around measurement, transparency, and standardization.

### Travel Media

Travel brands and platforms, including airlines, hotels, and online travel agencies, are increasingly offering advertising solutions that reach consumers during travel planning, booking, and journeys. These environments offer rich behavioral and intent signals, allowing marketers to engage audiences as they research destinations, compare itineraries, or make reservations. Integrating loyalty data and user profiles enables precise targeting, while the digital nature of booking journeys provides opportunities for both upper-funnel inspiration, lower-funnel conversion, and in-flight ideas as consumers reach their destination.



### Financial Services Media



Financial institutions and fintech platforms unlock new media models by activating their deterministic, first-party data, such as purchase behavior, account activity, and financial intent. This allows for advertising experiences that span the entire funnel, from brand-building in content-rich environments to performance marketing tied directly to real-world transactions. Financial Services Media Networks are growing in numbers as [banks](#), [fintech](#), and [other financial providers](#) balance monetization with the constraints of consumer privacy and trust.

### Automotive Media

The automotive industry is beginning to establish its own commerce media footprint by leveraging data from vehicle searches, dealership visits, connected car usage, and location behavior. OEMs, [parts and maintenance providers](#), and [automotive marketplaces](#) offer media opportunities adjacent to the auto journey across

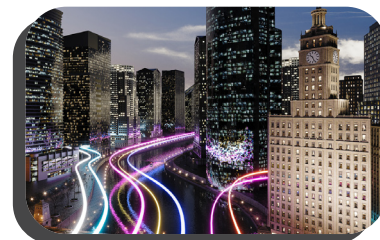




online research, showroom visits, and vehicle purchases, through post-purchase services. Automotive media is just emerging but has the potential to transform the customer journey during high-consideration, high-value decisions.

## Telecom and Utility Media

Telecommunication and utility providers sit on vast troves of first-party subscriber data, service usage behavior, and location information. While media monetization in this space is still nascent, providers offer media placement for brands alongside key events such as [device updates](#), service bundles, and other offerings such as content subscriptions or home automation products. These companies may also use commerce media to support their own customer retention, upsell opportunities, and third-party branded partnerships.



## B2B Media



Business-to-business (B2B) platforms and service providers have begun to adapt to commerce media monetization models that reach professional buyers and business decision-makers. These media networks use [firmographic data](#), intent signals, and account-level insights to support other firms' account-based marketing, lead generation, and prospecting activities. Though still in the early stages, B2B Media Networks hold the potential for highly specialized, high-value media inventory within professional buying journeys.

Vertical	Definition Summary	Examples	Data Strengths	Ad Use Cases	Forecasted ad spending in 2026*
Retail Media	Advertising within retailer-owned properties to influence shopper behavior or leveraging retailer first-party data in off-site media	Grocery, Big Box, eComm pureplays, Marketplaces	Purchase history, SKU-level data	Sponsored products, on-site display, in-store signage, off-site ads	\$74.06B
Travel Media	Advertising within travel platforms and experiences or leveraging traveler booking data in off-site media	OTAs, Airlines, Hotels, Booking platforms, Car Rentals	Booking intent, loyalty programs	Dynamic banners, retargeting, branded experiences, in-flight/ride DOOH	\$2.96B



Vertical	Definition Summary	Examples	Data Strengths	Ad Use Cases	Forecasted ad spending in 2026 *
Financial Services	Advertising within financial platforms or properties while leveraging personal and financial behavior	Banks, Credit Cards, Fintechs, Insurers, Investment firms	Transaction data, credit scorestt	Credit card offers, financial wellness campaigns	\$1.5B
Automotive	Advertising within dealerships or automotive digital properties	OEMs, Dealerships, Auto Marketplaces, Service Networks	Location, model interest, service data	Test drive incentives, configurators, video ads	<\$1B
Telecom/Utilities	Advertising within telecom and utility provider's properties using subscriber and usage data	Wireless providers, ISPs, Cable TV, Energy/Gas companies, Smart home services	Account info, usage patterns	Plan upgrades, bundled services, vretention campaigns, in-store signage, location targeting	<\$1B
B2B Media	Advertising within business-to-business platforms targeting professional buyers	SaaS, IT Vendors, B2B Marketplaces, Industrial suppliers	Firmographics, role-based behavior	ABM campaigns, whitepapers	<\$1B

\*Source: [EMARKETER, 2025](#)

## Commerce Media Activation: Tactics Vary Across Three Core Environments

As commerce media has rapidly evolved, so too have the tactics used to deliver advertising within and beyond the walls of CMNs. One persistent challenge for the industry is a lack of clarity around what constitutes standard commerce media tactics, particularly as formats span multiple environments, devices, and stages of the customer journey.

To help bring structure to this complexity, commerce media activations can be broadly categorized into three distinct areas:

### On-site Commerce Media

These are advertising placements that appear directly on the CMN's owned and operated digital properties - such as websites or mobile apps. These placements benefit from first-party behavioral and transaction data and are deeply integrated into the customer experience - often appearing adjacent to or embedded throughout the customer journey. Common on-site formats include:

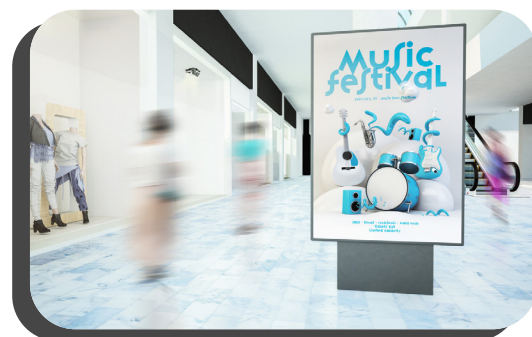


- **Sponsored products.** These are product listings that appear prominently in search results, category pages, product pages, or recommendation carousels. These ads are contextually relevant and typically tied to a specific SKU or set of SKUs.
- **Sponsored brands.** These are display-style banner ads that highlight a brand's logo and feature a selection of promoted products, typically at the top of search results or in high-visibility placements across site pages.
- **Display ads.** Banner ads that appear on various pages of the website or app, such as the homepage, category pages, or product detail pages.
- **Sponsored brand video ads.** Short-form video content that typically appears on search results pages is attached to one or multiple SKUs and is usually played before, during, or after a video.

## Off-site Commerce Media

These advertising placements appear across third-party digital properties - outside of the CMN's owned and operated platforms - while still leveraging the network's first-party audience data for targeting and optimization. These tactics extend the reach of commerce campaigns beyond the CMN environment while retaining the targeting accuracy derived from known customer behavior. Common off-site formats include:

- **Display ads.** Visual ads - typically image, text, or rich media - placed across the open web on publisher sites, social networks, or apps in standardized sizes.
- **In-app ads.** Ads delivered directly within mobile applications, including banners, interstitials, video, and rich media.
- **Connected Television (CTV) ads.** Ads served on Internet-connected TV sets like smart TVs or TVs using streaming devices or gaming consoles.
- **Digital video ads.** In-stream ads (pre-, mid, post-roll) served within video players across streaming, live, or on-demand content.
- **Audio ads.** Digital audio ads - including streaming audio, in-app sound ads - served via digital platforms.
- **Digital out-of-home ads.** Digital ads shown on public-facing screens (transit displays, mall kiosks, billboards).
- **In-game ads.** Ads embedded within video games such as banner-like overlays, rewarded video, or branded environments.



## In-Environment Digital Commerce Media

These digitally served and placed advertisements and promotional content are delivered within a physical environment such as retail stores, financial branches, airports, or auto dealerships owned by a CMN.

Common environments where they are placed include digital screens, audio, or mobile-activated formats, but exclude static or analog tactics (printed signage, physical displays) that fall under traditional trade and shopper marketing. These traditional activations require a separate deep dive as CMNs, especially RMNs, increasingly





include shopper and trade programs within their digital media offerings. They also have a larger impact on joint business plans and the broader retailer-brand relationship.

As CMNs expand into physical locations, these in-environment digital formats are becoming a powerful way to better target and measure customer behaviors at the point of decision-making. Key formats include:

### Screen-based formats

- **Digital display screens.** Wall-mounted or freestanding screens placed throughout a location, typically running promotional video or branded content loops.
- **Digital shelf displays.** Screens embedded into or mounted on shelving that promote products, categories, or offers.
- **Smart carts/baskets.** Screens or voice interfaces embedded into shopping carts or baskets that provide personalized recommendations or sponsored messaging.
- **Interactive kiosks/touchscreens.** Self-service terminals used for product discovery, guided shopping, or coupon redemption.
- **Check-out screen ads.** Displays on self-checkout or POS terminals that deliver screen ads triggered during or immediately following purchase.



### Audio-based formats

- **In-environment audio ads.** Sponsored brand messages broadcasted via retail radio, overhead announcements, or location-based audio zones.

### Mobile-activated formats

- **Mobile app ads.** Contextual ads delivered within a commerce media network's owned mobile app, triggered by presence, beacons, or in-environment behavior.
- **QR code activations.** Scannable codes placed on signage or displays that drive consumers to product pages, videos, or exclusive offers.
- **Proximity push notifications.** Geofenced or beacon-triggered alerts that send promotions or reminders when a consumer is near a specific product or area.

### Emerging tech interface formats

- **Digital sampling stations.** Interactive units offering samples or trials with brand messaging.
- **Augmented Reality (AR) interfaces.** App-based AR experiences that layer branded content on physical displays via app or smart glasses.
- **Digital menu boards.** Digitally updated displays that can incorporate brand-sponsored content.



## Conclusion

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Commerce media has moved from niche to mainstream. Commerce Media Networks have become a core part of business growth strategy, offering brands precise targeting, clear measurement, and performance close to the point of sale.

Rather than replacing traditional or digital channels, commerce media enhances them. It adds valuable purchase intent and behavioral data that improve targeting across the entire customer journey. It also pushes brands to better align sales, marketing, and shopper teams. Commerce media will continue to shift advertiser budgets towards more measurable, data-driven channels that lead to positive outcomes for consumer brands. Commerce Media Networks that enhance the customer experience through useful, efficient, and transparent media practices will be best positioned for future growth.





## Acknowledgement

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This document was developed by the IAB Commerce Board. This project represents weeks of collaboration and sharing of expert insights from a cross-section of our industry with the objective of providing further insights and education on the commerce media landscape and its broader ecosystem.. IAB would like to extend a special thanks to the following individuals that contributed their time & insight in support of this paper.

## Contributors

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- **Steve Baxter**, EVP, Marketing & Activation Services, Ovative Group
- **Sean Crawford**, Managing Director, SMG
- **Jill Cruz**, EVP, Commerce Strategy, Publicis USA
- **Dawn Dawson**, Chief Marketing Officer, Mortgage Solutions Financial
- **Prbinder Dhariwal**, VP, General Manager, CVS Media Exchange
- **Briana Finelli**, Head of Commerce, US, WPP Media
- **Carrie Gill**, SVP, Paid Media Partnerships, MMGY Global
- **Ethan Goodman**, EVP, Global Digital Commerce, Mars United Commerce
- **Molly Hop**, EVP, Havas Media Network NA
- **Colleen Hotchkiss**, President, Growth Practices, Publicis USA
- **Elizabeth Marsten**, VP, Commerce Media, Tinuiti
- **Kiri Masters**, Retail Media Industry Analyst, Retail Media Breakfast Club
- **Shawn McGahee**, Head of Retail Media, Google LLC
- **Kate Monaghan**, EVP, Integrated Investment & Retail Partnerships, Horizon Media
- **Andy Murray**, Executive Chairman, Saatchi & Saatchi
- **George Musi**, Chief Business Officer, Horizon Commerce
- **Amy Oelkers**, GM of Commerce, US, TikTok, Inc.
- **Mike Petrella**, Managing Director, Strategic Partnerships, Kinective Media by United Airlines
- **Premesh Purayil**, Chief Technology Officer, Outfront Media
- **Liz Roche**, VP of Measurement & Media, Albertsons Media Collective
- **Saket Mehta**, VP, Global Advertising Revenue & Partnerships, Block
- **Melissa Sierra**, EVP Media Integration, USIM
- **Aaron Sobol**, Head of NA Media Investment and Data Governance, Unilever
- **Abishake Subramanian**, VP & General Manager, Walgreens
- **Michelle Tisdale**, Chief Data & Analytics Officer, Omnicom Media Group
- **Lisa Valentino**, President, Best Buy



## About IAB

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The Interactive Advertising Bureau (IAB) empowers the media and marketing industries to thrive in the digital economy. Its membership comprises more than 700 leading media companies, brands, agencies, and the technology firms responsible for selling, delivering, and optimizing digital ad marketing campaigns. The trade group fields critical research on interactive advertising, while also educating brands, agencies, and the wider business community on the importance of digital marketing. In affiliation with the IAB Tech Lab, IAB develops technical standards and solutions. IAB is committed to professional development and elevating the knowledge, skills, expertise, and collaboration of the workforce across the industry. Through the work of its public policy office in Washington, D.C., the trade association advocates for its members and promotes the value of the interactive advertising industry to legislators and policymakers. Founded in 1996, IAB is headquartered in New York City.

### IAB Media Contacts

**Kate Dougherty**

551-265-2825

[kdougherty@kcsa.com](mailto:kdougherty@kcsa.com)

**Brittany Tibaldi**

516-974-2216

[btibaldi@kcsa.com](mailto:btibaldi@kcsa.com)