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# retail media knowledge series:

the role of agencies in retail media

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*the role of agencies in retail media*

Written on behalf of the  
[IAB Australia Retail Media Council](#)



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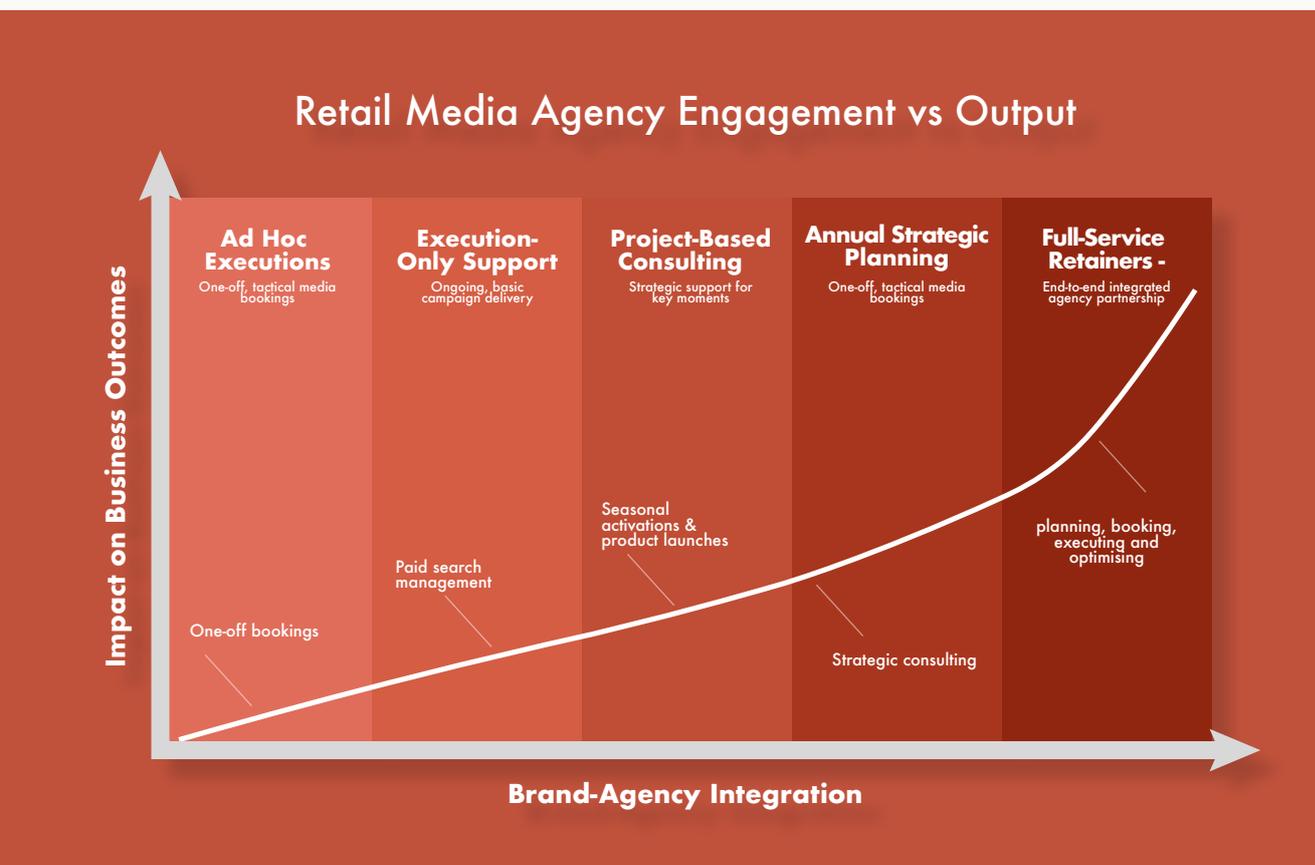
The retail media landscape is not just transforming; it's exploding. With 7 in 10 advertisers and agencies increasing their retail media investment over the past year and 77% now working with three or more retail media networks (IAB Australia Retail Media State of the Nation 2025), brands face an increasingly fragmented and complex ecosystem. This rapid evolution, coupled with the shift towards onsite search and offsite extensions as key growth drivers, presents significant challenges for brand-side teams to navigate effectively. In this environment, agencies are emerging as indispensable partners.

Agencies play a crucial role in helping brands make sense of an expanding and fragmented ecosystem. With new platforms and touchpoints constantly entering the fray, agencies provide a broad view that cuts across individual retailers. They help brands identify trends, plan holistically, and maintain consistency in execution. As the industry shifts from a "launch and learn" mentality to one focused on optimisation and maturity, agencies are increasingly valued for their ability to structure test-and-learn cycles, monitor performance, and guide reinvestment based on results.

Beyond campaign execution, agencies serve as critical bridges between commercial and marketing functions. As brands work to integrate their internal teams, agencies can advise on investment frameworks, operational models, and performance accountability. This extends the traditional value proposition of agencies: flexible scopes, access to specialised talent, integration of creative and commerce, and data-driven reporting that goes beyond the basics offered by retailer platforms.

For retail media to reach its full potential, it must be treated as a media discipline in its own right, not merely an extension of trade budgets. Agencies help facilitate this shift by bringing planning rigour and media-standard frameworks to the table and by advocating for consistency and maturity in how brands and retailers operate together. Importantly, agency involvement also benefits retailers, unlocking more strategic investment and larger, more integrated budgets.

### *the current state of agency engagement*



## *Agency involvement in retail media varies widely, but it generally falls into five levels of engagement*

### **1. Ad Hoc executions: The Entry Point**

This represents the most basic level of engagement, typically involving one-off media bookings or isolated campaign activations. The agency acts primarily as a transactional service provider, fulfilling specific, pre-defined requests.

This model is often seen with brands new to retail media, those with limited budgets, or those with strong internal teams handling strategy but needing external support for specific tactical buys. While offering flexibility and minimal commitment, it provides limited strategic value or long-term optimisation. The agency's role is reactive, focused on efficient placement rather than holistic performance. This level rarely taps into the full potential of retail media's closed-loop capabilities.

### **2 Execution-Only Support: The Operational Backbone**

At this level, agencies manage ongoing, evergreen placements such as always-on paid search campaigns, sponsored product listings, or display ads within retailer platforms. The focus is on consistent operational management, ensuring campaigns are live, budgets are spent, and basic performance metrics are monitored.

This model is common for brands seeking to maintain a continuous presence on key retail media channels without diverting significant internal resources. Agencies provide the operational discipline and platform expertise required for sustained activity. While more continuous than ad-hoc, the strategic input remains limited, often following pre-set guidelines. Optimisation is typically focused on tactical adjustments (e.g., bid management, keyword refinement) rather than broader strategic shifts or cross-channel integration.

### **3. Project-Based Consulting: Strategic Intervention for Key Moments**

This engagement model centers around specific, time-bound projects, often tied to critical business events like seasonal campaigns (e.g., holiday sales), new product launches, or major promotional periods. Agencies provide planning, strategy, and optimisation expertise tailored to these defined initiatives. Brands leverage agencies at this level when they require specialised strategic input and hands-on optimisation for high-stakes moments.

The agency's value lies in its ability to develop bespoke strategies, conduct test-and-learn cycles, and deliver focused insights that drive performance for a particular objective. This model allows brands to access advanced capabilities without a long-term retainer, but the insights and learnings may not always be seamlessly integrated into broader, ongoing retail media efforts. It represents a step up in strategic involvement compared to execution-only.

#### 4. Annual Strategic Planning: The Advisory Partnership

In this model, the agency provides high-level strategic frameworks, budget guidance, and annual roadmaps for retail media, but the day-to-day execution remains with the client's internal team. The agency acts as a strategic advisor, offering an external perspective and industry best practices.

This level is ideal for brands with growing internal retail media capabilities that still value external strategic oversight and validation. Agencies help define the "what" and "why" of retail media investment, ensuring alignment with broader business objectives and market trends. The value here is in the strategic foresight, competitive intelligence, and structured approach provided by the agency. However, the success of this model heavily relies on the client's internal team's ability to share necessary data and insights and then effectively translate the strategic guidance into operational execution and optimisation.

#### 5. Full-Service Retainers: The Integrated Extension of the Brand Team

This is the most comprehensive level of engagement, where the agency manages the entire retail media lifecycle. This includes strategic planning, media booking, campaign execution, ongoing optimisation, detailed reporting, and direct engagement with retailer media networks. The agency effectively becomes an integrated extension of the brand's marketing and commercial teams.

Brands opting for full-service retained engagements seek to fully outsource their retail media operations to experts, gaining access to specialised talent, proprietary tools, and cross-retailer insights. This model allows for maximum strategic integration, continuous optimisation, and the ability to drive holistic performance across a fragmented ecosystem. The agency can proactively identify opportunities, troubleshoot challenges, and provide unified reporting that connects retail media performance to broader business outcomes. This partnership model fosters deep collaboration and is increasingly becoming the preferred approach for brands seeking to scale and mature their retail media investments.

Agency involvement in retail media varies widely, but a clear trend towards deeper, more strategic engagement is emerging. While 44% of advertisers and agencies rate their experience working with retail media partners as 'good' (IAB Australia Retail Media State of the Nation 2025), the exact scope often depends on the brand's internal structure and available resources. Agency teams may sit across marketing, eCommerce, sales, and media functions — playing a vital role in aligning these often fragmented departments around shared goals.

## what's working and what's not

There are several areas where agency involvement is clearly driving value. Collaborative planning among brands, agencies, and retailers helps unify retail media with broader brand, shopper, and performance objectives.

Agencies also hold retailers to media standards, encouraging them to build offerings that are competitive with other digital channels.

However, significant challenges persist, echoing the primary barriers identified by agencies and brands in recent IAB research:

- > **Measurement and Reporting:** This remains the top barrier for agencies (30%) and brands (28%), highlighting a critical need for standardised KPIs, attribution models, and consistent reporting frameworks across retail media networks.
- > **Cost of Partnering:** A concern for both agencies (15%) and brands (34%), indicating a need for clearer ROI demonstration and potentially more flexible commercial models.
- > **Disconnect Between Teams:** Both agencies (13%) and brands (21%) cite disconnects between internal teams (e.g., marketing, eCommerce, sales) and between brands and retailers, leading to siloed planning and execution.
- > **Attribution and Reporting Capabilities:** A specific challenge for agencies (17%) and brands (10%), underscoring the difficulty in proving incremental value and closed-loop ROI.

When agencies are briefed in silos or brought in only after trade commitments are made, their ability to influence strategy and integration is severely limited. Likewise, some retailers still lack mature engagement models for agencies and are not used to working with external partners in a media-standard fashion. Furthermore, commercial teams at some retailers continue to prioritise highly profitable channels, even when they may not align with brand goals or shopper outcomes.

As platform complexity increases, agencies offer a level of scale, speed, and market insight that most internal teams can't easily replicate.

## *agency structures and capabilities*

Agency structures vary across networks and independents, but a common thread is the increasing investment in specialised talent and technology. Holding groups have centralised talent within commerce or performance units, supported by shared tools and data. However there is a move, across both larger agency groups and independents, to build integrated, cross-functional teams that blend media, commerce, creative, and strategy.

This evolution reflects the growing understanding that retail media is not just a performance channel, but a critical component of a holistic media mix (with 78% of ad buyers considering it in combination with above-the-line campaigns - IAB Australia Retail Media State of the Nation 2025).

Retail media and paid search typically remain distinct functions but are increasingly integrated when briefs require. Agencies are also investing heavily in retailer certifications, platform training, and proprietary tools.

Many are supporting retailers in building and maturing their own media networks, offering services from measurement design to technology integration and monetisation strategies. This proactive approach underscores the agency's role in shaping the future of retail media, not just reacting to it.

## *emerging trends and shifting models*

While brands are beginning to brief agencies in more holistic ways, many still default to tactical execution rather than strategic planning. But expectations are changing. There is growing demand for accountability, optimisation, and sophisticated measurement frameworks, particularly ROAS and incremental sales, which are the most sought-after metrics by agencies and brands (IAB Australia Retail Media State of the Nation 2025).

Retailers are also evolving, with 85% planning to enhance their measurement offer and 77% planning to expand ad products and formats over the next 12 months (IAB Australia Retail Media State of the Nation 2025).

More platforms are offering self-service tools and data-rich environments, which agencies are well-equipped to navigate. In response, agencies are building modular, tech-enabled service models that can integrate with client tech stacks and retailer systems. Budgeting structures remain a challenge (fragmented across functions) but there's growing momentum towards unified, campaign-level planning with shared KPIs.

This shift necessitates agencies to not only manage current complexities but also to anticipate and integrate future innovations, such as the impact of new Australian privacy legislation, which 65% of ad buyers believe will impact retail media opportunities (IAB Australia Retail Media State of the Nation 2025).

## *setting up for success: cultivating a high-value retail media ecosystem*

For retail media to unlock its full potential and become a truly integrated, performance-driven discipline, a strategic shift in how brands and retailers engage with agencies is paramount. This involves fostering deeper collaboration, embracing transparency, and recognising the agency's pivotal role as an orchestrator of value.

### **for brands: elevating agency partnership to a strategic imperative**

To maximise the strategic and commercial value derived from agency partnerships, brands must evolve their approach to retail media planning from a siloed function to a whole-of-business initiative. This necessitates:

- > **Holistic Integration:** Proactively connecting and aligning inputs from eCommerce, brand, sales, and media teams from the outset. Agencies, as cross-functional experts, are uniquely positioned to synthesise these diverse perspectives into cohesive, high-impact strategies.
- > **Strategic Briefing & Contextual Empowerment:** Moving beyond tactical media placement requests to briefing agencies on fundamental business challenges and growth objectives. Providing agencies with comprehensive access to critical context, including sales goals, promotional calendars, historical performance data, and deep shopper insights, enables them to develop truly transformative solutions, not just execute campaigns.

- > **Collaborative Foresight:** Instituting shared planning forums where agency, marketing, and commercial teams co-create strategies. This early, integrated involvement ensures that retail media initiatives are strategically aligned with broader business goals, leading to optimised outcomes and a unified market approach.
- > **Leveraging Agency as an Advocate:** Recognising agencies as objective brand advocates in retailer conversations. Their category-wide insights, cross-retailer perspective, and media-standard rigor provide invaluable guidance, ensuring brand interests are effectively represented and investments are optimised across the fragmented retail media landscape.

## for retailers: transforming agencies into strategic growth partners

Retailers stand to gain significant, sustainable investment by repositioning agencies from mere intermediaries to strategic growth partners. This requires a commitment to:

- > **Proactive Engagement & Transparency:** Engaging agencies in early planning cycles and fostering an environment of complete platform transparency. Sharing comprehensive performance data, insights, and future roadmaps builds trust and enables agencies to deeply understand and advocate for the retailer's media proposition.
- > **Facilitating Adoption & Innovation:** Actively collaborating with agencies to ensure their tools and platforms are accessible, user-friendly, and integrated. When agencies are empowered with open data and collaborative support, they are far more likely to champion and drive adoption of the retailer's media offerings.
- > **Valuing External Rigour & Scale:** Recognising that agencies bring unparalleled rigor, scale, and an invaluable external perspective. Their ability to apply media-standard frameworks, optimise across diverse platforms, and drive larger, more integrated budgets ultimately elevates the retailer's media proposition, attracting more strategic and sustained investment from brands.

## *the bigger picture*

The retail media ecosystem includes a wide range of stakeholders; brands, agencies, retailers, media owners, creative studios, measurement firms, and tech partners. Agencies are uniquely positioned to act as orchestrators, aligning creative, commercial, and operational elements to deliver cohesive strategies. They also bring a dual perspective: while serving brands, some also help retailers mature their offerings. When handled transparently and in alignment with brand goals, this dual role strengthens outcomes across the ecosystem.

The most successful agencies are those that remain tech-agnostic, flexible, and integrated. They work within the systems of both brand and retailer, enabling seamless measurement, reporting, and media execution.

## *recommendations for moving forward*

- > **Encourage Problem-First Briefing:** Shift the focus from tactical media placements to strategic business problems led by the client/agency relationship vs the supplier/retailer JBP. This allows agencies to reinforce their role as a high-value business partner, enabling them to apply their full strategic and creative capabilities to deliver more impactful campaigns that drive superior commercial outcomes for both client and retailer.
- > **Focus on Long-Term Growth:** Shift from a focus on one-off campaigns to refining strategies through ongoing insight and optimisation, driven by agency expertise. This cultivates sustained performance and builds compounding returns over time, fostering deeper, more valuable relationships across the ecosystem and ensuring continuous commercial benefit.
- > **Promote Cross-Functional Planning:** Connect trade, shopper, and brand inputs from the outset, ensuring agencies are involved early. This breaks down internal silos, leading to more integrated and effective campaigns that maximise the impact of retail media by aligning it with broader marketing and sales objectives, driving greater commercial efficiency and strategic coherence.

- > **Structure Flexible Budgets:** Allow investment to follow opportunity and performance, rather than static allocations. This provides commercial agility, enabling real-time reallocation of funds based on campaign performance, thereby maximising ROI and ensuring investment is directed where it yields the greatest commercial return.
- > **Enhance Technology Integrations:** Implement seamless technology integrations between brands, agencies, and retailers. This enables smoother data flow and campaign management, significantly reducing manual effort, improving data accuracy, and allowing for more sophisticated operations, leading to substantial commercial value through efficiency gains and enhanced performance.
- > **Provide Agency Access to Retailer Data and Tools:** Grant agencies critical access to retailer data and platforms, empowering agencies to conduct more sophisticated planning, targeting, and real-time optimisation, while also fostering transparency and accelerating market maturity - ultimately boosting campaign performance and ROI.
- > **Use Agencies to Bridge Capability Gaps:** Leverage agency expertise and scale to fill internal resource and knowledge gaps within brands and retailers. This provides immediate access to specialised talent, accelerating market adoption and maturity, and ensuring effective campaign execution even as internal capabilities develop.
- > **Invest in Shared Measurement Frameworks:** Develop and adopt standardised KPIs, attribution models, and reporting across the ecosystem which is foundational for proving ROI, enabling effective optimisation, and justifying increased investment, directly addressing the top industry challenge and unlocking significant commercial value by demonstrating campaign efficacy and fostering market maturity.
- > **Develop Standardised Frameworks and Shared Language:** Establish common terminology and operational frameworks across all partners (brands, agencies, retailers, tech providers). This reduces operational inefficiencies and miscommunication, streamlining processes for faster campaign execution and direct commercial benefits, while fostering a more collaborative ecosystem.
- > **Prioritise Industry Education:** Develop and disseminate resources and training for brands, agencies, and retailers. This foundational investment upskills all stakeholders on best practices, emerging trends, and the nuances of retail media, reducing friction and increasing adoption across the ecosystem, thereby enabling the success of all other strategic initiatives.

## *conclusion*

As retail media continues its rapid ascent, agencies are not just participants; they are orchestrators of success. By embracing these recommendations and actively engaging with the evolving ecosystem, agencies can solidify their indispensable role, drive greater value for brands, and contribute to the overall maturity and standardisation of retail media in Australia. The IAB is committed to supporting this evolution through ongoing research, education, and collaboration across all stakeholders.

*more information on the iab australia retail media council members and projects [here](#)*



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