iab UK x ParticularAudience

KEYNOTE · IAB RETAIL MEDIA GROWTH SUMMIT

Retail Media's AI Reset

Search is being rewritten — and with it, the rules of performance, targeting and visibility.



Beth Smith

VP Customer Success · Particular Audience

LLM Interface

ChatGPT · Claude · Gemini

MCP — Tool-Calling Protocol

Agentic access layer

Decisioning Layer

Margin · inventory · sponsored bids

Transformer Search

Vectorised relevance

Catalogue · Inventory · Signals

First-party real-time data

Everyone's Talking About AI

Dozens of initiatives. Almost no one has the foundations covered.

FOUNDATIONS GAP

89%

of retailers lack advanced targeting capability.

Most are chasing AI initiatives on top of search and personalisation infrastructure built for a different era.

IAB EUROPE · RETAIL MEDIA BUYER STUDY

DOZENS OF AI INITIATIVES · NO FOUNDATION

Gen-AI search	Agentic checkout	MCP servers
LLM SEO	AI ad copy	Predictive bidding
Vector recs	Voice commerce	AI chat assistants

TERMINOLOGY CONFUSION

Generative AI · Agentic Commerce · MCP · Vector Search · RAG · LLM SEO · Personalisation · Predictive Bidding · Semantic Retrieval · AI Targeting

Buzzwords blur. Buyers can't compare. Vendors over-promise. The foundations get skipped.

Before you can ride the AI wave, you have to own the layer underneath it — starting with the move from keyword to transformer search.

The Search Rewrite

Keyword retrieval → Reasoning search

KEYWORD RETRIEVAL · LEGACY

› "anti-aging cream"

✓ anti-aging cream	MATCH
✗ how to reduce wrinkles	MISS
✗ best routine for dry skin	MISS
✗ what helps fine lines after 40	MISS
✗ fragrance-free vitamin c serum	MISS

INTENT LOST

~75%

REASONING SEARCH

TRANSFORMER REASONING · TODAY

› *"what helps fine lines after 40 with sensitive skin?"*

✓ Retinol serum · gentle nightly formula	SEMANTIC
✓ Peptide moisturiser · fragrance-free	SEMANTIC
✓ Vitamin C · low concentration daily	SEMANTIC
✓ Hydrating mask · weekly treatment	SEMANTIC
✓ Niacinamide · sensitive-skin formula	SEMANTIC

- Natural-language understanding
- In-session real-time signals
- Full catalogue coverage
- Decisioning: margin · bids · inv.

From matching strings to understanding intent.

Clearing the Fog

Five distinct AI layers — not interchangeable.

MONETISATION LIVES HERE

01 Causal Measurement

Proves whether a campaign caused a sale.

Not AI.

02 Predictive ML

Forecasts pCTR, pCVR, LTV.

Models predict — they don't decide.

03 Decisioning

Fuses predictions with inventory, margin & bids.

Where monetisation happens.

04 Generative

LLMs for copy, imagery, conversational UI.

Not a decision engine.

05 Agentic Orchestration

Multi-step workflows via tools & APIs.

Inherits the limits of its models.

Conflate these layers and you'll buy generative when you needed decisioning. · Strategic mistake #1

AI Search Maturity Curve

Where do you sit?

TIER 1

FUNCTIONAL

Raw catalogue exposed to an LLM

MONETISATION CAPABILITY 20%

- High latency
- Indeterministic outputs
- Zero merchandising control

⚠ Cannot monetise at scale

TIER 2

INSUFFICIENT

Vector / transformer search

MONETISATION CAPABILITY 55%

- Strong organic discovery
- Semantic relevance
- No monetisation hooks

⚠ Cannot monetise at scale

GOLD STANDARD

TIER 3

GOLD STANDARD

Decisioning over transformer search

MONETISATION CAPABILITY 100%

- Transformer governs relevance
- Gradient boosting injects rules + RM
- LLMs discover, retailer controls

✓ The only tier that monetises at scale

A leading pet retailer, an electronic retailer, and a beauty retailer have all crossed into Tier 3.

Who Controls the Decisioning Layer?

An LLM cannot natively enforce inventory, margin, or sponsored-bid constraints.

LLM Conversational Interface

ChatGPT · Gemini · Claude · Perplexity

MCP — Standardised Tool-Calling

How agents reach retailer logic

Decisioning Layer

Margin · Inventory · Sponsored bids · Business rules

THE DECISIVE LAYER

Retail Media Monetisation

Sponsored search · Display · Brand · Off-site

Catalogue · Inventory · Customer Data

First-party, real-time

THE ARCHITECTURAL QUESTION

Own the ranking layer — or become inventory.

Without a decisioning layer, you're letting an LLM guess at your commercial priorities.

Not viable for retailers or RMNs.

Own the ranking layer — or become inventory inside someone else's.

Case · Petbarn / PetAds

Keyword bidding → AI relevance ranking

SEARCH-QUERY MONETISATION COVERAGE

4×

Performant reach from sponsored search after switching to transformer-driven bidding.

↗ vs. pre-change baseline

QUERIES WITH MONETISATION COVERAGE

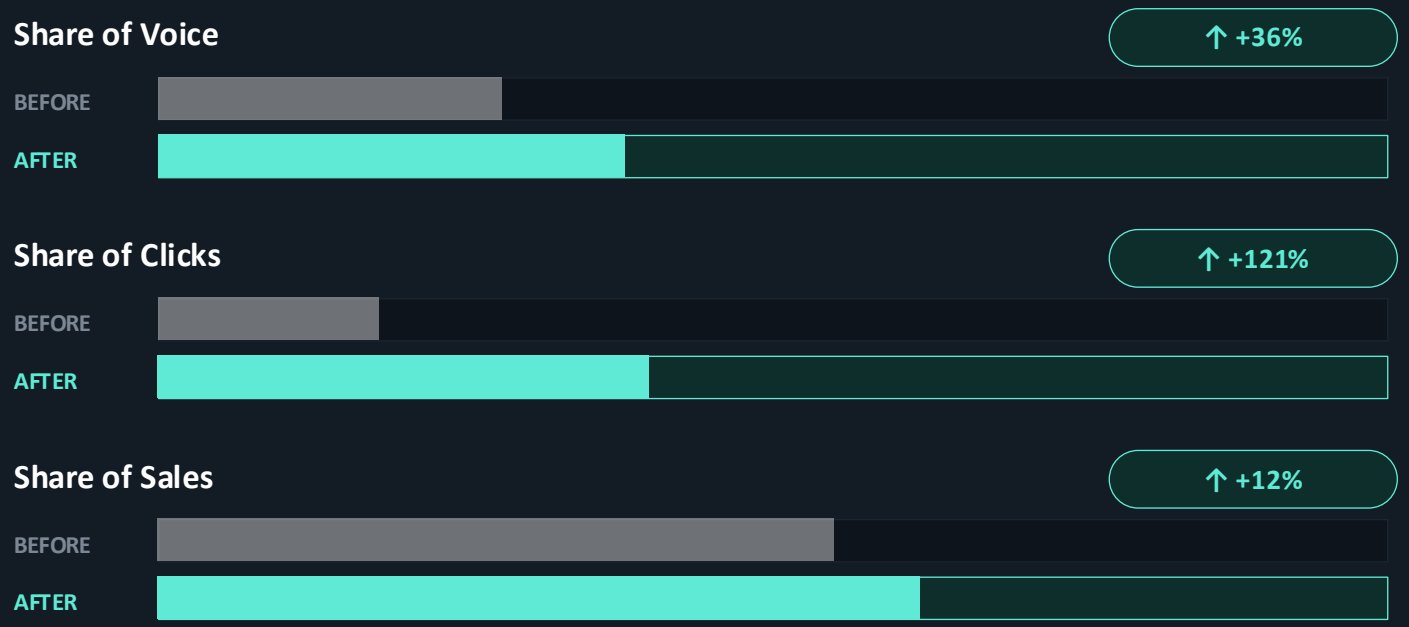


Sequential before/after comparison — strong directional evidence, not a randomised result.

Case · Electronic Retailer

Decisioning & orchestration: relevance, popularity, internal & sponsored boosts

RELATIVE SHARE — BEFORE vs AFTER (indexed)



◎ AVG CLICK POSITION

11.4 → 9.6

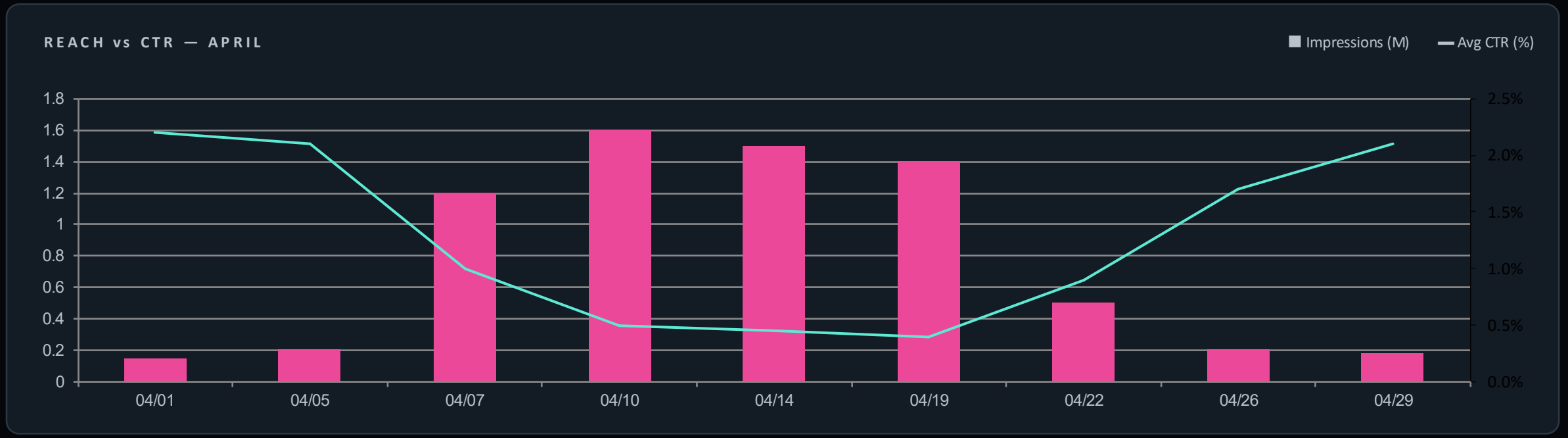
Customers reach boosted products faster — not force-fed. Position decay is exponential.

Sponsored lift is proportional to organic rank — the curve's shape is preserved, just nudged.

Sponsored lift, organic shape preserved.

Case · Beauty Retailer

AI relevance vs manual bidding — CTR & overall performance



RETAIL-MEDIA CTR

−87.3%

SITEWIDE SALES

−55.6%

AD REACH (IMPRESSIONS)

+9×

⚠ THE SWITCH-OFF

Bid-only auctions replaced signal-led AI relevance. Reach 9×, CTR cratered.

Relevance is the substrate. Strip it out — and the monetisation surface collapses.

Signals Over Segments

Static Segments → Real-Time Predictive Signals

BEFORE · STATIC SEGMENTS

- Males 25–34
- High Income
- Beauty Enthusiasts
- Urban Mums
- Past Purchasers
- In-Market Auto
- Pet Owners
- Tech Early Adopters

24HR REFRESH

REAL-TIME SIGNALS

AFTER · IN-SESSION SIGNALS

Query — LIVE
"gentle vitamin C for sensitive skin"

Viewed — LIVE
3 fragrance-free serums

Clicked — LIVE
Dermatologist-tested badge

Cart intent — LIVE
Comparing 2 brands, 30ml

- Cohort-based · Slow to react
- Manual bids · Misses real-time intent

- In-session semantic intent · pCTR / pCVR per query
- Full catalogue coverage · Causal validation

Production-ready · From cohort guesswork to live, semantic intent.

The Retail Media Network Action Map

Three sequential steps — you can't skip ahead.

01

NOW

Transformer Search Foundations

- Vectorise the catalogue
- Semantic relevance live
- Real-time signal capture

»

02

NEXT

Decisioning Layer

- Gradient boosting on relevance
- Margin · inventory · sponsored bids
- Merchandiser controls in UI

»

03

EMERGING

Agentic Surface

- MCP tool-calling exposed
- ChatGPT Apps + Ads ready
- Auto ad-set construction & pacing

Critical → You can't skip to step 03. Decisioning (02) is the precondition for the agentic surface.

How Brands Thrive in Algorithmic Retail

Optimising your content is table stakes — influence over the retailer's algorithm is the new edge.

TRACK 1 · TABLE STAKES

Optimise the content you control

- ✓ **Rich, structured PDPs**
  Titles, attributes, specs and copy that vectorise cleanly
- ✓ **Imagery built for CNNs**
  Clean backgrounds, multiple angles — visual similarity surfaces you
- ✓ **Reviews & semantic signals**
  Real language that matches how shoppers actually search
- ✓ **Feed hygiene**
  Accurate taxonomy, stock, pricing — bad data = invisible product

Necessary — but every competitor is doing this. It no longer differentiates.

TRACK 2 · THE NEW EDGE

Questions to ask your RMN — understand the algorithm to exploit it

"Is your search transformer-based, with relative relevance boosts?"

Keyword-only search puts irrelevant products at the top — AI shoppers won't tolerate it.

"What ranking levers exist — and how can I influence them?"

Sponsored boosts, margin weights, inventory pacing, freshness. If you can't see the levers, you can't pull them.

"Is your catalogue exposed to third-party LLMs via MCP?"

When ChatGPT, Gemini and Claude shop on behalf of the shopper, your products need to be addressable.

Optimise what you own → Audit the retailer's stack → Make algorithmic transparency a buying criterion.

A Thought to Take Away

The future is already wiring itself.

THE CAUSAL CHAIN



THE STRATEGIC IMPERATIVE

Without a decisioning layer, you're letting an LLM guess at your retail-media priorities.

The architectural choice you make in the next 24 months decides whether you own the ranking layer — or become inventory inside someone else's.

iab UK x ParticularAudience

Thank You

Own the ranking layer.

Learn More: Come and speak with me at the Particular Audience booth



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