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RETAIL MEDIA EVOLVED
in partnership with TescoMedia

MAD //Fest

Retail Media's AI RESET

Growing Retail Media In The Agentic & Algorithmic Shelf



James Taylor
CEO & Founder, Particular Audience



Beth Smith
VP Customer Success, Particular Audience

Everyone's Talking About AI

Five distinct AI (or ML) layers — not interchangeable.

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MONETISATION LIVES HERE

01 Causal Measurement

Proves whether a campaign caused a sale.

Bayesian > p-Values

Not AI. Synthetic audiences can be.

02 Predictive ML

Personalisation is just good prediction.

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.

AdOps solutions and optimisation.

The Old Way is Out

Signals Beat Segments

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DEMOGRAPHIC SEGMENTS

Mums 25-40
Broad generalization ✕

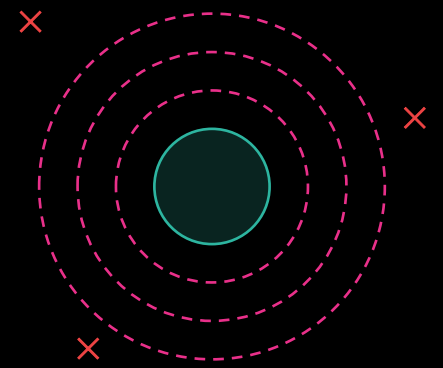
Males 18-34
Broad generalization ✕

High-Income Urban
Broad generalization ✕

Beauty Enthusiasts
Broad generalization ✕

Fat Finger Solutions: Massive generalizations that ignore individual needs.

EXACT MATCH KEYWORDS



"anti-aging cream"	Exact match
"how to reduce wrinkles"	Missed — intent
"best routine for dry skin"	Missed — long-tail

75% of intent is missed by exact-match keywords.

Signals Over Segments

Static Segments → Real-Time Predictive Signals

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⏱ BEFORE · STATIC SEGMENTS

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

24HR REFRESH

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

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

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

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

Case · With Signals & Without

AI signal based relevance vs manual bidding — CTR & overall performance

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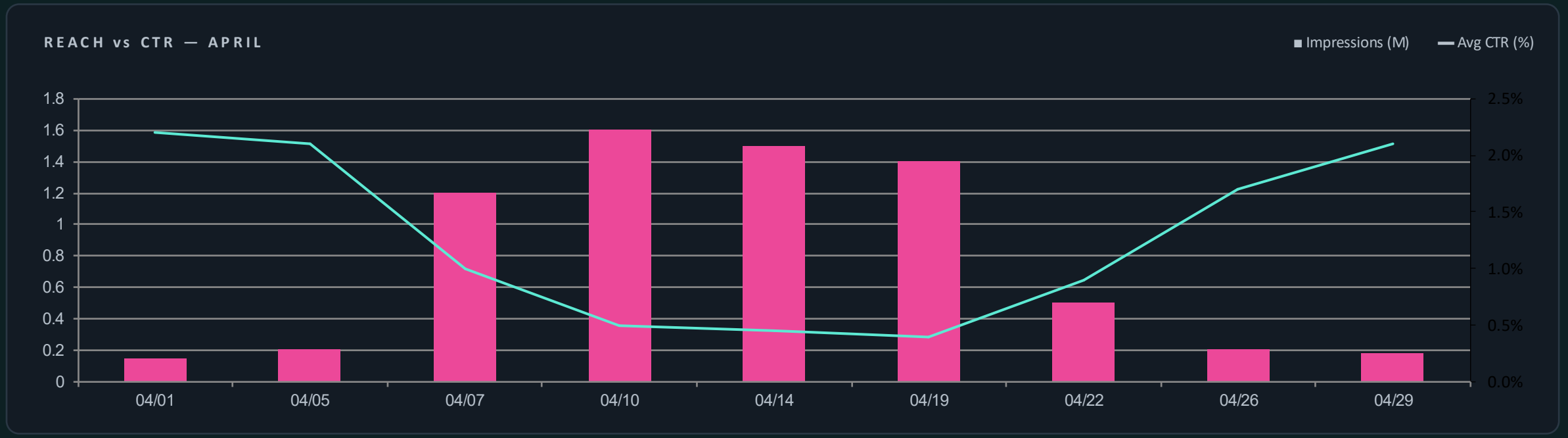

RETAIL-MEDIA CTR

−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.

How Does Shopify Know You So Well?

Signals Beat Segments

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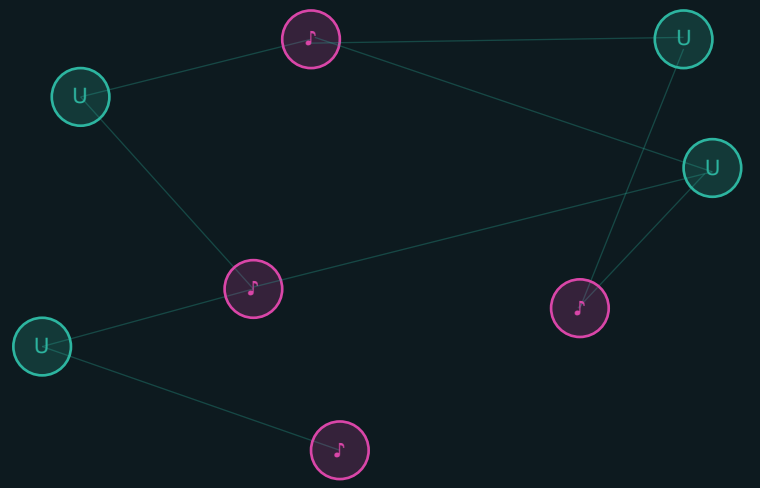
NOW PLAYING

Your Daily Mix

Based on your signals

- Skips
- Replays
- Time of Day
- Correlations

COLLABORATIVE FILTERING



"They don't put you in a segment; they respond to your intent in real-time."

The Search Rewrite

Keyword retrieval → Reasoning search

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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 VECTOR RETRIEVAL · 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.

Case · Increasing Coverage · #1 Pet Retailer

Keyword bidding → AI relevance ranking

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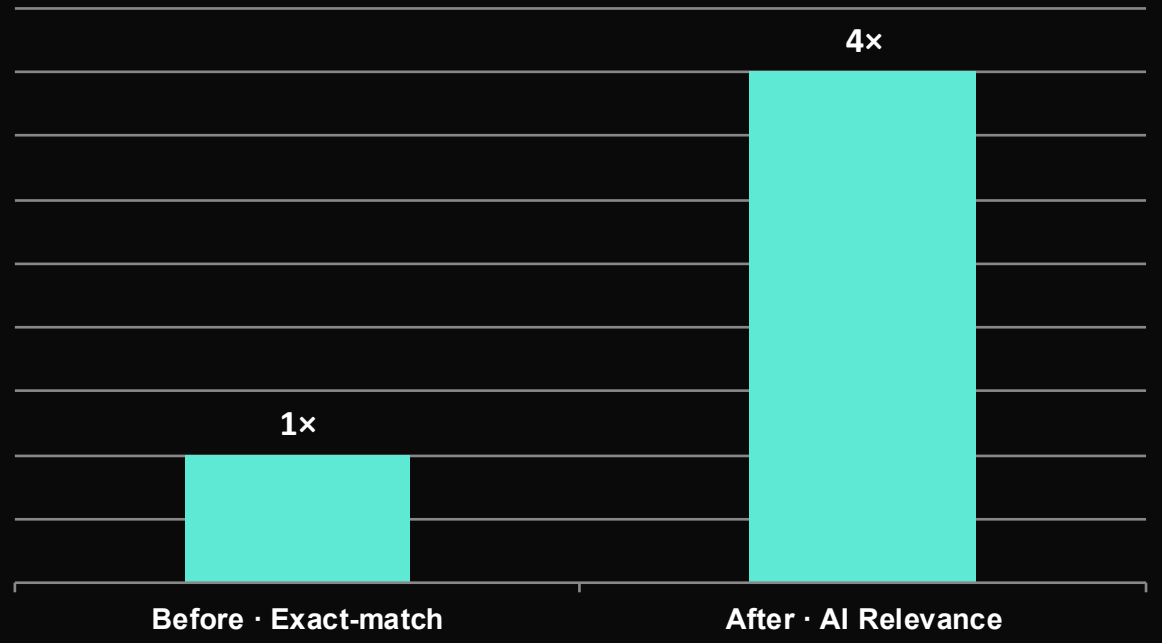
SEARCH-QUERY MONETISATION COVERAGE

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.

89% of Retail Media Networks Aren’t Ready

1 in 10 are getting their act together

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FOUNDATIONS GAP

89%

of retailers lack advanced targeting capability.

Most are still chasing keyword, placement and segment audiences….

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.

AI Search Maturity Curve

Where do you sit?

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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 + transformer search

MONETISATION CAPABILITY 100%

- Transformers govern relevance
- Gradient boosting injects merch 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.

Pixel Access is Collapsing

Interfaces and AI are reducing discovery surfaces

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Desktop

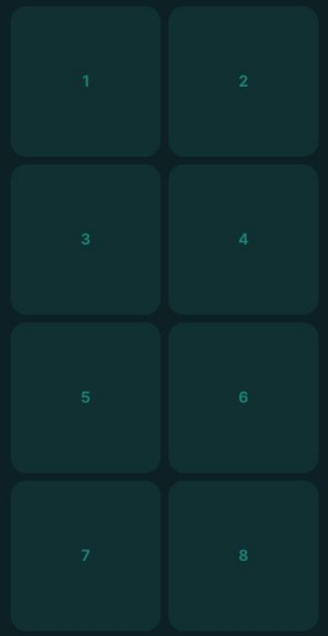
24–200 results



Position 12 vs 13 = page fold

Mobile

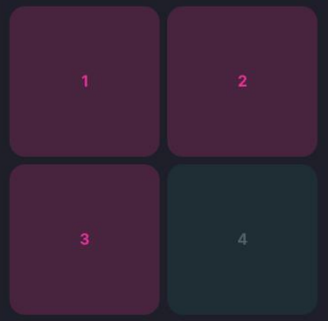
8–15 visible



Position 4 vs 5 = thumb scroll zone

AI Agent

2–4 items only



Slot 3 vs 4 = Millions in revenue

Relevance Curves & Why They Matter

AI Agents have no tolerance for irrelevance and neither should you

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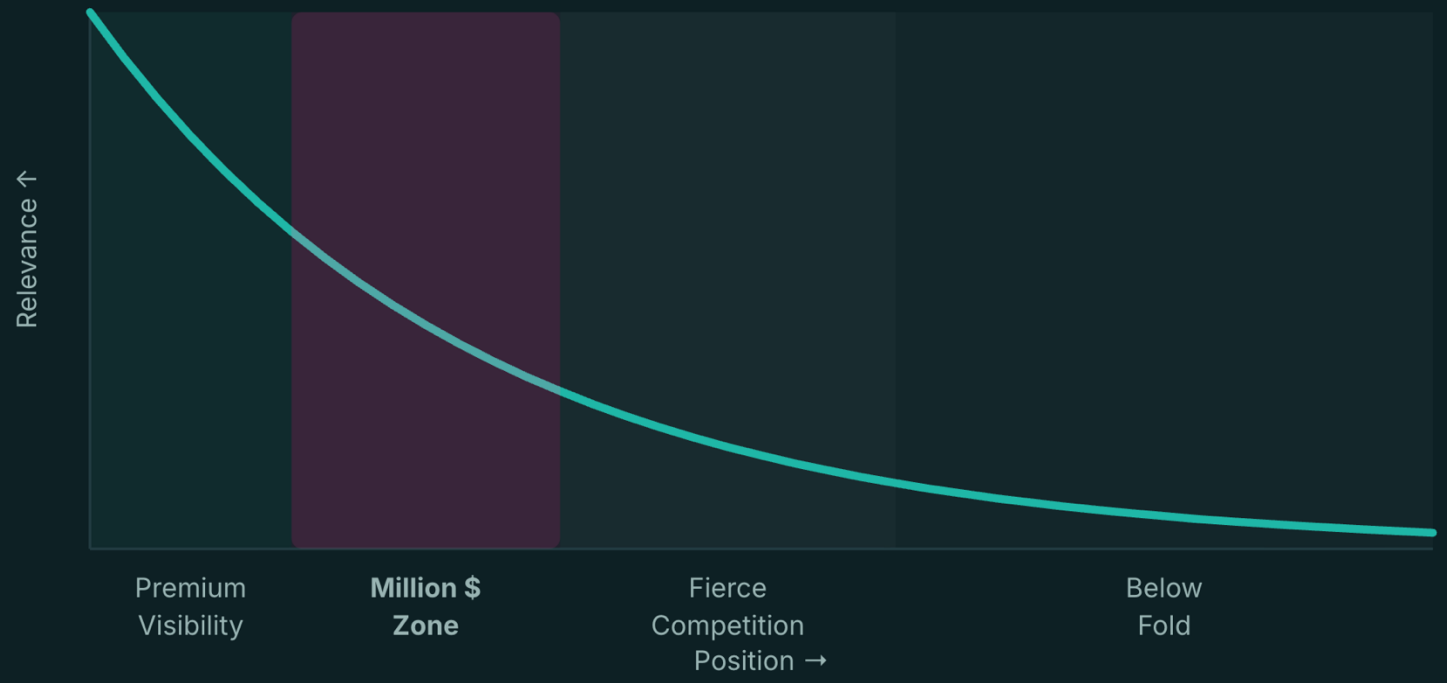
The Million Dollar Threshold

In an AI agent context, where only 2-4 items are considered, the difference between Slot 3 and Slot 4 isn't just visibility – it's millions of dollars over time.



1	Brand A	$12M	
2	Brand B	$8M	
3	Brand C	$4M	
	CRITICAL EDGE		
4	Brand D	$0.2M	Not shown to AI
5	Brand E	—	Not shown to AI

Case · Gradient Boosted Sponsored Products

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

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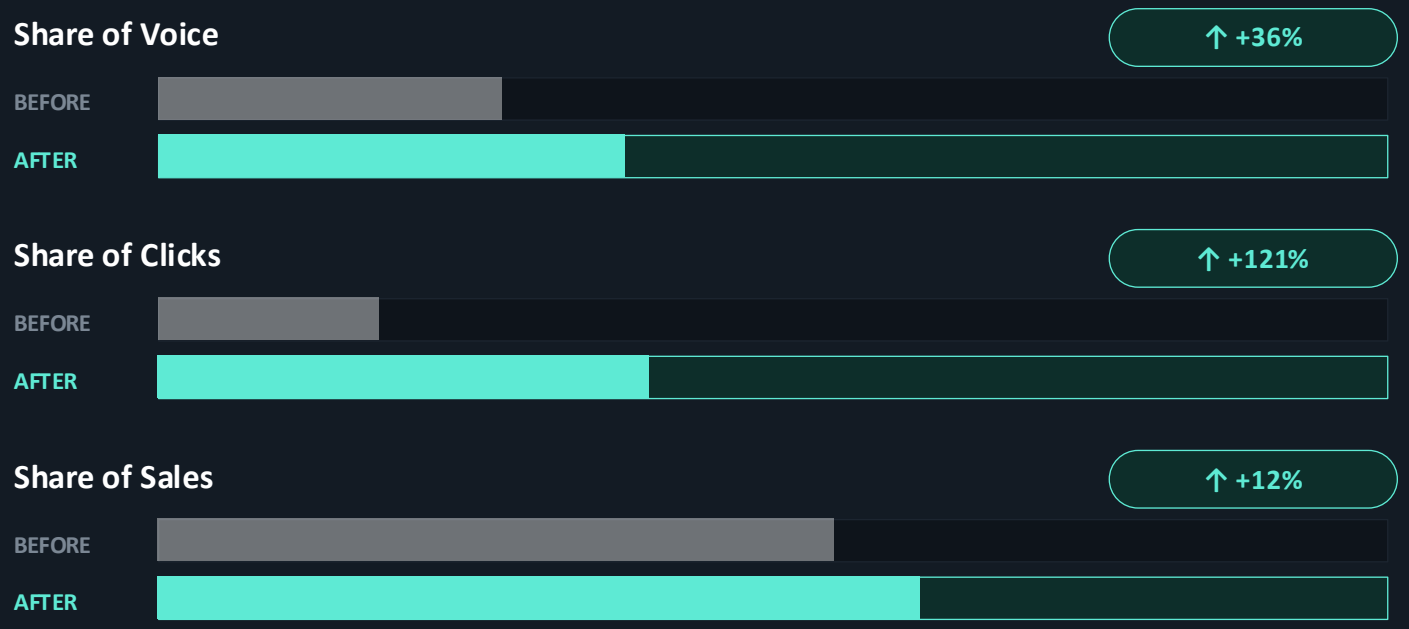
RELATIVE SHARE — BEFORE vs AFTER (indexed)



◎ 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.

Great sponsored products should be indistinguishable from organic relevance.

Who Controls This Decisioning Layer?

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

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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 & Merchandising Config

Sponsored search · Display · Brand · Off-site

Catalogue · Inventory · Customer Data

First-party, real-time

THE ARCHITECTURAL QUESTION

Own the ranking layer

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.

The Retail Media Network Action Map

Three sequential steps — you can't skip ahead.

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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. Vector (01) and Decisioning (02) are the precondition for agentic margin growth.

How Brands Can Thrive in Algorithmic Retail

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

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TRACK 1 · TABLE STAKES

Optimise the content you control

✓ **Rich, structured Product Metadata**
Titles, attributes, specs and copy that vectorise cleanly

✓ **Imagery built for CNNs**
Clean backgrounds, multiple angles — visual similarity surfaces you

✓ **Reviews & semantic signal honey pots**
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.

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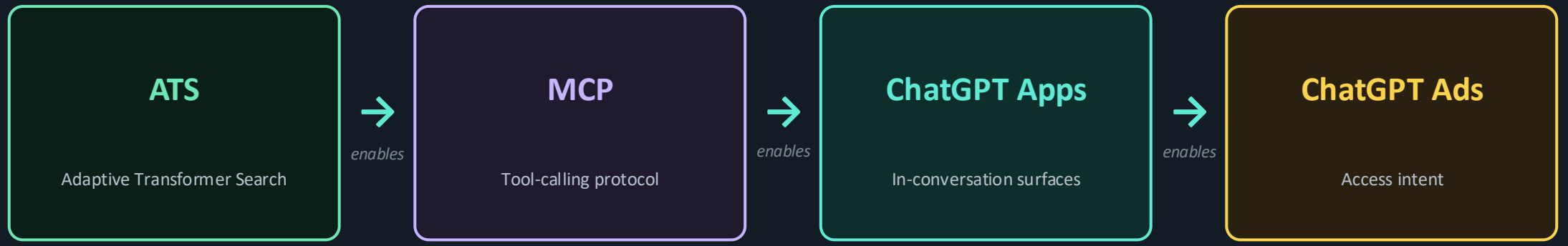
THE CAUSAL CHAIN



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.

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THANK YOU

Own the ranking layer.



James Taylor
CEO & Founder



Beth Smith
VP Customer Success

↗ explore.particularaudience.com

hello@particularaudience.com