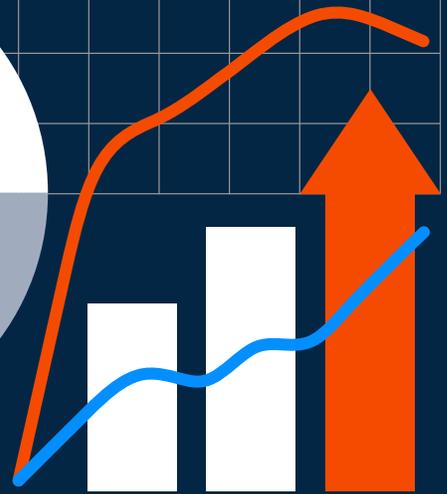
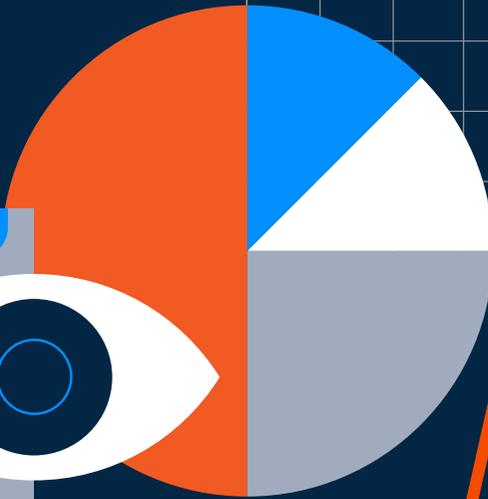
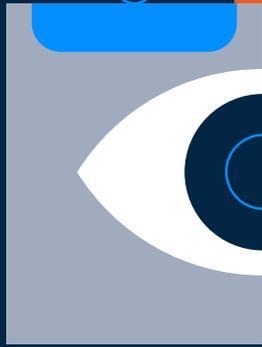




March 2026



Executive Summary

# Retail Media iROAS Demystified

Understanding Your Brand's  
*Incremental* ROAS



In partnership with professors  
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## Objective of Our Work

Retail media has rapidly adopted Return on Ad Spend (ROAS) as a primary performance metric. While ROAS is directionally useful, it does not distinguish between sales that would have happened anyway and those truly caused by advertising. Incremental ROAS (iROAS) addresses this limitation by focusing on the causal impact of advertising, isolating the incremental outcomes generated by a campaign compared to a scenario in which no advertising occurred.

Our work aims to bring clarity to how incrementality, specifically iROAS, is measured in retail media today, empowering the industry to ask sharper questions and allocate dollars more effectively.

**1** Explain the major incrementality measurement approaches used across Retail Media Networks (RMNs)

**2** Demonstrate how different methodological choices can materially change iROAS results

**3** Provide resources to advertisers and RMNs to drive better understanding of incrementality approaches

**4** Create an industry-wide call to action to improve transparency in incrementality methodologies and build trust in the true business impact of retail media for advertisers



**At an executive level, the core takeaway is simple:** iROAS is a powerful metric, but it is highly sensitive to how it is measured. Without transparency and consistency, iROAS can mislead rather than inform.



# Incrementality Measurement Explainer

Incrementality measures the causal impact of advertising, what would not have happened without the ads. In practice, RMNs use three broad approaches:

### Randomized Controlled Trials (RCTs):

Audiences are randomly split into exposed and unexposed groups. This is the most rigorous approach, but it is operationally complex and not always feasible, especially in omni-channel environments.

### Matching Methods:

An observational approach that estimates impact by building a control group from people or places that didn't receive ads but look similar to those that did (based on observable factors like past purchases, behavior, or demographics). The assumption is that these "look-alikes" represent what would have happened without advertising. This approach is widely used by RMNs.

### Synthetic Controls:

An observational approach that estimates impact by constructing a control group from a weighted composite of markets or users that did not receive ads. Unlike matching, which selects individually similar units based on characteristics, this method finds weights so the composite's pre-campaign trajectory closely mirrors the treated group over time, then projects it forward as the counterfactual during the campaign. This approach is less commonly used by RMNs.

Each approach involves trade-offs between rigor, scalability, and complexity. Importantly, even within the same approach, small design choices, such as which customers are included or how outcomes are modeled, can meaningfully change results.

## Analysis Overview

To illustrate how much methodology can change outcomes, we analyzed 42 onsite display campaigns run across Albertsons Media Collective properties (e.g., Albertsons.com, Vons.com, Safeway.com). We intentionally varied four major levers across matching methodologies (outlined below). We focused specifically on matching methodologies for this analysis, as we believe this is the approach most commonly used by RMNs today.

**1** Pre-filtering of test/control audiences

**2** Matching approach (e.g., clustering vs. propensity score matching)

**3** Feature selection used for matching

**4** Incremental revenue calculation method

The levers varied in our analysis are not exclusive to matching methods and can be components of RCTs and synthetic controls.

Because each lever has multiple valid options, a single campaign could produce 54 different iROAS outputs driven purely by measurement choices—not consumer response.



## Key Findings

Across the paper and supporting analysis, three takeaways stand out:

**1. iROAS is highly sensitive to methodology.** The same campaign can generate dramatically different iROAS results depending on how test and control groups are constructed, which features are used, and how incremental revenue is calculated.

We found that iROAS outputs could vary on average by **6.5x** (median 2.5x) and that **83%** of campaigns could flip from positive to negative based on methodological choices.

**2. Measurement design is a balancing act.** RCTs, matching, and synthetic controls each come with

trade-offs in rigor, stability of outputs, and the operational lift required to execute at scale. Even within matching, choices like filtering, feature selection, and whether incremental revenue is observed or modeled can swing results materially. The right approach is one that balances an RMN's ability to execute consistently with the need for sufficient measurement quality and manageable operational complexity.

**3. Transparency, understanding, and consistency matter most.** iROAS only improves decisions when advertisers can interpret it with the right context: what method was used, what brands and customers were included, what assumptions were made, and how incremental revenue was calculated. RMNs should choose an approach that balances an RMN's ability to execute consistently with the need for sufficient measurement quality and manageable operational complexity.

**What this means for advertisers:** Given the wide range of incrementality methodologies, advertisers often struggle to interpret, trust, and compare incrementality results, both within a single RMN and across partners. Ultimately, there is no single “right” way to measure incrementality. Instead, our evaluation of methods and analysis highlights three principles advertisers should prioritize:

**Transparency:** Insist that RMNs clearly document and disclose every step of their incrementality approach—who is included, how test/control groups are constructed, what features are used, and how incremental revenue is calculated. Without transparency, results cannot be evaluated or trusted.

**Understanding:** Ensure day-to-day users understand the methodology well enough to interpret results correctly. This especially true of assumptions, limitations, and situations where the method may over or under-state impact. Incrementality only drives better decisions when stakeholders understand what the metric truly represents.

**Consistency:** Maintain consistent incrementality approaches over time within each RMN, and align approaches across RMNs where possible to improve interpretability. Even when two RMNs use the same incrementality method, results should not be directly compared or summed, since attribution logic, extrapolation, and measurement scope often differ. Although results shouldn't be directly compared, consistency of approach enables a solid understanding of what the outputs represent.



# Industry Call to Action: Standards for Transparency

Retail media and advertiser industry groups are uniquely positioned to address the challenges we have identified in our research. We believe the next phase of retail media maturity requires industry-wide transparency standards for incrementality measurement, not to mandate a single methodology, but to ensure results are interpretable, comparable, and trusted.

## Proposed Transparency Standards for Incrementality Measurement in Retail Media

Area	Recommended Transparency Standard	Why This Matters
<b>Classification</b>	<ul style="list-style-type: none"> <li>Identify the primary incrementality approach used (e.g., RCT, matching-based observational method, synthetic control, modeled approach)</li> <li>Note when multiple or hybrid methods are used</li> </ul>	Incrementality approaches vary in causal rigor. Clear classification enables advertisers to properly interpret results and understand differences across RMNs and campaigns.
<b>Test and Control Group Construction</b>	<ul style="list-style-type: none"> <li>Specify the unit of analysis (e.g., user, household, store, geo)</li> <li>Disclose any audience filtering applied prior to measurement</li> <li>Describe control group construction and known sources of contamination or bias</li> </ul>	Filtering and control group design can materially shift iROAS outcomes by affecting sample size, match quality, and incremental revenue—independent of true ad effectiveness.
<b>Matching or Modeling Methodology</b>	<ul style="list-style-type: none"> <li>Describe the matching or modeling approach used</li> <li>List primary features or inputs</li> <li>Explain how match quality or model fit is evaluated</li> <li>Indicate whether methods are applied consistently across campaigns</li> </ul>	Small methodological choices can drive large swings in iROAS. Transparency allows advertisers to assess stability, bias risk, and consistency of reported performance.
<b>Incremental Revenue Calculation Approach</b>	<ul style="list-style-type: none"> <li>Clarify whether observed sales or modeled approaches (e.g., Bayesian Structural Time Series) are used</li> <li>Describe how trend and seasonality are handled</li> <li>Disclose measures of statistical confidence or uncertainty</li> </ul>	Observed and modeled approaches can diverge materially. Clear disclosure is critical to avoid misinterpretation and suboptimal optimization decisions.
<b>Appropriate Use Cases and Limitations</b>	<ul style="list-style-type: none"> <li>Provide guidance on when results are most reliable (e.g., spend levels, campaign types)</li> <li>Call out known limitations</li> <li>Offer guardrails for interpretation and use</li> </ul>	Clear guidance improves decision quality, prevents misuse, and protects advertiser trust.