

6 Critical Retail Media Mistakes to Avoid in 2025

Unlocking Smarter Advertising Strategies for Sustained Retail Success



Executive Summary

Retail media is rapidly evolving, presenting retailers with an unparalleled opportunity to generate advertising revenue while enhancing customer engagement. Forrester forecasts that retail media ad sales will reach \$85 billion by 2026, reflecting its growing importance. However, many brands and retailers struggle to maximize their returns due to common but avoidable mistakes.

This guide outlines six critical retail media mistakes and provides actionable solutions to optimize ad spend, improve campaign performance, and enhance customer experience.

Here's what we will cover in this ebook

- 01 Why data fragmentation leads to poor ad targeting and wasted spend
- 02 The impact of low product ratings and reviews on ad performance
- 03 How to avoid redundant ad spend on top-ranking products
- 04 The cost of running ads for out-of-stock product
- 05 Why campaign tracking and attribution are essential for retail media success
- 06 How to strategically time campaigns around promotions for better ROI

Mistake #1:

Scattered Customer Data Management

Data fragmentation is one of the biggest challenges retailers face today. Most retailers have customer data scattered across multiple systems – e-commerce platforms, in-store POS, email marketing tools, and customer service databases. While each system holds valuable insights, the lack of integration and visibility across these touchpoints leads to



Irrelevant ad targeting

Customers may see ads for products they've already purchased or even returned



Missed personalization opportunities

Without a connected view of customer behavior, ads fail to engage the right audience.



Wasted ad spend

Poor targeting leads to low conversion rates and inefficiencies in retail media campaigns.

How to Fix It

Start by mapping out where all your customer data lives—point-of-sale systems, loyalty programs, website analytics, customer service records, and email marketing platforms. Then, look for simple, quick wins to improve connectivity between these systems:

Use a common customer identifier (like email or loyalty ID) across all platforms to reduce data silos.

Ensure real-time data updates between sales and marketing systems to avoid outdated or duplicate customer profiles.

Focus on tracking essential data points, like purchase history (online & in-store), browsing behavior (which products they explore but don't buy), email engagement (past responses to promotions), customer service interactions (to avoid promoting items related to past complaints)

Quick Fix Checklist:

- ☒ Map all current customer data sources and systems
- ☒ Identify key customer identifiers used across different platforms
- ☒ Audit data quality in each system, noting inconsistencies
- ☒ Implement consistent customer identification across all touchpoints
- ☒ Set up basic data validation rules for new customer information
- ☒ Create a regular schedule for data cleansing and de-duplication
- ☒ Establish protocols for handling customer data updates
- ☒ Set up automated alerts for data sync failures
- ☒ Document customer data flow between systems
- ☒ Create emergency procedures for data discrepancy resolution

Mistake #2:

Advertising Products with Poor Ratings and Reviews

Product ratings and reviews are among the most influential factors in online purchasing decisions. Studies show that most shoppers actively seek out negative reviews before making a purchase.

Yet, many retailers continue to spend advertising dollars promoting low-rated products, leading to:



Wasted ad spend

Poorly rated products often fail to convert, making clicks expensive and ineffective.



Loss of customer trust

If shoppers see too many low-rated products in sponsored ads, they lose trust.



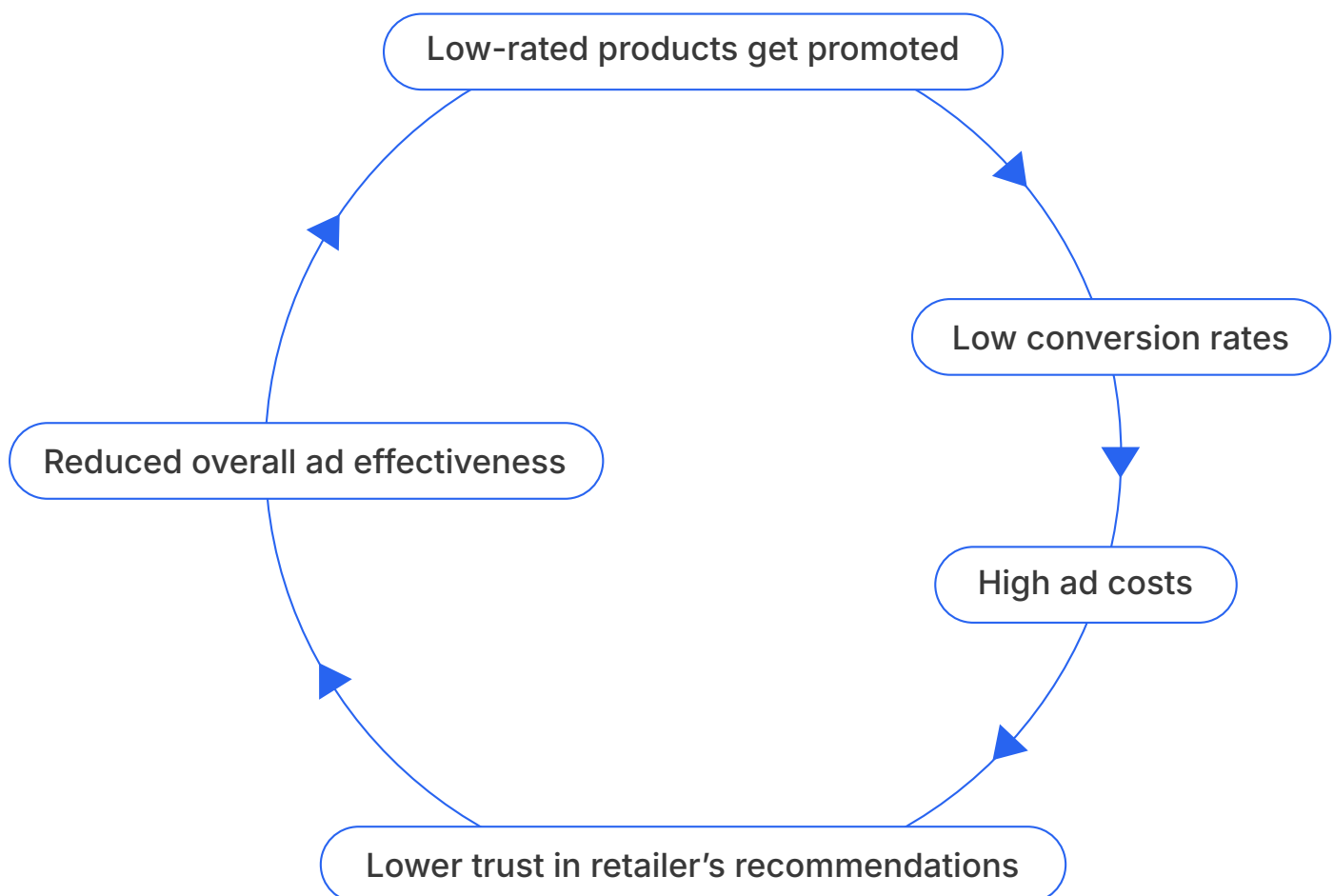
Declining ad performance

Poor conversion rates makes future campaigns expensive, reducing overall ROAS.

How This Impacts Retail Media Campaigns

When a customer clicks on a sponsored product, one of the first things they check is the star rating and recent reviews. If these indicators are poor, conversion rates drop significantly, regardless of ad placement or creative quality.

This creates a negative feedback loop



How to Fix It

To maintain advertising efficiency and customer trust, retailers must adopt a systematic approach to product ratings management in their retail media strategy.



Set clear rating thresholds: Establish a minimum star rating for advertised products. Many retailers use 3.5 or 4 stars as a benchmark.



Pause ads for underperforming products: Automatically stop promotions for products that fall below the set threshold.



Monitor sentiment, not just ratings: Negative reviews could be temporary issues or fundamental problems. Use sentiment analysis to determine whether to fix the issue or shift budget to better-performing products.



Adjust campaigns based on rating trends: If a product's rating is trending downward, pause campaigns before it hits your minimum threshold. Conversely, reintroduce ads once ratings improve.

Quick Win:

Set up automated alerts for products with an average rating below 3.5 stars. Immediately pause these ads and redirect the budget to your best-performing products (4.5+ stars).

Quick Fix Checklist:

- ☒ Set minimum rating thresholds for advertised products
- ☒ Create automated alerts for products falling below rating thresholds
- ☒ Implement daily review monitoring for advertised products
- ☒ Establish process for pausing ads when ratings drop below threshold
- ☒ Set up sentiment analysis for product reviews
- ☒ Create response protocols for negative reviews
- ☒ Define criteria for restarting paused campaigns
- ☒ Implement regular rating trend analysis
- ☒ Set up competitor rating benchmarking
- ☒ Create escalation process for sudden rating drops

Mistake #3:

Unnecessary Campaigns for High-Ranking Products

Retailers often waste ad spend promoting products that already dominate organic search results. This happens due to a lack of visibility into organic performance and a misconception that paid ads always boost sales.

Essentially, you are paying for the traffic you'd get for free. If a product ranks in the top 3 search results, it's already getting high visibility and clicks without paid support. Every dollar spent promoting an already-visible product is a dollar that could have been invested in emerging products, seasonal items, or products stuck on page two or three of search results.

This misallocation of resources creates missed opportunities for products that genuinely need the visibility boost.

How to Fix It

To maximize retail media efficiency, retailers must align paid campaigns with organic performance; here are some simple steps you can follow.

Step #1

Track organic search rankings. Identify which products consistently rank in the top 3 positions before deciding to run ads.

Step #2

Categorize products by visibility such as:

▶ **Top performers:** Only use paid campaigns during high-competition periods (e.g., seasonal events, promotions).

▶ **Mid-tier products:** Strategically boost these with paid ads to improve visibility and conversions.

▶ **Low-ranking products:** Use a mix of paid ads and content optimization to drive traffic.

Step #3

Set smart reallocation strategies. Redirect ad spend from top-ranking products to underperforming, high-potential products.

Step #4

Monitor ranking fluctuations. If a high-ranking product starts dropping in search results, reintroduce paid campaigns to maintain visibility.

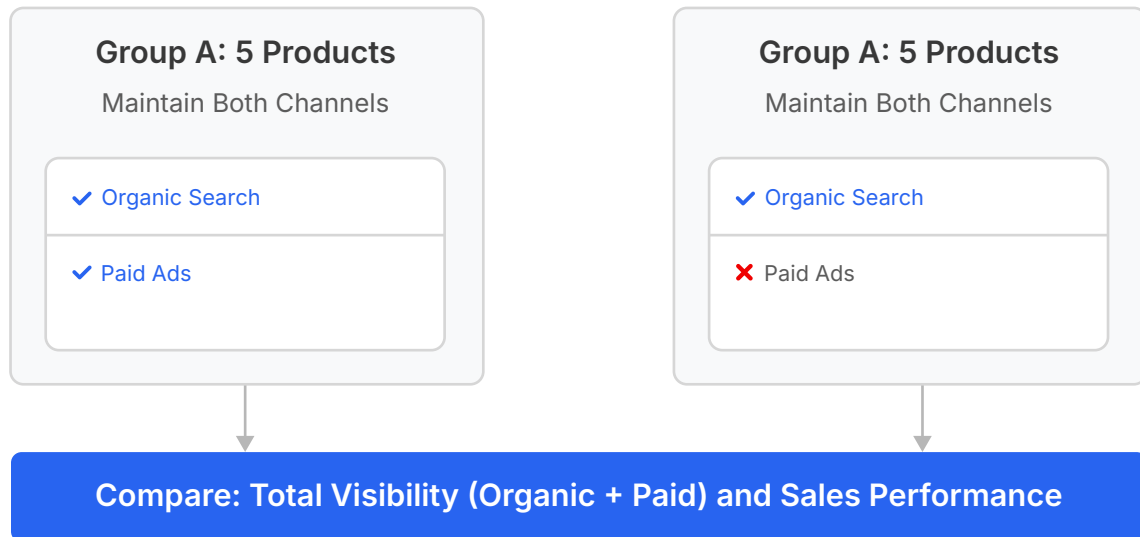
Quick Win:

Identify your top 10 products by organic search ranking and run a two-week test: pause paid campaigns for half of them while maintaining ads for the other half. Compare total visibility (paid + organic) and sales and see if it impacts your sales.

Two-Week A/B Test Design

Day 1

Day 14



Quick Fix Checklist:

- ✓ Identify products consistently ranking in top 3 organic results
- ✓ Create organic ranking monitoring schedule
- ✓ Set thresholds for paid campaign adjustment based on organic position
- ✓ Implement regular organic visibility reporting
- ✓ Define criteria for seasonal campaign exceptions
- ✓ Set up automated alerts for organic ranking changes
- ✓ Create reallocation plan for saved ad spend
- ✓ Establish testing protocol for reducing ad spend on top performers
- ✓ Document organic-to-paid transition triggers
- ✓ Set up performance monitoring for newly organic-only products

Mistake #4:

Running Campaigns for Out-of-Stock Products

Advertising products that are out of stock is one of the most common (and avoidable) mistakes in retail media. While inventory management and advertising might seem like separate functions, their lack of coordination wastes ad spend, creates poor customer experiences, and reduces trust in sponsored listings



Wasted Ad Spend

Problem: Paying for clicks on ads leading to product pages where no purchase can be made

Impact: Higher Cost, Lower ROI



Frustrated Customers

Problem: Shoppers click on ads expecting to buy, but leave when products are unavailable

Impact: Reduced Conversion



Loss of Trust in Retail Media

Problem: Repeated out-of-stock encounters reduce confidence in sponsored listings

Impact: Future Ads Less Effective

How to Fix It

To avoid running ads for unavailable products, retailers need automated inventory-ad syncs and proactive campaign adjustments. Here is how you can do it:

Step #1

Implement Inventory Threshold-Based Ad Pauses:

Create a minimum stock level for each ad campaign. Your ads automatically slow down when products get low.

Step #2

Automate Real-Time Inventory Syncing:

Link your inventory system to your ad platform. Ads stop automatically when products sell out.

Step #3

Track Restock Timelines:

If a product is expected to restock soon, set up a rule to restart campaigns once inventory levels recover instead of manually re-enabling ads.

Step #4

Account for Multi-Location Inventory:

Target ads only to regions where products are in stock and ready for delivery, preventing wasted spend on unfulfillable orders.

Quick Win:

Keep your stock at 120% of what you normally sell each day. When stock drops below this, cut your ad spending in half. This keeps customers happy while maintaining product visibility.

Quick Fix Checklist:

- ☒ Set minimum inventory thresholds for active campaigns
- ☒ Implement real-time inventory monitoring
- ☒ Create automated campaign pause triggers
- ☒ Set up restock date tracking
- ☒ Establish multi-location inventory verification
- ☒ Create buffer stock calculations for advertised products
- ☒ Implement automated campaign restart protocols
- ☒ Set up inventory forecast alerts
- ☒ Create emergency stock-out communication process
- ☒ Establish regular inventory sync verification.

Mistake #5:

Poor Campaign Performance Tracking

Retail media success depends on data-driven decision-making, yet many retailers lack the tools and frameworks to measure the true impact of their campaigns. Without proper tracking, brands struggle to optimize spend, justify investments, and accurately attribute sales.



Unclear ROI Measurement

Simple clicks and views hide the real impact of retail campaigns, making it impossible to judge their value



Poor Budget Allocation

Without clear tracking data, brands waste money on ineffective ads while missing channels that drive actual sales.



Inaccurate Customer Journey Insights

Measuring only the last-click attribution ignores how customers interact with multiple touchpoints before purchase decision.

How to Fix It

Implement a structured, multi-touch attribution model and automated performance tracking systems to optimize retail media spend.

- 01 **Step #1:** Go beyond CTR and impressions—focus on ROAS, conversion rates, customer acquisition costs, and lifetime value.
- 02 **Step #2:** Move away from last-click attribution and adopt multi-touch attribution to measure the true impact of campaigns across channels.
- 03 **Step #3:** Create automated dashboards to track key performance indicators and visualize cross-channel impact.
- 04 **Step #4:** Set real-time alerts for campaigns that fall below minimum performance benchmarks so adjustments can be made instantly.

Quick Fix Checklist:

- ☒ Define essential KPIs for all campaign types
- ☒ Implement basic attribution modeling
- ☒ Set up standardized reporting templates
- ☒ Create regular performance review schedule
- ☒ Establish minimum performance thresholds
- ☒ Implement basic cross-channel tracking
- ☒ Set up automated performance alerts
- ☒ Create campaign optimization protocols
- ☒ Establish regular data quality checks
- ☒ Define performance benchmark updates

Mistake #5:

Running Campaigns During Promotional Periods

Promotional events drive high organic traffic, yet many retailers continue running paid campaigns unnecessarily, leading to double costs—once through discounted margins and again through advertising spend. This mismanagement of budgets reduces profitability and impacts ROAS.

Unclear ROI Measurement

Simple clicks and views hide the real impact of retail campaigns, making it impossible to judge their value

Redundant Ads

Most customers search for deals on their own, making promotional ads unnecessary.

Poor Timing

Uncoordinated promotions and advertising campaigns waste marketing budget on non-incremental sales.

How to Fix It

Retailers must synchronize paid campaigns with promotional planning to ensure ad budgets are spent efficiently.

Step #1

Create a 6-Month Promotional Calendar

Plan ahead by mapping out all major sales events (seasonal promotions, flash sales, clearance events).

Step #2

Identify Necessary Campaign Adjustments

Some promotions may warrant a full pause of paid campaigns, while others require scaled-down ad spending based on product categories or audience segments.

Step #3

Implement Automated Campaign Rules

Use dynamic bidding rules to automatically reduce ad spend when promotions start, ensuring campaigns remain cost-effective.

Step #4

Monitor Promotional Impact on Margins

Track profit margins per product during past promotions to identify where ad spend is ineffective.

Quick Fix Checklist:

- ☒ Create promotional calendar for next 6 months
- ☒ Map campaign adjustments needed for each promotion type
- ☒ Set up automated campaign rules for promotional periods
- ☒ Create promotion-specific performance tracking
- ☒ Establish coordination protocol between teams
- ☒ Implement promotional period alert system
- ☒ Create campaign adjustment templates
- ☒ Set up promotional impact analysis
- ☒ Define emergency override procedures
- ☒ Establish post-promotion campaign restart protocols

Summing it up

Retail media can be a game-changer for your bottom line and customer engagement when done right. However, common mistakes such as data fragmentation, poor product selection, inefficient budget allocation, and lack of campaign tracking can significantly reduce returns.

The solution lies in smarter data strategy: unified customer insights, focus on high-performing products, optimized ad spend, and integrated performance tracking across inventory and promotional planning. This measured approach turns retail media from a mere advertising channel into a powerful growth driver.

Flipkart Commerce Cloud

Your Trusted Retail Media Partner

Flipkart Commerce Cloud (FCC) empowers retailers to turn site traffic into a high-margin revenue stream. With advanced AI-driven targeting, automated campaign management, and real-time performance tracking, FCC ensures every ad dollar delivers maximum impact. Our partners have seen 120% ROAS and 40% improved CPM, proving that a well-executed retail media strategy can drive both engagement and profitability.

Ready to optimize your ad spend? [Book a demo with FCC.](#)