

CommerceIQ

The state of retail ecommerce Q2 2025



Executive summary

Q2, and the first half of 2025 defied expectations. Despite economic and tariff challenges, the data tells a story of surprising resilience and shifting priorities. The expected outcomes of rising prices and falling conversion have not yet materialized. Instead, the data reveals a more nuanced landscape where operational execution and cost management have become the primary drivers of success.

The cost of doing business is rising. Advertising is becoming more expensive, retailer margins continue to improve, and consumers are actively trading down to lower price bands, putting a direct squeeze on brand profitability. In response, brands are winning where it matters most: on the digital shelf. Sales are consistently growing faster than glance views, proving that a focus on optimizing conversion is paying off and driving real growth.

Even operational metrics show stability. With out of stock rates growing slower than sales, it is clear retailers are planning better and raising the bar for brands. The takeaway is simple: success is no longer about driving traffic, but mastering conversion, managing rising costs, and achieving operational excellence.

Key takeaways



Inventory shifted to a more stable phase

Q2 saw inventory levels stabilize after a Q1 surge.



Customer price sensitivity remained high

Customer price sensitivity remains high, leading to declining average selling prices.



Traffic growth slowed in Q2

Traffic growth slowed, but sales growth outpaced it due to strong conversion.



Advertising investment continued to outpace sales growth

Increased advertising spend, exceeding sales growth, indicates ROAS challenges.



Revenue losses due to out-of-stock issues continued to rise

Revenue loss from out-of-stock issues rose, highlighting supply chain difficulties.



Retailers Boost Margins Despite Lower Prices

Despite lower prices, gross margins improved due to retailer efficiency.



Total industry overview

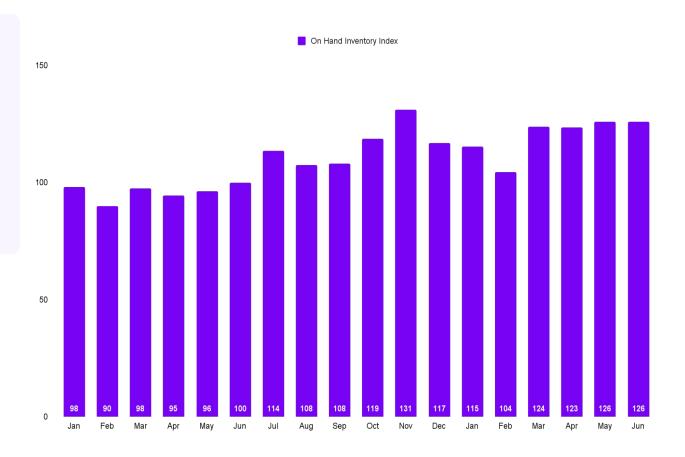
Q2 2024 vs. Q2 2025 recap

Commerce IQ

ON HAND INVENTORY

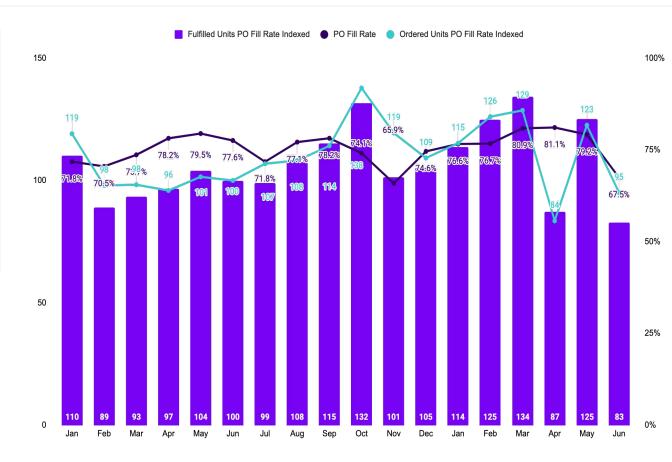
Aggregate inventory rise plateaus in Q2

On Hand Inventory plateaued in Q2 - up 26% YoY in June and 26.8% YoY for the quarter.



Q2 Ordering volume slowed

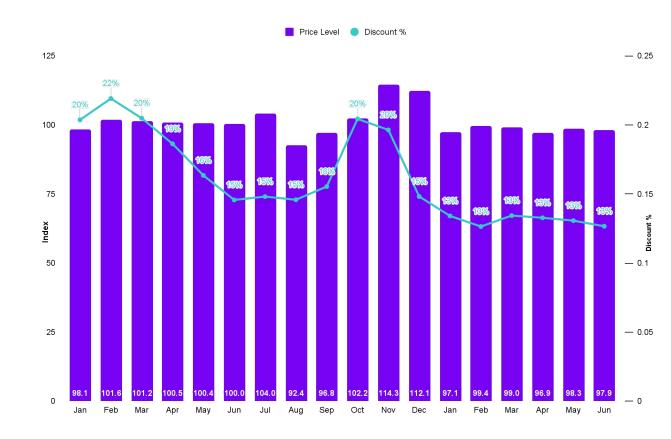
May saw a pre-Prime day surge as Amazon prepared for the seasonal sales event, June YoY down 17% to slow on-hand inventory growth.



PRICE LEVEL VS. DISCOUNT %

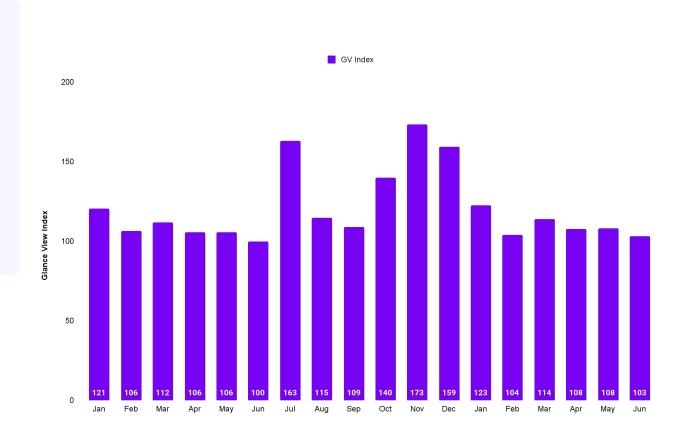
Average Selling Prices declined

Q2 Average Selling Prices declined 2.6% YoY as customers continue to aggressively hunt for deals and trade down in price bands. Discounting continues to fall, hitting 18 month lows.



Slow Traffic Growth

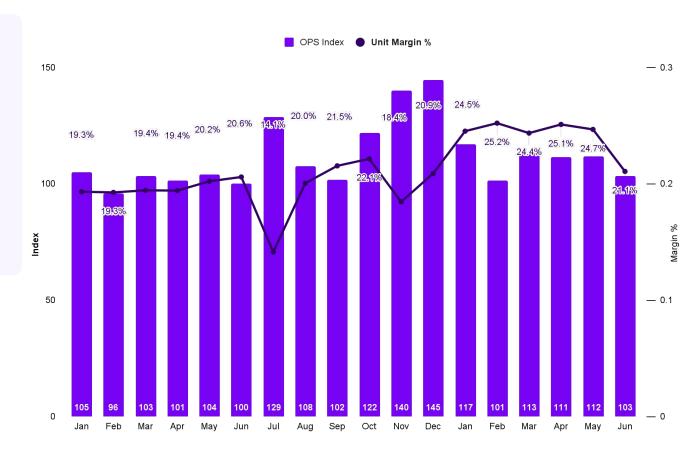
Aggregate Q2 traffic grew 2.2% year over year.



OPS VS. UNIT MARGINS

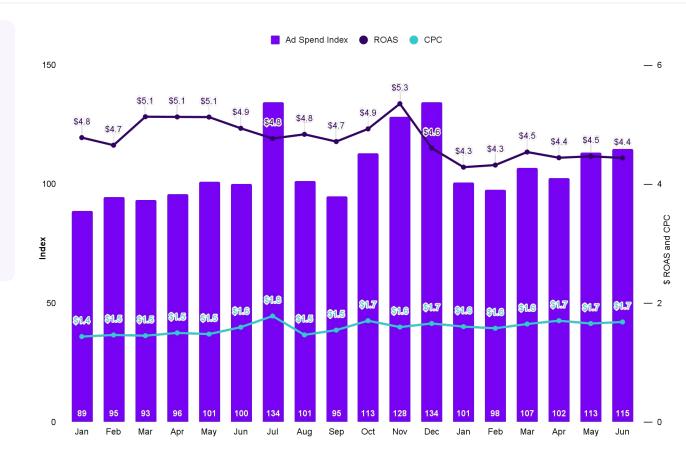
Ordered Product Sales grew 6.5% YoY in Q2

Product sales outpaced traffic growths as margins decline in the lead up to prime day



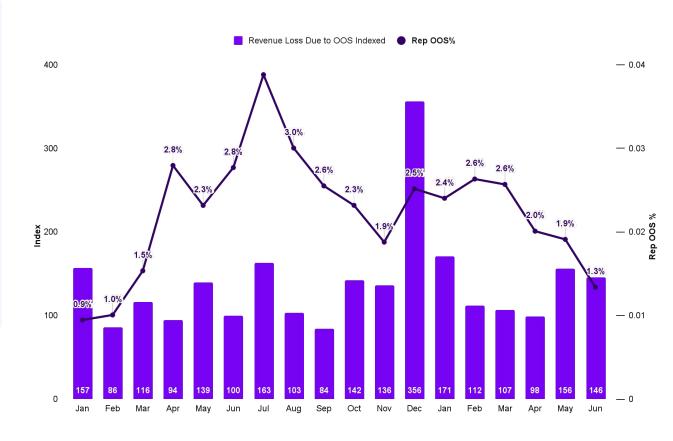
Ad Spend | ROAS | CPC | Ad Spend | Grew 10.3% | YoY in Q2

Ad Spend growth outpaces sales and traffic growth in Q2 as ROAS falls from Q4 peak and CPCs hold steady



Revenue Loss Due to OOS Due to OOS increased 3.8% YoY in Q2

As RepOOS% declined indicating OOS on low traffic ASINs



Commerce Q

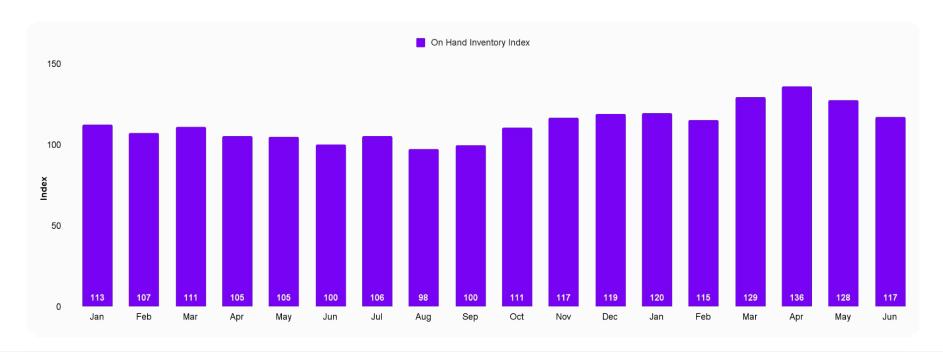
Baby Productsindustry overview

Q2 2024 vs. Q2 2025 recap

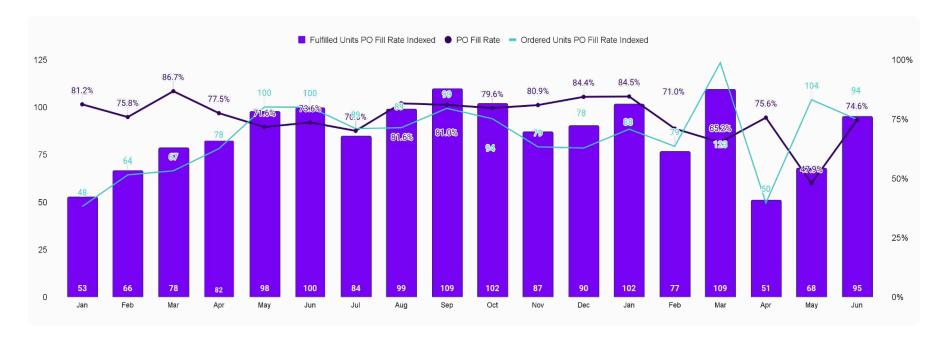


ON HAND INVENTORY

Aggregate On Hand Inventory increased 23% in Q2

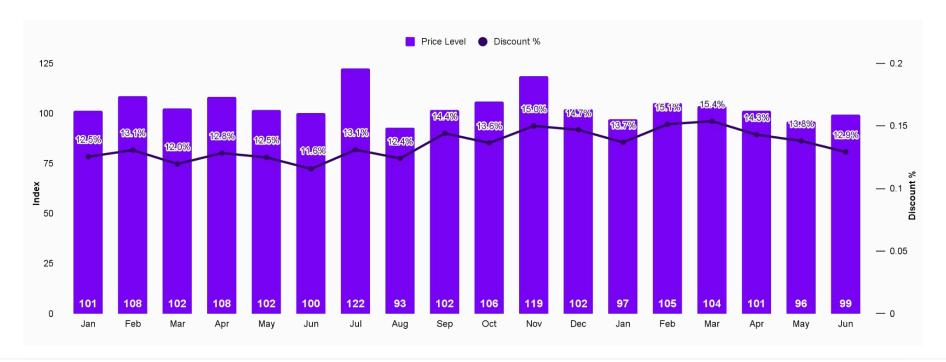


Ordered Unit volume declined sharply at the start of the quarter

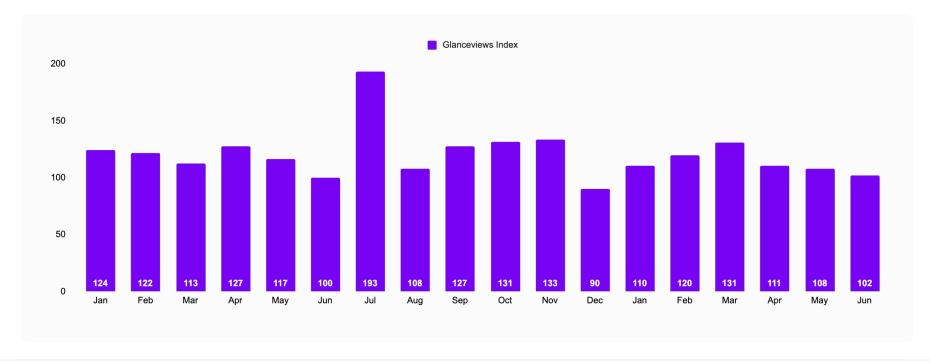


PRICE LEVEL VS. DISCOUNT %

Q2 Average Selling Price declined in Q2 YoY as discounting increased YoY

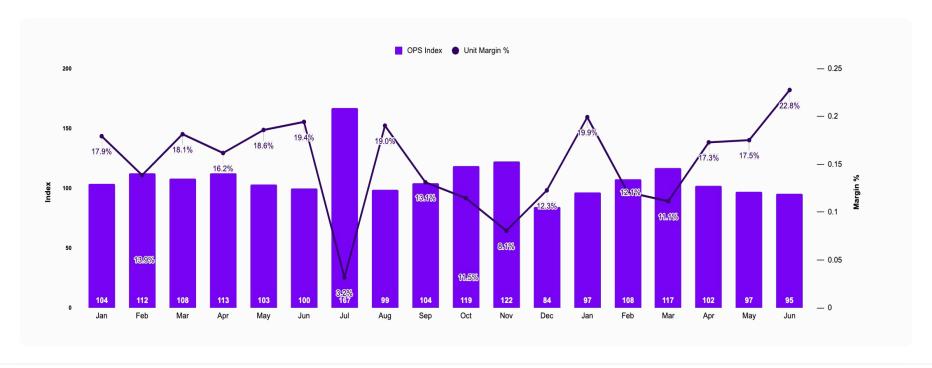


Category traffic declined 6.7% YoY in Q2



OPS VS. UNIT MARGIN %

Category sales decline 7% YoY in Q2 as Unit Margins hit 18 month highs



REVENUE LOSS DUE TO OOS

Revenue Loss Due to OOS increased 123% YoY in Q2 as RepOOS% declines



Commerce Q

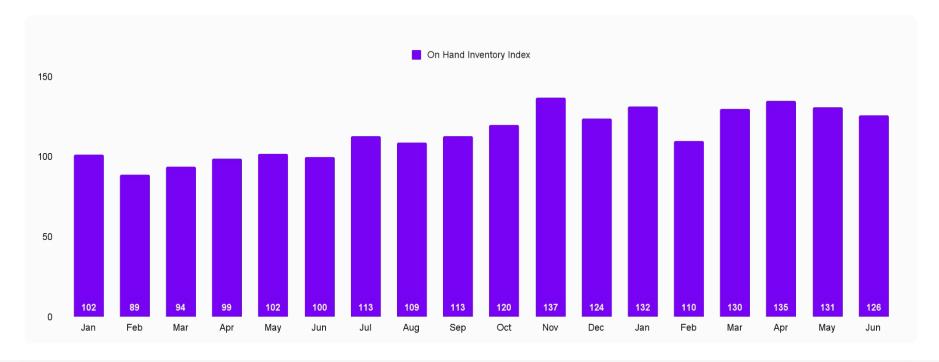
Beauty industry overview

Q2 2024 vs. Q2 2025 recap



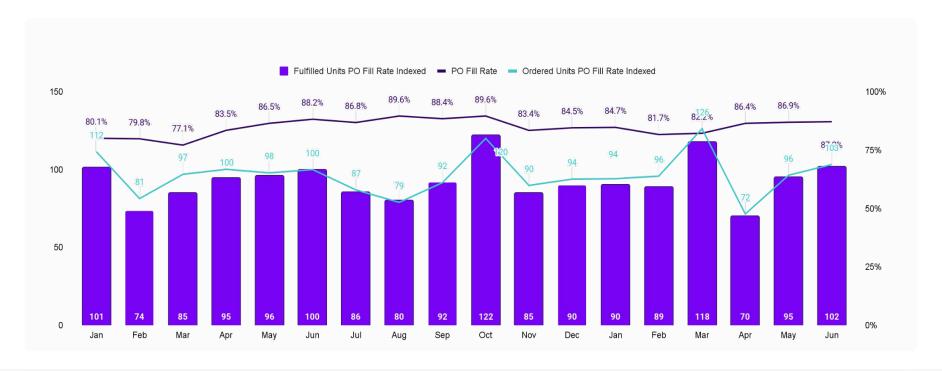
The state of ecommerce: Q2 2025

Q2 On Hand Inventory increased 30% YoY



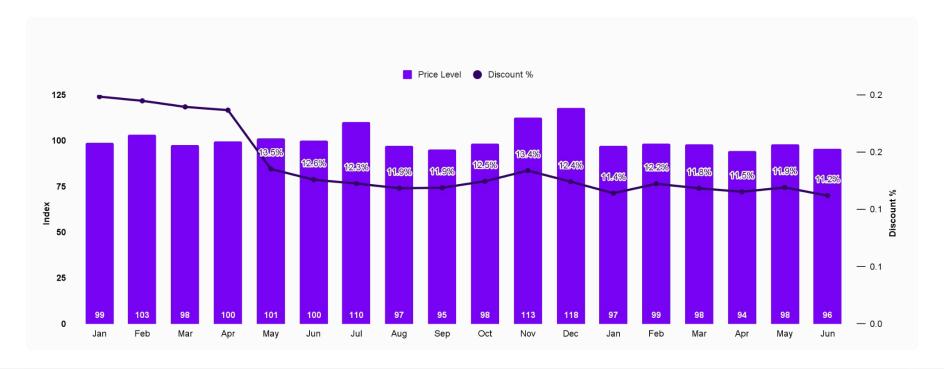
FULFILLMENT

Q2 Filled Units decreased 8.3% year over year as Fill Rate climbs to 87.2%

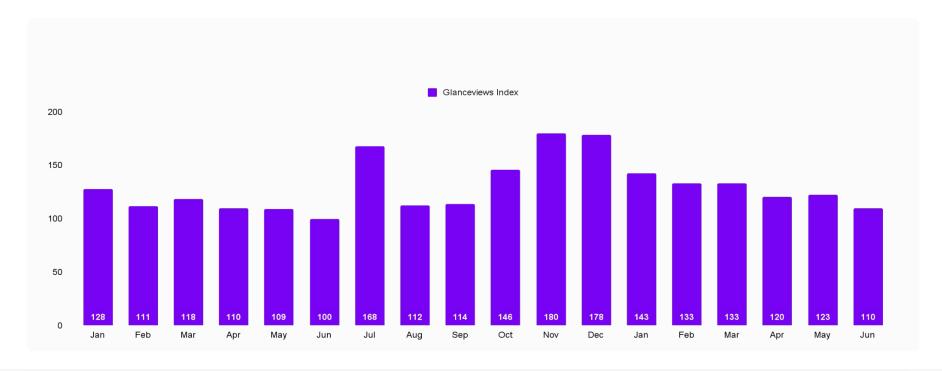


PRICE LEVEL VS. DISCOUNT %

Average Selling Prices decline 4.3% YoY in Q2 as discounts continue 18 month decline

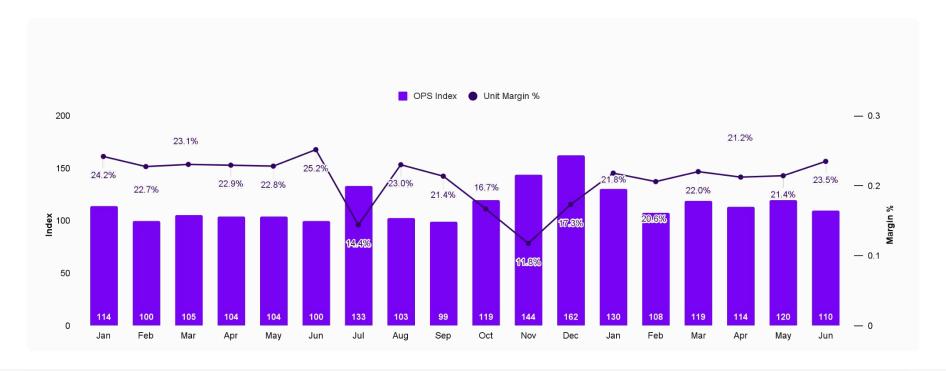


GLANCE VIEWS Glance Views increase 10.6% YoY in Q2



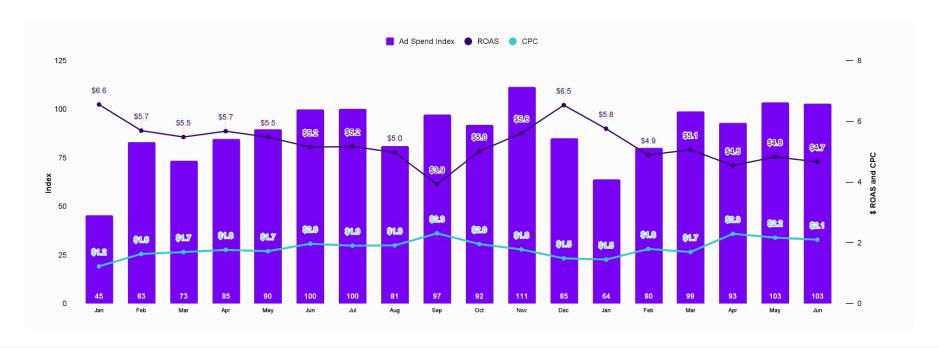
OPS VS. UNIT MARGIN %

Ordered Product Sales increased 11.7% YoY in Q2 as Unit Margins recover from Q4 lows to 23.5%



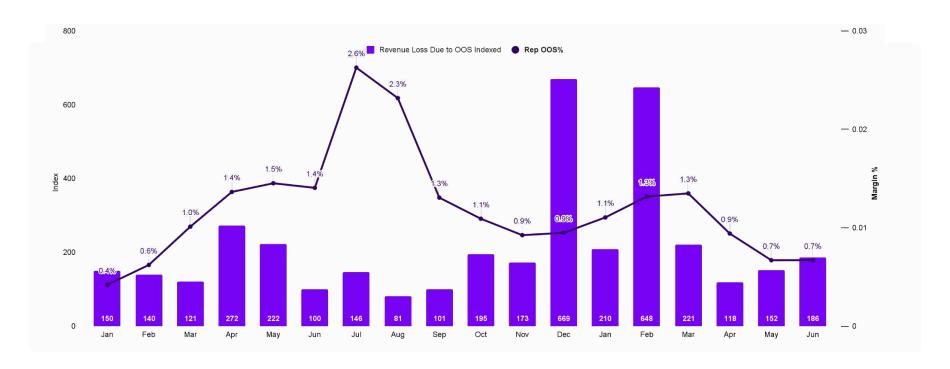
AD SPEND | ROAS | CPC

Ad Spend Increased 8.8% YoY in Q2 as ROAs declines from December highs of \$6.5 to \$4.7



REVENUE LOSS DUE TO OOS

Revenue Loss Due to OOS declined 23.2% in Q1 as RepOOS% declines to 0.7%



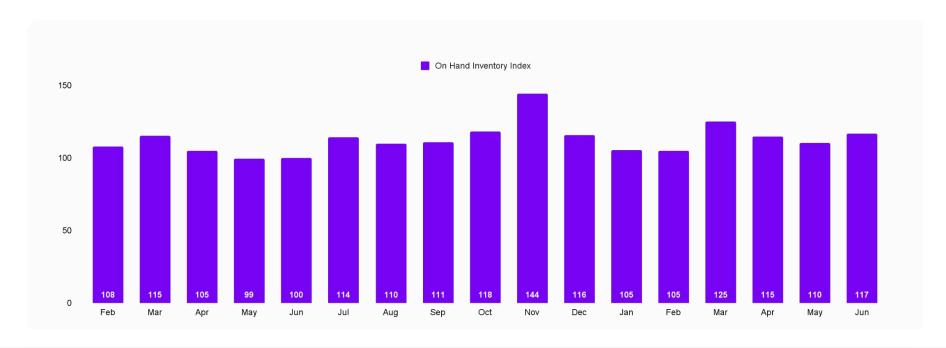
Electronics industry overview

Q2 2024 vs. Q2 2025 recap

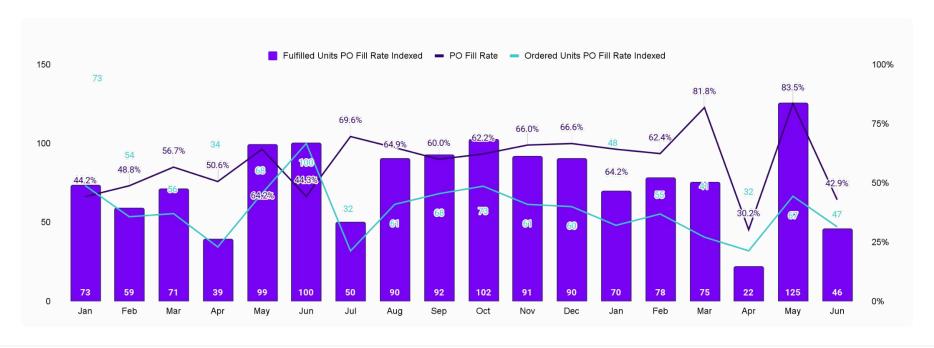


ON HAND INVENTORY

On Hand Inventory increased 12.5% year over year in Q2

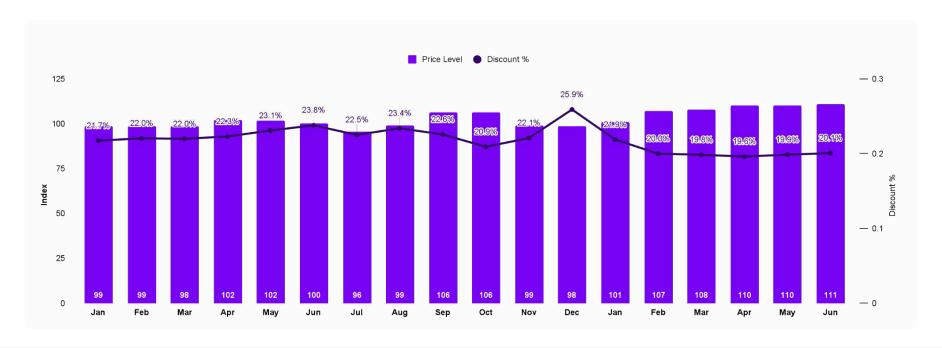


Q2 Filled Units declined 18.8% as Fill Rate falls to 42.9%

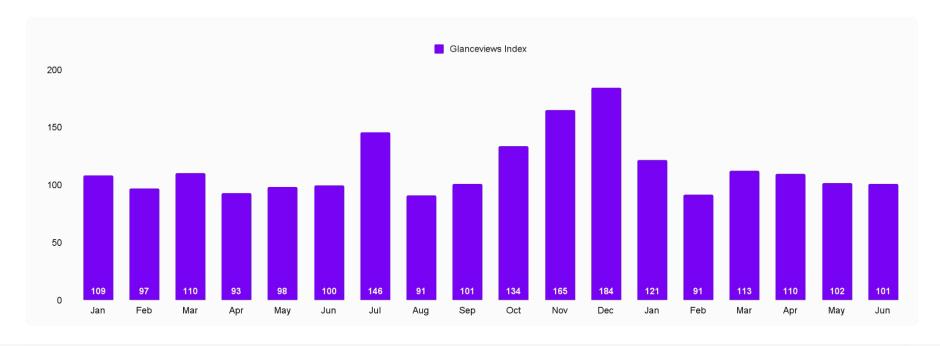


PRICE LEVEL VS. DISCOUNT %

Average Selling Prices increased YoY in Q2 as discounts hold steady



GLANCE VIEWS Glance Views increased 7.6% year over year in Q2



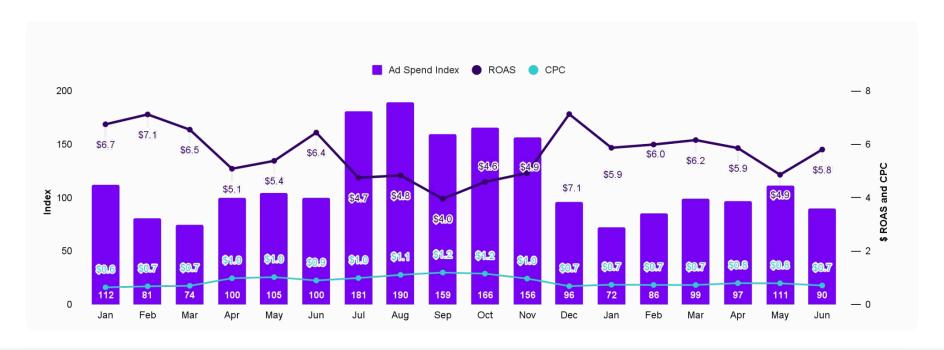
OPS VS. UNIT MARGIN %

Ordered Product Sales increased 12.9% YoY in Q2 as Margins recover from Q4 lows to 32%.



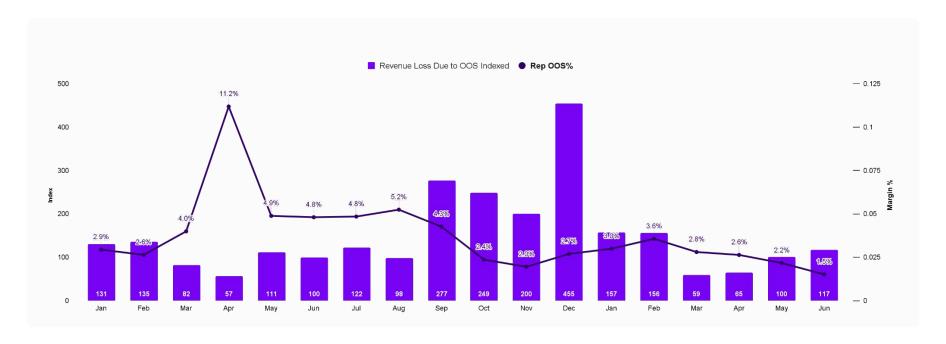
AD SPEND | ROAS | CPC

Ad Spend declined 2.3% YoY in Q2 as ROAS drops 1.7%



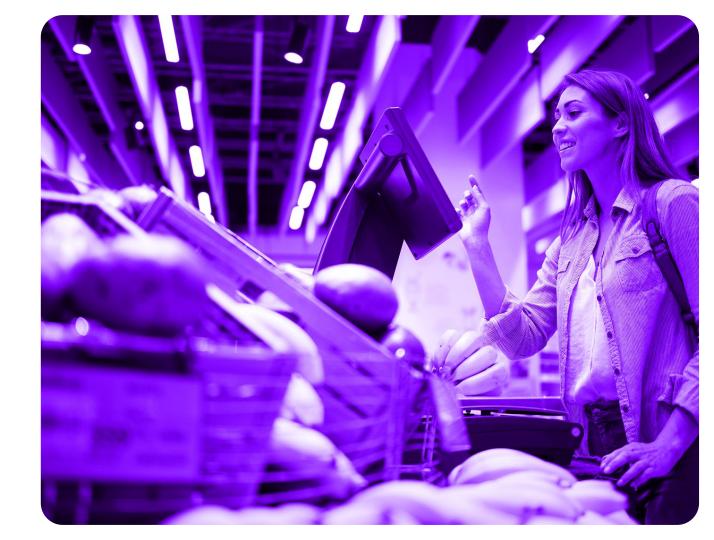
REVENUE LOSS DUE TO OOS

Revenue Loss Due to OOS increased 5.2% YoY in Q1 as RepOOS% declines to 18 month low



Grocery industry overview

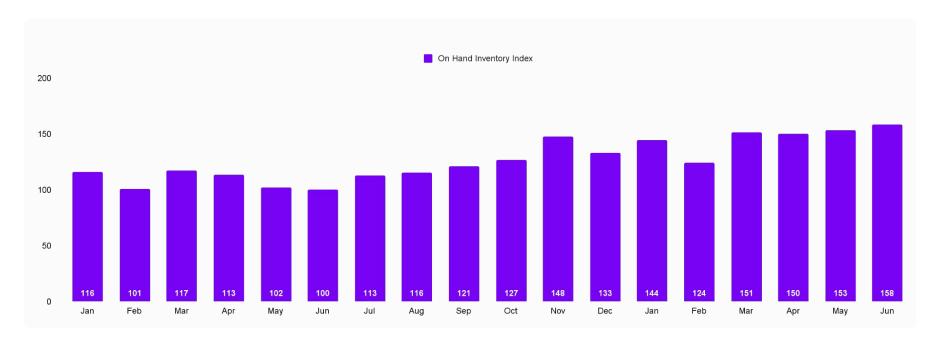
Q2 2024 vs. Q2 2025 recap



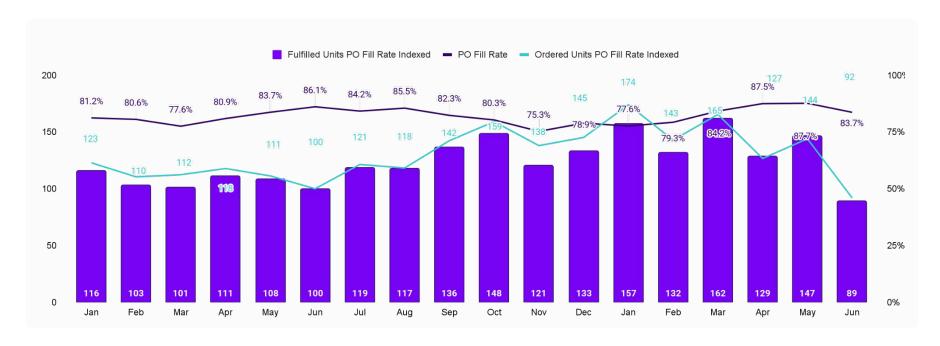
The state of ecommerce: Q2 2025

ON HAND INVENTORY

Aggregate On Hand Inventory increased 46.4% YoY in Q2

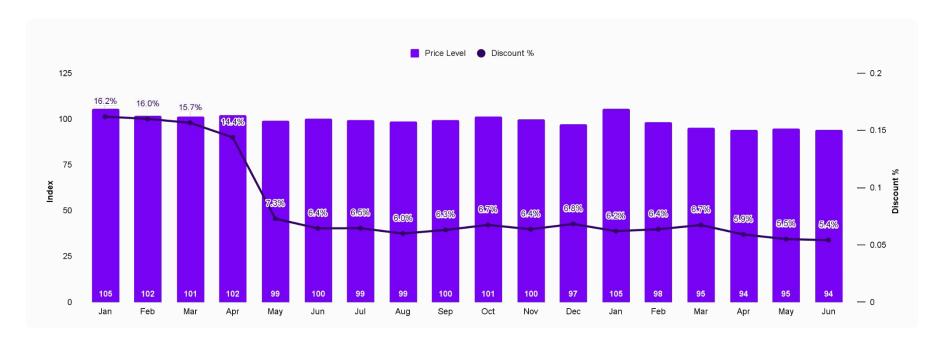


FILE Unit volume declined in Q2 QoQ as inventory surge slowed

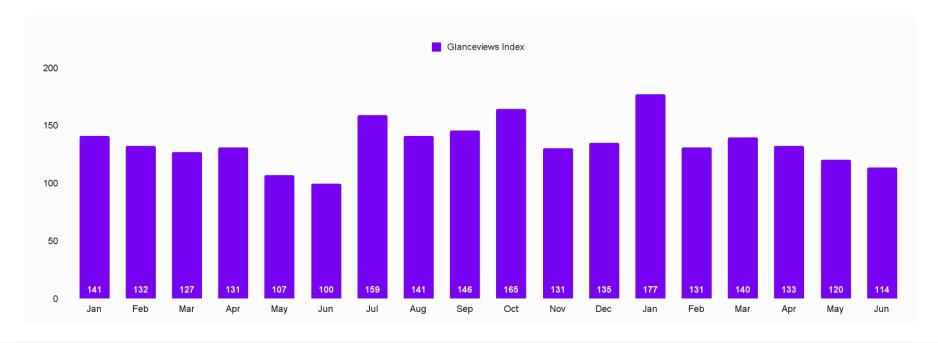


PRICE LEVEL VS. DISCOUNT %

Average Selling Prices declined 6% in June year over year as discounts remain low



GLANCE VIEWS Glance Views increased 2.5% year over year in Q2



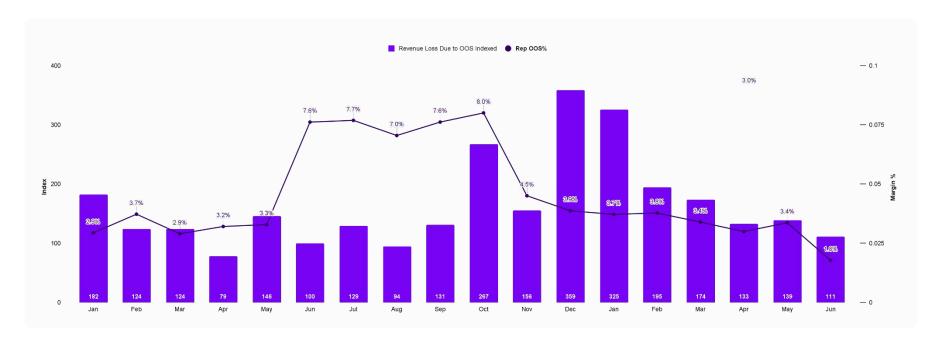
OPS VS. UNIT MARGIN %

Ordered Product Sales grew 15.4% year over year in Q2 as discounting remains consistent



REVENUE LOSS DUE TO OOS

Revenue Loss Due to OOS increased 18.5% in Q2 year over year as RepOOS% hits 18 month low



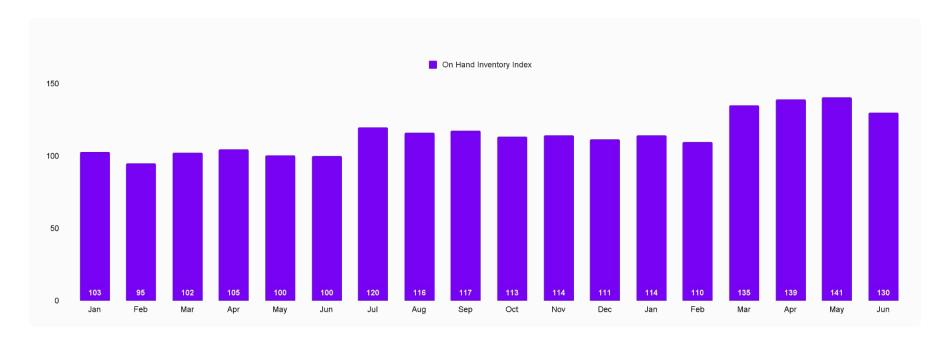
Health & Personal Care industry overview

Q2 2024 vs. Q2 2025 recap



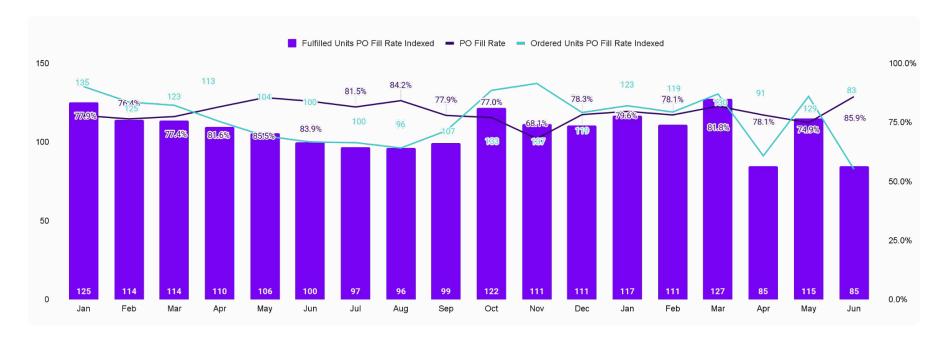
ON HAND INVENTORY

On Hand Inventory increased 34.4% in Q2 year over year



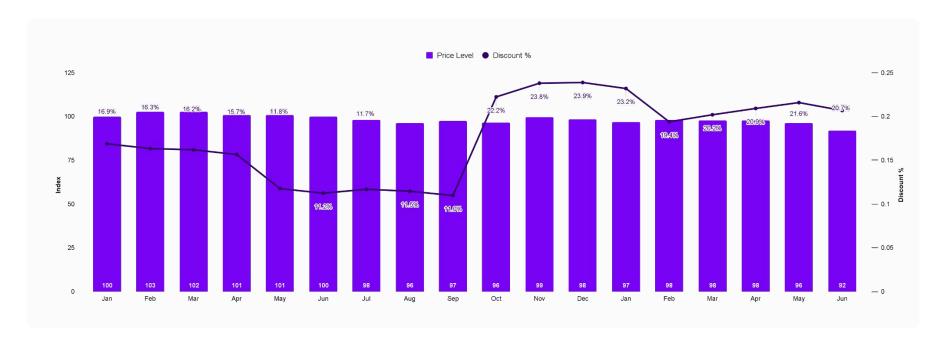
FULFILLMENT

Q2 Filled Units declined 9.8% as Fill Rate climbs to 18 month high at 85.9%



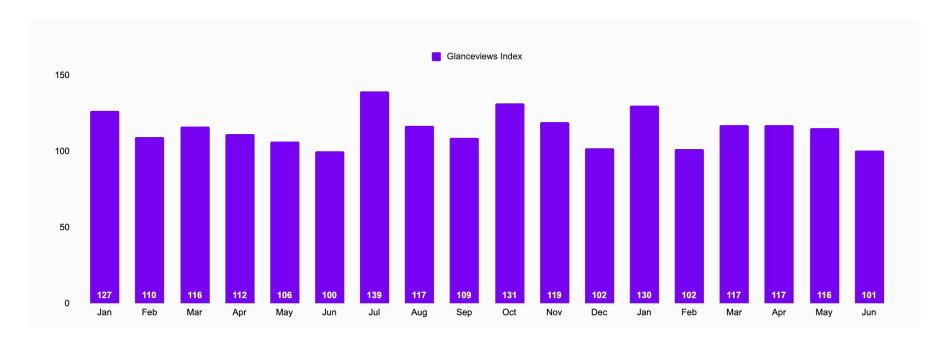
PRICE LEVEL VS. DISCOUNT %

Q2 Average Selling Price declined 5.3% year over year. Unlike other categories, discounts remain elevated



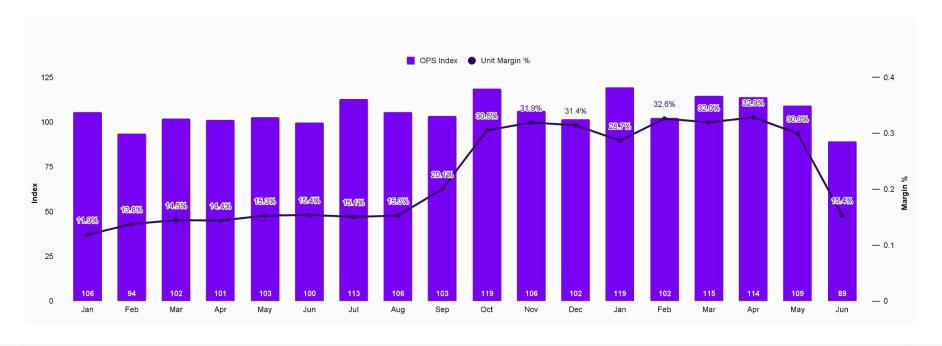
GLANCE VIEWS

Q2 Glance Views increased 5% year over year



OPS VS. UNIT MARGIN %

Q2 Ordered Product Sales increased 2.6% as Unit Margins decline at the end of the quarter to 15.4%



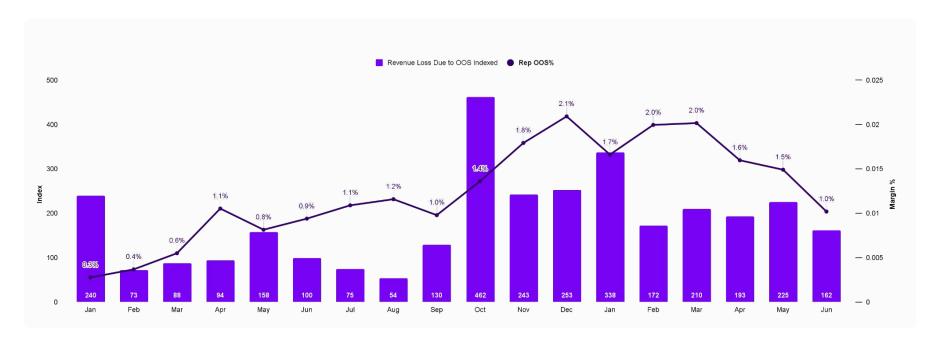
AD SPEND | ROAS | CPC

Ordered Product Sales increased 2.6% year over year in Q2 as margins degrade in June to 15.4%



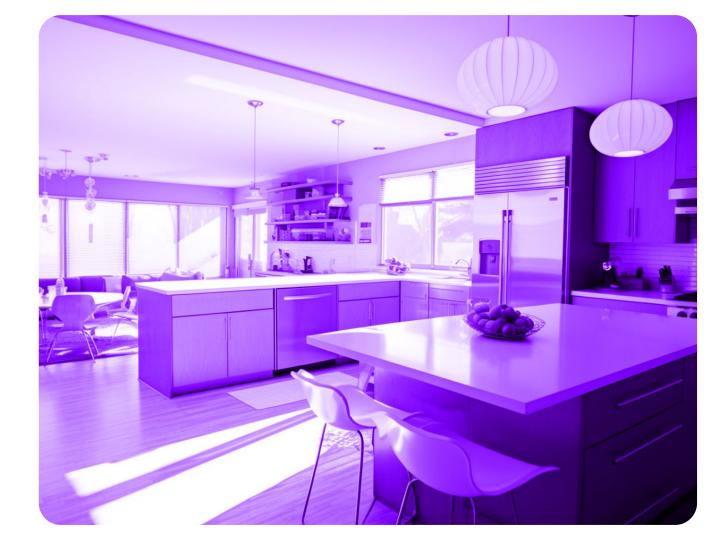
REVENUE LOSS DUE TO OOS

Revenue Loss Due to OOS increased 53% year over year in Q2 as RepOOS% declines to 1%



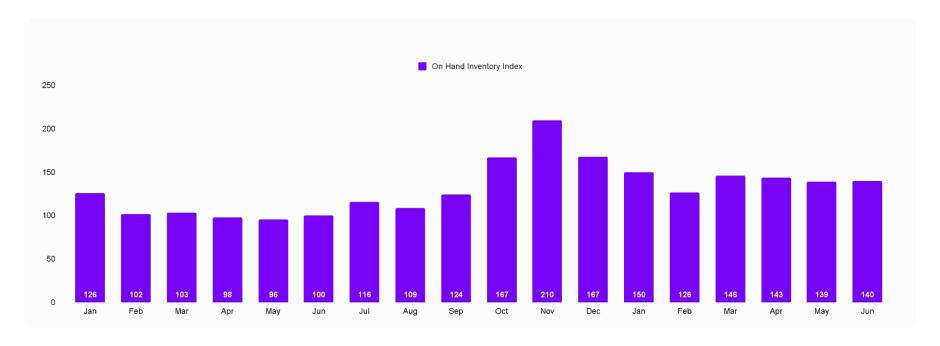
Home & Kitchen industry overview

Q2 2024 vs. Q2 2025 recap



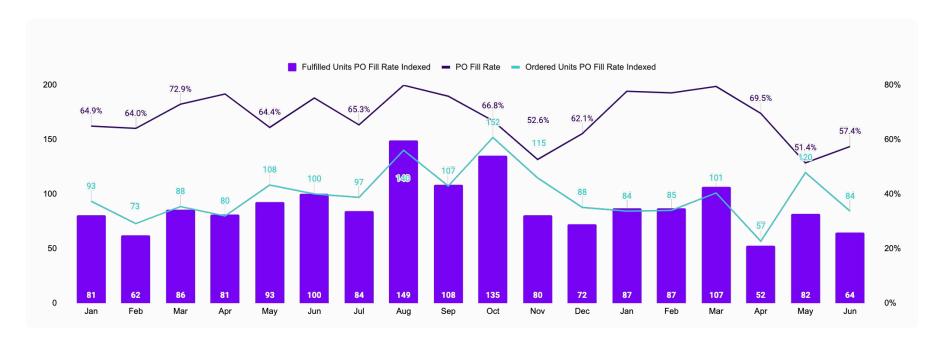
ON HAND INVENTORY

On Hand Inventory increased 43% in Q2 year over year



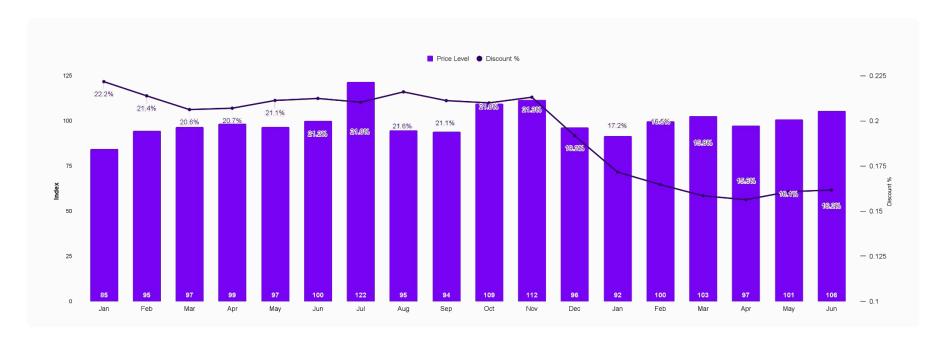
FULFILLMENT

Q2 Filled Units declined 27.4% year over year in as Fill Rate declines to 57.4%

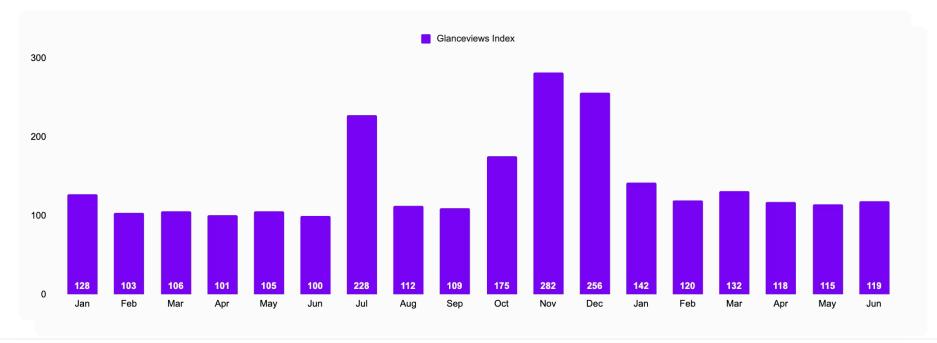


PRICE LEVEL VS. DISCOUNT %

Average Selling Price increased 2.7% year over year in Q2 as discounting remains at 18 month lows

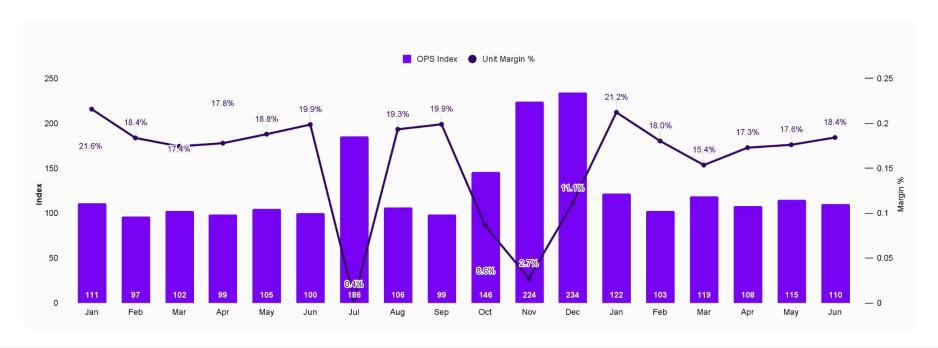


GLANCE VIEWS Glance Views increased 15% year over year in Q2



OPS VS. UNIT MARGIN %

Ordered Product Sales increased 9.5% year over year in Q2 as margins hold steady outside tentpole events



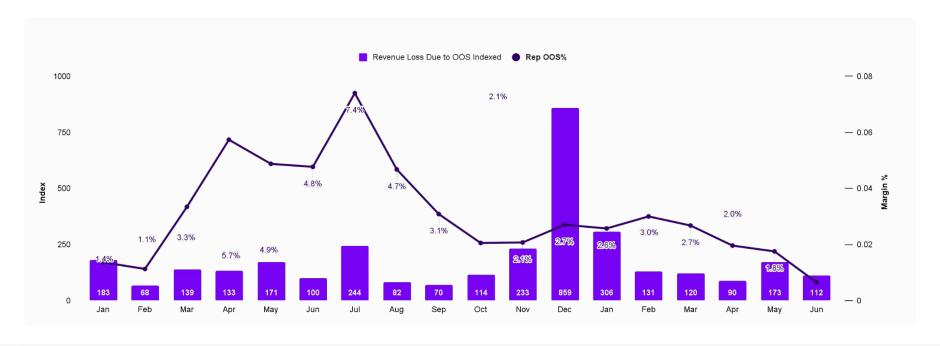
AD SPEND | ROAS | CPC

Ad Spend declined 8.9% year over year in Q2 as ROAS and CPC hold steady



REVENUE LOSS DUE TO OOS

Revenue Loss Due to OOS decreased 7.2% in Q2 year over year as RepOOS% hits 18 month low



Commerce Q

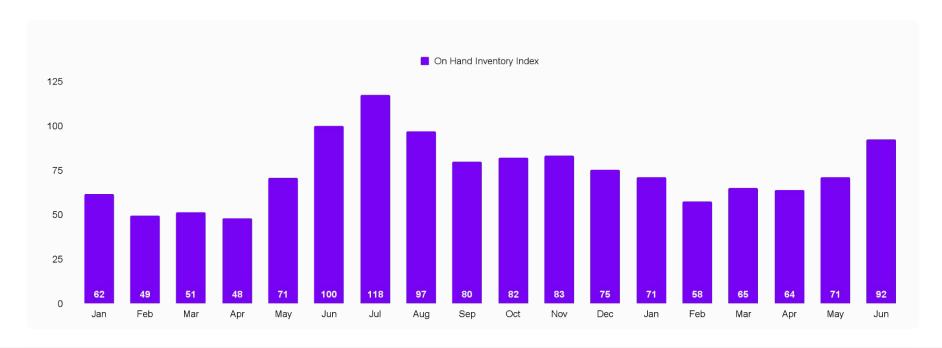
Office Products industry overview

Q2 2024 vs. Q2 2025 recap



ON HAND INVENTORY

On Hand Inventory increased 3.7% year over year in Q2



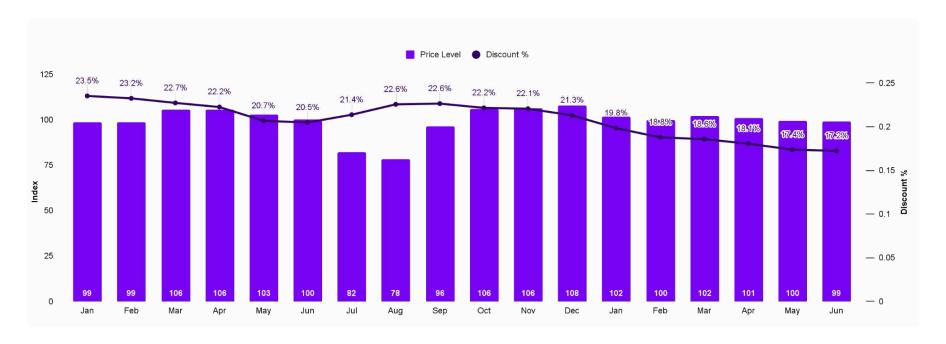
FULFILLMENT

Q2 Filled Units increased 20.7% year over year with consistently higher Fill Rates than quarters past

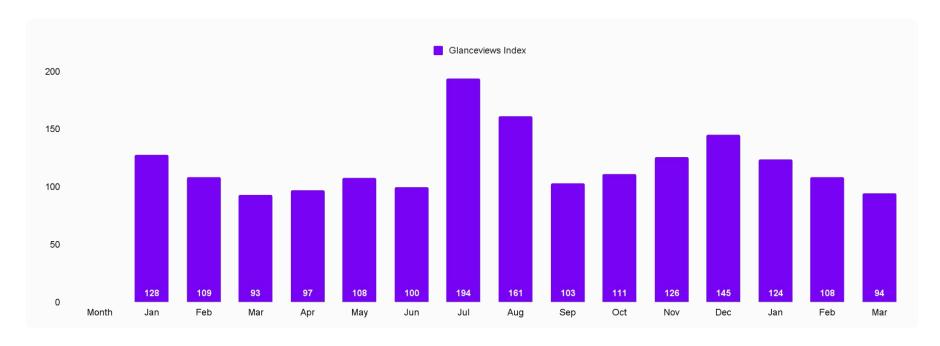


PRICE LEVEL VS. DISCOUNT %

Average Selling Prices remain stable year over year in Q2 as discounts continue to decline



Q2 Glance Views increased 6.9% year over year in Q2



OPS VS. UNIT MARGIN %

OPS increased slightly year over year in Q2 as Unit Margins hold steady



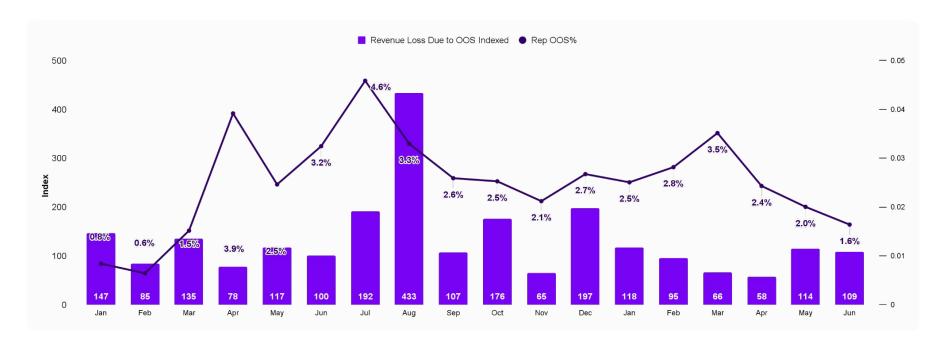
AD SPEND | ROAS | CPC

Q2 Ad Spend declined 10.2% year over year in Q2 as CPC hold steady and ROAS slightly declines



REVENUE LOSS DUE TO OOS

Revenue Loss Due to OOS declined 4.6% YoY in Q2 as RepOOS% declines to 1.6%



Commerce Q

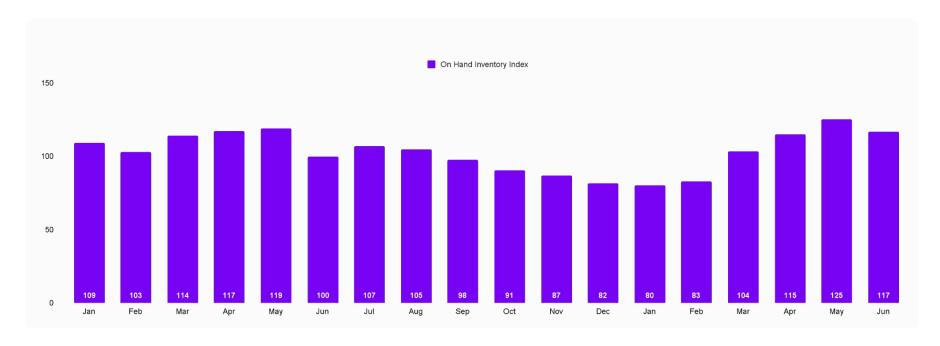
Patio, Lawn & Gardenindustry overview

Q2 2024 vs. Q2 2025 recap

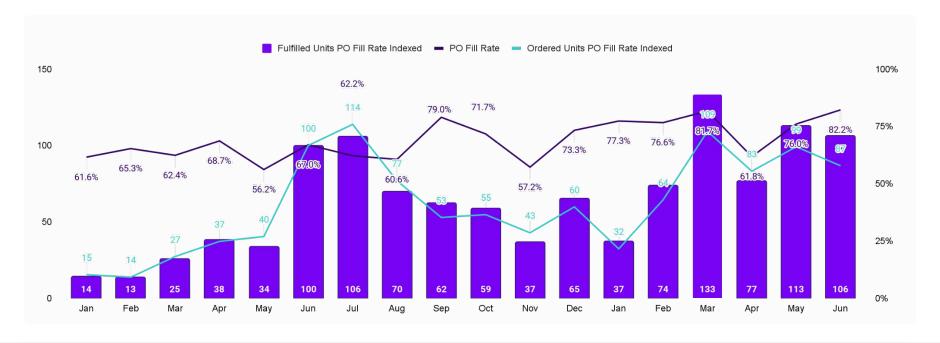


ON HAND INVENTORY

Q2 On Hand Inventory increased 6.3% year over year

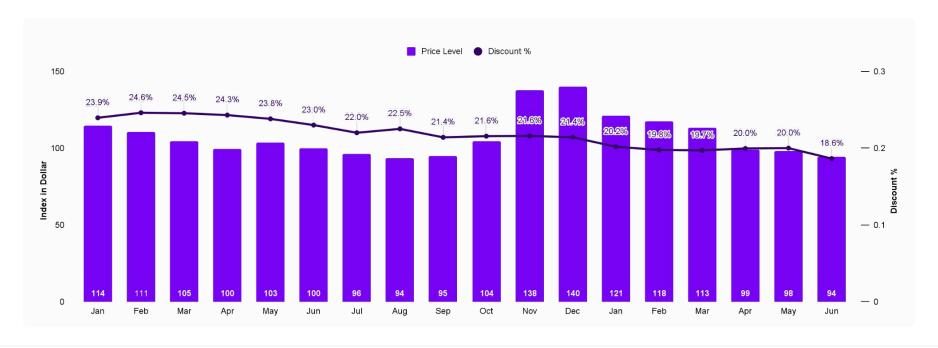


Q2 Filled Units increased 72% year over year in Q2 as Fill Rate hits 18 month high



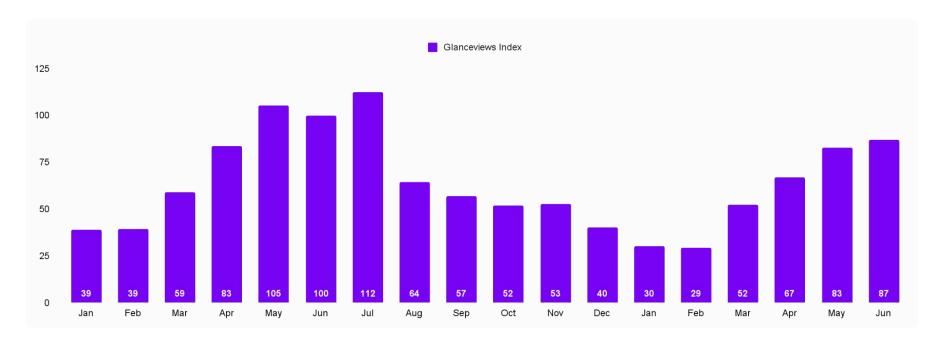
PRICE LEVEL VS. DISCOUNT %

Average Selling Price declined 6% year over year in June as discounting hits 18 month lows



GLANCE VIEWS

Category Glance Views declined 17.7% year over year in Q2



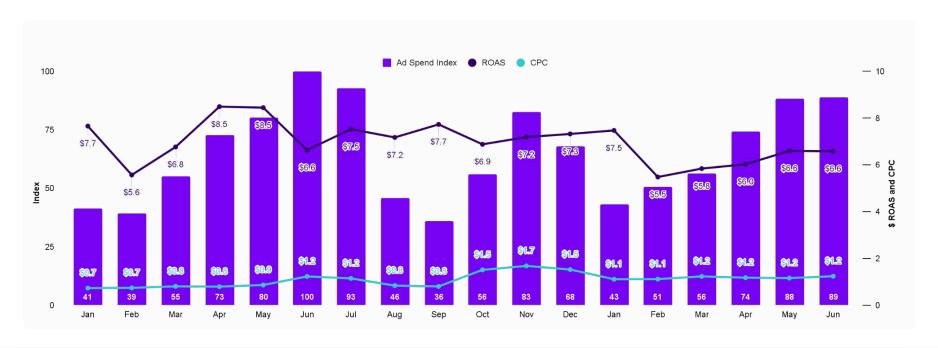
OPS VS. UNIT MARGIN %

Ordered Product Sales declined 5.3% year over year in Q2 as margins continue to improve



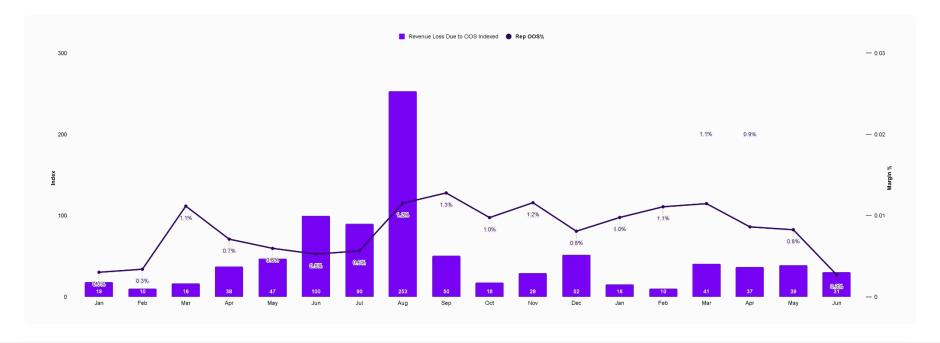
AD SPEND | ROAS | CPC

Ad Spend declined 0.8% year over year in Q2 as CPCs stay flat and ROAS declines 18.6%



REVENUE LOSS DUE TO OOS

Revenue Loss Due to OOS declined 42% year over year in Q2 as RepOOS% hits a 14 month low



Commerce Q

Pet Products industry overview

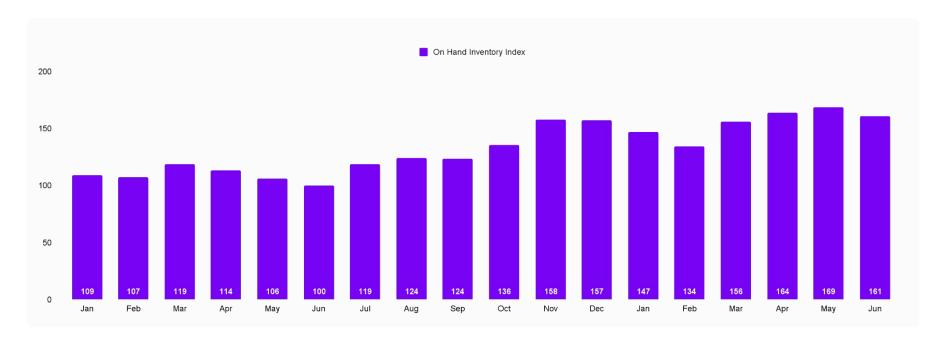
Q2 2024 vs. Q2 2025 recap



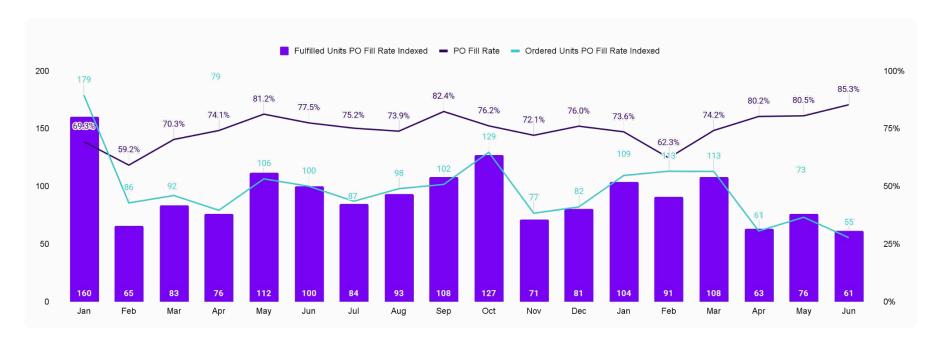
The state of ecommerce: Q2 2025

ON HAND INVENTORY

On Hand Inventory increased 54.4% year over year in Q2

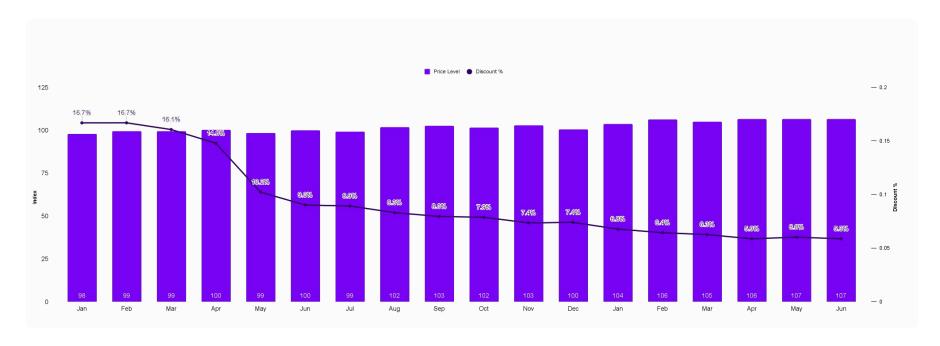


FILLMENT Filled Units declined 30.6% year over year in Q2 as Fill Rates hit 14 month highs

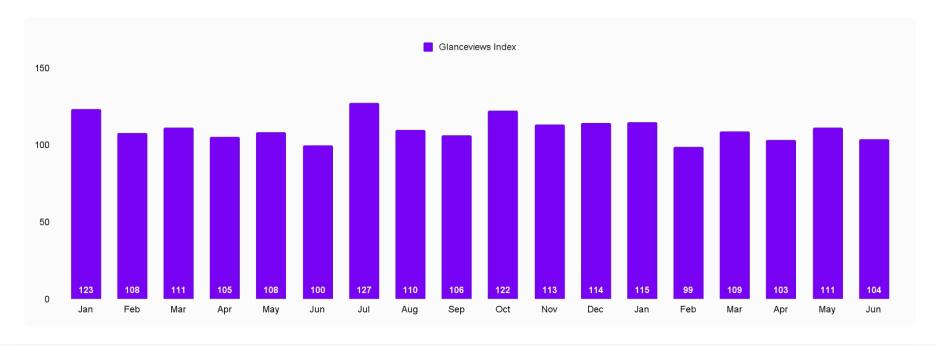


PRICE LEVEL VS. DISCOUNT %

Average Selling Price increased 7% year over year in Q2 as discounts continue 14 month decline trend

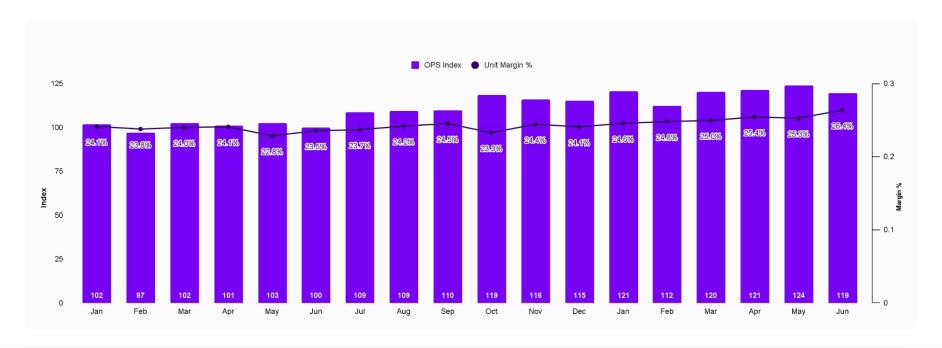


GLANCE VIEWS Glance Views increased 1.6% year over year in Q2



OPS VS. UNIT MARGIN %

Ordered Product Sales increased 19.7% year over year in Q2 as Unit Margins hit 14 month highs



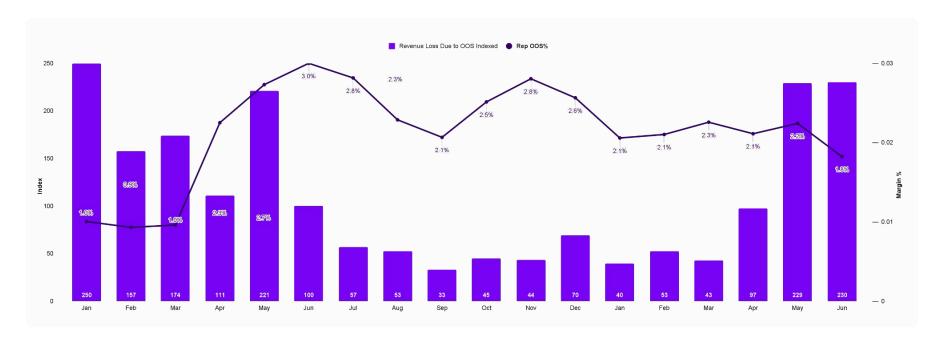
AD SPEND | ROAS | CPC

Ad Spend increased 39.4% year over year in Q2 as ROAS declined 3.2% and CPCs trend lower



REVENUE LOSS DUE TO OOS

Revenue Loss Due to OOS increased 28.7% year over year in Q2 as RepOOS% continues 12 month decline



Commerce Q

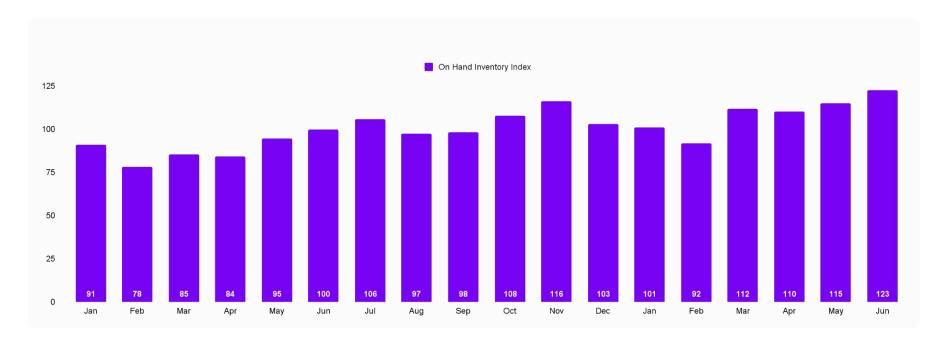
Tools & Home Improvement industry overview

Q2 2024 vs. Q2 2025 recap

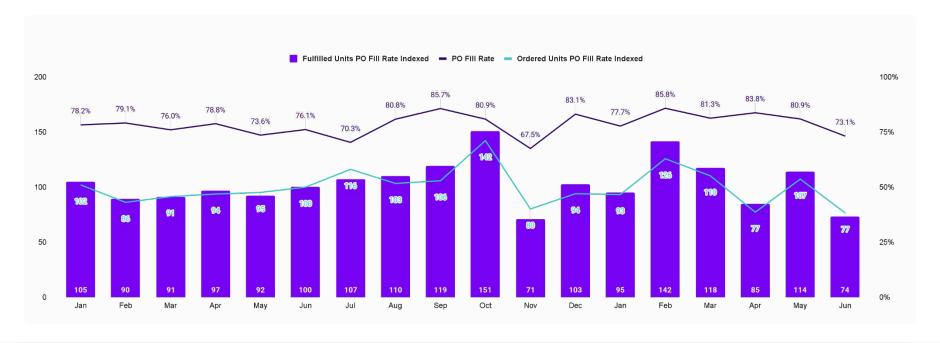


ON HAND INVENTORY

On Hand Inventory increased 24.7% year over year in Q2

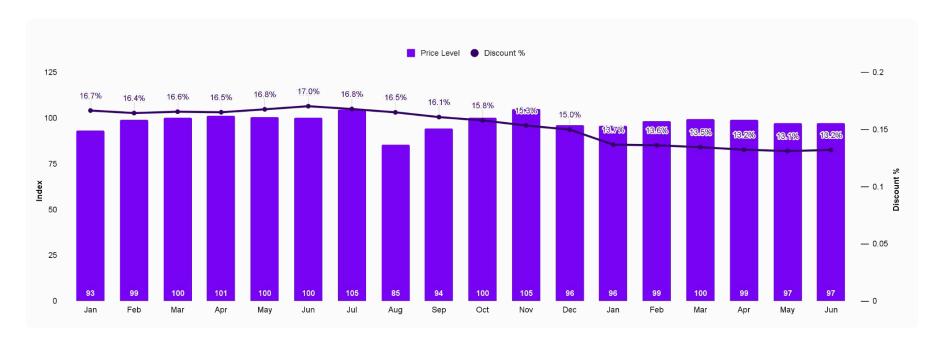


FILE FILLMENT Filled Units declined 5.5% year over year in Q2 as Fill Rates fall in 2025

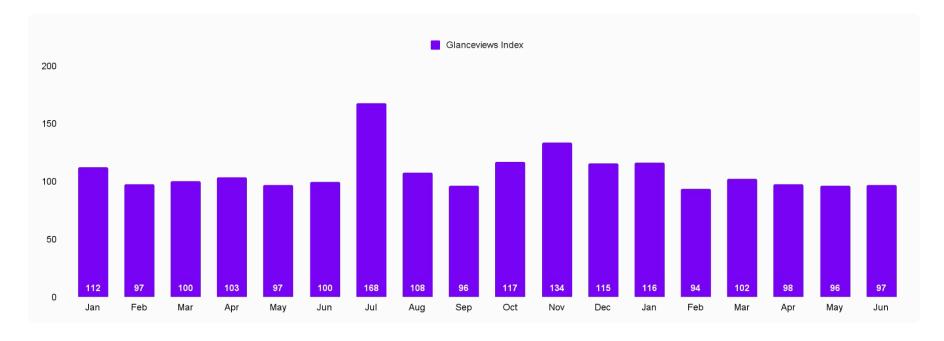


PRICE LEVEL VS. DISCOUNT %

Average Selling Price declined 3% year over year in Q2 as discounts continue 14 month decline



GLANCE VIEWS Glance Views declined 3% year over year in Q2



OPS VS. UNIT MARGIN %

Ordered Product Sales increased 0.98% year over year in Q2 as Unit Margins approach 14 month highs



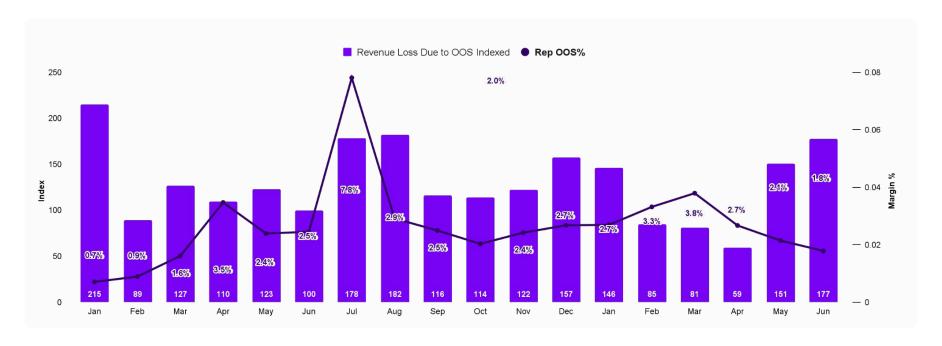
AD SPEND | ROAS | CPC

Q2 Ad Spend increased 10.5% year over year as ROAS declined 42.5% and CPCs increased by 5.7%



REVENUE LOSS DUE TO OOS

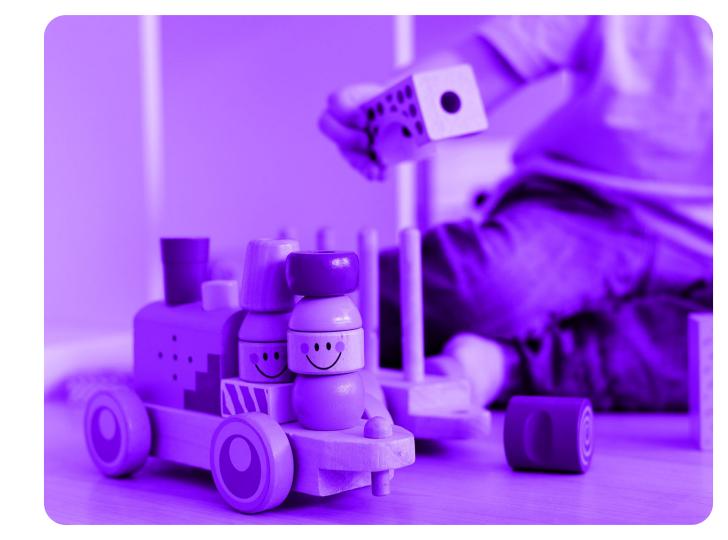
Q2 Revenue Loss Due to OOS increased 16.2% year over year as RepOOS% hits 16 month low



Commerce Q

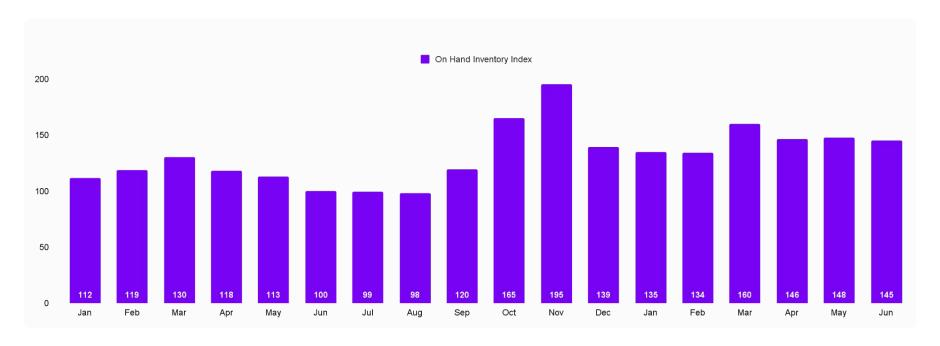
Toys industry overview

Q2 2024 vs. Q2 2025 recap

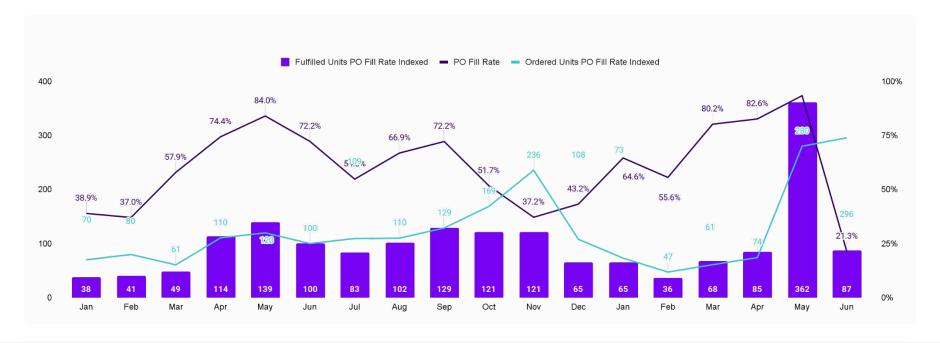


ON HAND INVENTORY

Q2 On Hand Inventory increased 2.4% year over year

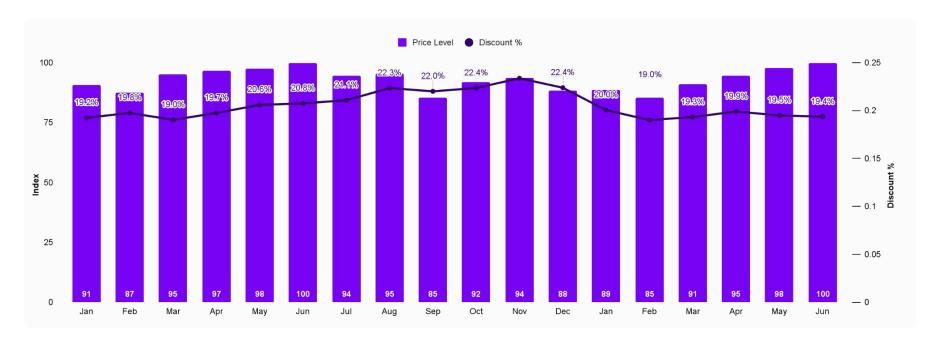


Q2 Filled Units up 51.3% year over year as Prime Day stock up reflects in ordering

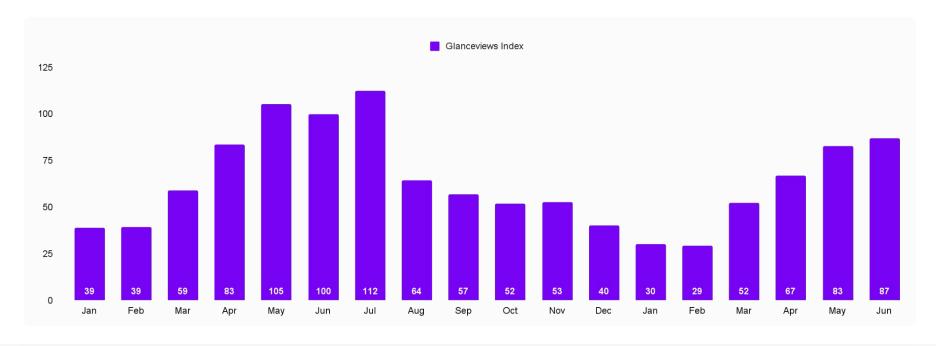


PRICE LEVEL VS. DISCOUNT %

Q2 Average Selling Prices decline 0.68% year over year in Q2 as Discounting declines

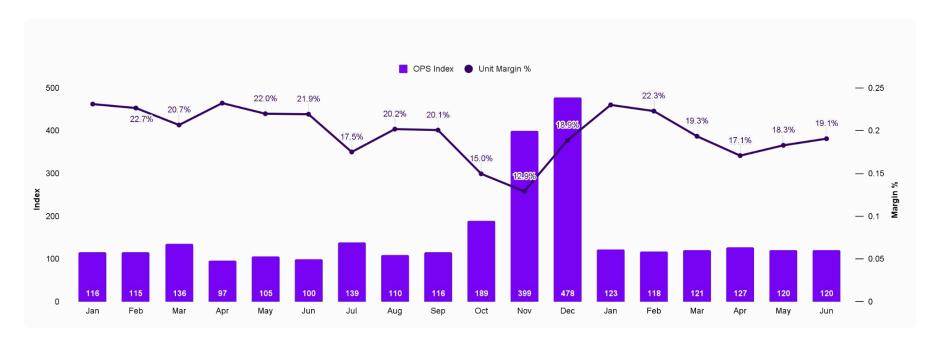


Q2 Glance Views declined 17.7% year over year in Q2



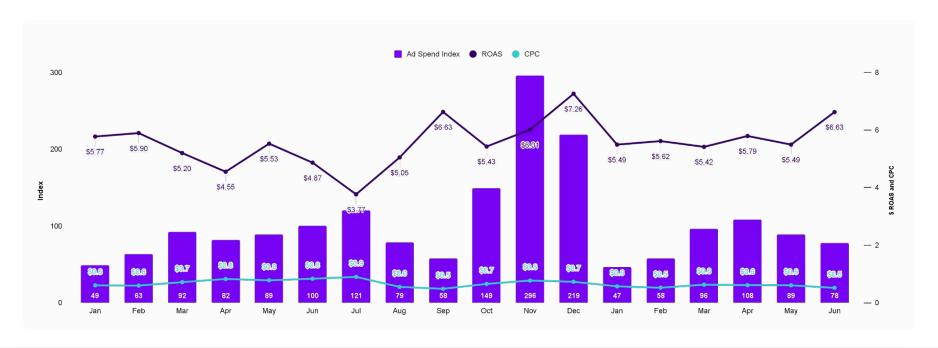
OPS VS. UNIT MARGIN %

Q2 Ordered Product Sales increased 7.6%year over year as Unit Margins fluctuate



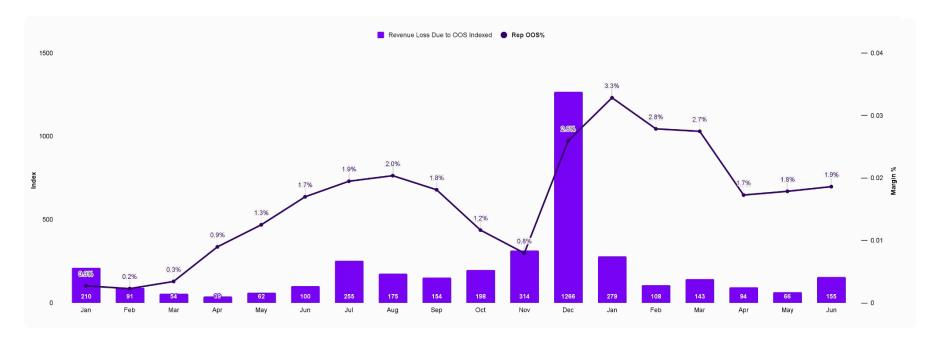
AD SPEND | ROAS | CPC

Q2 Ad Spend increased 1.5% as ROAS increased 19.8% CPC remains steady



REVENUE LOSS DUE TO OOS

Q2 Revenue Loss Due to OOS increased 56.7% year over year



CommercelQ

Furniture industry overview

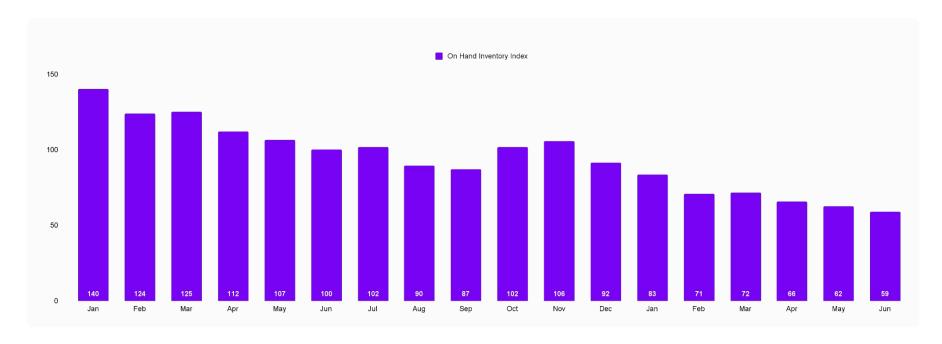
Q2 2024 vs. Q2 2025 recap



The state of ecommerce: Q2 2025

ON HAND INVENTORY

Q2 On Hand Inventory declined 41.4% year over year



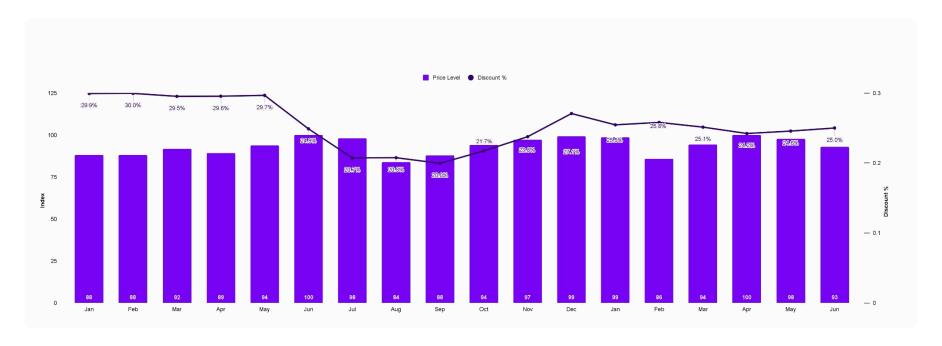
FULFILLMENT

Q2 Filled Units declined 67% year over year as Fill Rates improve in 2025

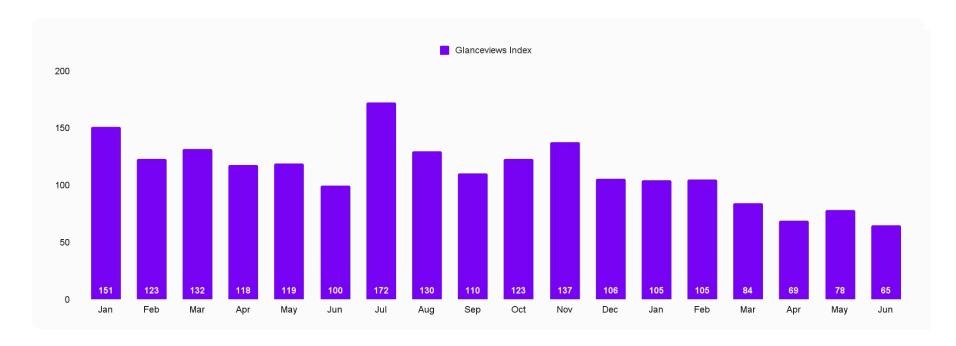


PRICE LEVEL VS. DISCOUNT %

Q2 Average Selling Price increased 2.8% year over year as discounts accelerate over the last 12 months

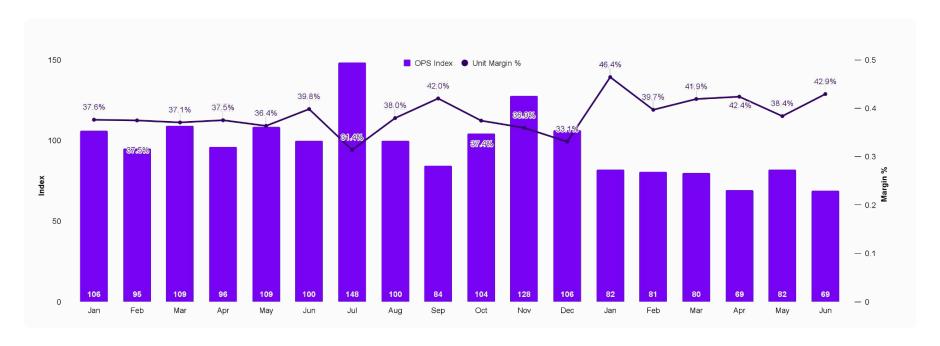


Q2 Glance Views declined 37% year over year



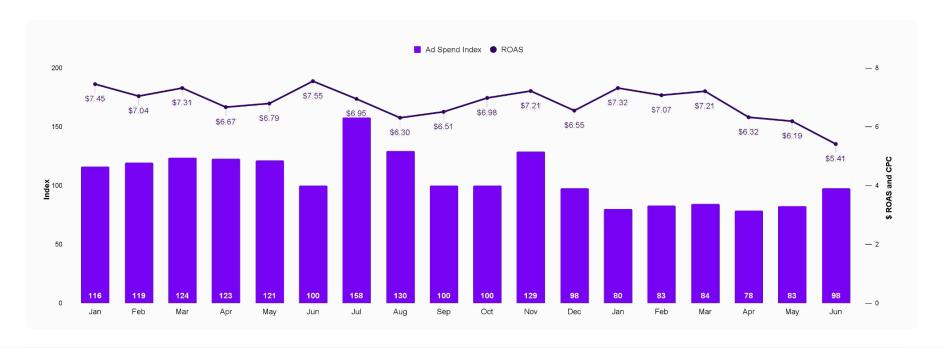
OPS VS. UNIT MARGIN %

Q2 Ordered Product Sales declined 27.9% year over year as Unit Margins hit 18-month highs



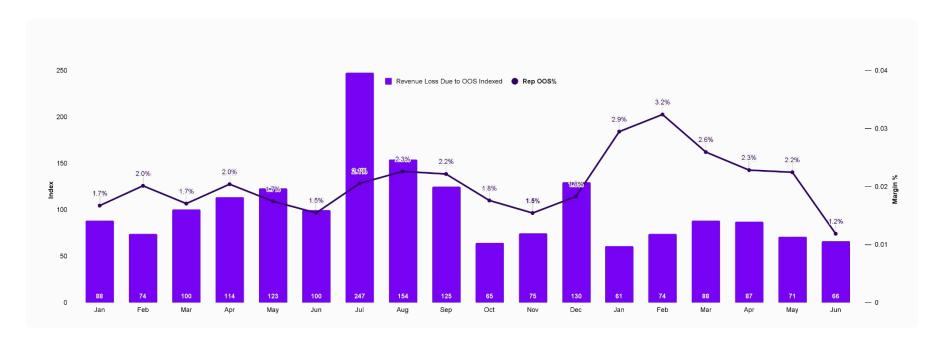
AD SPEND | ROAS | CPC

Q2 Ad Spend declined 24.7% year over year as ROAS declines 14.7%



REVENUE LOSS DUE TO OOS

Revenue Loss Due to OOS declined 33.5% as RepOOS% hits 18 month low



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