

INDUSTRY REPORT

2024

Wrapped

5 Key insights for building a
bigger, better brand in 2025

CommercelQ

A look back on 2024

2024 Gave us a lot to unpack. Over the last year, steady average selling prices, rising Amazon unit growth and smarter ad sales data revealed both opportunities and challenges for brands.

Using our proprietary ecommerce data, we took a deep dive into the key trends and metrics that shaped ecommerce over the past year—from revenue growth and consumer engagement to margins and advertising performance.

In this report, we're breaking down the numbers to share what's driving industry change, including key insights to help guide smarter decision-making in 2025.

2024 By the numbers



-24.65%

Margins



\$22 - \$23

ASP



+11.6%

Unit growth



+8%

Revenue



+8%

Sales



+4%

Ad spend



+6%

Ad sales



1.6%

Glance views

2024 Ecommerce unpacked

While margins saw a notable decline, average selling prices held steady—and despite rising costs, Amazon saw solid growth in units sold, revenue and sales. On the advertising front, a bump in ad spend paid off with even stronger ad sales growth, and consumer engagement held steady. Here's what it means for brands:

1 **Steady ASPs can't shield margins from rising tariff pressures**

Amazon's gross margins continue to erode, dropping 24.65% (from 28.8% at the end of 2023 to 21.7% in 2024), marking a significant decline. Despite this, average selling prices (ASPs) remained relatively stable, declining only slightly from \$22.62 in 2023 to \$22.24 in 2024.

However, this stability masks underlying cost pressures. Higher tariffs on imported goods make it tough for brands to stay competitive without absorbing costs, as passing them on to consumers clashes with Amazon's focus on low ASPs and the broader trend of price-sensitive shoppers. This challenge is particularly intense in high-growth categories like Grocery, Beauty and Health & Personal Care, where lower ASPs and demand for everyday essentials are the norm.

Key insight

Brands must optimize operational efficiencies and pricing strategies with real-time category insights to maintain profitability in an environment where cost increases are not easily passed to consumers.

2 Shifts in revenue mix suggest ASP declines are already on the way

Amazon's unit sales grew by 11.6%, while total revenue increased by only 8%—indicating that growth is skewing toward lower-priced products. This trend comes as no surprise as customers remain price sensitive amid economic uncertainty, and suggests that Amazon's ASPs may decline further in 2025—reflecting a mix shift toward budget-conscious consumers and high-growth, low-priced categories.

Key insight

Brands should prepare for increased volume at lower price points and consider bundling or premium offerings to protect margins.



3 With inventory growth outpacing sales, Amazon is stocking up

Amazon's on hand inventory grew 12%, surpassing the 8% increase in ordered revenue (sales \$). This suggests Amazon is proactively managing stock levels, possibly in response to supply chain disruptions or expected demand fluctuations. The increased inventory could mean better availability for brands but also a risk of overstock, leading to potential markdowns.

Key insight

Brands should monitor retailer inventory behavior closely with best-in-class reporting technology, as excesses may impact pricing, promotional strategies and sell-through rates.

4 Advertising efficiency is improving as brands stretch their budgets

Amazon ad spend grew by 4% year over year, while sales increased by 6%, indicating that brands are seeing improved efficiency in their ad investments. This could be driven by better targeting, increased competition for organic traffic or more strategic ad placements. In any case, brands are becoming more selective and data-driven in their advertising approaches, maximizing returns on investment.

Key insight

With higher efficiency in ad spend, brands should continue refining audience targeting, leveraging demand-side platform (DSP) opportunities and focusing on high-performing ad placements to drive profitable growth through incremental sales.



5 As organic traffic lags, all signs point to paid incrementality strategies

Organic glance views increased by just 1.6% year over year, meaning the bulk of sales growth is being driven by paid traffic. As Amazon's evolving algorithm and competitive landscape are making organic ranking harder to sustain without paid support, brands must invest in strategic retail media advertising to maintain visibility and capture market share.

Key insight

Brands must prioritize a balanced approach between organic and paid ad strategies—optimizing product listings, enhancing SEO and leveraging AI-powered technologies that can automate incrementality for higher ROAS to sustain and grow sales.

Ready to power up your 2025 ecommerce strategy?

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