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INDUSTRY REPORT

# The state of retail ecommerce

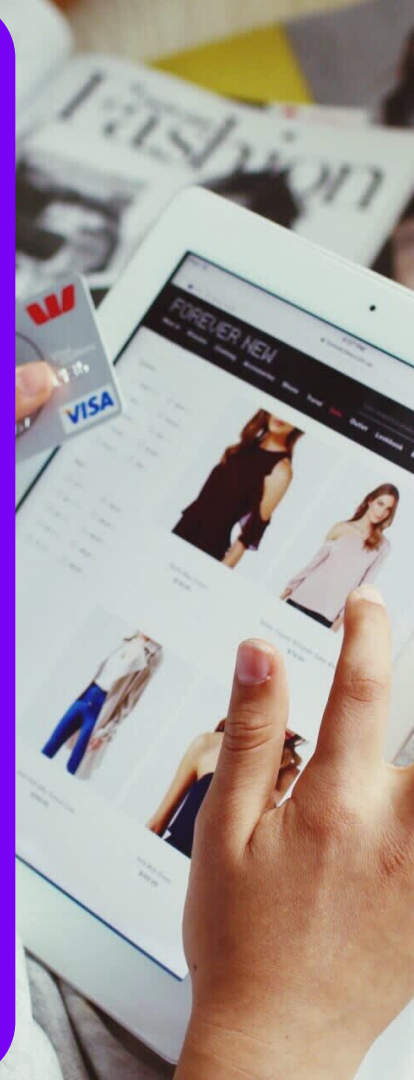
Q3 2024

# Executive summary

Q3 often marks a critical period for ecommerce brands, characterized by steady growth from Prime Day, back-to-school and early holiday shopping. To capture increased consumer interest, brands typically raise ad spend, enhancing visibility but adding pressure on ROAS. Inventory and supply chain management become priorities as brands gear up for Q4, balancing promotions, stock levels and operational efficiency to handle peak season demands.

Despite margin pressures from rising inventory and advertising costs, sales growth in Q3 2024 remained strong, supported by increased ad spend to boost product visibility.

While ROAS saw declines, operational efficiency saw improvements, with optimal fill rates and generally well-managed supply chains. In key categories like Health & Personal Care, Grocery and Pet Products, pricing stability reflects consumer demand for cost-effective options.



# Key takeaways

## **Cross-category sales growth**

Brands experienced strong YoY growth across categories, largely driven by seasonal demand and tentpole events like Prime Day.

## **Rising inventory costs**

Increasing cost of goods sold (COGS) is squeezing margins, even with stable pricing.

## **Declining advertising impact**

Increased ad spending boosted visibility, but ROAS declined with steady CPCs—indicating mix shift to lower ASP items.

## **Improved operational efficiency**

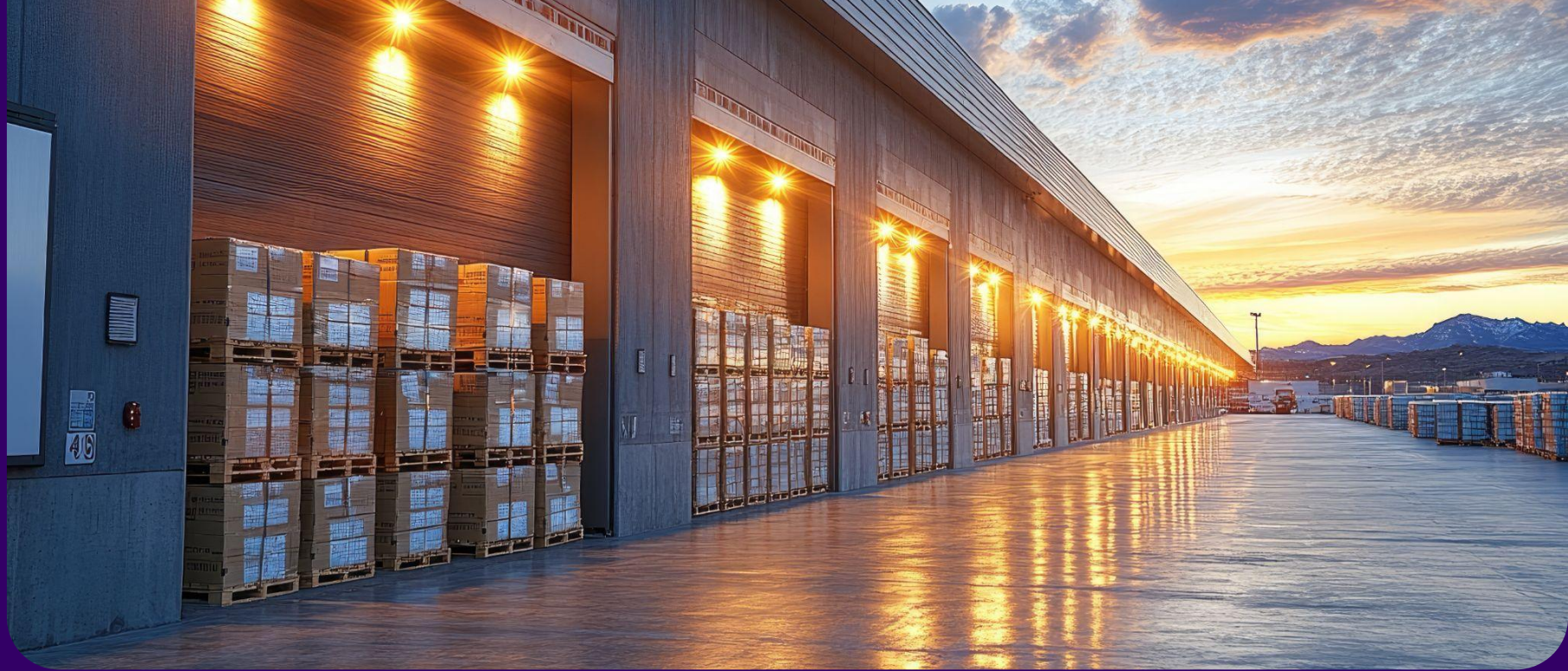
Record-high fill rates and optimized supply chains are improving operational efficiency to meet demand for anticipated seasonal spikes and events.

## **Category insights**

Health & Personal Care, Grocery & Pet Products maintained stable pricing, with consumer shifts toward cost-effective products.







# Total industry overview

Q3 2023 vs. Q3 2024 recap

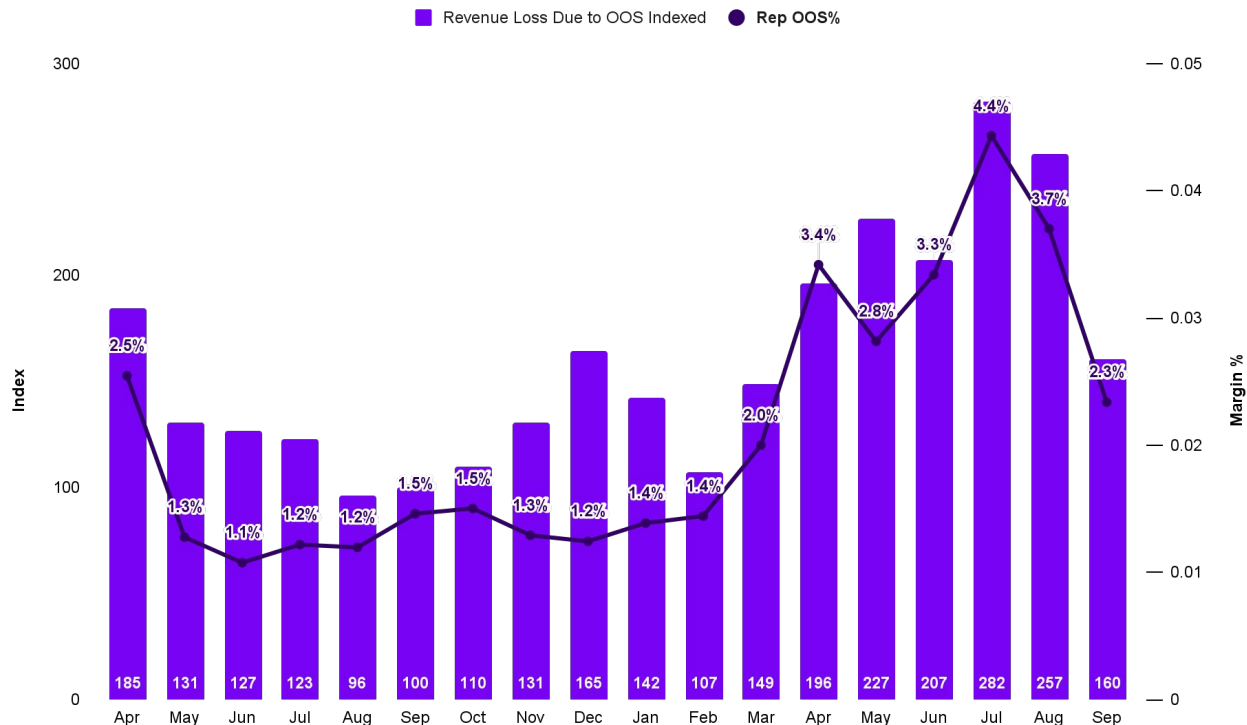
CommerceIQ



## REVENUE LOSS DUE TO OOS

# Summer inventory planning suffered

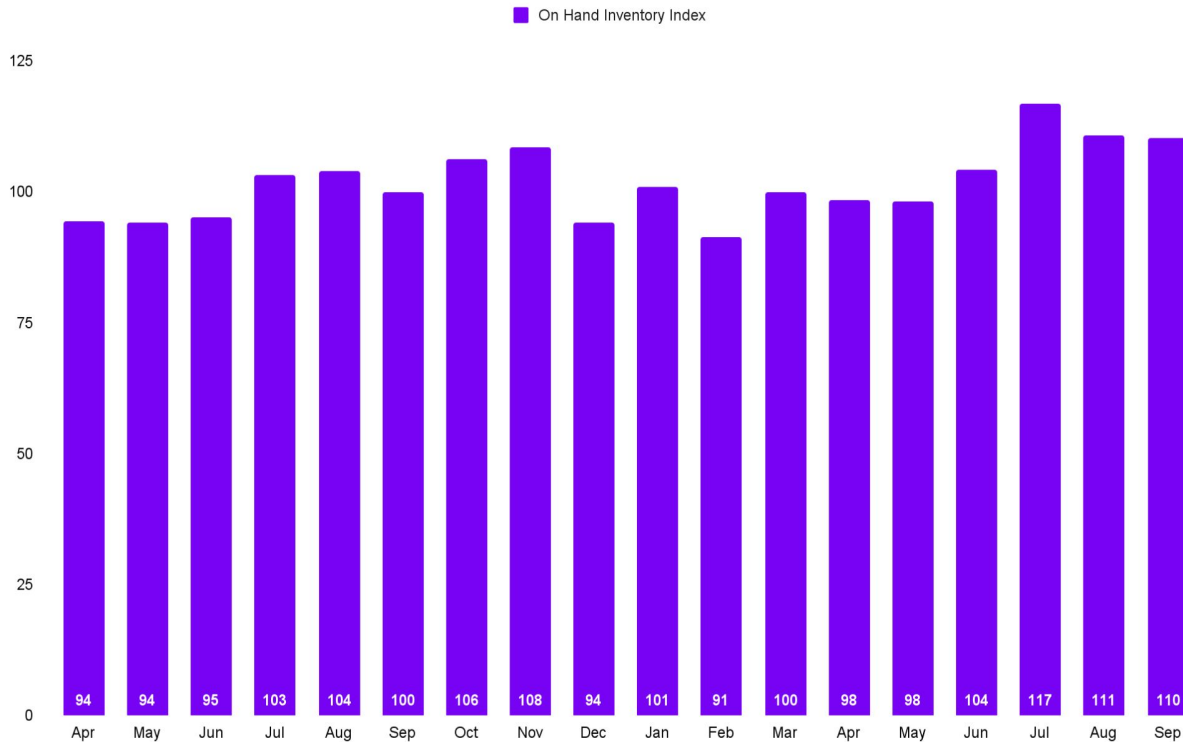
A seasonal spike in out-of-stock rates peaked in July, likely due to higher demand during the summer Prime Day event.



## ON HAND INVENTORY

# Aggregate inventory is on the rise

Amazon has shown slow growth in aggregate on hand inventory, increasing 10% YoY and 2% QoQ.

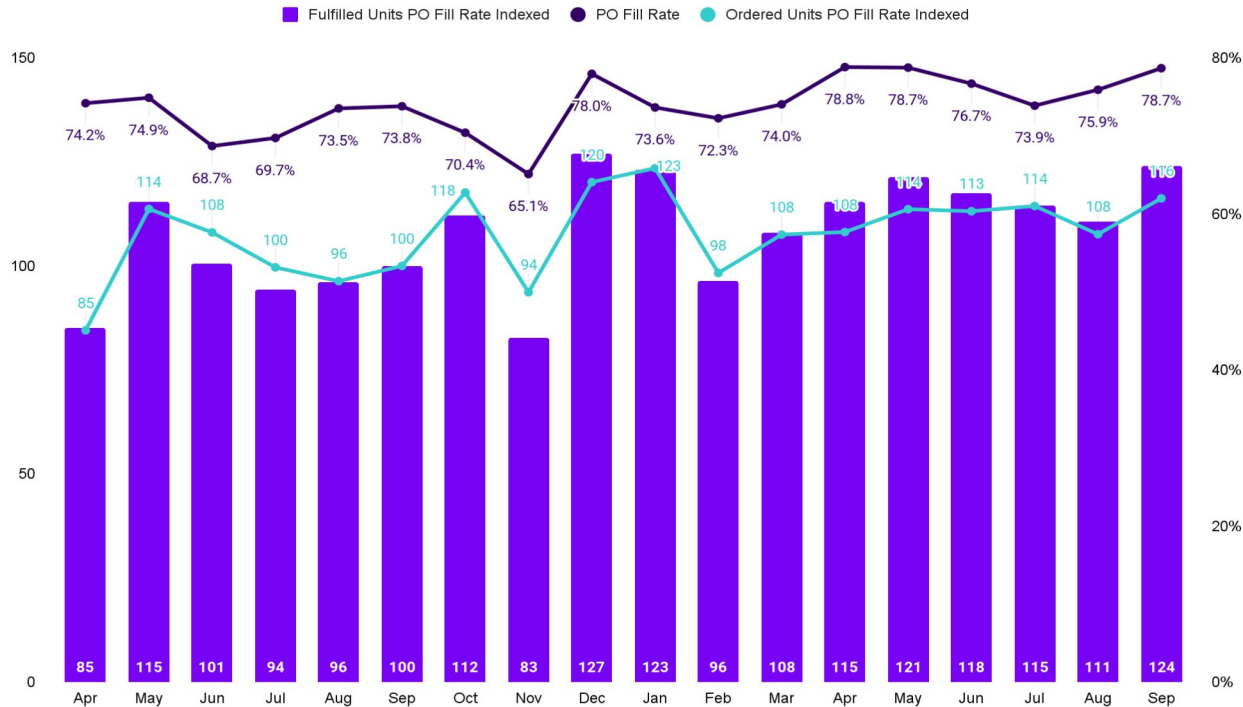




## FULFILLMENT

# Amazon improved ordering efficiency

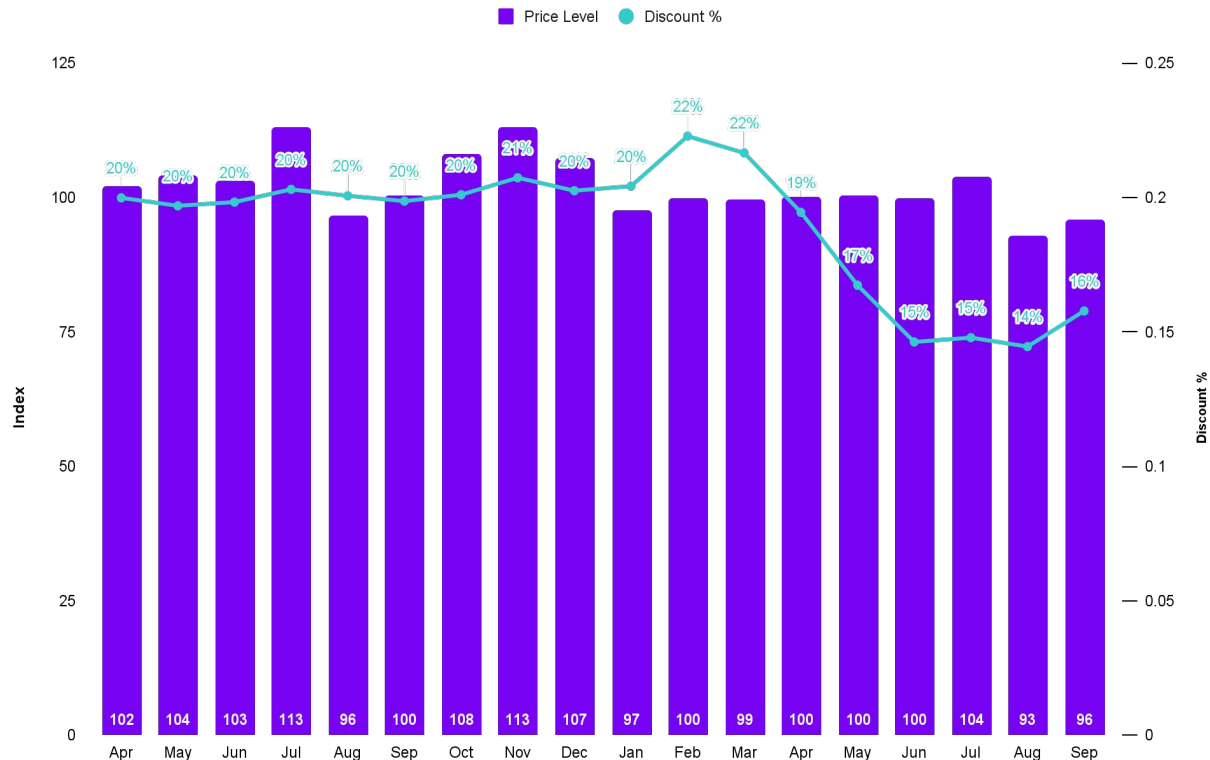
Order volume increased, resulting in a fill rate that increased 24% YoY—including an expected October spike due to seasonal trends.



## PRICE LEVEL VS. DISCOUNT %

# Prices & discounts continue to fall

As cost-conscious consumers search for the best deals online, selling prices have fallen organically as discounting has slowed.

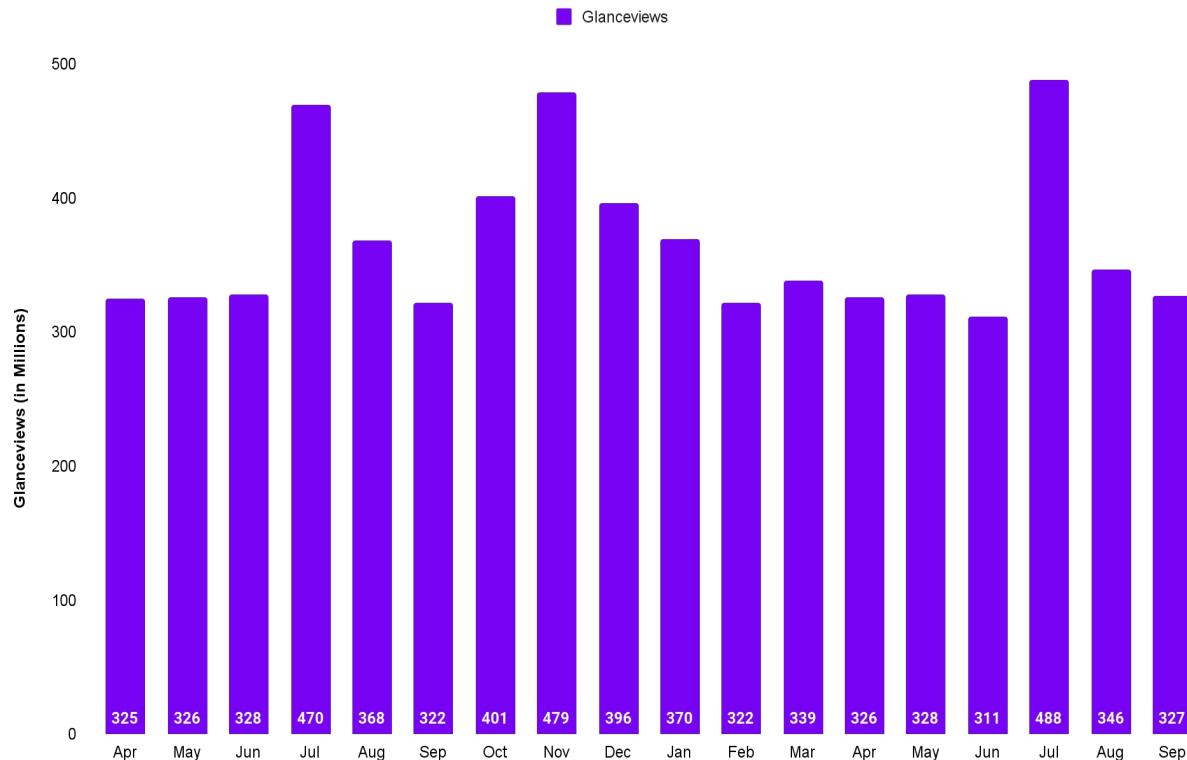




## GLANCE VIEWS

# Total traffic shows pre/post event halos

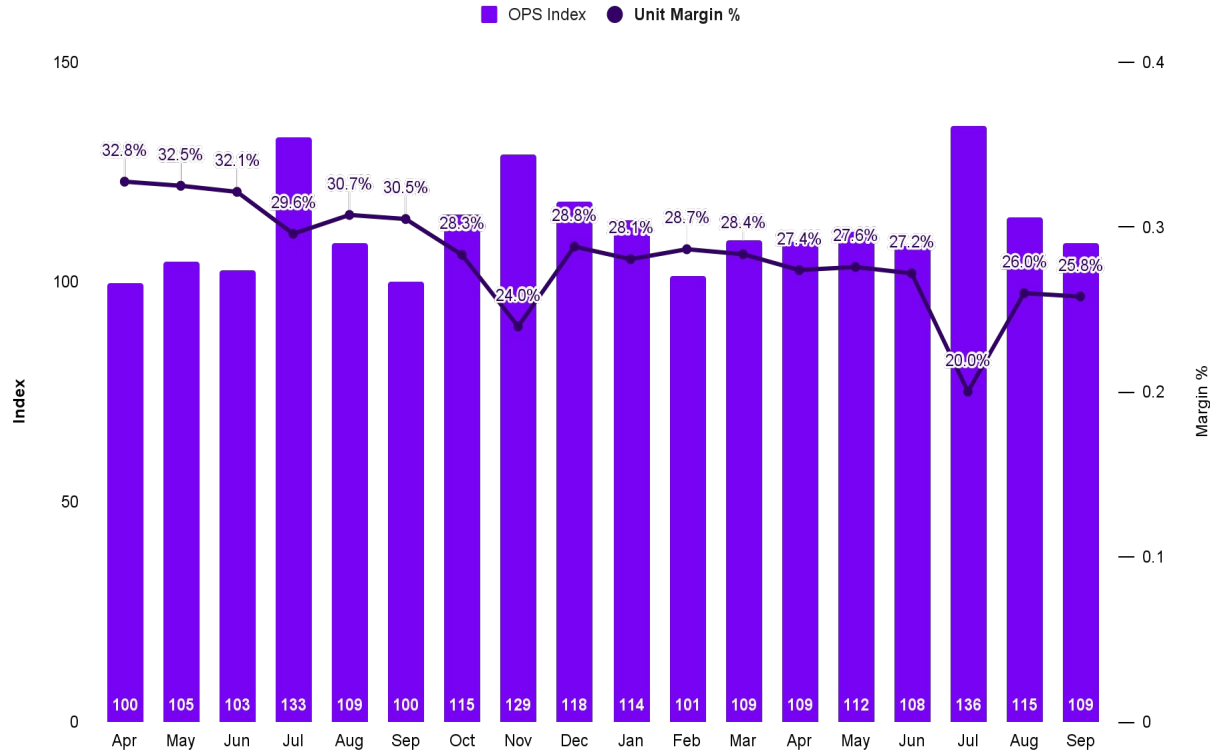
Excluding tentpole events like July Prime Day and the Turkey 5 in November, aggregate traffic remains consistent. Driving incremental improvements in conversion will be necessary for brands to drive sales.



## OPS VS. UNIT MARGIN %

# Unit margins consistently declined

Gross margin steadily declined from 33% in April 2023 to 26% in September 2024. Expect Amazon to attempt to claw back margin dollars in cost concessions, guaranteed minimum margin agreements and incremental program terms.

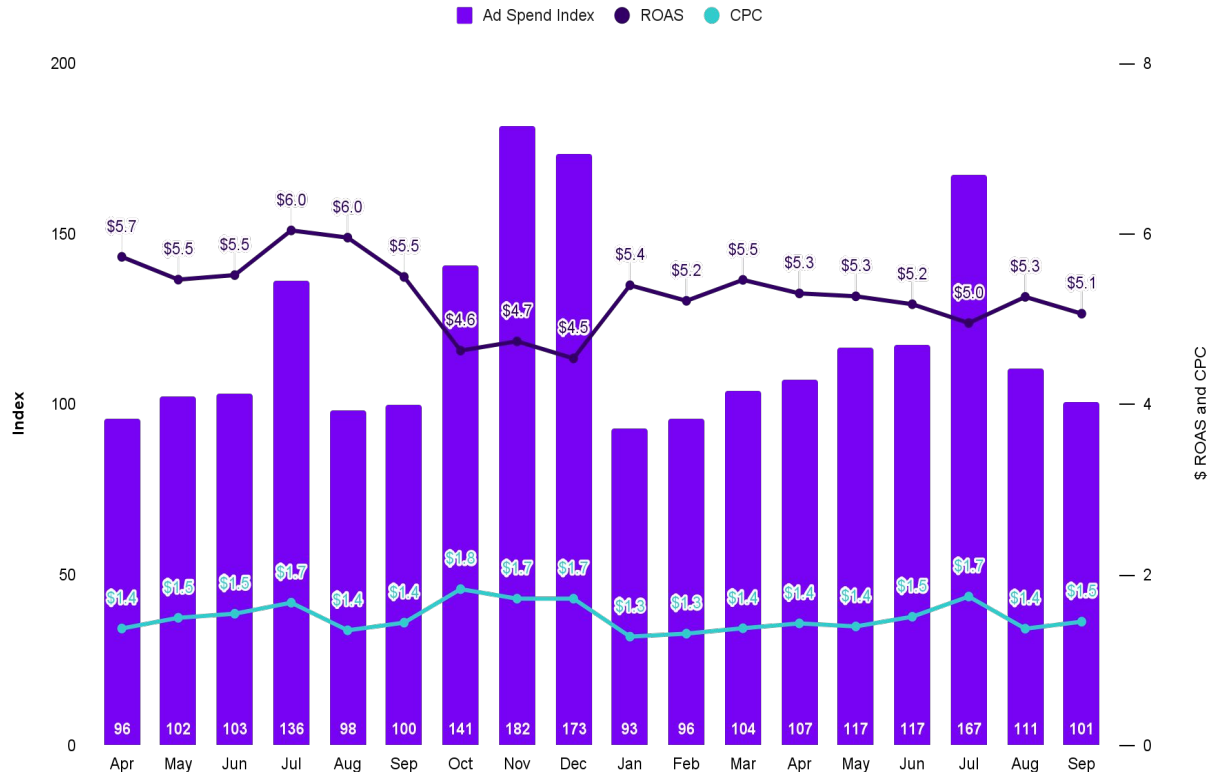




## AD SPEND | ROAS | CPC

# CPC remained steady despite spend volatility

Cost per click showed relatively small variation YoY. Expect a Q4 2024 increase in ad spend, with a sharp reduction in ROAS as CPCs remain flat.



# Beauty industry overview

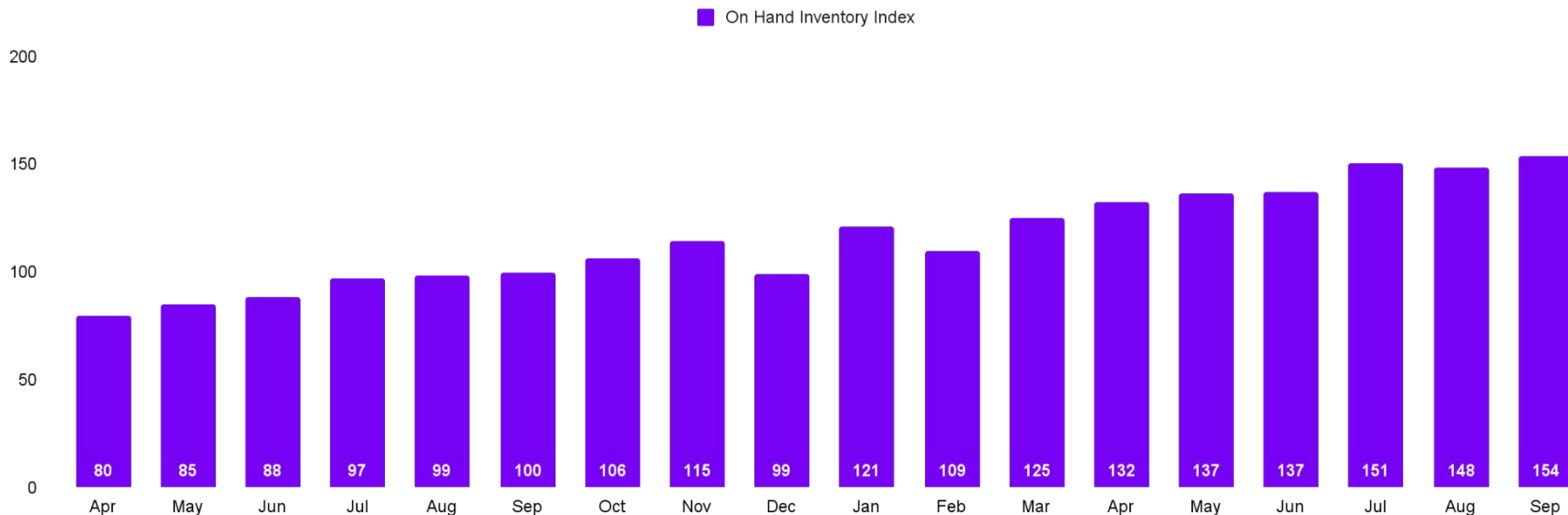
Q3 2023 vs. Q3 2024 recap



## ON HAND INVENTORY

# Beauty brands are stocking the digital shelf

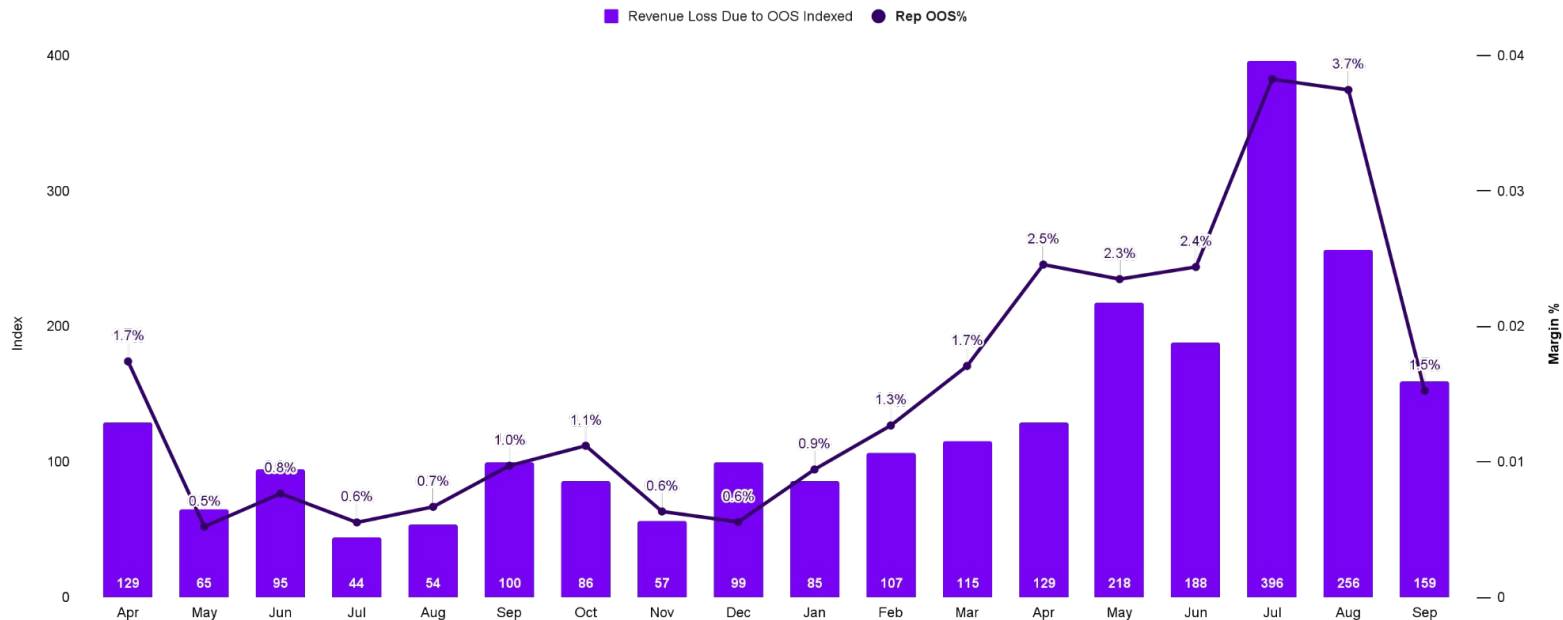
On-hand inventory rose steadily, reaching a peak in September at 54% higher than the same month in 2023—driven by category sales growth and rising customer demand.



Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## REVENUE LOSS DUE TO OOS But Prime Day inventory planning needs a makeover

A seasonal spike in out-of-stock rates peaked in July, likely due to higher demand during Prime Day.

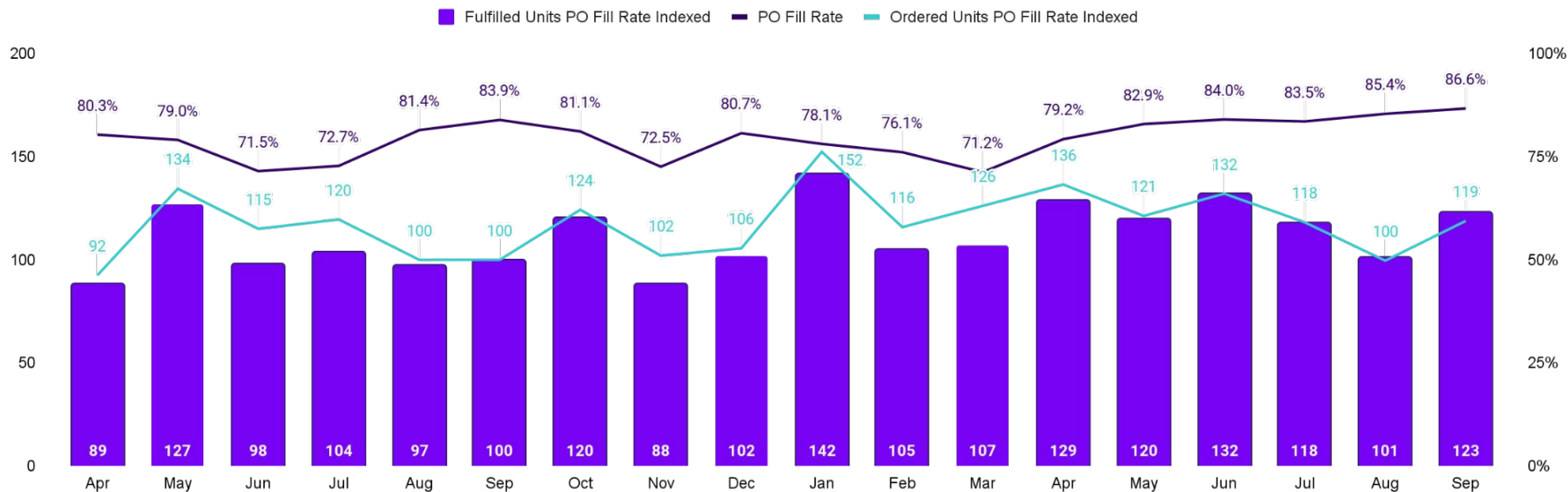


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## FULFILLMENT

## Tentpole events and “new year, new you” buying drove sales

Seasonal and tentpole events drove order volume spikes while fill rate efficiency improved. Expect an increase in order volume in January as categories like Beauty, Health & Personal Care and Fitness typically see seasonal “New Year, New You” surges at the start of the year.

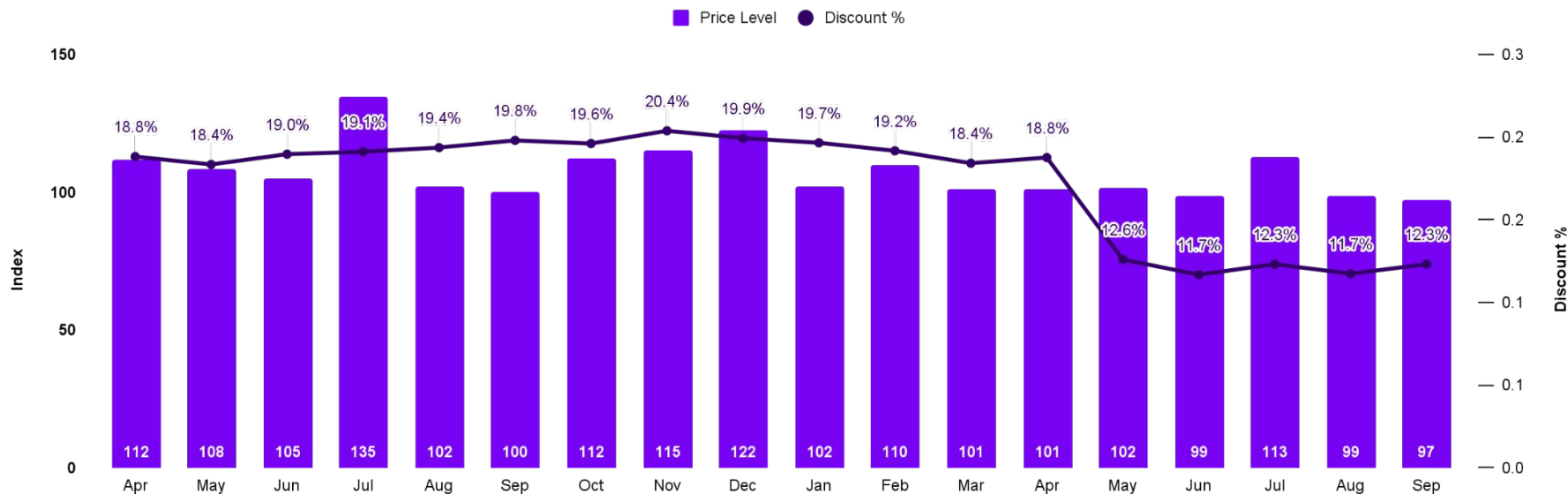


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## PRICE LEVEL VS. DISCOUNT %

### Brands are strategically shifting prices for cost-conscious shoppers

Coupled with reduced discounting for major events, a 3% decline in site price levels suggests that brands are strategically working to balance pricing and margin as consumers look for items with a lower ASP.



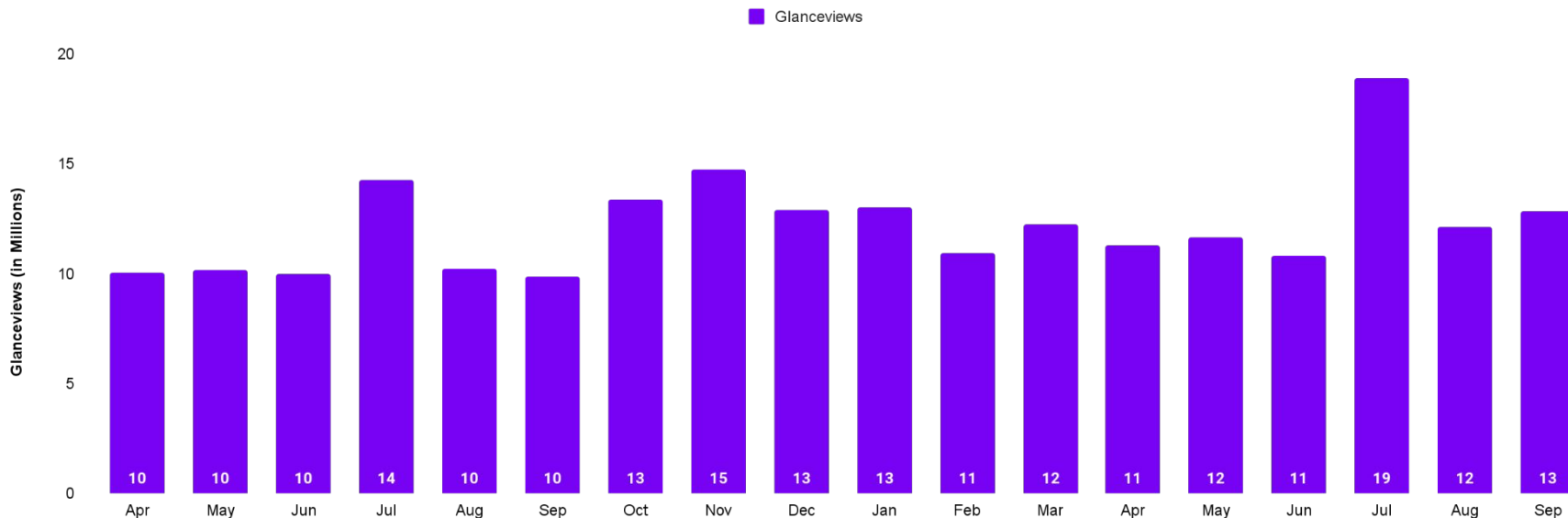
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.



## GLANCE VIEWS

## Tentpole events drive significant spikes in traffic

Traffic was consistent YoY, with expected spikes in glance views during tentpole events like Prime Day and Prime Big Deal Days.

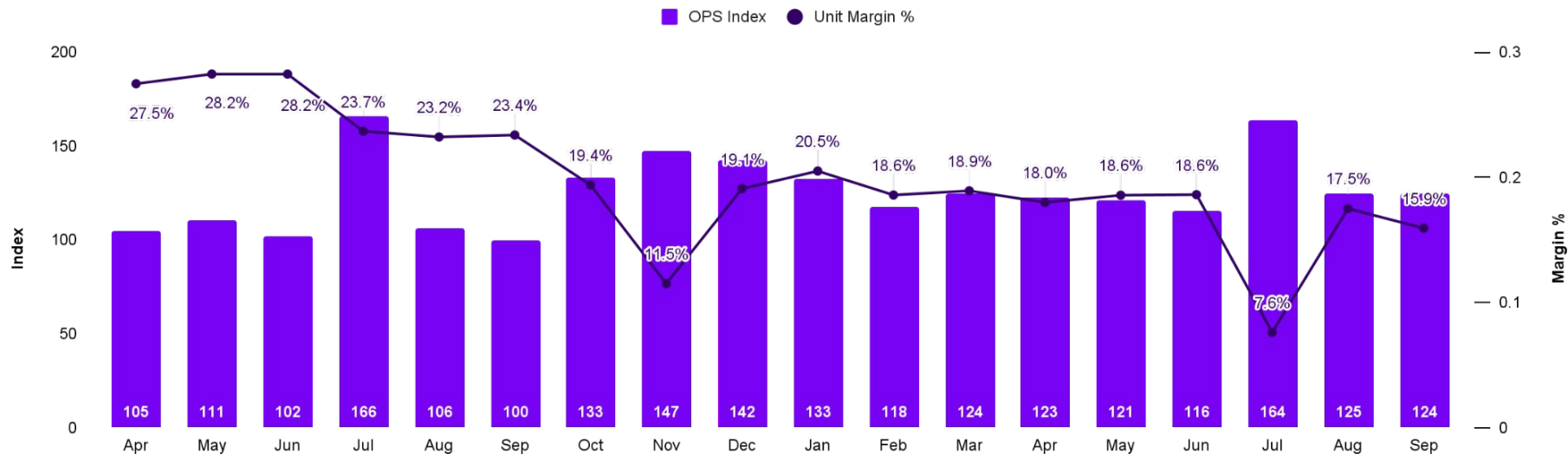


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## OPS VS. UNIT MARGIN %

## Falling site prices are eroding Amazon's unit margins

As average selling prices have declined, unit margins continue to fall.

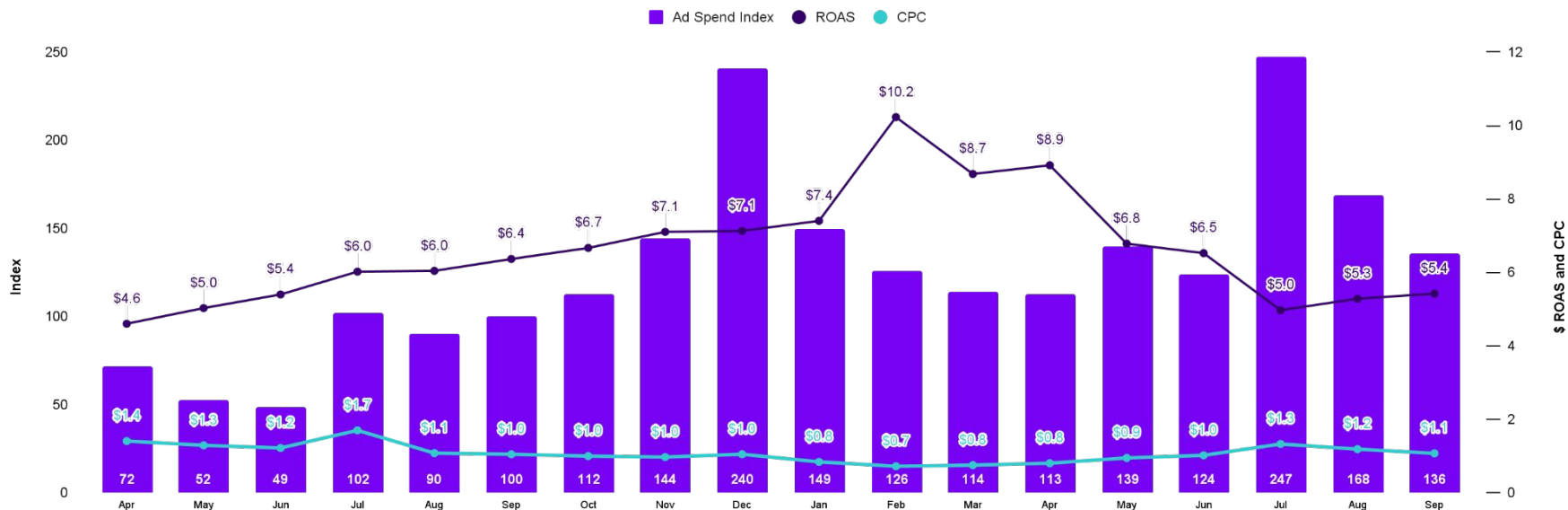


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## AD SPEND | ROAS | CPC

## Prime Day & holiday ad spend spiked while CPC held steady

In early 2024, ad efficiency trends shifted, with ad spend dropping at the year's start—followed by seasonal increases in July and December (which can be attributed to Prime Day and holiday promotions). CPCs have remained steady throughout.



# Grocery industry overview

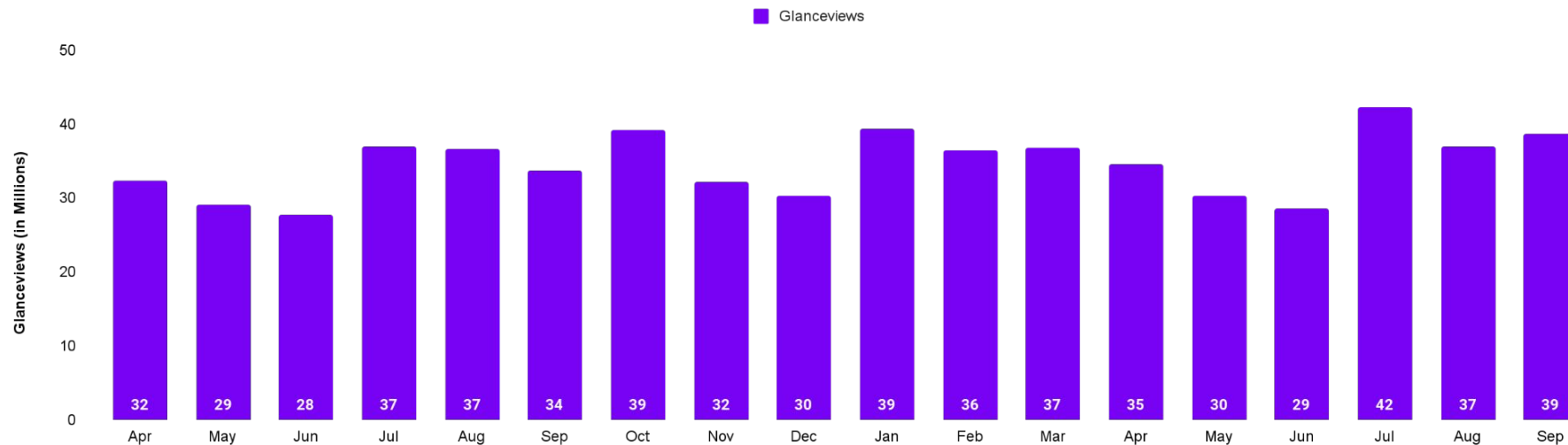
Q3 2023 vs. Q3 2024 recap



## GLANCE VIEWS

## Grocery category traffic is on the rise

On the whole, glance views are increasing with variable traffic in the Grocery category throughout the year.



ON HAND INVENTORY

# Brands are gaining traction on Amazon

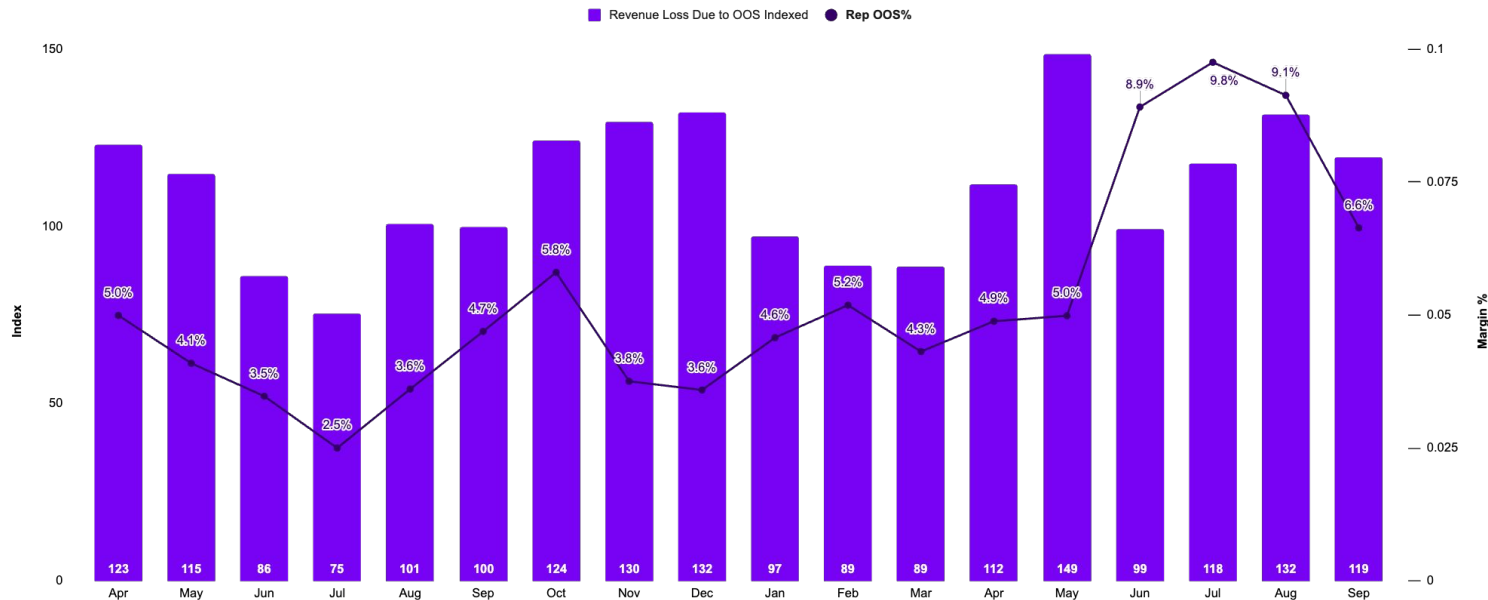
On hand inventory rose 23% year-over-year, highlighting growing consumer demand for Grocery items on Amazon.



Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## REVENUE LOSS DUE TO OOS But Prime Day shoppers were hungry for more inventory

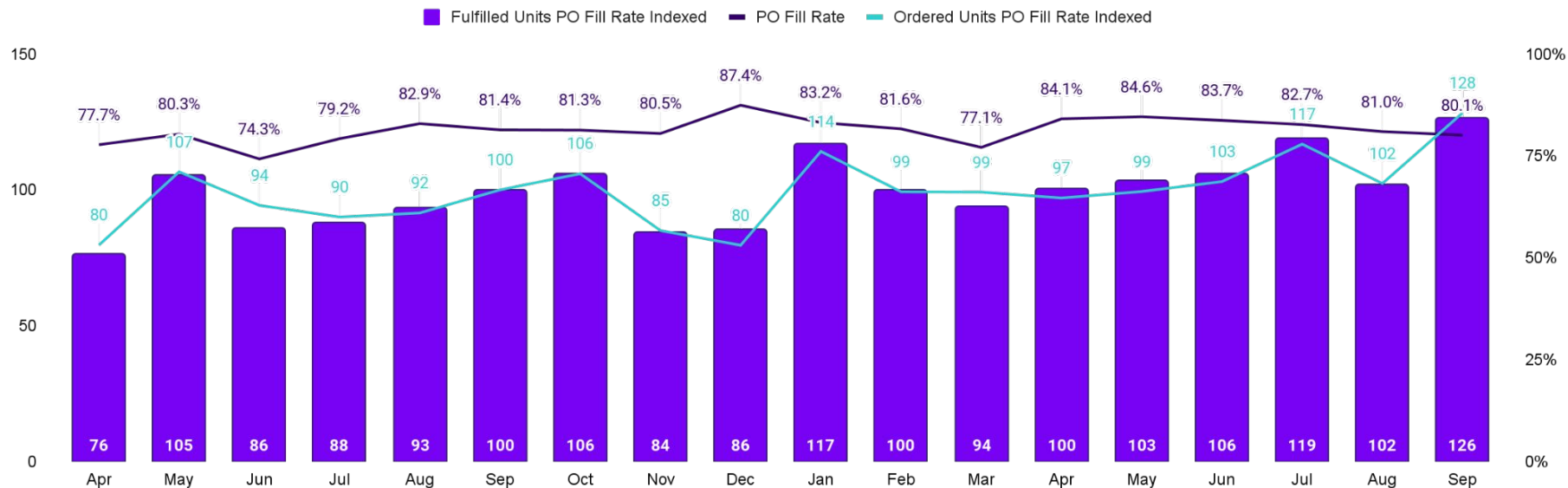
Replenishable category out-of-stocks reached nearly 10% in July—five times the typical benchmark. This was likely driven by Prime Day demand surges and limited inventory.



## FULFILLMENT

## Order-to-fill efficiency shows significant improvement YoY

On-hand inventory grew by 26% YoY in September, with fill rates holding steady at a ~1% variance—reflecting a 28% improvement in order-to-fill efficiency.

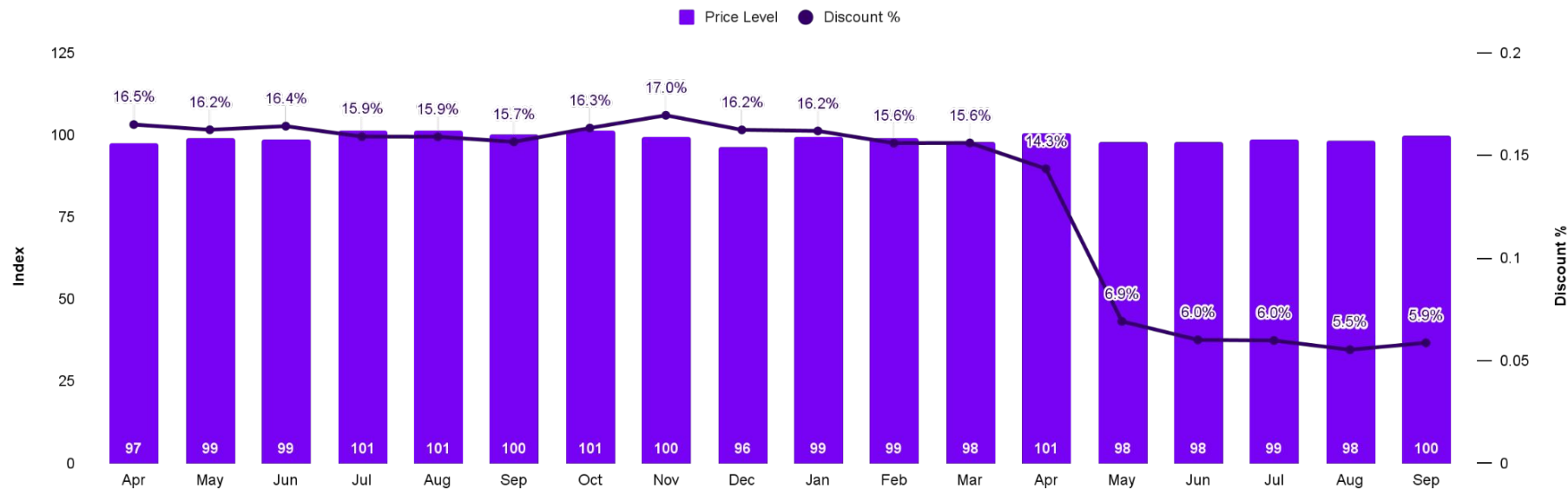


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## PRICE LEVEL VS. DISCOUNT %

## Low elasticity kept Grocery prices steady over the last 18 months

Not typically a highly-elastic category, Grocery prices remained relatively stable, with prices holding steady over the past 18 months and a reduction in discount percentages in H2 2024.

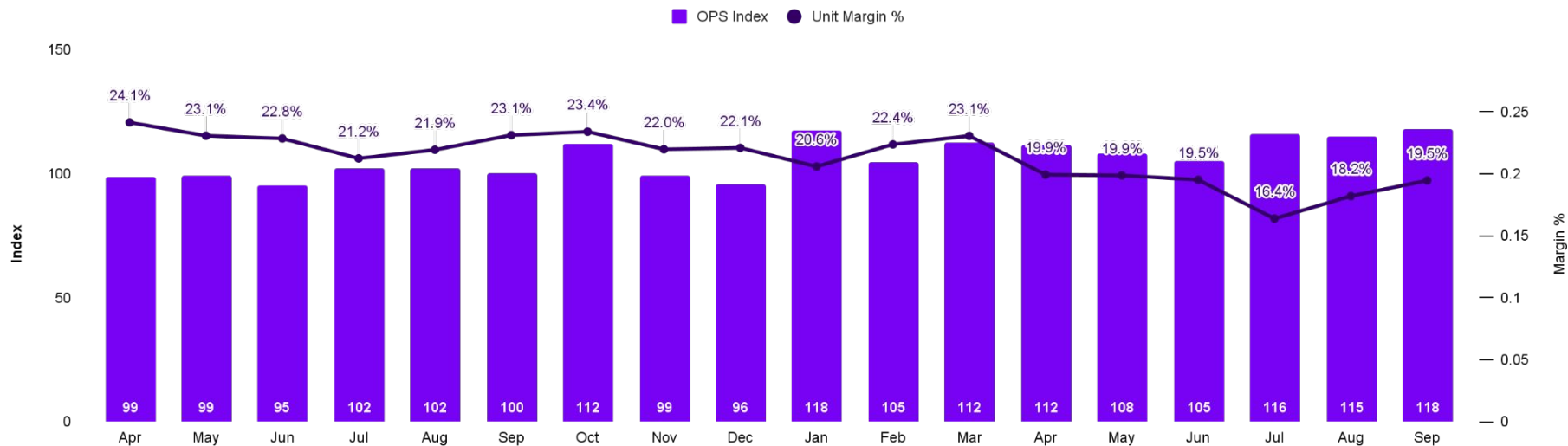




## OPS VS. UNIT MARGIN %

## Meanwhile, sales & inventory costs are climbing

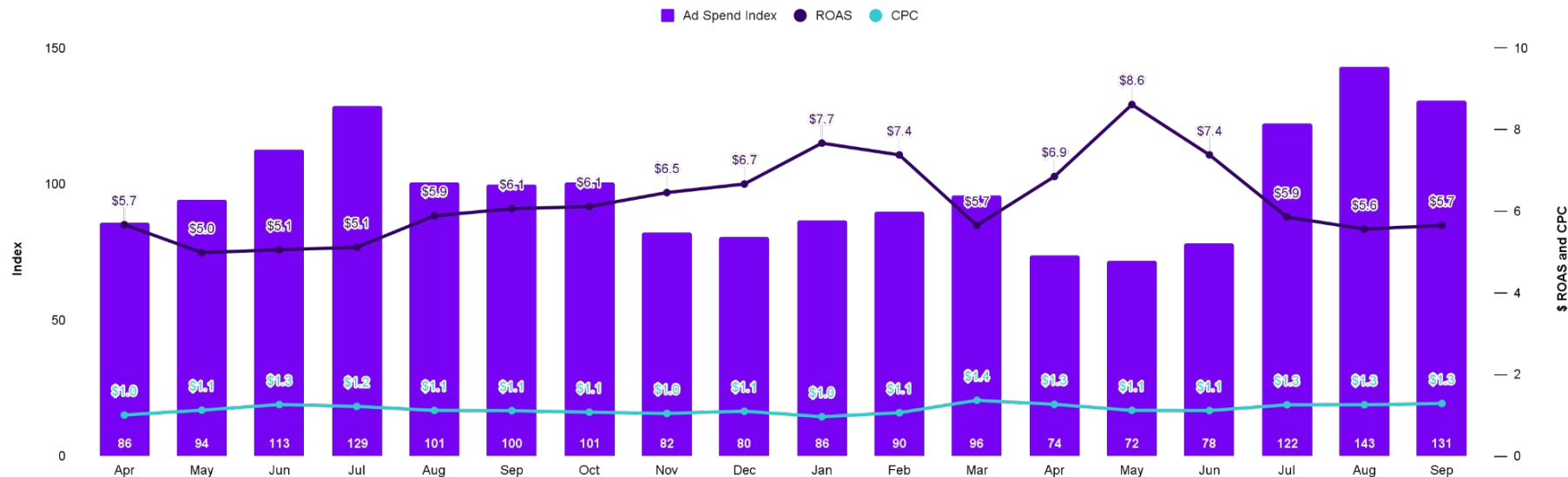
Sales increased 18% YoY, but declining unit margins suggest rising inventory costs, as prices have remained steady.



## AD SPEND | ROAS | CPC

## And ad spend isn't paying off

Ad spend rose significantly in Q3, with a 31% YoY increase in September and a 67% rise from the end of Q2. ROAS declined despite stable CPCs, indicating increased investment without a proportional return boost.



Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.



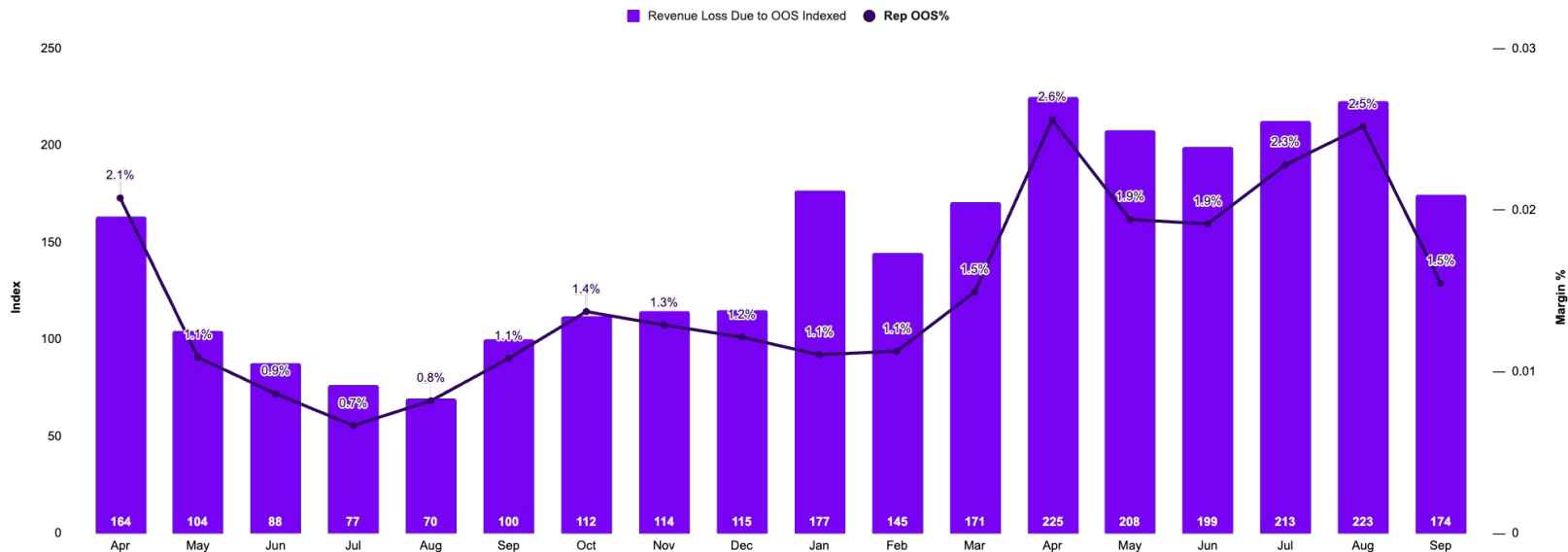
# Health & Personal Care industry overview

Q3 2023 vs. Q3 2024 recap

## REVENUE LOSS DUE TO OOS

### Summer out-of-stocks drove losses

Out-of-stock rates saw a seasonal peak in August, reaching an acceptable RepOOS of 2.5%, slightly above the standard benchmark of ~2%.

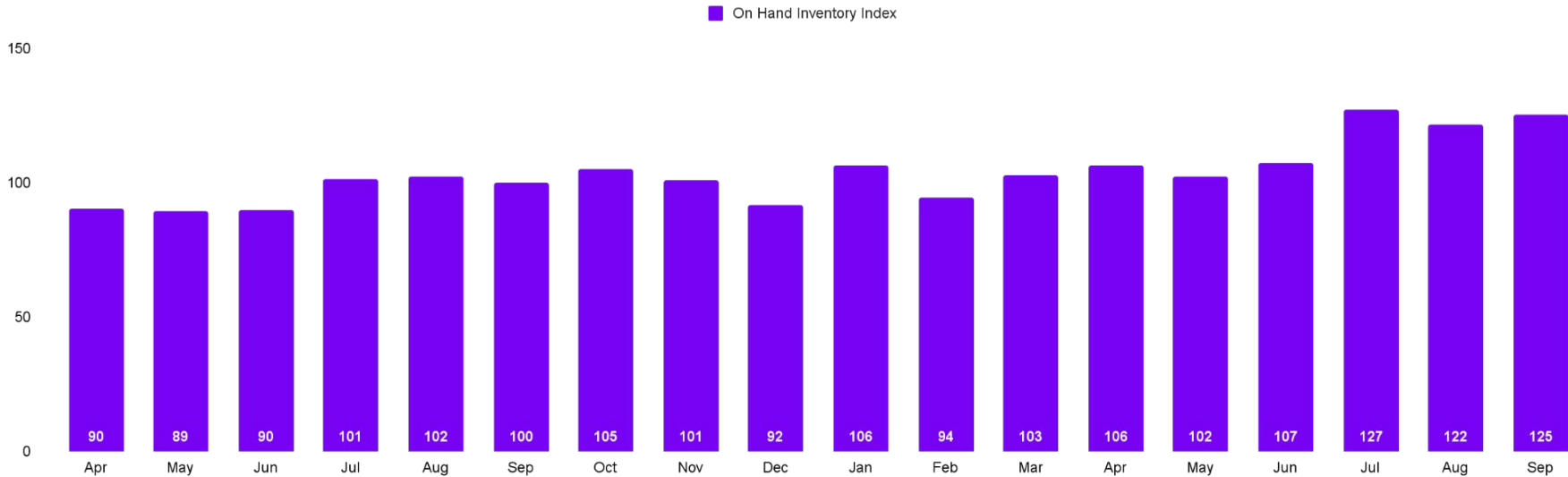


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

ON HAND INVENTORY

As sales increased,  
so did inventory

On hand inventory increased by 25% in September compared to last year, and rose by 16% since the end of Q2 2024 in June—likely due to sales growth.



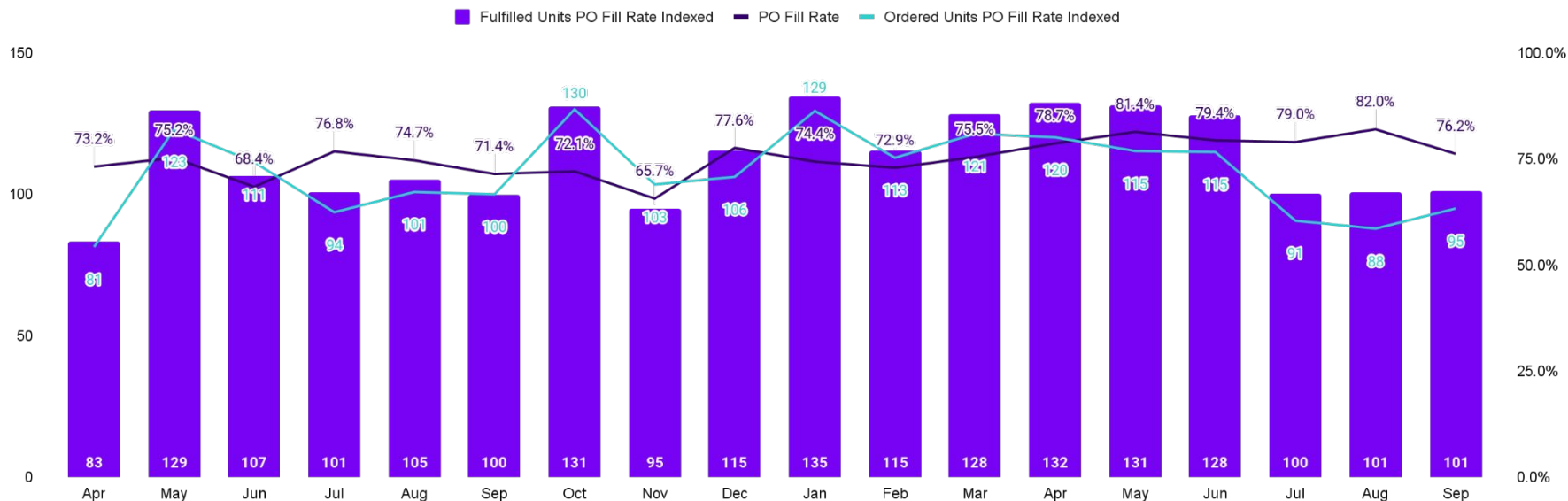
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.



## FULFILLMENT

## But order efficiency experienced a downturn

Order efficiency is declining as fill rates drop toward the end of the quarter, coinciding with reduced order volume. This aligns with Q3 2023 in terms of order volume, fill rates and fill index.

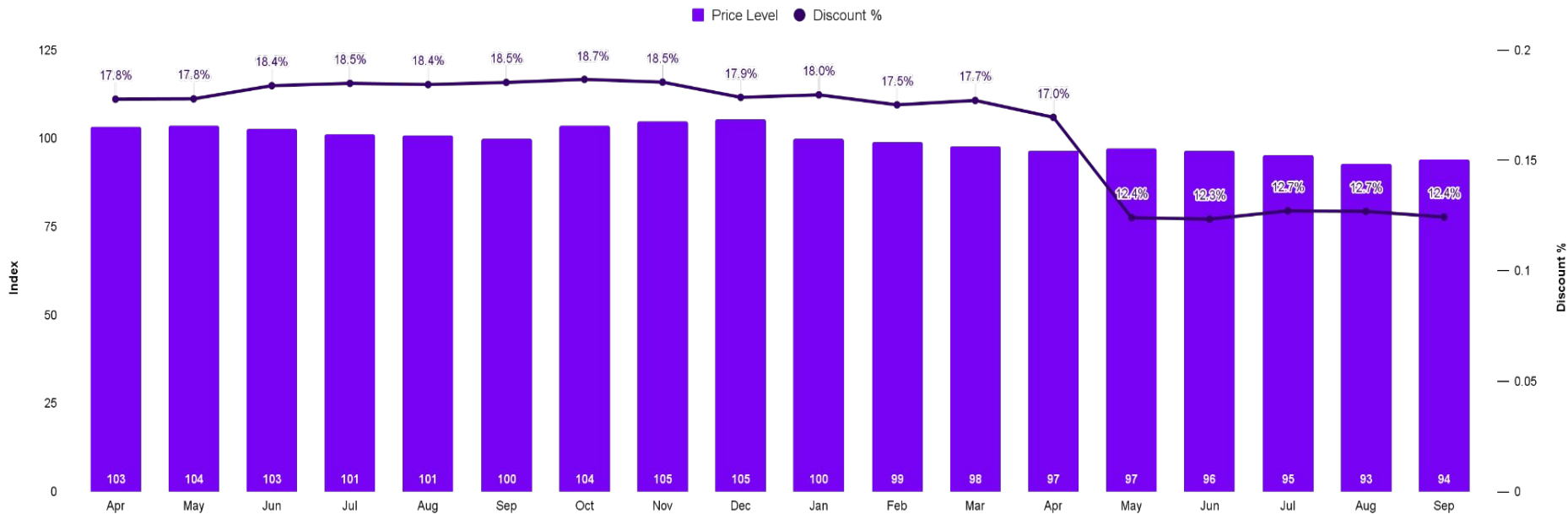


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## PRICE LEVEL VS. DISCOUNT %

## Flat prices keep customers shopping year-round

Similar to Grocery, Health & Personal Care prices stayed steady as discounts declined in the lead-up to fall tentpole events, suggesting a shift toward lower ASP products to attract budget-conscious consumers.

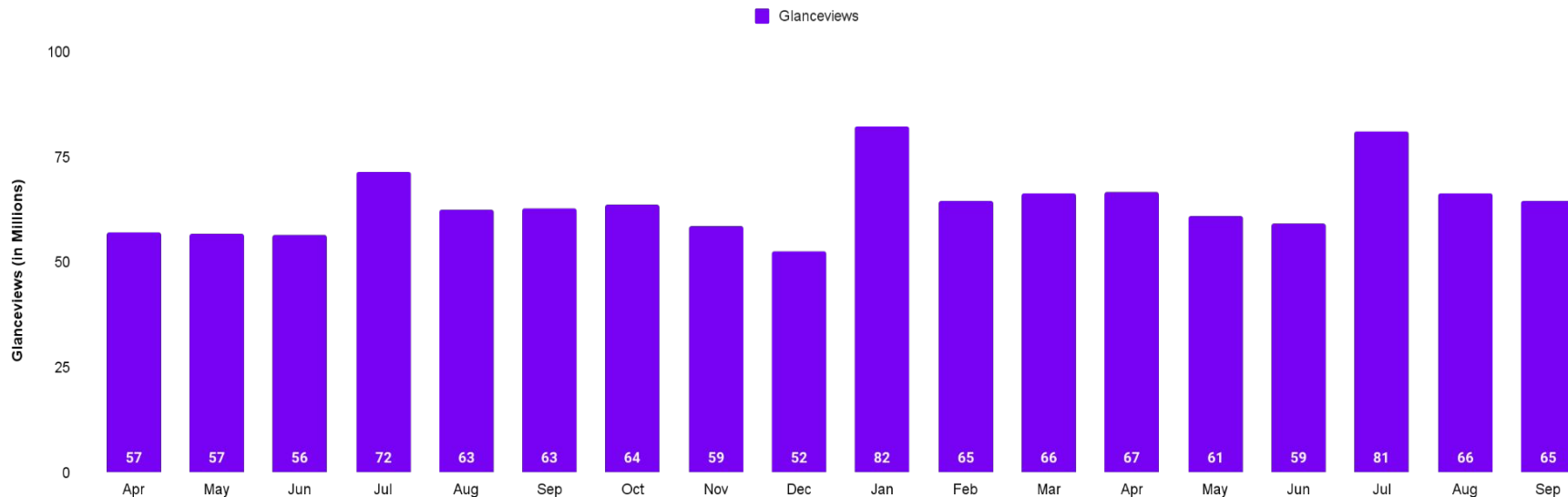


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## GLANCE VIEWS

## Tentpole events turned more heads

Organic glance views remained flat, with the exception of spikes during tentpole events like Prime Day. This is likely due to customers searching for deals and discounts on essential items during Amazon's headline events.

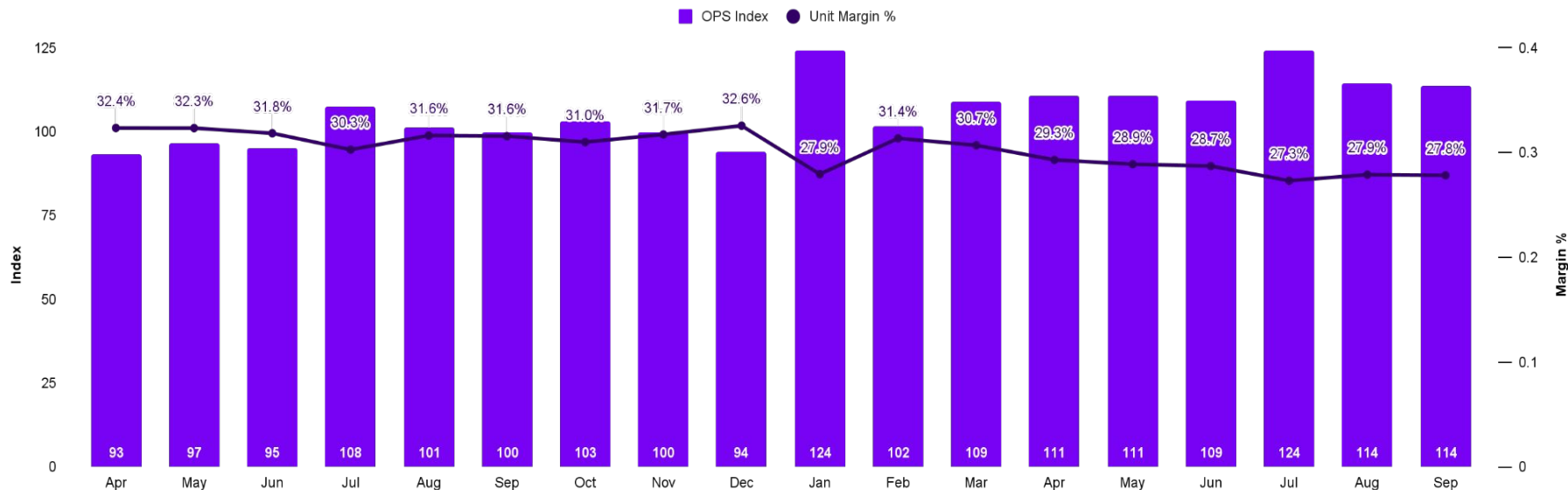


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## OPS VS. UNIT MARGIN %

## As sales sped up, unit margin declines slowed

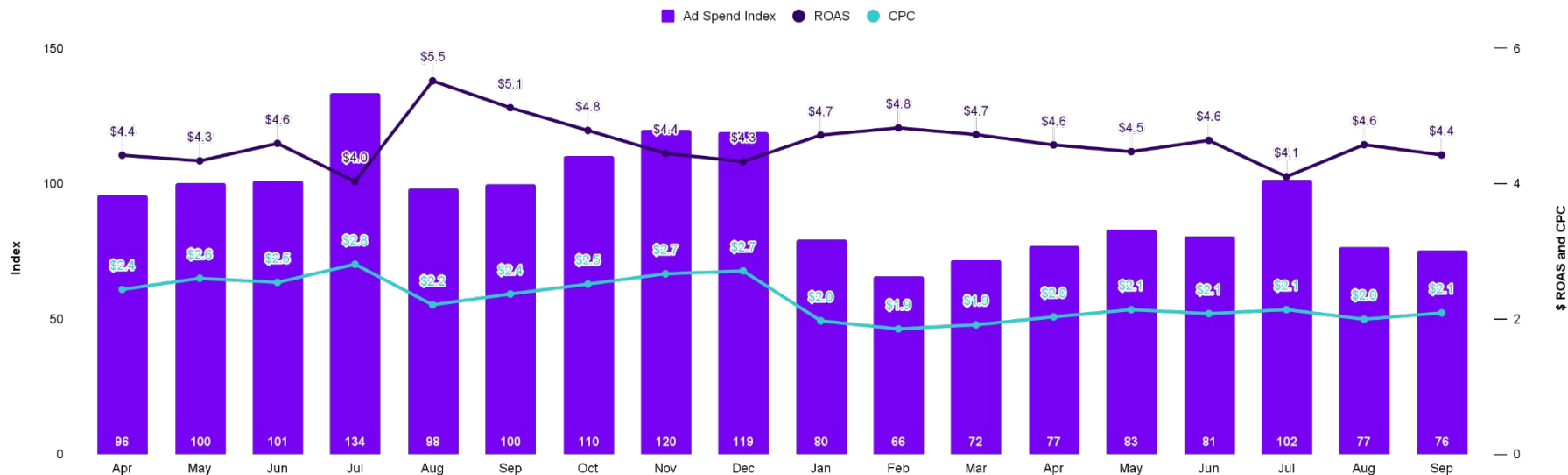
Health & Personal Care experienced rising sales and a slower decline in unit margins, with sales up 14% YoY and discounts down 4% YoY.



## AD SPEND | ROAS | CPC

## Brands are spending a third less on advertising

Ad spend saw a 30% decline at the start of 2024, with spending levels pacing 22% lower than September 2023 and down 4% QoQ.



Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

# Home & Kitchen industry overview

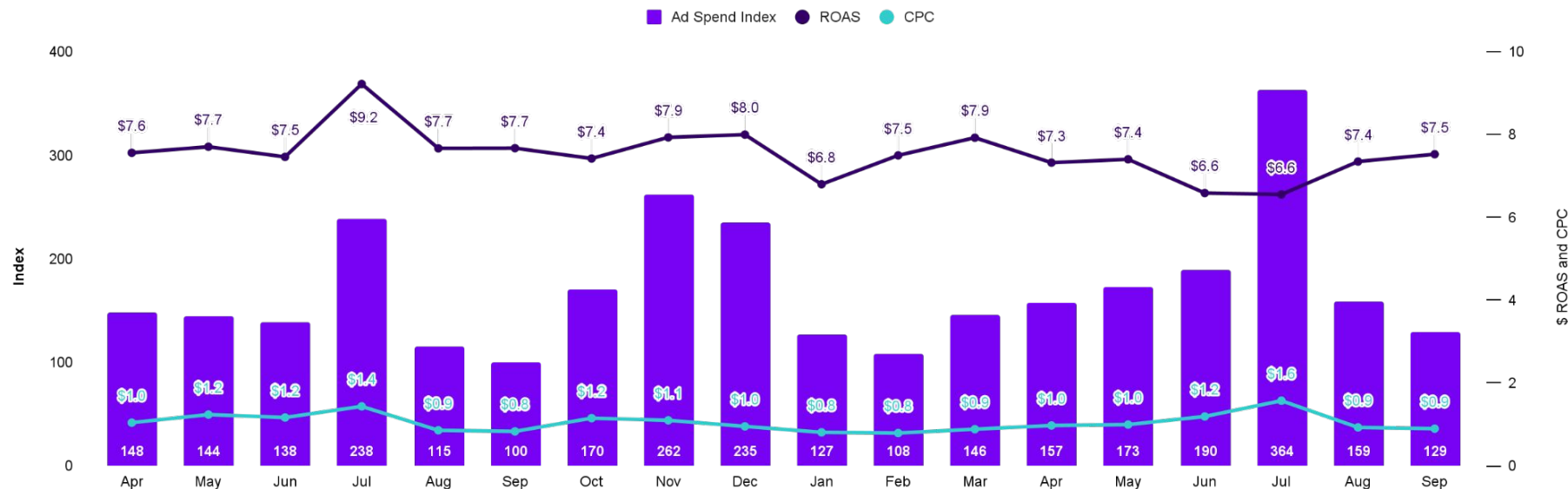
Q3 2023 vs. Q3 2024 recap



## AD SPEND | ROAS | CPC

## Ad spend is way down from last quarter, as brands recover from Prime Day campaign costs

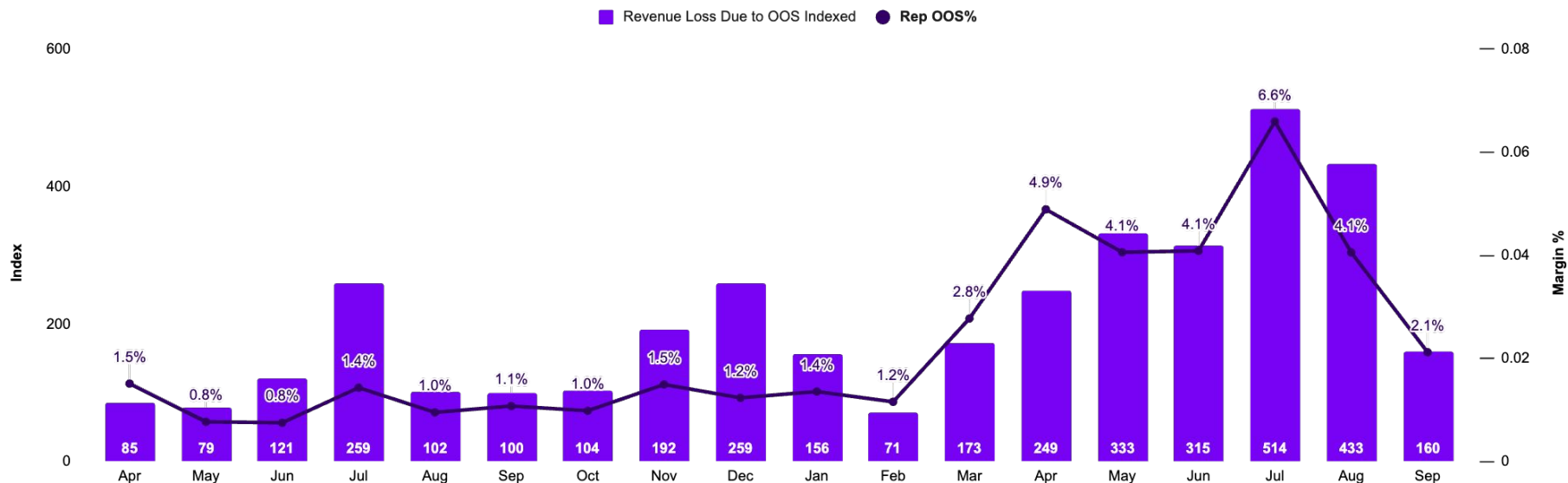
September ad spend is up 29% YoY with flat ROAS, but down 32% QoQ. This is likely due to brands spending big for Prime Day campaigns, hoping to recover costs in the second half of the year.



## REVENUE LOSS DUE TO OOS

### Out-of-stock rates soared mid-summer

Out-of-stock rates saw a seasonal peak in July, with RepOOS% reaching three times the benchmark (6.6%), likely due to a ~10% YoY reduction in on hand inventory.

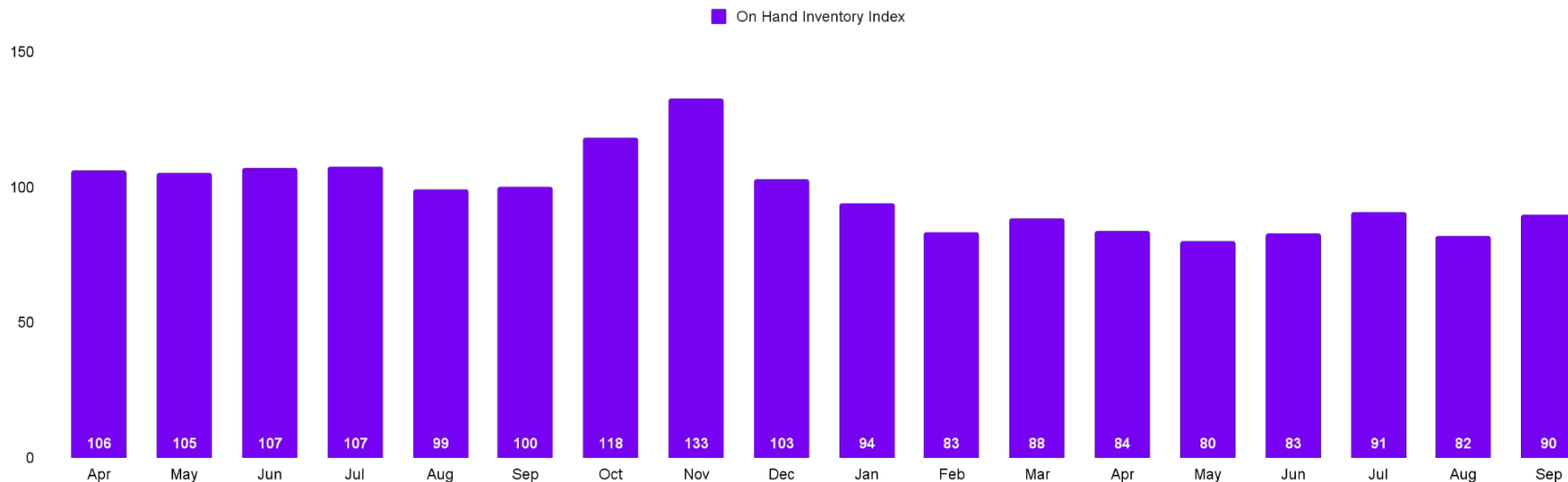


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

**ON HAND INVENTORY**

**Inventory levels are down—with expected spikes for the holiday season**

On hand inventory declined 10% YoY but rose 8.4% QoQ, with a seasonal increase anticipated in October and November.

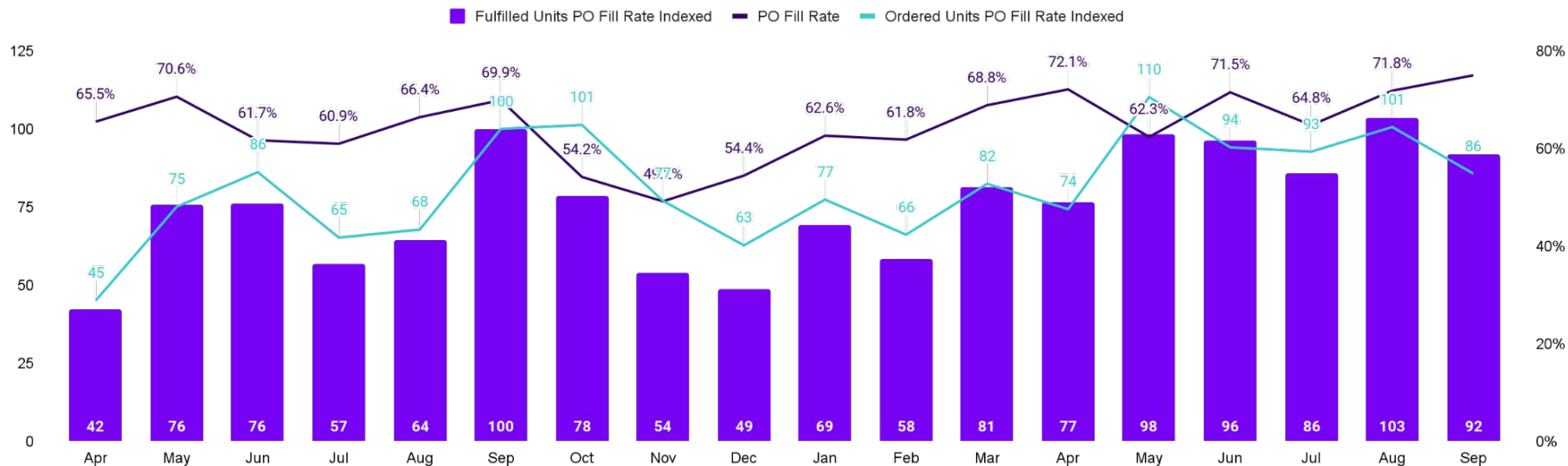


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## FULFILLMENT

## Fill rates have reached their highest level in 18 months

Q4 ordering increased in August and September, with a decline in order volume expected after the seasonal peak. Fill rates have reached an 18-month high.

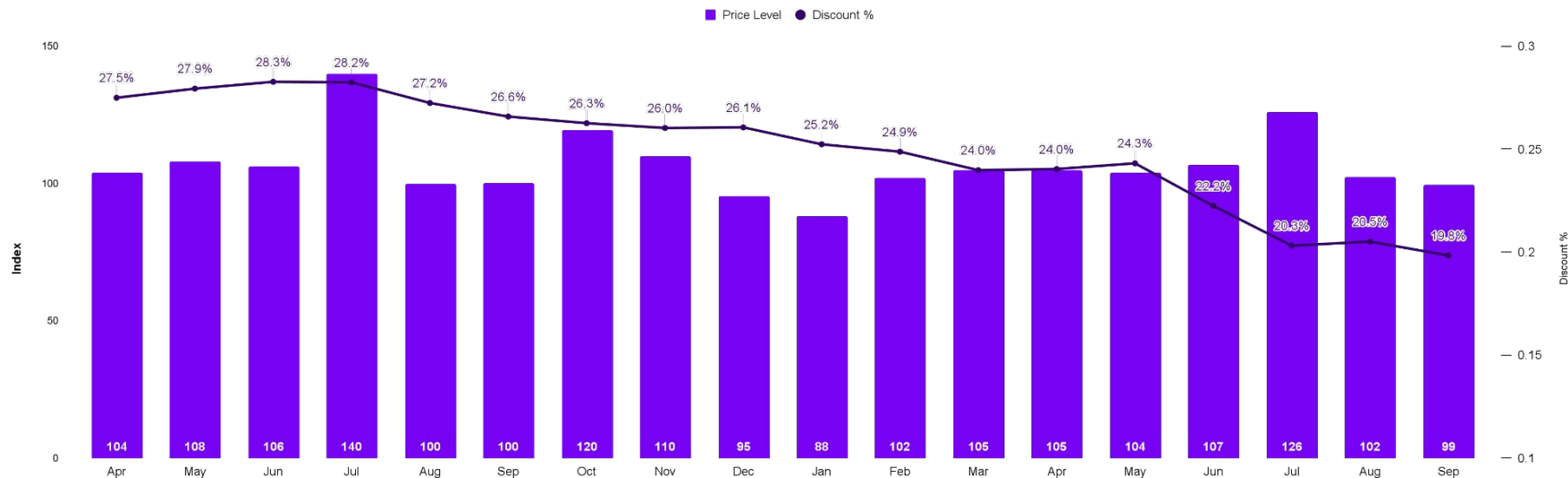


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## PRICE LEVEL VS. DISCOUNT %

## Meanwhile, discounts are on the decline

Discount percentages are decreasing, with prices down slightly by 1% YoY in September and a 7.5% drop since the end of Q2.

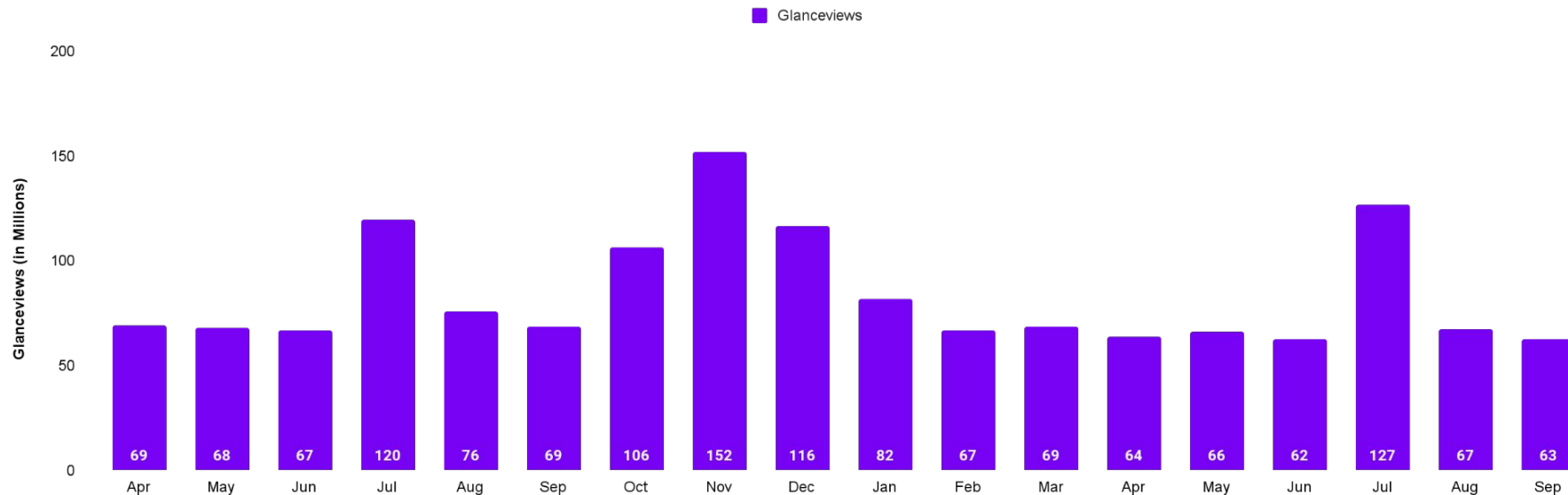


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## GLANCE VIEWS

## Holiday traffic should send glance views soaring

Q4 2023 saw a spike in organic traffic, with an additional surge during the July Prime Day event. Traffic is expected to peak in November as holiday shoppers stock up.

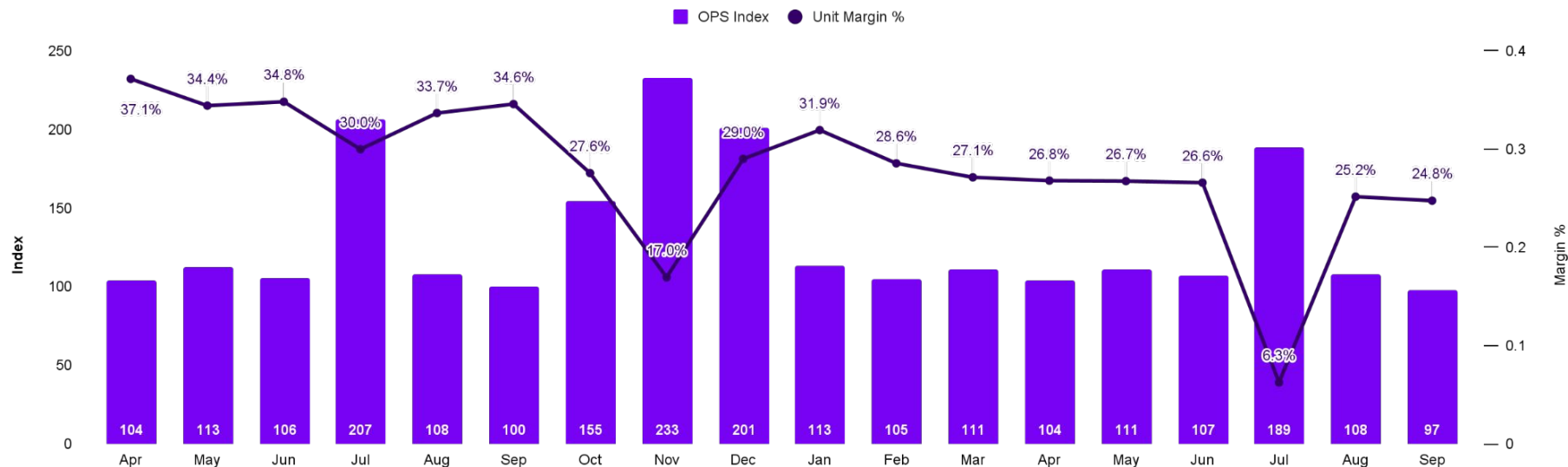


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## OPS VS. UNIT MARGIN %

**Overall, Home & Kitchen is holding steady as the holidays approach**

Sales velocity remains steady outside tentpole events, down slightly YoY by 3% in September, with declining unit margins. The category is stable heading into peak season; prepare for a potential sales uplift.





# Office Products

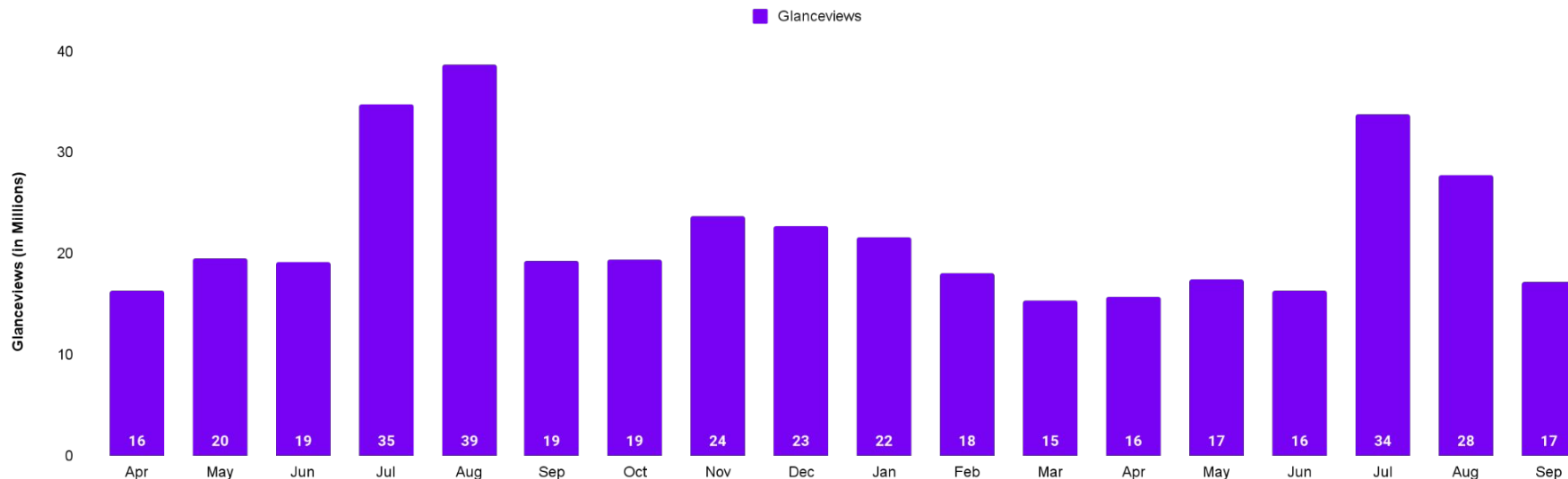
## industry overview

Q3 2023 vs. Q3 2024 recap

## GLANCE VIEWS

## Back-to-school shopping drove seasonal traffic spikes

Organic traffic has remained steady, with seasonal spikes observed throughout the year toward the end of summer.

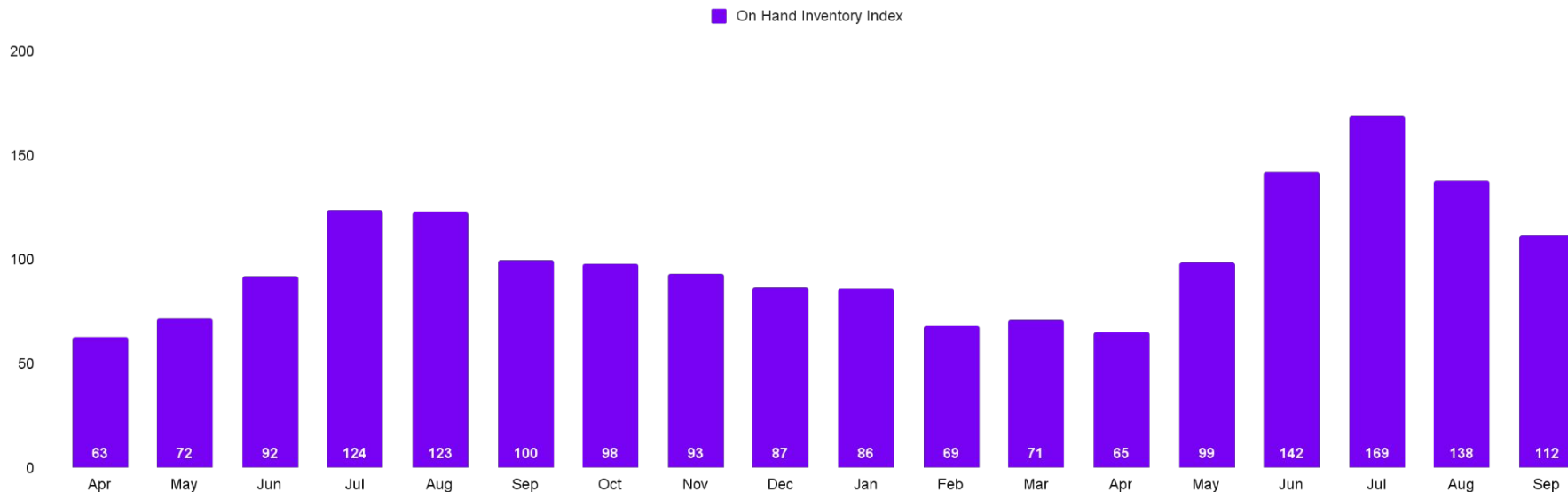


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## ON HAND INVENTORY

### Brands stocked the shelves for back to school

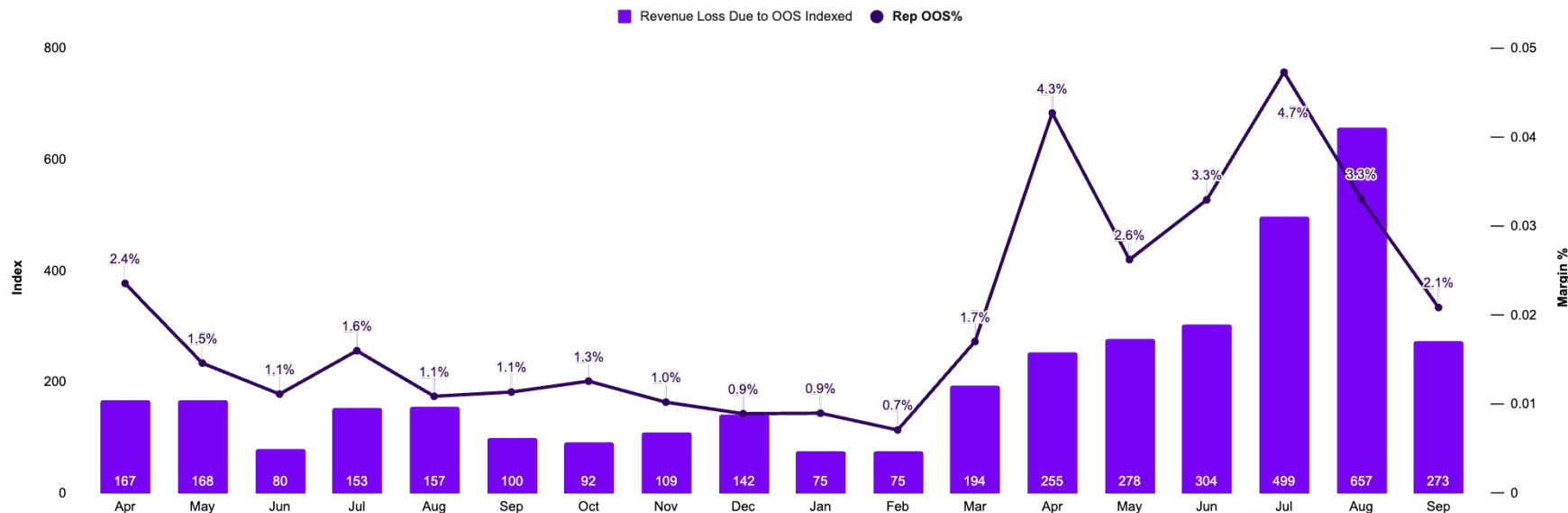
On hand inventory saw a significant summer spike, up 36% YoY, aligning with back-to-school demand. A slowdown in order volume is anticipated in Q4, following typical seasonal patterns.



Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## REVENUE LOSS DUE TO OOS But still didn't have enough inventory to satisfy demand

Out-of-stock rates saw a seasonal spike in August, with RepOOS% reaching twice the benchmark at 4.7%. This suggests that Amazon was not prepared with enough inventory to meet back-to-school demand.

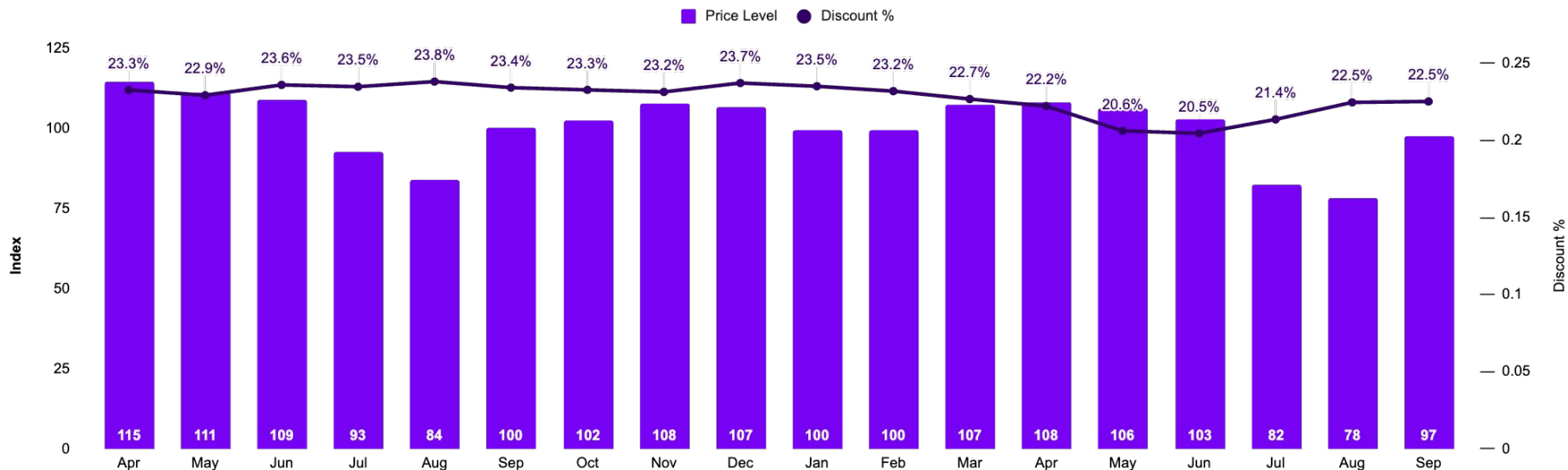


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## PRICE LEVEL VS. DISCOUNT %

**While price levels dropped slightly, discounts remained flat**

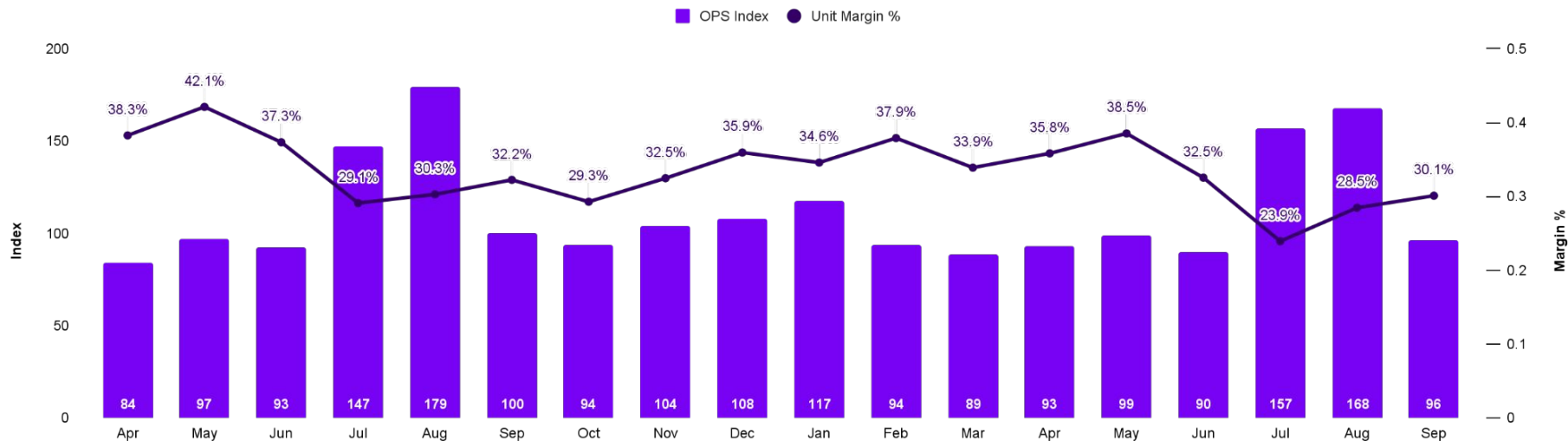
Discount percentages remained steady, with a slight 3% decline in price levels YoY in September—likely indicating that Amazon is opting for modest price reductions rather than aggressive discounting.



## OPS VS. UNIT MARGIN %

Sales are slightly down from last year

Sales declined by 4% YoY, with gross margins decreasing by 210 basis points.

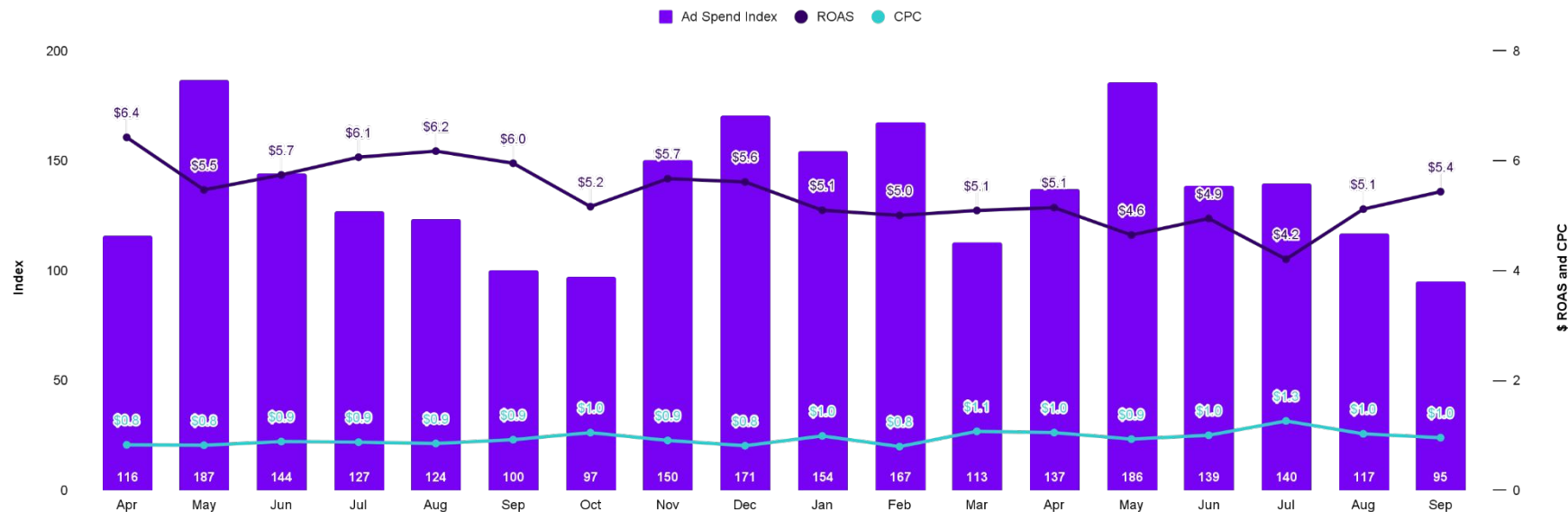


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## AD SPEND | ROAS | CPC

## Slight declines in ROAS were balanced by quarterly improvements

Ad spend efficiency shifted, with a 5% YoY decrease and a significant QoQ drop—signaling a competitive market for Office Products brands. While CPCs remained steady, a modest decline in ROAS was offset by quarterly improvements.



Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.



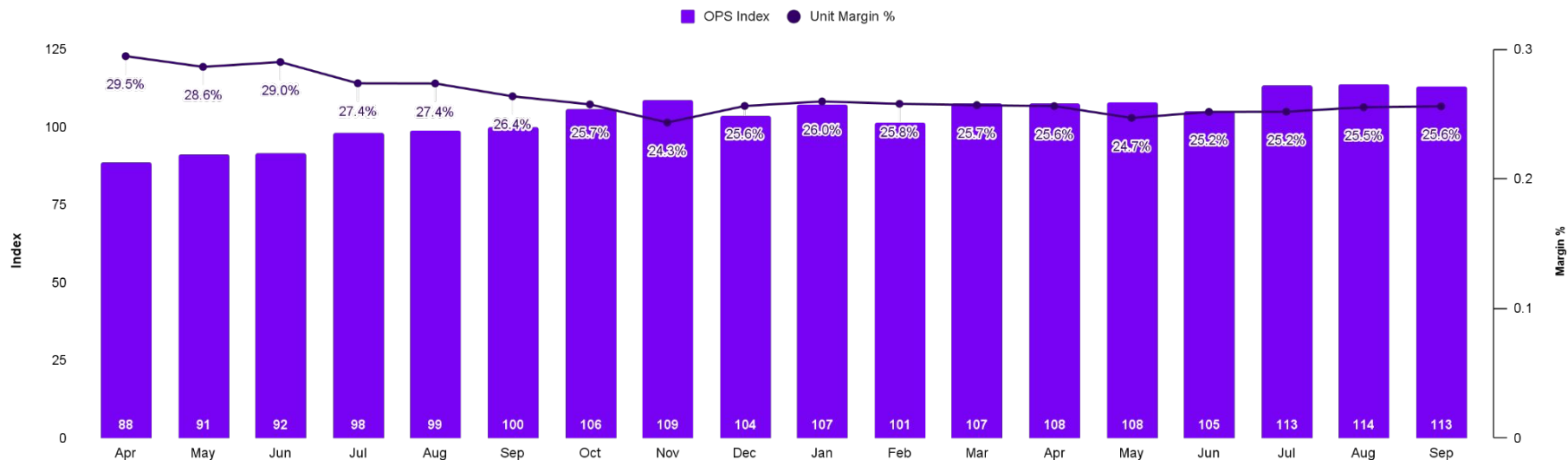
# Pet Products industry overview

Q3 2023 vs. Q3 2024 recap

## OPS VS. UNIT MARGIN %

## Sales rose by 13% while unit margins declined

Sales increase of 13% YoY, accompanied by margin declines. With prices stable, this is likely explained by higher costs for Amazon to acquire inventory.

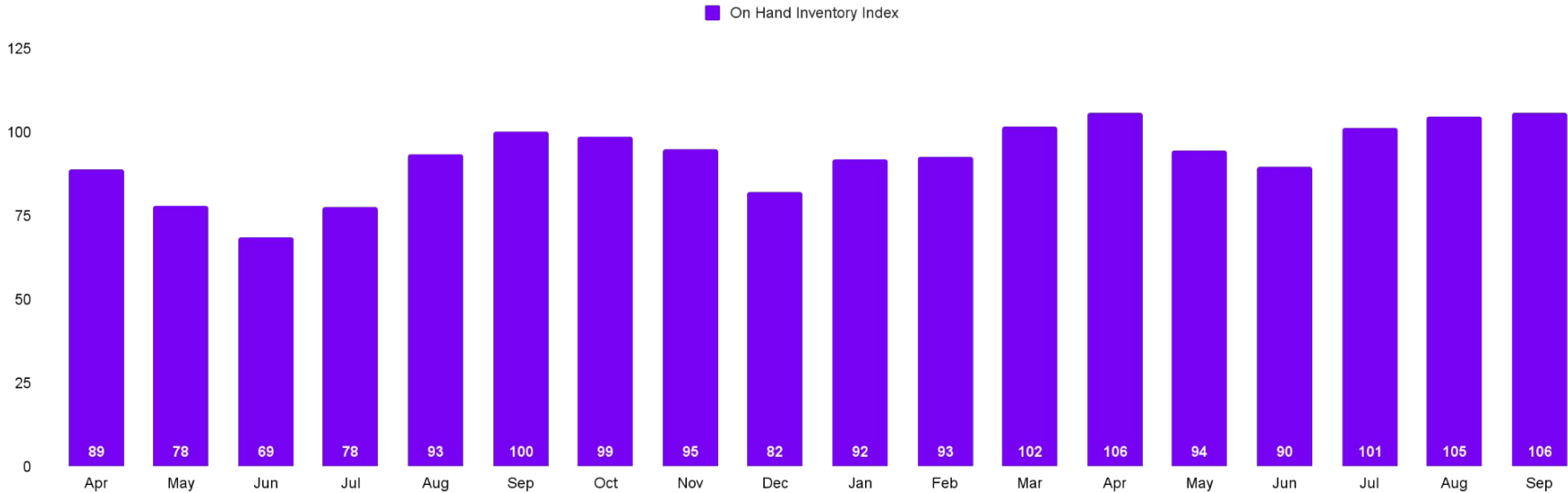


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

ON HAND INVENTORY

To meet growing demand,  
inventory growth accelerated

As sales increased, inventory growth accelerated, up 6% YoY and surging 17% QoQ.

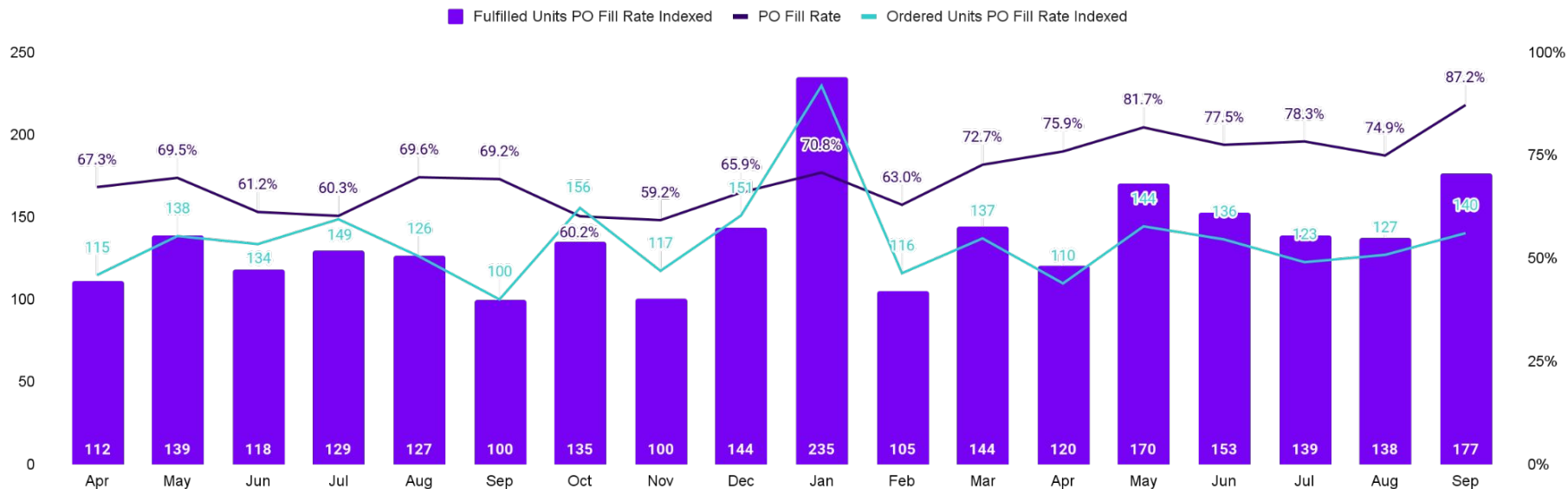


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## FULFILLMENT

# Pet Products drove record PO fill rates

Pet products achieved record purchase order fill rates, accompanied by a 77% increase in order volume year over year.

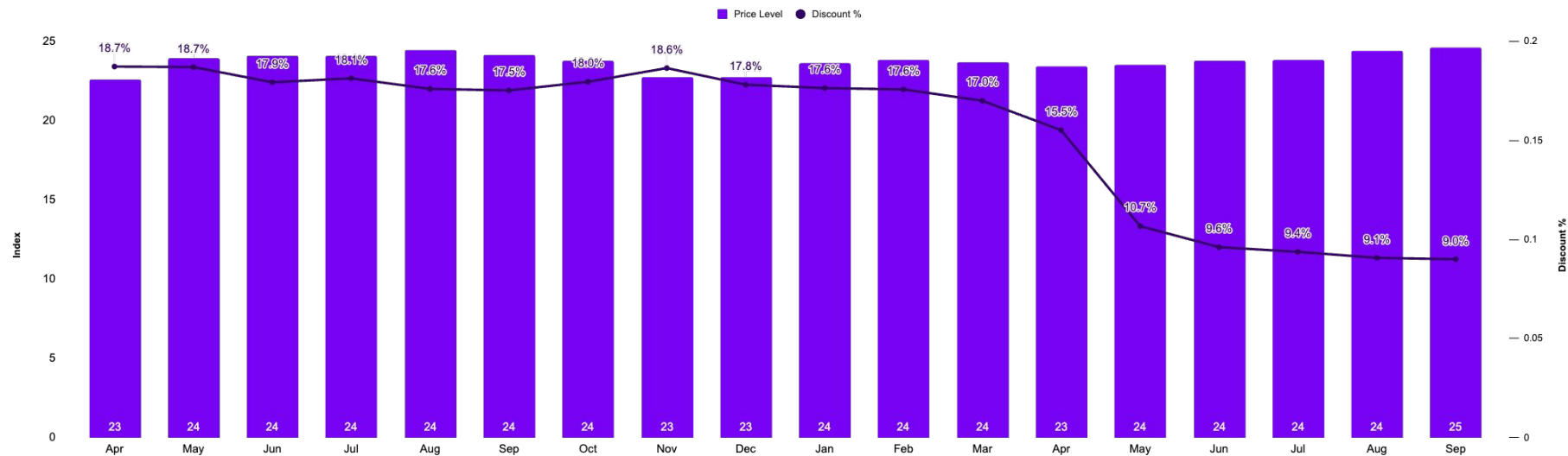


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## PRICE LEVEL VS. DISCOUNT %

### Prices held steady

Pet products – not a highly elastic category – experienced stable site prices, accompanied by decreasing discounts.

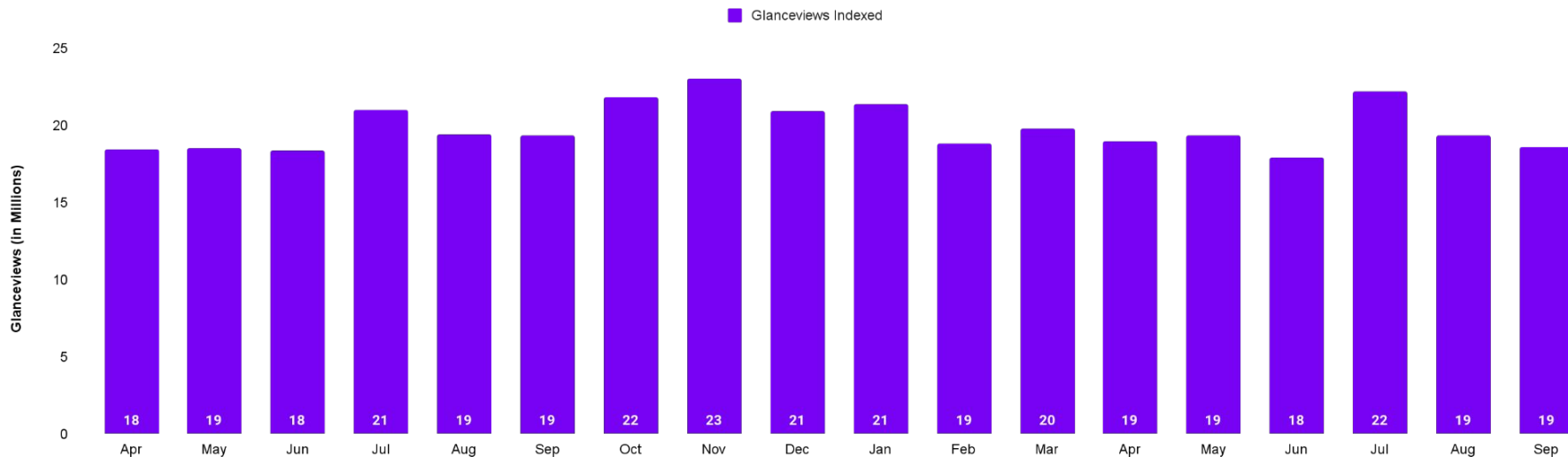


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## GLANCE VIEWS

## Prime Day shoppers picked up Pet Products along the way

The pet products category experienced steady organic traffic, with only minor spikes during tentpole events. This is likely due to customers purchasing essential items as they shopped for deals and discounts during Prime Day and Prime Big Deal Days events.



# Tools & Home Improvement industry overview

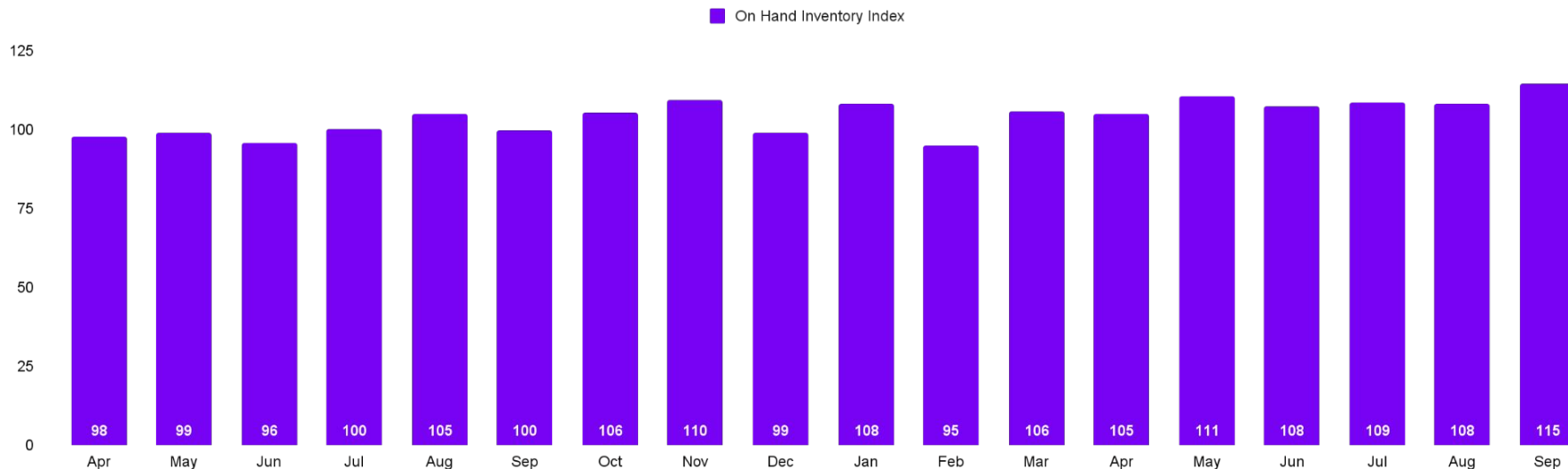
Q3 2023 vs. Q3 2024 recap



## ON HAND INVENTORY

# Tools & Home brands are stocking the digital shelf

On hand inventory increased by 15% YoY and 6% QoQ.

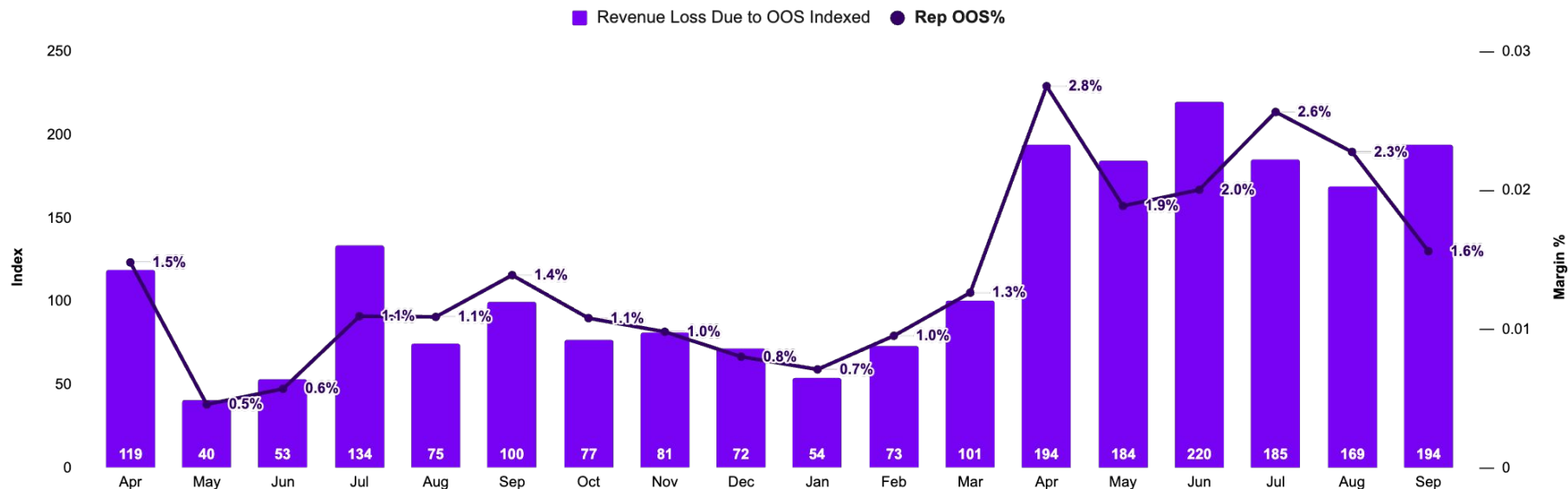


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.



## REVENUE LOSS DUE TO OOS But out-of-stocks surged from April to September

The tools and home category experienced increased RepOOS and lost revenue, aligning with the historical benchmark metric of 2%.

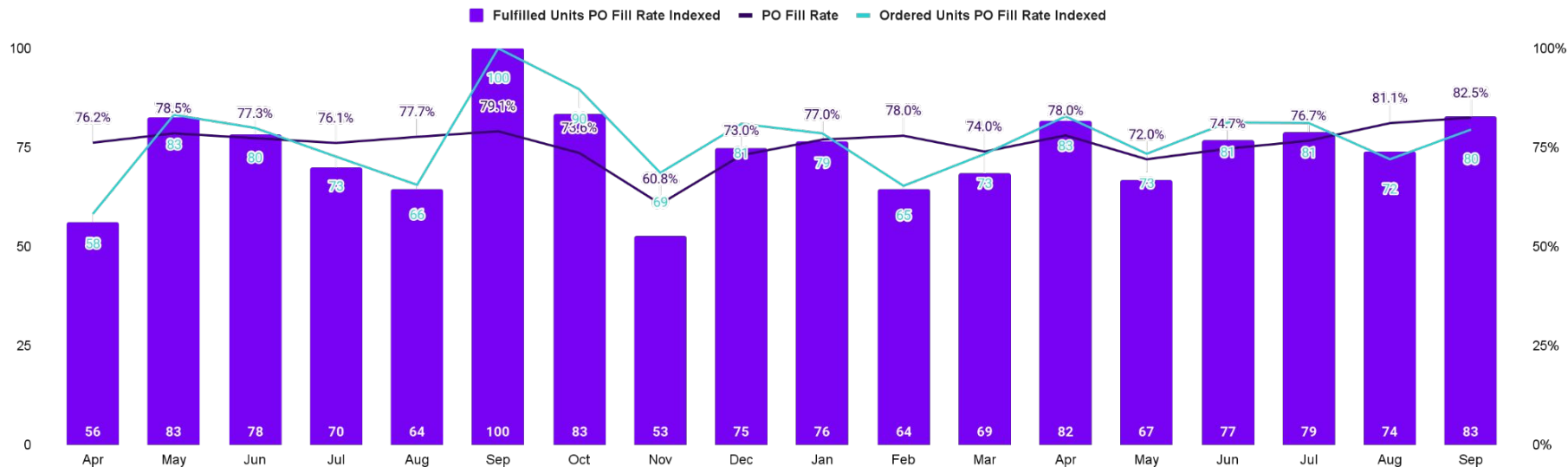


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## FULFILLMENT

## Fill rates remained stable

Fulfilled units decreased by 17% year over year, while fill rates remained flat.

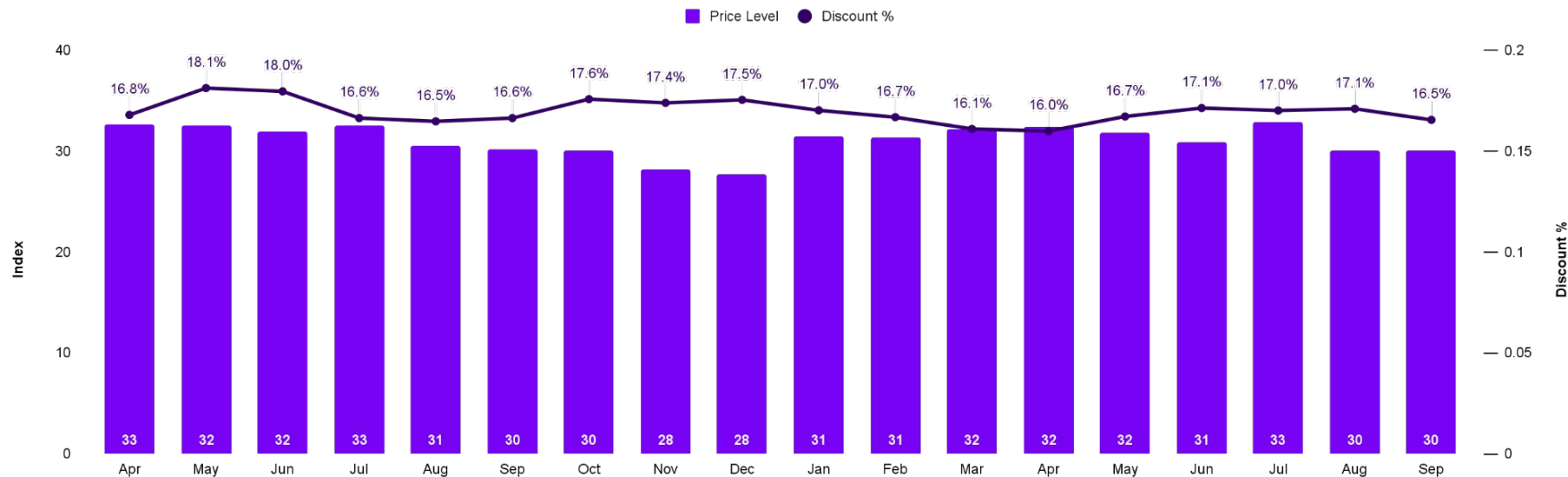


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## PRICE LEVEL VS. DISCOUNT %

### Tools & Home prices held steady

Site prices and discount levels remained consistent.

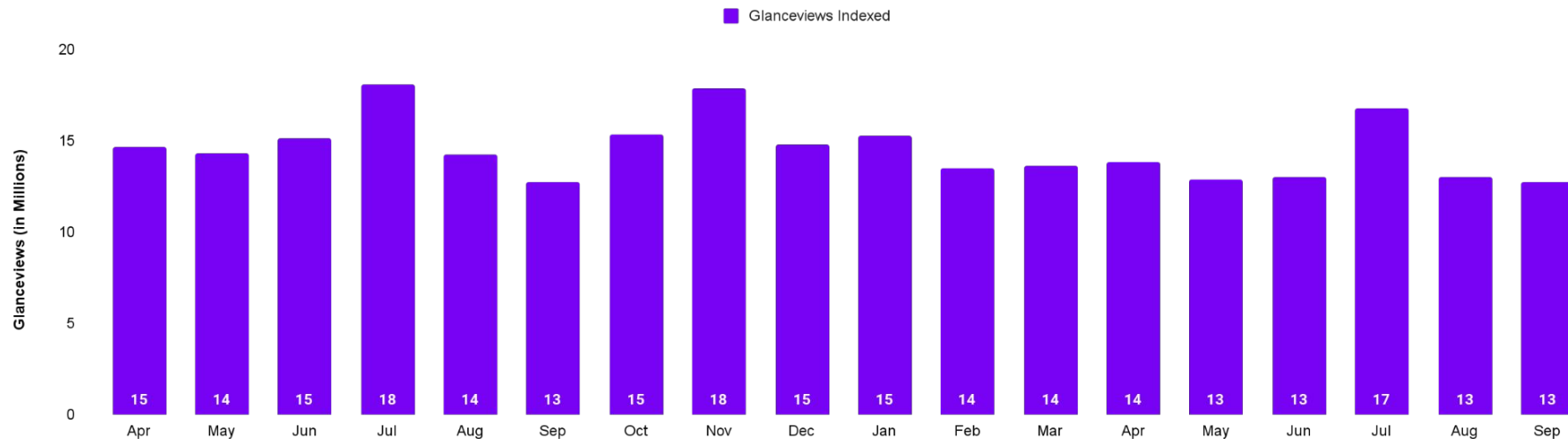


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## GLANCE VIEWS

# While sales picked up over Prime Day

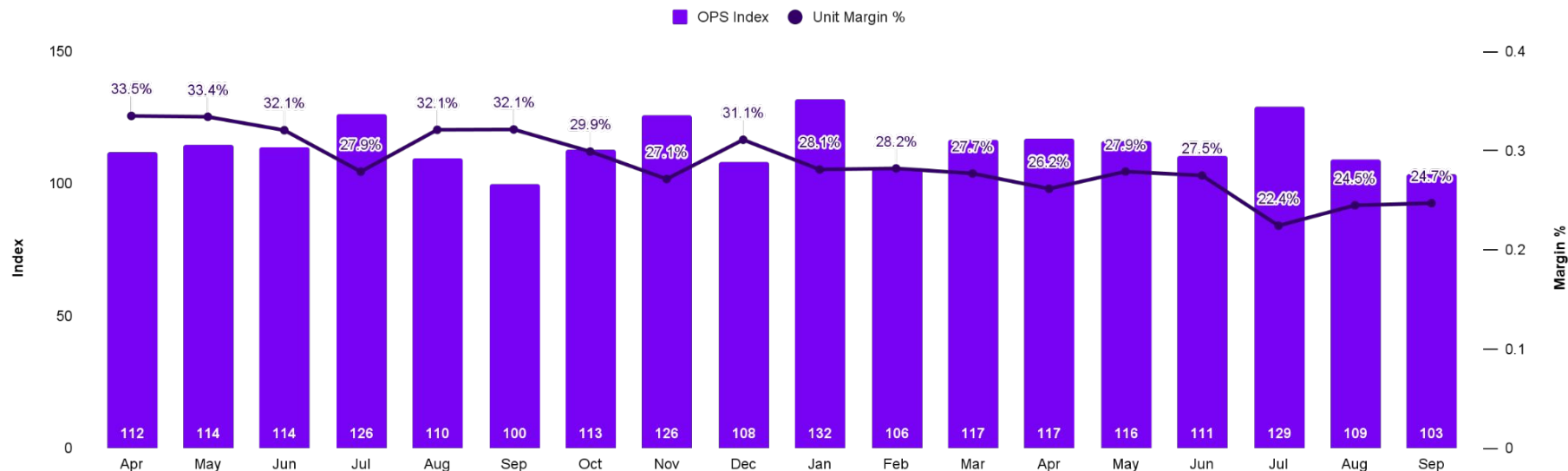
The tools and home category experienced minor spikes during tentpole events while maintaining consistent organic traffic throughout the year.



## OPS VS. UNIT MARGIN %

## Sales rose YoY, but fell QoQ

Sales increased by 3% YoY, but declined by 7% QoQ, with unit margins down 740 basis points. This could be attributed to either a mix shift or an increase in the cost of goods.

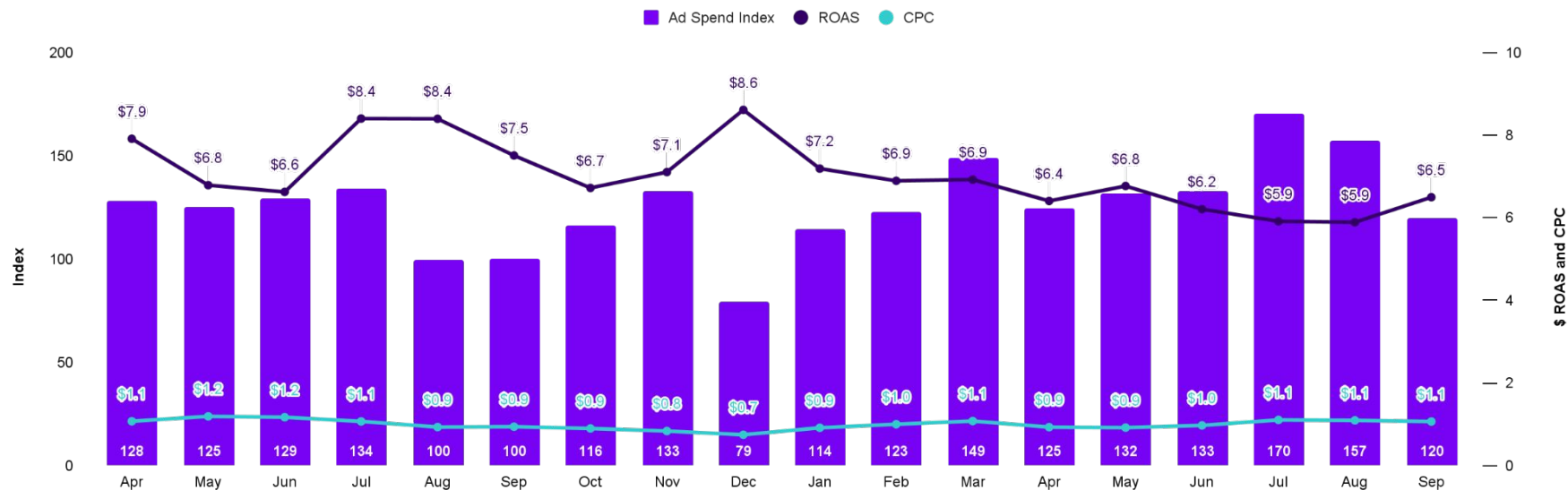


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## AD SPEND | ROAS | CPC

## Brands heavily investing in advertising for tentpole events

CPCs remained flat with ad spend increasing by 20% YoY, but decreasing by 9.7% QoQ—suggesting that advertisers are willing to invest more in tentpole event campaigns but pull back once those events end.



Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

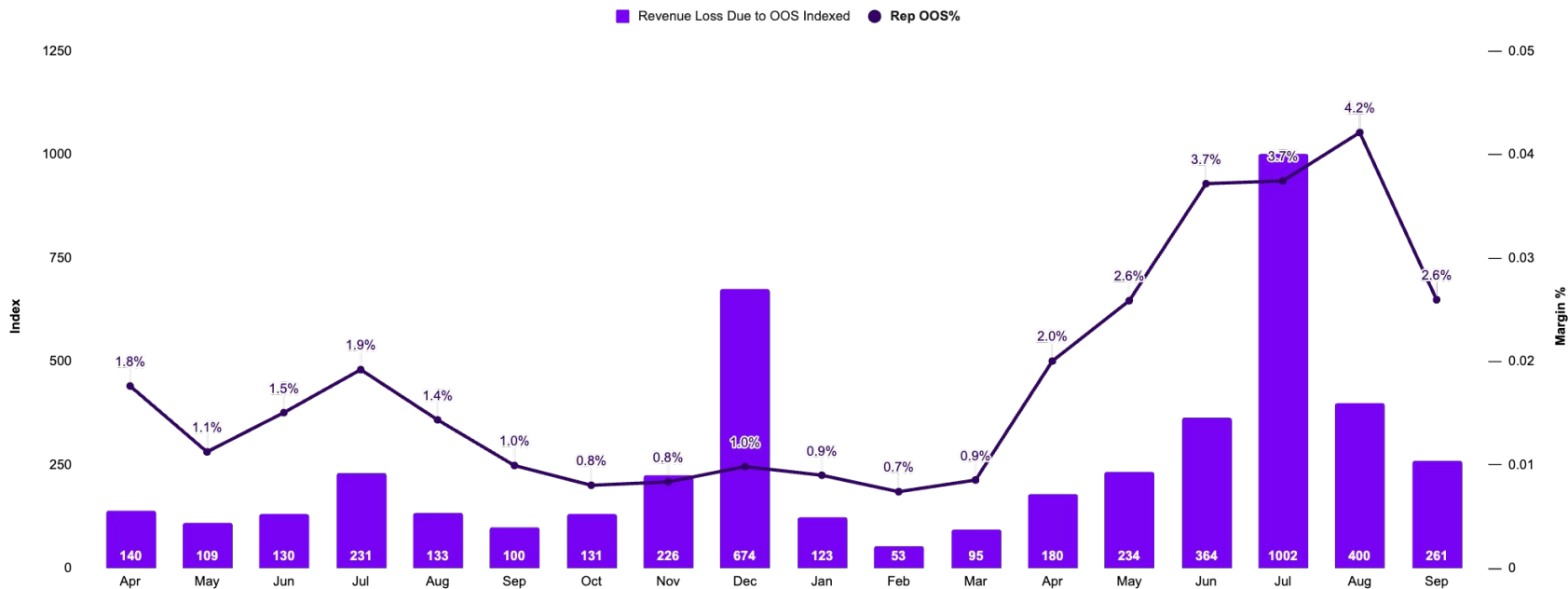
# Toys industry overview

Q3 2023 vs. Q3 2024 recap

## REVENUE LOSS DUE TO OOS

### Toy brands are meeting rising demand

The toys category experienced very low RepOOS and minimal lost revenue outside of tentpole events, reflecting increased demand.



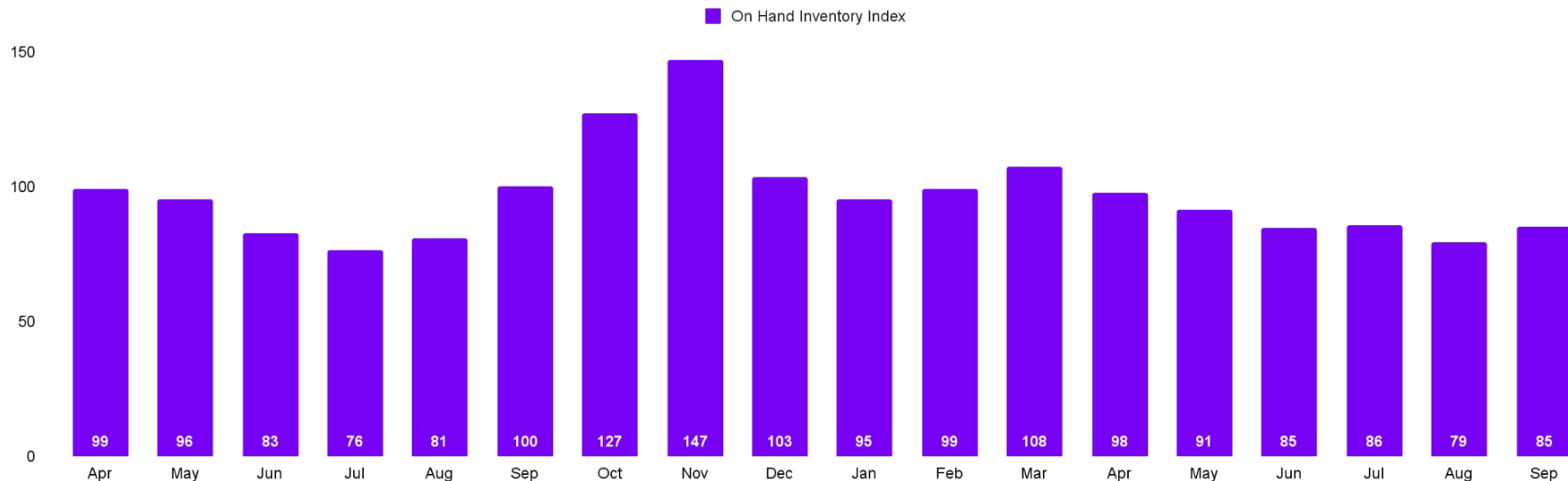
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.



## ON HAND INVENTORY

## While Amazon is improving inventory management

On hand inventory declined from the peak in Q4 2023, with 15% less inventory available in September 2024 compared to September 2023—signaling improved inventory management from Amazon.

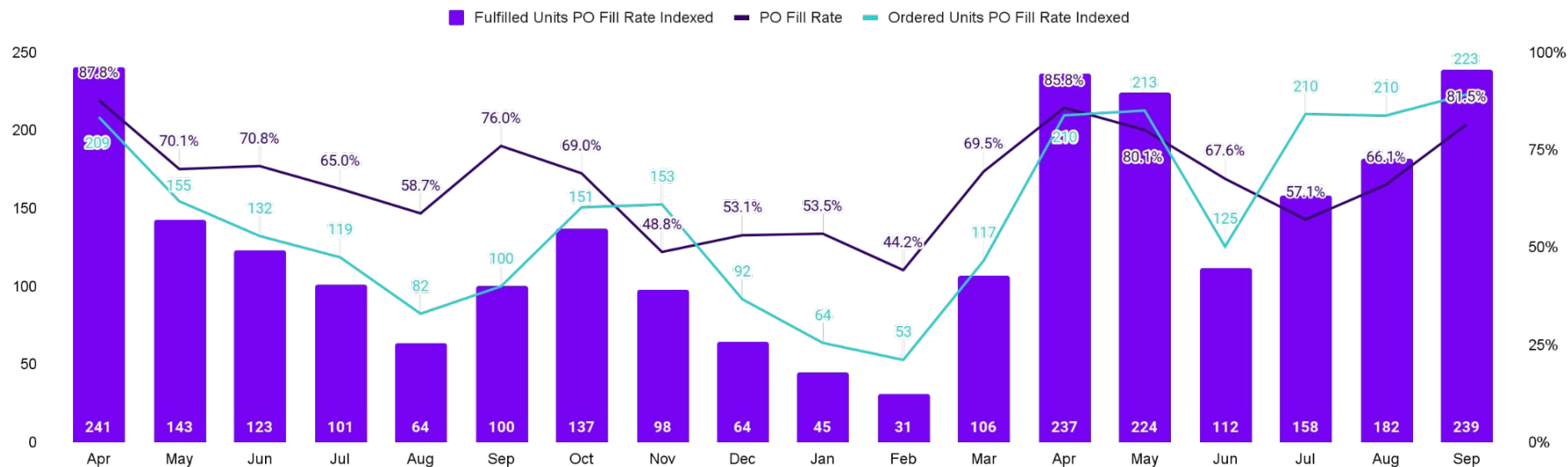


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## FULFILLMENT

## Don't let volatility in fulfillment fool you (it's all part of Amazon's plan)

The toy category saw significant fluctuations in order volume both before and after events. This volatility is expected, given Amazon's strategy of receiving products just in time to meet demand during peak periods.

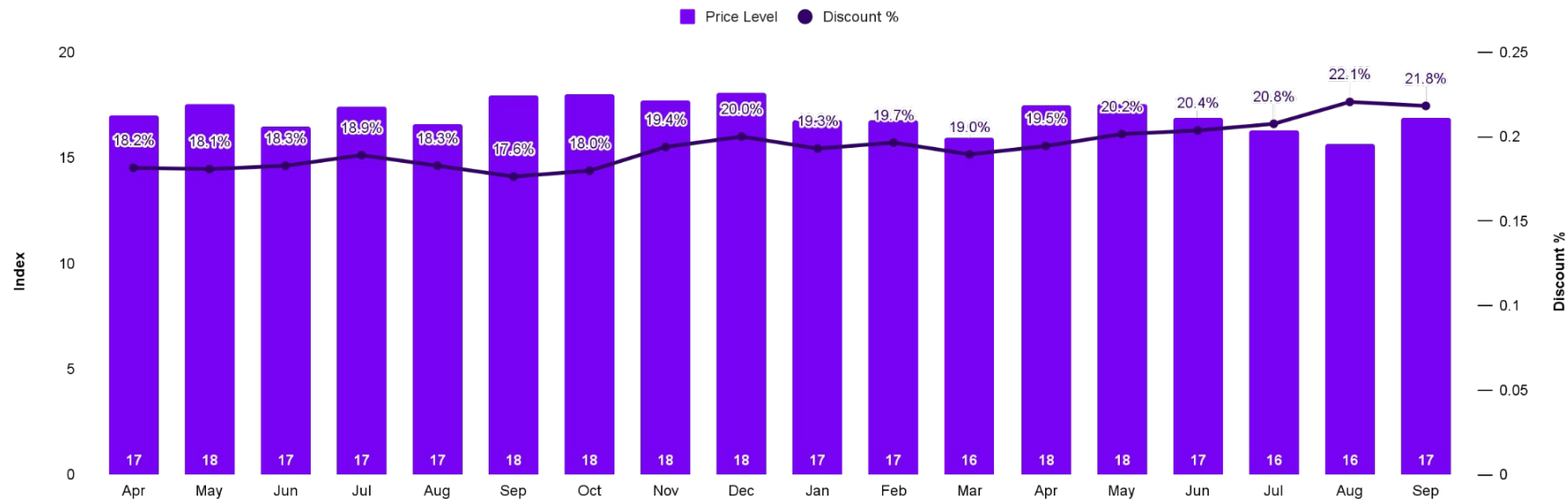


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## PRICE LEVEL VS. DISCOUNT %

## Prices dipped slightly from 2023

Prices remained stable QoQ but declined by 6% YoY. Meanwhile, discount percentages have been increasing as customers seek out deals in this category.

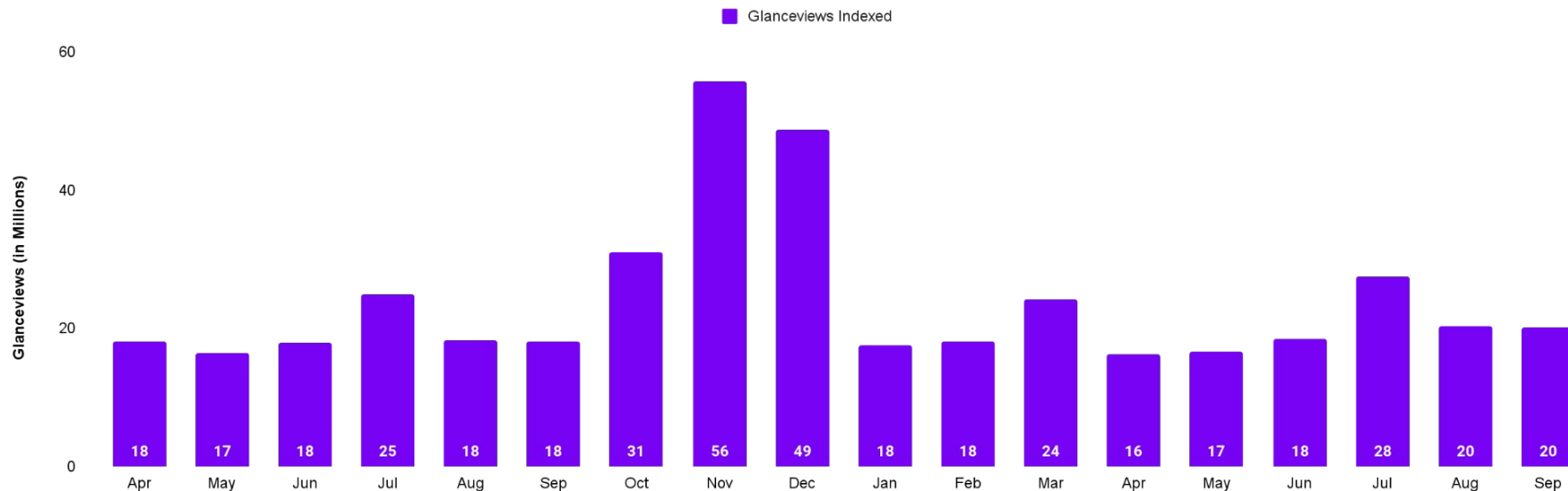


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## GLANCE VIEWS

## Tentpole events drove traffic

Tentpole events generated spikes in organic traffic, while glance views remained consistent throughout the year.

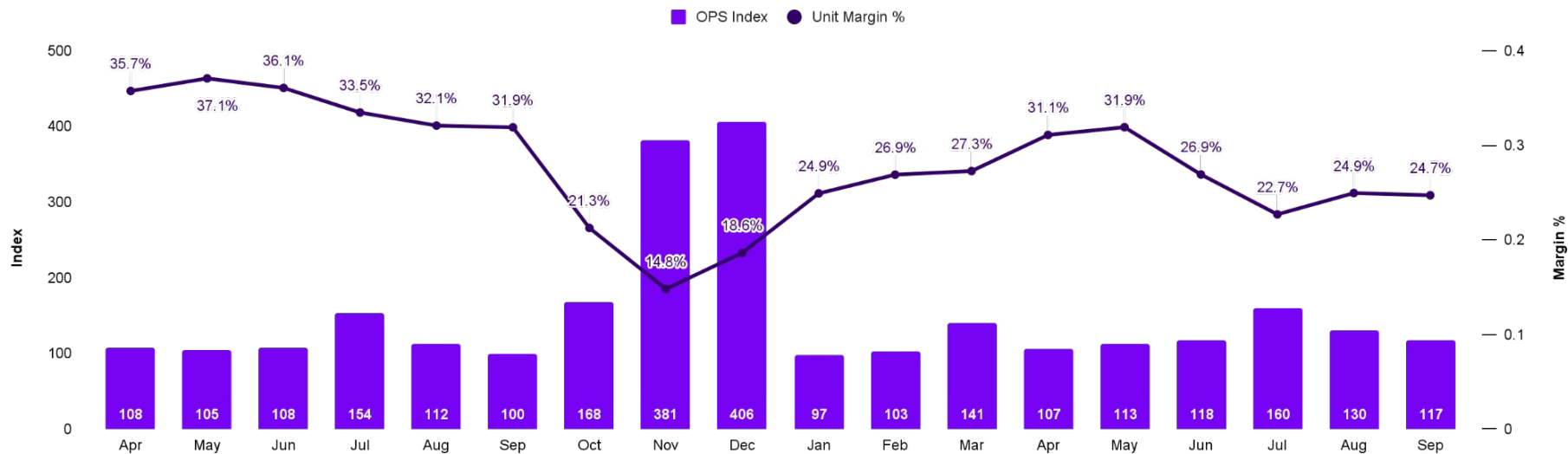


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## OPS VS. UNIT MARGIN %

### As expected, holiday shoppers drove the majority of sales

The toy category experienced the anticipated Q4 seasonal spike, with November and December contributing to 82% of total Q4 2023 sales.

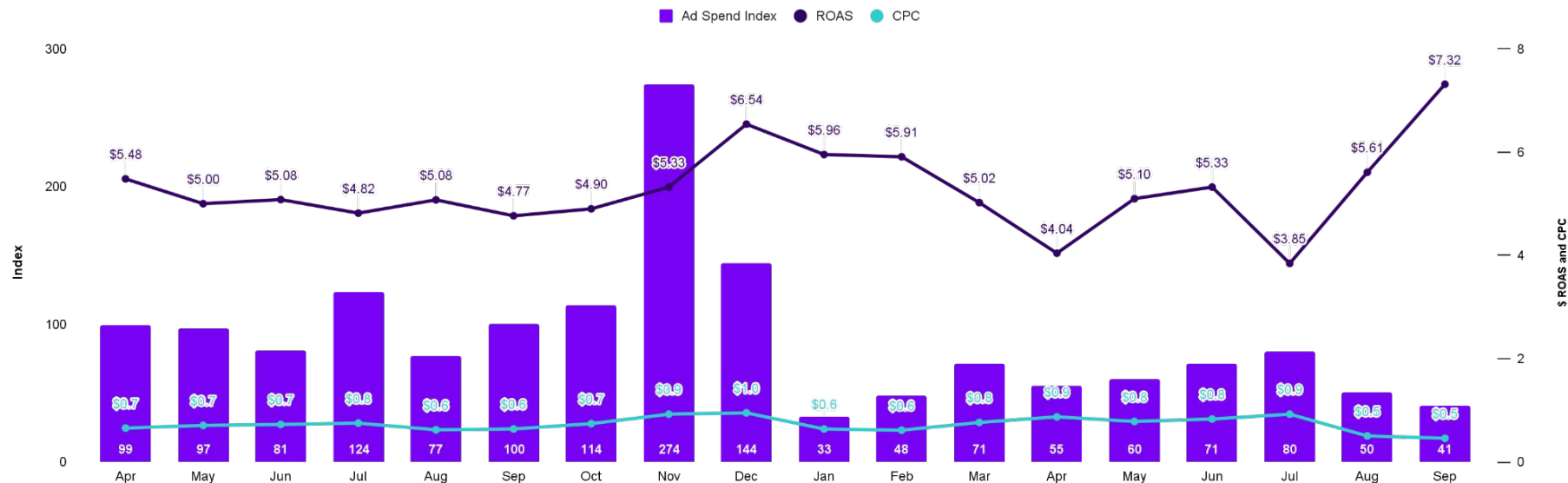


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## AD SPEND | ROAS | CPC

## And those sales were driven by seasonal traffic vs. ad spend

As brands relied on organic traffic from holiday shoppers, ad spend saw a significant decline in December as sales peaked, with CPCs remaining flat. ROAS increased 53.5% to \$7.32 during off-peak times.



Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

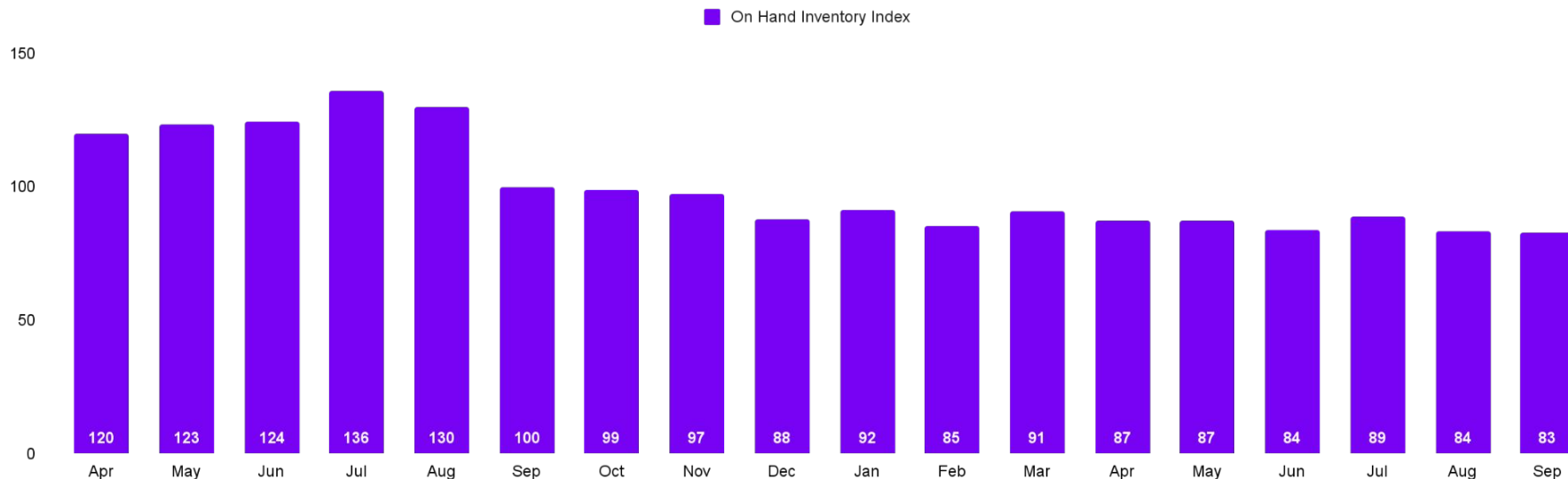
# Others industry overview

Q3 2023 vs. Q3 2024 recap

## ON HAND INVENTORY

### Brands are limiting availability of products on the digital shelf

Overall on hand inventory declined 17% YoY.



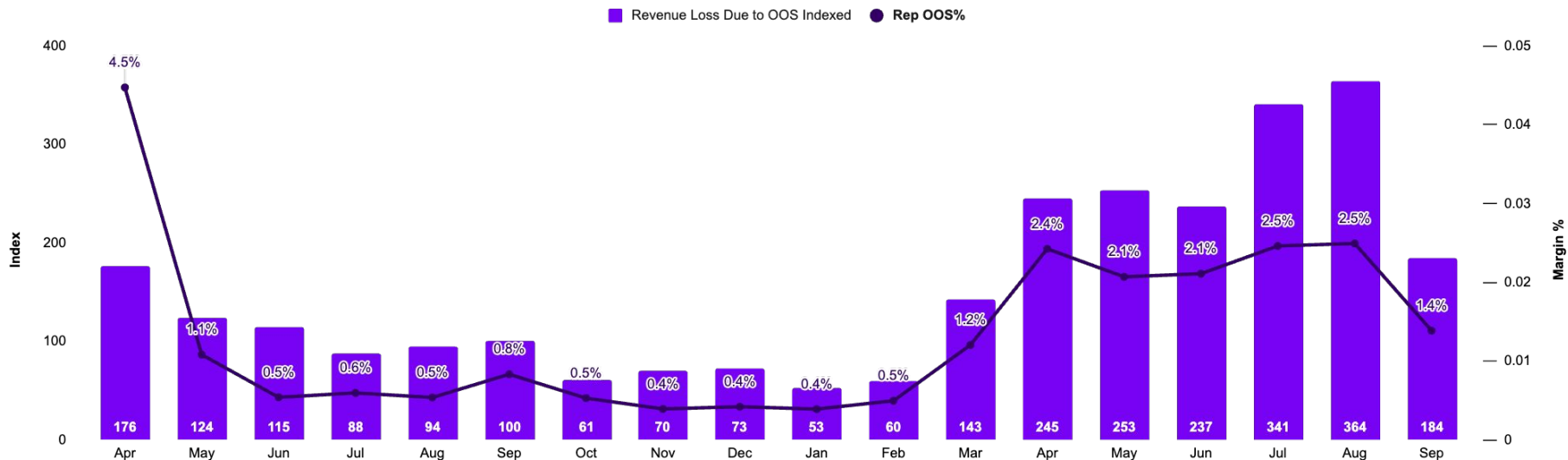
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.



## REVENUE LOSS DUE TO OOS

### Leaving room for improvement in inventory planning

As demand spiked, Q3 saw an increase in revenue lost—while RepOOS% remained at the target rate.

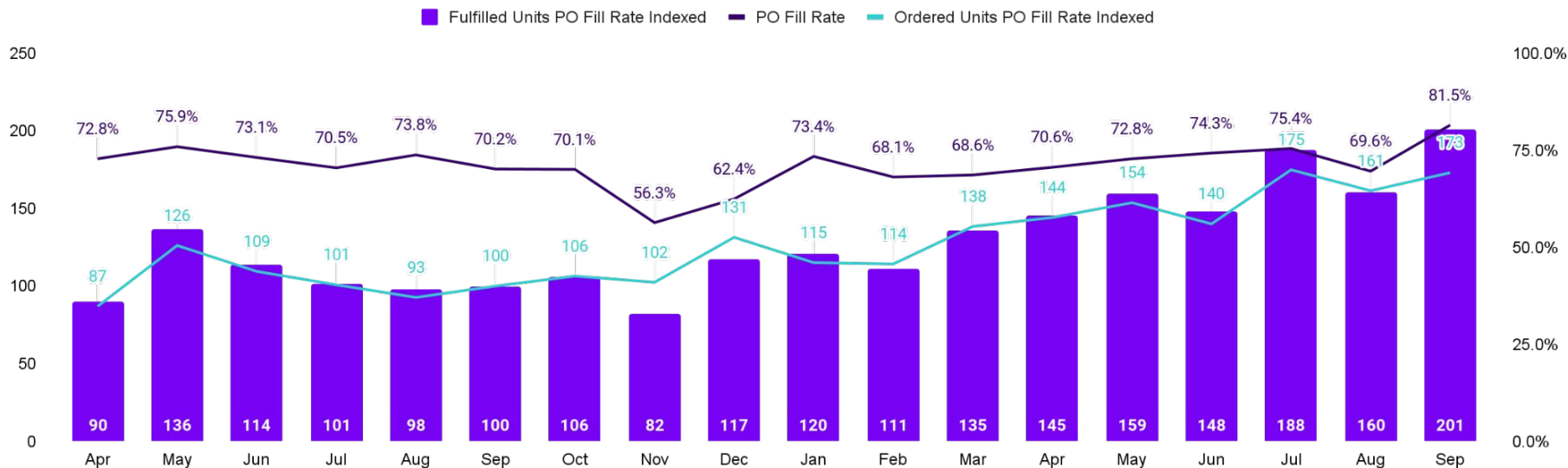


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## FULFILLMENT

## Q2 ordering increased to meet holiday demand

Amazon's ordering increased in Q2 in anticipation of Q4 seasonal demand.

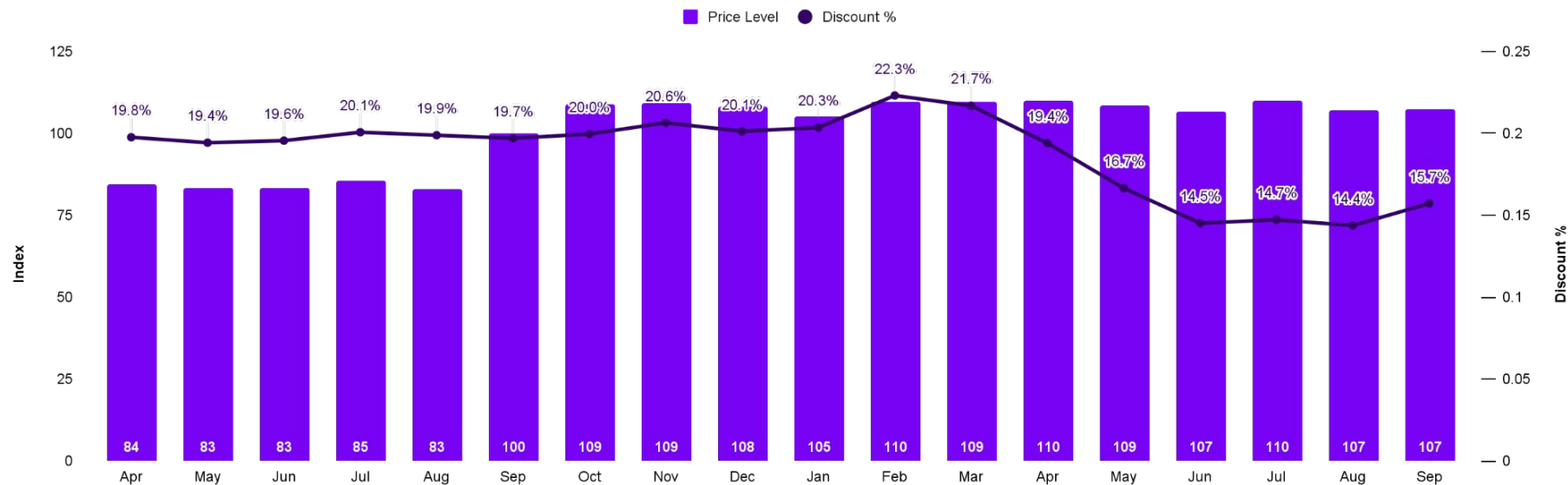


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## PRICE LEVEL VS. DISCOUNT %

### Prices are ticking up

Overall prices have risen by 7% YoY and remained flat QoQ, while discount percentages decreased.

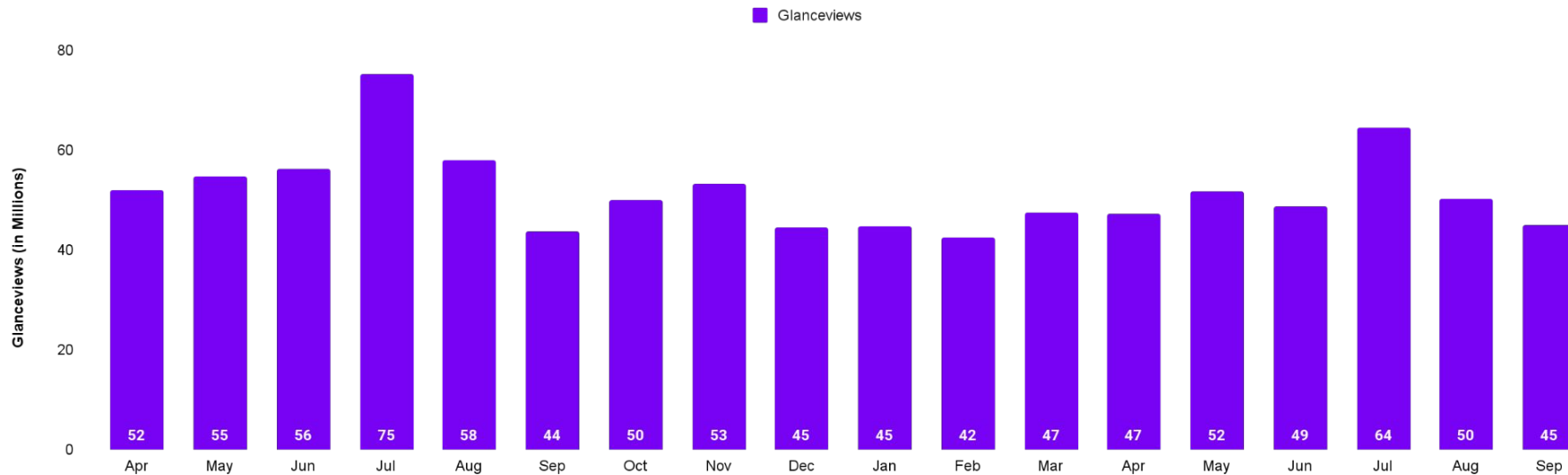


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## GLANCE VIEWS

## Traffic remains steady outside of retail events

Tentpole events generated traffic spikes, with overall traffic remaining flat throughout the year.

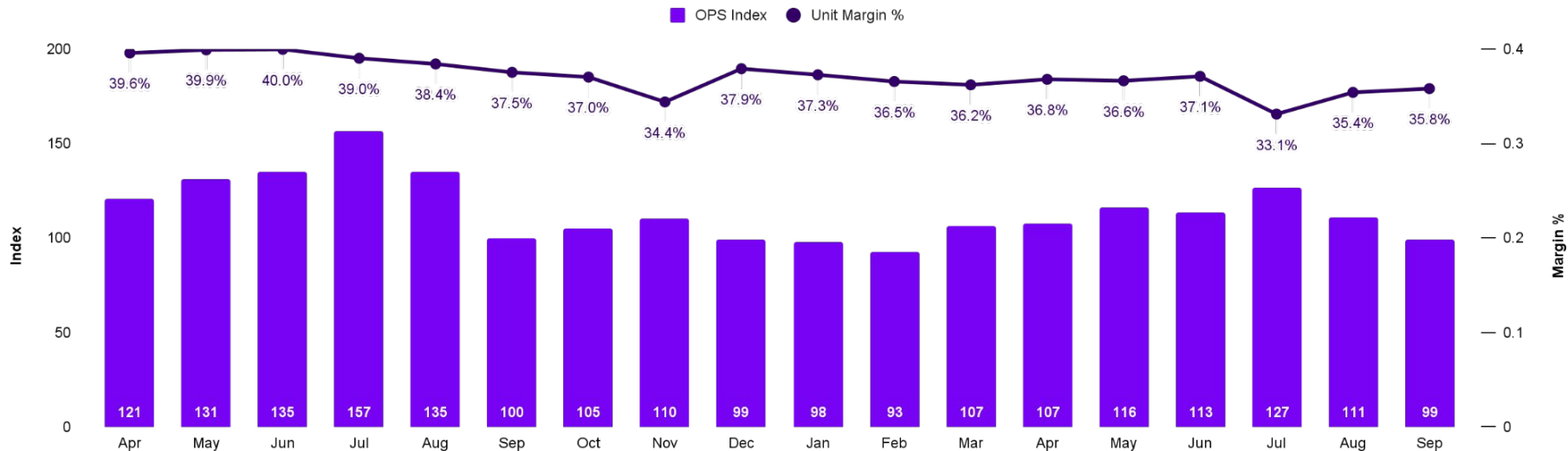


Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from April 2023 to September 2024.

## OPS VS. UNIT MARGIN %

## Prices remained stable while unit margins dipped

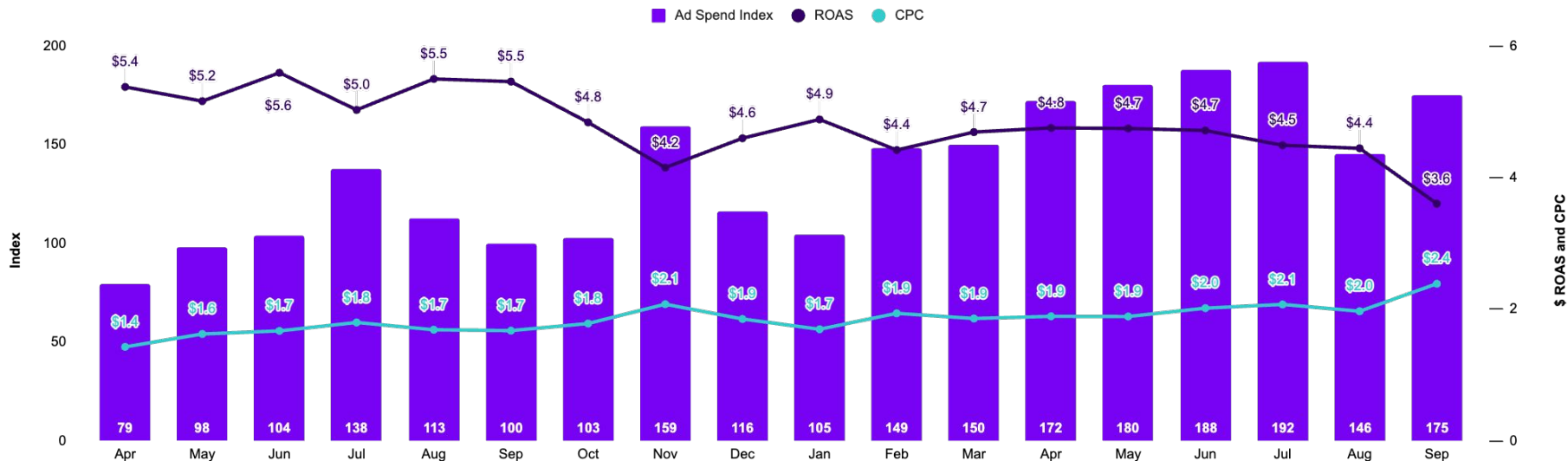
Prices held steady at a -1% YoY change, while unit margins declined from 37% to 35.8%. A 1.2% decrease in margins alongside a 1% drop in prices is to be expected.



## AD SPEND | ROAS | CPC

## Ad spending is through the roof, with diminishing returns

ROAS declined by 36% YoY (September to September), while ad spend increased by 75% YoY and decreased by 3% QoQ—indicating heightened competition for ad placements and lower return on ad spend.



# Ready to take your ecommerce strategy to the next level?

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