

NEW RESEARCH

The 2025 E-Commerce Playbook for Brands

A Report Based on a Survey
of 500+ E-Commerce Brands

Feedvisor



The E-Commerce Reckoning is Here.

Adapt or Disappear.

E-commerce is at an inflection point. The pace of change—fueled by AI, shifting consumer behaviors, and tightening regulations—is relentless. Retail media is absorbing ad budgets, competition is fiercer by the day, and customer expectations have never been higher. The brands that fail to adapt are not just falling behind; they are disappearing.

Nearly 90% of brands report rising ad costs, yet proving ROI remains elusive. At the same time, customer acquisition has never been more expensive, and loyalty is harder to earn as shoppers demand hyper-personalized experiences, instant delivery, and lower prices, often all at once.

Layer in the latest tariff announcements, and the margin pressure intensifies. Brands sourcing internationally, especially from China, are being forced to rethink pricing and inventory strategies to stay profitable amid rising costs. Some are proactively adjusting prices and order volumes to protect margins, while others are cautiously holding back, wary of being undercut in a race they can't afford to lose.

Retail media is now table stakes, yet 52% of brands still struggle to balance it with the need for sustainable direct-to-consumer (DTC) growth. Meanwhile, AI is rapidly becoming the most transformative force in e-commerce. The question is not whether your brand should evolve—it is whether you can afford not to.

Now in its seventh annual edition, **“The 2025 E-Commerce Playbook for Brands”** explores the strategies and realities of over 500 US companies, from fast-growing DTC challengers to Fortune 1000 giants. It offers an inside look at how brands are navigating Amazon, Walmart, and the broader marketplace ecosystem revealing what is working, what is not, and where they see the next wave of growth coming from, with data to support every trend.

We also tackle the urgent questions every brand leader should be asking right now:

- How are brands balancing profitability with rising costs?
- What strategies are driving the most effective customer acquisition and retention?
- How is AI reshaping retail, and what are the emerging risks?
- What channels and platforms will define the next phase of e-commerce growth?
- How can brands measure incrementality across retail media networks?

This is not speculation about predicting a distant future. It is a snapshot of the real decisions brands are making now, under unprecedented pressure, and what those decisions signal for the road ahead. The brands that succeed in 2025 will be the ones making deliberate, data-informed moves today, investing in the right technologies, channels, and strategic frameworks.

Maintaining the status quo is no longer an option. And the cost of inaction is only rising.



Dani Nadel

President and Chief Operating Officer,
Feedvisor

Key Highlights



The brutal reality of rising ad costs—**90% of brands are paying more**, but only a fraction feel they understand true ROI.



Retail media is now non-negotiable—**yet 52% of brands struggle** to balance its impact with direct-to-consumer (DTC) growth.



AI-driven automation and personalization are reshaping e-commerce—**77% of brands say AI will be the most transformative force**, but **34% fear losing human control**.



The new battlegrounds for expansion—**60% of brands are eyeing Walmart Marketplace**, while **56% plan to capitalize on TikTok Shop**.



Fast, reliable shipping is emerging as a key competitive edge — **38% of brands say faster delivery** will be their main differentiator in 2025, as consumers demand speed and transparency in the age of instant gratification.



The top success metrics brands prioritize reveal a telling shift: with **55% of brands citing repeat purchase rate** as their primary benchmark, it's clear that brand loyalty is becoming a key indicator of success—replacing softer metrics like impressions with more concrete measures of long-term growth.



Profitability is under pressure—**35% of brands are struggling to meet discount expectations** without eroding their margins.



Amazon is still the backbone—**yet 32% of sellers are seeking alternatives** as oversaturation and rising competition drive channel diversification.

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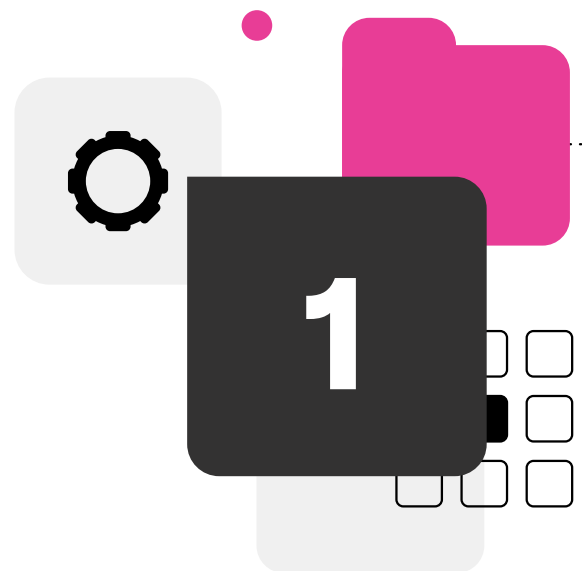
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The Future of E-Commerce

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This survey was commissioned by Feedvisor and conducted by Zogby Analytics, a nationally and internationally respected opinion research firm, on behalf of Feedvisor. It was distributed online from February 2025 to March 2025, among a national sample of 500+ retail business decision-makers. Results from the full survey are based on a confidence interval of 95%, the margin of error is for +/- 4.4 percentage points. All numbers have been rounded to the nearest percent.

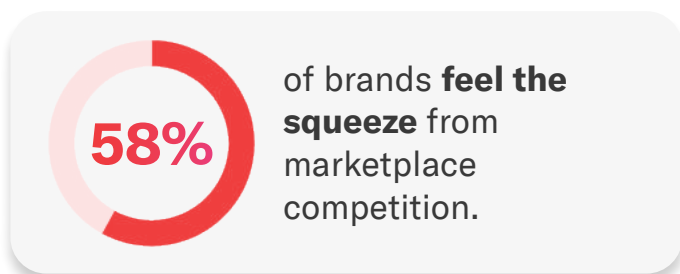
Pressures and Pain Points for Brands in 2025



Pressures and Pain Points for Brands in 2025

Crowded Market, Higher Stakes

For most brands, online marketplaces like Amazon and Walmart have become essential growth engines — a critical driver of visibility, scale, and conversion. But as reliance on these channels increases, so does the pressure. The sheer volume of competition is reshaping what it takes to win.

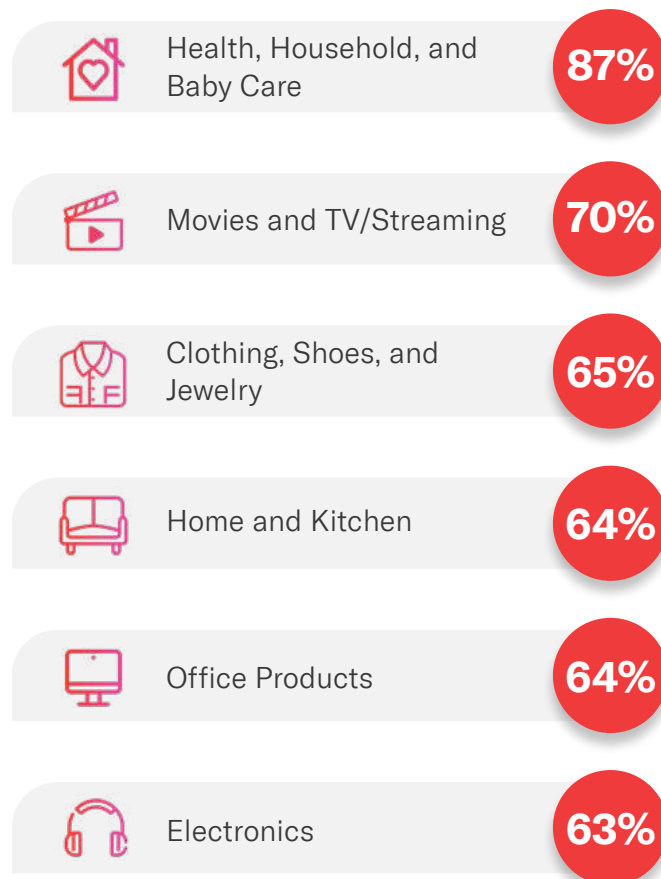


The impact is particularly severe for legacy brands and B2B businesses: 70% of B2B companies cite marketplace competition as their biggest e-commerce challenge, compared to 49% of B2C brands. Even more telling, **72% of brands with over 15 years of e-commerce experience say marketplace competition is their top concern.** Longevity no longer guarantees stability—it just raises the stakes.

Competition on marketplaces has reached new heights, with 58% of all brands citing intensifying competition as a core obstacle. With Amazon adding over 900,000 new sellers in 2024 alone—and more than four million over the past five years—the playing field has never been more saturated.¹

Chinese sellers, often backed by direct-to-consumer manufacturing pipelines, are also flooding marketplaces with ultra-low pricing, forcing brands into an impossible dilemma: slash prices and erode margins or hold firm and lose visibility and sales.

Categories Feeling Competition the Most



However, the rising tariffs on Chinese imports could dramatically reshape the landscape. While they may slow the influx of low-cost goods into U.S. marketplaces, they also risk raising the floor on price competition—posing both a challenge and an opening for domestic brands to reclaim share.

And it is not just third-party sellers driving the disruption. Amazon itself has become a formidable competitor. With the rapid expansion of Amazon Basics and other private-label products expanding rapidly, brands in commoditized categories face a serious threat. Even established players must now adapt, differentiating through brand equity or innovation, or risk being pushed aside by Amazon's own offerings.

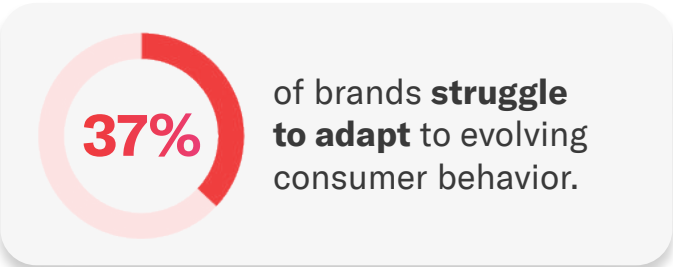
¹ Marketplace Pulse

High Stakes, Hard Choices

This intensifying competition is forcing brands to grapple with critical strategic choices:

- 1 **Profitability vs. Visibility:** How do brands balance aggressive pricing and promotions to stay competitive especially as rising tariffs put additional pressures on margins?
- 2 **Marketplace Reliance vs. Independence:** Can brands afford to lean on Amazon and Walmart indefinitely, or is it time to refocus on DTC and alternative sales channels?

Brands Struggle to Adapt to Rapid Shifts in Consumer Behavior



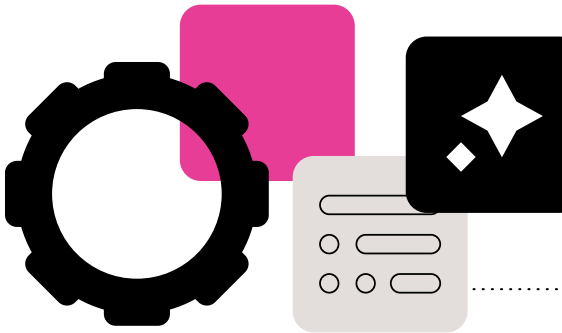
While competition tightens, consumer behavior is evolving just as quickly. In an inflation-conscious world, shoppers are scrutinizing every dollar spent. Price sensitivity is on the rise, with 30% of consumers becoming more price-conscious.

With looming tariffs and economic uncertainty, 41% of shoppers are turning to deals and coupons to mitigate costs, posing additional challenges for brands trying to maintain profitability without excessive discounting.¹ Even more concerning, consumers are shopping less frequently—choosing to “consolidate” their purchases instead—a shift that requires brands to maximize each transaction’s value through personalized promotions, loyalty programs, and strategic bundling.²



Top Challenges Brands Face in 2025

Increasing competition on marketplaces	58%
Adapting to evolving consumer behavior	37%
Managing rising advertising costs	35%
Maintaining profitability amidst discount expectations	35%
Navigating supply chain disruptions	29%
Managing inventory and fulfillment efficiently	26%
Data loss and measurement challenges	22%
Leveraging first-party data effectively	18%
Expanding into new marketplaces	18%



¹ eMarketer
² McKinsey

Rising Ad Costs and Stricter Vendor Terms are Squeezing Brands

Marketplace retailers are turning up the pressure, tightening margins and making negotiations tougher across the board. Brands are being hit on multiple fronts, with fewer levers to protect profitability. **Vendor fees now typically range from 5–10% of receipts or COGS. Smaller brands typically facing 3–6% and larger brands contending with 7–10%.** On top of that, another 2–3% often goes toward cooperative marketing efforts, compounding the margin squeeze and complicating profitability management.

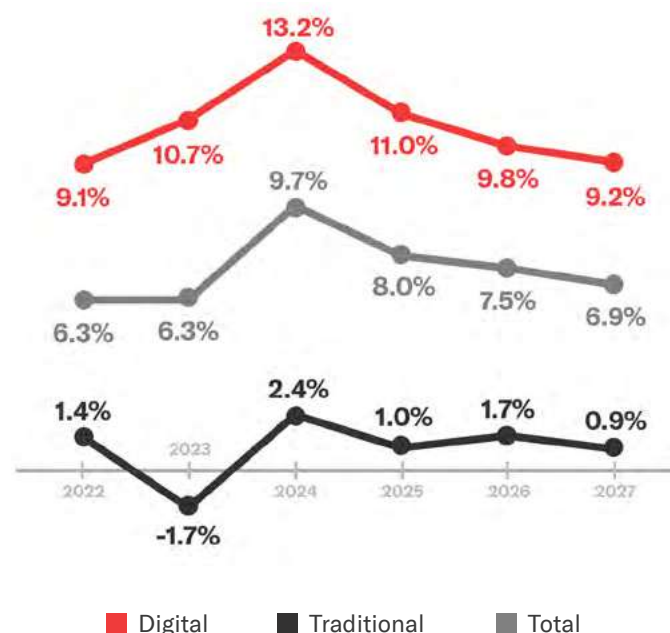
*More than **1 in 3 brands** are struggling to keep up with rising ad costs.*

Simultaneously, advertising costs continue to climb, with 35% of brands struggling to manage rising ad costs. The demand for visibility on platforms like Amazon and Walmart forces brands to spend more on advertising, yet the return on investment is increasingly difficult to maintain.

Layering onto these challenges is growing pressure to meet consumer expectations around pricing and promotional discounts. Another 35% of brands report difficulties maintaining profitability while delivering competitive pricing. Meanwhile, tariffs are further squeezing margins, increasing both the cost of goods sold and operational expenses, making it even harder to strike the right balance between revenue growth and sustainable profitability.

Even retail giants Amazon and Walmart, key barometers of consumer spending, expect a challenging earnings season. Amazon's Q1 revenue forecast of \$151B to \$155.5B falls short of the \$158B expected, while Walmart's U.S. sales growth of 3% to 4% misses analyst predictions, citing weak consumer demand, inflation, and foreign exchange challenges.¹

Ad Spending Growth for Digital, Traditional, and Total Worldwide, 2022–2027 % change



Note: digital ad spending includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; traditional ad spending includes magazines, newspapers, out-of-home, radio, and TV

Source: Insider Intelligence | eMarketer Forecast, Oct 2023

¹ PYMNTS

Operational Bottlenecks: Pricing, Product Listings, and Data Analysis

Beyond competitive pressure and profitability concerns, brands must navigate operational complexities — especially around limited pricing control, product listings, and data transparency on marketplaces like on Amazon and Walmart.

Maintaining competitive pricing remains a top challenge, with 26% of brands citing it as a key pain point. For those with some degree of control, staying competitive requires constant monitoring, rapid adjustments, and highly strategic planning. For others, pricing is largely dictated by marketplace algorithms and third-party seller dynamics, leaving little room to maneuver.

Complicating matters further, Amazon aggressively enforces price parity across channels through its Fair Pricing Policy and de facto Most Favored Nation expectations. If a product is priced lower on a competing site—whether that's Walmart, Target, or a brand's own DTC website—Amazon may suppress the Buy Box or take down the listing altogether. Walmart, too, remains committed to everyday low pricing, putting pressure on brands to hold the line. Brands must be increasingly proactive to stay competitive without triggering unintended price wars.

This means:

- **Enforcing Minimum Advertised Price (MAP)** policies where possible, leveraging authorized reseller programs, legal protections, and monitoring tools to limit unauthorized discounting and preserve pricing integrity.
- **Adapting pricing strategies** dynamically to account for the growing complexity of marketplace economics including: shifting marketplace fees, ad costs, and consumer demand volatility.
- **Differentiating direct-to-consumer (DTC) offerings** with value-added perks, bundles, or loyalty benefits.

At the same time, fragmented data across marketplaces makes it difficult for brands to analyze performance holistically. The need for integrated, near real-time insights into pricing, inventory, and conversion metrics is becoming more critical—and more complex.

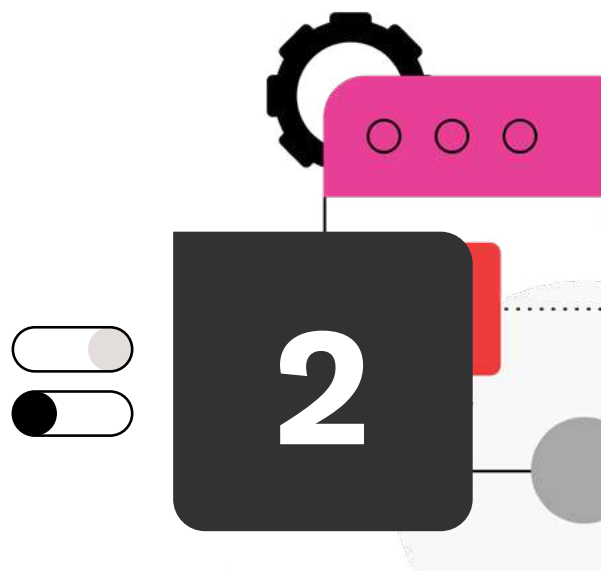
Which aspect of managing your e-commerce strategy do you find most resource-intensive?



20% of brands report ongoing challenges managing product listings and catalog updates—a critical, yet resource-heavy task that directly impacts discoverability and conversions. As each marketplace continues to "optimize" its own systems, maintaining accurate, optimized product data across platforms has become both essential and increasingly time-consuming.

Another 19% struggle to analyze performance data across fragmented systems. With multiple sales channels, ad platforms, and fulfillment networks, turning raw data into actionable insight remains a persistent hurdle.

Brand Growth Drivers



Brand Growth Drivers

Walmart and TikTok: The Next Marketplace Frontier

51% of brands cite expansion to new marketplaces as a key growth strategy, driven by the realization that relying too heavily on a single platform not only limits potential but, at worst, exposes them to significant risk. As emerging e-marketplaces gain momentum, they are becoming a primary engine of brand expansion, offering fresh opportunities to diversify revenue streams, mitigate platform dependency, and connect with new customer segments.



Top Growth Opportunities in 2025

Expanding to new marketplaces	51%
Exploring social commerce	40%
Increasing investment in social commerce	39%
Improving personalization and customer engagement	37%
Building direct-to-consumer channels	27%
Leveraging retail media networks for advertising	26%
Adopting subscription models for recurring revenue	22%
Entering niche or vertical marketplaces	17%
Enhancing sustainability practices and offerings	17%
More efficient logistics	10%

Implementing a multi-channel strategy? Dynamically price while ensuring price parity—[here's how](#).

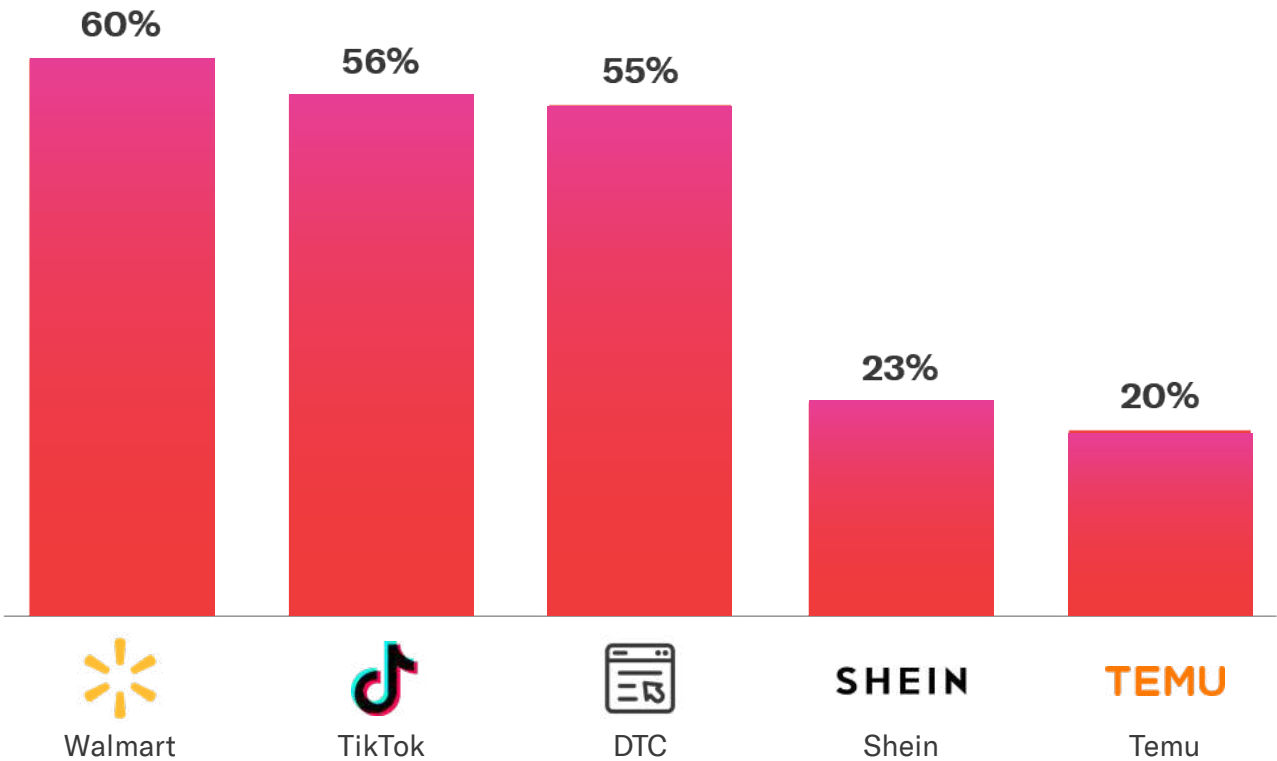
Amazon has long been the epicenter of e-commerce, but the playing field is shifting. Walmart is gaining traction, with 60% of brands planning to expand to Walmart Marketplace in 2025 to diversify beyond Amazon.

Walmart’s marketplace, with far less saturation than Amazon’s, offers brands the opportunity to break through and gain meaningful visibility.¹ With access to roughly 255 million in-store and digital customers, Walmart provides a powerful opportunity to reach a broader and growing audience—ranging from value-conscious shoppers to higher-income households.

Breaking Down Walmart by the Numbers

	Household Penetration	94%
	Annual Buy Rate	\$3,653
	Purchase Frequency	69X
	Repeat Rate	96%

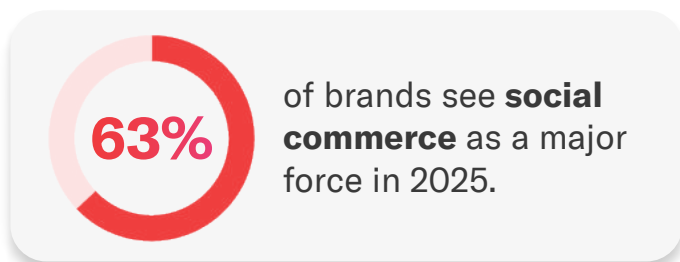
Marketplaces Brands Plan to Expand to in 2025



¹ Walmart

Trailing close behind Walmart, social commerce is rapidly emerging as a major e-commerce opportunity.

Once primarily a tool for engagement and product discovery, platforms like TikTok Shop are now driving direct sales at scale.



Rising fees and fierce competition on Amazon and Walmart are major factors pushing brands towards lower-cost, high reach alternatives. Social commerce fits the bill, with U.S. sales projected to surpass \$79.6 billion in 2025 and \$1 trillion globally by 2028.¹

TikTok Shop offers a dynamic, trend-driven environment where unique products, often from emerging brands, can break through without massive budgets. Rather than trying to sell everything to everyone, it highlights unique, trending items from both large and small brands.

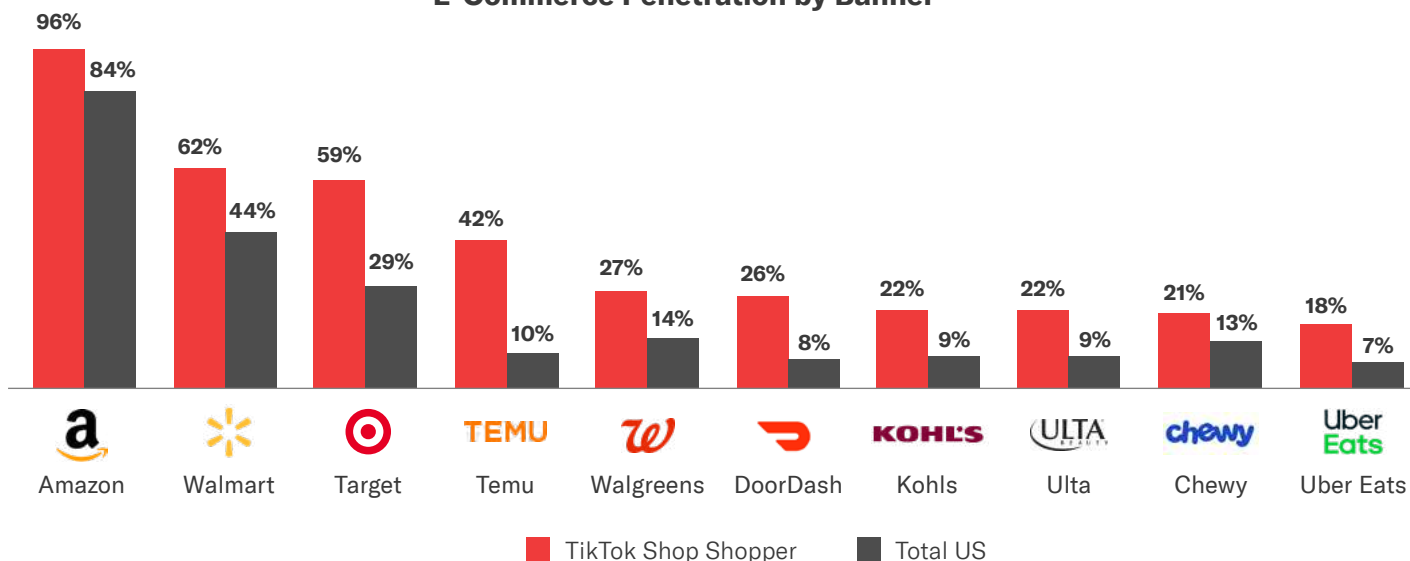
Viral trends like the #stanleycup craze (6.7B views) showcase its power in product discovery. The experience is seamless and impulsive, driven by entertainment rather than traditional search.

TikTok's future in the U.S. remains unclear as a potential ban if ByteDance doesn't divest. With a temporary extension granted to June 2025, brands are not waiting. Many brands, for instance, are shifting to YouTube Shorts ads, driving up inventory costs. Last year, Shorts' CPM rose 156% YoY.²

The TikTok Timeline

- January 19:** The Supreme Court upholds the U.S. ban on TikTok.
- January 20:** President Trump issues an executive order giving TikTok and ByteDance until April 5 to secure a U.S. buyer.
- March 6:** Trump signals a possible deadline extension if no deal is reached.
- April 4:** Trump delays TikTok's U.S. ban for another 75 days.

E-Commerce Penetration by Banner



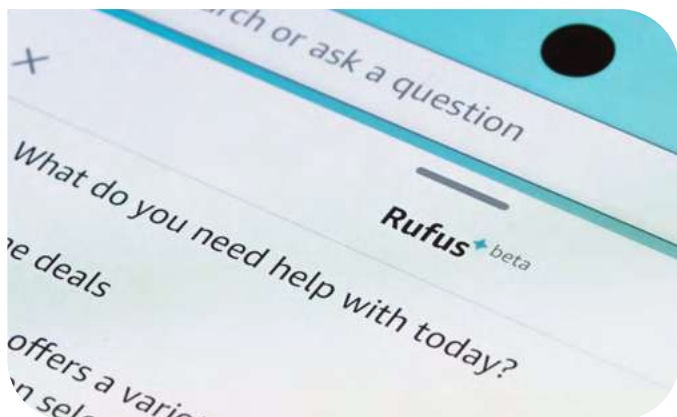
¹ BigCommerce

² AdAge

AI-Powered Personalization: The New Standard

77% of brands are confident AI will reshape personalization and automation.

Consumers are no longer satisfied with generic product suggestions—they expect deeply personalized, predictive experiences that anticipate their needs. AI is the roadmap to achieving this next-level personalization, using a wide array of data points to craft unique, tailored journeys that span from product discovery to purchase and beyond.



While the potential of hyper-personalization is clear, most brands still struggle to implement it effectively. Despite 81% of customers preferring personalized experiences, many brands hesitate.¹ Challenges such as scalability, data integration, and trust in AI decision-making are major roadblocks.

Only 29% of B2B brands expect chatbots and conversational AI to have the greatest impact in the next three years.

The delay could be costly, as those who embrace extensive personalization that can offer predictive offerings see a 166% increase in average revenue per user.² With 51% of customers engaging with tailored recommendations, the demand for personalization is undeniable,³ and those who resist are missing out on significant growth opportunities.

Brands must be strategic in implementing AI, **as 63% of consumers are concerned about how their data is used for personalization.**⁴ To succeed, brands must balance personalization with transparency, ensuring they build trust while delivering tailored experiences.

¹ Shopify

² Emarsys

³ Acxiom

⁴ IAPP

What Will Set Brands Apart in 2025

E-commerce is shifting from growth at all costs to smart, sustainable scalability. In this new reality, true differentiation lies in how well brands can blend speed, relevance, and innovation into a connected strategy that serves both the customer and the business.

More than a third (38%) of brands believe faster delivery and fulfillment will be the defining differentiator in 2025, especially in categories like toys and games (53%) and tools and home improvement (49%). As consumer expectations accelerate in the age of instant gratification, brands that can offer reliable, fast, and trackable delivery will gain a meaningful edge.



Biggest Differentiators for Brands in 2025

Faster delivery and fulfillment capabilities	38%
Competitive pricing strategies	20%
Stronger first-party data and audience insights	18%
Personalized shopping experiences	18%
Exclusive marketplace partnerships	6%

Beyond speed, brands are leaning into competitive pricing strategies (20%), personalized shopping experiences (18%), and stronger first-party data and audience insights (18%) to gain an edge. These priorities underscore a larger trend: differentiation in 2025 will not be about mastering a single area, but about building an agile, customer-centric ecosystem powered by intelligent, responsive infrastructure.

The Race for Faster (and Greener) Fulfillment

This focus on operational excellence goes hand-in-hand with rising demand for environmental responsibility. **Over half of brands (52%) are investing in sustainability initiatives**, recognizing not only consumer demand but the long-term financial and reputational benefits. Yet adoption is uneven:

- **40% of brands** say sustainability will be central across all categories
- **While 50%** believe it is only critical in industries like fashion and beauty

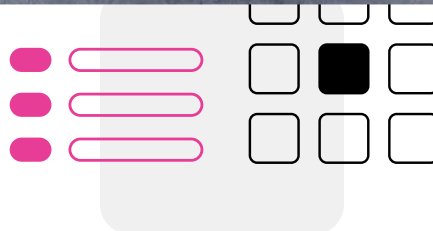
This shift comes amid growing scrutiny over fast fashion. In 2024, the U.S. released its first federal report on textile waste, addressing the industry's environmental impact. Meanwhile, Shein's 2023 sales rose 19% to \$38B but missed its \$45B projection.¹

Other fast-fashion brands, including H&M, Boohoo, and PrettyLittleThing, also reported declining earnings. As consumer demand for eco-friendly practices grows, brands will need to navigate where sustainability fits into their broader strategy.

To build trust and transparency across the supply chain, 40% of brands are turning to blockchain technology, which allows for a single, verifiable record accessible by authorized stakeholders. Blockchain makes it possible to trace the full product journey in real time, helping brands ensure ethical sourcing, reduce risk, and meet regulatory expectations—all while strengthening their value proposition with sustainability-minded consumers.

Another major priority is owning the customer relationship. Fifty percent of brands are doubling down on direct-to-consumer (DTC) strategies, seeking to reduce their reliance on dominant marketplaces like Amazon and Walmart. This shift gives brands more control over pricing, margins, customer data, and experience—critical levers in a market where loyalty is harder to earn and third-party platform fees continue to climb.

In 2025, standing out will require more than just meeting expectations—it will demand rethinking how you operate at every level, from fulfillment to personalization to sustainability. The brands that thrive will be those that invest today in building agile, data-driven, and customer-centric ecosystems ready for whatever comes next.



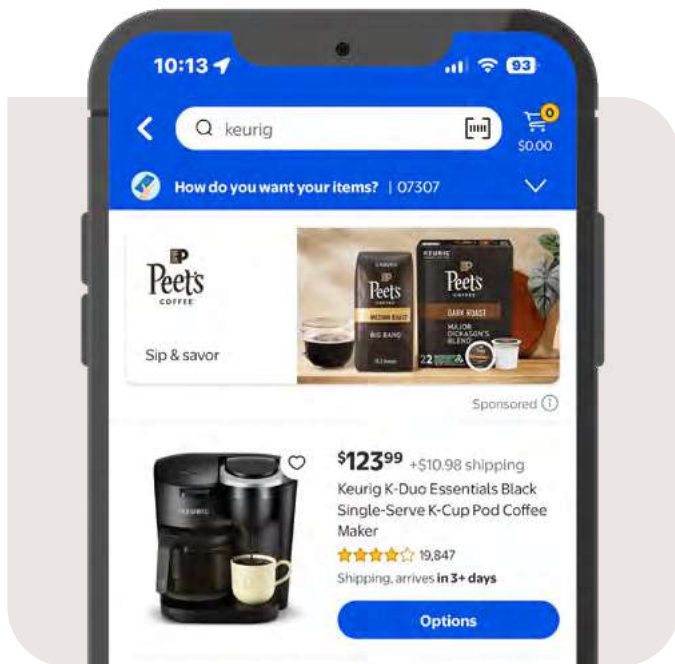
¹ Yahoo! Finance

Pricing is smarter than ever—learn how inventory-aware dynamic pricing can help you tackle logistics challenges and reduce fees.

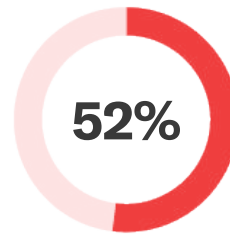
Riding the Retail Media Wave

Over half (52%) of brands see retail media networks as essential for boosting discoverability and sales. With access to rich first-party data and cutting-edge capabilities, U.S. retail media is on track to become the fastest-growing ad channel, projected to hit \$109.4 billion by 2027.¹

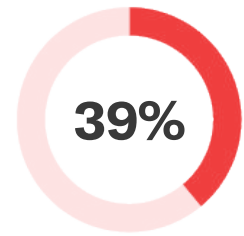
The biggest hurdle for brands in RMNs is transparency. With no standard for measurement, pricing, or data, brands question whether high CPMs—especially on smaller networks—are worth it. Pay-to-play concerns add pressure, forcing brands to spend more for prime in-store placement. To justify ad dollars, RMNs must prove their incremental impact, demonstrating how mid- and upper-funnel investments drive actual growth. Without clearer insights, brands risk wasting budgets on low-return initiatives.



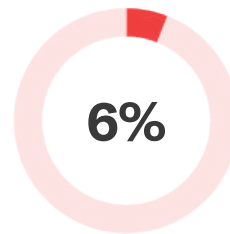
How Retail Media Fits into Brands' Strategies



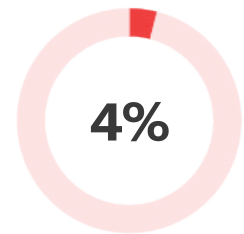
Essential to driving discoverability and sales



A helpful but secondary tool for advertising



Too expensive and difficult to measure ROI



Not a part of our current strategy

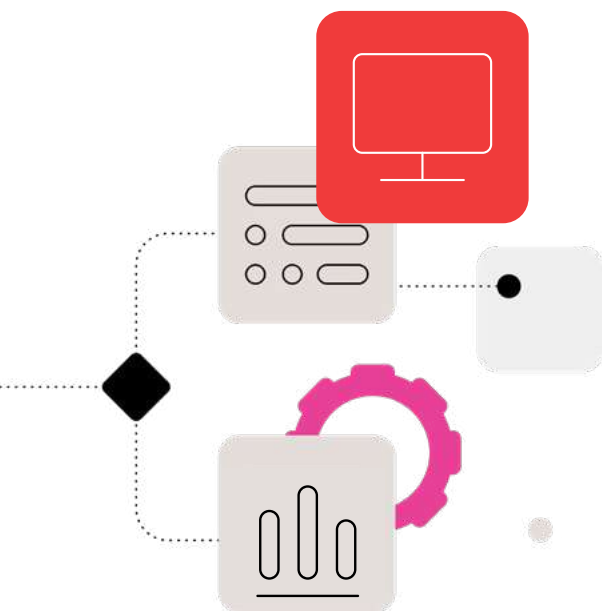
With media budgets tightening, over half of brands will only slightly increase their RMN spending—recognizing its value but lacking the budget for full-scale investment.

2025 will be about spending smarter, not just more. As economic uncertainty lingers, businesses are shifting focus from aggressive expansion to profitability, carefully selecting RMNs, fine-tuning investments, and ensuring every ad dollar drives measurable impact.

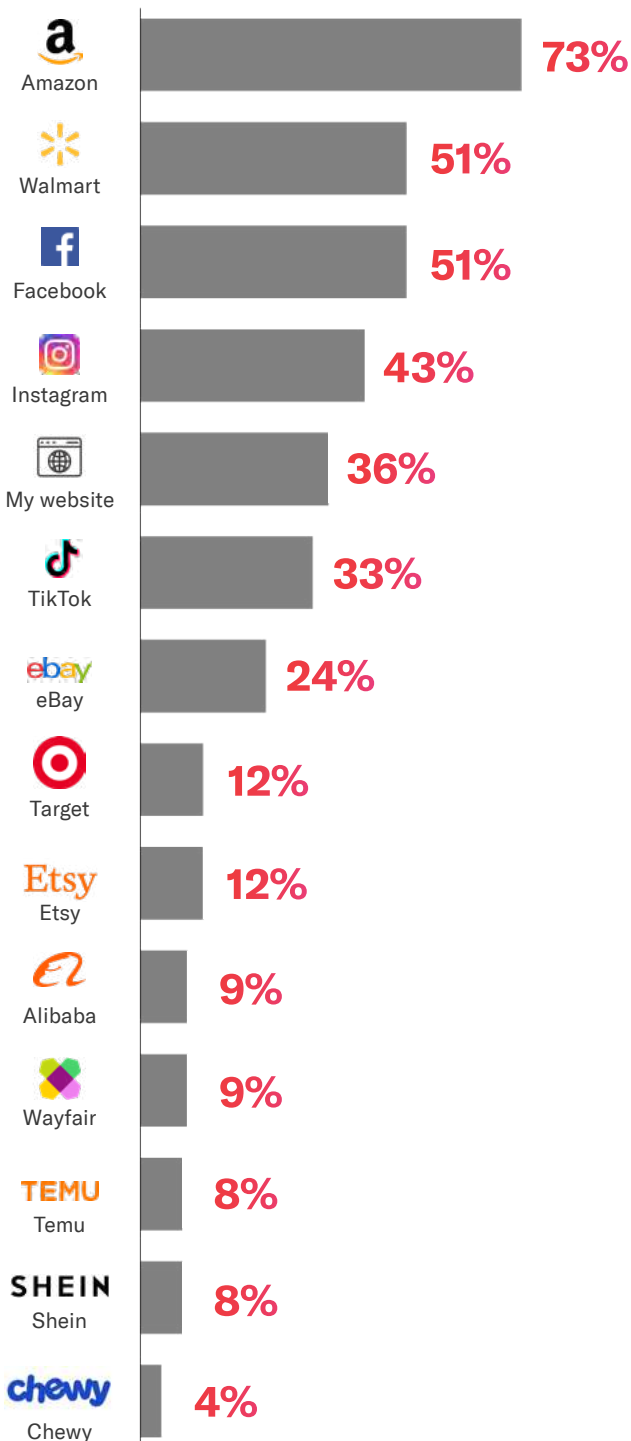
¹eMarketer

Despite an influx of new players, Amazon and Walmart still command 84.2% of the retail media market in 2024—only a 1% decline over five years.¹ Amazon remains the top media network for advertisers, with 73% of brands investing in its platform. Meanwhile, Walmart's rapid ascent is fueled by continuous innovation, expanding its ad platform and tapping into new revenue streams. By attracting non-endemic advertisers like financial services and restaurants and leveraging in-store screens, self-checkout kiosks, and in-store TVs, Walmart is transforming physical retail into a powerful ad channel.

Social media, fueled by the rise of social commerce, has become a crucial channel for brands to connect with consumers. Facebook shares top billing with Walmart as a key retail media network, while Instagram (43%) and TikTok (33%) are also valuable contenders. Brands are moving beyond a single-channel strategy, diversifying their approach to meet their audience wherever they are. Social platforms allow brands to drive traffic to their website or store listings, making them powerful tools.

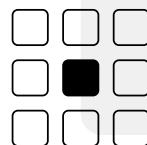


Which media networks do you currently advertise on?

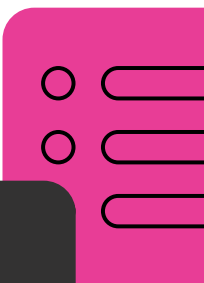


¹ eMarketer

Advertising: Budget and Measuring Changes for 2025



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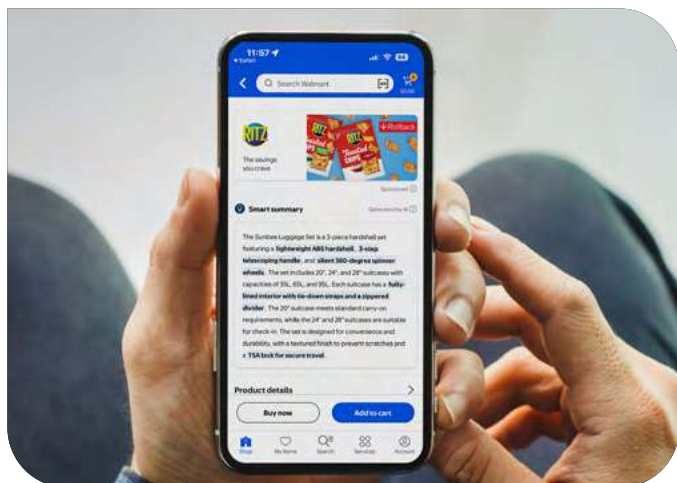
Advertising: Budget and Measuring Changes for 2025

The Rising Cost of Advertising: A Reality Check

89% of brands have seen a rise in ad costs.

Advertising has always been a dynamic space, but the past five years have seen an unprecedented surge in costs. For example, the cost per mille (CPM) for Google Search ads surged by 45.6%, reflecting heightened competition and demand.¹ Meta's CPM also climbed, rising by 3.38% since 2020. These increases underscore a broader trend: more aggressive bidding, more advertisers competing for limited attention, and higher costs across the board.

For brands advertising on marketplaces like Amazon and Walmart, the pressure is even greater. Sponsored ad costs have spiked dramatically—Amazon Sponsored Products CPC, for example, rose by over 50% between 2020 and 2024.² As auctions intensify and consumer activity becomes harder to predict, advertisers are paying more just to stay visible.



¹ Varos

² Statista

“Many brands tell us the same thing: ad costs are up, competition is fierce, and it is harder than ever to know if the investment is paying off. **Without deeper visibility and smarter optimization, the risk of overspending for uncertain returns continues to grow.**”

Certain categories have been hit particularly hard:



Movies & TV: 80% of brands in this sector report significant cost increases.



Cell Phones & Accessories: 54% face rising costs.



Office Products: 48% note significant increases.

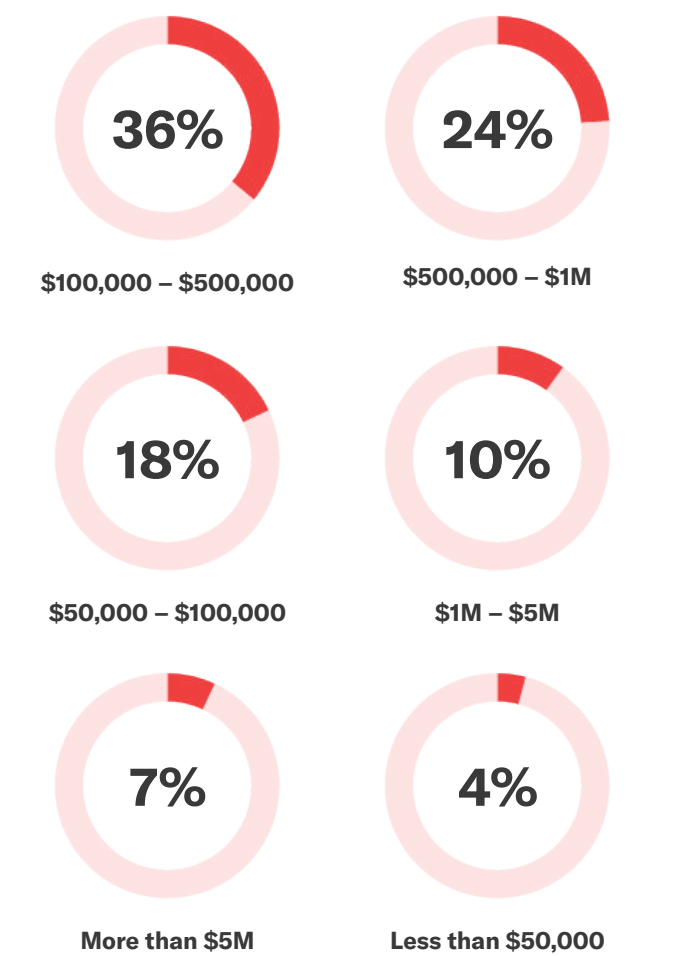
The streaming wars and digital-first media consumption have driven up advertising costs for Movies & TV as platforms compete for audience attention, while in the cell phone and accessories space, frequent product launches and a crowded e-commerce landscape have led to aggressive bidding wars, making it more expensive for brands to secure visibility.

Office products have also faced rising costs as hybrid work trends and the crossover between B2B and D2C models have increased demand, forcing brands to allocate more budget toward advertising.

Now more than ever, success demands precision. Brands must leverage real-time data, AI-driven strategies, and sharper consumer insights to drive profitable growth in an increasingly expensive ad landscape.

How Much Brands Plan to Allocate for Digital Ads in 2025

Budgeting decisions for 2025 reflect both the rising cost of advertising and the increasing competitiveness of e-commerce. Almost half (41%) of surveyed brands report an annual ad budget exceeding \$500K, with:



Business models also play a role in how much brands allocate to advertising. Brands with D2C (45%) or D2C2B (46%) models are more likely to have a budget exceeding \$500K, compared to wholesale/vendor brands (33%). This suggests that brands focused on direct consumer engagement are prioritizing ad spend to build brand awareness, drive traffic, and improve conversion rates.



Where Is the Money Going?

E-commerce advertising spend is increasingly concentrated on marketplaces, **with Amazon receiving the largest share (39%) of brands' budgets.**

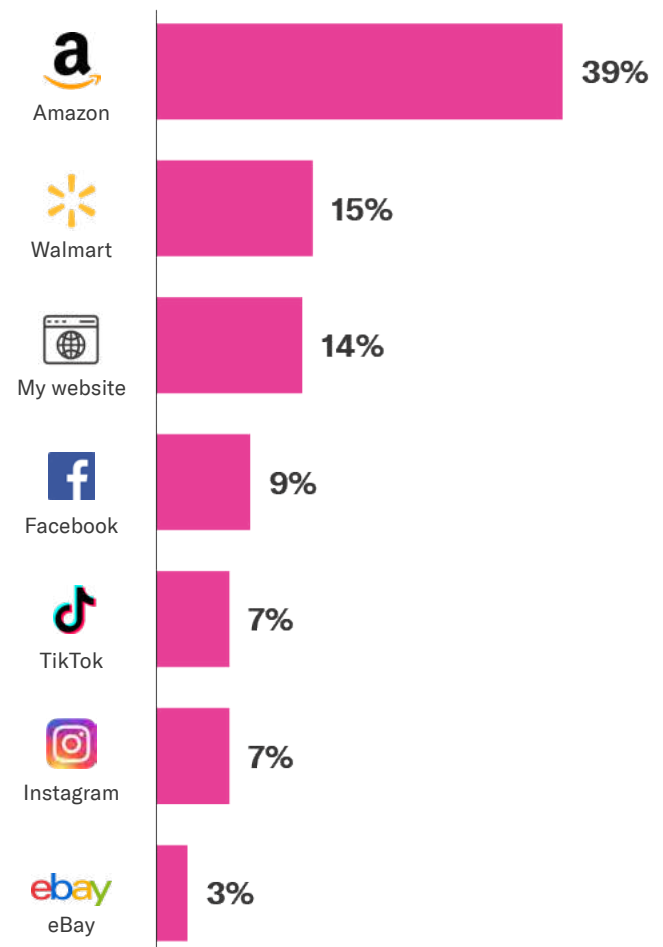
Other channels include:

- Walmart (15%)
- Facebook (9%)

The continued dominance of Amazon is unsurprising, given its influence in the e-commerce landscape. However, social platforms also command a sizable portion of spend—Facebook accounts for 9%, while TikTok and Instagram each claim 7%. These platforms are often used to drive awareness and traffic, including to brands' own websites, yet they sit outside the marketplace-focused core of most budgets.

This highlights a key insight: while brands increasingly talk about the importance of first-party data and customer relationships, much of their spend remains locked in marketplace and rented-channel ecosystems. A more balanced approach—investing in both marketplace performance and long-term customer ownership—will be critical as advertising costs rise and platform control tightens.

Brands' Ad Budget Allocation for 2025



Rethinking Performance: Balancing RoAS and Real Impact

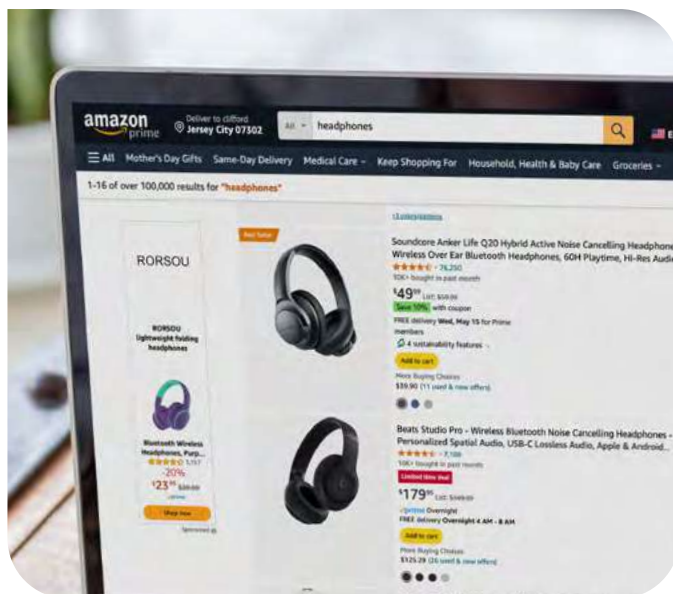
With rising ad costs, brands are under pressure to track performance more rigorously than ever. The most commonly used advertising success metrics cited by brands include:

- **53% Return on Ad Spend (ROAS)** – Still a primary metric, though it is evolving as brands seek deeper insights.
- **52% Conversion Rates** – A direct indicator of ad effectiveness in driving purchases.

While ROAS still plays an important role, particularly for making real-time, in-channel optimizations, it is no longer the sole indicator of advertising success. Conversion rates also remain critical, but short-term indicators can miss the bigger picture.

As ad strategies become more complex and costly, brands are shifting their focus to factor in longer term metrics that better reflect true ROI: profitability, customer retention, LTV.

Profitability, customer retention, and competitive positioning are becoming just as important as immediate revenue returns. And at the center of this evolution is incrementality—the effort to measure whether ad spend is truly driving net-new revenue, or simply capturing sales that would have happened anyway.



“Incrementality is rapidly becoming the holy grail of performance measurement, yet clear standards and methodologies are still in flux. Most brands recognize the need to solve for it, but few have fully nailed down how.”

The brands that move beyond only analyzing short-term metrics and take a multi-dimensional approach to performance—across channels and over time—will be the ones that outpace their competitors in today's high-stakes ad environment.

How Brands Can Adapt to Rising Advertising Costs

With costs increasing and the advertising landscape evolving, brands need to be agile. The key takeaways from our findings include:



Budget Strategically – Nearly half of brands are investing over \$500K annually in retail media. For those with smaller budgets, precision is critical. Focus on testing a mix of ad tactics and audiences to find your highest-performing strategies. Use AI to eliminate waste on both the demand and supply side, and explore private marketplace platforms (PMPs) customized to your brand for greater efficiency and control. In a high-cost environment, smart experimentation and optimization—not just spend—drive the biggest returns



Prioritize Long-Term Metrics – Brands are shifting beyond surface-level metrics to a fuller view of performance that includes lifetime value (LTV), repeat purchase rate, customer acquisition cost (CAC), cost per acquisition (CPA), and retention. These indicators help evaluate not just if an ad works—but if it is driving sustainable growth.

Focusing too narrowly on short-term wins or in-platform ROAS can lead to missed opportunities, poor targeting, and inefficient budget allocation. A more holistic approach helps ensure investing in the right tactics, inventory quality, and audiences—not just what looks good in the moment, but what delivers long-term impact.



Diversify Spend – Amazon still dominates, but over-reliance on any single channel puts brands at risk, especially as costs rise and competition intensifies. To maximize reach and reduce dependency, brands should expand into emerging platforms, social channels, and high-intent traffic sources, while also investing in their own websites to build first-party data and customer loyalty.

Diversification is about unlocking new audiences, improving targeting flexibility, and gaining greater control over customer experiences and margins. The most resilient brands will be the ones who strike a balance between marketplace performance and owned growth.

As advertising continues to evolve, brands that adapt their strategies with a data-driven approach, concentrating on the channels where performance is strong, rather than adopting a spray and pray method, will be better positioned to succeed in 2025 and beyond.



The Role of Marketplaces: Essential, But Not Without Its Challenges

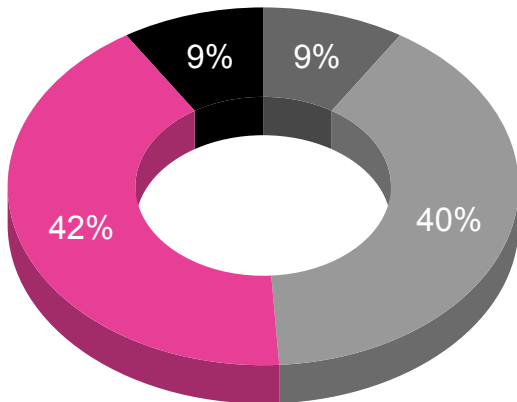


The Role of Marketplaces: Essential, But Not Without Its Challenges

Marketplace Revenue Dependence

E-marketplaces are the revenue powerhouse—42% of brands generate 51-75% of their e-commerce sales through them. While DTC offers control over pricing and customer relationships, the reality is clear: brands must prioritize where the money is. E-marketplaces dominate with unmatched convenience, perks, and access to massive audiences, making them essential for driving growth.

Percentage of Revenue Generated by E-Marketplaces



● Less than 25% ● 25-50% ● 51-75% ● Over 75%

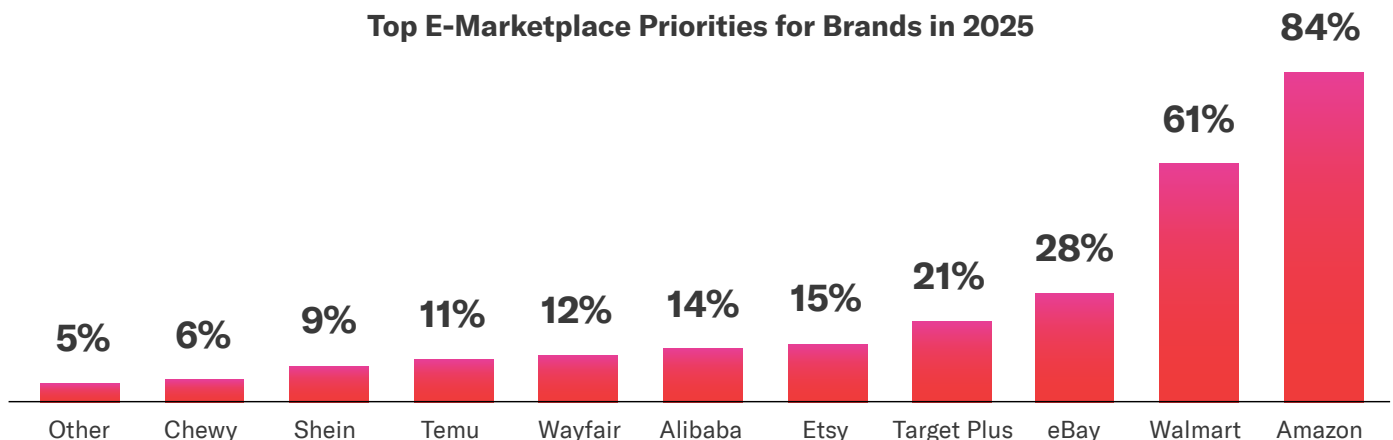
Amazon's dominance is undeniable. It accounts for 41% of all U.S. e-commerce sales, far outpacing Walmart's 9%, and 84% of brands cite it as their top marketplace.¹

Over the past several years, Amazon has expanded its footprint dramatically—growing from an e-commerce leader to a retail force. As e-commerce spending continues to surge, Amazon's share of total U.S. retail has climbed steadily, and is projected to reach 7% of all retail sales by 2025.² However, cracks are starting to show.

Amazon remains essential for 48% of sellers, but 32% are actively looking for alternatives.

Oversaturation and increasing competition are pushing brands to diversify their channels. Disruptors like Temu, Shein, and TikTok Shop are quickly gaining ground, but their appeal is narrow—catering to specific price points, product categories, and buyer habits that do not yet rival Amazon's broad reach.

Top E-Marketplace Priorities for Brands in 2025



¹Wall Street Journal

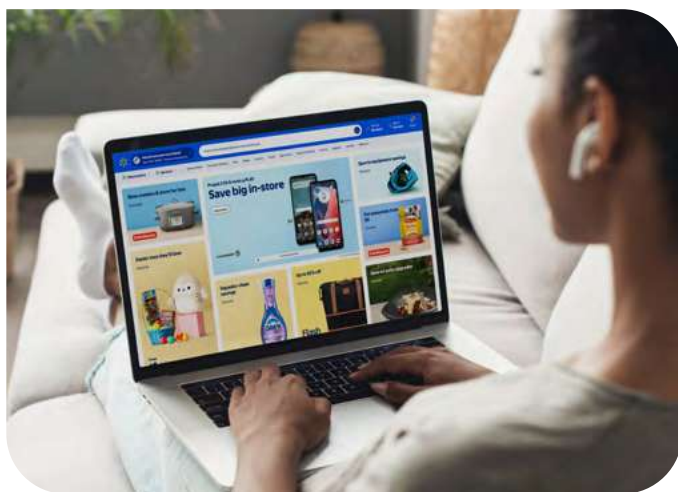
²eMarketer

Walmart's Growing Influence

Walmart is expanding its e-commerce presence, with 61% of brands considering it a core marketplace for their business. The retailer has boosted digital sales and profits, making e-commerce central to its strategy. Yet, it still trails Amazon, whose Q3 2024 online sales hit \$152.25B—far ahead of Walmart's \$22.45B—highlighting room for growth.¹

Walmart may lag behind Amazon in overall sales, but it dominates U.S. food and beverage, claiming nearly 19% of the market in 2023—an edge Amazon has yet to crack, even after acquiring Whole Foods.²

By appealing to higher-income shoppers without losing its core base, Walmart made 2024 a breakout year. While Prime remains dominant, Walmart+ has gained traction with perks like Paramount+ and same-day grocery delivery, positioning Walmart as a serious contender for everyday essentials once dominated by Amazon.



The Price of Visibility: Key Marketplace Challenges

One of the biggest challenges e-marketplaces pose is high competition and pricing pressure, with 53% of brands struggling to keep up. This mirrors last year's findings, where competition was also the top challenge, underscoring the persistence of this issue. Compounding this issue is the pressure to lower prices. Our consumer data shows that 83% of shoppers prioritize price above all else,³ as economic uncertainty and inflation continue—leaving brands feeling the strain.

Escalating advertising costs are another major hurdle, cited by 44% of brands. As retail media surges, Amazon's ad platform has become a powerful revenue engine—drawing in more advertisers and inflating costs. With competition heating up, smaller brands are often priced out, making it harder to gain the visibility they need to compete effectively.

Finding the right balance between marketplace and direct-to-consumer (DTC) strategies rounds out the list of leading challenges, impacting 37% of brands. While marketplaces offer massive reach, they also come with trade-offs: limited control over pricing, customer data, and brand presentation. In contrast, DTC channels provide more ownership and margin potential, but are typically harder and more expensive to scale.

Brands are caught between leveraging the reach and increased cost of being on marketplaces while striving to build and sustain an independent, profitable DTC strategy—often with limited resources to fully support both efforts.

¹ PYMNTS

² PYMNTS

³ Feedvisor

Going Beyond Sales With Smarter E-commerce Success Measurement

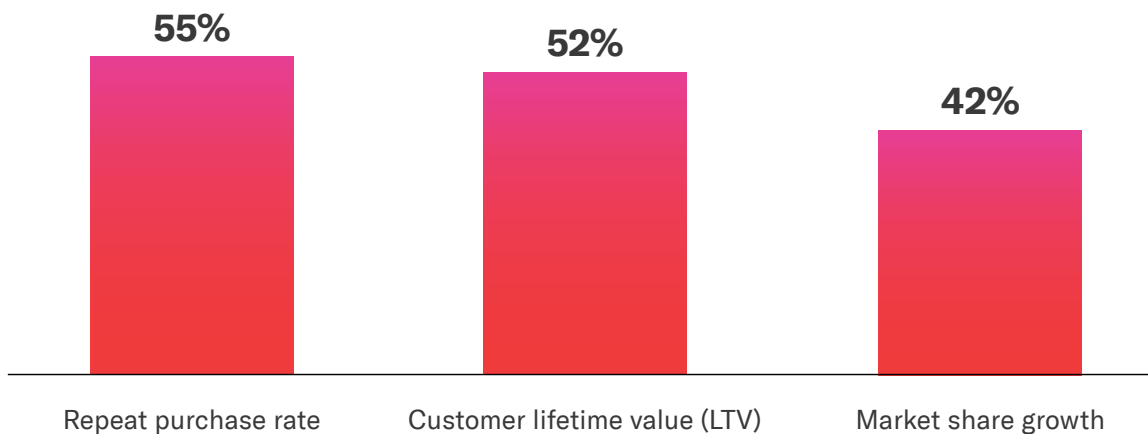
For brands, the most crucial measure of success is a strong repeat purchase rate, with 55% of brands highlighting it as their primary metric.

Creating products and experiences that resonate with customers and encourage them to return is key to driving long-term growth.

With 24% of consumers conducting more research before purchasing,¹ brand loyalty is harder to secure. The ability to implement effective strategies that foster repeat purchases is now a defining factor in whether a brand will thrive or struggle to stand out.



Top 3 E-Commerce Success Metrics for Brands in 2025

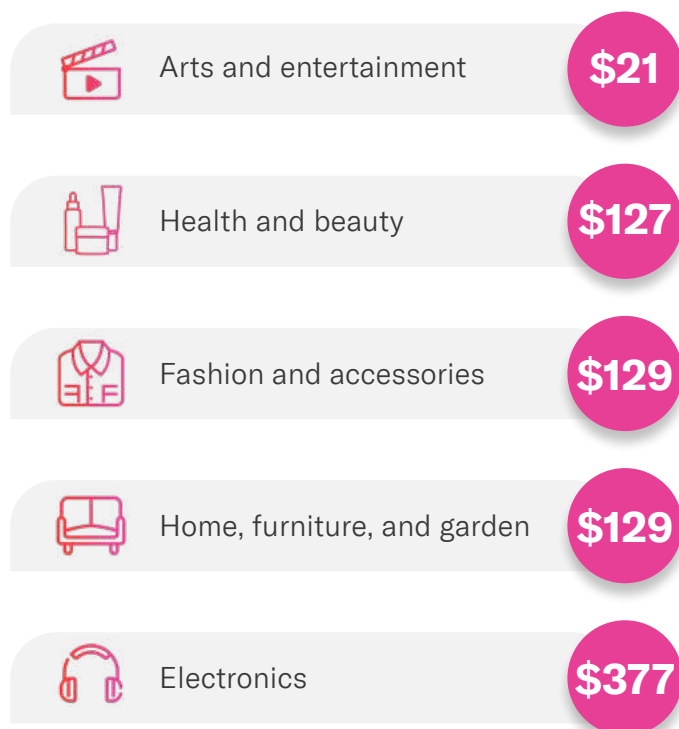


¹Feedvisor

Over half of brands (52%) also consider Customer Lifetime Value (LTV) a key success metric, closely tied to repeat purchase rate. With customer acquisition costs rising, driving down these costs through repeat purchases and loyalty programs is crucial. As competition intensifies and margins shrink, maximizing LTV has become essential for maintaining profitability. Brands that foster long-term customer relationships are better positioned to weather economic uncertainty, inflation, and rising operational costs.

This makes acquisition efficiency even more critical, especially as Customer Acquisition Costs (CAC) continue to climb across industries. The chart below highlights how steep those costs have become, reinforcing why maximizing LTV through loyalty and retention strategies is essential to offset rising spend and protect margins.

Customer Acquisition Cost by Industry¹



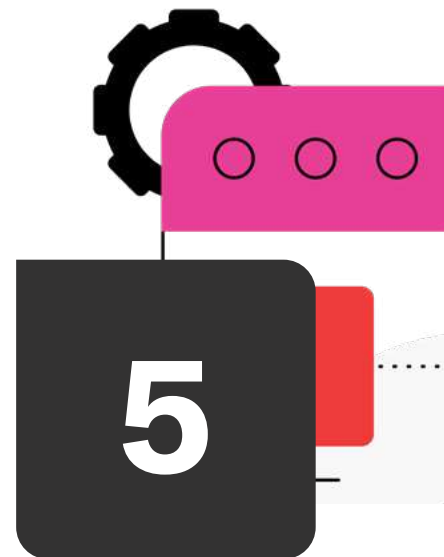
Another key indicator of success for 42% of brands is their market share growth. For many brands, particularly those in competitive sectors, expanding market share is critical to sustaining growth. By increasing their presence in the market, these brands can gain a larger customer base, improve their competitive positioning, and drive long-term profitability.

Market share growth is a particularly critical metric for wholesale/vendor brands, with over half (52%) prioritizing it beyond revenue. For these brands, revenue alone does not capture success. A key challenge is competition from an e-marketplace's own private-label products, like Amazon Basics, which directly compete with their offerings, especially in high-traffic categories. To stay competitive, wholesale/vendor brands must focus on increasing market share and differentiation to avoid being overshadowed by private label, lower-cost alternatives.



¹Shopify

The Future of E-Commerce



The Future of E-Commerce

Future-Proofing E-Commerce: Where Brands Are Betting Big

To succeed in a constantly shifting market, brands are focusing on where they can gain the most long-term leverage. When asked about their top priorities for preparing for the future of e-commerce, one theme rose to the top: **adaptability through technology, diversification, and deeper customer connection.**

Top Priorities for Brands in 2025



Leading the charge is investment in AI and automation. **With 60% of brands prioritizing it, AI is no longer just an emerging trend—it is becoming a critical pillar of modern e-commerce strategy.** Whether it is powering better decision-making or streamlining operations, brands are leaning into its potential to drive efficiency and scale.

Channel diversification follows closely. 52% of brands are expanding to new sales channels to reduce reliance on any single platform and meet customers where they are—whether that's on emerging marketplaces, social platforms, or direct websites.

Sustainability is also a growing priority. Another 52% of brands are strengthening sustainability initiatives to align with consumer values and build more resilient operations. As economic and environmental pressures mount, this focus is becoming more strategic than symbolic.

Half of brands are doubling down on DTC relationships. With rising customer acquisition costs and increasing competition, 50% of brands are working to strengthen their direct channels—giving them more control over the customer journey, data, and margin.

“These priorities reflect a broader shift: future-ready brands are not just reacting—they are actively shaping what comes next. **At the heart of many of these efforts lies a force that is redefining the rules of engagement: AI.**”

The AI Advantage: A Strategic Imperative for Growth

More than half (59%) of brands surveyed are investing in AI and automation, making it the top priority for future readiness. Surprisingly, experience in e-commerce plays a key role in willingness to invest in AI:

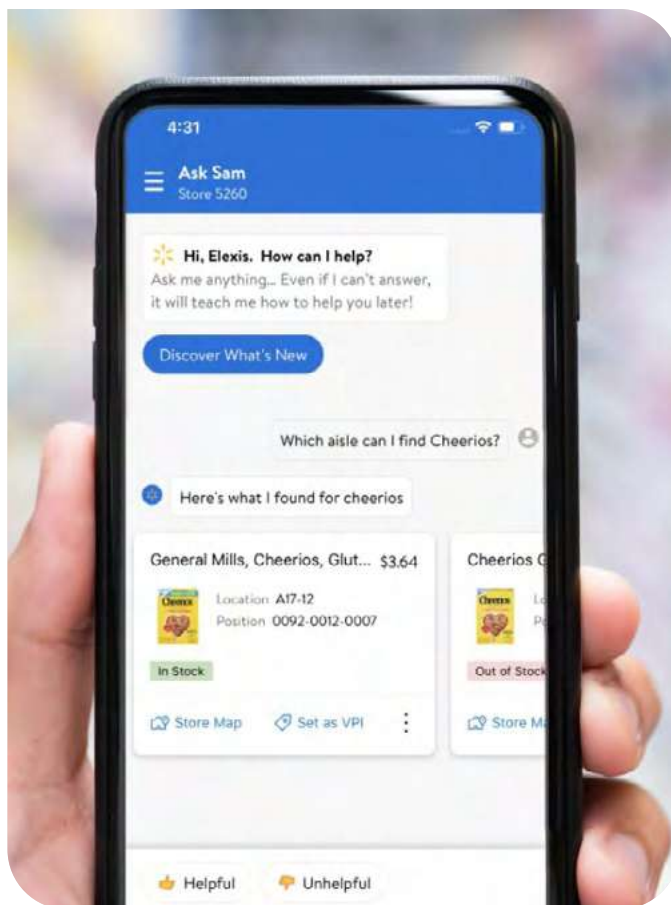
- **73% of brands** selling for 15+ years
- **61% of brands** selling for 5–10 years
- **56% of brands** selling for 1–5 years
- **55% of brands** selling for 10–15 years

Seasoned brands clearly recognize the long-term efficiencies and competitive advantages AI offers.

Leading Categories for AI Adoptions

	Health, Household & Baby Care	91.3%
	Electronics	85.5%
	Clothing, Shoes & Jewelry	82.1%

These categories heavily depend on automation for personalized recommendations, dynamic pricing, and operational efficiency.



Source: Walmart

Emerging Industry Concerns

While the future of e-commerce is full of opportunity, brands are preparing for significant shifts in consumer expectations. About one-third of respondents predict that demand for personalization (34%), higher expectations for fast and free shipping (31%), and greater price sensitivity (30%) will shape the industry in the next five years. These shifts suggest that brands must refine their logistics, pricing strategies, and customer engagement to stay competitive.

Beyond these core concerns, AI-powered shopping experiences (25%), increased reliance on social commerce (24%), and greater marketplace fragmentation (22%) are expected to reshape e-commerce. These trends point to a future where AI-driven product discovery, social media selling, and diversified marketplace strategies will play a much larger role.



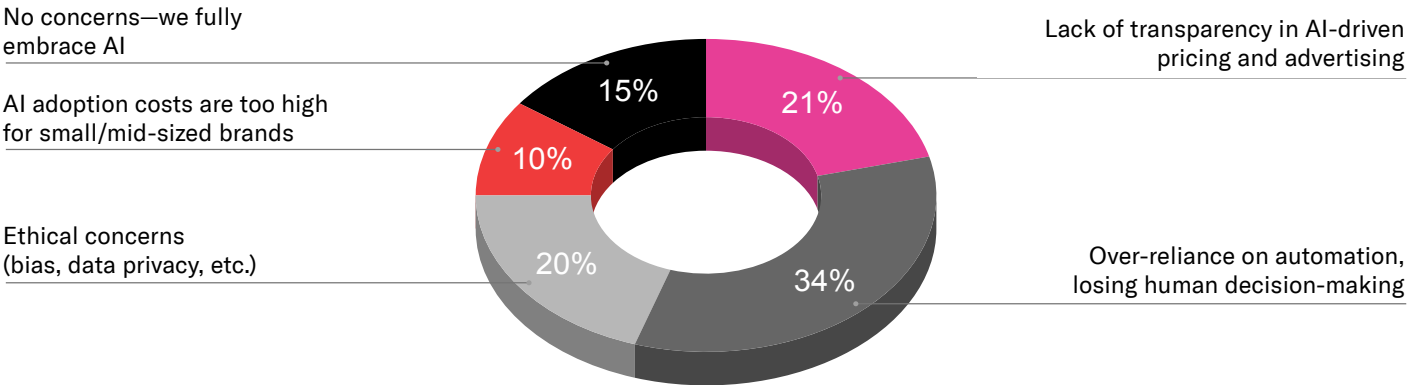
The AI Dilemma: Opportunities and Risks

AI is rapidly transforming e-commerce, but brands have mixed feelings about its role. While most are investing in AI, **34% of brands worry about over-reliance on automation and losing human decision-making**, making it the top AI concern. These worries are well-founded, as high-profile incidents like Amazon’s Rufus confidently delivering incorrect answers and Google’s AI overview errors demonstrate the risks of automation gone awry.¹ Amazon’s latest agentic AI innovation, “Buy for Me,” underscores this tension.²

The feature allows customers to complete purchases from other brands’ websites directly through the Amazon Shopping app—even if Amazon does not sell the item. While it opens new doors for product discovery and streamlines the buying journey using AI-powered automation, it also raises questions about data privacy, attribution, and the growing power of intermediary platforms in the DTC experience. Other hesitations include lack of transparency in AI-driven pricing and advertising (21%) and ethical concerns such as bias and data privacy (20%).

However, a notable 15% have no concerns and fully embrace AI, reflecting a divide between early adopters and more cautious brands.

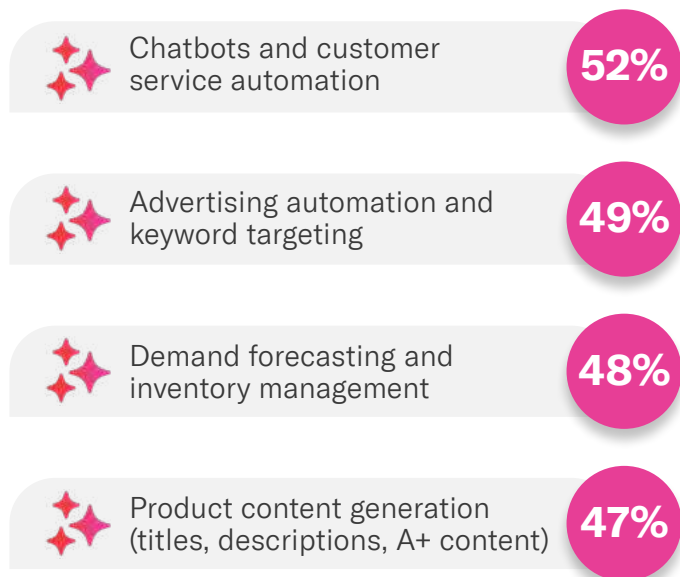
Biggest AI Concerns in E-Commerce



¹ Marketplace Pulse
² Amazon

Despite these concerns, AI is already deeply integrated into operations.

Most Common Areas Brands Use AI



These figures highlight that AI is not just the future—it is already here, driving efficiency in customer service, marketing, inventory planning, and content creation.



A Positive Outlook on E-Commerce's Future

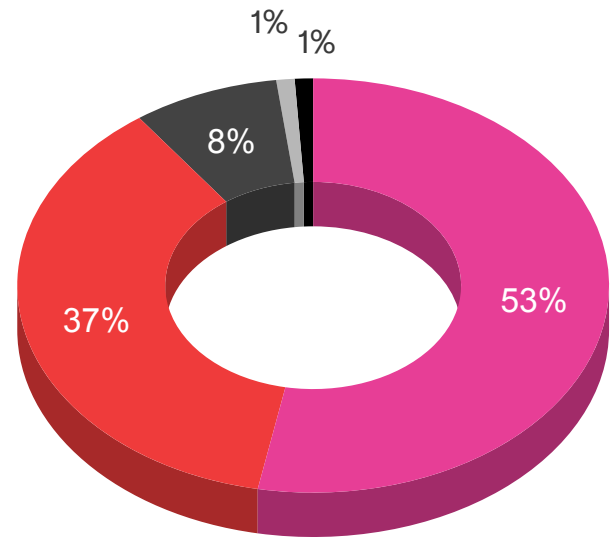
Despite rising challenges, 90% of brands are optimistic about the future of e-commerce, with 53% reporting they are very optimistic and 37% somewhat optimistic. Only 8% expressed concerns, reinforcing that most brands see opportunity rather than risk.

Even with the initial rollout of tariffs, optimism among businesses remains high. This forward-looking confidence is echoed by industry leaders like Walmart, which upheld its Q1 2025 net sales growth forecast of 3% to 4% despite tempering its operating profit guidance.¹

The move signals a measured yet resolute belief in the strength of its strategy, even amid mounting economic headwinds.

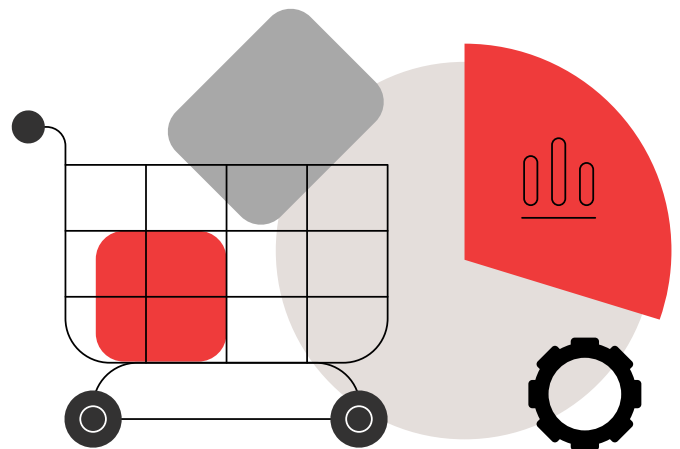


Sentiment on the Future of E-Commerce



● Very optimistic ● Somewhat optimistic ● Neutral
● Somewhat pessimistic ● Very pessimistic

Our research shows brands in business for 15+ years tend to be more optimistic about the future (73% very optimistic) compared to younger brands (65% for brands 1-5 years, 61% for brands 5-10 years). This could be due to the longer-term brands having established themselves, built customer trust, and possibly weathered initial digital transformation challenges.



¹RetailWire 2025

A Look Into The Future of E-Commerce— Seizing Opportunities & Navigating Challenges

The future of e-commerce will not wait and neither can brands. As market pressures intensify, consumer behaviors evolve, and AI reshapes every facet of online selling, brands must make bold, strategic moves to stay relevant.

Waiting on the sidelines is no longer an option. The next era will belong to those who act decisively, test rapidly, and invest in the tools and strategies that unlock both growth and resilience.

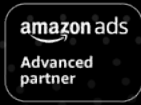
10 Defining Shifts Shaping the Path Forward

- 1 AI and automation are non-negotiable for long-term success.** Brands embracing AI for pricing, content, search, and media optimization are pulling ahead. Automation is becoming the backbone of operational efficiency, and those slow to adopt risk falling behind.
- 2 Channel diversification is critical.** Overreliance on Amazon is giving way to more balanced strategies. Brands are strengthening their DTC presence and exploring new platforms to regain control over customer experience and margins.
- 3 Customer expectations are rising.** Personalization, fast shipping, and price sensitivity will define consumer expectations, requiring brands to stay agile, customer-obsessed, and relentlessly focused on value delivery.
- 4 AI adoption is rising, despite concerns.** While questions around automation risks, transparency, and ethics still exist—most brands still view it as a net positive for driving efficiency and scale.
- 5 AI-powered search and content generation are transforming SEO,** making it essential for brands to evolve their content strategies for multi-channel discoverability, from marketplaces to social and beyond.
- 6 Social commerce is gaining momentum,** with platforms like TikTok blurring the lines between entertainment and shopping—opening new doors for brand engagement and viral product discovery.
- 7 Measurement and attribution are facing mounting pressures.** Fragmentation and lack of standardization are creating blind spots. Brands are demanding more standardized, cross-platform insights to make smarter, faster investment decisions.
- 8 Profitability takes precedence over pure growth,** as customer acquisition costs, ad spend, and marketplace fees surge. Brands must balance scale with margin protection.
- 9 Retail media is entering its next era, and brands must evolve with it.** Ad platforms are more fragmented than ever. To win in 2025, brands need smarter, more connected strategies, unified across channels. Owning first-party data and leveraging AI to optimize spend will be key to staying competitive.
- 10 Execution is what separates the leaders from the rest.** While the road ahead may be uneven, the outlook remains strong for brands willing to move decisively. Those that innovate boldly, adapt quickly, and stay closely aligned with evolving customer needs will not just survive, they will shape what is next.



Smarter, Scalable Marketplace Growth—Driven by AI, Backed by Expert Strategy

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Feedvisor has been an indispensable partner in our success on Amazon and Walmart. Their advanced AI and strategic expertise in advertising and pricing drove incredible sales growth—all while our budgets stayed flat. Our visibility, revenue, and market share have never been stronger.”

- Mark A., E-Commerce Specialist, Fortune 1000 Health Brand

OUR CLIENTS SEE RESULTS:

72% increase
in ROI

64% increase
in sales

81% increase
in gross profits