

State of Digital Advertising Report

Advertising and marketing insights for digital marketers.

We analyzed data from tens of thousands of online businesses to help marketers understand overall digital advertising trends and recommend strategies to further improve marketing ROAS and ROI.

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2025 Q3 Report Highlights

- In 2025, display retargeting CPMs have been rising, narrowing the year-over-year gap from 18% below last year in Q2 to just 3% below in August.
- Display prospecting CPMs have also been rising in 2025, shrinking the year-over-year gap from 31% below last year in Q2 to 14% below in the first two months of Q3. Together with retargeting, these trends point to growing demand for display advertising this year.
- In contrast, ABM campaign CPMs declined in Q3, with the year-over-year gap widening from 11% below last year in Q2 to 20% below. This could be due to normal summer seasonality or increased cautiousness from B2B marketers.
- In order to prepare for the holiday shopping season, marketers need to:
 - Act now - consumers are expected to start shopping earlier than last year, with November and December projected to account for less than half of total holiday sales.
 - Adapt to the generative AI era - leverage AI as both a new channel and tool to reach customers and improve campaign ROI.
 - Implement omnichannel campaigns - coordinate and optimize audience targeting and bidding across channels and devices.

Advertising CPM (Cost-per-Mille) Trends

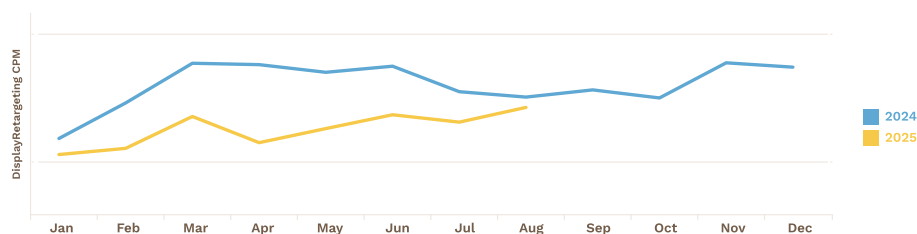
What does the CPM trend reveal?

CPM, or **cost per mille**, is an advertising metric that measures the average cost of showing an ad one thousand times. CPM, similar to the cost of goods, is determined by supply and demand. In the digital advertising world, publishers serve as the suppliers; the websites or mobile apps that host and deliver ads to advertisers' target audiences.

The selling and buying of digital ads on the web is typically conducted in an auction format that can be handled programmatically by two types of platforms: the **supply-side platform (SSP)**, representing the publishers, and the **demand-side platform (DSP)**, representing the advertisers. Since the amount of advertising space offered by the publishers doesn't typically fluctuate, changes in CPM are mostly driven by advertisers' demand for ads.

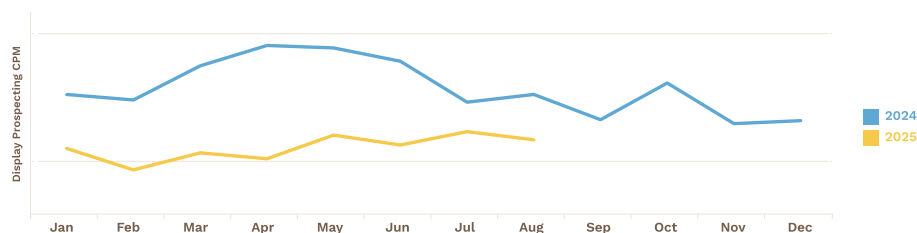
Display Retargeting CPM Trend

Display retargeting costs, as indicated by the average CPM, decreased 7% year-over-year in the first two months of Q3, compared to an 18% decline in Q2. Of note, the year-over-year CPM difference in August narrowed to only 3%. The upward trend of this year's average CPM signals increasing demand for retargeting ads.



Display Prospecting CPM Trend

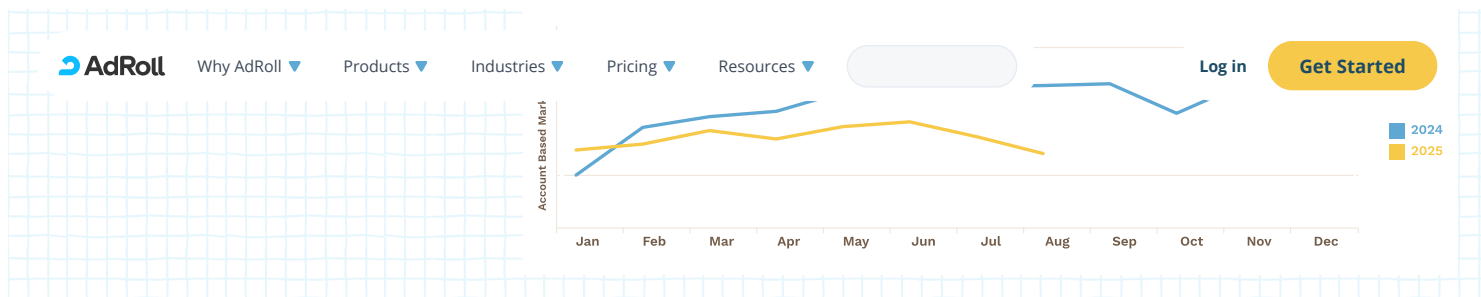
Display prospecting followed a similar trend to display retargeting. In the first two months of Q3, display prospecting ads' costs, as indicated by the average CPM, decreased by 14% year-over-year compared to 31% in Q2. Similar to retargeting ads, the narrowing of the year-over-year gap and the upward trajectory of average CPM signals increasing demand.



Account Based Marketing CPM Trend

Account-based marketing, also known as ABM, is a business-to-business (B2B) marketing strategy that targets a specific group of high-value accounts through personalized advertising and sales outreach.

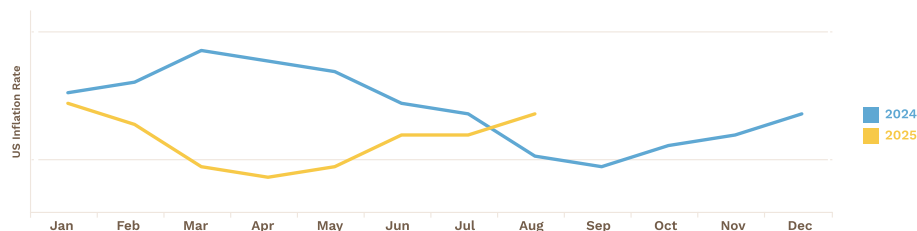
ABM advertising costs, as indicated by the average CPM, dropped in the first two months of Q3, resulting in an increase of year-over-year decline to 20% from 11% in Q2. A summer slowdown in ad spend is typical for B2B campaigns, but the steep CPM drop may also suggest that B2B marketers are being more cautious with budgets amid economic uncertainty, given ABM's longer ROI cycles. How ABM CPMs trend over the next few months will reveal whether this reflects a broader shift in demand.



The Economic Outlook – Risks Ahead

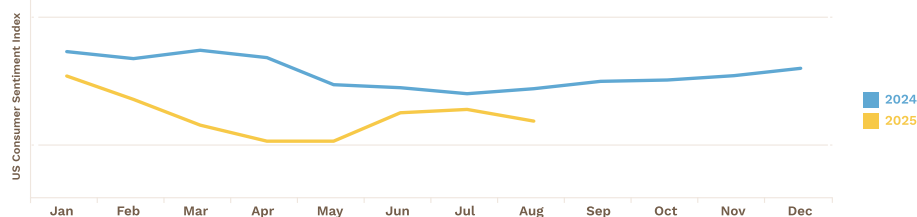
Inflation Rate

The U.S. inflation rate accelerated to 2.9% in August, the highest since January, after holding at 2.7% in June and July as the effects from tariffs started to show.



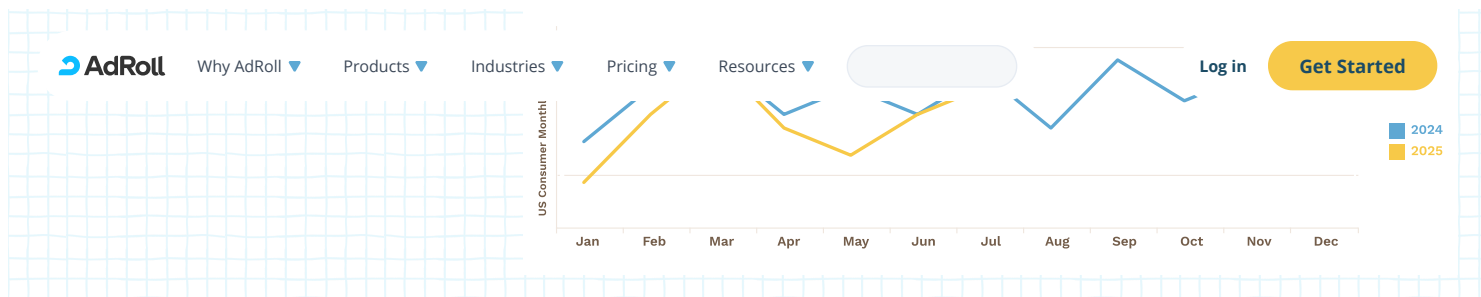
Consumer Sentiment

As a result, consumers' sentiment and outlook of the economy worsened in August. The U.S. consumer sentiment index fell 6% in August compared to July, the first decline in four months. The 12-month inflation expectation also climbed to 4.8%, a 300 basis points increase from July.



Consumer Spending

On the flip side, U.S. consumer spending continued to grow in July, up 0.5% from the previous month; consumer spending trends typically lag behind sentiment shifts. How it moves in August and September will offer early signals for this year's holiday shopping season.



How Marketers Can Excel in the 2025 Holiday Shopping Season

Act Now - The 2025 Holiday Shopping Season Has Already Started

Amid economic uncertainty, [eMarketer](#) predicts U.S. holiday sales in November and December will grow just 1.2% over 2024—the slowest since their tracking began in 2009. With U.S. inflation rate holding above 2%, inflation adjusted holiday sales may actually come in lower than last year.

The good news: U.S. consumer spending remains strong, and consumers are no longer waiting until November to start their holiday shopping. According to [BazaarVoice](#), more consumers plan to shop in September and October (37%) than November and December (32%), aiming to balance deals, budgeting, and product availability.

With major retailers like Amazon and Walmart typically rolling out aggressive promotions in early October, B2C marketers can't afford to wait to start holiday campaigns. Instead, marketers should take advantage of the relatively low advertising CPM in September and October to start their promotions.

Adapt to the Generative AI Era - Smart Marketers Meet Smart Consumers


According to [Adobe](#), traffic from generative AI engines like ChatGPT, Gemini, and Perplexity to U.S. retail sites grew 4,700% year-over-year in July 2025. 52% of U.S. consumers have already used or plan to use generative AI engines for shopping this year, with tasks including generating gift ideas, researching products, receiving product recommendations, and finding deals.



When consumers use generative AI engines for product discovery, research, and comparison those interactions happen outside a brand's view, giving marketers little to no visibility into or influence over buyers' decision making. While [generative AI engine optimization \(GEO\)](#) helps increase the odds your brand or product is included in or cited by one of those engines, there's no guarantee.

“As generative AI transforms search, marketers can no longer depend solely on website traffic to drive discovery. Channels like Connected TV and other brand awareness tactics are becoming essential to ensure brands remain visible and memorable.

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“...the company that invests in the ones that... purchase decisions are made.”

 **Vibhor Kapoor**
Chief Business Officer

To mitigate the impact of shifting consumer behaviors, marketers should increase brand awareness and prospecting campaigns during the holiday season. But don't stop there—leverage AI tools, such as [AdRoll's AI Assistant](#), to further [optimize and scale your advertising campaigns](#). As consumers use AI to their advantage, so can businesses.

Implement Omnichannel Campaigns - Across Web, Mobile, and Social Media

Advertising isn't impactful if it doesn't meet your target audience where they are. Today's customer journey runs across a variety of channels and devices. In the coming holiday season, mobile commerce is expected to [grow 7%](#), almost twice the growth of ecommerce overall. Social commerce is also expected to grow at a faster pace, especially among Gen Z.

To reach today's consumers effectively, marketers need omnichannel campaigns that connect across multiple platforms and work in sync toward a common goal. Lower-funnel tactics like retargeting become especially powerful when optimized across channels, as coordinated targeting and bidding on web, mobile, and social can drive higher ROI.

In the past, omnichannel optimization was manual, time-consuming, and inefficient. Now, with advanced across-channel automation tools like [AdRoll's automation builder](#), marketers can streamline and scale these campaigns with ease.

For B2B Marketers - Fill the Pipeline for Next Year

While the holiday shopping season is more relevant to B2C marketers, Q4 is also a critical period for B2B marketers. It's not because businesses would suddenly open their wallets during Black Friday and Cyber Monday, but because Q4 is when next year's budget planning takes place.

For B2B marketers, making your products and services top of mind among your target audiences and engaging with them both digitally and in-person in Q4 is crucial for securing their budget for the year to come. With the capability of precisely targeting various decision makers of high value prospects, account based marketing (ABM) campaigns are particularly equipped for this mission.

Given the high CPM and people taking time-off during November and December, B2B marketers should start their year end ABM campaigns early and take advantage of the relatively low CPM in September and October to fill the pipelines.

FAQ

The AdRoll State of Digital Advertising Report offers marketers insights into business and advertising trends. The report is based on AdRoll's performance statistics of more than 20,000 online businesses across finance, beauty and fashion, fitness, technology, travel, and other industries.

► [What are the key performance indicators \(KPI\) reported in the AdRoll State of Digital Advertising Report?](#)

► [How often will the information in the AdRoll State of Digital Advertising Report be updated?](#)

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The Magic of Ecommerce Marketing: Strategies, Budgets, & Tactics for Holiday 2025

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