FOSPHA

The State of Retail Commerce 2026

How the strongest retail commerce brands will execute record-breaking performance in 2026

What you'll **learn**

1. The retail media market is expanding across platforms: spend is spreading across a broader mix of platforms, signaling market expansion rather than simple budget shifts between dominant channels.

2. Diversification is driving the next phase of retail media growth: high-performing brands are moving beyond concentrated channel mixes and adopting portfolio approaches. Those balancing scale with experimentation will be best positioned to unlock new growth.

3. Full-funnel activation within channels drives performance: investment in Paid Social's Awareness and Consideration, and Google's full-funnel formats (Demand Gen, YouTube) - is linked to stronger revenue and improved ROAS.

4. AI-led automation is now a material performance lever: AI-driven formats outperform manual setups at scale, while automation enables teams to manage complexity and focus on higher-value strategic work.
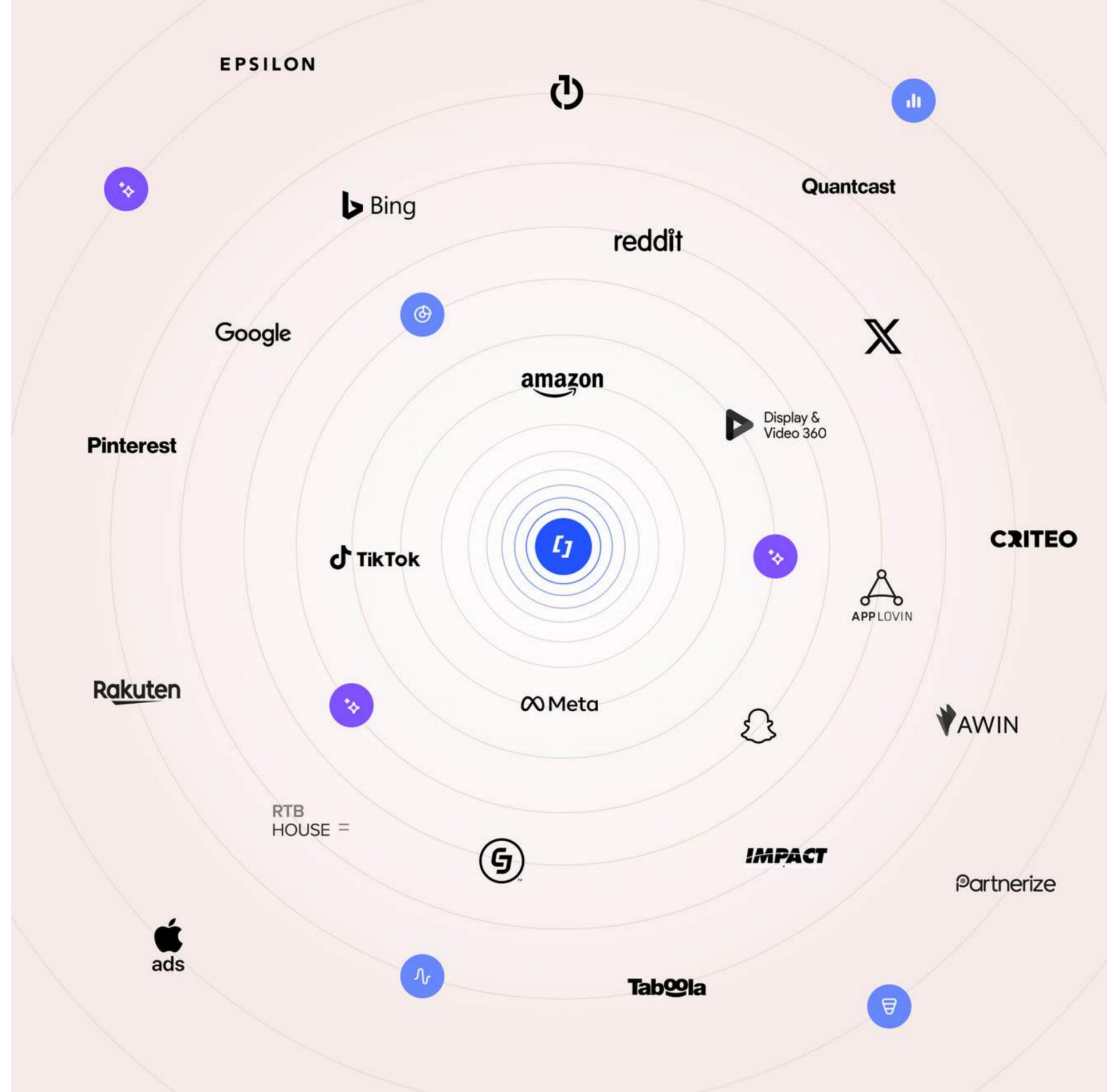
Who is **Fospha**?

About Fospha

Fospha is a full-funnel measurement platform built to give brands a view of what actually drives incremental growth. Our model powers planning, budgeting and daily optimization across DTC, Amazon and TikTok Shop.

How does our model work?

At the core is a MMM that measures the impact of every impression, view and click - refreshed daily and granular to the ad level. It combines the speed of attribution with the rigor of an MMM, giving teams a reliable tool for understanding channel contribution, headroom and incremental revenue.

Who do we work with?

The fastest-growing retail brands globally, from scaling DTC teams to global enterprise advertisers. Brands using Fospha consistently outperform the market by 30%.

Fospha clients outperform the market by **30%**

Based on independent Varos data analyzing ROAS across 7000 non-Fospha brands with a combined annual media spend of $7 billion.

Contents

Retail commerce **looks different** heading into 2026

The state of retail commerce in 2025

2025 marked a structural shift in how retail brands grow

In 2025, marketing became a game of presence: showing up wherever customers can discover and buy. Commerce has moved decisively inside platforms. Marketplaces, social platforms, and retail media networks became points of conversion in their own right.

At the same time, the mechanics of growth changed. Core platforms like Meta, Google, and TikTok continued to deliver scale, but brands increasingly expanded into new channels to unlock new audiences. The strongest brands learned how to lean into both scale and experimentation in parallel.

Automation accelerated this shift even further. AI-led campaign types, automated bidding, and creative systems fundamentally changed how optimization happens. Manual levers gave way to higher-level decision-making, placing greater emphasis on strategy, creative quality, and budget allocation rather than day-to-day execution.

Pressure rose - and measurement clarity became the differentiator

These changes unfolded against a tougher operating environment. Advertising costs rose unevenly across platforms, tariffs introduced supply chain friction, and margins came under pressure. As a result, tolerance for unproven spend decreased. Anything that couldn't demonstrate impact quickly - or confidently - was cut.

In this context, clarity became a competitive advantage. Measurement moved from useful to essential. When commerce spans multiple platforms and automation reduces manual control, the ability to see incremental impact across the full funnel - across DTC and marketplaces, across short- and long-term payback - determines how confidently brands can invest, scale, and adapt.

What this report covers

This report analyzes data from enterprise retail brands across the US, UK, and EMEA* to understand what separated the strongest performers in 2025. We examine how they structured their media mix and accessed incremental growth in an increasingly complex commerce landscape.

*cohort information outlined in the Appendix.

Fospha brands **grew spend and revenue** while improving CPP in challenging market conditions

Across the market, efficiency was the goal in 2025

Rising cost-of-living pressures, cautious consumer behavior, and geopolitical uncertainty meant many brands prioritized efficiency over growth in 2025. Ahead of the year, advertising spend was forecast to grow 4.4%–7.7%, later revised down to 4.9%–6.0% in mid-year re-forecasts as global trade disruptions intensified*.

**Resilient growth for Fospha brands amid constrained market conditions**

Against this backdrop, Fospha brands delivered resilient performance. In 2025, they increased media spend by 23% year over year and achieved a 25% uplift in revenue, while improving cost per purchase by 5%. This indicates that where growth occurred, it was driven by disciplined investment rather than efficiency trade-offs.

Measurement confidence enables efficient scaling

These results are an indicator that when brands are armed with measurement they can trust, they feel empowered to make confident budget decisions - which is more important than ever in an efficiency-focused macroenvironment.

*Sources in Appendix.

Fospha brands grew spend and revenue in 2025 while improving customer acquisition efficiency

% change year-over-year

Category	% change
Spend	23%
Revenue	25%
CPP	-5%
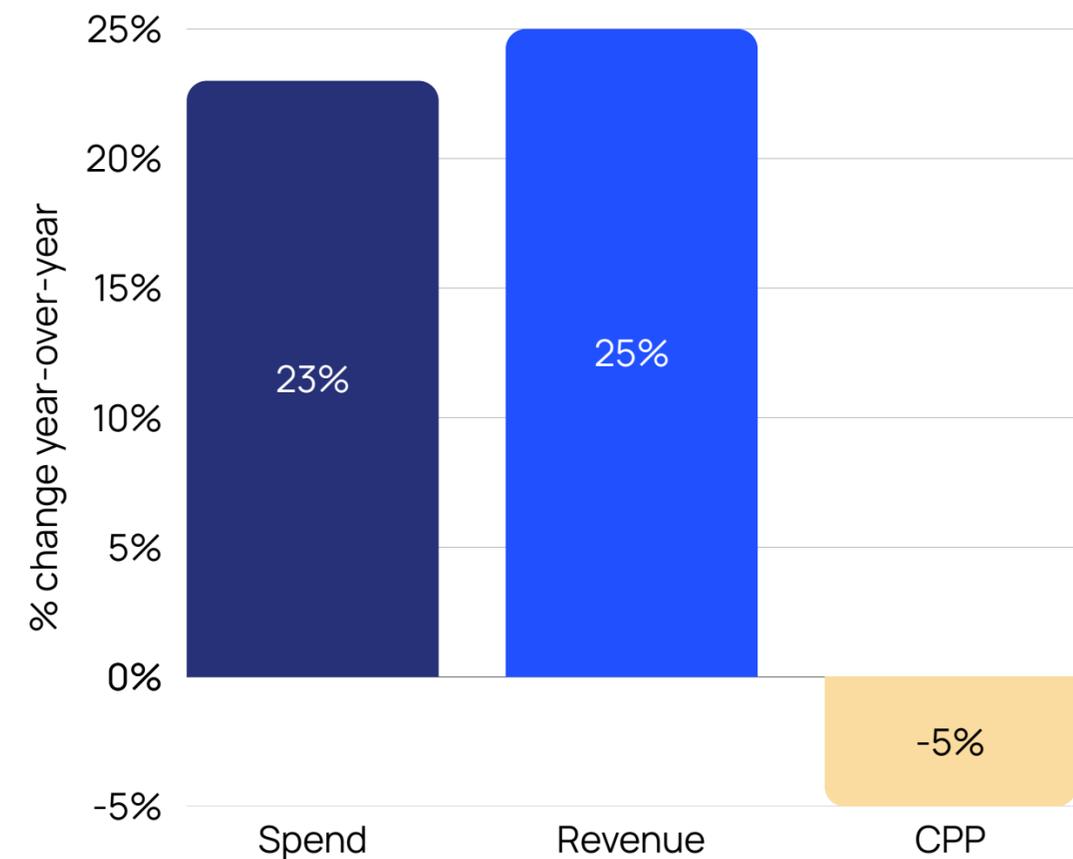
How measurement will **evolve in 2026**

Decision-making becomes the differentiator

Looking ahead to 2026, we expect the highest performers to evolve how they make decisions. The operating environment is more complex than it was even a year ago: more formats, more sales destinations, more automation inside platforms, and less tolerance for wasted spend. In that context, clarity becomes the real advantage. Brands that perform best will be those that can see incremental impact clearly, plan proactively, and act quickly when opportunities emerge.

Budgeting shifts from hindsight to headroom

At the same time, budgeting itself is becoming more forward-looking. Historical ROAS remains useful, but it's no longer enough on its own. Growth is coming from understanding headroom - where channels still have room to scale efficiently - and reallocating early, before performance flattens. Incremental forecasting and marginal returns move from "advanced" concepts to practical necessities, particularly for teams managing large, multi-market budgets.

Full-funnel becomes the default operating model

The data shows that brands investing in Awareness and Consideration consistently improve efficiency downstream, and that effect compounds over time. In 2026, this matters even more. As acquisition costs rise and audiences fragment, relying on Conversion activity alone increasingly means competing over a shrinking pool of demand. The strongest brands will be those that actively create demand, then convert it more efficiently as a result.

Measurement evolves from DTC-only to multi-marketplace

All of this raises the bar for measurement. As sales continue to spread across DTC, Amazon, TikTok Shop and other marketplaces, unified measurement becomes a growth unlock. Measuring only web impact increasingly distorts decision-making, pulling spend toward what's easiest to observe rather than what's most effective. In 2026, the brands that allocate capital most effectively will be those that can account for cross-channel and cross-destination impact, and fund growth accordingly.

How ad platforms are **evolving** alongside this shift

Automation as the foundation

Across the board, key ad platforms are making sustained bets on AI-driven automation, not just to improve performance, but to simplify how campaigns are planned, built, and scaled. Tools like predictive targeting and creative optimization are designed to reduce manual input and improve consistency.
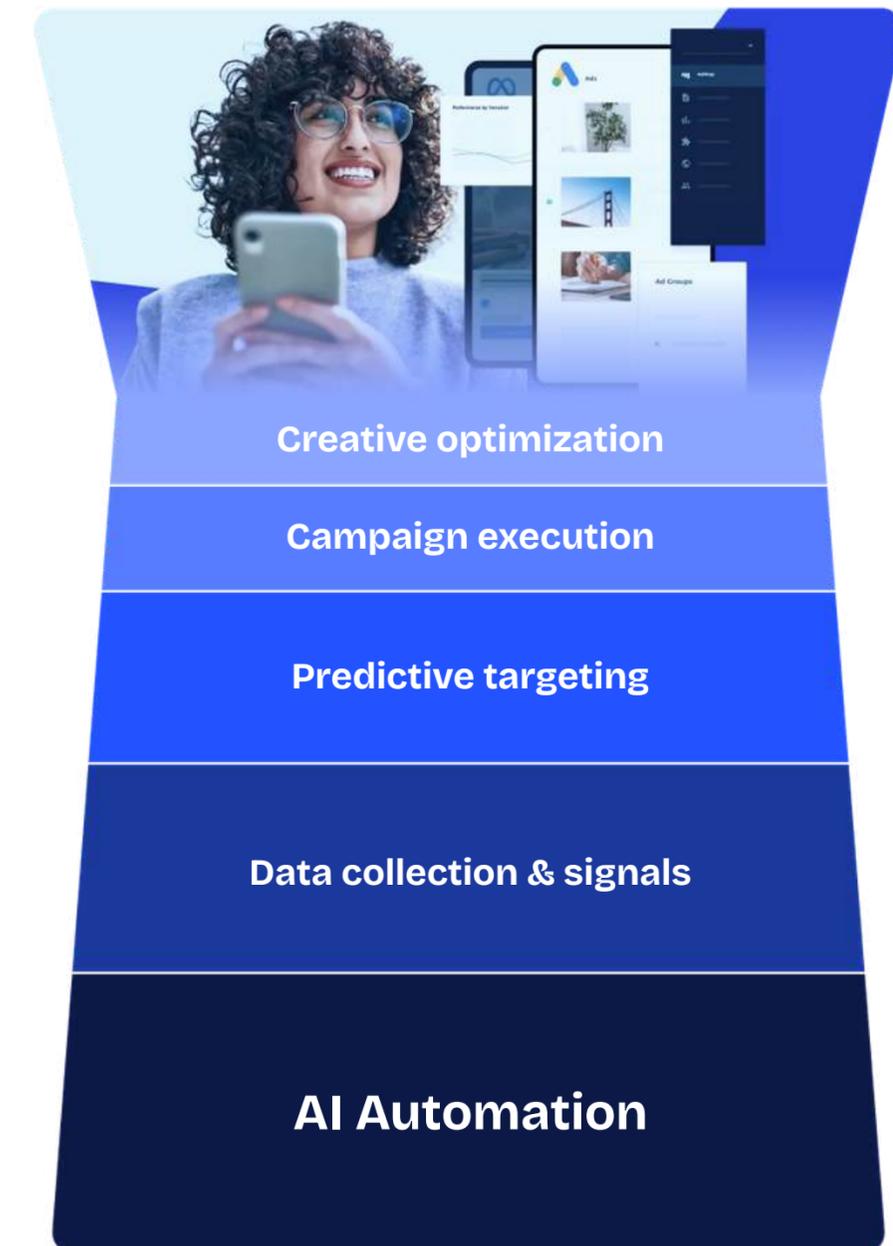
Simpler execution, faster learning

A second common theme is the simplification of execution. Platforms are actively trying to collapse complexity: fewer campaign decisions, broader targeting, and systems that learn faster with less configuration. The aim is to shift human effort toward higher-level planning and creative direction.

More human, more native experiences

Finally, there's a clear move toward more human, more native ad experiences. Whether through formats that sit inside conversations, tools that reflect how people actually discover content, or creative systems that adapt messaging without losing tone, platforms are trying to align performance with how users behave.

What this means for 2026

In 2026, performance will be driven by connecting better measurement, smarter planning, and automated execution. Brands that align their operating model to that reality will find it easier to scale.

Creative optimization

Campaign execution

Predictive targeting

Data collection & signals

AI Automation

The retail media market is **expanding across platforms**

Why channel value goes beyond your website

The commerce journey is no longer linear - or site-bound

Consumers now move fluidly between platforms. They might see a product on TikTok, hear about it again on Meta, and eventually purchase on Amazon or TikTok Shop. The rise of marketplaces means discovery and conversion are increasingly decoupled. Optimizing only for your on-site performance means missing a growing share of real revenue impact.

Marketplace sales are harder to measure, but too important to ignore

Amazon is projected to account for 40% of US eCommerce sales by 2028. Add in TikTok Shop and other emerging purchase destinations, and the measurement gap widens. Most tracking systems don't attribute these sales back to non-marketplace channels, making them invisible in standard reporting.

This is where Halo becomes essential

To measure what truly drives growth, brands need to understand not just which channels convert directly, but which ones influence sales across platforms. That's the promise of cross-channel halo: filling in the gaps click-based tools leave behind.

The eCommerce journey has become increasingly fragmented with the rise of marketplaces and sales channels. There exist many potential paths that can lead to a purchase:

Where users see ads:

- TikTok
- Meta
- Demand Gen
- YouTube

Where users buy:

- Amazon
- Web
- TikTok Shop

Cracking the Amazon code with **unified metrics**

Measuring what standard ROAS misses

This page sets out to answer a critical question: how does channel performance change when we include Amazon sales, not just website conversions? We call this total commerce ROAS - capturing the full business impact of media, wherever the transaction takes place. It's a more complete view of return on ad spend, one that reflects how modern eCommerce actually works.

Key callouts

- Reddit shows the largest hidden impact from Amazon, with ROAS increasing by **82%** once Amazon sales are included.
- Short-form video and strong discovery channels (Snapchat, TikTok, Meta) consistently see **~46–59% uplift.**
- Google Demand Gen delivers a **53% uplift,** reinforcing its strength as a full-funnel demand driver.
- Pinterest and AppLovin/Axon also show meaningful uplift **(35% and 34%),** indicating broader discovery ecosystems play a significant role in Amazon conversion paths.

ROAS change (by platform) when including Amazon sales:

reddit **+82%**	Snapchat **+59%**
Google **+53%**	TikTok **+50%**
Meta **+46%**	Pinterest **+35%**
APPLOVIN Axon **+34%**	
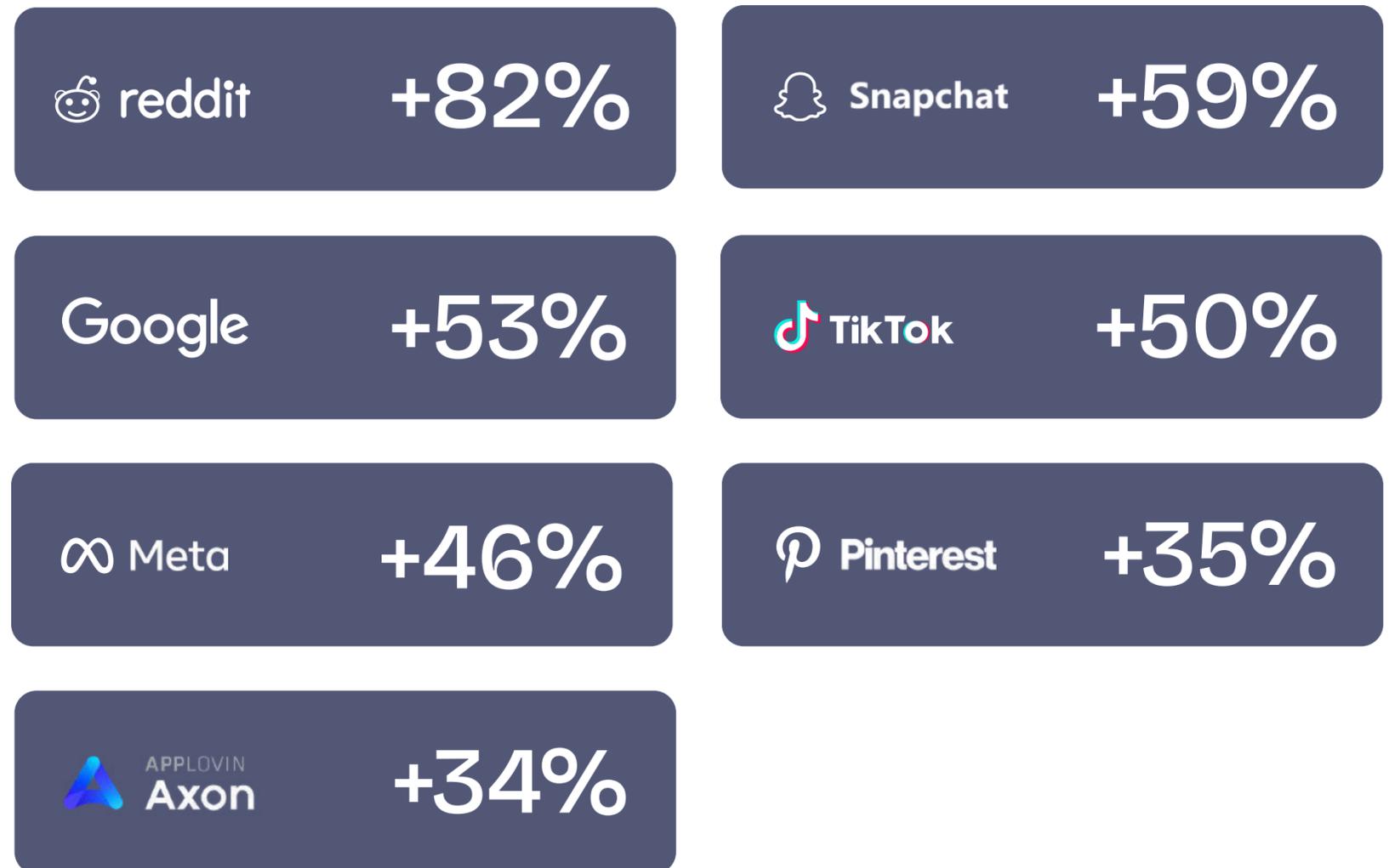
Diversification is driving the next phase of retail media growth

Growth now comes from **broader channel portfolios**

Performance scales as the retail media market expands

In 2025, spend increased across a wider range of channels - signalling a market that's expanding in breadth rather than rotating budget from one dominant winner to another. Core platforms continued to grow, but brands also broadened their media mix, building presence across more environments than in previous years.

Diversification as a growth strategy

Leading brands adopted portfolio-based strategies - combining scale from core platforms with incremental reach and efficiency from newer ones. The result was both risk mitigation and compounding returns across the funnel.

Two tiers of diversification are driving impact

Emerging spend channels across Fospha's client base (<1% of wallet) such as Axon, RTB House, and Reddit gained rapid adoption as brands tested new, less competitive environments. Alongside them, mid-size growth channels (1-5% of wallet) including Pinterest and Snapchat moved from testing into confident scaling.

A bigger pie, shared across more platforms

This diversification didn't come at the expense of core channels. Spend rose across Meta, Google, and TikTok - reinforcing that the total opportunity is growing. In 2025, diversification proved to be a lever for expansion rather than substitution.

Spend is up 23% overall YoY, with RTB House, Reddit and Axon leading with dramatic growth

Size/growth	Steady growth	High growth	Rapid growth
Major (›5% SoW)	TikTok Meta Google PPC Generic Google PMax		
Mid-size (1-2% SoW)	YouTube Snapchat	Pinterest Google Demand Gen	
Emerging (<1% SoW)	X/Twitter Google Display		Reddit RTB House Axon/Applovin

Axon is where the best BFCM performers made a bet - and they were rewarded

The best performing advertisers spent 5X more than other brands during BFCM 2025

Axon remains an emerging platform in most media mixes, but during BFCM 2025 it showed a clear pattern of elite adoption. Brands delivering the strongest year-over-year revenue growth allocated 5% of budget to Axon, compared to just 1% among the rest of the market - a 5X difference.

Crucially, this wasn't speculative spend. During peak, Axon CAC was 31% more efficient than BAU on average - **the 2nd best cross-channel improvement**. Axon is evidently a strong driver of new customer efficiency under the most competitive conditions of the year.

This is a meaningful signal. Axon's ability to both attract investment from top performers and outperform BAU efficiency during peak suggests it is becoming a deliberate source of incremental growth.

A peak-proven contender for 2026

BFCM is where channels earn trust. Axon's ability to attract top performers and deliver under peak pressure positions it as one of the most credible emerging contenders heading into 2026. Expect continued momentum as more brands follow the lead of those who moved first - and moved early.

31%
Improvement in CAC during BFCM 2025

Brands who grew revenue the most year-over-year during BFCM spent 5% of budget on Axon

5% Top 25% performers (Axon budget)

1% Remaining brands (Axon budget)

5x
greater budget allocation to Axon for top performers

TUBESCIENCE

Channel-native creative is the unlock for **next-channel scale**

TubeScience's analysis of 60+ scaling DTC and retail brands shows a clear pattern: brands reaching 7-figure/month spend on YouTube and Axon don't repurpose Meta ads - they build channel-native narrative creative from day one. TubeScience's expertise suggests that Axon is now amongst the largest scale opportunities - but only when supported by the right creative approach.

The creative unlock

67% of top-performing Axon ads are **over 30 seconds long**, challenging short-form assumptions. Brands that scale successfully build channel-native narrative creative by audience and funnel stage, and pair it with full-funnel measurement to prove impact and scale with confidence.

Proof of scale across sectors

- Beauty: Scaled Axon 103× in 5 months to 7-figure monthly spend
  - iCPA 65% better than goal
  - 4.7× incremental revenue lift (geo-lift confirmed)

- Meal kits: Scaled YouTube + Axon 25× in 4 months
  - Maintained efficient CPA at 7-figure monthly spend

Here's what the top performers are doing differently:

1. Build 30–60s narrative creative (problem → proof → offer)

2. Personalize by audience and funnel stage

3. Measure incrementality (geo-lifts + always-on measurement)

4. Reallocate spend dynamically as headroom appears

67% of top-performing Axon ads use long-form narrative creative

RTB House is a strong choice for new customer efficiency

RTB House was the fastest growing platform of 2025

As a programmatic platform powered by 100% deep learning, RTB House combines high-intent demand capture with scalable prospecting across the open web, making it effective both at capturing existing demand and driving incremental new customer growth.

Leading CAC performance at increasing scale

RTB House's performance has scaled alongside spend. In 2025, investment grew 276% YoY while efficiency improved in parallel. The platform ranked #1 for CAC (lowest cost to acquire new customers) and second overall for ROAS, positioning RTB House as a high-efficiency lever for incremental growth within a diversified media mix.

Strong early signals, with the next test up ahead

As brands broaden their channel portfolios, RTB House is increasingly carving out a role as a scalable, full-funnel performance engine. If current trends continue, it is well positioned to play an important role for brands looking to expand acquisition without inflating blended CAC in 2026.

RTB HOUSE =

276%
increase in spend YoY

#1
channel for CAC in 2025

#2
channel for ROAS in 2025

43%
CPP improvement YoY

"

"It's encouraging to see how growth is increasingly coming from diversified, full-funnel media strategies. The strong CAC and ROAS results reflect how display across the open web can influence every stage of the journey."

Przemek Wyszynski, Managing Director, RTB House

Reddit's growing communities are translating into efficient performance

A fast-growing community advertisers can't ignore

Reddit's value starts with its audience. By Q3 2025, the platform reached <u>121 million daily active users</u>, growing 19% YoY. These are highly engaged, interest-led communities built around real discussion. As that audience has scaled, advertisers have increasingly leaned in - with Reddit seeing a sharp YoY spend ramp.

Explosive growth, with efficiency improving in parallel

That increased investment has delivered tangible results. In 2025, revenue increased 257%, while cost per purchase improved by 34% and ROAS increased despite higher spend. This is a rare combination of rapid scale and improving performance.

Why Last Click undervalues Reddit's impact

Only 3% of revenue credit is captured by Last Click, making Reddit the most under-valued channel in the mix. Reddit ads influence discovery, trust, and consideration - impact that surfaces later in the funnel and is missed by a 'click only' strategy. As brands look beyond Last Click, advertisers will increasingly find that Reddit's contribution has been materially underestimated.

245%
higher Reddit spend YoY

257%
higher Reddit revenue YoY

3.6%
higher ROAS YoY

-34%
better CPP YoY

"

"The real return isn't in the click, it's in the conversation. Those conversations unlock long-term ROAS, especially when combined with our AI-led Max Campaigns and Reddit's uniquely high intent communities."

- Dennis Cardoso, Global Head of Marketing Science, Reddit

Pinterest is scaling - and large brands are leading the way

A highly visual platform built for inspiration and consideration

Pinterest reaches more than <u>619 million monthly active users</u>. Unlike purely social environments, Pinterest users come to the platform with the intent to search, plan and shop. That makes Pinterest uniquely positioned to influence decisions across the full funnel.

Pinterest breaking through Last Click limitations

Pinterest saw one of the fastest adoption jumps of any channel in 2025, with spend up 131% year-over-year. Yet Last Click captures just 5% of Pinterest's total impact, leaving most value invisible in traditional reporting. In a budget-constrained market, brands wouldn't scale investment this quickly without seeing real incremental returns - signaling growing confidence in Pinterest's true performance.

Large brands are leaning in fastest

Among brands spending more than $600k per month, Pinterest share of wallet increased 77% year-over-year, outpacing the wider market. As mature channels become more saturated, enterprise advertisers are leaning into Pinterest to unlock incremental reach and future demand.

131%
higher Pinterest spend YoY

77%
Pinterest share of wallet increase YoY for large brands (>$600k spend per month)

> *"People turn to Pinterest from the moment they start gathering ideas right through to when they make a purchase, so our value is inherently full-funnel. Once advertisers move beyond Last Click, it's clear that a lot of Pinterest value, and budget, has been left on the table."*
>
> - Rebecca Rangeley, Head of Partner Measurement, UK & NL, Pinterest

Top **Pinterest** performers scale aggressively during peak

To understand the habits of the best performers in Pinterest itself (i.e. most revenue and best ROAS generated through Pinterest in 2025), we looked into their approach during peak.

Top performers lean into Pinterest as a scalable growth channel

Top Pinterest revenue performers ramp investment early in the year, build momentum through spring, and then re-accelerate sharply into Q4, culminating in a pronounced November peak. This indicates a deliberate decision to use Pinterest as a peak-driving growth lever rather than a test-and-learn channel.

In contrast, the remaining 75% follow a flatter, more linear spend curve. Investment increases gradually across the year, with smaller seasonal swings and no clear step-change around peak. This suggests a more cautious approach, where Pinterest is treated as a supporting channel rather than a core driver.

The size of the gap between the two lines during peak is the key signal: top performers concentrate budget at high-impact moments. That concentration reflects higher confidence in Pinterest's ability to convert increased investment into incremental revenue.

Top Pinterest performers scaled more aggressively during peak period

● Top 25% of revenue performers

● Remaining 75% of revenue performers
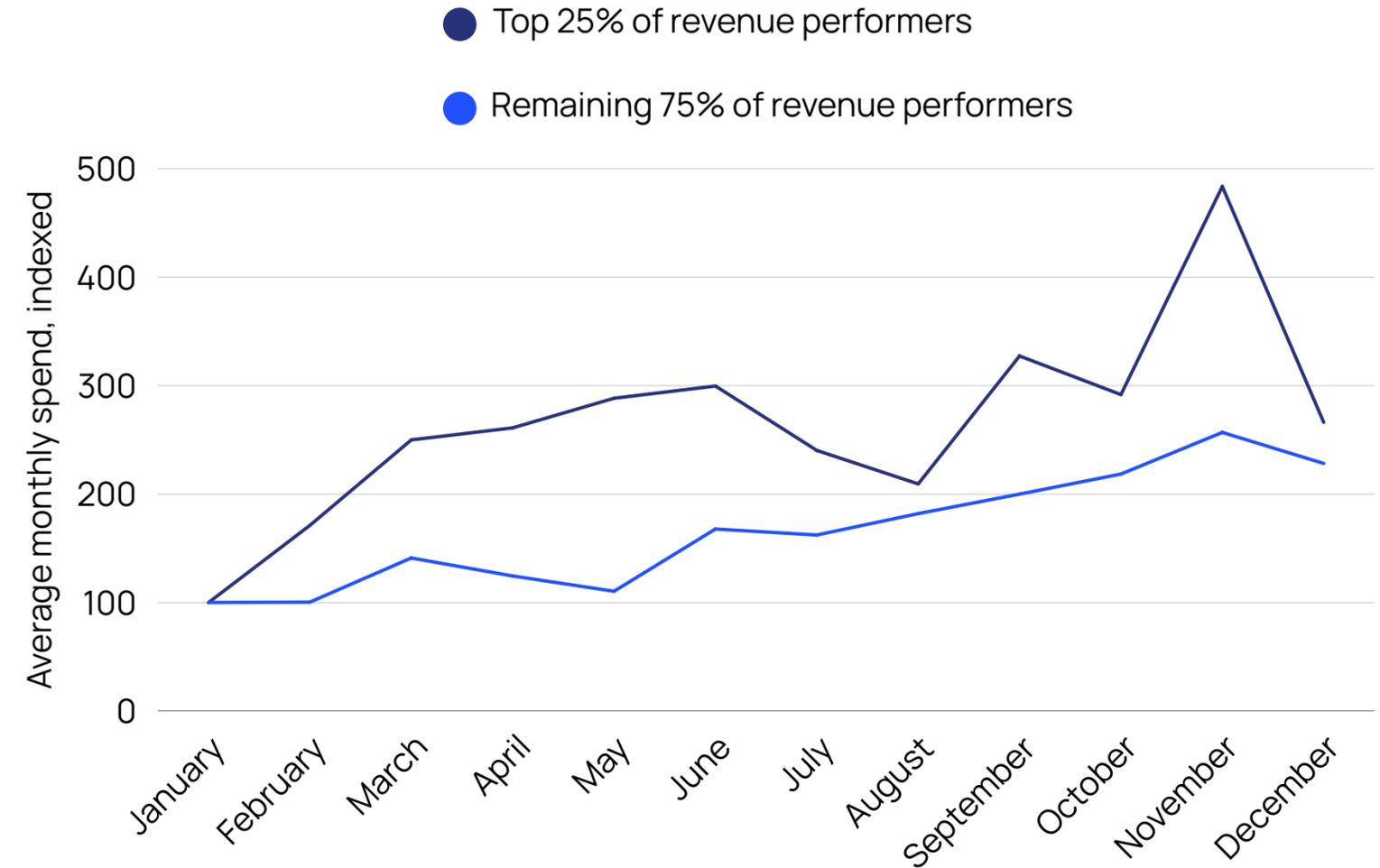
Snapchat's growing role in driving efficient performance, especially for beauty brands

Snapchat's performance proves impact as a performance channel

Snapchat reaches <u>474 million daily active users</u> globally as of Q4 2025, giving brands access to one of the largest audiences in digital. Historically positioned as an awareness-first platform, Snapchat is increasingly demonstrating its ability to drive measurable performance outcomes, moving it firmly into the performance conversation.

Performance gains backed by efficiency

That shift is being supported by improving efficiency across key metrics. In 2025, Snapchat generated the second-best CAC of any channel, while cost per purchase improved 4% year-over-year and CPMs fell 5%. Together, these trends position Snapchat as a scalable option for teams seeking efficient customer acquisition without sacrificing volume.

Particular popularity across the beauty industry

Beauty brands are also spending ›2X more in Snapchat than brands in other industries. For beauty, Snap also demonstrated the strongest growth potential and 2nd lowest CAC as of Q4 2025. Snapchat's visual nature is a clear strong fit for this industry.

2nd

lowest CAC in 2025

(overall, and for the beauty industry specifically)

2X

greater spend for beauty

(in Snapchat, compared to other industries)

"

"Brands unlocking significant growth on Snapchat are activating full-funnel strategies. Marketers can consider allocating spend based on incremental contribution because real impact depends on a truly unified cross-channel view."

- Sheila Bhardwaj, Revenue Product Partnerships, Snap Inc.

Full-funnel activation within channels drives performance

Core platforms perform best when activated **full-funnel**

**Scale platforms are no longer lower-funnel only**

Core platforms like Google and Meta were once treated primarily as conversion engines. Today, the strongest brands run them holistically. Full-funnel activation works because platforms now offer native upper- and mid-funnel surfaces alongside conversion environments. When brands build demand upstream and capture it downstream, algorithms learn faster, audiences expand, and conversion efficiency improves.

Better in-platform efficiency, stronger blended outcomes

Brands investing across the full funnel consistently see higher revenue, lower acquisition costs, and more sustainable growth. Performance is no longer driven by pushing harder on the bottom of the funnel alone, but by compounding impact across the entire journey. In practice, this can look like combining Google's Demand Gen with Performance Max and Search - using visual and discovery-led formats to shape consideration before capturing intent.

What this section covers

The rest of this section dives into what full-funnel activation looks like in practice. We explore the funnel strategies of top performers across major channels (Google, Meta and TikTok) and real-world case studies that demonstrate how full-funnel strategies translate into growth.

● Lower funnel   ● Mid-funnel   ● Upper funnel
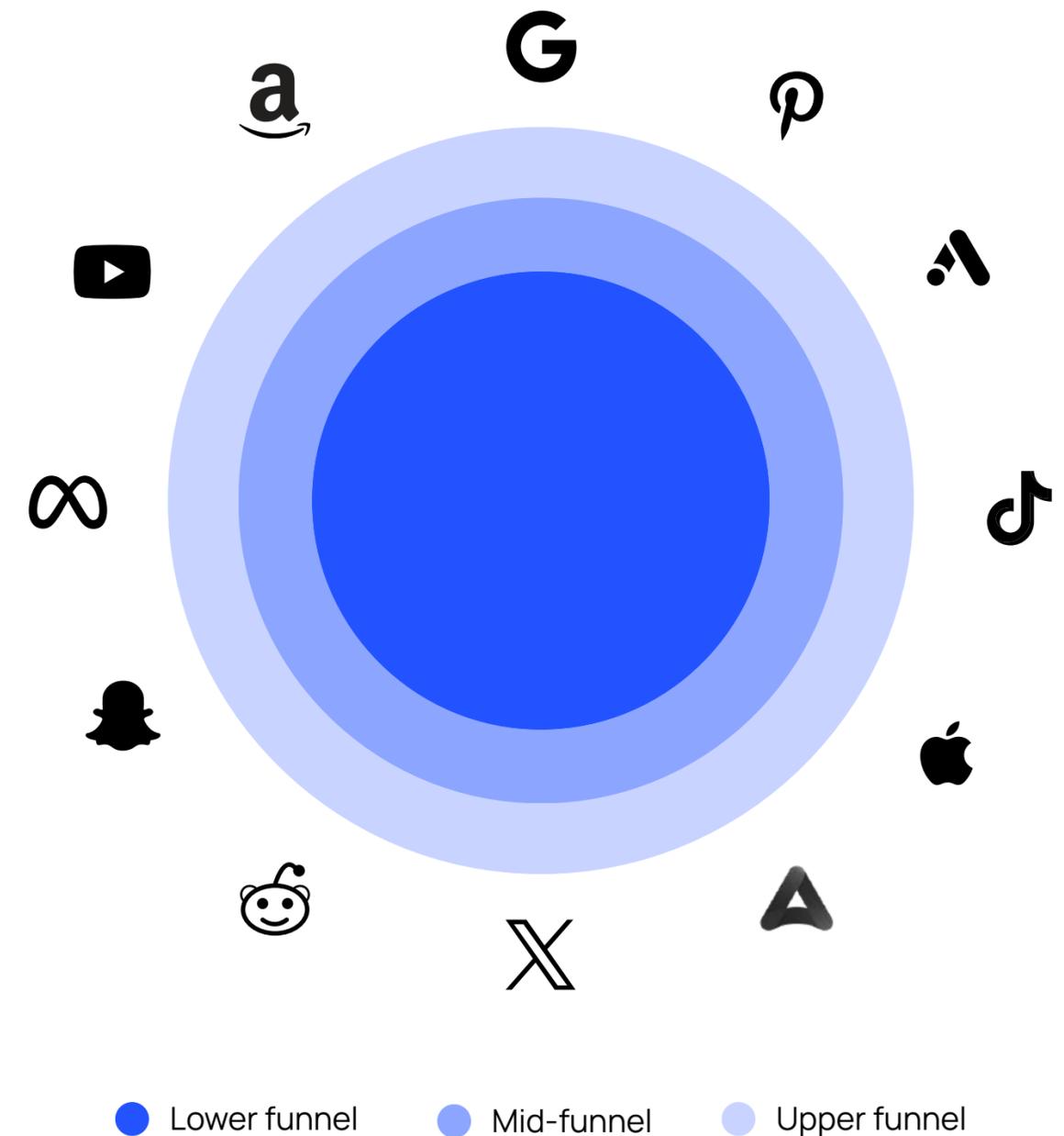
The top quartile of brands for blended ROAS invest **full-funnel** in Paid Social

Top brands at blended level invest across the full funnel

When we analyzed the top quartile of brands for blended ROAS, they consistently allocated more budget to brand-building activity than the rest of the market - signalling that upstream investment plays a material role in driving downstream efficiency. On average, top performers now spend 26% of budget on brand-building overall, compared to just 11% for the remaining brands.

This trend is particularly pronounced in Pinterest and Snapchat

The top quartile of Pinterest revenue leaders spends a huge 32% in Brand, while for Snapchat revenue & ROAS leaders it's 25-26% - a strong signal that taking advantage of these platforms' full-funnel capabilities enables stronger performance.
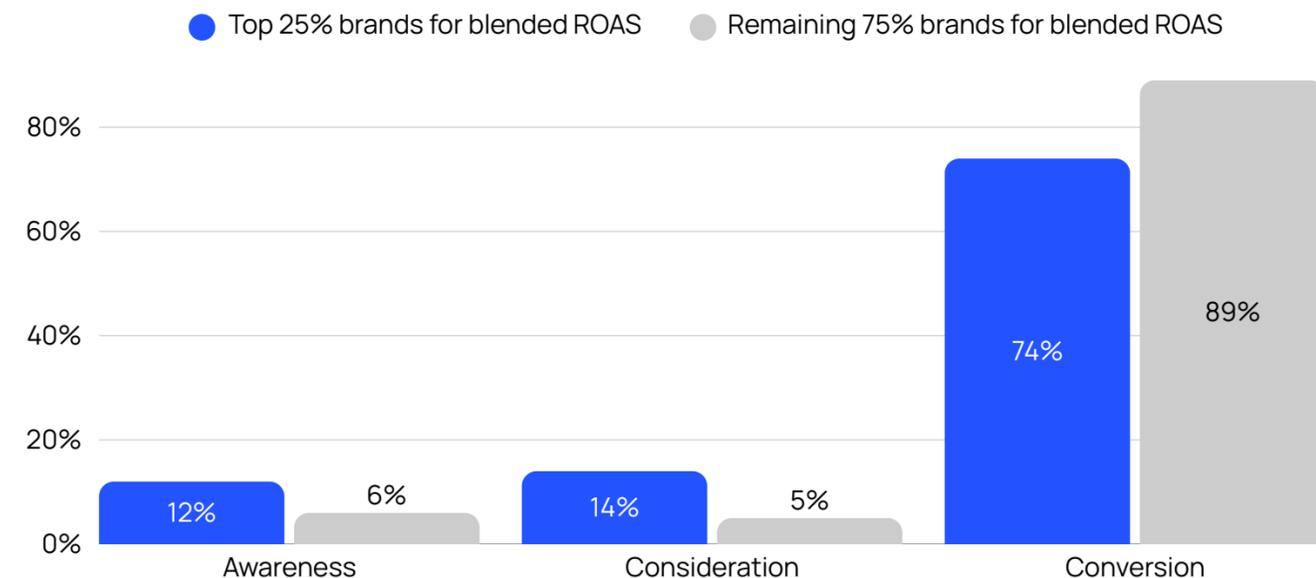
32%
of Pinterest budget in Awareness and Consideration for the top quartile of Pinterest **revenue leaders**

25%
of Snapchat budget in Awareness and Consideration for the top quartile of Snapchat **revenue leaders**

Top-performing brands win by investing across the full funnel

On average, top performing brands spend:

2x more
on awareness and consideration *

● Top 25% brands for blended ROAS   ● Remaining 75% brands for blended ROAS

	Awareness	Consideration	Conversion
Top 25%	12%	14%	74%
Remaining 75%	6%	5%	89%

* The top-performing brands for blended ROAS spend an average of 26% of Paid Social budget on Brand, compared to just 11% for the average brand.

# Meta, Google and TikTok became **more efficient** at increased spend in 2025

All four major platforms improved efficiency in 2025

CPP reflects the average cost of acquiring both new and returning customers, making it one of the clearest indicators of channel efficiency at scale. Despite rising media costs, all four channels saw a reduction in CPP as spend levels rose. Meta and Google PMAX - two of the highest-volume channels - delivered the biggest gains, with CPP improving by 4.5% and 5.4% respectively. TikTok and Google PPC also showed meaningful improvements, down 1.6% and 1.5%.

What's driving the efficiency gains?

There are a few likely contributors. First, we may be seeing better platform optimization - brands learning how to scale these environments more effectively. Second, many of these channels rolled out new AI-driven tools in 2025, making it easier to allocate budget, generate creative, and reach the right audiences. In the case of Google, >90 quality improvements in Performance Max were launched that increased conversions and conversion value by >10% for advertisers. Finally, more consistent full-funnel investment could be improving downstream conversion rates, particularly on platforms like Meta and TikTok.

All four major channels saw cost per purchase reductions at higher spend levels in 2025

Meta   -4.5%

Google PMAX   -5.4%

Google PPC Generic   -1.5%

TikTok   -1.6%

% of Cost Per Purchase Improvement
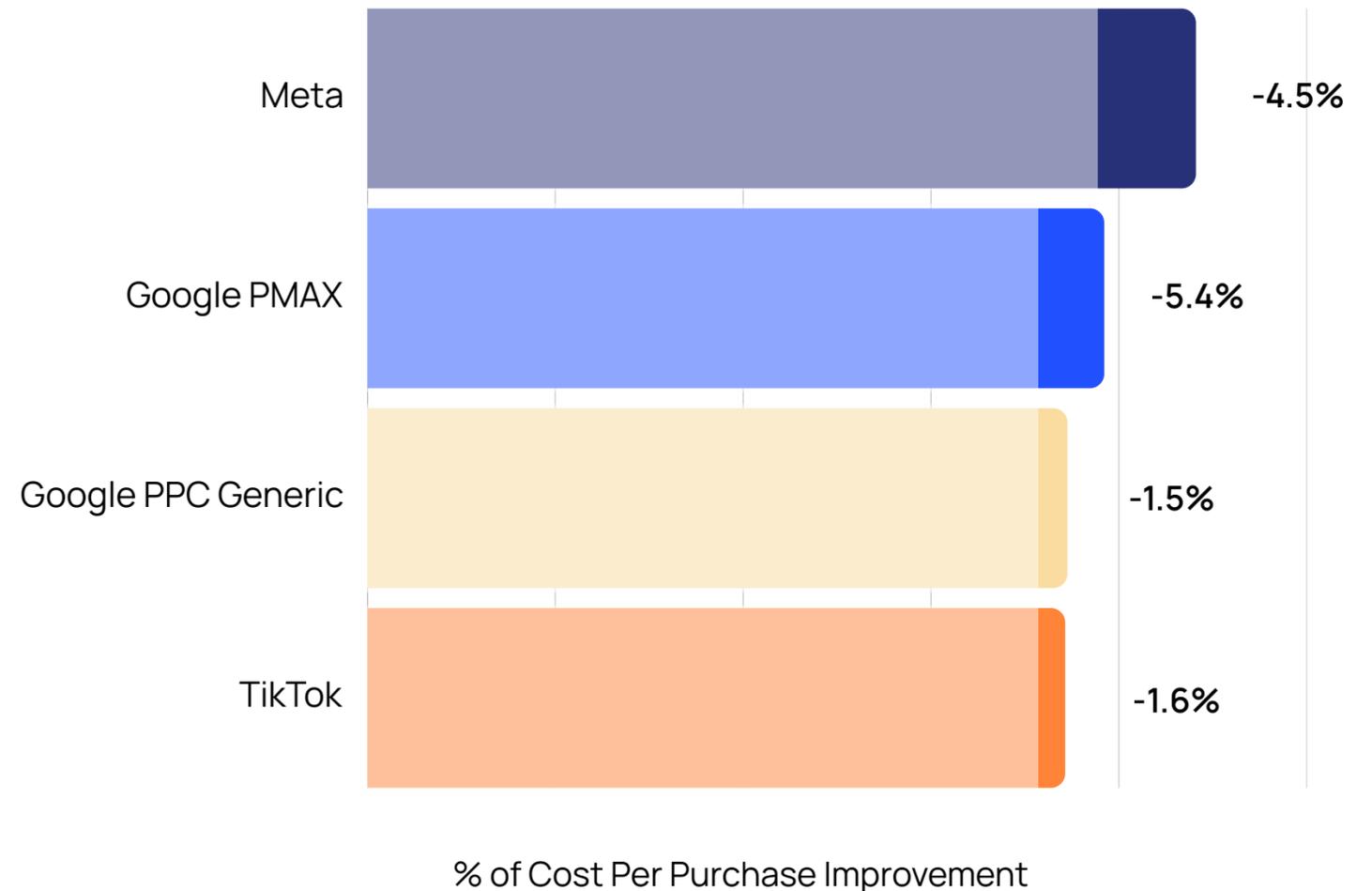
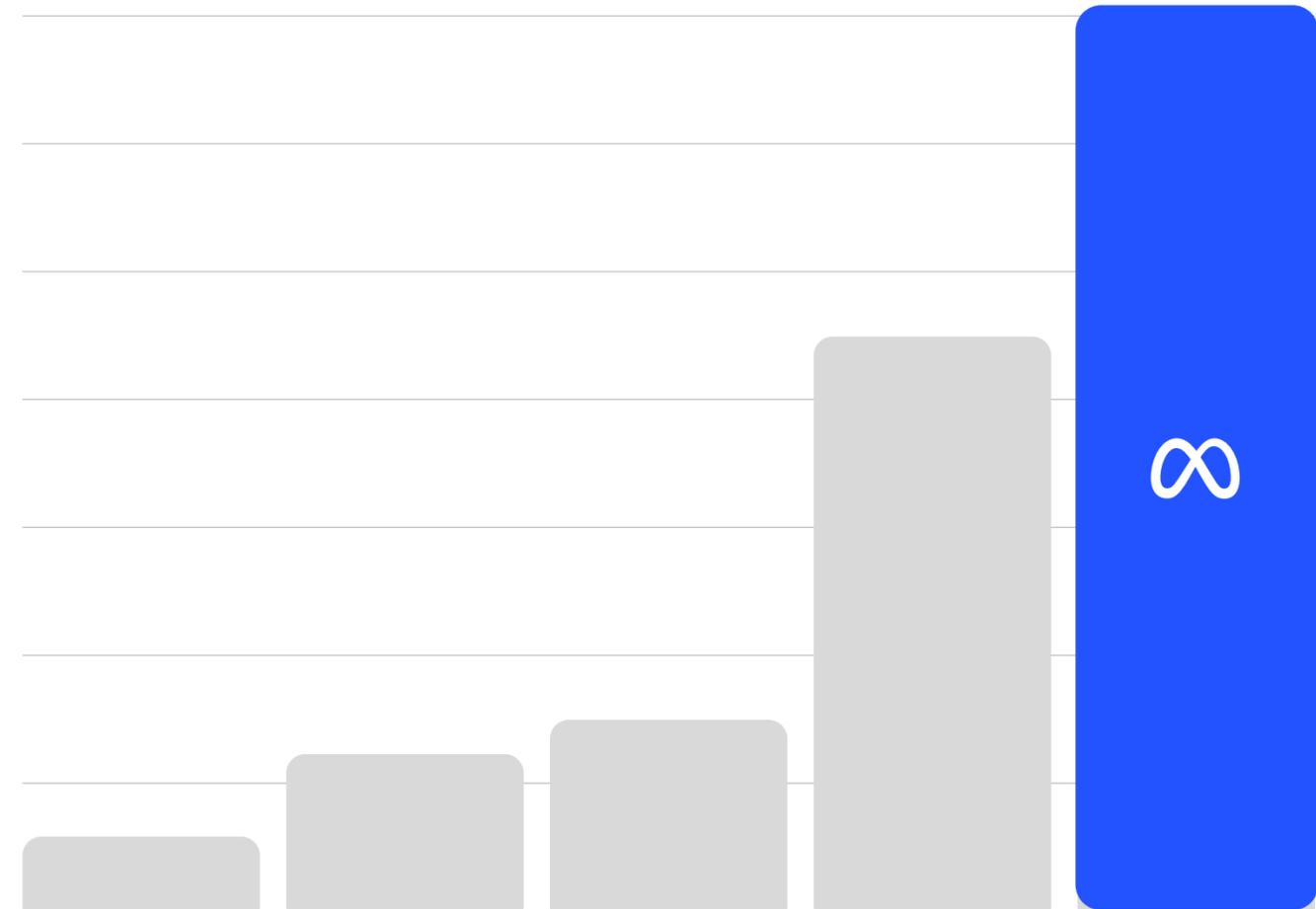# Meta remains the **dominant driver** of new customer acquisition

The largest channel, with consistent performance at scale

Meta continues to operate at unmatched scale. It remains the largest channel by a significant margin. That scale is underpinned by consistent, proven performance - keeping Meta firmly embedded in most media plans. Even in a year when many brands tightened budgets, spend on Meta grew 21% year-over-year.

A full-funnel engine for acquiring new customers

Meta's reach across Facebook and Instagram enables brands to generate and capture demand within one platform. In 2025, Meta ranked as the #1 channel for new customer conversions, reinforcing its role as the performance anchor for growth at scale.

21%
YoY spend growth on Meta

Meta was the #1 channel for new customer conversions in 2025

Investing in both Paid Social + Google's Demand Gen and YouTube generated **better efficiency** in 2025

Why running Paid Social and YouTube/Demand Gen works better

Some brands still treat Google's Demand Gen and YouTube (VRC/VVC campaigns) campaigns as optional - nice-to-have layers that sit on top of a Paid Social engine. But the data suggests that combining the two isn't just additive; it's a multiplier.

Cross-channel brands see stronger efficiency

Brands spending in both Paid Social and Google's visual surfaces had a cost per purchase 11.3% lower than those investing in Paid Social alone - a clear signal that creative exposure across multiple platforms improves downstream conversion.

The best advertisers know: a rising tide floats all boats

Diversification is power - Demand Gen and YouTube work alongside Paid Social to improve overall campaign efficiency, by generating interest in new environments and nudging users towards purchase.

Paid Social only

⬆ higher CPP

Paid Social ➕ YouTube/Demand Gen

11% lower CPP   Cross-channel efficiency

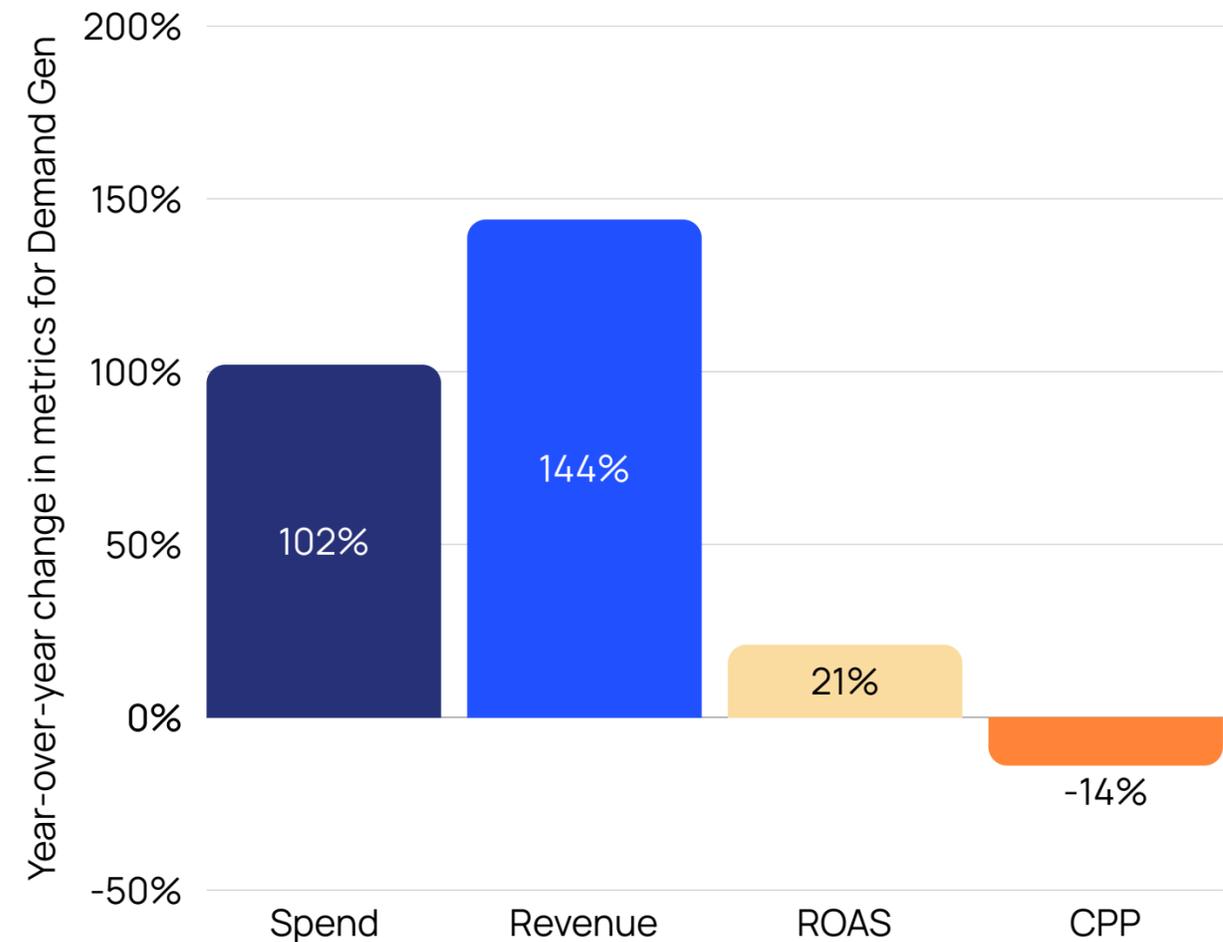# Demand Gen became a **standout player** in Google's arsenal in 2025

Demand Gen emerged as Google's fastest-growing surface in 2025

Demand Gen combines mid- to lower-funnel performance with some of Google's most visual and immersive environments: YouTube, Discover, Gmail, and Google Video Partners. By pairing high-impact creative formats with Google AI, Demand Gen helped advertisers reach new audiences and generate demand before intent is captured by Search - reinforcing the growing impact of AI-powered surfaces on performance outcomes.

In 2026, Demand Gen is set to play an even larger role in full-funnel strategies

As advertisers continue to lean into automation and creative-led formats, we expect greater investment in Demand Gen as a scalable bridge between upper-funnel influence and lower-funnel efficiency, particularly for brands looking to grow incrementally rather than compete solely at the point of intent.

Demand Gen's share of wallet in 2024 vs. 2025:

1.1% Share of wallet in **2024**

2.4% Share of wallet in **2025**

Significant YoY gains for Demand Gen across spend, revenue, ROAS and CPP

Year-over-year change in metrics for Demand Gen

Category	YoY change
Spend	102%
Revenue	144%
ROAS	21%
CPP	-14%

High ROAS on Demand Gen is the result of sustained, confident investment once performance is proven

Demand Gen and YouTube's highest ROAS beneficiaries also invest the most in the platforms

When we examine the top quartile of brands for ROAS in Demand Gen specifically, we see a trend emerge: both revenue and efficiency are driven through scale.

The top Demand Gen performers spend 4.2% of their wallet in the channel on average, almost double that of the remaining 75%. It's likely these brands are investing more because they've already seen strong results from Demand Gen - they've taken time to optimize performance and are now in a position to scale with confidence.

Scale follows proof

Zooming out to blended metrics confirms the same trend. The brands that achieved the strongest blended revenue growth in 2025 ramped Demand Gen share of wallet by 156% year-over-year.

Year	2024	2025
Demand Gen share of wallet, **top 25%** performers for ROAS in Demand Gen	2.90%	4.20%
Demand Gen share of wallet, **remaining 75%** performers for ROAS in Demand Gen	1.70%	2.90%

2X higher Demand Gen share of wallet for top 25% ROAS performers in the platform

Investing in Demand Gen also **boosts performance** downstream in PMAX and Brand Search

We analyzed 50 Fospha brands to understand whether increasing Demand Gen spend improves performance further down the funnel. To answer this, we created two matched groups of 25 brands each:
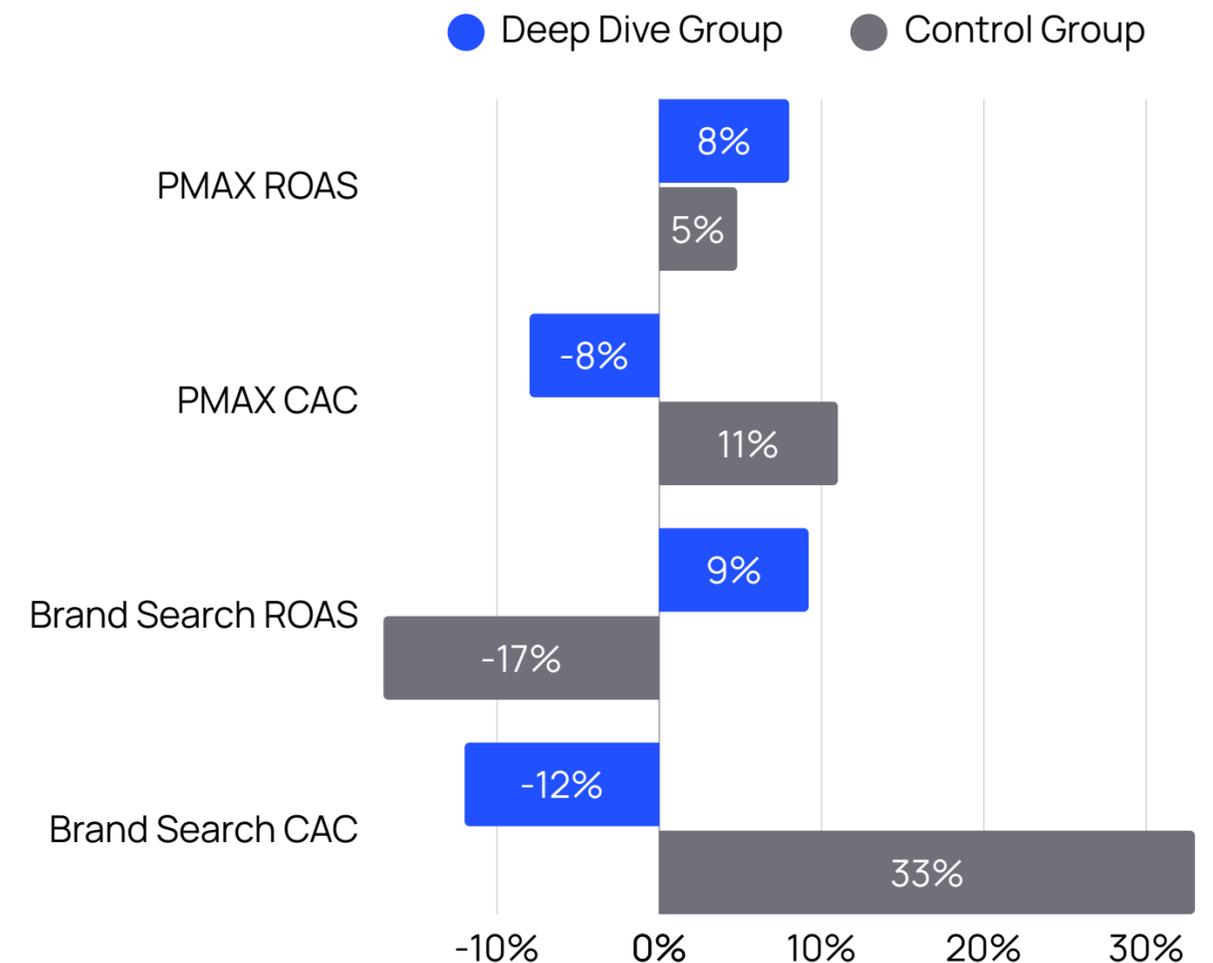
- Deep Dive group (25 brands): Significantly scaled Demand Gen spend (+367% YoY)
- Control group (25 brands): Maintained relatively stable Demand Gen investment (+43% YoY)

Brands that scaled Demand Gen saw meaningfully stronger efficiency improvements:

Group	Demand Gen Spend Increase (%)	PMAX Spend Increase (%)	Brand Search Spend Increase (%)
Deep Dive Group	366.7	7.3	4.6
Control Group	42.7	8.3	11.9

Overall, brands that aggressively increased Demand Gen investment saw **2.4x higher ROAS** improvements across PMAX and Branded Search and materially stronger CAC outcomes versus the matched control group.

Scaling Demand Gen drives higher ROAS% and lower CAC% across Performance Max and Brand Search

Legend: ● Deep Dive Group ● Control Group

Metric	Deep Dive Group	Control Group
PMAX ROAS	8%	5%
PMAX CAC	-8%	11%
Brand Search ROAS	9%	-17%
Brand Search CAC	-12%	33%

Top performers spend more in TikTok during BFCM, and lean into the platform's **full-funnel**

TikTok will remain a core channel in 2026

Spend in TikTok has continued to grow YoY. With its impressive suite of AI tools and clear performance year after year, TikTok is now a core channel in most brands' media mixes.

Best overall performers during BFCM devoted a significant portion of budget to TikTok

During BFCM 2025, the top 25% of all brands by year-over-year revenue growth devoted 12% of their total budget to TikTok, compared to just 7% among the remaining 75%. This step-change in wallet share suggests that the strongest performers don't treat TikTok as a marginal test channel during peak - they make it a core pillar of their trading strategy.

Best TikTok revenue performers in 2025 invested more across the platform's full funnel

We also wanted to understand what set apart the brands driving the strongest results on TikTok in 2025 - specifically, the top quartile for both revenue and ROAS. The clearest pattern was investment mix. High-revenue brands spent significantly more on upper funnel activity: 16% on awareness and 12% on consideration, compared to just 2% and 7% for the bottom 75%. The same trend was present for top ROAS leaders.

Best performers during BFCM devoted a significant portion of budget to TikTok*

Top 25% of performers

12%

of total budget allocated to TikTok

⬆ **+5pts vs. rest**

Remaining 75% of performers

7%

of total budget allocated to TikTok

*TikTok wallet share: Fospha data, BFCM 2025

Brands who invest in both TikTok Ads and TikTok Shop **perform best**

This question is increasingly surfacing across our customer base: should I be investing in TikTok Shop and GMV Max, or should I stick to what I know with TikTok Ads?

While Fospha's data set is still expanding, with many brands only launching their TikTok Shop presences this year, early data is highly promising for brands who are choosing to invest across both Ads and Shop.

We looked at year-over-year growth in total conversions, new customers and ROAS. Across all three metrics, brands who generate sales across both Ads + Shop performed better than brands with just a TikTok Ads presence, or just a TikTok Shop presence.

Why does this matter?

It indicates that both these products complement each-other in driving overall better TikTok performance. This balanced strategy allows advertisers to drive discovery and demand through Ads while capturing conversions through Shop.

28%

better YoY new customer growth for brands generating sales across both TikTok Ads and Shop

9%

YoY increase in ROAS for brands generating sales across both TikTok Ads and Shop

How Adanola achieved **explosive growth** with a full-funnel strategy

Adanola, an athleisure and lifestyle label, struggled to justify upper-funnel investment under Last Click attribution. To support rapid growth in the UK and US, the team adopted a full-funnel strategy and used Fospha's measurement and Beam forecasting to assess headroom and quantify the incremental impact of Awareness and Consideration spend.

How they did it

- Moved to a balanced, full-funnel mix across Meta, TikTok and Google.
- Shifted ~50% of Paid Social spend into upper-funnel activity.
- Used daily channel-health checks to guide optimization.
- Used Beam to model scaling scenarios and identify where investment would drive incremental growth.

The results

- **2.5X US revenue growth** in 12 months
- **48% uplift in UK ROAS** while increasing spend by **30%**
- **96% increase in Meta ROAS** and **43% lower CAC**
- **68% TikTok revenue uplift** and **17% lower CAC**
- **30% PMAX revenue uplift** and **50% higher quality traffic**

ADANOLA

2.5X
growth in US revenue within 12 months

+48%
uplift in UK ROAS with a 30% increase in ad spend

How Superdry became one of **Fospha's top performers in 2025**

Superdry, a global fashion brand, was one of Fospha's top performers during BFCM 2025 - a critical moment where brands that win peak set themselves up to win the year. As the brand launched Superdry & Co earlier in 2025, the team partnered with Fospha to move beyond Last Click measurement and confidently scale a full-funnel Paid Social strategy.

How they did it

- Adopted a balanced, full-funnel Paid Social strategy across Meta and TikTok.
- Used Fospha's full-funnel measurement and benchmarking to guide budget allocation.
- Maintained upper- and mid-funnel investment into peak rather than over-optimizing for short-term conversions.
- Scaled spend strategically in-week during BFCM, informed by Fospha's Peak insights.

The results

- **15% YoY increase in blended ROAS** during BFCM.
- **320% YoY increase in Meta ROAS** at **9.5% lower spend**.
- **275% increase in TikTok ROAS** at **47% higher investment**.

+15%

YoY increase in blended ROAS during BFCM

+320%

YoY increase in Meta ROAS

AI-led automation becomes a **performance advantage**

Automation will make it **far easier** to optimally allocate spend

Automation is reshaping performance in 2026

In 2025, automation became a defining force in performance marketing. Ad platforms increasingly automate bidding, targeting, and creative delivery, while media mixes continue to grow in scale and complexity. This has shifted optimization away from manual campaign management toward systems that can act continuously across channels.

Why this matters for marketers

In 2026, teams that rely on manual optimization are increasingly limited to the biggest channels and highest-spend campaigns, leaving long-tail opportunities underexploited. In contrast, brands that connect measurement, planning, and execution into a single loop can move budget faster, adapt in real time, and scale more efficiently as complexity increases.

Fospha's solution: Prism

Prism applies Fospha's full-funnel measurement to automated budget allocation. It identifies where the next dollar of spend is most likely to drive profitable growth and feeds those signals directly into automated systems, enabling continuous reallocation without manual intervention. Today, Prism executes these decisions through Smartly's Predictive Budget Allocation (PBA). In early pilots across 5 brands, brands using PBA powered by Fospha data saw a +38% PoP lift in ROAS.

Google: How AI-led automation is **changing the game**

Advertisers can now focus less on execution and more on strategy

Google's ad ecosystem is doubling down on automation. In 2026, Performance Max, AI Max for Search, and Demand Gen are central to how brands run campaigns.

As AI becomes more capable of understanding customer intent across search, YouTube, and beyond, it removes the guesswork from campaign setup and drives predictable performance.

Creative and content will power AI

AI works best when it has high-quality fuel. That's why Google is urging marketers to invest in Asset Studio and rich creative libraries that feed into Performance Max and Demand Gen. As generative AI tools reshape the search experience into visual and conversational journeys, marketers must prepare creative systems that scale.

Best practice adoption is still the bottleneck

The tools are powerful - but only when used correctly. Many advertisers haven't yet adopted Google's best practices, particularly around budget agility, AI targeting & creatives, and creative asset diversity. That gap will be a major focus in 2026.

Google is putting resources into enabling marketers to move from basic activation to optimal configuration, ensuring that high-potential tools actually perform. As marketers align more closely with finance teams around shared ROI goals, this shift from reactive to proactive strategy will be the unlock for growth.

How TikTok's AI-powered tools **power** its ecosystem

Within TikTok Ads are a number of AI-powered tools available to brands, that fuel the entire ad creation process: from ideating, to generating more effective, native and scalable creatives. We'll dive into each one in detail below:

Smart+: scaling efficiently with AI-powered automation

TikTok's fully automated campaign type that removes the guesswork from targeting and bidding, helping brands scale efficiently while maintaining control where it matters most to drive strong performance.

GMV Max: unlocking full value from TikTok Shop

The default solution for TikTok Shop ads, GMV Max uses AI to maximize total sales value across shoppable videos, LIVE, and affiliate content.

Symphony: AI-driven creative at scale

Features TikTok's creative assistant that accelerates scriptwriting and concept generation, ensuring brands can produce a constant flow of native, on-trend content.

*Across 5 beta customers (Nov–Dec 2025), Fospha's Unified ROAS averaged 1.8x higher than TikTok Ads Manager's reported ROI for GMV Max.

+81%
average GMV Max ROAS uplift when including Amazon and Web sales*

4.17%
of Smart+ ROAS is captured by Last Click measurement

18X
increase in Smart+ spend YoY

85%
better YoY conversions growth for brands generating sales across both TikTok Ads and Shop

60%
growth in TikTok Shop spend YoY in 2025

TikTok's AI ecosystem is **reshaping** how brands scale creative and performance

2026 will reward creative speed over volume

Looking ahead, one of the clearest signals from TikTok is that creative execution needs to become faster, smarter, and more responsive. Smart+ is TikTok's response - a format designed to remove friction in campaign setup while delivering high-performance outcomes across the funnel. For brands facing higher creative burn rates, this kind of automation will become critical.

Generative tools will unlock smarter reuse

Symphony - TikTok's generative AI suite - shows how brands can now produce variation without needing volume. The promise is greater relevance: turning a single core creative into multiple formats tailored to tone and language. In 2026, this will be key to avoiding fatigue without losing coherence.

Real-time trend fluency is becoming table stakes

TikTok's own trend report makes one point clear: discovery is now driven by curiosity, not interruption. Tools like Market Scope and TikTok One Insights give advertisers real-time visibility into platform behavior so campaigns can meet culture where it's moving.

Smart+ campaigns are now 25% of the average brand's TikTok wallet, up from 1% last year

Smart+ campaigns — 25%

Manual campaigns — 75%
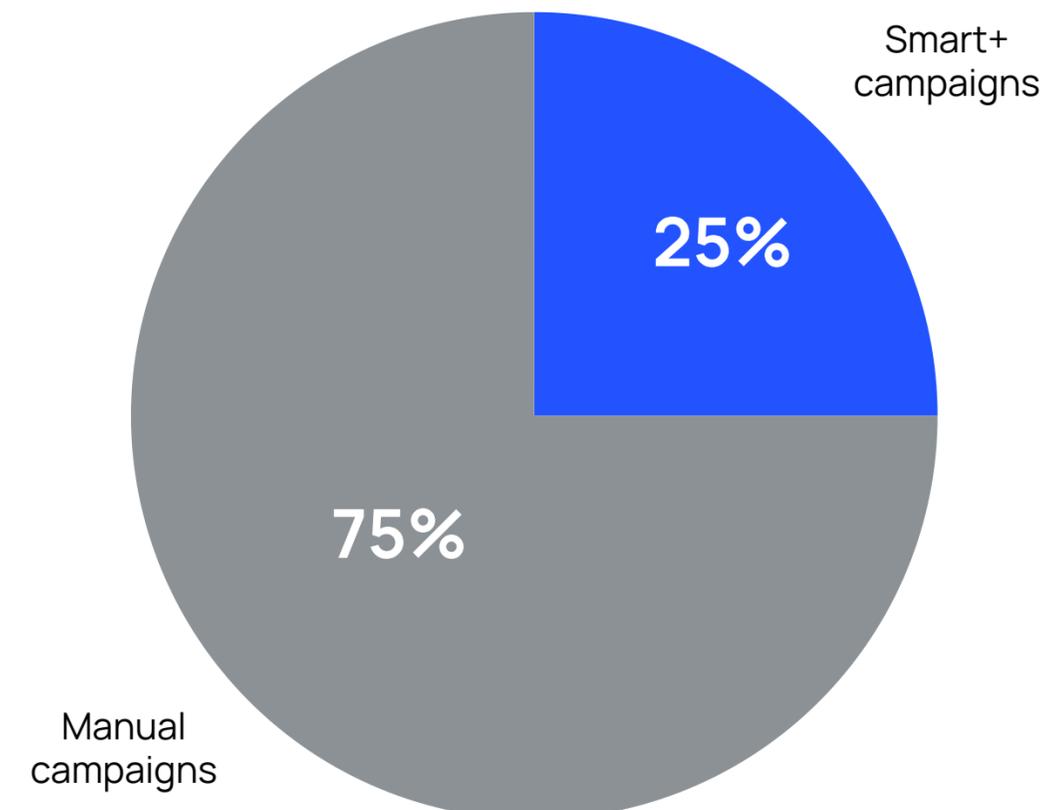
Brands investing in Meta's Advantage+ **perform better** at blended level

Brands using Advantage+ saw stronger efficiency metrics

The clearest takeaway from this data is that Meta's automation - specifically through Advantage+ - isn't just easier, it's more effective. Brands using Advantage+ saw a 41% higher ROAS and a 17% lower cost per purchase (CAC) on average compared to those running manual campaigns. That performance gap suggests the algorithm is doing its job: improving results while reducing the level of hands-on management required. For teams under pressure to do more with less, that tradeoff is becoming increasingly logical.

Advantage+ users will enter 2026 with a head start

Meta's Advantage+ campaigns have shown they can deliver meaningful results. This reflects the compound benefits of automation: better allocation, faster learning, and less drag from manual configuration. As more brands catch up, we expect the performance gap to narrow further.

Closing the execution gap: a push for best practice adoption

Meta's platform has matured, but execution hasn't always kept up, with many brands still not structuring their accounts and campaigns in line with best practice. In 2026, Meta will be actively encouraging brands to improve their set-up, and monitor the impact on performance.

41%

higher ROAS at blended level with Advantage+ versus manual campaigns in Meta

17%

lower CAC at blended level with Advantage+ versus manual campaigns in Meta

TUBESCIENCE

Why full-funnel creative depth drives Meta performance in 2026

Algorithms now reward creative breadth

TubeScience have found that today's top-performing DTC brands are driving growth through a high volume of strong, platform-native, full-funnel creative, and prioritizing this over account structure.

Tools like Andromeda, Lattice and Advantage+ no longer optimize ads in isolation. Instead, they select from an advertiser's entire creative library and dynamically sequence messaging for each user across the funnel.

When creative diversity is limited, the algorithm has little to learn from. Personalization weakens, sequencing breaks down, and brands quickly oversaturate existing audiences without reaching new ones.

Proof across leading brands

Brands across different sectors are expanding upper-funnel investment and creative breadth are seeing consistent gains:

- Pet subscription: +18% incremental purchase lift after adding upper-funnel
- Meal delivery: 80%+ subscription growth and lower CAC with 5–15% TOF investment
- DTC shapewear: –32% cost per incremental purchase from awareness-led exposure

TubeScience's observations across ~$2B in annual ad spend:

The algorithm now rewards portfolios with diverse personas, angles, formats, and funnel stages. The broader your creative, the more the system can personalize and sequence.

Allocating roughly 5–15% of budget to top-of-funnel gives algorithms the signals needed to learn, personalise and scale efficiently.

Treat creative as infrastructure: systematize across angles × formats × personas × funnel stages. This compounds algorithmic learning and prevents audience saturation.

Incremental full-funnel measurement is what ultimately validates this investment and gives teams confidence to scale it.

Automation solutions across Snapchat, Pinterest and Reddit

Snapchat

AI-powered automation built for native performance

Snapchat's AI-powered reimagined automation optimizes budgets, targeting, creatives, and delivery, while formats like Sponsored Snaps, Reminder Ads and AI Lenses seamlessly integrate into messaging and Stories to automate creative production, reduce setup effort and deliver better results at scale.

Why it works

By aligning automation with how users actually engage on Snapchat, Snapchat drives stronger conversion efficiency and scalable performance - with less operational overhead.

Pinterest

Turning discovery into performance with AI

Pinterest Performance+ uses machine learning to automate targeting, bidding, budgeting, and creative optimization across conversion campaigns. It simplifies setup, dynamically allocates spend to the best-performing audiences and placements.

Why it works

Pinterest sits at the intersection of discovery, intent and shopping. Performance+ captures high-intent users as they plan and search, using AI to match ads to signals of commercial interest.

Reddit

Automation that unlocks efficiency, transparency and performance

Reddit's Max Campaigns use AI to automate audience targeting and bidding. Advertisers set their objective, creative and audience parameters, while Reddit's AI dynamically optimizes placements across communities.

Why it works

Reddit is built around high-intent conversations. Max Campaigns tap into these with AI-powered features like Top Audience Personas and headline suggestions, which help advertisers reach the most relevant audiences and improve conversion efficiency.

Recommendations for **record-breaking** 2026 performance

Recommendations for 2026

1

The retail media market is expanding across platforms

Spend is increasingly distributed across a wider range of platforms, signalling overall market expansion rather than budget shifting from one dominant channel to another.

2

Diversification is driving the next phase of retail media growth

While core channels remain foundational, high-performing brands are increasingly expanding beyond a concentrated mix and adopting a portfolio approach to their mix. In 2026, those that diversify thoughtfully - combining scale with experimentation - will be better positioned to capture new audiences and future growth.

3

Full-funnel activation within channels drives performance

Greater investment in Paid Social's Awareness and Consideration activity, and expansion into Google's full-funnel capabilities (Demand Gen, YouTube) correlated with stronger revenue outcomes and improved ROAS.

4

AI-led automation is now a material performance lever

AI-driven ad formats consistently outperform manual setups scale. At the same time, automation is enabling teams to manage more complex media mixes without increasing operational overhead - freeing capacity for higher-value strategic and creative work.

Appendix

Appendix

1   An update on US consumer sentiment: Pragmatism defines the holidays (McKinsey)

2   Cautious consumer landscape continues into 2026 (KPMG)

3   Smarter, Simpler, More Human: Snap's New Era of Performance Advertising (Snap)

4   Fixed marketing budgets are holding you back. Here's the fix (Google)

5   Top digital marketing trends and predictions for 2026 (Google)

6   Ads Decoded presents three AI strategies to master the future of marketing in 2026 (Google)

7   Zenith Reports a Consistent Global Ad Market with 4.4% Growth (Zenith).

8   Mid-Year Global Advertising Forecast Update: $1.08 Trillion in 2025 Ad Revenue and 6% Growth (WPP Media)

9   Ad Spend Forecast To Grow By 4.9% In 2025, Despite A Reduced Economic Outlook (Dentsu)

9   NRF forecasts 2025 retail sales to hit $5.42 trillion despite economic uncertainty (National Retail Federation release).

10 Number of daily active Snapchat users from 1st quarter 2014 to 4th quarter 2025 (Statista)

11 Amazon will account for nearly 40% of US retail eCommerce sales by 2028 (eMarketer)

12 Channel performance reporting coming to Performance Max (Google)

13 Measurement 360 Report - Building a Suite of Truth (Meta)

14 Next 2026 Trend Report (TikTok)

15 Q4 2025 Letter to Shareholders (Reddit)

Channel and cohort information

1   **Regions tracked:** North America and Europe

2   **Channels tracked:**
- AppLovin (Axon)
- Awin
- Criteo
- Epsilon
- Google (Demand Gen, Display, PMAX, PPC Generic)
- Impact
- Meta
- Pinterest
- Rakuten
- Reddit
- RTB House
- Snapchat
- TikTok
- X / Twitter
- YouTube

3   **Periods tracked:** Primary comparison of Jan-Dec 2025 versus Jan-Dec 2024. Specific cuts included for peak period days (28 Nov - 1 Dec '25 and 29 Nov - 2 Dec '24)

4   **Major channel:** >5% share of average wallet
Mid-size channel: 1-5% share of average wallet
Emerging channel: <1% share of average wallet

5   **Large brands:** Spend of >$600k per month

6   **Verticals tracked:** Primarily fashion, beauty, consumer goods

7   **Definition of "top performers":** Defined by measuring the top quartile of brands, typically by either blended ROAS or blended revenue. This is conducted throughout the report both at overall level (all brands) and within specific channels (e.g., top performers in TikTok or Meta).

Glossary

Awareness   Brand campaigns (highest funnel)

Consideration   Traffic campaigns (higher-to-mid funnel)

Conversion   Ads focused on driving sales (bottom-of-funnel)

CAC   The cost of acquiring a new customer. Calculated by Total Cost / New Conversions

CPP   The cost of acquiring all customers. Calculated by Total Cost / Total Conversions

Unified ROAS (uROAS): A performance metric that captures the **total revenue influenced by a specific channel**, including both direct-to-consumer (DTC) and third-party platforms like Amazon, divided by that channel's ad spend.

Designed to measure the **true impact of upper-funnel media** (e.g., YouTube, Demand Gen)

Accounts for the **halo effect**—when awareness created by one channel drives conversions elsewhere

Moves beyond Last Click attribution to show **cross-channel value**

Blended ROAS: A broader performance metric that looks at **total revenue across all channels** (paid + organic) divided by **total paid media spend**.

Reflects the **combined impact of the entire marketing mix**

Often used for **high-level budgeting and efficiency tracking**

Doesn't isolate specific channel impact, but gives a **holistic view of marketing ROI**

More from Fospha

Halo

Measure and Grow Beyond .com

New evidence revealing the hidden impact of your marketing - across Amazon, TikTok Shop, and beyond

Planning

2026 Marketing Planning Guide

A practical guide to building smarter budgets, allocating spend, and driving profitable growth in 2026

Peak

Playbook

Your guide to spend smarter, acquire more new customers, and maximize sales during peak periods

FOSPHA

The State of Retail Commerce 2026

fospha.com

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