



PACVUE

2021 Q1

CPC Report

KEY FINDINGS:

- Average daily brand spend on Sponsored Products was up 41% and Sponsored Brand spending up 89% year-over-year. Combined, this represents a 59% increase in average daily spend year-over-year in Q1.
- ROAS saw a modest decline in Q1 2021, with Sponsored Product ROAS down 8% quarter-over-quarter and 6% year-over-year. Sponsored Brand ROAS was down 7% quarter-over-quarter and 12% year-over-year.

After a tumultuous year for eCommerce, Q1 2021 shows signs of some consumer shopping trends returning to normal, but for many categories, the shift to online shopping has been cemented. The acceleration of eCommerce continues in 2021 as more customers visit Amazon and more advertising dollars are spent to reach this growing audience.

Despite increased brand spend, efficiency costs, including CPC and CPA, were little changed in Q1. Neither moved more than 10% quarter-over-quarter or year-over-year. Advertisers aren't increasing their average daily brand spend in response to higher conversion costs but are instead responding to the increased volume of eCommerce traffic.

In terms of consumer shopping trends, there were signs of a return to normal in Q1 2021. One major indicator is that “valentines day gifts for him” and “valentines day gifts for her” returned as the top two search queries in February 2021, after no Valentine's-related terms appeared in the top ten in February 2020. In a sign that consumers are eager for nicer weather after the pandemic winter, the Sports & Outdoors category saw a dramatic increase in conversion rate throughout Q1, reaching 12.23% in March. Similarly, the Patio, Lawn & Garden category saw increased competitiveness, with daily spend up 48% month-over-month from February to March and CPCs up 18%.

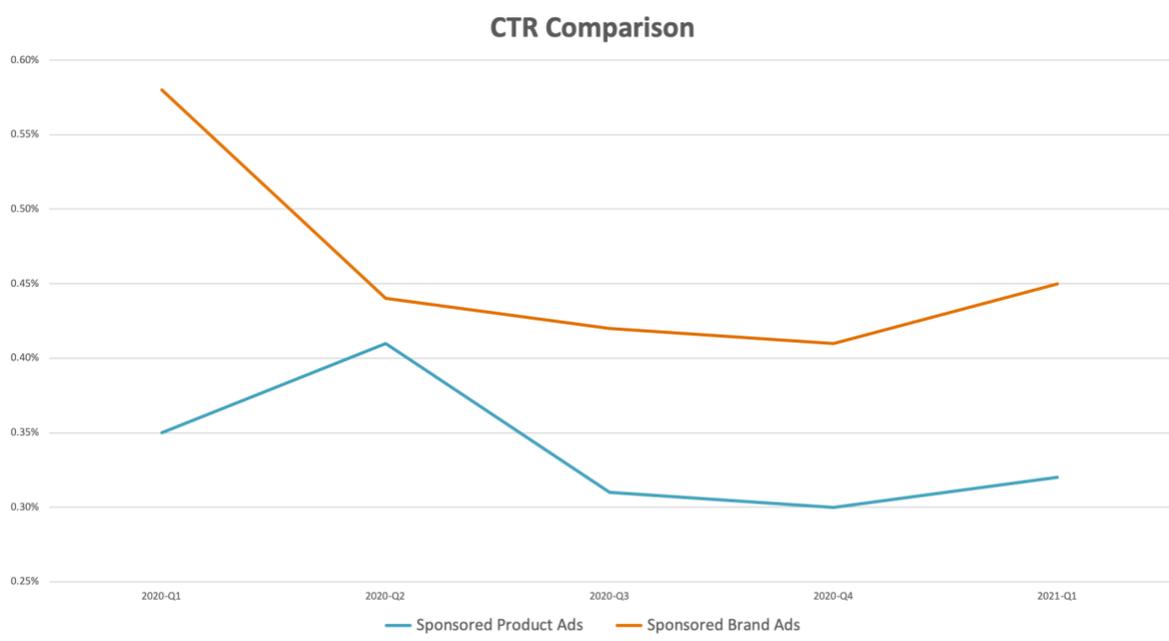
The data included in this Q1 2021 CPC Report was sourced from Pacvue's proprietary Amazon keyword tracking database, which includes data from hundreds of advertisers across small, mid-sized, and large brands and every major product category.

Q1 2021 Trends

Sponsored Product Ads	CTR	CPC	CPA	CVR	ROAS	eCPM
Q1 2020	0.35%	\$1.05	\$6.68	15.76%	\$4.85	\$3.72
Q2 2020	0.41%	\$0.90	\$6.45	14.02%	\$5.26	\$3.72
Q3 2020	0.31%	\$1.07	\$6.96	15.33%	\$4.90	\$3.28
Q4 2020	0.30%	\$1.19	\$7.07	16.81%	\$4.97	\$3.56
Q1 2021	0.32%	\$1.14	\$6.57	17.42%	\$4.56	\$3.70
QoQ Change	7%	-4%	-7%	4%	-8%	4%
YoY Change	-9%	9%	-2%	11%	-6%	-1%

Sponsored Brand Ads	CTR	CPC	CPA	CVR	ROAS	eCPM
Q1 2020	0.58%	\$1.40	\$8.17	17.13%	\$4.60	\$8.10
Q2 2020	0.44%	\$1.16	\$6.91	16.74%	\$5.63	\$5.09
Q3 2020	0.42%	\$1.39	\$8.86	15.72%	\$4.61	\$5.83
Q4 2020	0.41%	\$1.46	\$8.97	16.27%	\$4.32	\$6.04
Q1 2021	0.45%	\$1.42	\$8.25	17.19%	\$4.03	\$6.40
QoQ Change	10%	-3%	-8%	6%	-7%	6%
YoY Change	-22%	1%	1%	0%	-12%	-21%

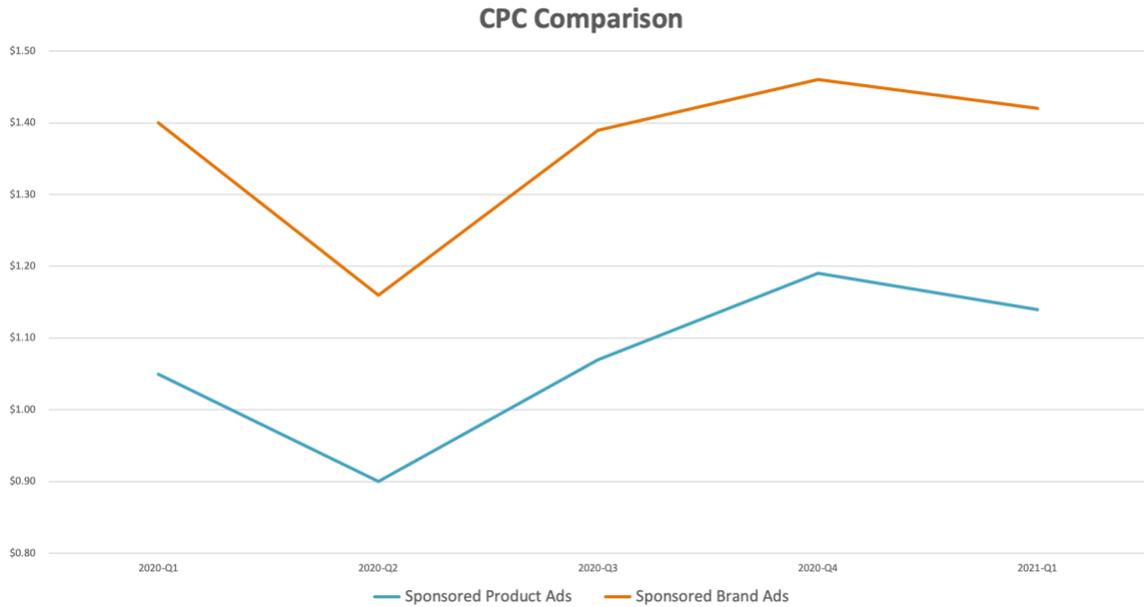
Click-through rates show little change with Sponsored Product CTR increasing 7% quarter-over-quarter and decreasing 9% year-over-year.



CTR for both Sponsored Product and Sponsored Brand ads remain relatively consistent in Q1 2021. Sponsored Brand ads saw an increase of 10% from Q4 2020. After click-through rates dropped significantly in early 2020, rates seem to be leveling off. CTR for Sponsored Brand ads is down 22% year-over-year.

Sponsored Product ads increased only 7% quarter-over-year. This represents only a 9% decrease in CTR from Q1 2020.

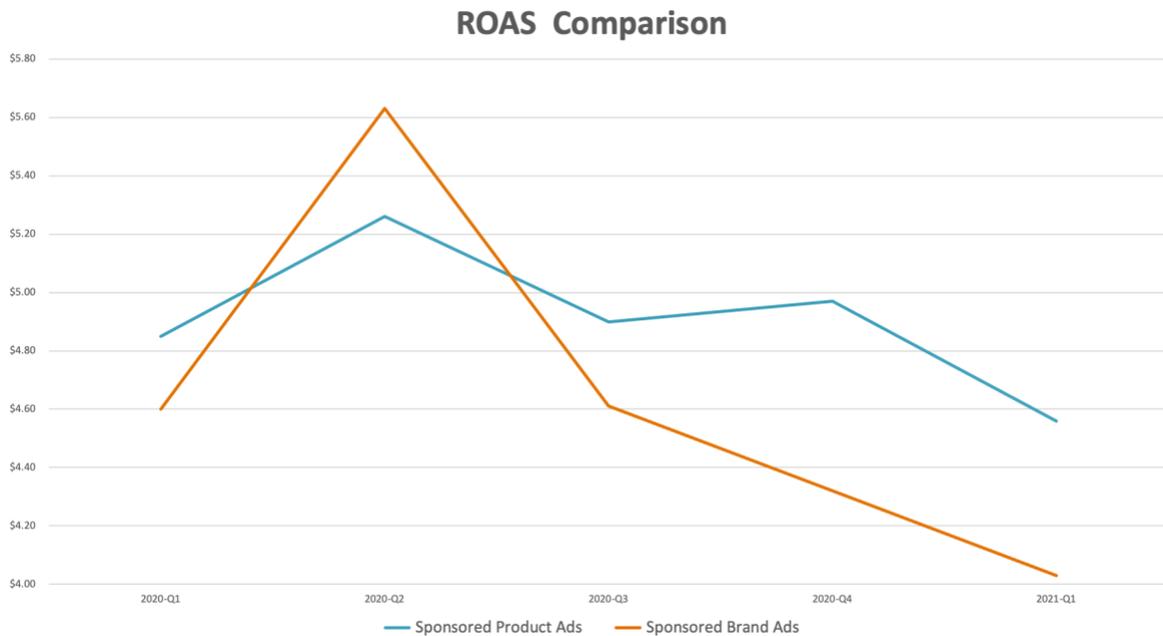
Cost-per-click remains steady in 2021 at \$1.42 for Sponsored Brand ads, showing only a 1% change year-over-year.



CPC for Sponsored Brand and Sponsored Product ads appear to be leveling off after returning to near pre-COVID levels in Q4 2020. Sponsored Brand CPC declined 3% from Q4 2020.

Sponsored Product ads saw a slightly larger change. The \$1.14 average CPC represents a 4% decrease quarter-over-quarter and a 9% increase year-over-year.

ROAS saw a modest decline in Q1 2021, with Sponsored Product ROAS down 8% quarter-over-quarter and 6% year-over-year. Sponsored Brand ROAS was down 7% quarter-over-quarter and 12% year-over-year.

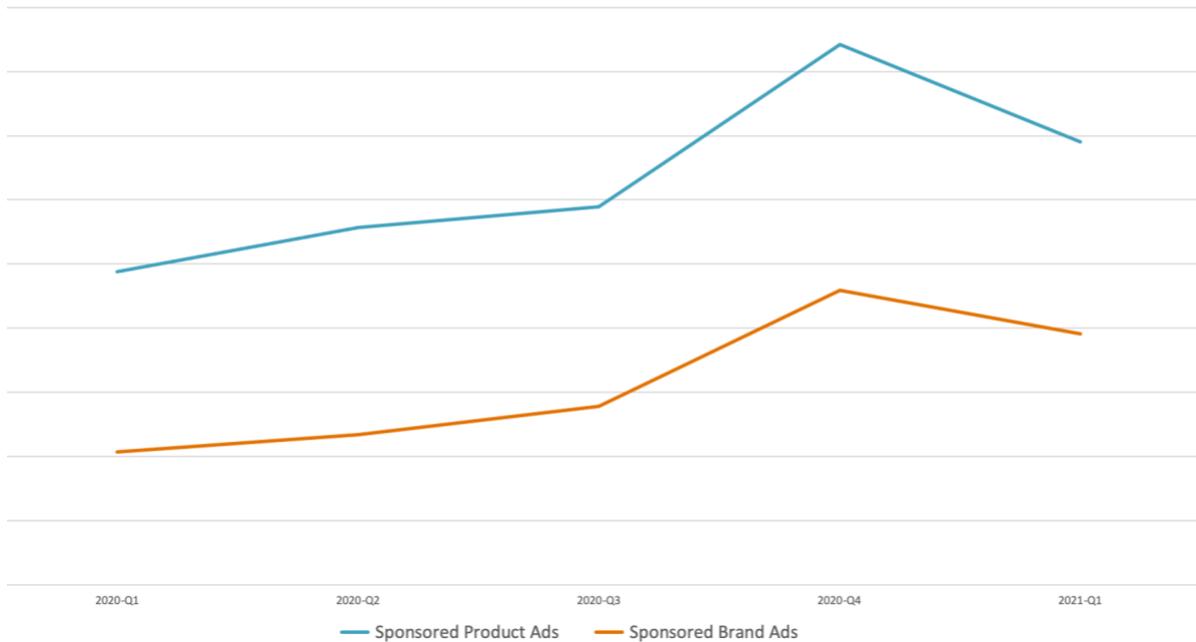


The slight decline in ROAS continues downward since its spike in Q2 2020. While ROAS for Sponsored Product ads has dropped 13% from its 2020 high of \$5.26, it is down only 6% year-over-year.

Sponsored Brand ROAS declined to \$4.03 in Q1 2021. This represents a 28% drop from its Q2 2020 high of \$5.63. Compared to last quarter, ROAS only declined 7%.

Average Daily Spend for Sponsored Products and Sponsored Brands is up 41% and 89% year-over-year, respectively, as eCommerce advertisers seek to capture the larger number of online shoppers.

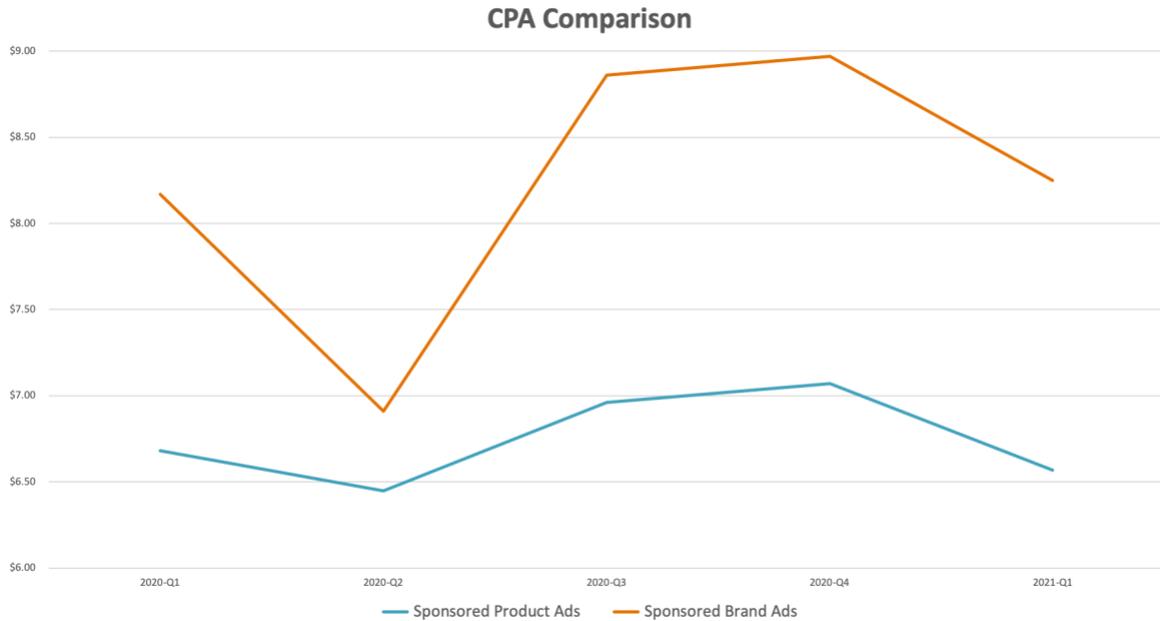
Brand Avg Daily Spend Comparison



While spend is lower in Q1 than holiday season budgets, it represents a significant increase from Q1 2020. With CPC and CVR remaining relatively consistent, the increased spend can be attributed to brands devoting more of the advertising budget to the growing eCommerce market.

The 89% year-over-year increase in average daily spend for Sponsored Brand ads highlights the growing importance of this ad type.

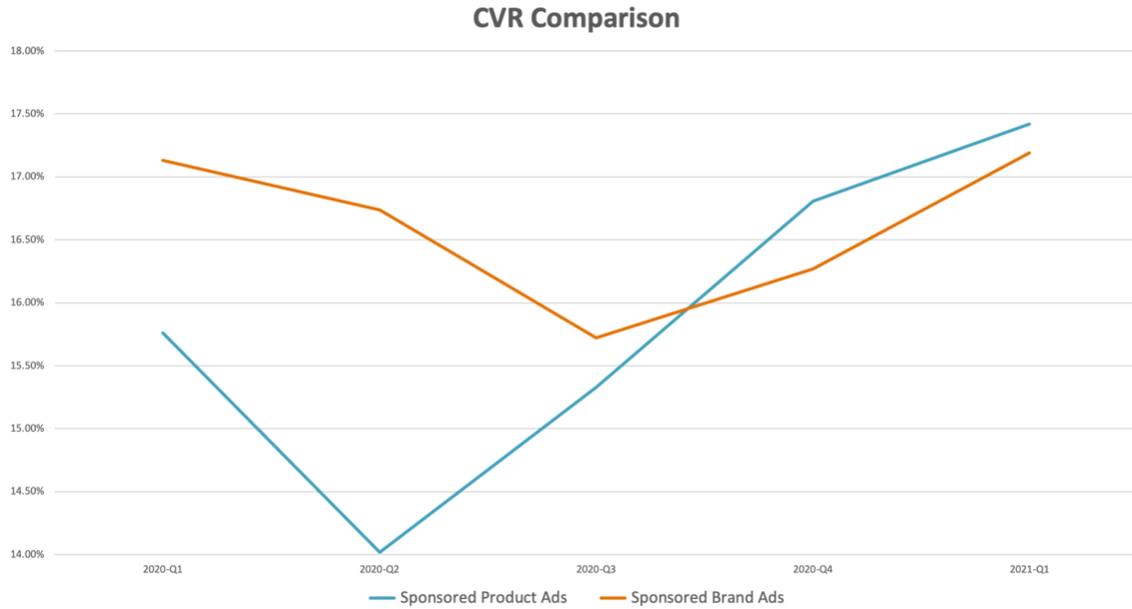
Cost-per-acquisition returns to nearly exact pre-COVID levels with Sponsored Product CPA at \$6.57 and Sponsored Brand CPA at \$8.25.



CPA for Sponsored Product ads decreased only 2% year-over-year to \$6.57. This represents a 7% decrease from Q4 2020. Sponsored Brand ad CPA decreased 8% quarter-over-quarter and increased 1% year-over-year, to \$8.25.

After Sponsored Brand ads saw a slight dip in Q2 2020 and rebound in Q3 2020, CPA appears to be leveling off.

Conversion rates for Sponsored Product ads rose to 17.42%, representing an 11% increase compared to Q1 2020.



Conversion rates for both Sponsored Product and Sponsored Brand ads saw moderate improvements quarter-over-quarter. Sponsored Product ad CVR rose 4% to 17.42% and Sponsored Brand ads increased by 6% to 17.19%.

This represents the second quarter in a row where Sponsored Product ads have outperformed Sponsored Brand ads in CVR after Sponsored Brand ads performed best for most of 2020.

Monthly CPC Recap

SP Ads	CTR	CPC	CPA	CVR	ROAS	eCPM
2020-01	0.33%	\$1.03	\$6.84	14.99%	\$4.66	\$3.43
2020-02	0.34%	\$1.07	\$7.07	15.11%	\$4.67	\$3.58
2020-03	0.39%	\$1.07	\$6.26	17.04%	\$5.17	\$4.19
2020-04	0.62%	\$0.87	\$6.00	14.45%	\$5.54	\$5.34
2020-05	0.43%	\$0.88	\$6.24	14.13%	\$5.56	\$3.80
2020-06	0.30%	\$0.97	\$7.18	13.45%	\$4.69	\$2.89
2020-07	0.32%	\$1.00	\$6.35	15.81%	\$5.24	\$3.17
2020-08	0.32%	\$1.06	\$6.61	15.98%	\$5.06	\$3.40
2020-09	0.28%	\$1.15	\$8.23	14.00%	\$4.37	\$3.26
2020-10	0.30%	\$1.19	\$7.30	16.30%	\$5.04	\$3.51
2020-11	0.30%	\$1.21	\$7.01	17.21%	\$5.15	\$3.64
2020-12	0.30%	\$1.17	\$6.94	16.86%	\$4.73	\$3.54
2021-01	0.33%	\$1.12	\$6.56	17.12%	\$4.64	\$3.76
2021-02	0.33%	\$1.15	\$6.68	17.24%	\$4.52	\$3.80
2021-03	0.31%	\$1.16	\$6.48	17.87%	\$4.76	\$3.57
MoM Change	-6%	1%	-3%	4%	5%	-6%
YoY Change	-21%	8%	4%	5%	-8%	-15%

Gaining the full picture of eCommerce performance requires an even more granular view. Monthly KPIs show Average Daily Spend for Sponsored Product ads rose 6% month-over-month as advertisers adjusted budgets to respond to increased eCommerce activity.

SB Ads	CTR	CPC	CPA	CVR	ROAS	eCPM
2020-01	0.57%	\$1.29	\$7.95	16.25%	\$4.52	\$7.34
2020-02	0.59%	\$1.46	\$8.87	16.49%	\$4.41	\$8.57
2020-03	0.58%	\$1.44	\$7.85	18.35%	\$4.81	\$8.41
2020-04	0.50%	\$1.11	\$6.35	17.45%	\$5.74	\$5.50
2020-05	0.43%	\$1.07	\$6.70	16.01%	\$5.98	\$4.61
2020-06	0.41%	\$1.31	\$7.74	16.96%	\$5.17	\$5.33
2020-07	0.38%	\$1.25	\$8.37	14.94%	\$4.59	\$4.80
2020-08	0.42%	\$1.40	\$8.77	15.98%	\$4.64	\$5.95
2020-09	0.45%	\$1.53	\$9.40	16.22%	\$4.60	\$6.88
2020-10	0.44%	\$1.54	\$10.54	14.57%	\$3.90	\$6.77
2020-11	0.39%	\$1.45	\$8.46	17.10%	\$4.68	\$5.66
2020-12	0.42%	\$1.41	\$8.42	16.80%	\$4.34	\$5.88
2021-01	0.44%	\$1.40	\$8.20	17.04%	\$4.03	\$6.16
2021-02	0.45%	\$1.40	\$8.17	17.11%	\$3.97	\$6.31
2021-03	0.46%	\$1.45	\$8.36	17.40%	\$4.07	\$6.72
MoM Change	2%	4%	2%	2%	3%	6%
YoY Change	-21%	1%	6%	-5%	-15%	-20%

Sponsored Brand ads also saw rising budgets, with average daily spend increasing 8% from February to March 2021. eCPM also saw a 6% increase in March 2021, to \$6.72.



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