



# Q4 2021 CPC Report

## Online Shopping Booms



## KEY FINDINGS:

- Spend on Sponsored Products ads increased 7% year-over-year, and was flat year-over-year for Sponsored Brands.
- CPCs increased 14.3% year-over-year for Sponsored Products and up 7.5% year-over-year for Sponsored Brands.
- ROAS increased just 0.9% quarter-over-quarter and decreased 6.6% year-over-year for Sponsored Products. Sponsored Brands ROAS was down 3.5% quarter-over-quarter and down 10.2% year-over-year.
- Holiday decorations and gifts held the top search spots in Q4.

Another volatile year for eCommerce advertising was also another year of massive growth. Ad spend and CPCs are reaching record highs, while the COVID-19 pandemic is still affecting inventory and consumer behavior in some categories.

The pandemic came in waves in 2021, affecting reopening plans and, likewise, online shopping demand. Ad spend saw more muted growth at the beginning of the year, with supply chain, inflation, and cost of goods challenges persisting. As the supply chain issues eased up a bit in time for the holidays, we saw significant daily ad spend, and CPCs increased to record levels.

In Q4, top searches on Amazon shifted heavily to holiday decoration items, such as Halloween Costumes for Women, Christmas Decorations, and Christmas Tree. In the Electronics category, top searches included Nintendo Switch, iPad, and PS5.

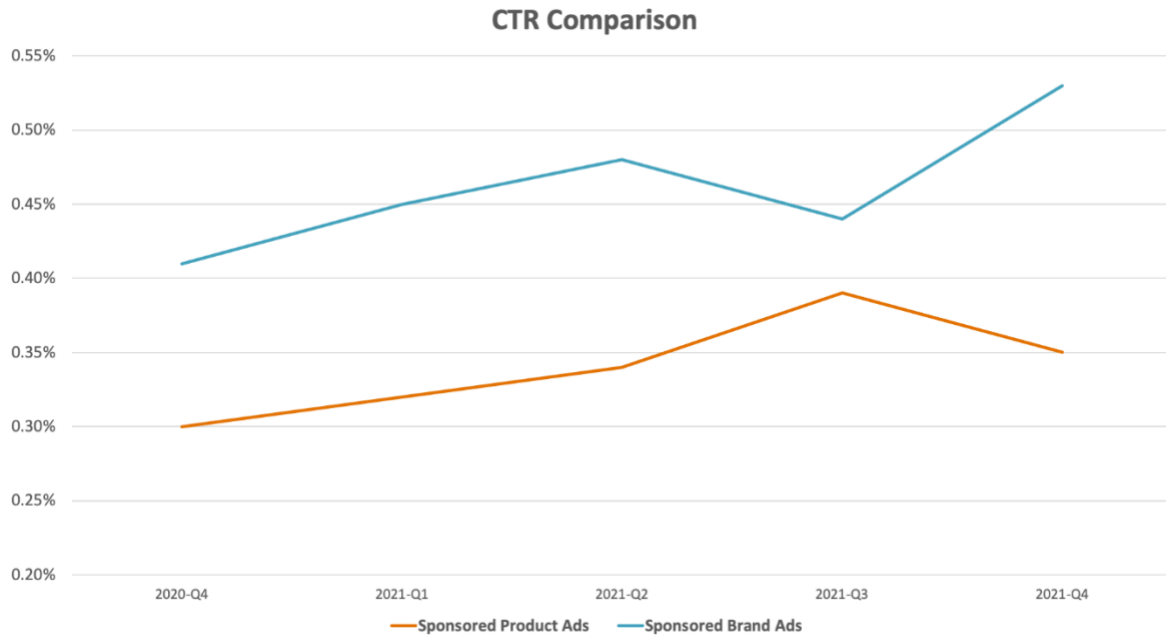
This Q4 2021 CPC Report was sourced from Pacvue's proprietary Amazon keyword tracking database, which includes data from thousands of advertisers across small, mid-sized, and large brands and every major product category. In addition to quarterly and monthly insights, performance for several unique product categories are included.

## Q4 2021 Trends

Sponsored Product Ads	CTR	CPC	CPA	CVR	ROAS	eCPM
Q4 2020	0.30%	\$1.19	\$7.07	16.81%	\$4.97	\$3.56
Q1 2021	0.32%	\$1.14	\$6.57	17.42%	\$4.64	\$3.70
Q2 2021	0.34%	\$1.22	\$7.10	17.17%	\$4.71	\$4.17
Q3 2021	0.39%	\$1.21	\$6.81	17.80%	\$4.60	\$4.68
Q4 2021	0.35%	\$1.36	\$7.59	17.94%	\$4.64	\$4.74
QoQ Change	-10.3%	12.4%	11.5%	0.8%	0.9%	1.3%
YoY Change	16.7%	14.3%	7.4%	6.7%	-6.6%	33.1%

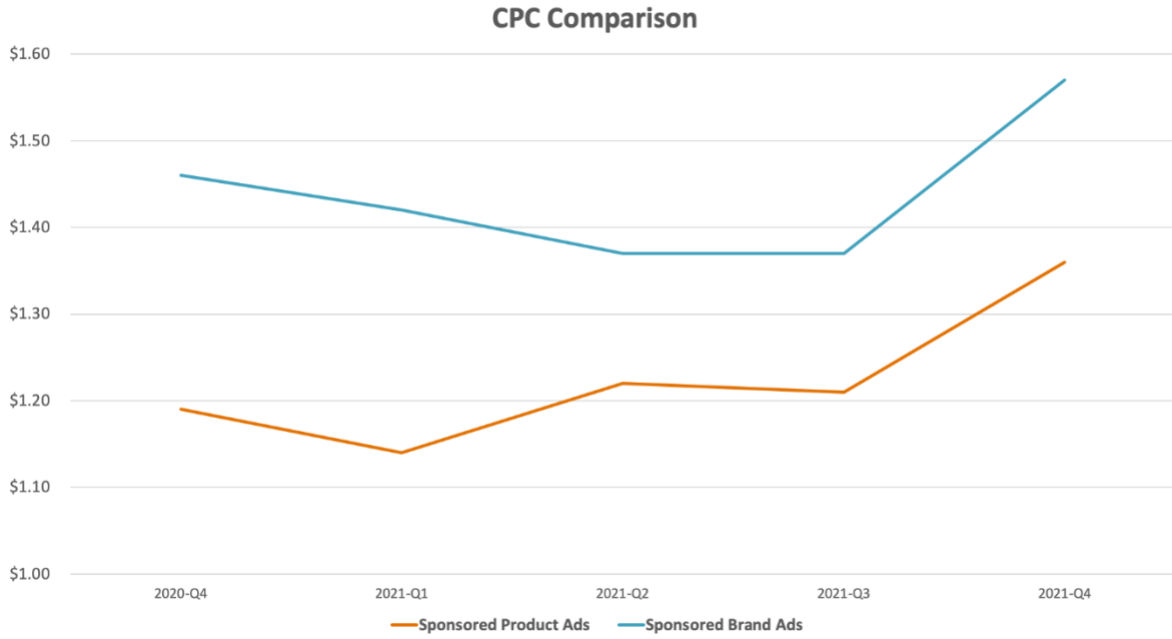
Sponsored Brand Ads	CTR	CPC	CPA	CVR	ROAS	eCPM
Q4 2020	0.41%	\$1.46	\$8.97	16.27%	\$4.32	\$6.04
Q1 2021	0.45%	\$1.42	\$8.25	17.19%	\$4.03	\$6.40
Q2 2021	0.48%	\$1.37	\$9.02	15.24%	\$4.18	\$6.60
Q3 2021	0.44%	\$1.37	\$9.06	15.10%	\$4.02	\$5.99
Q4 2021	0.53%	\$1.57	\$10.02	15.64%	\$3.88	\$8.34
QoQ Change	20.5%	14.6%	10.6%	3.6%	-3.5%	39.2%
YoY Change	29.3%	7.5%	11.7%	-3.9%	-10.2%	38.1%

## Click-through rates dipped for Sponsored Products in Q4 while Sponsored Brands rose significantly



CTR for Sponsored Products ads have been increasing steadily each quarter throughout 2021, until Q4 when Sponsored Products fell 10.3% quarter-over-quarter. CTR for Sponsored Brands ads dropped slightly in Q3 before jumping back up 20.5% quarter-over-quarter, and with a strong 29.3% year-over-year increase. Sponsored Products CTR also experienced sizable growth year-over-year with a total increase of 16.7%.

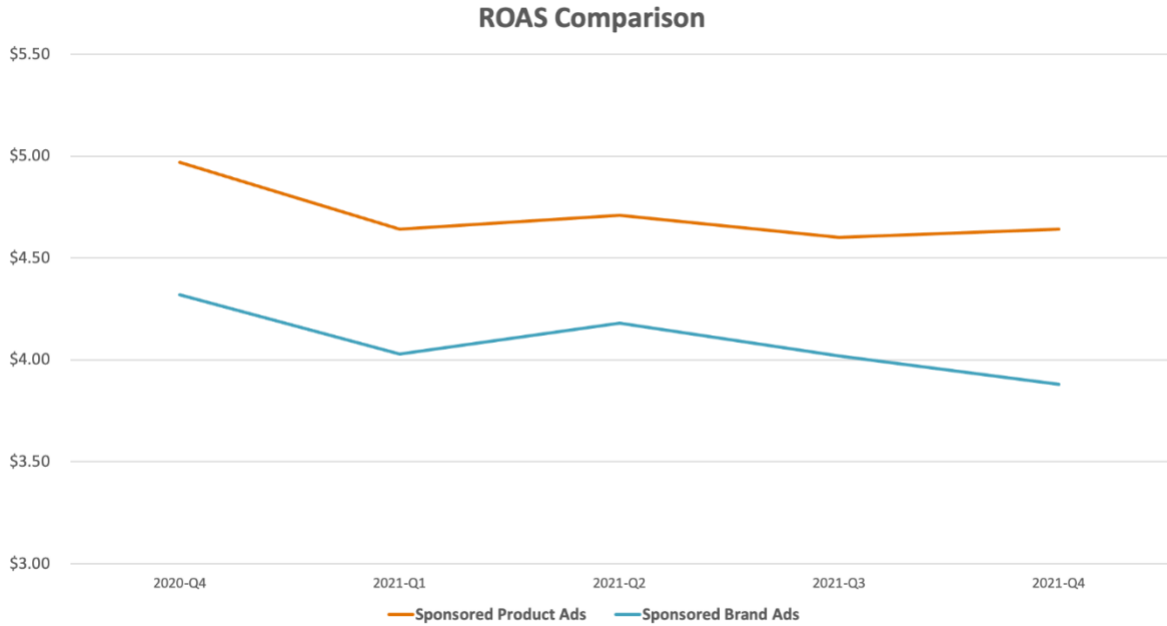
**CPCs for Amazon Sponsored Products grew 12.4% quarter-over-quarter, and 14.3% year-over-year, in Q4 2021.**



CPC for Sponsored Products ads and Sponsored Brands ads continue their steady increase with small declines early on in 2021 before sharply increasing again in Q4. CPCs for Sponsored Brands ads grew 14.6% quarter-over-quarter, and 7.5% year-over-year, in Q4 2021.

The average CPC of \$1.36 for Sponsored Products ads and \$1.57 for Sponsored Brands ads fits with the increased Amazon advertising competition seen in 2021.

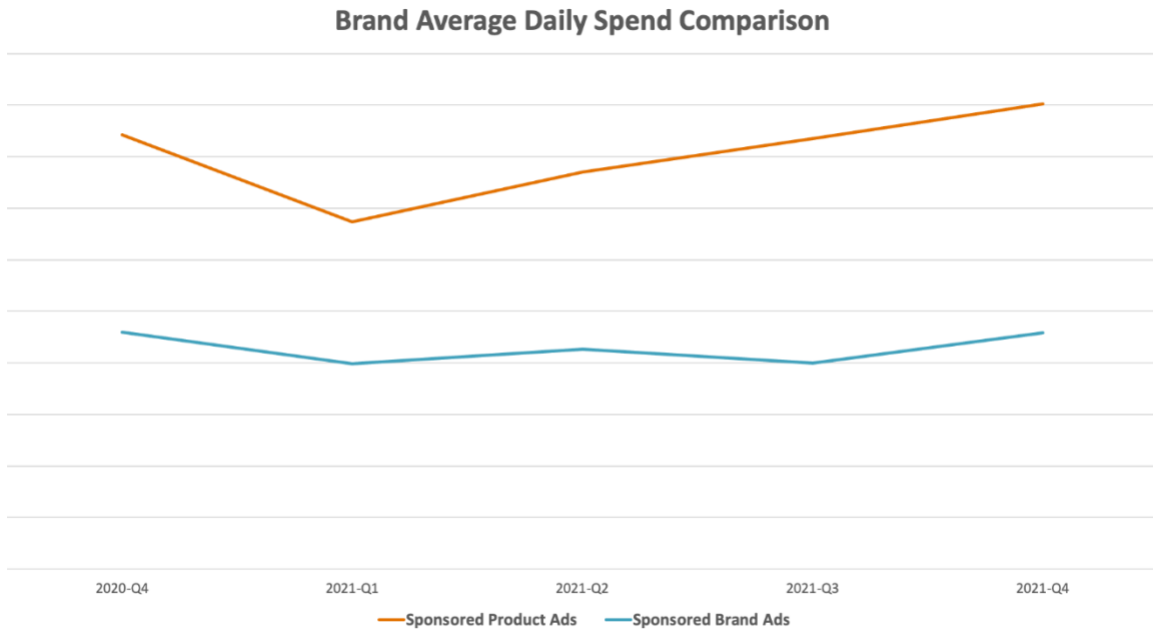
**ROAS for Sponsored Brands continues its decline from the growth it had seen earlier in the year.**



Sponsored Brands ROAS further declined in Q4 2021, down 3.5% QoQ and down another 10.2% YoY, to an average \$3.88.

In contrast, ROAS for Sponsored Products ads remained relatively flat in Q4. Sponsored Products ROAS was up just 0.9% QoQ, and down 6.6% YoY, at an average of \$4.64.

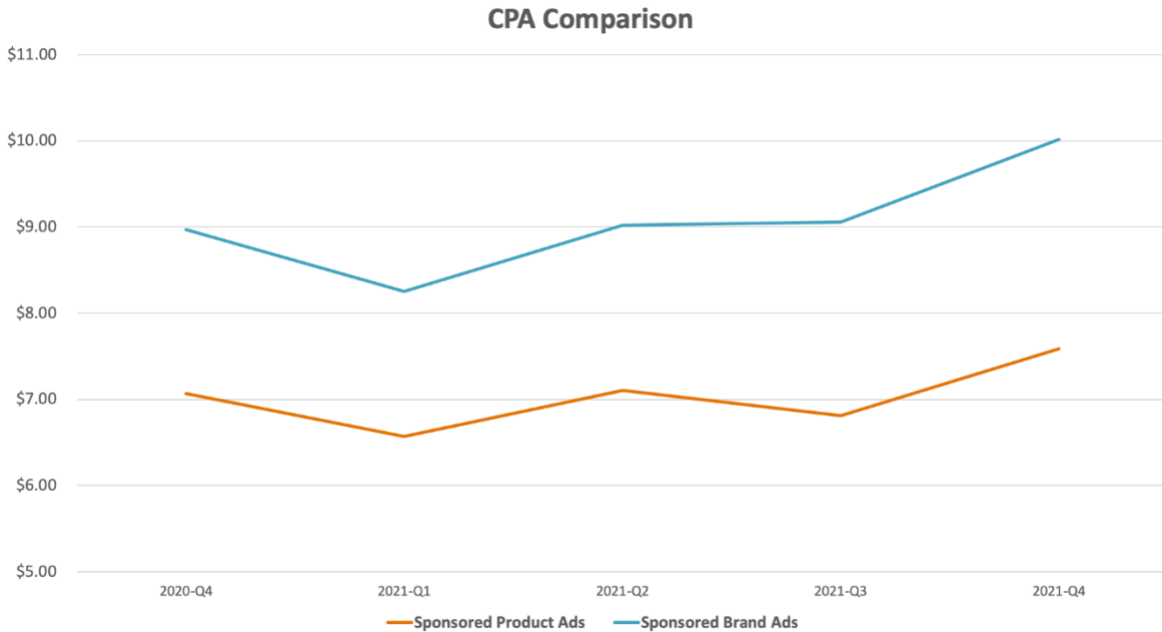
## Spend on Sponsored Brands grew 15% quarter-over-quarter, while Sponsored Products spend grew 8% QoQ.



Average daily ad spend for both Sponsored Products ads and Sponsored Brands ads saw an accelerated increase month-over-month in November 2021 versus a year ago, coupled with a sharper drop off in December. The average daily spend for Sponsored Products increased nearly 8% quarter-over-quarter (QoQ) in Q4. Meanwhile, Sponsored Brands daily average spend increased nearly 15% QoQ.

Overall, ad spend on Amazon Sponsored Products is higher than ever before in Q4, increasing 7% year-over-year (YoY), while remaining relatively flat YoY for Sponsored Brands.

## Cost-per-acquisition steadily grew for both Sponsored Products and Sponsored Brands, quarter-over-quarter and year-over-year.

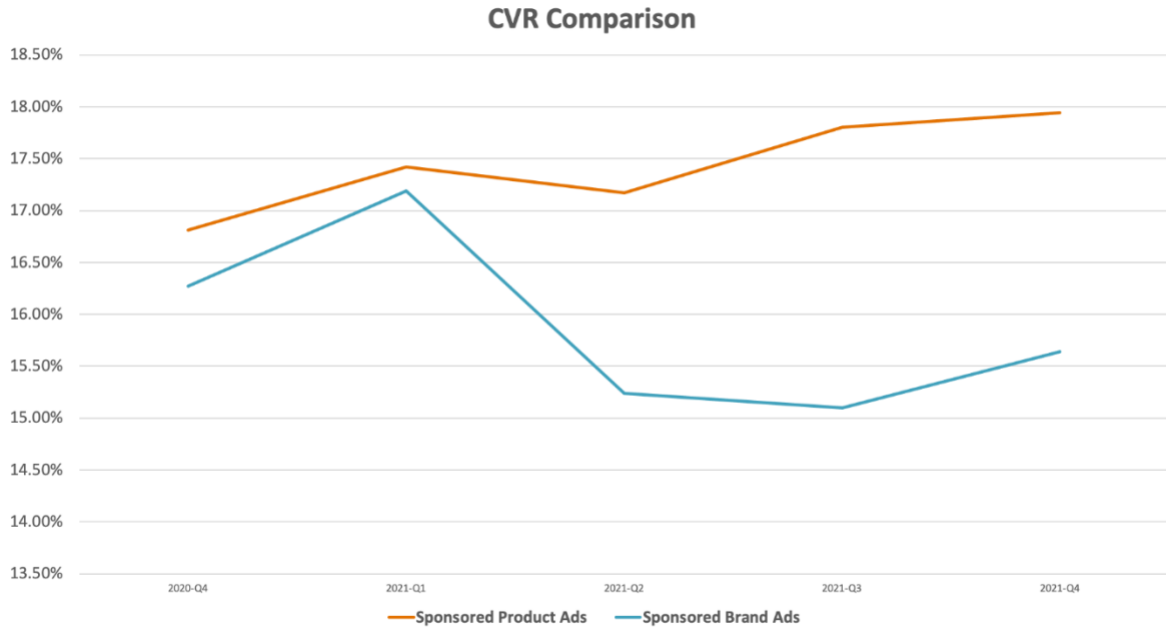


Sponsored Brands ads showed a 10.6% increase QoQ with CPA at \$10.02 in Q4 2021. After dropping as low as \$8.25 in Q1 2021, CPA has increased steadily YoY at 11.7%.

Sponsored Products ads CPA also saw consistent increases in 2021. The Q4 2021 Sponsored Products CPA of \$7.59 represents an 11.5% increase QoQ and a 7.4% increase YoY.



**Conversion rates for Sponsored Products reached 17.94%, continuing to outperform Sponsored Brands ads throughout 2021.**



In 2021, we saw Sponsored Products ads conversion rates (CVR) increase moderately 6.7% year-over-year, while CVR quarter-over-quarter remained relatively flat with a 0.8% increase. Sponsored Brands ads CVR showed a 3.6% increase QoQ, while showing an overall 3.9% decrease YoY.

## 2021 Monthly CPC Recap

Sponsored Product Ads	CTR	CPC	CPA	CVR	ROAS	eCPM
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
2021-04	0.33%	\$1.13	\$6.50	17.42%	\$4.96	\$3.73
2021-05	0.35%	\$1.18	\$6.78	17.34%	\$4.85	\$4.17
2021-06	0.34%	\$1.34	\$7.95	16.84%	\$4.38	\$4.60
2021-07	0.37%	\$1.18	\$6.63	17.81%	\$4.70	\$4.38
2021-08	0.40%	\$1.21	\$6.59	18.30%	\$4.69	\$4.80
2021-09	0.39%	\$1.25	\$7.24	17.22%	\$4.40	\$4.86
2021-10	0.37%	\$1.23	\$6.87	17.90%	\$4.87	\$4.52
2021-11	0.35%	\$1.41	\$7.74	18.28%	\$4.79	\$4.95
2021-12	0.33%	\$1.42	\$8.05	17.63%	\$4.31	\$4.71
<b>MoM Change</b>	<b>-5.7%</b>	<b>0.7%</b>	<b>4.0%</b>	<b>-3.6%</b>	<b>-10.0%</b>	<b>-4.8%</b>
<b>YoY Change</b>	<b>10.0%</b>	<b>21.4%</b>	<b>16.0%</b>	<b>4.6%</b>	<b>-8.9%</b>	<b>33.1%</b>

With such a volatile year, quarterly data does not show the full picture. 2021 also saw relatively flat increases for CPC on a monthly basis until June when Prime Day 2021 sped up the increase month-over-month. In June 2021, we saw CPC increase 14% for Sponsored Products, contributing to its steady increase to 21.4% year-over-year by December.

ROAS fluctuated throughout the year, with ad performance affected at various points by inventory challenges and shifting consumer behavior during rolling pandemic waves.

Sponsored Brand Ads	CTR	CPC	CPA	CVR	ROAS	eCPM
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
2021-04	0.48%	\$1.35	\$8.77	15.35%	\$4.06	\$6.44
2021-05	0.50%	\$1.34	\$8.71	15.38%	\$4.19	\$6.71
2021-06	0.46%	\$1.44	\$9.59	14.98%	\$4.27	\$6.64
2021-07	0.45%	\$1.32	\$8.93	14.78%	\$4.07	\$5.87
2021-08	0.44%	\$1.33	\$8.66	15.36%	\$4.17	\$5.79
2021-09	0.43%	\$1.46	\$9.66	15.15%	\$3.81	\$6.35
2021-10	0.48%	\$1.47	\$9.31	15.74%	\$3.87	\$7.00
2021-11	0.59%	\$1.65	\$10.80	15.27%	\$3.82	\$9.79
2021-12	0.52%	\$1.56	\$9.82	15.94%	\$3.95	\$8.21
<b>MoM Change</b>	<b>-11.9%</b>	<b>-5.5%</b>	<b>-9.1%</b>	<b>4.4%</b>	<b>3.4%</b>	<b>-16.1%</b>
<b>YoY Change</b>	<b>23.8%</b>	<b>10.6%</b>	<b>16.6%</b>	<b>-5.1%</b>	<b>-9.0%</b>	<b>39.6%</b>

Sponsored Brands ads also saw significant monthly changes. Sponsored Brands impression cost fluctuated all throughout 2021 for various reasons, such as Prime Day being pulled into Q2, supply chain issues causing ad strategies to shift, and experimentation with newer ad types, such as Amazon DSP and Sponsored Display. In December 2021, eCPM decreased 16.1% month-over-month; however, it jumped 39.6% year-over-year.

In November 2021, Sponsored Brands CPC increased to their highest point, from \$1.47 to \$1.65, showing a 12% increase month-over-month. CPC for Sponsored Brands ads increased 10.6% YoY by December.

## Q4 2021 CPC Industry Impacts

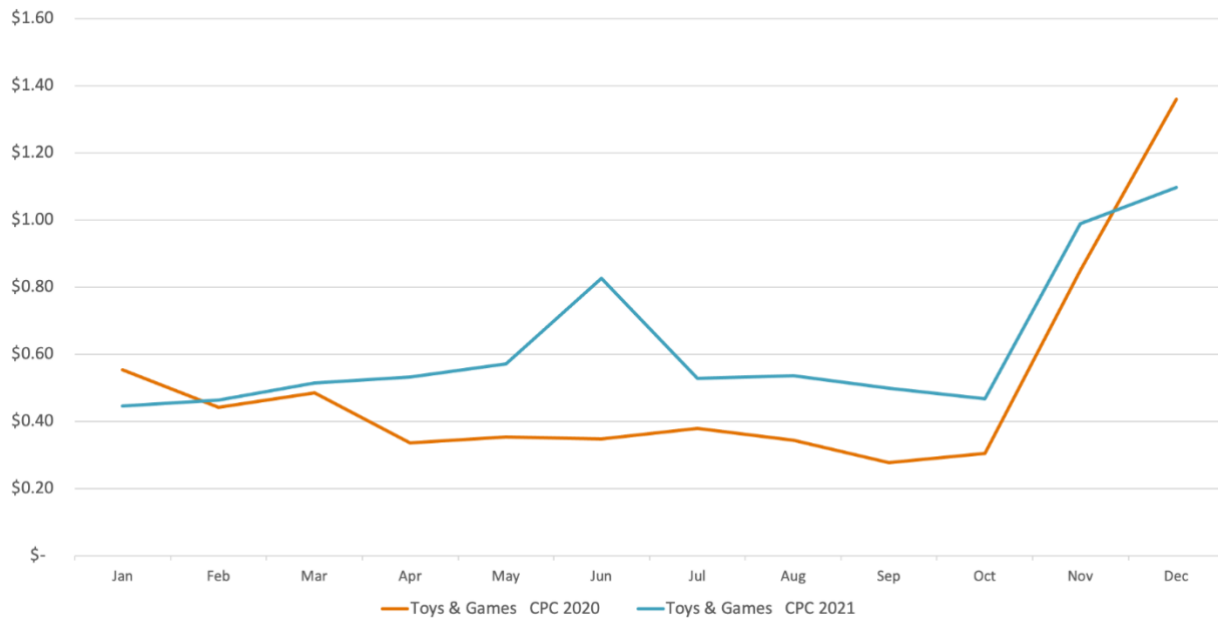
While the figures above reflect averages across all product categories, and most industries stayed consistent with these trends, some categories performed differently. With the changes due to COVID-19 and the unusual holiday shopping season given such constraints facing brands in 2021, several product categories showed interesting performance outside of the overall averages.

**The Toys & Games category saw a sharp increase in CPCs in November and December, up 63% in Q4 versus Q3.**

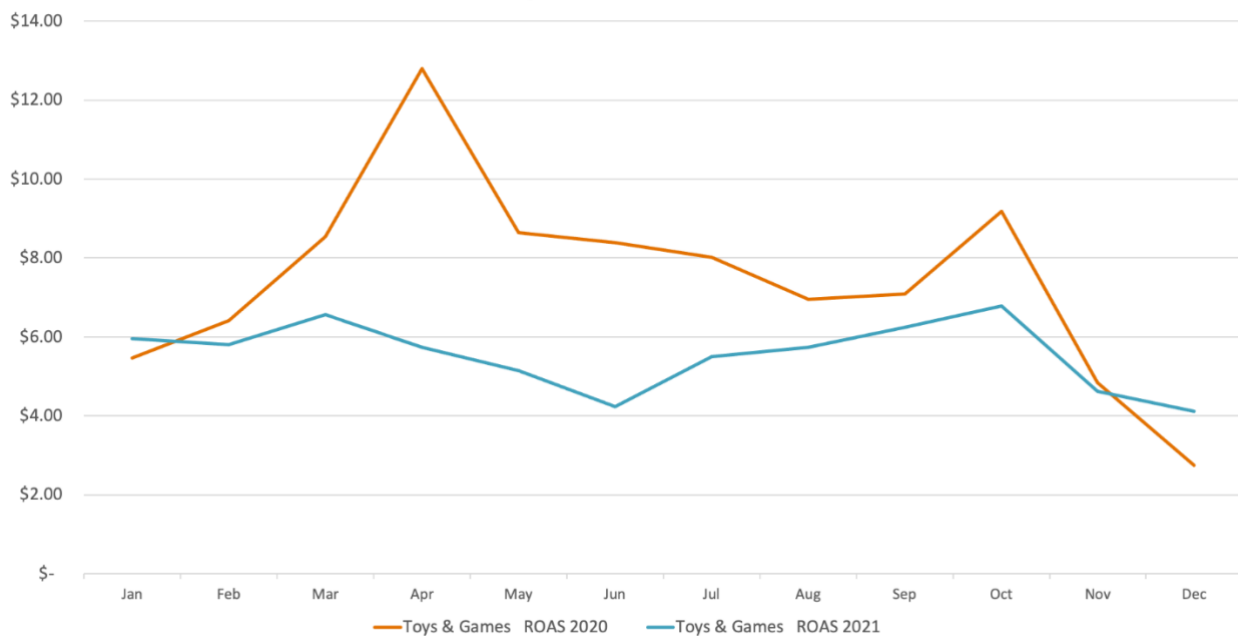
While Toys & Games always sees a sharp rise in Q4, the November surge was more pronounced in 2021 than in 2019 and 2020. November accelerated so quickly that December 2021 CPC saw more modest gains month-over-month and decreased year-over-year 19% to \$1.10 in comparison to \$1.36 in December 2020.

Toys & Games CPC showed a 46% increase to \$.83 when Amazon pulled Prime Day into Q2 in June 2021. CPCs for the category were higher most months than in 2020.

### Toys & Games CPC



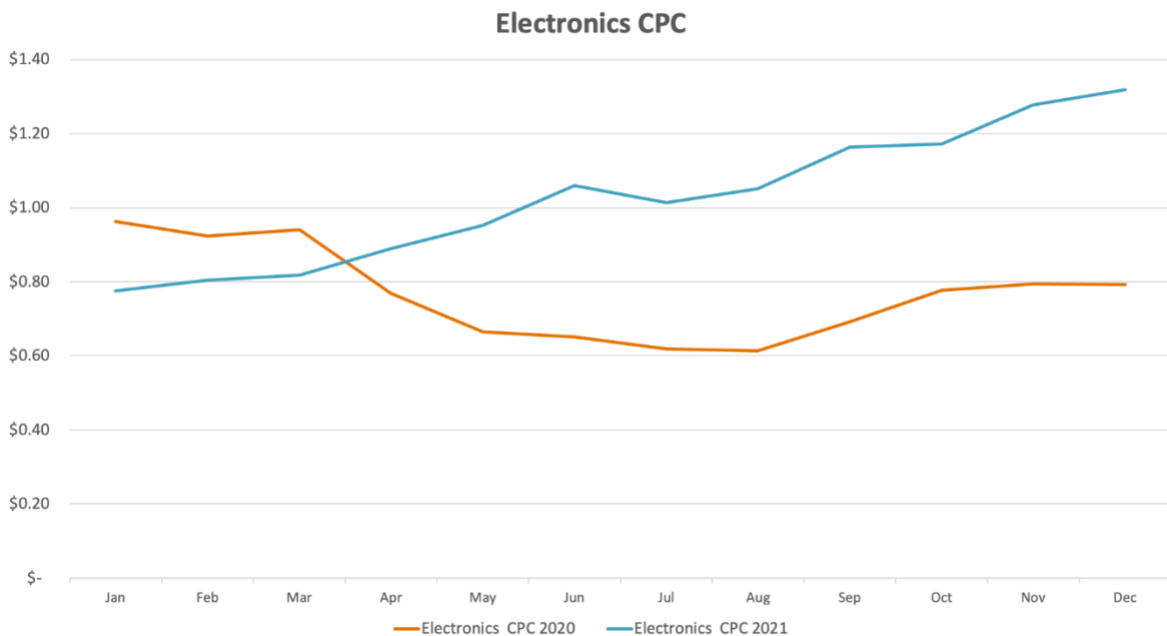
### Toys & Games ROAS



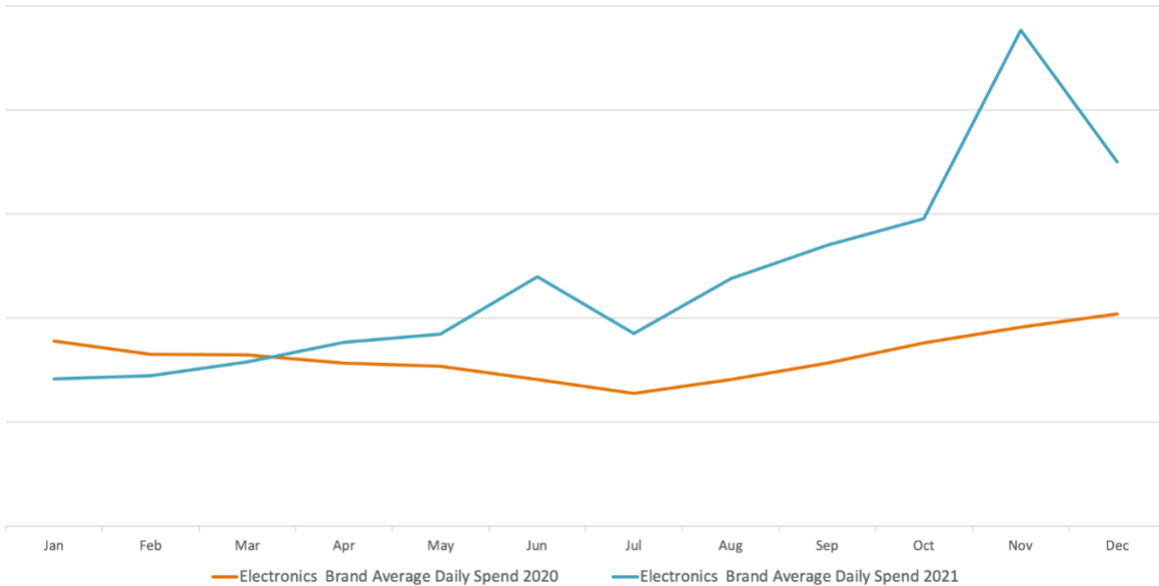
## December 2021 Electronics ad spend reached its highest peak.

The Electronics category saw a major investment in Q4 2021, with ad spend up 62% quarter-over-quarter and up 97% year-over-year. In April 2021, CPC for Electronics surpassed the CPC levels of 2020, and increased its margin every month since. CPCs rose to their highest point in two years in November, at \$1.28, only to be eclipsed the following month in December at \$1.32.

The largest increase in CPC for 2021 was seen in June and November for the category, not surprisingly due to Prime Day and holiday deal events.



Electronics Brand Average Daily Spend

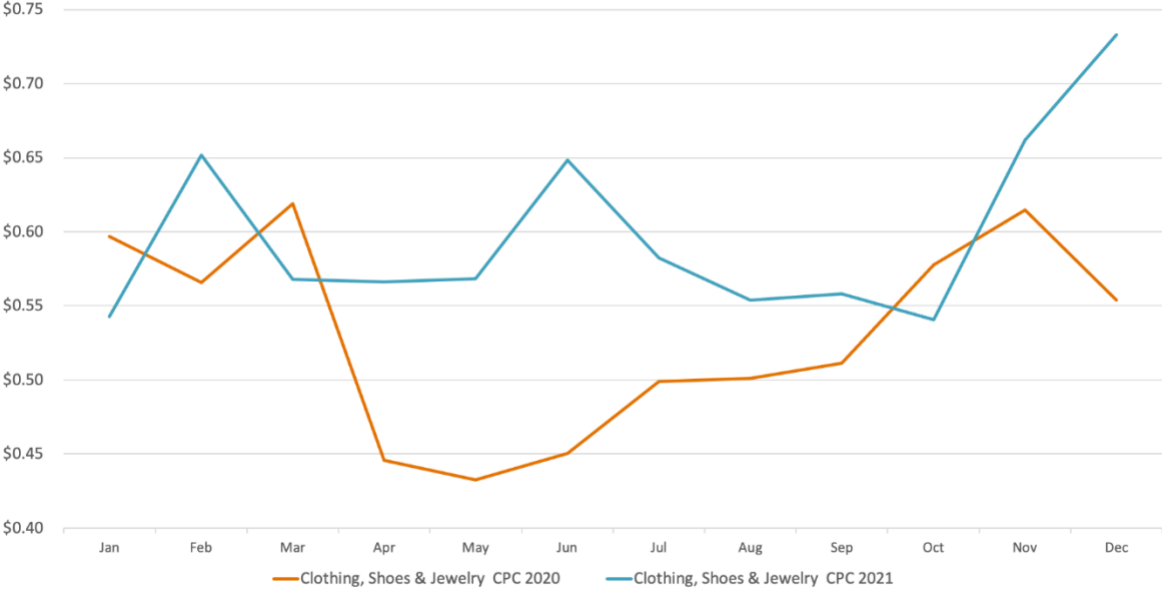


**The Clothing & Jewelry category saw growth in Q4 2021 with ad spend and CPCs at the highest point in 2 years.**

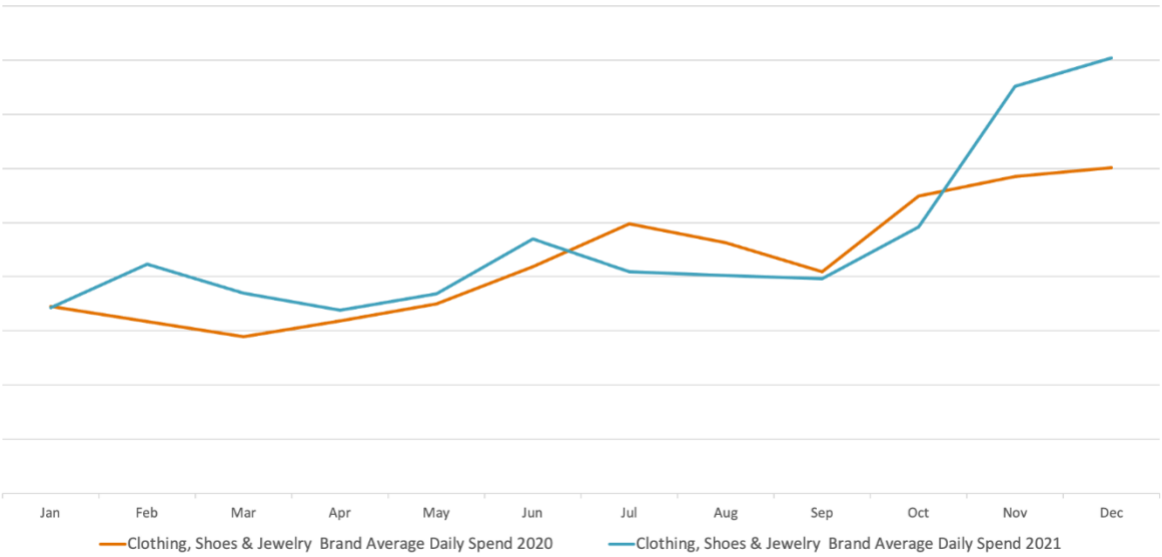
After plateauing ad spend and CPCs for the past two years, the Clothing & Jewelry category saw one of the most dramatic increases in ad spend quarter-over-quarter amongst categories, up 69% in Q4 2021. Most of this spending occurred in November and December but has been steadily increasing since June 2021. Average daily ad spend jumped up 61% from October to November 2021. Average daily ad spend is up 18% year-over-year showing promising growth for the category.

CPCs reached their highest point in two years at \$0.73 in December, reflecting increased demand in the category.

### Clothing, Shoes & Jewelry CPC



### Clothing, Shoes & Jewelry Brand Average Daily Spend







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