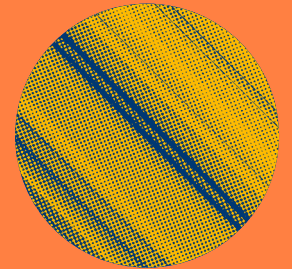
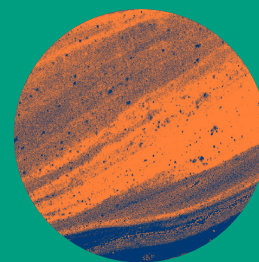
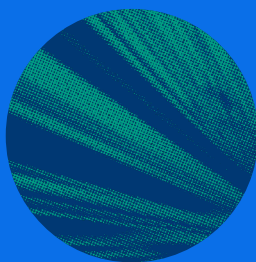
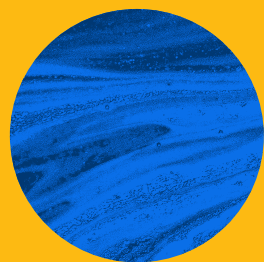
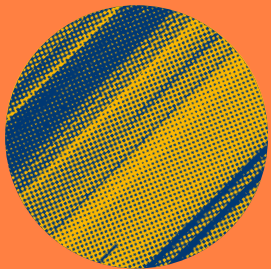




Q4 CPC REPORT

2023 · US

Outperform Your
Competitors with
Powerful Commerce
Benchmark Data





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SB CTR
decreases
14.8% YoY

Walmart Avg
Spend up
18% YoY

Instacart
CPC down
2% YoY



About the Report

Explore Pacvue's Q4 2023 CPC Report, containing quarterly and yearly advertising trends for Amazon, Walmart, and Instacart. This report contains insights into the current state of retail media advertising in the United States, helping you to benchmark your own performance and understand key industry trends.

This report offers a comprehensive view on advertising data on a large scale. It contains information from thousands of advertisers across various brand sizes and product categories, making it one of the most comprehensive reports of its kind in the industry.



Retailers
releasing
their own
AI tools
for search

Walmart
reveals
"search by
use case"
capability

Instacart
incorporates
Chat GPT with
proprietary
AI models

A Letter from our President

Dear Readers,

The landscape of search is evolving, marked by its inherent and perpetual change. We find ourselves at another wave of change, notably characterized by the integration of more advanced generative AI into search functionalities. Key players such as Amazon, Walmart, and Instacart have embraced this shift, unveiling their own generative AI search tools. This strategic adoption harnesses the power of AI to elevate the overall shopping experience for their respective customer bases. Instacart's "Ask Instacart" incorporates the capabilities of OpenAI's ChatGPT alongside Instacart's proprietary AI models. This dynamic fusion enables the generation of personalized and insightful suggestions, effectively addressing user queries such as "What fish is similar to salmon?".

On a similar note, Walmart showcased its latest feature at CES in January, introducing a novel functionality that empowers customers to search for products based on specific use cases, transcending the conventional search parameters of mere product or brand names. This forward-thinking approach reflects a commitment to enhancing user experience through more nuanced and context-driven search capabilities.

Imagine a customer initiating a search like "toys for 3-year-old girl birthday." In this innovative approach, the conventional reliance on buyer-merchandised placements for optimal discovery is surpassed. Instead, the customer is presented with a meticulously curated list of items precisely tailored to their specific needs. This personalized curation is made possible through Walmart's proprietary data and technology, complemented by the intricate capabilities of large language models. This "smarter search," method signifies a departure from traditional search paradigms, aiming to provide users with more intelligent and relevant results aligned with their unique requirements.

The changing landscape of search, driven by the integration of generative AI, is evident in major retailers like Amazon, Walmart, and Instacart adopting advanced AI tools for a more personalized shopping experience. This evolution has implications for organic and paid search, with a potential shift towards a pay-to-play model. Walmart's recent introduction of Brand Term Targeting for advertisers exemplifies this trend, enabling competitor keyword targeting for market share acquisition and customer attraction.

MELISSA BURDICK
PACVUE PRESIDENT

Amazon Benchmarks

Use this report to benchmark your own performance on Amazon and uncover industry trends.



SPEND

SP CPC
increases
11.7% YoY



SB CTR
decreases
14.8% YoY

"As Amazon enhances measurement data on the consumer journey, budgets are spreading into upper-funnel and cross-channel tactics. AMC offers deeper insights, enabling strategic targeting alignment for various funnel strategies. This facilitates a better understanding of customer interactions with the brand. With evolving data accessibility, it's now easier to attribute upper-funnel and cross-channel tactics to conversion, providing insights at every funnel level."

CLARE HOGAN
Sr Manager, Partnerships
Pacvue



Quarterly Data

SPONSORED PRODUCTS ADS — Positive Change — No Change — Negative Change

TIME / CHANGE	CTR	CPC	ACOS	ROAS	eCPM	BRAND AVG DAILY SPEND
2022-Q4	0.31%	\$1.20	19.74%	\$5.06	\$3.67	.....
2023-Q1	0.34%	\$1.18	20.25%	\$4.94	\$3.99	.....
2023-Q2	0.34%	\$1.30	19.63%	\$5.09	\$4.45	.....
2023-Q3	0.34%	\$1.33	19.29%	\$5.18	\$4.55	.....
2023-Q4	0.32%	\$1.34	19.99%	\$5.00	\$4.30	.....
QoQ Change	-5.9%	0.8%	3.6%	-3.5%	-5.5%	18.0%
YoY Change	3.2%	11.7%	1.3%	-1.2%	17.2%	17.7%

SPONSORED BRANDS ADS — Positive Change — No Change — Negative Change

TIME / CHANGE	CTR	CPC	ACOS	ROAS	eCPM	BRAND AVG DAILY SPEND
2022-Q4	0.54%	\$1.63	24.30%	\$4.11	\$8.78	.....
2023-Q1	0.51%	\$1.53	26.09%	\$3.83	\$7.85	.....
2023-Q2	0.52%	\$1.57	25.00%	\$4.00	\$8.10	.....
2023-Q3	0.51%	\$1.66	24.36%	\$4.10	\$8.42	.....
2023-Q4	0.46%	\$1.66	24.13%	\$4.14	\$7.67	.....
QoQ Change	-9.8%	0.0%	-0.9%	1.0%	-8.9%	19.8%
YoY Change	-14.8%	1.8%	-0.7%	0.7%	-12.6%	8.2%

Q4 Amazon Spotlight

Connect with the Pacvue Team at Expo West 2024

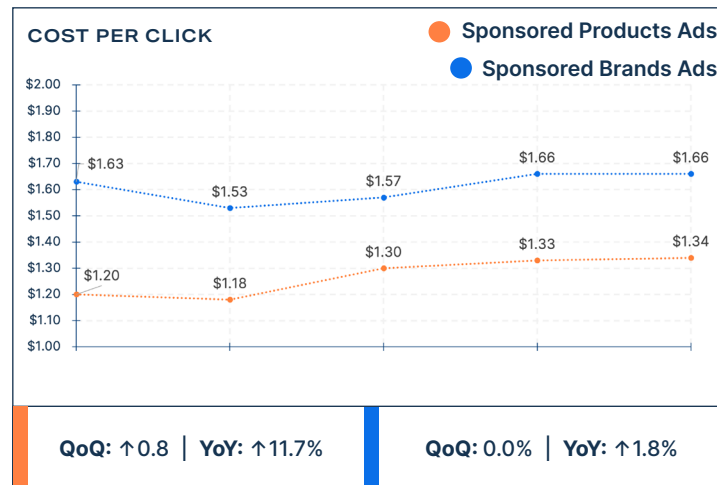
Meet the Team

Year-over-year, **Cost Per Click** increased by 11.7% for Sponsored Products and 1.8% for Sponsored Brands, indicating heightened competition for high-converting Sponsored Products Ads during the holidays.

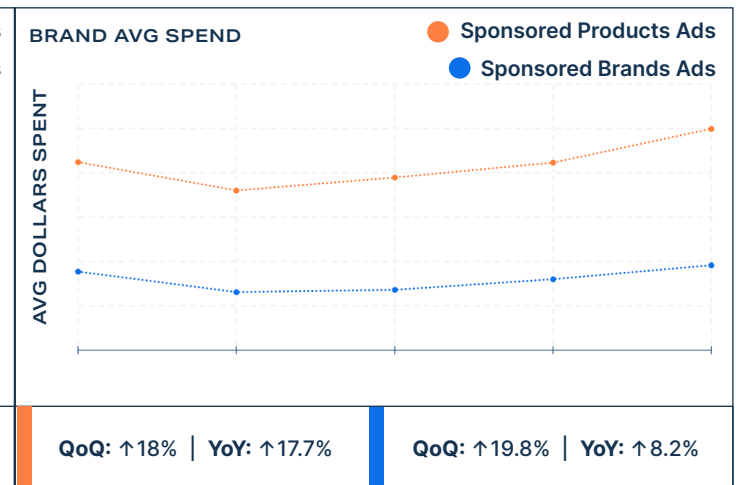
Average spend for Sponsored Brands increased by 8.2% year-over-year, as brands leveraged new ad placements like Sponsored Brands Video. Sponsored Products also saw a notable increase, rising by 17.7% from 2022.

Year-over-year, **Click-Through Rate** decreased by 14.8% for Sponsored Brands and increased by 3.2% for Sponsored Products. However, quarter-over-quarter, CTR was down by 10% for Sponsored Brands and nearly 6% for Sponsored Products.

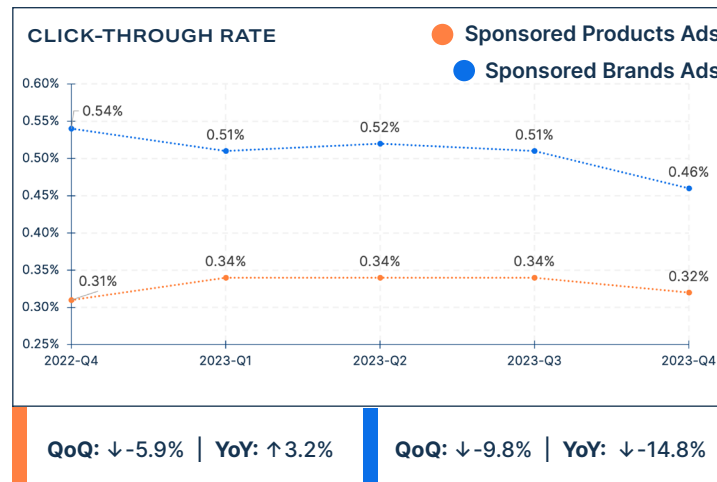
Sponsored Brands' **ROAS** held steady with a marginal 0.7% increase. Meanwhile, Sponsored Products saw a slight dip due to heightened competition and lower holiday season conversion rates.



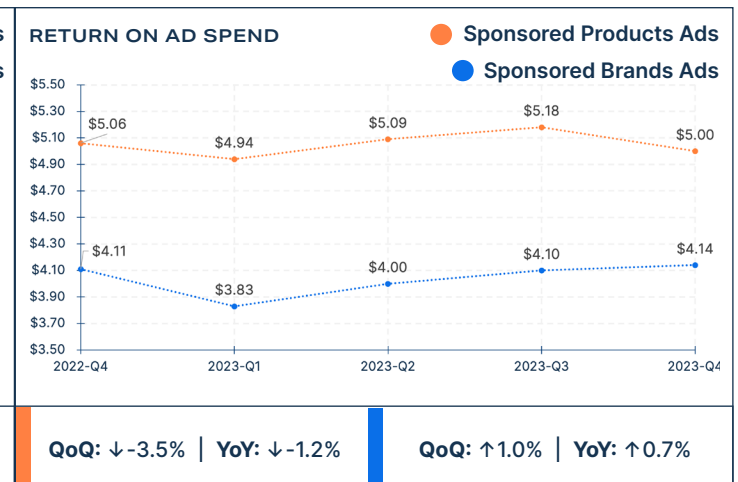
Source: Pacvue Amazon Data



Source: Pacvue Amazon Data



Source: Pacvue Amazon Data



Source: Pacvue Amazon Data

Walmart Connect Benchmarks

Use this report to benchmark your own performance on Walmart Connect and uncover industry trends.



CPC

Walmart Avg Spend up 18% YoY



CTR increases 55% YoY



"The expansion of Walmart Self-Service Display capabilities aims to eliminate barriers for brands investing in the full funnel."

Walmart is dedicated to boosting confidence and visibility throughout the entire shopper journey, unlocking brand budgets in the process."

**RIKU
LAITASALO**
Head of Client Services
Pacvue

Quarterly Data

SPONSORED PRODUCTS ADS — Positive Change — No Change — Negative Change

TIME / CHANGE	CTR	CPC	ACOS	ROAS	eCPM	BRAND AVG DAILY SPEND
2022-Q4	0.58%	\$0.62	15.68%	\$6.38	\$3.59	.....
2023-Q1	0.78%	\$0.58	14.10%	\$7.09	\$4.53	.....
2023-Q2	0.92%	\$0.58	13.54%	\$7.38	\$5.34	.....
2023-Q3	0.97%	\$0.62	13.63%	\$7.33	\$6.02	.....
2023-Q4	0.90%	\$0.67	16.43%	\$6.08	\$6.05	.....
QoQ Change	-7.22%	8.06%	20.54%	-17.05%	0.50%	19.55%
YoY Change	55.17%	8.06%	4.78%	-4.70%	68.52%	18.47%



Q4 Walmart Connect Spotlight

Connect with the Pacvue Team at Shoptalk 2024

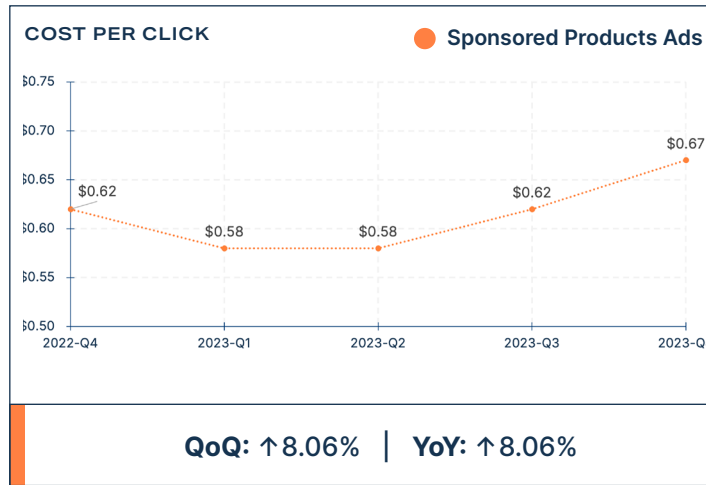
Meet the Team

Cost Per Click (CPC) on the Walmart platform increased by 8% compared to Q4 2022, reflecting heightened competition among advertisers on the platform.

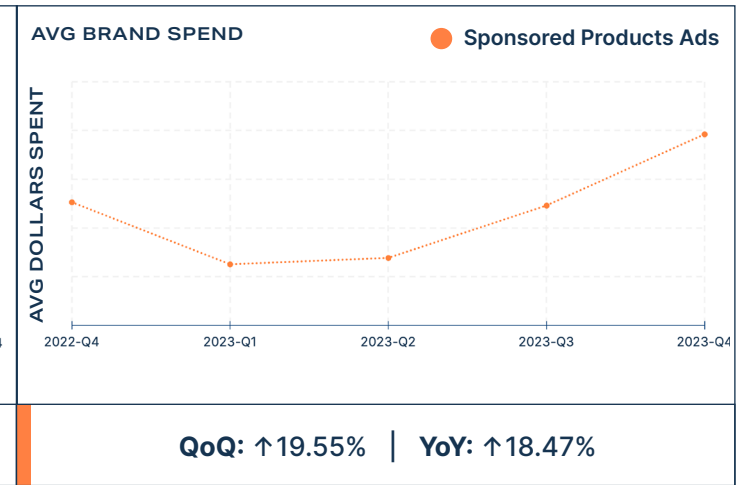
Spend on the Walmart platform increased by over 18% year-over-year, indicating that more brands sought to capitalize on the surge in Black Friday and Cyber Monday traffic.

The **Click-Through Rate (CTR)** showed a significant increase, rising by 55% year-over-year in 2023. This growth is indicative of the positive impact of new ad placement options, such as sponsored video, and ongoing algorithm improvements on the platform.

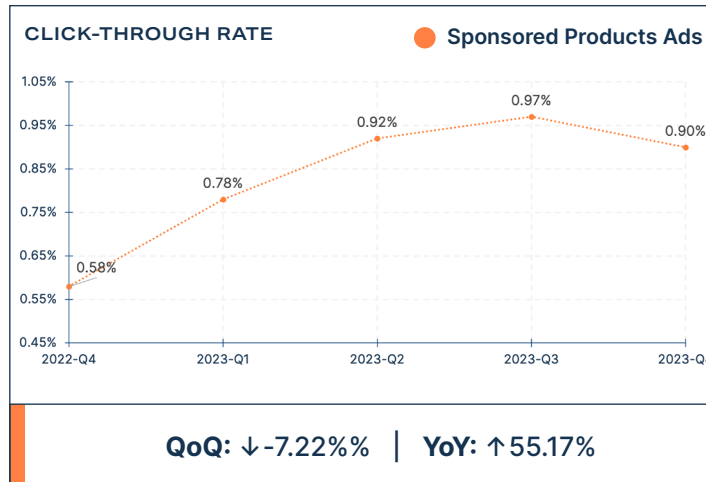
The **Return on Ad Spend (ROAS)** experienced a slight decline of 4.7% year-over-year, possibly influenced by the rise in CPC resulting from an increased number of advertisers on the platform.



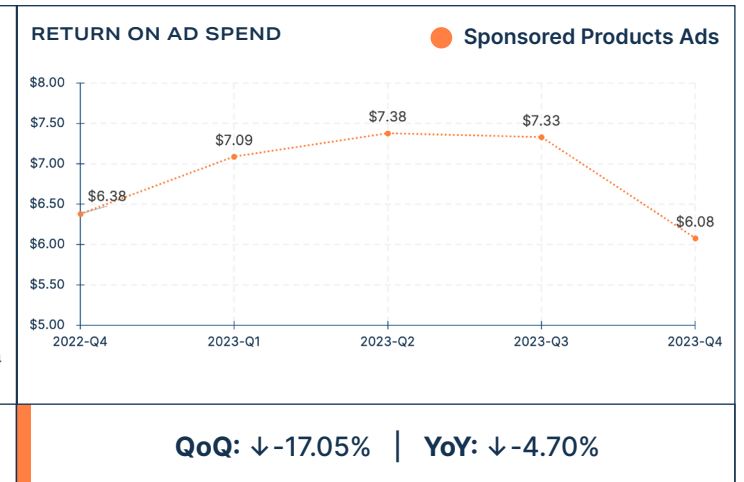
Source: Pacvue Walmart Connect Data



Source: Pacvue Walmart Connect Data



Source: Pacvue Walmart Connect Data

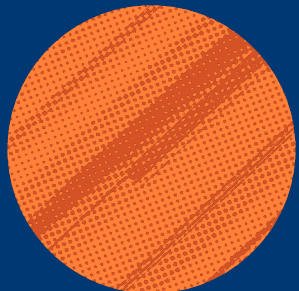


Source: Pacvue Walmart Connect Data

 2023 Q4 CPC REPORT

Instacart Benchmarks

Use this report to benchmark your own performance on Instacart and uncover industry trends.



ROAS
increases
7.9% YoY



CTR

CPC down
2% YoY

"Instacart continues to innovate in 2024 with new integrations with Google Shopping Ads and new in-store media solutions, advertisers can take advantage of hyper-personalized retail media at affordable costs."

MELISSA BURDICK
President
Pacvue



Quarterly Data

SPONSORED PRODUCTS ADS — Positive Change — No Change — Negative Change

TIME / CHANGE	CTR	CPC	ACOS	ROAS	eCPM	BRAND AVG DAILY SPEND
2022-Q4	2.11%	\$0.95	19.40%	\$5.15	\$20.03	.....
2023-Q1	2.19%	\$0.90	17.34%	\$5.77	\$19.81	.....
2023-Q2	2.33%	\$0.97	17.83%	\$5.61	\$22.53	.....
2023-Q3	2.37%	\$0.96	17.52%	\$5.71	\$22.74	.....
2023-Q4	2.18%	\$0.93	17.97%	\$5.56	\$20.16	.....
QoQ Change	-8.02%	-3.12%	2.57%	-2.63%	-11.35%	9.04%
YoY Change	3.32%	-2.11%	-7.37%	7.96%	0.65%	-13.47%



Q4 Instacart Spotlight

Connect with the Pacvue Team at Prosper 2024

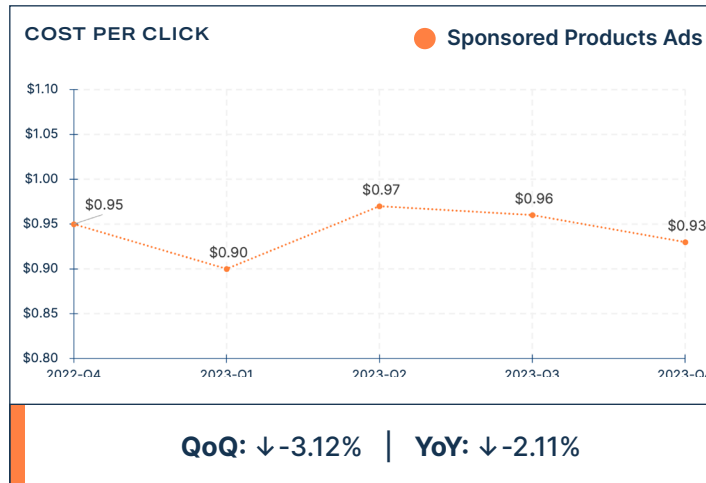
Meet the Team

The **Cost Per Click (CPC)** experienced a slight decrease of 2% year-over-year, indicating a potential slowdown in competition on the platform. This trend might be attributed to a decline in consumer preference for the convenience of fast delivery at higher costs.

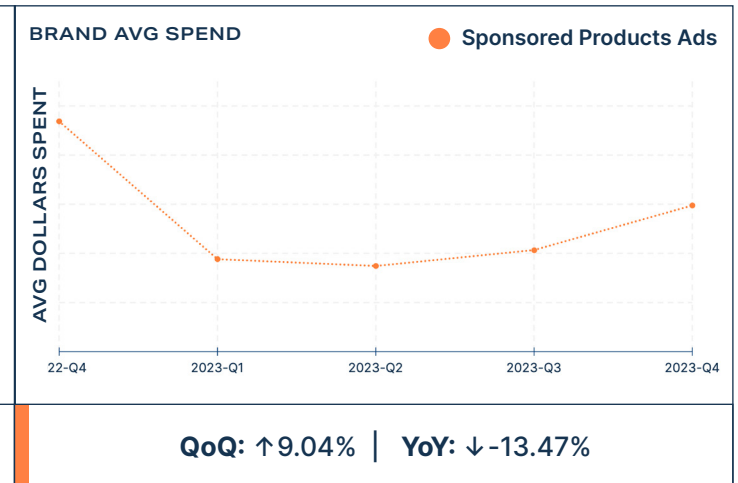
Spend on the platform experienced a 9% increase quarter over quarter but declined by 13% from 2022, possibly due to fewer brands choosing to invest in the platform during the holiday season.

The **Click-Through Rate (CTR)** showed a year-over-year increase of 3.3%, but experienced a seasonal drop of 8% quarter-over-quarter. This decline is a common trend during the Holiday Season when customers tend to search for specific items.

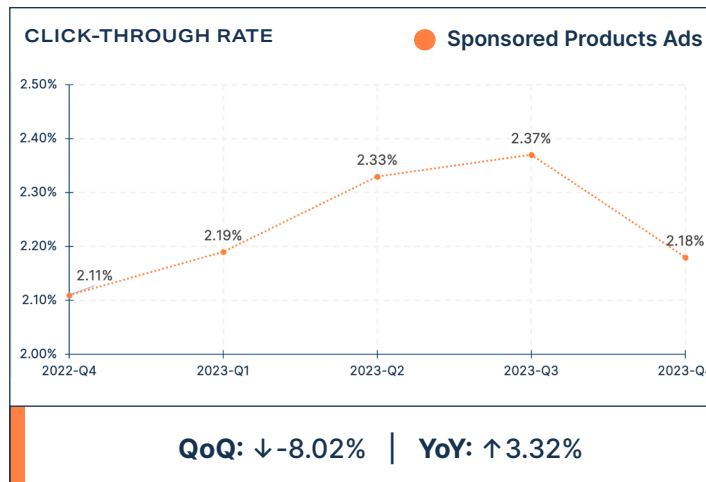
Return on Ad Spend (ROAS) experienced a positive growth of 7.9% year-over-year, potentially benefiting from the decrease in CPC.



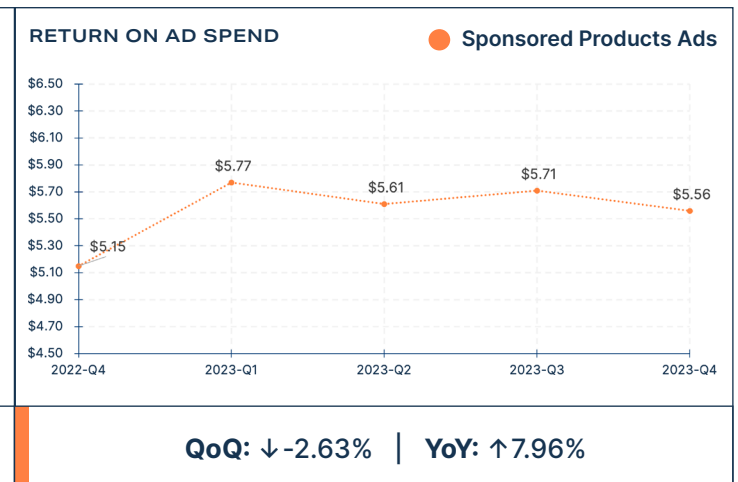
Source: Pacvue Instacart Data



Source: Pacvue Instacart Data



Source: Pacvue Instacart Data



Source: Pacvue Instacart Data



2023 HOLIDAY SPOTLIGHT

Holiday 2023 Recap

A lookback at results from Cyber 5 2023 and other holiday category data.



CYBER 5

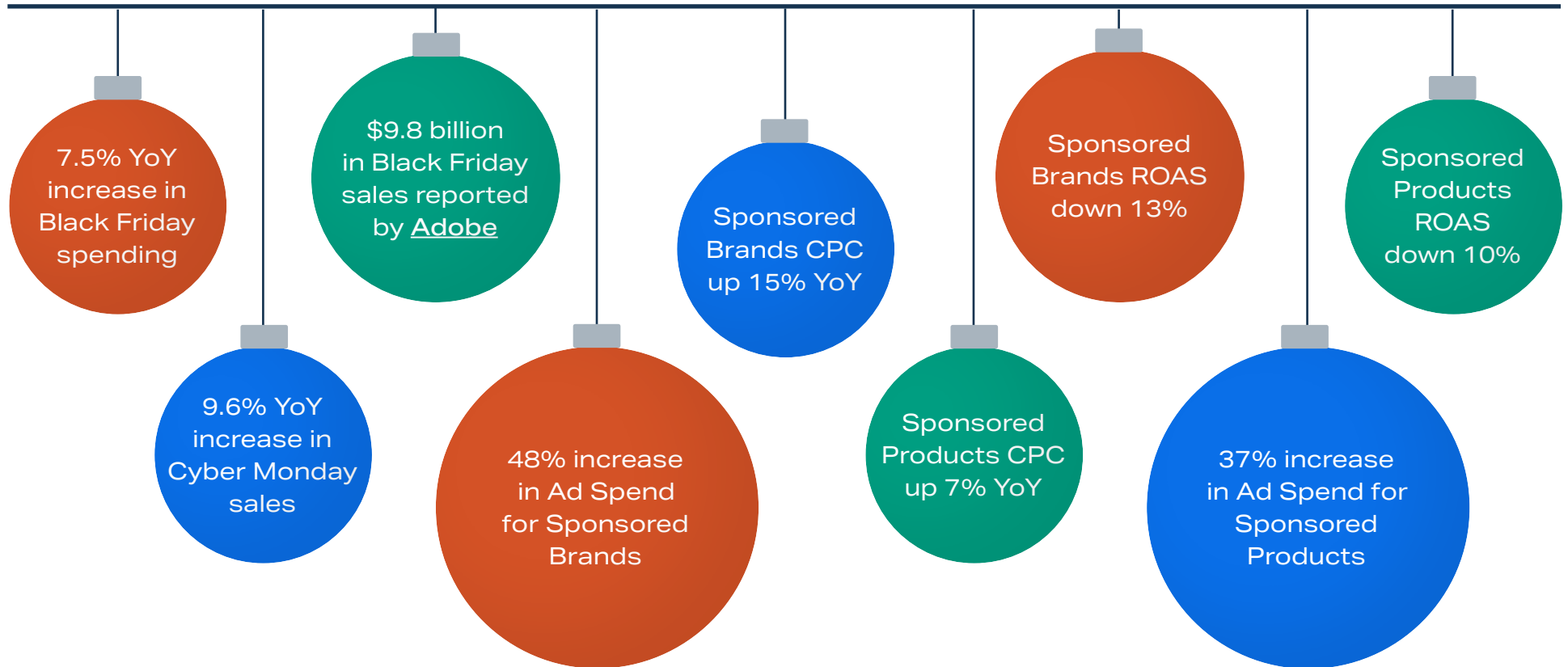
Cyber 5
Avg CPC
up 12%



Cyber 5
Avg ROAS
decreases
12%

Cyber 5 and Holiday Results

In 2023, Cyber-5 week witnessed notable changes, with deals starting earlier than ever, influenced by Amazon's Prime Big Deal Days trend. Major players initiated promotions as early as the Friday before Thanksgiving, providing more opportunities for consumer purchases.



Want more Cyber 5 Insights? Get the Pacvue 2023 "Cyber 5 Unwrapped" Report now.

[Download the report](#)

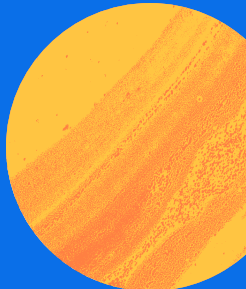
 2023 Q4 CATEGORY SPOTLIGHT

Category Insights

Use this report to benchmark category spend, and then dive deeper into insights from the Q4 2023 Electronics, Beauty & Pet Data.



CPC



Spend & Ranking

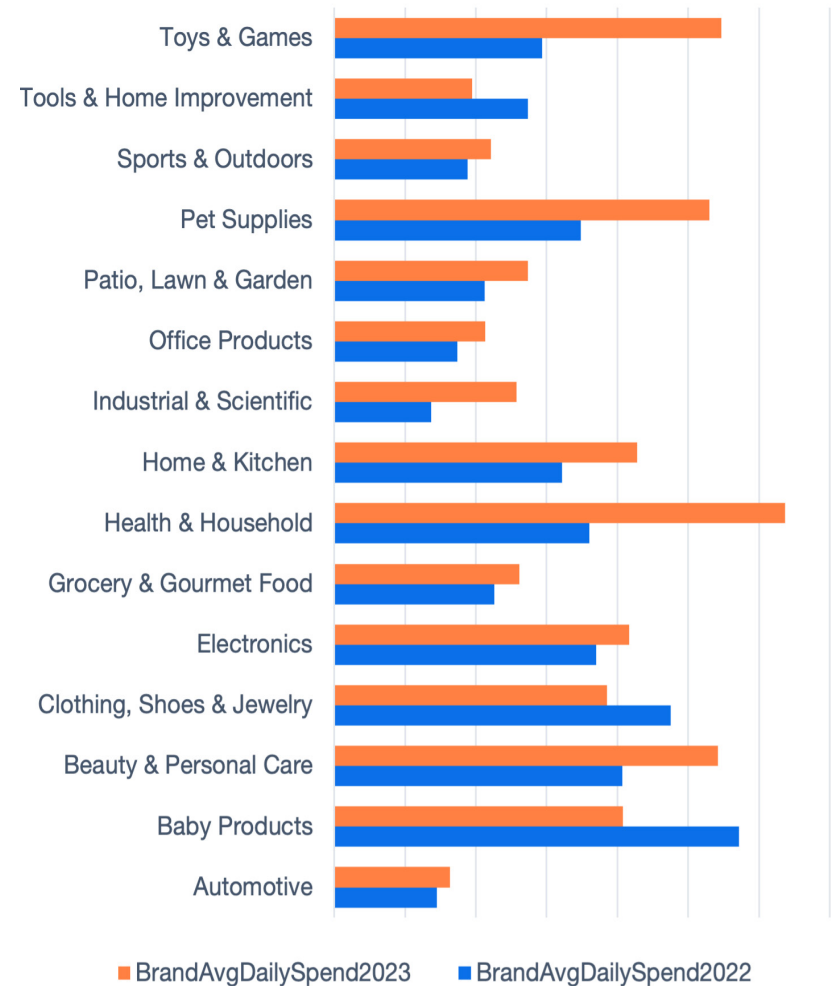
Toys & games, Health & Household and Pet Supplies all saw an increase in **average spend** of over 70%.

Tools & Home Improvement saw a decline in **spend** of over 25% as the pandemic DIY boom comes to an end and fewer advertisers prioritize spend during the holiday season. Baby Products is another category with a notable decline of 28% in spend year-over-year.

Airpods, Barbie and Stanley Cups dominated Amazon **search ranking** in the top-10 searches across the 3 months of Q4.



BrandAvgDailySpend: 2023Q4 vs 2022Q4



Connect with Pacvue at Direct Agenda Japan

Meet the Team



Consumer Electronics

Connect with the Pacvue Team at Expo West 2024

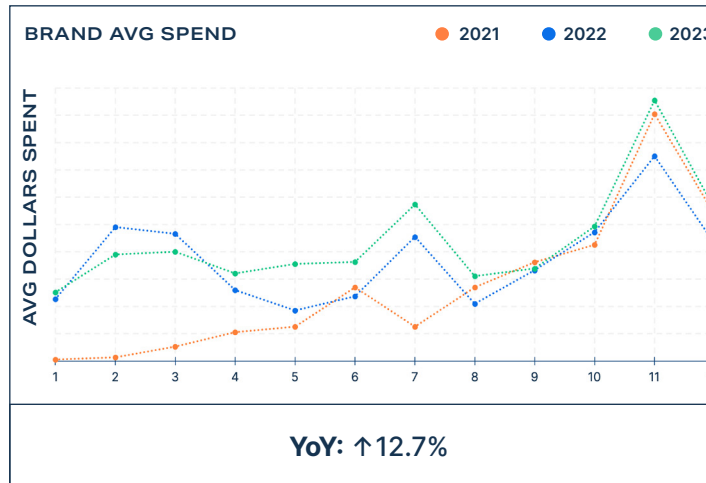
Meet the Team

The year-over-year data reveals a 12.7% increase in **Average Daily Spend**, and an even more significant surge of 33.3%. This ongoing uptick in spending suggests heightened competition within the Electronics category, with brands investing more to secure top placements, contributing to the continuous rise in CPCs.

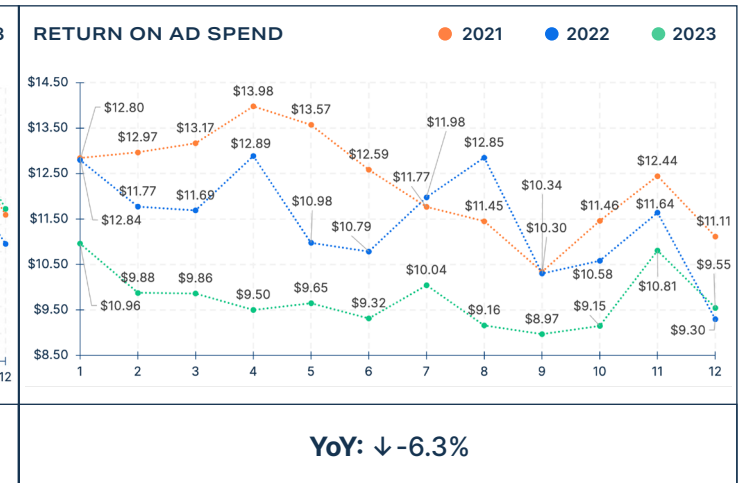
Return on Ad Spend (ROAS)

exhibited a slight quarter-over-quarter recovery, rising by 4.7%. However, when compared year-over-year, there was a decrease of -6.3%, resulting in an average ROAS of \$9.84. Brands should take note of this year-over-year decline and make strategic adjustments accordingly.

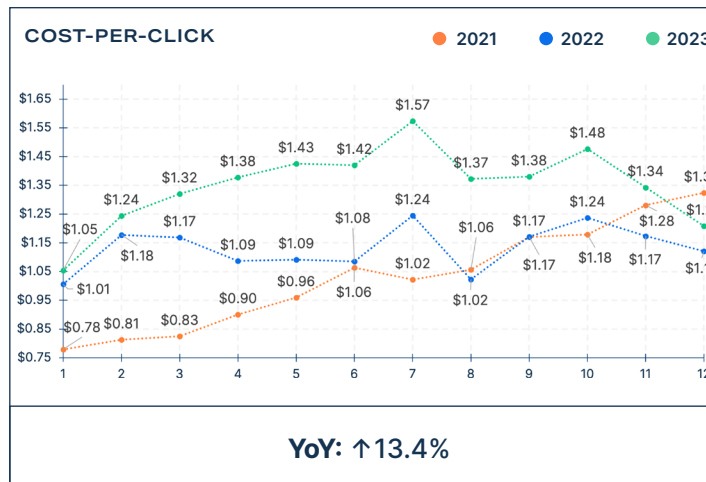
CPCs saw a quarter-over-quarter decrease of -6.9%, but there was a significant year-over-year increase of 13.4%. Brands should be aware of the rising trend in CPCs year-over-year, which could impact ad budgets and overall advertising strategies in 2024.



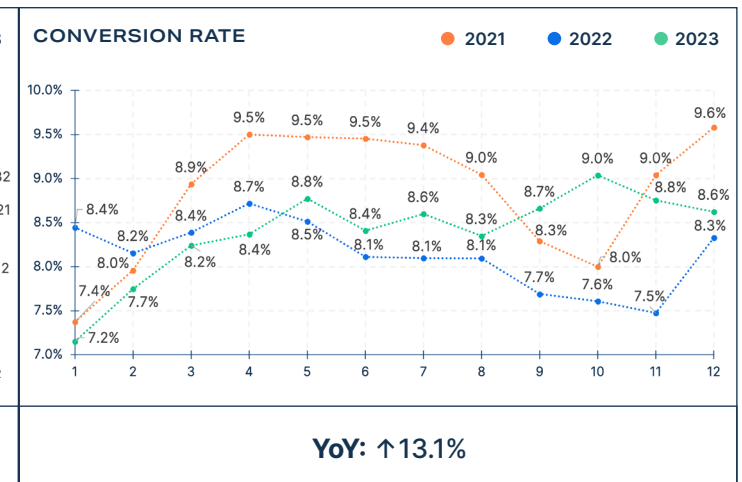
Source: Pacvue Amazon Data



Source: Pacvue Amazon Data



Source: Pacvue Amazon Data



Source: Pacvue Amazon Data



Beauty + Personal Care

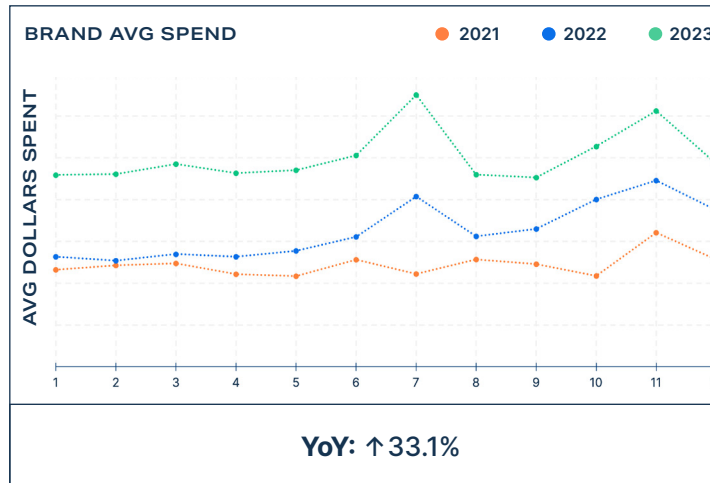
Connect with the Pacvue Team at Shoptalk 2024

Meet the Team

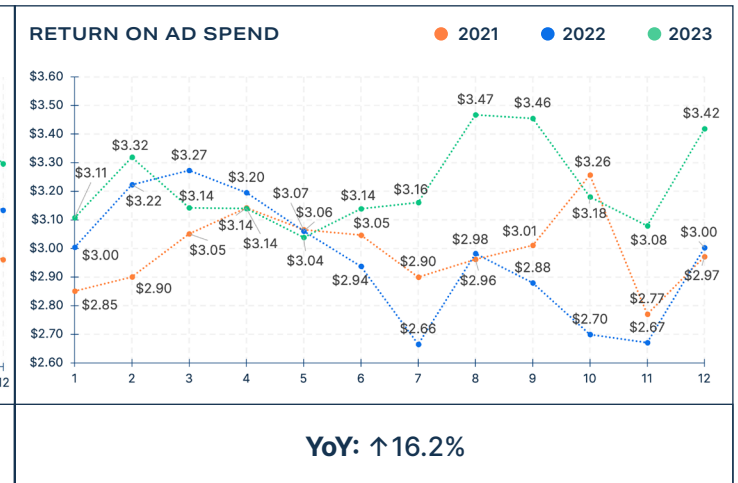
Average Daily Spend increased 12.7% year-over-year and 33.3% year-over-year. The continued increase in spend could be a sign of more competition within the Electronics category, as brands spend more to win top placements with CPCs continuing to rise.

ROAS recovered slightly quarter-over-quarter in Q4, increasing 4.7%, but decreased year-over-year -6.3% for an average ROAS of \$9.84. Despite a slight recovery in Q4, it's important for brands to be aware of the year-over-year decline and adjust their strategies accordingly.

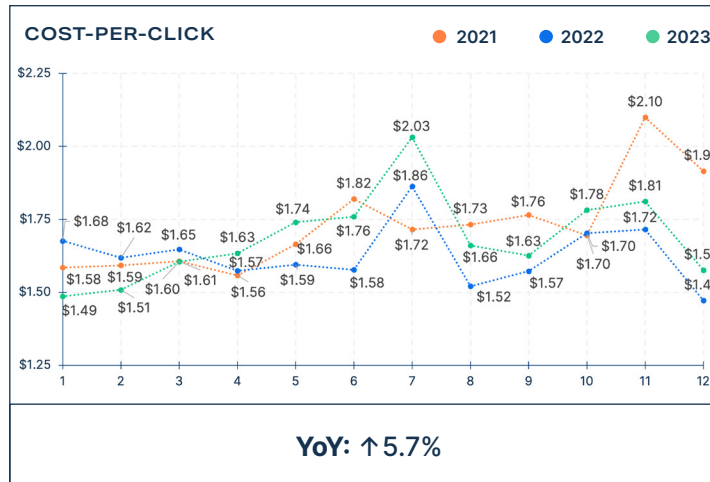
CPCs increased 13.4% year-over-year but decreased quarter-over-quarter -6.9%. While CPCs decreased during Q4, brands need to be aware of the upward trend year-over-year as it may impact their ad budgets and overall advertising strategies in 2024.



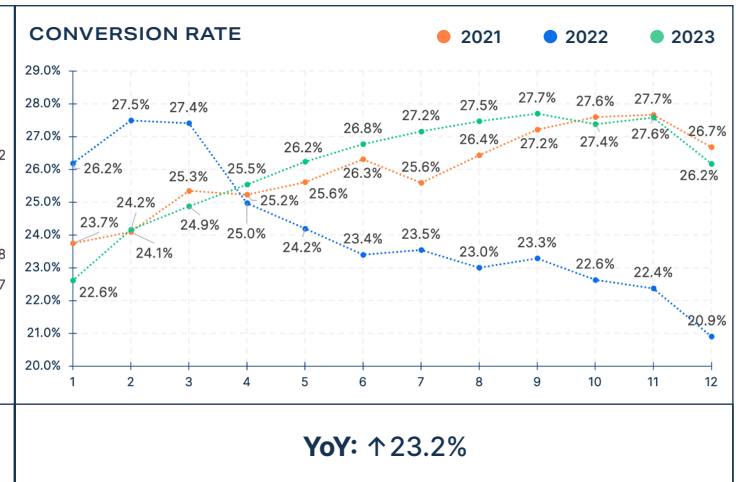
Source: Pacvue Amazon Data



Source: Pacvue Amazon Data



Source: Pacvue Amazon Data



Source: Pacvue Amazon Data



Pet Food + Supplies

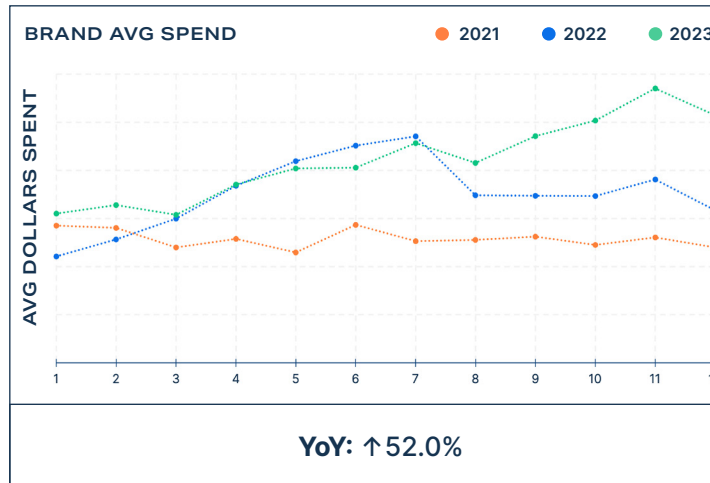
Connect with the Pacvue Team at Prosper 2024

Meet the Team

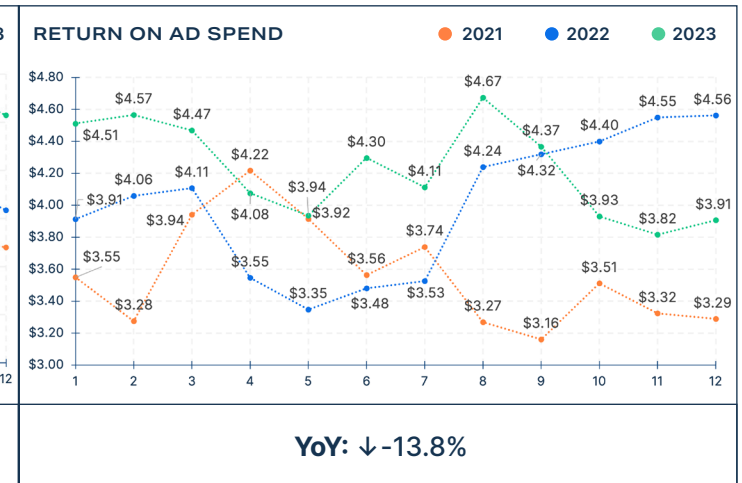
The Pet Supplies Category **ad spend** increased 15.4% quarter-over-quarter and 52% year-over-year. This shows the strong demand for pet-related products, likely driven by factors such as increased pet ownership since the pandemic and a growing market for pet supplies on eCommerce marketplaces.

Despite the increase in ad spend, **ROAS** decreased -11.4% quarter-over-quarter and -13.6% year-over-year, suggesting that the increased ad spend did not proportionally translate into improved returns on ad spend.

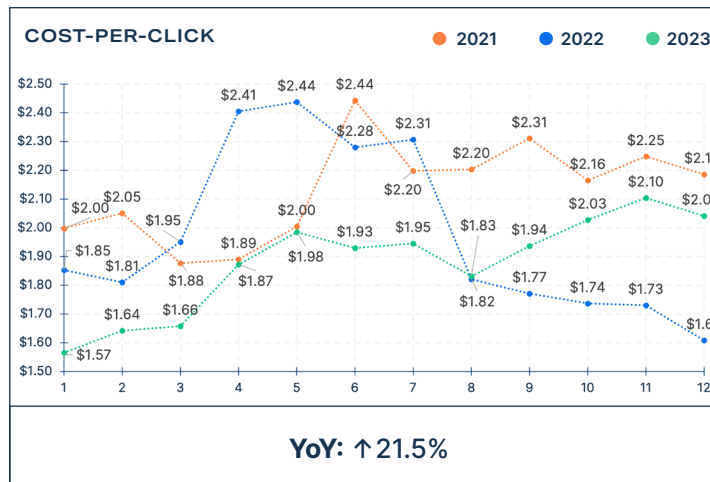
CPCs increased 7.4% quarter-over-quarter and 21.6% year-over-year, highlighting the increased competition that has been seen over the past few years as the Pet Supplies category continues to grow.



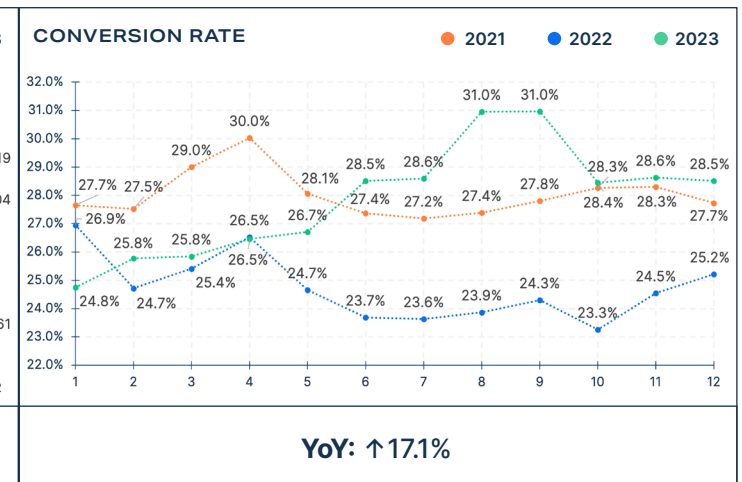
Source: Pacvue Amazon Data



Source: Pacvue Amazon Data



Source: Pacvue Amazon Data



Source: Pacvue Amazon Data



2023 Q4 REGIONAL SPOTLIGHT

Europe: Amazon Benchmarks

Use this report to benchmark your own performance on Amazon and uncover industry trends.



ROAS

SP
Conversion
Rate up
14.4%



SB
Ad Spend
up 10.2%

Europe Amazon Highlights

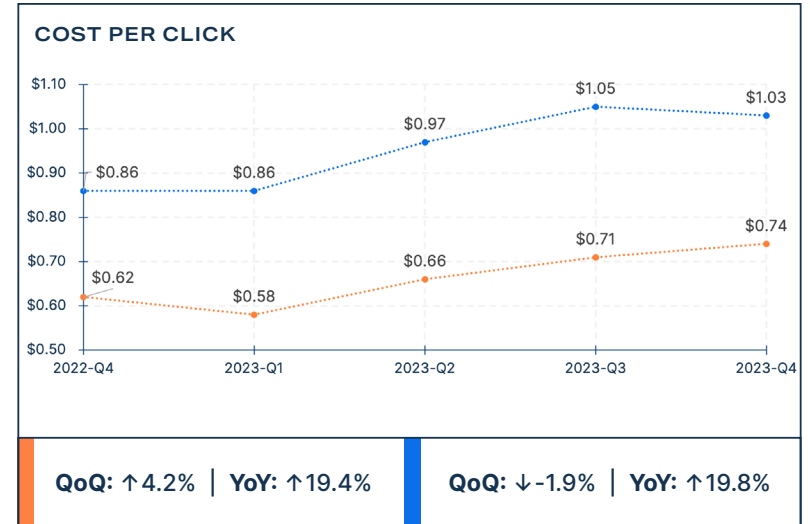
The **advertising competition** on Amazon experienced a substantial increase year over year, with both Sponsored Brands and Sponsored Products seeing a surge of over 19% from 2023. This suggests a notable rise in the number of advertisers on the platform, contributing to heightened competition for ad placements.

In the realm of Sponsored Products, **Return on Ad Spend (ROAS)** showed a positive growth of 8% year-over-year, attributed to robust conversion rates during Q4. However, Sponsored Brands did not witness a similar improvement, experiencing a decline in ROAS by 15.7% compared to 2022.

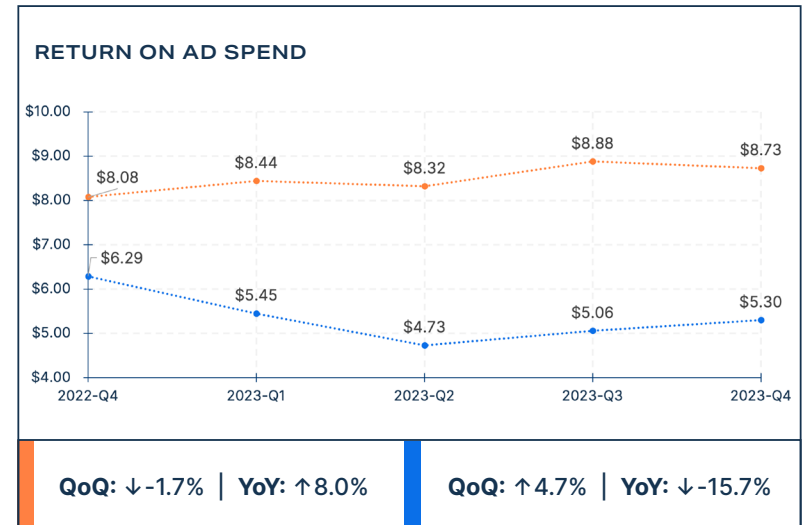


[Connect with Pacvue at Direct Agenda Japan](#)

[Meet the Team](#)



Source: Pacvue Amazon Data



Source: Pacvue Amazon Data

Europe Amazon Highlights

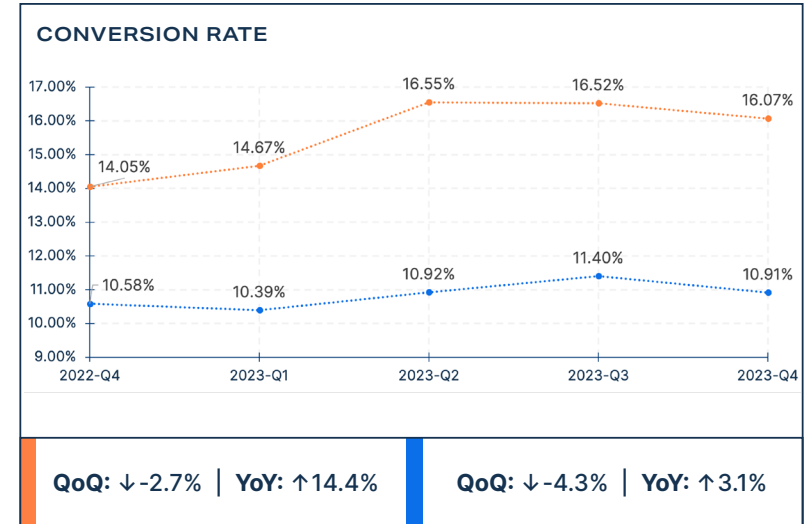
Conversion Rates for Sponsored Products demonstrated a substantial 14.4% increase year over year, showcasing the effectiveness of these ads in converting clicks to sales. On the other hand, Sponsored Brands experienced a more modest increase of 3.1% in conversion rates compared to the previous year. It's noteworthy that despite the annual growth, there was a slight decline in conversion rates compared to Q3.

In Q4, Amazon **ad spending** soared with Sponsored Products up 14.6% and Sponsored Brands up 10.2% from 2022. Brands concentrated spending in October and November, with a more significant drop in December budgets in 2023 compared to the previous year, reflecting early spending for Black Friday and Cyber Monday.

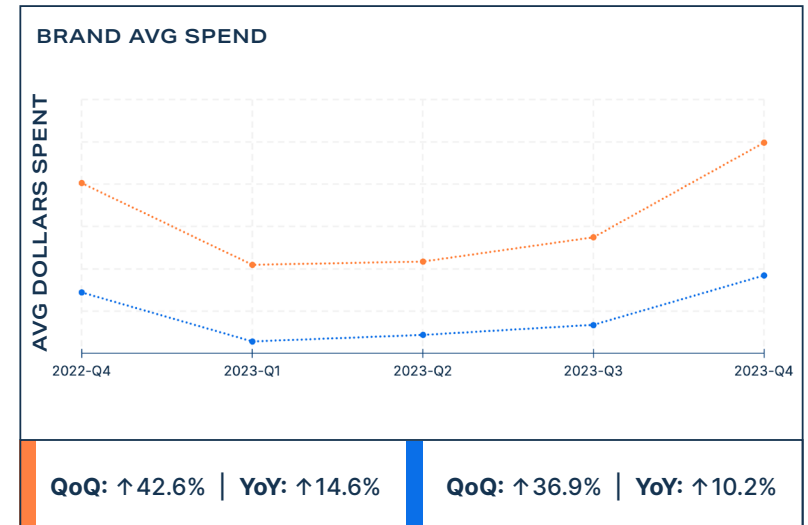


Connect with the Pacvue Team at Expo West

Meet the Team



Source: Pacvue Amazon Data



Source: Pacvue Amazon Data



Strategic
incorporation
of AI tech

Ad Spend
up across
the board
during
Cyber 5

For 2024,
double down
on AI for
enhanced
targeting

Conclusion

2023 could be remembered as a pivotal moment when brands collectively took a significant leap into the integration of AI technologies. This marked shift reflects a broader industry acknowledgment of the transformative potential and benefits offered by AI in various aspects of business operations and customer experiences. Major players like Amazon, Walmart, and Instacart are strategically incorporating advanced generative AI into their search functions to deliver a more targeted and personalized shopping experience for their customers. This shift towards AI has broader implications for both organic and paid search, indicating a potential move towards a pay-to-play model. The dynamic integration of AI reflects a commitment to staying at the forefront of technology to meet evolving customer expectations.

During the Cyber 5 and holiday season, advertisers demonstrated a continued willingness to invest, with Ad Spend showing an across-the-board increase. Notably, brands explored new avenues, such as Sponsored Brands Videos, expanding their ad placements. The heightened competition for high-converting Sponsored Products Ads, especially during the holidays, was reflected in the increased Cost Per Click

(CPC) for both Sponsored Products and Sponsored Brands.

While the overall numbers during Cyber 5 exhibited growth, the outcomes were not entirely favorable for brands. Despite a 23% increase in average sales and a 5% rise in conversion rates from 2022, the Return on Ad Spend (ROAS) experienced a decline, dropping by almost 12%. This dip is attributed to intensified competition in the advertising landscape during the holiday season.

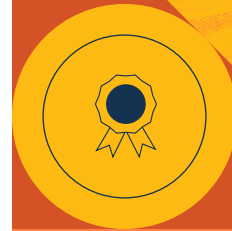
Looking ahead to 2024, it appears that brands stand to gain stronger returns by further harnessing the capabilities of AI technologies. The experience from the recent holiday season underscores the heightened competition in the advertising space, signaling that a strategic integration of AI could be essential for brands to optimize their advertising efforts. The potential for AI to enhance targeting, personalization, and overall campaign efficiency positions it as a valuable tool for brands looking to navigate and succeed in the evolving landscape of digital advertising.

For more benchmarks and insights to power up your advertising efforts for 2024, visit us at pacvue.com.

About Pacvue

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