



Q2 2021

CPC Report



KEY FINDINGS:

- Average daily spend on Sponsored Brand ads increased 82% in Q2 2020 year-over-year.
- Conversion rate for Sponsored Brand ads decreased 11% while Sponsored Product ad CVR remained steady quarter-over-quarter.
- CPC and Average Daily Spend in the Home & Kitchen category both increased by 28% and 35% respectively in June 2021.

With businesses and the overall US economy reopening in Q2 2021, consumer spending returns to normal in some categories and sees strong improvements in others. Despite the reopening of more brick and mortar stores, eCommerce advertising continues to represent a strong opportunity as most brands increase their investment in Amazon advertising.

Advertisers have continued to move budgets into Amazon advertising in response to the increase in eCommerce spending. Unfortunately, many were unable to act quickly enough to capitalize on the pandemic-fueled growth seen in Q2 2020, leading to high year-over-year increases. Despite a better ROAS and CVR in Q2 2020, average daily spend is significantly higher in Q2 2021.

The term “face mask” had been near the top of Amazon search queries since April 2020 and has finally fallen out of the top 12 for the first time. Mother’s Day gifts, fidget toys, and summer dresses for women held the top search spots in Q2. The Home & Kitchen category is also seeing increased ad spend in response to consumer demand.

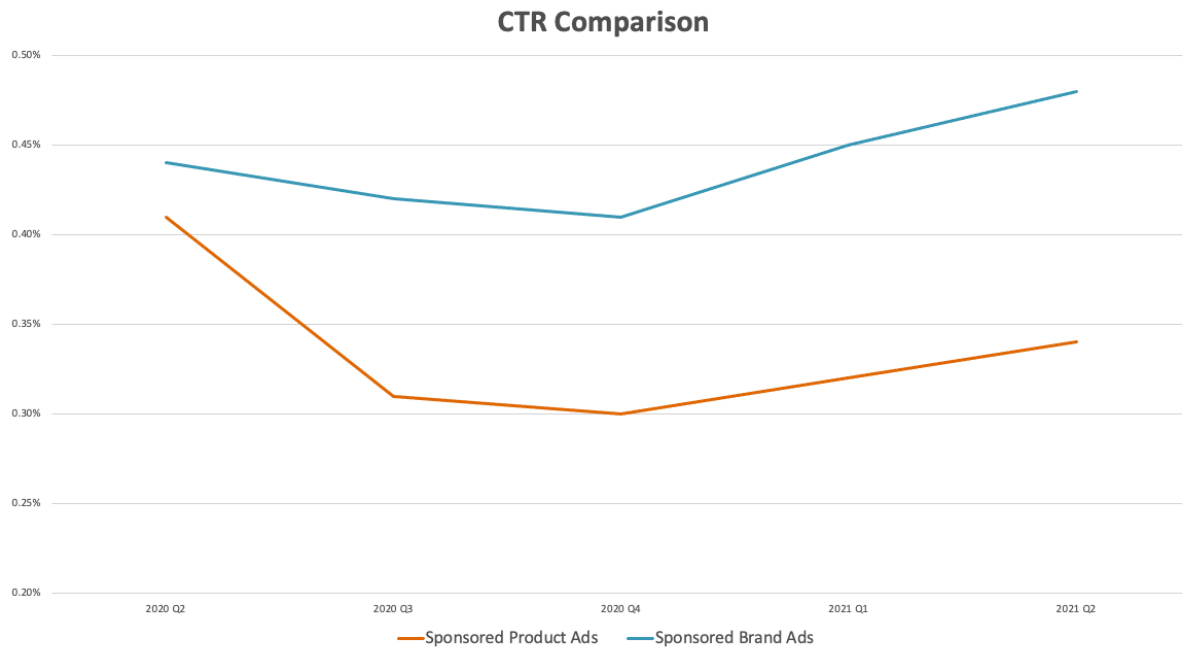
The data provided by the Q2 2021 CPC Report is sourced from Pacvue’s proprietary Amazon keyword tracking database. This database compiles KPIs from hundreds of advertisers across all company sizes and product categories. In addition to the quarterly data provided, we have also included a monthly breakdown of key performance metrics and a closer look at several unique product categories.

Q2 2021 Trends

Sponsored Product Ads	CTR	CPC	CPA	CVR	ROAS	eCPM
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%	\$4.64	\$3.70
Q2 2021	0.34%	\$1.22	\$7.10	17.17%	\$4.71	\$4.17
QoQ Change	6%	7%	8%	-1%	2%	13%
YoY Change	-17%	36%	10%	22%	-10%	12%

Sponsored Brand Ads	CTR	CPC	CPA	CVR	ROAS	eCPM
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
Q2 2021	0.48%	\$1.37	\$9.02	15.24%	\$4.18	\$6.60
QoQ Change	7%	-4%	9%	-11%	4%	3%
YoY Change	9%	18%	31%	-9%	-26%	30%

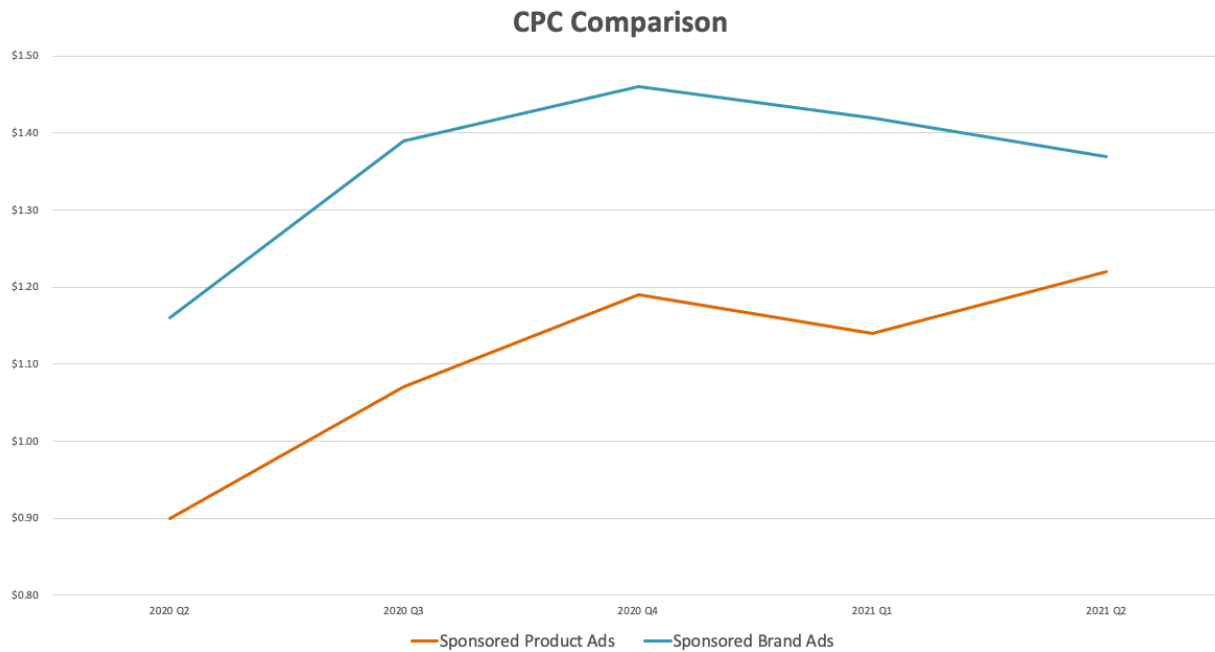
Click-through rates are rising steadily by 6-10% per quarter in 2021.



After rising 7% in Q1 2021, CTR for Sponsored Product ads rose another 6% in Q2 to reach 0.34%. This still leaves CTR 17% lower than the rates found during the unprecedented ad performance of Q2 2020.

Sponsored Brand ads continue to see steady growth as well, improving by 7% quarter-over-quarter to 0.48%. This represents a 9% increase year-over-year for Sponsored Brand CTR.

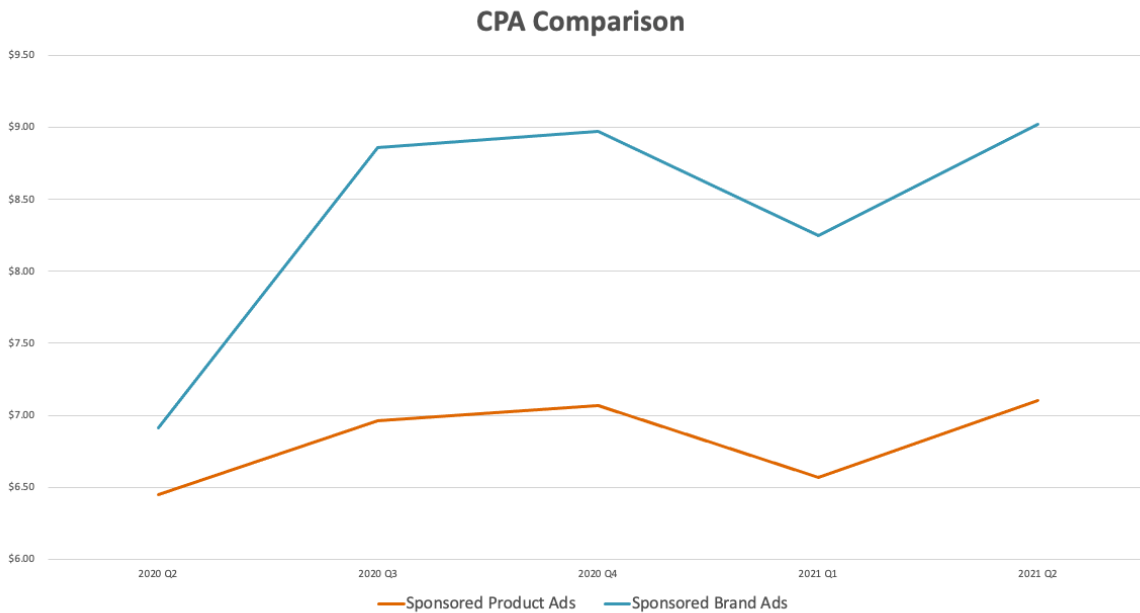
Sponsored Products CPC increased 7% quarter-over-quarter as Sponsored Brands CPC decreased 4%.



For the past year and a half CPC for Sponsored Brand and Sponsored Product ads have remained relatively closely correlated. Q2 2021 sees this trend change as Sponsored Product ads CPC increased again. The \$1.22 CPC in Q2 2021 represents a 36% year-over-year increase compared to the extreme lows of Q2 2020.

In an interesting contract, Sponsored Brands CPC has decreased slightly to \$1.37. This is the lowest quarterly average since the \$1.16 CPC for Sponsored Brand ads seen in Q2 2020.

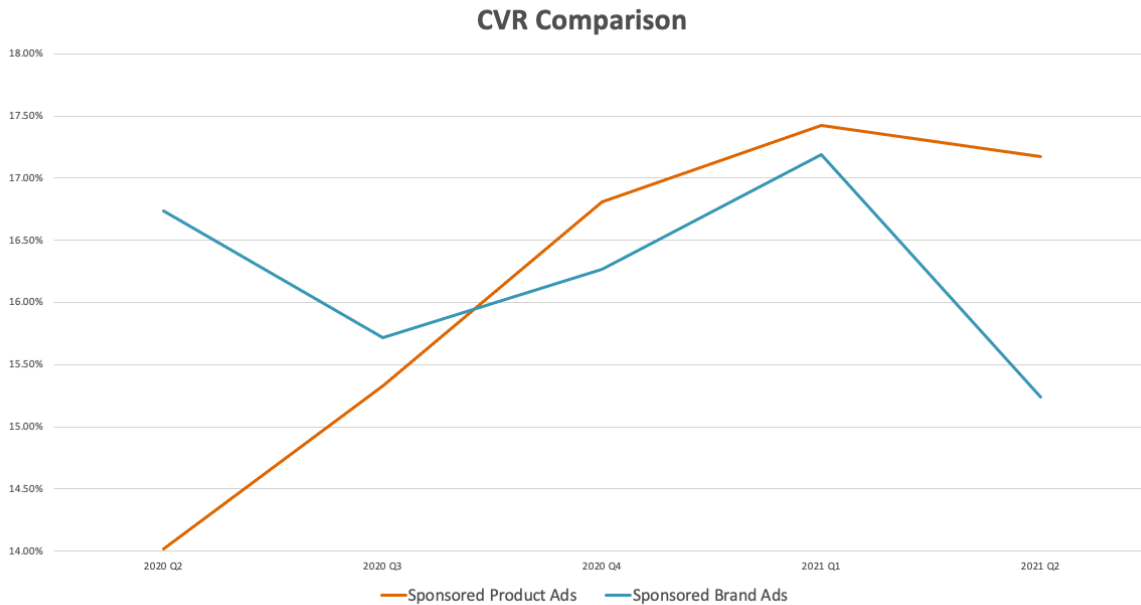
Cost-per-acquisition for Sponsored Brand ads increased 31% year-over-year.



Sponsored Brand ads saw increased competition starting in 2020 and CPA reached \$9.02 in Q2 2021. This is a 9% increase from Q1 and a 31% increase year-over-year.

Sponsored Product ads CPA also increased 8% in Q2 2021 to \$7.10, a 10% increase year-over-year.

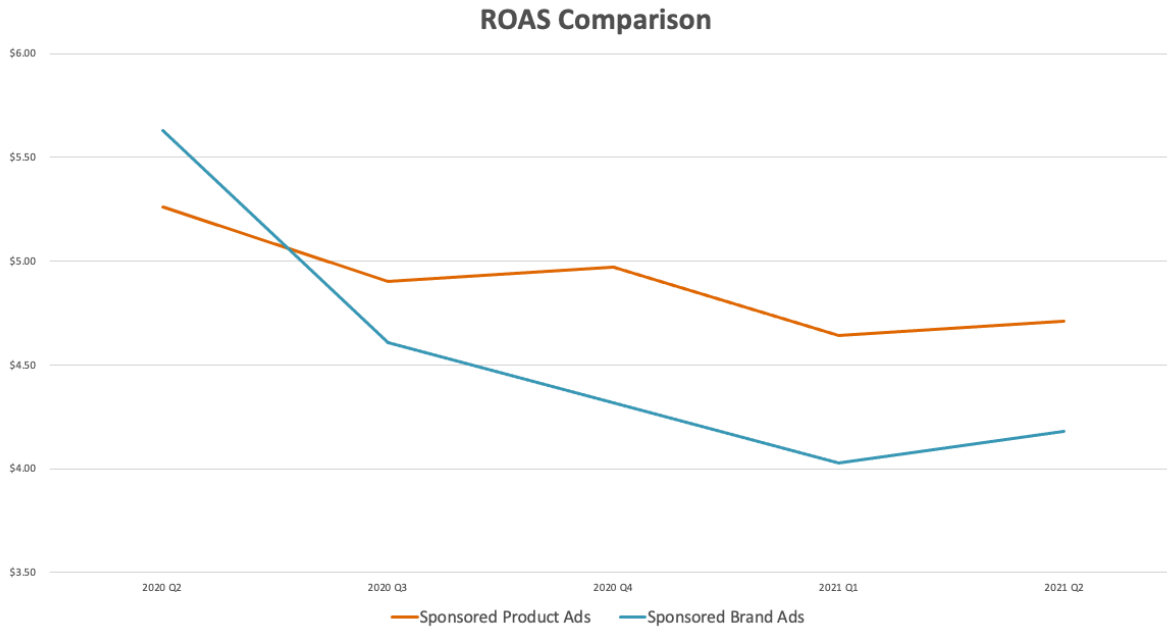
Conversion rates for Sponsored Brand ads decreased 11% while Sponsored Product ads CVR remain steady.



After remaining nearly identical for the past three quarters, CVR for Sponsored Product and Sponsored Brand ads diverge as Sponsored Brands decreased to CVR of 15.24%, a 9% drop year-over-year.

Sponsored Product ads CVR dropped only 1% to 17.17%. However, this CVR is a 22% improvement compared to the challenging Q2 2020.

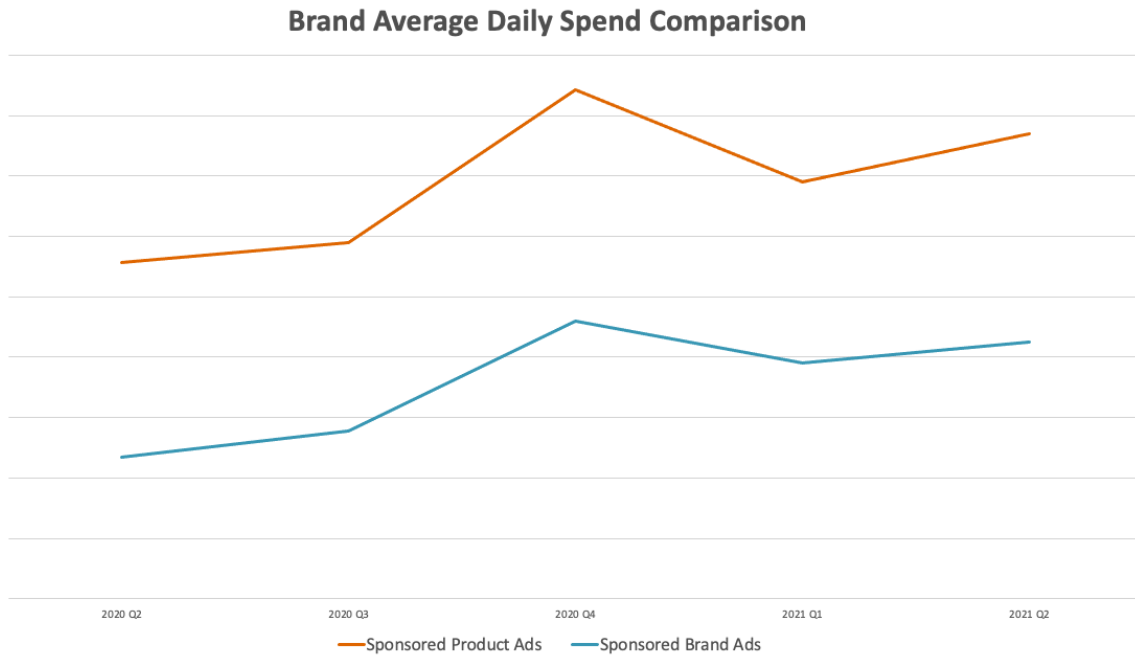
ROAS for Sponsored Product and Sponsored Brand ads remain consistent in Q2 2021.



Return on Ad Spend for Sponsored Product ads averaged \$4.71 in Q2 2021, a 2% improvement quarter-over-quarter. Sponsored Brand ads also improved by 4% in Q2 to \$4.18.

While these numbers are consistent with pre-pandemic numbers, they are low compared to the highly profitable Q2 2020. ROAS has dropped 10% for Sponsored Product ads and 26% for Sponsored Brand ads in the past year.

Brands ramp up their average daily ad spend to near-holiday season spending levels.



Fueled by Prime Day in June, average daily spend on Sponsored Product ads increased 12% QoQ and 38% YoY. Spend on Sponsored Brand ads also saw a moderate increase of 9% in Q2. This represents an 82% increase from Q2 2020.

Monthly CPC Recap

Taking a more granular view of eCommerce performance over the past year and a half reveals even more interesting insights. Spend on Sponsored Product ads jumped up 32% in June 2021 compared to May, due to Prime Day spending. CPC and CPA also increased by 14% and 17% respectively, partly in response to the increased competition.

Sponsored Product 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
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
MoM Change	-3%	14%	17%	-3%	-10%	10%
YoY Change	13%	38%	11%	25%	-7%	59%

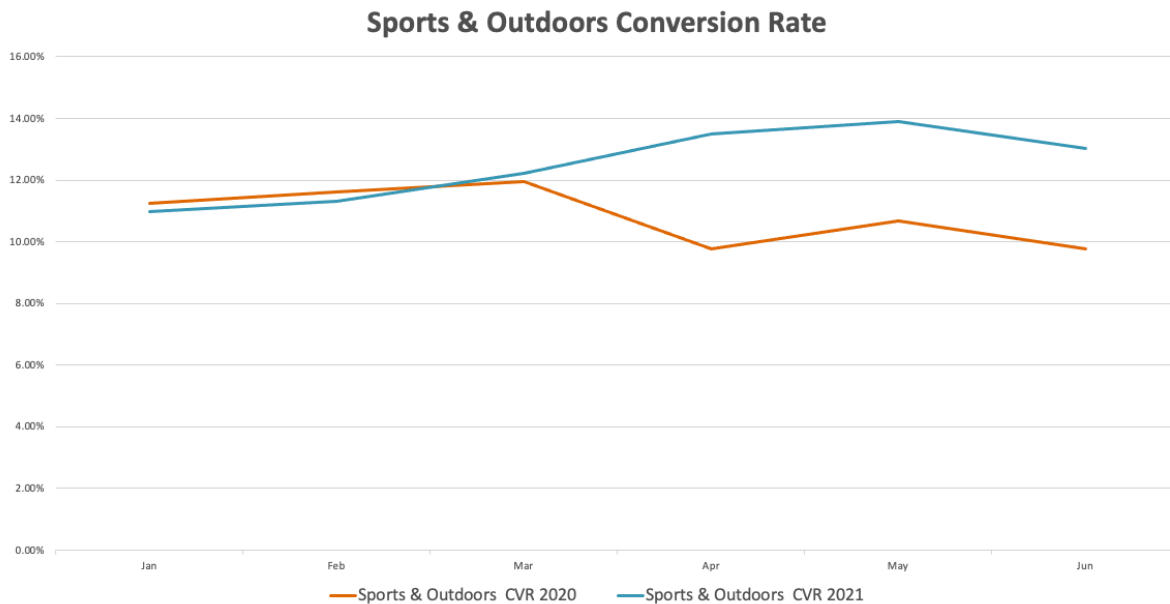
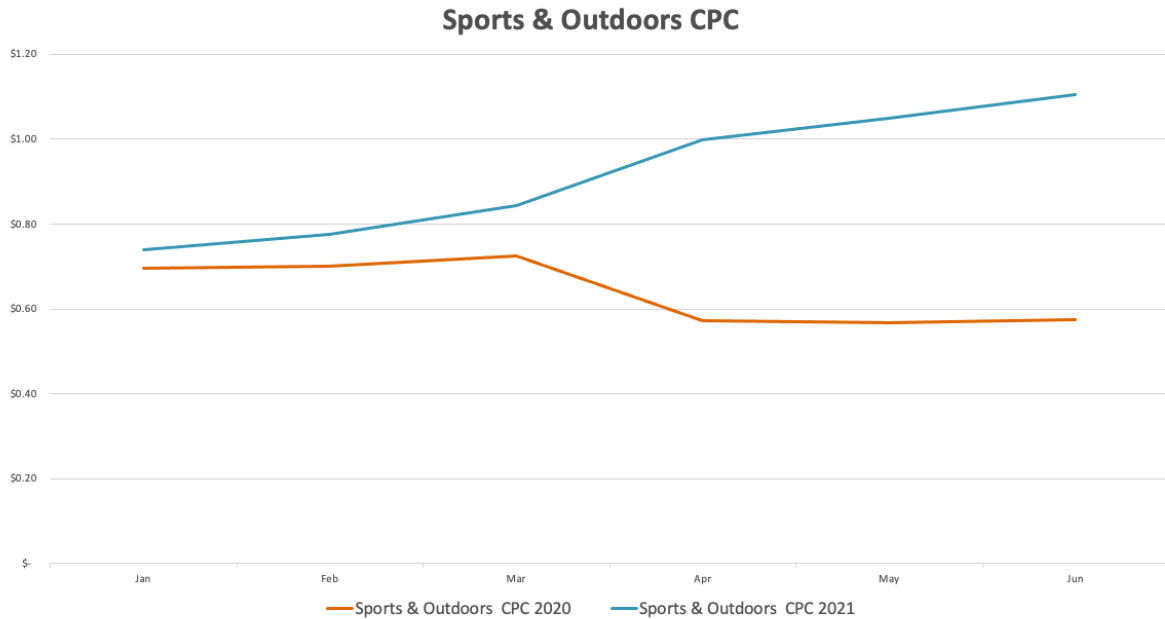
On the Sponsored Brand side, CPC and CPA remained slightly more consistent, only increasing 7% and 10% in June. June also saw the highest daily average ad spend since the holiday season.

Sponsored Brand 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
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
MoM Change	-8%	7%	10%	-3%	2%	-1%
YoY Change	12%	10%	24%	-12%	-17%	25%

Q2 2021 CPC Industry Impacts

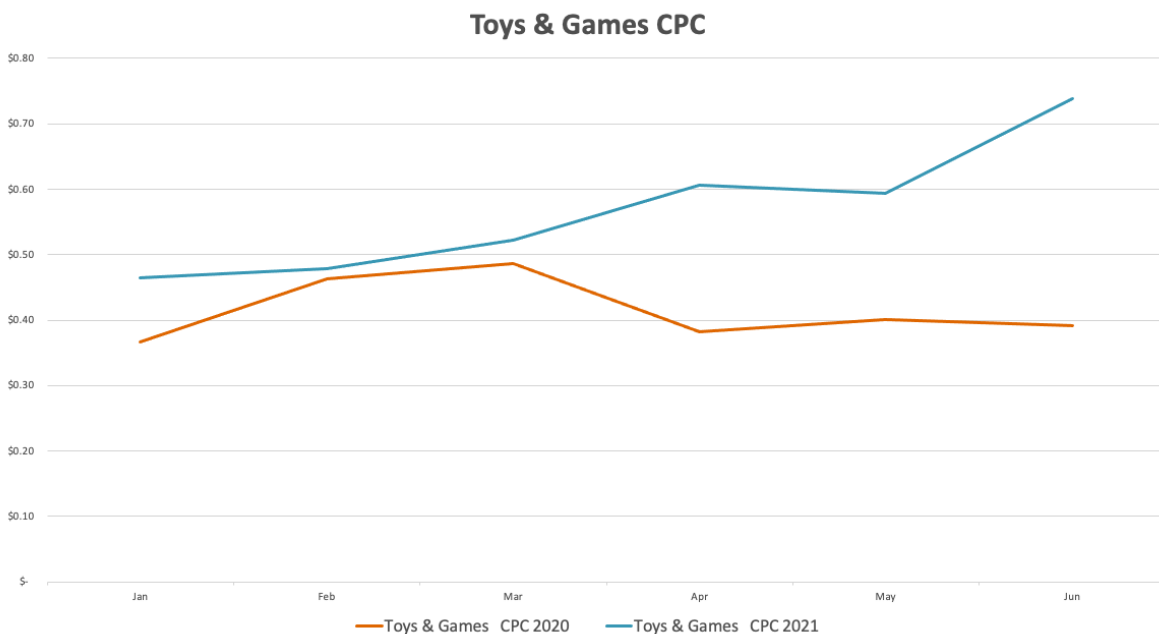
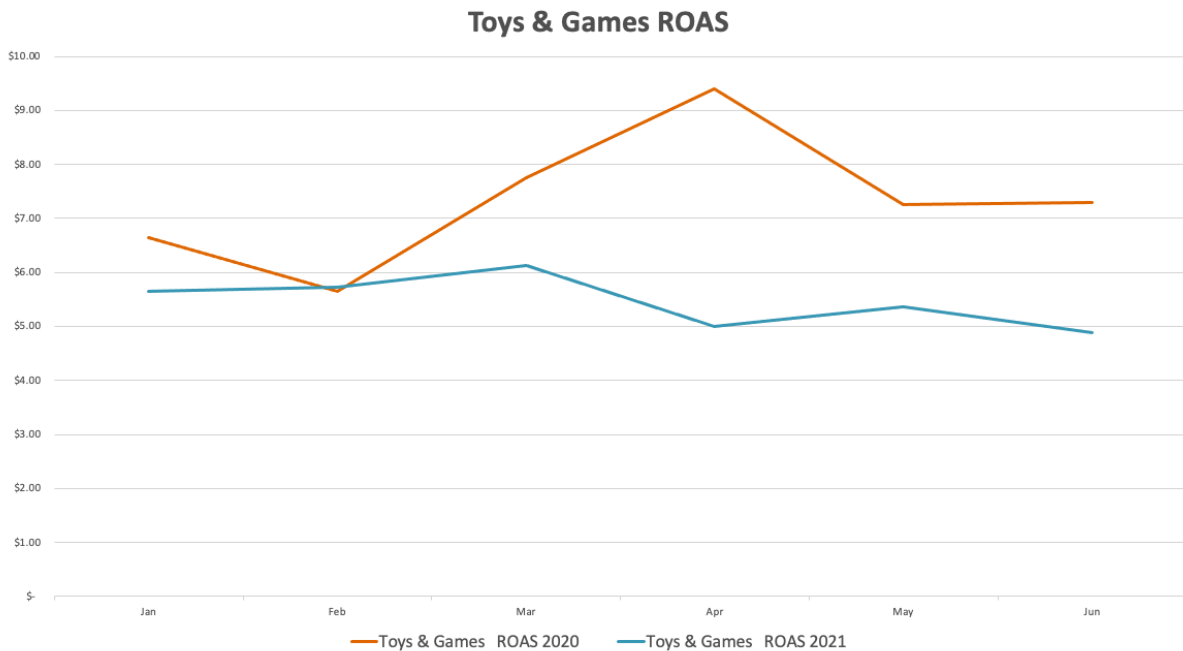
For the most part, product categories followed the quarterly and monthly performance metrics outlined above. However, some industries continue to perform outside the norm and are worth looking at independently. In a year of changing consumer buying behaviors, it is important to get the full picture on these specific categories.

CPC for the Sports & Outdoors category continue to rise, increasing to \$1.11 in June 2021.



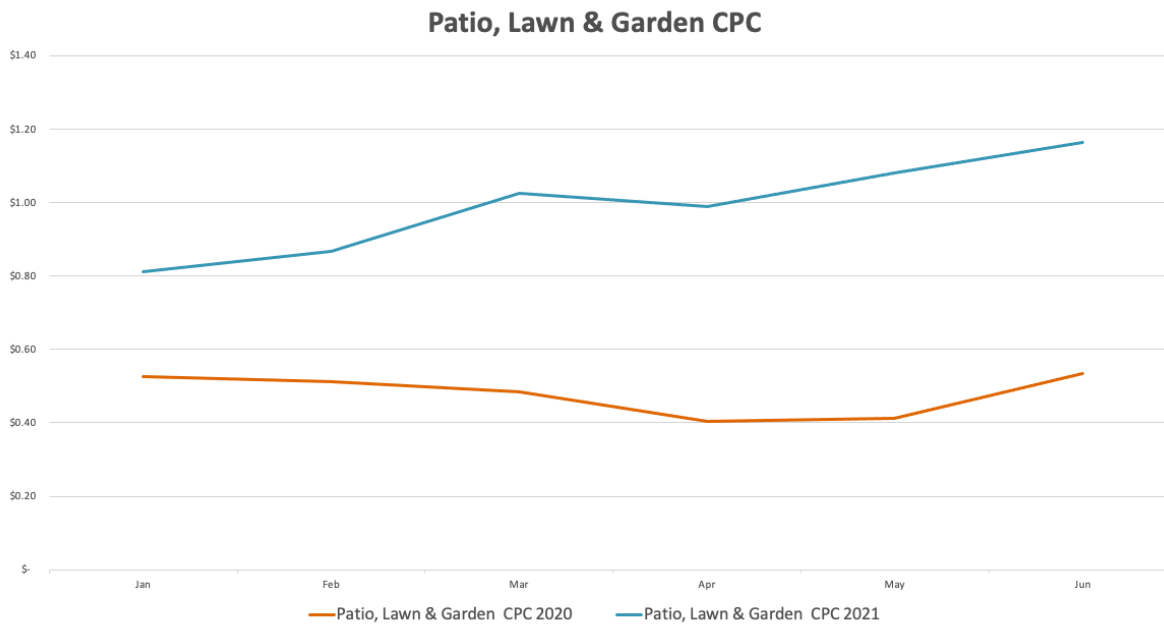
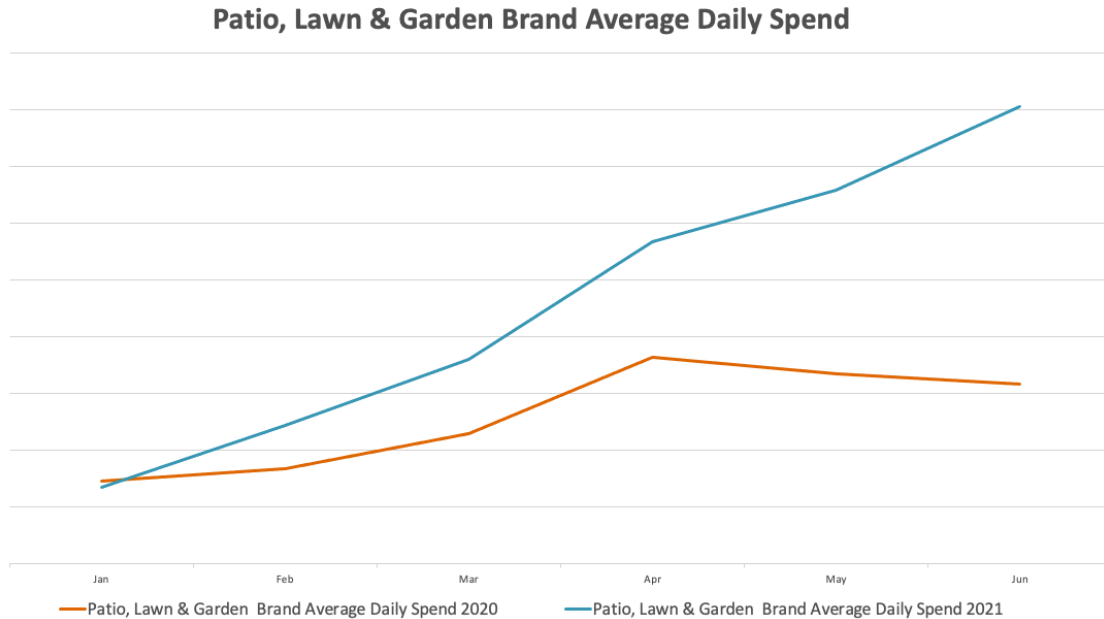
The CPC of \$1.11 in June is 93% higher than the CPC for Sports & Outdoors in June 2020. As consumer spending in the Sports & Outdoors category returns to normal, conversion rates are also 30-28% higher in Q2 2021 than they were in Q2 2020.

Return on Ad Spend in the Toys & Games category leveled off in 2021 as CPC increased.



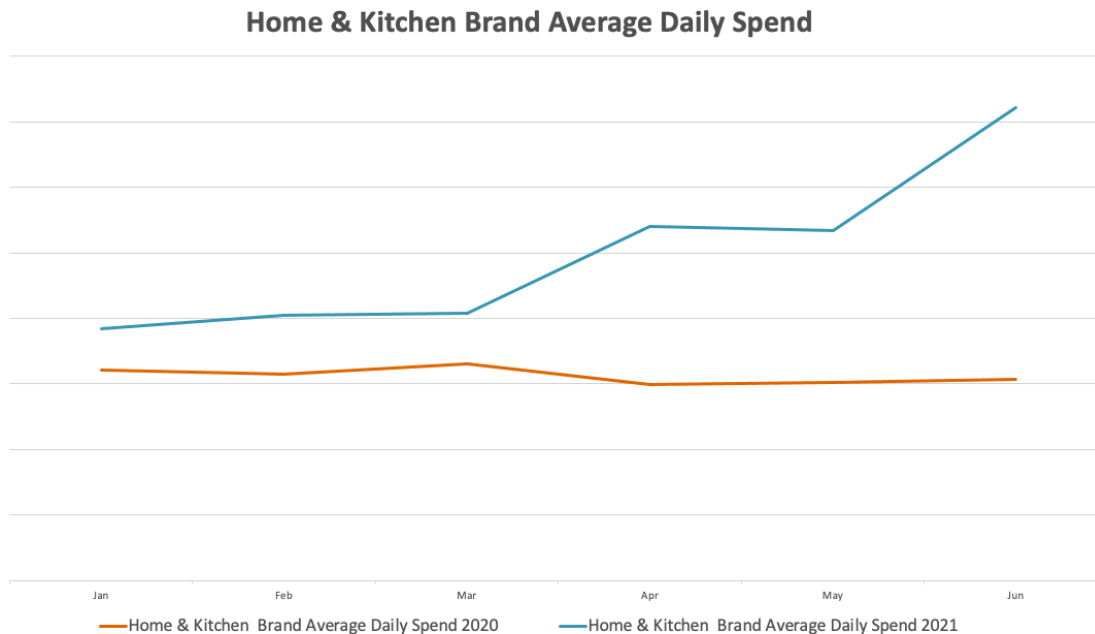
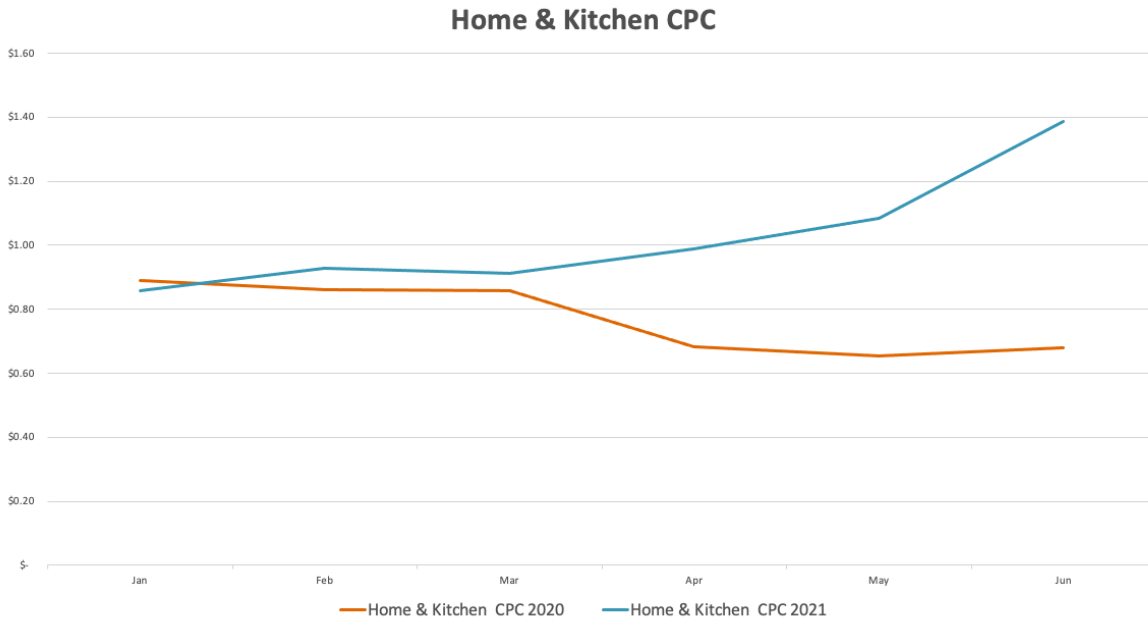
ROAS in the Toys & Games category has remained fairly consistent in 2021 but is still low compared to the boom in Q2 2020. The ROAS of \$5 in April 2021 is 47% lower than the \$9.41 ROAS enjoyed in April 2020.

Average daily ad spend in the Patio, Lawn & Garden category increased 154% year-over-year in June 2021.



This average daily ad spend is partly in response to the 7.8% increase in CPC from May to June 2021. Overall, spend in this category in June 2021 is 154% higher than spend in June 2020.

CPC and Average Daily Spend in the Home & Kitchen category both increased by 28% and 35% respectively in June 2021.



As competition in the Home & Kitchen space increases, cost-per-click saw a dramatic rise. The average daily spend in the category increased 35% in June and CPC rose to \$1.39.



PACVUE

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