

Q4 2021 Amazon Benchmarks

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Introduction

We've uncovered the most important trends and metrics from Q4 of 2021 to help inform your advertising strategy and prepare for what to expect heading into 2022.

Learn how key shopping events like Black Friday Cyber Monday, and the holidays impacted this past quarter. Q4, as expected, was the strongest quarter of the year, and saw Sponsored Brands video and Sponsored Display continue to rise in popularity and adoption.

Highlights include

- We saw advertisers take advantage of Sponsored Display's new features and drive the highest CPC increase (**20%**) across all paid search ad units
- Unexpectedly, Black Friday underperformed this year with only a **70%** increase in sales, a significant decline from 2020
- Q4 insights from Instacart, Target and Walmart allow you to compare your performance across marketplaces and better allocate spend in 2022

How we measure

Perpetua's Benchmark Report is based on performance data from campaigns under Perpetua's management in the United States. All figures showing data over a period of time only include customers that were with Perpetua from the beginning of that period. This data does not include customers that joined within that period. This means numbers may differ from previous reports as our customer base has changed. Data reflects averages, and performance by specific advertisers may vary. As this report uses Perpetua derived data, results may differ from official Amazon Advertising performance across all advertisers.

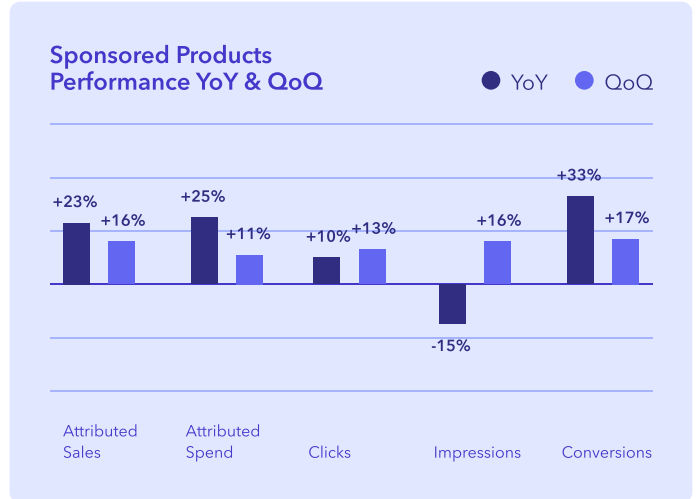




Sponsored Products

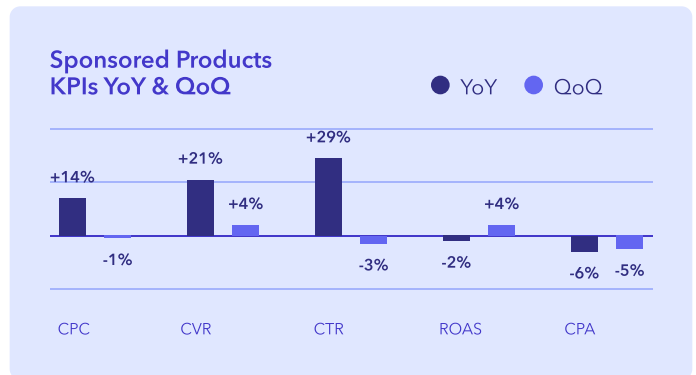
As expected, Q4 2021 was the strongest quarter of the year

Year over year (YoY), we saw a **15%** decrease of Impressions. This is primarily attributed to Prime Day being held in Q4 in 2020. However, even with a decrease in impressions, we have seen increases across the board, including sales, spend, clicks, and conversions. This may be due to in-store window shoppers closing out their purchases via Amazon, as COVID news + cases rose. Regardless, this speaks to how primarily end of funnel units like SP have scaled and continue to dominate over holiday shopping.



Pleasant surprise with stable CPCs QoQ

Increasing competition and Cost Per Clicks (CPC) have been the story of Amazon Advertising for the last year. It is an optimistic sign to see CPCs flatten this quarter amid the most competitive season of the year. Along with the expected increase in Conversion Rate (CVR), sellers are seeing an overall boost in SP efficiency.



Sponsored Products campaign benchmarks for Q4 2021

	CPC	CVR	CTR	ROAS	CPA
Q4 2020	\$1.01	13%	0.27%	\$4.94	\$7.93
Q1 2021	\$0.98	13%	0.31%	\$4.92	\$7.46
Q2 2021	\$1.26	15%	0.35%	\$4.41	\$8.36
Q3 2021	\$1.16	15%	0.36%	\$4.64	\$7.84
Q4 2021	\$1.15	15%	0.35%	\$4.85	\$7.47
YoY	+14%	+21%	+29%	-2%	-6%
QoQ	-1%	+4%	-3%	+4%	-5%

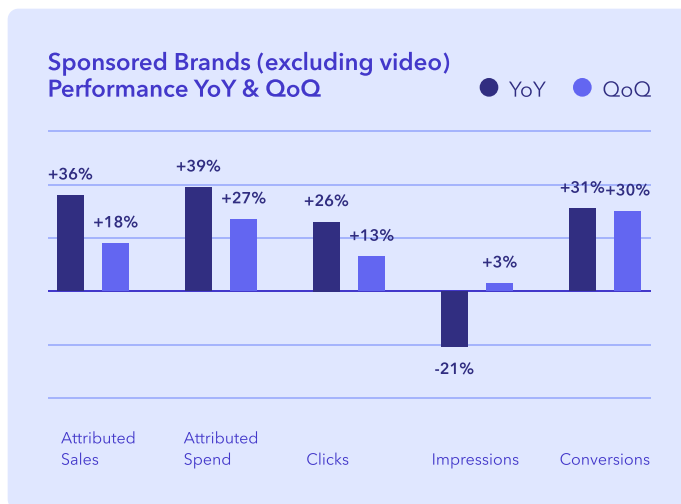




Sponsored Brands

excluding video

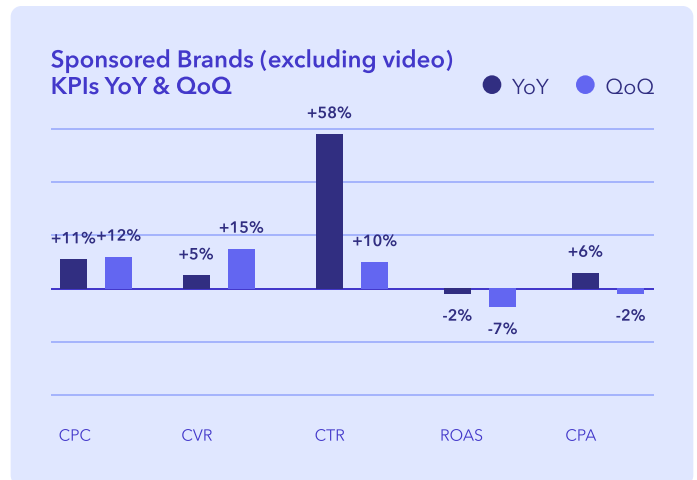
Sponsored Brands continue to drive efficient sales



While Amazon Sponsored Brands is oftentimes thought of as an upper-funnel strategy, it has become increasingly effective at driving sales with greater efficiency than Sponsored Product ads (average SB ROAS in 2021 is \$5.30 whereas that of SP is \$4.75). Compared to Q4 2020, Sponsored Brands saw a **36%** increase in attributed sales in Q4 2021. With heightened competition in Sponsored Products, advertisers have shifted a greater budget towards Sponsored Brands as spend has increased by **39%** YoY. However, we observed a **21%** drop in impressions compared to last Q4. Relaxed COVID restrictions at the beginning of Q4 has likely encouraged in-person shopping, resulting in a reduction in online browsing.

Sponsored Brands KPIs

It is worth noting that the Click-Through Rate (CTR) of Sponsored Brands has increased by **58%** in Q4 2021. Sponsored Brands eye-catching content attracts consumers to click on ads and allow brands to direct traffic to stores. The absence of competitor ads in branded stores removes distractions that consumers usually have when they are on the search results page, also resulting in greater conversion rate. As Sponsored Brands continue to drive positive results, the competition rises - for example, CPC of Sponsored Brands has increased by **11%** compared to last year and **12%** compared to Q3.



Sponsored Brands (excluding video) campaign benchmarks for Q4 2021

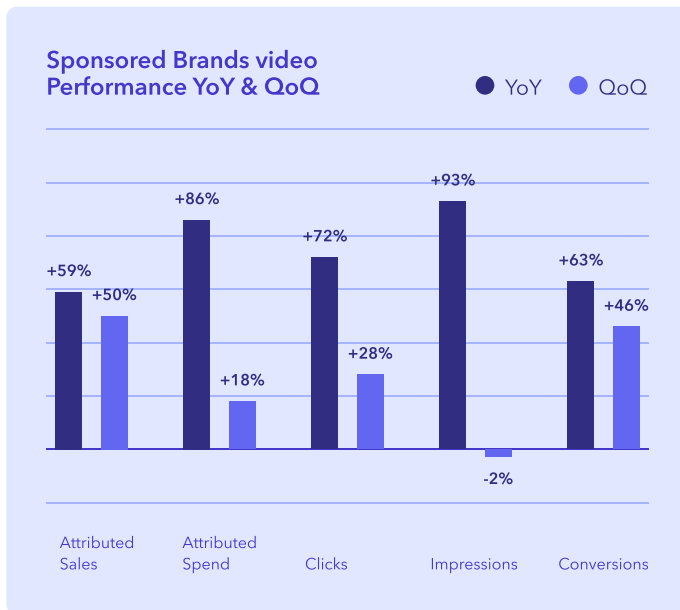
	CPC	CVR	CTR	ROAS	CPA
Q4 2020	\$0.90	10%	0.31%	\$5.12	\$8.98
Q1 2021	\$0.84	10%	0.34%	\$5.35	\$8.54
Q2 2021	\$0.91	10%	0.42%	\$5.35	\$9.46
Q3 2021	\$0.89	9%	0.44%	\$5.37	\$9.74
Q4 2021	\$1.00	10%	0.49%	\$4.99	\$9.52
YoY	+11%	+5%	+58%	-2%	+6%
QoQ	+12%	+15%	+10%	-7%	-2%





Sponsored Brands video

Sponsored Brands video sees overall growth this quarter

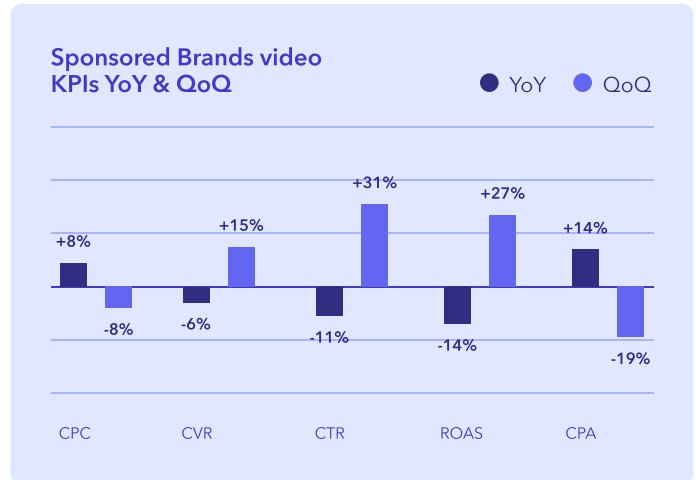


Without surprise, we saw an overall growth in Sponsored Brands video performance throughout the year in 2021—attributed sales, spend, clicks, and conversion rate have increased across the board both YoY and QoQ. Especially with the introduction of new video viewing metrics that allow advertisers to go above and beyond. By analyzing how shoppers engage with the video, we are expecting to see a continuous upward trend with SBv in 2022.

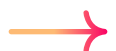
Sponsored Brands video saw higher return on investment this quarter

While Cost Per Click (CPC) and Cost Per Acquisition (CPA) are slowly rising YoY with more advertisers leaning in on Sponsored Brands video to attract shoppers to their product, there was a decrease in CPC and CPA in Q4 compared to Q3. This meant that advertisers were able to gain more clicks with the same budget, and as a result, potentially have a higher return on investment.

Although there was a decline in CVR, CTR, and ROAS from last year (2020), we still saw an impressive increase in growth rate from Q3 which was greatly influenced by BFCM and the holidays season as expected.



	CPC	CVR	CTR	ROAS	CPA
Q4 2020	\$1.08	13%	1.55%	\$4.59	\$8.09
Q1 2021	\$0.99	11%	1.34%	\$4.11	\$9.15
Q2 2021	\$1.21	11%	1.13%	\$3.64	\$10.91
Q3 2021	\$1.26	11%	1.06%	\$3.09	\$11.48
Q4 2021	\$1.16	13%	1.39%	\$3.92	\$9.26
YoY	+8%	-6%	-14%	-14%	+14%
QoQ	-8%	+15%	+31%	+27%	-19%

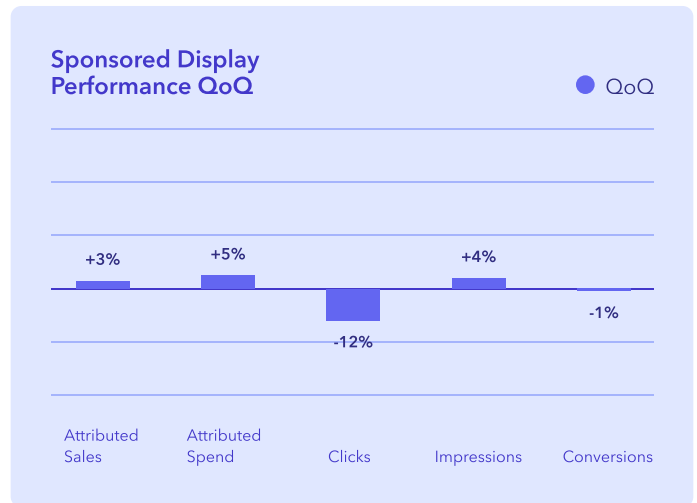




Sponsored Display

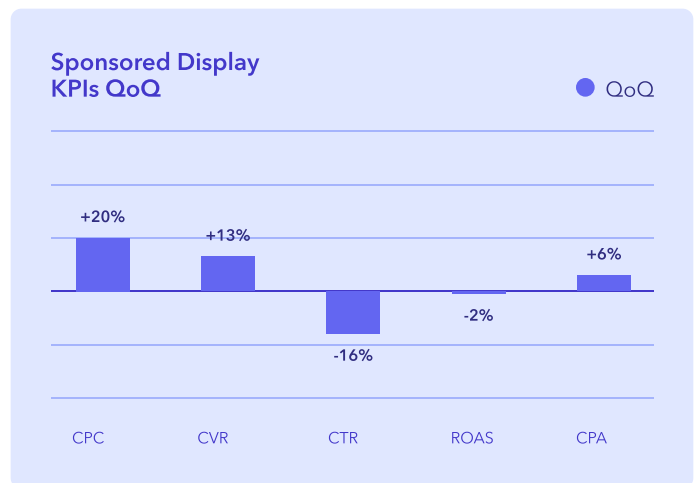
Sponsored Display grew in popularity but saw less engagement

As Amazon continues to introduce new features to Sponsored Display (SD) - including custom creatives and views remarketing - it comes as no surprise SD is still steadily gaining in popularity. Conversions stayed mostly flat in Q4, however, along with the increase in sales, spend and impressions, we also noticed a **12%** drop off in clicks - signalling less engagement with the Sponsored Display ad unit QoQ.



Sponsored Display saw highest increase in CPCs across all paid search ad units

With Q4 being the most competitive quarter of the year with BFCM and holiday shopping, Sponsored Display CPC was up **20%** QoQ. This is the highest jump across all paid search ad units and may partly be attributed to more advertisers taking advantage of Sponsored Display's newly released features.



Along with placements being more expensive, we are also seeing a drop off in CTR and ROAS. It is worth noting however, despite all of the above, customers who are clicking through are converting at a higher rate (**13%** increase) compared to Q3.

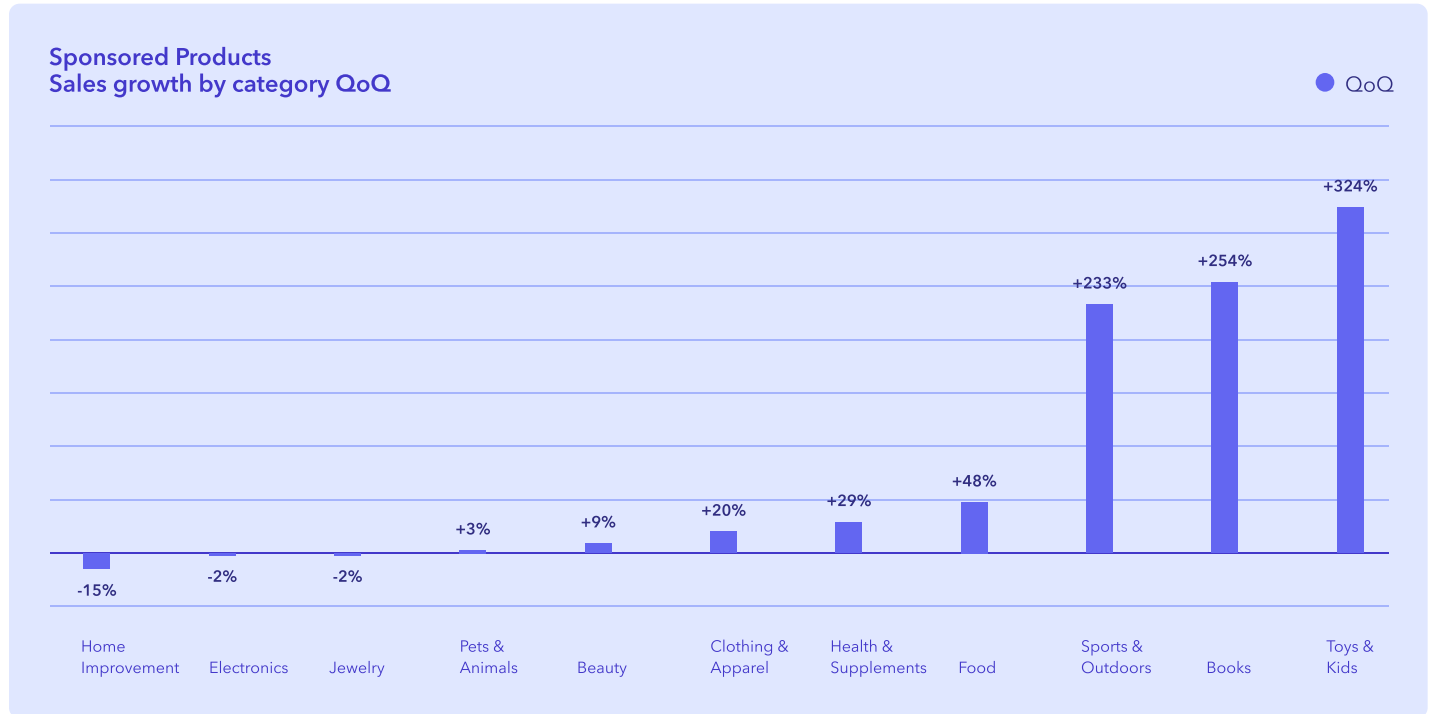
	CPC	CVR	CTR	ROAS	CPA
Q2 2021	\$0.70	8.02%	0.22%	\$3.79	\$8.77
Q3 2021	\$0.86	8.60%	0.29%	\$3.36	\$9.99
QoQ	+22%	+7%	+32%	-11%	+14%





Q4 Trends

Category Insights



Expected trends:

With BFCM and the holidays dominating a large portion of Q4, categories like **Toys + Kids** with a **324%** increase in sales was to be expected along with gift giving staples like books (**254%** increase).

Home Improvement saw a **15%** decrease, and could be attributed to customers being busier during the holiday season with personal commitments and taking some time to relax, meaning less time working on home improvements.

Unexpected trends:

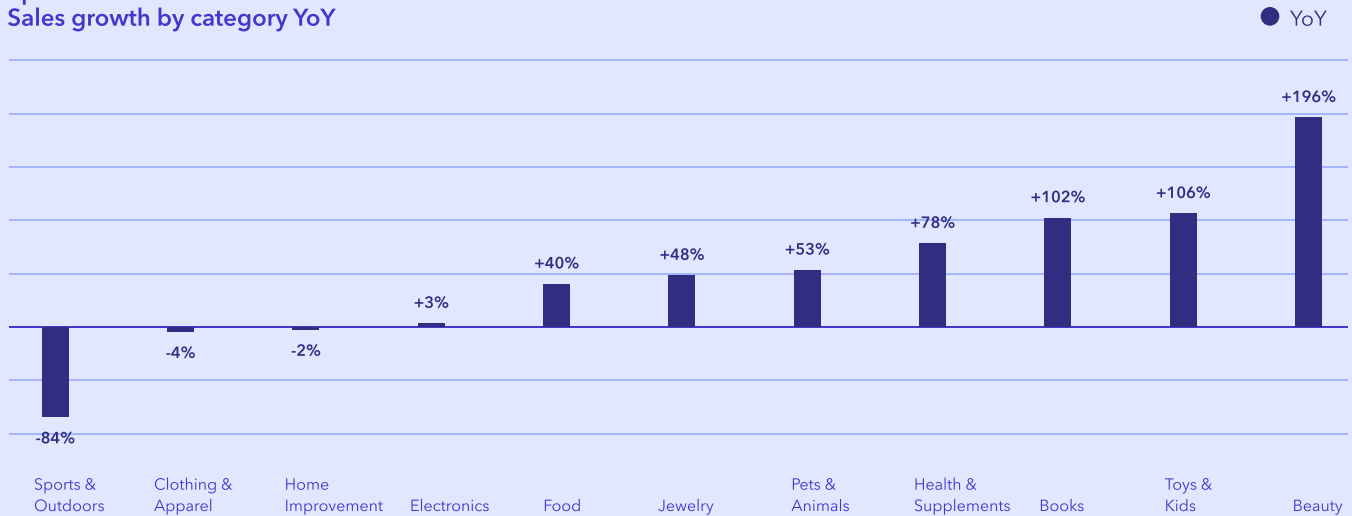
Electronics saw a **2%** decrease in sales, despite its usual increase in sales from deals that run over Black Friday and Cyber Monday.

Additionally, **Food** being the 4th biggest growing category in Q4 signifies the shifting trend to purchase more and more grocery items online, and customers looking for convenience and selection. This could also be tied to the long term results of Amazon's Whole Foods acquisition. We expect Grocery to get even more saturated into 2022.

What to look out for in Q1 2022:

Continued increase in the **Health + Supplements** category as we head into 'New Year, New Me' resolutions trend.

Sponsored Products Sales growth by category YoY



The **Sports** category had a large decrease YoY as many people already made significant purchases during the pandemic. **Food** saw a 40% increase in sales which could be attributed to customers purchasing **Food** and **CPG** items online and specifically Amazon because of price confidence and convenience.

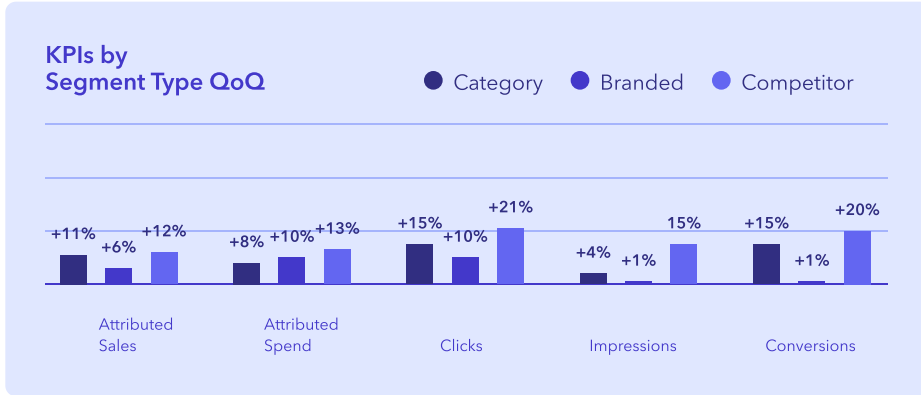
COVID brought the rise of pet ownership to help combat isolation while working from home. And more pet owners = **53%** YoY growth in an already massive category.

Beauty also saw significant YoY growth with a **196%** increase in sales. We've consistently seen growth in the skin care subcategory in Beauty due to the pandemic, as more focus on self care and combatting the effects of wearing face masks has dominated the media.

Sponsored Products Q4 KPIs by Category

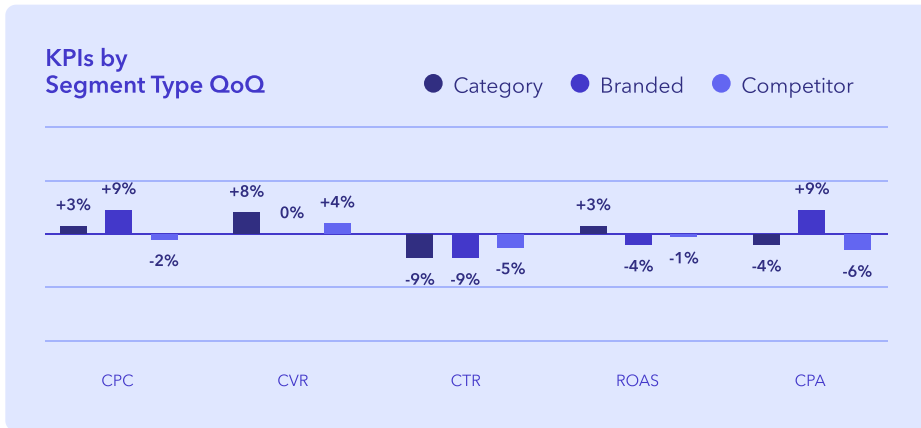
	CPC	CVR	CTR	ROAS	CPA
Toys & kids	\$0.51	17%	0.64%	\$9.53	\$3.07
Jewelry	\$1.04	25%	0.26%	\$3.19	\$4.15
Beauty	\$1.83	43%	0.72%	\$3.78	\$4.29
Food	\$1.28	22%	0.39%	\$4.15	\$5.94
Clothing & apparel	\$0.62	9%	0.21%	\$8.50	\$7.01
Home improvement	\$1.07	14%	0.36%	\$4.88	\$7.82
Appliance & supplies	\$1.20	15%	0.38%	\$4.47	\$7.89
Health & supplements	\$2.66	24%	0.35%	\$2.56	\$11.01
Electronics	\$0.95	8%	0.37%	\$6.38	\$11.30
Pets & animals	\$2.88	22%	0.24%	\$1.79	\$13.09
Household CPG	\$2.82	19%	0.34%	\$1.85	\$14.71

Category Benchmarks



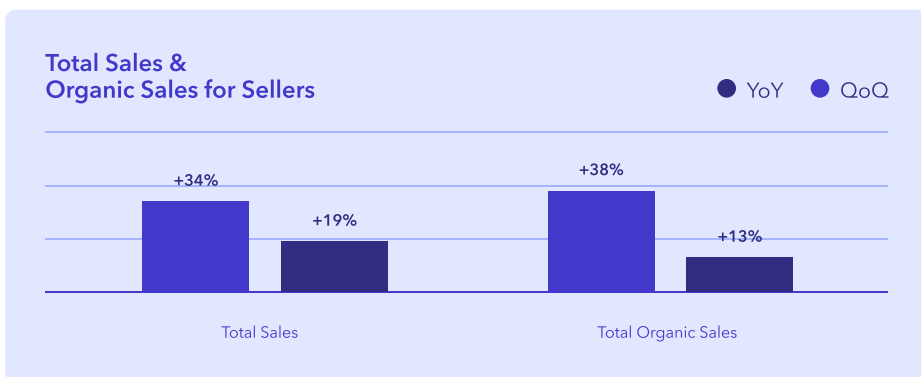
Competitor conquering is the most costly compared to branded and category keywords. While this is expected, implementing this strategy should be weighed with the benefits of reaching New-to-Brand (NTB) customers given the higher CPA.

Additionally, we saw a strong increase in competitor clicks, impressions and conversions QoQ, meaning lots of brands focused on targeting their competition to reach customers that are in market.



High purchase intent time periods around tent pole shopping events like Black Friday, Cyber Monday and the holiday season led to an increase in conversions and CVR resulting in **4%** and **6%** decrease in CPA for category and competitor keywords respectively.

Total sales increased more than organic sales YoY, which highlights the importance of advertising/attributed sales which is making up the difference.



Whereas QoQ, organic sales increased more than total sales, demonstrating why it's important to invest in advertising in the ramp up period to Q4 to cement good organic rank on high-frequency search terms for your top products.





The Amazon DSP

Amazon DSP Performance QoQ

	avg CPM	avg CTR	avg CPC	avg DPVR	avg CPDPV	avg PR	avg NTB PR	avg ROAs
Mobile AAP	+4%	+3%	0%	-5%	+9%	-13%	-1%	-16%
AZPS	+51%	-12%	+71%	+29%	+17%	+71%	+107%	+18%
AZOO MB	+13%	-15%	+33%	-5%	+19%	0%	+5%	-10%
AZOO DS	+25%	+7%	+17%	+7%	+17%	+22%	+26%	-2%
3P	+8%	+21%	-11%	+30%	-18%	+19%	+40%	+13%

There was an overall increase in CPM prices for Q4 due to the busy Black Friday Cyber Monday (BFCM) and holiday shopping seasons where we typically see much higher engagement and conversions QoQ. Whereas in Q3 we saw an increase in ROAS for Amazon Owned and Operated (AZOO) inventories, in Q4 we saw a decrease in ROAS due to the more expensive CPM costs. On the other hand, Amazon Publisher Services (AZPS) saw a significant increase in CPM costs but did not decrease in ROAS, and actually hugely improved in both Purchase Rate and New-to-brand Purchase Rate in Q4.

This could be a signal towards a change in shopping behavior during the busier BFCM and holiday shopping season, in which shoppers are making quicker purchases after being exposed to display ads outside of Amazon on publisher sites.

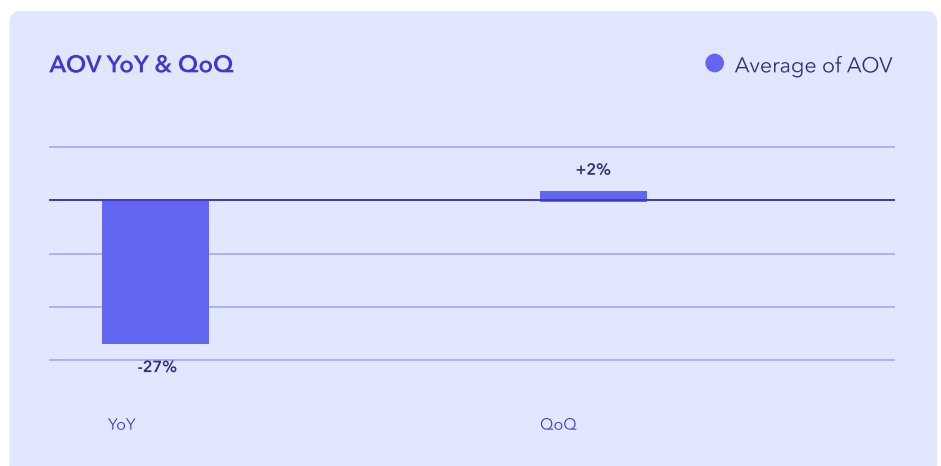
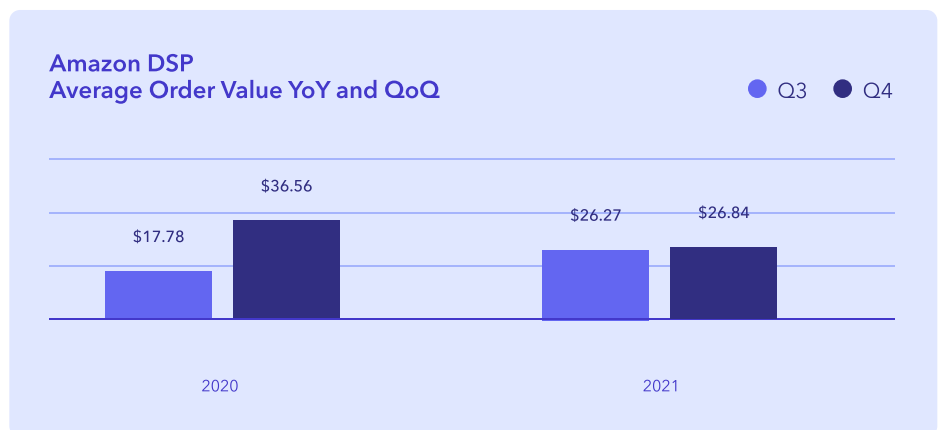
- CPM** Total cost per thousand impressions
- CTR** Click through rate
- CPC** Cost per click
- DPVR** The number of detailed page view conversions relative to ad impressions. $DPVR = DPV/Impressions$
- CPDPV** The average cost to acquire a detail page view
- PR** Purchase Rate
- NTB PR** New to Brand Purchase Rate
- ROAS** Return on ad spend
- Mobile AAP** Mobile App
- AZPS** Amazon Publisher Services
- AZOO_MB** Amazon Owned and Operated Mobile
- AZOO_DS** Amazon Owned and Operated Desktop
- 3P** 3rd party

Amazon DSP Campaign Benchmarks for Q4 2021

	avg CPM	avg CTR	avg CPC	avg DPVR	avg CPDPV	avg PR	avg NTB PR	avg ROAs
Mobile AAP	\$3.94	+0.23%	\$1.53	+0.26%	\$1.36	+0.01%	+0.00%	\$0.72
AZPS	\$5.01	+0.14%	\$3.52	+0.34%	\$1.46	+0.03%	+0.01%	\$1.56
AZOO MB	\$9.80	+0.13%	\$7.37	+1.32%	\$0.74	+0.14%	+0.07%	\$3.83
AZOO DS	\$7.71	+0.06%	\$12.13	+0.62%	\$1.25	+0.10%	+0.05%	\$3.29
3P	\$4.88	+0.15%	\$3.35	+0.31%	\$1.58	+0.03%	+0.01%	\$1.77

We saw a **2%** increase in Average Order Value (AOV) across all product verticals in Q4. We saw an increase in online shopping and order volumes as shoppers took advantage of the BFCM deals and started holiday shopping earlier than normal this year.

We anticipate the AOV to decrease from Q4 levels during Q1 for certain verticals such as **Toys + Kids**, **Electronics**, and **Jewelry**, which are popular categories for holiday shopping. AOV is expected to increase beyond Q4 levels for 'New Year New Me' verticals (e.g. Health Supplements, Workout Gear, Planners, etc.).

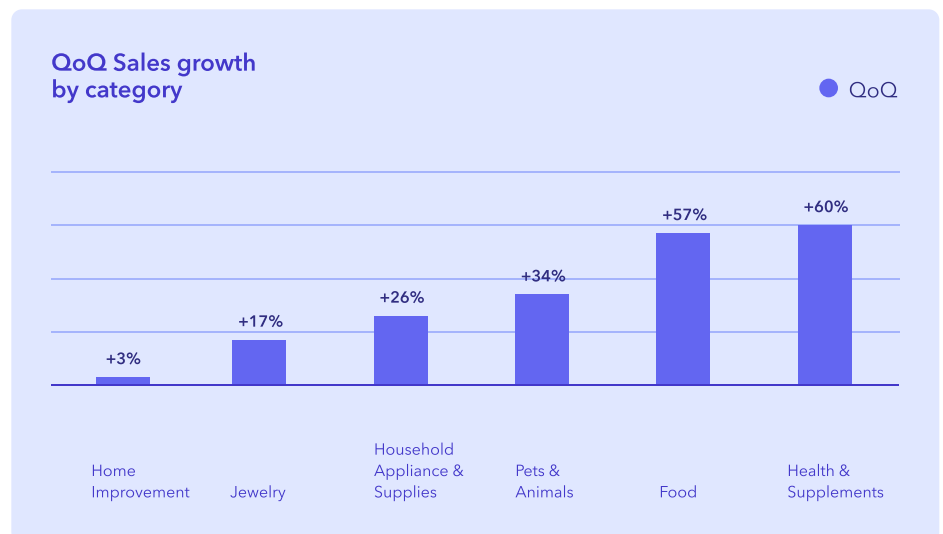


Amazon DSP Category Metrics QoQ

	avg CPM	avg CTR	avg CPC	avg DPVR	avg CPDPV	avg PR	avg NTB PR	avg ROAs
Beauty	+45%	0%	+44%	+14%	+27%	+20%	+14%	-12%
Books	+6%	5%	+1%	+24%	-15%	+63%	+63%	+50%
Electronics	+42%	+29%	+10%	-6%	+51%	+4%	+20%	+2%
Health & supplements	+34%	-19%	+66%	-6%	+42%	+10%	+11%	-20%
Other	+23%	+20%	+2%	+22%	+1%	+55%	+72%	+23%
Pets & animals	+56%	-17%	+88%	+15%	+35%	+43%	+49%	-7%
Home improvement	+9%	+24%	-12%	+27%	-14%	-2%	-4%	-1%
Clothing & apparel	+19%	-9%	+30%	+3%	+16%	-31%	-2%	-30%
Food	+14%	-27%	+56%	-3%	+17%	+20%	-3%	+18%
Jewelry	+37%	+14%	+20%	+28%	+7%	+42%	+49%	+5%
Toys & kids	-12%	0%	-12%	+39%	-37%	+89%	+85%	+102%
Sports & outdoors	+53%	-15%	+79%	+130%	-33%	+98%	+111%	+92%

Q4 saw an increase in DSP performance for most gift-related categories: **Electronics**, **Jewelry**, **Toys + Kids**, and **Sports and Outdoors**. **Beauty** and **Clothing / Apparel** categories did not drive performance as expected though still saw some increases, likely attributed to fewer outings and social gatherings linked to increased restrictions. Most notably the **Books** category delivered a significant increase in campaign metrics across CTR, DPVR, and ROAS metrics. This is supported by Books being a holiday gifting staple and shoppers looking to find indoor activities as the weather cools down.

As we head into Q1, we anticipate **Health + Supplements**, **Sports and Outdoors**, and **Food** categories to become performance drivers for the 'New Year, New Me' season.



Amazon DSP Performance by Funnel

	avg CPM	avg CTR	avg CPC	avg DPVR	avg CPDPV	avg PR	avg NTB PR	avg ROAs	total sales	total cost
Bottom funnel	+22%	+1%	+21%	+20%	+2%	+29%	+39%	+8%	+48%	+38%
Mid Funnel	+43%	+5%	+37%	+3%	+40%	+20%	+11%	-14%	+53%	+78%
Upper Funnel	+43%	-15%	+67%	+6%	+34%	+137%	+159%	+77%	+242%	+94%

Q4 represents a season where we see higher traction and engagement across all of our Amazon Advertising campaigns. Focus was largely placed on TOFU (Top of Funnel) campaigns to reach new New-to-Brand shoppers to drive brand and product awareness ahead of BFCM and holiday shopping. As a result, New-to-Brand purchases significantly increased and aided in growing retargeting audience pools. Boosting BOFU (Bottom of Funnel) campaigns a few days prior and on BFCM deal days allowed brands to re-engage with shoppers and maximize sales volume.

Amazon DSP Performance by Creative Type

	avg CPM	avg CTR	avg CPC	avg DPVR	avg CPDPV	avg PR	avg NTB PR	avg ROAs	total sales	total cost
DEA	+10.4%	-4.1%	+15.1%	-7.1%	+18.9%	+4.3%	+3.3%	-5.5%	+4.9%	+11%
REC	+40.4%	-6.3%	+49.9%	+32.3%	+6.1%	+46.2%	+68.9%	+10.9%	+146.4%	+122.2%
DEA_Customimage	+4.7%	-2.2%	+7%	+79.6%	-41.7%	+15.8%	+90.1%	+35%	+203.6%	+124.9%
Customimage	+24.3%	+0.4%	+23.7%	+28.4%	-3.2%	+67.8%	+48.5%	+43.5%	+98.1%	+38.1%
Video	+20.5%	+41.9%	-15.1%	+50.8%	-20.1%	-17.8%	-27.7%	-29.1%	-42.7%	-19.2%

In Q4 two types of custom DSP creatives saw a large increase in usage: DEA Custom Image ads and Responsive eCommerce Creatives (REC). REC is the most convenient ad type since one REC creative can encompass multiple dimensions, making them quick to create and implement compared to DEAs, which require each dimension to be created separately. RECs can also be customized with brand logos, tag lines, and - most recently, updated in Q4 - custom creatives. RECs also automatically include highly visible placements such as HQP, PinPoint and Homepage sizes and as such, has become the gold standard for DSP creatives. For all these reasons, it's not at all surprising to see the increase in REC adoption in Q4.

During the competitive BFCM and holiday shopping season, brands looked to raise their brand awareness to stand out from the competition.

DEA Custom Images are widely used for MOFU (Middle of Funnel) campaigns (such as Competitor Conquesting) since they include a custom image with Product Page elements such as the product price, star rating and Prime shipping eligibility. To highlight a brand's competitive edge, there was a larger focus in Q4 on TOFU and MOFU campaigns and the higher spend in DEA Custom Images and RECs creative types reflect these seasonal investment trends.

In Q1, we expect to continue to see an increase in RECs. With the hectic holiday season behind us, brands will be focusing on growing their brand and product awareness and expand their audience pool. Given the customization options and favorable ad placements provided by RECs, brands are advised to adopt this creative type if they haven't done so already.

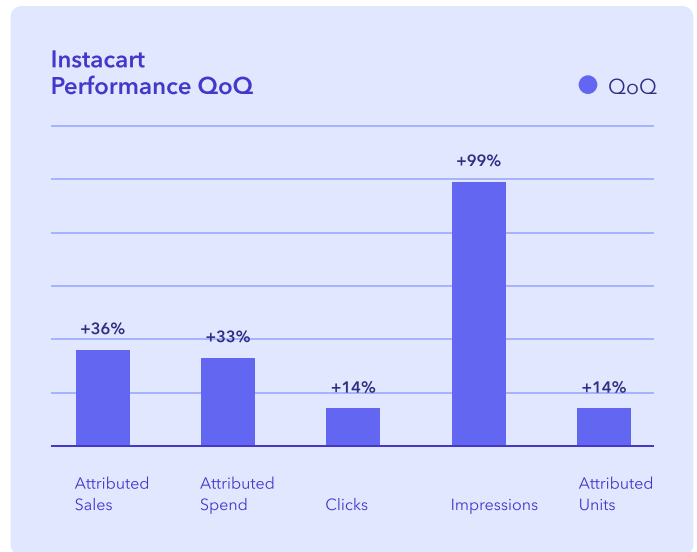




Instacart

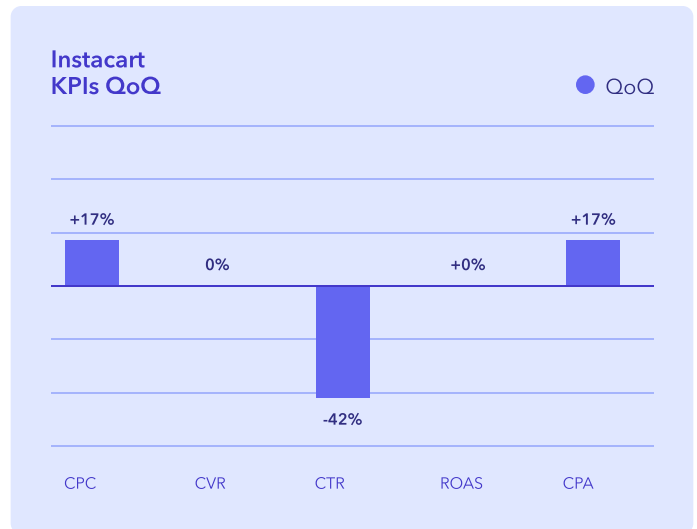
Advertisers increased investment by over 30% contributing to a proportionate rise in sales growth

Impressions increased significantly this past quarter with a healthy jump in investment as advertisers ramped up aggressiveness towards the holiday season and year-end. The increase in impressions was proportionately higher due to an increase in volume of traffic on the marketplace overall, while clicks and attributed units increased by a smaller margin.



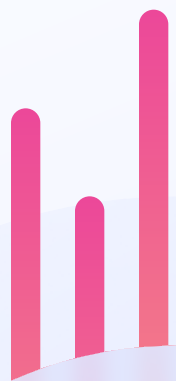
Advertisers maintained ROAS and Conversion Rates despite increasing competition during Q4

Advertisers were more aggressive with targeting during Q4 due to the anticipated surge in traffic leading up to Thanksgiving and the rest of the holiday season. Despite increasing Cost Per Click and a significant drop in Click-Through Rate, advertisers were able to maintain Conversion Rates and ROAS during this peak shopping period.



	avg CPC	avg CVR	avg CTR	avg ROAS	avg CPA
Q3 2021	\$1.06	+74%	0.40%	\$3.78	\$1.44
Q4 2021	\$1.23	+73%	0.23%	\$3.78	\$1.68
QoQ	+17%	0%	-42%	0%	+17%

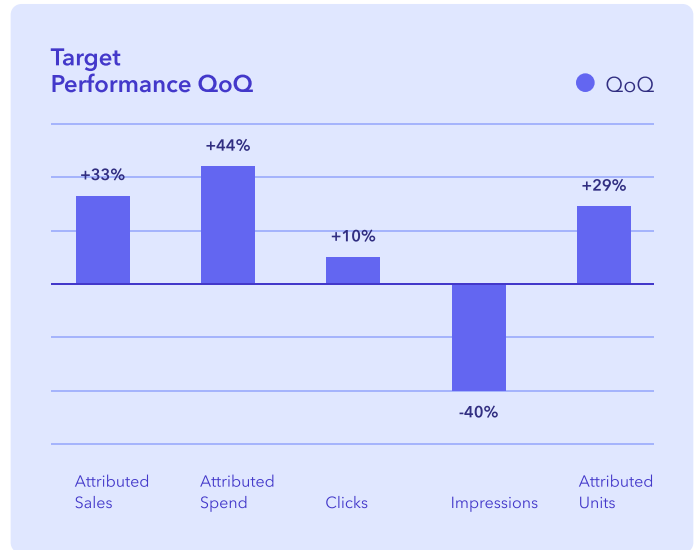




Target

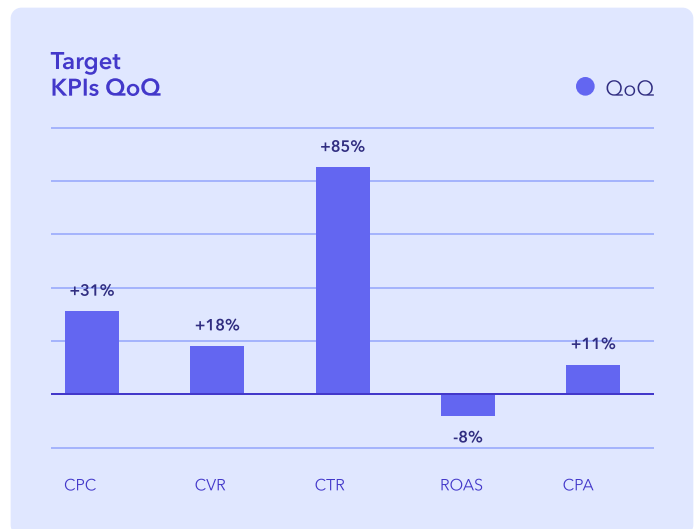
Through the holiday season, advertisers continued to invest in Target, driving a strong 33% growth in sales QoQ

As advertisers pushed their marketing budgets higher, they fought for the top spots of Sponsored Product placements. Earning those top spots proved crucial as consumers seemed to browse less this season as impressions fell and clicks held steady.



A huge 85% increase in CTR balances out rising CPCs to make the 2021 holiday season profitable for advertisers

Advertising proved to be an important piece of this holiday season as consumers increased the rate at which they clicked on ads while reducing the amount of products they considered. This led to a relatively steady ROAS for advertisers despite CPCs rising over 30%.



	avg CPC	avg CVR	avg CTR	avg ROAS	avg CPA
Q3 2021	\$1.28	+26%	+0.61%	\$1.85	\$4.85
Q4 2021	\$1.68	+31%	+1.12%	\$1.71	\$5.39
QoQ	+31%	+18%	+85%	-8%	+11%





Walmart

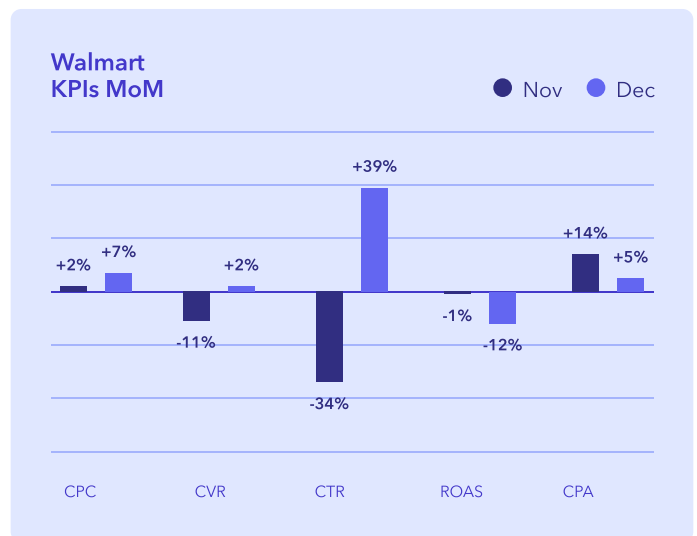
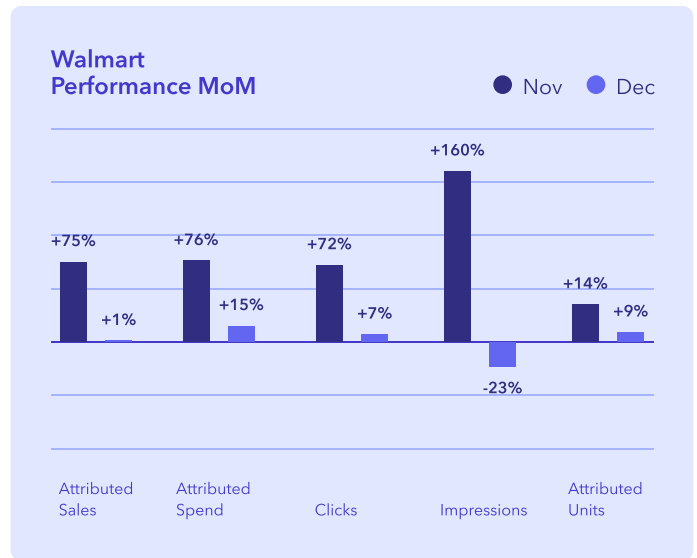
Holiday season pushes advertisers to scale investment towards Walmart, driving a strapping 75% growth in incremental sales in November MoM

Walmart has proven its potential and quickly became one of the primary eCommerce advertising platforms, as the holiday shopping season sent many consumers to the eCommerce giant. With a surge in traffic across the month of November due to their Black Friday Deals for Days events and many others, advertisers increased ad investment by **76%** from October to November in order to maintain market visibility and conversions.

For the month of November, advertisers were more aggressive and cast a larger net in terms of their targeting in order to reach deal-seekers searching for discounts across multiple categories. By targeting broad, high volume terms such as "Black Friday deals", "Cyber Monday 2021", "stocking stuffers", and more, impressions may have surged drastically, but CTR decreased by **34%** due to lower relevancy.

With less deals in the month of December and reverting back to more precise targeting, CTR increased by **39%**.

Despite the fluctuations in CTR and a slight increase in market competition, advertisers were able to maintain relatively stable ROAS and CVR rates during this peak holiday season.



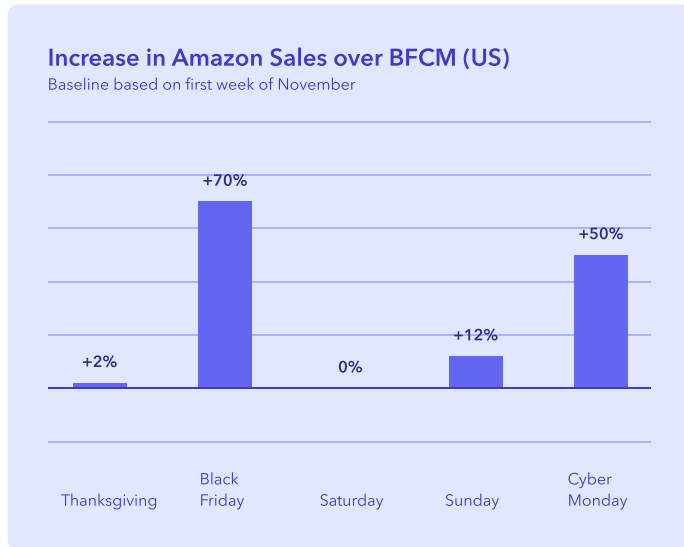
	avg CPC	avg CVR	avg CTR	avg ROAS	avg CPA
October	\$0.57	+10%	+0.09%	\$2.19	\$5.46
November	\$0.58	+9%	+0.06%	\$2.18	\$6.22
December	\$0.62	+10%	+0.08%	\$1.92	\$6.56



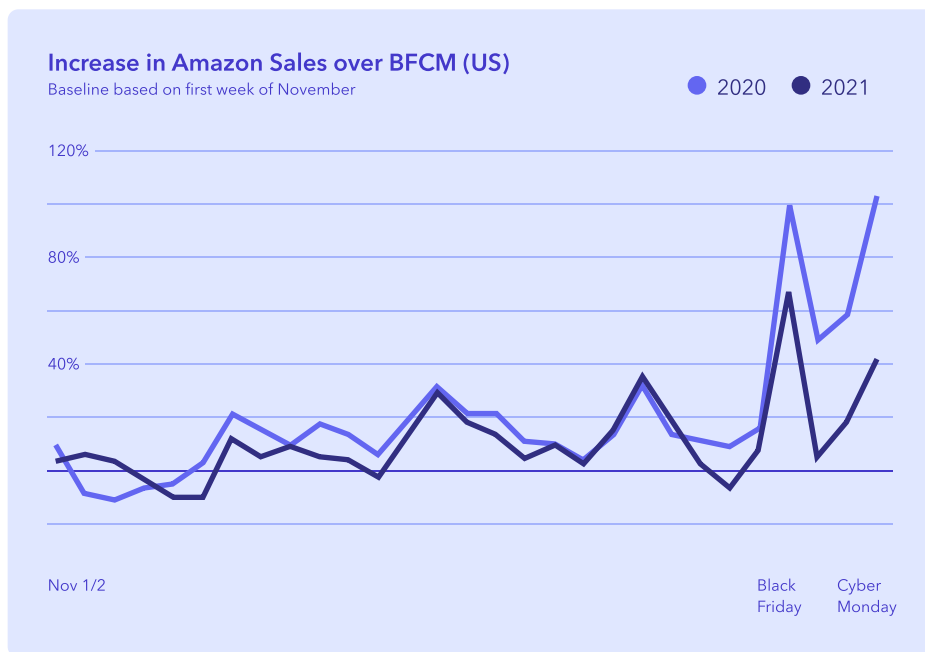


Black Friday Cyber Monday

Despite all the excitement around Black Friday and Cyber Monday, this year didn't bring the same increase in sales we have seen in previous years

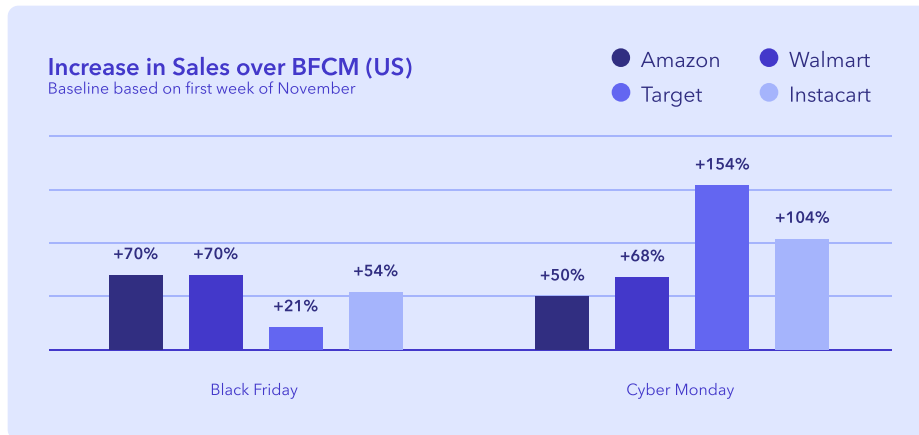


Sales on Amazon only increased by **70%** on Black Friday, and **50%** on Cyber Monday.



This was a significant decline from what was seen in 2020, most notably when looking at sales on the Saturday and Sunday after Black Friday through to Cyber Monday.

Black Friday sales were lower than expected across marketplaces



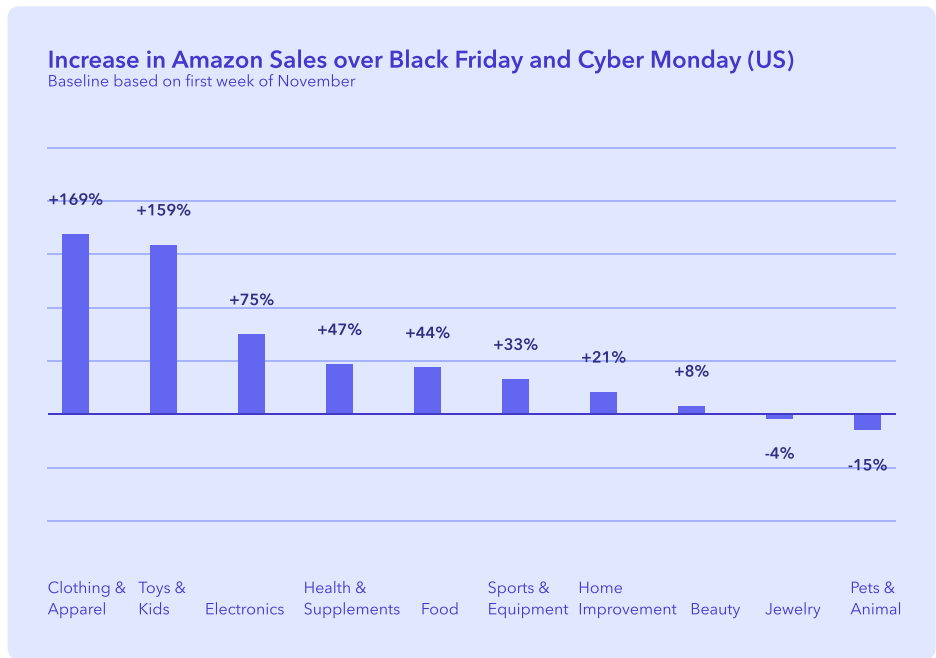
Seeing a Black Friday with sales lower than expected held true across most marketplaces, whereas Instacart and Target both saw significant increases in sales on Cyber Monday.

Walmart saw similar increases in sales over both Black Friday and Cyber Monday. Their promotion of BFCM deals was primarily focused on pushing purchases on Black Friday with their "Black Friday Deals for Days" event.

Target saw a significant increase (**154%**) in sales during Cyber Monday, but overall growth balanced out with only a **21%** increase in sales for Black Friday.

Instacart also saw great growth overall during BFCM, although this could also be attributed to a lower baseline in sales.

Categories that performed best this year, Clothing & Toys and Kid products saw the largest increase in sales.



This is consistent with what we have seen in previous years over BFCM.



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