



Q2 2021



# Amazon Ads Benchmark Report

WITH INSIGHTS ON  
WALMART ADVERTISING

Triopoly Series ●○○

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## → About Tinuiti

Tinuiti is a performance and data-driven digital marketing leader focused on every aspect of the customer journey. We are the largest independent digital performance marketing agency, with more than \$2 billion in ad spend managed across Amazon, Google, Facebook and other platforms.

## → Executive Summary

Amazon ad spend growth accelerated across several formats in Q2, helped along by the June timing of Prime Day, but strong even without Amazon's premiere sales event inspiring advertisers to spend more during the surge in shopper interest. For US Sponsored Products advertisers, Q2 spend growth went from 34% without Prime Day to 38% with the event.

As advertisers lapped Q2 last year, when a range of pandemic-induced issues forced many brands to the ad auction sidelines, year-over-year CPC growth exploded across formats and product categories. While thinner ad auctions helped produce year-over-year decreases in CPC in Q2 and Q3 of last year, those days have long since passed, with most brands finding clicks increasingly expensive over the last three quarters. Ad spend grew faster than ad-attributed sales for US Sponsored Products advertisers for the first time since last Q1.

The Amazon demand-side platform (DSP) continues to grow at a torrid pace, with spend nearly doubling year over year in Q2. Amazon owned-and-operated inventory continues to account for a majority of DSP ad spend, and the recent introduction of Twitch advertising may help to grow this share moving forward, though is currently only in the very early stages of adoption.

Walmart continues to attract new advertisers to its platform, with the number of brands actively bidding on Sponsored Products in Q2 2021 nearly triple what it was in the same quarter last year. Walmart also ran its own four-day sales event that overlapped with Prime Day in Q2, with Walmart advertisers increasing spend to take advantage of the surge in shopper interest during Deals for Days.

## → Methodology

The Tinuiti Amazon Ads Benchmark Report is based on anonymized performance data from Amazon programs under Tinuiti management, with annual digital ad spend under management totaling over \$2 billion. Samples are restricted to those programs that have remained active and maintained a consistent strategy over the time periods studied. Unless otherwise noted, all figures are based on same-client growth. The trends and figures included are not meant to represent the official performance of Amazon advertising or the experiences of every Amazon advertiser.



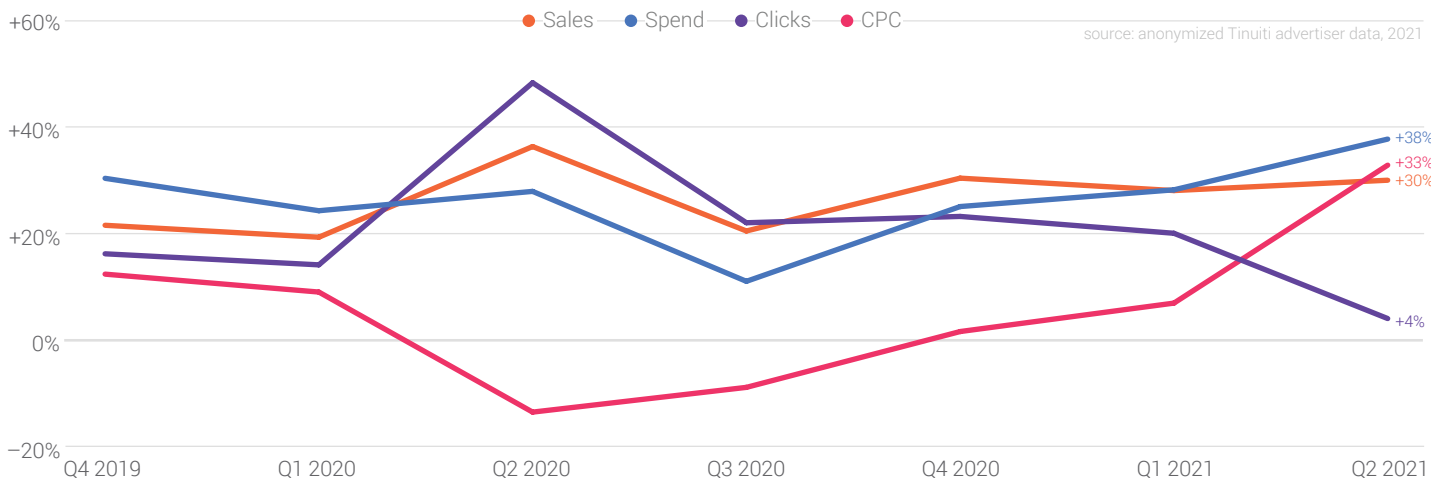
# Amazon Ad Console

Q2 2021

➔ **Sponsored Products spend accelerated in Q2 as CPC soared.**

Average CPC for Sponsored Products ads rose 33% year over year in Q2, the highest growth observed since Q1 2018, as advertisers lapped weak year-ago comparisons. Investment in Sponsored Products rose 38% for the quarter, while sales attributed to the format grew 30%, marking the first quarter since last Q1 in which spend growth outpaced sales growth. Many advertisers will likely continue to see significant year-over-year CPC increases given the declines observed into Q3 last year.

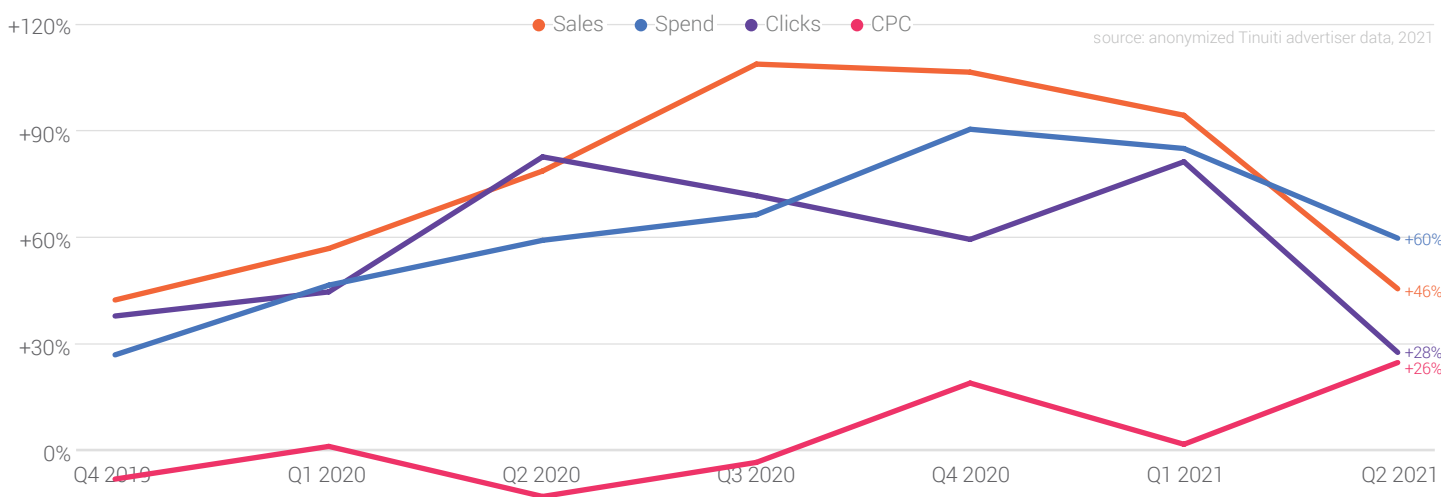
**Amazon US Sponsored Products Y/Y Growth by Quarter**



➔ **Sponsored Brands spend grew 60% in Q2 as CPC jumped 26%.**

Advertisers are starting to lap tougher year-ago spend growth comparisons for Sponsored Brands, as many advertisers started leaning into Sponsored Brands video ads last Q2 in addition to non-video Sponsored Brands campaigns picking up steam. Still, Sponsored Brands spend growth far outpaced that of Sponsored Products in Q2 2021, rising 60% year over year. Average CPC rose 26%, which is unsurprising given the 13% decline observed last Q2.

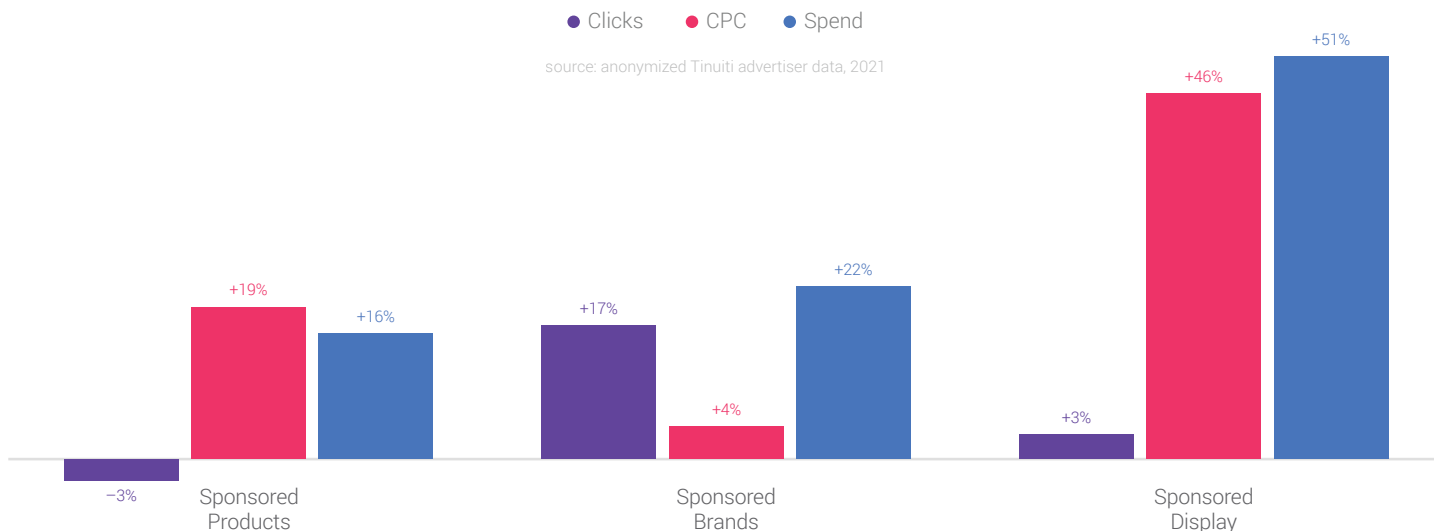
**Amazon US Sponsored Brands Y/Y Growth by Quarter**



➔ **Advertising played a huge role in brand strategy during Prime Day 2021.**

Advertisers ramped up ad investment across formats during Prime Day on June 21 and 22, with Sponsored Products and Sponsored Brands spend outpacing that of last year’s October Prime Day event by 16% and 22%, respectively. Sponsored Display, though still only a small part of advertiser budgets, outpaced each of the other Ad Console formats with 51% spend growth. Average CPC soared 46% for Sponsored Display and 19% for Sponsored Products relative to last year’s ‘holiday’, but rose only 4% for Sponsored Brands.

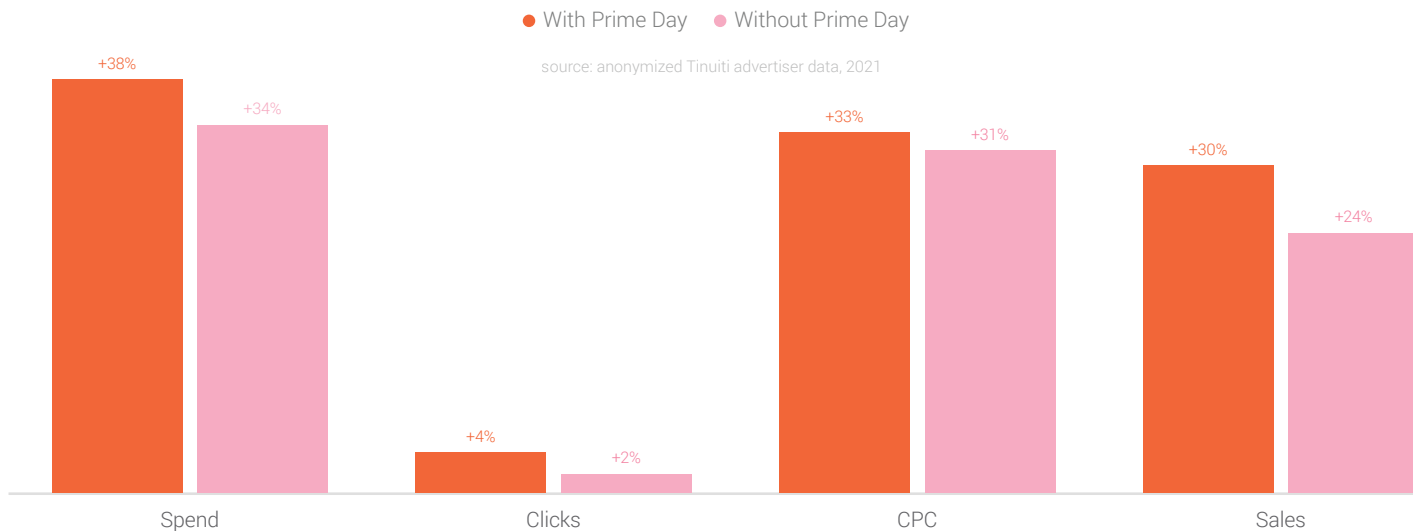
**Prime Day 2021 Amazon Ads US Growth** Relative to Prime Day 2020



➔ **Prime Day boosted Sponsored Products Q2 spend growth by 4%.**

Spend, clicks, CPC and sales attributed to Sponsored Products all grew meaningfully faster in Q2 because of the June timing of Prime Day. Sponsored Products spend grew 38% total in Q2, but just 34% with Prime Day and the corresponding dates from last Q2 removed. Growth in sales revenue attributed to the ad format went from 24% without Prime Day to 30% including the premiere sales event.

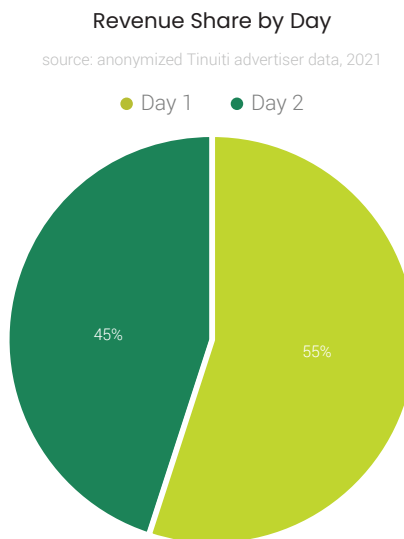
**Q2 2021 Amazon US Sponsored Products Y/Y With and Without Prime Day**



**→ The first 24 hours of Prime Day accounted for 55% of sales attributed to Sponsored Products.**

Sales were enormously elevated on both days of the Prime Day event compared to normal daily volume, but the first 24 hours edged out the second in terms of total sales attributed to Sponsored Products with a 55% share of Prime Day Sponsored Products-driven revenue. With such meaningful volume happening throughout the two-day event, brands should look to be active for the entirety of Prime Day in order to fully take advantage of the heightened demand.

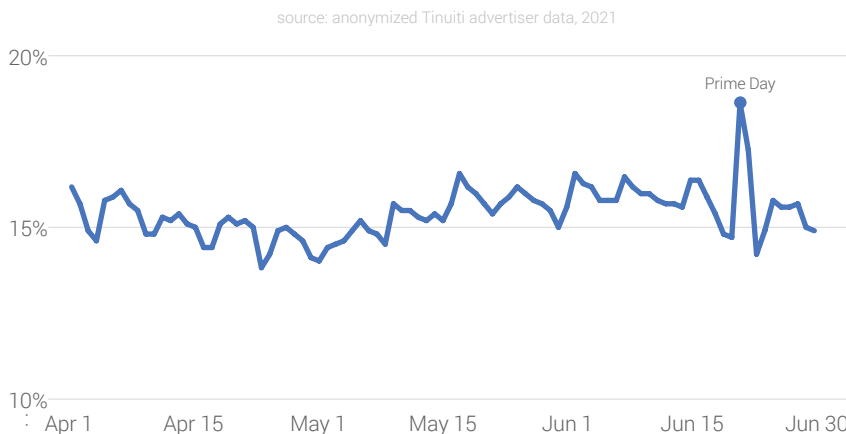
**Amazon US Sponsored Products Prime Day 2021 Sales**



**→ Sponsored Products conversion rate soared during Prime Day.**

A big reason why brands flock to advertising during Prime Day is that the value of ad clicks rises substantially during the event. On the first day of this year's event, Sponsored Products conversion rate hit 18.7%, about 20% higher than the pre-Prime Day daily average in Q2. Conversion rate remained meaningfully above the Pre-Prime Day daily average for the second day of the event before quickly falling back to normal after the sale ended.

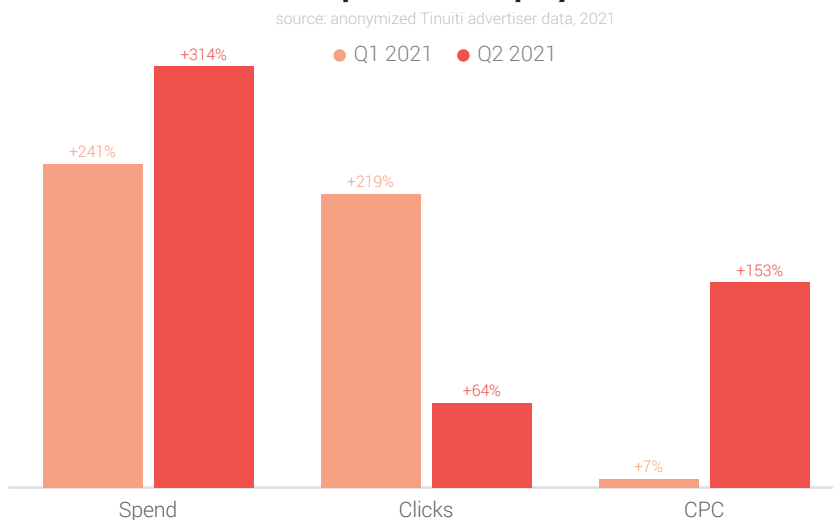
**Amazon US Sponsored Products Conversion Rate by Day**



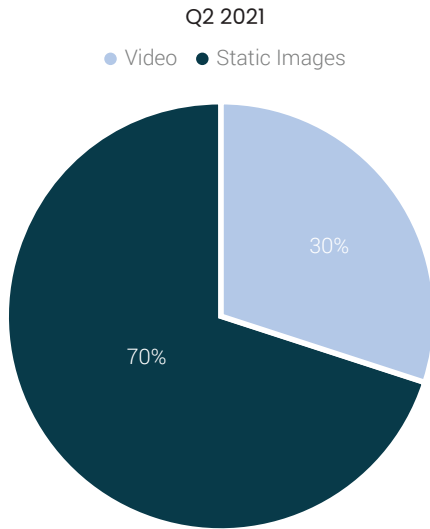
**→ Sponsored Display spend increased by more than 300% in Q2.**

Sponsored Display continues to account for a small share of overall Ad Console spend for most advertisers, but is steadily becoming a more important part of ad budgets as brands lean into the format's targeting capabilities to reach shoppers both on and off Amazon. In Q2, spend growth rose to 314%, up from 241% in Q1, as CPC rose an astonishing 153%. Prime Day certainly boosted spend growth for the format beyond what it would have been had the sales holiday not taken place in Q2.

**Amazon US Sponsored Display Y/Y Growth**



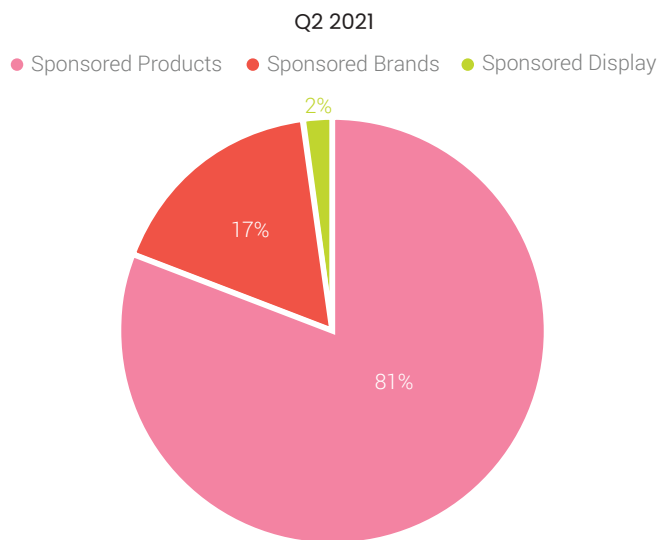
### Share of Amazon US Sponsored Brands Spend



➔ **Video is becoming an increasingly important part of advertiser budgets.**

The share of Sponsored Brands spend attributed to video hit 30% in Q2 2021 for advertisers deploying video ads, as Amazon advertisers have swiftly adopted the visually appealing format given its often strong performance relative to static images. While the format existed for years in limited testing under the moniker Video in Sponsored Brands, Sponsored Brands video took off in early 2020 as access to the format became widespread.

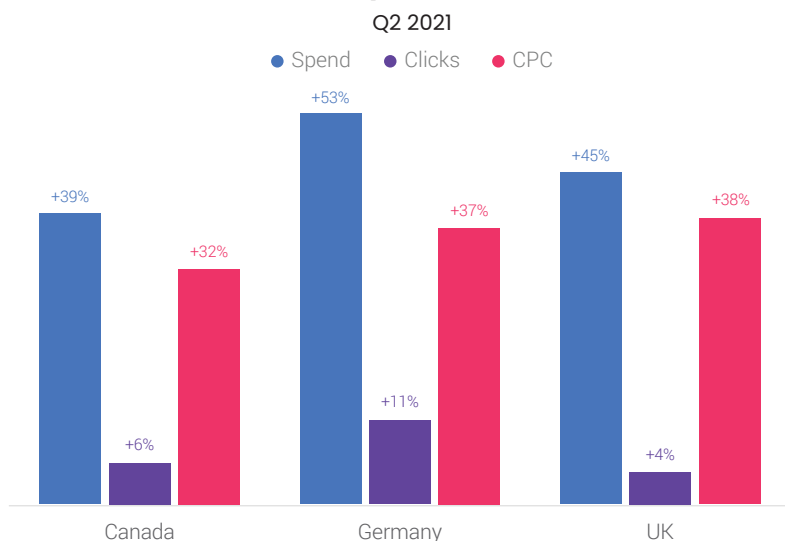
### Amazon US Ad Console Spend Share by Ad Format



➔ **Sponsored Products continue to account for the lion's share of Ad Console spend.**

In Q2 2021, Ad Console advertisers spent 81% of ad budget on Sponsored Products, followed by Sponsored Brands, which accounted for 17%, and the remaining 2% going to Sponsored Display ads. Given the distinct ad placements and targeting options available to the different ad formats, each provide incremental value in rounding out Amazon advertising strategy.

### Amazon International Sponsored Products Y/Y Growth

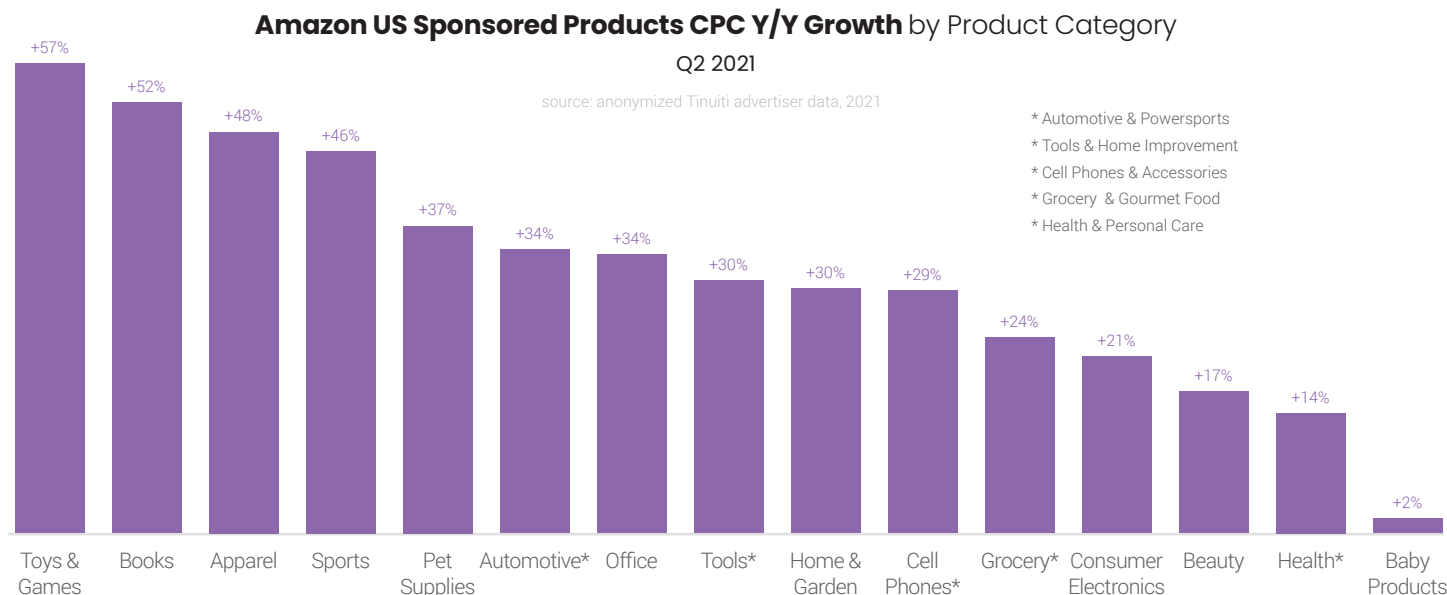


➔ **CPC growth topped 30% internationally across Canada, Germany, and the UK.**

Much like in the US, ad prices rose substantially for Sponsored Products advertisers internationally in Q2 2021. Spend growth for Sponsored Products was stronger in all three of Canada, Germany and the UK than in the US, though only barely so for Canada. Notably, Prime Day was postponed in Canada as a result of concerns surrounding the ongoing pandemic, and spend growth likely would have topped 40% had the event taken place there in June.

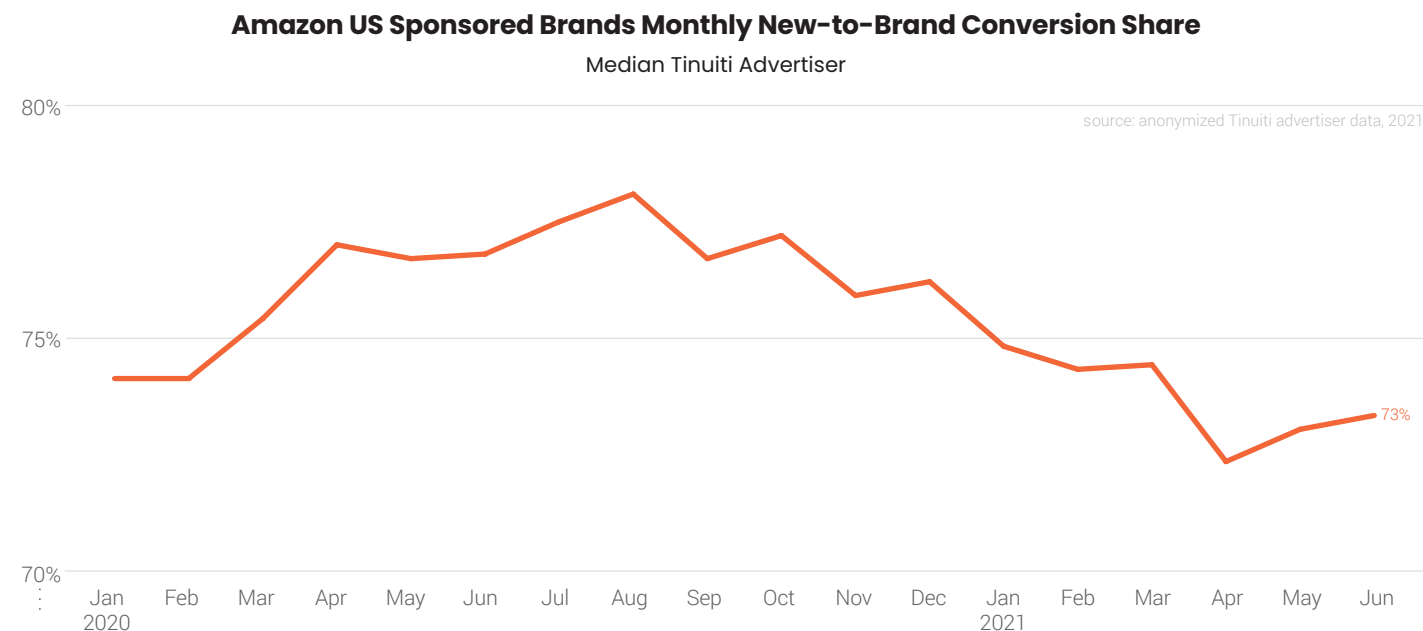
➔ **CPC is on the rise across every major product category.**

Average CPC rose year over year in every product category studied, with the greatest leaps observed in the toys and games, books, and apparel categories. Beauty, health and personal care, and baby products – all categories that saw particularly strong online demand as the pandemic disrupted everyday life last year – saw the weakest CPC increases among the categories studied, though ad pricing was still up across all of them.



➔ **New-to-brand share of Sponsored Brands conversions is lower than last Q2 levels.**

The share of Sponsored Brands conversions attributed as new-to-brand rose meaningfully last April and remained elevated for several months, as many consumers transitioned purchases they might have otherwise made at brick-and-mortar locations to online outlets. New-to-brand share has now been sliding since last August, and was below 74% for the last three months after 15 straight months at 74% or above.







# Amazon Demand-Side Platform (DSP)

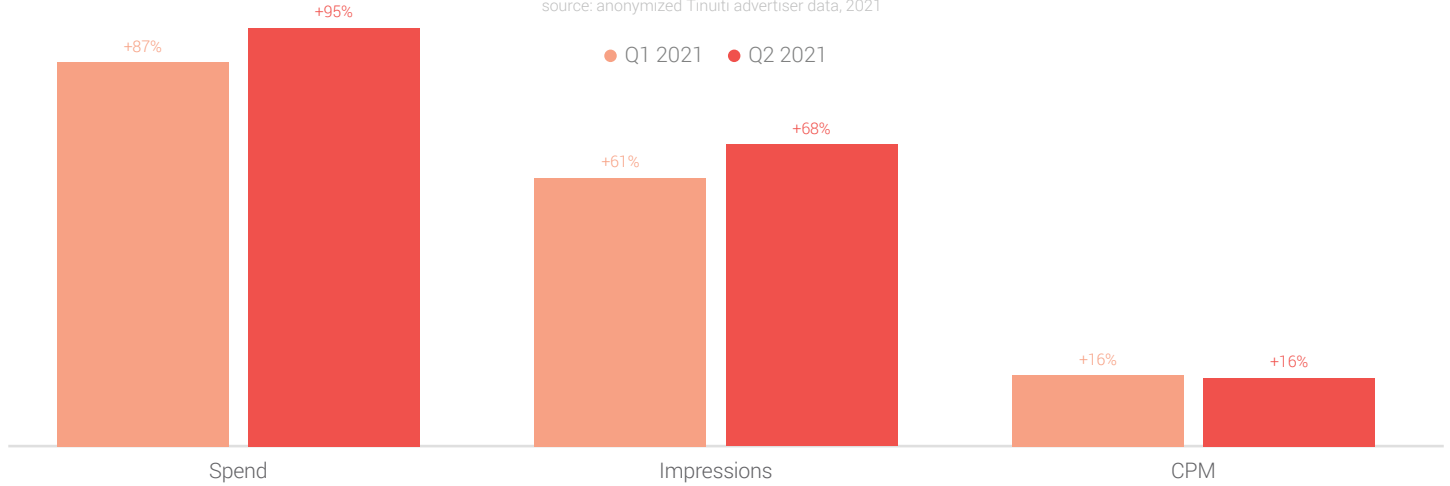
Q2 2021

➔ **Amazon DSP spend nearly doubled year over year in Q2.**

The Amazon DSP has grown rapidly in popularity with advertisers over the last couple of years, and in Q2 spend soared 95% year over year, a strong acceleration from the 87% growth observed in Q1. CPM growth held steady from Q1 to Q2 at 16%, with faster impression growth driving the acceleration in spend. The June timing of Prime Day certainly aided in spurring greater growth in Q2, with many advertisers ramping up DSP spend in the lead up to and during the event, in addition to strong efforts after Prime Day to retarget shoppers.

**Amazon DSP Y/Y Growth by Quarter**

source: anonymized Tinuiti advertiser data, 2021

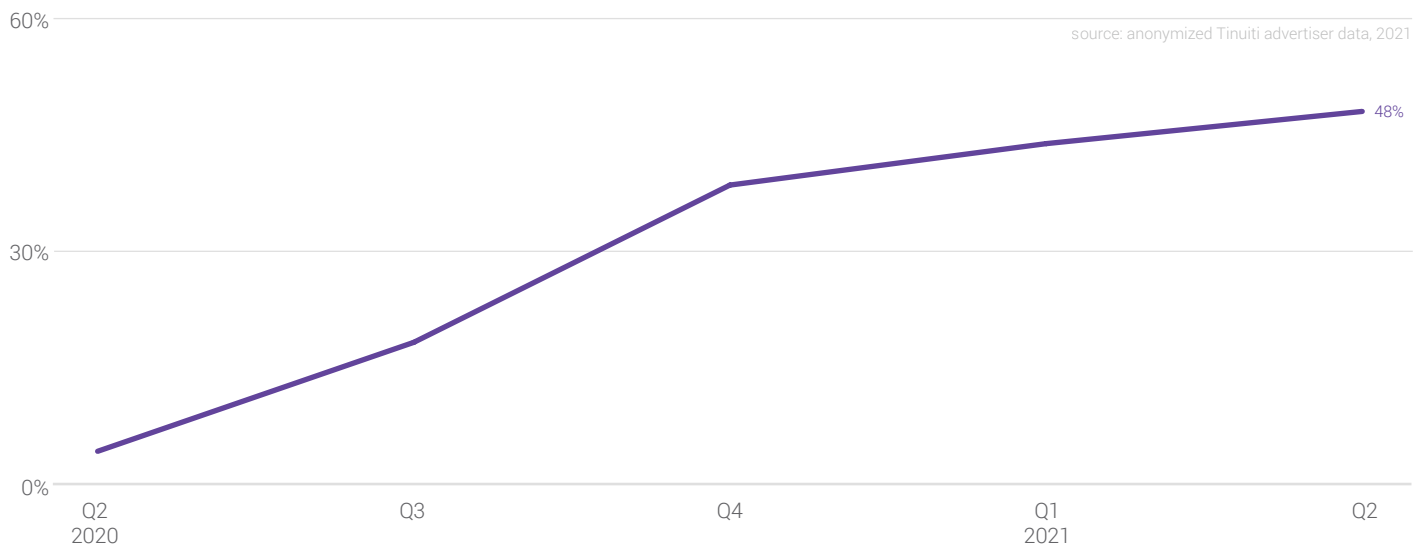


➔ **Responsive eCommerce Creative is closing in on contributing half of DSP spend.**

Advertisers started to flock to Responsive eCommerce Creative (REC) with its release in early 2020, as the format dynamically optimizes for different inventory sizes and also filters out-of-stock products from being shown to shoppers. This makes it easier to take advantage of all available placements, and also helps performance by guaranteeing only in-stock products are advertised. As such, brands are now investing heavily in the format, with share of total DSP spend attributed to REC rising to 48% in Q2 2021, up from 4% last Q2.

**Responsive eCommerce Creative Share of Amazon DSP Spend**

source: anonymized Tinuiti advertiser data, 2021



**→ Amazon properties continue to account for a majority of DSP spend.**

The share of DSP ad spend attributed to Amazon owned-and-operated properties has remained remarkably stable over the last several quarters, regularly sitting between 50% and 60%. In Q2, it stood at 54%. Twitch inventory, which is only just starting to gain traction with advertisers, is one Amazon-owned source that could produce movement in this share in the future, but for now is a small fraction of a percent of total DSP spend.

**→ Amazon owned-and-operated inventory still tops other sources in key metrics.**

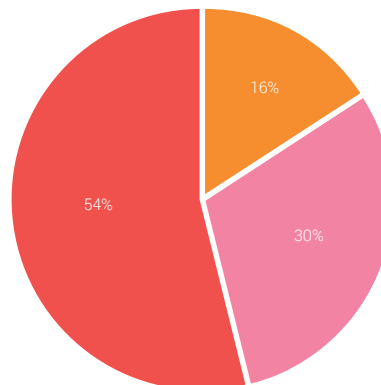
Detail page view (DPV) rate and purchase rate are two metrics many DSP advertisers keep a close eye on to monitor ad performance over time. Amazon owned-and-operated (O&O) inventory typically outperforms inventory from other sources in these metrics, particularly since O&O placements are often featured on the Amazon site right before shoppers navigate to a product and convert. Still, off-Amazon inventory is an important part of building awareness and consideration with shoppers when they aren't on Amazon, with nearly half of DSP spend going to non-Amazon inventory.

**→ Campaigns targeting Amazon Audiences continue to dominate DSP spend.**

Campaigns that target Amazon audiences continue to be the most popular among DSP advertisers, with 96.5% of DSP spend attributed to efforts targeting these audiences to some extent. However, there are signs that Amazon's move to make third-party audiences from providers like Oracle Data Cloud and LiveRamp easily available to advertisers is starting to increase the use of other targeting options. 3.5% of spend went to campaigns that weren't targeting Amazon audiences in Q2, up from 1.9% in Q1.

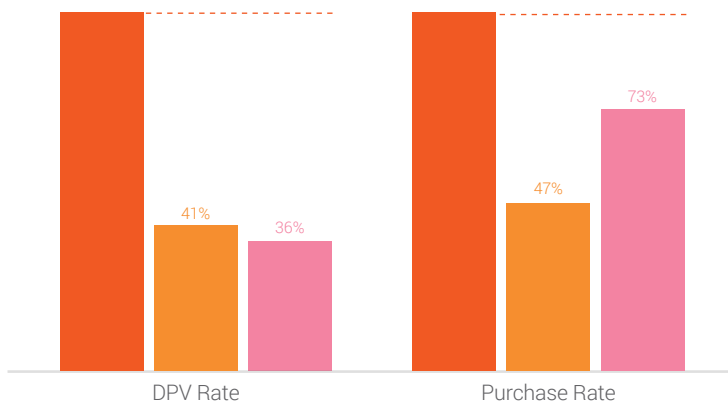
**Amazon DSP Spend Share by Property Type**  
Q2 2021

● Amazon Publisher Services ● Other Non-Amazon Inventory ● Amazon Owned-and-Operated



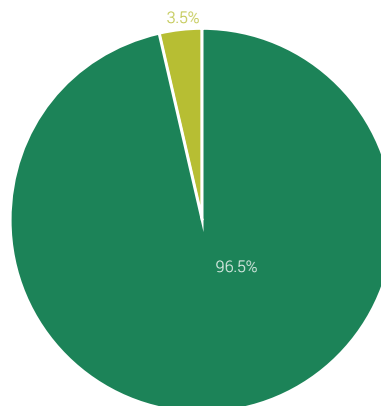
**Amazon DSP Inventory Source Performance Relative to Amazon Owned-and-Operated**  
Q2 2021

● Amazon Publisher Services ● Other Non-Amazon Inventory ● Amazon Owned-and-Operated



**Amazon DSP Share by Audience Targeting**  
Q2 2021

● Targeting Amazon Audiences ● Not Targeting Amazon Audiences





# Walmart Advertising

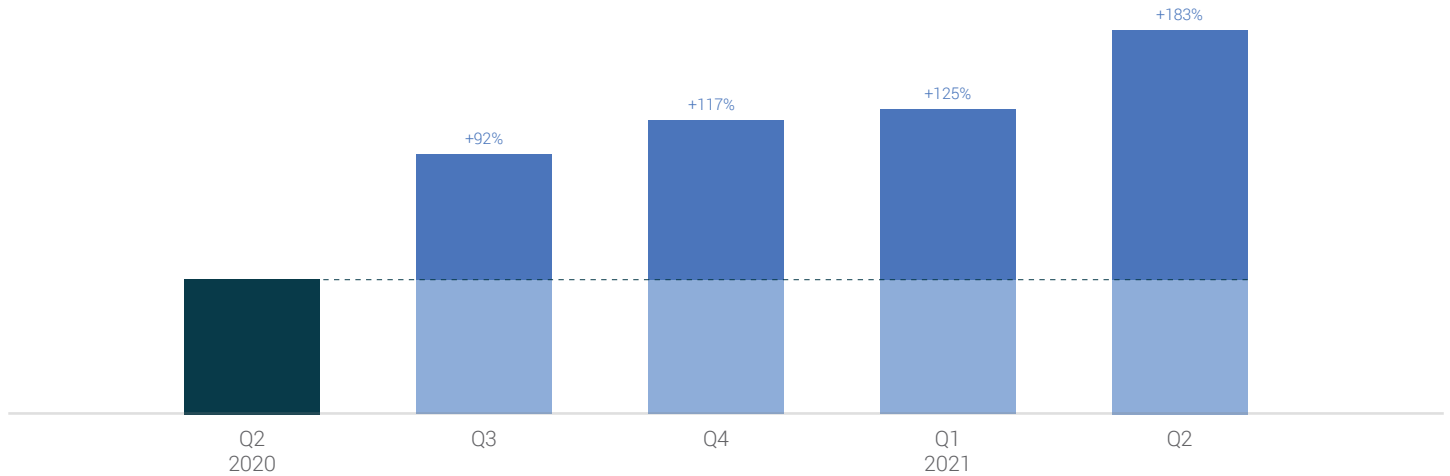
Q2 2021

**→ Nearly three times as many advertisers are deploying Walmart Sponsored Products as last Q2.**

With its large scale and expansive brick-and-mortar presence, Walmart is one of the most popular emerging retail media platforms for advertisers to wade into. Over the course of the last year, the number of brands advertising on Walmart Sponsored Products has ballooned, and in Q2 2021 was up 183% relative to Q2 2020.

**Walmart Sponsored Products Adoption** Relative to Q2 2020

source: anonymized Tinuiti advertiser data, 2021

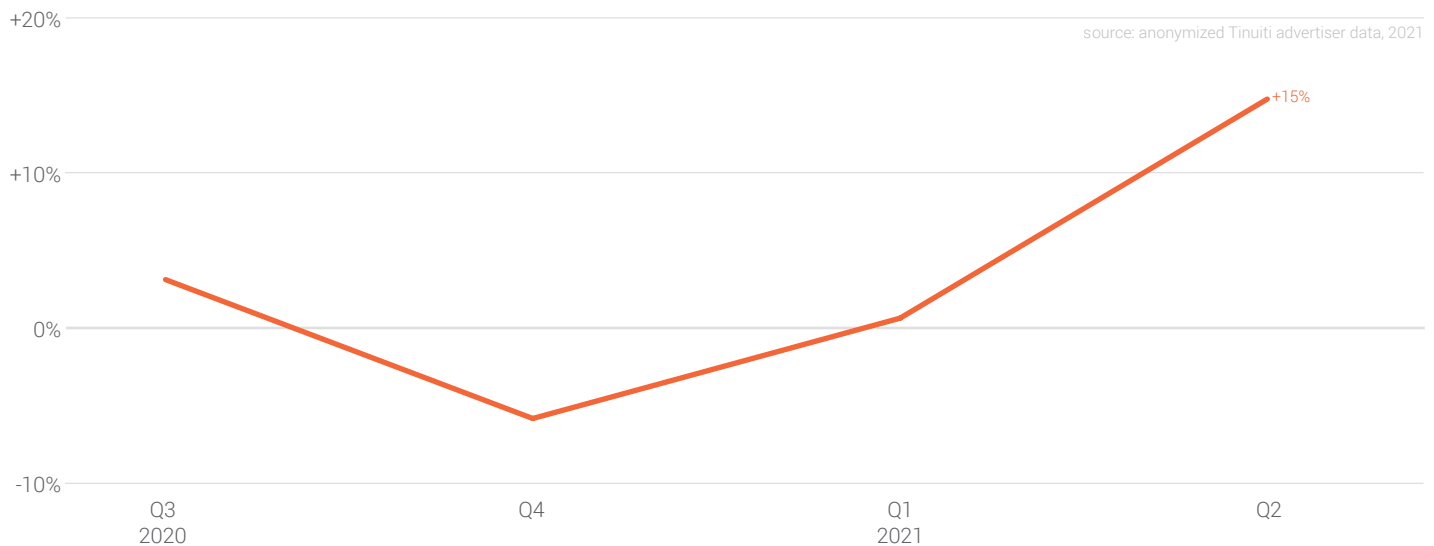


**→ Walmart Sponsored Products CPC was up 15% Q/Q in Q2.**

After three quarters of CPC holding roughly steady for many Walmart advertisers, CPC rose 15% quarter over quarter in Q2. Walmart’s Sponsored Products auction is different from Amazon’s in that it is a first price auction, meaning that when an advertiser wins the auction to display an ad, that advertiser is required to pay the amount bid if the ad is clicked, as opposed to paying just enough to beat the next competitor in the auction.

**Walmart Sponsored Products CPC Q/Q Growth**

Median Advertiser



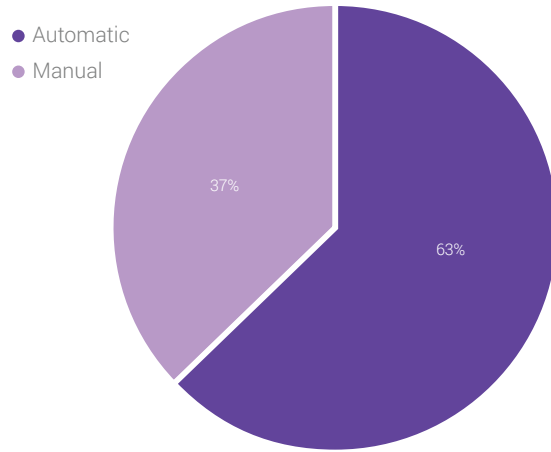
source: anonymized Tinuiti advertiser data, 2021

**→ Automatic Campaigns continue to account for a majority of Walmart spend.**

Automatic campaigns are a critical part of Walmart Sponsored Products advertising, allowing marketers to gain sufficient volume to learn insights by relying on Walmart’s algorithm to identify relevant queries and placements. In Q2 2021, 63% of spend went to automatic campaigns, with the remaining 37% attributed to manual campaigns that rely on keywords selected by advertisers. Manual campaigns did gain share from Q1 2021, when just 21% of spend went to the campaign type.

**Walmart Sponsored Products Spend Share by Campaign Type Q2 2021**

source: anonymized Tinuiti advertiser data, 2021

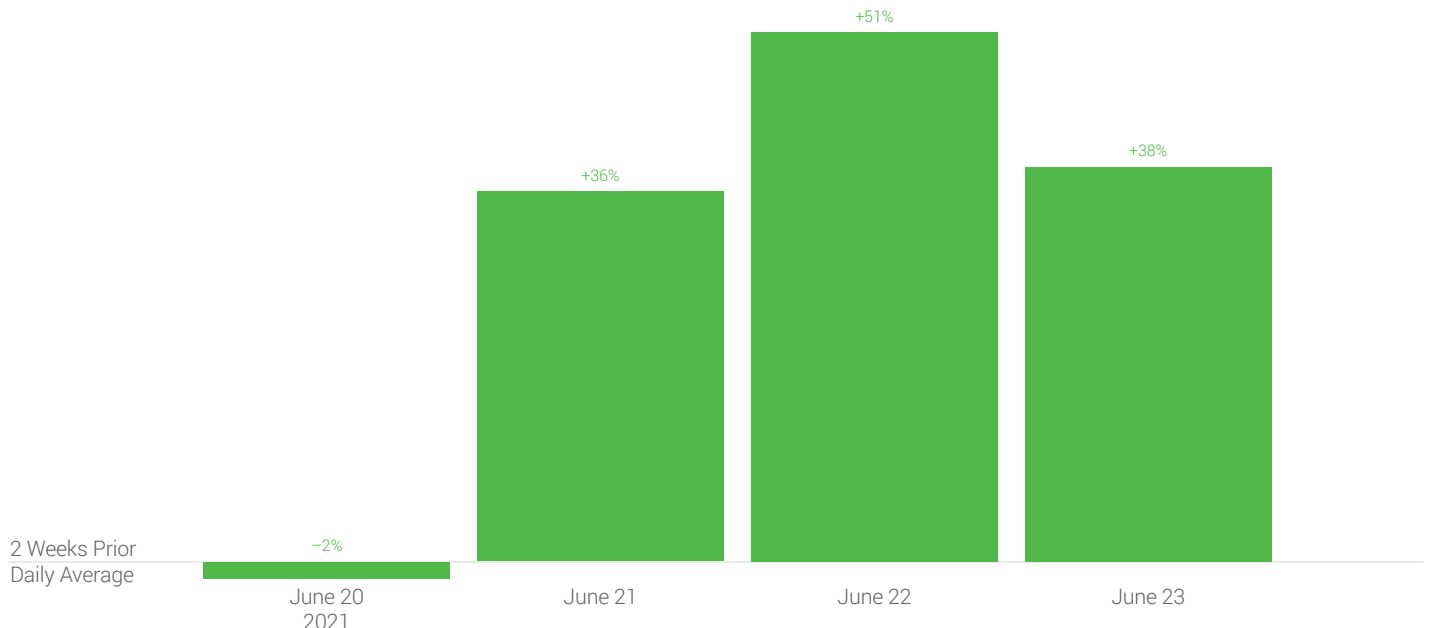


**→ Advertisers ramped up spend during Walmart’s Deals for Days event.**

Walmart ran its own sales event called Deals for Days that overlapped with Amazon’s Prime Day, lasting from June 20 through June 23 such that it started the day before Prime Day and continued one day after it. Much like in the case of Amazon advertisers, Walmart advertisers spent more during these high-volume days, and spend peaked on June 22 at more than 50% higher than the daily average of the two weeks before the Deals for Days event kicked off.

**Deals for Days Walmart Sponsored Products Spend Relative to Daily Average of Two Weeks Prior\* Median Advertiser**

source: anonymized Tinuiti advertiser data, 2021





**TAKE THE NEXT STEP**



## **Schedule Your Amazon Strategy Evaluation**

Tinuiti's Amazon Strategy Evaluation is a complimentary 60-minute analysis and assessment of your Amazon account, advertising campaigns, product order volume and profitability metrics.

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