

Industry KPIs: Advertising on Amazon is getting more expensive, but ROAS is holding steady

Article

The insight: It's getting more expensive to advertise on **Amazon**, but so far that hasn't affected return on ad spend (ROAS).

- **Amazon's average cost per click (CPC) rose by 11.6% year over year in 2023**, per [Industry KPIs](#) data provided by CommercIQ.
- **Average ROAS largely held steady in the same period**, going from \$4.83 in 2022 to \$4.81 last year.

Behind the numbers: The spike in CPCs is partly due to the growing importance of Amazon's Prime Day events, as well as brands' belief that they [have to advertise](#) on the marketplace to get in front of shoppers.

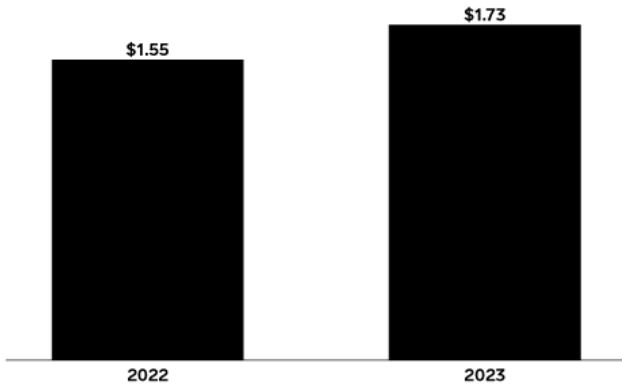
- Unsurprisingly, [average CPCs](#) were highest during Amazon's Prime sales in July and October—the only two months where CPCs surpassed the \$2 mark.
- Interestingly, this wasn't the case in 2022, which suggests that the uncertain economic environment is causing advertisers to concentrate their spending more heavily on Amazon during periods when they believe consumers are most motivated to shop.
- While [average ROAS](#) peaked in July 2023 at \$5.43, it plunged to \$4.20 in October—the second-lowest of the year—a sign that advertisers are more enthusiastic than shoppers about Amazon's second Prime event.

The big picture: Amazon's efforts to bring more non-endemic advertisers onto its platform is likely to heighten competition for ad placements, further pressuring CPCs.

- Still, the lure of lower advertising costs at competitors like **Walmart** and **Instacart** isn't moving the needle much on Amazon's overall [share of retail media spending](#). The retailer will account for nearly three-quarters (74.2%) of US retail media ad revenues this year, helped by its push into ad-supported streaming.

Go further: Interested in assessing more Amazon advertising metrics? **Industry KPI** subscribers can immediately measure their performance against more than 400 industry benchmarks. See more [here](#).

Industry KPIs: US Amazon Average Cost per Click (CPC), 2022 & 2023



Note: data represents activity among CommerceIQ clients, broader industry metrics may vary; Amazon cost per click is the total advertising cost divided by the number of clicks
Source: CommerceIQ, Dec 31, 2023

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