Q1 2024 Performance Benchmarks

Analysis of industry-wide CPMs, ROAS and other ecommerce advertising metrics

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From the CEO

Welcome to the inaugural edition of our quarterly advertising spend series. In this report, we delve into a comprehensive analysis of ecommerce trends, synthesized from data across hundreds of brands and billions in advertising expenditure.

The first quarter of 2024 has been nothing short of eventful, with industry shaking developments such as potential TikTok bans and significant budget misallocations on platforms like Meta. These dynamics have set the stage for what we predict will be the year of the "decisive" marketer.

At Integrate Agency, our mission extends beyond just reporting—we aim to empower. This report is crafted not only as a resource for our valued clients and the broader marketing community but also as a testament to our commitment to excellence. As we navigate these complex trends together, we invite you to leverage this analysis to refine your strategies, making informed decisions that drive success.

Danielle Ryan
Chief Executive Officer

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Data sourcing:

All data in this whitepaper is sourced from aggregated, anonymized, and standardized data generated by hundreds of thousands of touchpoints recorded by Northbeam, an attribution software. It has been cleaned and weighted for outliers, and represents benchmarks across all industries. **For more specific insights into individual industry benchmarks, email us at hello@integrateagency.com**

Auction Metrics: Costs Steadily Increasing

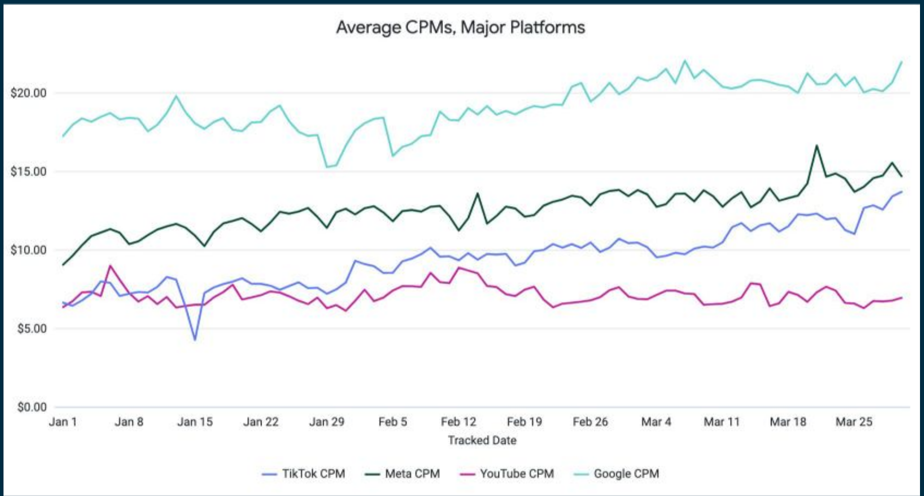
Anecdotal evidence suggests that 2024 has been one of the most expensive years for performance marketers, and the data supports this claim. “Auction metrics,” which measure ad spend, ad delivery, and low-intent engagement, have declined in performance across major channels in Q1 2024.

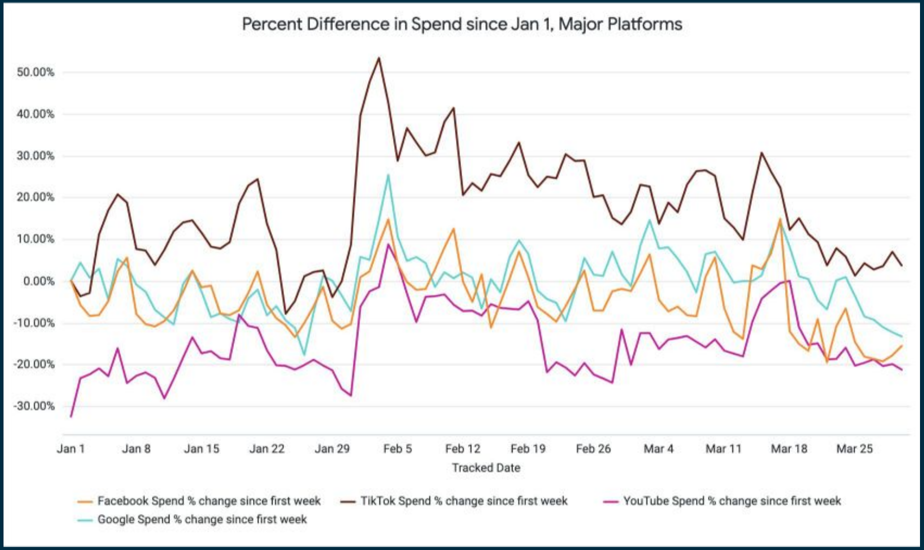
Analyzing auction metrics reveals marketing patterns. For instance, a significant increase in spending across multiple channels occurred in early February, leading to a drop in auction and some conversion metrics.

Several factors contributed to this spike, primarily centered around key marketing events. Valentine’s Day prompted increased spending in relevant industries, and the NFL Super Bowl hype drove many brands to boost their ad spend to capitalize on heightened social media attention. Additionally, some significant Meta errors in February led to overspending. It also appears many brands delayed ramping up their ad spend until February, likely due to post-holiday downtime.

Average CPMs (cost per thousand impressions) increased across all channels except YouTube from the start of the year, reflecting an annual trend that is more pronounced and costly this year. Average Google CPMs exceeded $20 in March 2024, compared to under $18 in March 2023. Meta CPMs, which barely reached $12 in March 2023, surpassed $15 twice in March 2024.

How to read these “percent change” charts:
The metric value on each day is compared to what the value was on January 1, 2024.





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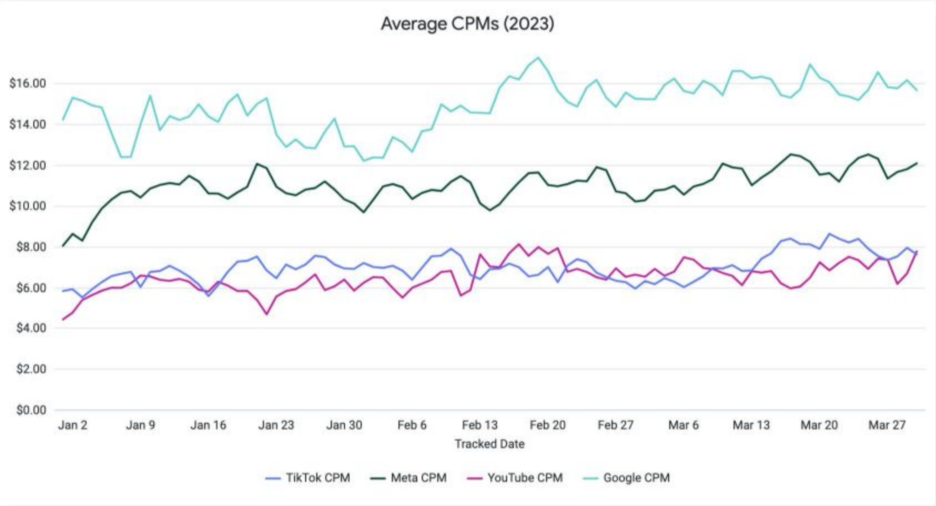
Key Takeaways

In both 2023 and 2024, CPMs began rising from February 1, suggesting an intentional annual trend. However, the increase in 2023 was much less intense, with Meta CPMs remaining in the $10-$12 range. TikTok CPMs jumped from $5 to nearly $12, compared to barely crossing $8 last year.

Clickthrough rates (CTR) have improved year-over-year. In 2023, CTRs ranged from 0.001 to 0.003 across most platforms. This year, they have increased to 0.002 - 0.005, reflecting platforms' prioritization of engagement metrics, such as Meta's Advantage+ campaigns and TikTok Shop.

Although the average Cost Per Click (CPC) appears cheaper in 2024, this is an anomaly. The end of 2022 and the start of 2023 had unusually high CPCs for TikTok and Meta. The current CPCs in 2024 are likely indicative of rates for the rest of the year, possibly higher. Costs are expected to rise further.

CPCs spiked with increased spending but are cooling off on some platforms. YouTube CPCs are decreasing, which is promising as we favor YouTube ads for 2024. In contrast, Meta CPCs are not cooling off and are expected to remain high. These costs are similar to 2023 levels. In a bear market, marketers tend to consolidate spend in the Google/Meta funnel due to its high conversion rates.



So yes, ads are getting more expensive, and it's not stopping anytime soon.

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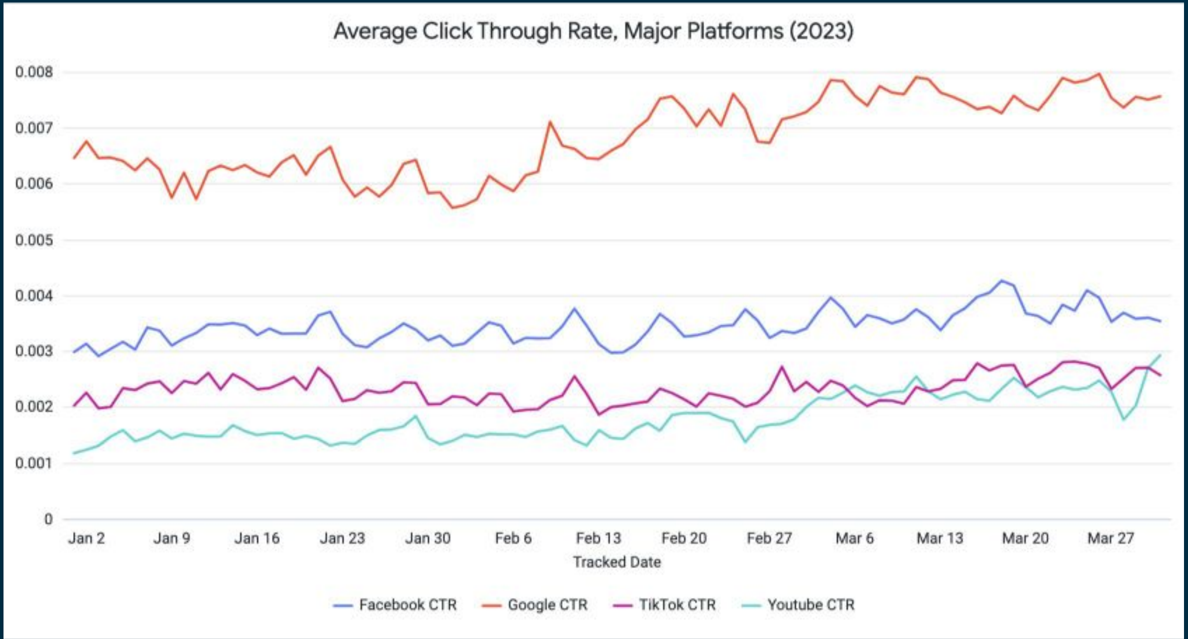
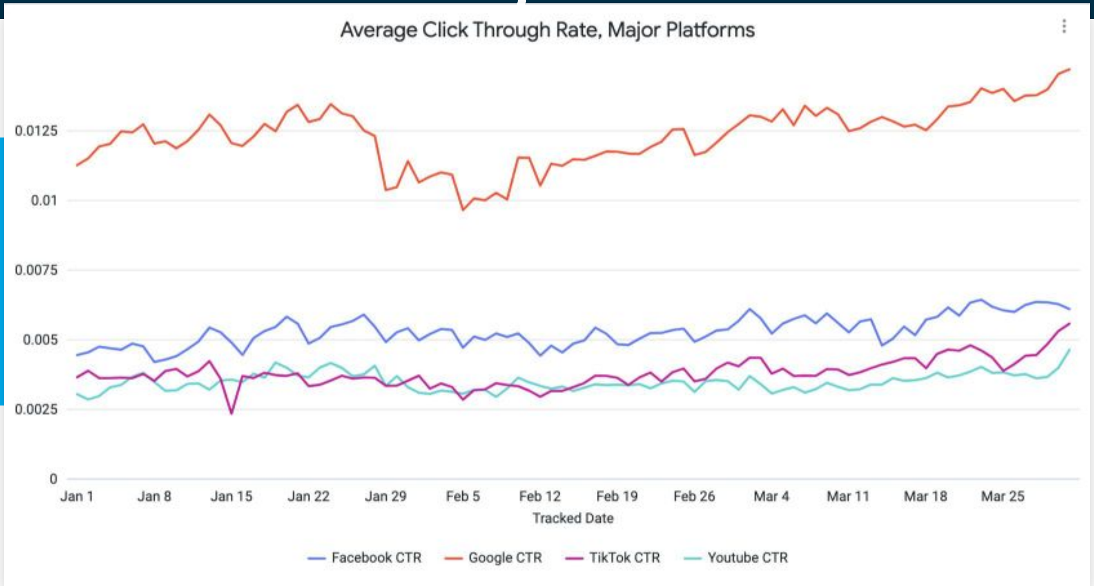


"Similarities in Google CTR year over year provide some semblance of comfort - Q1's volatility is normal, and on trend"

Danielle Ryan
Chief Executive Officer



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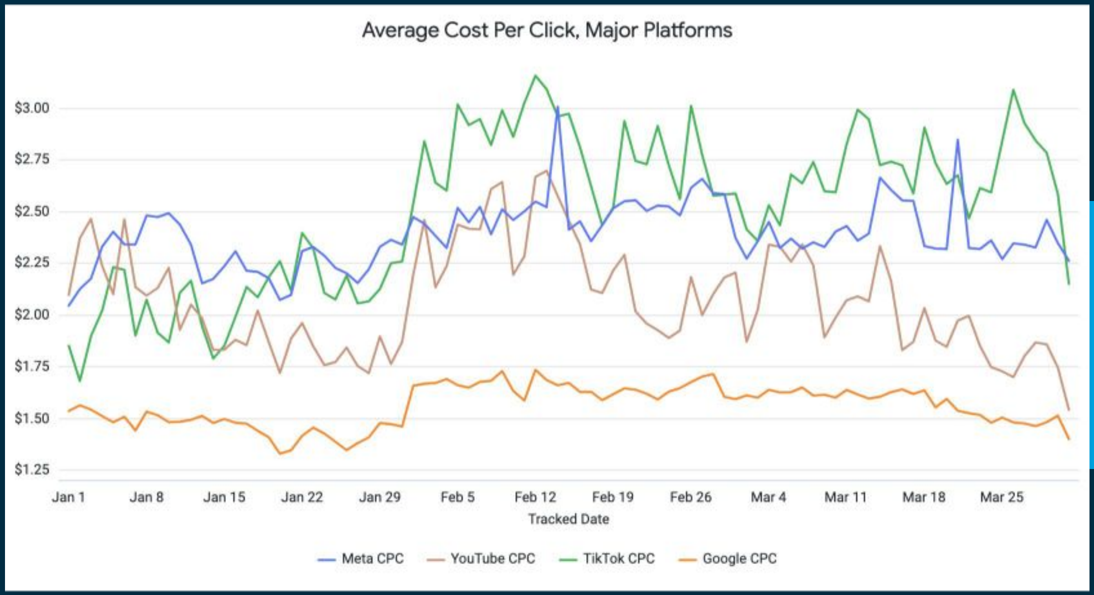
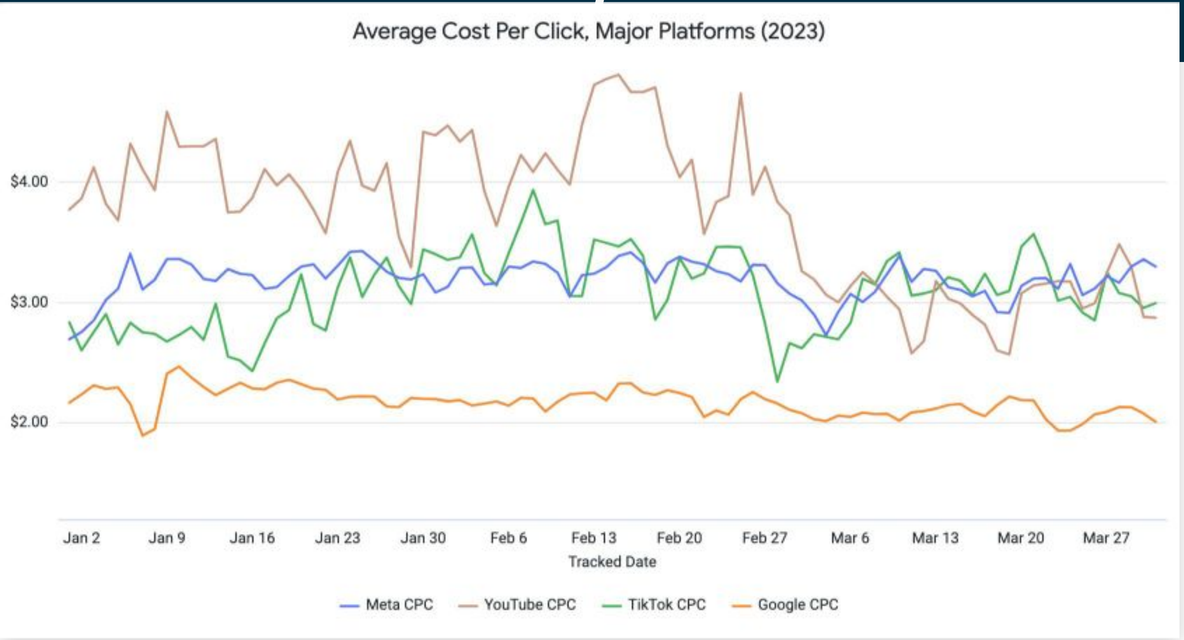


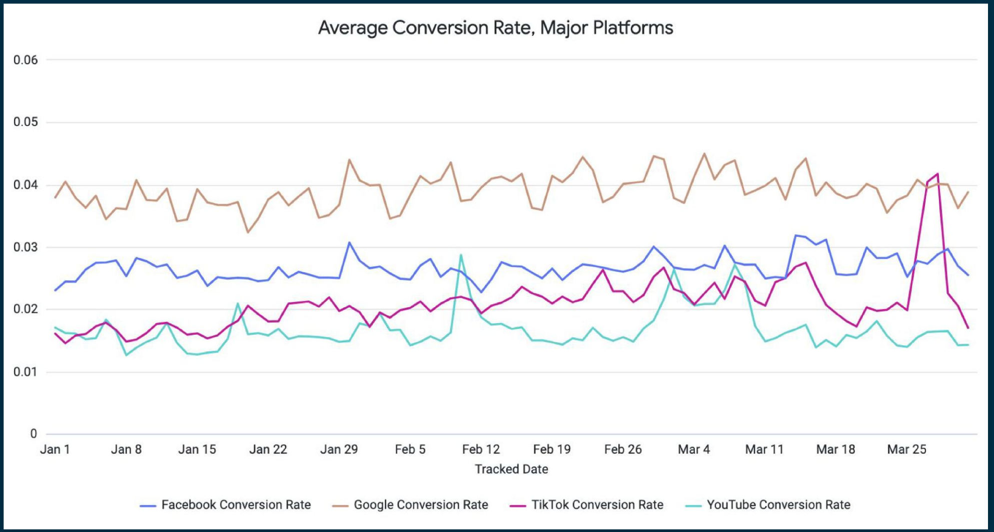
"This January's CPC spike, consistent YoY, stems from post-holiday spending trends. Anticipating and customizing campaigns is key to maximizing visibility and engagement

Karrington Ortiz
Strategic Account DIrector



Want These Charts With Different Time Ranges Or Metrics? Just Ask! Email Us At hello@integrateagency.com

Conversion Metrics: Improved Local Results, Lower Overall Efficiency



As we enter a prime ecommerce season, conversion metrics appear normal. This period, marked by tax returns, seasonal changes, and the approach of summer, sees customers with more specific buying intentions compared to the frenzy of Q4. Their evolving needs make Q1/Q2 ideal for testing new creative approaches. While there have been some anomalies, overall conversion performance meets our expectations.

Customer acquisition cost (CAC) surged with the increased spending at the start of February but has since stabilized. However, it remains higher than ever. As profit-focused marketers shift more towards Meta, CACs there are expected to rise further.

Google CAC remains stable, maintaining its reliability. This consistency ensures that the funnel can be trusted, and experiment signals are still valid.

Did you conduct creative experiments in February? If so, re-evaluate their performance considering the "February spikes" shown in the charts. Your campaigns might have performed better or worse than you initially thought. The data trends suggest your tests were influenced by these spikes.

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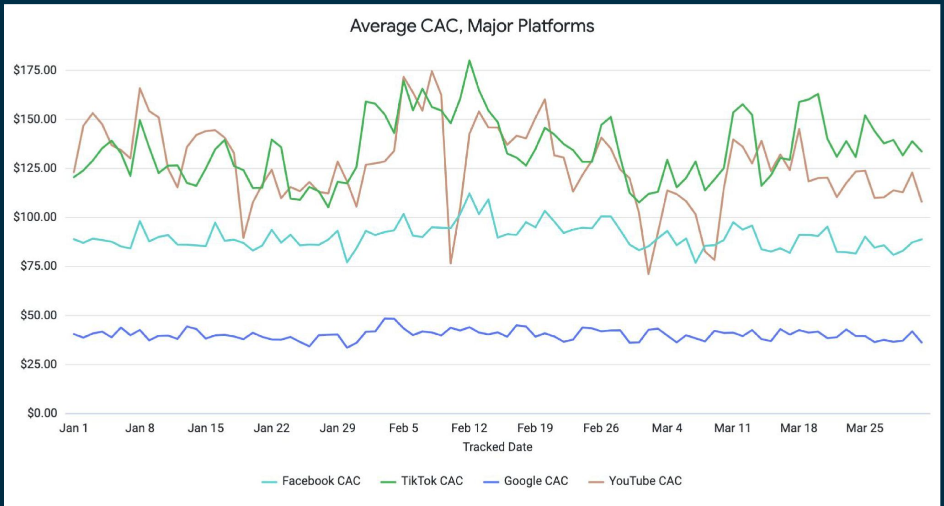
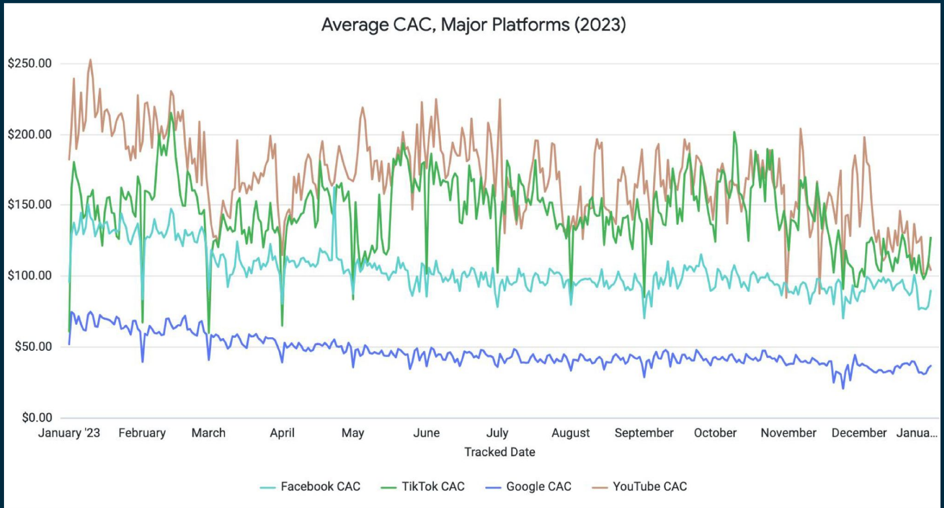
Think about the rollercoaster ride that advertisers go through with their investments on various platforms. YouTube and TikTok are the wildest, with the biggest ups and downs throughout the year. Instead of trying to catch those high highs and low lows, why not take a smoother ride? Try a dollar cost averaging approach with your investments on TikTok and YouTube. Spend a little less overall but keep a steady presence on these channels. This way, you'll enjoy the benefits more easily than those who are constantly jumping in and out. Steady and consistent wins the race!

Ytzel McDaniel
Strategic Account Director





Key Takeaways

Regarding CAC, though it may seem like there's been a drop since January 2023, the reality is that it's been relatively stable. Take a closer look at the chart: while the blue Meta line dipped in 2023, it plateaued around July at $100 and hasn't moved much since. Also, note how the brown YouTube line stayed within the $150-$200 range in 2023, but has decreased significantly this year, barely hitting $175 in February. Is YouTube poised for a resurgence?

Google's ROAS is on the rise, which might seem promising. However, this is a typical trend shown in the 2023 chart. Google's performance often aligns with consumer behavior patterns. As tax refunds roll in, seasons change, and post-holiday wallets replenish, people tend to start spending more. Have you observed this pattern in your own life? This natural buying surge typically lasts from February to mid-June before slowing down for the summer. How can your brand leverage this trend?

Conversion rates on YouTube and TikTok are exhibiting signs of improvement. Historically viewed as underperforming platforms, are they experiencing a resurgence? If you're diligently tracking their performance, you'll likely notice successful conversions on these platforms. The issue isn't lack of clicks; rather, it's your business's inability to capitalize on consumer behavior post-ad viewing. We need to discuss strategies for YouTube success this year - expect more content from us on this topic.

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Closing Insights: Outlook for Q2 and Beyond

In the interest of avoiding repetition, it's crucial to emphasize the urgency of this message: acquisition costs are currently at their lowest, and seizing this opportunity is paramount. Profitability should serve as the guiding principle for your brand at every level. While this may seem obvious, many brands are content with modest margins and fail to take action.

For most brands, our recommendation is to prioritize maximizing margins. Whether achieved through strategic marketing, product diversification, or supply chain optimization, prioritizing profit margin growth serves as a buffer against escalating acquisition expenses.

As the cost of entry in performance marketing continues to rise, it's imperative to allocate resources accordingly. Remaining passive risks waking up to find your business operating at a loss due to escalating marketing expenditures. This scenario has unfortunately befallen even brands generating over $20 million in revenue.

Utilizing tools like multi-touch attribution and media mix modeling is essential for optimizing marketing efficiency. If you haven't already implemented multi-touch attribution, Q2 presents an ideal opportunity to start. One to three quarters of meticulously analyzed ad performance data will furnish you with tangible insights into the effectiveness of your ads, equipping you with the knowledge needed to excel in Q4.

"Decisive" is a term we stress frequently. To excel in 2024, adopting a resolute approach is essential across all aspects of your business:

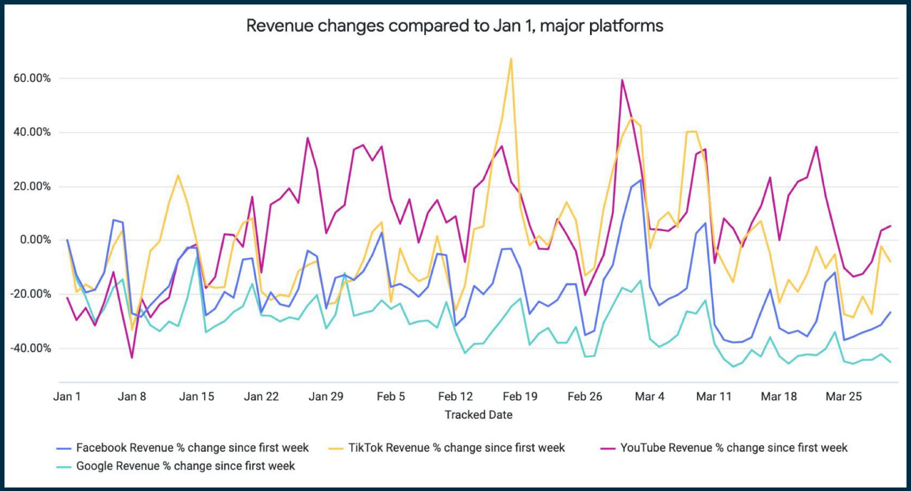
Make definitive choices in your creative testing. Release any attachment to "favorite" or "on-brand" ads, and prioritize creative that effectively meets your target benchmarks. Anything less is a misuse of your marketing budget.

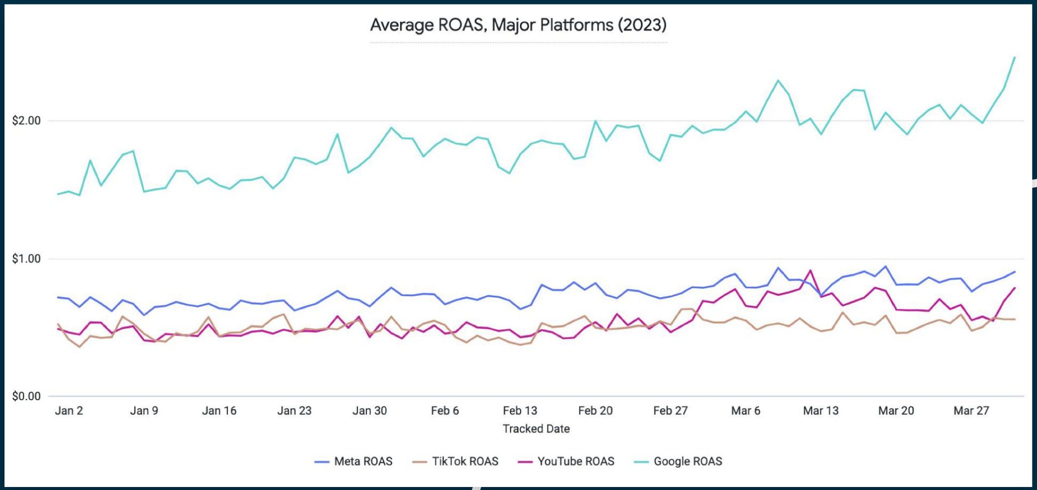
Be unequivocal about your cost curves and diminishing returns. Hold every channel and campaign to stringent standards of expected performance at specific budget levels. This ensures efficient budget allocation and helps finance teams comprehend the value of each dollar spent.

Take a determined stance on your profit and loss (P&L). The emergence of "no-CMO" brands indicates a shift, as many CMOs prioritize creativity over profitability. This mindset is outdated due to changing shareholder and venture capital demands. To succeed as a marketing executive, master your finances even more thoroughly than your accountants. Let the balance sheet guide your decisions.

Set determined growth expectations. While it may be uncomfortable, adjusting this year's goals to reflect realistic forecasts enables proper business planning. The era of "10x year-over-year" growth is over; instead, focus on achieving feasible growth multiples.

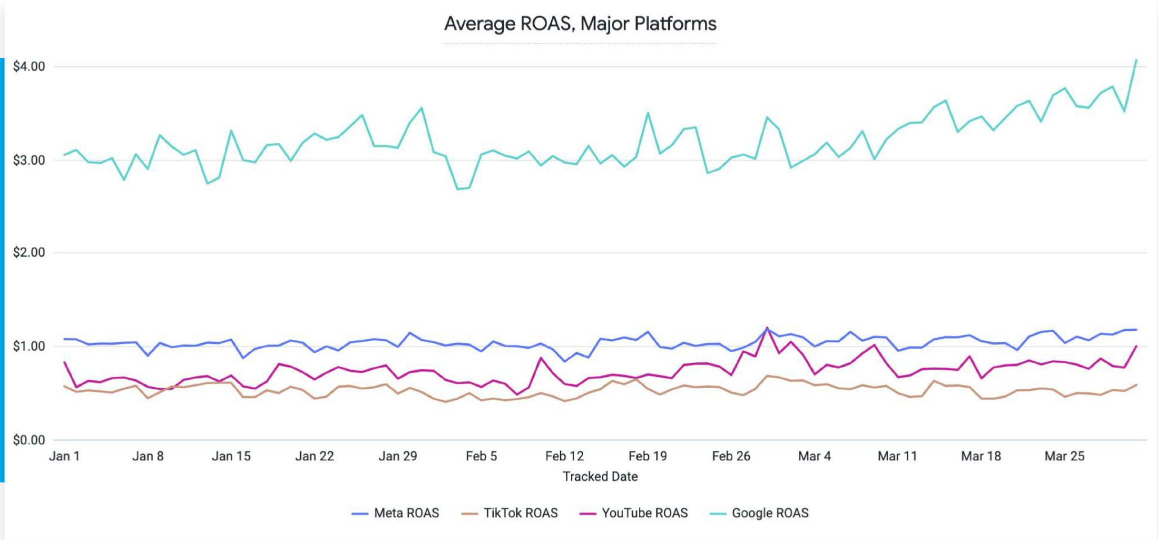
Being "decisive" isn't synonymous with being "ruthless." It's about maintaining focus, strategic planning, and awareness of your own biases.





"Notice how Google is performing better overall? I've observed that, across various ad accounts, Google still isn't a strong prospecting tool. It's mostly capturing demand generated by top funnel channels like TikTok or Meta. This year, shift your focus within your Google campaigns to target a higher percentage of new customers and site visitors, rather than obsessing over the highest ROAS targets. Prioritizing new growth will boost your bottom line more effectively.

Danielle Ryan
CEO



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The Media Buyer Index

Apr. 18 - Apr. 24

Auction metrics change, WoW

	CPM	CTR	CPC	BUDGET SHARE	SHARE Δ
	▲6.21%	▲2.65%	▲1.63%	70.63%	▲0.65%
	▲5.56%	▲1.28%	▲0.76%	21.41%	▼0.31%
	▲2.29%	▼0.55%	▼1.88%	3.24%	▲3.53%
	▲1.57%	▲0.60%	▲0.89%	3.53%	▼15.02%
	▲5.36%	▲4.69%	▼1.03%	0.50%	▼16.01%
	▲2.34%	▼3.16%	▲1.75%	0.70%	▲3.86%

Northbeam

Conversion metrics change, WoW

	CvR	CAC	ROAS	AOV
	▲ 1.02%	▼0.12%	▲ 0.26%	▼0.84%
	▲ 0.70%	▼0.13%	▼ 0.56%	▲0.02%
	▼ 10.41%	▲8.53%	▼ 7.02%	▼2.12%
	▼ 3.27%	▲4.16%	▼ 4.22%	▼0.91%
	▼ 0.37%	▼1.72%	▲ 0.60%	▲1.12%
	▲ 0.92%	▲0.84%	▲ 0.48%	▼2.80%

Northbeam

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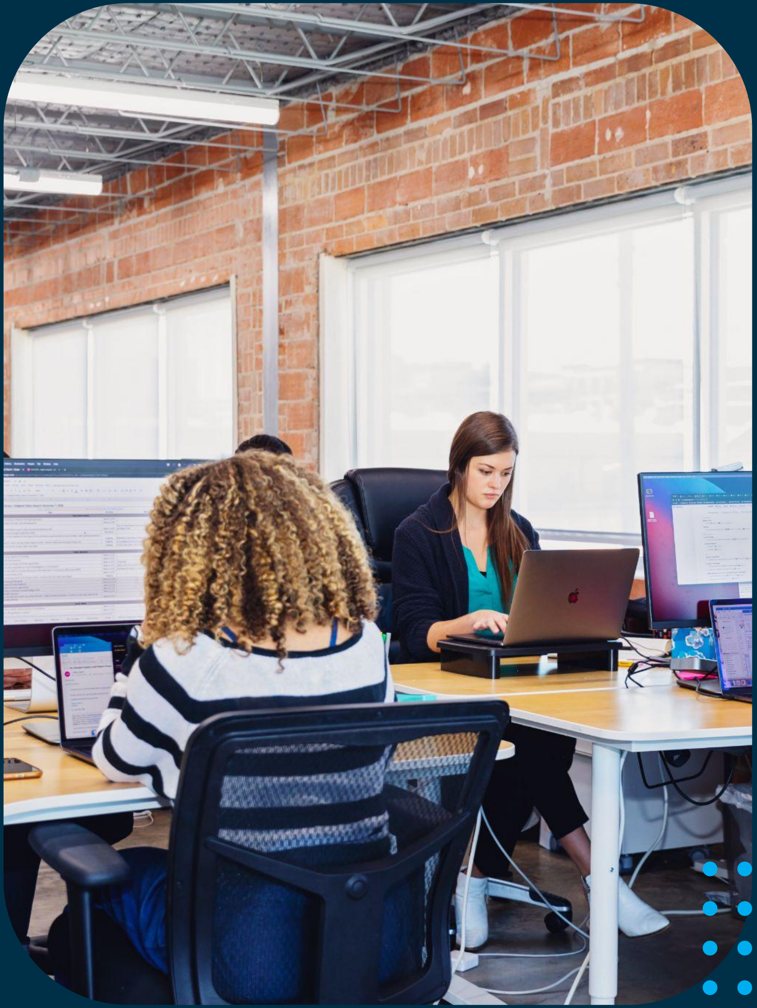
What does all this mean for you? Here's a glimpse of what to expect in the upcoming year:

There's a chance that customer acquisition costs on alternative channels might decrease as the year progresses. While it's not a certainty, it did occur last year. However, the main concern isn't just the acquisition cost itself; it's also about the profit margins and conversion potential of these channels. Consider this: they're all vying to capture some of the budget allocated for high-converting Meta ads, so they'll fiercely compete to ensure your ad campaigns are profitable.

On the flip side, it's improbable that Meta or Google customer acquisition costs (CACs) will see a decrease. They've remained steady since mid-2023, with Meta hovering around \$100 and Google just under \$50. While the exact figures may vary by industry, we anticipate they will remain relatively unchanged throughout the year. To sum up, don't anticipate a decline in acquisition costs anytime soon, not even in Q4. The heightened competition and spending during Q4 will keep those numbers stable.



It's tempting to glance at the data in this report, compare it to your own performance, and react impulsively, perhaps feeling that you (or your agency) performed poorly this year. However, a "decisive" operator would instead inquire, "Why are we so far from the average?" and promptly diagnose the root causes.
In 2024, success will favor brands that act decisively. They will swiftly adopt new strategies and even more swiftly discard those that fail. Maintain high standards for your creative experiments and avoid persisting with ineffective strategies.

Set realistic expectations, but remain flexible to adjust them as needed.

To summarize Q1: Performance marketers continue to navigate challenges. We anticipate improvements in conversion metrics in Q2, but auction metrics show no signs of becoming more affordable. The brands that thrived in Q1 are those focused on efficient, profitable advertising and strategic planning grounded in realistic data.

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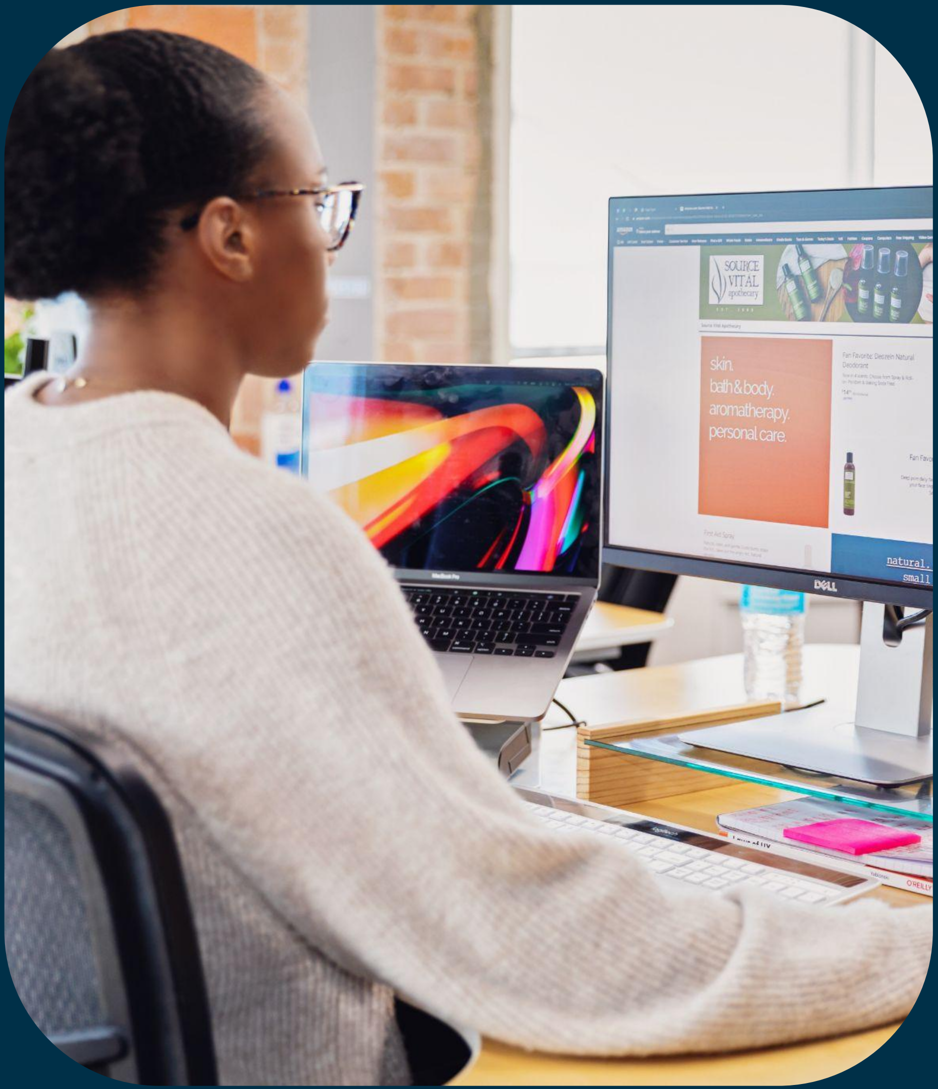

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