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Understanding Your Advertising Performance

Ene informed advertising decisions with a clear understanding of the metrics that matter for your business.
by Etsy Staff



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Starting out with advertising, it can be hard to know what a “successful” campaign return looks like. Advertising results look different for everyone, and depend on a variety of factors including listing quality, campaign budget, and seasonality. But understanding the key metrics to track, along with industry performance benchmarks, can provide helpful guideposts for understanding the effectiveness of your own paid advertising campaign.

Read on for an overview of standard advertising terms and metrics, along with recommendations for evaluating the results of your [Etsy Ads](#) campaign.

Common advertising terms to know

Understanding these key terms will help you translate your Etsy Ads campaign performance into actionable insights.

Click-through rate: ratio between views and clicks

Conversion rate: ratio between visits and completed orders

Cost per click (CPC): With the cost per click advertising model, you pay based on how many people click on your ad. To calculate your CPC for an advertised listing through Etsy Ads, divide your budget spent for the listing by the number of clicks the listing received.

Return on Advertising Spend (ROAS): For every \$1 you’ve spent on advertising, how many dollars in revenue are generated? If your ROAS for a listing is at or above benchmark, it’s a good indication your ad is performing well and remaining

profitable. To calculate your ROAS on the listing or campaign level, divide your **revenue generated** by your **advertising budget spent**.

Advertising benchmarks

Advertising costs and returns vary based on your business and the platform you're advertising on, but here are some benchmarks to keep in mind. *(Note: These benchmarks were provided by third-party sources, included below.)*

CPC benchmarks:

Google \$0.66 CPC *(Source: WordStream's 2019 Google Shopping Ads Benchmarks report)*

Facebook \$1.72 CPC *(Source: WordStream's 2019 Google Shopping Ads Benchmarks report)*

Amazon \$0.50 to \$1.00 CPC *(Source: AdBadger's 2019 Advertising Stats report)*

ROAS benchmarks:

2.8-4 ROAS; average of 2.9 ROAS for Amazon advertising *(Source: AdBadger's 2019 Advertising Stats report)*

Example: Looking at your Etsy Ads performance dashboard, you see that the revenue generated by your most recent listing is \$50, while the budget spent to promote that listing was \$10. To calculate your ROAS, divide revenue/budget spent, or \$50/\$10. Your ROAS for this listing would be 5, which is above benchmark.

Review your performance data

We recommend letting your Etsy Ads campaign run for about 30 days before you start making adjustments based on the results you're seeing in your Etsy Ads dashboard. It's important to let your ads run over time so the optimization tool can learn from how users interact with your listings, informing smarter opportunities to surface your promoted listings to users. You'll also want to keep an eye on seasonal trends as you collect year over year data. Thinking back to the marketing funnel discussed in [The Essentials of Online Advertising](#), it helps to frame your performance data as it relates to the three primary stages of the funnel: awareness, interest, and making the sale.

1. Which listings are getting the most views?

If a listing is getting a lot of ad views, it likely means your tags, titles, and use of relevant attributes are helping it appear in relevant searches. The more views your listings receive, the greater your brand awareness becomes.

Recommendations: If your views are low, revisit your tags and titles. Look at your shop stats to see which search terms are bringing the most organic traffic to the items you're advertising, and be sure you've added those terms to the listings' titles and tags. You can find more information on optimizing your listings in our [Advertising Checklist](#).

If you've already experimented with title and tag optimizations, consider raising your budget to allow the Etsy Ads optimization tool to bid more competitively to

showcase your listings.

2. Which listings are getting the most clicks?

If a listing is getting a lot of clicks, it likely means shoppers are finding the photo, title, and price appealing, which is a very good thing. Clicks demonstrate interest and consideration from potential customers.

Recommendations: Low clicks could mean that your thumbnail image and listing title need some work, or that your price doesn't feel competitive within the market. Buyers are seeing your item, but scrolling past it. Your thumbnail photo should clearly convey what the item is at a glance and show it in its best light. Does your listing stand out in the sea of search results? (Check out [The Ultimate Guide to Product Photography](#) for photo tips.) And always include your strongest, most descriptive keywords in the first few words of your title so customers can quickly understand what's for sale.

3. Have you made any sales from your ads?

If so, congratulations! That means your ads are working, and you're starting to learn which listings shoppers are most excited about. Consider increasing your budget to amplify your results.

Recommendations: Are any listings getting lots of views and clicks, but no sales? That may be a sign that there's something keeping shoppers from making a purchase, such as a high shipping price or not enough listing photos. You may

want to tweak your listing to increase your chances of making a sale. You can find some pointers on how to do that [here](#).

When shoppers are clicking but not buying, a few factors could be at play. They may not be getting enough information about the product. Are you using all 10 photo spots to show the customer important details about the item? Another potential barrier could be your shipping prices—are they reasonable? Think about the kind of trust signals you’re sending as well. Do shoppers feel confident making a purchase from you? Adding a photo of yourself, telling your story in your About section, and thoroughly filling out your Shop Policies shows potential buyers there’s a real person behind your shop.

Explore additional adjustments

In addition to listing-level updates, you may decide to experiment with alternative strategies for promoting some of your shop inventory.

- **Focusing your budget:** Stop spending on the items that aren’t performing and put that money behind the listings that are getting more views and sales.
- **Boosting new products:** If there are other listings you’re interested in testing (an exciting new product line, for example) you can take the budget you were spending on the less-than-stellar listings, and put it toward advertising the new listings to see how shoppers respond.

Check out [3 Strategies for Deciding Which Listings to Promote](#) for more ideas.

Monitor and adjust accordingly

Continue to check in on your campaign and each time you make an adjustment, give yourself time to collect data before making more changes. We recommend waiting about a month after each major modification to give your new campaign time to optimize.

Return to the [Ultimate Guide to Advertising](#)

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