



DIGITAL

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3Q Digital's 2017 Guide to Amazon Advertising

Introduction

Facebook and Google have entrenched themselves as key players in the ecommerce landscape. But there's a "sleeping giant," [as the Wall Street Journal sees it](#), that stands to emerge with a \$1B piece of the ad revenue pie in 2017.

We're talking about Amazon. And in our Guide to Amazon Advertising, we'll talk all about the Amazon platform, including:

- When and how to start advertising on Amazon
- The mechanics of advertising on Amazon
- Amazon ad types
- Tips and tricks for the Amazon UI
- How to optimize Amazon campaigns

It's a lot of information, and it's all critical to opening up a big fountain of new revenue without wasting spend along the way. Let's dig in.

When should you start advertising on Amazon?

This is obviously the first and most important question about the platform, and the answer is pretty simple. If your customers commonly purchase your product through other retailers instead of your brand's website, it's likely AMS (Amazon Marketing Services) can be more ROI-friendly because you're promoting your products where the customer is likely to purchase them.

This scenario can happen for a couple of reasons: your site may not be optimized for eCommerce, or you sell a product rarely purchased from a brand site (e.g. hard drives). And if you're already listing your products for sale on Amazon but not actively promoting them, AMS is worth testing to see if you can drive incremental sales volume.

As far as expected return, it varies widely by product type. At 3Q, we've seen as low as 3x ROAS for mattresses and as high as 20x ROAS for consumer electronics.

How do you get started with AMS?

AMS is open only to Amazon.com vendors; this means that you must already be selling at least one of your products directly to Amazon and letting the platform fulfill the orders.

If you're not already set up as a vendor, go to vendorexpress.amazon.com and follow the instructions. Once Amazon.com has received your items, you'll be able to access AMS.

The mechanics of advertising on AMS

Amazon is a self-service platform, with all ad types based on CPC and targeting available by keyword, product/category, and interest.

To start, log in at <https://ams.amazon.com/>. You'll see this (key functions highlighted):

amazonmarketingservices SEAGATE Advertising Pages Jared Reynolds's Account Help

Advertising Campaigns

Status	Campaign Name	Budget	Actions
DRAFT		\$3,342.00	Edit Delete
REJECTED		\$1,000.00	Edit Delete
DRAFT		\$3,342.00	Edit Delete

[New campaign](#)

Results per page: 25

Status	Campaign Name	Type	Start Date	End Date	Budget	Impressions	Clicks	aCPC	Spend	Est. Total Sales	ACoS	Actions
Running		Product Display	12/05/2016	-	Daily: \$200	245,135	427	\$2.17	\$925.62	\$5,396.32	17.15%	Copy
Running		Headline Search	11/28/2016	01/31/2017	\$8,000	352,094	7,110	\$1.04	\$7,410.61	\$104,230.96	7.11%	Copy
Terminated		Headline Search	11/10/2016	01/31/2017	\$6,000	244,063	3,862	\$1.55	\$6,000.00	\$50,256.98	11.94%	Copy
Terminated		Headline Search	11/01/2016	01/31/2017	\$3,000	29,384	377	\$0.23	\$86.38	\$3,131.42	2.76%	Copy
Running		Headline Search	11/01/2016	01/31/2017	\$6,000	175,557	2,397	\$1.28	\$3,060.41	\$56,978.20	5.37%	Copy
Running		Sponsored Products	11/01/2016	01/31/2017	Daily: \$300	2,249,232	7,100	\$0.55	\$3,881.16	\$106,041.33	3.66%	Copy

Home Page

amazonmarketingservices SEAGATE Advertising Pages Jarod Reynolds's Account | Help

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B [New campaign](#) **C**

D [Download](#) Results per page: 25

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Running		Sponsored Products	11/01/2016	01/31/2017	Daily: \$300	2,249,232	7,100	\$0.55	\$3,881.16	\$106,041.33	3.66%	Copy

Home Page

- A. **Draft List:** In this section, you can edit campaigns that were saved as drafts and not published, or rejected by Amazon for policy reasons.
- B. **New Campaign Button:** This is where to go to launch a new campaign (Headline, Sponsored Product or Product Display Ad, which we'll explain later).
- C. **Search Bar:** This can only be used to filter by Campaign Name (since there are no filters for other fields, or any way to filter out legacy campaigns, make sure to name your campaigns carefully for easy filtering).
- D. **Export:** This is where you can export your campaign-level data (as an Excel CSV file).
- E. **Campaign List:** This is where you can review performance of your campaigns. You can sort by values in each column by clicking on the column header, but you cannot filter based on these values. You can also duplicate existing campaigns to quickly create new, similar campaigns.

New Campaign Screen

amazon

marketing services

SEAGATE ▾AdvertisingPages ▾Account ▾ | Help

Choose an ad campaign type

Sponsored Products

Target by keyword, appear below search results

Headline Search

Target by keyword, appear above search results

Product Display

Target by product or interest, appear on related product detail pages

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Choose your campaign settings

Campaign name

New Budget \$ 50000.00 per day

Duration☒ Run campaign continuously starting today
☐ Select a date range

Add keywords and bids

Best practices:

- Start with 30-40 keywords
- Keep them short—1 or 2 words each

It's OK to bid on the same keywords for multiple campaigns. Learn how we prevent self-competition.

Add suggested keywordsAdd your own keywordsUpload Spreadsheet

Keyword

sunglasses

high traffic

low traffic

low traffic

high traffic

low traffic

low traffic

low traffic

low traffic

low traffic

low traffic

low traffic

low traffic

low traffic

low traffic

Select all high keywords

Select all high and medium keywords

Select All

MatchCPC bid \$ 0.50Add

MatchCPC bidRemove all

CAMPAIGN SUMMARY

Landing Page

- A landing page featuring your 3 chosen products
- View this page

LocationsAbove Amazon Search Results (desktop and mobile)

Campaign settingsName: SunglassesDaily Budget: \$50000.00Duration: 12/19/2016 - No end date

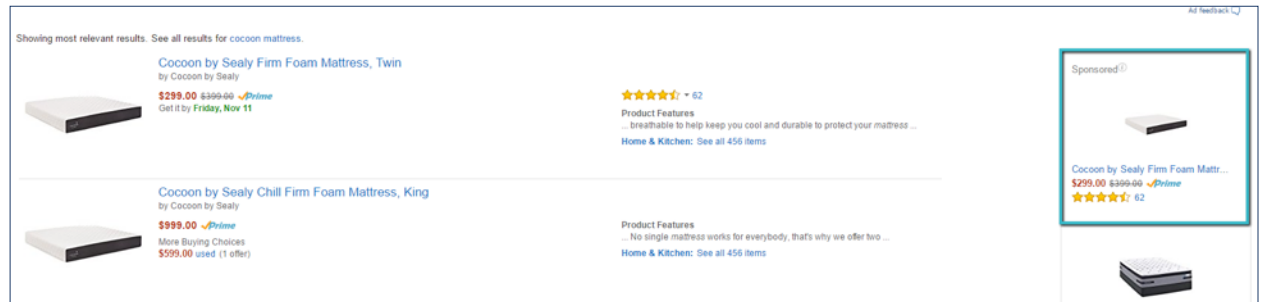
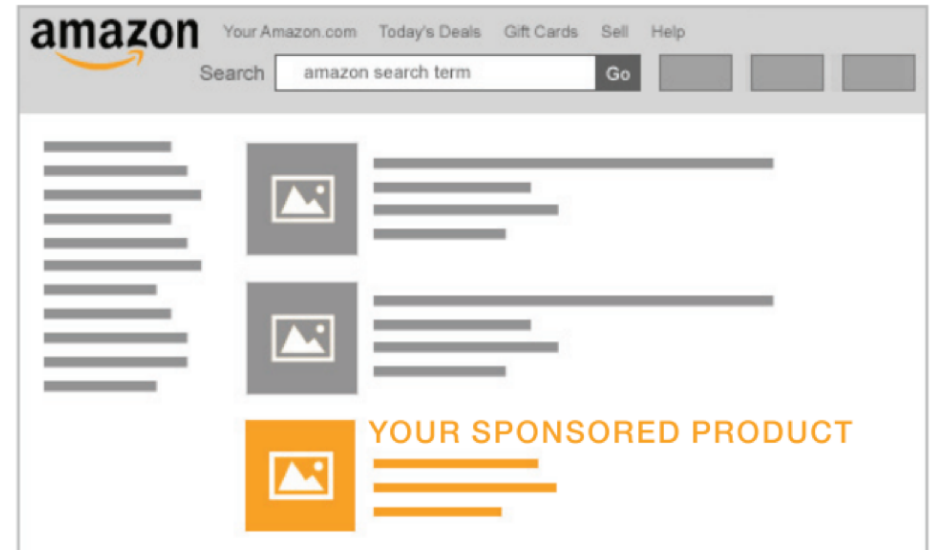


Amazon ad types

Amazon features three types of ads: Sponsored Products, Headline Search Ads, and Product Display Ads. The platform's suggested media mix is 50% Sponsored Products/40% Headline/10% Product Display (all three have separate inventory, so you need to run all formats to maximize available impressions).

Sponsored Products

Only keyword targeting is available with this ad type. CPC bids start as low as \$0.02, and ads appear beside and below search results:

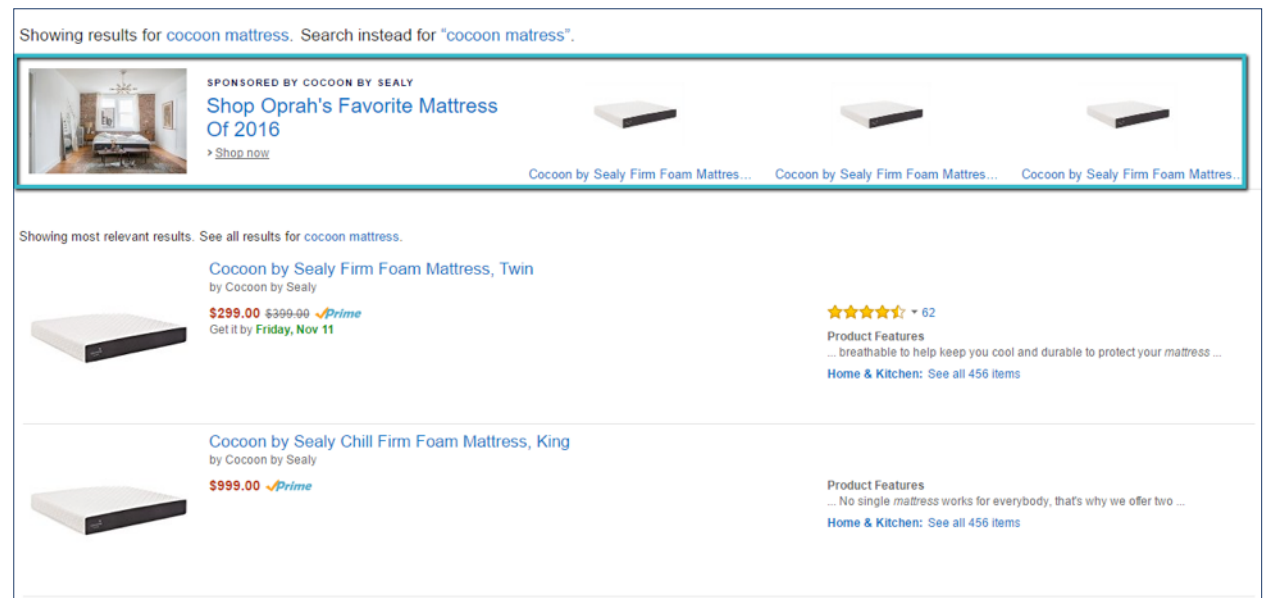
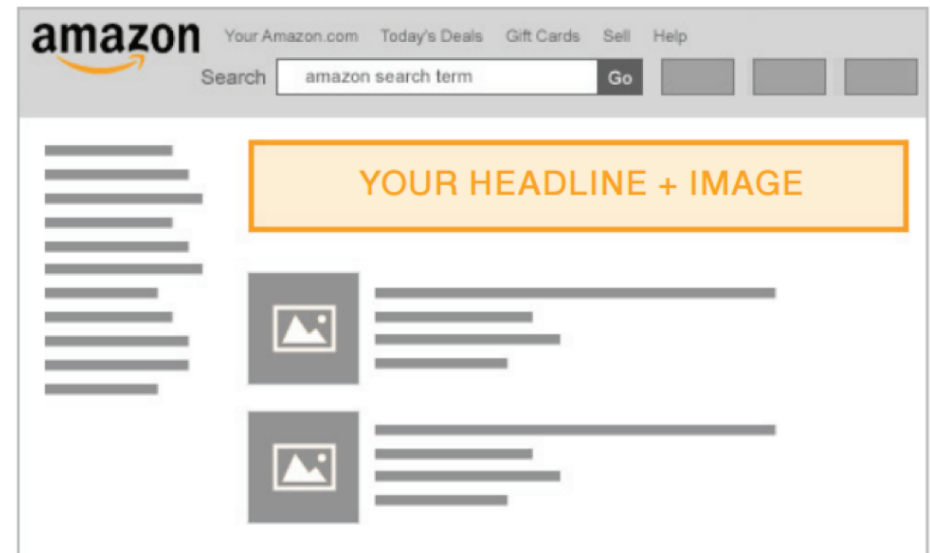


Headline Search Ads

Like sponsored products, these ads are only available with keyword targeting. CPC bids start at \$0.10, and ads appear above search results:

Headline text recommendations and requirements:

- 50-character limit
- Include brand name, strong CTA, and/or offer
- Don't make unsupported claims or use all caps. Doing so may cause AMS moderators to reject your ad.



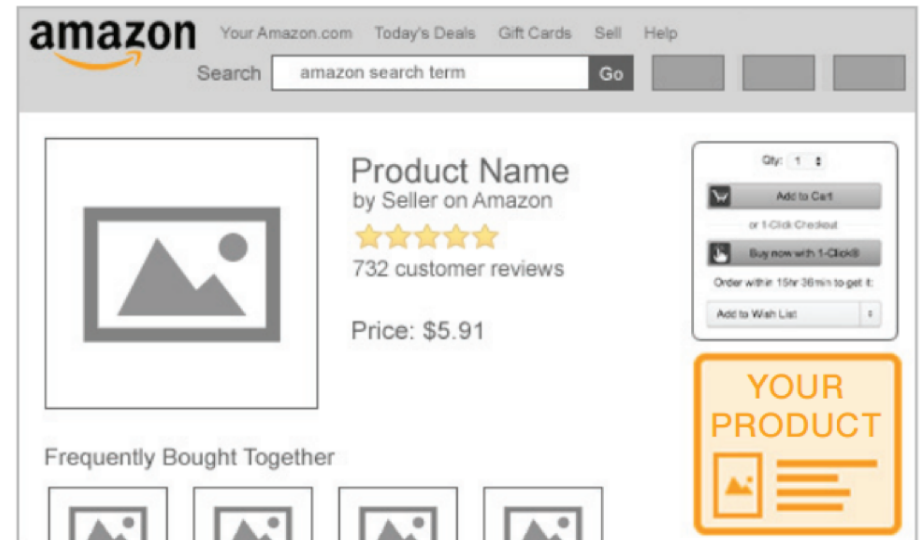
Product Display Ads

This is Amazon's most versatile ad type; you can use category, product, or interest-based targeting. Ads appear on related product detail pages.

Category Targeting: Target by picking from a list of categories related to your product to target shoppers who are browsing product detail pages of these categories. Your ads will be eligible to show on every product detail page within the selected categories.

Product Targeting: Target complementary or competitive product detail pages that shoppers might visit to purchase your products at Amazon.com.

Interest-Based Targeting: Select shopper interest categories to reach a broader audience.









What you need to know about the Amazon UI

Like any ad platform, the AMS UI has strengths and peculiarities that you should know before diving in.

Strengths

- The UI suggests keywords that you should target (for Headline and Sponsored Products ads only).
- AMS provides a keyword traffic indicator for headline ads; as you manually add keywords to a campaign, the UI tells you to expect a low, medium, or high amount of traffic.
- Different ad types offer multiple match types as well as negative keywords for query control, as follows:
 - Headline Ads: phrase and exact match (no negatives)
 - Sponsored Products: phrase, exact, and broad match, with negatives available
 - Product Display Ads: these are not keyword-based, so match types don't apply
- Win rate is a new feature of AMS. When a keyword gets enough impressions, the platform estimates the bid needed to “win” a % of the auctions for that keyword.

Est. win rate  ▼	CPC Bid	Impr.	Clicks	CTR	ACPC	Spend	Sales 	ACoS
90% and up win rate 	<input type="text" value="\$4.00"/>	819	6	0.733%	\$0.64	\$3.83	\$89.99	4.26%
90% and up win rate 	<input type="text" value="\$4.00"/>	714	20	2.801%	\$2.05	\$41.09	\$99.98	41.10%
90% and up win rate 	<input type="text" value="\$4.00"/>	672	1	0.149%	\$0.24	\$0.24	\$0.00	—
90% and up win rate 	<input type="text" value="\$4.00"/>	3,196	49	1.533%	\$0.78	\$38.30	\$378.93	10.11%

Bidding options and best practices

Bidding can only be done at the keyword level, on a CPC max bid basis. We recommend using a combination of the recommended CPCs in the UI and Amazon's provided category benchmarks for your starting bids.

Reporting

The UI certainly has its limitations, mainly when it comes to reporting. Filtering options and available metrics are very limited, which can make tasks that take seconds in other platforms require a lot of legwork in AMS. Among the drawbacks:

- There's no flexibility in the metrics you can view in the UI (Imp, Clicks, Avg CPC, Spend, Sales, ACoS).
- When exporting campaign-level reporting, you have no option to filter out legacy campaigns (aside from a filter on campaign name) and no option for date range, which makes it very difficult when working within a monthly/quarterly budget. It's almost impossible to look at a day-over-day spend pace (the cleanest way to do this

is by creating brand new campaigns or pulling data daily to determine pacing).

- Within a single campaign, you can download a keyword-level report that does offer the option to choose a time range, but compiling this data is very time-consuming if you're running a large number of campaigns.
- You can only pull query reporting at the individual campaign level, making it time-consuming to review new keyword opportunities or negatives that should be added.
- Amazon counts the sale of any of your products in your ROAS, even if it's not the product advertised. Keep an eye on this, and don't assume you're getting sales only on your advertised products (this can be seen in the keyword-level reporting of a campaign).
- When choosing products to advertise, you're not limited to a list of products you're selling – so you could easily end up promoting a 3rd party selling your product and not your own listing.
- AMS does offer campaigns in other countries, but all require a separate login, which can be tough to manage if you're advertising in several countries.

How to optimize AMS campaigns

Like any ad platform, AMS has a number of levers to use for optimization. We'll break these down by organization; keyword and targeting selection; bidding optimization; and ad optimization.

Before we dive into optimization, understand that success is going to look different for every client based on their goals, margins, etc., as well as their customers' purchasing behavior. For clients who do have a lot of direct-from-site purchases on Amazon, I would say SEM ROAS is a good benchmark for success.

Also, note that attribution can vary from search. AMS uses a 14-day click conversion attribution, so keep that in mind if you're using a longer lookback on search (30-90 days).

AMS organization tips

- Clearly label campaigns in a way that you can easily filter. The UI doesn't offer a way to filter using any attribute except campaign name. Good campaign naming conventions will be a huge time-saver, since all legacy campaigns stay within the interface.

- Set pacing to run as quickly as possible to avoid missing impressions; control spend through bids whenever possible.
- For scheduling, note that you can set start/end date, but there's a big caveat: once an end date passes, a campaign cannot be reactivated and must be duplicated and restarted.

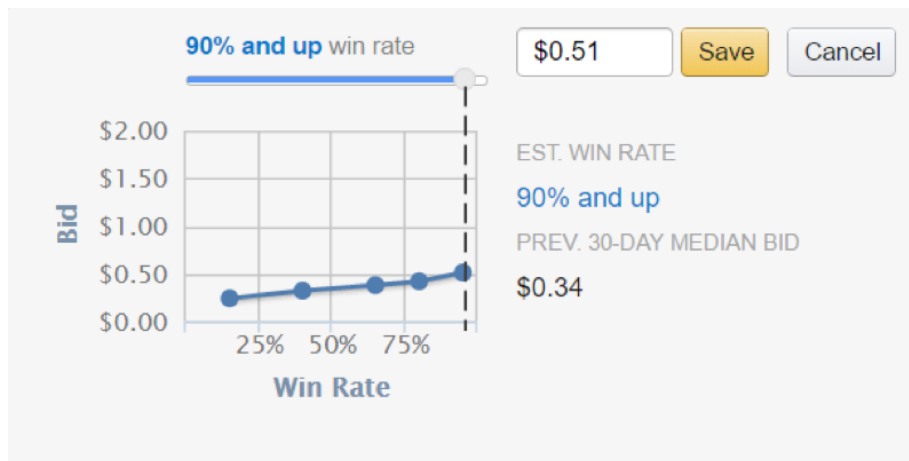
AMS keyword and targeting selection

At 3Q, we've seen the most success with manual targeting (choosing your own keywords) vs. automatic targeting (in which Amazon targets your ads for you based on your product data).

- Put your SEM data to use!
 - Utilizing high-performing SEM keywords can be a good starting point for keyword selection on AMS.
 - Competitive insights from SEM can give you a good starting point for what brands you should target as part of your keyword strategy. They can also help inform product targeting for Product Display Ads (which show your ads on competitor product pages).
- Start with 30-40 short keywords (1-2 words each), then pause and add as needed (relevant terms, competitors, etc.).
 - Amazon's recommended keywords can be a good place to start, but they can often include irrelevant terms or very broad terms. Don't just add them without combing through them first.
 - Note that Amazon can pause keywords automatically if they have very low CTR or no volume.

AMS bidding optimization

- Ask your Amazon rep to provide you with benchmark CPCs based on your product category (Amazon updates this list frequently and is willing to share this information, saying these CPCs are more accurate than the recommended bids in the platform).
- Using headline ads, you have access to the “win %” feature, which will become available for high-volume keywords. Use this slider to identify what bid will win you a certain % of the auctions for that term (results based on historical data). Use this tool in conjunction with your keyword data to determine what you can afford to bid while meeting your advertising goals.



- **Bid +:** This is a beta feature released a few months ago that will allow Amazon a level of flexibility with your bid to win the auction (within a certain threshold). We've had success with the feature and recommend using it on all Sponsored Product campaigns. Note: it acts much like enhanced CPC in AdWords.

AMS Ad optimization

We recommend leveraging a combination of all three ad types (sponsored products, headline search, and product display ads) to maximize reach, as all have separate inventory. The recommended order, assuming inventory is available, is to start with headline search, then move to sponsored products, then add product display ads.

- Budgets are set differently for different ad types
 - Headline ads can be set on a daily basis or a campaign life budget. We recommend using a lifetime budget to avoid budget capping, which leads to missed impressions.
 - With sponsored product ads, you can only set a daily budget. We recommend setting this high enough to not cap out (and miss impressions) and to control spend using bids to meet ROAS goals.

- Product image specs and recommendations
 - The headline search ad is the only ad type where you can select the images you'd like to use.
 - Three product images will be used on desktop; one will be used on mobile, and you can select the featured image. The featured image is the only one that can be uploaded and isn't required to be the product image (e.g. you can use a brand logo).
 - Try to achieve consistency across your images by promoting similar products (e.g. use images of sunglasses vs. mixing images of sunglasses, surf boards, and toasters). Building a headline ad with very different products can result in sloppy-looking creative and an irrelevant landing experience for the user.

Create your ad


Brand name ⓘ

Characters remaining: 23




Headline ⓘ

Characters remaining: 10

Featured image ⓘ




Product images ⓘ

Select different product images


Desktop left aligned on page Edit ⓘ




SPONSORED BY EXAMPLE

Brand/Product - 25% Off Through Dec 31st


Shop now



LaCie d2 Quads 4T...




Seagate Backup Plu...



LaCie LAC9000385 ...

Mobile Website left aligned on page Edit ⓘ



Sponsored by Example

Brand/Product - 25% Off Through Dec 31st

Shop now

Conclusion

Amazon advertising is still a relatively new platform, so we expect releases and advancements to be announced with frequency in the months ahead. As with any platform, we recommend setting aside a test budget and gauging performance before going all in. Understand that Amazon is a sleeping giant that's just barely stirring, and early adoption has both risks and rewards.

Good luck!

About the Author

Account Manager Jarod Reynolds joined 3Q Digital in July 2015 with five years of experience managing digital advertising in the automotive industry. Jarod graduated from Champlain College with a degree in Multimedia and Graphic Design. A native of Vermont, he enjoys hiking, camping, and snowboarding in his spare time. Jarod is also an avid golfer and New York sports fan.

About 3Q Digital

3Q Digital, a Harte Hanks company, provides strategic growth consulting and execution across six growth drivers: customer journey, user experience, device strategy, analytics, technology, and growth platforms. The company offers best-in-class services in SEM, SEO, display, social advertising, mobile, video, creative, and analytics. 3Q Digital works with some of today's fastest-growing clients, including ModCloth, SurveyMonkey, The RealReal, and Eventbrite.

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