



THE 2018 AMAZON SPONSORED PRODUCTS GUIDE

Perfect Your Advertising Strategy to Dominate in the Marketplace

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Introduction

If you haven't been investing in your advertising strategy on the Amazon marketplace, you're probably feeling the impact now.

The Amazon marketplace advertising environment is getting more crowded, CPCs are rising in all categories, and your ACoS may sometimes reach ridiculous heights.

Now is the time to perfect your Amazon Sponsored Product strategy, because things are only going to get more complicated.

Start here.

With more than 55% of consumers starting their product search on Amazon, brands don't have a choice where their customers shop for their products. But they do have the choice to sell on Amazon and get in front of their customers with Sponsored Product ads.



Jordan Gisch

Senior Marketplace Channel Analyst
CPC Strategy



Sponsored Product Ads: Powerful and Complex



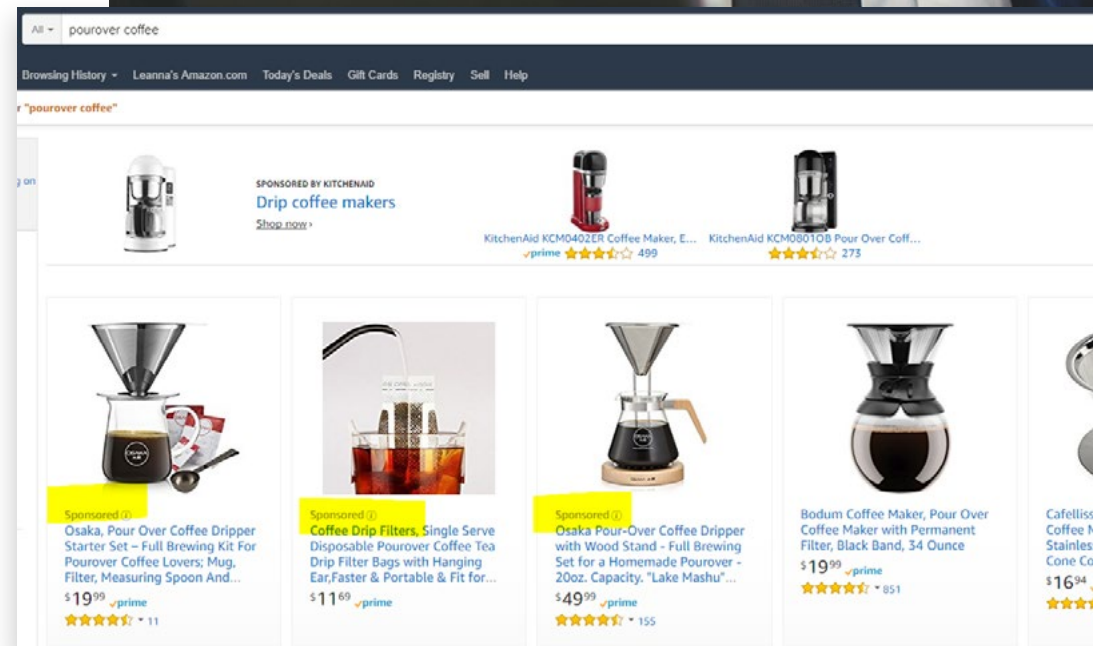
Sponsored Product Ads: Powerful and Complex

Sponsored Product ads are either **Automatic** (content-driven) or **Manual** (keyword-driven) targeted ads that will only surface when you are the [current Buy Box winner](#).

These ads currently appear within the search results pages on mobile and desktop, nearly indistinguishable from organic listings (except for the fact that they're ranked quite well).

This last year, [Amazon discontinued the side rail listings for Sponsored Products](#), and since then it seems that new spaces for Sponsored Products within search results keep opening up.

Check out the highlighted listings below, all Sponsored Products that appeared for the keyword "pourover coffee".





There's no doubt that Amazon will continue to increase spaces for Sponsored Products—and just as with Google ads, the top of the SERP is about to get extremely competitive for top-funnel or more generic search terms such as “coffee maker”.

And it's even more competitive on mobile, according to Tanya Zadoorian, Marketplace Channel Analyst II at CPC Strategy:

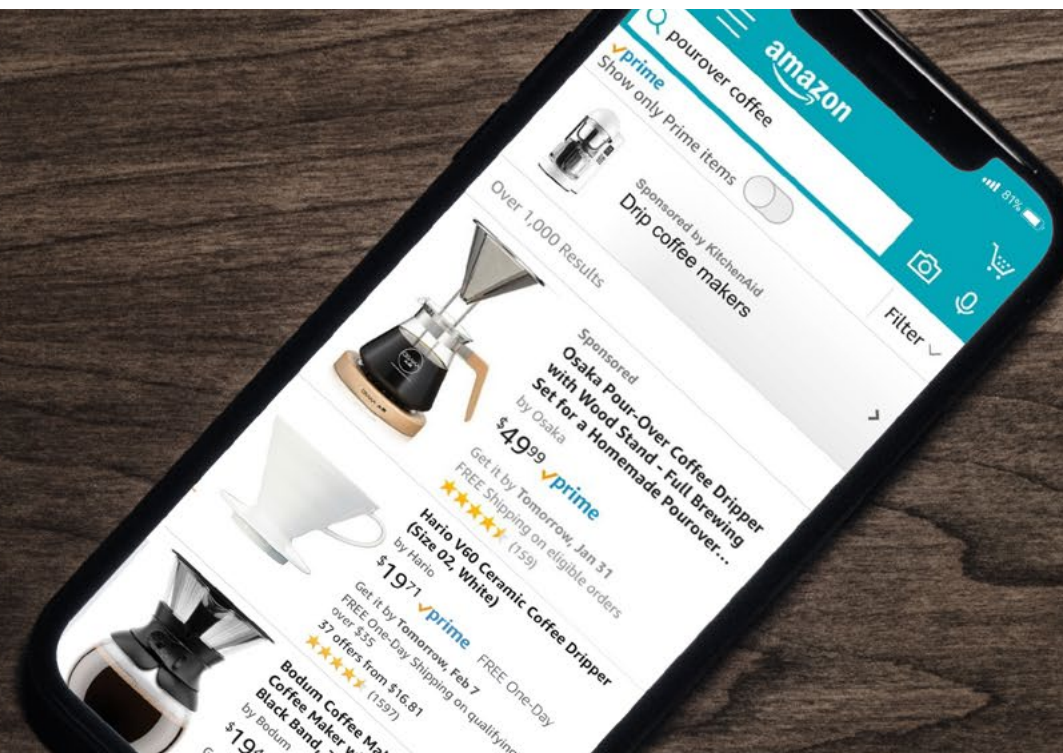
The number one Sponsored Product ad on mobile is at the top, but the second Sponsored Products ad is not until spot eleven. As 51% and growing of consumer traffic comes from mobile or tablet, the number one Sponsored Products ad spot is getting more competitive than ever.



Tanya Zadoorian
Marketplace Channel Analyst II
CPC Strategy



PROTIP: To learn more about converting mobile shoppers, check out [this blog post](#).



Setting Goals



Setting Goals

Actions are driven by your company's goals.

Your goals will help set the benchmark for a successful campaign—and the goals you've chosen might actually be undermining each other.

We broke this down in a [recent blog post](#).

Essentially, you have three main goals to form your strategy around. At CPC, we call these the “Amazon Advertising Triangle”:

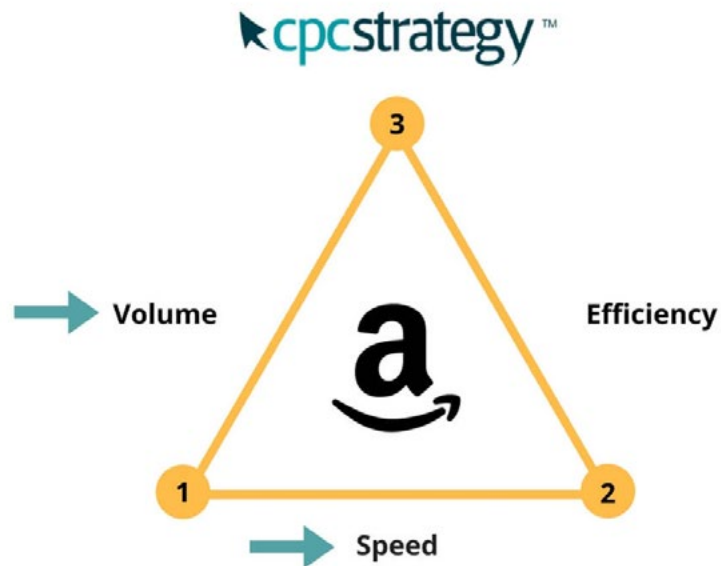
- 1 Increase Volume Quickly (short-term goal)**
- 2 Increase Efficiency Quickly (short-term goal)**
- 3 Increase Volume & Efficiency (long-term goal)**

Get the quick notes below.



1. Increase Volume Quickly (short-term goal)

The first option is to grow volume quickly by maximizing exposure & impressions through aggressive bidding, but keep in mind – eventually you’re going to sacrifice efficiency.



There’s no guarantee that any keyword will convert—or that a keyword that’s converting today will convert tomorrow—and when they don’t, you risk raising your ACoS. In fact, ACoS might hike up anyway due to the law of diminishing returns.

There are diminishing returns to every additional click we bring in, which means that conversion rate will typically drop as traffic increases.

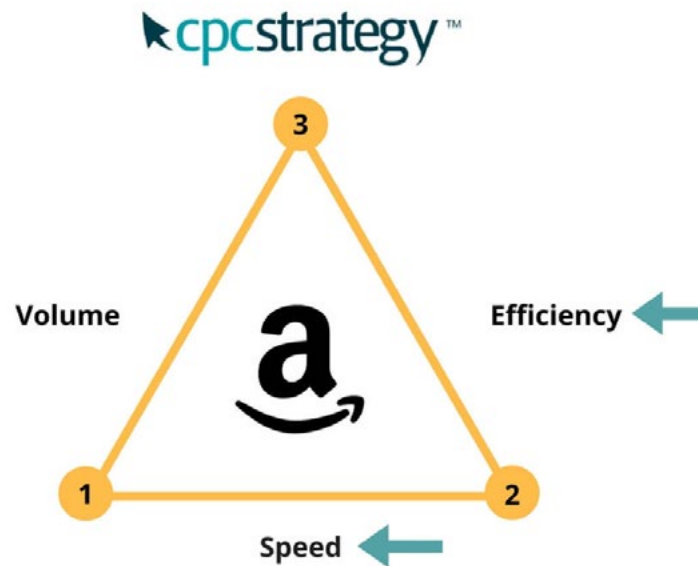


Jeff Coleman
VP, Marketplace Channels
CPC Strategy



2. Increase Efficiency Quickly (short-term goal)

The second option is to increase efficiency quickly by cutting out wasted spend which entails cutting bids on inefficient keywords & pausing poor keywords altogether.

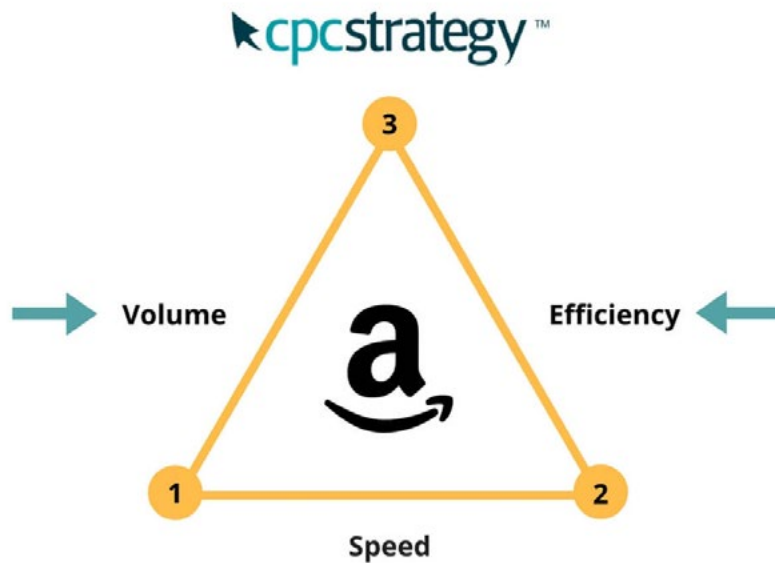


The reason that this point sacrifices volume is that even an inefficient keyword generates orders.



3. Increase Volume & Efficiency (long-term goal)

The third option is to increase both volume & efficiency but in almost any advertising campaign, this takes time. Keep in mind, increasing volume involves buying more traffic which also requires an increase in spend.



The bottom line is if you want to be successful in your Amazon advertising strategy, ensure you have one of these goals in mind.

If you're unsure what you want to focus on first, read through the: [whole blog post about the Amazon Advertising Triangle](#).



Structuring Campaigns

Structuring Campaigns

To start, we recommend building your campaign structure with only 1 SKU per ad group.

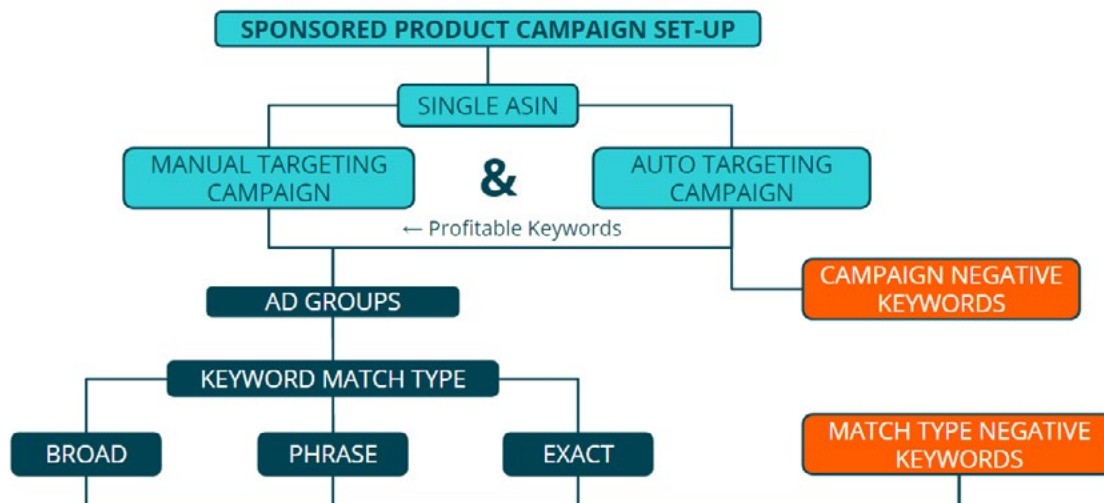
For example, if you have a catalog of a 1,000 SKUs, you should have a 1,000 ad groups.

We've developed several unique campaign structures to better manage large (300+ products), medium (30-300 products) and small catalogs (1-30 products).

Depending on your catalog size (or how granular you want to get) we integrate the use of branded campaign segmentation & advanced ad types per product to help better understand your products as they exist in the Marketplace.

Here's how a solid campaign structure might look:

Sponsored Product Campaign Structuring





Jordan Gisch, Senior Marketplace Channel Analyst at CPC Strategy, breaks it down further:

The ideal SP campaign structure would be 1 ASIN per campaign, and 4 SP campaigns per ASIN.

Here's an example:

ASIN | AUTO SP | CPC

ASIN | Branded | MANUAL SP | CPC

ASIN | Non-Branded | MANUAL SP | CPC

ASIN | Competitor | MANUAL SP | CPC

Of course, this is all dependent on your catalog size—and it's extremely important to add negative keywords into this type of campaign structure (more on that later).

You'll want to pay particular attention to your branded terms.

You will want to Negative phrase match your brand name in the "Non-Branded" campaign as well as the "Competitor" campaign to ensure all branded traffic is going to the branded campaign. This will help you analyze your ad performance at a more granular level.



Jordan Gisch

Senior Marketplace Channel Analyst
CPC Strategy

Learn more about setting up negative keywords under **"Manual Campaigns"**.



Automatic vs. Manual Campaigns

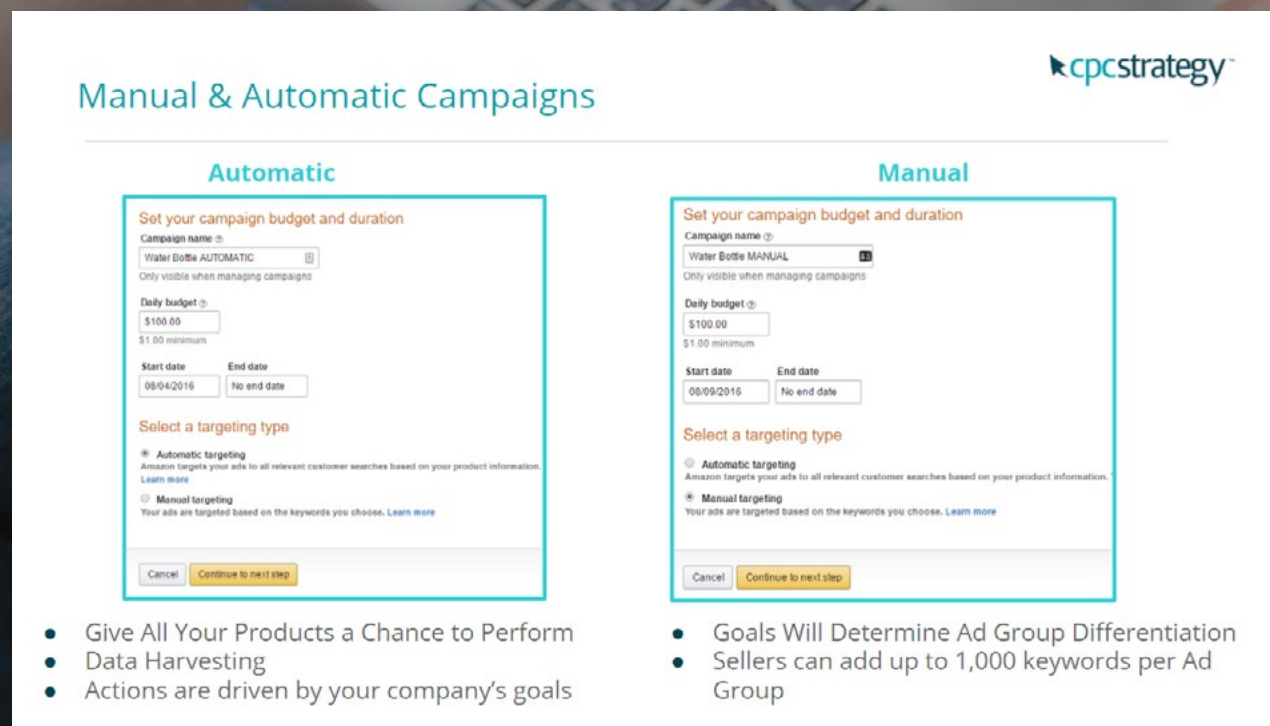
There are two types of campaigns you can run on Sponsored Products: Automatic or Manual.

1

Manual Targeting: Sellers manually set keyword options for Sponsored Products ad campaigns to surface for relevant customer searches.

2

Automatic Targeting: Amazon targets ads to all relevant customer searches based on product information.



The screenshot shows two side-by-side campaign setup forms for 'Water Bottle' products. The left form is for an 'Automatic' campaign, and the right form is for a 'Manual' campaign. Both forms include fields for 'Campaign name', 'Daily budget' (\$100.00), and 'Start/End date' (08/04/2016 to No end date). The 'Automatic targeting' section is selected in both. The 'Manual' form has a 'Manual targeting' section selected. The 'cpcstrategy' logo is in the top right corner.

Manual & Automatic Campaigns

Automatic

Set your campaign budget and duration

Campaign name: Water Bottle AUTOMATIC

Daily budget: \$100.00

Start date: 08/04/2016, End date: No end date

Select a targeting type

Automatic targeting
Amazon targets your ads to all relevant customer searches based on your product information. [Learn more](#)

Manual targeting
Your ads are targeted based on the keywords you choose. [Learn more](#)

- Give All Your Products a Chance to Perform
- Data Harvesting
- Actions are driven by your company's goals

Manual

Set your campaign budget and duration

Campaign name: Water Bottle MANUAL

Daily budget: \$100.00

Start date: 08/09/2016, End date: No end date

Select a targeting type

Automatic targeting
Amazon targets your ads to all relevant customer searches based on your product information. [Learn more](#)

Manual targeting
Your ads are targeted based on the keywords you choose. [Learn more](#)

- Goals Will Determine Ad Group Differentiation
- Sellers can add up to 1,000 keywords per Ad Group

We could spend time arguing which one is better. But the truth is, there's no "better" campaign type—they both have pros and cons. And you'll need both to craft your best strategy.



Manual Campaigns

We mentioned this in our [recent AMS Guide](#)—but don't just start with Automatic campaigns because you feel like you should.

While we typically recommend sellers start with Auto Campaigns to first find out what users are searching for (which they can then turn into more granular Manual Campaigns), the truth is you probably already know what your core manual keywords are, and can build out both campaigns at once.

A lot [of sellers] think it's a waste of money [to invest in both Manual and Automatic Campaigns], but it's actually an investment in valuable data.



Leo Carrillo
Marketplace Channel Analyst
CPC Strategy

1. Harvest Keywords

We recommend you use the **Search Terms Report** for Sponsored Products located in Seller Central as your main source for keyword harvesting.

The biggest reason you want to pull this type of report is because it's actual customer data. It's not theoretical search term data, this is what your customers have been searching for to find your products.

It's suggested to run the search term report after a minimum of 7 days (depending on how much traffic you're experiencing) but we recommend on average a 30 to 60 day window.





When you analyze your Search Term Report in Sponsored Products, you want to look at the raw data. The report will include a variety of metrics (per SKU if you segmented your report as mentioned above) but the most telling data will be found in:

- 1 Order Numbers**—The total number of converted orders per keyword/search term per SKU.
- 2 Product Sales**—The total number of product sales per keyword/search term per SKU.
- 3 Clicks**—The total number clicks per keyword / search term per SKU.

Advanced Keyword Match Types are keyword match types introduced to help sellers fine-tune which customer search terms their ads may be eligible to show against.

2. Match Keyword Types to Your Goals

Sellers can choose from broad, phrase, and exact match types.

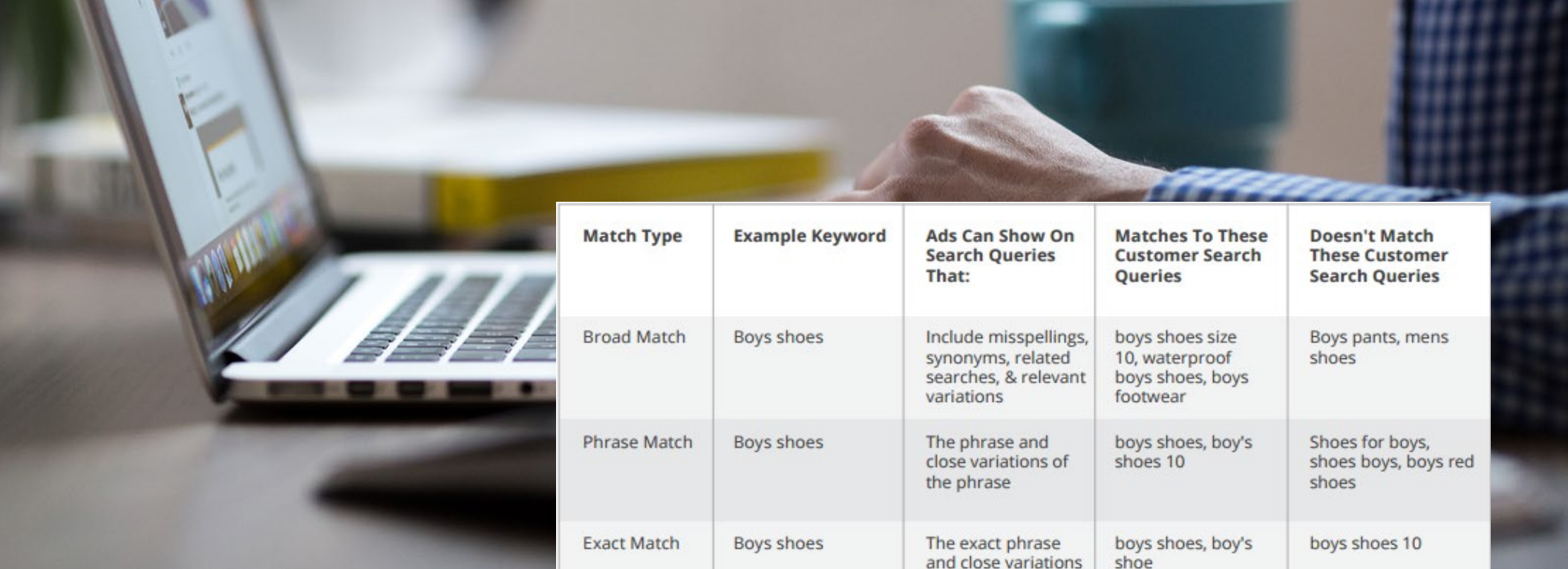
According to Amazon, broad match keywords will give the most traffic exposure, while phrase and exact match will restrict traffic to a more precise target audience.

At CPC Strategy, we use an incremental bid strategy when harvesting by match type. This results in maximum exposure across the same keyword.



Tanya Zadoorian
Marketplace Channel Analyst II
CPC Strategy





| Match Type | Example Keyword | Ads Can Show On Search Queries That: | Matches To These Customer Search Queries | Doesn't Match These Customer Search Queries |
|--------------|-----------------|---|--|---|
| Broad Match | Boys shoes | Include misspellings, synonyms, related searches, & relevant variations | boys shoes size 10, waterproof boys shoes, boys footwear | Boys pants, mens shoes |
| Phrase Match | Boys shoes | The phrase and close variations of the phrase | boys shoes, boy's shoes 10 | Shoes for boys, shoes boys, boys red shoes |
| Exact Match | Boys shoes | The exact phrase and close variations of the exact phrase | boys shoes, boy's shoe | boys shoes 10 |

Here's what you should strive to reach (per category):

- 1 Broad Match:** 30-90 keywords
- 2 Phrase Match:** 20-40 keywords
- 3 Exact Match:** 5-20 keywords

If your keyword harvest does not yield a sufficient amount of keywords, it might be time to [leverage some outside keyword research](#).





3. Build Out Your Campaigns

Once you've identified your top keywords (high number of clicks, order numbers, product sales), the next step is to build out your Manual Campaigns by adding the SKU(s) to bid on each keyword.

Don't get carried away when starting Manual Campaigns—we've found that starting with 25-40 keywords works best, otherwise poorly performing keywords can sneak in and you can start to lose control of spend.

Even if your keyword fails, you can always trace it back to the data. Keep in mind there is a possibility of shifts in the market, including seasonality or strange trends, but at one point that customer search term was popular.



PROTIP: If you're already advertising on Google, you can export that keyword data for your products and start to use them in your manual campaigns on Amazon.



4. Refine Product Targeting with Negative Keywords

Negative keywords are just as important to identify as popular keywords.

If these keywords continue to fly under the radar unnoticed, you risk draining your ad spend on underperforming terms (aka low CTR, low conversions). You can identify your negative keywords through the **Amazon Sponsored Products Search Terms Report**.

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O |
|-----|------------|------------|----------------------------|------------|-------|----------|----------|--------|--------|--------|-------------|--------|-------|--------|--------|
| | Campa | Ad Gro | Customer Search Term | Keywo | Match | First Da | Last Da | Impres | Clicks | CTR | Total Spend | Averag | ACoS | Curren | Orders |
| 25 | Win Damr | Win Damr | cool stuff | * | BROAD | ##### | 2/9/2016 | 120484 | 244 | 0.20% | 46.71 | 0.19 | 0.00% | USD | 0 |
| 31 | Win Damr | red white | toys for work teams | team of te | BROAD | 2/3/2016 | 2/3/2016 | 4 | 1 | 25.00% | 38.3 | 38.3 | 0.00% | USD | 0 |
| 37 | Automatic | Live | christmas gifts for family | * | BROAD | ##### | ##### | 14348 | 74 | 0.52% | 34.6 | 0.47 | 0.00% | USD | 0 |
| 48 | Automatic | Live | stress ball | * | BROAD | ##### | 2/9/2016 | 57860 | 77 | 0.13% | 26 | 0.34 | 0.00% | USD | 0 |
| 50 | Automatic | Live | boy doll | * | BROAD | ##### | 2/9/2016 | 39976 | 62 | 0.16% | 25.58 | 0.41 | 0.00% | USD | 0 |
| 53 | Win Damr | red white | basketball | basketbal | BROAD | ##### | 2/9/2016 | 17072 | 17 | 0.10% | 24.02 | 1.41 | 0.00% | USD | 0 |
| 58 | Automatic | Live | desk toys for adults | * | BROAD | ##### | 2/9/2016 | 14858 | 73 | 0.49% | 22.85 | 0.31 | 0.00% | USD | 0 |
| 62 | Manual AI | Non-Brand | best stocking stuffers | stocking s | BROAD | ##### | ##### | 7761 | 54 | 0.70% | 21.91 | 0.41 | 0.00% | USD | 0 |
| 64 | Automatic | Live | emoji pillow | * | BROAD | ##### | 2/9/2016 | 61131 | 67 | 0.11% | 20.91 | 0.31 | 0.00% | USD | 0 |
| 72 | Automatic | Live | gift ideas for boys age 12 | * | BROAD | ##### | ##### | 11757 | 46 | 0.39% | 20.09 | 0.44 | 0.00% | USD | 0 |
| 77 | Automatic | Live | nurse gifts | * | BROAD | ##### | 2/9/2016 | 9223 | 60 | 0.65% | 18.67 | 0.31 | 0.00% | USD | 0 |
| 86 | Stress Hee | Stress Hee | gifts for men | * | BROAD | ##### | 2/9/2016 | 70372 | 35 | 0.05% | 16.75 | 0.48 | 0.00% | USD | 0 |
| 90 | Excess Inv | Live Misc. | gifts for men | * | BROAD | ##### | ##### | 58552 | 26 | 0.04% | 16.3 | 0.63 | 0.00% | USD | 0 |
| 93 | Win Damr | Win Damr | america girl doll | america d | BROAD | ##### | 2/9/2016 | 29203 | 36 | 0.12% | 15.61 | 0.43 | 0.00% | USD | 0 |
| 94 | Automatic | Excess Inv | teen boy gifts | * | BROAD | ##### | 2/9/2016 | 11148 | 49 | 0.44% | 15.26 | 0.31 | 0.00% | USD | 0 |
| 97 | Automatic | Live | gifts for boys | * | BROAD | ##### | 2/7/2016 | 14092 | 26 | 0.19% | 14.69 | 0.56 | 0.00% | USD | 0 |
| 99 | Manual AI | Non-Brand | gag gifts adult | adult gag | BROAD | ##### | 2/9/2016 | 22692 | 52 | 0.23% | 14.66 | 0.28 | 0.00% | USD | 0 |
| 104 | Automatic | Live | minecraft game | * | BROAD | ##### | 2/8/2016 | 13207 | 28 | 0.21% | 13.65 | 0.49 | 0.00% | USD | 0 |
| 107 | Automatic | New- Non | gifts for men | * | BROAD | ##### | ##### | 23593 | 34 | 0.14% | 13.38 | 0.39 | 0.00% | USD | 0 |
| 109 | Automatic | Live | desk accessories | * | BROAD | ##### | 2/9/2016 | 15067 | 35 | 0.23% | 13.05 | 0.37 | 0.00% | USD | 0 |
| 111 | General C | 7.59E+11 | emoji pillow | * | BROAD | 2/2/2016 | 2/9/2016 | 28189 | 38 | 0.14% | 12.92 | 0.34 | 0.00% | USD | 0 |
| 114 | Manual AI | Non-Brand | work gifts | work gifts | BROAD | ##### | 2/1/2016 | 3793 | 24 | 0.63% | 12.65 | 0.53 | 0.00% | USD | 0 |
| 116 | Automatic | New- Non | gag gifts | * | BROAD | ##### | 2/5/2016 | 15207 | 21 | 0.14% | 12.36 | 0.59 | 0.00% | USD | 0 |
| 124 | General C | SS0550 | baby dolls | * | BROAD | 2/2/2016 | 2/9/2016 | 14757 | 26 | 0.18% | 11.43 | 0.44 | 0.00% | USD | 0 |
| 125 | Automatic | Live | smart games | * | BROAD | ##### | 2/9/2016 | 65397 | 45 | 0.07% | 11.42 | 0.25 | 0.00% | USD | 0 |

Identifying negative keywords gives you the ability to sculpt your target audience and ultimately improve the performance of Sponsored Products Campaigns. You'll begin to see the impact of Negative Keywords through a lower cost of sale and a higher ROI.





Automatic Campaigns

While we all love the granular keyword control that comes with Manual Campaigns, there's still a big reason to keep Auto Campaigns running:

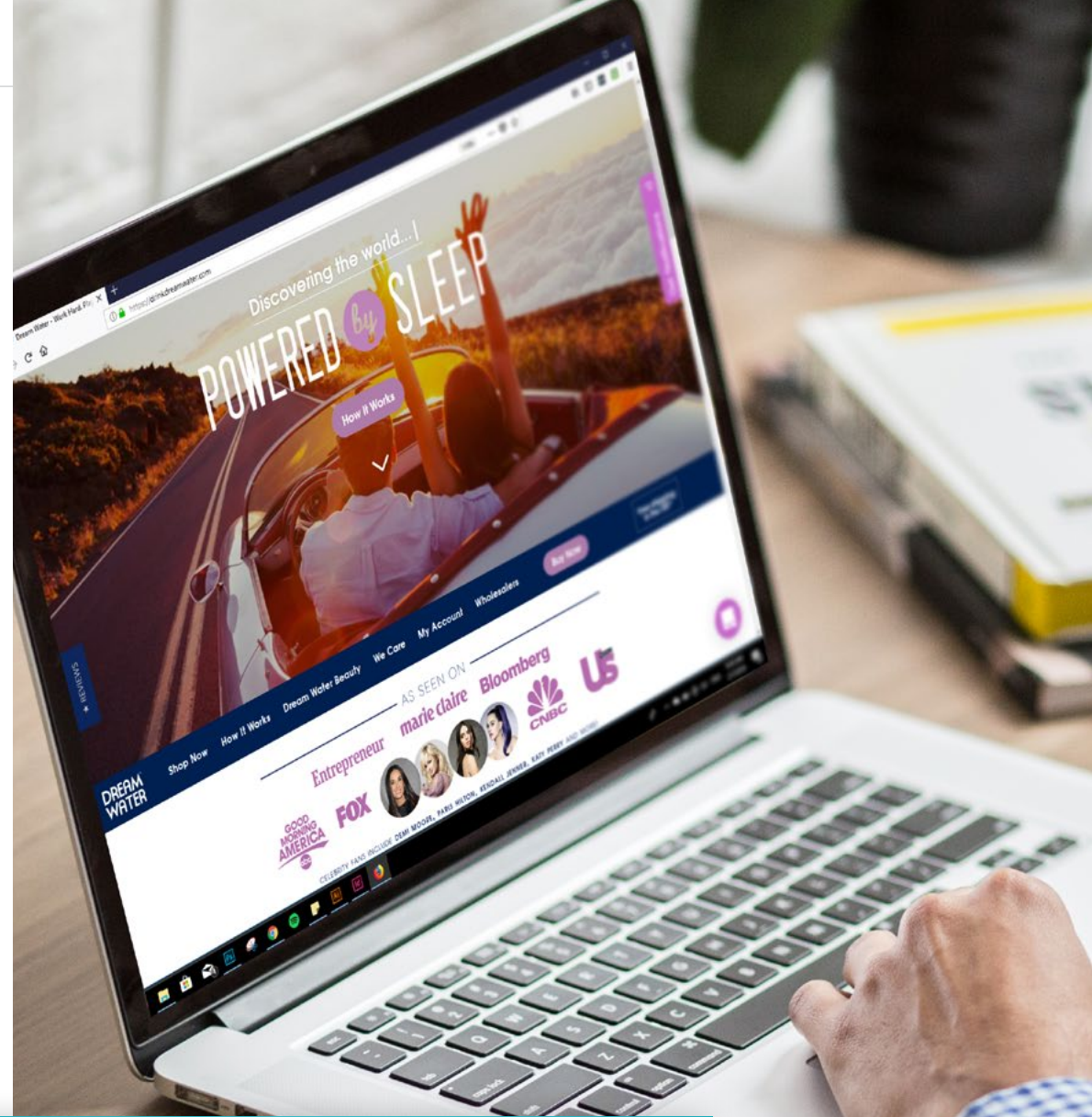
There are always new keywords that will pop up on your Automatic Campaigns—whether it's other ways to name a product or another language.

These seemingly insignificant keywords can prove valuable.

Take one of our clients, [Dream Water](#).

By analyzing Dream Water's keyword data on a granular level, we were able to discover terms that they never even thought about bidding on before. Instead of the "set it and forget" approach, now we were able to push Dream Water's products forward with a detailed keyword strategy in mind. This contributed to a **+77.59%** increase in sales.

Read the full case study [here](#)



Bidding to Win

Bidding to Win

The biggest point we want to make here: **Don't invest in products based on emotions or hunches.**

I can almost guarantee that no seller has a product catalog where 100 percent of their products are going to be winners or 100 percent are going to be losers. You don't have to make it a guessing game. Use the data that Amazon provides to make those strategic decisions.

Now that we've gotten that out of the way, here are some good benchmarks for "high" vs "medium" or "low" bids. :

- 1 High bids** on well performing products: **\$.50 to \$1.25**
- 2 Medium bids** on average performing products: **\$.15 to \$.50**
- 3 Low bids** on poor performing products: **\$.02 to \$.15**



Pat Petriello
Head of Marketplace Strategy
CPC Strategy





When it comes to your bidding strategy, a metric you should follow closely is the Advertising Cost of Sale (ACoS):

ACoS = 100 x (Total Ad Spend / Total Sales)

ACoS is Amazon's term for calculating your return on ad spend. It's important to know your products margins before you start advertising so you can set a realistic and profitable ACoS target for your business. Ideally, a lower ACoS is better, because a low ACoS indicates Higher Sales and Lower Spend. For example, if you spend \$15 on advertising, and got \$100 in sales, your ACoS would be 15%.

The Average CPC for each keyword term is another metric within the report that you'll find helpful.

Know what your cost of sale goals are, know what that acceptable threshold is, and use that as the benchmark for when you should start making decisions.

The average CPC will fluctuate during the seasonality of the product category and core shopping times—for instance, during Prime Day and Q4. It's important to keep a close eye on the average CPC during these peak times and adjust bids accordingly.



Ryan Burgess
SR. Marketplace Channel Analyst
CPC Strategy



Tanya Zadoorian
Marketplace Channel Analyst II
CPC Strategy





When to Start Bidding Down on Keywords

Again, this depends on your business goals.

You may discover a specific keyword is gaining a lot of traffic, but at an ACoS of 40%. If that's too high to fit in with your goals, then you may want to consider lowering that bid.

This is also where the Average CPC for each keyword term can come in.

For example, if the average CPC is .75 for the keyword term "eyeliner" with a ACoS of 40%, you might want to lower your bid to .45 to get a little closer to that ACoS sweet spot of 20% to 25%.

When to Start Bidding Up on Keywords

If you find a keyword term has a low ACoS (below the 20% to 25% benchmark) you may want to consider raising your bid to increase clicks and overall traffic for that term/product.

In the event the campaign fails, you can always reference the data to find out where you should go next.



Optimizing Content for Conversions



Optimizing Content for Conversions

There's no point in aiming to get the best ad placements if they don't convert, and a huge part of the conversion process comes down to the content.

This includes:

- ✓ Images
- ✓ Titles
- ✓ Descriptions
- ✓ A+ Content (Vendors)
- ✓ Enhanced Brand Content (3P Sellers)
- ✓ Customer Reviews

Every single one of these factors will impact your conversions.

Taking it a step further, however amazing your content is, it must match the original ad and give the user exactly what they're looking for.

You can drive all the traffic in the world but if it's not a quality landing page and it's not specific with the consumer's search intent - it's going to be inefficient spend.



Pat Petriello
Head of Marketplace Strategy
CPC Strategy



EBC and A+ content in particular are powerful ways to convert customers. Both of these enable Brand Owner sellers to modify the product description field of their branded ASINs to describe their product features with a unique brand story, enhanced images, and text.

If you're ready to get a handle on your product listing content, start with these guides:

- ✓ [The Ultimate Guide to Amazon SEO](#)
- ✓ [Brand Seller's Guide To Enhanced Brand Content \(EBC\)](#)
- ✓ [The Brand's Guide To Amazon A+ Content](#)



Note: If you are a reseller on a highly competitive ASIN, you might not have as much flexibility to dictate this content. In this case, you might not want to dedicate as much time energy or resources to developing content you don't typically have control over, and instead, focus on Manual Campaigns.



Conclusion



Conclusion

At some point, you may hit a point where you feel you need outside resources—[perhaps an agency](#) or tool—to help you get more done in less time.

In the meantime, focus on the basics:

- ✓ Establish your advertising/business goals
- ✓ Get granular with your campaign setup—negative keywords included
- ✓ Don't assume Automatic Campaigns are temporary
- ✓ Never blindly invest in products based on a hunch or affinity
- ✓ Always return to the data to inform your strategy

With the right goals and optimizations, you'll be well on your way to growing conversions and getting in front of more customers at just the right time.



What Now?

Schedule Your Complimentary Seller Central Audit

CPC Strategy's Seller Central Audit is a complimentary 60-minute analysis and assessment of your Amazon Seller Central account, advertising programs, product order volume, and profitability metrics.

[SCHEDULE MY EVALUATION](#)



We Turn Browsers Into Buyers