THE 2019 AMAZON ADS GUIDE

Advanced Advertising Tactics for Top-Performing Brands

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Introduction

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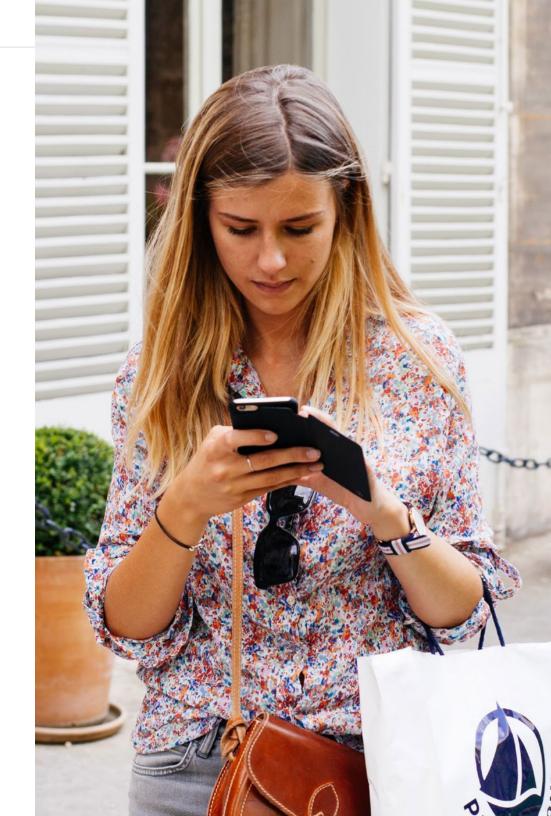
It's no secret that Amazon has become a much more sophisticated, complex, and competitive environment over the last few years.

In 2018, Amazon made big moves with a <u>record-breaking</u>. <u>Cyber Monday</u>, not to mention the continued expansion into dozens of <u>private label brands</u>, the launch of <u>new attribution</u> <u>efforts</u>, and the increasing number of ad placements, <u>targeting capabilities</u> and <u>creative tools for brands</u>.

When it comes to the evolution of Amazon's Marketplace, **Pat Petriello**, Head of Marketplace Strategy at CPC Strategy says it best:

"Between content, inventory, search advertising, display advertising, video, keyword research, catalog management, pricing, competitive analysis, reporting, and a litany of other considerations, brands on the Marketplace can easily get overwhelmed.

What is certain, though, is that paid advertising continues to grow in prevalence, importance, and complexity for brands on Amazon. One only has to look at the evolution of Amazon's search results pages to see how paid placements have assumed the dominant positions in front of shoppers.



The absence of or failure to leverage technology and execute a comprehensive advertising strategy on Amazon significantly limits the ability of brands to reach customers."



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Pat Petriello Head of Marketplace Strategy CPC Strategy

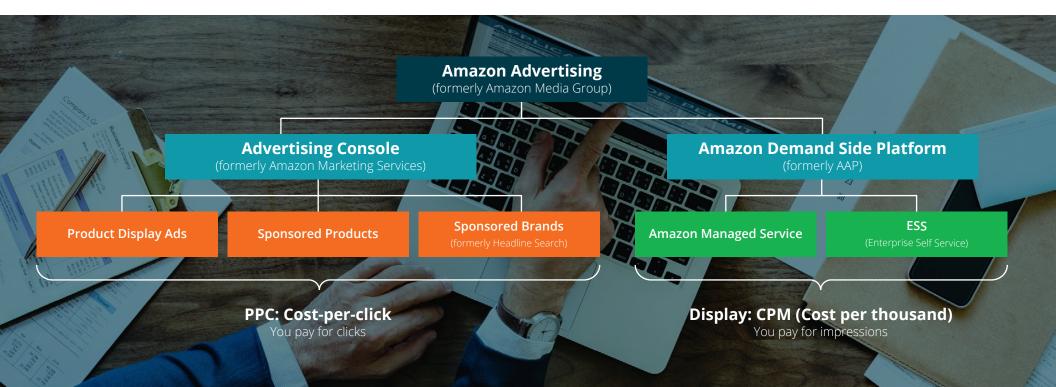
As competition increases (and we know that it will) it's incredibly important to have a strategy that is scalable and will outlast competitors.

In the following guide we cover the latest in Amazon advertising for 2019 including advanced marketing tactics, best practices, as well as insight and new data from our inhouse team of experts. **Amazon Rebranding:** In 2018, Amazon rebranded all of their AMG, AMS, & AAP features under a new name called, "Amazon Advertising". Throughout this guide, please take note of the new name changes including:

- Headline Search Ads > 'Sponsored Brands'
- Amazon Advertising Platform (AAP) > 'Amazon DSP'
- Amazon Marketing Services (AMS) > 'Advertising Console'

You can view the full rebranding announcement here.

Note: This guide was written in January 2019. Please refer to <u>our blog</u> for any additional updates including new features and announcements post-publishing date.



2018 Amazon Advertising Data



2018 Amazon Advertising Data

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As expected, <u>Amazon broke its own record</u> on Cyber Monday, selling more products worldwide than any other day in its history. Amazon customers worldwide ordered more than 18 million toys and more than 13 million fashion items on Black Friday and Cyber Monday, combined.

It's no surprise that Black Friday and Cyber Monday continue to serve as the biggest shopping days of the year. And by now, more than half the country depends on: deep discounts, free delivery, and 2-day shipping (or less!) thanks to <u>Amazon Prime</u>.

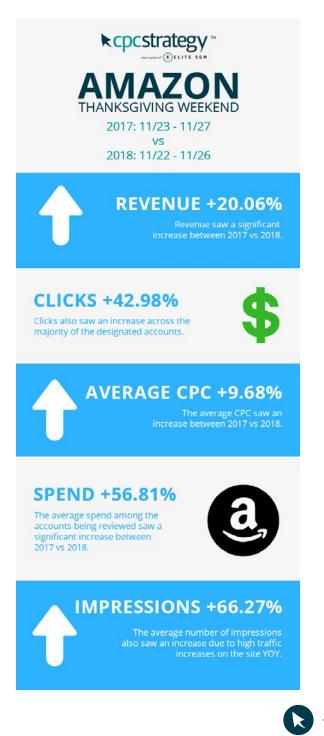
While we can take a look at Amazon's Black Friday and Cyber Monday trends from an overall perspective, we also wanted to dive into the numbers and see how Thanksgiving weekend compared year-over-year (YoY) based on our own data.

About the data: CPC Strategy client data (combined AMS & Seller Central) managed between 2017 and 2018.

According to **David Weichel**, VP, Product Development at CPC Strategy the data implies several takeaways for Amazon sellers & advertisers:

1 There's an increase in competition.

The Amazon ad landscape is more competitive. Generating the same sales as 2016 or 2017 – now requires sophisticated advertising strategies (to get the same results or better) in 2018 and beyond.



Customer expectations are no longer hyped around gimmicky one-day sales. Customers expect deals & savings to be extended beyond the one-day shopping holidays of past years. Amazon has already started to shape customer expectations by extending their own Prime Day to 2 days.

3 Omni-channel is still trending.

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Black Friday is becoming more of an "omni-channel" or ecommerce shopping holiday. As holiday retail strategy, in general, has become more "omnichannel", the traditional Black Friday retail brick-and-mortar holiday is taking over ecommerce.

Cyber Monday used to be the online Black Friday equivalent, but now it's possible that consumers are waking up on Black Friday with shopping apps on their phones, more Black Friday promo emails in their inbox and the traditionally physical store sale are now mostly online, which diminishes the impact we see on Cyber Monday.

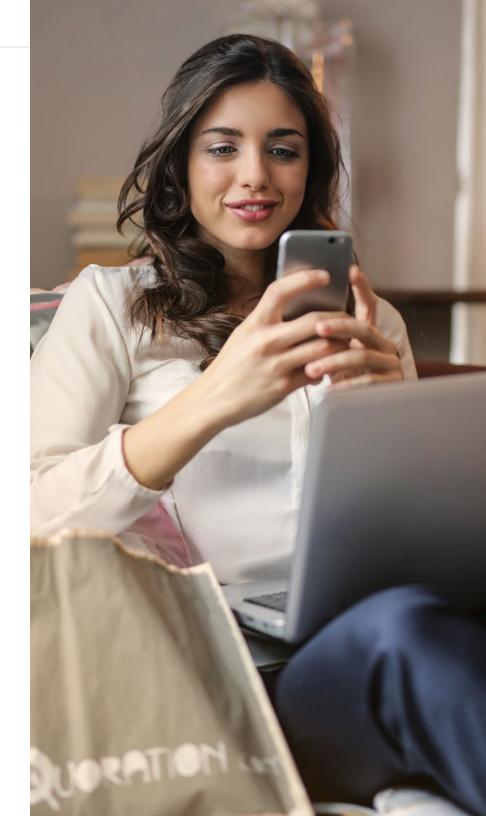
4 Amazon is experiencing steady year over year growth.

Overall, from Black Friday to the end of Cyber Week, we're seeing solid YoY growth. Online shopping is continuing to grow, and at rates that are profitable for advertisers on Amazon.



David Weichel VP, Product Development CPC Strategy

Want to learn more? <u>Check out our full Q4 2018 holiday recap.</u>



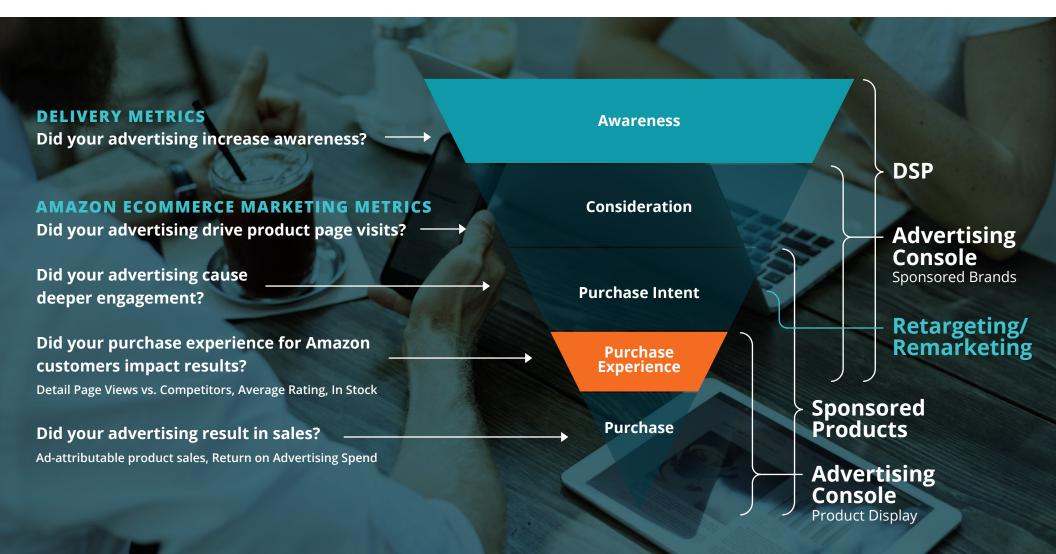
Amazon Advertising

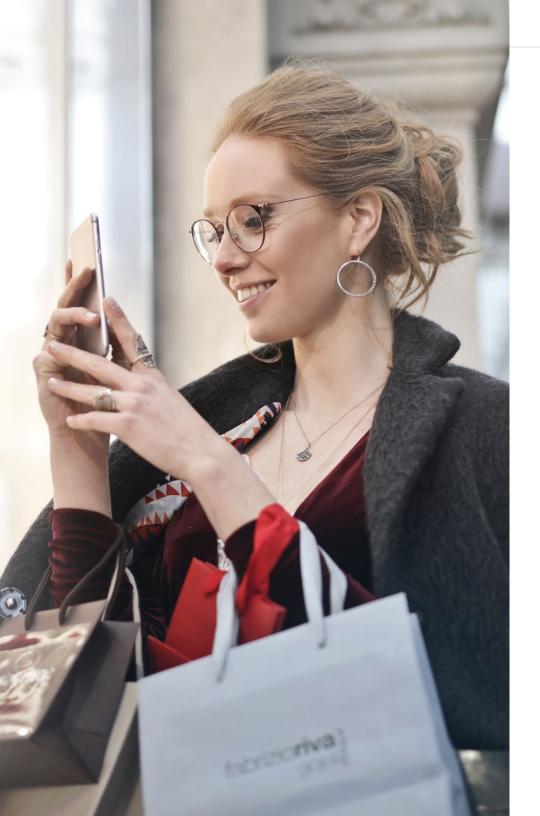


Amazon Advertising

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In the following guide we will review all the relevant changes for Amazon Advertising, including all ad types and how they work together in the Amazon Advertising Funnel:





Amazon DSP

The Amazon Advertising Platform (AAP) is now called Amazon DSP. From home page banner placements to HTML offerings, Amazon DSP is a premium advertising offer available within Amazon Vendor Services.

One of the major perks of DSP advertising is the ability to leverage Amazon customer data to serve ads to past purchases and other shoppers likely to purchase your product(s) on Amazon-owned network sites.

"Once Amazon has collected consumer data on your customer (whether they be in-market or lifestyle), they can use this information to target the shopper whenever they are on any site that serves Amazon ads and drive them back to your ecommerce site."



Nick Sandberg Marketplace Development Manager CPC Strategy

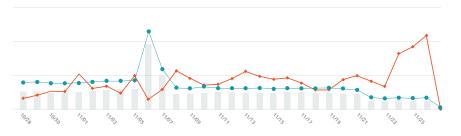


As you can see in the data below, we saw a significant jump in ROAS for Amazon DSP retargeting campaigns on Black Friday in 2018.

Orange Line - ROAS Blue Line - Spend

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Client #3



Experts Chime in on Amazon DSP:

Although the majority of the data below focuses on Black Friday / Cyber Monday, across the board, we've seen promising results from retargeting efforts via Amazon DSP.

Here's what our experts had to say:

"It was important to the overall Amazon strategy to be running DSP ASIN retargeting during Black Friday and Cyber Monday. With the natural increase in clicks and impressions, we saw our retargeting pool grow."

The CPCs also became more competitive so even if a click did not convert into a sale, we do not view that as wasted spend but rather that click turns into a potential future customer."

"Purchase intent is higher during this time of year and combining that with a strong advertising strategy, we were able to use retargeting to grow overall revenue."



Karen Hopkins Marketplace Channel Analyst CPC Strategy "For our clients running off Amazon campaigns, specifically targeting customers who have reached the detail page of their products, we noticed a significant spike on Black Friday and Cyber Monday."

"In some cases, purchases increased 4x to 5x on these particular days. It goes to show that once advertising is controlled on Amazon, having a solid off Amazon strategy is key to capturing all potential customers."



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Evan Walsh Senior Marketplace Channel Analyst CPC Strategy

"The purpose of running Awareness campaigns is to literally drive awareness of your brand which enables you to generate demand for your products on Amazon."

"With DSP, you are exposed to audiences on and off of Amazon.com, so leveraging these types of campaigns during Black Friday and Cyber Monday expands your reach during the highest traffic period of the year. Layering in coupons adds another level of engagement and can drive consumers to purchase."



Jen Acosta Senior Marketplace Channel Analyst CPC Strategy

Want to learn more about how Amazon DSP fits into your Amazon advertising strategy?

Check out our recent post here: "What is Amazon DSP?"



Advertising Console

Sponsored Products

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Today, Amazon advertisers have more control than ever before on the way they target customers with <u>Sponsored Product Ads</u> using product targeting. Advertisers are excited to implement this new feature and for good reason.

With product targeting, it's easier to reach shoppers as they browse detail pages and filter search results for specific products similar to yours.

NEW Changes for Sponsored Products Targeting Options

Sponsored Products has expanded to include several new keyword and product targeting capabilities including:

- Product Attributes Targeting (PAT), only available in manual SP campaigns
- Enhanced Auto Targeting (EAT), only available in auto SP campaigns

Here's a breakdown of each new offering:



What is PAT (Product Attributes Targeting)?

Built off Sponsored Product Campaigns, PAT enables advertisers to target audience with:

ASINs

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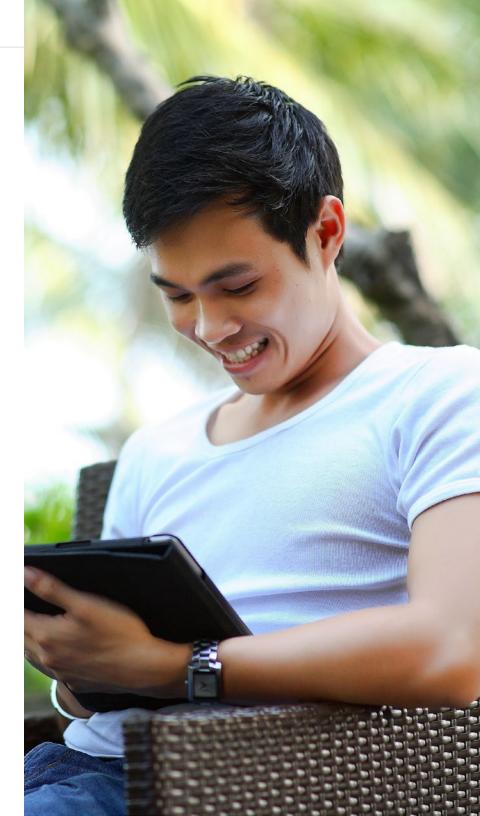
- Amazon Categories with fine-tuning options of:
 - Prince Range
 - Brands
 - Review Rating

Pro-Tip: You can negatively target ASINs & brands but you do need to create a new campaign/ad group to adopt PAT. Also ads matched still have same relevance requirement and pricing mechanism.

"With ASIN level performance, you can optimize your ad to only target products that are converting. Having the ability to target products based on a price range or star rating will allow advertisers to more easily provide a sophisticated and accurate targeting approach by offering enticing deals rather than hand selecting products or using a blanketed approach via expanded targeting."



Dylan Verburgt Senior Marketplace Channel Analyst CPC Strategy



Where to find PAT?

"PAT opens up detail page placements that sellers didn't have access to before. Before PAT, the only way to bid on some of those PDAs was exclusively through (what was formerly referred to as) Amazon Marketing Services and third party sellers didn't have access to AMS. Now, they have access to those placements via PAT."

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Pro-Tip: Product targeting is mutually exclusive from keyword targeting. What this means is you can't target keywords as well as products for the same campaign at the same time.

"You have to make a decision at the beginning of your campaign whether you would like to target using keywords or products. Technically, you could target both if you set up two separate campaigns, but if you have an existing keyword targeting campaign, you can't add ASINs (for targeting purposes) to that one as well."



Pat Petriello Head of Marketplace Strategy CPC Strategy

1 Log in to create a new campaign

Settings	
Campaign name 📵	
Example: Holiday Favorites	<u>ا</u>
Start 📵	End 🛞
Nov 28, 2018	No end date
Nov 28, 2018 Daily budget	

2 Select your targeting option

Targeting

You can add multiple ad groups to your campaign, but you can choose only one targeting type per ad group. O Keyword targeting

Choose keywords to help your products appear in shopper searches. Learn more

Product targeting RFTA

Choose specific products, categories, brands, or other product features to target your ads. Learn more



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How to use PAT?

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The most effective ways to adopt PAT is via Bulk Operations:



- **2** Download the new campaign/ad group to the bulksheet to collect their PAT IDs
- **3** Use bulksheet copy and paste function to create additional PAT
- **4** Refine price and rating range in settings as part of PAT record

You can also do this using Programmatic Technology, like **CAPx**:

Targets Product Ads	Filter Targets					
Bid Strategies Budget Reporting	Expression Type - Manual - + Add Filter					
FILTERS +	Edit Target Bids					
	There are 2823 rows but only 10 rows are visible. Would you like to edit all 2823 rows? Only 10 — O All 2823					
1	Increase by amount % O— \$ Upper bid limit \$					
	By selecting this option, you are ensuring that no bids are changed to a value above your specified amount.					

Reviewing PAT Performance

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- Log into your campaign manager to monitor impressions and clicks to your ad.
- Modify the targeting to meet your business goals.
- You can also see which products your ad converted on in the **Search Term Report.**

What is EAT (Enhanced Auto Targeting)?

Auto-targeting will continue to automatically target your ads based on keyword and products but now you can adjust targeting options to meet your performance needs.

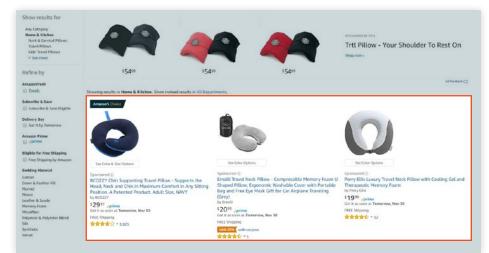
EAT enables advertisers to opt in/out of four auto targeting strategies within campaign manager (need at least one to activate):

- **1 Close match:** search terms closely related to the product description
- **2 Loose match:** search terms broadly related to the product description
- **3 Substitutes:** shoppers looking for products which could be substituted by the advertised product
- **4 Complements:** shoppers looking for products which are associated with the advertised product

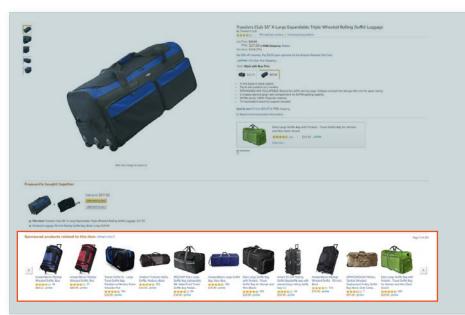
Active	Automatic targeting defaults 🕘	Match type 🕤	Status	Suggested bid	Bid	Impressions 🖯
	Total: 4					-
	Substitutes 🕲	1	Delivering	No current data	\$ 0.81	-
	Complements ()	2	Delivering	No current data	\$ 0.81	
	Loose match 📵	u	Delivering	No current data	\$ 0.81	
	Close match 🛞	-	Delivering	No current data	\$ 0.81	-

Where do (EAT) ad options appear?

Loose & Close Match



Substitutes & Compliments





Reviewing EAT Performance

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- View campaign manager to monitor impressions and clicks to your ad.
- From there you can view performance all four different targeting strategies, modify the targeting to meet your business goals, and see which products your ad converted on in the **Search Term Report.**

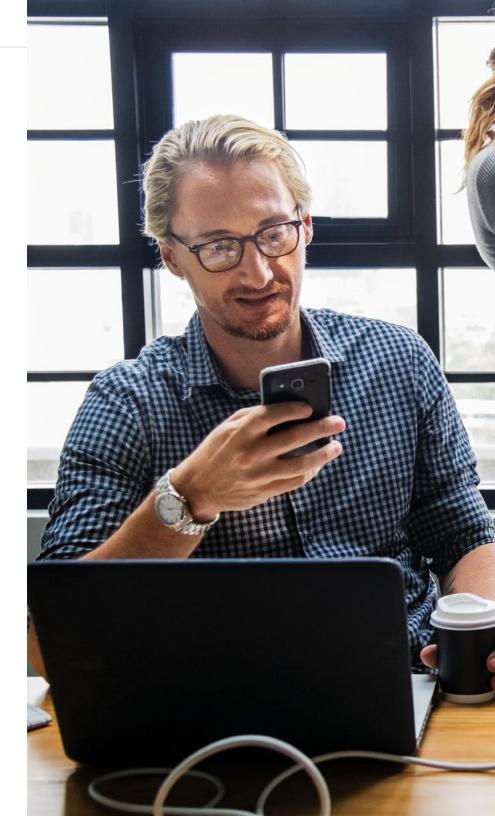
Testing the New Sponsored Products Functionality

Although we are still in the early stages of testing these new features, we did receive some early feedback from our team regarding the recent holiday performance.

For Enhanced Auto Targeting (only available in auto SP campaigns) we tested the 4 different default targeting options including Loose Match, Close Match, Substitutes, Complements.

Here's what we found:

In one example, a coffee machine brand tested a small sample size (two campaigns) with bids on each of the 4 groups mentioned above being equal. The results? The 'substitutes' group has seen the most traffic so far.



But for an electronic accessories brand, performance was a little different. Across 6 campaigns utilizes all of the new features listed above, 'loose match' actually turned out to have the most impressions on 3 campaigns.

While it might be too early to report on definitive results, we will continue testing Amazon's new product targeting features.

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A note from the experts about data hygiene:

"Keep in mind, we don't want to pigeon hole any strategy and say "only use" these types of targeting strategies. Brands and advertisers should feel free to test all of the targeting options available to them. But what I will say is typically the overarching strategy we use is:

- Casting a wide net (for example, targeting a broader category or keyword).
- Then we go in and pull the search term report for those campaigns. Remember to pull data from a longer lookback (1-2 weeks of data isn't enough, aim for a month or more to determine which ASINs performed best).
- Use the efficient keyword/ASIN data to create another ad (manual campaigns). Repeat this method, (which we refer to as data hygiene) to make sure you are always pulling the most relevant search term data to target efficient ASINs & Keywords.

It all comes back to the goals of the Brand and Advertisers on Amazon."



Aaron Gooden Senior Lead, Marketplace Channels CPC Strategy



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Pro-Tip: We also recommend bidding at a higher CPC, and setting a lower budget. Why?

"You would rather find out sooner rather than later if this keyword is ranking for your product. If you have a higher bid you will be put into the auction and you'll get better data rather than if you wait several weeks (at a lower bid) to find out 'was that cost per click enough'.



Leo Carrillo Manager, Marketplace Channels CPC Strategy

"Both of these capabilities are very exciting, more so for the EAT. Prior to this feature, the only levers to pull with automatic campaigns were negative keywords and ad group bids. Now you have that, in addition to 4 more features that you can toggle and manipulate. Right now we are taking old legacy campaigns (that are running inefficiently with a high ACoS) and we're recreating it to utilize these new features to help bring down that wasted spend and ACoS. We are still testing it, but if it is a success, this as a big win for advertisers."



Brenda Insixiengmay Lead Marketplace Channel Analyst CPC Strategy To learn more about Amazon's latest **SP targeting** options, visit: "Introducing Amazon Sponsored Products New Product Targeting Features"

To learn more about Amazon's latest **SP bidding** features, visit: "<u>Amazon Announces 3 New Sponsored</u> <u>Products Bid Optimization Features</u>"



Sponsored Brands

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If you're not familiar, <u>Sponsored Brands</u> (formerly known as Headline Search Ads) are keyword-driven ads that can appear across the top of the SERP.

In 2018, Amazon opened up Sponsored Brands to **3 new ad placements** including the **middle** of the SERP and at the **very bottom of the SERP.** Sponsored Brands now have a total of 4 placements on the SERP.

The good thing is there are now more Sponsored Brands ad placements than ever before, but the potential negative is that all of these campaigns *may have been auto-enrolled* into a new function by Amazon (and it isn't necessarily leading to better performance for sellers).

"The key takeaway is you can't let those bids run on autopilot. We recommend sellers log into their accounts, check out the data and manually adjust bids if needed."



Nick Sandberg Senior Marketplace Channel Analyst CPC Strategy

Want to know more about how Amazon's extended Sponsored Brands placements are impacting your bottom line? Here's a <u>step-</u> <u>by-step breakdown</u> of how can start adjusting those bids today.



Amazon Creative



Amazon Creative

As an agency managing hundreds of brands on Amazon, we're big believers in the power of high-quality creative content.

More than ever before, Amazon is making a concentrated effort to empower brands with the creative tools and features they need to establish their brand equity and promote shopper loyalty.

Amazon currently offers a multitude of branding features including:

- <u>Amazon Stores</u>
- <u>A+ Content</u>

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- <u>Premium A+ Content</u>
- Enhanced Brand Content

Not only do these creative features help to improve the aesthetics of brands on the Marketplace – they also provide new opportunities to drive traffic to a brand's entire catalog and increase detail page conversion rates.

We understand that shoppers on Amazon value high quality content and creative. This is why we have a dedicated team of experts available to work with our clients and develop a better shopping experience for their consumers on Amazon.





We've already seen significant success with established brands like Serta Simmons Bedding and Seventh Generation.

Simply put, we believe investing in creative content is vital to the success of your brand on Amazon.

<u>We've created an exclusive guide</u> to showcase the data, brand testimonials, and expert insight to show how Amazon Creative impacts brand equity & customer acquisition.

Here's what you can expect to find in the guide:

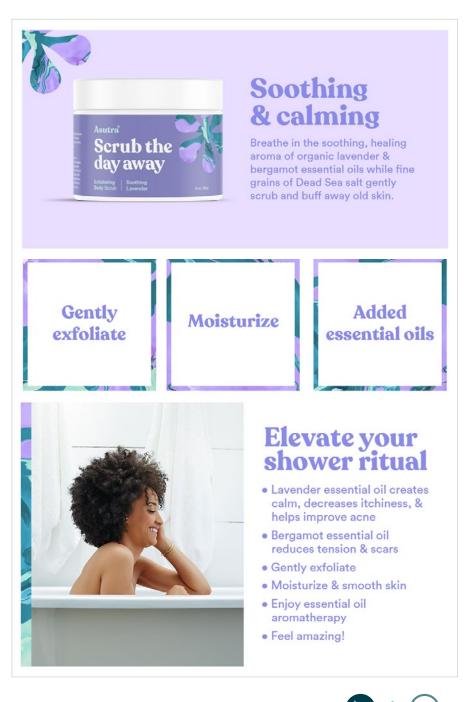
- NEW: How To Track Off-Amazon Traffic via Amazon Store Insights
- Latest Creative Offerings for A+ Content & Enhanced Brand Content
- Before & After Conversion Data & Brand Testimonials
- Our Amazon Creative Team's Expert Insight & Best Practices



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The Brand's Guide to Amazon Creative Services

DOWNLOAD NOW!



Experts Share Amazon Predictions



Experts Share Amazon Predictions

We asked leading industry experts which trends they predict will shape the Amazon Marketplace in the new year. We collected predictions from our own experts as well as industry professionals.

Here's a few of those responses:

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Prediction: Expansion of Amazon Stores

Amazon Stores have come a long way from where they were a year ago, however, the accessibility to shoppers is still limited and often times impossible.

With the latest investments Amazon has made in not only the functionality of brand stores but also the metrics now available to Sellers and Vendors, it only makes sense that Amazon will launch a separate Search functionality so shoppers have more direct access to a Brand's Amazon Store.

Currently, a shopper would only be able to stumble upon a Brand store by clicking on a Sponsored Brands ad that would direct them to selected landing page, by clicking on a Brand's logo or name on their detail page (if they byline is setup), by finding them organically in a search engine or by a text ad, or if the brand shares their Store link via Social Media.





Which leads me to my next prediction. Currently, Stores are free, but if Amazon opens up more of a search functionality, I think that will also come with upsell opportunities where sellers can 'upgrade' their Store's functionality by making a one-time investment, or they possibly would have to pay a monthly fee in order to be searchable.



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Jen Acosta Senior Marketplace Channel Analyst CPC Strategy



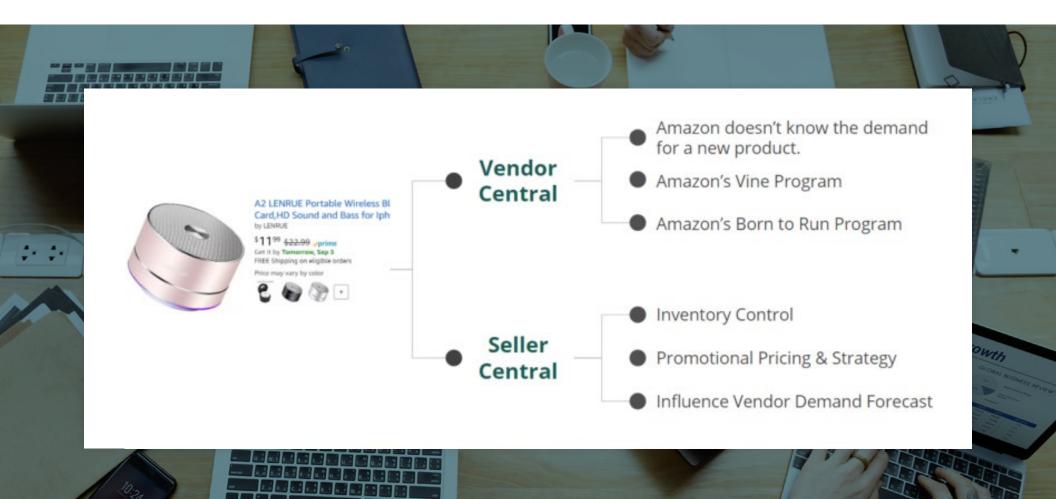
Prediction: Focus on Amazon Vendors

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While there has been a large focus on the Hybrid Model in 2018, Amazon will continue to work to optimize its' vendor only network, focusing on profitability. This is evidenced by the enhancements occurring on the Vendor Central Platform. The Hybrid model is a good alternative for some vendors, however, these vendors will confront the significant challenges of running 2 distinctly different platforms as well as pressure from Amazon to stay a 1P vendor on top ASINs.



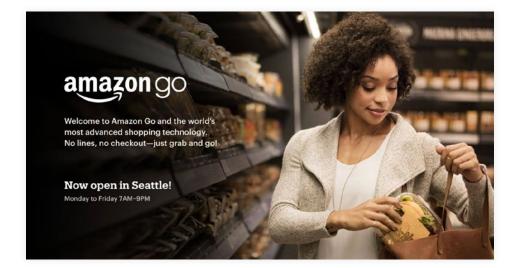
Eric Kauss Manager - Vendor Operations CPC Strategy



Prediction: Amazon Expands Brick & Mortar Presence

As Amazon once began as an online-only store, we have seen it's expansion into brick & mortar over the past year with the Amazon Bookstore and 4-Star stores.

I predict its presence in brick & mortar will only expand further in 2019 and increase its footprint like a Target or Walmart.



With the acquisition of Whole Foods in 2017, they have the space to test a one-stop shop for anything home-related. The question is how soon will they.



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Tanya Zadoorian Senior Marketplace Channel Analyst CPC Strategy



Prediction: Acceleration of Changes in Advertising Capabilities

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For 2019, I expect the continued acceleration of changes in advertising capabilities Amazon makes available to brands.

We've already seen this in Q4 '18 with additional Sponsored Brand Placements, product attribute targeting and enhanced auto-targeting for Sponsored Products, Sponsored Products replacing PDA's in detail page ad placements, Sponsored Products retargeting, as well as the proliferation of DSP, video, and Stores.

I believe this is just the beginning of Amazon's effort to create the most robust and powerful advertising platform brands have available to them.

From more advanced targeting, audience segmentation, custom videos, mobile optimizations, and access to off-Amazon customers, I expect changes will come quickly in 2019.

Those brands which are able to adapt and adopt will benefit most from these functionality enhancements while those slow to react will continue to struggle to remain relevant on the Marketplace.





Pat Petriello Head of Marketplace Strategy CPC Strategy



Take the Next Step

Schedule Your Amazon Strategy Evaluations

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

SCHEDULE MY EVALUATION

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