

# Mastering Amazon.com: Strategies for Performance Marketing

*Maximize performance marketing on Amazon with sponsored products campaigns, brand stores, and targeted advertising options.*

## Audience

*Heads of eCommerce, Shopper Marketing Managers, Digital Marketing Managers, Content Managers, Performance Marketing Managers*

## Introduction

Amazon.com has become the epitome of online retail, with millions of products available to consumers worldwide. For retailers, mastering Amazon is not just about listing products; it's about employing effective strategies to stand out in a highly competitive marketplace. In this article, we delve into the specific strategies and tactics that retailers can employ to maximize their performance on Amazon.com. From sponsored products to brand stores and advertising options, we explore how retailers can leverage these tools to achieve optimal results.



# Understanding the Power of Amazon

Before diving into specific strategies, it's essential to understand why mastering Amazon is crucial for retailers. With over 300 million active customer accounts and billions of monthly visitors, Amazon.com presents a vast opportunity for retailers to reach a global audience. According to Statista, Amazon's net sales amounted to over \$386 billion in 2020, highlighting its dominance in the e-commerce landscape.

Moreover, Amazon's Prime membership program boasts over 200 million subscribers worldwide, offering benefits such as free and fast shipping, streaming services, and exclusive deals. This loyal customer base presents a lucrative opportunity for retailers to increase sales and brand visibility.

Now, let's explore some of the strategies and tactics that retailers can utilize to optimize their performance on Amazon.com:

## Sponsored Products Campaigns

One of the most effective ways to increase visibility and drive sales on Amazon is through sponsored products campaigns. Sponsored products appear prominently in search results and on product detail pages, making them highly visible to shoppers.

Retailers can create sponsored products campaigns by selecting specific keywords relevant to their products. When shoppers search for these keywords, sponsored products appear at the top of the search results, increasing the likelihood of clicks and conversions.

According to a report by Kenshoo, advertisers on Amazon experienced a 52% increase in sponsored products spending in Q4 2020 compared to the previous year. This surge in spending underscores the effectiveness of sponsored products campaigns in driving sales and revenue.

### Key Tactics for Sponsored Products Campaigns

- Conduct keyword research to identify relevant and high-performing keywords.
- Optimize product listings with compelling titles, descriptions, and images.
- Monitor campaign performance and adjust bids and budgets accordingly.
- Utilize Amazon's advertising tools, such as automatic targeting and dynamic bidding, to maximize results.

## Brand Stores

Brand stores are custom storefronts on Amazon that allow retailers to showcase their brand and products in a visually appealing manner. With brand stores, retailers can create a curated shopping experience for customers, driving engagement and loyalty.



## **Sponsored Brands Ads**

Sponsored Brands Ads, formerly known as headline search ads, are a powerful advertising format that allows brands to showcase their products at the top of search results. These ads typically feature a custom headline, logo, and multiple products, providing brands with a prime opportunity to increase visibility and drive consideration among shoppers.

One key advantage of Sponsored Brands Ads is their ability to target customers based on specific keywords. Advertisers can bid on relevant keywords related to their products, ensuring that their ads appear to shoppers actively searching for similar items. Additionally, Sponsored Brands Ads offer robust targeting options, allowing advertisers to reach audiences based on demographics, interests, and shopping behavior.

For retailers looking to increase brand awareness and drive traffic to their product listings, Sponsored Brands Ads are an invaluable tool. By strategically bidding on relevant keywords and optimizing ad creatives, retailers can effectively capture the attention of potential customers and drive them towards making a purchase.

## **Sponsored Display Ads**

Sponsored Display Ads are another effective advertising option on Amazon, offering advertisers the ability to reach shoppers both on and off the Amazon platform. These ads can be displayed on product detail pages, search results pages, and even on third-party websites and apps through Amazon's extended network.

Sponsored Display Ads are particularly useful for retargeting customers who have previously viewed or interacted with a retailer's products. By leveraging Amazon's rich data and targeting capabilities, advertisers can deliver personalized ads to shoppers based on their browsing history and purchase behavior, increasing the likelihood of conversion.

Moreover, Sponsored Display Ads offer flexible targeting options, allowing advertisers to reach audiences based on factors such as interests, shopping preferences, and even competitor products. This granular targeting ensures that ads are served to the most relevant audiences, maximizing the effectiveness of the campaign.

For retailers looking to reengage and convert shoppers who have shown interest in their products, Sponsored Display Ads are an indispensable tool. By delivering targeted ads across multiple touchpoints, retailers can stay top-of-mind with customers and drive them towards making a purchase.

# Video Ads

Video Ads are a dynamic and engaging advertising format on Amazon, allowing advertisers to showcase their products through immersive video content. These ads appear in various placements across the Amazon platform, including search results, product detail pages, and even within Amazon's streaming service, Prime Video.

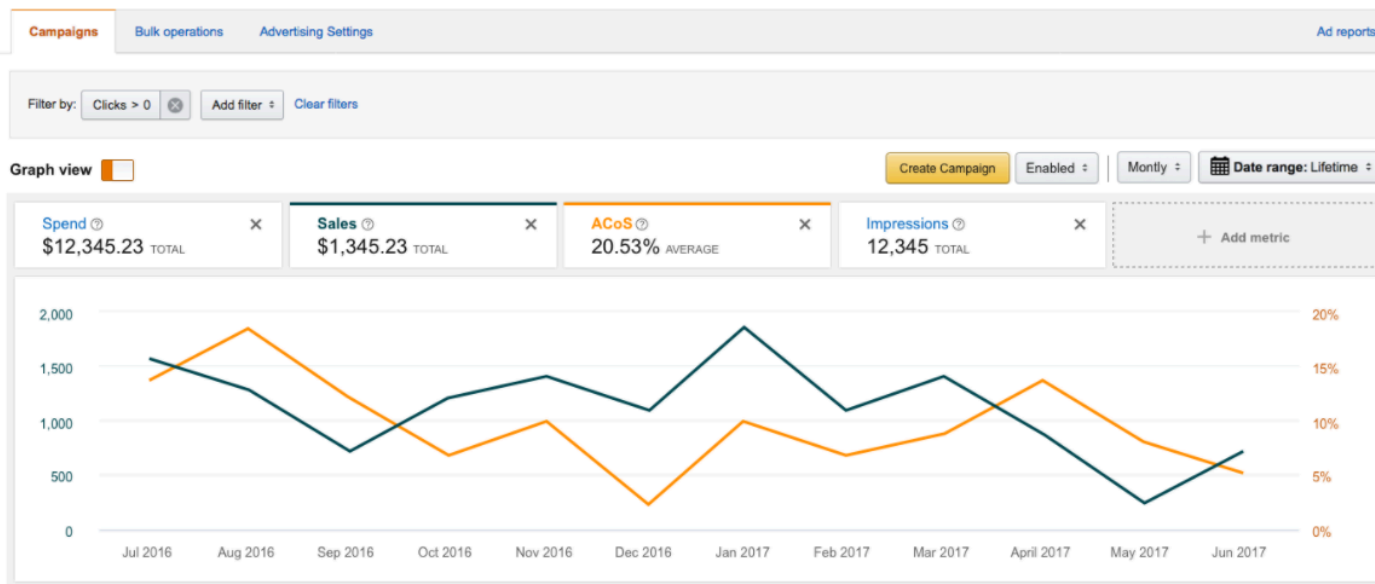
One of the key advantages of Video Ads is their ability to capture attention and convey a brand's message effectively. With video content, advertisers can tell a compelling story, demonstrate product features, and evoke emotional responses from viewers, ultimately driving engagement and brand recall.

Moreover, Video Ads offer extensive targeting options, allowing advertisers to reach specific audiences based on demographics, interests, and shopping behavior. By delivering targeted video content to relevant audiences, advertisers can increase brand awareness, drive consideration, and ultimately, inspire purchase decisions.

For retailers looking to differentiate their brand and create memorable experiences for customers, Video Ads are an invaluable tool. By leveraging the power of sight, sound, and motion, retailers can captivate audiences and drive them towards action, whether it's making a purchase or exploring more about the brand.

## KPIs Provided by Amazon

### All Sponsored Products Campaigns



Amazon provides a range of key performance indicators (KPIs) to help advertisers measure the effectiveness of their advertising campaigns across various advertising options. These KPIs provide valuable insights into campaign performance, allowing advertisers to track key metrics

and optimize their strategies for better results. Here are some of the primary KPIs provided by Amazon for different advertising options:

#### Sponsored Brand Ads:

- Impressions: The number of times your Sponsored Brand ad is displayed to shoppers.
- Clicks: The number of times shoppers click on your ad to visit your product detail page or brand store.
- Click-Through Rate (CTR): The percentage of ad impressions that result in clicks.
- Cost-Per-Click (CPC): The average cost per click for your Sponsored Brand ads.
- Total Spend: The total amount spent on Sponsored Brand ads during the campaign period.
- Sales: The total sales generated from clicks on your Sponsored Brand ads.

#### Sponsored Display Ads:

- Impressions: The number of times your Sponsored Display ad is displayed to shoppers.
- Clicks: The number of times shoppers click on your ad to visit your product detail page.
- Click-Through Rate (CTR): The percentage of ad impressions that result in clicks.
- Cost-Per-Click (CPC): The average cost per click for your Sponsored Display ads.
- Total Spend: The total amount spent on Sponsored Display ads during the campaign period.
- Detail Page Views: The number of times shoppers viewed your product detail page after clicking on your ad.
- Total Sales: The total sales generated from clicks on your Sponsored Display ads.

#### Video Ads:

- Impressions: The number of times your video ad is displayed to shoppers.
- Views: The number of times shoppers watched your video ad for a certain duration (e.g., 25%, 50%, 75% completion).
- Clicks: The number of times shoppers clicked on your video ad to visit your product detail page.
- Click-Through Rate (CTR): The percentage of ad impressions that result in clicks.
- Cost-Per-View (CPV): The average cost per view for your video ad.
- Total Spend: The total amount spent on video ads during the campaign period.
- Total Sales: The total sales generated from clicks on your video ads.

# Conversion Metrics

In addition to the metrics for advertising, the following conversion metrics provided by Amazon for evaluating the effectiveness of advertising campaigns and optimizing strategies for better performance:

## 1. Orders:

Orders refer to the number of transactions generated as a result of advertising efforts. When a customer completes a purchase after clicking on an ad, it is recorded as an order. This metric provides advertisers with a clear indication of the direct impact of their advertising campaigns on driving sales on Amazon.

By tracking the number of orders attributed to each advertising campaign, advertisers can assess which campaigns are driving the highest sales volume and revenue. This allows advertisers to allocate their advertising budget more effectively, focusing on campaigns that deliver the best return on investment (ROI).

## 2. Units Sold:

Units sold represent the total number of products sold as a result of advertising campaigns. This metric provides insight into the volume of products moved through advertising efforts, helping advertisers understand which products are resonating with customers and driving the most sales.

Tracking units sold allows advertisers to identify top-performing products and optimize their advertising strategies to promote those products more effectively. By highlighting products with high demand and sales potential, advertisers can maximize their advertising ROI and drive incremental revenue.

## 3. Attributed Sales:

Attributed sales refer to the total sales revenue generated from customers who clicked on an ad before making a purchase. Amazon uses sophisticated tracking technology to attribute sales back to specific advertising campaigns, allowing advertisers to measure the direct impact of their ads on driving revenue.

Attributed sales provide advertisers with a comprehensive view of the effectiveness of their advertising efforts in driving measurable revenue on Amazon. By understanding which campaigns are driving the highest attributed sales, advertisers can refine their targeting, messaging, and bidding strategies to optimize performance and maximize ROI.

## 4. Advertising Cost of Sales (ACoS)

ACoS is a critical metric used by Amazon advertisers to measure the effectiveness and profitability of their advertising campaigns. It represents the ratio of advertising spend to attributed sales revenue, expressed as a percentage.

$$\text{ACoS} = \left( \frac{\text{Total Ad Spend}}{\text{Attributed Sales}} \right) \times 100\%$$

The ACoS metric provides advertisers with insights into the efficiency of their advertising investment on Amazon. A lower ACoS indicates that a smaller percentage of sales revenue is being spent on advertising, suggesting higher profitability. Conversely, a higher ACoS suggests that a larger portion of sales revenue is being consumed by advertising costs, potentially impacting profitability.

Advertisers aim to achieve an ACoS that aligns with their business objectives and profitability goals. While a lower ACoS is generally desirable, it's essential to balance advertising spend with revenue generation to maximize overall profitability.

By monitoring ACoS closely and adjusting advertising strategies accordingly, advertisers can optimize their campaigns to achieve the most efficient use of advertising budget and drive sustainable growth on the Amazon platform.

### **Importance for Evaluating ROI:**

Conversion metrics such as orders, units sold, and attributed sales are essential for evaluating the return on investment (ROI) of advertising campaigns on Amazon. By comparing the cost of advertising (e.g., cost per click, total spend) to the revenue generated (e.g., attributed sales), advertisers can calculate their advertising ROI and determine the profitability of their campaigns.

A positive ROI indicates that advertising efforts are generating more revenue than the cost of advertising, resulting in a profitable outcome for the advertiser. Conversely, a negative ROI may indicate that adjustments are needed to improve campaign performance and maximize profitability.

By closely monitoring conversion metrics and ROI, advertisers can make data-driven decisions to optimize their advertising strategies, allocate budget more effectively, and drive better results on the Amazon platform. This iterative process of testing, analyzing, and refining advertising campaigns is crucial for achieving long-term success and maximizing the impact of advertising efforts on sales and revenue.



# Amazon Marketing Cloud

The Amazon Marketing Cloud (AMC) is a comprehensive suite of advertising and analytics tools offered by Amazon to help advertisers maximize the effectiveness of their marketing campaigns across the Amazon ecosystem. AMC provides advertisers with a wealth of data-driven insights and targeting capabilities, allowing them to reach the right audiences at the right time and optimize their advertising strategies for optimal performance.

## Audience Targeting

One of the key features of the Amazon Marketing Cloud is its advanced audience targeting capabilities. AMC leverages Amazon's vast trove of first-party data, including customer purchase history, browsing behavior, and demographic information, to create highly granular audience segments.

Advertisers can use AMC to target audiences based on a wide range of criteria, such as

- Demographics Age, gender, income level, etc.
- Interests and Affinities Products browsed, categories of interest, etc.
- Purchase Behavior Previous purchases, shopping frequency, purchase intent, etc.

By leveraging these audience targeting capabilities, advertisers can ensure that their ads are delivered to the most relevant and receptive audiences, increasing the likelihood of engagement and conversion.

## Campaign Optimization

In addition to audience targeting, the Amazon Marketing Cloud provides advertisers with powerful tools for campaign optimization. AMC offers real-time analytics and performance insights, allowing advertisers to monitor the effectiveness of their campaigns and make data-driven adjustments on the fly.

Advertisers can use AMC to track key performance metrics such as click-through rates, conversion rates, and return on ad spend (ROAS). By analyzing these metrics, advertisers can identify trends, pinpoint areas for improvement, and optimize their campaigns for maximum impact.

Moreover, AMC offers sophisticated machine learning algorithms that can automatically adjust campaign settings and bidding strategies based on real-time performance data. This dynamic optimization ensures that advertisers are constantly maximizing their return on investment and driving the best possible results from their advertising efforts.

## **Cross-Channel Integration**

Another strength of the Amazon Marketing Cloud is its ability to seamlessly integrate with other advertising channels and platforms. Through AMC, advertisers can leverage Amazon's data and targeting capabilities to extend their reach beyond the Amazon ecosystem and engage with customers across multiple touchpoints.

For example, advertisers can use AMC to create custom audience segments based on Amazon data and synchronize them with advertising campaigns on other platforms, such as Facebook, Google, and Instagram. This cross-channel integration enables advertisers to deliver consistent messaging and targeting across all their marketing channels, maximizing the effectiveness of their campaigns and driving a cohesive customer experience.

## **Brand Safety and Compliance**

Amazon Marketing Cloud places a strong emphasis on brand safety and compliance, ensuring that advertisers' campaigns adhere to Amazon's strict guidelines and policies. AMC employs advanced brand safety measures, such as content moderation and ad verification technology, to safeguard advertisers' brand reputation and ensure that their ads are displayed in appropriate and brand-safe environments.

Moreover, AMC provides advertisers with robust reporting and transparency tools, allowing them to monitor where their ads are being displayed and ensure compliance with relevant regulations and guidelines. This commitment to brand safety and compliance helps advertisers build trust with customers and maintain a positive brand image in the marketplace.

In summary, the Amazon Marketing Cloud is a powerful suite of advertising and analytics tools that empowers advertisers to maximize the effectiveness of their marketing campaigns across the Amazon ecosystem. From advanced audience targeting and campaign optimization to cross-channel integration and brand safety, AMC provides advertisers with the tools and insights they need to drive success and achieve their advertising goals on Amazon.com.

## Conclusion

Mastering Amazon.com requires retailers to employ a combination of strategies and tactics to maximize their performance on the platform. From sponsored products campaigns to brand stores and advertising options, there are numerous opportunities for retailers to increase visibility, drive sales, and build brand loyalty. Amazon Marketing Cloud provides a comprehensive suite of marketing tools for sellers to target Amazon users within the ecosystem and when used correctly can create massive growth opportunities for brands.

By understanding the power of Amazon and leveraging the right tools and techniques, retailers can position themselves for success in the competitive world of e-commerce. Whether you're a small business or a global brand, optimizing your presence on Amazon.com is essential for staying ahead of the curve and reaching customers wherever they are.