Amazon product ads evolution: A harbinger of Amazon local advertising?

Google is having a rough fourth quarter. October alone was a horrible month for one of the world's most highly regarded brands. On the eve of a major hardware unveiling, Google found itself the center of attention for the wrong reasons:

- The Wall Street Journal reported that Google exposed private data of hundreds of thousands of users on Google+ and then withheld news of the breach for fear of suffering a backlash as Facebook had for its own data privacy problems. In the wake of the story, Google said it will shut down consumer versions of Google+.
- CNBC reported that some advertisers are moving half their search budgets from Google to Amazon, as Amazon ramps up its advertising products and continues to grow in popularity as a self-contained search engine.

And later in the month, Alphabet, Google's parent, saw a drop in its stock value after the company's revenues failed to meet investors' expectations.

Amazon ascending

Of these news stories, the emergence of Amazon is more significant to local businesses. The data breach, and Google's reaction to it, is an embarrassment to Google, but that storm will subside. In the aftermath, Google will emerge as a stronger company with (fingers crossed) better privacy controls. Besides, Google+ has been languishing for years, and Google pulling the plug on consumer versions over the next ten months is of little consequence to Google and could allow them to further invest in Google My Business social features. It

should also be noted the stock market woes were not unique to Alphabet. All the major tech titans were hurting.

On the other hand, Amazon's emergence as an advertising platform underscores the reality that Google faces stronger competition to its core advertising products. To be sure, Google commands a much larger share of the online advertising market than Facebook and Amazon, with Google accounting for 37.1 percent of the market, Facebook, 20.6 percent, and Amazon, 4.1 percent. But Amazon hasn't been an active online advertising participant as long as Google has. In 2018 Amazon finally packaged a suite of advertising products ranging from display to video ads.

The evolution of an ad platform

Unsurprisingly, most of Amazon's offerings make sense only if you sell products on Amazon. But of course, many national and local businesses have a presence on Amazon, making it impossible for Google to brush off Amazon's evolution as an advertising platform. As CNBC reported, "Some advertisers are moving more than half of the budget they normally spend with Google search to Amazon ads instead, amounting to hundreds of millions of dollars, according to execs at multiple media agencies."

CNBC went on to report:

- One exec from a large agency said some brands find Google search ads "quaint" and want their budgets moved to Amazon because it directly correlates to sales. About 49 percent of product searches begin on Amazon, according to Survata.
- Another said clients appreciate Amazon is a seamless shopping experience. Using a Google search ad to lead to a purchase may require a person to set up an account and input their credit card information with a separate website. Especially for smaller brands, there's not

really an advantage between selling directly to the consumer versus selling through Amazon.

It’s only a matter of time before Amazon expands its offerings for businesses to advertise outside of Amazon, too. In some cases, businesses already can. For example, display ads may appear not only on Amazon but also on Amazon-owned and operated sites such as IMDB and Twitch. Again, these are only product ads at the moment but, imagine how powerful Amazon could become if the company offers localized advertising services too. Doing so could help Amazon gain a piece of location-based advertising.

Key Resources

What businesses should do

To make your brand more visible and profitable in the online world, I suggest that businesses strengthen your relationships with the major data publishers and data aggregators that exert an inordinate amount of influence. I refer to these businesses as data amplifiers. I’ve usually cited Apple, Bing, Facebook, Foursquare and Google as the principal publishers, but it’s fair to assume eventually Amazon will be added to this list even if it’s years from now. Regardless of whether you sell products on Amazon, understanding how the company is evolving its advertising products should be on your radar.

Meanwhile, combine organic and paid tactics to be visible wherever customers are looking for you, and avail yourself of the tools that the publishers provide. Here’s why a relationship is important: the tools continue to evolve, and a partnership ensures you will be aware early on when those tools are in development. For instance, as CNBC noted, Google Shopping is a product search engine which helps people find items to purchase online, with Target, Walmart and Costco

among its partners. Google Shopping competes head to head with Amazon Marketplace.

The holiday shopping season will be an intriguing one: both Amazon and Google will be fighting hard for their share of what is expected to be a strong holiday spending. Let’s see who gains the upper hand.

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