

Amazon advertising optimizations to crush Q4

When it comes to online shopping, there's an undisputed leader.

Boasting a 37.8% share of the ecommerce market, Amazon is far and away the biggest online retailer in the U.S. – and poised to surpass Walmart as the number one retailer overall by 2024.

With so many people shopping for everyday goods on Amazon, setting aside a chunk of your advertising budget to take advantage of the site's commercial traffic is a smart business strategy.

What you sell isn't terribly important. People buy everything from Legos and binoculars to jewelry, clothing, and kitchen appliances on Amazon.

Focus instead on **how** to sell your products and you'll end the fourth quarter on a high note.

You shouldn't place all your eggs in one basket. But if you have to, sponsored product campaigns are the way to go.

Sponsored products are cost-per-click ads that show up on Amazon's results page when a customer searches for something.

If you're selling cheese graters and want your brand to appear at or near the top of the page whenever a consumer searches for generic "cheese graters," sponsored ads can get you that prime real estate. They're still the bread and butter of Amazon's most successful ad campaigns.

Sponsored product campaigns are easy to create and allow you to control your costs by setting a price on how much you'll spend per click. They work well with:

- Sponsored brands that focus on your overall business rather than a single product.
- Sponsored display campaigns – interactive ads that can reach shoppers not just on Amazon, but on other sites as well.

Data offers a bigger payoff than blind luck

When creating a sponsored product campaign, don't just rely on luck. Sales and performance metrics tell the true story.

Getting cozy with data will help you understand your advertising cost of sale (ACoS) – an important tool in formulating a successful ad strategy.

To calculate your Amazon ACoS, divide your advertising expenditure by the total revenue earned.

If you spend \$20 on advertising and sell \$100 worth of products, then your ACoS is 20%. Breaking it down further, this means you spend \$0.20 for every \$1.00 you make.

Obviously, the lower your ACoS, the higher your profit.

While ACoS is an important metric, it isn't the end all, be all.

You should look at other factors such as impressions, click-through rates (CTR) and conversions to determine your target ACoS.

Ideally, you'll want to find your break-even point in order to know how much to allocate toward spending without losing money.

Keep in mind that advertising impacts the organic ranking of your product. This is because, like you, Amazon wants to sell products!

If your product converts well and has a high sales velocity because you are selling a lot through advertising, Amazon will want to show your product beyond what you are paying for with advertising.

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Don't miss out on opportunities

If you haven't touched your ad campaigns in a while, you are due for optimization. This means taking steps to improve the performance of your campaigns.

We have found that many people only optimize if they think there is a problem, but that means you could be missing out on even better results and opportunities.

Ad campaign optimization ensures you are targeting the right audience and utilizing the right platforms and tools. It allows you to create personalized content and can go a long way toward reducing your customer acquisition costs.

There are several things you should look for when optimizing your ad campaigns.

Underperforming SKUs

In most cases, underperforming SKUs should be paused. But the work doesn't end there. Research the reasons **why** they were underperforming by asking yourself the following questions:

- Which SKUs are performing better and why? Is it the budget?
- Are the keywords in the campaign not as relevant?

- Is that SKU simply not as good compared to the products it's competing against?
- Is the product detail page not optimized enough?

Bids

Since bidding on keywords is an auction-based format, you are never operating in a silo.

Raising and lowering your keyword bids will make a big impact on your ACoS and overall results. The following tips can help:

- Look for keywords that aren't relevant or are not converting.
- Review the targeting. Are you using phrase/exact match for the high-converting gems?
- Don't forget about automatic targeting types. Loose match, close match and product targeting are all areas of opportunity.
- Make sure your inventory levels are high and you are maintaining the buy box.
- Use negative keywords to your advantage. This is great for all campaigns but especially effective in automatic and broad acquisition campaigns.

Use coupons and promotions

Everyone loves a deal – especially in this economy and during this time of year.

Even if you aren't participating in Cyber Monday, you can still offer coupons and promotions to help boost conversion rates and sales.

When used with sponsored product ads, this is a great way to bring in more sales.

Study the search query performance dashboard

If you are a brand registered seller, this report gives you valuable insights into:

- Your customer's shopping journey in comparison to your competitors.
- Each search term's volume and rank.

You'll also learn how potential buyers are discovering your products both organically and through paid ads.

This will alert you to potential issues with your product detail page optimization. For example, a low click rate could mean the headline or image isn't resonating with searchers.

Manage your budgets properly

Web traffic will increase in the next few months and advertisers will be raising their budgets. The downside?

You risk using up your budget allocation much faster than usual. This is true even on normal days, not just special events like Cyber Monday and Black Friday.

If your budget won't allow ads to run all day, make sure you are using dayparting.

This strategy involves scheduling your ads for certain days of the week and certain times of the day when you get the most conversions.

Now that you've learned how to optimize your ads for Amazon, it's time to make some great impressions!

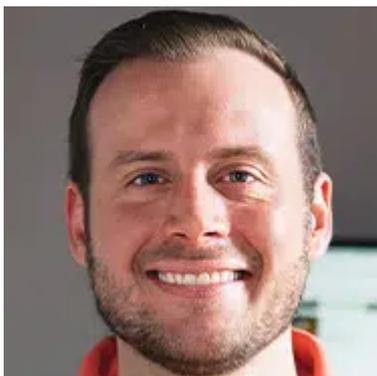
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