



THE 2017 AMAZON SPONSORED PRODUCTS GUIDE

Refined Product Targeting to Optimize Your Ad Conversion Rate

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Introduction

From an [increase in backend search term keywords](#) to the [ban of incentivized reviews](#), 2016 was a year full of [changes for sellers](#), specifically those advertising via Amazon's PPC platform —Sponsored Products.

As an agency managing hundreds of sellers, we know that Amazon Sponsored Products is and will continue to be one of the most powerful tools for driving discoverability and incremental sales for Amazon sellers.

For those of you unfamiliar with the platform, Sponsored Products exists within the Amazon Marketplace and drives traffic to an Amazon detail page. These ads exist on the right rail of the Amazon SERP, at the top and bottom of the SERP, and on the carousel on product detail pages.

We anticipate the “cost to play” will increase throughout 2017 as more Amazon sellers flood the Marketplace increasing demand in the bidding auction. In response, sellers will rely on sophisticated paid marketing campaigns and strategies to outsmart their competitors.

CPC Strategy's 2017 Amazon Sponsored Products Guide is a deep dive into advanced marketing techniques every seller should be leveraging including campaign structure, data segmentation, keyword harvesting, and refined product targeting to maximize your paid advertising conversion rate.



PROTIP: This is an advanced guide created for those already familiar with Amazon Sponsored Products. For basic campaign information & best practices, please check out our introductory guide to [Amazon Sponsored Products](#).



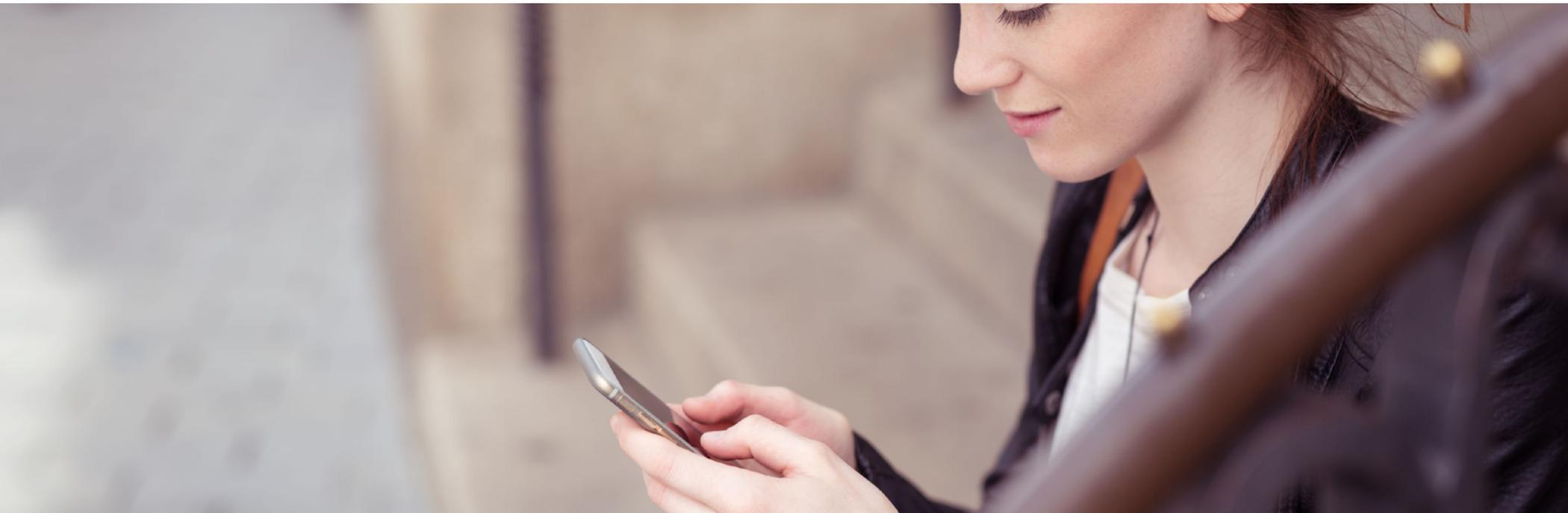
Advanced Sponsored Products: Campaign Structures



Advanced Sponsored Products: Campaign Structures

The first step to discovering the best Amazon keywords for your product(s) is to set up an initial catalog campaign in **Sponsored Products**. This will include all products, whether that be three or a thousand SKUs. You want to get all of your catalog represented in advertising so you can begin to figure out which terms customers or potential customers are using in their search to find your products.

The goal of Amazon keyword harvesting is to discover and bid on keywords or search terms used by customers to find your products. We use the Search Terms Report (which we will talk about in more detail in the next section) to harvest the best keywords.





In the past, the Amazon Search Terms Report provided sellers with data including how many impressions, clicks, sales, etc. each search term received. The report also indicated the exact product SKU associated with that search term, which was extremely valuable data for advertisers.

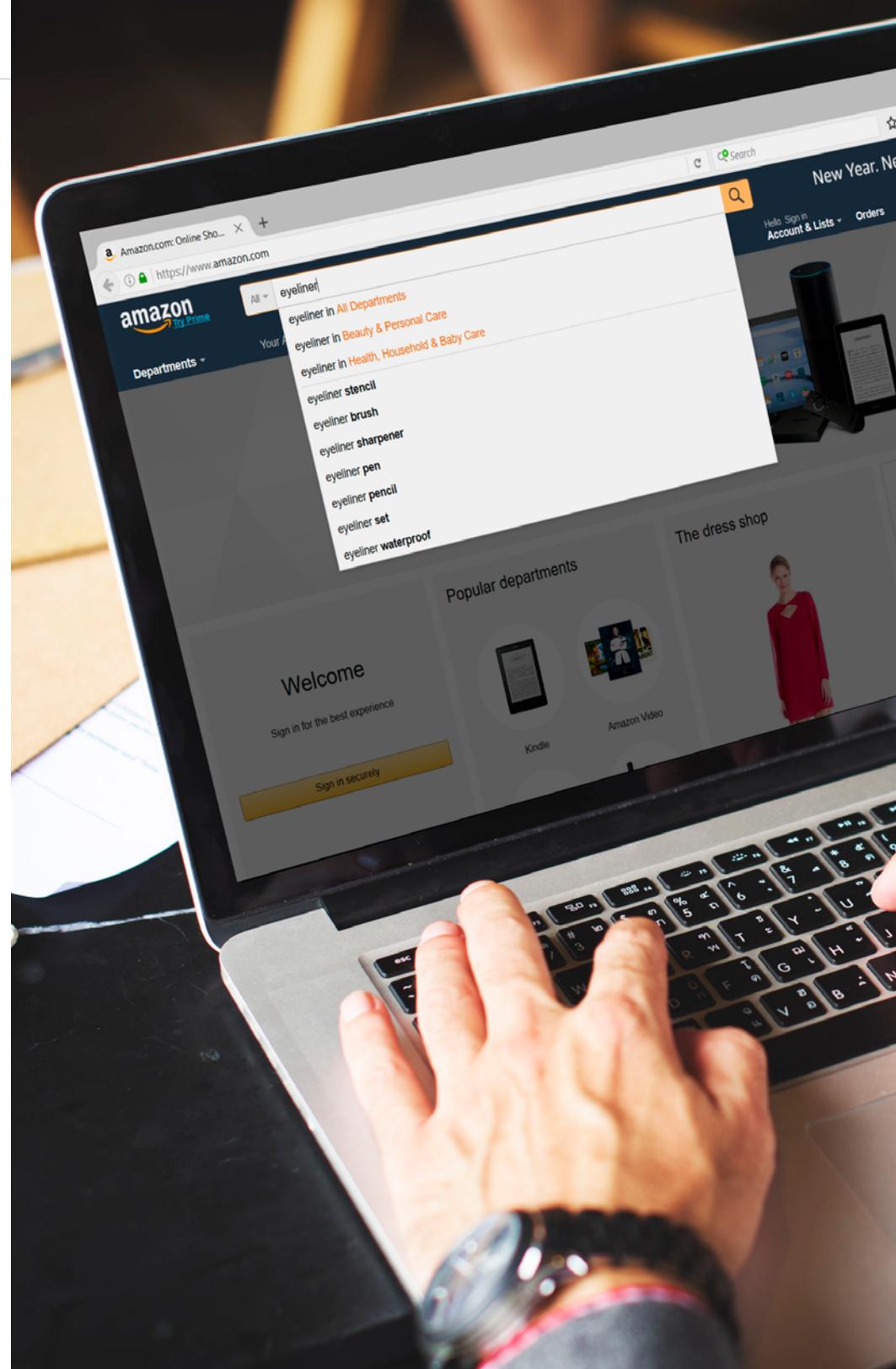
Unfortunately, Amazon updated the report so it **no longer identifies which product is associated with the search term.**

For example, although sellers can still see in the report that the term “eyeliner” is converting well—Amazon no longer identifies which SKU it is associated with, leaving many advertisers in the dark.

This change to the Search Term Report inevitably made it more difficult for sellers to identify the relationship between keywords and products.

Although we don’t know the reasoning for the changes, we have discovered a proposed solution to this issue by structuring campaigns differently based on catalog size.

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



Why does every product need its own AdGroup?

As an agency managing hundreds of clients on Sponsored Products, we've found that segmenting SKUs by Ad Group greatly increases the precision and granularity of bid adjustments and keyword harvests.

In an ideal world, you want to break up your campaign to include one 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).



PROTIP: In the past, Sponsored Products campaign creation has been a manual and tedious process where campaigns had to be created one at a time and products added individually (which was fine for sellers with smaller catalogs but difficult for sellers with larger ones). Now, Amazon sellers have access to the Bulk Operations for Sponsored Products which allows sellers to manage their campaigns through excel documents. You can learn more about [Bulk Uploads here](#).



Optimal 20% ACOS bid: **\$1.00**

Bid for AdGroup:
\$0.75

Keywords Harvested:

blue paddle board
silver paddle board



Optimal 20% ACOS bid: **\$0.50**



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.

The main takeaway is that we've developed new ways to segment our campaign structures so that we are able to attribute the success of the term directly to the SKU purchased or clicked on. By segmenting the campaign, this solution directly impacts the bidding strategy and the overall success of the campaign.

In simple terms, **more granular campaigns = more control over your products & their advertising strategy.**

To learn more about advanced match types, check out our recent [blog post here.](#)



Case Study:

GREATARTNOW.COM

[Great Art Now scales Amazon order volume by +274% through strategic FBA and Sponsored Products optimization](#)



Keyword Harvesting & The Search Term Report

Keyword Harvesting & The Search Term Report

The next step is harvesting keywords. Since Amazon customers tend to have a higher intent to purchase, selecting the best keywords for your products is a vital component of your marketing strategy.

Bidding on the right keywords for your products can improve your page sales rank and organic listings, and will ultimately influence your product sales.

The tricky part, of course is figuring out what the best tools are for keyword harvesting. Although many of the third party tools are great, they will not give advertisers the raw data require to make educated bidding and strategy decisions.

This is why we recommend that advertisers utilize the **Search Terms Report** for Sponsored Products located in Seller Central as their main source of keyword harvesting.



PROTIP: Third party keyword services can definitely bring value to your campaigns, but should only be used as a complementary tool to Sponsored Products data.

View our 2016 Q4
Amazon Virtual Summit
Webinar here.





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.

You want to **let enough time pass** for the keyword harvest to be "worthwhile & effective". The goal is obtain enough data to make an educated keyword(s) selection. Once you've gathered enough data, it's time to select your keywords to build out your manual campaigns.

What metrics qualify for a strong keyword term?

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:

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



PROTIP: Impression we have found are not as valuable as the three metrics listed above when it comes to selecting the best Amazon keywords.





Advanced Match Types

As you probably remember from our [2016 Sponsored Products](#) guide, 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.

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.



PROTIP: When creating a keyword in Campaign Manager or using bulk uploads, sellers must specify a match type. They can't change the match type of an existing keyword, but they can add multiple match types for one keyword.





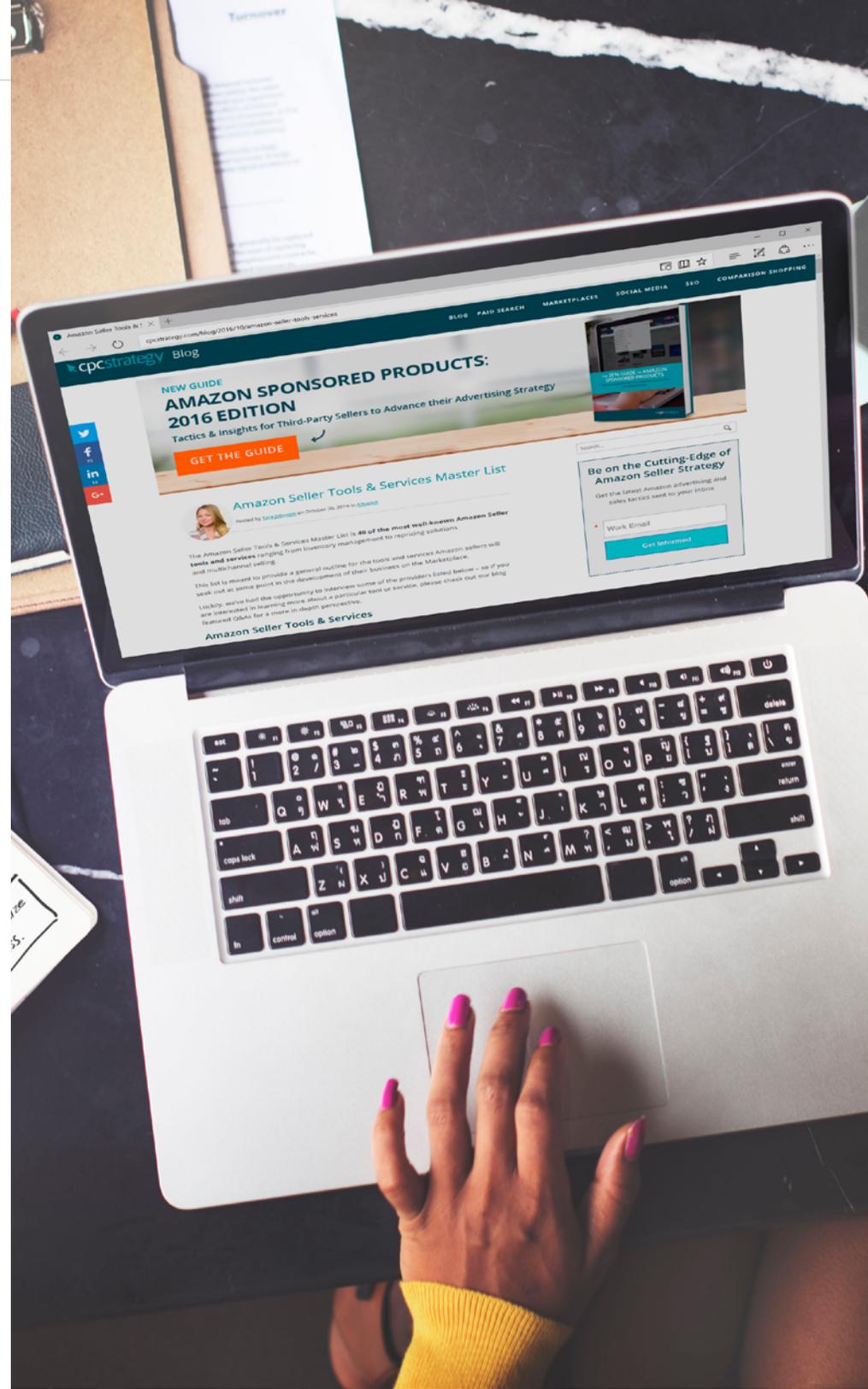
Below we've compiled a list of benchmark goals you can use to determine if you have a sufficient amount of keyword data to influence your advertising strategy.

AdGroup Harvest Goals

- ✓ Broad Match: 30-90 keywords
- ✓ Phrase Match: 20-40 keywords
- ✓ Exact Match: 5-20 keywords

Remember, if your keyword harvest does not yield a sufficient amount of keywords, it might be time to leverage some outside keyword research.

[Click here for a list of potential Amazon keyword tools & other resources.](#)



Advanced Manual Campaigns & Bidding Strategy

Advanced Manual 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.

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.



Case Study:

e | LUXURY
SUPPLY

[Top 10 Home & Garden Amazon Seller eLuxury Supply
Scales Traffic from Sponsored Products by 264%](#)

It's important to remember that keyword harvesting is a continual process.

It's not a one and done. You want to continually run the search terms report to pick up new trends. Sometimes, you may discover search terms that you never thought would be popular for a certain product.





Why do some keywords not get many impressions even though they are considered relevant?

Amazon takes a lot of things into consideration when running your Sponsored Product ads. Even though the specific keyword may be relevant to your product, they are also looking at sales history, velocity, reviews, etc.

They want the user to have the best experience that they can provide. Also, impressions are not a very actionable data source. Amazon counts impressions even if the ad shows up on the 30th page of results.



Bidding Strategy

Another metric advertisers should follow closely is the **Advertising Cost of Sale**. Sellers should analyze which keywords are driving clicks—but not converting, those are the inefficient ones. 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.

When should I start bidding down on specific keywords?

For example, you may discover a specific keyword is gaining a lot of traffic, but at an ACoS 40%, some sellers might consider that too high.



PROTIP: Most sellers prefer ACoS 20% to 25% but this depends on the company's goals.

For the above example, this advertiser may want to consider lowering the bid for a keyword term with a high ACoS at 40%.

Another metric sellers should reference in their search terms report is the **average CPC for each keyword term**. 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%.

 [View our 2016 Amazon Virtual Summit Webinar here.](#)



When should I start bidding up on specific keywords?

On the opposite side, 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.

According to our in-house Amazon experts, **one of the most common inefficiencies** we come across with sellers in Amazon Sponsored Products is **selection bias**. The same goes for keywords. You might think you know what is going to perform well but you always want to back your campaigns with tangible data.

Often, sellers have products in mind that they want to do well or that they believe will do well—so those are the products that they will advertise or bid higher on or put in multiple ad groups regardless of the performance. Remember to be product agnostic.

We 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/tools that Amazon provides to make those strategic decisions.



Case Study:

DESIGNER LIVING

[Designer Living Increases Total Sales +133% Through the Implementation of Sponsored Products Bulk Operations](#)



Refine Product Targeting with Negative Keywords

Refine Product Targeting with Negative Keywords

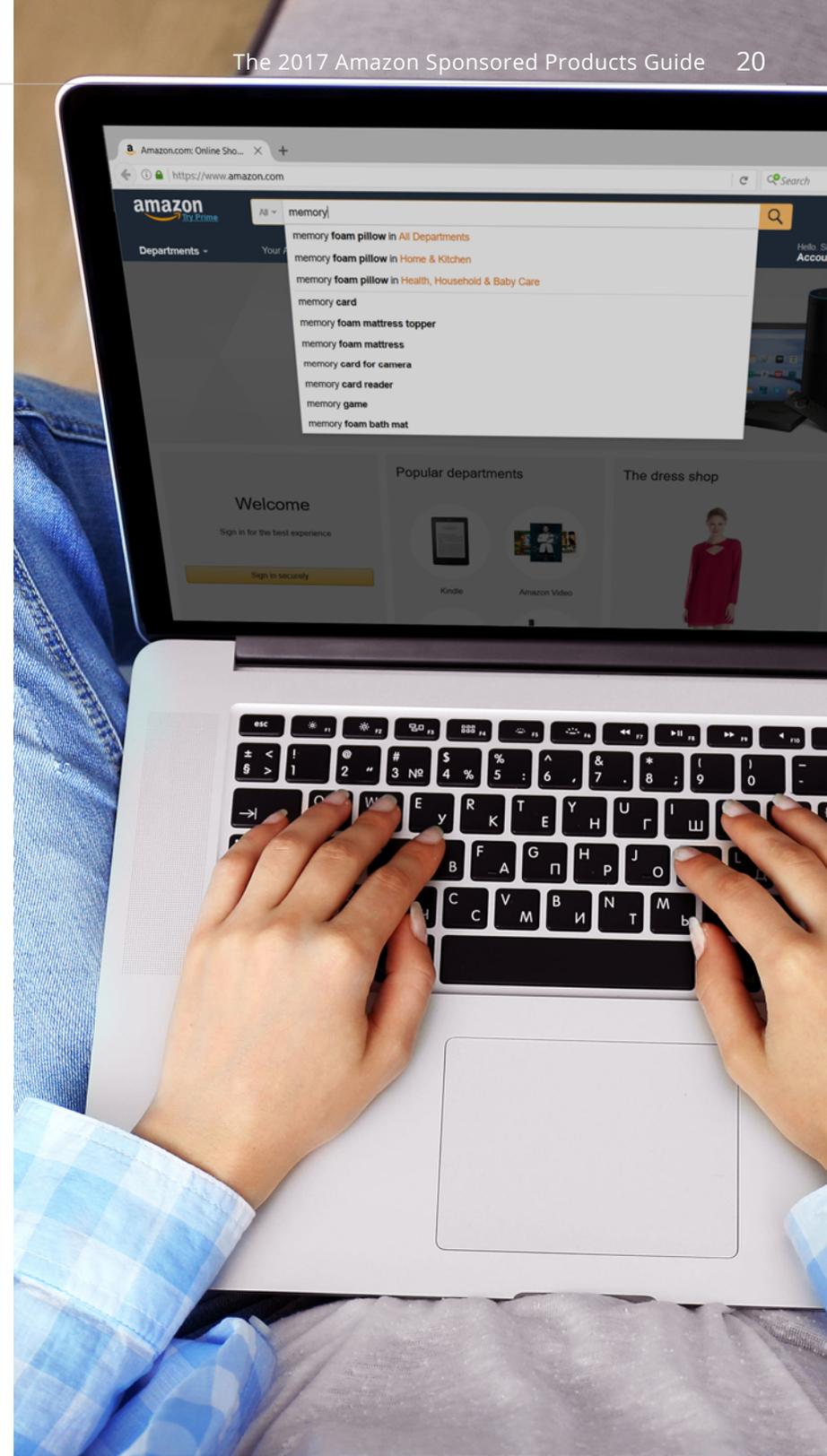
Negative keywords are just as important to identify as popular keywords. If these keywords continue to fly under the radar unnoticed, you risk draining your ad spend on underperforming terms (aka low CTR, low conversions).

The goal for Negative Keywords is to make sure sellers are getting their products in front of search terms that are actually relevant to the products they are advertising, while avoiding allocated spend to keywords which are generating clicks without conversions.

Identifying negative keywords gives advertisers the ability to sculpt their target audience and ultimately improve the performance of Sponsored Products Campaigns. Where we actually begin to see the impact of Negative Keywords is through a lower cost of sale and a higher ROI.



PROTIP: You can identify your negative keywords through the Amazon Sponsored Products Search Terms Report.





“If you are spending a lot of money on Sponsored Products, then you should definitely pay attention to negative keywords,” **Nick Sandberg** at Marketplace Program Development Manager at CPC Strategy said in a recent [blog interview](#).

“I’ve discovered sellers who have \$200 or more spend on a keyword that is not acquiring any clicks and is not associated with the product at all. Those kinds of terms are something you don’t want to show up for.”

“For some larger brands – that might not seem like a lot of money but for other (small to mid size) brands who are concerned about budget, it’s a good way to be tight on your marketing dollars. Regardless, it should be important to everyone regardless of your company size.”



Nick Sandberg
Marketplace Program
Development Manager
CPC Strategy

In the following [blog post](#), we outline several examples of how advertisers can use negative keywords to refine their campaigns including:

- ✓ Exclude weak search terms
- ✓ Refine product targeting
- ✓ Launching a new product



PROTIP: Although negative keyword harvesting is a great way to lower ACOS & improve efficiency, be careful not to get “too negative keyword happy”. The more Negative Keywords a seller implements, the more likely they are to restrict the amount of volume their products get.



Final Takeaways



Final Takeaways

A [prediction](#) I made for 2016 which will continue into 2017 is Amazon's expansion and enhancement of their suite of paid advertising modules for Sellers and Vendors on the Marketplace.

Specifically, I expect that Amazon will make more granular and customizable reporting available as well as give advertisers additional options when it comes to customer segmenting and targeting.

We've seen this already across Sponsored Products, AMS, and even AMG, with Amazon endeavoring to give advertisers more control over where their ads appear and to which customer bases they appear for.

Amazon is just scratching the surface of the value they can extract from their customer data for empowering advertisers, and as they add functionality sponsored to essentially "catch up" with AdWords, advertisers will be more comfortable investing more heavily in advertising on Amazon.



Pat Petriello

Head of Marketplace Strategy
CPC Strategy



What Now?

Schedule Your Free 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

