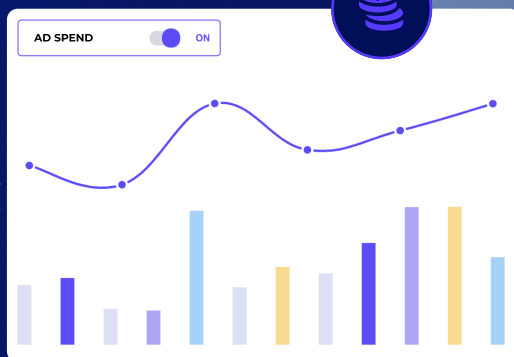




\$15,258,356 ↑ 15%

Monthly Revenue



Cost of Amazon Ads | 2022

Cost of Amazon Ads | 2022

When brands are in the product research phase in preparation to sell on Amazon, one product expense that they often overlook is advertising costs. To estimate profitability, each brand needs to factor in expenses such as unit costs, Amazon FBA fees, and shipping costs, but what about the costs to run [PPC ads](#)?

As more and more [consumers](#) choose online shopping over in-store shopping, advertisers need to take advantage of this audience of ready-to-buy customers. Nearly 3 in 4 consumers start their product search on Amazon.com — a compelling reason for brands and agencies to learn how to use the [powerful advertising tools](#) that Amazon provides.

And brands are definitely taking advantage of these resources. In 2022, Amazon is expected to generate more than [\\$31 billion](#) in advertising revenue alone.

The cost of advertising on the platform is increasing, as brands become more and more competitive. In fact, [59% of Amazon sellers](#) are concerned about increasing ad costs on Amazon in 2022.

Despite these concerns, it is still possible to run profitable PPC campaigns on Amazon — with the proper pricing strategy. To secure your brand or clients' profitability, it's important to be informed about advertising best practices, what ad costs you're up against, and how to figure out what your cost-per-click might be.

In this guide, we'll go over



Where Amazon advertisers spend the most



How much it costs to advertise on Amazon



How to estimate your own cost-per-click

Chapter 1

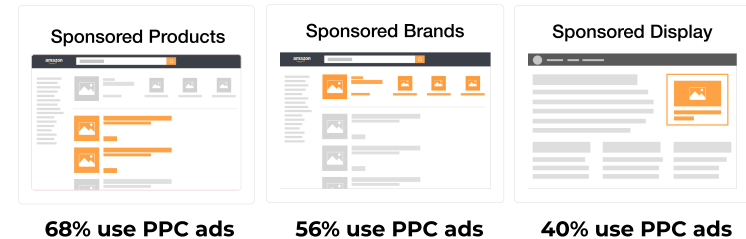
Where are Amazon advertisers spending most of their ad budgets?

Whether you're launching a new product or have a five-year-old listing with 1,000 reviews, Amazon advertising is essential to the success of every brand.

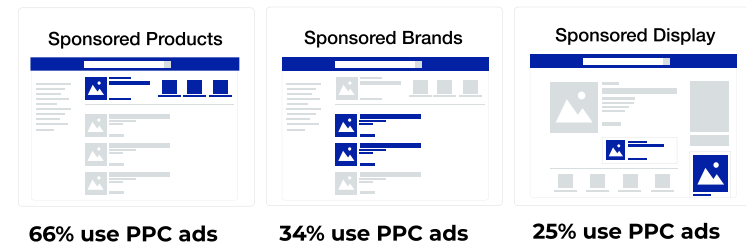
Sponsored Products and Sponsored Brands

Registered brands can make use of the three PPC ad types on Amazon: [Sponsored Products](#), [Sponsored Brands](#), and [Sponsored Display](#). If you are not enrolled in [Brand Registry](#), only Sponsored Products is available to you.

Percent of 1P or Agency Amazon Sellers Using PPC Advertising

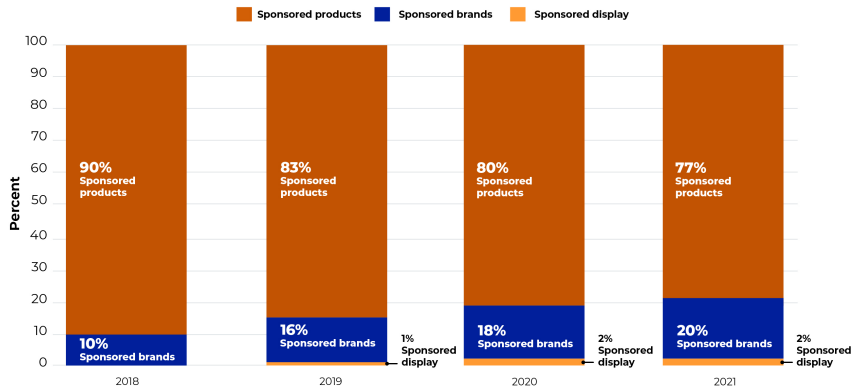


Percent of 3P or Amazon Sellers Using PPC Advertising






According to Jungle Scout's ecommerce data, Sponsored Products is the most popular ad type amongst brands. But in the last three years, there has been a noticeable shift in ad spend from Sponsored Products ads towards Sponsored Brands and Sponsored Display ads are a clear indication that brands find value in investing not just in their products, but also in their overall presence on Amazon.

Trending Share of Amazon Advertising Spend by Ad Product



Brands are also focusing their budgets on ad products that produce a good return on investment.

Ad campaign type		30-day RoAS
	Sponsored Brands	\$6.28
	Sponsored Products	\$4.85
	Sponsored Display	\$1.81

According to Jungle Scout’s ecommerce data, Sponsored Brands yields the highest return on ad spend (RoAS) compared to Sponsored Products and Sponsored Display. We believe this is the case because of the advanced placements and customization Sponsored Brands allows for. With Sponsored Brand ads, you can customize the headline and logo, [use videos](#), and even advertise multiple products at once. Once a customer clicks on your ad, they’ll be sent to a custom landing page or your [Amazon Storefront](#). This allows you to create a unique branded shopping experience for customers.

Sponsored Products are still a great option for businesses who are not brand registered. This ad type is very easy to set up and allows you to get in front of the right customers, from day one of your launch. Even though this ad type is available to every professional seller, it still presents a big opportunity to uniquely advertise your brand’s products and convert visitors into customers.

The higher the RoAS, the more profitable your campaigns will be. Sponsored Display ads, in this case, may be better for visibility and brand awareness versus profitability — according to our data, they present a lower RoAS compared to the other two advertising solutions. Even though your return on ad spend may not be as great with Sponsored Display, these ads allow you to reach relevant audiences for your brand on and off Amazon.

Loose match type

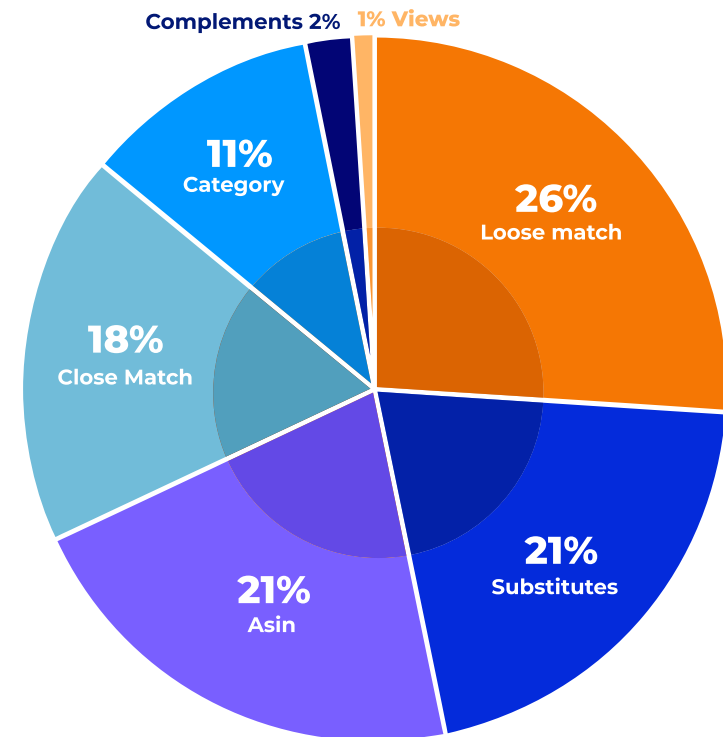
In [Sponsored Products](#), you have the option to run a manual campaign or an automatic campaign. You choose the keywords you want to target in a manual campaign. In an automatic campaign, Amazon will choose keywords for you based on your listing's title, bullet points, description, and back-end keywords. Within automatic targeting, there are four different match types you can turn on:

Close match, Loose match, Substitutes, and Complements. The targeting type you choose for your ads helps determine your RoAS.

Out of all the match types, advertisers are spending the most amount of money on loose match ads as they have the lowest cost per click (CPC) out of all the targeting types — giving brands more room to spend on campaigns.

Broader match types like ASIN, Substitutes, Category, Views, and Complements may result in irrelevant impressions and clicks, resulting in a lower RoAS and a higher cost. This is because the broader your ads are, the less relevant they become to each shopper searching for your brand or products.

Targeting/Matching Type | % of Ad Spend



While loose match has the lowest CPC, close match ads result in the greatest RoAS over a 14- and 30- day period. This is because the more relevant the ad is to a customer, and the more intent the customer has to buy that product, the more likely they are to make a purchase.

+

Chapter 2

+

How much does it cost to advertise on Amazon?

The cost of advertising on Amazon depends on a few different factors: the ad types you choose, your daily budget, your ad targeting type, and your bids per keyword. You get to decide how much you want to spend on a daily basis but there's more to it than that.

Spending just \$10 a day on your campaign can work, but if the campaign is not profitable, you're going to end up spending more money than you make back. You need to target relevant keywords in your campaigns but your ad conversions also depend on other important factors such as the type of product you've chosen to sell, your [product price](#), your [listing's images](#), and the kinds of [reviews](#) you've gained.

+

If you send traffic to a poorly optimized listing, the customer is less likely to purchase from your brand, compared to your competitors.

There is no one size that fits all when it comes to ad costs on Amazon. It's going to be different for every product, every niche, and every brand. It takes time to learn, but once you have properly optimized your listings and campaigns, you'll notice higher conversions and RoAS.



What should my daily advertising budget be?

We recommend starting with at least \$50 to \$100 a day for your PPC campaigns, but it's especially important for enterprise brands to continuously monitor the market and the competition in order to understand how best to win ad placements for your brand's niche.

Gather data while you let your campaigns run for a few weeks, so you can make informed decisions on which keywords to target and what keyword bids to make — and further improve your brand's listings.

Watch your budget: if it runs out early, your campaigns will be paused. If you find your budget running low, simply increase your daily budget if you're profitable, or remove/change costly or overly-competitive keywords that are not converting into sales.

As you analyze your campaign performance data over time, it will help you zero in on a daily budget that's profitable and brings a positive return on your investment.

Example: Your ads run for 7 days with a daily budget of \$10 a day. At the end of the 7 days, you will have spent \$70 on ads. If those ads yielded only \$100 in sales after Amazon fees and your cost of goods, your campaign isn't profitable.

You will need to take a look at the keywords you are targeting and figure out why they're not converting into sales.

RoAS = 7 days with a daily budget of \$10 a day.
Total \$70 spend on ad for 7 days

RoAS yielded = \$30 (Not Profitable)

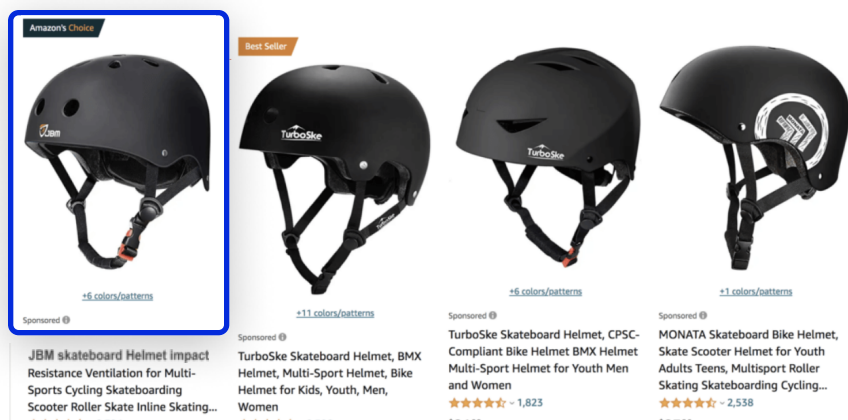
But, if those ads brought \$500 in sales, then you have done something right. This is an opportunity to think about increasing your daily budget so your effective ads run longer, resulting in a boost in sales.

RoAS = 7 days with a daily budget of \$10 a day.
Total \$70 spend on ad for 7 days

RoAS yielded = \$430 (Profitable)

How do keyword bids work?

A keyword bid is the amount you are willing to pay when someone clicks on your ad. When you place a bid, you are bidding against your product competitors for ad placement. If you set your keyword bid at \$0.50, that is the maximum amount you will pay each time someone clicks on your ad. If your competitor has a higher bid for that particular keyword, then they will have better ad placement. This does not mean your ad will not appear before consumers, but your competitor's ad will be in a spot ahead of yours.



Let's say you are the second sponsored ad above (second from left) and you are bidding \$0.50 per click. In this example, the competitor ahead of you (in the red box) could be bidding \$0.55, which might explain why they're in the first position—a position that buyers will easily see first.

Amazon will also offer you recommended bid amounts for each keyword. Going with Amazon's recommendations will typically land your brand one of the higher ad placements in the search results. Use these recommendations from Amazon as a guide, but you can change your bids at any time. Bid higher or lower amounts, make adjustments, and see how your entries perform.

Setting your maximum bid to \$0.50 doesn't mean that you will always pay \$0.50 per click. Your CPC may be lower, depending on what the next highest bidder has chosen. If your closest competitor is only bidding \$0.30 per click, you will only pay \$0.31 per click.

You can bid lower than the recommended amount but bidding low in an effort to save some money has its disadvantages. For example, if your brand is bidding lower than competitors, your ads may not appear in prime locations within the search results. The lower you bid, the smaller the chance of your ad appearing. If you bid at the recommended amount or higher, your ad has a better chance of appearing at the very top of the search results.

If you are bidding much lower than other brands in your niche, your ads may not even show up at all. This is why it is very important to test and understand what it may cost per click, per keyword.

How to estimate your cost-per-click

As mentioned before, Amazon will show you the recommended bid amount for each keyword that you are targeting in your campaign. But what if you don't have a listing up yet?

It is important to understand what it will cost per click for the main keywords in your niche before you launch a product on Amazon. If the average CPC per keyword is very high, that may tell you that the niche is very competitive and it will be harder to gain impressions on your ads and listing.

You can expect to pay anywhere from \$0.05 to \$10 per click for PPC campaigns. That is a very wide range, but the amount you end up paying depends on how competitive your niche is. It is hard to confidently give an average CPC because it will truly vary, depending on the product and market.

For example

A competitive product such as a “travel k cup machine” has an estimated exact bid cost of \$7.50 per click and \$4.57 per click for [broad match](#).

Compare this to a less competitive product such as a “steering assist knob,” which has an estimated cost of \$0.35 for exact match and \$0.25 for broad match.

Keyword		PPC Bid (Exact) ▾	PPC Bid (Exact) ▴
<input type="checkbox"/> travel K cupmachine	(a)	\$7.50	\$4.57
<input type="checkbox"/> steering assist knob	(a)	\$0.35	\$0.25

If you don't have the option to create an ad in Seller Central, then how can you estimate your CPC? Our Keyword Scout feature in [Cobalt](#) will show you the estimated median cost of a broad and exact match PPC ad as well as the cost of a Sponsored Brand ad.

Type in a broad keyword for your product into Keyword Scout, and you will be shown hundreds, or even thousands of relevant keywords — all with an estimated CPC.

02. HOW MUCH DOES IT COST TO ADVERTISE ON AMAZON?

Keyword	30 Day Trend	30-Day Search Volume (Exact)	Dominant Category	Sp. Brand Ad Bid	PPC Bid (Exact)	PPC Bid (Broad)	Ease to Rank
<input type="checkbox"/> pool float	Ⓢ ↑ 44%	279,246	Toys & Games	\$3.56	\$1.21	\$1.51	Difficult
<input type="checkbox"/> pool floats	Ⓢ ↓ 32%	492,097	Toys & Games	\$3.78	\$1.38	\$1.72	Easy
<input type="checkbox"/> pool toys	Ⓢ ↓ 19%	257,181	Toys & Games	\$2.94	\$1.20	\$1.18	Moderate
<input type="checkbox"/> floats for swimming pool	Ⓢ ↑ 135%	117,129	Toys & Games	\$0.10	\$1.06	\$0.54	Easy
<input type="checkbox"/> pool games	Ⓢ ↑ 11%	98,301	Toys & Games	\$3.95	\$1.21	\$1.18	Easy
<input type="checkbox"/> rubber ducks	Ⓢ ↑ 9%	91,389	Toys & Games	\$1.68	\$0.74	\$0.78	Moderate
<input type="checkbox"/> lake floats	Ⓢ ↑ 32%	91,186	Toys & Games	\$2.90	\$0.72	\$0.73	Easy
<input type="checkbox"/> pool noodles	Ⓢ ↑ 20%	80,952	Toys & Games	\$1.29	\$0.93	\$1.05	Somewhat Difficult
<input type="checkbox"/> baby pool	Ⓢ ↓ 28%	79,604	Toys & Games	\$1.86	\$1.24	\$1.42	Moderate

Check out how close our estimates are to Amazon’s recommended bid in this screenshot from a test advertising campaign. It shows you the bid range for the broad keyword “pool float” and what Amazon suggests your bid should be.

Keyword	Match type	Sugg.bid ⓘ Apply All	Bid ⓘ	
Pool float	Broad	\$ 1.77 \$ 1.26 - \$3.55	\$ 1.77	×

“The suggested bid range is based on bids for ads like yours that have won impressions over the past 7 days.”

Now you have a good idea of what it will cost you to target each of these keywords in your brand’s advertising campaigns on Amazon. Another important aspect of targeting keywords is figuring out what your [target Advertising cost of sale \(ACoS\) will be.](#)

Your ACoS is essential for measuring and evaluating the success of your PPC advertising campaigns. Knowing your target ACoS will also allow you to make necessary adjustments for optimizing them.

Before investing in new products, brands should make sure to factor in potential advertising costs as well — not just the product costs and Amazon fees.

Do you need a more in-depth guide on how to set up PPC campaigns for your brand or clients? Check out chapter 7 of our [How to Sell on Amazon for Beginners guide.](#)

Chapter 3

Understand your Amazon advertising pricing

If you invest the time to study and learn how to determine [advertising costs](#), your brand or clients will be well ahead of competition who neglected to do the same. Without knowing what potential ads may cost, brands could be spending their entire profit margin — and more — on advertising. Just by reading this guide, you are already ahead of the curve!

What are the benefits of well-planned Amazon ads? They include increased sales, more visibility, lower ad costs — and profits for your brand or clients.



We hope this guide gives you a better understanding of your Amazon ad costs. If you need more information on advertising on Amazon, check out Jungle Scout's 2022 Amazon [Advertising Guide for Sellers](#) and [2021 Amazon Advertising Report!](#)

About Downstream by Jungle Scout

Downstream is the leading automated advertising and analytics solution and is part of Jungle Scout's suite of ecommerce solutions. Jungle Scout is the leading all-in-one platform for selling on Amazon and beyond. Founded in 2015 as the first Amazon product research tool, Jungle Scout today features a full suite of best-in-class business management solutions and powerful market intelligence resources to help brands, agencies and investors manage their ecommerce businesses.



Supports \$40 billion in Amazon revenue



Serves more than 600,000 customers worldwide



Raised \$110 million in growth equity in 2021



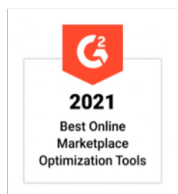
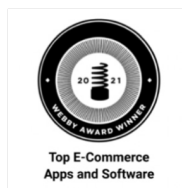
Monitors over 1.8 billion data points daily



Supports up to 17 global marketplaces

Recognized as the most trusted platform for selling on Amazon

Industry Leaders



Learn more about how Downstream by Jungle Scout can provide your ecommerce business with Amazon Advertising analytics and campaign management. Speak with an expert today!

[Request A Demo](#)