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Maximize Your Amazon PPC Strategy

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Maximize Your Amazon PPC Strategy

Real talk time: If you want your brand or clients to be successful on Amazon in 2022 and beyond, you need to have a good **Amazon PPC** management strategy.

Amazon Pay-per-Click (PPC) advertising is part of Amazon's internal advertising system. Through Amazon PPC, brands and agencies can target specific keywords to create advertisements for their products, which appear in Amazon's search results and competitor product listings. That way, brands can present Amazon customers who are ready to make a purchase with relevant products at the point of sale — and then measure their ads' performance to identify which specific ads are driving conversions. It's a highly effective marketing technique that **three out of four Amazon sellers** of all types and sizes utilize.

To help you maximize your PPC strategy, here's what this detailed guide will cover:

- What is Amazon PPC?

- Why is PPC important for brands on Amazon?

- How to create an Amazon PPC strategy

- Choosing which type of Amazon PPC ad is right for your brand or clients

- Types of Amazon PPC ads and targeting strategies

Sponsored Product ads	**Sponsored Brands ads**	**Sponsored Brands ads** ○ Automatic targeting ○ Manual targeting

- The ultimate guide to creating Sponsored Products ads

We'll take an extensive look at each of the different types of PPC ads and how to set them up, along with recommendations for strategies that Jungle Scout's expert Amazon sellers use for their own businesses.

What is Amazon PPC?

Amazon PPC is the advertising platform Amazon makes available to its third-party sellers. It allows brands to create ad campaigns for their products and then charges them each time a potential customer clicks and views their ad.

Before we get into the details of PPC though, it's important to understand Amazon's key PPC metrics. This is how Amazon describes each one:

Advertising Cost of Sales (ACoS)

The percent of attributed sales spent on advertising. This is calculated by dividing total ad spend by attributed sales. For example, if you spent $4 on advertising resulting in attributed sales of $20, your ACoS would be 20% (ie. $4/$20 = 0.20).

Attributed Sales

The total product sales generated within one week of clicks on your ads. Your sales data can take up to 48 hours to populate so, as a result, sales data is not available in the 'Today' date range and may be delayed to the 'Yesterday' date range. You can view the individual sales totals for advertised products and other products in the Campaign Performance report.

Impressions

The number of times your ads were displayed. Once identified, it may take up to three days to remove invalid clicks from your reports. Clicks from the last three days may be adjusted due to click invalidation.

Clicks

The number of times your ads were clicked. Once identified, it may take up to 3 days to remove invalid clicks from your reports. Clicks from the last three days may be adjusted due to click invalidation.

Why is PPC important for Amazon businesses?

As consumer shopping increasingly shifts online — and, overwhelmingly, to Amazon.com — ecommerce brands have immense opportunities to succeed. But with that influx of online retail traffic comes more competitors looking to capture the most sales.

Having an effective Amazon PPC advertising strategy is essential for ecommerce businesses of all sizes. After all, there are over 350 million products on Amazon, and listings can easily get lost in the noise.

And while your organic ranking — the place where your product appears in search results naturally — is important, advertisements help increase your brand's reach on the platform.

How to create an Amazon PPC strategy

Here are the basic aspects of building a solid Amazon PPC management strategy.

- Test out each type of PPC ad campaign, and play around with automatic and manual keyword targeting to see what's best for your brand.

- Perform detailed keyword research using **Cobalt's** Keyword Scout, focusing both on related words and competitor products.

- When starting out, set daily budgets and default bids 50-100% higher than what Amazon recommends.

- Let ad campaigns run for at least two weeks before running reports and making adjustments.

- Use ad reports from your automatic campaigns to find keywords for your manual campaigns.

- Before adjusting or removing a keyword from a manual campaign, make sure the keyword gets at least 10 clicks.

- Continue reviewing your ad reports once a week, subtracting, adding, and adjusting keywords as needed.
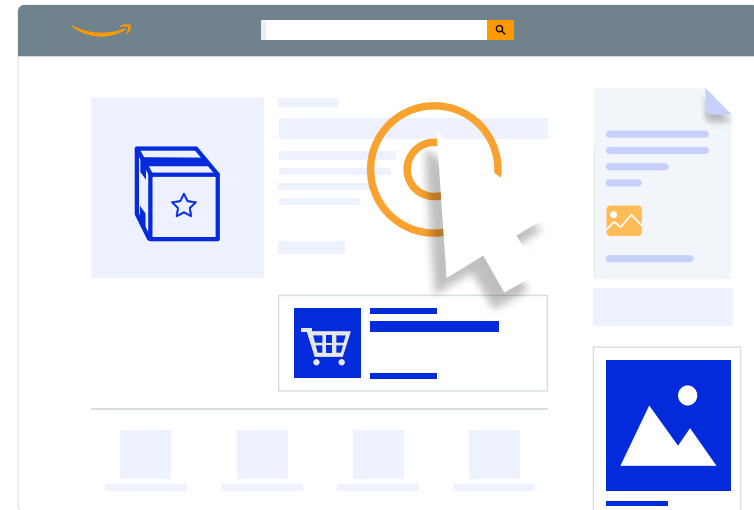
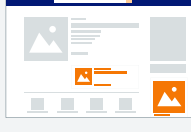# Choosing which type of Amazon PPC ad is right for your business
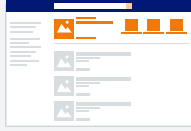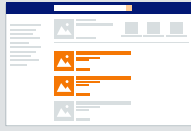
Amazon offers brands and agencies several different types of PPC ads to use, with customizable targeting options. When starting out, we recommend that you try all of the ad types available to you, especially automatic-targeting ads and manual- targeting Sponsored Products ads. These two ad types help you get the best picture of what sorts of keywords and search terms you should target on Amazon.

We'll go over all of your PPC options below. But first, it can be helpful to consider your strategy in terms of your estimated return on ad spend (RoAS), especially when working with a constrained ad budget. In other words, you'll want to consider how much revenue your brand will earn in sales for every dollar spent on ads.

RoAS = Total ad attributed Sales / total ad spend
RoAS= 1/ ACoS

Certain ad types and strategies yield a higher RoAS than others. For example, running Sponsored Brand ads generates the most sales of all the PPC types, as do close and loose match keyword targeting strategies.

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

RoAS by Amazon Ad Targeting Type

The price of your products matters, too. While RoAS generally increases with a product's price, those in the $21-$30 price range hit a sweet spot, with a greater RoAS than both more and less expensive products.

Target match type	14-day RoAS	30-day RoAS
Close match	$6.56	$6.59
Loose match	$5.35	$5.38
ASIN	$3.76	$3.80
Substitutes	$3.47	$3.50
Category	$3.20	$3.22
Views	$2.26	$2.26
Complements	$1.68	$1.70

RoAS by Amazon Product Price Range

Sale are attributed from the same SKU of the item in the ad. Data represented from a subset of nearly 10,000 distinct product advertised on Amazon.

Product price range	14-day RoAS	30-day RoAS
$0 - $10	$0.80	$0.81
$11 - $20	$1.11	$1.13
$21 - $30	**$2.72**	**$2.81**
$31 - $40	$1.17	$1.19
$41 - $50	$1.86	$1.91
$50+	$1.48	$1.53

Of course, it takes time and practice to optimize PPC campaigns, and your mileage may vary. But knowing a ballpark return on investment can help guide the decisions you make for your brand or clients.

It can be difficult at first to figure out what specific PPC strategy will benefit your brand the most — 42% of Amazon sellers cite managing their PPC bids as a top challenge in running their businesses. By trying out each of the ad types, you can find out what works for you and what doesn't. Then, once you have enough data, you can remove ads that you feel aren't working while boosting those that do perform well.
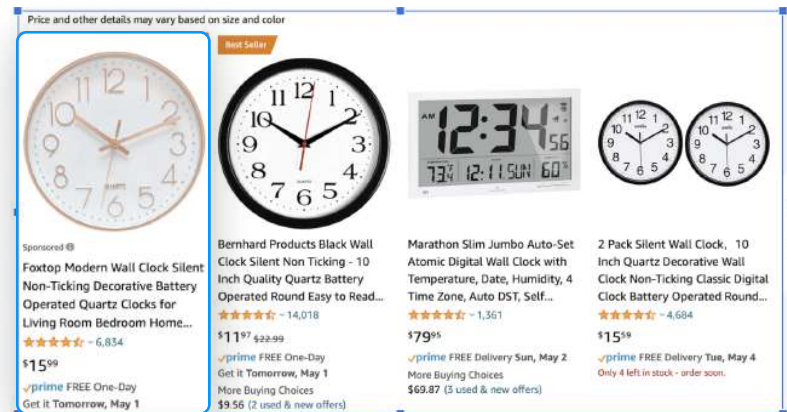
42%

42% of Amazon sellers cite managing their PPC bids as a top challenge in running their businesses.

Types of Amazon PPC ads

Let's discuss the types of Amazon PPC ads available, in order of their popularity among third-party sellers.

Percent of 3P Amazon Sellers Using PPC Advertising

66% use PPC ads-Sponsored Products

34% use PPC ads-Sponsored Brands

25% use PPC ads -Sponsored Display

1. Sponsored Products ads

Sponsored Products ads appear in search results and product listing pages, and can closely resemble organic listings. This is the most common type of Amazon PPC ad, used by 66% of third-party sellers.

When creating Sponsored Products ads, there are two types of keyword targeting strategies a brand can use: automatic targeting and manual targeting. Let's explore their differences.

⊕ Automatic targeting

The automatic strategy involves targeting keywords that Amazon's algorithm determines are related to your product listing. Over time, Amazon uses data that it collects from shoppers' clicks and purchases, then adjusts the ads to better suit your listing and increase conversions.

Within automatic targeting, brands can use four different keyword match types:

- Close match ads appear when shoppers use search terms that are closely related to the product you're advertising

- Loose match ads appear when shoppers search keywords loosely related to your product

- Substitutes target shoppers who are considering products that are similar to your product but sold by a different brand (e.g., a Cuisinart blender instead of a KitchenAid blender)

- Complements target shoppers viewing detail pages of products that complement yours (e.g., paintbrushes to go with a paint set)

As "automatic" implies, this is the easier targeting method from a brand or agency's perspective. The downside is that it lacks the optimization options that other ad types offer.

◎ Manual targeting

Manual targeting involves hand-selecting the keywords you want to bid on. Manually targeted ads will only appear if a shopper's search terms match your chosen keywords. As a more "hands-on" type of ad, you will need to monitor changes in costs and make adjustments where applicable. This optimization often results in more effective ads and a lower long-term ad spend.

Sponsored Brands ads

Sponsored Brand ads, formerly known as "headline search ads," allow brands to drive awareness to more than one product at a time and catch shoppers' eyes with more robust visuals than with Sponsored Products.
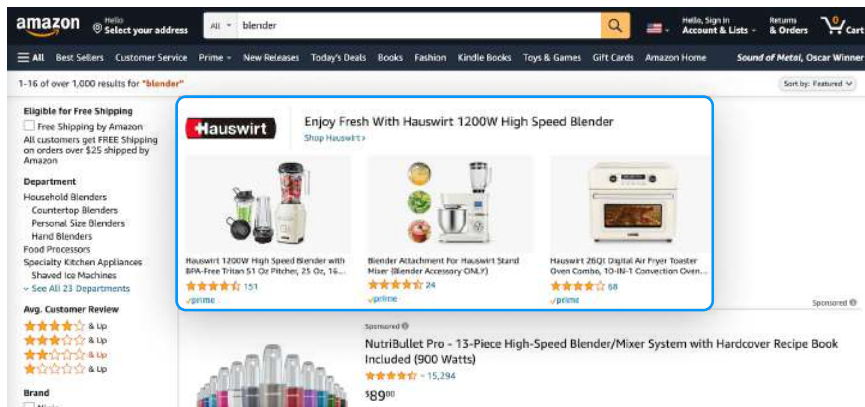
With Sponsored Brands, brands can choose from three formats, which can appear either at the top of Amazon search results as headline banners or further down the page as a video.

"Product collection" and "store spotlight" ads typically include the brand's logo, custom tagline, and two or more products, whereas the "video" format includes a 15-30 second-long video showcasing a single product.

Product collection	Store spotlight New	Video
Promote multiple products from a landing page of your choice.	Drive traffic to a Store, including subpages.	Feature a single product with an autoplaying video.
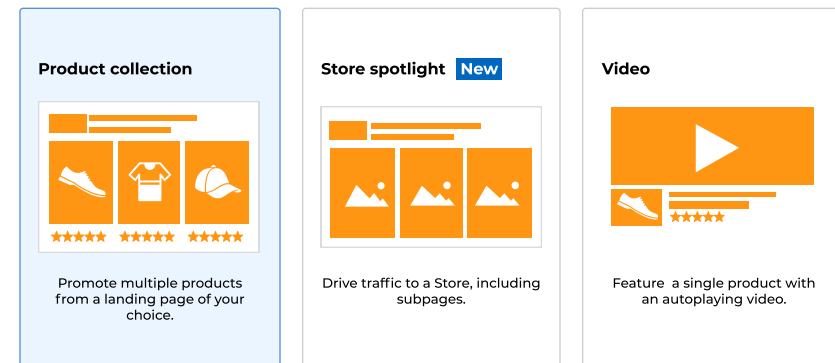
When clicked, these ads navigate the customer to product detail pages or a brand's Amazon Storefront.

Sponsored Display ads

Sponsored Display ads allow brands to retarget customers who have visited their product detail pages, on and off Amazon. Unlike Sponsored Products and Sponsored Brands ads, Sponsored Display ads can appear on Amazon's affiliate sites, including Google, Facebook, Netflix, and even mobile phone apps. Like Sponsored Brands ads, a brand must be registered in order to utilize them.

📢 Off-Amazon Sponsored Display

On-Amazon Sponsored Display

Sponsored Display is the newest type of PPC, and hasn't quite reached the popularity of Sponsored Products and Sponsored Brands: just 25% of third-party Amazon sellers use Sponsored Display PPC ads.

# The ultimate guide to creating Sponsored Products PPC ads

Since Sponsored Products ads are a great introduction to PPC in general, we'll go over how to set one up, based on targeting technique.

For information on how to set up other types of Amazon PPC ads, see the following in-depth guides from Jungle Scout:

- What Are Amazon Sponsored Display Ads & Are They Worth It?

- How to Use Amazon Sponsored Brands Ads

- How to Use Sponsored Brands Video Ads on Amazon

How to create an automatic-targeting sponsored product ad

1. **Log in to Amazon Seller Central and select Advertising > Campaign Manager.**
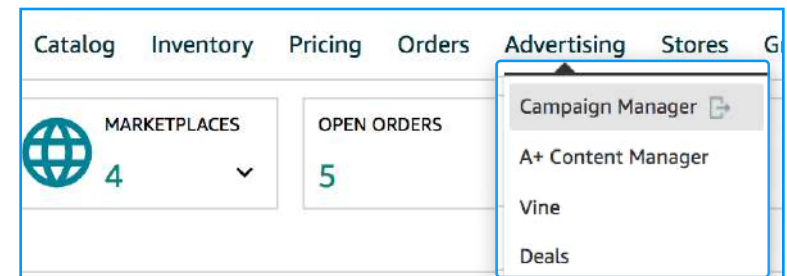
2. **Scroll below the graphs and click on the yellow "Create campaign" button.**
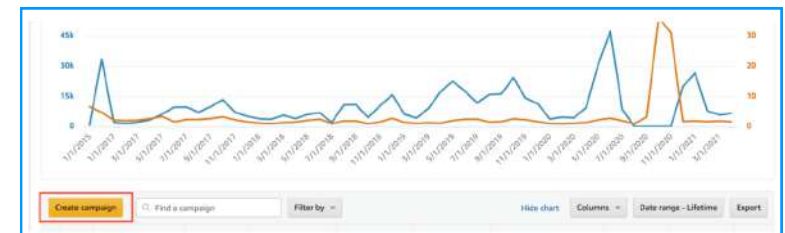
3. Choose the gray Sponsored Products ad
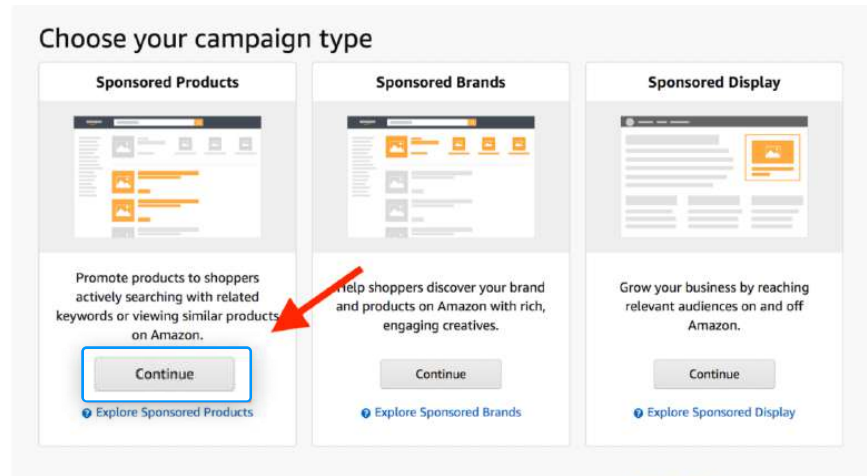
4. Next, fill in the information on the Settings section of the Create campaign page

Campaign name

Choose a name for your campaign. The name can be anything that helps you remember the purpose of the campaign. We recommend naming your campaign after the product, and then using the Ad Group name with the campaign type and product's variations if any .

Date

Select the start and end date for your campaign. If you want your campaign to run indefinitely, leave the end date field blank.

Daily budget

Amazon allows you to set the maximum amount of money you want to spend on ads per day. According to Amazon, if your ad spend comes in under the set amount at the end of a day, the leftover amount can be used to increase ads by 10% on a later date in the same month

Note

When starting out, we recommend setting your daily budget to $25 or more. Most of your costs per click (aka. pay per click) will be between $0.50 to $1.50. If you set your daily budget for $10, that means your budget will quickly run out.

Also, ad costs are charged either a) when you reach $500 in total ads or b) at the first of the month.

The cost for your ads is taken directly from your brand's account balance, and if you don't have enough funds in your account to cover the cost of your ads, Amazon charges the credit card you put on file at the time of registration.

◎ Targeting

Choose "automatic" for an automatic-targeting sponsored product ad.

5. Choose your campaign bidding strategy

There are three types of campaign-bidding strategies for automatic-targeting sponsored product ads.

▼ Dynamic bids – down only

Amazon lowers bids in real-time when you're less likely to make a sale. This prevents your ad from showing up on irrelevant product searches.

◆ Dynamic bids – up and down

In addition to lowering your bid as a 'down only' bid would, if your automatic-targeting sponsored product is more likely to convert, Amazon will increase the price of your bid by 10%.

⊘ Fixed bids

You set your bid and Amazon does not change it – unless you choose to adjust it.

> **Tip**
>
> When starting out, we recommend that you choose 'Dynamic bids – up and down' to maximize your chance at earning a sale on Amazon.

6. Create an ad group

On the same 'Create campaign' page, enter the following information:

👤 Ad group name

Your ad group name represents the products sharing the same bids and budget. Again, the name can be anything, but ideally, it should help you remember the purpose of the ad group. We recommend that you name your ad group after the type of campaign (automatic or manual), plus the product's variation.

Naming Example

Campaign Name	Ad group
bamboo skewers	automatic – 50-pack
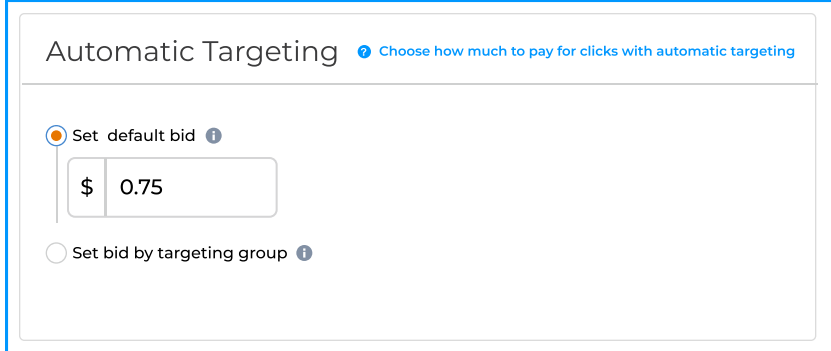
📦 Products

Select the products that you wish to advertise. We recommend selecting only one product per ad group when you are starting out.

> **Remember**
>
> In order for a product to be eligible for sponsored ads, your listing of the product must be eligible for the product listing's Buy Box

7. Set your bids

Automatic Targeting ❓ Choose how much to pay for clicks with automatic targeting

⦿ Set default bid ⓘ

$ 0.75

◯ Set bid by targeting group ⓘ

There are two ways to set bids for automatic-targeting Sponsored Products ads:

💬 Set default bid

If you wish to make things easy for yourself, you can set a default bid for all types of matches. Amazon suggests $0.75 to start, regardless of the product. However, we recommend bidding a little more aggressively when you're first starting out (bidding as high as $1.50 to $2.00) to ensure early sales.

💵 Set bids by targeting group

For more advanced automatic targeting, you can select bids by targeting group, placing different amounts for each strategy.

Automatic Targeting

Set default bid

Set bids by targeting group **New**

TARGETING GROUPS	SUGGESTED BID	BID
Close match	$0.92 ($0.66-$1.44)	$ 0.75
Loose match	$0.72 ($0.47-$1.24)	$ 0.75
Substitutes	$0.97 ($0.47-$1.34)	$ 0.75
Complements	$1.05 ($0.51-$1.88)	$ 0.75

Close match

This shows your sponsored product ad to those who use search terms closely related to your products. For example, if your product is a "black, 48-inch broadsword", your product would show up in searches for "black broadsword" or "48-inch broadsword".

Loose match.

This shows your sponsored product ad to those who use search terms loosely related to your products. For example, if your product is a "black, 48-inch broadsword", your product would show up in searches for "sword" or "medieval weapon."

Substitutes

This shows your sponsored product ad to shoppers who view detail pages of products similar to yours. For example, if your product is a "black, 48-inch broadsword", your product would show up on detail pages for "silver, 48-inch broadsword" or "black, 52-inch broadsword."

Complements

This shows your sponsored product ad to shoppers who view detail pages of products that complement yours. For example, if your product is a "black, 48-inch broadsword", your product would show up on detail pages for "large, steel shield" or "leather sheath for sword."

You can set different values for each of the bid strategies. Amazon makes recommendations for these bids based on similar sellers' bid amounts.

8. Optional: add negative targeting keywords

If you don't want your product to show up in certain keyword searches, you can add those keywords to the automatic-targeting list. When starting out, we recommend that you leave the list blank.

Later, we'll show you how to add poor and high-performing words to this list.

9. Launch campaign

Be sure to double-check all of your information. Then, once you're ready, click the yellow 'Launch campaign' button at the bottom of the page. You can also save your draft if you need to come back to the listing later

It usually takes 30 minutes to an hour for your ad to premiere on Amazon.

How to optimize automatic targeting Sponsored Products ads

Once you've had your automatic-targeting Sponsored Products ad running for at least a week, you'll want to review the data and make any necessary changes.

1. Return to your automatic campaign

Return to Seller Central > Advertising > Campaign manager. Scroll down below the graphs and find the advertising campaign you wish to adjust. Then, select the ad group you wish to optimize.

2. Review the data

In your ad group, you have information you can instantly review to help you get a snapshot of how well your automatic-targeting sponsored product ad is performing.
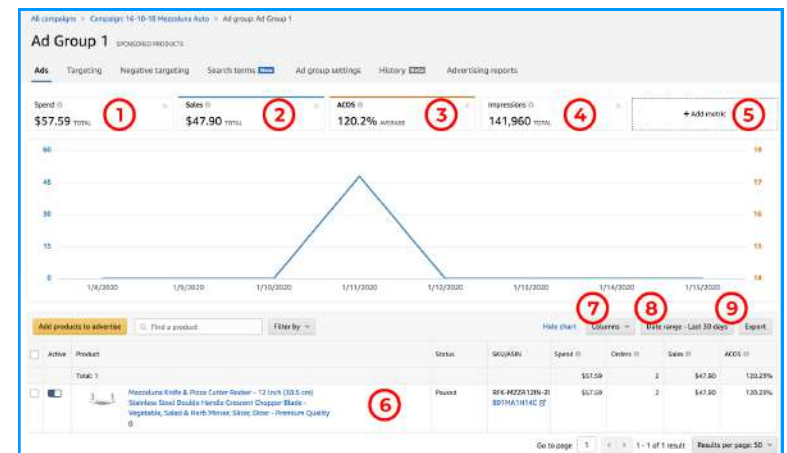
1. Spend

This is the amount you've spent on advertising for this specific campaign in the specified date range (in the case above, the last 30-days).

2. Sales

This is the total sales you've made for the product, related directly to the sponsored product ad campaign in the specified date range. This value does not include organic sales or sales made using other ad campaigns related to the product.

3. ACoS

Advertising Cost of Sales. This percentage comes from your ad spend divided by your direct sales for the campaign.

4. Impressions

This is the number of times shoppers saw your ad in the specified date range.

5. Add metric

You can add additional metrics to the above graph, including: Clicks, Cost-per-click (CPC), Clickthrough rate (CTR), and Orders.

6. Itemized product list

All of the products that are a part of the ad group are listed at the bottom of the page. Each itemized product listing has its own selection of columns showing metrics for the selected date range.

7. Columns

Similar to the Add metric feature, you can add additional columns to your item lines. You can add Impressions, Clicks, Clickthrough rate (CTR), Cost-per-click (CPC). You can also reset the columns to default.

8. Date range

You can change the dates to show different periods of time.

9. Export

If you wish to save the data for your ad group, you can export the information into a downloadable CSV.

9. Additional options

At the top of the graph are the following after options

🎯 Targeting
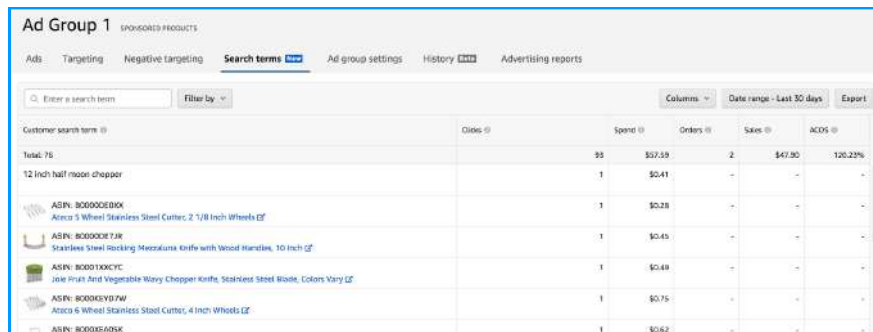
Automatic targeting focuses on keywords and search terms selected by Amazon. As such, there are no adjustments to be made. However, you can use this screen to download a report of the customer search terms and keywords that resulted in a sale.

🚫 Negative targeting

Any keywords that you specifically do not want Amazon to target show up on this list. You can remove or add new negative keywords as needed.

🔊 Search terms

All of the keywords that Amazon targeted for your ad, and that customers clicked on, are displayed here. Like the other graphs and lists, this information is customizable.

👥+ Ad group settings

Here, you can change the group name and your default bids.

🕐 History

Any changes you've made to the respective campaign within the specified date range are shown here.

📄 Advertising reports

To view a full list of the search terms and keyword phrases customers clicked on within your campaign, run an advertising report. It takes approximately 30 minutes for Amazon to create your advertising report. Then, once the report is created, it appears under this tab.

3. Create an advertising report

After you've had a chance to review the broad data for your automatic-targeting sponsored ad, run an advertising report. The advertising report creates an .xlxs (Excel spreadsheet) with data from all of your advertising campaigns.

Focus on the following columns

Customer search term

This is the exact term that an Amazon customer used to find your product.

Total advertising cost of sales (ACoS)

Your ACoS is the percentage of the total sales made, related to the keyword spent on ads.

7-day conversion rate

Your conversion rate is the number of sales made within seven days, divided by the number of impressions your sponsored product ad received in the same time frame.

4. Review your advertising report

The advertising report has a lot of important data about the keywords and search terms Amazon customers used in relation to your automatic-targeting Sponsored Products ad.

1. Select 'Sponsored Products'

2. Create a 'Search term' report type

3. Select 'Summary'

4. Run a report for the last month (or any time that's relevant to your campaign)

5. Name your campaign

6. Deliver your campaign whenever it works best for you

7. Click the yellow 'Run' report button.

8. Go to 'History'

9. Download your report and open it
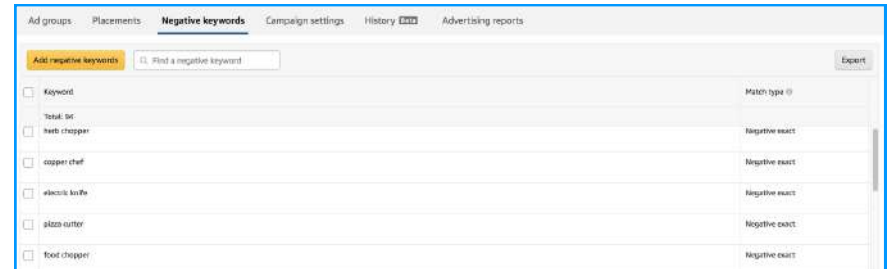
5. Create a list of poor-performing keywords

Look for keywords on your search term report that are performing poorly. We recommend selecting keywords that have had more than 10 clicks, and a high ACoS or low 7-day conversion rate.

To determine your ACoS threshold, consider the profit margin made on your product after fees and costs of goods sold are deducted.

If your ACoS is less than the profit margin, then it is a good ACoS. But if the ACoS for that keyword is higher than your profit margin, you may wish to place the keyword into the negative-targeting keyword list for your automatic-targeting product ad group.

We aim for conversion rates of around 10% for products priced between $18-$25. For higher-priced products, you might consider a lower conversion rate.

Once you know which words are performing poorly, create a list. Then, add those keywords to the negative-targeting keywords tab under the ad group.

Once added to the negative targeting keywords list, Amazon will not display your automatic-targeting product ad in searches for that keyword.

6. Create a list of high-performing keywords

Using the same report, look for high-performing keywords. A high-performing keyword is any keyword that has at least 10 clicks and is at or below your threshold for ACoS or conversion rates.

Once you have your list of high-performing keywords, add those keywords to your existing manual-targeting sponsored product ads related to that product (we detail how to do this later in this guide).

In addition, add the keywords to your negative targeting keyword list. You don't want to have your under-optimized automatic-targeting sponsored ad campaign targeting the same words as your manual campaigns.

7. Continue to run your automatic-targeting sponsored ad

After optimizing your automatic-targeting sponsored ad, continue to run it for another week. At the end of the second week, repeat the same process.

As the ad matures, you'll continue to find more useful keywords for you to add to your manual-targeting sponsored ad campaigns.
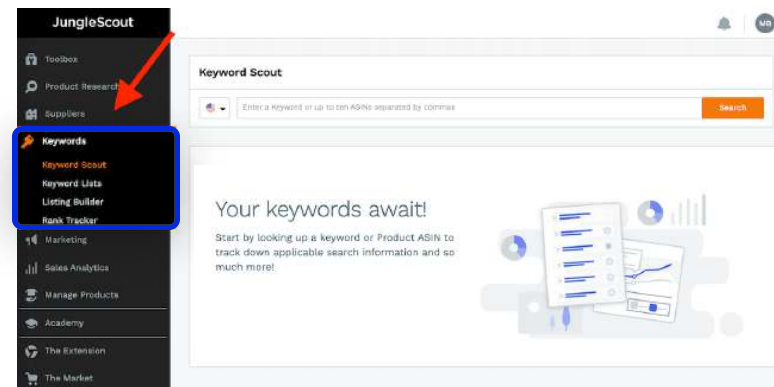
Manual-targeting Sponsored Products ads

Before you launch your first manual-targeting sponsored product ad, you'll need to perform keyword research.

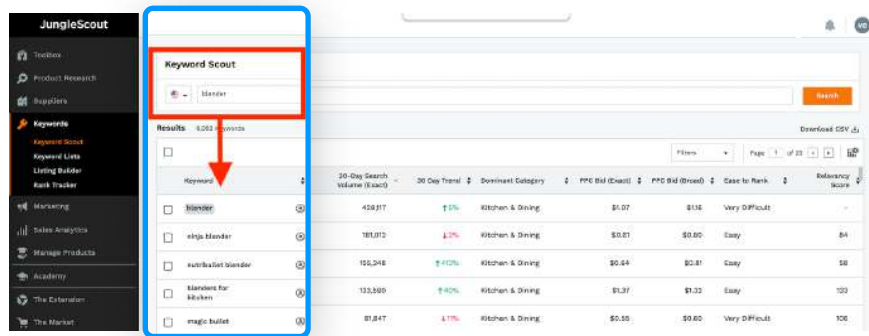## How to perform keyword research for manual-targeting sponsored product ads using Keyword Scout

1. **Log on to Jungle Scout — an all-in-one platform for selling on Amazon — and select Keywords > Keyword Scout**
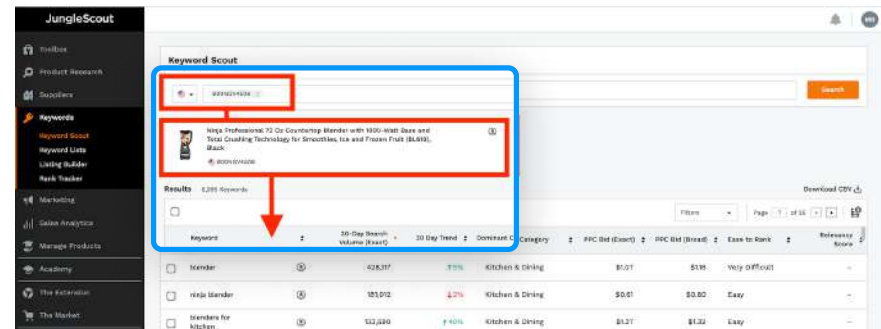
2. Perform a search in Keyword Scout

There are two ways to search for relevant keywords using Keyword Scout.

First, you can perform a search using a related keyword.

The second type of keyword search you can perform is called a 'Reverse ASIN lookup.'

With this type of search, you enter the ASIN of one of your competitor's products. Then, Keyword Scout reveals the keywords for which your competitor's product is ranking.

You can review the data for each of the keywords Keyword Scout suggests, including

🔍 30-Day search Volume (Exact)

This is the number of times Amazon shoppers entered the exact term while performing a search on Amazon.

🔺 30-Day Trend

This is the increase in searches for a particular search term over the last 30 days, compared to the previous 30-day period.

🔍 30-Day Search Volume (Broad)

This is the number of times Amazon shoppers entered search terms closely related to the given search term while performing a search on Amazon.

Dominant Category

This is the category in which the search term appears the most often.

Recommended Promotions

When creating promotions for newly launched products, this is the number of discounted products or coupons we recommend giving away per day.

HSA Bids

This is the average bid current sellers are using to make their sponsored brand ads appear at the top of Amazon searches related to the respective keyword

PPC Bid (Exact)

This is the average bid current sellers are using to make their sponsored product ads appear at the top of Amazon searches using the exact keyword.

PPC Bid (Broad)

This is the average bid current sellers are using to make their sponsored product ads appear at the top of Amazon searches using closely related keywords.

3. Create a keyword list

Click the 'download CSV' button at the right side of Keyword Scout, above the keyword list. This creates a spreadsheet where you can organize the data according to your needs.

When you create a manual-targeting sponsored product ad, you can cut and paste directly from this list.

> **Tip**
>
> Use multiple keyword suggestions and ASINs to build a large list of relevant keywords for your products. The more keywords, the better!

How to create manual-targeting Sponsored Products ads (keyword targeting)

1. Create a new ad campaign

Repeat steps 1 – 6 described in "How to create automatic-targeting sponsored product ads", but choose 'Manual' in the Targeting section instead of 'Automatic'.

2. Set targeting

Within manual, there are two types of targeting strategies keyword targeting and product targeting. For this ad, select keyword targeting.

3. Product targeting

With this strategy, you bid on categories, or related individual products, to grant your product a position within competitor detail pages or in relevant Amazon searches.

4. Adjust starting bids for your keywords

After you add keywords into the keyword-targeting window, Amazon displays the keywords in the right column with the chosen match types and suggested bids.

You can adjust the bids as you see fit.

When starting out, we recommend adjusting your bids up in order to capture more early sales, as Amazon's suggested bids tend to be somewhat conservative.

Note

Keep your daily budget in mind when setting bids. If you have a lot of keywords with bids of $1.00 or higher, that means that once you get 9-10 clicks on your sponsored product ads, your ads will no longer show because you'll have run out of budget.

5. Launch campaign

Be sure to double-check all of your information. Then, once you're ready, click the yellow 'Launch campaign' button at the bottom of the page. You can also save your draft if you need to come back to the listing later on.

It usually takes 30 minutes to an hour for your ad to premiere on Amazon.

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

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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!

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