



Stackline Academy  
on Paid Search

**Give the people  
what they want.**

# Here's the quick take on Amazon paid search.

## Input:

### Keywords

For an effective paid search campaign, you'll need to know all the words and phrases your customers are using to search within your category.

## Execution:

### Sponsored Product Ads, Sponsored Brand Ads, Product Display Ads

With pay-per-click search advertising on Amazon, your ads get served to shoppers who search for keywords you've bid on (if you've bid enough to win and your conversion rate is strong as ranked by Amazon's algorithms). In the case of Product Display Ads, your ads will be served to shoppers who click into related (or competitive) product detail pages.

## Output:

### Clicks and Conversions

The goal of these campaigns is to put your products front-and-center when a shopper is searching in your category and inspire them to choose your product from among their many options. If you've got what they need, this is your chance to make a pitch when their intent is highest.

## KPIs:

### CTR and ROAS

You'll measure the effectiveness of your Sponsored Product, Sponsored Brand, and Product Display campaigns by how many clicks your ads drive and how much sales revenue you generate from each dollar you spend.



#### Sponsored Products

Target by keyword.  
Appear below search results.



#### Sponsored Brands

Target by keyword.  
Appear above search results.



#### Product Display Ads

Target by product or interest.  
Appear on related product detail pages.

“Amazon is expected to collect 15 cents of each new dollar spent on U.S. digital ads in 2020, up from 5 cents last year, according to an analysis of data from research firm eMarketer.”

Amazon, with little fanfare, emerges as an advertising giant

The Wall Street Journal | Lara O'Reilly and Laura Stephens | November 27, 2018

## The power of Amazon search

Imagine you own an independent bookstore in a thriving urban center. Competition is stiff, but foot traffic is plentiful, and you have a secret power on your side. You may not know the moods, hopes, and fears of each passerby -- but you know something equally powerful: what they *want* right in that moment. You know what they're looking for, in whatever terms they're looking. And you can trot out just the right thing to match their desire.

- **“I need an attitude adjustment.”**  
You bring out *The Power of Positive Thinking*
- **“I need help with my English paper.”**  
You give them *The College Guide to Essay Writing* and a copy of *The Elements of Style*
- **“I need to reassess my parenting strategy.”**  
You hand them *The Happiest Baby on the Block*
- **“I need an escape.”**  
You toss out a copy of *A Hitchhiker's Guide to the Galaxy*

That would be helpful insight, wouldn't it? You could sell a lot more if you could figure out exactly what people wanted. Good news: you can. When it comes to figuring out what people are shopping for, your oracle is Amazon (but you'll need a little help translating).

As of May 2018, Amazon owned nearly 50% of product-related search queries on the internet. Google may know more about who you are, what mood you're in, and what just happened in your life by virtue of what you type into that search bar, but Amazon knows what you want to buy. And when you're a business leader trying to sell something, that intel has measurable value.

A paid search campaign simply means that when a shopper types particular words or phrases into the search bar, you pay for the opportunity to show up prominently on the results page -- either at the top of the search results list (Sponsored Product Ads) or with banner-like headline ads at the top of the search results page (Sponsored Brand Ads) -- or on the product detail page of the competitor product that earns their first click (in the case of Product Display Ads).

The question, then, is how do you get your hands on the search terms -- i.e., the keywords -- that your prospective customers are using when they search, and what do you do with them when you know them?



# Whatever words your customers are using to search on Amazon, we know them, and we know what to do with them to help your business grow.

## Discovering the Amazon keywords that matter

Fun as it can be to sit around the conference table with your colleagues and brainstorm a list of words and phrases your customers might use to track down your product or products like it (that really is fun), you'll get better results from a more scientific approach.

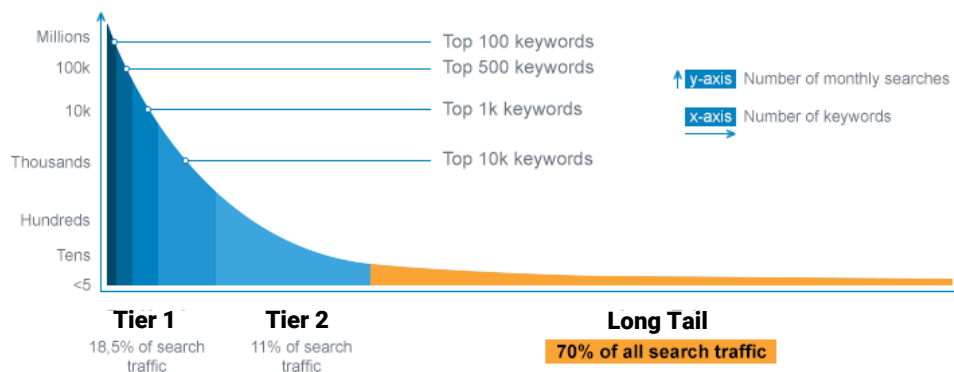
Amazon Retail Analytics Premium will provide subscribers with useful reports like "Top 100 Search Terms" and "Amazon Search Terms," which show vendors the top search terms by category and search terms where vendor products rank in the top three.

While these reports provide a good keyword starter kit, to really optimize content and paid search campaigns, you'll need to get beyond the top terms and find out the best opportunities to increase your coverage and capture more of the "long tail of search."

Your prospective buyers are creative. They can come up with thousands of different words and phrases that lead to your category, and you need to make sure your paid search and SEO strategy sets you up to get in front of more of them.

### Method #1: Spend, then assess

If you're a first-time Amazon advertiser, Amazon recommends starting out with Sponsored Product Ads, since they don't require custom images or copy and will go live immediately. Sponsored Product Ads are like paid search ads on Google – they look similar to organic search results, except they're marked with a "Sponsored" label and sit at the top of the list. And if you use automatic keyword targeting, Amazon will do the work of finding relevant keywords to kickoff your campaign.



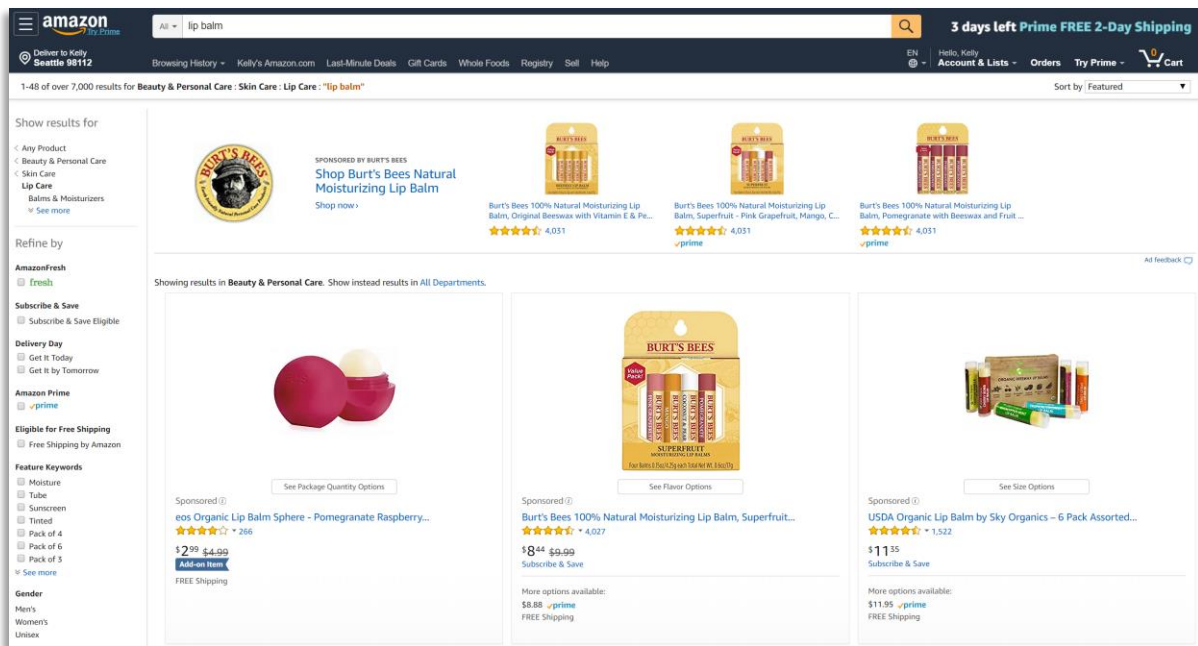
Here's how that can work:

1. Create a Sponsored Product auto campaign and let Amazon do the initial work of finding keywords and optimizing bids based on your budget.
2. Take the search terms with the highest conversion rate and use them to build a manual campaign with "broad match" targeting that doesn't require you to know the exact terms your customers use. (More on "broad match" later.)
3. Identify the highest converting long-tail search terms (i.e., all the exact phrases your customers use to search in your category) and place them in a manual "exact match" campaign. (More on "exact match" later.) Note that if you build your campaigns within the same Entity ID, Amazon will not put you in a situation where you're bidding against yourself to win keywords.

Amazon recommends leaving your first campaign on for 2-3 weeks to gather sufficient conversion data on your keywords and to understand what's going well and what to try next.

Once you've optimized your keyword list to drive sufficient traffic (click-through rate) at an acceptable price (cost per click), you can ad Sponsored Brand Ads into your campaign mix.

Sponsored Brand Ads (formerly Headline Search ads) are product-forward banner ads that sit at the top of the search results page. You can advertise multiple products, deliver a brand message, and drive clicks to your brand landing page (as opposed to a specific product page).



## Method #2: Assess, then spend

For those of you who prefer to look before you leap, we have an alternative method. Our proprietary software captures every search query logged on Amazon, enabling us to serve you a ranked list of keywords for each of your ASIN's relevant categories and sub-categories.

You'll be able to see shopper activity associate with relevant keywords and how many times your products (and your competitors' products) get the subsequent customer click and conversion.

When you have your keyword list in hand, it's time to prioritize. Here, for instance, is a list of the top non-branded keywords shoppers search in the Lip Care Category.

Lip Balm	Flavored	Sun Care
<ul style="list-style-type: none"><li>• Lip Balm</li><li>• Lip Moisturizer</li><li>• Natural Lip Balm</li><li>• Organic Lip Balm</li><li>• Lip Care</li></ul>	<ul style="list-style-type: none"><li>• Coconut Lip Balm</li><li>• Flavored Lip Balm</li><li>• Peach Lip Balm</li><li>• Strawberry Lip Balm</li></ul>	<ul style="list-style-type: none"><li>• SPF Lip Balm</li><li>• Lip Balm SPF</li><li>• Sunscreen Lip Balm</li><li>• Lip Balm with SPF</li></ul>

Start with keyword discovery for your highest-grossing ASINs, and take advantage of opportunities to index on keywords that are gaining volume along with those that are already well-established for your category. (You can check out keyword volumes and trends in our dashboard.) Run a keyword gap analysis to identify sources of competitor share of voice, and if you have the budget to be aggressive, ratchet up spend to win those top contested keywords. Here's a sample of keyword and claim gaps among the top Lip Care brands that another major brand could come in and own with the right keyword strategy:

Competitor A	Competitor B	Competitor C	Competitor D
<ul style="list-style-type: none"><li>• Ultra-hydrating</li><li>• Sun protection</li><li>• Lip care experts</li></ul>	<ul style="list-style-type: none"><li>• Rich formula</li><li>• Dermatologically tested</li></ul>	<ul style="list-style-type: none"><li>• Lasting Hydration</li><li>• 100% Natural &amp; 95% Organic</li></ul>	<ul style="list-style-type: none"><li>• Advanced healing</li><li>• Instantly softens</li></ul>

If this sounds a lot like the first few steps of content optimization, you've read it right. Both processes rely on a thorough assessment of the keywords driving search in your category.

But unlike content optimization, your paid search campaigns require a fine-tuned campaign investment, savvy bidding strategy, and constant monitoring for defensive and offensive opportunities. You'll need to get strategic about buying your own branded keywords to make it harder – or at least more expensive – for competitors to display their Sponsored Product and Sponsored Brand Ads when a customer is explicitly shopping for your product by name. Similarly, you can get aggressive in bidding on your competitor's branded keywords to get your products in front of shoppers for whom some other brand is top of mind.

## Types of keyword matching and usage

### Exact Match:

Use exact match in cases where you know exactly what your customers are searching, and you want to make sure you're showing up when they're typing specific words or phrases into the search bar – and only those words or phrases. If you're bidding on the keyword phrase "running shoes," your ad will only show up if a shopper types exactly those words (or the singular or plural version of those exact words), in that order. Using exact match may put you in front of a more limited audience of searchers, but click-through rates can be higher since you know precisely what the customer is searching and can serve up product accordingly.



### Phrase Match:

Phrase match controls for the order of the words you select, but will allow flexibility in the words that surround them. If you use phrase match for the keyword “running shoes,” the campaign will include searches like “trail running shoes,” “road running shoes,” “women’s running shoes,” and “running shoes with arch support.”

You’ll get in front of a higher volume of searches, but it’s important to avoid (or at least be conscientious about) showcasing products that don’t exactly align with any additional attributes a shopper has searched.

### Broad Match:

With broad match, your ad can be served to a shopper who has searched the keywords you’ve bid on *including* any words before, in the middle, or after the keywords you’ve selected. In our “running shoes” example, your ad may show up for a shopper who has searched “running cross-training shoes” or “running spikes track shoes” or “shoes for trail running and hiking.”

### Negative Keywords:

You have another lever to pull in setting up your campaign keywords. Along with match type, you get to decide which keywords you *don’t* want to include in your bidding. Those are your negative keywords. When a keyword is on your negative keyword list, it means Amazon will block your ad from showing up when that keyword is searched.

Maybe you really want to bid on “women’s running shoes,” but you don’t make any trail runners. You’ll want to block your products from showing up if someone adds the keyword “trail” to her “women’s running shoes” search.

Keywords that aren’t converting well also need to get benched. They’ll be a drag on your ad rank and your return on ad spend (ROAS), and they indicate a relevance gap between what the customer is looking for and what you’re selling.

### Setting your bidding strategy

This is your golden opportunity to play chess at work. And your move depends on your goals (winning, obviously) along with an incisive read of your competitors’ keyword strategy and spend.

Sponsored Product Ads, Sponsored Brand Ads, and Product Display campaigns run on a cost-per-click (CPC) model, so you will only pay for the clicks your ads receive, and you will set your budget according to the maximum you’re willing to pay for each click.

If your goal is to grow sales at all costs, you will have a different (more aggressive) bid strategy than if your goal is to maximize your return on ad spend (ROAS) and ratchet down your advertising cost of sales (ACoS). In the case of the former, you might want to expend a higher proportion of your investment on the top search terms in the category, understanding that they will be expensive to win given stiffer competition, but that they’ll yield higher volumes of traffic. In the case of the latter, you might want to limit your investment exposure to the top keywords in your category and avoid that bidding war, instead focusing your investment on the keywords uncovered in your gap analysis where there’s modest search volume and an accompanying dearth of competitive spend.

## Judging campaign performance

The two primary objectives in the paid search realm are pretty intuitive, and where you are in your product's journey to dominance will dictate which takes priority:

Click-through rate (CTR) and conversions: how successful is my campaign at driving traffic and subsequent sales of the products I'm featuring?

ROAS (return on ad spend) and ACoS (advertising cost of sales): how efficiently am I driving those sales with this investment? How much does every dollar of spend earn in sales revenue?

### ROAS (return on ad spend)

ROAS is calculated by dividing sales revenue by ad spend. If you spend \$1,000 on advertising that generates \$10,000 in sales revenue, your ROAS is \$10. The higher your ROAS, the more efficiently your investment is driving sales.

### ACoS (advertising cost of sales)

ACoS is an Amazon-specific metric calculated by dividing your campaign spend by your revenue. If you spend \$.10 for every \$1.00 of sales, your ACoS is 10%. The lower the ACoS, the more efficiently your investment is driving sales. The ACoS metric allows you to normalize your spend-to-revenue across campaigns, even when your products earn different revenue per unit sold.

Perhaps as a challenger or emerging brand, for a time you're willing to spend very close to your break-even ROAS in order to outbid competitors and drive sales on your way to increased market share. In that case, you would be more concerned with your conversion rate than your cost-per-click and your ROAS.

If, however, you are the dominant player in your category enjoying high volumes of organic traffic, you will be paying close attention to the efficiency of your spend and looking at the incremental conversions each dollar drives.

Aligning your team behind clear primary objectives will help you optimize your campaigns according to the most relevant KPIs, rather than trying to optimize all input and output metrics simultaneously (and therefore maximizing none).

## Let's debrief

**Know your keywords.** Understand the traffic volumes associated with every keyword shoppers use to search in your category. Identify where competitors are spending, where they're winning, and where there are exploitable gaps.

**Set your objectives.** Based on your performance and your business goals, determine if the highest and best use of your investment is to drive sales and win market share or to increase the efficiency of every dollar you spend -- even when that means spending less and driving incrementally lower volumes of traffic.

**Build your campaigns.** Start with Sponsored Product Ads for a lighter creative lift and test your way into a keyword bidding strategy that allows you to win traffic at CPCs (cost-per-click) that don't break your budget.

**Measure and optimize.** Check in on your competitors' paid search spend, keyword strategy, and CPCs to ensure you have the right budgets to compete, and tune strategy based on your priority KPIs.

No advertising opportunity gets you closer to the digital point of purchase than search ads on Amazon. So let's get after it.





