amazonadvertising

Bids and targeting guide

Your guide to budgets and bids for sponsored ads



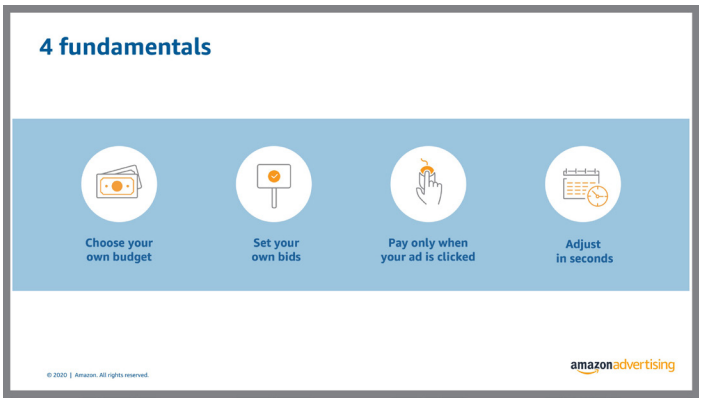
Last update date: July 26, 2021

In this section, we're going to cover: How do I set bids and budgets that can help me reach my goals? We'll start with the basics like how to set a budget for your clients' Sponsored Products, Sponsored Brands, and Sponsored Display campaigns and show you how and when they're charged. We'll then define portfolios, a feature that can help you streamline your campaigns, before looking at common scenarios at both the campaign and ad group levels and the actions your client can take to help improve performance. We'll also go into the UI and show you how to analyze and adjust to your clients' budgets and bids, and look at different features that can help you optimize your clients' campaigns. Finally, we'll walk through some more advanced features, like bulk operations, and show you how to analyze your clients' reports.

Budget and bid basics

Budget, bids, and anything related to spend can be personal. These depend on your business and your goals, and very likely how your goals evolve as you advertise.

> *"[Advertise] within your own budget. You've got to budget with what makes sense. We still do that. Our numbers are significant to our business and how we're growing."*
>
> — Gordie Murphy, Fishoholic, US advertiser



With sponsored ads, your clients can choose their budget and bids, and they pay when a customer clicks on their ad. This is the case for Sponsored Products, Sponsored Brands, and Sponsored Display. Goals can change over time, which is one of the reasons why you can adjust your clients' budget and bids any time you want or need to, in just a few seconds.

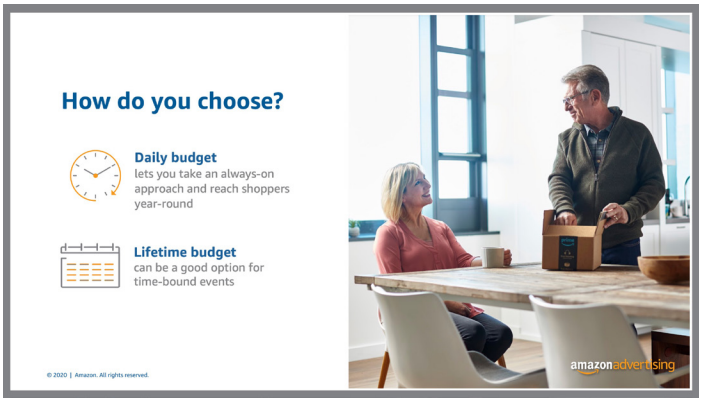
Budget: structures and benefits

Different ad types use different budget structures: some use daily budgets and others use lifetime.

- **Daily budgets:** Sponsored Products, Sponsored Brands, and Sponsored Display
    - Daily budget is the amount your clients are willing to spend on an ad campaign each day. This amount is averaged over the course of a calendar month. On any given you're your clients could spend less than their daily budget, or up to 10% more than their average daily budget. What this system does is allows your clients to benefit from high-traffic days. However, at the end of the month, they'll never spend more than the daily budget they've set, multiplied by the number of days in that month.
    - **Pro tip:** Choose a budget that's high enough to help keep your clients' ads serving throughout the day. For many advertisers, $/€10 will work—but you should always choose one your clients are able to pay.

Budget: structures and benefits (cont.)

- **Lifetime budgets:** Sponsored Brands
    - Lifetime budget is the total amount that your clients are willing to spend on one campaign for as long as it runs. Once your clients' campaigns have reached the lifetime budget, they will stop running ads. Budgets are spent as quickly as possible and your clients' budget won't be paced throughout the day. This means that a smaller budget could be spent in a few minutes if there are a large number of shoppers interested in your clients' advertised products.
    - **Pro tip:** This option is available for Sponsored Brands only, and the minimum amount your client can set for a lifetime budget is $/€100. You also must have an end date for your clients' campaigns to use this option.



If you're running a Sponsored Brands campaign for your client and trying to decide which option to use, we usually recommend daily budget because this allows your clients to run their campaigns without an end date. By being 'always on,' you're able to reach shoppers any time they're shopping on Amazon, not just during a defined period.

But there are times where choosing lifetime budget might be a better option. For example, if your clients are advertising something time-bound, like a clearance, a lifetime budget ensures that their campaigns stop running ads once they've reached the budget you've set for it. And during peak periods like holidays, they might have extra budget to create complementary time-bound campaigns to your always-on ones.

Pro tip: You can't switch between a daily budget and a lifetime budget after you've chosen one for a campaign. To change your method, you can copy your campaign and create a new one.

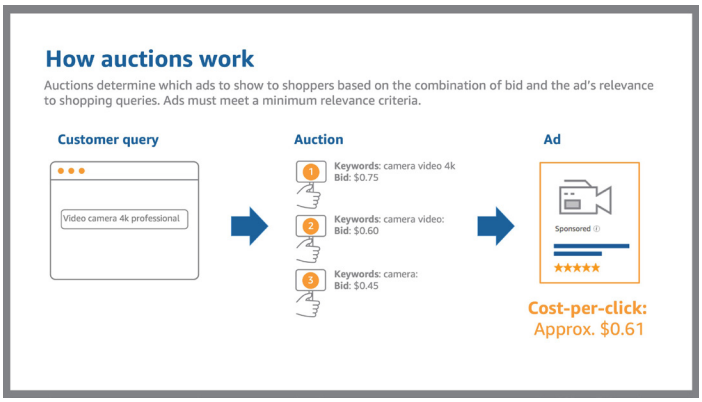
Running out of budget? Amazon sends out-of-budget email notifications when your clients' campaigns have reached, or are reaching, their budget. For daily budgets, we'll also notify you in the campaign manager. If you choose to, you can increase your clients' budgets and the campaigns can continue to be shown to customers.

Bidding: auctions and features

When shoppers browse Amazon for products, we run a real-time auction to decide which ads, if any, will appear and in which order those ads will show on the page.

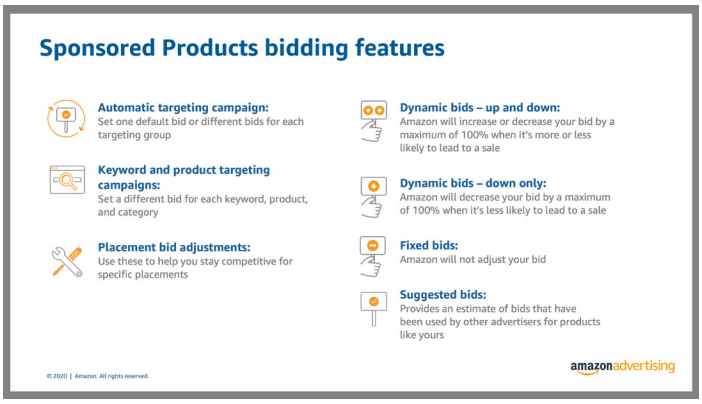
Ads selected to compete in the auction must meet a minimum relevance criteria. Ads that compete in the auction are ranked and displayed to shoppers based on a combination of the seller's bid and the ad's relevance to the shopper's query.

Sponsored ads are cost per click, so you bid the maximum amount your clients are willing to pay for a click, but their cost per click may actually end up being lower than their bid.

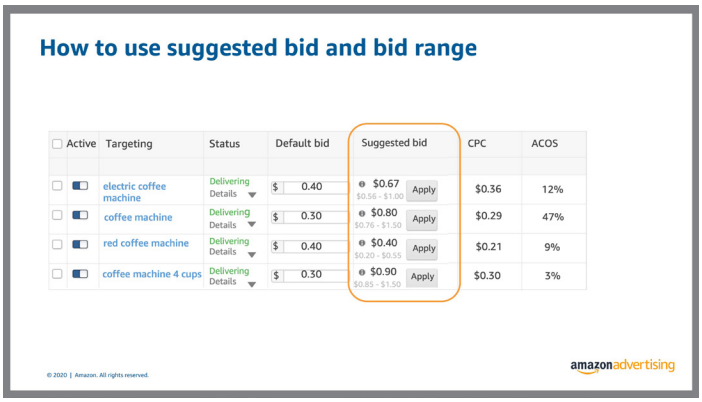


Auctions determine which ads to show to shoppers based on the combination of bid and the ad's relevance to shopping queries. Ads must meet a minimum relevance criteria.

Bidding: auctions and features (cont.)



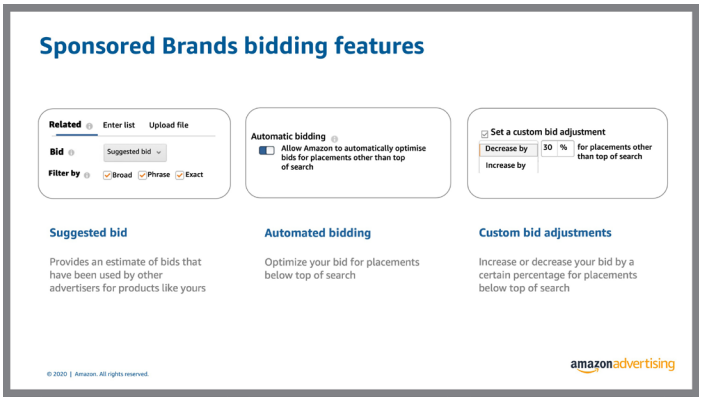
Pro tip: For more control over where your ads appear, you can use placement bid adjustments. With these, you can manually add bid adjustments up to 900% to improve your odd of appearing in top of search (first page) or product detail page placements.



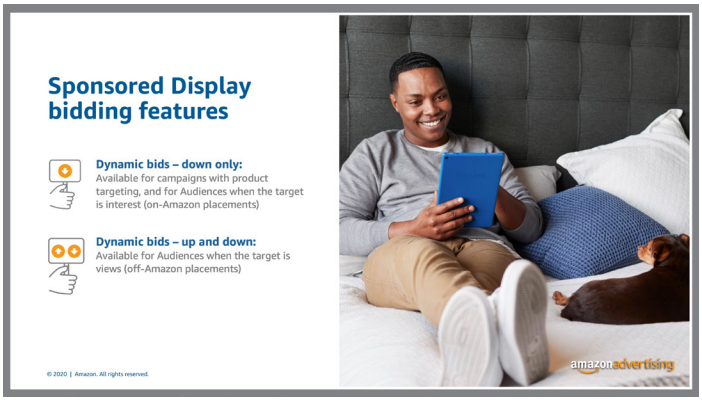
How can you decide what amount to pay for a click? For Sponsored Products and Sponsored Brands, Amazon offers suggested bid and bid range, which are calculated from a group of recent winning bids for ads that are similar to your clients'.

The suggested bid provides you with an estimate of bids that have been used by other advertisers for products like your clients'. The purpose of this range is to help you get started with advertising. However, if your clients have a specific objective in mind, we recommend you enter a bid that will help them meet their strategies and then adjust it based on their campaign performance.

Also, sometimes there is no suggested bid. This is because there is not enough information for the system to establish a range. In this case, we recommend you set up the bid based on your clients' goals and needs. You can start with a more moderate bid, and then check your clients' bids vs. the cost per click to determine whether you need to maintain, increase, or decrease the bid.



Pro tip: If you prefer, you can opt out of automated bidding and use custom bid adjustments. With these, you can increase or decrease your bid by a certain percentage for placements below top of search.



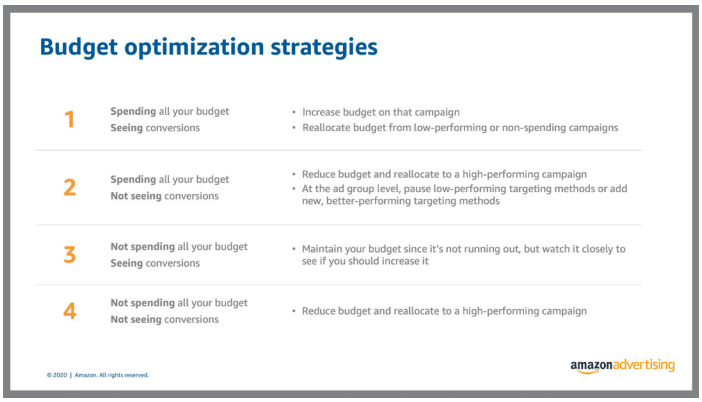
Pro tip: Amazon will lower your clients' bids in real time when their Sponsored Display ads may be less likely to convert to a sale.

Portfolios demos

Use budget limits to manage the total spend of multiple campaigns for a given period.

- **No budget limit:** allows portfolio campaigns to continue spending until they've reached individual campaign budgets
- **Periodic monthly budget limit**: lets you set a monthly budget for the portfolio, which will be restored on the first of each month
- **Budget limit by date** range: lets you select a specific date range for your budget limit

Here's a look:



Scenarios and step-by-step guidance

We're now going to walk through the steps to take to help optimize your clients' budgets by looking at a few common scenarios.

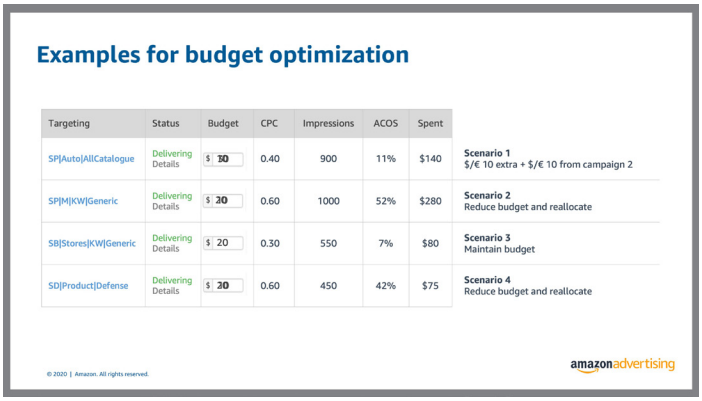
While we go over these, please take into account that there isn't an exact number of impressions, clicks, sales, spend or ACOS that determine "good" or "bad." Results depend on an advertiser's goals and the set-up and targeting chosen for the campaigns.

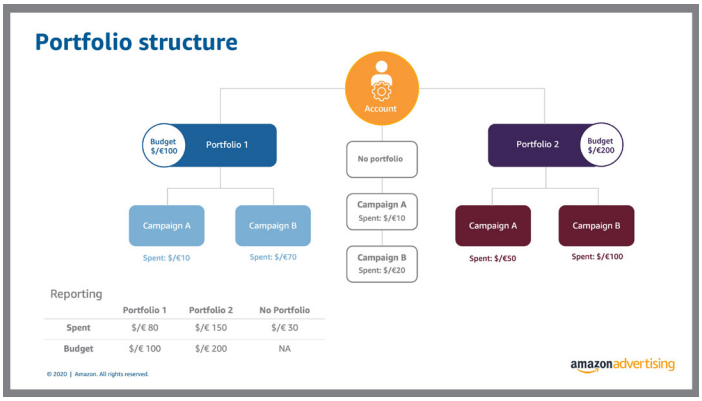
For example, using niche keywords will result in fewer conversions than choosing generic keywords, but when analyzing the niche keywords, you should bear in mind that a "good" number of impressions will probably be much lower than impressions for a very generic keyword. Same with clicks.

With ACOS, a campaign using high-converting ASINs, for example, might have a lower ACOS, so you should set up a lower ACOS goal for that campaign than you would for a campaign where you advertise a new product or one that isn't converting as well.

To optimize your budget and your bids, for that matter, it's important to know when and how to analyze your campaigns. The cadence we recommend is to do a review at least every 2 weeks.

3 scenarios for optimizing your clients' budget





3 scenarios for optimizing your clients' budget (cont.)

First scenario

- Your clients are spending all their budget and seeing conversions, so one solution is to increase the budget on the campaign to potentially drive even more sales. If you're hesitant about increasing your budget or bids for this campaign, you can also consider reallocating budget from your clients' that aren't performing as well or aren't spending at all.

Second scenario

- Maybe your clients are spending all their budget and not seeing any conversions. How can you help change this?
-
    - Reduce their budget for the particular campaign and reallocate it to a converting campaign or campaigns.
    - Optimize their campaigns at the ad group level. With this, focus on pausing targeting methods that aren't performing well, or add new targeting methods that historically perform better for your clients. To get this information, you should look at your clients' Sponsored Products or Sponsored Brands search term reports.
- Now, what should you do if you're not spending your whole budget but seeing conversions? We recommend maintaining your clients' budgets for the time being since they're not running out yet. But keep a close eye on them to see if they do start spending their whole budget and should consider increasing it.

Third scenario

- In the last scenario, your clients are not spending their whole budget and also not seeing conversions. For this, we recommend taking one of the approaches in the second scenario—reduce their budget and reallocate to a high-performing campaign or campaigns, so you can help get more out of them.
- 3 scenarios for optimizing your clients' bids

3 scenarios for optimizing your clients' bids

Campaign level

Dynamic bidding scenarios (Sponsored Products)

Targeting	Status	Budget	CPC	Impressions	ACOS	Spent	Campaign bidding strategy
SP|Auto|AllCatalogue	Delivering Details	$ 10	0.40	900	11%	$140	Up & down To help increase impressions and sales opportunities
SP|M|KW|Generic	Delivering Details	$ 20	0.60	1000	52%	$280	Down only When you're running a campaign that hasn't generated results yet
SB|Stores|KW|Generic	Delivering Details	$ 20	0.30	550	7%	$80	Up & down To help increase impressions and sales opportunities
SD|Product|Defense	Delivering Details	$ 20	0.60	450	42%	$75	Fixed Use fixed bids when your primary goal is to increase visibility and traffic

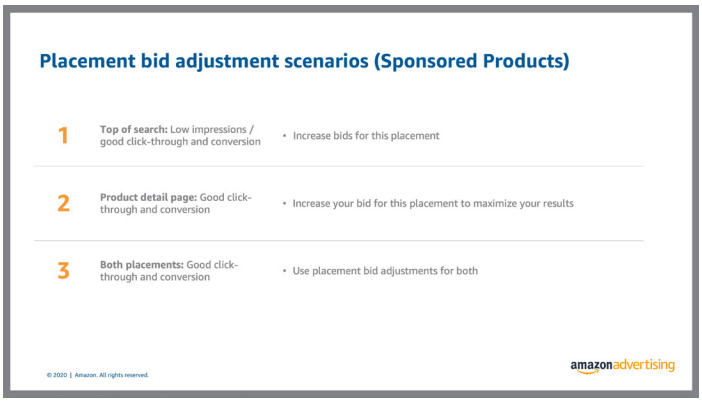
Dynamic bidding for Sponsored Products

With dynamic bidding for Sponsored Products, Amazon will increase or decrease your clients' bids in real time, by up to 100%, when it's more or less likely to lead to a sale.

Up and down: Use this dynamic bidding option for Sponsored Products campaigns to help increase impression and sales opportunities. This can be a good option when your client's immediate goal is to drive sale and you can afford to have a higher CPC.

Down only: Use this dynamic bidding option for Sponsored Products campaigns when you're running a campaign that hasn't generated results yet, and you are looking for learnings from initial performance.

Fixed: Use fixed bids when your client's primary goal is to increase visibility and traffic.



Placement bid adjustment scenarios for Sponsored Products

Understanding top-level recommendations on how to approach placement level bid optimization for your clients can help ensure you are maximizing the potential to deliver on their advertising goals.

Here are three scenarios you might encounter when assessing placement performance for your clients:

1. Low impressions on top of search (first page), but comparatively good click-through and conversion

- Optimization: Increase your clients' bids for this placement to help increase impressions, clicks, and sales opportunities.

2. Good click-through and conversion on the product detail page

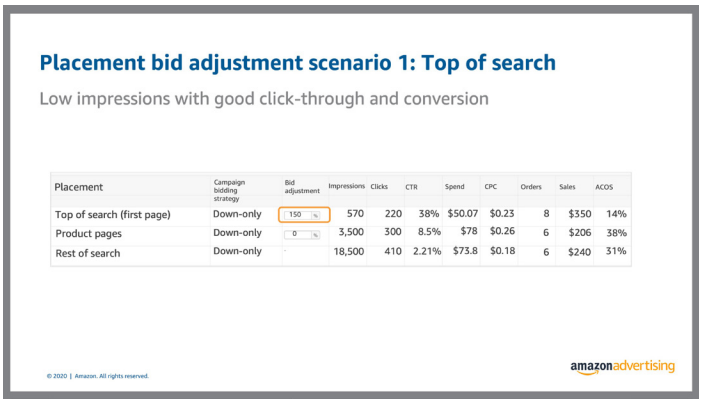
- Optimization: Increase your clients' bids for this placement to maximize their results.

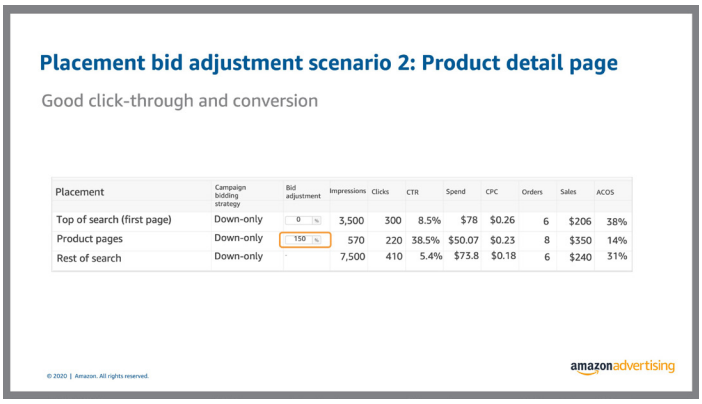
3. If your client has strong results in both placements

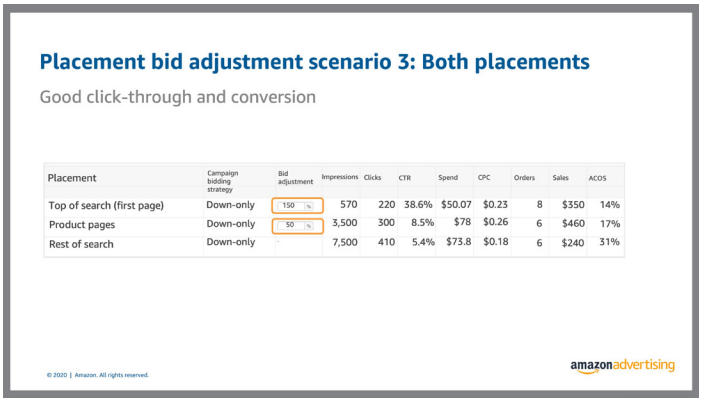
- Optimization: Use placement bid adjustments for both.

Putting this all into practice, here are three scenarios we see and steps we recommend:

- Low impressions on top of search (first page), but comparatively good click-through and conversion: Increase your clients' bids for this placement to help increase impressions, clicks, and sales opportunities.
- Good click-through and conversion on the product detail page: Increase your clients' bids for this placement to maximize their results.
- If they have results in both placements, you can also decide to use placement bid adjustments



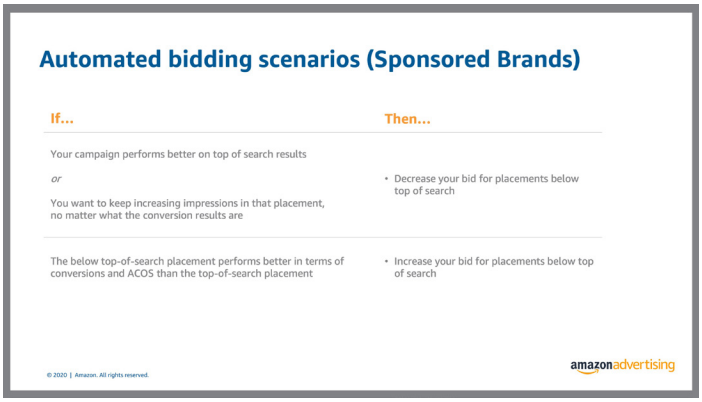








In addition to setting a bidding strategy, your clients can differentiate their bids and view performance of your ads by three placement groups: top of search (first page), rest of search, and product pages. If you chose to do this, their bids will be increased by the specified amounts when their ads compete for opportunities on those placements. Their base bid will apply to the "rest of search" placement group. You can enter up to a 900% increase to their base bid. Adjust bids by placement works together with the selected bidding strategy—"dynamic – down only", "dynamic – up and down," or fixed—to determine the final bid applied.

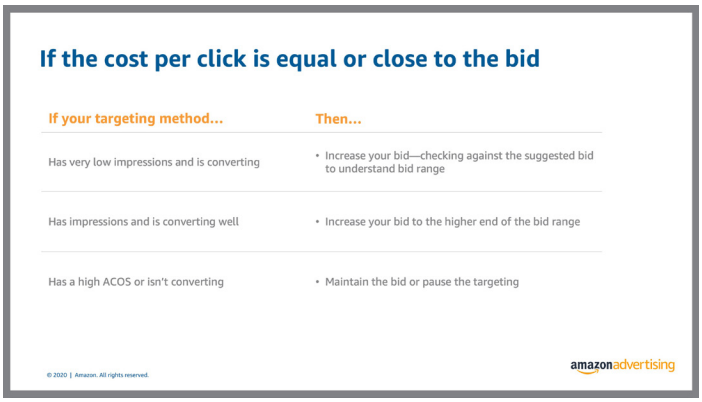


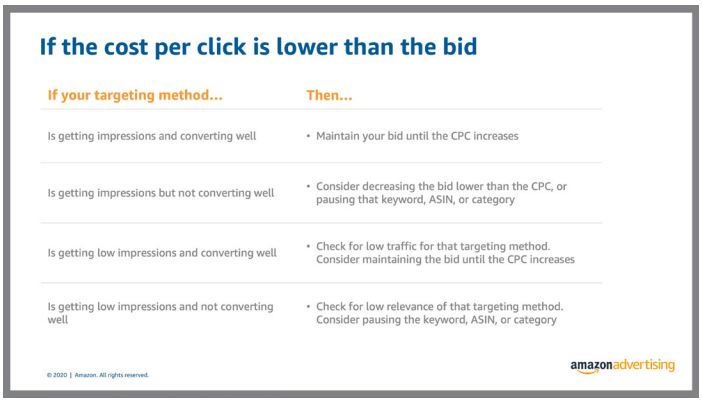
Automated bidding scenarios for Sponsored Brands

With automated bidding, Amazon will automatically optimize your clients' bids for placements below top of search. Or, you can set custom bid adjustments to increase or decrease their bid by a certain percentage for placements below top of search.

For example, if you set a custom bid adjustment to decrease your clients' $/€1 bid by 30% for placements other than top of search, their bid would become $/€0.70.

If your campaign preforms better on top of search results or you want to keep increasing impressions in that placement regardless of conversion results
Optimization: Decrease your bid for placements below top of search





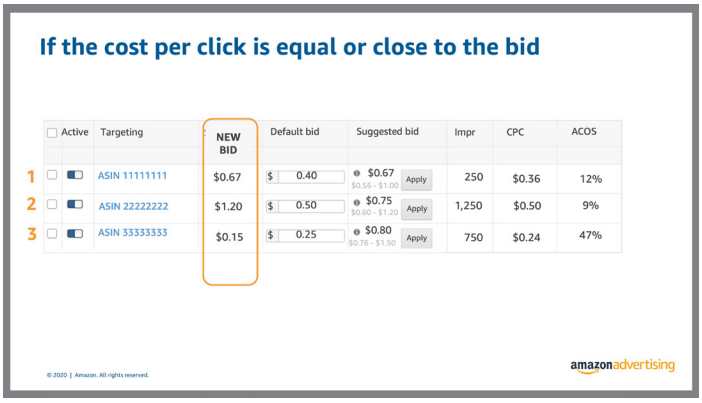
Targeting level

In this situation, it means other advertisers are bidding similarly as your clients, maybe higher, so they may be missing out on impressions.

If your clients' targeting method—keyword, category, or ASIN—is having very low impressions and converting, it's likely that their bid is low with respect to the benchmark. Try increasing their bid, checking the suggested bid to understand the bid range.

If your clients' targeting method is getting impressions and converting well, again, try increasing their bid, checking the suggested bid to understand the bid range. Here, we recommend setting a bid that's close to the highest end of the range, but never bid more than your clients want to pay for a click.

If your targeting method isn't converting or has a high ACOS, it could mean that the targeting isn't relevant for your clients' ad. We suggest either maintaining the bid or pausing the targeting.



Now, if the CPC is lower than the bid, this means that other advertisers are bidding lower. It might not be necessary to increase your clients' bid if the CPC doesn't increase, since this might cause bidding inflation.

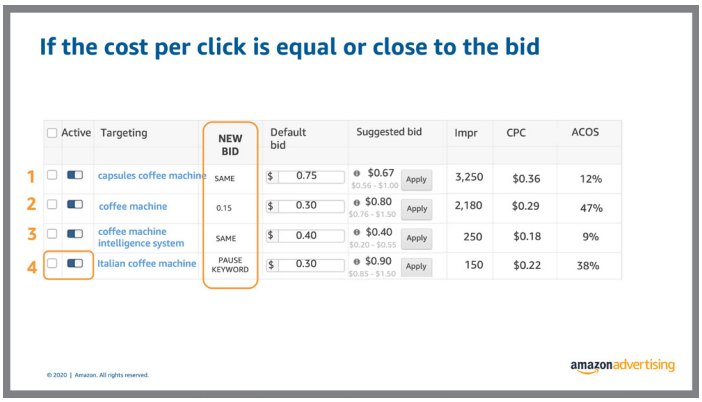
If your clients' targeting method—keyword, category, or ASIN—is getting impressions and converting well, maintain their bid until the CPC increases.

If your clients' targeting method is getting impressions but not converting well, consider decreasing the bid lower than the CPC, or pausing that keyword, ASIN, or category.

If it's getting low impressions and converting well, this might be due to low traffic for that targeting method. In this case, consider maintaining the bid until the CPC increases.

Or, if it's getting low impressions and not converting well, it could be due to low relevance of that targeting method. Consider pausing the keyword, ASIN, or category.

As a note, there's a correlation between impressions and budget. Take into account that you need to also check if the budget is being spent entirely at the campaign level, since this can also be the reason for not having impressions.



Your guide to optimizing and expanding your clients' sponsored ads targeting strategy

In this section we'll show you the best way to structure and optimize your clients' Sponsored Products and Sponsored Brands campaigns based on performance.

Strategic sponsored ads targeting overview

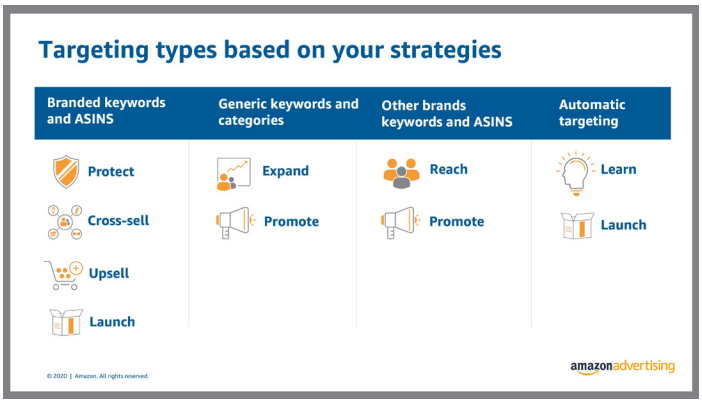
First, let's recap what are the most common execution strategies when using sponsored ads and the importance of setting up the right targeting methods. Let's consider your clients' objectives:

- You may be looking to protect your clients' brand equity and increase loyalty with their existing customers, or to expand in a different category or marketplace.
- You may also be looking to amplify your clients' reach and have their brand impact more customers on Amazon.
- You may be supporting a product launch with their advertising, making sure their new product is gaining visibility, or trying to cross-sell when customers see one of their products to give more visibility to their whole portfolio.
- Finally you can be using advertising to boost your clients' deals and coupons, so they get traction, or simply to learn about the performance of specific products or creatives.

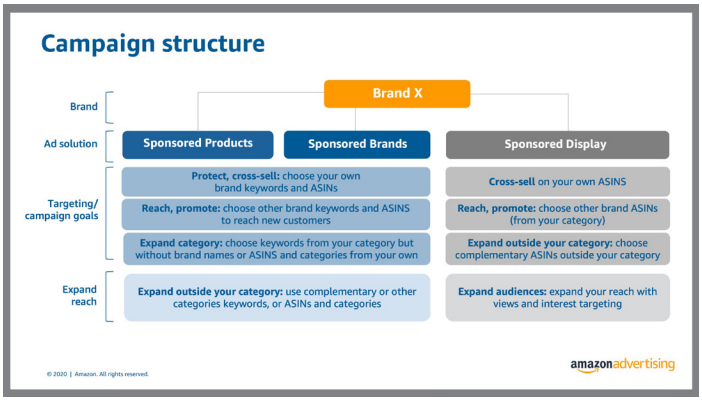
When creating a campaign, you'll have defined your clients' main objective and that can help you choose the targeting method.



For example, you can group campaigns in buckets based on your clients' goals and then pick the targeting methods that can help achieve each goal.



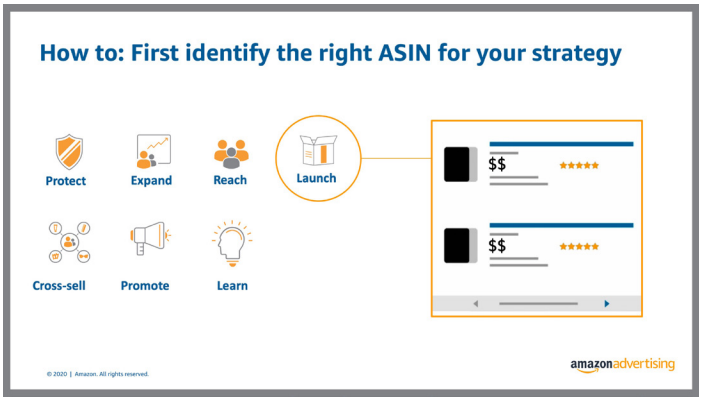
Here's an example of how you could structure your clients' campaigns based on ad solutions, targeting types, and campaign goals:



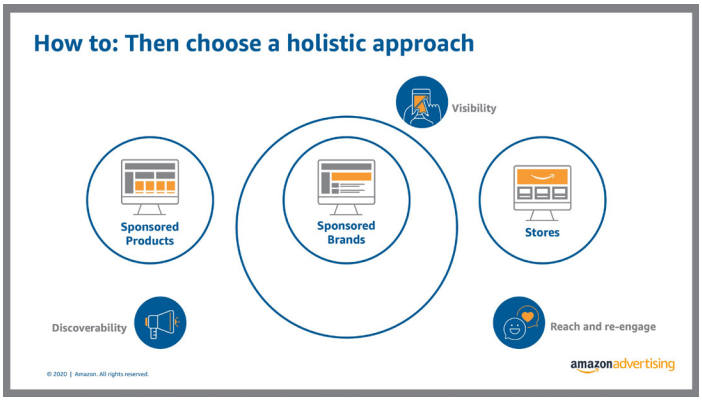
How to structure your sponsored ads campaigns

While it's important to align your clients' targeting to their strategy, it's also essential to know how to structure their targeting within the campaigns to help them achieve the best possible results. A good structure can help you understand how to allocate budget more effectively, by testing keywords and products and prioritizing the best performing ones in a straightforward manner.

Here's a practical example of how you can implement that in your clients' campaigns:



Then create a holistic approach using Sponsored Products, Sponsored Brands and Stores:

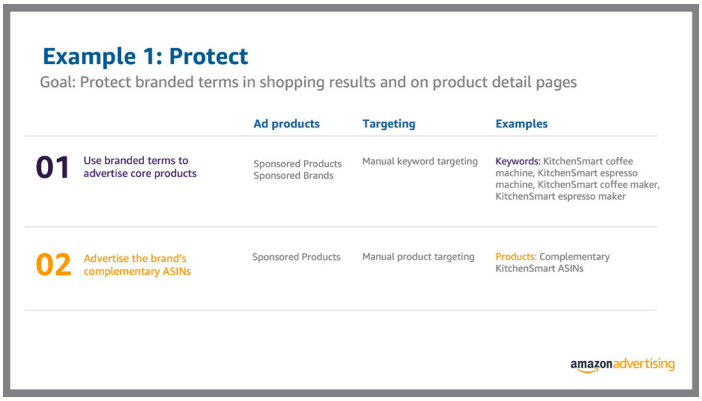


Define the targeting tactic you will use to help drive your clients' overall strategy. You'll be able to test and learn using them together or separate until you understand what works and what doesn't for your clients' brands.



Consider the case of KitchenSmart, a fictitious brand using Sponsored Products and Sponsored Brands to drive sales for its different coffee machines and accessories.

In this first example, they define their goal as the need to protect their branded terms on Amazon in both shopping results and on product detail pages:



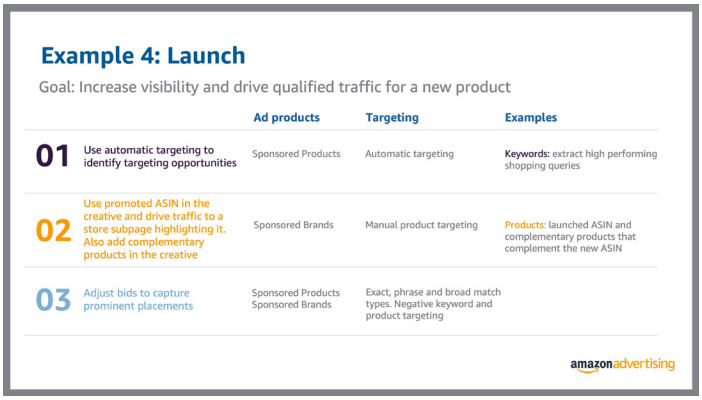
In this second example, Kitchen Smart is trying to expand their product reach and attract new customers. To support their strategy they take a multi-tactic approach:



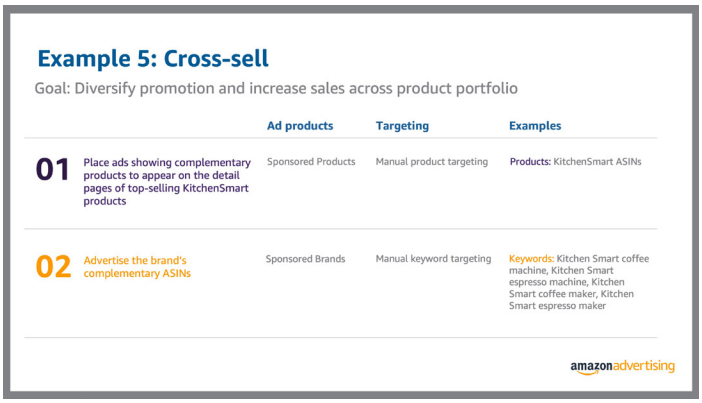
In this example, Kitchen Smart wants to be able to reach more customers and increase awareness about their products:



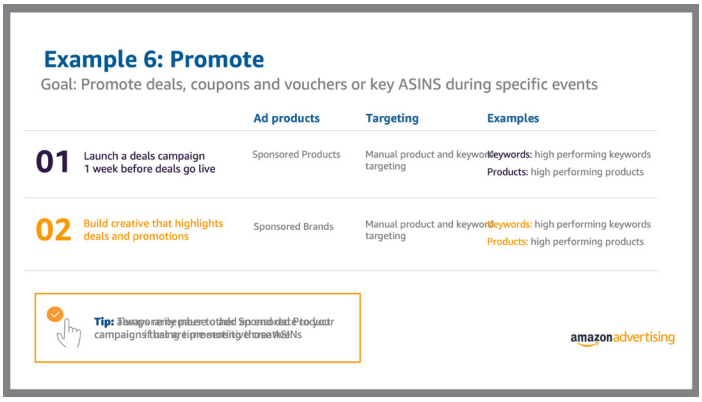
In this example, Kitchen Smart is using Sponsored Products and Sponsored Brands to support their product launch strategy:



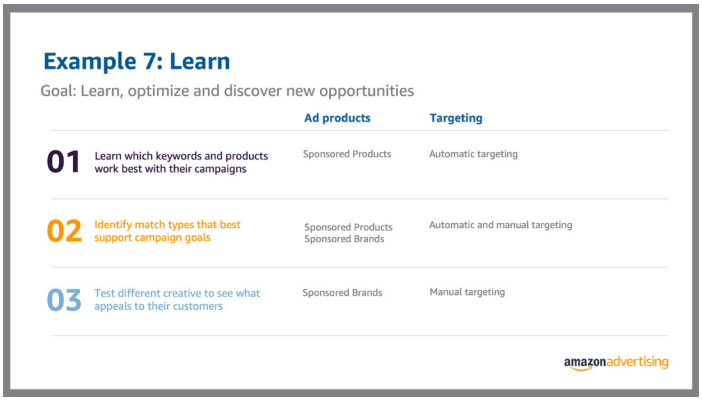
In this example, Kitchen Smart is trying to diversify the promotion of its portfolio to increase awareness and sales:



In this example, Kitchen Smart is using Sponsored Products to help promote deals, coupons and vouchers, or specific products during an event, such as Prime Day:



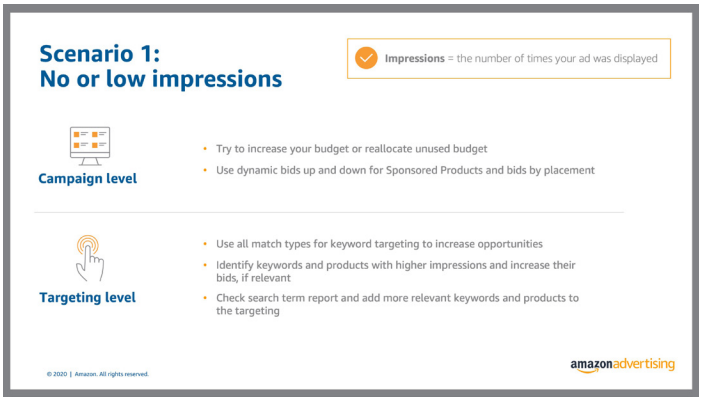
And finally, in this last example Kitchen Smart is using Sponsored Brands and Sponsored Products to learn about their advertising performance:



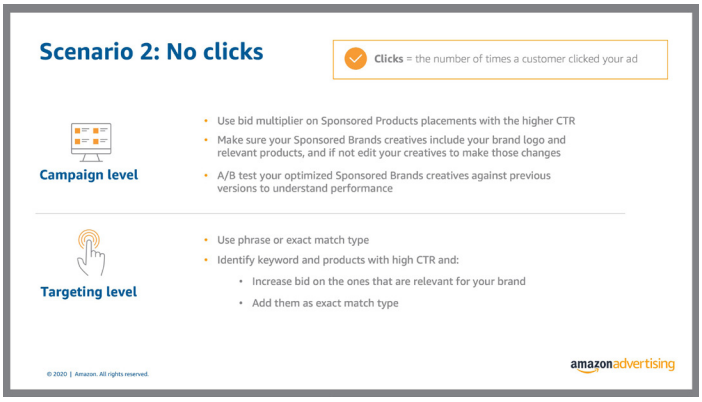
How to optimize your clients' campaigns

Now that you understand more about targeting and how to structure your clients' campaigns, let's have a look at how you can also optimize those campaigns. It's important that prior to analyzing results, you have your clients' goals and strategies in mind to then compare performance, campaign by campaign. Now we will show examples of what you can do depending on some specific results. Remember to use this as a framework, but always measure against your clients' goals.

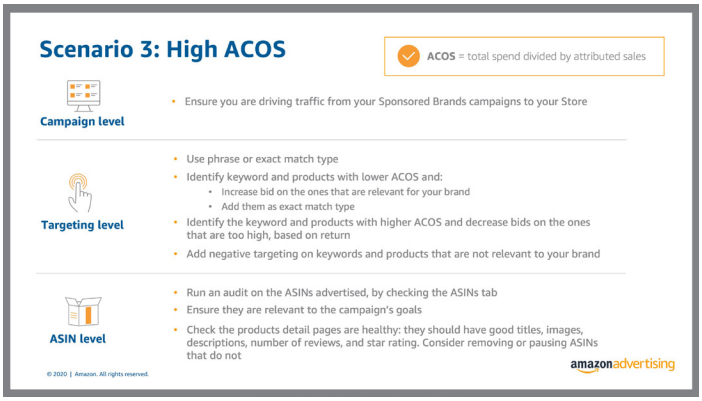
If you are measuring impressions and, based on your clients' expectations, the results are low, there are a couple of things you can do:



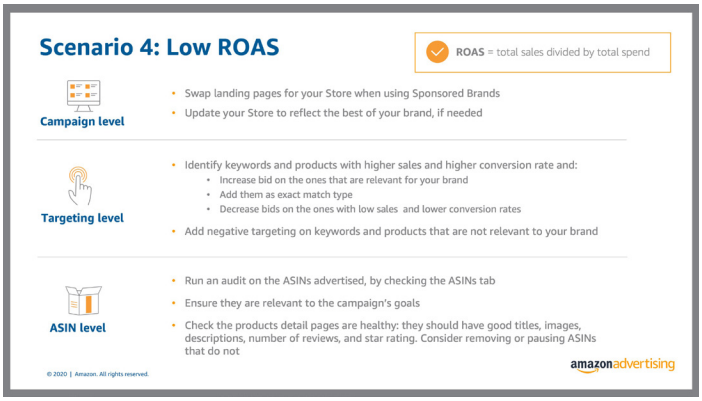
If you are measuring clicks and the results are low based on your clients' expectations, here's what you can do:



If you'd like to decrease your clients' advertising cost of sales (ACOS), here's what you can do:



If you'd like to increase your clients' return on ad spend (ROAS), here's what you can do:

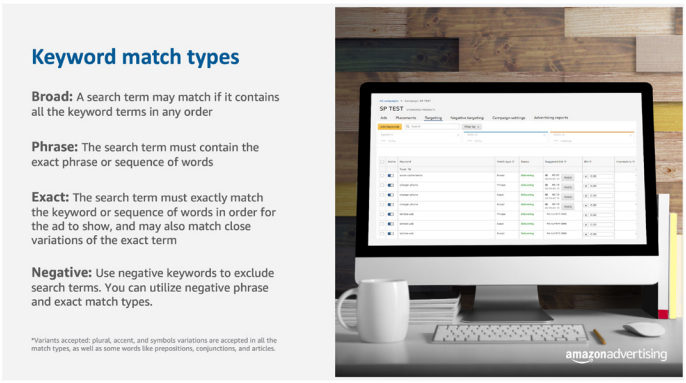




How to optimize your clients' keyword strategy

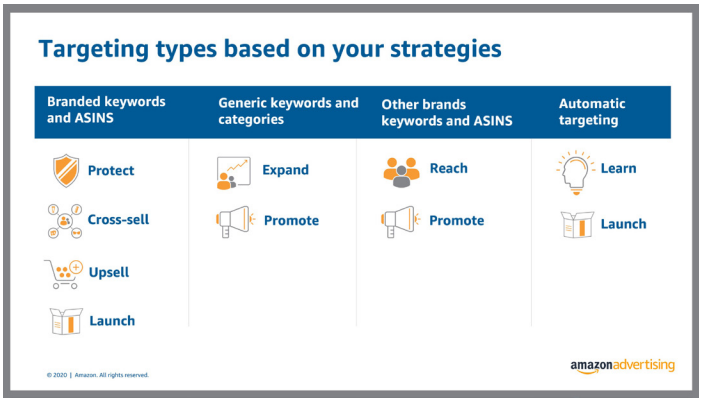
In this section, we'll first start with the basics, walking through the different keywords and match types and the benefits of each. We'll then cover how to structure your clients' campaigns according to their unique goals, keyword bidding strategies, and the types of reports you can use to optimize, before taking a look at a few scenarios and the recommended strategies for each.

The basics: keywords and match types



Structuring your clients' campaigns

We recommend grouping your campaigns in buckets based on your clients' goals and then picking the targeting methods that can help your clients achieve each goal. Here are four examples of how different targeting methods can support specific business models:



Shopping terms analysis: reports review

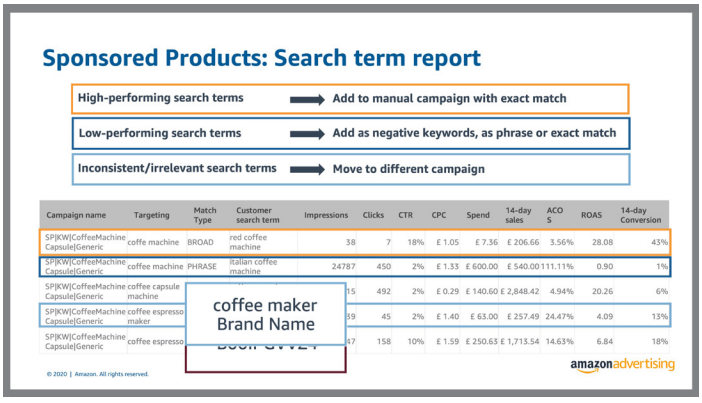
The search term report shows the search terms that resulted in a click, which can help you identify high performing search terms as well as search terms that don't meet your clients' goals.

If there are some high-performing search terms in the report, we would recommend adding them into manual Sponsored Products campaigns or Sponsored Brands campaigns using exact match.

If there are some low-performing search terms, we would recommend adding these as negative keywords, either phrase match or exact match. Negative phrase match will prevent your clients' ads from appearing whenever this term is used in a given search term.

There are keywords that might be not relevant or persistent with the advertised products. We recommend using separate campaigns for different keyword strategies, such as separating branded search terms and category keywords. To keep these keywords from spending budget from this campaign, we would recommend adding them as negative keywords using exact match.

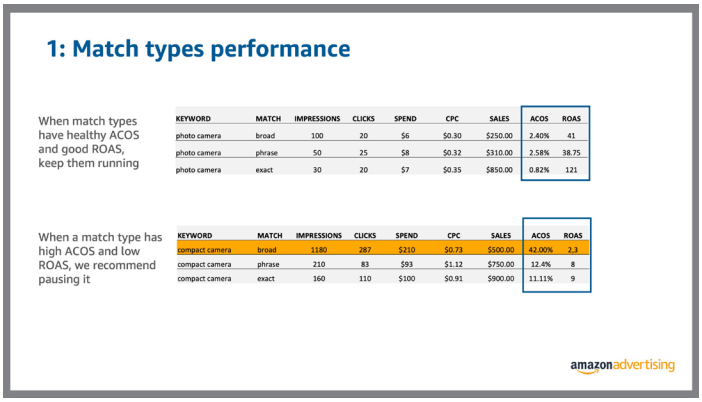
Pro tip: In the customer search term column of the report, you may notice alphanumeric entries such as "b00ipgvvz4" in addition to more traditional search terms such as "phone case". These alphanumeric entries correspond to ASINs on which your clients' ads displayed. You will only see ASIN-related entries listed as customer search terms for your clients' automatic-targeted campaigns.



Best practices for using Search term reports:

- Download the report at least every 2 weeks. If your clients just launched the campaign, wait at least 2 weeks to analyze and perform changes
- Add the search terms that are performing well or that are relevant for your clients' products in exact match.
- Identify search terms that are not working well and that are not relevant for your product and add them as a "negative" keyword in both phrase and exact match.
- Pause keywords that do not perform well, but analyze in detailed the search terms to identify if there are any relevant search terms that can be added (this happens when your clients have a keyword that has a total spend that is high but some search terms that matched with the keyword performed well).

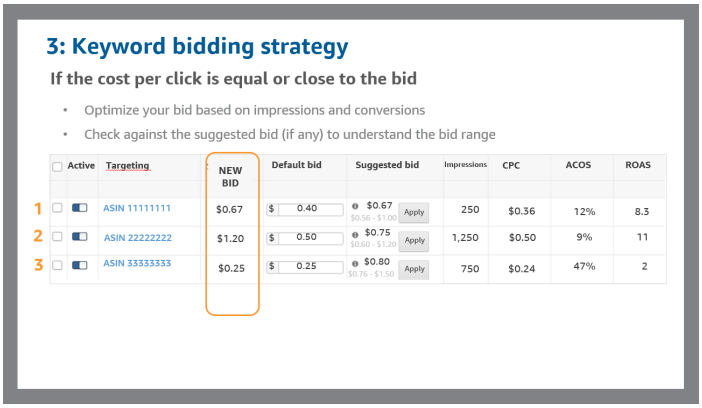
Keyword analysis: campaign manager review



In this situation, it means other advertisers are bidding similarly as your clients, maybe higher, so they may be missing out on impressions. If your clients' targeting method—keyword, category, or ASIN—is having very low impressions and converting, it's likely that your bid is low with respect to the benchmark. Try increasing your clients' bids, checking the suggested bid to understand the bid range.

If the targeting method is getting impressions and converting well, again, try increasing your clients' bids, checking the suggested bid to understand the bid range. Here, we recommend setting a bid that's close to the highest end of the range, but never bid more than your clients want to pay for a click.

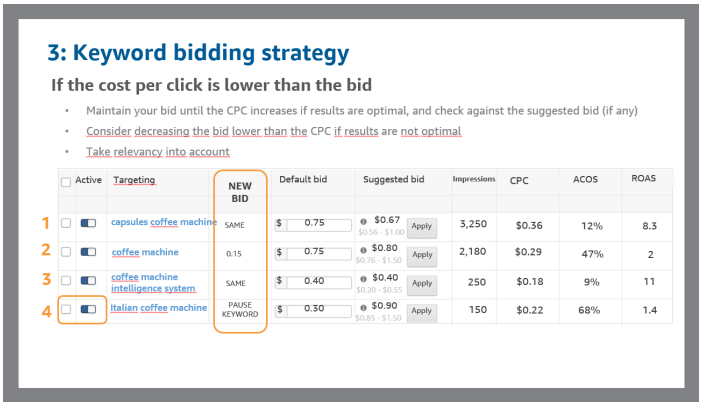
If the targeting method isn't converting or has a high ACOS, it could mean that the targeting isn't relevant for your clients' ads. We suggest either maintaining the bid or pausing the targeting.

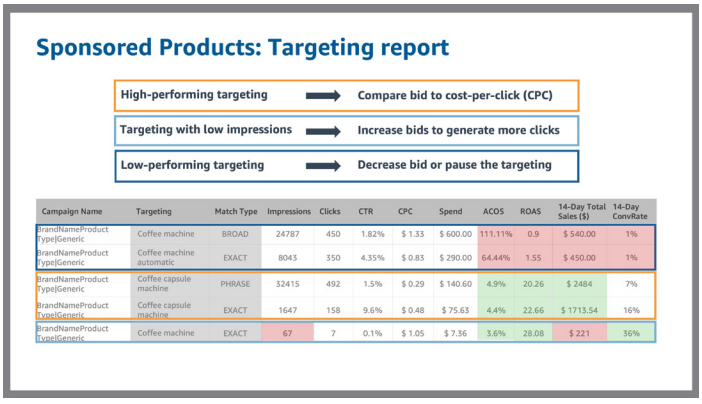


Now, if the CPC is lower than the bid, this means that other advertisers are bidding lower. It might not be necessary to increase your clients' bids if the CPC doesn't increase, since this might cause bidding inflation.

- If the targeting method—keyword, category, or ASIN—is getting impressions and converting well, maintain the bid until the CPC increases.
- If the targeting method is getting impressions but not converting well, consider decreasing the bid lower than the CPC, or pausing that keyword, ASIN, or category.
- If it's getting low impressions and converting well, this might be due to low traffic for that targeting method. In this case, consider maintaining the bid until the CPC increases.
- Or, if it's getting low impressions and not converting well, it could be due to low relevance of that targeting method. Consider pausing the keyword, ASIN, or category.

As a note, there's a correlation between impressions and budget. Take into account that you need to check if the budget is being spent entirely at the campaign level, since this can also be the reason for not having impressions.



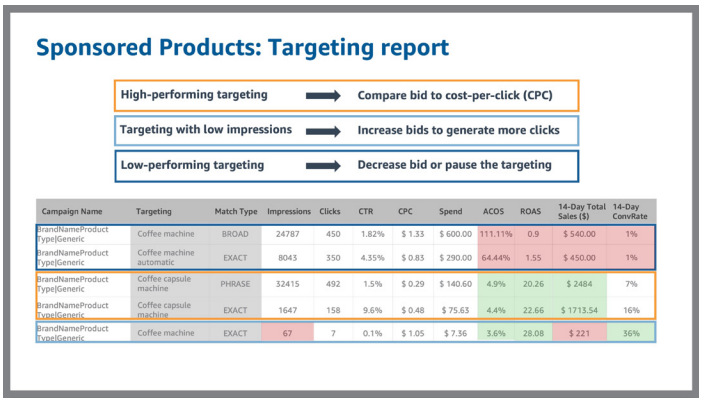


Let's take a look at the targeting report for Sponsored Products. Remember that the targeting report can help you see how your clients' targets are performing over time, which can help you adjust their bid and expand their targets. If you identify some high-performing keywords, we recommend the advertiser review their bids for these keywords and compare them to the CPC.

If the CPC is close to the bid, we recommend to increase the bid or adjust according to the suggested bid as we know that there are potentially more impressions these keywords can receive.

Pro tip: In case the CPC is lower than the bid and suggested bid, we suggest to keep it.

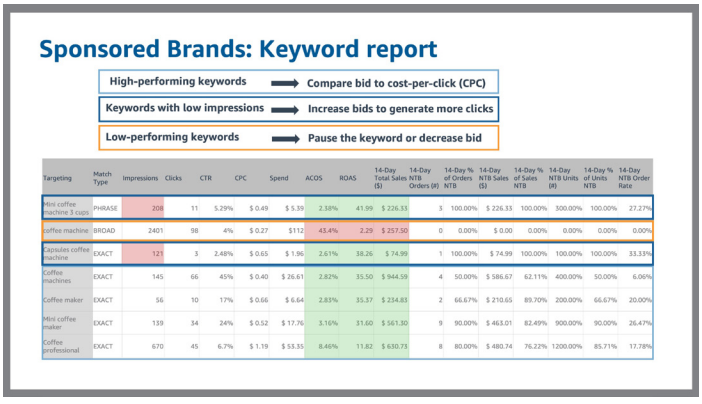
If there is a keyword with low impressions, we would recommend to consider increasing bids on this keyword to see if it can generate more clicks. In case of a low-performing keyword by looking at the ACOS, we would recommend considering to pause the keyword or decrease the bid.



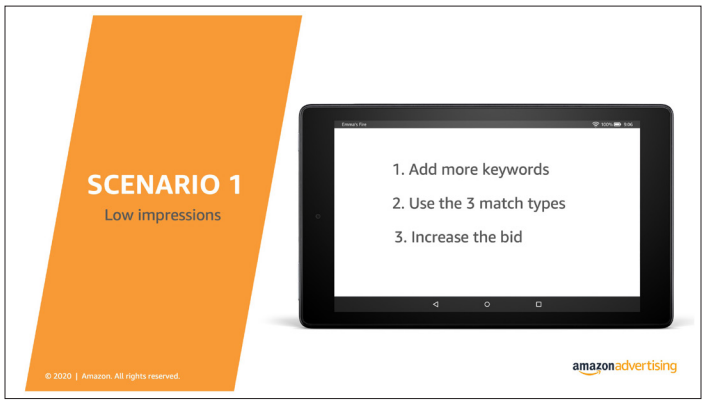
The keyword report for Sponsored Brands shows you how your clients' keywords are performing over time, which can help inform you about when to adjust their bids and expand their keyword selection. If there is a high-performing keyword in the report, we recommend to review the bid and compare it to the CPC. If the CPC is close to the bid, then we know that there are potentially more impressions this keyword can receive.

If there is a keyword with low impressions, we would recommend increasing the bid on this keyword. If the bid is already high, it may be that the problem is with relevance or low traffic. Knowing this will help to decide whether to invest more in this keyword.

If there is a low-performing keyword, which is getting a lot of impressions, but has a low click-through rate and a high ACOS, we would recommend to consider pausing this keyword or decreasing the bid.

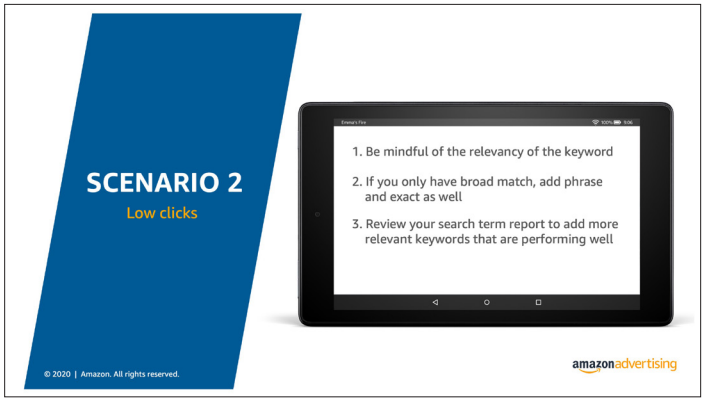


Let's take a look at a few scenarios and the strategies we recommend for each:



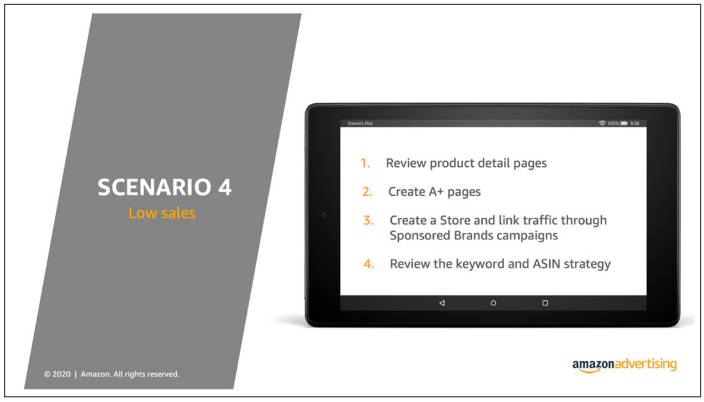
In the case of low impressions, consider applying these recommendations:

- Add more keywords
- Use the 3 match types: broad, phrase, exact
- Increase the bid
  - Review the recommended bid by the system, and apply it whenever posible
  - Apply changes to the bid
- Use dynamic bids:
  - Dynamic bids up and down: if you want visibility only when your clients have high conversion potential
  - Fix bids: if you want visibility and are not focused in conversion only



In the case of low clicks, consider applying these recommendations:

- Add more keywords from your category
- Use the 3 match types: broad, phrase, exact
- Review your Search term report to add more relevant keywords that are performing well
- A/B test creative on Sponsored Brands



In the case of low ROAS, consider applying these recommendations:

- If your client has no sales or low sales, you should review their product detail page (images, descriptions, customer reviews, and star ratings) to double check why the campaign is getting impressions and clicks but not converting
  - **Pro tip:** Remember, a strong product detail page, with helpful information, multiple high-res product images, and positive customer reviews, can help turn an ad click into a conversion
- Test drive the traffic to a Store to try increasing ROAS
- Don't forget to adjust your clients' keyword strategies to help their add display to relevant shoppers