

What to Know Before Running Ads on Amazon

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Amazon advertising is a powerful tool for sellers to increase product visibility, drive sales, and accelerate growth. However, to achieve a positive Return on Ad Spend (ROAS) and avoid wasting budget, it's crucial to understand the fundamentals before launching your first campaign. This guide covers essential considerations for new and experienced advertisers on Amazon.

1. Understand Your Goals and Budget

Before you even think about keywords or bids, define what you want to achieve with your advertising. Are you looking for brand awareness, sales velocity for a new product, or profitability for an existing one? Your goals will dictate your strategy. For example, a new product launch might prioritize sales velocity over immediate profitability, meaning you're willing to accept a higher Advertising Cost of Sale (ACoS) initially. Conversely, for a mature product, you'll likely aim for a lower ACoS to maximize profit. Once goals are clear, set a realistic budget. Start small and scale up as you see positive results. Don't overcommit until you understand what works for your product and category. A common mistake is to set a budget too low to gather meaningful data, or too high and burn through cash without a clear strategy.

1. Optimize Your Product Listing First

Advertising drives traffic to your product page, but a poor listing will convert that traffic into wasted ad spend. Before running ads, ensure your product listing is fully optimized. This means having a compelling title with relevant keywords, benefit-driven bullet points, a detailed product description, and high-quality images (including lifestyle and infographic images). If you are Brand Registered, leverage A+ Content to enhance your product detail page. Your listing is your storefront; if it's not appealing, customers will leave without purchasing, regardless of how good your ad was. A strong conversion rate on your listing will significantly improve your ad performance and reduce your ACoS.

1. Master Keyword Research

Keywords are the foundation of Amazon advertising. Effective keyword research is crucial for targeting the right customers. Don't just guess; use Amazon's own tools (like Brand Analytics, if you're Brand Registered) and third-party tools (e.g., Helium

10, Jungle Scout) to find relevant, high-volume keywords. Look for both broad and long-tail keywords. Understand keyword match types: Broad, Phrase, and Exact. Broad match offers wide reach but less control, while Exact match offers precise targeting but narrower reach. Use them strategically. Also, identify negative keywords – terms you *don't* want your ads to show for (e.g., competitor brand names, irrelevant searches) – to prevent wasted ad spend. Continuously refine your keyword list based on search term reports.

1. Understand Different Ad Types

Amazon offers several ad types, each with unique benefits:

- **Sponsored Products:** These are the most common and appear in search results and on product detail pages. They are great for driving sales of individual products. You can target keywords or specific products (ASINs).
- **Sponsored Brands:** Available to Brand Registered sellers, these ads feature your brand logo, a custom headline, and multiple products. They appear prominently at the top of search results and drive traffic to your Amazon Store or a custom landing page. Ideal for brand awareness and product portfolio promotion.
- **Sponsored Display:** These ads are audience-based and can appear on and off Amazon. They are excellent for remarketing (targeting customers who viewed your product but didn't buy) or reaching new audiences based on shopping behaviors and interests. They are more top-of-funnel for brand discovery.

Each ad type serves a different purpose in the customer journey. A comprehensive strategy often involves using a combination of these to achieve different goals.

1. Monitor and Optimize Regularly

Launching an ad campaign is just the beginning. Continuous monitoring and optimization are essential for success. Don't set and forget. Regularly review your campaign performance in Seller Central or your advertising console. Key metrics to track include:

- **Impressions:** How many times your ad was shown.
- **Clicks:** How many times your ad was clicked.
- **Click-Through Rate (CTR):** Clicks divided by impressions. A low CTR might indicate irrelevant targeting or a poor ad creative.
- **Spend:** How much you've spent.

- **Sales:** Revenue generated from ad clicks.
- **ACoS (Advertising Cost of Sale):** Your ad spend divided by ad sales. This is your primary profitability metric for ads.
- **RoAS (Return on Ad Spend):** The inverse of ACoS (Ad Sales / Ad Spend). A higher RoAS is better.

Use your search term reports to identify new keywords to add (to manual campaigns) and negative keywords to exclude. Adjust bids based on performance. Pause underperforming keywords or campaigns. A/B test different ad creatives, headlines, and bidding strategies. Amazon's advertising platform is dynamic, and your strategy should be too.

Conclusion: Amazon advertising can be a game-changer for your business, but it requires a strategic, data-driven approach. By understanding your goals, optimizing your listings, mastering keyword research, utilizing different ad types, and committing to continuous monitoring and optimization, you can effectively leverage Amazon ads to drive sales and grow your brand.

Sources: Amazon Advertising Learning Console [\[1\]](#); Seller Central Help – Advertising [\[2\]](#); Jungle Scout – Amazon PPC Guide [\[3\]](#); Helium 10 – PPC Strategy [\[4\]](#).

Amazon FBA vs FBM: Which is Right for Your Brand?

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Choosing the right fulfillment method on Amazon is a pivotal decision that impacts your operational efficiency, costs, customer satisfaction, and ultimately, your profitability. The two primary options are Fulfillment by Amazon (FBA) and Fulfillment by Merchant (FBM). Each has distinct advantages and disadvantages, and the best choice depends on your product, business model, and strategic goals. This guide will break down FBA and FBM to help you determine which is the optimal fit for your brand.

Understanding the Basics

- **Fulfillment by Amazon (FBA):** With FBA, you send your inventory to Amazon's fulfillment centers. Amazon then handles storage, picking, packing, shipping,

customer service, and returns for those products. Your products become eligible for Amazon Prime shipping, which is a significant draw for customers.

- **Fulfillment by Merchant (FBM):** With FBM, you list your products on Amazon, but you (the merchant) are responsible for storing your inventory, picking, packing, and shipping orders directly to customers. You also handle all customer service and returns for these orders. FBM sellers can potentially qualify for Seller Fulfilled Prime (SFP), which grants Prime eligibility, but it comes with very strict performance requirements.

FBA: Pros and Cons

Pros of FBA:

1. **Prime Eligibility:** This is arguably the biggest advantage. Millions of Amazon customers are Prime members and often filter their searches to show only Prime-eligible items. The Prime badge significantly boosts visibility, conversion rates, and customer trust.
2. **Hands-Off Fulfillment:** Amazon handles the entire logistics process from warehouse to customer's door, freeing up your time to focus on product sourcing, marketing, and business growth. This is especially beneficial for sellers with high sales volumes.
3. **Customer Service & Returns Handled by Amazon:** Amazon manages customer inquiries, refunds, and returns for FBA orders, reducing your operational burden. Their customer service is generally well-regarded by buyers.
4. **Buy Box Advantage:** FBA offers are generally favored by Amazon's Buy Box algorithm, making it easier to win the coveted "Add to Cart" button, which accounts for the vast majority of sales.
5. **Scalability:** Amazon's vast fulfillment network allows you to scale your business rapidly without needing to invest in your own warehousing or logistics infrastructure.
6. **Multi-Channel Fulfillment (MCF):** You can use Amazon's fulfillment network to fulfill orders from other sales channels (e.g., your own website, eBay) for a fee.

Cons of FBA:

1. **Fees:** FBA comes with various fees, including fulfillment fees (per unit, based on size and weight), monthly storage fees, and potentially long-term storage fees for

slow-moving inventory. These can significantly eat into your profit margins if not managed carefully.

2. **Inventory Management Complexity:** You must adhere to Amazon's strict inventory preparation, labeling, and shipping requirements. Improperly prepared shipments can lead to delays or additional charges. Overstocking can incur high storage fees, while understocking can lead to lost sales and reduced search rank.
3. **Less Control:** You have less direct control over the packaging and shipping experience, which can be a concern for brands that prioritize a highly customized unboxing experience.
4. **Commingled Inventory Risk:** Unless you opt for FNSKU labeling, your FBA inventory might be commingled with identical products from other sellers. If another seller sends in counterfeit or inferior goods, it could negatively impact your product's reputation.
5. **Returns:** While Amazon handles returns, the ease of returns for customers can sometimes lead to higher return rates, especially in certain product categories.

FBM: Pros and Cons

Pros of FBM:

1. **Greater Control:** You maintain full control over your inventory, packaging, shipping carriers, and customer service. This allows for a more personalized brand experience and direct customer interaction.
2. **Potentially Lower Costs (for certain products):** For oversized, heavy, low-margin, or slow-moving items, FBM can sometimes be more cost-effective than FBA, especially if you have efficient in-house logistics or a cost-effective 3PL.
3. **No FBA Fees:** You avoid Amazon's fulfillment and storage fees, which can be substantial.
4. **Flexibility:** You have more flexibility in managing your inventory across multiple sales channels and can easily pivot if a product isn't selling well on Amazon.
5. **Less Strict Prep Requirements:** You don't have to adhere to Amazon's specific FBA prep and labeling requirements.

Cons of FBM:

1. **No Automatic Prime Eligibility:** Without Seller Fulfilled Prime (SFP), your products won't have the Prime badge, which can significantly reduce visibility and conversion rates for Prime members.
2. **Operational Burden:** You are responsible for all aspects of fulfillment, including warehousing, picking, packing, shipping, and customer service. This requires significant time, resources, and infrastructure.
3. **Meeting Amazon's Performance Metrics:** FBM sellers must meet stringent performance metrics (e.g., on-time delivery, valid tracking rate, order defect rate). Failure to do so can lead to account suspension.
4. **Less Buy Box Share:** FBM offers typically have a harder time winning the Buy Box compared to FBA offers, unless you are the only seller or have SFP.
5. **Scalability Challenges:** Scaling an FBM operation requires significant investment in your own logistics infrastructure as your sales grow.

Which is Right for Your Brand?

The decision between FBA and FBM is not always clear-cut and can even vary by product within the same brand. Consider the following factors:

1. Product Type:

- **Small, Lightweight, High-Volume:** FBA is usually ideal due to Prime eligibility and Amazon's efficient handling of such items.
- **Oversized, Heavy, Fragile, or Low-Margin:** FBM might be more cost-effective, as FBA fees can be prohibitive for these products.
- **Unique/Handmade:** FBM allows for more control over packaging and a personalized customer experience.

2. Sales Volume & Velocity:

- **High Sales Volume:** FBA is generally preferred for its scalability and hands-off approach.
- **Low Sales Volume/Slow-Moving:** FBM might be better to avoid high FBA storage fees.

3. Profit Margins:

- **High Margins:** Can absorb FBA fees more easily.
- **Thin Margins:** FBM might be necessary to maintain profitability.

4. Operational Capacity:

- **Limited Resources:** FBA is a good choice if you lack warehousing, staff, or time for fulfillment.
- **Robust Logistics:** If you have efficient in-house operations or a reliable 3PL, FBM can be viable.

5. Brand Control & Customer Experience:

- **Custom Packaging/Unboxing:** FBM offers more control.
- **Prime Badge Priority:** FBA is superior for Prime eligibility.

6. Competition:

- If competitors are mostly FBA, you might need FBA to compete for the Buy Box.
- If you have a unique product and are the sole seller, FBM can work well.

Hybrid Approach: Many successful sellers use a hybrid model, leveraging FBA for their best-selling, high-volume products and FBM for oversized, slow-moving, or highly customized items. This allows them to maximize the benefits of both fulfillment methods.

Conclusion: The choice between FBA and FBM is strategic and should align with your business goals. Evaluate your product characteristics, sales projections, cost structure, and operational capabilities. By making an informed decision, you can optimize your fulfillment strategy for maximum efficiency and profitability on Amazon.

Sources: Amazon Seller Central – FBA ^[1]; Amazon Seller Central – FBM ^[2]; Jungle Scout – FBA vs FBM ^[3]; SellerApp – FBA vs FBM ^[4].

A Deeper Dive into Amazon Advertising: Strategic Considerations for Success

Amazon advertising is a complex ecosystem that requires a strategic, data-driven approach to maximize return on investment. While the initial overview provides a solid foundation, a more in-depth understanding of each key area is crucial for moving from basic campaign management to sophisticated, profitable advertising.

1. Advanced Goal Setting and Budget Allocation

Your advertising goals should be specific, measurable, achievable, relevant, and time-bound (SMART). Simply aiming for "more sales" is not enough. A more effective goal would be "achieve a 30% ACoS on our flagship product within 60 days."

Common Advertising Goals and Corresponding Strategies:

- **Product Launch:** The primary goal is to generate initial sales velocity and gather data. This often means accepting a higher ACoS (sometimes even above your break-even point) for a limited time. The investment in early sales helps to improve your product's organic ranking and accumulate reviews.
- **Profitability:** For mature products, the goal is to maximize profit. This involves setting a target ACoS that is below your break-even point and continuously optimizing campaigns to improve efficiency.
- **Brand Awareness:** For new brands or products, the goal is to increase visibility and reach. This might involve using Sponsored Brands and Sponsored Display ads to target a broader audience, with a focus on impressions and click-through rate (CTR) rather than just ACoS.
- **Defensive Strategy:** If competitors are bidding on your branded keywords, you may need to run campaigns to defend your brand's turf. The goal here is to ensure that your products appear at the top of search results for your own brand name.

Budgeting Strategies:

- **Percentage of Sales:** A common approach is to allocate a certain percentage of your total sales to advertising. This can be a good way to scale your ad spend as your business grows.
- **Goal-Based Budgeting:** Set your budget based on what it will take to achieve your specific goals. For example, if you want to launch a new product and generate 100 sales in the first month, you can estimate the ad spend required to achieve that based on your expected conversion rate and cost-per-click (CPC).
- **Tiered Budgeting:** Allocate different budgets to different campaign types. For example, you might allocate a larger budget to your high-performing, exact-match campaigns and a smaller budget to your discovery-focused, automatic campaigns.

2. The Symbiotic Relationship Between Listing Optimization and Advertising

Your product listing and your advertising campaigns are two sides of the same coin. A well-optimized listing improves your ad performance, and your ad performance can provide valuable data for further listing optimization.

How Listing Optimization Impacts Ad Performance:

- **Relevance Score:** Amazon's advertising algorithm assigns a relevance score to your ads based on how closely your product listing matches the keywords you are targeting. A higher relevance score can lead to a lower CPC and a better ad position.
- **Conversion Rate:** A well-optimized listing with compelling copy, high-quality images, and strong social proof (reviews) will have a higher conversion rate. This means that more of the clicks you pay for will turn into sales, resulting in a lower ACoS.
- **Quality Score:** Similar to Google Ads, Amazon's advertising platform has a concept of a "quality score" that takes into account your CTR, conversion rate, and landing page experience (your product listing). A higher quality score can lead to better ad placements and lower costs.

Using Ad Data to Optimize Your Listing:

Your advertising campaigns are a powerful source of data that can be used to improve your product listing. Your search term reports will show you the exact keywords that customers are using to find and buy your products. If you discover a high-converting keyword in your ad campaigns that is not in your listing, you should add it to your title, bullet points, or backend search terms. This can improve your organic ranking for that keyword and also improve the relevance score of your ads.

3. Advanced Keyword Research and Targeting

Effective keyword research goes beyond simply finding high-volume keywords. It involves understanding customer intent, analyzing the competitive landscape, and using a variety of tools and techniques to build a comprehensive keyword strategy.

Advanced Keyword Research Techniques:

- **Reverse ASIN Lookup:** Use third-party tools to analyze your competitors' listings and see which keywords they are ranking for organically and with PPC. This can help you to identify keyword opportunities that you may have missed.
- **Brand Analytics:** If you are enrolled in Brand Registry, Amazon's Brand Analytics tool provides a wealth of data on customer search behavior, including search frequency rank, click share, and conversion share for specific keywords.
- **Customer Reviews and Questions:** Your own and your competitors' customer reviews and questions are a great source of long-tail keywords and customer language that you can use in your listings and ad campaigns.

Advanced Targeting Strategies:

- **Product Attribute Targeting (PAT):** With Sponsored Products and Sponsored Display ads, you can target customers based on the attributes of the products they are browsing, such as brand, price, and star rating. This allows you to reach a highly relevant audience.
- **Audience Targeting:** With Sponsored Display ads, you can target audiences based on their shopping behaviors, interests, and demographics. This is a powerful way to reach new customers and build brand awareness.
- **Remarketing:** With Sponsored Display ads, you can retarget customers who have previously viewed your product but did not make a purchase. This is a highly effective way to bring back interested shoppers and close the sale.

4. A Multi-Layered Approach to Ad Types

A sophisticated advertising strategy uses a combination of different ad types to achieve different goals at different stages of the customer journey.

The Customer Journey and Corresponding Ad Types:

- **Awareness:** At the top of the funnel, the goal is to make potential customers aware of your brand and products. Sponsored Brands and Sponsored Display ads with audience targeting are effective for this stage.
- **Consideration:** In the middle of the funnel, customers are researching and comparing different products. Sponsored Products ads with broad and phrase match keywords, as well as product attribute targeting, can help you to reach these shoppers.

- **Conversion:** At the bottom of the funnel, customers are ready to make a purchase. Sponsored Products ads with exact match keywords and remarketing with Sponsored Display ads are highly effective for driving conversions.

5. The Art and Science of Continuous Optimization

Amazon advertising is not a "set it and forget it" activity. Continuous monitoring, analysis, and optimization are essential for long-term success.

Key Optimization Levers:

- **Bid Management:** Regularly adjust your bids based on performance. Increase bids on high-performing keywords and decrease bids on low-performing keywords. Consider using automated bidding strategies, such as Amazon's dynamic bidding or third-party PPC management tools.
- **Negative Keyword Management:** Continuously add negative keywords to your campaigns to prevent wasted ad spend on irrelevant searches.
- **A/B Testing:** Regularly test different ad creatives, headlines, and landing pages to see what resonates best with your audience.
- **Campaign Structure:** As you gather more data, you may want to restructure your campaigns to be more granular. For example, you might create separate campaigns for different product variations or for different keyword themes.

By taking a strategic, data-driven, and multi-layered approach to Amazon advertising, you can move beyond basic campaign management and unlock the full potential of this powerful platform to drive sales, build your brand, and achieve sustainable, profitable growth.

Advanced Bidding Strategies and Optimization Techniques

Beyond the basic understanding of campaign types, mastering Amazon advertising requires a deep dive into bidding strategies and continuous optimization techniques. This is where the art and science of PPC truly converge.

1. Understanding Amazon's Bidding Options

Amazon offers several bidding strategies, each with its own implications for control, cost, and performance:

- **Dynamic bids - down only (Default):** Amazon will lower your bid in real-time for clicks that are less likely to convert to a sale. This is generally the safest option for new campaigns and helps to control ACoS.
- **Dynamic bids - up and down:** Amazon will increase your bid (by up to 100% for top-of-search placements and up to 50% for all other placements) in real-time for clicks that are more likely to convert, and lower bids for less likely conversions. This strategy can lead to higher visibility and sales, but also potentially higher ACoS. It's best used for high-performing keywords or products where you have a clear profitability target.
- **Fixed bids:** Amazon will use your exact bid for all opportunities and will not adjust your bids in real-time. This offers the most control but can be less efficient if not managed meticulously. It's often used by experienced advertisers who want precise control over their spend.

Choosing the Right Bidding Strategy:

- **New Campaigns/Products:** Start with "Dynamic bids - down only" to gather data and control spend.
- **Proven Performers:** Once you identify high-converting keywords and products, switch to "Dynamic bids - up and down" to maximize sales and visibility.
- **Aggressive Launch/Market Share Grab:** "Fixed bids" can be used for aggressive strategies, but requires constant monitoring.

2. Bid Adjustments by Placement

Amazon allows you to set bid adjustments for specific placements, giving you more control over where your ads appear:

- **Top of search (first page):** This is the most coveted placement, often leading to the highest CTR and conversion rates. You can increase your bids by a percentage to compete for these spots.
- **Product pages:** Ads appear on competitor product detail pages. This is excellent for capturing traffic from shoppers already considering a purchase.

- **Rest of search:** All other placements in search results.

Strategic Use of Placement Bids:

- **Maximize Visibility:** For your most important keywords and products, consider aggressive bid adjustments for "Top of search" to ensure maximum visibility.
- **Defensive Strategy:** For branded keywords, ensure you are bidding aggressively for "Top of search" to prevent competitors from appearing above your organic listing.
- **Product Targeting:** For product page placements, focus on highly relevant competitor ASINs or complementary products.

3. Leveraging Search Term Reports for Continuous Optimization

The Search Term Report is your most valuable tool for optimizing Amazon PPC campaigns. It reveals the actual queries customers typed into the search bar that triggered your ads.

Actionable Insights from Search Term Reports:

- **Harvesting Converting Keywords:** Identify search terms that led to sales and a good ACoS. Add these as exact match keywords to dedicated manual campaigns. This allows you to bid precisely on proven terms.
- **Adding Negative Keywords:** Identify irrelevant or non-converting search terms. Add these as negative exact or negative phrase keywords to prevent your ads from showing for these terms in the future, saving wasted ad spend.
- **Discovering New Product Ideas:** Sometimes, search terms reveal unmet needs or product variations that you could consider developing.
- **Optimizing Listing Content:** If a high-volume, relevant search term is not present in your listing, consider adding it to your title, bullet points, or backend search terms to improve organic ranking and ad relevance.

4. Advanced Campaign Structures: The SPAG and SKAG Approach

While the basic campaign structures are a good starting point, advanced advertisers often use more granular structures to gain greater control and efficiency.

- **Single Product Ad Group (SPAG):** In this structure, each ad group contains only one product (ASIN). This allows you to tailor keywords, bids, and ad creatives specifically for that product, leading to higher relevance and better performance.
- **Single Keyword Ad Group (SKAG):** This highly granular structure involves creating an ad group for each individual keyword, with that keyword targeted across all match types (broad, phrase, exact) within that ad group. This provides maximum control over bids and ad creatives for each keyword. While powerful, it can be very time-consuming to manage.

Benefits of Granular Structures:

- **Precise Control:** Allows for highly specific bid adjustments and ad creative optimization.
- **Improved Relevance:** Ensures your ads are highly relevant to the search query, leading to higher CTR and lower CPC.
- **Better Data:** Provides more granular data for analysis and optimization.

5. Beyond ACoS: Understanding Total ACoS (TACoS) and New-to-Brand Metrics

While ACoS is a crucial metric, it doesn't tell the whole story. Advanced advertisers look at broader metrics to understand the true impact of their advertising.

- **Total ACoS (TACoS):** This metric considers your total ad spend against your total organic sales (not just ad-attributed sales). It helps you understand how your advertising is impacting your overall business. A lower TACoS indicates that your ads are not only driving direct sales but also boosting your organic ranking and sales.
 - **Calculation:** $(\text{Total Ad Spend} / \text{Total Organic Sales}) * 100$
- **New-to-Brand (NTB) Metrics:** Available for Brand Registered sellers, NTB metrics show whether a purchase was made by a customer who has not purchased from your brand on Amazon in the past 12 months. This is crucial for understanding how effectively your ads are driving customer acquisition and brand growth.

Strategic Use of Advanced Metrics:

- **Product Launch:** During launch, a higher ACoS might be acceptable if it leads to a significant reduction in TACoS (due to improved organic ranking) and a high

percentage of NTB customers.

- **Brand Building:** For brand-building campaigns (Sponsored Brands, Sponsored Display), NTB metrics are more important than ACoS, as the goal is to acquire new customers.
- **Profitability:** For mature products, focus on maintaining a low ACoS and TACoS to maximize profitability.

6. Experimentation and A/B Testing

Amazon's advertising platform offers tools for experimentation, allowing you to test different variables to optimize performance.

- **A/B Testing Ad Creatives:** Test different headlines, images, and ad copy to see which resonates best with your audience.
- **A/B Testing Bidding Strategies:** Experiment with different bidding strategies and bid adjustments to find the optimal balance between visibility, sales, and ACoS.
- **A/B Testing Landing Pages:** If you are using Sponsored Brands to drive traffic to your Amazon Store or a custom landing page, A/B test different page layouts and content to improve conversion rates.

Conclusion: The Journey to Amazon Advertising Mastery

Amazon advertising is a dynamic and ever-evolving field. Moving beyond the basics requires a commitment to continuous learning, data analysis, and experimentation. By understanding advanced bidding strategies, leveraging search term reports, implementing granular campaign structures, and focusing on comprehensive metrics like TACoS and New-to-Brand, you can transform your advertising efforts from a cost center into a powerful engine for sustainable, profitable growth on Amazon. The key is to view your advertising spend as an investment in data and sales velocity, constantly refining your approach based on performance insights.