Amazon Marketing Functions

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Introduction

In 2015, Goat Consulting began offering Amazon Marketplace business services to brands and manufacturers selling on the Amazon.com marketplace. One of the key benefits to bringing on a partner like Goat Consulting is that it gives brands and manufacturers the opportunity to work with experts who devote their entire focus to the Amazon Marketplace.

This white paper is an introduction to marketing on the Amazon Marketplace and the different functions relating to marketing products. It discusses the topic of merchandising and how the content of product listings affect the Amazon customers' purchasing decision; and the different advertising campaigns provided by Amazon to drive traffic to your product listings.

We hope that by the end of reading this you have a better understanding of:

- The importance of properly marketing your products on the Amazon marketplace
- How to communicate your product's value to customers through product listing content
- Driving traffic to product listings through the different advertising campaigns on Amazon

If you have any questions regarding this white paper or anything Amazon related, please reach out to us at https://www.goatconsulting.com/contact-us.

New For 2018 Version

Amazon is an ever-changing and expanding marketplace. Goat Consulting continues to be at the forefront of changes happening on Amazon. New for the 2018 version Includes:

- Added Search Terms Section to Merchandising on Product Detail Pages
- Update to A+ Enhanced Brand Content Now Free for All Sellers
- Update Amazon Marketing Services Overview
- Added Automatic Sponsored Product Campaign Section
- Added Manual Sponsored Product Campaign Section
- Added Section Defining Match Types for Manual Sponsored Product Campaigns
- Added Additional Promotional Tools
- Added Lightning Deals Section
- Added Promotions Section
- Added Coupons Section



Amazon Marketing Functions Introduction

Amazon is a competitive marketplace. As of this writing, there are more than 2.5 million third party sellers selling on the Amazon Marketplace competing for sales from Amazon customers. With this competition, the over 300 million¹ Amazon customers can browse between similar products to compare value, price and product features. This makes it crucially important to merchandise products by explaining the key product features and how the product is better than similar products.

Advertising a product can be expensive due to the nature of cost per click (CPC) advertising. The greater the number of sellers competing for Keywords, the greater the cost per click. Even though it may be expensive to compete, the reward is often worth the cost. If a product is positioned well in the market and presents significant value, Amazon can be a remarkably lucrative sales channel.

Marketing is involved in all aspects of selling on Amazon, from merchandising to advertising. When designing a product listing to promoting that listing, it is important to keep in mind how an Amazon customer shops in order to understand how the Amazon marketplace operates. The majority of customers shop on Amazon by inputting the keyword to what they are searching for.

The Amazon Search Bar, customer's starting point for shopping on Amazon



The purpose of nearly all marketing is directing customers to consider your product or brand and then sell them on its value resulting in a purchase. Marketing on Amazon is no different. The purpose of marketing functions on Amazon.com is to drive customers to visit a product listing and then sell them on its value compared to alternative products, resulting in a purchase.

This divides Amazon Marketing Functions into two groups:

- Functions that drive customers to visit your listing and;
- Functions that sell the product's value.

The marketing functions that sell the value of a product to customers are found on the product detail page or "product listing." The listing's pricing, shipping, bullet points, title, product description, images/media, product reviews and backend search terms all influence an Amazon customer's purchase decision. Additional services Amazon provides to enhance your product detail page include A+ Product Detail Page and a review system. Product listings need to convey the product's value to the customer clearly and quickly because exposure to your product listing will be brief and there is limited amount of characters and images allowed.

¹http://www.geekwire.com/2016/new-study-amazon-reaches-63m-u-s-prime-members-surpassing-half-of-customer-base-for-first-time/

The marketing functions that drive customers to product listings are largely found in AMS or Amazon Marketing Services. These main Amazon marketing services include sponsored product campaigns, product display ads and headline search. Other marketing options include: lightning deals, promotions, and coupons.



Merchandising Product Detail Pages

The product detail page is where Amazon sellers share information to the Amazon customer on the value of your product in the product's price, shipping options, customer reviews, title, bullet points, images/media and a description with the goal of converting it to a sale.

A key component of merchandising products on Amazon from a marketing copy perspective are Search terms. Search terms are a list of words that customers search to find products you want. Sellers submit these search terms to Amazon so they can be properly categorized and products can be easily searched and found. The product detail page copy "title, bullet point, product description and search terms" and price are the most fundamental aspect of the product detail page.

Search Terms

It's important to write listings that not only efficiently communicate a product's value but also clearly contains keywords related to the product, so the Amazon search algorithm can index the product and be 'searchable'. One of the first things to focus on when writing the copy for product detail page is creating a list of keywords most associated with the product. When considering keywords put yourself in the shoes of your potential Amazon customer. What words are they going to type into the search bar to look for your product? For example, let's say you sell a highend floor lamp. A customer looking for this product may search any one of the following terms: lamp, floor lamp, luxury floor lamp, home lighting, household lighting, living room lighting, living room lamp, living room floor lamp, etc. A single product may be known by countless different titles or names. It's important to incorporate these keywords into the title, bullet points, description and search terms of your listing. The trick is to keep your listing copy clean and readable while filling it with as many relevant keywords as possible.



Product Pricing

Pricing a product correctly is extremely important on Amazon.com due to the transparency of similar products for sale. Amazon allows consumers to easily compare the value of many products at the same time. Pricing a product incorrectly can affect the value between like products and the buy box of selling the same product.

If a product is priced too high in relation to similar products – resulting in low sales conversion, the product will not be ranked well organically on product search result pages. This will make it difficult for customers to find the product. Consumers will likely select cheaper alternative products unless the product is sold under a luxury quality-focused brand that justifies the pricing premium.

When there are additional sellers offering the same product (competing for the buy box), the lowest offered price for a product typically wins the buy box. If the product is offered at too high of a price, the seller will not receive the buy box and make little to no sales. It may be difficult for wholesalers and resellers to protect their margins on Amazon when competing directly with manufacturers and brand owners.

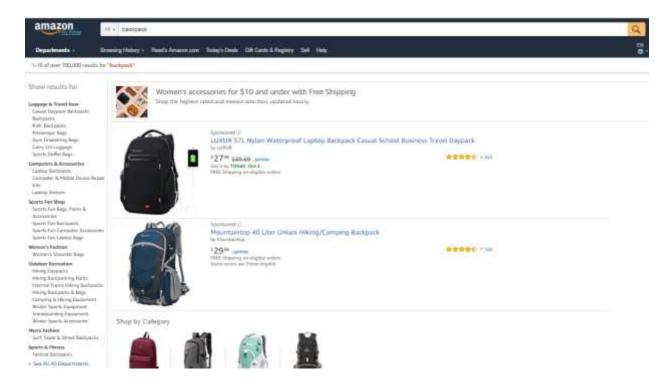
If you have a wholesale approach to selling to retailers and do not price your products correctly, retailers may have the ability to sell those products on Amazon for a profit. Which will then require you to compete against yourself on the product listings of the brand that you own.

Selling to Amazon through Vendor Central, the manufacturer forgoes the ability to set retail prices and they will be set by Amazon. These prices are often the lowest online and sometimes lower than brick and mortar alternatives. This is a major factor contributing to the decline of brick and mortar stores and the rise of Amazon: Amazon charges the lowest price. Understanding your sales model and understanding the costs of selling on the marketplace is vital for protecting your brand on Amazon.



Product Listing Copy (Title, Bullet Points, Description, and Search Terms)

The product listing is your opportunity to tell potential customers why they should buy your product. When a customer searches for a keyword, Amazon's algorithm searches the marketplace for the most relevant products related to that keyword and loads them for the customer.



The Amazon search algorithm is trying to display the products that provide the best shopping experience for the customer. Amazon is trying to align what the customer is searching for, with the best value and experience for the customer. This considers sales volume, shipping/fulfillment, seller reviews, and product reviews.

At this search results page stage, the customer can see the Title, Price, Prime Eligibility, Main Image and Review Rating. A customer from a high level decides which product they would like to click into more and they are taken to the product listing page.







Title

The title is an important aspect of the product detail page's copy because it is one of the first things consumers see about your product. The title should read easily, summarize important key features, and include the brand name and product title.

Key Product Features (Bullet Points)

Product features are displayed on Amazon in five bullet points. Each bullet point should be unique in that each should address a separate key feature or value proposition of the product. Bullet point copy needs to be simplified and concentrated as they have character limits and having too many bullet points may result in consumers losing focus and interest in the product. The key to writing good key features is finding the right balance between simplicity and detail.

Description

The product's description has a larger character limit than the key features, allowing sellers to go into more detail describing your product. Sellers should use this section of copy to provide the details about the product which were left out of the bullet points or to expand upon the key product feature ideas. This is a good section to include product specs and dimension and information about the brand and company.

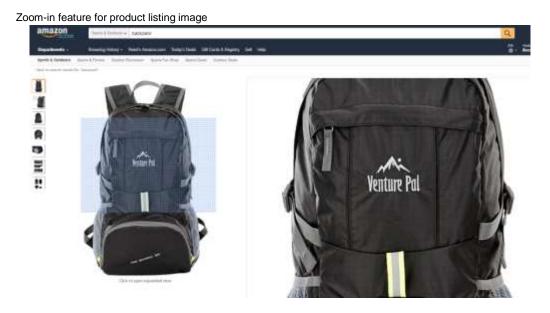
Product Listing Copy Takeaways

- A product detail page's copy contains (title, bullet points, description and search terms)
- Amazon's algorithm pulls keywords from your detail page's copy to index in search
- Keywords are how Amazon's algorithm categorizes your products and how Amazon customers find your product
- The copy on your product detail page needs to communicate the value of your product clearly and efficiently while containing the relevant keywords of the product



Product Images

When a customer shops in a traditional brick and mortar store they like to inspect the item before they purchase it. They like to take a closer look at the quality and inspect the packaging and labels. Amazon customers are no different. Images and videos provide customers a visual of the product. During the 2015 holiday season, 70 percent of purchases on Amazon were made on a mobile device.² As more purchases online happen on mobile devices, images of your product are more important than ever.



The main image for the product is the one that will be displayed with the product title when the product is shown outside of the product detail page. Aside from that main image, you can upload up to six other media files to be displayed on your product listing page. Uploaded images should be at least 1000 x 1000 pixels in order to enable Amazon's zoom-in feature.

The zoom-in feature allows Amazon shoppers to hover over your images for a zoom-in view. This allows shoppers to closely inspect all elements of the product. Images uploaded should be in JPEG and videos in MP4. Amazon's compliance guidelines state:

Every product on Amazon needs one or more product image. The primary image of your item is called the "MAIN". The MAIN image represents an item in search results and browse pages, and is the first image customers see on an item's detail page. Choose images that are clear, easy to understand, information-rich, and attractively presented. Images must accurately represent the product and show

²http://www.businesswire.com/news/home/20151227005030/en/Amazon-Celebrates-Record-Setting-Holiday-Prime-Amazon-Original

only the product that's for sale, with minimal or no propping. Images are very important to customers, so quality matters.³

Avoid busy images that distract from your product. The main image should be a front profile of the product with a white background. The other seven images should be an assortment of side profile image, label images or images of the product in use. Images can make or break the success of a listing on Amazon. Poor images will shake potential customer's confidence in your product and can result in them purchasing alternative products. Great images allow customers to fully inspect all aspects of the product, increasing conversion rate for your listing. Video files also can be uploaded in place of images and are great for informing customers about your brand and your product.

Product Images Takeaways

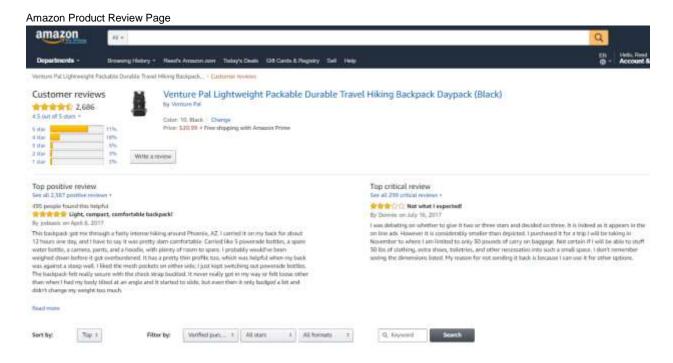
- Images are how Amazon customers are able to inspect your product and play a critical role in selling the product value
- As mobile shopping becomes more popular, images play a larger role in the Amazon customer decision process
- A total of eight images or video files can be uploaded per product
- The main image should be a front profile of the product with a white background
- Videos can be a great tool to inform the customer about the product and your brand



³ https://www.amazon.com/gp/help/customer/display.html?nodeld=200202110

Product and Seller Reviews

One of the keys to Amazon's success is its product and seller review programs. After a customer purchases a product on Amazon they can write a review of the product and rate it on a five-star scale. Customers can also rate in the same way the performance of the seller "shipment, customer service and fulfillment." This feature gives Amazon shoppers the confidence to purchase many different categories of products on Amazon. The five components shown when customers are browsing through products is product title, image, price, product review rating and the prime shipping badge, if it's available for that product.



The product review rating is held in high regard by Amazon customers. A star rating of 4 to 5 stars with many reviews shows that many customers have purchased and enjoyed the product. A star rating of 1 to 3 stars with few reviews show either the product is low quality or did not align with the expectations of the customer.

Since the product rating is one of the first things an Amazon customer looks at when browsing for products, it can either invite them to click on your product detail page or scare them away to alternative products. If your product has no reviews it will lack a star rating. This can scare customers off almost as much as a bad product review rating. Lack of reviews can inhibit a product's sales growth and poor product reviews can quickly doom the success of a product in the market. In this situation it helps to have a large internal customer email list where you can push and promote the newly launched product to quickly gather positive reviews.

The seller review rating on seller central (different than a product review) is important to track because a poor seller review rating can get your Amazon sales account suspended. Amazon



customers can grade a seller based on whether the product delivered is as advertised, if the product was damaged in transit and the customer service for the product that's provided.

Product and Seller Reviews Takeaways

- Amazon customers can leave both Seller and Product Reviews after purchasing an item
- A product's reviews are summarized by a star rating ranging from 1 to 5
- Amazon customers hold product reviews in high regard and the star rating of a product weighs heavily on a customer's purchase decision
- A star rating of 4 to 5 can attract potential customers to your product detail page; a star rating of 1 to 3 can scare customers away from your product
- Seller rating is important as well; a poor seller rating can result in your seller account being suspended by Amazon



A+ Enhanced Marketing Content (EMC)

The amount sellers can educate Amazon customers about their brand and product is limited on the product detail page. A+ Enhanced Brand Content is formerly a paid service that is now free to sellers that allows customers to merchandise in a more visual manner. The additional content, which if added can be found below the product description, is highly customizable. A+ EMC is built from a modular system which allows you to mix and match many different modules which contain assorted image and video windows, text boxes and charts. These modules are great for educating your customers about your brand, further explaining the product above and exposing them to other products you offer.

A+ Enhanced Brand Content Example

About Venture Pai Packable Backpack





The foldable Lightweight Outdoor thing backpack with a stylish look great for day to red occasional travel. Furthermore, Venture Pal backpack is the perfect Companion no matter outdoor sports or lesions activities in or out of the city. Also it is suitable to regard as gift for your family or friend or collespan.





A true space saven Fold the beckpack into its own pocket for storage— (no more success baggage fees), and unfold it when you reach your destination in seconds. To avoid overveight charge, simply unfold from your checked bags and use it as a carry in for your excess beggage.

DIMENSIONS: Fold: 9x8.5x2.2 inches Unfold: 20x13x7.5 inches

Carry-on size by American Airlines for your reference(HxWxD): 22x14x9 inches

A+ EMC Takeaways

- A+ Enhanced Marketing Content (EMC) is additional content that can be added to your product detail page
- Great for educating customers about your brand, the product above or other products that your brand offers
- Modular design allows you to create effective custom content
- Amazon offers do-it-yourself and Amazon creates services



Amazon Marketing Services (AMS)

The purpose of Amazon marketing services is to drive traffic to product listings. Once you have made your product listing the best it can be, AMS allows you to get it in front of as many relevant customers as you can. Amazon Marketing Services contains three main services. Sponsored Product Campaigns, Product Display Ads and Headline Search. These three services offer the opportunity for you to place ads for your product listing across the Amazon marketplace. On Seller Central, Sponsored Product Campaigns are found on the campaigns manager portal under the advertising tab. When a customer clicks on an ad, they are taken to your product detail page where they can purchase your product.

Amazon offers additional tools to drive traffic and increase conversion. These tools are: Lightning deals, coupons, and promotions. These services are aimed toward offering a discount on the retail price of the product or merchandising the product in a way that incentivizes customers to make a purchase.

Amazon Marketing Services utilize a Pay-Per-Click advertising model. The price per click is determined by the users searching the term and the reaction of the advertisers. As a seller, you only pay for when customers click on the advertising, not when the ad is shown. There are search terms being searched by users that are not being targeted by sellers. This results in a low keyword bid, which in turn results in a low CPC. As more sellers and advertisers target those specific search terms that are being used by buyers, the price of these search terms goes up.



Sponsored Products Campaigns (Campaign Manager)

Amazon Sponsored Products is an advertising channel for driving traffic to your product listing. With Sponsored Products, Sellers can reach and engage shoppers right where customers normally see them in the traditional shopping experience. The advertisement shows up as a search result on the first page. Your product listing "jumps the line" or normal organic rankings. Sponsored Products can be seen with the grey writing and stating "Sponsored".

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For the keyword "Backpack" the first two listings are being shown because the seller is paying for "Sponsored Products" advertising

There are two types of Amazon Sponsored Product Campaigns: Automatic and Manual. Manual campaigns have different match types that use the keywords submitted to run when search terms made.

Automatic Sponsored Products

The Automatic Sponsored Products gives control of keywords you are targeting to Amazon. Amazon scrapes your product listing to understand what the product is and automatically runs a sponsored products campaign.

Manual Sponsored Products

With Manual Sponsored Products, the seller inputs the list of keywords a customer would search to find and purchase the product. Sellers can include keywords that customers would search to find and purchase products. There are different Match Types that are used in Manual Sponsored products that use the keywords submitted to run when the search terms are made: Broad, Phrase, and Exact match type.

Broad. Broad match type keywords allow Amazon to display your ad to customers on search terms from a wide range of search terms given your keyword. Your ad may

ing hast parts it line

appear when an Amazon customer's search terms in any order, and and possibly among other terms. For example, if your keyword is, "Backpack", a broad match campaign may run for search terms such as: school backpack, black backpack, backpack for camping. This allows a simple keyword to run for a wide variety of search terms. Sometimes these keywords are not always relevant which result in ads running for irrelevant keywords.

Phrase. Phrase match type allows your ad to run when an Amazon customer searches for your exact keyword, but also with words before or after it. This allows for greater precision for targeting as the phrase keyword you included must be in the search term. For example, if your keyword is, "camping backpack", a phrase match campaign may run for search terms such as: black camping backpack, camping backpack for kids.

Exact. Exact match type only appears when someone searches for your exact keyword, without any other terms in the search. This allows you to target specific search terms and is the most exact type of advertising.



Product Display

Amazon Product Display Campaigns places an advertisement within product listings. The two different types of Product Display advertising are: Product and Interest.

Arrow is pointing to a Product Display advertising. Advertising a complimentary TSA approved toiletry bag with a backpack.



Product Display – Product

Product Display targeting products allow sellers the opportunity to advertise your selected product on other listings. You can advertise on other products you sell. For example, setting up a product display campaign for a new product advertised on a best-selling product in your catalog to cross-promote and expand the new product's exposure. Another strategy is setting up a product display advertisement that targets your competitor's listing. Every sale through this type of promotion not only is a sale for your product but takes away a sale from a competitor.

Product Display – Interest

You can target customers based on shopping behavior through the product display interest ad campaign. The interests you can target include: "Books," "Clothing Shoes and Jewelry," "Digital Media," "Electronics," "Grocery," "Health and Beauty," "Home and Garden," "Kids and Baby," "Lifestyle Hobby and Professional," "Movies and TV," "Music," "Pet Supplies," "Sports and Outdoors," "Tools, Auto and Industrial" and "Toys and Games." Within each of these categories of interests there are five to 15 sub-interests that can be selected and targeted.

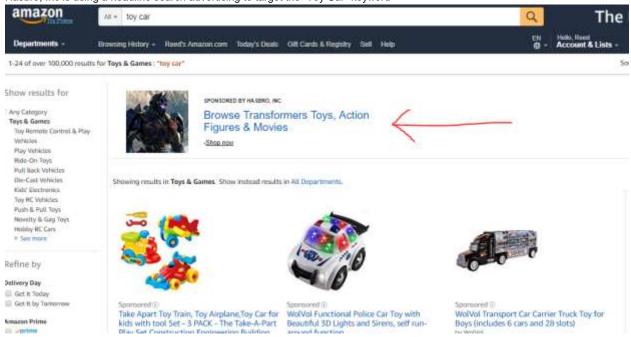
These ads will run on a host of different styles of products but will align with the type of shopper you are targeting. For example, a customer may purchase a lot of basketball types of products which will make this customer fall into the "Sports and Outdoors" category. A seller of basketballs can target this type of demographic and this shopper will now be receiving ads for basketballs on different types of products, like a basketball display ad on a toilet paper product listing.



Headline Search

Headline Search allows sellers to advertise a top line banner ad on the search results page. These are keyword targeted cost-per-click ads. Sellers can advertise a group of similar products, a best-selling products page or an Amazon store. ⁴ These headline advertisements look different from the traditional product listings and some shoppers do not click on these as they look different than a traditional path. However, they can be used to drive more awareness to your product, specific information about variations, or seasonal marketing copy.

Hasbro, Inc is using a headline search advertising to target the "Toy Car" keyword

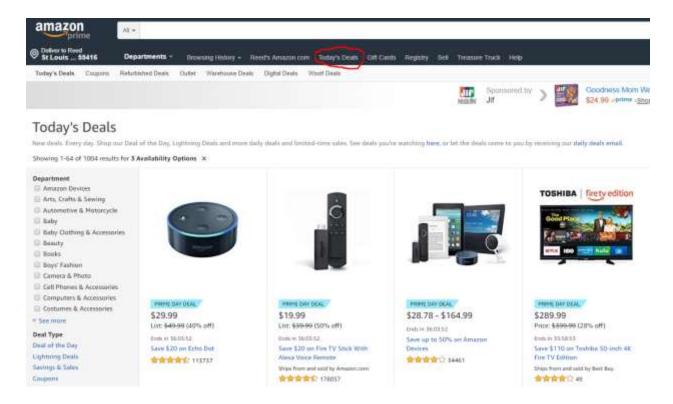




⁴Headline Search Ads: How to Get Started Tutorial https://www.youtube.com/watch?v=tY3pmgxrFyg

Lightning Deals

An Amazon Lightning Deal is a promotion that offers a limited quantity of an item at a discount for a short period of time (generally in 4 hour blocks). Customers are able to see these promotions on the "Today's Deals" portion of the Amazon website. The short period and limited quantity creates a sense of urgency to motivate customers to purchase.



As a seller, you are required to follow several rules:

- Deal must be 20% or more off the Buy Box price
- ASIN retail price must be greater or equal to \$5
- Inventory must be greater than 20 units of stock
- Must have over 3.5 stars
- New Item Condition

Lightning deals allow sellers to offer products at a discounted price and through a unique marketing channel. This could result in sales that may not have occurred through just listing and discounting products. The downside is that sellers must forego additional margin for these sales.



Coupons

Coupons are a marketing mechanism that offers customers the ability to "Clip Coupons" to get a discount off the retail price. Sellers and Vendors that opt into the Coupons program are required to fund the discount amount for the product. Offering a coupon discount incentivizes customers to purchase your product.



Promotions

Promotions are options for sellers to have offers and incentivize customers to make purchases. Here are the different promotions you can offer:

- Social Media Promo Code Sellers can create a customer promo code and receive a unique marketing page to share with customers through social media, emails, or influencer marketing. You can control how to market the promotion and how many units and transactions customers can redeem. This is a great tool to use for driving external traffic onto your Amazon product listings
- Free Shipping Sellers are able to offer a limited-time, free-shipping offer for a subset of your catalog.



• Percentage Off - A percentage off deal allows you to set up tiered discount structures so customers are encouraged to buy more to get a better discount.

- Buy One Get One A buy one get one promotion offers a BOGO offer for customer. This can work great with a repeatable purchase product as the customer is able to share one of the units with a friend.
- Giveaway Giveaways are offers that allows items for free as part of a sweepstake which can generate buzz around products and increase social media following. This is using your inventory COGS as advertising dollars.

Conclusion

Goat Consulting offers Amazon Marketplace business services to brands and manufacturers selling on the Amazon.com marketplace. Whether you are just expanding to the Amazon channel or you have been selling for some time but need some assistance, we are here for you. We hope that after reading this white paper you have a better understanding of:

- The opportunity of selling on Amazon
- The importance of merchandising your product correctly
- The different advertising options for driving traffic product listings

If you have any questions regarding this white paper or anything Amazon related, please reach out to us at https://www.goatconsulting.com/contact-us



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