

# Amazon as a marketing channel

What every DTC brand needs to know to succeed





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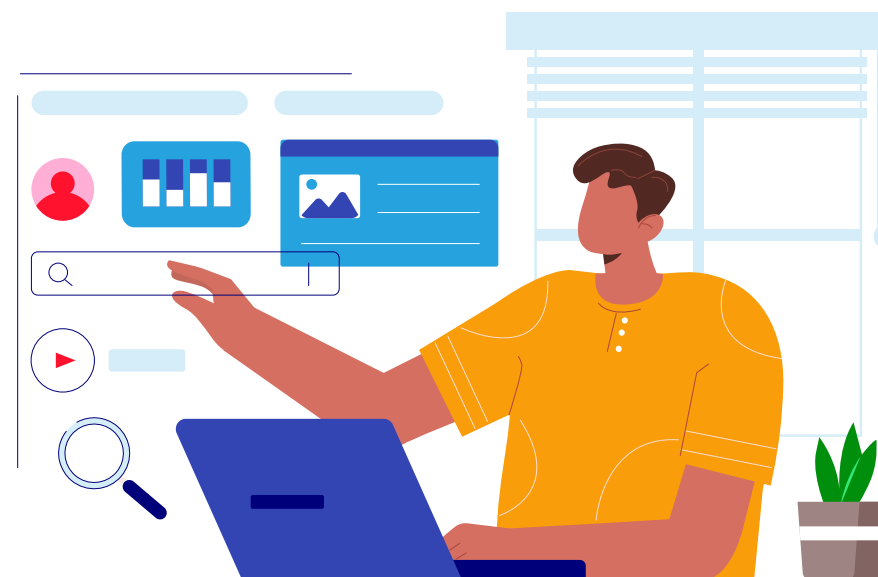
**Where e-commerce shoppers go, ads will follow.** That's the boiled-down explanation for why Amazon's advertising platform has become so popular — with brands that sell on Amazon as well as those that don't.

Amazon is the world's biggest online store. The size of its marketplace is leading more consumers to start their product searches on Amazon vs. Google. So, it's really no surprise that Amazon is attracting growing numbers of direct-to-consumer (DTC) advertisers.

Amazon Advertising, formed in 2019 when the company combined its Amazon Media Group, Amazon Marketing Services and the Amazon Advertising Platform into one unit, posted \$19 billion in revenue the following year. That jumped an impressive 66% to \$31.6 billion in 2021 (helped by the pandemic-related leap in e-commerce) and is projected to reach \$39.5 billion in 2022.

While still puny compared to the \$114.9 billion in ad revenue Meta (Facebook + Instagram + WhatsApp) rang up in 2021, and the \$209.5 billion Google (which includes Google.com, YouTube and income from partner sites and apps) took in that year, Amazon is widely expected to start taking large chunks of market share from both giants in coming years.

The goal of this e-book is to help marketers recognize the opportunities this nascent transformation presents, and how to make the most of it.



**The size of its marketplace is leading more consumers to start their product searches on Amazon vs. Google.**

CHAPTER 1

# **The Amazon opportunity**

The biggest mistake a DTC brand can make is to think of Amazon as just a retailer or a competitor. Its value now and in the future is also as a marketing platform, whether a brand sells there or not.

Amazon is a bright spot in the digital advertising world in terms of its growth trajectory. In fact, in August 2022, *Business Insider* called Amazon “an exception to the otherwise dismal picture for online advertising.”

Digital advertising is a marketing-strategy staple, but the value it delivers has been hurt by Apple’s opt-out feature, introduced in the second half of 2021, which restricts vital customer data marketers use to target ads across the internet, including on social media. At the same time, competition for digital ad inventory has increased its cost.

“With everything that happened around [the decline of third-party] cookies, and iOS14 . . . no longer can you build a brand solely on spending money on social media marketing,” observed Brian Sugar, a partner in the venture capital firm Sugar Capital.<sup>1</sup>



**Amazon’s value is also as a marketing platform, whether a brand sells there or not.**

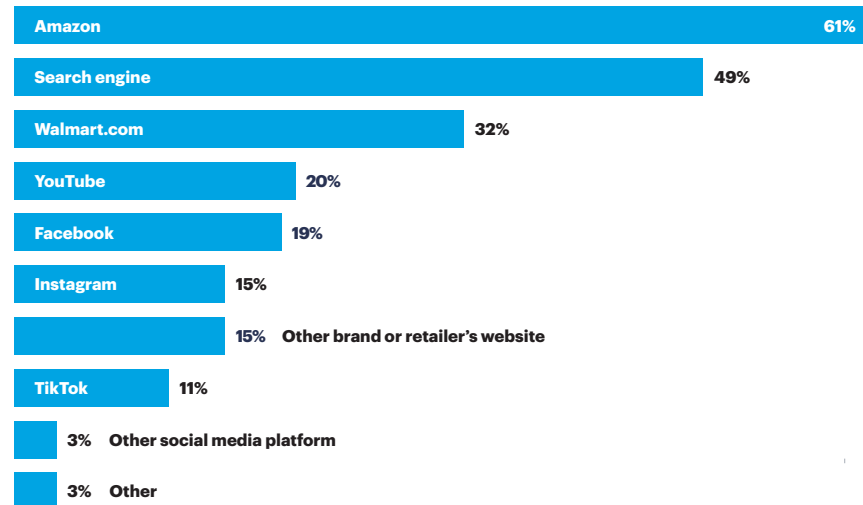
1. Modern Retail, DTC Briefing, Oct. 4, 2022

Amazon offers an attractive digital marketing alternative/ addition for several reasons:

- More than 60% of U.S. online shoppers start their product searches on Amazon, according to eMarketer, compared to not quite half on search engines (primarily Google) and 32% on Walmart.com.<sup>2</sup>

## Where U.S. consumers start their search when shopping online, May 2022

% of respondents



Note: respondents could select multiple options  
 Source: Jungle Scout, "Consumer Trends Report: Q2 2022," June 23, 2022, via eMarketer

2. eMarketer, Insider Intelligence, Aug. 9, 2022

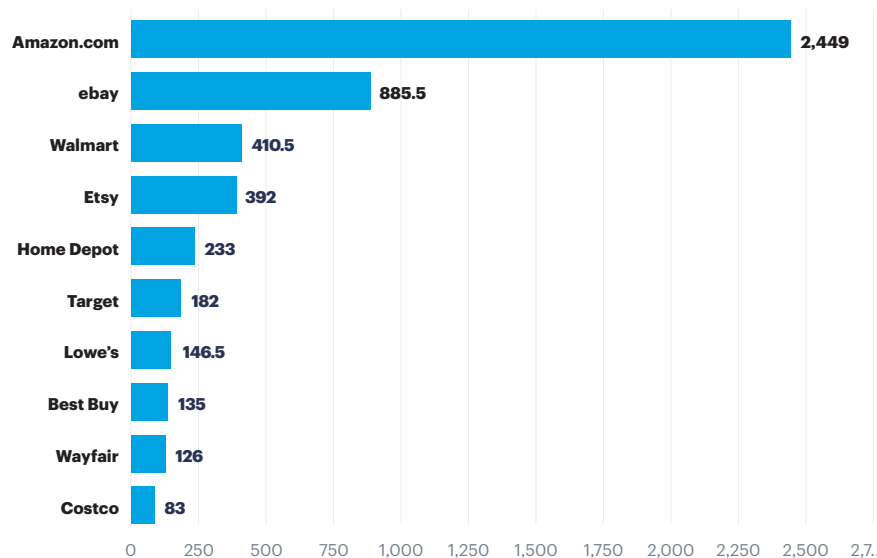


Amazon offers an attractive digital marketing alternative/addition.

- Amazon is the most popular e-commerce website in the U.S., recording nearly 2.5 billion monthly visits.<sup>3</sup>

## Monthly visits to U.S. e-commerce websites

in Millions



Statista 2022

- Amazon offers marketers a variety of tools, services and products for targeting, retargeting and determining return on ad spend (ROAS). These include the Amazon Marketing Cloud, which taps the company's rich database of first-party customer data to allow advertisers to analyze ad performance.

This helps explain why Amazon is projected to drive almost 78% of U.S. retail media ad spend this year.

Read on to discover strategies that will help DTC marketers make the most of the Amazon advertising ecosystem.



**Amazon offers a variety of tools for targeting, retargeting and determining return on ad spend.**

3. Statista 2022

CHAPTER 2

# **Take full advantage of Amazon DSP**

**Amazon DSP** (demand-side platform) leverages Amazon's customer data to serve display or video ads to specific audiences on Amazon properties as well as across the open web and mobile apps. It complements Sponsored Display and Sponsored Brands advertising as a higher-funnel tool that's best for:

- Prospecting
- Off-site remarketing
- Similar competitor targeting

Imagery is particularly important in these ads. Lifestyle images that include people plus your product(s) help build trust and increase engagement and conversion because shoppers can put themselves in the shoes of the person(s) in the image, and have more to look at than just the product.

Around 70% of consumers will choose a specific listing based on the photograph alone. Because consumers on Amazon are less brand-loyal than those who shop directly from a brand's website, product photos and videos can be used to add differentiating elements, highlight functionality and reinforce product value.

As every marketer knows, videos heighten advertising's impact. According to Amazon's video shopping experience data, shoppers who view a video are 3.6 times more likely to convert than those who do not.



**Around 70% of consumers will choose a specific listing based on the photograph alone.**



Amazon's Dynamic Creative Optimization (DCO) tool integrates with trusted third-party ad servers that connect to Amazon DSP. The DCO allows you to dynamically plan relative creative messaging throughout the entire buying process.

For example, a consumer shopping for new cookware searches for the best options on Amazon:

- They are first shown a default creative ("Creative A") to create awareness.
- If, however, they're both searching for their kitchen essential and they've seen a competitor's ad along the way, Amazon DCO can automatically show them an alternative "Creative B," or a related ad, that serves to move them further down the sales funnel.

The ability to automatically test different ad creative types allows for long-term A/B testing that can help shape and perfect your strategy as you determine which creative matches with which part of the full funnel.



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## CHAPTER 3

# **Keep the customer experience fresh**

Amazon's DCO is not the only tool to help marketers customize content based on individual actions. There are several others that will evolve your target customers' experience on Amazon to keep them engaged:

- A new Amazon service, Dynamic Segments for Targeting, reaches the audiences most likely to click, and will help drive traffic to advertised products. You can add a logo and headline to auto-generated creative in an existing campaign to tell a better story.
- Amazon's Responsive e-Commerce Creatives (RECs), a dynamic product ad template — customizable based on product page views or products added to the cart — can help as a shopper moves lower down the funnel.
- For sellers on Amazon, A+ Content allows brands to share additional product details through highly visual branded content and creative. This is an opportunity to share your brand's story, highlight key features, expand on product specifications and display a consistent cross-channel brand identity. A thoughtful approach to design and storytelling can increase conversion rates by up to 25%, according to Amazon data.



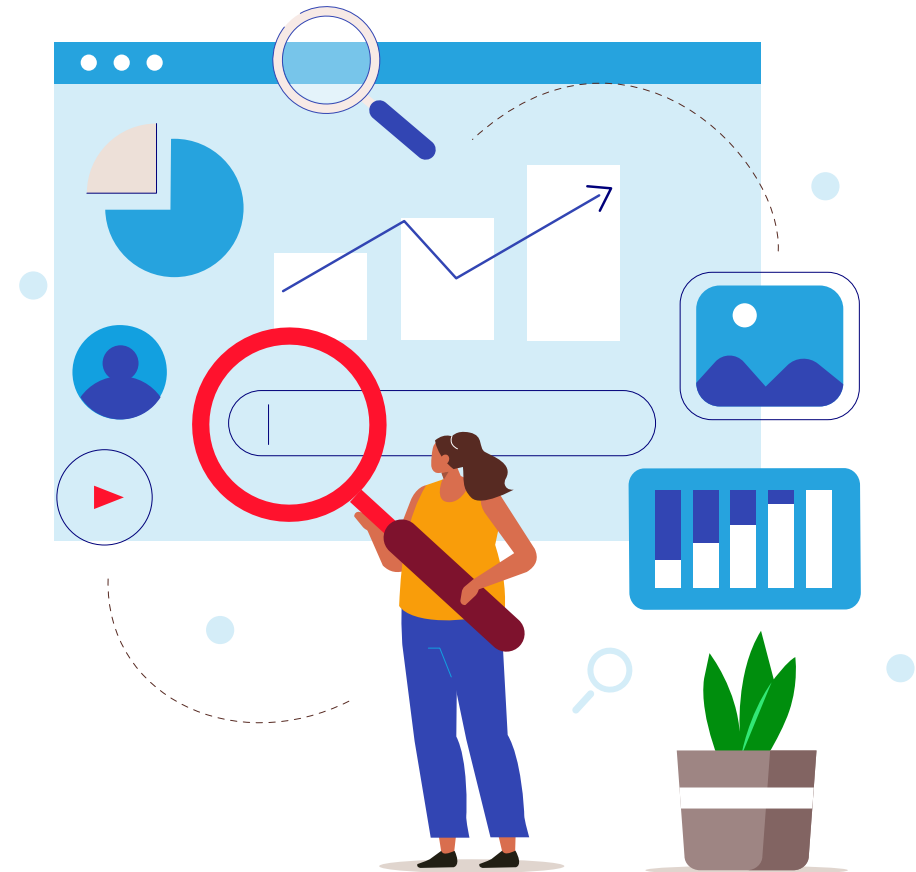
**Amazon's REC dynamic ad template adapts to a shopper's page views or products added to the cart.**

CHAPTER 4

# **Always evolve SEO**

The key question to ask about SEO is what's serving the bottom line best, according to [Rise Interactive](#) VP of media strategy Justin Garvin. That involves evaluating which keywords are delivering every month (or, at the latest, every quarter) and updating your product listings — for those marketers actually selling on Amazon — to stay relevant.

First, focus on optimizing the product title. It drives clicks, keyword ranking and conversion rate, and is the No.1 priority for keyword indexing. Next, prioritize the bullet points on your Amazon product listing. They drive home the value features of your product, while incorporating important search terms.

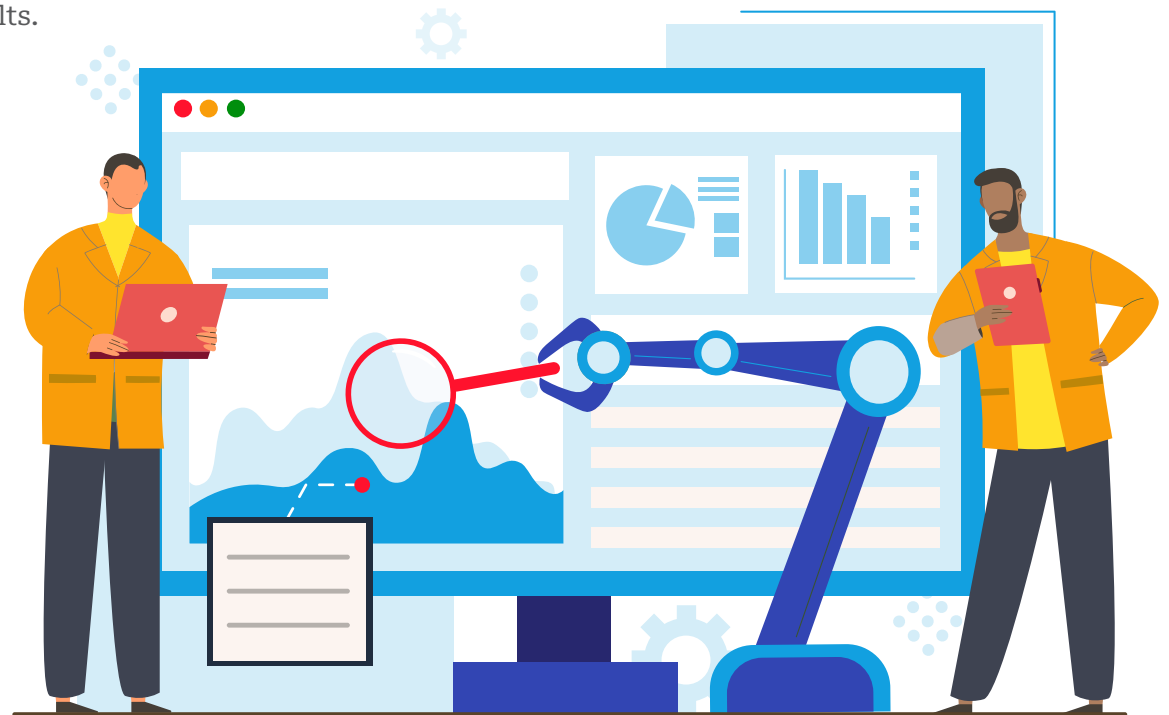


**The product title drives clicks, keyword ranking and conversion rate — and is the No.1 priority for keyword indexing.**

Finally, use the back end of your Amazon product page to import the exact keywords you want Amazon to use to index your product. An Amazon algorithm can also automatically collect and target highly relevant keywords for the products you choose to advertise.

The right tools will give marketers more control over how to approach strategies and tactics for conversion and awareness no matter where potential customers are in the sales funnel. And the right resources will help optimize your results.

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# How Quad can help

Amazon may be the world's biggest e-commerce platform, but leveraging it as part of your DTC marketing strategy doesn't have to be intimidating or daunting — and you don't have to approach it alone.

Quad works with more than 4,500 marketers — from legacy brands to rising challengers to DTC startups — to help them reimagine their marketing experience (MX). And clients of all sizes have increasingly been coming to Quad to learn how Amazon's suite of tools might fit into their marketing mix.

There are, of course, no one-size-fits-all marketing strategies for today's brands. That's why it's a good idea to work with a channel-agnostic partner like Quad to help figure out what makes sense for your DTC brand right now.

**Leveraging Amazon as part of your DTC marketing strategy doesn't have to be daunting.**



## Who is Quad?

Quad (NYSE: QUAD) is a global marketing experience company that helps brands reimagine their marketing to be more streamlined, impactful, flexible and frictionless. Quad's strategic priorities are powered by key competitive advantages that include integrated marketing platform excellence, innovation, and culture and social purpose. The company's integrated marketing platform is powered by a set of core disciplines including business strategy, insights and analytics, technology solutions, managed services, agency and studio solutions, media, print, in-store and packaging.

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See how we can help.

     866.824.2869  [info@quad.com](mailto:info@quad.com) [Quad.com](https://quad.com)

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