

amazon ads benchmark report

Q4 2019

methodology

The Tinuiti Amazon Ads Benchmark Report is based on anonymized performance data from Amazon programs under Tinuiti management, with annual Amazon ad spend under management totaling over \$400 million. Samples are restricted to those programs that have remained active and maintained a consistent strategy over the time periods studied. Unless otherwise noted, all figures are based on same-client growth. The trends and figures included are not meant to represent the official performance of Amazon advertising or the experiences of every Amazon advertiser.

about tinuiti

Tinuiti is a performance and data-driven digital marketing leader focused on every aspect of the customer journey. We are the largest independent digital performance marketing agency, with more than \$1.5 billion in ad spend managed across Amazon, Google and Facebook.

report highlights

Amazon Demand-Side Platform (DSP)

Amazon DSP spend grew 44% from Q3 to Q4, the largest quarter-over-quarter jump of 2019. New-to-brand share of purchases attributed to the DSP went up from 71% in Q3 to 78% in Q4, and holiday shoppers seem more willing to purchase from brands they haven't bought from in the last twelve months than at other times of the year.

- In addition to impressive same-advertiser growth, the number of advertisers investing in the DSP continues to grow over time.
- 69% of spend and 72% of purchases for the DSP were attributed to Amazon owned-and-operated properties in Q4 2019. Advertisers can only target Amazon properties through Amazon ad campaigns, as these placements are not available through other DSPs.
- 60% of Amazon DSP spend was attributed to campaigns focused on driving customer awareness and consideration. While purchase-focused campaigns accounted for nearly 75% of spend in Q1 2019, advertisers steadily shifted focus to more upper funnel tactics throughout the year.

Amazon Sponsored Products and Sponsored Brands

Sponsored Brands spend growth accelerated from 19% in Q3 to 27% in Q4, driven by a 38% Y/Y increase in clicks. Sales grew even faster than spend at 43% for the quarter. The share of Sponsored Brands conversions attributed as new-to-brand grew from 58% in Q3 to 60% in Q4, as new-to-brand share picked up during the core weeks of the holiday shopping season.

- Amazon Sponsored Products ad spend increased 30% Y/Y in Q4, the same rate observed in Q3, as sales attributed to the format grew 21%. CPC growth steadily accelerated throughout 2019 as more advertisers continue to enter the space, and in Q4 grew 12% Y/Y.
- Sponsored Brands now account for 13% of Amazon search format spend, up from 12% in Q3. Amazon recently introduced video creative in Sponsored Brands, giving brands greater capacity to convey selling points and visuals to prospective customers.
- New Sponsored Brands inventory introduced in August 2018 significantly expanded the available inventory for the format. However, top of page placements, which have always existed for Sponsored Brands, accounted for 88% of spend in Q4.
- Spend for international campaigns targeted outside of the United States grew 45% for Sponsored Products and 39% for Sponsored Brands, as these campaigns continued to outpace US growth.
- Sponsored Display ads were formally announced in September 2019 as a way for Amazon advertisers to access display inventory with minimal setup requirements, and in Q4 2019 the median advertiser deploying these campaigns spent 2% as much on them as Sponsored Products. The DSP currently offers more robust targeting capabilities than Sponsored Display for advertisers looking to invest in Amazon display inventory.
- The holiday shopping days that registered the highest sales per click for Sponsored Products advertisers were Black Friday and Cyber Monday, as both the volume and value of ad traffic soared on these key shopping days.

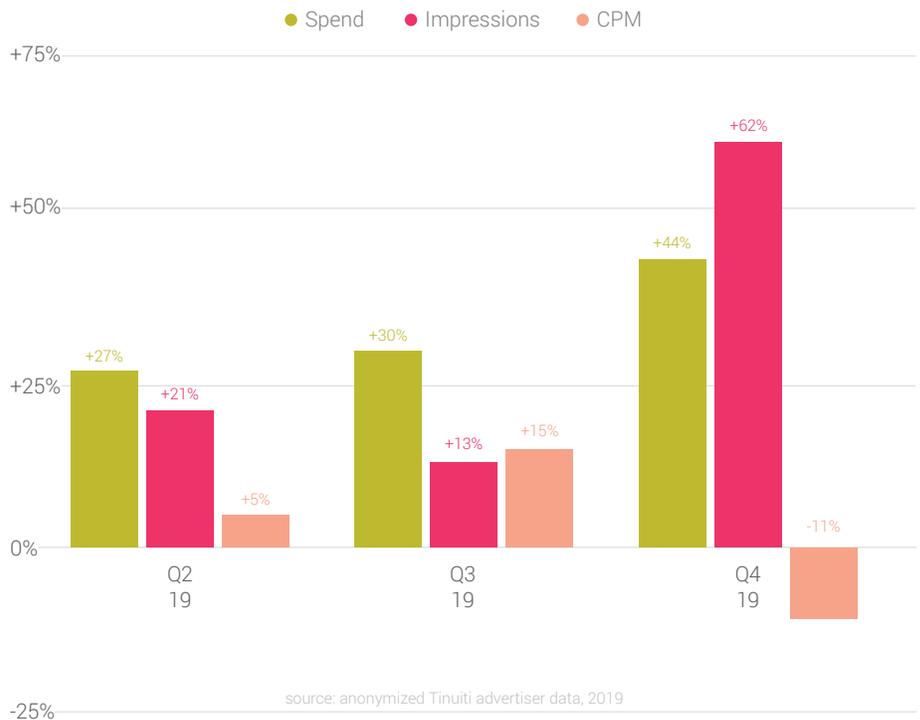
Amazon DSP

Q4 2019

→ Amazon DSP spend grows an impressive 44% from Q3 to Q4.

Advertisers investing in Amazon display inventory through its Demand-side Platform (DSP) increased investment 44% quarter over quarter in Q4, the largest jump of the past three quarters. Advertisers can also access display inventory through Sponsored Display ads, which Amazon formally announced in September 2019 and provides brands display access with minimal setup requirements. However, the DSP provides more robust audience targeting and segmentation options, as well as brand safety controls such as the ability to exclude ads from showing on specified websites.

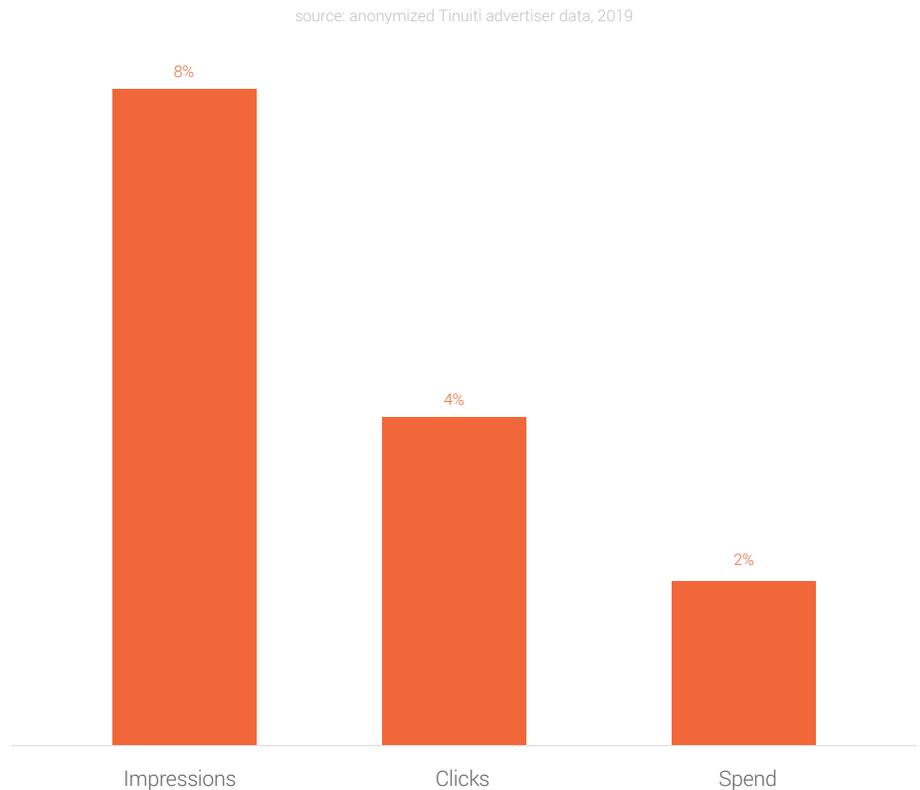
Amazon US DSP Q/Q Growth



→ Sponsored Display accounts for 2% as much spend as Sponsored Products in Q4.

Amazon launched Sponsored Display in September 2019 to allow easy access to the display network for advertisers already advertising with Sponsored Products, and in Q4 2019 brands using these campaigns spent 2% as much budget on Sponsored Display as Sponsored Products. Sponsored Display is a self-service product that allows quick campaign creation with which to target relevant audiences both on and off Amazon.

Amazon US Sponsored Display Relative to Sponsored Products
Q4 2019 - Median Sponsored Display Advertiser

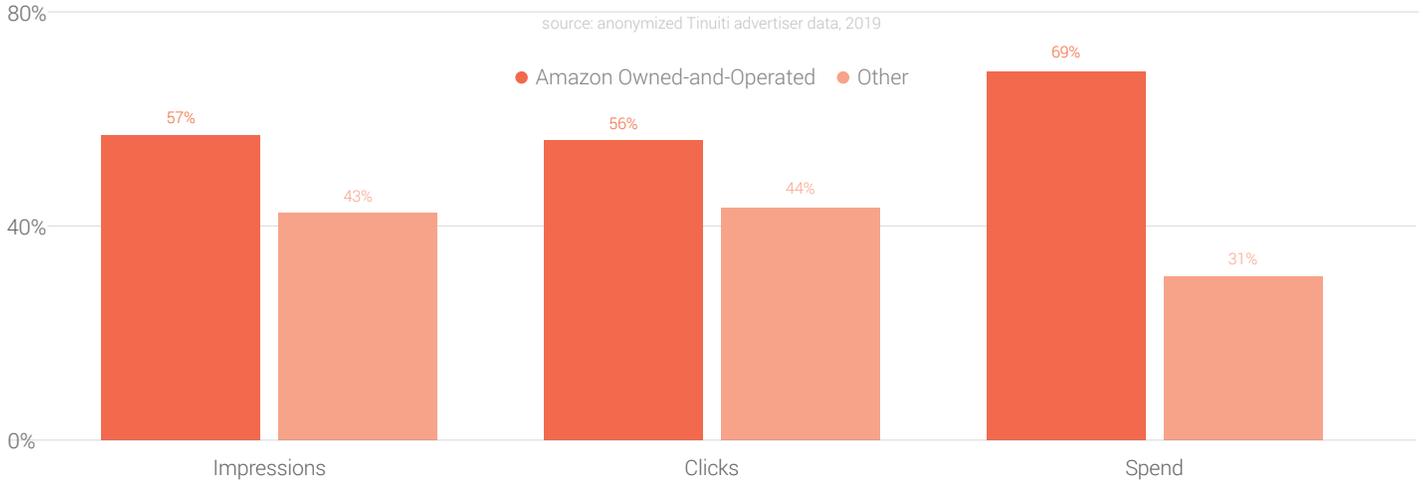


➔ **69% of DSP spend is attributed to Amazon owned-and-operated sites.**

Advertisers investing in Amazon display inventory through its Demand-side Platform (DSP) increased investment 44% quarter over quarter in Q4, the largest jump of the past three quarters. Advertisers can also access display inventory through Sponsored Display ads, which Amazon formally announced in September 2019 and provides brands display access with minimal setup requirements. However, the DSP provides more robust audience targeting and segmentation options, as well as brand safety controls such as the ability to exclude ads from showing on specified websites.

Share of Total Amazon US DSP Performance

Q4 2019

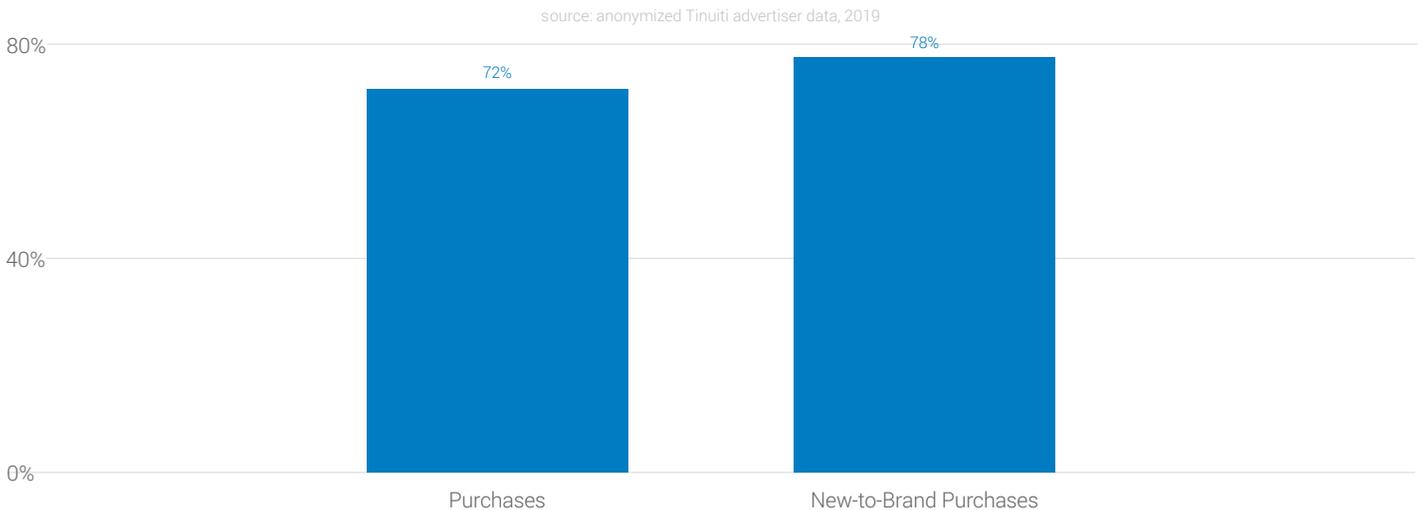


➔ **Amazon owned-and-operated sites account for 78% of new-to-brand purchases.**

While purchases are not the only consideration when advertisers spend ad dollars on the DSP given the importance of awareness campaigns, Amazon owned-and-operated sites generated 72% of all purchases attributed to the DSP in Q4, helping to explain the greater CPM and CPC of this traffic. Sites within Amazon’s owned-and-operated network saw an even higher share of new-to-brand purchases, coming in at 78%. Amazon assigns purchases based on last view and/or click, which naturally increases the share of purchases attributed to on-Amazon properties as it is often the final property the shopper is on prior to purchasing.

Amazon Owned-and-Operated Share of Amazon DSP

Q4 2019



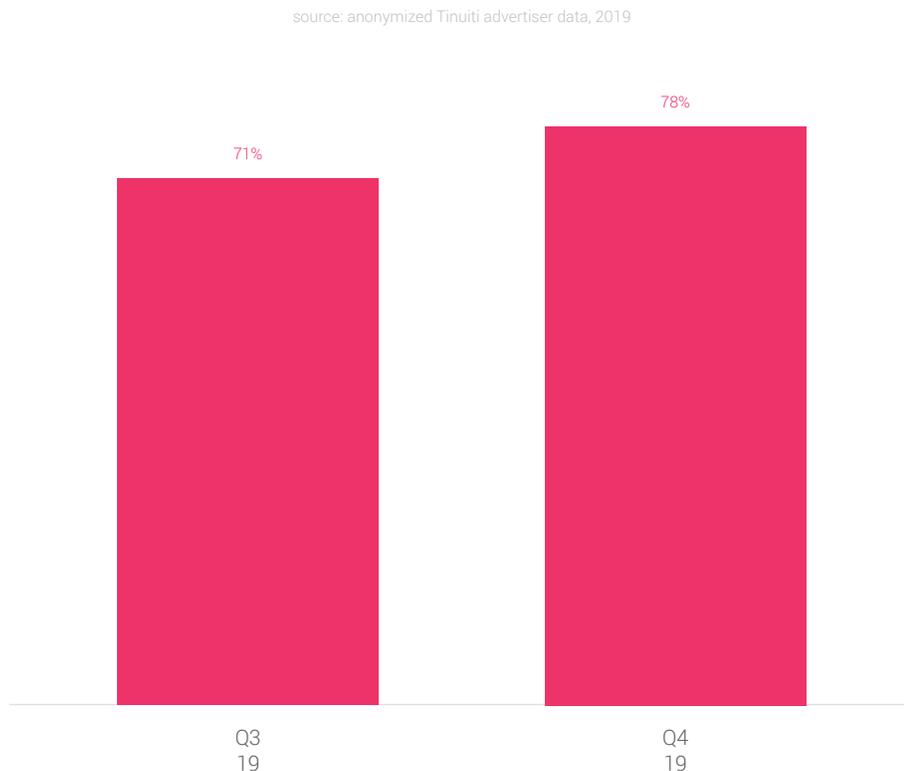
Amazon US DSP Funnel Stage Spend Share



➔ **Awareness and consideration campaigns account for the majority of DSP spend in Q4.**

Continuing a trend observed through the first three quarters of the year, the share of spend allocated to campaigns targeted at consumer awareness and consideration of a brand and its products rose once again to account for 60% of all spend for the quarter. While many advertisers waded into the DSP focused on direct response purchase goals, much of the value of the DSP opportunity lies in its ability to reach new customers and insert brands into customers' consideration sets. As such, advertisers are steadily growing their embrace of upper funnel tactics.

Amazon US DSP New-to-Brand Purchase Share

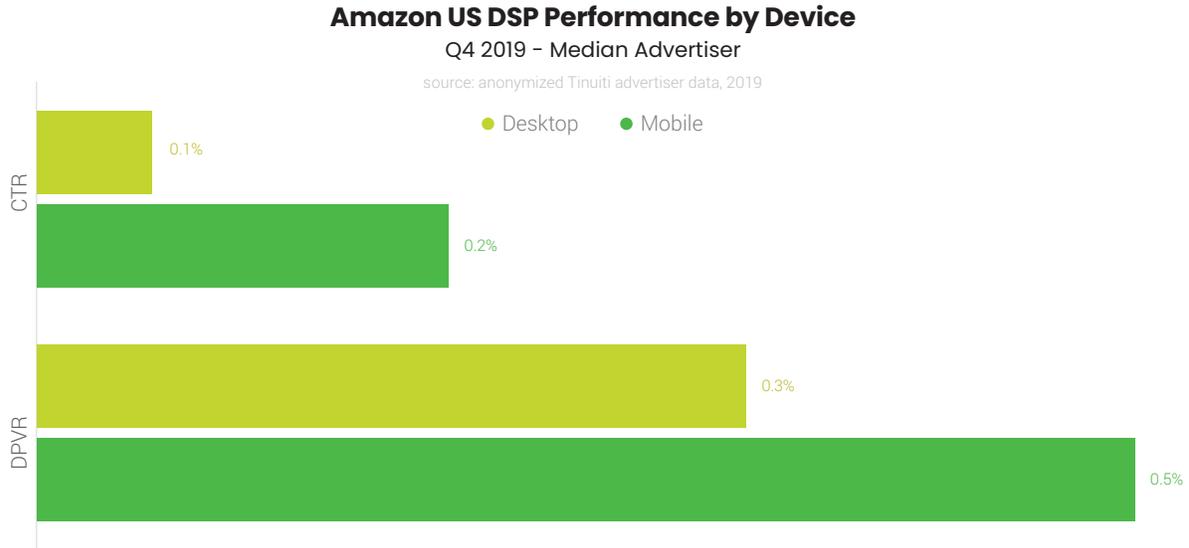


➔ **New-to-Brand share of DSP purchases grows from Q3 to Q4.**

The share of purchases attributed to new-to-brand customers, defined as those that have not purchased from the advertiser on Amazon in the past 12 months, went from 71% in Q3 to 78% in Q4 for the median advertiser. Taken in conjunction with a quarter-over-quarter rise in new-to-brand share of Sponsored Brands conversions during the core holiday shopping season, the evidence points to an increased willingness from Amazon shoppers to buy from brands not purchased from over the last year during the winter holidays.

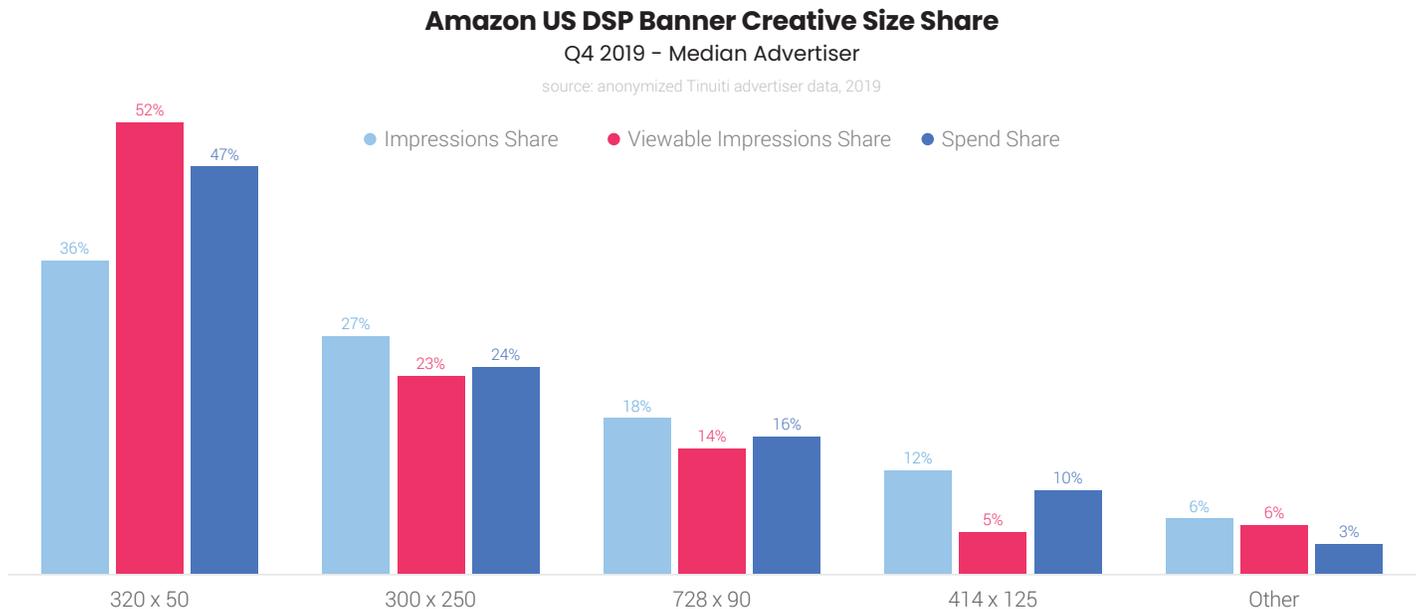
➔ **Detail page views are an important consideration in evaluating DSP performance.**

Given the growing share of DSP spend allocated to campaigns that are not purely focused on driving purchases, advertisers must turn to alternative metrics besides just conversion rate in judging the value of ad spend. Two such metrics are click-through rate and detail page view rate. In the case of both of these metrics, the median DSP advertiser studied finds mobile inventory outperforms desktop.



➔ **Four ad dimensions account for 97% of all Amazon ad spend in Q4.**

As with any DSP, advertisers launch ads of different dimensions in order to fill inventory slots that require different length and width specifications. In Q4, ads that were 320x50 pixels accounted for 52% of all viewable impressions despite registering only 36% of total impressions, as these units appear much more likely to gain placement in viewable locations. Dynamic Ecommerce Ads are often used for purchase-focused campaigns, while static banners give marketers the ability to inject branding and lifestyle images into creative to help drive awareness and consideration.

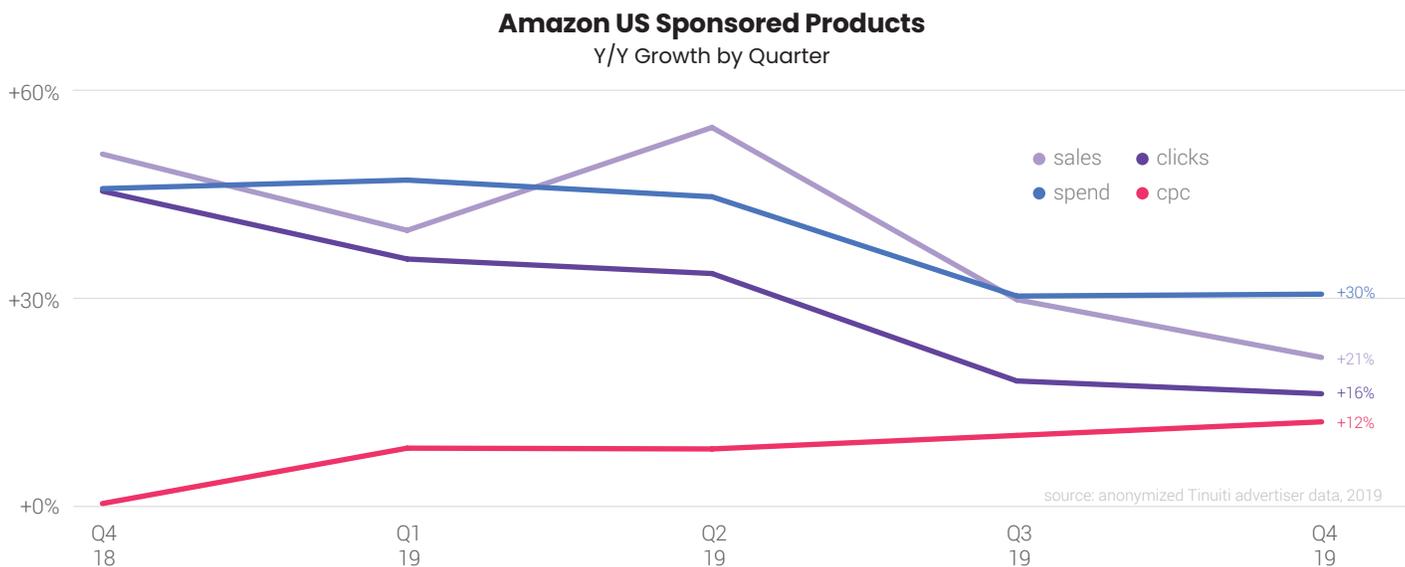


Amazon Search

Q4 2019

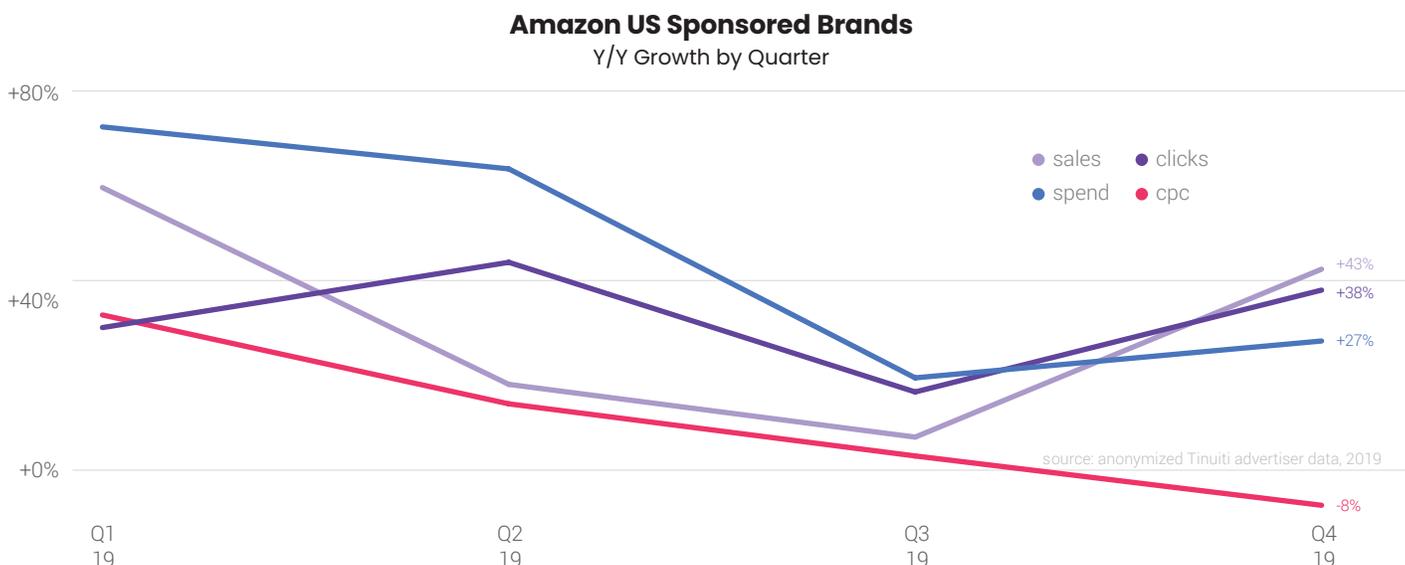
➔ **US Amazon Sponsored Products spend growth holds steady from Q3 to Q4.**

Amazon Sponsored Products spend in the US grew 30% Y/Y in Q4, the same growth rate observed in Q3, as sales attributed to the ad format grew 21%. CPC growth continued to steadily accelerate, growing at 12% Y/Y compared to flat Y/Y growth in Q4 2018. Click growth has declined over the last year, and came in at 16% in Q4 2019.

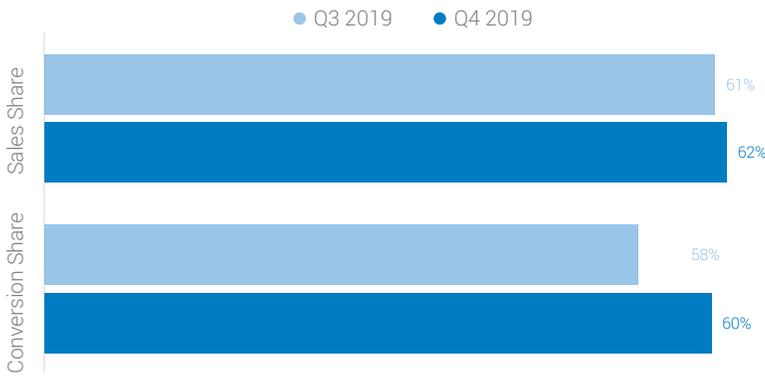


➔ **Sponsored Brands growth accelerates in Q4 as clicks skyrocket.**

Clicks to Sponsored Brands grew 38% Y/Y in Q4 to drive a 27% increase in spend, a meaningful acceleration from the 16% click growth and 19% increase in spend observed in Q3. Sales grew even faster than spend for the quarter, with growth of 43% far outpacing the previous two quarters. CPC declined 8% Y/Y, continuing a trend of deceleration observed throughout 2019 and across the spectrum of Sponsored Brands advertisers. Amazon recently opened up the Beta program for advertisers to use video creative in Sponsored Brands.



Amazon US Sponsored Brands - New-to-Brand Share

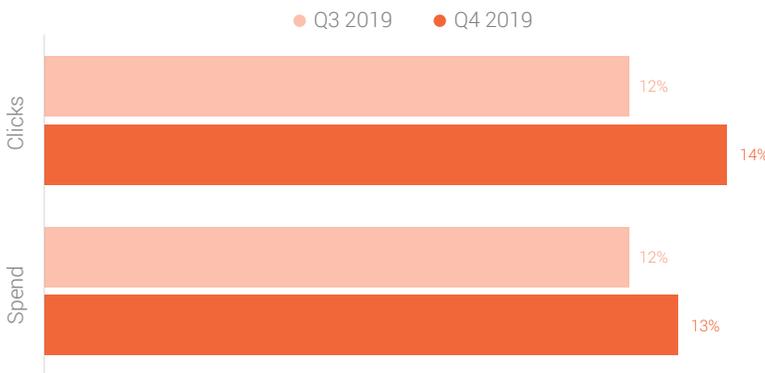


source: anonymized Tinuiti advertiser data, 2019

➔ New-to-brand share for Sponsored Brands ads ticks up slightly in Q4.

The share of Sponsored Brands-driven conversions and sales attributed to customers who had not purchased from the brand advertising in the last twelve months went up modestly in Q4 relative to Q3. Amazon announced new-to-brand metrics for Sponsored Brands in January 2019, and these measures are helping Amazon make the case for the brand-building potential of the format.

US Sponsored Brands Share of Amazon Paid Search Clicks & Spend

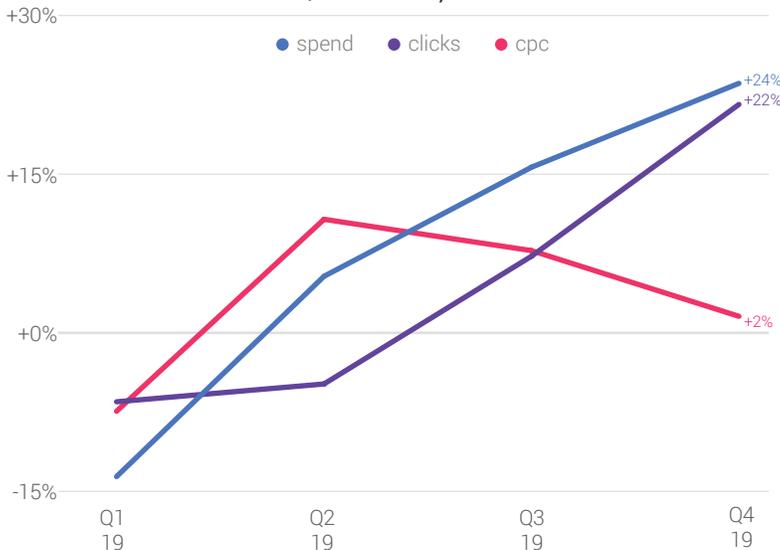


source: anonymized Tinuiti advertiser data, 2019

➔ Sponsored Brands click and spend share of Amazon search rises in Q4.

Looking at the share of total clicks and spend across Sponsored Brands and Sponsored Products, Sponsored Brands click share rose from 12% in Q3 to 14% in Q4 as spend share rose from 12% to 13%. While Sponsored Products remain the most prevalent format for Amazon advertisers, Sponsored Brands are quickly becoming more critical to fully realizing the Amazon ads opportunity. The introduction of video creative to Sponsored Brands further elevates its importance.

Amazon US Sponsored Products Q/Q Growth by Quarter



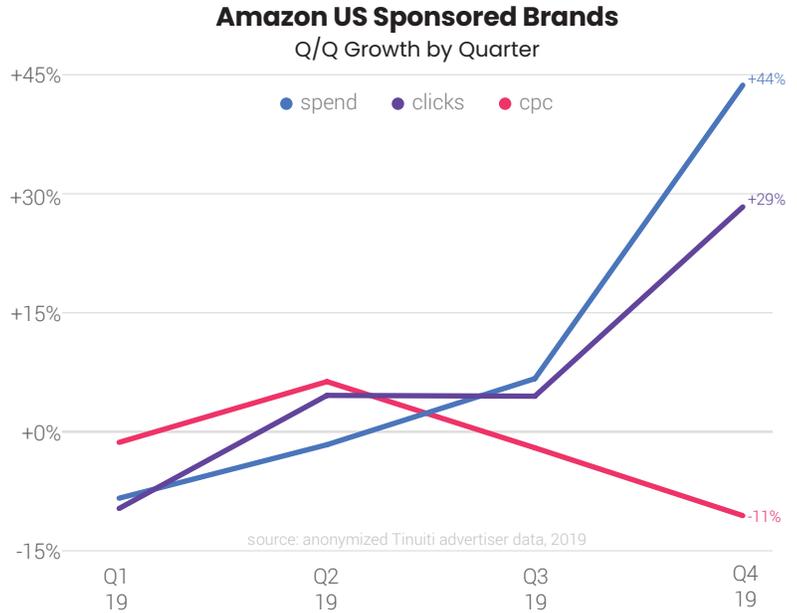
source: anonymized Tinuiti advertiser data, 2019

➔ Q4 marks the largest quarter-to-quarter spend and click growth of 2019.

Advertisers increased ad investment by 24% from Q3 to Q4, the largest jump of 2019, as the busy holiday shopping season sent many consumers to Amazon's site. Click growth was also the largest of the year, coming in at 22%. CPC growth slowed Q/Q to just 2%, marking 3 straight quarters of declining CPC growth rates. Looking back at how key metrics shifted from Q4 to Q1 last year, it's likely that all three of spend, clicks, and CPC for the Sponsored Products format will decline in the first quarter of 2020 from the previous quarter with seasonal shifts.

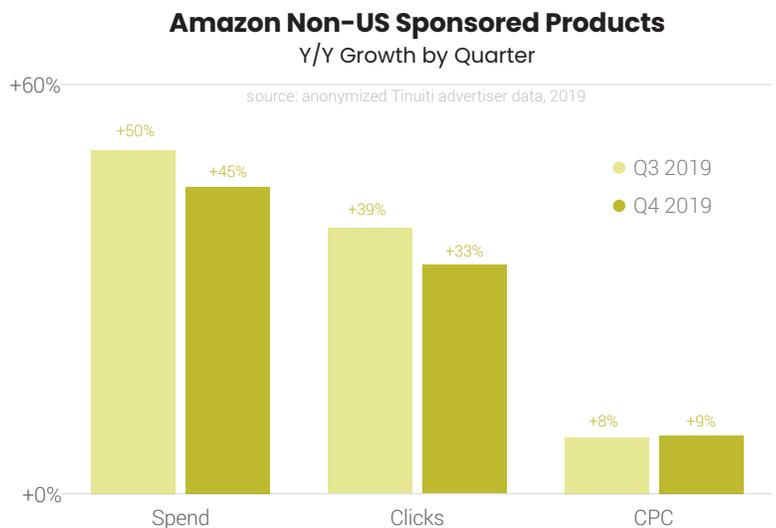
→ Sponsored Brands spend grew 29% Q/Q driven by huge click growth.

Advertisers increased ad investment by 24% from Q3 to Q4, the largest jump of 2019, as the busy holiday shopping season sent many consumers to the ecommerce giant. Click growth was also the largest of the year, coming in at 22%. CPC growth slowed Q/Q to just 2%, marking 3 straight quarters of declining CPC growth rates. Looking back at how key metrics shifted from Q4 to Q1 last year, it's likely that all three of spend, clicks, and CPC for the Sponsored Products format will decline in the first quarter of 2020 from the previous quarter with seasonal shifts.



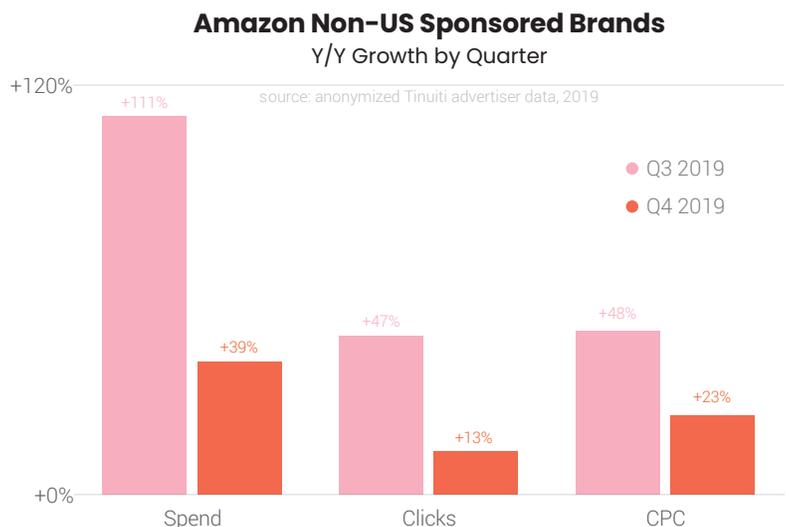
→ Sponsored Products spend targeted outside of the US grows 45%.

Sponsored Products spend grew 45% Y/Y in Q4 2019 for non-US campaigns, outpacing US spend growth by sixteen percentage points as clicks grew 33%. Much like in the US, CPC growth for the format appears to be slowly accelerating, and went from 8% in Q3 to 9% in Q4. The international campaigns studied include nine different countries across Europe, North America and Asia.



→ International Sponsored Brands spend grew 39% Y/Y in Q4 2019.

After more than doubling in Q3, non-US Amazon Sponsored Brands campaigns spend growth slowed to 39% in Q4, though that figure still outpaced American growth for the format. CPC grew 23% Y/Y for the quarter, a significant deceleration from the 48% observed in Q3. Click growth also slowed from the previous quarter, coming in at 13% for Q4 2019.



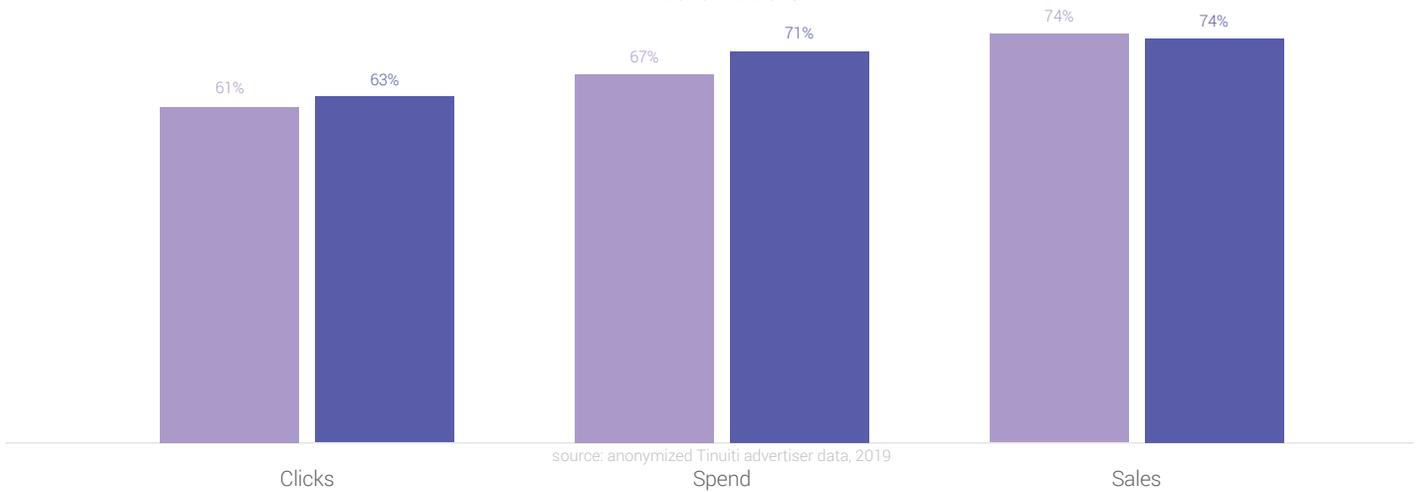
→ Manual campaigns account for 74% of all Sponsored Products sales in Q4.

Sponsored Products campaigns can be targeted using automatic campaigns, which give Amazon control over which situations a brand's ads might be relevant for, or manual campaigns, which give advertisers the ability to target ads using keywords or product attributes. In Q4 2019, advertisers spent 71% of all Sponsored Products spend on manual campaigns, up from 67% last Q4, with those campaigns driving 74% of all sales.

Amazon US Sponsored Products – Manual Campaign Share

Median Advertiser

● 2018 ● 2019



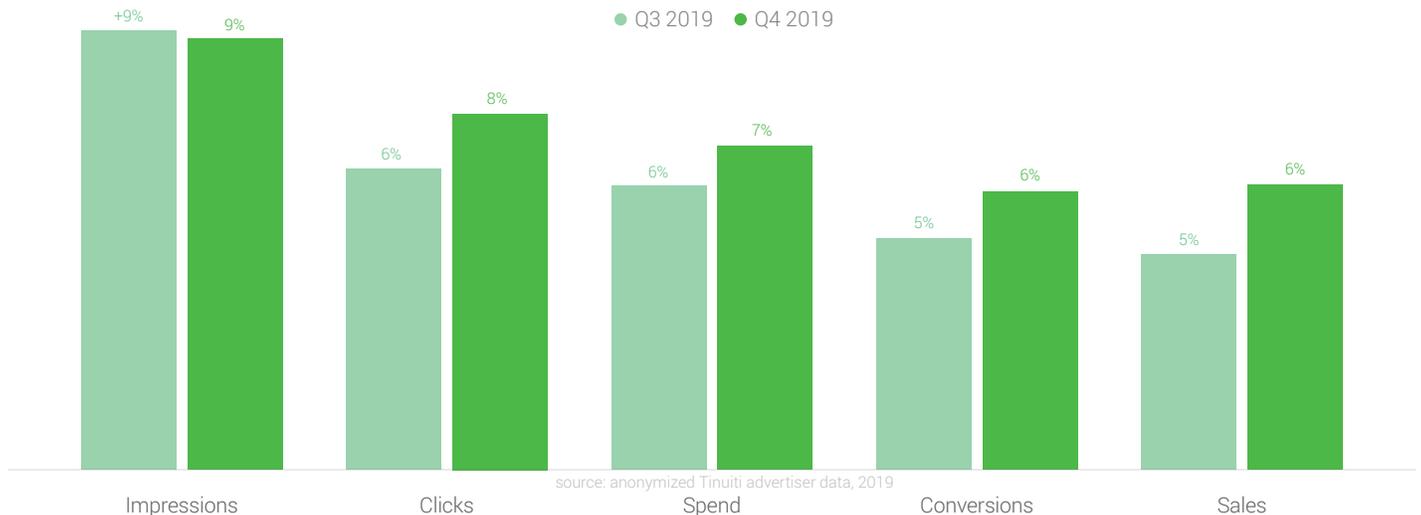
→ Product Targeting share of manual campaign spend ticks up in Q4.

Product Targeting, formerly known as Product Attribute Targeting, accounted for 7% of all Sponsored Products manual campaign spend in Q4 2019 for the median advertiser deploying this targeting, a slight uptick from the 6% observed in Q3. The share of advertisers studied that use Product Targeting also went up, going from 61% in Q3 to 71% in Q4, as more brands are wading into using Product Targeting over time.

Amazon US Sponsored Products – Product Targeting Manual Campaign Share

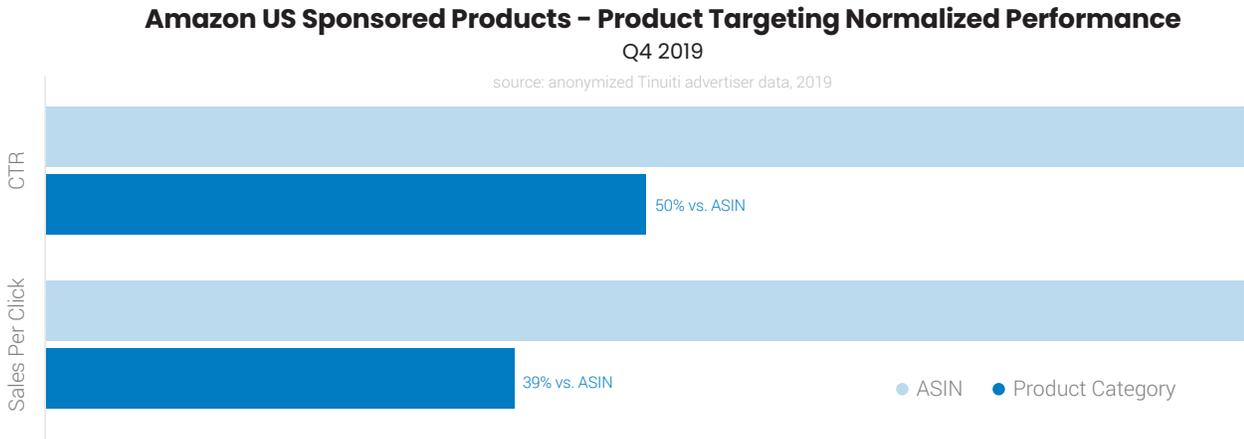
Median Product Targeting Advertiser

● Q3 2019 ● Q4 2019



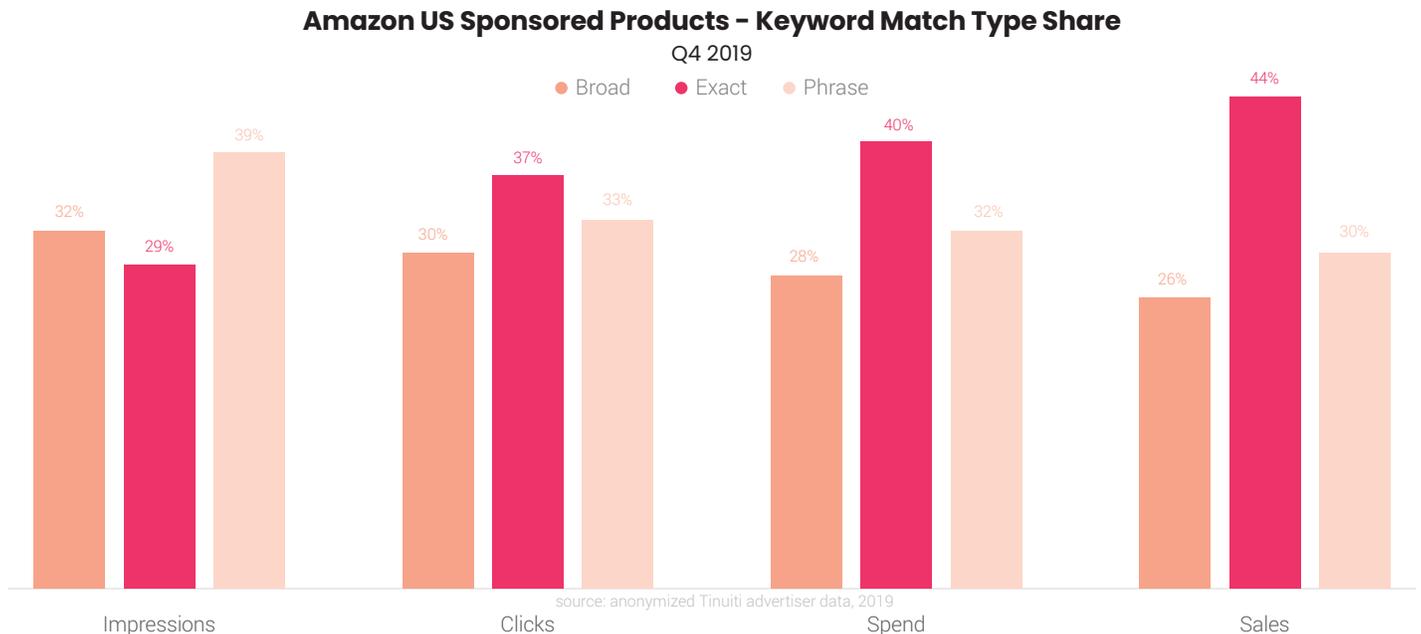
→ ASIN Targeting produces more than twice the sales per click of Product Category Targeting.

ASIN (Amazon Standard Identification Number) targeting is by far the most popular form of Product Targeting used today by advertisers, and in Q4 2019 accounted for 89% of all Product Targeting spend. Comparing performance between ASIN targeting and product category targeting, the second most popular targeting used, it's clear why, as category targeting had a 50% lower CTR and 61% lower sales per click than ASIN targeting.



→ Exact match keywords account for plurality of Sponsored Products keyword spend and sales.

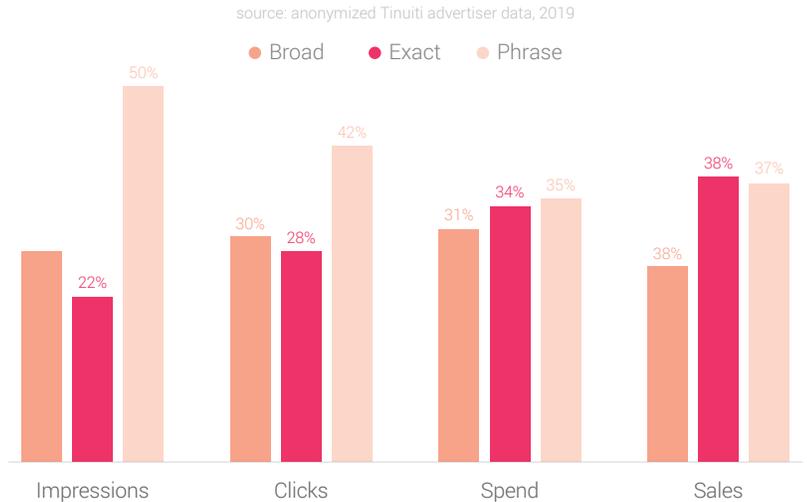
Advertisers allocated 40% of all Sponsored Products manual keyword campaign spend to exact match keywords, which are typically associated with the highest volume and/or value queries that each advertiser is targeting. Exact match keywords were the only match type with a higher share of sales than clicks, indicative of the importance of the queries which advertisers choose to target using exact match. Sponsored Products ads are not limited to keyword-based targeting, and can also be launched through automatic campaigns or manual campaigns which use Product Targeting.



→ 38% of Sponsored Brands sales are attributed to exact match keywords.

Sponsored Brands spend was more evenly allocated across keyword match types in Q4 than Sponsored Products, with only four percentage points separating the highest (phrase) and lowest (broad) share match types. However, like Sponsored Products, exact match accounted for a plurality of sales attributed to Sponsored Brands for the quarter. All Sponsored Brands campaigns use keyword-based targeting.

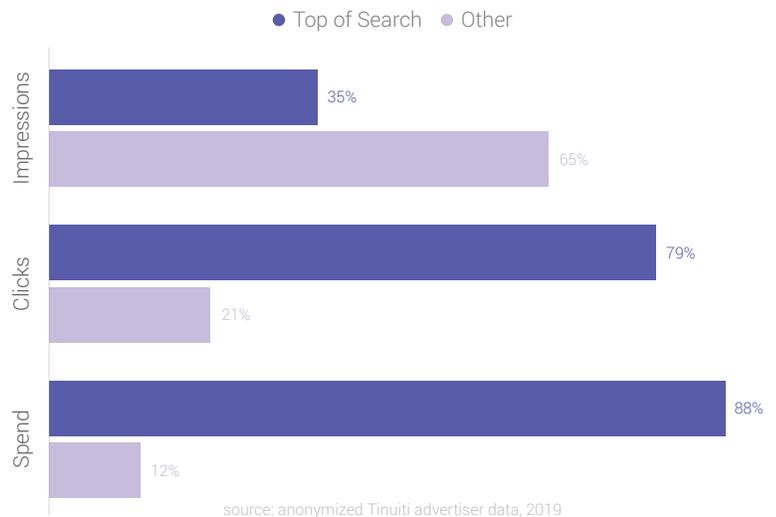
Amazon US Sponsored Brands – Keyword Match Type Share
Q4 2019



→ Top of Search accounts for 88% of all Sponsored Brands spend.

Amazon made a major change to Sponsored Brands ads in August 2018, when it announced new placements along the right rail and at the bottom of search results as well as within search results on the mobile app. These new placements significantly expanded the number of available impressions for the format, and in Q4 2019 placements other than the top of search accounted for 65% of all ad impressions. Top of search remains hugely important, however, as it accounted for 88% of all Sponsored Brands spend.

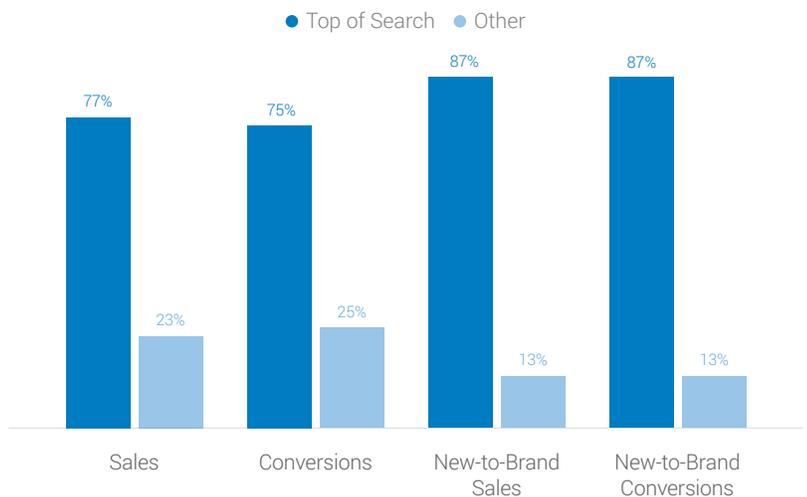
Amazon US Sponsored Brands – Placement Share
Q4 2019



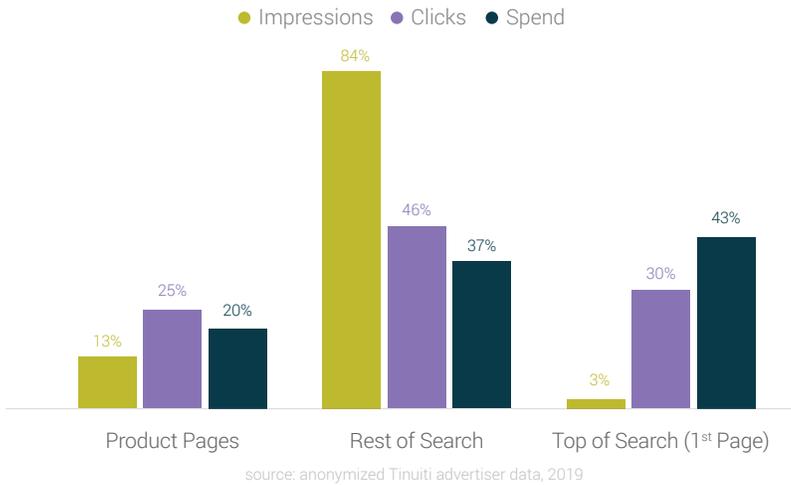
→ Top of Search accounts for 87% of all New-to-Brand sales for Sponsored Brands.

Top of search is clearly a valued position for Sponsored Brands advertisers, given that it accounted for 75% of all conversions and 77% of sales attributed to the format in Q4 2019. However, it's value is even greater when isolating for only those conversions and sales that are deemed new-to-brand for the advertiser, with the placement accounting for a whopping 87% of both new-to-brand conversions and sales for the quarter.

Amazon US Sponsored Placements – Placement Share
Q4 2019



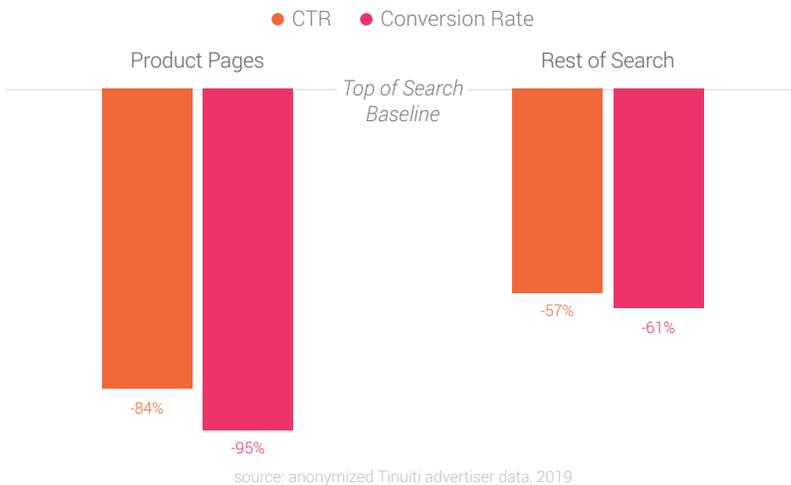
Amazon US Sponsored Products – Placement Share Q4 2019



➔ **Top of Search accounts for 43% of all Sponsored Products spend.**

The top of Amazon search results produce only 3% of all Sponsored Products ad impressions but account for 30% of all clicks and 43% of spend for the format. Advertisers have the option to bid these placements differently in order to account for the disparity in value and visibility, and can set bid multipliers between 0% and 900% for top of search and product page placements. These multipliers adjust the base bid when an ad is eligible to show in these locations.

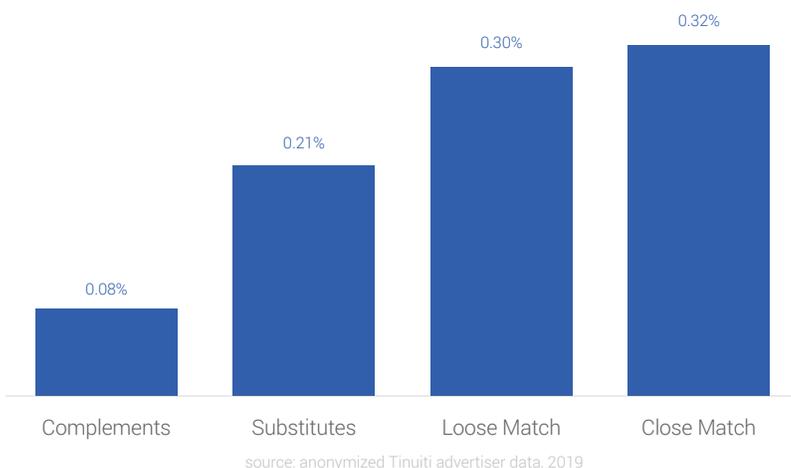
Sponsored Products Placement Performance Relative to Top of Search – Q4 2019



➔ **Top of Search far outpaces other Sponsored Products placements in conversion rate and CTR.**

Sponsored Products ads featured on search results pages in locations other than the top of results have a CTR 95% lower than that of Sponsored Products at the top of the page, and convert at a 61% lower rate. Sponsored Products ads featured on product detail pages performed similarly, sporting a CTR and conversion rate 84% and 57% lower than top of search Sponsored Products, respectively.

US Sponsored Products – Automatic Campaign Target CTR Q4 2019



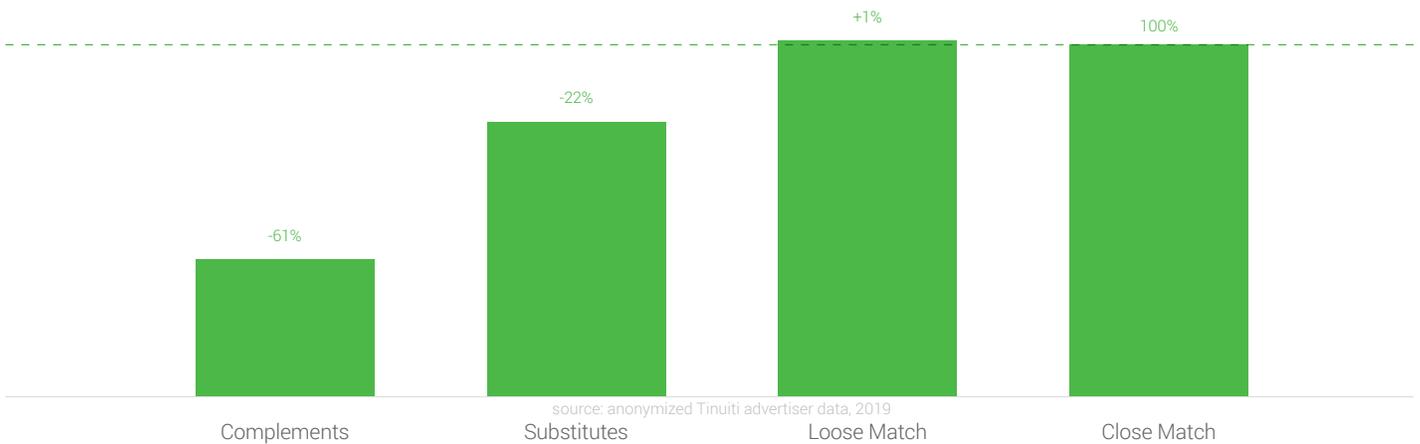
➔ **Close Match produces the highest CTR of Sponsored Products automatic campaign targets.**

Automatic campaigns allow advertisers to give Amazon control in determining which scenarios an ad might be relevant to, but as of late 2018 advertisers have the ability to refine which situations automatic campaign ads are shown. Close matches, which occur when a searcher uses a query closely related to your product, produce the highest CTR. Complements, shown when shoppers view details pages for products that are complementary to your product, produce the lowest CTR.

➔ **Close and Loose Match top automatic campaign targets in sales per click.**

Sales per click for loose match and close match targeting for Sponsored Product automatic campaigns were very nearly identical in Q4 2019, with just one percentage point separating the two. Substitutes, shown when shoppers view details pages for products similar to those of the advertiser, produced a sales per click that was 22% lower than close match, while complements produced the lowest sales per click at 61% lower than close match. While sales per click varies, each of these situations can be valuable to advertisers in reaching customers in a variety of browsing situations.

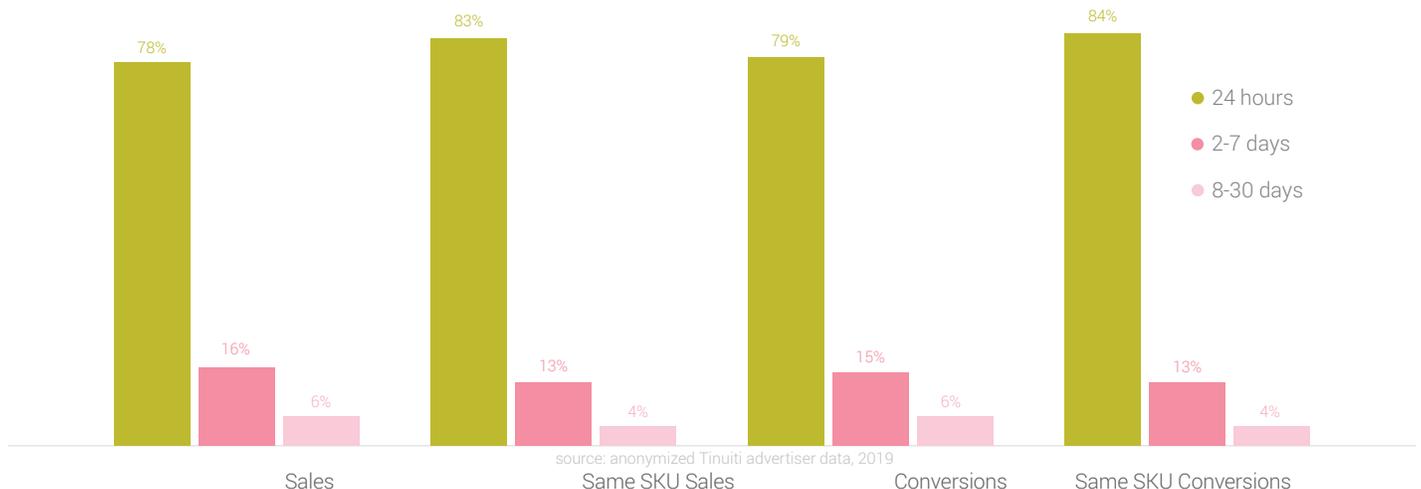
Amazon US Sponsored Products – Automatic Campaign Target Normalized Sales Per Click
Relative to Close Match – Q4 2019



➔ **79% of Sponsored Products conversions occur within 24 hours of the ad click.**

Nearly 80% of all Sponsored Products conversions and sales occurred within 24 hours of the ad click, using a 30-day conversion window to calculate total orders. With conversions and sales attributed to the day of the ad click in Amazon attribution, advertisers have to wait for all of the orders tied to a particular day to populate when measuring the full value of ad clicks on that day. As such, advertisers should bake in an estimate of what the value of latent orders will be when looking at very recent performance.

Amazon US Sponsored Products Share by Conversion Window
Q4 2019



Amazon Search: Holiday

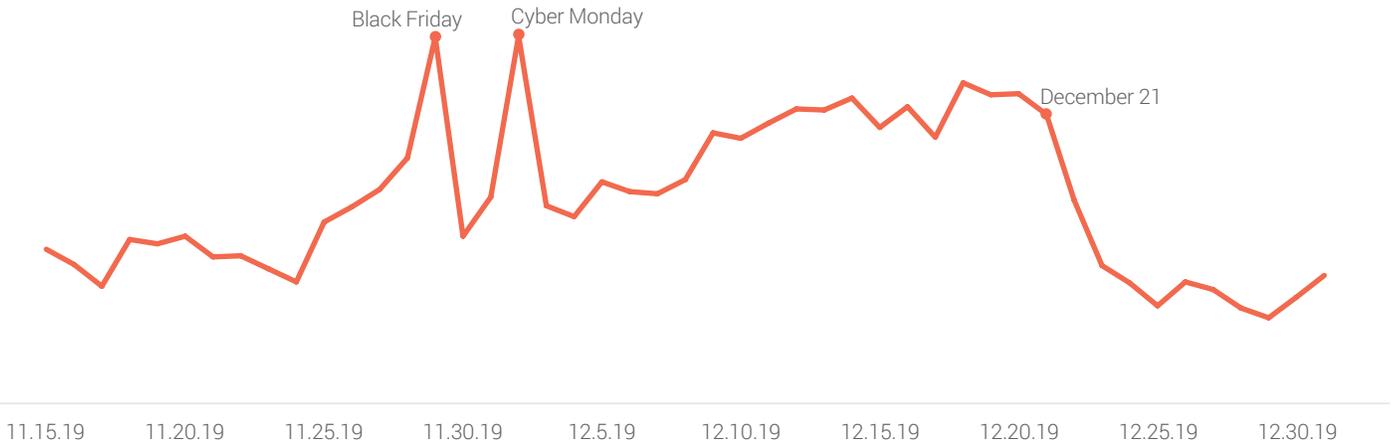
Q4 2019

➔ **Cyber Monday narrowly beats out Black Friday for the top holiday sales per click.**

Black Friday and Cyber Monday were the two days when advertisers saw the highest Sponsored Products sales per click of the 2019 winter holiday shopping season, with the latter beating out the former by a small fraction of a percent. The value of Sponsored Products traffic dipped back down after Cyber Monday but then steadily rose throughout the rest of the holiday season up until December 21, after which the prospect of receiving items ahead of Christmas Day became unrealistic for many products.

Amazon US Sponsored Products - Daily Sales Per Click

source: anonymized Tinuiti advertiser data, 2019

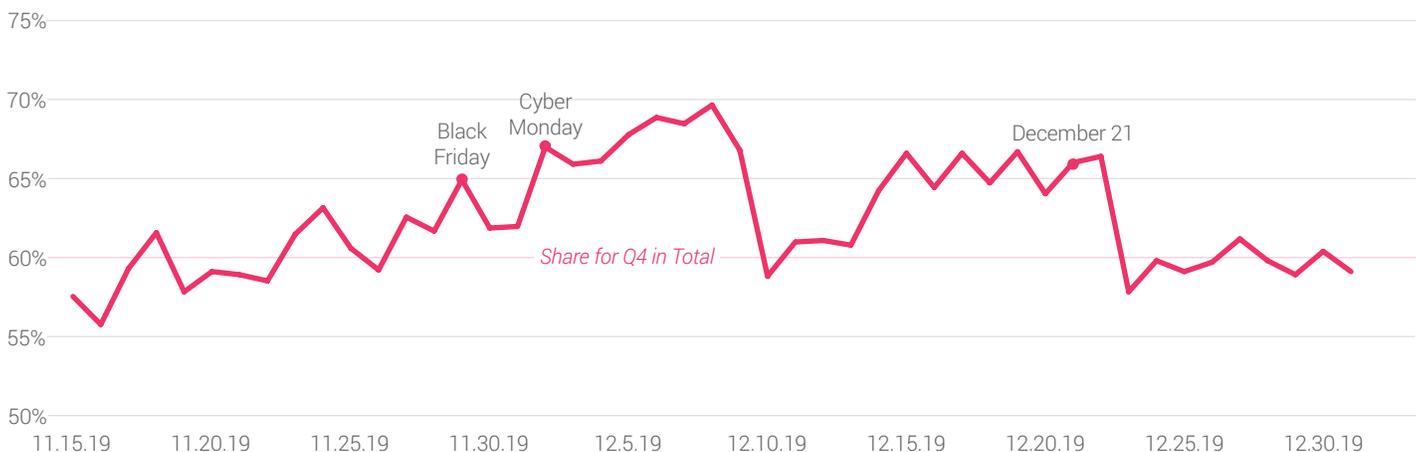


➔ **Shoppers are more open to brands they haven't purchased from before during the holiday season.**

While new-to-brand conversion share for Sponsored Brands ads regularly fluctuates meaningfully from day to day, this share was noticeably elevated for much of the winter holiday shopping season. Between Thanksgiving and Christmas Day, the average daily new-to-brand share was 64%, compared to an overall share of 60% for Q4. As such, it seems the holiday season played a key role in new-to-brand share going from 58% in Q3 to 60% in Q4.

Amazon US Sponsored Brands - New-to-Brand Conversion Share

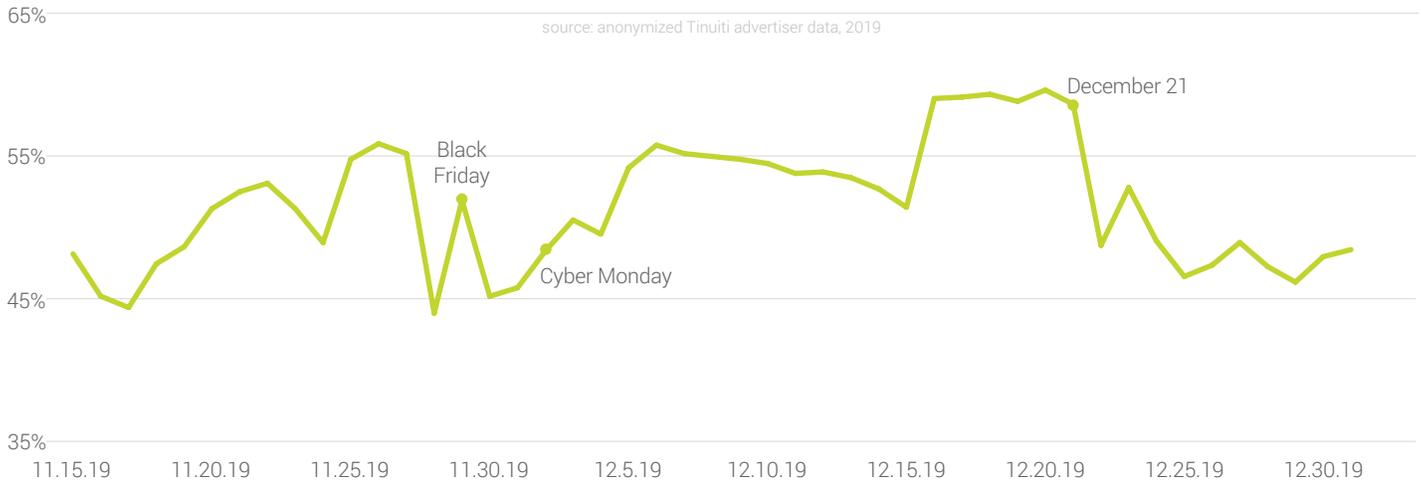
source: anonymized Tinuiti advertiser data, 2019



➔ **Top of Search placements increase in importance in the final days of holiday shopping.**

Between Monday and Saturday of the last full week before Christmas, top of search results placements for Sponsored Products accounted for 59% of all sales attributed to the format, significantly above the rest of the holiday season. As such, it appears that when the clock is winding down on getting gifts in time for Christmas Day, Amazon shoppers become even more likely to purchase from ads featured at the top of search than those in other placements, making it even more important for advertisers to compete for this prime real estate.

Amazon US Sponsored Products - Top of Search Sales Share



➔ **Consumers speed up the conversion process as holiday shopping winds down.**

Sales holidays such as Cyber Monday often produce a higher share of orders within the first 24 hours of an ad click than most days, owing to an enhanced sense of urgency. That was certainly the case this holiday season, with Cyber Monday seeing a significant spike in the share of 7-day Sponsored Product conversions occurring within 24 hours relative to the two weeks prior. However, the highest such share occurred on December 21, the Saturday before Christmas, as the urgency attributed to good deals could not surpass the urgency of the last days before Christmas during a shortened holiday shopping season.

Amazon US Sponsored Products - Share of 7-Day Conversions that Occur within 24 Hours

