

FUNDAMENTALS



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BIDDING STRATEGIES AND WHEN TO USE THEM?



Fixed Bids

With fixed bids, Amazon does not adjust your bid amount. The bid you set is the maximum amount you'll pay per click, regardless of the likelihood of a sale.

Knowing your bid:

$(\text{AOV} \times \text{Conversion Rate}) \times \text{Target ACOS}$.

Example: $(\$20 \times 10\%) \times 25\% = 0.50$



Dynamic Bids -
Down Only

This strategy allows Amazon to lower your bid by up to 100% when it determines that a click is less likely to result in a sale.

Example: If you set a bid of \$1.00, Amazon might reduce it to \$0.50 for a less promising placement, but will never increase it above \$1.00.



Dynamic Bids -
Up and Down

Amazon will increase your bids (by a maximum of 100%) in real time when your ad is more likely to convert to a sale, and lower your bids when less likely to convert to a sale.

Example: If you set a base bid of \$1.00, Amazon might increase it to \$2.00 for a click that has a high likelihood of converting to a sale. For a click less likely to convert, Amazon might reduce the bid to \$0.50.

TARGETING STRATEGIES AND WHERE THEY FIT?

SPONSORED PRODUCTS

- **Keyword Targeting:** Use when you want to reach customers actively searching for products like yours. Best for products with clear, specific search terms
- **Product Targeting:** Ideal when you want to display ads on specific product detail pages. Use for complementary products or to compete directly with similar items
- **Category Targeting:** Effective for increasing brand visibility across a broader product range. Use when launching new products or expanding into new categories
- **Auto Targeting:** Best for new campaigns or when exploring potential keywords. It's a good starting point to gather data on customer search behavior
- **Competitor Targeting:** Use when you want to attract customers considering similar products. Effective for established brands looking to gain market share
- **Negative Targeting:** Implement when refining your campaigns to exclude irrelevant searches or products. Use to improve ad relevance and reduce wasted spend

SPONSORED BRANDS

- **Keyword Targeting:** Use when you want to reach customers actively searching for products like yours. Best for products with clear, specific search terms
- **Product Targeting:** Ideal when you want to display ads on specific product detail pages. Use for complementary products or to compete directly with similar items
- **Category Targeting:** Effective for increasing brand visibility across a broader product range. Use when launching new products or expanding into new categories
- **Theme Targeting:** Best for new campaigns or when exploring potential keywords. It's a good starting point to gather data on customer search behavior
- **Competitor Targeting:** Use when you want to attract customers considering similar products. Effective for established brands looking to gain market share
- **Negative Targeting:** Implement when refining your campaigns to exclude irrelevant searches or products. Use to improve ad relevance and reduce wasted spend

SPONSORED DISPLAY

- **Interest and Lifestyle Audiences:** Use when you want to reach specific customer segments based on interests and behaviours. Example: Future Movers, People moving in the near future, If you sold boxes targeting this group would make sense.
- **Contextual Targeting:** Use to show ads to audiences visiting specific products or categories. This could be competitors, your own products for cross-selling or complimentary products
- **In-market Audiences:** People whose shopping activities indicate they are likely to purchase in a specific category. E.g. Moving Blankets.
- **Re-marketing Audiences:** Use to re-engage customers who have previously interacted with your products but didn't purchase or who purchased and need to purchase again, Effective for repeat purchases or deal events

BIDDING STRATEGIES AND WHEN TO USE THEM?

When to Use?	Product Launch	Seasonal Items	High-Margin	Low Budget	Lots of SKUs	Longer Consideration period	Bundles	Repeat Purchase	Sales Events	Cross Selling
Sponsored Products	✓	✓	✓	✓					✓	✓
Sponsored Brands		✓	✓		✓	✓	✓		✓	
Sponsored Display						✓		✓	✓	✓

CONCLUSION

1. Advertising can be tricky to navigate and going alone takes time and is full of costly lessons. Learning from people who have been where you are reduces both the time it takes to learn and reduces those costly mistakes.
2. Let us help by completing an advertising audit to see what is working and what could be improved. Book a call here – <https://gosellglobal.com/management-for-amazon-ads/>

JOIN US

Additionally to completing an advertising audit getting in a room together has proven an amazing way to get insights that otherwise you would never be exposed to.

Melbourne – Work Club Olderfleet – Lower Ground Floor, 477 Collins Street, Melbourne.

Date: Wednesday, 19th February 2025,

Time 4pm to 6pm

Sydney – Work Club Barangaroo – Level 6, 201 Kent Street, Sydney. Date:

Thursday 20th February 2025,

Time: 4pm to 6pm

