

SALSIFY | Ebook

# The Content Advantage in Amazon Advertising

How Improvements to the Product Page Help Brands Win on Amazon

 Profitero & kenshoo

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# Executive Summary

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Brands are struggling to endure the onslaught of coronavirus, leading many to increasingly turn to ecommerce channels to advertise and sell their products. The rush toward this remaining opportunity creates intense competition for shoppers' eyes and dollars.

To survive and thrive, you need a way to more efficiently use your ad dollars to win ad auctions and stand out to consumers, especially on Amazon. Focusing on driving quality content deeper and deeper into your product catalog can help your products outperform those with lower quality content, driving greater ad spend efficiency. This is because even marginal content improvements can significantly reduce your cost-per-conversion to win Amazon sponsored product ad auctions.

Kenshoo, Profitero, and Salsify analyzed product detail pages (PDPs) and ad performance across millions of products in multiple categories on Amazon to examine the effect of content on conversion and ad spend efficiency.

## Here's how content can drive ad spend efficiency to defend and improve your profitability:

- ✔ **Better content leads to higher conversion:** A-rated content on Amazon had 21 times more conversions than F-rated content, with a 53% more effective conversion rate. As your product content improves, your pages better support shoppers' purchase decisions and also gain relevance with Amazon's algorithm, together winning more conversions.

- ✓ **Better content increases your search engine results page (SERP) rank:** A-rated content appears 5% higher in sponsored rank search results than B-rated content. As your products win more conversions with better content, it further increases your relevance, visibility, and control of the buy box — an essential part of competing in Amazon sponsored product auctions.
- ✓ **Better content improves your sales funnel metrics:** When broken out by price tier, better content shines in improving ad spend efficiency. For example, products in the \$100-\$200 product price tier experience 25% lower cost-per-conversion with A-rated content vs. F-rated content. As you improve the quality of your product pages — and as a result gain increased visibility and sales — you improve ad spend efficiency to fuel even further growth (i.e., use profits to raise your daily Amazon ad budget, invest in better content, driving more sales which can be reinvested, etc.).

## Recommendations

- ✓ Create better content to increase your conversion, page rank, and ad spend efficiency.
- ✓ Invest in improving your content throughout your entire product catalog. This will place your A-rated content against products with worse content, giving you an advantage in ad auctions and shopper consideration.
- ✓ Develop a process implemented by a dedicated team and backed by the right technology to maintain a continuous cycle of content-driven ad efficiency improvement.

# Ecommerce Spikes Amid Pandemic, Ad Spending Shifts to Amazon

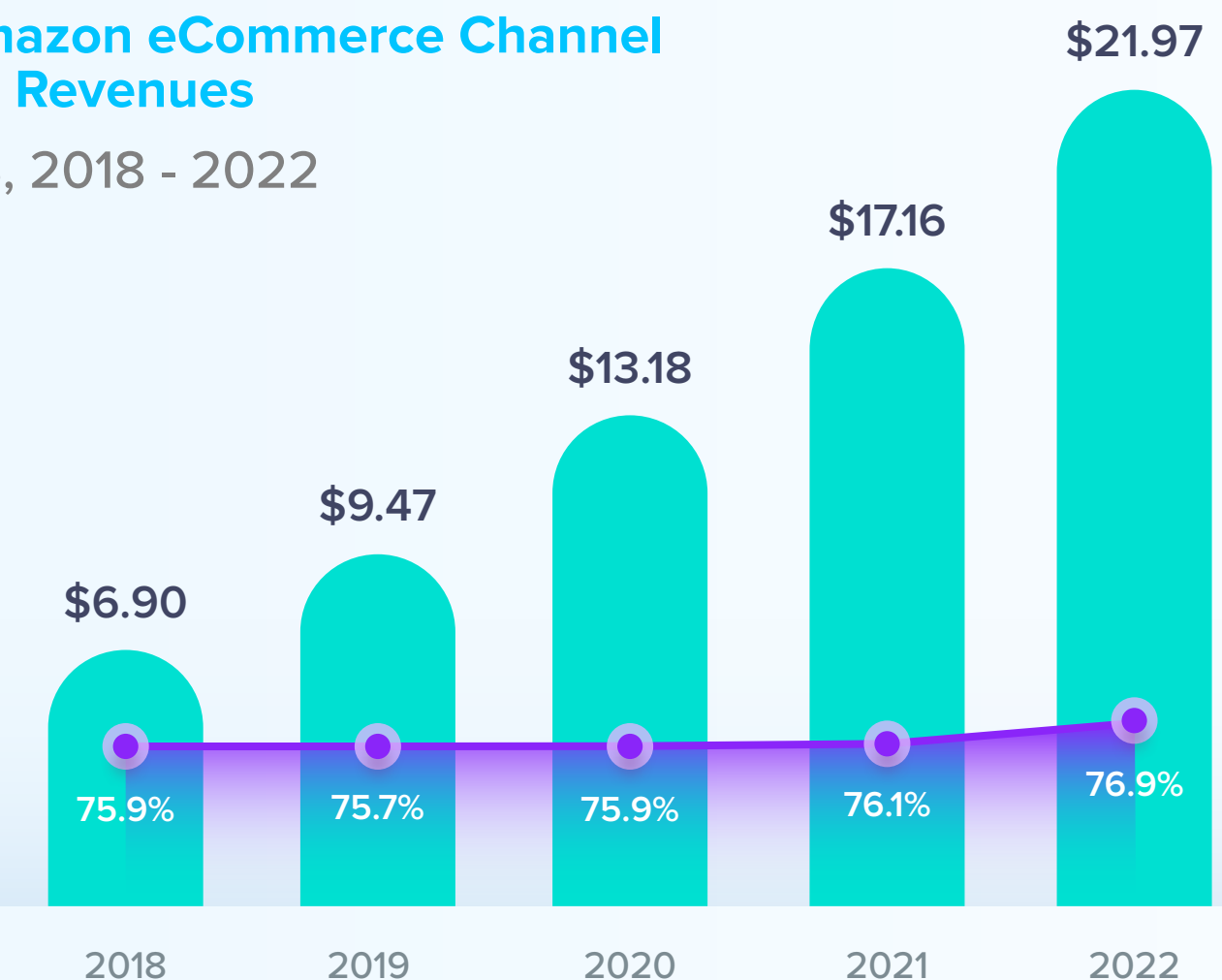
Total U.S. retail sales are estimated to **drop 10.5%** during 2020, yet ecommerce is estimated to jump **18% year-over-year** during the same period. With COVID-19 keeping shoppers at home for most of the year, eMarketer estimates online sales will reach **14.4%** of total U.S. retail sales, with Amazon commanding **nearly 40%** of that.

Amazon saw a **37% spike in net sales** globally in Q3 2020, reaching \$96.1 billion. Net sales are expected to grow between **28%-38% year-over-year** to reach between \$112 billion and \$121 billion.

In response to this shift, brands are on track to spend over **\$17 billion** in advertising on ecommerce sites and apps in 2020, an increase of 38.8% from the past year. Amazon is projected to receive over **75%** of that in 2020, according to eMarketer.

## Amazon eCommerce Channel Ad Revenues

US, 2018 - 2022



Source: eMarketer, October 2020

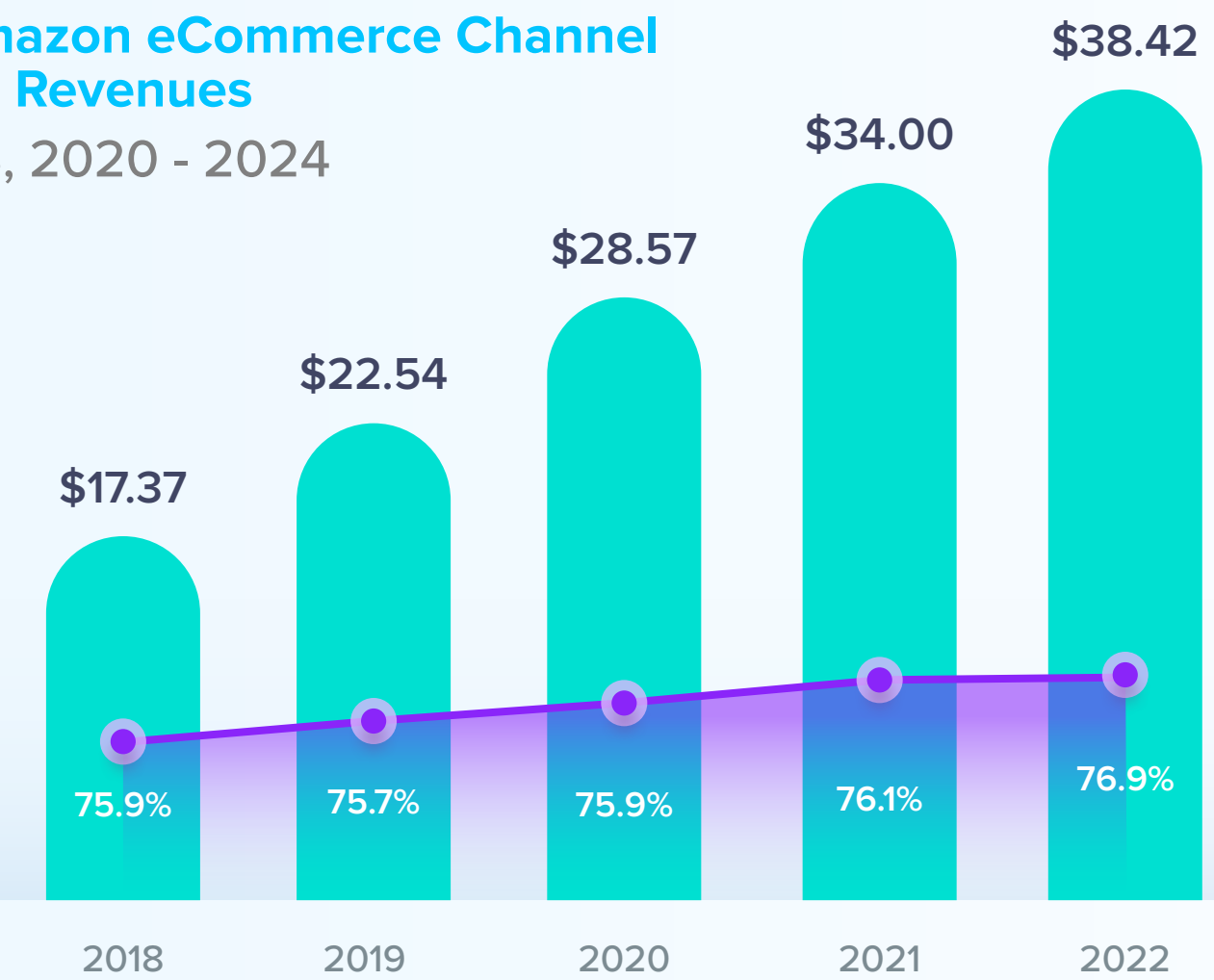
## THE CONTENT ADVANTAGE IN AMAZON ADVERTISING

Selling online through retail giants such as Amazon offers brands the chance to gain access to the majority of web shoppers as well as insights into ad effectiveness through closed-loop attribution. A Winterberry and IAB survey showed that, in addition to economic recovery from COVID-19, marketers' top priority was **better measurement and attribution** for ad spend. For many, investing in ecommerce provides an opportunity to meet both goals.

Digital ad spending on retail sites is expected to nearly **double by 2023** in the U.S., according to eMarketer. This shift will only increase competition on Amazon and other sites. It's important to understand how investments in digital advertising and the content on your product detail pages impact visibility and sales on Amazon.

### Amazon eCommerce Channel Ad Revenues

US, 2020 - 2024



Source: eMarketer, October 2020



# Successful Amazon Ad Strategy Requires More than Spend

Advertising on Amazon is sold through an auction system and offers ad types such as: Sponsored Display Ads, Sponsored Product Ads, and Sponsored Brand Ads (this report will focus on Sponsored Product Ads). Each ad is based on shoppers' keywords. To win the auction for the keyword you want, you need more than the highest bid on the term. Brands must control the buy box for the product they are advertising and have relevance for the search term they bid on.

## Amazon provides this guidance to brands:

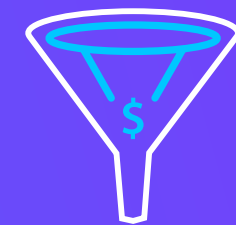
“Ads that compete in the auction are ranked and displayed to Amazon shoppers based on a combination of the seller's bid and the ad's relevance to the shopper's search.”

Our analysis of thousands of ad auction results, product detail pages, and search results shows that product content is a critical component in getting the search relevance and better conversion rates that can help you be more efficient with your advertising on Amazon over time.

Ultimately, great product content can drive ad spend efficiency to defend and improve your profitability.



Better Content



Better Conversion



Better Rank on  
Search & Sales



Improved Rate of Ad  
Auction Wins

## Better Content Leads to Higher Conversion

**A-rated content on Amazon had 21 times more conversions than F-rated content, with a 53% more effective conversion rate.**

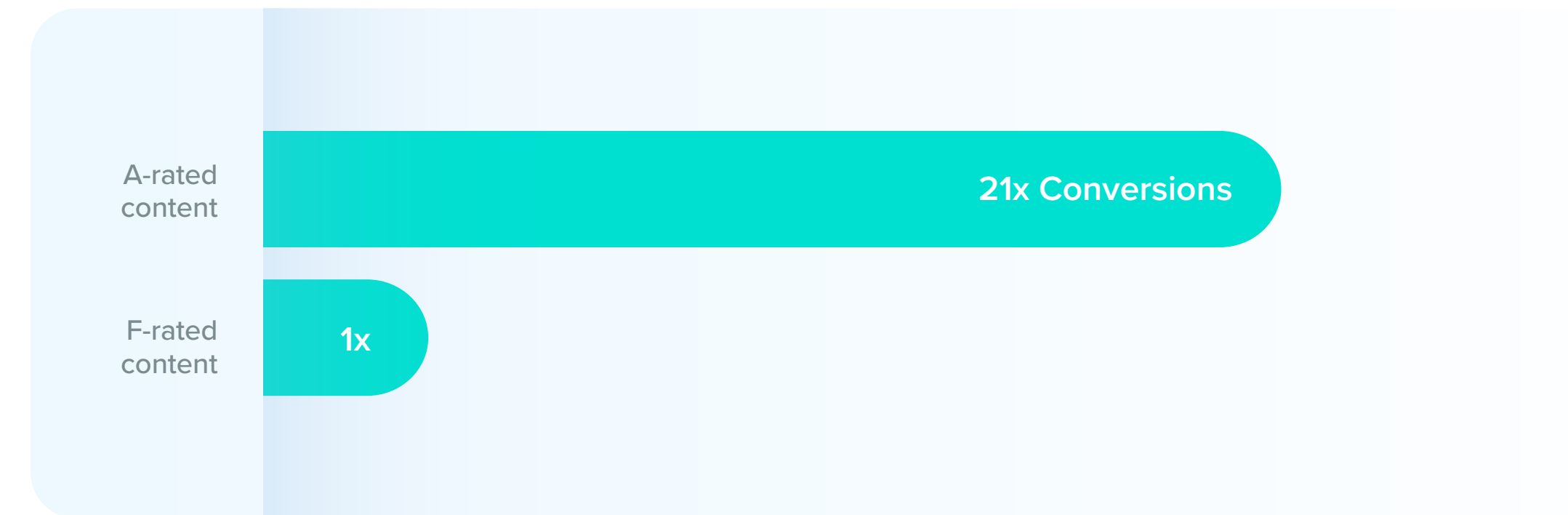
This content score considers industry best practices developed from analysis of millions of products across the digital shelf for product detail page (PDP) elements such as title and description character length, number of bullets and images, presence of A+ content, etc. “Conversions” refer to product purchases made on Amazon.com.

When considering product grades, make sure you authentically tell the story of your brand and clearly show why your product is the right fit for shoppers. It’s less about having 15 extra characters in your product description and more about having the right 15 extra characters. Here is a deeper dive into particular elements of the PDP that contribute to a higher score. Note: individual elements do not sum to the previous stat.

**Winning products get their content right.**

Top 10% of products by Amazon sales rank:

- ✓ Have A+ content **33%** of the time vs. bottom 10% only 3% of the time.
- ✓ Have **double the images** the bottom 10% of products have (4 vs. 2).
- ✓ Have **39% longer descriptions** (550+ characters vs. roughly 400 characters), and **22% longer titles** (84 characters vs. 69 characters) than the bottom 10% of products.





## Deliver the experience shoppers demand with A+ content.

A+ content is your opportunity to memorably show, not just tell, shoppers all about your brand and the product.

- ✓ The presence of A+ content on product pages produces **5.4 times the conversion** (percent change of 436.7%), with a **40% higher conversion rate** than pages without A+ content.

## Images help shoppers quickly see what your product is and aid them in imagining use cases.

Besides the actual number of images, make sure the quality, style, and subjects of the images are varied and on-brand for your brand. For example, if you sell shoes, you don't need five images of the bottom of the shoe. Show people using the shoe. If you sell cereal, you can show images of ingredients, relative box size, lifestyle photos of people enjoying the cereal in different scenarios, etc.

- ✓ Going from **five to 10 images increases conversion 488%** (average of 1.9 conversions to 11.2). But even moving from five to six images increased conversions 32.3% (1.8 to 2.9 conversions). Moving from nine to 10 images increased conversions 36.5% (7.1 to 11.2 conversions).

## Bullets should help you deliver the right information in a way that's short and sweet and just useful enough to incite further investigation.

- ✓ Bullets are similarly helpful to shoppers, but since they're meant to be scanned, more isn't automatically better. The sweet spot seems to be **five bullets, with an increase in conversion of 181.2%** (from 1.4 to 3.9 conversions) vs. four bullets. However, going from five bullets to six bullets seems associated with a decrease in conversion of -43.5%.

## Ratings and reviews are as important as ever.

You need to get your products reviewed and rated to be successful. Too perfect though, and people will start to doubt you.

- ✓ **Moving from two to three stars appears to double conversion, and moving from three to four stars is associated with eight times the conversions.** However, too good to be true seems to set in around a 4.9 star rating, with a -67.2% drop-off in conversion. However, moving up from 4.7 to 4.8 seems to offer a 40.9% increase in conversion.

## Better Content Increases Your SERP Rank

Better content can help your products' search engine results page (SERP) rank.

The content score, rating, or content grade is a score Salsify developed using a proprietary model to grade product content on a scale of 0 to 100 (and subsequently A-rated to F-rated). A-rated content meets industry best practices Salsify has found for elements such as title and description character count, number of bullets, images and high-resolution images, presence of A+ content, etc. B-rated, C-rated, D-rated, and F-rated content have progressively fewer or none of the required content elements to meet best-in-class industry standards.

Using the combined data sets of Salsify, Kenshoo, and Profitero, we were able to assess the effect of varying content quality on page placement (i.e., page one or page two, etc.), actual page rank (i.e., rank as visible on the page whether sponsored or organic), sponsored page rank (i.e., rank among sponsored product ads), and organic page rank (i.e., rank among products not being advertised) on Amazon.com.

| Better content helps increase your visibility to shoppers.

- ✓ **2.1%:** A-rated content appears 2.1% higher in actual rankings than B-rated content.
- ✓ **5.0%:** A-rated content appears 5.0% higher in sponsored rank search results than B-rated content.
- ✓ **3.7%:** A-rated content appears 3.7% higher in organic rank search results than B-rated content.

| Even marginally improving your content can yield better SERP results.

- ✓ **4.1%:** Moving from C-rated to B-rated content can increase your visibility by 4.1% in actual rankings, with a 3.5% improvement in page placement.

## A+ content is a key way to improve your product pages' visibility.

- ✓ **61%:** The top three sponsored clothing, shoes & jewelry products on page one of search engine results pages (SERP) have A+ content 61% of the time.
- ✓ **50%:** The top three organic clothing, shoes & jewelry products on page one of search engine results pages (SERP) have A+ content 50% of the time.
- ✓ **8%:** On average, the top three sponsored and organic results for clothing, shoes & jewelry products have A+ content 8% more often than the rest of the products on page one.

The effects of content on SERP results are small but noticeable. Appearing slightly higher in search results can be the difference between appearing on page one or page two, page two or page three, page three or page four, etc. With that increased visibility, your product can convert better against a competitor's product, further increasing the gap between them. The Amazon ad auction favors more relevant products, and a product winning the buy box and appearing higher in search results will get purchased more often. As a result, that product will have more relevance to the Amazon algorithm. And the process repeats itself.

## Better Content Improves Your Sales Funnel Metrics

We've brought Kenshoo's, Profitero's, and Salsify's unique data sets together to get a better understanding of how content affects ad spend efficiency, defined as cost-per-conversion. We considered CPM (cost per thousand impressions) and cost-per-click, but cost-per-conversion is the primary metric we'll highlight as it ultimately drives sales. To calculate cost-per-conversion, we divide total U.S. dollars spent on sponsored product ads on Amazon by the total number of conversions for those products.

In addition to looking at the overall ad spend and resulting cost-per-conversion on Amazon, we've done an analysis by product price and conversion tiers. For product price, we considered bins of roughly \$100 in size for each tier, ranging from \$0 to \$1,000, and then \$1,000+ (most products on Amazon are not listed above \$1,000). The first number is not inclusive; the second number is inclusive (i.e., the \$200-\$300 tier is greater than \$200 and less than or equal to \$300). For conversion rate tiers, we examined the top 10% of conversions in our data set, between the top 10% and bottom 10% of conversions, and the bottom 10% of conversion rates.

**THE CONTENT ADVANTAGE IN AMAZON ADVERTISING**

When you spend more ad dollars on your products, they drive more conversions. The question is: Can you get more for each dollar you spend? At the same time, we are not suggesting driving maximum ad efficiency at the cost of overall conversion (i.e., you may see products with poor content scores appear to have efficient ads, but there's little investment and little conversion coming out of them). It's up to you to play with the levers available to you to find the right balance for your business (e.g., improving content throughout your whole product catalog vs. only focusing on your best products, how much you're willing to spend on each product, etc.). The main question to answer is: Are you hitting your sales and profitability targets?

To help you answer these questions, we took a look at the overall average ad spend on Amazon, including the average conversion it drove, and from both these numbers calculated the average cost-per-conversion.

Content Grade	Average Amount Spent	Average No. of Conversions	Average Cost Per Conversion
A-rated content	\$36.37	6.48	\$5.61
B-rated content	\$9.52	1.93	\$4.94
C-rated content	\$5.66	0.96	\$5.88
D-rated content	\$2.69	0.69	\$3.92
F-rated content	\$1.46	0.32	\$4.63
<b>Average across all content</b>	<b>\$14.54</b>	<b>2.68</b>	<b>\$5.42</b>

The average amount of money spent on ad auctions across all products on Amazon was \$14.54, yielding 2.68 conversions on average at a \$5.42 cost-per-conversion.

Cost-per-conversion varies across content grades. Cost-per-conversion was 3.5% higher than average for A-rated content vs. B-rated content, which was 8.9% lower than average to convert. C-rated content jumps back up to 8.5% higher than average to convert.

It's important to take into account the relative conversion impact of content. From A-rated to F-rated content, conversion gradually decreases. As noted against the average number of conversions driven on Amazon, A-rated content is above the average. Every other content grade is below it:

Content Grade	Converted % Change	Comparison with Average - 2.68
A-rated content	141.92%	▲
B-rated content	28.14%	▼
C-rated content	64.03%	▼
D-rated content	74.36%	▼
F-rated content	88.22%	▼

THE CONTENT ADVANTAGE IN AMAZON ADVERTISING

In other words, consider ad spend efficiency alongside conversion. A-rated content drove an outsized number of conversions compared to B-rated content. If brands pulled back their ad spend on A-rated content and improved their B-rated content to A-rated content, it appears they could improve their ad spend efficiency while optimizing for conversion. C-rated content is neither efficient nor a conversion driver. D-rated and F-rated content do not effectively drive conversion. Therefore, even apparently effective average cost-per-conversion doesn't meaningfully contribute to driving overall sales and profitability.

There may be a limit to how much value can be driven out of a brand's top products. Brands must strike the right balance between investing in winning products and strengthening the shopper experience through content across their entire product catalog.

**Better content, especially on high-consideration products, tends to produce more competitive cost-per-conversion as opposed to worse content in the same product price tier.**

Average Cost-per-Conversion by Content Score and Price Tier



Content Score	\$0 - \$100	\$100 - \$200	\$200 - \$300	\$300 - \$400	\$400 - \$500	\$500 - \$600	\$600 - \$700	\$700 - \$800	\$800 - \$900	\$900 - \$1000	\$1000+
A	\$5.14	\$11.98	\$12.60	\$21.93	\$26.13	\$9.40	\$26.14	\$24.07	\$37.17	\$17.46	\$27.99
B	\$4.32	\$14.53	\$13.76	\$23.44	\$19.91	\$22.62	\$20.71	\$41.77	\$74.33	\$42.14	\$33.38
C	\$5.26	\$15.51	\$16.17	\$28.06	\$30.53	\$28.01	\$24.52	\$30.96	\$28.80	\$30.82	\$63.44
D	\$3.39	\$9.07	\$17.24	\$28.19	\$16.65	\$46.63	\$57.56	\$19.72	\$37.67	\$32.02	\$32.87
F	\$3.91	\$15.88	\$12.24	\$10.94	\$75.44	\$4.79	\$29.07	\$39.04	\$48.98	\$47.68	\$44.85

Price Tier

Throughout seven of 11 product price tiers (\$100-\$200, \$400-\$500, \$600-\$700, \$700-\$800, \$800-\$900, \$900-\$1,000, and \$1,000+), A-rated content has lower average cost-per-conversion even than F-rated content (where investment in ad dollars is low, offsetting low conversion volume, which produces apparently low cost-per-conversion).

Moreover, A-rated content outperformed B-rated content in average cost-per-conversion in eight of 11 product price tiers (\$100-\$200, \$200-\$300, \$300-\$400, \$500-\$600, \$700-\$800, \$800-\$900, \$900-\$1,000, and \$1,000+).

### Here are a few highlights if we dig a little deeper:

- ✓ **Products in the \$100-\$200 price tier experience 25% lower cost-per-conversion with A-rated content** vs. F-rated content, 22.8% lower cost-per-conversion vs. C-rated content, and 17.6% lower cost-per-conversion vs. B-rated content.
- ✓ **Products in the \$300-\$400 price tier experience 22.2% lower cost-per-conversion with A-rated content** vs. D-rated content, 21.8% lower cost-per-conversion vs. C-rated content, and 6.4% lower cost-per-conversion vs. B-rated content.
- ✓ **Products in the \$500-\$600 price tier experience 79.8% lower cost-per-conversion with A-rated content** vs. D-rated content, 66.4% lower cost-per-conversion vs. C-rated content, and 58.4% lower cost-per-conversion vs. B-rated content.

While there are exceptions, average cost-per-conversion appears to be lower for lower priced products than higher priced products. Keep this in mind when determining your pricing strategy. High-consideration products, especially above \$700, can greatly benefit from top-quality content, with average cost-per-conversion as much as 59% lower.

### Marginal content improvements yield significant improvements in cost-per-conversion.

Brands often spend the most on their best products, which yield the highest conversions, which in turn may yield the best ad efficiency. But there are visible improvements moving throughout the content grades. This means that popularity or quality of a product aside, improving content does impact your ad efficiency.

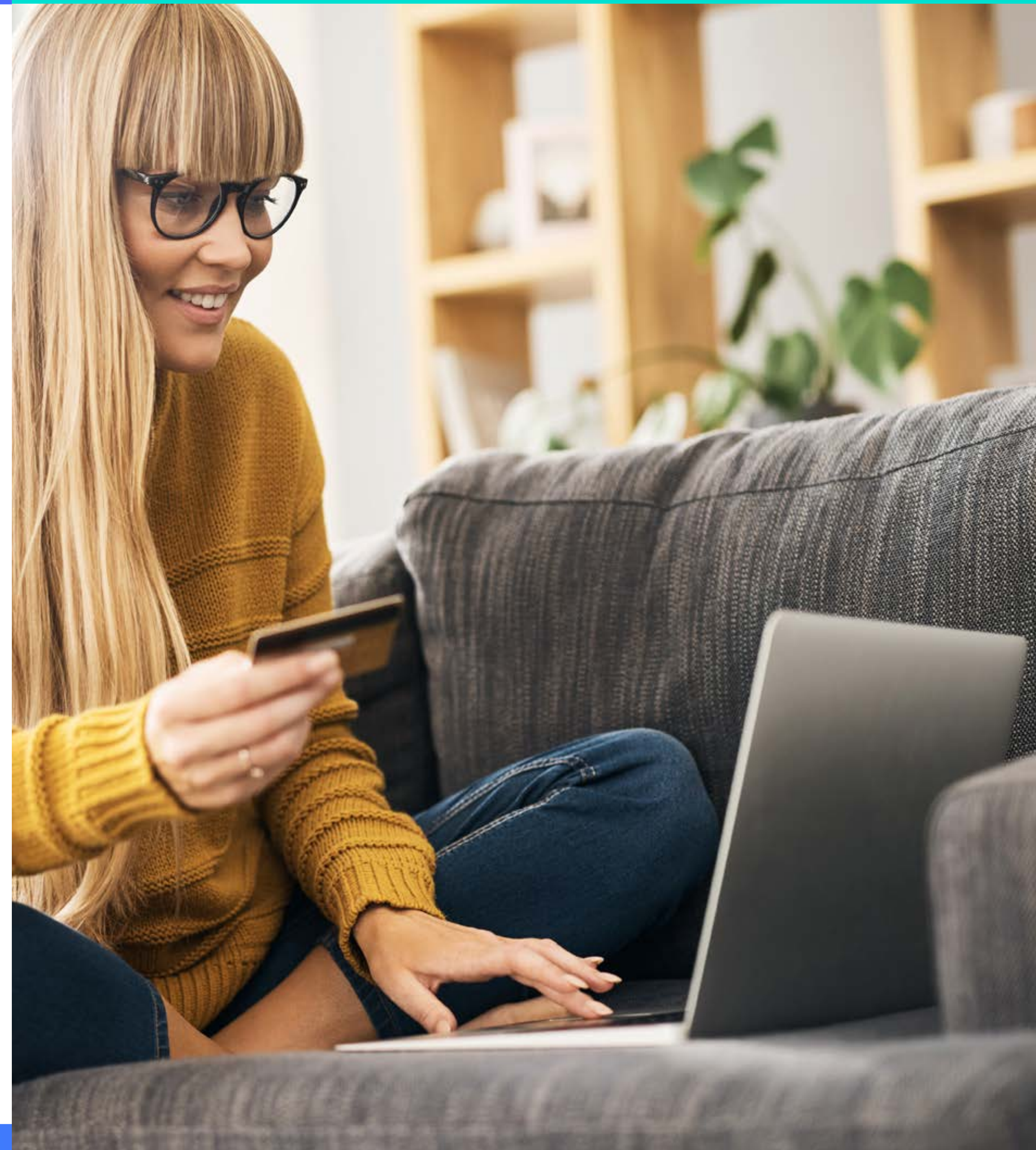
- ✓ **B-rated content outperformed C-rated content in cost-per-conversion** in eight of 11 product price tiers (\$0-\$100, \$100-\$200, \$200-\$300, \$300-\$400, \$400-\$500, \$500-\$600, \$600-\$700, \$1,000+).
- ✓ Between the top 10% and bottom 10% of converting products, moving from C-rated to B-rated content decreases average cost-per-click by 15.5% and decreases average cost-per-conversion by 17.9%. This is accomplished through a boost in clickthrough rate (CTR) of 0.21% (39.2% change increase) and an increase in conversion rate of 0.78% (2.92% change increase).

### Massive popularity essentially means massively cheaper advertising.

- ✓ Achieving massive popularity or necessity yields the highest conversion rate bracket (all of it A-rated content). **Conversion value driven for A-rated content in the highest tier (top 10% of conversion) vs. the middle tier (between top 10% and bottom 10% of conversion) is 91 times higher.** CPM, cost-per-click, and cost-per-conversion are a fraction of the middle tier. Average cost-per-conversion sits at 96.8% cheaper than the middle tier (e.g., two massively popular products in our set are Tylenol Extra Strength and Animal Crossing — both either necessary or wildly popular amid the worldwide pandemic).

### Consider your GTM strategy when planning your ad campaigns.

- ✓ **Brands selling first party are outspending third-party products two to one.** This is actually resulting in cheaper cost-per-conversion (8.7% cheaper) due to outsized average conversion value being driven through higher conversion rates (21.5% change in conversion rate and 37.9% higher average conversion value).



# Act Now to Take Control of Your Destiny on the Digital Shelf

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Although the pandemic has posed a threat to brands' businesses, the opportunity is as tangible for brands able to seize the moment. Act now: This is not a static, one-time fix. You must adopt a digital shelf strategy for continual innovation as a way of life for your business, constantly improving to meet consumers' needs and stay ahead of competitors.

Only 6.9% of products on Amazon have A-rated content. That means that well over 90% of products on Amazon still have room for growth (and roughly two-thirds of that, or 62%, are F-rated). We've seen that even an incremental change in product content quality can lead to big gains in ad efficiency and conversion.

Even on the world's largest ecommerce site, there's still an opportunity to differentiate yourself from your competitors, seize the initiative, and convince both consumers and Amazon's algorithm to focus their attention on your brand and products.

## Methodology

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Kenshoo, Profitero, and Salsify came together to combine their unique data sets, covering content metrics (i.e., presence and quantity of titles, descriptions, bullets, images, A+ content, etc.), sales data/conversion funnel metrics (i.e., impressions, clicks, conversions), advertising costs, and visibility metrics (i.e., page placement and rank) on millions of products across multiple categories on Amazon to examine the effect of content on conversion and ad spend efficiency. Data considered for this report covers January 2019 through October 2020. The report refers to a content score. This is a score Salsify developed using a proprietary model to grade product content on a scale of 0 to 100 (and subsequently A-rated to F-rated). A-rated content meets industry best practices Salsify has found for elements such as title and description character count, number of bullets, images and high-resolution images, presence of A+ content, etc. "Conversion" in this report means actual conversions by shoppers on Amazon.com. Note: calculations may not sum or be equal to stated percentages due to rounding.



## About Salsify

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Salsify empowers brands to win on the digital shelf by delivering consistent and engaging product experiences — wherever customers shop.

Whether you're selling wholesale, through distributors, on marketplaces, through social commerce, or directly on your own brand sites, Salsify's Commerce Experience Management platform powers the experiences shoppers demand at every stage of the buying journey, everywhere on the digital shelf. Our integrated platform helps thousands of brands deployed across 80+ countries with almost a billion products published on Salsify improve business agility, achieve faster time to market, and increase sales and market share.

## About Profitero

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Profitero is the platform Adidas, L'Oreal, General Mills, and 4,000 other brands use to accelerate their ecommerce sales.

Using Profitero's proprietary technology and algorithms, brands can optimize their 4Ps (Product, Placement, Price, and Promotions) across 8,000 retailer sites and 50 countries while also uncovering what competitors are doing to win online.

Profitero's proprietary technology also estimates daily sales for products sold on Amazon, allowing brands to measure market share growth and size category opportunities for future investment. The platform was first in the industry to integrate Amazon sales and share metrics and digital shelf analytics together so brands can more quickly pinpoint the factors that will lead to more sales.

## About Kenshoo

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Kenshoo is the leading marketing technology platform for brands looking to plan, activate, and measure growth strategies across the most engaging digital channels. Kenshoo offers the only marketing solution that combines data-driven insights and best-of-breed optimization to help make informed decisions, scale, and measure performance across Google, Facebook, Microsoft, Amazon, Walmart, Apple Search Ads, Pinterest, Snapchat, Instagram, Verizon Media, Yandex, Yahoo Japan, and Baidu. Kenshoo's machine-learning algorithms and artificial intelligence leverage market signals and enable companies to predict and keep pace with the omnichannel customer journey. Kenshoo has 27 international locations and backing by Sequoia Capital, Arts Alliance, Tenaya Capital, and Bain Capital Ventures. Please visit [Kenshoo.com](https://www.kenshoo.com) for more information.



[See How it Works](#)

Get in touch with Salsify for a product demo to see how your brand can rank higher on the digital shelf.