

JungleScout

Powered by **COBALT**

Amazon Advertising Report **2023**



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Chapter 1

The Shifting Landscape of Amazon Advertising

Amazon's advertising revenues grew 20% from 2021 to 2022, a figure that keeps the influential platform firmly atop the ecommerce mountain. But this growth is well below the 58% rise from the previous year and 147% growth in ad revenue from 2019 to 2020. Some of this is likely due to the waning impact of the COVID-19 pandemic, which drove up digital commerce across the board. **But there are other factors at play, too.**

The last few years have begun to carve out a different ecommerce landscape for shoppers. As Amazon navigates the challenges of inflation, a U.S. recession, and increased competition, it is also working to expand its advertising options and services that help brands and sellers cope with those same challenges.

Amazon annual advertising services* revenue



*Includes sales of advertising services to sellers, vendors, publishers, authors, and others, through programs such as sponsored ads, display, and video advertising.

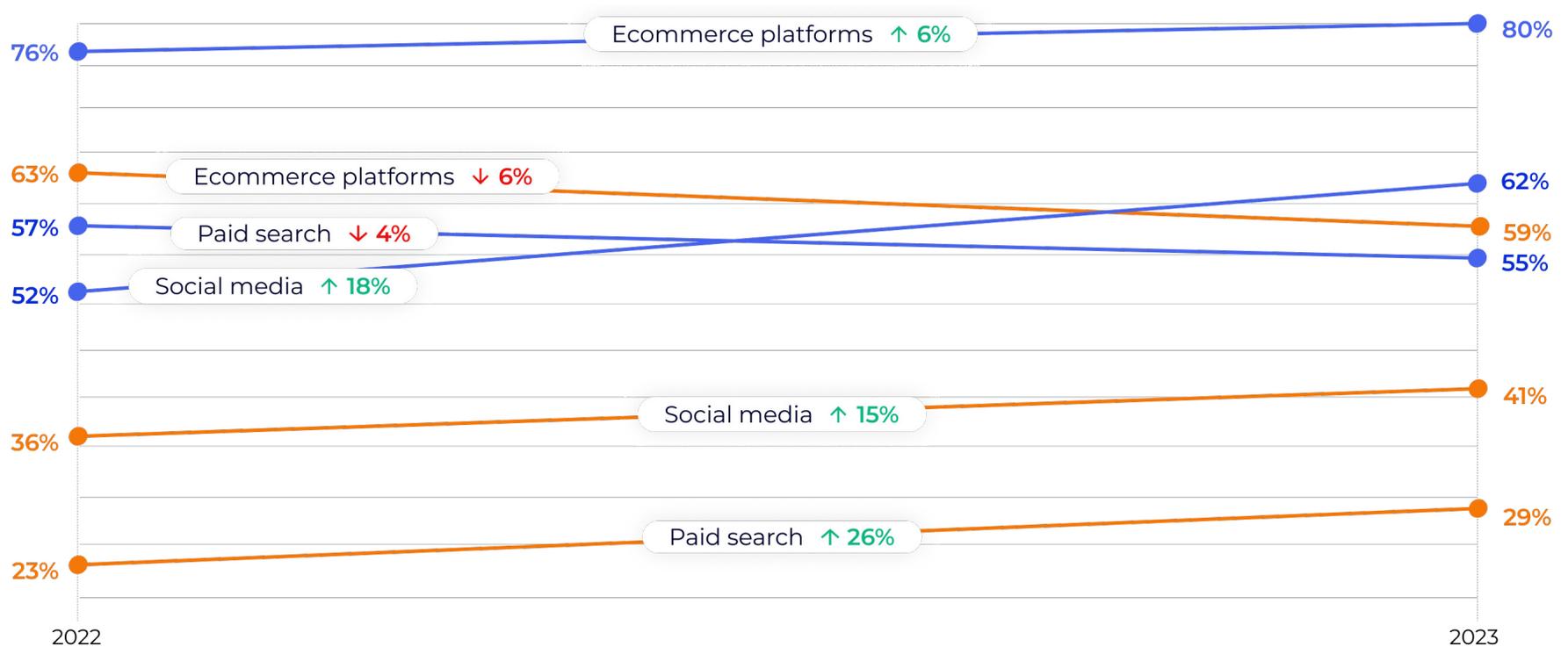


The Future of Advertising: Amazon vs. Other Channels

In 2023, 63% of Amazon brands and sellers are also selling on other platforms, up from 61% in 2022 and 58% in 2021. Social media channels are making a play at ecommerce, too. 41% of SMB sellers and 62% of enterprise brands are now investing in social media advertising to market their products.

Where Amazon brands and sellers invest their ad dollars

● SMB ● Enterprise



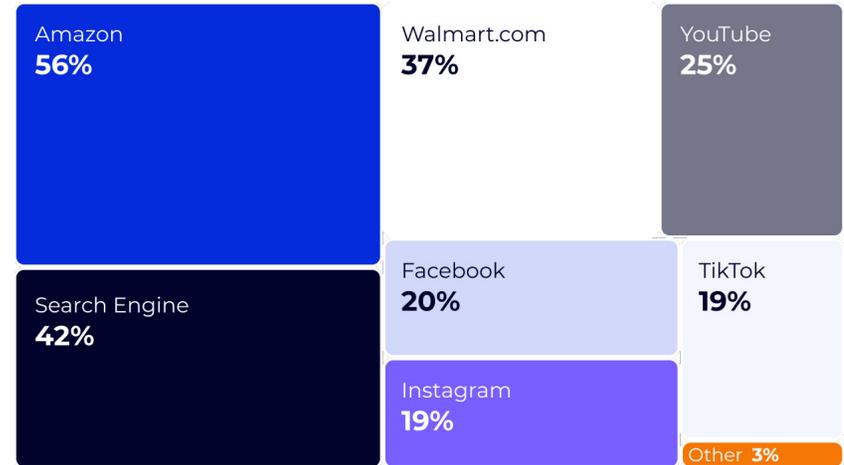
Source: Jungle Scout's [2023 State of the Amazon Seller Report](#)

These emerging trends are changing how brands and sellers of different sizes are distributing their advertising budgets. Even as other channels become part of the marketing mix for advertisers, however, Amazon's unique positioning and targeting capabilities mean it remains one of **the most important** ecommerce advertising channels.

The Importance of Advertising on Amazon

Amazon remains an undeniable go-to for shoppers. A majority (56%) still begin their online shopping searches on the channel, and even when shoppers discover a product on social media, they're still most likely to purchase it (or a similar product) on Amazon. In the first quarter of 2023, Amazon reported **9%** year-over-year net sales growth.

Where do consumers begin their search when shopping online?



Top consumer actions after finding a product on social media*

1. Visited the product/brand's website to learn more
- 2. Found the product on Amazon and purchased**
- 3. Found a similar product on Amazon and purchased**
4. Looked at social media comments about the product/brand
5. Visited the product/brand's website and purchased
6. Purchased directly from the social media app

*Ranked by the number of [Jungle Scout Consumer Trends Report](#) survey respondents who report completing each action after finding a product on social media

Amazon's unique offering: Shopper targeting and detailed sales attribution

Amazon's advertising services provide unique benefits that set it apart from competitors. The ability to report direct sales attribution — a metric that gives more detailed insight than the overall impressions and clicks offered by platforms like Google or Facebook — is only becoming more valuable to online marketers. This is especially true as economic concerns and building competition make strategic budget planning even more critical. Among the most significant reasons the company continues to attract advertising dollars are:

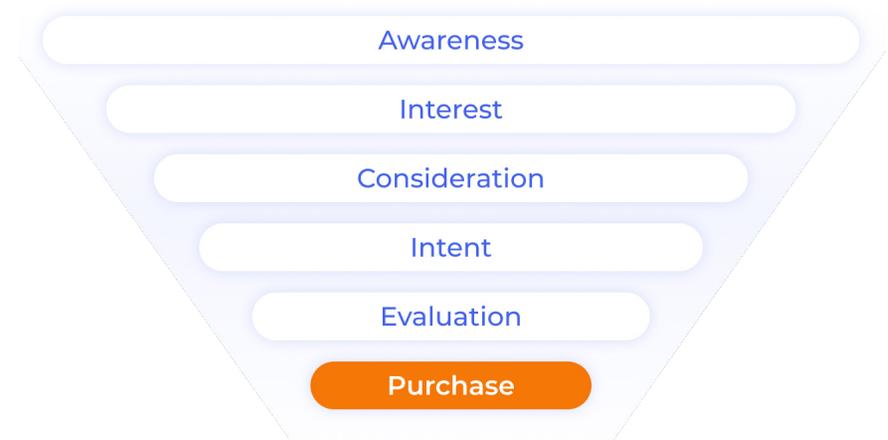
- 
Audience of ready-to-buy shoppers: Amazon has always occupied a unique position at the end of the marketing funnel, enabling advertisers to reach customers at the point of purchase. In recent years, Amazon has introduced new advertising and marketing products that work to give brands and sellers ways to connect or reconnect with shoppers throughout their entire journey. These include Amazon DSP, the [Manage Your Customer Engagement Tool](#), and Tailored Audiences for email campaigns, among others.
- 
Right product, right person: It's not just about timing, it's about showing the right products to the right people. Amazon's wealth of shopper data allows brands and marketers to expand their reach across channels (display, audio, and over-the-top video) with contextually appropriate ads. Amazon's targeting options allow advertisers to build and reach highly-specific, custom audiences based on behaviors beyond direct search queries, including product listing visits, previous purchases, Amazon Store engagement, and more.
- 
Measuring performance: Amazon's attribution is a key differentiator between advertising on Amazon versus other search or social media marketing platforms. Attribution tells advertisers which specific ads are driving sales. It's also a key piece of the formula to determine return on ad spend (RoAS), or how much revenue is produced from an advertising investment.



"Amazon can tailor...sponsored products to be relevant to what customers are searching for given what we know about shopping behaviors and our very deep investments in machine learning algorithms. This leads to advertising that's more useful for customers; and as a result, performs better for brands."

— Amazon's 2022 Annual Report

Marketing Funnel



How Big is Amazon's Advertising Business?

While Amazon's YoY advertising revenue growth was lower in 2022 than in 2021, the sheer scale of the platform's ad business means it remains a closer competitor to tech giants like Google and Facebook than the fastest-growing ecommerce competitors.

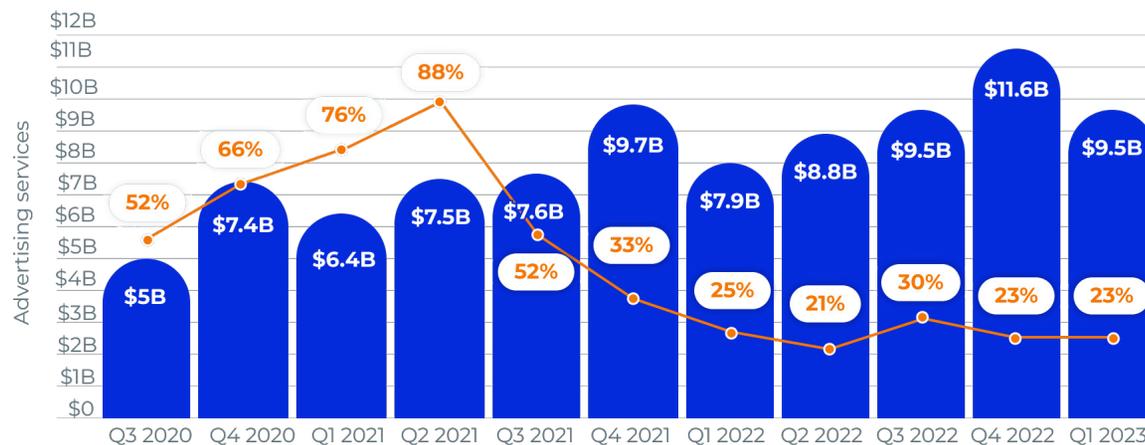
2022 Advertising revenue by company



¹Alphabet 2022 Form 10-K ²Meta 2022 Form 10-K ³Amazon 2022 Form 10-K ⁴Walmart FY2022 Earnings Report ⁵eBay 2022 Form 10-K

Quarterly advertising services revenue

● Advertising services ● YoY Growth



Source: Amazon Q⁴22 and Q1²³ earnings reports

*Includes sales of advertising services to sellers, vendors, publishers, authors, and others, through programs such as sponsored ads, display, and video advertising.

INSIGHTS



Revenue from Amazon's advertising services business segment represented 7.3% of Amazon's total net sales in 2022, up from 6.6% in 2021.

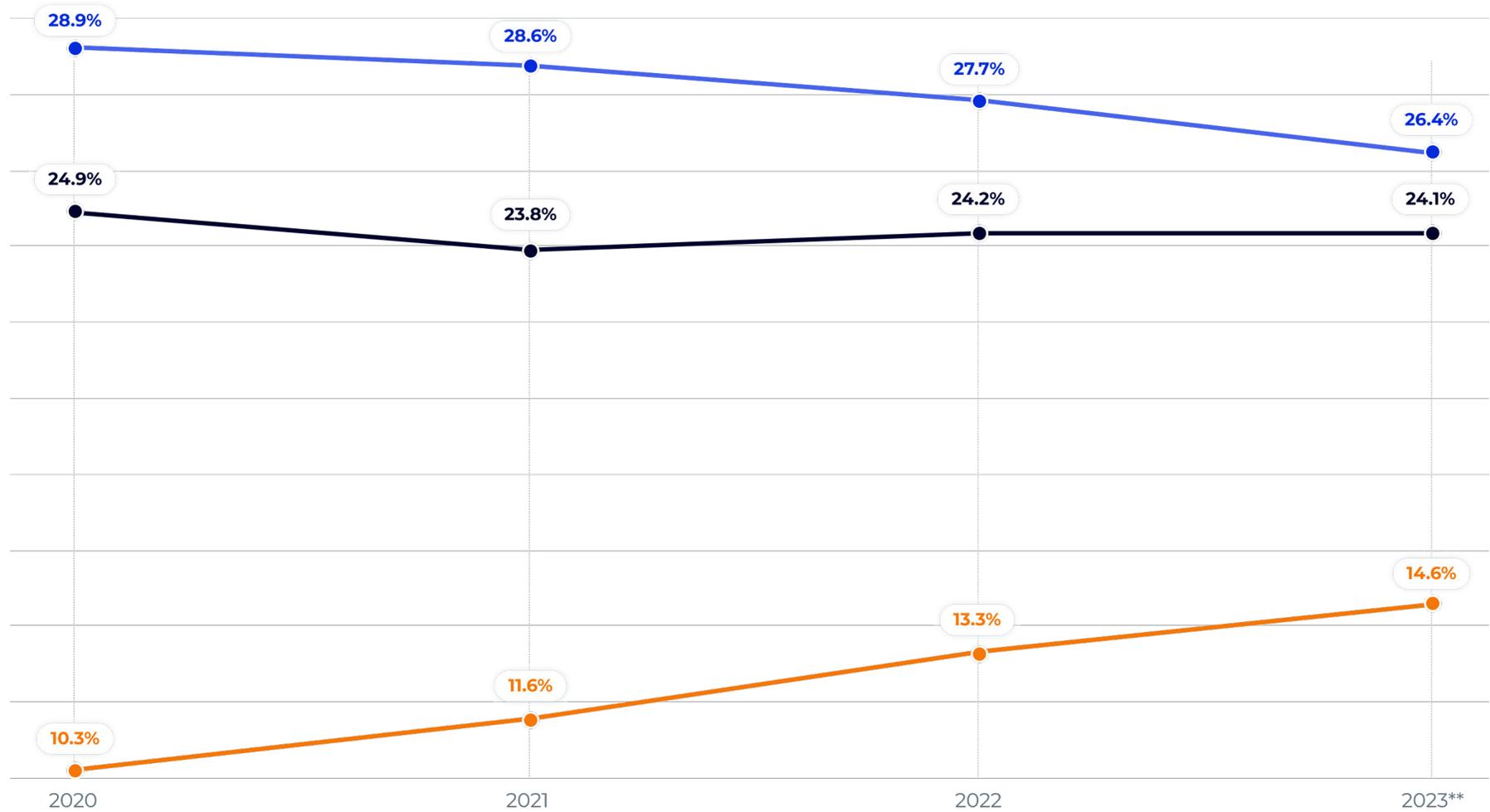


"Sellers, vendors, and brands continue[d] to look to Amazon's advertising capabilities to reach customers in the always competitive holiday season, even as the macro environment required them to scrutinize their own marketing budgets. We saw good growth in advertising revenues in Q4, up 23% year over year."

—Amazon Senior Vice President and CFO Brian Olsavsky, speaking on the company's fourth-quarter 2022 earnings call

Historical and projected U.S. digital ad revenue share by company*

● Google ● Facebook ● Amazon



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; Google includes YouTube advertising revenues; Facebook includes Instagram advertising revenues.

*Data and projections via eMarketer **Forecast

Third-party seller growth on Amazon

Amazon’s persistent popularity with consumers, combined with its expanding ad products and uniquely valuable targeting data, continues to attract brands and sellers even as competition has increased. Amazon continues to report double-digit quarter-over-quarter growth in revenues related to **third-party seller** services.

Amazon selling models: 1P vs 3P

- **First-party seller (1P):** Sells to Amazon as a vendor and uses Vendor Central.
- **Third-party seller (3P):** Sells on Amazon’s platform and uses Seller Central.

Annual revenue from third-party seller services*



Quarterly revenue from third-party seller services



Source: Amazon Q4'22 and Q1'23 earnings reports

*Includes commissions and any related fulfillment and shipping fees, and other third-party seller services.

INSIGHTS



Amazon revenues from third-party seller services rose 20% between 2021 and 2022.

Approximately **70%** of brands and sellers on Amazon are 3P sellers.



“In Q4, [we had] our first-ever Prime Early Access Sale in October and the more traditional Thanksgiving to Cyber Monday holiday weekend. These global sales events outperformed our expectations as customers responded to millions of deals across our growing selection. Third-party sellers remain a key contributor to that expanding selection. **In Q4, [third-party] sellers comprised a record 59% of overall unit sales.**”

— Amazon Senior Vice President and CFO Brian Olsavsky, speaking on the company’s fourth-quarter 2022 earnings call

Advertising Product Usage Among Brands and Sellers

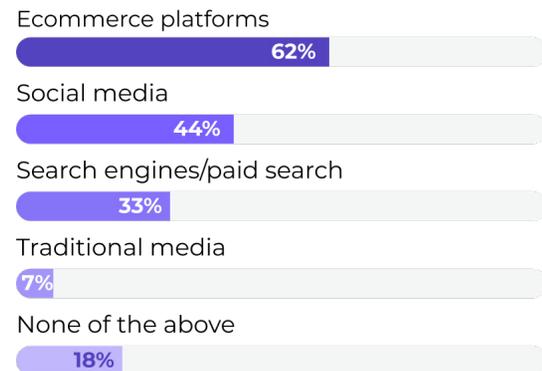
A recent **Jungle Scout study** found that while **Amazon pay-per-click (PPC)** advertising remains the most popular marketing tactic among Amazon sellers of all types and sizes, brands and sellers are increasingly investing in other advertising channels as well.

Types of sellers

Small and midsize businesses (SMBs): Amazon sellers who earn less than \$2M in annual revenue, including solo entrepreneurs.

Enterprise brands and businesses: Large brands selling \$10M+ on Amazon or \$50M+ across all ecommerce channels annually, and parent companies that own and operate multiple brands.

Top channels where Amazon brands and sellers advertise their products



Amazon PPC ad usage



INSIGHTS



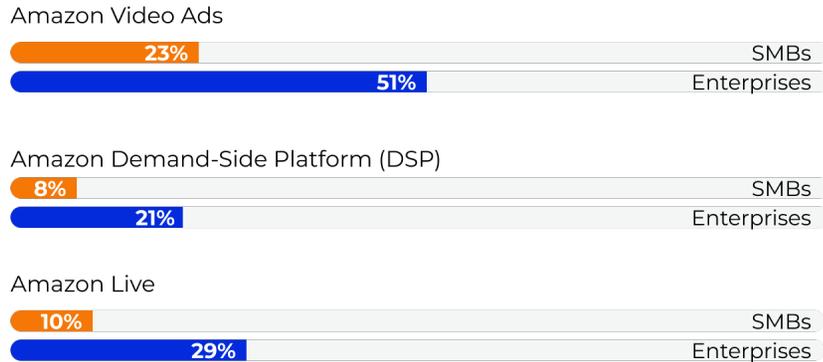
Sponsored Products is the most popular Amazon PPC option among SMB sellers, while Sponsored Brands see the most investment from large brands and enterprises.

In 2022, SMB sellers reduced their advertising investment on ecommerce platforms by 6%, while increasing investment in social media ads by 15%. Enterprise brands, however, increased their investment in both ecommerce platform and social media advertising (by 6% and 18%, respectively).

Other Amazon advertising and marketing tools

Comparative usage between SMB sellers and enterprise brands diverges further among newer Amazon advertising types and marketing tools, some of which are only available to 1P sellers and brand-registered 3P sellers.

Ad type usage by type*



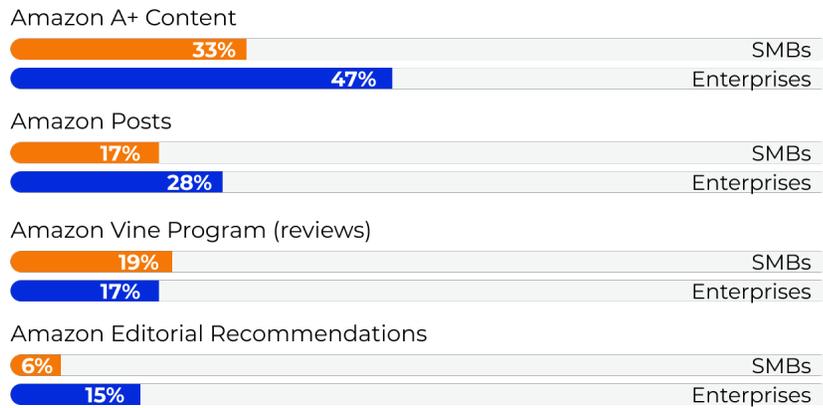
INSIGHTS



For brands and sellers of all sizes, the use of Amazon Video Ads is steadily picking up since their introduction in early 2020. For SMB sellers, use of this ad type jumped from 14% in 2021 to 23% in 2022; for enterprise brands, use of Video Ads grew from 48% to 51% year-over-year.

In addition to paid ads, sellers also utilize Amazon marketing tools such as [Amazon A+ Content](#), available to 1P sellers and brand-registered 3P sellers, and an expanding suite of other promotional content options.

Marketing tool usage by type*



INSIGHTS



Among SMB sellers, use of Amazon's A+ Content, Posts, Vine Program, and Editorial Recommendations increased across the board year-over-year.

The use of Amazon Posts among enterprise brands fell year-over-year to 28% (from 32% in 2021), while use of A+ Content, Amazon Vine, and Editorial Recommendations increased.

*Survey respondents could select multiple responses; as such, percentages in the above sections do not total 100%.

As social media's influence on ecommerce grows, Amazon continues to expand its tools for brands and sellers, many of which mimic the social shopping experience. The most recent among these is **Inspire**, Amazon's answer to the massively popular TikTok platform.

At the same time, the rising number of brands, retailers, and sellers on Amazon is converging with macroeconomic challenges like inflation and a **recession**. This adds layers of competition and complexity for brands and sellers seeking to optimize their approach to advertising and determine where to invest their promotional budgets. According to **Jungle Scout's 2023 State of the Amazon Seller Report**:



46%

of Amazon brands and sellers are worried about the increasing cost of goods



39%

are worried about increasing competition driving prices down



38%

say increasing ad costs are a major concern for them

Managing PPC advertising is one of the most common challenges reported by Amazon brands and sellers.

INSIGHTS



“There are many factors that make Amazon advertising – and retail media in general – increasingly complex. For large brands, the sheer scale of their Amazon catalog means forecasting and budgeting for potentially tens of thousands of products. For smaller brands and sellers, staying competitive is getting more difficult and more expensive while budgets may be stalled or shrinking. Compound this across other channels like Walmart, Instacart, and social, and, yes, you have a huge opportunity – but it’s one that requires exponentially more operational bandwidth to capitalize on.”



— Connor Folley, VP of Strategy,
Jungle Scout Cobalt



Chapter 2

Amazon Advertising Spend

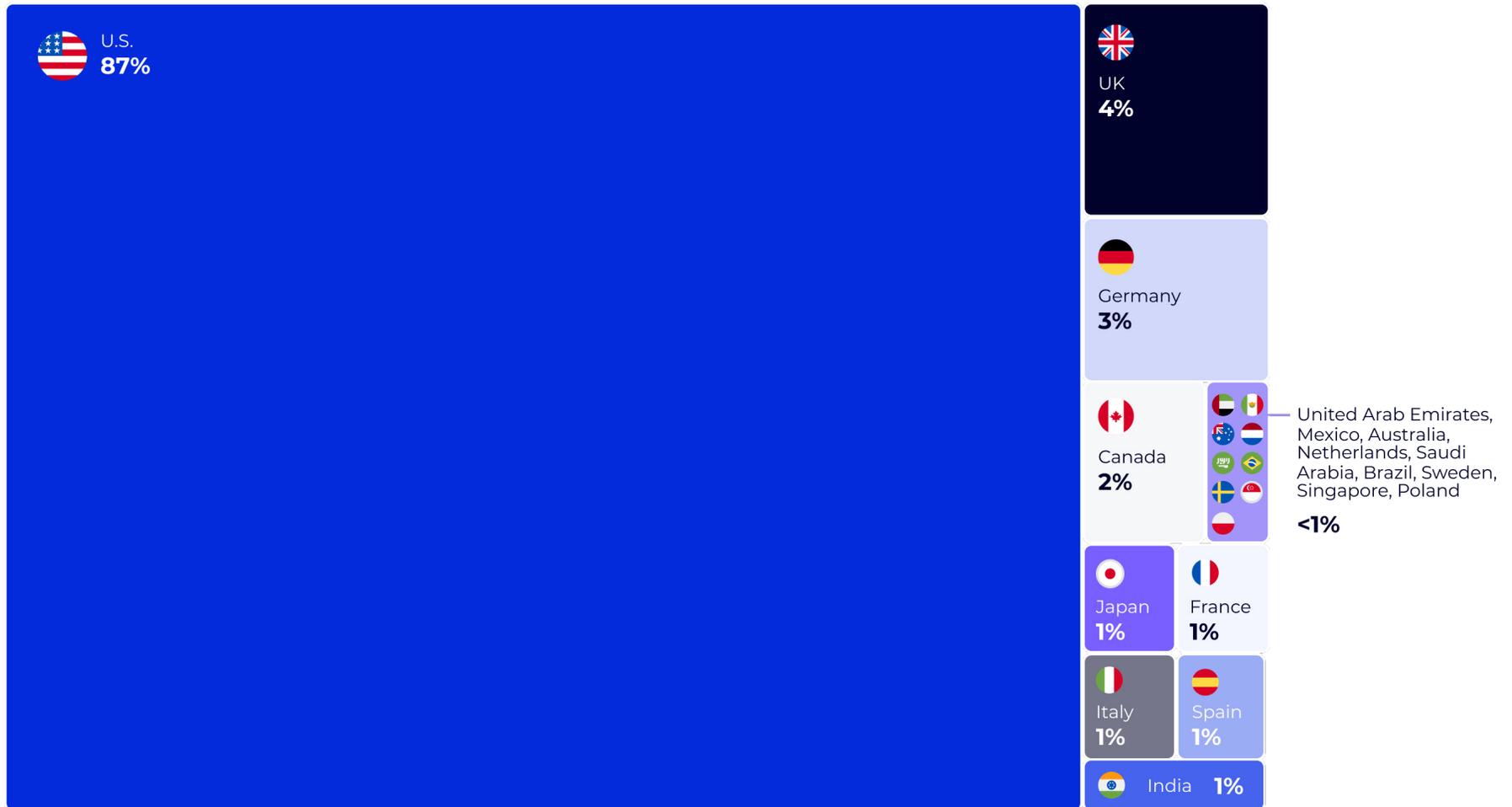
A deeper look into advertising spend on Amazon reveals key insights and trends that help explain how brands, agencies, and sellers are using the platform to market their products. Based on **Jungle Scout Cobalt** data, this chapter breaks down advertising spend by marketplace, ad product, ad targeting type, and product price.



Spend by Marketplace

Among the 18 marketplaces measured in Jungle Scout Cobalt's ecommerce database, U.S. spending far outweighs that of any other country.

Marketplace spending on Amazon advertising by % of total



Spend by Ad Product

The majority of Amazon advertising spend is allocated to Sponsored Products, which allow brands to manually or automatically target keywords relevant to their audiences. With this option, advertisers only pay when a shopper clicks, allowing better control over budget. These ads span a wide variety of goals, from increasing visibility to showcasing top-performing items.

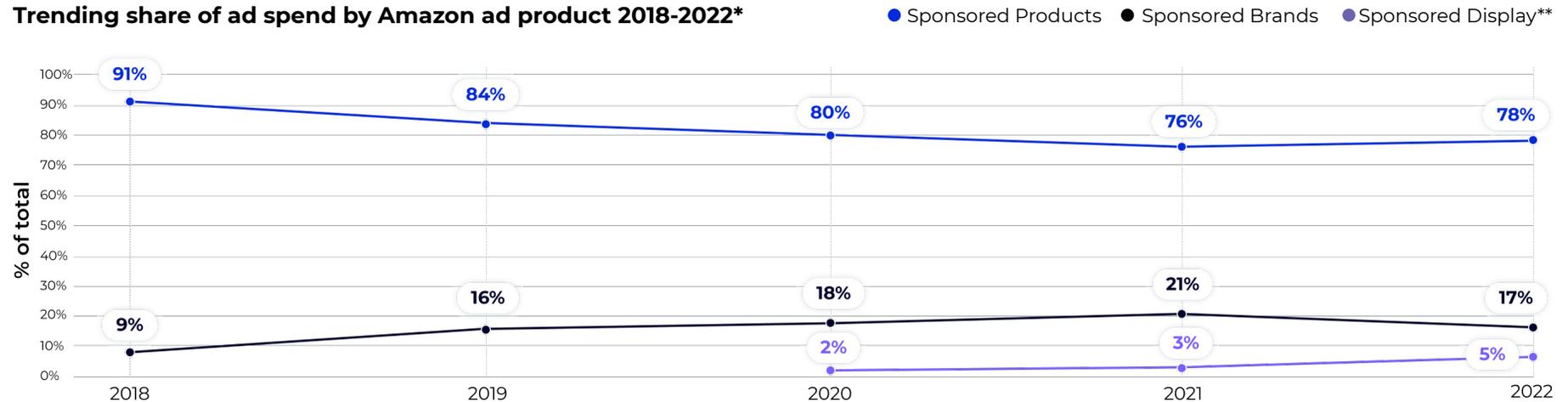
For a detailed description of the ad products mentioned in this section, refer to the [digital advertising glossary](#).

INSIGHTS



Data from January - March 2023 show Sponsored Display ads with a 4% share of advertising dollars, Sponsored Brands with 16%, and Sponsored Products accounting for 80% of total Amazon ad spend in Q1 2023.

Trending share of ad spend by Amazon ad product 2018-2022*



*Partial year 2018 data (March - December) **Sponsored Display ads were introduced in 2019

Display ads have continued to gain popularity since their introduction in 2019, though spending remains far lower than legacy ad products. As competition for Amazon PPC placement grows, and as omnichannel research increasingly becomes part of the consumer shopping journey, Sponsored Display is a self-service way for advertisers to reach audiences when they're not on Amazon. Ad spend for Sponsored Display grew from 3% to 5% in 2022, while spend for Sponsored Brands dropped to near pre-pandemic levels.

Spend by Ad Targeting Type

There are two targeting strategies for Sponsored Products:

- **Manual targeting:** Requires end users to handpick keywords to bid on and the products they'd like to advertise. Amazon will show ads only if the shopper's search query matches any of the keywords in the campaign.
- **Automatic targeting:** Requires advertisers to select the products they want to advertise and set a budget for their campaigns. This form of targeting requires an ASIN, a date range, and a CPC bid. Amazon will then use the ASIN's metadata to find relevant keyword inventory.

Within automatic targeting, there are four different match types:

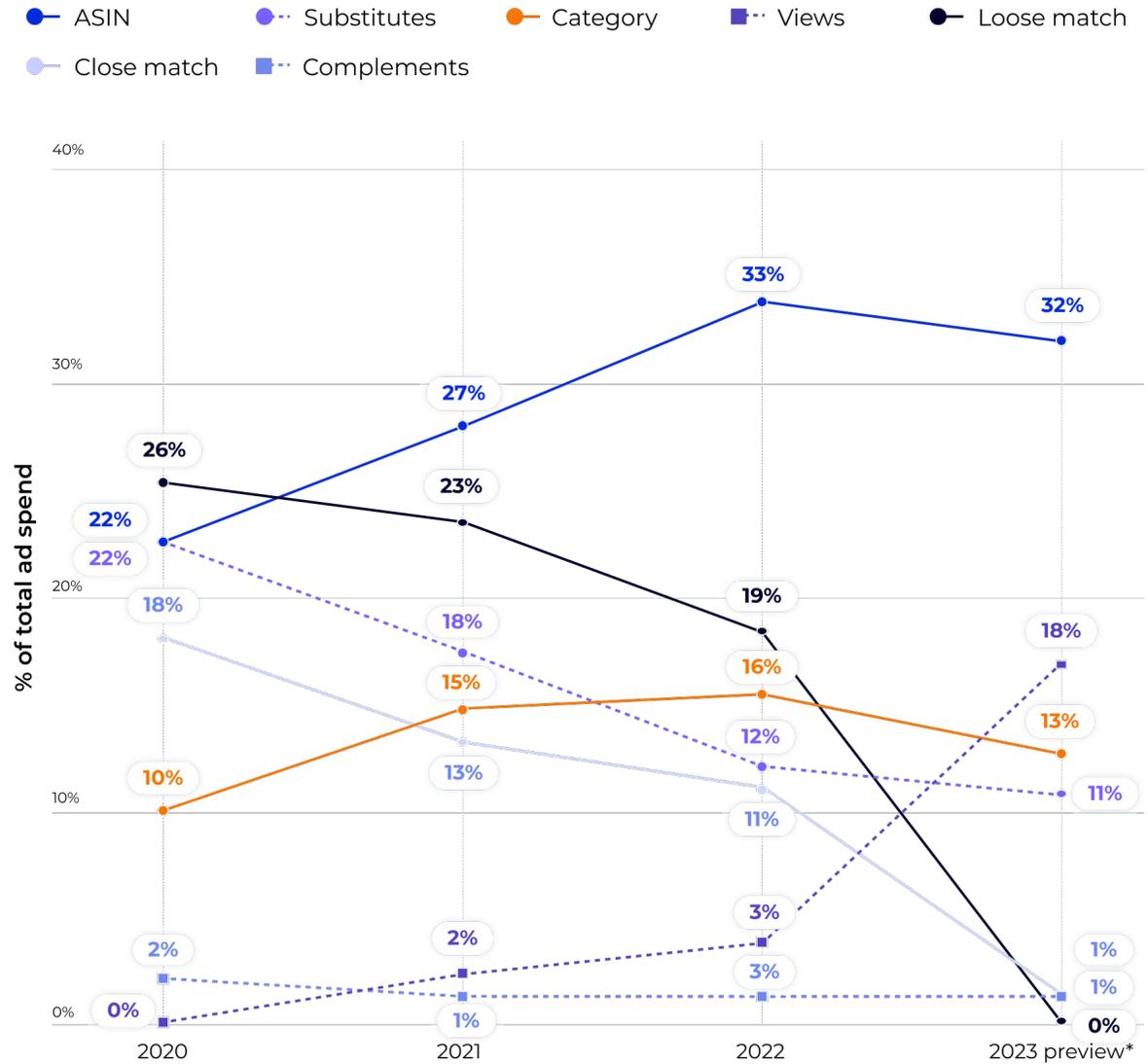
- **Close match** products are shown to shoppers who use search terms closely related to an advertiser's products.
- **Loose match** terms show an advertiser's products when shoppers use search terms loosely related to those products.
- **Substitutes** are targeted to shoppers considering products that are substitutes for an advertiser's items and are often the same type of product sold by a different brand (e.g., Reebok tennis shoes instead of Nike).
- **Complements** are targeted to shoppers who view the detail pages of products that complement an advertiser's products (e.g., a baseball glove to go with a baseball).

Additionally, an advertiser can improve the relevance of their ads by targeting single products or categories, or by targeting shoppers based on past behaviors:

- **Category targeting** (*Sponsored Products*) allows advertisers to target entire categories within Amazon's verticals, like Pets, Clothing, Shoes, Home, Jewelry & Watches or Garden & Tools.
- **ASIN targeting** (*Sponsored Products*) allows advertisers to target specific products (note: an ASIN is a 10-character standard product identification number assigned by Amazon that always begins with "B0").
- **Audience targeting** (*Sponsored Display*) allows advertisers to target custom audiences, such as people who viewed product detail pages matching criteria they choose, or people who have certain interests. Audiences are available in the Sponsored Display ad type, and not all audiences are available to all advertisers.
- **Views remarketing** (*Sponsored Display*) allows advertising to retarget shoppers who have previously viewed their product listings.

Advertisers spent the most on ASIN ad targeting in 2022, following a trend that began in 2021. Loose match and substitutes targeting saw the largest declines in spend year-over-year.

Targeting/match type by % of total ad spend



*2023 figures represent partial year data (January - March)

INSIGHTS



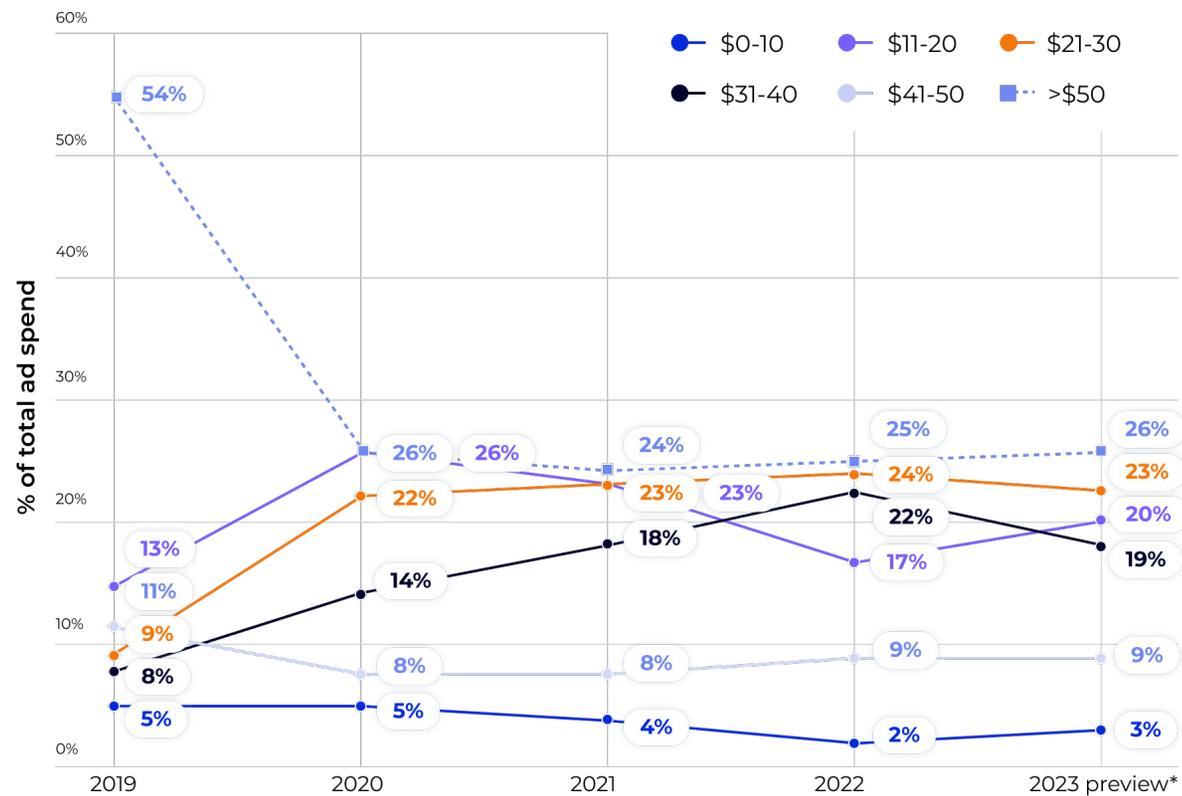
Early 2023 data shows an uptick in spend for Views targeting. This follows a notable increase in RoAS for Views targeting in 2022. [Click here](#) to learn more about RoAS by targeting type.

Spend by Product Price

An analysis of Amazon advertising spend for more than 25,000 products in Jungle Scout Cobalt's ecommerce database shows the largest share of 2022 ad dollars (25%) went towards products priced over \$50. The next largest shares went toward products between \$21 and \$30 (24%) and between \$31 and \$40 (22%).

These trends may be reflective of widespread price increases caused by inflation in 2022, causing some products to bump up in price range. According to [Jungle Scout's Q4 2022 Consumer Trends Report](#), 93% of consumers reported seeing higher prices in their day-to-day shopping in 2022.

Product price range by % of total ad spend



*2023 figures represent partial year data (January - March)

INSIGHTS



Early 2023 data shows a likely continued uptick in advertising spending attributable to products priced in the \$21 to \$30 and \$30 to \$40 ranges, respectively, while the share of ad spending on products \$50 and up is currently above last year's overall share.

To learn more about how to make the most of your product listing, check out [Jungle Scout's resources on effectively setting up and launching Amazon ad campaigns](#). Tailored solutions are available for **SMB sellers** and **enterprise brands and agencies**.



Chapter 3

Return on Ad Spend (RoAS)

Amazon's ability to measure the precise number of sales generated by advertising dollars is unique among broader search and social media advertising platforms. This capability provides advertisers with greater confidence in their investments, as they can measure the impact and returns of their advertising efforts. This chapter provides an overview of those returns – referred to as return on ad spend (RoAS) – based on Jungle Scout Cobalt data and broken down by targeting type, product, and bidding strategy.



Effective Advertising on Amazon: Measuring RoAS

What is RoAS? This metric measures the effectiveness of digital ad campaigns by showing how many dollars of revenue resulted from a single dollar spent on an ad campaign.

RoAS is viewable in the campaign manager in the Amazon advertising console. It is calculated by dividing total attributed sales by the total cost of the ad campaign(s).

$$\text{RoAs} = \frac{\text{Total attributed sales}}{\text{Total ad spend}}$$

How does RoAS compare to ACoS and TACoS? RoAS represents the inverse of Advertising Cost of Sales, or ACoS, which is calculated by dividing the total cost of an ad campaign by its total attributed sales.

$$\text{ACoS} = \frac{\text{Total spend for a single campaign}}{\text{Total ad attributed sales for that campaign}} \quad \text{RoAS} = \frac{1}{\text{ACoS}}$$

While ACoS focuses on a single advertising campaign, Total Advertising Cost of Sales (TACoS) takes into account the costs associated with all of a brand's paid campaigns.]

$$\text{TACoS} = \frac{\text{Total spend for all ad campaigns}}{\text{Total sales}} \times 100$$

Why measure RoAS? This metric allows brands and sellers to evaluate which advertising strategies are performing best and where to make adjustments.

Advertisers often use different RoAS targets for different types of products. Generally, having a high RoAS is better for profitability, while a lower RoAS may help increase visibility.

RoAS by Ad Product

RoAS for each Amazon PPC Ad Product dropped year-over-year. Since 2020, RoAS for Sponsored Brands and Sponsored Products has dropped 54% and 27%, respectively. While RoAS for Sponsored Display dropped 16% from 2021 to 2022, it is still 30% higher than in 2020.

Average 14-day RoAS by Amazon ad product

Ad Product	2021	2022	% change
 Sponsored Brands	\$4.28	\$3.29	-30%
 Sponsored Products	\$4.17	\$3.67	-14%
 Sponsored Display	\$1.86	\$1.60	-16%

RoAS by Ad Targeting Type

Returns trended upward for more ad targeting types in 2022 than in 2021, though a majority were still down. Complements, which was the only targeting type to see RoAS increase in 2021, declined by 24% in 2022.

Close match ad targeting also declined, though it continues to show the largest RoAS overall. RoAS for Views, ASIN, and Category targeting went from a YoY decline in 2021 to YoY increases in 2022. Of these, ASIN targeting had the highest RoAS overall (\$3.42), while Views targeting had the biggest YoY increase (22%).

These results reflect each ad targeting type's ability to convert a sale, likely due to factors such as customer intent and ad relevance. While close and loose match targeting experienced YoY RoAS declines, they are still among the top 3 ad targeting types for actual RoAS. These targeting types present products that are most similar to what the consumer is already searching for, making them more relevant and, therefore, more likely to result in a conversion.

Views targeting can also be used to deliver highly relevant ads, as it allows advertisers to build and retarget custom audiences of shoppers who have already viewed their product pages. This can mean less competition (and therefore lower bid costs) as well as higher shopper intent.

Average 14-day RoAS by ad targeting type

Ad Product	2021	2022	% change
Close match	\$5.63	\$4.47	-21%
Loose match	\$3.87	\$3.11	-20%
ASIN	\$2.96	\$3.42	+16%
Substitutes	\$2.70	\$2.54	-6%
Category	\$2.65	\$2.78	+5%
Complements	\$1.87	\$1.43	-24%
Views	\$1.39	\$1.70	+22%

RoAS by Product Price

RoAs for products priced \$20 or less increased year-over-year, while RoAS for all other product price ranges fell. This could be in part due to an increase in price consciousness on the part of consumers, leading to higher conversion rates for lower-priced items.

As in 2021, actual RoAS is highest for products priced \$50 and higher; and although products in the \$41-50 price range delivered the biggest year-over-year RoAS decline, actual RoAS for that range is second highest overall.

Average 14-day RoAS by Amazon product price range

Product price range	2021	2022	% change
\$0-\$10	\$1.54	\$1.79	+16%
\$11-\$20	\$1.97	\$2.10	+6%
\$21-\$30	\$2.39	\$2.26	-6%
\$31-\$40	\$2.93	\$2.50	-15%
\$41-\$50	\$5.00	\$3.10	-38%
>\$50	\$4.92	\$4.76	-3%

RoAS by Bidding Strategy

Amazon offers various bidding strategies to allow more options for controlling ad spend and improving campaign performance. Advertisers who would like to manage their own bids can choose the “fixed bids” option. In contrast, advertisers focused on maximizing bid efficiency can choose from automated bidding strategies that adjust bids in real time based on the likelihood of conversion.

Common bidding strategies for Amazon include:

- **Dynamic bids (down only)** have the highest associated ad spend and attributed sales. However, when it comes to RoAS, a manual/fixed bidding strategy performed the best.
- **Dynamic bids (up and down)** are when Amazon raises bids (by a maximum of 100%) in real-time when an ad may be more likely to convert a sale and lower bids when they are less likely to convert a sale.
- **Fixed bids** are when Amazon uses the exact bid and any manual adjustments an advertiser sets and won't change based on the likelihood of a sale.

In 2022 a dynamic up-and-down bidding strategy produced the highest RoAS – a notable change from 2021, where a manual/fixed bidding strategy performed best.

Similar to our views of RoAS by ad product, year-over-year returns by bidding strategy were also lower across the board in 2022 compared to 2021.

Average 14-day RoAS by bidding strategy

Bidding strategy	2021	2022	% change
Fixed bids	\$4.59	\$3.52	-46%
Dynamic bids (down only)	\$4.10	\$3.65	-22%
Dynamic bids (up and down)	\$3.97	\$3.83	-29%



Chapter 4

Category Leaderboard (U.S.)

Ecommerce brands and sellers are often playing on widely different fields with their budgets and strategies, depending on the type of product they're looking to advertise. Over the past year, many of these variations were likely exacerbated by macroeconomic issues.



Congestion vs. Opportunity: Why Spend & RoAS Vary by Product Category

Total advertising spending and returns on those dollars can vary greatly among product categories, largely driven by competition or congestion in any particular market. Examples of this can be seen with categories like **Health & Household**, **Home & Kitchen**, and **Beauty & Personal Care** – all of which ranked among the top 5 most competitive categories for advertisers and fell in the bottom 5 for average RoAS in 2022.

Top 10 most competitive product categories*

-  1. Health & Household
-  2. Home & Kitchen
-  3. Beauty & Personal Care
-  4. Office Products
-  5. Clothing, Shoes & Jewelry
-  6. Grocery & Gourmet Food
-  7. Kitchen & Dining
-  8. Pet Supplies
-  9. Sports & Outdoors
-  10. Books

*Ranked by 2022 total number of distinct advertising campaigns.

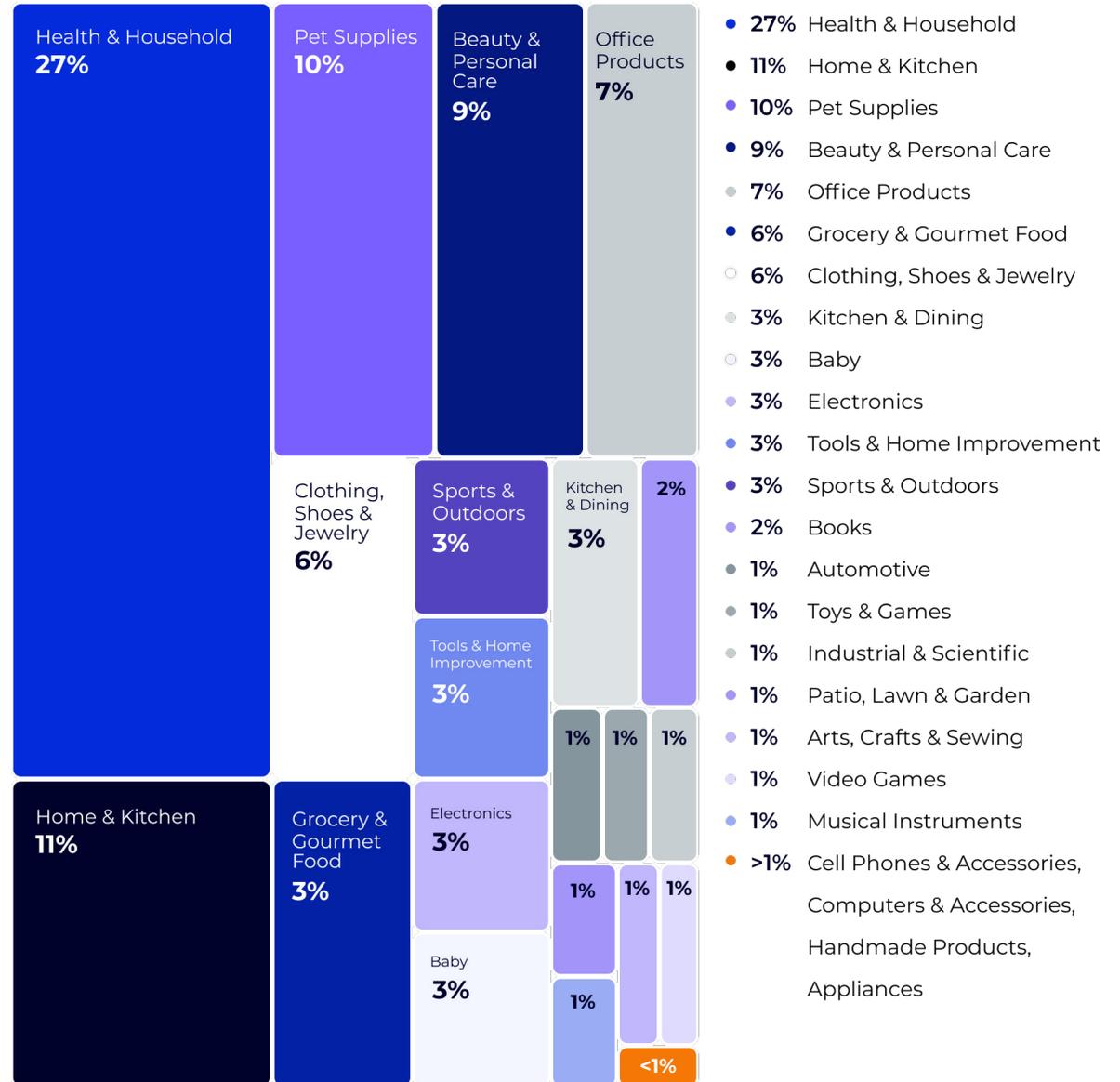
Amazon Advertising Spend by Product Category

The Health & Household category remains the leader in terms of share of total advertising spend on Amazon in 2022. Ad spend in this category was nearly 60% higher than the Home & Kitchen category, with the second-highest spend.

Categories with the most significant year-over-year increases in share of overall ad spend were Clothing, Shoes & Jewelry (6%, up from 4.2% in 2021), and Electronics (3%, up from 1.2%).

Categories with the lowest ad spend included Cell Phones & Accessories, Computers & Accessories, Handmade Products, and Appliances.

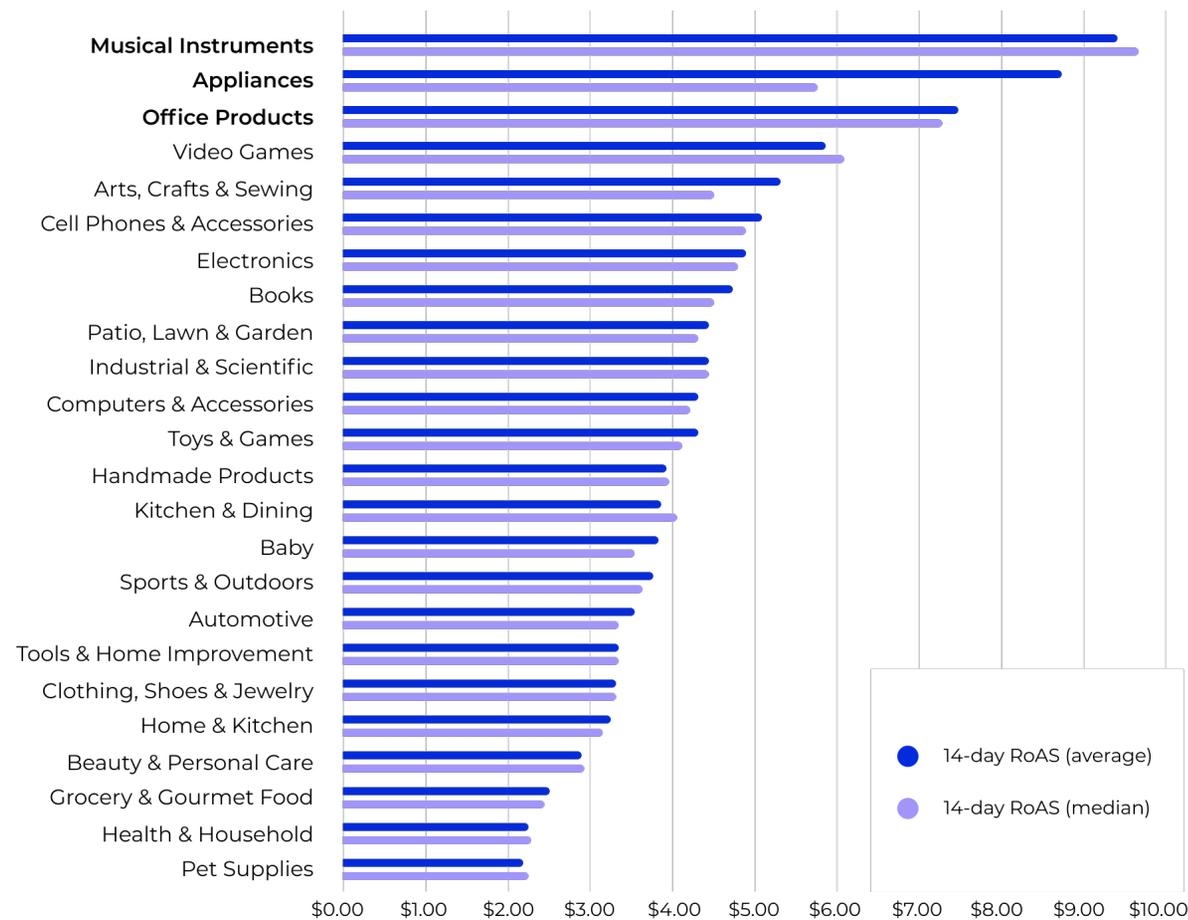
Product category share of advertising spend



RoAS by Product Category

A look at average RoAS also reveals wide variations among product categories. Ads for products in the Musical Instruments category yielded the highest average returns in 2022 (\$9.40), while categories with the lowest included Pet Supplies (\$2.18), Health & Household (\$2.21), and Grocery & Gourmet Food (\$2.64).

Product categories ranked by full-year 2022 average RoAS



INSIGHTS



Certain categories may be more impacted by inflation and recession than others. Electronics had the highest average RoAS in 2021, but saw average RoAS decline nearly \$3.00 in 2022. According to Jungle Scout Consumer Trends data, **31% of consumers** reported spending less on Electronics in 2022 (more than reported cutting back spending in any other category).



“RoAS is a product of many factors. Health & Household, for example, yields some of the lowest returns, while categories with the highest RoAS include Appliances and Musical Instruments. This correlates with selling prices: Health & Household products have low prices, but are sold by brands with huge budgets. By contrast, RoAS for Appliances and Musical Instruments is buoyed by much higher prices.”



— Connor Folley, VP of Strategy, Jungle Scout Cobalt



Chapter 5

Challenges & Predictions

As more platforms and channels make inroads into ecommerce, brands and sellers are rethinking the way they distribute their advertising budgets across a growing number of influential ecommerce channels. To remain ahead of the growing competition, Amazon continues to invest in their unique advertising technology and expand their range of advertising options. These advancements will help brands and sellers reach customers at different stages of the shopper journey and attract more traffic to their product listings and store pages with off-Amazon traffic.



Challenge

Rising Competition, Rising Costs, Lower Budgets

Economic challenges continue to impact ecommerce and commerce as a whole. As a result, buying trends have become harder to predict, and shoppers are more price sensitive, while brands and sellers find themselves coping with higher supply costs.

Rising inflation affected the spending of 84% of consumers in 2022*

Inflation and rising business costs – on everything from raw materials to advertising – are the most commonly shared concerns among Amazon brands and sellers in 2023**

As these effects linger, **balancing advertising investments** and optimizing RoAS will continue to be a top focus area for advertisers vying for highly competitive placements with thinner resources and added pressure to justify spend and results.

Brands and sellers have become increasingly concerned that this competition could ultimately price them out of being visible in some categories – a concern that is only deepened by the current macroeconomic climate.

More than a quarter (28%) of brands and sellers are worried about Amazon changing search results to favor paid placements over organic.**

*Data from Jungle Scout's [Q4 2022 Consumer Trends Report](#)

**Data from Jungle Scout's [2023 State of the Amazon Seller Report](#)

Prediction

Continued Investment in Targeting and Attribution

The other side of the coin is that Amazon's unique attribution capabilities are only more valuable to brands and sellers when competition is at a peak, and budgets may be lower or spread across more channels. Amazon advertising provides an added layer of strategic confidence when it comes to targeting and driving conversions.

Amazon will continue to invest in strengthening its targeting and attribution capabilities, solidifying its biggest unique value proposition to brands and sellers.

INSIGHTS



“We’re continuing to make large investments in machine learning to keep honing our advertising selection algorithms. For the past couple of years, we’ve invested in building comprehensive, flexible, and durable planning and measurement solutions, giving marketers greater insight into advertising effectiveness. We also see future opportunity to thoughtfully integrate advertising into our video, live sports, audio, and grocery products. We’ll continue to work hard to help brands uniquely engage with the right audience, and grow this part of our business.”

— [Amazon 2022 Annual Report](#)

Challenge

Shoppers spread beyond Amazon

Less shoppers are starting their shopping searches on Amazon even as they continue to purchase from Amazon more than other channels. That means more complex customer journeys to map, and more channels to invest in. Some shoppers, for example, may not be browsing Amazon, instead discovering a product on other channels and then searching for it directly by name on Amazon.

This raises new questions around ad targeting for brands and sellers, like whether they should target new keywords, whether to invest more in display and social advertising, and where to pull back on existing ad investments to make room for new strategies.

Prediction

More advertisers will invest in Display advertising

According to an early 2023 Jungle Scout survey, 38% of Amazon brands and sellers are using Sponsored Display advertising this year, up from 30% in 2022. More brands and sellers also reported increased use of DSP advertising in 2023: 11%, up from just under 5% in 2021. Brands and sellers must naturally follow as shoppers branch out to new channels for product research and discovery. As a result, investment in Sponsored Display and DSP ads is likely to continue to increase.

INSIGHTS



“As digital commerce continues to expand and change, advertisers are looking for ways to spread their budgets between Amazon PPC, DSP, search engines, social media, and all the other traffic channels out there. No brand wants to be entirely beholden to one singular channel, so it will come down to determining which have the most demonstrable ROI, and then cascading investments down from there.”



— Connor Folley, VP of Strategy, Jungle Scout Cobalt

Challenge

The Rising Influence (and Necessity) of Social Media

Social media is becoming a powerful force of its own in the world of ecommerce, with more consumers turning to channels like Instagram and **TikTok** to research, share, and buy products. Outside of ecommerce platforms, social media is the most popular place for Amazon sellers to invest their advertising dollars.

In 2022, 15% more Amazon brands and sellers invested in social media advertising than in 2021.

This will continue to create both challenges and opportunities for Amazon brands and sellers. It will add complexity to balancing, allocating, and optimizing their digital advertising budgets. Targeting on social media is not as precise as on Amazon, which can lead to higher spending. Even long-standing channels like Facebook lack the attribution features to connect ads to specific metrics the way Amazon does. At the same time, social media advertising has the potential to broadly expand a brand or seller's reach, increase value perception among shoppers, and drive sales.

Prediction

More social shopping on Amazon

As social media's influence continues to grow, more shoppers – especially younger generations – turn to social channels instead of traditional or in-platform search to find products. In response, Amazon has already introduced features like Amazon Posts, Amazon Live, and Amazon Inspire to help brands deliver a social shopping experience within Amazon's platform. Amazon will likely continue expansion of these features and its off-Amazon advertising network options that deliver the benefits of social media to both shoppers and sellers.

INSIGHTS



“In the last few years, social media usage has skyrocketed. This is creating great opportunities for brands and sellers to promote their products on channels like Instagram, TikTok, and Pinterest, and is also changing the way that consumers are shopping online. As this evolution happens, Amazon will almost certainly continue to introduce new ad products and other tools to help those selling on their platform replicate the social shopping experience that more and more consumers are drawn to.”



— **Eva Hart, Amazon growth expert and agency owner, Jungle Scout Cobalt**

Chapter 6

About the Report

Methodology

Findings in this report are based on Jungle Scout's ecommerce data collected over a five-year timeframe spanning January 2018 through March 2023, and certain other data reflective of the first three months of 2023, across 20 global marketplaces. It includes 5,000+ distinct brands and 950,000+ unique Amazon advertising campaigns across all key ad media and primarily represents large ecommerce enterprises.

It features data and insights from [Cobalt](#), the leading Amazon market intelligence, advertising, and reporting software.

Using the data

We encourage you to explore Jungle Scout's 2023 Amazon Advertising Report and to share, reference, and publish the findings with attribution to "Jungle Scout" and a link to [this page](#).

For more information, specific data requests, media assets, or to reach the report's authors, please contact us at press@junglescout.com.

About Jungle Scout

[Jungle Scout](#) is the leading all-in-one platform for ecommerce sellers, supporting more than \$50 billion in annual Amazon revenue. Founded in 2015 as the first Amazon product research tool, Jungle Scout today features a full suite of best-in-class business management solutions and powerful market intelligence resources to help entrepreneurs and brands manage their ecommerce businesses. Jungle Scout is headquartered in Austin, Texas, and supports 10 global Amazon marketplaces.



About Jungle Scout Cobalt

Jungle Scout Cobalt provides brands and retailers with comprehensive Amazon data, built-in advertising automation, and data visualization templates that streamline reporting. The interface makes it easy to find straightforward answers to the most pressing ecommerce questions while seamlessly turning insights on category trends, keyword and share of voice data, competitor strategies, and more into actions that directly impact sales and optimize digital shelf performance.

-  Supports \$50 billion in Amazon revenue
-  Serves more than 600,000 customers worldwide
-  Raised \$110 million in growth equity in 2021
-  Monitors over 1.8 billion data points daily

Recognized as the most trusted platform for selling on Amazon



"Cobalt provides me full visibility into how our business performs on Amazon against our competition, providing the knowledge needed to execute our strategy and meet company KPI's."

— Laura Taylor, National Account Coordinator, Wahl



"Cobalt is a wonderful reporting platform for our organization. It helps with not only the day to day tracking but also past data analysis and insights generation."

— Ishitta Mittal, Ecommerce Manager, HP



"Cobalt data has been fantastic for when we need to provide answers to internal stakeholders about competitors, entering a new market, or when our executive team is going through an acquisition."

— Elliot Frey, National Amazon Account Manager, Rawlings Sporting Goods



"Cobalt helped us dial in our ACoS goals within a matter of months, and helped us improve on our RoAS goal. Both have been huge for our ROI."

— Cameron Messick, Direct of Ecommerce, MasterPieces

Learn more about how Jungle Scout Cobalt can remove the guesswork from measuring, managing, and multiplying your Amazon sales.

Speak with an expert today!

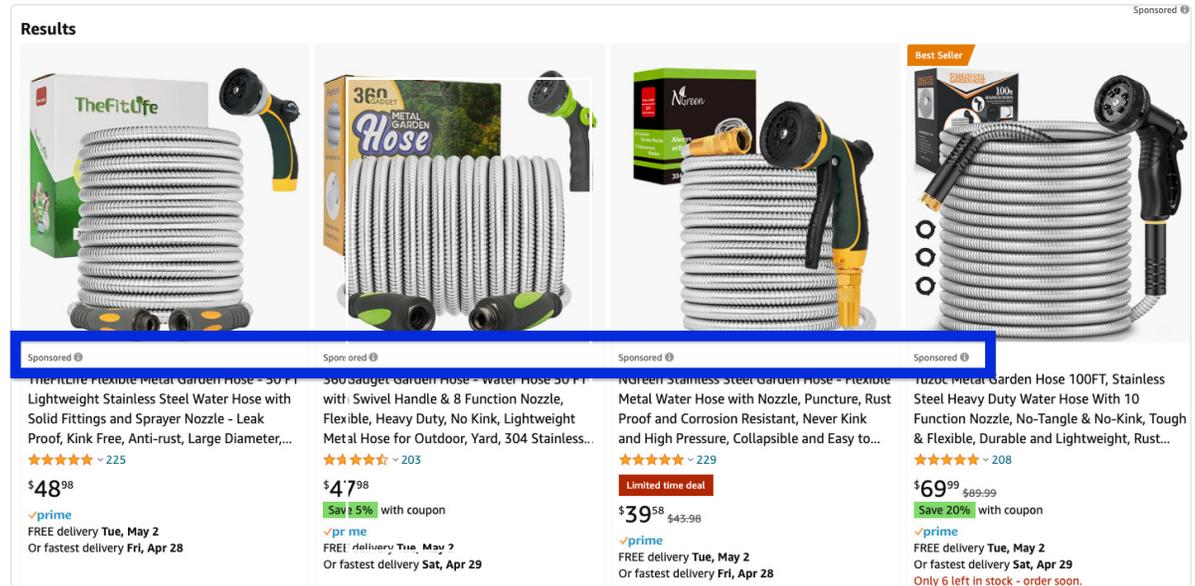
[Request a demo](#)

Digital Advertising Glossary

What follows is a brief glossary containing explanations for some of the most common digital advertising terms.

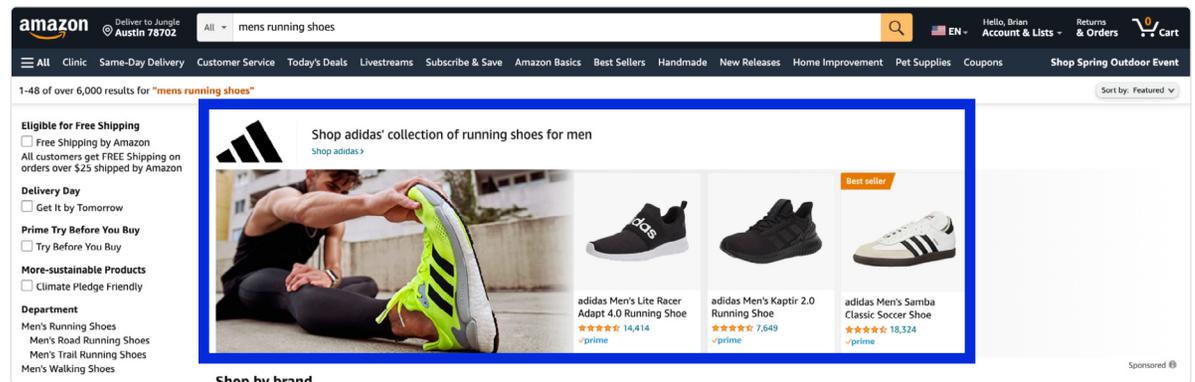
1. **Sponsored Products** are keyword- or product-targeted ads that promote individual listings and appear in shopping results and on product detail pages on Amazon.

Sponsored Product ads help brands get their products in front of consumers who are actively deciding which product(s) to purchase. By bidding competitively, brands will have a better chance of having their product(s) listed near the top/front of the page. Since many consumers do not click past the first page of search results, it's vital to appear on the first page as often as possible.



2. **Sponsored Brands** are ads that are displayed in the search result pages as headline banner ads always above the result listing.

Sponsored Brands ads help reinforce a brand, grow sales, target competitive brands, defend branded keywords, and encourage shoppers to add more items to their cart. They can also bring new customers into a brand's shopping funnel by stepping slightly outside your particular category and showing consumers a brand's messaging while they are in the shopping and purchasing mindset.



3. **Sponsored Display** allows brands to reach customers via auto-generated ad placements. Sponsored display ads use relevant audiences, customizable creatives, and actionable insights to deliver a message to the right customers.

Sponsored Display ads encourage consumers to look at relevant adjacent products directed at consumers already looking at a product within a brand or a competitor's brand portfolio. Unlike the other ad options, coupons can also be promoted through Sponsored Display Ads, and can function as one last push to close the sale.

The screenshot shows an Amazon product page for a SanDisk Extreme PRO 128GB SD card. The main product image is a black SD card with 'SanDisk Extreme PRO' branding and '200 MB/s' speed. To the right, technical specifications are listed: Memory Storage Capacity: 128 GB, Type: Computers, Digital Cameras, Home Theatre Devices. Below the main image, there's a 'Frequently bought together' section showing the card with an adapter and a reader for a total price of \$46.64. A 'Sponsored' ad for an SD card reader is highlighted with a blue box, showing a price of \$14.99 with a 5% off coupon. Another 'Sponsored' ad for a 6-in-1 memory card reader is also highlighted with a blue box, showing a price of \$17.99. The page also includes a 'Consider a similar item' section for a Samsung EVO Select micro SD card and various protection and shipping options.

4. **Amazon Attribution** is an advertising and analytics measurement solution that gives marketers insight into how their non-Amazon marketing channels across search, social, video, display, and email impact Amazon shopping activity and sales performance.

The screenshot shows the Amazon Attribution dashboard. The top navigation bar includes 'amazonads', 'Measurement & Reporting', and 'Amazon Attribution'. The main content area is titled 'Measure your non-Amazon marketing activities' and includes a message: 'Some items on this page do not yet have enough data to be displayed.' There are buttons for 'Learn how to get started', 'Create Campaign', and 'Dismiss'. A blue box highlights a diagram illustrating the attribution process, showing a network of nodes and lines representing marketing channels and their impact on Amazon sales.

5. **Amazon DSP** or demand-side platform, enables advertisers to programmatically buy display, video, and audio ads both on and off Amazon.

The image shows a promotional banner for Amazon DSP. The top half features a green background with two men sitting and playing video games. Text on the left reads "Amazon DSP Your brand in new places." with a "Get started" button. The bottom half has a white background with the heading "What is Amazon DSP?" and a sub-headline: "Amazon DSP is a demand-side platform that allows you to programmatically buy ads to reach new and existing audiences on and off Amazon." To the right is an illustration of a person at a computer with various data and security icons.

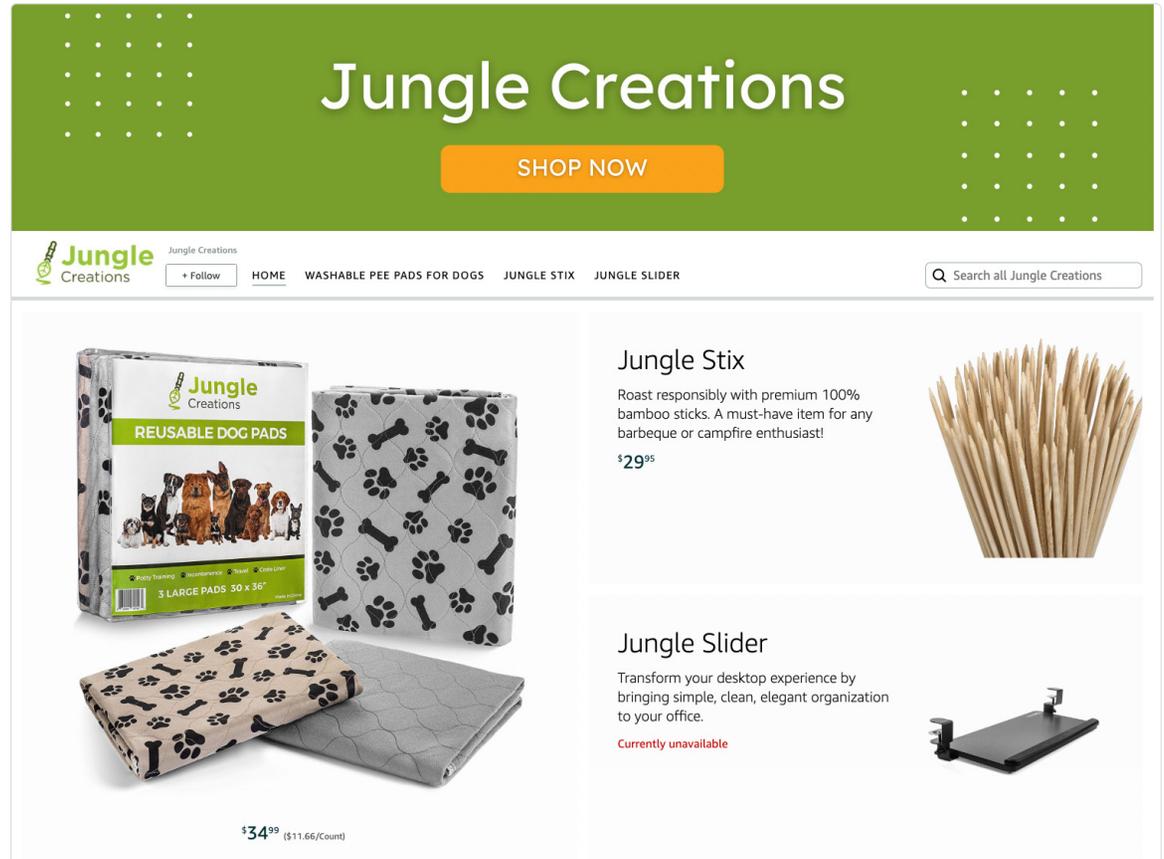
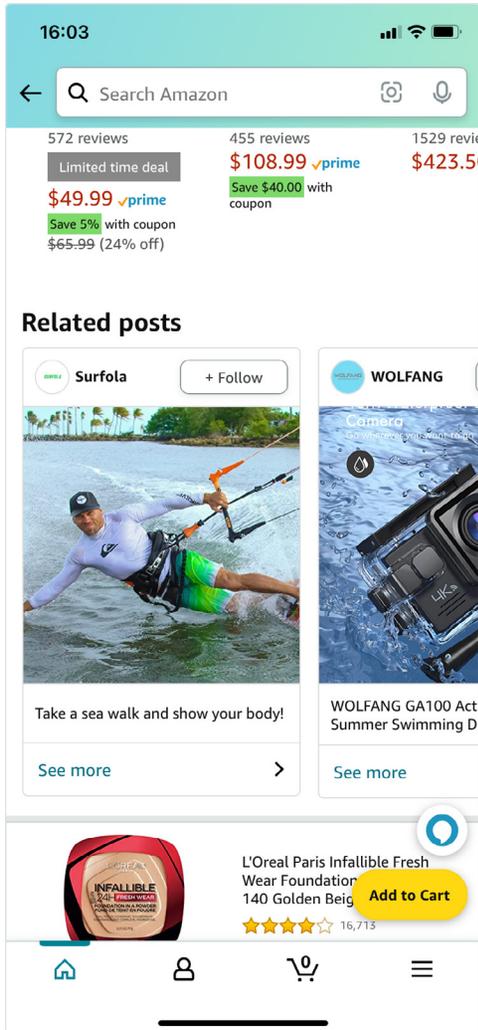
6. **Amazon Live** is a live streaming service that allows sellers to “promote discovery” of their products by hosting their own live streams for customers on Amazon.

The image is a screenshot of the Amazon Live interface. At the top is the Amazon navigation bar with a search bar and account links. Below is the "amazon live" header. The main content area shows a live stream by "Sophie Sumner" with a "LIVE" indicator and 334 viewers. The streamer is in a clothing store, and a text overlay says "SIX MINUTES LEFT AND I'VE GOT A FEW THINGS SO I MIGHT!". Below the video is a "What I Ordered vs. What I Got" section with a "+ Follow" button. It features three product recommendations: "Featured now PRETTYGARDEN Women's Summer Midi Bodycon Dresses... \$28.04 \$45.00 23% claimed", "Levear Braided Sandals for Women - Stylish Square Toe Braided Hee... \$29.63 \$58.00", and "Machiangyi Unisex Pina Side-Wear Reversible \$15.99 \$20.00".

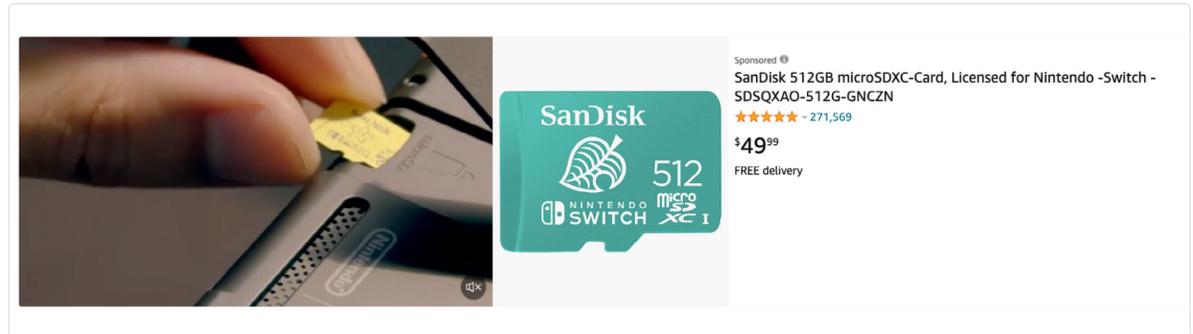
7. **Audio Ads** are ads on Amazon Music's Free service that run across desktop, mobile, tablet, connected TVs, and smart speakers (e.g., Echo devices).

8. **Posts** help drive brand and product discovery in a shoppable feed on Amazon.

9. **Store or Storefronts** are where vendors and sellers enrolled in Amazon Brand Registry can exclusively showcase a curated collection of products and elevate their brand.



10. **Video Ads** or Amazon over-the-top (OTT) video ads (ads served via the internet rather than cable/ satellite) allow a brand to showcase itself alongside premium, brand-safe streaming content, including the latest movies and TV shows.



Read more about the different types of advertising available on Amazon [here](#).