Amazon Advertising Case: How to Work with a Product with a Low Average Check and Low Margin

Business:UK supplier of medical equipment and first aid kits.

Main direction (products):disposable syringes, first aid dressings, plasters, reusable warm and cold gel packs, dispensers, etc.

Niche features:

- low price of goods - £1.50-24;
- low average bill - less than £10;
- small margin - 5-20%;
- limited budget.

Task:

- achieving ACOS below 10%;
- sales growth.

Start-up budget— £500 per month.

The average cost per click on Amazon is $0.5-1.5. With an average check of less than 10 pounds and a margin of 5-20%, the likelihood of advertising being profitable seemed unlikely.

But I had already worked with this client in Google Ads, I was familiar with the specifics of this niche. In addition, the client had been a seller on Amazon for several years, and I had enough statistical data for analysis and optimization. So I decided to take a risk.

First of all, I conducted a small preliminary marketing research of the store, assessed demand, competition, unique selling proposition and identified the following advantages of the project:

- Listings (product cards) were done competently and qualitatively, which is one of the main conditions for successful sales on Amazon.
- The products had good BSR (Best Seller Rank) – this is an indicator of how well the product sells on the platform. The lower the BSR, the better. Amazon buyers prefer products with low BSR (good sellers).

Additional Information

ASIN	BXXXXXXXR&XX
Customer Reviews	★★★★½ ˅ 209 ratings 4.5 out of 5 stars
Best Sellers Rank	67 in Business, Industry & Science (See Top 100 in Business, Industry & Science) 2 in Medical Examination Supplies & Consumables 3 in Medical Fluid Administration & Collection

- The products had enough reviews. Amazon is designed in such a way that without reviews, no one will buy the product.

Melolin Absorbent Dressing 10 cm x 10 cm, 5 cm x 5 cm and Oqard Saline Wipes

Visit the Oqard Store

★★★★★ ˅   10 ratings

Currently unavailable.

We don't know when or if this item will be back in stock.

Brand	Oqard
Material	Polyethylene
Sterility rating	Sterile
Item weight	0.18 Pounds
Format	Wipes

▤ Report incorrect product information.

- Competitive prices (you can get this information using the helium 10 Xray extension on the category page).

- The store's assortment includes both private label and other brands. Private label lines have high margins (up to 20%), but other brands may have a wider audience/traffic. That is, there is an opportunity for segmentation and testing of various advertising strategies.

Results before work

II became acquainted with the project in February 2021. At that time, ACOS exceeded 55%:
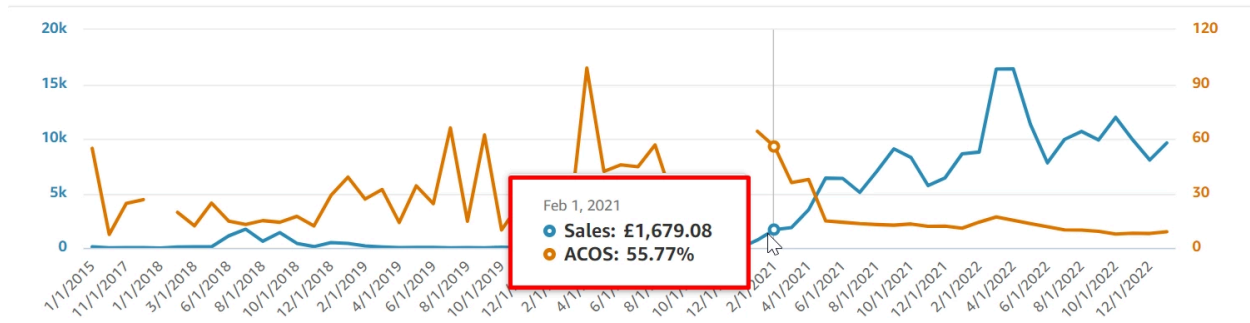
At the time of the audit, the account had 2 Sponsored Products campaigns active with manual targeting and a budget of £10 for each campaign.

Results from 01.01.2021 to 31.01.2021:

- Spend — £344,62
- Orders — 138
- Sales — £803,63
- ACOS — 42-43%

Campaigns ⓘ		End date	Budget ⓘ	Clicks ⓘ	Spend ⓘ	CPC ⓘ	▼ Orders ⓘ	Sales ⓘ	ACOS ⓘ	ROAS ⓘ
Total: 28				12,967	£3,332.32	£0.26	1,750	£11,904.77	27.99%	3.57
Plaster - 15 ACOS - MSP	)21	No end date	£ 10.00 Daily	186	£106.25	£0.57	72	£252.01	42.16%	2.37
GEL PACK - 15 ACOS -...	)21	No end date	£ 10.00 Daily	404	£238.37	£0.59	66	£551.62	43.21%	2.31

Multiple ASINs (Unique Product Identifier) were added to one campaign, each with a different ASOS:

Product	Status	SKU/ASIN	Clicks	Spend	CPC	Orders	Sales	ACOS
Total: 8			86	£49.00	£0.57	16	£135.47	36.17%
Emdiq Adjustable Compress Wrap and Luxury Flexible Hot Cold Gel Pack - 2 Sets ↗ £13.99	Paused	S3S601.0R B07MK83VZ8 ↗ 2 recommendations	-	-	-	-	-	-
Emdiq Adjustable Compress Wrap and Luxury Flexible Hot Cold Gel Pack - 5 Sets ↗ Price cannot be found	Paused	S3K609.0R B01KHUB272 ↗ 3 recommendations	-	-	-	-	-	-
Oqard Premium Compress Wrap and Muzamedical Hot Cold Gel Pack - 2 Set ↗ £15.99	Paused	S3K471.0R B01D7VP4BI ↗ 1 recommendation.	5	£2.57	£0.51	-	-	-
Emdiq Compress Wrap, Sleeve and Luxury Gel Pack Kit, 3 Items - 2 Sets ↗ £15.99	Paused	3S3K325.0R B00QIM1Y8G ↗	7	£3.84	£0.55	2	£18.31	20.97%
Emdiq Adjustable Compress Wrap and Luxury Flexible Hot Cold Gel Pack - 1 Set ↗ £7.99	Paused	2S3S631.0R B00ZNU7AVE ↗ 1 recommendation.	63	£39.25	£0.62	13	£104.67	37.50%
Oqard Premium Compress Wrap and Muzamedical Hot Cold Gel Pack - 2 Set ↗ £14.99	Paused	2S3K471.0R B01D7VP4BI ↗ 1 recommendation.	4	£1.75	£0.44	1	£12.49	14.01%
Oqard Premium Compress Wrap and Muzamedical Hot Cold Gel Pack - 1 Set ↗	Paused	2S3K470.0R B01D7VP4CC ↗ 1 recommendation.	7	£1.59	£0.23	-	-	-

Recommendation: Run separate campaigns for individual ASINs.

The keywords in the campaigns were broad enough to generate impressions for low-relevance search queries.

	Active	Keyword	Match type ⓘ	Status	Suggested bid ⓘ		Bid ⓘ	
		Total: 30						
⌐	⬜	plaster roll	Broad	Paused Details ▾	ⓘ £0.40 £0.32-£0.80	Apply	£ 0.33	
⌐	🔵	strapping tape foot	Broad	Delivering	ⓘ £0.62 £0.32-£1.00	Apply	£ 0.44	
⌐	🔵	strapping tape injury	Broad	Delivering	ⓘ £0.57 £0.27-£1.14	Apply	£ 0.45	
⌐	🔵	strong bandage	Broad	Delivering	ⓘ £0.41 £0.33-£0.81	Apply	£ 0.32	
⌐	🔵	support plaster	Broad	Delivering	ⓘ £0.50 £0.42-£0.90	Apply	£ 0.47	
⌐	🔵	tape foot	Broad	Delivering	ⓘ £0.56 £0.34-£0.89	Apply	£ 0.39	
⌐	🔵	strong bandage tape	Broad	Delivering	ⓘ £0.41 £0.33-£0.56	Apply	£ 0.35	
⌐	🔵	health beauty	Broad	Delivering	ⓘ £0.67 £0.39-£1.02	Apply	£ 0.52	
⌐	🔵	premium beauty	Broad	Delivering	ⓘ £0.45 £0.33-£0.63	Apply	£ 0.40	
⌐	⬜	plaster strip	Broad	Paused Details ▾	ⓘ £0.45 £0.33-£0.90	Apply	£ 0.34	
⌐	⬜	fabric plaster strip	Broad	Paused Details ▾	ⓘ £0.48 £0.34-£0.96	Apply	£ 0.35	

Recommendation: Collect more relevant keywords.

We didn't work with search queries and didn't add negative words to the campaigns.

Recommendation: add negative keywords.

Primary optimization

- Selecting an ASIN for advertising based on the following criteria:
- competitive price (with the help of helium 10 Xray)
- Amazon reviews of at least 10 and rating of at least 4.5
- products that reached the Top BSR the fastest (competitiveness), through expansion helium 10 on the order page:

- Analyze statistics from previous campaigns (keywords and search queries) and collect keywords for targeting. The effectiveness of Amazon advertising depends on how keywords are ranked.

Keyword rankings depend on sales velocity.

Sales Velocity = CTR * CVR

(target indicators: CTR>1%, CVR>10%)

So I collected all the keywords that historically matched the target metrics.

- Processing the list of negative keywords and negative products using both preliminary campaign statistics and additional collection of negative keywords using merchantwords.com.
- Calculation of an individual effective rate depending on the price, product marginality and average conversion rate.
- For each selected ASIN, I launched 3 separate campaigns simultaneously:

Auto targeting — Dynamic bids — down only

Manual targeting — keywords — Dynamic bids — up and down

Manual targeting — products — Dynamic bids — up and down

Despite the previous search query statistics, you should not exclude the possibility of working with automatic targeting, as it generates new ideas for targeting (for example, the emergence of new competitor products on whose pages you can display your ads).

Results after work

We saw the first significant decrease in ACOS after 3 months of optimization, in May 2021.

Results from 01.05.2021 to 31.05.2021:

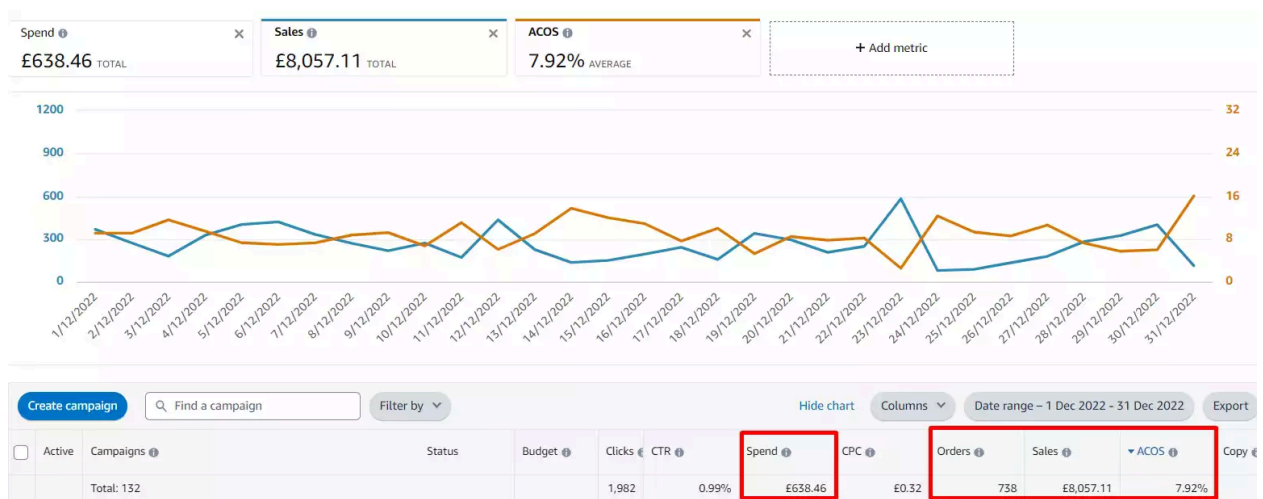- Spend — £951,38
- Orders — 910

- Sales — £6 391,45
- ACOS - 14.89% (-64% compared to the beginning of the project)
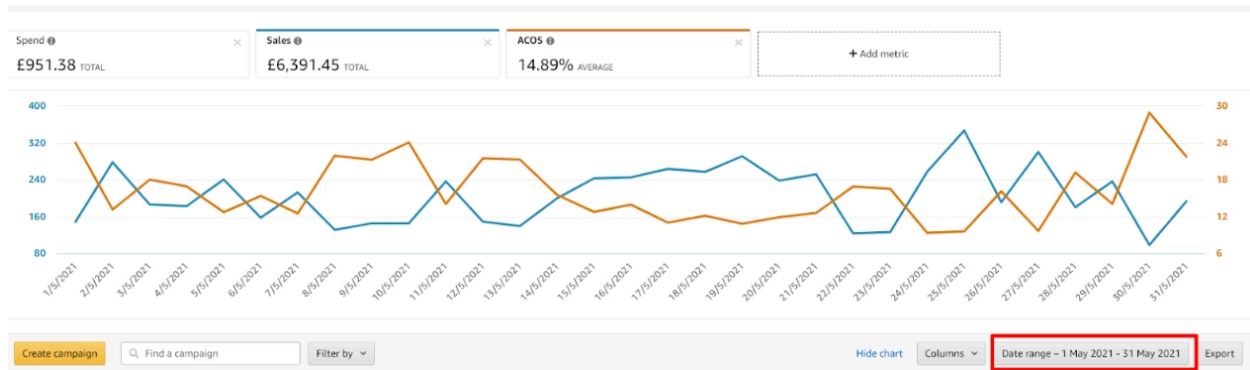
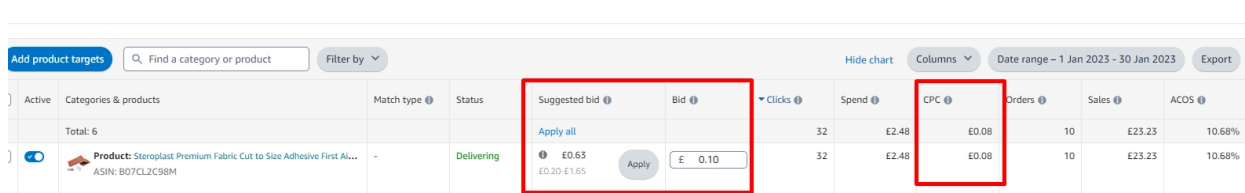In the last year of operation, the actual ACOS does not exceed the target (10%)

Results from 12/1/2022 to 12/31/2022:

- Spend — £638,46
- Orders — 738
- Sales — £8 057,11
- ACOS — 7,92%

Wrong decisions made when working on a project

- Launching multiple campaigns at once. After the client received the target ACOS, they wanted to scale up quickly, which led to the ACOS rolling back to previous values. In Google, the more products you use in advertising, the better. For working on Amazon, it is better to choose several of the most promising products. The main goal of Amazon advertising is to increase the BSR of a product and bring it to the Top of organic search. In our case, 15-20 products are advertised at the same time (70% of which are products that sell well and have a clear ACOS, and 30% are testing new products). Thus, there are 25-30 campaigns in the account. This structure is convenient for optimization (takes up to 2 hours a week) and provides controlled fluctuations in ACOS.
- Limiting the bid based on price and margin. Our price and margin are very low, so the calculated CPCs were very low. Because of this, we initially refused to advertise many products that were selling well. This was a mistake. Later, we started testing ads for such products and are getting sales with a CPC much lower than the proposed bid range and target ACOS.

We also later increased the calculated CPC and removed the Dynamic bids – down only restriction, thereby achieving an improvement in KRI.

That is, in our case, the calculation of the rate depending on the price and margin is the starting point, but binding to this value is not mandatory.

- The desire to optimize the time of work with the project and add several ASINs to one campaign. We often use the combination of several ASINs of the same category, with similar KRI in one campaign in other projects. But in this project, an individual approach to each ASIN is very important (its keywords, bid size, bidding strategies, etc.), since the average check and margin are very small. Therefore, it is better to launch a separate campaign for each ASIN, with a minimum budget (in our case, from £1 per day) and gradually increase the budgets for the most profitable ASINs.

Active	Campaigns	t date	End date	Budget	Clicks	CTR	Spend	CPC	Orders	Sales	▼ ACOS	C
	Total: 132				1,982	0.99%	£638.46	£0.32	738	£8,057.11	7.92%	
	ZA - Foil Blanket - Pack of 1- B019...	Mar 2022	No end date	£ 1.00 Daily	90	0.47%	£24.96	£0.28	40	£103.45	24.13%	
	ZA - 10 ml, 20 ml and 50 ml Syring...	Apr 2022	No end date	£ 1.00 Daily	38	0.30%	£11.86	£0.31	10	£55.71	21.29%	
	ZA - 7 inch Scissor - Pack of 1 - B0...	Aug 2021	No end date	£ 1.00 Daily	29	13.88%	£13.18	£0.45	14	£83.24	15.83%	
	ZA - Tourniquet - Green - B09FXPC...	Apr 2022	No end date	£ 1.00 Daily	66	1.90%	£12.06	£0.18	33	£92.13	13.09%	
	ZA - Fabric Strip Plaster - Manual	Mar 2022	No end date	£ 1.00 Daily	41	2.16%	£6.14	£0.15	20	£47.61	12.90%	
	ZA - 50 ml Syringe with 14G Green...	May 2022	No end date	£ 1.00 Daily	62	0.55%	£15.18	£0.24	16	£121.50	12.49%	
	ZA - Glove Dispenser - Triple - B08...	Apr 2022	No end date	£ 3.00 Daily	57	0.46%	£34.80	£0.61	12	£309.03	11.26%	
	ZA - 5 ml Lock Syringe - Pack of 10...	Nov 2021	No end date	£ 2.00 Daily	162	0.44%	£40.61	£0.25	34	£365.45	11.11%	
	ZA - Oqard Wrap and Gel Pack - 1 ...	Dec 2022	No end date	£ 1.00 Daily	6	1.04%	£2.73	£0.45	2	£24.98	10.93%	
	ZA - 3 ml Lock Syringe - Pack of 10...	Jan 2022	No end date	£ 2.00 Daily	96	2.62%	£43.49	£0.45	31	£414.79	10.48%	
	ZA - 1 ml Lock Syringe - Pack of 10...	Mar 2022	No end date	£ 3.00 Daily	205	1.48%	£58.22	£0.28	58	£615.15	9.46%	
	ZA - 3 ml Syringe - Pack of 100 - B...	Apr 2022	No end date	£ 3.00	246	2.40%	£91.01	£0.37	103	£1,055.54	8.62%	

- Amazon has limited timeframe functionality for reporting. Basic stats are for the last 3 months. If you need to see stats for a period earlier than 3 months, you won't see them.

By forgetting this, we lost statistical data and the ability to conduct comparative analysis after making changes to campaigns. There are two solutions to this situation: either export the data you need while it is still available, or launch separate campaigns with changed conditions.

Today

Yesterday

Last 7 days

This week

Last week

Last 30 days

This month

Last month

Year to date

Lifetime

Europe/London

‹ **December 2022**

Mo	Tu	We	Th	Fr	Sa	Su
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

January 2023 ›

Mo	Tu	We	Th	Fr	Sa	Su
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Cancel   Save