



# How Healthy Cash Flow

Can Help You Win with Amazon Ads





For many sellers, Amazon is the ultimate ecommerce playground. With a few simple ads, you can reach more customers and even get your brand in front of entirely new audiences.

Play them right, and you can use Amazon ads to scale your business to a whole new level. But there's just one problem.

Amazon ads can cost a **pretty penny**, even when you're promoting established products. In fact, as of June 2021, the average cost per click was \$1.20 — up 50% from the previous year.

With a cost trajectory that steep, how can you keep your ads strategy profitable?

Believe it or not, the secret isn't in your creatives or keyword collection. It's your cash flow.



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If you're rethinking your Amazon advertising strategy, healthy cash flow can keep it profitable. [Find out how SellersFunding can help.](#)





## Healthy ad ROI requires healthy cash flow

When it comes to running ads on Amazon, it's best to view it as a long game — and not a shortcut to quick sales.

Because, as with all things Amazon, the ads target is always moving.

Whether it's replacing the organic 'Customers who bought this item also bought' with 'Sponsored products related to this item' — or choosing to only spotlight products with four stars and above — Amazon will always do what it needs to in order to maximize its ad revenue.

And while many sellers have taken advantage of the double digit growth numbers the right ad strategy can bring, costs and competition are rising.

As our friends at [Teika Metrics](#) put it, "Sponsored advertising is now table stakes if you want to sell on Amazon."

The only way to win long-term, is to make sure your finances can support your Amazon advertising efforts as a steady and consistent function of your store.

Here are a few reasons why healthy cash flow can equal healthy [Amazon ROI](#), even as the ads competition heats up.



### More cash to test your biggest, brightest ideas 💡

Amazon is known for its [unpredictable payouts](#), leaving many sellers with their hands tied when a new advertising opportunity opens up. But if you've got healthy cash flow, you're free to experiment with your ads regardless of [Amazon's rocky seller payment schedule](#).

And since some of the best ads come from testing different variations and budgets, more cash gives you more swings. In turn, you'll be better equipped to increase your odds of improving ad ROI.



## Easily scale your ad campaigns

There's only one thing better than finding winning ads and that's scaling them.

Whether you choose to split test, increase frequency, or up your budget — you'll need cash to make those double digit boosts a reality. Using your excess cash flow or working capital to back your ad scaling efforts will help reduce your risks and give you more room to grow your campaigns without sacrificing ROI.



## Give your products what they need to succeed

Some products may be slow starters and require an extra ad boost to help beyond their launch. On the flip side, some items go viral quickly, but need ads to keep their momentum going. To manage ads successfully in both these scenarios, you'll need stable cash flow to keep your budgets steady.



## Throw a wider net (without worrying about immediate returns)

Marketing to existing customers is great, but it's also important to keep your leads list fresh with new prospects.

Problem is, it could cost you some serious cash to reach a new audience, and you may not see returns right away. With steady cash flow, you can afford the luxury of patiently warming up your audience before you go in for the sale, resulting in more ad ROI over the long term.





# The 4 types of Amazon ads

## And how strong cash flow can help boost their ROI

### 1. Sponsored Product Ads

If you're looking for a way to get more eyes on your products and inch up in the rankings, you've found your match in Amazon's Sponsored Product Ads.

Thanks to sponsored product ads' **pay-per-click** (PPC) format, well-optimized ads can even make it to the coveted first page of Amazon's search results for their target keywords, helping sellers slash the time it takes to get noticed by ready-to-buy shoppers.

So, how do Sponsored Product Ads work?

First, you'll want to do some keyword research targeting search terms that your ideal customers would use, or a product whose customers you'd like to reach. When shoppers click on the promotion, Amazon will send them to the specific item you've assigned, building awareness to the items in your catalogue.

You'll need to have some measures in place to ensure your ads show up. For example, make sure that:

- You have an optimized listing.
- Your products are eligible for Amazon ads (i.e., no prohibited products).
- You're offering products that can be sent to addresses in your territory.
- The product listings you want to advertise are in good standing, (e.g., good ratings, fair prices, can compete for the **Buy Box**).

Amazon displays Sponsored Product Ads in three areas:

1. Next to the Buy Box on product pages
2. In a product page's carousel
3. In search results



## How to use extra cash flow to reinforce your Sponsored Product Ads

Since sponsored product ads can help find lookalikes of buyers who purchase goods like yours, you can **use your profits to invest** in more clicks during the testing phase. You can also expand your campaigns to find the best keywords and budgets to meet your goals. With enough capital, you can even outsource the process to experts who can take care of all of this for you.

## 2. Sponsored Brand Ads

Sponsored Brand Ads are for brands signed up with [Amazon's Brand Registry](#) programme.

Sponsored Brand Ads shine the spotlight on your company, highlighting the very best your store has to offer by displaying multiple products simultaneously. These ads are perfect for drawing in shoppers who buy items from your competitors or are looking for items similar to what you sell.

Just like Sponsored Product Ads, Sponsored Brands Ads operate on a PPC basis.

But the major differentiators with Sponsored Brand Ads is that they appear on the top and bottom of Amazon's search results, and you can link them to your Amazon storefront, product page, or product list.

## How to use extra cash flow to reinforce your Sponsored Brand Ads

With the right strategy, you can use your excess profits or working capital to build a true brand experience in your ads, even if the shopper follows you to your own branded channels outside of Amazon. For example, the extra liquidity will allow you to:

- **Invest in HD videos and lifestyle content.**
- **Create a high-conversion landing page and a fully-optimized Amazon storefront.**
- **Build an external website showcasing your products and pointing them back to your Amazon store to boost return visits and retargeting efforts later on.**

### 3. Sponsored Display Ads

Sponsored Display Ads are made to get heads turning and encourage shoppers to take a closer look at your business.

This ad type is made for sellers who have signed up for [Brand Registry](#). Sponsored Display Ads also have a PPC format, but the defining feature of this type of ad type is that it appears both on Amazon and offline, following shoppers as they browse around the internet.

You can target by audience type, interests, or products — then let Amazon find and target audiences who fit that bill.

For example, under audience type targeting, Amazon will find shoppers that have viewed your product pages in the past 30 days or have looked at items that resemble yours.

#### How to use extra cash flow to reinforce your Sponsored Display Ads

When your cash flow can handle additional expenses, you can improve your Sponsored Display Ads by:

- **Creating a broad set of retargeting ads to cast a wider net for shoppers that are showing signs they're ready to buy.**
- **Expanding your prospect pool by creating multiple ads that target your top competitors' products simultaneously.**
- **Investing in more ads targeting related products to win new customers.**







## 4. Demand Side Platform (DSP)

If you're hoping to rekindle shoppers' interest in your store while executing some brand-boosting campaigns, Demand Side Platform (DSP) is just the ticket.

DSP is the only ad format that takes on a cost-per-mile format that is impressions-based. But DSP still uses audience targeting with the option to link your ad to a product page or external website.

Your ads will show up on Amazon and many websites outside of the marketplace, giving the impression of your store being everywhere. But for this mass exposure, you'll get a hefty bill. Amazon's minimum spend requirement for 2 months is \$35,000.

### How to use extra cash flow to reinforce your DSP ads

With a price tag like that, it's vital you get a good return on your Amazon DSP ads. With strong cash flow, you can:

- Hire an agency to regulate and optimize your DSP spend and ensure you get the most bang for your buck.
- Build well-optimized product pages, websites, and multiple funnels to capture and convert more leads.
- Set up retargeting ads on your website to build a list to target from with your DSP spend.

### Only spend cash where you need to

To ensure your precious ad spend goes to the right places, it's important to have a firm policy on where your cash shouldn't go.

For example, you can:

- **Build a negative keyword list to filter out words you don't want to target in your ads and reduce wasted ad spend.**
- **Avoid targeting keywords unrelated to your products.**
- **Stay in the know on any new terms people are using to describe and search for your products.**



## Steady cash flow is the secret to Amazon Ad ROI

No matter which types of Amazon ads you're running, it's vital you assess their performance objectively.

Let the data be your guide and be prepared to cull slow movers or ads with a high Average Cost of Sale. You can then recycle those ad budgets into your top-performing ads for greater ROI across the board.

And remember, with intentional spending and improved profit margins, it is possible to build up your working capital and confidently invest in testing and optimizing your ad strategy. When you know you've got the cash flow you need, you'll be better positioned to get the ad ROI you deserve.

But anything can happen in ecommerce. From shipping delays to sudden **Amazon stockouts**, listings can unexpectedly lose rankings and leave a big dent in your sales.

If you're relying on excess profits alone, without any additional working capital to tap into, you could soon find yourself in a sticky situation with your Amazon ads.

At SellersFunding, we're here to solve that piece of the puzzle for you. With fair, flexible and reliable funding, you'll always have the cash flow you need to keep the sales coming.



## About SellersFunding

Ecommerce is booming, and traditional banks and funding partners are still catching up.

At SellersFunding, we're changing the way eCommerce sellers scale their business by providing them with fast, flexible funding options they can't find anywhere else.

Reach out today to learn more about how we can help you scale.

Tired of shooting in the dark with your Amazon ads? Check out [our two-minute demo](#) to find out exactly how we can help.



