Stratably

How Hourly Bidding Can Create a Major Competitive Advantage – Recap

By Russ Dieringer // March 7, 2023 // Research, Webinars

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Stratably hosted Joe Shelerud from Ad Advance to explain what insights Amazon Marketing Stream ("Stream") unlocks and how that drives hourly bidding opportunities on Amazon Sponsored Products and Sponsored Display.
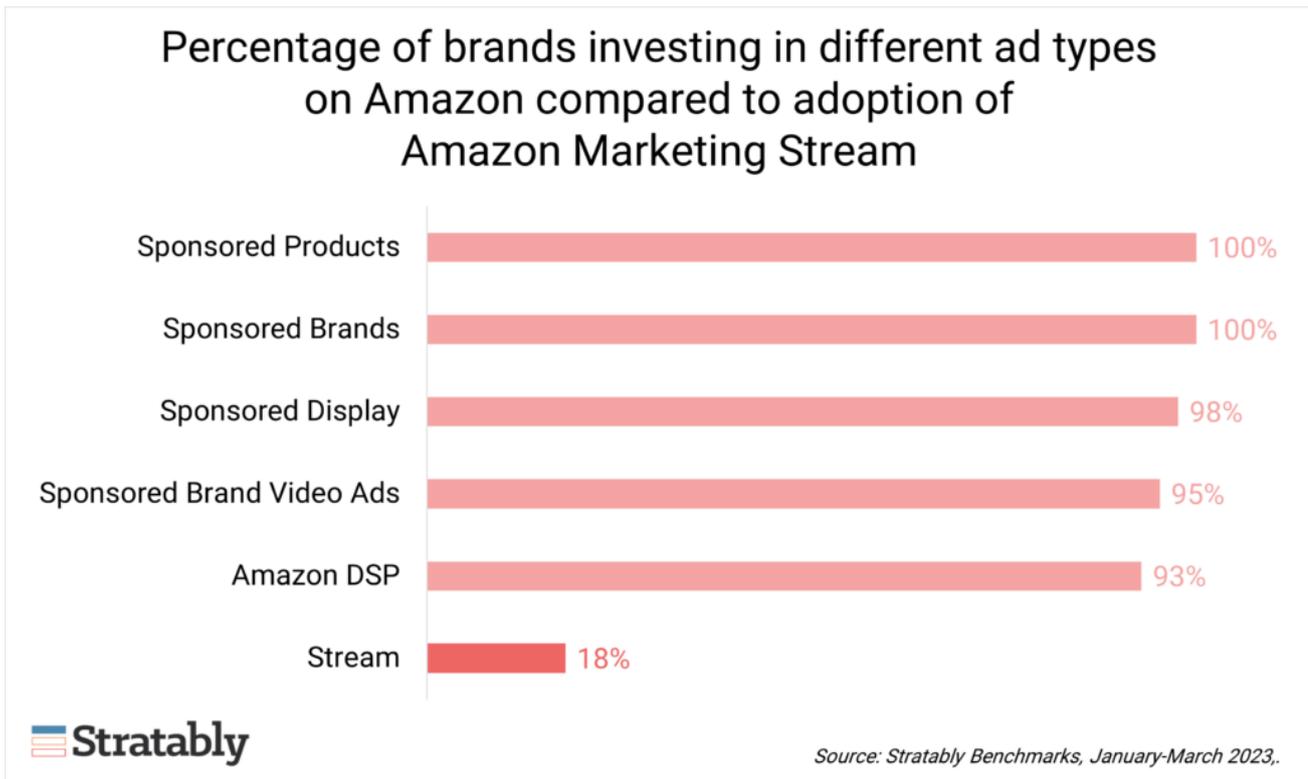
Watch the session here

Spending money on advertising is no longer enough

Amazon is a wildly competitive platform where brands and sellers scrape and claw their way to showing up the billions of searches happening each month.

Advertising on the site is key to driving visibility, and essentially every consumer brand Stratably has benchmarked this year is spending money on it.

However, only 18% are currently using Stream.

Percentage of brands investing in different ad types on Amazon compared to adoption of Amazon Marketing Stream

Ad Type	Percentage
Sponsored Products	100%
Sponsored Brands	100%
Sponsored Display	98%
Sponsored Brand Video Ads	95%
Amazon DSP	93%
Stream	18%

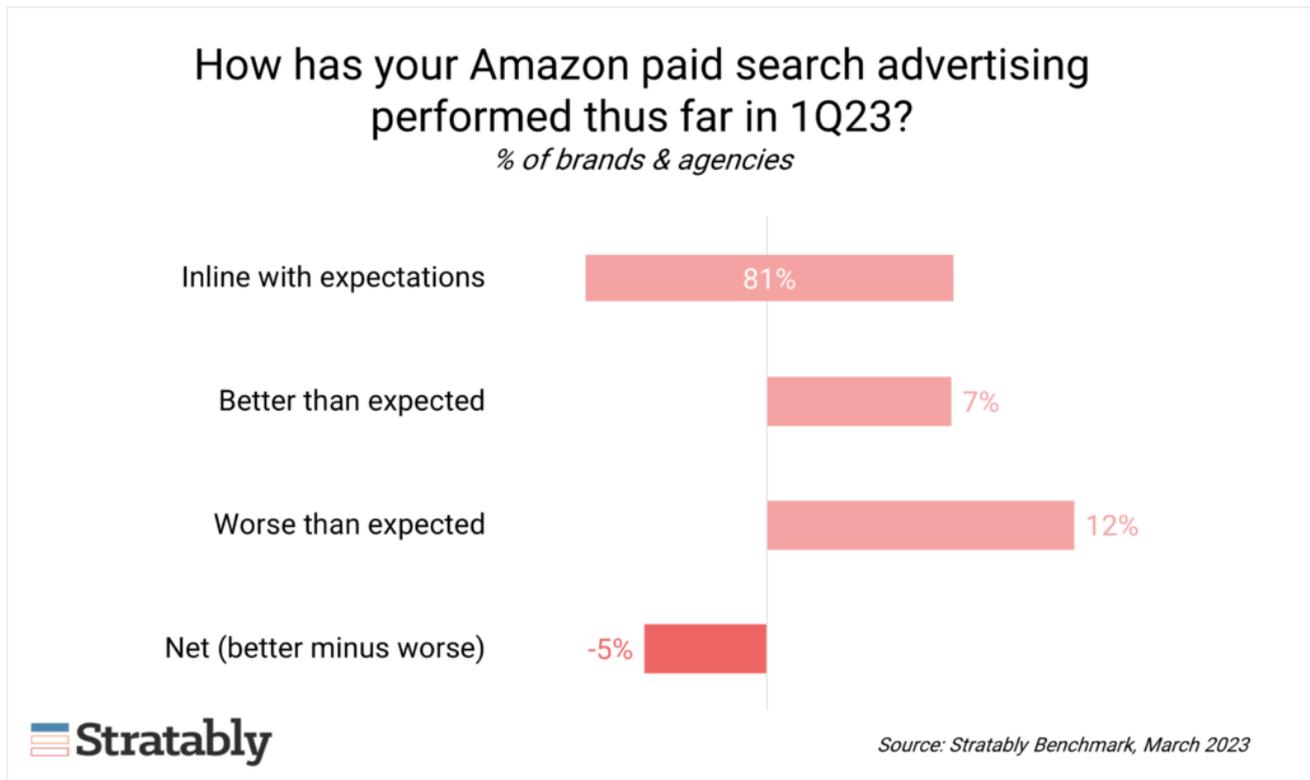*Source: Stratably Benchmarks, January-March 2023,.*

What is Stream and why is it valuable?

Stream is a push-based messaging system that provides near real-time data on campaign conversion rate performance. This data allows continuous bid optimization throughout the day – increasing their bids when conversion rates are highest, and lowering bids when conversion rates fall.

This continuous bid adjustment is an improvement to day-parting strategies which involve turning on and off campaigns. With Stream, an advertiser is still able to reach customers throughout the full day, but at an appropriate price.

Utilizing Stream therefore allows an advertiser to drive a more efficient media ROI, which was a common theme at the CAGNY conference. Every advertiser is shifting funding towards digital, retail media and Amazon are a big part of that shift, and Stream, along with other analytical tools from Amazon, help get more out of the precious dollars advertisers are investing.

In other words, they can help shift advertising performance from worse than expected or inline with expectations to better than expected.

How has your Amazon paid search advertising performed thus far in 1Q23?
% of brands & agencies

Inline with expectations	81%
Better than expected	7%
Worse than expected	12%
Net (better minus worse)	-5%

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Source: Stratably Benchmark, March 2023

From an improvement perspective, advertisers using Stream see a 5-15% improvement on average in ROAS.

While in some respects small, any advantage on Amazon is increasingly rare, and these percentages translate to meaningful dollars as advertisers have increased the amount of spend on the platform.

Here's what we found most interesting from the live session:

- Stream enables faster feedback loops. **Instead of looking at data from YESTERDAY, look at it TODAY.** That's the fundamental difference advertisers using the tool enjoy.

- The **ROAS benefit nets out to ~5-15% on average** depending on the company/category. As a rule of thumb, brands can get ~80% of this benefit by simply dayparting between 5am-5pm PST. This is a good option for brands that are budget constrained. That incremental 20% benefit will be accessible for brands that are not budget constrained and are bidding/budgeting to a ROAS goal.
- There's **no direct cost** to using Amazon Stream.
- AMC can also pull hourly data like Stream, but the latter is delivered on a real time basis.
- Advertisers can expect widespread adoption of the tool to take off if/when Amazon makes it available in the ad console. Based on historical adoption of new tools on Amazon, somewhere in the **1-2 year range is a reasonable expectation for when Stream adoption will increase from 18% to near ubiquitous adoption** – bid adjustments for placement and sponsored brand video, for example took about that length of time. Stream launched in July '22, meaning July '23-July '24 for widespread adoption.
- Stream data illustrates that CPCs tend to be highest at the earliest part of the day when conversion rates are highest. Meaning, **advertisers tend to pay the most at the worst time**.
- CPCs can see dramatic change over the course of the day. In the example shared live, CPCs peak above $1.40 within the first few hours of the day and then trend below $1 as advertisers run out of budget over the course of 24 hours.

[Watch the session here]