



*KASPIEN ADMANAGER*

# SOFTWARE AUTOMATION FOR AMAZON SPONSORED PRODUCTS ADS

TRADE PARTNERS

| kaspien

EBOOK | APRIL 2020

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ADMANGER IS MADE BY SELLERS FOR SELLERS

# EXECUTIVE SUMMARY

Digital marketing is one of the most effective and reliable ways to drive sales growth on Amazon. Because marketing on Amazon has proven so effective, more and more brands are choosing to invest in it, which in turn saturates the marketplace and increases average costs.

To continue maximizing sales growth in this competitive landscape, many brands are turning to automation for their search marketing. Kaspian has spent over 3 years building, using, and refining our own bid optimization software for Amazon, creating a product that outperforms any other on the market. Previously available as a managed service for Kaspian's retail and agency partners, AdManager is now also available as a self-service model for brands and agencies looking to equip their own teams with the best tool in the business.

“To date, AdManager has driven over \$50MM in sales for our partners, with an average return-on-ad-spend (ROAS) of 10:1.”

## ABBREVIATIONS KEY

CPC = Cost-per-Click

CR = Conversion Rate

ACoS = Advertising-Cost-of-Sale

ROAS = Return-on-Ad-Spend

CTR = Click-through-Rate

# KASPIEN ADMANAGER

## MARKETING AUTOMATION IS KEY FOR SUCCESS IN A SATURATED MARKETPLACE

### Amazon Marketing is a Significant Sales Driver...

Amazon's cost-per-click (CPC) advertising platform is an exceptionally powerful tool for driving sales. When running an effective CPC ad campaign, new products gain traction faster, sales growth for existing products can soar well into the double digits, and product level margin is maintained to ensure profitability. Kaspien's partners, for example, see an average 30% sales growth when Kaspien runs Sponsored Product campaigns for them.

As more brands experience the effectiveness of the platform, it's no wonder that Amazon advertising posted about 40% growth year-over-year in ad revenue from 2018 to 2019 – around \$14.1 billion in ad revenue. Amazon CEO, Jeff Bezos, clearly signaled the company's heightened focus on its advertising business by appointing the SVP of Amazon Advertising, Paul Kotas, as one of his direct reports.

### ...Which Means That Everyone Wants It

Because it's so effective, Amazon marketing is growing ever more popular. And as more brands leverage the platform, the cost of advertising on Amazon is rising. From 2018

to 2019, the average CPC for Sponsored Product ads increased 38%, while the average conversion rate (CR) reduced by 36%. Faced with the rich opportunities of Amazon advertising and the challenge of increasing competition, brands need a tool for effective strategy management and cost-efficient scaling.

Kaspien AdManager represents the apex of Amazon CPC marketing software, offering the customization and efficiency brands need to see channel growth.

## WHAT'S SO SPECIAL ABOUT KASPIEN ADMANGER?

AdManager is an advertising software that helps brands run higher performing CPC ads on Amazon. AdManager was created by sellers for sellers, addressing the pain points of data access, marketing optimization, and reporting availability on the Amazon platform.

### AdManager performs three key functions:

1. Automate customizable campaign optimizations
2. Capture and learn from lifetime performance data
3. Simplify reporting through customizable reports & data visualization



# KASPIEN ADMANAGER

Any one of these features alone is a step up from the provided ad management tools in Seller Central. The three of them together makes AdManager an incredibly powerful tool for search marketers seeking to drive continued sales growth while maximizing marketing efficiency.

## Automating Campaign Optimizations

AdManager automates four facets of campaign optimization:

1. Bid optimization  
*Adjust bids up or down to maximize conversions without compromising sustainability*
2. Search term mining  
*Identify and add high-converting terms from automatic campaigns to manual campaigns*
3. Budget optimization  
*Increase daily budget if high-performing ads expend budget, so campaigns can maximize sales*
4. Keyword negation  
*Identify and isolate low-converting keywords so they don't waste budget*

Without automation, optimizing bids, mining search terms, updating budgets, and negating keywords is a repetitive and time-intensive process. Furthermore, AdManager allows users to manually and automatically adjust bids, add new keywords, or adjust budgets simultaneously across multiple campaigns, ad groups, and keywords, saving users countless hours and the hassle of bulk uploads.

AdManager is also incredibly customizable. Users can take a “set it and forget it” approach, utilizing pre-existing templates in AdManager

to optimize their campaigns. Or they can take a more proactive approach, making minute adjustments to fine tune AdManager until it's tailored perfectly for their brand.

At the foundation of the optimizations are AdManager's two types of bidding: value-based bidding and rule-based bidding.

## Value-Based Bidding

Value-based bidding, or single-metric bidding, is the most common type of bidding. It's a simplified approach to bid optimization where advertisers identify their key performance indicator (often ACoS) for a product, ad group, or campaign, then the software adjusts bids up or down based on if the KPI is above or below the target.

Value-based bidding is easy to understand and execute, but it offers less control, so campaigns optimizations are fairly limited. AdManager addresses this issue by accounting for product margins in its value-based bidding calculation, continuously analyzing historical data and performance to ensure that you're never paying more than you need to.

It does this by using Ideal Cost-Per-Acquisition (CPA) and Ideal CPC to bid up or down on keywords for each product based on their metrics in real time. Ideal CPA represents what the cost should be for each conversion, while Ideal CPC dictates what the cost should be for each click.

### Formula:

Ideal CPA = Price x Target ACoS

Ideal CPC = Ideal CPA x Conversion Rate

# KASPIEN ADMANAGER

For example, if a product selling for \$20 has a target ACoS of 15%, then the Ideal CPA is \$3.00. Using historical data for the product over the aggregated date range, if that product has a conversion rate of 10%, then the Ideal CPC is \$0.30.

**Example:**  
 Ideal CPA = \$20.00 x 15% = \$3.00  
 Ideal CPC = \$3.00 x 10% = \$0.30

For a bid up to occur, the Ideal CPC for the given keyword must be greater than the actual CPC. In this case, the difference between Ideal CPC and actual CPC indicates that AdManager can afford to bid more aggressively to capture more sales.

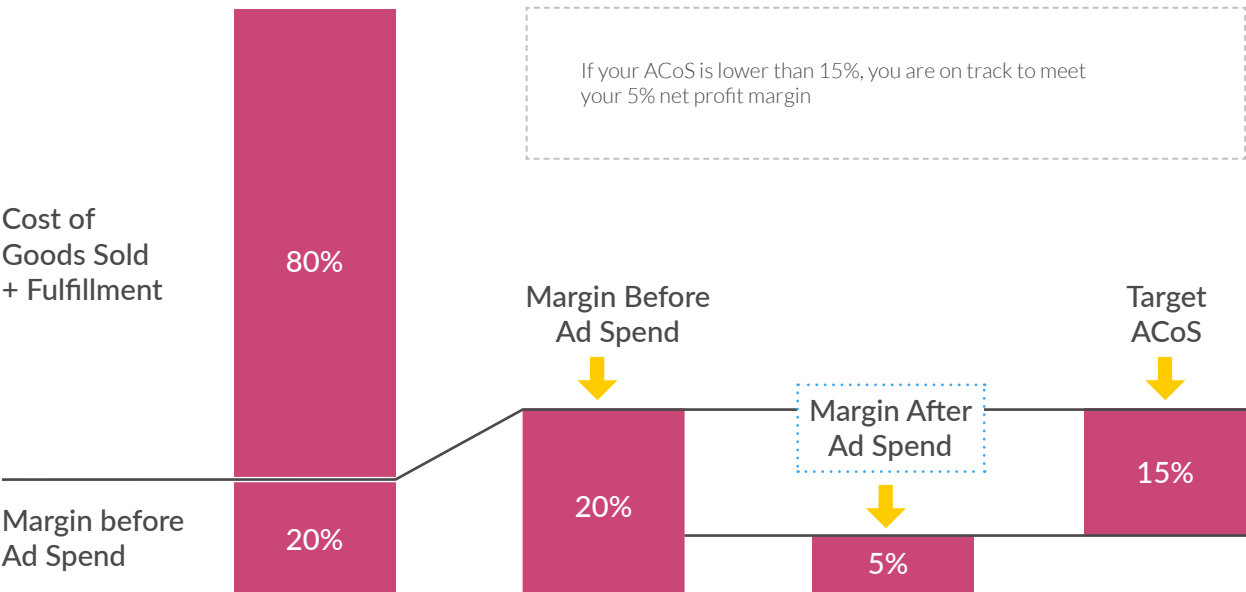
For a bid down to occur, the Ideal CPC for the given keyword must be lower than the actual CPC

and spend must be greater than the Ideal CPA. In this case, the difference between Ideal CPC and actual CPC indicates AdManager is bidding too aggressively. The extra condition involving Ideal CPA ensures that AdManager doesn't bid down prematurely, which could cost sales.

For bid ups and bid downs, the given keyword must have generated at least one order because Ideal CPC is derived, in part, from the conversion rate.

To implement value-based bidding, advertisers must know their margins on each product being advertised. Once the margin is determined for each product, the next step is to identify what the acceptable margin is after advertising. If the goal is to have 10% net margin on each product being advertised, then subtract that amount from the product's

## DETERMINE YOUR NET PROFIT MARGIN & TARGET ACOS



# KASPIEN ADMANAGER

margin and you will get your target ACoS. That value can then be used to create a value-based bidding optimization for each product within AdManager.

For example, if the margin on a product is 25% and the advertiser wants to maintain 10% margin after advertising, the target ACoS would be 15%.

## Rule-Based Bidding

Rule-based bidding, on the other hand, allows advertisers to adjust bids on keywords based on multiple metrics specific to a product, ad group, or campaign, instead of just one metric. As a result, users can gain a more granular understanding of their CPC campaigns and drive performance improvements quicker.

AdManager allows users to make optimization rules based on any combination of impressions, clicks, CTR, CPC, CR, spend, orders, sales, ACoS, ROAS, avg. order value, Ideal CPC, Ideal CPA, and bid.

By combining thresholds for two or more of these metrics, advertisers gain the power to create more targeted rule sets for their optimizations.

### For example, users could create the following optimization rule:

If Orders > 3, and  
If ACoS < 15%, and  
If Bid < \$5,  
THEN bid up by 15%

This rule would bid up on all keywords that have generated more than 3 orders at an ACoS of less than 15%, whose bid is currently less than \$5. As a result, users create a more targeted keyword list to bid up on compared to a value-based bid optimization set at a 15% target ACoS only, further enhancing campaign performance.

## AdManager Allows Both Value-Based and Rule-Based Bidding

AdManager differs from the vast majority of CPC automation software in that it allows users to leverage both bidding methods independently or in combination. By using a combination of the two, users can create a tiered system that adjusts bids according to their performance. A keyword operating 5% above your target ACoS should be optimized differently than a keyword operating 45% above your target ACoS. With AdManager, they can be.

## WHEN TO USE

### Rule-Based Bidding

- Specific marketing goals
- Multiple-metric optimizations
- Larger product catalogs with differing margin profiles

### Value-Based Bidding

- Broad marketing goals
- Single-metric optimizations
- Smaller product catalogs with similar margin profiles



## OPTIMIZATION TYPES

### **RULE-BASED**

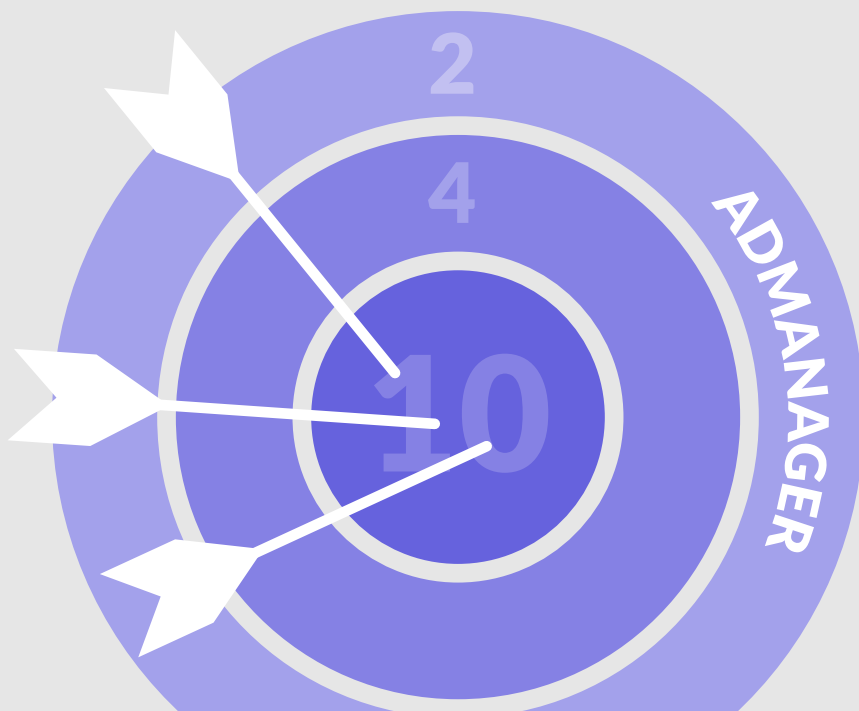
You've got a wide range of metrics to choose from but no way to precisely target them.

### **VALUE-BASED**

You have one metric to aim at and you either hit your mark or you miss.

### **COMBO**

You can pick your target and use multiple metrics to hone in your precision.





# PARTNER CASE STUDY

## SALES GROWTH USING VALUE-BASED BIDDING

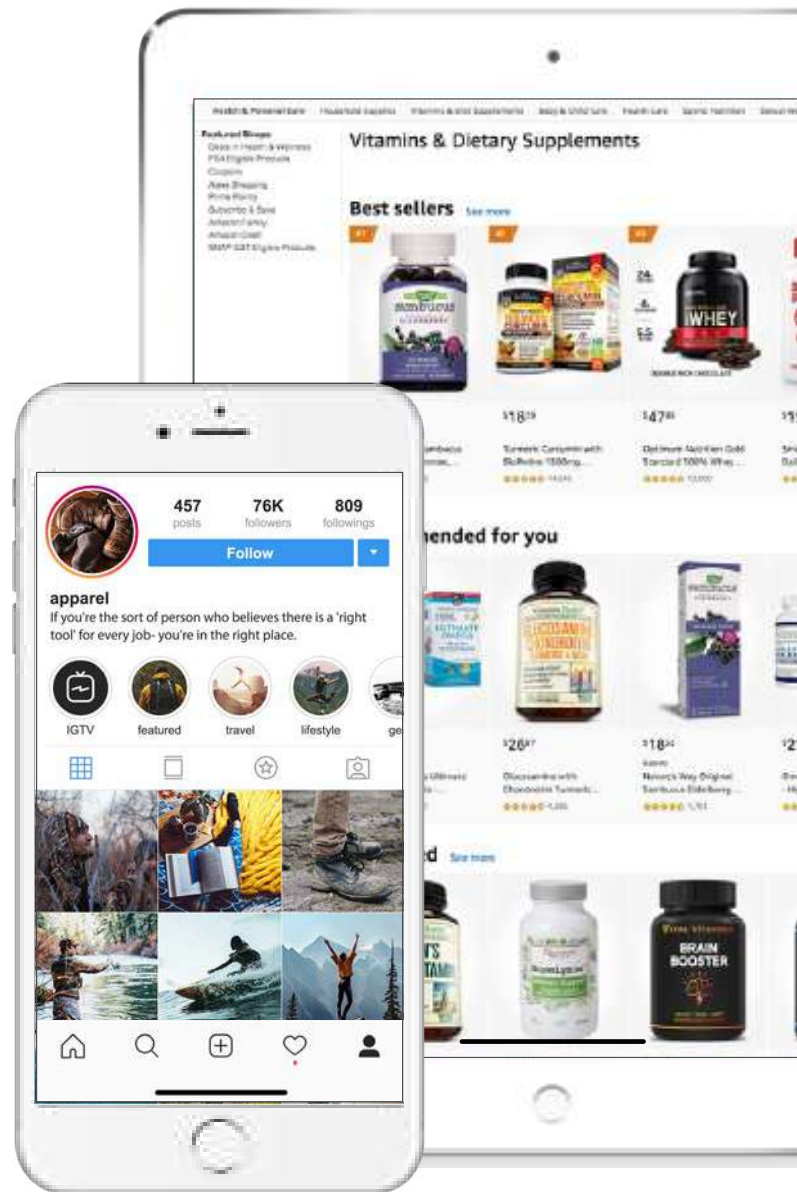
### Background

As ad saturation increases on Amazon, the average CPC for Sponsored Products has increased by 38% YOY while the average conversion rate has decreased by 36% YOY. In other words, brands across the spectrum are spending more on ads while the probability of conversion decreases.

Faced with this situation, one of our partners asked Kaspian to run their Sponsored Product campaigns through Kaspian AdManager. Their ambitious goal: to continue driving strong sales growth without increasing the cost of every ad sale.

### Our Strategy

Kaspian AdManager allows users to define the metrics it uses to guide its optimizations. For this brand, we set a low, single target ACoS across their entire catalog as the primary parameter for AdManager's optimizations. By doing so, we directed AdManager to grow sales while ensuring that its optimizations would not compromise ACoS.

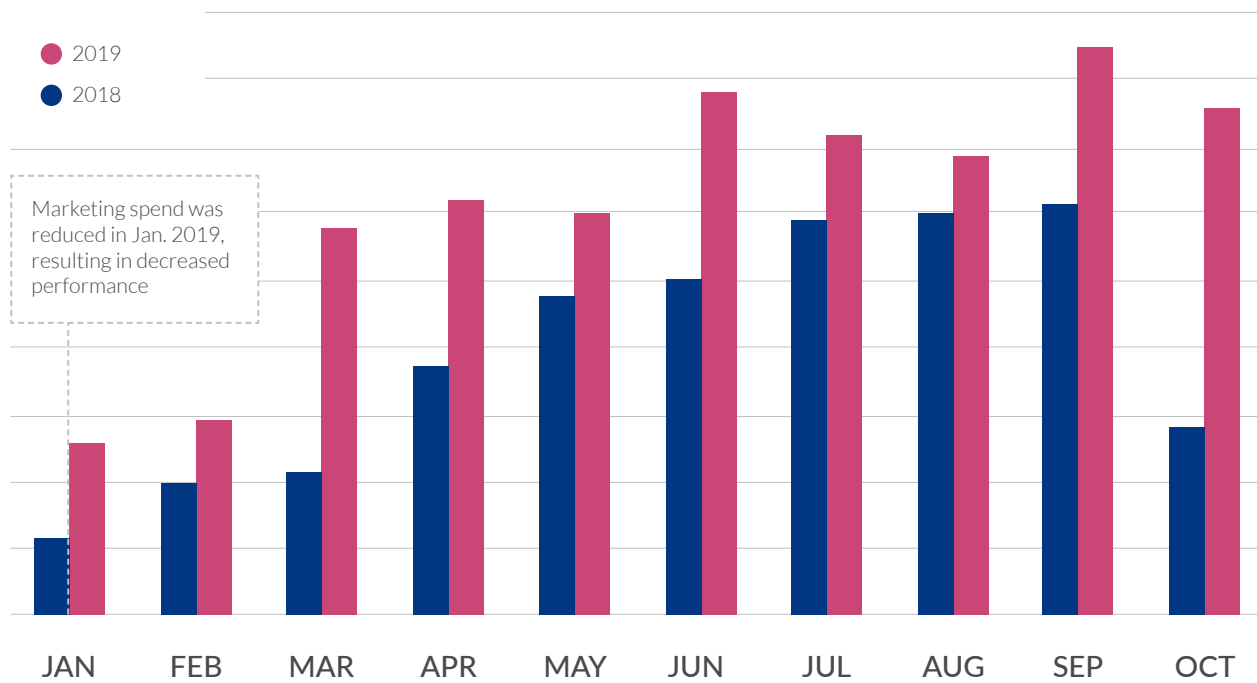


# PARTNER CASE STUDY

## The Results

Kaspien AdManager delivered. Driven by artificial intelligence, its optimizations increased YOY sales by 46% while maintaining an average ACoS of 10%. The tremendous and highly sustainable growth occurred even in the face heightened competition and ad saturation on Amazon.

2018 SALES VS. 2019 SALES



**10%**

average ACoS

**46%**

increase in YOY sales

# KASPIEN ADMANAGER

## Empower Strategy with Data Insights

In addition to enhancing your capabilities for campaign optimization, AdManager also provides more granular, nuanced, and long-term data insights than Seller Central and other ad management software. With AdManager, users can collect marketing data for the lifetime of their Amazon campaigns, in stark contrast to the 90-day window Seller Central provides into marketing analytics.

### Lifetime Data Storage

Strategic decisions require good data, yet Seller Central allows users to view data only over the last 90 days, year to date, or lifetime, but nothing in between. The poor experience is further compounded by the fact that sellers must navigate from campaign, to ad group, to targeted keywords in order to see keyword metrics and make adjustments.

Kaspien AdManager gives you all those abilities and more by allowing you to see data down to a single day for the entire lifetime of your campaigns. Users can view lifetime data at multiple levels, including campaign, ad group, product, and keyword. The ability to view lifetime data is essential for comparing YOY and seasonal performance to help forecast inventory and sales.

**30%**

*lift in sales from AdManager*

**1.5MM+**

*keywords managed simply*

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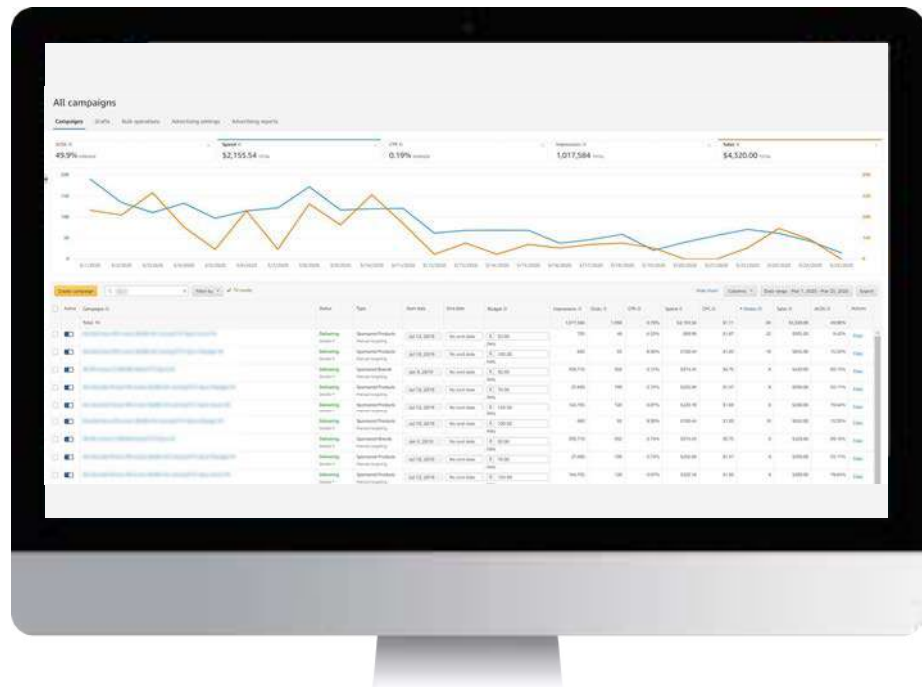
View historical data **beyond 90 days**

Data visualization for up to **7 metrics** at a time

Set a target ACoS and let our algorithms do the magic for you

Brands can manage all keywords, ad groups or campaigns in a single place

# KASPIEN ADMANAGER **VS.** AMAZON SELLER CENTRAL



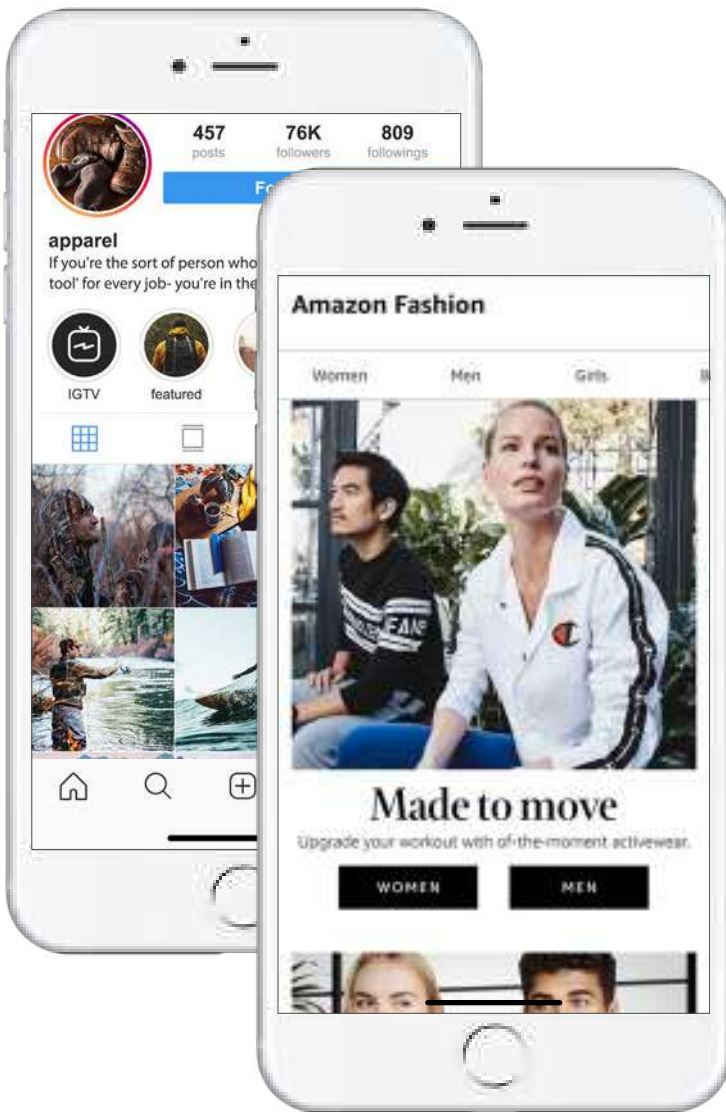
Only view historical data **within** the last 90 days

Data visualization for up to **2 metrics** at a time

# AMAZON SELLER CENTRAL



# PARTNER CASE STUDY



## USING DATA TO DRIVE OPTIMIZATIONS

### Background

An apparel brand partnered with Kaspien to manage their Amazon account, but they chose an aggressive bidding strategy, which resulted in a very high ACoS. Struggling to recover, they asked Kaspien to direct their campaign optimizations.

### Our Strategy

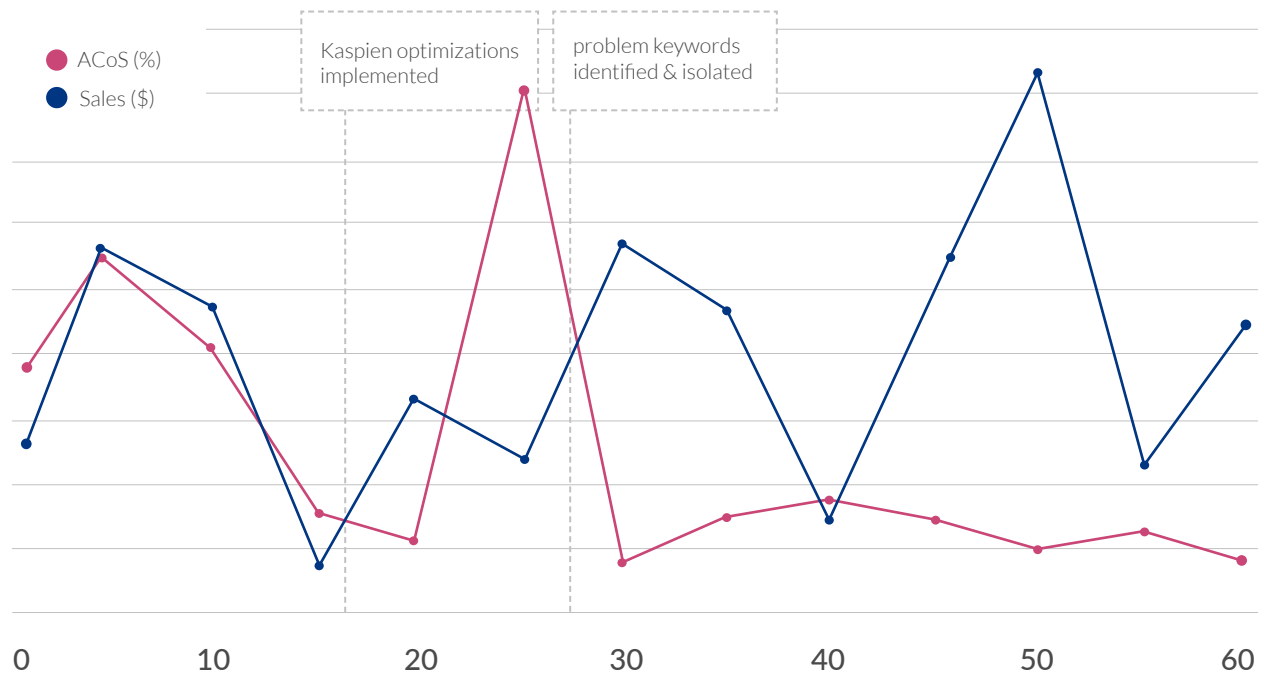
Restoring a sustainable ACoS was our first goal. We implemented our proven optimization strategies, adjusting target metrics to include Ideal CPC and Ideal CPA, and revised the optimization cadence. We also reevaluated keywords using Kaspien AdManager's keyword table, which displays keywords agnostic to ad group and campaign, to quickly identify problem keywords that were driving up spend. As a result, their campaigns experienced a rapid and drastic improvement in performance.

# PARTNER CASE STUDY

## The Results

Kaspien AdManager's optimizations proved successful in cutting inefficient spend while also maintaining (and even growing) marketing-attributed sales. We respected our partner's desire to drive their strategy, so along the way, we provided them daily reports and ongoing coaching for ad campaign best practices.

### ADMANAGER OPTIMIZATION OVER 60 DAYS



**50%**

reduction in ACoS

# KASPIEN ADMANAGER

## Demonstrate Results to Stakeholders Through Clean Reporting

The third major pain point that AdManager addresses is limited reporting capabilities. Reporting is essential for establishing a baseline, measuring progress, advising strategy, and validating a service to leadership and/or clients.

AdManager includes customizable reports with intuitive data visualization, allowing users to present data using charts and graphs over any given date range. Users can quickly filter by campaign, metrics, and date range. Reporting in AdManager also provides insights not available in Seller Central, such as top sales by keyword, percentage of channel sales from marketing, and budget utilization.

**\$50MM+**

*in Sponsored Product Sales*

**10:1**

*avg. ROAS*

# PARTNER CASE STUDY

## VALIDATING AN INCREASED ADVERTISING BUDGET

### Background

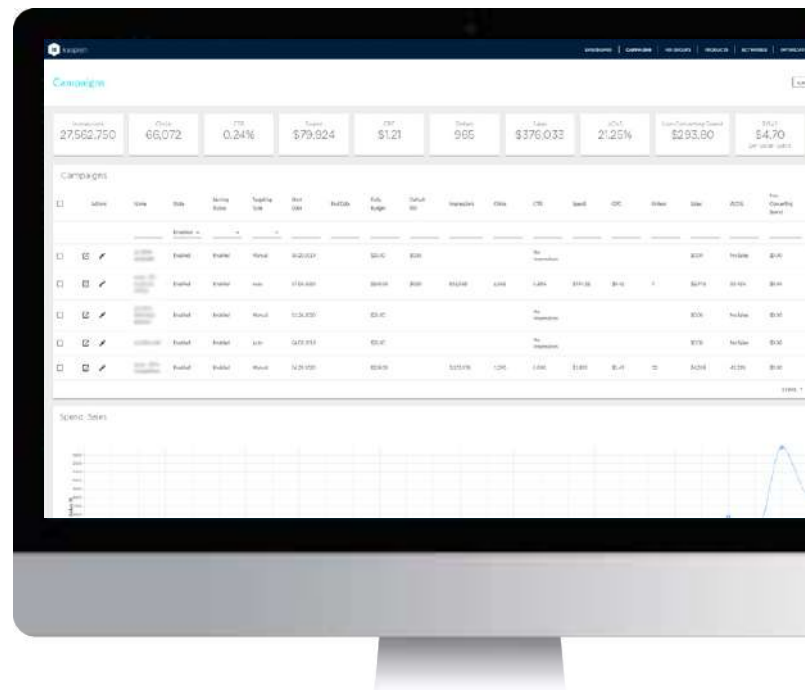
A brand in the Baby and Toys categories was rapidly adding new products to their catalog. As they grew, their Sponsored Product campaigns were consistently running out of budget and their ad performance declined.

As a young brand, they were hesitant to increase their marketing spend because their ACoS was rising. They needed an immediate solution that could determine their ideal sponsored ad budget, optimize their bids and keywords at scale, and drive ad sales at an efficient ACoS.

### Our Strategy

Kaspian AdManager was the natural solution for their needs. We ran a preliminary analysis of the brand's campaigns and found that they were running out of budget by 10 a.m. every day, with an average ACoS of 92%.

For Kaspian AdManager to optimize bids, daily budget, and search terms, it's optimal for ads to run throughout the entire day. Under our advisement, the brand increased their daily budget so AdManager could collect enough data to intelligently refine bids and keyword targeting.



*The data displayed here are for example purposes only and do not represent the actual Partner's performance*

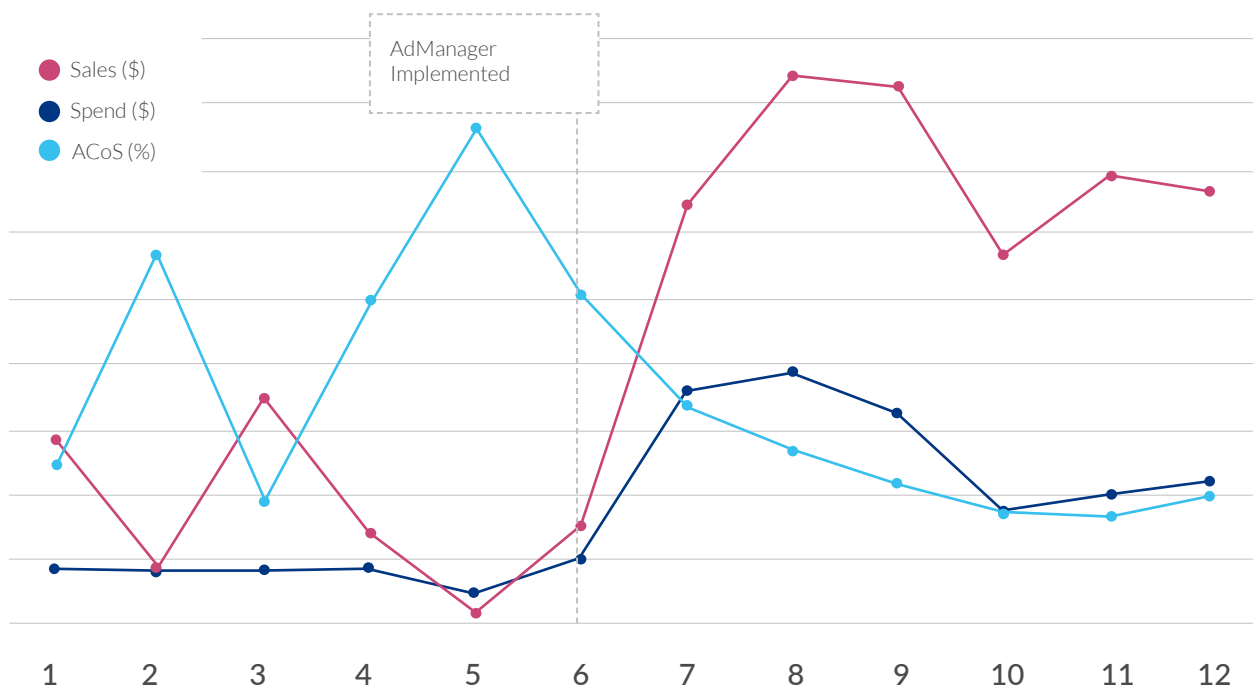


# PARTNER CASE STUDY

## The Results

As expected, the increased budget doubled the spend at the start of AdManager implementation. However, spend began to decrease by the third week as AdManager used data to continually improve campaign efficiency. When comparing the 6 weeks before AdManager implementation to the 6 weeks after, which occurred outside of seasonality, we saw:

### MARKETING PERFORMANCE BEFORE AND DURING ADMANAGER



**192%**

increase in Sponsored Product sales

**40%**

increase in total sales

**30%**

reduction in ACoS after 6 weeks

**50%**

reduction in ACoS after 3 months

# THE TAKEAWAY

Kaspien AdManager is the apex of Amazon CPC marketing software. By leveraging both value-based bidding and rule-based bidding, AdManager enables greater precision and efficiency than ever before. By capturing and learning from data, AdManager enables smarter strategic decisions on the micro and macro level. And by simplifying reporting with easy-to-understand data visualization, users can demonstrate the incredible power and usefulness of Amazon CPC campaigns.

AdManager offers more than just industry-leading features; it also draws on 12+ years of Amazon seller experience and insights from one of the top five FBA sellers in the world. AdManager offers potent features, but its value is amplified by the unparalleled expertise that goes into its development, training, and customer support.

## Get AdManager

Kaspien AdManager is available on a self-service and a managed-service model. Learn more or start your free 30-day self-service trial at [Kaspien.com/admanager](https://Kaspien.com/admanager).

“I spent a lot of time building custom excel sheets and employing best practices for my ad campaigns. With a significant time investment, I was able to achieve a 12% ACoS through Seller Central. With just three weeks of running AdManager, my ACoS has dropped below 8%, and it took nowhere near as much effort. The level of support from Kaspien ensured that this was a pain free process. Now I have opened up my budget for more aggressive ad spending and even greater returns.”

— NutraBio

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