



Architecting Amazon Sponsored Ad Campaigns

How to structure Ad Groups and Campaigns to maximize insights and improve performance



TRADE PARTNERS | kaspian

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INTRODUCTION

AMAZON ADVERTISING IS A KEY DIGITAL SALES DRIVER

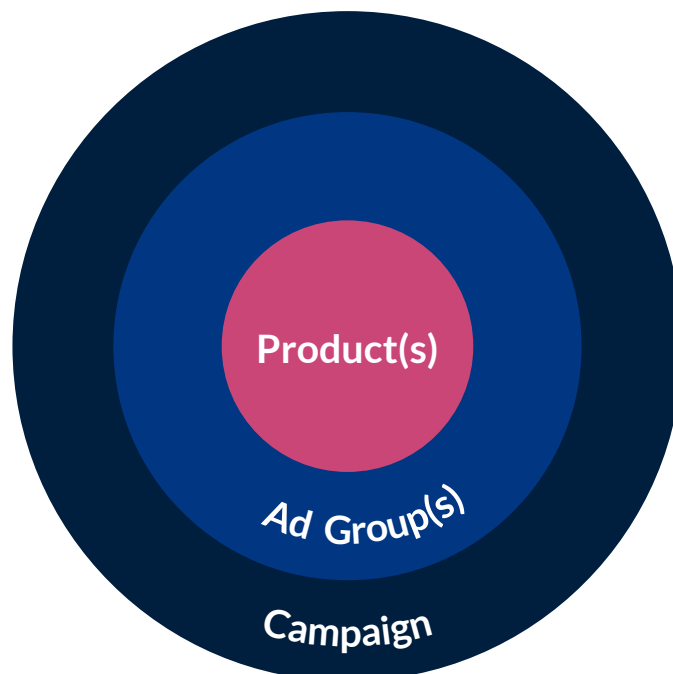
Amazon advertising continues to be Amazon's fastest growing revenue segment. In the second quarter of 2020, Amazon's revenue from 'Other,' which largely consists of advertising, was up 41%. That growth is fueled by Amazon's steady transformation into a pay-to-play marketplace.

Ten years ago, a seller could list a product and appear on the first page of results that same day.

Today, that just doesn't happen. There are more sellers, more products, more ads, and larger ad budgets to contend with. Add to that that Amazon accounts for roughly 40% of ecommerce retail sales in the US, and Amazon advertising is critical not only for sales on Amazon, but also for digital sales as a whole.

The question then is not, should you use Amazon advertising? That's a given. The question is, how do you maximize your results? The answer starts with campaign architecture.

LEVELS IN AMAZON AD CAMPAIGNS





“ The question is,
how do you maximize
your results? ”

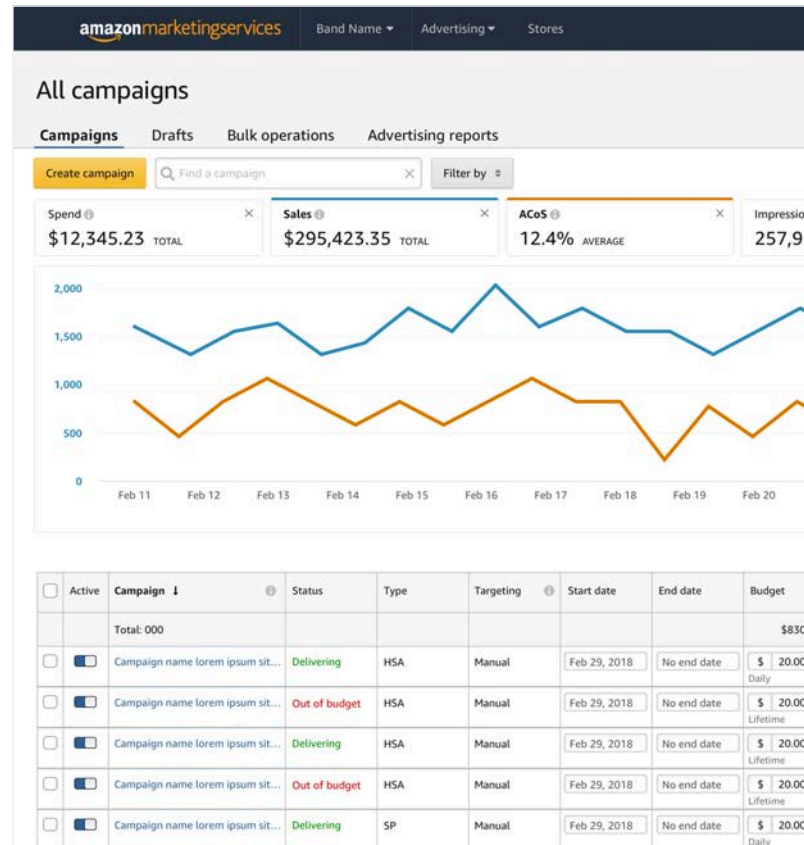
BUILDING CAMPAIGNS

GOOD ARCHITECTURE ENABLES DATA INSIGHTS

Campaign architecture determines what data is visible to advertisers, which directly impacts their ability to optimize campaigns. As such, it's important to provide advertisers the clearest data possible. The best way to do that is to limit campaigns to one product per ad group because the most critical factors that impact campaign performance live at the product-level, such as price, margin, rank, keywords, target advertising cost of sale (ACOS), ideal cost-per-click (CPC), inventory levels, and possibly goals (i.e., grow brand awareness vs minimize ACOS).

Amazon's Campaign Manager provides keyword reports for the ad group level, so advertisers conduct search term optimization at the ad group level. If an ad group contains multiple products, as many do, then advertisers are making optimizations based on an aggregate rather than for each product individually. This is problematic because optimizations made based on aggregated data may benefit some products while unintentionally harming others.

By structuring campaigns with one product per ad group, advertisers retain visibility into the most influential factors and can adapt strategy appropriately for each product.



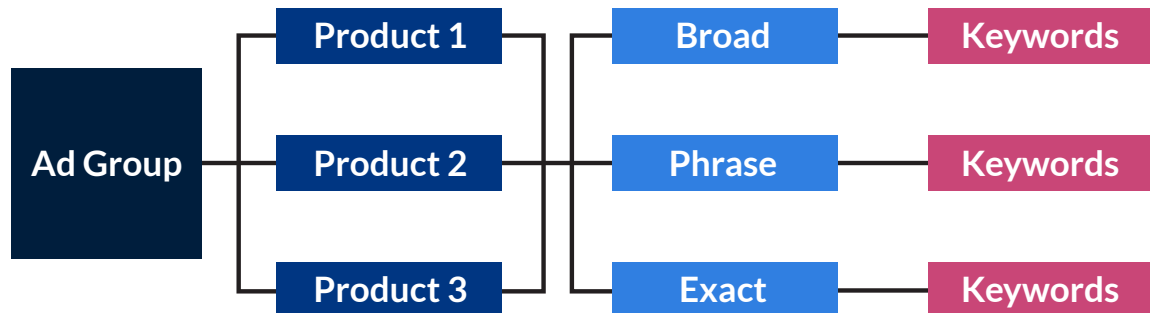
CRITICAL VARIABLES AT THE PRODUCT-LEVEL

- Price
- Margin
- Rank
- Keywords
- Target ACOS
- Ideal CPC
- Inventory levels
- Goals

BUILDING CAMPAIGNS

FOUR APPROACHES TO AD GROUP ARCHITECTURE

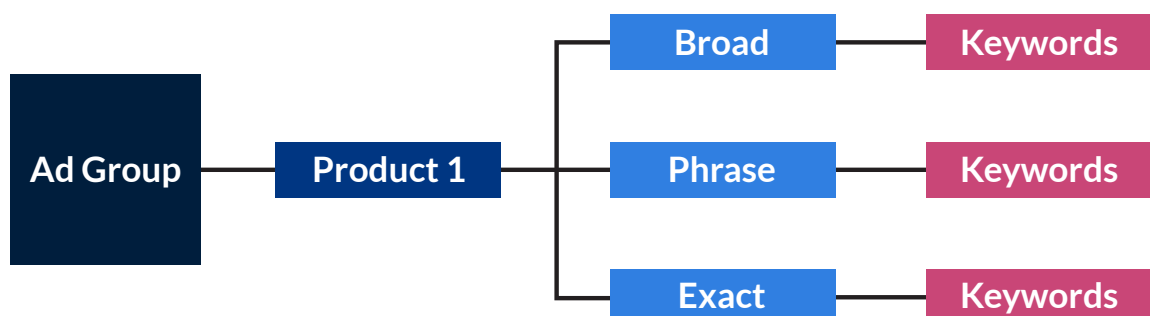
MULTIPLE PRODUCTS & MULTIPLE MATCH TYPES



Problems:

- Cannot optimize for each product's margin and price individually
- Risks inefficient spend - If a product goes out of stock, the campaign will continue bidding on keywords for it, even if they're not relevant or cost-effective for other products in the ad group
- Cannot see which search terms led to conversions for which products
- Cannot negate search terms from Broad Match or Phase Match types when adding to Exact Match keywords

ONE PRODUCT WITH MULTIPLE MATCH TYPES

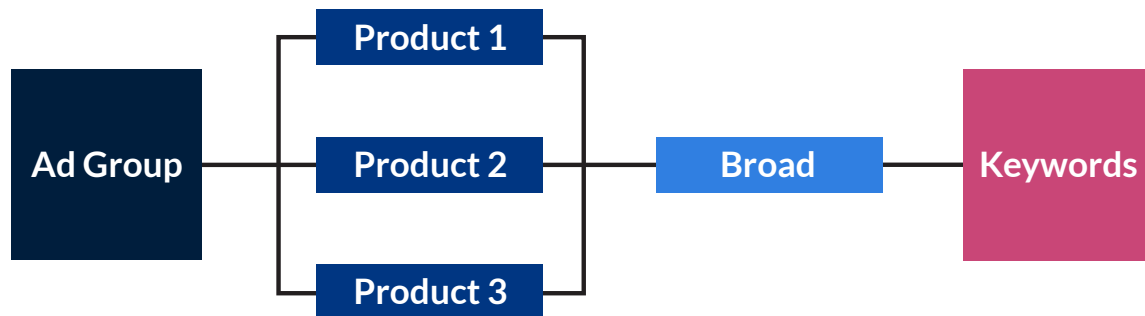


Problem:

- Cannot negate search terms from Broad Match or Phase Match types when adding to Exact Match keywords

BUILDING CAMPAIGNS

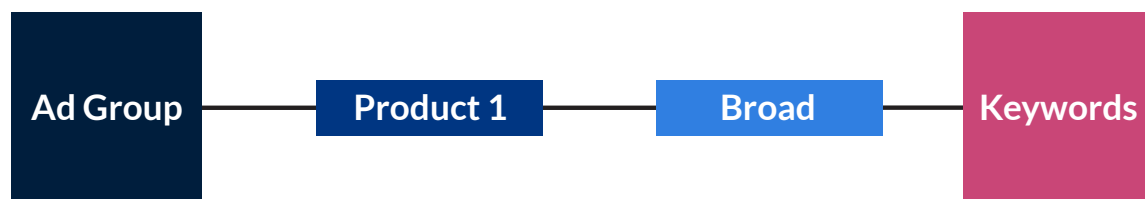
MULTIPLE PRODUCTS WITH ONE MATCH TYPE



Problems:

- Cannot optimize for each product's margin and price individually
- Risks inefficient spend - If a product goes out of stock, the campaign will continue bidding on keywords for it, even if they're not relevant or cost-effective for other products in the ad group
- Cannot see which search terms led to conversions for which products

ONE PRODUCT WITH ONE MATCH TYPE



Benefits:

- Accounts for each product's margin and price
- If a product runs out of stock, the ads stop running, preventing wasted ad spend
- Can see which search terms converted for each product, enabling better keyword optimization
- Can negate search terms from Broad Match or Phrase Match types when adding the search terms as Exact Match keywords, improving relevancy and cost-efficiency



BUILDING CAMPAIGNS

With a clear winner among the four models, why doesn't everyone use it? It comes down to time. Managing campaigns that have one product per ad group can be incredibly time consuming in Seller Central or even in Excel when using bulk file uploads. This obstacle is one the primary factors that led to the creation of software for Amazon advertising management.

THE IDEAL CAMPAIGN ARCHITECTURE

Now that we've identified the most effective way to structure the interior of a campaign, let's talk about how to arrange multiple campaigns together to support your advertising efforts.

In studies conducted over the last 5 years, Kaspien has found two campaign architectures to be highly effective at providing data insights and thereby improve campaign performance:

7-CAMPAIGN BUILD

1. Non-Branded Manual Broad
2. Non-Branded Manual Phrase
3. Non-Branded Manual Exact
4. Branded Manual Broad
5. Branded Manual Phrase
6. Branded Manual Exact
7. Automatic

4-CAMPAIGN BUILD

1. Manual Broad
2. Manual Phrase
3. Manual Exact
4. Automatic

BUILDING CAMPAIGNS

Both campaign builds improve data visibility and enable meaningful optimizations. The 7-campaign build is useful for brands that have established brand names and can afford to split their investment across more campaigns. By having campaigns with branded terms, advertisers can generate more keywords, which provides more opportunities for ads to serve.

However, we've found that, for most brands, there is a negligible difference in results between the 7-Campaign Build and the 4-Campaign Build because there is not a meaningful difference between branded and non-branded keywords. As such, the 4-Campaign Build tends to be the best option for most brands.

CAMPAIGN TYPES

- **Manual:** Advertisers manually add keywords and adjust bids for these campaigns. Provide greater control over strategy than Automatic campaigns, as Manual campaigns allow the use of Match Types.
- **Automatic:** Run by Amazon's system. Advertisers set fixed or dynamic bids at the ad group level, then Amazon automatically adds keywords to the campaign based on customer search terms. Excellent resource for generating new keywords that can be added to Manual campaigns and identifying unproductive keywords that should be negated from Manual campaigns.

MATCH TYPES

- **Exact:** Trigger a bid only when a customer search query exactly matches the keyword spelling (plurals are accepted), word order, and contains no additional words. Exact Match keywords that are 3-5 words in length produce the highest return on ad spend (ROAS).
- **Phrase:** Trigger a bid when a customer search query includes the keywords in the same word order, even if other words precede or follow the keyword. Phrase Match keywords that are 2-4 words in length produce the highest ROAS.
- **Broad:** Trigger a bid for any customer search query that contains the keywords in any order. Broad Match keywords that are 1-word in length produce the highest ROAS.

SEARCH TERM = "IPHONE CASE"

| Shopper's Search Query: | Exact | Phrase | Broad |
|---|-------|--------|-------|
| "iphone case" or "iphone cases" | X | X | X |
| "Black iphone case with screen protector" | | X | X |
| "Case for iphone 11" | | | X |



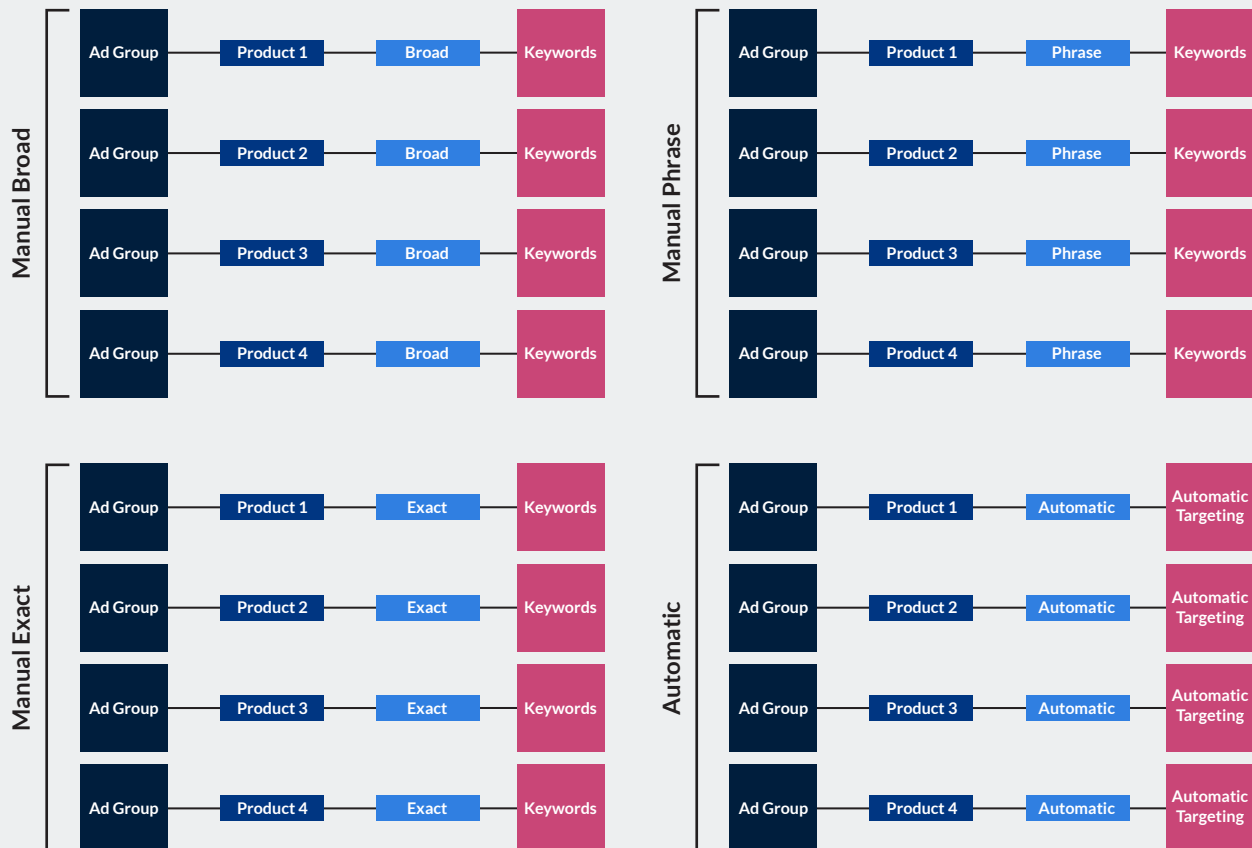
BUILDING CAMPAIGNS

In the 4-Campaign build, advertisers can harvest search terms from Automatic, Broad Match, and Phrase Match campaigns to create keywords for Exact Match campaigns. This enables continual keyword generation, improving campaign relevancy. When using the 4-Campaign build, it's important to remember to negate search terms in Automatic, Broad Match, or Phrase Match campaigns after adding them as keywords in Exact Match campaigns. If you don't, you'll split relevancy across campaigns.

With more precise data at the campaign and product levels, you have a clearer picture at both the macro and micro scale. With a clearer picture, you can make smarter strategic decisions, which in turn yield better results.

Of course, it would be foolish to say that this 4-Campaign build is a one size fits all. We've seen it be highly effective for brands across the spectrum, but there will always be exceptions. Depending on your goals and if you have variation listings, you may need to modify the 4-Campaign build.

4-CAMPAIGN BUILD



CASE STUDY

IMPLEMENTING 4-CAMPAIGN BUILD

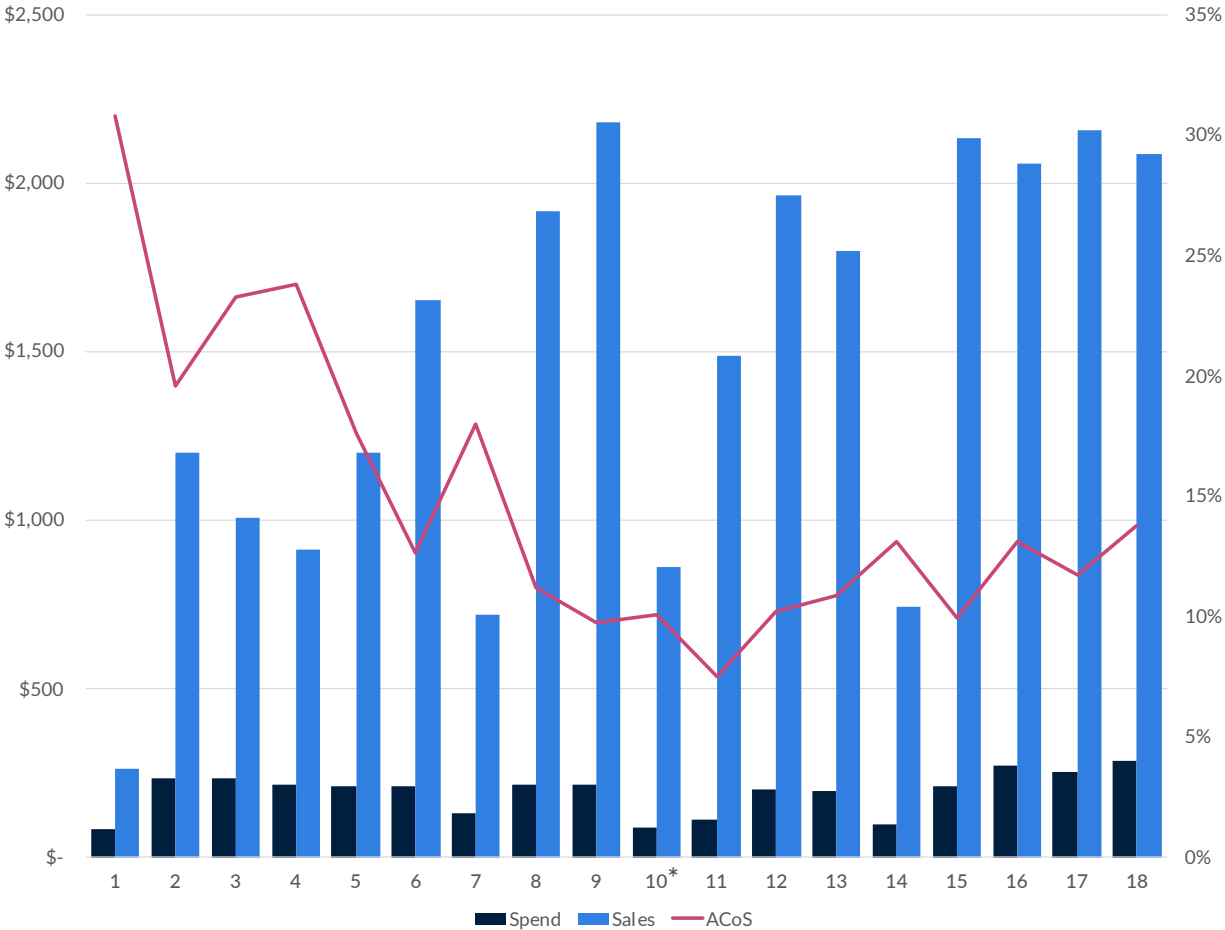
Before

- Ran only Automatic Campaigns
- Average ACOS was 31%

After

- Average ACOS for all campaigns is 12%
- Average ACOS for Manual Campaigns is 8.3%
- New keywords are automatically added to Manual campaigns monthly

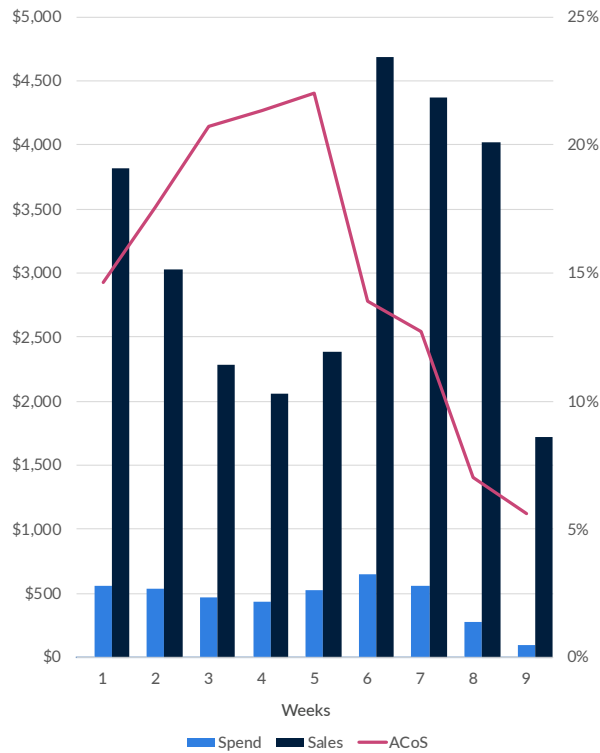
WEEKLY PERFORMANCE



*Inventory issues caused by COVID-19

CASE STUDY

US PERFORMANCE



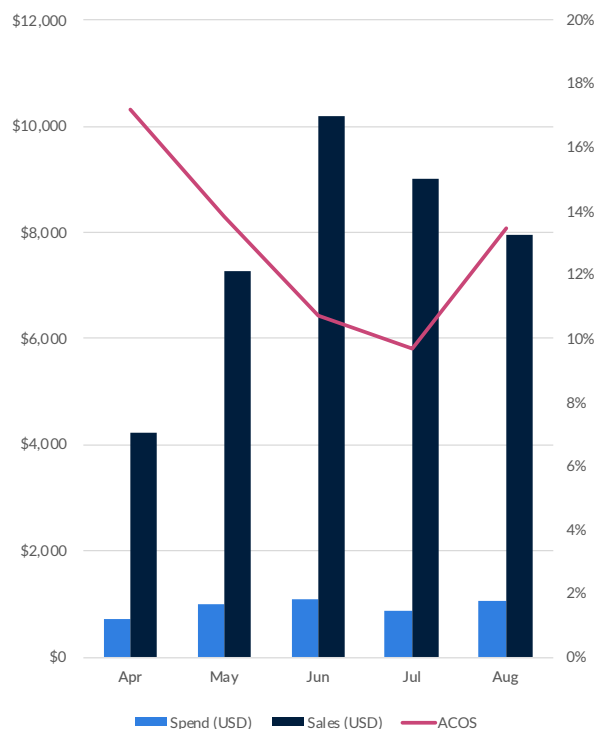
4-Campaign Build Implemented in US

- 4-Campaign Build was implemented at Week 5
- Despite numerous budget and COVID-related inventory issues, campaign performance remained significantly stronger after the 4-Campaign Build was implemented

4-Campaign Build Implemented in CA

- 4-Campaign Build was implemented in May
- Despite numerous budget and COVID-related inventory issues, campaign performance remained significantly stronger after the 4-Campaign Build was implemented

CA PERFORMANCE



CONCLUSION

IMPROVE YOUR AMAZON ADVERTISING RESULTS

Kaspien has run Amazon advertising campaigns since Amazon launched advertising capabilities. We've managed thousands of advertising campaigns for hundreds of brands, and we've used that extensive experience and data to develop AdManager, our proprietary software for Amazon campaign management that drives over \$100MM in sales every year.

AdManager automates bid optimizations, search term optimizations, campaign creation, and can even automatically restructure existing campaigns to utilize our proven 4-campaign build with one product per ad group.

AVERAGE
30%
SALES INCREASE

AVERAGE
10:1
ROAS

UP TO
50%
REDUCTION IN ACOS

To learn more, request or demo, or start a free trial, visit kaspien.com/admanager.

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