

A Guide to Facebook Dynamic Ads

Using the Power of Dynamic Ads to Fuel Your Business





The Online Advertising Revolution

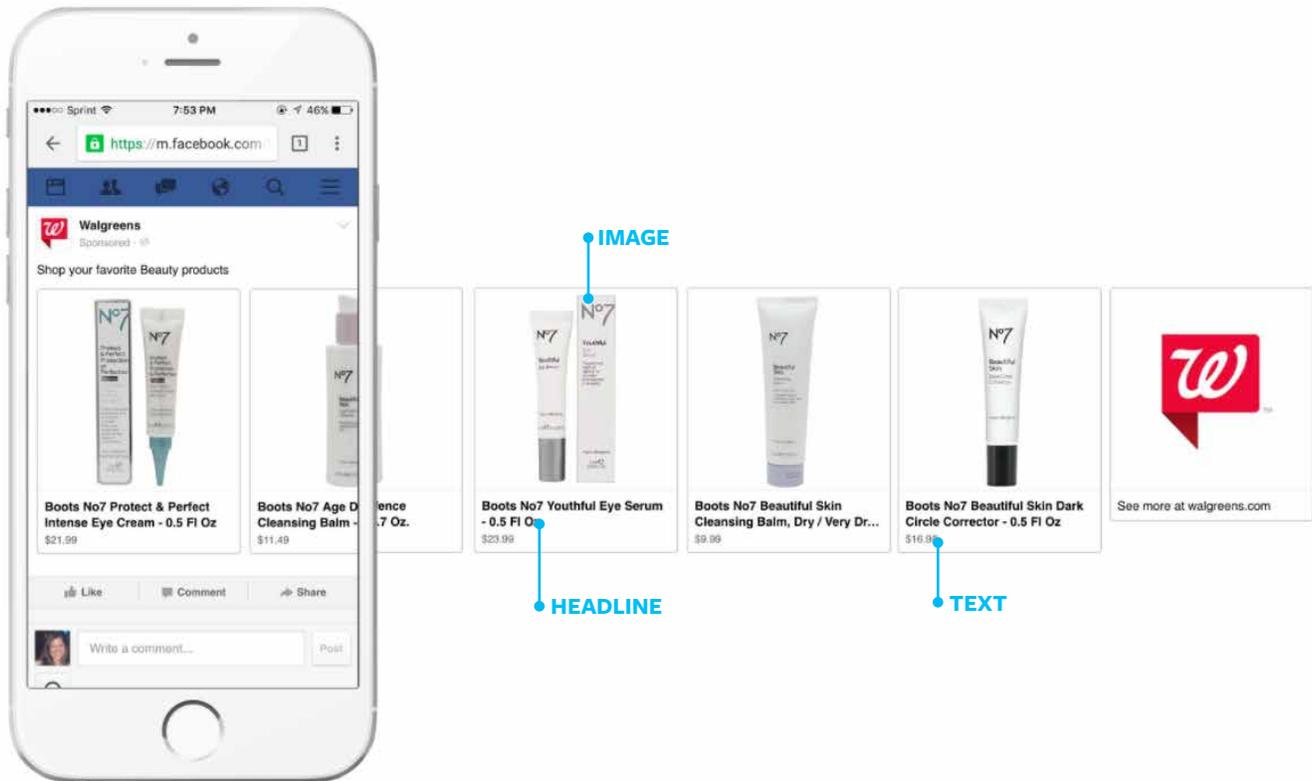
As digital marketers, we know a lot has changed in the 20 years since the first banner ad appeared on Hotwired.com

There are now sophisticated tools to ensure that we can get the right message to the right audience, at the right time. Ads can be personalized to our unique interests, habits and behaviors. If done well, these “smart” ads can almost function like a built-in reminder of our shopping list, travel plans, to-dos, etc.

Yet, the mobile revolution has transformed the way in which we do this. We can no longer rely on cookies to follow the user on their purchase path. Does the rise of the mobile app mean that retargeting is dead? Far from it. It’s very much alive and it’s more robust than ever. What it requires though is a logged in user.

That’s where Facebook comes in. With more than 1.94 billion monthly active users, it’s no surprise that Facebook is leading the way in the evolution of personalized advertising. Facebook’s Dynamic Ads solution enables advertisers to highlight the most relevant product or offer for each and every user, in a highly scalable way.

At Kenshoo, we’re big fans of Dynamic Ads. Read on for our perspective on how to take your digital marketing to the next level with this powerful advertising solution.



What are Dynamic Ads?

Dynamic Ads help you promote the most relevant products to Facebook users across all devices based on their activity on your site or behavior on Facebook.

You see these ads every day while scrolling through your Facebook feed, and you've more than likely clicked on some. So why are they important and what's in it for marketers? Put simply: there's more to Dynamic Ads than meets the eye.

Dynamic Ads allow businesses to promote products at scale (all products have unique creative) with an "always-on" approach that continuously reaches the right people with the right product, at the right time.

The icing on the cake? The products displayed in Dynamic Ads are highly relevant. With the help of the Facebook Pixel, they are retargeted to users who have already shown interest on your site. Through broad targeting, Dynamic Ads reach people who are most likely interested in a product based on their Facebook activity.

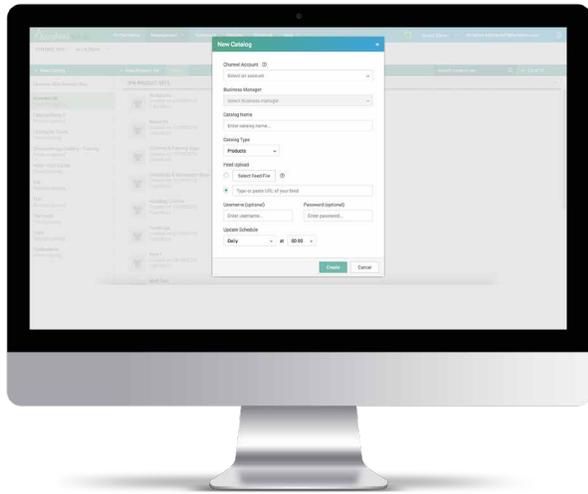
When Dynamic Ads first launched in February 2015, Facebook explained in a [blog post](#) that "Advertisers can curate ads as they see fit. For instance, they can highlight products that were viewed on their website/mobile app or showcase best-selling products. Or they can create a multi-product ad that highlights the different benefits of a single product."

Dynamic Ads campaigns are created by coupling product attributes (images, prices, etc.) from a product feed with retargeting or prospecting audiences. If you use the Facebook Pixel, you can retarget people who've interacted with your products on your website or you can focus on prospecting by serving these product ads to lookalike custom audiences.

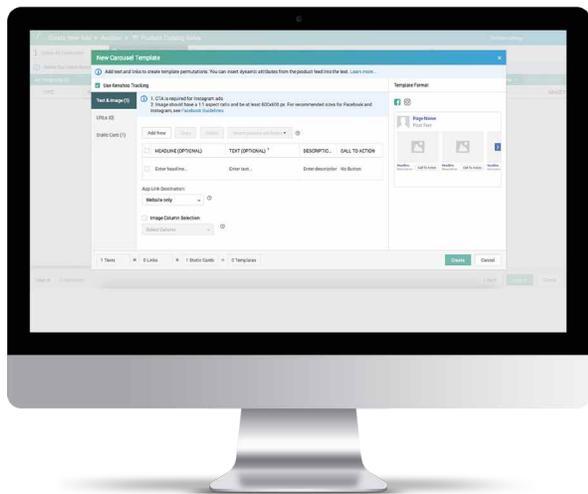
How do Dynamic Ads Work?

There are three major components required for Dynamic Ads to work:

- 1. Product feed:** This could be your existing product catalog or any other structured data file that contains a list of the items you'd like to advertise. This file contains fields that describe every product including product name, description, price, etc. You can then choose how you'd like this file to be received by Facebook, including a regularly scheduled automatic update. [See more details on this setup here.](#)



- 2. Ad template:** Rather than creating an ad for each product, the template pulls in the images and other attributes you'd like to include from your product feed. Kenshoo makes it easy to create these templates as you setup your campaigns.



- 3. Facebook Pixel:** If you've advertised on Facebook, you likely already have the pixel implemented on your site and it just needs to be configured for Dynamic Ads. Once the pixel is configured, it will then capture the activity of your website visitors including the products they've viewed or added to their cart, enabling you to retarget them on Facebook with the most relevant products.

Dynamic Ads in Action

Here's an example of how Dynamic Ads come to life for Facebook users:

Mary is on your website searching for Halloween costumes for her dog. She's debating between the Beach Bum outfit complete with Hawaiian shirt and sunglasses or the Stormtrooper ensemble featuring a helmet and white belt. She spends a lot of time looking at product details for both and finally adds the Stormtrooper outfit to her shopping cart. She's still undecided though and eventually leaves the site without purchasing.

Later in the day, when Mary is browsing Facebook, she notices an ad with a dog dressed up in the same Stormtrooper costume she added to her cart. Mary realizes she still hasn't gotten her dog's costume so she clicks through and buys the costume. The Force is with Dynamic Ads.

The Benefits of Dynamic Ads

So, what value do Marketers get from Dynamic Ads?

- Highly Scalable:** You only need one template for all of your products regardless of how extensive your product catalog is. And, since ads are easy to create in Kenshoo, you can be up-and-running in no time.
- Highly Relevant:** With the Facebook Pixel, you can retarget your site visitors who have taken an action such as such as visiting, browsing or purchasing an item, ensuring your ads will be highly relevant and will display products that people have shown interest in. Or, you can go broader and target by age, gender, location or reach a Custom Audience.

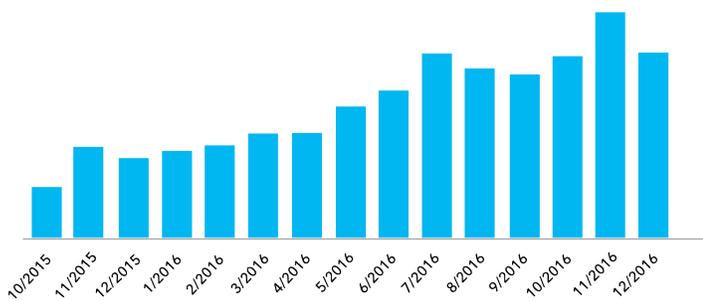


- **Offer a Wide Product Assortment:** You can showcase your entire product catalog (or any subset of it) through one template allowing you to go broad or deep into your product catalog to highlight products that may not normally be featured.
- **Flexible:** Although it's only one ad template, there is a lot of flexibility to showcase product attributes, i.e. product availability, brand, description, price, etc.

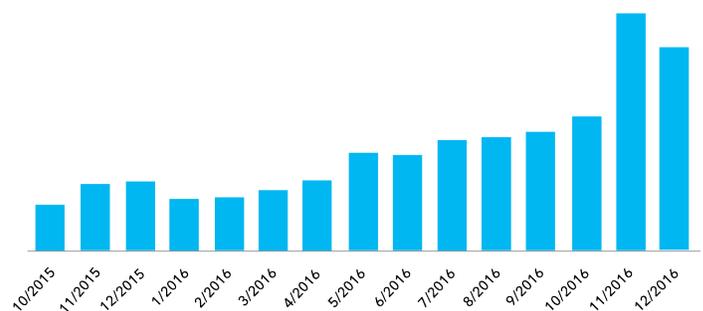
- **Surface Category Insights:** You can hone in on the categories that are driving the best performance to better understand what's moving the needle for these products. For example, does a certain subset of your audience prefer a certain category of products?

That's why we're not surprised to see Kenshoo's client adoption of Dynamic Ads continue to grow as shown below.

DYNAMIC ADS IMPRESSION GROWTH



DYNAMIC ADS SPEND GROWTH



Dynamic Ads Best Practices

Our experts at Kenshoo recommend the following best practices to ensure you get the most out of your Dynamic Ads campaigns.

1 Campaign Structure Starts with Product Sets

- Create product sets, or subsets of your product feed, by filtering based on “product type” or “Google product category”. This will allow you to gain a better understanding of how each product category performs.
- Pay attention to product set overlap. For example, if you are filtering for “men’s apparel,” then “women’s apparel” should be excluded, as the filter will pull in anything that has the word “men’s” in it.
- Filter for “In Stock Availability” to ensure that you aren’t showing products that are out of stock.
- Dedicate one campaign per product set. This will allow for a clean view of product set performance and help inform scale and efficiency decisions on a macro level.
- Don’t create product sets that are too narrow. In the event someone only viewed one product in a category, it’s better to have a robust product set so that Facebook’s optimization engine can suggest other relevant products.

2 Be Strategic with your Targeting Strategy

- Use a nested user behavior structure to prevent audience overlap, spot performance gaps and make better optimization decisions. For example, if you’re targeting people who viewed a product in the last 7 days, you should exclude users who viewed the same product in the last 3 days. When using this tactic, make sure you’re still targeting users who viewed the products in the last 3 days separately.
- Test a longer user window (i.e. 30 to 60 days) for products that you know have a longer sales cycles to give users time to research and make their buying decisions.

- Test placements, including Facebook, Instagram and Audience Network, so you can optimize for the lowest overall cost per result.

- If you’re retargeting, don’t narrow your audience by layering in Facebook native targeting variables like age or interests. This additional targeting might remove users who have shown intent by interacting with your products.

- Keep user events separate, i.e. viewed vs. added to cart, as these audiences perform differently and you’ll want to optimize separately.

- Be sure to exclude users who have already purchased so they aren’t shown products they just bought.

3 Optimize Your Bidding Strategy

- Bid up on users that have added items to their cart or simply viewed the product since this audience will be lower in the buying funnel and more likely to purchase.

- Set your bid according to user recency. Users who have more recently interacted with your products are more likely to convert, compared to those who viewed 30 days ago.

- Bid your true value when optimizing for “Product Catalog Sales.” This can be calculated by taking your Average Order Value from the last 7 to 14 days.

- Don’t switch to oCPM for product catalog sales before attaining the minimum. Facebook suggests conversions of approximately 15 1 day-click through conversions per day.

- Consider expanding the conversion lookback window to 7 days vs the current 1 when using oCPM for product catalog sales. This will allow FB algo to have greater time frame to find people likely to convert.

4 Optimize Your Creative

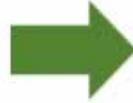
- Use carousel ads to obtain more real estate per page post and increase the opportunity for higher click through rates and conversions.

- Use static end cards on carousel ads, such as a special offer or a free shipping call-out. Leverage all text options like Description and Headline that are supported in dynamic creative to help drive engagement.
- Test single product ads when you want to share more information per page post. For example, product descriptions are often character heavy and become truncated on carousel ads.
- Don't overuse call to action buttons on carousel ads. They can seem distracting to people clicking through each carousel card.

5 Test & Learn with Dynamic Ads

- Test cross-selling. Show complementary products to people who purchased another product type. For example, show wallets to those who purchased handbags.
- Test up-selling. Show higher priced products to people who interacted with products within the same category. For example, show items of more than \$100 to those who interacted with products of lesser value.
- Test Dynamic Templates. Testing is important when optimizing your Dynamic Ads. Some variables that you can test (but are not limited to) include showing the price vs. removing the price, as well as testing different call to action buttons (i.e. with or without "Learn More," "Shop Now" and/or "Sign Up.")





Taking Dynamic Ads to the Next Level with Kenshoo

Here are a few tips and tricks catered to Kenshoo clients to take Dynamic Ads to the next level.

Deliver the Right Message:

Dynamic Ad creative originates from the product feed. The ads are dynamically populated with attributes from the feed, so when an ad is exposed, it can include the image, description, price, or any other attribute based on the template that the campaign manager defines. Great news, right? All you need to do is define the template in Kenshoo and you're ready to go. You no longer need to worry about your creative. Win-win.

Yet, whether you're an independent brand promoting your products or a retailer promoting many brands, you may feel that the template is limiting or that your Dynamic Ads could be spiced up a bit.

With Kenshoo, your creative can get a boost. [Kenshoo's Creative Manager](#) allows advertisers to define a smart

template overlay for their images. The smart template provides context-sensitive image overlays for applying brand or promotional messaging consistently and in bulk across a large set of creative.

More flexibility with the design allows your ads stand out more and by providing more information to your audience you can increase the likelihood of clicks and conversions.

Reach the Right Audience:

By using the Facebook Pixel with Dynamic Ads, advertisers can show ads of specific products to people who interacted with those products on the advertiser's website. There are also cross-sell and upsell solutions that make things even more interesting and convenient for marketers.

What if you'd like to target your other custom audiences, from your Customer Relationship Management (CRM) tool for example, or a native audience? It would be ideal if you could use the same audiences that you use to target other ad types while still leveraging the Dynamic Ad format and messaging, and even compare the performance of these audiences to the retargeted audience.

With Kenshoo you can do just that. You're not limited to only retargeting users that have visited your site. You can target whichever audience makes the most sense for your campaign goal.

Use Dynamic Ads to retarget users who've shown interest in your product or brand via their search activity. [Kenshoo's Intent Driven Audiences](#) enables you to capture users who have searched for your products and retarget them on Facebook. Because these users have shown intent based on their search activity, you know you're focused on a high value audience with an increased likelihood of conversion,

especially given that Dynamic Ads allow you to show them products that are relevant to their search activity.

At the Right Price:

Now this is where it becomes even more interesting with Kenshoo. Using Kenshoo Portfolio Optimization helps to streamline the optimization of your Dynamic Ad campaigns. By reviewing pixel data on an hourly basis, KPO will make budget and bid optimizations across your Dynamic Ads. All you need to do is group your Dynamic Ads into one portfolio, provide the budget and KPI goal, and we will do the rest. Boom!

So while effective advertising on Facebook is hard work, if you're using Dynamic Ads in Kenshoo, much of the heavy lifting is being done for you. Creatives are built and refreshed dynamically from your feed, the audience is constantly being updated whether you retarget or use any other custom audience, and the bids and budgets are automatically optimized every hour.

A KENSHOO CASE STUDY

Client Success with Dynamic Ads

Advertisers are already seeing great results using Dynamic Ads for Facebook, with Kenshoo clients seeing click-through rates of 2.8% in Q1 of 2017, double the overall social average of 1.4% for the same quarter..

Udemy is an online education marketplace with over 10 million students enrolled in more than 40,000 courses.

The Challenge: Udemy sought to scale reach and drive acquisition by finding students interested in learning a specific topic and encouraging enrollment. They wanted a solution that would also enable them to re-engage their target audience for continued education and increase the lifetime value of their students.

The Solution: To acquire new students, Udemy used a combination of Lookalike Audiences and interest-based targeting, based on course type. Udemy also retargeted both prospective and existing students by looking at onsite interactions and using Dynamic Ads to automatically deliver the most relevant courses from their course catalog.

The Results: The team leveraged Kenshoo to efficiently scale and optimize its campaigns across channels and within social to deliver a **50% increase** in revenue. Dynamic Ads were key to this success.



A KENSHOO CASE STUDY

Agency Drives Peak Season Revenue for Retailer

Innovative Denver based digital agency, Booyah Advertising, strategized to couple Facebook Dynamic Ads with Kenshoo value adds to get the most for an apparel retailer client.

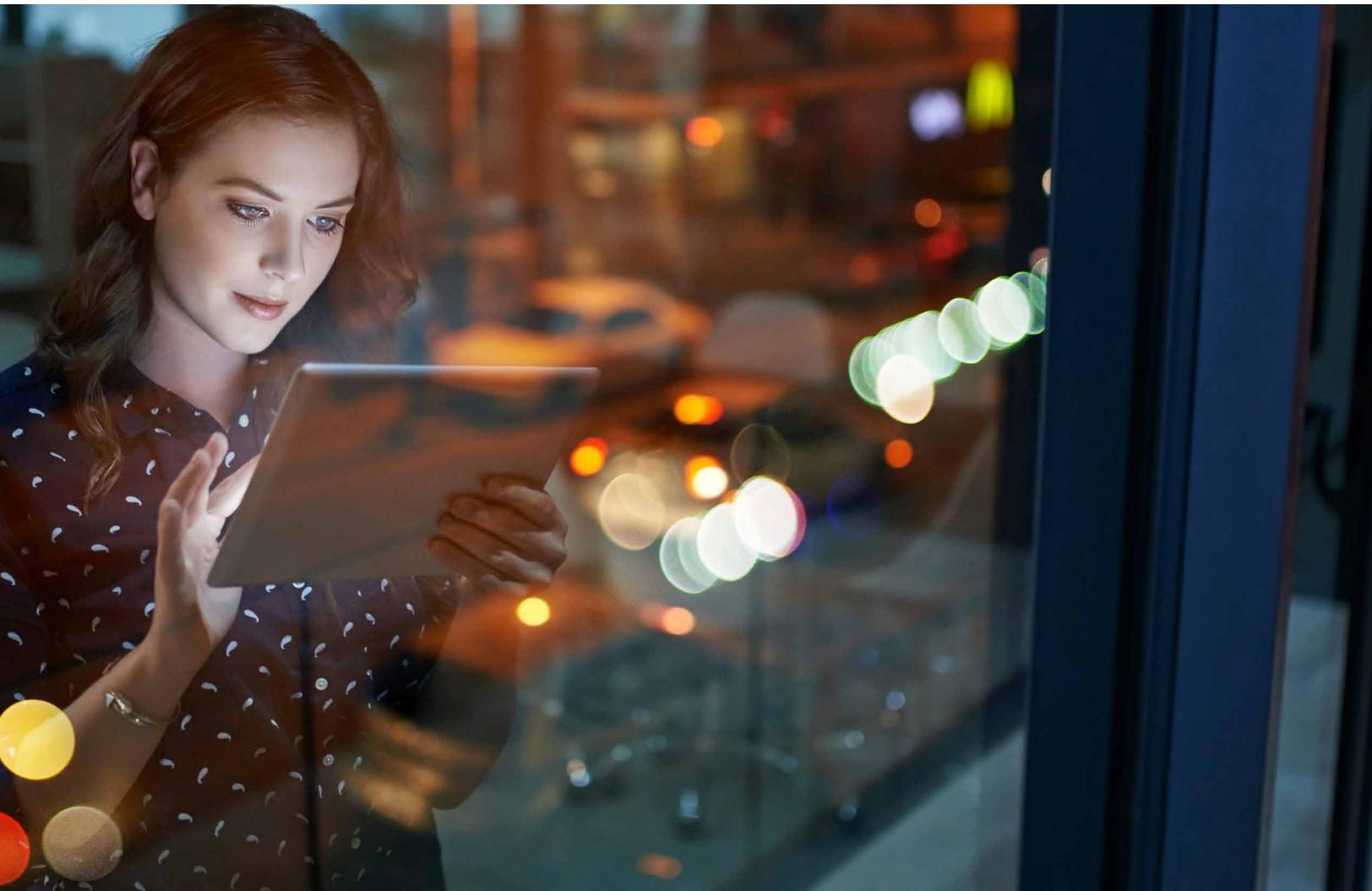
The Challenge: With Q4 Holiday shopping season approaching, Booyah needed to scale Facebook Dynamic Ad campaigns for a multinational apparel retailer, but had ensure they were driving a specific return on ad spend (ROAS). They had to be able to increase their reach for prospecting all well retargeting loyal customers.

The Solution: Booyah used bulk ad creation capability to

pump out ads faster than ever. Kenshoo Custom Metrics to gauge specific KPI performance in the Kenshoo Analysis Grid. The team leveraged Kenshoo Portfolio Optimizer to automatically optimize ad sets at up to an hourly basis for their ROAS goals, enabling scale without additional human resources.

The Results: Booyah Increased their client's conversions by 39% and ROAS by 219%, while they decreased cost per order by 71%. They also increased the Holiday season incremental ROAS by 114%. Win-win!

booyah
ADVERTISING



Getting Started with Dynamic Ads: It's Easy

Remember the main ingredients to a Dynamic Ad?

1 Set up your Product Catalog and Feed:

It's easy to do in Kenshoo. This can be your existing product catalog or, with Kenshoo's Performance Driven Ads, the top products from your Google Shopping campaign. As we mentioned in our best practices above, ideally you segment your product catalog into product sets by category or type of product and setup separate campaigns for each. That will give you more visibility into how each category performs by audience.

2 Configure the Facebook Pixel:

If you already have the Facebook Pixel setup on your site, then you just need to configure it so that it tracks when products are being viewed, added to cart or purchased. [Here's more detail on how to set it up.](#)

3 Design Your Creative:

With Kenshoo, you have more flexibility to setup a design template that aligns with your brand and delivers the right message. You can send us your template (a PSD file is ideal) and we'll automatically fit the the image and the relevant product attributes into it.

4 Launch Your Campaign:

If you're retargeting your site visitors, your campaign is ready to launch. Or, as we mentioned, you can select another audience to focus on including your own Custom Audiences or Kenshoo's Intent Driven Audiences, to retarget search intent. Whatever audience you chose (and you should test them all), you'll definitely be promoting the most relevant products in the most scalable way possible. Go you!

And that's it. You're ready to take advantage of all the benefits of Dynamic Ads!

If you have a product catalog and aren't yet running a Dynamic Ads campaign, now's the time. Start taking advantage of this powerful marketing solution today to improve both your efficiency and your results. Please let us know how it goes!

kenshoo.com/ContactUs

