

# **ZMS Ad Manager** Partner Guide



Campaign Setup & Management

ZMS

# **ZMS Ad Manager** Partner Guide

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## **Introduction** Why advertising on Zalando?

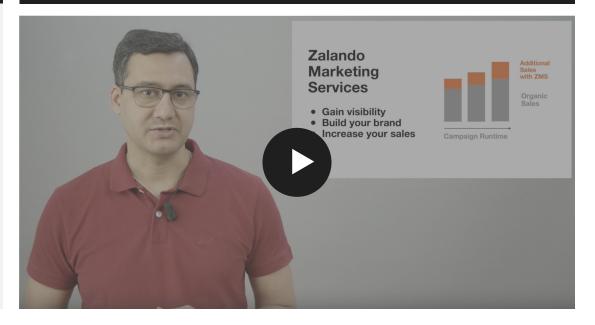
### Drive your Sales and Marketing Impact with Zalando Marketing Services (ZMS)

Do you want to ramp up your sales and marketing impact on Zalando?

Zalando Marketing Services (ZMS) helps you to launch campaigns that create immediate visibility for your products, scale up your sales growth and drive your marketing impact.

• <u>Watch the video</u> and learn how advertising on Zalando accelerates your business success.

### Video: Accelerate your Business with the ZMS Ad Manager



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Campaign Setup & Management

+ Create Campaign

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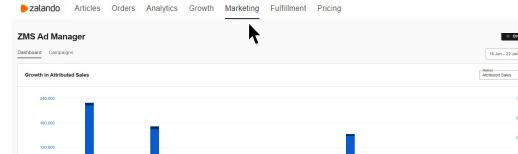
# Introduction What is the ZMS Ad Manager?

### The ZMS Ad Manager

- The ZMS Ad Manager is a module within zDirect which allows users to create and manage their marketing campaigns for their business on Zalando. In specific, campaigns with Sponsored Products.
- To find out, if your account and assortment are suitable, please see the requirements to get started
- If you are eligible to use the ZMS Ad Manager, you can activate/use it by clicking on the Marketing Module in <u>zDirect</u>
- If you are a Partner who needs access to zDirect, please reach out to your known Zalando contact.
   For ZMS Ad Manager access, please get in touch with <u>partner-care@zalando.de</u> to get started.

### Access via the Marketing Module in zDirect

Non-Attributed Sales before Cancellation
 Attributed Sales before Cancellation
 Attributed Sales Growth Rate



itents

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# Introduction To get started

Please note, **access to zDirect partner portal is required** to access the ZMS Ad Manager.

For optimal campaign performance while utilizing the ZMS Ad Manager, we recommend that you review your account and verify that it satisfies the following criteria:

### Good to have prior to use the ZMS Ad Manager



At least 20 articles live on Zalando that are available for promotion



At least 30% of the sizes available for each SKU – and at least three items per size



A very good <u>CXM performance</u> regarding all CXM KPIs for Partners using their own logistics solution. Or alternatively, you use <u>ZFS (Zalando Fulfillment Services</u>)



Ideally, we recommend to be active in all markets you are live in on Zalando

Do you meet all recommendations above and want to get started? Please get in touch via <u>partner-care@zalando.de</u> to gain access Contents

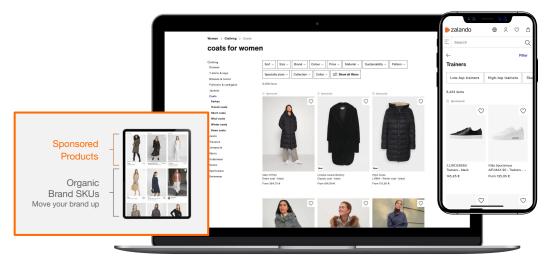
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# Ad Format Sponsored Products

**Sponsored Products** 

- Sponsored Products is an ad format on Zalando that enables our partners to increase visibility for their assortment in the Zalando catalog pages and on other product-based placements such as the Product Detail page (PDP). The primary goal of this format is to drive product visibility and sales.
- Ads are shown as 'Sponsored' products on the catalog pages on two types of sorting: popularity and sale. The standard website layout for most countries has 5 'Sponsored' product rows on page 1 and also on page 2, with 3 slots per each row. The standard app layout for most countries has 15 'Sponsored' product rows, with 2 products per row.

### Ads are generated from the Product Feed, no Creatives needed



### Ad Delivery is based on these Factors:

- SKU inventory level (incl. availability of different sizes)
- Ad rank based on campaign budget, predicted click rate and predicted purchase rate of promoted item

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# Articles for Promotion

# What to choose - Dynamic or Selected Sponsored Products?

### Choose the right campaign set up

- You can create advertising campaigns based on your objectives. You can either promote the full assortment of your chosen brand(s) or promote specific articles.
- Dynamic Sponsored Products allows you to promote your entire brand assortment of the selected brand(s). This means our advertising algorithm automatically promotes the articles which drive an optimum performance for you.
- Selected Sponsored Products allows you to choose specific articles, for example your key styles and bestsellers, or articles with high stock levels. You can also mix your selection across different brands which you supply.

### Either promote your entire assortment or specific articles

### Campaign setup

Select the campaign type

### Dynamic sponsored products

Promote your whole assortment of selected brand(s). Giving you full data-driven optimisation and maximum performance.

#### Selected sponsored products

Promote specific articles - like your key styles and bestsellers, or articles with high stock levels.

SKU 7

SKU 8

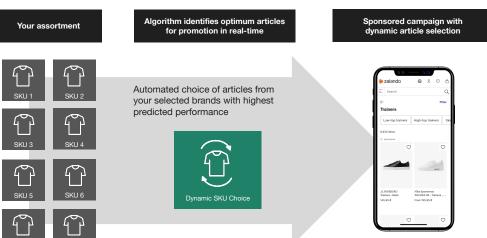
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## Articles for Promotion Dynamic Sponsored Products

**Dynamic Sponsored Products** 

 Dynamic Sponsored Products lets you promote the entire assortment of one or more brands which you supply. Our machine-learning advertising technology automatically selects the best articles for your campaign based on Zalando data. Our systems monitors article performance, availability and further factors in near real-time, making sure that articles with the best chance of driving your performance and sales are promoted in your campaign.

# We optimize your Performance based on Machine-Learning

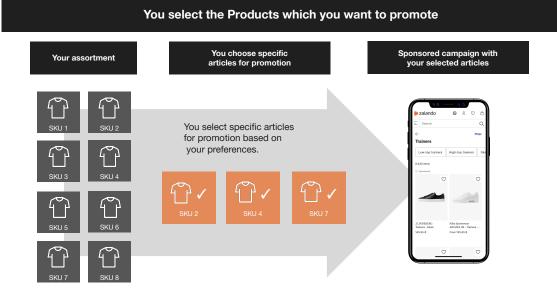


Campaign Setup & Management

## Articles for Promotion Selected Sponsored Products

Selected Sponsored Products

- By using Selected Sponsored Products, you can promote specific articles in your campaign based on your preferences. For example you can choose to promote fresh key styles, bestsellers or articles with high stock level. When setting up the Selected Sponsored Products campaign, you can filter by Brand, Country and Article Type (Category) in order to discover the article you are looking for and then add them to campaign.
- Read more about how to choose products for your Selected Sponsored Products campaign



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# Campaign Setup & Management Campaign creation + Global and Country budgets

### Go to the zDirect Marketing Module

You can create a ZMS advertising campaign directly from your zDirect account. On the top right corner of the Marketing Module you will see the 'New Campaign' button. You can either choose

a) Global budget campaign, for an automated distribution of the total budget in your selected markets
b) Country budgets campaign, for which you can define maximum budgets per country

We recommend choosing the new Global budget option. Here, the algorithm automatically distributes budget along the campaign runtime based on the performance, for optimised results.

### Tips for budget decisions:

- There is no fixed maximum budget.
- We recommend investing minimum 7% of your sales target (in NMV) or 12% for high growth targets/stock pressure/during sales events\*.
- In addition, we recommend that the daily budget is more than 20 EUR per market.

\*7% in NMV is equal to minimum of ~ 3% GMV before returns, 12% in NMV is equal to minimum of ~ 5% GMV before returns

### Use the 'New Campaign' Button in zDirect

-	
Performance campaigns	
Performance campaigns	New Campaign 🔻
Dashboard Campaigns	Giobal budget
	Country budgets

### **Choosing Global budget or Country budgets**

### GLOBAL BUDGET:

- In general we recommend to choose Global Budget. Here you define a total budget for all markets in which the campaign is running. The algorithm automatically distributes the budget along the campaign runtime across markets based on the performance, for optimised results.
- You can flexibly choose in which markets your campaign will run. Campaigns have the same start and end dates across selected markets.

#### **COUNTRY BUDGET:**

- With Country Budgets, you are defining specific, maximum budgets for each market.
- Country Budgets campaigns help you, if you want to set certain budget limits on a country level. For example if you have defined maximum budgets per country.
- With Country Budget campaigns, you can set different campaign start and end dates for different markets.

# **Campaign Setup & Management** Campaign creation: Global budget / Country budgets FAQs

Question	Answer
What is the difference between Global Budget and Country Budgets?	With Global Budget, you define a total budget for all markets in which the campaign is running. The algorithm is automatically distributing the budget along the campaign runtime based on the performance, for optimised results. With Country Budgets, you define specific, maximum budgets for each market.
Can we choose for Global Budget campaigns, in which markets the campaign will run?	Yes, you have full flexibility to choose in which markets your campaign will run. Please note the feature is specifically helpful for campaigns running in several markets.
When to choose Global Budget and Country Budgets?	In general we recommend Global Budget. Country Budget campaigns helps you, if you want to set certain budget limits on a country level, for example if you have defined maximum budgets per country or if you want to choose market specific campaign runtimes.
How can I evaluate country-level performance via the ZMS Ad Manager?	In the campaign tab, you will be able to monitor the campaign delivery and results on a country level and gain daily insights into which budget was used in which market, and what results were achieved. We recommend to constantly monitor your performance.
Can we adjust the budget & campaign runtime during the campaign?	Yes, also for Global Budget campaigns, you can increase or decrease your budget during the campaign. You can also adjust the campaign runtime during the campaign, e.g. extending the runtime if there is budget left when the campaign ends.
Will the budget be mainly distributed to bigger markets?	No, our algorithm is balancing market level budgets across all selected markets for optimum performance and will therefore also leverage performance opportunities in smaller markets.
Can a Global Budget campaign be paused in a specific market during its runtime?	Yes, in this case the budget is further distributed only in the other markets in which the campaign is running in.

# Campaign Setup & Management Campaign creation: Global budget

### Global budget campaign set up

#### Sponsored product campaign | Global budget

#### Campaign set up

Choose a name and set the duration for your campaign. Campaign name

Holiday Campaign 2022

#### Duration

30 26/11/2022 - 29/12/2022

#### Total budget (i)

Enter a total campaign budget for all the countries in the campaign.

- Campaign budget € 12000

#### Countries (i)

Select which countries you want the ads to be shown in.

Add Countries

1. Choose a campaign name to identify your campaign. Tip: use a naming convention such as brandname date to differentiate campaigns easily. 2. Choose the campaign duration. Hereby you define a general runtime across all markets (which you select afterwards). The campaign will start at 00:00 and end at 23:59 Berlin time. We recommend a campaign runtime of minimum 2 weeks. 3. Define a total budget for all markets. This budget will be automatically distributed across the selected markets 4. Choose in which markets your campaign will run 5. Choose if you want to promote full price / discounted articles 6. Choose if you want to run a Dynamic Sponsored Products campaign or a Selected Sponsored Products campaign

#### Article promotion (i)

Full-price and discounted articles
 Full price articles
 Discounted articles

#### Articles (i)

Choose "Dynamic sponsored products" to let our algorithm select your articles dynamically. If you prefer to select articles manually, opt for "Custom selection".



 Upload .csv file Selected sponsored products

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#### Brands

Select which of your brands should be included in this campaign

Select your brands

- For Dynamic Sponsored Products the algorithm automatically promotes eligible articles from the brand(s) you want to promote for maximum performance
- For Selected Sponsored Product • campaigns, you can either use the custom selection feature to select specific products, or directly upload a \*.csv list. More details on article selection here

ZMS

# Campaign Setup & Management Campaign creation: Country budgets (1/2)

### Country budgets: general campaign set up

	Sponsored	product campaign   Cou	ntry budgets	
0	2	3	4	5
Get Started	Assortment	Articles overview	Budget	Summary
	Selected sponsored products	and brandity. Giving you full data-driven optimisat () () () () () () () () () () () () ()		
	Campaign name Campaign name Campaign name Codes Capture your thoughts Enter your text Maximum works 500			
	Article promotion () Mat do you want to promote? More to you want to promote? Discounted and full-priced ar Promote with drased from demotence California articles Promote with drased from demotence Promote with discounted			

#### 1. Choose Dynamic or Selected Sponsored Products

2. Choose a campaign name to identify your campaign. Tip: use a naming convention such as brandname\_date to differentiate campaigns easily.

3. Choose if you want to promote full price / discounted articles

4. For Selected Sponsored Products, continue with the article selection.

For Dynamic Sponsored Products, the algorithm automatically promotes eligible

articles from the brand(s) which you promote for maximum performance

5. Continue with the market specific budget / campaign runtime settings

Campaign overvie See how your campaign					
Period (1)	Budget (1)				
01 Jun - 15 Jul	€6,000				
Countries					
	d campaign time frame for e	each			Add Countries
Add countries, spend an		Allocate budget	Select period		
			Of Jun – 15 Jul	~	Add Countries 🔮
Add countries, spend an		Allocate budget		~	
Add countries, spend an		Allocate budget € 4000	01 Jun – 15 Jul	~	

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# Campaign Setup & Management Campaign creation: Country budgets (2/2)

### Budget and campaign runtime settings

a) Define budget per country: Add the countries in which you wish to run the campaign. For each country, add the campaign budget (in Euro). You can remove countries and re-add them while you structure your campaign.

b) Choose start and end date: Define the duration of your campaign by entering the start and end date for each market. The campaign will start at 00:00 and end at 23:59 Berlin time. Tip: We recommend a campaign runtime of minimum 2 weeks.

c) Click 'Continue' to proceed or 'Previous to go back (or click 'X' on top right to cancel campaign creation).

Campaign overviev See how your campaign i	v	eate new Dynamic Spor	nsored Products campaign				, see the cam & create to fir
Period ① 01 Jun - 15 Jul	Budget ③ €6,000				×	Create	e new Dynamic Sponsored Pro
Countries Add countries, spend and	campaign time frame for eac	th		Add Countries 🚭		Summary Review the details and confirm carr Carpoin Name Brandhame_FintCampaign Period	Brands Days
Germany – DE		Allocate budget € 4000	01 Jun – 15 Jul	Ū	dback	01 Jun - 15 Jul Country breakdown Observe how you defined your mar	45 Days ket strategies
France – FR		Allocate budget € 2000	Select period 01 Jun – 22 Jun	Ū	E F00	Germany	Budget 64,000
Previous: Get started				$Continue \rightarrow$	•	France	62,000

# paign summary and alize your set up

iew the details and confirm cam	paign creation			
mpaign Name andName_FirstCampaign	Brands	Budget 66,000		
riod Jun - 15 Jul	Days 45 Days	Countries 2 Countries		
ountry breakdown seerve how you defined your mark	uat strategies			
	ort strategies Budget	Period	D	
		Period 01 Jun - 15 Jul	<b>D</b> 45 D	



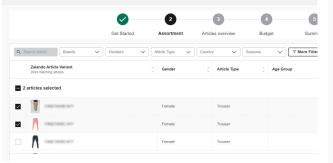
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## Campaign Setup & Management

How to choose SKUs for a Selected Sponsored Products campaign

### **Option 1: Select articles & review**

- During the campaign set up process, you will see your entire assortment
- You can filter based on brands, article type (category) and country.
- Once you find the articles you would like to promote, you can select them using the checkbox next to each article (or bulk select all).
- When you have selected one or more articles you want to promote, click 'Add articles' to add them to the campaign. You can modify your choice until you have your optimum selection for promotion.
- In the final step, you can review all the articles which you selected. If necessary, you can remove articles from the campaign in this step.



### Option 2: SKU list upload (only for global budget campaigns)

- Specifically for <u>global budget campaigns</u> you have the option to easily upload a SKU list of your selected items for promotion, without the need to manually select products in the tool.
- It is important your upload will be a \*.csv file with Zalando article IDs, separated by comma
- In the tool, you find also an exemplary csv-file which you can download as a reference.

#### Articles ()

Choose "Dynamic sponsored products" to let our algorithm select your articles dynamically. If you prefer to select articles manually, opt for "Custom selection".

Dynamic selection
 Custom selection
 Selected sponsored products

Upload .csv file Selected sponsored products

#### File upload

Requirements: .csv file format, Zalando article IDs separated by comma



# Tip: How to select the right Articles for Promotion?

#### Consider our article filters:

- All eligible
- Best sellers
- Newly added
- Longest online

Here are the key benefits:

- → Key Performance Indicators, such as: size availability, estimated return rate, and conversion rate.
- → A new Sustainability filter, which simplifies the identification and the selection of sustainable products.
- → Data points are refreshed every two hours, leading to improvements of your campaign planning and partner experience.

J. Download an example file

# **Campaign Management** Editing a running campaign

How to edit a running Campaign

 If your campaigns are not in 'Finished' state, you can go to the campaign list view and start to edit them by clicking on the 'pencil' icon next to the campaign – or alternatively click on the 'Edit Campaign' button in the campaign details view.

### What you can adjust during the Campaign Runtime

### Name

Update / change the name of your campaign

#### Budget

Please note when editing the budget:

- You can decrease or increase your budget
- You cannot reduce the budget below the amount that is already shown as spent. The spent budget is shown on
  the campaign edit page in near-real time
- Because your campaign is spending budget while you edit it in real time, we add some buffer to
  the spent value. This offers you to greater flexibility to manage campaign performance.
- Tip: For <u>Country Budgets campaigns</u>, you can shift budget between countries based on the performance of the campaign or your priorities.

#### Countries

Add new countries to your already scheduled or running campaigns. For Country Budget campaigns, you will be able to set an associated budget, start and end dates, to each market you are adding

### Pause / Unpause

Campaigns can be paused/unpaused at any time during their runtime.

- Global budget campaigns can be paused and unpaused either centrally across all markets or per market.
- For Country budgets campaigns you can pause a campaign individually for each country.

In general, If a campaign is paused beyond its end date, you cannot unpause it.

# **Campaign Management** Costs and billing

### Cost per Click Model (CPC)

- Cost per click (CPC) model: we charge based on the number of clicks generated by the campaign, every time a user clicks on your Sponsored Product Ad.
- The Cost per Click is a dynamic pricing model and varies depending on e.g. competition, category or country. In your daily campaign reporting within the ZMS Ad Manager you will see an average CPC overall, per country or on product/article level.

### **Invoicing and Payment**

- Invoicing: Campaign invoices will be sent out automatically via email on a monthly basis (beginning of following month). The invoiced amounts will be based on the actual campaign spendings.
- Payment: please follow the bank instructions in the invoice details; the payment terms are negotiated in the Conditions term agreement and start running as soon as the invoice is sent by our accounting department. In case Zalando does not have updated contact details from your accounting department and legal entity master data (e.g. billing details), you will be contacted to ensure service continuity.

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# **Campaign Monitoring & KPIs** Monitor your campaigns and performance



Monitor your campaign performance across three tabs where data is updated on a daily basis



Compare Campaign impact

with **Dashboards** 

Monitor the impact of your campaigns in simple view that shows that orders generated by your campaign in comparison to your organic orders.

# See an overview of your **Campaigns**

ashboard Campaigns									25 May - 31 Ma	· ·
										1
Campeign	Status	Period	Attributed	All : Impressions	Ad Clicks		Budget Spent	CTR ()	ROAS ()	ACo8
Overview Dam 21 rav(s)			0 7004	0 Tetai	0 Total	60.00 700	60.00 Tetal	0.00% Average	0.00 Average	0.00% Average
Paula Partan, Balkare 🖉	RUNNING	10 May - 30 Jun	0	0	a	60.00	60.00	0.02%	0.00	0.00%
1999 1999 1999 1999 1999 1999 1999 199	RUNNING	07 May - 29 Jun	0	0	a	60.00	60.00	0.00%	0.00	0.00%
Ent Test	FINISHED	05 May - 31 May	0	٥	a	60.00	60.00	0.02%	0.00	0.00%
Settema 2010 Sec. 252	PINISHED	00 May - 25 May	0	9	0.	50.00	£0.00	0.00%	0.00	0.00%
Peterse 2010 Test	FINISHED	29 Apr - 20 Mey	0		0	60.00	60.00	0.02%	0.00	0.00%

See an overview of all your current and past campaigns and understand your campaign performance including important campaign KPIs.<u>Here you find a full KPI overview</u>.

# Check the performance of various **Articles**

Article	Attributed . Sales	Ad	Ad Clicks	Attributed GMV	Budget Spent	CTR	ROAS	ACos
Overview From 106 row(s)	8 768	164,852 <sub>768</sub>	933 Telal	€1,379.92 Tetal	6472.48 Tetal	0.57% Average	2.92 Average	34.243 Averag
·····	2	3,540	16	4359.98	67.43	0.45%	48.43	2.00
· · · · · · · · · · · · · · · · · · ·	i i	2,217	10	€179.99	64.92	0.45%	36.57	2.73
	1	2,960	12	€169.99	66.33	0.41%	26.96	3.72
An	1	4,792	30	€149.99	€15.80	0.63%	9.50	10.53
Amount and a 1		3,437	34	€219.99	€16.81	0.55%	13.00	7.64
and the second		3,555	10	4140.99	65.35	0.28%	27.96	3.57
5	i	1,104	5	€140.93	62.75	0.45%	54,54	1.83
and the second s		1,754	19	60.00	69.13	1.07%	0.00	0.00

Look at the performance of each article promoted within the campaign and analyse your best performing articles to derive any necessary measures to optimize your performance. Contents

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# **Campaign Monitoring & KPIs** KPI overview

ZMS Ad Manager KPIs
<ul> <li>The KPIs on the right side help you to evaluate your campaign success from a sales and marketing point of view.</li> </ul>
These campaign metrics are updated once a day in the ZMS Ad Manager.

КРІ	Description
Attributed Sales	The number of sales created by your campaign, on top of your organic orders (before returns). Non attributed sales represent your organic Zalando sales.
Ad Impressions	How many times your products were displayed on Zalando based on the campaign
Ad Clicks	Number of clicks on the sponsored articles
Attributed GMV	GMV which was generated by your ZMS Ad Manager campaign within 14 days after generated clicks (before returns). Non attributed GMV represents your organic Zalando GMV next to the campaign.
Budget Spent	Campaign budget spent so far in EUR which will be billed
CTR	Click-through-rate on the sponsored articles (Ad Clicks/Ad Impressions * 100)
ROAS	Return on Ad Spend = how much revenue is generated for each EUR invested (Attributed GMV / Budget spent)
ACOS	Advertising Cost of Sales = how much cost is incurred for every EUR of revenue earned
CPC	Cost per click on the promoted items (Budget spent / Ad clicks)

Campaign Setup & Management

# Campaign Monitoring & KPIs

Further analysis of results: by country, by daily performance and further tips

Country Tab Analyze your campaign by markets, if you run it across different countries.

Country	•]								
Country	Attributed Sales	Ad Impressions	Ad Clicks	Attributed GMV	Budget Spent	CTR	ROAS	ACoS	CPC
Overview From 2 row(s)	35 Total	267,372 Total	1,990 Total	€3,459.55 <sub>Total</sub>	€620.15 <sub>Total</sub>	0.74% Average	5.58 Average	17.93% Average	€0.3 Avera
Austria - AT	29	197,859	1,415	€2,599.61	€488.23	0.72%	5.32	18.78%	€0.
Netherlands - NL	6	69.513	575	€859.94	€131.92	0.83%	6.52	15.34%	€0.3

#### Day Tab Analyse your campaign results based on your daily performance

Campaign segments									
By Country By Ad Location	n By Article By Day								
Day	Attributed Sales	Ad Impressions	Ad Clicks	Attributed GMV	Budget Spent	CTR	ROAS	ACoS	CPC
Overview From 13 row(3)	91 Total	295,808 Total	2,791 Total	€3,839.01 Total	€872.23 Total	0.94% Average	4.40 Average	22.72% Average	€0.3* Average
01 Jun 2021	7	23,972	200	€372.00	€65.45	0.83%	5.68	17.60%	€0.3
02 Jun 2021	8	23,480	188	€427.60	€58.10	0.80%	7.36	13.59%	€0.3
03 Jun 2021	2	28,137	196	€124.90	€62.80	0.70%	1.99	50.28%	€0.3
04 Jun 2021	3	25,122	184	€163.80	€64.48	0.73%	2.54	39.37%	€0.3

### **Tips for further Analysis**

### Sorting of KPIs across the entire app

You can sort data tables based on different KPIs. This allows you to see your top sellers, most profitable days, or whatever matters most to you. This way you gain valuable insights tailored to your needs.

#### Download the reporting data

Within the reporting section of a specific campaign, you find a "Generate Report" button at each table. This allows you to download reporting data as CSV files (Comma Separated Values) for further analysis.

Campaign Setup & Management

# Campaign Management Optimizing your campaign

There are different ways to optimize the performance of Sponsored Products to achieve your campaign goals.

You can make changes to the following variables based on performance:

### ⊖ Markets

For Country Budget campaigns: shifting budgets from lower-performing to better-performing countries. For Global Budget campaigns, this happens automatically

## 🕞 🛛 Budget & Runtime

Affecting the budget pressure by e.g. extending the campaign runtime

## ⊖ SKUs

For Selected Sponsored Product campaigns: remove low performing SKUs

To learn more about campaign optimization best practices, download the Ad Manager Checklist for Sponsored Products.



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# **Further FAQs** FAQs and troubleshooting

Question	Answer
Why are some of my articles not promoted when I use Dynamic Sponsored Products?	Articles which are not eligible for promotion will not be promoted, for example articles with low stock availability
What happens when articles are out of stock?	The campaign automatically stops promoting those articles which are out of stock.
If we add new articles to our assortment during the campaign runtime, will they be promoted?	If you are using Dynamic Sponsored Products and your articles are eligible, newly added articles will be also promoted
What is the maximum budget we can invest?	There is no specific maximum budget limit
How to split the budget between different countries?	If you set up a Global Budget campaign, the tool is automatically taking care of an optimum budget distribution based on performance. For Country Budgets campaigns, you could equally distribute the budget across countries or take market size as orientation, and adjust the budget according to the performance after ca. 5 days.
How to avoid that the budget is spent rapidly after the campaign go live?	The ZMS Ad Manager has an integrated control mechanism to balance the budget and avoid rapid spending.
Where on Zalando will my Sponsored Ads be shown?	Either within dedicated rows on the respective Zalando catalog pages or on product-based placements such as Product Detail Pages (PDP).
What if the sponsored SKU is offered by another merchant? And at another price?	Only one SKU will appear on the first Zalando catalog page

# Get in touch with us.

Any questions on how to use the ZMS Ad Manager or how to get started? Please contact us anytime: <u>partner-care@zalando.de</u>

