



DEPOT
Meine Welt

Shopping Innovation Case Study

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Prepared by Finch-Profit Driven Advertising



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EXECUTIVE SUMMARY

The German eCommerce company Gries Deco Company GmbH with its brand DEPOT sells goods in the areas of furnishing, accessories and gifts. They have a large number of brick and mortar locations and a healthy online presence through www.depot-online.com. Together with Finch, an AdWords agency that offers programmatic technology coupled with the expertise of an AdWords Certified Customer Success Manager, their Google shopping performance has been improved drastically. This case study shows how Finch managed to increase the AdWords shopping revenue by 181%* YoY with a slightly decreased cost of sales in the first nine months after on boarding. After this enormously successful launch period, Gries Deco management instructed Finch to increase their target cost of sales drastically by 30% and decided to pursue a more aggressive strategy, in order to gain market share.

RESULTS OVERVIEW Measured April-Dec 2015 to April-Dec 2016

SHOPPING

Revenue	+181.4%
Cost of sales	-3.29%
Clicks	+169.1%
Impressions	+206.7%
Conversions	+230.0%

MOBILE

Revenue	+277.1%
Cost of sales	-22.25%
Clicks	+212.3%
Impressions	+266.9%
Conversions	+341.4%

“With its programmatic approach Finch provided a way of increasing our market share significantly, profitably and sustainably.”

Kevin Ehrmann,
DEPOT Online Marketing Manager,
Gries Deco Company GmbH

CHALLENGE

As consumers continually use Google as a resource for research on everything including a wide array of home and garden products, Google AdWords shopping offers a clear advantage as an advertising channel that DEPOT could use to scale their business.

The challenge was that DEPOT was already leveraging shopping campaigns and wanted to scale them but their advertising spend was already above their cost of sales targets. They weren't able to increase spend without becoming unprofitable. Additionally, the mobile spend was driving up the overall cost of the campaign. They saw a reasonable amount of revenue converting from mobile traffic, however at a cost level that was over 20% higher than their allowable cost of sales. They wanted to find a profitable way to take advantage of the growing mobile market.



SOLUTION

To get DEPOT profitable, Finch's proprietary technology was needed to do the heavy lifting by reorganizing the campaign structure to be as granular as possible. The shopping campaigns were rebuilt in a single product ad group campaign structure. This means that each product is given its own product group with its own corresponding bid and conversion history, device modifier and remarketing audience. Finch implemented their proprietary bid optimization strategy by grouping products with similar attributes together into sub-segments for bidding purposes where needed, while calculating bids individually for products with sufficient performance data. Once in place, bid modifier for device and remarketing (RSLA) were now applied on a product level, again using a proprietary algorithm when not enough conversion data was present.

They further boosted their search campaign by turning converting terms from shopping campaigns into exact match keywords for search campaigns. This took advantage of a Finch feature called Dynamic Search Term Insertion (DSTI). This improves keyword coverage in the search campaigns which expands reach depending on which ad type Google decides to show on the SERP. This feature created thousands of new keywords based on converting search queries in order to grow keywords in the account.

Additionally, because DEPOT had strong brand recognition, a large number of last click conversions were being attributed to their branded terms. Changing the attribution model from "last click" to "position based" in fall 2016 ensured clicks that contribute to the customer journey, were attributed with a certain share of conversions and revenue. By changing the attribution model fewer conversions were attributed to branded terms (the end of the click funnel) and more conversions were attributed to keywords at the beginning of the click funnel. This change also helped to gather more data and allowed Finch's technology to be more aggressive and spend more on top-of-funnel terms.

OUTCOME

The total revenue of the Shopping campaign increased by +181.35%* compared YoY while cost of sales decreased by -3.29%.* An assessment of the standard metrics showed impressions and clicks increased +206.73%* and +169.12%* respectively. The number of conversions increased +229.97%.*

The granular structure of the campaign allows the software to set the bid modifiers for every product based on data dynamically. By isolating all data points Finch succeeded at optimizing the mobile traffic for DEPOT (tablets not included in this consideration). The revenue in the mobile Shopping campaign was increased by +277.05%* compared to the YoY period with a lower cost of sales of -22.25%.* Mobile became directly responsible for more than 34% of the total Shopping revenue.

Additionally, the RLSA bids were utilized. As a consequence +21.88%* of the revenues were influenced through remarketing bids. Those came at a -12.22% lower cost than the average cost of sales.

With the DSTI feature in place 4,512* new exact match keywords were added to the search campaign, which were responsible for further revenue streams.

DEPOT is thrilled with the performance of their Shopping campaigns. Right now with the new target cost of sales and the higher budget Finch is able to increase revenue even further while having total control over the cost of sales. DEPOT's Online Marketing Team Manager Kevin Ehrmann says, "With Finch's programmatic approach, they provided a way of increasing our market share significantly, profitably and sustainably."

Measured YoY April-Dec 2015 to April-Dec 2016
* Information gathered from Google AdWords



Mobile became responsible for more than 34% of the total shopping revenue while 22% of the revenue was influenced through remarketing bids.