



Shopping Innovation Case Study

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EXECUTIVE SUMMARY

This case study was created to show the benefits of partnering with an AdWords agency that offers programmatic technology coupled with the expertise of an AdWords Certified Customer Success Manager. This study presents the paid shopping challenges of a US eCommerce company, SimpleTire, a tire retailer who uses data and technology to aggregate tire inventory, for every type of vehicle, from many suppliers across the United States. The study also shows the plan that Finch, their chosen paid search partner, implemented to resolve their challenges and the outcome to improve overall performance in this channel. Over the course of this study, SimpleTire’s shopping campaign revenue increased by 95.8%* while maintaining a cost of sales at a near constant of 8%.* The remarketing (RLSA) strategy influenced 18%* of the overall gain.

RESULTS OVERVIEW

Compared YoY Q1 2016 and Q1 2017

Revenue*	+95.8%
Cost of sales*	+8%
RLSA contribution*	+18%
Clicks*	+39.3%
Impressions*	+52.4%
Click through rate	+9.2%
Profit (launch)**	+400%
Profit (MoM)**	+49%

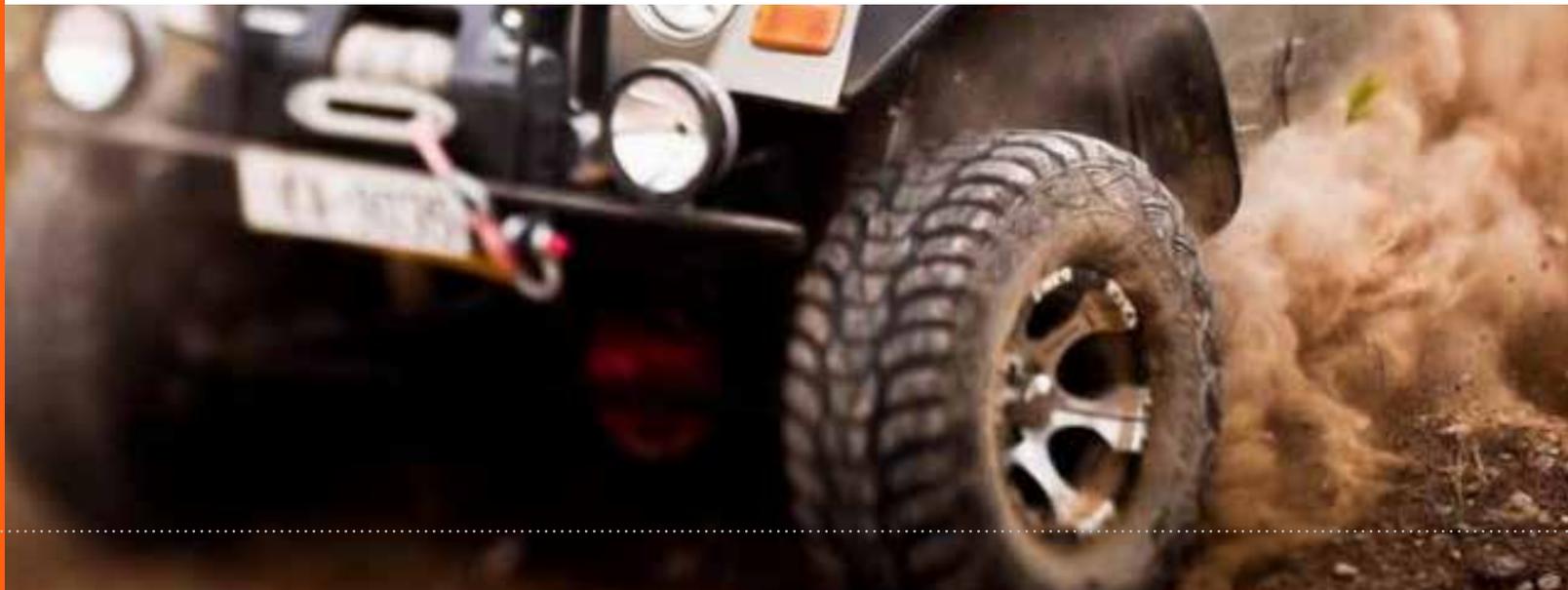
“We have a unwieldy number of SKUs (60K) with multiple price changes per day due to our supply chain rapidly changing. Finch has been able to tame all of our moving parts and give us consistent results. We have a dedicated account manager whom we have a great relationship with. They offer consistent meetings to review performance and discuss improvements. They are always willing to listen to our ideas and have even built functionality based on our feedback.”

Kenny Pratt, CTO - Simple Tire

CHALLENGE

SimpleTire's overarching challenge was the fact that they represented a new business model in their vertical: selling tires solely online. Instead of housing inventory completely themselves, their unique system pairs a buyer in one location with tire inventory from one of over 500 vendor partners located throughout the country. From there, SimpleTire's custom-built technology handles the intricacies of shipping and logistics, as well as finding an installer convenient to the customer's location. Due to scope, their inventory hosts over 63K unique ever-changing products in their shopping feed.

Once SimpleTire had their innovative solution in place, there was just one thing missing: how to get in front of enough buyers to drive serious growth in their business. AdWords Shopping presented SimpleTire with an opportunity to get in front of buyers while they are researching and purchasing tires online. With well understood product and installation costs, the remaining challenge was to maximize ad spend while maintaining a very strict ROAS goal to ensure SimpleTire's long term profitability and growth.



SOLUTION

To get SimpleTire aimed at gaining market share, Finch's proprietary technology was needed to do the heavy lifting by reorganizing the campaign structure to be as granular as possible. 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 unique 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. Strong performing products are aggressively bid to capture revenue with high conversion dates. Weaker performing products use data from similar products until they become strong or are bid down due to under performance.

Several remarketing (RLSA) strategies were put in place to detect and address differences in performance among segments of past visitors to SimpleTire's website. Based on these differences, Finch's software further manages audience-level bid modifiers at the product level to maximize campaign performance within the bounds of SimpleTire's desired performance targets. This created a synergistic, data-driven performance enhancement to all of SimpleTire's managed campaigns.

In order to keep up with SimpleTire's evolving business goals as a company, as well as to stay abreast of changes to both AdWords features and the paid search marketplace as a whole, Finch and SimpleTire met weekly. In these meetings they analyze results from AdWords, look at implementation needs and plan future strategy.

OUTCOME

YoY growth for SimpleTire's Google shopping campaign was measured by comparing Q1 2016 to Q1 2017. Once SimpleTire and Finch partnered, campaign results improved dramatically. In one year's time, SimpleTire saw an increase of 95.8%.* During this same time, cost of sales slightly increased on a percentage basis but was still kept within the cost target given.

Within the same time frame, SimpleTire's month over month revenue grew 8.1%* on average, again staying within the given cost target. Interestingly, when looking at standard metrics of clicks, impressions and CTR, the data shows that the campaign clicks and impressions had a much lower percentage gain at 39.3%* and 52.4%,* respectively, than the large 95.8%* revenue gain. This shows that Finch and SimpleTire's joint strategies succeeded in improving campaign efficiency, serving the right ad to the right customer at the right time. Therefore, SimpleTire's CTR increased by 9.2%.*

During the course of the study, SimpleTire decided to move from a cost-of-sales model to a profit-generation model. Profit-driven advertising is something that Finch does by aligning client profit data with AdWords keyword or product data; giving the ability to buy the most profitable clicks at the right cost. Focusing on profit fundamentally changes how an AdWords account is run. Once SimpleTire moved to Finch's profit optimization model, the average daily profit from their Adwords campaign increased by 400% within just two months. And in the nine months following, profit has continued to increase - up an additional 49% from those initial gains. That's close to a 600% overall gain.

SimpleTire now dominates in their marketplace, where once they lagged. SimpleTire's CTO, Kenny Pratt says, "Finch has been able to tame all of our moving parts and give us consistent results. I've never been disappointed with their service, even when we've hit bumps in the road. Our experience has been fantastic."



Simple Tire now dominates in their marketplace where once they lagged.

Compared YoY Q1 2016 - Q1 2017

* Information gathered from Google AdWords

** Information gathered from Finch UI