

TITLE OF CASE STUDY: Integrating Technology in a Price Driven Market

Introduction

Digital Direct is an e-commerce website, offering a wide range of electrical goods and related peripherals (furniture and fittings, etc). The site offers a comprehensive database of frequently changing inventory and is dedicated to offering the lowest prices without compromising its service. It also acts as an information service, and works closely with manufacturers to keep up to date with topics such as online upgrades and technical updates. Such information is available for download directly from the site with an aim to translate the labyrinth of technical jargon into layman's terms, as well as to inform the typical consumer of upcoming changes impacting the domestic market.

Business Situation and Campaign Objectives

Steak was set the end goal of achieving over 800 sales a month at a target CPA of £25 (inclusive of VAT, management and tracking costs). The challenge this presented became all the more demanding when the following obstacles were taken into account:

Digital Direct is an Internet-only brand, meaning it has no "bricks and mortar" presence to drive brand awareness. As is the case for Internet pure-plays as a breed, it suffers from a lack of offline visibility i.e. no storefronts and limited above the line advertising. For Steak, this meant virtually no existing brand recognition upon which to base a tactical search campaign: essentially the idea would be to start from scratch.

The online retail market to which Digital Direct belongs is a highly competitive landscape. In fact, e-commerce is growing faster than ever before, with online sales in the UK predicted to reach £78 billion a year by 2010¹. For Digital Direct to compete in such a saturated marketplace on a consistent

¹ IMRG, via E-Consultancy Blog

basis, Steak would need to implement a highly strategic campaign, undergoing constant optimisation.

A more client specific problem also needed to be overcome. From the outset of the campaign, Digital Direct retained control over all brand-related terms as well as its top 20 product keywords. This meant the Steak team would need to carry out extensive market analysis to identify, and then leverage the brand's identified USP before executing a PPC campaign.

Research Story and Campaign Description

Reacting to these challenges, Steak set about completing a thorough analysis of Digital Direct's competitive landscape, concentrating particularly on bid positions and creative messaging. Research shows that 55% of shoppers consider price as the most important factor when making additional purchases.² In the review carried out by Steak, **PRICE** was identified as Digital Direct's main USP, followed by availability and delivery.

Based on these findings, Steak ensured the campaign targeted online users in the research-to-buy stage, who were price sensitive consumers or bargain hunters.

To contest in such a highly competitive and saturated marketplace, Steak maintained that strong "anti comparison" messaging focused on percentage discounts and cheap prices would give Digital Direct an impressive standout in the listings.

With the aforementioned campaign exclusion of Digital Direct's brand terms and top 20 keywords, sole focus was given to major branded products sold on the site. Bidding on these brand names with targeted copy would help give an increased standout in the listings. Steak ensured the client worked on 5% - 9% profit margin on each sale, dependant on the specific product.

Steak performed continual and intensive testing as part of its optimisation strategy. Test results were refined down in order to show which terms performed best when taking into account the client's objectives. Product Codes were targeted as high performance keywords as their specific nature allowed Steak to target potential customers further along their consumer journey. Already searching for a specific model of electronic goods, the traffic from these terms is much more likely to convert given the right price.

² McKinsey Report, Gomez 2004

To this end, Steak has implemented Ad precision's Ad wire tools for the Digital Direct account, while also migrating it to the bid management tool, Dart. AdWire is a tool particularly suited to advertisers with frequently changing inventory and product updates, as it allows the advertiser to create PPC ads based on their current live database of specific model codes in stock, creating copy to reflect any changes in price. This ensures that adverts are always 100% accurate in terms of pricing and availability of stock.

The implementation of AdWire with a direct relationship with Dart Search is a first for the industry and one that Steak played a direct role in actualising. It will enable Steak to effectively target every piece of copy to the individual product, including price as the all important USP.

Continuously searching for as many channels as possible to take advantage of this USP led Steak to manage Digital Direct's Price Comparison campaigns. Taking over control and optimising their performance became part of Steak's day to day management of this account as well as reporting regularly on overall performance. Markedly higher CPCs for this traffic compared to PPC added an extra challenge for Steak.

Business Results

For every £1 spent on the campaigns developed and implemented by Steak Media, the client generated £22 and up to £966,818.11 of revenue from 1976 sales (December '07) in the PPC campaign. In particular, the AdWire keywords made an immediate impact pulling in an average of 550 sales a month at a CPS of £13.93.

Steak's efforts in utilizing Price Comparison sites saw great rewards with 1720 sales and £774,760 worth of revenue at a CPS of £23.05 in the first 2 months.

Why should this campaign win an award?

This campaign shows evidence of great performance while working under difficult restrictions.

In sum, achievements included:

- Identifying and implementing strategies to take advantage of the clients USP after extensive market research
- Running and optimising Price Comparison site campaigns to over achieve on targets despite the higher CPCs
- Pioneering the use of Ad precision's AdWire in conjunction with Doubleclick's Dart Search (and being the mediator between the two companies in order to achieve this)
- Over achieving on the target number of sales by 147% whilst keeping with the low target of £25
- Working within constraints of the client's 5-9% profit margin.

Bearing in mind that all of the above was realised without bidding on brand terms or the top 20 product keywords, against a highly competitive landscape, for a brand that has no high street presence, the strategic thinking and tactical implementation of this campaign is worthy of award recognition.