

OMNITAIL CUTS SPEND AND DRIVES PROFIT FOR SPORTSTOP.COM

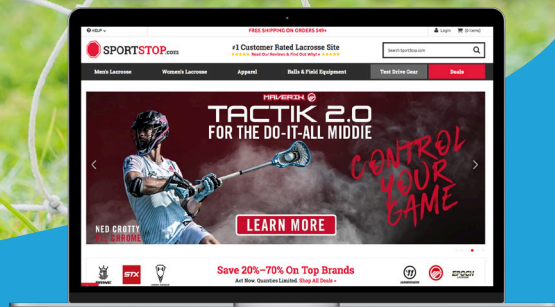
OMNITAIL
The Profit-Driven Online Marketing Agency

SPORTSTOP.COM CASE STUDY

BACKGROUND

SportStop.com is an online retailer of lacrosse gear. Before coming to Omnitail, their previous agency was pushing spend higher and higher for PLAs, Display, and Paid Search ads.

But was the extra spend driving justifiable revenue? Or simply increasing the agency's fees? They came to Omnitail to find out.



INVESTIGATING THE ACCOUNT

SportStop.com came to us after a period of declining profits and increased spend. We suspected inefficient bidding and misdirected spend was the issue. We also knew the previous agency may have had an incentive to keep spend high to preserve fees. With all this in mind, we dove into the account to get to the root of the problem.

OVERSPENDING

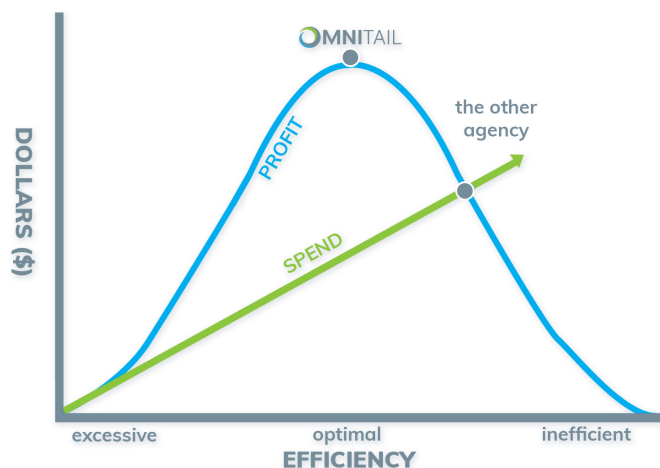
In the months prior to signing on with Omnitail, SportStop.com averaged between 3 and 4.5x return on ad spend (ROAS.) These numbers looked fine on the surface, but after accounting for cost, the ads were generating very little profit relative to spend. In fact, paid search ads were operating at a loss.

In reality, SportStop.com wasn't the entity making money in this scenario. Any revenue was sent to Google and their PPC agency, which was charging based on a percent of ad spend. With higher spend directly driving the agency's paycheck, their agency had no reason to cut back on ad cost—even if it meant increased profit for their client.

2 IMPROPER BID MANAGEMENT

Bids were also not being managed correctly. The agency had been making some adjustments, but the strategy was flawed and the changes were not timed well. As a result, spend was being misdirected to out-of-season or unprofitable products. Little effort was made to cut the overall cost of the program, even where overspending was a glaring issue.

This poor strategy cost the agency key opportunities to redirect spend to profitable products. In failing to manage bids correctly, the agency also missed the window to capitalize on seasonality—an extremely detrimental outcome for a highly seasonal retailer.



Other agencies often push spend higher than necessary because they get paid a percentage of media budget. Alternatively, some agencies also cap spending which can limit growth. At Omnitail, we calculate the optimal level of spending for maximum profit (Image Above).

FORECAST

We knew that our profit-driven management was the key to helping our client. Through our analysis, we were confident we could drive significantly more profit while cutting back media spend, by finding the point where both revenue and profit would be maximized.

We see this scenario a lot. Often other agencies push spend because they get paid a percentage of ad spend, without considering if it benefits the client. Our flat-fee system allows our analysts to pursue the maximum profit for the client, no matter the spend level.

SOLUTION

The main pain-point in this account was excessive spend. We remedied that with a profit-driven strategy, then applied a combination of other account management techniques to drive success for SportStop.com.

OPTIMIZING AD SPEND TO PROFIT

In the first month after Omnitail took over, SportStop.com was going into peak season. During this time, most agencies would spend more, but our strategy resulted in cutbacks, reducing spend by about 30%.

Primarily, these cuts were made to ads for a handful of products that were consistently bleeding money. Cutting back on these products freed up spend for items that we discovered could perform well.

BID MANAGEMENT AND MORE

We implemented our other tried-and-true strategies for success: product feed optimization, intensive query segmentation, and profit-driven bid management. We also assigned our client a dedicated analyst to manage bids and make timely adjustments in accordance with SportStop.com's seasonality.

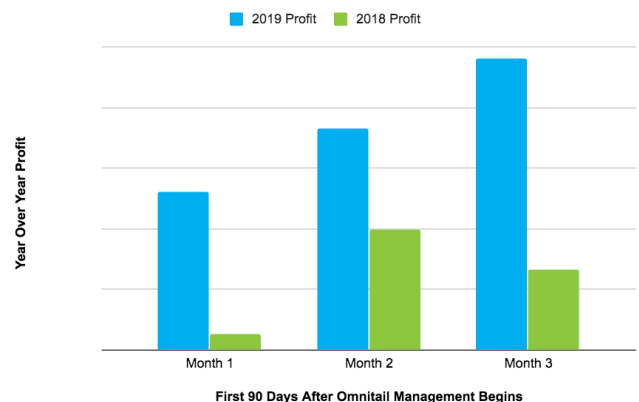
Prior to launch, we optimized the product feed, and performed a query intent analysis. Segmenting search queries by intent helped us determine where budget could be most effectively allocated, and allowed us to target search terms that would drive revenue for SportStop.com. Even better, profit-driven bidding meant the client got to keep more of that revenue as profit.

EXPLAINING CUTS TO SPEND

You might think dramatic cuts in spend would reduce revenue and further limit profit. In fact, the opposite happened. Revenue has been on the rise nearly every month since Omnitail began managing the account, and profit has increased drastically—including an almost 10x increase in the first month after the takeover.

This is a prime example of why Omnitail does not charge by percentage of ad spend. We were able to improve the performance of this account because our agency was fully aligned with the client's goals. Their previous agency, like most agencies, had an incentive only to raise spend, regardless of whether that was in the best interest of the client. At Omnitail, spend decisions have nothing to do with our bottom line and everything to do with yours.

COMPARING PROFIT YEAR OVER YEAR



In 2018, SportStop.com was working with their previous agency. Since their previous agency was pushing spend and not accounting for cost, profit was severely limited. After Omnitail took over in 2019, profit increased drastically (Image Above).

BY THE NUMBERS

120% **124%** **32%**

INCREASE
IN GOOGLE
SHOPPING
PROFIT Y/Y

INCREASE IN
NON-BRANDED
PROFIT MARGIN
Y/Y

DECREASE
IN COST
PER ORDER
Y/Y

RESULTS

SportStop.com has been with Omnitail since January 2019 and they are thriving. In terms of profit, growth has been very consistent.

The first week we took over the account set the tone for how we would continue to manage ad spend. Compared to their previous agency, Omnitail could spend a lot less, while bringing in more profit at a higher rate of efficiency.



THE PROFIT-DRIVEN
ONLINE MARKETING AGENCY

Contact us for a **FREE** Analysis
of your account at sales@omnitail.net