

Ann Stanley – Founder & CEO

Product & Profitability Reports to enhance the performance of your shopping ads

February 2024 at The Ecommerce Forum

Who am I?

Ann Stanley

- Founder and CEO of Anicca Digital
- 22 years in digital marketing, 17 years running Anicca
- Consultant and trainer, specialising in paid media, search, Analytics and ecommerce marketing – now becoming an AI geek!
- Thought leader and author:
 - anicca.co.uk/a10-marketing-framework/
 - Integrate Creating an Integrated Marketing Strategy - anicca.co.uk/integrate-book/
 - Free weekly webinar Friday 9-10am anicca.co.uk/resources-webinars/
- Socials
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17 years of data-driven digital marketing for ecommerce & established brands

Search Social Shopping Strategy **Skills**

Introductions Our pedigree

- We have vast experience of working with companies and organisations across many industries and parts of the UK
- Our deep understanding and sharp focus across digital marketing is what sets us apart from the competition, giving you comfort in knowing we are a true extension of your business.
- This is also why our internationally renowned clients stay with us year after year.





Case study for CharlesBentley.com (Anicca's client for over 10 years)

CHARLES BENTLEY

Q Search for product...

🞗 My account 🗢 Wishlist 🖞 Basket



Overview of this project











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How different margins impact the profitability of shopping ads (excl. VAT)



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*Discounting, Delivery, Payment Gateway & other costs

How to implement profit-based bidding



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Strategy 1: Manually adjust the ROAS targets for Smart bidding

- If you have products with different margins, then you can label your products in the product feed
- Group products manually into your shopping ads or Performance Max campaigns (PMax), based on the profit margin range
- If you have low profit margins, then set the smart bidding target in your shopping ads to a higher ROAS e.g. 10:1 (1000%)
- This will mean that each campaign will have a different ROAS target, based on the amount of profit you will make – not the revenue!
- You can also use this strategy in **other platforms**, such as Meta ads



Comparing ROAS & POAS targets

	Products grouped in campaigns based on margi									
	50% margin	30% Margin	20% margin							
Price excl. VAT	£100	£100	£100							
Profit	£50	£30	£20							
POAS Target	3:1 (300%)	3:1 (300%)	3:1 (300%)							
Cost per sale to hit POAS target	£16.66	£10.00	£6.66							
ROAS Target	6:1 (600%)	10:1 (100%)	15:1 (1500%)							



Strategy 2: Implementing Profit-based bidding

Step 1: Identify the margin for each product

Step 2: Create campaigns based on margins

Step 3: Extract the profit data at the point of sale & inject into Google Ads

Step 4: Smart bidding based on POAS not ROAS

> **Product Information Management System**





Strategy 3: Hybrid approach

This is a work-around for when you can't dynamically export your profit data from the thank-you page into Google Ads:

✓ Automated calculations of profit margins

- ✓ We extracted cost and the profit data from the PIM and sent it to the website (via the API)
- ✓ A Magento plugin was used to add the data it to the product feed
- We used labels to create Google Shopping campaign structure, grouping products together in campaigns based on profit margin (plus product category, to allow for management of seasonality)
- We created a dynamic Looker Studio report to report daily on the margin and required ROAS target to hit breakeven and breakeven plus 25%
- We manually adjust ROAS bidding to emulate profit-based bidding

Creating a prototype report in Excel & dynamic report in Lookers Studio

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Step 1: Extracting the data and creating a prototype report in Excel

- The client's developer used an API to create a daily export the cost and stock data from the Product Information & Management system into Magento
- This was used to added to the Merchant feed and used to create custom labels, which could be used in Google Ads to identify and group products into campaigns based on profit margin
- We also implemented **Product Hero**, to take advantage of the CSS pricing for shopping ads and to get benchmark prices
- We uploaded the data into Excel and then created a prototype, to calculate the stock-value based on RRP and profit margin



Example calculation of stock values using Excel

Product title	Category	Stock	RRP (incl. VAT)	Stock X RRP	% value of all stock (based on RRP)	Sales price (ex VAT)	Cost of landed stock	Margin (ex VAT) (before marketing	% margin on sale price	Stock X Margin	% value of all stock (based on margin)
6-seater rattan set	Garden furniture	100	£600	£60k	6%	£350	£200	£150	43%	£15k	3%
Gas BBQ	Outdoor cooking	100	£250	£25k	2.5%	£180	£80	£100	55%	£10k	1%
Total stock		5000		£1m						£0.5m	

Manual calculation of stock values (in Excel)

					Sales			Pareto %	
Broduct title	Catogory	free	PPP price	salo prico	price ex	Margin (EX	Stock y DDD	value of	Stock x
Flouder title	cutegory	SLUCK	KKP price	sule price	VAI	VAI -costj	£ 9	SLOCK	£ DO
Egg Shaped Swing Chair - Grey - Charles Bentley	garden-furniture	з	£307.99					3.68%	þ
Sydney Premium Gas BBQ Black - Charles Bentley	bbqs	2	£399.99					6.83%	: >
Rope and Metal Lounge Set - Charles Bentley	garden-furniture	14	£659.99					9.88%	
Egg Shaped Chair - Grey - Charles Bentley	garden-furniture	3	£252.99				4	12.52%	þ
Melbourne Premium Gas BBQ Black - Charles Bentley	bbqs	2	£349.99					14.95%	
OTTIMO 12" Gas Pizza Oven - Charles Bentley	bbqs	2	£259.99					17.37%	. Þ
Extra Large Coat Rack With Shoe Tidy - Charles Bentley	home-accessories	12	£549.99				4	19.42%	: Þ
3.5m Premium Cantilever Parasol Grey - Charles Bentley	garden-furniture	18	£359.99					21.46%	. >
Garden Rattan Hanging Swing Chair - Charles Bentley	garden-furniture	16	£384.99					23.40%	, p
FSC Certified Acacia White Washed Wooden Bench Dini	garden-furniture	10	£549.99				1	25.12%	: >
Polywood Lounge Set with Recliner Seat - Charles Bentle	home-furniture	7	£747.99					26.82%	þ
FSC Certified Acacia Wood and Rope Corner Lounge Set	garden-furniture	е	£769.99					28.45%	. Þ
Rattan & Polywood Corner Lounge Set - Charles Bentley	garden-furniture	е	£769.99				1	30.00%	. >
3 Seater Rope and Steel Garden Swing - Grey - Charles B	garden-furniture	13	£329.99				1	31.41%	
Mixed Material Madrid Lounge Set FSC Certified - Charle	garden-furniture	е	£660.00				1	32.77%	
3 Seater Lounger Swing Chair - Grey - Charles Bentley	garden-furniture	10	£384.99				1	34.02%	
1200W Electric Outdoor Tower Heater - Charles Bentley	patio-heaters	3	£99.99					35.23%	þ
Metal Powder Coated 4 Seater Dining Set - Dark Grey - C	garden-furniture	15	£252.99				1	36.44%	
FSC Certified Acacia Hardwood Oval Extendable Table	garden-furniture	13	£285.99					37.63%	

Step 2: Initial analysis & creating dynamic report in Looker Studio

- Once we had the data at the end of March, we found that approximately 6% of the SKU's held in the warehouse representing half of the stock value (based on quantity x margin)
- This enabled us to create separate campaigns for these high value SKU's, especially for seasonal and key stock items that only had a short selling season, e.g garden furniture and BBQ's
- Using the Excel prototype, we were then able to create a dynamic Lookers Studio report using data from Merchant Center, which included daily stock levels, margin and benchmark prices etc.
- This report showed us various things, which have been used to inform our bidding & pricing strategies:
 - Value of stock and which products need to be sold

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- What the profit was per SKU and the calculation of breakeven ROAS to ensure that bidding was set at a level 25% above this
- A benchmark of prices vs competitors and the impact on sales (discussed below)
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Daily Looker Studio report -Stock value based on margin value

id	title	Custom Label 3	Custom Label 4	cost_of_goods	impr	Clicks	Cost	qty net price	price benchmark	price diff	stock x price	margin	stock x	margin 🕶
GLWFSV	Charles Bentley Egg S	garden-living	garden-furniture		332	5	£6.47		£305.80	24.19				76
GLPLST	Charles Bentley 270L	garden-maintenance	storage-solutions		336	3	£1.84		£64.12	5.87				25
GLPLST	Charles Bentley 390L	null	null		null	null	null		£77.91	2.08				21
BBQCHI	Charles Bentley 124c	outdoor-cooking-an	fire-pits		562	6	£3.55		£125.90	4.09				53
HMBTR	Charles Bentley Extra	home-living	home-accessories		43	0	£0.00		£549.12	0.87				9
BBQ16B	Charles Bentley Sydne	outdoor-cooking-an	bbqs		5416	69	£37.28		£300.08	-0.09				33
HMXTR	Charles Bentley Luxur	null	null		null	null	null		£0.00	263.99				72
GLFBG0	Charles Bentley 8ft x	toys-games	outdoor-games		153	0	£0.00		£43.99	0				71
GLFBG0	Charles Bentley 10ft x	toys-games	outdoor-games		450	7	£2.03		£81.21	-1.22				.9
GLPHT1	Charles Bentley 2000	outdoor-cooking-an	patio-heaters		70	1	£0.50		£153.74	26.25				81
GLHM0:	Charles Bentley Extra	null	null		null	null	null		£208.56	11.43				.5
GLUMB	Charles Bentley 12kg	garden-living	parasols-and-bases		122	0	£0.00		£32.66	17.33				85
GLCAST	Charles Bentley Cast	null	null		null	null	null		£146.55	13.44				25
GLMTS	Charles Bentley Metal	garden-maintenance	garden-sheds		55	0	£0.00		£405.90	-5.91				04
HT10	Charles Bentley 270kg	diy-and-building	sack-trucks-trolleys		281	4	£2.16		£92.72	-12.73				58
GLHM0:	Charles Bentley Garde	garden-living	garden-furniture		757	9	£2.95		£164.99	0				17
CX63	Charles Bentley 63L C	diy-and-building	cement-mixers		1698	7	£2.82		£169.81	0.18				9
GLGC08	Charles Bentley Garde	garden-living	garden-clock		864	7	£1.30		£22.32	-0.33				59
GPSTAF	Charles Bentley Gripit	painting-and-decor	decorating		91	0	£0.00		£0.00	43.99				86
HMBTR	Charles Bentley Coat	home-living	home-furniture		12	0	£0.00		£206.60	68.39				02
HMXTR	Charles Bentley Luxur	null	null		null	null	null		£0.00	175.99				89
GLMTR	Charles Bentley Rope	garden-living	garden-furniture		183	1	£0.12		£545.44	4.55				3
GLMTS	Charles Bentley Metal	null	null		null	null	null		£399.99	0				88
GLGFAC	Charles Bentley FSC C	garden-living	garden-furniture		63	2	£0.72		£456.99	-7				01
GLPHST	Charles Bentley Electr	outdoor-cooking-an	patio-heaters		25	0	£0.00		£63.69	66.3				57
GLWF08	Charles Bentley Delux	garden-living	garden-furniture		251	0	£0.00		£361.32	-21.33				8
FURNCO	Charles Bentley Large	garden-living	garden-covers		835	6	£1.28		£19.99	0				8
GLGUPF	Charles Bentley 3.5m	garden-living	parasols-and-bases		66	0	£0.00		£298.99	-19				76
BBQFP0	Charles Bentley 56cm	outdoor-cooking-an	fire-pits		410	2	£1.07		£52.69	-7.7				59
GLLOGS	Charles Bentley FSC C	garden-maintenance	storage-solutions		138	2	£1.45		£0.00	159.99				4

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Daily Looker Studio report Stock value by category

Charles Bentley - Category Value

Custom Label 3 Custom Label 4 qty stock x price stock x margin • 3,622 garden-living garden-furniture null null 4,465 05 outdoor-cooking-and-heating bbqs 830 .44 Stock x margin broken down by core product categories .83 1,269 garden-maintenance storage-solutions outdoor-games 1,825 17 toys-games 1,923 4.3 garden-living parasols-and-bases 2,759 .48 home-living home-accessories 9.9% home-furniture 972 54 home-living 1.369 .37 outdoor-cooking-and-heating fire-pits garden-living gazebos-and-marques 1,173 16 13.4% garden-furniture 191 9.7 garden-maintenance garden-sheds 578 .12 diy-and-building sack-trucks-trollevs parasols-and-bases .28 garden-living garden-accessories 1.886 home-furniture 539 78 outdoor-cooking-and-heating patio-heaters bbqs home-living fireside 1.140 .79 10.5% 16 ride-ons 2,145 toys-games 65.6% .08 painting-and-decorating decorating 2,142 .82 health-wellness 594 garden-games 106 .36 diy-and-building cement-mixers 942 .27 garden-living garden-clock .67 outdoor-cooking-and-heating 912 bbg-accessories garden-living garden-lighting 704 .01 . . . ------Grand total 35.452

- 34 / 34

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Sep 28, 2023 - Sep 28, 2023

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indoor-games

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Calculating the break-even ROAS



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Calculating breakeven ROAS (to get 100% of profit) & 4:1 on profit (400%)

Product title	Category	Stock	Sales price (ex VAT)	Margin (ex VAT) (before marketing	Break even ROAS	Break- even ROAS + 25%	Max spend to achieve 4:1 on margin	Equivalent ROAS
6-seater rattan set	Garden furniture	100	£350	£150 (43%)	£350 / £150 = 233%	291%	£37.5	933%
Gas BBQ	Outdoor cooking	100	£180	£100 (55%)	£180/ £100 = 180%	225%	£25.0	720%
BBQ Cover	Outdoor cooking	500	£40	£10 (25%)	£40/ £10 = 400%	500%	£2.50	1600%

Daily Looker Studio report Breakeven ROAS based on today's price data

Breakeven ROAS (Based on Today's Price Data)

Sep 28, 2023 - Sep 28, 2023

id	title	Custom Label 4	qty	cost_of_goods	net price	price_differen ce	price	25% Profit ROAS	margin	stock x margin 🔸	margin %	Breakeven ROAS	25% Profit ROAS
GLWFSV	Charles Bentley E	garden-f	264								50.5%	198.0	247.5
GLPLST	Charles Bentley 2	storage-s	873					7			53.8%	185.9	232.4
GLPLST	Charles Bentley 3	null	784					7			48.9%	204.3	255.4
BBQCHN	Charles Bentley 1	fire-pits	382					5			47.0%	212.8	265.9
HMBTR	Charles Bentley E	home-ac	86					Б			47.6%	210.1	262.6
BBQ16B	Charles Bentley S	bbqs	196					4			37.2%	268.5	335.6
BBQ13B	nuli	bbqs	208					7			32.9%	303.7	379.6
HMXTR	Charles Bentley L	null	107					5			53.2%	187.9	234.8
GLFBG0	Charles Bentley 8	outdoor	611					5			50.3%	198.9	248.7
GLFBG0	Charles Bentley 1	outdoor	293					2			55.8%	179.1	223.8
HT10	Charles Bentley 2	sack-truc	253					1			51.1%	195.7	244.6
GLPHTT	Charles Bentley 2	patio-hea	116								57.1%	175.3	219.1
GLHM03	Charles Bentley E	null	100					7			50.7%	197.2	246.5
BBQ16S	null	bbqs	69					1			46.1%	217.0	271.2
GLUMBA	Charles Bentley 1	parasols	358					5			61.0%	163.9	204.9
GLCAST	Charles Bentley C	garden-f	152					5			43.4%	230.2	287.8
GLPLSH	null	garden-s	55					7			38.1%	262.1	327.7
GLHM02	Charles Bentley G	garden-f	100					7			56.3%	177.5	221.9
GLGC08	Charles Bentley G	garden-cl	930					В			40.8%	244.8	306.0
GPSTAR	Charles Bentley G	decorating	252								74.7%	133.8	167.3
HMBTR	Charles Bentley C	home-fur	53					В			56.2%	177.8	222.3
HMXTR	Charles Bentley L	null	89					В			52.1%	192.1	240.1
GLMTSH	Charles Bentley N	garden-s	37					В			48.7%	205.2	256.5
GLMTRC	Charles Bentley R	garden-f	67					5			22.0%	454.8	568.5
SLTR8F1	null	garden-g	168					5			34.7%	288.5	360.7
GLGFAC	Charles Bentley F	garden-f	56					ő			28.6%	349.4	436.8









Implemented CSS using Product Hero – drop in CPC





Price competitiveness data





Outdoor furniture mostly at benchmark price



Benchmark price over last 7 days for Outdoor Furniture



Price competitiveness by product type



Sale products get the most clicks



Daily Looker Studio report Impact of prices on sales

Charles Bentley Stock Analysis Table (Daily Updated -Avg. price difference vs competitors, per category. A higher bar means you are more expensive vs the competition (on average, per category) parasols-and-bases indoor-games 100 80 60 40 20 -20 -40 -60 Jun 1 Jun 12 Jun 23 Jul 4 Jul 15 Jul 26 Aug 6 Aug 17 🔤 28 Sep 8 Sep 19 Sep 30

Prices are very competitive

Summed impressions over time, broken down by product category (Custom label 4) A higher bar indicates more impressions (per category / segment)



Summed clicks over time, broken down by product category (Custom label 4) A higher bar indicates more clicks (per category / segment)





Increase in revenue due to increased impressions & clicks









Year on year revenue growth by sector (imrg data)

Year on Year Revenue Growth – Last 12 Months



When comparing 23 vs 22 revenue, Home & garden was only positive in May & July (and by <5%)

imrg

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Search Demand over the last 5 years

Garden Furniture 133k search in final month -24% YOY

BBQ 622k search in final month -3% YOY





Search Volumes for each month (garden furniture)



---Garden furniture - Search Volume



Search Volumes vs max temperature for each month











































Results in May 23 – following activities to increase PPC results

Channel	Sessions	Revenue	Conversion rates
All	100% <mark>(-13.8%)</mark>	100% (+17.5%)	2.3% (+52%)
Paid search	70% (+5.5%)	62.5% (+49.5%)	2.1% (+66.5%)
Direct	8.1% <mark>(-29.4%)</mark>	15.5% (+113%)	4.4% (+328%)
Google organic	11.6% <mark>(-42.3%)</mark>	7.2% <mark>(-26%)</mark>	1.6% <mark>(-4.6%)</mark>
Email	<2% (+25.3%)	2.5% (+1354%)	1.7% (+737%)
Referral	<2% (+25.8%)	<2% (+268.3)	4.4% (+181%)

- Searches were down by ~32% in May for Garden furniture (used as a volume indicator)
- Conversion rates were improved on the new site vs the previous site
- Organic traffic had dropped further following a new site build and limited investment in SEO which has now been addressed
- **Paid search** sessions were up by 5.5% but our focus on high value and high margin products, plus the increased conversion rate, resulted in **49% increase in revenue**

Revenue year on year (for paid search)





Summary

- It is essential for ecommerce businesses to extract stock and cost data, so in order to calculate profit margins and stock-value (on a daily basis)
- Once you have this data in your website, you can export it via your Merchant feed to:
 - Create a series of dynamic Looker Studio reports to help you understand, which SKU's have the most value (in revenue and profit)
 - Create custom labels and campaign structures in shopping ads, to focus on priority products, eliminate "Ghosts" and have buckets of products with similar margins
 - Calculate the target ROAS for Smart bidding, to ensure you make the required profit (POAS)
- Server-side tracking is the recommended way to provide conversion data to ads platforms via their conversion APIs (CAPIs) and for use with automated profit-based bidding
- However, if you are unable to implement this yourself, then there are software solutions and workarounds to allow you to implement a pseudo or manual profit-based bidding, by changing the ROAS targets for each campaigns (split by profit margin)
- Using software like Producthero, allows you to benchmark prices from resellers and competitors.
 You can also benefit from the 20% discounted CPC's available with CSS. This data can be used to determine the price sensitivity in the market and shows the impact of any price changes.
- Mapping the relationship between weather, search demand and sales is a great way of understand what triggers sales, so you can put in place procedures, so your team responds quickly to changing demand, e.g. by increasing budgets.



Free webinar every Fridays 9-10am

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Urgent Update on Google Cookie Consent V2 Rollout (Friday 2nd February 9:00am -10:00am)

💄 Ed Truman

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As we gear up for the Google Cookie consent rollout on March 7th, there are necessary steps to take before the day arrives. Join the Head of Analytics Ed Truman, as he will take any questions in our live Q&A and presentation. You don't want to miss this one, see



IRX Webinar (January 2024) – Technical Innovations That Mess With Your Marketing by Ann Stanley

Ann Stanley, Founder & CEO of Anicca Digital, was invited by the team at IRX, to present a webinar on January 29th, 2024, talking about "The latest technical Innovations that can mess with your marketing". Ann presented a detailed guide to some of the crucial changes that have are

https://anicca.co.uk/resources-webinars/







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