

# BUS 450G

Google AdWords  
Pre-Campaign Report



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## **Client Analysis**

Founded in June 2011, 23penny.com is in the business of re-selling limited edition and old NBA player endorsed basketball sneakers. 23Penny is headquartered in Atlanta, GA and is solely run by CEO and founder, Mr. Yuanrun Zheng. 23Penny offers a variety of shoes, designs and sizes to cater to his wide online customer base, which is mostly comprised of 15 to 35 year-old males in Georgia, Florida, New York City and Chicago. Mr. Zheng acquires most of his stock through wholesale purchases from retail distributors and ensuring that he is always standing overnight in line for limited edition releases. As he is the sole proprietor of this business, he is in charge of marketing and maintenance of the website <http://www.23penny.com>, which is set up from bigcartel.com's platform. Because the majority of his business is conducted through his website, Mr. Zheng updates his website with new product listings, photos and specifications every three days. In regards to social media, he updates his social media realm of Twitter, Instagram and Facebook everyday to keep his 25,813 followers up to date on daily musings and new products. Through these efforts, 23Penny is able to retain 90% of their customer base. Most of the company's new customers come from word of mouth and having an online presence in this niche sneaker market. Overall yearly revenue for 23Penny ranges from \$400,000 to \$600,000.

## **Market Analysis**

The basketball shoe industry refers to casual and athletic shoes made by manufacturers such as Nike and Adidas. Brands and demand are often built on successful basketball athletes who release new shoes and occasionally re-release past styles. The price of a particular model, thus, depends on the current word of mouth demand ("hype"). The reseller industry, which 23Penny operates in, however, should be treated separately from the overall industry.

The reseller industry exists because of higher willingness to pay derived from the products' limited supply in conjunction with their high demand. The industry is moderately competitive and entry is easy. However, long-term viability is determined through the ability to secure highly demanded supply. Therefore, resellers must leverage business relationships to acquire more exclusive items. Buyer power for the industry is low mainly because of supply limit. More effort is done on the consumers' part to purchase their desired pair of shoes. Supplier power is significant because only a few manufacturers create the many brands that are sold in limited supply. Threat of substitutes does not exist because of consumer behavior. If a consumer wants a specific pair, other types of shoes, such as dress shoes, could not be substituted for the same particular fashion needs.

Target customers for the niche market are more towards a general attention to male fashion and social behavioral beliefs. Therefore, potential customers include anyone who is interested in shoe



fashion for personal or social satisfaction, and has proper disposable income (because high profile shoes can range from \$200-\$1000).

Major players in the market include sellers on platforms such as eBay, other niche resellers, such as Kixsquare.com, and large retailers such as Nike. Compared to brick-and-mortar stores, online sellers are in closer competition because consumers tend to directly search online for more limited edition items.

### **Current Marketing**

Currently, 23Penny mainly markets and interacts with consumers through social media sites such as Facebook, Twitter, and Instagram. The main website is mainly used for sales. The website's strength is that it displays the newest, upcoming, as well as the most popular shoes on the landing page, making the items more accessible to customers. The website, however, suffers from poor design and layout that makes the other items offered harder to find. From Google Analytics, 23Penny has a total of 80,000 visits from January 21<sup>st</sup>, 2012 to February 20<sup>th</sup>, 2013. 94% of the visits are from the United States and the rest are from Canada, the UK, France, Germany, Japan, Germany, and South Korea. 30% of the visits are new with an average of 2 ½ minutes duration, 4 page visits, and 35% bounce rate. More than half the visits are on mobile devices. Of the reported sources, 50,000 visits are direct, about 10,000 are organic, and the rest are referral. When the actual company name, "23Penny" is typed into Google Search, the website is the first listed in the search results. However, when general keywords such as "limited edition sneakers", the website does not show up in the first 100 search results.

### **Conclusion**

With the business's highly competitive nature, 23Penny needs to increase its brand awareness to be more profitable. The AdWords Campaign directly aligns with the client's business by hopefully linking consumers direct access to the website when searching to purchase the specific shoes offered.

### **Proposed AdWords Strategy**

The proposed AdWords strategy aims to drive 23Penny's average daily website traffic from 3500 clicks per day to around 4025 clicks per day. Our group intends to have both a Google Search Network as well as a Google Display Network campaign. Our search campaigns are structured according to 23Penny's major sneaker brands in addition to the way that Mr. Zheng arranges the website and inventories to best target customers. The display campaign will show visual stimulus of 23Penny's high profile shoes to draw in target customers. Realizing that most buyers for limited edition sneakers would proactively search for the specific shoe models they desire, we will test the



display campaign for a week to ensure a cost effective conversion rate. The ad group structure for both the search network campaigns and the display campaign is summarized in table 1:

*Table 1: Sample Ad Groups for Search Network Campaigns and Display Network Campaign*

Google Search Network			Google Display Network		
Campaign	Ad Group	Sample Ad Copy	Campaign	Ad Group	Sample Ad Copy
Air Jordan	Model name; Nicknames; Size; Year Released; Color (with nickname); Misc. Searches	<a href="#">Retro Air Jordans</a> 23penny.com/jordans We offer '95 - '13 Air Jordans Buy now! best prices around town!	Premium Collection	Model name; Nicknames; Size; Year Released; Color (with nickname); Misc. Searches	
Kobe		<a href="#">'97 - '13 Kobe Shoes</a> 23penny.com/kobes Unique collection of Kobe's Shop the selection now!			
LeBron		<a href="#">Retro LeBron Shoes</a> 23penny.com/lebrons We sell limited edition Lebrons at the best prices! Shop now!			
Misc. Brands		<a href="#">Cheap 2nd Hand Lebrons</a> 23penny.com/kobes New limited edition Lebrons Previously owned, never worn			

In each ad group, broad phrases, exact phrases and negative keywords would be used to optimize search result. In selecting keywords for each shoe model, we have researched the nicknames for each model and have analyzed the most cost-effective search terms using Google Keyword Tool and Traffic Estimator Tool. Contextual targeting tool is also used to generate Google suggested keywords for each ad group. Examples of sample keywords are presented in table 2.

*Table 2: Sample Keywords and Sample for Campaign "Air Jordan" and for Campaign "pre-ordered/limited"*

Google Search Network							
Sample Ad Groups	Air Jordan + Model Name	Spring Cleaning Sale	Nickname	Size	Year Released	Color	Misc.
Sample Keywords	zoom hyperdunk 2011, blake griffin"	* Sale items to be confirmed	[zoom kobe area 72],	"zoom kobe I + size 10"	"kobe release date 2013"	"zoom kobe red-metallic gold"	[kobe 583110-800], [kobe system]
Negative Keywords	[-used sneakers], [-free shipping], [-women's shoes]						



The budget would be allocated proportionally throughout the three-week campaign period. For the first week, 20% of the total budget would be used to test all campaigns and keywords. The percentage spent would grow as the team identifies the best performing keywords with high CTR. The search campaigns would make up 90% of the budget, with relatively heavier investment on the more popular Air Jordan and LeBron brands. As we will need to test the display campaign before the final launching decision, the specific amount allocated to week 2 and week 3 are to be determined. Details on proposed budget are shown in Table 3.

**Table 3: Proposed Budget by Campaign and Week**

Google Search Network					Google Display Network
	Air Jordan	Lebron	Kobe	Misc.	Pre-Order/Limited
	30%	30%	20%	10%	10%
<b>Week 1</b>	\$15.00	\$15.00	\$10.00	\$5.00	\$5.00
20%	\$2.14 per day	\$2.14 per day	\$1.43 per day	\$0.71 per day	\$0.71 per day
<b>Week 2</b>	\$22.50	\$22.50	15	\$7.50	\$7.50
30%	\$3.21 per day	\$3.21 per day	\$2.14 per day	\$1.07 per day	\$1.07 per day
<b>Week 3</b>	\$37.50	\$37.50	25	\$12.50	\$12.50
50%	\$5.36 per day	\$5.36 per day	\$3.57 per day	\$1.79 per day	\$1.79 per day
<b>Total</b>	\$75.00	\$75.00	\$50.00	\$25.00	\$25.00
	\$10.71 per day	\$10.71 per day	\$7.14 per day	\$3.57 per day	\$3.57 per day

This campaign aims to increase awareness for 23Penny’s website through achieving a 15% increase in average daily website traffic. Our goal is to achieve a CTR of 2%. Moreover, the average CPC is \$0.52, which would lead to 275 clicks out of 11428 impressions. Due to the highly specialized nature of the limited edition sneaker market, competition for keywords is relatively low. The Google Analytics Tool would also be used to identify patterns in consumer behavior and most popular landing pages so as to aid the success of this campaign.

