

Dewy Store

Optimising Ad Efficiency

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Background

The client runs an online store on Naver Store (similar to Google Shopping). They want to **improve ad efficiency**, as they believe it has declined.

Analysis Data Collection Period: December 1-14, 2024 (14 days)

Business Proposal Test Period: January 6-19, 2025 (14 days)

Key limitations:

- Only CPC-based search ads are being used, with no plans to increase the ad budget.
- CPC optimisation tools are already in place, and CPC data was not provided due to company confidentiality.
- The price of each product has already been fixed.
- Currently, the same amount was allocated to each product's ad.

[Link to Raw Data](#)

Agenda

- **Key Recommendations**
- **Analysis Approach / Framework**
- **Business Opportunity 1: Increase Conversion Rate (CVR)**
- **Business Opportunity 2: Increase Order Size**
- **Business Opportunity 3: Increase Click-Through Rate (CVR)**
- **Action & Result**

Key Recommendations

1. **Increase Conversion Rate:** Reallocate the budget to the best performing products, while investigating the worst performing products to increase conversion rate.
 - Allocate a larger portion of the budget to Facial Cream and Shampoo given their high performance to increase conversion rate.
 - Conducting deep-dives into the Facial Cleanser ad to identify the root cause of its 0% conversion rate.
2. **Increase Order Size:** Leverage selling strategies to optimise conversion revenue.
 - Implement order enhancing strategies (e.g., up-selling, cross-selling) to increase the current average order size from 1 to optimise conversion revenue.
3. **Increase Click-Through Rate:** Focus on the media channels with the highest CTR to improve performance.
 - Reallocate the budget to Naver Search media channel with highest CTR, while excluding bottom 6 media channels to improve budget efficiency.

Analysis Approach / Framework

Objective: To achieve the goal of increasing **ad efficiency** for Dewy Store, we focus on **ROAS (Return on Ad Spend)** because it directly measures the revenue generated per unit of advertising investment, helping us assess the effectiveness of ad spend in driving sales.

$$\text{ROAS (Return On Ad Spend)} = \frac{\text{Conversion Revenue}}{\text{Ad Spend}}$$

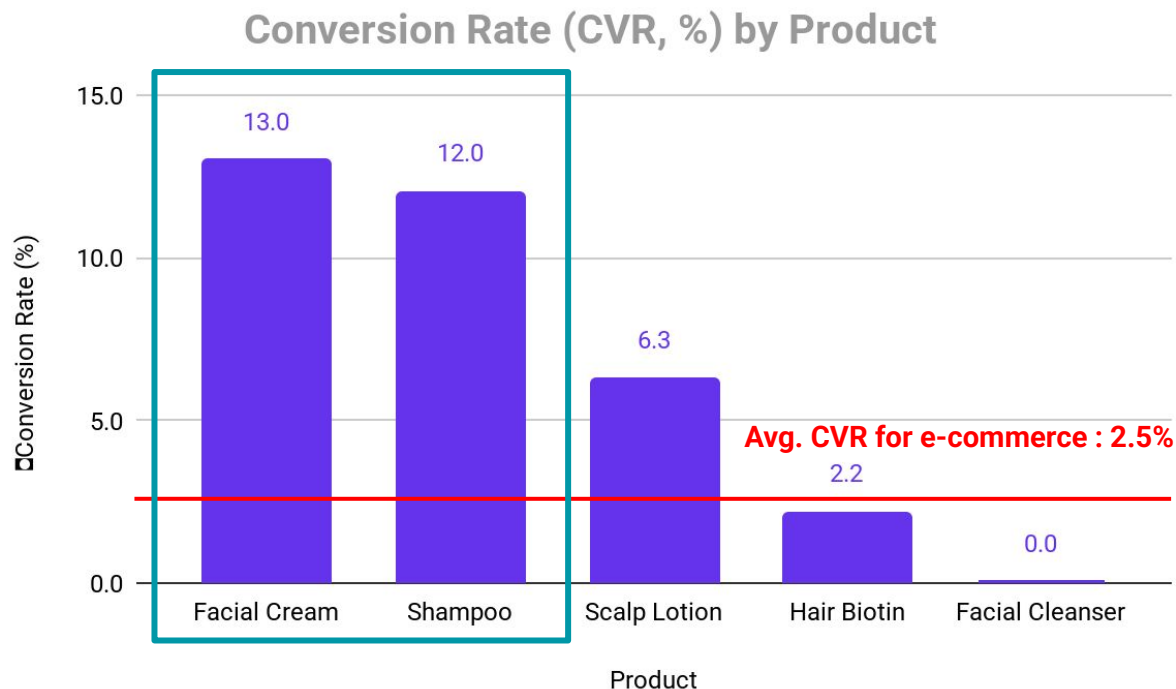
Business Opportunities

1. Increase Conversion Rate (CVR)
2. Increase Order Size
3. Increase Click-Through Rate (CTR)

As the company is not considering any budget changes, we cannot reduce the ad spend.

1. Increase Conversion Rate (CVR)

Reallocate the budget to Cream and Shampoo given their high performance, while conducting deep-dives in Cleanser to increase conversion rate.



Facial Cream and Shampoo have the highest CVRs of 13% and 12%, respectively, surpassing the industry average of 2.5%, while Facial Cleanser has the lowest CVR of 0%.

We recommend reallocating a larger portion of the existing budget to Facial Cream and Shampoo to maximise their strong performance.

As Facial Cleanser has a CVR of 0%, we recommend conducting a deep dive into the ad to identify the root cause of its low CVR.

2. Increase Order Size

Incentivise customers with order-enhancing strategies to increase the current average order size from 1 to maximise conversion revenue.

Average Order Size per Order by Product

<i>Product</i>	Average Order Size / Order
Facial Cream	1.1
Hair Biotin	1.0
Scalp Lotion	1.0
Shampoo	1.0

The average order size for all products converges to 1.

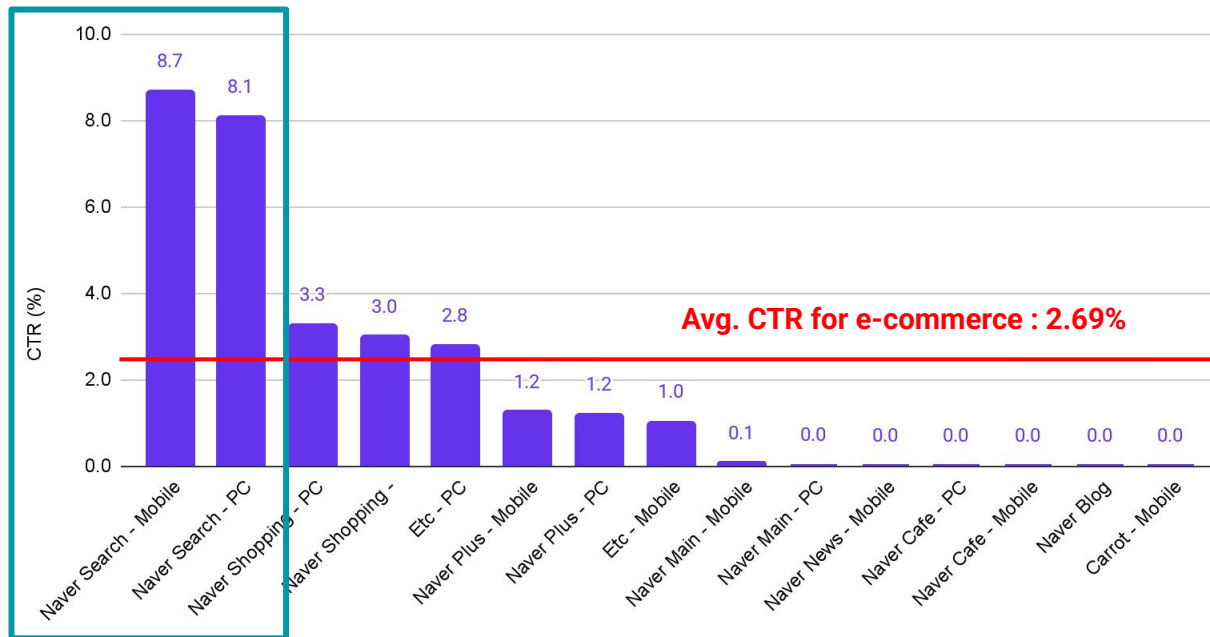
This suggests that **customers are not being incentivised** to add more items to their orders, missing opportunities to increase the revenue.

We recommend **implementing strategies to encourage customers to make additional purchases (e.g. cross-selling or up-selling strategies) to maximise conversion revenue.**

3. Increase Click-Through Rate (CTR)

Reallocate the budget to Naver Search media channel with highest CTR, while excluding bottom 6 media channels to improve overall CTR.

Click-Through Rate (CTR, %) by Media



Media

* Click-Through Rate = number of clicks / number of impressions x 100

The CTR through Naver Search is the highest on both Mobile and PC at 8.7% and 8.1%, respectively, followed by Naver Shopping on PC (3.3%), Mobile (3.0%), and other PC channels (2.8%).

The bottom 6 media channels have 0% CTR.

As the top 2 media channels exceeds the industry avg. of 2.69% by more than 3X, we recommend allocating a larger portion of the ad budget to Naver Search.

For more efficient use of the limited advertising budget, we suggest excluding the bottom 6 channels with 0% CTR.

Action & Result

Recommendations

Reallocate the budget to the best performing products, while investigating the worst performing products to increase conversion rate.



Action

Reallocated ad budget by product & launched discount promotions for the low-performing product.



Result

**Overall Conversion Rate
+2.3% p**

Implement order enhancing strategies (e.g. up-selling, cross-selling) to increase the current average order size from 1 to optimise conversion revenue.



Identifying products for cross-selling.

Focus on the media channels with the highest CTR to improve performance.



Reduced the number of ad media channels and optimised performance.



**Overall Click-Through Rate
+1.07% p**

Thank you!

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