

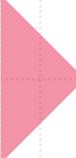


# 3S Home

PPL Performance Analysis

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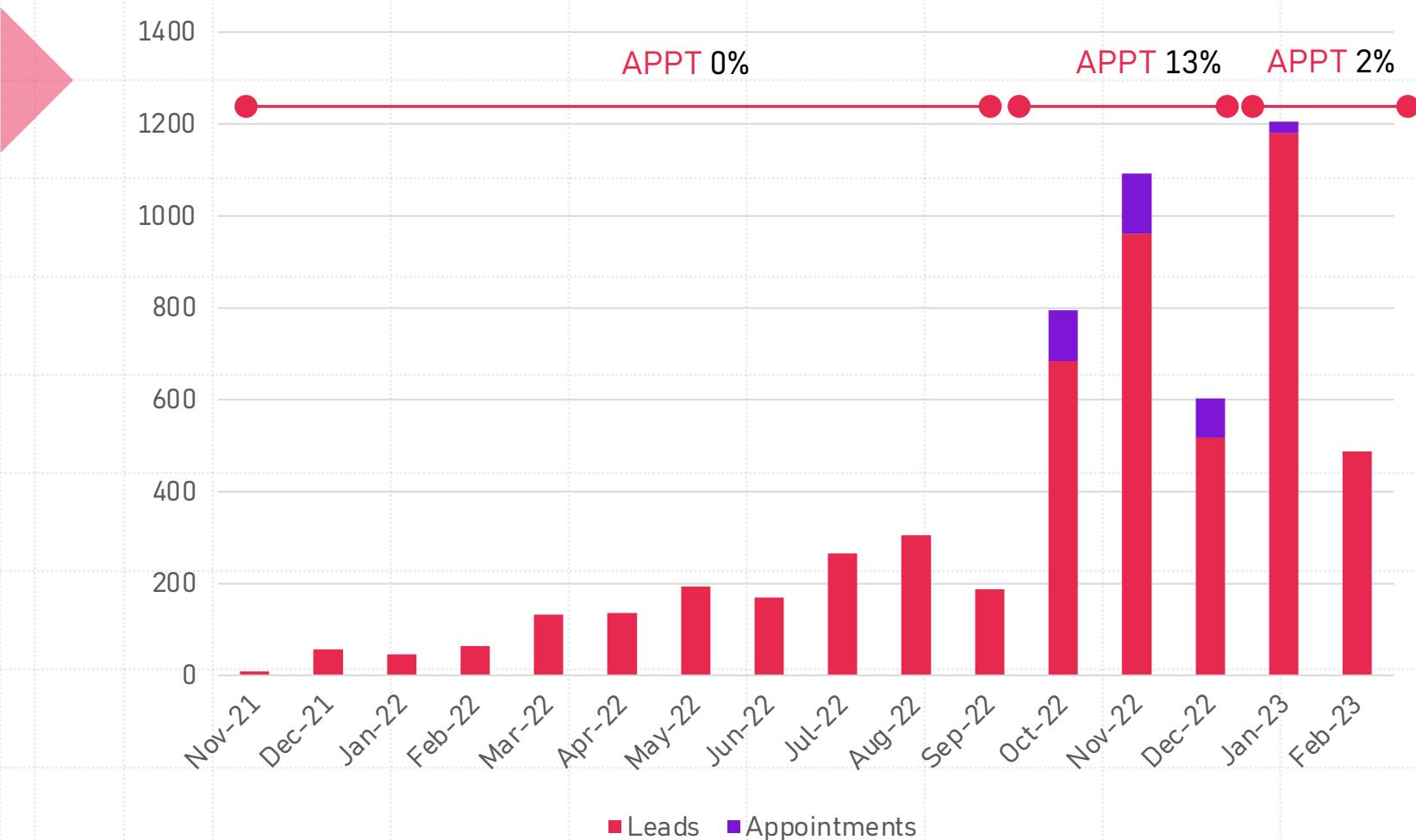
April 2023



# Executive Summary

- Because of premium leads resulting in high appointment rates, a **\$90 flat Price Per lead (PPL)** is achievable for this partner
- Further segmentation by **keyword** (local v. generic) results in potential PPL of up to **\$110**, creating an additional **\$30k** in revenue for 3S in 2023
- Results are highly dependent on assumed APT rate; data is heavily skewed towards Q3 so rapid adjustments may be necessary to capture value
- May consider additional editorial content to counteract seasonality and bump APT rate

# Flat cost per lead

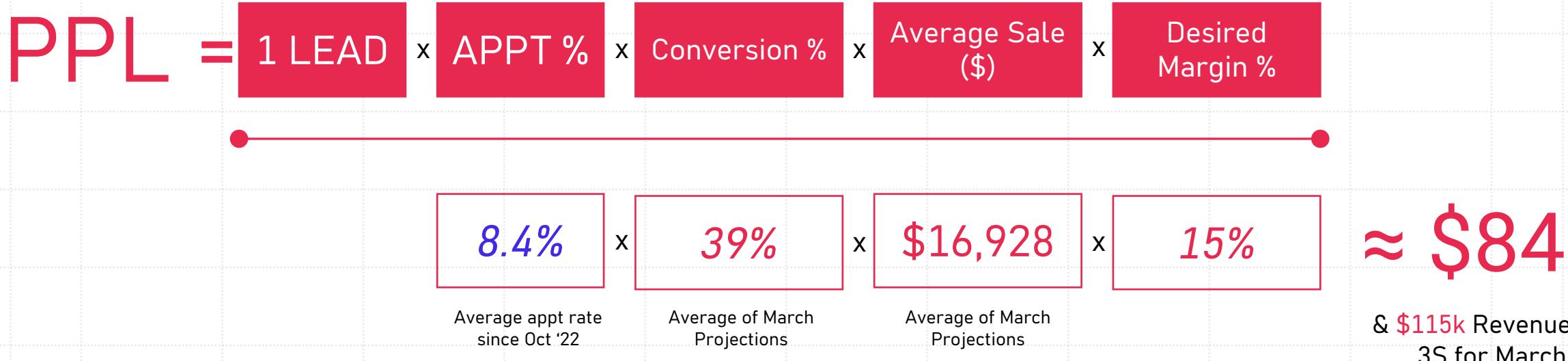


- Majority of leads and all appointments occur during and after Q3 '22
- Overall appointment (APPT) rate (APPT %) of 6.1% is skewed by the volume of APPTs during Q3 '22
- Seasonality could affect both lead and appointment volume
- Lack of appointment data for Q1 could be a result of data lag from partner for appointment confirmations
- Leads could still be sold under the presumed APPT % of 13% in reserve for later seasons or with **additional editorial content promoting Spring/Summer sales**

# Flat cost per lead

$$\text{PPL} = \text{1 LEAD} \times \text{APPT \%} \times \text{Conversion \%} \times \text{Average Sale (\$)} \times \text{Desired Margin \%}$$

# Flat cost per lead



# Flat cost per lead

## Additional thoughts

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- \$90 PPL assumes a smooth appointment rate; if we take APPT % Q3 '22 of 13% we arrive at a PPL of ~\$150.
- The \$90 PPL allows for more gradual price increase as well as opportunity to collect additional and more precise data from partner(s)
- A breakdown of PPL analysis by project reveals more granular price fluctuations; however, differences do not shift PPL bucket (child leads discontinued)

# Additional Pricing Structures

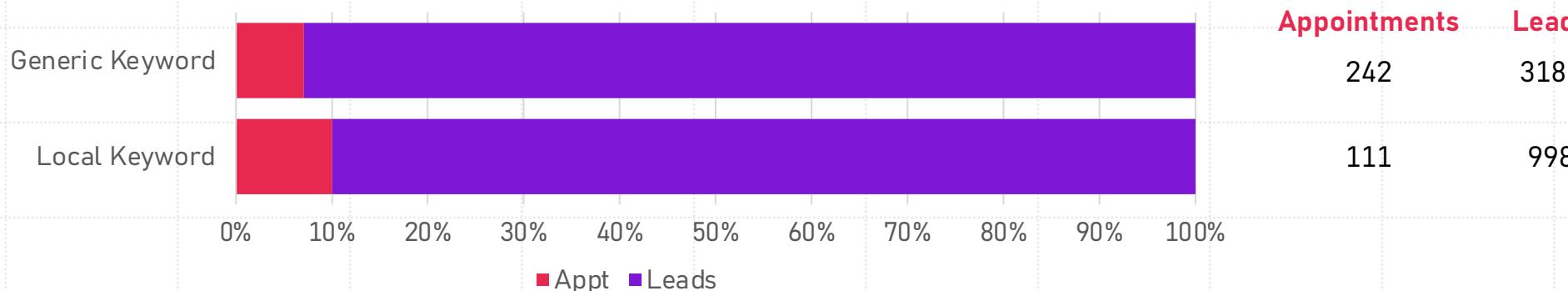
*Top ten keywords by APPT %, filtered for leads > 10*

Keyword	Appointments	Leads	Apt Rate
roofing companies <b>nearby</b>	6	34	17.65%
roofing companies <b>near me</b>	10	59	16.95%
roofers <b>near me</b>	18	123	14.63%
local roofing companies <b>in my area</b>	2	14	14.29%
metal roof installation <b>in</b>	3	22	13.64%
<b>local</b> roofing companies	16	131	12.21%
roofers <b>in</b>	30	255	11.76%
shingle roof installation	6	54	11.11%
home roofing	11	117	9.40%
roofers <b>near</b>	34	371	9.16%

- Keywords with a **local** focus have higher appointment rates
- Customers who are looking to make a purchase are likely researching contractors vs. general research (location indifferent)
- By adding a **LOCAL** flag we can further segment for quality

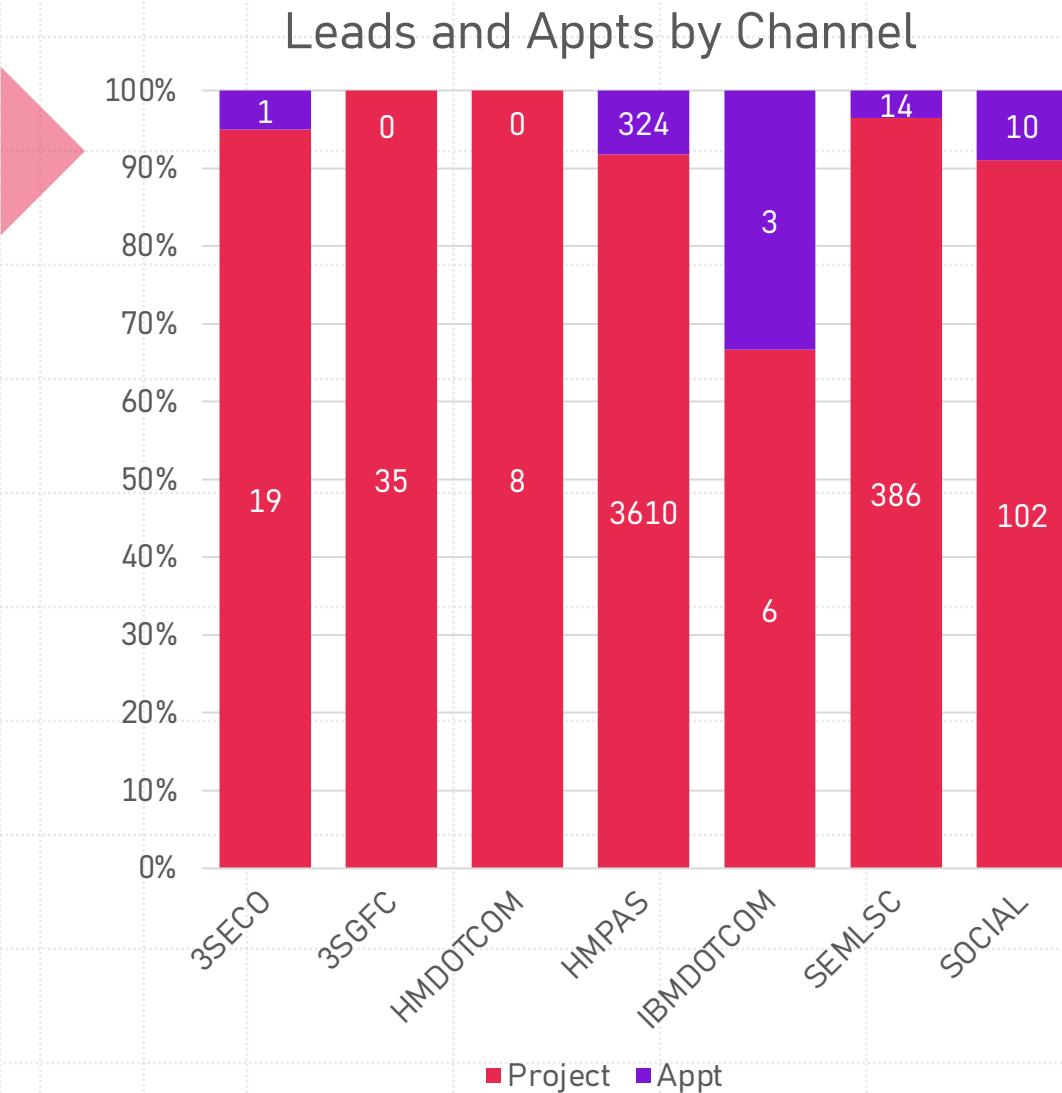
# Additional Pricing Structures

## Appointment rate for local vs. generic keywords



- Local keywords have an **11%** appointment rate in Q3 '22/Q4 '23 vs. an **8%** appointment rate for generic keywords, resulting in a potential PPL of **\$110** for local keywords vs. **\$80** for generic keywords
- Pricing based on this split, assuming a mix of volume, would result in **\$118k** in revenue for 3S in March

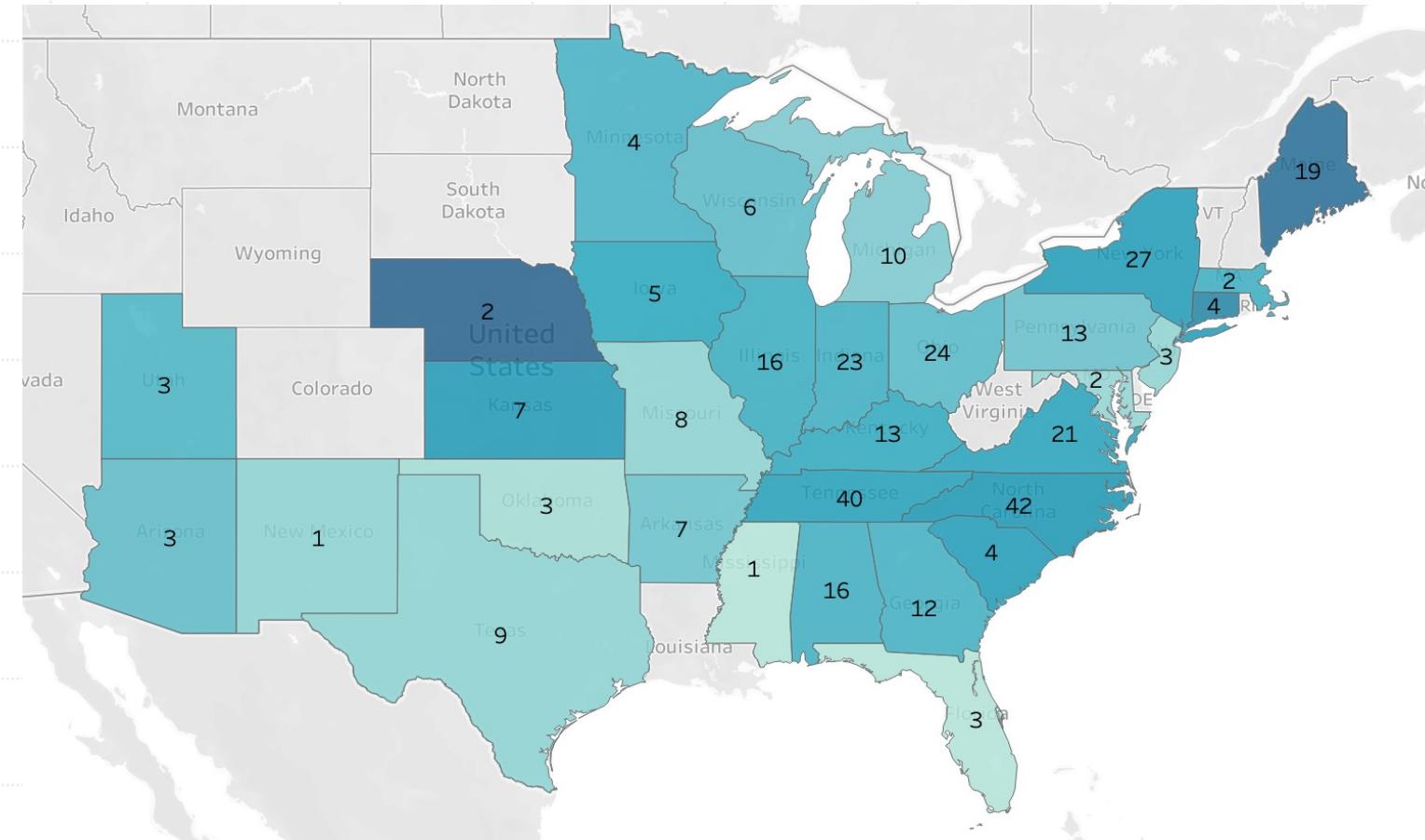
# Additional Pricing Structures



- Appointment rate varies substantially by channel, although low volume channels may require more data
- Opportunity to invest in higher performing channels (**SOCIAL**, **IMBDOTCOM**) while discontinuing lower performing channels (**3SGFC**)
- Opportunity to increase **APPT %** in higher volume channels (**HMPAS**)
- Organic searches generally perform better than paid search

# Additional Pricing Structures

*Total Leads per State shaded by APPT %*



- Although **APPT %** is relatively consistent by geography, opportunity exists to invest in higher demand states (NC, ME)
- No west coast offerings; partner should investigate geographical expansion through partnership or acquisition
- Partner should investigate expanding into higher population states (TX, CA, FL) or else focus more heavily on available geography

# Additional Pricing Structures



**High Quality**

Fall

Regional Keyword

IBMDOTCOM, SOCIAL, HMPAS

Organic

**Low Quality**

Spring, Summer, Winter

Generic Keyword

3SGFC

Match (paid)

# Next Steps

- Work with partner to acquire more precise and timely data to monitor appointment rates and adjust model accordingly
- Build new pricing engine to distinguish between high-quality and low-quality leads and adjust pricing mechanisms dynamically
- Work with editorial to create new content to counteract seasonality and encourage off-season purchases
- Analysis by project; continue to parse differences and integrate into pricing model
- Investing in higher performing SEO to capture higher quality organic traffic
- Explore geographic and channel adjustments to promote higher appointment rates
- Consider expansion into commercial and industrial spaces