



HD Supply: The Leader in the Industrial Distribution Space

A company that distributes specialized hardware, tools, and engineered materials to improve their associates' lives

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About HD Supply

HD Supply's two leading businesses units – **HD SUPPLY FACILITIES MAINTENANCE** and **HD SUPPLY CONSTRUCTION & INDUSTRIAL** – have more than 80 years of experience supporting our customers with leadership positions in the maintenance, repair, operations (MRO), residential, non-residential and specialty construction sectors. With 270 branches and 44 distribution centers spread across 36 states and 6 Canadian provinces, HD Supply provides an expansive offering of approximately 800,000 SKUs featuring high-quality, name-brand and proprietary products – all at competitive prices.

At HD Supply, they believe that their core purpose is to improve their associates' lives and equip them with the tools needed to provide exceptional customer experiences every day. As one of the largest industrial distributors in North America, they enable their customers' success by consistently delivering what they need, where and when they need it.

HD Supply decided to hire Zebra Advertisement, a leading digital marketing agency, to advertise their industrial construction products online & generate foot-traffic to their store locations. Zebra Advertisement hypothesized that they would use Google's Shopping tool would lead to substantial growth for HD Supply.



Introduction



The HD Supply project needed a solution to increase their omnichannel ROI. Their main sources of revenue were the website and the physical locations, as they had always been operated as separate entities.

Based on what we just discussed, Zebra Advertisement's strategy consisted of first integrating online and offline channels and then breaking down the project into **three phases** to guarantee a rapid start, a strong client base development and an increase of the return on the investment from the marketing budget.

1. **Phase 1** - This first step consisted of growing in-store conversions using targeted online campaigns through Google AdWords.

We launched over 220 campaigns using a combination of shopping, call, search, and display campaigns with the goal to increase omnichannel sales (which is defined as the combination of online and offline sales).

2. **Phase 2** - This phase was focused on the transition from conversion optimization bidding to bidding focused on maximizing both transactions and in-store visits to generate an overall higher omnichannel ROI.

This transition started in December 2018 and it will continue all the way until the end of the year to be able to compare 12 months worth of data.

3. **Phase 3** - In this phase, we wanted to increase the local awareness for HD Supply to drive more in-store visits. We created a video campaign for everyone living within 10 miles of the retail stores that had visited their website but didn't complete a purchase, nor visited the store.

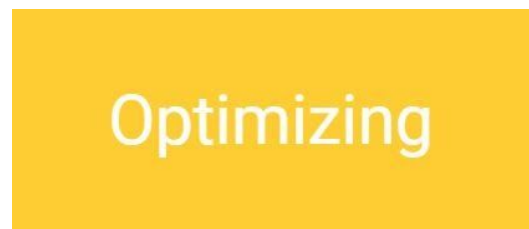
In addition to that, we created local campaigns, dynamic search and smart shopping campaigns on Google with the goal to increase the ROI further by leveraging on data that we collected on the previous two phases.

Bidding

1. After HD Supply approached Zebra Advertisement, approximately over 220 campaigns were set up to target specific product categories.
2. We combined in-store visits and online sales to create our target metric and focused on reaching a higher overall ROI.
3. We monitored campaign performance using an API based reporting system.
4. We modified bids using our proprietary API to maximize the ROI.



This graphic shows the number of in-store visits from January 2018 to December 2018.
With the account, we started to focus on omnichannel optimization for a **better ROI**.
In January 2018, the number of visits was at **3,710** and gradually increased all year long to reach a point of **11,000** visits in December 2018.



1. Phase two had the goal to start focusing less on online transactions and more on in-store visits. This caused a decrease in direct conversions from Pay-Per-Click:

Month	Sessions	Transactions	Transaction revenue	Avg. order value	Ad cost
2018 09	86302	190	\$44,281.10	\$233.06	\$91,763.61
2018 10	145282	247	\$69,849.17	\$282.79	\$151,082.19
2018 11	130353	170	\$36,953.39	\$217.37	\$99,687.66
2018 12	80874	76	\$22,842.77	\$300.56	\$65,120.87
2019 01	96662	108	\$22,063.86	\$204.30	\$88,803.87
2019 02	45831	48	\$17,390.53	\$362.30	\$48,066.92

2. We kept increasing the focus on in-store visits and finally got to generate a very high in-store visits conversion rate which also has a higher average order value compared to online transactions, creating a win-win scenario for the business:

Month	In-Store Visits	Indirect Sales	Transaction revenue	In-Store Visit Rate	In-Store Visit Value	In-Store Revenue	Ad cost
2018 09	12652	\$31,832.63	\$44,281.10	3.64%	\$180	\$2,215,620	\$91,763.61
2018 10	14146	\$48,573.53	\$69,849.17	3.15%	\$180	\$2,498,580	\$151,082.19
2018 11	12313	\$25,039.21	\$36,953.39	3.05%	\$180	\$2,147,400	\$99,687.66
2018 12	7963	\$14,493.27	\$22,842.77	2.88%	\$180	\$1,389,780	\$65,120.87
2019 01	4283	\$23,155.00	\$22,063.86	1.79%	\$180	\$889,560	\$88,803.87
2019 02	8245	\$7,131.93	\$17,390.53	4.04%	\$180	\$1,449,720	\$48,066.92

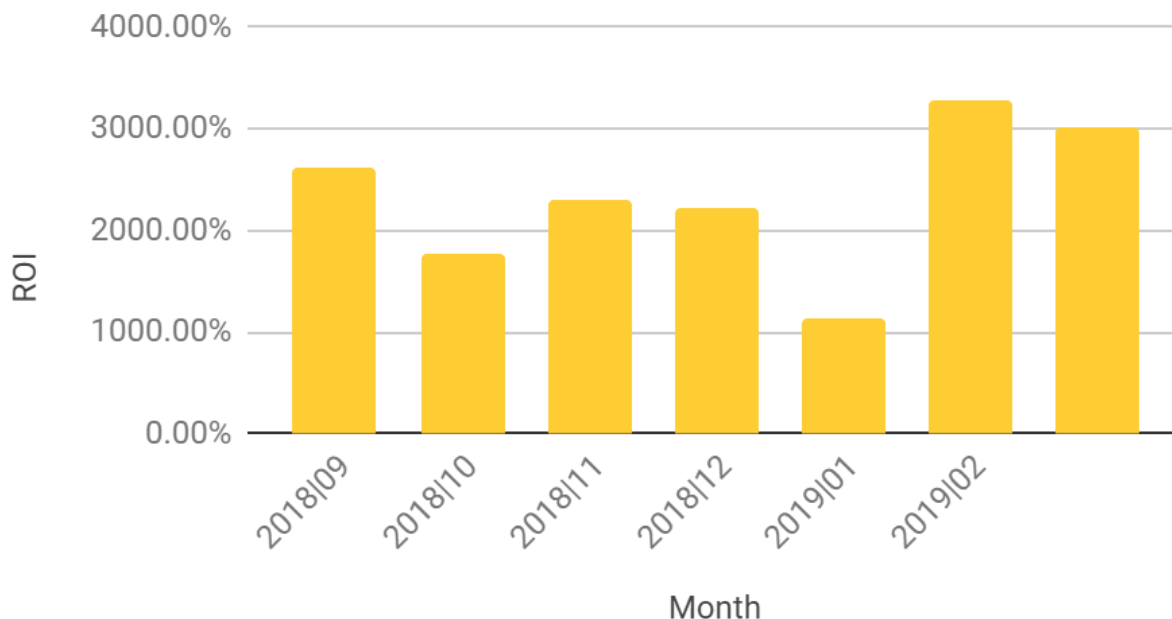
2019 03	11929	\$25,263.06	\$34,239.04	4.43%	\$180	\$2,147,220	\$71,030.92
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3. The important stuff: **What about ROI?** We started seeing four-digit percentage ROIs starting from month one. This proved that combining online and offline was the right choice for the business.

Month	Ad cost	Total Revenue	ROI	Calls from Ads
2018 09	\$91,763.61	\$2,487,204.77	2610.45%	402
2018 10	\$151,082.19	\$2,808,217.89	1758.74%	633
2018 11	\$99,687.66	\$2,385,137.63	2292.61%	550
2018 12	\$65,120.87	\$1,515,764.52	2227.62%	423
2019 01	\$88,803.87	\$1,084,582.75	1121.32%	455
2019 02	\$48,066.92	\$1,619,078.76	3268.38%	545
2019 03	\$71,030.92	\$2,206,722.10	3006.71%	540

Below is the graph describing the increase in return on investment since we started phase two in December 2018.

ROI vs. Month





Video Campaign

In this last phase, we wanted to increase the local awareness for HD Supply to drive more in-store visits. We created a video campaign for everyone living within 10 miles of the retail stores that have visited their website but did not complete a purchase, nor came in the store.

This campaign proved that video is a huge opportunity for HD supply:

Campaign	In-Store Visits	Total Cost	Cost per Visit	In-Store Visit Value	In-Store Revenue	ROI
YouTube Brand Lift	56,534.00	\$367,128.37	\$6.49	\$181.37	10,253,953.05	18000%

The YouTube Brand Lift campaign lasted from March 1st 2018 and it is still running today.

We were able to get **56,534 in-store visits conversions** due to this campaign with a \$367,128.37 total investment.

The campaign was such a success that we decided to keep running it indefinitely and the business will also invest in creating more commercials to nurture and maintain such good performance.

Phase 3 also wanted to leverage on the data we collected on the first two phases to use campaigns automations on Google. With this strategy in mind, we created over 200 smart shopping campaigns, 200 dynamic search campaigns and 180 local campaigns.

Specifically:

- We created one smart shopping campaign per product brand to have control over budget, promotions and bidding
- We created one dynamic search campaign per product brand to have control over budget, promotions and bidding
- We created one local campaign for each retail location to accommodate budget and product needs for each of the local store managers

As a result of the implementation of the three phases, the business experienced an unprecedented growth:

Total Conversions	Cost	Cost per Conv	Reach (people)	Revenue	ROI
455,721	\$3,462,829.63	\$10.50	626,942,548	98,891,457	2756%

The business is now on the path to increase their advertising spending. Although COVID-19 has been a wild card to deal with, we were able to maintain profitability due to the detailed structure of the account.

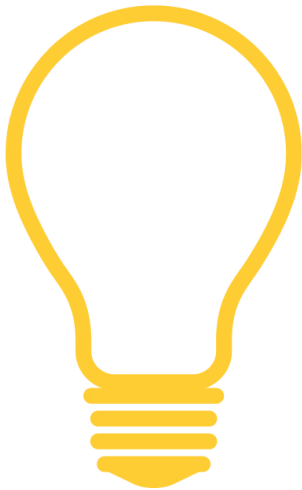
Revenue has been steadily increasing as well:





Challenges encountered

1. Aligning the management of HD supply with the new strategic approach and changing the result attribution system of the marketing budget to an omnichannel attribution system.
2. Managing bids and budgets across over 300 campaigns.



Zebra Helped Through Innovation

1. This was a tricky step because it required to show results before scaling up the budget. This has been achieved by using a baby-step approach. We started by building an attribution model and have the whole company agree on that. Once that was done, we started optimizing toward omnichannel ROI and reported results within depth reports.

We are now working with the company to include phone calls and map direction requests as part of the omnichannel ROI to increase the investment of the company with Google.

2. We created a set of rules across over 600 campaigns to identify low-performing search terms that were retrieving our campaigns' ads and either decreasing the bid or pausing them. We also monitored shopping campaign performance by SKU and increased or decreased bids based on conversions and margins.

Results

Here are some key success factors:



Generated over **346,086** in-store visits as a result of our marketing efforts (**230%** increase in-store visits from the previous year).



We managed to increase the average online transaction value to **\$350** and the estimated average in-store value to **\$215.80**.



Since January 2018, HD Supply generated **\$74,685,358** in sales from in-store visits.



Since January 2018, HD Supply generated **98,891,457** in revenue.

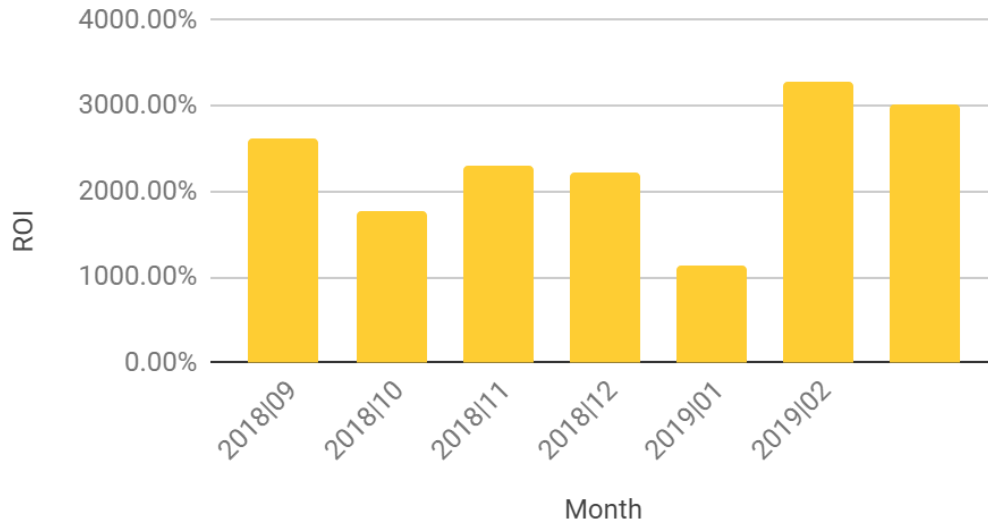


We reached over 626,942,548 with our online advertising efforts



Although the return on the investment was quite substantial, we managed to increase it even more right after starting phase two in December 2018. The return on investment increased by **29%** from 2227% to 3006% in a 3-month period.

ROI vs. Month



In phase three, where we created the video campaign, we generated an in-store revenue of **10,253,953.05** with an investment of \$367,128.37. This campaign generated a return on investment of **18,000%**.

THANK
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