

Northern Tool Reduces Search Engine Optimization Costs by 40%

Challenge

Northern Tool & Equipment Catalog Company has been a major supplier of high quality products to do-it-yourselfers and businesses including automotive shops, grounds maintenance professionals, contractors and more for over 21 years. Their e-commerce web site at www.northerntool.com has become a strategically important distribution channel for the company, offering customers a full range of hardware products over the web. Northern Tool focuses on customer acquisition through a number of online vendors including search engine optimization (SEO) firms contracted to drive highly qualified visitors to northerntool.com. Northern Tool wanted to verify the vendor's reported clickthrough numbers and determine the true revenue impact of those clickthroughs.

Solution

Leveraging Coremetrics' ability to track sessions as well as clickthroughs, Northern Tool compared the site's true conversion rates against their SEO vendor's reported results. Like several other types of online marketing vendors, SEO vendors track and price each clickthrough, despite the fact that several clicks may actually represent the same person. With help from their Coremetrics Account Executive, Northern Tool performed an analysis to verify the number of clickthroughs reported by the SEO vendor with the number of clickthroughs reported by Coremetrics in an effort to determine reporting accuracy. Northern Tool now has the ability to determine the actual number of unique visitors attributable to those clickthroughs and more accurately calculate ROI for customer acquisition.

Result

Northern Tool was able to determine and understand the difference in reporting (clickthroughs vs. sessions) and found that the actual number of unique visitors (and thereby potential purchasers) translates into a higher cost per acquisition than originally planned. Northern Tool was able to discover a cost difference in excess of 40% when pricing on a per click vs. per unique visitor basis. This drastically changes the way they calculate ROI and lifetime value of a prospect.

The ability to reconcile vendor-reported clickthroughs and actual visitors gave Northern Tool the ability to accurately measure ROI for their marketing costs, readdress their current pricing arrangement, and articulate a marketing model that was more in line with their revenue per visitor goals. Doing so will reduce their annual SEO marketing spend by as much as 40%, while they continue to realize their projected conversion rates.



“Coremetrics’ LIVE Profile data warehouse gives us the ability to develop a full range of accurate metrics for better managing our online marketing strategy,” said Jesse Fowler, eCommerce Manager at Northern Tool. “Working with Coremetrics, we discovered an opportunity to save more than 40% on our search engine optimization vendor costs by pricing on a per unique visitor instead of per click basis. This drastically changes the way we calculate ROI while uncovering opportunities for additional cost savings within each of our marketing initiatives.”

-eCommerce Manager, Northern Tool