

The background features a dynamic, abstract composition of overlapping geometric shapes. Large, dark grey or black angular forms are scattered across the white space. Interspersed among these are numerous smaller, sharp-edged polygons in vibrant red and teal colors, creating a sense of movement and depth.

PPC STRATEGY

ADROIT CASE STUDY

AUTO REPAIR

RESULTS OVERVIEW

Revenue Goal Exceeded by
8.9x ROAS **\$19,674.72** **87% Increase**
Quarter-Over-Quarter Revenue Growth

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PREVIOUS STRATEGY

Adroit's client (Client X) is an auto repair franchise that wanted to ensure they could see a clear Return on Investment for all of their marketing efforts. While they had already been running PPC campaigns, Client X had no idea if those campaigns were profitable. Client X worked with the team at Adroit to create a PPC strategy that could be easily replicated across all of their locations.

Prior to Adroit's involvement, Client X ran ads based on 1) seasonal promotions (like fixing ACs in the summer months), and 2) loss-leading services with a low cost (in the hopes of upselling more profitable fixes after a customer made it into a location). Client X was spending less than \$1,000 per location per month, and their limited reporting systems suggested they were barely breaking even.



PROFITABILITY FORECASTING

To begin, Adroit proposed running more campaigns, based on the best information available at the time. We created an analysis of all of the services completed over the past year to find the typical profit margins associated with those services.

	A	B	C	D	E	F	G	H
1	Service	Profit Margin	Average Cost	Avg. Profit	Max Cost/Conv	Target CAC %	20% <- Adjustable	
2	Average	43.14%	\$107.79	\$46.50	\$9.30			
3	Air Conditioning	52.66%	\$212.42	\$111.86	\$22.37			
4	Alignment	46.00%	\$83.88	\$38.58	\$7.72			
5	Alt & Starter	47.13%	\$408.57	\$192.56	\$38.51			
6	Battery	36.15%	\$182.91	\$66.12	\$13.22			
7	Belts (Big difference in serpentine belt vs. timing belt)	52.55%	\$320.88	\$168.62	\$33.72			
8	Body/Door/Window	34.24%	\$182.39	\$62.45	\$12.49			
9	Brakes	57.66%	\$175.67	\$101.29	\$20.26			
10	Clutch	43.51%	\$679.00	\$295.43	\$59.09			
11	Cooling System	52.97%	\$209.61	\$111.03	\$22.21			
12	CV Axle / Bearing	52.22%	\$349.35	\$182.43	\$36.49			
13	Diagnostics	51.58%	\$82.28	\$42.44	\$8.49			
14	Diesel	26.59%	\$736.54	\$195.85	\$39.17			
15	Differential	40.23%	\$592.05	\$238.18	\$47.64			
16	Drive Train	47.73%	\$173.40	\$82.76	\$16.55			
17	Electrical	42.87%	\$186.14	\$79.80	\$15.96			
18	Engine	38.51%	\$459.21	\$176.84	\$35.37			
19	Exhaust	39.51%	\$462.88	\$182.88	\$36.58			
20	Fuel System	46.58%	\$331.88	\$154.59	\$30.92			
21	Heater System	53.01%	\$200.63	\$106.35	\$21.27			
22	Insp. & Emissions	67.83%	\$26.72	\$18.12	\$3.62			
23	Oil Change	51.51%	\$59.19	\$30.49	\$6.10			
24	Shocks & Struts	45.38%	\$484.21	\$219.73	\$43.95			
25	Steering & Suspension	49.20%	\$238.06	\$117.13	\$23.43			
26	Tires	33.87%	\$108.34	\$36.69	\$7.34			
27	Transmission	28.32%	\$473.68	\$134.15	\$26.83			
28	Tuneup-Computer-Emission	58.85%	\$308.33	\$181.45	\$36.29			

Our initial analysis saw that all services had strong profit margins, however, some services should clearly be prioritized. We launched more campaigns based on those highly profitable services. Additionally, seeing that all services had strong margins baked in, we launched a general auto repair campaign, focused on keywords such as “near me”.



PROFIT MARGIN AUDIT

While using the profitability of individual services was a winning strategy during the slow months of the year, when the shops began hitting full capacity, it became more important to have a more comprehensive understanding of which services were worth bidding on.

Client X and Adroit worked together to analyze all of their fixed and variable costs associated with each location to identify how much they ought to spend acquiring new customers.

	Location 1	Location 2	Location 3	Total
All Revenue	\$113,201.93	\$198,035.62	\$191,818.45	\$503,056.00
# RO	393	436	624	1453
Cost/RO	\$124.57	\$190.38	\$119.47	\$144.81
Fixed Costs	\$79,444.67	\$79,405.30	\$90,858.21	\$249,708.18
Avg Order	\$288.05	\$454.21	\$307.40	\$346.22
All Costs	\$128,399.32	\$162,411.21	\$165,410.58	\$456,221.11
Actual Margins	-13.4%	18.0%	13.8%	9.3%
CAC	\$117.35	\$100.77	\$62.08	

Our analysis brought us to the firm conclusion that, with the fixed costs of a brick-and-mortar location being so high, the most important element of profitability was ensuring that locations were as close to full capacity as possible. While the variable cost of acquiring customers should be considered, it was far more expensive for Client X to leave bays unused than it was to pay a little extra to acquire a new customer.



NEW PPC STRATEGY

Given all of our research and understanding of the profit margins of Client X, the new strategy was crafted based on seasonality.

BUSY SEASON

During the busy season, when locations were at a much lower risk of leaving bays unused, the strategy became investing only in highly profitable services and doing so only when acquisition costs could be kept low. This allows the locations to prioritize valuable services like transmission repairs over a low-ticket item like a state emissions inspection.

SLOW SEASON

During the slow season, all campaigns need to be running at maximum capacity. Each location has a capacity quota that must be met each month in order to become profitable, and no customer is profitable before that quota is met. Additionally, once the quota has been met, almost every customer thereafter is profitable (even at the worst acquisition costs we saw).



RESULTS

Our goal for Q1 was for ad revenue to account for 10% of total revenue while maintaining a 5x Return on Ad Spend (ROAS). We greatly exceeded our goal, with ad revenue accounting for 15.2% of all revenue, and nearly doubling our ROAS goal by maintaining an 8.9x ROAS. In terms of dollars, we exceeded our goal by \$19,674.72 (for a total of \$57,349.11 in ad revenue). Our goal would have accounted for 23% quarter-over-quarter revenue growth, however, we actually saw an 87% increase.

8.9x ROAS **Revenue Goal Exceeded by** **\$19,674.72** **87% Increase**
Quarter-Over-Quarter Revenue Growth

