

CASE STUDY

INCREASING COST EFFICIENCY: HOW WE REDUCED MONTHLY AD SPEND BY 23.72% FOR BOZZUTO WHILE MAINTAINING QUALITY LEADS



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As we launched our partnership with Bozzuto, a real estate marketing company that works with housing communities along the East Coast, one of the main challenges was increasing cost efficiency while maintaining effectiveness for paid advertising.

Across Bozzuto's 240+ properties, there were different budgets being utilized for paid ads. Additionally, the overall strategy for reducing spend as properties reached occupancy was ineffective.

Before the Hanapin team managed the Bozzuto account, the strategy primarily focused on budget reduction rather than the specific types of campaigns that would maximize conversions while also reducing spend.



THE FORMER STRATEGY: INEFFICIENT BUDGET ALLOCATION

For the previous strategy, when a property reached a 60-day occupancy rate of 93%, non-location campaigns were paused. These non-location campaigns contained keywords like “studio apartments” or “1-bedroom apartments.”

When the occupancy rate reached 96%, brand campaigns were paused. The brand campaigns contained the property name and “apartment(s).” Lastly, when the occupancy rate reached 98%, the budget was reduced to \$280/mo. for that property.

That strategy had several disadvantages. Firstly, it was not an efficient way to manage budget allocation. Our team noted that for several properties, especially in Microsoft Advertising, the non-location campaigns produced conversions at lower CPAs than the brand campaigns. Therefore, turning off the non-location campaigns before the brand campaigns was not an optimized strategy for financial impact.

Second, our team also noticed instances where properties did not rank well organically, and therefore it was more effective to keep the brand campaign on. The previous strategy did not allow for optimal budget allocations in instances like that either.

Lastly, the impact on budget was very inconsistent at the 98% mark. Reducing spend to a static number had different impacts across properties according to their budgets. For example, a property that had a budget of \$500 would lose 44% of its budget, while a property with \$3500 would lose 92% of its budget.



To increase efficiency in the accounts, we needed to allocate budgets more wisely across the various properties.

THE SOLUTION: **BUDGET REDUCTION VIA SLIDING SCALE**

Working collaboratively with Bozzuto, we analyzed their historical reduction in budgets based on what they had ideally spent at each occupancy level under their previous strategy. Through that process, we determined that instead of having a strict system of turning off campaigns once a specified occupancy threshold was met, we developed a sliding scale for reducing budgets. Reducing spend by a percentage level rather than to a specific number ensured the strategy had a consistent impact on properties with different budgets.



**For properties with 95% occupancy,
the monthly budget was reduced by 20%.**

**For properties with 96.5% occupancy,
the monthly budget was reduced by 40%.**

**For properties with 98% occupancy,
the monthly budget was reduced by 60%.**

By proportionately reducing the budget across accounts instead of turning off certain types of campaigns, the budget was distributed where most effective.



THE SOLUTION: BUDGET REDUCTION VIA SLIDING SCALE

To reduce the budget, we implemented various strategies depending on the best lead-producing campaigns as well as the occupancy tier.



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For properties with 95% occupancy, we reduced spend for campaigns and ad groups that had the highest historical cost-per-leads. Reducing spend involved any combination of reducing daily budgets, pausing ineffective keywords (or ad groups, or campaigns), and/or reducing the size of a targeted geographic area.



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For properties with 96.5% occupancy, we reduced spend further by turning off all but the highest lead and CPL performing keywords/text ads/ad groups/campaigns to better utilize the budget for the best lead producers.



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For properties with 98% occupancy, the brand campaign was paused. The property's organic listings and Google My Business profile captured searches and leads.



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We also paused Bozzuto's brand campaigns because the property's organic listings and Google My Business profiles were doing well enough at catching searches and leads that the branded campaigns were an unnecessary expense.

THE RESULTS: FINANCIAL SAVINGS AND INCREASED REVENUE

By implementing this strategy, we reduced monthly spend by 23.72%, or more than \$130,000.

2018-2019 YIELD MANAGEMENT SUMMARY	SPEND	CONVERSIONS	CPA
 2018 Yield Management Actuals (April 2018-March 2019)	\$421,204.40	5,463.05	\$77.10
 2018 Projected Metrics Without YM (April 2018-March 2019)	\$552,147.59	5,990.88	\$92.16
Difference	\$130,943.18	527.83	\$15.06
Percentage Difference	23.72%	8.81%	16.34%

 = actual aggregate metrics for properties affected by yield management in April. These properties had both a 60 day occupancy above 93% (95% beginning September 2018) & have spent over 90% of its reduced budget.

 = our projections for the spend & conversions for those properties had they not had their budgets reduced due to yield management. Total spend is calculated at 95% of the total full (non-yield management) budgets for those properties. Conversions are derived by applying each properties' non-brand CPA to the amount of spend it lost due to yield management.

There was an expected decrease in conversions since fewer people were converting on properties that were too close to full occupancy to be effective. However, it saved spend on Bozzuto's end and allowed them to better fill their properties across the board, increasing both occupancy and revenue.

Bozzuto was thrilled with the results, and left the savings in ad spend up to the discretion of the property managers to utilize, perhaps on additional marketing activities.

Overall, implementation of this strategy gave Bozzuto another way to demonstrate their marketing effectiveness to new, potential apartment community partners. By leveraging data-driven strategies developed by a team of experts, Bozzuto can increase sales and company revenue, in addition to the savings experienced from the strategy itself.

WANT HEROIC RESULTS?

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