



## How Crutchfield achieves over 50 percent of its sales online with Google AdWords, saving the growing expense of direct mail.

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Garrett Mathews

Internet Marketing Manager,  
Crutchfield.com



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### ABOUT GOOGLE ADWORDS

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Google AdWords is currently used by thousands of businesses worldwide to gain new customers in a cost-effective way. AdWords uses keywords to precisely target ad delivery to web users seeking information about a particular product or service. The program is based on cost-per-click (CPC) pricing, so advertisers only pay when an ad is clicked. Advertisers can take advantage of an extremely broad distribution network and choose the level of support and spending appropriate for their business.

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For more information, go to  
[www.google.com/ads](http://www.google.com/ads)

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For nearly 30 years, Crutchfield has grown a healthy direct mail catalog business geared toward consumer electronics enthusiasts. Based in Charlottesville, Va., the company operates under the traditional catalog business customer acquisition model. Interested shoppers “subscribe” to the free mail order catalog, and their purchases of products ranging from home theatre equipment to car stereos are closely tracked over time, so Crutchfield has meaningful data on conversion and lifetime value of its customers.

### Approach

As with all direct marketers, Crutchfield’s costs for printing, postage, list brokering and distribution of millions of catalogs are a significant and, predictably, growing business expense. The company is always seeking more cost-effective ways to locate customers and maintain relationships with them. For Internet marketing manager Garrett Mathews, this goal is what led him to investigate online advertising. He says that with its direct marketing history, Crutchfield learned quickly what online advertising worked and more importantly, what didn’t. “Frankly, we weren’t having much success, especially with CPM programs.”

But in August 2001, Mathews decided to run a small test with Google AdWords™. He started out small with a limited list of keyword phrases. After a few weeks of running the campaign he analyzed the results and discovered his path to success: optimization. “In looking at the results, I saw that many of our terms worked exceedingly well,” says Mathews, “while others had no conversion at all even after lots of exposure.” Seeing this, he developed a game plan.

### Results

“At Crutchfield, we’ve always looked at backend tracking,” says Mathews. “How much does it cost to bring a new customer in? How much do they spend over time? These are our most important metrics.” Based on that first small test, he continues, “I saw that by continually optimizing, we could meet Crutchfield’s target metrics as we continued to scale up the program.” He notes that depending on the product, clickthroughs have stayed consistently between 2.5 and 3.75 percent – considerably higher than Crutchfield’s CPM advertising yields.

Mathews believes that Google AdWords enables superior targeting over other kinds of online advertising. “Direct marketing has always been about finding the prospects or segments of customers who are most likely to purchase our products. AdWords solves a part of the equation that has been elusive: the ‘when’ of a purchase. Now we can find the people interested in buying our products at the very moment they are in the market. It’s very powerful.”

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Today Crutchfield achieves more than half of its sales through Crutchfield.com. “We want our consumers to be comfortable with whatever channel – website, phone, or mail – they prefer. And over the last couple of years we have seen a shift of more of our business coming through the website. In response, we’ve begun to pull back a bit on our (catalog) circulation and move some of those dollars to online advertising. We’re mailing fewer catalogs, increasing our AdWords spend, and adding customers to our file more efficiently.”

When it comes to managing the Google account, Mathews says Crutchfield opted to undertake most of the creative work and tracking in-house while the Google team focuses on optimizing campaigns and troubleshooting when performance dips. “With many of our Internet advertising partners, we have a more formal, less familiar ‘business’ relationship,” Mathews explains. “But with Google, we collaborate and solve problems together. The Google team has proven themselves not just listening to us, but by truly working with us.”

