84 - Takeaways from a 15,500% Ecommerce ROI with Andrew Faris

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Brief Background About Andrew Faris

- He's the CEO of 4x400 - a holding company that launches and grows eCommerce brands.
- Andrew was also the former VP of Growth of Common Thread Collective where he helps his team grow clients.
- He also worked as a Customer Acquisition Supervisor and Digital Marketing Coordinator for QALO Inc.
- Learn more about Andrew Faris and 4x400 and its service at 4x400.com.

Experience in QALO and Failures in Starting a Brand

- One of the first things we learned was that we shouldn't start brands, what we one thing we realized is that like we just didn't, it's just not really what we spent most of our time doing.
- And, and even before a million in revenue when we first started, because when you know, when your new agency, you take all comers, anybody will pay you to do work, you, you just take their money and do whatever they asked you to. Because that's how starting an agency works. So, that got us involved with a lot of different agencies, or with a lot of different brands.
- And what we realized like that's where we'd really spent, that's where our deepest sharpest expertise was that we actually needed to take some more time, probably not start from scratch so much on building out the operations and logistics and fulfillment and supply chain side of the business, even finance side of the business, instead, like we could sort of import some of that stuff.
- And that was the biggest thing we learned was why don't we instead say, let's go get early stage brands that are not too expensive, frankly, to buy, because they're just too small, often not profitable, really at all. And, and why don't we try to supercharge those brands ourselves.

How FC Goods Started

- FC Goods was a brand that was founded as a hobby brand hobby business by a friend, sort of a friend of a friend from one of our other partners, Taylor Holiday, managing partner, actually, for 4x400.
- Taylor's friend came to him and gave him a birthday gift, and the birthday gift was this wallet that was made out of an actual old vintage baseball glove.
- And it turned out this guy was making in his garage these wallets made out of old baseball gloves. And, and selling them kind of one to twosie you know, just sort of selling them off to friends and stuff like that.
- Well, as this kind of thing goes, it's a really cool idea that he's turning old baseball gloves, which are this like, incredibly, like I said, like meaning rich mythology product to baseball people, Taylor, who is all the products, he played some professional baseball in the US like, he's a really, really accomplished baseball player, relatively speaking, in the minor leagues, and, and just like a baseball fanatic, Taylor and I, our relationship was founded a lot of our mutual love for baseball.

TEACH TRAFFIC

Assessing Your Margins

- There's the actual product, the gross margin on the product itself. But then there's also the cost of delivery, which is another really important thing, we use the phrase value to weight ratio a lot, which is just to say, like the average order value, relative to the weight of the product.
- A product that doesn't cost very much money to buy, but it's very heavy, is bad, valuate ratio, right, because you're gonna have to pay into shipping heavy products, which have this problem with another one of the brands that we acquired early on. And, and before we kind of really learned that lesson, where the product is not particularly expensive, but it's heavy. And so it creates all kinds of gross margin challenges that we've fought with for the years that we've found it.
- So the opposite is a small wallet and a small box, then it's the leatherworking and the leather and the baseball gloves, all those things are not insanely cheap or anything, but we were able to get the landed margin to around 65 to 70 points, depending on the offer, we were running. And that ended up being strong, not incredible margins, but strong.

RPC (Revenue Per Click) Is the Way to Go

- One of the most common questions I get, I think is like, Is this good? Or what is good? when talking about AOV or CPC or any kind of any of these metrics that people use.
- The metric I think I prefer is RPC revenue per click, which is because AOV also has a trade-off with your conversion rate, right?
- Like, as AOV goes up, typically, the conversion rate goes down, everybody kind of understands this intuitively, it's you're going to convert less customers on $1,000 product than you are on a $10 product.
- Again, that's the magic of the free plus shipping kind of idea is you're going to convert incredible percentages of your traffic.
- So if you get more AOV, you often the cost of the AOV is the conversion rate. And the opposite is true to his conversion goes up, he goes down. So a few times the conversion rates is revenue per click.

Success of FC Goods in Terms of Facebook Ads

- Number one in digital advertising job number one, at every step-outs all of our biggest wins for us the goods were about clarity. Just like asking yourself the question, how do you make it clearer because the customer can't like FC goods would sell itself in a store.
- Like we'd probably if we were better wholesale people, we probably could have built a good-sized business doing wholesale goods because you could pick it up, pick your exact wallet, everyone's different because they're all from your baseball gloves, right?
- You could pick it up, look at it, feel it, touch it, turn around, see the leathercrafting, all that kind of stuff, see the packaging, but you can't do that on a website.
- Number one thing to do in e-commerce digital advertising is be clearer.

Lessons from Other Brands

- The reality is high margin makes everything easier, it just makes everything easier. You don't have to be as good on your ads, you can acquire more traffic faster if there's more margin to give.
- The thing is to margin is not something that you're stuck with, it's not fixed. Like there's, there's a lot of ways in which I mean, there's a limit to how much margin you can get at any given time. But if your margin is bad, try changing it. And what I mean by that is like, see, like, there's a million things you do shop 3PL’s to see if you can get fulfillment cost down. See if you can ship it yourself. Maybe it's cheaper, like that can be a whole thing to do. Change your price, change your price, like, try and play with that shop manufacturer to see if there's different ways to take features out of the product that customers don't actually care about.
- Anyway, there's just a minute like trying to bundle products. If you can raise your AOV then it can, you know, products get a lot cheaper to ship, when you add stuff to them, right, the first pick is the most expensive pick.
- So if you can get two items into an order instead of one, as a percentage, your fulfillment costs go way down and your shipping costs go way down.