

MODERN FIT ON TIKTOK

39%

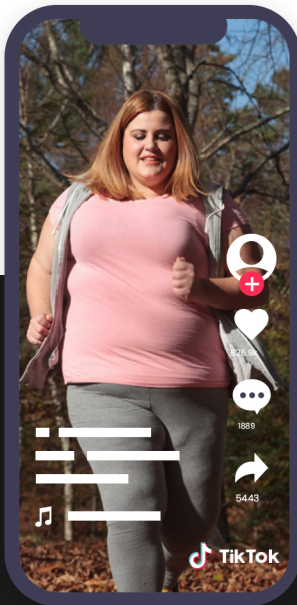
Increase in Revenue.

3X

Increase in Bottom of
Funnel Volume.

10X

Return on Ad Spend



THE HYPOTHESIS

Modern Fit has been a client of ours since they first started at the end of 2019. With SEO, Facebook/Instagram, and Google alone, we were able to scale them to \$3.6MM ARR. Since we recently got access to TikTok ads, we decided to test it as a channel for a number of reasons: channel diversity (hedging for volatility on the other ad platforms), efficiency, and wider distribution. The original hypothesis was that because TikTok is so new and noncompetitive that we could get higher margin growth, which means a higher top line with an even higher bottom line from a percentage base.

THE SOLUTION

Since TikTok interest audiences are pretty broad, we tested the obvious weight loss and health and wellness interests to start. We used the platform's tags feature to hone in our targeting and restricted the demo to the ages and genders that we were seeing work well on Facebook/Instagram based on creative. The initial set of creatives had around a \$0.25 CPC, vs the average \$0.90 - \$1.25 CPC that we were seeing on Facebook. Now even though CPCs were lower, conversion was also lower, about 65% - 70% as efficient as Facebook/Instagram. We felt that we could do a lot better, so we used a feature TikTok has to do CPC to CPA bidding so we could optimize for a lower CPA (the target was at least 20% more efficient than Facebook/Instagram, and Google). We also cycled in lookalike audiences for each stage of the funnel (web site view, email input, trial start, and conversion). This worked well - CPCs dropped to about \$0.12 - \$0.18 and conversion was about 35% as efficient as Facebook which gave us way more efficient acquisition.

One other thing we did on the creative side is, because TikTok is CPC based (meaning we only pay TikTok when someone clicks) vs Facebook which is CPM based, we tailored our creative to include pricing details on the product. That way anyone clicking would know the price and ideally be more qualified. This worked really well and we were able to start scaling.

THE RESULT

We started seeing conversion CPAs on TikTok about 30% - 35% cheaper than any of our other channels, which means it's dramatically more profitable. We're also noticing that our retargeting campaigns on Facebook and Instagram are performing at 2x - 3x the volume, likely due to the fact that we're buying cheap top of funnel clicks on TikTok then doing our retargeting on Facebook which has better bottom of the funnel tools. Modern Fit is now on track to do \$5MM ARR with TikTok added in, and we're looking to scale.