

## Why do I want to run an AdWords campaign?

Is it to drive sales? Signups? Email inquiries? Phone calls? Footfall? etc.

Then ask: How much am I willing to pay to get these results? This has to be an average (ball park) number.

Remember - AdWords is nothing more than an advertising medium. In the past when we ran an ad in the newspaper, we didn't judge the value of the ad on the cost of the ad - we valued it on the returns it gave. We should be doing the same here.

Shift your focus from the cost per click to the cost per conversion. Get an idea (sometimes it can be more than an idea - it can be a very accurate number) of how much each of these conversions is worth - here's how:

For every 10 form completions I get, I convert 2 into a sale. Each sale is worth \$50 profit to me. The maths gives you a value of \$10 per form completion.

You want to make some money so somewhere there is a sweet spot for you that represents your perfect cost per conversion.

Resist the temptation to say 10 cents - because you're (probably) not going to achieve that. Think more in terms of what you would be prepared to give me if I brought you a client who converted. Would you be prepared to give me \$2 to make \$8 - or would it make sense to give me \$5 and make \$5

just as a way of expanding things:

If you wouldn't give me \$5 for bringing you 1 client, would you give me \$5 each if I brought you 100?

Now you've got an idea of how much a conversion is worth to you (and the sliding scale as determined by volume) go back and look at how much each conversion is costing you.

Then you can see the conversion rate and figure out how many clicks you need to get each conversion. Now you have an idea of how much you might be prepared to pay for a click.

Now you can work towards that price point. It may be that you are close to that point and that, in fact, you don't need to worry too much about the CPC but rather how well your site converts. Improve the conversion rate and it's all cream - without having to change anything else.

With all this said, one of the objectives would, of course, be to reduce the cost per click - and the best way to do this - in the mid to long term is to work on the quality scores of your keywords - you should certainly look at this.

But simply looking to reduce the cost per click may prove to be the wrong approach... it's just a small part of a much bigger picture.