



# How to plan a pay-per-click ad campaign

**GOOGLE ADWORDS** and Yahoo Advertising are the current darlings of Internet advertising and with good reason: They are almost instantaneous; they get the message in front of prospects at the time the prospect is looking for the product or service; and their effectiveness can be tracked!

If you are thinking about giving

pay-per-click a try, here's the skinny on setting up a successful campaign.

You will get the best results if you know where you stand in terms of Web site traffic and conversion rate (number of leads or orders as a percent of visitors to a site). To get this information you need a "Web logs analysis" report.

- [tips]** 1 | Ever wonder how certain listings get to the top of a search engine page, or alongside?
- 2 | The Web site operators bid to get there, and pay per click.
- 3 | The first step toward a pay-per-click campaign is figuring out your conversion rate, or number of leads or orders as a percent of site visitors.

Your hosting company should provide this as part of your hosting service. Find the number of visitors (not hits) coming to your site during a given period of time. You will also need to find out the number of leads or sales made from your site during the same period of time.

To find the conversion rate go to the calculator at [www.markneting.com/calculator.asp](http://www.markneting.com/calculator.asp). Select "conversion rate" on the drop-down menu and enter your number of visitors and leads or sales as prompted. Click calculate and you will have your conversion rate.

For even better conversion statistics, invest in a tracking tool or service. A tracking tool tracks the source of any lead right back to the referring search engine or site and it calculates information such as conversion rates. It sometimes can tell if multiple visits were made before an action (lead or sale) was made.

Assuming that you are advertising in order to get leads or sales, the conversion rate from your site will help you to determine what your target average cost per click should be. Your cost per lead or sale from the site is basically the number of visitors you have to bring to the site in order to generate that lead or sale, multiplied by the cost to bring each visitor.

So, if your conversion rate is 1 per-

cent, you need to bring 100 visitors to your site in order to get one lead or sale. If you are paying an average of \$.45 per visitor to your site, you will be paying  $100 \times \$.45 = \$45$  per lead or sale. However, if your conversion rate is 2 percent, you only need to bring 50 visitors in order to generate a lead or sale and your cost will be  $50 \times \$.45 = \$22.50$ .

### Setting the goal

Knowing the conversion rate of the Web site and your target cost per lead or sale, you can determine your target average bid for your pay-per-click campaign. You can use the same calculator as above, but select “pay per click goal” from the drop down menu and enter the cost per new customer (or lead) goal and the conversion rate at the prompts. Click calculate and you will get your average cost per click goal.

Now that you have goals set, you can think about the keywords you will want to bid on and the copy for the listings. We will not go into detail about how to select keywords at this point, but rather discuss concepts about keyword selection.

Yahoo and AdWords are by far the most productive pay-per-click listing engines. Each has keyword selection tools that are helpful for determining which keywords should be chosen.

There are some basic strategies for selecting the best keywords for your purposes. When searching on the Internet, people are very direct, so don't rely on euphemisms or insider jargon for your keywords. Include those terms that the public you are trying to reach will use when trying to find the product or service you offer.

The road less traveled may be a good strategy if you have a small budget and are in a competitive marketplace. There are keyword selection tools available that help you to find the holes in general bidding strategies. One example is to stake out common misspellings. Can't afford to bid on the term “phonics?” Try “phonix.” (The people who find your ad could probably use your service.)

If your pay-per-click goal is ample to cover the most costly keywords that

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— Miki Dzugan, Rapport Online Inc.

you will want to bid on, then go for the top two positions in your best keywords.

We have found that there is some benefit to being lower in the bidding rank, however — even eighth or ninth position. For example, Powdered Technology Inc. provides all kinds of materials in powdered form including “glass beads.” The average searcher for glass beads is not looking for a powdered form, but by bidding the term farther down the list, the site has been found by persistent searchers looking for micro glass bead for industrial applications.

We use a spreadsheet with our estimate of click-through and planned bids to plan the budget for Yahoo bidding. It is more difficult to plan the budget for Google, because the keyword estimation tool is not very accurate, at least not in our experience. Google and Yahoo allow you to set daily budgets, which helps to avoid runaway costs.

Both Google and Yahoo provide free tracking of the “conversions,” whether they are leads or sales. You define what a conversion is, whether it is filling out a form or making a purchase. If phone contact is made, you

will need to ask if the call was made from the Web site or provide a unique phone number for Web site contact.

Phone contacts cannot be followed with the Google and Yahoo tracking tools. These tracking tools will report by keyword the results you are getting from the campaign, which allows you to experiment with listing copy and bids and follow the results in real time.

You might want to try other pay-per-click versions for various reasons. Listing of most general pay-per-click engines along with ratings and reviews can be found at [www.payperclickguru.com](http://www.payperclickguru.com).

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