



Questions

➤ To determine profitability for a PPC campaign, what metrics need to be known?

- CPC
- Revenue per Sale
- Profit Margin
- Conversion Rate

➤ How do we determine CPC & Conversion Rate?

Google Ads Keyword plan

None of your ads are running - Your campaigns and ad groups are paused or removed. Enable them to begin showing your ads. [LEARN MORE](#)

Plan settings: Locations: United States, Language: All languages, Search networks: Google

Plan overview: FORECASTS, NEGATIVE KEYWORDS, HISTORICAL METRICS

Ad groups: Keywords

Locations

Your plan can get 3 clicks for \$7.83 using custom max. CPCs

Clicks	Impressions	Cost	CTR	Avg. CPC	Avg. Position	
3	160	\$7.83	1.7%	\$2.93	2.6	+ Add conversion metrics
		<small>Daily Budget: \$0.54</small>				

+ COLUMNS

<input type="checkbox"/> Keyword ↑	Ad group	Max. CPC	Clicks	Impressions	Cost	CTR	Avg. CPC
<input type="checkbox"/> mba programs in georgia	Ad group 1	\$7.00	2.67	156.74	\$7.83	1.7%	\$2.93

1 - 1 of 1

The expected cost per click can be obtained from the ad platform. Shown here is the Google Ads keyword planner tool that indicates Avg. CPC (in this example, \$2.93) for the keyword phrase “MBA programs in Georgia.”

Google Ads

Client: [REDACTED]

Home

Campaigns

Opportunities

Reports

Tools

Manager ID: [REDACTED]

@getshimm...

AdWords MCC | Shimmer Digital Media >

All campaigns: [REDACTED]

Custom: Jan 1, 2016 - Apr 30, 2016

Campaigns

Ad groups

Settings

Ads

Keywords

Audiences

Ad extensions

Dimensions

Display Network

All enabled campaigns

Segment

Filter

Columns

Find campaigns

Q

View Change History

+ CAMPAIGN

Edit

Details

Bid strategy

Automate

Labels

		Campaign	Budget ?	Clicks ?	Imp. ?	CTR ?	Avg. CPC ?	Avg. Pos. ?	Converted clicks ?	Phone calls ?	All conv. ?	All conv. rate ?	Cost / all conv. ?	Cost ?
		[REDACTED]	\$155.00/day	3,102	50,664	6.12%	\$3.72	1.6	528	175	584.00	18.83%	\$19.75	\$11,535.86
		[REDACTED]	\$35.00/day	507	16,095	3.15%	\$8.32	1.4	37	17	42.00	8.28%	\$100.45	\$4,219.02
		[REDACTED]	\$35.00/day	370	9,267	3.99%	\$6.74	1.9	56	13	60.00	16.22%	\$41.54	\$2,492.61
Total - all enabled campaigns				3,979	76,026	5.23%	\$4.59	1.6	621	205	686.00	17.24%	\$26.59	\$18,247.49
Total - all campaigns			\$225.00/day	3,979	76,026	5.23%	\$4.59	1.6	621	205	686.00	17.24%	\$26.59	\$18,247.49
Total - Search				3,979	76,026	5.23%	\$4.59	1.6	621	205	686.00	17.24%	\$26.59	\$18,247.49
Total - Display				0	0	0.00%	\$0.00	0.0	0	0	0.00	0.00%	\$0.00	\$0.00

Show rows: 500

1 - 3 of 3

One way to determine conversion rates is to look at the company's own (1st party) analytics. Of course, this presumes the company has the appropriate tracking in place to confirm conversions. With conversion tracking in place, you can drill down into the campaigns and ad groups to observe the metrics associated with them.

3. SHOPPING

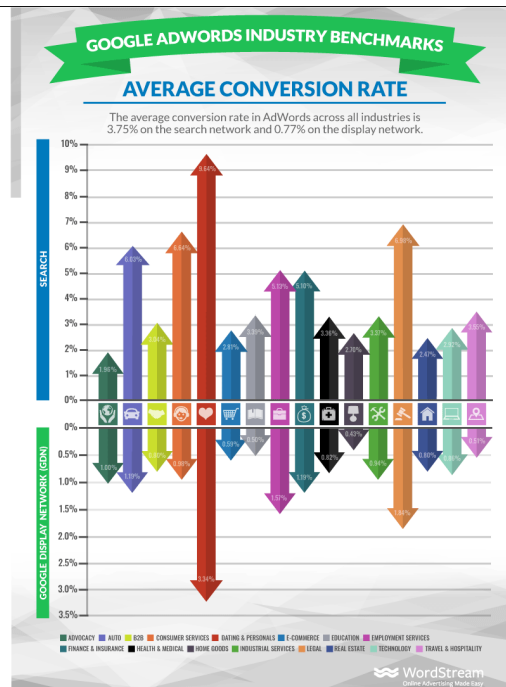
Daily Stats for Q3*

	Google Search	Google Display Network
Ad Impressions	232 M	1.21 B
Click Thru Rate	5.23%	0.23%
Number of Clicks	12.1 M	2.81 M
Cost Per Click	\$0.25	\$0.27
Conversion Rate	3.58%	2.19%
Completed Sales**	434 K	61.4 K

Highest CTR

TOP 5 ADVERTISERS in Shopping in Q3 2012

- amazon.com
- etsy
- penney
- Walmart
- sears



We can also utilize 3rd party research/insights to provide industry averages as a guidepost.

<https://www.searchenginewatch.com/2019/01/04/google-ads-conversion-rates-industry-compare/>

Metric	Value
Avg. CPC (cost per click)	\$.67
Conversion Rate	4.73%
Revenue per Sale	\$50
Profit Margin	14.5%

PPC Conversion Cost = \$.67 / .0473 = \$14.17

Metric	Value
Avg. CPC (cost per click)	\$.67
Conversion Rate	4.73%
Revenue per Sale	\$50
Profit Margin	14.5%

PPC Conversion Cost = $\$.67 / .0473 = \14.17

Profit Margin per Sale = $\$50 \times .145 = \7.25

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Avg. CPC (cost per click)	\$.67
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Profit Margin	14.5%

PPC Conversion Cost = $\$.67 / .0473 = \14.17

Profit Margin per Sale = $\$50 \times .145 = \7.25

BEP CPC for Sale = $\$7.25 * .0473 = \$.34$

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➤ How do we determine CPC & Conversion Rate?

➤ What about short-term versus long-term analysis?

- LTV

Metric	Value
Avg. CPC (cost per click)	\$.67
Conversion Rate	4.73%
Revenue per Sale	\$50
Profit Margin	14.5%
Life Time Value (LTV)	\$110

PPC Conversion Cost = $\$.67 / .0473 = \14.17

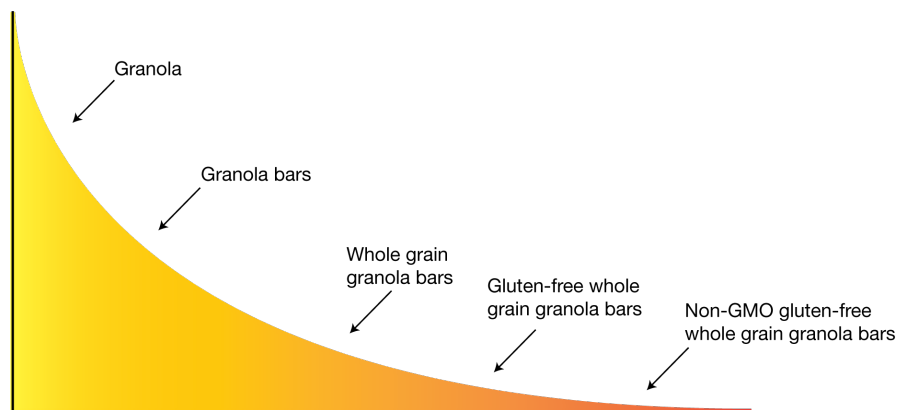
Profit Margin per Sale = $\$50 \times .145 = \7.25

BEP CPC for Sale = $\$7.25 \times .0473 = \$.34$

Profit Margin (\$) per LTV = $\$110 \times .145 = \15.95

BEP CPC for LTV = $\$15.95 \times .0473 = \$.75$

Long Tail of Search



Stokes, R. (2013). *EMarketing: The essential guide to marketing in a digital world*. Retrieved May 24, 2018, from <https://www.redandyellow.co.za/content/uploads/2017/11/Quirk-eMarketing-Textbook-5th-Edition.pdf>

What keywords should we target when confronted with a very low CPC BEP? Does it make sense to pursue paid search as a tactic? Presuming the financial analysis compared with the keyword CPC analysis determines there are keywords worth pursuing, the marketer should consider this channel as part of the marketing mix.

Buyer Journey Considerations

Where is the buyer in their journey to purchase relative to your campaign goals?
This should affect your copy/messaging:

- Creating Awareness
- Educating / Informing
- Considerations / Comparison Shopping
- Final Decision (pricing, availability, financing terms, etc.)

