



Module Five

Lesson One - Overview

Evaluating Data: In the last module, we went over how to determine which keyword combinations led to the most cost efficient sales. Some people might think that the most important thing is the number of clicks, or the number of leads, but what matters is how many sales you get, and how much it cost to get them. Though leads are valuable, you need to run your ads based on what is cost effective. Let's take a look at three examples.

1. Ad combination 'One' gets you ten clicks, at \$2.00 per click. This leads to 5 leads, which leads to zero sales. You've paid \$20 for five leads, which works out to \$4 per lead, but you got no sales.
2. Ad combination 'Two' gets you fifty clicks at \$2.00 per click, and leads to 20 leads and 2 sales. You've paid \$100 dollars for 20 leads, so you are paying \$5 per lead, but now you have 2 sales. If you are selling your product for \$100, you've just spent \$100 to make \$200, leaving you with a \$100 clear.
3. Ad combination 'Three' also gets you fifty clicks at \$2.00 per click, but only ten leads, meaning that you are now paying \$10 per lead. However, those 10 leads earned you three sales. Now you've spent the same amount as combination 'Two', and you've gotten less leads, but you've gotten one more sale, meaning you've made a \$100 more than combination 'two'.

Analytical breakdown:

- In this scenario, combination 'One' got you the cheapest leads at \$4. However, you got no sales, and therefore have lost money.
- Combination 'Two' got you more leads, but they cost \$5 per lead. However, it also earned two sales, so now you've made \$100 after subtracting your advertising costs.



- Combination 'Three' was the most expensive in terms of leads at \$10 per lead, but though it got less leads than combination 'Two', it earned one more sale, meaning that even though you got fewer leads, you made more money.
- While combination 'One' got you the cheapest leads, it is combination 'Three' that earned you the most money.

This is the mindset you have to have. It doesn't matter how many leads you have, or how much you spent; it matters how much you made. Ideally you want to get the most leads and turn a profit, so if combination 'Two' was earning as much as combination 'Three', and getting more leads, that is the one you'd go with. If it isn't making as much, it might not be worth investing in, even if it is generating more leads. That said, leads are still valuable, so it might be worth running an ad that is generating a significant amount of leads, even if you are only breaking even.

Waiting: The examples I gave you were very simply and used a small sample size. Ideally, before tweaking a campaign, you want to let it run for at least a couple of weeks, preferable three or four weeks. This will give you a wider range of data, and in turn make your data more reliable. If you only wait a week, you might have had an anomalous day or two in that week that distorts your data. Over a longer period, a clear and consistent pattern will show up, at which point you can determine which keywords are working, and which are underperforming. **Note:** **Your position should be between 1-3. Anything lower and you need to make changes.**

Setting a Budget that Works For You: In my video, you will see that I set my budget at \$150 a day, which meant that over the course of a month, I spent about \$1500. You might assume that I would spend that much in 10 days, but just because you set a budget at \$150 a day, doesn't mean that you will spend that much. That is just a cap. The money you spend depends on the number of clicks you get. Now, you may not have this much money to spend, and that is fine. You can start on a much smaller budget. I started on a shoe-string budget myself and built my way up to this. Ideally you want between \$25-\$50 dollars for a daily



budget, but you can run this on \$10 a day if you have to. That said, the less you spend, the longer you want to run your ad before tweaking it, but this might also depend on your niche. If the cost of clicks in your niche is less, \$20 might go farther than \$50 in a more competitive niche, so take this into account as well. As a rule, you want your ads to have gotten between 500-1000 clicks before you start making tweaks.