

Back to basics: Understanding your paid search metrics

One of the great things about paid search is the fact that you can track everything. If someone visits your store after seeing your billboard or TV spot, there's no real way to trace that.

However, if someone sees your paid search ad and visits your website, you know how they got to your site. You know which ad they saw, what copy they responded to and even what search term triggered your ad.

There's so much data that it can be hard to figure out what it all means or what to do with it. Impression counts, clickthrough rates, cost-per-click...how do you sort through it all and use your paid search metrics to make intelligent decisions?

I mean, what's the point of having all of that data if you don't know what to do with it?

To make matters worse, a lot of this data can be hard to properly interpret, so even experienced online marketers often draw the wrong conclusions from their data or focus on the wrong metrics in their accounts. So, if you've ever stared at your paid search account and wondered, "What am I missing?", this article is for you.

Are you focused on the right paid search metrics?

If you're like most online marketers, you probably have several campaigns running, at least a dozen ads and over a hundred keywords to keep track of. And that's if your account is on the small side.

Every one of those campaigns, ads, ad groups and keywords can give you a wealth of information about your audience and how effective your advertising is...but only if you know how to use your data.

These days, paid search is so competitive that it isn't enough to simply set up Google Analytics and keep an eye on your cost-per-click. You need to know how to interpret every aspect of your paid search data and use it to optimize the performance of your account.

Now, while that might sound like a daunting task, most of the information in your paid search account can be broken down into three manageable pieces: information about your traffic, information about conversions and information about sales.

Let's take a look at each of these three types of data and how you can use them to interpret what's happening in your paid search account.

What sort of traffic are you getting?

When it comes to paid search advertising, most marketers tend to focus on traffic-related metrics like impressions, cost-per-click (CPC) or click-through rate (CTR). After all, the main reason why you run paid search campaigns is to drive more traffic to your website.

And, not surprisingly, paid search platforms like Google Ads and Bing Ads are full of traffic-related information: device segmentation data, keyword info, impression share insights, and more. For Google and Bing, this info is incredibly easy to track and supply and it's what most of their users are interested in.

What you can learn from traffic data

While all of this traffic data is certainly handy, it's only useful if you know what to do with it. That being said, your traffic data tells you a lot about how well your campaigns are working for your target audience.

If no one is clicking on your ads, there's a good chance that your ad copy needs some work...or you're targeting the wrong keywords. If your cost-per-click is too high, you might need to rethink your bidding strategy. If you're not getting enough impression share on your best campaigns, you probably need to consider shifting your budget around.

For example, say you're running paid search ads for a local attorney. On average, this client makes \$3,200 from a new client and spends about \$1,200 taking care of them.

In your most recent review of your campaigns, you review your traffic data and put the following report together:

From the data above, it's easy to see which campaign is generating the best results. Campaign #3 produces more clicks at a lower cost-per-click than any of your other campaigns. In contrast, while you spent over twice as much on campaign #4, you got one-third of the clicks you got from campaign #3.

Clearly, you either need to shut down campaign #4 and put its budget into a better campaign like #3 or invest some time into figuring out why campaign #4 is performing so poorly.

However, before you make any decisions, we should probably talk about the other two types of data in your account. After all, your attorney friend doesn't make money from clicks. To

make money, she needs leads...and none of this data tells you whether or not all of those clicks are actually turning into leads.

Is your traffic converting?

So, with that in mind, let's talk about conversion data. Because Google and Bing often can't tell what a conversion is for your website, it takes some extra work to set up conversion tracking for your site. And, as a result, almost half of paid search advertisers don't track their campaigns beyond traffic data.

But here's the thing, without conversion data, you can't answer the following two critical questions about your paid search campaigns.

1. Is my website (or landing page) a good fit for my traffic?

Paid search marketing is intent-based marketing. When someone searches for something on Google or Bing and clicks on your ad, they're actively looking for a solution to a problem...a problem they think your business can help them with.

Their click is an act of faith in your business and the page they land on after clicking shows them whether or not their faith was justified. If your landing page or website meets their expectations, a decent percentage of people *should* convert. If not, they'll leave.

So, if your conversion rate is high, then your destination page is a good fit for your traffic. However, if your conversion rate is low, it means that something is off. Your landing page or site isn't working for your traffic, so they're leaving to find something better.

If you find yourself in the latter situation, you may want to take a hard look at the page you're sending traffic to. You may need to rethink your page and site experience to bring it into closer alignment with the expectations of your traffic.

2. Is your traffic a good fit for your landing page?

Of course, the opposite might be true, too. If your landing page seems like it should be converting traffic, but it isn't, your ads may be sending the wrong people to your page.

If people click on your ads because they want a divorce attorney, but you're a personal injury firm, will they convert? The wrong traffic never converts, regardless of how good your site is.

In this situation, it's often a good idea to look at the search terms people are using to find your ads and the actual ad copy that you're using. If it seems like you're attracting clicks from the wrong people, you may need to rework your advertising strategy to target the right audience.

What you can learn from conversion data

Once you have set up conversion tracking, look beyond traffic data and see how your campaigns did in terms of conversions.

Although it doesn't have the best conversion rate (CR), campaign #3 gets enough cheap clicks that it still has the best cost-per-lead. And, as before, campaign #4 is still a lost cause. Between a low conversion rate and high cost-per-click, it's producing leads at almost ten times the cost of a

lead from campaign #3.

With an 8 percent conversion rate, it doesn't seem like either of these campaigns are targeting the wrong traffic, but they could probably both benefit from a little conversion rate optimization on their destination pages.

However, while this data paints a clearer picture, your attorney friend still doesn't make money off of leads. She needs to close new clients. To get at that information, we need to look at our sales data.

Are you making sales?

As helpful as traffic and conversion data are, they still don't tell you whether or not your campaigns are making money. And, if your campaigns aren't making money, why are you running them?

Unfortunately, tracking your paid search campaigns clear through to sales data can be tricky. E-commerce is pretty straightforward, but once you get beyond that, it can be hard to connect your actual sales data to your campaign performance. You often need some sort of CRM like Salesforce and you have to figure out how to connect all of the dots.

But is it worth it? Absolutely. Let's take a look at what the sales data for our hypothetical law firm's campaigns shows.

All of sudden, campaign #4 just went from zero to hero. It might not have a great CPC or conversion rate, but its return-on-ad-spend (ROAS) is almost twice the ROAS of any other campaign.

So what does this actually tell us? Well, for one thing, it's clear that campaign #4 appeals to people who are much more

likely to buy than the people in any of the other campaigns. Campaign #3 might drive a lot more traffic, but that traffic is far less likely to sign up for our attorney friend's services.

Does this mean that campaign #3 is bad? With a ROAS of 92 percent, it's certainly losing money right now, but it has a lot going for it on the traffic and data front. Before you can pass judgement on it, you'll need to dive into that data and see if there is any way to turn all of that potential into actual sales.

Maybe you need to change your ad messaging to filter out people who aren't likely to actually become a client. Maybe you could tweak the landing page to better appeal to potential clients. Maybe your attorney friend just needs some coaching on how to respond to leads from this campaign.

In any case, without this sales data, it would have been easy to assume that campaign #4 was a complete loss and campaign #3 deserved more of your budget – when, in fact, the opposite was actually true. This is why sales data is so important. Traffic and conversion data teach you useful things about your campaigns, but only sales data answers the question, “Are my ads actually making money?”

Conclusion

Your paid search account is full of valuable information, but turning all of that data into actionable information can sometimes seem overwhelming. The trick is making sure that you have access to all of the data that you need to make educated decisions and then knowing what each type of data tells you.

Now that you know how to interpret your data, all you have to do is start digging through your paid search metrics. Opportunities to improve your account should quickly become apparent. Good luck!

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