

How Important is Bid Management?

SES Chicago 2008

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Theory

It's Important; However...

- It's your money – how are you protecting it?
- There are other ways to increase your companies profit
- Where should you spend your time?

Demo Account

- 1000 Clicks a day
- Average :
 - CPC: \$1
 - Quality score: 6.5
 - Conversion rate: 2%
 - Profit per sale: \$100
 - Sales/Day: 20
 - Spend per day: \$1000
 - Income per day: \$2000
 - Profit per day: \$1000

Bid Management

Adding *Basic* Bid Management

Expected Effect:

10% reduction in CPCs
10% increase in Conversion Rate

Increasing due to:

Instituting basic bid management

1000 Clicks a day

Average :

CPC: \$0.90

Quality score: 6.5

Conversion rate: 2.2%

Profit per sale: \$100

Sales/Day: 22

Spend per day: \$900

Income per day: \$2200

Profit per day: \$1300

Increased Profit Per Day: \$300

Increased Profit per Month: \$9000

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Theory

Quality Score

Increasing from 6.5 to 8

Expected Effect:

~18% reduction in CPCs

Increasing due to:

Reorganizing account
Changing landing pages
Rewriting Ad Copy
Increasing CTR

1000 Clicks a day

Average :

CPC: \$0.82

Quality score: 8

Conversion rate: 2%

Profit per sale: \$100

Sales/Day: 20

Spend per day: \$820

Income per day: \$2000

Profit per day: \$1180

Increased Profit Per Day: \$180

Increased Profit per Month: \$5400

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Theory

Conversion Rate

Increasing from 2% to 3%

Expected Effect:

Increase sales from 20 to 30/day

Increasing due to:

Retraining sales staff

Changing landing pages

Testing ad copy

1000 Clicks a day

Average :

CPC: \$1

Quality score: 6.5

Conversion rate: 3%

Profit per sale: \$100

Sales/Day: 30

Spend per day: \$1000

Income per day: \$3000

Profit per day: \$2000

Increased Profit Per Day: \$1000

Increased Profit per Month: \$30,000

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Theory

Profit Per Sale

Increasing Average Profit Per Sale
from \$100 to \$125

Expected Effect:

Increase average profit

Increasing due to:

- Free shipping on sales over \$XX
- Better supply chain
- Related products/services
- Etc...

1000 Clicks a day

Average :

CPC: \$1

Quality score: 6.5

Conversion rate: 2%

Profit per sale: \$125

Sales/Day: 20

Spend per day: \$1000

Income per day: \$2500

Profit per day: \$1500

Increased Profit Per Day: \$500

Increased Profit per Month: \$15,000

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Theory

Negative Keyword Research

Adding Negative Keywords

Expected Effect:

0.25% increase in conversion rate
0.5 increase in Quality Score

Increasing due to:

Running search query reports
Blocking low converting keywords

1000 Clicks a day

Average :

CPC: \$0.93

Quality score: 7

Conversion rate: 2.25%

Profit per sale: \$100

Sales/Day: 25

Spend per day: \$930

Income per day: \$2500

Profit per day: \$1570

Increased Profit Per Day: \$570

Increased Profit per Month: \$17,100

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Theory

Opening New Inventory

Opening New PPC Account

Expected Effect:

Increasing clicks, conversions, and spend by 25%

Increasing due to:

Using new PPC inventory
New CPM campaign
Etc...

1250 Clicks a day

Average :

CPC: \$1

Quality score: 6.5

Conversion rate: 2%

Profit per sale: \$100

Sales/Day: 25

Spend per day: \$1250

Income per day: \$2500

Profit per day: \$1250

Increased Profit Per Day: \$250

Increased Profit per Month: \$7500

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Theory

Keyword Research

Adding Keywords

Expected Effect:

20% increase in total clicks

Increasing due to:

Analytics research

Keyword research

New product descriptions

1200 Clicks a day

Average :

CPC: \$1

Quality score: 6.5

Conversion rate: 2%

Profit per sale: \$100

Sales/Day: 24

Spend per day: \$1200

Income per day: \$2400

Profit per day: \$1200

Increased Profit Per Day: \$200

Increased Profit per Month: \$4000

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Theory

All of the Above – Except Bid Management

Lots of Work!!!

1000 Clicks a day

Average :

CPC: \$1

Quality score: 6.5

Conversion rate: 2%

Profit per sale: \$100

Sales/Day: 20

Spend per day: \$1000

Income per day: \$2000

Profit per day: \$1000

1500 Clicks a day

Average :

CPC: \$.77

Quality score: 8.5

Conversion rate: 3.25%

Profit per sale: \$125

Sales/Day: 48

Spend per day: \$1155

Income per day: \$6000

Profit per day: \$4800

Increased Profit Per Day: \$3800

Increased Profit per Month: \$114,000

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Theory

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