

PPC ROI Bid Management

By Richard Bicar

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Richard Bicar
contact@bluefruit.co.uk

Blue Fruit Pay Per Click Management <http://www.bluefruit.co.uk>

Return on investment (ROI) is an estimate of the financial benefit (the "return") on money spent (the "investment") on a given course of action, usually compared to an alternative.

For example, if you spend \$100 on a Pay Per Click Campaign will this increase sales more than if \$100 had been spent on a banner ad campaign or an e-zine ad run. Further, if the Pay Per Click Campaign is the best choice, what is the ROI and how quickly will you see it? Doubtless as you can see, careful PPC ROI bid management is essential for success.

PPC ROI Bid Management and "Landing pages" go hand-in-hand.

This is where specific landing pages for search terms can be very useful. We have run Pay Per Click Campaigns on specific products where we have utilised landing pages to monitor visitors and sales. One campaign produced 10000 click-throughs at 5 cents each and the number of sales was 700 at \$15 profit each. Therefore, the client spent \$500 for a \$10,500 return. That's \$21 for every \$1 spent. Even after taking care of our professional costs the ROI was far superior to any other form of advertising.

There is a lot you can do to increase your ROI apart from just the number of bids you place and the cost per click. Naturally, you should only bid on relevant keywords that your visitors would be interested in. Further, writing relevant titles and descriptions will filter the qualified from the unqualified surfer.

Finally, consider whether position one is desirable. Often the number one bid is not relevant to the surfer's needs or they want to compare two or more web sites. The result for the webmaster of the top ranked web site, is a high number of clicks and a lower ROI compared to positions two and three. Positions two and three can be a fraction of the price of the most popular term. Provided you bid on a lot of the slightly less popular terms, you usually can get just as much traffic, as if you bid on the leading term - and for a lot less money too. This is why PPC ROI bid management is essential.

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Resource Box

Richard Bicar is Director of Blue Fruit Ltd - a specialist Pay Per Click placement consultancy.

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