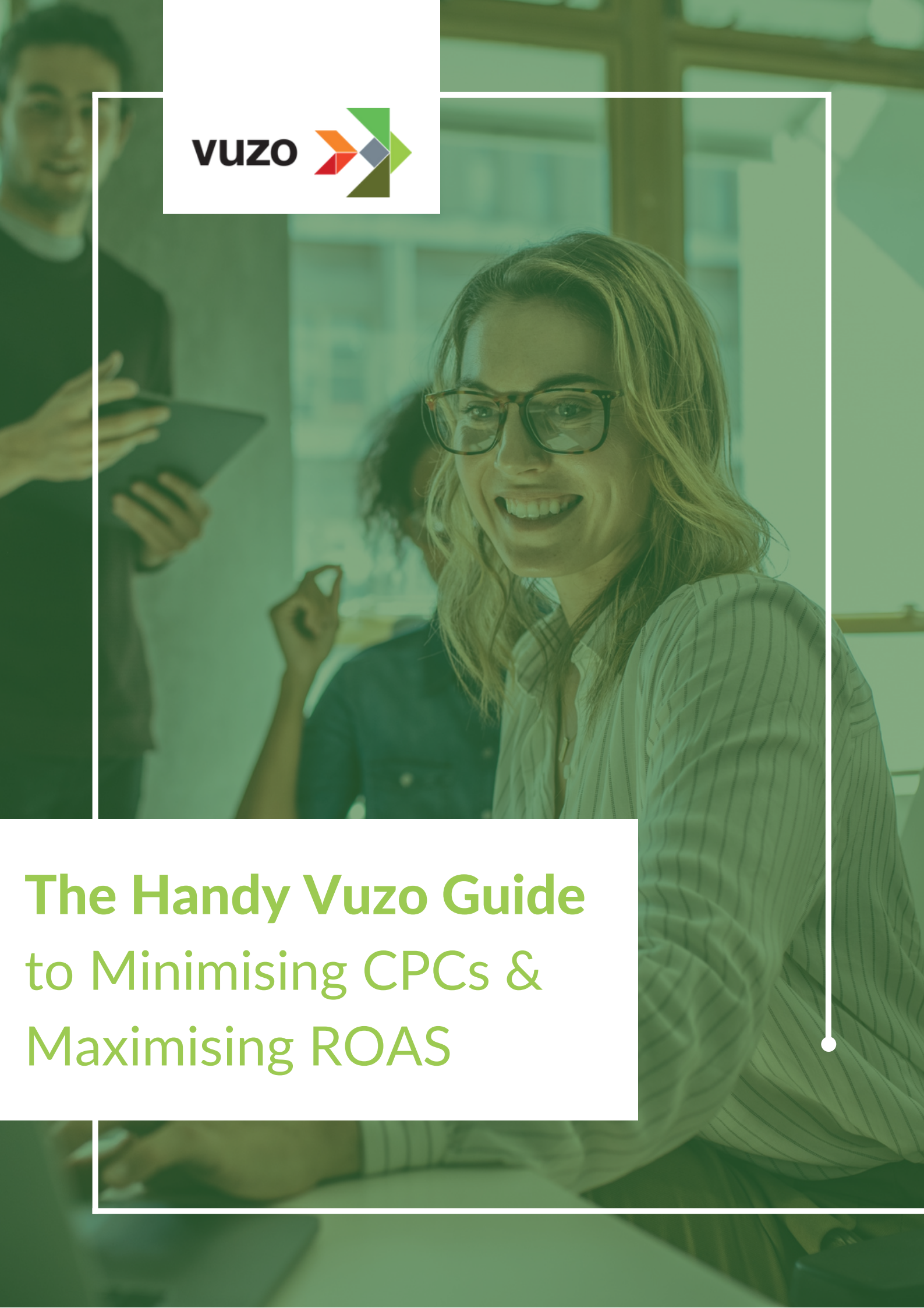


The Handy Vuzo Guide to Minimising CPCs & Maximising ROAS

The Handy Vuzo Guide To Minimising CPCs and Maximising ROAS



In the world of paid digital marketing, your CPC is your cost per click; it's the amount of money you're spending every time someone clicks on one of your ads.

You create a set of specifications in which your ad will appear and when your ad does then appear (called an 'impression'), you confirm how much you're willing to spend when your ad is clicked. In most cases, there'll be lots of other ads that have the same set of specifications you do and there won't be enough room for everyone to appear. Those who say they're willing to pay the most, will be more likely to have their ad displayed prominently. Therefore, the more people bidding and the more they are willing to bid , the more expensive the whole thing gets.

With most platforms, you'll have other considerations going into how and if your ad appears, but the CPC is usually one of the most important factors. A skilled paid marketing professional will be able to use their experience and knowledge to get the CPC spot on but it's still an area that's going to require some sensible budget and a good grounding in data to get everything set up and optimised to begin with.

CPC can also be a very painful metric...It's a bit like going to the petrol station - every time you look, the price keeps creeping up

In many ways CPC is a great metric:

- Most platforms will let you have lots of control over this figure;
- It's really easy to calculate an ROI, add it to reports and get a holistic view or drill down to a granular review of performance;
- You can make instant adjustments to see instant impact.

On the other hand, it can also be a very painful metric. It's a bit like going to the petrol station in that every time you look, the price keeps creeping up but if you want to carry on moving forwards, there's not a lot you can do apart from pay up! But, just like there are steps you can take to make your fuel tank go that little bit further, there are steps you can take to make sure your CPC is pulling its weight when it comes to your digital strategy.

© 2016-2022 Vuzo Ltd. 21-23 Croydon Road, Caterham, Surrey, CR3 6PA. T 020 7112 8042 Registered in England with Company Number 10683098

What Makes Vuzo Experts?

Before we jump into how to keep the CPC manageable, let's get some credentials out of the way. In an internet full of opinions, what makes ours so special?

Here at Vuzo, our team has a lot of experience with all things data and digital. We're not saying we're old but some of us can remember when a Tweet was the sound from a bird, a post was what held a garden fence up and we were Asking Jeeves to show us the Hamster Dance. What this means is we've watched platforms like Facebook and Google Ads grow from their initial launch to the global giants they are today.

it all comes back to data; finding it, understanding it, & deriving insight from it to produce demonstrable return

We've watched them make mistakes and learn from them (Google+ anyone?), and we've watched them test and learn and update their algorithms accordingly. We've learnt to read between the lines, anticipate what's coming next and make sure we're ready for it. Like a lot of what we do, it all comes back to data; finding it, understanding it, and deriving insight from it to produce demonstrable return.

Have a look at some of our case studies if you want to learn more about how we've helped some brilliant brands turn their paid campaigns around.

Why Does My CPC Keep Going Up?

To understand how to keep your CPC under control, we first need to understand why it keeps rising.

If you're sure it's getting more expensive more quickly, the good news is you're not being paranoid. The bad news is, the old adage 'what goes up must come down' unfortunately doesn't apply to Paid Search costs, your CPC is unlikely to be coming down any time soon.

There are three main reasons CPC is rising at an all time high right now:

- Competition
- Technology
- Customer Experience & Expectations

© 2016-2022 Vuzo Ltd. 21-23 Croydon Road, Caterham, Surrey, CR3 6PA. T 020 7112 8042 Registered in England with Company Number 10683098

How Is Competition Impacting My CPC?

Pre-Covid, the Internet was growing at a steady rate, and a digital strategy was standard inclusion in any new business plan. Gig economy, side hustles, and people starting their own thing would all consider creating some kind of online presence, whether it was building a social media following, selling their handmade products on sites like Etsy or Amazon, or building their own website on sites like Wix and Squarespace. Add to that the established businesses who had been around for years, some long enough to see the internet in its early days and incorporate it into their business or those who had utilised it to help their business grow.

Covid accelerated all this overnight. With next to no notice, businesses became 100% reliant on their online presence and the high street customer was forced to become an online consumer.

- The pandemic saw online clothing sales grow by £2.7 billion
- Android users spent a total of more than 100 billion hours using shopping apps in 2021 which is more than double that of 2018
- By the end of 2021, 70% of Brits said they now preferred shopping online or via apps compared to less than 50% pre pandemic

But not everyone filled their time with shopping; many individuals found themselves either furloughed with little clarity what their work life would look like when the dust settled, or even worse, out of work completely.

HMRC reported that in March 2021, more new businesses were created than in any other month since records began. Many of these new businesses turned to the same digital marketing channels that have been proving their value for years.



Now you're not only competing with all those brands who have shifted their offline marketing budgets into their online pot, you've got thousands of new businesses to compete with too.

Even as we move forwards, as events open up again and restrictions dissipate, the world of Paid Search, Paid Social and Display are unlikely to retract. Businesses have seen their positive impact, and many are expecting to see budgets for these channels grow over the coming years.

© 2016-2022 Vuzo Ltd. 21-23 Croydon Road, Caterham, Surrey, CR3 6PA. T 020 7112 8042 Registered in England with Company Number 10683098

How Does Technology Impact My CPC?

There are three main areas technology is going to help optimise your CPC:

1. Segmentation
2. Personalisation
3. Automation

The amount of money you're willing to pay every time someone clicks on your ad, your actual CPC, has a huge impact on how much you'll actually spend. Another significant contributor to what you'll end up paying is your Quality Score.

The higher your Quality Score, the better your campaign is and the lower your CPC can be

In the world of Google Ads, your Quality Score is Google grading you on what it thinks of your campaign. The more people that click on your ad, the more Google thinks it's relevant to the original search and the higher your Quality Score will be. The more targeted your landing page is and the more relevant it is to the original search, the higher your Quality Score will be. All these things are also going to increase the likelihood of a conversion which is why Google encourages you to make sure you're constantly optimising your campaign. The higher your Quality Score, the better the campaign and the lower your CPC can be.

Facebook also offers a Quality Score but it's provided with the aim of helping you make your ads and campaigns more effective. Whilst Facebook has always claimed their Quality Score isn't a factor in the CPC, the better your Quality Score, the higher chance you'll have of a conversion.



Segmentation

Before you begin a Paid marketing campaign, it's essential you understand your audience. Many moons ago, Facebook used to shoulder some of the heavy lifting by offering Lookalike Audiences, but between the iOS update, GDPR and Data Governance, these don't have anywhere near the level of accuracy they once did.

By taking your existing data, looking at your real customers and understanding what they were looking for, why they converted, and the likelihood of them coming back, we can create a detailed customer segmentation.

© 2016-2022 Vuzo Ltd. 21-23 Croydon Road, Caterham, Surrey, CR3 6PA. T 020 7112 8042 Registered in England with Company Number 10683098

Personalisation

Now we know exactly who your customers are, we can make sure we're talking directly to them. This doesn't mean their name flashes on your website when they click through, it means we've tailored their experience. For example, if you offer experience vouchers and someone has clicked through to your site from an ad offering weekend breaks in the Cotswolds, you'd want them to see a selection of Cotswold breaks rather than all weekend breaks or all romantic breaks. You'd want to offer supporting content on the best places to eat near Cheltenham or best walks along the Cotswold Way.

Most CMS will offer the ability to plugin solutions that build these landing pages out with a library of interchangeable widgets, which can always be tested and optimised.

Automation

Most Paid Search platforms will allow manual optimisation but it's more common these days to use automated bidding. Your whole campaign can be designed, run, and optimised via automation solutions, but it's strongly advised there's some human intervention if you want to make sure you're getting the best value for money.

For example, Google might decide your ads perform better in Leeds so it's going to reallocate some money from a poorer performing area. However, you know from your own data that a cluster of postcodes in Reading actually offer a much higher Lifetime Value (LTV) so you'd rather focus more of your spend there.



© 2016-2022 Vuzo Ltd. 21-23 Croydon Road, Caterham, Surrey, CR3 6PA. T 020 7112 8042 Registered in England with Company Number 10683098

How Is Customer Experience & Expectation Impacting My CPC?

All this competition and all this evolving technology has left the average customer, quite frankly spoilt! Some of us will remember the days we had to wait patiently for an image to load or a link to open and that's assuming someone didn't need to use the landline at the same time!

In a world where anyone can have a voice on social media and reviews are an expected part of the offering, you have no choice but to offer every Customer the best possible experience

These days, the average Customer wants:

- A web page that will load instantly and not jumping about as it loads
- No annoying popups
- To see exactly what they're looking for without having to click or even scroll
- To have all the information they could possibly need at their current stage of the buying cycle and the next
- A reason to convert (or even just stay on your website) and not compare you to a competitor
- And if it's available, a discount or voucher code is always nice just so they're sure they're getting the best deal
- To know exactly how and when it's going to be delivered if applicable
- And if you happen to have the moon dangling off a stick, they'll have that too please…



If that sounds like a lot, the bad news is, it really isn't. If you don't want to offer these things to your Customers, you can be sure at least one of your competitors does.

As well as Customer Experience you also have two other areas these requirements are needed in:

- **Paid Search** – the better the landing page, the higher the Quality Score and the lower your CPC
- **Organic Search** – the better the user experience, the stronger your SEO performance. In fact, Google made a significant update to its algorithm last year called the Experience Update specifically aimed to reward sites that offer a superior User Experience

© 2016-2022 Vuzo Ltd. 21-23 Croydon Road, Caterham, Surrey, CR3 6PA. T 020 7112 8042 Registered in England with Company Number 10683098

In a world where anyone can have a voice on social media and reviews are an expected part of the offering, you have no choice but to offer every Customer the best possible experience. Of course, you're not going to please everyone but if you keep that attitude in your mind when you're signing off development and design budgets, you've already lost Customers.



How Do I Get The Best ROI On My CPC?

So now we've covered what the CPC actually is and why it's getting more expensive, it makes it much easier to look at how it can be dealt with.

As a general metric, you can't simply reduce it and expect to see the same returns: all that extra competition and evolving technology means it's going to keep growing. What we can do is make sure it's working as hard as possible for you. We can optimise it, we can make sure you're getting the lowest Cost Per Acquisition (CPA) and you're targeting customers with the highest AOV (average order value) and highest LTV (lifetime value).

All this is done with data.

When we say data here at Vuzo, we don't just mean a quick export of a GA report or plugging some Google Ads data into a shiny Data Studio report, we mean real data, properly cleaned, thoroughly analysed, and with actionable insights extracted.

We will gladly take anything you're able to share with us and if there's anything that's got a layer of IT/Security protection around it, we can help you explain to whichever gatekeepers are holding it, why we need it.

© 2016-2022 Vuzo Ltd. 21-23 Croydon Road, Caterham, Surrey, CR3 6PA. T 020 7112 8042 Registered in England with Company Number 10683098

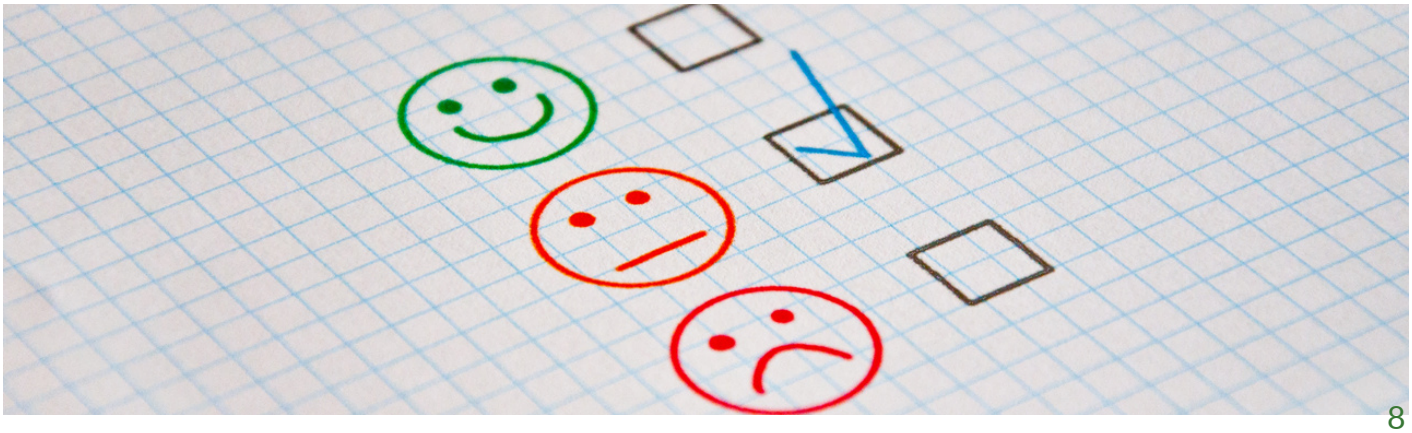
Your existing reports are usually a great place to start, once we know what you're already looking at, we can tell you what you're not looking at. We can see instantly if something isn't reporting correctly or if there's anything that could do with a tidy up. For example, it's incredibly common for businesses to 'set up' Google Analytics (GA) and just pull some standard reports. More often than not, there's room for improvement in the GA set up and at the very least, we can make sure you're tracking everything you actually want to track. Remember: if you can't measure it, you can't improve it.

once we know what you're already looking at, we can tell you what you're not looking at

By looking at your CRM and email data we can start building out targeted Customer segments. These can be mapped through to Paid Search and Paid Social campaigns which we can design and implement for you or hand over to your own Paid Marketing teams.

Your review data can provide a wealth of information, so much more than a Net Promoter Score (NPS) or whether your customers are happy or upset with you. Are you sure you know what parts of your service your Customers are especially impressed with or what could be improved upon? Are you taking the language they're using into consideration when creating ad copy and creating landing page content? What about your competitors?

By looking through the review data of your primary competitor, we might find their Cardiff customers are especially annoyed at their delivery service which means we can customise some ads within some postcodes of shoppers looking for what you're selling, with a great delivery service. This is the level of detail that isn't usually possible to provide with traditional social listening services.



© 2016-2022 Vuzo Ltd. 21-23 Croydon Road, Caterham, Surrey, CR3 6PA. T 020 7112 8042 Registered in England with Company Number 10683098

You can have as much or as little detail as you like, but if you're reading this, you're probably a detail kinda person. We share our findings from every step of the way, we explain what we're looking at and why and what it means. We have some brilliant account managers but we don't hide the people away who do the work, you get to speak to everyone (if you want to...) and ask any questions you'd like.

We make sure everything is tracked and reported. If we're telling you Customers in a Worcester postcode are looking for a nightstand that provides good value for money but your customers in Inverness are more interested in a bedside table with free delivery – you'll want to see your CPA and CPC go down and your Conversion Rate go up.

At the end of the day, we really just want to make your life easier and we're sure that data is the way to do that

Once everything is presented and understood, our reports can be packaged up for any relevant stakeholders – we're detail people here at Vuzo but we appreciate if you've got a group of C-Suites to present to, you need summarised, engaging and to the point.

At the end of the day, we really just want to make your life easier and we're sure that data is the way to do that.



We hope you found this handbook useful, and we are always available to discuss things further. Get in touch with us now to see where Vuzo could help you and your team!

To find out how we can give you the technical capabilities of a FTSE 100 company, drop us an email at hello@vuzo.co.uk

© 2016-2022 Vuzo Ltd. 21-23 Croydon Road, Caterham, Surrey, CR3 6PA. T 020 7112 8042 Registered in England with Company Number 10683098



CYBER ESSENTIALS
CERTIFIED PLUS

Google Partner

Google Analytics
Certified Professional

© 2016-2022 Vuzo Ltd. 21-23 Croydon Road, Caterham, Surrey, CR3 6PA. T 020 7112 8042 Registered in England with Company Number 10683098