

Optimizing your AdWords ROI with Google Analytics If you buy keywords on Google AdWords, you'll want to focus your spending on the keywords that drive the highest quality traffic to your site and provide the best return for your business. By looking at a single report in Google Analytics, you can see the ROI for each keyword you buy, spend confidently on the keywords that perform, and drop the ones that don't. Here's how. Link your AdWords account to your Google Analytics account.

Once you've linked your Google Analytics account to your AdWords account, you'll begin to see your spending for each keyword, as well as other cost metrics, appear in your Google Analytics reports. By linking the accounts, you'll be able to compare your keyword spending with what happens after visitors click on your AdWords ads. Google Analytics will also start importing the clickthrough and spending data from your AdWords account while tracking all the associated visitor activity.

So, if you haven't done so already, link your AdWords account to your Google Analytics account now. It's also a good idea to make sure that autotagging is enabled automatically. This will allow each click on your AdWords ads to be automatically associated with the appropriate keyword and AdWords campaign.

Another advantage of linking your accounts is that you can access Google Analytics by simply clicking the Analytics tab in your AdWords account.

Do your goals have values?

Wait! Before you decide to skip this part because you don't sell anything, let me remind you that this is an article on ROI. If your goals don't have values, you won't be able to measure the return on your investment. Your investment is your AdWords spending. So, where does your return come from?

Of course, if you have an e-commerce site, your return comes from your e-commerce revenue. But, even if you don't have an e-commerce site, you can probably come up with intelligent values for your goals. For example, if you know that 1 out of every 100 PDF downloads results in a \$500 sale, you can assign a value of \$5 to that PDF download.

Analyzing AdWords

The report for tracking keyword ROI is the AdWords Campaigns report in the Traffic Sources section. Click one of the Campaigns that are listed in this report to drill down and view the Ad Groups within the Campaign. The AdWords AdGroups report will appear. Within this report, click one of the Ad Groups. The AdWords Keywords report will appear. This report lists the keywords within the Ad Group you selected. Finally, click the Clicks tab to see ROI metrics for the keywords.

If you are not getting any cost data (i.e. if Cost is 0) make sure you've linked to your AdWords account and that you've enabled autotagging. If Revenue is 0, make sure that you've either set goal values or that you've enabled your shopping cart reporting.

Which keywords lose money?

To identify the losing keywords, click the ROI column header twice so that the lowest ROI keywords are at the top of the list. Do you have any -100% ROI keywords? These are keywords on which you lost all of the money you spent. But before you delete or pause any of these keywords in your AdWords account, consider how much you spent and whether you have enough data yet to make a decision. Very often, -100% ROI keywords are those that have only received a few clicks. You might want to wait until you receive more than one or two clicks on a keyword before you decide to cut it. And if you've only spent a few cents on a keyword, it's probably worth waiting to see if the keyword pays off. But, if you've received a large number of clicks and spent a significant amount of money on the keyword, you'll be able to instantly increase your overall AdWords ROI by deleting it.

An ROI of 0% means that you earned in revenue the same amount of money you spent. An ROI of 100% means that you spent, say \$5, and made \$10. In other words, you spent X and received 2X in revenue. It's not uncommon to get 300% or 400% or even 1000% ROI. These kinds of numbers simply indicate that your Revenue is many times greater than your Cost.

Short date ranges may obscure your true ROI.

Using the AdWords reports in Google Analytics can become addictive. Before you know it, you're checking the report every day or two and obsessing over every little change in your keyword ROI. This is fine, as long as you step back to gain perspective before making snap decisions. It's generally not a good idea to make keyword changes on the basis of a few days worth of data. You'll make better decisions if you also take into account your sales cycle and everything else you know about the specifics of your business online.

Consider your return customers -- those that find you via an AdWords ad and then return later to buy again. You'll miss these repeat conversions if you set too short of a date range. And, it may take a few days for many of your visitors to become customers. By making snap decisions based on a date range that is shorter than your sales cycle, you might actually lower your ROI.

Try out different date ranges and see how ROI is affected. Try the most recent days, week, month, and then look at this year's data. You'll have more -- as well as more interesting -- information upon which to base your decisions.

How popular are my keywords and ads?

The Impressions column shows the number of times your ad was displayed. The Clicks column shows the number of clicks the ad received and for which you paid. CTR, or clickthrough rate, is the percentage of time that a searcher clicked on the ad. These numbers give you a good idea of how frequently people search on a particular keyword and, when presented with the search results, how likely they are to click on your ad. If you want a higher clickthrough rate, you might consider bidding for a higher position and/or rewriting your ad so that it is more relevant to the searcher.

Which keywords drive revenue?

Click in the Revenue column header (you may have to click twice) so that the highest revenue keywords are listed first. The high revenue keywords may or may not be your highest ROI keywords. If your ROI shows that you are losing or making no money on a high revenue keyword, you may wish to try lowering your bid. Although you'll probably receive less traffic after lowering your bid and probably decrease your revenue, the decrease in CPC (cost-per-click) will increase your ROI.

Google Analytics is your feedback tool.

By keeping your eye on the AdWords reports, you'll be able to see how effectively you are using AdWords to drive your bottom line. By making small changes to the keywords you buy, the amount you bid, and your ad text, and tracking the effect of these changes, you'll be able to optimize your AdWords campaigns for maximum ROI.

Please visit our online profile to see how some of our clients have benefited from our services and please use the contact form below for any enquiries you may have.