

# Guide to Cost-Effective Google Advertising in 2022



Advertisers' relationship with clicks is a historically rocky one. Without clicks, your ads can't convert. But if you're not careful, clicks can also deplete your ad budget, which is why they remain such a focus in strategies to reduce ad spend.

Too often, advertisers focus their optimization efforts on the pre-click stage of advertising campaigns. It's a costly mistake—on average, each Google advertising click cost advertisers \$1 to \$2 in 2021. By optimizing for clicks, you risk wasting your ad budget on paid traffic that isn't guaranteed to convert into customers. Decreasing cost-per-click (CPC) requires funnel-wide optimization, from your keyword and bidding strategies to your overarching customer experience.

The post-click stage of advertising campaigns—where the conversion actually happens—offers opportunities to reduce or eliminate pre-click waste. In this guide, we offer eighteen strategic ways to cut CPC, spanning both the pre- and post-click stages of advertising campaigns.

Before we share these ways to lower your advertising costs, let's look more closely at how Google makes money on a CPC basis.

# Understanding how Google's cost-per-click works

Google Ads' pay structure is distinct from other advertising tools, because it doesn't simply give your ads exposure based on how much you're willing to spend. While the system takes your projected budget into consideration, the more important factors are the relevance of your ads to the target audience, and the personalization of your user experiences after customers click your ad.

## What is cost-per-click?

CPC is an advertising metric that measures the price of a single click on an online ad. The metric is most often used in the context of pay-per-click (PPC) advertising, where digital advertisers pay only when a viewer clicks their ad.



Advertisers use CPC to assess the efficiency of their ad spend and benchmark their ad performance against their competitors. It can be measured at the campaign, ad group, single ad, or keyword level, allowing marketers to see where they get the best value for their money.

## How does Google calculate cost-per-click?

Google Ads determines the cost of every click based on a real-time auction between you and your competitors.

Because Google's goal is to present ads and landing pages that are as relevant as possible to the user's search, the system will charge you less for each click if your ads and landing pages are more pertinent than those of your competitors.

## When calculating CPC, three primary factors come into play:

### Maximum CPC Bid

Your maximum CPC bid is the highest price you're willing to pay for a single ad click. For example, if you set your maximum CPC to \$2, you'll never pay more than \$2 for a single click. A higher maximum CPC bid allows you to be more competitive and show in a higher ad position.



## Quality Score

Quality Score is Google’s unique metric for measuring ad quality and relevance. Assigned on a 1-10 scale, Quality Score takes into account the expected clickthrough rate, ad relevance, and landing page experience for each ad in relation to a specific keyword.

If Quality Score wasn’t a factor, you could advertise on any keyword and drive visitors to any random page—regardless of its content. This nightmare scenario is exactly what Google wants to prevent, because they want their users to have a good experience. When advertisers create irrelevant ad experiences, Google penalizes them by charging so much money per click—up to a 400% price increase—that it can break their budgets. If advertisers continue placing off-topic, low-quality ads, Google will stop showing them. The lesson? If your ads and landing pages aren’t relevant, you could lose a lot of money fast.

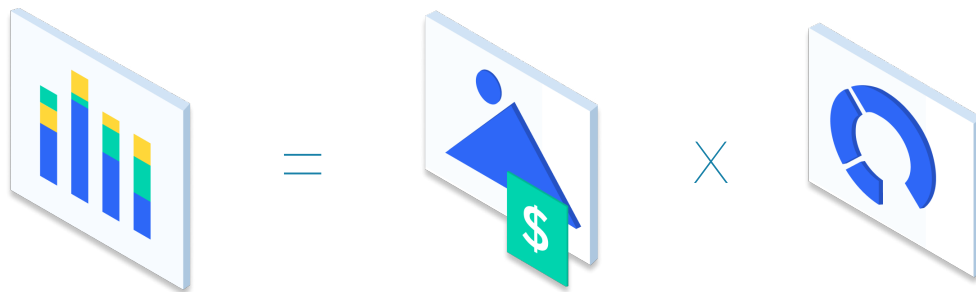


## Ad Rank

Google uses Ad Rank to determine your ad position relative to your competitors. Position rank matters, as the cost and amount of traffic you get from each rank is different. For example, ads in position one get 50% more traffic than ads in position two, and ads in position one get double the traffic of ads in position four.

Factors involved in this calculation include your bid amount, your auction-time ad quality, Ad Rank thresholds, the auction's competitiveness, the search context, and the expected impact of ad extensions. Your Ad Rank roughly equates to your maximum CPC bid multiplied by your Quality Score.

Google Ads ranks ad position from 1.0 (being the top of the paid listings section within the search engine results page) down to 7.0 and is reported as a decimal when averaged out. In the simplest example, if an ad shows up in position rank 1.0 once and then in position rank 2.0 once, it'll be reported as "Avg. position rank = 1.5".



Google may put one, two, or three ads beneath the organic results at the bottom of the page, so it's unsurprising that ad positions four or higher perform very poorly in terms of traffic volume and click-through rates.

In terms of cost-per-click, you are likely to pay 30% more per click to be in position 1.0 than position 3.0. If you pay less, you risk being at the bottom of the search results page and earning significantly less traffic due to a lower clickthrough rate.

Using these three factors, you can calculate your actual CPC (the cost of an individual click) at auction time with this formula:

$$\text{Actual CPC} = \left( \frac{\text{Top Competitor's Ad Rank}}{\text{Your Quality Score}} \right) + \$0.01$$

In the example below, Advertiser 1 has a maximum CPC bid of \$2 and a Quality Score of 10, earning them an Ad Rank of 20. Because they have a higher Ad Rank than their competitors, they'll earn the top ad position.

	Max Bid	X	Quality Score	= Ad Rank	→ Position
Advertiser 1	\$2		10	20	1
Advertiser 2	\$4		4	16	2
Advertiser 3	\$6		2	12	3
Advertiser 4	\$8		1	8	4

To calculate their CPC, divide the top competitor's Ad Rank (16) by Advertiser 1's Quality Score (10), and add a penny.

$$\text{Actual CPC} = \left( \frac{16}{10} \right) + \$0.01$$

$$\text{Actual CPC} = \$1.61$$

Though you can't control what your competitors do, you can still reduce your CPC by lowering your maximum CPC and improving your Quality Score. This guide will help you do both.



# The link between CPC and Google's Quality Scores

Reducing your CPC starts by understanding how [Google's Quality Score](#) affects your ad returns.

Google aims to show users the most relevant, helpful ads—otherwise, people would stop relying on them for their search queries. To accomplish this goal, Google measures the quality of each ad against three criteria:

## Expected click-through rate

Expected click-through rate (CTR) is the predicted percentage of users who will click your ad when it appears in the search results for a given keyword. It's estimated based on past ad performance.

Google wants to give their users the best search experience, which motivates them to display ads users will want to click on—not to mention Google only earns revenue when a user clicks an ad. Therefore, they'll always incentivize highly clickable ads with lower CPCs.

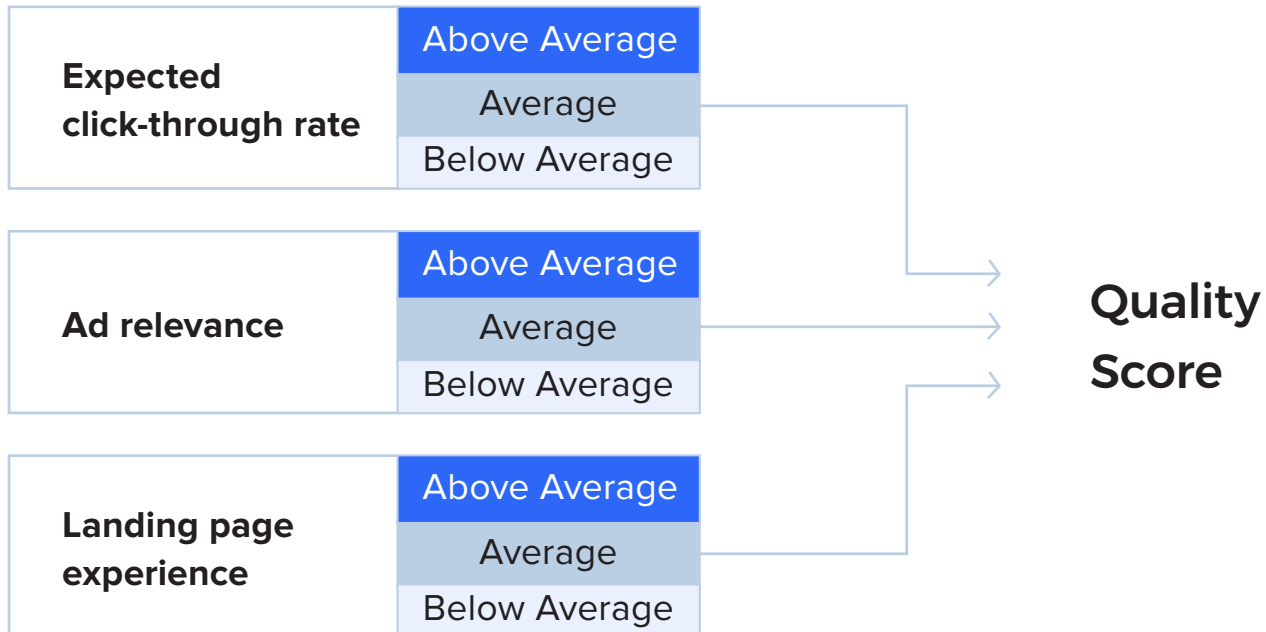
## Ad relevance

Ad relevance is a measure of how closely your ad copy and messaging matches the keywords in your ad group. Highly relevant ads are more likely to provide a better search experience, and cost less than irrelevant ads.



## Landing page experience

Landing page experience is Google’s estimate of “how relevant and useful your website’s landing page will be to people who click your ad.” [According to Google](#), “You should make sure your landing page is clear and useful to customers, and that is related to your keyword and what customers are searching for.”



The higher your Quality Score, the less you have to bid to achieve the same Ad Rank. (Remember: Google determines an ad’s position through Ad Rank, which is a combination of your bid amount and your Quality Score.)

To improve your Quality Score and reduce your CPC, you should focus every aspect of your PPC strategy on improving your click-through rate, increasing your ad relevance, and providing an incredible landing page experience. Our tips focus on these three points.

# 18 creative ways to cut your cost-per-click

## Revise your keyword strategy

Did you know there are an estimated 3.8 million queries typed into Google every minute?

There are millions of search phrases in Google's inventory, and each word or phrase has a specific cost and group of advertisers competing for placement. Plus, desktop and mobile search ads each have their own inventory, which doubles the inventory available to advertisers. That's why keyword strategy is vital to your ROAS goals.

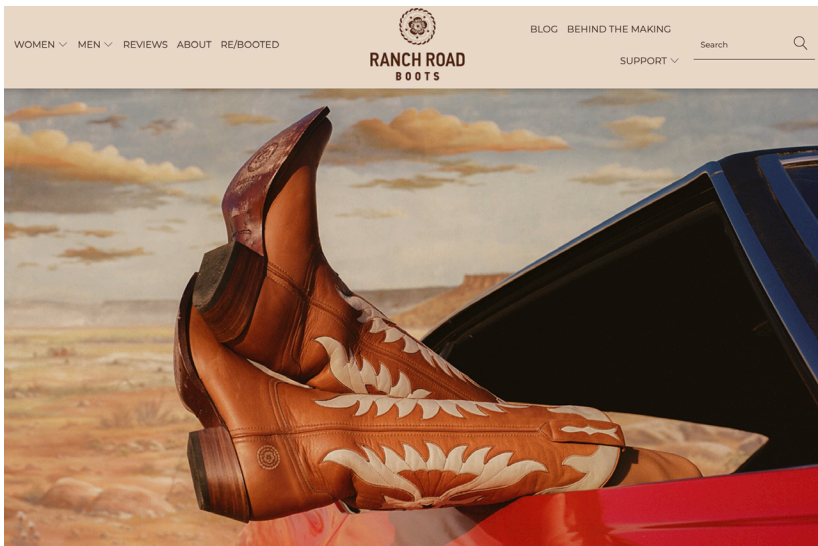
### 1. Identify your top keywords

Start with Google's Keyword Planner to identify 25 to 50 keywords that are relevant to your business. You can even use the tool to look at the words and phrases your competitors are targeting. Find what's unique and meaningful to your business so you're not competing too heavily for placement early on. Then, look at keyword pricing and performance. Value each term before you add them to your list of target keywords. Targeting these new keywords with higher relevancy can reduce your average CPC.



## 2. Target long-tail keywords

Like with any strategy, not having a focused plan is costly. Broadly targeted, short-tail keywords are dense with competition, both in the quantity and type of competitors you'll face.



Say you sell work boots. If you bid on the keyword “shoes,” you’ll be competing with every shoe company on the internet. Even a term like “boots” will have you fighting against luxury and comfort brands that have nothing to do with your audience.

Greater competition means higher costs to you. You’ll face far less competition (and pay less) by bidding on a long-tail keyword like “waterproof construction boots.” Not to mention, it becomes much easier later on to align your ads and landing page experience to a more focused keyword. That relevancy will equate to lower CPC and higher Quality Score.

As a bonus, long-tail keywords are conversion drivers. Someone searching for a short-tail keyword like “shoes” isn’t necessarily ready to make an informed purchase yet. They’re likely still researching what types of shoes to buy. In contrast, someone searching for a long-tail keyword like “size 9 pink high-heeled shoes” is ready to take action. Aligning your keyword strategies to customer goals through long-tail keywords like this is a major advantage to your conversion rate.

### 3. Do a deep competitive analysis

Competitive keyword strategies can be a balancing act. It's important to keep a tab on what your competitors' keywords look like to understand why some bids may be more costly than others. If you're starting off new and competitors have established more authority in the field than you, then it might be a good idea to stray away from terms they've cornered. If you feel you have the authority and relevance to compete, letting your competitors get all the bids on high-value keywords isn't a great strategy. Remember, nothing is static. Keyword density can increase or decrease over time, so you have to keep a watchful eye and weigh the risks.

### 4. Study costs for mobile, desktop, organic separately

Google considers mobile and desktop search as completely separate inventories. For this reason, you shouldn't lump these two inventories together when planning your ad strategy.



Look at what percentage of your audience engages with your site on mobile or desktop, then decide where to invest your ad dollars. Also, keep in mind that organic competition varies from mobile to desktop. So, it's possible for you to rank in the top three results on desktop but lower on mobile. Instead, you should look at keyword competition, CPC, Quality Scores, and landing pages for each inventory separately.

## 5. Master negative keywords

Similar to the benefits of long-tail keywords, negative keywords help you narrow the focus of your keyword strategies and avoid wasted ad spend.

Before you run your ads, use a keyword research tool like the Google Ads Keyword Planner to make a list of any keywords that may contain or closely relate to target keywords that aren't relevant to your ads. For example, if you're a real estate agent advertising "ski properties," you'll want to avoid showing up for closely related but irrelevant keywords like "ski resorts."

Once your ads are running, keep an eye on the search terms that are showing up. Add any irrelevant keywords to your negative keyword list as they roll in. To avoid having your ads appear in irrelevant searches, manage your negative keyword list as proactively as possible.

## 6. Play with keyword match types

Google offers four keyword match type options, which vary in strictness:

- **Broad match:** Close variations and related searches
- **Broad match modifier:** Includes designated terms, but in any order
- **Phrase match:** Matches or close variations of a phrase with words added before or after
- **Exact match:** Exact matches or synonyms



If you're trying to lower your CPC by improving your Quality Score, broad match might raise red flags. Broad match will cast the widest possible net, earning you more impressions and potentially more clicks, but also making it more likely to capture irrelevant keyword variations. On the other hand, exact match ensures you only target the most relevant keywords but will prevent you from discovering related keywords.

Discovering new keywords, negative or positive, can be a major benefit. You might find a niche term you didn't think of at the beginning of your strategies or you'll discover a term you need to add to your negative keyword list. It's up to you to decide how you want to refine or focus your strategy.

## **7. Maximize relevance with SKAG**

How can you ensure your ad groups are as relevant as possible to a user's search? SKAG (single keyword ad group) is the practice of using exactly one keyword to target per ad group. By creating hyper-granular ad groups, you ensure maximum relevance between the search term, ad copy, and post-click landing page experience.

Returning to our high-heeled shoe example, imagine creating an ad group that specifically targets "size 9 high-heeled shoes." Doing so allows you to create ad copy that is specifically relevant to size 9 high heels—such as comfort, style, or designer—boosting your ad relevance and click-through rate. On the post-click landing page, you can then showcase only the shoes featured in the ad, improving the landing page relevance and boosting your conversion rates.

# Narrow your targeting strategy

## 8. Personalize your audience segments

Too many companies create only one or two customer personas and then deliver a one-size-fits-all marketing message to everyone. That’s especially true when it comes to PPC.

In reality, your audience is far more segmented than that—what appeals to one customer may not attract another. Even if customers have similar interests, their buying habits, backgrounds, or pain points may still be distinct. The more segmented you get in your messaging, the more likely your ad will resonate with individual customers. You can’t lose sight of how diverse your audience is, and remember that each segment requires unique messaging.

Here’s the data you need to maximize your segments:

Demographics	Data that defines your audience’s background
Geographics	Geographics establish regional needs and influences
Psychographics	Psychographics define the intrinsic traits and value of your customers
Behavioral	Behavioral data sets the stage for how they formulate purchase decisions
Firmographics	Firmographics identify your customers’ aspirational goals and organizational needs
Intent	Buyer’s intent helps you establish where your customers are in the funnel



# Pricing that fits your budget

## 9. Be intentional about the positions you target

While aiming for the top sounds like the goal for any ambitious marketer, the top ad ranking may not always be the best position for your ROAS. As a scrappier business, you may have to focus on growth and scaling up to those top positions where competition gets heavy.

Think back to the Ad Rank calculation. As we discussed earlier, your ad position is determined by your maximum bid and your Quality Score relative to those of your competitors. Therefore, if your Quality Score stays equal, the only way to rise through the ad positions is to increase your maximum bid. As a result, you can lower your CPC by lowering your maximum bid and aiming for a lower ad position. Not to mention, earning the top rank makes your ad susceptible to trigger-happy clicks that aren't relevant to your conversion goals.

Your CTR will drop as your ad position decreases. While you may expect around a 6% CTR in position 1, you may only expect a 2% to 3% CTR in position 3. So, by aiming for a lower position, you will see fewer clicks. But remember—you only pay per click. If you're in a high-volume search industry and you regularly spend your entire monthly budget, targeting a lower ad position can earn you more clicks for the same budget—lowering your CPC.

Evaluate what position makes sense for each of your top 50 search terms. For example, if you don't rank organically for a specific keyword, and the keyword is vital to your business, it may make sense to pay a premium for the top spot.

On the other hand, if you rank organically, and the keyword is less vital to your business, you may want to consider aiming for positions two or three.

## 10. Lower your bids (when it makes sense)



Another way to lower your CPC is to change your bidding strategy.

There are two main categories of bidding strategies for Google search ads:

- Optimizing for conversions
- Optimizing for clicks

For the first category, Google uses automated Smart Bidding based on the likelihood of achieving a conversion. It does this by tracking your ads from click to conversion and adjusting its bids over time to favor keyword-ad combinations that are most likely to produce results.

Google has five Smart Bidding strategies that target earning more conversions and revenue:

- **Target cost per action (CPA):** Target a specific cost per conversion
- **Target return on ad spend (ROAS):** Target specific conversion revenue value
- **Maximize conversions:** Target a higher volume of conversions
- **Maximize conversion value:** Target high-revenue conversions
- **Enhanced cost-per-click (ECPC):** Automatically adjust manual bids to maximize conversions

However, if your goal is to get a higher volume of clicks for your budget (without focusing on conversions), you can use one of these two bidding strategies:

- **Maximize clicks:** Target the most possible clicks within your daily budget
- **Manual CPC bidding:** Manually set your maximum CPC bids per ad group or keyword

With manual CPC bidding, you can more easily cap your cost-per-click, choosing only to bid in auctions where the price stays low.

The best practice is to start by setting your manual bid to your average CPC. As your Quality Score increases for each ad group over time, you can lower your manual bids to maintain the same position.

However, there's a reason SMB advertisers often opt for automated bidding strategies: Manual bidding is a lot of work. You'll need to regularly keep a close eye on every ad group and keyword. But done correctly, it can be a significant cost saver.

## Provide an exceptional customer experience

### 11. Deliver a personalized ad journey to every potential customer

By narrowly segmenting your audience and targeting long-tail keywords, you create the opportunity to deliver highly personalized ads and landing pages—something that benefits both consumers and marketers.

Utilize your targeting data to make calculated decisions with your copy, design, and other content. By providing a highly personalized experience, your messaging is more likely to resonate with your potential customers. This increased relevance will improve your Quality Score and decrease your CPC.



The more relevant your ad and landing pages are to your target keyword, the higher your Quality Score. Therefore, strive for the gold standard of a 1:1 ratio between your ads and your landing pages. The objective is to provide your customers a fully personalized advertising journey that goes far beyond message-matching.

## 12. Create a post-click landing page for every keyword

Landing page experience plays a critical role in determining your Quality Score and CPC. By creating a tailored landing page for every one of your top search terms, you can reduce your CPC by as much as 50%.

The landing page doesn't need to be completely different for each term. You can repurpose content from other landing pages. However, you want to do more than merely include the keyword phrase in the page title, headline, and throughout the page. Google's analysis is sophisticated enough to dig deeper than that.

While it's certainly a lot of work, it's well worth the investment, particularly for companies that rely heavily on paid advertising. You can earn a 50% price reduction and avoid penalties of up to 200% by investing more time and effort into your post-click strategy.





### 13. Use conversion-centered design to craft effective pages

Your goal here is to ensure your post-click landing page follows design and user-experience best practices that are proven to increase conversions.

In our experience, high-converting landing pages are:

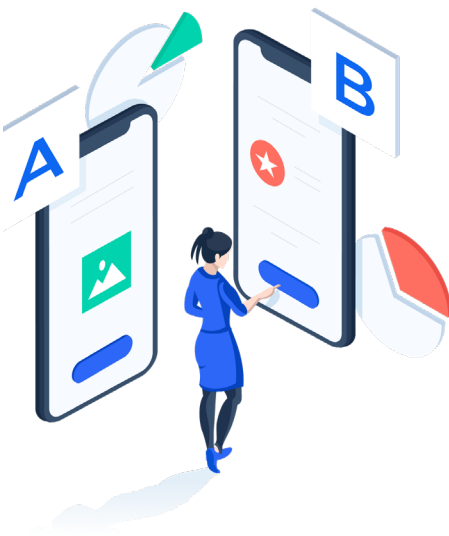
- **Focused:** Each landing page should have a single conversion goal, as well as calls to action that elicit one desired action from the visitor. Ensure it's free of any navigation or in-content links that would distract the visitor from converting.
- **Persuasive:** Each landing page should contain clear and compelling copy that leverages the principles of persuasion. It should feature an attractive incentive or offer that's difficult to walk away from, with social proof that convinces buyers it's worth it.
- **User-friendly:** Each landing page should adhere to the principles of design and use responsive layouts to fit any device. Create pages that load as quickly as possible—ideally, in under three seconds.



# Optimize your entire advertising funnel

## 14. Test, test, and test again

You need to have a ready-to-strike mindset when it comes to conversion-focused strategies. One surefire strategy for lowering your CPC is to continually refine your page performance. Optimizing your landing pages is essential to keeping cost-per-click down and enhancing your bid strategies. Unfortunately, one set-it-and-forget-it experiment won't be enough to achieve results.



A/B testing has become more popular over the years, but misconceptions still surround this strategy. Many businesses get lost testing elements like button colors or typefaces when its ideal purpose is identifying the highest-performing version of your page. Having the proper tools can help assist with informed testing and eventually help you build up to multivariate testing so you can speed up insights.

## 15. Refine your targeting strategy

Consider testing different keyword strategies and adjusting how you align your page to those keywords. Enhance your audience targeting by optimizing to match intent. See which segments are underperforming and adjust your narrative. Tweak your audience data to better narrow down on their intrinsic traits and beliefs to better align your content to their needs. Test different elements of your story on your landing page and see what actually resonates with readers.



## 16. Check page speed

Customers want fast results. If your page takes too long, they won't wait around to evaluate your offer. They'll click the back button and find another page that will give them what they want, faster. If your page is slow to load, try reducing big files, getting rid of JavaScript, or building landing pages with AMP.

## 17. Regularly refresh creative

Ad fatigue is real. You need to keep in mind that customers will probably come back to your funnel at some point. Even if you adjust your audience targeting, your ads still might appear in front of familiar customers. The more often people see an ad, the less likely they are to pay attention. For you, that spells wasted ad spend. For this reason, most sources recommend refreshing your creative every four to six weeks. When your performance starts to dip, you'll know it's time.



## 18. Test different layouts

When it comes to your landing page layout, anything is possible. There are short landing pages that feature only essential information located above the fold and longer ones that provide all the information needed to make an informed decision. Similarly, some landing pages follow the F-pattern, and others follow the Z-pattern. Beyond their basic structure, there's an infinite number of possibilities when it comes to how to arrange elements on the page. What works for another company may not resonate with your audience. So, it's essential to test, test, test.

## How Instapage lowers your CPC

Implementing all of these strategies takes a lot of manual effort and is nearly impossible to scale. Most advertisers don't have time to hand-craft hundreds or thousands of personalized landing pages. Nor do they have the resources to test and optimize every aspect of their campaigns. Fortunately, Instapage's landing page technology is available to help you scale.

As a fully equipped landing solution, Instapage enables SMB marketers to maximize and automate their landing page conversions:

- 1. Ad mapping** allows you to import your ads accounts and directly map every ad to a separate post-click experience. From a single dashboard, you can view the entire campaign to ensure it's message-matched, personalized, and seamless from end to end.
- 2. Personalization** capabilities allow for the transfer of key audience targeting parameters from the pre-click stage to the post-click stage. With these capabilities, you can ensure that every audience member lands on a page tailored to their exact personalization profile.
- 3. Optimization** is key to improving conversion rates. Our technology continually collects data from your post-click landing pages—learning what users respond to and giving you the power to make quick adjustments to your pages.
- 4. Page speed** is optimized for every post-click experience, letting you capture visitor attention right away with responsive, lightning-fast landing pages. Our proprietary back-end technology ensures that your pages never lose a lead to slow-loading pages.

With the world's most advanced landing page platform in your hands, you'll feel empowered to automatically create, personalize, and optimize landing pages for every ad. Contact our team to find out how Instapage can help you build more landing pages faster than ever before.



## Pair these marketing trends with a fully optimized post-click landing page

The examples in this guide demonstrate how brands of different sizes, industries, and funding cycles can use landing pages to build awareness and maximize conversion throughout the funnel.

One of the most crucial steps in converting visitors is creating personalized and optimized post-click landing pages, which deliver higher conversion rates at a lower cost.

Request an [Instapage Converting Plan Demo](#) today to see the world's first Post-Click Automation solution in action.

[GET AN INSTAPAGE DEMO](#)