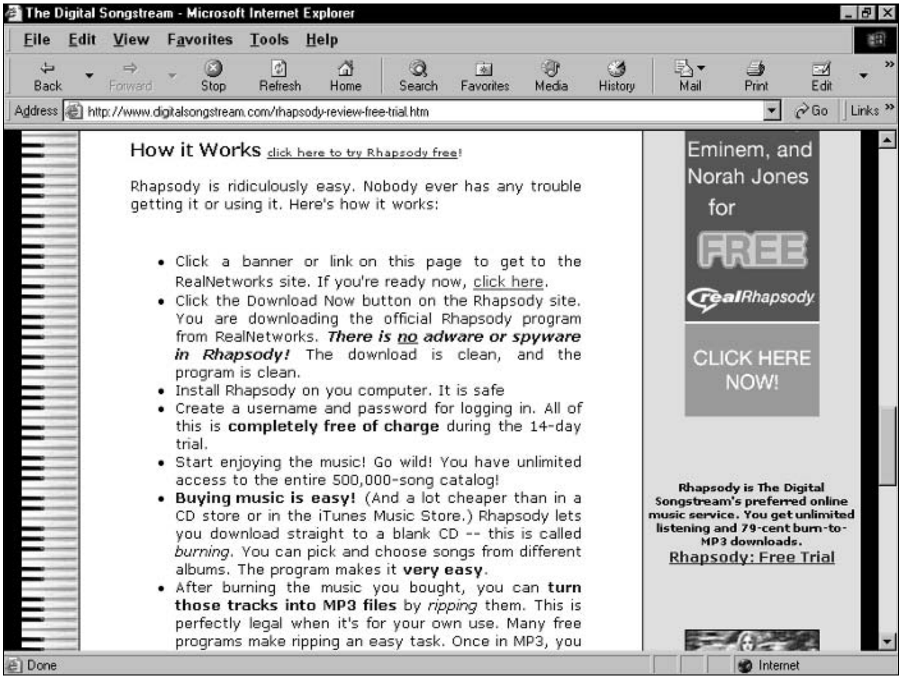

Figure 7-7: An effective landing page encourages action and makes conversion easy for the visitor.

Productive Budgeting

The amount you spend to purchase traffic depends, essentially, on what the traffic is worth to your business. This factor is where your marketing goal meets your budget. A positive return on investment (ROI) is easy to quantify when the campaign is geared to selling products directly. In that case, your return is calculated simply by subtracting expenses from sales. As long as the result is a positive number, your budget can be sky-high, because every dollar spent on clickthroughs yields (on average) a profit.

"Spending" is perhaps a misnomer when budgeting in AdWords, which comes close to being a direct sales channel. (A direct sales channel is one in which the consumer can take immediate action that results in a sale.) As with any other advertising venue of this sort, ad spending takes on a new light when it can be directly connected to gain. What limits should be placed on a budget whose every spent dollar returns (on average) more than a dollar in revenue? No limit, obviously. You might not make a living on a very slim profit margin — for example, if every $1.00 spent returns $1.01 in average revenue. However, even a one-penny profit justifies the ad campaign and encourages the advertiser to