

by Alex Chaidaroglou

# Adwords Cost Per Acquisition: Smart Ways To Reduce It



# About Alex Chaidaroglou

Alex is the CEO and co-founder of the most accurate Price Tracking software, [Altosight](#). He shares his experiences on his personal blog at [WeeklyGrowth](#).

He has been studying and practicing Digital Marketing since 2012. He specializes in B2B digital marketing and especially SaaS.

In his early career he built and grew his own blogs with his partner. Most of them are sold by now.

He then worked with some small businesses and in an SEO agency as a contractor.

His latest steps are in B2B and especially SaaS where his current focus lies in.

Alex has been seen on:

1. Forbes
2. OnStartups
3. ConversionXL
4. Buzzsumo
5. Social Media Today

[View his full bio on LinkedIn.](#)

# Adwords Cost Per Acquisition: Smart Ways To Reduce It

I believe that Google Adwords is something that every business has to figure out how to make it work for them.

The cost for some keywords can be extremely high and it will keep going higher and higher, because that's the nature of paid advertising.

If we take this into account, you want to start as early as possible and make it profitable, so your account has both historical data and a healthy track record.

In this article, I want to share with you some tips that I have been using to reduce Adwords' cost per acquisition in the Adwords level (not landing page optimization etc).

## Fundamentals

As usual, before we dive into tactics, we need to have covered the basics and be in the correct mindset for them to work.

First of all, you need to understand that **Adwords is usually a channel targeting people that have no clue who you are**, but they have a need or problem that they are searching for.

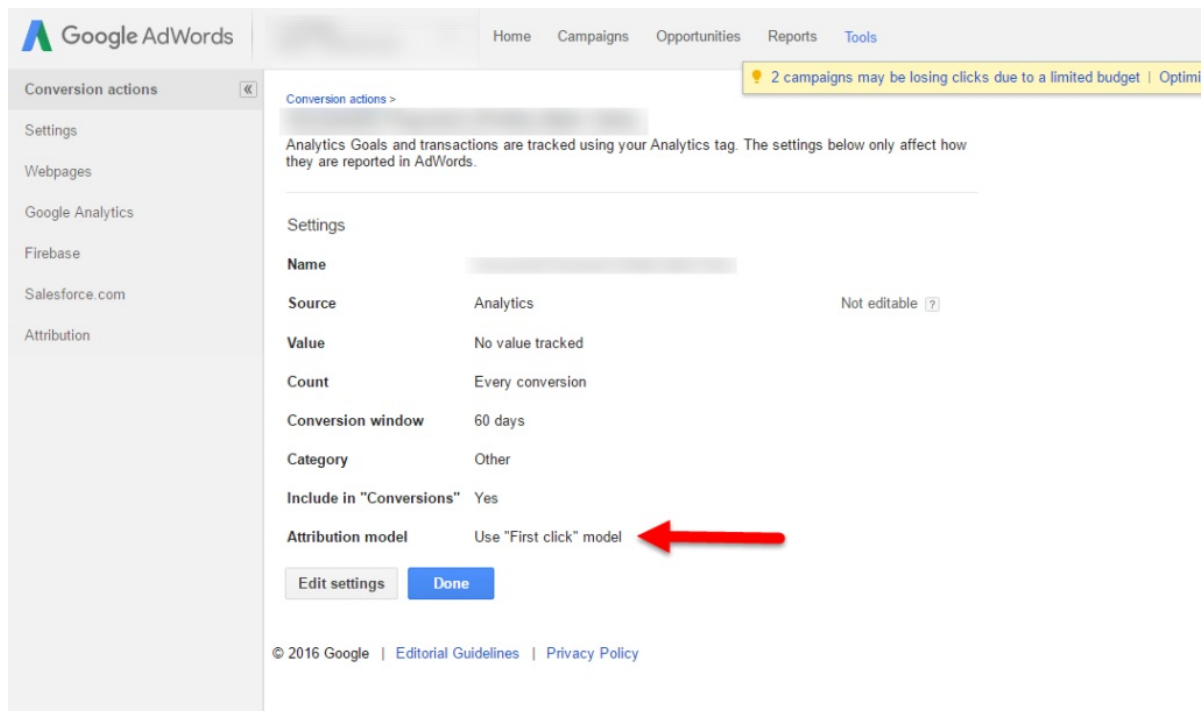
So, on the one hand they are actively trying to solve a problem, but on the other hand they don't know yet who to trust...

This is why Adwords is mostly an awareness channel and it should be evaluated as such. By awareness I don't mean impressions or **other vanity metrics**. What I mean is that it should bring people in, but chances are they won't convert right there on the spot. They might come back later on and convert.

Adwords then should be your first point of contact in your customer's journey and this should be reflected in your **attribution model**.

I will go in depth into a future post about attribution, but for now know that Adwords must always be "First click" attribution.

This can be done by going in your Adwords account to *Tools* (top menu) --> *Conversions* and then clicking a conversion. In the new window make sure the attribution is set to "First Click" as shown below:



This means that for every conversion that came by first clicking an Adwords ad (even if they later clicked a retargeting ad, email etc) the conversion will be attributed to Adwords.

This is right, because as we said Adwords should be the first point of contact in your customers' journey. That's the nature of Adwords.

Lastly, the more volume you want to get out of this channel the higher the cost per conversion will be, because you are broadening your targeting.

Now, with these covered let's see some tips to get that cost per conversion down!

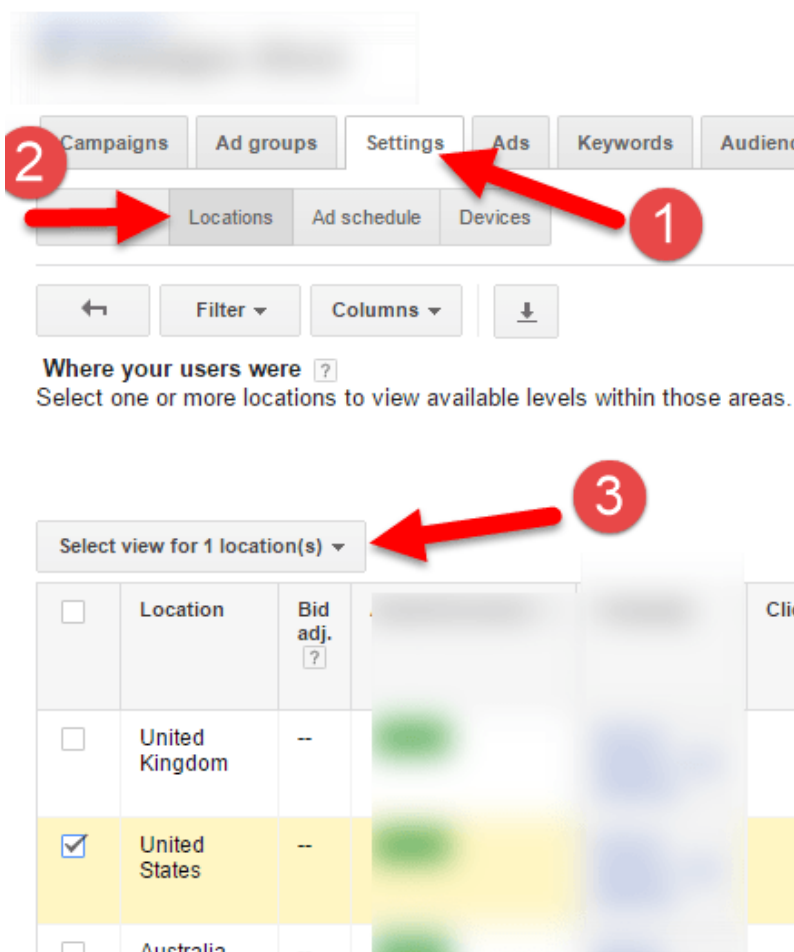
# Geolocation Exclusion & Segmentation

The first tip is Geolocation (excluding/including certain locations) and segmenting them.

Most of us who are not located in the states tend to target the United States as a whole in our campaigns. What we don't know is that states can differ wildly between each other. For example, NYC and Alabama are both in the United States, but they are very different states.

You might not know it since this data is not very easy to find, but you can see exactly which states bring your conversions. **Here is how to find in Adwords from which states your US conversions are coming from:**

**Step 1:** Go to *Settings-->Location* as shown in the screenshot below:



Before (3), first click all the "United States" boxes below and then click (3) and select "State" view.

And there you have it, now **you can see which states are bringing you**

**conversions** and you can focus there!

This way you are saving all the budget you were wasting on states that weren't converting and this will bring your cost per conversion down.

Another way to do something similar is to group together high tech adoption and low tech adoption states, bid differently on each one and measure them separately.

## Quality Score & Keywords

This is pretty basic, but I am going to mention it anyway.

The higher your quality score is the lower your cost will be. One way to increase your quality score is to have the keywords you are targeting in the ad copy.

However, creating different text ads for each keyword is impossible. So, what we will do instead is group the keywords under different themes, or rather seed keywords, like "SaaS Marketing", "Startup Marketing" etc and create a different text ad for each theme.

Each theme will be a separate ad group.

That way we will have the keyword inside the text ads and the landing page and this should not only reduce our cost, but also increase our conversions.

Recently Adwords expanded its ads adding a second line where you can add more text, get more SERP space and increase your **CTR**.

**For Advanced Marketers:** Take it a level higher by dynamically inserting keywords in your ads and landing pages. This is out of the scope of this article, but you can learn more about it [from Wordstream here](#) and [from Unbounce here](#).

## Returning visitors

Most companies in competitive industries are bidding on their brand name, because their competitors do too.

One way to reduce this ad spend is to ignore returning visitors.

If someone has come to your site and she is searching again for your brand, chances are she is already sold on you or wants to learn more about you and she has already seen your competitors.

That way it doesn't make sense to bid on your name because she is coming your way anyway.

The way to do this in Adwords would be to **create an audience with returning visitors and exclude that**.

## Localization and Language

One easy way to get cheap targeted conversions is by targeting your most relevant keywords in other languages like French.

You simply make a landing page in their language (even with Google Translate if you want to make a quick test) and run some ads in their language by either using Google or a professional translator.

You might be thinking that this is not 100% native and it won't work, but due to the fact that the competition there is almost non-existent, it does work pretty well. Just run a quick test and see for yourself!

## Conclusion

All in all, Adwords is a channel with a lot of potential and highly targeted traffic for every business that is not hugely innovative. You can **learn more about its important key metrics here**.

The platform has a lot of options to drill down and find out what works and what doesn't. In the early days you will be buying data to optimize your ads and in time you should be able run them profitably.

Lastly, for **SaaS** specifically, some landing page best practices might not be... best practices for us. For example, it's usually better to include a menu which might distract from your main CTA.

But, that's for another blog post!

***Hope you found this useful! If you want to track your products or your competitors' products prices online feel free to check how we do it at [Altosight](#).***

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