

**A or B?**

*How Split Testing  
Maximizes Ad Spend for  
Small Businesses*

[www.mbmarketingllc.com](http://www.mbmarketingllc.com)

# Understanding A/B Testing

## *The Basics of Testing Your Digital Advertisements*

In the world of online marketing, small businesses often struggle to make sense of the relationship between ad spending and revenue. Google estimates in their most recent “Economic Impact” report that businesses typically generate \$2 in revenue for each dollar they spend on AdWords. But that’s an average. Many small businesses are stuck pouring money into their advertising and not getting much out of it. Why does this happen? What can you do to get a better return on your ad spend?



*I know that half of my advertising doesn't work. The problem is, I don't know which half.*

**-John Wanamaker**

John Wanamaker, the American merchant who invented the concept of the price tag, is credited with making the following statement over 100 years ago: “I know that half of my advertising doesn't work. The problem is, I don't know which half.” Fortunately, YOU have tools like Google Analytics to learn precisely what works and what doesn't. And every time you test an ad, you have the chance to improve it. That's what makes A/B testing one of the most powerful techniques for turning advertising dollars into profit for your business.

# What Is A/B Testing?

A/B or “split testing” involves running two versions of an ad to see which one performs better.

By running an otherwise identical ad with just ONE change, it's easy to figure out what makes the winning ad more compelling to the consumer. That's why smart advertisers test one variable at a time. For example, changing the color of the “**Buy Now**” button on a page from red to green might deliver a significant difference in results. But if you also changed the text to read “**Get Yours Today**”, you wouldn't know whether it was the color or the wording that made the difference.

Of course, it's fine to test more than two ads at one time for various advertisements for your business. Simply ensure that when you are A/B testing there is only one variable being compared between otherwise similar ads. For example, you can test as many images as you want, as long as that is the only variable you change. The goal is to learn exactly how audiences interact with your ads.

## Better Ads Deliver Cost Savings

The profitability of an ad isn't just about how many people respond to it. The other major factor is how much you spend to get that interaction. Keeping your cost per click (CPC) low means you spend less money to acquire each new customer. There are many factors that determine how much a given ad costs, including competition within a particular sector. For example, ads targeting the keyword “insurance” can cost \$59/click!

But here's the good news if you're competing for customers' attention on a small business budget:

**Advertising platforms like Google and Facebook reward you with lower pricing for running better ads.**

In fact, the better your conversion rate (the higher the percentage of people who click on your ad), the lower your CPC. Here's a real-life example of how that works, and the kind of difference it can make for your ad budget.

The two ads below look almost identical. But one had a CPC of \$0.64 and the other had a CPC of \$1.69. Wouldn't you want to save more than a dollar per click to acquire a fresh, high quality lead? Let's explore the fundamentals of making that happen.

**TBI** True Blue Investments, LLC  
Sponsored (demo) · 🌐

Are home repairs too costly to fix? Are you behind on your house payments? Get a cash offer today for your house and stop the worry.



**Get a cash offer for your house today.**  
North Texas' most fair, friendly, and honest home buyers

HOMEBUYERDFW.COM [Contact Us](#)

**TBI** True Blue Investments, LLC  
Sponsored (demo) · 🌐

Are home repairs too costly to fix? Are you behind on your house payments? Get a cash offer today for your house and stop the worry.

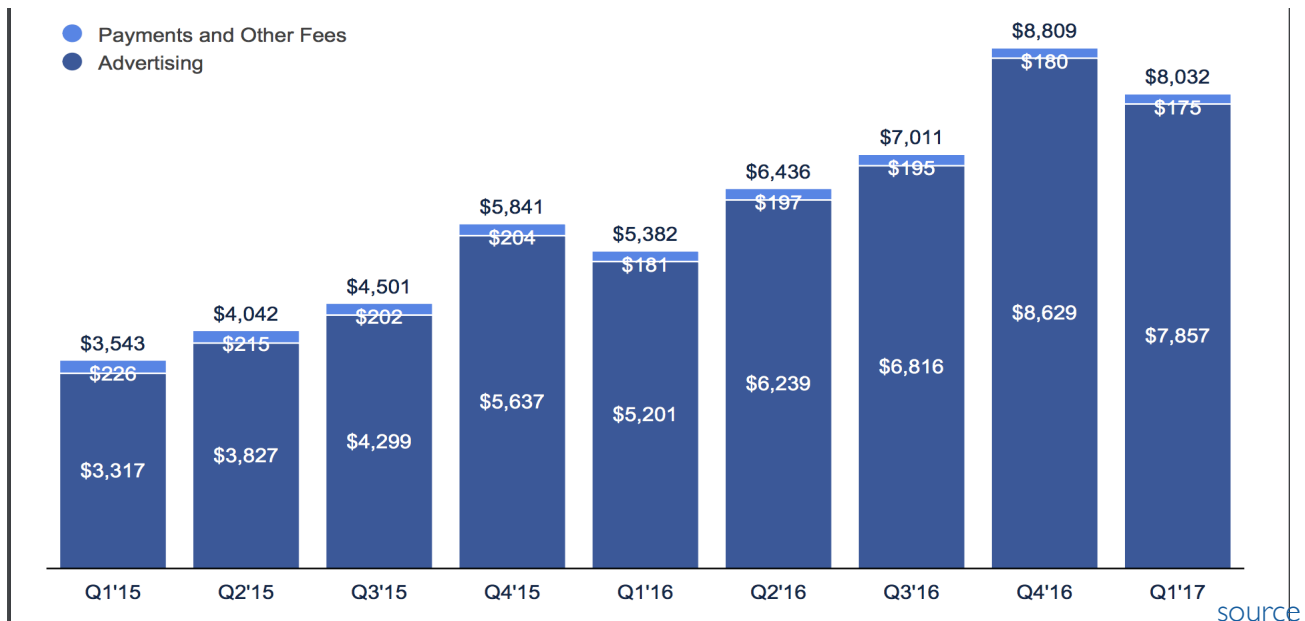


**Get a cash offer for your house today.**

WEBUYHOUSESNOTHTEXAS.COM [Contact Us](#)

# Content Is King. But Only If It's Relevant

No matter where you advertise online, presenting RELEVANT CONTENT to your TARGET AUDIENCE is the secret to success. It really is that simple. People are overwhelmed with ads everywhere they look. They get annoyed easily by advertising because it's everywhere. Most online platforms, including the big ones like Google, YouTube, Facebook, Instagram, and Twitter, make a lot of money from advertisements. Facebook's revenue went from \$3.3 million for the first quarter of 2015 to \$7.9 million in the first quarter of 2017! It's no wonder these media giants take steps to prevent their user base from migrating to competing sites or search engines. This includes ensuring users see ads they **want** to see and protecting them from unwanted advertising—including yours—that might drive them away.



For businesses that want to advertise online, there are only two ways over this hurdle. Pay a LOT MORE money to spam people with ads, or pay less money to run ads that are designed to naturally appeal to the target audience. The second option makes a lot more sense, and it's what smart businesses do every day.

**Step 1: Know your target audience.**

**Step 2: Create ad content that resonates well with that audience.**

**Step 3: Run variations of the ad to figure out which one works best.**

In the example earlier, the difference between the two ads was the landing page. Users found one page clunky, obtrusive, and hard to navigate, leading them to abandon the page without taking action. The second landing page was cleaner, easier to understand, more concise, and had a clear call to action. It gave them a better experience, and gave my client a better price per click.

# But That's Just the Beginning...

A deep dive into analytics provides insights for how to get even more for your advertising dollars. The more you segment a target audience, the better results you can achieve. Here are two additional examples of A/B testing for the same client. These are the best two performing samples from a campaign of 6 different images with identical copy and landing pages. Did the ad with the woman cost more or less than the ad with the man?




True Blue Investments, LLC  
Sponsored (demo) · 🌐

Are home repairs too costly to fix? Are you behind on your house payments? Get a cash offer today for your house and stop the worry.

Get a cash offer for your house today.

WEBUYHOUSESNOTHTEXAS.COM [Contact Us](#)



True Blue Investments, LLC  
Sponsored (demo) · 🌐

Are home repairs too costly to fix? Are you behind on your house payments? Get a cash offer today for your house.

Get a cash offer for your house today.

WEBUYHOUSESNOTHTEXAS.COM [Contact Us](#)

If you answered “More”, you are correct—but only up to a point.

A closer look at the results showed that the ad picturing a woman (which cost more overall) cost LESS when shown to men. And the price was lowest when shown to men in the same age range as the woman in the photo. For women, the ad picturing a man cost less (\$1.21) compared to showing it to men (\$1.78). From this information, it's possible to draw a couple of conclusions. First, women are less interested in ads about home repairs than men—at least on the platform where these ads were shown. Second, both genders respond more favorably to pictures showing someone of the opposite sex.

## Don't Leave Money on the Table. Keep Testing!

Of course, gathering information from analytics does no good unless you put it to use. So, additional refinements were in order. Out of all the campaigns for this client, this final one worked best. It allowed the display of a carousel of images selected from the best performing ads identified in previous A/B tests. Along with refined copy (a straightforward sales proposition worked best in this case) and a well-designed landing page, the average cost decreased even more. The final CPC for the ad was just \$0.30. As you can imagine, this client was excited to get results for a fraction of the cost they would have paid without additional testing.

**Call Us Today**

## *Free Marketing Evaluation*

Is your marketing providing the Return on Investment that you want? Is there room to improve? We can help you figure that out.

**LEARN MORE**