

MEDIA BUYS BY THE NUMBERS

Cindy: Jonathan it is fantastic to actually have you here. For the people who are listening in on 7 Figure Furnace show today and haven't heard about you why don't you tell us a little bit about yourself? Who is Jonathan van Clute?

Jonathan: Oh, brother, we're not going to fit this into a half an hour. (Laughter)

Cindy: How did you get started?

Jonathan: I live in Silicon Valley, I've lived here my whole life. I'm a born and bred geek through and through. My dad was a programmer in the 60s. It's as in my blood as you can get. I've been a musician all my life, an electronic musician since the 80s. I've been online actually since the 80s as well in the old days of the BBSs. I literally had a rotary phone I'd dial the number up, I'd put the thing on the cradle, the whole deal. But I didn't really see anything as far as money goes form online until eBay came along in like '95, '96 something like that. My ex-wife and I started selling, it started with My Little Pony believe it or not. If you remember that.

Cindy: My Little Pony's big again since the bronies.

Jonathan: Oh yeah. And that was the time frame where it was just about to come back out again.

Cindy: Mm-hmm (affirmative)

Jonathan: And we didn't know that yet of course, but my wife just like them as a kid and so she saw a few people selling them and thought she could pick up a few. She'd find them at garage sales, then she'd see people selling them for 50 times what she'd just paid at the garage same and went "wait a minute."

Cindy: There's some money there.

Jonathan: Oh yeah. We made thousands upon thousands, upon tens of thousands of dollars over the few years time including cleaning out an entire store in Amsterdam that happened to, for some reason, have several hundred units of the original toys still in their packaging, in Dutch packaging.

Cindy: Wow.

Jonathan: We bought every single solitary one of them, came back to the U.S. and made thousands and thousands of dollars off of that batch.

Cindy: That is fantastic. How did you make the transition into internet marketing, how did you get online? And today we're going to be talking a bit about traffic so why don't you tell us how you transitioned into that.

Jonathan: It started like a lot of people do or people did rather with Google AdSense and back in around 2004. 5-ish I started hearing about this thing and started looking into it. I knew nothing. Well, I didn't know nothing but I wasn't a programmer. I didn't know PHP at all. My dad had tried to teach me programming for years as a kid but I just had no aptitude for conventional ways to learn how to program, make an address book or whatever. Just stuff I didn't care about. All of a sudden here was something that I cared about. I was like, wait a minute if I can figure out how to build these pages more than by hand ... Because I've built a few by hand and got some SEO, I could make a few bucks here and there or whatever, but I saw that unless I could scale this significantly there just was no way this was ever going to become worth the effort I was putting into building these HTML pages by hand.

I started to investigate automated page building tools and then I discovered PHP and I just started figuring stuff out. That, after a few years of course, the early Google slaps happened and Google started smacking everyone around that was doing automated page generation and killed your rankings. All of a sudden you couldn't make any money anymore. SEO was so unpredictable and so un-scalable that it just wasn't that appealing anymore. But fortunately just before I threw in the towel I discovered Edwards and realized wait a minute I could buy a click for 5 cents, send it to a page where very once in a while someone's going to click on an ad and I'm going to make a dollar. And as long as I do that at least so many times ... I discovered that was called a conversion rate and I started to figure out all the stuff involved in that and realized if you could just buy the traffic you could scale as much as you want, it suddenly becomes predictable and I can control it. I can just turn it up, turn it down, turn it on, turn it off. I like this.

Cindy: You've done a lot of media buys over the years now.

Jonathan: Yeah.

Cindy: Today I'd love it if you could just share some tips for people that are wanting to get started or who have done some media buys and not exactly massively successful. How can they get started and not lose a ton of money? That's something a lot of people do, they dive straight in they've got a bit of money and then they totally screw it up and then they're way more out of pocket then they were to begin with.

Jonathan: It's really easy to do that and I have done that many times. It's been a while now but my most recent foray, I'm not a Facebook guy I don't really use Facebook at all. I have an account because you've got to really but I dove into Facebook ads last year and actually this is one of the things in my notes that I'm going to talk about but I treated Facebook ads, which was an unknown type of traffic to me, like the type of traffic I was used to and I ended up with a 6 to $7,000 hole to show for it. That was not fun, that's never fun. I backed the heck off of Facebook and said wait a minute now this is just not fitting me and went back to the drawing board with other things that I understood better.

But I put together a list of some notes and I called this the Seven Deadly Paid Traffic Sins. In fact number 7 on the list is assuming that all traffic is created equal and that's what I did with Facebook. The fact is all traffic sources are absolutely not created equally. Just because you found a keyword that worked on Google AdWords does not mean that keyword is going to perform in any way the same when you go and do a banner buy at Site Scout or whatever. It doesn't even matter which platform it's just you can't assume that all traffic sources are going to behave the same or even close to the same. You have to approach everything from the standpoint of this is a fresh test, I know nothing, and I have to just go into it with that, with no expectations, no understanding, no nothing. I just have to run some stuff and get some data. Until I have data I basically know nothing.

That's something to really watch out for especially once you've gotten your head wrapped around and have a handle on a particular type of traffic you might feel like I've been doing AdWords for a while now I'm great with paid traffic. You might find out your great with AdWords may not be so great with just general paid traffic.

Cindy: It all comes down to testing doesn't it?

Jonathan: Absolutely.

Cindy: We saw a similar thing, internet marketing in general, with the Belcher Button. I don't know if you saw.

Jonathan: Yeah. I remember that one.

Cindy: The Belcher Button it was really big and it basically happened where, I can't remember who tested it, but he created this button and it was the thing that tested the best.

Jonathan: Ultimate conversion button.

Cindy: Everyone started using it and it worked really good for a while and then people just assumed that's what you use and then stopped testing. Testing is really, really key at whatever you're doing.

Jonathan: Absolutely. And something like that you might find, yeah it works great promoting click bank items and maybe that's what Perry was doing when he developed it so it works great for that market. But now you go to promote something different and it doesn't work at all and you're scratching your head going: "I thought it was the ultimate button." Well, you test. Another place where it's really easy to go horribly wrong and I did this early on and I've seen lots of other people do it is bidding high to start out. It's an intuitive, kind of a logical thing, it's easy to rationalize and think this makes sense I want to get some traction. I don't want to wait around I want to get some traffic so I know my minimum bid is, let's say it's a penny, I'm going to go ahead and bid 25 cents. Just don't do that. You might not get creamed, it might be okay. You might bid 25 cents ad just get a click or two and you're okay but you might also find that you set your bid at 25 cents and before your first data has even come in you've spent $100 and you've got nothing to show for it. That's just really not fun. It could be worse than that even but traffic can come in so fast when you're not, especially if you're not, yet familiar with a particular platform.

The first thing I always ask any at any company I'm going to work with is what's my minimum bid? And I start there. The absolutely bare minimum. In fact I would say sort of a sub header to this is don't necessarily believe what they tell you the minimum bid is because numerous times on numerous networks they've said the minimum bid is whatever it is and just for grins I see if I can go lower and it lets me. And I find there are times that I talk to other people running the same traffic I'm running from the same place and they think they're paying the minimum bid, they're paying twice what I'm paying and there's still plenty of traffic even below what they tell you. They'll tell you you can't get traffic below this. If you've ever run AdWords Google does the same thing. They'll tell you what the minimum suggested bid is and you think Google wouldn't steer me wrong they know what I should bid, right? No. Never ever believe them. Don't take them at their face value.

Cindy: When they're a company they're out there to make money too.

Jonathan: Absolutely. If they can convince you to bid just an extra penny or two across the billion.

Cindy: That's a lot of money.

Jonathan: Of impressions that's a huge amount of money. Yeah, bid as low as you possibly can. You can always increase your bid if you're not getting traffic and just gradually ratchet it up, but if you start out high and get clobbered now you're starting out from a hole and that sucks. That is just miserable. Mistakes that I made with Facebook was again thinking that its bid, the way you bid on Facebook was like the way I bid on other things I had done in the past. The net results was that I was bidding way too high to start. I just didn't understand it yet so I got clobbered.

Another area that's just super, super critical and isn't always easy to do depending on the traffic source, is filtering out the "bad" traffic. And bad is very subjective. Bad for you. Doesn't convert for you, doesn't give you whatever end result it is that you need to get. I've felt for a long time that there is something that matches any traffic. As long as you've to the traffic you can find something that will work with it. It's not really the traffics fault per se it's your fault for not sifting through it and figuring out where's the good percentage, where's the bad percentage, how do I get rid of them, how do I identify what isn't working for me an what is. You've got to do that and then you've just got to shut off the stuff that isn't working. Then all your left is the good stuff.

Cindy: Can I briefly interrupt?

Jonathan: Yeah.

Cindy: What do you use as far as tools, how do you track it?

Jonathan: I've actually really always used my own tools. Because from my earliest days of learning all this I was in the midst of learning PHP and at that time in 2006 to 7 there weren't the plethora of tools that we have today. There's so many tools for tracking and analysis and back then there wasn't a whole lot so I just figured it out on my own. A lot of Excel. Lots of time spent in Excel looking at lists of sub Ids and stuff like that. Mostly I use just my own custom stuff but there are so many options available now it's

Cindy: But nothing that you recommend?

Jonathan: Nothing I can really think of of hand. I tried a few tools that were coming out in like 2008,9 and most of them ended up letting me down one way or another. They weren't granular enough and really let me see what's going on or they couldn't handle high volumes of data. Some of the early tools weren't really built with the idea that somebody was going to run 20,000 clicks a day through this thing. It was meant for people who were going to do a few hundred maybe. Unfortunately I don't have anything right now that I use that's off the shelf, everything is custom.

Cindy: But at least you're still testing.

Jonathan: Always. You've got to have data. This business is all about monetizing data, that's the blood of what you do is data and I always want more of it if I can get it. Another place in fact that you can get really valuable data is actually your rep at whatever network you're using. It's critical. I've told a number of people a number of times that a big part of the reason why I had success the years that I was starting out was because I early on developed relationships with my reps at the various networks. Not all reps are created equal for sure just like not all networks are create equal and I've had a lot of really crappy reps who really didn't do anything for me and were never very helpful.

But there was one network in particular that I used really heavily from about 2008 to about 2012 and the rep I happened to be assigned was just amazing. Absolutely understood the way all the numbers interrelate and landing pages and how they impact things, and he got conversion rates. He understood it all which sometimes makes people a little nervous because it's easy to think if he sees what I'm doing he's going to go do it for himself. I subscribed to that thinking as well for a good long time and I still do initially when I first start working out with anyone. Of course I don't trust anybody straight out of the gate with all my data.

But over time he showed me, and we had several conversations about it, that he loved being a rep. He would call me on a Sunday and say what are you doing. I'm like, oh I'm just checking on my stats, I'm in Excel. Blah, blah, blah. And he's just like man this is why I would never want to do what you do. I come home at the end of the day that's it, I'm done. I play with my kid, I watch a movie, I go to bed, I have a weekend, I go out of town. I don't have all this credit card risk because of funding traffic. He's just like, I love this game it's totally me. I love all the numbers and figuring it all out and helping you figure out whatever but I do not want to do this.

Cindy: It's not for everyone, is it? And this entrepreneurial thing is not for everyone because it means that there is risk and we are taking the risk, but the reward (laughs) I could not go back and work for someone having been on the other side now.

Jonathan: Yeah.

Cindy: But some people love it.

Jonathan: That was kind of a light bulb moment for me when he told me that. I had already observed that. I had observed that he really didn't seem to have any interest in doing an of this himself and I kind of wondered why and when he explained it to be it was like aha. Actually after that I started to trust him more gradually. And over time it was to the point where he had the log-ins to my systems. Sometimes he would ping me and say you know the such and such traffic source just came online or went down and I would just say, "Hey can you log into my campaigns and make some changes for me?" And he would adjust bids for me. I just basically had him be my little helper monkey doing things which was fantastic, but that never would have happened if I hadn't started to cultivate that relationship and really talk to him a lot. He turned me on to all kinds of ...

Cindy: Sometimes we underestimate relationships. Being on the internet it's quite easy to disassociate yourself from people and from understanding that it actually is people over there but when you make that connection with people and it's someone that you can trust you need to obviously be careful and not just throw everything at everyone but remembering that it is all about relationships still. Even though you might not have face-to-face time with a lot of these people these relationships are still where things are at a lot.

Jonathan: Yeah I've had reps ...

Cindy: Sorry. Let me just jump ahead here. What other pitfalls can you lead us in?

Jonathan: A big one for PPC in particular, PPC being pay per click, if you're paying for every click you want good clicks you don't want bad clicks and one really easy way to get bad clicks that I know I did a ton when I was starting out and it seems like what you might want to do is engage people's curiosity in your PPC ad. Right some really curious sounding headline or use a really mysterious image or engage that curiosity. Get them to go, what the heck is this. I want to click. You do not want those clicks. You don't ever want curiosity clicks. You want clicks from people who know exactly what it is they're click on and why they're clicking on it and you've basically pre-qualified, pre-filtered, pre-sold them before they ever even click your ad. You really got to watch out for that. It's so easy to want to be clever.

Cindy: And you get all excited because you're getting so much traffic but they're not the right traffic.

Jonathan: That's exactly right, none of it converts. And you're like wow my click through rate is through the roof this is awesome then you look at the money and you're like, all I'm doing is spending 10 times what I'm earning. This is not good. You've really got to be careful with being a great, brilliant, clever copywriter in your PPC ads. That's usually not what you want to do. But the absolute bar none, by far worst thing that I've seen people do and it bit me early on, and it's related to the filtering out bad traffic, is not passing a sub-ID or using some kind of conversion tracking process to know exactly which click gave you the result you wanted, which keyword, what time of day, what browser they were using. All the data you can possibly get.

So many times I've had people hit me up for support on some of the tools that I've made, products I've put on. They'll complain about whatever they're not making money is really the ultimate end result here and I'll ask then for data just to show me what are you doing, what's going on, let me see if I can figure out where you're going wrong. And they're not passing any. They're just plain not passing a sub-ID or have it set up wrong or didn't figure out how their CPA network accepts pixels. Whatever it is but the bottom line is there's no tracking data coming through. There's nothing you can do at that point. You're completely blind, you can't optimize, you can't fix anything. Your data is useless so you have to pass some kind of tracking information with every click of your ad or every load of your page or every action. Every form submission somebody does, if it's a list building exercise. Whatever the event is that brings them to the start of your funnel you've got to track that.

Cindy: You get all of your marketing stuff in line and it can be tempting to just avoid having to learn to do that sort of stuff and just assume that what you're doing is going to work, but you can't.

Jonathan: A lot of times [crosstalk 00:20:28] people do think it's just sort of magic. Things just somehow talk to each other mysteriously, magically your server will just know what's going on over there when they click and everything is just going to somehow communicate to each other and that doesn't happen. You have to set things up. I've told a number of people if I had to recommend the one thing that will bring you the most online success I would probably have to say teach yourself some PHP. I'm not saying go out and become a programmer who's going to get hired at some startup and start developing web apps. But learn some basic PHP: how variables work, how you pass information in a URL, these kinds of things make the difference. I've never seen a super affiliate who didn't know how to do that stuff.

Cindy: There's software out there that can do that.

Jonathan: Yes you'll have to understand it. You've still got to understand how the pieces work together.

Cindy: Right.

Jonathan: And if you have absolutely no idea what these things are, like what's sub ID I don't know, how do these thing work, you're going to be screwed up even if you use the software. You're just going to mess it up. It's really valuable. Another thing, this actually came form one of my early mentors is paid traffic is a guy by the name of Gauher Chaudhry and he would always say that keywords are like lottery tickets. If you want to win the lottery you need a lot of tickets. I never really thought about it that way but yes the more keywords you have the more potential traffic you can bring and the more potential conversions you can get. If you've got a landing page that resonates with that traffic and if all your other pieces are in line ultimately it becomes about I need lots and lots of keywords. That's not always a great place to start from because it's easy to build keyword lists these days. It's easy to get a list of 10,000 keywords on whatever niche and that can be completely overwhelming. It's too much information, too much data to start with and so forth.

It's a good idea if you can to start out with just the higher volume keywords so you don't waste a lot of time on stuff that doesn't bring you any traffic but eventually, at some point once you've got things coming along. You've got a landing page that's working, a product that's converting or whatever, you got yourself a little funnel build, you need to scale. Your scale when you're buying traffic is usually doing to come down to I need a lot more keywords. If you can do that, if one guys is running 10 keywords and you can run 1,000 and you can actually track them all you're probably going to be able to bring a lot more traffic than the other person. Not always but definitely there's a lot to that idea that your keywords are simply your lottery tickets.

Cindy: Right, but the key here is that you need to be able to track each and every one of those keywords. You've got to have something set up so that you know which keywords are the ones that are bringing you the actual sales.

Jonathan: You got it.

Cindy: Ditch the ones that aren't.

Jonathan: That's exactly right. A million keywords without tracking, useless, and tracking without keyboard, equally universal. You've got to have it all.

Cindy: Do you have anything else that you would like to share?

Jonathan: Sure. I didn't intend for this to all tie together so orderly but it does. When you're testing keywords that's one area where it pays to understand certain things about risk. For example if I have one keyword and I have a target ROI for my campaign I need to make two to one. If I spend a dollar I need to make $2, that's my ROI target. And if my offer pays let's say $5, I'm running something that's going to pay me $5 per lead or conversion or whatever. 2 to 1, that means for every $2.50 I spend I have to get one conversion. I've got to make five dollars every time I spend $2.50. Now I know how often I have to convert. If I'm going to test one keyword I can spend $250 on that keyword and then I better see a conversion. If I don't, then I now I'm already not hitting my ROI goal. Sometimes when I first, first testing something I'll go ahead and let it lose a little bit when I'm fine turning and optimizing, whatever, but in general you've got to pay attention to that because if you're spending $8 to make $5 yes you're getting conversions but you're losing money - what's the point?

But where that really starts to get complicated is that's one keyword. I could spend $2.50 to make $5. Okay great. Now if I want to run 10 keywords I have to test for 10 times that volume. Now I have to test 10 keywords at $2.50 each. I'm going to spend $25 and I better be making $50. If I'm going to test 100 keywords I've to be willing to spend at least $2.50 per keyword, 250 bucks. I have to be willing to have a test budget of 250 bucks otherwise I'm not giving these keywords the room to move, room to run. Where that becomes really problematic is sometimes it's really attractive to look at offers that pay a lot. Somebody will look at an affiliate offer that pays $100, a mortgage lead or something like that. "Oh my god $100 a lead. Holy crap, you can't go wrong." But think about that for a second, that means you need to be willing to spend $50 per keyword if you want a 2 to 1 return and you've got to have a conversion in there. If you've got 100 keywords times 50 you've got a $5,000 budget now you've got to be willing to spend in order to properly give this the room to run that it needs.

And if you want more than a 2 to 1 ROI, if your personal comfort zone is I want at least 3 to 1 then that changes that relationship. If you're willing to take a lower margin then that changes it as well but you need to understand the interrelation of your costs and your potential revenue and understand what the real risk is, because if you've got 100 keywords and you're going to be spending $50 apiece on them and you look a that a say that would be $5,000 I'm not willing to do that, I'll just spend $50 and test this. That's just a waste of money. You're better off just flushing 50 bucks down the toilet because you're not going to get the amount of data you need out of a $50 test. You've got to understand upfront what you're getting into, what it's going to take in order to get the data you need and then do it. One pivotal, earth changing moment for me in my early days of trying to do CPA marketing around 2006 or so was when all of a sudden it clicked that if I run some traffic and it's not profitable I didn't just lose money I bought data. I just paid money for data. Now I need to look at that data and analyze it and do something with it and make it useful.

That changed everything for me because all of a sudden the internal psychology and that feeling in my stomach when I'd hit go on a campaign and watch it start spending and I'm getting all nervous and antsy. Come on where's the conversions, where's the conversions. That all went away because I realized I'm going to buy $50 worth of data. Simple. In my mind it's like going to a store and buying something. I'm not antsy over the price or is this going to be as good I just paid the money, and am I going to like this. It's just I walked in the store, I put my product down, I paid my money and I go. That's the way I started to look at running test campaigns was buying data. Admittedly I might have to buy quite a bit of data before I get what I need but when you do get what you need, when something finally hits okay I spent 5 or 600 over the last few days on tests and it didn't pan out and then finally one does and suddenly I'm making $1500 a day. Take it back in no time but you've got to stay the course and be willing to buy that data and know what to do with it after you've got it.

Cindy: That's what I wanted to ask you. What do you do with this data? You buy this data and it's not converting to something, do you just switch it to something related or you change the ads, what do you do?

Jonathan: All of the above. It does depend a bit on what you're seeing. For example if I was doing a PPC campaign to a CPA offer let's say that I see the PPC ad I getting a lot of clicks but the landing page is not converting for those clicks. I see one of two scenarios there. Either I'm getting the right clicks coming in but the landing page is not resonating with the visitor so I need to do something there to make it match better for them, or I'm getting the wrong clicks in the front door. I would probably start with my ad because it's a lot easier to change an ad than it is to change a whole landing page. I'd start with my ad and look at it and just say if I look at this ad am I engaging curiosity, am I filtering people out, am I pre-qualifying in my ad? Am I making sure that no one in their right mind is going to click this ad unless they actually want what I'm offering. If the answer is no, if I say it's kind of a cryptic ad it's mysterious then I'm probably going to start with changing the ad. This ad need to pre-qualify the heck out of every single person that comes by and I don't want anyone clicking who isn't crystal clear about why they’re clicking it, what's on the other side.

Once I feel like I've got that if I've still got lots of clicks coming through and they're still not converting then the likely culprit is now the landing page. That starts to get really complex. You're split testing headlines, you're split testing placement of images, you're split testing the images themselves. You're split testing so many different things and of course you really have to change just one thing at a time. You can't go changing 27 elements and then if it works you don't know why it works. That becomes a whole complicated monster in itself.

Cindy: We might have to save that for a different conversation sometime.

Jonathan: Yeah, split testing is monster but it's critical, you've got to do it. Depending on what you see in the data will help to direct you on what thing you need to tweak.

Cindy: That is fantastic. We're going to have to wrap it up pretty soon. Do you have any last minute advice that you can share for people who are just starting out or want to dive into [inaudible 00:31:27] buys a little bit more.

Jonathan: Sure. Definitely know when to pull the plug, don't fall in love with an offer. It's so easy to see something and just be convinced that this can't lose this is an amazing offer or product or whatever, especially sometimes if it's your own product. Even if it's not you're an affiliate and you just think this thing can't lose. Let the data dictate what you do. You have to do that. If the traffic just doesn't like what you're presenting then present it something else. If you've got a good source of traffic then it's your responsibility to find out what does that traffic want. There's a technique that I used to do that was called throw and stick. It was a technique that Gauher illustrated to me. I ended up calling it slap testing because basically it was you throw a whole bunch of stuff against the wall and it goes splat.

Cindy: And you see what sticks.

Jonathan: What sticks, exactly. What I would do is I built a rotator of my own, a URL rotator, and I would load up, literally, 100 CPA offers across every vertical. No rhyme or reason, no niche, I didn't care because I never wanted to assume that I knew whether something was going to work or not. I don't know. I don't have data yet I have no idea so just throw it all against the wall. I would funnel a big stream of traffic through it and quite often the most surprising thing would jump out of that and work gangbusters. Then I would just shut off the 99 offers that sucked. Okay it cost me 50 or 100 bucks to do that for an hour but then all of a sudden it's converting like crazy, I'm getting 100s of leads a day and easy. If you find the traffic you've got to figure out what's going to work for it.

Cindy: Don't assume that you know what's going to work.

Jonathan: That's exactly right and don't fall in love. And if something is working don't assume it's going to work forever because it won't.

Cindy: Awesome stuff. Thank you so much Jonathan for your time and thanks for joining us on the show.

Jonathan: You're very welcome.

Cindy: I've learnt a lot of stuff from you, so thank you so much.

Jonathan: No problem. Anytime. Happy to talk to you again.

Cindy: Take care, man. Bye.

Jonathan: Have a great day. Bye-bye.

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