

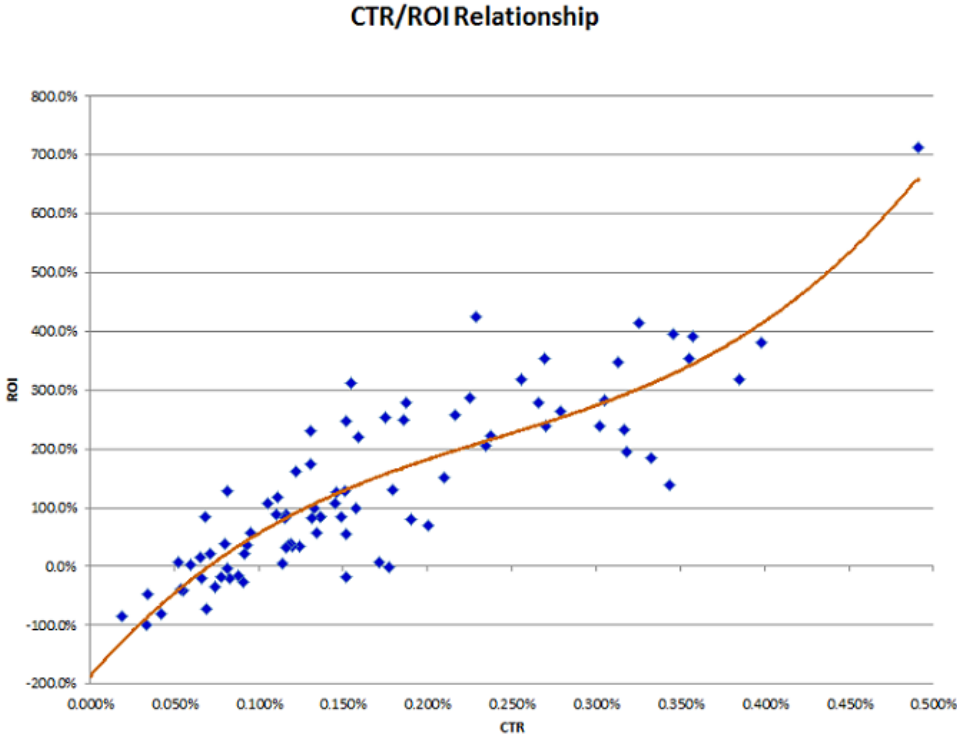
You might be tempted to duplicate your campaign and test at multiple CPM prices simultaneously. I strongly advise against that. This is because it would be unfair to the campaigns with the lower bids since those ads would have already been exposed to the same user previously in the SAME login session. You are increasing burnout as well.

If your campaign is producing consistent profits and you see no need to tamper with it, then you don't have to. This step is not mandatory, but it does keep your CPM bid current to POF market changes.

### WHEN TO CUT ADS AND THE CONCEPT OF HURDLES

Once you have ads getting traffic, it's time to think about when to cut ads. Generally speaking, ad CTR is directly correlated with ROI. The higher the CTR, the higher the ROI. Obviously, an ad with low CTR can have high ROI, but the likelihood of that is a lot lower.

Here is a scatter graph of empirical evidence based on ads from a group of my own campaigns:



As you can see, while there are ads with less than 0.1% CTR that have great ROI, the ROI/CTR trend is undeniably positive. Clearly, you can see that ads with less than 0.05% CTR have little chance to be profitable.

Therefore, CTR is a great gauge of ad performance earlier on when an ad has not gotten a significant amount of impressions. When you only have several thousand impressions, the sample size is large enough to determine CTR but not conversion rates since the number of clicks you would have gotten at that point (probably under 10) isn't enough.

If the conversion rate isn't significant yet, then the ROI isn't either. If you wait until you get enough impressions to reach ROI significance, however, you would have spent too much money testing unprofitable ads when you could have weeded them out earlier using CTR as the gauge.

### **Tom Fang's General Cutting Guidelines**

I am going to share with you the general guidelines that I use to cut my own ads. If you are just starting out, you can use these guidelines as a starting point. I highly encourage you to, however, mold it into something that you believe in and understand. Justify to yourself why you are making certain cuts where. The eventually goal is to be the boss and not base your work strictly on what other people say.

1. **Once an ad hits 1,200-1,600 impressions**, and there hasn't been a click, I make the first cut. Having only one click at that level implies that the ad is starting out with 0.063-0.083% CTR. If that is the case, the ad is not performing great, but with a small sample size, we should be conservative in our cutting and give it a chance to recover.
2. **At 3,000-5,000 impressions**, the ad should be generating a good CTR for your particular targeting (the more niche the higher the required CTR). For broad targeting, you should target at least a 0.1% CTR. At that level, if the ad is not generating at least a 0.1% CTR, you should cut it UNLESS you are breakeven or profitable. If you have a low CTR, but your ad is breakeven, you should continue to