CPC Formula Cheat Sheet

How to calculate cost per click, how it compares with CPM, CPA and CPL, what moves it, and how to lower it without hurting quality.

01 The formula

CPC = Total Ad Spend ÷ Total Clicks

EXAMPLE	$1,000 spend ÷ 500 clicks = $2.00 CPC
INPUTS	Spend and clicks from the same fixed period. Count clicks, not impressions.
BUDGETING	Total cost = CPC × clicks. At a $2.40 CPC, 1,000 clicks needs a budget of around $2,400.
FROM CPM	CPC = CPM ÷ (1,000 × CTR). A $10 CPM at a 1% click-through rate is a $1.00 CPC.

02 Three worked examples, same $1,000

CAMPAIGN	SPEND ÷ CLICKS = CPC	QUALIFIED LEADS	COST PER QUALIFIED LEAD
Broad search terms	$1,000 ÷ 1,000 = $1.00	2	$500
Mixed keyword set	$1,000 ÷ 500 = $2.00	5	$200
High-intent terms only	$1,000 ÷ 125 = $8.00	10	$100

03 Read the third row

> *The highest CPC produced the cheapest qualified lead. For B2B, cost per qualified lead and pipeline generated are usually the better measures.*

04 CPC, CPM, CPA and CPL

METRIC	FORMULA	WHAT IT MEASURES
CPC	Spend ÷ clicks	What one visit costs
CPM	(Spend ÷ impressions) × 1,000	What a thousand views cost
CPA	Spend ÷ conversions	What one result costs
CPL	Spend ÷ leads ($1,000 ÷ 20 = $50)	What one lead costs

05 What affects CPC

Keyword competition

- High-intent keywords cost more because many advertisers want the same buyers

Audience value

- Narrow audiences of CTOs, CISOs, founders or enterprise buyers cost more

Platform

- Google Ads: higher on competitive search terms
- LinkedIn Ads: higher, for professional targeting
- Meta Ads: may be lower, with buyers earlier in the journey

Ad quality

- Clear message, specific buyer problem, strong offer, clear CTA

Landing page relevance

- The page should deliver what the ad promised

Geography

- US, UK, Canada, Australia and competitive European markets cost more

Campaign objective

- Traffic campaigns: cheaper clicks, not always better leads
- Conversion campaigns: may cost more per click, with better quality

06 Is your CPC good? Ask instead

- ☑ Are these clicks relevant?
- ☑ Do these visitors convert on the landing page?
- ☑ Do the leads become qualified?

- [x] Does this campaign create pipeline?
- [x] Does the customer value justify the cost?

07 Lower CPC without hurting quality

- [x] Improve ad relevance and headline clarity
- [x] Use negative keywords to exclude low-intent traffic
- [x] Match landing pages closely to the ad
- [x] Exclude poor-fit audiences from targeting
- [x] Align ad copy tightly with search intent
- [x] Avoid overly broad keywords in early campaigns
- [x] Test different creative formats and messages
- [x] Segment campaigns by intent level
- [x] Pause irrelevant placements and ad groups
- [x] Improve quality score where applicable
- [x] Test different geographies to find efficiency

Full guide: **mustardseedmt.com/learning-center/cpc-formula**

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