



PPC eBook

Using Google Adwords: The Short Guide

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andreas.com

About PPC eBook

PPC eBook is an ebook on Google Adwords that I update once or twice a year as I learn new things.

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Using PPC

“Search advertising is at once starkly simple, bafflingly complex, and highly effective.” -- Rick Bruner, Director of Research, DoubleClick

Summary of this Chapter

This chapter covers the Pay Per Click (PPC) services that allow you to place your ad in a search engine. We discuss strategies and tips for managing your PPC accounts, including the use of analytics with PPC. We show you how to evaluate the different channels to get the best results.

What is Pay-Per-Click (PPC)?

PPC started out as the placement of small text ads in the search engines. It started first with GoTo.com and Yahoo!. In 2002, Google added PPC to their search engine. Microsoft added PPC to their search engine a few years later.

PPC became an interesting form of advertising because for the first time, you could track the displays, clicks, and conversions. Better yet, you could track of this down to the penny. You knew precisely how much each click cost and how much you had spent to get a conversion.

PPC grew up among technical users who were good at the technical issues, but knew little about general business methods. Even today, many PPC users or agencies don't know how to calculate cost-per-lead or cost-per-acquisition. PPC is moving beyond that initial phase and turning into an essential business tool, which means business people and MBAs are applying their financial methods to PPC.

Because PPC shows you the number of ad displays and clicks on your ads, you can use it for research. For only a few hundred dollars, you can test to find the headings for emails and slogans for ad campaigns that produce the best response. You can test a list of keywords and find which words get the most traffic. You can use A/B split testing and quickly find the optimal selling price for your products.

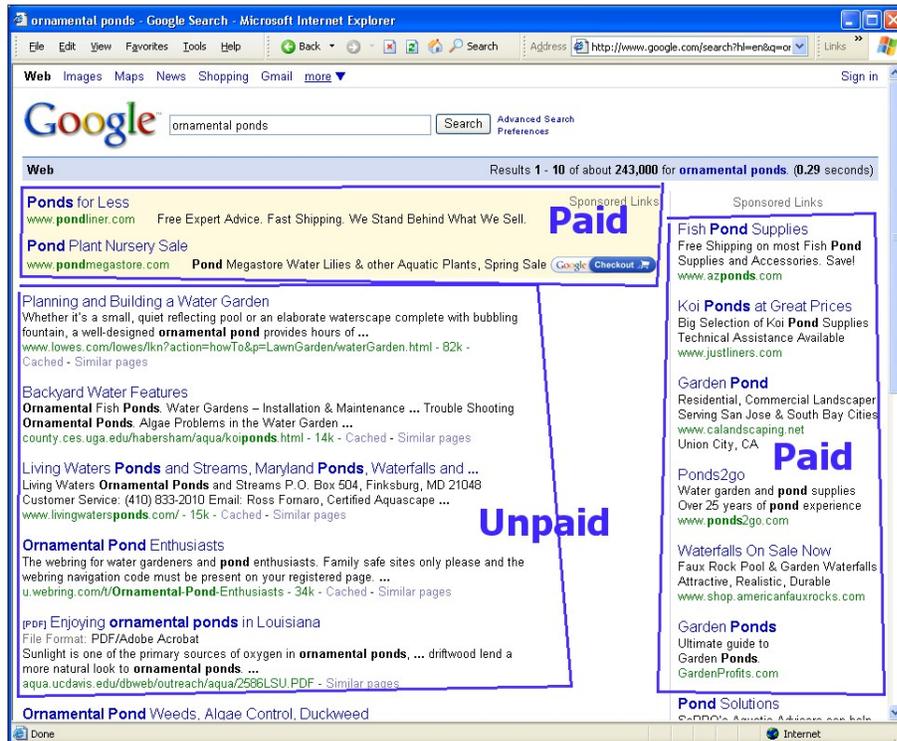
Because PPC lets you place your ad at the top of the search engines, you can compete against established, large corporations. You can launch campaigns literally in minutes as markets change. You can place ads to counter-act negative publicity. You can create ads for product recalls.

In spring 2007, Google released a useful version of analytics. Using analytics you can find keywords that produce sales via SEO and add them to PPC; find successful keywords and ads in PPC and use them for SEO. Analytics lets you use PPC as another channel, alongside traditional advertising channels, and compare the costs and results. Analytics lets you tie the PPC and SEO together.

There is widespread consensus among the leaders in the analytics industry that things have only just begun. Omniture turned their analytics tool into a platform that can manage the PPC. It will eventually manage all other forms of advertising. Unica offers a complete marketing management platform. Google Analytics and Google AdWords will evolve into a unified tool, where you can add, delete, and manage bids in the analytics. In mid-2007, Google began to turn into an ad delivery platform, which uses its methods from PPC to deliver advertising in other media, including radio, TV, newspapers, and mobile devices. This becomes possible because media is turning into IP-based digital media. The next ten years will see revolutionary changes in advertising.

Paid Placement vs. Unpaid Links

First of all, there are two kinds of links in search engines. The links are either unpaid (the ones on the left side that the search engine finds and ranks) or the paid links on the right side. The paid links are the PPC ads. You pay to place these ads in search engines.



As its name says, you pay when someone clicks on your ad. There is no charge for showing your ad. Your ads can appear in a search engine thousands of times, but you pay only when someone clicks.

You can't use paid listings to affect your unpaid listing. Paid listings won't get you into the unpaid listings nor have any effect on your unpaid listing's ranking.

Before that click happened, the visitor took several steps: she searched for your products and services in a search engine, your keywords matched her search, and she clicked on your ad.

When the customer clicks the ad, she may come to a landing page, where she is assured that she has found the product she is seeking and she can buy it. You use analytics tools to study the results and adjust the campaigns to improve the results. You place bids on your keywords to affect your ad's position. In general, the more you bid, the higher your ad will rank (we will discuss the details later). PPC campaigns can be targeted to countries, states, or cities. You can even target neighborhoods and parts of cities. Analytics lets you see where your customers are, so you can target your advertising to where it works. Because you don't pay if the visitors don't click, you can test new keywords and ads for free. The tracking tools show which keywords work, along with statistics on those keywords.

Our Site Is at the Top of Google. Why Should We Pay for PPC?

We often meet people who tell us that they are already #1 in Google. Why should they spend money in PPC? Won't they just be paying for clicks that they already get for free?

In many cases, they are indeed at the top of Google, but only for their company name. If people search for the company name, then they should be the first one. But if customers search for products, the company generally isn't at

the top or even on the first page. By using PPC, they can be on the first page for their products and services. It's like Koi-Planet.com, which is #1 for its own name. Google nearly always will rank the website as #1 on a search for the site. But if you search for koi, the website isn't on the first ten pages. So Koi-Planet.com should use PPC to sell koi.

Look in your analytics and see what your customers are using to find your site. If all of your search terms are your company name, but not your products, that means your company is only getting the visitors who already know you. You're not getting the customers who are looking for your category of products.

There is also the business case. By using PPC, you'll make additional sales. If you keep the cost of PPC within your cost-per-acquisition (CPA), you make extra profitable sales. More revenues and profits will help you reach your breakeven point quicker. Once you've passed the breakeven costs point, your profit margin becomes much larger.

You should add PPC. But that's not all. We hope you'll learn in this chapter that you should add all additional advertising media that are appropriate for your business. If radio, TV, newspapers, PDAs, and more can help you to be findable by your audience and you can do it profitably, use those. You make more sales, reach your breakeven costs quicker, and get greater profits. You can invest the profits into your company and grow faster.

The Benefits of PPC in the Purchase Phase

After consumers have finished the research phase of the buying cycle (see page YY), they search for a vendor. They have decided what they want and now they are looking for a company that can deliver.

PPC lets you place your ad with your product's name and price in front of the consumer. You write ads to catch the buyer's eye. Best of all, you can place your ad at the top of the search engines. The people who click on these ads are highly qualified customers; they want to buy.

Using PPC for the Three Basic Types of Searches

For Google, there are three types of searches:

- Searches for the Official Site: Someone is searching for the official web site for a country, a government office, an organization, a company, a city, or person.
- Informational Searches: Someone is searching for information, such as how to make chicken soup, how to use the Paris Metro, where is Cubbon Park in Bangalore, how to configure Adobe PDF, and so on.
- Transactional Searches: Someone wants to carry out a transaction. They want to get something. They want a product, a service, a download (software or PDF), and so on. This includes entertainment, such as watching a video or listening to music. The category is broad: they aren't looking for information, they are looking for something.

You can use PPC for the three types of searches:

- Searches for the Official Site: If people use variations of your name, you can add all of these versions to your PPC keywords list, so they can find your site, no matter how they spell (or misspell) your name. For your company or organization, add the names of key people. Look in your analytics to see the keywords people use to find your site. Create a campaign for your name and add those keywords. You can also use PPC to place image ads in
- Informational Searches: People in the research phase of the buying cycle are looking for information. Create pages with information, comparisons, reviews, and so on which will be useful information for potential customers. This also includes sites with manuals, support, and FAQs. Use PPC to place ads for those pages at the top of the search engines. For example, people will click a PPC ad that states "12 Type of Koi: What's the Difference?" and points to a comparison page. Sites which offer news or magazine articles can use PPC to reach their target audience. For example, a magazine can use PPC ads for topics, authors, and articles of note. PPC is also used to place ads in other web sites besides from the search engines.

- Transactional Searches: Use PPC to advertise your products and services to people in the purchase phase. Google gives ranking priority to the manufacturer of a product, so if you're a reseller, you'll have to use PPC to place your ad at the top. Put the product names in the PPC keywords and ads. Offer free shipping, no sales tax, and so on. You'll also use PPC to place ads in other web sites, such as online newspapers, magazines, and so on.

What Kind of Ecommerce Site?

Before we get into PPC, let's talk about your ecommerce tools. If you're selling online, you may be using ecommerce tools to process payments. If your pages are affiliate sites, you're redirected customers to the company's site for the actual transaction.

Google evaluates ecommerce sites by their credibility and the level of transaction. They give preference to companies that actually sell a product over affiliate sites.

Affiliate sites are pages which find customers and collect a small fee. For example, you want to buy a book by Pankaj Mishra. You search, find PankajBooks.com which a web page that offers his books, and you click to buy. The book is actually sold by Amazon.com. The PankajBooks.com page was only a pass-through page. They earned 2-3% from Amazon.com.

Google doesn't like affiliate pages. People create millions of these pages to collect small fees from users. It doesn't improve the user's experience; he could have gone directly to Amazon to buy the book.

When Google sees that a site is a affiliate that points to Amazon, eBay, or similar, the page is lowered in ranking. Google also lowers the page's Quality Score (more on this later).

If you are offering products and services on the web, then your site has to be a reputable merchant. That means your website has the features and services of a real company. For companies such as Eddie Bauer, Pottery Barn, and so on, this isn't a problem. If you have a small company, you need to build a website that works like an established company. This includes:

- Products with description and clearly stated prices.
- Allow customers to view the contents of their shopping cart.
- Ability to calculate shipping fees, along with FedEx tracking.
- Complete contact information (street address, telephone numbers, fax numbers, etc.)
- Return policy with details on how to return or exchange products, along with any fees.
- Privacy policy. State how you protect your visitor's information.

Google also likes to see wish lists, gift registries, and forums or chat lists for user feedback.

For small merchants, you can use the Yahoo! Stores service. Google accepts these as real merchants.

From the SEO chapter, you've seen that Google gives preference to the manufacturer. If you are a reseller, you're competing against other resellers, and this can become difficult. We suggest two approaches.

- Hire professional writers to write the definitive guide to your product or service. Include a comparison of companies for your field. Put your company at the top of the list.
- Develop your own brand and products. Contact your manufacturer and see if they have a white-label service (that means they put your name on their product). If they won't do this, see if other manufacturers will produce products for you with your brand label. Talk to manufacturers at trade shows and so on.

Neither of these will be easy or inexpensive. It will be difficult to build a brand against larger brands. But in general, you'll be competing with only a few large brand companies, which is easier than competing against hundreds or thousands of resellers.

Overview of a PPC Campaign

Before we go into the details, let's go through an overview of a PPC campaign in Google AdWords. This is just a quick summary. We'll go into the details later in this chapter.

- 1 You sign up for an account at Google AdWords.
- 2 You create a small AdWords ad with a title, two lines of text, and the URL. When someone searches for your keywords, your ads show up. Your ad can be text, images, video, or a widget. The ad should match your customer's search. She is searching for koromo koi; the ad should show the words koromo koi.
- 3 You add a list of keywords that are relevant to your product. These are the search terms that people type into search engines to find you. Start with a wide collection of keywords and narrow this down to find the best keywords for your product. These keywords are customer-centric: this is how the customer defines your product, not how you see your product.
- 4 You set the daily maximum for your budget. If you set this at \$20 per day, then Google AdWords will display your ads until you reach \$20 in clicks and then it stops for the day. Google spreads the ads across the day, so it won't use up your entire budget in the morning.
- 5 You place a bid for your keyword, for example, 12¢. If your competitor is #2 and you are #3, you increase your bid until your ad appears above him. This is an auction: the more you bid, the higher your ad appears. If you want to be #1, increase your bid.
- 6 When someone types a search that matches your keyword, Google displays your ad in the results. They search for koi and Google shows ads about koi.
- 7 Google AdWords displays eight ads per page. If you go to the second page, you'll see eight more ads.
- 8 When a visitor clicks your ad, your landing page comes up. For example, the landing page shows a picture of the koi she wants and describes the koi she wants. The purpose of your landing page is to convert the visitor, such as subscribing to a newsletter, filling out a form, downloading a PDF, or buying a product. When she clicks Submit or Buy, a thank-you page is displayed. PPC conversion code is added to the landing page, which allows PPC to confirm the conversion.
- 9 Google AdWords charges you for the click. If you bid 12¢, Google charges you 12¢ for the click. (We will explain the details later.) You pay for the click, which is why this is called "pay-per-click". If nobody clicks on your ad, it was shown for free.
- 10 The account is linked to your credit card. Google AdWords charges the total from your credit card at the end of the month.
- 11 You use analytics tools to manage the campaign so you can improve the results. The analytics tools show you the keywords that produced conversions, the value of the conversions, and so on.

The rest of this chapter covers the details.

AdWords Acronyms

PPC adds several more acronyms to your life.

Acronym	Explanation
Impr	Impression. When the ad is displayed to someone, that's an impression. It doesn't mean they saw it. It only means they had the opportunity to see it. When you're browsing through a magazine and there is an advertisement for Honda, that's an impression.
CTR	Click Through Rate. This is the number of people who clicked the ad in comparison to the number of impressions. If the ad was displayed 100 times and 25 people clicked it, then that's a 25% CTR.
CPC	Cost Per Click. What you pay for a click.
Avg CPC	The average Cost Per Click.
Conv. Rate	If you set up Conversion Tracking then this column reports on the percentage of visitors who bought a product.

Cost/Conv	This shows the total costs of your campaign against each click. If the overall cost was \$12 for 50 clicks and you made two sales, those sales cost you \$6 each in advertising. This is the most significant number on the page: your Cost/Conv should be within the range that you're willing to pay for advertising the product. If this number is greater than your profits, then you're losing money on the sale.
KW and KWP	Keyword and keyword phrase.
AG	Ad group
GAW	Google Adwords
MAC	Microsoft adCenter
CPL	Cost Per Lead. What it costs to get a lead. If 10 people fill out a form yesterday and your total ad spend was \$50, then the cost per lead was \$5.
CPA	Cost Per Acquisition. What it costs to acquire a conversion. If you spent \$50 yesterday and you got one customer, then your CPA is \$50.

How Your Ads Are Distributed: Search Network vs. Content Network

Your ads are distributed in two different ad networks at Google AdWords.

- Search Network: The ads are shown in Google.com's search results. The ads are text only (You can't use images ads).
- Content Network: The ads are shown on websites that signed up to show Google's ads. These websites include the New York Times and millions of other sites. These ads can be text or image ads, depending on the site.

There are several additional Google networks: radio, TV, print, and mobile devices. For these, the ads are in the appropriate formats, for example, audio ads in radio and video ads for TV.

When you set up a campaign, you can choose to have your ads displayed in Search Network, Content Network, or both. By default, the campaign uses both. You shouldn't use both in the same campaign. Both will perform poorly. The Search Network and the Content Network appear to be similar, but they are based on different technologies. If you structure your campaign for the Search Network, it will perform poorly in the Content Network (and vice versa as well). Most advertisers don't realize this, which is why they get inefficient results and they lose money.

You have to create two campaigns, one for the Search Network and another for Content Network, and manage them separately, with different strategies.

In the next few pages, we will discuss the Search Network and Content Network. First, we look at the Search Network and then the Content Network. We show you how to set up and manage each one.

Set Up the Search and Content Networks

You create two campaigns, where one is uses the Search Network and the other uses the Content Network. We usually identify these by adding an S (for Search) or C (for Content) to the campaign name. For example, we set up two campaigns named S-Koromo Koi and C-Koromo Koi.

Select the campaign that will be for the Search Network and click Edit Settings. Turn off Content Network and save your settings. Select the campaign for the Content Network and click Edit Settings. Turn off Google Search and Search Network. Turn on Content Bids and save your settings. When you save, Google will ask you if you want to set the content bids. Set this to \$1 to start.

Networks

Show my ads on:

- Google search**
When users search for my keywords on Google
- Search network** ?
When users search for my keywords on Google's search partners
- Content network** ?
When users visit sites on Google's content network that match my ad settings
- Content bids** ?
Let me set separate prices for content clicks

Overview of the Search Network

Here is a quick overview of the Search Network. The next few pages will cover the Search Network in detail.

- Search Network uses keywords and text ads. You create a list of keywords that match what your target audience is searching for. If their search term matches your keyword, your text ad shows up. You manage the bids for each keyword. In general, the more you bid, the higher your keyword will be ranked.
- With Search Network, your ads show in Google's search engine. Just place high bids and yes, you can be #1.
- Your ads also appear in several search engines that get their ads from Google AdWords or license Google's technology. This includes AOL, Ask.com, Amazon, Netscape, CompuServe, Earthlink, AT&T, Shopping.com, and others.
- The ads in Search Network are text-only (Google doesn't allow images or video).

Keyword Research

Select your keywords generally the same way as you do in SEO (see page YY). For PPC, build the widest possible set of keywords. Use the keyword tools and look at the analytics. Start with hundreds of keywords. Group them into clusters of similar keywords and put each cluster in its own ad group.

A common question is *How many keywords should I use?* This depends on your product or services. For specific products or narrow markets, there just aren't many keywords. How many different words can there be for koi? Advertisers with many products such as Target may need tens of thousands of keywords.

We usually test several thousand keywords. For some clients, we've tested over 100,000 keywords. After several months, we end up with the keywords that produce good conversions and profits.

Let a keyword run until it has 1,000 impressions and look at its Quality Score and conversions. Keep keywords with good Quality Score (explained later) and conversions.

Tip: There's a way to quickly find high-traffic keywords. Open an Ad Group and click Keyword Tool. In the *Show Columns* dropdown menu, select *Search Volume*. This shows the search volume for each keyword. Click *Search Volume* to sort by the amount of traffic. Look for keywords with high volume.

Types of Matching

Google AdWords uses four types of matching.

Name	How to Use	Example	Explanation
Broad Match	Type your keywords	koromo koi	Your ad shows when users search for <i>koromo</i> and <i>koi</i> in any order, even if the query includes other terms, such as <i>pond</i> or <i>pool</i> . Google also shows your ad for related keywords (such as <i>ornamental fish</i>).
Phrase Match	Place quotes around your keywords	"koromo koi"	Your ad shows when users search for <i>koromo koi</i> in that order and with other search terms. Your ad will show for <i>red koromo koi for sale</i> but not <i>koi for sale</i> .
Exact Match	Place square brackets around your keywords	[koromo koi]	Your ad shows when users search only for <i>koromo koi</i> in that order without other terms. Your ad won't show if someone searches for <i>red koromo koi</i> or <i>koromo and asagi koi</i> .
Negative Keyword	Put a dash before the keyword	-cheap	Your ad will not show if a user searches for <i>cheap koromo koi</i> .

- Try the three match modes. These will have different CPCs and Quality Scores. Let these build up data and keep the ones that work best.
- Be sure to use negative keywords. Add words such as *free* and *cheap* to block clicks that won't convert. People who are looking for free products aren't likely to pay. If a keyword is getting lots of clicks but not converting, perhaps you can add it as a negative keyword.

Trademarks and Keywords

Here's another common question: *Can I use my competitor's trademarked name as a keyword? Can I put their name in an ad?* For example, can you use *Porsche Boxster* in your keywords and your ads? There was a lawsuit against Google (Geico vs. Google) and federal courts have ruled on this.

- If the company registered their trademark and if they filled out a form at Google, then Google will block the use of their trademark term in your ad within the USA and Canada. You can't use their trademarked terms in your ads. However, you may use your competitors' trademarked terms as keywords.
- If the company has not registered with Google, you can use their trademarks in your ads and keywords.
- If you're the holder of trademark terms, contact Google and submit the forms. Google will block the use of your trademarks by others in their ads. However, you can't block the use of your trademark as keywords.

If you're using a term as a keyword and someone tells you to stop, tell them to contact Google.

In general, Google discourages the use of trademarked names by asking for high minimum bids. If you use words that are trademarked by other companies, Google often sets the minimum bids at \$5 or \$10.

Tip: If others are using your product's name, use "Official Site" in your ad's headline. That distinguishes your ad from other ads.

Negative Keywords

Use *negative keywords* to prevent ad displays to irrelevant searches. If you're selling a \$100 koi, you don't want the ad to appear when someone searches for free koi. To block that search, add a minus before the keyword (-free, -cheap,) and add that to your keyword list. You can also add global negative keywords for all Ad Groups within a campaign.

Look in your analytics account for keywords that produced traffic but no conversions. See if these should be added as negative keywords.

How Many Keywords Can You Have?

There are limits at Google AdWords. You can have up to 2,000 keywords per ad group, 100 ad groups per campaign, and 25 campaigns per account. This works out to 200,000 keywords per campaign and five million keywords per account.

We generally start with several thousand keywords to find several dozen that work well. This depends on the client. For some clients, we use 75,000 to 100,000 active keywords with high conversion rates.

Creating the Ad Groups

You should try several types of ad groups, based on the buying cycle and your competitors.

Ad groups	Purpose	Suggestions for Your Ad's Headlines and Text
Informational ad groups	Create an ad group for visitors who are in the research phase. Use keywords such as research, learn about products, types of products, and so on. In the ads, offer white papers, FAQs, comparisons, and so on.	Learn about Koi. Guides & FAQs to Raising Koi in Your Pond. Which Koi Is Right for You? Compare Pumps for Your Pond. Free Koi Breeder's Guide.
Product Ad Groups	Create ad groups for visitors in the purchase phase. Use specific keywords with names of products or services. Create ads that offer the product: <i>Buy Healthy Koi Now</i> , and include extras in the ad, such as <i>No Sales Tax & Free Shipping</i> . Create a sense of exclusivity or urgency. State your USP.	First-Year Koromo Koi. New Litter of Koromo Koi. Buy Six Koromo Koi. All 12 Breeds of Koi. Easter Special: No Sales Tax & Free Shipping. Year-end Clearance. Last in Stock. Certified Koi Breeder. Only Supplier of Koromo Koi in Northern California.
Your Company	Create an ad group that uses your company's name. Look at your analytics and see all the different ways your customers search for your company (<i>koi-planet, koiplanet, planetkoi, koiplanet.com</i> , etc.). Add these as keywords. We also add the names of main people in the company, such as the CEO, members of the board, VPs, and directors. Your customers may know these people by name and will search for them.	Koi from Koi-Planet.com Maggie Xin Guan at Koi-Planet.com Koi-Planet.com in Palo Alto
Competitors' Products and Companies	Put your competitors' company names and product names in the keywords. In the displayed ad, use your company name and products. Point the ad to your website.	Point the ad to your website: Koi at Koi-Planet.com

Naming the Ad Groups

The Ad Groups should have relevant names. Google looks at the ad group's name. This helps Google AdWords to identify the theme of the Ad Group so it can place the ads in the right market.

- Don't use names such as Campaign-27 or Ad-Group-Test.
- Use descriptive names, such as *Koi* for the campaign and *Koromo Koi* for the Ad Group.

Writing the Ads

Review the USP you wrote for SEO (see page YY). You'll use these to write your ads.

- Put your top keywords or product's name in the ad's headline.
- The ad has two lines of body text. Put your top keywords at the beginning.
- The Display URL is shown to users. The folder may be different from the target URL. Skip the www part, which saves you four characters (including the period). Use capitalization in the display URL. Instead of writing *www.koi-planet.com*, use *Koi-Planet.com*, which is easier to read. You can also add keywords into the display URL's folder path, such as *Koi-Planet.com/Koromo-Koi*
- Point the Destination URL to your product's landing page, not the website's front page. Visitors are looking for products, not companies.

The ad editor lets you enter the text for the Headline, Description lines, the Display URL, and the Destination URL. You can also see the resulting ad.

The screenshot shows the Google AdWords ad editor interface. It includes the following fields and values:

- Headline: Koromo Koi (Max 25 characters)
- Description line 1: Koromo Koi for Your Pond. (Max 35 characters)
- Description line 2: Free Shipping. No Sales Tax (Max 35 characters)
- Display URL: http://Koi-Planet.com/Koromo-Koi (Max 35 characters)
- Destination URL: http://www.koi-planet.com/koromo-koi.html (Max 1024 characters)

Below the input fields is a preview of the resulting ad:

```
Koromo Koi
Koromo Koi for Your Pond.
Free Shipping. No Sales Tax
Koi-Planet.com/Koromo-Koi
```

Here are additional tips for writing your ads:

- Your ads should be customer-centric and benefits-centric. Remember, your buyer will click your ad if you have what she wants. Provide the solution to her quest.
- If appropriate, include your price in the ad. This reduces unqualified buyers. If you say your koi are \$500, buyers looking for \$20 koi will go elsewhere. You save money if they don't click on your ad.
- Add extras, such as In Stock. Free Shipping. No Sales Tax. Worldwide Delivery. \$200 Coupon.
- Use phrases with a call-to-action. Examples: Buy today, save 50%. Download free trial now. Sale ends Friday. Sale-priced, special offer, limited offer.
- Use words that evoke positive emotions. Examples: Tips, learn, discover, fast, easy, convenient, quick, fun, instantly, save time, powerful, save money, popular.
- Don't use negative words. Words that evoke fear or worry have lower results than positive ads. Negative phrases include: *avoid, worried about, bankruptcy, don't get caught*.

- Don't mislead. Users strongly dislike deceptive or misleading links that get them to click on a link. They will instantly back out and return to the search engine. You'll still be charged for the click. If Google notices that users press Backspace and return within a few seconds, the ad's ranking will be lowered.

Run your ads until you get about 1,000 clicks. Sort the list by clicks and write down the top 3-5 keywords. Now sort the list by CTR and write down the top 3-5 keywords. Finally, sort by conversions and write down the keywords that brought conversions. These are your best keywords. Create ads that use these keywords in the headline and the body text. Work with these until you find the keywords and ads that produce profits. If there are keywords with high clicks but don't produce conversions, try different landing pages.

How to Use Dynamic Insertion

The PPC tools include a little-known feature that is useful. Known as *dynamic insertion*, it inserts the user's search terms into the ad. Because the user sees his own keywords, the ad becomes more relevant. These ads get higher conversions.

To use this, you first create your list of keywords. You then create a new ad with a special headline. In the ad's headline, you use curly brackets around the headline's text. Add the word "keyword" and a default keyword.

For example, your list of keywords contains:

- koromo koi
- asagi koi
- kohaku koi

The ad's headline is in curly brackets:

{KeyWord: Healthy Koi}

If the user searches for *koromo koi*, the keyword *koromo koi* is inserted into the headline and the ad appears as:

Koromo Koi
Get Your Koromo Koi from
Koi-Planet. Free Shipping.
Koi-Planet.Com/Koi

Because the visitor's search matched our keyword, dynamic insertion inserts the keyword *koromo koi* from our list into the ad.

If the visitor searches for *where do i find healthy koi for my pond* (which has more than 25 characters), the ad uses the default headline (*Healthy Koi*) and appears as:

Healthy Koi
Get Your Koromo Koi from
Koi-Planet. Free Shipping.
Koi-Planet.Com/Koi

By capitalizing the word *keyword* in the dynamic insertion code, you can vary the keyword's capitalization. In the following table, see how *keyword* is capitalized. The K or W can be in upper case or lower case.

Capitalization of Keyword	How the Result Is Capitalized
{keyword: Healthy Koi}	koromo koi
{Keyword: Healthy Koi}	Koromo koi
{KeyWord: Healthy Koi}	Koromo Koi

There is no reason to use lower case. We always capitalize the headlines because it gets better results.

You can also use dynamic insertion in the body of the ad.

Dynamic insertion works only with ads in the Search Network. Google doesn't use this for ads in the Content Network..

Ads with dynamic insertion will generally be your top-performing ads. Why? Because these ads show the visitor the keywords that she is searching. All three (Google, Yahoo!, and Microsoft) offer dynamic insertion. Be sure to use this.

Use A/B Split Testing to Write Better Ads

You can quickly learn how to write ads with high conversion rates by using a marketing method called *A/B Split Testing*. You create two ads (A and B) and see which one gets better results. You delete the weak ad, create a new ad that's based on the successful ad, and test again to find the best one. You repeat this over and over and gradually, you will get higher conversion rates. A/B testing is Darwinian evolution in action.

- In each Ad Group, create three or four ads.
- Run an ad until it gets 1,000 impressions and then look at the ad's conversion rate.
- Delete the weaker ads. Create new ads based on the top ads. You can also look at your list of keywords from analytics or PPC with the highest CTR or conversion rate. Use those keywords into the ad's headline, first two words in the ad text, and the ad's display URL.
- Try different ads. Switch two words. Write clever ads. Write boring ads. Write ads without thinking about it. Test them all and find the ones with best results.

It's always surprising to see which ad is the winner. You can't predict this. Sometimes, poorly-written ads work better. Sometimes, a simple reversal of two words gets a substantial improvement.

Note: Many advertisers think Google matches the ad to the keyword. For example, you have a keyword for koi and you have two ads, one for koi and another for turtles. Advertisers think Google will show the koi ad whenever someone searches for koi.

It doesn't work like that. Google cycles through the ads, one by one, over and over. If you have two different products and two different ads, every other display will show the wrong ad to your customers. The koi customer will see an ad for turtles.

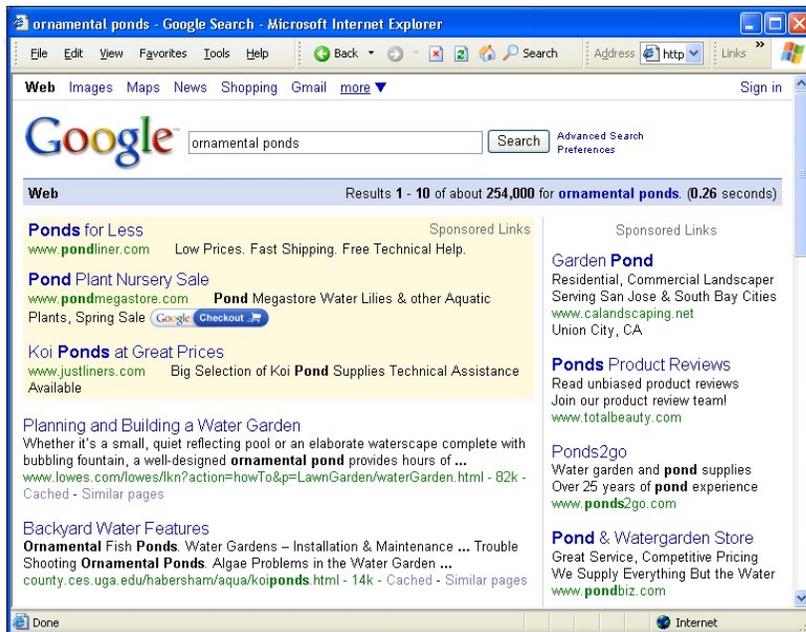
To make sure your visitor sees the right ad, don't mix different products in the same ad group. Set up an ad group for each product, use two different ad groups.

Tip: Need ideas for writing ads? *Phrases that Sell*, by Werz and Germain (only \$10 at Amazon.com. McGraw-Hill, 1998), has over 5,000 phrases in some 80 categories. These are phrases that have worked for decades in many forms of advertising. The book also includes two useful chapters on how to write ads.

Ads in the Blue Box

Sometimes, Google places a few ads in a blue or tan box at the top of the page above the search results. This is called the Blue Box. If your ad gets into the blue box, it's bonus day. You'll get more clicks because many users don't realize these are ads. They think these are the top listings.

- To get your ad in the Blue Box, your ad needs to have a high Quality Score. More in the section on Quality Score at page YY.
- The Blue Box doesn't appear every time. People have learned to ignore ads. To prevent "ad blindness", Google shows the Blue Box only every once in a while.



Setting the Ad Time Frame

When you use AdWords, your ads show up in Google within minutes.

- You can set up an AdWords campaign ahead of time and have it ready to start on the product release date. Create the campaign, select the keywords, and write the ads. You can then use campaign settings to set the start and end dates. If you set it to start Sept. 13 and end on Sept. 23, then it starts at one minute after midnight, between Sept. 12 and Sept. 13, and shuts off at the end of the day (11:59 p.m.) of Sept. 23.
- You can also put campaigns, ad groups, or ads on pause. These are turned off until you need them.

We built a website for a client who was about to release a new product. While we were building and testing the landing pages, we prepared the AdWords campaign and put it on pause. When everything was finally ready, we turned on the AdWords campaign. Within minutes, he had his first customer lead.

Tip: When preparing a product release, you may need to consider the time zones. If you're rolling out a product for the US market, the advertising should be available at 9 a.m. in New York City. If you can, create four identical campaigns and target them to each of the US time zones. Remember that your account is set to your time zone. If your market is in Germany, make sure your ads will be available at 9 am in Europe.

What about Your Competitors' Bids?

You calculated your KPIs and you know that the maximum profitable CPA for your product is \$17.25. Yet some competitors rank higher. Are they are outbidding you? What's going on?

Very likely, they have high Quality Scores. If you improve your keywords, ads, and landing pages, your Quality Score will go up and your ads will rank higher.

A few competitors may have irrational high bids. In general, most competitors tend to bid too low because they don't calculate their KPIs. For example, \$3 for a click sounds high, so they won't bid \$3. Because you've calculated the CPL and CPA, you know that you can afford a higher bid.

It may sound odd, but it's not good business to bid too low. The advertiser is missing opportunities to make more sales, the few sales only cover the basic costs (rent, salaries, supplies, etc.), which means less money to invest in growing the business.

Other competitors may bid too high. Google lets you bid up to \$100 for a keyword. If they haven't calculated their maximum profitable CPA, they are losing money in their campaign. Don't worry about them. After a few months, they'll blog that Google doesn't work and they'll quit.

What You Actually Pay

You bid for a keyword, but what you actually pay is a different amount. Sometimes, it's very different. The actual amount you'll pay depends on your ad group's quality score and the bids from other advertisers. By understanding this, you can reduce the amount and get more clicks for the same budget.

First, let's state the formula for calculating the Cost-per-Click (CPC), which is what you actually pay when someone clicks your ad. This formula includes an Ad Rank score, which is your bid multiplied by your keyword's Quality Score (QS). The Cost-per-Click (CPC) is your Quality Score (QS) divided by the next-lowest ad's Ad Rank, plus 1¢.

Let's use an example to explain this formula. Let's say there are only three companies are using AdWords in the koi market. Apricot bids \$2, Berry bids \$5 and Cherry bids \$1. Laura clicks on all three ads. What does each company pay for these clicks? The following table shows the bid, the Quality Score, the Ad Rank, and the CPC. It also explains how the ads were ranked and what the advertisers paid.

Company	They Bid	Quality Score (QS)	Ad Rank Value	They Pay (CPC)	Why They Pay That Amount
Apricot	\$2.00	40	80	\$0.27	Multiply the bid (\$2) by the QS (QS 10) to get the Ad Rank (20). Apricot's QS 40 divided by Berry's Ad Rank 15, plus 1¢. Apricot pays \$0.27.
Berry	\$5.00	3	15	\$1.51	Multiply the bid (\$5) by the QS (QS 3) to get the Ad Rank (15). Berry's QS 3 is divided by Cherry's Ad Rank 2, plus 1¢. Berry pays \$1.51.
Cherry	\$1.00	2	2	5¢	The min bid is 5¢, so Cherry pays 5¢

Apricot bids \$2 but ranks higher than Berry, who bid \$5, because Apricot has a much better Quality Score (40). He also pays only \$0.27 instead of his \$2 bid. Berry is #2 yet pays more (\$1.51) than #1 (who pays only \$0.27).

If the three advertisers each have a \$200 daily budget, Apricot will get 299 clicks (\$200 divided by \$0.27= 741clicks), but Berry will get only 132 clicks (\$200 divided by \$1.51 = 132 clicks), even though he is bidding more than twice per click. If we assume both have the same conversion rate, Apricot is bidding less than Berry but he will sell five times as many koi.

Since the Quality Score is based on a number of factors, a Quality Score may be higher than 40 points. Let's see how Quality Scores are calculated.

The Quality Score

Google AdWords uses a Quality Score (QS) to rank your keywords and ads. The higher the Quality Score, the higher your ad will rank and the less you'll pay for the click.

The Quality Score is based on a number of factors. Here are the factors and our tips on how to improve your Quality Score.

Factor	How to Improve Quality Score
The keyword's relevancy to the ad group	Create ad groups and landing pages with a common theme and add keywords that match the ad group's theme and the landing page.
The keyword's CTR	Use the three match formats (broad, phrase, exact). Find the versions that have the highest CTR.
The Ad's relevancy	Make sure the ad is related to your keyword and ad group. If your keyword is <i>koromo koi</i> , use the words <i>koromo koi</i> in your ad. Don't use <i>immersible pumps</i> and so on.
The Ad's CTR	Use A/B split testing to develop ads with higher CTR. Delete ads with low CTR or conversion rates.
The Ad Group's Cumulative QS	Look at the displayed Quality Score for your keywords. If it's just OK or poor, move those keywords to another ad group.
Landing Page Relevancy	Write landing pages that match your keyword, ad, and ad group's theme. If Google sees that people return within seconds from your page, Google figures your page isn't relevant. Use analytics to look your landing page's bounce rate. If it is higher than 30-40%, use multivariate tools to lower the bounce rate.
Landing Page Load Speed	The longer it takes your landing page to open, the more Quality Score points you lose. Fast pages are a better experience for visitors.
Age of the Account	The older your AdWords account, the more points you get. We manage accounts that were created in 2002. The ads are at the top and CPCs are pennies. Google rewards the early birds.
Activity in the Account	We suspect Google rewards accounts that are actively managed.
Location	Google looks at the location of the user and advertisers. If Laura is in Denver and she searches for a dentist, a local dentist is going to rank higher than a dentist in Miami.
"Other Factors"	Google's reviewers look at your page and rank it on credibility as a merchant page. If the site doesn't appear to be a credible merchant or it is an Amazon or eBay affiliate or some other sort of light affiliate, it loses points. Build a merchant site that has the features of a real merchant, such as EddieBauer.com. Offer comparisons, reviews, and additional information.

Overall, the account should have a high general quality. This means ad groups with high cumulative CTR. Each ad group should be focused with a clear theme. The keywords, ads, and the landing page are related to each other in a unity. Later in this chapter, we will look at landing pages.

Don't create ad groups with hundreds of keywords (if there are too many keywords, the theme will be unclear).
Don't create ad groups with only one keyword (the theme won't be clearly established).

Now that you know about Quality Score, you'll want to know the numbers. Regrettably, Google AdWords won't tell you this. In your ad group, you can turn on Quality Score display (select Customize Columns), but this only tells you "Great, Good, OK, Poor."

You can guess at your Quality Score by looking at your minimum bids. The lower your min bids, the better your Quality Score. Look also at the difference between your min bid and the CPC. The greater the difference between your bid and the CPC, the higher your Quality Score. If you're paying about the same as your bid, your Quality Score is low. If you bid \$3.50 and pay only \$0.14 (that's 4% of the bid amount), you have a very good Quality Score (that's an actual example).

This doesn't mean you can always set your bids to the minimum. You need to bid enough to get your ads on the first six positions of the first page. If your ads are in position 34 (the third page), very few people will see your ad. Set the ad group display to the last business day (usually, yesterday) and sort the table by Avg. Pos. (average position). If keywords at positions lower than 6 or 7, the ads are appearing below the fold. Increase the bids to bring the ads up on the page.

Are you baffled yet? 😊 That's quite a formula. Don't worry. Just remember this: the higher your Quality Score, the higher your ads will rank and the less you'll pay. In fact, a high Quality Score is much better than a high bid. So work on improving your Quality Score.

The Ad Rank Score

Another important number is the Ad Rank. This determines the position of your ad. The higher the Ad Rank value, the higher your ad will appear on the page.

Ad Rank is your bid multiplied by the keyword's Quality Score. If you bid \$2 and your QS is 10, then $\$2 \times 10 \text{ QS} = 20$ Ad Rank.

To raise the Ad Rank, you place a higher bid or you improve the Quality Score. You can see that Google gives preference to the Quality Score, not the bid. If you bid \$50 but you have a poor Quality Score, you're basically sending lots of money to Google but you'll have a poor ranking. Work on your Quality Score.

Why Is Google Doing This?

Why does Google AdWords use such a complex system? The Quality Score and Ad Rank are some of the most important ways to manage your account, but it's safe to say very few people have even heard of these. It doesn't help that Google is unnecessarily secretive.

Google didn't invent PPC. That started at GoTo.com (later bought by Yahoo!). Google's innovation was the use of CTR, Quality Score, and Ad Rank to rank ads. These had far-reaching effects:

- Great for consumers. When consumers search for information or products, Google shows the most relevant ads at the top.
- Good for advertisers. CTR and Quality Score rewards advertisers who improve their campaigns. They get higher ranking and lower CPCs. Well-managed accounts will substantially outperform competitors.
- Good for Google. They earn more if 50 people click on a well-written \$1 ad instead of two people clicking on a poorly-written \$10 ad.
- Very bad for lazy advertisers. If they ignore the Quality Score, if they have poor ads, and if there aren't dedicated landing page, their ads will get a lower position, not show as frequently, and Google will charge them more for the click. They are literally pushed to the bottom. A large corporation with an unlimited budget but a poor strategy will not be successful in PPC. We know several cases where large corporations rank lower than small companies with daily budgets that wouldn't even buy a round of coffee at Starbucks. The little guys did a great job at optimizing their ad groups and landing pages.

Google's Quality Score system means that PPC is not an issue of bid management. Many PPC companies tell you they will manage your bids. That's nice, but you will get better results if you improve your Quality Score.

This system rewards agile companies which take advantage of Google's strategies and technologies. With modest budgets and highly-optimized accounts, they can beat large corporations with unlimited budgets. Google is pushing its PPC methods into all forms of advertising, which may end up restructuring the way companies do marketing.

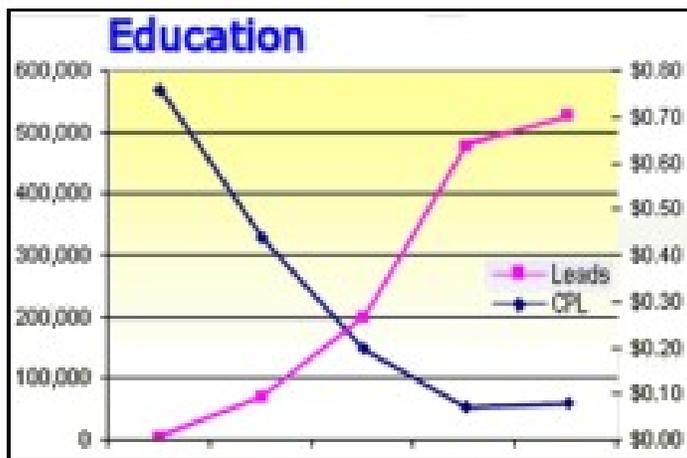
This is similar to the "Wal-Mart effect". Every week, about half of the US population shops at Wal-Mart. With such a large share of consumer retail, Wal-Mart can dictate to manufacturers how they will package and price their products. If a manufacturer doesn't comply, Wal-Mart won't carry its products.

Google is putting a similar pressure on companies. If companies want to sell via search engines, they must write and manage their ad campaigns according to Google's formulas and they must build their web pages according to Google's criteria for relevancy. Just as with Wal-Mart, companies can certainly do whatever they like, but they won't be on the shelves at Wal-Mart or at the top of Google. It's their choice to not be available to the bulk of consumers.

The X-Charts: How to Tell When Your Optimization Works

When you optimize your ad groups, a curious thing happens. As you improve the ad group, Google AdWords lowers your cost-per-click (CPC). If your budget stays the same and your clicks are cheaper, you'll get more clicks, which means the number of conversions will increase. The result produces what we call *X-charts*.

This X-chart shows the CPC and number of conversions. The CPC falls and the number of conversions increase. The lines cross to create an X in the chart.



How long can this improvement continue? At some point, you begin to reach the limits of optimization.

For example, we manage the PPC for MIT's OpenCourseWare project. When we took over the account, the average cost per click was \$0.70. Within several months, we brought that down to an average of 7¢ per click (for more than 70,000 keywords). It can't really go down much further than 7¢, so the trend flattened out. The ad group reached the limit of optimization. We call this *Stephanie's Limit*, who first noticed this. We work on an account until it reaches Stephanie's Limit, and then we expand into additional campaigns, ad groups, and ad types. This generally takes about 40-60 days (your mileage may vary).

Manual Bid Management: Do It by Hand

You can manage bids by hand. But as you've seen, the Quality Score matters more than the bid. It's better to spend time on improving your Quality Score than fussing around with bids. Still, you shouldn't overbid or underbid. Here's how to manage your bids by hand.

Go to Google Analytics and select Traffic Sources | Adwords | Keyword Positions and set the time span to get sufficient data. At the left is a list of keywords from Adwords. At the right is blank screen. Click a keyword on the left side. The right side now shows you a Google search page. Your keyword showed up in Google in those positions. It shows you the number of visits (clicks.) Click on the dropdown menus to display conversions. This shows you which positions brought conversions. It may well be that position 3 works better than position 1. Write down these optimal positions and then lower or raise your bids to get your ads in these positions.

Automated Bid Management (ABM): Let the Machine Do It

Adjusting the bids every day for your account can become a chore, especially if you have several hundred keywords. Is there a way to automate the PPC?

Automated Bid Management (ABM) tools handle the bidding. If a keyword is producing good results, bids are increased. If a keyword has low results, bids are decreased or the keyword is deleted altogether. These tools can adjust bids several times per day.

ABM companies often charge a substantial percentage (5-10% or more) of your ad spend. Atlas Search, Omniture, MarinSoftware, and Efficient Frontier offer ABM tools. To find ABM tools, search for *Automated Bid Management*.

Let's look at Omniture Search Center. Their enterprise ABM tool unifies analytics and PPC so you can use the analytics to manage the PPC. You use one interface to manage all of your PPC accounts, including Google, Yahoo!, and Microsoft adCenter, plus other PPC services. You can easily copy and move keywords, ads, ad groups, and campaigns between Google, Yahoo!, and Microsoft adCenter, so whatever works in one, you can try in the others. It includes a library of automated best-practice strategies and you can create custom rules. It's integrated with Excel, so you can use Excel spreadsheets to manage your campaigns according to business goals.

This highlights the limits of Google Analytics. Google offers ABM tool, which works well because Google has full access to its data about market activity plus they can dedicate extensive resources at these problems. But you don't know the bidding rules because Google won't tell you, and there isn't a way to customize or create rules. Google's support is minimal. Google Analytics won't allow companies to use Lookup Tables. Raw data can't be downloaded for BI (Business Intelligence) data analysis or rollup reports by site, site groups, or across large networks of sites such as distributed partner and resource sites.

Google's ABM Tools

Google offers two basic ABM tools: Conversion Optimizer and Budget Optimizer. Both are free and available in Google AdWords.

- Budget Optimizer maximizes the number of clicks within your budget. If your campaign is based on driving traffic to your site (but you don't measure conversions), you will get more clicks. Be careful: this tool ignores conversions or profits. You should focus on conversions and profits, not clicks.
- Conversion Optimizer maximizes the number of conversions. You set the maximum CPA (cost-per-acquisition) for a conversion. This uses portfolio management to manage the bids within the ad group. To use Conversion Optimizer, Google requires at least 200 conversions per month.

To use either one of these, go to a campaign's settings and select Keyword Bidding options.

You can use Budget Optimizer in campaigns where conversion tracking is not possible, such as realtors or companies with long (and untrackable) sales cycles. When a company sells a \$500,000 transmogriifier, it's often not clear which action caused the sale. They're using PPC, booths at trade shows, technical sales teams, and so on. In such cases, you just want to drive qualified traffic to the site.

When Budget Optimizer is turned on, some keywords become inactive. Google is trying to get you the most clicks, so it ignores keywords which it considers low value. If you want those keywords to be active, go to Campaign Settings and increase the budget or the maximum bid. You can also move the keywords into another ad group or another campaign. You may also leave the keywords in Inactive status; it won't affect the ad group's Quality Score.

Budget Optimizer will spend your budget. If you set high budgets, Google will reach those limits. Set a realistic ad budget.

Google's ABM tool adjusts bids by location, depending on local results. Google can bid lower in Austin and higher in Pittsburgh. The Google ABM tools also adjust by time of day and day of week.

It's tempting to set up ABM and let it manage your PPC. This is a bad idea. You need to focus on strategy and campaigns. You must test new keywords, create new ads, and continually improve the Quality Score.

Note: Be sure to carefully test Google's ABM tools. Run it for a few weeks and see how it affects conversions. For most of our clients, the results tripled or quadrupled. However, for a few campaigns, the traffic crashed. In some cases, it stayed at near-zero for a few days and then climbed to a much higher level than before. For other campaigns, the traffic crashed and never recovered; we had to turn off the ABM to restore the traffic. You can monitor these tools with Account Snapshot. Select the campaign, set the time frame for the last few months, and look at clicks and conversion rates. We recommend you monitor this daily for a few weeks.

Why Isn't My Ad on Google?

This is one of the most common questions from our clients. They search in Google for their top keywords and they don't see their ad. There are several reasons for this.

- Go to your AdWords account and look at the number of impressions for the last business day. If a keyword is getting impressions, then it is being displayed to other people, even if you don't see your ad.
- Click the Tools tab and select Ads Diagnostic Tool. If the ad isn't being displayed, it gives the reason.
- If the daily budget is too low, AdWords will display the ad intermittently. If you want the ad to appear all the time, increase the daily budget.
- Google displays ads according to location. If Google sees that koi ads get clicks in Los Angeles and Chicago, but not in New York, then Google won't show the ads in New York. If you happen to be in New York, you may never see your own ads. Google also adjusts to the time of day. If late afternoon works better, your ads won't show up in the morning.

Tip: If the CEO really wants to see his ads, here's what you can do. Create an ad campaign, assign a \$20 budget, and set the location to two miles around his office address or home address. When he searches Google every 30 minutes, he'll see his ads 😊

Ad Groups

AdWords has Campaigns and Ad Groups. Let's look at these.

Category	Description	How to Use This
Campaign	Use a campaign for each product. In the campaign's settings, set the daily budget. For example, set the maximum at \$100 per day. You can also set geographical targeting and language.	If you're selling koi, turtles, and ducks, then create three campaigns named Koi, Turtles, and Ducks.
Ad Group	Within the campaign, create Ad Groups for each product version.	In the Koi Campaign, create three Ad Groups named Koromo Koi, Asagi Koi, and Kohaku Koi.
Keywords	Within each Ad Group, you add the keywords and ads.	Within the Koromo Koi Ad Group, use keywords such as <i>koromo koi</i> and <i>young koromo koi</i> .

Note: Some people create dozens of ad groups with a single keyword in each ad group. That isn't sufficient for the search engine to know your ad group's theme. Others put all the keywords in one ad group. The theme is unfocused. Don't make either of these mistakes. Your campaigns and ad groups should reflect your products.

Use the Content Network

Let's now look at how to use the Content Network. This appears to be like the Search Network, but the rules are different.

First of all, why bother with the Content Network? For a very simple reason: the clicks and CPAs are generally cheaper. If clicks cost \$0.75 in Search Network, they may cost only \$0.12 in the Content Network. There are several explanations for this, including the fact that it is a bit more complex to set up Content Network ads. But that also means fewer advertisers understand it, so we suspect there is less serious competition.

The Content Network displays your ads in web sites that sponsor Google's ads, such as The New York Times, USNews.com, Forbes, ABC, Economist.com, Fox, TheStreet.com, Thomson, National Geographic, Linux World, About.com, Lycos, InfoSpace, MacWorld, Business.com, The Weather Channel, HGTV, HowStuffWorks.com, iVillage.com, and several million more websites. These reach 86% of all web users.

Your ads also appear in Google's various services, such as Gmail, Blogger, Google Maps, AdSense, and YouTube. For example, Google looks for keywords in Gmail emails and then inserts related advertising into the email. If you and your friends start emailing about plans to go trout fishing in Wyoming, Gmail inserts Google AdWords advertising for Wyoming fishing resorts. Gmail includes Google search, so when people search their emails, more Google AdWords ads are displayed.

Here is the main difference between Content Network and Search Network.

- For the Search Network, AdWords matches the user's query and the keyword. If there is a match, an ad is displayed.
- For the Content Network, AdWords uses the theme of the ad group, not the keywords, to decide which ad to display on a page. It matched the theme of the ad group with the theme of the web page. The ad group should have enough keywords for AdWords to establish the theme, which means about 15 to 30 keywords. You can use keywords in singular and plural.

In Content Network, don't use "Phrase Match", [Exact Match], or Keyword Insertion. These have no effect in the Content Network. Don't put hundreds of keywords in an ad group.

Because Google doesn't use the keyword to match, it doesn't report clicks or conversions for keywords. Don't worry about impressions, clicks, or CTR. Google's algorithm takes care of that for you; Google wants to get the highest CTR, so they eliminate sites with high impressions and low clicks. However, Google doesn't know your target CPA, so you have to manage that.

Instead of managing the bids for each keyword, you manage the bids to control the average ad position for the whole ad group. Manage Content ads in the following way:

- Go to an ad group and select the Summary tab. Set to time span so you have least 1,000 impressions.
- Look at Avg. Pos. (average position). Generally, it's cheaper if you are in position 2 or 3. If Avg. Pos. is too high, lower the bid. If the position is lower than 4, increase the bid. Content shows only 2-4 ads, so your ads should be in the first three positions.

Create ad groups with themes that match the theme of the target pages. In each ad group, write ads that describe the theme. In Search, you can only use text ads. In Content, you can use text ads, image ads, video ads, and widgets. This allows greater opportunity for you to show your products to your audience.

Tips: You can see where your ads are showing. Use the Placement Performance report (a report in Google AdWords). This shows you the URLs that host your ads, along with the number of displays, clicks, conversions, CTR, and CPA. If the cumulative CPA is within your target CPA, then allow the campaign to continue. If the cumulative CPA exceeds your target CPA, sort the table by CPA (click on Cost/Conversion) and look at the sites with the highest CPA. If the CPA exceeds your target CPA, use Site Exclusion to block those URLs. By deleting those, you free up budget for other sites. To block a site, return to the campaign view and click *No Excluded Sites: Add*. Enter the domain names of the sites to exclude.

Use Image Ads in the Content Network

The Content Network includes both text and image ads. The image ads can be horizontal, vertical, or square.

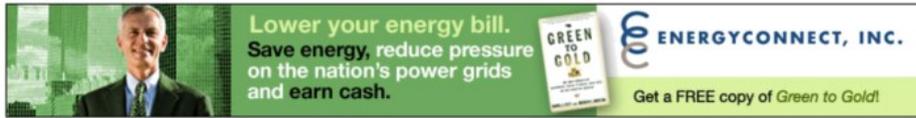
Your image ads should show a product shot and your USP. Image ads convert better. We think this is because if your customer is looking for a product, she will select an ad that shows the product. Someone looking for koi is more likely to click on ads that show koi instead of ads which have only text. Many advertisers lack the resources to create a set of image ads with professional photographs and layout. There is also the expense. Professionally produced image ads can cost several hundred dollars. This is good news; you'll have fewer competitors, so the clicks will be cheaper.

To get a very sharp and clear image, use PNG format (not JPG or GIF). The maximum file size is 50KB. If the PNG file is too large, save it once as a JPG. Ads may include 15 seconds of animation if it's not looped. You can add a sparkle to the logo and so on.

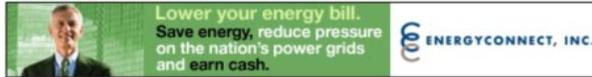
There are also video ads. Video ads appear first as a static image. When the visitor clicks, the video opens in a popup window. Video ads use the same sizes as image ads.

Image ads are reviewed by the search engines to make sure they are family-acceptable. This review can take up to five work days. If you have an account representative, ask her to approve your ads.

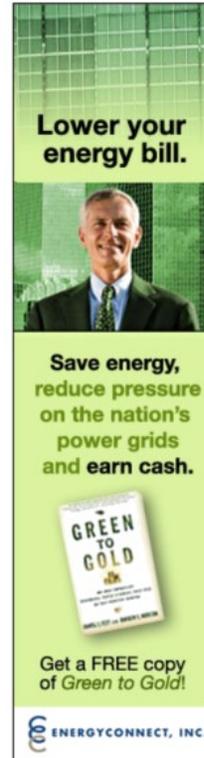
Leaderboard (728 x 90)



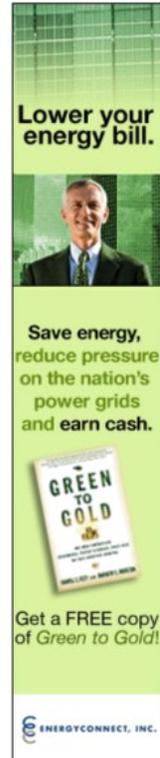
Banner (468 x 60)



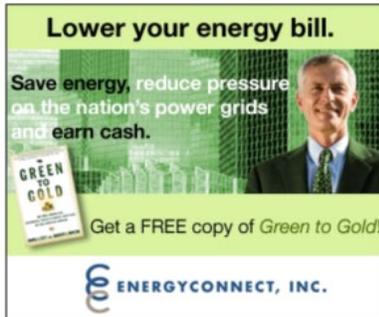
Skyscraper (120 x 600)



Wide Skyscraper (160 x 600)



Medium Rectangle (300 x 250)



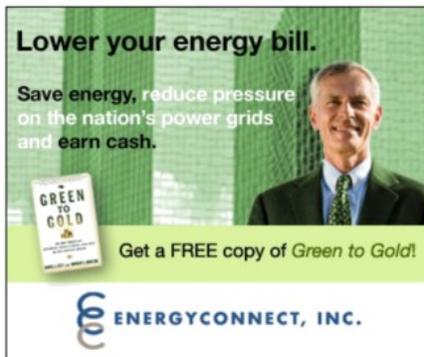
Small Square (200 x 200)



Square (250 x 250)



Large Rectangle (336 x 280)



You must create ads in all eight sizes. Sites select the format that fits into their design, but you don't know which size that will be, so you have to offer all formats. Some sites may also choose to show text ads, so you should include at least one text ad.

Placement Targeting

There is another way to place your ads. You can use *Placement Targeting*, which lets you select the websites where your ads will be displayed. You can use text ads, image ads, and video ads. You can select sites by categories, related topics, URLs, or demographics. This lets you place your ads in front of a highly-targeted audience. For example, Animal-World gets 10,000 to 100,000 page views per day. AquaBid.com gets up to 500,000 views per day.

Your ads will appear only on those sites. This lets you target the advertising to highly relevant websites. You can place your koi ads in Koi-Magazine.com, but not Gourmet.com.

Many high-traffic magazine websites carry Google's ads. To sell our koi, we can advertise in RobbReport.com and The New York Times. Enter the sites that you want and it'll show similar sites.

You can pay either by CPC (per click) or CPM (pay for every 1,000 displays of your ad.)

- Use CPC if your goal is conversions (such as sales, leads, downloads, and so on).

- Use CPM to increase brand awareness among your target audience. You set the amount that you'll pay for 1000 impressions.

You can also bid according to demographics. If your target audience is women 22-35, you can bid higher when your ad shows to this group.

To manage your costs in placement advertising, use Placement Reports. Find the sites that have poor CPL or CPA. You can block them from your ad distribution by adding them to your campaign's Excluded Sites list. You can also block sites by category. If you find that a site doesn't convert well for you, you can block that site and similar sites with the Category Exclusion tool.

The Strategy for Landing Pages with High Conversions

Let's now look at what happens after the click. Laura clicked on your ad at Google. Instead of sending her to your general website, you should send her to a page that shows her the product she wants.

The landing page must be highly relevant to the user's search. If the landing page is not relevant, your visitor will return to Google and go to the next website. This will lower your Quality Score. The landing page must reassure the buyer that you will deliver what she orders. She should feel comfortable with her decision to buy from you.

- The purpose of the landing page is to get the visitor to convert. She should fill out a form, buy a product, download a PDF, and so on.
- The Ad Group, keywords, ad, landing page, and thank-you page should form a seamless customer-centric unity.
- If you're selling koromo koi, then create an Ad Group just for koromo koi, put *koromo* in your keyword list, write an ad with *koromo* in the headline, in the first line of body text, in the display URL, and then point the ad to a unique landing page, such as Koi-Planet.com/koromo-koi.html, where the visitor sees a photo of a koromo, reads about koromo, and can fill out her name and credit card information on the same page.
- The landing page should be a short and simple. The more steps, the more buyers you will lose. The best landing pages are "the everything-on-one" page.

Landing pages move the emphasis away from websites. From 1995 to 2004, the focus of ecommerce was on websites as a set of pages with information about the products, the company, help pages, contact pages, and so on. This classical approach presented the company's perception of itself to the customer.

That theory doesn't work anymore because search engines allow people to shop anonymously, gathering information and evaluating suppliers. People don't search for websites. They search for information and products.

People in the buying cycle are either gathering information (so they ignore ads) or they are ready to buy, so they have decided on the product and are evaluating suppliers. Laura does research to learn about *her* interests. When she is ready to buy, she looks for Mr. Right, the supplier who delivers what she wants. She types her search and looks at the top results in both the left side and the right side of the screen. She comes to a landing page that is highly relevant to her search. Google's use of landing page relevancy as part of the Quality Score reduces the traditional emphasis on the general web site.

Tip: Many PPC campaigns ignore landing pages. They point the traffic to the website's front page. With good landing pages, you can get very high conversions. Use multivariate tools to find the best landing page design. So you know what's possible, we've build landing pages with 50-70% conversion rates.

How to Build Landing Pages for High Conversions

Here is what users want to see at a landing page:

- A heading that includes the visitor's search terms.
- A color photo of the product. Use professional photographs. Add a caption.
- Offer a selection of models, colors, and features. Offer comparisons and explain the advantages and disadvantages. State the price on the page. If you write "Click here to learn about our prices," visitors generally go back to the search engine. You can also offer discounts, free shipping, no sales tax, money-back guarantee, and similar.
- Use professional layout. Professional layout works better than amateur design.
- Keep it to one or two pages. If they find a long series of forms, they often quit and go back to the search engine.
- Remove links which lead your visitor away from your message and conversion goal.
- Include reviews from trusted information sources, such as reputable newspapers or magazines. To create a sense of confidence, add a list of trusted name brands and vendors. Use logos, including credit card logos.
- Include the business location (if it is applicable) with street, city, and telephone number.

The landing page's content also affects your Ad Group's Quality Score. If the content of the landing page matches the keywords and ads, the Quality Score will improve.

That's what visitors want to see. What about Google? What do they want to see on your landing page? They give higher ranking to merchants who have credible sites:

- Google prefers a landing page with one product instead of pages with multiple offers. Put only one product on each landing page.
- Clearly identify your business. There are too many scam web sites. Google prefers web sites that state their contact information. This means your name, address, email, telephone, and fax number. We suspect Google checks Dun & Bradstreet to see if you are a real company.
- If you use a shopping cart, include useful features. Allow customers to view the contents of their shopping cart. Let customers calculate the shipping fees. Add FedEx tracking. Good ecommerce packages include Yahoo! Stores or Volusion.com. Google accepts these as real stores.
- If you ask for personal information, state your privacy policy. Add a privacy policy to your site and link your landing page to your privacy policy. If you need a privacy policy, look at Koi-Planet.com's privacy, copy that, and modify it for your site.
- State your return policy with details on how to return or exchange products, along with any fees.
- Don't build affiliate sites that point to Amazon, eBay, or similar.
- The landing page should open quickly. Google deducts points if your page takes too long to open. This is bad news for many corporate sites that use lots of Flash on their home pages.

The keywords, ads, and landing pages should be in the same language. If you use French keywords and ads in French, the landing pages should be in French. Don't mix languages. You can always use English as the universal language for any country, but preference will be given to ads in that country's language. We often create landing pages that include both English and Chinese side by side on the page, so everyone can read the page.

To develop the best landing pages, see the section below on multivariate testing.

By placing information in tabs at left, you can add more information to the page without having the visitor go to another page. Tabs can include benefits, options, comparisons, testimonials, and so on. You also keep information above the fold where they will see it. At right is a simple form with a strong Submit button. It includes a free offer to encourage them to send their contact information.

Tip: In your order form, always ask for the telephone number. If you ask only for the email address, you'll get many leads with invalid email addresses. For several clients, as much as 20% of the emails have been invalid. People often mistype their email addresses, but they always remember their telephone number.

Use the Thank-You Page

After the customer completes the form, she is sent to a thank-you page. This confirmation page usually says something like "Thank you for buying our koi. Your koromo koi will be arrive by FedEx Overnight."

The thank-you page is a good opportunity to interact further with your customer. She has just purchased from you, so she will look at whatever you offer. Use the thank-you page to make additional offers, such as newsletters, another product, coupons for additional products, a case study, a feedback form, or the opportunity to refer a friend. Use the thank-you page to cross-sell and upsell.

Multivariate Testing (MVT)

There are tools to help you create the optimal landing page. These are called *multivariate testing* (MVT) tools.

Let's say your page has a heading, a photo, and a block of body text. Maybe a different heading would work better. So you write five headings. You could also try different product photographs: small, large, and with a person. And you could try three different sets of body text. That's 5 headings, 3 photos, and 3 body text. Multiply these ($5 \times 3 \times 3 = 45$) to find there are 45 possible combinations for your page.

You feed the different parts (the headings, the photos, etc.) into the multivariate tool, it creates the 45 combinations, and then it tries out them out and compares the results. Within days, you'll see that (e.g.) combination #12 outperforms the original with 64% more conversions.

A number of companies either sell software or offer services for this. One of the best-known tools is Omniture's Offermatica. Google also has an MVT tool called *Website Optimizer*, which is free.

There are two types of MVT tools. If there are 45 combinations, the first will test all 45 versions. In the second type of MVT tool, it's possible to show that a test of seven of the 45 combinations will produce the same result. This allows you to test much larger combinations (literally tens of thousands of combinations). This is called *fractional factorial* or *Taguchi Method*, developed by Genichi Taguchi, a Japanese quality engineer. Google's MVT tool does not use Taguchi Method, which means you are limited to the number of combinations based on your traffic volume. You need about a thousand visits per page to make reliable conclusions about that page, so if you have 30,000 visits per month, you can test about 30 combinations in a month.

You can also use multivariate testing to improve many pages at your website, not just the landing page. Look at your analytics and identify the top entrance pages. You can also use MVT to improve the thank-you page. The tool shows you which combinations produce the best performance. For example, combination 11 converts 24.9% better than the original.

Combinations		Page Sections			
Analysis for: Aug 21 2006 - Aug 21 2006					
View: <input checked="" type="radio"/> Best 23 Combinations <input type="radio"/> Worst 23 Combinations			Download: T E P Print Preview		
Combination	Estimated Conversion Rate Range [?]	Chance to Beat Orig. [?]	Chance to Beat All [?]	Observed Improvement [?]	Conversions / Impressions [?]
Original	31.2% ± 3.0%	—	0.41%	—	125 / 401
Combination 11	38.9% ± 3.1%	99.0%	85.4%	24.9%	160 / 411
Combination 4	33.6% ± 3.0%	76.8%	4.12%	7.74%	133 / 396
Combination 23	33.4% ± 2.8%	75.9%	2.82%	7.17%	153 / 458
Combination 16	32.7% ± 2.9%	67.8%	1.56%	4.75%	144 / 441
Combination 10	32.6% ± 2.9%	67.5%	1.69%	4.67%	139 / 426
Combination 8	32.4% ± 2.9%	64.6%	1.30%	3.90%	137 / 423
Combination 22	32.0% ± 3.0%	60.0%	1.03%	2.69%	129 / 403
Combination 7	31.6% ± 2.8%	55.1%	0.45%	1.27%	143 / 453
Combination 14	31.4% ± 2.8%	52.2%	0.41%	0.57%	137 / 437
Combination 21	31.1% ± 2.9%	49.1%	0.40%	-0.20%	126 / 405
Combination 18	30.3% ± 2.8%	39.1%	0.11%	-2.79%	130 / 429

The optimizer report shows you the pages ranked by success. Combination 11 will work 24.9% better than the original page. The next seven combinations will also outperform the original page. When you start the testing, you'll quickly see that some combinations don't work. You can delete those from the test. When you end up with the best version, you can use that one. Better yet, use the best one as your standard and create more combinations. Do this over and over to get high conversion rates.

Beyond Clicks: Pay-per-Call

Some companies offer pay-per-call. Instead of going to a web page, the customer calls you. You pay for the call (on average, about \$10 for the call) and perhaps a per-minute fee (such as \$2 per minute). If the caller hangs up within the first 20 seconds, there is no charge for the call. Follow-up calls are free.

Manage this just as any other campaign: calculate how much you can pay for the leads and conversions and keep the pay-per-call costs within those limits.

For many types of businesses, especially local services, pay-per-call conversion rates can be 50% or greater. One of the leading pay-per-call is Ingenio.com.

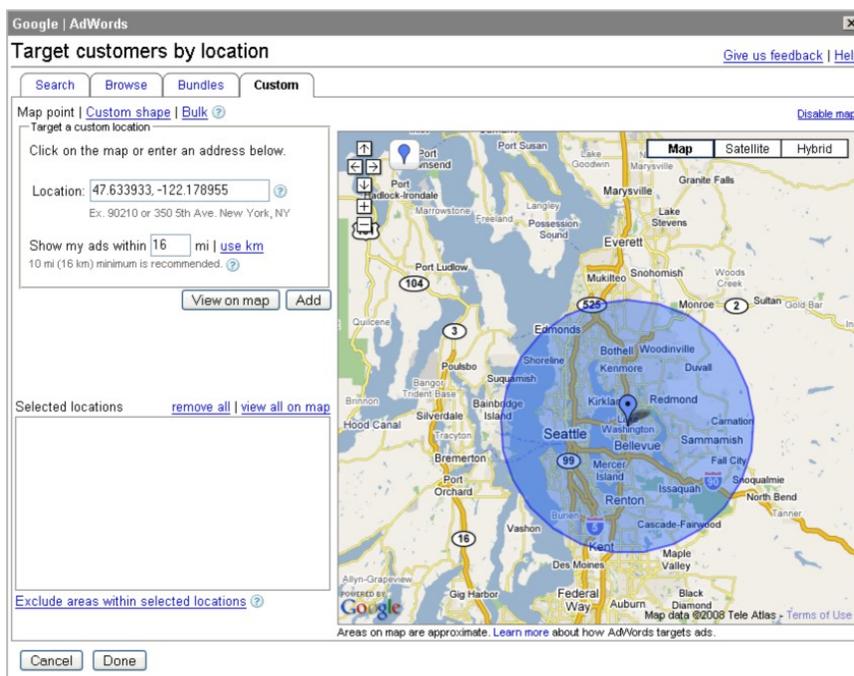
Can I Decide Where the Ads Will Appear?

You can have your ads appear in the markets that you want. This is called local targeting or *geotargeting*.

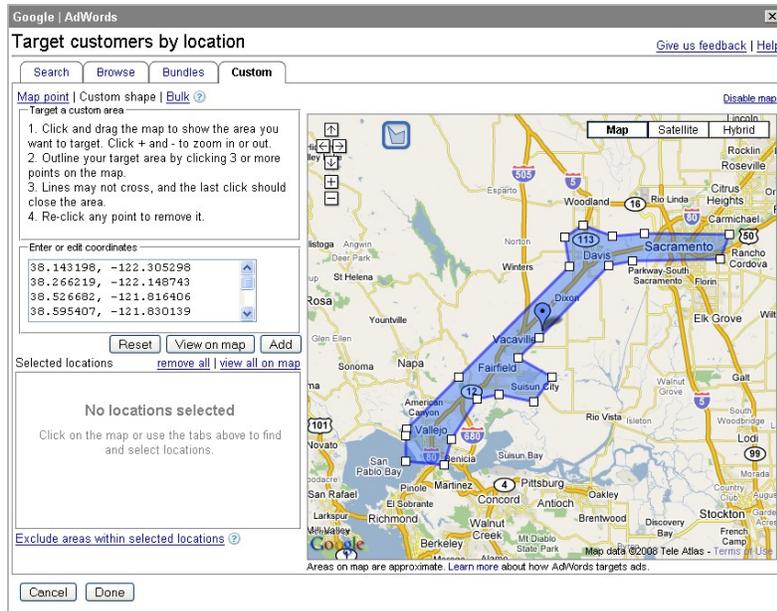
For example, a dentist in Seattle wants to advertise only in Seattle. People in Miami will never come to her office and that would be a waste of advertising. She can use local targeting so her ads are shown only in her city.

To use Local Targeting, checkmark the campaign and click Edit Settings. In the targeting page, select Custom and use the Map Point tab.

The dentist can set a radius, such as 16 miles, and thus create a circle around her office. The ads will be shown only to users who live within that circle and search for a dentist. The dentist should consider how far a patient will drive to get to her office and set the radius accordingly. To do this, either enter your address, your city, or zoom in the map until you find your city. Double-click to set the point, enter the radius in miles, and click *View on Map* to see the size of the area.



There is also Multi-Point targeting. A cabinet maker wants to work with clients only within five miles on either side of the freeway from Sacramento to San Francisco. He can set a series of points to create a long rectangle (or any irregular shape) that encloses the area along the freeway. To use Multi-Point targeting, checkmark the campaign and click Edit Settings. In the targeting page, select Custom and use the Custom Shape tab. Zoom into the map until you see the area to mark. Click a series of dots to create the target zone.



In early 2005, we came up with the idea for multipoint targeting. Based on gerrymandering in politics, we thought it'd be useful for targeting ads for several of our clients. We wrote a description of this, along with examples of how this would work, and gave it to people whom we knew at Google. A few months later, they added this to Google.

The Bulk map feature lets you target up to 100 cities or areas that aren't connected to each other. From your analytics, you can find the cities that produce the most conversions. Upload that list and target your advertising to only those cities..

You can use this for testing products by DMAs (Direct Marketing Areas), specific communities, parts of cities, regions, and so on.

These tools use the searcher's location. When you use a browser, your computer sends its IP address to the server. These IP addresses can be matched to zip codes, which lets the server know where you are located. That's how search engines know someone's location when they click on an ad.

Conversion Tracking

One of the best features in AdWords is the *conversion tracking*. A click on your ad is nice, but what really counts is when the visitor buys your product. This is a conversion from visitor into buyer. The conversion tracking shows the number of conversions, the percentage, and the cost-per-conversion.

AdWords offers a free conversion tracking tool. You fetch a bit of JavaScript code at AdWords and place it in your website's thank-you page. This lets AdWords know that the visitor clicked on the AdWord, came to your site, and bought the product.

You can also track lead generation. If you use the website to capture names for your mailing list, the conversion tracking will show the number of generated leads, the effectiveness of the lead conversion, and the total costs of the lead generation campaign.

- 1 To set up Conversion Tracking, click on it in the AdWords toolbar.
- 2 You can select Basic or Customized. Basic will track a conversion. Customized tracking will let you distinguish between conversions for leads, sales, signup, or page views. Select the one you want.
- 3 Conversion Tracking will ask for the security level of the conversion page. If you're not certain of the page's security level, visit your thank-you page and look at the URL in the browser URL bar: it is either HTTP or HTTPS. Select the appropriate type. The page will refresh itself and the code will be displayed in a text box.

- 4 Copy the conversion code. Save it in a Notepad TXT file (do not save in Word, which may insert formatting and break the code).
- 5 Paste the code in the HTML before the </BODY> tag at the bottom of your thank-you page.

Conversion data usually shows up within three hours.

The conversion tracking is good, but it has a limit. Because the cookie expires after four weeks, it only reports if a conversion happened within four weeks of the initial visit. If your industry's purchase cycle is longer (in other words, if customers take 6-12 weeks or longer to make a purchase), then the tool will report a misleading low conversion rate. To track conversions, you'll need to use analytics tools. (See chapter 4, analytics.)

Errors with Conversion Tracking

You will find the conversion tracking is not accurate. There can be a 10-20% difference between conversions and actual sales. You know from the warehouse that you shipped 100 products, but conversion tracking may show only 85 conversions.

Don't use conversion tracking for your accounting or sales reports. If your commission or bonus is based on sales, it's better to get commission on 100 actual sales, not 85 reported sales.

Some of these errors happen because the conversion code didn't have time to be carried out. Servers need about 1.4 seconds to execute the conversion code. If the thank-you page appears and the customer leaves immediately, the conversion might not be counted. You can improve this by keeping the customer on the thank-you page for several seconds. You can add additional information about the product, such as tips or ideas.

AdWords Reports

There are report tools in AdWords, but the analytics reports are generally more useful. Look at the AdWords reports and see if there are any that you can use.

The placement report is handy. Clients often ask where their ads are showing in the Content Network. Google finally added a placement report to show this. You can see which web sites are showing your ads.

To use a placement report, create a report. Select Placement Report.

- At View (Unit of Time), select Summary. This combines the data for each website.
- At Domain or URL, select Domain (if you select URL, you'll only get a partial URL)
- Set the Date Range to a period where you have conversion tracking.
- Select the campaign. If you click on the campaign, you can select the ad groups.
- When the report is ready, select it from the list of reports.
- Click on Cost to sort the list by cost (you'll have to click twice). You'll see the sites that cost the most. If the site did not produce conversions, you can block it in the Content Network.
- You can also sort by conversions to see which sites worked for you. Make a list of those sites and use the Placement tools to find related sites.

You can download the report to Excel, where you can go through it to find the items you need.

Additional Google Tools

Under the Campaign Management | Tools tab, there several useful items:

- Ads Diagnostics Tool: Why is an ad not showing? Enter the keyword and location and see if the ad is showing or not.
- My Change History: This lets you look back and see what changes you've made to your account in the last three months. If something goes wrong, you can see who made the change. If someone is managing the account for you, you can use this to check if they are actually working on your account.

Use the AdWords Editor to Manage Your Ads and Keywords

There is also *Google AdWords Editor*, which is software by Google. You download this from Google and install this on your computer. You then download your AdWords account, make changes, and upload the changes to your account. You can easily copy/paste keywords and ads from one campaign to another, or from Excel into the tool. You can also upload dozens of image ads in a few steps.

- If you are managing a large account, we recommend this tool. If you manage several accounts, you definitely should use this. It'll save you time.
- Download it free at google.com/intl/en/adwordseditor/

Quick Tips for AdWords Editor

Here are a few tips for using AdWords Editor:

- Select all items: press Control + A
- Double-click a keyword to go to its ad group.
- Create draft campaigns. You can set up a draft campaign, add and change keywords and ads, review it with your team, and upload it when it's ready.
- Use Comments to write notes and info about campaigns, ad groups, and keywords. Information can include actions, dates, budgets, goals, CPLs, and so on.
- AdWords Editor has auto save. It constantly saves your current work.
- Replace allows you to modify (or delete) a name/value pair in a tracking URL. For example, in `"?source=Google&campaign=summer&keyword=swimming"`, the part `"&campaign=summer"` is a name/value pair. By search for Name=Campaign, you can change or delete this name/value pair in the entire account or a campaign.
- You can also copy/paste from one account into another. Copy from the source account, open the target account, and paste.
- Be careful with the Editor's statistics for your keywords. It often reports the keyword status (active/inactive) and CPCs incorrectly. You must look at the account to see the real values.

The AdWords Editor is compatible with Excel. You can upload keywords from and to Excel (or Word, Notepad, etc.) A common activity is to collect 1,500 keywords, sort and clean up in Excel, and move these into AdWords Editor.

AdWords Editor checks your edits before you post them. It checks for grammar, punctuation (such as too many exclamation marks), policy (you generally can't use "Best" and "Number one" or a call-to-action such as "Click Here Now"), and trademarks (you can't use certain registered trademarks.) It doesn't check ads for spelling. If you misspell, the ad may be eventually rejected.

You can use Adwords Editor to group keywords into clusters. If you have an ad group with dozens (or hundreds) of keywords, Adwords Editor has a grouper tool that clusters an ad group's keywords into themes and creates new ad groups for you. You can create dozens of new ad groups in a few minutes.

- 1 Open Adwords Editor and navigate to the ad group.
- 2 Select Tools | Keyword Grouper
- 3 Click "Generate Common Terms". This produces a long list of keywords.
- 4 In the right panel, add the keywords "of, for, free, to, the". This removes them from the left panel.
- 5 In the left panel, those keywords will become the titles of new ad groups. Go through the list and delete keywords that don't make sense as ad groups. You'll have to experiment with this. Delete a bunch of keywords, add new keywords (that would make a good ad group title), and click Next.
- 6 This shows you the new ad groups with their keywords. It took all the keywords from the original ad group and sorted them into the new ad groups.
- 7 Be sure to checkmark "Yes, copy ad texts into the new ad groups." This duplicates the original ads.
- 8 Click Finish. The new ad groups are created. You can make changes and upload these new ad groups into the account.

This works best on an ad group with several hundred keywords. If the keywords are too similar, it won't do much. You'll have to try and see what it does with your keywords.

The MCC: One Login for All of Your Accounts

If you manage several AdWords accounts, you can use an MCC account which lets you go from one to the other without logging out and in of accounts. You log into the MCC (My Client Center, or Master Client Center) and all of your accounts are available in a clickable list.

This is useful for agencies and consultants who manage multiple accounts. You can also add MCCs to your MCC to create sub-MCCs, so account managers can have their personal MCC. To set up an MCC, sign up for the Google Advertising Professionals program.

Should I Worry about Click Fraud?

Click fraud happens when someone clicks on your ads with the intention of using up your budget.

Yes, there is click fraud, but it is so small that it is not cost effective to deal with it. For various mid-size clients, we estimated the amount of click fraud to be a few dollars per month. However, it can take a full day of work to identify click fraud and several more days to negotiate for a refund of several dozen dollars. This isn't cost-effective. So we ignore this.

Google has made a significant effort to reduce click fraud. When they see a user make many clicks but doesn't spend time at the site, Google ignores those clicks and refunds the costs to you.

Be careful with the small PPC services. We had a client who placed ads in a little-known PPC company. For \$1,000, they guaranteed 250,000 clicks. He indeed got 250,000 clicks in one week. With analytics, we saw that not a single one of those visitors looked at other pages. Even more curious, he offered a free 30-minute telephone calling card if you filled out a request form. None of those 250,000 clicks asked for the free calling card. Quite simply, the PPC company used software to produce the clicks on the client's site. The click fraud wasn't from competitors; it was the PPC company itself!

If you want to try small PPC services, use analytics to track the results. In general, you can negotiate a free two-week trial. Use URL tagging in your analytics tool so you identify the traffic from the service. If the service produces clicks that convert within an acceptable CPA, then you can expand your campaign with them.

Is PPC for You?

PPC doesn't work for everyone. Over the years, we've looked at PPC campaigns for several hundred companies. In some cases, PPC is not an appropriate solution.

Companies sell their products in two ways: sales or marketing. This depends on their relation to their customers and how well they know their customers.

- **Sales-Driven:** A sales-driven company knows its customers personally. It has a sales team. A sales person may have a territory and visits his customers on a regular basis. There are only a few hundred customers and the sales people know each of them. These are generally repeat customers who buy substantial amounts. These companies rely on word-of-mouth, referrals, and personal connections to get their customers. Sales-driven companies include companies that build large industrial machines, advertising agencies, consultants, architects, lawyers, and so on. Many B2B companies depend on a sales team, not marketing.
- **Marketing-Driven:** A marketing-driven company knows their type of customer, but they don't know these customers personally. The target audience can be a fairly broad definition (such as men 35-45 who play golf). The company advertises in mass-media to reach their target audience. Their marketing material tends to be impersonal and one-way: catalog orders via telephone, online shopping, or in chain stores.

Boeing is an example of a sales-driven company. There are perhaps only 100 buyers worldwide for Boeing airline jets. Boeing's sales team knows those buyers personally and they are courted with Bermuda golf trips, Wyoming ski lodges, and so on. There is no point in using PPC; the buyers know the vendors and don't search the web to find them. The vendors don't advertise in mass media (radio, TV, etc.).

In contrast, Callaway is a marketing-driven company which sells golf clubs to a customer base which includes millions of people. Callaway knows only the general demographic characteristics for their target audience. To reach golfers, they advertise in mass media, such as golf and sports magazines, the web, newspapers, TV, and radio. For marketing-driven companies, PPC works well.

A sales-driven company can use SEO and PPC to increase awareness about the company within its market space. The company and its principals should be easily findable on the web. But the company should not expect to get many (or any) sales via the web.

Sales-driven companies sometimes evolve into marketing-driven companies. They start off as a small group of experts and eventually turn their products into an offering that can be offered to a mass market.

The Future of AdWords

There is lots of opportunity to improve Adwords. It was quickly built in 2002 by Google's engineers. It reflects an engineer's preference for numbers. The Adwords interface resembles the web stats reporting tools of that time (it shows number of impressions, number of clicks, and so on.) Most of that information is useless for advertisers. By showing impressions and clicks, some advertisers focus on the wrong numbers: they try to get more impressions or clicks. For years, the AdWords tool showed only the conversion rate, but not the number of conversions. It now includes the cost-per-conversion and the number of conversions, but it doesn't show the cost-per-acquisition or the amount of profit.

The worst number on the screen is costs on the bottom line of the table. This puts advertisers in the idea of controlling (and lowering) costs ("costs are climbing, we must reduce them"). Instead, it should show the profit, so advertisers concentrate on increasing profits. If you saw a profit (and a chart with the profit trend), you would work on getting higher profits.

The ad groups report the bid, but advertisers generally don't notice that the cost-per-click is much lower. They manage keywords according to bids, not the cost-per-click. AdWords doesn't show the Quality Score (asides from a cryptic "Poor, Okay, Good, Great), so advertisers don't appreciate the significance of the Quality Score. If Google

showed the numeric value of the Quality Score (and a trend), advertisers would have feedback to improve that number.

Google is tying the advertising tools and analytics closer together. Online advertising is merging with offline advertising. Google's quantification is turning advertising into a result-based process. This brings marketing to the attention of people with a business and finance background. They can apply their methods to maximize the value of marketing. This also means the use of BI (Business Intelligence) tools to manage advertising.

PPC tools could include wizards to help people determine the profits, lifetime value (LTV), cost-per-lead and cost-per-acquisition. The KPIs could be displayed as numbers and graphs on a BI dashboard. The PPC tools can be tied to various BI tools (such as Business Objects, Cognos, etc.).

The classical AdWords interface is outstaying its usefulness. It is a tool for managing PPC on the web, but that is just one part of the palette of advertising services that now include radio, TV, newspapers, and mobile devices. Too many advertisers think Google PPC is just for web ads. The PPC interface has to evolve to encourage the advertiser to use all of the media ads, not just web ads. It should also include tools for managing the profits in SEO. The advertiser should be able to manage all forms of advertising according to business goals.

AdWords Bloopers

We often see these mistakes:

- The company hasn't defined their USP. The business hasn't differentiated itself from competitors, which means customers don't see a clear reason to buy.
- The KPIs haven't been determined. CPA, CPL, ROI, or profits were never calculated.
- No analytics. They don't know where they are making profits or losing money.
- No conversion tracking in PPC. They are only looking at clicks and traffic.
- Some campaigns are over-budgeted; other campaigns have insufficient budget.
- Only a few keywords. They've not researched or tested keywords. Bidding is set to the same amount for all keywords.
- Only one ad. This means there has not been any ad split testing.
- No landing pages. The PPC just points to the front page of the website. Their Quality Score will be low, which means poor performance and high cost-per-click.

Beyond this Guide

This ebook is a quick guide to Google Adwords. This gets you started.

After a few months of using Adwords, you'll start to build larger campaigns. Google Adwords is both very simple and very complex. It's a powerful tool that is used by the largest global companies.

The best guide to Adwords is the book *Google Adwords* by Brad Geddes (3rd edition). I've read practically every book on Adwords and Brad's book is far away the best. Buy it. Study it. Use it.

Contact Me

If you have questions about Adwords, SEO, or whatever, contact me at andreas@andreas.com or visit my website andreas.com, where I often post updates about Adwords, SEO, and stuff.

Good luck,
andreas

