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Understanding Pay-Per-Click Advertising

5 Ways to Ensure a Successful Campaign

WSI White Paper

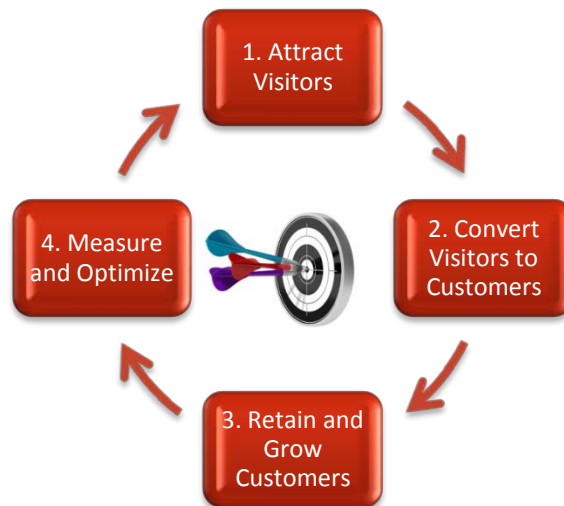
Prepared by: WSI Corporate

Introduction

Back in the 1870s, US department store pioneer, John Wanamaker, lamented, “Half the money I spend on advertising is wasted; the trouble is I don’t know which half!” In today’s increasingly global market, this is no longer a problem. Every successful marketing agent knows that leveraging pay-per-click (PPC) advertising is the key to controlling costs. This unique form of marketing makes it easy to budget advertising dollars and track return on investment (ROI), while attracting traffic to your Web site and qualified leads and sales to your business. Compared with other traditional forms of advertising, paid search marketing, or PPC, is far and away the most cost effective.

This report examines the role of PPC as a central component of a successful marketing strategy. It begins with an overview of PPC’s place in the digital market place and the reasons for its continuing worldwide popularity among business owners and entrepreneurs. It also provides tips to ensure your business is getting the most from its PPC campaign. ⁱ

FIGURE 1. PPC PROCESS

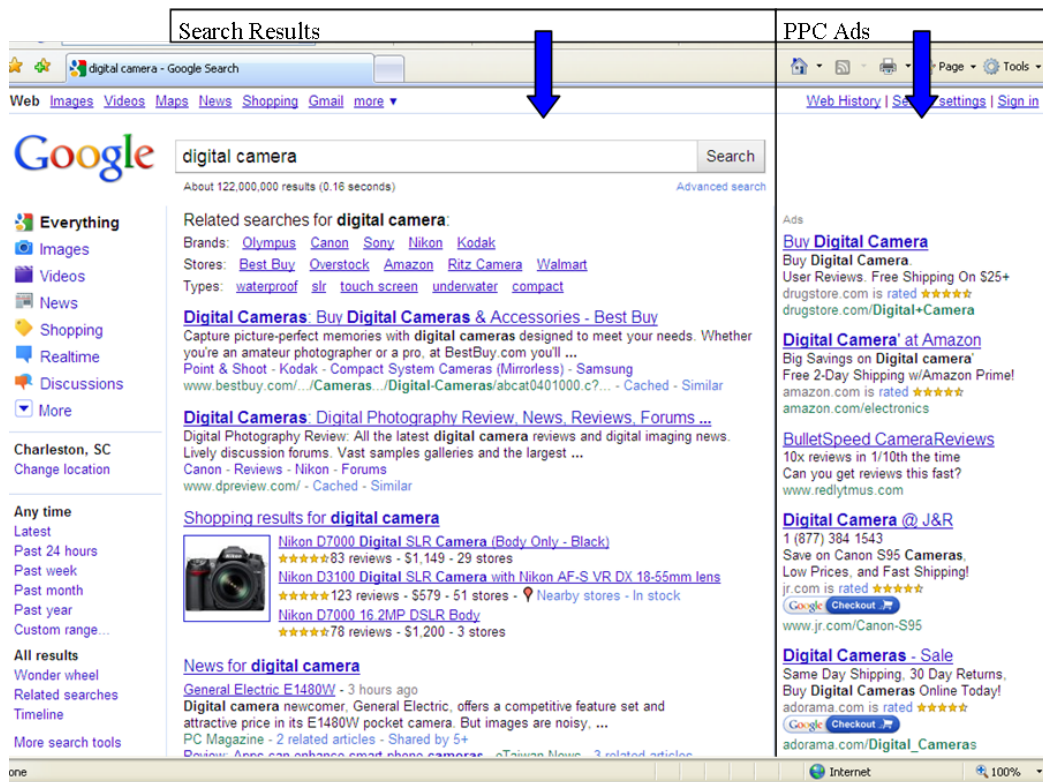


Source: Optimum Web Marketing

1. PPC Marketing Overview

Sometimes referred to as paid search advertising or search marketing, PPC is a method of online advertising used by Internet search engines, networks and content sites, such as blogs, in which businesses can display ads that appear alongside the results of Internet searches. Thus, when a consumer conducts an Internet search, say for a particular type of digital camera, he or she will see advisements from a variety of related merchants.

FIGURE 2. PPC ADVERTISEMENTS



The beauty of this marketing model is that the advertiser pays only when a consumer actually clicks on the ad and, thus, through to his or her business's Web site. In this respect, the customer can be considered a pre-qualified lead, since he or she has already shown interest in the product, first, by typing in the search term and, second, by clicking on the advertising link.ⁱⁱ Because of its proven effectiveness, this form of advertising is rapidly growing in popularity among businesses both large and small. It is projected to make up nearly half of total spending on digital advertising over the next few years.ⁱⁱⁱ

2.1 PPC Methods

There are two primary methods of PPC advertising: flat rate and bid based. Although these methods follow different business models, it is always important for the advertiser to carefully consider the potential value of the leads – or clicks – derived from a given source. This value will be based on the type of customer the advertiser expects to attract and the potential sales revenue to be gained. As with other forms of advertising, selecting the target audience is critical; thus, factors to consider include the targets' likely interest (often defined by the search terms used), the content of the pages they are browsing, their location and the time and day they are browsing the Internet.^{iv}

Flat-rate PPC

In the first of these methods, the flat-rate model, the advertiser and publisher agree on a fixed amount to be paid each time a potential customer clicks through to the advertiser's Web site. This method is commonly used by Web sites dedicated to particular interests and search engines that enable comparison shopping. Typically the publishers of these sites will have so-called rate cards that list cost per click (CPC) from different areas of their Web sites or networks. These amounts are often based on the content of individual pages, with the content that generally attracts more valuable visitors carrying a higher CPC than content that attracts less valuable visitors.

Bid-based PPC

The second method, the bid-based model, is the most common. Under this model, advertisers compete against each other in private auctions hosted by individual publishers or advertising networks. All three of the largest network operators, Google AdWords, Yahoo! Search Marketing and Microsoft adCenter (Bing), use a bidding system that allows the individual advertiser to set a bid price, or proposed CPC, based on the expected level of competition for a particular keyword

used in a search. Yahoo and Bing have recently joined their two independent PPC programs to form a single entity under the Microsoft adCenter.

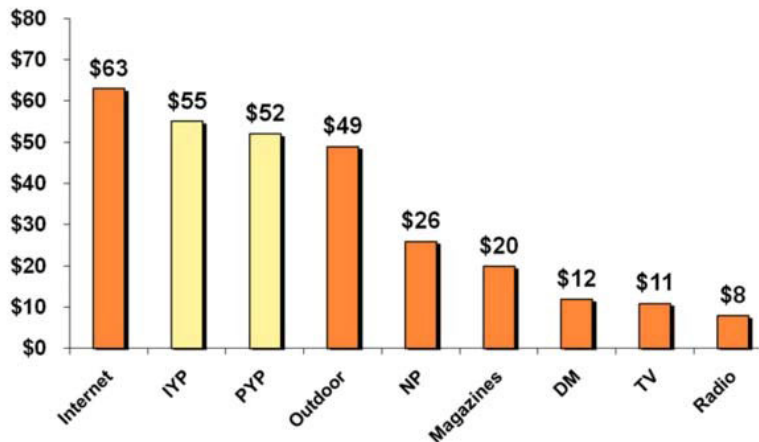
2.2 The Role of PPC in Business Today

In today’s increasingly Web-centric world, a well-managed and optimized PPC campaign can be the most cost-effective form of advertising. Indeed, search marketing is the fastest-growing segment of the advertising industry, accounting for roughly \$20 billion per year, or more than 40 percent of all online advertising dollars.^v Ironically, part of the reason for this is the global recession. In an effort to cut costs, many businesses are reallocating their marketing budgets away from television and direct marketing campaigns to avenues that are more readily measurable. The statistical programs available make PPC extremely transparent and accountable in terms of tracing the actual return on investment (ROI) per ad.

Also, the leads generated through PPC are “pre-qualified.” Unlike traditional forms of advertising, where messages are geared toward catering to wide audiences that may or not be interested in a particular product, PPC is designed to reach individual consumers who have already expressed an interest in the products and services offered – namely, by selecting and clicking on specific advertisements.

FIGURE 3. ADVERTISING RETURN ON INVESTMENT

Sales ROI By Medium

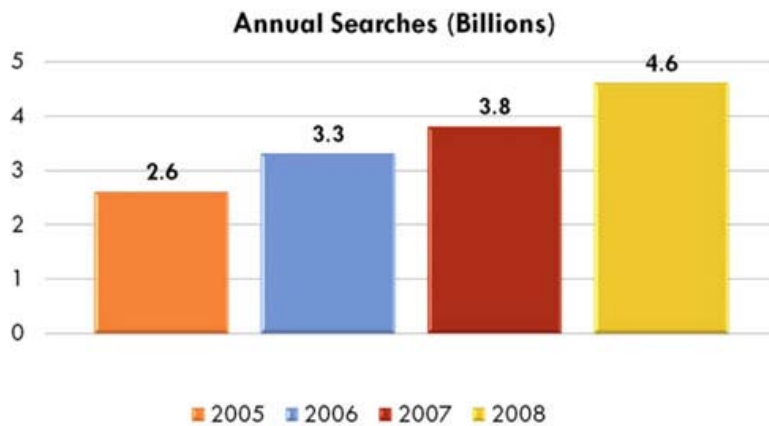


- IYP – Internet Yellow Pages
- PYP – Print Yellow Pages
- NP – National Product
- DM – Direct Marketing

Source: Whitson, Patrick. “Local Internet Marketing – Most Important Way to Market Your Business” *Lapeer Website Marketing (October 21, 2010)*

Another reason for the growth in PPC advertising is the fact that people are now spending more time searching for new vendors via the Internet than by any other means. Recent studies show that the World Wide Web is quickly replacing even the phone book in terms of its use as a first-stop reference for retailers and service providers. Moreover, the rapid proliferation of mobile devices, such as smart phones, media players and GPS, is likely to continue to fuel this trend in the foreseeable future.^{vi}

FIGURE 4. GROWTH IN INTERNET SEARCHES



Source: Whitson, Patrick. “Local Internet Marketing – Most Important Way to Market Your Business” *Lapeer Website Marketing (October 21, 2010)*

Therefore, if you want to bring in more new business in the current environment, the single best investment you can make will be in optimizing your Web site and fine-tuning your PPC campaign.

2. The Benefits of PPC Advertising

PPC has several advantages that make it arguably the ideal form of advertising in today's environment. Despite the search engine or network used, PPC brings certain common benefits for businesses large and small.

The first of these advantages is speed to market. While it can take several months for search engine optimization to bear fruit, it takes only hours for a PPC campaign to start bringing in new, qualified customers to a Web site. Consider traditional methods of marketing. Display ads in newspapers and magazines, direct mail, television and radio, all have significant lead times before securing results.

Another characteristic of PPC is the ability to create a level playing field for smaller businesses and entrepreneurs. With the best keyword selection and ad placement, small businesses can have their ads appear right above or just below larger competitors or even national chains on search engine result pages without having to take on significantly larger costs.

PPC advertising also gives businesses complete control over what potential customers see in search results as well as the ability to direct visitors to specific pages on their Web sites that are geared toward meeting a particular audience's needs.^{vii}

So-called micro- or geo-targeting gives advertisers the ability to use effective keyword research and demographic selection to target desired audiences far more precisely than other forms of advertising.

In addition, PPC gives advertisers complete control over their advertising budgets. Effective campaigns can be designed to spend anywhere from a few dollars to millions of dollars a day. Moreover, metrics, such as search volume/impressions for keyword phrases, traffic per ad generated, conversions per ad variation or keyword phrase, and other statistics give advertisers the ability to adjust their programs daily, if necessary, to reallocate spending toward higher performing ads taking into account their needs for sales leads and available funds.^{viii}

As a 2006 article in the *Economist* noted:

The benefits of the pay-per-click approach over traditional advertising (television, radio, print and billboards) are obvious. Since advertisers pay only to reach the small subset who actually respond to an advertisement, the quality of the leads generated is very high, and advertisers are prepared to pay accordingly. The price per click varies from \$0.10 to as much as \$30, depending on the keyword, though the average is around \$0.50. "Mesothelioma", for instance, the name of an asbestos-related illness, is an especially valuable keyword, because lawyers are prepared to pay a lot to make contact with sufferers in the hope of representing them in a lucrative compensation lawsuit. Google made most of its \$6.1 billion in revenue last year from pay-per-click advertising.^{ix}

Finally, PPC can serve as an important market research tool, as it highlights precisely the keywords and phrases that attract the best prospects and sales. It also enables advertisers to easily identify new market trends. For example, sudden surges in the number of searches on a given keyword can reflect world events or added media attention. This information can help businesses position themselves to make the most of market trends and new opportunities as they develop.^x

3. Five Ways to Ensure a Successful PPC Campaign

While PPC advertising does not completely eliminate the need for effective Web site design and search engine optimization (SEO), it does provide an easy way to enhance your Internet marketing efforts and bolster sales. Studies show that appearing in the top three results of an organic search is more valuable than displaying a PPC ad. However, an effective PPC ad will likely bring in more new visitors to a Web site than an organic search ranking in the eighth, ninth or tenth place. This is because the average computer user browses only the first page resulting from an Internet search. Indeed, visitors typically browse Web pages from the top to the bottom, scanning for familiar names and bold words that match their search requirements. Therefore, the

best results, from an overall marketing perspective, are achieved by using a combination of SEO and PPC strategies.^{xi}

Against this background, experts in the field have identified the following best practices:

- Have a clear set of goals and objectives for your PPC campaign that tie in with your company's current marketing efforts both online and offline.
- Devote the time and effort to analyze and identify the best possible set of keywords to use in your PPC ads from the very beginning of your campaign.
- Write ads as precisely as possible.
- Optimize your site design, particularly the landing page, to ensure visitors get the optimum online experience. For example, too many complicated design elements, including images and other graphics, can make a landing page slow to load, thus creating a barrier for potential customers.
- Make the entire shopping experience as simple and user-friendly as possible for customers.
- Monitor the return on your PPC ads continuously to track success and analyze market trends.^{xii}

Thus, the keys to success ultimately rest on keyword selection, effective use of negative keywords, focusing on your target market, writing successful ads, and optimizing your landing pages.

4.1 Setting Goals

To start a successful PPC campaign, you must first determine your goals. As simple as this sounds, this will impact the following strategies we outline. Some sample goals include:

- Sell products
- Sell seasonal products
- Sell select, promotional or overstocked products
- Expand your marketing list
- Provide useful information
- Build awareness of services

- Establish brand positioning

4.2 Ensuring Effective Keyword Selection

Selecting the right keywords for your business is arguably the most important step in determining your success. There are a number of resources, such as Google’s keyword selection tool, to help you identify terms Internet searchers typically use to find businesses like yours.

Figure 5 below illustrates an optimum keyword selection strategy:

FIGURE 5. KEYWORD SELECTION STRATEGY



Source: Imforza (2011) “Pay-Per-Click Advertising: Should you use it?” at <https://www.imforza.com/pay-per-click-advertising-should-you-use-it/> (accessed 2/13/2011)

There are four keyword matching options that determine whether or not your ad will appear in a search: broad match, phrase match, exact match and negative match.

Broad Match, as the name implies, allows your ad to show up on similar keywords and keyword phrases. For example, if you choose the keyword phrase *high definition television* your ad will appear when a person searches on these and other keyword phrases:

- television
- definition
- television definition
- LCD television
- high definition
- high definition television programs

As you can see, some of these keywords may not get exactly the kind of traffic you are hoping to attract.

Phrase Match further refines the search. To make your keywords phrase match, put them in quotation marks. Now the words “high definition television” must be in the search in the same order. Searches that would trigger your ad may be:

- high definition television
- LCD high definition television
- Plasma high definition television
- high definition television programs
- high definition television research

Exact Match is exactly what it says. By putting your keywords in brackets, [high definition television], your ad will appear only when that exact phrase is searched. You will not receive as many clicks, but the traffic you do get will be much more targeted to your product or service.

Negative Match prevents your ads from showing up when a particular word is part of the keyword search. If you were selling televisions in our example above, you would not want your ad to appear when words like *program*, *cheap*, *used*, or *broken* are included in the search. In this case you would put a dash in front of the keywords to indicate that they are negative: - *program*.

Using a tool, such as the Google Adwords Keyword Tool to get a list of keyword variations is a great way to start. Then, make a list of keywords that would not apply to your business and enter them as negative keywords when placing your ads with publishers and networks.^{xiii}

However, simply setting up effective keywords at the beginning of your campaign is not enough. It is important to continuously monitor your PPC campaign to track the ROI on your bidding, so you can make timely adjustments when needed. For example, if you are spending a lot of money on ads that are resulting in few sales, you may want to switch to using more long-tailed keywords and phrases. A long tail keyword is a phrase that describes the theme of your site or the title and make of a specific product. For example, instead of bidding simply on the keywords “television” or “high definition television,” you may wish to bid on the long-tailed keyword depicting the make and model of a specific television you want to sell like “Samsung - 32" model LN32C350D1D television.” Using such a long-tailed phrase typically will attract far fewer clicks, which will save you advertising dollars, while the visitors that search specifically on your long-tailed phrase will be more likely to buy your company’s products.^{xiv}

4.3 Focusing on the niche and ad groups

As *Brandweek* notes, "Advertising really isn't about reaching a mass audience anymore. It's about buying specific opportunities that target specific demographics."^{xv} This requires not only developing an in-depth understanding of your customer base, but also building localized consumer profiles and campaign strategies that specifically target the desired click-through traffic.

A successful PPC campaign organizes its keywords into smaller groups that are specific to the niche market it is trying to reach. A consumer electronics dealer would create separate ad groups for televisions, radios, stereos, cameras, speakers, camcorders, etc. By keeping the narrow focus, the keyword phrases for each group will trigger ads designed specifically for that group, which can then also lead them to a more focused page on your website.

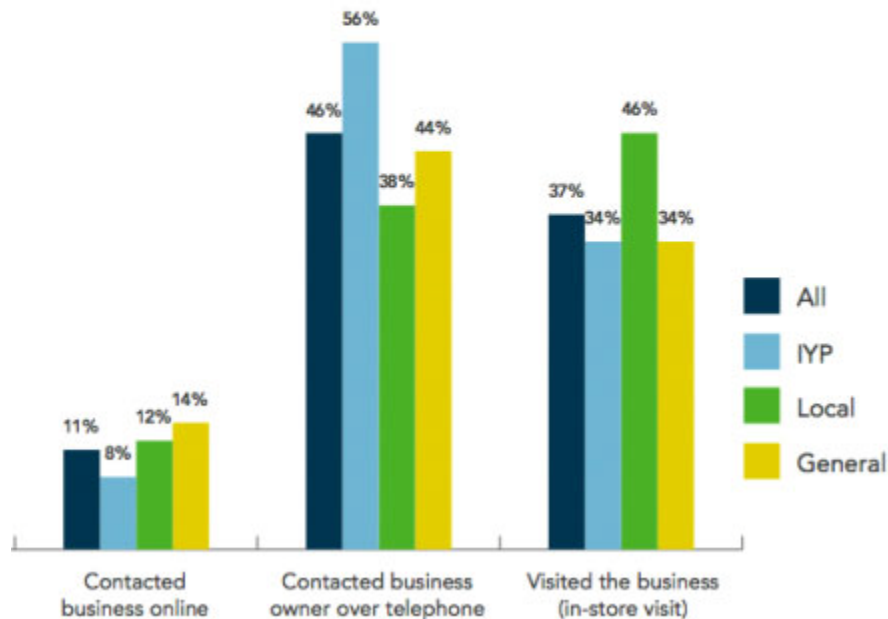
One of the most efficient ways to target specific customer groups is to think regionally when setting up your campaign so that people only within certain zip codes or within a given distance from your business will see your ad. The first thing to ask yourself is “What is my reach?” This will determine how you geo-target your campaigns.

The following are some useful statistics to bear in mind about the use of Internet search engines:

- 75 percent of Americans use search engines on a regular basis;
- 56 percent of Americans perform at least one Internet search every day;
- 40 percent of all search engine searches are for local businesses and services; and
- 92 percent of all local searches will eventually convert into a sale.^{xvi}

FIGURE 6. LOCAL BUSINESS SEARCHES

Action Taken After Finding Local Business Online



Source: Whitson, Patrick. “Local Internet Marketing – Most Important Way To Market Your Business” *Lapeer Website Marketing* (October 21, 2010)

These findings clearly show that the Internet serves as an incredibly effective way to market your products and services to potential customers. However, it will be critical in the period ahead to carefully design your PPC marketing efforts using specific keywords and geographic areas. If you fail to do this, you could find your business having to compete with major, nationwide players in your industry.

4.4 Writing Successful Ads

In crafting successful PPC ads, the goal is always to quickly grab the attention of potential clients. One of the easiest ways to achieve this is to identify the best keywords or search phrases from our keyword research and use a keyword or search phrase as the headline of your display ad. Then, include other keywords in the text of the ad. Also, be sure to feature the same keywords used in your ad prominently on the landing page of your Web site.

Most search engines and networks set limitations for PPC ads. Typically, the headline of the ad can be only 25 characters in length, including spaces and punctuation. The body of the ad is limited to two lines of up to only 35 characters each. While you can have a display URL of up to 50 characters, the link behind the display URL can be up to 1024 characters.

These limitations will test your creativity. However, by using all the characters allowed in your ad, you can give the customer enough information to choose your ad over others on the search results page. The trick is to use words that elaborate on the headline in ways that further describe your products or services and avoid clicks from people who are not looking for your offerings. For example, the keyword “television” doesn’t contain a lot of information. Thus, the text of your ad could add more information, using words like, “top 10,” “elite,” “professional” or “free shipping.”

Let’s look at an example:

Wide **Television** Selection

Television clearance sale going on

Visit our Website supplies limited

www.consumerelectroincs.com

A good ad begins with a good headline. By dividing your campaign into more niche-focused ad groups, you can usually incorporate the term most likely to be used in a search in the headline. Given our consumer electronics example for television, a headline might look like this:

HEADLINE: Wide Television Selection – exactly 25 characters.

If the searcher uses television in the search, **Television** will be bold in the headline, drawing attention to the ad.

Depending on your campaign goals, the follow up text description might be:

FIRST DESCRIPTION LINE: Television clearance sale going on. – 35 characters. Notice how this reuses television, the most likely keyword used in the search. Again, this word would appear in bold. It supports the goal of selling our clearance televisions.

SECOND DESCRIPTION LINE: Visit our Website supplies limited – 35 characters. Notice how we use a call to action and sense of urgency to get the potential customers to visit our Website right away.

DISPLAY URL: www.consumerelectroincs.com

DESTINATION URL: <http://www.consumerelectroincs.com/televisions/clearance-items> – We want the click through from the ad to go directly to the page where we display clearance televisions, not to the home page. If the person doing the Internet search arrives at the homepage, he or she will have to navigate to another page to actually see the clearance items. In this case, we might “lose” the sale.

Remember, you can place multiple ads for each ad group. It is always best to do “ad testing” to see which ad delivers the most click throughs and the most conversions.

4.5 Optimizing Landing Pages

Once you have set up an ad that will attract the right customers’ attention, it should link to a Web page that will grab their interest and solve their problem. In this respect, it is important to bear in mind that Internet search engines do not register how pretty your site looks or whether it is written in great literary prose. For the most part, neither will your customers. In fact, using too many graphic elements will likely extend the time it takes for the page to load, which could discourage a lot of traffic! Similarly, using double entendre or witty approaches that could be confusing may also drive potential customers away.

Hence, the main goal in creating landing pages is to ensure visitors quickly find essential information about the products and services you are offering. In other words, the link from your PPC ad should bring potential clients to a landing page that carries the same search terms he or she used to find you in a headline, provides a clear description of your products or services, explains your goal clearly whether it is a purchasing process or to sign up for a newsletter and links to other sections of your site that they may want to visit.

The goal of search engines today is to deliver the most relevant results possible, not only in the organic search area, but also in the pay-per-click area. With that goal in mind, most search engines utilize a Quality Score system to determine ad positioning based on the bid amount for the keyword, the keyword’s relationship to the ad, and the ad’s relevance to the destination URL landing page. Therefore, an advertiser can achieve a higher position on the search results page than someone bidding more for the exact same keyword if the relevance of his or her landing page is more significant than that of competitors.

The key to getting the most from your PPC ad and the highest conversion rate (number of visitors actually fulfilling your goal) is to optimize your landing page in ways that encourage your visitors to stay on your site and learn about your products and services.

The following five steps can be used to optimize your landing pages and boost your sales.

Headline – Because the headline on your landing page is the first thing your visitors see, it offers the best opportunity (about 80% of the opportunity) to grab your clients' attention. Therefore, it is good to create headlines that clearly state the benefits of your products or services. In other words, tell visitors exactly what they can get from your company.^{xvii}

Offer – The offer, or call to action, accounts for the next biggest opportunity to boost your conversion rate. It asks your visitor to do something specific, like make a purchase, sign up for something, or opt-in for membership. Research shows that including a "special" offer, such as a discount, a free information booklet, or free shipping on your landing page makes response rates soar.^{xviii}

Lead - The lead, or first paragraph, on the landing page provides the third biggest opportunity for conversions. By emphasizing strong benefits that capture your visitors' attention in this paragraph, you can make them want to continue reading.

Images - The images you use on your landing page also have a significant impact on conversion rates. As they say, "a picture is worth a thousand words." The best practice is to feature images that clearly portray the benefits of your products or services. This is much more effective than generic pictures, like logos and clip art. Studies show that images work best when they are placed to the left of product descriptions since this placement makes it easy to read your copy from left to right. Also, people tend to read "captions" under pictures as much as they read headlines.

"Look & Feel" - According to a recent study by Stanford University, 46 percent of Internet sales are lost by Websites that fail to convey an image that is professional, credible and trustworthy. Therefore, having a professional look and logos – like VeriSign or BBBOnline certifications – that build trust can significantly help to convert your Website's visitors into new customers.^{xix}

Perhaps most important, by following these best practices, you can ensure that visitors to your site will be rewarded by finding the information they need quickly. This, in turn, will help you achieve the goal you set in motion by starting your pay-per-click campaign.

4. Conclusion

This report examined the role of PPC as a central component of a successful marketing strategy and provided the key elements needed to ensure your business gets the most from its PPC campaign.

Nevertheless, it is always a good idea, especially at the outset of a PPC campaign, to seek the help of an outside consultant. Indeed, as the popularity of PPC advertising continues to grow and take up larger shares of marketing budgets, companies are increasingly turning to specialist agencies that can provide direction in launching effective PPC campaigns as well as continuous oversight based on sophisticated reporting and measurement techniques.

About the Author:

WSI is the world's #1 franchise offering digital marketing services to suit the needs of multiple industries. The company has the world's largest Digital Marketing Consultants' network and a strong head office in Toronto, Canada. WSI Digital Marketing Consultants have helped thousands of small and medium-sized businesses realize their online marketing potential. By using innovative Internet technologies and advanced digital marketing strategies, businesses can have a WSI Digital Marketing System tailored to their individual needs to elevate their Internet presence and profitability to new levels. In 2010, WSI was the proud recipient of 6 Standard of Excellence Awards at the Annual WebAwards Competition organized by the Web Marketing Association (WMA). With the support and cooperation of its customers, franchise network, employees, suppliers and charitable organizations, WSI aims to help make child poverty history through its global outreach program www.makechildpovertyhistory.org.

For more information about WSI's offerings and business opportunities, please visit our website at www.wsidigitalmarketing.com. For digital marketing tips, strategies and ideas, visit our blog at: <http://blog.wsidigitalmarketing.com/>. Please follow us online at: <http://twitter.com/wsisocial>, <http://facebook.com/wsisocial>, <http://ca.linkedin.com/in/wsisocial>.

If you have any questions, please email education@wsicorporate.com.

Endnotes

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