

The How To Guide To Successful Advertising In Google

Introduction

Welcome to the exciting world of paid, self-service advertising with Google, the world's most popular search engine.

In this video we'll be looking at what it takes for the do-it-yourself advertiser to build a successful pay-per-click campaign using the AdWords program. We'll start by looking at why you should consider advertising with AdWords; and I'll show you how to set up your account and place your first ad.

After the basics we'll go into detail on how to structure your campaign, how to research, select and target keywords; how to analyse performance and track results. We'll cover it all. And by the time we get to the end you'll know exactly what it takes to do well with AdWords. We've got a lot to cover but before we get started I need to address one quick point. Paid search marketing is one of the hottest topics in business today and competition amongst the leading providers for your advertising dollar is fierce. That said, let's get started by taking a look at the basic concept of AdWords and why it's proven so popular with advertisers.

Why advertise with Google AdWords?

World wide people use the internet to search almost 200 million times a day every day of the year. And research in the United States indicates that more than one thirds of those searches the user is actively looking for a product or service to buy. Some 70% of American households now use the internet as an information source when shopping locally for products and services, and 85% of Google users in the U.S. have made an on-line purchase in the last 6 months.

Stats like those have suddenly made good exposure on the world's number 1 search engine a business necessity in more and more industries but, as you are no doubt aware, achieving a top position amongst the natural search results on Google is like a mirage in the desert for many companies.

It's no wonder then that over 450,000 businesses around the world so far have decided that the answer, in part at least, is Google's pay-per-click program.

Google pay-per-click ads have traditionally been small text ads that are triggered when users search anywhere on the Google network using keywords that match those that the advertiser has specified for their campaign.

Ads are displayed beside and sometimes above the natural search results, but only incur a cost when somebody clicks on the ad. Pay-per-click advertising is not a cure-all for companies having trouble achieving good search engine rankings. Indeed any marketing consultant worth his salt will tell you that paid search marketing should be carried out in conjunction with optimization of your web site for the natural search results, not as a substitute. But as I said it's hardly surprising that advertisers jumped at the chance when Google offered that AdWords program. Here's why.

With AdWords you can drive targeted traffic to your website with performance-based control; you choose your own keywords that tell Google when and where to show your ads, and you only pay when users click those ads. Set a daily budget and a maximum cost per click, and you'll never spend more than you want to.

Search marketing is cost effective. Leading researcher Piper Jaffray has estimated the cost of search marketing generated sales leads to be the cheapest of all the major marketing methods commonly in use today; and while click costs have certainly risen since that study was released the fact is it is still possible to generate AdWords traffic for less than 10 cents per click on some keywords: targeted prospects just don't come any cheaper than that.

It costs only five dollars to activate an AdWords account, and there is no minimum spending or time commitment. AdWords is do-it-yourself advertising in minutes with just a credit card. Simple text-based ads mean there's no need for graphic artists or agencies to create ads for you; you can change your ad copy as often as you like and the changes show up immediately; AdWords ads show up on thousands of Google network partner sites across the internet including some of the web's biggest names like AOL and MySpace. AdWords geographical targeting options allow advertisers to target customers in specific countries or cities right down to a radius around individual business addresses if required.

And unlike other forms of advertising, tracking your return on investment (ROI) is fast and easy with AdWords. You can spend a thousand dollars on an AdWords campaign and know your return on that spend in a matter of hours.

So, can all businesses benefit from advertising with AdWords? Well, the short answer is no: some industries are just not well-suited to it. Businesses that trade in wholesale commodities would be one example. However, AdWords has proven effective across a remarkably wide range of industries including the service sector. The bottom line is if people are searching on-line for your product or service then there's an opportunity to reach them via pay-per-click advertising. And using the tools and techniques we'll discuss in this video, it's never been easier or as cost effective to establish whether that's the case for your business as it is today.

Of course, not everyone will click on your AdWords ad, in fact only a very small percentage will; typically, anywhere from zero to about 3 or 4% of all the people who view pages displaying your ad. But it's a numbers game since Google handles over 5 billion searches a month and as long as your product or service is in demand of the numbers are definitely there. Of course, some advertisers do much better than that. Advertisers like hospitalgowns.com. That's a small Los Angeles company getting a click through rate of 6% and 5000 visitors a month from just 10 keywords. And profilerelocation.com, a Michigan-based business that gets up to 70% click through on some of their keywords; that translates to 16,000 visitors a month for them, a far cry from the 1200 a month they were getting before they started with AdWords. You can read more about these and other AdWord success stories at the address on your screen now but in the meantime we need to prepare the groundwork for your own campaign and that starts with the next segment.

Welcome back. As I said earlier we've got a lot to cover but before we launch into it, I need to tell you about the approach I'll be taking and clarify some terminology. Firstly, aside from the small text ads we normally associate with AdWords, Google now offers a number of other ad formats and payment models with more arriving all the time. However, for reasons that I'll explain later those

simple text ads look set to continue as the most commonly used format for sometime to come. Now that's good news for our purpose here because it means we can show you the whole AdWords process end-to-end as it applies to text ads without confusing the issue with the complexity introduced by other options. I think you'll find there's more than enough content in this workshop to keep new users off the street for sometime to come as it is.

So, that's the first point. We'll be looking exclusively at pay-per-click text ads. If you are keen to explore other formats like image ads, video, click-to-call, mobile ads and alternative pricing models like CPM based site targeting then you'll want to get yourself a copy of Volume 2 in this series. Likewise, we don't cover Google Analytics in this edition. Google Analytics is a full noise web site traffic analysis package that is integrated into the AdWords control panel but doing it justice would require a stand alone workshop on its own. AdWords has basic tracking functionality that we do cover, however.

Next, a word about the challenge faced by smaller advertisers: AdWords offers exciting opportunities for advertisers of all sizes but like any genuine business activity it requires work and commitment to achieve long-term success. The commitment required in time alone frightens some people but try to keep in mind that the practices I talk about during this workshop are intended to address the needs of companies with up to 100 employees.

Smaller advertisers with limited resources would be well advised to start with just one or two of their most profitable products and then ramp things up later on down the track. I also need to mention that for the most part the approach and practices I'll present are based on the assumption that you are operating with the default tools available to advertisers in the AdWords control panel. However, I will make reference to various 3rd party tools where relevant. Finally, I'd like to cover some terminology you'll need to know as we move forward.

First up is the distinction between Google's traditional keyword targeted advertising format and one of the new options I mentioned a minute ago called site targeting. Keyword targeted ads are what we've talked about so far: ads that are triggered when users search on Google using keywords that match those

you've specified for your campaign. Keyword ads only incur a cost when someone clicks on the ad. Site targeted ads, on the other hand, only run on selected partner sites and are also billed based on the number of impressions; the price paid is the same regardless of whether users click on the ad or not. I'm making the distinction here because you'll see references to site targeting in the AdWords control panel and elsewhere but, as I said earlier, the focus of this workshop is keyword targeted text ads.

So, unless I say otherwise, anytime I use the generic terms ad or advertising I'll be talking about keyword ads. At various times you'll hear me refer to keywords as key phrases, search terms and search queries, both in the singular and plural; I'll use those terms interchangeably to refer to the same thing: the words and phrases that users type into the search box on Google or a Google partner site. Okay, there are numerous other terms that will require explanation as well but I'll do that as we go. After the break we'll get cracking with a discussion about how to define some goals for your AdWords campaign. Let's take a look at that.

Defining goals and key performance indicators.

The first step in any advertising campaign should be to ask yourself what it is that you are trying to achieve. When you know that you can define campaign goals and plan accordingly. For some advertisers, particularly those in the service sector the most appropriate goal will be to generate new sales leads. Marketing professionals will often express that objective in terms of generating a specified number of leads during a given period at a target cost per lead.

In this context the cost component is the cost is the cost of advertising with AdWords; the mechanics of generating leads on-line might be as simple as encouraging asking visitors to pick up the phone, or send you an email but it's also common to ask visitors to fill in a form to receive a free report, request a call-back or sign up for a newsletter. In the world of direct response advertising each of those actions is called a conversion event. A visitor converts when they take the action you are trying to encourage; to complete that registration form, for example. For other advertisers the goal will be to generate direct sales and that

can be expressed in a similar format. To generate a specified number of orders during a given period at a target cost per order

The conversion event in the sales scenario is obviously the placement of an order; the number, value and unit cost of these conversion events become what are known as key performance indicators which can be tracked and measured against budgets established for that purpose. Other key performance indicators that you want to track include the number of ad impressions, the click through rate and the rate of conversion.

The number of impressions is the number of times your ad is displayed. The term click through rate refers to the number of clicks your ad receives as a proportion of the number of impressions. Now that's obviously an important number in any pay-per-click campaign but as we'll see later this matrix takes on extra significance with AdWords because of the way Google uses it to rank and position ads. If you are tracking purchases, the conversion rates is the number of sales you make expressed as a percentage of the total number of visitors that click through to your site via an AdWords ad. Again this step will become a crucial indicator of your ability to reach your goals.

Aside from the objectives I've just mentioned, your AdWords campaign can also be used to pursue other more general marketing goals as well. For example you may want to protect market share by making sure your competitors don't have free reign in the pay-per-click channel; you may have branding objectives such as exposure to searchers in the research phase of the buying cycle, not just when they are ready to buy. Or perhaps you need to drive sales leads to reseller distribution channels. Goals like these can be harder to quantify and measure, but that doesn't mean they aren't valid objectives.

I'll talk more about campaign objectives and key performance indicators in later segments but after a short break we'll continue the planning and preparation phase by talking about how an AdWords account is structured, the best way to organize your campaigns.

Campaign Structure

In this segment we're looking at how an AdWords account is structured and the best way to organize your advertising campaigns within that framework.

AdWords are structured on three levels: account, campaign and Adgroup. As you might expect, the Account level deals with administration issues, email address, password and billing information.

A single account can house up to 25 different AdWords campaigns, and those campaigns can be a mixture of keyword targeted and site targeted campaign. Regardless of the campaign type the ads in each campaign are governed by unique settings for geographic and language targeting, daily budget, campaign duration and ad distribution preferences. We'll cover all those settings in later segments.

There's no hard and fast rules about how to structure your campaigns. What's best for you will depend on the size and nature of your business. For example if you carry numerous product lines you might start by having separate campaigns for each of your product categories. A restaurant chain, on the other hand, might run separate campaigns for each branch in the chain or, perhaps, each state that the company operates in. To assist with this, you can name campaigns in a way that reflects the way you want things organized. Each campaign can contain up to 100 Adgroups. For each Adgroup you create one or more ads and select a set of keywords to trigger those ads. The flexibility of this structure is designed to allow you to cluster keywords into logical groups organized around common themes, and then write ads specifically for those themes. Doing that improves ad relevance and, therefore, the click-through-rate. A keyword theme might be a product or it might be a concept - whatever makes sense for your particular business or campaign.

For example a mountain bike retailer might start with three campaigns: bikes, parts and accessories and those campaigns might be sub-categorised into Adgroups named to represent several different product lines. Each Adgroup will house keywords directly related to the Adgroup theme. For example the helmets Adgroup in the accessories campaign might start with 4 keyword phrases and the

ad written for that Adgroup would specifically target a Google user who searches using any one of those 4 keyword phrases. If the retailer had not structured his campaigns this way and instead deposited all his key words into a single Adgroup he'd be forced to run all-purpose ads like this one.

Ads like that one tend to have mediocre results at best. The flexibility of the AdWords system is such that if he wanted to the retailer could break the AdGroup down further to a number of sub-categories for even better targeting. For example, he might have individual Adgroups for each brand and size that he stocks. Doing that would make it even easier to write ads that offer an even closer match for the keywords customers are likely to use when they search for one of those particular products.

How many keywords should there be in any Adgroup? It depends. In some situations 10-15 keywords might be appropriate, whereas in others it might be 40, 50 or more. It comes down to the number of keywords that can effectively be represented by a single ad in any particular situation.

The most common approach to designing a new campaign structure is probably to start out by naming Adgroups on the basis of the products and services you offer and let that drive the organization of campaigns. Use that as a draft plan to guide the initial stages of your keyword research and list development.

A site map of your web site can be a good way to kick start the process for larger organizations. Keyword research is often a voyage of discovery, as you learn of new ways that customers can and do find your business. As a result, you will almost certainly want to refine whatever structure you start out with as work proceeds on developing a keyword list using the tools and techniques I'll show you later. That's okay, even experienced advertisers designers find that designing a new campaign structure is often an incremental process, that comes together in steps but for that reason, it pays not to do any data entry in the AdWords control panel until after your keyword list is completed and you've settled on a new plan of how the structure will be laid out.

The mountain bike retailer in the example I used earlier provided a glimpse of the capacity of the AdWords system to accommodate complex campaign structures. And there's various other ways that a company can utilize campaigns, Adgroups, and keyword themes that will become apparent as we progress through the workshop. For example, a more sophisticated structure might reflect the classic buying cycle common to many industries, or geographical targeting requirements of a company that operates in many different markets. But be careful not to bury yourself under too much detail. Just because you can break Adgroups down into ever smaller units doesn't mean that you should.

The number of Adgroups appropriate to a retailer that stocks hundreds of products will be quite different to the much simpler requirements of a small bed and breakfast hotel. At the end of the day you need to find a compromise that effectively targets your most important keyword themes but doesn't over complicating campaign management. Okay.

Understanding the role of Adgroups, will be one of the most important things you can do toward achieving success with AdWords; that and understanding how Adgroup targeting fits in with the subject of the next segment: the AdWords quality score system. Let's take a look at that.

The quality score ad ranking system

In this segment I'll be explaining the quality score system Google uses to evaluate your keywords and regulate the display of your ads. Like campaign structure, understanding the quality scores system will be crucial to your chances of success with AdWords so it might pay to review this section if you don't quite get it the first time through. Here's how it works.

You'll recall that in the last segment I described how each AdWords campaign consists of one or more Adgroups. For each of those Adgroups you create one or more ads and select a set of keywords to trigger those ads.

The set up procedure requires you to set a maximum cost per click for the AdGroup as a whole, but you can also nominate cost per click settings for individual keywords which differ from the Adgroup setting. Any keyword that

doesn't have an individual cost per click will default to the amount set for the Adgroup.

Ad position on Google's search results page is sold on option basis. So your cost per click settings constitute bids in that option: the higher you bid, the higher your likely position on the results page amongst competing ads from other advertisers. The higher an ad's position, the more likely it is to attract user attention and clicks.

However, bid amount is not the only factor that determines ad position. The Google brand was built on the fact that their search results were usually more relevant to users than results from other search engines. So relevancy is prized by Google, and they figure that if a user clicks on an AdWords ad a must then the user must have found that ad to be relevant. Therefore they equate a high click through rate with strong relevance and vice versa. Remember, click through rate refers to the number of clicks that your ad receives as a proportion of the total number of times the page carrying the ad is displayed.

At Google, ads with higher click through rates are rewarded with higher positions and lower costs than ads with poor click through rates. To facilitate this every keyword that you run is assigned a quality score, which represents Google's prediction for the future click through rate of ads triggered by that keyword. Ads are ranked for position on a combination of your maximum bid and the keyword quality score. The two are multiplied together to produce what's known as an ad rank for the keyword. Ad position is then determined by comparing your ad rank against your competitors ad rank. The higher your Ad Rank the higher your ad position.

Even though the ranking formula uses the maximum amount you're willing to pay for an ad in the calculation of ad rank that doesn't mean you'll end up paying that rate for every click. Google monitors the performance of both your ad and your competitor's ad and automatically charges you the least amount required to maintain your position. Google calls this feature the AdWords bid counter.

To illustrate how this works, imagine that you have set a maximum bid on a keyword to \$1 per click and Google assigns that keyword a quality score of 5. That keyword would have an ad rank of 5.0. If your competitor's ad rank for the same keyword is only three then your ad will display above his even though his maximum bid might be more than yours.

In this scenario the bid discounter makes sure you are only charged \$.61 per click, because that's the amount required to keep your ad rank above the competitor's ad rank and your ad position above his. Note that the competitor in this scenario wouldn't necessarily pay his maximum bid of \$1.50 either. He'll only pay the amount required to keep his ad rank above the next competitor below him.

You probably noticed that the quality score assigned to each advertiser in that example was different even though they were both using the same keyword. And the reason for that is because quality scores are unique to the context in which each advertiser uses a particular keyword.

Quality scores are based on a number of factors: your click through rate with that keyword; the historical performance of that keyword across all advertisers; the relevance of your ad text and other factors affecting relevancy which Google declines to reveal. We'll be looking at each of those factors individually in later segments but what's important to understand right now is that 2 advertisers can have different quality scores for the same keyword. What's more, Google doesn't publish these scores. They won't tell you the score assigned to any of your keywords. As you can imagine, that's highly controversial amongst advertisers but that's the way it is for the moment. The quality scores I used just now to demonstrate the mechanics of ad ranking were chosen simply to illustrate how it works but I'm told that Google does in fact use a scoring range of 1 to 5. Okay, hopefully you're not too dizzy after that lot because we're not quite finished with all this yet. In the next segment we'll be looking at how the way Google uses quality scores to regulate the display of ads on its network. So catch your breath and I'll catch you on the other side of this short break.

To find out more about the **'How To Guide To Successful Advertising On Google'** please click on the link below or copy it and paste it into your browser

<http://www.googleadwords.southcoastbusinessstraining.co.uk/GoogleAdWords.index.htm>

If you spot any errors in this transcript or would like further information then please send and email to me at support@southcoastbusinessstraining.co.uk