

Sullivan, D. (14 June 2004) *Who Invented the Term "Search Engine Optimization"?*, <http://forums.searchenginewatch.com/showpost.php?p=2119&postcount=10>, Search Engine Watch [accessed 6 June 2008]

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further reading

www.seomoz.org

– SEOMoz.org provides regular articles, guides and blog posts covering all things SEO. As well as sharing insights from their own SEO efforts, there are also vibrant forums where you can learn from others.

www.seobook.com

– Aaron Wall's SEOBook.com provides training and tools for SEO, as well as regular articles and posts.

www.gottaquirk.com

– the blog from the minds of Quirk, who live, eat and breathe all things Internet.

www.webmasterworld.com

– a forum for webmasters, from beginners to those who've been around. A great resource for a budding SEO.

7. PPC advertising

What's inside: An **introduction**, the **key terms and concepts** that you will need, a **history** of paid search. Looking at **how it works**, we consider who does what and the difference between search and content networks. We look at what makes up a PPC advert, and all important keyword matching. We look into various aspects of PPC advertising, and of course **planning and setting up a campaign**. There is a brief overview of **online comparison engines**, the **tools of the trade**, and the **pros and cons** of setting up a campaign. There is a chapter **summary** and checking out **how it all fits together**.

introduction

Pay Per Click (PPC) advertising is an advertising system where the advertiser only pays for each click on their advert.

While it is most often used as an advertising system offered by search engines, such as Google and Yahoo!, it can also be used for banner advertising (where the advertiser pays for clicks on the advert as opposed to impressions). PPC is also the system on which many shopping engines and directories, such as NexTag and Shopping.com, are based. Sometimes PPC advertising on search engines is referred to as paid search.

PPC advertising revolutionised the online advertising industry, and today, advertising generates 99% of Google's revenue. Google's revenue for the quarter ended March 31, 2008 was \$5.19 billion! And that figure continues to increase.

In this chapter, we'll use PPC to refer to paid search advertising, that is PPC advertising provided by search engines, but we will touch briefly on other advertising systems based on PPC.

PPC adverts on search engines are easy to spot – they're the results listed as "sponsored links". They can appear on the top of the results page, usually in a box, and also on the right hand side of the results page.

The image shows a Google search interface for the term "viral marketing". The search results page displays organic search results on the left and sponsored links on the right. The sponsored links section is highlighted with a red box and labeled "PPC Adverts". The sponsored links include "Viral Marketing Experts" and "Viral email marketing".

PPC advertising is keyword based – this means that it is based on the search term that a user enters into a search engine. A search term can have one word, or be made up of many words. Sometimes a multi-word search term is referred to as a "key phrase" or "keyword phrase". Advertisers target those keywords for which they want their advert to appear.

For the advertiser, the beauty of PPC advertising on search engines is that their adverts are displayed when potential customers are already expressing intent – they are searching for a product or service. It allows advertisers to present their offering to a potential customer who is already in the buying cycle.

key terms and concepts

AdCenter MSN's PPC advertising system.

AdWords Google's PPC advertising system.

Click-through A click on a link that leads to another web site.

Conversion Rate Actions / Clicks %.

CPA Cost per Action. Paid when a certain action is performed by a user.

CPC Cost per Click. Paid when a link is clicked upon.

CPM Cost per Mil (1000). Amount paid for every 1000 views of an advertisement.

CSV file Comma Separated Values file. This can be used to send databases of information separated into specific column headings.

CTR Click Through Rate: Clicks / Impressions %.

Impression Each time the advert is shown.

Keyword This is a word found within a search query. For example, searching for "blue widgets" includes the keywords blue and widgets.

Key Phrase Just like keyword, this is simply a multi-word keyword.

Natural Results Search results as determined by the search engine's algorithm. The search engine does not get paid to list these.

Overture Formerly GoTo.com, bought by Yahoo! and provider of Yahoo!'s PPC advertising. Panama has replaced Overture as the platform that powers Yahoo! Search Marketing.

Panama The platform that powers Yahoo! Search Marketing.

PFI Short for Pay for Inclusion. Used by various search engines that guarantees that your site will be listed in a search engine database. Google is a notable exception that does not 'offer' such a service.

PPC Pay Per Click.

PPC Engine 'Search Engine' whose results are driven by PPC [paid per click] listings. Essentially all the search results are of CPC type.

Quality Score Google's basis for determining the minimum bids for keywords, based on relevancy and historical data.

Ranking This refers to the process by which search engines display web sites so that the most relevant web sites appear on the top. Search engine optimisation is a technique by which high rankings may be obtained.

ROI Short for return on investment.

Search Term Another way of saying search query.

SERP Short for Search Engine Results Page, SERPs are the actual results returned to the user based on their search query.

Sponsored Results Search engine results that are paid for by the advertiser.

Traffic This refers to the visitors that visit a web site.

Yahoo! Search Marketing Yahoo!'s PPC advertising, powered by the Panama platform.

XML eXtensible Markup Language.

history

You have learned that search engines display results to search queries based on proprietary algorithms. Each major search engine uses its own formula to determine what results to display for any term. All of this is available to web users for free! With about 80% of web users using search engines as a starting point (Jansen and Molino, 2006), that's a lot of traffic going through search engines each day. So, search engines require a way of generating revenue from all that traffic.

In 1996, the Open Text Index search engine began allowing web sites to pay for a preferred ranking in selected results pages, to mixed response from business owners and other search engines. However, this was pay for placement, not that different from paid inclusion, where advertisers were paying to appear in the search results, whether or not a user clicked through to their site.

In February 1998, GoTo.com launched. This was a new search engine that allowed web site owners to bid for placement in the search results pages for specific search terms. Results were ranked according to how much the web site owners were willing to bid, with the highest bid appearing at the top of the page. The web site owner would only pay for each click, as opposed to for appearing on the results page. By July 1998, advertisers were paying up to a dollar for each click! GoTo.com changed its name to Overture Services Inc in 2001, and was acquired by Yahoo! in 2003. GoTo.com partnered with portals Yahoo! and MSN to monetise their search queries.

Overture successfully patented their PPC mechanism for search engines ("System and method for influencing a position on a search result list generated by a computer network search engine" was patented in 2001), and has since then pursued, successfully, lawsuits against other PPC providers, including Google. Overture initiated infringement proceedings under this patent in 2002, and settled with Google after it had been acquired by Yahoo!. Google agreed to issue 2.7 million shares of common stock to Yahoo! in exchange for a perpetual license.

Google started search engine advertising in December 1999 and launched AdWords in October 2000. AdWords allowed advertisers to place keyword targeted listings, but charged advertisers on a CPM basis. Google launched PPC advertising in February 2002, and today, advertising counts for about 99% of Google's revenue.

how it works

Each of the three major search engines (Google, Yahoo!, MSN) has its own PPC advertising platform, namely AdWords, Yahoo! Search Marketing and adCenter. While the basic process remains the same for each one, there are some differences.

With PPC advertising, the advertiser:

- **Creates the content for an advertisement.**

- **Selects the keywords for which that advertisement should appear.**
- **Chooses the maximum amount they are willing to pay for a click on the advert, and this amount can be unique to each keyword they have selected for an advert.**

The search engine algorithm:

- **Checks the advert for compliance to editorial guidelines.**
- **Displays the advert for relevant search queries.**
- **Determines the rank, or position, of the advert based on the advertiser's maximum bid and the relevance of the advert (which includes factors such as CTR, and ad copy, keyword and landing page relevance to the search).**

search and content networks

Advertisers can choose to have their adverts displayed on the search network only (which means on search engines), or they can select to have the adverts displayed on the content network.

The search network will include the search engine which owns the platform (so, Google for AdWords), as well as other search engines for which that platform provides paid results (for example, currently Ask.com uses the Adwords platform for paid results).

Search Engine	Type of Main Results	Provider of Main Results	Paid Results	Directory Results
AllTheWeb	Crawler	Yahoo!	Overture	None
AltaVista	Crawler	Yahoo!	Overture	Open Directory
AOL Search	Crawler	Google	Google	Open Directory
Ask Jeeves	Crawler	Teoma	Google	None
Gigablast	Crawler	Gigablast	None	None
Google	Crawler	Google	Google	Open Directory
MSN Search	Crawler	Yahoo!	Overture	None
Netscape	Crawler	Google	Google	Open Directory
Teoma	Crawler	Teoma	Google	None
Yahoo!	Crawler	Yahoo!	Overture	Yahoo!

Suppliers and search engines as of 2007. Source: Sullivan, 2007

The content network refers to web sites other than search engines which also display PPC adverts. For Google AdWords, these are the web sites and blogs which have joined Google AdSense, Google's publishers' platform. Google determines the content of the web site, and then displays appropriate PPC adverts. Typically, the CPC is lower than on the search network, but the CTR and conversion rate can be much lower.



The above site is running AdSense. Notice how the adverts correlate to the content of the article.

- Heading: maximum 25 characters
- Line 1: maximum 35 characters
- Line 2: maximum 35 characters
- Display URL: maximum 35 characters
- No repeated exclamation marks
- No word may be written in capitals only
- No nonsense words may be used
- No claims of "best", "number one" or superlatives may be used unless they can be verified by a reliable 3rd party source
- Product numbers may be used

keywords and match types

We'll take a look at keyword selection when we go through the process of setting up a campaign, but first you need to know a little bit more about the different ways we can define keywords in a PPC campaign.

Each search engine requires the advertiser to enter the keywords for which their advert should appear. This list of keywords determines the search queries for which the adverts could appear.

On www.google.com in the USA there were almost 200 million searches performed each day (comScore), and Google estimates that nearly 50% of all searches are unique (Hursh, 2006). It would be a tough, if not impossible, task to determine all the possible terms potential customers might use to find you. That is why there are different keyword match types for PPC advertising.

Google AdWords using the following match types:

- Broad
- Phrase
- Exact
- Negative

Broad match means that your advert will appear for the keywords you have entered, as well as search terms which contain your keywords and any other words in any order, as well as some variations of your keywords (misspellings and synonyms).

Say you have chosen the following keywords, and this is set to broad match:

tennis shoes

Your advert could appear for all of the following searches:

tennis shoes

red tennis shoes

tennis sneaker

history of tennis shoes

discussion

Why do you think the CTR and conversion rate are lower on content PPC adverts as opposed to search PPC adverts?

what makes up a PPC advert?

Text PPC adverts follow the same basic structure:

Heading

Two lines of advert copy,

Which can be displayed on one line

www.DisplayURL.com

The URL shown is not necessarily the URL that the user will click through to. When writing the copy, these are known as the display URL (what is shown on the advert) and the destination URL (what the actual URL of the page is). The display URL is sometimes also called a vanity URL. The aim should be to send users to a web page as specific to their search, and the PPC advert, as possible. This is known as deeplinking.

The display URL must be the same domain as the destination URL. Google will only show one advert per display URL.

So, an advert might look like this:

Roses for Valentine's

A dozen red roses for your love;

Fast, free delivery in RSA.

www.flowers.co.za/roses

The search engines limit the characters in each line. There are also restrictions on what you are allowed to write in an advert. Here are some of the editorial guidelines from Google AdWords:

discussion

What is the function of the display URL? Do you think that this is misleading to a searcher? Why do you think the display and the destination URL are different?

Phrase match, which is denoted with quotation marks around the keywords (“phrase match”) means that your advert will appear only for search terms which have your keywords in them, in the same order, though other words may also be in the search term.

If you changed the same keywords to phrase match, they would look like:

“tennis shoes”

Your advert would appear for:

tennis shoes

tennis shoes red

But your advert would not appear for:

smart shoes red

Exact match, denoted by square brackets ([exact match]), means that the advert will only appear for search terms exactly the same as the keywords selected.

Now change the keyword to exact match:

[tennis shoes]

Your advert will appear for searches for:

tennis shoes

It would not appear for any other searches.

Negative match, denoted by using a dash in front of the keywords (-negative), means that your advert will not appear in searches using that word, no matter what other words are used.

Use the broad match example, and include a negative match:

red shoes

-tennis

Your advert would appear for:

red shoes

smart shoes red

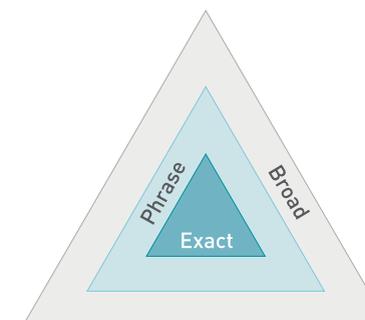
Your advert would not appear for:

red tennis shoes

	keyword		
search term	red shoes	“red shoes”	[red shoes]
red shoes	✓	✓	✓
buy red shoes	✓	✓	✗
red tennis shoes	✓	✓	✗
smart shoes red	✓	✗	✗

Advertisers can assign as many keywords as they wish to an advert, but only one advert for each URL will be shown. If two advertisers are bidding to show adverts for the same

domain, only one will be shown. Which advert will be shown is based on the bids being placed and on the quality of the adverts.



Depending on the match type, your advert can appear for more or less keywords.

languages and locations

You are able to target your campaigns, so you know that the traffic you are getting is relevant to your product. This is known as geo-targeting.

You can choose the language of the search engine, and the location. For example, you might only want your advert to show to English searches in Asia, or to English searches in London. Targeting your advert means that you won't pay for traffic you don't want.

bidding and ranking

Advertisers need to determine the maximum they are willing to pay for a click on their advert, and they need to decide this for each keyword they enter for an advert. This bid is the maximum CPC, or Max CPC, that the advertiser is willing to pay for the click.

However, this will not necessarily be the CPC that the advertiser must pay for a click. Every time a search query is entered, the search engine runs an auction to determine the placement of the adverts where advertisers have bid on that search term. This auction is known as a Generalised Second Price (GSP) auction, which is a variation on the Vickrey auction.

In the GSP auction, each advertiser will pay the bid of the advertiser below him, plus a standard increment (typically \$0.01), for a click on their advert.

Say three advertisers, A1, A2 and A3, bid \$2.50, \$3.00 and \$2.35 respectively on the same keyword. The search engine has set a minimum price of \$2.05 on that same keyword. Here is how the adverts would be positioned, and what they would each pay for a click:

note

A Vickrey auction is an auction where bidders do not know what bids others have placed. It is a sealed auction. The Vickrey-Clarke-Groves mechanism is the generalisation of the Vickrey auction that holds that bidders will bid truthfully. In PPC advertising, this is not always the case. Bidders sometimes bid to push prices for their competition instead of to maximise their own revenue.

Advertiser	Bid price	CPC
A2	\$3.00	\$2.51
A1	\$2.50	\$2.36
A3	\$2.35	\$2.06

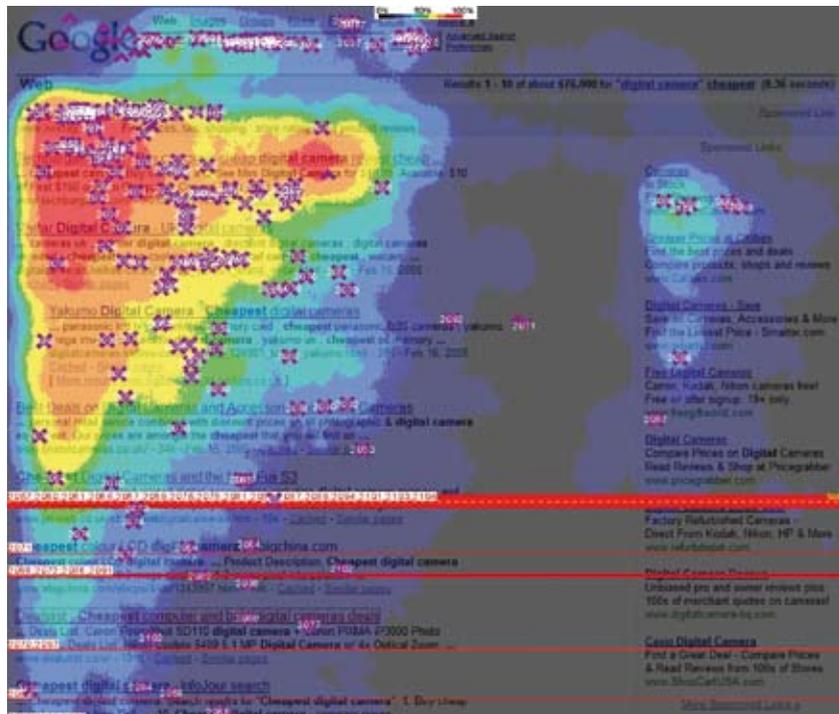
When it comes to ranking, of course, it's not quite as simplistic as that (it rarely is!). As well as the bid an advertiser places on a keyword, the search engine will take a number of other factors into account. In the case of Google AdWords, this is known as Quality Score.

The Quality Score is determined by, among other factors:

- The relevance of the keyword to the search term
- The relevance of the advert copy to the search term
- The relevance of the landing page to the search term
- The historic CTR of that advert

Search engines look at factors such as relevancy to try to ensure that it is not just having deep pockets that can land advertisers the top spot. Search engines need to ensure that users find the adverts relevant, otherwise they'll be less likely to click on them – and no click means no revenue for the search engine.

conversion rates and click-through rates



A heatmap from Eyetools.com that shows where users look on a SERP.

Studies repeatedly show that those adverts nearer the top of the page (so the best ranked) attract the highest CTRs. They get the most clicks. And, the clicks cost the advertisers more.

Looking at the heat map, you can see that getting in the blue box on Google will most likely generate even more clicks on an advert. You might think, the more clicks the better, but is this necessarily the case?

Being in the top position means you will pay more per click. Many clicks at a higher price may use up your budget quickly. Also, many people click on the top advert believing it to be the top organic search result – often without reading the advert text.

Advertisers need to consider what a user does after clicking through to the advertiser's web site from the search engine. When planning a PPC campaign, it is therefore crucial to set up the goals of the campaign, and make sure that these are being met. You can use your analytics package to set these up. With a goal set up, the advertiser can track how many of the users that click through to the web site follow through to that goal. This is called a conversion.

Goals can be:

- Buying a product
- Filling in a form
- Downloading a whitepaper
- Sending an enquiry
- Booking a flight

We know that the CTR of an advert is clicks / impressions %

The conversion rate of an advert is conversions / clicks %

As the advertiser, you also need to know the value of each conversion. You need to know this so that you don't pay too much for your clicks, and so that you bid to have the best CTR for maximum ROI.

	Impressions	Clicks	CPC	Total Cost	CTR	Conversions	Conversion Rate	CPA
A	1134	55	\$ 0.89	\$ 48.95	5%	5	9%	\$ 9.79
B	1134	123	\$ 1.36	\$ 167.28	11%	11	9%	\$ 15.21
C	2256	225	\$ 0.89	\$ 200.25	10%	11	5%	\$ 18.20

The above table shows how you might adjust bidding strategies based on business principles.

- Example A: bid on a keyword with phrase match.
- Example B: bid on the same keyword with phrase match, but bid for a higher position. The conversion rate of the web site remains the same, but because of the higher CPC, the CPA increases, although there are more conversions.

- Example C: bid on the same keyword, but with broad match this time. Because the traffic is less targeted, the conversion rate on the web site is lower. This means that the CPA increases again.

The campaign needs to be run according to business rules. A PPC campaign can aim for maximum conversions, but this is usually at a higher CPA.

budgets

As well as deciding on your CPC bids for your keywords, you are able to determine the budgets for your campaign. You can set daily budgets, monthly budgets or no budget. Once your budget is reached, your adverts are paused, so you can be sure that you never overspend. If you are concerned about overspending, you can set a daily budget. However, this can mean that your adverts do not run as often as you would wish them to.

note

Scheduling allows the advertiser to show their adverts only at certain times of the day. For example, an advertiser might want to time their adverts to show at the usual time for lunch breaks.

The different advertising platforms offer advanced bidding options, all aimed at helping you to run your advertising campaign better. You can bid for placement on the SERP, or you can bid based on how much you are willing to pay for click. You are able to bid for adverts during certain times of the day only, called scheduling.

which platform should I choose?

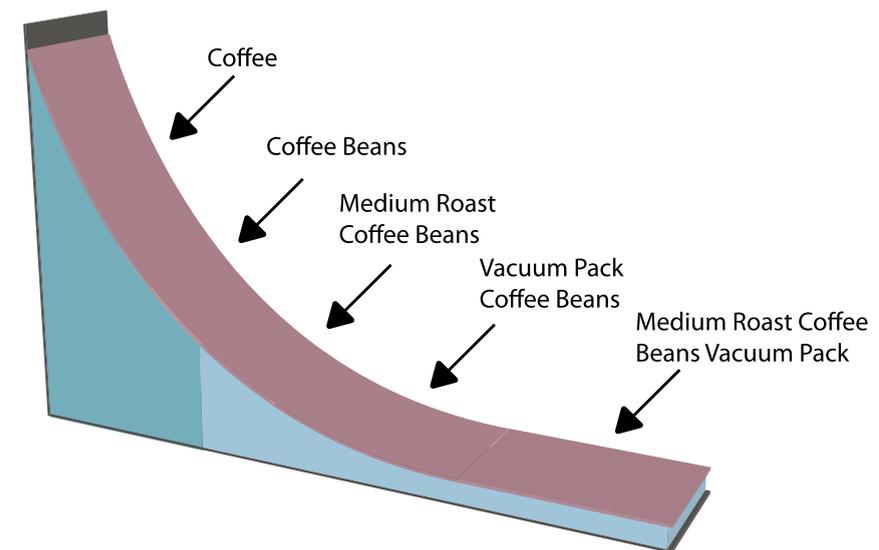
There is some theory that different platforms are better for different industries, for example, that Yahoo! fares better than Google on travel advertising. However, this is subjective, and most large advertisers will run PPC campaigns on a number of platforms. As with most things in eMarketing, it is all about testing.

There are some small differences with each platform in terms of editorial policy, and each system has a different user interface. Google AdWords is perhaps the most well known, allows users to transact in the currency of their choice, and also offers training programmes and certifications.

Google AdWords also currently has the best geo-targeting worldwide, although geo-targeting is offered by both MSN's adCenter and Yahoo! Search Marketing.

the long tail

Google has estimated that 50% of searches are unique. This means that the sum of searches which are unique is about the same as the sum of non-unique searches. Looking a little more closely at search terms will show a small number of high volume searches, and then a large number of lower volume searches stretching out to those unique searches.



In the long tail, the sum of the low volume searches matches the high volume searches.

This is sometimes referred to as the long tail of search. Figuring out those low volume, niche search terms can do wonders for a PPC campaign. Generally there is not much competition for those search terms, and the search term itself is very targeted.

planning and setting up a campaign

1. Do your homework

For a successful campaign, you need a full online and an offline analysis of the business, customer demographics, the industry and competitors. While it is relatively quick to set up a campaign, pre-planning will show dividends later! You need a brand, an identity and a clear unique selling point. You only get 3 lines to advertise, you need to make sure you know what should be in there!

2. Define your goals

You need to know what you want to achieve with your PPC campaign. Branding campaigns, for example, are very different to campaigns that increase sales. What do you want users to do once they click on your advert?

3. Budget, CPA and targets

Determine how much you are willing to spend to achieve your goal – your target CPA. Decide how much budget you are going to allocate to your PPC campaign. If your goal is to increase revenue, your budget might be unlimited so long as revenue is increasing and you are within your target CPA.

note

AdWords offers an AdWords Starter Edition – sign up for an account to see how it works! You can sign up from adwords.google.com. Just choose “Starter edition” after you click to sign up.

4. Keyword research

You need to determine what keywords potential customers are likely to use when searching for the service that you offer. Along with that, you need to know:

- What common misspellings a customer might use
- What words would show that they are not likely to purchase from you (words like free and cheap)

As part of your keyword research, you need to look at expected volumes for your keywords, so you know how to bid on keywords. See Tools of the Trade for some suggestions.

There are also tools which will show you similar or related keywords, so you can expand your keyword list even further. Again, find suggestions in Tools of the Trade.

5. Write the adverts

Using your keyword research, write compelling adverts to promote your products. Adverts can be unique to a keyword, or you can group them and have a number of keywords for one advert.

Make sure you use an appropriate display URL, and that you target the landing page for each advert. Always include a call to action.

6. Place your bids

Based on your goals and keyword research, set the maximum bids for your keywords. Don't set these too high at this stage – you'll tweak the bids as you test your campaign.

7. Measure, analyse, test, optimise!

With conversion tracking in place, you can analyse your ROI down to a keyword level, and then focus on those keywords which are converting best.

Consider seeing how changing the text of your advert can increase the CTR, or perhaps better your conversion rate. Test different landing pages to see what converts better.

landing pages

PPC advertising is not just about creating adverts and bidding for keywords. The process continues once a user has clicked on your advert. The page that the user reaches by clicking on an advert is called a **landing page**.

Landing pages can make or break an advertising campaign. Poorly executed PPC campaigns will send all users to the home page of a web site. Campaigns that convert will make sure that users land on a page that is relevant to their search. The aim is to

keep the user as focused on the goal – conversion – as possible. Sending the user to the home page gives him too many other options to choose from.

For example, if someone searched for “Canon EOS 450D”, a poorly run campaign would send that user to www.canon.co.uk. A better campaign would have the user clicking through to www.canon.co.uk/For_Home/Product_Finder/Cameras/Digital_SLR/EOS_450D/index.asp

Landing pages also indicate relevance to the search engine, which can increase the Quality Score of the advert, and in turn lower the CPC of the keyword. Adding pages to the web site which are keyword rich can also carry SEO benefits.

PPC campaigns often have thousands of keywords, which can mean that there will be a lot of landing pages to be built! Creating dynamic landing pages means that with a simple script, unique keyword rich landing pages can be created for every search. The script will take the keyword that the searcher has used, and insert it in predefined places on the landing page. The user will then be landing on a page that is highly relevant to their search!

Dynamic landing pages can be created with a simple script that will allow for a landing page to be created for every keyword in the PPC campaign.

note

The bounce rate of the landing page also affects the Quality Score of an advert. See the web analytics chapter for more information.

online comparison engines

As we mentioned, PPC does not only apply to search engine advertising. We have seen that adverts can be placed on content sites. PPC can also refer to display advertising, where advertisers pay only for each click through to their site, as opposed to each impression of the banner. PPC is also used by many online comparison engines.

You have probably come across online comparison engines when searching for a particular product. Popular comparison engines include:

- NexTag (www.nextag.com)
- PriceRunner (www.pricerunner.com)
- Kelkoo (www.kelkoo.co.uk)
- Pangora (www.pangora.com)
- Jump (www.jump.co.za)

These engines contract with retailers. The retailers supply the engine with a product feed (XML or CSV) which contains the following information:

- Product name
- Product price
- Product URL
- Product serial number

- Product image
- Product description
- Product keywords

NexTag® Comparison Shopping

Products [Mortgage](#) [Travel](#) [Degrees](#) [Real Estate](#) [more](#) Sign In | My Lists

[Most Popular](#) | [Top Brands](#) | [Rebates](#) | [Price Drops](#) | [List Central](#) | [My Lists](#)

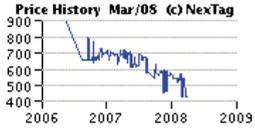
[All Categories](#) : [Electronics](#) : [Digital Cameras](#) : [Canon](#) [Have One to Sell?](#)



Canon EOS Rebel Digital XTI 400D 10.1 Megapixel Digital Camera W/ 18-55MM
 SLR - 10.1MP - SD/MMC Memory Card - 2.5in.
 Canon EOS Digital Rebel XTI (400D) 10.1 Megapixel Digital SLR Camera (Black) Kit with Canon Zoom Wide Angle-Normal 18-55mm f/3.5-5.6 Autofocus Lens
Part #: EC2821 / REBELXTI1855K
Sellers Found: 18
Available Since: May 21, 2006
Lowest Price: \$569.95

★★★★☆ (56 user ratings) [Set Price Alert](#)

Price History Mar/05 (c) NexTag



Seller	Seller Ratings	Description	Price	+Tax & Shipping	TruePrice
	Trusted Seller ★★★★☆ 33 Seller Reviews	In Stock	\$579.00 <input type="button" value="Go to Store"/>	To calculate TruePrice , including exact Tax and Shipping, enter your zip code below. Enter Zip Code: <input type="text"/> <input type="button" value="Go"/>	
	★★★★☆ 39 Seller Reviews	In Stock	\$589.99 <input type="button" value="Go to Store"/>		
	★★★★☆ 173 Seller Reviews	In Stock	Best Value* \$579.80 <input type="button" value="Go to Store"/>		

A shopping comparison engine will show offers from a number of retailers.

When a user searches for a product on one of the comparison engines, the engine will list all retailers who offer that product. When the engines contract the retailers, they also agree on how much the retailer is willing to pay for each click from the comparison engine through to the retailer's web site. The minimum CPC will vary from category to category (consumer electronics, for example, could have a higher CPC than baby clothes).

When results are shown, priority is given to those retailers who are willing to pay a higher CPC. However, the user has the option of sorting results by price, alphabetically, etc.

Online comparison engines form an important part of the online marketing mix for an online retailer. As well as comparing products from different retailers, they also offer users the chance to review products, as well as retailers. Many users prefer to start their product search on a comparison engine, as they can see a variety of prices for the same product in one place.

So, what can you do to market your site more effectively through online comparison engines?

- Measure conversion from the clicks you get from the comparison engine. You're paying for the traffic; make sure it's worthwhile.
- Optimise the product feed you supply:
 - Make sure it's up to date!
 - Product names should be clear.
 - Each product must have a unique URL.
 - Make sure you are able to describe your product succinctly.
- Make sure your price is right:
 - Don't overpay for clicks.
 - Ensure your pricing and customer service are competitive: you don't have much space to entice the user to click through to you!

tools of the trade

The foundation of search marketing is keyword research, and there are a number of tools that will both aid you in growing your keyword list, and in determining keyword volumes. Some are free and some are paid for. Many keyword volume tools have relied on Overture, and as Yahoo! is no longer supporting this tool, the information is not necessarily accurate. All these tools should be used as guidelines only. Test the data with your own campaigns to determine what works best for you.

Ad Preview Tool
 Enter a keyword, then select a Google domain, display language, and location to preview ads.

Keyword:
Ex. Cool products, Making business

Google domain:
Ex. google.com, google.co.uk

Display language:

Location:
Coordinates: *or territory

Cape Town Accommodation - Cape Town Hotels - Western Cape ...
 Western Cape Accommodation | Hotel. Select from our range of quality Western Cape Accommodation. We offer in-depth information on accommodation in Cape Town ...
[www.westerncapeaccommodation.co.za/](#) - 19k -

Cape Town hotels, cape town accommodation, Luxury hotels Cape Town ...
 Boutique Hotels Cape Town Cape Town Luxury Hotel Accommodation Luxury Boutique ... Victoria and Alfred Hotel Cape Town Hotels.v&a waterfront accommodation ...
[cybercapetown.com/](#) - 196k -

Town House Hotel - Cape Town
 Cape Town Four star hotel - The Townhouse Hotel, accommodation and style for corporate and holiday travellers in the Cape Town CBD.
[www.townhouse.co.za/](#) - 13k -

Cape Town Hotels
 Cape Town Hotels / Cape Town Hotel Guide - Comprehensive directory of Hotels in ... To find Cape Town Hotels or an hotel in the Western Cape, select a City, ...
[www.sa-venues.com/westcape1.htm](#) - 77k -

Cape Town Hotels, Save More on Cheap Accommodation in Cape Town
 Cape Town hotels - fast and secure reservation service provided by HotelClub Cape Town.
[www.hotelclub.net/hotel/reservations/Cape_Town.htm](#) - 39k -

Luxury Hotel, Boutique Hotels, Cape Town Hotel - Twelve Apostles ...
 Oceanfront five star accommodation and the Azure Restaurant, only 10 minutes from the heart of Cape Town.

Cape Town Hotels
 Find Hotels in Cape Town with the easy road trip planner
[www.toursguide.com](#)

Cape Town Hotel
 Cape Town hotel deals
 Book Cape Town hotel offers online
[www.triscover.co.za/cape-town](#)

The Place On The Bay
 Camps Bay retreat, offers exclusive 5 Star Luxury Pent-house & Suites
[www.theplaceonthebay.co.za](#)

Cape Town Hotels
 Cheap Hotels In Cape Town
 Book Online Now or 1-800-659-9406.
[BookHotelRooms.com](#)

Hotels in Cape Town
 Book on-line Cape Town hotels
 Maps, secure credit card payment
[www.stlornsguide.com](#)

[More Sponsored Links >](#)

Google's Ad Preview Tool

Keyword volume tools:

www.freekeywords.wordtracker.com
www.yooter.com/keyword/overture.php
tools.seobook.com/general/keyword

Google Trends

Keyword suggestion tools:

adwords.google.com/select/KeywordToolExternal
www.keyworddiscovery.com/search.html
tools.seobook.com/keyword-list/generator.php

Google AdWords has an Ad Preview Tool, which allows you to see where your advert would appear on the page (without using the search engine and thus skewing data). This can be accessed at adwords.google.com/select/AdTargetingPreviewTool

Some paid services that aid with keyword research are:

www.wordtracker.com
www.keywordsecret.com
www.nichebot.com

Spreadsheets, such as Microsoft's Excel, are useful to aid you in building your keyword lists. Getting to grips with functions such as concatenation will be useful.

pros and cons should I or shouldn't I

PPC campaigns are relatively quick to set-up, can provide high volumes of traffic, and are by nature highly trackable – what's not to love? But there are some pitfalls that you ought to be aware of.

1. Click fraud

Click fraud occurs when your advert is clicked on by someone who is not a legitimate potential customer. Because an advertiser has to pay for every click on his advert, sometimes unscrupulous competitors can click on the advert to force the payment. There are even automated bots that can click on adverts, costing advertisers millions!

The search engines, however, have taken measures to combat this. Advertisers can report suspected click fraud, and the search engines will refund invalid or fraudulent clicks after investigation.

What can you do? Keep an eye on your campaign. Any sudden leap in CTRs should be investigated, and you should pay particular attention to see if the conversion rate drops (which would indicate potential fraud) or stays the same. Pause the campaign if you suspect fraud, and alert the search engine.

2. Bidding wars and climbing CPCs

High traffic keywords are expensive, and the battle to stay on top means that the CPC of these keywords is escalating. Convincing yourself that it's number one or nothing can result in burning through your campaign budget quickly, with nothing to show for it.

What can you do? Keep focused on your campaign goals and ROI, and keep investigating to find the (cheaper) niche keywords that work for you.

3. You gotta keep an eye on things

PPC campaigns require a lot of monitoring, and the bigger your campaign gets, the more time this takes. PPC advertising can provide a fantastic ROI, but you need to check in and tweak regularly to make sure that it continues to perform for you.

What can you do? Make sure that you have allocated the time required to run a successful campaign. There are also tools available that make managing large campaigns easier.

But remember, there are all the good reasons below (and many, many more!) why **PPC works for you**:

- 1. No to low cost barrier**
You only pay for traffic; there are minimal set-up fees involved.
- 2. Tracking every cent**
PPC advertising allows you to track your advertising spend down to a keyword level, so you can learn what works and what doesn't on a micro scale.
- 3. Targeted advert placement**
You can make your advertising relevant with the many filters available when selecting where to show your adverts.
- 4. You're giving your customers what they want**
PPC advertising lets you place your advert in front of people who are searching for your product. It lets you provide a solution, as opposed to creating an interruption. What more could you want?

summary

PPC advertising usually refers to the advertising system offered by search engines in which an advertiser pays for each click on his advert. Online comparison engines also run on a PPC basis, where advertisers provide a product feed for listings.

PPC advertising is keyword based. On search engines, the CPC is determined by an auction, known as a Generalised Second Price auction.

Search targeted advertising refers to PPC adverts displayed on the SERPs. These are listed above and alongside the organic search results, and are marked as Sponsored.

note

Google said in February 2007 that click fraud accounts for only 0.02% of clicks. You can read more on their blog: adwords.blogspot.com/2007/02/invalid-clicks-googles-overall-numbers.html

Content targeting refers to PPC adverts being displayed on content pages, such as blogs and other web sites.

The success of an advert may be determined by its CTR, but the success of a campaign will be determined by its conversion rate.

Click-through rate = clicks / impressions %

Conversion rate = conversions / clicks %

Elements for a successful campaign:

1. Research your industry
2. Define your goals
3. Allocate budgets and target CPAs
4. Keyword research
5. Relevant adcopy with clear call to action
6. Bidding so as to maximise ROI
7. Measure, analyse, test, optimise!

the bigger picture how it all fits together

PPC advertising and SEO (search engine optimisation) should go hand in hand to create an effective SEM (search engine marketing) strategy.

PPC provides an excellent resource to research keyword volumes and conversion success. The knowledge can then be used to improve the SEO of a site, as you will already know the relevance of these keywords to your intended audience. In turn, improved SEO rankings can help to reduce the CPC of your PPC campaign, and together with your PPC campaign, can see improved CTRs throughout.

PPC advertising can also help to give your brand immediate search engine presence for your offline campaigns, when these might not yet be highly ranked in the natural search results. PPC advertising can also be used together with online reputation management. If a company is unable to combat negative search results through the natural rankings, they are always able to bid for PPC adverts that can present their view.

case study: Southern Sun

Southern Sun (www.southernsun.com) launched a new web site in May 2006. The changes included an updated look and feel, a greater quantity and quality of information, and better booking functionality. As often happens with a site re-launch, Southern Sun lost all of the previously good organic search engine rankings. A new web site needs time to climb up the search engine rankings, and it can take a minimum of three months before it starts receiving organic traffic. Southern Sun could potentially have lost out on bookings because of the decrease in organic traffic. Therefore, they required a way of ensuring that their site:

- Continued to receive a steady flow of bookings despite temporarily poor organic rankings
- Received enough traffic to analyse user behaviour and responses
- Received enough traffic to generate trust from search engines and climb up the SERPs as fast as possible

With the new site, Southern Sun hoped to increase the number of bookings made online, and to tap into the international tourist and business travel market. This meant they needed to migrate a significant amount of their offline promotions and special offers to their web site in such a way as to attract a favourable online response.

Quirk eMarketing, the online agency for Southern Sun, set up a PPC campaign with the intention of:

- Sending traffic to the site
- Attracting international traffic
- Split-testing campaigns

Separate campaigns were built for:

- Local vs. international traffic
- Brand and hotel-specific vs. place-specific
- Special offers and campaigns vs. normal traffic

Quirk did an extensive keyword research exercise to identify high traffic generating keywords in order to get as much traffic as possible, as well as niche long tail keywords for better cost per conversion. Keywords specific to Southern Sun's various customer groups were targeted, such as families, business travellers, couples and tourists.

Furthermore, adverts were set up which tested the best marketing message i.e. whether people responded best to:

- The Southern Sun brand
- A special offer
- A wide variety of hotels and brands
- Location and convenience
- Facilities

As a result, Quirk could assess whether different groups of people were influenced by different adverts, as keyword research had been done according to customer groups.

In order to determine whether people responded better to special offers and campaigns or just hotel and area

details, landing page split tests were conducted. Tracking for various different stages of the hotel buying process was implemented, including the hotel room quote and the final thank you for payment page so that it would become evident where any drop-offs occurred.

One of the great advantages of PPC is that it gets immediate results. As soon as the new site went live, so did the PPC campaign, which meant traffic from day one. The traffic generated by the PPC advertising ensured that the site was noticed by search engines and was trusted as a valid South African hotel site.

Split testing revealed some very interesting and useful behaviours and trends:

- The overall best response was to the adverts containing the Southern Sun brand, particularly from the local South African market. This was very positive for Southern Sun and gave them a distinct PPC advantage with regard to Google's quality as it meant high click-through on competitive key phrases like "Cape Town hotels". It also showed that their brand was not as well recognised in the UK and USA.
- Search marketing is driven by meeting a need, whereas offline marketing involves creating a need. Split testing picked up that the (very successful) offline marketing campaigns were not so successful when actively marketed through PPC, and that they do better when advertised from within the web site. The campaign had an average booking rate of 0.38%. The landing pages that supplied a list of hotels in an area or offering a service far outperformed this with an average booking rate of 3.45%.
- International traffic responded differently to various offers and hotel details compared to local traffic. In general, there was a better response locally with an ROI of 780% vs. 430%.

Running a PPC campaign when you launch or re-launch a site will:

- Attract enough traffic to ensure you don't lose business
- Test site structure and browser behaviour
- Allow you to assess from where traffic comes, so you can test and optimise presentation of your product to your customers

case study questions

1. What information from the PPC campaign could be used to help to optimise the web site?
2. Why does a PPC campaign give instant traffic while SEO does not?
3. What is the importance of landing pages in a PPC campaign? What sort of different landing pages do you think would be used?

chapter questions

1. What is the difference between the display URL and the landing page URL, and what is the function of each?
2. How is the content network different to the search network? How do the differences affect the advertiser?
3. What is the importance of long tail keywords in a PPC campaign?
4. Both PPC advertising and SEO are based on keywords. How can PPC advertising and SEO be used to complement each other?

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further reading

www.ppchero.com

– including practical step by step guides to improving your PPC campaigns, PPC Hero provides regular posts on all things PPC

www.gordonchoi.com

– Gordon Choi's insightful comments on PPC and search come from a wealth of experience

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top 10 optimisation tips for advertising on google

1. **Make your core keyword list specific and relevant** Be specific and relevant to your business and specific offerings. Avoid general keywords – they generate ad impressions, but tend to be less relevant to any particular search. Use words that define your business, including products and technologies, brand names, taglines, industry jargon, and words searched for on your site.
2. **Expand your list by adding variations and related terms** Since more specific keywords produce fewer (though more relevant) impressions, increase your ad exposure – without sacrificing relevance – by adding alternate phrasings, spelling variations, plurals and singulars, and keywords similar or related to those on your core list. If available, mine keyword lists from related campaigns and leverage keyword generation tools.
3. **Refine your list by eliminating overbroad and ineffective keywords** Regional advertisers and niche businesses should avoid keywords so broad that they spill beyond the target. If you occupy a limited niche or serve a local audience, your keywords should reflect that. And some keywords – for instance, words that are very common or not industry-specific – are too general for any list.
4. **Target the geography you serve** Use geographic keywords to target a local or regional audience. If you sell tyres in Cape Town, replacing “tyres” with “tyres Cape Town” can avoid irrelevant pitches to search users in Johannesburg. You can also target your campaign by country and by language to help focus your message on your true audience.
5. **Target ad delivery with keyword matching options** Refine your targeting using keyword matching options. Broad match, the default, displays your ad when all the words in your keyword appear in the search query. Phrase match requires that the words appear in the same sequence; exact match requires exactly that. Negative keywords exclude searches for which your ad would be irrelevant and are useful in targeting ambiguous keywords: “mouse -computer” gives you the animal, not the peripheral. Identify high-impression untargeted phrases and make them negative keywords.
6. **Group your keywords intelligently** Grouping keywords according to content clarifies possibilities for keyword expansion, helps streamline campaign management, and lets you write specific, targeted ad creative for each group. Group keywords by category, by product, by offer – whatever categories make sense in the context of your campaign.
7. **Check your keywords on Google** Once you have a workable keyword list, give it a test drive on Google. The search results should be similar in subject matter and content to your own site. If not, you’ll want to rework your keyword list to ensure that it brings your message to an audience that will find your site relevant.



8. **Convey the relevance of your site and give a clear reason to click** To encourage click-through, make your ad’s relevance obvious by tailoring the creative to the keyword that triggers it – for instance, including the keyword prominently in the top line of the text. Make it clear to users why they should click.
9. **Make sure your destination page delivers on your ad’s promise** Consciously choose the destination page on your site and fine-tune it to match the goal of the campaign. Incorporate any tracking mechanisms your metrics require. Above all, make the connection between your ad and its destination page clear. Customers should find whatever made them want to click – confident that they are in the right place and that it is relevant to their search.
10. **Ask the right questions – then test, test, and test some more** Step back and consider your keywords and creative in the context of your overall campaign. Are they consistent with the marketing objectives? Are they as specific and relevant as possible? Does the messaging map back to the goal? Then launch your campaign, gauge the results, and tune your keywords and creative for maximum effectiveness.

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