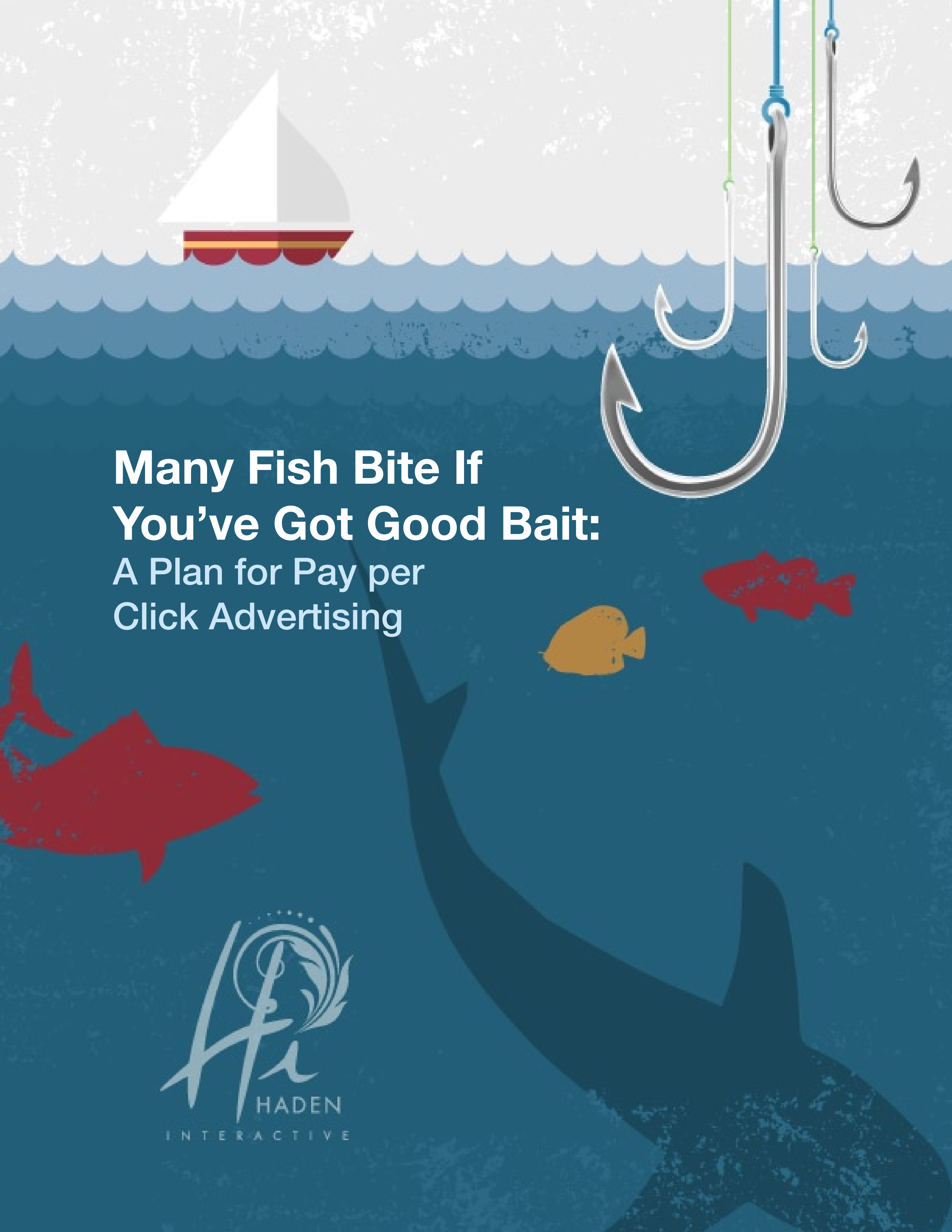
Many Fish Bite If You’ve Got Good Bait:
A Plan for Pay per Click Advertising



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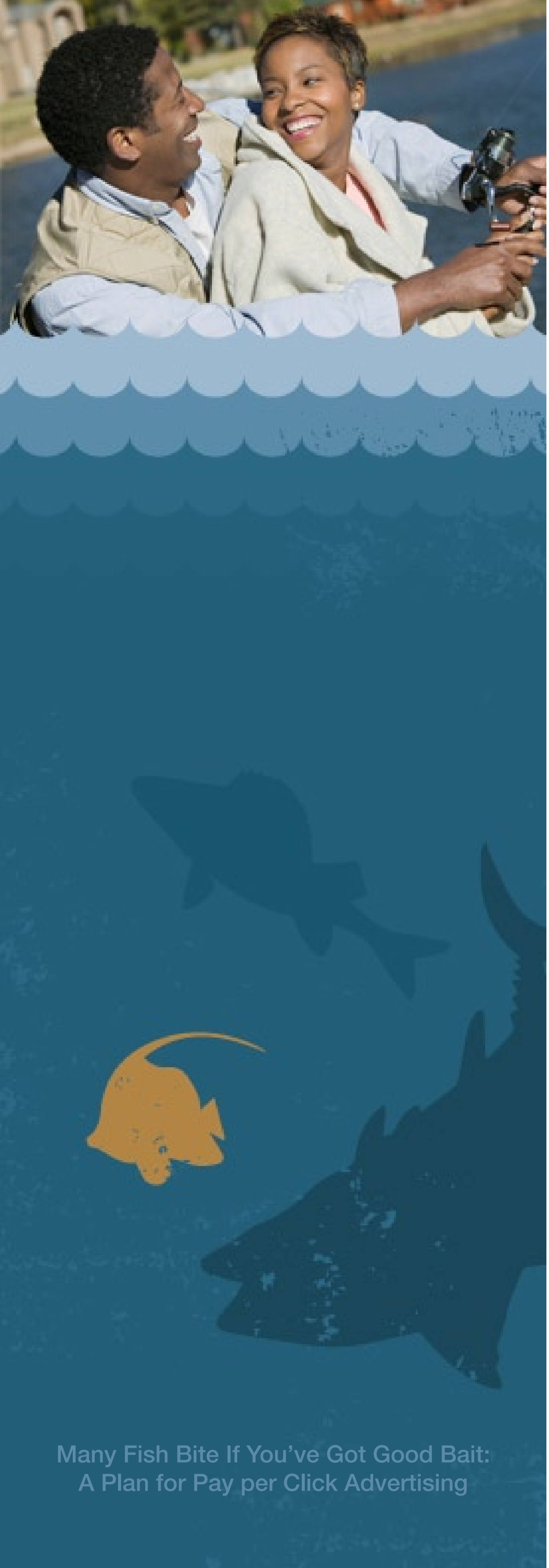


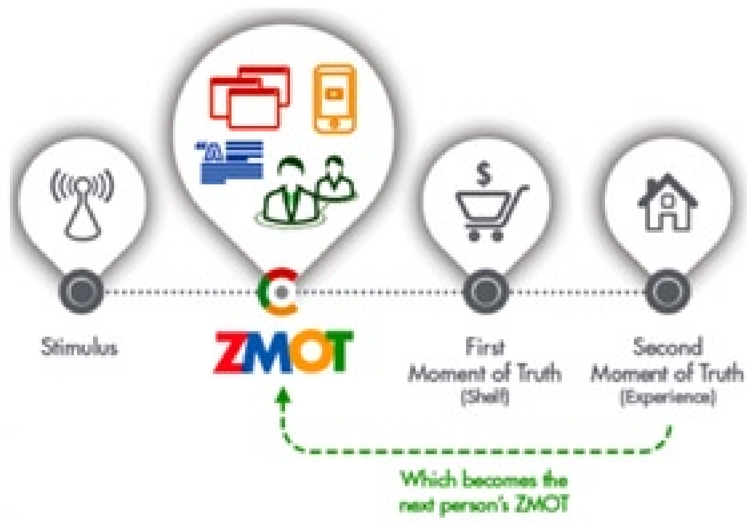
There Are Lots of Good Fish in the Sea:

The Zero Moment of Truth

200 million American consumers use the internet and more than 90% of them shop online, either purchasing online or using the internet to get information before they shop locally. Google says the average consumer checks out 10 different sources of information online before deciding what to buy, so you clearly need to be online and showing up.

Whether you sell online or not, many of your shoppers will do most of their decision-making based on what they find on the web. That moment -- when they choose to buy your product or your competitor's product, to shop with you or with your competitor, to work with you or with your competitor -- is called the Zero Moment of Truth.

The Zero Moment of Truth



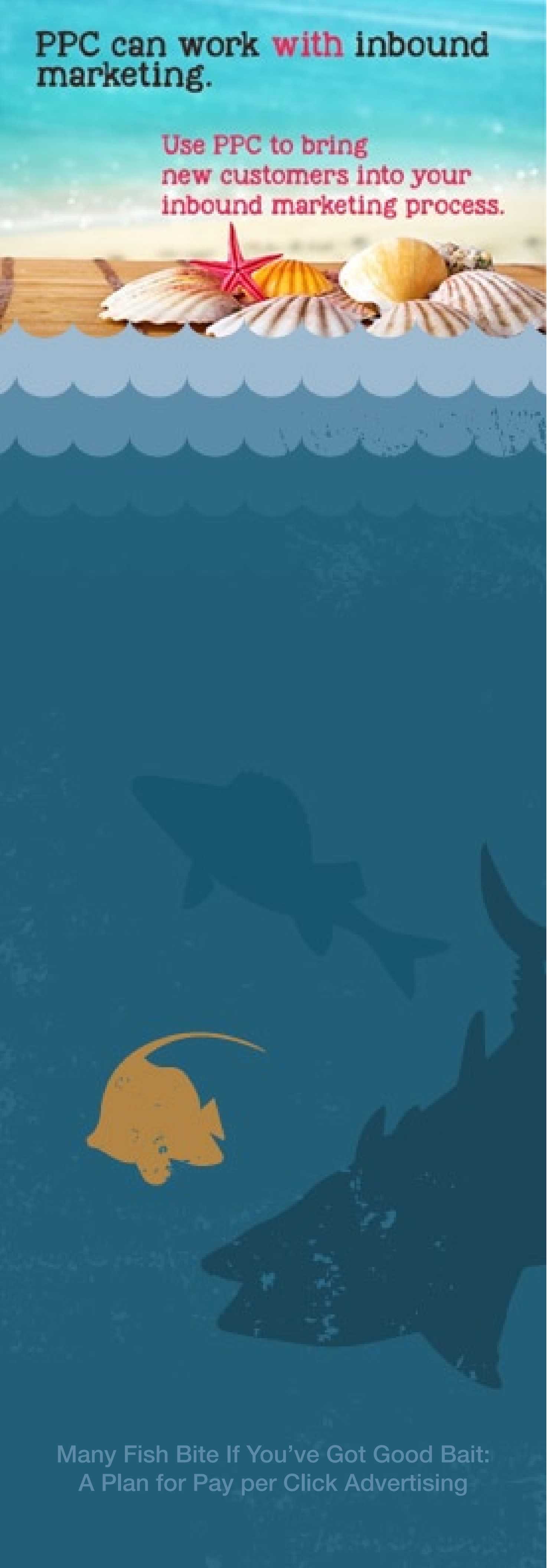
FMOT and SMOT are traditional marketing ideas from retail. The first moment of truth (FMOT) is when a customer decides to buy the item in the store. The second moment of truth (SMOT) is when that customer gets the product home and tries it. The decision and the experience are both important — if the decision isn't made, your product won't be purchased; if the experience isn't good, you've lost that customer.

These notions are still valid. However, we now must also be aware of the Zero Moment of Truth: the moment when your customer makes a decision to buy. The typical customer no longer thinks, "Hey, cool new fitness gear! I'll go down to the fitness gear store and have a look." Instead, he thinks, "Hey, cool new fitness gear! I'll Google it."

Many customers' decisions to buy are made online, whether they buy online or in a brick and mortar store. They are interacting with the web when they make their decision. That's the ZMOT.

Let's imagine that you're a cosmetics company. Your latest potential customer is a 30 year old woman who, perhaps because of the stimulus of magazine ads or a conversation with a friend, decides that it's time to look into a new skincare product, BB cream, which you have recently added to your product line. If she's a typical consumer, she'll use more than 10 sources of information before she actually buys anything. Think of the sources of information she might use in her research:

- a YouTube video showing a beauty guru using a new product
- Google's search engine results page for "BB cream"
- bloggers' comparative reviews of BB cream
- customer reviews for specific brands of BB cream
- e-commerce sites' information on the brands they carry
- social media mentions of the brands she's now thinking of buying
- review sites, including Amazon and specific make up review sites
- Google's search engine results page for the specific brand she's thinking about
- the manufacturers' websites for the brands she's considering
- sites rating the companies for social responsibility and sustainability



But what if she found, instead, the following sources of information:

- **your** YouTube video showing **your** beauty guru using **your** new product
- Google's search engine results page for "BB cream," where, because she has been to **your** blog several times, **your** site comes up at the top of her results page
- bloggers' comparative reviews of BB cream, including **your** product, since you reach out to bloggers in your space
- customer reviews for specific brands of BB cream, including **yours**, since you encourage customers to leave reviews on your website and on review sites
- e-commerce sites' information on the brands they carry, including **yours** because she is now thinking seriously about buying your brand
- social media mentions of the brands she's now thinking of buying, including **your** social media, because she follows you for the fun and useful content you offer her on a daily basis
- review sites, including Amazon and specific make up review sites with reviews of **your** brand
- **your** online ads — which she looks at now even if she usually ignores ads, because she's interested in the product
- **your** website, which has great content relating to your new product
- sites rating **your** company for social responsibility and sustainability

When this customer walks into her local store and heads for the cosmetics aisle, she will already have your product in her mind. You will not really be competing with all the other brands on the shelf. She'll see your product, recognize the packaging because she has seen it repeatedly online during her research, and pick it up.

Even if she compares your product with others on the shelf, reading the packages and checking prices, she is predisposed toward your product.

Remember, many of the sources of information that show up online for your customer will be sites you control only if you have already been on this customer's radar. If she's following your Facebook and Twitter feeds, if she visits your blog, if she sees you on Pinterest, if she reads the reviews at your website — then you'll dominate the page when she searches for a new product. The new, empowered consumer is in control of the information she receives.

This requires regular, ongoing work on your online presence.

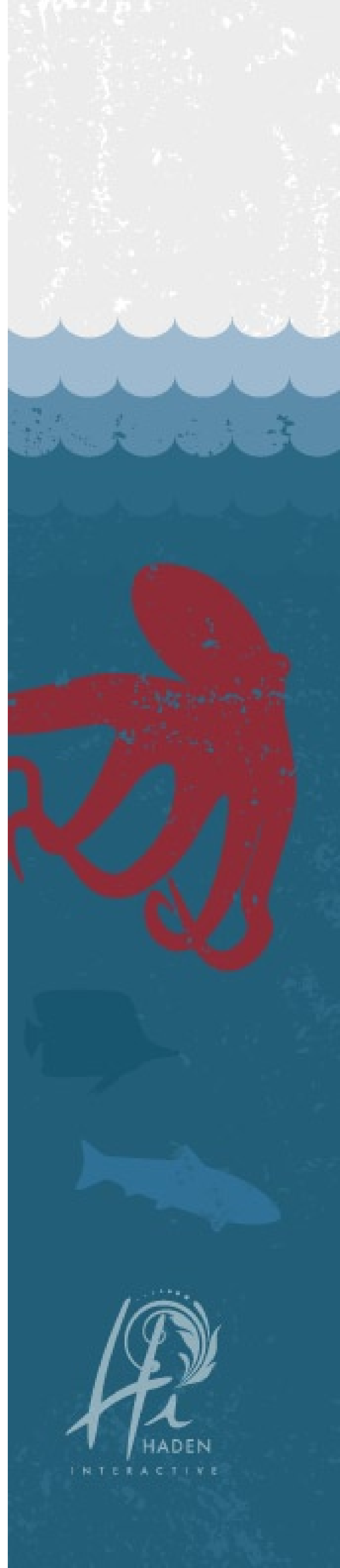
So we can see that you need good bait: a good website, a good blog, good social media, and positive reviews and links to your website.

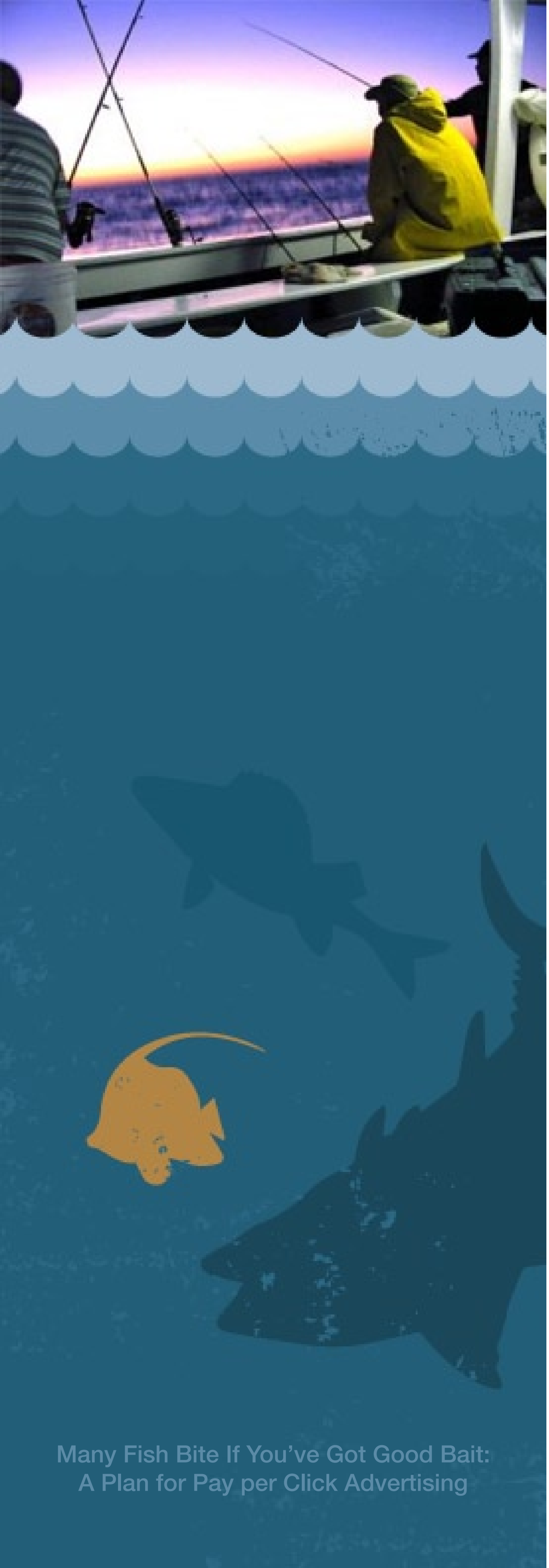
But not only are there plenty of fish in the sea, there are also plenty of fishermen. How can you make sure that your potential customers notice your bait – and how do you reel them in?

Your Tackle Box:
SEO, PPC, and Inbound Marketing

SEO – search engine optimization – helps people find your website. Inbound marketing – capturing visitors' contact information and keeping in touch, getting people to subscribe, and meeting them where they are on the web – helps you develop a connection with those people.

SEO, inbound, and PPC work together… some visitors will pick up your seashells as they browse the beach, some will hunt for starfish in the tide pools, and some will nibble on your tasty worms.
We may be going too far with the metaphor.





In any case, you should think about adding paid search to the list of ways your potential customer might find you.

We used to recommend PPC (CPC, paid search, Adwords — call it what you will) only to certain clients: companies with a fairly high-priced product or service, a fairly large budget, and the resources to create special landing pages for each product or service they wanted to sell.

Without those characteristics, we found, the cost of paid search wasn't really worth it for most clients.

Times have changed.

For one thing, there's a lot more competition online. We used to have clients who were in competition with just two or three websites, often only local businesses, and often the competitors' websites were so poor that making a good website was all it took to bring our clients to the top of the search engines.

Another thing that has changed is the whole concept of being #1 (or #2, or #874) on Google. Nowadays, different people see different things. Google still ranks websites and the criteria aren't much different from what they were in the past — quality, relevance, authority, usability — but now the results are personalized. What you see depends on where you are, what your friends like, what other websites you've visited, the searches you've made… lots of factors. We no longer have the kind of control over what people see in organic search that we used to. This makes the top-of-the-page PPC ads much more valuable.

What's more, the prices of PPC ads have gone down. There are more options, including display ads showing products. Targeting is very sophisticated, so you can serve ads only to the most likely consumers. Adwords offers a level of control that legacy marketing vehicles like TV and newspapers can only dream of.

PPC is a practical option now for most businesses.

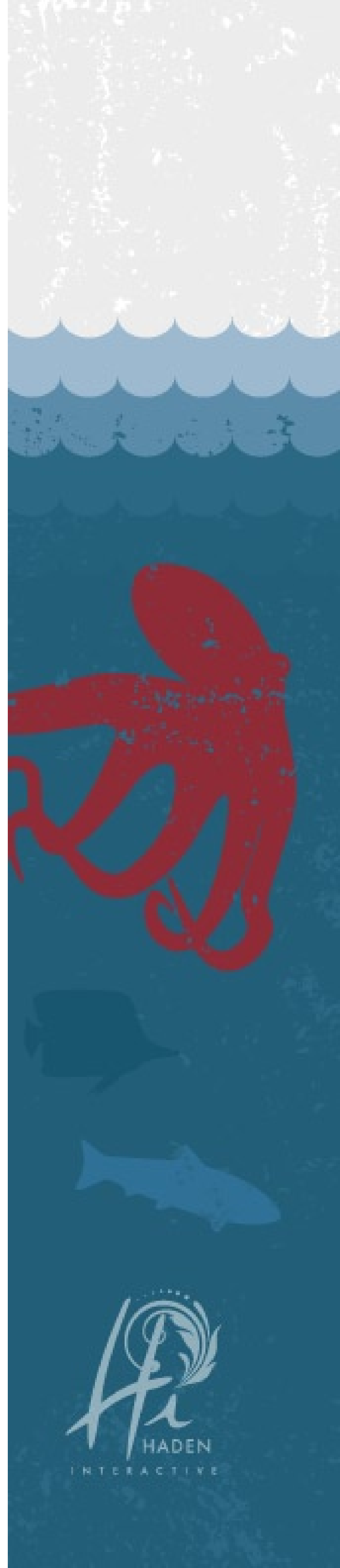
How can you make it work with your SEO and inbound marketing efforts?

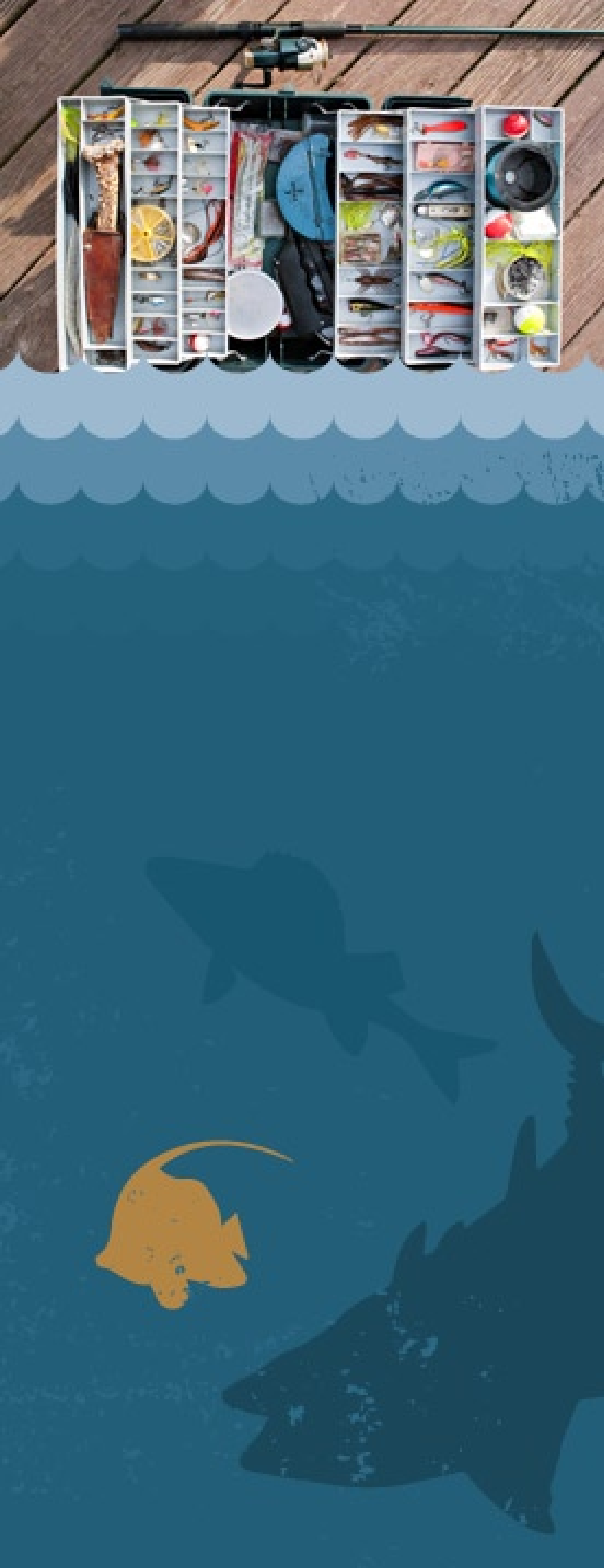
- **Develop an overall strategy with clear goals.**
  Knowing what you want to sell, who needs and wants your product, and how you want to meet your customers on their path to purchase will make all your efforts more effective.

- **Identify the things you can do with SEO.**
  If you have great organic results for "healthy snacks" or "Lasik surgery," you can show up in the ads near your organic results, or you can choose to use Adwords for goods and services that are harder for you to rank for organically. Ads don't affect your organic rankings at all, but you can test both approaches and see which works better for you.

- **Bring your ad visitors into your inbound marketing process.**
  Capture their contact information so you can reach them with your email marketing, invite them to subscribe to your blog, or use remarketing to offer them something smaller if they don't bite when they click through your ad.

All the digital marketing channels — organic search, social media, email, content marketing, paid search — can work together to make a whole that is greater than the sum of its parts.





Your Lucky Lure:
Using Analytics

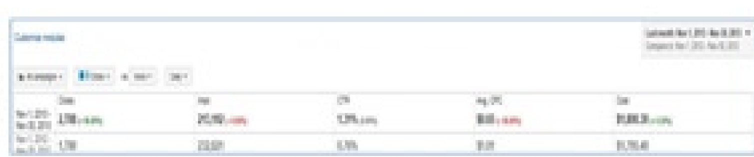
In your tackle box of tools, there's one that will make a bit difference in how well your fishing expedition goes, but you may not even know it exists. Web analytics give the data you need for effective strategic decision making.

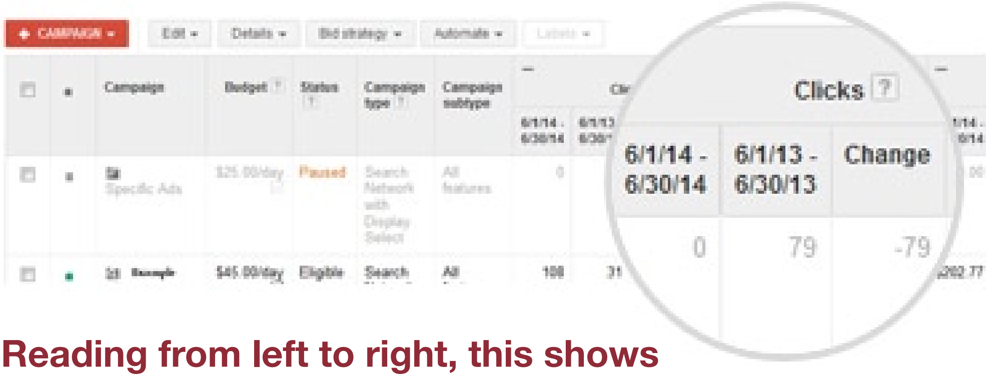
If you use Google Adwords, you will use one of two approaches: you'll manage your own campaigns, or you'll have a company like Haden Interactive manage them. If you have a third party managing your ads, you will receive reports at least once a month (Google requires this). Your agency may send reports downloaded from the dashboard, or may present the information in a different form. If you manage your own campaigns, you'll have to find the information yourself.

Either way, you have access to quite a bit of information at your dashboard. This data tells you what bait works best, where you should be casting your line, and how the fish nibble before they take the hook. This is especially valuable if you use it in conjunction with Google Analytics and Google Webmaster Tools.

Let's look at some of the basics.

Here's the main "How's it going?" section, showing one month compared to the same month in the previous year:





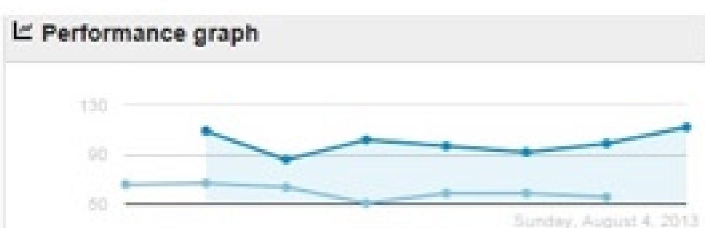
Reading from left to right, this shows

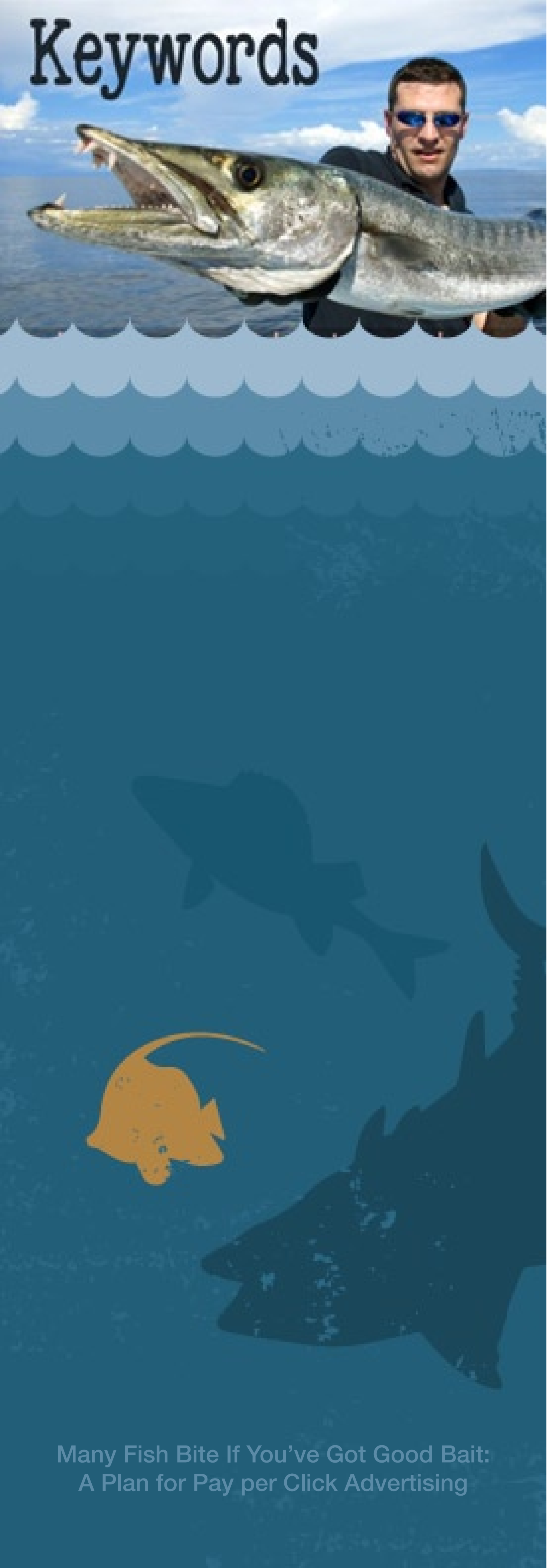
- **Campaign, Budget, Status, and Campaign type** - basic information about our setup
- **Clicks** - the number of times people have clicked through your ads to your website
- **Impr or Impressions** - the number of times your ads have been shown to searchers
- **CTR or click through rate** - the percentage of the people who saw your ad who clicked through
- **Avg CPC or Average cost per click** - the average price you've paid for a click through to your website
- **Cost** - the total price you've paid for the time period you're looking at.

When you click on a + sign, you can compare the two time periods, as we're doing here with Clicks. We can see that we've received many more clicks for this Example campaign this June than we did last June.

In general, we want to see a higher click through rate and lower cost per click, but we also have to consider conversions (more about that later). As you can see, there's a lot of data here.

There is also a Performance graph, if you like to see at a glance how you're doing. Again, this is showing two time periods. The brighter blue line is the later period, so we can quickly see that we have improved the performance.





These are the numbers that give you an immediate gauge of your success. You can use drop-down menus to change the performance graph to show only specific metrics, such as cost per impression or cost per click, number of clicks, and more. You can also adjust the time period to look at longer and shorter ranges and to compare them with other time ranges.

Below these basic charts you can see each of these metrics broken out by ad campaign and keywords. Here you can see, for example, if one keyword has a higher cost and lower click through rate. You can also see ads that have a lower placement or quality score. By changing ads and keywords that perform less well, you can improve your overall performance.

CPC or PPC — whatever you call it, it's not a "set it and forget it" deal. By monitoring performance and adjusting, you can keep your results improving as time goes on.

Nothing Fishy:
Setting Your Keywords

Once upon a time, the relationship between search engines and keywords was simple. People would type a word into the search box and the search engine would simply show all the pages with that word, probably in chronological order. You can still see this type of simple search engine on most internal site searches.

Then the internet got complicated. For one thing, there were too many pages for that simple method to work well. It's one thing to choose among five or six pages, and another thing entirely to choose among five million. We humans needed some help in identifying the best choice. For another, people began trying to game the system — adding keywords they didn't deserve to meta tags, stuffing their content full of keywords they thought searchers might use, and otherwise messing with the system so that it would no longer show searchers what they wanted.

Enter Google's famous search algorithm. Over time, Google's search algorithm and those of other search engines have gotten a lot better at determining what a page is really about and even at identifying quality as well as relevance to people's searches.

People have also gotten better at searching. We no longer type a word in and wait to be handed a page. Very few searches now use a single word, and some 20% of all searches are brand new — something Google has never seen before.

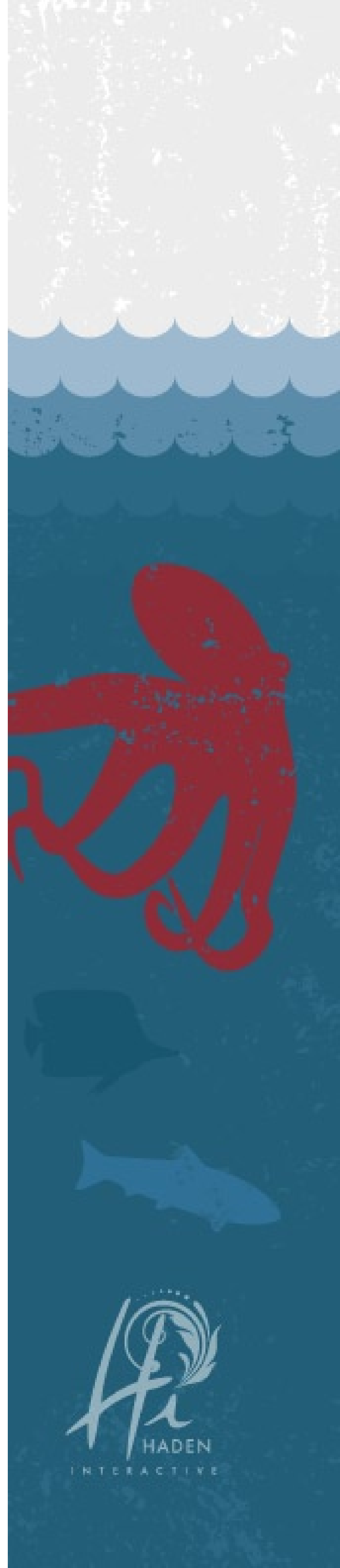
So where does this leave keywords when it comes to SEO & PPC?

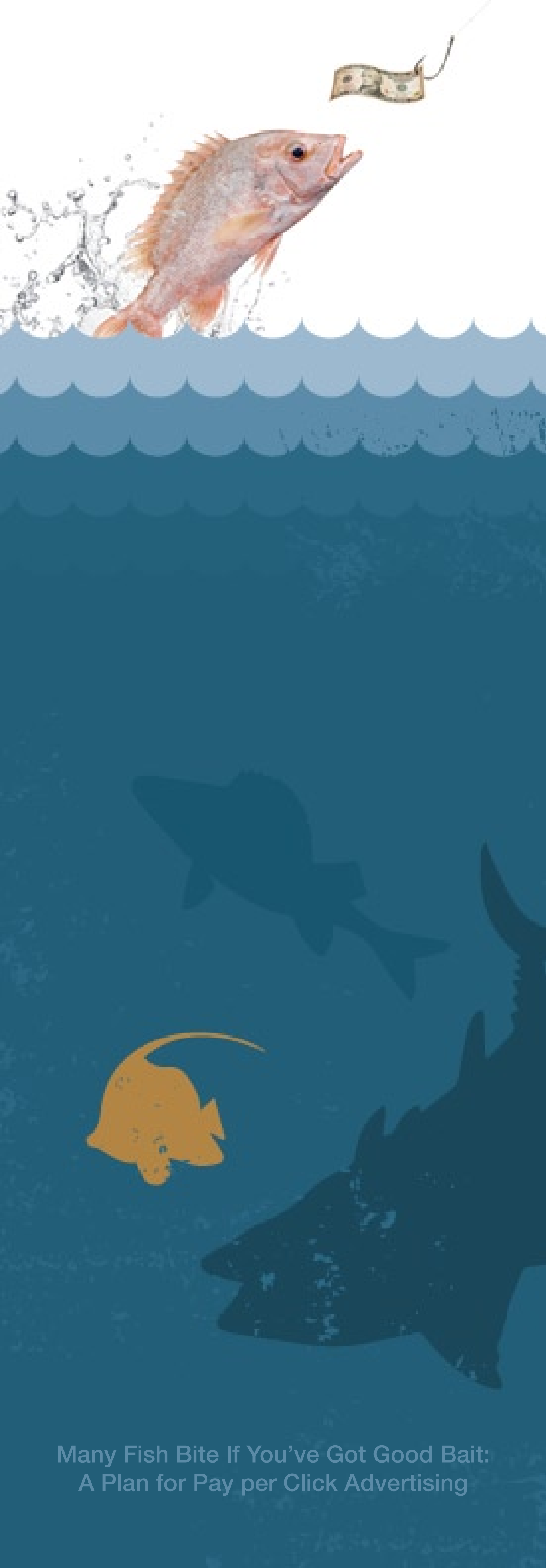
Keywords still matter.

While trying to play tricks with keywords makes even less sense now than it used to, keywords are still the terms people type into the search box, and you still need to know what your customers are looking for. If your customers search for "BB cream" and you're calling your product "hydrating foundation," you're not as likely to turn up on their search engine results pages.

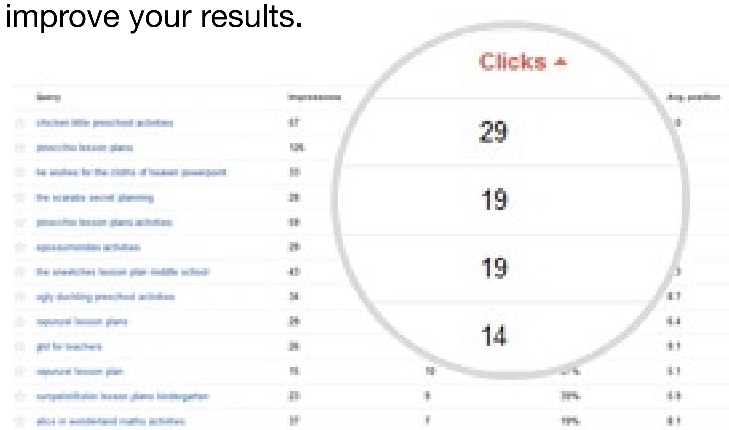
What can you do about it?

- Do some research to determine what terms your customers use when they look for the goods and services you provide. You can use Google Analytics, your Webmaster Tools, Google Trends, and market research, as well as the keyword tools in Adwords. Adwords can also be an excellent way to test and fine tune your keyword choices.
- Check your website's performance for the keywords you've identified. Webmaster Tools are your best bet here, along with the Google Analytics data you get when you hook up your Webmaster





Google Analytics data you get when you hook up your Webmaster Tools with Google Analytics. Here you can see some information from the Webmaster Tools for our lab site. We can see that "chicken little preschool activities" is performing well — #1 average position and a 51% click through rate — while "ugly duckling preschool activities" is averaging #8 on the SERPS and has only a 32% click through rate. This information helps you determine which keywords you should work on to improve your results.



- Once you've identified keywords that need work, take some steps to improve your performance for those terms. Write blog posts for those keywords. Add them to the static content on your site where that's appropriate (hint: if it's not appropriate on any of your static pages, you probably don't deserve to rank for that keyword). Get in the habit of using them in your social media and content marketing.

Keywords are of course super important for PPC/CPC, too. Since you're paying to show up for specific keywords in paid search, it's very important to choose the right ones. You can also specify whether you want only searchers for a specific keyword to see your ads, or whether you also want to show up for similar words and phrases, and you can make sure your ad is not shown to people using certain keywords.

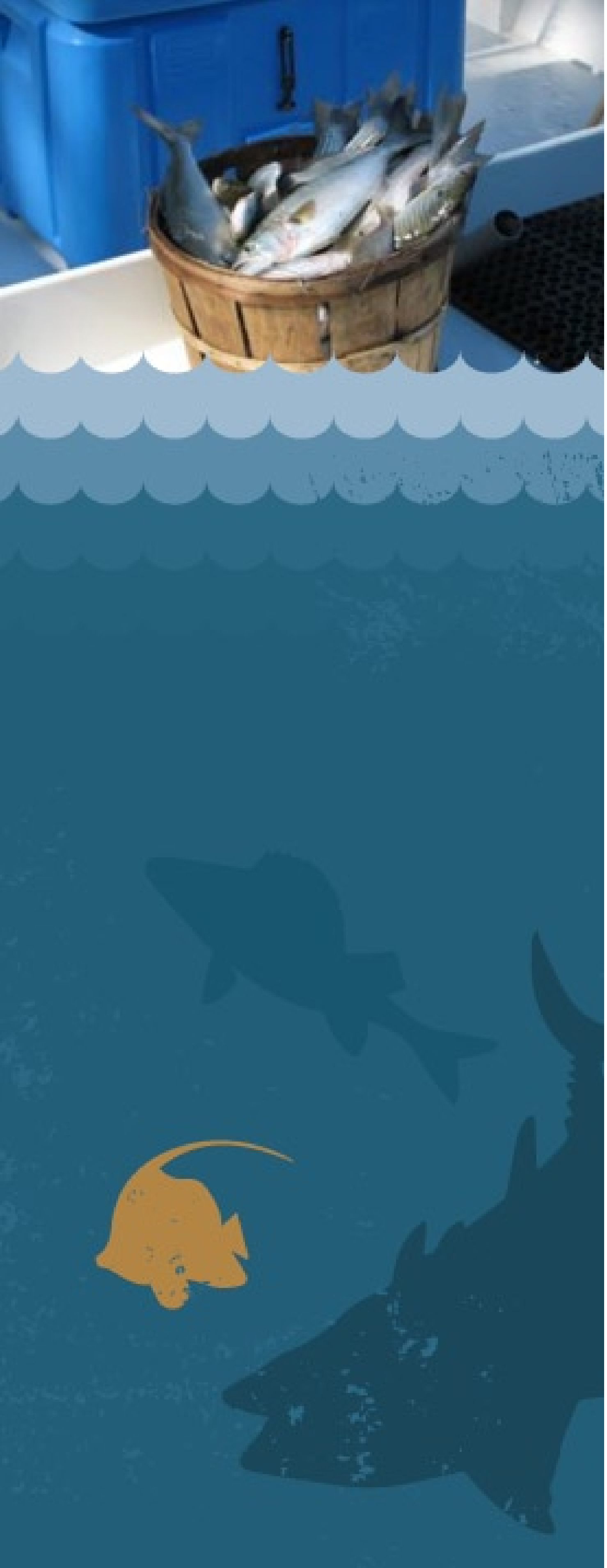
Daily Limits:
Setting a Budget for PPC

Setting a budget for PPC can be easy — pay what you feel you can afford. Few advertising options give you this flexibility. But PPC ads have a lot of moving parts, and that can make it hard to determine the best budget for your needs.

Paid search, CPC, or PPC — it all means your company pays to place ads online in response to visitors' search behavior, either on the SERPs (search engine results pages) or on websites, and pays only when someone clicks through from the ad to your sales page. Since the ads only show to people who are actually looking for what you offer, PPC is highly effective. It's also very easy to track your results with paid search.

Banner ads and the related smaller ads placed on a website show to everyone who visits, not just to people searching for your goods and services. Our clients have sometimes seen impressive results from banner ads on just the right website; people who read beauty blogs are very likely to be interested in make-up, so a good match can get excellent results. However, we've also seen long-running ads with very little payoff. Sometimes banner ads are sold on a pay per click (PPC) basis, but they don't show up anywhere except on the website where you've bought the ad, and they are shown to all visitors.

The distinction between the two is important for this discussion, and it's easy to see:

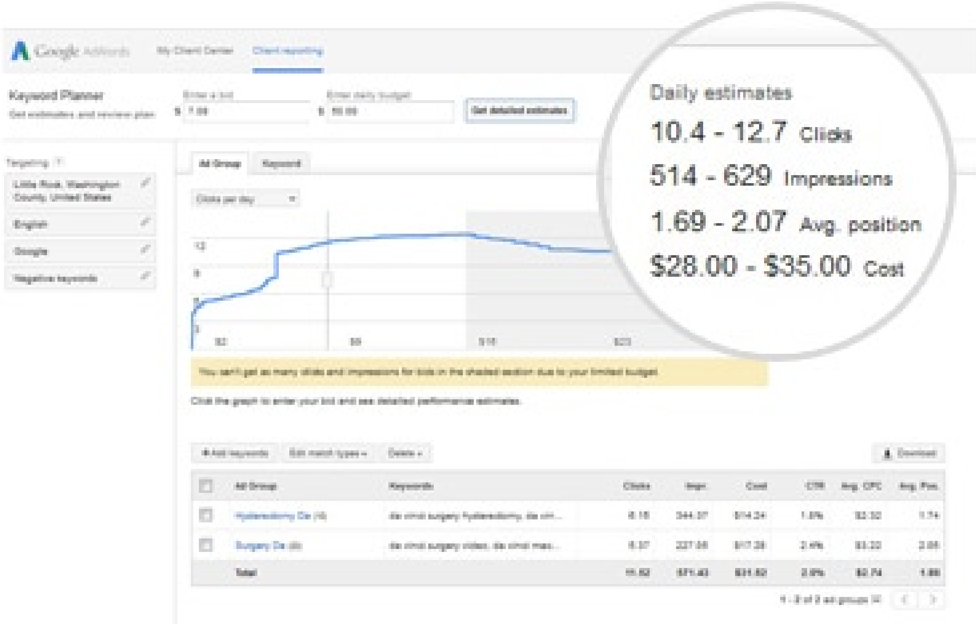


Paid search ads show up in search results or along the side of a website, in response to the search terms a particular user has typed in and (in some cases) the content of the website they're visiting; as you can see in the example above, they can include photos like the bottles of shampoo, or just text like the search results with small yellow "Ad" notices. Banner ads, including both the small banners and the small square ads you can see in the right sidebar of the website screenshot above, show because someone paid for them. They may rotate, but they will not change depending on the behavior of the person visiting the website.

The budget for banner ads is pretty simple. The webmaster of the website has a price, and you pay it. You supply the ad or perhaps they will do the creative work for you, and the ad links to your sales page or website. You may pay per click or per impression, but a flat fee is more usual. It may run $50 a month or thousands of dollars a month, depending on the traffic and authority the website has to offer, but you usually know what you're going to spend going in, and the question is simply whether it fits into your marketing budget.

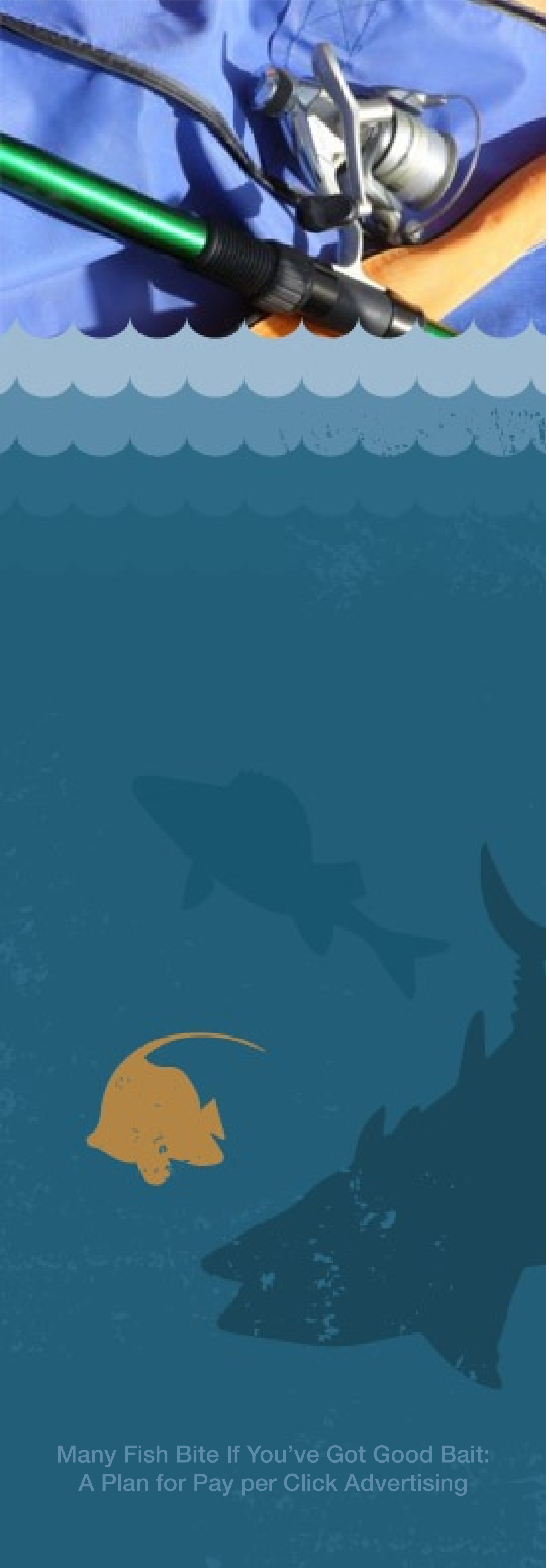
For PPC, it's more complicated. You set your budget for the day or month, typically, and then work on making that amount profitable in terms of the value of the ads' performance. So how do you decide how much to spend when you start?

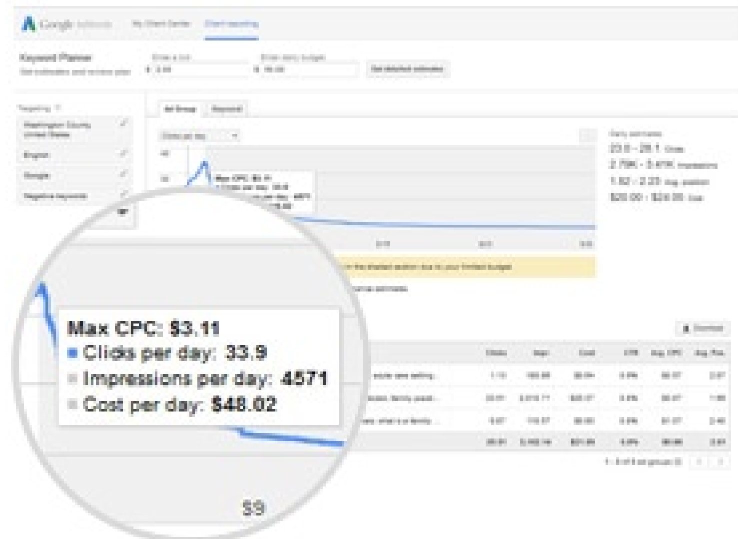
Google Adwords offers tools that allow you to find the point at which you can expect to get the best results. We can program it with a variety of settings and see what results we might get. Let's look at some examples of this tool in action.



That blue line shows the number of clicks this imaginary client might get at different keyword bids and different budgets. We could start them at $2.00, the amount shown at the left side of the screen. We can see that a higher bid on the keywords we've chosen will get us more action up to about $10 per click. After that, there's no benefit in going for a higher bid. And we can also see that, while there's a very big difference between a $2 bid and a $9 bid, there's really not that much of an improvement between $9 and $10. In fact, we found that $7 is about where we stop seeing a significant benefit from raising the maximum bid. The actual cost per click might be much lower, but we would plan to bid on this keyword at $7.00

We found that $50 a day was a good budget for this scenario, and that Google figures the actual cost would bet more like $25 to $35 a day. The settings here are for a hospital in one city advertising one kind of surgery, with relatively little local competition. They could expect to get their best results for this campaign with a monthly budget of about $1500. If they have more in their PPC budget, we should use it for other campaigns: another kind of surgery, for example, or a brand awareness campaign for the hospital.

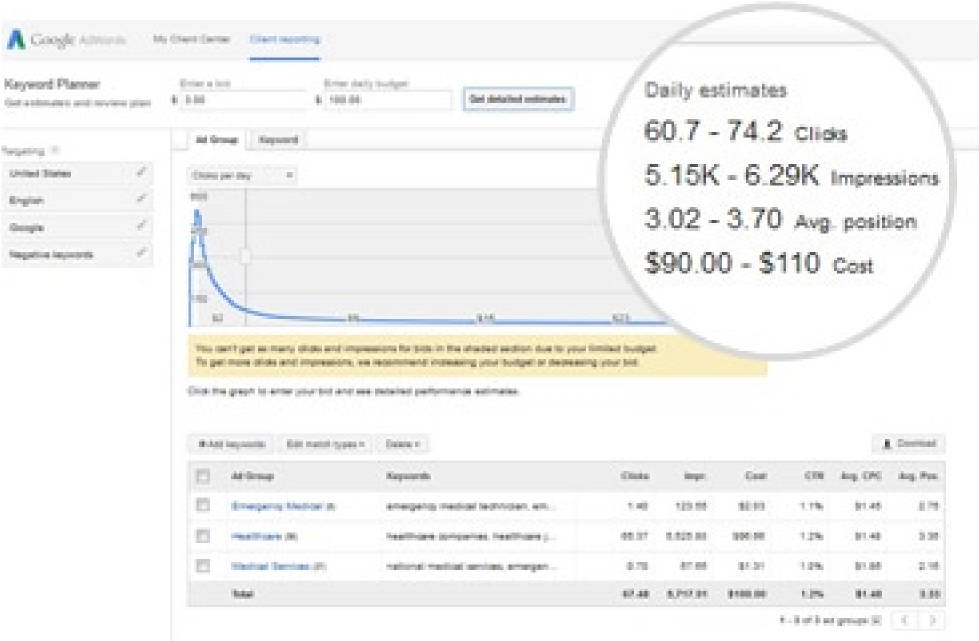




Our second example shows a $50 a day budget for a private doctor serving one county. The keywords we've chosen are fairly general — the doctor's specialty – because our imaginary doctor doesn't have prior experience that would tell us what more specific offers would work best for her practice.

We found that a $3.00 maximum bid would work best. However, the gray area of the chart shows that, with a $50 a day budget, we would be missing out on some possible clicks. Increasing our bid won't make a difference, but increasing our daily budget might.

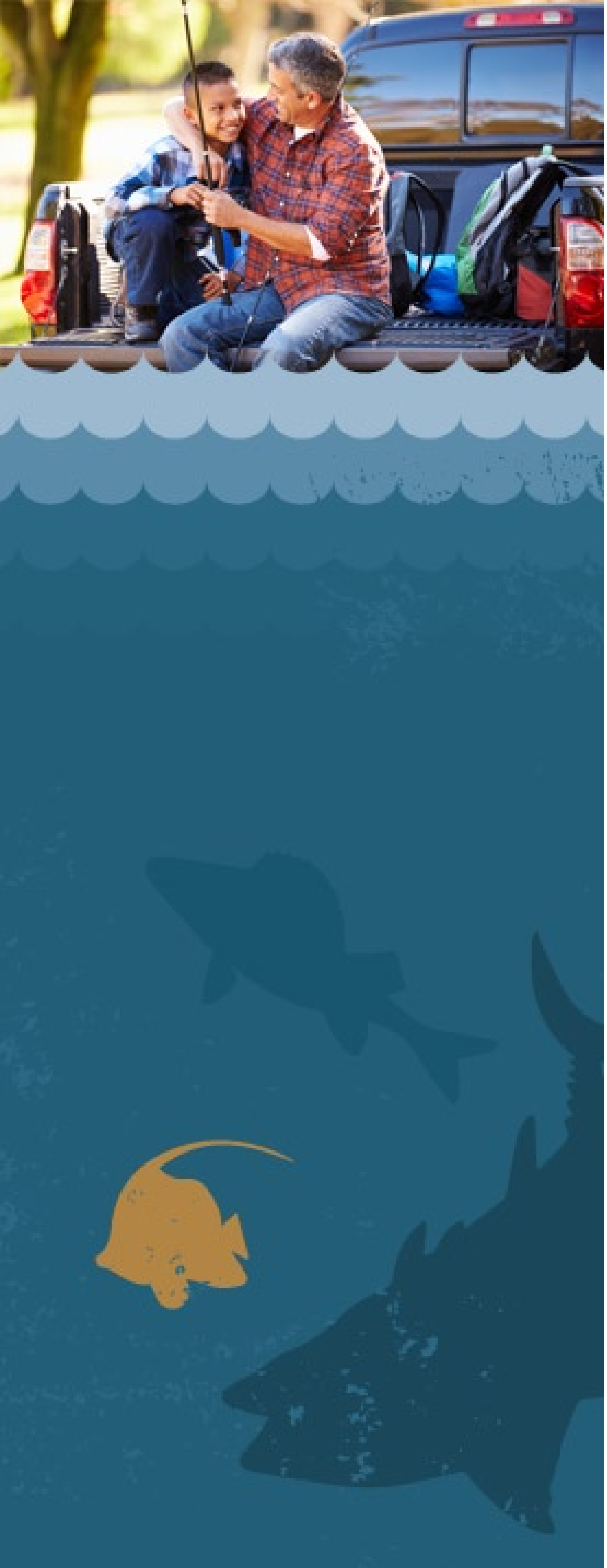
In this case, we'd recommend starting out at the chosen budget — the same $1500 a month as in our first example — and working to identify the most profitable keywords. Based on our experience with online marketing for doctors, we expect that there could be on-site changes that would make a big difference in her quality score (more on that below) and in the performance of her ads, so we would work to get the most impact and the most information before we recommended increasing the budget.



Our third example is a national chain offering emergency medical service. We've set them up with a bid of $3 for their fairly general keywords and a budget of $100 a day. We didn't see a big difference when we increased their bid, so we can keep them at that cost per click, but this budget will only put them at #3 in the search ads. We have to keep in mind that this is an imaginary company, so Google isn't using their quality score to make predictions. If they were a real company with a strong website, they might do better.

Based on this information, though, we would want to see a higher spend. A national chain probably can and should go beyond the $3,000 per month we budgeted. If not, they might be better off directing those resources toward other marketing efforts, such as regular blogging and social media to improve their organic search results.

There will always be a point at which increasing your bid and budget won't bring better results. We've been talking with a company which sees no drop-off in their predictions (with a $5 maximum bid) until they spend $2,000 per day. If they achieved a 4% conversion rate at their sales page, they'd be looking at a cost per acquisition of about $125. They offer a service that starts at $25 per month; if their typical customer stays with them for three years, then they'd be spending $125 to acquire $900 in revenue — not a bad result. In this



case, their budget for PPC should be as high as they can afford to make it up to a cap of $2,000 per day — unless they can't handle that level of growth.

Clearly, the best budget depends on a multitude of factors, from the conversion rate at your sales page to the value of a new customer, as well as your cash flow and Google's predictions. If any of the moving parts improves, your results can improve.

We'll Go Down to that Crawdad Hole:
Writing Your Ads

Some people say "crawdad," some say "crawfish," some say "crayfish," and some say "mudbug." It's all the same thing, and if you've gone to the spot where those little arthropods live, it doesn't matter what word you use.

PPC ads are different. If you're selling crustaceans, you'd certainly want to use all those names for keywords, but you have only a few words to use for your ads, and you want to be sure that you get the most value out of those few words.

Imagine you're selling fitness tracking devices that measure activity, sleep, and heart rate.

You've set up one basic ad campaign, and you're including these keywords:

- Fitness tracker
- Wearable
- Digital health devices
- Activity trackers
- Activity tracking devices
- Workout tracker

You've used the method described above to set your budget, based on your keywords and your resources. Now you have to write your ads.

You can use pictures – Google will create an image display ad based on your landing page or you can upload an ad you've created – or you can use just text. When you use text, you have just a few lines to work with:

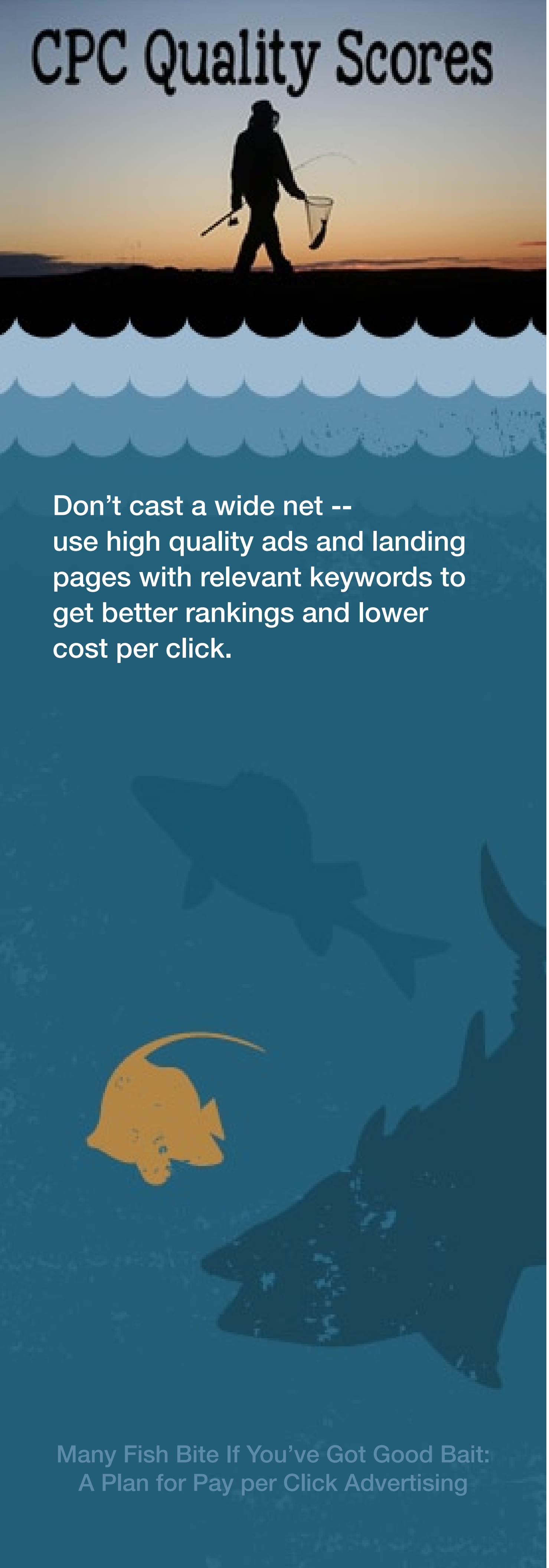
- Headline: a brief, eye-catching message
- Description: two lines of information that may show up on two separate lines or on a single line, depending where your ad shows on the page
- Display URL: the web address you want to show (www.FitnessGeek.com, not www.fitnessgeek.com/landingpageforfitnesstrackers)

You don't have to include all those keywords, because someone looking for a workout tracker will understand that your fitness tracker is in fact a workout tracker. Instead, add things like the price, the selection you offer, free shipping, or anything else that will make you stand out.

Remember, at this point you are talking only to the people who are actually searching for your keywords. They are looking for something specific, so you should make sure that your ad gives them what they want.

> Fitness Trackers
> Jawbone, Fitbit, and more
> Best brands, free shipping!
> www.FitnessGeek.com

You can have some extra lines on your ad with what Google calls "ad extensions." These might include specific pages on your website, such as your "Digital Health Wearables" page and your "Pedometers" page. They can include your phone number or address when people near you are searching, and they can also include the ratings you've received at your Google + business page.



CPC is not "set it and forget it." When you create your first set of ads for your first campaign, you should be prepared to work on your ads and campaigns to improve them, based on the data you discover as you go along. It's very easy to update ads, so be prepared to try things out and make changes.

One of the most important sources of information for that testing and tweaking is your Quality Score.

Don't Cast a Wide Net:
Writing Your Ads

Someone once told me that Google Adwords is like an auction where whether you get the chair you bid on depends not only on what you're willing to pay but also on how the chair will look in your living room.

I think that's a very useful way to look at quality scores for your PPC/CPC ads. Both Google and Bing use quality scores to determine what kind of rankings your ads will get and how much they will cost you.

Google tells us exactly what they look at when they're assessing quality score:

- **Your clickthrough rate (CTR):** This includes how frequently people have clicked through to your page when they see your ad, but it also includes your CTR history — how often people click through any of your ads, at any time in the past. The more compelling your ads, the higher your quality score.
- **Your landing page:** The page people reach when they click on your ad is the landing page. Google always wants to provide Google users (the people

searching for things at Google.com) with a great experience. When you help them do that by sending folks to a high quality, relevant web page, you get a higher quality score. This involves the overall quality of your website, including navigation and content, as well as how good a match there is with your ad and keyword.

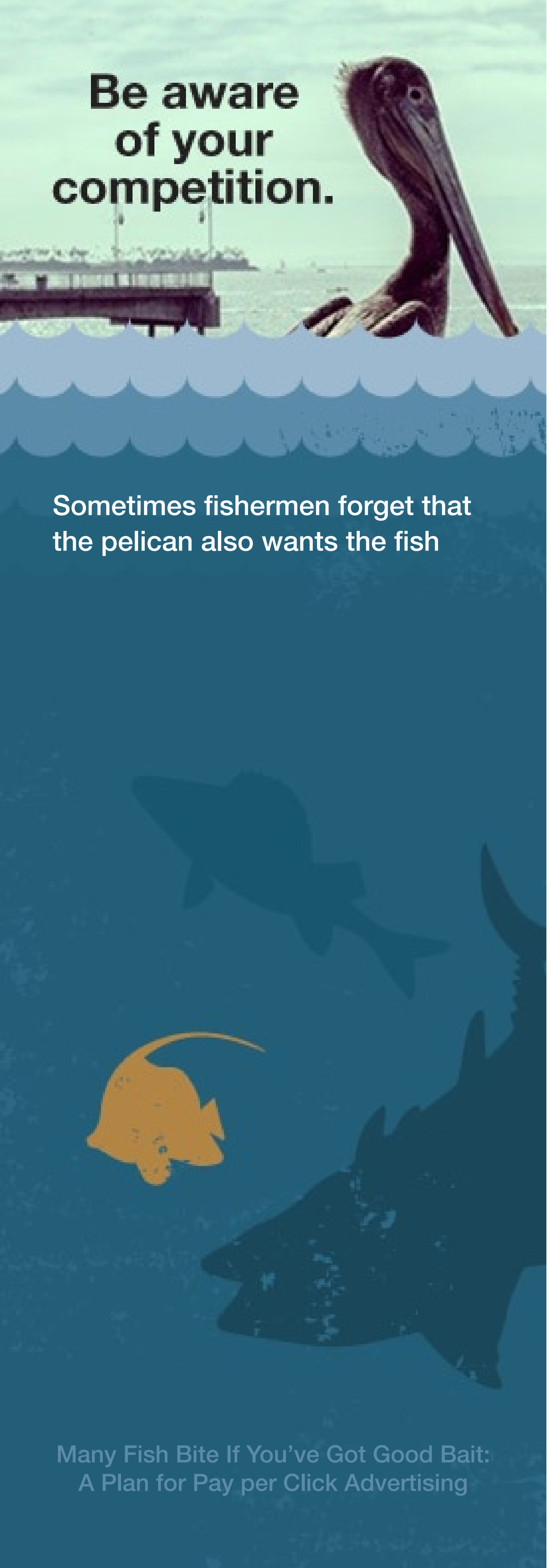
- **Your relevance:** If a customer searches for “men’s skin care” and you have chosen the keyword “men’s skin care,” then your ad had better be about men’s skin care, with a link to your website’s page on men’s skincare.
- **Your target performance:** When you target a certain geographic area or place your ads on certain websites, Google notices how well you do in that particular place, whether it’s geographic or virtual. Make sure you target the right places. Equally, when you target your ads to particular devices, you have to provide a good experience. If your site is not mobile-friendly, don’t place mobile ads.

Quality scores, then, are based on the quality and relevance of your ads and your landing pages, which will be affected by the overall quality of your website. We’re back to offering visitors a great experience — and nobody should be surprised by this. That’s all the search engines have to offer their customers, so that is quite naturally what they’ll reward.

However, this can really require a change of mindset for traditional marketers. In legacy media like TV and magazines, the goal is to spread a message far and wide, getting as many eyeballs as possible to look at the message in hopes that some of them might be interested. People who are used to this “spray and pray” approach often want to use lots of barely-relevant keywords in hopes of catching the attention of as many people as possible. They also often want to dump visitors at their homepage in hopes that people who are interested in men’s skincare will also be interested in some of their other stuff.

Hope is not a strategy.

Actually, if you’re selling men’s skincare products, you want to talk to people who are interested in men’s skincare products. These are the guys who are reading blog posts and product reviews about the



subject, Googling "men's skincare," and watching videos at The Grooming Lounge.

Once you do a good job for them, they'll remember you and come back when they want other things you offer.

Once you get comfortable with this new, closely targeted approach to marketing, you can see the obvious ways to improve your quality scores for CPC:

- **Choose the right keywords.**
- **Write compelling ads.**
- **Link your ads to great landing pages.**
- **Make your entire website as great as possible.**

Don't cast a wide net with paid search. Narrow in on the fish you want — the fish who want what you have to offer — and provide them with the best bait you can.

Watch Out for Sharks:
Your Competitors and Your PPC

We had a call recently from a business owner who uses Adwords CPC ads. His costs had dropped significantly, and when he checked the search engine results page, he saw that his ad had dropped from first place to the bottom of the list.

Like many PPC users, this busy guy doesn't check his ad performance or analytics, so he didn't know whether it was his cost per click (the price of the ads) or the number of clicks which had gone down. We're betting, however, that it was the number of clicks.

According to experts, the top two PPC ads can expect to receive about 41% of all clicks for commercial keyword terms. Commercial means the kinds of things people type in when they are ready to buy, like “buy hair care products” or “cheapest vitamins.” Now this is not saying that 41% of the people who click on the ads choose the top two and more than half choose a different ad. The 41% includes the people who click on organic results, too. 59% of people click on one of the other ads – or on the organic results.

Another study looked specifically at click through rates for ads, and found that ads which averaged position 1 had click through rates (CTR) averaging 12.2%, those with an average position of 1.5 got 4.3%, and position 2 got 1.5%. Once your ad gets below position 2, your CTR will probably be less than 1%.

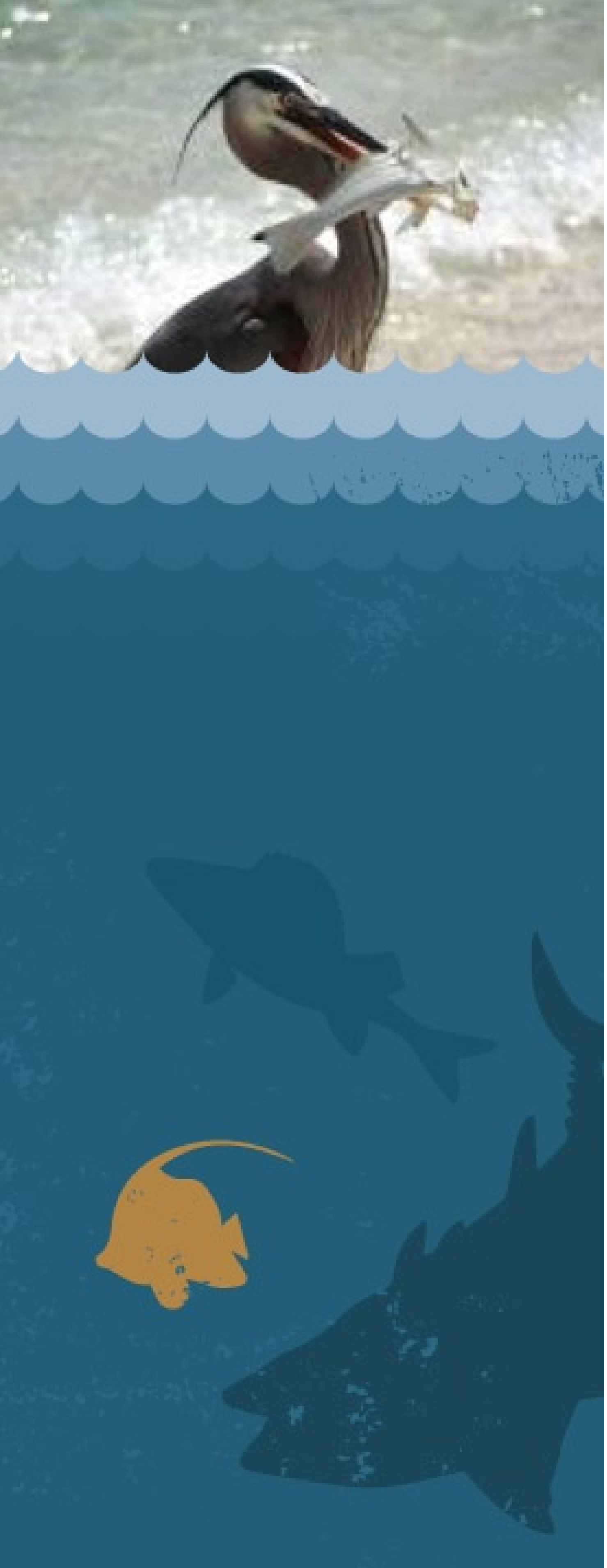
We haven’t seen CTRs that high for all first-position ads, but the author explained that he had filtered out all ads with low numbers of clicks, so that he could focus on comparative CTRs. The message remains fairly clear: the top two ad positions are where you want to be, so our caller probably is paying less because he’s getting less now that his ads are lower on the page.

Our goal with CPC is to get the lowest cost per click or, if it can be measured, cost per conversion. We don’t want to see the costs lowered because the ads aren’t doing anything. But this caller is not a client of ours. He just wanted to know what could have made his ads lose ground.

What makes PPC ads lose high position

If your ad used to have a good position or a high quality score and no longer does, you need to figure out why.

The first thing to check on is this: have you made changes at your website? If you’ve changed the text on the landing page so that it is no longer highly relevant to the ad, you can expect to lose some points on your quality score. If you fail to keep up your code so that your website now loads slowly or performs badly on devices that are showing your ads, your quality score will suffer. We’ve seen cases



where ads were linked to pages that were broken or missing, giving a 404 error. As you can imagine, that page was no longer a useful landing page.

But it might be that you have not made any changes, intentional or unintentional. In that case, the most likely thing is that your competitor has.

Placement of ads is determined by an auction. Your quality score and the amount you're willing to pay are combined to determine your rank. So, if you're willing to pay $N for your ad and you have a great landing page, you might still have a higher placement than your competitor who is willing to pay $N+1. Maybe not if they're willing to pay $N+8, though.

Here are some things that a competitor can do which can affect your ad placement:

- Bid more for the keyword in question
- Improve their ads so people click through more
- Optimize their landing pages
- Do these things across the board so that they have a higher quality score for their whole account

These can be changes made by a known competitor, but you may also have a new competitor.

The pelican in the picture above is a competitor to the fisherman, but the fisherman might not be aware of that. We had an interesting case with a client of ours that bids on keywords like "Puerto Rico politics" and "Puerto Rico news." As the tourist season approached, a major resort in Puerto Rico apparently snapped up all keywords including the term "Puerto Rico." The front page bid for those terms tripled overnight.

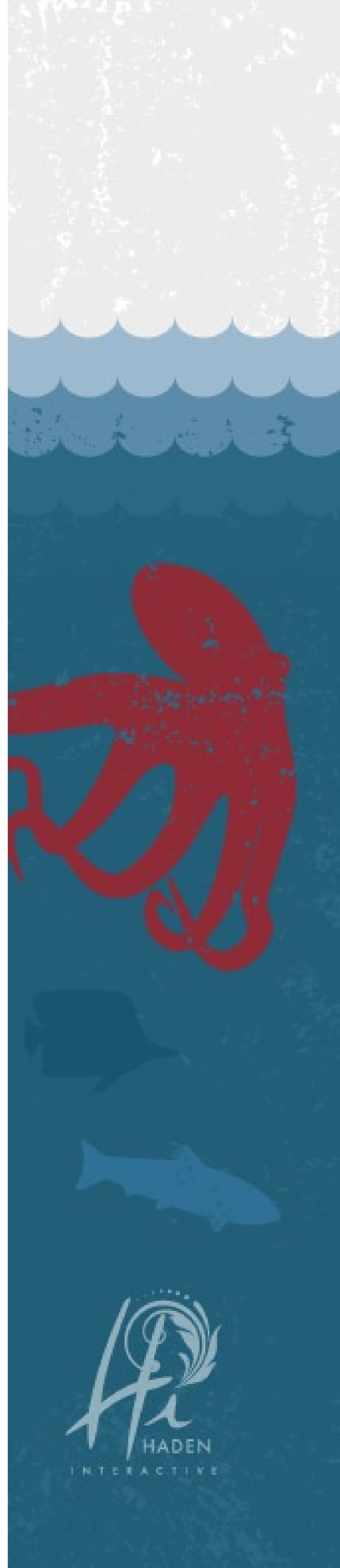
Now this hotel didn't get a lot of conversions from "Puerto Rico politics," so it was just a matter of weeks before their ad manager dropped our keywords and we were able to afford top placement again. But a competitor with deep pockets can cause trouble even when, as in this case, they don't deserve the top spot.

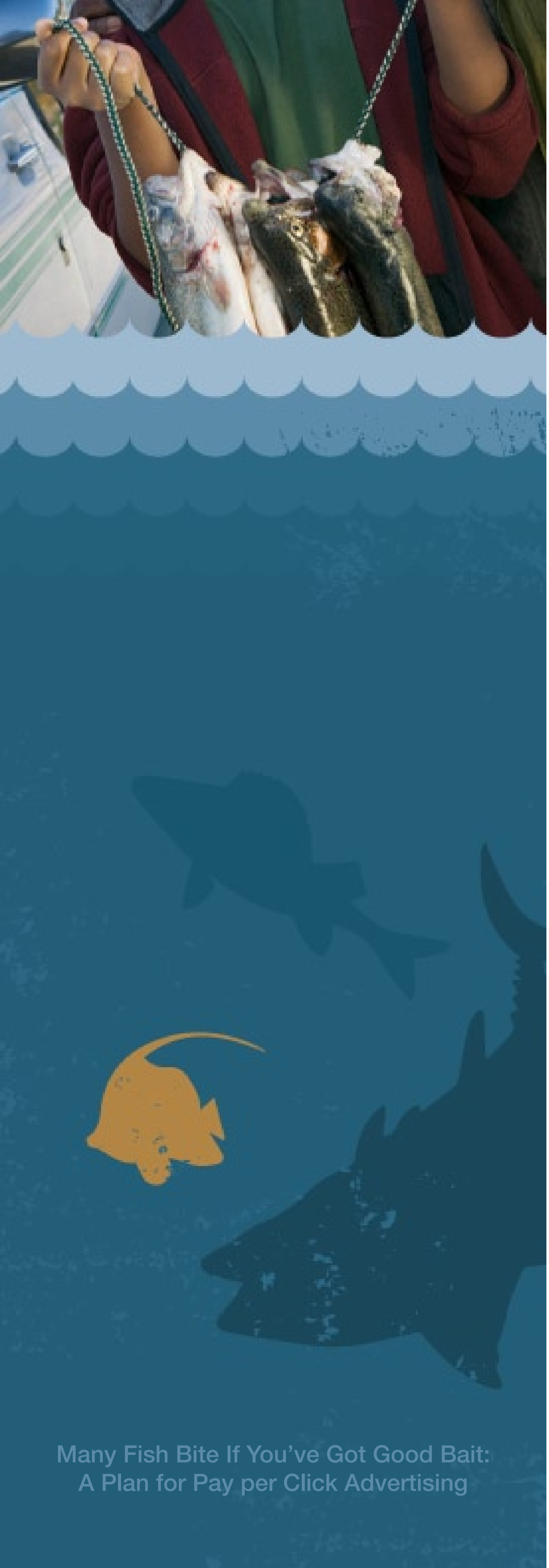
What can you do?

Getting top rankings for CPC

- **Keep your quality score as high as possible.** The ideal is to choose a very relevant keyword, write a compelling ad specifically for those people who are searching for that keyword, and link to a special landing page that speaks directly to those people and lets them get exactly what they want. Get as close to that ideal as your resources allow.
- **Be aware of your competition.** If your competitor is more established than you or has significantly more resources, you will need a different strategy from the one you'll use if their business is equal to yours and they just have better ad copy. Don't just look at the other fisherman, either — remember the pelicans. Someone may want your keywords and yet not be your obvious real-world competition.
- **Go for the long tail.** Maybe you can't have the keyword you want right now. One of our clients is a brand new CPG company making shampoo. They can't have top ranking for "shampoo" if Pantene wants it. But they might be able to have top ranking for "shampoo for curly hair" or "detangling shampoo for kids." Identify the specialized keyword phrases that match your company's special strengths.

Competition for top organic placement is higher than ever, and ads have more of the search engine screen than ever. Nowadays, paid search is an important part of the marketing mix for most companies. Get the most from your investment in CPC by following best practices and keeping a good eye on your competitors.





Reeling Them in:
Conversions

Often when we first talk with new clients we discover that they've done lots of different experiments in marketing, trying a number of different things. Often they remember these experiments in terms of how much they spent. Sometimes they've been able to capture the ROI, but as often as not, they just have a general feeling that the results were pretty good or not so impressive.

With Google Analytics, you can dive in much deeper and get a much better idea of what works and what doesn't. While some of the things Google Analytics looks at may be unfamiliar, with a little effort you can really find more common ground than you might think at first. Here are a couple of metrics that will sound familiar to CPG companies and retailers — but you might not have thought of them in terms of your web analytics.

- Cost per acquisition, or CPA: (the amount you spent on marketing)/(# of people who make a purchase)

Imagine that you're conducting an introductory campaign for a new product for one week.
If you conduct an email campaign that leads people to a landing page where they can make a purchase, and set up your analytics goals to show the purchases being completed, you can see how many people purchased. Total up the cost of your email campaign and divide it by the number of purchasers. If, for example, you spent $100 on the email campaign and 12 people purchased, the CPA for that campaign was $8.34.

Say that for the same item you had a paid search campaign that brought you 643 visits at 69 cents per click, for a total of $443.67. If 26 of the visitors purchase your item, your CPA for that campaign would be $17.74.

LTV or lifetime value: (average number of purchases per year) x (average total value of a purchase) x (average number of years a customer continues to order)

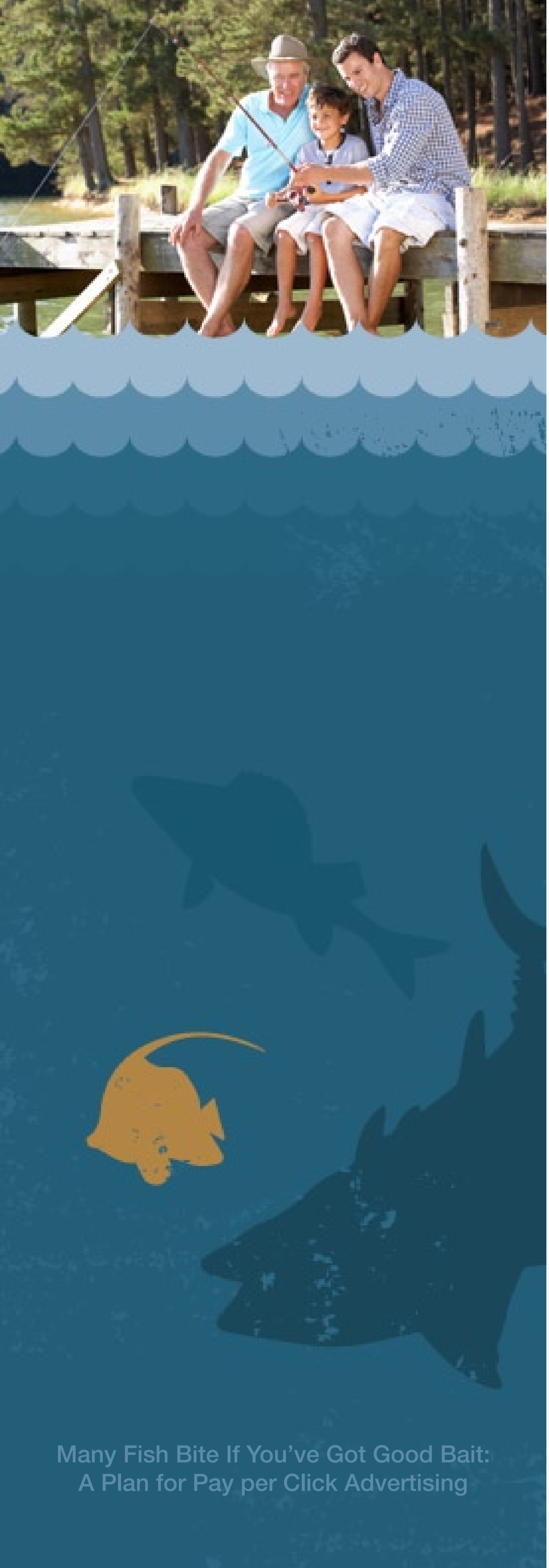
Cost per acquisition makes most sense in tandem with the LTV of a customer. $17.74 is a high CPA for a single purchase of a $20.00 item, but not for a customer who makes that purchase every three weeks for 15 years. Chances are you can get the data for this calculation from the back end of your ecommerce site. General web analytics can help you connect this with other information to make better marketing decisions.

Since you can't track specific individuals with web analytics, you'll have to extrapolate from web visit data. You can see how frequently visitors come to your site and how likely they are to make a purchase. Compare this data with the information from your customer database or your retail analytics to gain an estimate of your average customer's LTV. Segment your web data to compare different sources or groups.

For example, if you discover that the average purchase of customers who found you via paid search is $36.43 while those who come to you through email campaigns make purchases averaging $22.15, the LTV of visitors from PPC is higher — and the CPA can also be higher.

Without connecting traditional KPIs like these with your web analytics, you would draw different conclusions from those you'd come up with if you looked at both web analytics and sales and revenue data.

For example, that paid search campaign brought in $520 and the email campaign brought in $240, so you might conclude that the PPC campaign was a better deal. Looking at the CPA, we see that



the email campaign cost less than half as much per customer acquired. However, if paid search brings customers with a projected LTV of $9,000 and email customers have an average LTV of $5,500, the PPC campaign was definitely worthwhile.

Our examples use data available for ecommerce, and that does give additional data you won't get if you don't have an ecommerce component at your website. In fact, setting up a small ecommerce element at your website can often give you so much good data that it's worth doing even if you don't have much in sales. Even without ecommerce, though, you can dig into your website's additional information. Use the additional data your web analytics provide to good effect and you'll make better marketing decisions.

Clicks, Customers, and Conversions

We had an email from a client recently asking about clicks. We built their website, and in the past year they'd been working with a company that took care of advertising for them. This company was promising 125 "clicks" a month if they re-upped for another year. Was this good, our client was wondering? Should they go for it?

Two things stood out for us immediately. The first — and it's a red flag — was the guarantee. There are two ways you can guarantee a certain amount of traffic to a website. One is to pay people to click through to the website. There are companies that do this. They are not, however, paying those people to become customers, so this is a complete waste of your money.

The second way is to choose a number so low that

The second way is to choose a number so low that you can feel completely confident that the number of visits will be higher than the number you offer. 125 clicks a month sounds like it's in that range. When we checked, though, we found that this company's ads were actually delivering about a third of that number of visitors to our client.

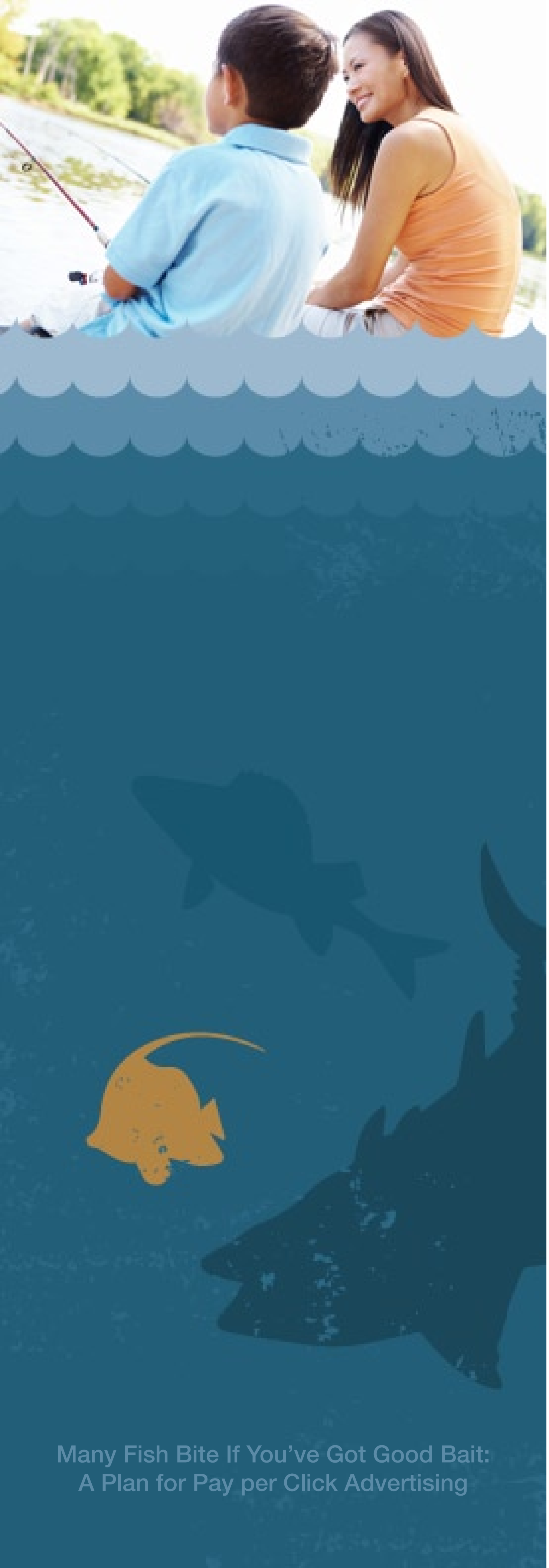
The second point that caught our attention was the definition of the terms they were using.

What's a click?

There's some special terminology in the realm of internet marketing. "Impressions" refers to the number of times your ad or link might be shown on the screen. Google uses this term in the SEO section of Google Analytics, telling you how many times they offered your website to a searcher. Ads are often sold by impressions, giving you an average amount of traffic or — in Google's case — a typical number of searches for a given keyword and the likelihood that your ad would be shown to those people.

Notice the difference here. In the first case, when Google tells you how many times they showed your page, they can give you a definite number of impressions. When they're predicting, they offer you a range. Since we're a Google Partner agency, we have a tool that produces those ranges. They look at the searches and consider how many times each month people make those searches and how many companies are competing for placement with the ads. In our example, we're talking about a narrow local search, so the numbers aren't enormous. You might have 4,256-5,783 impressions, they'll say, and you could expect 52-68 clicks.

There's that word: clicks. Google has a lot of data to work with, so they know that people who have ads shown to them on their screens don't necessarily always click through. They usually choose organic results rather than ads, for one thing, so the proportion who click on an ad rather than choosing from the organic result is already fairly small. Then people are most likely to choose the top ad on the list, and there can only be one #1 ad on the list, so the proportion



dwindles further.

Your goal, however, is not to have large numbers of people clicking on your ad. You pay for each click. You want the right people to click through: the ones who will actually convert and become customers.

Clicks are just people clicking on your ad.

What's a conversion?

Companies that sell clicks don't necessarily go on to discuss conversions, but you can define a conversion any way you want in your business — or in Google Analytics. Here are some things that can count as conversions in analytics:

- Buying something (this is often counted by how many visitors reach the "Thank you for your order" page).
- Taking a step toward buying, by downloading a brochure or sending a request for a sales call.
- Behaving in ways that you know are associated with buying something, such as staying on your site for a certain length of time or visiting certain pages.

As you can see, people can convert without becoming customers. If you know that 1% of the people who click through will set up an appointment with you and 67% of those people will actually buy, then a year of 125-clicks-a-month would mean one new customer. Whatever it costs you to get those 125 clicks a month for a year is the cost of one new customer gained by using those ads.

If you have a great landing page and 10% of people who click through to it will make an appointment, and you still sell to 67% of those people, you could have 8 new customers each month. Clearly, the cost per customer is much lower if you have this kind of conversion rate.

Is the price right?

If you don't know how many of those clicks convert into customers, then you have no idea whether 125 clicks a month will bring you any additional income at all.

A Toe in the Water:
PPC for Market Testing

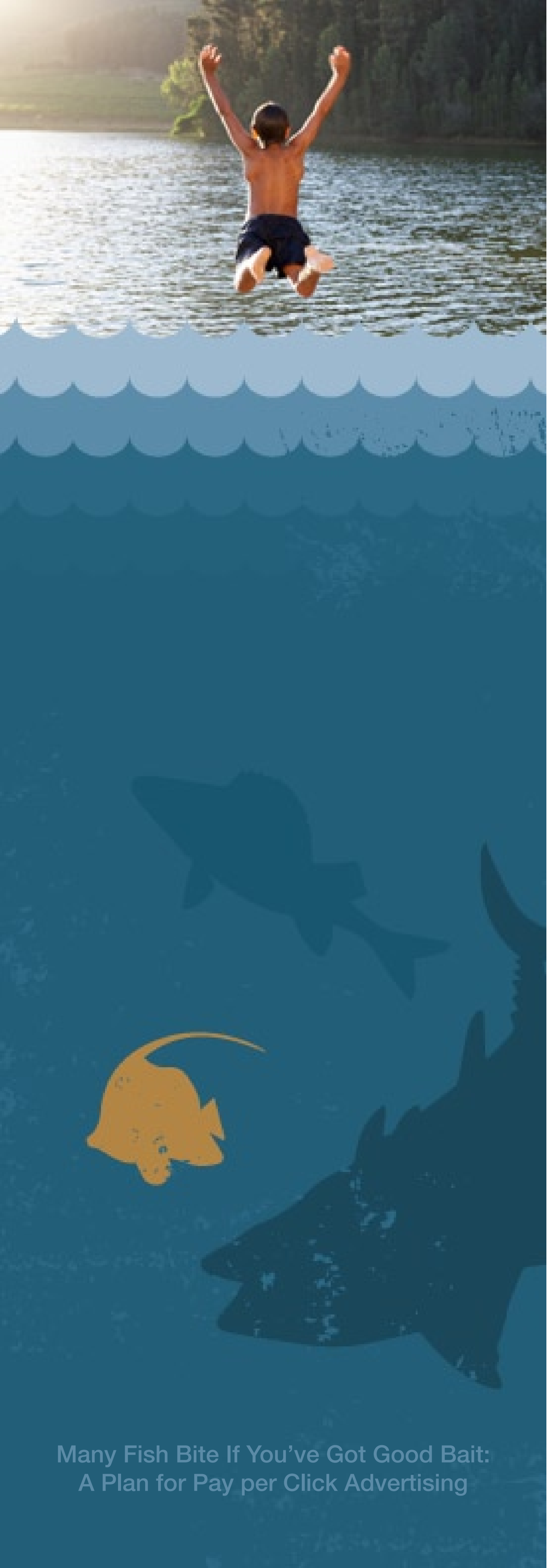
Sometimes we have clients who want to put their toes in the water when it comes to digital marketing. They want to put up a near-free website or do without a website entirely. They want to try $5.00 a day on cost-per-click ads. They just want to do social media.

Often the idea is to do a little market testing, to see whether it's really worth their making a commitment to an idea before they make a real investment. We understand this. Anyone would rather find out for sure whether their business idea would work before they put money into it.

Unfortunately, it doesn't really work. Here's what people expect:

- It's a great idea and people respond very favorably to a small ad campaign or social media campaign. This is the hoped-for outcome.
- It's a terrible idea and nobody responds to the small campaigns. This isn't what anyone hopes for, but at least you know for sure without having put a lot of time and money into the effort.

However, a very small campaign for a great idea can fail. It can be too small to reach enough people or the right people. Or you might not support the small campaign with enough investment in your online presence. People might feel positive about a new product on social media and go to the brand website — only to be turned off by



a poor quality website or the fact that there is no website. People can click through ads and find themselves on an unappealing web page, so they click away. That won't tell you whether there is interest in the product or not.

You can also get positive-seeming results that are not meaningful. For example, people might watch and enjoy your YouTube videos without having any intention of buying your product. A social media campaign designed to get lots of Likes can get those Likes because it's a good campaign (or even through manipulation), and not be a reflection of interest in your brand.

PPC is probably the best way to test market interest. Put $500 into Adwords and make sure that your ads take consumers to a good landing page where they can take action. People click on ads because they are interested in buying, so this is much more effective than dipping your toe into the shallow end of social media.

But taking the plunge is more sensible. That doesn't mean that you have to spend hundreds of thousands of dollars, but you should probably budget thousands. You should plan to put six to twelve months into the effort. "Fail fast" is a mantra we hear a lot, but you can't either succeed or fail fast by putting a toe in. Set a budget, plan a strategy, and see whether your idea will sink or swim — knowing that you gave it a fair chance.

Take the plunge!

Make sure you have a product or service that your customers need and want. Make sure you have a landing page that shows your goods and services to best advantage. Use your online presence – including inbound marketing, social media, and great content – to establish yourself as a trusted authority with your potential customers.

Ready?

Now's the time to create paid search campaigns that will tempt potential customers who are ready to buy. Set your keywords, determine a comfortable budget, write your ads, and then work hard to keep your campaigns improving.

Need some help?

Visit www.HadenInteractive.com for more information,

or call **479.966.9761** to talk about your needs.