

# GOOGLE ADWORDS

Google's UK advertising revenue this year (2006) is likely to outstrip that of Channel 4 and may soon approach ITV's. About £900m c.5% of the total advertising spend each year. And most of that comes from SMEs who would never consider a 15 or 30-second slot on TV but can use AdWords very effectively.

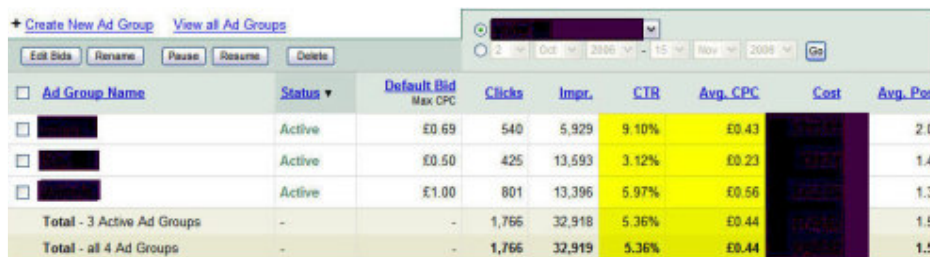


AdWords is not just any old advertising however. Like the web itself it is one of the most powerful direct marketing tools - for direct marketing read cost controllable and cost effective marketing with known results.

When you compare AdWords with local press or radio advertising or even the 'hassle' of setting up and controlling direct mail or door drop campaigns it's no wonder it has become so popular. There is no minimum spend per period, you can turn it on and off, you set the cost effective goals you want and you only pay for results. What's not to like?

Like all direct marketing there are 7 golden rules:

1. Understand the cost per lead and cost per sale you can afford on a customer lifetime value basis i.e. the value [cash flow and profit] to you of a customer over the length of the customer relationship rather than a single time period or sale
2. Test, test, test and track, track, track everything
3. Reinforce success and eliminate failures



Ad Group Name	Status	Default Bid Max CPC	Clicks	Impr.	CTR	Avg. CPC	Cost	Avg. Pos
[Redacted]	Active	£0.69	540	5,929	9.10%	£0.43	[Redacted]	2.0
[Redacted]	Active	£0.50	425	13,593	3.12%	£0.23	[Redacted]	1.4
[Redacted]	Active	£1.00	801	13,396	5.97%	£0.56	[Redacted]	1.3
Total - 3 Active Ad Groups		-	1,766	32,918	5.36%	£0.44	[Redacted]	1.5
Total - all 4 Ad Groups		-	1,766	32,919	5.36%	£0.44	[Redacted]	1.5

**Example of actual results**

4. Understand and target the audience / list (research you keywords properly for what people actually search on not just your great aunt's best guess)
5. Make your known audience real offers - the offer is more important than the product and the creative, but less important than the keywords - what is your best offer? Put yourself in the customers' shoes and think what they think: "what's in it for me?"
6. Describe you product and price well - this may not be all in the advert but it has to be on the landing page (the page that users click through to from an advertisement optimized to achieve the desired action from the potential customer)

## 7. Think about your creative pitch and refine it.

The AdWords concept is simple. You create ads that Google shows alongside regular search results. Your ads appear when somebody searches for keywords with which you have told Google you want to be associated.



The confusing part about AdWords is that Google doesn't charge a set price for ads. Instead, the more you bid compared with others who have bid on the same keyword, the more likely your ad is to appear near the top of the sponsored links. BUT, Google also looks at how many people click through on each of your ads.

This is great for them as it maximizes their income but means we all have to work harder than in a simple auction.

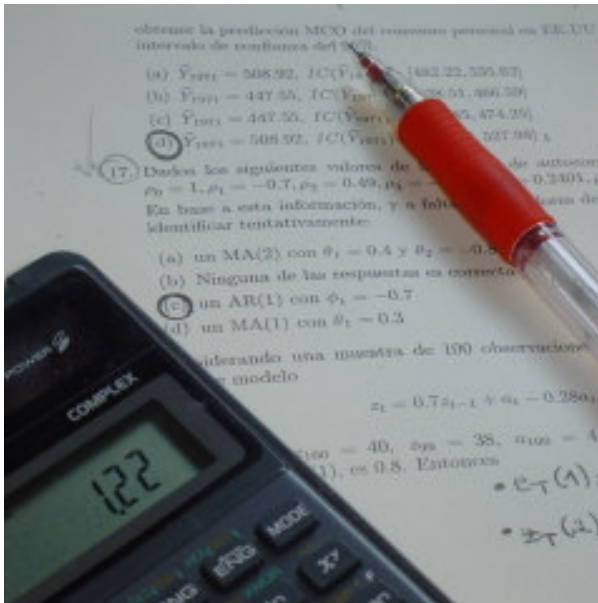
For example, if you set a maximum bid of 25p for the word widget, and the next highest bid is 50p but they have a click through rate (CTR) of 15% and they only have a CTR of 5% from whom does Google earn more?

For every hundred impressions you give them £3.75 and the competition only £2.50. But it doesn't stop there because your and their CTR might vary dependent on your page position or time of day or day of week and has to be compared with all these (and more things, such as your total budget) for other advertisers too. So Google does a lot of calculating and we have to do the same. By the way, Google rarely charges you your maximum bid but is 'content' to maximize its income!

Since you cannot directly control your click through rate and position managing AdWords is a big challenge and can consume a great deal of time. And if you do not manage AdWords campaign effectively you could waste a lot of money.

So, it's all great stuff but how do you make it work? Well here are 10 key things to think about:

1. Decide on your budget and maximum cost per click. Never commit substantial funds until you know basic results.
2. Decide where you are going to show each campaign - understand the difference between the search and content networks
3. Research your keywords in detail - understand what people actually search for and look at the keyword matching options
4. Group similar keyword themes together in manageable numbers



5. Make sure you think about the offers and calls to action you have and test them constantly to find the best result by product, service, keywords group etc.

6. Make sure you are constantly testing the contender v the champ in your actual advert to improve the results

7. Make sure the landing pages tell the whole story and are 'easy to action' i.e. fill in the form, make the purchase etc with minimum hassle. Think about applying for Google Website Optimizer. This allows you to test changes in the

website content of your pages in order to determine what will be most effective in getting conversions. You choose what parts of a page you'd like to test and Google will run experiments to help determine which content on your site users respond to best.

8. Google Analytics tells you how visitors found your site and how they interact with it. You can compare the behaviour and profitability of visitors who were referred from each ad and keyword. Track your detailed results daily using the analytics tool. Understand the goal and funnel process to get more leads, sales.

9. Think about AdWords Editor, which is a free, application that can be downloaded for managing your account on your PC rather than via browser. If you have a large number of campaigns or keywords AdWords Editor can save you time and help streamline your workflow.

10. Decide whether you / your company has the skills and time to optimize you AdWords campaign or whether you are best getting professional help.