

Pay-Per-Click Advertising

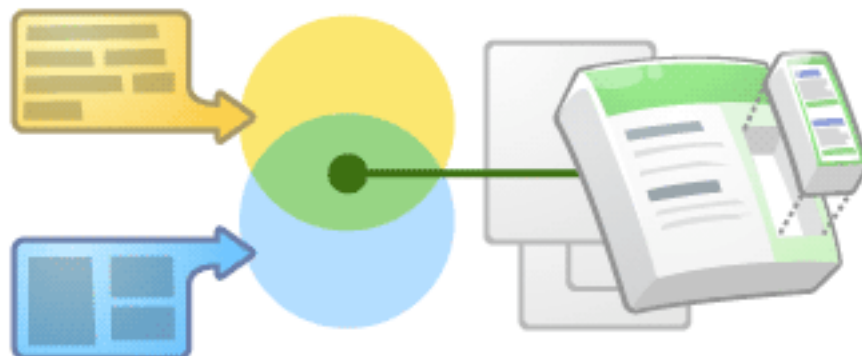
Definition

From Wikipedia, the free encyclopedia:

Pay per click (PPC) is an advertising model used on search engines, advertising networks, and content websites/blogs, where advertisers only pay when a user actually clicks on an ad to visit the advertiser's website. Advertisers bid on keywords they predict their target market will use as search terms when they are looking for a product or service. When a user types a keyword query matching the advertiser's keyword list, or views a page with relevant content, the advertiser's ad may be shown. These ads are called a "Sponsored link" or "sponsored ads" and appear next to or above the "natural" or organic results on search engine results pages, or anywhere a webmaster/blogger chooses on a content page.

Types of PPC

- Search Engine "Keyword" or "Sponsored Match"
- Content Network (Google Content Network, Yahoo Publisher Network)
- Placement - Keyword + Content
 - Keyword: Cheddar (Yellow)
 - Placement: Allrecipes.com (Blue)
 - Google will find pages that match both (Green)



Major Players in PPC

- Google Adwords
- Yahoo Search Marketing
- Microsoft Adcenter

Search Snapshot

Search Engine	Share of Total Searches	No. of Searches per Visit	No. of Searches per User	Searches per Day	Sites Supplied To
Google Sites	59.2%	3.2	53.1	350 million +	AOL, Earthlink, AT&T, The Washington Post, etc.
Yahoo Sites	21.6%	2.4	24.3	300 million +	CNET, Viacom, InfoSpace, Mamma.com
MSN Sites	7.3%	2.3	17.0		
AOL	6.2%	2.5	12.1		
Ask.com	3.3%	2.3	10.5		

PPC Steps (Google)

1. Plan Your Strategy: Choose Products & Services, break them into Ad Groups
2. Create Landing Pages for each Ad Group
3. Concentrate on Quality Score: SEO Techniques
4. Choose your location
5. Ad Research: Check out your competition
6. Create Ads
7. Keyword Research
8. Create Keywords
9. Plan your budget: Start low, increase as you hit your metrics
10. Complete signup

PPC Analysis

It is extremely important to analyze your PPC campaign to make sure it is providing you with a good Return on Investment (ROI).

Know your Gross Profit per Order:

Total Revenue over X Time:	\$100,000
Subtract Cost of Goods/Services.....	\$60,000
Gross Profit.....	\$40,000
Divide by Total Orders.....	1,500
Result: Average Gross Profit per Order.....	\$27

You need to make sure your Cost per Conversion is less than \$27 to make a profit using PPC

Testing PPC

- Test Average Order Value: Do you need to charge more? Can you charge less and beat your competition?
- Test Ad Variations
- Test Keywords: Wordtracker, Long-Tail Terms
- Test Landing Pages with Google Website Optimizer
- Concentrate on getting:
 - Lowest Possible Cost-Per-Click (CPC) – Determined by competition and Quality Score
 - High Click-Through Rate (CTR)
 - High Conversions
 - Low Cost-Per-Conversion
 - Back your most important keywords with as much of your budget as possible

Other Types of PPC Campaigns

- Comparison Shopping Sites: Advertisers provide a data feed of their products and pay for highest placement
- Service PPC: Similar to Comparison Shopping PPC, advertisers pay for highest placement for the services. TripAdvisor.com is a good example of Service PPC.
- Pay-Per-Call: Advertisers pay per phone call received from search networks. An example of a Pay-Per-Call provider is Voicestar.