



Search Engine Promotion

Pay Per Click (PPC) Guide



Pay per Click Guide

1 Pay Per Click Overview

Pay Per Click advertising can generate a significant amount of quality traffic for your web site. It can however become very expensive and bad decisions and especially mistakes will cost you.

The principal behind Pay Per Click advertising is quite simple. In exchange for listing your URL in search engine results (usually in a prime position), you pay a certain amount for every click that the listing generates.

This has several key advantages over the more traditional organic listings and banner advertising. The most important being the level of control that you gain. With PPC, you have direct control over what is displayed in the search results. For every search term you can specify the URL, the title and the description that you want the end user to see. This enables you to very effectively target your message or sales pitch to your intended audience.

Secondly, as most PPC system are auction based, you can directly influence the position at which your results appear in the results. This is done by the amount that you are prepared to pay for the click, as usually the top bids get the top positions.

You also pay for REAL results that can be measured in the number of users that visit your site. It means that you ONLY pay for the traffic that you receive and you can thus very effectively control your ROI. This is a great advantage especially over banner advertising, where you pay per impression (that is the number of times your banner or listing is displayed) and not for the number of users that actually click on your ad.

The third benefit is that you can bypass all the complicated and time-consuming issues of organic SEO and go straight to the top of the Search results.



Pay per Click Guide

TIP

If you build your business purely around organic results to attract customers, you will be in a much weaker position should something happen to negatively influence your organic listings. Google's infamous Florida update is a prime example, where overnight, thousands of commercial sites lost their all important top positions. This was just in time for the busiest time of the year - Christmas. AdWords customers, (Google's version of PPC) remained largely unaffected by this update.

2 Costs of PPC

Pay per click advertising provides the quickest way to get traffic to your web site, but it can be costly. The cost is mostly driven by supply and demand that is, by the number of users bidding for the available clicks on a given search term. This is directly proportional to the popularity of an engine and the quality of the click traffic that it generates. You can expect to pay anywhere between £0.01 per click to £10 per click or more on terms with a high conversion value. This can add up very quickly and you can easily spend thousands of pounds per week. There is nothing wrong with doing that, provided that you are also achieving a good return on your investment or (ROI). ROI is the key to the success to any PPC advertising campaign.

In addition to the per click fees, there are other indirect costs. These are usually associated with the management of your PPC campaigns. Submitting, monitoring and adjusting bids across multiple PPC engine can be very time consuming and there is a cost associated with that. If this becomes an issue, you can take advantage of some of the direct feed services to simplify the PPC bid management and I will talk about these a little later on.

2.1 Value of a Click

Determining the true worth of a click is not always simple and you need to consider several factors. First of all work out how much an average customer is worth to you. If a customer is likely to make a single purchase, then determining the ROI is quite simple: Profits from sales minus advertising costs. If however your business model depends on establishing a long term relationship with the client, or he is likely to generate repeat sales over time, then you should also take this into consideration.



Pay per Click Guide

The value also depends on your motives. Many PPC engines now also enable you to display a logo next to your listings. Such listings have an additional branding value that you may wish to include in your valuation.

TIP

To help you avoid a common trap, do not assume that if your competition is prepared to pay £0.50, that the click is actually worth that much. Often you will come across bids that are simply not viable. So how can your competition sustain such high bids? There are three possible answers:

- a) Your competition is much better at converting customers, or they have higher profit margins and can thus justify to pay more for the click. If this is the case, you need to take a close look at your overall operation and try to improve customer conversion and your profit margins.
- b) Your competition has poor ROI tracking and is making a loss on the bid without realizing it. This actually happens quite often, especially to novice PPC advertisers.
- c) Your competition is intentionally making a loss on their PPC campaigns to stifle competition and increase their market share.

3 Getting Started

Your first step should be to choose an engine and create an account. Many PPC engines offer special account sign up deals with free click credits. You can take advantage of these to try your first campaign for free.

4 Tracking Campaigns

Before you start any PPC advertising, ensure that you are able to track and monitor the results of your campaign. You need to know how much you are spending and what your return is. This will determine how much you can afford to bid on any given click.

It is also a very good idea to track the ROI for each individual search term. You will soon find that some searches convert much better than others. Spend as much as you can on clicks that convert well and reduce, or drop your bids on search terms that are not.

There are many commercial click and ROI tracking tools available.



Pay per Click Guide

5 Minimizing Costs

There are many things that you can do to minimize the costs of your PPC campaigns, and thus to improve your ROI.

- Minimize bid gaps
- Take advantage of bid gaps
- Optimize your listings
- Target the right keywords

5.1 Minimizing bid gaps

Always keep in mind that bids tend to fluctuate over time. It pays to keep a close eye on your own bids and on those of your competition. You will find that you may have to bid £0.40 per click to be listed in the #1 position, but as advertisers drop out, the price may go down to £0.20 per click. If that happens, you can lower your bid to £0.21 and still retain the top position. At the end of the day, paying £0.40 per click or £0.21, will make quite a difference to your ROI.

Note: Some PPC engines have features to automatically lower your bids to reduce bid gaps, but not all.

5.2 Bid Gaps

Sometimes you will notice a large gap between two consecutive bids. Assume that for a search term you are interested in, the bids for the top 3 positions are:

1. £0.50
2. £0.48
3. £0.05

You would have to bid £0.51 to be at #1, £0.49 to be at the #2 position, but only £0.06 to be at #3. You can utilize such bid gaps whenever they occur to get PPC listings at bargain prices and as you will find out later, the top position may not always be the best anyway.

5.3 Optimizing Listings

Another way to minimize your PPC costs is to optimize your listings. Because you are paying for every click, you only want users that are likely to become paying



Pay per Click Guide

customers to click on your link. If you are clever about what you are doing, you can pre-screen your users by giving them enough information so that they can make an informed decision whether your site contains what they are looking for. You can do this in the title and description of your listing. It will be cheaper for you if they find this out from the listing itself rather than later, once they visit your site and have cost you money.

Example:

Consider two listings below for a London hotel:

Listing #1:

"Enjoy your stay in London at our hotel. We offer affordable, quality accommodation in a friendly atmosphere."

Listing #2:

"London Hotel. 5 minutes from Heathrow Airport, 3 star rating, rooms available from £150 per night. Book Online."

When customers are looking for accommodation in London, they may be after a hotel located in the city center or close to the airport. They may want a cheap £15 per night hostel, or a luxury 5 star accommodation. In the first example, it is not clear what it is that you are offering, and the only way to find out, is to click on the link and visit the site. As a result, you will get a lot of customers clicking on the listing, only to find out that what is being offered is not really what they are looking for.

The second example, mentions the location and the price that one can expect to pay. This enables the customer to make an informed choice whether the site has something that is right for them, BEFORE they waist a click.

As with everything there are exceptions and you may also need to balance the amount of information that you provide. Provide too little information and you will pay for a lot of clicks that will never convert. Provide too much information and you risk scaring off users that could have become paying customers had they only visited your site. Every industry and in fact every search phrase is different, and the only way to really know what works best for you, is to try different things and compare the results.

5.4 Targeting the right keywords

It is very important to target the right keywords, however knowing what the "right" keywords are, can be a complicated process involving a great deal of trial and error.

Many PPC engines provide their own Search Term Suggestion utilities to help you identify the actual terms that real users use, or you can use commercially available PC tools. Keep in mind however, that the MOST popular search terms are not often the best ones.



Pay per Click Guide

The general rule is that the more specific a search phrases is, the better it will convert. This assumes that you are able to provide the service that the user is searching for in the first place. General search terms tend to have much lower conversion rates, so be aware of that when placing bids.

The best advice I can give you, is don't be afraid to try things out. You can get a good idea of what works fairly quickly, just don't forget to track the performance of each individual bids separately. Oh and when experimenting, don't forget to cap your maximum spend limit, because mistakes can cost you. It is surprisingly easy to use up your monthly budget within a few hours on popular search terms.

6 Position, Position, Position

Statistically, #1 listings get the MOST clicks. This means that if you have the highest bid and are ranked #1, you are likely to get the majority of the available click traffic. Second and third positions are also not too bad, but there after, the click through rate drops off dramatically.

It is great to be #1, but the top position may not always be the best. The top position are subject to more fraud and compulsive user behaviour. This is especially true of the #1 position.

Although many PPC engines try to minimize fraud, it does happen. This is especially true with the smaller PPC engines where a large number of dubious affiliate sites have a financial incentive to artificially inflate the number of clicks. As the top listings are more profitable, they tend to suffer more. In addition, competitors are also often guilty of clicking on their competitor's listings. For many people, the twisted satisfaction gained from using up a competitor's click, is simply too much to resist. And again, the top bids are suffer the most.

Secondly, there are users that suffer from CCS (Compulsive Clicker Syndrome). Such users always tend to click on the #1 search result, often without even reading the description, in a hope that the #1 result will have what they want.

Unfortunately such users do not usually convert well to paying customers. CBS (Compulsive Browser Syndrome) is another compulsive user behaviour that is a source of wasted clicks. Users suffering from CBS will quickly open the top results simultaneously in new browser windows, usually without reading the descriptions. They wait for all pages to load, hoping that at least one of these will have what they are looking for.

When you consider all of these factors, you may actually find that on some searches terms, the ROI of the #5 position can be much higher compared to #1. You will have less clicks, but a much higher conversion and a lower per click cost. At the end of the day it depends whether a larger volume with a smaller ROI is



Pay per Click Guide

more profitable, compared to a low click volume #5 position, with a higher conversion and lower cost.

Despite all of this, on some PPC engines, the difference between the #1 and #3 position can be quite significant. Overture for example has a number of high traffic, high profile partner sites that only display the top 2 Overture bids for any search term in the results. So, if you are #3, you miss out.

No two businesses are alike and what works for one may not work for another. To find out what the best strategy is for you, simply try different things and compare the results. I know that I have said this before, but really this is the best way to get a feel for everything.

7 Pay Per Click Engines

There are now dozens of PPC engines; the well know tier 1 brands liker Overture, the smaller tier 2 engines like Kanoodle, and the PPC wanna be's. The following is just a partial list:

- [Overture](#)
- [FindWhat](#)
- [Espotting](#)
- [FindWhat](#)
- [Kanoodle](#)
- [Enhance](#) (formally Ah-Ha)
- [SearchFeed](#)
- Search 123
- [7Search](#)
- [ePilot](#)
- [Xuppa](#)

7.1 Choosing a Pay Per Click Engine

There are many PPC engines that you can choose from, but not all are equal. Do not assume that if you have achieved very good results with one engine that you will be able to gain the same results on all others. Also do not be daunted by initial failure and try several different engines.



Pay per Click Guide

The problem is related to the way the different PPC engines generate clicks. Results from the tier 1 PPC engines like Overture and Google's AdWords can be found on many major portals. This ensures a very good distribution, a lot of traffic and a very broad user base across all fields of interest. Bids on these engines can however be ten times or more as expensive compared to the bargain bin prices you can get at second tier engines.

The smaller, second tier PPC engines tend to be a lot more creative when it comes to obtaining clicks. This can be good, but more often the traffic quality suffers as a result.

You have probably come across pages in other search engines that do nothing but provide a list of search results from other engines (usually PPC). You may also have come across sites that automatically query a PPC partner engine to generate a list of results for their links section and so on. These are all designed to generate clicks that are then sold to advertisers.

There are also many other dubious methods and they include pay to surf programs. Here users get paid based on the number of paid links they click on and visit. Most of the time, such clicks just waste advertiser's money.

TIP

To help minimize this problem, it is a good idea to run a test campaign first with a small budget. Depending on your expected conversion rate and the click cost, a sample of anywhere between 100 to 1000 clicks can give you a fairly good indication of whether the traffic provided by the engine will convert.

If you do not achieve a positive ROI try to reduce your bid, re-write your description and title and try again. If even that does not work, try a different engine.

TIP

Try a mixture of tier 1 and tier 2 engines for your initial campaign. This will provide a valuable comparison between the different engines. The tier 1 engines tend to have a much higher minimum bid price, whereas on some of the smaller PPC engines, you can get bargain bin prices that are as low as £0.01 per click.

8 Data Feeds

It is now possible to submit data feeds into many of the PPC engines. This makes it very easy to maintain and administer a large database of keywords and URLs.



Pay per Click Guide

The down side of such services, is that you will usually pay a fixed price per click, or are charged a service fee.

8.1 How they work

Feed services like PrioritySubmit.com are able to accept a list of you URLs and keywords in a data file. This could be from a database or from Excel sheet. Your bids are then submitted in bulk to each of the PPC engines that you nominate. All bids are set at a uniform price and there is no further management required. The services fee is typically a few cents charged from every click received.

8.2 Advantages

The main advantage of the feed system is that it enables you to manage a vast number of bids across multiple PPC engines. As there is typically only one central account for all your billing, this also simplifies accounting and account administration.

You can interface such a system with your own tools, that can generate and submit a list of bids directly from your database. For each search term, you could also analyze the ROI in real time and either drop or suspends bids that are not performing. To do this manually for a large number of search terms across multiple engines is simply not feasible.

The down side is that you will pay a little more per click, but the time you will save administering your bids can often be worth the cost. For a summary of current PPC feed pricing, there is a good page:

<http://www.trellian.com/addurl.htm>