

Put Your Website To Work For You

Part 5: Paid Advertising

This is part 5 of a series of articles about website analytics and search engine optimization. Click the links below for the first four parts.

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Even with a website that is optimized for search engines, attracting the traffic you want can be a difficult task. Perhaps the keywords that people would use to find your site are too general or there are too many other sites that use similar keywords, thus preventing you from reaching the first page of search results. Or maybe you don't want to rely on the ever-changing nature of internet search algorithms to be your only source of traffic.

Whatever your reason is for using it, paid search advertising provides a reliable avenue for increasing traffic to your website. In this document, we'll discuss the most common form of paid search advertising - **PPC**, or **pay-per-click** advertising.

PPC ADVERTISING

Pay-per-click advertising is a form of advertising where advertisers only pay when someone clicks on their ad. This is in contrast to more traditional advertising models where an advertiser would pay simply to have an ad displayed.

Sites that display PPC ads - generally search engines and their affiliates - will display an ad associated with a specific keyword or group of keywords. PPC advertising works much like search engine optimization in that the advertiser needs to know what keywords people will use to search for them. If a user enters the keyword or words associated with an ad, that ad will be returned with their search results.

Since there is competition over most keywords, advertisers will bid against one another for better placement. While Google or Bing might display as many as ten ads on a page of search results, studies have shown that the first three ads on a page produce disproportionately greater results than lower-placing ads, so having good placement for a particular keyword is an important factor in a successful ad campaign.

An important concept in PPC advertising is the **CPC**, or **cost per click**. This is the actual amount paid for each click for a given ad / keyword combination. In a bid-based model, the search engine will compare an advertiser's maximum bid against the other bids for a given keyword. If the maximum bid is greater than all other bids, then the advertiser will pay slightly more (usually 1 cent) than the next highest bid and usually (but not always) receive top placement. If an advertiser's maximum bid is less than other bids, they will pay their maximum bid and (usually) receive a subsequently lower placement.



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While generally, the ad with the highest bid will be displayed first, this is not always the case. Another factor that determines ad placement is known as the **quality score**. The bid amount is multiplied by the quality score and this number is used to determine ad placement, with the highest scoring ad receiving first place. A number of factors go into determining the quality score including the relevance of the ad to the page that it links to and the text of the ad itself. Thus, the quality score helps advertising networks weed out malicious or untruthful advertisements.

Most advertising platforms will have an advertiser set both a maximum bid for their keywords and an overall budget, usually daily. So if an advertiser bids on a keyword that is searched for frequently, they could potentially run through their budget for the day before that time is up. If that happens, their ad will not be displayed until the next day, no matter how many times someone searches for that keyword.

OTHER TERMINOLOGY

There are a few other terms that you should be familiar with that are commonly used in PPC advertising.

An **impression** occurs whenever an ad is displayed. Since an advertiser only pays when someone clicks on an ad, they could have hundreds or thousands of impressions for each click. Advertisers do not pay for impressions - they only pay when someone actually clicks on the ad.

The **CTR**, or **click-thru rate**, is determined by dividing the number of clicks by the number of impressions. An ad that is displayed 100 times and receives 1 click would have a CTR or .01 or 1 percent. The CTR is an effective indication of the quality of the ad. A high CTR indicates that people searching for a keyword find that advertisement compelling enough to click on it.

The **landing page** is the web page that the user visits after clicking on an ad. Having a landing page that is relevant to both the ad that was displayed and the keyword that was searched for is an important factor that goes into determining an ad's quality score, and thus affects its placement. But more than that, the landing page is the advertiser's primary chance to capture the visitor's attention and lead them to a goal.

A **goal** for a landing page is the reason why you are advertising in the first place. If you are selling a product, then a goal would be a sale. If you are trying to attract new members, a goal would be having the visitor fill out an application form. Whatever your goal is, it will usually involve the visitor filling out a form on your website.

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Once a visitor has successfully completed a goal, they are counted as a **conversion**. The **conversion rate** for an ad is the number of clicks divided by the number of conversions. This number tells you how many people who actually clicked on your ad and visited your landing page went on to complete your goal.

The conversion rate is your ultimate indicator for the success of an ad campaign. You can have a high-ranking, effective ad that attracts visitors to your site, but if they do not complete your goal, they have not fulfilled your reason for running the ad in the first place.

Click fraud is a crime that occurs when someone clicks on an ad for the purpose of generating a charge to the advertiser without any intention of converting. Google and Microsoft have both implemented a number of measures to detect and prevent click fraud.

GETTING STARTED WITH PPC ADVERTISING

Traditionally, there have been three major players in the PPC advertising space - Google, Yahoo, and Microsoft. While Google has long been the dominant force in the market, Yahoo and Microsoft also attract a significant number of searchers. Recently, Yahoo and Microsoft have merged their advertising platforms so that they are both using Microsoft's AdCenter. By using that network along with Google AdWords, your advertisements will reach nearly all internet searchers.

While there are other forms of paid advertising available for websites, PPC is by far the dominant avenue. Banner ads were once more prevalent, but these days few people click on them. When Google introduced plain text ads next to their search results, they changed the entire online advertising world. You may still run into banner or Flash ads on websites, but they are generally very expensive and offer a poor ROI for all but the largest advertising budgets.

Another avenue open to you may be paid directories. Once, Yahoo was the king of directories, but their influence has dwindled over the years as more people have chosen to search for sites of interest rather than browse through a general directory. Today, there are more specialized directory sites that offer paid listings. These can be very effective at generating leads, so be sure to look around and see if there's one that matches your field of interest.

If you'd like some advice or assistance getting started with PPC Advertising, feel free to contact us at webmaster@memberclicks.com. We will be happy to share some of the knowledge we've gained from years of running our own campaigns.