
Paid Search Advertising that Delivers Maximum ROI

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Paid Search Advertising (also Pay-Per-Click, PPC) has gained a significant influence in the search engine industry over past couple of years. Whilst a traditional search engine optimisation still remains the online marketing strategy number one, more and more e-marketers discovering the potential of online advertising campaigns. Properly designed and managed, PPC campaign can deliver highly qualified visitors to your online shop.

1. Quick Overview

Pay-Per-Click (PPC) Search Engines are built on the similar principle as auctions. The difference is that you bid on keywords -- terms people use when they search for stuff on the internet.

The concept of PPC bidding is rather simple: you buy (= bid on) keywords that relate to your product. The highest bidder gets placed at the top of the search results, the second highest bidder gets the next listing and so on. Every time someone clicks through to your website, you pay the amount you bid on that particular search term.

Advertising with PPC search engines basically gives you three key advantages:

- Cheap and Highly Targeted Traffic

With bidding on keywords that relates to your product or service, you actually pre-qualify the type of visitors you wish to attract. You determine how

much you are willing to pay (bid) for the click and you only pay when someone clicks on your ad. This implies that PPC search engines can cheaply direct qualified visitors to your website.

- Fast Exposure, Immediate Profits

Traditional search engines usually take few weeks (sometimes even months) to list your website. If you are having problems to get your website indexed by search engines or if you would like to get a quick results from the search engines then PPC is the best alternative. Most of PPC search engines will set your website live within a couple of hours (maximum few days) and the impact on your site traffic and sales is practically immediate.

- Guaranteed Top Position

Search engine optimisation is the classic method of getting your website on the top of search results for free. Simply said, the process of optimisation involves choosing keywords that are directly related to your website and placing them meaningfully within your pages. However, as easy as this sounds, for an average webmaster this is usually a quite daunting task without any guarantee on the success. This again brings me to PPC as the best solution to gain high rankings on the search result list. Often, by spending just few cents per click, your website can get to the top three positions within 24 hours!

The best-known and most popular PPC Search Engines are Google AdWords (www.google.com/ads) and Overture (www.overture.com). Advertising with those two industry leaders will get your website lots of exposure and traffic. Furthermore, top 3 listings in Google AdWords and Overture appear on an extensive network of sites (including Yahoo!, MSN, AltaVista, Excite, and many others) so you can reach up to 80% of all active Internet users. However, at the same time be prepared that their top listings tend to be rather expensive and you need to pay quite a bit.

Generally, the more popular keyword you choose for bidding the higher is the price. You can start your bid from 1 cent per click and finish paying \$5.00 (or more) for very competitive keywords.

2. Designing Successful PPC Campaigns

The golden rule of PPC bidding is: "Attract highly qualified buyers and keep your bids as low as possible". Since you are paying for each single visitor landing on your website obviously you wish to maximize the effectiveness of your PPC campaign. Let's take a look at some basic guidelines to help you optimise your campaign and ensure your ROI:

- Determine your bid cost

The calculation of the bid cost (also cost per click) requires a rather complicated formula. For the purpose of this article I mention just a baseline that helps determine how much you can afford to bid:

- Firstly, you need to know the conversion rate of your web site. That means how many unique visitors you need to close one sale. For example, if you need 50 visitors (= clicks) to close 1 sale then your conversion rate is 2%. If your bid is 10 cents per click than one sale has \$5 of bidding cost.

- Secondly, you need to know your profit margin. If your profit margin is high enough to justify the cost you can consider increasing the bid and getting a higher position for your ad. This way you may increase the number of clicks through your website and acquire more sales.

- Finally, calculate if the extra sales justify the extra cost and adjust the bid accordingly.

- Focus on highly targeted keywords

As mentioned earlier, PPC Advertising can deliver cheap and highly targeted traffic to your website. To use this advantage to your benefit it is important to choose wisely the keywords you wish to bid on. The key is to be specific. For example, instead of bidding on "skin care" you can consider bid on "anti ageing herbal treatments". More targeted keywords attract more qualified buyers. It is easier to convert them into paying customers because they found exactly what they were looking for. This strategy is also a big money saver -- more specific keywords tend to be less expensive than the general ones everybody is bidding on.

- Customize your advertisements

You will attract more attention from qualified buyers by writing ads specifically for each of keywords you bid on. Speak directly to the type of visitor you want to serve. For example, instead of writing an ad for "pies" you can write "home made meat pies".

When tailoring your ads to a specific audience, be also sure that you direct your visitors to a page on your website where it's easy for them to buy these items.

- Use less popular PPC search engines

Overture and Google AdWords are clearly the PPC market leaders. However you can still benefit from the less popular ones such as:

- FindWhat <http://www.findwhat.com>

- Espotting <http://www.espotting.com>, (biggest PPC engine in UK and European market)

- 7search.com <http://www.7search.com>

- Kanoodle.com <http://www.kanoodle.com>

- Enhance Interactive <http://www.enhance.com>

- Sprinks <http://www.sprinks.com>

Bids on these less popular PPC search engines are much cheaper and you can purchase your listings for as little as one cent per visitor. Even though you may not get the same exposure as you would get with Overture and Google, you still generate a decent amount of traffic. And while you only pay for actual clicks to your website, you never waste your money.

- Choose the best position for your advertisement

To be listed first on the search results is not always a smart move. It certainly helps to attract lots of visitors, but may cost you lots of money at the same time. People usually visit first 5 top listings before making a final decision about their purchase. Therefore, it is more profitable to have lower ranking for highly competitive keywords.

3. Managing PPC Advertising Campaign

You have designed a killer selling ad copy, chosen highly targeted keywords, calculated the maximum you can afford to bid on each of search terms and determined which spot on the search results you wish to secure. Yet, there is no guarantee that your ad always remains on your desired position.

The key to managing the desired position is to adjust your bids correctly in

accordance to the PPC market conditions. It's like monitoring shares on the share market -- to get the best deal you need to constantly watch prices and react immediately to any change.

The main factor influencing the price of the bids and your position are your competitors. Let's make few examples of bidding strategies you can consider using in your PPC campaign: assuming, your maximum cost per click is \$1.00 and your goal is to secure position #3 at the most effective cost.

(a) Maintain Target Position

Your aim is to target the position #3 however your ad appears on the position #10. Knowing that the current holder of the position #3 pays \$0.51 per click you can improve your position and take over his place by bidding \$0.52. This strategy sometimes tends to drive up the keyword prices so be aware you don't cross the limit of spending \$1.00 per click.

(b) Remove Bid Gaps

Overture defines the bid gap as "the difference between the amount you are currently paying for a click and the minimum you could be paying to still remain above your next highest competitor in the search results."

For example: You pay \$0.70 per click and your next highest competitor pays \$0.60 per click. You can pay just \$0.61 per click and still be placed above your competitor. By closing this bid gap you save \$0.09 per click which in 1,000 clicks is saving of \$90!

(c) Control your Maximum Cost per Click

As mentioned earlier in this article, the calculation of your maximum bid cost (cost per click) requires you to collect a list of statistics about your website. Based on our assumption, you are willing to pay maximum of \$1.00 per

click. Therefore you should not pursue any positions where the bids are over your \$1.00 limit. Wait till the price falls under \$1.00 to prevent any possible losses.

To get the most accurate bidding results without having to baby-sit your advertising campaign, I would recommend relying on one of the automated bid management software available on the market today. In general, those tools constantly check your bids and adjust them accordingly to maintain your desired position so that you don't have to be alert 24/7.

The more sophisticated tools allow you to set your daily budget to prevent spending more than it is efficient for your business. Below I have listed the main features you should be looking for when choosing the bid management software for your campaign:

- The ability to create and identify targeted keywords and phrases that convert leads in sales.
- The ability to set the maximum amount your want to bid.
- The ability to fix bid gaps so you don't pay more money than is necessary
- The ability to set your desired position.
- the ability to compile comprehensive reports on your keywords, bidding cost, bid position and current bid for each keywords.
- The ability to monitor competitor's activity by checking competitors ranking and current bids.

If you would like to download a demo version of bid management software, there is one available for free at website <http://www.keywordbidmaximizer.com/bidmaximizer>. It will help you to better understand the whole process of designing and maintaining PPC campaigns so you always manage to cost-effectively allocate your budgets and increase your revenue.

Paid Search Advertising presents an excellent opportunity to immediately address your offers to the proper online audience. Focus on identifying highly targeted keywords that convert for your website. Calculate your bids so your sales justify the cost. This way you will maximize your return on investment and ensure your website's success with PPC advertising.

About The Author

Ivana Giardi is Marketing Director at Apex Pacific, developer of smart internet marketing solutions to help companies increase sales and profitability online. If you would like to learn more about Paid Search Advertising, visit Apex Pacific at www.apexpacific.com or email Ivana at marketing@apexpacific.com.

