Optimize Your Paid Search Program

- In this section, we discuss:
  - Types of Paid Search
  - Planning Paid Search
  - Paid Search Optimization step-by-step guide to implement a paid search campaign
Why Paid Search?

- Compare to SEM, what are the advantages of paid search?

  - **Economic** advantages
    - Customer quality
    - Customer segmentation
    - Cost
    - Timing

  - **Technical** advantages
    - Unlimited keywords
    - Flexibility
    - Customer oriented design
Why Paid Search?

- What’s the catch?

- **Show me the money!**
  - Remember the click frauds?
  - Paid search can be expensive if not executed properly
Types of Paid Search

- **Fixed Placement**
  - The place your ad appears remains fixed
  - The price is usually also fixed
  - Pay – per – impression
  - Long contract time

- **Pros & Cons**
  - Place guaranteed. Price predictable & fixed
  - Not flexible
  - Bottom line: be **VERY SURE** about what you are pursuing
Types of Paid Search

- "Traditional" Paid Placement
  - The one we’ve been discussing the whole semester
  - Google & Yahoo still own 97% market
  - Small players: GoClick.com & msn AdCenter

- Characteristics
  - Pay-per-click
  - Pay by bidding in keyword auction
Types of Paid Search

### Types of Paid Search

- **Traditional Paid Placement**
  - Keyword bidding is a complicated process.
  - Both Google and Yahoo now use a combination of price and click-through to determine the winner for a bid.
  - This makes estimation of final keyword cost difficult.
Types of Paid Search

Contextual Ads: Which One Works Best: AdSense, YPN or Chitika?

Ads by Google

Google Advertising
Bring traffic to your site in minutes - Try Google AdWords.
adwords.google.com

AdWords Professionals
Let Team Manage Your Campaigns! Get More Conversions & Higher ROI
www.PPCGeeks.net

Email Tracking
Shopping with contextual information regarding to your items
www.cliqxpress.com

Easy Pop-Out Video Ads
Online Ads $5/thou clicks Show & Sell on Web - Free Trial
www.streamernet.com

Until the Yahoo Publisher Network and the Chitika Mini-Malls did enter the contextual advertising market this year, Google AdSense was the only supplier of text-based ads dynamically matching the content of any content they were placed next to.
Types of Paid Search

- Contextual Ads: Pros & Cons
  - **Audience**: very specific customer groups
  - **Control**: You cannot choose the site, the place or the ad.
  - **Cost**: should contextual ad. Cost the same as paid placement?
Types of Paid Search

Local Ads

Local search is deemed as the holy grail of advertising. Used to be mainly offline (think yellow page and local newspapers). At infancy stage online, more than ¼ searches in 2004 are near home or work. 70% had used the Internet to search for a local service at any point, and 46% had used the Internet to search one or more times for a local service in 2005.
Types of Paid Search

Local Ads

Yahoo is the biggest vendor.

Free listing

Business Information Systems Program, Lehigh University
621 Taylor Street
bethehem, PA 18015
610 758-4234

Description: This is the business information system program at the Lehigh University
Types of Paid Search

- **Shopping Search**
  - Specifically designed search engines that offer one-stop shopping for particular products
  - Customers: transactional searchers ready to buy (twice as likely to buy and buy twice as much)
  - 1% of all Internet traffic, 22% growth rate (2004)
  - Major players

- Competitors in the same product category are charged the same per-click fee
Planning Paid Search

- **STEP 1: Don’t forget your GOALS!**
  - What do you want? Traffic or conversion?
  - Remember to measure them!

- **STEP 2: Paid Placement Search – Position**
  - Top position attracts 40% more traffic than 2nd position
  - 80% of the lower demand keywords show higher conversion rates for lower slots!

- **STEP 3: Don’t forget local search!**
Planning Paid Search

- **Marketing Basics (and how they relate to SEM)**
  - **Scarcity:** scarce items cost more (less supply, more demand)
    - In shopping search -- product categories with more competitors cost more
    - In paid placement -- more bidders = higher fees

- **Efficiency:** sellers will maximize the price based on the value to the buyers
  - In other words, the market price is an *unbiased estimate* of the true value of the product
  - In the real world, no market is totally efficient – information asymmetry
  - In paid placement – *better understanding of your keyword value* is the key to higher efficiency
Planning Paid Search

- Marketing Basics (and how they relate to SEM)
  - **Efficiency:** sellers will maximize the price based on the value to the buyers
    - Why could someone outbid you?
    - In other words, why would the value of a keyword be higher for your competitors?
Planning Paid Search

- **Starting your paid placement campaign**
  - **Start small**: don’t expect it to work at the beginning
  - **Start broad**: choose a collection of keywords, collect data
  - **Monitor closely**: collect traffic, conversion, profit…. As much data as you could get
  - **Optimize the list**
  - **Iterate!**
Step-by-step Paid Search

1. Decide your budget
   - **Build to budget**: add up all your costs and ask for the budget
     - Creative costs
     - Management costs
     - Media costs
   - **Budget to build**: handed a budget to do everything
   - Decide your media cost
     - Very difficult task, since cost is dependent on click-through
     - And google only shows you the AVERAGE bid
     - And MORE THAN that!
Step-by-step Paid Search

1. **Decide your budget**
   - **Decide your media cost**
     - Test using both yahoo and google
     - Don’t estimate
     - Use the average
   - **Media cost could not be estimated accurately**
     - Second price auction
     - Conversion affects fee
     - Auction is an ever-changing game
Step-by-step Paid Search

2. Set Up Your Account

- Focus on one vendor to begin
- Google vs. Yahoo
  - Used to have different style
  - Gap surfing, bid jamming & dayparting
  - No longer useful

$1 → $0.99
$0.5 → $0.51
$0.25
Step-by-step Paid Search

3. Select Bid Management Tool
   - To start, google or yahoo tools are fine (and free!)
   - Other tools are:
     - Market leap
     - performics
     - The search works
Step-by-step Paid Search

4. Select Targets

- Keywords or products
- For shopping search engines, set up trust-feed and pay a fixed fee
- For paid placement, refer to our discussion before regarding keyword selection
Step-by-step Paid Search

5. Manage Keywords
   - Yahoo divide keywords into categories
   - Google refers to them as ad groups → campaign

6. Match Type for Keywords
   - Broad match (google default) / advanced match (Yahoo): include variation of keywords
   - Phrase match (google): must contain the exact phrase!
   - Exact match (google) / standard match (yahoo default): only the exact phrase
   - Negative match

7. Geographic targeting of keywords
Step-by-step Paid Search

8. Select Bidding Strategy

- Three focuses: maximize returns, minimize costs, maximize profit
- The key is to use metrics to drive your bids – objective bidding

- Metrics useful for bid management
  - **CPA**: ad cost / number of ACTIONS (minimize costs)
  - **Profit Margin**: profit per unit / revenue per unit (maximize profit)
  - **ROAS**: revenue / ad cost (maximize returns)
  - **ROI**: profit / ad cost (maximize returns)
  - **Allowable**: highest CPA

- You cannot optimize ALL metrics!
  - Different optimization strategy leads to different performances
Step-by-step Paid Search

9. Make your bid

- Bids start at 1 to 10 cents
- Every bid must be at least 1 cent higher than the bid below
- You can set budget maximums, bid maximums, and cap for your campaign
- Bidding is usually an iterative process – trial and error!
Step-by-step Paid Search

10. Attract the searchers
   - Optimize the copy
     - Use the keywords
     - Sell your uniqueness
     - Don’t hype it up, but try to draw attention
     - Call to action
     - Create urgency

SONY - Digital Cameras
Sony.com/Cybershot    Huge LCD Makes Taking Spectacular Pictures Easier Than Ever

- For shopping search
  - Complete and correct metadata
  - Price
  - Merchant rating
Step-by-step Paid Search

10. **Attract the searchers**
   - Optimize the landing pages
     - Include the keywords – reinforce the **message**
     - Reinforce your **offer**
     - Do NOT use **pop-ups and visitor traps**
Step-by-step Paid Search

- “Maintenance” -- Measure and Adjust!
What’s Next?