

Pay Per Click

Search Engine Marketing

FOR

DUMMIES®

by Peter Kent

Author of Search Engine Optimization For Dummies



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About the Author

Peter Kent is the author of numerous books about the Internet, including *Search Engine Optimization For Dummies*, the *Complete Idiot's Guide to the Internet*, and the widely reviewed title, *Poor Richard's Web Site: Geek-Free, Commonsense Advice On Building a Low-Cost Web Site*. His work has been praised by *USA Today*, *BYTE*, *CNN.com*, *Windows Magazine*, *The Philadelphia Inquirer*, and many others.

Peter has been online since 1984, doing business in cyberspace since 1991, and writing about the Internet since 1993. Peter's experience spans virtually all areas of doing business online, from editing and publishing an e-mail newsletter to creating e-commerce Web sites, from online marketing and PR campaigns to running a Web-design and hosting department for a large ISP.

Peter was the founder of an e-Business Service Provider funded by one of the world's largest VC firms, Softbank/Mobius. He was the VP of Web Solutions for a national ISP and VP of Marketing for a Web applications firm. He was also the founder of a computer-book publishing company launched through a concerted online marketing campaign.

Peter now consults with businesses about their Internet strategies, helping them to avoid the pitfalls and to leap the hurdles they'll encounter online. He also gives seminars and presentations on subjects related to online marketing in general and search engine marketing in particular. He can be contacted at Dummies@PeterKentConsulting.com, and more information about his background and experience is available at www.PeterKentConsulting.com.

Dedication

For Cheryl

Author's Acknowledgments

Thanks again to Wiley's staff, in particular Acquisitions Editors Terri Varveris and Tiffany Franklin and Project Editor Blair Pottenger, for putting up with my idiosyncrasies and believing that indeed they *would* finally end up with a book, more or less on time. And, of course, the many Wiley staff members editing, proofreading, and laying out the book.

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Introduction

Welcome to *Pay Per Click Search Engine Marketing For Dummies*. If you're reading this book, you've undoubtedly heard all the talk about *Pay Per Click*, advertising for the masses. Anyone with a credit card and a Web site . . . wait, no, you don't even need a Web site anymore. . . . Anyone with *just a credit card* can place ads on major search engines and major content Web sites with just a few minutes' work.

You've probably heard how simple Pay Per Click (or *PPC*, as we insiders know it) really is. But if that's the case, how have I managed to fill an entire book on the subject?

Well, as is almost always the case, things aren't as simple as they appear. Getting started with PPC is very easy; what takes a bit more time and understanding is getting started and making it work. I know companies that are doing very well with PPC advertising — one company that even spends \$2 million on PPC ads *every month*. I also know companies that are losing money with their PPC ads.

Making a PPC campaign work takes some brains, and although this is the *For Dummies* book series, the publishers of this series have always believed they were publishing for *smart people*; it's just that, at the point of picking up the book for the first time, those people don't feel so smart about the subject. In fact, they feel a little lost. They want the straight dope, and they want it fast, in an easy-to-digest format. That's just what you get with this book. By the time you finish this book, you'll be no dummy in the PPC world. You'll have a good idea of where to begin and where to go.

About This Book

This book simplifies the whole Pay Per Click advertising business for you. You find out how to make PPC ads work *for* you, not *against* you. In this book I show you how to

- ✓ Figure out where to place your PPC ads. You have *many* choices.
- ✓ Make sure that you're using the right keywords to trigger your PPC ads.
- ✓ Calculate your breakeven and gross profit numbers.

- ✓ Calculate your return on investment (ROI).
- ✓ Pick the keywords that will connect you with your customers.
- ✓ Write ads that encourage the right people to click your ads . . . and discourage the wrong people.
- ✓ Bid on your ads in a way that makes sense (and cents).
- ✓ Work with the major PPC systems — Yahoo!, Google, and MSN.
- ✓ Use geo-targeting to put your ads in front of people close to your business.
- ✓ Work with content-placement systems to place your ads on non-search Web sites.
- ✓ Track the effects of your ads, in terms of sales and other conversion types.
- ✓ And plenty more!

Foolish Assumptions

You and I have a lot to cover in this book, so we don't have time for the basics. So I assume that, if you're reading this book, you already know a few things about the Internet and search engines, such as

- ✓ You have access to a computer that has access to the Internet, and you know how to connect.
- ✓ You know how to use a Web browser to get around the Internet.
- ✓ You know how to carry out searches at the major search engines, such as Google and Yahoo!.
- ✓ You know how to use Web-based form systems. You'll be using a variety of online systems to create your ads.
- ✓ You, or someone working with or for you, know how to create Web pages. You'll probably be pointing PPC ads to those pages (although it is possible to run PPC ads, in some cases, without having a Web site).
- ✓ You have some basic writing skills. You'll be writing simple little text ads, so you need to be able to string a sentence or two together.
- ✓ You can do a little in the way of math. You'll need to carry out the simple calculations required for figuring out whether you're making or losing money on your PPC campaign.

There's actually very little in the way of nasty technical stuff in this book. I do discuss IP numbers, but don't worry; it's only in passing, and I explain what they are. Perhaps the most complicated technical stuff in the book is in the

chapter on tracking conversions and sales (Chapter 15), but it's really quite straightforward. Anyone who creates Web pages should be able to understand how to enter tracking codes into those pages.

How This Book Is Organized

Like all good reference tools, this book is set up to be read “as needed.” It's divided into several parts, which I discuss shortly. So if you want to jump right in and learn about working with Yahoo!'s Sponsored Search PPC system, just skip to Chapter 8. If you need to understand how to write good PPC ads that the PPC services won't reject and that will encourage the right sort of people to click through to your site, then read Chapter 6. If you need to understand the different options open to you for tracking traffic as it comes to your site and figuring out what those visitors actually do on your site, then flip to Chapter 15.

However, I really recommend that you read everything in the book because it will make a big difference to your chances of success. When I wrote the book, I put the basic foundation knowledge at the beginning, the information on how to get started in the middle, and the more-advanced details at the end. You really should understand how to write ads (Chapter 6) before you start working with the PPC systems (Chapters 8 through 14), and you need to know how different bidding strategies can hurt and hinder you (Chapter 7) before you actually invest a lot of money in your PPC campaigns.

This book contains a lot of information, and you never know what you might need. Are the clicks on the major systems too expensive? Then you might try a few lesser-known systems (see Chapter 11); have you seen a sudden surge in clicks to your site, but without an increase in sales? Maybe you should read Chapter 5. PPC can be very profitable for companies that understand how to use it, so make the most of the book you are holding in your hands.

Don't forget to visit the Web site associated with this book. At www.dummies.com/go/payperclick, you can find all the links in this book. And don't forget to visit my Web site at www.PCBulletin.com, where you can find links to special discounts on a variety of PPC services.

Part I: Preparing for Your Campaign

I start at the beginning, getting you ready for your PPC campaign. In this part, you find out just exactly what PPC *is* and where it came from. You discover the different places you can place ads, from search engines to content sites,

from the monsters of the PPC world — Yahoo!, Google, and MSN — to the second- and third-tier systems — Kanoodle, Miva, Searchfeed, myGeek, Quigo, and many more. You find out how to calculate your “return on investment,” how to pick keywords for your campaign, and how to write ads that work well. You also get the lowdown about how advertisers bid for the position of their ads on the search-results page and about a number of bidding strategies. Bidding for position is not like bidding at an auction, so I show you a number of strategies that can make or save you money.

Part II: Using the PPC Systems

In this part, I explain how to work with the major PPC systems. Each one works a little differently and has its own advantages and idiosyncrasies. Yahoo!, Google, and MSN are responsible for the majority of the world’s PPC ads. But what if their ads are too expensive? Or what if they work really well, but you want more clicks? I also show you other places where you can buy PPC ads — the second- and third-tier PPC systems.

But there’s more! How about using the PPC systems of content-placement services such as Quigo? Or the PPC-based shopping directories, like Yahoo! Shopping, or perhaps the Yellow Pages PPC systems? You need to understand geo-targeting, too, with which you can present your ads to Internet users in particular locations, even down to circles with a half-mile radius in American cities (in theory, anyway; I explain why practice is different).

Part III: Managing Your Campaign

Your advertising campaign may be up and running, but don’t think that means you can sit back and rest on your laurels as the sales pour in. There are a number of things you need to know about to make sure everything stays on track.

Running a PPC campaign without any kind of tracking is a recipe for disaster. You’ll miss opportunities, as well as problems. How do you really know whether you’re making money from PPC if you aren’t measuring how many people come to your site and what they do when they get there? How do you know which keywords and ads work well, and which are losing you money, if you don’t track? You don’t. So in this part of the book, I show you how to keep track of how many visitors come to your site from the PPC services and what actions they carry out on your site.

I also point out the various bid-management tools available to you; that is, tools that are more advanced than the basic systems provided to you by the

PPC services — tools designed to make life easier for people tracking hundreds, or thousands, of keywords and thousands of PPC ad impressions every day.

Oh, and before leaving this part of the book, I examine a controversial subject: *click fraud*. Perhaps 20 percent of all clicks on PPC ads are fraudulent, according to some experts. Fraud rates have even hit as high as 80 percent for some advertising campaigns. Why would people click PPC ads *fraudulently*? For two good reasons . . . which I explain in this part.

Part IV: The Part of Tens

All *For Dummies* books have the Part of Tens. In this part, you find ten ways to make money by *selling* clicks . . . by, in effect, getting into the business of selling PPC ads. You also find out about ten useful tools for planning and managing your PPC campaigns, and ten ways to continue your PPC education and keep up with the latest information and innovations.

Icons Used in This Book

This book, like all *For Dummies* books, uses icons to highlight certain paragraphs and to alert you to particularly useful information. Here's a rundown of what those icons mean:



A Tip icon means I'm giving you a little extra, an additional snippet of information that may help you on your way or provide some extra understanding to help you really understand the concepts.



The Remember icon points out things that I may already have told you, but that bear repeating. Hey, we all forget something sometimes.



This icon indicates geeky stuff that you can skip if you really want to . . . though you may want to read it if you're the kind of person who *has* to have the background info.



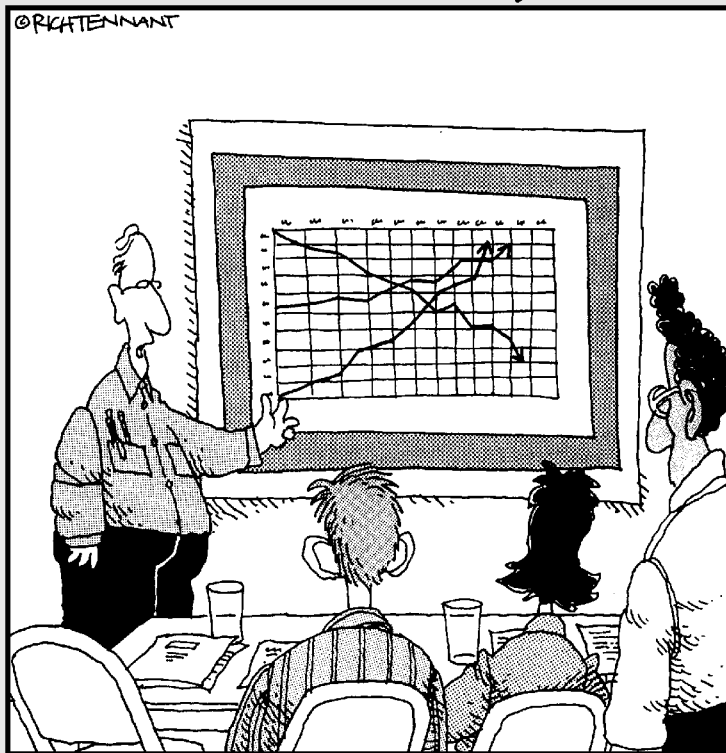
The Warning icon is here to help you stay out of trouble. It's intended to grab your attention to make sure you avoid a pitfall that can harm your Web site or business in some way.

Part I

Preparing for Your Campaign

The 5th Wave

By Rich Tennant



"The top line represents our revenue, the middle line is our inventory, and the bottom line shows the rate of my hair loss over the same period."

In this part . . .

You'll hear often from the Pay Per Click (PPC) companies that you can get started with your PPC campaign in minutes, and perhaps you *can*. Whether you *should* or not is another matter. Personally, I think you'd be well-served to find out a bit before you jump in with both feet.

Perhaps you think you already know all about PPC — but do you know the difference between advertising in the search results and in “contextual” placements? How about the second- and third-tier PPC systems? How about Pay Per Call and Pay Per Action? In any case, even if you know these things, there's still work to be done before you should begin your advertising campaign.

You really do need to understand a few numbers. The PPC companies will tell you (a little) about ROI (return on investment), but they don't talk much about calculating gross profit and breakeven costs, about costs per sale and costs per action. These, and other things, are essential to any full understanding of whether a PPC campaign is working or not, and I discuss them all in this part.

You also need to understand *keywords* — and be able to pick keywords that work well for you. And there's no point beginning a PPC campaign if your Web site isn't ready, so I discuss *landing pages* and site *conversions*. Oh, and then there are your ads. Sure, you can write an ad in a couple of minutes, but you could also take your time and do it right. I give you the help you need in this part.

But no, you go ahead, skip all this “preparing for your campaign” stuff and jump right in . . . where angels fear to tread. Or, flip the page and spend a little while learning the background first.

Chapter 1

Introducing Pay Per Click Advertising

In This Chapter

- Understanding what sets Pay Per Click (PPC) advertising apart
 - Understanding how PPC ads work
 - Learning the ins and outs of PPC ads
 - Avoiding PPC tunnel vision
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If you're reading this book, you've heard the hype about *PPC*. Pay Per Click advertising is many things to many people. To some, it's a tremendously effective way to push people to a Web site and sell products to them; to others, it's a great way to lose money. To some, it's a tool into which to pour millions of dollars for *brand advertising*; to others, it's a huge disappointment.

Which side of the line you sit on — the side of success or the side of failure — and how *close* to the line you sit, depends on a number of factors. Some of those factors are under your control, and some are not, but the intention of this book is to give you a good understanding of those factors and the best chance of landing on the money-making side of the line.

Let's begin at the beginning. In this chapter, you find out what PPC is all about and why some people swear by it, while others swear at it!

The Days before PPC

Not so long ago, Internet advertising came in a couple of basic flavors. The first was very similar to print advertising. You paid someone to put some kind of advertisement on a Web site — typically what's known as a *banner ad* (you can see an example in Figure 1-1). The ad sat on the site for the specified period — a week, a month, a year — and if you were lucky, people clicked the ad and came to your Web site. You were paying for an ad *placement*.

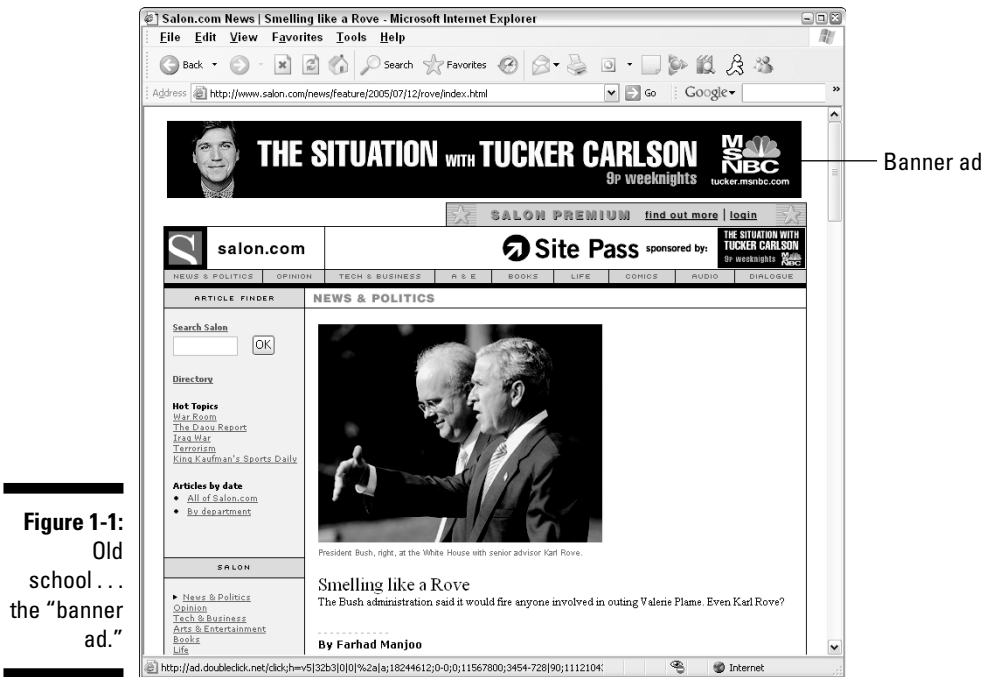


Figure 1-1:
Old
school . . .
the “banner
ad.”

Soon, a slight refinement to this model appeared. The main problem with the ad-placement model was that you didn’t really know what you were getting for your money. Sure, the ad would sit on the site for, say, a year, but what did that mean? Would a million people see it? Or a thousand? In many cases, all you had to go by was a vague promise from the site owner — “we get a million visitors a year,” for instance. Does that mean the page on which the ad sat would be seen a million times? Probably not. Worse, the promise might have been something like “we get a million *hits* a year.” What’s a hit? Ah, you think you know, but you probably don’t.

The term *hit* has come to mean just about nothing. People say *hit* when they mean *visit*, and sometimes say *hit* when they mean *hit* but hope you’ll think they mean *visit*. Want to know what a hit actually is?

A hit is a Web server request. When someone clicks a link leading to a page, the browser requests the page from the Web server; that’s the first hit. If the page has five images in it, those images have to be sent to the browser, too. That’s five more hits. If the visitor clicks a link and requests another page, that’s another hit, plus the images or other components inside the page. A hit

might even be an error message, when a browser requests a page that no longer exists.

So, the next time someone tells you that his site gets, say, 100,000 hits a month, ask him what that means. Is that 100,000 visitors? Almost certainly not, unless he is misusing the term *hits* and really meant to say *visitors*. Does it mean 50,000 visitors? 10,000? Who knows?

Anyway, back to the story. If you put an ad on a site and pay for a month or year, what do you get? That's right, no one knows *what* you get. So a second mechanism was developed — ads were sold by the *ad impression*. You would pay for the ad to be displayed a particular number of times. Ads were typically sold in blocks of 1,000 impressions; they were priced by *CPM*.

CPM means *cost per thousand* (no, not per million; *M* is the Roman numeral for 1,000). If you pay, say, a CPM of \$35, that means your \$35 buys you 1,000 ad “impressions” — the ad will be loaded into Web pages 1,000 times. Each time an ad appears, it costs you 3.5 cents.

Hmm, still a few problems here. Just because your ad is loaded into a browser 1,000 times doesn't mean the people viewing the pages actually saw the ad. What if the ad was “below the fold,” so far down the page that it wasn't visible without scrolling down? Sure, it was loaded into the page, and if the visitor scrolled down he would see it. But if he didn't scroll down, he wouldn't.

And so what if the ad *was* actually seen 1,000 times; will someone actually click it? And if people *do* click, how often will they click? In general, not very often, somewhere near 1percent of the time (and often way below that level). And that's where PPC comes in.

Understanding PPC: What It Is and Why You Should Care

With PPC, you're not paying for a promise, and you're not paying to load an ad onto a page. You're paying for an actual *result*, a *click*. With PPC, you don't pay if nobody sees your ad, and you don't even pay if someone *does* see it but doesn't click. You pay only when someone clicks your ad. In the business, people talk about *buying clicks* because that's just what they (and you) are doing. You're paying a PPC company each time someone clicks a link pointing to your Web site.

Now, I wouldn't go so far as to say you're paying for a *lead* . . . you're not. Some PPC companies have taken to referring to each click as a lead, but that's just hype. (A *lead* in sales-talk is someone who has expressed an interest in your product or service. No sales professional would regard the visitor, at this click stage, as having expressed enough interest to have risen to the level of being a sales lead.) Nonetheless, you are paying for a particular action. Someone sees your ad, clicks the ad, and (in general) views your site. Certainly, now and then, people won't arrive at your site — they may click and then cancel before your page fully loads — but generally speaking, a click is the same as a visit. It could be a very short visit, true, but it's something a bit more tangible than a *placement* or an *impression*.



Why isn't a click the same as a lead? Compare Internet advertising with direct mail. Imagine, for a moment, a direct-mail campaign that is intended to get someone to call your company. You mail a letter, someone opens the letter, reads the letter and, you hope, picks up the phone and calls you. When the person calls, the person becomes a sales lead. Most people who open the letter won't call, though. So you can't call the letter a lead, and you can't call someone opening the letter a lead. Displaying a PPC ad is the equivalent of sending the letter; and a click on the PPC ad is the equivalent of having someone open your letter. It's a step in the right direction, but it's most certainly *not* a lead.

ppc, 1-2-3

To make quite sure I'm explaining the concept of PPC adequately, let me just take you through the process of how PPC works, step by step:

1. The advertiser joins a search engine's PPC program and "loads" the account with some money — say, \$50 (though some companies' PPC budgets are in the hundreds of thousands, even millions, of dollars a month).
2. The advertiser creates a small text ad (in some cases, PPC *can* include images, but I describe the most common form here).
3. The advertiser specifies with which keywords the ad should be associated.
4. The advertiser specifies how much he's willing to pay each time someone clicks on the ad.
5. Later, someone arrives at the search engine, enters one of the keywords or keyword phrases specified, and clicks the Search button.
6. The search engine finds the matching ads and places them on the results page.
7. If the searcher clicks the ad, he is taken to the advertiser's Web site, and the advertiser is charged for the click.