

Module 4

What are the main factors that can affect PPC bidding?

1. Quality Score (Google Ads Specific)

- Ad Relevance – how closely your ad matches the search query.
- CTR (Expected Click-Through Rate) – higher engagement lowers CPC.
- Landing Page Experience – speed, relevance, and user experience matter.

2. Bid Amount

- The maximum CPC (cost-per-click) you set directly influences ad placement.
- Even with a high bid, poor Quality Score can lower your rank.

3. Ad Rank Formula

- Google calculates: $\text{Ad Rank} = \text{Bid} \times \text{Quality Score} \times \text{Ad Extensions Impact}$.
- Ad extensions (sitelinks, callouts, etc.) can raise CTR and Ad Rank.

4. Competition

- More advertisers bidding for the same keywords increase CPC.
- Highly competitive industries (finance, real estate, legal, IT training) have higher average CPCs.

5. Keyword Choice & Match Types

- Broad match keywords attract more traffic but less qualified clicks → higher costs.
- Exact/phrase match keywords give better control → more relevant traffic, lower wasted spend.

6. Device & Location Targeting

- CPC can vary by device (desktop vs. mobile).
- Geo-targeting affects cost — local keywords often have lower CPC than global ones.

7. Time & Day (Ad Scheduling)

- Costs can rise during peak hours/days (e.g., B2B ads more expensive weekdays, 9–6).
- Smart scheduling can reduce wasted spend during low-converting hours.

8. Audience Targeting & Demographics

- Bidding differs by age, gender, interests, or in-market audiences.
- Narrow targeting often means higher CPC but better conversions.

9. Industry & Seasonal Trends

- Industries like legal, insurance, or IT training have naturally high CPC.
- Seasonal demand (festivals, holidays, admission season) can spike bids.

10. Ad Format & Extensions

- Ads with sitelinks, callouts, structured snippets often perform better.
- Higher CTR from rich ads reduces effective CPC.

How does a search engine calculate actual CPC?

Actual CPC (₹) = (Ad Rank of competitor below you ÷ Your Quality Score) + ₹0.01

Example:

Advertiser	Max Bid (₹)	QS	Ad Rank	Actual CPC
A	120.00	10	1200	₹90.01 = (900 ÷ 10) + 0.01
B	100.00	9	900	₹62.23 = (560 ÷ 9) + 0.01
C	80.00	7	560	₹51.44 = (360 ÷ 7) + 0.01
D	60.00	6	360	-

What is a quality score and why it is important for Ads?

- What is Quality Score?

Quality Score is a Google Ads rating (1–10) that measures the relevance and quality of your keywords, ads, and landing pages.

It's based on 3 main components:

1. Expected CTR (Click-Through Rate) – How likely users are to click your ad.
2. Ad Relevance – How closely your ad matches the user's search intent.
3. Landing Page Experience – Relevance, load speed, and usefulness of your landing page.

Example: A keyword with QS = 10 means your ad is highly relevant and optimized.

- Why is Quality Score Important?

1. Lowers Cost Per Click (CPC)

- Higher Quality Score = lower CPC for the same position.
- Google rewards relevant ads with discounts.

2. Improves Ad Rank & Position

- $\text{Ad Rank} = \text{Bid} \times \text{Quality Score} \times \text{Ad Extensions Impact}$.
- A higher QS helps you outrank competitors even with a lower bid.

3. Boosts ROI (Return on Investment)

- You get more clicks at a lower cost.
- Better user experience = higher conversion rates.

4. Stronger User Trust

- Relevant, well-matched ads + smooth landing pages = happy users.