

Assignment Module-4

Q-1: What are the main factors that can affect PPC bidding?

Ans:

Main Factors That Can Affect PPC Bidding

1. Quality Score

- Determined by click-through rate (CTR), ad relevance, and landing page experience.
- Higher Quality Score reduces cost per click (CPC) for the

same ad position.

2. Competition

- More advertisers bidding on the same keywords increases CPC.
- Highly competitive industries such as finance, legal, and insurance usually face higher bidding costs.

3. Keyword Relevance and Match Types

- Broad match keywords attract more impressions but may lead to higher costs due to lower relevance.

- Exact match keywords generally provide better CTR and lower wasted spend.

4. Ad Rank and Auction Dynamics

- Ad position depends on both your bid and competitors' bids, as well as Quality Score and the expected impact of ad extensions.

5. Geographic Location

- CPC varies by region. Urban or high-value locations usually have higher bidding costs.

6. Time and Seasonality

- Costs can rise during peak seasons, holidays, or major events.
- Certain keywords become more competitive at specific times of the year.

7. Device Targeting

- Costs differ between mobile, desktop, and tablet.
- Conversion rates by device often determine how aggressively you should bid.

8. Ad Extensions and Formats

- Effective use of sitelinks, callouts, and other extensions can improve CTR, boost Quality Score, and reduce CPC.

9. Budget and Bidding Strategy

- Manual bidding versus automated bidding (e.g., Target CPA, Maximize Conversions).
- Limited budgets may reduce competitiveness in auctions.

10. Industry and CPC Benchmarks

- Some industries naturally have higher CPC benchmarks than

others due to demand and profitability.

Q:2 How does a search engine calculate actual CPC?

Ans:

In platforms like Google Ads, you do not pay your maximum bid. Instead, the system uses an auction model.

The formula is:

Actual CPC = Ad Rank of the competitor below you \times Your Quality Score + 0.01
$$\text{Actual CPC} = \frac{\text{Ad Rank of the competitor below you}}{\text{Your Quality Score}} + 0.01$$

Quality Score}} + 0.01Actual
CPC=Your Quality ScoreAd Rank
of the competitor below you+0.01

Step-by-Step Explanation

1. Ad Rank is calculated first

- Ad Rank = Bid × Quality Score × Expected Impact of Extensions.

- This determines your ad's position on the page.

2. Position is compared with the competitor below you

- To secure your position, you only need to pay the minimum required to beat the Ad Rank of the competitor below.

3. Divide by your Quality Score

- A higher Quality Score reduces how much you actually pay.

4. Add a small increment

- Usually \$0.01 (or ₹0.01 in India), just enough to outbid the next competitor.

Example

- Your maximum bid = ₹100
- Your Quality Score = 8
- Competitor below you has Ad Rank = 600

Actual

$$\text{CPC} = \frac{600}{8} + 0.01 = 75.01$$

Actual
CPC

$$\text{CPC} = \frac{600}{8} + 0.01 = 75.01$$

So, instead of paying ₹100, you only pay ₹75.01 per click.

Q:3 What is a quality score and why it is important for Ads?

Ans:

Quality Score is a metric used by search engines (like Google Ads) to measure the **relevance and quality of your ads, keywords, and landing pages.**

It is usually reported on a **scale from 1 to 10** (1 = very poor, 10 = excellent).

The key factors that determine Quality Score are:

- 1. Expected Click-Through Rate (CTR):** Likelihood of users clicking your ad.
- 2. Ad Relevance:** How closely the ad matches the user's search intent and

keyword.

3. Landing Page Experience:

Relevance, transparency, and ease of navigation on the landing page.

Lower Cost Per Click (CPC):

Higher Quality Score reduces actual CPC because you pay less for each click compared to competitors with lower scores.

Better Ad Position:

Search engines use Quality Score along with bids to determine Ad Rank.

A good Quality Score helps your ad appear in higher positions

even with lower bids.

Higher Return on Investment (ROI):

Better relevance means more clicks and conversions at a lower cost.

Competitive Advantage:

- a. With the same budget, advertisers with higher Quality Scores get more visibility and traffic.

Q:4 Create an ad for your website/ blog in Google Ads that display on the display network with the properly targeted audience

Ans:

<https://tinyurl.com/4nfhk59m>