Bazaar has run paid search ads on the two major search engines, Google, and Bing for both branded as well as non-branded keywords. The conversation between Bob and Myra shows us that the branded keywords receive high ROI results. But Myra’s concern on “Is all traffic coming throughsponsored ads coming due to sponsored ads” is valid. As it is self-explanatory that any consumer willing to buy any product with a branded keyword is highly likely to purchase the product from the brand itself. For example, a consumer willing to purchase a “Bazaar backpack” is highly likely to purchase the backpack from Bazaar rather than from any other competitors. And considering this sole reason would account for the high conversion rate for the branded keyword.

Moreover, in the case of non-branded keywords, customers searching for any product example “backpack” will be seeking many competitor’s websites which may lead to losing on the conversion rate or purchase of the product.

According to bob, they had a campaign from Week 1-9, but it failed from Week 10-12 due to the glitch. Based on the data we can carry out a comparison between Sponsored ad search and Organic search and analyze whether the campaign made an impact or not.

The total click-through from Week 1-9 accounted for 156,585 clicks whereas Week 10-12 accounted for 148,477 clicks without sponsored ad search campaigns, this estimates a 5.18% (***see Object 4 in excel***) decrease in traffic as compared to the previous week. Therefore, Bob’s analysis of ROI indicating 20% of traffic from sponsored ads is incorrect. The possibility of the incorrect estimation is that many clicks would come anyway without the sponsored ads. We can also assume that there was a systematic difference between the last three weeks and the first nine weeks based on the result of Bing data (***see Object 4 in excel***). There is a 3.55% decrease in traffic from weeks 10-12 compared to weeks 1-9 as the total counts for both periods were 19,597 clicks and 18,901 clicks (including both sponsored ads and organic).

Assuming the last three weeks were systematically different from the first nine months as discussed above, some calculations can be performed considering traffic results from Bing data (***see Object 5 and 6 in excel***). When we compare the number of clicks in Week 10-12 from Week 1-9, We see a 5.18% decrease in traffic for Google and a 3.55% natural decrease in traffic for Bing which accounts to be only a 1.6% decrease in total clickthrough when the sponsored ads were inactive. With this percentage, we can the actual number of people affected by the sponsored ads, which is 156,585\*1.62% which comes to 2,544 people. Hence, we can say that 2,544 more consumers visited the website when there were no sponsored ads. Furthermore, we know that 12% of 2,544 people were likely to make a purchase, which is 305 people made purchases out of 2,544, and the overall margin accounts to be 305\*$21 i.e. $6,411.

The Bazaar is investing a total of 31390\*$0.60 i.e. $18,834 (***see Object 1 and 6 in excel***) on sponsored ads by paying $0.60 per click. The total investment can be calculated by multiplying the average number of clicks and the cost per click.

And to Calculate ROI, we can use (Margin – Investment)/Investment, that is ($6,411 - $18,834)/$18,834, which comes to -66% (***see Object 6 in excel***). This shows that Bazaar did not gain by running sponsored ads campaigns and was losing money.

The ROI estimation is based on the assumption that weeks 10-12 decreased and may not be 100% accurate as we are comparing a short dataset comprising of only three last weeks for comparison of total click traffic. However, This helps us understand that Bob’s ROI estimation was highly inflated and sponsored ads on branded keywords were not bringing good value to the company. As a recommendation, I would like the company to invest more in non-branded keywords to have better reach for customers to purchase from the Bazaar website.