

MODULE: 4 ASSIGNMENT

(1) What are the main factors that can affect PPC bidding?

Answer :

Pay-Per-Click (PPC) bidding is influenced by several factors:

1. **Maximum Bid:** The highest amount you're willing to pay per click. Higher bids can increase your chance of winning the ad auction.
2. **Quality Score:** A Google metric (0-10) that reflects the relevance of your ad, keywords, and landing page. Higher scores lower costs.
3. **Ad Rank:** Determines your ad position. It's calculated using:
$$\text{Ad Rank} = \text{Max Bid} \times \text{Quality Score}$$
4. **Competition:** More advertisers targeting the same keywords increase bid prices.
5. **CTR (Click-Through Rate):** Higher CTR improves Quality Score and can reduce CPC.
6. **Ad Extensions:** Using extensions (like call, sitelinks) improves visibility and Ad Rank.
7. **Relevance & Landing Page Experience:** Relevant, fast-loading, and user-friendly landing pages improve Quality Score.

(2) How does a search engine calculate actual CPC?

Answer :

Google Ads uses **second-price auction** logic.

- Formula:
Actual CPC = (Ad Rank of next competitor ÷ Your Quality Score) + \$0.01

Example:

- Your Ad Rank = 50, Competitor Ad Rank = 30, Your Quality Score = 10
- Actual CPC = $(30 \div 10) + \$0.01 = \3.01 per click

💡 Meaning: You pay just enough to beat the competitor below you, not your max bid.

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

Answer :

Quality Score is a Google metric (0-10) that evaluates:

- Relevance of your **keywords to the ad text**
- Expected **CTR**
- **Landing page experience**

Importance:

- Lower CPC: Higher Quality Score → pay less per click.
- Better Ad Position: High score can give better positions even with lower bids.
- Overall ROI: Improves performance and reduces wasted ad spend.