

# Digital Marketing

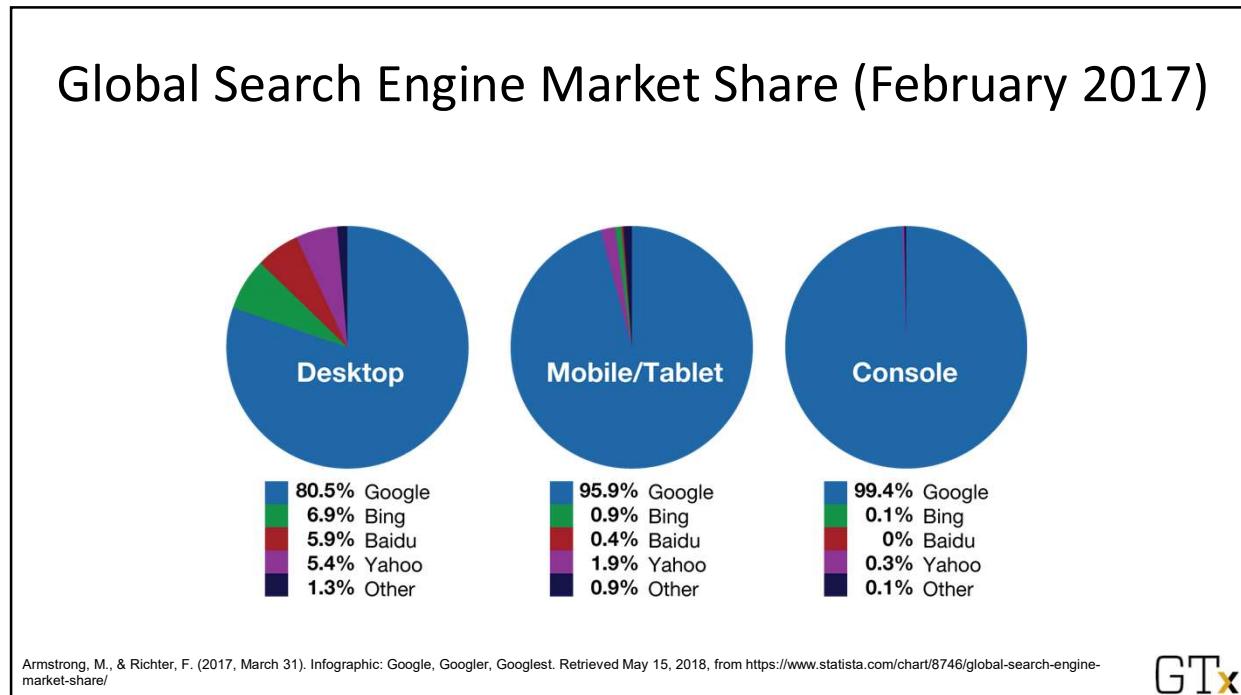
## Paid Search Advertising

**Michael Buchanan**  
Lecturer  
Scheller College of Business

Introduction to Paid Search Advertising



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# Digital Marketing

## Paid Search Advertising

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Paid Search Fundamentals



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## Lesson Goals

- Understand core paid search terminology.
- Understand differences between paid search and organic results.



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## Key Terms

- **Pay Per Click (PPC)** – Pay per click is advertising for which the advertiser pays only for each click on their advert.
- **Search Engine Results Page (SERP)** – The page that shows the results for a search on a search engine.
- **Keyword** – A word found in a search query; for example, a search for “blue widgets” includes the keywords *blue* and *widgets*.
- **Click Through Rate** – The total clicks on a link divided by the number of times that an ad link has been shown; expressed as a percentage.
- **Landing Page** – The first page a user reaches when clicking on a link in an online marketing campaign. The pages that have the most success are those that match up as closely as possible with the user’s expectations.

Stokes, R. (2013). *eMarketing: The essential guide to marketing in a digital world*. Retrieved May 24, 2018, from <https://www.redandyellow.co.za/content/uploads/2017/11/Quirk-eMarketing-Textbook-5th-Edition.pdf>



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## Types of PPC Advertising

	 Search	 Display	 Social Network	 Mobile Network
Where adverts are Displayed	Search engine results pages	Content Sites, e.g. news sites or blogs	Social Networks e.g. Facebook or YouTube	Search engine Display Sites
Types of Adverts	Text adverts, ad extensions, some images	Text adverts, banner adverts including rich media, video adverts	Text adverts w/ standard image, some banner adverts, video adverts	Text and banners
Example Networks	Google AdWords, Microsoft AdCenter	Google AdWords, AdDynamo	Facebook, YouTube, LinkedIn	Adwords
Targeting	Keywords	Keywords and content, behavioural topics, categories, demographic	Behavioural demographic, keywords	Keywords and content, behavioural, topics, categories, demographic

Stokes, R. (2013). *eMarketing: The essential guide to marketing in a digital world*. Retrieved May 24, 2018, from <https://www.redandyellow.co.za/content/uploads/2017/11/Quirk-eMarketing-Textbook-5th-Edition.pdf>



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## Paid Search Ads vs. Organic Results

The screenshot shows a Google search results page for the query "atlanta real estate for sale". The results are divided into two main sections by a red bracket:

- Paid:** This section contains three ads:
  - Atlanta Real Estate | Listings Updated Every 15 Min | redfin.com** (Ad)
  - Atlanta real estate for sale | Browse Atlanta Real Estate** (Ad)
  - Atlanta Real Estate For Sale | Heidi Reis** (Ad)
- Organic:** This section contains three organic search results:
  - Luxury Homes In Metro Atlanta | Luxury Atlanta Homes For Sale**
  - Atlanta Real Estate - Atlanta GA Homes For Sale | Zillow**
  - Atlanta, GA Real Estate - Atlanta Homes for Sale - realtor.com®**

A red dashed line separates the Paid and Organic sections. A red bracket groups the Paid results, and another red bracket groups the Organic results.

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## Google SERP Example (May 2016)

The screenshot shows a Google search results page for the query "surround sound speakers" from May 2016. The results include:

- Surround Sound Speakers - Bose.com** (Ad)
  - 4.2 ★★★★ rating for bose.com
  - Premium Movie & Music Entertainment Shop Bose Home Theater Systems.
  - Bluetooth® Speakers, Wi-Fi® Speakers - 30-Day Risk Free Trial
  - Woodstock, GA - (678) 494-5040 · Open today - 10:00 AM – 9:00 PM
- Wireless Soundbar Systems**
  - Our Best-performing Soundbar System Is Now Wireless. Free Shipping.
- One-Piece Soundbar**
  - Dramatically Better Sound Than Your TV - All From a Single Speaker.
- Speaker Of The Year - Orb-Audio.com** (Ad)
  - Top Ranked Surround Sound Speakers \$249/Pair & 5.1 For \$889 - Try Now!
  - \$999 Complete Home System - 5.1 Surround Sound \$889 - Photo Gallery
- Home Theater Systems: Wireless Surround Sound Speakers - ...**
  - www.bestbuy.com/site/\_systems/\_systems/abc@0203000.c?cd... ▾ Best Buy ▾
  - Samsung - 2 Channel Soundbar System with Wireless Subwoofer - Black, 2.1 surround sound with Dolby Digital and DTS decoding ... HDMI input and output, USB input, Toslink optical S/PDIF digital audio input
  - Samsung - 5 Seles 1000W ... Samsung 400 Series 2.1 ...
- Amazon.com: Home Theater Systems, Surround Sound Spea...**
  - www.amazon.com/Home-Theater-Systems/\_?ie=UTF8 ... Amazon.com, Inc. ▾
  - Results 1 - 24 of 1216 - Home Audio & Theater Premium Audio Headphones Home Theater Systems Speakers Wireless Audio Stereo System Components Accessories Deals ... See below for our wide selection of complete home theater and surround sound solutions from top brands at Amazon.com. ... Onkyo HT-S3700 5.1-Channel ...
  - + See more - Sony - 361 to 450+ - 451 to 550+
- Surround Sound Speaker Systems at Crutchfield.com**
  - www.crutchfield.com ... ▾ Home Speakers ▾ Crutchfield Corporation ▾
  - Shop for Surround Sound Speaker Systems and more. Free Shipping with delivery in 3 days or less. Lifetime Tech Support with your purchase.



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## Google SERP Example (April 2018)

The screenshot shows a Google search results page for the query "surround sound speakers". At the top, there is a shopping section titled "Shop for surround sound speakers on Google" featuring five sponsored ads for different speaker systems. Below this, there are two organic search results from Best Buy:

- Surround Sound Speakers | Free 2-day Shipping w/ Prime.** (Ad) [www.amazon.com/electronics](https://www.amazon.com/electronics) ▾  
Skip the Lines this Holiday Season & Save on Surround sound speakers with Amazon.
- Home Theater Systems: Wireless Surround Sound Speakers - Best Buy**  
[https://www.bestbuy.com/site/home-audio-systems/home...\\_systems/abcat0203000.c?id...](https://www.bestbuy.com/site/home-audio-systems/home..._systems/abcat0203000.c?id...) ▾  
Shop home theater systems at Best Buy and create the ultimate home theater experience with wireless surround sound speakers.  
Home Theater in a Box - Speaker Systems - Home Theater Systems

GTx

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## Bing SERP Example (April 2018)

The screenshot shows a Bing search results page for the query "surround sound speakers". On the left side, there is a section labeled "Ads" containing several sponsored results:

- Surround Sound Speakers | SVS - svsound.com** (Ad) [www.svsound.com/speakers](http://www.svsound.com/speakers) ▾  
Top-Rated Home Theater Surround Sound Speakers for Immersive Movie Audio.  
Browse all SVS speakers and home theater systems.  
Unmatched Sound & Value - Expert Setup Help - Try Risk Free for 45 Days  
"Brings immersive sound to life" - AVNirvana
- Home Audio Speakers** (Ad) [www.crutchfield.com](http://www.crutchfield.com) ▾ crutchfield  
Thrilling Audio Experiences  
Unbeatable High End Value
- Surround Sound Speakers - crutchfield.com** (Ad) [www.crutchfield.com](http://www.crutchfield.com) ▾ crutchfield  
We're Here to Help via Phone, Chat, or Email. Please Excuse our Virginia Accent.  
Shopping for surround sound speaker?
- HomePod - Apple** (Ad) [www.apple.com](http://www.apple.com) ▾  
The new sound of home. Learn more and shop now.
- Top 5 Surround Sound Systems - bestreviews.com** (Ad) [bestreviews.com](http://bestreviews.com) ▾  
We Reviewed Every Model. Free 2-Day Shipping & Returns!  
4 Best Surround Sound Systems - Apr. 2018 - BestReviews
- Amazon.com: speakers surround sound: Electronics**  
[www.amazon.com](http://www.amazon.com) ▾ Search ▾ speakers surround sound ▾  
Online shopping from a great selection of Electronics Store.

On the right side, there is a "Shop for surround sound speakers" section with several product cards:

- Bose® - Virtually ... \$299.99 Best Buy ★★★★★ 329
- Bose® Virtually Invisible® \$299.95 HSN ★★★★★ 329
- BeFree Sound 5.1 ... \$99.95 HSN ★★★★ 16
- Yamaha NS-P40BL 5.1 ... \$229.95 Full Compass... ★★★★★ 34
- 50 In. Surround Sound ... \$251.99 Home Depot ★★★★★ 3
- Bose Companion ... \$399.00 Z Zounds ★★★★★ 556
- 40 In. Surround Sound ... \$224.99 Home Depot ★★★★★ 22
- 60 In. Surround Sound ... \$269.99 Home Depot ★★★★★ 4

Below the products, there is a "Related searches" section with links to "sound bar and speakers" and "ceiling mounted surround sound speakers".

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# Digital Marketing

## Paid Search Advertising

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Paid Search Ad Components &  
Landing Page Significance



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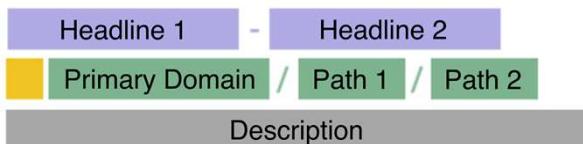
## Lesson Goals

- Understand the anatomy of paid search ads.
- Familiarity with landing pages and their relevance to paid ads.



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## Anatomy of a Paid Search Ad



### Length limits

Field	Max length
<b>Headline 1</b>	30 characters
<b>Headline 2</b>	30 characters
<b>Description</b>	80 characters
<b>Path (2)</b>	15 characters each

**Comprehensive Insurance - Protect Yourself on a Budget** *Headline*  
**Ad** [www.example.com/insurance](http://www.example.com/insurance) *Display URL*  
 Get affordable & trustworthy insurance. 10% discount on all online quotes. *Description*

About text ads - AdWords Help. (n.d.). Retrieved May 15, 2018, from <https://support.google.com/adwords/answer/1704389?hl=en>



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## Manual Ad Extension Examples

### Yogli Mogli

4.1 ★★★★☆ (42) · Ice Cream Shop  
 Frozen yogurt with a variety of toppings  
 279 ft · Technology Square Research Building, 85, 5th St NW

← **Location**

### Intown Bicycles

4.7 ★★★★★ (53) · Bicycle Shop  
 1.3 mi · 1035 Monroe Dr NE · (404) 872-1736  
 Closed · Opens 10AM Wed

← **Call**

### Golf Clubs | DICK'S Sporting Goods

<https://www.dickssportinggoods.com/c/golf-clubs> ▾  
 Learn More About Golf Clubs. ... Equip your game the right way with industry-leading golf clubs and club sets from DICK'S Sporting Goods. .... Hybrid golf clubs for bridging the gap between your iron and fairway wood.  
 Iron Sets · Drivers · Wedges · Hybrids

← **Sitelinks**

### Shutterstock Stock Photos | Try our New Free Photo Editor

**Ad** [www.shutterstock.com/](http://www.shutterstock.com/) ▾  
 Over 200 Million Amazing Photos. Plans guaranteed to fit your budget.  
 Footage & Music Libraries · 100% Royalty Free · No Daily Download Limit · Simple Pricing  
 Types: Photos, Vectors, Illustrations, Infographics, Icons, Backgrounds, Textures  
 Royalty-Free Footage · Save up to 40% · Shutterstock Editors · Enterprise Solutions  
 5 Images - \$49.00 · Basic 5 Image Pack · More ▾

← **Callout**



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## Manual Ad Extension Examples

### Custom Cards – Business cards done right

**[Ad]** [www.customcards.com/business](http://www.customcards.com/business)

Quality, service, and speed without compromise. Use our templates or upload your own designs online.

Classic Collection  
from \$9.99  
Matte, glossy and linen

Thick Pressed Collection  
from \$15.99  
400lb, glossy, linen, textured

Bespoke Collection  
from \$24.99  
letterpress, thermal, foil, gloss

← **Price**

### Cheap Hotels – Expedia – Plan Your Trip with Expedia – expedia.com

**[Ad]** [www.expedia.com/Cheap\\_Hotels](http://www.expedia.com/Cheap_Hotels)

4.8 ★★★★★ advertiser rating

Save with Expedia's Price Guarantee. Hotel Photos, Info & Virtual Tours.

11+ Million Hotel Reviews · 24 Hour Support

Types: Boutique Hotels, Economy Hotels, Luxury ...



Expedia Hotels, Flights & V...

FREE



← **App**



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## Landing Pages

### MailChimp Marketing Platform – Free Marketing Automation

**[Ad]** [www.mailchimp.com/Automation](http://www.mailchimp.com/Automation) ▾

Create An Account and Manage All Your Marketing Through The MailChimp Platform!

E-Commerce Integrations · Free Marketing Automation · Audience Segmentation

The landing page features a vibrant orange and blue background with abstract shapes. A green plant is visible on the left. The main heading 'Marketing Automation' is prominently displayed in white. Below it is a blue 'Use It Free' button. At the bottom, a white bar contains the text 'Free and easier than ever'. The top navigation bar includes links for Features, Pricing, Support, Learning, Blog, Sign Up Free, Log In, and a search icon.



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Ad Rank Factors



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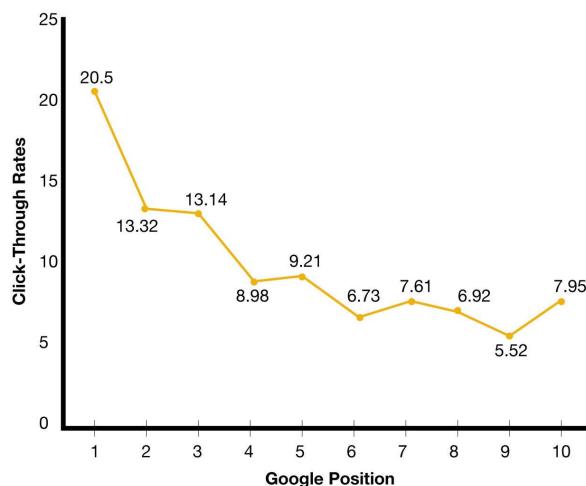
## Lesson Goals

- Familiarity with ad position CTRs.
- Understand the paid search bidding model.
- Understand quality score components and their relevance.
- Understand how the search platforms compute ad rank.



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## CTR in 2017 by Google Position



Lincoln, J. E., P., Koutaniemi, E., & M. (2017, September 26). Google Click-Through Rates in 2017 by Ranking Position. Retrieved May 24, 2018, from <https://ignitevisibility.com/ctr-google-2017/>



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## Bidding: Vickrey Auction Model

<b>Advertiser</b>	A2	A1	A3
<b>Bid Price</b>	\$3.00	\$2.50	\$2.35
<b>Cost Per Click</b>	\$2.51	\$2.36	\$2.06

Stokes, R. (2013). *eMarketing: The essential guide to marketing in a digital world*. Retrieved May 24, 2018, from <https://www.redandyellow.co.za/content/uploads/2017/11/Quirk-eMarketing-Textbook-5th-Edition.pdf>



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## Relevancy is Key

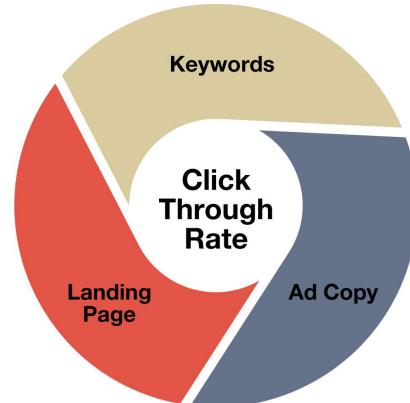


GTx

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## Quality Score Factors

1. **Keywords** – relevance of the keyword/phrase to the search term
2. **Ad Copy** – relevance of the ad copy to the search term
3. **Landing Page** – relevance of the landing page to the search term
4. **CTR of the Ad** – based on history

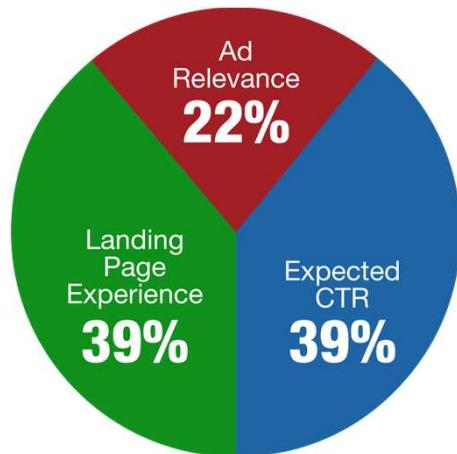


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## Quality Score % by Factor



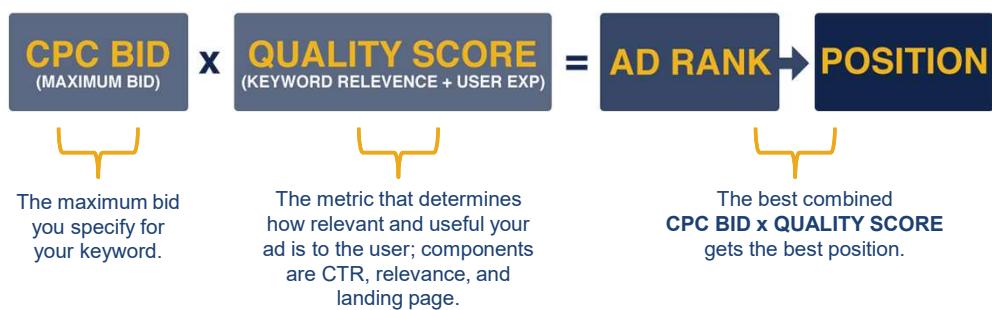
Reverse-engineering AdWords Quality Score factors. (2016, March 10). Retrieved May 17, 2018, from <http://searchengineland.com/reverse-engineering-adwords-quality-score-factors-244192>



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## How Google Determines Which Ad is Shown Where

Once you are entered into the auction, Google looks at two key factors to determine where your ad ranks: **maximum bid** and **quality score**



PPC (Pay Per Click) | Addword with google + World Web Mind. (2017). Retrieved May 17, 2018, from <http://worldwebmind.com/digital-marketing/ppc/>



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# Digital Marketing

## Paid Search Advertising

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Search Campaign Planning



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## Lesson Goals

- Understand the keyword research process.
- Understand criteria associated with selecting keywords for your search campaigns.



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## Keyword Research

- Relevance
- Search volume
- Cost
- Competitive analysis



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## Keyword Relevance

Branded Terms	Generic Terms	Related Terms	Competitor Terms
Under Armour	running shoes	treadmills	Nike shoes
Under Armour store	sports apparel	marathon training	Adidas clothing
Under Armour products	athletic training shorts	running club	Puma socks
Under Armour shoes	performance apparel	league sports	New Balance
Under Armour clothing	gym socks	tennis courts	Brooks running shoes

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## Keyword Search Volume

Branded Terms	Search Volume
Under Armour	2,045,930
Under Armour shoes	501,007
Under Armour clothing	27,498
performance apparel	783
running shoes	884,346
marathon training	28,670
Nike shoes	1,963,763



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## Keyword Cost

Keyword	Search Volume (per mo.)	CPC
Under Armour	2,045,930	\$0.19
Under Armour shoes	501,007	\$1.19
Under Armour clothing	27,498	\$0.87
performance apparel	783	\$1.23
running shoes	884,346	\$1.78
marathon training	28,670	\$1.51
Nike shoes	1,963,763	\$0.74



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# Competitive Analysis

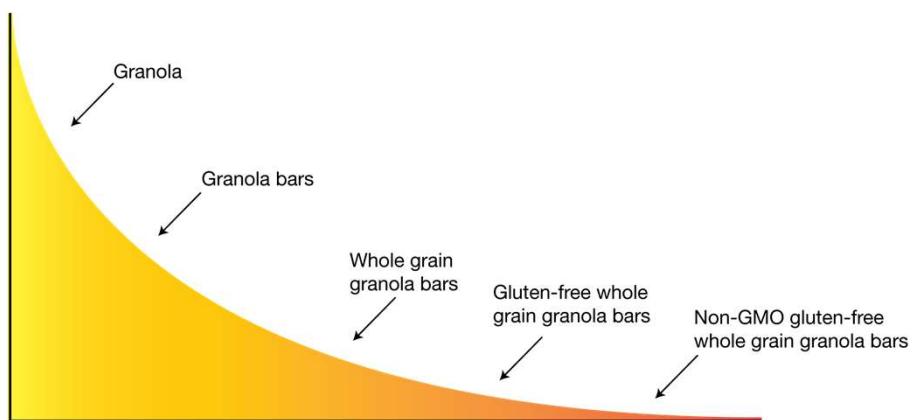
- Determine who are your common competitors
  - Assess your competition's use of paid search (promotional messaging, buyer journey alignment)
  - Evaluate Quality Score components



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## Long Tail of Search



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# Digital Marketing

## Paid Search Advertising

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Keyword Targeting and  
Match Types



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## Lesson Goals

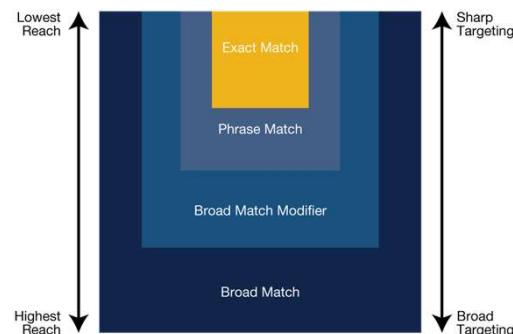
- Understand the various match types.
- Understand keyword targeting capabilities.



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## Match Types

- **Broad Match** – Includes phrases containing your keywords, in any order, as well as variations (e.g., synonyms, misspellings)
- **Broad Match Modifier** – Similar to broad match, but only shows ads in searches including words designated with a plus sign (+red +shoes)
- **Phrase Match** – Search phrases containing your keywords, in the same order, as well as other words
- **Exact Match** – Search phrases with the exact words in the same order
- **Negative Match** – Search words that won't activate your ads, regardless of what other words are used



Singh, S. (2017, June 27). Google AdWords Keyword Match Types | Keyword Match Types. Retrieved May 17, 2018, from <http://digitalsanjeev.com/google-adwords-keyword-match-types/>



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## Match Type Examples

Match Type	Special Symbol	Example Keywords	Ads may show on searched that	Example Searches
Broad Match	None	Content Sites, e.g. news sites or blogs	include misspellings, synonyms, related searches, and other relevant variations	buy ladies hats
Broad Match Modifier	+keyword	Text adverts, banner adverts including rich media, video adverts	contain the modified term (or close variations, but not synonymous), in any order	woman's hats
Phrase Match	"keyword"	Google AdWords, AdDynamo	are a phrase, and close variations of that phrase	buy women's hats
Exact Match	[keyword]	Keywords and content, behavioural topics, categories, demographic	are an exact term and close variations of that exact term	women's hats
Negative Match	-keyword	Keywords and content, behavioural topics, categories, demographic	are searches without the term	baseball hats

Stokes, R. (2013). *eMarketing: The essential guide to marketing in a digital world*. Retrieved May 24, 2018, from <https://www.redandyellow.co.za/content/uploads/2017/11/Quirk-eMarketing-Textbook-5th-Edition.pdf>



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## Keyword Targeting

- Geo-targeting
- Language targeting
- Behavioral and demographic targeting



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## Dynamic Keyword Insertion

**Headline:** Papa John's® {KeyWord:Best Pizza} – Made From Better Ingredients

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# Digital Marketing

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Launching a Paid Search  
Campaign



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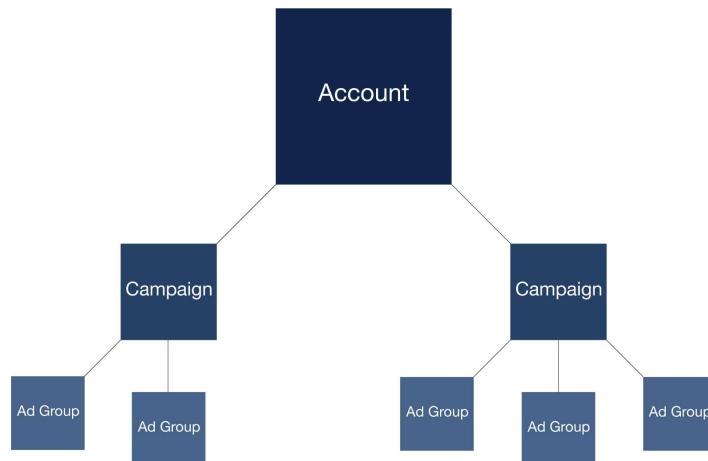
## Lesson Goals

- Familiarity with AdWords account structure.
- Understand the steps in planning, activating, and controlling a paid search campaign.
- Understand the importance of the buyer journey in paid search
- Familiarity with ad copy best practices.



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## AdWords Account Structure



Stokes, R. (2013). *eMarketing: The essential guide to marketing in a digital world*. Retrieved May 24, 2018, from <https://www.redandyellow.co.za/content/uploads/2017/11/Quirk-eMarketing-Textbook-5th-Edition.pdf>



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## Planning and Setting Up a Paid Search Campaign

1. Define business goals and conduct market research
2. Define business objectives / metrics for success
3. Establish a budget
4. Conduct keyword research
5. Create ads (heading, description, path, extensions) and ensure tracking is in place



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## Buyer Journey Considerations

Where is the buyer in their journey to purchase relative to your campaign goals?  
This should affect your copy/messaging:

- Creating Awareness
- Educating / Informing
- Considerations / Comparison Shopping
- Final Decision (pricing, availability, financing terms, etc.)



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## Successful Ad Copy Best Practices

- Utilize targeted keywords in the title and ad copy (consider using dynamic keyword insertion if possible when running against multiple terms/phrases)
- Appeal to your target audience's emotions
- Incorporate a CTA to entice users to take action



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## Planning, Setting Up, and Monitoring a Paid Search Campaign

1. Define business goals and conduct market research
2. Define business objectives / metrics for success
3. Establish a budget
4. Conduct keyword research
5. Create ads (heading, description, path, extensions) and ensure tracking is in place
6. Launch a campaign by placing bids
7. Measure and analyze results, test, and optimize



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## Digital Marketing Paid Search Advertising

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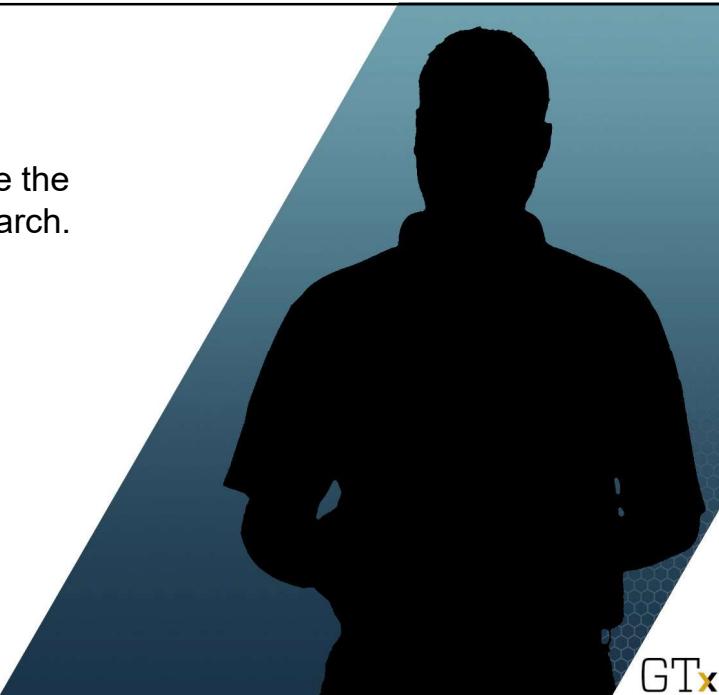
BEP / Cost Analysis



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## Lesson Goals

- Understand how to evaluate the financial efficacy of paid search.



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## Relevant Financial Questions

- To determine profitability for a paid search campaign, what metrics need to be known?



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## Relevant Financial Questions

- To determine profitability for a paid search campaign, what metrics need to be known?
  - CPC
  - Conversion Rate
  - Sale Value
  - Profit Margin



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## Relevant Financial Questions

- To determine profitability for a paid search campaign, what metrics need to be known?
- How do we determine CPC and Conversion Rate?



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## Relevant Financial Questions

- How do we determine CPC and Conversion Rate?
  - CPC: paid search platform
  - Conversion Rate: Internal analytics, 3<sup>rd</sup> party data



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## Relevant Financial Questions

- To determine profitability for a paid search campaign, what metrics need to be known?
- How do we determine CPC and Conversion Rate?
- What about short-term versus longer-term analysis?



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## Relevant Financial Questions

- What about short-term versus long-term analysis?
  - Brand building
  - LTV



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## Relevant Financial Questions

- To determine profitability for a paid search campaign, what metrics need to be known?
- How do we determine CPC and Conversion Rate?
- What about short-term versus long-term analysis?
- What keywords should we target when confronted with a very low/unattractive CPC BEP?



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## Relevant Financial Questions

- What keywords should we target when confronted with a very low CPC BEP?
  - Long tail keywords
  - Combination of high CTR and high conversion rate



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## Break-Even Point Analysis

Metric	Value
Avg. CPC (cost per click)*	\$ .67
Conversion Rate	4.73%
Avg. Sale Value	\$50
Profit Margin	14.5%

PPC Conversion Cost =

\*Based on the top 20 keyword phrases initially targeted



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## Break-Even Point Analysis

Metric	Value
Avg. CPC (cost per click)*	\$ .67
Conversion Rate	4.73%
Avg. Sale Value	\$50
Profit Margin	14.5%

PPC Conversion Cost =  $\$ .67 / .0473 = \$14.17$

Profit Margin per Sale =

\*Based on the top 20 keyword phrases initially targeted



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## Break-Even Point Analysis

Metric	Value
Avg. CPC (cost per click)*	\$ .67
Conversion Rate	4.73%
Avg. Sale Value	\$50
Profit Margin	14.5%

PPC Conversion Cost =  $\$ .67 / .0473 = \$14.17$

Profit Margin per Sale =  $\$50 \times .145 = \$7.25$

BEP CPC for Avg. Sale =  
(aka Avg. Profit/Sale)

\*Based on the top 20 keyword phrases initially targeted



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## Break-Even Point Analysis

Metric	Value
Avg. CPC (cost per click)*	\$ .67
Conversion Rate	4.73%
Avg. Sale Value	\$50
Profit Margin	14.5%
Life Time Value (LTV)	\$110

PPC Conversion Cost =  $\$ .67 / .0473 = \$14.17$

Profit Margin per Sale =  $\$50 \times .145 = \$7.25$

BEP CPC for Avg. Sale =  $\$7.25 \times .0473 = \$ .34$   
(aka Avg. Profit/Sale)

BEP CPC for LTV =

\*Based on the top 20 keyword phrases initially targeted



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**Head Shot**



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