

COMP 5331 Web Advertising and Web Publishing

Extra Assignment (Total Marks: 20)

Due Date and Time: 11:59 pm, 4 January 2020

Answer the following question:

A hotel is advertising its website in Google Ad. Suppose that the quality score for the keyword “Luxury Hotel” in Google Ads is 7 and the maximum cost per click (max CPC) bid is \$10. Two advertising competitors have quality scores of 9 and 6 and max CPC bids of \$8 and \$9, respectively.

- 1.** Discuss the outcome of the Google Ad auction.
 - a) What are the rank positions of the three advertisers in this auction? (6 marks)
 - b) What are their actual click costs? (6 marks)
- 2.** After running the ad for one month, 1000 clicks are received with average cost per click of \$8. Among the ad clicks, 60 of the clicks result in 80 hotel booking (conversion).
 - a) What is the conversion rate for the hotel booking? (3 marks)
 - b) What is the cost per conversion? (3 marks)
 - c) If the hotel plans to make a net profit is \$300 per conversion, what is the max CPC that it should bid? (3 marks)

Submission requirements:

- Please write your name and student ID on the cover page of your answer report.
- Please submit a softcopy of your answer report via Learn@PolyU before due time.

NOTE: Late submission of your assignment will get 5 marks deducted per day.