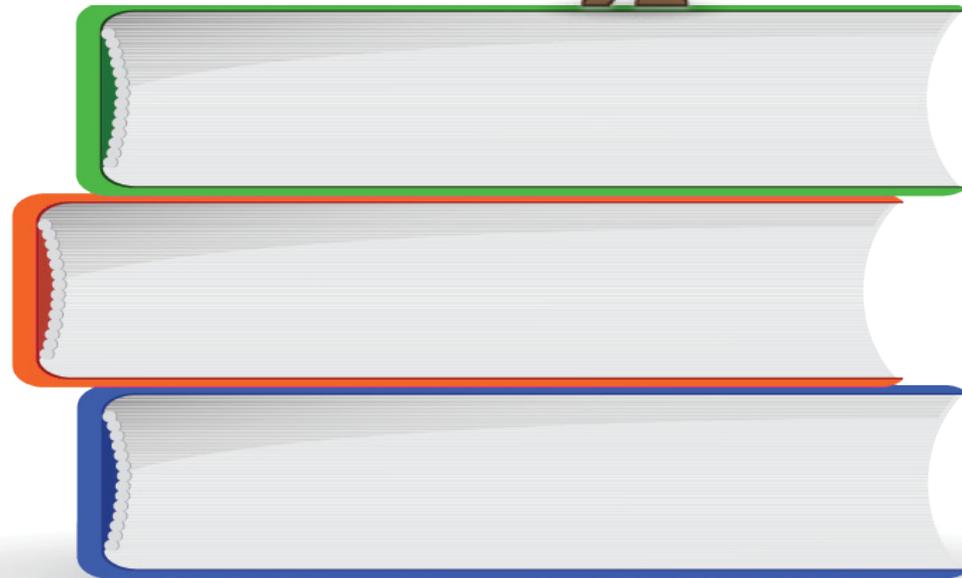


PPC UNIVERSITY



PPC 101 A BEGINNER'S GUIDE TO PPC

Knowledge
is power!



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LESSON PLAN: PPC 101

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WHAT IS PPC?

Whether you've heard a little about PPC marketing and are curious to learn more, or you already know that you want to use PPC to market your business, but aren't sure where to start, you've come to the right place!

This is the first lesson in [PPC University](#), a set of three guided courses that will teach you everything you need to know about PPC and how to make it work for you.

First, we'll need to define PPC and establish a basic understanding of how PPC advertising works.



WHAT IS PPC?

Billions in Ad spend already graded!

FREE ADWORDS PERFORMANCE REPORT

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AdWords Performance Grader

Report For Acme Corp's
Jen Taylor
Apr 15, 2014 at 10:23 AM

91%
scored better than
other accounts that we've graded

Account Properties	Score	Grade
Account ID	123456789	100%
Account Name	Acme Corp	100%
Account Type	Standard	100%
Account Status	Active	100%

PPC stands for pay-per-click, a model of internet marketing in which advertisers pay a fee each time one of their ads is clicked. Essentially, it's a way of buying visits to your site, rather than attempting to "earn" those visits organically.

Search engine advertising is one of the most popular forms of PPC. It allows advertisers to bid for ad placement in a search engine's sponsored links when someone searches on a keyword that is related to their business offering. For example, if we bid on the keyword "PPC software," our ad might show up in the very top spot on the Google results page.

Every time our ad is clicked, sending a visitor to our website, we have to pay the search engine a small fee. When PPC is working correctly, the fee is trivial, because the visit is worth more than what you pay for it. In other words, if we pay \$3 for a click, but the click results in a \$300 sale, then we've made a hefty profit.

[Try AdWords Software Free - WordStream.com](http://www.wordstream.com/PPC-Account-Grader)
www.wordstream.com/PPC-Account-Grader
Use This Simple, Free Tool And Find Your Errors in 60 Seconds. Hurry!
WordStream has 3,014 followers on Google+
[Free AdWords Grader - Free PPC Advisor Trial - Subscribe to Newsletter](#)

[Warning: Secret PPC Tool - SpeedPPC.com](http://www.speedppc.com/)
www.speedppc.com/
Destroy your PPC competition with Proven Patent-pending Software.

[PPC Management Software, PPC Bid Management Software, Pay ...](#)
www.clicksweeper.com/
ClickSweeper is PPC management software for automated keyword bid optimization, ad management, campaign management and custom reporting.

A lot goes into building a winning PPC campaign: from researching and selecting the right keywords, to organizing those keywords into well-organized campaigns and ad groups, to setting up PPC landing pages that are optimized for conversions. Search engines reward advertisers who can create relevant, intelligently targeted [pay-per-click campaigns](#) by charging them less for ad clicks. If your ads and

landing pages are useful and satisfying to users, Google charges you less per click, leading to higher profits for your business. So if you want to start using PPC, it's important to learn how to do it right.

WHAT IS GOOGLE ADWORDS?

Google AdWords is the single most popular PPC advertising system in the world. The AdWords platform enables businesses to create ads that appear on Google's search engine and other Google properties.

AdWords operates on a pay-per-click model, in which users bid on keywords and pay for each click on their advertisements. Every time a search is initiated, Google digs into the pool of AdWords advertisers and chooses a set of winners to appear in the valuable ad space on its search results page. The "winners" are chosen based on a combination of factors, including the quality and relevance of their keywords and ad campaigns, as well as the size of their keyword bids.

More specifically, who gets to appear on the page is based on an advertiser's Ad Rank, a metric calculated by multiplying two key factors — CPC Bid (the highest amount an advertiser is willing to spend) and [Quality Score](#) (a value that takes into account your click-through rate, relevance, and landing page quality). This system allows winning advertisers to reach potential customers at a cost that fits their budget. It's essentially a kind of auction. The below infographic illustrates how this auction system works.

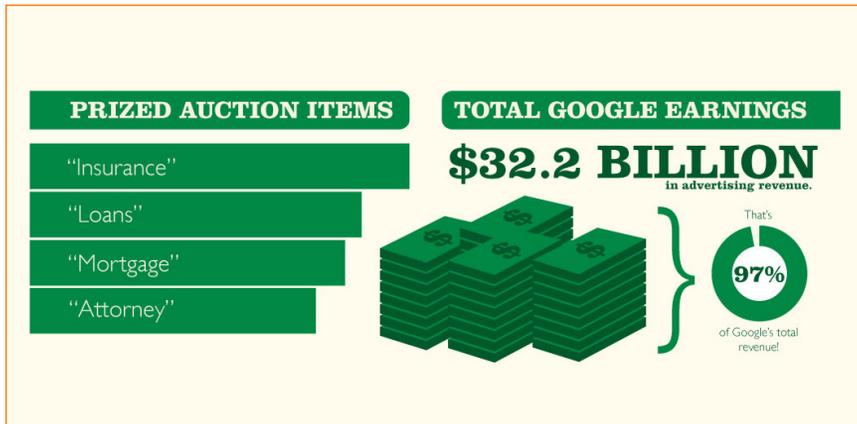
AdWords
made easy!

Manage PPC with
simple tools and alerts.

Where	Potential Savings	Take Action
keywords	\$1,731/yr	ACTIV
AdWords	\$1,399/yr	ACTIV

START YOUR *FREE TRIAL* >

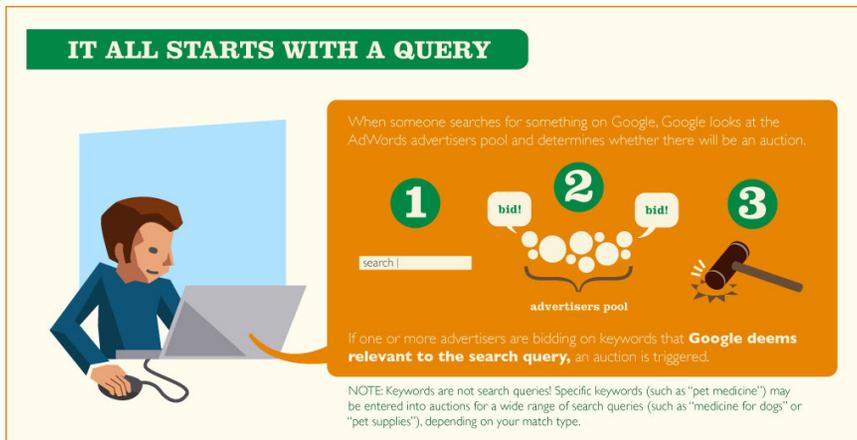
HOW DOES THE ADWORDS AUCTION WORK?



Conducting PPC marketing through AdWords is particularly **valuable** because, as the most popular search engine, Google gets massive amounts of traffic and therefore delivers the most impressions and clicks to your ads. How often your PPC ads appear depends on which keywords and [match types](#) you select.

While a number of factors determine how successful your PPC advertising campaign will be, you can achieve a lot by focusing on:

- **Keyword Relevance:** Crafting relevant PPC – keyword lists, tight [keyword groups](#), and proper [ad text](#).
- **Landing Page Quality:** Creating optimized landing pages with persuasive, relevant content and a clear call-to-action, tailored to specific search queries.
- **Quality Score:** Quality Score is Google's rating of the quality and relevance of your keywords, landing pages, and PPC campaigns. Advertisers with better Quality Scores get more ad clicks at lower costs.



PPC KEYWORD RESEARCH

WHAT GETS ENTERED INTO THESE AUCTIONS?

Advertisers **identify keywords they want to bid on**, how much they want to spend, and create groupings of these keywords that are paired with ads.

Google then enters the keyword from your account it deems **most relevant** into the auction with the maximum bid you've specified as well as the associated ad.

NOTE: You can only have one entry into any query auction from your account.



Keyword research for PPC can be incredibly time-consuming, but it is also incredibly important. Your entire PPC campaign is built around keywords, and the most successful AdWords advertisers continuously grow and refine their PPC keyword list. If you only do keyword research once, when you create your first campaign, you are probably missing out on hundreds of thousands of valuable, long-tail, low-cost and highly relevant keywords that could be driving traffic to your site.

An effective PPC keyword list should be:

- **Relevant:** Of course, you don't want to be paying for [Web traffic](#) that has nothing to do with your business. You want to find targeted keywords that will lead to a higher [PPC click-through rate](#), effective cost per click, and increased profits. That means the keywords you bid on should be closely related to the offerings you sell.
- **Exhaustive:** Your keyword research should include not only the most popular and frequently searched terms in your niche, but also to [the long tail of search](#). Long-tail keywords are more specific and less common, but they add up to account for the majority of search-driven traffic. In addition, they are less competitive, and therefore less expensive.

HOW DOES GOOGLE DETERMINE WHICH AD IS SHOWN WHERE?

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

$$\text{AD RANK} = \text{CPC BID} \times \text{QUALITY SCORE}$$

The best combined **CPC Bid x Quality Score** gets the best position:





- **Expansive:** PPC is iterative. You want to constantly refine and expand your campaigns, and create an environment in which your keyword list is constantly growing and adapting.

OTHER ADWORDS FACTS

The Ad Auction & the Display Network

The ad auction works very similarly, but is triggered by "placements" or pages on Google AdSense where publishers make advertising space available for AdWords advertisers.

The core ranking components here are largely similar, with differences being:

- Relevance is determined by **placement** rather than the query.
- Bids are set at the **ad group level**, not the keyword level.
- You may also specify **CPM bids** (by impression) which then compete with both CPM bids and CPC bids.

Alternative Bidding Methods

Google also allows bidding methods other than CPC such as CPM or CPA:

CPM

CPM Bids – If a CPM bid is entered into an auction with CPM bids and CPC bids, eCPM is used to determine bid (the effective cost per 1000 impressions for both the CPM bid and the CPC bid).

CPA

CPA Bids – When you use Conversion Optimizer and bid to a CPA, Google is determining your max CPC bids for you based on historical conversion data, and is attempting to hit either the average or max CPC you've set.



HOW DOES GOOGLE DETERMINE WHAT YOU PAY?

You pay the minimum amount you can pay for the position you win if your ad is clicked on.

$$\text{YOUR PRICE} = \frac{\text{THE AD RANK OF THE PERSON BELOW YOU}}{\text{YOUR QUALITY SCORE}} + \$0.01$$

Advertiser	Max Bid	Quality Score	Ad Rank	Actual CPC
Advertiser I	\$2.00	10	20	$\frac{16}{10} + 0.01 = \$1.61$
Advertiser II	\$4.00	4	16	$\frac{12}{4} + 0.01 = \$3.01$
Advertiser III	\$6.00	2	12	$\frac{8}{2} + 0.01 = \$4.01$
Advertiser IV	\$8.00	1	8	Highest CPC

Notice how Advertiser I can pay less for a higher position due to his high quality score.

- The Auction gets run billions of times each month. The results are such that
- Users find ads that are relevant to what they're looking for
 - Advertisers connect with potential customers at lowest possible prices
 - Google rakes in billions of dollars in revenue

MANAGING YOUR PPC CAMPAIGNS

Once you've created your new campaigns, you'll need to manage them regularly to make sure they continue to be effective. In fact, regular account activity is one of the best predictors of account success. You should be continuously analyzing the performance of your account and making the following adjustments to optimize your campaigns:

- **Add PPC Keywords:** Expand the reach of your PPC campaigns by adding keywords that are relevant to your business.
- **Add Negative Keywords:** Add non-converting terms as negative keywords to improve campaign relevancy and reduce wasted spend.
- **Split Ad Groups:** Improve click-through rate (CTR) and Quality Score by splitting up your ad groups into smaller, more relevant ad groups, which help you create more targeted [ad text](#) and [landing pages](#).
- **Review Costly PPC Keywords:** under-performing keywords and shut them off if necessary.
- **Refine Landing Pages:** Modify the content and calls-to-action (CTAs) of your landing pages to align with individual search queries in order to boost conversion rates. Don't send all your traffic to the same page.

You'll learn more about all of these elements of PPC campaign management as you move forward through the coursework in PPC University.

If you're ready to get started with PPC, skip ahead to learn [how to set up an AdWords account](#).

If you've already got an AdWords account, we suggest you use our [FREE AdWords Performance Grader](#) to help you zero in on areas of improvement. In 60 seconds or less, you'll receive a customized report grading your account performance in 9 key areas, including click-through rate, Quality Score and account activity.



CLICK-THROUGH RATE

Achieving a high click-through rate is essential to your PPC success, because it directly affects both your Quality Score and how much you pay every time someone clicks your search ad. Are your click-through rates holding you back, or are they high enough?

Click-through rate (CTR) is a metric that measures the number of clicks advertisers receive on their ads per their number of impressions. In this tutorial you'll learn:

- Exactly how click-through rate is calculated.
- Why click-through rate is important to your pay-per-click marketing account.
- Learn what constitutes a good click-through rate for PPC, and how you can get one.

Learn what constitutes a good click-through rate for PPC, and how you can get one.

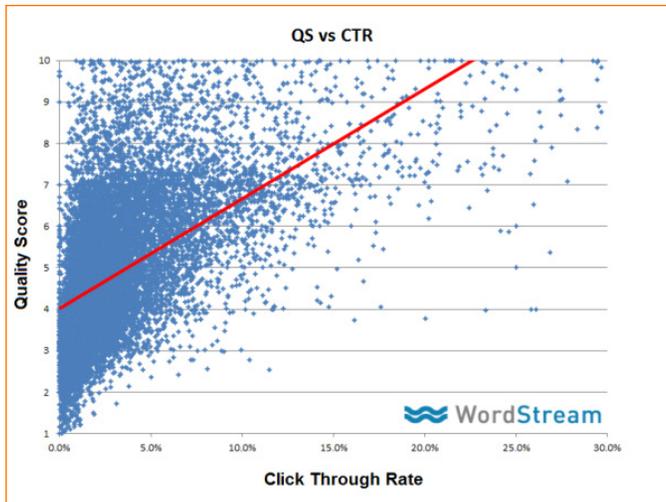


SO WHAT IS CLICK-THROUGH RATE, ANYWAY?

As mentioned above, [PPC click-through rate](#) is the rate at which your PPC ads are clicked. This number is the percentage of people who view your ad (impressions) and then actually go on to click the ad (clicks). The formula for CTR looks like this:

$$\text{(Total Clicks on Ad) / (Total Impressions) = Click Through Rate}$$

Generally, you can view your click-thru rate within the dashboard of your PPC account.



WHY DO CLICK-THROUGH RATES MATTER?

Click-through rate is important to your account because it directly affects your [Quality Score](#). [Google AdWords](#) and other search marketing platforms offer pricing discounts for ads that offer high relevance (read: make searchers happy). One means for doing this is to offer higher Quality Scores to ads with high [AdWords click-through rates](#):

- High click-through rates lead to high Quality Scores.
- High Quality Scores allow you to improve or maintain [ad position](#) for lower costs.

Additionally, if you are advertising on relevant queries, achieving a high click-through rate means that you are driving the highest possible number of people to your offering.

WHAT'S A "GOOD" CLICK-THROUGH RATE?



Billions in Ad spend already graded!

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AdWords Performance Grader

Report For Acme Corp's
John Taylor
Apr 13, 2014 at 10:24 AM

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91%

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This is a hotly debated topic: what constitutes a good click-through rate?

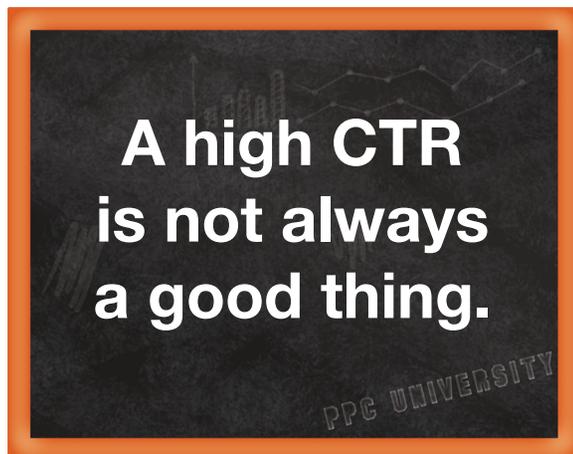
From a purely statistical standpoint, it depends. Take a look at Yahoo's answer to the "what's a good click-through rate" question:

The honest answer to the question is, "It depends." Click-through rates are naturally going to vary from campaign to campaign, and even from keyword to keyword. Everything involved in the way your ad is displayed plays a part, from your ad copy to the ad's ranking on the results page.

So while you want to have a "high" click-through rate, there's really no magic number. [Average click-through rate](#) will vary by industry, and your [expected CTR](#) depends on your ad's position, among other factors. Generally speaking, as we mentioned above, you want as high a click-through rate as possible.

Except when you don't.

WHEN HIGHER CLICK-THROUGH RATES ARE ACTUALLY BAD FOR BUSINESS



If a keyword isn't pertinent to your business or isn't going to generate sales, leads, branding gains, etc. then a high click-through rate for that term is actually bad for business. The reasoning for this is fairly clear:

- You're paying for every click.
- A lot of clicks generate a lot of ad spend.
- Some times you're generating clicks on keywords that are priced too high, and won't turn a profit even if they convert.
- Irrelevant terms and clicks are just spending money without bringing in additional business.

So you don't always want higher click-through rates: what you want are high CTRs on keywords that are:

- **Relevant** — Have to do with your ad text, your landing page, and your offering.
- **Affordable** — Keywords that aren't going to be profit-prohibitive.

So, in a nutshell, a good CTR means first targeting the right words, then getting as many people as you can to click on those ads.

ACHIEVING STRONG CLICK-THROUGH RATES FOR YOUR ADS

AdWords
made easy!

Manage PPC with
simple tools and alerts.



START YOUR *FREE TRIAL* 

Achieving strong click-through rates in PPC, then, depends on:

- **Targeted keywords** to bid on.
- **Cost-efficient** clicks.
- Tools and methodology for closely integrating **keywords with ad text and landing pages**.
- The ability to quickly and efficiently segment **keyword groups** to generate closer targeting.

Remember, the higher your click-through rate, the better your Quality Scores will likely be, and high Quality Scores are one of the single best predictors of success in PPC.

QUALITY SCORE

If you're trying to master PPC, you need a solid understanding of Quality Score. That's because your Quality Scores have enormous influence over the cost and effectiveness of your paid search campaigns.

Just as your credit score can affect whether or not you qualify for a loan and how high your interest rate is, Google Quality Score affects how your PPC ads perform and how much you pay for each click.

Your Quality Scores have enormous influence over the cost and effectiveness of your paid search campaigns.



WHAT IS QUALITY SCORE?

Quality Score is Google's rating of the quality and relevance of both your keywords and PPC ads. It is used to determine your [cost per click](#) (CPC) and multiplied by your maximum bid to determine your ad rank in the ad auction process. Your Quality Score depends on multiple factors, including:

- Your [click-through rate](#) (CTR)
- The relevance of each keyword to its ad group
- Landing page quality and relevance
- The relevance of your [ad text](#)
- Your historical AdWords account performance



No one outside of Google knows exactly how much each factor “weighs” in the Quality Score algorithm, but we do know that click-through rate is the most important component. When more people who see your ad click it, that’s a strong indication to Google that your ads are relevant and helpful to users. Accordingly, Google rewards you with:

- Higher ad rankings
- Lower costs

BENEFITS OF IMPROVING GOOGLE QUALITY SCORE

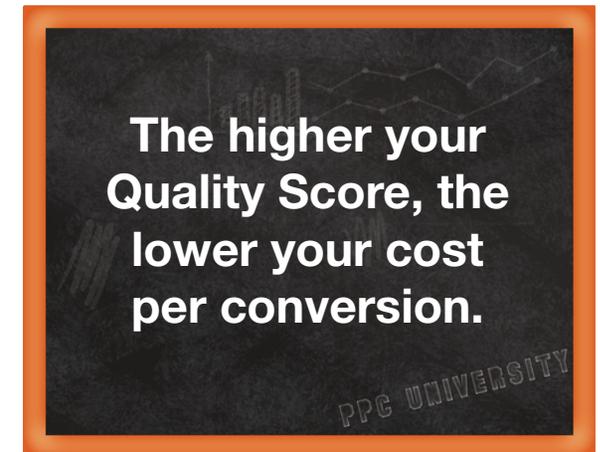
Impact on Cost Per Conversion



By analyzing thousands of PPC accounts, we know that Quality Score has a direct correlation on your PPC success. By [optimizing your Quality Scores](#), you'll be setting yourself up for higher return on investment (ROI). That's because higher Quality Scores correlate with lower cost per conversion! Cost per conversion is different from cost per click. It's not how much you pay for each click, but how much you pay when someone takes the action you want them to take, whether that's signing up for a free trial or making a product purchase. Since not every click results in a conversion, cost per conversion is generally higher than cost per click.

Luckily, strong Quality Scores lower both your cost per click and your cost per conversion.

Generally speaking, the higher your Quality Score, the lower your cost per conversion. Remember, a high Quality Score is Google's way of saying that your PPC ad meets your potential customers' needs. The better you are at meeting the prospect's needs, the less Google will charge you for the ad click.

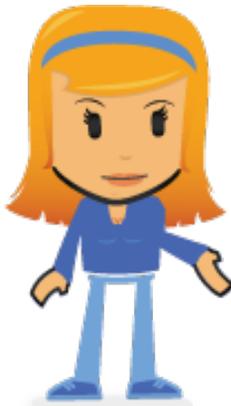


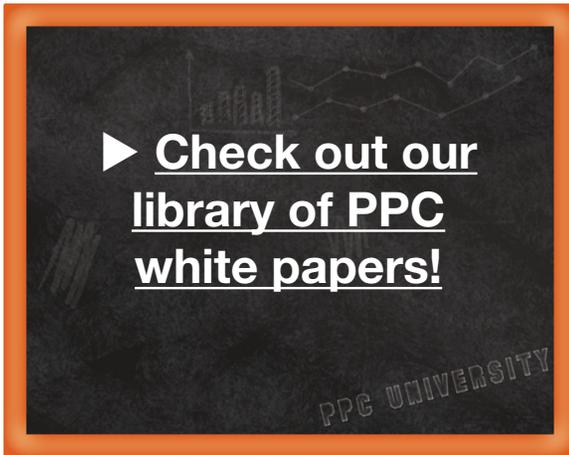
HOW DO YOU INCREASE YOUR QUALITY SCORE?

Since **Quality Score** determines where and how often your ads appear, it's important to boost your ratings by working consistently on your account. This can be achieved by focusing your efforts on several key areas:

- **Keyword Research** — Discover new, highly relevant [keywords](#) to add to your campaigns, including long-tail opportunities that can contribute to the bulk of your overall traffic.
- **Keyword Organization** — Split your keywords into tight, organized groups that can be more effectively tied to individual ad campaigns.
- **Refining Ad Text** — Test out PPC ad copy that is more targeted to your individual ad groups. More effective ads get higher CTR, one of the best ways to improve Quality Score.
- **Optimizing Landing Pages** — Follow landing page best practices to create pages that connect directly with your ad groups and provide a cohesive experience for visitors, from keyword to conversion.
- **Adding Negative Keywords** — Continuously research, identify, and exclude [irrelevant search terms](#) that are wasting your budget.

Boost your ratings with these tips!





As you can see, Quality Score is primarily a measure of relevance, and improving keyword Quality Score is a matter of structuring your PPC campaigns into small, well-organized, tightly knit groups of keywords. Better keyword research and organization will also naturally improve the quality and specificity of your ads and website content, allowing you to target the exact audience most likely to be searching for your offerings.

Low AdWords Quality Scores are primarily the result of disconnect between keywords, ad groups, ad text, and landing page content. A high Quality Score comes naturally when an AdWords account contains organized keywords in appropriate keyword groups, ad text that corresponds with certain ad groups, and landing pages that connect with the ad text's offer. While there is no easy, foolproof answer to improving your Quality Score formula, paying careful attention to relevance will greatly improve your scores.

MORE QUALITY SCORE RESOURCES

Want to learn more about how Quality Score works and how to increase your ratings? Check out the following resources:

- [Quality Score Toolkit](#) — This free toolkit is a Quality Score 101 course all wrapped up in one package. The toolkit includes our “Mastering Quality Score” video, our Quality Score white paper, and a Quality Score Cheat Sheet for quick and easy reference.
- [Improving Quality Score: The Value of Being More Relevant](#) — This free white paper takes an in-depth look at how Quality Score is calculated and lays out a strategy for increasing your Quality Scores.
- [Understanding and Improving Quality Score](#) — Learn how to improve Quality Scores with this free webinar that helps you understand why you should pay close attention to your quality score. Larry Kim, Founder of WordStream clears up mysteries surrounding the elusive Quality Score.

COST PER CLICK

Cost Per Click (CPC) refers to the actual price you pay for each click in your pay-per-click (PPC) marketing campaigns. In this lesson you'll learn:

- A more thorough definition of cost per click.
- Why CPC is important to you and your PPC campaigns.
- How to lower your cost per click while maintaining (or even improving) traffic and conversion levels.



WHAT IS CPC?

A “click” on one of your [PPC text ads](#) represents a visit, or an interaction with your company’s product or service offering. Every click in a PPC campaign represents attention from a person who is searching for something that you offer. This attention is what you’re buying, as an advertiser, so it’s important to note two factors:

- What type of attention you’re going after, and
- How much you’re paying for it.

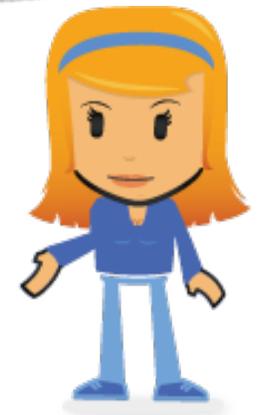
HOW IS COST PER CLICK CALCULATED?

The actual formula for cost per click in AdWords is:

$$\text{YOUR PRICE} = \frac{\text{THE AD RANK OF THE PERSON BELOW YOU}}{\text{YOUR QUALITY SCORE}} + \$0.01$$

As an advertiser, your cost per click will always be less than or equal to your maximum bid, as it is an average of bids against a series of competitors over a period of time. Because of how Google’s Adwords Auction works, your actual cost per click is heavily influenced by both you and your closest competitor’s ad rank, maximum bid, and Quality Score.

CPC is influenced by Quality Score.



THE IMPORTANCE OF COST PER CLICK IN SEARCH ADVERTISING

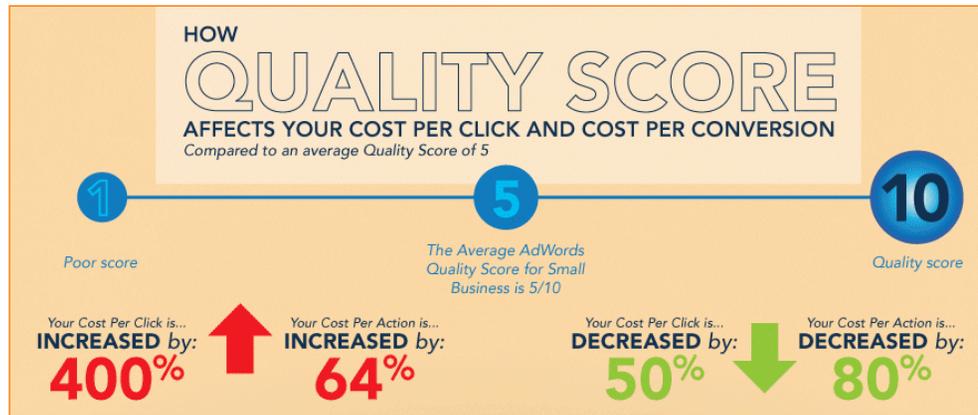
Cost-per click is important because it is the number that is going to determine the financial success of your paid search campaigns.

Your return on investment, whether you're over- or underpaying for each [action](#), will be determined by how much you are paying for clicks, and by what kind of quality you are getting for that investment.



Since the overall ROI of your campaigns is determined by how much you're paying for clicks and the quality of traffic they're bringing in, it is important to think about cost per click in terms of both cost and value. You want to identify and target clicks that are both inexpensive and valuable.

LOWERING CPC WHILE MAINTAINING VALUE



So how do you go about lowering the price you're paying for each click, while sustaining (or even improving upon) the value of your visits? Two key paths of action come into play here:

RAISE YOUR QUALITY SCORE

Google has created an automated system that offers pricing discounts to well-managed PPC campaigns with high Quality Scores. Currently, accounts with quality scores of 6 or higher (the average score today is 5) are granted

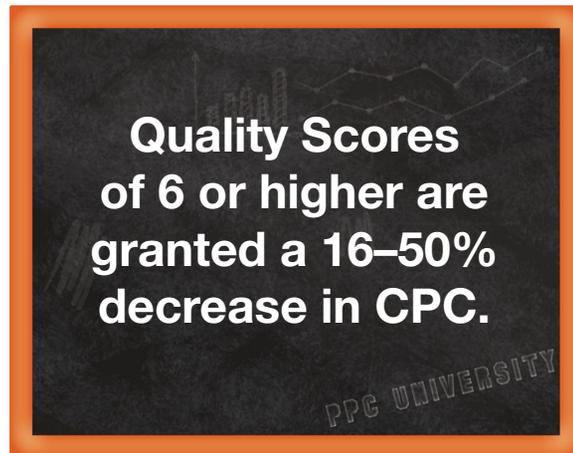
a 16–50% decrease in CPC, whereas accounts with a 4 or lower Quality Score see a 25–400% increase in CPC!

Boost your chances of a drastically discounted cost per click by adhering to [Quality Score](#) best practices:

- Increase [click-through rates](#) (CTR) by creating compelling, relevant ads.
- Build out closely related [ad groups](#).
- Optimize ad text and [landing pages](#) that speak to individual search intent.

EXPAND YOUR REACH

By discovering new, relevant and valuable clicks, the distribution of your budget will be improved substantially. To do this, you'll have to find new [PPC keywords](#) and search advertising opportunities. But you can't just expand without also paring back — you need to simultaneously eliminate irrelevant or overpriced clicks from your campaigns.



Billions in Ad spend already graded!

FREE ADWORDS PERFORMANCE REPORT

AdWords Performance Grader

Report For Acme Corp's
John Taylor
Apr 13, 2010 at 10:29 AM

Scored Better Than
91%
of AdWords accounts that we've graded

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REFINE YOUR REACH

Continually designating [negative keywords](#) in your AdWords account helps to control your CPC by filtering out traffic from searchers that are highly unlikely to convert. So as you add new keywords to your AdWords account, be sure to eliminate the losers. When you target only keywords that perform well and are relevant to your business, it ensures that:

- **Your spend is protected** — Lowering your cost per click isn't useful if you're paying low prices for irrelevant clicks. Negative keywords tell your PPC campaigns which terms not to target, therefore reserving your budget for relevant terms only.
- **Your Quality Score improves** — If your keywords are clearly related to your ad text, landing pages, and offering, your click-through rate and other Quality Score factors will be positively affected. This gets you more cost-efficient clicks (remember, up to a 50% decrease in CPC!), and on search terms that are more likely to convert.

A low cost per click is key to PPC success because it ultimately translates into your [cost per conversion](#). You'll learn more about that in the next lesson.

COST PER ACTION

Cost per action, or CPA — sometimes referred to as cost per acquisition — is a metric that measures how much your business pays in order to attain a conversion.

Generally, your CPA will be higher than your [cost per click](#), or CPC, because not everyone who clicks your ad will go on to complete your desired action, whether it's making a purchase or filling out a form to become a lead.

Cost per action takes into account the number of ad clicks you need before someone converts — in other words, [improving your conversion rate](#) will lower your CPA.

***Improving your
conversion rate will
lower your CPA.***



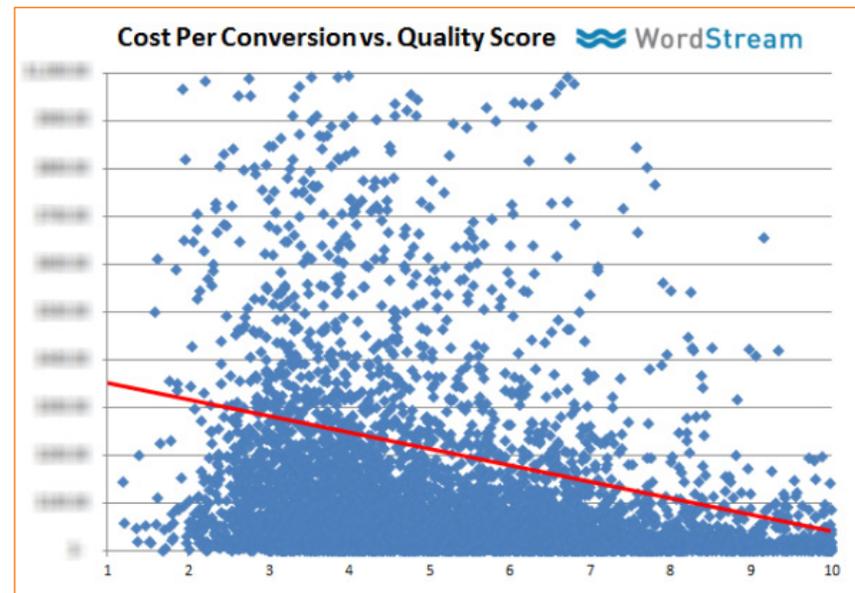
HOW TO LOWER YOUR CPA IN ADWORDS

What is Google's
all-important
metric?
Quality Score.

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So, what determines your CPA? Like most things PPC, your CPA is directly affected by your [Quality Score](#), Google's all-important metric based on the quality of your keywords, ads, and landing pages. In general, the higher your Quality Score, the lower your costs — in fact, for each point your score is above the average Quality Score of 5, your CPA will drop about 16%.

Keeping your Quality Score high and your CPA low can be a huge benefit to your PPC budget over time, giving you the opportunity to buy more exposure in the online advertising space and optimize the number of conversions that come from your ad spend.



HOW QUALITY SCORE AFFECTS COST PER ACTION

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Report For Acme Corp's
John Taylor
Apr 15, 2013 at 10:29 AM

Scored Better Than.
91%
of accounts that we've graded

77% Positive

It's well known that AdWords Quality Score affects your cost per click, but not everyone realizes that Quality Score is every bit as important in determining your cost per conversion.

When you plot average CPA against impression-weighted Quality Score, you see a strong correlation: [The higher the Quality Score, the lower the cost per action.](#) In other words, optimizing for Quality Score and optimizing for CPA are essentially the same thing.

The table on the right shows how much you'll save on cost per action if your Quality Score is higher than 5. Likewise, having a below average Quality Score will increase your CPA, relative to your competitors, which hurts your overall ROI.

Impact of Quality Score on CPA in 2013		
if QS is	Your CPA vs. QS=5 is:	
10	Discounted by:	80%
9	Discounted by:	64%
8	Discounted by:	48%
7	Discounted by:	32%
6	Discounted by:	16%
5	-	
4	Increased by:	16%
3	Increased by:	32%
2	Increased by:	48%
1	Increased by:	64%

Courtesy of WordStream, Inc.

WHAT IS COST PER ACTION BIDDING?

CPA bidding is a method of paid advertising that allows you to tightly control your advertising spend. Rather than paying Google for every time someone clicks on one of your ads (as with CPC bidding), CPA bidding only requires you to pay for each conversion, a metric you define yourself when you set up each campaign. This action might be a sale, a lead, a download, or some other conversion you define. CPA advertising can help you avoid spending money on search terms that may not be directly driving business. If one of your ads displays in a SERP and does not match up with the searcher's intent, you'll only pay if the searcher engages with the ad and ultimately converts.

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CONVERSION RATE OPTIMIZATION

Conversion rate optimization (CRO) is the process of optimizing your sponsored search ads, landing pages, and overall website design to raise your conversion rate.

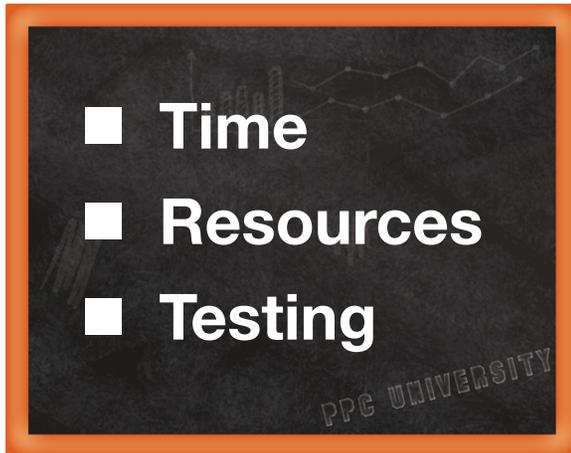
In other words, the goal is for the highest possible percentage of visitors to your site to convert, or complete your desired action.

CRO is quickly gaining in popularity because it's seen as a way to increase profits from sales without raising your advertising spend.

The goal is for the highest possible percentage of visitors to your site to convert, or complete your desired action.



HOW TO OPTIMIZE CONVERSION RATES FOR PPC



Of course, just as [SEO](#) isn't really free, neither is a website redesign. It requires time and resources and, if you're doing it right, testing. Nonetheless, it's more than worth your while to familiarize yourself with the basic principles of [website conversion](#) optimization, so you can maximize the chances that a potential customer who arrives at your site from a search engine becomes a qualified lead or a paying customer.

There are a number of things you can do to increase your conversion rate, among them:

- **Write compelling, clickable PPC ads** that are highly relevant to the [keyword/](#) search query and your intended audience. All the better if you're targeting high-intent mid-tail and [long-tail keywords](#) that indicate a searcher who is late in the buying cycle, as those consumers are more likely to convert.
- **Maintain a high degree of relevance between your ads and corresponding landing pages.** Your landing page should deliver on the promise of your ad (the call to action) and make it easy for the searcher to complete that action, be it signing up for a newsletter, downloading a white paper or making a purchase.
- **Test your landing page design.** Conduct [A/B testing](#) to find the right layout, copy, and colors that push the highest percentage of site visitors to fill out your form, call in, or otherwise convert to a valuable lead or customer.

OPTIMIZING PPC CONVERSIONS: START WITH THE RIGHT KEYWORDS

When you start thinking about conversion rate optimization, it's tempting to fiddle around with buttons and forms and other low-in-the-funnel design elements that might make or break the sale. But remember that part of optimizing conversions is getting the right visitors to your site in the first place:

- High [web traffic](#) is useless if none of those people convert.
- With search marketing, increasing your qualified traffic is a matter of bidding on and optimizing for the right keywords.
- Better keyword traffic data means you can make better decisions about your website and ad copy and better target the right customers.

With search marketing, increasing your qualified traffic is a matter of bidding on and optimizing for the right keywords.



HOW KEYWORD GROUPING AFFECTS CRO

Effectively [grouping and organizing your keywords](#) can have powerful effects at every level of your search marketing results, from SEO to PPC to CRO. Why? Because strong keyword groups make it much easier to:

- Write effective, targeted PPC ads
- Create specific, optimized landing pages
- Prioritize content creation
- Maintain an organized, well-structured website

All of these practices can work to increase both traffic and conversion rates. They also have a positive impact on your [Quality Score](#), which lowers your overall [cost per action](#).

LANDING PAGES AND CONVERSION RATE OPTIMIZATION

The quality of your individual landing pages can also have a dramatic effect on conversion rates. Think about it — a prospective client stumbles across your page as the result of a specific search query. If the content and offering of that page aren't relevant to what they were looking for or expecting to find, they will return to their search and you will lose that lead. And the negative effects don't stop there! Poorly constructed landing pages can also cause your Quality Score to drop, which will in turn raise your cost per click, cost per action, and reduce your ad rank so that it's harder to win spots in Google's ad auction process.

LANDING PAGE EXAMPLE



[Sign In](#)

or

[Create Account](#)

[Check Order Status](#)

[Contact Us](#)

[Our Satisfaction Guarantee](#)



Speak to a Customer Care Specialist: **(800)773-0888**



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Billy Smith, LegalZoom customer
Sporting Sails



WordStream

Are your landing pages optimized for conversions?

Try our free Landing Page Grader to find out!



TRY IT FREE! ➔

So, what makes a good landing page? Common best practices for page design include few key elements:

- **Compelling headline** — Create a striking headline that is relevant to your PPC keyword and compels prospective clients to remain on the page to fulfill your desired action.
- **Concise, targeted copy** — The content of your page should clearly communicate your offering, and speak directly to the keywords associated with that ad group. Use bulleted lists to prevent copy from becoming too lengthy or overwhelming.
- **Eye-catching, clickable call-to-action (CTA)** — Make sure your CTA button stands out visually, appears clickable and uses short, gain-focused text.
- **User-friendly lead capture form** — A good form includes all the fields needed to fulfill your offer, but not so many that prospective clients are visually overwhelmed. Think carefully about what information is truly necessary to capture as you build your form.
- **Attractive overall design** — Landing pages should be clean and uncluttered, which conveys both trustworthiness and professionalism to prospective clients. Design should also be consistent with your brand in order to prevent a disjointed browsing experience for visitors.

Adhering to these best practices will keep your landing pages relevant and high quality, which will lead to a valuable boost in both CRO and Quality Score. Try out WordStream's [free Landing Page Grader](#) to see if your AdWords landing pages are optimized for conversions.

KEYWORDS

In pay-per-click marketing, everything starts with a keyword.

When you use Google or any other search engine, you type words into the search box to find what you're looking for.

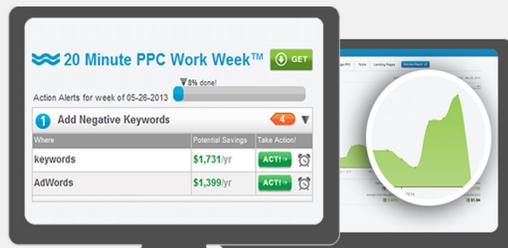
The results that Google returns — whether they're organic results or paid advertisements — are there because they're relevant to the words in the search box. And if you want your ads to show up on the page, you have to bid on that keyword.

**In PPC,
everything starts
with a keyword.**



Are your landing pages optimized for conversions?

Try our free Landing Page Grader to find out!



TRY IT FREE! ➔

Therefore, to succeed at PPC, you need to make sure you're bidding on the right keywords. This process includes a few moving parts:

- **PPC Keyword Research:** Using [keyword research tools](#) and analytics data to find a list of keywords that are highly relevant to your business offerings. The goal is to show up in the search results when people search for products or services that are relevant to your business.
- **Keyword Grouping and Organization:** The most effective PPC accounts organize keywords into small groups of tightly related keywords.
- **Negative Keywords:** Negative keywords are a way of filtering out unwanted clicks. By setting a negative keyword, you tell Google what searches you don't want your ads to display for.
- **Keyword Bid Optimization:** Everyone has a limited budget, so it's important to focus your spending on your best performing keywords, without paying more than necessary.

As you can see, PPC isn't just a matter of finding the right keywords. In order to get high ad rankings at low costs, you'll need to work at achieving relevance across your account. That means having:

- An organized account structure
- Targeted, compelling ads, and
- Optimized landing pages

All of these factors will contribute to your [keyword Quality Score](#) — the key metric that determines where your ads are displayed and how much you pay for each ad click.

You can learn more about all of these concepts later on in the coursework. For now, let's focus on keywords and how they function in your PPC account.

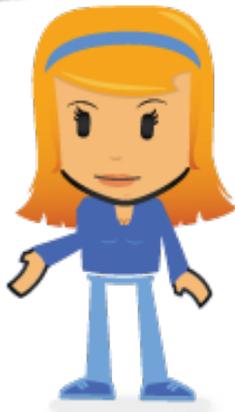
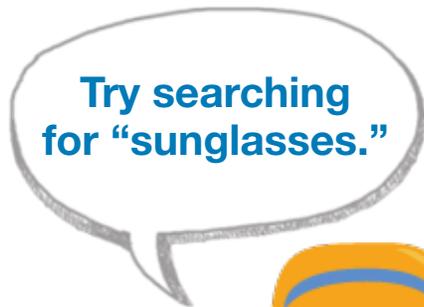
KEYWORDS VS. SEARCH QUERIES

In casual conversation, the terms “keyword” and “search query” are often used interchangeably, but there is actually a difference. [What is the difference between a keyword and a search query?](#)

A **keyword** is an abstraction that we extrapolate from multiple search queries.

A **search query** is the actual word or string of words that a search engine user types into the search box.

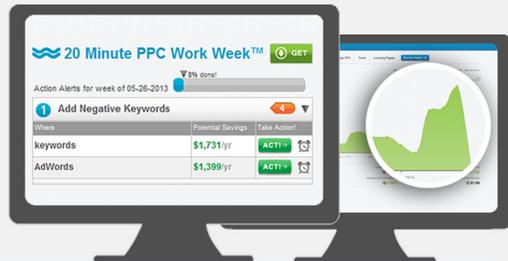
As search marketers, what we target are keywords. For example, one of your target keywords might be “sunglasses.” When you bid on the keyword sunglasses, the search queries that trigger your ad might include variations like “women’s sunglasses,” “aviator sunglasses,” or “sunglasses for small faces.” These search queries all map back to your primary keyword.



THE IMPORTANCE OF KEYWORD GROUPING

Download the white paper:

4 Steps to Better Keyword Grouping: Strategies for More Effective & Profitable Segmentation

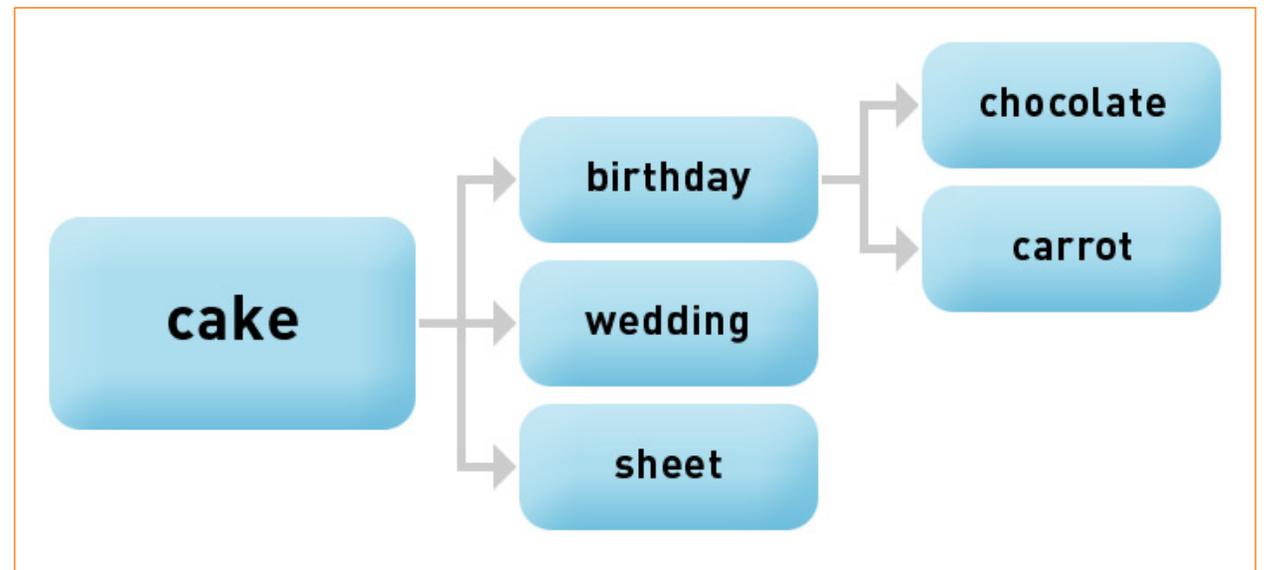


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Because search queries have so much variance, best practices dictate that PPC marketers group their keywords into related clusters.

Effectively grouping and organizing your keywords improves your PPC strategy by enabling you to create more relevant, Quality Score-friendly ad groups, text ads and landing pages.

The easiest way to get started is to use a keyword grouping tool to break a large list of keywords down into smaller groups by theme. You can then break those groups into even smaller groups, forming a hierarchy, or tree structure:



This structure will map to your AdWords campaigns and the ad groups within those campaigns.

HOW KEYWORDS WORK IN YOUR PPC ADS

Your text ads need to be relevant to the keywords you're bidding on in order to earn high Quality Scores, which determine where your ad appears and your cost per click (CPC).

The keyword you're bidding on should actually appear in your ad in order to show relevance to both Google and the searcher. The term the user searches on will appear in bold font in your ad, so using the keyword more than once will really make your ad "light up":

Some tips for using keywords in your PPC ads:

- Try to use the keyword in the headline and once more in the description lines, if you can do so while still communicating benefits and including a call to action.
- Bid on [long-tail keywords](#), which have less competition and are therefore more targeted and less costly.
- Consider [dynamic keyword insertion](#), which inserts the searcher's exact search query into your ad, making it extra-relevant to them.
- Use [sitelinks](#) to expand your ad and include more related keywords.

Ads ⓘ

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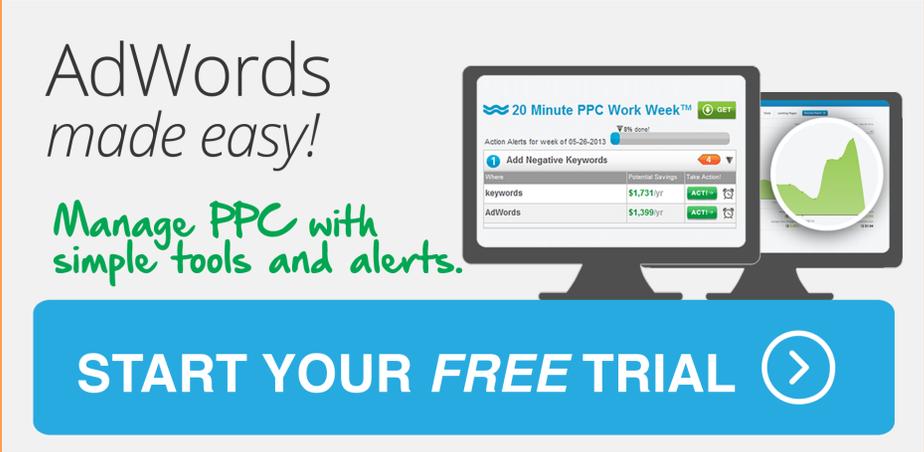
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KEYWORD MATCH TYPES

When you bid on keywords, you have the option of telling Google how restrictive it should be when matching your ads against relevant search queries. There are four keyword match types, from least restrictive to most restrictive:

- **Broad match** — This is the default keyword match type. Google will match your ad against the greatest number of possible queries. For example, if you bid on the keyword “massage,” your ads might show when people search on longer phrases that include “massage,” like “Miami massage” or “deep tissue massage therapist.” Your ads might also show for closely related searches like “hot stone therapy.”
- **Modified broad match** — With modified broad match, you can tell Google to only display your ads when one or more words is in the query, preventing synonym matches. If you bid on “+massage,” only queries that actually include the word “massage” will trigger your ad.
- **Phrase match** — This match type allows you to tell Google to display your ad only when the search query includes a full phrase, such as “hot stone.” (The words have to appear in that order.) Other words may be included in the search query before or after the phrase.
- **Exact match** — The most restrictive match type, exact match tells Google to only match your ads to queries that are exactly the same, word for word, as your keyword.



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20 Minute PPC Work Week™ GET

Action Alerts for week of 05-26-2013 8% done!

1 Add Negative Keywords

Where	Potential Savings	Take Action
keywords	\$1,731/yr	ACTI
AdWords	\$1,399/yr	ACTI

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Broad match keywords have the advantage of allowing the maximum number of impressions and clicks — however, those clicks are less targeted and may be less likely to convert. The more restrictive the match type, the fewer clicks you'll receive, but that traffic will be more relevant and more qualified.

KEYWORD TOOLS TO HELP YOU ALONG THE WAY

WordStream offers a suite of free keyword tools to help you get started with keyword research, organization, and management:

- [The Free Keyword Tool](#) is an easy-to-use, FREE keyword suggestion tool that returns more keywords than even paid tools.
- [The Free Keyword Grouper](#) takes a list of keywords as input and returns keyword groups ready for PPC campaigns and searchoptimized web pages.
- [The Free Keyword Niche Finder](#) is a keyword suggestion tool and keyword grouper in one. Enter a keyword search term to get back structured keyword suggestions and find your most profitable keyword niches.

Now that you've got a handle on keywords, let's move on the next lesson.

Download the white paper:

The Complete Guide to AdWords Matching Options



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AD GROUPS

Ad Groups are an essential component of pay-per-click marketing. Creating effective Ad Groups can help you to drive more traffic and leads at lower costs, while increasing the number of conversions on your site.

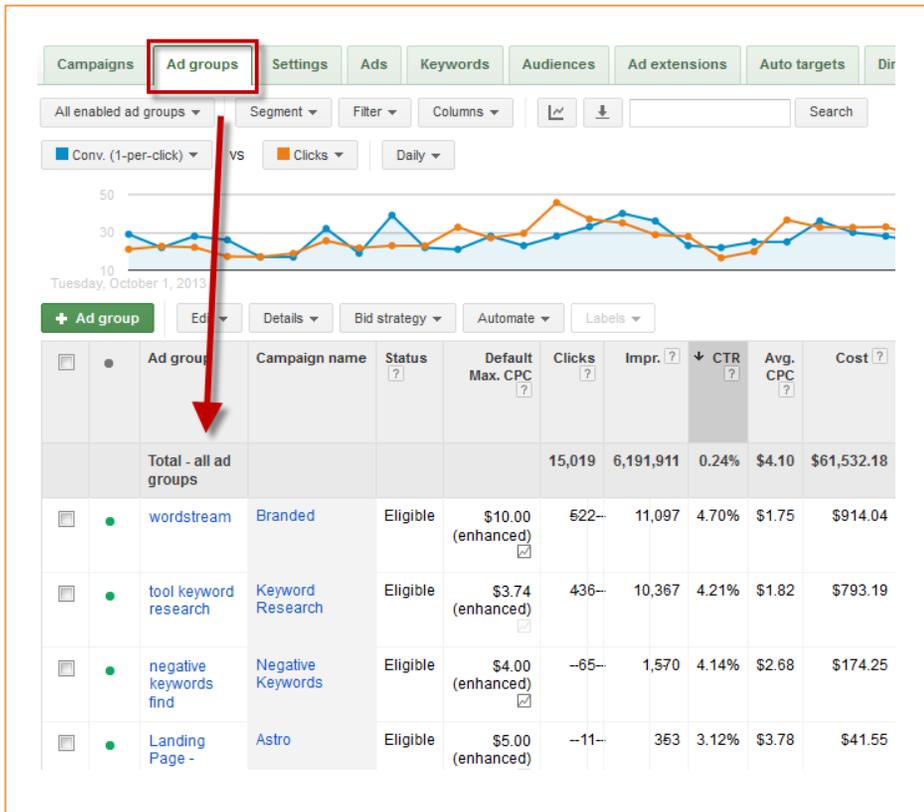
This lesson will teach you:

- What “Ad Group” means in reference to [PPC advertising](#).
- Why Ad Groups are important.
- And, of course, how best to create an effective Ad Group for PPC.

An Ad Group is the container for your keywords in your search marketing campaigns.



SO WHAT'S AN AD GROUP, ANYWAY?



Basically an Ad Group is the container for your keywords in your search marketing campaigns.

PPC advertising is structured such that you first [create an account](#), then create an ad campaign, which is home to Ad Groups.

Those Ad Groups then house:

- Keywords
- [Text ads](#)
- [Landing pages](#)

In other words, ad groups are one of the main tools you have for organizing your PPC account into a meaningful hierarchy.

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HOW TO CREATE AD GROUPS THAT REALLY WORK

“Really work” here means **Ad Groups that cost less and convert more**. Basically, in creating an Ad Group, you want to ensure that you’re offering integration and consistency:

- **Integration** — Create a system where you’re consistently creating keyword groups, ad text, and landing pages that are tightly integrated with one another.
- **Consistency** — This integration should lead to messaging consistency. Your ad text and landing pages should speak directly to the searches users are typing in to reach your site.

There are two central reasons these things are so important to you and to your business:

- **Lower Costs** — Because of a system known as [Quality Score](#), creating well-aligned Ad Groups means that you’ll be paying less money for the same clicks.
- **More Conversions** — If I search for “graphic design services” and your advertisement talks about your graphic design services, and then you send me to a page about those same graphic design services, I’m much more likely to convert than if your ad text or landing page have nothing to do with one another or aren’t well integrated with your keywords.

So what actually goes in your ad groups? Text ads, of course! In our next lesson, we’ll learn how PPC text ads work and how you can optimize your text ads for better PPC performance.



WHY ARE AD GROUPS SO IMPORTANT?

Most search engines look to your Ad Group organization to determine:

- Which keywords your ads will show in response to.
- What your ad will say when it runs.
- Where the visitor will be taken when they click on your ad.

You’re deciding:

- Who to advertise to.
- What to say to get their attention.
- And how you’ll make your final pitch when you set up an Ad Group.

TEXT ADS

Compelling, targeted text ads are crucial to a high-performance PPC campaign.

They're often the first contact that a potential customer has with your site: they search for something related to your business, and your ad shows up in the results.

Whether or not they click on your ad and get to your website depends on how powerful your message is and how relevant it is to what they want.

Ads are often the first contact that a potential customer has with your site.



Since the PPC text ad is so often the “first touch,” it’s crucial that you get them right. Creating well-written AdWords ads offers some very obvious benefits:

- Improved Click-Through Rate
- Better [Quality Scores](#)
- Lower CPA (Cost Per Action)

The most important things to keep in mind when writing ad text are making sure your ad is highly relevant:

- To your product or service
- To the searcher’s intent (which can usually be inferred from the keyword and context)
- To your [PPC landing page](#)

The simplest possible version of a PPC text ad looks like this:

[Patio Umbrella Sale](#)
www.patioumbrellas.com/ ▼
4+ Star Rated Umbrella.
Most Patio Umbrellas Ship Free!

It consists of a headline, a display URL, and two lines of description. Each line of the ad has a limited character count; there’s an art to writing an eye-catching, compelling message that, ideally:



- **Contains** the relevant keyword at least once.
- **Communicates** your unique value proposition, i.e., the benefits of your offering and why people should visit your site to learn more.
- **Includes** a compelling call to action, or a command that tells the searcher what to do and what they'll get when they click on the ad.

Google offers plenty of tools to make your ads more compelling. For example, you can use ad extensions to provide additional links for the user to click on, as well more information about your product. This additional info might include:

- **Location and contact information**, such as physical address and phone number.
- **Images** of products in your inventory or other features, like a hotel room.
- **An email field** so that users can sign up for an email list right from the Google search results page.

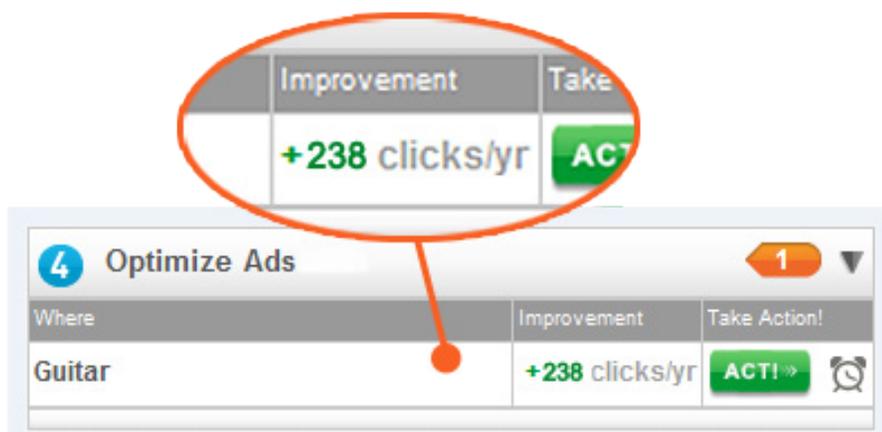
You'll learn more about [AdWords ad extensions](#) in **PPC 102**, or you can skip ahead and download our [Ultimate Guide to AdWords Ad Extensions](#) (PDF).



THE IMPORTANCE OF REGULAR AD TEXT OPTIMIZATION

Top-performing PPC advertisers are always testing and tweaking their ads to find the most compelling messaging for each keyword group, in order to maximize clicks and Quality Score and ultimately lower cost per action, which equates to higher ROI.

Now ad optimization is easier than ever with Optimize Ads, an ad authoring tool and alert that's part of the [20-Minute PPC Work Week](#). This new feature proactively monitors your ad performance and simplifies the ad writing process so you can optimize your PPC text ads in as little time as possible.



Here's how it works:

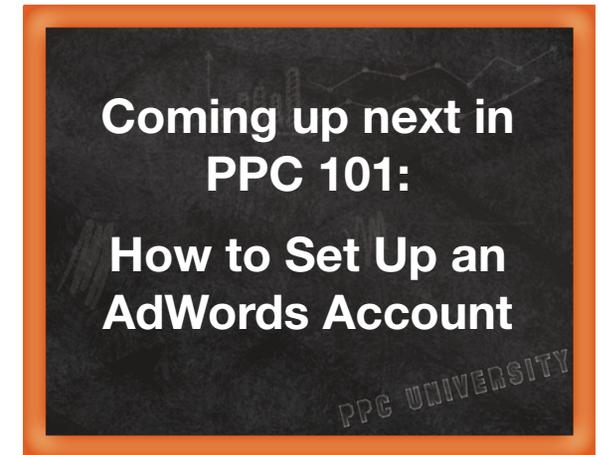
- **Cut hours of analysis down to seconds** — An alert lets you know when an ad needs improvement, so you don't have to dig through hundreds or thousands of ads.
- **Write highly clickable ads fast by leveraging your best-performing ad text** — We help you re-use messaging that's already working for you, by showing you your best-performing ad in the group.
- **Avoid common pitfalls** — The software automatically checks to make sure your ad follows best practices, and that you're not violating any of Google's quality guidelines.

With Optimize Ads, there are no more excuses for weak, underperforming ads. PPC Advisor helps you make the most of your ads in just a few minutes per week!

THE VALUE OF BETTER AD TEXT

When your ad is more relevant to the searcher, your CTR improves, and high CTR is the single largest component of your Quality Scores. High Quality Scores lift your whole AdWords account and are good for your business. Why? Because [Quality Score works](#) to improve your ad rankings while lowering your cost per click!

If you spend just a few minutes a week to improve the relevance and CTR of your ads — throw out your worst two ads and replace them with new text, or try out a new [ad extension](#) — you'll be on your way to a better-performing PPC account.



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Manage PPC with simple tools and alerts.



Where	Potential Savings	Take Action!
keywords	\$1,731/yr	ACTIV
AdWords	\$1,399/yr	ACTIV

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HOW TO SET UP AN ADWORDS ACCOUNT

THREE-STEP GUIDE TO ADWORDS

Think you're ready to take the plunge and start a Google AdWords account?

In the final section of PPC 101, you will learn:

- How to create a new AdWords account.
- How to set up customized preferences for your account.
- Payment options for PPC advertisers.



ARE YOU READY FOR ADWORDS?

If the next three statements describe you, then you are ready to set up your first AdWords account.

YOU HAVE A WEBSITE THAT IS RELEVANT, EASY TO NAVIGATE, AND FAIRLY WELL BUILT OUT.

Your AdWords account will help you to bring qualified searchers to your landing pages. Once they've made it to your site, it's your job to [convince them to convert](#). To achieve this, you must create landing pages that will compel visitors to take action. If your landing pages are cluttered, lack relevant information or do not facilitate a conversion, you're throwing money into a black hole and your paid search efforts will be in vain. If you know that your landing pages need a little TLC, check out [these tips](#). (Bonus points if you have mobile optimized landing pages, too!)

YOU'RE WILLING TO COMMIT TO THIS PROJECT FOR THE LONG HAUL (FINANCIALLY AND TIME-WISE).

You won't see the full potential of your account from the start. Cliché as it may be, it's important to recognize that PPC is a marathon, not a sprint. It takes time to establish a strong structure, expand keyword lists, identify negatives and test ads/landing pages. Plus, you are likely to start off with poor Quality Scores, which will hurt your average position and CPCs. You will see your Quality Scores start to shift once you've established

your Google "street cred" and proven that you've built an account that offers a positive user experience (this typically takes 4–6 weeks).

YOU ARE WILLING TO DEDICATE SOME EXTRA MANPOWER TO PPC FOR THE NEXT FEW WEEKS.

Sure, once your account has been up and running for a while, you can sit back and relax. However, your first month will require a bit more heavy lifting. If you've never managed a PPC account before, I recommend taking a few weeks to do some studying (maybe even get [certified](#), if you're feeling like a true overachiever!). Once you know the ropes you can embark on the account build out, which may also be a fairly time consuming process and then, for the first few weeks, you will need to monitor your performance pretty heavily. Though it may be tough right off the bat, the hard work will be well worth your while!

If you fit the descriptions above, we recommend taking some time to develop your strategy and [identify your paid search goals](#). One of the most important things to consider is **how you will define a conversion**. A "conversion" is the action that you want the searcher to take after they've clicked on your ad and visited your landing page. Different advertisers track different types of conversions. An e-commerce site might want to drive purchases, whereas a plumber may be looking for form fill-outs or phone calls. It is also important that you identify the value associated with a completed conversion.

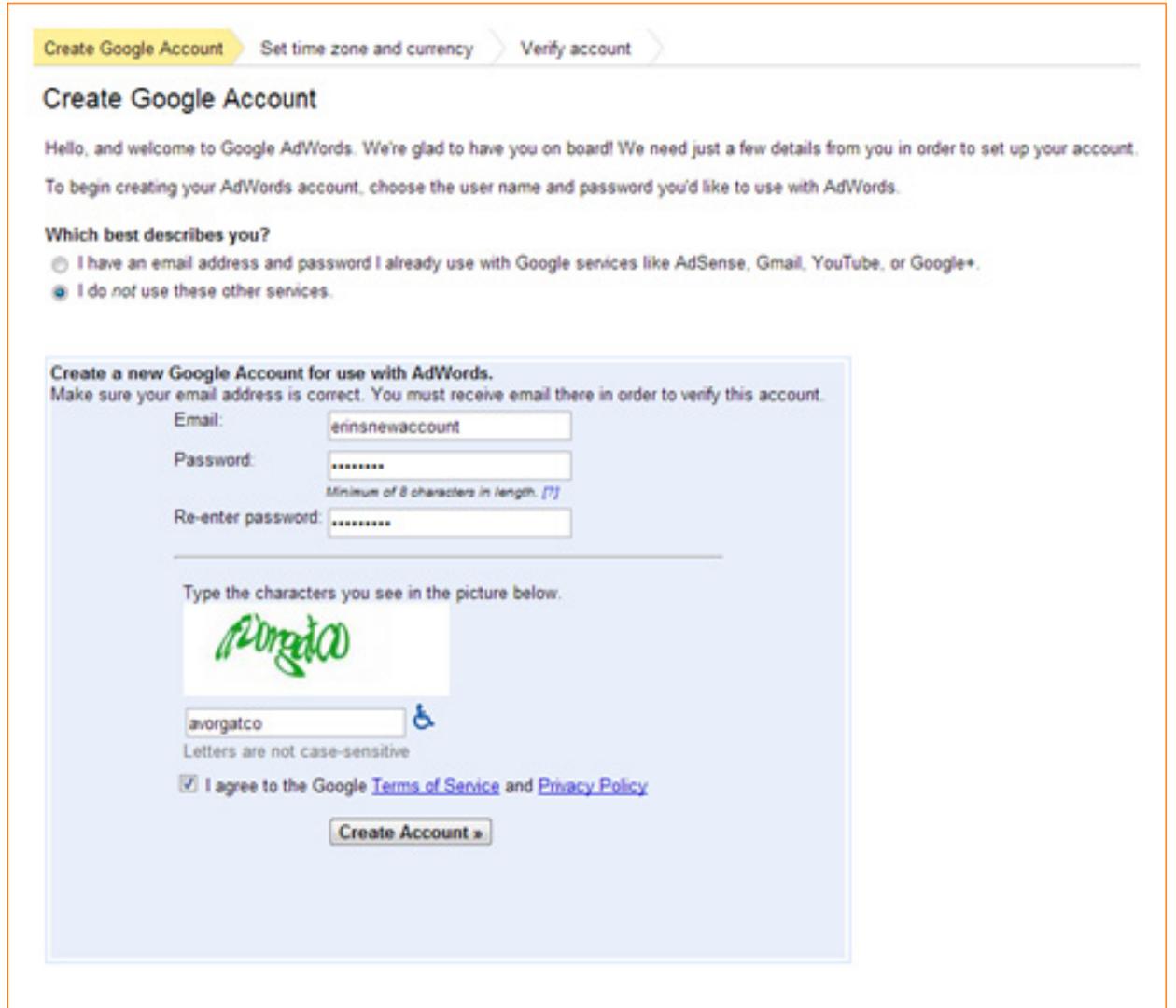


3 STEPS TO SET UP A NEW ADWORDS ACCOUNT

OK, for you brave souls who have done your research and are ready to get started, here's how you can the ball rolling:

STEP 1

Head to www.adwords.google.com to set up an account. When creating an account, you have the option to create it under your existing Gmail account or set up a new account. Personally, I like to set up a new Gmail account ahead of time, which I use specifically for AdWords management. This way, my personal email isn't bombarded with emails from AdWords.



The screenshot shows the 'Create Google Account' page for AdWords. At the top, there are three steps: 'Create Google Account' (highlighted), 'Set time zone and currency', and 'Verify account'. The main heading is 'Create Google Account'. Below it, a welcome message says: 'Hello, and welcome to Google AdWords. We're glad to have you on board! We need just a few details from you in order to set up your account. To begin creating your AdWords account, choose the user name and password you'd like to use with AdWords.'

The section 'Which best describes you?' has two radio button options:
 I have an email address and password I already use with Google services like AdSense, Gmail, YouTube, or Google+.
 I do not use these other services.

Below this is a light blue box titled 'Create a new Google Account for use with AdWords. Make sure your email address is correct. You must receive email there in order to verify this account.' It contains the following fields:
Email: erinsnewaccount
Password: [masked] (with a note: 'Minimum of 8 characters in length. [?]
Re-enter password: [masked]

Below the password fields is a CAPTCHA section: 'Type the characters you see in the picture below.' The image shows the word 'avorgatco' in a green, cursive font. Below the image is a text input field containing 'avorgatco' and a blue accessibility icon. Below the input field, it says 'Letters are not case-sensitive'.

At the bottom of the form, there is a checked checkbox: 'I agree to the Google [Terms of Service](#) and [Privacy Policy](#)'. Below this is a 'Create Account >' button.

STEP 2

Now that your account has been established, you must complete a few housekeeping items, such as setting your time zone and currency preferences.

STEP 3

Finally, you are prompted to set up billing information. With AdWords, you have two payment options. Automatic payments allow you to pay after accruing clicks. You will be charged upon reaching your billing threshold or 30 days after your last payment, whichever comes first. If you opt for manual payments, you will prepay AdWords and charges will be deducted from the prepaid amount. When your prepaid balance is diminished, all advertising will be suspended until you make another payment.

You can elect to have payments drafted from either a credit card or a bank account. Keep in mind that Google must verify the bank account, which can take a little while. If you are eager to get your ads up and running, your credit card may be a better option.

The screenshot shows a web interface for setting account preferences. At the top, there are three tabs: 'Create Google Account' (checked), 'Set time zone and currency' (active), and 'Verify account'. The main heading is 'Set your time zone and currency preferences'. Below this, there is explanatory text: 'We need two more details to set up your AdWords account, the currency you'll use to pay Google for your advertising costs, and the time zone you'd like your reports to be in. You won't be able to change these details later, so please be careful when making your selections.' There are two sections: 'Select a permanent time zone for your account.' with a dropdown for 'Time zone country or territory' set to 'United States' and another dropdown for 'Time zone' set to '(GMT-05:00) Eastern Time'; and 'Select a permanent currency for your account.' with a dropdown for 'US Dollar (USD \$)' selected. A yellow warning banner at the bottom states: 'Your time zone and currency settings can't be changed after you set up your account. Please review your choices carefully and then click "Continue".' At the very bottom are 'Back' and 'Continue' buttons.

The screenshot shows the 'Choose your settings' page. At the top, there are three tabs: 'Profile' (checked), 'Settings' (active), and 'Terms and Conditions'. The main heading is 'Choose your settings'. There are two main sections: 'How you pay' and 'What you pay with'. Under 'How you pay', there are two radio button options: 'Automatic payments Recommended' (selected) and 'Manual payments'. To the right of these options are two columns of bullet points explaining the implications of each choice. Under 'What you pay with', there are two radio button options: 'Credit card' and 'Bank account'. To the right of these options are two columns of text explaining the payment method, including logos for American Express, Discover, Mastercard, and Visa. At the bottom, there is a question: 'Do you have a promotion code?' with a help icon and a link 'Enter it here'. At the very bottom are 'Back' and 'Continue' buttons.

CONGRATULATIONS!

You are now an official PPC advertiser and can start building out your account.

We wish you the best of luck!



ABOUT WORDSTREAM

[WordStream Inc.](#) provides search marketing software and services to small and medium-sized businesses that want better results from paid search. WordStream's easy-to-use PPC Advisor software facilitates more effective PPC campaigns by providing a customized workflow, the 20-Minute PPC Work Week, to help advertisers increase relevance across Google, Bing, and Yahoo and get expert-level results in a fraction of the time. Whether you're new to search marketing or are an experienced PPC manager, WordStream's PPC management software and services can provide the boost you need to grow your business and drive better results.

