

What's Up with Adwords Lately?



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The Big Daddy of Sponsored Search, Google AdWords, has undergone some changes lately. Some of those changes have come in "below the radar" but could have a profound impact your online marketing activities.

Why we like AdWords

For those totally new to the game, Google's AdWords program provides you with a quick way to get a listing to appear in the search results for certain search terms which you sponsor by bidding on a per-click basis. You can also have your ads appear on non-search sites that allow AdWords ads.

Want more traffic to your website? Google's online AdWords FAQ tells us that after paying \$5 to join, you can bid as low as 1 cent per click, and budget as low as 1 cent per day. If that's not a low-risk offer, what is? Out comes the credit card!

Aside from providing relatively instant gratification in terms of driving (hopefully) relevant traffic to your site, AdWords allows you to prototype and gather response metrics quickly on messaging and keyword options. The data-collection and reporting is first-rate and the interface makes it relatively easy to manage a modest program with a handful of ads and a few dozen keywords.

The "Fuzz Factor"

But there are elements that we and many other web marketers don't like. The chief culprit is the AdWords pricing model. Unlike Yahoo, which offers a transparent pricing model where you can see what others are bidding to the penny, you just never know what you're going to pay per click with Google. The only certainty is that you will pay less than you bid.

Until recently, the position of your AdWords ad was determined by multiplying your bid times the click-through-rate (CTR) for a particular keyword. The higher that product, the higher the position of your ad. Google has always been about relevant search results, so let's reward those who do a good job of targeting their keywords and writing compelling ad copy – in 95 characters or less, of course.

This makes it really hard to bid for a particular ad position. Bid too high and, although you get a nice high position for your ad, you're paying through the nose for each click. Bid too low, and your CTR can drop, because CTR is very dependent on ad position. When your CTR drops, the product of your CTR times your bid drops too, and so does your ad – right down to page 2 or 3 of

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the search results. When that happens, it can be tough to climb back out of the basement.

Daily budgets are another matter. Google occasionally goes over your pre-set daily budgets, sometimes by more than a few percent. But if your financial situation requires you to stay below the maximum number of available clicks, Google's daily budget will generally average out at or below your limit over a week or month.

The downside is that, if you bid \$10.00 per click for a keyword, you may end up paying 10 cents or you may pay \$9.99. It all depends on how your CTR and bid stack up against other bidders for that keyword. And, of course, Google doesn't share other advertisers' data with you, so you have to trust that they are charging you fairly.

Then again, Google's official motto is "Don't be evil" so what's not to trust?

What's your Quality Score?

Recently you may have noticed that you were required to accept updated Terms of Service from Google when you logged into your AdWords account. If you are too busy to read most of the clickware agreements you see, we completely understand, but this one had an interesting tidbit buried in the "fine print." Actually you had to click a link from the TOS to a different page, titled "What changes have you made to the Terms and Conditions?"

There you find this little nugget: "If a landing page has informative content related to its AdWords ads and keywords, these keywords will receive higher Quality Scores and potentially lower minimum cost-per-click bid (CPC bid) requirements. Poor quality landing pages or those that restrict visits by our system are likely to experience a decrease in quality scores (and a potential increase in CPC bid requirements)."

What has happened is that Google has quietly introduced a third factor into determining the position of your ad. Ready? It's your "Quality Score." Got that? Great. At least they told us about it.

Just so you know, Yahoo has announced that it is completely overhauling its ad serving engine later this year, and that ad positions will no longer be simply a factor of how much you bid relative to others. They're going to implement a "Quality Index" based on click-through rates and relevance estimates. Sound familiar?

Other changes have we noticed lately

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When you work with AdWords day in and day out, across a variety of industries, you start to get a “feel” for what works and how it works. Lately we’ve noticed some significant changes in AdWords from the advertiser’s perspective that are difficult to quantify but that seem to denote a trend because they’ve been seen to happen repeatedly.

A “damping factor” on new campaigns

Launching new AdWords campaigns recently, we’ve noticed that often impressions and clicks start out really slowly and then increase over time. Depending on the popularity of the keywords, it can take days or weeks. As a result, when you first launch a new AdWords initiative, you may need to expect fewer impressions in the beginning and fewer clicks as a result. (Far as we can tell, this doesn’t affect your CTR.) Over time, Impressions pick up and so do clicks, so watch your daily budgets closely. This phenomenon is particularly noticeable with geographically-targeted campaigns, and perhaps has something to do with the complexity of serving ads under those restrictions.

For those of us who like to use AdWords to determine search frequency for specific search terms, this is a definite bummer because, as far as we can tell, the change in impressions has nothing to do with the number of actual searches for that term.

Watch your campaign language options

Google apparently changed something in the way they decide whether to show an ad or not based on language options. If you run English-language ads in other countries overseas, those ads may have stopped appearing several months ago. You should check by searching on the country-specific engine, e.g. www.google.de for Germany. You can “google” the country for the engine you want, for example, by searching on “google Poland.”

When you set up a campaign, Google allows you to select the languages of your target audience. English is the default. Trouble is, if you select English, your ads may not show, even though you know your audience would search on English keywords and be interested in your English-language ad.

So go back and edit your campaign settings, changing the setting “English” to “All Languages.” This should fix the problem.

It’s harder to get *really* cheap clicks

Google search results can have up to 8 ads on the right and up to 3 ads at the top of the search results page, for a maximum of 11. In the past, if there were, say, 4 advertisers for a particular keyword, you could get your ad in position 5 by bidding 5 or 10 cents per click. Nowadays, if you employ this technique, you’ll often have keywords that are deemed “Inactive for search” which means

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they've been disabled for "quality" reasons. Google notifies you that you can get the ad reinstated by bidding, say, \$5 per click or by improving ad "quality."

Click fraud is still a problem

Google doesn't use the term "click fraud" anywhere on their site. Their term is "invalid clicks." These are defined by Google as clicks generated by automated "bots" or manual clicks intended to drive up advertising costs (by your competitors) or drive up revenues for sites that host contextual ads.

Google claims it employs "three powerful tools for protecting your clicks" but in practice we still see and report obvious click fraud on behalf of our clients, and Google often (but not always) does agree that those clicks were invalid. When Google determines that there were invalid clicks, they credit your account accordingly.

Not that this solves the problem. For example, we've seen instances where someone, presumably a competitor, clicked an ad every day from the same IP address, using the same keyword, and then immediately left the site. You'd think that a company as sophisticated as Google could recognize that pattern and filter out charges for those clicks in the first place, but they didn't.

We submitted data on dozens of such clicks to Google, and Google agreed they were "invalid" and credited the account. Weeks later, we were still seeing the same IP address coming in off the same ad with the same keyword, so we reported it again to Google. Again, we garnered a credit for our client. In our second submission, we asked Google if they could automatically filter out charges from that IP address in the future. Google didn't answer our question, and our web analytics tool showed us that the evil clicker kept clicking, but we had isolated his rather obscure keywords by now and we were getting charged for about one click per month, so the issue was essentially resolved for that one.

It makes you wonder how many more advertisers' ads was this guy clicking on, and were all of the other advertisers watching their web analytics tools as closely as we were so they could report him too? As with so many things Google does, the criteria and data upon which Google bases its invalid clicks decision are not made public, and we simply have to trust that Google made the right decision because, after all, their motto is "Don't be evil."

Bottom line

Google is the undisputed market share leader in search for now. For some companies, particularly in the technology sector, they are essentially the only game in town when it comes to search-based marketing and lead generation.

But, since long before they went public, Google has been “improving” its processes and algorithms, sometimes giving us notice, but more often not.

Some closing advice:

1. **AdWords is no longer a game for amateurs.** Once upon a time, you could get in for 10-20 cents per click and learn as you went. The interface today is far richer in features than it was just a couple of years ago, and normal bids often range from one or two dollars to dozens of dollars per click. If you are considering spending a significant amount of money on AdWords, then you’d better get yourself educated about the intricacies of AdWords or find someone who is.
2. **Consider a click-fraud detection tool** if you spend enough money on online advertising to make it worthwhile.
3. **Get yourself a good Web Analytics tool** and make sure someone is using it. Many companies either don’t have such a tool, or they don’t know how (or have time) to use it themselves. Depending on what you’re spending in online advertising, this can prove to be a costly mistake. Google offers one of the better free tools itself, Google Analytics, but you may want to consider how much of your website visitor behavior data you’re willing to share with them. If you’re really serious about on-line marketing, there are better tools out there – albeit for a price.