



Fact Sheet

Pay per Click Advertising

July 2007

Many firms have started to use Pay per Click (PPC) advertising on Google and the other major search engines.

Our E-Business Advisers discuss the benefits it can bring for small and medium sized firms:

1. What is pay per click (PPC) advertising?

PPC is method of advertising that allows you to be listed at the top of search results pages on Internet Search Engines such as Google, MSN etc.

2. How does it work?

You place funds in an account with PPC advertising suppliers to buy specific search phrases (i.e. you "bid"), the resulting adverts usually appear as "Sponsored Links", (on Google normally on the right-hand side of the screen).

Obviously, other firms may bid for that search phrase too.

Your fund account is then charged each time a person clicks through to your web site. When the fund runs out of money, so do the ads.

The two main PPC advertising suppliers are Google themselves - who run their Adword programme, (whereby PPC ads appear on Google and AOL as well as some others), and Overture - whose results appear on Yahoo! and many other search engines - (Overture is now owned by Yahoo!).

Together, they account for the majority of search engines paid-for listings.

On the web page, adverts tend to be listed based on how much a business is willing to pay to advertise for each search phrase - if you pay one pence more than a competitor, your ad will appear above theirs.

Google have a ranking order based on a combination of the bid amount and the popularity of the ad.

3. Why should I bother?

- PPC advertising can be an incredibly effective and cheap way of getting people to come to your web site. You only pay when a visitor "clicks-through" to your web site - they'll definitely be interested in your product.
- As more web sites are constructed, it can become more and more difficult to get listed within the first few pages of any search engine search listing. PPC removes this issue.

Additionally, PPC advertising provides a quick start for any new web site, before online marketing has time to become effective.

- You can control the amount of money you wish to spend - you could allocate as little as £10 to see how it could work for you.
- However, like all advertising spend, you need to monitor its effectiveness.

For example, if each "click-through" from your PPC advert costs you 20 pence, and every tenth visitor to your site buys something, the



Fact Sheet

cost of advertising is hence $£0.20 \times 10 = £2.00$.

If this is acceptable in terms of the margins on the products sold, then it worthwhile. You obviously need to bring in more than the PPC advertising costs to run....

- If you are a small firm operating in a niche market, PPC is quite likely to be of use to you.
- A new feature of Google allows ads to only appear to customers who are within a specified distance of you - ideal if you are a looking for local customers.

4. What search phrases should I bid on?

You can bid on as many search phrases as you like with Google and Overture - but there's no point in having a search phrase that nobody searches for!

To find out what people are actually searching for, tied in with what you can provide, there are several web based tools and sites you can use - some free, some with a nominal charge (under £10). These are listed in "Useful Links".

The best one is probably Wordtracker.com - (which currently costs £4.20 for a days' use).

If you save up all the search phrases you wish to experiment with, a single days' use is more than adequate!

You simply enter a search phrase you're thinking about targeting, and Wordtracker will suggest lots of other similar phrases.

When you've found the ones you like, you can then put them into the Wordtracker programme.

It will then give a score based on how often that phrase has been searched for, and how many web sites target it as a phrase.

The trick is to find a phrase that lots of people search for - but not many web sites target. This is what the score reflects.

5. Then what's next?

- Use the search phrases you've identified to put your bids into Google and /or Overture.

You can use as many of the search phrases as you'd like - but there is obviously a cost to each.

- You need to write a unique ad for each search phrase - ads aligned closely to the search term receive more of the targeted traffic that you want.
- Organise it so that when the visitor "clicks through" to your site, they end up on the page relating to that specific search phrase - don't dump them on the home page of your web site.
 - As discussed above, make sure that you track visitors to your site to monitor the effectiveness of this form of advertising.
 - If the search phrases you selected aren't bringing the results you'd like - you could further refine them and try again.

6. Useful Links

www.google.co.uk - look for the "Advertising Programmes" text, bottom left of the screen. Google's Adword programme



Fact Sheet

www.overture.com -
Google's main rival, owned by Yahoo! Easy
guidance on how to advertise.

www.wordtracker.com -
as detailed above, helps you target your search
phrases.

[http://inventory.overture.com/d/searchinventory/
suggestion/](http://inventory.overture.com/d/searchinventory/suggestion/) -
This is Overtures free-to-use Search Phrase
selector tool.

[https://adwords.google.com/select/KeywordTool
External](https://adwords.google.com/select/KeywordToolExternal) -
This is Google's Search Phrase / Adword
selector tool.