



Armed with the metrics you get from Urchin, you will be able to conduct tests to tune every important aspect of your Pay Per Click Campaign.

The Seven Keys to a successful Pay Per Click Program

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I have managed a wide range of Pay Per Click (PPC) campaigns for dozens of clients. Some of them have been smaller niche businesses and others have been aggressive national companies with tens of thousands of keywords in their portfolios. Yet all of the successful programs I have seen share a common framework for success.

By following these simple steps you will be able to maximize the effectiveness of your own campaign:

- 1) Define Your Business Goals
- 2) Conduct Deep Keyword Research
- 3) Prepare for Submission
- 4) Define Your Bidding Strategies
- 5) Proactively Manage Bids
- 6) Monitor Outcomes
- 7) Refine and Optimize

The focus of this report is on Overture and Google AdWords, but the same basic principles should apply to the smaller PPC search engines.

1) Define Your Business Goals

To quote Steven Covey, you must “begin with the end in mind”. How will you define the success of your program?

Vague goals like “increase brand awareness” are not good enough. You must **define specific** actions that site visitors are expected to take at some point after visiting your site. These actions must be **measurable** and must have a **well-defined value**. The goal of your PPC program must be to “buy” these actions for an amount that makes financial sense for your business. On obvious example of a desired action in the case of e-commerce is a sale. The value of it is the gross profit margin. But other types of business goals are also possible.

Action	Value	Example Goal
Sale	Gross Margin Amount	Program cost must be less than 10% of sales generated
Lead Form	Value of average sale divided by sales close rate	\$20 per lead

Email	(Percentage of emails eventually converted to clients) x (lifetime value of a new client)	\$1 per e-newsletter signup
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You must be well versed in the economics of your online business and be familiar with key metrics such as your website's conversion rate, average sale amount, profit margins, and the lifetime value of a client in order to compute your goals for the program.

Using a web analytics tool such as Urchin will help you track how much you actually pay to "buy" the specific actions you want visitors to take. Urchin calculates your conversion rates and compares them with your spending data for each keyword, ad, and campaign to give you metrics such as ROI. It's up to you to use this information to determine which online activities make the most sense for your business.

2) Conduct Deep Keyword Research

Many clients come to us at Epic Sky with a few dozen or a few hundred keywords in their current campaign. Using our advanced technology and research methods we are often able to uncover ten times the original number of quality keywords for their industry. Usually these are not the high traffic keywords. They are very specific **niche keywords** that indicate and show that the user is more knowledgeable and **further along in the sales cycle**.

Which do you think is more likely to convert on a computer retailer's website: the keyword "computer" or the keyword "toshiba tecra m2" (a specific laptop model from Toshiba)? Most likely it is the more specific keyword. Simply by typing it into the search box, the person is demonstrating their knowledge about the product and is more likely to be looking to buy it in the near future. So the Conversion Rate (CR) of visitors to buyers may be much higher.

But there is another benefit. The keyword is likely to have less competition. So it is cheaper and more likely to get clicked on (because there are not as many advertisers on it).

So when you put it all together, you get a multiplicative effect: lower costs combined with higher likelihood of buying. This cost of acquisition (CPA) is widely different. In the actual example below it varies by a factor of 16!

Keyword	Cost Per Click (CPC)	Conversion Rate (CR)	Cost Per Acquisition (CPA)
computer	\$1.16	1.1%	\$105
toshiba tecra m2	\$0.30	4.8%	\$6.25

So your goal should be to assemble a large portfolio of relevant niche keywords and collect all of the available traffic before bidding higher for the more-obvious high traffic keywords. You may not be able to avoid bidding for certain high traffic "money" keywords in your industry against stiff competition, but you should at least lessen your dependence on them.

3) Prepare for Submission

There are several key steps in preparing your keyword portfolio for submission. Both Overture and Google use human editors to review your submissions. To prepare for a successful submission, follow the steps below:

- **Group your keywords into categories** – This will make it easier to manage and organize them in the future. Typically you should have 3-20 high level categories. In the case of very broad e-commerce product lines you may have more.
- **Set up a “mapping” of the traffic to your site** – Determine where the traffic should land for each particular keyword. Try to get into the mind of the user and what they intended by typing in the keyword. Make sure you take them to the most specific and relevant page on your website.
- **Create new site content** – If you have uncovered significant traffic around a particular interest area or theme, you should try to capture that traffic. You may not currently have any relevant content on your site related to the new theme. Create special “landing pages” designed to appeal to the people interested in the theme and aim the traffic at them.
- **Prepare titles and descriptions** – It is critical to have effective titles and descriptions that get you noticed. This is especially true on Google AdWords where higher clickthrough rates will get you higher positions in the search results. Check out your competitors ad-copy on popular and expensive keywords in your industry. Try to focus on main messages and keep your descriptions as short as possible.
- **Implement keyword level tracking** – Make sure that you are able to track any inbound traffic to your site and identify the exact keyword that appeared on Overture or Google AdWords. You can do this by adding the campaign (“Overture” or “AdWords”) and keyword as parameters on the URL that you submit for editorial review, or by using tracking systems built into products like Urchin. Make sure that you test these incoming URLs and verify that the tracking is working correctly before submitting your keyword portfolio for review.

Any human editorial review process is unpredictable. Even if you have done everything right, many of your keywords may get rejected. If this is a small percentage of your keywords, and they are niche words with little traffic, you should probably live with the decision. If they are keywords that are very important in your industry, you should appeal the decision after taking any necessary corrective actions (such as changing your titles and descriptions).

4) Define Your Bidding Strategies

Make sure that the amount that you are willing to pay for each keyword makes business sense. Refer back to your business goals and determine a starting CPC that you are willing to pay. You might want to **start with the minimum bids** (currently \$0.10 CPC on Overture and \$0.05 on Google) and **slowly raise them** after you have seen some real traffic data and are confident that you are making money. The Conversion and ROI reports in Urchin should give you sufficient data to be able to tune each keyword for profitability.

Make sure that you determine your starting bidding strategies ahead of time so that you **do not get caught up in bidding wars** because of “auction fever”. Many people pay irrational CPC costs because they want to outbid their competitors and stay in top positions where they can get maximum exposure and traffic.

Just because some of your competitors outbid you, does not mean that they are acting irrationally. They may be. However, they may simply have a different cost structure. If the conversion rate of their website is higher and they have higher profit margins on their products, they may be willing to spend more to bring a new visitor to their site.

5) Proactively Manage Bids

Both Overture and Google AdWords are real-time auctions. This means that as soon as someone outbids you, they take over your spot. Since only the top few listings for each search are prominently featured, they get the lion's share of the traffic. As soon as you fall out of the top spots **you become almost invisible**. Because of this it is critical to keep a very close eye on your bids and positions on an ongoing basis.

If you have conducted your keyword research thoroughly, you will have found many "niche" keywords that produce a few clicks per month. These do not have to be watched with the same attention level. You need to **concentrate on your "money" words** – those that produce a lot of traffic and eat up the biggest part of your budget.

Unless you have dedicated staff watching bids on a 24/7 basis, you will probably be unable to keep up with the timeliness required to stay in top positions. This is especially true if your keyword portfolio exceeds several hundred keywords. Many of our clients have portfolios in the tens of thousands of keywords. Epic Sky offers an Overture licensed service that will **automatically change your bids up to 24 times per day** to ensure that your bidding strategies are being followed.

6) Monitor Outcomes

Even if your bids are being actively adjusted via an automated service, it is very important to monitor the outcome. You should keep an eye on trends in traffic levels, average CPC prices, conversion rates on your website, and the cost per acquisition (CPA).

In order to do this you need an effective web analytics package such as Urchin that is specifically designed to **track online marketing campaigns**. You should be tracking the profit and return on investment (ROI) of your campaign at a keyword level, and adjusting your bidding strategies accordingly.

7) Refine and Optimize

Once you start collecting keyword level ROI data you should be able to make adjustments to all aspects of your campaign:

- Keyword selection
- Bidding strategies
- Where the traffic is directed from each keyword
- Titles and descriptions (to improve clickthrough rates)
- Website design and tuning (to improve conversion rates)

Concentrate on the activities that make the most immediate impact with the least amount of effort. In other words – fix the obvious stuff first. Your PPC campaign should be viewed as a laboratory for continuing experimentation. Armed with the metrics you get from Urchin, you should be able to conduct tests to tune every important aspect of your campaign.

Hopefully the seven keys above will unlock the profit potential of your pay per click campaigns. Happy hunting!

- Tim Ash is the President and co-founder of Epic Sky. During his 20 year involvement with the Internet, Tim has worked with American Express, Sony Music, American Honda, COMP USA, Harcourt Brace & Co., Universal Studios, Eaton, Guidant, TrizecHahn Centers, SAIC, Pyxis, and B.F. Goodrich Aerospace to develop successful Internet initiatives. Before joining Epic Sky he co-founded Future Focus; an Internet business accelerator. He has chaired Internet conferences, and spoken at numerous industry events including PC Expo and Internet World. Tim has written several articles on harnessing the power of the Internet for business and is a contributing columnist for industry publications. He received his B.S. in computer engineering and cognitive science from UC San Diego "with highest distinction". Tim also completed his M.S. and C.Phil. degrees during his PhD. studies in computer science at UCSD.