Home » Blog » How Google Adwords Works

How Google Adwords Works

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Here are my notes from studying the Adwords Learning Center for the Google Adwords accreditation program. Adwords lets you paid for ads on Google's search result pages and sites on Google's content network.

This is a long document but actually covers most of all there is to know about Adwords.

Terms and abbreviations:

- CPC (Cost Per Click), amount charged per clickthrough on ad

- CPM (Cost Per 1000 Impressions), amount charged per 1000 ad impressions

- CTR (Click Through Rate), clicks / impressions * 100%

Google rewards ads with higher relevancy (i.e. CTR).

Keyword Quality Score:

- indicates relevancy

- determines minimum bid

- calculate from:

    - historical CTR

    - relevance of keywords, ad group ad texts and landing page to each other

    - other factors

- continually tweaked by google

Minimum bid:

- the least amount which can be paid per click for a keyword

- high quality score decreases minimum bid

Ads may be targeted by language and location.

Benefits

Reach:

- global

- 80% of US Internet users

- large search and content network

Cost:

- no minimum spend

- controlled budget

- pay per click or PPM

- accountability

Timing:

- targeted to interest

- users see ads as their purchasing needs arise

- ads are matched to these needs

Flexibility:

- only a 15 minute setup delay

- easy to change, 24x7

- target locations and languages

- tools & reports

Strategy:

- build brand = target impressions and clicks (visits)

- generate leads = target sign ups

- generate sales = target conversions

Account Structure

3 level hierarchy: account > campaigns > ad groups:

- account = email, password, billing, preferences

- campaign (max 25) = name, dates, budget, ad rotation preferences, target languages and locations, CF CPM

- ad groups (max 100) = set of ads plus targeted keywords (or sites for CPM)

Campaign types:

- keyword targeted: CPC bid for each keyword (or default per ad group)

- site targeted: CPM bid for each site (or default per ad group)

Conversion tracking

- track different conversion types - sale, lead, signup, page view or custom

- average conversion value can be provided to calculate ROI

- dynamic value can be sent with each conversion

Summary and detailed performance reports available for

- keywords / sites

- ads

- landing pages

- ad groups

- campaigns

- account

Ad formats

Text ad format:

- Title - 25 chars

- Line 1 - 35 chars

- Line 2 - 35 chars

- Display URL - 35 chars

Image ads

- max 50k

- must fit one of given formats

- may be used in keyword or site targeted campaigns

- only appears on content network

Video ads

- static image, with click-to-play

- click while playing goes to website

- must fit one of given formats

- may be used in keyword or site targeted campaigns

- only appears on content network

Local business ads

- appear on google maps

Mobile ads

- two lines of text 12 - 18 chars
- display link and/or call link
- destination url for mobile webpages
- pay-per-click or pay-per-call

Pricing

$5 activation fee

Costs controlled by:

- daily budget (per campaign) controls ad frequency
- max CPC (per ad group or keyword) controls ad position
- account quality / relevance
- Google provides a recommended daily budget for maximum exposure for the selected keywords and C

Understanding ROI

- ROI = profit / investment * 100%
- = (income generated - advertising expense) / advertising expense * 100%
- CPA = cost per (customer) acquisition

Content network

- separate max CPC can be set for the content network per ad group
- can't set separate max CPC for individual keywords
- smart pricing reduces actual CPC for clicks from sites which have a low conversion rate

Overdelivery

- when daily cost exceeds daily budget
- overdelivered amount over invoice period is refunded
- may overdeliver up to 120% to compensate for underdelivery

Billing cycle

- payment options vary in different countries
- credit card, debit card, automatic direct debit, invoicing and bank transfer payment methods available
- US: prepay (credit or debit) or postpay (credit, debit or invoice)

- accounts are billed every 30 days or when credit limit reached

- credit limit increases with spend (up to USD500)

Billing issues

- ads suspended if credit card is declined

- user must initiate card retry

Invoicing

- invoiced accounts are not suspended on credit card decline

- 15 day payment terms

- require USD1500 monthly spend for 3 months, plus Adwords history to apply

- monthly credit limit determined by google

- if credit limit is reached ads slow or are suspended

Keywords

Selecting Keywords

- relevancy = likelihood the user making the search is interested in the product or service

- keyword tool chooses variants based on common searches

- use negative keywords on common irrelevant terms to protect your CTR

- general keywords have a low CTR

- specific keyword phrases have a better CTR

- add plurals, synonyms, typos, misspellings and variations of your keywords

- submitting to Google Sitemaps makes Google track keywords for your site

Ad rank for each keyword:

- rank = CPC bid (keyword) * Quality Score (keyword)

- actual CPC is the amount required to maintain current rank

- actual CPC = rank (next lower) / Quality Score + 1c

- minimum bid is required to enter auction

- minimum bid depends on quality score

- increased budget = more impressions

- increased CPC bid = higher rankings

Keyword matching options

- broad

- all keywords must be in query
  - may be in any order
  - may be synonyms or variants
  - query may contain other terms
  - lots of impressions can cause low CTR
  - best used with multiple terms
- "phrase"
  - exact phrase occurs in query
  - query may contain other terms before or after phrase
  - synonyms not used
- [exact]
  - phrase must match query exactly
  - no synonyms or variants
- -negative
  - keyword must not appear in query
  - can add negative keywords on a campaign level
- -[embedded]
  - excludes exact queries

Targeting

The Google network

- search and content networks
- content ads are matched to the content and theme of the page, text, language, and targeting settings
- sites in content network are reviewed for quality
- context of keywords is used to infer their meaning (e.g. 'java')
- opt in or out of networks on a per campaign basis
- smart pricing reduces the price of clicks on content network if conversions are lower
- content bids can be manually edited
- reported CTR does not include clicks and impressions for the content network
- site targeted ads are not matched contextually

Site targeting

- choose individual sites from the content network

- choose sites by topic, category and demographics

- exclude specific sites

- bids are made by CPM

- text or image ads allowed

- ad always fills entire region (text or image)

- to win auction, CPM bid must beat effective CPM (eCPM) of all other ads

How google targets users

- google domain (e.g. google.fr, google.de)

- query parsing (e.g. hotels in boston)

- IP address

- configure language preferences

Language and country targeting

- better targeting = more productive traffic = higher ROI

- use 1 ad group per language for global targeting (ensures keywords match ad language)

- regionally targeted ads include region at bottom of ad text

Customized targeting

- by latitude and longitude with radius (worldwide)

- by address with radius (select countries only)

- by polygon (worldwide)

Optimizing

campaign optimizations

- reorganize campaigns

- change targeting

- adjust delivery times and positions

ad group optimizations

- add/adjust keywords

- edit ad text

- adjust CPCs

- reorganise ad groups

- change keyword match types

website optimizations

- choose landing pages
- edit landing pages
- improve site usability

ad scheduling

- configured on a per campaign level
- bids can be increased or decreased during specific periods (10% - 1000%)

misc

- poor keywords can be improved by changing match type and ad texts
- get keywords and ad ideas by browsing clients website
- also browse competitors' ads and websites
- make the landing page highly relevant to the ad
- highlight your differences from your competitors
- sites can be excluded on a per-campaign level

Increasing clicks

- add new or unused keywords
- use keyword variations
- include general keywords
- put keywords in add text
- advertise additional products
- create more specific ad groups
- increase budget
- increase max CPC
- improve quality score
- broaden targeting
- show ads on search and content networks

Increasing conversions

- understand consumer buying cycle: awareness, interest, consideration, purchase, retention, advocacy
- use negative keywords to filter out non-purchasing customers. e.g. -free, -info, -how to, -what is, -definit
- use specific keywords

- include a call to action in add text

- use prices in ad text (and compare prices in competitors ads)

Optimizing CPC

- compare value / click with cost / click

- remember ad position affects CTR and ROI

- increase CPC for profitable keywords to get better position

- decrease CPC for unprofitable keywords to reduce margins

Tools

Traffic estimator

- estimates based on provided keywords, CPC and targeting:

    - impressions and clicks

    - ad position

    - daily spend on keyword or ad group

    - keyword status and minimum bid

- can also offer suggested bids to be in position 1 85% of the time

Change history tool

- shows a three month log of all changes and who made them

- doesn't show:

    - max CPC changes made by the Budget Optimizer

    - changes by the Ad Automator (?)

    - ad approvals and disapprovals

    - password changes

Ad diagnostics tool

- shows where ad appears in search results

- identifies why a keyword isn't triggering ads

- identifies why ads are not showing

Disapproved ads tool

- shows reasons and suggestions for disapproved ads

Adwords editor

- windows/mac desktop app for managing adwords account
- can import / export account archives
- keyword grouper puts similar keywords into separate, new ad groups
- includes tool to find duplicate keywords
- allows you to add comments in various places
- allows export for sharing and collaboration

Google Analytics

- webstats
- performance data for ad campaigns
- track visitor behaviour and demographics
- profiles separate domains, subdomains or subdirectories
- can declare conversion goals to track
- a funnel is a page sequence to get to a goal
- can add filters to ignore some data (e.g. views from inside company)
- can manage multiple users to access data

Google Analystics campaign tracking features

- compare performance of various marketing efforts
- add variables to url to indicate traffic source (tags)
- tag campaign name, source, medium, content, term

My Client Center

- access all accounts with single password
- view many accounts on single dashboard
- allows separate billing, reporting and keyword auctions for clients
- can't edit client's login and billing preferences

Adwords API

- access to adwords via web services
- not free - 25c / 1000 quota units
- req token to use api
- one token / developer
- one token / application

Troubleshooting

Account wide issues

- ad must be approved to appear on partner networks
- must meet partner requirements
- must verify email address to appear on partner networks

Campaign specific issues

- campaign is paused, deleted or ended
- daily budget reached or exceeded
- targeting excludes your location or language
- incorrect or conflicting negative keywords

Ad group issues

- CPC bid > daily budget
- ads are paused or deleted
- ad doesn't meet editorial policy
- ads for adult sites only shown on adult domains
- min 1 ad and 1 keyword/site required

Keyword specific issues

- keyword CPC > daily budget
- keyword is disapproved, deleted or inactive
- inactive if CTR on google sites too low
- reported CTR is for all google network sites
- nb: keyword performance is *account* wide
- Find and Edit Max CPC tool can do mass updates

Invalid clicks

- clicks generated without interest in the ad (e.g. for financial or competitive gain)
- may be manual or automated by software
- invalid clicks are detected and not charged
- detection technology is proprietary

Non-indicators of invalid clicks:

- duplicate IP addresses in weblogs can be from NAT

- low ROI can be from poor landing pages

Legitimate causes of spikes in click volumes:

- comparison shopping

- competitor pulling an ad

- recently approved ad / ad changes

- hot news story on content network

- seasonal products

- change in budget

Policies

Link Policy

Display URL:

- doesn't have to exactly match destination URL

- must indicate who owns destination URL (e.g. match domain portion)

- must be a valid URL

- http:// and www parts not required

- cannot be an email address

- must adhere to editorial policies

Destination URL:

- must link to a working website

- no under construction / broken landing pages

- landing page must be viewable by web browser (i.e. html, not pdf or other)

For affiliates:

- only one ad per display URL is ever shown

- don't duplicate other sites' content

Other:

- back button may not be disabled / modified

- no pop-ups or pop-unders on landing page (entering or exiting)

Editorial Policies

Ad quality criteria:

- clear and concise

- relevant and targeted

- reflect Google values and aesthetics

- attention getting, but accurate and honest

- no hidden surprises

Punctuation:

- can't be used solely to attract attention

- standard spacing applies around punctuation

- not unnecessarily repeated

- no exclamation in title

- only one exclamation in text

- symbols, letters and numbers can't replace words (e.g. sms slang)

Grammar:

- text must be a sentence or phrase

- proper grammar must be used

- ALL CAPS not allowed

- no repetition for the sake of promotion (max two repetitions)

Language:

- correct spelling except accepted variants

- no offensive language

- no self censored expletives

- some call-to-action phrases not allowed (e.g. click here)

- Google trademarks not allowed

- superlatives and comparatives must be qualified by a third party on the landing page

- competitive claims must be supported on the landing page

Prices (when quoted):

- must be available < 2 clicks

- need not include freight or tax

- okay if bulk price quoted

- discounts must be shown < 2 clicks

- free is only allowed if item really is free

Image Ads Policy

Quality:

- text ad policies apply
- clear and readable
- all text legible
- content easily understandable

Layout:

- must completely occupy selected space
- not rotated / inverted
- cannot show multiple ads
- cannot duplicate / interfere with user bar (where google adds links)

Content:

- must be family safe (viewable by minors)
- no adult material
- no bad language
- no fake ui

Animations:

- no strobe effects or flashing backgrounds
- no fake ui animations
- no games / prizes
- 30s max length of animation
- max 3 loops, no continuous loops

Trademarks

Trademarks:

- registered word, phrase, logo or symbol which distinguishes a product or service
- same trademark may be registered in different industries
- rights are territorial (per country)

Policy:

- Advertisers are responsible - Google generally doesn't get involved in disputes

- (US/CAN) may remove trademarks from ad text on complaint

- (US/CAN) won't remove trademarks from keywords

- (not US/CAN) may remove trademarks from both ad text and keywords

Copyright

- right granted for exclusive publication, production, sale or distribution of a work

- policy applies to website content, ads, search results and Groups postings

- fax or mail complaint required

- counter-complaints possible

« The Importance Of Trial And Error   Back to Blog   What is an Internet Telepl