

SEARCH MARKETING PERFORMANCE

**Improving Google AdWords campaign profitability
through the elimination of low quality clicks**



An iChannel Strategies White Paper

www.ichannelstrategies.com

IMPROVE GOOGLE ADWORDS CAMPAIGN PROFITABILITY THROUGH ELIMINATION OF LOW QUALITY CLICKS

ADVANCED STRATEGIES FOR ONLINE MARKETING

BY ALEC CAMPBELL, PRINCIPAL CONSULTANT, ICHANNEL STRATEGIES

Improving paid search marketing performance can be achieved by removing low-quality clicks that have little chance of converting. Low-quality clicks result from a poor match or connection between a user search and the product or service being marketed. Using tactics designed to eliminate poor quality clicks, and improving the overall relevance of the marketing campaign, will result in better results and increased profitability.

Increasing competition leads to higher keyword prices, therefore one of the most important metrics in a search marketing campaign is the conversion rate of clicks to actions. An action might be a sale, a lead, or any other desirable, quantifiable result. Faced with increasing keyword prices, maintaining an acceptable return from a search marketing budget requires constant improvements in the conversion of clicks to actions.

To improve the profitability of a search marketing campaign, it is advisable to focus on the factors that affect the conversion of paid clicks to leads or sales. The conversion rate is defined as follows:

$$\text{Conversion rate (\%)} = x/y * 100$$

where x = 'measurable action' defined as a sale, phone call, email, or other measurable result.

and y = number of clicks

There are two ways to improve the conversion rate:

1. Increase the number of measurable actions (x)
2. Decrease the number of clicks (y)

In this article, we focus on the latter. Of course, we are not advocating that in all cases the marketer reduce the number of clicks. Our purpose is to provide guidelines on improving the conversion rate

and the campaign profitability through the removal of low quality clicks, i.e. those least likely to convert. A successful implementation of this strategy will free up campaign resources which can then be reinvested to increase the number of higher quality clicks leading to more conversions and a higher conversion rate.

STRATEGY

Improving the overall quality of clicks requires the implementation of tactics to remove poor clicks that have little chance of converting to sales. The goal is to focus campaign resources on medium to high quality clicks.

- **High Quality Clicks:** These clicks are the most likely to convert as they represent searches that are highly relevant to the product or service the marketer offers. A marketer would be willing to pay more for these clicks as they are the most valuable.
- **Medium Quality Clicks:** These clicks are relevant but the searches are more general in nature and therefore representative of searches from users in an early stage of the purchase decision. They have value in terms of awareness that may lead to sales in the longer term and as such, a marketer would be willing to pay a lower cost-per-click (CPC).
- **Low Quality Clicks:** These clicks are worth little or nothing. They are not relevant to the marketer's business and should be eliminated if at all possible.

Think of high quality clicks as being from internet users looking for an immediate solution; they are ready to make a purchase decision. Medium quality clicks are from legitimate potential customers that may not urgently need to buy a solution; they are fact finding, collecting information on what is available in order to make a possible purchase at a future date. These clicks are still valuable but harder to quantify. Low quality clicks are from users who are not in the marketer's target market; these clicks are for the most part irrelevant.

The strategy for improving overall keyword quality is to identify and remove the low quality clicks.



LOW QUALITY CLICKS

There are several reasons why a marketer might be getting low quality, irrelevant clicks.

1. Generics Keywords

With generic keyword phrases, it can be very difficult to ascertain what information the internet user actually seeks. The less specific the keyword search phrase, the harder it will be to match a solution to the user's needs.

Example: The phrase 'attorney New York' provides no information on the type of lawyer the user seeks. A law firm specializing in one particular practice risks getting a lot of poor quality clicks advertising on this keyword phrase.

2. Broad Match

With broad match, an ad might appear for keyword combinations that aren't really relevant to the marketer's business.

Example: A search for 'online legal education seminars' is not relevant for a company that provides only classroom-based courses but may well be bidding on the broad match term 'legal education seminars'.

3. Content Match

Clicks occurring as a result of Google's Content Network (Content Match in Yahoo) are not as high in quality as direct search clicks. This is because content match clicks are a result of ads appearing on websites that are deemed to be related to the keyword selections but are not actual searches. This is considered contextual advertising and as such may be useful for building awareness but not, in general, for immediate results.

Definition: Content Match = A form of search marketing that reaches customers through a network of partner websites, newsletters and emails.

4. Wrong Solution

A disconnect can occur between the customer's actual needs and the product or service being offered. The keyword choice was correct but the user couldn't make a determination until after clicking on the ad that the marketer did not offer the solution they needed. There are numerous factors that might cause this – price, product specifics, time, location, etc.

Example: Someone searching for a 4 bedroom detached house is not likely to take an action on a website marketing 2 bedroom condos even though the keyword 'real estate in Cleveland' may have been relevant.

5. Keyword Confusion

A marketer's ads might be appearing for a product or service for which the keywords have relevance but the ads do not.

Example: The keyword 'bass' is relevant for fishing, beer, a singer or a musical instrument. This shouldn't produce many clicks, but on occasion it will just out of curiosity from click-happy internet users.

6. Click Fraud

Clicks that come as a result of fraudulent usage from a competitor or spammer.

IDENTIFYING LOW QUALITY CLICKS

To identify poor quality clicks, the best place to start is with conversion tracking. Conversion tracking enables the marketer to track a website action such as sale or form completion back to the keyword choice and ad that was clicked by the user. This will provide valuable information on which keyword and ad copy combinations are providing the most value per click and, just as importantly, it will help identify those that are not producing good results – the low quality clicks.

To dig deeper into the reason why certain keywords are not converting, a marketer should analyze its website statistics. These statistics are available through an analytics package such as WebMethods, Coremetrics or Clicktracks. If the marketer is not using an analytics package, these statistics may be available through the hosting company or IT person if hosted internally.



Any decent package should provide a report of the search terms used to reach the marketer's website. This will include both paid search and organic clicks. The information contained in this report should be highly useful in determining which keyword searches are irrelevant to the marketer's business. These are the keyword searches that can be removed or at least modified by negative keywords or more effective ad copy.

{Note: One word of caution here if you use Google Analytics. This particular program does not provide the actual keyword phrase entered by the user for its CPC reports. Google Analytics reports only the search terms on which the marketer bids regardless of the actual term entered.}

Unfortunately for a marketer that depends mainly on phone call leads, there is no easy way to identify which keywords led to such actions. Several companies have recently launched products aimed at solving this problem by requiring users to click to call. A phone call lead is initiated when the user enters a phone number and the system establishes the connection between the marketer and the user. The action is thus measurable and can be traced back to the keyword.

However, given the nascent stage of this technology, it has not yet gained end-user acceptance. Until this occurs, a marketer with a lead generation website must rely on the information provided by emails, form completions or other such measurable actions.

SOLUTION: IMPROVING CLICK QUALITY

Completely eliminating irrelevant clicks is close to impossible; however, a number of steps can be taken to drastically improve the overall quality and performance of search marketing campaigns. Incorporating the following tactics into the campaign strategy should result in significant improvements in the overall conversion rate.

1. Content Match

Content match should not be considered part of a search marketing campaign. Google and Yahoo serve these ads on their publisher networks, AdSense and Content Match respectively. The ads are placed on sites that are deemed to be contextually relevant to the product or service being marketed.

Content match typically generates a lot of impressions, a fair amount of clicks but few conversions. This is because these clicks are not from active searches. They are from users who



spotted an ad while surfing an AdSense or Content Match network site. This is similar to online advertising with one important distinction – the advertiser is paying on a per click basis instead of a cost per thousand impressions basis.

The option to include content match clicks should only be selected if the marketer believes the value of the awareness generated from the number of impressions outweighs the poor conversion results.

If this isn't the case, it is best to deselect content match and focus only on direct search.

2. Broad vs Exact Match

In theory, a keyword list could be large enough to include all of the possible search terms that someone might use to find information on the products or services a marketer offers. If this were the case, broad match (or advanced match in Yahoo) would not be needed. Using only exact match to exert complete control over the searches for which ads appear, a marketer can be confident that all clicks would be relevant.

In reality, it is highly unlikely that a marketer will think of every possible combination of search terms. Thus, a combination of broad and exact match is usually the best solution. To cut back on the number of irrelevant searches, enter the same keyword terms twice – once for broad match and once for exact match. The exact match terms should be bid at a higher rate than the equivalent broad match terms. This will result in the exact match term being used when someone types in that exact keyword phrase. This is important as the exact match term is more valuable because it is a higher quality click. All of the information about that search is present; it is an exact match and therefore, highly relevant.

Broad match selections can still be useful. If the user enters a keyword term that contains all the words of the marketer phrase but in a different order or with other words added in, it might still be of value to show the ad. Not knowing exactly what they are looking for though means that this click is not as valuable on average, and therefore, the bid should not be as high as the exact search term. A good rule of thumb is to bid all broad match terms at 50 to 75% of the amount bid for the equivalent exact match terms.



3. Negative Keywords

Information from keyword discovery tools and web referral stats on the relevant keyword terms people are actually using to find certain products and services will also uncover a lot of related keywords that are not relevant. These can be used as negative keywords to prevent ads from appearing when broad match keywords cause ads to be served for non-relevant searches. For example, a provider of high-end products or services will not want ads appearing when someone uses the terms 'cheap' or 'cheapest' in addition to the keyword terms that are relevant. Adding these as negative keywords will cut down on the number of low quality clicks.

4. Ad Copy

Modifications to ad copy can be a very effective way of filtering out low quality clicks. There are generally several criteria a user contemplates when considering the purchase of a particular product or service. Price is almost always one criterium, and there are bound to be several others including product features, specials, and service guarantees. For example, a company that provides seminars knows that its customers value date, location, price and course content. If the price is too high, date or location inconvenient or the course content not to the user's liking, a conversion will not occur. Though not in great detail, enough information can be included in the ad copy that only people interested in that particular course at that time, location and price will click through the ad.

5. Geographic Limitations

If the product or service has geographical limitations – i.e. the marketer only services or delivers to a particular geographic area, then it might be best to limit ads to only show in this area. Be warned though, people from outside this area may be legitimate customers. For example, they might be looking for services on behalf of other people.

6. Time-based Limitations

There are instances where a marketer might consider limiting their ads to showing at particular times. Here are two examples:

- a. Most leads are generated by phone calls and the business does not have an after hours answering service. In this case, it is probably best to limit ads to show only during business



hours. At the very least, marketers should specify on their websites that after hours, a person should send an email. It is unlikely that they will leave a phone message.

- b. From the campaign stats, it might be obvious that most leads are generated at a particular time of the day or days of the week. If this is the case, it might be worth considering turning ads off at times or days when conversions are poor.

7. Click Fraud

There really isn't anything that can be done to prevent click fraud as there's nothing to stop anyone from repeatedly clicking on ads. However, Google has built in click fraud detection which should capture and filter out a lot of fraudulent activity such as repeated clicks from the same person during a specified period of time. For added security, click fraud detection tools may be useful. There are many available either as stand-alone products (Click Forensics) or as add-ons to website statistics programs such as ClickTracks. Click Forensics also provides a free tool for marketers that register for their Click Fraud Network.

AD RANKING: THE CTR ISSUE

One possible side effect of implementing the tactics discussed above is a change in the click-through rate (CTR) which is an important factor in search engine rankings. As Google, Yahoo and MSN factor bid rate, click-through rate, and ad quality into their ranking criteria, a lower CTR will lead to a lower ranking. Tactics designed to limit when an ad appears to only relevant searches (e.g. using exact match) will improve CTR and ranking at the same bid amount. However, tactics designed to lower the possibility of an ad being clicked (e.g. ad copy limitations) will inevitably result in a lower CTR and thus, ranking.

Maintaining ad visibility near the top of the search results may now require higher bids. This may seem unfair but on average, it still works in the marketer's favor. The average cost-per-click might be higher but the average cost-per-conversion should be lower as the increase in conversion rate due to the elimination of a great percentage of irrelevant clicks leads to a higher return on investment.

SUMMARY

Marketers have typically measured paid search advertising success in terms of visibility – their ads were ranked at or near the top of the search results. The majority of search marketers spend too



much time focusing on clicks and not enough time on conversions and the actual return for the marketing dollar spent.

An effective search marketing campaign should be measured in terms of quantifiable results such as sales or leads. Success is determined by the ability to convert clicks into actions that lead to new business. Optimizing campaign performance is therefore dependent on maximizing the conversion rate.

