

# F3

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# Basics of PPC advertising



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MINISTERSTVO ŠKOLSTVÍ,  
MLÁDEŽE A TĚLOVÝCHOVY

# Introduction

PPC is an abbreviation of Pay Per Click. It is a form of an online advertisement that you pay for when someone clicks on it and reaches your site. There are dozens of PPC systems in the world, but the largest and most sophisticated is Google Ads (used to be Google AdWords). There is also one big PPC system called Sklik (owned and operated by Seznam) in the Czech Republic.

Before moving forward, we need to explain some basic concepts.

# Concepts – Keywords

In general, keywords are words (or sets of words) that are the most common on the website and match its topic and focus. In other words, they are relevant to the content of the website. In the context of the PPC advertising, keywords are typically those words that would be entered by potential customers/visitors into a search engine, so they can find your website.

# Concepts – Click-through

Click-through (shortly just click) is an actual „click“ on a banner/text/button/video/etc made by a user that includes link that leads users to specific page (it is called a landing page) on the website.

# Concepts – Click-through rate

Click-through rate is fundamental and one of the most important metrics of PPC campaigns. It indicates how many users of those who saw your advertisement clicked on it. For example, if your PPC advertisement was shown 1000 times and was clicked 100 times, then the click-through rate is 10%. In a nutshell, with this metric you can instantly see how much your advertisement engage users.

# Concepts – Traffic

Traffic indicates how many internet users visited website for a specific period. It is one of the basic elements of running a website and it is linked to other goals. Basically, the higher the traffic is, the better. The traffic source comes either directly from typing the website's URL into the browser, from a click on a link, from a click on a search result in a search engine or from a click on some type of advertisement – typically PPC advertisement.

# Concepts – Conversion

For most of the PPC campaigns, conversion is the ultimate goal. Conversion is performed when a user does what you want him to do. For example, if you own an e-shop, your goal will be a completed order of goods. Conversion will be counted when a user clicks on your ad and then places an order. Conversion can be also a completed booking, user registration, completed questionnaire, sending a request, etc. Even a traffic itself can be a conversion when the goal of a website is the highest possible traffic.

# Concepts – Budget

Budget is a term that everybody knows of course, but it is necessary to mention it within concepts of PPC advertising, because it is very important for it. PPC advertising is characterized by great budget control. In your PPC campaign settings, you can literally play with your spendings on a daily basis. It is therefore very easy to have constant control over the money spend on PPC advertisements.



# Concepts – Landing page

So called landing page is within a Pay-Per-Click advertising the page of the website on which user 'lands' when he/she clicks on the advertisement of the advertiser. The ultimate purpose of the landing page is to make a conversion. There is a lot of types of conversions, so the the landing page should be designed in the way that will bring the best results, which means as many conversions as possible.

# Concepts – Other

## **Conversion Rate**

The percentage of visitors who become customers, subscribers, etc.

## **Bounce Rate**

The percentage of visitors leaving your website without going to any other page except the landing page itself.

## **Ad Copy**

In Pay-Per-Click advertising, Ad copy stands for headline+text+URL implemented in the actual online advertisement. Its goal is to persuade users to click on it in order to get on a website

## **Hits**

How many times webpage is viewed (it can be even by the same users)

# Concepts – Other

## **CPM (Cost-Per-Mile)**

The cost of 1000 impressions (no matter how many clicks or conversions are there)

## **Daily Budget**

Amount of money that are allocated to be spend on PPC every day

## **Impressions**

How many times your PPC advertisement is displayed on search results pages

## **Return on Investment (ROI)**

Profit vs. costs you spend to make this profit

# Types of PPC advertising

Before explaining how PPC advertising works and what are its pros and cons, it is important to mention that there is not just one type of PPC advertising. There are two basic types of PPC advertising and they have their specifics even though their principle of operation is basically the same. These two are PPC advertising in the search and PPC advertising in the content network.

# PPC advertising in the search

It is a PPC advertisement that appears in search results within certain search engine (typically Google). Because it is a part of search results, it is made just of text and there are no pictures etc. These advertisements look just like other „real“ search results. Based on automatic evaluation, advertisement can appear above search results – at the very top of the page, or below the search results – bottom of the page. When you enter a search phrase in the search engine, there can be 1, 2, 3 or even 4 first PPC search results depending on the competition (but it is 3 typically). Only under these PPC advertising advertisements are real search results.

# PPC advertising in the search

PPC advertisement in the search is marked with a small tag „Ad“ in front of the displayed URL below the title. Otherwise it looks and works exactly the same like ordinary search results. This is a huge advantage, because these advertisements look very natural, relevant and therefore useful to users. As a result, users do not perceive PPC search advertisement negatively (at least not so much as opposed to other types of advertisements that are more aggressive and often distracting), but on the contrary, they often find it useful. Therefore, this type is very effective for reaching existing and potentially new customers and significantly increasing traffic to relevant users who are likely to convert.

# PPC advertising in the content network

If we simplify it (in fact, it is not such a simplification), this type of advertisements appear in the form of banners. This type of advertisement can appear in both text and image formats (most often). We can target our advertisement on selected keyword, respectively set of keywords. We can target our advertisement to show directly on specific sites (from large and well-known sites to small thematic sites). Last but not the least option is to target our advertisement on specific topic to ensure it will appear on sites of our selected focus.

# PPC advertising in the content network

PPC advertising in the content network is great for remarketing, which is a re-engagement of a visitor who has already been to our website and has shown an interest in the goods or services we offer. We basically show him/her banners that remind him/her that there is a product or service that he was interested in and he/she forgot to buy it.



# Appendix to types of PPC advertising

In addition to the traditional Pay-Per-Click model, we can also use so called Pay-Per-Thousand (PPT) model (sometimes it is called Pay-Per-Mile PPM). We do not pay for clickthrough here. We pay for thousand advertisement impressions. This is useful when we do not need users to click on our ad, but when want our advertisement to be seen by as many users as possible. This model is usefull when we want to promote a new product for example.

# Advantages of PPC advertising

- **Very cost effective** – You pay only when a user clicks on your advertisement and gets to your website. It is up to you how much money you are able and willing to spend on it.
- **Measurable** – Within PPC campaigns you can measure very precisely effectiveness of money you spend. You will be definitely interested in return on investment (ROI).
- **Fast and instant** – You can see the results of your PPC campaigns almost immediately compared for example to SEO (Search engine optimisation) whose impact will take several months to show.

# Advantages of PPC advertising

- **Customisable** – While your campaigns are running, you can make lot of adjustments, improvements and corrections to make campaigns work at their best.
- **Targeted** – You can target on potential customers/visitors on the basis of many parameters such as sex, age, location, language and many more.
- **Learnable** – It is not a rocket science and almost everybody can learn how to manage PPC campaigns if he/she wants to. There is a lot of information about it.

# Disadvantages of PPC advertising

- **Time consuming** – It is an absolute nonsense to set up your Pay-Per-Click campaigns and leave them alone without any monitoring and improvements. It is necessary to invest time into monitoring, controlling and optimising your PPC campaigns to achieve the best results.
- **Skills needed** – Even though it is not a rocket science, you need at least some experience to set your campaigns right. It is the reason why most businesses hire specialists to manage PPC campaigns for them.

# Disadvantages of PPC advertising

- **Click is not sale** – If someone ends up on your website, it does not mean he/she will buy something. You need visitors to become your customers.
- **Potentially costly** – It is necessary to monitor and optimise Pay-Per-Click campaigns on a regular basis to be sure you spend your money effectively, otherwise you are gonna waste your money. You need to allocate your money into PPC campaigns wisely.

# Principle of PPC advertising

Whether your advertisement appears on a given keyword (respectively if it even appears) in a search results within a certain search engine depends on how much you are willing to pay for a single click (maximum keyword bid) and the quality of your website and advertisement, which are ranked with a certain score. This score is called Quality Score.

# Principle of PPC advertising

Each time a user searches for something by typing a certain keyword to search engine, an advertisement auction is run and evaluated immediately with a blink of an eye. If someone searches for a keyword that we have set to show our advertisement, our PPC advertisement will also participate in the auction. Based on the auction, the search engine will evaluate whether our advertisement will appear. If so, so at what position (1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>), whether it will appear at the top or at the bottom of our website and even at what page of search results. The auction outcome depends on our keyword's maximum bid and Quality Score.

# CPC (Cost-Per-Click) – Maximum keyword bid

Our maximum keyword bid is the maximum cost per click that we are willing to pay for a single click on our advertisement. The price for one click can range from a few crowns to tens of crowns, sometimes it can be even more than one hundred crowns for a single click (we are talking about the Czech market here). It always depends primarily on the competition, respectively how many advertisers have an advertisement set for the selected keyword at the moment and how much they are willing to pay for it.



# Quality score

The main factors of the Quality Score are advertisement relevance, overall website quality and expected clickthrough rate. In practice, your advertisement needs to be as relevant as possible in relation to the content of the web page to which it links. At the same time, the target website must be of sufficient quality, which means that it must be technically tuned, have excellent display on all devices (responsive), fast loading and must have tuned other details such as correctly set captions, URLs etc. A strong role plays also expected clickthrough rate, which is evaluated upon on how interesting to users and how well-known is the product and brand of the site.

# Quality score

Because of that, established and well-known sites with a history have a slight advantage when it comes to a higher Quality Score. In spite of that, we can increase our Quality Score with a perfect website structure and content and high quality advertising. The higher our Quality Score is, the less we will pay for a single advertisement click. On the other hand, with poor Quality Score, we will need to increase our keyword's maximum bid, which will make one click on our advertisement more expensive.

# Quality score

Therefore, it pays off to hire a professional (digital agency, freelancer) and outsource this type of services, when we have no experience with PPC campaigns. Professional takes care of the quality of advertising, finds out what keywords it pays off to target, streamlines the whole process and reduces the cost of clicks on advertising to a minimum. In other words, money we would save by doing it by ourself, would be spend on higher cost of clicks. In fact it could be even more expensive overall, conversion could be lower a moreover we would spend our precious time on it.

# Quality score

How Quality score affects cost per click on average.

Quality score	Discount/Price increase
10	-50%
9	-44,2%
8	-37,5%
7	-28,6%
6	-16,7%
5	Google benchmark
4	+25%
3	+67,3%
2	+150%
1	+400%

Source: [www.wordstream.com/quality-score](http://www.wordstream.com/quality-score)

# How to increase Quality score

- **Do a proper Keyword Research on a regular basis** – Try to find new, highly relevant keywords which you can add to your current campaigns. Do not forget about long-tail keyword opportunities that can significantly contribute to the bulk of your overall traffic.
- **Get rid of nonconverting Keywords** – Look for, identify, and discard every irrelevant keyword that costs your money and brings little or even none conversions (do that on regular basis).
- **Organize your Keywords** – Sort all your keywords into integrated organized groups that will be clearly bonded to individual advertisement campaigns.

# How to increase Quality score

- **Optimize Landing Pages** – Be sure you carry out best practices on your landing pages. All landing pages must be directly connected with individual advertisement groups in order to lead visitors smoothly from keyword to conversion.
- **Improve a adapt advertisement copy** – Test and improve PPC advertisement copy to better target and adress individual advertisement groups. More effective advertisements get higher Click-through-rate which leads to Quality Score improvement.

# Restrictions

Every reputable Per-Per-Click network adheres to certain principles regarding the legality and morality of the content being promoted on the it. Not all networks follow these generally unwritten rules, and each network has its own rules, but the high quality ones have quite strict rules and you must follow them to avoid penalizing your account and being blocked. Lets have a look at the restrictions of the world's largest PPC network Google Ad. All other reputable networks have practically the same restrictions as Google Ad.

# Restrictions – General rules

## General AdWords Restrictions:

- Ads that promote counterfeit or dangerous products
- Ads that promote hacking software
- Ads that misrepresent goods or services
- Ads that use cloaking
- Ads that promote sites with little value or are solely looking to gain traffic



# Restrictions – Prohibited content

## **Counterfeit goods**

- Interchangeable trademark or logo

## **Dangerous products or services**

- Products or services that cause damage, harm, or injury

## **Enabling dishonest behavior**

- Products or services that are designed to enable dishonest behavior

## **Inappropriate content**

- Shocking content, hatred, intolerance, discrimination, or violence

Source: [support.google.com/adspolicy](https://support.google.com/adspolicy)

# Restrictions – Prohibited practices

## **Abusing the advertisement network**

- Advertisements, content, or destinations that attempt to trick or circumvent advertisement review processes

## **Data collection and use**

- Misuse and collection of information for unclear purposes or without appropriate security measures

## **Misrepresentation**

- Advertisements or destinations that intend to deceive users by excluding relevant information or giving misleading information about products, services, or businesses

# Restrictions – Restricted content & features

- Adult content
- Alcohol
- Copyrights
- Gambling and games
- Healthcare and medicines
- Political content
- Financial services
- Trademarks
- Legal requirements

# Conclusion

Now we have a basic idea of how PPC advertising works, so it is time to summarize what it can bring us and how it can help promote our products, services, brand etc. The biggest advantage of PPC advertising stems from the its very name and essence, that the cost of PPC advertising comes only when an internet user clicks on the advertisement and moves to our website. Unlike other types of advertising and marketing communication channels, we know exactly what effect our spendings had, how many new users visited our site, and at what cost or how much new orders was brought.

# Conclusion

Everything is accurately measurable and we can easily calculate whether PPC advertising pays off or not. At the same time PPC advertising is the cheapest type of advertising, one of the most effective type of advertising and as almost everyone uses internet search engines, we can thanks to the keywords get new visitors who show interest in our type of product/service almost immediately. Therefore, there is a relatively high probability that a conversion will be achieved when everything is managed well.

# Conclusion

Very important aspect of Pay-Per-Click advertising is its huge flexibility and adaptability. We can literally instantly turn on and turn off PPC campaign at any time if needed for whatever reason, make quick changes, adjustments, and corrections based on the real-time data we see in our system for managing PPC advertising. It is very quick and flexible to respond to almost anything what is happening, so it is probably the most flexible and fastest type of advertising ever invented so far.

# Conclusion

There is a really wide range of targeting. We can target specific location (country, region, city, distance from our business to X kilometers, etc.), interests (specific sport, cooking, healthy lifestyle, travel, etc.), age, gender (male/female), income and more.

And as mentioned before in this presentation, there is a big advantage which lies in the quite positive perception of PPC advertising by users when it comes to PPC advertising in the search.

# Conclusion

PPC advertising (we are talking especially about the one within the search) pays off in most industries. However, there are of course services and products where PPC advertising is not suitable. These are products/services for which there is no demand yet, which means products/services that no one knows yet and therefore does not look for anything similar. In such a case, however, it is possible to use PPC advertising in the content network with a view to maximizing the display of the advertisement and thus to start building awareness of the product. Do not forget, PPC advertising can not be used for dangerous products and services and for dishonest and disrespectful products and services.



# Last tips

## **Focus**

- You have to know why you want to do PPC advertising and what you expect from it

## **Choose specific keywords**

- Search for keywords that work for you

## **Write clear advertisement messages**

- Message of the advertisement has to be specific and direct

## **Be flexible**

- Make sure you know what is happening on the market

## **Hire professionals**

- Start and manage PPC is pretty challenging, do not be afraid to ask for help from people who know, what they do

# Q&A



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