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A primer into paid search – test, test, and test some more

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Executive Summary

Paid search seems like an easy nut to crack. Target the keywords that make sense for your business, write a compelling ad, manage the bidding process, and see the sales come in.

Unfortunately, due to the swarm of advertisers that have now embraced the medium as a quick alternative to gaining natural rankings, the market has become much more competitive and retailers need to consistently monitor paid search metrics to not spend marketing dollars unwisely. For a company to receive maximum ROI within paid search platforms, clickthroughs must be monitored for performance and various variables need to be tested to optimize the campaigns.

Although paid search ad platforms are technological marvels and one of the most advanced advertising mediums that have ever been invented, the reality is that paid search follows direct marketing rules that catalogers have been following for 100+ years. In the early days of catalogs, retailers realized that people in unique segments responded to different messaging in various ways.

To ensure that a catalog business would continue to grow, catalogers would take their learnings from a previous campaign and leverage them within subsequent mailings. They would change the ad copy, change the products etc – continually trying to exceed previous successes. Sometimes the changes would work – sometimes it wouldn't – but catalogers were always trying increase their previous metrics.

The lessons of the past still hold true today in search marketing. Even though the level of variables may be less than an average print catalog, online retailers still need to consistently monitor the performance of their paid search advertising and recreate new ads with changes that better speak to consumers.

For those who may be new to paid search marketing – below are the variables that retailers can control within paid search:

1. **Advertising Headline** – The anchor text to the hyperlink within the ad
2. **Advertising copy** – The brief text below the headline that delivers the desired message
3. **Landing Page** – What webpage the consumer is taken to after clicking on the ad
4. **Cost per click** – How much the retailer is charged after the consumer clicks

Let's examine each in detail and outline how to optimize each piece for success...

Advertising headline

This may be the most important piece of your paid search advertisement. It's what the consumer first sees and an attention grabbing headline drives further consumer action.

Both Overture (Yahoo's paid engine) and Google Adwords provide an advantage to retailers that utilize the searched for keywords within their headline. In these instances, Google and Overture **BOLDFACE** the keyword which makes the word better stand out within the ad.

Although there are no concrete metrics to support this claim, it is widely believed in online marketing circles that the boldface type improves click through rates and drives more traffic to a site.

We recommend that when you are creating your campaign – you include your keywords in every ad headline. Not only will it convey a sense of relevance to the consumer because you are re-communicating the keyword that they are looking for, it will also stand out from the pack due to the bold type. Follow this rule and you are instantly ahead of 50% of your competition in optimizing your ad for maximum click through rates.

Advertising Copy

When writing advertising copy for search engines remember these three words – **“Call to Action”**. In the limited space that a retailer has to persuade, the advertising copy has to suggest some type of benefit by engaging the consumer to take action with the advertisement. Below are a couple examples of incorporating “Calls to Action”.

- Solid Oak Furniture , See our difference in quality
- Motorcycles for enthusiasts – Learn more about the leader in motorbikes
- Get ahead of the competition, Meet us to learn how you can sell more stuff

Each one of these examples is very simple but they all have a common theme of **stating a benefit and providing the consumer with a next step**. This tactic engages the consumer and makes an ad more compelling – hence a higher CTR rate.

Landing Page

It's amazing the number of poor landing pages that are in search marketing today. Retailers pay upwards of 30-50 cents a click to send someone to a homepage! In any retail paid search program it is crucial that the landing page of an ad takes a consumer to that exact product or product category page. A new tactic that retailers are embracing is to take users directly to checkout/shopping cart when they search for a specific sku or product.

For example, if a consumer searches for Sony DVD Player xjh432 (lets say to do product research), forward thinking retailers are putting the product searched for already in a shopping cart while showing related accessories, promotions, and warranty plans that correspond with the product at the time of the landing page.

This tactic is fairly aggressive, maybe almost too much so, but could be an interesting method to test when measuring your search strategies.

Cost Per Click

If you are like the rest of the retail community participating in paid search, you have seen PPC prices rise anywhere from 30-70% over the last year. In what was like a mad bidding rush, retailers embraced automated bid management tools to ensure the top spot rankings. In reality however, the top two spots are not always the spots that produce the best ROI on marketing dollars.

Next time you are configuring a paid campaign, try bidding into the 3rd and 4th slots of a search term. You will see a drop in traffic but will also likely see an increase in search sales conversion. When placed in those spots, retailers get traffic of consumers that have already spent time within the first three listings (both paid and natural). These consumers are more likely to convert in the 3rd or 4th spot as long as the price is competitive, policies regarding returns and shipping are clearly outlined, and the site provides adequate content.

If a retailer can save approximately 40% off of PPC prices within this spot – it becomes a no brainer to leave the #1 spot to someone who has much deeper pockets, as you net more profit contribution in the long run.

Be rewarded from testing

Within all of these components, continuously test to “**beat the control**”. Try new approaches and new phrases and try reaching new customer segments at higher percentages.

By improving your clickthrough rates within the Adwords platform, you will be rewarded with a higher ranking without paying any incremental PPC costs. Google's paid search platform algorithm has been built to reward retailers with better copy - retailers can consistently rank higher than competitors paying more by having better formulated ads.

Google also offers advertisers the ability to run two ads concurrently at once within an ad group. Take advantage of this functionality by testing two distinctly different ads. See which one converts worse, at both a sales and clickthrough level, and change it to something new. Run the ad again and keep monitoring progress.



By consistently optimizing your paid search campaigns by testing and changing the four variables listed above you will maximize the profitability of your campaigns and be on your way to better understanding the motivations of your customers within a search marketing environment.