

The Ultimate Guide to Paid Media - Part I

Google Ads and PPC

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- 01 Google Ads and PPC Fundamentals
- 02 Everything you Need to Know About Pay-Per-Click
- 03 How to Design a Profitable Google Ads Campaign
- 04 The Science of Keyword Bidding

- 05 Six Common Downfalls of Paid Media Campaigns
- 06 How to Measure the Success of your Google Ads Campaigns
- 07 Final Thoughts on Google Ads Campaigns
- 08 60-Second Glossary of Google Ads Terminology

01 Google Ads and PPC Fundamentals

Almost 90% of consumers turn to search engines when seeking out information on new products and services. With 60% also claiming to click on a search ad every week, digital marketers know that paid search advertising can be a powerful tool for brands to boost site visibility, generate leads, and get their business in front of those who are already searching for similar products and services.



Unlike other forms of digital advertising, Google ads allows you to reach your target audience at the exact moment they are looking for a solution. The more relevant your ad is to their search query, the more likely they are to click, visit your website, and move down the sales funnel toward conversion.

Although SEO is a great way to drive traffic and site visits to perpetuity, 46% of total clicks on Google go to the top three paid ads, meaning paid search ads intercept nearly half of the clicks away from organic search results. For this reason, brands that incorporate PPC marketing alongside search engine optimization are better positioned to increase market share and build their brand awareness in less time.

But if your Google Ads campaigns are not designed well, the more you spend, the more you lose. Even seasoned digital marketers can have a hard time designing profitable campaigns, particularly in industries with high CPCs. Having the knowledge-base to create optimized, hyper-targeted campaigns will get you better results and make more out of your search marketing budget.

This ebook is a collection of insights I've gathered from investing over \$50-million dollars into Google Ads for dozens of brands in multiple vertices over the past decade. My advice to newcomers hoping to use paid media to enter a market is to not over-rely on Google Adwords recommendations, but to learn the nuances of campaign structure and audience targeting in order to make high-performing, scalable paid media campaigns that benefit your brand.

The Correct Way to use PPC to Scale Your Business

There are a variety of factors that play into successful PPC campaigns, and having the right strategy can be the difference between Adwords success or a costly Adwords account billing. If you've done your homework and your site is ready, PPC can help you break into a market with grace and ease, provided your analytics are set up properly and you can accurately quantify ROI.

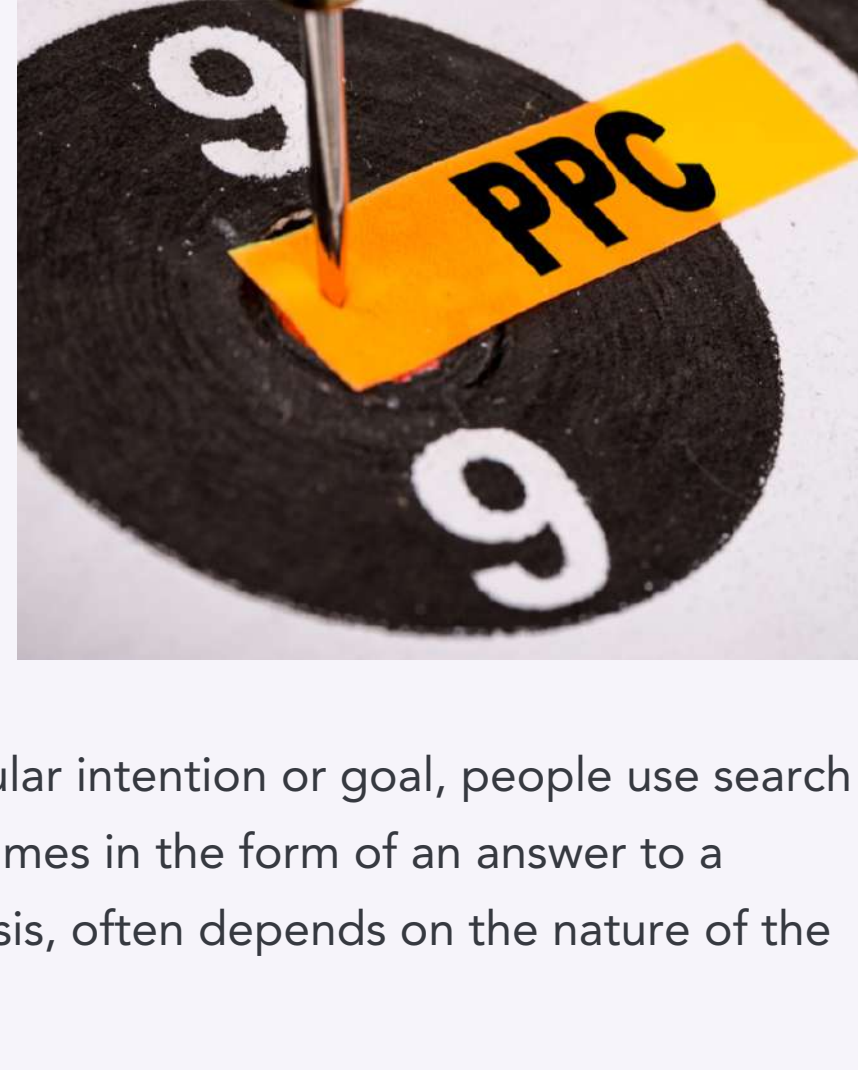
With PPC campaigns, you are "renting" visits to your site in the short term rather than earning them organically. Once your budgets are exhausted, you no longer get any traffic or benefit. If your advertising is profitable, you're able to recycle your ad budget and redeploy it. For this reason, it's ideal to pair any new campaign you pursue with a robust SEO strategy so there are still clicks that come from search once your budget runs out.

Google Ads is a great way to simultaneously test two things: 1) Your website's conversion funnel and 2) Your keyword targeting. When designed correctly, your unit economics on your PPC campaigns will be profitable, allowing you to buy traffic from Google and then monetize for more than it cost you.

Buying traffic from Google Ads or Bing ads can also be used as a learning tool to prospect traffic quality for specific keywords before targeting them in SEO. It also helps test whether your website and landing pages are well-designed to convert. If you've done the work of optimizing your landing pages into efficient mouse traps, successful PPC campaigns can be a profitable channel you can rapidly scale up to enter even the most crowded of markets.

The One Thing that makes PPC Unique among all forms of Paid Media - The Power to Target Search Intent

Search ads is the only form of advertising that allows you to reach users at the very moment they've expressed intent for something. This unique feature is why Google Ads is the market leader in digital advertising. It's also the reason why pay-per-click marketing is so competitive. Nearly half of all small business owners are investing in search engine advertising, because on average, businesses can earn \$2 for every \$1 they spend in a Google Adwords campaign.



Unlike social media advertising, where users are usually browsing with no particular intention or goal, people use search engines to look for solutions to their immediate needs. Whether that solution comes in the form of an answer to a question, a selection of products, a comparison of services, or an in-depth analysis, often depends on the nature of the user's search intent.

Keywords provide us insights into what users' intentions are. When you make your keyword selection in Google Ads, your ad needs to match that user intent in order to be effective. Depending on your customer base and the audience you're targeting, internet users may be at different points in the sales funnel, and this is often reflected in their choice of search query.

For example, the keywords, "discount workout equipment," "workout equipment repair," and "portable workout equipment," may share similar terms, but the intention behind each is wide-ranging. If your business sells exercise equipment, targeting all three of these users with the same messaging would not lead to a very successful campaign.

Targeting search intent can provide many opportunities for brands, but it's important to note that successful keyword strategy is a science that requires data, specificity, and some creativity. In order for your search ads to get in front of the right audience and for your budget to only go towards the user clicks that really count, hyper-targeted campaigns are essential for transforming user intent into profitable action.

Taking an Iterative Approach to Google Ads Campaigns

A smart, strategic paid media strategy can improve the performance and effectiveness of your Google Ads campaigns. But even then, optimizing search ads with the right targeting, campaign structure, messaging, and bid strategy takes expertise, work, and is by no means an automatic process.

This doesn't mean Google Ads can't be profitable. It can, but an iterative approach is essential. It's very likely that your first campaign will not be successful and may cost you money. However, it will give you loads of information about your set of keyword targets, the right bid amounts, the better ad formats, and all the details required to refine and optimize your campaign to improve its effectiveness and your overall return-on-ad-spend (ROAS).

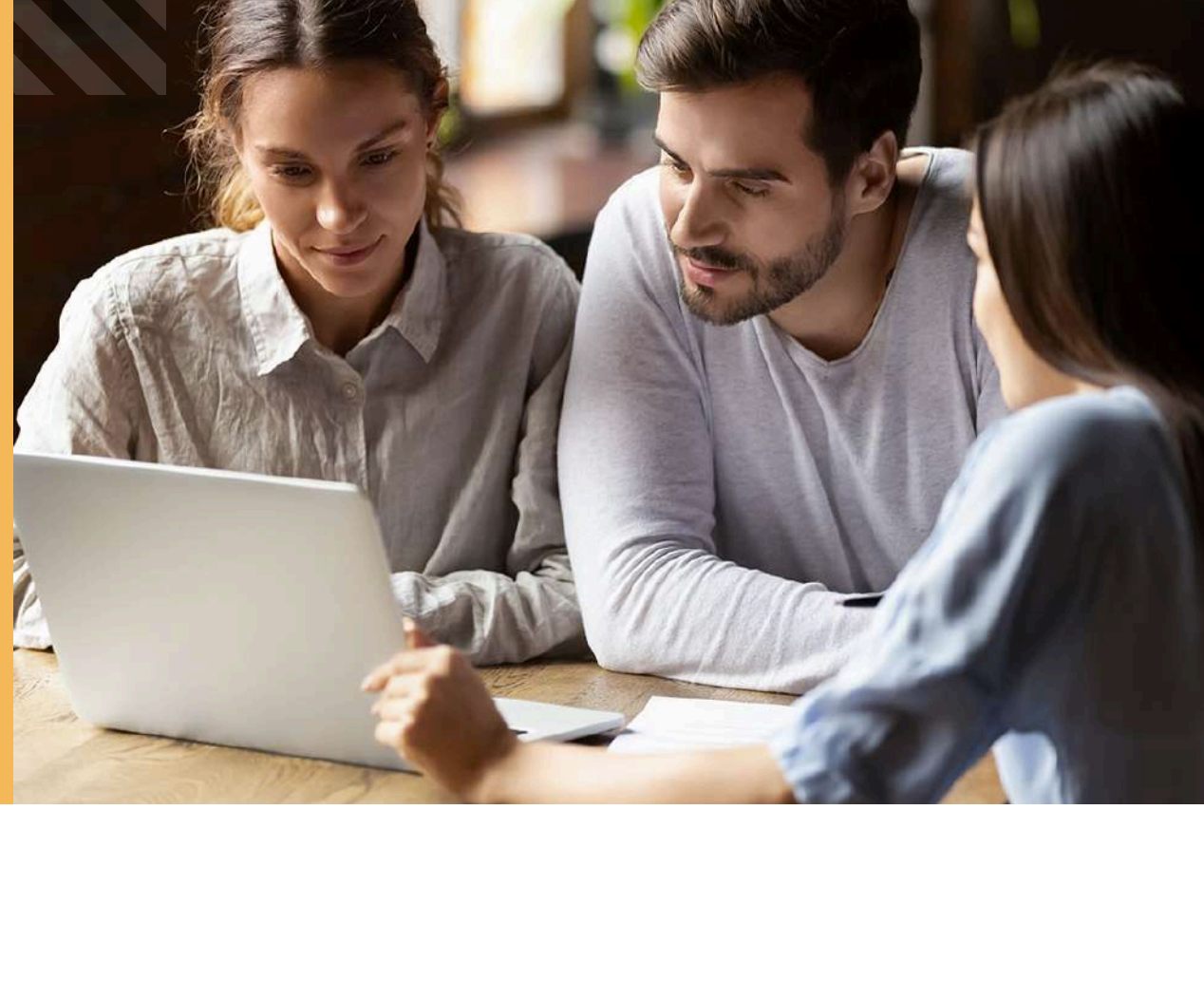
"Google Ads is the most expensive place to advertise on the internet. Anyone who chooses to run a Google Ads campaign for their business should be prepared to pay a high price: At minimum, \$5 per-click, and for some keywords \$50 or more. It's important to have enough monthly budget to acquire at least a few hundred clicks, so even if your conversion rate is a few percentage points, you'll get enough conversions to calculate a statistically significant Cost per Acquisition / Return on Ad Spend (ROAS).

I highly advise businesses new to Adwords to plan to deploy a PPC budget for 3 months to allow for sufficient click data to be able to properly optimize campaigns. Performance marketing campaigns on PPC need enough budget and time for testing and optimization."

- MANICK BHAN, CTO OF LINKGRAPH



02 Everything you Need to Know About Pay-Per-Click



Benefits of Pay-Per-Click-Advertising

PPC advertising has a variety of benefits that other forms of advertising can't equally match. In a Social Media Today survey, 40% of businesses said they wanted to improve their PPC budget, primarily because of the potential it has to generate quality leads and revenue. Here are the primary reasons why PPC can be so powerful.



Immediately Ranking Above your Competitors

Everyone wants to be on page 1, but in very competitive, crowded industries, doing so through SEO strategy takes time, whereas paid media can get you to the top of the SERPs immediately. As mentioned earlier, paid ads are very good at intercepting traffic that would otherwise go to the top ranking organic results. If you're entering the market with a differentiated product or service that has a significant advantage over your competitors (either because of price or uniqueness), it's a powerful way to immediately acquire market share.

"When we launch digital brands, PPC is one of our favorite ways to immediately break into a new market. We do this because it allows us to begin testing our digital strategy and sales process and begin iterating on our conversion funnel. Ultimately, you'll want to earn your rankings organically through SEO, but that process can take a few months. I often use PPC campaigns to quickly test the real economic value of certain keywords before designing an SEO strategy around ranking organically for them."

- MANICK BHAN, CTO OF LINKGRAPH



You Only Pay Per Click

This is the double-edged sword of Google Ads that makes it both an ideal and very tricky advertising strategy. By only paying per click, the advertiser only pays for those users who actually arrive on their website. However, I've seen CPCs as high as \$950, meaning Google Ads campaigns can get very costly when mismanaged.

Remember though, in an efficient advertising ecosystem, CPCs can come close to the point at which an advertiser breaks-even on their cost per acquisition.

Nevertheless, I've observed numerous examples where ecommerce companies run unprofitable advertising. Why would they do that?

☒ High lifetime value (LTV)

They make up for their initial loss over time and eventually break even. We see this frequently with mobile app install campaigns and software companies with strong retention metrics.

☒ Market Domination

To preserve and dominate market share to block out competitors.

☒ Higher Valuations

Public market valuations for pre-IPO companies are often a multiple of topline revenue, assuming they are growing at 2-3X YoY. As a result, the strategy of many public companies is to buy revenue at any cost through digital advertising to end up with a higher valuation or give the impression they're growing faster than they truly are.

☒ Missing Analytics and Conversion Attribution

Clean analytics and attribution data is the backbone of any Performance Marketing campaign - without it, you're flying blind. It's unfortunately quite common for even enterprise-grade companies to have gaps in their analytics, missing attribution information, and improperly setup conversion tracking.



Far more Flexibility and Control than Other Forms of Advertising

Whether you want to run a short-term campaign to promote a new product or you only want ad seen by people in a specific geographic region, PPC provides control over your campaigns to set these specifications.

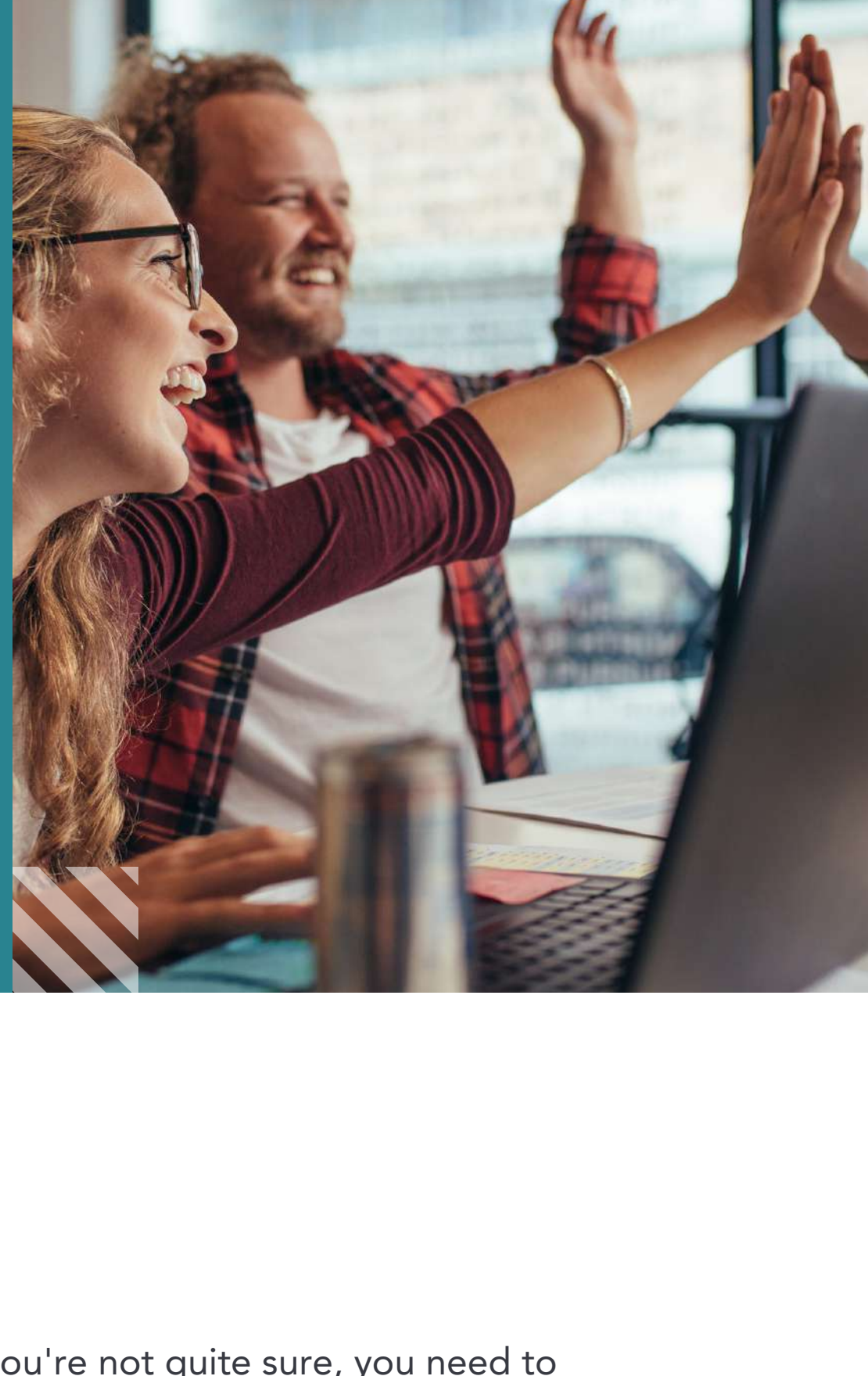
With PPC campaigns, you can hyper-target and hyper-focus advertisements toward users who are further along in the sales funnel, and are more likely to convert. When paid campaigns are not performing well or producing results, you can scale down budgets or stop campaigns entirely.

This flexibility is crucial in being able to refine and improve campaign messaging and copy. Although pay-per-click can be expensive, it provides control for the advertiser more than any other digital marketing platform.

03 How to Design a Profitable Google Ads Campaign

Your specific industry, business model, and ideal customer base will all influence how you choose to structure your ad campaigns. The strategies I outline here are campaign settings that work across industries, because they are centered on optimization and hyper-targeting.

Remember, successful campaigns are not measured in clicks, but in clicks that convert. Driving higher-value traffic to your website will deliver a huge impact through improved conversions and high ROI on your marketing spend.



STEP 1

Set Clear Goals and understand your PPC KPIs

What are you trying to achieve with all of the clicks you buy in a PPC campaign? If you're not quite sure, you need to take a step back and determine what is most valuable to your business right now before you move forward, whether that's sales, leads, site traffic, or just general brand awareness.

When you set up a campaign in Google Adwords, you can choose a campaign goal, after which Google Adwords recommendations will guide you to certain campaign specifications. It's important not to over-rely on these suggestions, as ultimately, Google wants to make as much money off your campaign as possible. In order for you to also make money, you need to have clear metrics established so you can actually measure the value of every ad click you receive in your search campaign.

“Do your back of the envelope math to understand what your unit economics need to be in order for PPC to break even for you. A \$1000 advertising budget in a \$5 per click campaign is 200 clicks. Assume 10% of those clicks follow your CTA on your website (submit a contact form) you’ve got \$50 per lead and you’ll get 20 leads. If you’re an ecommerce business, expect to convert perhaps 2%-4% of your clicks, so expect 4 to 8 sales.”

- MANICK BHAN, CTO OF LINKGRAPH



STEP 2

Create a Highly-Targeted Campaign Structure

Once you’ve determined your campaign goals, the Google ads platform will guide you through a series of campaign settings to choose from. Creating a high-performing campaign will require you to optimize each of the below components, because having even one component off-target can result in your ads being seen by the wrong users that end up costing you money.



Keyword Targeting

As you do your keyword research, you need to identify a broad swath of keywords to target -- both short-tail to long-tail. If you want to drive clicks that have the best chance of converting, it’s important to select keywords that have high intent for what you’re offering, and long-tail variants often fit this description.

The most obvious variations of your keywords are most likely already very competitive (i.e. “buy car”) because everyone else is also bidding on them. This is where thinking creatively can be rewarding. Long-tail keywords (that aren’t already saturated) present a variety of opportunities with:

Lower CPCs

Lower competition means the clicks are cheaper

Ad Copy

If anyone is bidding on the long-tail variations, their ad copy is probably not as optimized as yours

Commercial Intent

More specific searches often have greater commercial intent and are farther down in the purchase funnel

Keyword	Avg Monthly Searches	CPC	Market Competition
buy car	60,500	\$ 3.60	High
buy toyota	2,400	\$ 2.01	Medium
buy used car	40,500	\$ 3.13	High
buy used toyota	320	\$ 3.34	Medium

Understanding your match types is also essential for successful keyword strategy. Match types are keyword settings that control what type of searches your ad will appear for. The four different types of match types are:

Exact Match

The exact keyword or close variants of the keyword

Phrase Match

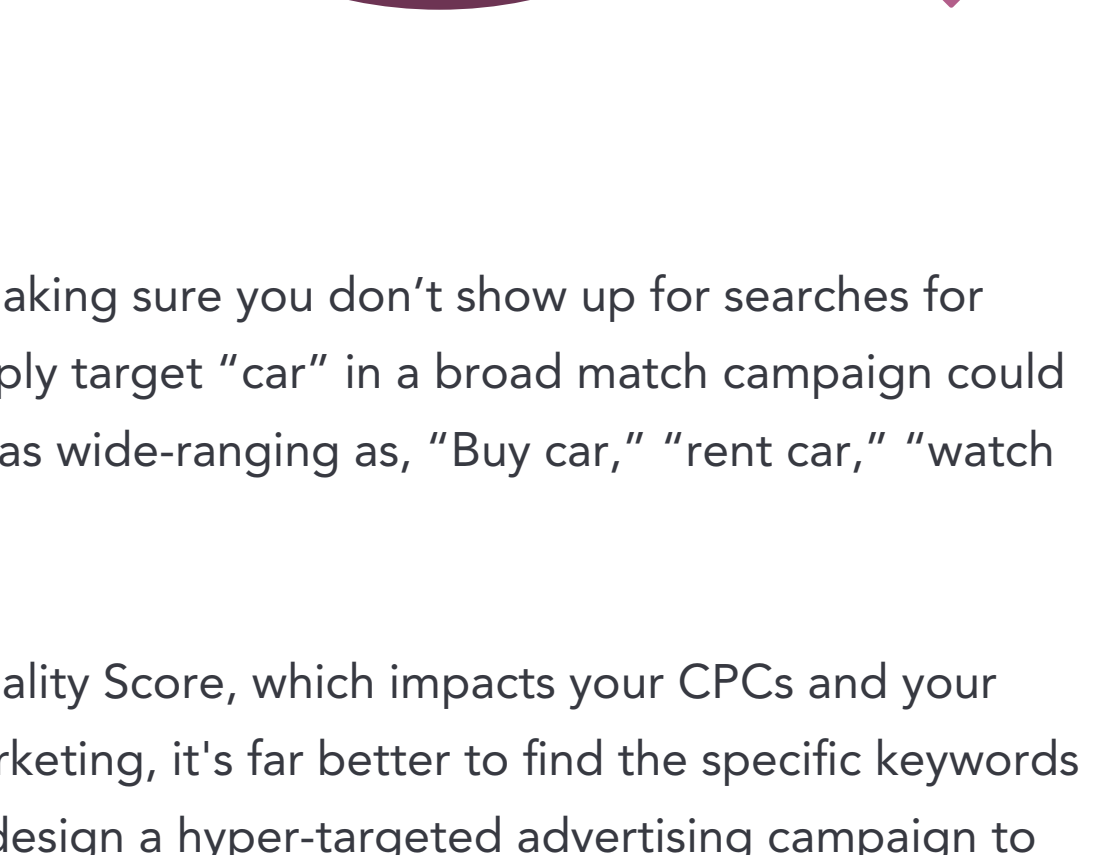
The exact word-for-word phrase or close variants of the phrase

Broad Match

The exact keyword, other variants of the keyword, and similar topics as determined by Google. (This keyword setting will reach the widest range of users and is Google Ads default setting)

Modified Broad Match

Same as broad match, but allows your ad to only be shown for searches that also include the words you mark with a (+) sign



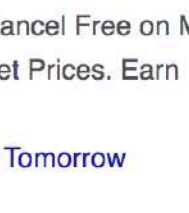
Strategically selecting keyword match types is essential in making sure you don’t show up for searches for which your products and services have no relevance. To simply target “car” in a broad match campaign could result in your ad being shown for search queries with intent as wide-ranging as, “Buy car,” “rent car,” “watch cars movie,” or “buy toy car.”

Single Keyword Ad Groups (SKAGs)

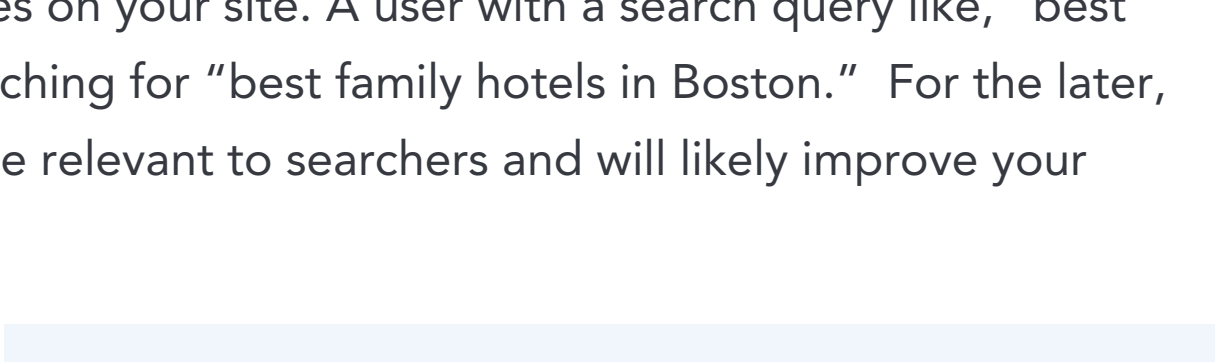
When it comes to your campaign structure, you need to use Single Keyword Ad Groups. With SKAGs, you will only have one keyword per ad group, as well as accompanying ad copy that’s highly relevant to that single keyword. Although it takes more work for your marketing teams, SKAGs are the most effective way to perfect your ad copy and landing pages to have the highest relevance to the user’s search query, helping improve your click-through-rate and conversion rate.

“Creating one big Ad Group targeting lots of different keywords with only one set of ad copy is the most inefficient way to structure a campaign. In contrast, SKAGs outperform other campaign structures because the ad copy to keyword congruence results in a higher CTR, which can improve your quality score.”

- MANICK BHAN, CTO OF LINKGRAPH



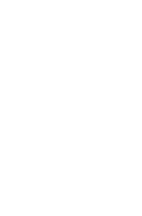
SKAGs allow you to create ads that match your keyword more closely. It’s far more efficient to target the highest-value keywords in your ad campaigns with hyper-specific ad copy and



to send those clicks directly to optimized landing pages on your site. A user with a search query like, “best hotels in Boston,” has different needs than a user searching for “best family hotels in Boston.” For the later, having “family” in your ad copy will make your ad more relevant to searchers and will likely improve your performance with that specific keyword.

Besides targeting and messaging, SKAGs also make it easier to determine if the clicks you’re buying will perform well or not. They are the surest way to determine if Google Adwords can be a profitable marketing engine for your business.

AdWords Account					
Campaign 1			Campaign 2		
Ad Group 1.1	Ad Group 1.2		Ad Group 1.1	Ad Group 1.2	
Ad	Keyword	Ad	Ad	Keyword	Ad
Ad	Keyword	Ad	Ad	Keyword	Ad



Geotargeting & Geofencing

In order to design a successful campaign, you only want your ads to appear where your customers actually are. Google Ads allows you to target users by city, state, country, zip code, latitude/longitude, and even a radius around a location. If you understand where your target market is located, or you want to earn new customers from a specific region, geotargeting is the easiest way to direct your ad impressions to those specific audiences.

Geotargeting is key for local businesses or those business owners with a brick-and-mortar store, but it is also beneficial to national brands wanting to make their campaigns more efficient by blocking regions where lower-value clicks or less conversions come from. Google Ads also allows you to modify your bid amounts based on location, which is a very good strategy for ecommerce companies.

As you geotarget, keep in mind that IP geolocation is imprecise, especially on mobile. Unless the users have enabled location settings for Google, Google will make their best guess on location from IP address.

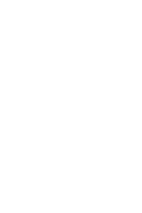


Device Type Targeting

For Display and Video campaigns, Google allows you to set targeted bid adjustments for mobile devices, tablets, and desktop. Google Ads even allows businesses to target mobile users with specific device models or wireless networks.

Whether or not you use device type targeting will depend on how your target audience is searching for your product or services. Almost a third of all mobile searches are location-based, so a local or small business should definitely be utilizing this campaign setting.

As you refine your campaigns, look to your analytics to determine whether or not your conversion rates are better on certain devices. If so, you may want to create a campaign that specifically targets those devices. If you’re not sure how your target audience best finds you, look to the data to teach you and then optimize accordingly.



Ad Extensions

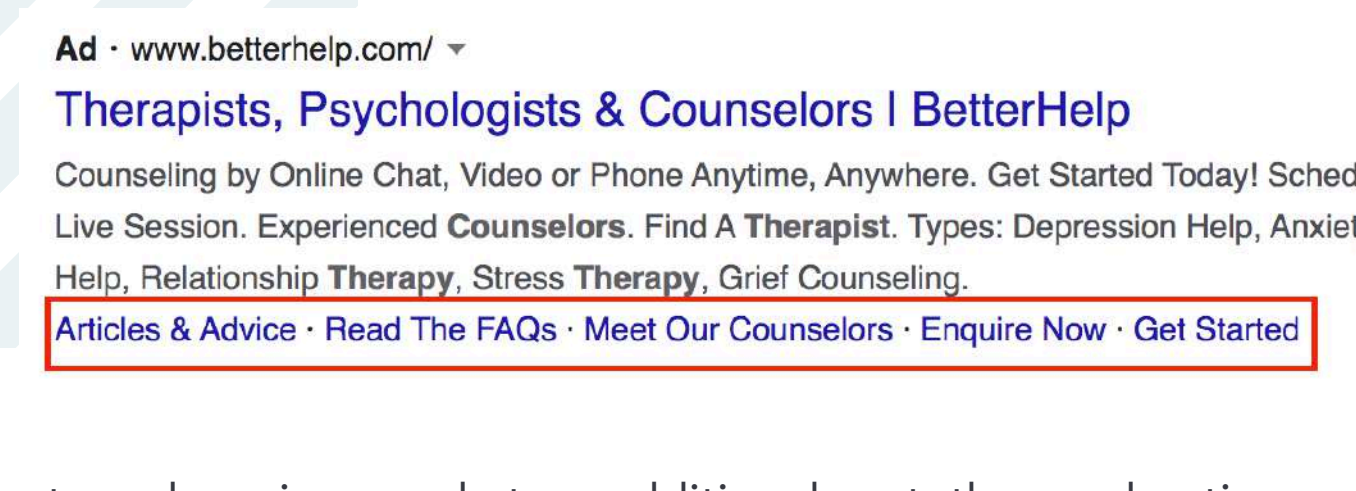
Ad extensions can be a great way to improve your site visibility and CTR simply by having more information about your company appear in the search results pages. Ads with multiple extensions often get more clicks and perform better. There is also no additional cost for ad extensions, meaning there’s no good reason not to use them on a regular basis.

There are a variety of extensions that you can add to your Google Ads to add more value, but Google won’t always show your extensions. Google requires a minimum Ad Rank for your extensions to show, and will only show them when their analytics determine it will benefit your performance.

When your keyword bidding does get you in the top spots though, ad extensions can improve your brand visibility and entice the user to click. I will just highlight the most common and beneficial extensions here, as well as clarify which work better for certain industries.

Location Extensions

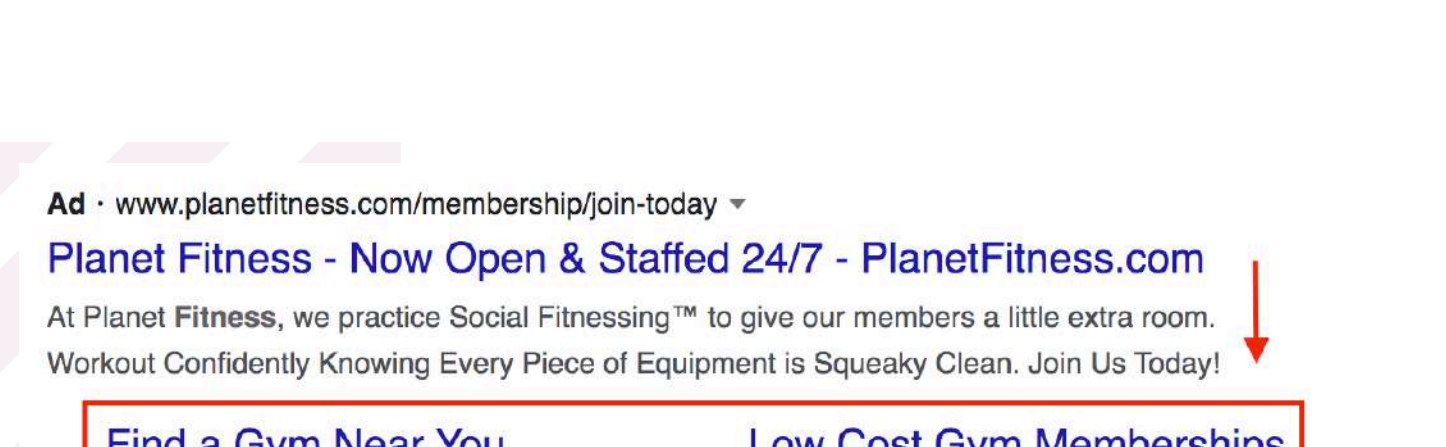
Location extensions allow you to show your address, a map, as well as the users proximity to your location.



They can also include a call extension so people can have your phone number and call directly from their mobile device. For any local business with a brick-and-mortar store, using this extension is one of the fastest ways to drive site traffic and foot traffic.

Call Extensions

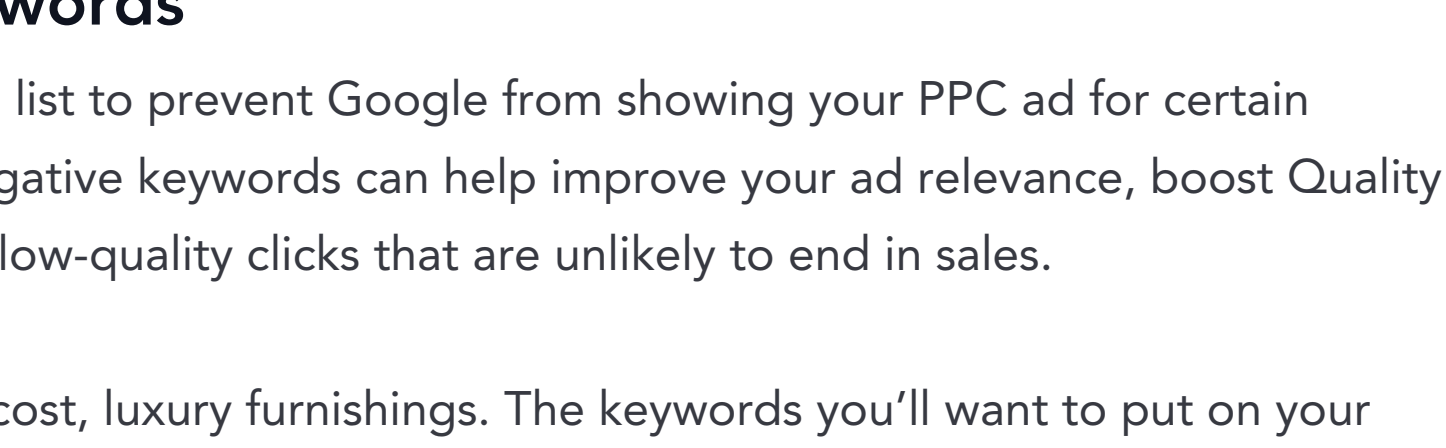
Using call extensions is a good idea for businesses that take appointments, reservations, or where a phone call would be



the next step in the sales funnel. Call extensions place your company phone number at the top of the ad, making it easy for users to call your business, particularly when they are searching for your services on a mobile device, as all they have to do is click your number to call.

Sitelink Extensions

Sitelink extensions take users to specific landing pages on your site. Because sitelink extensions allow you to supplement an ad



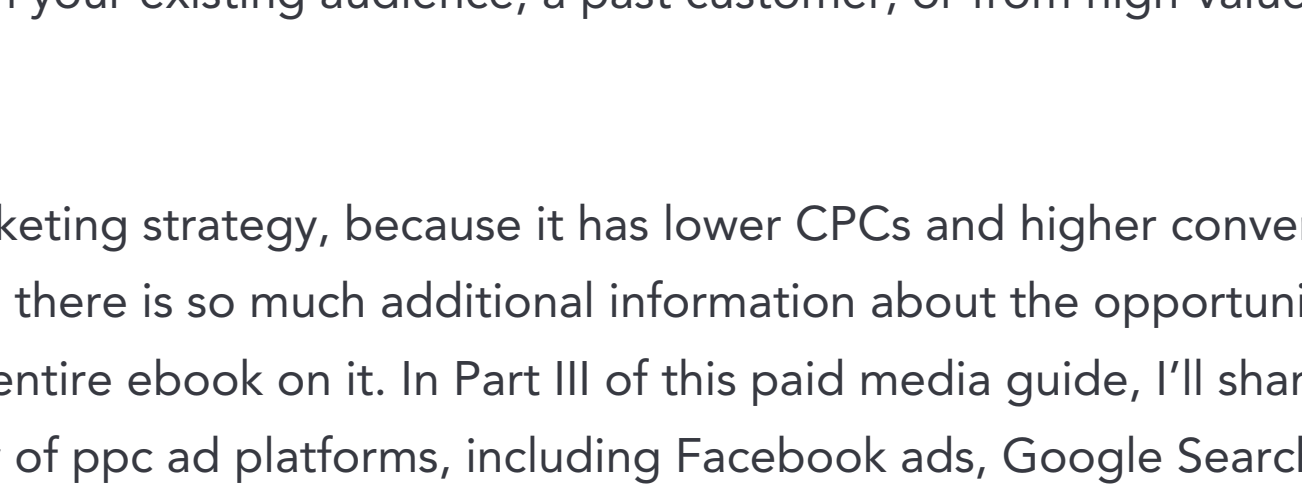
with more information about your products and services, and at no additional cost, those advertisers on a small budget can get loads of value from making out sitelink extensions and including as many as they can.

You can include five links to different landing pages on your site. The landing pages you choose though should still have relevance to the users search intent and be optimized for conversion.

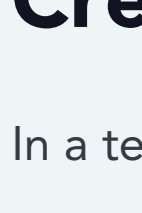
Overall, sitelink extensions help your ad stand out from your competitors and can have a positive impact on many of your PPC metrics. Data shows that sitelinks can improve CTR by average of 10-20%, which in turn raises Quality Scores and reduces CPCs.

Structured Snippets Extensions

With structured snippets extensions, your ads take up more real estate on the page.



This extension empowers you to add four additional headlines and descriptions. If you are targeting keywords with a more broad search intent, structured snippet extensions give you more opportunities to use ad copy to establish your brand’s relevance to the user’s needs.



Identify your Negative Keywords

You need to create a negative keyword list to prevent Google from showing your PPC ads for certain designated words or phrases. Using negative keywords can help improve your ad relevance, boost Quality Score, and keep your ads from getting low-quality clicks that are unlikely to end in sales.

Let’s say your small business sells high cost, luxury furnishings. The keywords you’ll want to put on your negative keyword list will be those that users rely on when searching for lower-cost items, like, “cheap furniture,” or “affordable furniture.” If you don’t take the time to put together a negative keyword list and allow Google to show your text ads for these search terms, much of that PPC traffic will be users who were never willing to spend close to your products’ average cost.

Choosing the right negative keywords is both a science and an art. Working with a digital marketing and PPC agency like ours with experience in your industry can give your brand a leg up, as we have already learned many of the most common negative keywords by industry, as well as the right keywords that deliver the best results.

Identifying negative keywords for your campaign may take some trial-and-error, but just remember, choose carefully. You don’t want to exclude any search terms that could potentially bring you new customers.



Modify Bids with Retargeting on Google

To help your PPC advertising become even more profitable, RLSAs allow you to modify your maximum bid based on if a searcher has visited your site previously. It’s a great way to ensure you’ll show up higher on the page when targeting someone who is in your existing audience, a past customer, or from high-value traffic you’ve paid to acquire.

Retargeting is a very cost-effective marketing strategy, because it has lower CPCs and higher conversion rates. Because retargeting is so effective, and there is so much additional information about the opportunities it presents to advertisers, I’ve written an entire ebook on it. In Part III of this paid media guide, I’ll share the best practices of retargeting across a variety of ppc ad platforms, including Facebook ads, Google Search, Bing Ads, and more.

However, the second ad has included a seller’s rating extension with their ad. With a 5-star rating and over 10-thousand reviews, this extension brings a lot of value to a user who is looking for the “best.”

STEP 3

Create Effective Ad Copy

In a text ad, copy is everything. Relevant text ad copy will be the difference between why someone clicks on your ad versus your competitors in the search engine results pages. In the longer term, it will also influence your Quality Score, ad rank, and the cost of your future PPC marketing efforts.

Google Ads work and produce good results when the ad copy has high relevance to users’ search queries. This is another reason why I insist on using SKAGs, as you can create unique text ads for each target keyword in each ad group. By doing this, you also have a better chance of standing out against your competitors, particularly if they have not taken the time to optimize their copy.

Case Studies

Let’s look at a few examples of search ads that have highly-targeted ad copy. The below ppc ad appeared in the highest ad position for the search term “camper vans yosemite”.

In this ad, the headline text has very close relevance with the search term and uses the same keywords.

The description text provides answers to a variety of questions someone looking to rent a campervan for the short-term might have, like insurance, booking, variety, delivery, and travel flexibility.

For another example, let’s look at the top ranking ads for the search term, “best vegan supplements.” Both ads have headlines that are very relevant to the user’s query. The description texts have less relevance, but show more of what the websites offer. As the top ranking ads, both have different ad extensions they have used to enhance their advertisement.

In this example, ad extensions may be the deal breaker for where the user chooses to click.

The first ad uses a structured snippet extension to take up more space and to direct the user to additional information that a vegan would likely be curious about, like ingredients or an FAQ page.

However, the second ad has included a seller’s rating extension with their ad. With a 5-star rating and over 10-thousand reviews, this extension brings a lot of value to a user who is looking for the “best.”

STEP 4

Design Conversion-Focused PPC Landing Pages

Once you've gotten the click, your optimization work isn't over yet. Even perfect Adwords Campaigns are of no use if the traffic doesn't convert. You need to make sure the user experience and web design of your landing page meets user needs as well and has direct relevance to their original search query.

Nothing is worse than paying \$50 for a click only to have a user immediately bounce back to the search results. To create the hyper-targeted, optimized campaigns that improve your ROAS, you need to have PPC landing pages specifically designed to help turn that PPC traffic into real lead generation or revenue for your business.

Whatever the initial goal for your campaign -- whether sales, lead generation, or site traffic -- your landing page needs to be able to complete that goal. Here are a few ways that you can optimize your landing pages to make sure they carry their weight and complete the final task.



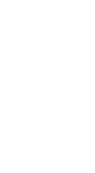
Optimize your landing page copy with the LinkGraph Copy Optimizer

Our software will give you insight into what topics have topical relevance to the targeted search term



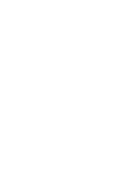
Make sure your website is fast

Users are not going to stay on your PPC landing page if they are waiting for images and text to load



Use CTAs to get users to perform an action

Your CTA placement and text needs to guide users to the conversion action. If you're not sure which CTAs will work best, A/B test and examine the results



Elevate your page experience

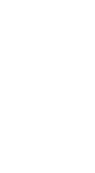
A good UI/UX design will keep your user on the page, maybe even at times when they don't find exactly what they are looking for. Your website needs to be a place users want to spend time, and that PPC landing page is their first window into what your content offers

STEP 5

Optimize for Better Performance

As stated in the opening of this ebook, Google Ads success depends on iteration. You won't have all of the information you need at the outset of a campaign to fully comprehend which keywords drive the highest quality clicks, which ad copy is most effective, which geographic areas are converting, and other additional information that can eventually help you make better informed decisions.

Throughout your campaign, your analytics will reveal loads of data that you need to use to optimize. To simply rerun a campaign with the expectation that it will perform better is naïve. Look to the data to understand who is searching for you, how they are searching, what messaging they respond to, and what they do when they arrive at your site. Then, make the necessary changes, whether on a weekly or monthly basis, to create a more refined campaign that is informed by data.



A/B Testing

A/B testing is a method for testing a hypothesis in which two variants are modified to compare performance, results, or effectiveness. Anything can be A/B tested, but in PPC management, these tests are powerful tools to improve the performance of each part of your campaign.

With the help of A/B testing, you can test ad copy, ad extensions, audience targeting and messaging, sets of keywords, and your PPC landing pages. When you notice one variant out-performing the other, change your campaign settings accordingly. Harnessing the power of A/B testing to measure your search engine marketing success is a great way to keep optimizing your campaign toward ideal performance and the best results.

"A/B testing can also be used in SEO, not just online advertising. My digital marketing agency will A/B test everything from title tags and meta descriptions to internal links. If you want to learn more about how A/B testing can be utilized in your SEO strategy, keep an eye out for my forthcoming ebook on SEO A/B testing."

- MANICK BHAN, CTO OF LINKGRAPH



04 The Science of Keyword Bidding

After you've selected your campaign settings, designed conversion-focused PPC landing pages, and launched your Google Ads campaign, your ads will start appearing in the SERPs. Even if you've chosen the most optimized settings, the success of your campaign will still largely rely on your keyword bids and your resulting ad positions, or the order in which your ad appears in the search results page.

Whether your ad shows at all and in what ad position is determined during an ad auction that occurs when the user enters their search query. Ad Rank is a formula calculated by your Quality Score, your max bid, and a few other metrics. It has a significant impact on the resulting CPC you'll pay if a user clicks on your advertisement.



How Google Ads Calculates CPC

CPCs can vary widely because Google Ads' CPC calculation will always incorporate the Ad Rank of one other competitor in your ad auction. CPC is calculated using the below formula.

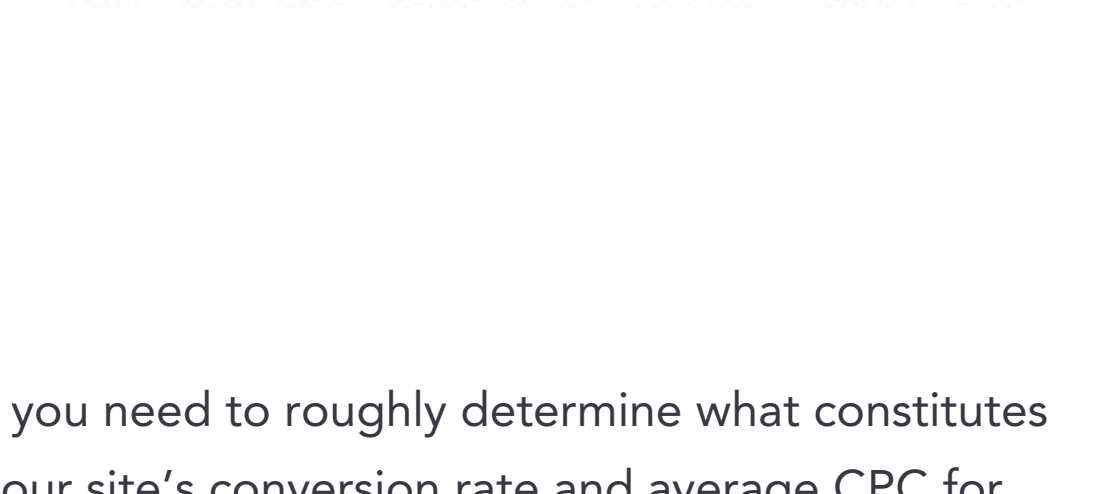
$$\text{The Ad Rank of the Advertiser in the Ad Position Below Yours} / \text{Quality Score} + \$0.01$$

Here's a graphic that highlights how this formula works.

	Max Bid	Quality Score	AdRank	Position	CPC Calculation	Actual CPC
Advertiser 1	4	8	31	1	$\frac{25}{8} + .01$	3.14
Advertiser 2	3	9	25	2	$\frac{22}{9} + .01$	2.46
Advertiser 3	6	4	22	3	$\frac{17}{4} + .01$	4.26
Advertiser 4	8	2	17	4		

Notice that even though Advertiser 3 is willing to bid up to \$6 per click vs Advertiser 2's max CPC of \$3, Advertiser 2 gets better placement and pays less in actual CPC because their quality score is a 9.

This shows why getting a high Quality Score is so important. Remember, creating highly relevant ads will help you get higher CTRs, which in turn can improve your Quality Scores and lower the overall cost of your campaign.



$$((\text{Actual Search CTR} - \text{Expected Search CTR}) / \text{Expected Search CTR}) + 100\%$$

How to Budget & Bid Strategically

Whether your goal is lead generations versus sales versus impressions, you need to roughly determine what constitutes success for your campaign and set basic KPIs for performance. Given your site's conversion rate and average CPC for your target keywords, decide how much you are willing to pay for your cost-per-lead, and set your bid accordingly.

Different bid strategies can serve different goals like Target CPA, Target ROAS, etc, and will depend on the type of business advertising. Keep in mind the importance of an iterative approach when you begin bidding, because you will need to gather some conversion data before you can start using certain bidding strategies like CPA.

In general, improving your bidding strategy rests in testing your campaigns. Try both manual CPC and automatic bidding to see which produces better results for 14-30 days before making changes. Here are the bidding strategies I recommend for brands on a strict budget.

Manual Bidding

The Manual Bidding setting in Google Ads let's you set your own maximum CPC. Manual is better for those marketers with smaller budgets and less room for error, but the downside is that it requires more monitoring and time to get right. With manual bidding, you are relying on the strength of your own ability to evaluate metrics and relying less on Google's computational power.

Automatic Bidding

Automatic bidding gives Google Ads more free reign to determine CPC. Automatic bidding relies on Google's machine learning algorithms and can sometimes help you get really cheap leads because Google has so much data. But unless you're continuously monitoring your Google Ads performance, be careful with this one. It can go haywire and result in your acquisition costs going through the roof and ROAS crashing to the floor.

Maximize Conversions

Similarly to automatic bidding, the Maximize Conversions bid setting gives more of the control to Google, and is designed to get you as many conversions as possible. Typically, your CPCs and CPAs will be higher because Google's bidding algorithm attempts to get you as many clicks as it can with your budget. In niche markets or where managing acquisition cost matters, this is often the wrong strategy. In practice, we rarely use this bidding strategy.

Understanding Bid Landscapes and the Incremental Cost of more Clicks

With manual bidding, one key question elite advertisers have to decide is how to determine appropriate keyword bids for their most important keywords. In Adwords' Bid Simulator (screenshot below), you're able to simulate how modifying your keyword bids will change the amount of traffic you could access for a keyword if you increased your bids based on the current competitive bid landscape for the keyword and your quality score.

The convexity of this curve is very insightful and can help you appropriately select a bid that positions you to maximize the amount of traffic you're able to acquire without bidding more than you should.



05 Six Common Downfalls of Paid Media Campaigns

Google Ads is a very mature advertising platform and a revenue machine. Improperly managed PPC campaigns can result in tens of thousands of dollars in marketing budget that produces very little return on investment. Even well-seasoned digital marketers can end up running unprofitable campaigns, particularly in industries like law, insurance, and medical where CPCs are very competitive.



"I've found giving Google's algorithms control over our ads portfolio consistently leads to worse results. It's remarkable how easy it is for you to buy traffic from Google and end up with terrible results if you're not careful and smart. Google Adwords launched in October 2000, and has since become extremely competitive in mainstream industries. There's still money in the banana stand."

- MANICK BHAN, CTO OF LINKGRAPH



Always keep in mind that Google wants to make money off your investments, so it's important to take their recommendations with a grain of salt. Here are some of the most common downfalls of paid media campaigns. Do your best to avoid them.

Downfall #1

Landing Pages that are not Optimized for Conversion

The Manual Bidding setting in Google Ads let's you set your own maximum CPC. Manual is better for those marketers with smaller budgets and less room for error, but the downside is that it requires more monitoring and time to get right. With manual bidding, you are relying on the strength of your own ability to evaluate metrics and relying less on Google's computational power.

"Ecommerce sites typically get a [2-3%] conversion rate on quality traffic (sometimes more for lower cost products). Lead generation campaigns can get a conversion rate between 5-15% depending on the industry. You can use Google Analytics for free to quantify your conversion rate. Use Hotjar to learn more about the user journey and view video snapshots of your users' journey on your site."

- MANICK BHAN, CTO OF LINKGRAPH



Downfall #2

Campaign Targeting that's too Broad

The most successful search ad campaigns will display a nuanced understanding of search intent. Using broad match liberally throughout your campaigns means more risk of your ads not having relevance to the users search query, resulting in the wrong kinds of clicks and poor quality scores.

Google wants you to get more clicks though, as that's how they make their money. For this reason, many of their default settings and recommendations will center on broad targeting that isn't necessarily in your best interests. You're more likely to succeed if you identify a narrow target and aim straight for it.

Not only can your keyword targeting and messaging be too broad, but so can your geography. There are far too many local businesses that don't use geotargeting. It's a travesty that ends up wasting loads of marketing budget on users way outside of their regional market. If your products and services are limited to a brick-and-mortar location, don't forget to do this. Even if your products and services are online, you should still know where your ad is being shown.

Downfall #3

Poor Ad Copy and Not Maximizing Ad Real Estate / Extensions

General messaging is easier for marketers and takes less time, but it can have drastic consequences, like lower quality scores that result in high CPCs and harder bidding in future campaigns.

Use SKAGs and sitelinks, maximize your SERP real estate, add in multiple ad copy variants, and allow Google to A/B test variants to determine which gets the highest CTR. Doing the hard work upfront of building your ad portfolio the right way makes it easier to amplify the strongest parts of your campaigns and halt spend where it's not performing. Optimization means doing the hard work to give your ads every possible edge.

Downfall #4

Competitive CPCs and Keyword Bidding

Two decades of Google Ads has been long enough for every industry niche to run ads on Google. The result is that in most competitive industries, CPCs have become extremely high. Most verticals have fine-tuned their ads and optimized their websites for conversion, and some companies are even running Adwords campaigns that are unprofitable just to dominate the market.

It's a high bar for newcomers when competitors have spent years refining and optimizing their Google Ads accounts to be well structured and get high quality scores, as well as optimized their conversion funnel. This means newer and smaller brands have less margin for error. As we illustrated in our CPC simulation with Quality Scores and Ad Ranks, advertisers can end up with dramatically different campaign performance depending on how well they've optimized.

These realities can be somewhat mitigated through more strategic keyword selection and bid strategy. Finding less saturated keywords is another way to bypass the challenges of competitive bidding environments and high CPCs. Unfortunately, not all businesses are always honest with themselves about their limitations, resulting in them bidding on keywords that are just far too competitive and paying an unnecessary amount of money in exchange for no real value.

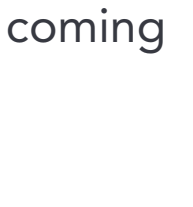
Downfall #5

Low-Quality Clicks & Click Fraud

Click fraud and competitors trying to tank your ads is a real problem that unfortunately Google is not doing enough to fight. Click fraud or low-quality clicks can end up making you pay a lot for a campaign that ends up generating very few quality leads.

“20-30% of the Adwords traffic I used to buy was from bots. Can you believe that? I've also created bots hosted on EC2 that didn't get blocked by Google. Literally, they still haven't been blocked. And sadly, I've watched Hotjar videos of traffic I was buying from Adwords that turned out to be bots destroying my campaigns. It hurt, big time, and cost me over \$100K.”

- MANICK BHAN, CTO OF LINKGRAPH



One of the secrets for protecting yourself from click fraud is to use more specific geofencing. Don't just target the full United States. Be specific about cities, and avoid targeting geographies the VPNs originate from. If they keep coming from the same IP addresses, add the IP range to your Adwords blacklist.

Google allows IP range based blacklisting. If you believe a competitor keeps clicking your ads, you can block their IP range so they're completely unable to view your ads. If you're having trouble blocking them, you should also reduce your budget on any campaigns that are bringing these low quality clicks and are hurting your overall performance. There are companies that are paid to do click fraud, so watch out!

Downfall #6

Taking Bad Advice from Google's Adwords Recommendations or Ad Managers

In 2019, search advertising made up almost 71% of Google's total revenue. Since the launch of Google Adwords in 2000, Google has managed to increase their revenue every year, even during the Great Recession in 2009.

Ultimately, Google Ads wants to make money, and too often their suggestions directly translate into more money for their platform rather than increased ROI for your business. The higher your CPC and greater your budget, the more money they will make, so it's important to take their recommendations with a grain of salt.

“I've found giving Google's algorithms control over our ads portfolio consistently leads to worse results. Ads managers have yet to help me improve results on a single campaign. It's never happened. You don't even need to have managed Adwords campaigns in order to work for Google Ads. It's far better to get insights from a PPC agency or professional.”

- MANICK BHAN, CTO OF LINKGRAPH



06 How to Measure the Success of your Google Ads Campaigns

A profitable, scalable Google Ads campaign is measured in much more than clicks. Depending on your sales cycle, your clicks or landing page conversions will not necessarily produce immediate sales or revenue that can be directly attributed to your Google Ads Campaigns.



For long sales cycles with multiple marketing touch points, especially across devices, the original source that brought you your customer can get under-attributed for driving revenue. This also true for companies with high retention that take significant time to reach their full lifetime value (LTV).

Having clean analytics data with conversion tracking and funnels is the basis for being able to properly quantify the performance of your ad campaigns. As anyone who has done lead generation at scale knows, not all conversions are equally valuable. Being able to properly assess the true quality of traffic through micro-conversions (time on site, entering a funnel, clicking into certain high value pages, or starting a live-chat), as well as offline conversion tracking to tie-back revenue data to its original source, will allow you to accurately calculate Return on Ad Spend (ROAS) and safely scale your campaigns.

Stronger conversion tracking and attribution modeling can help give your PPC managers a more nuanced understanding of what value paying for clicks actually brings to your business in both the short- and long-term.

If you're going to fork over the cash to Google to get traffic from paid search ads, you need to make sure you can measure whether it's worth it. Here are a few suggestions for strengthening your analytics.

Link Google Analytics & your CRM to your Google Ads Account

It's important to link Google Analytics so you're able to get far more insight into the traffic you get from Google Ads. After linking, you'll be able to see all of the Google Analytics metrics like visit duration, pages per visit, etc, but for your Google Ads traffic as well.

You should also link your conversion tracking or whatever existing CRM you rely on into the Google Ads platform. For most B2B companies and many high-end B2C companies, the sales cycle isn't immediate, and because Google Ads only has basic functionality for tracking conversions, it's hard to understand the value of your clicks without a closed-loop analytics system.

So one very powerful thing you can do to scale up your business and marketing is connecting your revenue data to your marketing campaigns. By creating this closed-loop system, you can bring marketing data into your CRM and actually understand the true ROI of your paid media efforts.

For B2B Companies: Implement a Lead Scoring System to Understand the Value of Your Clicks

Not all lead completions/conversions are created equally. The lead capture forms on your landing pages need to capture all the information required to determine lead quality. Criteria like budget, company size, or number of units will help you score your clicks and separate high-value leads from low-value ones.

Your PPC landers and forms should be designed to get this information for every conversion so you can do lead scoring. Your capture forms also need to contain the source of the traffic that led to the conversion. It's important to have this type of system in place to determine the quality of the clicks, leads, or conversions your ads receive. Being able to separate your high-value leads from low-value leads allows your team to direct their sales efforts accordingly.


“Check out the custom GTM tag I created and use it to embed traffic attribution information into your capture forms.”

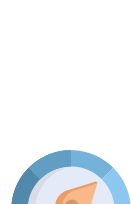
- MANICK BHAN, CTO OF LINKGRAPH




Optimize your CTAs to Maximize Your Conversion Rate

If your CTAs aren't pulling their weight, there are a few tricks that I've seen help improve conversion rates of PPC landing pages.

 Try using sticky navigation bars with a clear CTA that stay on the page as visitors scroll down

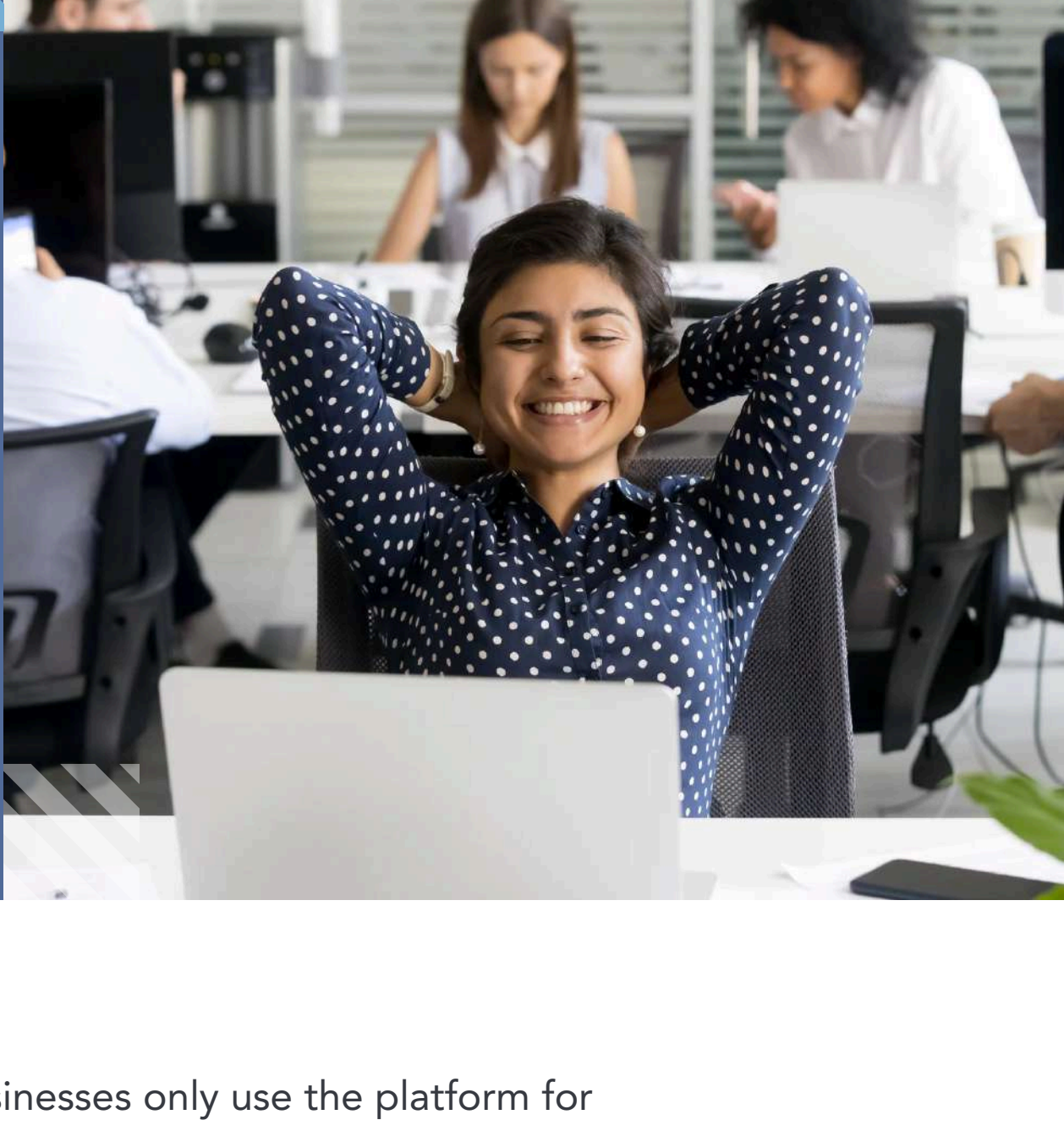
 Add a CTA to your blog posts in the sidebar or bottom of your posts

 Add at least 1 CTA for every 2 screen heights so your visitors have many opportunities to convert as they're browsing

 Make sure your PPC landers load quickly and have strong web vitals scores in Google Pagespeed Insights

07 Final Thoughts on Google Ads Campaigns

Google Ads has become more competitive in recent years, but the good news is that the platform still offers revenue and growth opportunities for brands of all sizes. When used correctly, PPC advertising can be a way for businesses to break into crowded markets and see growth quickly.



But with Google Ads being as expensive they are, I strongly recommend businesses only use the platform for performance-based, not awareness-based, advertising. Running a performance-based campaign empowers your business to tangibly measure the value of your investment and of your optimization efforts across a variety of metrics. Also, it gives you the control to pair up your efforts with a strong organic SEO strategy.

Performance-based advertising is the best thing for any budget, regardless of industry, and it is increasingly where more digital marketing dollars are being directed.

If you don't have a digital marketing team in-house, LinkGraph's PPC management team has years of experience in designing profitable, scalable campaigns that have produced measurable ROI for brands. We have helped cut cost-per-lead in half for businesses of all sizes, all while growing their organic rankings in the SERPs.

As a full-service digital marketing agency, we also bring SEO and web design expertise to our campaigns. This gives us the ability to ensure your campaigns are air-tight from all angles, from your first set of keywords to your final analytics report.

60-Second Glossary of Google Ads Terminology

<ul style="list-style-type: none">A/B Testing Comparing two versions of something to measure which performs betterAdRank A formula that determines your ad position in search results alongside. It is computed by your maximum bid multiplied by Quality ScoreAttribution Model Determines how to distribute conversion value to the first source of a visitor and the last source of the click that lead to a conversionBid Strategy Automatically sets bids for search advertisements depending on the ad's likelihood in resulting in a click or conversionBroad Match A keyword setting that results in your ad being shown for that keyword, other variants of the keyword, or similar topics as determined by GoogleCampaign Groups A set of campaigns with a same key performance indicatorConversion Rate The number of conversions divided by the number of ad interactions. Displayed as a percentageClick-Through-Rate (CTR) The ratio between the number of clicks an ad receives and the number of impressionsCost-Per-Click (CPC) The cost for each click in a pay-per-click campaignCost-Per-Engagement (CPE) The cost per each time a user takes a predetermined action with an adCost-Per-Mention The cost you pay per thousand ad impressionsDynamic Ad Banner ads that automatically change for each user depending on specifications established in campaignExact Match A keyword setting that results in your ad being shown for the exact keyword or close variants of the keyword	<ul style="list-style-type: none">Google Display Network A network of over 2 million websites, apps, and videos where you ads can appearGoogle Search Network Google Search Results and Google owned sites where your ads can appearImpression Each time your ad is shown in a search engine results pageKeyword Bidding Placing a bid for a PPC auction to secure placement at the top of search results for a given keyword or search phraseMatch Type The keyword settings that determine when your ads will be displayed on GoogleNegative Keywords A list of Keywords that you do not want your ad to rank forPhrase Match A keyword setting that results in your ad being shown for exact phrases established in your campaign settingsQuality Score An estimate of the quality of your ads on 1-10 scale. Determined by CTR, landing page experience, and ad relevanceSingle Keyword Ad Groups (SKAGs) A campaign structure with one keyword per ad group with a unique set of ad copySitelinks Extension Direct those who click on your ad to a specific landing page on your siteRetargeting Ads that target users who have already interacted with your websiteReturn on Ad Spend (ROAS) The amount of revenue generated and attributable to a paid media channel
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