

Lesson no. 7: Google Adwords- PPC Advertising

I. WHAT IS CTR

Click-through rate (CTR) is a performance metric expressed in percentages that measures the amount of times an ad or email is clicked versus the amount of times it's been viewed (impressions). It is most commonly used to measure the effectiveness of paid search, display and email marketing campaigns and can indicate the performance of ad copy, subject lines, and meta data (titles and descriptions).

Some common examples where CTR is measured include:

- a) A call-to-action button or link in an email
- b) A PPC ad on a SERP page
- c) A link on a landing page
- d) A Facebook display ad
- e) Any on-site element, such as button, image, headline, etc.

II. WHY CTR IS IMPORTANT

Here are five surprising benefits of having a remarkable, unicorn-worthy CTR across all your marketing channels.

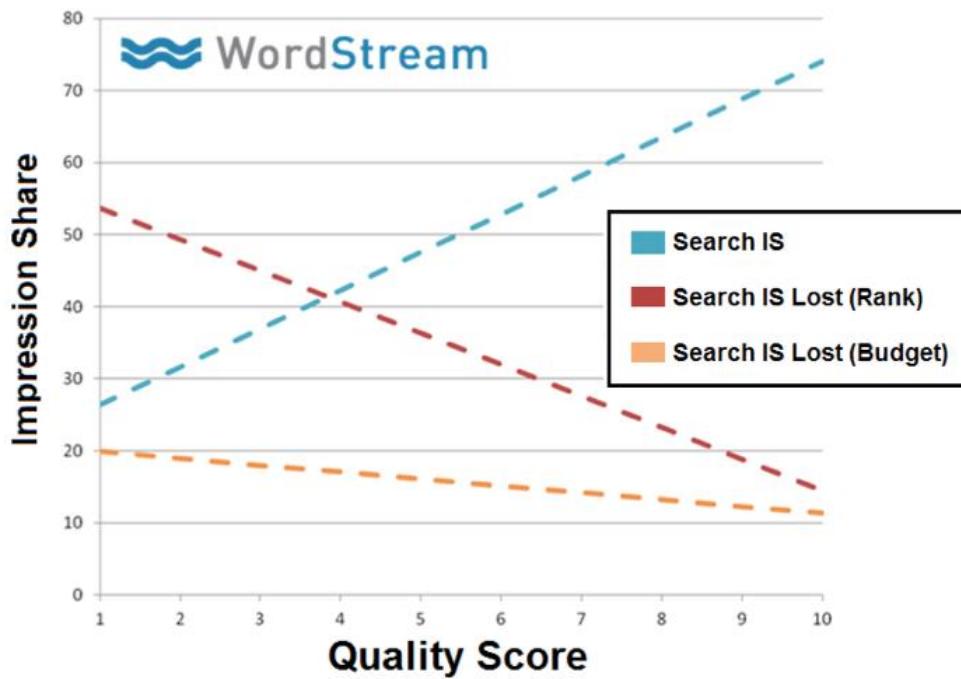
i. Much higher ad impression share

You get big discounts from having a high CTR. Namely, a lower cost per click, which really adds up as clicks accumulate.

This is true not just of vanilla search ads, but all Google properties, whether we're talking about the **Google Display Network or Gmail Ads**.

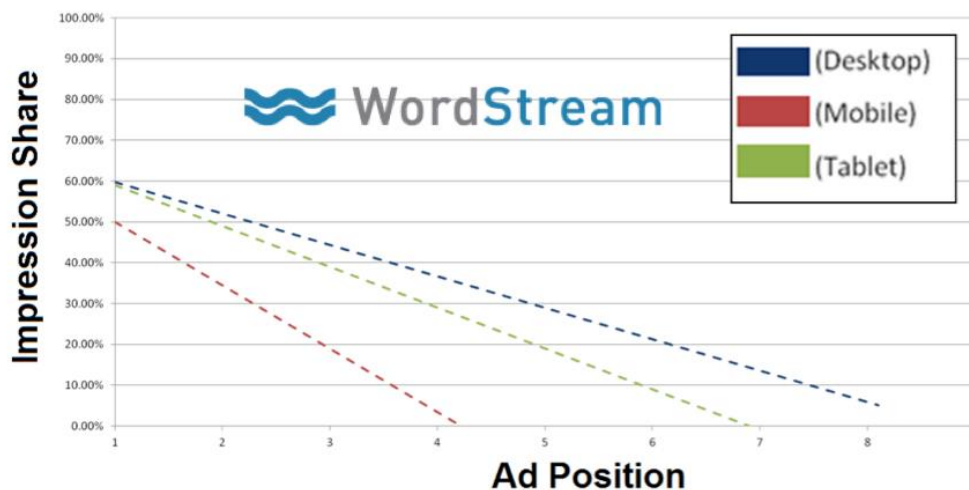
But a remarkable CTR doesn't just impact CPC. It also impacts your impression share – how often your ads show up in the first place.

On the Google Search Network, every increase (or decrease) of 1 point in **Quality Score** can make a huge positive impact on your impression share:



If you can increase your Quality Score by one point, your impression share on average will increase by about 6% on desktop.

This is even bigger deal on mobile, where impression share is twice as competitive.



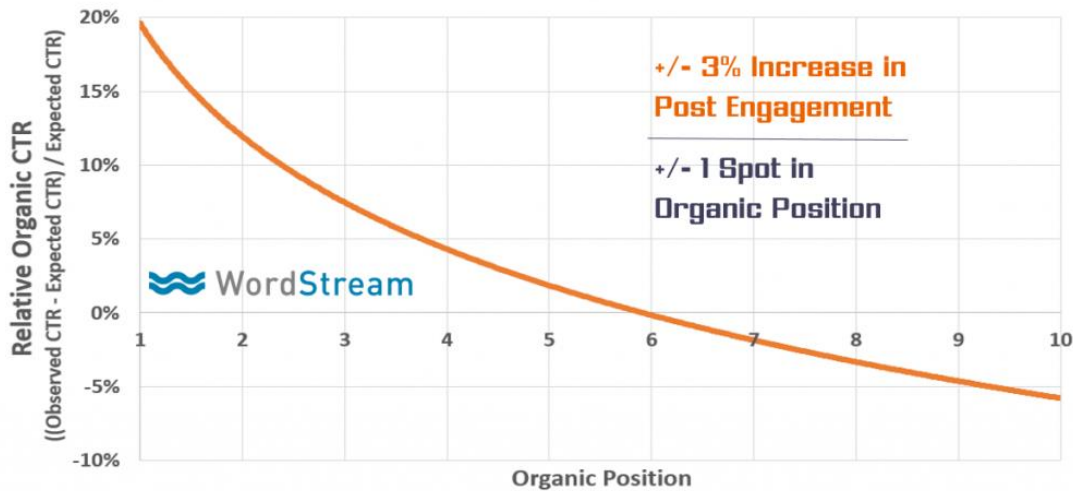
Increasing your Quality Score by one point would increase your impression share by an average of 12%!

Data sources: Impression share data is based on an analysis of approximately 10,000 small and medium-size accounts (spending between \$10,000 and \$15,000 per month), based worldwide, advertising on the Search network in Q1 and Q2 of 2015.

ii. Your organic search positions will get a boost

We recently **conducted research** to test whether achieving above-expected user engagement metrics results in better organic rankings. We observed an unmistakable pattern:

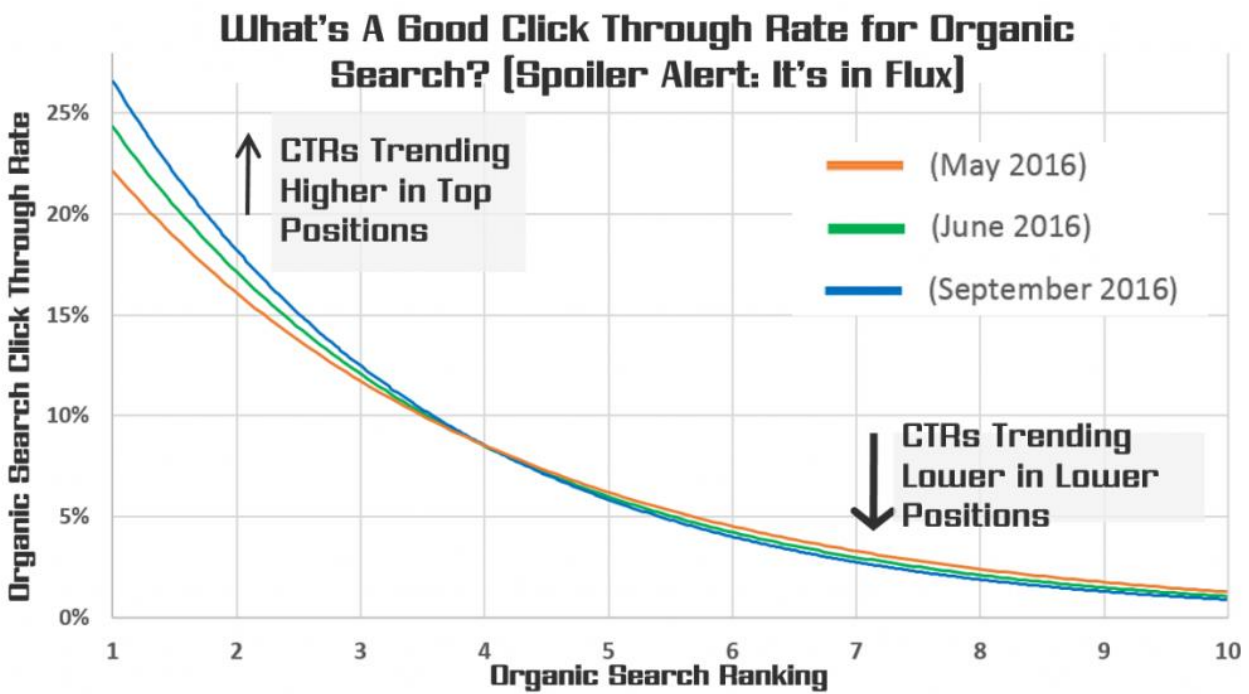
CTR Based Ranking Rewards in Organic Search?



- The more your pages beat the *expected organic CTR* for a given position, the more likely you are to appear in prominent organic positions. So if you want to move up by one spot (e.g., Position 5 to Position 4) in Google's SERP, you need to increase your CTR by 3%. If you want to move up again (e.g., Position 4 to Position 3), you'll need to increase your CTR by another 3%.
- If your pages fall below the expected organic search CTR, then your pages will appear in lower organic SERP positions. Basically, if your page fails to beat the expected click-through rate for a given position, it's unlikely your page will appear in positions 1–5.

You want your pages get as many organic search clicks as possible, right? Attracting more clicks means more traffic to your site, which also tells Google that your page is the best answer for users – it is relevant and awesome.

Another thing we discovered was that the weighting of click-through rate in Google's organic search ranking algorithms is becoming more important every month this year.



Here I was tracking a group of 1,000 keywords and URLs for the past 5 months. What I found was that the Google algorithm is shifting to increasingly higher CTRs for top-4 organic ranking status.

This is what you would expect to see if Google Search were employing a machine learning-based algorithm that reordered listings based on CTR – people would see more of what they were hoping to see at the top, reducing the need to scroll lower down into the SERPs.

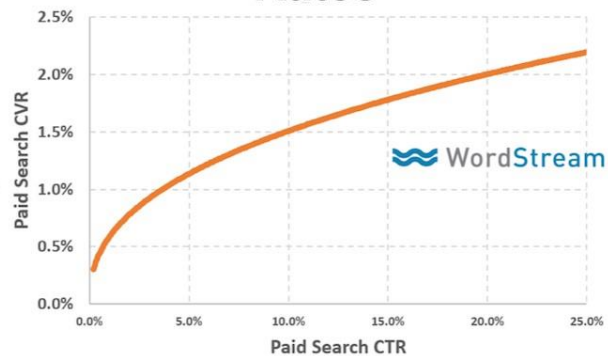
iii. Your conversion rates increase

Increasing your click-through rate will also increase your conversion rates. If you can increase your CTR by 2x then your conversion rate should increase by 50%.

That's why click-through rate is the most important conversion metric

For example, look at this data from one large client's account:

Higher CTRs = Higher Conversion Rates



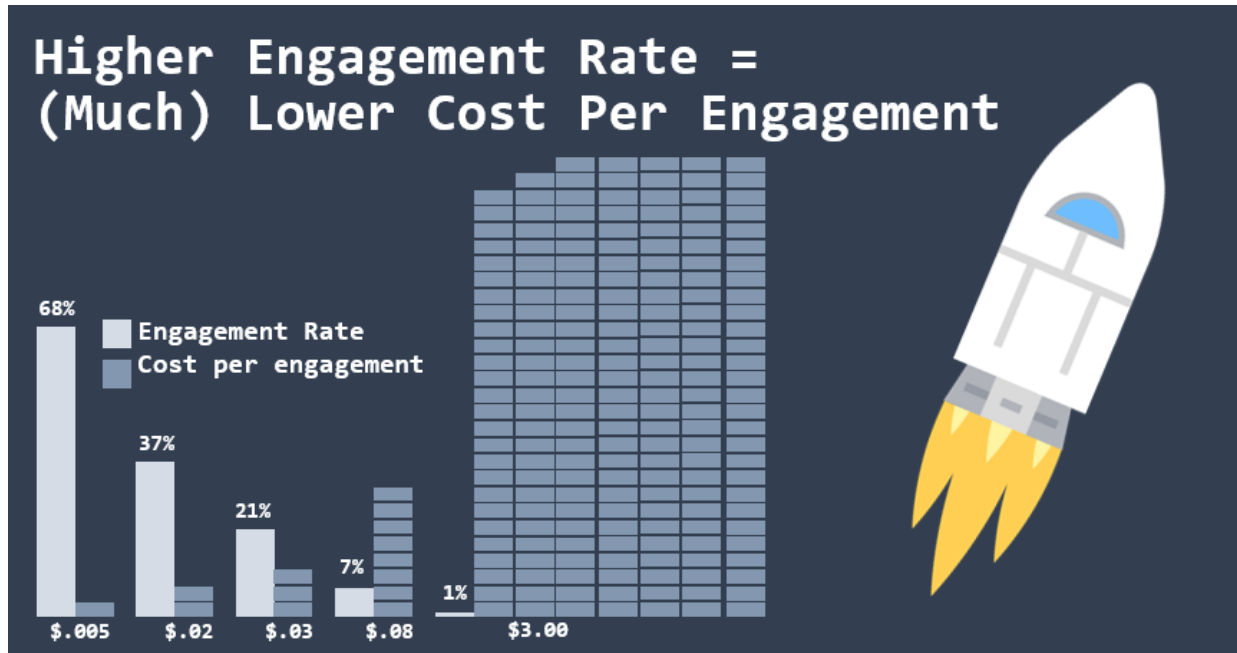
This is just one example. We see this same conversion curve in many accounts. (It's just difficult to combine multiple accounts into one graph because conversion rates vary depending on factors like the industry and offer.)

What's happening here is that if you can get someone excited to click on your website (via email, ads, organic search listings, or whatever), the excitement carries through to sign-up and purchase.

iv. Free clicks from social Ads

Facebook and Twitter don't have a Quality Score. Well, they do, Facebook just calls it Relevance Score and Twitter calls it Quality Adjusted Bid.

Whatever they call their version of Quality Score, having a higher score results in a higher ad impression share for the same budget at a lower cost per engagement. A high engagement rate means your ads will be more visible and more cost effective, as shown here:



Notice how the cost per engagement on Twitter Ads falls dramatically as the engagement rate of the post you're promoting rises.

One of the surprising benefits of having high engagement on Facebook and Twitter is that you'll benefit from free clicks. How?

On Facebook, if someone shares one of your boosted posts, that will show up in another person's news feed and you won't get charged for any of the additional engagements that happen there.

On Twitter, if you do a Promoted Tweet, when one of your followers retweets or shares it, you'll get more totally free organic impressions.

v. People will actually see your emails

Now let's talk about **email marketing**. How many emails do you get each day? Dozens? Hundreds?

If you engage with the emails that brands and businesses regularly send to you, you'll continue to see them. If not, it might get filed away in Outlook's Clutter folder or it may be relegated to Gmail's Promotions tab – or even worse, the Spam folder.

Microsoft Outlook's clutter filter **regularly filter emails I've opted into receiving – including internal emails from my own company!** These emails are being filtered out based on machine learning.

What does this mean for your company?

If your emails have a higher CTR (though for emails the better equivalent is actually higher open rate), then it's more likely that your emails will actually get seen, opened, and clicked on. If your click-through rates are terrible, your emails will be rounded up and thrown in the dark "clutter dungeon."

One thing we did was to delete people from our email lists who were unresponsive. If you're just accumulating emails over many years, why? Do you think someone who has been dormant and never engaged with your emails is going to magically turn into a sale 5 years later?

Deleting half your database is one way to instantly more than double your CTR. Email providers will notice that more people are engaging, making it less likely your emails will end up in the dungeon.

III. UNDERSTANDING BIDS

A bid is an offer made by an investor, a **trader** or a **dealer** to buy a security, commodity or currency. It stipulates both the price the potential buyer is willing to pay and the quantity to be purchased at that price. Bid also refers to the price at which a **market maker** is willing to buy; unlike a retail buyer, a market maker also displays an ask price.