

Pay-per-click Advertising Primer

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Introduction

Having managed over one hundred accounts in the past nine years, I've seen it all. Businesses of all sizes realize that PPC is a great advertising medium but few really know how to take advantage of it.

Pay-per-click is not quite like other methods of advertisement. As with almost everything else in life, there's a wrong way and a right way of doing things. On the surface, PPC seems simple and in a way, it is. But a little knowledge can go a long way and the smart advertisers either hire a guy like me or put some time and effort in learning.

Over those years, much has been said and written about PPC. Most of it has been people's opinions or perceptions, many times misguided or just plain wrong. This of course hasn't helped advertisers, confusing them, from the small business to large ones.

Another factor is that PPC has evolved and will continue to evolve. What was true just two or three years ago may not be completely accurate today. Advertisers not only must be aware of that fact but also keep up and adjust as necessary.

This book was created to help set things straight in your learning process in building better and more profitable campaigns.

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What is PPC?

Let's start at the beginning with what [search engine marketing](#) is. The term is pretty much self-explanatory, it is using search engines to promote (also called advertising and marketing) your business, more specifically, your web site which is the online part of your business. Since search engine marketing is so long to type, you will more likely see its abbreviation, [SEM](#). When spoken, each letter in SEM is pronounced individually and not as a word that sounds like "same".

Also, don't confuse SEM with affiliate marketing, which is something totally different. Affiliate marketing is simply promoting other people's products (referring those products) in exchange for a commission when those referrals buy the product. Most, if not all, affiliate marketers make use of SEM to promote those products by generating traffic to their site.

Why use search engines? Since most people find web sites by going to search engines first, unless they already know the name of the site, it makes perfect sense to use and leverage search engines to help people find your site.

SEM is the umbrella term for the activities in advertising your site on search engines. There are two main activities in doing this. One is [search engine optimization](#). SEO, which is the term most commonly used and understood by all experienced search engine marketers, is simply trying to get the search engines to rank a page as high as possible for particular keywords.

[Keywords](#) are the terms people type in search engines when looking for sites. When typing in "golden bird cage" for example, they naturally expect to be shown results, a list of sites related to that subject. If you sell golden bird cages, you naturally want to be listed, preferably on the first page and the higher on the page the better so that you can be seen by the searcher and click on your listing.

Note that being on the first page or even the first position does not guarantee clicks or even sales if they do click. The effectiveness of your ad according to the search will determine how many will click and the effectiveness of your sales message will determine how many people will buy your product. All being first in the rankings does is guarantee a more

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prominent position.

Since it has been shown that people click more often on sites that appear high in the results, it makes sense to try to rank there. In fact, marketers use terms such as "ranking on the first page", the first page understood as the top ten results returned by the search engines, since most show ten results per page. You will also hear the terms [organic rankings](#) or [natural rankings](#) when talking about the results of SEO efforts.

SEO is seen as being free since you don't pay to be ranked. The truth of course is that counting your time and efforts to be ranked well means there is a cost involved with SEO activities. Some site owners hire SEO specialists and the monetary cost can easily be in the hundreds for just one page over the life of that page. The time and monetary costs can be just as high, if not higher, by doing it yourself.

It is important to note that pages are optimized individually, not sites, and that SEO activities can take weeks or even months before producing the desired results. Once those results achieved, there is no guarantee you will stay there indefinitely. How search engines compute ranking and competitors overtaking you are some of the factors.

There are also two distinct activities within SEO itself, [on-page](#) and [off-page](#) optimization which is simply getting other sites to link to yours or placing those links on other sites such as in your signature when commenting in a forum. Many call these [backlinks](#).

The second major activity of SEM is [pay-per-click](#) advertising, or simply [PPC](#), the main focus of this document. All major search engines have a self-serve PPC program where advertisers create ads and submit the keywords they would like their ads to be triggered on when people search those keywords. These ads are commonly called the [sponsored results](#), but you may also hear [paid placement](#) or other similar terms. Only when someone clicks on the ad is the advertiser charged any money, hence the name. The amount you pay depends on a few factors, mainly what you and competitors are willing to pay for the keyword.

Each search engine calculates this amount differently but most follow a Vickrey-style auction where the winning bid pays the amount of the next highest bid. In a Vickrey auction, the winner may have bid \$100 and the

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next lowest bid was \$90, so the winning bid pays only \$90. In pay-per-click auctions, the advertiser typically pays one cent more than the bid placed by the advertiser below him, although as you'll read later, this is an oversimplification.

[Adwords](#) is the name Google chose for its PPC advertising program. MSN (now Bing) also has one called [Adcenter](#). Yahoo also uses Adcenter since merging with Bing in late 2010. They previously had their own called YSM for Yahoo Search Marketing which they had bought from Overture (which used to be called Goto).

Adwords is not the only game in town, although it is the best known. There are literally dozens of other PPC programs offered by search engines, as well as social sites such as Facebook, but Google, Bing and Yahoo are the "Big Three" search engines, used by about 90% of people.

In short, Adwords, Adcenter and all other PPC programs are a form of advertising.

A relatively new term is [Social Media Marketing](#) (SMM). It has little to do with SEM per se since there is no search engine involved although it could help in your SEO efforts. You therefore may want to consider it as part of your overall marketing plan.

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PPC Terms and Definitions

There are a few more terms used in PPC that you should be familiar with. I use them in this report a lot and will become part of your lexicon as you learn more.

Content Network or **Display Network** as some search engines call it. You are not limited to show ads only on the search engine itself. Search engines also allow site owners to display them in exchange for a cut of the revenues generated.

Conversion. Typically, a conversion is any time that a visitor to your site buys something. However, a conversion could be anything you want to track and not necessarily a purchase. You may want to track downloads of a free document or software which may not involve a monetary exchange or sign ups to a free newsletter.

CPC is cost per click. The actual average cost for each click incurred. Unfortunately, some also use it to mean the **bid**, the maximum CPC one wished to pay. The two are different and must not be confused.

CPM is cost per thousand. So why the M? It is the Roman symbol for one thousand, the Latin name being mille. The thousand is the number of times your ad is displayed. You pay to show your ads, whether anyone clicks on them or not. Some search engine will use this costing method but most only as an option to the display network. Many ad networks use only a CPM method.

CTR is the click-through rate or simply the click rate. It is the number of times people click on your ad divided by the number of times your ad was served, the impressions. Expressed as a percentage and therefore will fall somewhere between zero and 100 percent.

Impression. The number of times your ad is served. If your ad is in position 15, which is the second page on Google that shows eight to eleven ads per page, one impression is counted when the searcher went to that page. If he didn't go to that page, no impression is counted. Most PPC search engines use this term although you may also see viewings or servings, a term I sometimes use myself.

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Landing page. The page the visitor will land on when clicking your ads. You can specify any existing page for a click to land on. Some PPC systems call this the **destination URL**.

Long tail/short tail. A keyword of two or three words is said to be short tail - it has few words, it is short. I hate the term keyword because it suggests only one word when in fact, it should be a phrase with a few words. I therefore prefer keyphrase but it's not catching on. The more words, the longer it becomes, hence, why it is called a long-tail keyword. There is no set number of words that makes a keyword a long tail. If a keyword describes a product or service with three words, and more cannot be added to further describe the product, I suppose it can be considered a long tail. I try to avoid the use of these terms for exactly those reasons.

Position. The position relative to other advertisers that your ad appears, its rank.

Quality Score. The **QS** is the term Google and others use to represent the quality of your ad. Bing has now recently started to use and show the same term, although it has long existed. Yahoo used to have a 5-position status bar they called the Quality Index.

Search Network. The search engine itself. Most search engines also have **search partners** that access their database and are considered part of their search network. See also Content Network above.

SERPs: Search Engine Result Pages. These are the **organic** or **natural** results displayed after a search. They are the free listings. When talking about the first page of the SERPs, it is understood that we are talking about the first ten results, most search engines' default setting, although you can change that number. When talking about **sponsored** results, which are the ads, the first page in Google are the first eight results but may include up to three more appearing above the SERPs. Different search engines have different ways and numbers of displaying sponsored results.

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How Does PPC Work?

Pay-per-click is not a straight bidding auction. No search engine I know of uses a straight bidding auction anymore (I believe the last major one was Overture many years ago before Yahoo bought them). This means that you can be the highest bidder for a keyword, yet, not get the top spot. The position your ad appears in is determined by two factors: your bid and the quality of your ad.

The quality of your ad is called its **Quality Score**. There are many factors involved in calculating the **QS**, which I'll discuss later in more details, but for our purposes at the moment, let's assume that it is your click rate. In fact, CTR is the major component of QS.

Let's take five advertisers, their bid in cents, their CTR and resulting ad rank:

Advertiser	Bid	CTR	Ad Rank
A1	\$0.30	6.7%	201.0
A2	\$0.28	5.5%	154.0
A3	\$0.25	5.4%	135.0
A4	\$0.25	4.9%	122.5
A5	\$0.20	5.1%	102.0

The two factors, bid and CTR, are multiplied together which results in a number called the ad rank (you may also see it spelled adrank). The first advertiser has an ad rank of 201.

In order for someone to rank higher than A1, their own ad rank would need to be more than 201. This can be achieved by increasing their bid or increasing their click rate.

If their CTR is only 2%, their bid needs to be at least \$1.01. However, if their CTR was 5%, they only need to bid 41 cents to be ranked higher and only 29 cents if it was 7%.

In other words, search engines reward advertisers for creating good quality ads (read: high click rates). It is therefore best to get higher click rates as much as possible since your bid can remain the same or be lowered to get

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the same ad ranking you had before, not to mention getting more traffic for the same price. In fact, as we will see next, your actual cost will go down. It is therefore very important to understand the ranking system. Sure, you can always increase your bid to achieve a higher ranking and (possibly) better results. But smart advertisers know they can achieve those same results at lower costs simply by improving their ads.

Note that this explanation is simplified. CTRs are actually normalized to remove the effects of position, since absolute CTR is affected by an ad's position. But the basis is as explained: ads are ranked by multiplying the advertiser's maximum bid with the ad's (normalized) CTR.

Why do search engines rank this way and not by a straight bidding auction?

First, it would simply become a bidding war, regardless of quality. This would discourage many advertisers wanting to get top position but not being able to just because someone else with money to burn is willing to pay a high price.

Second, search engines want quality ads. In a straight bidding auction, an advertiser for mobile phones could simply bid high on lower cost keywords. The ad would not be relevant, users would be dissatisfied with the quality of the search engine and leave to use another.

Third, search engines want quality ads meaning relevant ads that get high click rates. The math is simple: they make more money.

Take an ad getting an 8% click rate but paying \$0.20 and one getting a 2% click rate but paying \$0.60. Which would make them the most money? The first one. For every 100 searches, the first ad would generate \$1.60 in revenues while the second would generate only \$1.20, even though it pays three times more per click. The higher quality makes a big difference for the search engine, for their users and for the advertisers.

The theme of quality is one repeated over and over in this document. For a good reason: it's what the search engines want. Dismiss it and pay the price.

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What is Quality?

So far, I've assumed the quality of an ad to be only its CTR. That was good enough to demonstrate the basics of how PPC works. The reality is a little more complex.

Google was first to come up with the idea of measuring the quality of an ad but other search engines soon followed in one form or another, even if it was not explicitly mentioned.

In fact, saying the quality of an ad is technically wrong. While we do talk about the quality of an ad, it is really the quality of the combination of the ad and keyword. The QS is calculated for each keyword-ad combination. The same keyword will therefore have a different QS for each ad in that group although the QS is shown to you at the keyword level. Yahoo used to show it at the ad level which did not take into account the keywords.

What happens when you have more than one ad? How is QS calculated if there are many ads and QS is calculated for each ad and keyword? They simply average out all the quality scores for all active ads.

Of course, that means the QS for a keyword cannot be better than your best ad but neither can it be worse than your worst ad. It is also a reason you should test only two ads at a time. Having four or five ads with two bad ones will drag down your overall QS on a keyword. Having too many ads active at a time also does not provide a good testing environment.

Search engines have never said exactly how their QS is calculated, it is a trade secret after all, they have dropped some hints, especially Google. Note that the following pertains only to Adwords. Each search engine has their own way but most will follow a similar formula.

Quality Score in Adwords is made up of three major components: the keyword's CTR, the relevancy of the keyword to the ad and landing page and finally, other factors. What we don't know for sure is the exact weight of each component.

We know click rate has the biggest weight of the three major components and most figure it to be at least 60% in Adwords and almost surely no more than 70%. The exact percentage doesn't really matter; the QS calculation

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can change and the weight of each component can be adjusted as new components are added or they decide to change the weight of one component. What matters is that by having the most weight, it makes sense to pay more attention to CTR than other components. Let's place it at 65%.

Not to say that the other components should be ignored. Relevancy of the keywords to the landing page is extremely important too. It represents about 25% of the QS. If you're not relevant, there is no way you can get a QS of ten or even eight for that matter. By not being relevant, you put yourself at a huge disadvantage.

Relevancy should be the easiest to achieve a high score on. All an advertiser has to do is choose keywords that describe the product or service they are selling.

Unfortunately, time and time again I see advertisers messing this part and get a poorer QS as a result. Every day I see ads advertising a product or service which have nothing to do with the search term I typed. Other times, if I happen to click on an ad, out of curiosity and therefore costing that advertiser, I land on a page which, again, either has nothing to do with my terms or offers little of what I expected based on what the ad said and the keywords I used. I see this with a large percentage of my new clients as well.

Your keyword is either relevant or it is not. This of course as judged by the software. Therefore, since keyword relevancy is 25% of the QS, if your keyword is judged relevant, you have one quarter of your QS taken care of. You don't even have to think about it anymore.

So if your page is selling dog food, use "dog food" as a keyword and not cat food. If you are not relevant, you are flushing away a quarter of your QS and pay 25% more. And as it is not relevant, people don't click on the ad taking your QS further down and costs up. It's a losing battle.

Being relevant should not be a problem. Simply use keywords that describe your product or service. All you have to worry about then is increasing your CTR for a better QS. That's why I equate QS with CTR.

One must remember however that the QS is calculated by a computer.

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Computers don't think like us and there's always the possibility of it encountering something out of the ordinary. This happened to me about a year ago with the lowest of possible quality scores on a new campaign. Being an expert, I scratched my head trying to figure out why and called Google. They admitted the software did not properly figure out the relevancy of the keyword and it was soon fixed. However, this kind of episode happens very rarely. It was in fact the first (and so far only) time it happened to me after having managed dozens of campaigns involving thousands of ads and tens of thousands of keywords.

The point is, don't go off the deep end and thinking they don't know what it's doing. It does know for the vast majority of cases. Your job as an advertiser is to figure out what you are doing wrong. Check your keyword-landing page relevancy. If that looks good to you and Adwords agrees, concentrate on increasing your click rate.

The third and final major QS component is the landing page itself. This is not having the keywords you used on your page, that part is handled by the relevancy component. This component is other on-page factors and it represents only about 10% of the QS.

The only thing Google has made public about it so far is how fast your page loads (no word yet if Bing takes this into account). This may be a large portion, up to 50% or even all, of the landing page component, hard to say. If so, your page's loading time would represent no more than 5% of the total QS. In other words, if your page loads more slowly than the average, your QS will not suffer tremendously. It may instead mean a QS of nine instead of ten.

As for the rest of the page components, many assume you need a policy page of some kind and that could indeed be true. It's not a bad idea to have such a page whether the QS takes this into consideration or not.

Others say you need to think in SEO terms and have lots of unique content and backlinks. This is not true. PPC is not SEO and your QS being affected by backlinks is ridiculous and illogical.

You do need enough content however for the system to determine what your page is all about. You see, it's not simply having one or two paragraphs with your keywords in there. The whole page is evaluated to

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determine the main theme(s) of the page. If all you have is a video for example, you are making it hard for the search engines to determine what your page is all about. So text is important, especially if you're using the content (display) network because that's how the system works, by theming your pages.

By the way, Google will crawl your landing pages about once every ten days. This is to update the landing page portion of their Quality Score as well as making sure you still comply with their rules and guidelines. No word on how often other search engines crawl your landing pages for this purpose but you can be sure it is on a regular basis.

Speaking of landing pages following rules and procedures, if you don't follow them, your ads simply stop showing. In Adwords, your QS will be one on all keywords. I call that the off switch and I know when I see it that a client has done something against the guidelines. Repeat doing the same and they may permanently suspend (ban) your account.

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More on Quality Score

After three pages explaining Quality Score, you'd think I'd have nothing else to say on the matter. But there is a few other things you should know and keep in mind about the QS.

In an earlier section, I showed how search engines rank ads by using your bid and CTR to calculate an ad rank. This ad rank in turn is used to calculate how much each advertiser pays. Search engines do not use CTR but QS. The calculations are all the same, simply use QS instead of click rate as I have done in those calculations.

The QS you see in your account is a whole number between one and ten. Google and the other search engines don't use that number. The QS that they use has much more precision and contains many decimal places. So, in their eyes and for all ranking and cost calculations, your QS is a more precise number between 1.00000 and 9.99999 for example, the QS you are shown rounded off.

I mentioned earlier that CTRs are smoothed out to remove the effects of position. Mathematicians have words for this smoothing out called normalizing. This is done so that every advertiser is on a level playing field, no matter which position their ad is served, first or forty-first. Being in lower positions, ads are generally clicked less often, in absolute terms, than those in higher positions. It would not make sense to use the ad's absolute CTR in the QS and subsequent calculations.

Quality score is calculated relative to all advertisers for that keyword. This in fact is the whole concept of QS and one which you must know and understand. It is so important, it's why I've highlighted this whole paragraph.

It means that your QS is an indication of how well you are doing against advertisers using that same keyword. Quality Scores are calculated in the following manner:

An average click rate is calculated for all advertisers using that keyword. This is the historical click rate for that keyword, not just active advertisers. This average click rate is of course normalized by position as well. Then, your own CTR is compared to the average and a QS calculated which

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depends on how far away - positively or negatively - you are from that base line. This is done using standard deviation calculations with the mean assigned a QS. For the sake of argument, let's say that baseline- the average QS - is five. Note that it could be any number but five is more likely since it is between one and ten but it could just as well be 4.5, 5.5 or six.

Knowing your own QS, you can tell whether your CTR is average, below average or above average compared to other advertisers.

That is very powerful information to have. This means that even with a CTR you may consider low, say 2%, if your QS is 8, you are doing well because the average is five. It means your two percent click rate is actually very good and above average. And as QS is normalized by position, no matter what position you are in, your QS will be the same at any position. It is possible to get a QS of 10 in any position for any click rate.

If we were using a linear system, all advertisers would fall somewhere on the line from first to last, best to worst. In other words, if your QS was 10, you would know you were THE best. But, a QS of 10 only means you are ONE of the best. You may not be the only one with that same QS. In fact, you likely are not.

In Google Adwords, it is important to know that QS is calculated using only Google's own search engine data. It does not take into account their search partners. Content network data is also not figured into the QS calculations.

There is a myth that it is impossible to get a QS of 10 for some keywords. That simply is not true. It is possible, you just have to increase your click rate. It may mean increasing by a large percentage (say from 4% to 5% which is a huge 25% jump) but don't believe it's impossible. Hard, maybe. Impossible, no.

How easy or hard it is to increase your QS will depend on the result of the standard deviation (SD) calculation. If the SD is only 0.25 – meaning every point in QS increase needs only an increase of 0.25 in click rate percentage – it will be easier than if it was 0.7

Statistically, most advertisers likely fall near the mean and most advertisers likely have a QS of between 4 and 7, following roughly a bell-

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curve shape. Probably 60% of advertisers fall within that range, another 20% would have a QS of eight and above, the other 20% below four. You want of course to be in the 20% who have a QS of eight and above. This means that likely less than 10% of advertisers for a keyword have a QS of ten, and that figure is probably a lot lower in most cases.

The only thing to remember is to increase your CTR and you will increase your QS, even if you don't see it increase. Remember that you only see an integer number but the full QS, the one being used in all calculations, is many decimals long. You will see evidence of an increase in QS with higher ad position and lower cost for the same bid. The reverse is of course true for evidence in a lower QS.

Here's another secret few know or realize about QS. Although the search engines show you an integer number between 1 and 10, the QS can actually go higher.

Think about it. If your CTR is 6 standard deviations away from the mean, that would give you a QS of 11. So even if you have a QS of 10, seemingly perfect and the highest possible number, if you can further improve your click rate, you further improve the real QS number used in the background, thus improving positioning and reducing your costs further.

Quality Scores change all the time for every advertiser. Google claims to recalculate the QS after every search. It is not known if other search engines do the same but they surely recalculate periodically, I would guess at least once a day if not after every search as well or after reaching a certain number of searches.

No matter how often they do the recalculation, each impression and each click affects the QS for everyone. The historical CTR changes, if ever so slightly. The CTR for each advertiser changes too which means that the SD calculation changes too, if only slightly as well, which means that your QS will change. It may be only a few hundreds or even thousandth of a point change but it is a change and over time, small changes can lead to big ones.

In reality, QS will rarely jump up and down by noticeable amounts and if they do, it is never by more than one point as it crosses the threshold between one score and another. That's because an ad doesn't suddenly

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become more attractive and more people clicking on it. That just never happens. Ever.

Finally, you may be wondering that if QS is effectively CTR, what do the search engines do when you add a new keyword or new ad? After all, it doesn't know your click rate until the ads actually run. Each may have their own ways such as assigning an average QS and letting it adjust itself normally as it gathers impressions.

There are other ways too. The Google system is very sophisticated and being able to check on more than ten years of data. In fact, it appears as if your ad is being compared to similar ones and the QS based partly on this. It may not get it right but as impressions and clicks are gathered, the ad settles into it's true QS.

New keywords which nobody has used before, which is extremely unlikely, are probably assigned an initial QS based on similar keywords. Therefore, even if you were the only advertiser for that keyword, it is unlikely you will get a QS of ten right away. Your ad still needs to prove itself. That is why when adding a new keyword that you will rarely see your QS of ten right away. The system does need enough data to properly figure it out.

There is what I call a myth out there that Google Adwords has a QS component for the entire account or for each campaign. Google themselves has a document saying just that. I've managed many accounts with many campaigns and definitely many groups on many different verticals. Punishing all groups because some not doing well, which may be promoting completely different types of products, just doesn't make sense. Besides, I've taken many accounts with very low QS, some fairly old accounts, and brought them back to life with QS of ten within days. What of the online document? Likely an error, misstatement, misinterpretation or simply something that is no longer true.

If Quality Score is negatively affecting your campaign, view it as a signal, not punishment. Complaining won't change a thing even if you've spent millions with the search engines. Remember that they make more money when you provide quality ads so if you're not willing to provide that quality, others will and the search engine won't bat an eye.

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Resume of Quality Score

- made up of three components, at least on Adwords: the keyword's CTR, the relevancy of the keyword to the ad and landing page and landing page factors. Every search engine will use at minimum the CTR as the main component of quality, for some, it may be the only one,
- calculated for each keyword-ad combination on most search engines,
- smoothed out to remove effects of position has on your absolute click rate. Your QS will not change if your ad position changes,
- assuming a perfect score on the relevancy and landing page components, your QS is in effect your CTR. Achieve higher relative click rates and you will get a higher quality score,
- QS is shown as a whole number between 1 and 10 but is actually calculated to many decimal places,
- on Google, only data from their search engine is used. Data from their content network and their search partners is ignored,
- while the maximum QS shown is 10, it can actually be calculated to a higher value in the background,
- is calculated based on the average of all advertisers, from all countries, active or not. It is therefore an indication of how well you are doing compared to the historical average,
- is not a linear calculation. Most advertisers will fall in the middle range between 5 and 7 with a minority falling below or above that range,
- is recalculated after each search for that keyword. Your QS and that of all advertisers is constantly changing, however slightly.

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How Much Will I Pay When My Ad is Clicked?

In the early days, you would pay one more cent than the advertiser below you was bidding. In fact, on some systems, such as Overture, you could see what others were bidding.

Pay-per-click is more sophisticated these days. The QS calculation not only determines your ad's position but will determine how much you will pay.

Google in fact has published their formula once in a video you can find on Youtube. I suspect there's a little more to that formula that is not being told. It is however the basic formula used and good enough for our purposes. The other search engines likely use the same basic formula with variations of their own:

$$\text{Cost} = \text{AdRank}(b) / \text{QS}(a)$$

AdRank(b) is the ad rank calculation of the advertiser immediately below you. Keep in mind that the adrank calculation is their QS times their bid. QS(a) is your own quality score. So if both quality scores are the same, they cancel each other out meaning you end up paying your competitor's bid, if it is equal or below your own bid.

So increase your QS, all other things being equal, you will reduce your costs. As QS is not related to your bid but to your CTR, the way to increase your QS is to create better ads.

Some say there is one cent added to this formula. That may be so but I have not seen it published.

There is however a premium for being in first place, at least on Google Adwords. Calculating the average CPC of ads in all positions, the first position invariably has a lower CPC. This goes against the conventional wisdom that the highest paying position is the first.

No way of knowing the discount applied. It could be not adding the extra cent or it could be a percentage. That discount itself could be variable in some way. Whether this applies to other search engines, I do not yet know.

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How Bids and QS Affect Rankings and Costs

Obviously, any change in the system affects not only you but other advertisers as well. In fact, since CTRs change for each search, the system is in a constant state of flux.

Not only does QS change for every advertiser for each search, new advertisers come, others leave, not to mention that not all advertise at all times. Some pause their campaigns on certain days of the week or even the time of day. Some have exhausted their daily budget so their ads don't show. You are also not competing against the same ad from the same competitor, they can have two (and sometimes more) ads being tested. All this affects your rank and your costs and this doesn't even take into account those who change their bids frequently.

To demonstrate, here are five advertisers. I've used one decimal point for the QS to illustrate. The price they pay is rounded to the nearest penny:

Advertiser	Bid	QS	Ad Rank	Pays
A1	\$0.30	9.3	279	\$0.23
A2	\$0.28	7.5	210	\$0.28
A3	\$0.25	8.3	208	\$0.23
A4	\$0.25	7.6	190	\$0.18
A5	\$0.20	7.0	140	\$0.20

If A3 increases his bid to \$0.26, the following results (I've highlighted the changes in red):

Advertiser	Bid	QS	Ad Rank	Pays
A1	\$0.30	9.3	279	\$0.23
A3	\$0.26	8.3	216	\$0.25
A2	\$0.28	7.5	210	\$0.25
A4	\$0.25	7.6	190	\$0.18
A5	\$0.20	7.0	140	\$0.20

A3's payout went up by two cents which is what you would expect by increasing the bid. A1's has remained the same but only because of similar

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ad rank between A2 and A3. Meanwhile, A2 has lost a position and paying three cents less because now he's competing with A4.

Now, suppose that instead of increasing his bid, A3 creates an ad that gets a higher CTR which increases his QS to 8.8 while leaving his bid at 25 cents, you get the following:

Advertiser	Bid	QS	Ad Rank	Pays
A1	\$0.30	9.3	279	\$0.24
A3	\$0.25	8.8	220	\$0.24
A2	\$0.28	7.5	210	\$0.25
A4	\$0.25	7.6	190	\$0.18
A5	\$0.20	7.0	140	\$0.20

That causes A3 to move up one position as it did when he simply increased his bid. He also affects A1's cost going up by a penny. A3's own cost goes up by a penny – as would be expected – but he achieved the same result of going up one position when he just increased his bid by three cents. He therefore saves one cent and making A1 pay more.

As you can see, a change of QS may have an effect on your payout but not as large as increasing your bid. In fact, if A1's Quality Score was lower, it would be easier to rank above him and gain two positions and paying only one more cent.

The lesson is, always try to improve your ads to improve your click rate ads and get a better QS.

Adword's Minimum First Page Bids

You can bid any amount you wish on a keyword, all the way down to one cent. In the past, Google calculated a minimum bid for each keyword. If you placed a bid below that value, your ads simply would not be served at all.

Since September 2008, the minimum bid requirement has been removed. You will now see next to your keyword "Below first page bid" with a minimum bid estimate.

Your ads may still be shown on the first page if you don't meet this bid. After all, as mentioned, conditions change all the time. For example, advertisers pausing their ads, changing their bids, advertising only at certain times or having exhausted their budget or simply because their QS has decreased. Searchers may also go beyond the first page and if your ad ranks there, searchers will be exposed to your ad. However, only about 20% do go beyond the first page.

So in effect, you are not being asked to bid a minimum. The system is just letting you know that you may not be on the first page where you will maximize your exposure. It simply is a warning.

The bid amount is based on what the last advertiser's ad rank calculation and your own ad rank, in other words your QS and bid. Suppose that there are eight advertisers on the first page and that the last one bids \$0.50 with a CTR of 4% (I'll use CTR instead of QS for simplicity). That gives him an ad rank of 200.

On the other hand, you are bidding \$0.75 with a CTR of 2% which is an ad rank of 150. In order for you to overtake him and place on the first page, you would have to have an ad rank of 201 or, at the same click rate, bid \$1. But if you increased your CTR to 3%, your bid would only have to be \$0.67 to make it on the first page.

Keep in mind that because everyone has a different CTR (different quality scores), the minimum bid asked will be different for everyone.

You can do one of three things when seeing the warning message: ignore it and take your chances, bid at least the suggested amount or improve your ad. This third option is the one that the search engines would prefer you do.

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Some people think that Google is just forcing you to increase your bids to make more money. While Google is in business to make money (aren't we all?), they prefer that you improve the quality of your ads. That's what the QS is all about. It can easily be shown that it is in everyone's interest to have higher quality ads. Obviously, an advertiser would get more quality traffic. But Google would make more money too. They make more money from an ad paying 25 cents with a 5% click rate than one with a 1% click rate and paying one dollar. In the first case, the revenue is \$1250 per 100,000 impressions while it is only \$1000 for the second ad.

The minimum bid changes all the time because the information changes all the time, not only different advertisers but the bids they place and their quality score after every search. For keywords that have a lot of searches and high competition, the minimum may change seemingly minute by minute.

Therefore, if you place a bid that is the minimum, you may see a different minimum soon after because the system has now recalculated the minimum bid and you may still be under it. Note that if you bid exactly the recommended minimum, you are on the edge and may see the message come and disappear.

A funny thing about the first page minimum is that it can show even if you are averaging a position that is already on the first page. I tend to ignore that message when it happens, especially if my position is good. The reason is probably because the system calculates all advertisers using the keyword, whether they are active or paused. It also probably calculates for all countries.

If there are a lot of paused advertisers that had poor quality or a lot of paused advertisers that bid a high amount, this will drive up the first page bid estimate. Since the system assumes every advertiser is still active, you can see this warning message even if you are in a high position on the first page already if your bid is lower than the estimate and have high quality.

If you are consistently on the first page, especially the top half of ads, with what you're paying and position, don't worry about that message.

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I'm the Only Advertiser for This Keyword. Why Is There Still a Minimum and Why Don't I Get a QS of 10?

First of all, you don't know if there are other advertisers for that keyword or not. You may not see them for a variety of reasons, some of them pointed out earlier. There may be seasonal effects that others know about and why you didn't see ads. Their budget for the day may already be depleted. They may show ads only on certain days or only during certain times of the day. Some may simply not be advertising for that keyword at this moment. Some may not be advertising in your area, doing so only in certain countries for example or even a specific city. If I advertise only in New York, you will not see my ad if you are in Miami.

So never assume you are the only advertiser for that keyword, no matter what you see when searching for it on Google.

Even if that were so, as seen in the Quality Score sections above, Google will not give you a perfect ten just because you may be the only advertiser at this moment. There is historical data they take into account. You also may not have good keyword relevancy which will drop your QS.

You still have to prove yourself against the historical use of the keyword, even if you are in fact the only one currently advertising.

How Can I Get My Ads to Show Above the Natural Results?

It used to be that Google would show Adwords only on the right side of the screen. There would be a maximum of eight ads for each page. Then, they started to show between one and three ads above the SERPs. There still are a maximum of eight ads on the right-hand side. Other search engines have a different number of ads per page and even a different maximum number of ads showing above the SERPs.

The question is more what makes sponsored results appear above the SERPs? Or as many call it, in the yellow boxed portion at the top and left of the screen on Google.

There are two main conditions. Obviously you need to rank in the top three positions but you also need a minimum quality score. I believe this to be a score of seven. If your QS is below, even bidding high enough to get you to the top will not place you above the SERPs.

Some believe there needs to be a minimum number of advertisers. That is not true. There could be only three advertisers being served and all three showing above the SERPs. There could be only one advertiser and showing above the SERPs.

If no advertiser meets all the requirements, it is possible to see no ad above the SERPs. Three is currently the maximum on Google but that could change in the future (Yahoo has up to four.)

I Rank Well Using SEO, Why Should I Use PPC?

Congratulations! It's not easy to be on the first organic page of the SERPs.

Usually, people fall into two camps. There are those who simply refuse to use PPC, mainly it seems they just don't want to spend money. They may have tried PPC and failed or have heard of others trying and failing.

There are also the strong disbelievers of PPC, for the same monetary reasons, and see SEO as the only option to get any sort of meaningful traffic. A lot of them think the best quality traffic can come only from SEO, which is simply not true. More power to them if they can achieve high organic ranking on their chosen keywords.

The other camp are those who see PPC complimenting SEO. I fall in that camp myself for many reasons.

Search engines can and do change the way they rank sites, not to mention new competitors who themselves are trying to improve their own rankings. Relying only on SEO means you run the risk of losing rank. If that happens to the engine that provides you with the most traffic, the number of visitors you get can dry up overnight. PPC can help prevent a total drying up of visitors and keep your ship afloat until you get your ranking back – if you can.

Each search engine has their own ideas of how to rank sites. Your SEO efforts may get you ranked on the first page on Bing but nowhere to be found on Google for example or vice versa. PPC can be used to fill the gaps.

Many products and services have potentially many keywords that can be used. It is simply impossible to rank high for more than a few of them and certainly not for all keywords on all engines. PPC can be used to target the keywords you don't rank for using SEO alone. What's more, you can customize ads for those keywords, something that is impossible with SEO.

There are also a few practical reasons to use PPC.

You can more quickly and easily test different ads. Your natural listing is really an ad. It has a title and a description that most search engines use.

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Does it not make sense to test using PPC with hard data such as number of searches, click rates and conversion rates and use what works in your SEO efforts? Of course it does.

Even if you rank in the top positions organically for a keyword, I still recommend using the same keyword in a PPC campaign. One reason is that your campaign is a data gatherer. It tells you exactly how many people searched for that term. Your analytics data will tell you how many organic visitors you have for the same keyword. You might be surprised how often they click on your ad compared to your organic listing. Without PPC, you'd never know and if you don't know, you can't improve.

Having an ad and organic listing is like having two ads running on the same page thus doubling your exposure. The more real estate you take on the results page, the better. Some studies suggest improved responses when you have both PPC and SEO results showing on the page.

SEO is usually done to satisfy the search engines. Sometimes, a listing looks like an explosion in a print shop if you ask me. An ad gets right to the point. It can therefore be more attractive to the reader and you might find it is clicked on more often than your organic listing for that reason. You might even find that your conversion rates are higher too. True, you spent money to get that visitor. But you would not have that visitor and new customer if you had not tried PPC. You therefore increased your sales and profits, even though you spent to get that extra traffic.

Using only SEO in my mind is leaving profits on the table. Say you rank very well for a keyword that gets searched for 10,000 times every month. By ranking well organically and an attractive listing (which many don't), you may get 500 people to click. You may get 10 sales from those and if you make \$20 in profit from each sale, your revenues are \$200 per month for that page.

Now say you use PPC. If your keywords also get 10,000 searches and you get the same percentage to click on your ad, that's another 500 visits. At the same conversion rate (but it could be higher and often is for PPC), you'd get 10 extra sales. If you spent \$50, the total net profit from the PPC campaign is \$150. Total revenues for that month (PPC plus SEO): \$350 which is a 75% increase in revenues.

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The reality is that with more keywords that you don't rank for organically, you would reach more people. You can likely get a higher percentage to click as well since you have control and can more easily improve your ads than you can your listing. So if your PPC keywords can get an extra 10,000 searches and 500 visits a month, your total revenues would increase as would your profits.

The above example only uses a search campaign. Using a content network campaign could open up a whole new segment. Many advertisers report good results with a content campaign. In fact, many exclusively use a content campaign and not search.

I recommend doing both PPC and SEO. In fact, I never advise clients on SEO until I have tested a PPC campaign and have data to use for SEO purposes. I have seen many clients greatly increase their sales and profits by using PPC and then even more using that knowledge on SEO. I understand the money factor but the old saying is true: you have to spend some money to make money. But an even better saying I heard recently: a business not advertising to save money is like a man stopping a clock to save time.

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How Much Should I Bid? What Should My Budget Be?

Your bid, or maximum CPC, should be determined by your ROI. You can bid as high as you want as long as the ROI is acceptable.

Suppose any sale you make from a product makes you a profit of \$20 and you know that your conversion rate averages four percent. You therefore make \$80 total for every one hundred visitors. Your bid should therefore not be more than 80 cents. Of course, you will likely not pay 80 cents, but if you do, you will break even. Anything under that value and you will make a profit (disregarding the cost of the product of course).

Naturally, you want to make more than a few dollars per hundred visitor. Decide how much you want to put into your Adwords campaign. Will you be happy if you made a profit of \$40 out of those hundred visitors? If so, your bid becomes 40 cents. Maybe you only want to put in 25% of earnings into advertising. In that case, your bid becomes 20 cents (25% of \$80).

Don't forget also the lifetime value of acquiring that customer. The above assumes one sale per customer. If you sell children's clothes, they may not only buy that little girl's dress, they may buy the socks and shoes to go with it or even pajamas while they're on your site. The customer may come back later and buy more when the next season rolls around. If you own a subscription site, there is recurring revenues. In these cases, you can afford to bid higher.

As for the budget, this can be determined once you have data. If the average number of searches for all your keywords in a month is 5000 and your click rate is five percent, knowing your average CPC you can determine how much you will spend. This assumes you want to target 100% of the searches for your keywords, which you want to do as that means more clicks and more potential sales.

I suggest adding at least 25% to your budget calculation to cover any overages and prevent slowing down of ad servings.

Basically, I can't tell you to bid a certain amount or set your budget to a certain value such as \$500 per month. These have to be determined by your situation.

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How Many Keywords Should I Use?

This is another of those questions to which there is no set answer. If you can come up with 200 keywords that are relevant to your offer, use them. If you can think of only five, those are the five. You may come up with more later but start with those.

Some people think that having too many keywords hurt you. That simply is not true. It's having the wrong keywords that will hurt you. Remember, it's all about relevancy. The quantity will not hurt you but the quality sure will.

What you should not do however is throw all those keywords into one group. I would be very surprised if you can come up with a few hundred keywords that I cannot divide into more groups. You want to create tightly themed groups. This means that each group will contain a few keywords to maybe a dozen or so.

Take children's clothes for example. Specifically, one category I sell might be bathing suits. Sub-categories might be babies, toddlers and teens. I can come up with many keywords such as "bathing suit for babies", "toddler swimwear", "swimsuits for teenagers" and even the more general "kid's swimsuits". One way to group them is obviously by those age-related categories so I would therefore create three groups: Babies, Toddlers and Teens. I just came up with three different ways to say swimsuit and there are different variations too I could use such as "swimsuit" and "swim suit". My groups could therefore be: Baby Swimsuits, Baby Swimwear and Baby Bathing Suits. You then put all keywords with both the words baby and swimsuits into the Baby Swimsuits group. With the different spellings and the plural forms of the words, I can probably come up with a dozen keywords for just that one group, and that doesn't even take into account the different match types. In the case of clothes, you could further split the groups by sizes. Of course, you can split the group up further if you want, either now or later if some keywords don't perform well in a certain group.

Some people suggest to have only one keyword per group. I believe this is overkill. You can split off a word or a few of them into their own group if you feel it's necessary as you gather data. Use one keyword per group if you want and have the time (and patience) or use software that do this quite easily and quickly. Remember that you can end up with hundreds or thousands of groups such as my example above. Managing a large number

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of groups can be cumbersome not to mention that search engines have limits to the number of groups and campaigns you can have. Optimizing a group with one keyword that gets only a handful of impressions over a long period of time is difficult, especially if you have hundreds of such groups.

The decision is up to you if you want to have one keyword per group or not. If you have a thousand keywords in total in two dozen groups, that's OK too as long as each group is effective and making a profit. But you should not have **all** your keywords in one group.

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Is PPC Good for Affiliate Marketing Such as Clickbank Products?

Using PPC for affiliate marketing is no different than selling your own products. You are advertising a product to sell. If you choose relevant keywords and make your ad attractive, you'll get clicks. If the affiliate product's landing page converts, you'll make sales and therefore a commission.

The big difference of course is that you only earn a small portion of that sale. You are already operating at a bit of a disadvantage against those selling their own similar products. This makes turning a profit that much harder. The lower your commission or the more you have to spend for your PPC campaigns, the harder it gets to turn a profit.

You also have no control over the affiliate's landing page. You can't test different offers as they have control over their site. It's good if they do test different landing pages but you have to somehow keep track. Tracking every variable is very important in order to improve your campaigns and make money.

Another major factor is that, in the case where there is more than one affiliate marketer for a product and linking directly to the merchant's site, only one ad will be shown. Obviously, the one with the highest ad rank will be served. It's known as the one domain, one ad rule. Therefore, if there are other affiliate marketers promoting that same product, you are further disadvantaged simply because they have a head start on you but that is nothing that can't be overcome. Every other affiliate marketer for that offer is like having that many competitors, yet only one of you can have their ad displayed at any one time. And when your own ad is served, you are competing against all other advertisers with similar products.

I'm not saying this to discourage you, just to make you realize what you're up against. It is possible to do quite well in fact because I know some are doing it.

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IMPORTANT INFORMATION FOR ALL AFFILIATE MARKETERS

If you are an affiliate marketer with your own page where you are trying to get your visitors to click to the merchant's page and buy the product there, Google does not allow you to advertise your page with Adwords. They call this a bridge page to the merchant.

There is no problem in having your own landing page instead of using the merchant's landing page. You just cannot have your links going to another sales page.

For example, many affiliates have links such as “learn more” which goes to the merchant's page. The problem is that your visitor sees yet another page trying to sell them the same product. Often times, the wording and look is very similar. Google objects to that.

Others have links saying “buy now” which again, goes to the merchant's sales page. Google doesn't like that as well. If you use such terms in your links, link it to the ordering page. That is what Google wants and that is what your visitors will expect.

Other affiliates have a “buy now” link but before going to the merchant's ordering page, they have their own in-between page where they make the visitor click on another link. That is also considered a bridge page.

You may think that's harsh but Google has a very good reason to do this. There simply is too many ads all promoting the same affiliate product which creates a bad user experience. Google's mantra is to provide relevant listings and ads as well as providing the best experience, from clicking the ad all the way to purchasing the product.

And it's not just Google. Other search engines are following in their lead.

If you link the ads directly to the affiliate's page, carefully read and evaluate that landing page. It must follow all of the rules and guidelines. Too many affiliate marketers have not done their due diligence and had their accounts suspended because the affiliate's landing page violates one or more of the rules. Pay particular attention to misleading and inaccurate claims.

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Is There Any Restrictions on the Type of Products I Can Advertise?

Most search engines will not allow the promotion of tobacco products, even so-called electronic cigarettes. It should go without saying that illicit drugs are not allowed as well. Weapons are another type you can't promote with PPC.

To advertise medicines, you need a Pharmacy ID, at least on Adwords. If you are a legitimate seller of human medicines, you should and indeed must have one. Google will ask for it and you should not have any problems once you provide it.

Google does not look well upon sites that advertise make money online products. Many use pure squeeze pages and that is against their rules. The vast majority I've seen use misleading claims such as "make \$1,567.95 each month". There's no way to guarantee that every one will make that very specific amount each month so that goes against their misleading claims rule.

For the full up-to-date Adwords policies and guidelines, go to:

adwords.google.com/support/aw/bin/static.py?hl=en&page=guidelines.cs

The Bing Adcenter guidelines and policies can be found here:

advertising.microsoft.com/support-center/search-advertising/editorial-guidelines

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Why Can't I See My Ads?

There are many reasons you cannot see your own ads.

For ads you created recently, it may be that it has not yet gone through the review process. It usually doesn't take long, a matter of hours, sometimes just minutes. But for some reason, some take longer, usually because the software sees something that it considers odd and puts it in the queue for a human reviewer to approve.

Your online account will tell you if an ad is awaiting approval. Since ads have to be approved by a human being, delays can be due to many ads waiting in the queue. This can happen if you create ads on Friday evening. Your ad may not be reviewed manually until Monday morning or later.

Maybe your bid is not high enough to appear on the first page. Check other pages. But you should see the "below first page bid" message telling you so.

Google will not show you the same ads all the time. They will rotate them to show you different ones each time you do a search on the same keywords. Your search history is stored in a cookie and Google will show you different ads you may be more inclined to click on. It doesn't know which one is your ad so it may show you competitor ads, trying to get you to click on them by giving you different choices.

I suggest not to use Google to check your ads. For one, you'll just get one impression counted for each time you see your ad. This has an adverse effect on your CTR and hence your quality score. On the QS of everybody else too of course but you are concerned about yours. For that reason and those explained above, use this tool which is much more useful:

google.com/adpreview

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My Ad is Disapproved? What Should I Do?

Ads are sometimes disapproved for many different reasons. However, sometimes that reason can be unclear, especially if you are not familiar with all the rules. Some very common ones are:

Excessive capitalization. Some words are normally capitalized such as USA, UK or NATO. Those are OK. But, capitalizing the words FREE and NEW to make them stand out is not allowed.

Excessive use of special characters. Some people think that using exclamation points every where or a bunch of them in a row (such as !!!) will attract attention and get higher click rates. It doesn't. There are a few special characters which are allowed such as the currency symbols, the trademark symbol and the copyright symbol. Use them only once in your ad.

Use of exclamation point in title.

Use of trademarked term. You can bid on those words but not use them in your ad. Note that the trademark owner must tell the search engine that they don't want to see their trademark in ads. Until they make such a request, you won't have a problem.

Use of superlative words such as best, lowest, greatest.

Improper use of spacing and punctuation. T h i s i s n o t a l l o w e d.

Certain phrases such as "click here".

Advertising an offer that cannot be found on your landing page. If you mention "10% off" in your ad, your landing page must clearly state this as well.

Landing page with pop ups, pop unders or any other device that opens in a separate window or is not part of your landing page.

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There is not much you can do except to create a new ad without repeating the same error. Continuing to break these rules can get your account banned. There is a three strikes, you're out rule before getting banned but I have heard it may be five strikes. This "rule" however is not published. The number of "strikes" may differ depending on the type of offense.

You also will not likely get banned on your third (or fifth if that's the case) all-time strike. You have to get these strikes within a certain period of time, although that period is unknown and may differ depending on the offense.

The lesson here is if your ad is disapproved, don't create a similar ad. Find out why it was disapproved.

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Some Tips

The following are tips that will make your life managing your account a little easier and more efficient:

Never edit an ad, it's the same as deleting it. Pause it and create a new one. You don't know if you'll need that ad again. By simply pausing it, you can un-pause it later if you need it. Plus, running reports on that ad will be easier instead of combining data from two identical ads. You should follow this rule as well for everything in your account: campaigns, groups and keywords. Even if you think you'll never use a keyword in a group again, or move it to a different group.

You should always, always test new ads. You want higher CTRs, QS and lower CPC don't you? Of course, having a new ad may not have the effect you hoped for. In that case, drop it (meaning pausing it, not deleting it) and try something else.

Use the rotate setting instead of optimize in your campaign settings. This way, you can more easily see which of two ads perform the best as they will have about the same number of impressions.

Test no more than two ads at a time. The reason is to give each ad a fair chance at all variables. The more ads you have active, the less of a true test it will be. One may have been served more often at a certain time of day. What if that was the time of day they wouldn't have clicked on any ads? That's also the reason to use the rotate setting.

Wait until you get at least 30 clicks for each ad before deciding which one is best. It all has to do with how much data is needed for a certain confidence level. You've heard that "poll data is accurate to 95%, 19 times out of 20"? Same principle. There is little confidence if your ads had only three clicks. At the absolute minimum, I'd use 20 clicks on each ad (or keyword) but the more the better the confidence will be.

Create separate campaigns if you want to use the search network and the content network. You may want to go even further on Google for example which has the ability to show ads only on mobile devices. They also have a new feature called Remarketing for which you should have a separate campaign.

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Check the Search Partners results on Google Adwords. They sometimes have much lower click and conversion rates and you may not want to advertise to them.

Innovate, don't imitate. Stand out by not copying the same kinds of ads your competitors are doing. You'll be much better off by doing so. You also cannot assume that their campaign is doing well and being profitable just because they may be using the same ad for many years. They simply may not be actively managing their campaign and be clueless.

You can always try to do better. For example, I had a new client contact me. A very large percentage of their keywords already had a QS of ten. They wanted to see if I could do better and reduce their costs which I was able to achieve. Now, their competitors have a harder time ranking above this client. If one decides to copy my ads, they may not get the same results. It doesn't mean they will have the same results. There's bids to take into account and it doesn't mean they will get the same CTR. If you see two identical ads, you are more likely to click on the first. In fact, it may put off people and they may not click on any.

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How Not to Get Your Account Hacked

Your PPC accounts are just like any other like your email account, PayPal or online bank account you have. Treat it as if it's gold. In fact, there is thousands of dollars in it.

Don't divulge your login information. When hiring a PPC manager for your Adwords account, only give them your Adwords ten-digit ID. That's all they need to link to your account and access only the data they need to manage it. Don't forget to remove their access once the contract is up. If you gave them your login information, change your password. The vast majority of account managers are honest and will leave it alone once the work done. But why take chances? I remind former clients to remove my access or do it myself and advise them I did so.

Don't answer emails of any kind asking to login for whatever reason. This is a phishing scheme. Banks never send emails saying "there's a problem, please log in". Neither do credit card companies, PayPal, Google or any large and reputable company. Delete those emails and don't click on their links or you'll be sorry.

Limit your account's access only to those who need access. Change passwords periodically. You'd be surprised in a company for example how innocently login information can be had by someone who doesn't belong in there. While you don't expect your own employees to do damage, change the password every few months and any time an employee with access leaves the company for whatever reason.

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How Can I Get Two Different Ads to Show Up At the Same Time For the Same Keyword?

This is impossible from one account. You'd need two accounts but that is against Google's TOS, so it's still impossible, at least not in the long run before you get discovered.

If your page organically ranks on the same page as your sponsored ad, you would effectively have two ads on the same page. That's the best you could hope for to get double the exposure on the same results page.

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On a New Campaign, Should I Bid High to Get High CTR Right Away?

One popular opinion is that you should bid very high on a new keyword, even if the price is higher than what you are willing to pay in the long run. The theory is that a high bid will get you a high ranking which in turn should get you a high click rate. Once you get that high click rate history, and presumably a high QS to go along with it, you can drop your bid to something more reasonable.

This theory is hogwash. If you've read this document thoroughly, you'd know it's hogwash.

While your absolute click rate will be higher than in a lower position, as I explain in the sections about quality score, QS is calculated using your relative CTR. In other words, if you have a poor ad that nobody clicks on, it doesn't matter which position you start from, even the first. Your QS will be calculated from your CTR compared to other advertisers in that position. QS is a relative number.

The only things having a high bid price will tell you is 1) the absolute CTR you can expect with that ad in that position, presumably the first and, 2) the going cost for that position at that moment in time given your ad's quality. The higher your QS, the better, as that would be a good sign, whatever position you achieve. But if not, being in first or twenty-first, it just means you ad is not as good as your competitors.

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Which Position Will Result in Best ROI?

There are many different factors that will affect your ROI. The product itself (not all products sell equally well on the Internet), seasonal effects. Your ad will have an effect and yes, supposedly even the position of that ad. However, next year, it may be a different position altogether. Things rarely stay the same and that's why you have to test all the time.

There is a somewhat general consensus that positions four to six are the most profitable. However, my own data shows that you will usually make more sales and more profits in the top positions. The reason is simply because people will click the top ads first. More visitors equals more sales, assuming the conversion rate being the same no matter the position.

But I've found that conversion rates tend to be higher in the top positions as well. If you click the top few ads and find an appealing offer in one of the pages, you are less likely to click the remaining ads. Even if you do, the perception seems to be that the top ads (which many don't realize are ads), are there because they are the best.

The lower positions may have lower CPC. However, the difference is usually small, just a few cents separating the top ad's CPC from the seventh. So the ROI benefit is very little, even if the conversion rates were the same at all positions, which they are not. Like click rates, conversion rates are highest in the highest positions.

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Why Are My PPC Ads Not Converting?

Pay-per-click will not magically make all visitors coming from your ads buy from you. PPC has one purpose and can do only one thing: expose people to your offer. If they like what you have to say, they will click. The rest is up to your page to convince them to buy from you. In other words, close the sale. It's not the ad that makes them buy, it's only 95 characters of text after all, but it can help pre-sell them and get them in the mood to buy.

A major problem I see with many clients is wasting clicks, and thus money, with irrelevant keywords. Removing them will increase your conversion rate and lower your cost per sale.

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Will Pausing and Unpausing Have a Detrimental Effect?

Pausing and unpausing will have no effect on QS or anything else. You can do so at your heart's content.

Of course, if you pause for a long period, months for example, don't expect things to have remained the same. You may find that your average position, click costs and even your QS have changed. But you'll not likely notice, indeed there should be no appreciable change, if you pause for a few days or even a few weeks, given the same keywords and ads.

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Can You Help Improve My Campaign?

I sure can. My current products and services include:

My book “Master and Dominate PPC”. It contains all my secrets, shows how to do keyword research and create great ads with high click rates and high quality scores. I also talk about how to make best use of the content network and how to analyze data to optimize your campaigns to the maximum. You can purchase and download for \$49 by visiting www.lucidwebmarketing.com/google-adwords-book.html

Keyword research and ad creation. I do the research and create a minimum of two ads. I send you a file and you simply upload to your account. A good option for one-product campaigns. It's a very affordable way to get a campaign started quickly on the right foot for those not needing or wanting full campaign management. Cost: \$40 per product and discounts available if you have many products. Call to learn more.

Full campaign management. Best for those with little time to do it themselves, those with large campaigns or simply if you don't want to do it yourself. Affordable monthly fee is based on campaign's size. A minimum commitment of three months is required.

To learn more, visit www.lucidwebmarketing.com

Or call 1-888-683-1144 (toll-free in North America) during normal business hours (Eastern time zone).

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