

"How To Get Instant Traffic To Your Website For Only 1 Nickel A Lead!"

Pay-per-click advertising is one of the most cost-effective methods of getting leads known to Internet business owners. It gives you instant traffic, and allows you to test your business model in real time.

At the same time, pay-per-click advertising (or PPC) is not as simple to use as the PPC companies will have you believe. If you jump into the system without preparing for 'tracking' your results, doing deep keyword research, establishing your ROI and most importantly, testing your ads, you'll lose a lot of money really fast.

Before we start talking about the major PPC engines, here's a brief **overview** of what you need to know.

The Basics of PPC

There are some terms that you should know if you want to understand any discussion on PPC. Some of these are self-explanatory, some you might have heard before. Either way, go through this section and make sure to read those parts that you don't know of.

The PPC Model

In the PPC advertising model, you have three **core elements** – **keywords**, **ads**, and **bids**. These three elements are combined with '**placement**' to create an advertising model that displays '**relevant**' ads on search engines (in response to keyword searches), portals and websites that opt to display such ads on their pages (the ads to be shown are determined by a keyword analysis of the page).

For a PPC campaign, you need to know the **keywords** that you are targeting. For example, for a niche site that promotes a time management product, I would create a **list of keywords** that included keyword groups containing terms related to time management, productivity, saving time, self improvement and maybe even business soft skills. As I've told you before about keyword research, you should have a **big list** so that you capture most, if not all, of your target traffic.

The next step is to write the **ad copy** for the ads that will be displayed for your searches. The ad copy is extremely important because along with your bid amount, this will determine the 'conversion rate' (explained below) of your ads. Write concise, compelling ad copy that highlights the benefits of your website / product, and avoid fluff.

Once you've written your ads, it's time to **bid**. The bidding mechanism differs from PPC engine to engine, but the idea is the same – your bid amount is the **maximum cost** (usually calculated in U.S. dollars) that you are willing to pay for each keyword. It's important to know how much you can afford in terms of bidding costs so that you **avoid** going into **bidding wars** with your competitors, and also so that you don't spend more than you make through this campaign.

Cost-Per-Click

Cost-Per-Click (**CPC**) is the amount you pay each time a potential customer 'clicks' on one of your ads that they see on their search engine results or on websites. This is often less than the maximum bid amount you set for each keyword.

Conversion Rate

Conversion Rate is the ratio of **clicks over impressions** (the number of times your ad is displayed on searches or page loads on websites). A typical conversion rate is between 2 to 3 percent – that is, for every 100 impressions, you get 2-3 clicks on your ads.

Conversion Rate is closely tied in with the quality of your **ad copy**, and also with **Placement**, which I'll discuss next.

Placement

If there is **more than one person** bidding for a keyword (as is almost always the case), the **placement of the ads** (which ad comes in on the first slot, which comes in on the second, etc.) is determined by **bid amounts** of each competitor. The higher your bid, the better your placement (Google adds the conversion rate into their placement calculations, and I'll tell you how later). Your conversion rate to a certain extent depends on how high your ad is placed on the 'rankings' and this leads advertisers to place high bids just to rank at the top. The trouble with this approach is that you might enter into a **bidding war** with your competitors and lose a lot of money.

Tracking

Tracking refers to measuring which keywords are bringing you the **best leads or sales**, and which keywords are bringing you 'window shoppers' – people who are 'compulsive clickers' and don't buy or sign up. Tracking your ad campaign will help you further fine-tune your ads and **improve your ROI**.

ROI

Your **Return-on-Investment (ROI)** is determined by how much you are spending over how much you are earning in net profits from your ad campaign. It's important to establish a base ROI *before* you start your ad campaign – assume a conversion rate of 1 percent – so that you don't over-spend and are able to run this campaign within your budget.

The Pay-Per-Click World

Currently, there are two major PPC engines, [Google AdWords](#) and [Overture](#) (now known as [Yahoo! Search Marketing](#)). While there are many alternatives such as Espotting (now Miva), MetricsDirect and Kanoodle, the top two PPC engines are a class apart when it comes to delivering results.

However, one of the first pieces of advice you'll hear from most people is that bigger PPC engines such as AdWords and Overture are too '**expensive**' to break into (with CPC for top positions easily passing \$3-\$4 for many keywords, and reaching \$10 for really competitive keywords).

In reality, if you are just starting out, it's critical that you pick one of the top two PPC engines. Why?

Traditionally marketers judge PPC engines on the following criteria:

- **Reach** – How large your potential target market is.
- **Cost-per-click**
- **Quality of traffic** – Do the leads fit your customer profile? Are they willing to spend on your products?
- **Quality of service** – The tools and help offered by the PPC engines.

Overture and AdWords beat their competition on all of these metrics except CPC. However, the benefits of 'cheaper' clicks are more than compensated for by the **ease of use** of the big two, and more importantly, as any PPC expert will tell you, the **quality of traffic** from Overture and AdWords is far better than from other PPC engines.

Overture

Overture was purchased by Yahoo!, and recently renamed to **Yahoo! Search Marketing**. The name's not catchy, but with Yahoo! Behind the 'second-largest' PPC engine on the Internet, you can expect that the quality of traffic and services will improve over the next year. Yahoo's acquisition of Overture is the single biggest reason advertisers have started paying attention to Overture again, although Google AdWords still commands leading respect.

Overture is a **manually edited** PPC engine. When you write ads for your website, these ads (and the keywords you specify) have to be approved by human editors before they can appear in search results on Overture partner websites. While this ensures that the quality of ads remains above a certain level, this is also a hassle, as new ad campaigns can take several days to be approved, and there is a **distinct lag** between the time you plan to improve a section of your campaign (for testing) and the time those changes actually go live.

Overture keyword bids are totally **transparent**, meaning that any advertiser can see at any time what other advertisers are paying for that particular keyword. This is both useful and harmful – advertisers can accurately target their 'ad placement' positions, but knowledge of the top 2 or top 3 bid amounts can easily lead into a bidding war, and competitors undercutting your ads by posting a bid that is \$0.01 higher than yours.

Google AdWords

Google AdWords is the leading PPC engine on the Internet, although it's closely followed by Overture. Combined, the two PPC networks are distributed on nearly every search engine or portal.

Google is totally automated – your ads go live **within minutes** of being written. This is one of the two significant advantages AdWords has over its competition – no need to wait for 'approval' of your keywords and ads, which can take a few days on other PPC engines.

Google AdWords, like Overture, does not charge you your maximum bid amount, but just one cent more than the bid lower than yours. On the other hand, AdWords bids are not transparent like Overture – bidders have **no idea** what their competition is bidding. This reduces the threat of bidding wars.

The second advantage of AdWords is that it includes **conversion rate calculations** in its ad-ranking algorithm. Simply put, your ad may rank higher than your competitors' even if you are bidding lower, just because you have a higher conversion rate. AdWords rewards ads that are better written, and thus provides a subtle barrier against ad spam.

PPC advertising has become the **ultimate marketing tool** for testing new ad campaigns, business models and landing pages without spending too much money. Where else can you test a sales page by sending it 100 leads for \$5?

If you are looking to **promote** your website / product **effectively** but cannot wait for your search engine rankings to show on Google or Yahoo, you should seriously consider PPC advertising as an advertising tool that not only brings in instant traffic (and sales), but is a hedge against ranking fluctuations by ensuring that you stay on the top page for your target keywords.

This is just a general overview of Pay Per Click marketing/strategies. Stay tuned for Part 2 coming soon, where I'll go into some much more advanced techniques to really ramp up your traffic, all the while spending less money!

All the best,



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