

Why Book

Confluence Digital's Why Book Series



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The Why Book of Paid Search

Justifying Paid Search Investment for Your Business



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What is a Why Book?

We often get asked by clients and prospective clients to explain why we recommend they incorporate specific tactics into their marketing mix. Those questions may come at us from different parts of the organization, and typically the reason they are asked is to justify why the investment should be made in one area versus another. Most often the asker falls into one of the following 4 categories:

1. C-Level executive or business owner
2. Financial decision maker
3. Marketing manager
4. IT or technical influencer

We think those are very important questions to answer. After all marketing investments should be made carefully and with ROI as a guiding principle in addition to marketing, branding and other goals. Given that, we thought of developing a set of documents explaining in concrete, data-supported terms why a tactic is being recommended, both in general terms and in terms of highest interest to each of the key decision makers in a business.

That's how the idea for the **Confluence Digital's Why Book Series** was born. Here we present the first in the series: *The Why Book of Paid Search*.

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What is Paid Search?

[SEMPO](#), the world's largest nonprofit trade organization serving the search and digital marketing industry and people working in it defines paid search, also called Pay-Per-Click or PPC as follows:

[Pay-Per-Click] is a model of online advertising in which advertisers pay only for each click on their ads that directs searchers to a specified landing page on the advertiser's web site. PPC ads may get thousands of impressions (views or serves of the ad); but, unlike more traditional ad models billed on a CPM (Cost-Per-Thousand-Impressions) basis, PPC advertisers only pay when their ad is clicked on. Charges per ad click-through are based on advertiser bids in hybrid ad space auctions and are influenced by competitor bids, competition for keywords and search engines' proprietary quality measures of advertiser ad and landing page content. [SEMPO Glossary of Terms](#)

Note: Occasionally you will see the term SEM, the acronym that stands for search engine marketing, used to refer to paid search. This usage is incorrect. [SEM refers to search marketing more broadly](#) and includes paid search, search engine optimization (SEO), contextual advertising, paid inclusion forms of Internet marketing,

Who Uses Paid Search and How?

Paid search is an appropriate tactic for any business interested in generating sales or visibility fast. According to recent research by [eMarketer](#) US companies across multiple verticals spend more on search than on any other online ad format. The company predicts that domestic search ad spending will account for almost half of total online advertising spending in 2012.

US Paid Search Clickthrough Rate and Cost per Click, by Industry, Q4 2010-Q4 2011

	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Clickthrough rate					
Auto	1.15%	1.36%	1.75%	1.84%	1.59%
B2B	1.78%	1.89%	2.19%	2.11%	2.18%
Education	0.74%	0.63%	1.03%	1.13%	1.19%
Finance	1.17%	1.20%	1.52%	1.37%	1.60%
Healthcare	2.29%	2.41%	2.40%	2.60%	2.36%
Retail	2.33%	2.23%	2.54%	2.89%	3.02%
Travel	1.79%	2.03%	2.25%	2.65%	2.47%
Cost per click					
Auto	\$1.09	\$1.38	\$1.26	\$1.14	\$1.00
B2B	\$0.75	\$0.90	\$0.93	\$0.97	\$0.97
Education	\$4.43	\$5.46	\$5.28	\$5.05	\$3.93
Finance	\$2.33	\$2.65	\$0.77	\$2.27	\$2.06
Healthcare	\$2.93	\$2.44	\$2.47	\$2.39	\$2.80
Retail	\$0.48	\$0.49	\$0.50	\$0.44	\$0.43
Travel	\$0.73	\$0.73	\$0.77	\$0.68	\$0.66

Note: data is for enterprise level clients
Source: Marin Software, "US Online Advertising Report Q4 2011," Jan 12, 2012

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www.eMarketer.com

The traditional use of paid search was for direct response advertising (click-buy or click-register). In recent years this versatile tactic has been successfully adapted to brand awareness and other creative uses, such as driving visitors to content you want to promote.



Fun (Search Geek) Fact: Volkswagen’s advertising agency, MediaCom Search, won the American Business Association’s coveted Stevie award in 2011 in recognition of their innovative use of paid search to drive visitors to preview Volkswagen’s “The Force” and “Black Beetle” ads on YouTube to generate buzz prior to the ads official unveiling at the Super Bowl.

Advantages of Using Paid Search

Paid search enables brands to establish a presence in search engine results, attract qualified visitors to their website and start collecting data about their behavior nearly instantaneously.

In addition to the (relative) ease of execution, there are many reasons why paid search is a tactic that would make sense for a brand and provide benefits at multiple levels of the organization.

According to data from a study by [Marin Software](#) cited in the eMarketer article cited earlier, advertisers should expect to see better ROI in 2012 on their paid search dollars than they did in recent years. According to their data, the average US clickthrough rate on Google increased 48% in Q4 2011. Yahoo! & Bing (together known as Search Alliance) saw a 44% increase in that time. The outlook is good for paid search.

The “Why” of Paid Search for Your Business

In the previous section we’ve shared some compelling evidence that paid search works, and that businesses use paid search effectively. To sell the idea internally to your team, here are some concrete, additional points that should particularly resonate with each decision-maker or shareholder.

Note: If you need even more ammunition to make your case, you can get your hands on industry specific data, but that falls beyond the scope of this Why Book. If that’s the case, give us a call, we’ll be happy to see if we can hook you up.

C-Level executive or business owner

Paid search ties in nicely into the big picture for your company when configured to support company objectives.

- Paid search is simple to set-up and ramp-up and is the quickest way to gain online visibility for your brand without breaking the bank

- A properly set-up, well-managed & regularly optimized paid search campaign can be counted on to deliver a solid and reliable return on your marketing dollars (ROMI)
- Delivers actionable business intelligence at a relatively low cost

"[Paid Search] is the monitoring and maintenance of a Pay-Per-Click campaign or campaigns. This includes changing bid prices, expanding and refining keyword lists, editing ad copy, testing campaign components for cost effectiveness and successful conversions, and reviewing performance reports for reports to management and clients, as well as results to feed into future PPC campaign operations." ~ [SEMPO Glossary](#)

Financial decision maker

"If you can't measure it, you can't manage it" ~ Peter Drucker

The beauty of paid search is that when configured correctly, results can be tracked and data dots connected to ensure that the investment is being made where the ROI potential is the greatest.

- Paid search enables efficient use of resources through precise tracking
- Depending on ad click and visitor volume, sufficient data is typically available within days or weeks of launch, enabling quick adjustments in strategy and spend volume
- Paid search enables you to "fail quickly". If something is not working, it is obvious before you spend too many resources on it

Marketing manager

Paid search is a powerful tool in the marketing mix arsenal. It's one tactic that enables you to launch a campaign quickly. Whereas "traditional" means of advertising, including TV, require much more set-up and start-up time before they can launch, cost substantially more and their success can only be gauged in a post-mortem months down the line, paid search can go from "Let's" to "go" in a matter of days. Even other digital marketing, including search engine optimization (SEO) social media, email marketing or even display advertising, require more resources and time to get going.

- Paid search means you can test a marketing direction before committing resources to more expensive channels. When set-up correctly, paid search generates data that can be turned into actionable business intelligence quickly
- Search engine optimization (SEO) is priority #1, but it takes time to develop, implement and for the robots to do their thing and before you see impact on your organic rank. Paid search can bridge the gap and place your brand on the first page of search engine results right away
- Paid search is the best timed type of marketing. It intercepts your potential customer with a targeted message and call to action at the time they are actively searching for a solution and ready to buy your stuff

IT or technical influencer

“Data, it’s a beautiful thing” ~Anonymous Search Geek

Using paid search can buy you time to fix any user experience or design issues on the website. working in tandem with search engine optimization (SEO) can help identify user experience or design issues.

- Paid search can bridge the gap until the impact of SEO improvements can be seen
- Using paid search can help identify user experience impacting issues and other problems with your conversion funnel. If you notice visitors clicking ads, arriving at the site, but not completing the conversion action, this points to a problem at the point of arrival
- If you decide you website needs a refresh or a do-over,, paid search can buy you more time to do the refresh, fix, or redesign by redirecting traffic to landing pages or microsites that bypass any “broken” parts of the website. (This of course is just a temporary fix, not the answer to a bad website.)

In Summary

The purpose of this Why Book was to lay out the key arguments for incorporating paid search into your marketing mix and call out the top benefits that would appeal to all key shareholders and decision makers in a business.

We established that paid search is an effective way for brands to establish a presence in search engine results, attract qualified visitors to their website and start collecting data about their behavior nearly instantaneously.

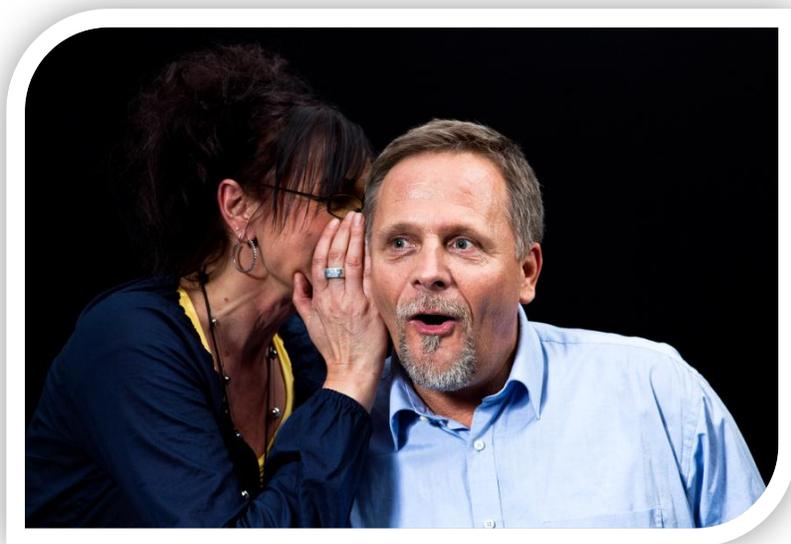
Our intent is to continue to ensure this Why Book remains fresh and accurate. We’re committed to updating it should any development impact the accuracy of this information.

About Us

Confluence Digital is Seattle-based digital marketing agency. We’re a team of digital strategists, SEO-savvy web developers, email marketers, social media and search geeks who really know this space inside out. Some of us have been players in the search space since Google’s infancy and before.

We’ve proudly delivered great results for clients across multiple verticals, and we got the data to prove it. We really love working with mid-size, growth-oriented companies with a cool technology or service at the core.

Contact us if you are trying to decide whether paid search or any other digital tactic is right for you. We’ll be happy to talk and provide you with some guidance, and yes, ideally land you as a client – we promise you’ll be in able hands with us.



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