

ONLINE BUSINESS

Avoid the bottomless pit of AdWords

Kevin Partner discovers that there's no helping some people when it comes to Google AdWords



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Last month, I looked into a few new, somewhat advanced, features of Google AdWords that can transform the profitability of your marketing, but it comes as no surprise to learn from a recent survey that most businesses are falling at the first hurdle. Workbooks.com, a UK-based provider of online CRM and business-management tools, recently commissioned a study of how effectively small businesses use AdWords, and the results are shocking: of 500 or so "SME decision makers" who responded to the survey, only 10% felt that AdWords had delivered new clients or sales during the past year. I'm not sure whether that, or the fact that more than 60% of these businesses weren't using AdWords at all, is the more depressing.

Only a quarter of the businesses that did use AdWords believed they'd attracted new sales; it gets worse, because a mere three-quarters of them said the value of new sales exceeded the cost of the adverts. Just allow that to sink in for a moment: of 200 companies that used AdWords, 34 actually made a profit from it, while 86 definitely didn't, and the remaining 80 don't know whether they did or not (meaning they almost certainly didn't). I feel my will to carry on ebbing away...

I'd be the first to agree that AdWords isn't right for every business, and the press release accompanying this research admitted that some of these companies use AdWords only for "branding". Now marketing agencies love branding campaigns since it's almost impossible to quantify their effectiveness in pounds and pence, so they can charge what they like. Brands such as Coca Cola, Amazon and Apple

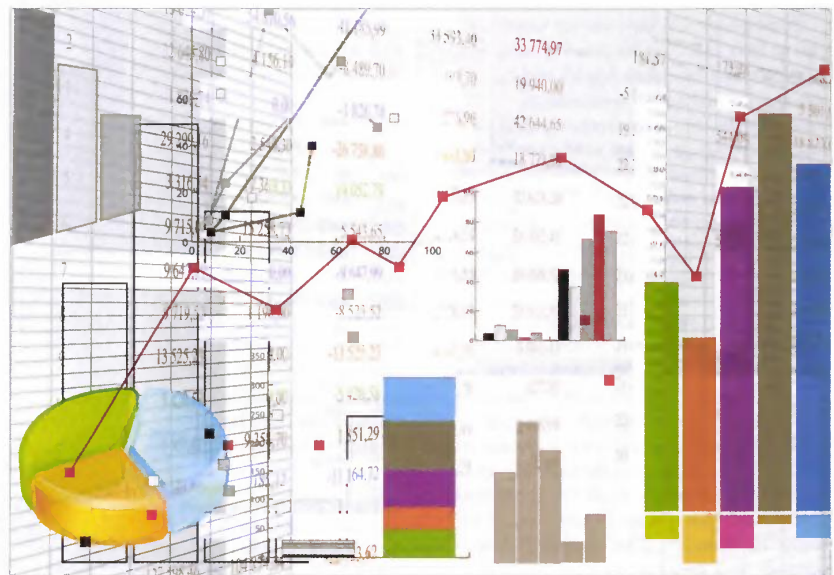
may have become ubiquitous through brand marketing, but you're not Coca Cola.

The golden marketing rule for the small business is: if you can't measure it, don't do it. So, if the only role you can see for AdWords in your campaign is to promote your brand, don't use AdWords at all. In fact, don't use any form of marketing for this purpose; save your advertising budget to directly promote your products. Coke didn't become the world's leading brand until millions of people had drunk its product – sell first, brand (much) later.

But the single most depressing statistic unearthed by the Workbooks.com survey is that almost one in five of these "decision makers" didn't know whether they'd profited from using AdWords – and they didn't want to know. This approach would be scary enough in good times, but during an economic crisis it beggars belief. In fact, of those businesses that do use AdWords, more than 30% admitted they had no idea what it has cost them, nor whether they're making money (and heaven only knows how many more weren't prepared to confess to such cluelessness).

Google makes it simple to measure the effectiveness of your ads, so I can only imagine that these online businesses haven't woken up to the idea that it's even possible to track ad campaign performance. Presumably they're still imbued with the notion that advertising is just a pot into which you throw money, because everyone else is doing so. But it doesn't have to be this way with AdWords, nor indeed with Bing or Yahoo Search Marketing. Installing the conversion tracking code is simple; it needs doing only once and yields results within hours.

What to say about the 45% of AdWords users who know they're losing money on it? To make that statement suggests they must have at least installed conversion tracking, otherwise they wouldn't know which sales can be attributed to AdWords. But if they know they're losing money, why keep doing it? Quite apart from the range of reports Google provides that enable you to drill down to the profitability of individual keywords, it isn't difficult to divide the turnover generated by AdWords by what it cost you, to come up with a rough-and-ready profitability figure. I do this every month with





Search term	Match type	Clicks	Impr.	CTR
Total		1,519	38,518	3.94%
beeswax candle making	Phrase match	20	138	14.49%
making your own candles	Broad match	19	31	61.29%
making scented candles	Broad match	16	142	11.27%
how to make candles at home	Broad match	14	90	15.56%
how to make your own candles	Broad match	13	72	18.06%
make your own candles kit	Broad match	12	63	19.05%
make scented candles	Broad match	12	55	21.82%
candle making business	Phrase match	10	41	24.39%
candles making	Broad match	9	65	13.85%

o The "seeing what mud sticks" approach to AdWords is useful for experimenting with a new product or business

MakingYourOwnCandles. When I first planned the business I knew what percentage of turnover I could afford to spend on marketing, and I can work out the monthly figure in seconds without needing to delve into the AdWords interface. If the percentage moves in the wrong direction, I dig deeper. I simply wouldn't continue to run a campaign that wasn't driving profitable traffic to my site.

In my last column, I suggested that some business owners consider AdWords to be too complicated. I appreciate that the quantity of information Google presents can feel overwhelming to begin with, but I firmly believe that for most enterprises this form of marketing is too important to dismiss. A couple of hours is all it takes to work through the official Google training course at www.google.co.uk/adwords/onlineclassroom. Read from "Getting started" through to "How to measure success" and you'll already be ahead of those 30% of AdWords users who don't know whether they're making money...

Short-cut to ad success

Success in any kind of Pay Per Click (PPC) marketing depends on having the best keywords for your product or service – the best ad copy in the world won't help if it attracts the wrong traffic to your site. It therefore makes sense to ensure that any training for newcomers to AdWords focuses on identifying a profitable set of search terms on which to base your campaign. If you've created a business that depends on PPC to generate traffic, this is still the best approach, but if you regard AdWords as an additional form of marketing, above and beyond your existing advertising and

promotion, the time investment needed to follow this process can be off-putting.

Fortunately, there's another approach. It's a technique that isn't widely taught because it's much simpler and therefore cheaper to teach, so it doesn't offer the same profit margin to marketing gurus who seek to mystify the process. Traditionally, you'd use a keyword tool like those built into AdWords, or one of a range of paid-for services, to generate hundreds of search terms that you'll then sort into a series of related keyword families to form the basis of your ad groups. But if you merely want to find out whether AdWords is viable for your company, I suggest you save a huge amount of time by limiting keywords to a handful – ideally, only a single phrase.

This search phrase should be related to your most important product or range: start broad and become more specific. For MakingYourOwnCandles, the keyword "candles" is too broad since it would include searchers who want to buy ready-made candles, and "candle making" would still be too broad because some searchers using that phrase would be looking for bulk ingredients or advice rather than kits. A better core search term therefore would be "candle making kit", which is broad enough to attract the maximum relevant traffic.

I'm not suggesting that you should base your whole campaign on this single key-phrase for the long term, just use it as a starting point.

First create a single ad group containing a few ads, using the instructions from the Google training. Include only the one or two core search terms you've identified, and leave them as broad matches (in other words, don't enclose them in quotes or square brackets). This gives Google carte blanche to expose your ad to any search its algorithm thinks is relevant, exploiting the fact that Google is far cleverer than you or I at working out what keywords relate to your core search term. Set your budget to an affordable amount – I never go above £5 per day when experimenting – then install conversion tracking and make sure you start the

campaign at a time when you can give it regular attention. Now watch it every few hours to see whether your ad is being viewed and at what position (you may need to tweak your bid to make sure it appears on the front page).

Remember, this is an experiment – the aim at this stage is to learn rather than make money.

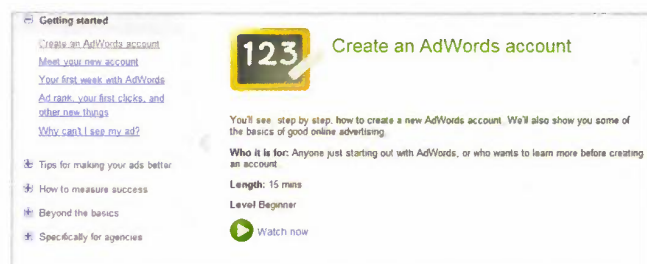
With such a broad search term you should get plenty of impressions and clicks, and you'll probably find your cost per sale is, on average, quite high. In the AdWords interface, click the Keywords tab and then click See search terms | All and sort them by Clicks. You'll now see all the search terms that triggered your ad, in order of their cost to you. For example, my broad key-phrase "candle making kit" would cause my ads to be shown to searchers who type in "making candles in tea cups", "candlemaking kit" and "beeswax candle making" – and since I have conversion tracking installed, I can immediately see which of these resulted in sales.

From here it's simple to move profitable search terms into their own ad group as phrase matches (by placing them between quotes), and to block unprofitable or irrelevant search terms as negative keywords for the campaign as a whole – and overall this procedure is far quicker than trying to generate all your keywords up front. Google itself is suggesting keywords and providing data on their real-world performance before you incorporate or exclude them, and by repeating this process over a few days or weeks, you should end up with a series of profitable ad groups. You can

"For most enterprises, AdWords is marketing that's too important to dismiss"

then turn off the original broad-match keyword if it isn't making money. At the very least you'll have learned a great deal about the capability of AdWords and whether, with more research, it's a viable marketing platform for your company.

Doing it this way may involve spending a little more money in the early days, because Google will present your ad to a scattergun audience, but many businesses will find this a small price to pay to sample the potential of AdWords. You don't need specialist training or a degree in marketing to use this approach, and



o Google's online classroom offers comprehensive training



even if you intend to use an agency in the long term, you can save yourself a fortune by establishing whether AdWords is worth pursuing – you'll also understand the system well enough to be able to direct the agency from an informed position.

Either way, compressing the process into a few days, rather than weeks or months, may make AdWords worth considering for many businesses that would have previously seen themselves as marginal cases. It will also help you to understand your business and its customers far better, which is priceless.

Mobile e-commerce

The year 2011 will be remembered as the year the mobile internet finally became worth bothering with – for my businesses at any rate. MakingYourOwnCandles has seen a 250% increase in the number of visitors using mobile devices, with the iPhone and iPad taking the lion's share. While the per-visit value of each iPhone user is less than the site average, iPad users spend 30% more than laptop and desktop users. The target audience for my business isn't tech-savvy, and it's fair to assume that many other websites will be experiencing even faster growth in mobile traffic – but the only way to know for sure is to install tracking software.

The problem is that if you install Google Analytics today, you'll need to wait at least a full calendar year before you can begin to see trends properly, so for the long term make

“By using modern, standards-based designs, you can make sites usable across all devices”

sure you install tracking software before you launch your online business. For now, it's safe to assume that a progressively larger percentage of your audience will be visiting your site using a smartphone or tablet.

This shift away from the desktop, while it still has a long way to go, is far more profound than it may at first appear. It's obvious that you'll need to make sure your site layout works well across different platforms, and there are several ways of doing this. First, by using modern, standards-based designs and technologies, you can try to make your site as usable as possible on all devices, but it's hard to imagine a design that works perfectly on everything from a 3in smartphone screen to a 24in LCD monitor.

If you're using a CMS (content management system) such as WordPress, for example, you can get a plugin that presents a simplified version of your site to mobile devices, and this can work very well so long as you're prepared to put in the time to optimise the site design

It's safe to assume that the number of visitors via mobile devices will continue to grow

and then test it on many different devices. If you're using BigCommerce, you can have it present a mobile-optimised version to a range of devices very simply; it's one of the reasons we've been able to convert so many iPad visitors into buyers.

For sellers of physical goods, this is probably all you need to do for now, but the effect on software and service suppliers is much greater. The launch of the iPhone and the iPad has led to a surge in mobile traffic, but their biggest impact is likely to be on pricing. A whole new category of software was created by the launch of Apple's App Store, a new category without any prior expectations as to price. Prior to 2008, customers considered a £50 word-processing package relatively cheap, and would expect to pay a tenner for a casual game on CD-ROM. However, the experience of buying software for a smartphone feels so different, so immediate, that such

preconceptions evaporate, and through a rapid evolutionary process prices for apps have settled into a fairly narrow, low range. This evolution

was extended further by the launch of the iPad, when developers discovered that users would pay a slightly higher average price for “HD” versions of their apps.

The problem for web service providers is that apps are now so widely used that your average customer is likely to have had far more experience of downloading from the App Store than of buying online, which means their price expectations have fundamentally changed – downwards. What might have seemed good value to Joe Bloggs a few years ago now feels too expensive. Your website is further hampered by the fact that your customers won't benefit from a “one-click” purchasing system such as that built into their Apple or Android phone. All of a sudden having to log in to PayPal, or type in



credit card details, becomes a turn-off. As a result, conversion rates suffer, leaving those website owners that haven't noticed the move to mobile browsing scratching their heads. Website owners like me, that is.

Although I was fully aware of the shift on our candle-making site, it never occurred to me until recently that it would be even truer for PassYourTheory.org.uk, my driving theory test site (I still have the bruise where I slapped my own forehead). Regular readers will know that I've invested huge energy in optimising this site, and that it's profitable – however, visits via mobile devices have increased by a factor of five over the past year and the site isn't

optimised for them (it employs Flash, which excludes the 50% of visitors using Apple products).

What's more, its previously competitive prices that start from £3.49 now sound expensive to visitors who are used to paying no more than £1.99 for apps.

I'll be spending the next few weeks re-evaluating PassYourTheory.org.uk. I still think the site has plenty going for it, but the question is whether I can find a newly profitable format. I feel that PassYourTheory.org.uk is at a crossroads: in 2011, I've rejigged it to be a much-improved web service that makes money; 2012 will be the year it goes mobile.

Ladders
Steven Covey defines management as the process of efficiently climbing a ladder, but leadership as ensuring the ladder is propped against the right wall. I feel a bit of a twit for climbing the wrong ladder by not noticing that my audience was moving elsewhere!