
ONLINE ADVERTISING – A PRACTICAL APPROACH USING GOOGLE’S AD WORDS

ȚICHINDELEAN Mihai
CINDREA Sorina
CÎNDEA Ștefan
DOBRILĂ Andreea
GOVOREANU Alexandru
IACH David

Abstract:

The Internet links people from all around the world in their purpose to exchange and get relevant information. Thus, relevant information is the corner stone of a society in general and of a company in particular. The exchange process within the information era is been initiated and controlled by the client. The marketers must wait until the clients decide to participate in the exchange. The clients define what information they need, what offers they are interested in and what prices they are willing to pay. This development enabled companies like Google to manage the different companies' online targeted advertising using the initial query of the searching persons. Online advertising is nowadays an essential component of one's company's promotional mix.

Keywords: SEM (Search engine marketing), online advertising, CPC (cost per click), CTR (click-through rate), Ad Words, Ad Group

Introduction

The evolution of human society has as background an industrial revolution, which boosted up progress in every domain of an economy in general and in everybody's life in particular. According to Jeremy Rifkin, one industrial revolution is characterized by the convergence of a new energy regime with a new communication regime. The first industrial revolution occurred when technology based on coal power met the print press, thus opening new perspectives of progress. A second industrial revolution brought together the use of first generation electrical forms of communication (such as telephone, telegraph, radio etc.) and the use of oil and natural gas as new forms of energy.

The next industrial revolution happened in the 1990's when second generation of electrical forms of communication (such as personal computers and the internet) allowed billions of people from all around the world to communicate fast to each other. In this context, Jeremy Rifkin stated that a new energy regime will take over the old

ones and this new energy regime is based on renewable energy sources such as wind, solar, water energy.

The Internet links people from all around the world in their purpose to exchange and get relevant information. Thus, in this “new era” relevant information is the corner stone of a society in general and of a company in particular. According to Porter, the three main types of sustainable competitive advantages which a company can have over its competitors are cost leadership, differentiation of the company’s products and services and market focus. All three types of competitive advantages are not the cause, but the effect of the use of relevant information. Relevant information can be obtained through marketing research, which can be conducted by the company itself or by external specialized companies. The Internet opens new perspectives regarding the marketing research (online marketing research) and the client approach. According to Philip Kotler, the exchange process within the information era is being initiated and controlled by the client. The marketers must wait until the clients decide to participate in the exchange. The clients define what information they need, what offers they are interested in and what prices they are willing to pay.

The clients’ need for specific information is satisfied by the online companies through the development of SEM (search engine marketing). This development enabled companies like Google to manage the different companies’ online targeted advertising using the initial query of the searching persons. Online advertising is nowadays an essential component of one’s company’s promotional mix. Because of the Internet’s versatility, it gives advertisers a good way to reach, engage and interact with people. Advertisers can produce campaigns that specifically target audiences more effectively than traditional advertising efforts. Online campaigns give advertisers new abilities to reach: niche markets with specific interests, broad audience with one specific message, large or small geographic segments, speakers of specific languages.

Google online marketing challenge 2009

The Google online marketing challenge 2009 allowed 2,187 student teams from 57 countries to gain practical online marketing experience. Student teams receive US\$200 of free online advertising with Google Ad Words and then work with local businesses to devise effective online marketing campaigns. Teams outline a strategy, run a campaign, assess their results and provide the business with recommendations to further develop their online marketing. As a Junior Teaching Assistant at the Faculty of Economic Sciences, “Lucian Blaga” University of Sibiu, Romania, I made up a team of 5 of my finest students with the purpose of improving our knowledge regarding the Google AdWords advertising instrument. The challenge was made out of three steps: first – a Pre Campaign report should have been written and sent to Google till the 26th of January 2009, second – running the online marketing campaign in three consecutive weeks between the 26th January and 22nd of May 2009 and third – a Post Campaign report should have been written and sent to Google till June 2009. All three steps are detailed presented in the following.

Pre-Campaign strategy

Client Overview

The company we have chosen to advertise for is Lira Consult, located in Romania, Sibiu, Lunga Street, number 102.

The Company has had in the past year 10 major clients. In the current year (2009), the company didn't contract any other projects. There are 2 employees and more collaborators which sustain the activity of Lira Consult in the entire country.

Lira Consult is offering various services like: feasibility studies, European funding consultancy, Project Management and other types of consultancy for companies.

The marketing activity for the company is made by the owner of the business, Mr. Radu Pascu. He is the only person who is handling the company's marketing activity.

Lira Consult has been founded in 2004. The company's website was also created in that year. Mr. Pascu is also the person who manages the function.

Market analysis

Company's eligible costumers are public undertakings and business customers that need European funds for the local community or for their business. In 2008 the company had only 10 eligible costumers, the majority for Phare projects. The industry is in the competitive phase and there will be a while until it will become saturated. Regarding the competitors, considering the national market, the following companies are the most important ones that offer consultancy for European funds: S.C. Comara Project Consulting S.R.L., from Gorj, S.C. G.P.S Universal S.R.L., from Bucharest, S.C. Management Consulting Group S.R.L, from Sibiu. Because of the fact that at this moment the market is very dynamic we can't say the company's market position. Concerning the selling points, the company offers consultancy at its headquarters or at the costumers. The company has identified that its services are requested before the opening of a financing line.

The offline marketing

Many of Lira's customers are public institutions, so the marketing for this type of customers is reduced to recommendations and portfolio presentations at public auctions. So the company is focusing the marketing program in two directions: private clients and public institutions.

The private clients

In order to complete the marketing program for the private clients, the company had invested in high quality printed materials such as: presentations maps, flyers and brochures, and also in own identity materials.

The members of the company are active participants at the conferences and workshops, and they are presenting case studies and innovative strategies in the field of consultancy. The presence of the company in local media, the articles published by the team members, has an influent impact on market and it represents a decisive factor in attracting new clients.

The team employees are often invited to the local TV and Radio stations, as representatives from Lira Consult Company, to provide different points of view. This way the image of the company is kept in good light.

Public institutions

In order to gain public institutions as clients, the largest impact is the projects portfolio and client's portfolio. The marketing activities are limited to presentations materials, and the good results achieved.

Conclusion on how the Ad Words campaign should align with the client's business

The number of people that are browsing the internet for information on European and national funding of businesses and institutions is increasing. Therefore, the online environment is the most effective source for promoting our client's services. Google is the most used search-engine in Romania, so the Google Ad Words is the best solution for the companies' online communication.

Proposed Ad Words Strategy

The company we would like to advertise for is called S.C.Lira Consult S.R.L. a local company from Sibiu (Romania) which has as the following main activities: feasibility studies, project management, financing businesses using European funds. Most of the company's clients are Romanian firms (although there were several foreign investors which have bought the company's services) which desire to initiate or expand a business based on foreign capital – European funds. To attract these funds, the firms must have a business project, eligible with the requirements of the European entities in charge to finance this kind of businesses. Lira Consult offers specialized consulting services to its clients, services that have the main objective to build up an eligible business project which is able to attract European financing.

Little information about European financing can be found in the written press, most of the potential clients of Lira Consult are browsing the Internet looking for such relevant information. By building up an efficient Ad Words campaign, our team can help Lira Consult in its efforts to attract new clients. Our Ad Words campaign will focus on three different domains, that can attract European funds – P.O.R. (in the Romanian language “Programul operational regional”, or “Operational regional program”), PNDR (“Programul national de dezvoltare rurala” or “National rural development program”) and IMM (“Intreprinderi mici si mijlocii” or “SME-small and medium-sized enterprise”). Each of the two national programs (O.P.R. and N.R.D.P) contains a long-term strategy and several objectives; these objectives can be achieved if real “domain specific” businesses are developed. According to the differences between the three domains, our team has decided to use three Ad Groups (each of it containing two Ad Word ads) – Table 1.

Table 1 – The three used Ad Groups, each containing two Ad Word ads

Ad Group Instruments	P.O.R.	P.N.D.R.	IMM
Keywords	<ul style="list-style-type: none"> - program operational - fonduri regionale - dezvoltare regionala - finantare europeana - consultanta publica - fonduri agreement - P.O.R. 	<ul style="list-style-type: none"> - P.N.D.R. - dezvoltare rurala - fonduri rurale - program rural - fonduri turism - dezvoltare turism - fonduri agroturism 	<ul style="list-style-type: none"> - accesare fonduri IMM - consultant IMM - proiecte IMM - finantare nerambursabila IMM - dezvoltare IMM - documentatie proiect
Ad Word	<p><u>Fonduri P.O.R.</u> Finanteaza-ti afacerea cu bani europeni www.liraconsult.ro</p> <p><u>Regiunile au nevoie de bani</u> Finantare regionala prin P.O.R. www.liraconsult.ro</p>	<p><u>Fonduri P.N.D.R</u> Pentru o dezvoltare rurala si turistica www.liraconsult.ro</p> <p><u>Fonduri P.N.D.R.</u> Agroturism cu bani europeni www.liraconsult.ro</p>	<p><u>Consultanta IMM</u> Analiza dosare pentru accesare fonduri europene www.liraconsult.ro</p> <p><u>Dezvolta-ti afacerea</u> Proiecte pentru finantari nerambursabile. Garantat 100% www.liraconsult.ro</p>

The keywords used for each Ad Word are specific to the domain in which the potential client wants to develop his business. The keywords have been carefully chosen with the purpose of obtaining keyword relevance (the main objective of our campaign), criteria that along with other can improve the overall quality score of the Ad Word. A high quality score reduces the CPC – Cost-per-clicks (another goal of our campaign); lower cost-per-clicks mean that within a fixed daily budget more potential clients can see our Ad Word ad, can click on our Ad Word ad and can check out the website (destination URL) of our company. Specific keywords can offer us an advantage within the keyword bidding process. Commonly used keywords will have a higher bidding rate that increases the cost-per-clicks. Our keywords are specific, two or three words phrases, a fact that induces lower bidding rates for the keywords used.

Our plans regarding the daily and weekly campaign budget are based on the fix sum of \$200 given by the Google Online Challenge. Another constraint that we have taken in consideration for planning the budget is the three weeks period for running our campaign. We have 21 days, from which 15 are working days and 6 are free days. Based on relevant information and our experience regarding the Romanian internet user behavior we decided to allocate 187,5 \$ for the 5 x 3 = 15 working days (that means 12,5 \$ daily budget for each working day) and 12,5 \$ for the 2 x 3 = 6 free days

(2,1 \$ daily budget for every free day). With consideration for the two types of days we have estimated a weekly budget of 66,7 \$. Multiplying this weekly budget with three weeks we obtain 200,1 \$, with 0,1 \$ more than the fixed sum given to us by The Google Online Challenge. This problem can be fixed by reducing the budget for the last day by 0,1 \$.

The targeted clients are companies or persons or public institutions who want to start up or extend a business in the three presented domains and need specialized services to create business projects eligible for attracting European funds. We focus on Romanian companies therefore the Ad Words ads (Ad Word text) will be in Romanian language. The Ad Word ads will be posted within the Google network.

Post – Campaign Report

Executive Summary

In developing our campaign we decided to focus on three major types of potential clients:

1. Small business leaders, trying to finance their business by accessing European funds.
2. People who work in agriculture and need European funds to sustain and develop their activity
3. People who work in public administration (e.g. mayors) and are trying to access POR funds.

Therefore we created three Ad Groups with specific Ad Text and keywords focusing on the specific needs of these three categories. When we started the campaign our goal was to set our budget in such a way that it would last for about 15-20 days. We set a budget limit of 12.5 \$/day for the campaign, but didn't set a specific budget limit for each Ad Group so that we could better observe which of the Ad Groups is the most competitive one.

At the end of the campaign we obtained a Click-Through-Rate under 1%, due to the large number of Impressions (an impression occurs each time an ad appears to a user). The \$200 budget was enough for 19 days. The three Ad Groups had different performances - PNDR Ad Group was the most performing. It had the most clicks, the highest Click-Through-Rate, and the lowest Average Cost per Keyword. On the other hand, the IMM Ad Group was the least performing, having the lowest Click-Through-Rate, the highest Average Cost per Keyword and Total Cost.

After a dynamic analysis of the main campaign indicators (Clicks, Impressions, Click through Rate, Cost per Clicks) we concluded that our campaign has endured three main milestones that we successfully overcome. Firstly, we decided not to place our Ad Groups within the content network anymore due to the low generated CTR. Secondly, we deleted the redundant keywords and added new keywords which were more relevant for the potential clients. Thirdly, we increased the CPC for the most performing keyword – fonduri structurale – with the purpose to increase the Ad Rank of the Ad Group for a higher visibility.

With respect to the pre-campaign strategy, the actions undertaken during the campaign and the obtained results, we propose the following recommendations to our

client: do not post the Ad Groups in the content network thus to the low CTR generation; use specific keywords that are relevant for the potential client and for the company's activity; increase the CPC for the most performing keywords to obtain a better Ad Rank; continuously delete the redundant keywords and add new keywords improve the quality of the landing site.

Industry Component

1. Introduction

This part of the report contains a review of the major goals we had at the beginning of the Google Online Challenge campaign and the main strategies that we created for achieving those goals. After that, we're going to summarize the most important changes during the campaign and what they lead to. Next we will explain the performance of our campaign, considering the number of clicks, impressions, the CTR, CPC, the Average Cost per Keyword and the total cost of the campaign. After some future recommendations for our client we are going to state the most important things we have learned from this experience and what we would have done differently to improve the campaign.

2. Campaign overview

We have started the campaign with multiple goals in mind.

First, we decided to focus on 3 major types of potential clients:

1. Small business leaders, trying to finance their business by accessing European funds.
2. People who work in agriculture and need European funds to sustain and develop their activity
3. People who work in public administration (e.g. mayors) and are trying to access POR funds.

So we divided the campaign into 3 Ad Groups, each focusing on one of these three major potential clients. Once we did that we tried to approach each type of client in the way we thought it would best meet their needs. We started by finding which keywords were best suited for each of the Ad Groups. Finding the best keywords has proven to be one of the most difficult part of the campaign, but ultimately we succeeded in finding many keywords that were very effective (20% of the keywords had a CTR of over 5%, 16% of them between 2% - 5%, 34% of them had a CTR between 0%-2%, and the rest had the CTR 0%).

Before starting the campaign our goal was to achieve a CTR bigger than 2%. Unfortunately because of the high number of impressions we have had in the content network and the low clicks they produced, we were unable to achieve this goal although we decided during the campaign to cancel our impressions in the content network and stick only to the search network which was much more effective.

When we started the campaign our goal was to set our budget in such a way that it would last for about 15-20 days. We set a budget limit of 12.5 \$/day for the campaign, but didn't set a specific budget limit for each ad group so that we could better observe which of the Ad Groups is the most competitive one.

In the end that budget lasted for 19 days, which means we have achieved this goal.

3. Evolution of our campaign strategy

We have started our campaign on the 29th April 2009. First, we created 3 Ad Groups named POR, PNDR and IMM and we have chosen a maximum Cost per Click for every keyword from these Ad Groups to a maximum of 10 cents. Each Ad Group had its own different number of keywords.

After we finished adding the keywords, we have started on creating the Ad Groups texts.

On the 30th April we decided to delete some of our keywords because they were not relevant for the ad groups. Words like “program national, finantare imm” are some of them. It generated some impressions but no clicks, because it wasn't relevant for the user. We continued to delete the non relevant keywords in the next 2 days. The CTR was very low and that meant that our keywords and more exactly our Ad Groups were not relevant enough. On the 2nd of May we decided to change our text ad for the IMM Ad Group and to increase the CPC for the “fonduri structurale” keyword from 10 to 20 cents. These changes brought a slight increase of the number of clicks and of the CTR value, but not enough to please us. The number of keywords that were not relevant was still high, so after analyzing the situation we deleted 5 more keywords. But these changes were still not producing the effects that we were waiting for. On the 4th may, we had a big number of clicks, 120 more specific, but we had also a huge number of impressions, 40285. This led to a very low CTR value of 0,3 %. The problem was obvious; we were having a number of impressions too big in comparison with the number of our clicks. After another session of deleting keywords we gathered all in a meeting to see what the problem is, why there are so many impressions and so few clicks. The good thing with this gathering was that we all ended to a conclusion and that was that we have to remove the appearance of our Ad Groups from the Google content network. In a very short time afterwards, this decision of us, showed its results.

On the 7th May, the number of clicks has decreased with 48%, and the number of impressions with 83%. Those led to an increase of the CTR with 205.3%. We have increased our budget amount from 12.5 \$ to 15 \$ and we raised the maximum CPC for some words that didn't provide a good rank for the Ad Group. We also changed the ad text and tried to make it more efficient.

On the 9th May we used the Google Ad Words instrument for searching keywords and we added thanks to this instrument some keywords like “fonduri phare” that were very effective for our campaign. We continued using this instrument because it has shown to us that it's very helpful, so after 2 days on the 11th May we used it again and we added 2 more words: “fonduri sapard” and “fonduri ro”.

We were screening the results of the campaign live, every day, and we tried to optimize them as much as possible by deleting non relevant keywords or by increasing or decreasing the CPC for our keywords.

The last week of our campaign was very good for us. We have managed to maintain a CTR value of more than 3% with a maximum of 5.49% in our last day. Our cost optimization worked pretty well and we realized an average CPC of 19 cents, CPC that helped us to run the campaign through the whole day with an ending of the budget around 10 pm.

4. Key Results

The results of our three weeks campaign are represented in the table below.

Table 2 – Results of our three weeks campaign

Ad Group	Clicks	Impressions	Click Through Rate	Average Cost per Keyword	Total Cost
IMM	479	87.140	0,55 %	\$ 0,18	\$ 86,01
POR	352	56.688	0,62 %	\$ 0,16	\$ 55,16
PNDR	510	55.218	0,92 %	\$ 0,12	\$ 58,83
Campaign	1341	199.109	0,67%	\$ 0,15	\$ 200

As we can see, overall, the campaign had a Click-Through-Rate under 1%, due to the big number of Impressions. The \$200 budget was enough for 19 days. Below is a chart that shows the differences between the 3 Ad Groups, considering the Click-Through-Rate.

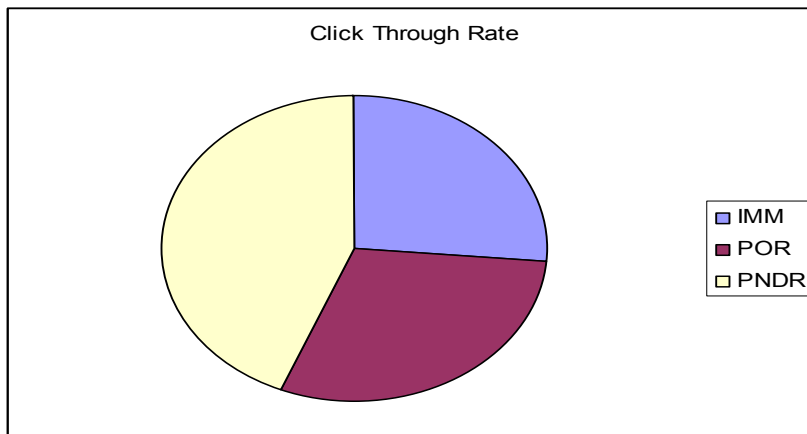


Chart 1 – Performance of the three Ad Groups according to their Click-Through-Rate

Considering the values of the presented metrics we can say that the PNDR Ad Group was the most performing. It had the most clicks, the highest Click-Through-Rate, and the lowest Average Cost per Keyword. On the other hand, the IMM Ad Group was the least performing, having the lowest Click-Through-Rate, the highest Average Cost per Keyword and Total Cost.

In the first week we used many keywords in the Ad Groups, some of them were relevant and brought many clicks, but others were not so relevant, so we deleted them. Most of the keywords we considered less relevant were made of 2 or 3 words. So they generated Impressions but not clicks. For example: “programul national apicol”, “tineri fermieri”. The keywords with many clicks in that period were: “fonduri europene” (European funds), “fonduri structurale” (structural funds) and “fonduri turism” (tourism funds). In the same period the number of Impressions was very high and that led to a low Click-Through-Rate. The cause was the low Click-Through-Rate from the content network, so we decided that the Ad Words should not appear in the content network. This led to a lower number of impressions and clicks, but to a higher Click-Through-Rate.

In the second week we started to change the maximum Cost-Per-Click for some words, so that the Ad Words could have a better position. This brought the campaign more clicks, but also a faster budget consumption. We also added some new keywords that had a good Click-Through-Rate. For example: “fonduri sapard”, “fonduri phare”. So that the Ad Words could bring us more clicks we decided to edit the text of one of them, trying to include as many keywords in it as possible.

In the last week we continued to modify the maximum Cost-Per-Click and we deleted 2 keywords that had too many Impressions compared to the clicks (“fedr”, “fonduri structurale”). The keywords with the best performance were: “fonduri sapard”, “fonduri POR”, “fonduri turism” and “fonduri phare”.

We consider that the success of our campaign was due to some keywords that had lot of clicks and the text of the Ad Words. Failure experiences can be considered the keywords that had no clicks the entire campaign.

5. Conclusion

After a dynamic analysis of the main campaign indicators (Clicks, Impressions, Click through Rate, Cost per Clicks) we concluded that our campaign has endured three main milestones that we successfully overcome.

In the first week our Ad Groups were highly visible, getting a lot of impressions, but far too few clicks, thus obtaining a very low CTR (0.3%). Reaching a high CTR value was one of our objectives included in the pre-campaign strategy and the value of 0.3% was a very low one. We definitely overcome this milestone by taking the decision of not placing our Ad Groups within the content network anymore. The results were obvious: the number of clicks has decreased with 48%, and the number of impressions with 83%. Those lead to an increase of the CTR with 205.3%.

A second milestone of the campaign was the low effectiveness of some keywords of the Ad Groups. Some keywords like “program national”, “finantare imm” or “fedr”, “fonduri structurale” generated impressions, but now clicks, taking our CTR down. Such keywords were not relevant for the potential clients; therefore we excluded them from the keyword list of the Ad Group and added new relevant keywords like “fonduri phare”, “fonduri sapard” and “fonduri ro”.

The new added keywords were performing well, so we decided to increase the daily budget allocated to the Ad Groups from 12.5 \$/day to 15\$/day. This action was

correlated with the increase of the CPC (from 10 cents to 20 cents) for the keyword “fonduri structurale”. The purpose of this decision was to create a higher visibility of our Ad Groups – third milestone –, respectively to increase the Ad Rank of our Ad Groups. The combined actions we undertook proofed their effectiveness in the last week of our campaign, obtaining a CTR value of more than 3% with a maximum of 5.49% in our last day.

6. Future Recommendations

With respect to the pre-campaign strategy, the actions undertaken during the campaign and the obtained results, we propose the following recommendations to our client:

- do not post the Ad Groups in the content network thus to the low CTR generation
- use specific keywords that are relevant for the potential client and for the company’s activity
- increase the CPC for the most performing keywords to obtain a better Ad Rank
- continuously delete the redundant keywords and add new keywords
- improve the quality of the landing site

In July 2009, Google announced the winners of the Google Online Marketing Challenge 2009. Our campaign was rated as “Good campaign” on a scale that included categories like: Winners, Semi-Finalists, Strong Campaign, Good Campaign, Fair Campaign, Campaign Needs Improvement, Campaign Ineligible (<http://www.google.com/onlinechallenge/2009results.html>).

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