



The Guide to Online Advertising

Part I of the Web Strategy Series

October 14, 2011

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Abstract: The goal of Web Strategy is to qualify the importance of your online presence as an essential component of your business's success. This guide introduces Web Strategy and elaborates on the various methods for Online Advertising.

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Web Strategy Defined

The goal of Web Strategy is to qualify the importance of your online presence as an essential component of your business's success. A decade ago many small businesses didn't even have a corporate website on the net, and when they did have a website up it was very likely that they weren't worried about growing their business online. Today, we can tell that the internet is much more important to businesses than it ever was, and it will continue to increase in importance into the unforeseeable future.

Now that consumers are more likely to visit Google when they're looking to purchase something we are beginning to understand the importance of being there when potential customers search for something that you sell. This involves two components of Web Strategy: Search Engine Marketing and Online Advertising, which we will return to in a bit

Being there for your prospects when they are looking for you is what effective marketing is all about. It means stocking candy bars at the checkout aisles so you can impulsively pick one up to hold you off 'til you get home. Here's something interesting, when you look down at the checkout snacks it's very likely that you'll see a Snickers bar and remember their slogan "Hungry, why wait?" This is because they've generated brand awareness for their chocolate bar, and on top of that, made the bar available to you when you need it the most. This is how effective marketing works – you're there when your prospects want you to be there...or when you know you can convince them with the least resistance.

Being there when it matters is why we turn our attention to establishing engaging and effective online social networking profiles on Facebook, LinkedIn, Google Places, Twitter and Yelp. This introduces another component of Web Strategy: Social Networking.

The most important component of your web strategy though, is not the clever technologies or cool social networking websites you use, rather, it's the formal evaluation of the ability of your web presence to help your business achieve its goals. This means that we must correlate online business to offline business, which is where most business is actually based. For example, as a real estate agent you can post a new house for sale on your website, tweet about it and cross post it to your Facebook page and still not receive any inquiries about the house. This means that something is off – you might not be attracting the right folks to your website, you might not be attracting much traffic at all, and more importantly...you don't have a formal plan for marketing your products and services online

Online Advertising: An Introduction

Just as we see products and services being advertised to us in the offline world, by passing a billboard, flipping on the radio, receiving junk mail at home, the internet has become quite the marketplace. You see ads everywhere you go online these days – whether it's checking your web-based e-mail, using a search engine, or visiting your favorite websites, you will find that ads are being displayed mostly everywhere you can go online. Just like in the real world, these are paid advertisements – but in many ways they are much more effective than traditional offline advertisements.

When you advertise online you can control variables much tighter to focus on specific audiences, offering the ability to avoid mass marketing and instead focus on niche marketing campaigns that are fine-tuned to target specific markets and ensure higher success rates.

You also benefit from being able to analyze performance in ways that are impossible with offline advertising by using analytics software that tells you how many people have viewed your ad, how many people clicked on it, and how many people clicked on your ad but weren't impressed by your website and took a hike without purchasing anything.

There are many places you can advertise online, here we'll cover the major ones:

1. Search Engines
2. Social Media Websites
3. Private Websites
4. Affiliate Networks

Search Engine Advertising

This is by far the most common method of advertising – when you type a search query into Google you instantly get about 11 ads displayed to you. Three of which you are forced to read before going on to the unpaid search engine results.

Most of us won't realize this, but all the major search engines including Google, Yahoo, and Bing, have been consistently changing the way that their paid advertisements are displayed. Up until November of last year (2010) Google was calling their paid links "Sponsored Links," now they identify them simply as "Ads." This is in part due to an FTC mandate for search engines to clearly label advertisements so as to not trick consumers into clicking on ads – but this was also done for scientific reasons...long and intense research is constantly conducted by these search engine companies to ensure that advertisements are being displayed to the right audiences to deliver higher return on investment to advertisers and to ensure that search engine users aren't clicking on links that are irrelevant, which would tarnish the search engine's reputation and lead the user to try a different search engine. At any rate...

To get an advertising space on Google Search Engine Result Pages (SERPs) you sign up for an account on Google AdWords, deposit money, create advertisements, then sit and wait for people to click on your ads. Search Engine Advertising follows the Pay-per-Click (PPC) model. Which means that you only pay when someone clicks on your ad. Other online advertising payment models include Pay-per-impression (PPM) where you pay each time someone views your ad and Pay-per-action (PPA), where you pay only when someone clicks on an ad and completes a pre-determined action on your website, like filling out a form or purchasing a product. The latter two models don't apply for search engines so we'll get back to those later.

Online Ad Campaign Management

Each major search engine has its own version of this online ad campaign management tool – on Google it's called Google AdWords, and in 2011 Yahoo and Bing partnered up to offer its online advertising customers one portal to advertise on both websites – it's called Microsoft AdCenter.

Using these campaign management tools you create advertisements and then bid on keywords – essentially, you are spending your money on purchasing keywords. For example, a university may want to display its ads only when someone types in: bachelor of computer science degree. In this case, the phrase "bachelor of computer science degree" is referred to as a single keyword and depending on how many other websites are interested in the keyword the bid can be anywhere from 2 cents to \$25.00 or more...it all depends on the competitive environment. It's an auction – the highest bidder gets the best ad placement (all the way at the top), and the lowest bidder will get the poorest placement, all the way at the bottom (and in worst cases, on the next page!).

Critical Elements for Online Advertising Success

So how does a business without experience in online advertising figure what an acceptable price is for a specific keyword? The only way to be sure is to conduct research. This means running multiple searches with various variations of varying keywords, leveraging online tools to estimate how much it will cost to use variations on the desired keyword, setting up the ad copy itself so that it is appealing to the right audiences and repels the wrong audiences, ensuring that the website is prepared to receive paid visitors and convert them to customers, and finally, when everything is set in place and your ads are running, you must measure your performance. In the online advertising world, all of these are elements that must be optimized to ensure success – the light at the end of the tunnel is that once you figure out the right mix for your own company, you will reap the benefits of being there at the right place, at the right time, and best of all, at the right price.

The many variables that are necessary to optimize for effective online advertising campaigns can be summarized as:

1. Keyword Research
2. Ad Copy Research
3. Landing Page Optimization
4. Analytics

Keyword Research.

With keyword research the idea is to determine which keywords will deliver the most return on investment, you base this on estimated traffic volume and determine how competitive the keywords are. If it's a keyword with high search volume you can expect the probability of someone typing it in to be pretty high. At the same time, you can expect your competitors to be aware of the keyword's popularity, thus setting the average bid price fairly high – and of course, you have to keep cost per acquisition (CPA) down. Upon careful review of your business revenue model you will have to decide on the highest bid price that will still allow you to make a profit from eventual ad-generated business.

An example, if you are a doctor's office and you're promoting an annual physical exam at a reduced rate that allows you to break even, say \$50. You have to make business sense out of your ad purchasing decisions. If someone walked into your office you'd happily offer the \$50 rate because you're breaking even and you can expect that patient to return when he has a cold or his child needs to be seen. However, you have to come up with a maximum amount to spend per online advertising lead ... is it worth it to spend \$50 to get someone to give \$50? In this case, the doctor incurs additional cost to see this patient because he needs to pay his office manager and use some medical supplies to provide the physical exam. This is where it becomes very important to apply business rules and revenue realities to online advertising efforts.

Ad Copy Research

Ad Copy Research starts by selecting great text to draw in your target consumers. The real strategic purpose of Ad Copy Research though, is to analyze your own performance and conduct continuous improvements that optimize your ad's probability of bringing in business. Just like any research project you have to take a set of data from a pre-determined range of time and analyze the performance of the varying ad copies you used. Thus, when you're running an online advertising campaign you have to agree to review performance periodically and fine-tune your ad copy accordingly. Deleting underperforming ads and spending more money on those that perform. Often times, switching out a single word from your ad's headline will make a world of difference ... this is where online advertising becomes a science. When your competitors are displaying ads with catchy ad copy, the challenge for you is to determine which mix of text will get the searcher to click on your ad instead of your competitors' ads.

The Landing Page.

The element of online advertising that is most often overlooked is possibly the one that is the most obvious, the landing page. The landing page is the page that your ad links to – there's a bit of a fight to bid on the right keywords at the right price and create attractive ad copy...but the challenge continues once the user hits your website. This is a big deal – it's like getting someone to walk into your office or shop...you don't want them to leave without purchasing something or at least committing to purchasing something. Therefore, to replace your office's friendly sales staff you need Landing Pages that have easy to find Calls to Action.

A Call to Action can be as practical as presenting a quick form to fill out for an "Instant Quote" or as direct as telling the visitor to "Call Now." To optimize these landing pages you have to go through a process of testing that is similar to that of the ad copy research – this time you create more than one landing page, after a period of time you can analyze your performance and determine which landing page generated more conversions (leads) and delete the landing pages that were underperforming.

Analytics.

This is something we truly can't live without. Analytics will tell you everything about your website visitors – you will be able to find out how long visitors spent on specific web pages, figure out what they clicked on, and best of all determine which keywords they typed into their search engine to see one of your ads and click on it. From these analytics you get information that reveals weaknesses in your website design, which includes landing pages, as well as shortcomings in keyword or ad copy selection. Allowing us to continuously improve our ad campaign performance.

Social Media Websites & Private, Smaller Websites

Public Social Media Websites.

Since social networks are businesses themselves, their goal is to maximize revenue – today, most social networks, at least the major ones, serve online ads to their members. On Facebook and LinkedIn the model is Cost Per Click (CPC) or Cost per Impression (CPM) – on Twitter it's CPM or Cost per Engagement (CPE). These days, a large percentage of online traffic is going to social networking sites, Facebook in particular. So advertising on that platform may not be a bad idea especially for small businesses that would like to target specific demographics within their local area. The catch is that Facebook's users are on Facebook for a much longer average period of time than users that visit Google's search page; as a result, you can get more clicks that are less qualified because people didn't actively seek out your service, you simply showed them an ad at random. Facebook is working on this and we can expect their online advertising targeting to get much better over time. I will note that to even start on Twitter your budget has to be a minimum of \$5000 – and you're not paying for an ad, but a "promoted" account name or trending topic, so your mileage will vary.

Private, Smaller Websites.

Search Engines and Social Networks are by definition categorized as websites – but because of their massive size and large revenues they've separated themselves from the pack and taken on proprietary names, like Facebook and Google...they're products in their own right. When I'm talking about smaller websites we're thinking along the lines of personal blogs and online magazines. On these websites you can still apply the payment models we previously reviewed, but a new one is introduced here and that's the Fixed-rate Advertisement. For a pre-determined period of time you can rent space on the website and pay the website owner a flat fee. Advertising on these websites is gold, in fact, it's so effective...

Affiliate Networks

The affiliate network advertising model is very simple. As an advertiser you create several advertisements, they can be image-based banner ads or text-based ads; then you place the basket of ads you created on an affiliate network. [Google Affiliate Network](#) is an example.

Once your ads are up there, you invite advertising publishers (which are people that own their own websites) to display your ads on their website for a pre-determined compensation amount. Essentially, this is commission. Finally, you determine the event or set of events that trigger various compensation amounts and methods. For example, you are a shoe store, let's take Famous Footwear for example, you put out a basket of ads and tell affiliates that for any customer that arrived to the Famous Footwear website through the affiliate's website, they will receive commission in the amount of 13% of the total purchase amount.