



## The Money Pit of Pay-Per-Click

### > Broad Match Creates Negative Keywords That Inflate Your Costs Dramatically

Negative Keywords are words and phrases related to your main keyword which have no relevance to your business. Search engines automatically create them when you place your ad. These negative keywords are generated by a "broad match" of your main keywords. For instance, if you bought the key word "metal," you would also show up on such unrelated searches as "heavy metal" or "metal bowl." Up to 25% of your keywords may qualify as negative keywords.

Finding negative keywords can be a very long and difficult task. A sophisticated tracking program should be used to provide the necessary keyword detail in order to create a negative keyword list to be added to your campaign. This will allow you to better control these broad matches. This time consuming effort must be done regularly. We recommend a thorough review of your keywords on a monthly basis using the search query report tool in your Google Adwords. Here is a link to an article in which a dentist claims to have lost \$3,000 to negative keywords in the past year alone!

<http://www.webpronews.com/irrelevant-keywords-can-be-costly-2011-01>.

An example from our own Adwords program can be found in our Plastic Bags campaign. Out of the 831 queries we received for February 2011, 165 were for negative keywords – that's 20%! That's an astounding figure given that we do monthly updates using Adword's Search Query Reports, adding hundreds of negative keywords at a time and proving this battle to be never-ending.

### > Search Engine Partner Sites Cost You Big Money

Google gets close to 68% of their revenue from partner sites such as [www.business.com](http://www.business.com), [www.alltheindustrials.com](http://www.alltheindustrials.com), and [www.industrial101.com](http://www.industrial101.com). Google calls this partner site program AdSense, while they feature another called their Display Network, with partner sites such as [www.ebay.com](http://www.ebay.com), [www.poetry.com](http://www.poetry.com), [www.quote.com](http://www.quote.com) and more. Bing/Yahoo does not publish very specific information regarding their partner sites. There are two major concerns with search engine partner sites

showing your ads: partner sites dilute the quality of the search. Users clicking on PPC ads may have come into the partner site using very different search terms such as those which are available through the “broad matches” & negative keywords as described above, and then click through to your ad. You are charged for the click but they are not as well qualified. Partner sites are also where much of the click fraud is generated through third party intermediaries. There is no control of the users on the site and very little recourse available to the advertiser. Users have not actually searched for what the ad is showing. Many visitors may not have been in search mode at all so there is no target searching done. It is more likely the user is only usually interested in what other information this general site provides. Many partner sites buy inexpensive keywords, bringing the user into a whole array of advertiser listings from AdSense, Overture, and other sources. The partner site may pay a nickel for a keyword to bring the user into its site. If this user clicks on the more expensive targeted keyword that costs a dollar, the profit is split between Google and the partner site. If the user clicks on more than one ad, then the profit really increases. These sites primary purpose is to generate revenues from the cost differentials of the keywords.

Here is an Example:

For January 2011, we paid Bing/Yahoo \$120.59 for 269 visitors from their network for our site, [www.iqsdirectory.com/ceramic-manufacturing/](http://www.iqsdirectory.com/ceramic-manufacturing/). We had only 93 visitors from Yahoo & 68 from Bing— the remaining 108 came in from Yahoo partner sites – equaling 40% of our total visitors! On [www.iqsdirectory.com/dip-molding/](http://www.iqsdirectory.com/dip-molding/), we had 401 visitors from Google. At that same time, we had 365 visitors from Bing/Yahoo at a cost of \$156.12 with only 130 coming from Yahoo and 127 coming from Bing, meaning 108 came in from elsewhere – that’s 30%!

## > Regional Business Loses Big Time... Up To 80% Waste

PPC is extremely limited when it comes to regional based business. When a user clicks on an ad, the user has no way of telling if the company listed is located on the east coast or the west coast or even in the United States at all. While the U.S. market can easily be defined into six major regions, the majority of these clicks are wasted because the buyer is located too far from the seller.

## > Click Fraud... Plus Lookers, Sellers & Competitors

Click fraud occurs when a user clicks on your ad with no intention to

buy from you or to use your information. Users often click through to deplete your ad budget, or to get some other gain for themselves. This happens not only on the major search engines, but also through programs such as AdSense. These programs allow website owners to place ads on their site and then get a commission for every click. Some site owners will partner with other site owners to artificially inflate these click totals in order to make more money. While this may seem a problem of the past, new studies done in 2011 show that online click actually grew in the 4<sup>th</sup> quarter of 2011. This articles best highlights that research, "Pay-Per-Click Fraud of the Rise": <http://www.thatagency.com/design-studio-blog/2011/03/pay-per-click-fraud-on-the-rise/> Identifying click fraud is a difficult task requiring sophisticated tracking software. Most click fraud can not be identified and will often go unnoticed because there are no fail-safe ways of preventing or identifying it. A good web tracking tool will at least identify some of the worst offenders by reporting how many times an individual IP address has visited your site along with the amount of time the user stayed on your site. Of course once you have identified a potential click fraud, you are then required to report it to the major search engines and try to get them to credit your account. The biggest news in click fraud of 2011 so far involves two major search engines – Bing and Google. Who's side are you on? The article, "Bing Accuses Google of Click Fraud", can be accessed by this link: <http://www.webpronews.com/bing-accuses-google-of-click-fraud-2011-02.>

## > **Wasting Your Most Valuable Asset—Your Employee's Time**

Inquiries that are not targeted minimize the efficiency of productive Employees with time wasted following bad leads. Bad leads are worse than no leads.....this may be your greatest cost!

## > **Opportunity Costs**

Your budget is being eaten up by visitors led to your website from poor keywords and irrelevant sites, thus minimizing the effectiveness of your advertising program. Proper application may increase your targeted coverage and results by up to 50%. One sure step in the right direction is using the conversion tracking option offered in Adwords. This allows you to see the true cost of your Adwords program. While a click lets you view the number of users that have clicked into your site from your ad, a conversion takes this a step further and allows you to see only visitors who have taken action on your site – typically in the form of a request for quote. So, while your cost-per-click (CPC) may be only \$1.00, you cost-per-conversion is much higher. As an example of how much higher they can get, in February 2011 our lowest cost-per-conversion throughout all

of our 199 Google ad campaigns was \$2.94 for Heat Treating – but our worst was \$116.29 for Air Compressors!

## **CONCLUSION**

At IQS, we incorporate many strategies to minimize the effect of the problems mentioned in this email. Our goal is to get the greatest targeted coverage for each of our sites' major keywords. We also benefit from organic rankings, referrals from our related sites, referrals from our home page, and visitors bookmarking our sites. We offer the visitor the next best level of comparative search after the major search engines by offering preview ads, detailed text, RFQ functionality, and full company information including phone number. We offer all of this for a cost that is comparable to the management fee for most Pay-Per-Click providers. Please call or email us to discuss how we can help your company sell on the Internet!