

## **Introduction to Search Engine Marketing and Online Advertising**

A search engine helps users find the things they're looking for online. The user types a word or phrase, called a query, into the search engine, which then displays a set of results that are relevant to the query.

Most search engines provide two types of results listings in response to the same user query: organic (also called "natural" or "free") listings, and paid listings (i.e., advertisements). Google keeps these two types of listings separate, and ads are noted by the phrase "Sponsored Links" appearing above them.

Most search engines rank the results within each type of listing -- in other words, they determine in what order to show the listings on the results page -- according to how relevant the result is to the user's query, with the most relevant appearing at the top of the page.

Each search engine calculates relevancy in a different way for each type of result (organic and paid). This is one of the main differences between one search engine and another, and it's a factor in many users' decisions about which search engine to use.

On Google, although both organic and paid results appear in response to the same user query, the results are independent of each other. The ranking of an organic search result has no bearing on the ranking of any ads, and vice versa. This makes it possible for an advertiser to perform well in the paid listings and have an ample online presence, even if their site isn't present in the top organic search results.

In Google's organic results, relevancy to the user's query is determined by over 200 factors, one of which is the [PageRank](#) for a given page. PageRank is the measure of the importance of a page based on the incoming links from other pages. In simple terms, each link from site A to a page on site B adds to site B's PageRank.

## **How Search Engine Marketing Works**

Each type of listing -- organic and paid -- has a type of marketing approach associated with it.

### **Search engine optimization**

Search engine optimization (SEO) involves building new websites, or changing existing websites, so that they rank highly in a search engine's organic listings when users search on terms that are related to the site's content. To learn about SEO for Google organic search results, visit Google's [Webmaster Central](#) site.

### **Search engine marketing**

Search engine marketing (SEM) is the process of promoting and marketing a website through paid listings (advertisements) on search engines.

In order to create an ad for a given search engine, you need to create an account with the advertising product or branch of that search engine. For Google, this product is AdWords. After creating an account, you then create your ad and enter a list of user search queries -- called "keywords" -- that can trigger your ad to be shown.

Ads on most search engines operate on a pay-per-click (PPC) model, meaning that you pay only when a user clicks your ad, and not for the ad impression (the instance in which the ad appears on the page). The other common pricing model in online advertising is cost-per-thousand impressions (CPM), in which you pay per impression, not for any clicks on your ad.

Site owners often choose to advertise their site instead of, or in addition to, optimizing their site for placement in the organic search results. Although it's necessary to pay for the clicks your ads receive, advertising allows you to be proactive about when and where a listing for your site appears. Creating an AdWords account takes minutes, and ads can run almost immediately in response to keywords that you choose.

## **How Online Advertising Works**

Although SEM refers to placing ads just on search engines, online advertising as a whole is much broader. The possibilities of online advertising include placing ads on nearly any type of website or page a user might browse, such as news, blogs, reviews, entertainment, online magazines, and marketplaces. In AdWords, these other sites make up the Google Display Network.

Ads on the Google Display Network can be in a number of formats, such as basic text ads, graphical image ads in a variety of sizes, audio streams, or interactive and video ads. You can also choose many different targeting options for your ads: whether defining the user's device (a computer or a mobile phone) you'd like your ad to show on, or specifying the user's location, language, or demographic.

Online advertising offers so many options that it's useful to define your advertising goals before beginning. This can help you determine where to place ads (search engines, Display Network pages, or both) and what format of ads to place, and also help guide your budgeting decisions.

## **Direct Response vs. Branding in Online Advertising**

Online advertising goals generally fall into one of two categories: direct response or branding.

### **Direct response**

If your goal is direct response, you'd like a user to perform an action after clicking through your ad to your website: make a purchase, sign up to a newsletter, or request a quote, for instance. The completion of your desired action by the user is called a conversion.

To manage your online advertising strategy and costs, it's useful to define a cost-per-acquisition (CPA) that you'd like to achieve per conversion. You'll then be able to monitor the performance of your ads to ensure that they're meeting your CPA goals.

## **Branding**

If your advertising goal is branding, your main reason for advertising online is to raise awareness and visibility of your product, service, or cause. To achieve this, you'll want to aim to place your ads in front of as many people as possible within your target audience.

## **Use cases**

Although just about anyone could use online advertising for any reason, here are some of the best use cases:

- An online retailer without a physical store location:  
Use online advertising to drive traffic to your website. Show ads both in response to relevant keywords on search engines and on Display Network webpages that your target customers would be likely to visit.
- A small business that cannot afford expensive, traditional advertising methods:  
Use online advertising to narrowly target your ads to a particular audience, and to closely control your costs and track your return on investment (ROI).
- A large business that would like to build brand awareness:  
Show image ads or multimedia ads on Display Network webpages that your target audience is likely to spend time on.

## **Common AdWords Terms [Review an elearning](#)**

Using Google AdWords for the first time will introduce you to some new terminology. Here are a few of the most commonly used AdWords terms:

### **Keyword**

The keywords you choose are the terms or phrases you want to prompt your ad to appear. For example, if you deliver fresh flowers, you can use "fresh flower delivery" as a keyword in your AdWords campaign. When a Google user enters "fresh flower delivery" in a Google search, your ad could appear next to the search results.

### **Placement**

Like keywords, placements are another way for you to control where your ads appear. A placement is usually a website where you'd like your ad to appear. For example, if you select [www.example.com/sports](http://www.example.com/sports) as a placement, your ad could appear on that site.

### **Image ad**

A graphical ad, which can be static or animated, that runs on the Google Display Network. Also called a display ad.

### **Campaign & Ad Group**

AdWords accounts are organized into campaigns and ad groups. You start with one campaign, which has its own daily budget and targeting preferences. You can have multiple campaigns running and might choose to create one campaign for each product or service you

want to advertise. Within each campaign, you have one or more ad groups, which are sets of related ads, keywords, and placements.

### **Impression (Impr.)**

The number of impressions is the number of times an ad is displayed on Google or the Google Network. Monitor your impressions to see how many people your ad is shown to.

### **Click**

If a customer sees your ad and clicks on it to learn more or to do business with you, it is recorded in your account as a click. Monitor your clicks to see how many people choose to enter your website from your ad.

### **Clickthrough Rate (CTR)**

Your clickthrough rate (CTR) is a metric that helps show how your ads are performing. The more relevant your ads are, the more often users will click on them, resulting in a higher CTR. The system calculates your CTR as follows:  $\text{Number of ad clicks} / \text{number of impressions} \times 100$ .

### **Cost-per-click (CPC)**

Under the cost-per-click (CPC) pricing model, AdWords charges you for each click your ads receive. You won't incur any costs if your ad is displayed and users don't click it. CPC bidding is the default for ads running on Google and the Search Network. Most advertisers also choose it for their campaigns that focus on getting a direct response from their audience, whether a sale, sign-up, or other action.

### **Maximum cost-per-click (maximum CPC)**

The highest amount that you are willing to pay for a click on your ad. You can choose to set a maximum CPC for individual keywords or for all the keywords within an ad group.

### **Cost-per-thousand impressions (CPM)**

With some campaigns, you can choose to pay for views of your ad rather than clicks. The maximum CPM is the most you're willing to pay for each thousand impressions, or views of your ad. CPM bidding is only available for campaigns that target the Display Network and not Google search or search partner sites.

### **Quality Score**

Quality Score is the basis for measuring the quality of your keyword and ad and determining your cost-per-clicks (CPCs). Quality Score is determined by your keyword's clickthrough rate (CTR), relevance of your ad text, historical keyword performance, and other relevancy factors. The higher your Quality Score, the lower the price you'll pay per click.

### **First page bid estimates**

Your AdWords account will show a first page bid estimate for each of your keywords. This metric estimates the cost-per-click (CPC) bid needed for your ad to reach the first page of Google search results when the search query exactly matches your keyword. The first page bid estimate is based on the Quality Score and current advertiser competition for that keyword.

## **Optimization**

An optimization is the process of creating/editing keywords and ad text (or adjusting other parts of the account) to improve the performance of AdWords ads.

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