

SEARCH ENGINE MARKETING AND PPC

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OPENING VIGNETTE

Meerut-based Bhawana Sharma is in search of a good business school for herself in Bengaluru. She has a lot of friends and relatives in Meerut, from whom she can obtain information about good college in her locality. But she doesn't know anyone in the Silicon Valley of India. Internet is the best choice for her to obtain knowledge about the best business schools in Bengaluru. She turns to Google and typed a query 'Best Business Schools in Bengaluru'. Now, she came across, two types of listings- Organic and sponsored. She is confused! Which one to choose? Let's help her in solving her confusion.

If we need to buy a laptop then how we will decide best machine available with a well known brand and with best pricing?? Traditional way of finalizing is to talk to all relatives/friends and family members and check out how their laptop is performing....but in this digital era, we are not supposed to conduct any research offline regarding pricing, performance for any laptop...we can directly.....

LEARNING OBJECTIVES

- *Understand the core concepts of search marketing*
- *You will be able to differentiate between SEO and SEM*
- *Learn about the concept of PPC*
- *Learn about 'How Google Ad Performs'*
- *Understand pros and cons of PPC*
- *Gain knowledge about platforms of PPC*

AN INTRODUCTION TO SEM

In the marketplace, the most significant thing that a seller wants to ensure is that the potential customer finds his product, at the right place and at the right time, be it online or offline. In today's time, digital marketing is one of the most widely used strategies. Search engines are the tools that help marketers in targeting the right consumer, who is actively looking for a product as a solution to his problem. Search Engine Marketing (SEM) is at the core of any digital marketing strategy. The entire process of SEM can be classified into Search Engine Optimisation and Search Engine Advertising, which is commonly known as Pay-per-Click (PPC) method.

One of the earliest definitions of SEM was given by Sullivan in 2001. According to him, SEM area series of activities included in Performing SEO, creating directories of different websites, managing PPC listing and developing strategies for individual, businesses and organizations.

Again in 2010, he further explained SEM as a type of web marketing that is supposed to promote the different websites by increasing their visibility in SERP by including Paid inclusion, SEO, Contextual advertising and digital asset optimization.

In other words, it (also known as Search Marketing) is the process of getting traffic from search engines either organically or paid. SEM is very important because search traffic is targeted and thus more valuable than any other form of traffic you can get with other promotion methods.

SEM basically support all the activities which are helpful in improving the ease of fetching a website through any search engine may be through paid advertising, like PPC, or unpaid form of advertising, which is often known as organic.

So many tools are being used for search engine marketing, but the paid form of advertising is the most effective methods for grabbing people's attention. This is where from the concept of PPC, comes in. We generally see the people using search engine both Search Engine Marketing (SEM) and PPC interchangeably, but both are different. Main reason behind this confusion is that both are engaged in the promotion activities using search engines.

There is also a tendency to confuse SEM with SEO or search engine optimization. SEO itself is a type of search engine marketing which instead of using paid advertising, focuses instead on things like keywords, back links, technical elements, and useful content to try and obtain organic visits.

People also tend to get confused between SEM and SEO. SEO itself is a doing search engine marketing with the help of few technical elements like keywords and linking whereas SEM is generally a paid form of marketing/Advertising.

In this chapter, we will discuss the concept of PPC, including benefits and disadvantages of using it, comparison of PPC with SEO, as well as various online advertising payment models and keywords search techniques in advertising.

PPC- Full form of PPC is *pay-per-click*; it actually refers to a model of internet marketing where advertisers make a payment according to total no of clicks made by the customers within a specific time period. Actually, it's a method of buying visits to our web site, rather than trying to get them organically.

PPC was developed as a model of creating revenue from the use of search engines. Over the past 15 years, Users got accustomed to use various search engines which offers free services Search engines follows a number of steps to review, index, and generate listings. So many other alternatives are also available to perform the same steps, but all of them are very costly (Wittenberg 2004).

One of the most known forms of PPC is search engine advertising. It helps marketers to place their ad in sponsored links of search engines. When a person searches a keyword that is related to advertiser's product, the product appears on the list.

As we know that in PPC model, advertisers need to pay for every single click they receive through the sponsored link because search engine sponsors need income to cover their costs. If the user will not pay for search results, they have to do something else to generate income. Because of this, search engines leverages, this need of marketers to be visible and visited among their competitors. This leads to higher ranking results and creates huge Web traffic.

So many other search engines also offer PPC services in order to generate revenue (Neethling 2008). Like Google provided Google AdWords, Yahoo! Manages Yahoo! Search Marketing, while Bing uses Microsoft AdCentre.

Whenever any user enters search string, the search engine will display the companies' website links in a specific order according to their rank decided by search engine's algorithm. The ranking sequence is determined by the customer bid price times and the quality score, assigned by Google for that page. The bid here represents the amount that a company is ready to pay to the search engine every time a user clicks on the link to its website on the SERP (Neethling 2008).

It is actually an auction-based-system. Advertisers, who are ready to pay higher, will be preferred by the system and tends to get more clicks and traffic at their websites. Market is getting competitive every day, so bids need to be moved in the same direction. In other words, if you want to acquire new and more customers then you also need to pay a hefty amount to search engines like Google. If PPC is working in the right direction, the fee becomes insignificant, as *the traffic is worth more than what we pay for it.*

For example, Bhawana types on the keyword 'Best Business Schools, the highest paid ad might appear at the top in the list.

Since PPC holds control over budget and has a capacity to target the relevant audience, a company can stay ahead of others by achieving higher ranks in SERP results.

However, the disadvantage in case of PPC is that more than half of the visitors would like to buy from organically generated lists rather than a paid ad link.

Google Ads are the most effective weapon to pursue Paid advertising. If we want to use it properly, we should know how actually it works??

HOW GOOGLE ADS PERFORMS??

It is an advertising platform which allows us to advertise our business-related activities on Google and its partner's websites. Whenever we search

for anything, we find some ads on that website and in case we click to those ads, we automatically land on that website.

Google's collects all the related data regarding previous search history of the customer and target accordingly which in turns make it easy to get your ads in front of the right audience.

Using PPC via Google Ads is more valuable because it is the most popular form of search engine till date. Google attracts huge traffics and helps in obtaining maximum impression and clicks for a marketer.

Being the most popular search engine among the customers, there are plenty of opportunities to reach and target the customers through the Google. Businesses only need to get a Google Ads account, prepare their campaigns, and begin advertising to their target audience.

- Appearance of the advertisement depends on the keywords, we generally use for any search, all related to those keywords will appear on customer's screen. So, if we are planning for our PPC campaign, then to achieve maximum output, we need to focus on the following points-
- Keywords should be very relevant and should be used properly in the content of website.
- We need to maintain and update the landing page on a regular interval just to make it persuasive and action oriented.
- Content quality should be really good as it is helpful in displaying ads with lower cost. As we know that Google itself gives a quality score to every page and rank it according to the quality of content and creativity of the same.
- **Quality Score** – Quality Score is Google's rating of the quality and relevance of your keywords, landing pages, and PPC campaigns. Good quality scores will help advertisers in getting more clicks on ads at less cost.
- **Creative** – Being creative with the advertisement on the display network is extremely important. There are a lot of free tools, such as Smart Ads Creator, are available to design creative ads.

EVALUATION AND HISTORY OF PPC CONCEPT

PPC is a model used to generate advertising revenue in which organization make a payment whenever any user clicks on their ads. It is not a very new concept, it originated before and around two decades. Few facts related to origins and history of PPC are as follows.

First PPC advertising model was launched by Planet Oasis in the year 1996. Planet Oasis was acting as a virtual city, involved into the promotion of different companies through creating and publishing billboards for them. Users clicked on the billboards were automatically redirected to the company website.

Few major Companies who paid 10,000\$ to be featured on Planet Oasis were, Warner Bros, Time Warner, The New York Times, and Yahoo Planet Oasis only introduced the PPC model however the companies preferred a flat fee model rather than PPC model. Planet Oasis got almost 400 companies registered by year 1997. Companies also started to adopt the PPC model where per click rates

were varying from varied from 0.005\$ to 0.25\$. Planet oasis enjoyed its monopoly of being only advertiser using PPC model throughout year 1997. But situation got changes in next year i.e 1998.

Google was introduced as a project in 1997, however, now it is a fully incorporated firm. Google's domain name was bought and the website was launched as a beta. The company had indexed more than 60mn web pages during that period.

Goto, a similar model to Planet Oasis was launched in 1998. It caught the attention of major companies through the launching of a bidding feature. This feature allowed companies to bid against each other, to finalize whose advertisements will be displayed on the website. Because of this only, companies started paying for keywords for the very first time, and the PPC industry got very competitive. Goto started operations as a well-indexed search engine, however, due to technological limitations at that time, the bidding process was very time consuming and use to take hours to get completed and be updated on the website.

Goto again launched a real-time keyword bidding feature in year 1999 that offered the facility of bidding and repositioning companies' placement in real-time. Goto launched its IPO while Google collected h funds from various other venture capitalists.

In the year 2000, Google launched its iconic AdWords, and it just reshaped the PPC industry forever. Google started to receive more than 18mn search results per day.

In a few months after its launch more than 350 firms registered for AdWords. This platform provided an improved PPC and better keyword management experience for marketers.

To beat the new competition, Goto adopted rebranding and became Overture Services Inc. It also partnered with bigger firms, including Yahoo and MSN to explore PPC advertising. Goto successfully earned a revenue of \$288mn in 2001, compared with \$58mn earned by Google in the same year.

However, Overture Service started to suffer after losing a contract with Earthlink Internet Services, which passed on that contract to Google. The situation of Overture Services even worsened with declining share prices and growing financial stress in 2002. Further, it lost an AOL contract to Google while the former sued the latter for snatching away a search engine patent.

Acquisition of Overture by Yahoo

In the last bid to revive its search engine, Overture Services bought Alta Vista and All The Web. Despite of that, due to increased financial burden the company was acquired by Yahoo in the year of 2003 for \$1.6bn. Later, Yahoo restructured Overture's PPC platform and renamed it as Yahoo Search Marketing. It became direct competitor for Google in the market.

ONLINE ADVERTISING PAYMENT MODELS

Various different online advertising models are available and the companies prefer them according to their requirements.

PPC or CPC (Cost per Click):

PPC is an advertising model where advertisers do not actually pay for the listing, but they are supposed to pay only when a potential customer actually clicks on the ads just to visit their websites. It facilitates the advertisers to refine the search process and to collect information regarding their targeted market segment.

Whenever a user types a search string or any keyword query matching the advertiser's keyword list, then that marketer's ads will appear on the search results page. These ads are known as "sponsored links" or "sponsored ads", and appear next to the natural or organic results on the page. PPC ads also appear on content network websites.

"Keyword" and "Content Match" are the two types of any PPC engine search. Keyword are sponsored match that shows listing on the search engine, while content match comprises ads on the sites of publishers, as well as in emails and newspapers.

Pay per call:

Pay per call is a business model for advertisements listings through search engines and directories where publishers charge from local advertisers on a per-call basis for each lead (call) they generate. People tend to confuse "pay per call" with "click to call". Click-to-call, comes with call tracking, and it is a technology that enables the "pay-per-call" business model. Pay-per-call is not restricted to local advertisers only. Most of pay-per-call search engines facilitates advertisers in making a national presence through creating ads with local telephone numbers.

Cost per Acquisition (CPA) or Pay per Action (PPA)

In this model, the entire risk of running the ads remains with the publisher. The advertiser only pays for the completed transactions or actions, which may be filling up of a form, creation of an account, registering for a newsletter or the actual purchase. It is a popular form of advertising model used by advertisers. This model is also called PPA.

VPA (Value per Action):

Value per Action (VPA) is an online marketing business model just similar to the Cost per Action (CPA) model. Cost per Action facilitates a low-risk arrangement where the seller pays an advertising fee when any consumer takes action (such as placing order for their product) on the other hand Value per Action give extension to that model to generate revenue sharing with the consumer.

While perusing the VPA model, sellers don't bear any advertising/marketing costs until a sale takes place, and also can have higher sale by investing more on the name of the advertising budget. Advertising budget will be shared between the marketer and the consumer, so the amount of advertising budget becomes a direct incentive to the consumer. Two or more sellers can offer the same product at the same price, but they provide differing incentives to consumers through their advertising expenditures.

Click Through Rate (CTR)

CTR measures success of an online ad campaign run by any marketer. It is calculated by taking the ratio of actual clicks made on an interactive advertisement to the total impressions. A CTR rate is given by dividing the number of visitors clicking on any ad by the impressions, which is the number of times a particular ad was delivered.

ADVANTAGES OF PAY-PER-CLICK ADVERTISING

According to Soubusta (2008), main advantage of using PPC, is that the user who is watching a PPC advertisement as his/her search results page, would be already interested in the advertisement being displayed as they only used one of its related keywords. This interest automatically increases the chance of the user being interested in placing the order for the product/service featured in that PPC advertisement.

According to Eaton and Kenyon (2014), such PPC advertisements on a results page are very less in number than organic results, so the advertisements get better chance of attracting the web user.

According to Eaton and Kenyon (2014) also mentioned the likelihood of localising PPC advertising. In case of using PPC model, a business advertises in the region in which they expect majority of their consumers to be situated, rather than choosing global advertising. In case of global advertising a business may get higher number of clicks, but in case it is being operated at the local level and it cannot cater to consumers out of that range, they can pursue local advertisements only for the most potential and targeted consumer group. We know that Advertising to a limited geographical area affects the advertisement's visibility, attracts only fewer clicks, resulting in a lesser revenue for web publisher/search engine which is displaying the advertisement.

Major advantages of using PPC advertising consist of:

- **Cost effectiveness** – As we only pay when any user actually lands on our website, it provides good value for money. We can choose to spend much or less as per our budget.
- **Targeting of customers, as per our objectives**- We have to choose our target audience on the basis of demographics like their location, language and device, they prefer to use while searching for something.
- **Returns are Measurable** - PPC campaigns can be used as per the returns, we are planning to achieve in a specific time period. we can determine exactly how much return we need on the investments that we are planning under PPC.
- **Ads can be Customised as per changing needs** - as soon as we run our campaigns, we can make small adjustments to improve the effectiveness of the same.
- **Training resources** – Often there are a lot free materials and courses to help in developing skills.
- **Fast and guaranteed results**- The best thing about PPC is that as soon as we finished creating our campaign, we can see the impact of our PPC efforts immediately. Search engine optimisation (SEO) tactics generally take lot

of times to make a difference. This instant result also provides one more advantage that we can see the mistakes in our advertising campaign sooner rather than later.

- PPC is different other form of advertising in the sense that we can have guaranteed results with the budget we set aside for PPC. We only need to pay out when we get clicks on our advert and traffic to our landing page.

DISADVANTAGES OF PAY-PER-CLICK ADVERTISING

Dark side of PPC deals with Hit inflation attack, which also called click fraud. It takes place when any automated script/programme, or an human involvement is present just to falsely generate or increase no. of clicks on advertisements. Objective behind this is to generate revenue for every click for the web publisher, even without a real interest of the users in the advertisement being displayed (Knight, 2005; Metwally, Agrawal, El Abbadi, & Zheng, 2006).

According to Cudmore et al. (2009) such frauds happen due to an intentional access to a PPC link, with an aim of generating revenue for the web publishers (Kshetri, 2010), or exhausting other advertiser's PPC budget. A study conducted by Midha (2008) proposes the phrase affiliate fraud. It is also being termed as publisher fraud (Soubusta, 2008) or inflationary fraud to denote the former type of click fraud, and competitor fraud to signify the latter type.

The placement of advertisements is one more limitation; we know that apparent positioning on top of the page or any webpage will be noticed immediately, and any advertisement can be ignored easily with a poor positioning (Eaton and Kenyon, 2014). Moreover, another issue is that no click will not be converted into a real sale, so if one needs to have effective advertising then they should invest efforts and time in choosing appropriate keywords that will help in controlling the cost related to every click.

Another limitation is the rise in the price of keywords at a regular interval. Accordint to a study (Mordkovich and Mordkovich, 2005) firstly prices for keywords are set by the search engines, after which on the basis of the popularity of a keyword and on the total number of advertisers seeking to associate that keyword with their advertisements, they increase the price subsequently.

In case of click fraud, if the number of clicks made on an advertisement raises, the number of clicks for the related keywords also rises. Because of the same these keywords are identified as popular keywords, whose global prices increase for all advertisers (Mordkovich and Mordkovich, 2005).

The use of PPC gets complicated when the quality score of an advertisement is enhanced (MacGregor, 2012). PPC advertising becomes more expensive if the clicks do not convert into sales. It gives rise to the problem of how web users ignore those sponsored advertisements, and emphasise the issues that may arise if the advertisers select non-appropriate publishers to display their advertisements online (MacGregor, 2012).

Few other disadvantages of PPC advertising are:

Need of regular investment- We can't launch our PPC campaigns and leave them. We need to keep a regular eye onto the optimization and improvements to get the desired outcomes.

Need of Related Skills- It requires specific skills to prepare effective campaigns. Businesses need to use and pay to a specialist company or agency.

Costs may raise quickly – If we do not monitor and optimise our campaigns get desired returns, then it may result in wastage of money. Unlike SEO where investment of time and skills is needed, for PPC campaigns budget allocations are also necessary.

Clicks and visits do not guarantee sales – Once the potential customer reaches our website, efforts in terms of convincing them are needed to ‘convert’ them into actual customers.

Conclusion

Without a doubt, Search Marketing is cost effective over traditional forms of online or offline marketing. A very significant component of Search Marketing is Search advertising. This paid form of online advertising definitely helps marketers in getting more clicks and attracting huge traffic to their website. But, despite being a popular form, it has got its own set of challenges in the current marketing scenarios. One of the biggest issues is that there are lesser number of marketers who want to adopt it over search engine optimisation platforms. Another challenge is faced in the form of keyword bidding by companies for their own brand names. Many a times, marketers do not prefer to bid for their own brand names, as they feel that there is no need of bidding due to existing higher organic listings. However, we should not forget that search advertising usually has a quicker impact than SEO. In the growing digital world, Search Marketing, more precisely search advertising, still remains contemporary and useful, with billions of dollars being spent to gain needed search volumes for generating revenues.

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