



# PPC Management for E-Tailers

Cases & Research

# INTRODUCTION

So much has changed since we presented the first edition of our PPC (Pay-Per-Click) Advertising Case series in October 2008. The continuing economic downturn is forcing marketers to constantly re-evaluate their strategies. Marketing Executives are being asked to do more with less.

Paid search advertising has been one of the very few marketing channels that has been steady (because of the greater measurability, non-intrusive nature and cost effectiveness of the channel). However, the room for error has shrunk dramatically. It is all about operational efficiency. It is all about stretching the PPC advertising dollar as far as possible.

In this case series edition, we share with you efficiency tactics for boosting your PPC Campaign performance. As with any PPC tactic, the improvement in campaign efficiency is directly proportional to the execution rigor employed. The tactics suggested are just a few of the many options that exist, but I hope you find our suggestions useful and relevant. I must thank my team members, Punya, Sumanth and Harsha for the research material.

I would love to hear back from you. You could email me at [udayan@netelixir.com](mailto:udayan@netelixir.com).

Happy Reading!

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## A Case for Efficiency

Our research shows that for any retail category, the number of paid search advertisers per keyword has increased by 15% over the last 12 months. The average cost per click has increased by more than 12% in the same time period. Moreover, it is becoming increasingly difficult to achieve the same level of revenue/click.

Falling margins and an increase in competition are forcing marketers to focus on efficiency.

Search advertising is dynamic. Achieving efficiency in a dynamic process flow calls for a sophisticated execution philosophy and operational discipline.

The 3 efficiency boosters that we suggest in this edition of our SEM Case series are not one-off batch implementations. They need to form a part of your daily campaign management process.

**Efficiency** 

## 3 Tactics for Boosting Your PPC Advertising Efficiency

- Utilizing the power of negative keywords
- Evaluating your SEM budget mix
- Combating the Trademark Infringement Menace

# Efficiency Tactic 1

## Utilizing the Power of Negative Keywords

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## **Situation:**

Your ads are getting a lot of impressions, but the traffic is not very targeted. You wonder if you are spending your PPC budget efficiently.

## **Complications:**

Generic keywords can drive a lot of unqualified traffic to the site. You could blow your budget very quickly for very little in return.

## **Resolution:**

Targeted keywords are key to running an optimal campaign. Appropriate usage of negative keywords can filter out the irrelevant traffic thereby improving the click through rate, the conversion rate, the quality of traffic and lowering your cost of acquisition.

Negative keywords can be added at the campaign level as well as keyword level. Adding negative keywords at the campaign level will block unqualified traffic for all the keywords in the campaign. Adding negative keywords at keyword level will block the irrelevant impressions for the keywords in just that ad group. The Search Query Report is an essential tool to be used for identifying and adding the appropriate negative keywords. You can identify the precise search queries that are not converting and establish a comprehensive negative keyword list.

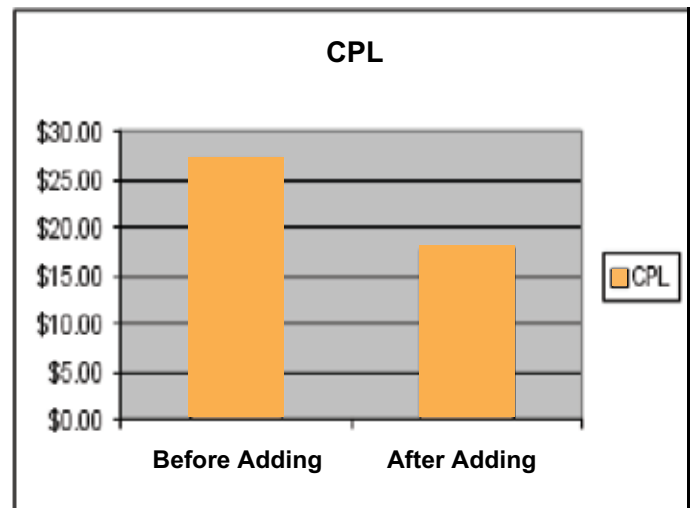
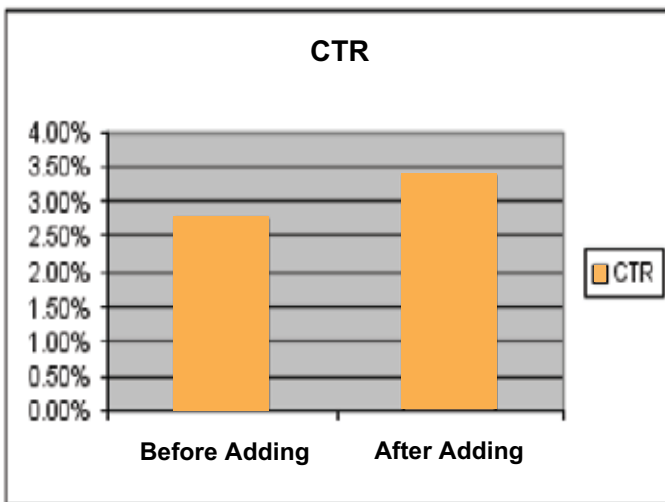
The process is time consuming but can significantly improve targeting and performance.

# Negative Keywords



## Campaign Performance Before and After Adding Negative Keywords

Campaign Performance (one week)	Impressions	Clicks	CTR (Click Through Rate)	Average Position	CPL (Cost Per Lead)
<b>Before Adding</b>	578,648	16,029	2.77%	2.5	\$27.00
<b>After Adding</b>	585,505	19,739	3.37%	2.2	\$17.57



Source: NetElixir Knowledge Bank. Real Campaign Data collected for one week before and after adding negative keywords at campaign level.

# Efficiency Tactic 2

## Evaluating Your SEM Budget Mix

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### *Situation:*

You spend 81% of your total PPC Budget on Google, 14% on Yahoo and 5% on MSN. You wonder if there was a way for you to reallocate budget to improve overall returns.

### *Complications:*

Are you sure your budget mix is optimal? Could the budgets be shifted across the search engines for generating higher returns? How rationally have you assessed your budget distribution? In times such as these, every penny counts.

### *Resolution:*

It is highly advisable to constantly evaluate the efficacy of budget allocation. Here is one way to do that -

Set one “key performance metric,” such as Return on Ad Spend (ROAS). The search advertising variables on which you need to keep tabs are cost per click and revenue per click. By tracking the data on a month-by-month basis, you can actually pinpoint when you should re-distribute your budget. If you get into a bit more detail, you can actually see that the same keywords have different profitability for different search engines. It is understandably a time consuming process to analyze search engine specific keyword profitability. However, you could always limit your analysis to the top few keywords. If you now want to bring in a second key performance metric, such as total orders, along with ROAS, you need to add two more variables, impressions and clicks.

It's a healthy practice to evaluate budget allocation based on seasonality, special promotions (surprising as it may sound, we have seen that some promotions do better on one search engine than the others), geographies targeted and special events. (ex. During new product launch you may want to vary the budget allocation percentages.)

# SEM Budget Mix

## Creating an Optimal PPC Budget Mix

	CPC (\$)	Clicks	Conversions	Cost Per Conversion (\$)
Google	0.58	1,057,990	67,422	11.81
Yahoo	0.50	229,309	14,355	11.79
MSN	0.46	60,789	6,143	8.14



### Questions to Ask:

- What is my threshold cost per conversion amount? (Below the threshold cost per conversion you are happy with any additional conversions.)
- Currently, 81% of our budget is allocated to Google and 5% to MSN. If we increase the budget allocation on MSN to 8%, will we be able to...
  - Get conversions at less than \$11.81 per conversion on Google?
- At what budget point does the benefit of acquiring customers at a lower cost per conversion get offset by the number of incremental conversions Google can drive to our account?
  - Lower our overall cost of acquisition without lowering the number of conversions

*Source: NetElixir Knowledge Bank. Real Campaign Data for One Month Period.*

# **Efficiency Tactic 3**

## **Combating the Trademark Infringement Menace**

# Combating the Trademark Infringement Menace

## *Situation:*

Your affiliates and competitors bid on your trademark terms. Moreover, they also use your trademark in their ad copy. You end up paying significantly more for advertising on your trademark terms!

(We have data to prove that this has been “the fastest growing problem” in PPC Advertising since January 2008.)

## *Complications:*

Your affiliates’ ads show up but yours do not. Your competitors may lure customers by making them believe that you have granted them permission to use your trademark term in ad copy. You lose revenue and, more importantly, your brand gets impacted.

## *Resolution:*

Sadly, there is no fool proof solution for this problem. Search engines can stop your competitor’s ads from displaying after you file a formal complaint. However, they cannot do the same with your affiliates, as long as they adhere to the terms set by search engines (as affiliates are considered an extension of your Company). You could, however, follow the steps mentioned below to minimize the trademark infringement challenge -

- Create a List of Affiliates whom you have permitted to advertise on your trademark terms and use them in ad copy.
- Send a formal communication to all affiliates who are not in this list asking them to refrain from advertising on trademark terms.
- File a complaint with all search engines through the online forms that they offer and follow up rigorously. They will stop the ads only for the websites that you mention in your complaint.
- Institute a 24x7 surveillance program to keep tabs on any infringements.

**Trademark  
Infringement** 

## About NetElixir

NetElixir specializes in paid search advertising management for online retailers. Using a combination of proprietary search optimization technology and 24x7 human expertise, we have consistently delivered exceptional ROI for top retailers like K-Swiss, Oneida, Vermont Teddy Bear, CarpetOne and Omaha Steaks.

The Company is headquartered in Princeton, NJ and has offices in Hyderabad (India), Freiburg (Germany) and Copenhagen (Denmark).

We recently launched LXR Retail (**[www.lxrretail.com](http://www.lxrretail.com)**). It is an intelligent SEM technology, built exclusively for the online retail industry, that is backed by 24x7x365 product support.

## For Additional Information please contact:

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