



Australian Government
Australian Trade Commission

Business in the new digital economy.

Trends and strategies in eMarketing

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Marketing in the US is essential, no matter what industry you are in. Traditional channels in this era are just not sufficient anymore. This booklet will introduce you to various methods of online marketing for your business and brand using social media, viral marketing, mobile, and pay-per-click advertising.



Section I— Social Media.

What Is Social Media?

Blogs, wikis, social bookmarks, tag clouds – new words for new things, and new ways to use words. You may be living in the world of social media, but to many it's a jumbled jungle with no clear structure. Comparing social media to traditional media is probably the most useful way of defining what exactly this means. Most simply put, social media are media (from written to visual to audio to audio visual) that are designed to be shared. Sharing means that it is easy to comment on, that it is easy to send, and that there are no high costs associated with viewing the media. And, because of the connected nature of the Internet, it means that sharing; commenting and

viewing can all be tracked and measured. The Internet, and the software developed to run on it, has made it simple for anyone to publish and distribute. It has also made it simple for anyone to access the content that has been published. The realm of social media is about collaboration, users generating content, sharing and, most of all, it is about connecting.

Why Use Social Media?

There are four reasons to use Social Media for your business. Not necessarily in any particular order, they are:

- Marketing
- PR
- Market Research
- Customer Service

All four of these are geared to do the same thing—connect with your customer and engage them. But don't hide behind trendy words like “engagement;” ultimately you want to do one thing, sell more products or services. Let's take a look at how each of these four components of your Social Media strategy can help you sell more.

Social Relationship Management

From a marketing perspective, consider Social Media as an enhanced, more touchy-feely version of CRM. Hopefully you are already running an effective email marketing campaign and properly communicating with your database of customers. These days, you need to run several mailing lists. Your Twitter, Facebook, YouTube, etc. all have fans, followers, and subscribers. Just like with

your email list, your Social Media-based customers and potential customers need to be communicated with on a regular basis. They need to be entertained, supported, and rewarded. A good rule of thumb is to make sure there is at least one piece of new content (blog post, special offer, or customer poll) created per day, making sure to cross-promote the content along all social channels. Interact with your customers and ask them what they'd like to see.

Marketing

Utilize the methods provided by each Social Media outlet to engage with your customer. One recent example of a company using the functionality of a social network to drive sales is Best Buy's Facebook page. On Best Buy's Facebook page users can browse all the products that Best Buy has to offer and then ask the opinion of their personal network of Facebook friends what they think about the products they want to buy. This enables a customer to simultaneously browse for products while interacting with their friends via the Facebook platform. Best Buy not only benefits from an innovative social sales strategy, but also has valuable research data that may help them determine which products to stock in the future.

It's Not a Number Game

Don't get sucked into the numbers game. How many participants you have on your Social Media properties is far less important than how you interact with them. It is better to have 500 fans who are passionate advocates of your brand than 5,000 uninvolved followers. Instead of tracking growth in numbers, gauge success on how responsive and participatory they are.

Public Relations—Find the Right Audience

Publicity and Public Relations are no longer just about getting an article in BusinessWeek or the New York Times. Now there are thousands of influential blogs and online outlets that can create a positive effect on your business. With numerous major print publications struggling to survive, most publicists have added digital media and the extended Social Media to their hit list. Going back to the point stressed earlier, quantity should not be the goal. How many people you reach is far less important than the quality of people you reach. With the proliferation of Social Media you can, and should, target your PR campaign to the web publishers that can position you with the people you want to reach. If your product is a piece of technology, then you can find countless websites and blogs that focus on just that. Their readers and followers trust their reviews and advice. While these publications may not reach as many as the Wall Street Journal, oftentimes you will sell much more with an influential blog that has a fraction of the readers.

Do-It-Yourself PR

You can also create your own press exposure by dedicating time and resources to your own blog and social networks. Self-published white papers, Point-of-View (POV) documents, poignant and helpful essays, case studies, and research should be featured on your company's website, blog, and social networks. Documents like these authenticate your brand and position you as a leader in your space. The more original and compelling your work is, the more likely it is to get noticed and be shared. Hot topics and future trends are common avenues to explore, with many companies often incorporating original research findings into their summary conclusions. Digital agency Razorfish does a tremendous job validating their knowledge with their FEED report which generates them substantial press and notoriety.

Market Research—Fans Are More than Focus Groups

Thanks to Social Media you have incredible access to your customers. You have hundreds or thousands of “fans” coming to your Social Media properties looking for information and a dialogue. They want to know more. They also want to tell you what they think. So encourage them to speak freely. Ask them what they like about your product. Ask them what they don't like. Treat them like family and they will give you the tools to better your business.

If you are like many businesses, you have probably spent thousands of dollars hiring market research companies over the years. Those firms would locate ideal target customers and ask them for input on your product. No need for that now. You don't have to go searching any more, the people whose opinions you want most are opting in to your social networks. Take the money that you had previously spent on market research and give it to your Social Media team to conduct market research directly with your audience. You might offer simple incentives for participation such as extra discounts or small prizes, but most likely your customers will tell you what they want just because someone will listen. Create polls that fans can use to vote on new products, features or services. Publicize, promote and congratulate contributors who submit winning ideas. And don't forget your employees. They have a lot to say too.



Understanding the Types of Social Media:

Bookmarking And Aggregating—Sharing Things You Like

If there are web sites that you visit often, or that you would like to keep as a reference to come back to, it is easy to use your browser to “bookmark” them. This means that you store the URL so that you can locate it again easily. It also gives you a personal library of web sites that you can store on your computer. Social bookmarking sites, however, allow you store these links online, use tags to describe them and share these lists with other users. Some of these sites let you submit URLs that other users vote on, while others allow you to use the tags saved to browse through the lists and libraries that have been generated. Content submitted to a social bookmarking or aggregating site can dramatically increase traffic to a web site, and expose the site to many new eyeballs.

Content sharing—Create and Share

YouTube may be the first content sharing site that comes to mind, but users share images, audio and information as well as video. If it can be created, it can be shared. There are many sites that facilitate that sharing of videos, images and audio, and they are exceptionally popular. From Flickr to YouTube, they have all tapped into the fact that we love to create content for others to view. The key word here is free: there are no fees for joining, whether you are uploading content or viewing content (although premium paid for memberships can allow you further features). This means that these sites attract an enormous audience. In fact, according to Alexa rankings, YouTube is the second most visited site in the world! Many of these services also encourage distribution of their content. YouTube allows videos to be embedded easily into other web sites, and Flickr has generated a number of applications and widgets that allows the images to be

shown all over the web. Most of these web sites rely on advertising to support the free services.

Video Sharing

YouTube (youtube.com) is essentially a web site which, by using Flash technology, allows users to upload, view and share videos with the rest of the connected world. YouTube has 60% of all online video viewers with up to 79 million viewers in an evening (Yen, 2008) and over 65,000 videos uploaded every day. This makes it both the premier online video site and social video sharing site online. This implies that most video consumption on the Web is already based on social media, and that there are over 130 million online viewers of video overall (ibid, 2008). Many marketers have adopted the opportunities afforded by YouTube. There are two aspects of marketing through YouTube—self-promotion of people and products such as music videos, movie previews, interviews, video-advertisements, and sponsored adverts, supplied by Google AdWords.

Knowledge Sharing—the Wiki

Essentially, a wiki is a piece of software which users can create and edit online, using simple mark-up language via a web browser. They support hyperlinks and have a simple text syntax for creating new pages and links between internal pages. In its most basic form, a wiki is a web site that supports user collaboration through a variety of functions. There are numerous types of wiki software available that share the following characteristics:

- Create and update documents: Wiki users have the ability to create and update documents easily.
- Review versions: Most wikis store each version of a document. This functionality makes it easy for users to view the various modifications that a document has undergone over time.
- Community-oriented tools: Most wikis provide users with an ability to engage in some form of discussion about the documents on which they are collaborating.

Content Creating and Sharing as a Marketing Tool

Content sharing sites, from video to photos to music to knowledge, provide marketers with a snapshot of how users interact with and perceive their brand. Most of the sites have RSS feeds available, where marketers can keep a tab on mentions of their brand. These sites and services allow marketers the opportunity to capitalise on the creativity of their consumers to further amplify their brand. By making content easily available, and removing restrictions on use of that content, companies can nurture creative interactions that are likely to spread. Wikis can be

used when creating an event with a network. Encouraging users to interact allows them greater connection and ownership of the outcome, and provides a means for ongoing communication.

Social Networking

Social networking refers to the forming and substantiating of online social networks for communities of people. The communities are people who share interests and activities, or are interested in exploring the interests and activities of others. And to complete the definition of online social networking: the building of these social networks requires the use of software. Social networking is all about using the tools of the Internet to connect and build relationships with others. Social networking sites such as Facebook (facebook.com), MySpace (myspace.com) and LinkedIn (linkedin.com) allow users to create personal profiles and then interact with their connections through sharing media, sending messages and blogging. Not only do social networking sites allow you to interact with the members of your own virtual Rolodex, but they allow you to extend beyond your personal network. Social networks have created new meaning for the term “friend” with many connections existing solely online. In the realm of social networking, it is unnecessary to have met someone in order to connect with them. Personal profile pages remove much of the anonymity of the Internet. Users of social networks reveal a great deal of information about themselves, from basic demographics such as age, gender and location, to nuanced and detailed lists of likes and dislikes. Although explicitly made known to a user’s connections, users are also divulging this information to the networks, and hence to the networks’ advertisers. Users tend not to be aware of the data that is amassing regarding their online profile.



Social Networking as a Tool for Marketers

Social networks, free for their members, tend to rely on advertising for their revenue. Because of demographic information collected by the social networks, advertisers

are able to target their adverts to a particular audience. Applications are another way to market products. Creating a useful application that is relevant to a product, can expose a whole new audience to a company’s offering, as well as allowing a company to collect detailed information on their users.

Blogging

A blog is a web site where entries (blog posts) are typically displayed in reverse chronological order. Technorati, a blog and social media tracking engine, defines a blog as a “regularly updated journal published on the web.” Blogs usually allow for comments on blog posts. A typical blog will feature text, images and links to other blogs and web sites related to the topic of the blog. Blogs range from the personal to the political and everything in between. They can be written by one person or by a group of people. Some are aimed at the blogger’s immediate family and friends, and others rival leading newspapers in terms of reach and readership. Blogs are mostly textual, but can comprise solely of images, videos, audio or any combination of these. According to Technorati data, there are over 175,000 new blogs created and over 1.6 million posts updated every day (over 18 updates a second). That’s a lot. The power of blogs is that they allow anyone to publish and share ideas, and anyone can read and respond to these. They have given consumers and companies a voice and blogging has opened up a world of information sharing possibilities.

RSS readers can be integrated with an email client, can work offline or can be online only. Some are free, and some are not. Look at your email client to see if you can set one up there, or try bloglines.com, google.com/reader or feeddemon.com. Find the one with the features that suit your needs. RSS readers are a useful way to keep up to date with blogs, as most supply an RSS feed of their posts. Whether blogging as an individual or a company, there is plenty to be gained from the process. You can:

- Create an online identity
- Create a voice for yourself or your company
- Promote engagement with your audience
- Create a community

RSS Feeds

RSS stands for Really Simple Syndication and allows for information to be syndicated, well, simply. It means that instead of you visiting various web sites for updates and information, information is packaged and sent to your RSS reader. Information is supplied by web sites in a standard feed format, and your RSS reader knows how to turn

that into something that makes sense to you. As soon as an RSS feed is updated, i.e. new information is added, it appears in your RSS reader.

Promoting Blogs

Longevity rests in the hands of the blogger, but here are some tips to raise the profile of a blog:

- List the blog in blog directories: While they're not as popular as search engines, many Internet users do in fact visit them while looking for information. Examples include: Google's Directory (google.com/dirhp) and BlogCatalog (blogcatalog.com).
- Ping web services with updated content: Sites like Ping-o-Matic (pingomatic.com) and Feed Shark (feedshark.brainbliss.com) offer a service whereby they ping multiple web services, blog directories and search engines to let them know that a blog has fresh content.
- Participate in the blogosphere: You can't expect anyone to engage on your blog if you're not engaging on theirs. It's all about fostering a sense of community.
- Make use of aggregators: Examples of aggregators include Technorati, Amatomu and Afrigator.
- Use traffic generating tools like MyBlogLog: The MyBlogLog (mybloglog.com) widget allows you to see who in the community has visited your site and they can see if you have visited their site in return. Bloggers will more often than not click through to your site from this widget, as they are interested in learning more about who is reading their blog. If they like what they see when they get there, they may become regular readers.



Social Media and Marketing: Rules of Engagement

Social media implies a democratisation of information, and requires authenticity and openness from those who would deliberately use it for marketing. Relying on the

connected Internet, it means that good stories as well as bad stories spread and stick around. Although engaging publicly with a wide audience, marketers need to remember that they are communicating with individuals. While marketers should engage in the conversation, and can lead it, they cannot control it.

- Marketing to content creators—The influence of bloggers means that they should form a part of any PR strategy (see the WebPR chapter for further details). Supply content creators with the tools and resources so that they can easily talk about your product.
- Marketing to content consumers—Social media allows anyone to have a say, and the same tools that are available to individuals are available to companies. Company blogs allow a brand to build a personality and to interact with its target market. When using social media to reach out to content consumers, go to where your consumers are. The media used is dictated by your users.
- Marketing to content sharers—Content sharers are content consumers who also pass your message on, whether by using chat or email, or by sharing a link on a blog or submitting your content to a bookmarking or aggregating service. They are a crucial link in the chain that passes your message around. Make it as easy as possible for sharers to share by using chicklets and unique and easy to read URLs.
- Advertising on social media platforms—While marketers can use the tools of social media to convey their message, also important are the user characteristics that define a social media web site. Social media allows users to express themselves, and this means that demographic information can be compiled to allow for more useful and targeted advertising. This presents many opportunities for targeting advertising, and for finding creative ways to reach an advert fatigued demographic.



Section II—Viral Marketing.

What Is Viral Marketing?

In the social media section, you learned some of the ways that marketers can tap into the media that promote this kind of trust. Messages passed on from “a person like me” is word of mouth marketing, and online that same message can be passed on through social media. Viral marketing is a form of word of mouth marketing which aims to result in a message spreading exponentially. It takes its name from a virus, because of the similarities that marketers aim to emulate:

- It is easily passed on.
- The number of people who have been “infected” grows exponentially.
- Viruses often spread by masking their true intentions. Some viral marketing campaigns are similar—they hide their true message in an attempt to spread.
- Viruses rely on the connected nature of people to spread, and so do viral marketing campaigns.
- Viral marketing campaigns are not as easy as they may appear. They require careful preparation, and a little bit of luck.

How Viral Marketing Works

Viral growth occurs when a message is spread exponentially. Viral marketing campaigns work when a message is spread exponentially and it results in a desired outcome for a brand. Viral marketing utilises electronic means to spread messages. It harnesses the electronic connectivity of individuals to ensure marketing messages are referred from one person to another. Viral marketing campaigns can be tricky and unpredictable. However, the lure of exponential growth, at a very low marginal cost,

means that they are being attempted more often. There are two types of viral marketing campaigns:

1. Organic viral marketing—Organic or in the wild viral campaigns grow with little or no input from the marketer. Sometimes, a message is passed around in a viral nature without any intention from the marketer. Usually this happens with negative messages about a brand, but can also be a happy coincidence for a brand if the message is positive.

2. Amplified or controlled campaigns have been strategically planned, have defined goals for the brand being marketed, and usually have a distinct method of passing on the message (that can be tracked and quantified by the marketer).

A viral campaign can be an important part of an eMarketing strategy. Viral marketing campaigns contribute in a number of ways:

- With correct planning, a viral campaign can providing plenty of link love for your SEO strategy.
- Campaigns should be built with that in mind. While there might be a microsite created for the viral campaign, ensure that it is easy to link to the main web site.
- It can be difficult to measure brand awareness, but this is usually the chief aim of any viral campaign. Bear that in mind, and make sure that the campaign is targeting the right demographic, and that branding is clear without detracting from the social nature of a viral campaign.

How Do I Prepare to Go Viral?

Viral campaigns are unpredictable. As the market becomes saturated with more campaigns competing for attention, it is increasingly difficult for marketers to ensure a hit. However, careful planning means that you are ready when your campaign takes off. Careful planning also means that you have given the campaign the best chance of success.

1. Define the aims of the campaign, and how you will measure success

A video created by your department and watched by millions of people on the Internet is certainly an attractive proposition, but if it does nothing to contribute towards your business goals, it is a fun but pointless exercise. Can this medium reach your target market? Determine if your campaign will be aimed at building brand awareness, driving traffic to your web site, growing anticipation for a new product, building lots of SEO links or making sure customers make a purchase right away. Viral campaigns should always build you links, whether or not that is main

aim of the campaign—because of this you should try to influence the anchor text being used.

2. Plan a message or content that users want to share

On the Internet, there is a lot going on. For a campaign to be worthy of sending on, it has to stand out from the clutter. Using controversial or enticing names for viral content makes it more likely that your audience will want to investigate further. For videos, thumbnails are exceptionally important in enticing visitors to hit the play button.

- You need to be original
- Make something scarce
- Make something free and abundant
- Be very funny
- Be very interesting
- Be very informative
- Be very educational
- Be very unusual
- Be a little cryptic
- Be the best
- Create something users want to copy
- Present the tools for a mashup

3. Make your content easy to share

The easier a message is to pass on, the more likely it will be passed on. Emails should include “forward to a friend” links, and a “send to a friend” link can be added easily to any web page. Viral marketers can make use of existing social media, both as an environment in which to host your message, and a means to share your message. Using a popular video hosting site, such as YouTube, for a viral video makes it easy for users to embed the video onto their own sites, for example. For best response, personalise emails automated by the sharing process (with subject lines like: “Your friend Mark Hunter thought you’d find this amusing”). And for best SEO practice, tell users how to link to your content.

4. Make it as simple as possible for users to get involved

For campaigns that require interaction, it should be as easy as possible for users to sign-up and get interacting. Lengthy sign-up forms asking for lots of information will slow and can even halt your campaign.

5. Be authentic and transparent

It’s a viral marketing campaign for a brand, and marketers who pretend otherwise can see the attempt blowing up in their faces. Studies have shown that branding does not have a significant detrimental effect to the contagious nature of a viral campaign.

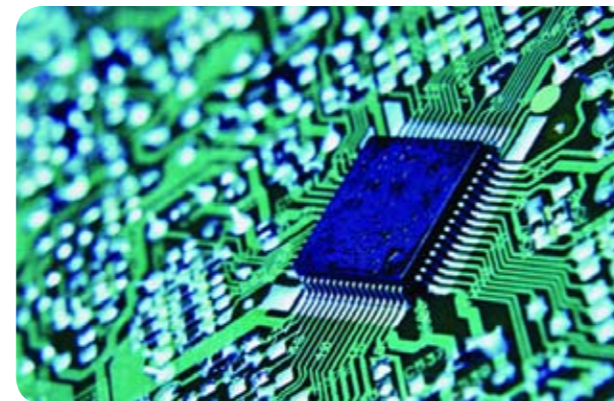
6. Provide an incentive for sharing and interacting

The greatest incentive for users sharing your content is social currency: create something that they want to share. People like to be seen by their friends and colleagues as resourceful, caring or humorous, and the content you create should tie in with those values. Tailoring your content for your target market will give you even better results. Incentive can be financial: a gift voucher for every five friends the campaign is sent to. Or, users could be entered into a competition for every 10 friends they refer. However, campaigns work best when the prize doesn’t eclipse the content. Increasing social currency works for a brand too; it will increase their brand equity.

7. Use a strong call to action

Be sure that the medium does not eclipse your message. If you have taken the time to create compelling and engaging content, make the most of the interaction you have with a potential customer. Be very clear about the action you want the user to take next:

- Forward to a friend
- Play now!



8. Track and analyse, and optimise

Monitor interactions with your brand from consumers, so you can see growth and response. Make sure you are aware of the many ways that users could be talking about you. If the campaign is growing, but the message is not as intended, there might need to be some adjustments made. Analyse what elements of the campaign work, so that when the next one is launched, these can be optimised. Tracking software ForwardTrack (forwardtrack.eyebamresearch.org) shows the geographical spread of a campaign over time, and also lets participants see the spread of the campaign. This tracking solution can become a part of the marketing of the viral message.

9. Get lucky

Careful planning and great content with an enticing incentive should all result in a campaign that is successful. A little bit of luck is usually required for a campaign to fly.



Section III— Mobile Marketing.

What is Mobile Marketing

The mobile phone is a small gadget that has had a huge impact on our day to day lives. It has already had a profound impact on the way we communicate and conduct ourselves daily. This continues to be felt as the mobile phone enables new ways to market and new markets in which to transact.

Mobile phones, particularly as developing technology means that new and better features are being packed into ever smaller devices, add to the interactivity and searchability of the Internet with several fundamental features native to the mobile phone and the way we use it. Consider that there are 1.3 billion people worldwide with access to the Internet. Of those, 1.2 billion are active users of email. With the world’s population at 6.6 billion, that’s almost a fifth of the population who can be reached on email. That needs to be compared to 3.2 billion mobile phone subscribers—almost half of the world’s population. And of that 3.2 billion, 2.5 billion were active users of SMS text messaging in 2007. Looking at figures like that, it’s obvious why so many organisations are investigating the mobile phone as a marketing platform.

How to Reach Your Audience

The primary use of a mobile phone is to enable communication, either through voice calls or through messages. Messaging services on a mobile phone use either Short Message Service (SMS), to send text messages, or Multimedia Message Service (MMS), which supports graphics, audio, photos and video as well as text. Messages can, of course, also be sent via email depending on the phone’s features.

SMS

SMS supports messages of about 160 characters in length, though it is possible to string several messages together to send longer messages. Messages can be sent from one phone to another, or from a PC to a phone and vice versa.

SMS also supports a service known as common short codes (CSC). Short codes are phone numbers (short ones, as the name implies) to which users can send a text message from a mobile phone, usually to get something in return. Short codes can be used to sign up for services, to enter competitions or to indicate permission (or to end permission) to receive marketing messages.

SMS and Marketing

With twice as many SMS users worldwide than email, SMS should be a no-brainer for marketers. However, mobile phone users have proved reluctant to hand over their phone number for marketing messages, perhaps fearing a similar deluge of spam for which email has such a poor reputation. This is changing to some extent, with the prevalence of short codes being used in marketing and advertising campaigns. As consumers are so comfortable with using text messages for their communication, no extensive education process is required to have consumers access marketing campaigns based on short codes. There are two standard keywords that should always elicit a standard response:

- STOP: Unsubscribe the sender’s number from the service
- HELP: A support request from the sender’s number

Sending Messages

Once prospects have given you permission to communicate with them and their mobile number, timely messages can be sent to their mobile phone. These can be promotional or sales messages, such as special offers in stores or information about upcoming events. On many phones, prospects need to at least open an SMS messages in order to delete. As well as this, mobile phones are generally kept with a prospect at all times, meaning that messages are more likely to be read very soon after they have been broadcast.

Promotions SMS messages present a way to send timely sales promotion information to a large database for a relatively low cost. These can be targeted to a particular time of day when prospects are most likely to be out shopping. SMS messages can also be used when promoting events. Despite their pithy nature—these messages have a limit of 160 characters—they can carry a strong call to action.

MMS

MMS messages are messages that contain graphics, audio, video or images as well as text. These messages do allow for richer information to be sent to prospects, but the costs are considerably higher. They use WAP (Wireless Access Protocol) to download rich content onto mobile phones. MMS messages are particularly useful in viral campaigns, whether encouraging participants to use their phones to create content (photographic, audio or video) or encouraging users to pass on content. Because there is no standard screen size across all mobile devices, MMS messages may display differently on different phone models.

Bluetooth and Infrared

Most modern mobile phones present an array of means for connecting. As well as using the cellular network, many phones have 3G and WiFi capabilities, and the ability to connect via Bluetooth or infrared. If a user sets their Bluetooth enabled mobile phone to “discoverable”, Bluetooth devices within range of the phone can request to connect to the phone and exchange messages and data. This can be used to send location specific marketing messages, such as discount codes in a shopping mall. Outdoor display advertising can be fitted to send Bluetooth messages to people within range of the advertising. The messages can contain further information to offer a richer, longer lasting, experience. Note that these messages are often unexpected, so care must be taken not to be intrusive. There should be marketing collateral easily available and accessible that describes what the campaign is about.

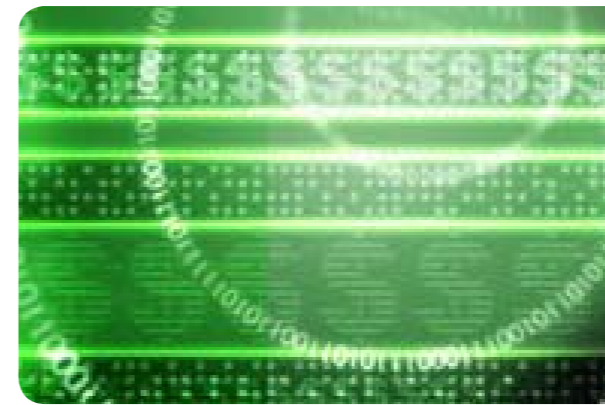


2D Barcodes

Two dimensional barcodes are similar to one dimensional barcodes in that they can be scanned to access the information encoded, but two dimensional codes can contain a lot more information. In addition to this, with appropriate software, these codes can be photographed

with a mobile phone, which then unpacks the information contained within the barcode. Does that sound a little complicated?

Essentially, the software that can be installed on the mobile phone turns the phone into a scanner. Information such as URLs, telephone numbers or business names can be encoded in the barcode. When the code is scanned, the information is displayed on the phone. If this is a URL, for instance, the user can then visit that web site without having to enter any additional information into the phone. There are two encoding types in use: Datamatrix (DM) or Quick Response (QR) barcode. These can be open-standard, or proprietary. The type of barcode affects the amount of information that may be stored in the barcode, while the standards used can affect the number of barcode readers that can successfully read the barcode. Two dimensional barcodes are often also referred to as tags. These tags can be used in offline advertising and marketing campaigns to push consumers towards specific web sites. Instead of having to remember and type in a URL, a user simply has to photograph the tag in order to visit the website. Tags can be printed on billboards, on magazine pages, on t-shirts, in fact, on just about anything.



Section IV– Pay Per Click Advertising.

What is Pay Per Click Advertising?

Pay Per Click (PPC) advertising is an advertising system where the advertiser only pays for each click on their advert.

While it is most often used as an advertising system offered by search engines, such as Google and Yahoo!, it can also be used for banner advertising (where the advertiser pays for clicks on the advert as opposed to impressions). PPC is also the system on which many shopping engines and directories, such as NexTag and Shopping.com, are based. Sometimes PPC advertising on search engines is referred to as paid search. PPC advertising revolutionised the online advertising industry, and today, advertising generates 99% of Google’s revenue.

PPC advertising is keyword based – this means that it is based on the search term that a user enters into a search engine. A search term can have one word, or be made up of many words. Sometimes a multi-word search term is referred to as a “key phrase” or “keyword phrase”. Advertisers target those keywords for which they want their advert to appear. For the advertiser, the beauty of PPC advertising on search engines is that their adverts are displayed when potential customers are already expressing intent – they are searching for a product or service. It allows advertisers to present their offering to a potential customer who is already in the buying cycle.

How PPC works

You have learned that search engines display results to search queries based on proprietary algorithms. Each

major search engine uses its own formula to determine what results to display for any term. All of this is available to web users for free! With about 80% of web users using search engines as a starting point, that’s a lot of traffic going through search engines each day. So, search engines require a way of generating revenue from all that traffic. Each of the three major search engines (Google, Yahoo!, MSN) has its own PPC advertising platform, namely AdWords, Yahoo! Search Marketing and adCenter. While the basic process remains the same for each one, there are some differences.

With PPC advertising, the advertiser:

- Creates the content for an advertisement.
- Selects the keywords for which that advertisement should appear.
- Chooses the maximum amount they are willing to pay for a click on the advert, and this amount can be unique to each keyword they have selected for an advert.

The search engine algorithm:

- Checks the advert for compliance to editorial guidelines.
- Displays the advert for relevant search queries.
- Determines the rank, or position, of the advert based on the advertiser’s maximum bid and the relevance of the advert (which includes factors such as CTR, and ad copy, keyword and landing page relevance to the search).

Search and Content Networks

Advertisers can choose to have their adverts displayed on the search network only (which means on search engines), or they can select to have the adverts displayed on the content network. The search network will include the search engine which owns the platform (so, Google for AdWords), as well as other search engines for which that platform provides paid results (for example, currently Ask.com uses the Adwords platform for paid results). The content network refers to web sites other than search engines which also display PPC adverts. For Google AdWords, these are the web sites and blogs which have joined Google AdSense, Google’s publishers’ platform. Google determines the content of the web site, and then displays appropriate PPC adverts. Typically, the CPC is lower than on the search network, but the CTR and conversion rate can be much lower.

What Makes Up a PPC Advert?

Text PPC adverts follow the same basic structure:

Heading

Two lines of advert copy,

which can be displayed on one line

DisplayURL.com

The search engines limit the characters in each line. There are also restrictions on what you are allowed to write in an advert. Here are some of the editorial guidelines from Google AdWords:

- Heading: maximum 25 characters
- Line 1: maximum 35 characters
- Line 2: maximum 35 characters
- Display URL: maximum 35 characters
- No repeated exclamation marks
- No word may be written in capitals only
- No nonsense words may be used
- No claims of “best”, “number one” or superlatives may be used unless they can be verified by a reliable 3rd party source
- Product numbers may be used



Keywords and Match Types

Each search engine requires the advertiser to enter the keywords for which their advert should appear. This list of keywords determines the search queries for which the adverts could appear. On google.com in the USA there were almost 200 million searches performed each day (comScore), and Google estimates that nearly 50% of all searches are unique. It would be a tough, if not impossible, task to determine all the possible terms potential customers might use to find you. That is why there are different keyword match types for PPC advertising. Google AdWords using the following match types:

- Broad
- Phrase
- Exact
- Negative

Broad match means that your advert will appear for the keywords you have entered, as well as search terms which contain your keywords and any other words in any order, as well as some variations of your keywords (misspellings

and synonyms). Say you have chosen the following keywords, and this is set to broad match: tennis shoes. Your advert could appear for all of the following searches:

- Tennis shoes
- Red tennis shoes
- Tennis sneaker
- History of tennis shoes

Phrase match, which is denoted with quotation marks around the keywords (“phrase match”) means that your advert will appear only for search terms which have your keywords in them, in the same order, though other words may also be in the search term. If you changed the same keywords to phrase match, they would look like: “tennis shoes”. Your advert would appear for:

- Tennis shoes
- Tennis shoes red

But your advert would not appear for:
Smart shoes red

Exact match, denoted by square brackets ([exact match]), means that the advert will only appear for search terms exactly the same as the keywords selected. Now change the keyword to exact match: [tennis shoes]. Your advert will appear for searches for: tennis shoes. It would not appear for any other searches.

Negative match, denoted by using a dash in front of the keywords (-negative), means that your advert will not appear in searches using that word, no matter what other words are used. Use the broad match example, and include a negative match: red shoes-tennis.

Your advert would appear for:

- Red shoes
- Smart shoes red

Your advert would not appear for:

- Red tennis shoes

Advertisers can assign as many keywords as they wish to an advert, but only one advert for each URL will be shown. If two advertisers are bidding to show adverts for the same domain, only one will be shown. Which advert will be shown is based on the bids being placed and on the quality of the adverts. Depending on the match type, your advert can appear for more or less keywords.

Languages and Locations

You are able to target your campaigns, so you know that the traffic you are getting is relevant to your product. This is known as geo-targeting. You can choose the language of the search engine, and the location. For example, you might only want your advert to show to English searches in Asia, or to English searches in London. Targeting your advert means that you won't pay for traffic you don't want.

Bidding and Ranking

Advertisers need to determine the maximum they are willing to pay for a click on their advert, and they need to decide this for each keyword they enter for an advert. This bid is the maximum CPC, or Max CPC, that the advertiser is willing to pay for the click. However, this will not necessarily be the CPC that the advertiser must pay for a click. Every time a search query is entered, the search engine runs an auction to determine the placement of the adverts where advertisers have bid on that search term. This auction is known as a Generalised Second Price (GSP) auction, which is a variation on the Vickrey auction. In the GSP auction, each advertiser will pay the bid of the advertiser below him, plus a standard increment (typically \$0.01), for a click on their advert. Say three advertisers, A1, A2 and A3, bid \$2.50, \$3.00 and \$2.35 respectively on the same keyword. The search engine has set a minimum price of \$2.05 on that same keyword.

When it comes to ranking, of course, it's not quite as simplistic as that (it rarely is!). As well as the bid an advertiser places on a keyword, the search engine will take a number of other factors into account. In the case of Google AdWords, this is known as Quality Score.

The Quality Score is determined by, among other factors:

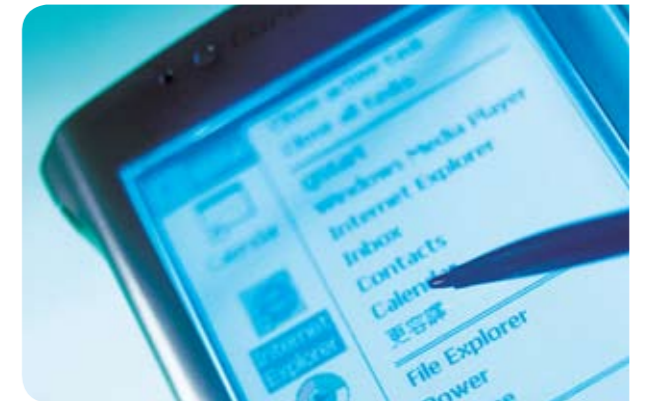
- The relevance of the keyword to the search term
- The relevance of the advert copy to the search term
- The relevance of the landing page to the search term
- The historic CTR of that advert

Search engines look at factors such as relevancy to try to ensure that it is not just having deep pockets that can land advertisers the top spot. Search engines need to ensure that users find the adverts relevant, otherwise they'll be less likely to click on them—and no click means no revenue for the search engine.

Budgets

As well as deciding on your CPC bids for your keywords, you are able to determine the budgets for your campaign. You can set daily budgets, monthly budgets or no budget.

Once your budget is reached, your adverts are paused, so you can be sure that you never overspend. If you are concerned about overspending, you can set a daily budget. However, this can mean that your adverts do not run as often as you would wish them to. The different advertising platforms offer advanced bidding options, all aimed at helping you to run your advertising campaign better. You can bid for placement on the SERP, or you can bid based on how much you are willing to pay for click. You are able to bid for adverts during certain times of the day only, called scheduling.



Which Platform Should I Choose?

There is some theory that different platforms are better for different industries, for example, that Yahoo! fares better than Google on travel advertising. However, this is subjective, and most large advertisers will run PPC campaigns on a number of platforms. As with most things in eMarketing, it is all about testing. There are some small differences with each platform in terms of editorial policy, and each system has a different user interface. Google AdWords is perhaps the most well known, allows users to transact in the currency of their choice, and also offers training programmes and certifications.

The Long Tail

Google has estimated that 50% of searches are unique. This means that the sum of searches which are unique is about the same as the sum of non-unique searches. Looking a little more closely at search terms will show a small number of high volume searches, and then a large number of lower volume searches stretching out to those unique searches.

This is sometimes referred to as the long tail of search. Figuring out those low volume, niche search terms can do wonders for a PPC campaign. Generally there is not much competition for those search terms, and the search term itself is very targeted.

Planning And Setting Up a Campaign

1. Do your homework

For a successful campaign, you need a full online and an offline analysis of the business, customer demographics, the industry and competitors. While it is relatively quick to set up a campaign, pre-planning will show dividends later! You need a brand, an identity and a clear unique selling point. You only get three lines to advertise, you need to make sure you know what should be in there!



2. Define your goals

You need to know what you want to achieve with your PPC campaign. Branding campaigns, for example, are very different to campaigns that increase sales. What do you want users to do once they click on your advert?

3. Budget, CPA and targets

Determine how much you are willing to spend to achieve your goal—your target CPA. Decide how much budget you are going to allocate to your PPC campaign. If your goal is to increase revenue, your budget might be unlimited so long as revenue is increasing and you are within your target CPA. In the long tail, the sum of the low volume searches matches the high volume searches.

You need to determine what keywords potential customers are likely to use when searching for the service that you offer. Along with that, you need to know:

- What common misspellings a customer might use
- What words would show that they are not likely to purchase from you (words like free and cheap)
- As part of your keyword research, you need to look at expected volumes for your keywords, so you know how to bid on keywords. There are also tools which will show you similar or related keywords, so you can expand your keyword list even further.

5. Write the adverts

Using your keyword research, write compelling adverts to promote your products. Adverts can be unique to a keyword, or you can group them and have a number of keywords for one advert. Make sure you use an appropriate display URL, and that you target the landing page for each advert. Always include a call to action.

6. Place your bids

Based on your goals and keyword research, set the maximum bids for your keywords. Don't set these too high at this stage—you'll tweak the bids as you test your campaign.

7. Measure, analyse, test, optimise!

With conversion tracking in place, you can analyse your ROI down to a keyword level, and then focus on those keywords which are converting best. Consider seeing how changing the text of your advert can increase the CTR, or perhaps better your conversion rate. Test different landing pages to see what converts better.

Landing Pages

The page that the user reaches by clicking on an advert is called a landing page. Landing pages can make or break an advertising campaign. Poorly executed PPC campaigns will send all users to the home page of a web site.

Campaigns that convert will make sure that users land on a page that is relevant to their search. The aim is to keep the user as focused on the goal—conversion—as possible. Sending the user to the home page gives him too many other options to choose from.

As we mentioned, PPC does not only apply to search engine advertising. We have seen that adverts can be placed on content sites. PPC can also refer to display advertising, where advertisers pay only for each click through to their site, as opposed to each impression of the banner. PPC is also used by many online comparison engines. You have probably come across online comparison engines when searching for a particular product. These engines contract with retailers. The retailers supply the engine with a product feed (XML or CSV) which contains product name, price, URL, and serial number. Popular comparison engines include:

- NexTag (nextag.com)
- PriceRunner (pricerunner.com)
- Kelkoo (kelkoo.co.uk)
- Pangora (pangora.com)
- Jump (jump.co.za)

Be Aware of:

1. Click fraud

Click fraud occurs when your advert is clicked on by someone who is not a legitimate potential customer. Because an advertiser has to pay for every click on his advert, sometimes unscrupulous competitors can click on the advert to force the payment. There are even automated bots that can click on adverts, costing advertisers millions!

High traffic keywords are expensive, and the battle to stay on top means that the CPC of these keywords is escalating. Convincing yourself that it's number one or nothing can result in burning through your campaign budget quickly, with nothing to show for it. What can you do? Keep focused on your campaign goals and ROI, and keep investigating to find the (cheaper) niche keywords that work for you.



3. You've got to keep an eye on things

PPC campaigns require a lot of monitoring, and the bigger your campaign gets, the more time this takes. PPC advertising can provide a fantastic ROI, but you need to check in and tweak regularly to make sure that it continues to perform for you.



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