

Google Adwords

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AdWords is Google's flagship advertising product and main source of revenue. AdWords offers pay-per-click (PPC) advertising, and site-targeted advertising for both text and banner ads. The AdWords program includes local, national, and international distribution. Google's text advertisements are short, consisting of one title line and two content text lines. Image ads can be one of several different Interactive Advertising Bureau (IAB) standard sizes.

Pay-Per-Click advertisements (PPC)

Advertisers specify the words that should trigger their ads and the maximum amount they are willing to pay per click. When a user searches Google's search engine on www.google.com (or the relevant local/national google server [e.g. www.google.fr for France]), adverts (also known as creatives by Google) for relevant words are shown as "sponsored links" on the right side of the screen, and sometimes above the main search results.

The ordering of the paid listings depends on other advertisers' bids (PPC) and the "quality score" of all ads shown for a given search. The quality score is calculated by historical click-through rates and the relevance of an advertiser's ad text and keywords, as determined by Google. The quality score is also used by Google to set the minimum bids for an advertiser's keywords. The precise formula and meaning of relevance and its definition is in part secret to Google and whose parameters can be dynamically changed.

The auction mechanism that determines the order of the ads has been called a "generalized second price" auction. It is similar to the Vickrey auction, but is not equivalent to the Vickrey-Clarke-Groves (VCG) mechanism and hence truth telling is not an optimal strategy.

Site targeted advertisements

In 2003 Google introduced site-targeted advertising. Using the AdWords control panel, advertisers can enter keywords of interest, and Google offers to place ads on what they claim are relevant sites within their content network. Advertisers then bid on a cost per impression (CPM) basis for placement. Advertisers can also enter domains directly. Google will provide a list of related sites that you can select along with your entered site.

Site targeting campaigns are mainly designed for branding purposes, as the ROI will almost always be considerably lower than a traditional content-targeted campaign. Your ad will take up the entire ad block (as opposed to being 1 of 4 ads in a traditional AdSense ad unit), which will make it more prominent but cost quite a bit more.

The minimum CPM you can set on a Site-Targeted campaign is 25 cents.

AdWords distribution

All AdWords ads are eligible to be shown on www.google.com. Advertisers also have the option of enabling their ads to show on Google's partner networks. The "search network" includes AOL search, Ask.com, and Netscape. Like www.google.com, these search engines show AdWords ads in response to user searches.

The "content network" shows AdWords ads on sites that are not search engines. These content network sites are those that use AdSense, the other side of the Google advertising model. AdSense is used by publishers who wish to bring traffic to their websites. Click through rates on the content network are typically much lower than those on the search network and are therefore ignored when calculating an advertiser's quality score.

Google automatically determines the subject of pages and displays relevant ads based on the advertisers' keyword lists. AdSense publishers may select channels to help direct Google's ad placements on their pages, to better track

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performance of their ad units. There are many different types of ads you can run across Google's network, including text ads, image ads (banner ads), local business ads, mobile text ads, and in-page video ads.

Google AdWords' main competitors are Yahoo! Search Marketing and Microsoft adCenter.

AdWords Account Management

To help clients with the complexity of building and managing AdWords accounts search engine marketing agencies and consultants offer account management as a business service. This has allowed organizations without advertising expertise to reach a global, online audience. Google has started the Google Advertising Professionals program to certify agencies and consultants who have met specific qualifications and passed an exam.. Google also provides account management software, called AdWords Editor.

Another useful feature is the My Client Centre available to Google Professionals (even if not yet passed the exam or budget parameters) whereby a Google professional has access and a dashboard summary of several accounts and can move between those accounts without logging in to each account.

Click-to-Call

Google Click-to-Call is a service provided by Google which allows users to call advertisers from Google search results pages. Users enter their phone number; Google calls them back and connects to the advertiser. Calling charges are paid by Google.

History

The AdWords product was launched in 2000. At first advertisers would pay a monthly amount, and Google would set up and manage their campaign. To accommodate small businesses and those who wanted to manage their own campaigns, Google soon introduced the AdWords self-service portal. As of 2005, Google provides a campaign management service called Jumpstart to assist advertisers in setting up their campaigns.

In 2005, Google launched the Google Advertising Professional (GAP) Program to certify individuals and companies who have completed AdWords training and passed an exam. Due to the complexity of AdWords and the amount of money at stake, some advertisers hire a consultant to manage their campaigns.

Legal context

AdWords has generated lawsuits in the area of trademark law and click fraud. In 2006, Google settled a click fraud lawsuit for US\$90 million.

Overture Services, Inc. sued Google for patent infringement in April 2002 in relation to the AdWords service. Following Yahoo!'s acquisition of Overture, the suit was settled in 2004 with Google agreeing to issue 2.7 million shares of common stock to Yahoo! in exchange for a perpetual license under the patent.

Technology

The AdWords system was initially implemented on top of the MySQL database engine. After the system had been launched, management decided to use a commercial database (Oracle) instead. As is typical of applications simultaneously written and tuned for one database, and ported to another, the system became much slower, so eventually it was returned to MySQL.]

Policy and restrictions

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As of April 2008 Google AdWords no longer allows for the display URL to deviate from that of the destination URL. Prior to its introduction, Google paid advertisements could feature different landing page URLs to that of what was being displayed on the search network. Google expounds that the policy change stems from both user and advertiser feedback. The concern prompting the restriction change is believed to be the premise on which users clicked advertisements. Users were in some cases, being misled and further targeted by AdWords advertisers.

Allowed keywords

Google has also come under fire for allowing AdWords advertisers to abuse trademarks. In 2004, Google started allowing advertisers to bid on a wide variety of search terms, including the trademarks of their competitors. Google does, however, require certification to run regulated keywords, such as those related to pharmaceuticals keywords, and some keywords, such as those related to gambling and hacking, are not allowed at all. These restrictions may vary by location. From June 2007, Google banned AdWords adverts for student essay writing services. While the move was welcomed by universities, there is no restriction on such sites appearing in the regular Google Search results.