

# Master the Art of AdWords™



© 2004 AdGooroo, LLC. All Rights Reserved  
AdGooroo and AdGrid are trademarks of AdGooroo, Inc.  
AdWords is a registered trademark of Google, Inc.

This is the first edition of this e-book and is intended for limited circulation among selected readers of my blog, StartupSkills.com. Please do not circulate this edition!

You may not alter this document, nor sell it, nor incorporate it into any other document, either printed or online.

Special thanks goes to:

Hey!

I need your help.

Chances are, you are knowledgeable when it comes to Google advertising ... or you're at least looking to learn.

I'd like to hear your comments and thoughts about what I've written. Let me know if it was helpful or unhelpful, too simple or too complex, or whatever else comes to mind.

As thanks, I'll put your name in the credits in the first public distribution.

Enjoy!

Rich  
rich@adgooroo.com

## Introduction

Today, there are at least 150,000 internet marketers<sup>1</sup> using Google's AdWords® service. You are probably one of them.

Only a small percentage of those advertisers understand the basics of AdWords: structuring campaigns, creating ad groups, choosing keywords and copywriting adequate ads.

Only a small portion of this group actively monitor and manage their AdWords campaigns with tools like conversion tracking and bid management services.

And even fewer are the people who make use of more advanced tracking tools to optimize their AdWords™ profitability. With thousands of business categories, it's highly unlikely that you're facing a competitor of that caliber. But there's no reason that you can't be one of them.

If you're running even a moderate amount of AdWords™ advertising (say, more than \$10,000 a year or more), you more than likely have the opportunity— right now— to grow your online business by a significant amount. With the right data and know-how, you'd be running circles around your competitors.

Perhaps growth isn't your primary goal ... it's survival. You may have experienced a rapid decrease in PPC traffic and wondered what was behind it (after all, your bids and daily budgets seem ok, right?). Perhaps you've even given up and moved on to less competitive products or services.

The July 19<sup>th</sup>, 2004 edition of the New York Times (“A Drop In Search Engine Ad Supply”) points out that there are a limited number of search engine advertising spots and yet paid inclusion spending was up 184 percent in 2002. Many frustrated advertisers are just giving up because they haven't been able to crack the code. There is a Darwinian process going on right now that is starting to force unsophisticated advertisers to the sidelines. Will you be one of them, or will you be one of those who evolve and adapt as PPC advertising becomes more competitive?

This e-book shows you how to bring your advertising success to the next level. By the end, you'll have learned some of the latest techniques for dominating your competition.

They are simple, yet sophisticated. Most importantly, they work.

*In fact, I used these strategies to grow my internet revenues from \$8,000 per year to seven-figures in less than three months...and I compete in some of the most cutthroat categories around.*

*These strategies work for me. They will work for you, too.*

Good Luck!

Richard Stokes  
President  
AdGooroo, LLC

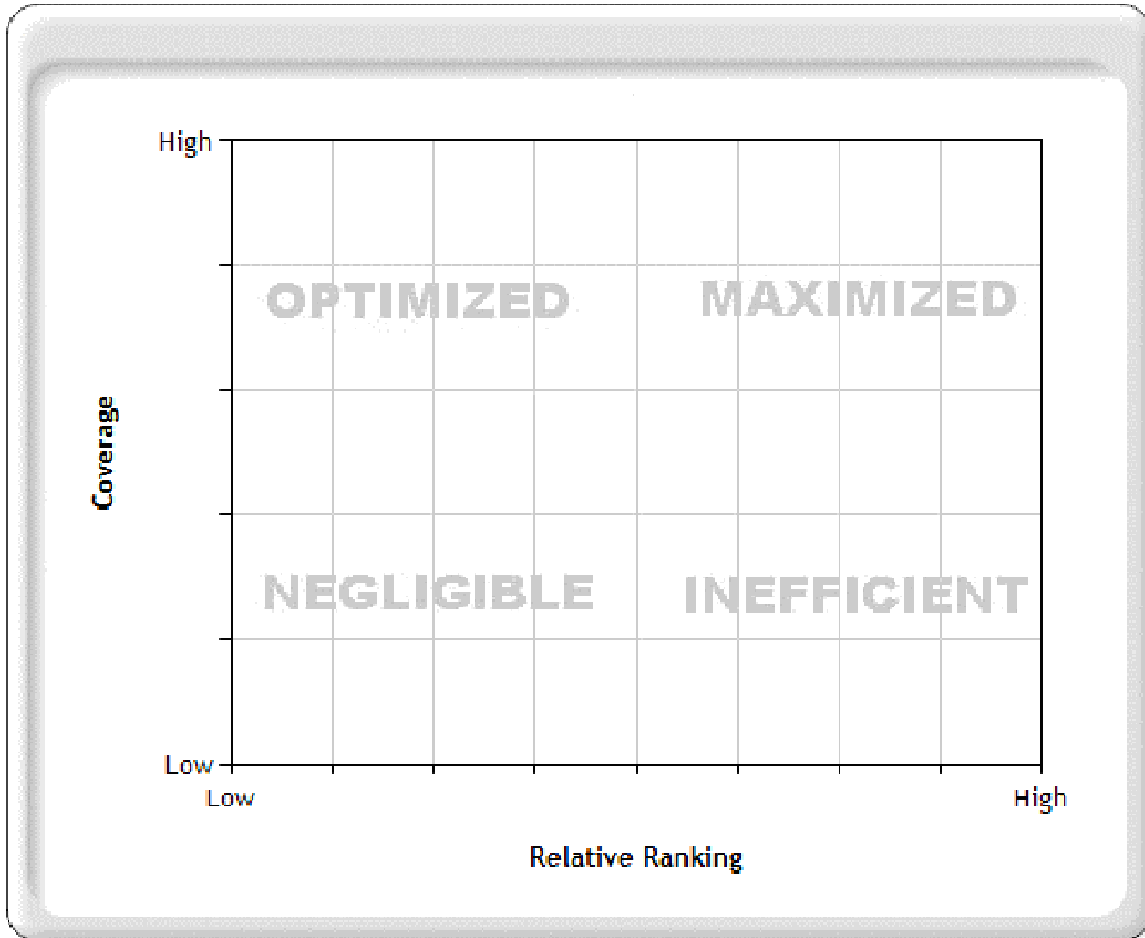
---

<sup>1</sup> “Google Launches Search and Advertising Program in Spain” - Google Press Release, September 25, 2003. <http://www.google.com/press/pressrel/spain.html>

## **Part 1: A New Way of Looking At AdWords**

## Introducing the AdGrid

Here's a new tool that will restructure the way you think about your AdWords™ campaigns. Using it, you can organize your campaign in a way that will make and save you *a lot* of money:



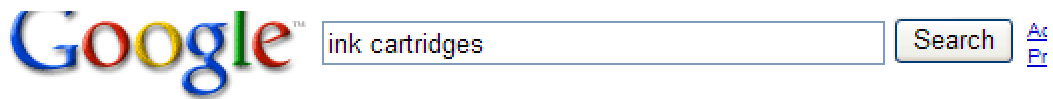
Your campaign, keywords and each of your competitors' can be overlaid on this simple graph. Doing so will give you valuable insight and allow you to drive much more traffic to your Web site.

But first, we have to define some new terms.



The premium positions show up as 0 and 0.5 on your AdWords™ campaigns. Premium placements are difficult and expensive to get (see 1C), but are well worth it because your click-through rates often double or triple when your ad appears in those positions. Premium placement ads are really helpful if you're trying to get a lot of traffic, but oftentimes it isn't cost effective. We'll talk about this more later on.

1C.



## Web

### [Ink Cartridges - \\$2.95](#)

[www.inkjetcartridge.com](http://www.inkjetcartridge.com) Compatible **cartridges & ink** refills Epson, HP, Lexmark, Ca

### [Ink Cartridges - Discount](#)

[www.PrintCountry.com](http://www.PrintCountry.com) Fast Shipping & Reliable Company Quality **Ink & Service!** - A

Important Note: Our statistic, “Relative Rank” ranges from 0 to 8, while Google’s statistic “Average Position” can range from 1 to 30 or even higher. When your average position is 8, 9, 10, or even higher, it means that your ads appear on the second, third, and other subsequent search result pages. We don’t attempt to capture positions above 8 in “Relative Rank,” because our techniques were designed for top competitors.

Simply put, there’s no sense in trying out the techniques outlined in this e-book unless your ads appear on the first page of the search results.

## Coverage

Coverage is defined as the percentage of time you appear in your chosen keywords when people type them into a search engine. For instance, if there are 10,000 searches per day on the term “spyware,” and your ad appears 2,300 times, your coverage is 23%.

Coverage is a relative term. In less competitive keywords, it’s easy to get near 100% coverage. In highly competitive keywords (ie: most commercially relevant ones, like “spyware”), a coverage of 50% could be very expensive.

Coverage is relatively easy to estimate - simply type in your search terms on Google and click through the results pages. If you do this enough times, you’ll end up with an estimate that’ll be fairly close to the actual numbers. To do this for a lot of keywords, however, you’ll need to use an automated tool.

## AdGoroo Rule #1: Coverage Before Rank

All other things being equal, it is cheaper and more profitable to have your ads appear more often at the bottom of the ad bar than less frequently at the top.

If relative rank of your ads is high (meaning in the 1-4 range), your ads are appearing close to the top of the Google ad bar. The higher your ad appears, the higher your click through rate.

If your relative rank is 0 or 0.5, it means your ad is in one of the premium positions, which means you'll have an extremely high click-through rate (15% is common for highly targeted keyword phrases).

If relative rank is low (meaning 5-8), your ads are appearing near the bottom of the ad bar, and fewer people will click on them (.5-1.0% is a ballpark CTR for position 7-8).

To increase your relative rank, you increase your maximum CPC (also called a "bid"). To increase your coverage, you increase your daily budget.

Consider for a moment two competitors that advertise in the same keywords, with similar ads and the same bid price for a particular position. It's obvious that the one with the higher coverage will drive more traffic to their site, because although their clickthrough rate (CTR) is the same, the ad with a bigger budget appears more often.

This brings us to our first and most important rule of first-rate AdWords™ strategy:

**Increasing your coverage is always cheaper and more profitable than increasing your relative rank. To increase your coverage, increase your daily budget.**

To illustrate this, let's pretend you have a simple ad campaign with a single keyword and a single ad:

Daily Budget: \$1  
Max CPC: \$.50

Your campaign shuts down when just two people click on the ad (2 clicks x \$.50 each = \$1).

If you increase your maximum bid (in a naïve attempt to outmuscle your competitors), what happens?

Daily Budget: \$1  
Max CPC: \$1

Now the campaign ends after a single click. Plus, you have potentially paid twice as much for the same traffic.

Now let's try increasing your budget:

Daily Budget: \$2  
Max CPC: \$.50

Your campaign now generates 4 clicks. That's better.

But what's even more interesting, is if you decrease your bid:

Daily Budget: \$1

Max CPC: \$.25

Now your campaign generates 4 clicks and you saved \$1. By decreasing your bid amount you generated twice as much traffic as the first scenario!

It is a simple principle, yet less than one-tenth of all Google advertisers are aware of it (at least, as evidenced by the campaigns we track using the AdGoroo software).

The takeaway here is that unless you've absolutely saturated your chosen keywords, you shouldn't be increasing your bids in an attempt to out muscle your competitors.

## AdGoroo Rule #2: Don't Bid Too Low

We have already mentioned this, but if you're serious about your AdWords™ campaign, you should strive to position your ads on the first search results page. That means that you should initially position all of your bids so that your ads attain a placement of about 7.

There are 8-10 paid advertisements on each Google search results page. If AdWords™ reports that your average position for a keyword is 24, then, on average, your ads appear near the bottom of the third page.

How many people do you think click through three or four pages of search results when they're ready to purchase something? Not many.

But if position 8 is still on the first page of results, why are we bidding them up to position 7? Because Google randomly scatters half of your ads above your average position, and the other half below. Thus, if your average position is 8, then only half of your ads have a fighting chance on the first page. By bidding a little higher (ie: position 7), you'll end up getting the vast majority of your ads on that coveted first page.

Once your ads are on the first page, you are competing for the lion's share of the search engine traffic. That's when the rest of AdGoroo's techniques kick in.

## AdGooroo Rule #3: Don't Lose Money

If you bid so high for ad placement that you're actually losing money, then you're better off not advertising at all. But if it does make sense for your particular type of business, you should have a good conversion tracking system in place<sup>3</sup>.

**Never pay more for a conversion than the average profit that each visitor to your website generates.**

This rule overrides every other rule in the AdGooroo system.

Never allow your bids to increase beyond the point of profit. What that point is exactly can only be determined through some fairly sophisticated mathematical analysis, but a decent rule of thumb is to aim for a cost per conversion of about half of the maximum amount.

Note that "cost per conversion" isn't the same as your maximum bid. Cost per conversion measures the amount that it costs you to convert a visitor to your site into an actual buyer of your product.

To figure out the cost per conversion, divide the cost per click for a particular keyword by the percentage of people who purchase something.

Here's a quick example.

Keyword: "inkjet"  
Your maximum bid (CPC): \$.25  
Percentage of website visitors that purchase something: 5%

Cost per conversion: \$.25 divided by 5% = \$5.00

Profit per sale: \$15.00

In this example, the cost per conversion is \$5.00, which means that for every \$5.00 you spend, \$15.00 comes back in. That's not bad.

Conversion tracking is an intermediate technique which this e-book won't go into. If you don't understand it well, it's something you'll want to look into. If you're interested in tracking it further, drop us a line and maybe we can help.

---

<sup>3</sup> A conversion tracking system might be difficult to implement if you are running a branding campaign or are not selling directly online for some other reason. For instance, if you are selling consulting, copywriting or some other service, many of your customers will purchase their services over the phone. Even in this situation though, you can figure out just how much you are willing to pay for a lead and track that instead.

## AdGooroo Rule #4: Never Bid Too High

This rule is an extension of rule #3.

If you bid too high for a keyword in your campaign, even if you are turning a profit, it diverts money away from cheaper, more profitable keywords. This represents an opportunity cost.

Sadly, the AdWords software often seems to allocate your budget more towards the more expensive keywords. Google is in this to make money, after all. If you give them the opportunity to spend more of your money on fewer ad impressions, they will. They can then turn around and sell the ones you bid lower on to other advertisers.

A shocking number of advertisers ignore this simple rule. Many advertisers bid too high for ad placement and drain their budgets too quickly. Meanwhile, they have hundreds of highly profitable keywords that aren't getting the maximum number of impressions possible. It makes no sense to bid high for your ads until you've sucked up all the traffic you can from lower positions in the same keyword, as well as traffic from other, cheaper keywords.

There is only one reason to increase your bids, and that is to increase the likelihood that someone will click on your ad. But, as we've already demonstrated, it's cheaper to increase your coverage (ie: by increasing your daily budget) than to increase your bids.

Therefore, the optimum position for most advertisers is around 7. You shouldn't consider increasing your bids until you have achieved 90% (or more) coverage.

A real life example will illustrate just how important this rule is. At one time, I was bidding up a high-volume keyword to about the 4<sup>th</sup> position on the Ad bar. About half of my campaign budget was spent on this keyword. My campaign seemed to be doing fine, and in fact, I was making quite a bit of money. But when I performed an ROI analysis, I realized that Google was allocating too much of my budget to this keyword. Cutting my bid by about half resulted in a much higher number of impressions for the rest of my search phrases, as well as an additional \$150 profit per day (over \$54,000 per year!).

## AdGooroo Rule #5: Don't Drop Your Budget Too Low

Most advertisers don't spend enough on their Google AdWords™ campaigns. For any given keyword, about 50% of advertisers have daily budgets that are too low. If you are making money on your campaign, then you should increase your budget to as much as your cash flow allows! If you are not making money, then you should reduce your bids or stop advertising altogether.

Note that there is no AdGooroo rule that says, "Don't Raise Your Budget Too High." That's because for a well-run campaign, your budget can never be too high.

Always remember that Google plays favorites. Advertisers who have higher daily budgets will get a disproportionate amount of the traffic than advertisers with lower budgets. You don't stand a fighting chance against big competitors unless your daily budget is as high as Google recommends. In fact, I recommend that you set your budget higher than Google recommends, to accommodate for peak traffic periods, such as holidays.

To illustrate just how important this is, imagine a scenario in which you're advertising in a highly competitive and well-trafficked keyword. If Google recommends that you spend \$1,000 a day but you're spending only \$350 a day, you won't get 35% of the traffic. You'll be lucky to get 15 or 20%. The other 15% will be offered to advertisers that have committed to spending more than you.

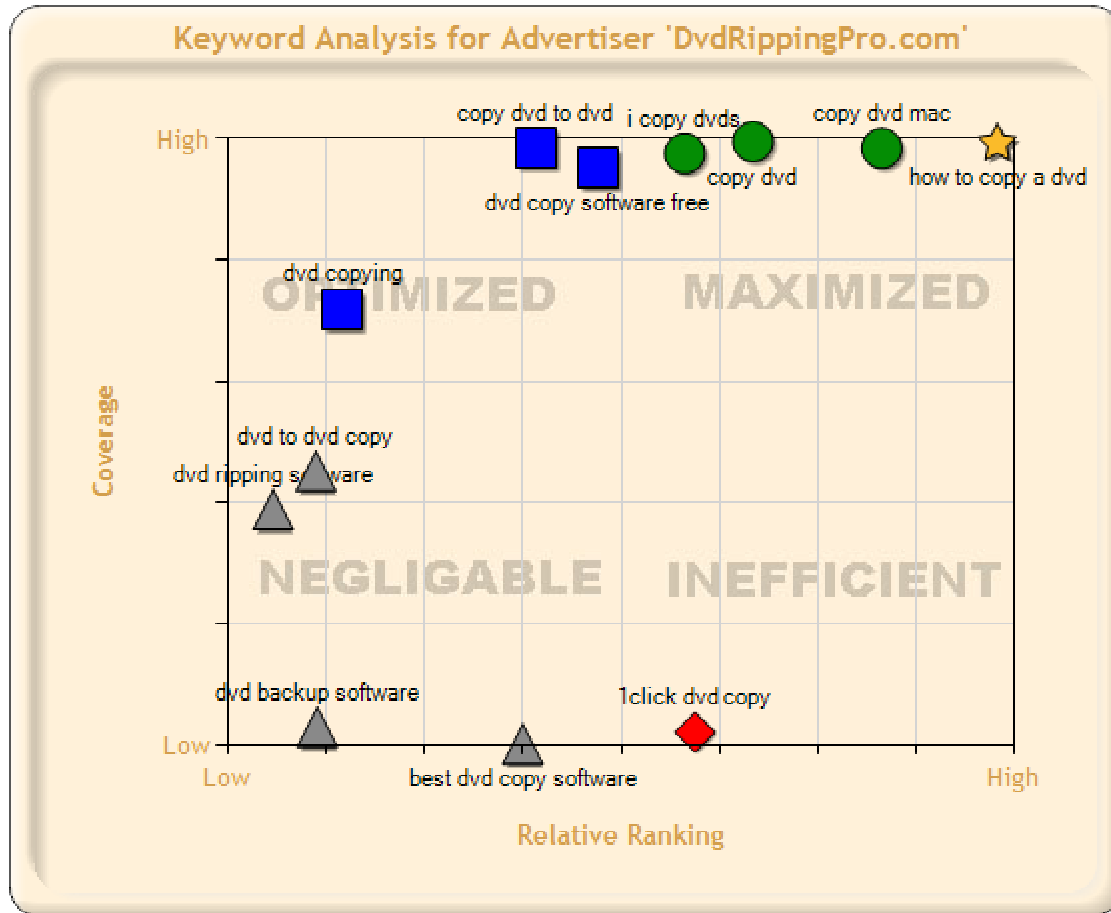
Conversely, if you maximize your daily budget over a period of a few weeks (while keeping your bids at a reasonable level), Google will eventually start rewarding you with a disproportionate share of the traffic. In some popular keywords, the advantage can be as high as 400%.

In another of my campaigns, Google initially recommended a budget of \$250 per day. Over a period of two months, the recommended budget peaked at over \$1700 per day. This wouldn't have happened if I didn't regularly monitor my budget and kept it as high as Google recommended.

## Putting It All Together (Half-way point)

All of these rules may have made it sound like there's a lot of work involved, and if you do it by hand, there is. Fortunately there's a simple way to get a handle on even the largest campaigns. By combining coverage and relative rank for each of your keywords, you can plot your entire campaign on a simple graph. In seconds, you'll know what to do for each keyword:

1D.



Graph 1D is a snapshot of a typical campaign prior to optimization. Some keywords are optimized, while others are maximized or have bids that are far too high.

### NEGLIGIBLE

The keywords in the lower left (the gray triangles) appear infrequently and have a low rank. This advertiser is getting very little exposure from those keywords when compared to his competitors.

### INEFFICIENT

The keyword in the lower right (the red diamond) is bid high, but isn't appearing very frequently. This advertiser should lower his bids for this keyword because it's inefficient and draining his budget from other more profitable keywords.

### OPTIMIZED

The keywords in the top left (blue squares) appear frequently and have a good rank. Although they aren't generating the maximum amount of traffic possible, the traffic that is being

generated is likely to be very profitable. Once the inefficiencies have been corrected, this advertiser will generate even greater traffic by bumping his bids up and moving these keywords into the top right quadrant.

#### **MAXIMIZED**

The green circles represent keywords that have high bids and appear frequently. This advertiser is doing very well in those keywords. The danger, of course, is that his bids are too high and that his profit margins are either razor thin or non-existent.

#### **PREMIUM PLACEMENT**

Finally, yellow stars indicate premium placement. The ads in these positions typically generate the highest click-through rates and the most traffic.

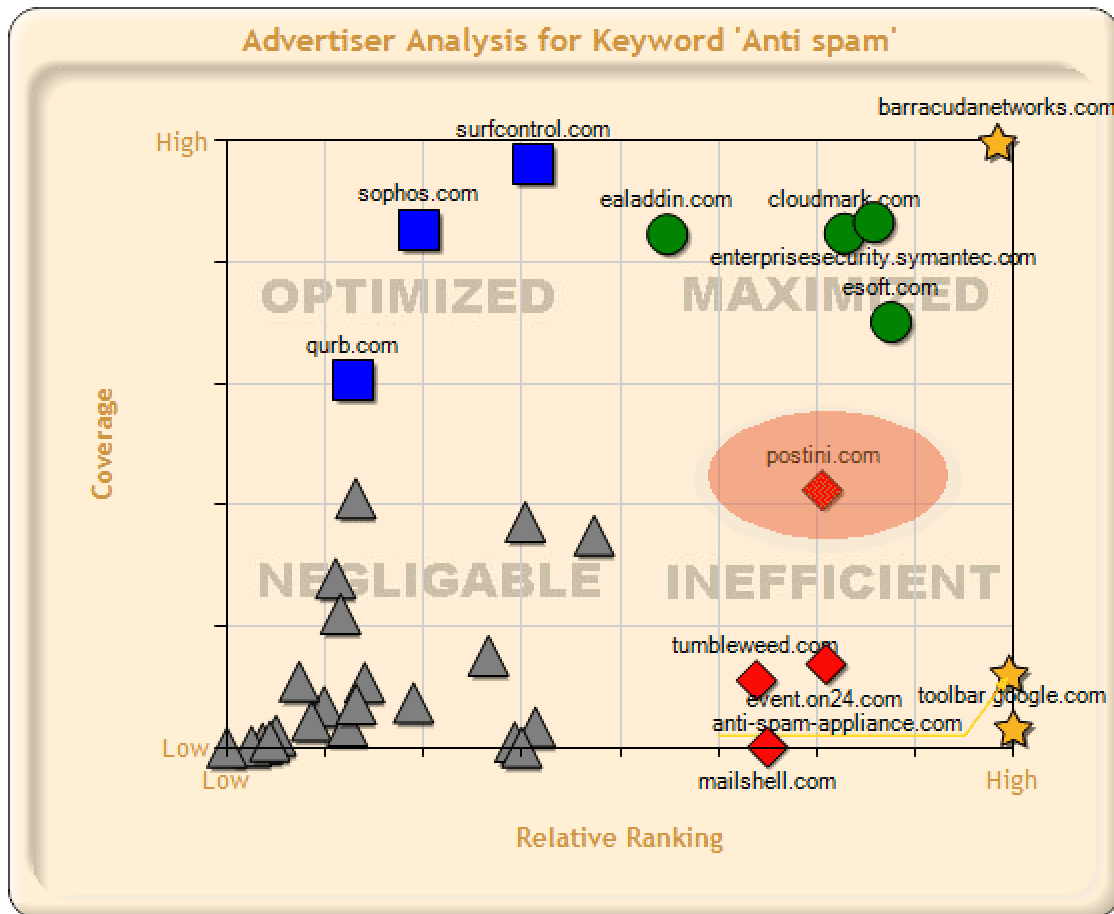
Generally speaking, large advertisers should have all of their keywords in the top half of the graph (preferably in the top right). Getting there and maintaining profitably is what you'll learn to do in the second half of this e-book.

## How Effective Is Your Campaign?

Just as you can plot out your keywords on an AdGrid, you can also plot out your competition. With this chart you can quickly discern which competitors you should be worrying about and which ones to ignore.

The following is a plot of various campaigns within the search phrase “anti spam”. Let’s take a look at how we can use this graph to distill some information about the competition.

1E.



The advertiser [www.postini.com](http://www.postini.com) (red diamond) is bidding too high for this keyword. By reducing their bid, they would not only cut costs, but they’d also generate additional revenues. This represents a substantial profit opportunity, but there’s no way that they can see it without the benefit of this graph.

The advertisers in the lower left are low ranked and have low budgets. They are generally not a threat.

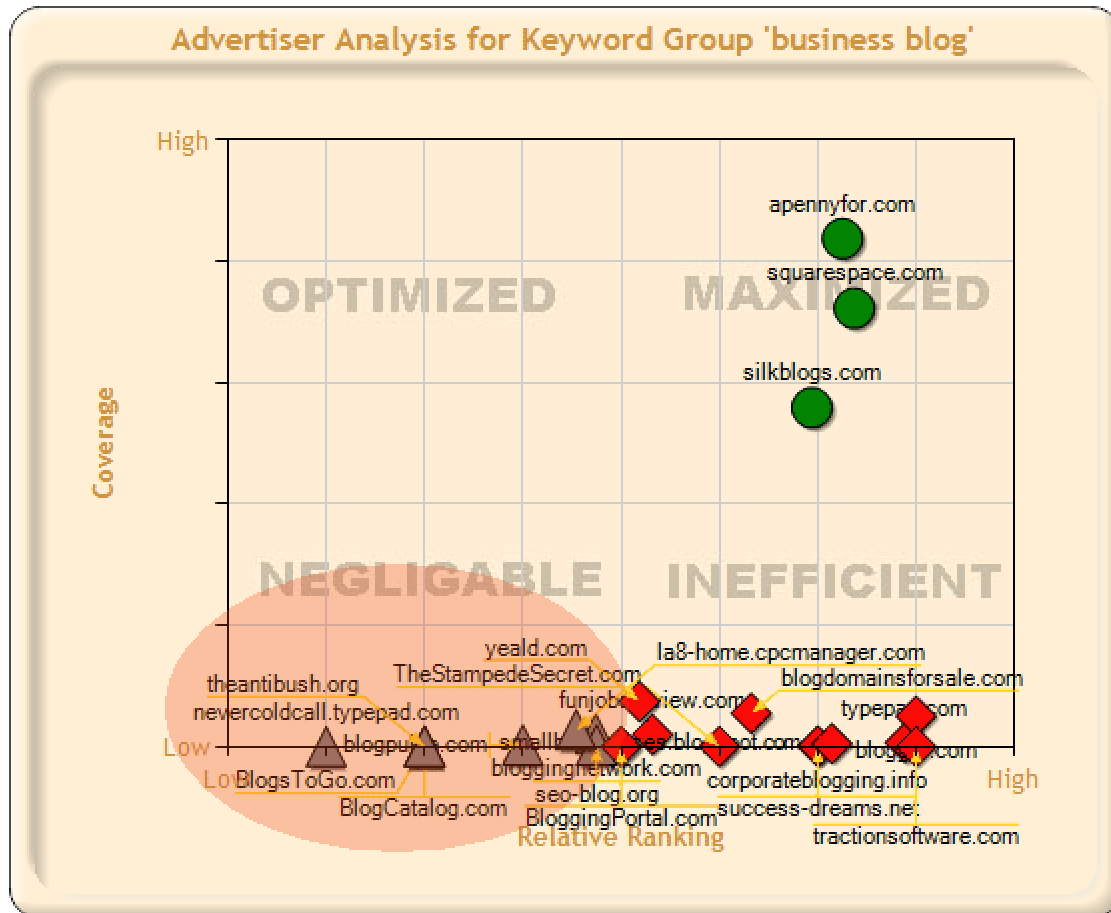
The advertisers in the top left are efficient and are likely generating high profits from their traffic within this keyword. You could probably learn a lot from them.

The advertisers in the top right are generating the most traffic within this keyword. Their margins probably aren’t as high, but in absolute terms they are likely generating the highest

profits. If you notice the same advertisers appearing week after week in the top-right quadrant, it's safe to assume they are making a good profit. Conversely, you'll often see new advertisers appear in this quadrant just to disappear a few days later. That's the sign of an amateur.

## Part 2: AdGooroo Strategies For Every Campaign

## AdGooroo Strategy #1: The “Negligible” Campaign

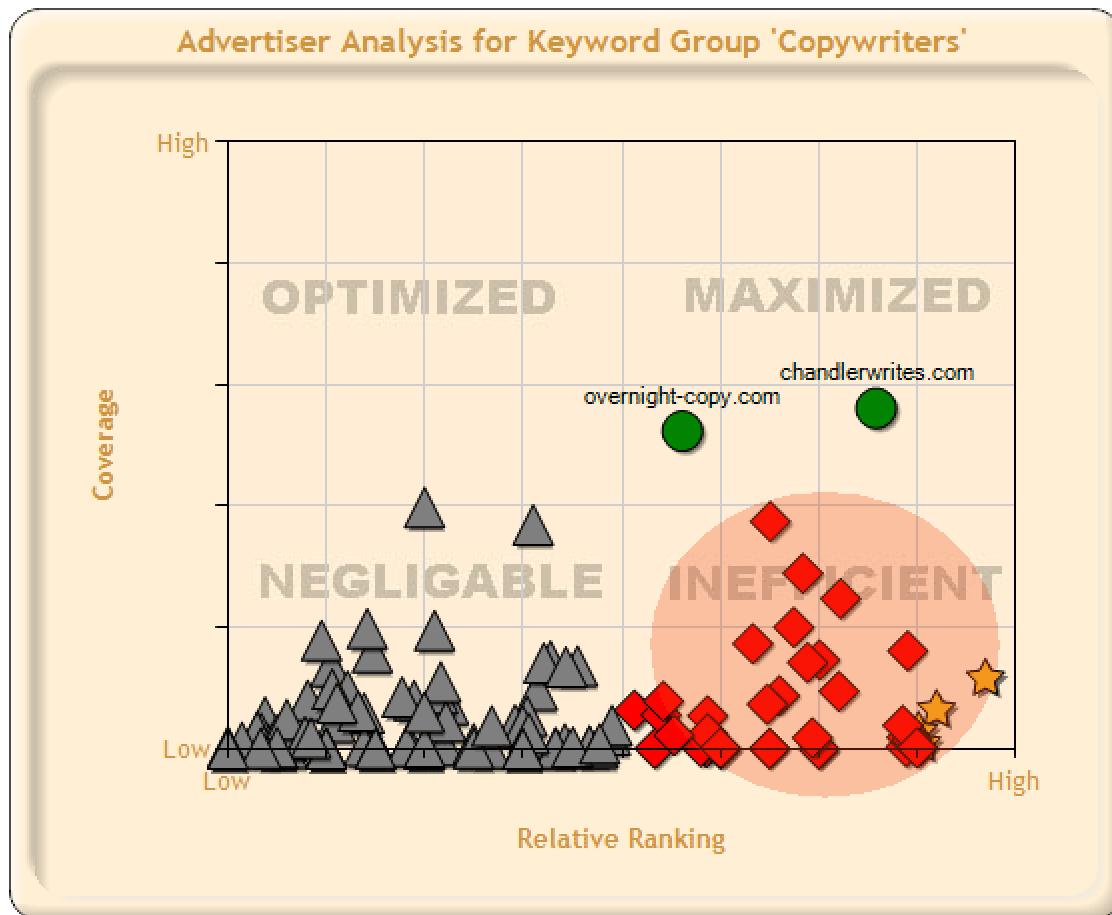


If your campaign falls in the lower-left quadrant, it means that you are not receiving much traffic in comparison to your competitors.

To fix this, Increase your daily budget while ensuring that all of your keywords have an average position around 7.

When you increase your daily budget high enough, your campaign will enter the top-left “Optimized” quadrant.

## AdGoroo Strategy #2: The “Inefficient” Campaign

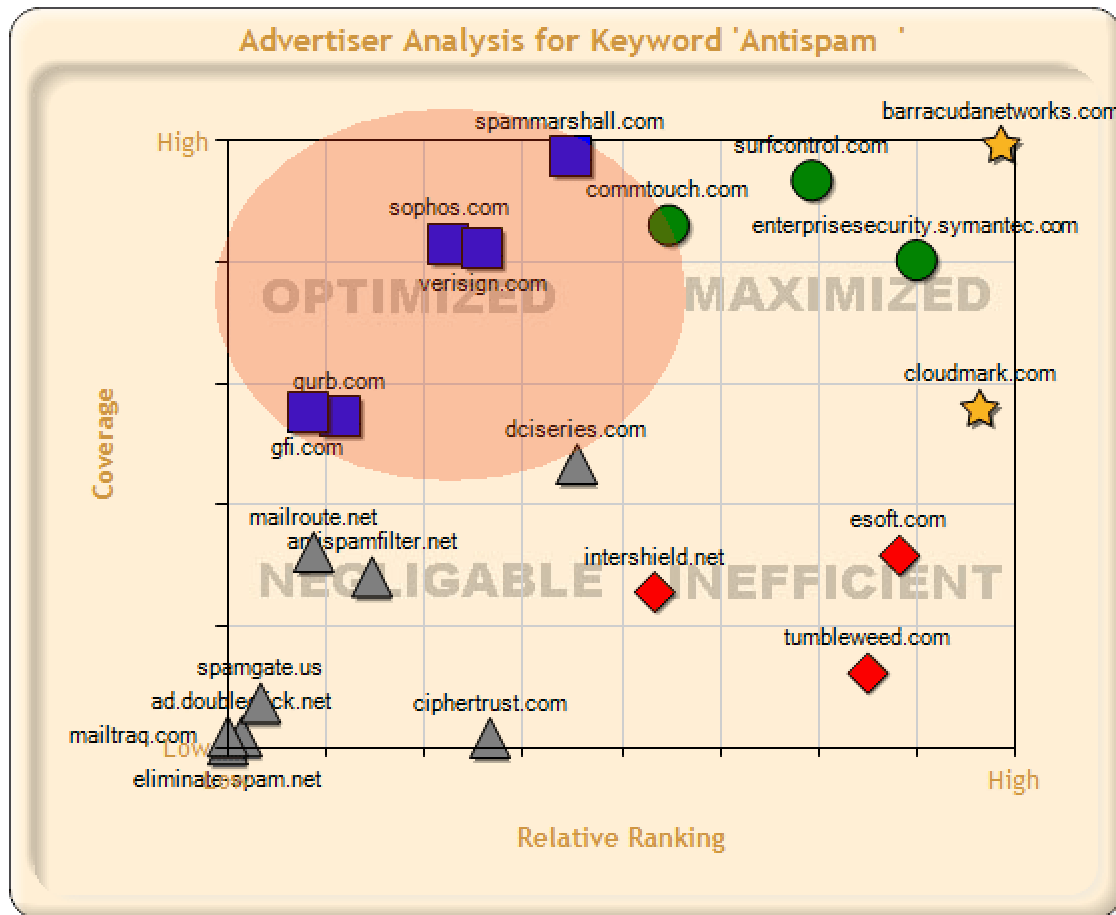


Advertisers who fall in the lower-right quadrant are inefficient. Not only do they have a low daily budget (which gets them penalized by Google), but they're also overpaying for the traffic they do generate. This double-whammy is a death knell to an AdWords™ campaign. The good news is that if your campaign falls within this quadrant, you stand to make a lot of money by moving it to the “optimized” (top-left) quadrant.

To do this, just lower your bids on any keywords with an average position of 1-4. Within 24-48 hours, you'll find that your campaign will either shift to the lower-left or upper-left quadrant (if it doesn't, further lower your bids, but not below position 7. Once your ads are all around position 7, you'll have to increase your daily budget). Then follow the appropriate strategy for that quadrant, which in this case would be “Negligible” or “Optimized.”

By the way, don't you find it amazing that in a competitive industry such as copywriting, out of nearly 125 competitors, only 2 are advertising effectively? This is the case with every industry we've seen.

## AdGooroo Strategy #3: Optimize, Optimize, Optimize



If your campaign is located in the top-left quadrant, but your coverage isn't 90% or greater, then the next step is to get it there.

This strategy is executed in two ways:

### 1. Further increase your daily budget.

If all of your keywords have an average position of 7 or greater, this will probably work for you. However, if another competitor is ranked slightly higher than you, you may have to outbid them before your coverage improves.

For example, in the chart above, [sophos.com](http://sophos.com) has an estimated coverage of 83% and a rank of 5.8. They should first try increasing their daily budget. Chances are, however, that this won't do the trick because another competitor, [verisign.com](http://verisign.com), is ranked at just above them and has about the same coverage. This means the #5 position is very competitive.

So if after increasing their budget, their coverage still doesn't improve, then [sophos.com](http://sophos.com) will have to outbid [verisign.com](http://verisign.com) for this keyword in order to get Google to allocate more traffic. Interestingly, it's likely that [sophos.com](http://sophos.com)'s relative rank will drop a bit because there is little competition immediately below (notice that [antispamfilter.net](http://antispamfilter.net) is currently occupying that position and has only about 30% coverage - they will easily be knocked lower). This sometimes happens because in a situation like this one, all the spots above are already taken.

## 2. Decrease your bids

If increasing your daily budget is a problem, then you might consider decreasing your bid amounts. If there is little competition for the spots below you, then your coverage will increase while your rank goes down.

In the example above, sophos.com can drop their bids by a bit and improve their coverage, perhaps all the way to 100%. This is possible because there is little competition for the #6 position.



## Strategy #5: Balanced Cost Per Conversion

Once you occupy a high-coverage position within the second quadrant, you should then turn to your conversion tracking tools.

Balance your campaign by raising or lowering your bids until the cost per conversion is about the same for all of your keywords.

How low should you lower your bids? Don't lower your bids so much that your average position falls below 7.

How high should you raise them? If you have keywords that are converting extraordinarily well, you might find that you can raise your bids very high while keeping your cost per conversion at the same level as the rest of your campaign. Go for it!

This process could take a couple of weeks. When balancing my cost per conversions, I prefer to use a 3 or 7 day window. This helps to balance out the fluctuations that inevitably occur from day to day.

Once you've completed this step, your AdWords™ campaign will get more and more efficient each day.

## AdGooroo Strategy #6: Improve Ad Copy

Many businesses thrive in quadrant 2. They're either generating as much traffic as they can handle, or they can't afford to raise their bids for whatever reason. For those businesses, this is the stopping point of the AdGooroo system. Fortunately, however, improving ad copy can also dramatically improve ROI without any further financial investment.

The right ad copy will boost your sales. Here are some interesting discoveries I have made while working with AdWords™:

- Ads with round numbers (ie: "10") don't do as well as ads with less common numbers (ie: "8" or "23")
- Ads with fewer capital letters have higher click-through rates than ads with proper capitalization (with the exception of the following...)
- Ads that capitalize the user's search terms do far better than ads that do not.
- Typos make little or no difference in click-through rates.
- Ads that contain the same words as the user's search terms do better.
- Ad titles should reflect the searcher's need, not some feature of your product or service (example: "Looking for a copywriter?" instead of "the best copywriter")
- The first line of ad copy should begin with a verb instead of a noun.

A few more tips:

- You should continually monitor your competition's ads for changes and modify your ads accordingly. Although you can't tell for sure how well their ads are doing, you can make some deductive assumptions. If a competitor introduces a new ad in one keyword, and later introduces it in other keywords, it's likely that she's had some success with it. Try to apply her changes to your ads.
- When you introduce a new ad, allow it to run simultaneously with your previous ad. This will give you a basis for comparison.
- Allow ads to run for a minimum of 3-4 days before making a judgment as to their effectiveness. If you are comparing them with ads that have been running for a while, you should wait even longer. This is because Google often gives a position bonus to well-established ads with good clickthrough rates.
- If you modify an ad that has premium placement, you will lose your premium placement for a minimum of three days (probably a lot longer, *if* you get it back at all). Therefore, you should almost never change the copy of an established premium ad. (Strangely, AdWords™ won't tell you when you have premium placement. I guess that's why so many advertisers wind up breaking this rule).

## AdGooroo Strategy #7: Dominate the Competition

After you've balanced your cost per conversion, it's time to start bumping your bids. You should try to do so evenly. And always start with the keywords that have the lowest cost per conversion. However, make quick gains, you should increase the bids for your high-traffic keywords.

**Important Note:** Make sure that you increase your daily budget as you increase your bids. Otherwise, you'll end up paying more for the same amount of traffic.

An easy way to stay on top of this is to monitor your coverage each day. If your coverage drops below 90 or 95%, then raise your daily budget.

Before long, your campaign will move into the upper-right quadrant and you'll be a major competitor within your chosen keywords.

## AdGooroo Strategy #8: Attain Premium Placement

Once you have attained premium placement, it's difficult for competitors to dislodge your ads. Once your ads are there, you'll enjoy the highest click-through rates possible ... and often at a cheaper price than you were paying for the #1 position. This is because Google rewards high clickthrough rates with position bonuses<sup>4</sup>. Another benefit of premium placement is that once you get it, it's hard to lose it (but there is a way - we'll show you how next).

Attaining premium positions isn't as straightforward as increasing your bid. The actual algorithm that determines whether or not your ads achieve this position is a combination of several factors:

- Bid Amount
- Lack of competing bids
- Coverage within the given keyword
- Length of time ad has been running in the top position
- Clickthrough rate

Generally speaking, if you can put an ad in the top position for a week or two, it will often automatically end up in the premium position. If it doesn't, try increasing your maximum bid even higher. You usually won't end up paying more, but sometimes it triggers premium positioning.

---

<sup>4</sup> Technically, they multiply your actual bid by a multiplier to get an effective bid. For example, if your ad has a high clickthrough rate and you are bidding \$.50, AdWords™ may multiply your bid by 1.5, to come up with an effective bid of \$.75. In essence, Google is giving you free money (or free traffic, however you'd like to look at it).

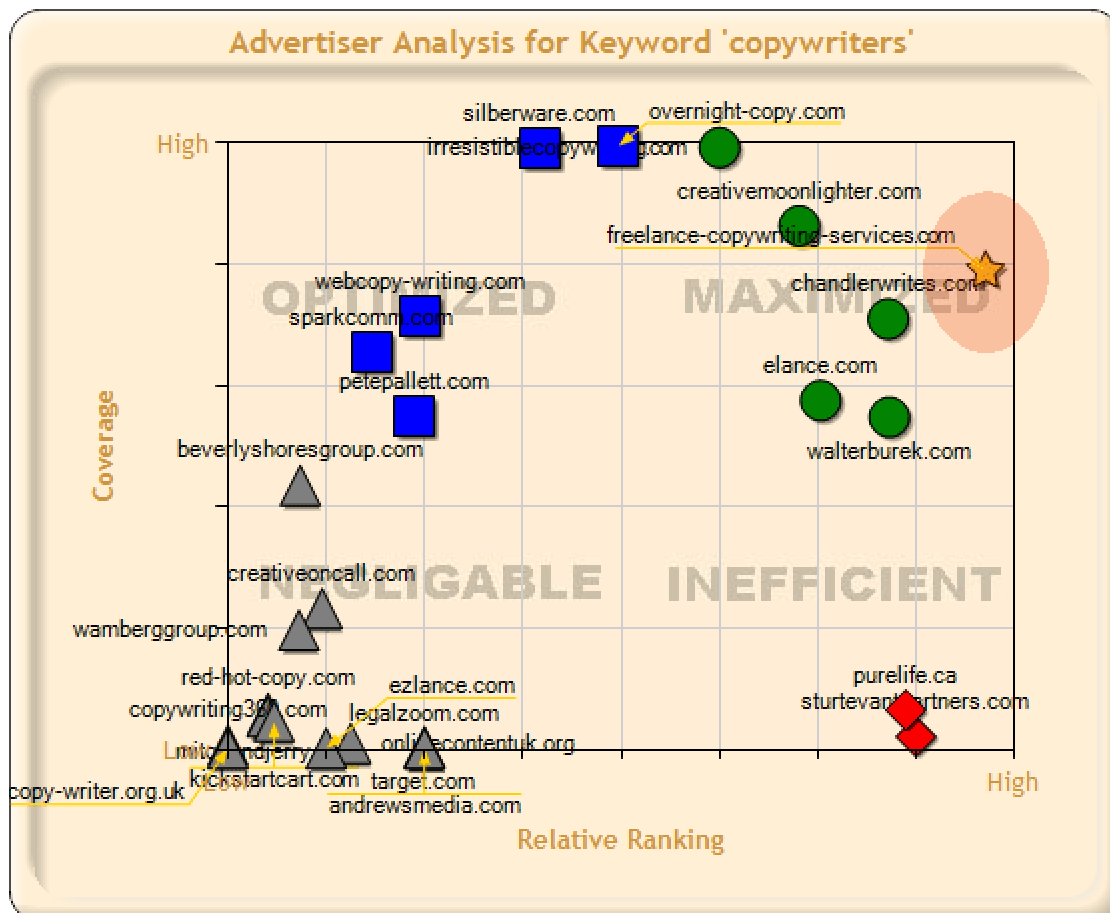
## AdGoroo Strategy #9: Attack A Competitor's Premium Ads

After working with AdGrids for awhile, you'll be intimate with your top competitors. Before long, you'll develop a good feel for their keyword and bidding strategies, and you'll begin to understand how their campaigns are taking traffic away from your site. That's when it's time to attack them head on.

Conducting a sustained attack on your competitors almost seems a little unfair. Today, the vast majority of online advertisers are operating completely blind (ie: the best feedback most of them have are basic conversion ratios) so they won't notice when you start putting a stranglehold on their campaigns. All they'll see is that their traffic is declining and that they won't be able to spend their allotted budget. To them, it just seems like demand is drying up. In reality, you've simply outsmarted them.

This is an advanced strategy designed for large advertisers in highly competitive keywords. It's designed to deny your competitors from enjoying the highest traffic opportunities: premium placements. It takes advantage of the fact that most advertisers have no easy way to determine if their ads are receiving premium placement. If you can track this information from your competitors and they can't, they'll be at your mercy.

In the AdGrid below, the yellow star indicates the competitor who has the premium placement position at the top of the page. You'll execute this strategy by attacking these keywords and knocking them down to the #1 or #2 position. By doing so, you'll massively reduce the number of clickthroughs they receive.



Although it's difficult to dislodge premium ads, it's not impossible. Remember that one of the important factors that determine whether an ad receives premium placement is the bid gap. To knock a competing ad from the premium position, all you need to do is boost your bid until the gap becomes small enough. Just increase your bid and check back tomorrow to see if their ad has dropped from the premium position. Repeat until the ad has dropped from the top of the page to the right.

There has been some debate over whether your bid actually has to beat your competitors for their ad to be dropped. I've seen it work both ways. One thing to keep in mind, however, is that as long as their ad stays ranked higher than yours, your bid will push their costs higher and the efficiency of their campaign will drop. If they're using automated bid management tools, this can, in some cases, end up fooling their software and cause their bids to be adjusted downward. If this happens, they'll inadvertently cede the premium position to you and never even realize it. It goes to show you just how dumb some software can be.

You might ask yourself why you would pursue this strategy. After all, conventional internet marketing wisdom dictates you should never bid higher than your conversion rate. This is one instance in which you can exercise your judgment. If you can deny your competitors a significant amount of traffic and stand to gain it yourself, you can benefit in a variety of ways that can't be measured using simple conversion tracking software. For instance, if you have volume agreements with your suppliers, you can make up the additional cost of premium advertising in back-end discounts. Not to mention, the less money your top competitors make, the less able they'll be to compete effectively against you. Is it worth it? You decide.

Note: In the past few months, Google has added a 2<sup>nd</sup> premium position below the first. The implication of this is that if your ads have been running a long time and qualifies for premium placement, this strategy might not work as intended. Instead, your ad will appear in the 1<sup>st</sup> premium position, while your competitors' will be demoted to the 2<sup>nd</sup> position. There will still be a drop in their click-through rates and an increase in yours; however, it won't be as dramatic as it would be with a drop down to the ad bar.

## AdGooroo Strategy #10: Defend Your Trademarks

What if you could force competitors out of your best keywords? Would you?

Of course you would. Your bidding costs would go down, while your rank and coverage would go up. You would get more traffic more cheaply than before.

If you have trademarked terms (such as product names), you can do exactly that. First, generate a list of all competitors who have targeted your trademarked term for their ads along with a list of their actual ad copy. This will be a little difficult to do without the use of an automated tool, which is why we provide all AdGooroo subscribers with this information in their keyword reports.

Once you've compiled the list of offenders, fax a letter with the following information to Google at 650-618-1499:

1. Name of your company
2. Your contact information (including email address)
3. List of trademark(s) at issue and the country/countries in which it is registered
4. The identity of the advertisement(s) at issue (ie: the list above. Include the URL, and just to be safe, the copy of the ad text).
5. If certain affiliates or partners are permitted to use your trademark in their ad content, please list the company names in your letter.
6. Include the following statement: "I have a good faith belief that use of the trademarks described above with the advertisements described above are not authorized by the trademark owner or its agent, nor is such use otherwise permissible under law."
7. Include the following statement: "I represent that the information in this notification is true and correct and that I am authorized to act on behalf of the trademark owner."
8. Your signature.

We've had great success with this method and have stopped a number of companies from displaying their ads when people type in our clients' trademarked terms.

## Conclusion

It's our hope that this e-book has opened your eyes to just how much more effective your AdWords™ campaign can become ... and *should* become. AdWords™ competition is reaching new levels of sophistication and yesterday's winning strategies are quickly becoming old news. Incorporating conversion tracking and automated bid management no longer guarantees that you'll be the top competitor in your field.

In the past year, AdWords™ has become more competitive. While it's still the proverbial goldmine for some advertisers, more and more people have caught on, it's become increasingly difficult to turn a profit using this medium. The average cost per click rose from 30 cents in 2002, to 40 cents in 2003, and is expected to increase to 45 cents in 2004<sup>5</sup>. In fact, online ad spending by internet marketers is *conservatively* estimated to grow by at least 45% over the next 12 months.

If you'd like to learn more about your competitors' campaigns than they know themselves, try out AdGooroo for a free trial. In addition to everything you've read about in this e-book, you'll get a variety of other features to help you maximize your search engine traffic, as well as access to the latest research into PPC advertising.

Thanks for reading!



---

<sup>5</sup> <http://www.zdnet.com.au/insight/security/0,39023764,39153875,00.htm>

# AdGooroo Features

AdGooroo subscribers receive access to invaluable reports which detail their competitors' as well as their own campaign activity. When you first log in to AdGooroo, you'll see an overview of your campaign. This report shows your current position within your industry, as well as your top competitors and recommended adjustments you should make to your keywords.

The screenshot shows the AdGooroo dashboard for a campaign named 'most popular spyware'. The interface includes a sidebar with navigation options like 'SUBSCRIBER HOME', 'MANAGE ACCOUNTS', and 'BROWSE GROUPS'. The main content area is divided into several sections:

- CAMPAIGN ANALYSIS:** Shows campaign status (4 Maximized), coverage (75.5%), rank (2.6), and total keywords (47). A 'CAMPAIGN ANALYSIS' box indicates 'High Coverage', 'High Rank', and 'Top Competitor in this keyword group'.
- Advertiser Analysis:** A scatter plot titled 'Advertiser Analysis for Keyword Group: most popular spyware' showing relative ranking on the x-axis (Low to High) and bid on the y-axis. Advertisers like hop.clickbank.net and adwarereport.com are highlighted.
- KEYWORD ALERTS:** A table listing keywords with current and target bids and recommended actions (e.g., 'Lower Bid', 'Raise Bid').
- TOP 5 COMPETITORS:** A list of top competitors with 'Compare' links for each.

Annotations with red arrows point to these sections, describing their features:

- 'Quick stats about your campaign' points to the Campaign Analysis box.
- 'Today's Industry Map' points to the Advertiser Analysis scatter plot.
- 'Top Five Competitors and side-by-side comparison reports' points to the Top 5 Competitors list.
- 'Keyword alerts which tell you exactly what steps to take to improve your campaign' points to the Keyword Alerts table.

From here, it's easy to find whatever information you're looking for. When you first begin using the system, you should take a look at your own campaign detail report to identify problem keywords. The advertiser below has quite a few keywords they could immediately begin to improve.

**ADVERTISERS DETAIL REPORT:** Friday, September 03, 2004 - Sunday, October 03, 2004

< / Last 24 Hours / Last 3 Days / Last 7 Days / Last 30 Days / > / Set Date Range

**Advertiser:** spywareremoversreview.com **Group:** most popular spyware

**CAMPAIGN ANALYSIS**

Low Coverage  
High Rank  
Inefficient competitor in this keyword group

Campaign Quadrant: 3 (Inefficient)  
Campaign Coverage: 40.5%  
Campaign Rank: 3.5  
Total number of keywords: 31  
Number of keywords generating 90% of traffic: 31  
Total number of Ads: 67263 observations during this period

**KEYWORD COMPARISON CHARTS**

Show Keyword Datagrid Show Ad Datagrid

Display 50 keywords of a time

**Keyword Analysis for Advertiser 'spywareremoversreview.com'**

The chart plots Coverage (Y-axis, Low to High) against Relative Ranking (X-axis, Low to High). It is divided into four quadrants: OPTIMIZED (top-left), MAXIMIZED (top-right), NECESSARY (bottom-left), and INEFFICIENT (bottom-right). Keywords are represented by colored dots and triangles. A red arrow points to the 'Latest campaign statistics' section.

**Keyword Analysis Table:**

Keyword	Type	Coverage (%)	Avg Rank	Acc.	New
spyware removal	+	99.9	1.3	★★★★	
what is spyware	+	98.7	2.1	★★★★	
spyware	+	99.3	1.2	★★★★	
trojan horse	+	99.2	1.1	★★★★	
anti spyware	+	98.8	3.6	★★★★	
removing spyware	-	98.1	2.6	★★★★	
spyware download	+	98.1	2.6	★★★★	

Detailed statistics for each keyword

Over the course of a few weeks, you will develop a close familiarity with your industry. You'll get a feel for whom your top competitors are and you'll gain insights into their strategies (or lack thereof). The side-by-side comparison reports will show you exactly what you need to do to undermine their best ads and attack their weaknesses.

**Traffic Comparison Chart**

Traffic Comparison  
hop.clickbank.net vs. adwarereport.com

**Traffic Analysis**

**Increase Your Budget**

The following keywords are comparatively ranked to your competitor, but are not appearing as frequently. You should either increase your daily budget, or assign these keywords to their own campaigns. If their reported average rank (found on your AdWords reports) is higher than 8, you may want to increase your bid as well.

Keyword	adwarereport.com Coverage	hop.clickbank.net Coverage	Difference
adware and spyware	49.7	248.6	-198.9
adware eliminator	54.7	133.0	-78.3
adware killer	98.9	134.6	-35.7
adware remove	99.4	160.7	-61.3
adware remover	99.4	283.4	-184.0
adware removers	99.3	138.2	-38.9
adware review	99.4	153.9	-54.5
adware software	99.9	209.0	-110.1
adware spyware	100.0	194.4	-94.4
browser hacker	99.4	315.5	-216.2
spybar	99.8	247.2	-147.4
base spyware	96.0	187.6	-91.6
homepage hijack	99.4	270.2	-170.8
homepage hijacked	97.8	246.6	-148.8
hidactivate	96.0	426.7	-330.7
removing spyware	100.0	154.2	-54.2
spy hunter	69.5	389.3	-319.8
spyinternet	48.3	92.6	-44.3
spyller	98.3	206.8	-108.5
spyware finder	67.6	170.4	-102.8
spyware help	65.3	318.8	-253.5

This chart shows you the keywords in which your competitor is outperforming you.

The remaining sections of the report tell you exactly what you need to do to surpass your competitor in each of your keywords.

## Take AdGooroo For a Spin!

AdGooroo offers a free 5-day trial so you have nothing to lose and everything to gain. Point your web browser to [www.AdGooroo.com](http://www.AdGooroo.com), pick your top 10 keywords and let AdGooroo make them twice as profitable.

