

Adwords marketing aspects

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Marketing IS / Marketing in the
internet

Price levels for advertising in the internet

- The most common price range is 0.02 – 4 EUR per click
- Depending on the type of ad, and the competition the prices differ
- In Lithuania the horoscope webpage is cheap to advertise – 0.01- 0.02 EUR per click
- However if there are 50 enterprises willing to advertise in this webpage and only 11 places for putting advertisement, the price goes up and can reach 0.5-0.6 EUR

How to decide worth of advertising?

- Main thing is conversion:
- If we have only 5% response form the customers viewing the ad, it means that after 20 shows, one customer asks for the purchase (e.g. yielding 10EUR profit). This profit has to be similar to the sum of advertising expenses for 20 customers ($20 * \text{CPC}$)

Examples of conversions

- The advertising by Adwords of legal (law) or insurance services in United States can cost 50-60 USD
- However conversion yields about 4000 USD
- In Lithuania the fast credits are rather expensive 1-2 EUR per click. But the conversions do not sufficiently cover expense. However the second credit has much larger level of conversion, than the first -about 20% . Thus it is reasonable to advertise 0% for the first credit as it attracts 2-time customers.

Possible abuse

- Automatically generated clicks can click on your ads. It means, that you will pay the cost per click sum as much as you have set in your budget, but no real customers will see your ad.
- The competitors using same keywords for their product search can manually click your ads till they reach sum of your budget (usually similar firms use similar advertising budgets, therefore it is easy to guess). Then your ads will never be shown to customers using the competitive keyword set

Possible solution

- You can apply to Google for detecting automated click or manual clicking (defined by IP, location and reasonable interval of clicks or usual patterns of customer behaviour)
- If the abuse is confirmed, Google returns advertising expenses

You can even make market forecast and define budget by Adwords

keyword prices

- The real estate ad prices grew for 3 times till 2008, then fell down for 2 times, now recovering up
- The most common advertising budget is 200-300 EUR per month
- Largest enterprises have it 10,000/month
- The top high- hosting centres (Mediashop)
- Large enterprises are now moving to Youtube (acquired by Google due to its potential)