



## GUIDE

# HOW TO COMPETE IN ADWORDS

*[A GUIDE TO GETTING BETTER RESULTS WITHOUT JUST RAISING BIDS]*

# INTRODUCTION

Google AdWords takes the word “competitive” to new heights. This fluid auction, fired off whenever someone performs a Google search, provides a platform for advertisers to compete for attention, clicks, traffic, and conversions — in short, for customers.

Too often, however, PPC managers see the need to be competitive as a kneejerk cue to raise bids. Though a top rank can be helpful, and you might have to raise your bids to get there, it doesn’t guarantee clicks, let alone that those clicks will convert — and conversions are what matter most.

This guide will show you how to stand out in this competitive space without reverting solely to bid-pumping tactics. We’ll examine the digital real estate you’re competing for, what prompts your ads to show there, and specific steps you can take to compete in AdWords.

## WHERE SEARCHERS ARE LOOKING

Take a step back and think about where searchers look when they see the SERP (search engine results page) and what influences where their eyes go. Naturally, they’ll go to the top of the page first because that’s what’s in front of them and they’re expecting the top results to (hopefully) solve their search.

Take this [heat map](#) that shows the typical eye movements of users scanning the search results:



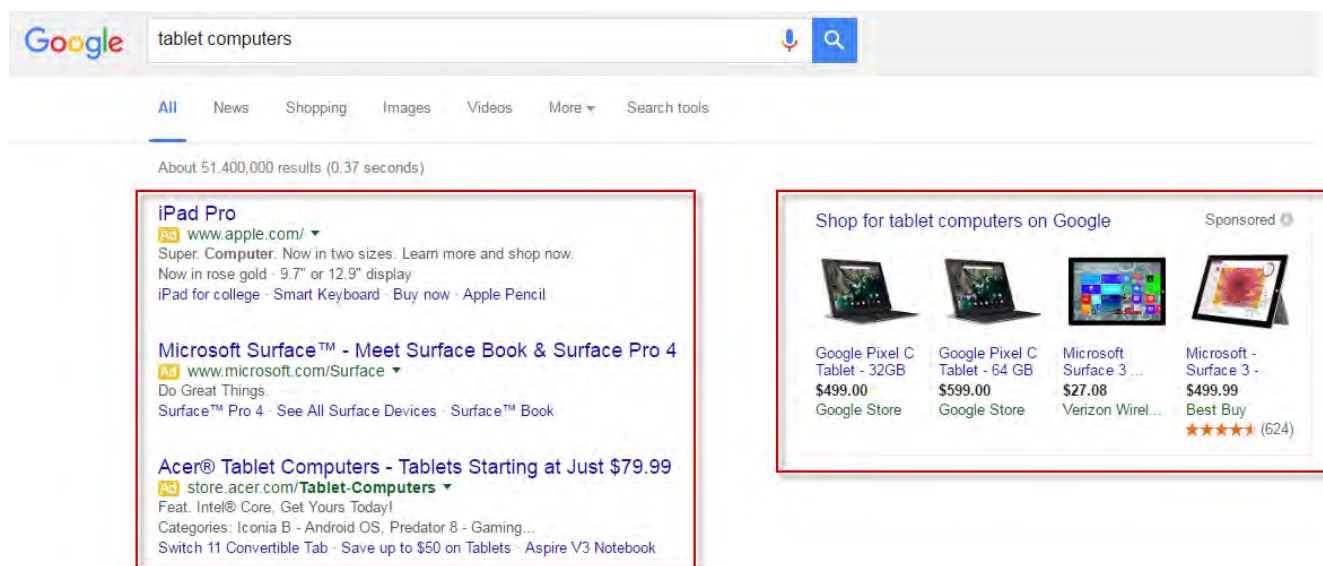
You'll notice that the top of the page gets the most attention first, and then the eyes tend to scan vertically down the page – and all of this occurs in a matter of seconds or fractions of seconds. What this means to you is that you've got to be near to the top, and you've got to stand out!

Overall, paid search ads account for six to ten percent of total clicks. But, for keywords with high commercial intent, the sponsored results earn about twice as many clicks as the organic results.

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Even further, [our research shows](#) that for keywords with high commercial intent (meaning, the searcher is clearly looking to buy something), the paid ads receive 64.6 percent of clicks. In other words, those searchers looking to buy a specific product are much more likely to click the sponsored ads than organic results. This is in part because Google populates the SERP for these commercial queries with a large proportion of highly compelling sponsored ads, such as Shopping Ads. These splashy above-the-fold ads include eye-catching images and detailed product information. They're hard for searchers who are shopping to ignore, and they may not even recognize them as ads.

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Now that you know what the digital-real-estate layout looks like, let's take a look at the variables that drive how you appear there and how you can stand out.

## AD RANK REFRESHER - AND MAJOR UPDATE

Ad rank, or, position, is a simple formula. It is (or used to be) a function of your bid and Quality Score. The timeless, soon-to-be-outdated [video explanation](#) of Ad Rank from Google's Hal Varian explains how this works, but here's a visual overview of it:



*The thing to note about the formula is that by having a higher Quality Score, it's possible to outrank a competitor who has a higher bid.*

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As we see in the example, Advertiser I outranks everyone even though she has the lowest bid, because of her stellar Quality Score of 10 (note: in ad rank, the higher number wins). Advertiser IV, on the other hand, has done little to help himself by neglecting his Quality Score and relying on bidding high in the hopes of achieving top rank — and he still couldn't do it because of his low Quality Score.

It's important to realize that Google wants to show quality ads and provide good user experiences so people keep coming back to use their service. The example above drives home the point that merely bidding high isn't enough to achieve a good ad rank.

## Where to Find Your Quality Scores

Each keyword has a Quality Score, and you'll find it right in the AdWords interface for each keyword:

The screenshot shows the Google AdWords interface. At the top, there are tabs for Campaigns, Ad groups, Settings, Ads, **Keywords** (highlighted with a red box), Audiences, and Ad extensions. Below the tabs, there are filters for 'All enabled keywords', 'Segment', 'Filter', 'Columns', and a download icon. There are also buttons for 'Clicks', 'VS', 'None', and 'Daily'. A line graph shows the performance of the keywords over time, with a peak on Friday, November 1, 2013. Below the graph, there are buttons for '+ Keywords', 'Edit', 'Details', 'Bid strategy', 'Automate', and 'Labels'. A table lists the keywords, campaigns, and ad groups. The table has columns for 'Keyword', 'Campaign', 'Ad group', and 'Status'. The 'Status' column shows 'Eligible' for the keyword 'SoCal Search' under the campaign 'Website design company'. A red box highlights the 'Eligible' status, and a callout bubble points to it with the text 'Click this callout bubble'. Another red box highlights the 'Eligible' status, and a callout bubble points to it with the text 'Click this callout bubble'. A third red box highlights the 'Eligible' status, and a callout bubble points to it with the text 'Click this callout bubble'. A fourth red box highlights the 'Eligible' status, and a callout bubble points to it with the text 'Click this callout bubble'.

Click this callout bubble

Click this callout bubble

Click this callout bubble

Click this callout bubble

Quality score [Learn more](#)

**7/10** Expected clickthrough rate: **Average**  
Ad relevance: **Above average**  
Landing page experience: **Average**

[Ad Preview and Diagnosis](#)

The information you'll see when you click the callout

As you can see, the three main drivers of Quality Score are click-through rate (CTR), ad relevance, and landing page experience. Google provides [more detailed information](#) about those three and other variables affecting Quality Score, but CTR is widely known to be the most important of the three.

Additionally, a good Quality Score leads not only to improved rank, but also [lower costs](#).

## Here's where things get interesting for Ad Rank:

You may have noticed we mentioned that Ad Rank used to be a function of your bid and Quality Score. That's because Google introduced a change to its algorithm in 2013 that factors the expected performance of your ad extensions into the ranking equation.

Suffice it to say, if you're not already using extensions, now's the time to start.

Understanding [how extensions work](#) is imperative to good campaign performance. The examples below illustrate the “wow factor” your ads get with the addition of extensions.

### Extensions in Action:

The diagram illustrates the impact of ad extensions on search results. It shows two search results for the query "best christmas gifts for kids 2013".

**Top Ad (fatbraintoys.com):**

- Call Extension:** Points to the phone number "1 (855) 982 3549".
- Review Extension:** Points to the star rating and text "★★★★★ 221 reviews for fatbraintoys.com".
- Sitelink Extensions:** Points to the links "Hot New Toys - Shop by Age - Best Selling Toys & Games" and "2013 Holiday Hot Toy List, Fabulous 15, Furby, LeapPad".

**Bottom Ad (kaboom.org):**

- Same search, different advertiser, no extensions— which of the 3 ads would you click?:** Points to the ad "Top 10 Gifts for Kids - kaboom.org".

Now that extensions are part of the ranking equation, here's where it all comes full circle.

- Google now favors advertisers who are using ad extensions, and
- Ad extensions improve your CTR, which in turn improves your Quality Score — that also helps your rank.

With the Ad Rank function settled, let's dive into actions you can take to compete at a high level in AdWords.



# STOP WASTING MONEY IN ADWORDS

Get **actionable advice** on how to improve your account now  
with WordStream's **FREE AdWords Performance Grader**.

## Wasted Spend ⓘ

**\$49.81** in projected 12 month wasted  
\$12.45 already wasted in the last 90 days

33%

# of Negative Keywords Added



What does it mean?

You're falling behind similar advertisers, who added an average of 18 keywords in the last month.

START LEARNING NOW

using the full WordStream AdWords Platform

**GRADE YOUR ACCOUNT**

[www.wordstream.com/google-adwords](http://www.wordstream.com/google-adwords)

# WHAT YOU CAN DO

Think about the tools at your disposal. AdWords gives search marketers an arsenal of free tools to compete for clicks. Take the time to learn them and you'll capture more clicks and customers than your competition.

Success comes down to three things: showing up, taking up a lot of space when you do show up, and, finally, getting attention with great ad copy and offers. You don't need to throw more money at your AdWords to compete — you need to throw more time at your AdWords to compete.

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As with all things you do in AdWords, follow the ABT (Always Be Testing) path. Complacency ruins your chances for success, therefore, have a plan in place to ABT your campaigns.

Use the following tips as a checklist for what you can do on a regular basis to compete.

**CTR:** Improve your click-through rate and your whole campaign benefits. Make your ads shine and you'll outpace your competition and spend less money. Three simple ways to increase CTR include:

- Have compelling offers. The offer must stand out from the other ads. Make your offer exciting to potential customers.
- Use numbers in your ads (e.g., it's not "A Huge Sale," it's "30% Off Storewide").
- Numbers get attention and they sell.

Make your CTA a strong one. Convey urgency: Order Today! Start Saving Now!

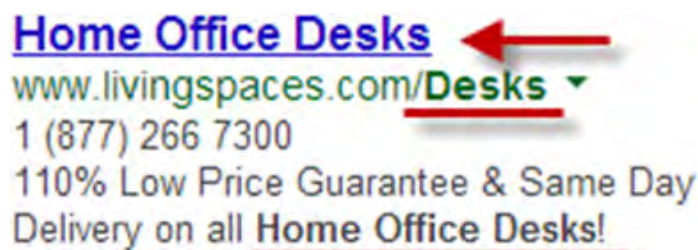
CTR rests largely on ad copy (and extensions, below). The three tips above just scratch the surface of good ad copy. Read more about improving CTR in these articles:

- [5 Lessons from A/B Tests: Improving AdWords CTR with Smarter Copy](#)
- [How to Write Ad Copy for PPC: 5 Tips for Better Ad Writing](#)

**Ad Relevance:** Make sure the ad is relevant to the search. A relevant ad provides information that matches the user's search query. A best practice is to **have the keyword in both the headline and description**. (Our [20-Minute PPC Work Week](#) has a built-in tool to make sure you're doing it.)



Keywords in headlines and descriptions not only improve the relevancy of your ads, but also make it possible for your keyword to be bolded in the ad, which attracts eyeballs and clicks. Here's an example for "home office desks":



The extra bolding in the title, URL, and description makes the ad appear more relevant to the search, and it stands out in the sea of ads for that search query.

*Tip: Solid CTRs and ad relevancy are best achieved with tightly themed ad groups. Ideally you'll have 10 to 15 keywords per ad group so that your ads are highly relevant to the smaller ad groups. Yes, it's more work, but it's worth it.*

**Landing Page Experience:** The landing page is how you [make sure conversions happen](#), so even if your CTR is great and costs are low, you're not really competing if you're not converting.

Your ROI soars with [landing pages that work](#). Though it's easy to just send all of your visitors to your homepage, that's hardly the best thing. Ideally your ad will take searchers to landing pages that are well-designed, reinforce the features and benefits of your offer, and provide for a smooth conversion. The golden rule for landing pages is to make it as easy as possible for your visitors to do business with you.

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**Ad Extensions:** You already know using extensions is now a must-do. Going into the particulars of each one is a [whole other guide](#), but if you're in a hurry, check out our [cheat sheet](#) for extensions. Just remember: now that extensions are part of the ad rank equation, they're not an option. It's time to use them.

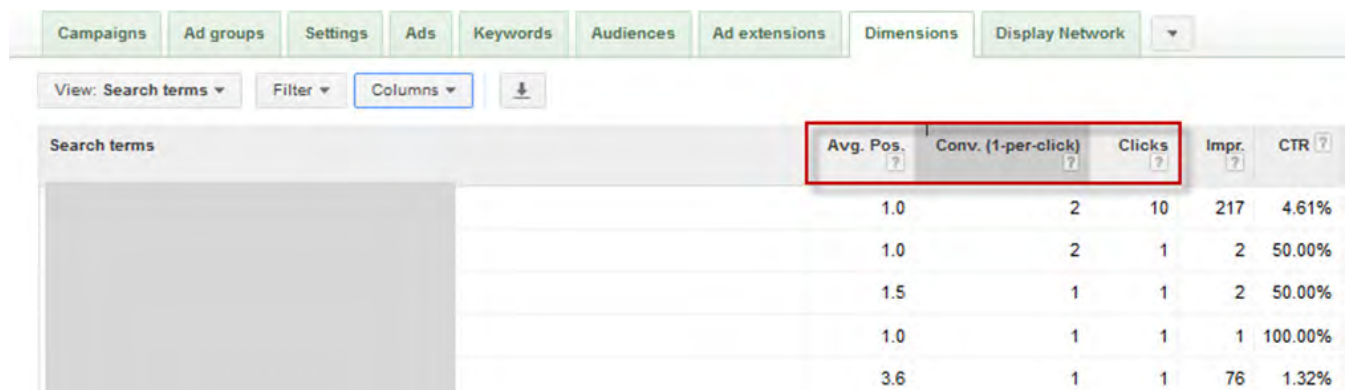
**Bids:** This guide focuses on all of the things you can do besides tinkering with your bids. Nonetheless, a good bidding strategy does make you more competitive in AdWords. Tactics like [bid stacking with multiple match types](#) can maximize your budget. Read the [bid management guide](#) to take an even deeper look at bidding approaches.

**Keywords:** Think about the various [match types](#) in AdWords and use [geotargeting](#) to be more relevant in search results. Look at your competitor's [brand terms](#) and consider bidding on them. Chances are they're already bidding on yours.

## ■ MORE PIECES TO THE ADWORDS PIECES

### Establish a baseline:

Use the Dimensions tab in AdWords to see where you're ranking, what clicks you're getting, and how conversions look in various ad positions. You'll glean valuable insights from this data and might rethink your ad rank strategy.



Campaigns Ad groups Settings Ads Keywords Audiences Ad extensions Dimensions Display Network					
View: Search terms Filter Columns					
Search terms	Avg. Pos.	Conv. (1-per-click)	Clicks	Impr.	CTR
	1.0	2	10	217	4.61%
	1.0	2	1	2	50.00%
	1.5	1	1	2	50.00%
	1.0	1	1	1	100.00%
	3.6	1	1	76	1.32%

Monitor this over time and test it to see what rank makes sense for your business.

**STR:** Search Term Reports (STR) are often neglected (because who has time for that?) but you should make time. [Use the STR](#) to find the cheaper, higher-converting keywords that have less competition as well as new keywords to bid on. You'll also find potential [negative keywords](#) to add to your campaigns so you're not wasting money on bad keywords.

**Isolate Low QS Keywords:** Sometimes you'll have one or two keywords in an ad group that have consistently low Quality Scores no matter what you do. They become a drag on the whole group and your campaign. The way you address this is to employ the "peel and stick" method:

1. Download your keyword report with all Quality Scores included. Look for the keywords with low Quality Scores.
2. Create new, extremely tight ad groups for those keywords. Peel them out of the old ad group(s) and put them in their own ad groups with highly relevant ads and focused landing pages.

Alternatively, assess whether the keyword(s) make sense to be bidding on. Pause or delete them if you determine they're not high-value keywords for your business.

**Seasonality:** Holidays and business cycles are key opportunities to show your competitive edge. Timely, relevant ads and [seasonal landing pages](#) give you an advantage because you're showing that you understand customer needs and mindsets.

See more on advanced holiday AdWords strategies:

- [Holiday PPC Planning: Three Advanced Strategies for AdWords](#)

**Competition:** This last one tends to get overlooked. We get so wrapped up in our own metrics that we forget the obvious: Look at your competition.

Look at their ads and offers. Ask yourself if you're truly competitive. If you can't compete with the offer, make sure your ad copy and extensions improve your "click appeal" in spite of a weaker offer. Appearance, enthusiasm, and words sell!

Do some sleuthing, too. Use competitive research tools like SEM Rush to determine which keywords are most important to your competitors. If you know this you can attack them head-on for those keywords, or find weak spots (keywords they're not focused on) and capture those clicks.

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# ■ CONCLUSION

Now you've got the tools to compete in AdWords without falling back on bid-pumping. You also understand that rank is about more than your bid alone, especially now that extensions are part of the equation. Focus on taking up as much digital real estate as possible, and create ads and landing pages that work.



## ABOUT WORDSTREAM

[WordStream, Inc.](#) provides software and services that help marketers get the maximum results from their online marketing efforts. WordStream's easy-to-use software allows for more effective paid search and social campaigns with the 20-Minute Work Week, a customized workflow that guides marketers through steps that can greatly improve their AdWords, Bing, Yahoo, and Facebook campaigns, plus tools for call tracking, keyword optimization, and more. WordStream also offers an award-winning free PPC tool, the AdWords Performance Grader, which evaluates users' Google AdWords accounts and provides valuable tips for improvement. WordStream is a Google Premier Partner.