# State of Search 2021:

## Getting the most out of paid search

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# Automation

There are two fundamental ways that marketers use automation, and guiding these two principles with a human touch can lead to best in class search engine marketing. These two principles are:

- Operational time saving (things machines do as well as humans, but faster)
- Capability enhancement (things machines do better than humans)

## Operational time saving

Being often responsible for multiple clients, markets, or accounts, marketers need all the time they can get in order to successfully manage all of their search campaigns. Time consuming, manual operations can often distract from strategic planning and growth.

Automated tools provide a great solution to this challenge as they can bear the brunt of these manual operations and create time for marketers to invest in more valuable work. Tools of this kind range from rules, alerts and scheduled actions to automated scripts that can be implemented across multiple campaigns and accounts.

Scheduling rules, actions and alerts can fulfill multiple needs, whether it be an alert to flag underspend (saving time spent evaluating spend on each campaign) or a rule that increases bids on this alerted campaign to increase spend to a desired level (saving time making manual optimisations). Scheduling actions can also allow marketers to prepare sales to go live with new pricing and copy, without having to activate anything themselves.

Automated scripts are an even more sophisticated way of operational time saving, allowing us to implement JavaScript code into our accounts to take over management of certain manual tasks – being able to apply these to manager accounts so that all client accounts are impacted by the script. For instance, one script could take over management for reporting, or fixing broken ads and creating negative keywords for a global client, covering multiple accounts and markets. Scripts also allow us to utilise data from external sources to make changes to campaigns – for example, a script could pause keywords as stock runs out in external supply data.

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## Capability enhancement

Aside from taking on manual task management, marketers use automation to improve campaign performance using artificial intelligence and machine learning in automated bid strategies. These strategies can be operated to increase click-through, claim first position, or drive conversions depending on your campaign's objective.

Conversion based bidding also has the power to optimise every single bid, in every single auction, depending on every single user through auction time bidding. This technology has the power to digest and evaluate hundreds of different data signals - from which operating system someone is using to price competiveness of your product - and use this information to decide the best bid for that user to drive a conversion. Therefore, being able to drive growth and efficiency using data that human marketers could never analyse so instantaneously.

Automation in ad copy has also revolutionised how marketers use search marketing. Responsive search ads shuffle copy to find the best performer and dynamic search ads create copy directly from your website for every user query. These have both saved marketers time as well as enhanced and advanced their capabilities: ultimately creating the best experience for the user.

Clearly there are a wealth of ways that automation can improve both account management and performance. However, adoption of automation cannot be a success without a strong human touch in planning and activation. Rather than implementing for the sake of it, marketers must use automation to fit their clients' business goals and KPIs – creating a harmonious balance of automation and human experience.

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# Brand & Generic Search

## What is possible?

In the marketing industry, we often talk about the conversion funnel, covering the steps a person takes from initial brand awareness through to conversion. Digital channels such as social and search have a position in this funnel, with search (an intent-driven channel) sitting towards the bottom.

Paid search is a keyword-based advertising platform, which means we use the words, queries and phrases people search to target them with ads. These searches can be categorised into:

- Non-brand: Generic or non-brand search terms don't contain any reference to a brand name, for example, 'paid search research paper'
- Brand: Brand terms are those which contain the name of a brand. For example, 'IAB paid search research paper'

These types of searches will produce different results, due to the difference in intent.

Non-brand searches are considered broader and therefore higher up the conversion funnel. With no reference to a brand, the searcher is likely still in the research phase of their journey, looking for sources to satisfy their query. We tend to see a lower click-through rate (CTR) and conversion rate (CVR) for these types of searches as people are still exploring their options.

Brand searches, on the other hand, show clear brand recognition and intent; the searcher is aware of the brand and wants to find out more. Generally, we find that brand search terms will have a higher CTR and CVR compared to generic terms. As the searcher is actively interested in the brand, they're less likely to be swayed by the presence of competitor listings on the search engine results page (SERP), or less tempted to bounce off the website after having clicked through.

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## Why should we use it?

Typically, when targeting search terms with paid search ads, marketers will go after a mix of brand and generic terms, as both have a different purpose in an account. Showing ads on brand terms will increase the visibility of your brand on the SERP and, in conjunction with your organic listings, can help reduce the risk of a consumer being side-tracked by a competitor's ad. It keeps brands present and front-of-mind when someone is actively trying to engage with them.

Top tip: When using brand keywords, make sure you have enough budget to reach an impression share as close to 100% as possible.

Generic keywords are a way to increase relevant traffic volumes to your website and grow your new customer acquisition through paid search. Due to their lower last-click performance, generic keywords tend to be an area some brands shy away from, however they do play an important role in pay-per-click (PPC) strategy, providing a way of accessing new customers by appearing at the beginning of their consideration journey.

## Where to start

- Use tools such as Google's keyword planner to develop your brand and non-brand keyword lists. Tools like this provide details on possible volumes and cost-per-click (CPC)
- When reporting, split your brand and non-brand keywords out and report on them separately. This will allow you to see how the two groups of search terms are performing and help you identify optimisation opportunities which will vary between the two
- Understand what you're expecting from your brand and non-brand activity – what performance do you expect them to deliver? Set KPIs on brand and non-brand either separately or as a blended performance
- Perform plenty of search query reports (SQRs) on the search terms. As generic terms are less specific, it's important to review the search terms you're matching to and remove any irrelevant traffic to improve your account's performance

Branded searches are an important part of a paid search strategy, however understanding the value of generic/non-brand searches is crucial. An understanding of your brand/non-brand keyword mix will help you identify opportunities to grow your paid search channel.

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# Budgeting

This guide to budgeting covers budget planning, forecasting and budget tracking.

## Budget planning

The first important step in budgeting is to establish a 'profitability goal'. If there is a measurable outcome for your campaign, then start by first investigating these for your businesses, for example:

- Average order value (AOV)
- Gross margin percentage (Revenue – Cost of Goods Sold)/Revenue = Gross Margin)
- Cost-per-acquisition (if unknown, set a goal to remain profitable)

You can then use this equation to determine your ideal budget:

Number of Sales x AOV x Margin – Monthly Budget = Profit

For example: 50 sales x £450 of revenue per sale x 50% profit margin – £6,250.00 monthly Google Ads budget = £5,000 in profit in the first month

## Forecasting

Once you have a budget in mind, you need to separate keyword themes by intent in order to accurately forecast spend. Plan budget for different keyword types/funnels - such as Brand, Generic and Competitor - and understand the value that each of these funnels is worth to your business.

By using a tool, such as the Google Ads Keyword Planner, you can forecast what the monthly spend could be for your location(s) as the tool can estimate the cost-per-click for your keywords and click-through-rate, dependent on volume.

Before you start forecasting, be aware of what you want to achieve and understand different types of relevant keywords for your campaign and business.

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## Budget tracking

Budgets are normally set at a daily spend level; this is an average, not a maximum. There may be times when the daily budget isn't met and others when the daily budget overspends — by as much as double.

Google will balance it out so that you don't spend more than the daily budget times the average number of days in a month (30.4). This allows campaigns to account for lulls and spikes in daily search activity. However, be aware that on days when your ads are likely to get you more traffic, you may spend up to two times your average daily budget.

We recommend that you plan your budget for a full quarter, allowing flexibility to move budget from one month to another in-line with fluctuations, as this can help to achieve the best results when looking at a wider time range.

With your quarterly forecast split by month, use daily budget caps to ensure that you do not overspend. Managing spend by limiting your budget means your ads will not show all day, which is not ideal. You want to avoid seeing the "Limited by budget" notice in your campaigns.

Once you are ready to run your campaigns, it's good practice to create a daily budget tracker in order to keep track of campaign spends and performance. This will allow you to make decisions if you need to allocate more budget or less budget to certain campaigns.

### Here's an example of a daily budget tracker:

| | | | |
|---|---|---|---|
| | 01/11/2020 | | |
| 21/10/2020 | 01/12/2020 | | |
| 22/11/2020 | 22 | 30 | |

| Select Average |
|---|
| 7 |

| Channel | | Spend | Forecast | Target | Delta | 7 Day Average | Forecast | Delta | Daily |
|---|---|---|---|---|---|---|---|---|---|
| PPC | Google | £0.00 | £0.00 | £14,000.00 | -100.0% | £0.00 | £0.00 | -100.0% | £1,750.00 |
| | Bing | £0.00 | £0.00 | £1,000.00 | -100.0% | £0.00 | £0.00 | -100.0% | £125.00 |
| | Total | £0.00 | £0.00 | £15,000.00 | -100.0% | £0.00 | £0.00 | -100.0% | |

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# Measurement

For businesses planning to launch or expand their paid search programmes, measurement should always be a part of the strategy and planning phase. Investing without first deciding on outcomes, how you will measure them, or common influencing factors, can quickly lead marketers down the wrong path. Here, we outline some of the key considerations and best practices to follow.

## How should I measure the effectiveness of my paid search investment?

This is largely determined by how your business makes a sale, the category in which it operates and the information available to you. Let's look at two examples:

- Business A is an online-only retailer, selling unique home furniture through their ecommerce website
- Business B is a manufacturer brand, selling personal health goods through a network of online and offline retail locations

Both businesses have two core goals; one, growing long-term brand awareness and consideration and two, using performance marketing budget to hit or exceed short-term targets. Since business A has full control over its own sales channel, it should adopt at least two, concurrent, measurement approaches.

So, what is the correct measurement approach for a brand health goal? This would call for focus on key performance indicators (KPIs) that relate to how paid search influenced brand discoverability and consideration, versus competition in the market. Marketing specific objectives such as share-of-voice growth, can be measured by 'Impression Share' and 'Click Share'; diagnostic metrics available in the search engine ads user interface (UI). This is a good measure of how much interest is being captured, in terms of consumer search in the category and for the brand. The same approach is also relevant to Business B. However, should it also be investing in YouTube search or display, 'Brand Lift Measurement' should be used, measuring the impact on search demand and uncovering consumer perceptions and intentions.

For the second goal, the solution is relatively simple for Business A. Since it only sells through its own website, this calls for use of conversion tracking. Search engine ad platforms, like Google Ads, will proactively prompt and guide a business through the simple set-up process to make this possible. Once in place, each interaction or purchase associated with a paid ad will be measured and reported. Business A should use conversions and cost-per-conversion, or revenue and return-on-ad spend, as KPIs to measure performance over time. Business B doesn't control its sales channel, but it should still implement conversion tracking to measure interaction with content on site and clicks to third-party retailer websites. Measuring these is vital to inform which specific search strategies to dial up and down.

## How do I integrate paid search measurement with a multi-channel view?

For businesses already running a paid search programme, and who are perhaps intending to branch out to other digital marketing activities, understanding how to measure holistically is important. In most cases, a web analytics platform will be most suitable to integrate performance data. A common example is Google Analytics; measuring how different sources contribute to website performance (these include organic search trends, affiliates, display, video and social). Where ad investment is diversified across publishers, it's important to remember there is no common unique identifier shared to identify an individual. This means some investments can be under or overrepresented, so it's important to not solely base decisions on one dashboard in a single analytics platform.

Even more advanced measurement opportunities exist for different business types, both offline and online. Where capability is questionable, it is best to engage performance marketing agencies, consultants, or search engine account managers. They tend to have a wealth of experience in helping different types of businesses measure the effectiveness of their investment.

# Optimisation

Optimisation, in the broadest sense, is making any change to your pay-per-click (PPC) activity that has a positive impact on performance. Of course, there is no way to guarantee the success of the changes that you make but by making smart, informed decisions you will see your optimisations work over time.

## Golden rules for optimising your PPC activity

- Know your budget: Understanding how much you have to spend is key and is likely the biggest constraint on most PPC activity
- Know your KPI: Whether you want to achieve a specific return-on-ad spend (ROAS), hit a target cost-per-action (CPA), maximise your conversions, or just drive traffic to your website, your key performance indicator (KPI) will inform every optimisation that you make. Before making a change, always ask yourself: How will this help my KPI?
- Know your audience: Knowing who - and who not - to show your ads to will have a huge bearing on how your campaigns will perform

## What can you actually optimise?

The short answer is everything. The longer answer is to understand your options and see what has the biggest impact relative to the resource required. When you have so many options, you need to home in on what is really limiting your current performance, make changes of the right scale, and keep track of the impact.

- Bids: How much you are willing to pay for a click will vary for every keyword. Understanding what value a keyword is adding for you is key
- Budgets: How much do you want to spend and how do you assign this between campaigns?
- Keywords: Choosing the right keywords, and adding relevant negative keywords Ads: Engaging copy that is relevant to your audience, keyword and landing page

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- Landing pages: Both choosing the correct landing page, and ensuring the landing page itself is optimised

- Targeting: A wealth of data is available to use, bid differently on and finetune. From age and gender, location, device type, audience behaviour and time of day. Select what seems right for your audience at first, then adjust over time. It's easier to start broad and become more focused

Scenario: Your campaign delivery is limited by budget and your overall spend cannot be increased. What should you do?

Basic: Consider reducing your bids. You should be able to generate more clicks within your existing budget without having to spend more. Also consider moving budget from another campaign if this one is more efficient for your KPI.

Medium: Check Search Query Reports to negate any irrelevant traffic. Pause or replace ads that are not performing or have high cost-per-clicks (CPCs). Test alternative landing pages.

Advanced: Make targeting-based bid adjustments for demographics that are more likely to convert. Ensure you have a remarketing audience set up and bid more for users who have already visited your website. Downweight bids on devices that are not driving conversions.

## What is Quality Score & why does it matter?

Quality Score is a measure of certain aspects of your campaigns that contribute to how expensive clicks are. Having a high or low Quality Score is not a measure of success or failure, but an indicator of where you might be able to focus your optimisation efforts.

## To automate or not to automate?

Automation can be an effective tool when it comes to optimisation. However, as with everything, the key will be to test and measure in order to find what works best for your business.

# Targeting, Audiences & Remarketing

## What's possible?

In paid search, the 'who' has become just as important as the 'what' and the 'why' when it comes to ad targeting. The sheer scale of people using search platforms means it's increasingly vital to understand who we're talking to and to focus our budgets in the right places. Today, there are two ways this can be done:

- Remarketing or retargeting consumers who have already interacted with a brand, by overlaying first-party website audiences from a pay-per-click (PPC) platform or analytics, and customer relationship management (CRM) audiences.
- Using audience signals for consumers who are searching with terms relevant to a product or service, but who have not previously interacted with a brand. This has become possible through Google curated audiences, including affinity and in-market, which can be overlayed onto target keywords. Affinity finds audiences by using signals related to a user's interests, habits and what they are passionate about. In-market audiences are generated using a user's recent purchase intent signals.

## How can we use it?

We can use these audiences in two ways:

- Set them to 'observational' to gather data, applying them to ad groups or campaigns and then observing what results these audiences generate versus comparable PPC audiences.
- Alternatively, rather than just gathering data, we can make changes within an account against a specific audience, changing how we bid or even changing the message we're serving. This approach allows us to create more bespoke user journeys and ad copy, which studies have shown lead to click-through rate (CTR) increases of up to 20%, and cost-per-click (CPC) decreases of around 9%.

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## Why should we use it?

Overlaying audiences in paid search allows us to improve search term targeting, using audience personalisation where appropriate and ultimately getting more from our marketing budget.

## Where to start

- If not already in place, add a remarketing pixel from your paid search platform to your website. The platform you're using will provide instructions

- The first-party website audiences you create will depend on your business objective. Some examples:

  Website visitors (30-day cookie window)
  Basket abandoners (30-day cookie window)
  Email sign ups (30-day cookie window)
  PDF downloads (30-day cookie window)
  Converters (30-day cookie window)

- As well as first-party audiences, you can also apply Google curated audiences. Again, you can select audiences based on your business. We'd recommend starting with five, choosing from either in-market audiences based on recent purchase intent, or affinity audiences based on their habits and interests

- Apply your audiences at campaign level to start with and set them to 'observational'. This will allow you to keep an eye on how the audience is searching, what their conversion behaviour is like and compare this to those in other audience groups

Once you have a good feel for how these audiences perform for your brand, you can overlay more audiences onto your campaigns and/or look at tailoring the campaign's ad copy, personalising it for each audience. This can be based on potential audience interests, language that might resonate well, or you could tailor based on internal audience profiling data you may have.

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