

2-2 - Highest Bid And Quality Scores: The Basics



S1: Welcome back. In this module you will learn two major components that determines the success of your adverts; the “Highest Bid” and “Quality Score”.

The Bidding Basics

- ▶ Ensure that you spend within your budget.
- ▶ Usually, you bid your price referring to cost-per-click (CPC).
- ▶ This means you pay for the amount of clicks on your advert.
- ▶ If you are on a tight budget, Google will automatically set the amount for you.

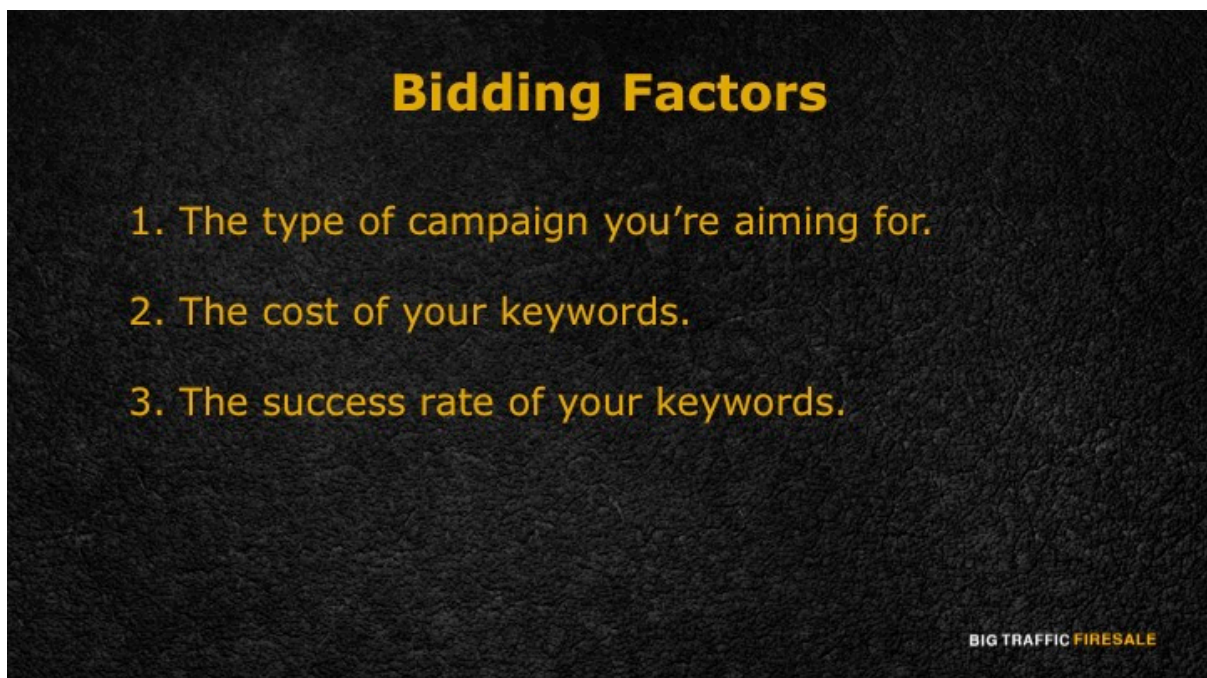
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S2: Now, let’s understand the basics of bidding. Let’s say most of us here has just started out with our Adword campaigns. First and foremost, you would want to ensure that you spend within your budget and for starters, it is

common to bid your price referring to cost-per-click (CPC). In this context, CPC simply means that you pay for the amount of clicks on your advert.

Google allows you to pay the maximum bid amount of your chosen keyword or if you have a tight budget to keep, you can always choose the automatic option.

Google will automatically select the bid amount for you within your budget which is known as maximum cost-per-click bid. Google will then provide you the most possible clicks within your set budget.



S3: There is no fixed rule for the bid amount that you should be paying.

Different people will have different bidding prices and at the end of the day it is dependent on these three important factors, which are:

- The type of campaign you're aiming for
- The cost of your keywords
- The success rate of your keywords

CPC Bidding Example

Your CPC bid = \$1

You own an online clothing store, and make \$10 for every purchase. On average, 1 in 10 visits results in a purchase.

Therefore, you only break even.
Advertising cost = Profit generated

To gain profit, you must set your CPC to less than \$1.

Set a bid amount that works for you.

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S4: For example, let's say you've set your CPC bid to \$1. You own an online clothing line shop and you make \$10 from every purchase and on average 1 in 10 visit results in a purchase. As a result, you only break even as your advertising cost is equal to the profit you generate. Therefore to gain profit, your CPC should cost you less than \$1.

Hence, choose a bid amount that works for you and the campaign that you are aiming for.

Quality Score

- ▶ Before reaching the SERP, Google will evaluate the relevance of your keywords.
- ▶ This is to ensure that your keywords are relevant to the audience.
- ▶ Google will also evaluate the quality of your website.

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S5: The next factor is the “Quality Score”. Before your keywords can reach the results page, Google will evaluate the relevance and the usefulness of your selected keywords for ads. This is to ensure that your keywords are relevant to the users. Google also looks into the quality of your website.

Quality Score

- ▶ When a searcher types in “Converse Sneakers”, and your ad displays “Purchase Your Converse Here”.
- ▶ The audience expect to be directed to site selling the item when they click on the ad.
- ▶ Do not provide them with a generic homepage which is not what the users want.

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S6: For example, if the user types in “Converse Sneakers” and your advert is “Purchase Your Converse Here”, once they click on your ad they would expect to be directly lead to a website selling Converse sneakers and not a generic

homepage which is not good enough and is not what the user wants.

Cost And Relevance

- ▶ A higher bid for an Adword does not guarantee you to your results page success.
- ▶ Even if your rival has a higher bid your ad may appear on the results page, as your keywords are more relevant.
- ▶ Focus on both; cost and relevance.

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S7: You should take into account that a higher bid for an Adword does not necessarily buy you to your results page display success. As a matter of fact, even if your rival's bid is higher it is possible that you appear above their ad. The reason being your quality score is better (higher quality score, lower CPC), so focus on both; cost and relevance.