

# Google Adwhat?

Making sense of Google AdWords results

By Kim McCotter



*“Google’s objective is to get as many clicks as possible at the highest possible price. Chances are, you have finite funds and want to only spend a limited amount on advertising...”*

**N**obody likes being sold; it is human nature to believe that the decisions we make are rational and carefully considered. The reality couldn’t be further from the truth; we make decisions on incomplete information and emotion. The Australian Health Practitioner Regulation Agency (APHRA) is so concerned they have developed strict guidelines on advertising to “protect” patients. Why, because advertising works and APHRA knows it.

In the last article, we described the process of getting started with Google AdWords Advertising. I truly hope that some of you set-up your own account and gave it a go.

Equally, I hope that you have taken the time to decide on your marketing objectives, measurements and have setup your Website Analytics. If you didn’t, consider the cost as an educational expense and start now.

Google’s objective is to get as many clicks as possible at the highest possible price. Chances are, you have finite funds and want to only spend a limited amount on advertising.

The best way to judge the performance of your Google AdWords advertising is to periodically assess the results. This article explains the terminology used in Google AdWords reports so practitioners can assess their Google AdWords performance.

## Common terminology

Whether you choose to manage Google AdWords campaigns yourself or decide to use an agent, you should be familiar with the basic performance measures. At a minimum you should be aware of your:

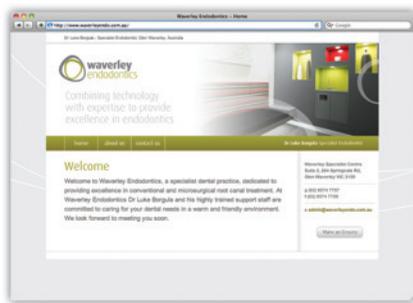
1. Potential advertisement exposure (impressions);
2. The number of interactions with your advertisement (clicks);
3. Where your advertisement is ranked (average position);
4. What it costs you to get a desired action (Cost Per Appointment); and
5. Whether it was financially worth it (ROI).

Impressions is the number of times your advertisement has been displayed in Search Engine Result Pages (SERPs) that include nominated keywords and phrases. Impressions (or eyeballs) was a popular metric that was modelled on purchasing advertising space in printed media and is measured in cost per thousand (CPM). This metric was used a lot in the late nineties and early “noughties” but has lost favour due to its ineffectiveness in predicting tangible results.

Since Google charges you when your advertisement is clicked, they present this information in different ways. Total clicks is a gross measure of interaction that is pretty self-explanatory.



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Average Cost Per Click (CPC) is the mean price paid over a period of time (day, week, month, etc.), Average CPC is a rough indicator used for managing your advertisement position and daily expenditure.

The Click Through Rate (CTR) is clicks divided by impressions. CTR is a rough indicator of campaign and keyword performance. Google recommends that you have a CTR of at least 1%.<sup>1</sup> An acceptable CTR depends on your chosen strategy, whether you want quantity (category ownership) or quality (long tail).

Average position is your mean advertising position in the paid inclusions section of a keyword triggered SERP. If your historic average position were 1.7, then your advertisement would have appeared in position 1 or 2 most of the time. An average position between 1 and 3 has the highest probability of being viewed, but will be ultimately determined by your budget.

These measurements above are volume metrics measuring quantity not quality. To have meaning, your metrics should be monitored over time for changes in quantity, composition and trends.

### “Dollarising” your performance

CTR becomes really useful when integrated with your practice’s offline metrics. Calculating your Cost Per Appointment (CPA) each month is a quick acid test to judge the effectiveness of your Google AdWords campaign and should be keenly watched by practitioners. It allows you to put a cost of acquiring a new patient through Google AdWords. A target dollar amount assists with ongoing marketing budget management, reducing the temptation to over- or under-spend. This metric, as a calculation, is shown below:

$$CPA = \frac{\text{Monthly Google AdWords Expenditure}}{\text{Number of New Patient Appointments}}$$

### Calculating your ROI

If you spent \$37.50 on Google AdWords Advertising to get a new patient, was that a good deal? That depends on your objectives, profitability of your patients, and how long it took.

How much should you spend? We recommend spending 3% - 5% of your forecasted (not historic) revenue for the year on marketing. This will cover your capital expenditure and media expenditure. Examples of capital expenditure include brand development, signage, brochures and website development; examples of media expenditure include print advertising, direct

mail, search engine optimisation and Google AdWords Advertising. To make the most of your Google AdWords, an integrated approach with other marketing tools should be used. Start small and increase your daily expenditure gradually. Over time you will meet your goals or find a level that you are comfortable with.

If your goal was to attract new patients through Google AdWords, by asking the “how did you hear about us?” question and verifying it against your Web Analytics you can calculate your Return on Investment (ROI).

$$ROI = \frac{(\text{Monthly Return On New Patients} - \text{Monthly AdWords Expenditure})}{\text{Monthly AdWords Expenditure}} \times 100$$

There are many other metrics that can be used, but they have little practical use to most dental practitioners.

If you are going to use an agent for your Google AdWords management, ask them for your metrics report on a monthly basis. Understanding your key metrics helps maximise new patients with the marketing funds available.

Our next article will focus on improving the ROI on your Google AdWords expenditure by optimising elements of your Google AdWords such as bidding, advertisements, keywords and landing page relevance.

### Reference

1. Google, 2011, Google AdWords: Click Through Rate (CTR), available:<http://adwords.google.com/support/aw/bin/answer.py?hl=en&answer=107955>, accessed: 15 June 2011.

### About the author

*Mr Kim McCotter is Business Development & Marketing Manager at Levitch Design Associates. With a background and passion for business and marketing, Kim comes to LDA with experience in both service and product based industries. Having over four years of professional services experience and four years of marketing experience, he brings a fresh and professional approach to LDA. Kim holds a Bachelor of Business (UTS), Masters of Business in Marketing (UTS), and a Certificate in Digital Marketing (ADMA). He is continually investigating marketing and business techniques to find the next competitive edge. His methodical business development and marketing approach is outcome driven, his initiatives will be beneficial to the future success of our clients. He can be contacted on (02) 9880-9300.*