Chapter 1

Introducing Pay Per Click Advertising

In This Chapter

- Understanding what sets Pay Per Click (PPC) advertising apart
- Understanding how PPC ads work
- Learning the ins and outs of PPC ads
- Avoiding PPC tunnel vision

If you're reading this book, you've heard the hype about *PPC.* Pay Per Click advertising is many things to many people. To some, it's a tremendously effective way to push people to a Web site and sell products to them; to others, it's a great way to lose money. To some, it's a tool into which to pour millions of dollars for *brand advertising;* to others, it's a huge disappointment.

Which side of the line you sit on — the side of success or the side of failure — and how *close* to the line you sit, depends on a number of factors. Some of those factors are under your control, and some are not, but the intention of this book is to give you a good understanding of those factors and the best chance of landing on the money-making side of the line.

Let's begin at the beginning. In this chapter, you find out what PPC is all about and why some people swear by it, while others swear at it!

The Days before PPC

Not so long ago, Internet advertising came in a couple of basic flavors. The first was very similar to print advertising. You paid someone to put some kind of advertisement on a Web site — typically what's known as a *banner ad* (you can see an example in Figure 1-1). The ad sat on the site for the specified period — a week, a month, a year — and if you were lucky, people clicked the ad and came to your Web site. You were paying for an ad *placement.*

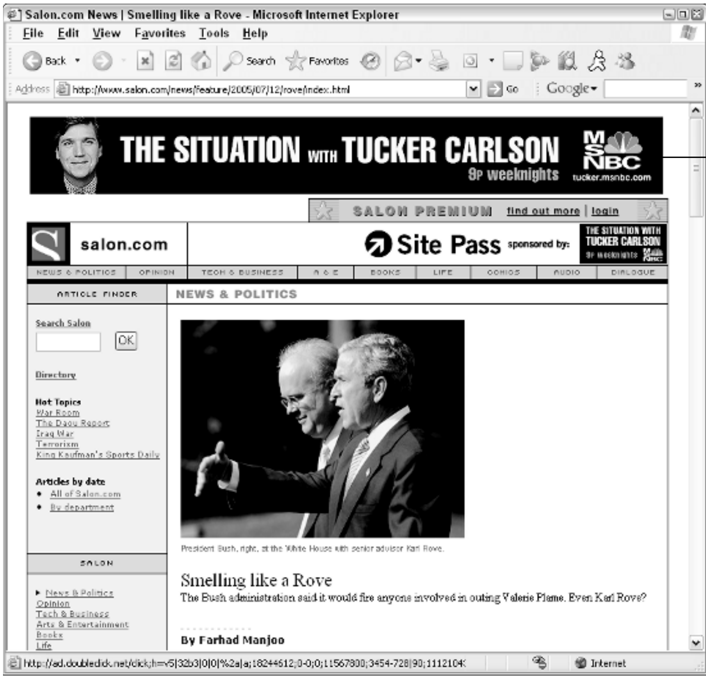

Figure 1-1: Old school . . . the "banner ad."

Soon, a slight refinement to this model appeared. The main problem with the ad-placement model was that you didn't really know what you were getting for your money. Sure, the ad would sit on the site for, say, a year, but what did that mean? Would a million people see it? Or a thousand? In many cases, all you had to go by was a vague promise from the site owner — "we get a million visitors a year," for instance. Does that mean the page on which the ad sat would be seen a million times? Probably not. Worse, the promise might have been something like "we get a million *hits* a year." What's a hit? Ah, you think you know, but you probably don't.

The term *hit* has come to mean just about nothing. People say *hit* when they mean *visit,* and sometimes say *hit* when they mean *hit* but hope you'll think they mean *visit.* Want to know what a hit actually is?

A hit is a Web server request. When someone clicks a link leading to a page, the browser requests the page from the Web server; that's the first hit. If the page has five images in it, those images have to be sent to the browser, too. That's five more hits. If the visitor clicks a link and requests another page, that's another hit, plus the images or other components inside the page. A hit might even be an error message, when a browser requests a page that no longer exists.

So, the next time someone tells you that his site gets, say, 100,000 hits a month, ask him what that means. Is that 100,000 visitors? Almost certainly not, unless he is misusing the term *hits* and really meant to say *visitors.* Does it mean 50,000 visitors? 10,000? Who knows?

Anyway, back to the story. If you put an ad on a site and pay for a month or year, what do you get? That's right, no one knows *what* you get. So a second mechanism was developed — ads were sold by the *ad impression.* You would pay for the ad to be displayed a particular number of times. Ads were typically sold in blocks of 1,000 impressions; they were priced by *CPM.*

CPM means *cost per thousand* (no, not per million; *M* is the Roman numeral for 1,000). If you pay, say, a CPM of $35, that means your $35 buys you 1,000 ad "impressions" — the ad will be loaded into Web pages 1,000 times. Each time an ad appears, it costs you 3.5 cents.

Hmm, still a few problems here. Just because your ad is loaded into a browser 1,000 times doesn't mean the people viewing the pages actually saw the ad. What if the ad was "below the fold," so far down the page that it wasn't visible without scrolling down? Sure, it was loaded into the page, and if the visitor scrolled down he would see it. But if he didn't scroll down, he wouldn't.

And so what if the ad *was* actually seen 1,000 times; will someone actually click it? And if people *do* click, how often will they click? In general, not very often, somewhere near 1percent of the time (and often way below that level). And that's where PPC comes in.

Understanding PPC: What It Is and Why You Should Care

With PPC, you're not paying for a promise, and you're not paying to load an ad onto a page. You're paying for an actual *result,* a *click.* With PPC, you don't pay if nobody sees your ad, and you don't even pay if someone *does* see it but doesn't click. You pay only when someone clicks your ad. In the business, people talk about *buying clicks* because that's just what they (and you) are doing. You're paying a PPC company each time someone clicks a link pointing to your Web site.

Now, I wouldn't go so far as to say you're paying for a *lead* . . . you're not. Some PPC companies have taken to referring to each click as a lead, but that's just hype. (A *lead* in sales-talk is someone who has expressed an interest in your product or service. No sales professional would regard the visitor, at this click stage, as having expressed enough interest to have risen to the level of being a sales lead.) Nonetheless, you are paying for a particular action. Someone sees your ad, clicks the ad, and (in general) views your site. Certainly, now and then, people won't arrive at your site — they may click and then cancel before your page fully loads — but generally speaking, a click is the same as a visit. It could be a very short visit, true, but it's something a bit more tangible than a *placement* or an *impression.*

Why isn't a click the same as a lead? Compare Internet advertising with direct mail. Imagine, for a moment, a direct-mail campaign that is intended to get someone to call your company. You mail a letter, someone opens the letter, reads the letter and, you hope, picks up the phone and calls you. When the person calls, the person becomes a sales lead. Most people who open the letter won't call, though. So you can't call the letter a lead, and you can't call someone opening the letter a lead. Displaying a PPC ad is the equivalent of sending the letter; and a click on the PPC ad is the equivalent of having someone open your letter. It's a step in the right direction, but it's most certainly *not* a lead.

PPC, 1-2-3

To make quite sure I'm explaining the concept of PPC adequately, let me just take you through the process of how PPC works, step by step:

1. The advertiser joins a search engine's PPC program and "loads" the account with some money — say, $50 (though some companies' PPC budgets are in the hundreds of thousands, even millions, of dollars a month).
2. The advertiser creates a small text ad (in some cases, PPC *can* include images, but I describe the most common form here).
3. The advertiser specifies with which keywords the ad should be associated.
4. The advertiser specifies how much he's willing to pay each time someone clicks on the ad.
5. Later, someone arrives at the search engine, enters one of the keywords or keyword phrases specified, and clicks the Search button.
6. The search engine finds the matching ads and places them on the results page.
7. If the searcher clicks the ad, he is taken to the advertiser's Web site, and the advertiser is charged for the click.

PPC pulls the banner down

By the end of 2000, when the Internet bubble burst, banner advertising had acquired a really bad reputation. Billions of dollars had been spent on banner advertising, and most of it was wasted. Click-through rates — the proportion of ads that are clicked upon — for banner ads were very low, and many advertisers, perhaps most, spent more on the ads than they made on any sales derived from them.

Banner ads had several problems:

- **They were expensive.** Although CPMs were typically $35–$50, because only one ad impression in 200 resulted in a click, that often translated into a price of $7–$10 per click.
- **They had low click-through rates (the ratio of ad impression to actual clicks on the ad), which made them expensive.** People were sick of seeing them, so they learned to just ignore them.
- ***Conversion rates* were low.** That is, only a small percentage of the people who clicked a banner and arrived at a site actually bought anything.
- **They were in the wrong places.** Ads were often placed in front of people who simply wouldn't be interested in the offer, which meant people didn't click them much.

Which brings me to another critically important characteristic of PPC ads as opposed to the majority of banner ads — PPC ads are, often, placed in the *right* place, while most banner ads were in the wrong place. As you discover in this book, there are lots of different types of pay per click advertising, but the concept really took off when it was incorporated into search engines, and search engines' results pages are the *right* place to put your ads.

The first big move in PPC search advertising was made by GoTo.com, a company founded by Bill Gross' IdeaLab. (IdeaLab has had a huge effect on the Internet, from eToys to CitySearch, NetZero to PETsMART.) In the summer of 1998 the company began selling ad "bids" on the GoTo search engine; you'll learn more about bidding in a moment. The company changed its name to Overture, went public, began a partnership with Yahoo! and late in 2003 was purchased by Yahoo!. (Yahoo! is now in the process of re-branding Overture, calling it Yahoo! Search Marketing.) By the way, in the early days this form of advertising was often known as *CPC* — Cost Per Click (but I'll be sticking to the form that's more common these days, *PPC,* in this book).

Here's the basic concept of PPC advertising: Rather than placing banner ads on various destination and content Web sites, when you buy PPC ads, most are placed in search results. If you've searched on the major search engines — Google and Yahoo!, and MSN — and most smaller search systems, too, you've seen them: small ads that appear above and alongside the search results. In fact, the search results page contains two types of search result, as you can see in Figure 1-2.

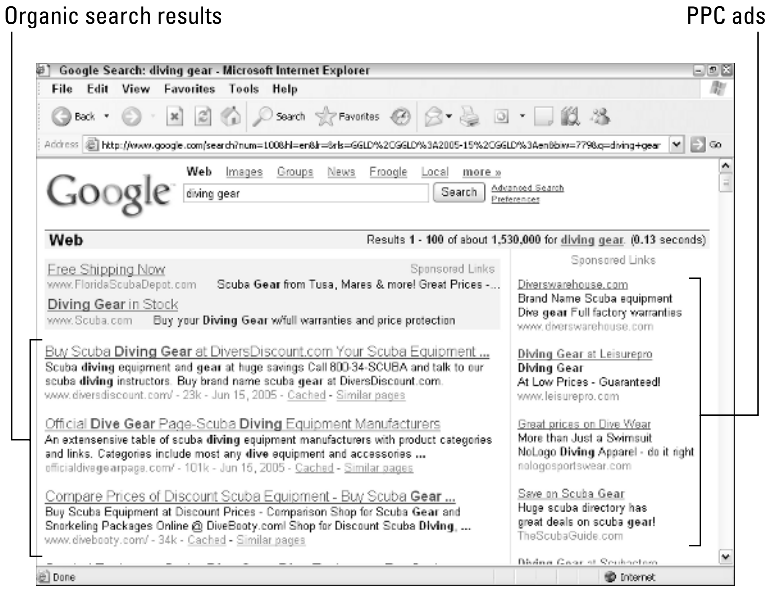

Figure 1-2: Most PPC ads are placed into search results on the major search engines.

As you can see in Figure 1-2, I searched on the term *diving gear* on Google; the words I'm searching on — *diving gear* — are known as the *search term, search query,* or *search keywords.*

Figure 1-2 shows what's known as the *search-results page;* Google takes my search term and returns information that it feels matches my search term most closely. You see two types of results in this page. The main area of the results contains *organic search results.* These are *not* ads; they are simply pages that Google found in its vast index of the Web (over 8 *billion* pages at the time of writing), pages that it thinks are the best matches for the search keywords I entered. At the top, and along the side, are *sponsored links.* These are the PPC ads.

TIP

How do you get your pages to sit at the top of the *organic* search results? This book is about PPC advertising; however you might want to read the "partner" book to this volume, *Search Engine Optimization For Dummies* for all the details on ranking well in the non-paid search results. (See `www.GetSEOBook.com`.)

One major search engine sometimes mixes organic and sponsored results — Yahoo!. At the time of writing, Yahoo! is the only major search engine that has a *trusted-feed* program, which you find out about in Chapter 14. In some cases, what appear to be organic search results are actually trusted-feed PPC ads, with no indication to the searcher that this is the case!

The power of search advertising

PPC ads on search engines are likely to be much more effective than banner ads. Why?

- **People are searching for something when they see your ad.** Banner ads are often placed onto what may be termed *content sites,* as opposed to *search sites.* On content sites, people are looking *at* information, rather than *for* information. In most cases, banner ads lead people *away* from the task at hand; PPC ads are designed to help people *with* the task at hand — looking for information.
- **Ads are delivered based on what people search for,** so there's a very good chance that if someone clicks your ad, he or she is interested in what you're selling or promoting.
- **The ads are unobtrusive and not gimmicky.** The major PPC systems have guidelines to stop the use of tricks and gimmicks. Again, if someone clicks, he or she is probably interested.

All in all, PPC ads on search sites are generally more effective than banner ads on non-search sites, in the same way that Yellow Pages ads are often more effective than newspaper ads. When people see your ad for, say, a shoe store in the Yellow Pages, chances are they're looking for a shoe store. When they see your shoe-store ad in a newspaper, they may just be reading the news.

Having said all that, it's important to understand that sometimes PPC ads are *not* placed in search results — they are sometimes placed on content sites (that's a choice made by the advertiser). You can see an example of a PPC ad on a content site in Figure 1-3. (I'm going to use the term *content match* for this type of ad, which is actually the term used by Yahoo! — other PPC systems use different terms. One common term you'll hear is *contextual advertising,* though that term is a little ambiguous in some ways.) Right now, Google is the big player in the content-match game, but other PPC systems also do it. Google's big in the content-match business because, through its AdSense program, it makes it very easy for almost any site owner to run PPC ads on his or her Web sites.

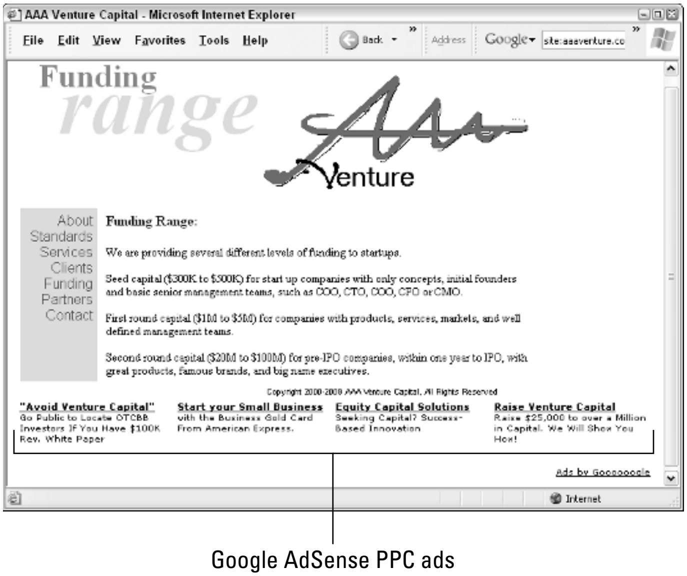

Figure 1-3: Some PPC ads are placed into "content" pages on non-search Web sites.

It's also important to understand that these types of ads are likely to be less effective (and, therefore, more expensive from a results standpoint) than the ads in search results. I recommend that when you start your PPC advertising, you *turn off* content-match ads (you'll see how in the chapters on Google and Yahoo!) to increase your chances of success, or at the very least, track them separately so you'll know the true picture (I cover tracking in Chapter 15); if your PPC campaign is a total failure, you may find the content-match ads pulling down the average while the regular search-match ads work okay. I cover this in more detail later, in Chapter 13.

WARNING!

Oh, and there's another reason to avoid content-match advertising; *click fraud,* a subject you find out about in Chapter 17. Content-match ads are prime targets for fraudulent clicking, so avoiding that form of advertising may reduce your exposure.

TECHNICAL STUFF

By the way, there's no reason that a PPC ad can't be a "banner" ad. They can, and sometimes are. But at present, most PPC ads are the small text ads I've shown you here.

You pick your placement

Here's another important PPC concept — you get to pick where your ads are placed by associating your ads with various keywords.

In the past, with banner ads, you would place ads on a specific Web site or work with an ad network to place ads on a particular type of Web site. If you sold sports paraphernalia, for instance, you would place your ads on sports-related sites.

With PPC, though, you can get much more targeted than this. Rather than just placing an ad on a site related to sports, you can now display your ad to someone who has clearly stated that she has some kind of interest in . . . some keyword. When someone searches on *nfl memorabilia,* for instance, your ad may appear. You get to state, in very specific terms, when your ad appears.

More specifically, each ad you create can be combined with one or more keyword search phrases. You might have 30 different ads with 30 different groups of keywords. When a keyword in group one is typed into a search engine by a searcher, the associated ad is displayed; when a keyword phrase from group two is typed, the associated ad for that group is displayed, and so on.

Again, having said that, content-match ads are not quite as precise as regular search-result ads. Remember, with content-match ads, nobody's typing a search phrase into the page; rather, the ads are simply displayed when a page is opened in a browser. So the PPC systems try to match your chosen keywords with the text in the Web page. Sometimes they do well; sometimes they don't. In general, PPC advertisers seem to agree: The PPC traffic you get through content matches are *not* as good as the traffic from searches.

You bid for position

PPC ads vary greatly in price. On the major PPC systems, you'll pay anywhere from a minimum of 1 to 10 cents per click (Google's and Yahoo!'s minimum bids, respectively) to many dollars per click: $20, $50, $75, perhaps more. But rather than negotiating with the company selling the ads, you compete with other people who want to display ads at the same time you want to display an ad.

Here's an example: Imagine that you want to display an ad when someone searches on the term *mesothelioma* at Yahoo! (Mesothelioma is a disease caused by breathing in asbestos fibers.) You're not alone. Many other people want *their* ads to appear at the same time. Of course, everyone wants his or her ad to display at the top, so how does Yahoo! determine which goes first? By how much each advertiser bids.

You can see a list of bids in Figure 1-4; these are bids on the Yahoo! Search Marketing system for the term *mesothelioma.*

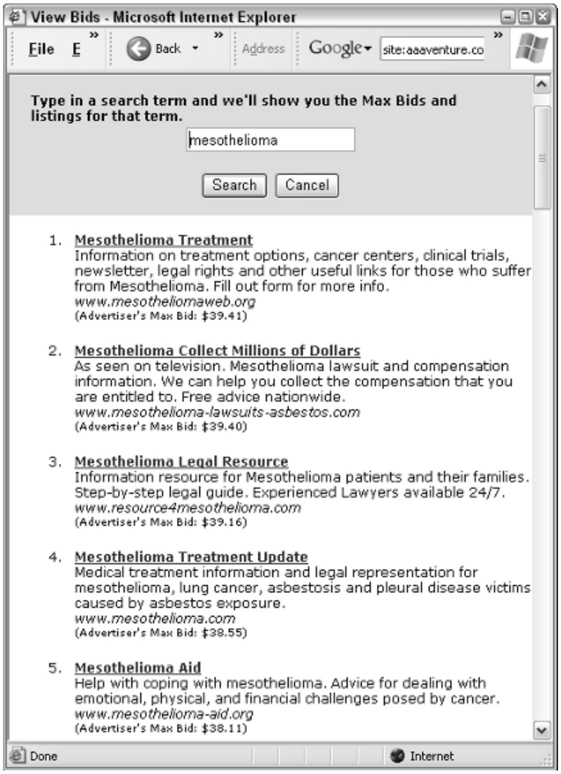

Figure 1-4: A list of bids on Yahoo! Search Marketing. You find out about this bid tool in Chapter 7.

On Yahoo!, the minimum bid is 10 cents per click, so the first advertiser to select this keyword phrase selected 10 cents. Another advertiser may have come in and tried to get a better position by placing a bid of 11 cents a click. Then another might have tried to beat that position, with a bid of 12 cents, and so on. So, with the most basic of bidding schemes, you see a bid structure like this:

Top Bidder	14 cents
#2 Bidder	13 cents
#3 Bidder	12 cents
#4 Bidder	11 cents
#5 Bidder	10 cents

Of course, bidding gets far more complicated than this. Bidders, as in any kind of auction, try to beat the competition. Bidder #5, for instance, may be determined to get the top spot, so he outbids the Top Bidder, as do #2 and #3, perhaps. Prices rise until people stop trying to keep up with the top bids.

In fact, the top bid for *mesothelioma* on Yahoo!, at the time of writing, was $39.41 (as you can see in Figure 1-4). I've seen the price well over $50, though, and I've been told it went far higher than this at one point.

When you bid on a keyword, you're saying, "This is the maximum amount I'm willing to pay when somebody clicks my ad." If you bid $12, that means if someone clicks on the ad, you may end up paying the PPC service $12. So make sure a click is really worth $12!

A PPC bid is a little different from the normal auction-type bid, however. While a bid in an auction is what you'll pay if you have the top bid, a bid in PPC advertising is what you're willing to pay, if necessary. But you generally won't pay more than one penny above the next lowest bid for the top position. For instance, look at this situation:

Top Bidder	$20.00
#2 Bidder	$12.00

In this case, the Top Bidder pays $12.01 per click, not $20. Bidding $20 allows the Top Bidder to hold the top position. In order for #2 to take the top position, he'll have to bid at least $20.01, but then he will have to pay $20.01 per click! But as long as Top Bidder is bidding more than anyone else, he pays only a penny more per click then the second-highest bid.

This is the case in most major PPC systems these days. It wasn't this way in the early days, when you paid what you bid, but in order to encourage more advertising and more bidding, the engines came up with this system in which you place a maximum bid but pay only a penny above the guy below you. However, some smaller PPC systems may still use the old system.

TECHNICAL STUFF

Google handles bidding a little differently. The top bidder does not necessarily get the top spot. Rather, the bid is just one criterion, and ad position is also dependent on how well the ad performs. Ads that get clicked often get a "bonus" and may actually be displayed higher than ads that are being charged more per click. (I discuss this in more detail in Chapter 9.)

You have total control

As you discover in this book, PPC systems provide a great deal of control over how and when your ad is placed. You can control characteristics, such as these:

- You can set the maximum you're willing to pay for a click.
- You can specify the maximum you're willing to spend on your ads each day, week, or month.
- You decide which keyword or keywords "trigger" the ad — from a single keyword to thousands of keywords.

- You control the ad wording — you can change wording from minute to minute if you really want to.
- You can associate different ads with different keywords or keyword groups.
- You can specify exactly how keywords work — if you select *shoes,* will the ad appear if someone searches on *shoe?* What about *shoes in denver?*
- You can specify, to some degree, *where* the ad appears — will the ad appear if the person searching is in Denver? In Chicago? In California? In Germany?

The degree of control allows you to tweak your advertising campaign. As you see in Chapter 15, you can track the effects of your ads — not only can you see how much each click costs and how many people click an ad, you can even see what people do when they come to your site. You can track how many of the people who click the ad actually buy, fill in an information-request form, or take some other kind of action. Some ad texts may work better than others. You can experiment by combining different keyword choices with different ads. This information allows you to optimize your advertising by pinpointing which keyword/ad pairs get you the best results.

Is Everyone Making Money with PPC?

No.

Why use PPC if you're losing money?

As bizarre as it may seem, many PPC advertisers are losing money on their ads. How can that be possible? The following are *real* quotes from real companies using PPC, explaining why they use PPC despite the fact that the PPC campaigns are losing money:

- "I know we're losing money on PPC, but I'm under pressure to provide leads."
- "Well, we're not really sure if we're making money on PPC or not." (They weren't.)
- "We experimented with PPC last Christmas . . . sure, we lost money, but we'll probably try again this Christmas, too."

- “It doesn’t really matter if we make money directly; this is ‘brand’ advertising.” (I talk about brand advertising in Chapter 3. Suffice it to say that brand advertising is often — perhaps usually — a good way to lose money.)
- “No, we’re not making money right now, but we will just as soon as we improve our conversions.” (The term *conversions* refers to the process of converting visitors to customers, and the last time I spoke to these guys, they were still a long way from fixing this problem.)

The fact is, despite the hype — to some degree *because* of the hype — many people working with PPC are losing money doing so. Some are in the process of finding out if PPC works for them and either will stop when the pain gets too great or will experiment and figure out a way to make it work. Others have a much higher pain threshold and are willing to lose large sums of money because they’re caught up in the hype and know that PPC *must* work, if they can just figure out how! Or they really don’t care much either way; PPC costs are just a small part of a large marketing budget.

Sometimes, spending money on PPC and taking a loss can make sense. PPC can be used to test your site and to test keywords very quickly. You can turn on a PPC campaign, watch for a day or two, and get a feel for how things are going — what people do on your site, how well the site converts visitors to buyers (see Chapter 5), the difference between people who had searched on keyword A and keyword B, and so on. PPC can be used as a clearly measurable system for testing and improving what happens on your site and for picking keywords (see Chapter 4).

Now, just because PPC hasn’t worked for you doesn’t mean you should stop and never try again. But if you do try again, there has to be a good reason. As a good friend, Joe Sabah, likes to say: “If you do what you’ve always done, you’ll get what you’ve always gotten.” If PPC fails, you’d better figure out why and do something to resolve the problem, rather than just banging your head against the same wall (you find out more about making your PPC campaigns more efficient throughout the book).

Reality is, PPC might work, and it might not. In Chapter 3 you’ll learn whether or not it’s likely to work for you. But the ultimate test is, of course, to try it. But be realistic, and test carefully.

Most advertising doesn’t work

Remember also that *most* advertising doesn’t make money. “I know half the money I spend on advertising is wasted,” said Chicago department store owner John Wanamaker more than 100 years ago, "but I can never find out which half."

There's an adage in the advertising — wait, no, not in the advertising business, because the adage is not exactly good for the business — that goes, "most advertising doesn't work." I don't remember who said it . . . oh, wait, it was me.

Anyway, it's true, and it's worth understanding up front if you've never purchased advertising before. If you *have* purchased advertising for a large business, you may not believe this; many large business spend a fortune on advertising that doesn't work, because nobody has actually proven that it doesn't work. But having worked with small-business people over the last 15 years, I've learned that many small-biz people *do* understand this concept.

Here's how we *know* most advertising doesn't work . . . because if it did, business would be easy! Need customers? Just advertise for them! Need some more? Advertise some more. Most of the money you spend will make you money, and the longer you do it, the better you do, as you eliminate the minority of advertising that doesn't work.

Reality is very different. Most advertising doesn't work, so business is a battle, and most businesses, business experts tell us, fail in the first few years.

So can you make money with PPC?

The answer to the above question depends on what you mean. If you mean *can one make money with PPC?*, then the answer is, "Absolutely!" One can, if one happens to have the right product, the right Web site, the right ad, and the knowledge you find in this book.

If you mean *can* I *make money with PPC?*, the answer is a definite "Maybe!" I don't know what you're selling, what your Web site looks like, and whether you can put together the right ad, so I don't know for sure. But some people definitely are making money with PPC; perhaps you can, too.

I've worked with companies doing well with PPC, and with those doing badly. If all the planets align, if you put all your ducks in a row, and if you figure out any other folksy mottos that may apply, you can make money with PPC. But as with every New Thing, there's a lot of hype behind PPC. Just remember that the PPC companies are in the business of selling PPC ads, not of selling information about your chances of succeeding.

Why Bother Using PPC?

So why bother with PPC? There are *lots* of ways to bring people to your Web site, after all. Here are a number of reasons why PPC might be the way to go:

- **You're reaching people when they're looking for you.** The search engines are hugely popular, with more than half a billion searches *every day* (perhaps much more)! These are great prospects for your business.
- **It's fast.** While most marketing methods can take a long time to get started, you can get a PPC campaign rolling very quickly, literally within an hour or so.
- **It's a numbers game.** It's easy to measure success; count how much you spend, and how many sales you made.
- **It's a great testing tool.** As I mention earlier, even if you can't make money with PPC, it can be a useful way to test your site and test keywords.
- **It allows you to market products temporarily.** Seasonal goods, products of which you have a small supply, and so on. Want to sell or promote a product around Christmas or Easter, have decided to discontinue a product and want to get rid of it, or have a limited-time discount? PPC could help.
- **It's a good brand advertising tool . . . oh, wait a minute. No, it's not!** At least, not for most companies. Many writers and PPC pundits promote PPC as a great brand advertising tool. In Chapter 3, I explain why it generally *isn't.*

If you use *only* PPC to market your product or service, you're probably making a mistake. But PPC is often a very good first choice.

Let's compare with search-engine optimization, the practice of "optimizing" pages and links to make your Web pages rank well in the search engines. Search-engine optimization is complex — there's a *lot* to learn. The work you have to do can sometimes be quite difficult. And it can be very time consuming, both in terms of time invested and the time you'll have to wait for results. While it's sometimes possible to see results in days, more commonly it can take weeks or months. (Did I mention my other book, *Search Engine Optimization For Dummies?*)

On the other hand, PPC is quick and easy. When you know what you're doing, you can begin a PPC campaign in an hour or so.

TIP

Many people use PPC to get things rolling. While they plan to use other forms of online marketing, they can use PPC to begin bringing people to their sites within minutes of the site launch and start making sales and testing their sites right away. PPC allows you to turn on a campaign immediately, and turn it off as soon as you're finished with it.

Placing Eggs in Several Baskets

PPC is just one weapon in your marketing arsenal, just one wrench in the tool chest. You may discover that it's incredibly important, a business builder; but don't get tunnel vision and think PPC is the only way to go. You may find PPC is useful, but not enough. Or you may find that it's simply not viable for your business. Either way, don't focus on only PPC.

Even if PPC works wonderfully for you, there are two very good reasons for trying other forms of marketing, too:

- If there are other forms of online marketing that can make you money, why leave money on the table?
- Just because PPC works for you today, doesn't mean it will work tomorrow.

I think it's important to remember the second of these. There are a limited number of ads that can be placed, and two important trends at play:

1. The increase in the number of people using the Internet — and, thus, searching at the major search engines — is slowing down.
2. The increase in the number of businesses using PPC is ramping up.

Pay Per Click fees have been increasing, as PPC becomes more popular. Most businesses — the vast majority — not only haven't used PPC, they don't even know what it is. Certainly the PPC companies are constantly looking for more places to put their ads, but it seems likely to me that as more people learn about PPC, and more get online and use them, the more expensive the clicks are likely to get.

In fact even without an overall upward trend, your business could be hurt if competitors move in on your space. Here's an example (a proverbial "off the top of my head" example). Let's say you sell books about, um, rodent racing. Right now you could buy clicks *very* cheaply. It's hard to believe, but you can place an ad on Yahoo! when someone searches for rodent racing and pay only

10 cents a click! As strange as it sounds, *nobody . . . not a single company*, is currently bidding on that term.

Anyway, imagine that you are placing ads whenever someone searches on the term *rodent racing,* and making a tidy little sum. But then, a series of nasty accidents during high-profile rodent races lead to a sudden interest in insurance for racing rodents (and their jockeys). Major insurance companies realize that there are huge profits to be made . . . and start bidding on PPC ads. Rates go up, 50 cents, a dollar, five dollars. And now, you're out of business, because the click rates are so high you just can't buy them.

Many companies think that when they advertise through PPC, they are competing with, well, their competitors. But they're not, they're competing for ad space with other companies that are interested in the keywords. Look at Figure 1-5. I searched for the term *campground,* and five ads appeared.

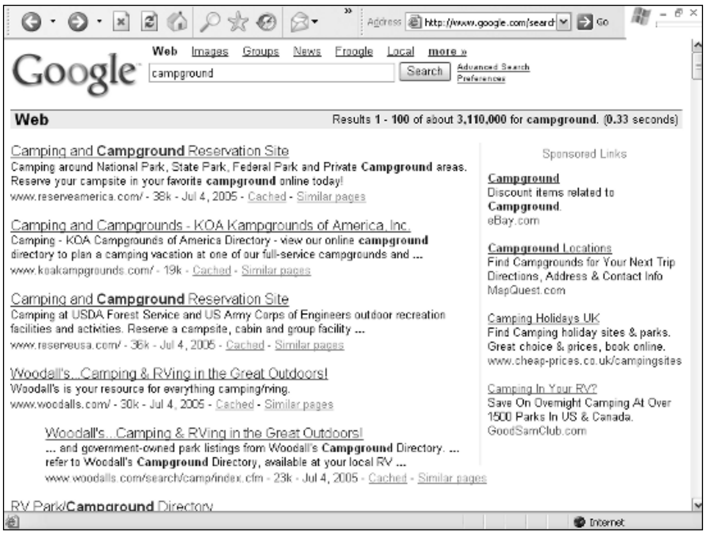

Figure 1-5: These PPC advertisers are *not* in direct competition with each other.

The PPC ads are not directly competing with each other, as you can see below.

- Camping.com — make campground reservations and buy camping gear
- eBay.com — auctions of camping gear
- MapQuest.com — maps

- Cheap-Prices.co.uk — a British “affiliate” site with links to vacation services
- GoodSamClub.com — the world’s largest RV owner’s association

Not one of these sites directly competes with another. Now, the rodent-racing example earlier is rather unlikely — rodent racing is, in fact, a very safe sport — but this sort of thing *does* happen. If you’re selling a $25 book, you simply can’t afford to pay as much in click costs as a company selling, say, insurance policies or mortgages worth thousands of dollars over the life of the policy. Yet you may want to advertise under the same keywords.

Oh well, that’s life. You have several choices:

- Find keywords that the “big boys” aren’t targeting
- Find PPC systems that the big boys aren’t using
- Move on! PPC won’t work for you

So, let’s move on. We’ve talked enough in generalities, let’s look at the different places you can advertise using the PPC model.