

Chapter 1

Understanding Google AdSense

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Since the Internet first began in the early '80s, it's grown like kudzu in southern Alabama — faster than anyone can keep up with. The adoption of the Internet has been so rapid, in fact, that some companies are spending millions of dollars trying to find ways for third-world countries to have Internet availability.

Closer to home, however, it's probably safe to say that the majority of people already have Internet access. It's probably even safe to take that one step further and say the majority of Internet users also have a Web site, a blog, both, or multiples of both. The Internet Economy has taken over.

Many of the people who use the Internet see it as a path to the business they always wanted to own but couldn't because of the business ownership costs. Setting up a Web site is relatively inexpensive — add some e-commerce capabilities and then connect a blog to it to advertise the existence of the site and the products or services offered on the site.

Even people who aren't necessarily looking to start their own businesses are looking for a way to make money online. And that's where Google AdSense comes into play.

Introduced in June 2003, AdSense offers anyone with any type of Internet real estate the ability to generate at least a small income from their efforts.

This chapter is for *publishers* — those who are interested in using AdSense to advertise on their Web sites. I cover the basics of what AdSense is and how to use it to generate income from your Web site.

Understanding AdSense

AdSense is an advertising program that anyone who publishes a Web site can use to generate income for their Web site. But there's one small condition — Google must approve your site before ads are shown on your site.

A longer explanation is that *AdSense* is an ad-placement program that utilizes Google's proprietary search capabilities to determine the best placement for ads that are purchased through the Google AdWords program.



AdSense is *contextual advertising*, or ads that appear in the context of surrounding content. What this means for you is that AdSense ads are related to the content of the pages on which those ads appear.

It sounds complicated, I know. And really it can be very complicated, but the bottom line is that with AdSense, you can place ads on your Web site that are targeted to the content of your site. So, if your site is about Chinese Crested dogs, ads for Web-based human resources applications don't show on your site.



AdWords: The flip side of AdSense

AdSense is one-half of an advertising duo that Google has cooked up. The other half is Google *AdWords*, a pay-per-click keyword advertising program. (How smart is that? Having both advertisers and publishers as your customers!) In a pay-per-click advertising program, advertisers place ads based on keywords that are related to their content. (*Keywords*, in this context, means key terms or words that are commonly associated with a given subject, topic, service, or product.)

In pay-per-click advertising, advertisers create short, text-based ads that are very closely related to chosen keywords, and then allow those ads to be shown on other people's Web sites that feature (in some way or another) the chosen keyword. The advertiser agrees to pay *up to* a certain dollar amount — called a *bid* — each time a Web site visitor clicks on the ad. Thus, the term *pay-per-click*.

The bid amount an advertiser placed on a keyword is usually determined by two factors:

the budget and the popularity of the keyword. The advertisers themselves set the daily budget for each advertisement — one built around how much they are willing to pay if someone clicks the ad. The bidding process itself sets how much a keyword is worth — clearly, more popular keywords are going to cost advertisers more.

The bidding process works much like any other auction process, with one minor change. Advertisers bid for placement of their ads by keyword, but more than one advertiser can win. The way it works is that the advertiser that has the highest bid has their ads shown in the most desirable places (both on Google and other Web sites). Bidders with lower bids will still have their ads shown, but in somewhat less desirable places. The "less desirable" places can still perform very well, and in fact are sometimes more coveted because they cost less, which means advertisers can afford to have their ads shown more often.

In return for placing those ads on your site, you're paid a small amount each time one of your site visitors clicks an ad, and in some cases, even when site visitors just see the ads.

Money Makes AdSense Go 'Round

Okay, so AdSense is (in essence) an advertising program. But why would you want to use it? Well, for the money, of course. AdSense is an easy way to generate income from your Web site, even if you're not selling anything on the site.

And while creating income is the most likely reason that publishers use AdSense, it's not the only one. Some publishers use AdSense as a means of making their Web site more valuable to site visitors.



Anyone who displays an AdSense ad is considered a *publisher*, whereas anyone who purchases the ads that are displayed through AdSense is an *advertiser*.

Now, this is where a lot of debate usually begins. *Experts* (who are usually people who know a lot just about a given subject) tend to disagree about the value of any type of advertising on your Web site. Some experts say that any advertisement that takes people away from your Web site is a bad thing. Others say that ads are okay, in the right places. You can read more about ad placement in Chapter 3.

When placed properly, AdSense ads can add value to your Web site by pointing users to other resources related to the topic of your site. This means they'll probably surf away from your site at some point. But if your site is well built (which is essential if you intend to grow traffic over time), it's likely that users will come back to your site again in the future.

The value here is that users not only get what they're looking for, but you get return traffic; and because you're using AdSense to help those users find the information they need, you're also making a little extra money in the process.

Deciding Whether AdSense Is Right for You

Even though there are a lot of benefits to using AdSense, it's not for everyone. Just like not everyone likes the idea of eating chocolate, there will be

some who aren't willing to risk that AdSense ads push (or draw) traffic away from their Web sites.

One good example of this is if you have an e-commerce Web site that features products on every page. Many e-commerce site owners aren't willing to include advertisements on their pages because the ads can cause site visitors to surf away before they complete a purchase.

What it all really comes down to is to know how badly you would be hurt if a site visitor surfed away from your site. If the damage would be like cutting off your left hand, you probably don't want to include AdSense on your site.

If, on the other hand (the right hand because it's not been cut off yet), the possibility of a site visitor surfing away wouldn't cost you any money, AdSense is probably worth considering. To be clear, a certain percentage of site visitors click an ad on a site and then don't come back, either that day or at all. But that percentage is likely to be very small. If you won't lose money if they don't come back, why not try to make a little money?

Jenn Savedge, the owner of the blog *The Green Parent* (www.thegreenparent.com), doesn't use AdSense. She says, "I want to have complete control over the products that are advertised on my site. I don't want it to appear as though I am endorsing products when I am not." And that's a valid reason to decide against using AdSense.

A good rule of thumb is generally that all content-only sites can afford to have AdSense ads displayed on some, if not all, pages on the site. Sites that sell stuff? Well, that's a little trickier, but if you have pages that don't contain links to purchase products (like product review pages, or articles that extol the value of a particular product or group of products), you can probably feel pretty secure about including AdSense ads on those pages.

Common AdSense Questions

If you've read to this point, you know just enough to be dangerous, which means you probably have a ton of questions about AdSense. Other chapters answer most of those questions for you, but to keep you focused, I answer a few of the more pressing questions now.

What follows are answers to a few of the more common questions that are usually asked about AdSense (which incidentally are probably the ones that you want the answers to the most).

How much money can I make with AdSense?

There's just no easy answer to this question. Well, okay, there's an easy answer — it depends. But that easy answer isn't really useful. The problem is that several measurements impact your daily revenue from AdSense ads, such as



- ✓ **Unique visits:** A visitor is considered *unique* when she visits your Web site the first time during a given period of time. Depending on the *metric* — the measurement used to track visitors on your Web site — that's used, a visitor might be considered unique the first time he visits your site in a 24-hour period, the first time in a week, or the first time in an hour. For AdSense, the unique visits measurement is used to help determine the click-thru rate for ads.

Click-thru rate (CTR) is the number of people who click an ad and are taken to the Web page designated for the advertisement. This page is usually a larger, more colorful ad, the opening page of a Web site, or a page that displays more information about the product or service featured in the ad.

- ✓ **Average click-through-rate (CTR):** The *CTR* is the actual number of visitors who click through an ad on your Web site. This is important because you're paid when users click your AdSense ads.
- ✓ **Average cost-per-click (CPC):** The *CPC* is the amount that advertisers pay each time someone clicks one of their ads. This number varies widely and is dependent upon the cost of the keyword to which an ad is related. For you, as an AdSense publisher, the CPC is the basis for how much you're paid.

Using these three measurements — measurements which are highly variable — you can estimate how much you *could* make based on some hypothetical numbers. For example, assume that your Web site gets 1,000 unique visits per day and that the average value of the ads that are displayed on your site each day is \$.25 per click (that's the CPC). Finally, assume that about 2 percent of your 1,000 visitors click through the ads on your site each day. Now, you have numbers that you can work with.

With those hypothetical numbers in place, you can use this equation to estimate how much you might make from your AdSense ads on a given day:

$$(\text{unique visits} \times \text{average CTR}) \text{average CPC} = \text{potential revenue}$$

so

$$(1,000 \times .02) \$.25 = \$5.00$$

Using that equation and the hypothetical numbers I've defined, you could estimate that you'd make \$5.00 per day, or \$150.00 per month. Again, however, that's assuming your numbers are exactly what I've defined here, and they probably won't be — these are completely fictional numbers used solely for the purpose of example.

Any change in those numbers — more or less visitors, higher or lower CTR, or more or less average CPC — results in different numbers.

I can hear you wailing in frustration — “So what can I realistically expect to earn with AdSense?” I understand your desire for solid numbers, but the truth is, I can't give you an exact figure. More accurately, I can tell you that if your site is well-targeted and has high traffic levels, you can expect to make pretty good money (at least enough to get a check every month). And if your site traffic is slower or your site isn't as highly targeted, you might be lucky to make enough to pay for your Web site hosting each month.



In an effort to keep costs down, Google doesn't release payments until you've earned \$100 or more in ad revenues. If you make less than \$100 in a given month, your earnings will be held until you reach the \$100 minimum. So, if you're not making enough money, you'll get your payment eventually, just not right away.

Fortunately, there are ways to optimize your Web pages so that you get the most possible return on your AdSense ads. I cover those strategies throughout the rest of this book.

How much does AdSense cost?

Easy question, easier answer. AdSense doesn't cost you a thing. Well, it doesn't cost you a thing unless you consider the time that it takes to implement the ads on your Web site. But even this step isn't overly time-consuming, so even labor costs should be minimal.

What kind of ads will show on my Web site?

The advertising kind.

Okay. All jokes aside, the ads that show on your site are determined by the content of your site. Google uses a search algorithm to determine what ads are best suited for your site — an algorithm that's quite similar to the one Google uses when you run a search query from the Google search pages or through a Web site-based search box.

That said, it's possible that the ads that show on your site might have nothing at all to do with the content of the site. Here's why: If your site content isn't very focused, the algorithm gets confused and isn't sure which ads are appropriate. So, it makes its best guess, which may or may not be correct.

The best way to ensure that the ads are highly relevant to your content is to have well-focused, keyword-rich content. You can find guidelines for putting together the best content for your site in Chapter 3.

Can I control ad content?

No one wants ads from their competitors on their Web site. Even if you're not selling anything from your site, it's likely that some ads you just don't want shown on your site.

Fortunately, Google's made it possible to exclude some companies from showing their ads on your site. It's not too difficult to do; simply add your competitors' URLs (*Uniform Resource Locator*, the Web address) to your ad filters, and the competition is then blocked from advertising on your site.

You can find more information on filtering the ads that are shown on your site in Chapter 5.

Can I use AdSense on more than one Web site?

Sure you can, and here are a couple ways to do it. First, you can use the same AdSense code on all your sites, and the *metrics* — the tracking measurements, like number of clicks and payment for clicks — are all collected in the same report with no way to differentiate the Web site.

The other way you can track multiple sites (or even different pages within the same site) is to use Google channels. *Channels* simply allow you to track different sites or pages on a site by using code that's written to indicate each separate channel you set up.

You can set up channels by URL or by custom-defined differentiators. You can find out about the fine art of using channels effectively in Chapter 14.

Can I have more than one AdSense account?

Having more than one account might seem like a good idea in certain situations. For example, if you run multiple Web sites, you might want to have a different AdSense account for each of those sites.

Google doesn't think that's such a great idea.

You're limited to a single AdSense account per payee. You can differentiate between ads on your various Web sites with the channels that I mention earlier in the preceding section, but having two accounts is a no-no.



Google's very sensitive about the ways in which publishers use AdSense capabilities. Reading through the AdSense program policies before you even begin to set AdSense up for your Web site is a very good idea. Google won't think twice about banning policy violators from using AdSense.

The Potential of AdSense

Okay, AdSense seems relatively simple, so what's all the fuss about? Well, the easy answer to that is *money*. Publishers use AdSense because it's a potential revenue stream that might not otherwise be available to them.

In some rare cases, you may have heard of AdSense publishers making \$20,000 or more each month. Those are rare cases, but it's possible to build a decent revenue stream with AdSense if you manage the use of the ads carefully on sites that are very well designed. Is it likely that you'll get rich? No.

What is likely is that you might be able to make enough to cover your Web site hosting or even enough to cover your mortgage. AdSense definitely has the potential. How you manage the program combined with how well your site is designed and the amount of traffic that your site receives determine how much you make.

In the coming pages, you can find out about all the tips and secrets that will help you maximize the potential of AdSense for your Web site. It all starts in Chapter 2, where I walk you through how to sign up for an AdSense account and get it set up on your site, so keep reading. Plenty more information is to come.