

Pay-Per-Click (PPC) Advertising vs Impressions Based Advertising

At first glance Pay-Per-Click ads (or Google Ads/Paid Search Ads) seem more efficient because they average a much higher click through rate than impression based advertising. So if you are solely looking at the cost per click, it would seem that PPC is cheaper and more effective. For most local to medium sized businesses this is not the case.

- Truly targeted digital ad campaigns go far beyond the click. You want to measure not only clicks, but conversions – meaning did the potential customer convert and do what you wanted him/her to do? Impression based advertising measures not only the click but also View Throughs (people who saw the ad, didn't click but then came to your website). **Tracking conversions on your website is a better indication of intent to purchase than a click is.**
- With impression based display ads your ad isn't **placed right next to a competitors ad like it is for PPC**, and the ad itself is placed on a website that a user found in the organic section of search where more customers are likely to click and convert.
- Most local businesses have found that PPC just doesn't work for driving leads as shown in the graphic to the right. As a Bootsuite.com article put it, "If your company operates in an obscure industry, the cost to get to the top of PPC may not be very high. But **for most companies, there are many other competitors also bidding for space for the same keywords.** Instead of paying pennies for each click, you might find yourself spending tens if not hundreds of dollars just to get a click."

73% OF SMBS SAID USING ADWORDS PRODUCED VERY FEW, IF ANY BUSINESS LEADS

According to a study by Manta, 40% of small to medium sized businesses said using AdWords (pay-per-click ads) didn't directly yield ANY new business leads. An additional 33% said AdWords produced VERY FEW leads. Source: www.ksainsider.com

- With PPC ask yourself if what you are paying for clicks is higher than the revenue per visitor? As a Forbes article states, "With Google AdWords you're paying for clicks. This wasn't a problem a long time ago when rates were more reasonable, you know, pennies instead of dollars. The problem nowadays is... a business is dropping \$5 or more per click to get people to visit their site. Sure, that **may increase visitors because you're appearing at the top of the Google search page, but it's not guaranteeing customers.** Some clicks can be as high as around the \$60 range per clicks."

So you think, "But I'm only paying if the person clicks and if they click they are interested so it's worth it, right?" Maybe, maybe not. The Forbes article goes on to point out, "What that boils down to is that whenever someone clicks on your ad, you still have to pay Google, regardless if a sale was made or not. And, that becomes an issue whenever you have visitors who are just browsing the web with no intention in ever investing in your product or service. **In other words, Google Ads potentially aren't worth the investment because the bids that you are paying for are higher than the revenue that you're receiving from each visitor.**"

- With PPC advertising you are only reaching people who are using a search engine. With impression based ads you are reaching people who go right to informational websites to find what they want. In fact, **only 36% of people start their search for information with a search engine.** The majority of people DO NOT as shown in the graphic to the right:



- The biggest secret of PPC advertising is that the more successful you are with it, the more expensive it gets. If you're in an industry that can find customers and convert them using PPC, the chances are that your competitors can do this too. As each company starts using PPC, the cost to get to the top increases. **Each company basically bids up the cost of PPC until you get to the point where it's so expensive, that you really can't make any money acquiring new customers using this channel."**
- PPC isn't as targeted as you may think. **With PPC you don't know WHO is clicking your ad.** Yes, they are interested in that keyword, but are they a good prospects? Do they fit your ideal customer profile? You don't know the persons' age, sex, industry, job title, income, family status, hobbies, interests, etc. All you know is that they searched that keyword and you are paying a lot of money for those people without knowing if they are worth it.

Impression based advertising such as Targeted Display and Video which includes Keyword Targeting and Behavioral Targeting is more cost effective AND more targeted to the person you are trying to reach.

Sources:

<http://www.forbes.com/sites/johnrampton/2014/07/07/5-reasons-you-shouldnt-use-adwords/#7a30ee267dbb>
<http://www.boostsuite.com/2012/07/19/five-reasons-not-to-use-pay-per-click-advertising/>