

## RESEARCH BRIEF (Google AdSense)



### UPCOMING WEB CLINICS

1. Wednesday, May 5 - 4 PM EST - Optimizing Your Google AdWords Campaign
2. Wednesday, May 19 - 4 PM EST - Using eBay/Auction Sites as a Marketing Channel
3. Wednesday, June 2 - 4 PM EST - Optimizing Your Site for Traditional Search Engines
4. Wednesday, June 16 - 4 PM EST - Optimizing PPC Campaigns for Subscription Sites

To participate in any of the above clinics, please email THE NAME OF THE CLINIC to:

[administrator@marketingexperiments.com](mailto:administrator@marketingexperiments.com)

We will respond with instructions on how to participate in the call.

### UPCOMING RESEARCH BRIEFS

1. Optimizing Your Google AdWords Campaign
2. Utilizing Online Conference to Enhance Your Offering
3. Using eBay/Auction Sites as a Marketing Channel
4. Optimizing Your Site for Traditional Search Engines
5. Testing Amazon Stores
6. Optimizing PPC Campaigns for Subscription Sites



## SYNOPSIS

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**Topic:** Google AdSense — How Our Test Site Generated Over 60 Million Impressions in a Four-Month Test

Google usually evokes the words "AdWords" and "PageRank" in the minds of savvy marketers. But what about that third, often-overlooked marketing channel of the Google family, Google AdSense? (For our studies of AdWords and PageRank, see the "related reports" listed at the end of this brief.)

Google AdSense displays text-based ads which are virtually identical to AdWords ads. The primary difference is that the ads are displayed on "content-based" sites instead of adjacent to search results. In other words, AdSense ads appear next to articles and other content on a network of partner sites; AdWords ads appear next to search results on Google and engines that use Google's search results.

Sites displaying AdSense ads sign up with Google to host ads on a revenue-sharing basis. Pay-per-click fees generated by these "affiliate" sites are split between Google and the affiliates.

The idea behind AdSense is quite sound: content-based sites display ads for products or services on related topics that interest their visitors. But as we shall see, how this idea is implemented is often less than ideal.

In this report, we look at the potential benefits and drawbacks of Google AdSense for both content publishers and retailers.



## FINDINGS

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The majority of this report examines the effectiveness of AdSense as a marketing medium (for retailers, service providers, etc.). But first, we will briefly review the revenue possibilities of AdSense for content-based sites. If you are a retailer, you may want to skip directly to part two.

### 1. GOOGLE ADSENSE FOR PUBLISHERS:

AdSense has been promoted as one of the single easiest ways for a content-based website to boost its profits. In our experience, we have certainly seen some success with the program, especially for sites that have popular content and a wealth of traffic.

One of our research partners tested AdSense. Their site offered in-depth content for pet owners and received significant traffic from search engines and other sources.

The site also marketed software solutions for veterinarians, which attracted even more traffic.

This company decided to test AdSense ads on their website, but opted not to display ads on their home page. To get an idea of what these ads looked like on our site, look at Google's example of their ads on PetPlace.com:

[https://www.google.com/adsense/images/petplace\\_lg.gif](https://www.google.com/adsense/images/petplace_lg.gif)

For more on how ads can be customized, filtered, and managed, see:

<https://www.google.com/adsense/overview>

How successful was our test?

In the first full month, our research partner was able to generate a six-figure supplemental income solely from Google AdSense commissions. This was accomplished without any advertising on the site's home page.

So the possibilities for significant income are definitely there, but keep in mind these qualifications:

1. Your site must have a large amount of qualified traffic to generate a lot of click-through commissions. No two sites are created equal, so test the revenue potential of AdSense by placing ads at a variety of strategic positions throughout your site.
2. **KEY POINT:** Do NOT expect AdSense to be profitable if the ads detract from your own product or service offering. Think of AdSense in the same way you would think of any affiliate program promoted on your site. Tread very carefully when competing with your own offer.

Publishers interested in having AdSense ads displayed on their sites can find out more at:

<https://www.google.com/adsense/>

## **CALL FOR RESEARCH PARTNERS:**

MEC is undertaking a new research project (Phase 3) and is seeking qualified partners. The goal of the study is to test the most efficient ways to maximize traffic and increase conversion ratios. A qualified company will meet (at least) the following criteria:

1. A distinctive value proposition
2. A marketing budget of at least \$5,000 per month
3. Potential market leadership through ONE of these three advantages (a) more inventory, (b) lower pricing, or (c) a truly unique offering

[»Get Info«](#)

## **2. GOOGLE ADSENSE FOR RETAILERS:**

AdSense offers much potential for publishers, so one would expect that the available traffic for retailers and other marketers would be quite substantial. Indeed, as the number of publishers in the AdSense network grows, the available traffic and reach of the network become even greater.

But how effective is AdSense as a marketing medium?

We tested a Google AdSense campaign over four months with one of our research partners whose site was focused on helping athletes attain college scholarships.

Before we look at the results, it is important to note that AdSense functions completely within the Google AdWords interface. In fact, AdSense defaults to "on" when you set up a new AdWords account with Google.

Shortly after we set up our partner's AdSense campaign with a few very select key terms, the amount of traffic we received from Google increased by more than 400%.

Here are the results of our test:

16 Keyword Phrases Tested April 11-October 11	
AdWords Clicks	11,260
AdWords Impressions	377,080
CTR	2.99%
AdSense Clicks	48,781
AdSense Impressions	62,683,820
CTR	0.08%



**What You Need To UNDERSTAND:** Over a four-month period, 81% of PPC traffic in this sample was driven from Google's AdSense Program, while only 19% came from AdWords. However, the click-through rate itself was significantly lower.

Where was all this AdSense traffic coming from?

Unfortunately, Google does not tell you which sites are displaying your ads. However, a thorough search revealed sites displaying our ad that had AT BEST a marginal relation to our test site. In other words, many of the sites displaying our ads were not well targeted for our niche market.

While the additional exposure was appreciated, the quality of the traffic that these sites actually sent in the way of click-throughs was lower than those clicks that came from Google itself. We were paying up to \$0.55 per click for this traffic which was converting at a very low rate, so this brand exposure proved to be quite expensive.

The click-through rate was also a source for concern. In subsequent tests, we were not able to generate a CTR on AdSense even HALF as high as on AdWords. In fact, nearly all of the campaigns we tested failed to reach even a 1% CTR. Most campaigns never climbed above a 0.5% CTR.

Here are some of our AdSense test campaign results, compared side by side with AdWords:

Google AdSense Vs. Google Adwords - One Month						
	Impressions	Clicks	CTR	CPC	Cost	Avg. Position
<b>Test Campaign 1</b>						
AdSense	14,973,634	10,506	0.07%	\$0.22	\$2,303.41	1.3
AdWords	173,366	4,812	2.78%	\$0.23	\$1,125.84	1.6
<b>Test Campaign 2</b>						
AdSense	1,408,406	1,951	0.14%	\$0.06	\$112.66	3.2
AdWords	1,282,568	33,614	2.62%	\$0.05	\$1,817.56	6.3
<b>Test Campaign 3</b>						
AdSense	27,563	136	0.49%	\$0.36	\$49.33	1.9
AdWords	456,383	7,243	1.59%	\$0.23	\$1,692.10	4.6
<b>Test Campaign 4</b>						
AdSense	1,710,224	4,032	0.24%	\$0.33	\$1,323.64	2.3
AdWords	4,918,367	57,636	1.17%	\$0.25	\$14,409.74	3.5



**What You Need To UNDERSTAND:** The click-through rate (CTR) of AdSense was consistently much lower than that of AdWords, even when the bids (CPC) were higher on AdSense.

Upon reflection, the disparity in CTR and quality of traffic should not surprise us. AdWords clicks often represent users looking to make a purchase while AdSense clicks come from sites that primarily cater to visitors looking for INFORMATION. In AdSense, attention must be diverted away from the task at hand, while in AdWords, your ads must simply be more appealing than the other links.

Google uses an algorithm to determine where your AdSense ads will appear. It also uses the (quite broad) category selection you made when first signing up for AdWords. These two criteria are hardly foolproof; many times we have seen AdSense ads on websites where the relationship between the advertiser and the publisher is extremely vague.

In other words, you are at the mercy of Google's judgment where your ads will appear.

Is AdSense worth the trouble? Here are ten points to keep in mind when evaluating AdSense as a marketing medium:

1. Don't overlook the exposure factor. In the above example, our test site's ads were displayed more than 62 Million times. That's a lot of potential brand awareness if the ads are well-crafted. Ask yourself how much that kind of exposure is worth.

2. Track AdWords and AdSense campaigns separately to determine how each medium converts. Having acknowledged the exposure factor, ROI should still be your primary determining factor of a successful campaign.
3. Set up separate ads groups for AdSense and AdWords. Consider using lower keyword bids for the AdSense groups, as AdSense clicks are (in general) less qualified than AdWords clicks.
4. Always micro-test before implementing full-scale campaigns. We have generally found that AdWords performs better for service providers than for product retailers. But this is no hard and fast rule; micro-testing is still your best indicator of success on a larger scale campaign.
5. Remember that when you first set up a Google AdWords campaign, AdSense is turned on by default. If you decide NOT to try AdSense, make sure to turn it off.
6. **KEY POINT:** Implement the most comprehensive tracking possible. As it stands, Google provides no method of tracking which sites produce clicks to your website, nor do they allow you to pick and chose which sites to advertise on. This -- more than any other reason -- is why we recommend the utmost care when testing AdSense.
7. As an advertiser, familiarize yourself with how AdSense functions on the publishing side. You have very little control over where your ads appear, so any insight you might derive from the publishing side could help make your ads more effective.
8. If you find that your ads are being displayed on a clearly irrelevant site, you could contact the site owner and ask them to exclude you. (AdSense publishers can "filter" up to 200 URLs.) However, you would have to be extremely vigilant (and pretty persuasive) to make this technique work for you.
9. **KEY POINT:** Use ad copy that discourages window-shoppers. Include a direct call to action in your ad that pre-qualifies your visitors.
10. Set up separate ads groups for AdSense. AdSense customers are less qualified than AdWords customers.

In summary, while AdSense represents a significant revenue opportunity for online publishers, its effectiveness as a marketing medium for retailers and service providers has not been proven. Merchants should approach it carefully and evaluate it using a series of small test campaigns.

Marketers can create a Google AdSense campaign by opening a new Google AdWords account at:

<https://adwords.google.com/select/>

As part of our research on ideal subscription path, we have prepared a review of the best Internet resources on this topic.

### Rating System

These sites were rated for usefulness and clarity, but alas, the rating is purely subjective.

\* = Decent \*\* = Good \*\*\* = Excellent \*\*\*\* = Indispensable

Google AdSense FAQ \*\*\*\*

<https://www.google.co.uk/adsense/faq>

Google AdSense Forum \*\*\*

<http://www.webmasterworld.com/forum89/>

Flash Presentation for Publishers \*\*

[http://services.google.com/tutorial/adsense\\_tour.html](http://services.google.com/tutorial/adsense_tour.html)

Programmer Arrested in Alleged AdSense Extortion Plot \*\*

<http://clickz.com/experts/brand/buzz/article.php/3329381>

Does Google's AdSense Make Sense? \*\*

<http://clickz.com/experts/brand/buzz/article.php/2224941>

Making Sense of AdSense... Et Al \*\*

<http://clickz.com/experts/search/strat/article.php/3076061>

Google Extends AdSense Overseas \*\*

<http://clickz.com/news/article.php/3291591>

Google AdSense Expands Contextual Ad Placement Program to Small Sites \*\*

<http://searchenginewatch.com/searchday/article.php/2223681>

Google Backtracks on AdSense Changes \*\*

<http://clickz.com/news/article.php/2246381>

Google Starts Self-Service for Content Ads \*\*

<http://clickz.com/news/article.php/2224011>

Google's House of Cards \*\*

<http://clickz.com/experts/brand/capital/article.php/3294611>

Contextual Ad Debate Rouses Critics \*\*

<http://clickz.com/news/article.php/3066971>

How to Boost Your AdSense Revenue \*\*

<http://www.associateprograms.com/search/adsense.shtml>

The Opera Web Browser and Google AdSense \*\*

<http://www.klbproductions.com/issues/opera.html>

About Google AdSense \*\*

<http://www.about-adsense.com/>

The first rule of Google AdSense is, don't talk about Google AdSense \*\*

<http://www.kottke.org/03/10/google-adsense-sucks>

Google AdSense Sandbox Tool \*\*

<http://www.digitalpoint.com/tools/adsense-sandbox/>

How to Get Banned from Google AdSense in Just Two Clicks \*\*

<http://meclabs.com/cgi-bin/pl/pl.cgi?sbq>



#### **RELATED REPORTS:**

Google AdWords Select Tested:

<http://meclabs.com/cgi-bin/pl/pl.cgi?mga>

Google PageRank Tested:

<http://meclabs.com/cgi-bin/pl/pl.cgi?mga>



## ABOUT THIS BRIEF

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### **Credits:**

1. Editor — Flint McGlaughlin
2. Writer — Brian Alt
3. Contributor — Aaron Rosenthal
4. HTML Designer — Cliff Rainer