OPTIMIZING YOUR CONVERSION ENGINE: SEARCH ENGINE MARKETING
HOW TO INCREASE ROI FROM SEM WITH OPTIMIZATION
The goal of search engine marketing is straightforward: you spend money on ads to make money.

That's only one half of the equation.

The second half is getting visitors you paid for to do something that makes money for your business.

If you're not doing something about the second half of the equation, then you are wasting money.

This ebook will teach you how to improve the return on investment you get from paid search campaigns and thus stop wasting money.

In today's landscape, there is an imbalance in this equation: marketers are top-loading the traffic generation half and skimping on the conversion half.

The solution to balance the equation is applying A/B testing and conversion rate optimization tactics to SEM campaigns. Optimizing the entire paid search funnel—from the keywords themselves to their landing pages—is the easiest and highest value step you can take to improve your ROI from search engine marketing.

The tools to do this are widely available. The reason the equation remains unbalanced is simply education and awareness. The challenge is finding the people to use them and making it a priority to use them.

This ebook will give you a foundation for understanding how and why A/B testing increases the value of every dollar you spend on SEM.

Inside we'll cover:
- Conversion rate optimization (CRO) tactics to increase key performance metrics.
- Test ideas for optimizing the entire SEM funnel.
- A focus on why testing landing pages is essential in SEM campaigns.
- Examples of companies who are increasing conversion rates and revenue on SEM landing pages.
- Interviews with expert SEM managers who A/B test.
- A playbook of practical, proven ways to turn this education into action at your company.

Ready? Let's get started.
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Search engine marketing and optimization are tightly connected at every stage of a healthy customer journey or funnel. Why? Because optimization tactics increase the rate at which visitors move from ad impressions at the top of the funnel, to customers and revenue at the bottom.

Optimization is the practice of asking questions, forming hypotheses, and testing assumptions in order to create the best experience for those visitors.

What do we mean by customer journey? In SEM, the journey begins in the search engine with a keyword search and ends on your website. This journey is easy to visualize as a funnel because the pool of visitors narrows as they move through each step.

The paid funnel does not end with a click on an ad. The landing page conversion is the revenue-generating opportunity that each stage of the funnel leads to. If you’re spending money on targeted search campaigns to bring traffic to your website, you should be invested in the tools and practices to help generate a return on investment from those campaigns. The business and individual incentives in thinking this way are numerous.

YOU WORK REALLY HARD FOR ALL OF THIS TRAFFIC! A SINGLE CLICK CAN COST $10 OR $15. ON AN INVESTMENT LEVEL, IT ONLY MAKES SENSE TO MAKE SURE THAT PAID TRAFFIC IS CONVERTING—THAT IT’S DOING WHAT YOU WANT. BY ONLY LOOKING AT IT ON ONE SIDE, YOU’RE REALLY LIMITING YOURSELF AND YOUR PERFORMANCE.

ERIC FISHER
 SENIOR MANAGER, PERFORMICS
Optimization and SEM: The Business Incentive

Businesses who optimize SEM campaigns will turn more paid traffic into revenue and improve the return on investment on their paid marketing spend. The advantage optimization offers is huge, especially today as the paid search landscape becomes increasingly saturated and competitive.

Paid search is a multi-billion dollar industry driven by the world’s top search engines—Google and Bing—which collectively reach hundreds of millions of users each month. Quarter after quarter, top pay-per-click and search engine marketing agencies are experiencing growth across-the-board in terms of advertiser budgets and maximum cost per click bids.

The paid search industry is becoming increasingly competitive. When more advertisers participate in pay-per-click auctions, the cost of web traffic rises. And when the cost of bringing traffic to your website rises, the need to turn more of that traffic into revenue for your company increases.

The business incentive behind optimizing SEM campaigns is analogous to increasing fuel efficiency of a car. Inefficient cars go a short distance on a full tank of gas, just like SEM campaigns without optimization. Efficient cars stretch that same tank farther, just like SEM campaigns with optimization.

If you’re allocating any marketing budget—large or small—to campaigns that bring people to your website, you need to make sure that you’re maximizing the chance to turn them into qualified leads or paying customers.

Optimization and SEM: The Personal Incentive

Beyond ROI and stretching the value of your ad spend, the personal benefits of learning CRO are many.

Regardless of whether SEM is your main responsibility, just one of the hats you wear, or something you’re simply interested in, understanding the value CRO can add to these campaigns will give you a competitive business advantage.

The pool of marketers who know how to do CRO well is still relatively small. Adding this skill to your toolbox is a way to distinguish yourself from the rest of the marketing population while improving key performance metrics for your company.

Google is one of the top 5 most valued brands in the world. How has it grown to such a status and a $387 billion market cap? By selling ads.

Advertisers like you pay Google to show ads in search results and hopefully drive eyeballs to your website. You’re working to solve a traffic generation problem. But too many advertisers are stopping there.

Some companies spend hundreds of thousands a dollars per day on ads and just a couple hundred on optimization per month. The traffic generation machine is pumping but the optimization machine that drives conversions and ROI is tinkering along.

With the tools available today, SEM managers have an exciting opportunity to amplify their traffic generation machines with optimization.
The short answer is simple. Testing and experimentation increases your return on investment from search engine marketing campaigns.

If we break this down, we’ll see that optimization can help create:
- More relevant ads that increase click through.
- Higher quality landing pages that increase conversions.
- Higher quality conversions that increase revenue.
- Efficient, ROI-positive, SEM campaigns from end-to-end.
- More customers and revenue.
- Successful and accomplished marketers.

Let’s dig in to each point.

"If you’re spending thousands of dollars on search, you’d be crazy to not be spending on tools and software that can help you optimize your website.”

LARRY KIM
CO-FOUNDER AND CTO, WORDSTREAM
In a nutshell, the goal of search engine marketing is to spend money in order to make more money for your business.

The amount of money you make from SEM should be more than the amount of money you spend.

You pour dollars into the top of a wide funnel in the form of keyword bids, in the hopes that they turn into clicks on advertisements, which hopefully turns into leads, customers and revenue for your business.

In order for a keyword bid to produce revenue, a number of things must be true: the ad platform must show your ads in search results and a person must click on it. Once on the landing page your ad directs to, the person must take an action. Whatever this action is is entirely up to you.

For the majority of advertisers, the flow is not as direct—the money you spend on keyword bids doesn’t flow out as revenue. Leaks in the funnel prevent a keyword from becoming an impression, an impression from becoming a click, and a landing page visit a conversion. The solution is not more money in the top of the funnel. The solution is plugging the leaks along the journey from keyword to conversion.

“Leaks” is a catch-all term to explain various inefficiencies in the funnel. Often times, the first four parts of the funnel—keyword bid through landing page visit—are performing well, leading visitors from one part to the next with minimal leakage. In the majority of funnels, major leaks arise at the last step, the on-page conversion. How do you plug a leaky funnel?
CRO IS THE PROCESS OF DESIGNING AN ONLINE EXPERIENCE IN ORDER TO INCREASE THE RATE AT WHICH VISITORS PERFORM A DESIRED ACTION.

The online experience can be anything from a landing page, a paid search ad, a banner ad, a checkout funnel, a Facebook post. The desired action is whatever you want it to be: a click, form completion, download, view, comment, share.

In other words, CRO is the practice of improving the rate at which people do what you want them to do. It’s structured, systematic, and heavily grounded in experimentation and analytics. One of the most effective methods of optimizing conversion rates is A/B testing.

Test opportunities are plentiful throughout the entire paid funnel.

What you want to be doing is increasing the likelihood that an impression turns into a click. Actively optimizing paid search campaigns from end-to-end—keyword bid to landing page—is an essential way to amplify the returns you’re getting on spend.

A/B testing means trying two (or more) different things and measuring which one performs best. The definition of “performs best” is entirely up to you.

You can test anything from copy on an SEM ad to the image on a landing page. An example of an A/B test on a paid search ad is trying headline A against headline B and measuring which one produces a lower CPC.

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**KEYWORD BIDS ($$)**

**BIDS INTO IMPRESSIONS**
- The keywords you bid on
- Negative keywords you add
- Bid amount

**IMPRESSIONS INTO CLICKS**
- Which ad serves for which keyword
- Ad text, call to action, URL
- Ad group structure

**CLICKS TO LANDING PAGE VISITS**
- This just happens (because you paid for it!)

**LANDING PAGE VISITS TO CONVERSIONS**
- The landing page flow and order of actions
- Landing pages targeted to specific ads
- On-page elements

**LEADS • CUSTOMERS • REVENUE ($$$$$)**
Key performance metrics in pay-per-click search engine marketing that can be optimized are:

**Quality Score**
Measurement of how relevant your ads, keywords, and landing page are to a person seeing your ad. This score affects the position of your ad on the search results page, and how much you’re charged per click.
*You want this number to be HIGH, 8 or above.*

**Conversion**
When someone clicks an ad and performs an action on your site that you’ve defined as valuable to your business.

**Conversion Rate**
Number of conversions / number of ad clicks.
*You want this number to be HIGH*

**CTR (Click-Through Rate)**
Clicks on your ad / # impressions (ad views).
*You want this percentage to be HIGH—ideally double digits.*

**CPC (Actual Cost per Click)**
Actual amount you’re charged for a click on your ad.
*You want this number to be LOW*

**CPM (Cost per Thousand Impressions)**
Amount you pay for each set of one thousand views of your ad.
*You want this number to be LOW*

**CPA (Cost per Action)**
Amount you pay when someone takes the desired action you’ve determined.
*You want this number to be LOW*

While all of these metrics are extremely important in plugging up holes in a leaky funnel, ultimately the performance metric that reigns king for your SEM campaigns is return on investment, or ROI.

**ROI**
Profit from SEM / Spend on SEM.
*You want this number to be positive and HIGH*

ROI is the best indicator of SEM performance and the one that matters most for your bottom line. From the traffic you generated through search engine marketing, what percentage of it turned into revenue? In other words, what impact does the money you’re spending on ads in search engines have on your business?

You can create higher-performing paid marketing campaigns and get more return on investment by applying CRO strategies of testing and experimentation to your keywords, ads and landing pages.

**Setting Optimization Goals**
It’s important to know which metric you are trying to optimize for and to keep that in mind as you develop and design your website experiments.

Every paid marketing campaign should be connected to one or two goals.
What’s the role of optimization in paid marketing?

Jeff:

An experienced paid marketing manager has a strong understanding of paid search: how the auction works, how to analyze the data, and optimize to improve KPIs. The customer journey rarely ends with a click on a paid search ad, so great paid marketing managers need to stretch beyond paid search and evaluate the entire customer journey. This requires at least a rudimentary proficiency with web analytics and conversion rate optimization. Solid analytics and conversion rate optimization skills make it possible—even common—to vastly increase the effectiveness of SEM campaigns.

How has CRO helped you make more out of your ad spend?

Jeff:

CRO helps paid marketing managers get the biggest bang for their budget buck. Most paid marketing managers have limited budgets and are tasked with squeezing as much value as possible out of every paid search dollar spent. Any action that improves the efficiency of ad spend is usually considered a win. So the paid marketing manager spends countless hours setting and adjusting bids, organizing and reorganizing account structures, pivoting and re-pivoting spreadsheets, writing and editing ad copy, and so on.

While the initial improvement trend line can be steep due to ‘low hanging fruit,’ there comes a time when all that fruit has been picked and gains become far more modest. With a mature account, even a 5% improvement can be a cause for celebration. This is sometimes where the paid marketing manager mistakes the forest for the trees. By only focusing on one stage of the customer journey, one can miss out on huge opportunities in other stages.

If, through CRO, you increase conversion rate by 50% (not at all an unrealistic number, especially on an unoptimized website), it will have a huge effect on the performance of the paid marketing campaigns, reducing cost-per-conversion without reducing the total number of conversions.

I was managing a fairly mature paid search campaign and only seeing incremental gains through standard optimization. I was able to convince my boss that we should invest in a CRO platform so that we could optimize our paid search landing pages, and we chose Optimizely. On the landing page there were 4 ‘modules,’ each with a call to action. Our first test involved removing a module that I felt distracted from our primary calls to action, and changing some of the text on the main module.

As a result of these simple changes, we saw a 23.5% increase in clicks on our primary calls to action — a result that I could not have achieved with paid search optimization alone.
A/B testing creates efficiencies at every stage in the SEM funnel, and most importantly, more ROI from ad spend. A/B testing can...

**Decrease ad spend.** Testing landing pages can also lead to higher Quality Scores, thus a lower cost per click and decrease in spend. Google assigns a Quality Score to every keyword for a paid marketing campaign. Landing page quality is a significant part of this algorithm. Landing pages that deliver a high-quality, relevant user experience are rewarded. Advertisers with higher quality scores pay a lower CPC. At scale, even a penny’s difference can translate into hundreds of thousands of dollars in savings. CRO will help you decrease your customer acquisition costs while simultaneously boosting your revenue.

**Increase conversion rate.** Experimenting and testing the SEM funnel will boost the percentage of visitors who take desired actions on your site. In addition to quantity of conversion, CRO can also have an effect on quality of conversion. The more optimized the landing page is, the higher other metrics like cart size, pageviews, average order value, and lifetime customer value will be.

**Increase conversion value.** In addition to conversion quality, A/B testing can also have an effect on conversion quality. This is particularly true for online retail and ecommerce shops. The more optimized the landing page is, then the higher average order value (AOV) or revenue per visitor (RPV) can be.

**Reveal optimization opportunities on other paid channels.** The benefits of A/B testing landing pages for search engine marketing traffic extend far beyond this one channel of paid advertising. If you find that a message, image or page flow converts extremely well, you can carry it over to your display ads or offline advertising.

**Improve ROI.** The definition of ROI varies between organizations. Some marketers measure the success of performance marketing based on direct response and in-session revenue. Other marketers place heavier weight on a carefully defined lifetime customer value (LTV), which captures customer ROI over a period of months or years. CRO helps organizations maximize both.

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**A/B TESTING & QUALITY SCORE**

Google rewards advertisers for delivering a high quality experience at every part of the journey. Every landing page for a paid marketing campaign is assigned a Quality Score, which is—according to Google—“an estimate of how relevant your ads, keywords, and landing page are to a person seeing your ad.”

High quality means relevancy—the keyword, ad text, and landing page should be relevant to one another and whatever someone is searching for.
### BY THE NUMBERS

**SEM Efficiencies from CRO**

One of the largest efficiencies CRO can provide is increased effectiveness of ad spend. Let’s walk through a hypothetical example, with a hypothetical paid search advertiser who spends $10,000 a month on paid search advertising in AdWords and bids at a maximum cost-per-click of $2.00.

We’ll assume a baseline conversion rate of 10% and we’ll assume that $10,000 in spend generates 5,000 visitors a month.

We’ll assume a conversion value of $30.

Assumptions (all numbers are monthly):

<table>
<thead>
<tr>
<th>MONTHLY SEM BUDGET</th>
<th>$10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASELINE CONVERSION RATE</td>
<td>10%</td>
</tr>
<tr>
<td>COST-PER-CLICK</td>
<td>$2.00</td>
</tr>
<tr>
<td>CLICKS FROM SEM</td>
<td>5,000</td>
</tr>
<tr>
<td>CONVERSION VALUE</td>
<td>$30</td>
</tr>
<tr>
<td>PROFIT (REVENUE - SPEND)</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

Now let’s say you add budget equivalent to 10% of your SEM spend, in this case $1,000.

<table>
<thead>
<tr>
<th>MONTHLY SEM BUDGET</th>
<th>10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>MONTHLY CRO BUDGET</td>
<td>$1,000</td>
</tr>
<tr>
<td>TOTAL MONTHLY SPEND</td>
<td>$11,000</td>
</tr>
<tr>
<td>CLICKS FROM SEM</td>
<td>5,000</td>
</tr>
<tr>
<td>PROFIT</td>
<td>$4,000</td>
</tr>
</tbody>
</table>

What happens if your conversion rate then grows by...

<table>
<thead>
<tr>
<th>CONVERSION RATE INCREASE</th>
<th>NEW CONVERSION RATE</th>
<th>INCREMENTAL REVENUE</th>
<th>PROFIT (REVENUE - SPEND)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>11%</td>
<td>$500</td>
<td>$5,500</td>
</tr>
<tr>
<td>30%</td>
<td>13%</td>
<td>$3,500</td>
<td>$8,500</td>
</tr>
<tr>
<td>50%</td>
<td>15%</td>
<td>$6,500</td>
<td>$11,500</td>
</tr>
</tbody>
</table>

Now let’s say you’re allocating $11,000 a month for SEM and CRO, and you increase your conversion value but keep the conversion rate constant at 10%.

<table>
<thead>
<tr>
<th>OPTIMIZED CONVERSION VALUE ($)</th>
<th>INCREMENTAL REVENUE</th>
<th>PROFIT (REVENUE - SPEND)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50</td>
<td>$9,000</td>
<td>$14,000</td>
</tr>
<tr>
<td>$100</td>
<td>$34,000</td>
<td>$39,000</td>
</tr>
<tr>
<td>$300</td>
<td>$134,000</td>
<td>$139,000</td>
</tr>
</tbody>
</table>

Now let’s see what happens you increase conversion rate and conversion value. You’re spending $11,000 a month on SEM and CRO combined.

<table>
<thead>
<tr>
<th>OPTIMIZED CONVERSION VALUE ($)</th>
<th>NEW CONVERSION RATE</th>
<th>INCREMENTAL REVENUE</th>
<th>PROFIT (REVENUE - SPEND)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50</td>
<td>11%</td>
<td>$11,500</td>
<td>$16,500</td>
</tr>
<tr>
<td>$75</td>
<td>13%</td>
<td>$32,750</td>
<td>$37,750</td>
</tr>
<tr>
<td>$200</td>
<td>15%</td>
<td>$134,000</td>
<td>$139,000</td>
</tr>
<tr>
<td>$400</td>
<td>18%</td>
<td>$344,000</td>
<td>$349,000</td>
</tr>
</tbody>
</table>

Increasing conversion quality and quantity is an outcome of A/B testing the pages you send paid traffic to and an indispensable investment your marketing team can make.
BREAKING THE WALL: THINKING END-TO-END

What’s new about this? It might be obvious to apply CRO throughout the entire funnel, but it’s not a reality. Most marketers stop thinking about optimization after someone clicks an ad. They hire specialists dedicated entirely to paid-per-click search engine marketing, but don’t think about the last step in the funnel—the on-page conversion and major ROI opportunity—as part of the journey.

This seems counterintuitive. If companies are allocating a large portion of their budget to drive traffic to the website, shouldn’t they be working just as hard if not harder to turn that traffic into leads, customers or revenue?

Great marketers get that pay-per-click search engine marketing and A/B testing are tightly interconnected. The paid traffic funnel isn’t operating at its best if the keywords you’re bidding on don’t turn into impressions, the impressions don’t turn into clicks and most importantly, clicks don’t turn into conversions. A/B testing the pages you’re paying eyeballs to visit is inherent to an efficient, ROI-driven approach to paid marketing.

Making A/B testing a default part of your SEM work flow will help you get more value out of your paid search spend.

Now you know what CRO can do to improve ROI from SEM, let’s talk about how you can do it.
[A/B TEST] HAS ABSOLUTELY TAKEN THE DEBATE ASPECT OUT OF DESIGN AND DESIGN-BY-COMMITTEE. WE LET OUR USERS TELL US WHAT DESIGNS ARE THE BEST LAYOUT. IF WE HAVE A QUESTION ABOUT WHAT THE BEST DESIGN IS, WE’LL TEST IT.

DAVE NUFFER
PRODUCT MANAGER, LIFTOPIA

03/ FIVE STEPS TO OPTIMIZE YOUR PAID SEARCH FUNNEL: FROM KEYWORD TO LANDING PAGE

1. Optimize keyword bidding.
2. Optimize the Ad Group structure.
3. Optimize the ads themselves.
4. Optimize the landing page you send paid traffic to.
5. Convince your team it’s worth it.
Now is the time to get experimental with your search engine marketing and test. To design a successful experiment that will increase your key performance metrics, you need to do more than just try a bunch of things and see what happens. You need to make hypotheses.

**A HYPOTHESIS IS A STATEMENT THAT SUMS UP WHAT YOU WANT TO CHANGE AND THE EXPECTED IMPACT THAT CHANGE WILL HAVE.**

Start by developing a clear hypothesis or rationale for why you should expect a particular page element to perform better than another. It’s a prediction of what will happen and usually reads something like this:

“I think that doing X will make Y happen.”

Avoid the “let’s just test it and see what happens” mentality. While this approach is better than not testing at all, you will get more meaningful, actionable results if you take a minute to write down a hypothesis. Making the hypothesis step habitual will prevent you from re-testing the same things and save you time and money.

**Try this:** Start a shared document and call it “Test Hypotheses & Results.” Every time you run a test—like changing the text of an ad—write a hypothesis about it and add it to this document. Bookmark it in your browser window.

Add the results of the hypothesis here when you’ve reached a conclusion.

Make these steps a part of your normal work flow to improve your Quality Score, CPCs, CPAs and generate more qualified leads and customers for your business.

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1. **OPTIMIZE KEYWORD BIDDING.**

The way you bid on keywords is the first opportunity to optimize the paid search funnel. By experimenting with different keyword bid strategies, you can influence the quality and conversion rate of your ads.

The components of a keyword bid are entirely up to you and high quality places to experiment.

We’ll optimize a sample business: a company that provides information for aspiring homeowners and renters in the San Francisco Bay Area. They are bidding on keywords that an aspiring renter would use in a search query. The keyword phrase to optimize is, “rent apartment san francisco.”

To optimize keyword bidding, ask yourself this question: what effect does the keyword bid have on my key performance metrics?

- Is this a suitable keyword?
- Is the bid amount sufficient or too high?
- What negative keywords go best with this keyword?

The goal is to answer these questions in a way that generates the most ad impressions, gives you the best ad position on the search results page, and maximizes the click through rate on your ad.
Decide what keywords to bid on by putting yourself in the shoes of someone with a challenge that your business can solve.

Sometimes, users who visit your website through a search ad are looking to make a purchase immediately. But some audiences are looking to learn about your brand.

**Test ideas for keyword bids:**

Experiment with **bid amount** for different keywords.

Experiment with the effect that the **type of bid**, CPA, CPC or CPM has on performance metrics.

Test the **long-tail terms** you bid on.

*Long-tail terms* are more specific keywords that have a lower search volume. For example, “2 bedroom apartment san francisco” is a long-tail version of the keyword “apartment san francisco.”

Test which **negative keywords** you add to your account.

*Negative keywords* are words you specify that prevent your ad from serving. By adding negative keywords to your campaign or ad-group, you’re telling the search engine, “do not associate my ad with this search.”

In our example of a real estate company bidding on “rent apartment san francisco”, a smart negative keyword to add might be “average” or “historical”. Someone searching “average rent san francisco apartment” could be doing research. An ad promoting apartments for rent in San Francisco would not match the search intent, wouldn’t be clicked, and thus would decrease your quality score.

The Top 1% of all AdWords accounts tend to focus on **high commercial intent** keywords. This is not surprising, as people tend to click more when they’re already motivated and have an intent to purchase. For example, “best internet marketing software” or “stainless steel dishwasher” are keyword phrases that demonstrate an intent to purchase. (Something like “Lincoln’s birthday” does not.)

**Branded keywords** are another fantastic opportunity for advertisers, but we’re not just talking about your own brand. Target partner brands, competitor brands, or other brands your target market may searching on when they’re in buying mode.

A third type of keyword that does well is **local keywords**, where the intent of the searcher is to find your business—or that of your competitor (e.g. “San Diego personal trainer”). These tend to get high CTRs, as local searchers often have a high commercial intent.

Avoid **informational keywords**, where possible. These are often phrased as questions, for example: “What is a dishwasher?” or “Where is Chicago?” These searchers tend to be looking for Wikipedia-type information and aren’t demonstrating an intent to buy, which can result in a lower CTR or wasted spend.

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**TIPS FROM THE EXPERTS**

*Larry Kim, Founder, Wordstream*

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*The Optimizely*
2 OPTIMIZE THE AD GROUP STRUCTURE.

An ad group is the container to organize your keywords and keep your account structures. Each ad group contains keywords, text ads, and landing pages. The way you build an ad group determines the keywords your ads will appear in results for, the specific ad that appears, and the page someone will go from clicking your ad.

The goal in experimenting with ad group structure is to find the combination of keyword, text, and landing page that converts more and costs less.

The key to a high performing ad group is relevancy. The more congruent and related the messaging in your ad group are to the keywords people use to find your site, the higher the click through rate will be.

According to data from Wordstream, the highest performing AdWords accounts share some common traits:

• Their account activity is high—they continue to optimize and improve on an ongoing basis.
• They are effectively using negative keywords to reduce wasted spend.
• Their high impression share demonstrates that Google loves showing their ads.
• They’re targeting highly specific long-tail keyword phrases.

Remember, a high Quality Score is Google’s way of saying that your PPC ad meets your potential customers’ needs. The better you are at meeting the prospect’s needs, the less Google will charge you for the ad click.

To optimize ad groups, ask yourself this question: which combination of keyword, text ad, and landing page are best to lead to the highest CTR?

Test ideas for ad groups:

**Keyword type**
Should an ad group have only exact match, broad patch, phrase match? Or a combination?

**Keyword included**
What effect does including a specific keyword in an ad group have on conversion?

**Ads in ad groups**
What effect do varying text ads have on key performance metrics?

**Segment by geographic region**
What effect does showing different ads to people from .com versus .de have on key performance metrics?

**Segment by device**
Which ads should you pair with keywords for tablet users or mobile users?

**Segment by time of day**
Which ads convert best at different times of the day?
OPTIMIZE THE ADS THEMSELVES.

As much as you trust your gut, however, it isn’t always accurate. Experimentation will give you data to help find the highest performing ads. Increasing click-through rates on your ads will benefit your paid marketing campaigns on two ways:

1. Higher click-through rates will result in more traffic to your website.
2. Higher click-through rates can result in lower CPCs.

There are 4 optimizable elements of an AdWords text ad:

**Sitelinks (Max 6 links)**
Sitelinks are a set of shortcut links at the bottom of the ad.

**Test Ideas:**
- What effect does including or not including site extension links have on key metrics?
- Which pages should you link to?

*Note: Your ads will not always show sitelinks. It’s based on a trade off algorithm that Google calculates.*

**Headline (25 Characters)**
The first line of the ad and one that visitors usually notice first.

**Test Ideas:**
- Test Capitalizing The First Letter Of Each Word.
- Try making the headline a statement, a question or a clear marketing offer.
- Does the headline include the keyword?

**Description (35 Characters)**
Two lines of text that give detail about the advertisement. Advertisers commonly add a call to action to the description.

**Test Ideas:**
- You have 70 characters of text to experiment with here.
- Vary your call to action.

**Display URL (35 Characters)**
The line of text that gives visitors an idea of where they’ll go if they click on the ad. The display URL is not the destination URL (the precise location that someone who clicks the ad is directed to).

**Test Ideas:**
- Should you use dashes or underscores in your display URLs?
- Where does a click take you?
- What can a person infer from the link? If the link is ambiguous, will that increase key metrics?

A lot of search engine marketers think their job ends here. After all, the click is the last interaction that takes place in the search engine. But these marketers are missing the end goal, the full picture and goal of search engine marketing: acquiring customers. One last pivotal step remains in the customer journey that will ultimately decide if the paid search campaign was successful: the on-site conversion.

All the work and money you put into optimizing your ads and keyword bidding is for naught if you can’t turn that traffic into revenue.
What makes landing pages a no-brainer for A/B testing?

Landing pages may not be part of your regular website. They are URLs that exist for campaigns. They are keyword-focused, topic-focused, designed for taking an action. So unless the “About Us” page has a signup form or checkout button on it, it’s very unlikely you would ever use it as a PPC landing page.

Most companies build landing pages in tools separate from their website CMS. Ecommerce or travel sites may be an exception.

You will use similar landing pages for a number of your search terms. Because you can have a lot of them, and they can all look almost the same. A main reason is because they’re typically templatized and duplicative. So optimize a couple and apply those lessons across all of the others. A gain on one landing page could exponentially increase ROI across your entire paid search spend. Not to say what works on one segment will always work on another. That’s why you have to test.

We have 3 suggestions to help you optimize your landing pages.
The idea of sending paid traffic to the right landing page is equivalent to sending cars through the right lane in a toll booth.

Not all vehicles go through the same line—they are segmented by type of payment and type. Sending all traffic through one vestibule would be incredibly inefficient for travel and people would likely avoid driving on highways.

The same principles apply to landing pages. Not all traffic should be directed to the same landing page. Each page should be topic-focused and highly relevant to the ad someone clicked to get there.

This implies that you'll need to have more than one landing page. You should have various landing pages according to specific segments.

Segments are groups defined by specific sets of attributes. At the top-most level we have referral segments: Are people coming to your site via paid search, email, or social media?

Tip: Have different landing pages for traffic from different ad networks. For instance, you might be running a keyword-based paid search campaign on Google and a display ad campaign on Facebook. Instead of creating a one-size-fits all landing page, think about your users’ psychology from each traffic source.
Send traffic to the right landing page

To create website experiences that increase conversion rates, it’s important to match the messaging on the landing page to the referral source a visitor came from. Create landing pages for different segments of traffic from all of your possible referral sources:

**SOCIAL MEDIA**
- Facebook campaign landing pages
- Twitter campaign landing pages
- Google+ campaign landing pages
- LinkedIn campaign landing pages

**PAID SEARCH**
- Campaign/Keyword (dedicate landing page per campaign)
- Device (dedicate landing page per campaign)
- Cookies
- Location

**EMAIL**
- Email Marketing (dedicate landing page per campaign)

TIPS FROM THE EXPERTS

Jeff Lane is a PPC Manager who has worked with political campaigns and large healthcare organizations.

Try dynamically incorporating some or all of your ad text in your landing page copy. The continuity of messaging can go a long way towards reassuring visitors that they’ve reached the right place. And, if that localization or other relevant messaging helped drive that visit, inclusion of the copy will feed off of the reason the user clicked in the first place. You are keeping that user engaged.
You can send traffic segments to different landing pages in two ways:

1. By linking to a specific destination URL in ads that serve for different keywords.

2. By using an A/B testing platform and targeting with gclid or utm sources.

Let’s highlight each method with the hypothetical example of bidding on keywords in the apartment rental space in the Bay Area. You want to have separate landing pages for each city in the area so someone who searches “rent apartment San Francisco” sees a different page than someone who searches “rent apartment San Jose.”

You create two landing pages with two different URLs, one for San Francisco and one for San Jose. Use the San Jose landing page URL in the ad that you’re bidding on to serve from searches with that term, and the San Francisco page URL for searches that include San Francisco.

With an A/B testing platform, the process is more seamless because you can create an experiment and set it to automatically send visitors from specific campaigns to different versions of a landing page. In a testing platform, you can set custom conditions for certain experiments to show for specific segments.

When a visitor searches a keyword and clicks on an ad, Google Adwords will append a \(gclid=value\) to the end of the destination URL. You can use this “gclid” parameter to target your experiment so that only visitors coming from the specific Adwords campaign will see the test. You can also target your experiment to a specific group of visitors based on conditions known to be true about the visitor, such as query parameters in the URL they use to visit your site.

In the case studies section, we show an example of how Tirendo, the leading online tire store in Europe used Optimizely to test the effect that dedicated landing pages based on keywords had on conversions.

The more relevant the landing page is to the person searching, the more likely they will be to take an action on the page. Creating high-converting landing pages is highly important to improving your quality score.
The second tip to improve conversions on your landing pages is experiment with the order of actions you ask people to complete.

In other words, experiment with the order of operations and the actual call to actions—not just the color or text of your call to action button.

As an example, if your conversion goal from a PPC campaign is free-trial sign ups, run a test that varies the order in which you ask for the information necessary to start a free trial: name, email and credit card information.

Fundamentally changing the actions you want people to take is a huge opportunity to rethink the funnel and uncover significant conversion increases.

Forms are a perfect target for testing the flow because you can break them into many parts.

When should I send traffic to the homepage?

Sending paid traffic to the homepage is a potentially lost conversion opportunity. Most homepages are not specific enough to the information the person was searching for. Also, the homepage is usually rife with information and options. People who land here from an ad probably don’t know what to click.

If you are sending paid traffic here, then ask yourself, is my main conversion goal obvious and easy to achieve from the homepage?

If it is, then the homepage may be an OK place to send traffic. If it’s not, start creating dedicated landing pages immediately.

A gain on one landing page could exponentially increase ROI across your entire paid search spend.
TESTING THE PAGE FLOW

SAMPLE VARIATIONS TO INCREASE FREE TRIAL SIGN-UPS

In testing the page flow, you’re experimenting with the order in which you prompt visitors to take specific actions. Testing the progression of how a visitor from paid traffic is directed towards the goal is a way to uncover big conversion lifts.

In the matrix below, we show possible page flows for a software as a service (SaaS) company whose primary conversion goal is free trial sign ups. Signing up for a free trial form requires entering credit card information and picking a usage plan.

Each variation starts with a hypothesis about why the new flow will increase conversions.

<table>
<thead>
<tr>
<th></th>
<th>A (ORIGINAL FLOW)</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Step 1</strong></td>
<td>Action: Sign up for a 30-day free trial</td>
<td>Action: Go to software interface</td>
<td>Action: Watch a product demo</td>
<td>Action: Enter a contest or claim an offer</td>
<td>Action: Webinar sign up or content download</td>
</tr>
<tr>
<td><strong>Step 2</strong></td>
<td>Action: Pick a plan</td>
<td>Action: In product call to action to start a free trial</td>
<td>Action: Read interesting content and thought leadership</td>
<td>Confirmation page Action: Watch a product demo</td>
<td>Confirmation page Action: Read more related content and thought leadership</td>
</tr>
<tr>
<td><strong>Step 3</strong></td>
<td>Action: Go to software interface</td>
<td>Action: Pick a plan</td>
<td>Action: Get in touch with the sales team</td>
<td>Action: Sign up for a 30-day free trial</td>
<td>Action: Sign up for a 30-day free trial</td>
</tr>
</tbody>
</table>

Hypothesis: If people see the value of the product first, then they will be more likely to sign up for a trial.

Hypothesis: If people see a brief video, they will be more likely to sign up for a free trial.

Hypothesis: If the first action is low-friction, then more visitors will be likely to sign up for a free trial later.

Hypothesis: People will be more likely to sign up for a trial if they engage with high-quality content.

E-commerce sites can experiment with the range of actions on product landing pages. Do you include navigation? Search bars? Opportunities to find related products? Or sign up for product updates?
Kyle Rush, now the Head of Optimization at Optimizely, used to run A/B testing at the Obama 2012 campaign. He learned a great lesson from testing the order of operations in a donation form.

It was June of 2012, a couple months before the November election, and the site was hyper optimized. Every element had been scrutinized and tested with many variations. Still, testing continued and the page in question was the donation form.

They hypothesized that splitting the form into multiple steps would increase conversion rates. Their hypothesis: You can get more people to the top of the mountain if you show them an incline instead of a steep slope. So instead of showing one long form with many fields, Kyle set up an A/B test that led people through a funnel with smaller steps. They called the variation “Sequential."

By turning the long donation form into 4 smaller steps Kyle’s team increased the conversion rate by more than 5%.

The idea here is to test the effect of underwhelming people with simple steps up front that ease them into filling out the trickier fields like credit card information.
The next tip is A/B testing on page elements like images and messaging. We intentionally suggest testing the flow before testing the design of the page itself because this way you can save yourself from hyper optimizing a page with a sub-optimal call to action. If the CTA is the wrong one in the first place, then increasing the conversion rate on it will leave you with a slightly better, still suboptimal experience.

Once you find an optimal page flow and have added a number of landing pages suited to your varying segments, it’s time to experiment with the individual page elements. It’s a gamble to design a page you are paying people to visit based on your best guess. Testing different variations of key elements against each other and measuring which one performs best for your conversion goals should be a standard practice for paid search landing pages.

The Internet offers a deluge of best practices for landing page design. The wise marketer should take these “best practices” as suggestions and test them.

One thing we can say for certain about landing pages is that they must contain two things:

1. Some content that explains what you want someone to do.
2. The opportunity to do it.

**WHAT MAKES LANDING PAGES SO GREAT TO TEST?**

Discovering one big win on a single landing page can increase conversion rates by an order of magnitude because of a very special trait of landing pages: they are commonly templatized. Most companies use landing pages with similar designs for a number of keywords. The main difference between them will be the messaging (you want the messaging to be as relevant as possible to the search term). If you uncover a conversion win on one landing page, you can immediately test it across your others and have a exponentially more conversions on your hands. Exponential conversion increases means more ROI for you.
A/B TEST IDEAS FOR LANDING PAGES

Remember, start each test with a hypothesis: “if I do this, then this will happen.” There are hundreds of tests you can run on a given page. Explicitly stating what you want to happen will help keep you on track to optimizing for your goals.

Forms
- Length of form: 1-2 fields vs. 4-6 fields.
- Integrity text: “We won’t spam you” text on the form vs. no text.
- Field title text: Inside the form field or above/below field.
- Orientation to other content on the page: Above/below/left side/right side.

Copy
- Headlines: Include keyword in headline? Headline as a question? Headline as a statement?
- Theme of supporting content: thought leadership? Product-focused? Problem-focused? Solution-focused?

Call to Action
The order of your actual call to action—not how the button looks—is a very high impact test to run early. See tip 2 for a list of test ideas.
- Then test the look and feel of the call to action assets like the button.
- Test all things about the button: text, color, size, placement.

Content
- What type of content supplements the call to action?
- Test the impact of including customer quotes, testimonials.
- Try adding trust or certification symbols.
- Measure the impact of social proof content such as usage numbers and customer lists.

Images
- Test different types images on your landing page. People versus product is a good place to start.
- Iterate from there. If your conversions increase with pictures of people then test the type of person you picture like gender, age, number of people in the image, etc.

Page Design
- Test the impact of including site navigation on landing pages.
- If you do include navigation links, test which links you include Is it a subset of your entire navigation?
- Test the organization of the page and how all of the elements relate to each other.

TIPS FROM THE EXPERTS

Jeff Lane is a PPC Manager who has worked with political campaigns and large healthcare organizations

My conversion rate optimization process is this: First focus on things that are likely to be big wins, such as testing the primary call to action text, placement, and color. Another great place to start is with forms, often an area with high abandonment rates. If possible, try reducing the number of fields, and break up those long, intimidating forms into multiple shorter parts. You may be surprised how even seemingly small changes such as the color of a button, a different hero image, or the usage of a single word in a CTA can have a large impact on conversion rate!
The final step to thinking end-to-end about optimizing the SEM funnel is getting buy in from stakeholders on your team.

If you’re a team of one, then you have a great place to start.

In other scenarios, you could have a couple people on your team who handle different areas of paid advertising. One person might be in charge of SEM, another person manages content on the website and a different person controls the budget. If that’s the case, then we have advice for you.

**START A TASK FORCE AND GET PEOPLE INVOLVED.**

Launch the task force with a stakeholder meeting. Invite everyone who could be involved in launching A/B tests or analyzing data. Get people excited by trumping their intuition. Show them a series of A/B tests and prove that gut instincts are not always right.

In another meeting highlight the connection between SEM and CRO with numbers. Look at two numbers, the amount of money you spent on paid search marketing last month and the conversion rate across all of your landing pages and revenue you’ve generated from that traffic directly.

Sit in a room with your AdWords account on a screen and benchmark your numbers. How are you tracking on key performance metrics? Identify the lowest conversion rate and come up with five hypotheses to fix it.

If you don’t have a software that allows you to do A/B testing today, then start shopping for one and make other people part of the demo and decision-making process.

For an in-depth guide to spreading a data-driven mindset throughout your team, download our entire ebook, *The Roadmap to Website Optimization*.

**TIPS FROM THE EXPERTS**

**Eric Fisher** is a senior manager on the Conversion Optimization team at Performics, a global performance marketing agency

One of the most interesting parts about CRO is the competitive aspect. Once you press the start button there’s an exciting feeling when you start to see results coming in and following which variations are doing best.

That’s the best part about the industry. It involves so many facets of thought, from psychology to analytics to writing to web development so people are always curious about which design will win. Promote this aspect of CRO to get people involved and make the connections within your company. Start growing that presence and visibility into testing because in order to have an effective testing program, you really have to have everybody on board.
A/B testing has absolutely taken the debate aspect out of design and design-by-committee. We let our users tell us what designs are the best layout. If we have a question about what the best design is, we’ll test it.

Dave Nuffer
Product Manager, Liftopia

Now, let’s look at some real results of companies who ran A/B tests on their SEM landing pages with great success.

Both of these companies used Optimizely to set up and run these tests that resulted in increased revenue, increased the efficiency of their SEM spends, and a better understanding of how paid traffic behaves.
How do you present visitors exactly the right content given the keywords they searched for? This is a question that the team of Tirendo wanted to solve for their customers.

Tirendo is one of the largest online tire retailers in Europe. Founded in Germany, the company offers its wide selection of tires in eight European countries. On Tirendo.com, customers can search and purchase tires and get them delivered to their doorstep at no extra cost. Tracking visitor data and optimizing their website is a key aspect to Tirendo’s business. Conversion optimization is an area that is dealt with at the highest management level.

“A/B Testing is the only possibility for us to get ‘behind’ the customer, to understand the customer. It also helps us to continuously optimize our product,” explains Julian Riedelsheimer, Head of CRO at Tirendo.

Tirendo lists approximately 14,000 tires in its catalogue on their German website alone. Personalization is key to Tirendo’s success as a business, and to create a personalized customer experience that leads each customer to the best tire possible, Tirendo’s marketing team relies heavily on paid marketing and CRO.

“A/B Testing is the only possibility for us to get ‘behind’ the customer, to understand the customer. It also helps us to continuously optimize our product.”

JULIAN RIEDELSHEIMER
HEAD OF CRO AT TIRENDO
SEM CAMPAIGN GOALS

One of the areas for improvement the team singled out was paid marketing landing pages. He saw big potential in increasing conversions by presenting visitors more relevant content on these landing pages.

Most of Tirendo’s site traffic comes from Google, specifically paid search. Someone searching for new tires typically begins by typing keywords for specific tire model or type into a search engine. If you typed in the name of a specific model, wouldn’t it be great to get to the Tirendo page that shows you exactly that model? That’s what Julian’s team at Tirendo believed would increase conversions on the landing pages and eventually make more people purchase the model they were searching for.

THE TEST

The team then decided to create a variation of the original landing page and run an A/B test. The purpose of the test was to see which of the two variations of the landing page provided a more optimized experience and could connect buyer and tire in a better fashion. They measured the effect of product personalization on user engagement metrics and click-throughs to the checkout page. In total, Tirendo tested six different landing pages for six different types of traffic coming from Google.

One of the landing pages was a page where visitors would search the exact name of a tire model into Google and then come to Tirendo’s landing page.

RESULTS

The variation landing page increased click-through-rate for paid marketing traffic by 12.6% and checkout pageviews by 20%.

Julian and his team monitored these metrics as crucial indicators of sales-generating activity on the Tirendo site.
Liftoptia is an online hub for skiers and snowboarders to find discounted lift tickets, rentals, lessons, dining, and various other mountain activities. They offer deals to more than 150 ski resorts across North America.

Paid marketing generates a significant part of their site traffic and they use landing pages for traffic from individual paid campaigns. These landing pages are meant for mid-funnel traffic—visitors who are not ready to purchase just yet but have expressed interest in a specific resort.

Liftoptia’s goal is to provide the best user experience possible in order to drive more purchases and revenue from the site. This clear conversion path presented a hurdle to Liftoptia because pages in Liftoptia’s purchase funnel offered numerous options for cross-sell via a sidebar column and a search widget.

“IF YOU’RE SEARCHING FOR A SQUAW VALLEY DEAL, OUR GOAL IS TO BRING YOU INTO OUR SITE, REMOVE ALL DISTRACTIONS FROM OTHER RESORTS’ DEALS AND OFFERS, AND KEEP YOU MOVING DOWN OUR FUNNEL.”

DAVE NUFFER
MANAGER AT LIFTOPTIA
SEM CAMPAIGN GOALS

When visitors landed on a page from paid marketing, they had the option to either buy the results, search for new results, or click directly on deals to other resorts. Liftopia wanted to determine whether tailoring their funnel pages around the resort promoted in the SEM ad would drive more visitors down the funnel to purchase the package.

The team hypothesized that showing a tailored experience with exactly what visitors had searched for—instead of options they didn’t want in the first place—would increase purchase conversions and decrease bounce rates.

THE TEST

Liftopia used Optimizely to test different experiences within the paid marketing purchase funnel and measure which converts more visitors into customers.

They targeted the test to apply solely to paid marketing traffic, allowing them to provide a highly customized experience to visitors entering their site from search.

RESULTS

The variation flow targeted to the visitor’s search term increased conversions by 23.7%.

The Liftopia team quickly learned that the more qualified the traffic, the more targeted a page layout can be. Testing different purchase funnel variations helped Liftopia better understand how paid marketing-driven traffic behaves and ultimately convert more visitors into customers.
CLOSING THOUGHTS

Great marketers get that pay-per-click search engine marketing and A/B testing are tightly interconnected. The paid traffic funnel isn’t operating at its best if the keywords you’re bidding on don’t turn into impressions, the impressions don’t turn into clicks and most importantly, clicks don’t turn into conversions. A/B testing the pages you’re paying eyeballs to visit is inherent to an efficient, ROI driven approach to paid marketing.

Making A/B testing a default part of your SEM work flow will help you get more value out of your paid search spend. Plus, adding A/B testing to your toolbox of marketing skills will distinguish you from the crowd and give you a shot at becoming a testing hero.

**Embrace the forest and the trees.** See each individual step in the campaign and the entire campaign together, end-to-end. The journey doesn’t end with a paid search ad click and your job shouldn’t end there either.

**Just because you’ve always done it one way doesn’t mean it’s the only way.**

**Explore before you refine.** Incrementalism can lead to slightly less bad version of a crappy landing page. Be willing to explore to find the big wins before testing smaller changes and tweaks. Conversely, sometimes it’s the incremental refinements that prove or disprove your hypothesis about what your users respond to. Use the insights from small tests to guide and inform your thinking about bigger changes.

**Spend time in your PPC and A/B testing account for 20 minutes every day.** There’s a strong correlation with activity and performance. The more time you spend actively checking metrics in your AdWords and testing platform accounts, the more likely you are to have high performing ads and landing pages.
ABOUT THIS GUIDE
Optimizing Your Conversion Engine: Search Engine Marketing

Written By:
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Thank you to Nick Benavides, Ural Cebeci, Eric Fisher, Jeff Lane, Larry Kim, and Ritika Puri.

SOURCES
AdWords Support
PPC University from Wordstream

To learn how Optimizely can help you increase ROI from SEM, schedule a live demo today at OPTIMIZELY.COM/DEMO