



AdWords Fundamentals:
Exam Study Guide

Introduction

Welcome to the AdWords Fundamentals study guide!

This study guide is for those who want to prepare for the AdWords Fundamentals exam. It provides information about the basic and intermediate aspects of online advertising and AdWords, including the benefits of online advertising, how to set up and manage an AdWords campaign, and how to measure and optimize your campaign's performance. We recommend that you review the materials in this study guide and have on-the-job experience using AdWords to increase your chances of passing the exam.

What's included in this study guide?

Once you've completed this study guide, you'll know how AdWords works. You'll also learn about the following:

- How online advertising and AdWords can help your clients meet their advertising goals.
- Google Search Network and Google Display Network campaign creation and management.
- How to measure ad performance and optimize campaigns.
- Industry best practices and strategies.

About the exam

- **Time:** You'll have 120 minutes to complete the exam.
- **Pass rate:** You need to get a score of 80% or higher to pass.
- **Retake period:** If you don't pass the exam, you can take it again after 7 days.

Remember, you can earn your [AdWords certification](#) by passing the Fundamentals exam and one of the other AdWords advertising exams.

About this study guide

The AdWords Fundamentals study guide includes three modules with relevant information and additional study guide materials.

Throughout this study guide, you'll get information about **Acme Agency**, a fictitious digital advertising agency that employs 25 people and is headquartered in San Francisco. Acme manages AdWords accounts for small- and medium-size businesses located throughout the United States, and offers comprehensive marketing planning services, including advertising with AdWords. We'll use Acme and its clients to go over scenarios, examples, and tips to help you prepare for the AdWords Fundamentals exam.

What you'll learn in this module

- The benefits of online advertising and AdWords
- Google's advertising networks
- How AdWords works

1.1 Benefits of online advertising and AdWords

Online advertising allows you to show your ads to the people who are likely to be interested in your products and services, while filtering out folks who aren't. And you can track whether those people clicked your ads. Online advertising also gives you the opportunity to reach potential customers as they use multiple devices — desktops, laptops, tablets, and smartphones.

Benefits of Google AdWords



What is AdWords?

An introduction to AdWords. Learn how Google's powerful online advertising tool can help you reach new customers and grow sales. Learn more about setting up your AdWords account at <http://goo.gl/r2rudC> Subscribe to AdWords Help on YouTube <http://www.youtube.com/learnwithgoogle>

AdWords allows you to take advantage of the benefits of online advertising: show your ads to the right people, in the right place, and at the right time. AdWords offers several benefits, but here are the key ones:

1. Target your ads

Targeting gives you the ability to show your ads to reach people with specific interests — namely, people who are interested in your products and services — and show them relevant ads.

AdWords offers different ways of targeting, which we'll go over in more detail later. For now, here's a look at the choices that you have with online ads that can make your marketing campaigns even more targeted:

- **Keywords:** Words or phrases relevant to your products and service, which are used to show your ads when customers search for those terms or visit relevant websites.

- **Ad location:** Show your ads on search engines, commercial sites, or personal sites.
- **Age, location, and language:** Choose the age, geographic location, and language of your customers.
- **Days, times, and frequency:** Show your ads during certain hours or days of the week, and determine how often your ads appear.
- **Devices:** Your ads can appear on all types of devices, and you can fine-tune which devices your ads appear on and when.

2. Control your costs

AdWords gives you control over how you spend your money. There's no minimum. And you can choose how much you spend per month, per day, and per ad. You'll only pay when someone clicks your ad.

3. Measure your success

With AdWords, if someone clicked your ad, you'll know. If they clicked your ad and then did something valuable to your business -- purchased your product, downloaded your app, or phoned in an order -- you can track that, too.

By seeing which ads get clicks and which ones don't, you'll also quickly see where to invest in your campaign. That, in turn, can boost the return on your investment.

You can get other valuable data, including how much it costs you, on average, for advertising that leads to your customers' online purchases or phone calls. And you can also use analytical tools to learn about your customer's shopping habits -- how long, for instance, they tend to research your product before they buy.

4. Manage your campaigns

AdWords also offers you tools to easily manage and monitor accounts.

If you manage multiple AdWords accounts, a My Client Center (MCC) manager account is a powerful tool that could save you time. It lets you easily view and manage all of your AdWords accounts from a single location.

You can also manage your AdWords account offline with AdWords Editor, a free, downloadable desktop application that allows you to quickly and conveniently make changes to your account. With AdWords Editor, you can download your account information, edit your campaigns offline, and then upload your changes to AdWords. You can use AdWords editor to manage, edit, and view multiple accounts at the same time, copy or move items between ad groups and campaigns, and undo and redo multiple changes while editing campaigns.

Additional study materials



Learn more [about advertising on AdWords](#).

1.2 Google's advertising networks

Scenario



As you read through this section of the study guide, think about the following scenario:



Acme signed a new client, Fiona, who makes and sells eco-friendly furniture. Fiona's company, **Fine Furniture**, will be launching a new line of furniture for children and she's asked you to develop a marketing plan that will increase the awareness of the products. *Which of Google's advertising networks would you advise Fiona to show her ads on?*

Now that you know about the benefits of online advertising and AdWords, let's take a closer look at where you can advertise.

About Google's advertising networks

With AdWords, your ads can show on one or both of Google's advertising networks: the Google Search Network and the Google Display Network. The campaign type you choose determines which of these networks your ads will appear on.



Search Network

The Search Network includes Google Search, other Google sites such as Maps and Shopping, and hundreds of non-Google search partner websites (like AOL) that show AdWords ads matched to search results.

The Search Network can help advertisers do the following:

- Show their text ads next to Google search results
- Reach customers actively searching for their specific product or service

Display Network

The Display Network includes a collection of Google websites (like Google Finance, Gmail, Blogger, and YouTube), partner sites, and mobile sites and apps that show AdWords ads matched to the content on a given page.

The Display Network can help advertisers do the following:

- Use appealing ad formats to reach a wide range of customers with broad interests
- Build brand awareness and customer loyalty
- Increase engagement with customers
- Choose more specifically where their ads can appear, and to what type of audience



Additional study materials

- Learn more [about the Google Search Network](#).
 - Learn more [about the Google Display Network](#).
-

1.3 Where your ads can appear

To understand how AdWords works, you'll want to familiarize yourself with some of the key building blocks: where your ads can appear, the quality of your ads, and what you pay for them. You'll learn about each of these in this module and the ones that follow.

As you learned in a previous module, your ads can appear in different places across the web, depending on how you target your ads, to whom you choose to show them, and the types of ads you create.

Showing your ads alongside search results



To understand how your ads are shown on the Search Network, let's take a closer look at **keywords**.

You'll use keywords — words or phrases that describe your product or service — to target your ads. When someone searches for terms that are similar to your keywords, your ads can appear alongside or above search results on sites that are part of the Search Network. Your ad could be eligible to appear based on the similarity of your keywords to their search terms, as well as your keyword match types, which we'll explain in more detail later.

Keywords also help determine how much you pay. Each of your keywords has a **maximum cost-per-click** bid amount (or "max. CPC"), which specifies the maximum amount you're willing to pay each time someone clicks your ad.

Search ad formats

It's also important to think about the different types of ads that can appear on Search Network sites:

- **Text ads:** The simplest and most common kind of search ad, text ads are made up of a headline, a display URL that shows the address of your website, and a description.
- **Ads with extensions:** Ad extensions are visual enhancements to search ads that more prominently display information about your business, such as a phone number, location, or links to other pieces of relevant content from deeper within your sitemap. You can add these enhancements, which often appear in ads above search results, manually or they can be added by our automated formatting systems.

Showing your ads on websites across the Internet



You can also choose to show your ads to people as they browse the web. Your ads can appear on specific websites or placements that you choose, or on websites based on the targeting methods that you choose, such as keywords, placement, audiences, and topics.

Keywords can trigger your ad to show on **placements**, which are sites across the Internet where your ads can appear. Google automatically determines where your ads appear by matching your keywords to these placements, or you can pick specific placements yourself for greater control over where your ads appear.

In addition to keywords, you can use different Display Network targeting options to show your ads to specific groups of people based on their interests, age or gender, or whether they've previously visited your website. We'll go over these options in more detail later.

Display ad formats

Now that you know more about how your ads can appear on the Display Network, let's look at the different ad formats that you can use. In addition to the text ads that you'll see on Google search, sites on the Display Network show other types of visually engaging ads, too.

Here's a list of ad formats you can use on the Display Network:

- Text ads
- Image ads
- Rich media ads
- Video ads



Example

Antoine, an account planner at Acme, has started building a marketing plan for Fiona's new furniture line to help her reach customers on the Google Display Network. Here's how:

- Add keywords about children's furniture, such as "bunk bed," and Fiona's ads might be automatically matched to a blog about home decor.
 - Identify blogs that cater to moms and children's decor that Fiona wants her ads to show on, and add these sites as placements.
-

Showing your ads on mobile phones

Reach potential customers as they search or visit websites on the go — researching or completing purchases on their mobile phones, for example. Here are the different places your ads can appear:

- Text ads can appear when people search on Google and other Search Network from their mobile devices.
- Text, image, and video ads can appear on Display Network websites when people visit these sites from high-end mobile device (such as iPhones, Android devices).

Showing your ads to specific audiences

You can also show your ads to people in selected locations, who speak a certain language, or to specific groups of people.

If you have text ads, you can choose to show them to customers in an entire country, a certain geographic location, and even to customers who use names of locations in their searches. You can also target your campaigns to the languages that your potential customers speak.



Additional study materials

Learn more [how AdWords works](#).

1.4 The quality of your ads

Scenario

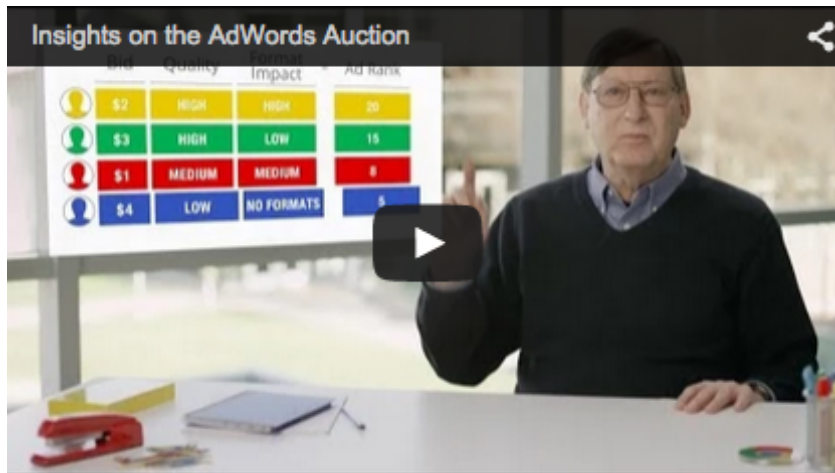


As you read through this section of the study guide, think about you'd approach the following:

Fiona wants the landing page for all of her ads to go to the homepage of Fine Furniture's website. The homepage, however, isn't very customer-friendly — it's not clear how to navigate the site, there are too many images, and some of the sales announcements are outdated. Additionally, the homepage isn't relevant to all of the ads Antoine is planning to have the agency's creative director design.

What might you tell Fiona about the importance of the landing page experience?

Understanding Quality Score and Ad Rank



Higher quality ads can lead to lower prices and better ad positions.

To give you a better understanding of how ad quality works on AdWords, we'll go over Quality Score and Ad Rank. The [Quality Score](#) reported in your account is an estimate of the quality of your ads and landing pages triggered by that keyword in auctions throughout the day. [Ad Rank](#) determines the order in which your ad shows up on the page (also known as ad position).



The components of Quality Score are expected clickthrough rate (CTR), ad relevance, and landing page experience. Each keyword gets a Quality Score on a scale from 1 to 10, where 1 is the lowest score and 10 is the highest.

Why does your ad quality matter? The more relevant your ads and landing pages are to the user, the more likely it is that you'll have a higher Quality Score and benefit

from having higher quality components of your Ad Rank, such as a higher ad position or lower cost-per-click (CPC).

Keep in mind that Quality Score is intended to give you a general sense of the quality of your ads, but doesn't take into account any auction-time factors, such as someone's actual search terms, type of device, language preference, location, or the time of day.

Ad Rank, however, does take into account auction-time factors and determines where your ad appears on the page or whether it appears at all. Every time one of your ads competes in the auction, AdWords calculates your Ad Rank using your bid amount, the components of Quality Score (expected CTR, ad relevance, and landing page experience), and the expected impact of extensions and other ad formats.

Does this mean that a higher bid can always lead to a higher ad position? No. Even if your competition has higher bids than yours, you can still win a higher ad position at a lower price by using highly relevant keywords, ads, and ad extensions.



Additional study materials

Find out more about [Quality Score](#) and [Ad Rank](#).

1.5 What you pay

AdWords gives you control over your advertising costs and there's no minimum amount that you have to spend. Instead, you set a daily budget and choose how you'll spend your money.

Choosing a bidding strategy

Choosing how you'll spend your money means choosing how you'd like to bid. Try choosing a bidding strategy based on your goals, such as whether you want to focus on getting clicks, impressions, or conversions.

We'll go over your bidding options in more detail later, but here's an overview of the strategies:

- **Cost-per-click (CPC):** If you want to focus on clicks on your ads and drive traffic to your website, you'll want to use CPC bidding.
- **Cost-per-thousand impressions (CPM):** If you want to focus on impressions — the number of times your ad shows — and increase awareness of your brand, you'll want to use CPM bidding. Note that CPM bidding is available for Display Network campaigns only.
- **Cost-per-acquisition (CPA):** If you want to focus on conversions — which is when people take a specific action on your website after clicking one of your ads — you'll want to use CPA bidding.

Setting a daily budget

Your daily budget is the amount you're willing to spend each day, on average, for each ad campaign in your account. The amount is entirely up to you, and you can edit it whenever you like.

When you set your bids, you set the maximum amount you're willing to pay for either 1 click on your ad, 1,000 ad impressions, or 1 conversion. Your actual costs will likely vary from auction to auction. But even though your actual costs may vary, your daily budget puts a limit on how much you can accrue in costs over the average number of days in a month (30.4).

For more guidance on setting the right budgets and bids, check out this video:



How much you're charged

The final amount you're charged depends on what type of bidding strategy you choose.

If you're using CPC or CPM bidding, the actual amount you'll be charged is no more than what's needed for your ad to appear higher than the advertiser immediately below you.

If you're using CPA bidding, the actual amount you'll be charged might exceed your specific bid because the actual amount depends on factors outside of Google's control, such as changes to your website or ads, or increased competition in ad auctions. Keep in mind that our system is designed to adjust over time, so the longer you use CPA bidding, the less likely it is that your actual CPA will exceed your specific bid.



Example

Antoine advises that Fiona's ad campaign should use the CPM bidding strategy. After Antoine explains how CPM bidding works, Fiona wants to know how much she'll be charged.

Let's say the maximum amount Fiona wants to bid is US\$2.00 and other advertisers' bids for the same ad position are US\$1.50 and US\$1.75. Fiona won't be charged more than what's needed for her ads to appear higher than the advertiser bidding US\$1.75.



Additional study materials

- Learn more about the [basics of bidding](#).
 - Find out about [setting a budget](#).
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What you'll learn in this module

- How to choose a campaign type
- Best practices for structuring your campaign
- Different options for targeting your audience
- How to choose your bid and budget
- How to set your bids and budgets
- Tools to use to plan your campaigns

2.1 Choosing a campaign type

When you start setting up your AdWords campaign, you'll need to choose a campaign type and a campaign sub-type.

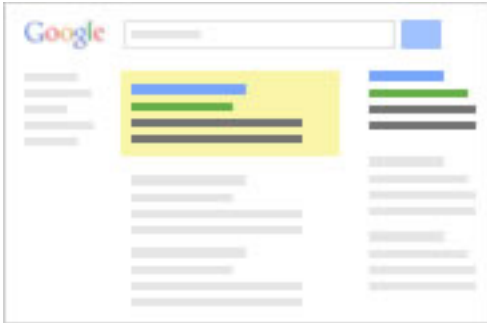
The campaign type determines things like where your ads can show to customers on Google's advertising networks, and what format they can be in, like text or video. The campaign sub-type determines how many settings and options are available to use for your campaign, or you can choose a specific campaign sub-type if you want to accomplish a specific goal with your ads, like driving more installs of your mobile app.

With these options, you can tailor your campaign to match your business goals and focus on the features most relevant to you.

Types of campaigns



Applying what you've learned in previous modules about Google's advertising network, let's take a look at the most commonly used campaign types: Search Network only, Display Network only, and Search Network with Display Select.



If you create a **Search Network only** campaign, your ads can appear throughout sites on the Google Search Network. This campaign type works by linking your AdWords keywords to the words or phrases someone uses to search on Google, then showing relevant text ads on search results pages.

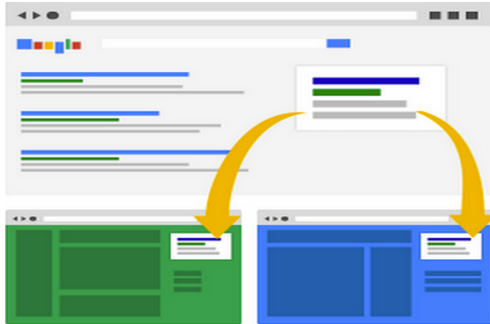
This campaign type is useful for advertisers who want to connect with customers right when they're searching their products or services. For example, a small home repair business that earns most of its revenue from plumbing repairs might create a "Search Network only" campaign to target its ads to high-potential customers searching for plumbing services.



With a **Display Network only** campaign, your ads can show throughout the Google Display Network. This campaign type works by matching your ads — including text, image, rich media, and video ads — to websites and other placements, like YouTube and mobile apps, with content related to your targeting.

What kind of business might create a "Display Network only" campaign? Say you're a jewelry

store wanting to increase awareness of the engagement rings you sell. With a “Display Network only” campaign, you can reach people visiting wedding-related sites, such as blogs about wedding planning.



A **Search Network with Display Select** campaign allows you to show your ads — including text, image, rich media, and video ads — with search results on the Google Search Network and relevant placements within the Display Network. With this option, your budget is shared across both networks.

Say you're a newer advertiser wanting to promote your car repair service. You might create a “Search Network with Display Select” campaign to reach people in more places who are seeking your services, whether they're looking on Google Search or checking out a car service review site.

Campaign sub-types

When you create any of the above campaign types, you'll also need to choose a more specific campaign sub-type; the most common are the “Standard” or “All features” sub-types.

Here are some examples of why you might choose the "Standard" or "All features" sub-types:

- **Standard:** If you prefer a simpler overview of your campaign and feature options, consider using the "Standard" sub-type. With "Standard" campaigns, you can use basic location and language targeting, bidding and budget settings, and common ad extensions. You won't be able to use the more advanced options that are available to "All features" campaigns and described below.
- **All features:** If you want to use all available campaign and feature options, consider using the "All features" sub-type. You'll be able to use more advanced options, such as social and experimental settings, ad scheduling and ad delivery methods, and advanced location options.

There are also specialized campaign sub-types you can use to reach more potential customers.

Here are some examples of why you might choose a specialized campaign sub-type:

- **Remarketing:** Show text, image, or video ads to people who already visited your website when they browse other sites on the Display Network.
- **Ads in mobile apps:** Reach the growing audience of people using mobile phones and tablets by showing your ads in apps. Your ads will get matched to apps through the Display Network.



Additional study materials

- Read more [about campaign types](#).
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2.2 Structuring your campaign

Before you begin creating your campaign, it's important to learn how AdWords is structured. A well-organized account can help you create effective campaigns that target the right audience and, ultimately, help you reach more of your advertising goals.

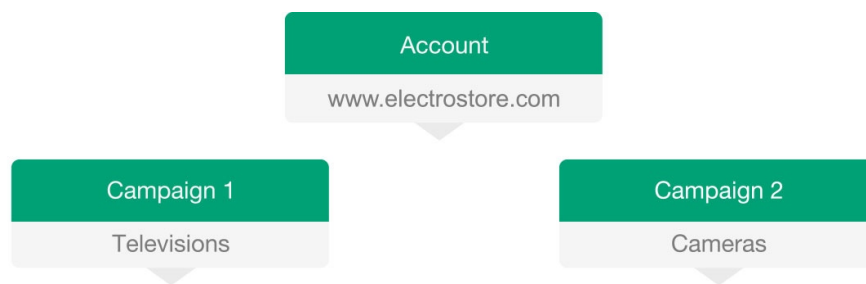
AdWords is organized into three layers: account, campaigns, ad groups.

- **Account:** Your account is associated with a unique email address, password, and billing information.
- **Campaigns:** Each campaign in your account has its own budget and settings that determine where your ads appear.
- **Ad groups:** Each ad group within a campaign contains a set of similar ads and keywords that you want to trigger your ads to show.

Structuring your campaign

With AdWords, you'll organize your account into separate campaigns, with each campaign focusing on a single business goal, such as driving traffic to your website, or offering, like a particular product or service. If your business serves several geographic areas, you might want to create a separate campaign for each location.

One effective approach is to organize your campaigns to reflect the structure of your website. This allows you to create campaigns around specific themes or products. For example, an electronics retailer might create campaigns for specific product categories, such as televisions and cameras.



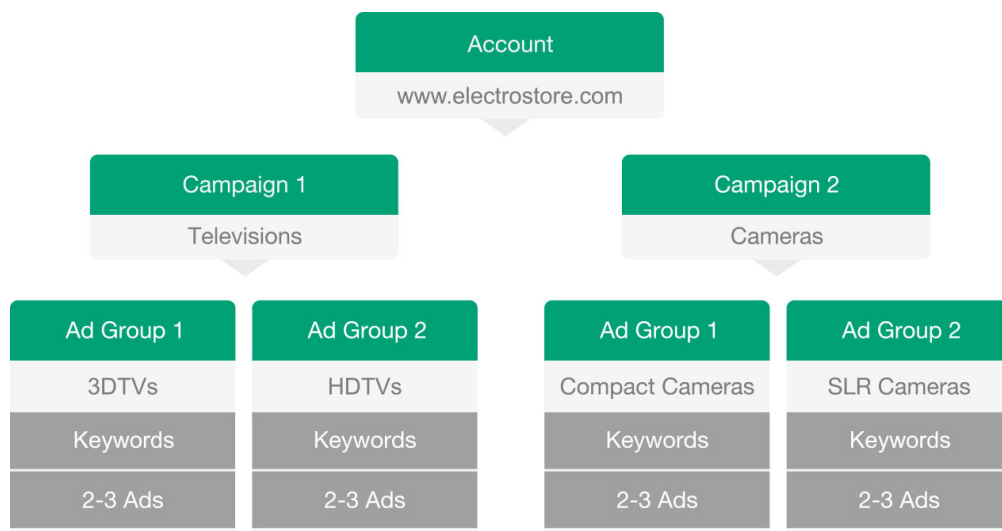
You control the following at the campaign level:

- How much you're willing to spend on clicks, impressions, or conversions from your ads
- Networks and geographical locations where you want your ads to show
- Other top-level settings that affect your ad groups

Organizing your ad groups

Each campaign contains one or more ad groups. An ad group allows you to organize your campaign into sets of ads and keywords that directly relate to each other, which can improve your Quality Score and help boost your return on investment. For Search Network campaigns, this helps you show ads that are relevant to the searches of people you're trying to reach. For campaigns targeting the Display Network, you can create relevant ads to show to customers browsing websites about similar topics.

Similar to your campaign structure, you'll want to create separate ad groups for each theme or product that you're advertising. Again, consider creating ad groups that are based on the sections or categories that appear on your website. For example, the same electronics retailer might create ad groups for sub-categories, like compact cameras and SLR cameras.





Example

Antoine creates a Search Network campaign to drive sales of Fiona's products, and starts researching how the campaign should be organized. He considers building out several ad groups that are based on how Fiona's website is organized — Acme's web designer has improved it — and the different products she offers, such as bunk beds, chairs, and tables. Next, Antoine starts thinking about how to reach Fiona's target audience — mothers.



Additional study materials

- Read more about [structuring your AdWords account](#).
 - Find out more about [organizing your campaigns and ad groups](#).
-

2.3 Targeting your audience

Showing your ads to the right customer is a key part of a successful advertising campaign that helps you reach your goals. Below, we'll review the different ways that you can use AdWords to show your ads.

Keyword targeting

As you learned in a previous module, on the **Search Network**, AdWords will use your keywords — words or phrases that relevant to your product or service — to show your ads to people searching for similar terms. On the **Display Network**, when your keyword matches a webpage's concepts or its central theme, your ad is eligible to show on that webpage (we call this an automatic placement).

You'll want to choose high quality, relevant keywords can help you reach the customers you want, when you want. We'll go over more tips on how to build a great keyword list later, but below are a few important details about keywords.

Keyword match types

You can use keyword match types to control which searches trigger your ad. Each match type, which is specified by a special symbol, will trigger your ad to show for a customer's search in different ways.

The chart below serves as an introduction to the different match types, ordered from broad to narrow.

Match type	Special symbol	Example keyword	Ads may show on searches that	Example searches
Broad match	none	women's hats	include misspellings, synonyms, related searches, and other relevant variations	<i>buy ladies hats</i>
Broad match modifier	+keyword	+women's+hats	contain the modified term (or close variations, but not synonyms), in any order	<i>hats for women</i>
Phrase match	"keyword"	"women's hats"	are a phrase, and close variations of that phrase	<i>buy women's hats</i>
Exact match	[keyword]	[women's hats]	are an exact term and close variations of that exact term	<i>women's hats</i>
Negative match	-keyword	-women	are searches without the term	<i>baseball hats</i>

You can use broad match, for example, to show your ad to a wide audience or you could use exact match to show your ad to specific groups of customers. In general, we typically recommend using a "broad-to-narrow" strategy — start with broad match keywords and then monitor your keywords' performance over time to make your keyword match

types more specific if you find that you are showing for too many irrelevant variations of your keywords.

Keep in mind that you can use match types with campaigns that show ads on the Search Network. On the Display Network, keywords are treated as broad match.

Negative keywords and keyword exclusions

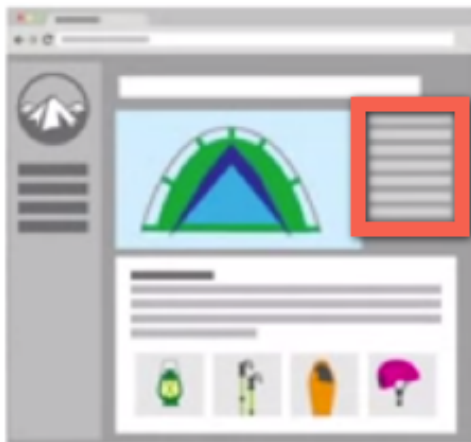
You can also add negative keywords for campaigns that shows ads on the Search Network or keyword exclusions for campaigns that show ads on the Display Network. Negative keywords prevent your ads from showing to people searching for those terms or visiting sites that contain those terms. When you choose negative keywords, you'll want to choose terms that are similar to your keywords, but signal that people are looking for a different product or service.

Display Network targeting

In addition to keywords, you can use different targeting methods to match your ad to places or audiences on the Display Network.

Let's take a look at three categories of targeting methods:

Contextual targeting: Match relevant site content



You can target based on relevant website content in two ways:

- **Keywords:** AdWords looks for sites with content related to your keywords, to show your ads. Your ad may also show on websites that someone visits after they've visited another site that is related to your keywords.
- **Topics:** Similar to keywords, this lets you place your AdWords ads on website pages about the topics that you choose. Instead of developing a list of words or phrases, you choose categories of

information, such as “Autos and Vehicles.”

With keywords and topics, Google selects relevant placements on the Display Network based on website content and other factors, to show your ads.

Audiences: Reach specific groups of people



You can target your ads based on audiences in these ways:

- **Audiences:** Depending on your advertising goals, you can choose the audience that best matches your customers. To drive brand awareness, use **affinity audiences** to reach TV-like audiences on a broad scale. To reach as many potential customers as possible with an affinity for a specific product area, you might try adding **custom affinity audiences**. To reach specific audiences actively shopping for a product or service, use **in-market audiences** instead.
- **Interest categories:** This allows you to reach people interested in products and services similar to those your business offers. When you target interest categories, you can show your ad to people who demonstrated specific interests, regardless of whether your ad correlates with the particular topic of the page or app they're currently on. You'll find interest category targeting alongside remarketing in your account.
- **Remarketing:** This option can help you reach people who have previously

visited your website while they visit other sites on the Display Network. You'll find remarketing alongside interest categories in your account.

- **Demographics:** This option allows you to reach people who are likely to be within the age, gender, and parental status demographic group that you choose.

With audiences, you don't manually select places to show your ads.

Managed placement targeting: Select specific websites and apps

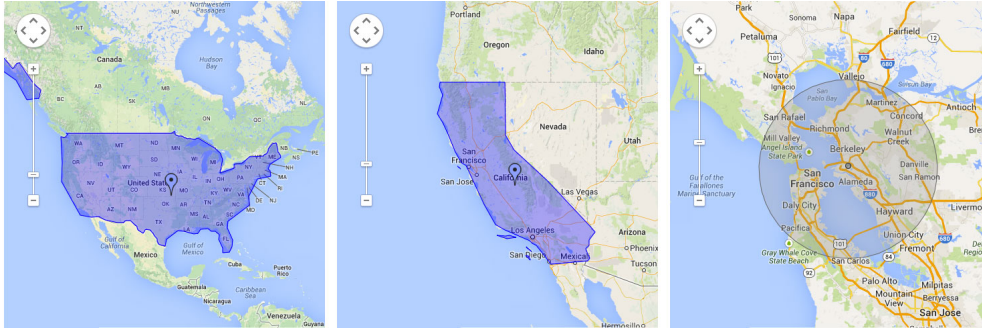
Managed placement targeting allows you to pick individual sites, or mobile apps where you want to show your ads. For example, if your typical customer spends a lot of time on a specific website and you want your ads to appear there, you can add it as a managed placement.

Location and language targeting

With **location** settings, you can target the geographic areas where your ads can appear. You can select entire countries (like the United States or France), individual regions or cities within a country (like the state of California or city of Paris), or certain distances around your business location (like 20 miles around San Francisco).

Why use location targeting? It help you focus your advertising on the areas where you'll find the right customers, and restrict it in areas where you don't. It's a good idea to choose the region where your customers live and where your business can serve them.

For example, if you run an e-commerce business in the United States that ships to certain states, you can only target those places. Or, if you own an Italian restaurant in San Francisco, you can choose to only show your ads to customers within a few miles of your restaurant.



If you're trying to communicate with customers who don't speak the same language, you can use **language** targeting to show your ads to customers who speak a particular language. Your ads can appear for customers who use Google products (such as Search or Gmail) and third-party websites that are part of the Display Network.

Language targeting helps make sure your ads will appear on sites that are written in the language of the customers you'd like to reach. Keep in mind that our ads and keywords should be written in the language that you target — AdWords doesn't translate ads or keywords.

Let's say you're an international women's apparel retailer, and you want to show your ads to Spanish-speaking customers. You can create a campaign that's targeted to the Spanish language, and show your Spanish language ads to customers with a Google interface language set to Spanish when they search for *dress*es.

Device targeting

You can also reach your customers while they're on the go by showing your ads when people are searching or visiting Display Network sites on their mobile phones with full browsers, like iPhones and Android devices. Depending on your goals, you might want to target one or multiple devices.

Mobile devices with full internet browsers, such as smartphones, can display websites similar to the ones you'd see on a desktop computer and mobile optimized sites. High-end mobile devices can also host apps, which people can download from the app store in their device or from a website. This wide variety of media available on mobile devices means that you can show your ads in many different ways, and tailor your message to be compelling to customers on mobile devices.



Example

Antoine targets Fiona's Search campaign to people in the United States since her company doesn't offering shipping outside of that country. Using language targeting, Antoine sets up the campaign so that only English-speaking customers will see Fiona's ads.



Additional study materials

- Find out more about [targeting your ads](#).
-

2.4 Setting bids and budgets



Scenario

As you read through this section, think about how you'd approach the following:

Now that Antoine has determined where Fiona's ads will show and to whom, he needs to think about her budget. Fiona prefers to be conservative with her budget, but is willing to adjust it once she sees how the campaign performs.

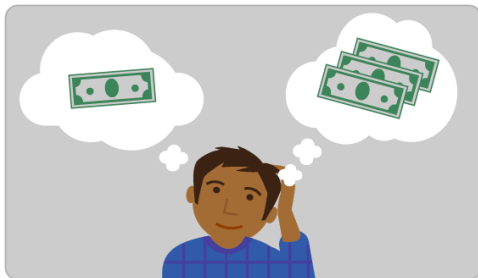
*What's the daily budget that you'd advise Fiona to start with?
What might you tell Fiona about how a limited budget could impact how often her ads are shown?*

Once you decide which networks you want to show your ads on and who you want to show them to, you're ready to think about your budget. As you learned in a previous module, there are two things that you'll want to consider:

- Your budget
- Your bidding strategy

Your budget

Your daily budget is the amount that you set for each campaign to indicate how much, on average, you're willing to spend per day.



New AdWords advertisers might want to start small — between \$5 and \$50, for example — and then run their campaign for a few weeks before re-evaluating. You should choose a daily budget for each campaign based on your

advertising goals and the general amount you're comfortable with spending each day.

If you're used to working with a monthly advertising budget, you can calculate the average amount you might budget per day by dividing your monthly budget by 30.4 (the average number of days per month).

Here are a few things to keep in mind about your budget:

- In general, the AdWords system will aim to show your ads as much as possible until your daily budget is met. Because customer traffic fluctuates from day to day, AdWords can allow up to 20% more clicks in a day than your budget specifies. However, our system makes sure that in a given billing period, you're never charged more than the monthly charging limit — 30.4 multiplied by your average daily budget amount.
- When your average daily budget is reached, your ads will typically stop showing for that day. You'll want to consider your campaign's ad delivery method, which determines how quickly your ads are shown and how long your budget lasts during a given day, when setting your daily budget. The "Accelerated" delivery method is like jet fuel — it spreads your budget throughout the day; the "Standard" delivery method is more like a slow-burning candle — it uses your budget more quickly.

Your bidding strategy

As you learned in a previous module, AdWords offers several bid strategies that are tailored to different types of campaigns. Depending on which networks your campaign is targeting, and your advertising goals, you can determine which strategy is best for you.



To refresh your memory, here are the bid strategies you can choose from:

- **Cost-per-click (CPC) bidding:** Use if you want to drive customers to your website.
- **Cost-per-impression (CPM) bidding:** Use if you want to make sure that customers see your message.
- **Cost-per-acquisition (CPA) bidding:** This option can help you reach people who have previously visited your website while they visit other sites on the Display Network. You'll find remarketing alongside interest categories in your account.
- **Demographics:** Use if you want to maximize conversions on your website.

You can also use more advanced strategies like **bid adjustments** to bid more or less competitively across devices, locations, time of day, and more, or **flexible bid strategies** to automatically set bids to optimize for your performance goals.

In general, the higher your bid and the more relevant your ads and keywords, the more likely your ad will show at a higher position on the page. By managing your bids, you can influence the amount of traffic your ads receive.

Click each section below to learn more about the different bidding strategies you can use.

CPC bidding

With CPC bidding, you can set a maximum amount that you're willing to pay for a click on your ad — this is a maximum cost-per-click bid, or simply "max. CPC." This bidding method can be a good value because you pay only when a viewer is interested enough to click your ad and learn more.

If you use CPC bidding, you'll have the option to use **manual bidding** and choose your own bid amounts or **automatic bidding** and let AdWords set your max. CPC bid for you to get as many clicks as possible given your overall budget.

Manual bidding gives you more control over your bids — for example, you can set different bids for individual keywords or Display Network targeting methods. With automatic bidding, you don't have to spend a lot of time setting and managing your bids.

When setting a max. CPC, you can figure out your bid amount based on what you know about your business and the value of a sale or customer lead. For example, if you sell US\$5000 diamond rings, one new customer is probably worth more than if you sell US\$0.99 packs of gum. You'll also want to use Keyword Planner to help you set CPC bids — the tool shows you how often some keywords get searched and gives you cost estimates at a glance.

CPM bidding

With CPM bidding, you bid for your ad based on how often it appears on the Display Network. Why use CPM bidding? If your advertising goal is to get your business' name in front of more people, for example, you might care more about ad impressions than clicks and visits to your website.

When you set a CPM bid, you set the maximum amount you're willing to pay per 1,000 ad impressions (we call this "max CPM").

One thing to keep in mind is that ads with different bid types can compete for the same Display Network placements. When CPC and CPM ads compete for the same placement, the two types of ads are compared apples-to-apples on how much they're effectively willing to pay for the impression. For a CPM ad, the max CPM bid represents how much the

advertiser is willing to pay for each 1000 impressions; with a CPC ad, Google estimates how many clicks the ad might receive in 1000 impressions to get the comparison.

CPA bidding

CPA bidding is a bidding method that lets you tell AdWords the amount you're willing to pay for a conversion. It can help you reach customers who are likely to take action on your website.

To use CPA bidding, you'll need to either set up conversion tracking, cross-account conversion tracking, or be importing data from Google Analytics. You'll also need to turn on Conversion Optimizer. Conversion Optimizer uses historical information about your campaign, and automatically finds the optimal equivalent CPC bid for your ad each time it's eligible to appear.

You'll also need to set a maximum CPA bid, which is the maximum amount you'd like to pay for a conversion, or a target CPA bid, which is the average amount you'd like to pay for a conversion. We recommend using target CPA since it's easier to track your average conversion costs, and people using this option tend to get more conversions.

When you set up Conversion Optimizer, we provide a recommended bid that's based on your historical performance. It's best to start with the recommended bid, then monitor your performance and adjust as necessary.

Bid adjustments and flexible bid strategies

Once your campaigns are up and running, you'll want to consider setting bid adjustments to gain more control over when and where your ad is shown, helping you to improve your return on investment.

Bid adjustments allow you to increase or decrease every bid in your campaign to bid more or less competitively for searches across devices, locations, time of day, and more. You can also use bid adjustments for campaigns that target the Google Display Network, setting bid adjustments for specific targeting methods like topics or placements, to show your ad to the most relevant audience.

How do bid adjustment works? Bid adjustments are set by percentages. Say that you know your campaign performs well on mobile devices, you can set a +20% bid adjustment, for example, for searches on mobile devices to increase your bids for mobile to try to capture all available traffic.

More advanced bidding options that you can use are flexible bid strategies, which automatically set your bids to optimize your performance based on different advertising goals. Flexible bid strategies give you automated bidding exactly when, where, and how you want it — across multiple campaigns, or within a single part of a campaign.

Here are the different types of strategies:

- **Maximize clicks:** Automatically sets your bids to help you get the most clicks within a target spend amount that you choose.
- **Target search page location:** Automatically adjusts your bids to help you get your ads to the top of the page or the first page of search results.
- **Target cost-per-acquisition (CPA):** Automatically sets your bids to help you get as many conversions as possible, while reaching an average cost-per-acquisition goal that you set.
- **Enhanced cost-per-click (ECPC):** Automatically adjusts your manual CPC bid up or down based on each click's likelihood to result in a conversion.
- **Target return on ad spend (ROAS):** Automatically sets your bids to maximize your conversion value, while trying to reach an average return on ad spend.
- **Target outranking share:** Automatically raises or lowers your bids to help your ads outrank ads from another domain.



Additional study materials

- Read more about each of your [bidding options](#).
 - Learn more about [adjustments](#) and [flexible bid strategies](#).
-

2.5 Creating ad groups

Now that you've organized your campaign and decided on your campaign settings, let's focus on setting up your ad groups. As a general best practice, you'll want to create a separate ad group for each theme or product that you offer.

Each ad group contains a set of keywords, ads, and bids that you manage. For your Display Network campaigns, your ad groups can include other targeting methods, like demographics or remarketing lists.

Now, let's take a closer look at some of the main components of ad groups for campaigns that you'll run on the Search or Display Network.

Keywords

Building a good keyword list can help you show your ads to the customers you want. Below are some tips for creating your keyword list.

Choosing and organizing your keywords

- **Think like a customer:** Think about the main categories of your business and the terms or phrases that would fit into each of those categories. Include terms or phrases that your customers would use to describe your product or service.
- **Align your keywords with your goals:** If you want to get the most bang for your buck, you might want to select specific keywords that directly relate to your ad's theme. Or, if you'd prefer to reach as many people as possible, choose more general keywords. No matter how general or specific your keywords are, they should always be as relevant to your ads and website as possible. Also, keywords of two or three words (a phrase) tend to work most effectively.
- **Group similar keywords into themes:** Follow the structure of your ad groups, and bundle similar keywords together in one ad group based on your products, services, or other categories. For your Display Network campaigns, you'll also want to make sure your keywords are related to the websites your customers visit.

Researching new keywords

- **Use the Keyword Planner or Display Planner:** For your Search Network campaigns, you can use the Keyword Planner to get keyword ideas and related data, like the average number of times people searched for certain terms. For your Display Network campaigns, you can use the Display Planner to get keyword ideas and related data, like how many times ads could show for those ideas based on a week-long or month-long period.
- **Review your Search terms report:** You can use the Search terms report to see what people were searching for when they saw your ad and clicked it. This information can help you identify new keywords and poorly performing ones that you'll want to remove from your keyword list.

Optimizing your keywords

- **Use keyword match types:** Keyword match types are settings for each of your keywords that give you greater control over who sees your ad. For example, you might use the phrase match type to show your ad for searches that include the exact phrase with additional words before or after. Or, you might use the exact match type to show your ad for searches that include the exact phrase without any additional words. Both the phrase match and exact match types expand to show your ad for close variations — including misspellings, singular and plural forms, and acronyms — of your keywords.
- **Include negative keywords:** You can also use negative keywords, which prevent your ad from showing for terms that aren't relevant to your product or service. Adding negative keywords can help you reduce costs and make your ad appear only for the search terms you want. You can identify negative keywords with the Keyword Planner or Search terms report, using both to find terms that aren't relevant to what you offer.



Example

Antoine's started creating ad groups for Fiona's Search campaign, first building a keyword list based on what he

knows about her business, target audience, and the children's furniture industry. Here are the ad groups and keywords Antoine sets up for Fiona:

Antoine chooses keywords based on terms that people might use to search for children's furniture. To start, Antoine uses keywords that are more specific and relate to the ads that he plans to create for the campaign. Antoine also uses broad match keywords — the default keyword matching option — and plans to use other keyword matching options once he gets more campaign performance data.

Ads

The text ads that appear alongside Google search results are just one of several ad formats you can create. Other ads format that you can use to promote your products or services include video ads, image ads, app or digital content ads, and more.

Depending on the type of campaign you create, different types of ads formats and ad extensions will be available for you to use.

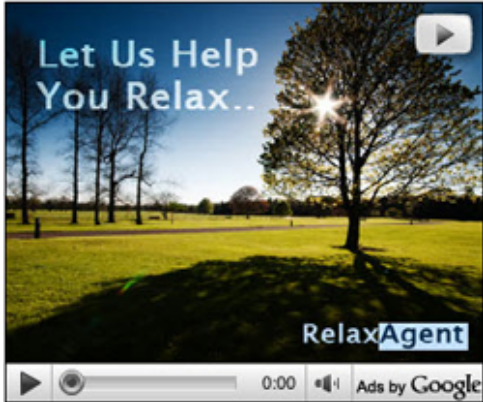
Keep in mind that all ads go through an approval process — we want ads to be useful, varied, relevant and safe for users when serving them across the Google Network. We review your active and paused ads, keywords, and website according to our [advertising policies](#).

Types of ad formats

Format	Description	Main benefits
Text	Words only. * Boston's Best Bonsais Ad www.example.com Florist And Indoor Plant Nursery.	Maintain ads quickly and easily. Reach customers when they search on Google.

	Spruce Up Your Desk Today!	
Ad extensions	Extends your ads with more information, such as additional links to your website, store address, or phone number. These formats usually appear only across the Search Network. However, location extensions and call extensions may also appear across the Google Display Network. Amherst Ice Cream Parlour Ad www.example.com (413) 123-4567 Our specialty is pistachio. English majors, buy 1 get 1 free.  100 Dardanelles Rd, Amherst MA	Provide additional details and contact information that can make your ads more relevant to customers. You can opt to extend your ad for mobile devices differently than how you extend your ad for tablets and computers.
Image	Static or interactive graphics. Animated ads in .gif and Flash format can be used.	Showcase your product or service in a visual way. Reach customers on websites that partner with Google.

		
WAP mobile	Create text or image ads for WAP mobile devices. Note: Wireless Application Protocol (WAP) is a standard for accessing information over a wireless network for mobile devices. 	Connect with customers on-the-go, targeting your ads based on their location.
App promotion ads	Drive app downloads and engagement with app promotion ads.	Send your customers to download your app from an app

		store, or include a deep link directly into your app. Note: Ads will appear only on devices compatible with your content.
Video	Video ads that show online. Run standalone video ads or insert them in streaming video content. 	Deliver a rich and engaging experience to customers. Reach customers on websites that partner with Google.
Product Listing Ads	Text ads that contain product features and pricing information. Goes to a product purchase page on your website. 	Encourage your customers to learn about the products that you sell before they click to your website.

Call-only ads	Call:(555)555-555 Ad www.example.com Description Line 1 Description Line 2	Drive phone calls to your business with ads that include your phone number. People can click on these ads and then call your business directly. These ads will only appear on devices that can make phone calls, and any field in these ads can be hidden to fit on smaller screens.
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* Text ads might look different on the Display Network.

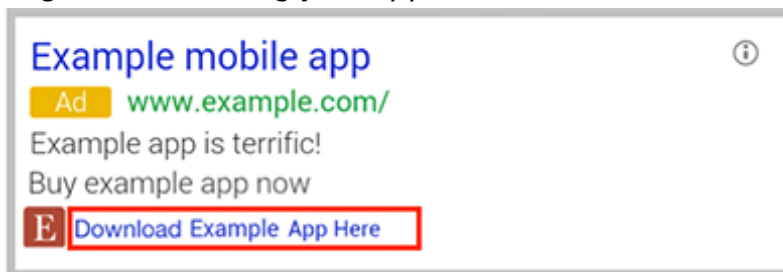
Types of ad extensions

Some ad extensions can be added manually and others are automated. Here's an overview of the different types of ad extensions that you can use:

Manual extensions

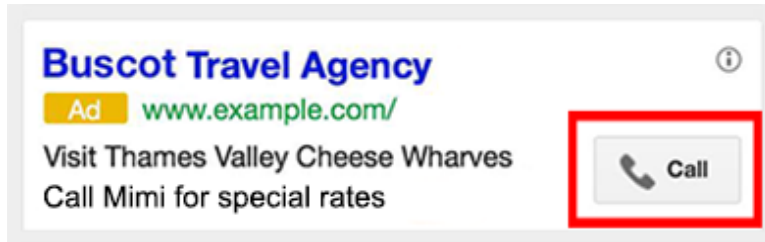
App extensions

Show a link below your ad text that sends people to the app store or begins downloading your app. [Get started here](#).



Call extensions

Let people click a button to give you a phone call. [Give your ad a call button.](#)



Location extensions

Help people nearby find your nearest storefront or give you a call. [Add a map pin, navigation assistance and a call option to your ad.](#)

Amherst Ice Cream Parlour
Ad www.example.com
(413) 123-4567
Our specialty is pistachio.
English majors, buy 1 get 1 free.
📍 100 Dardanelles Rd, Amherst MA

Review extensions

Showcase positive, third-party reviews from reputable sources. [Start adding reviews.](#)

Mushroom Foraging Tours
Ad www.example.com
Find chanterelle, porcini, oyster mushrooms with a fungi guide!
"So impressed. Brought home a pound of ceps." - exampleblog.com

Sitelink extensions

Add links to help people find what they're looking for. [Choose your sitelinks.](#)

Walter's Bakery for Dogs
Ad www.example.com
Artisanal Biscuits and Cakes. Doesn't your dog deserve it?

- Hours
- Specials
- Biscuits
- Special diets

Callout extensions

Add descriptive text to your ad to help people learn more about what you have to offer. [See how callout extensions work.](#)

Acme Electronics

Ad www.example.com

Shop ACME Electronics for laptops, smartphones, video games and more!

Free shipping • 24-7 customer service • Price matching

Automated extensions

Consumer ratings

Show off what customers appreciate with high-quality survey data. [Learn more about consumer ratings.](#)

Example Brokerage

Ad www.example.com

Explore The Advantages of Our Brokerage Account

Ratings: Selection 9.5/10 - Sign Up 10/10 - Fees 9/10

Previous visits

Show people if they've clicked through to your website from Google Search results before. [See how previous visits work.](#)

Aunt Lynne's Jewelry

Ad www.example.com

Dangly earrings, bangles, and rings. All handmade!

You've visited example.com 7 times. Last visit: today

Social extensions

Show how many Google+ followers you have. [Add social extensions](#).

Anna's Pet Supplies

Ad www.example.com

Variety of hamster wheels, personally chosen by Anna!

Anna's Pet Supplies has 136,864 followers on Google+

Seller ratings

Show your online business ratings with your ad. [Learn more about seller ratings](#).

Sarah's Designer Shoe Store

Ad www.sarah-shoes.com

4.0 ★ ★ ★ ★ ★ rating for sarah-shoes.com

Free Shipping, Free Returns on Large Selection of Discount Shoes

Creating effective ads

As you can see, your ads are the face of your products and services. Ads that are more relevant and engaging to your customers are likely to get more clicks.

Best practices for creating effective ads

Connect your ads and keywords

Include at least one of your keywords in your ad text to show potential customers that it's relevant to what they're looking for. You want make sure that your ad text is readable, however, so don't include too many keywords in your ad.

Highlight what makes you unique

Include the products, services, or offers that make your competitive, like discounts, promotions or exclusives. For example, if you offer free shipping, tell your customers that. You'll also want to consider including your brand or company name so your customers see a name they recognize.

Include a call-to-action

Whether you're selling a something or offering a service, tell people how they can buy your products or contact you. Call to actions like purchase, call today, order, or get a quote make clear what the next steps are.

Match your ad to your landing page

Look at the page that you're linking to from your ad (the landing page), and make sure that the promotions or products in your ad are included in there. You can also look for call-to-action phrases on your landing page.

Tailor your ads for mobile

People looking at mobile ads are more likely to want to know where you're located, or to call you. Create mobile-preferred ads with mobile call-to-actions like "Find nearby stores" and send people to mobile-optimized landing pages.

Use ad extensions

Show extra information about your business with ad extensions, like sitelinks, location, and call extensions. Ad extensions, which "extend" from your text ads, tend to improve your ad's visibility and can help improve the clickthrough rate (CTR) of your ads. Keep in mind that the expected CTR from ad extensions is one factor that AdWords uses to calculate your Ad Rank.

Experiment

Create three to four ads for each ad group, and use different messages for each to see which does the best. AdWords rotates ads automatically to show the best-performing ads more often.



Additional study materials

- Learn more about [building an effective keyword list](#).
 - Get tips for [writing great ads](#).
-

2.6 Tools to plan a campaign



Scenario

Antoine decides to use Keyword Planner to identify additional keywords that he can add to Fiona's campaign. Searching on Keyword Planner for relevant terms, Antoine sees that certain keywords have higher average monthly searches than others. With Keyword Planner, Antoine's also able to get a daily forecast for how many clicks and impressions these keywords might get and how much they might cost.

How would use Keyword Planner to build a keyword list? Think about how you'd use the historical statistics to help you decide which keywords to use. Or how you might use the forecast to get an idea of what bid and budget you'd set for a campaign.

AdWords offers several tools to help you build your campaigns and achieve your advertising goals, including Keyword Planner and Display Planner.

You can use **Keyword Planner** to build your Search Network campaigns, getting keyword and ad groups ideas along with search traffic estimates. Or, you can use the **Display Planner** to plan your Display Network campaigns, getting targeting ideas along with impression estimates. Both tools allow you to add your plan to new campaigns or existing ones, or download your plan to share with clients and colleagues.

Let's look at how you can use Keyword Planner and Display Planner to build your campaigns.

Keyword Planner

Think of Keyword Planner like a workshop for building your Search Network campaigns. If you're just getting started, you might use Keyword

Planner to help you set up a well-structured campaign. You can also use Keyword Planner to help you develop a campaign around an advertising goal. For example, if you want to drive sales, you could use Keyword Planner to get additional keyword ideas based on your existing, well-performing keywords.

Here are some of the benefits of Keyword Planner:

- **Research keywords:** You can get keyword ideas based on terms that are relevant to your product or service, your landing page, or different product categories. The tool will automatically organize related keyword ideas into ad groups. You can also multiply two or more list of keywords, saving the time of manually combining keywords.
- **Get historical statistics and traffic estimates:** Keyword Planner will show you statistics, like keyword search volumes, to help you decide which keywords to use for your campaign. You can also get traffic estimates, like estimated clicks, for a given bid and budget to get an idea of which bids and budgets to set.

Display Planner

Like Keyword Planner, Display Planner is a free AdWords tool that you can use to plan your Display Network campaigns. If you're using Display Planner to develop a new campaign, you'll want to think about a few basic details, like your customers' interests or your landing page. You can also use Display Planner to expand the reach of your existing campaigns, finding new websites, mobile applications, and video channels where you can show your ads.

Here are some of the benefits of Display Planner:

- **Research targeting methods:** You can get ideas for keywords, placements, and all other Display Network targeting methods to help you plan your campaign.
- **Get impression estimates and historical costs:** See how your targeting ideas may perform based on past results and get historical costs to help guide your budget and bid decisions.



Additional study materials

- Read more about [Keyword Planner](#).
 - [Learn more about Display Planner](#).
-

What you'll learn in this module

- Different reports you can use to measure your results
- Tools you can use to measure your performance
- How to evaluate metrics that are relevant to your goals
- Tips for optimizing your campaigns

3.1 Measure your results

Now that you've created a campaign, it's time to measure your ad performance. You can analyze basic account, campaign, and ad group information using different data and reports available in AdWords. There are also advanced reports that go beyond the number of clicks or impressions you're getting, allowing you to see the impact AdWords has on your business.



Customize your data

You'll want to think about your AdWords goals and decide which statistics are most important for measuring progress toward those goals. Then, you can customize the data in your statistics table to see how your campaigns, ad groups, ads and keywords are performing. Customizing your data to see only what interests you can make managing your campaigns faster and easier, too.

There are several ways that you can customize your data — adjusting date ranges, columns, segments, filters, and graphs. But let's take a closer look at **segments** as a way to analyze and improve your performance.

Segments allow you to split your data into rows based on the information that matters to you most, such as periods of time, click type, or device. There are multiple segments that you can use and your choices vary depending on which tab of your AdWords account you're viewing.

When using segments, you'll want to prepare your data by choosing the account level at which you want to look at your data (such as a campaign or ad group) and a date range that's long enough to give you meaningful data.

Here are some insights you can gain about your data with segments:

- **Click type:** See which clicks resulted in visits to your website, or clicks on your phone number when your ad is shown on a mobile device (also called click-to-call).
- **Device:** Compare performance across devices: computers, mobile devices with full browsers, and tablets with full browsers. This can help you figure out whether you're getting a better return on investment from ads showing on different types of devices.
- **Top vs. Other:** Find out where your ad appeared on Google's search results pages and search partners' pages. Segmenting your data by "Top vs. Other" can help you optimize your search campaigns to serve your ads on the parts of the page that perform best for you.
- **Time:** Isolate changes in your performance using the time segment options (day, week, or day of week, month, quarter, or year). If you segment your data by day, for example, you'll be able to identify differences in ad performance on different days of the week and make changes to your campaign accordingly.

Since there are a variety of segments that you can choose from, give each a try to see which segments give you meaningful insights into your ad performance.

Dimensions tab

You can use the **Dimensions** tab to look at data across your entire account, an individual campaign, or an ad group. Use the different dimensions, such as different times of the day or days of the week, to gain more insight into your ad performance and help you identify opportunities for optimization.

Here are a few ways to use the **Dimensions** tab to filter your data:

- **Time:** Use the Time view to see how ads in your ad group performed during a specific time period. For example, you might want to track an ad's performance on an hourly basis to see how well it's performing at different times throughout the day. Then you can use these insights to schedule your ads for the hours when they're most likely to receive the greatest number of impressions and clicks.
- **Geography:** Another useful view is the Geographic and User locations views. You can see individual regions where your clicks came from and use the information to refine your location targeting.

- **Landing page:** The Destination URL view lets you see what page your customers are going to on your website when they click your ads. Make sure that the destination URL you use for each ad directs customers to the most relevant page within your website. Ideally, that webpage will be dedicated to the specific product or service that's highlighted in your ad.

Search terms report

The Search terms report allows you to see the terms people were searching for when your ad was shown. You can also see the performance metrics for those searches.

Here are some ways you can use your search terms data to optimize your keywords and ads:

- **New keywords:** Add well-performing search terms to your ad group as keywords. You'll want to consider adjusting your bids and ad text as well, to help make sure you capture the traffic that these search terms are already receiving.
- **Negative keywords:** If there are search terms that aren't performing well or helping you meet your goals, add them as negative keywords. This will prevent your ad from showing to people who are looking for something you don't sell, helping you increase your profitability and better controlling the flow of traffic to your account.
- **Match types:** Find the correct match type (broad, phrase, exact) for existing keywords. The "Match type" column shows how closely the search terms that triggered your ads are related to the actual keywords in your account. You can use this information to refine the match types for your keywords to show your ads to the right customers.
- **Ad text:** Get a better understanding of what potential customers were looking for or interested in when they searched for terms that include your keywords. That way, you can make your ad text more relevant to what people are looking for.

Top movers report

The top movers report lets you see which campaigns have the biggest changes (increases or decreases) in clicks, costs, and conversions, and

shows you some possible causes for those changes. The report compares performance for two consecutive time periods of equal length, and find the campaigns and ad groups that experienced the largest change between the two periods.

You can use the report to identify which campaign and ad groups you need to take action on, and see the impact of changes that have been made to your account. The report can also help you notice whether your overall account metrics have moved in unexpected way — if your costs go up or clicks go down, you'll want to know why. And even if your overall performance metrics don't appear to be changing too much, you can regularly review the report to identify changes that might have been overlooked.

Here are a few things to keep in mind about the data:

- Top movers are the campaigns and ad groups (up to 10) that saw the largest change up or down as measured by the size of the change — not the percentage change.
- Changes will only be attributed once. For example, if a campaign has only one ad group, and that ad group sees a huge increase in clicks, the campaign will, too. However, only the ad group will show in the report as a top mover.

Paid & organic report

With the paid & organic report, you can see how often pages from your website are showing in Google search results, and which queries triggered those results to show on the search results page. Keep in mind that in order to use the paid & organic report, you'll need to have a Webmaster Tools account for your website, and you'll need to link that Webmaster Tools account to your AdWords account.

This information helps you understand how paid and organic search work together to help you reach people searching online, identify new, potentially valuable keywords, and gain an overall view of how your online presence is performing overall in terms of attracting views and clicks.

Below are a few uses for the paid & organic report.

Discover additional keywords

Use the report to look for queries where you only appear in organic search with no associated ads.

- Identify queries with a low number of paid impressions by adding a filter for "ad impressions = 0" or "ad impressions < X" (if you have multiple accounts, all organic search data will be imported in each account).
- Downloading a paid & organic report in a My Client Center (MCC) manager account will allow you to find duplicate organic queries and identify queries that have no paid impressions across any accounts.
- Add an additional filter to identify queries containing specific text, like your brand name or your most important products and services.

Optimize your presence on high-value queries

Improve your presence in paid results and monitor your high value queries for organic results.

- Identify relevant queries for your business that have low organic traffic volume and target these queries to strengthen your paid search presence.
- Tailor your ad text and use ad extensions to show a more useful, prominent, and differentiated message from your organic listings.

Measure changes holistically

Monitor the impact of changes to your website, bids, budgets, or keywords across paid, organic, and combined traffic.

- See how changing your keyword bids increases or decreases overall combined clicks for related queries, and work to cost-effectively increase your overall traffic for your most important queries.
- Understand how ads may impact your combined performance for certain queries by comparing the "organic only" and "both shown" segments for the same query. See how your clicks/query differ when you have both types of listings on the page, compared to when you just have one or the other.

Auction insights

Use the Auction insights report to compare your performance with other advertisers who are participating in the same auctions that you are. With the Auction insights report, you can see how often your ads rank higher in search results than those of other advertisers, and how your share of total possible impressions compares with theirs.

You can use the information in the Auction insights report to help you make strategic decisions about bids, budgets, and keyword choices by showing you where you are succeeding and where you may be missing opportunities for improved performance. You'll also want to consider using the report to identify significant competitors in the auction, or benchmark your performance against other competitors.



Example

Fiona's Search campaign has been running for one month, giving Antoine enough data to measure how the campaign is performing and to identify improvements. Antoine wants to see how Fiona's ads performed on different types of devices — computers, mobile phones, and tablets.

Antoine uses the device segment to customize the campaign data and sees that the clickthrough rate for ads that appear on mobile phones is .45%, compared to .25% for computers and .34% for tablets. Based on this data, Antoine increases the campaign's mobile bid adjustment +30% for searches on mobile devices.



Additional study materials

- Learn more about using [segments](#).
 - Read more about the [Search terms report](#), [top movers report](#), and the [paid & organic report](#).
-

3.2 Tools to measure your performance

As you get your campaign up and running, you'll want to consider several different tools that can help you measure and optimize your ad performance. Below we'll go over a few tools — conversion tracking, Google Analytics, and campaign experiments — that you can use to start measuring your results.

Conversion tracking

Basic statistics like clicks, impressions, and clickthrough rate can tell you how well your ads attract visitors to your site. But by measuring conversions, you can see how many of these visitors become your customers.

Conversion tracking is the simplest way to measure your conversions. It's a free tool that can measure what happens after a customer clicks on your ads — for example, whether they purchased your product, signed up for your newsletter, or filled out a contact form.

By tracking these actions, known as "conversions," you can identify which ads, keywords and campaigns bring you business or see how customers interact with your ads across devices. This helps you invest more wisely in the best ones and, ultimately, boost your return on investment.

How it works

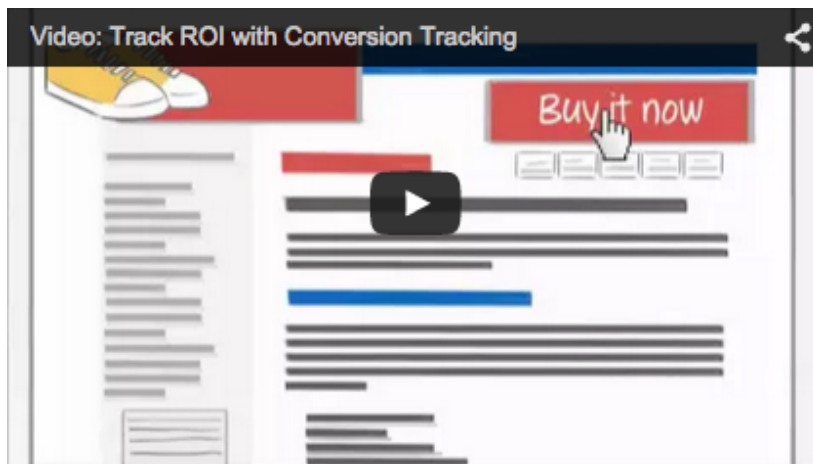
To use conversion tracking, you'll need to put a small snippet of HTML and JavaScript code on the page your customers see after they've completed a conversion on your site. When a customer clicks your ad and reaches the page with your conversion code, AdWords records a successful conversion for you.

With conversion tracking, you have the flexibility to count all conversions that happen after a click (a good choice if you'd like to track and improve your sales), or only unique conversions that happen after a click (a good

choice if you're interested in whether a certain kind of lead was generated).

You can also assign values to your conversions — the same value to all conversion actions of a certain type or different values. Conversion values help you track and optimize your campaign's return on investment, which we'll go over in more detail later.

Once you set up conversion tracking, you'll have access to set of reports, called Search Funnels, that show you the funnels through which your customers complete a conversion. For example, you'll be able to see all the clicks leading up to a conversion — except for the last click — for each keyword or the ads that showed but weren't clicked by a customer as they searched.



Google Analytics

Google Analytics is a free Google product that provides in-depth reporting on how people use your website. It shows you how people found your site and how they explored it, giving you ideas for how to optimize your website.

You can also link Google Analytics and your AdWords account to get an entire view of your customers' behavior, from when they click your ad or see it to what they do on your site. This information can shed light on how much of your website traffic or sales comes from AdWords, in turn helping you improve your ads and website.

Here are some of the benefits of linking Google Analytics and AdWords:

- Import Analytics goals and Ecommerce transactions directly into your AdWords account.
- Import valuable Analytics metrics — such as bounce rate, percentage of new sessions, and pages/session — into your AdWords account.
- Take advantage of enhanced remarketing capabilities.
- Get richer data in the Analytics multi-channel funnels reports.
- Use your Analytics data to enhance your AdWords experience.

Campaign experiments

AdWords Campaign Experiments allow you to test changes to your account — such as your keywords, bids, ad groups, or placements — on a portion of the auctions that your ads participate in.

How it works

When you create an experiment, you decide what sort of change you want to test. For example, you could test adding new keywords, raising a bid, trying new ads, or using different placements. Then, you decide what percentage of your auctions should have this experimental change.

Keep in mind that AdWords Campaign Experiments are random-auction, meaning that every time a user conducts a search on Google.com or on a search partner website, or a new user loads a webpage on our Content partners, we'll randomly decide to make either your control or experimental split active for the auction (based on the percentage you set within experiment settings).

After the experiment has been running for a short while, you can view the results in the same table you use to view performance for your campaigns and ads. These tables will also tell you if your experimental changes are performing significantly better or worse than the ads without changes.

While your experiment goal will depend on your business, some common goals for advertisers include:

- Increasing conversions
- Increasing clicks or impressions

- Improving return on investment
 - Improving ad text
-



Example

Basic data, like clicks and impressions, start to give Antoine an idea of how Fiona's Search campaign is performing. But to identify more valuable insights and optimization opportunities, Antoine sets up conversion tracking. Since sales of Fiona's furniture are most meaningful to her business, Antoine sets up conversion tracking on the "Thank you" page that customers see after making a purchase.

Now that conversion tracking is set up, Antoine is hoping to get a better idea of how the ads and keywords are performing and which are costing Fiona too much.



Additional study materials

- Learn more about [conversion tracking](#).
 - Read more about [Google Analytics and AdWords](#).
 - Find out more about [campaign experiments](#).
-

3.3 Evaluate metrics relevant to your goals



Scenario

There's enough conversion data in Fiona's Search campaign for Antoine to start evaluating how her ads and keywords are performing. And, Fiona's asked about the return on investment she's getting from using AdWords to promote her new products.

What conversion statistics would you look at to get an idea of the cost of each conversion? What information do you need to calculate the return on investment Fiona is getting from her campaign?

To use AdWords more effectively, it's important to understand the business goals you're trying to achieve and the data that's most relevant to those goals. Below we'll go over different metrics to focus on based on your goal.

Measuring website traffic

If your main advertising goal is to drive traffic to your website, try focusing on increasing your clicks and clickthrough rate (CTR). You'll want to start by creating great ad text and choosing strong keywords so your ads are relevant and compelling to your customers.

What to measure

Here are some important things you can measure to help you track and improve a campaign focused on traffic:

- **Clicks and clickthrough rate (CTR):** These two metrics help you understand how many people found your ad appealing enough to actually click on it and visit your website. You can use your CTR to gauge how closely your ad matches your keywords and other targeting settings.

- **Keywords:** You'll want to monitor your keyword performance with the following strategies:
 - Pause or remove words or phrases that aren't working well for you and add new ones. You can use columns and segments to review your keywords' clicks, CTR, Quality Score, and more.
 - Use keyword match types to control who sees your ads. With some match types, you'll get more ad impressions, clicks, and conversions and with others you'll get fewer impressions and more narrow targeting.
 - Run a keyword diagnosis to get more information about your keywords' Quality Scores and whether they're triggering your ads.
- **Search terms:** Use the Search terms report to review the list of searches that have triggered your ad, and identify the relevant terms that are driving traffic to your website and add them as new keywords. You'll also want to add terms that are irrelevant to your business as negative keywords so they won't trigger your ads.

Measuring conversions

To measure your results, you'll need to make sure that you're measuring conversions. Once you set up conversion tracking, here are some of the important statistics that can help you measure whether your campaign is successful:

	Definition	Why it's useful
Conversions	The total number of all conversions made within your chosen conversion window after an AdWords click.	See if your campaign is generating results for you.
Converted clicks	The tally of every AdWords click that resulted in one or more conversions within your chosen conversion window.	Gauge how many clicks are leading to valuable actions for you.
Conversion rate	The percentage of clicks that have led to conversions.	Measure how often a click leads to a conversion, on average.

Cost-per-conversion	Your total cost divided by your total conversions.	See how much, on average, each of your conversions cost.
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To see the above statistics and other conversion data, you can add conversion-related columns to any of the statistics tables in your account.

Measuring return on investment

Whether you're using AdWords to increase conversions such as sales, leads, downloads, you'll want to measure your return on investment (ROI) — the ratio of your net profit to your costs.

Why calculate your ROI? You'll learn how much money you've made by advertising with AdWords and can use that information to help you decide how to spend your budget. For example, if a certain campaign is generating a higher ROI compared to others, you can apply more of your budget to the successful campaign and less on the ones that aren't performing as well.

Calculate your ROI

The exact method you use to calculate your ROI depends on your goals, but here's one way to define it:

$$ROI = (Revenue - Cost of goods sold) / Cost of goods sold$$



Example

Let's say you have a product that costs US\$100 to produce and it sells for US\$200. You sell 6 of these products as a result of advertising on AdWords. Your total sales are US\$1200 and your AdWords costs are \$200.

Your ROI is... **$(\$1200 - (\$600 + \$200)) / (\$600 + \$200) = 50\%$**

Here's how to measure your ROI based on your business goal:

Conversions

Once you've started to measure conversions, customer actions that you believe are valuable, you can evaluate your ROI. You can use conversion tracking or Google Analytics to determine the profitability of a keyword or ad, and track conversion rates and cost-per-conversions. Keep in mind that the value of each conversion should be greater than the amount you spend to get that conversion.

Sales

If your business is web-based sales, you'll need the revenue made from AdWords advertising (this is the conversion value that you set), costs related to your products sold, and your AdWords costs.

You'll want to calculate your net profit by subtracting your overall costs from your AdWords revenue for a given time period. Then divide your net profit by your overall costs to get your ROI for that time period. Here's the formula:

Ratio to profit of overall costs = Revenue (measured by conversions) - overall costs/overall costs

Page views, leads, and more

If you're interested in calculating the ROI for a page view, lead, or other goal, you'll use a different formula.

First, you'll want to estimate the value of the action that you'd like to measure. To calculate your ROI, you'll subtract your overall costs from your overall revenue. Then divide your net profit by your overall advertising costs. Here's the formula:

Advertising ROI % = (Total revenue - Total cost)/Advertising costs x 100



Example

Here's how the numbers for your AdWords campaign might look:

Campaign costs: US\$25000 per year

Leads: 5000

Customers: 500

Net profit: US\$100 (after taking your business costs into account)

The value of each *lead* is your net profit (500 x US\$100) divided by the number of leads (5000), or US\$10.

Your ROI for this AdWords campaign is 200% (US\$50000 net profit/US\$25000 advertising costs) x 100.

You can also estimate values for your leads and page views using a cost-per-acquisition (CPA) measurement. Using CPA allows you to focus primarily on how your advertising costs compare to the number of acquisitions those costs deliver. Using the above example again, your campaign may cost US\$25000, resulting in 500 sales. So your CPA for that campaign is US\$50. Here's the formula:

$$\text{CPA} = (\text{Costs}/\text{Sales})$$

Note that your CPA shouldn't exceed the profit you made from each acquisition.

Measuring return on ad spend

Similar to return on investment, you can measure your return on ad spend (ROAS) to see how much revenue you're generating for each dollar spent on your campaigns. Measuring your return on ad spend can give you insight into how your campaigns are performing and optimize them based on your revenue.

Calculate your ROAS

If you're interested in calculating your ROAS, you'll need to know the amount of revenue generated by your campaigns and your advertising costs. Here's the formula:

$$\text{ROAS \%} = \text{Revenue from campaigns} / \text{advertising costs} \times 100$$

If you use conversion tracking and have set up conversion values, consider using the target return on ad spend (ROAS) flexible bidding strategy we previously mentioned. This bidding strategy can help you to maximize your conversion value, while trying to achieve an average return on ad spend equal to your target (which you'll know if you measure and monitor your ROAS).

Measuring brand awareness

If your main goal is to raise awareness and visibility of your product, service, or cause, you'll first want to determine whether your main goal is to increase traffic to your website or encourage customers to interact with your brand.

Once you establish the goals of your branding campaign, you can then measure success by monitoring impressions, conversions, and other statistics.

Here are some important metrics that can show you whether your campaign is successful:

- **Impressions:** Impressions show you how often your ad is shown on a search result page or other site on the Google Network. Impressions can be especially important in branding campaigns because they represent how many customers actually laid eyes on your ad.
- **Customer engagement:** You can use clickthrough rate (CTR) to measure customer engagement for Search Network ads. On the Display Network, however, customers on sites are browsing through information, not searching with keywords, so CTR isn't as helpful. You may want to consider other measurements like conversions for Display Network ads.

- **Conversions:** Conversions can help you see whether your ads are driving branding-related visitor behavior you think is valuable, such as sign-ups or page views.
- **Reach and frequency:** Reach is the number of visitors exposed to an ad. Increased reach means that an ad is exposed to more potential customers, which may lead to increased awareness. Frequency is the average number of times a visitor was exposed to an ad over a period of time.



Additional study materials

- Learn more about [connecting your goals to your data](#).
-

3.4 Optimize your campaign

Now that you know which statistics to use to measure your ad performance, let's go over how to use that data to improve your performance. You'll also want to optimize your campaign based on your business goal, a few of which we'll go over below.

Improving your return on investment

In general, you'll want to focus on improving your conversion potential through attracting the right customers to your business. Here are some basic strategies and specific tips about how to optimize your keywords, ad text, bids and budget.

Basic ways to improve your ROI

If you find that a large percentage of visitors have clicked your ad but haven't made a purchase or performed an action you'd like them to take, the following steps may help you increase your conversions and ROI:

- **Use a landing page that's most relevant to your ad:** When customers click your ad, they expect to see a webpage highlighting the exact product, deal, or information described in your ad. If they don't find what's promised as soon as they arrive, they're more likely to leave your site without making a purchase or signing up for your service. Be sure that any promotions and discounts mentioned in your ad text are visible on your landing page.
- **Use highly relevant keywords and ad text:** If you use general keywords and ad text, a customer may arrive at your site expecting to find something that you don't offer. Highly targeted keywords and ad text help ensure that your ads show only on searches relevant to your product or service.
- **Adjust your bids:** The bottom line for any keyword is how much value it generates compared to its cost. For keywords that show a profit, increase the bid to increase exposure and generate more traffic. For keywords that aren't profitable, decrease the bids to lower your costs or even consider removing those keywords.
- **Add successful sites as placements:** For campaigns running on the Display Network, you can use the Placements tab to see all of the

web pages, apps, and videos where your ads appeared. If you find that your ad performs particularly well on a given website, try adding that website as a managed placement.

Keyword tips

- **Use negative keywords to eliminate unwanted clicks:** You can use negative keywords to filter out searches for different products or services, searches that aren't relevant to your business, or people who aren't likely to make a purchase.
- **Remove duplicate keywords:** Google shows only one ad per advertiser on a particular keyword, so there's no need to include the same keywords in different ad groups or campaigns. Since the better performing keyword will trigger your ad more often, remove the duplicate that performs worse. Keep in mind that it's okay to include duplicate keywords for campaigns targeting different geographic regions.
- **Optimize low-performing keywords:** It's essential to regularly review your keywords to ensure that they're all performing well and providing you with a good ROI. If a keyword is not directly related to your business, website, and ad text, it'll trigger impressions and clicks that are not likely to convert into actions you care about like purchases or signups. Here are some key measurements to look for to identify whether a keyword is performing well or not:
 - **Keyword diagnosis:** Performing a keyword diagnosis will give you a detailed view of each keyword's Quality Score along with tips for improvement. To diagnose your keywords, hover over the speech bubble icon next to the status for any keyword in the "Keywords" tab. You'll see a help bubble appear with information.
 - **First page bids:** Check your keywords' estimated first page bids, which is the approximate cost-per-click (CPC) bid needed for your ad to reach the first page of Google search results when a search query exactly matches your keyword. You can use this estimate, which is based on the Quality Score and current advertiser competition for that keyword, to get greater insight when planning your bidding strategy.

Ad text tips

- **Understand the buying cycle:** To maximize your ROI, try to understand what stage within the buying cycle a customer might be in: the awareness stage, the research and comparison stage, or the buying stage.
 - Use **keywords** to separate the serious buyers from the online equivalent of window shoppers. For example, customers searching with terms like "reviews" or "ratings" are probably still researching the product and might be less likely to make a purchase at that stage. By understanding the buying cycle for your specific product or service, you can filter out such customers with negative keywords or direct these customers to more research-friendly parts of your site.
 - **Ad text** can also help you reach customers in the right stage. The call-to-action should reflect the action that you consider a conversion, whether that's a sign-up, a request for more information, or an actual sale. Conversion-related call-to-actions will set the right expectation for customers in various stages of the buying cycle.
- **Enhance your ad with extensions:** Ad extensions tend to improve the clickthrough rate (CTR) of your ads. Depending on the products or services that your business offers, you might consider using different ad extensions. For example, sitelink extensions allow you to add links to your website and help people find what they're looking for, call extensions let people click a button to give you a phone call, and location extensions to help people nearby find our nearest storefront.

Bid and budget tips

- **Experiment with bids and budgets to see what works:** Test different bid amounts and budgets and measure how effective the change is, test bids for profitability and ROI, and test budgets for ad exposure. We suggest adjusting amounts in small increments to allow your keywords to accrue conversion statistics and performance data with the new settings. Allow at least a few days between

changes so you'll have enough performance data to make an informed decision.

- **Allocate your budget according to performance:** An important aspect of budgeting is making sure you have appropriate budgets for each campaign. For keywords that are profitable, you probably want to show them all the time. To do this, the campaign's budget needs to be sufficiently high so the campaign isn't limited by budget. If you'd like certain keywords to receive maximum traffic, make sure they're in campaigns whose daily spend isn't reaching or exceeding its daily budget consistently. Try to prioritize your products or services and then match budgets to each campaign based on priority. If your overall advertising budget is limited, find budget from campaigns that have unused budget or that don't convert well, then reallocate that budget to high performing campaigns that are limited by budget.
- **Adjust your keyword bids:** With conversion data, you'll better understand how profitable your keywords are with their current bids and can identify which keywords could be more successful with adjusted bids.
 - For **keywords that show a profit** (such as having high conversion rate and low costs), you might try increasing their maximum cost-per-click (CPC) bids. While costs may increase, your ad position could rise and provide more ad exposure, potentially increasing your conversion rate and ROI. In other cases, it may make sense to lower the bid for a keyword even if the keyword is profitable. By lowering the bid, you'll lower the average amount paid, which may increase the profit margin for that keyword.
 - For **keywords that aren't profitable** (such as having a low conversion rate and high costs), you might try decreasing their bids to lower your costs. A lower bid is likely to decrease the keyword's average position, the number of impressions and clicks it receives, and as a result, the cost it incurs. Not only can this strategy improve your ROI on low-performing keywords, but in some cases, it can also free up part of your budget so you can invest in more valuable keywords.
- **Use ad scheduling to automatically change your bids throughout the day:** Ad scheduling includes an advanced setting which lets you adjust the pricing for your ads during certain time periods. Use the

bid adjustment feature of ad scheduling to automatically take these actions:

- **Increase your CPC bids** by a certain percentage on days or times of day that are most profitable for you. For example, if you find that your ads get the best results before noon, you can set your bids higher during that timeframe to try and get more impressions and clicks.
- **Decrease your CPC bids** on days or times of day when appearing in a high position doesn't result in profitable clicks.

Increasing your brand awareness on the Display Network

With a brand-engagement campaign, you want to build awareness of and positive associations with your company and its products and services. Customers can interact with your brand in a variety of ways, including watching videos, playing games, spending time on your website, or communicating with other customers.

Here are some tips for using targeting, rich-media ad formats, and cost-per-thousand impressions (CPM) bidding.

Targeting options

You can pick and choose placements, or specific websites or sections of sites within the Display Network on which you can run your campaign. You can select sites based on specific topics or the target audience that you're trying to reach, or you can choose any site that meets your branding criteria. You might also want to add other targeting options, such as age, gender, or interest categories, to reach as many people as possible without significantly limiting your reach.

Ad formats

Since a main goal of a brand-engagement campaign can be to interact with your target audience, we suggest using rich-media ad formats. With the Display Network, you can reach customers using text ads, but you can also try a range of more visual formats, like static images, flash animation, and video. For example, if you've produced a video ad that you're using on your local TV channel, consider uploading it to YouTube.

You can set up a free YouTube user channel and customize its design to reflect your brand.

Bidding strategy

With brand-engagement campaigns, you want to maximize your brand's exposure on relevant sites. CPM bidding is typically a good fit for a campaign like this, since you can set your bids directly from the performance goals you've set for your campaign.



Example

Antoine calculated Fiona's return on investment for a month's period by subtracting the number of conversions (or revenue driven by her campaign) from her overall costs and dividing that number by her overall costs: $\text{US\$9500} - \text{US\$8000} / \text{US\$8000} = .18$ or a 18% return on investment.

To improve Fiona's ROI, Antoine takes a closer look at which keywords are resulting in the highest cost-per-conversion and lowers the bids for those that aren't meeting her goals. Then, Antoine uses data from the Search terms report to identify keywords that are highly relevant to Fiona's products and adds them to the campaign. Antoine also makes some changes to Fiona's ads, including a clear call-to-action to drive purchases and changing the landing page so it's more relevant to people who are ready to make a purchase.

Get certified

Congratulations! You've completed the AdWords Fundamentals study guide.

Now, it's time to test your knowledge. The AdWords Fundamentals exam has 100 questions covering campaign creation, management, and optimization.

When you pass the exam, you'll be one step closer to earning your AdWords certification. You'll also get a personalized, printable certificate and your certification will appear on your Google Partners public profile page — both of which you can use to highlight your expertise. Learn more about [how to earn your AdWords certification, print your certificate, and access your profile page](#).

Good luck!